

# BUSINESS CORRESPONDENT AGENTS FOR PROMOTING FINANCIAL INCLUSION: A STUDY OF GLITCHES AND GAPS IN APPOINTMENT AND OPERATIONS

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## ABSTRACT

Business Correspondent Model is an alternative structure to Brick and Mortar Model where banking services is provided to the unbanked poor and marginalised section of the society, breaching the geographical barrier, which acts as a major constraint in reaching the last mile populace. Financial Inclusion is potentially a viable business proposition due to the large untapped market, where the unbanked and underserved population can be brought within the financial paradigm of the formal banking system but due to the high operating cost of setting a branch, bank does not view the unbanked poor a viable business opportunity leading towards the selective targeting of customer. Business Correspondent model can be used by the banks in improving their presence in those locations where the conventional branches are not available. The entire focus now is on providing continuous access of the banking and financial services to the unbanked poor at their doorstep, that too at an affordable cost through the agent network. BC Agents act as an interface between the banks and customer providing banking services of majority of the bank through interoperability within one roof, thus it becomes quite imperative to identify the obstacles which is acting as a major hindrances in their smooth functioning. In this paper, we have tried to study the appointment process and operational problems encountered by the BC Agents during their operation through the case study method. We have identified the deviation in the appointment process of BC Agents as compared to the circular issued by the bank. Similarly various operational problems like lack of tailor-made products, continuous service downtime, liquidity problems, limited and delayed support from the Corporate BC and Technology Service Provider, irregular commission payment, lack of transparency in commission calculation, least support from the link branch officials and limited usage of interoperability services etc are endured by the BC Agents. It has been observed that many of the operational problems faced by the BC Agents can be resolved through proper co-ordination between the link branch, Corporate BC and BC Agents.

**Keywords:** Business Correspondent Agents, Financial Inclusion, Corporate BC

## I. INTRODUCTION

Financial Inclusion is a process where the unbanked people are provided an opportunity to access financial product and services by bringing them into the formal financial system of a country. According to Usha Thorat (2006), Financial Inclusion means “provision of affordable financial services viz., access to payment and remittance facilities, savings, loans and insurance services by the formal financial system to those who tend to be excluded.” Access to financial services by the deprived and marginalised section at an affordable cost has been the objective of the policy

makers since last few decades. It is believed that the easy availability of financial access can improve the financial condition and living standard of the weaker section and low income group while the exclusion will attract them towards the informal source of credit having high interest rate making their life vulnerable towards various unforeseen losses. Since, the services provided by the banks are in the public nature everyone should have the opportunity to avail it. Financial inclusion is potentially a viable business proposition due to the large untapped market where the unbanked can be brought within the financial paradigm of the banking system generating additional revenue to the banks, still due to the high operating cost of setting a branch, bank do not view the unbanked poor a viable business opportunity leading towards the selective targeting of customer..

Branchless banking can be promoted to cater the need and provide services to the unbanked people residing in the rural inhabitants; one can increase the accessibility by providing banking services at the Business Correspondent Model can be leveraged by the banks for improving its presence in the bricks and mortar branches are not available making it technologically feasible and sustainable. The intent should be to provide such product and services which caters their need rather than providing services to all the masses, similarly opening a bank account is not sufficient to be called as financially inclusive as we have found that majority of the No-frill account opened are lying dormant. Thus, the priority should be to increase the accessibility and usability of the account regularly for deposit, withdrawal, savings, remittances, insurance, pension and credit. Business Correspondent can play a critical role in achieving the objectives of providing a regular accessibility of banking system at the doorstep of the deprived and marginalized sections. It is quite evident that BC can bridge the gap between the unbanked populace and the formal financial system by providing banking services at the doorstep of the rural people without the physical presence in terms of branch. Khan (2012) observes that BCs can bridge the gap between the service providers (the banks) and the service seekers (clients) who are under-served and unbanked and this model has evolved to counter the scarcity of required manpower to reach all people in the current banking system. The model is considered unique because of its reach and scale, the quality of the services provided, and the technological platforms that have enabled these services (Kumar et al. 2006). It was during the year 2005-06 when RBI in its Annual Policy Statement raise the concern regarding the banking practices prevalent during those period where the majority of banks excluded the people living at the 'bottom of pyramid' urging the different banks to review their practices. Later RBI issued a circular DBOD.No.BL.BC.58/22.01.001/2005-06 dated January 25, 2006 which permitted the banks to provide financial and banking services through the use of Business Facilitators (BF) and Business Correspondent (BC) models. Business Facilitators functions is to refer clients, pursue the client proposal and facilitate the banks to carry out its transaction while the Business Correspondent in addition to the above functions can transact on behalf of the banks. Initially banks were allowed to use intermediaries for Business Facilitators as NGOs, Farmer's club, Co-operatives, Community Based Organisation, Post offices, Insurance agents, Village Knowledge Centre, Agri-Clinics/Agri-Business Centres, Krishi Vigyan Kendra and KVIC/KVIB units. On the other hand the following intermediary were allowed to act as Business Correspondent such as NGO/MFIs under the Societies/Trust Acts, Societies registered under the Mutually Aided Co-operatives Societies Act or the Co-operative Societies Act of States, Section 25 companies, Post offices, Registered NBFCs not accepting public deposits. Later, banks permitted individuals like retired bank employee, retired teacher, retired government employee, ex-servicemen, individual public call office operators, agent of small saving scheme of Government of India or Insurance Company and 'for profit' companies. Further, during the year 2010, banks permitted 'for profit' companies registered under the Companies Act, 1956 excluding NBFCs as BCs of the banks.

After the roll out of Pradhan Mantri Jan Dhan Yojana (PMJDY) there has been a major improvement in the reach of banking and financial services to the unbanked population. According to the Annual Report of RBI (2016-17) the number of Business Correspondents (BCs) on March, 2017 in the villages where the population is more than 2000 is 1,05,402 and in those villages where the population is less than 2000 is 4,38,070 while the urban location covered through BCs is 1,02,865. Thus in total 6,46,337 BCs are operating in the unbanked location throughout the country. BC Model has gone through major transformation since its inception. Initially, bank use to appoints BC entity which use to be a non-profit company registered under section 25 of the Companies Act, 1956 (Fintech Foundations, Eko Aspire Foundation, Zero Mass, Basix and Drishtee etc.) and they use to provide services through their technological partners like Eko Financial Services Ltd, FINO, A Little World, Integra Micro Systems Pvt. Ltd and TCS etc. Further, they use

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to appoint BC Agent who used to serve the customer on the field at their doorstep using a handheld device or from a fixed point. On the other hand there was a different model wherein the banks use to appoint the BC Agents directly without the intervention of BCs entity to provide service to the customer in the unbanked location.

## II. ROLE OF BUSINESS CORRESPONDENT AGENTS IN FINANCIAL INCLUSION

Agent based banking act as a low cost alternative channel to regularly serve the poor and unprivileged populace residing in the far flung remote areas compared to the branch based banking. Lower operational cost act as a stimulus for the agent based banking to cover and provide services in all the unbanked location. Correspondent Model proves handy in covering the unbanked villages by opening a fixed Business Correspondent (CBC) or Business Correspondent Network Managers (BCNMs) in consultation with the link branch, while the Corporate BC can be a BC for more than one customer interface; BC Agent can provide banking services for one bank only. They set up their Customer Service Point in the allocated Sub-Service Area linked with the base branch, making it convenient to the people residing in the villages and nearby areas to access the banking services without sacrificing their daily wages or incurring travelling expenses. The pace, at which the bank accounts have been opened, reflects the simplification of processes and outreach, providing an impetus towards financial inclusion. The focus of the policy maker should be on easy accessibility and usability by the under banked section of the society. Kempson et al., (2004) states that bank account does not serve the purpose of being financially included if the services of financial system are not used properly. There has to be a continuous accessibility rather than just opening an account and leaving it to be dormant. Business Correspondents has increased their footprint in majority of the unbanked villages creating vast exposure to the rural population who were earlier deprived from the formal financial system and this has led towards their easy access in getting basic banking facilities at their doorstep. Thus, Business Correspondent Model has become an economically feasible and customer friendly banking model for the socially backward and deprived section of the society (Kolloju, 2014).

**Functions undertaken by BCAs:** Since BC Agent is at the grassroots level and interacts directly with the customer, larger thrust is posed on their functioning. They act as a major catalyst in the entire financial inclusion programme by providing the following functions:

- Account Opening
- Cash Deposit
- Cash Withdrawal (Aadhaar and Non-Aadhaar)
- Remittance Services
- Providing Interoperability Services
- Sale of Micro Insurance product (Pradhan Mantri Jeevan Jyoti Bima Yojana & Pradhan Mantri Suraksha Bima Yojana), Pension Product (Atal Pension Yojana)
- Aadhaar and Mobile Number Seeding
- Creating Awareness and Financial Literacy
- Identification, verification and forwarding loan application to the banks
- Disbursing and Collecting small loans
- NPA Recovery
- Self Help Groups/Joint Liability Groups – Promoting, Nurturing and Monitoring at pre and post sanctions level.
- Recurring Deposit and Fixed Deposit
- Passbook Printing
- Rupay Card Distribution
- Balance Enquiry and Generating Mini Statement
- MGNREGA Payment, Pension Payments and Direct Benefit Transfer

The functions can be carried out efficiently and effectively if the operations and appointment procedure are smooth and do not have gaps and glitches. However, our exploratory research through interviews, group discussions and observations has found that there are aberrations in appointment and operational procedures and need resolution.

### III. OBJECTIVE

The study therefore aims to find out the deviation in the appointment process of BC Agents as well as operational difficulties encountered, while servicing the uncovered populace residing in the villages where the brick and Mortar banks are not available. In this paper focus has been made to examine the BC M of India and a **National Corporate BC (Name has been withheld for confidentiality)** operating in Darjeeling and Jalpaiguri district of West Bengal as an area of study. It is also associated with and Uttarbanga Kshetriya Gramin Bank in West Bengal while ATIATI is the Technology Service

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### IV. RESEARCH METHODS

The paper has first examined the gaps as given in circulars and what is practised and then come up with the operational problems as observed. To delve into the issues in depth, a case study based study have been undertaken to understand the appointment and operational problems of the BC Agents. The cases have been prepared using personal interview with BC Agents, Area Manager, District Manager, Territory Manager, Bank Branch Manager and BC Customer along with telephonic conversation and on-site observation during their operations. One of the key benefits of using cases is their ability to capture what Hodkinson and Hodkinson call 'lived reality'. They emphasised that case studies have the potential, when applied successfully, to 'retain more of the "noise" of real life than many other types of research' (Hodkinson and Hodkinson, 2001). Even though as one study situation via cases it is quite imperative to gain in depth idea but one loses the breadth of the study. Moreover, cast in a narrative format, descriptive case studies can make complex situation accessible and interesting to a non-technical audience. Problems of BCAs are rather varied in nature and needs to be studied specifically in depth rather than resorting to broad aggregative analysis using quantitative methods.

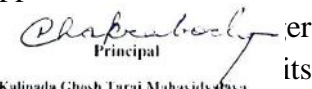
The next part of the paper is based on three cases built up on the basis of direct interviews, discussions, observations and examination of relevant documents with the BCAs, Territory Manager, Branch Manager and BC customer along with telephonic conversation and on-site observations during their operations.

### V. APPOINTMENT AND OPERATIONS OF BUSINESSCORRESPONDENT AGENTS – A REVIEW

Corporate BC operates at National level by winning the bid for the different cluster for providing agent banking in the unbanked areas. There are large numbers of public and private sector banks entrusted with the task of covering the uncovered villages allotted to them as per the Sub Service Area (SSA). Corporate BC engage themselves with the different banks throughout the country and appoint BC Agent on the field. The major issues with the Corporate BCs is that even though they may be functioning with numerous banks within a state or outside, still they do not enjoy an operational efficiency due to the different process adopted and followed by the banks and the gaps which exist in the appointment and operational processes of BCAs. These are detailed out below:

## APPOINTMENT PROCESS OF BC AGENTS

As per the Circular approved by the Board of Directors vide Board Agenda No. BM/644/2016-17/01/6.16 dated 13<sup>th</sup> April, 2016, the appointment of BC Agents is made by a Selection committee comprising RM, ARM/LDM and Base Branch Manager to select the BCA after proper due diligence, police verification and full KYC. Thereafter he is enrolled as BCA by the base branch whereas in reality, deviation has been noticed where Corporate BC meets the base branch Manager and enquire whether there is any of his candidate, if yes, than the candidate recommended by the Branch Manager is appointed else the Area Manager conduct the search and suggest the name of the candidate to the District Manager. Thereafter, Area manager suggest the name of those candidate to District Manager, who have sufficient liquidity. District Manager in consultation with the Territorial Manager issues appointment letter to the recommended candidate. Territory Manager interacts with the candidate in only few cases, otl issues the appointment letter in majority of the cases. Finally, BCAs are provided Tab devices operational and technical aspects rendering their services to the unbanked village customer.

  
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**The following operational problems associated with the functioning of BC Agents have been observed:**

➤ **Interoperability**

Even though interoperability services has been started by all the banks for the BC Model, still it is being found that the services is not being utilised in a full-fledged manner. BCA are advised by the Corporate BC not to process the transaction of other bank (non-home bank) customer. Even those BCAs processing other bank remittance, sometime finds the blockage of amount, resulting into failure in transaction, but the balance gets deducted from the agent settlement/overdraft account.

➤ **Distance from the base branch**

Those BCA operating from the longer distance from Base branch incur additional expenses due to the regular visit (at least 3-5 times a week) as compared to those BCA positioned nearby the base branch. Since the entire expenses are borne by them and no reimbursement facilities are available, it is hampering the operational functioning of the BCA located in the distance rural areas.

➤ **Least Awareness about the various product and services offered by BCA**

The major obstacles in the path of sustainability of BC Model is the lack of awareness about the various product and services offered by the BCA, basically those segment who are having an account in the other banks.

➤ **Support from Base Branch, Corporate BC and TSP is not always readily available**

The success of the BC Model depends to a very large extent on the proper coordination and services provided by the Base Branch, Corporate BC and Technology Service Provider to the BCA during their operational process but in reality there is a lack of support during the time of necessity.

➤ **Restriction on the use of handheld device**

Since the access of handheld device can only be done by the BCA, its entire operation depends on his performance. In case any health issues arises or any emergency arises, in that case he closes the CSP for few days without any intimation and if it is for longer period, Corporate BC is inform who appoints Sub-BCA, which again takes more time creating problems to the customer.

➤ **Irregular commission payment and transparency issues**

Commission are not paid regularly by the Corporate BC, accruing it up to 2 -3 month many times, which again can be, due to delayed payment by the banks or due to the delay by the Corporate BCs. In addition, commission

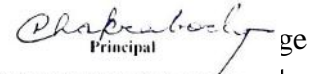
paid to the BCA lack transparency, as they are not provided with a commission statement containing the entire break-up and source of their earning.

➤ **Liquidity problem**

BCA uses own cash for the entire BC operation. They deposit the cash in their settlement/overdraft account which is used for the transaction purpose, but in majority of the cases, they run out of cash which hinders their transaction processing capability resulting into the loss of commission due to the non-performance of service to the customer.

➤ **Continuous Service downtime**

Internet connectivity and continuous performance of the handheld device is extremely critical for a large number of customer which can increase the business volume of the business. Service downtime during a transaction, resulting into the suffering of its customer and affecting their earning capability.

  
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➤ **Non-availability of cash-in-transit insurance**

Even though RBI has asked the bank to provide cash in transit insurance to the cash carried by the BCA for their operation still majority of the banks have not yet implemented fully in the financial Inclusion programme.

➤ **No commission for identifying and forwarding Loan customer**

Those BCs who are forwarding the Loan Customer to the banks are not getting commission on the loan forwarded by them. It is either being misappropriated or embezzled by the branch manager or the loan officer.

➤ **Lack of tailor made product and services**

Product and services in form of deposit, withdrawal, and remittance facility are only available to its customer. Those products which are required and demanded by the customer are not yet available, decreasing the transaction doing capability of the BC customer.

## VI. FINDINGS

### CASE STUDY - ONE

Name of the BC Agent – Piyush Chettri (Name has been changed for confidentiality)

District – Gorubathan, West Bengal


Base Bank Branch – Central Bank of India, Gorubathan Branch

Piyush started working as a BC Agent for Integra (Corporate BC) from 2015 after the Branch Manager recommended his name to the Corporate BC due to his association with monitoring of SHGs. After one year, Integra stopped functioning and National Corporate BC was selected as Corporate BC, since he had a good track record in his village and base branch, the Area Manager of National Corporate BC recommended his name for continuation. Piyush started functioning after 3 month with the new Corporate BC. His CSP is located at a distance of 6 km from base branch. There are 120 households with a population of 514 people with majority of population depending on Agriculture and 100 days work under MGNREGA for their livelihood. Apart from Mayalu Busty, he also served the resident of nearby villages located in the upper terrain up to a distance of 20 km namely, Puttharjhora, Upper Fagu, Farsitaar and Dhukurey. He invested 31,860 for purchasing Tab/Pos device from Gram Tarang, which was financed by the base branch for 3 years with Rs.1000 EMI.

- Initially he worked with Integra for 1 (one) year out of which he did not get commission for first 3 (three) month, later after complaining to the branch manager and Regional Manager during the meeting, he started

getting commission. Integra stopped functioning citing their replacement and appointment of new National Corporate BC in West Bengal. He had to stay idle for 3 month with no banking work as well as additional pressure from those villagers whose account were opened. This event created a lot of hardship in convincing the local villagers.

- Piyush and other BC Agent of the base branch were asked by the Branch Manager to visit the banks and operate from the nearby bank from 10:00 am to 2:00 pm. To comply with this, they had taken a room rent costing 2000 pm which is shared by the other 2 (two) BC Agents. They have stated that banks official use the BC Agent as per their convenience. While in case of need by the agent, those official delays the matter, leading towards dissatisfaction. BC Agents are forced to follow the instruction of the bank official as *without their support they cannot function properly.*
- Corporate BC gets 20 percent of the total commission earned by each BCAs per month adequate support to them. There is hardly any BC or Branch official visiting the CSP e get worst if the CSP is located at an extremely tough terrain or in a remote hilly area. The entire functioning is done by the BC Agent while the Area Manager or the District Manager only contact through phone or WhatsApp.
- Another major issue with the operations of BC Agent is the connectivity. Since he operates using the handheld devices, he often faces problem with the bank server connection. It causes failure during transaction or the transaction gets delayed and the cursor keeps on rotating for a minute, thereafter it reflects – “No response from gateway, please try again after sometime”. Even there is a problem with logging in, which affects the number of transaction he can conduct during a day.
- He expresses dissatisfaction due to the delayed commission payment by the Corporate BC. Sometime the commission gets pending for 2-3 month. Even commission statement is not provided by the National Corporate BC due to which he needs to check the register signed by the customer and calculate the earnings for every month. He had raised the commission statement issue in many of the meeting; still no major progress has been made in this regard.
- Interoperability is a major concern for Piyush, even though there is an interoperability features in the Tab, still he is asked by the Corporate BC not to process other banks account transaction as the money might get blocked, which if happen takes 2 – 4 month to recover from the other banks if the entire documents is submitted to the respective bank at the earliest. He states that while doing Interoperability transfer, the settlement account balance gets deducted but the amount does not get transfer to the customer account.
- In case of Joint Account opened at the CSP, where both the customer account is linked with Aadhaar, withdrawal facility is not available.
- Even though Atal Pension Yojana (APY) facility is available in the Tab of the BCA, still he can only fill the form for opening APY and after getting it signed he needs to submit it to the base branch which processes the transaction for its completion.
- He is allowed to offer only few product and services to its customer i.e. account opening, deposit, withdrawal, remittances. fixed deposit and pension while there are many other product and services which are not yet offered to them.

  
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- Inadequate training act as a major constraint in running the CSP efficiently and earning more commission. He was provided only one day training in Siliguri regarding the operation of the system. In case any problem arises, he enquires other BC Agents, if failed to redressed, than he contact the Area manager in WhatsApp, who according to their convenience reply to their query.

## CASE STUDY – TWO

Name of the BC Agent – Praveen Roy (Name has been changed for confidentiality)

District – Darjeeling, West Bengal

Base Bank Branch – Central Bank of India, Shiv Mandir Branch



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Praveen started working as a BCA of Samridhi Inclusive Growth Network (SIGN) from 2<sup>nd</sup> base branch being Central Bank of India, Shiv Mandir branch. He establishes Customer Service Point at Kaua Khali to provide banking services to the customer of Kaua Khali, Thikmikhata and Kalamjot. In 2016, he joined National Corporate BC and started the BC operation with fresh zeal and expectation. He was given a handheld device which was run using Android software of ATIATI known as “Ganaseva” proving real time account information. Majority of the account opened earlier having smart card turned out to be dormant as they stopped transacting, thus he started opening new zero balance account “Cent Vikas Khata” and “Cent Bachat Khata” for the customer.

- Praveen expresses disappointment regarding the Interoperability services offered by them. He states that their handheld device only support withdrawal of fund upto Rs.10,000 per transaction per day for the other bank customer while they cannot deposit any money in their account. Similarly even though transfer or remittance option to other bank customer account is available but they have been strictly advice by the BCs not to transact as the amount might get blocked during the transaction process. He experiences a major problem while remitting money to the account of SBI customer. On the other hand, the BCA of State Bank of India has full-fledged interoperability services ranging from deposit, withdrawal and transfer to any account of the bank.
- Awareness plays a significant role in the success of any model in the market. Praveen explains that even though he has banking services for majority of the banks, only Central Bank of India customer transact in his branch. He feels astonished when a lottery seller located next to his branch having an account with Indian Overseas Bank goes to ATM for withdrawing money but when asked to transact from his point, he expresses hesitation citing credibility issue for other bank transaction.
- Base branch is the strong pillar for the success of the BC Model, without the adequate support of the Branch Manager and the officials, no BCA can perform their operation successfully. Praveen quotes - Failure becomes inevitable if there is a misunderstanding or differences with the officials of the base branch. There are nearly 32 customer who have applied for opening an account starting from 29<sup>th</sup> January, 2018 to 10<sup>th</sup> September, 2018 but till date their account number have not been generated, even though their CIF number has been generated from the base branch and when he enquires about it with the officials they only responds that it will be done within few days.
- There are many customers whose account is functional but the passbook has not yet been issued by the branch. He issues a slip wherein the information regarding the name of the customer, Account Number, Aadhaar Number, Signature and Seal of the BCA is inserted and whenever they visits the CSP, they are asked to bring the slip for pursuing the transaction. Even ATM card are collected by the BCA from the base branch, but



majority of them remains with him only. Rural customers are not that literate and aware about its benefits and thus they prefer BCA for the withdrawal.

- Praveen goes 5 (five) days a week to the base branch. Apart from withdrawing money, he tries to redress the problem faced by the customer by seeking cooperation from the branch officials. In addition, updating passbook of the customer and submitting form in the branch is also done by him.
- He has approx. 15-20 Self Help Group Accounts, who deposits money every day after 7 pm. The basic problem regarding the SHGs is that they cannot withdraw money through the handheld device as there is no provision of getting biometric evidence of the partners of Self-help Group member operating the account.
- Customers enquire about Fixed Deposit, Recurring Deposit, Sukanya Samriddhi facilities, but none of the service is available at the CSP. Praveen pursue loan recovery even a single loan application forwarded by him to the base branch has been sanction.
- On 13.8.2018, Block Level Banker Committee (BLBC) was conducted in Shiv Mandir, Bagdogra, where the different official belonging to the banks operating in the block participated. One of the issues raised in the meeting by UBKGB was allocation of Central Bank of India Self Help Group account to UBKGB operating in the Kauakhali village. Praveen instantly objected the proposal citing the financial sustainability issue and still the matter is under consideration. Praveen argues that he started Financial Inclusion process from scratch in the year 2010, riding cycle and visiting every household to open an account, after working tirelessly for all this year, he is earning a reasonable amount which helps him to run his livelihood and now a new branch has been opened and there is a request to send his customer to the new branch.
- Corporate BC and Technology Service Provider are not helping him adequately to redress the problem arising during the operational process. He is facing the wrath of the customer due to the poor service provided to them which is beyond his control. He feels there has to be a proper grievance redressal mechanism for both the customer and BCA.

  
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### CASE STUDY – THREE

Name of the BC Agent – Shyam Tirkey (Name has been changed for confidentiality)

District – Jalpaiguri, West Bengal

Base Bank Branch – Central Bank of India, Oodlabari Branch

Shyam Tirkey started working as a BC Agent of Gram Tarang since May, 2016. Earlier he was teaching computer in a private computer Centre in Oodlabari Bazar which is 7 km from his residence. He was appointed as a BCA by the Area Manager of Gram Tarang whom he met through the owner of the Computer Centre. Since he had a good knowledge in computer, the Area Manager asked him to work as a BCA.

- Since the Area Manager has the task of identifying the BCA, he recommended his name for the appointment for which Rs. 10,000 was demanded, out of which he paid Rs.7,000 and promised to pay Rs.3000 later, which was never paid by him. When the District Manager enquires him through the phone about any charges being levied for the appointment, he did not reveal any information which somehow is prevalent till date.
- He was provided one day training regarding the operation of the handheld device. He was provided a loan of Rs.31800 by the base branch for the handheld devices, while he had demanded another Rs.50,000 for purchasing laptop and building the infrastructure for the functioning, but was not provided any additional loan. He managed the money for maintaining liquidity by borrowing it from his relatives.


- Any grievances or query arising during the transaction is redress by the Corporate BC or TSP through the WhatsApp rather than addressing it instantly by their presence.
- Liquidity crisis is a major constraint in providing continuous services to the customer, which is affecting their business to a very larger extent. BC Agents visit the base branch or nearby ATM to collect cash for payment to the customers whenever there is a shortage of cash.
- It has also been found that while visiting the base branch, he is asked to stand in line with other customers which creates embarrassment for him. Since most of the other customers are not banking service providers, it creates doubt in their mind regarding his status as a banking service provider.
- Even though passbook facilities has been given to the customer of the BCs, still in many cases that the customer have to wait for long period of time to get their passbook updated by the BCAs. Bank officials always insist the BCs customer to submit their passbook to the BCAs for its updation.
- Connectivity is still a major issues in the rural tea garden belt. Even though VSAT has been provided to him by the Corporate BC along with a battery at free of cost, still it has not been connected with the BCA Tab due to the unavailability of router. Shyam has requested the District Manager many times regarding the network problem and incomplete installation of VSAT still no action has been taken from their end which is ultimately affecting his revenue earning capacity.

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## VII. SUGGESTIONS AND CONCLUSION

The findings of the study using cases reflect the solvable problems hindering the smooth functioning of the Business Correspondent Agent due to the least cooperation and interest of the different parties involved in the BC Model. Among the entire strata of the BC model, it is the BCA who works at the grass root level having a direct interface with the customer. Thus, they have a crucial role in the success of the BC model. It is therefore suggested that:

- Appointment of BCA has to be followed in a more transparent way as prescribed in the circular issued by the Central Bank of India. Even though Corporate BC may be allowed to search and identify the BCA from the respective Sub-Service Area where the operation is to be provided, but the final appointment decision should be taken by the committee consisting of RM, ARM/LDM and Base Branch Manager or in case of emergency, base branch manager should have the final call.
- Interoperability services have to be offered in a full-fledged manner by the BCA of Central Bank of India. Both the Corporate BC- Gram Tarang and Central Bank of India needs to work together on it and provide the facility to BCA and its customer. The basic objective of introducing interoperability services by the RBI was to provide banking to all the customer of different banks rather than serving its own customer. This will generate more business increasing revenue for Banks, Corporate BC and BCA. Any transfer problems involving non home banks, arising due to the interoperability operation needs to be redressed in a time bound manner.
- Bank needs to develop a tailor made product according to the requirement of the unprivileged section earning meagre wages or belonging to the bottom level of the income strata. This way they can be saved from the syndicate racket, where an unauthorised daily collection is made promising attractive interest, resulting into the loss of the entire hard earn money and more revenue can be generated by the BCA.
- Majority of the unbanked villages have been covered by the BC Agent, increasing its outreach to the last mile of the society. Banking habit of these people can be developed by increasing the financial literacy, offering more product and services, building trust and developing cordial relation during their visit in the CSP.

- Bank officials' needs to acknowledge the contribution of the BC Agent in bringing the unbanked section within the financial ambit of the formal system. They need to cooperate and provide the operational support to the BCA and work hand in hand in servicing the customer. Bank official should give priority to the account opening form forwarded by BCA, issue the passbook when an account number is generated, redress the problems faced by the BCA and its customer in a time bound manner, visit the CSP at least once in a month either by the Branch Manager or Senior official, interact with the local customer in the villages where the point is located, treat them as a colleague rather than a competitor, provide conducive environment in the branch for the BCA.
- One cannot undermine the role of Corporate BC in the smooth functioning of the BCA. Since their earning depends upon the commission earned by the BCA, they should focus in eliminating the dissatisfaction of the agents are lack of transparency in their commission earning, Corporate BC should provide commission statement to the BCA every month and should ensure that the commission earned is shared with the BCA.   
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- Awareness about the functioning of BCA is extremely crucial for the success of this model. BC provides the banking services of all the banks within one roof that too as per the convenience of the customer from morning to evening, still there are large section that are unaware about the product and services offered by the BCA. Both the Corporate BC and Base Bank along with the BCA should create an awareness campaign in the villages.
- The Technology Service Provider should fix the network error occurring during the time of log in process quickly rather than taking more time in redressing it as this will increase their value among the customer.

If the suggestions are taken into consideration, the effectiveness and efficiency of B.C Model will increase.

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