

Draft Study Material



BUSINESS CORRESPONDENT/FACILITATOR

(QUALIFICATION PACK: Ref. Id. BSC/Q8401)

Sector: Banking Financial Services and Insurance

(Grade XI)

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PSS CENTRAL INSTITUTE OF VOCATIONAL EDUCATION
(a constituent unit of NCERT, under Ministry of Education, Government of India)

Shyamla Hills, Bhopal- 462 002, M.P., India

<http://www.psscive.ac.in>

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Preface

Vocational Education is a dynamic and evolving field, and ensuring that every student has access to quality learning materials is of paramount importance. The journey of the PSS Central Institute of Vocational Education (PSSCIVE) toward producing comprehensive and inclusive study material is rigorous and time-consuming, requiring thorough research, expert consultation, and publication by the National Council of Educational Research and Training (NCERT). However, the absence of finalized study material should not impede the educational progress of our students. In response to this necessity, we present the draft study material, a provisional yet comprehensive guide, designed to bridge the gap between teaching and learning, until the official version of the study material is made available by the NCERT. The draft study material provides a structured and accessible set of materials for teachers and students to utilize in the interim period. The content is aligned with the prescribed curriculum to ensure that students remain on track with their learning objectives.

The contents of the modules are curated to provide continuity in education and maintain the momentum of teaching-learning in vocational education. It encompasses essential concepts and skills aligned with the curriculum and educational standards. We extend our gratitude to the academicians, vocational educators, subject matter experts, industry experts, academic consultants, and all other people who contributed their expertise and insights to the creation of the draft study material.

Teachers are encouraged to use the draft modules of the study material as a guide and supplement their teaching with additional resources and activities that cater to their students' unique learning styles and needs. Collaboration and feedback are vital; therefore, we welcome suggestions for improvement, especially by the teachers, in improving upon the content of the study material.

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MODULE 1**INTRODUCTION TO BANKING****Module Overview**

Over a period, the banking history began with merchants of world. Merchant gave grain loans to agriculturalists and traders who supplied goods between cities. But banking has undergone changes in its objectives, functions and process over a period. Traditionally banking was used for keeping valuables safely and exchange of values. Banks have started playing many other roles such as facilitator of business transactions, financiers of trade and commerce and intermediary to channelize savings to productive investment. Today banking is not just a business, it touches the lives of every household and exercises great influence over the economy of the country. The social and economic importance of banks makes the role of regulation of their activities necessary. This makes it important to understand history, role and functions of bank.

This unit will focus on introduction to banking. The first session covers the introduction to banking in India, the second session deals with banking structure in India, the third session explains the banking business correspondents and the fourth session discusses the banking business facilitators.

Learning Outcomes

After completing this module, you will be able to:

- Understand the historical development of banking in India and identify key events that shaped its evolution.
- Comprehend the organizational structure and types of banking in India and their respective roles within the financial system.
- Know the functions and services provided by business correspondents and facilitators, particularly in enhancing financial inclusion.
- Recognize the roles, responsibilities, and challenges faced by business correspondents and facilitators, along with the ethical standards they must uphold.

Module Structure

Session 1: History and Evolution of Banking in India

Session 2: Banking Structure in India and Types of Banking

Session 3: Functions of Business Correspondents and Facilitators

Session 4: Role and Responsibilities of Business Correspondent and Business Facilitator

Session 1: History and Evolution of Banking in India

Generally, the terms Bank, Banker and Banking are used interchangeably. But it is necessary to understand these concepts in detail, before we go for discussing evaluation of banking in the country.

Bank: The word 'Bank' is derived as of French word 'Bancus' Italian word 'Banco' which refers to a 'Bench'. Bank is an institution which gets funds from the community and give a loan and advances towards those who essential them. R. S. Sayer defined bank as "an institution whose amount overdue (deposits) are widely recognized in clearance of other people's debts to each other". It provides many types of financial services to its customers and public.

Banker: A person who remains doing banking profession is called as banker. He is a man of intelligence and acts, as depository agent and depository or financial agent.

1. **The Bills of Exchange Act, 1882** defined banker as a body of persons whether incorporated or not who carry on the business of banking.
2. **The Negotiable Instrument Act, 1881** Section 3 defined the banker as a term which includes a person or corporation or a company acting as a banker.
3. **Walter Leaf** defined banker as an institution or individual who is always ready to receive money on deposits to be returned against the cheque of their depositors.
4. **Dr. Herbert Hart** defined banker as one who is the ordinary course of his/her business honor's cheque drawn upon him by persons, from and for whom he/she receives money on current accounts.

Banking: Section 5(b) of Banking Regulation Act, 1949 define banking as an accepting for the purpose of lending or investment of deposits of money from the public, repayable on demand or otherwise and withdrawal by cheque, draft order or otherwise. Thus, banking refers to undertaking deposit accounts, issue and pay cheque and renders valuable other financial services.

HISTORY AND EVOLUTION OF BANKING IN INDIA

The banking system of our India started with the base for Bank of Hindustan at Kolkata in 1770. This Bank ceased its tasks in 1832. Many other banks have been evolved such as General Bank of India (1786-1791) and Oudh Commercial Bank (1881-1958), however they did not continue their operations for a long time. The Oudh Commercial Bank was the first

Commercial Bank of India. Later on, Bank of Bengal (1806), Bank of Bombay (1840) and Bank of Madras (1843) have been established and merged into one entity i.e., Imperial Bank of India.

This bank was partially nationalised to form the State Bank of India (SBI) in 1955. In 1959, seven subsidiaries were established for SBI. At present all these subsidiaries are merged with SBI.

The remarkable step in the Indian Banking Structure is establishment of Reserve Bank of India (RBI) arranged on April 1st, 1935 through RBI Act of 1934. It took over the central banking activity which was earlier carried on by the Imperial Bank.

After independence of India, nationalization of banks is the main features of Indian banking system. In 1969, 14 banks and in 1980 further six banks remained nationalised to cater their services to all sections of society. In 1975, on the endorsement of Narasimhan Committee Regional Rural Banks (RRB's) were constituted with an objective of helping the unserved. To support the agricultural related activities NABARD in 1982, for export and import EXIM Bank in 1982, for housing sector National Housing Bank in 1988 and for small scale industries SIDBI in 1990 were established.

The year 1991, saw a remarkable change in the Indian banking structure. The government opened up the economy and invited foreign and private investors to invest in India. This move marked the entry of private players in the banking sector also, such as ICICI, HDFC, Axis bank, IndusInd bank, DCB as well as Yes bank. The RBI in 2013-14 allowed license to many other banks and introduced two new set of banks i.e., payment banks and small banks. In the last 5 years many nationalised banks were also encouraged for the mergers.

Thus, there has been a big revolution in the banking sector over the years and it is bound to evolve further with the various steps undertaken by government, the banking segment in India will grow further.

OBJECTIVES OF BANKING

The banks traditionally provided services of safe keeping of valuables. But modern banks have continued to provide facilities like safe custody of articles and safe deposit lockers and they are playing more important roles with the objectives mentioned below;

- 1. To Act by way of a Financial Intermediary:** Banks act by way of a financial intermediary between society which has savings and that which need money for investment in manufacturing and trading activity Fig. 1.1. This Mobilisation of funds is necessary so that financial resources could be used for increased productive activities, increased employment, including self-employment, increased income generation and overall economic development.

Banks as intermediaries provide interest to the depositors and earn interest from the debtor at a higher rate. The differential in interest creates income for the bank. Banks bear the risk in lending and the depositors are kept protected from this risk. The spread between interest earned and paid is the reward for risk taking in the process of intermediation. Banks enjoy belief of the people, as such have emerged as largest intermediaries over a period of time across the globe. Government also implements its many policies of economic development through banks. Government has identified certain areas like agriculture, small scale sector etc., for developmental support so that the financial resources are directed towards such areas which are essential for larger benefit of the society. These are called priority sectors.

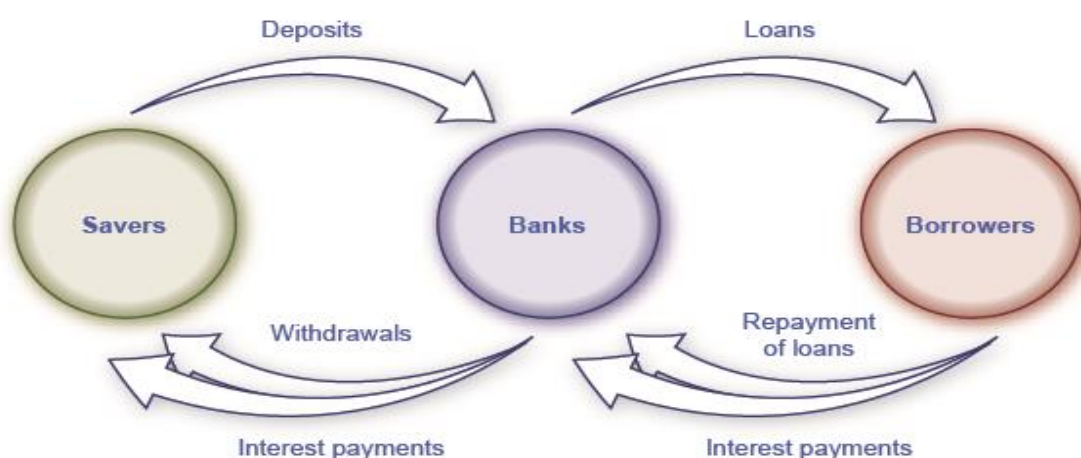


Fig. 1.1: Intermediation

2. To be a Constituent of Payment System: Banks are the one and only institutional sources which can accept deposits and repayable when demanded by depositors by cheque (an order to pay) or in any supplementary form (Fig 1.2). In order to make payments, the depositors need not carry large volumes of money notes and coins every time. A depositor can merely handover the cheque to the person entitled for payment (payee) whereby he orders the bank to pay money to the payee from his/her deposit.

The Cheque have effectively assumed the role of money and the volume of money in transmission represented by cheque is much more than the volume of money most probably like money notes and coins. In addition to handling cheques to settle transactions, banks also move money from place to place and payer's account to payee's account by way of funds transfer.

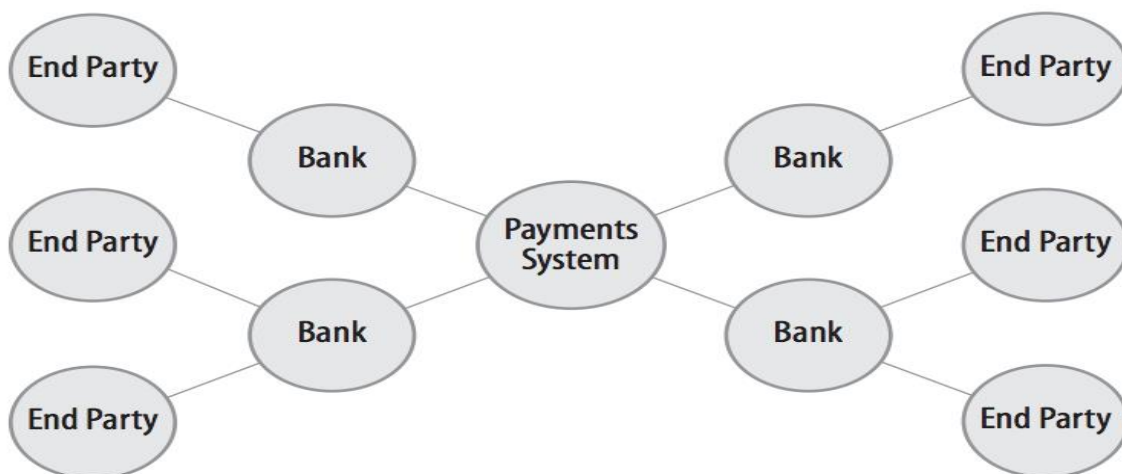


Fig. 1.2: Constituent of Payment Method

3. For the NEFT transactions: In addition, accepting deposits, giving loans and providing payment services, the banks also provide many other services. These include collection of funds from third parties for customers, foreign exchange related services, sale of products of mutual funds and insurance, sale of gold coins, safe custody articles, safe deposit lockers and many more. These activities yield commission income to the banks.

TYPES OF BANKING

The numerous types of banking business are Retail Banking (Individual Banking), Wholesale Banking (Business Banking), International Banking, Digital Banking and Investment Banking.

1. Retail Banking: Retail Banking can be defined as banking with individual customers (fig. 1.3). It is however, in broad sense, known as consumer banking. Bank provides services to public along with companies.

For example, banks invite deposits like fixed deposits, savings account balances and current account balances and other types of accounts balances of which are shown on liabilities side of a bank's balance sheet. On the other hand, banks extend personal loans, housing loans, auto loans and educational loans, trade advances to individuals, loans to farmers for agriculture etc., all of which appear on the assets side of a bank's balance sheet.

Retail banking generally requires significant investment for setting up branch offices, as well as other customer service points of contact, such as ATMs, e-galleries etc.



Fig.1.3: Retail Banking

- 2. Wholesale Banking/Corporate:** Wholesale banking defined as doing banking with companies, business entities—mostly large commercial and trading houses, including, public sector companies, multinationals companies etc., (fig. 1.4). In India, banks have been doing business traditionally and this is also called Corporate Banking/Commercial Banking. Products offered to this segment are Working Capital Loans, Bills Discounting, Term Loans etc., under fund-based services and Letters of Credit, Bank Guarantees etc., under non-fund-based services.



Fig. 1.4: Wholesale/Corporate Banking

- 3. International Banking:** It is the banking business wherein an international bank offers financial services, like accounts payment and lending opportunities to foreign customers. These foreign customers can be individuals or companies. Every global bank has their own policies to do business with international customers.
- 4. Digital Banking:** Digital banking exists the digitalization of all the old-fashioned banking undertakings and services that were historically available to customers

as soon as physically inside the bank branch. These include activities such as money deposits, withdrawals, transfers, checking or verifying savings accounts, applying for financial products, loans and advances, bill payment etc. Thus, it involves high levels of process automation and web based services. It provides the ability for users to access monetary data through desktop mobile and ATM services.

5. Investment Banking: Investment banking is a specific division of banking related to the creation of capital for company's governments and other individuals. These banks endorse new liability and equity securities of corporate bodies, aid in the transaction of securities then help to assist mergers and acquisitions reorganization and broker trades of both organizations and private institute investors. These banks also provide guidance towards issuers regarding the problem and placement of stock.

Thus, the banks provide various types of activities to its customers viz, Retail banking, Wholesaler banking, international banking, Digital banking and Investment banking.

RECENT TRENDS IN BANKING

From the past all the banking services were provided across the counter manually by the banks. In the recent years with the development of information technology, in order to handle increasing volume of business, all the banks are now using technology in a big way and providing many services round the clock. All the services of banks may be grouped under two categories i.e., universal and electronic banking.

A. Universal Banking: Universal banking involves many types of banking activities of commercial bank and investment bank and provides other financial services like insurance also. They are also known as full-service financial institutions. A universal bank, logically, offers universal banking. Universal banking is one kind of financial service that combines the aspects of investment, retail and wholesale banking.

B. Electronic Banking: Electronic banking undertakes all banking services and dealings performed finished with electronic means. In electronic banking, funds transferred through a swap of electronic signals through exchange of cash, cheque or other paper documents. Transfer of funds takes place between financial institution and credit unions.

VARIOUS FORMS OF E-BANKING

The various forms of e-banking are detailed below:

1. Electronic Payment Services (E-Cheques)

e-cheque is replacing conventional paper cheque. In India, e-cheques are used as per the provisions mentioned in the Negotiable Instrument Act. The Act already amended the cheque as Truncated cheque and E-cheque instruments. The account holder inscribes an e-cheque with a computer or

new type of electronic means and transfers the e-cheque towards the payee by electronic means. Like paper cheque, electronic cheque are signed by the payer and endorsed by the payee.

2. Real Time Gross Settlement (RTGS)

In India RTGS system was acquainted with since March 2004. It is a structure in which banks provide electronic commands to transmission of funds from one account to another bank account. RTGS system maintain and operated by RBI and provides faster funds transfer. Bank transfer funds on 'Real Time' basis. Therefore, fund reach the beneficiary immediately and the beneficiary's bank has the liability to credit the beneficiary's account in two hours.

3. Electronic Clearing Service (ECS)

Electronic Clearing facility is a type of retail payment structure. ECS can be used on the way to make lump sum payments. This facility is designed for companies and government departments to make and receive large volumes of payments not for the funds transfers by individuals.

4. Automatic Teller Machine (ATM)

ATM is the most accepted and well-known device in India. It facilitates customers to withdraw money 24 hours X 7 days in a week. ATM cardholder can use ATM for many other transactions such as payment of bills, transfer of money, deposit cash into account, balance enquiry etc. Thus, an ATM is an automated machine that allows the customer to perform financial transactions.

5. Point of Sale Terminal (PoS Terminal)

PoS Terminal is computer-based mechanism that is linked through online to computerized information files of customer in a bank. It has magnetically encoded plastic card that identifies customer transaction to computer. During transactions, customer account debited then the retailer's account credited with the help of computer for amount of purchase.

6. Tele Banking

It facilitates customer to do all non-cash transactions of banking on telephone. This device system Automatic Voice Record is used for modest queries as well as transactions.

7. Electronic Data Interchange (EDI)

Electronic Data Interchange exists electronic exchange of documents. It includes invoices, purchase order, receiving advices, shipping notices etc., are in a standard and computer processed as well as universally acceptable between trading partners.

8. National Electronic Fund Transfer (NEFT):

NEFT is a countrywide payment system that allows transmission of funds from bank account to another. Individuals, corporates and firms can transfer the money from one bank branch to some extent other bank account held by individuals' firms or corporates in the country. NEFT facility is available for 24 hours and 365 days in a year. At present transfer of money is undertaken in between 8:00 a.m. to 6:30 p.m. and on working of bank days. The fund transfer limit through NEFT is rupees 2 lacs only. Most of the banks do not charge anything for the NEFT transactions.

9. Globalized Banking

Global Banking refers to provision of financial merchandises and services to corporate, governments and institutions worldwide. Global Banking concentrates on building partnerships with MNCs, corporate, government and institutional customers to help them to get consistent, long-term performance. Since 1990's with the effect of globalization, financial services are driven by various factors like technology, de-regulation and increasing financial assimilation among nations.

Banks have four basic reasons to extended internationally:

- (i) To search business prospects and risk diversification of risks.
- (ii) To improve competence by using resources to obtain economies of scale.
- (iii) To make use incentives which are given by countries to encourage institutional and regulatory frameworks and
- (iv) To go with corporate clients in their international growth and development.

Thus, we find multiple activities are undertaken by banks under the categories of universal banking and e-banking services.

Activities

Activity 1: Prepare charts on types of banking

Materials required: Chart paper, Thermocol, glue, sketch pen, pencil, eraser.

Procedure:

1. The teacher will form groups of students.
2. The group members will discuss among themselves and note down points relevant to the topic- types of banking.
3. Internet may be accessed by them to find out the latest developments.
4. Each group will prepare a chart on the topic- referral enquiry and its sources using pen-paper, sheet, colors.
5. Two students of each group will make a presentation with chart before the class.

6. The remaining will respond to the questions put by their classmates.
7. The teacher should give suggestions so as to make value addition to the presentations.

Activity 2: Prepare presentation of history of Banking

Materials Required: Access to the Internet facility, chart papers and ordinary pointer can be used, plain papers, sketch pens, pen, pencil etc.

Procedure:

1. The teacher will form groups of students.
2. The group members will discuss among themselves and note down points relevant to the topic- history of banking.
3. Internet may be accessed by them to find out the latest developments.
4. Each group will prepare a chart on the topic- history of banking using pen-paper, sheet, colors.
5. Two students of each group will make a presentation with chart before the class.
6. The remaining will respond to the questions put by their classmates.
7. The teacher should give suggestions so as to make value addition to the presentations.

Check Your Progress

A. Fill in the Blanks

1. The word 'Bank' has been originated from the _____ word.
2. Banks as _____ provide interest to the depositors and earn interest from the debtor at a higher rate.
3. _____ has supervisory power on all types of Banking and Non-Banking Financial Institutions.
4. Bank receives _____ from customer.
5. In India, _____ system was introduced since March, 2004.
6. Every _____ has its specific policies to do business with international customers.

B. Multiple Choice Questions

1. "A banker is an institution or individual who is always ready to receive money on deposits to be returned against the cheques of their depositors. " This definition is given by
 - a) Dr. Herbert L. Hart
 - b) Walter Leaf
 - c) Banking Regulation Act 1949
 - d) None of the above
2. Being _____, banks accept deposits from public to lend loans/ advances, also provides other related services.
 - a) financial institution

- b) customer
c) third party
d) None of the above
3. Banks as intermediaries provide interest to the depositors and earn interest from the debtor at a _____ rate.
a) Moderate
b) Low
c) Higher
d) None of the above
4. _____ is a Central Bank of India.
a) RBI
b) SBI
c) CBI
d) None of the above
5. An _____ bank offers financial services, like accounts payment and lending opportunities to foreign customers.
a) International
b) Retail
c) Wholesaler
d) None of the above

C. State whether the following statements are True or False

- Bank is a licensed financial institution to receive money to deposit in the bank.
- The differential in interest creates income for the customer.
- Government also implements its many policies of economic development through banks.
- The foreign customers cannot be individuals or companies.
- Bank provide services to only public.
- Retail Banking can remain defined as doing banking with individual customers.

D. Match the Following:

	Column A		Column B
1	RTGS	A	Electronic Data Interchange
2	ECS	B	Maintain and operate by RBI and provides faster funds transfer
3	E-Cheque	C	Make Lump sum payments
4	EDI	D	Replacing conventional paper cheque

E. Short Answer Questions

- What is bank?
- What is Retail and Whole sale banking?
- What is Telebanking?
- State the meaning of Online banking?
- What is globalized Banking

F. Long Answer Questions

1. Write about history and evolution of banking.
2. Explain the recent trends in banking system.
3. What is the meaning of banking and explain types of banking?
4. Explain the objectives of banking of banking services.

G. Check Your Performance

1. Demonstrate the Banking History and evolution and types.
2. Demonstrate the Recent Trends and Usage procedure of banking services.

Session 2: Banking Structure in India

The Reserve Bank of India (RBI) is India's central bank. It controls the issue and source of the Indian rupee. RBI is the supervisory body of entire Banking System in India. The RBI is single and supreme body in monetary and banking authority in India. RBI bears the responsibility to control and regulate the execution of banking system in India. As the Reserve Bank keeps the capital of all commercial banks, it is called as “Reserve Bank”. Its main function is to regulate the monetary activities of banking businesses.

RBI was established by an Act known as Reserve Bank of India Act, 1934, which gives statutory basis of its functioning. The Bank commenced its functions on 1st April 1935. Its headquarters are located at Mumbai in Maharashtra. It was nationalized in the year of 1949. The first British Governor of this bank Sir Osborne A Smith and first Indian Governor is Sir Chintaman Dwarakanath Deshmukh.

In front of palm tree, the Royal Bengal Tiger was standing is the emblem of Reserve Bank of India (fig 1.5). It was found with thin and thick lines of two concentric circles. The statue tiger indicates that the Belvedere Gate which is located at Kolkata and the statue of palm is indicates to shining sun-star and with representational meanings such as truth, honour, value, warmth, vitality, fertile, protection, expansion, aspiration, unification, resurrection and attainment singleness of determination. It originates masculine energy. In the bottom side of the emblem written by ‘Reserve Bank of India’ and in the top side of the emblem written by Reserve Bank of India.



Fig. 1.5: RBI Emblem
Source: www.rbi.org.in

FUNCTIONS OF RBI

The RBI discharges various functions which are detailed below;

1. Issuer of Currency

RBI has sole power for issuance of currency in country excluding one-rupee currency notes then coins. The Indian government (Ministry of Finance) issues one rupee notes as well as coins. Major currency issue by RBI is in form of notes. These notes are 2,5,10,20,50,100,200,500 and 2000. The RBI Act, 1934 permits RBI to issue notes up to the denomination of Rs. 10,000.

RBI has two departments. First is Issuing Department and second is Banking Department. The Issuing Department is devoted to issuing currency. All money issued is the monetary legal responsibility of RBI that is backed by resources of equal value held by this Department. RBI is required to hold a minimum gold of Rs.115 crore assets. Any liability above this amount is backed by other assets which comprise coins, foreign securities and government's rupee securities. The Department acquires these securities, at whatever time required by issuing currency. The composition of these assets enables to understand the economy of India.

2. Banker to Government

Being a banker to the government, it is the responsibility of RBI to manage the banking needs of the government. RBI acts as banker to both central and state governments. RBI manages all the banking dealings of the government connecting the receipt and payment of money. RBI upholds and operates all the accounts of Government. It will collect all funds and also makes expenses on behalf of

government. As a participant of IMF and World Bank, RBI represents Government of India.

RBI provides short-term credit to the both central and state governments. RBI is also responsible for managing all the new issues of government loans (securities) and servicing the government debt outstanding. RBI provides a lot of support to the government by lending against these securities for mobilising monetary resources.

3. Banker to Other Banks

RBI plays a key role as banker's bank. RBI as banker of banks, play the following roles:

- Keep some cash as reserves of banks.
- Lending finance for short period.
- Provide centralized clearing and quick payment facilities.

The commercial banks kept deposits in Reserve Bank. The commercial banks take help from RBI in financial crisis, but charges higher rate of interest.

4. Regulator of Banks and Financial Institutions

Provisions in RBI Act, 1934 and Banking Regulation Act, 1949 empower RBI to supervise, regulate and control the banks and Non-Banking financial institutions. RBI's regulatory functions relate to regulating and supervising all along with other things, bank management, branch expansion and quality of their assets (loans, etc.).

RBI inspects banks periodically and follows up by asking banks to submit their annual financial returns and other information (within prescribed period). As per its regulatory powers, RBI makes it mandatory for banks to keep certain percentage of their overall net liabilities (deposits, borrowings etc.) in cash or invested in approved Securities (Government securities etc.). This is known as Statutory Liquidity Ratio (SLR).

5. Controller of Currency Supply and Credit

Credit flow of control is an important aspect of the monetary policy used by Reserve Bank of India. Central bank has to manage the demand and supply of cash and flow of credit in an economy. RBI plays a significant function in terms of controlling paper currency and inflationary tendency. RBI meets credit requirements of banking system. RBI uses control measures to execute this function effectively. Some of these are:

- Open Market Operations.
- Changes in statutory reserve.
- Lending policy towards banks.
- Control over interest-rate structure (deposits, loans).
- Statutory Liquidity Ratio (SLR) of banks.

6. Exchange Manager and Controller

RBI is the protector of India's foreign exchange business and related reserves. This control restricted the demand for foreign exchange within the limits of the available supplies of foreign exchange and users were given rationed foreign exchange according to the government's policy in the context of actual or expected shortage.

RBI accomplishes and controls flow of foreign exchange into and out of the country. RBI appoints foreign exchange dealers. It also provides guidelines to these dealers. Every transaction in foreign exchange has to be reported to the RBI by the dealers.

7. Publisher of Economic Data and Other Data

RBI maintaining and providing all the necessary banking and other financial data with analysis and evaluates the financial policies in India. To execute this function, RBI collates, gathers and publishes these data often. Users can get these data then the reviews, comments and analysis of current policies from various publications of RBI.

8. Promotional Role of RBI

The functions of RBI exist multi-dimensional in nature. The bank performs number of developmental and promotional functions. RBI can effectively supply credit, especially to priority sectors, such as agriculture, exports, transport operations and small scale industries.

RBI has number of accomplishments to its credit and is continuously connected in performing non-traditional, promotional tasks as well. Some of these tasks relate to:

- Commercial banking
- Co-operative banking
- Industrial finance
- Export finance
- Credit guarantees
- Variance rate of interest scheme (loan to very poor people at a very low interest rate)

STRUCTURE OF BANKING SYSTEM

The structure of banking system differs from country to country depending upon their economic conditions, political structure and financial system. Banks can be classified on the root of the volume of operations, business pattern and areas of operations.

According to Banking Regulation Act 1949, The Indian banking structure divided into Scheduled and Non-Scheduled banks. Each Category have their own advantages and limitations in their operations. They have their own

devoted target market. Some, are as undertake their work in rural areas while others in together with rural and urban areas.

Structure of Banking System

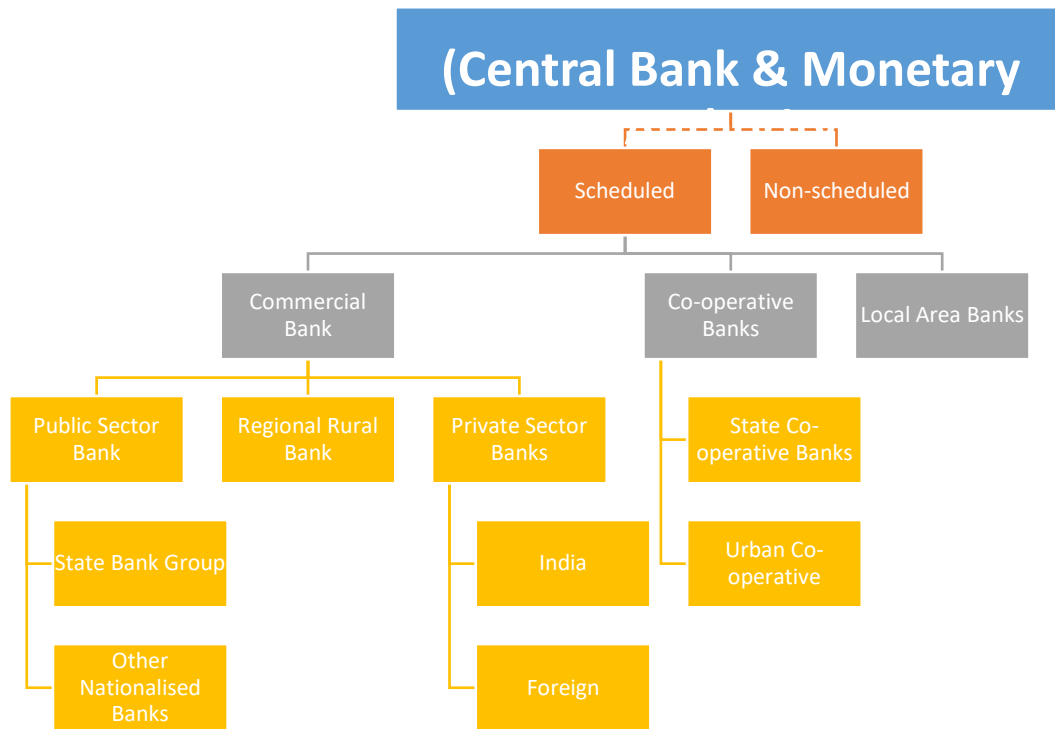


Fig.1.6: Indian Banking Structure

SCHEDULED AND NON-SCHEDULED BANKS

Scheduled Banks: “Banks which are comprised in second schedule of RBI Act, 1934” are called as Scheduled Banks. Banks encompassed in this category should fulfil two conditions;

- The paid-up investment and Reserved fund of the bank would not be a lesser amount of Rs. 5 lacs.
- At all motion of bank resolve not unfavorably affect the benefits of depositors.

Examples of Scheduled Banks: (i) Nationalised Banks (ii) State Bank of India, (iii) Foreign Banks, (iv) Regional Rural Banks (v) Other Indian Scheduled Commercial Banks (in the private sector).

Non- Schedule Banks: The banks which are not included in list of 2nd schedule in the Act of RBI 1934 are called Non- Scheduled Banks. At present which exist 3 banks in the nation.

Non- Scheduled Banks are following Cash Reserve Ratio (CRR) conditions. These banks be able to have CRR endowment with themselves by way of no compulsion has remained made by way of the RBI to credit it in the account of RBI.

Non- Scheduled Banks remain not eligible to get loans from RBI for daily activities but in the emergency circumstances RBI can award loan to them.

COMERCIAL BANKS

Commercial banks are banks which started mainly to earn profit as well as to render different types of services to their depositors. It enables large payments to be made over a long distance with minimum expenses. It constitutes the very life blood of an advanced economic society.

Commercial bank is financial institution which accepts deposits from public and provides account facilities, makes different kinds of loans and offers vital financial products similar to certificates of deposits besides savings accounts to people and small firms. Commercial banks have long history of their survival for many decades. Due to nationalisation of big commercial banks in 1969, commercial banks are broadly classify as:

1. **Public Sector Banks:** Public sector banks are banks where in more than 50% of shares are held by the government. For example, SBI.
2. **Private Sector Banks:** Private segment banks are banks where majority of the equity is detained by private stockholders and not through the government. For example, ICIC, HDFC, Axis bank etc.
3. **Regional Rural Banks:** These banks were established by the RBI since 1975 to operate only in rural parts to provide credit as well as other facilities to negligible and marginal farmers, agrarian labour, artisans and small entrepreneurs.

The commercial banks also divided as Indian banks and foreign banks.

Indian Banks: These are registered in India under the Companies Act. Their place of origin is in India.

Foreign Banks: These banks are registered exterior India and invented in a overseas country. For example, HSBC, Citibank, Standard Chartered Bank.

CO-OPERATIVE BANKS

The scheduled banks may also be registered as co-operative bank i.e., state co-operative bank and urban co-operative bank. These are governed by the co-operative societies' laws enacted by state governments.

- i. State Co-operative Banks:** These are the cooperative banks owned and managed by state governments.
- ii. Urban Cooperative Banks:** It denotes the primary cooperative banks placed in semi urban and urban areas.

LOCAL AREA BANKS

These are the small private banks conceived as low structure which could provide efficient and modest financial intermediation facilities in limited area of operation. These banks serve primarily in semi urban and rural areas comprising three continuous districts.

COMMERCIAL BANKS - FUNCTIONS

The commercial banks perform various functions which are detailed below;

1. Accepting Deposits

The most important and conventional function of commercial bank is accepting deposits from public. The deposits are basically 4 types: Saving account deposits, Current account deposits, fixed deposits and Recurring Deposit accounts. In case of current account, people can withdraw deposits at any time he/she likes without intimation and no interest is paid on Current Accounts, because the bank unable to utilise these short-term deposits. Savings deposits Accounts are payable to customers on their demand and money be able to withdrawn by cheques or otherwise and also deposit their money whenever they want. But there are certain limitations imposed on the withdrawals of depositors of savings account. Due to this reason depositors get interest at nominal rates. Fixed deposits are made for long and certain fixed period of time, so higher rate of interests will be paid on the fixed deposits. In recurring deposit accounts, the depositor has to deposit amount at regular interval for a stipulated period and gets back his/her amount with a greater rate of interest on the maturity period.

2. Providing Loans

The second key function of commercial bank stands to provide loans in contradiction of suitable mortgages towards the public to achieve their requirements of money. Loans be able to approved in the form of demand loans, cash credit, overdraft, short- term loan, discounting of bills etcetera. Further down cash credit system, the bank can lend credit to borrower up to the limit which he/she can. The interest outstanding by borrower is calculated based on the amount up to credit limit really drawn. Banks grant demand loans to customers, which can be reminded on demand at any time by the bank.

3. Credit Creation

This is an exclusive function performed by the commercial banks. A bank has occasionally been called a factory for the manufacture of credit. Commercial banks are able to create credit while in process of acceptance of deposits.

4. Transfer of Funds

Commercial banks are be able to transfer funds of customer to other customer's account through the cheques, draft, mail transfers, telegraphic transfers etc.

5. Agency functions

In modern time, commercial banks also act as agent of customer. However, banks charge fee or commission for these functions. The Agency functions include:

- (a) Collection of cheques as well as bills and drafts,
- (b) Collection of interest on Debentures or loans, dividend on shares etc.
- (c) Instalments of loans, payment of interest, insurance premium etc.
- (d) Purchase as well as sale of assets and securities.

Activities

Activity 1: Prepare charts on types of banks

Materials required: Chart paper, Thermocol, glue, sketch pen, pencil, eraser.

Procedure:

1. The teacher will form groups of students.
2. The group members will discuss among themselves and note down points relevant to the topic- types of banks.
3. Internet may be accessed by them to find out the latest developments.
4. Each group will prepare a chart on the topic- types of banks using pen-paper, sheet, colors.
5. The group leader of each group will make a presentation with chart before the class.
6. The remaining members will respond to the questions put by their classmates.
7. The teacher should give suggestions, so as to make value addition to the presentations.

Activity 2: Visit to different category of banks and the information regarding their function and on comparing the functions of different category of banks.

Materials Required: Access to the Internet facility, chart papers and ordinary pointer can be used, plain papers, sketch pens, pen, pencil etc.

Procedure:

1. The teacher will form groups of students in the class.
2. The group members asked to visit to different category of banks.
3. Visit to the banks and greet politely to bank managers.
4. Inform to the managers purpose of visit and collect the information regarding functions of their banks.
5. If required Internet may be accessed by them to find out the latest developments.

6. Each group will prepare a presentation on the basis of collected information with comparing the functions of different category of banks.
7. Two persons of each group will make a presentation with using of power point slides before the class
8. The remaining will respond to the questions put by their classmates.
9. The teacher should suggest the suggestions wherever required so as to make value addition to the presentations.

Check Your Progress

A. Fill in the Blanks

1. RBI was established by an Act known as Reserve Bank of India Act, _____.
2. RBI has sole power for issuance of currency in country _____ one rupee money notes and coins.
3. The _____ banks kept deposits in Reserve Bank.
4. RBI plays a significant function in terms of _____ paper currency and inflationary tendency.
5. The structure of banking system _____ from country to country.

B. Multiple Choice Questions

1. The Reserve Bank of India (RBI) is India's _____ bank
 - a) Main
 - b) Central
 - c) Common
 - d) None of the above
2. RBI uses control measures to execute this function effectively. Some of these are
 - a) Open Market Operations
 - b) Lending policy towards banks
 - c) Deviations in statutory reserve
 - d) All of the above
3. Scheduled Banks, “Banks which are included in _____ scheduled of RBI Act, 1934”.
 - a) First
 - b) Second
 - c) Third
 - d) None of the above
4. _____ Banks are the banks in which the Government holds more than 50% share capital.
 - a) Public sector
 - b) Private Sector
 - c) Both a) and b)
 - d) None of the above

5. Regional Rural Banks were come into existence in the middle of _____ in India.

- 1980's
- 1960's
- 1970's
- 1990's

C. State whether the following Statements are True or False

- RBI bears the responsibility to control and regulate the of banking system in India.
- The Indian government (Ministry of finance) not issues one-rupee notes then coins.
- RBI has three departments.
- RBI is the protector of India's foreign exchange business and related reserves.
- The functions of RBI remain multi-dimensional in nature.

D. Match the Columns

	Column A		Column B
1	Scheduled Banks	A	Operating at regional level at different States of India
2	Non- Scheduled Banks	B	Which started mainly to earn profit as well as to render different types of services to their depositors.
3	Commercial banks	C	Not included in list of 2 nd scheduled of the RBI Act, 1934
4	Regional Rural Banks	D	Included in second scheduled of the Act of RBI 1934

E. Short Answer Questions

- Write short Note on RBI
- What do you mean by scheduled and non-scheduled Banks?
- What is commercial bank?
- What is foreign bank?
- Write short note on Cooperative Bank.
- What is local area bank?

F. Long Answer Questions

- Explain the Banking Structure in India.
- What is Commercial bank? Explain functions of Commercial banks.
- What is RBI? Explain its functions.

G. Check Your Performance

1. Demonstrate present Banking Structure and different types banks are in existence.
2. Differentiate between the RBI and Commercial banks functions with table.

Session 3: Functions of Business Correspondents and Facilitators

Government of India launched Financial Inclusion scheme. As more than 40% of country's citizen did not have approach to banking services. It increased the concern, link between financial inclusion and poverty of citizen. Financial inclusion is catering banking services at a reasonably priced cost to all sections of poor and low-income group.

When a bank finds it not easy or, not profitable to open a branch in remote areas (rural areas) then it appoints Banking Correspondent to provide fundamental banking services for the rural people. Now in 21st century also our people are still as 'unbanked or, under-banked' financial illiterates. The major reason for this problem is lack of security concern, lack of awareness of rural people and also it is non-beneficial for banks. To overcome this issue, RBI brought Business Correspondents to provide basic banking services at people's door.

DEFINITION

Business Correspondents are the persons who are permitted by bank to carryout dealings with customers as bank agents on behalf of bank. BC are appointed through third party services and they are getting commission based on their transactions.

Business Correspondent is a bank-in-person who is allowed to collect small amount of deposits and expand small credit on behalf of bank. A person sanctioned to offer services on cash transactions. Primary role of Business correspondent is to oversee the proper development and implementation of indirect banking channels.

Thus, Business correspondents are bank representatives. They help villagers to open bank accounts. The Business Correspondent carries a Electronic and mobile device which helps village people in banking transactions such as deposit money, withdraw money out of savings account, giving loans etc.



Fig.1.8: Business Correspondent

Eligibility for Business Correspondent

The guidelines given by RBI have to be adhered in availing the services of Banking Business Correspondents. The banks may engage the following individuals/entities as BC.

1. Individuals
2. Retired bank employees
3. Owners of Kirana
4. Medical staff
5. Public Call Office (PCO) operators,
6. Teachers
7. Government employees
8. Ex-servicemen
9. Small Savings Schemes of Agents
10. Authorized functionaries of well-run Self-Help Groups (SHGs)
11. Insurance Companies
12. Cooperative Societies registered under Mutually Aided Cooperative Societies Acts/ Cooperative Societies Acts of States
13. Non-Governmental Organisations (NGOs)
14. Self Help Groups (SHGs)
15. Micro Finance Institutions (MFIs)
16. Post Offices
17. Khadi and Village Industries units
18. Insurance agents
19. Farmers' clubs
20. Panchayats
21. Civil Society Organisations (CSOs)
22. Community based organisations
23. Village Knowledge Centers,
24. Cooperatives societies
25. Agri Clinics/ Agri Business Centers,
26. Krishi Vigyan Kendras
27. Corporate entities with IT outlets in rural parts.

The business correspondents should be selected not only from these groups but they should also possess basic computer knowledge and good communication skill.

OBJECTIVE OF BC's

The main objectives as Business Correspondents are as follows;

- To facilitate basic banking services and every segment of society to each.
- To accept deposits, withdrawal, account opening, fund transfer, Kishan Credit Card (KCC), Insurance (Pradhan Manthri Bhima Yojana) etc., at door steps of customers.
- To help people in Linking to bank accounts with Aadhar number.
- To make people financially literates.

FUNCTIONS OF BC's:

BCs authorised to perform various functions as an agent, which include:

1. Identifying prospective customers for bank.
2. Generating awareness among customers.
3. Provide information about the saving options and other products of bank.
4. Educating and advising customers for managing money,
5. Take loan counselling and recommending small loans to target customers.
6. Recovery of principal and interest
7. Get the approval of small value credit
8. Sale of micro insurance, pension and mutual fund products, other third-party products and issuing receipt.
9. Promoting and monitoring of Self-Help Groups/ Joint Liability Groups/Credit Groups/others.

Thus, BCs have permission to undertake many banking transactions on behalf of banks.

ROLES AND RESPONSIBILITIES OF BC's

Business Correspondents have well-defined roles and responsibilities which are given below.

- They create awareness about savings and other products.
- They educate the poor villagers about the importance of saving, managing the money and also debt counseling.
- They identify prospective customers for various financial products offered by Bank
- They have to verify the eligibility of customers for the Financial Products based on eligibility criteria provided by bank from time-to-time.
- They enroll target customers for various financial products on behalf of their

partner bank.

- They will sell the financial products to eligible customers based on the partner bank's guidelines.
- They advise small loans for target customers like MUDRA.
- They help the bank in collecting the KYC data from time-to-time.
- They give small loans such as agricultural loans, group loans, entrepreneurial loans, etc., based on the partner banks guidelines
- They will open saving account to customers as per partner banks guidelines.
- They help in the collection of principal and interest and abide by the strict code of conduct.
- They collect small value Fixed deposits up to Rs. 20000.
- They cross-sell micro insurance, pension products, mutual fund products and other suitable third-party products i.e., Centrally Sponsored schemes like Atal Pension Yojana, Jeevan Jyothi Suraksha Bhima yojana etc.
- They inform local branch/centralized hub of Bank/NBFC about the closure of any accounts.
- They take up post sanction monitoring and follow-up recovery.

ADVANTAGES

The benefits of availing the services of Business Correspondents are detailed below;

- People can be benefited with Door-door step banking.
- People can avail loans at a reasonable rate of interest.
- Government will transfer the subsidy straight into all accounts; this will remove the corruption of the middleman.
- It will increase the people's savings habit.
- Money of each individual will be safe and secured.
- There will also be an option to avail insurance schemes and pension schemes in rural areas.

Thus, business correspondents help the bankers and people for a greater reach, doorstep banking and improves loan performance.

Challenges of BC

Though India's progress on financial inclusion is considerable, it is far below the expectations and business correspondents could not change the outlook of banking scenario. Even though number of bank accounts opened increased after 2014, according to Findex report around 48% of these accounts are inoperative. The BC approach could not yield desired results owing to the following limitations;

1. BCs are facing problems involving cash handling like transporting and safeguarding cash and avoiding fraud and misappropriations.
2. BCs have limited overdraft facilities and transaction limits that may not be adequate for the desired requirements of the customers.

3. BCs could not increase the level of awareness about the value of banking services owing to shortage of funds.
4. BCs have lost money in some cases leading to significant attrition.
5. BCs expanding unbanked areas which involve costs that bank find difficult to cover.
6. BCs facing the regulatory problems. They have to complete financial transactions with Bank branches within 24 hours which is not possible where long distance is involved. In the light of above challenges, it is evident that BCs, may not be able to handle all banking services, particularly more advanced credit functions.

Activities

Activity 1: Demonstrate the role of business correspondent through role play

Material Require: Notebook, pen or pencil and check list

Procedure:

1. Prepare a check list for the points of observation or study and give it to the students.
2. Divide the students into groups as per the class strength.
3. Reach the commercial bank as per schedule.
4. Interact with the bank manager or the bank executive.
5. Greet him/her and ask following questions:
 - a) role of business correspondent.
 - b) responsibilities of business correspondent.
 - c) eligibility to become business correspondent.
6. Note all the observations, discuss with friends and finalize the report.
7. Confirm with the bank executive.
8. Ask the students to demonstrate various types of forms.
9. Prepare report and submit to the subject teacher.

Activity 2: Prepare a chart on eligibility to work as a BC.

Materials Required: Access to the Internet facility, chart papers and ordinary pointer can be used, plain papers, sketch pens, pen, pencil etc.

Procedure:

1. The teacher will form groups of students.
2. The group members will discuss among themselves and note down points relevant to the topic- referral enquiry and its sources.
3. Internet may be accessed by them to find out the latest developments.

4. Each group will prepare a chart on the topic- eligibility to become business correspondent using pen-paper, sheet, colours.
5. Each group will make a presentation with chart on eligibility to become business correspondent and present before the class.
6. The remaining will respond to the questions put by their classmates.
7. The teacher should give observations on the presentation so as to make value addition to the presentations.

Check Your Progress

A. Fill in the Blanks

1. _____ increased the concern, link between financial inclusion and poverty.
2. _____ brought Business Correspondent to provide basic banking services at people's door.
3. Business correspondents are _____ representatives.
4. Business correspondent should possess basic _____ knowledge and good communication skill.
5. Business correspondent will also help to people in _____ to bank accounts with Aadhar number.

B. Multiple Choice Questions

1. The main objective of appointing business correspondent are
 - a) To facilitate basic banking services for each and every segment of society.
 - b) It will also help to people in Linking to bank accounts with Aadhar number.
 - c) Making people financial literates.
 - d) All of the above
2. BCs permitted to perform various functions as an agent, which include:
 - a) Identifying prospective customers for bank.
 - b) Generating awareness among customers.
 - c) Both a) and b)
 - d) None of the above
3. Business Correspondents have roles and responsibilities, which is not the role of business correspondent.
 - a) Business Correspondent has to create awareness about savings and other products.
 - b) Business Correspondent has to educate the poor villagers about the importance of saving, managing the money and also debt counseling.
 - c) Business Correspondent no need to identify prospective customers for various financial products offered by Bank
 - d) They will enroll target customers for various financial products

on behalf of his partner bank.

4. Who can become the business correspondent according to bank:
 - a) Individuals
 - b) Retired bank employees
 - c) Owners of kirana
 - d) All of the above

C. State whether the following statements are True or False

1. More than 60% of country's citizen did not have approach to banking services.
2. Business Correspondent is the person who is permitted by bank to carryout dealings with customers as bank agent.
3. Business Correspondent don't help to people in linking to bank accounts with Aadhar number.
4. There will also be an option to avail insurance schemes and pension schemes in rural areas.
5. Business Correspondent will open saving account to customers as per partner banks guidelines.

D. Short Answer Questions

1. Who is Business Correspondent?
2. Explain the functions of BCs?
3. What are the objectives of BC?

E. Long Answer Questions

1. Who is Business correspondent? Explain the roles and responsibilities?
2. What are the guidelines for eligibility of BCs?
3. What are advantages of availing services of BCs.
4. Explain the challenges faced BCs.

F. Check Your Performance

1. Demonstrate the BC role and responsibilities with role play and group discussions.
2. Demonstrate the challenges faced by the BC's while doing banking series.

Session 4: Role and Responsibilities of Business Correspondent and Business Facilitator

As a part of financial inclusions, the RBI issued new guidelines based on recommendations of Khan Commission in January 2006, i.e. allowing banks to utilize two categories of intermediaries, they are Business Correspondents and Business Facilitators. RBI formulated certain guidelines to BCs and

BF's. BF can guide customer, pursue their proposal and facilitate the bank to carry out transactions but cannot transact on behalf of the bank.

As per scheduled commercial banks guidelines as well as Regional Rural Banks and Local Area Banks (LABs) have been allowed to use the services of mediators in providing banking services to entire country and even in remote areas.

Banking Correspondent and Business facilitator will help people to connect with banking world. It also increases the habit of savings. It increases the deposits in banks. So, there is win-win situation for both people as well as banks. It will help to increase Financial Inclusion.

BUSINESS FACILITATOR

Business Facilitators acts as agents. They are representatives to their banks and provide banking services in remote locations where the bank don't have any branches and also to promote financial inclusion.

Definition

Business facilitator is a person who can refer or guide his/her customers, follow the customer's proposal and the bank facilitate to do transactions, but cannot perform on behalf of bank. He/she has no power to handle Cash transactions until banks are instructions given to him/her. Normally BF is appointed by Bank at branch level only.

ELIGIBILITY OF BUSINESS FACILITATOR

The eligibility criterion for Business Facilitators have been provided by RBI. Business Facilitator acts as an agent to their banks. The following are eligible to act as Business Facilitator:

- The Non- Government Organisations/Farmers' Clubs, cooperatives related persons.
- Community based organizations and IT and Corporate entities.
- Few Government offices like Post Offices, insurance agents, well-functioning Panchayats, Village Knowledge Centers.
- Few Business organisations and Centers like Krishi Vigyan Kendras and KVIC/ KVIB units.

ROLES AND RESPONSIBILITIES OF FACILITATOR

Business facilitators are the entities which act as extended arms of the bank in affording banking services to customers. Business facilitator plays crucial role and responsibilities:

- Business facilitator undertakes activities of forwarding the documents or details to concerned bank which are submitted by customers.

- BF has to acquire the knowledge of banking products and services.
- Business facilitator helps their customers (especially illiterates) in filling the related forms.
- BF's have to promote banking products and services by providing accurate information to customers.
- Business facilitator make available transactions to depositors/borrowers in printed form i.e., Passbook, mini statement
- BF should advertise features of various products available in the bank to make people financially literates.
- BF's undertake activities of advising, assisting customers for their benefit as well as development of bank.
- BF's also done follow ups recoveries from self-help groups (SHG), joint liability and partnerships by conducting pre-sanction verification.
- BF's should take up marketing of life and non-life insurance products and mutual funds to earn more profits.
- Business facilitators also help their banks in KYC updations by collecting information and concerned documents from customers.
- Business facilitator don't have any authority to handle cash, opening account and processing transactions.

FUNCTIONS OF BUSINESS FACILITATOR

The RBI formulated certain Guidelines for functioning Business Facilitator. These are similar to the BC with some exceptions and limitations. Following are some important functions of BF's:

- Business facilitators act as an agent for the concerned banks.
- BF's undertake activities like suggesting and advising customers about their financial transactions.
- BF's are not allowed to perform cash transactions like Deposits and Withdrawals.
- BF's have to function within the limitations on fixed deposits and recovery of debts and its functionalities.
- BF's can undertake preliminary processing of loan applications.

OPPORTUNITIES AFTER COMPLETION OF THIS COURSE

An opportunity is a situation that makes favourable for achievement of goal by gaining knowledge. BC & BF provide appropriate and sufficient knowledge to learners through different levels by providing their job roles.

Business Correspondent/ Business facilitators are the intermediaries between the customers and bankers in certain outreach areas. After completion of this course, learners can permit eligibility to get opportunities in all types of banking and non-banking financial institutions.

These banking and non-banking financial institutions require persons who are able to understate financial services of banks in un-reachable areas and in all locations. Hence, this job role will make BCs and BF's with proper theoretical and practical knowledge.

Benefits of BF's

Business facilitators help the bankers and customers in the following ways:

1. Identifying the potential customers.
2. Advising or counselling village people about appropriate bank's products and services.
3. Helps the village people in completing formalities that are needed to transact with banks.
4. Educate the customers about terms of sanction, repayment and recovery.
5. Helps the villagers in the small value transactions.

Challenges of BF's

Even though the role of BF's is vital in rural banking they suffer from the following limitations and challenges.

1. BF's are only linking body for banker with rural people. They can't undertake any transaction in full pledged manner.
2. BF's should be updated with changing policies of products and services offered by banks regularly. Otherwise, they cannot reach the customers with latest information.
3. The efforts of BF would be fruitful only when transaction is complete but they are not empowered to complete the transactions.
4. The people in rural area may not develop confidence on BF's as they are only intermediaries.

Thus, we find the confidence reposed on business correspondent is more than the business facilitators.

Differences between BCs and BF's

Business Correspondent Vs Business Facilitator

Based on functions and role and responsibilities of BCs and BF's, the following differences may be identified;

Business Correspondent	Business Facilitator

1	BCs are permitted to carry out transactions as agents on behalf of bank	1	BF's can guide customer, pursue their proposal and facilitate the bank to carry out transactions but cannot transact on behalf of the bank.
2	The persuasion of BCs can be converted into completion of banking transaction.	2	The persuasion of BF's may or may not lead to complete the transaction.
3	The passbook or mini-statement can be issued by BCs.	3	The BF's can't issue any passbook, mini-statement or any other document on behalf of bank.
4	The confidence and trust of rural people is more in case of BCs, since they help us completing transaction immediately.	4	The confidence and trust of people on BF's is less since the bank transaction can't be completed.

Activities

Activity 1: Make a comparison chart and understand the different opportunities as per guidelines of banks.

Materials Required: Access to the Internet facility, chart papers and ordinary pointer can be used, plain papers, sketch pens, pen, pencil etc.

Procedure:

1. The teacher will form groups of students.
2. The group members will discuss among themselves and note down points relevant to the topic- different opportunities to BF's as per guidelines of banks.
3. Internet may be accessed by them to find out the latest developments.
4. Each group will prepare a chart on the topic- different opportunities as per guidelines of banks using pen-paper, sheet, colors.
5. Each group will make a presentation on the chart present before the class.
6. The remaining will respond to the questions put by their classmates.
7. The teacher should give suggestions on the presented charts so as to make value addition to the presentations.

Check Your Progress

A. Fill in the Blanks

1. _____ formulated certain guidelines to BFs are allowed to do transactions at customer home instead of at bank.
2. Business Facilitators acts as _____ for the cornered banks.
3. _____ of concerned Banking products and services became one of the key roles of BF.
4. Business facilitators helps their customers (especially illiterates) in _____ the related forms.
5. _____ of life and non-life insurance products and mutual funds to earn more profits.

B. Multiple Choice Questions

1. As a part of financial inclusions, the _____ issued new guidelines based on recommendations of Khan Commission in January 2006.
 - a) SBI
 - b) PNB
 - c) RBI
 - d) None of the above
2. Business Facilitators acts as _____.
 - a) Agents.
 - b) Customer
 - c) Bank
 - d) None of the above
3. Business Facilitator acts as an agent to their concerned _____.
 - a) Customer
 - b) Banks
 - c) Businessman
 - d) None of the above
4. _____ are the intermediaries between the customers and bankers in certain outreached areas.
 - a) Business Correspondent
 - b) Business facilitators
 - c) Both a) and b)
 - d) None of the above
5. If a person becomes a Business Facilitator, banks may use intermediaries they are;
 - a) Non- Government Organisations/Farmers' Clubs
 - b) Community based organizations
 - c) IT & Corporate entities
 - d) All of the above

C. State whether the following statements are True or False

1. Banking Business facilitator decrease the savings of people.
2. Business facilitators are the entities which act as extended arms of the bank in affording banking services to customers.

3. BFs advice and assist customers and bank.
4. Community based organizations and IT and Corporate entities are eligible to become BF.
5. Business facilitator having authority to handle cash, opening account and processing transactions.

D. Short Answer Questions

1. Who is a business facilitator?
2. What kind of opportunities available after completion of BC or BF course?
3. What are the functions of BFs?

E. Long Answer Questions

1. Who at do you mean by Business Facilitator? Explain the eligibility criterion of BFs.
2. Discuss the roles and responsibilities of BF?
3. Explain the benefits and challenges faced by BFs.
4. Differentiate between the BCs and BFs.

F. Check Your Performance

1. Demonstrate the role and responsibilities of BF with role play and group discussions.
2. Prepare a list of persons/entities eligible to function as a BF.

MODULE 2

SOURCES OF NEW CUSTOMERS

Module Overview

Banking industries play vital role in employment generation. Now a day's new job opportunities are being developed in the banks, as a BCBF. BCBFs are recruited as representatives of bank. Their responsibility is to build awareness and promoting prospective customers for bank. Apart from this, Business Correspondent's duty is to carry-out banking transactions for the banking customers.

Business correspondent works like an agent of bank to sell banking products and services. His/her task is to open and execute customer's account. He/she is also helpful for customer in deposit, transfer and payment transactions. Business Facilitator introduces banking products to rural market segment, where there is no banking facility available and helps the bank in recovery of bad debt. He/she is self-driven for fieldwork and handle different situations. His/her job requires satisfying banking queries raised by customers.

The important duty and responsibility of BCBF to find out the sources of new customers. BCBFs have to identify demographic profile of the customers based on market demand. BCBF should also analyse the prospective customer's financial status and find out the potential customers for business for banking products.

This unit focuses on different sources of new customers of a Bank. The first session covers demographic profile of customers, the second session explains segmentation of customers, the third session deals with prospective customer's financial needs and processing bank applications and fourth session discusses about customer information system.

Learning Outcomes

After completing this module, you will be able to:

- Identify and analyze the demographic profiles of potential customers
- Understand how to segment the market based on customer demand and preferences.
- Evaluate the financial status of prospective customers.
- Identify and assess potential customers to target for banking services.

Module Structure

Session 1: Identifying Demographic Profile of Customer

Session 2: Segment the Market Based on Demand

Session 3: Prospective Customer's Financial Status

Session 4: Potential Customers

Session 1: Identifying Demographic Profile of Customer

A Bank customer means a person, who opened an account in Bank. For becoming a bank customer, he/she must have deposit account like saving account, fixed deposit, recurring deposit or a loan account in bank.

As soon as someone opens an account and deposits money or cheque into the bank and it is accepted by the bank, relationship starts between bank and customer. Only visiting the office of a bank for some transactions; like buying a draft or withdrawal of cheque etc., by a person, does not make him/her a customer. Thus, bank customer means any individual who has a banking relationship with bank.

DEMOGRAPHIC FACTORS OF BANK CUSTOMERS

It is evident that demographic factors have a great impact on consumer attitudes and behaviour towards banking. The various demographic factors such as age, gender, education, income, occupation, marital status, physical disability, area of residence etc., have greater impact on banking usage. The details are given below;

1. **Age:** Customer divided into different age group. Age is one of the variables in customer segmentation with assumption that customer needs vary with age groups. Bank needs age of the customer to determine the type of customer such as minor, adult, senior citizen etc.
2. **Gender:** Customers can be segmented based on gender. Biological dissimilarity makes men different from women. These differences influence their responsiveness toward products and communication appeals. The gender segmentation of customer is required by bank to formulate varying policies and schemes for men and women.
3. **Education:** It is another important customer segmentation needed by the banks. The customer education level very much influences the bank's policies and programs. The literacy and illiteracy of customer shall have greater impact on banks business.
4. **Income:** Customer segmentation based on income categories is useful in gaining inside about what kind of products are likely to be preferred by him/her. This will help the banker to offer appropriate products and services to right category of customers.
5. **Occupation:** The various occupations determine the buying behaviour of customers. The occupation of the customer helps the banker to open an appropriate account and sanctioning of loans or credit limits.
6. **Marital Status:** Marital status of a person largely influences a person's lifestyle. While single individual has more independent and spendthrift attitude, while

married customers' needs vary according to their requirements. Hence, banker needs information on marital status of the customers.

7. Physical Disabilities: The physical disabilities are conditions that affect a person's mobility, physical capability, stamina or dexterity. This will include brain or spinal cord injuries, respiratory disorders, hearing and visual impairment etc. These are vital for the banker to open the account in the names of customers and for subsequent banking transactions.

8. Geographical areas: A residential area is a place used for living as opposed to industrial and commercial areas used for production of manufacturing. The criterion of residential, industrial and commercial areas shall help the banker to locate their branches and area of operation.

A study of these demographic factors of the customers will help the bankers to formulate the suitable policies and programs for their banks.

TYPES OF BANK CUSTOMERS

Ordinarily, person who opened an account in bank is called as bank customer. Banks have various types of customers like an individual, minors, blind persons, senior citizens, physically challenged, lunatic persons, illiterate persons, pensioners, Hindu undivided family and business firms.



Fig. 2.1: Types of Bank Customers

Individuals: A person, who wants to open an account in bank individually, is called individual account holder. An Individual can open bank account for his/her personal use. He/she can deposit and withdraw money as per banking rules. For opening bank account, individual person has to submit required documents with bank. This type of account opened by individual and use by their own capacity and also maintained and operated by individual person.

Joint Account: A joint account is an account which is opened by two or more than two persons jointly. Joint accounts are operated by joint account holders.

In this account all account holders are empowered to withdraw and deposit money in the bank.

Minors: Minor is a person who is not completing the age of 18 years as on date of opening an account. Minor can also open an account on his own name. There are two type accounts operated by minors first by the minor himself – self operated account and secondly, guardian can open an account for the minor.

Blind Persons: A blind person can open bank account in bank. A blind person can be educated or uneducated, but there is no restrictions for these persons to open an account in bank. As blind person cannot see, therefore, while opening account banks take extra precautions. Strictly KYC norms are applicable in case of blind person. As and when blind person wants to do any transaction, he/she should be accompanied by a literate witness. The witness signs the relevant forms along with the blind person.

Senior Citizens: A "senior citizen" means any Indian person, who has attained the age of 60 years. RBI has issued directions on 09.11.2017 to banks to provide special facilities to elderly persons. Preferences are being given to senior citizens by banks while dealing with them, like special counters have been opened for providing different services. Banks are taking many steps to provide additional facilities to their elderly customers.

Physically Challenged: If customer have lost their arms or toe impression accepted physically challenged and can open an account in bank. After opening an account to withdraw money, he/she can visit bank to comply with bank regulations. Banks have provided necessary facilities to all disabled persons. Ramps are being constructed at bank premises and ATMs. In order to provide banking facilities to visually impaired persons, banks provide them cheque book facility, operation of ATM/locker, etc., with priority basis.

Lunatic Persons: Persons who are unsound and unstable mind are known as Lunatics. Lunatic persons cannot open bank account. Valid contract cannot be done by person of unsound mind. So, account in name of person of unsound mind should not be opened by the bankers. If customer becomes lunatic after opening account in bank, bank suspends all operations of customer accounts after receiving information about customer's lunacy.

Literate: Literate person is an educated one and can well understand operating rules and regulations of account and acts accordingly. Therefore, he/she is able to open and maintain all types of accounts in a bank.

Illiterate Persons: In case of illiterate persons who cannot sign, bankers take thumb impression instead of signature and copy of their recent photograph. An authorized witness attests application form and photograph of illiterate

person. For withdrawing money, he/she comes to bank and affix his/her thumb impression before bank officials.

The illiterate account holders have to bring passbook for banking transaction. Bank official not below manager level verifies photo of illiterate persons at the time of withdrawal. Bank official allows him/her to take money by matching his/her photo with the one pasted on the passbook and thumb impression. Bank never issues cheque book to illiterate customer because he/she has to come personally at bank for banking transaction.

Pensioners: Especially after the retirement or old age a person lives on a pension. Pensioners also open their account in bank. They receive pension through bank from their respective department. The State and Central Governments make pension payments to their retired employees through Banks. A pensioner is eligible for open account along with cheque book facility and can also make nomination for his/her pension account. The pension is credited to pensioner's savings account. Income tax is also deducted at prescribed rate from pension amount and net amount is paid to the pensioners account.

Hindu Undivided Family (HUF): HUF can also open different bank accounts in the bank. Only family members who constitute a family with common ancestor rights are called HUF. HUF account has different characteristics that make it different from regular saving bank accounts.

- All family members are eligible to deposit their income in the HUF account
- Single person empowers with participation from entire family
- HUF avails Tax benefits on deposits under various sections

Business Firms: A firm is a commercial enterprise and corporate company that buys and sells products and services to consumers to earn profit is called Business Firm. In a business, firm can be a corporation, limited liability company, public limited company, sole proprietorship, or partnership that involves in providing products or services for sale are included.

Open bank account in name of firm requires more documents than opening a personal account. Before customer apply for a business bank account, he/she has to make sure to submit documents and information to bank.

Thus, we find different types of customers for whom bank opens various accounts to suit their requirements.

Activities

Activity 1: Visit a Commercial Bank to identify demographic profile of a customer.

Material Required: Notebook, pen or pencil and check list

Procedure:

1. Prepare a check list for the points of observation or study, and give it to the students.
2. Divide the students into groups as per the class strength.
3. Reach the Commercial Bank as per schedule.
4. Interact with the bank manager or the bank executive. Greet him/her and enquire:
 - a) Type of bank customer and various banking products offered by bank.
 - b) Nature of bank customer
 - c) Identify demographic profile of customer in a particular bank branch.
 - d) Degree of customer satisfaction.
5. Meet one or two customers present in the bank. Greet them and enquire about:
 - a) Profile of bank customer.
 - b) Their level of satisfaction.
 - c) Suggestions they would like to offer for improving quality of various banking products.
6. Note all the observations, discuss with friends and finalize the report.
7. Confirm with the bank executive.
8. Prepare final report with the incorporation of additional aspects and submit to the subject teacher.

Check Your Progress

A. Fill in the Blanks

1. For becoming a bank customer, it is must to have any kind of _____ account.
2. As soon as someone deposits money or cheque into the bank and it is accepted by the bank, _____ starts between bank and customer.
3. Minor is a person who is below the age of _____ years as on the date of opening an account.
4. Banks are taking _____ to provide these facilities to their elderly customers.
5. _____ cannot be done by a person of unsound mind.
6. HUF can also open _____ bank accounts in the bank.

B. Multiple Choice Questions

1. Banks offers different banking products to their customers;
 - a) Saving account
 - b) Fixed Deposit accounts
 - c) Recurring Deposit account

- d) All of the above
2. A person of unsound mind
 - a) Cannot make a valid contract
 - b) Can make a valid contract
 - c) Can make partial contract
 - d) None of the above
3. A blind person
 - a) Cannot open bank account
 - b) Can open bank account
 - c) Can open only saving account
 - d) Can open only Fixed deposit account

C. State whether the following statements are True or False

1. Illiterate persons are those persons who cannot sign.
2. A person who has not opened an account in a bank is called as bank customer.
3. Opening a bank account in the name of firm requires more documents than opening a personal account.

D. Short Answer Questions

1. Who is Bank customer?
2. What is physical disability?
3. Who is a lunatic?
4. Who is a Minor?
5. Who is a senior citizen?
6. What is HUF?
7. Who is a pensioner?
8. Why gender is important for banker?

E. Long Answer Questions

1. Explain the demographic factors of bank customers.
2. What is the difference between Blind customer and Lunatic customer?
3. Explain the different types of bank customers.

F. Check Your Performance

1. Prepare a chart on the types of bank customers.
2. Prepare a presentation containing the demographic factors of bank customers with examples.
3. Demonstrate the essential requirements for opening bank account for HUF.
4. Identify and list the services provided by bank to different bank customers.

Session 2: Customer Segmentation in Banks

Customer segmentation helps in formulating strategies for marketing of bank products and services. The customer lifecycle can be understood by segmentation and it helps in predicting customer behaviour. It helps the

banker to know which type of products and services customers want to purchase and what kind of revenue generates for bank. Age, geography, gender, generation, income, marital status, and other vital information can be obtained by segmentation. It also explains interactions and transactions between customers and their bank, which channels they use and how often, and which products they adopt.

CUSTOMER SEGMENTATION MEANING

It is the process of dividing customers into small groups based on common characteristics so that banks can market to each group effectively and in suitable manner. The banks can often segment customers according to demographic factors which include age, gender, marital status, location or area, lifestyle etc.

NEED FOR CUSTOMER SEGMENTATION

The customer segmentation helps the banker to better tailor marketing efforts to various types of bank customers. The segmentation helps the bankers in the following way;

1. Create and communicate marketing messages that will resonate with specific groups of customers.
2. Select the best communication channel for the customer segment that is email, social media posts, radio and TV advertisement etc.
3. Identifying the ways to improve product or new products or service opportunities.
4. Enables to establish better customer relationships.
5. Leads to focus on most profitable customers.
6. Improved customer service measures can be undertaken by banker.

Thus, the customer segmentation is a vital step undertaken by every banker.

BASES FOR SEGMENTATION OF CUSTOMERS FOR BC AND BF

Since business correspondents and facilitators play the important role in expanding the banking business, it is necessary to study how banking customers are segmented to suit the requirement of BCs and BFs. The following criteria are used for segmenting the bank customers in rural areas;

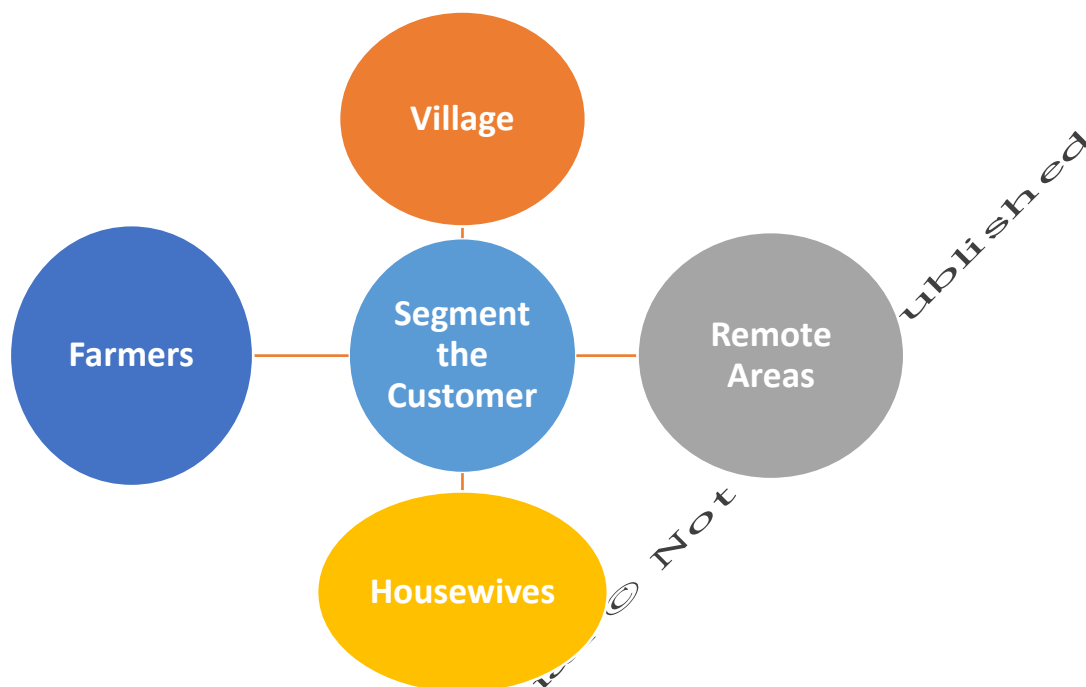


Fig. 2.2: Segment the Customers

Village: Village banking is based on micro finance methodology. Village banking services are not centralized, but they are administered locally. Early village banking methods are innovated by Regional Rural Banks. Village is important segment of bank customers. Bank correspondent evaluates demand for different products at village level. Various methods are used by bank to approach prospective customer, like; door-to-door calls and community gatherings for creating awareness among them about banking products in village segment.

Remote Areas: Remote areas are those which are very far from the urban areas and are secluded community from highly populated area or dearth of transport facility, lack of basic infrastructure. In these areas bank's correspondent can arrange campaign, educational activities to inform potential customers regarding products offered. Bank correspondent can also discuss with prospective customer about need of finance. Regional rural banks are offering facilities to rural/remote area. Bank correspondent can discuss with customers for importance of Para-Banking facilities which are debit and credit cards, locker facilities, mobile and internet banking, UPI etc.

Housewives: A housewife is a married woman. Her main occupation is looking after her family, doing housework and managing household activities. Housewives are also important segment for banks. Bank correspondent can discuss with housewives to know basic financial needs of them and suggest suitable banking products. Bank can also assess prospective customer's financial status (income, dependents, etc.) and current trends of cash flows. For housewives getting financial assistance is difficult due to lack of awareness. However, in order to give confidence to women by helping in developing a business, Bank can offer various banking products to housewives. These banking products are especially designed for women and many of these are sponsored by the government.

Farmers: Person engaged in agriculture, raise living organisms for food or raw materials is called farmer or agriculturist. A farmer may have own land or work as labor on land owned by others. In India most of the farmers are working as laborers on land owned by others. In the farmer segment business correspondent of bank can discuss with different farmers about their financial status and finance needs. He/she can suggest appropriate products for their agricultural requirements. Banks also explain prospective customer about terms and conditions, process of application, requirement of essential documents and processing period for application. It is responsibility of bank to respond to all queries regarding products and application.

APPROACH TO PROSPECTIVE CUSTOMERS

The business correspondent and facilitators of the bank adopt various approaches such as door-to-door calls, community gathering and campaigning. These are discussed below.



Fig. 2.3: Approach to Prospective Customers

Door-To-Door Calls

Bank should provide Door-to-door service to their customers. Bank correspondent must facilitate the customers for all banking services at home. In door-to-door services, customer take up banking transactions without going out and enjoy at door stop a high-quality banking services. Banks can make cash deposit and withdrawal with safe and relieve customers from worries.

Community Gathering

Community gatherings play a significant role in attracting prospective customers at local level. Banks can finance some district level sports teams or summer camp of children or National level conference. Banks put effort to reach community gatherings, resulting in mobilizing customers. Banks presence at community parades results in benefits for smaller towns in their region.

Campaigning:

Like big companies, Banks are also operating in extremely competitive markets in these days. Banks initiate marketing campaigns and allocate significant resources for generating customers. Marketing campaigns can be planned with different objectives in mind, launching a new product, enhancing sales of a banking product already exists in the market, or even reducing impact of negative news. Bank campaigns for a segment of potential customer. Banks can also undertake campaigning programmes through Newspaper's advertisement, TV, hoarding boards and digital media to promote banking products.

Activities

Activity 1: Visit a Commercial Bank to identify different segments of customers.

Material Required: Notebook, pen or pencil and check list

Procedure:

1. Prepare a check list for the points of observation or study, and give it to the students.
2. Group the student as per needs.
3. Reach the commercial Bank as per schedule.
4. Interact with the bank manager or the bank executive. Greet him/her and collect information on the
 - a) Village customers
 - b) Rural remote customers
 - c) Housewives bank customers

- d) Farmer bank customers
5. Meet one or two customers present in the bank. Greet them and enquire about:
 - a) Door to door call receiving
 - b) The level of satisfaction.
 - c) Suggestions they would like to offer for campaigning banking products.
6. Note all the observations, discuss with friends and finalize the report.
7. Confirm with the bank executive and customers.
8. Prepare final report with incorporation of additional aspects and submit to the subject teacher.

Check Your Progress

A. Fill in the Blanks

1. The customer lifecycle can be understood by _____.
2. Village banking is based on _____ methodology.
3. Remote areas are those which are _____ the urban areas.
4. Bank correspondent must _____ the customers all banking services at home.
5. Banks can _____ some district level sports teams or summer camp of children or National level conference.
6. Banks initiate marketing _____ and allocate significant resources for generating customers.

B. Multiple Choice Questions

1. Different segment of bank customers are:
 - a) Village
 - b) Rural remote
 - c) Farmers
 - d) All of the above
2. Housewives are segment of
 - a) Hospital
 - b) College
 - c) Bank
 - d) None of the above
3. Banks can promote products through different types of media
 - a) Television
 - b) Radio
 - c) Print
 - d) All (a), (b) and (c)

C. State whether the following statements are True or False

1. Early village banking methods are innovated by Regional rural Banks.
2. Remote areas are those which are nearby the urban areas.
3. Housewives are not important segment for banks.
4. A farmer may have own land or work as a labor on land owned by others.

5. Bank correspondent must facilitate the customers for all banking services at home.

D. Short Answer Questions

1. What is door to door call?
2. What are the segments of banking customers?
3. What is customer segmentation?
4. What is campaigning?
5. What is community gathering?

E. Long Answer Questions

1. Explain different segments of bank customer?
2. What is the difference between door-to-door calls and community gatherings?
3. Explain the need for segmentation of customers to a bank.
4. Explain the various approaches to customer segmentation.

F. Check Your Performance

1. Prepare a chart on the segment of bank customers.
2. Demonstrate the different approaches to reach prospective customers.
3. Make a chart on different campaigning methods.

Session 3: Prospective Customer's Financial Status

A prospective customer for a bank is a person who take interest in banking product and financially capable to buy it. Bank correspondent and bank facilitator should emphasize to know about prospective customer's financial status. For banks, digital marketing is a great opportunity to encourage prospective banking customers to become banking customer. Customers want comfort and worth and they are ready to exchange personal data. Banking customers expect from their bank's better facilities.

In today's digital era customers have many banking options in financial market and they are ready to change banks if they don't get services as per their requirements. Customer needs and wants should be kept at top priority. It will help the bank to acquire new customer and retain existing customers. Therefore, it is necessary for banks to know about financial needs of prospective banking customers.

Financial Needs

Financial need is the difference between cost and ability to pay. The customer approaches the bank when cost is more and ability to pay is less. Hence, the bankers have to study the financial needs of customers to carryout banking business successfully.

Financial Needs of Customers

Keeping on top that what bank customers want is very important for acquiring new customer and retain existing ones in highly switching and low loyalty environment. If bankers understand what customers really desire, then banks and customers both will win. The financial needs that the customers expect from Bank are detailed below;

1. Customers want banking products and services to be simple and easy.
2. Customers want 24/7 access and options- on the web at home, on phone, at physical branches etc.
3. Customers desire responsive customer service.
4. Customers want individual attention and relevant offers from their bank.
5. Customers want great value from their banking products and services.

Thus, the financial needs of customer are very much influenced by the above factors which require the attention of the bankers. If the bankers work in this direction, they will be highly successful in meeting the requirements of prospective and as well as present customers.

CUSTOMER'S FINANCIAL STATUS

It is necessary to ascertain financial status of customers to satisfy their financial needs. The customer's financial status depends on various factors which are detailed below;

1. **Income:** It is very important to know about the income status of prospective bank customer of a bank. Business correspondent of bank needs to enquire about financial position of the prospective customer, which reflects the income level of the customer. Based on income level of the customer different banking products can be offered. Therefore, the study of customer's income level is an essential task for business correspondent.
2. **Dependents:** A dependent person, who depends on another person for a primary source of income. For example, minor children who is under age of 18 years, old age parents of customer can be dependents of a bank customer. A bank business correspondent needs to find out that who are prospective bank customer's dependents. This helps to decide loan amount, which is to be given to customer.
3. **Cash Flows:** Cash flows are useful to know financial position of business firm. It can be easily assessed by financial statements of particular business firm. Financial statements reveal data about financial position. It also focusses on performance and changes in financial position of business firm. That information is useful for business correspondent to make a decision about selling required banking products to a business firm.
4. **Customer Life Cycle:** Better understanding the customer lifecycle, is important for suggesting proper banking products to customers. The study of Customer Life Cycle is great tool to provide appropriate banking products to prospective

customers. One of its advantages is that it helps in selling different banking products to customers. But it is important to remember that business correspondent should suggest banking products to their customers as per customer life cycle. The study found that customer life cycle put in place by the bank is supposed to suggest appropriate banking products to their customers. A customer lifecycle is a marketing framework for understanding requirements of customers.

PROCESSING THE APPLICATION

The business correspondent and facilitator should be aware of formalities for processing the applications of customers to the bankers. The process of customer application to bank includes the following;

- 1. Prospective Customer:** Prospective customer is a person who will take interest to buy different banking products and who is financially sound to buy it. For approaching these prospective customers, different methods already have been explained. Apart from these methods we can use digital methods like email marketing, which is a great chance to encourage prospective customers to buy banking products.
- 2. Terms and Conditions:** Business correspondent should explain terms and conditions to their prospective customers to open an account in bank. Bank account can be opened on name of individual person or jointly in name of two or more persons. Eligibility for opening an account and facilities depends on prevailing policies, criteria and procedures. Bank reserves right to refuse an application for an account at its sole discretion. Bank can withdraw all rights and privileges pertaining to Accounts at any time. Accounts are opened for personal use, cannot use for commercial purposes. Requirements for open bank account are dictated by RBI credit policies and it may be amended from time to time.
- 3. Application Procedure:** There are different type accounts maintained in banks. For different type accounts customers require different application forms. We can also open our account online. But some banks still require signed document. Until they received required documents, account can't active. Therefore, it is required by business correspondent to explain each and every aspect of opening account in the bank. If we open savings account in the bank, we need to deposit some amount into account. We can deposit money into bank by several ways for example cash deposit, cheques or electronically funds transfer.
- 4. Documents Required:** Business correspondent of bank is required to inform prospective customer about necessary documents which are to be attached with the application form. It is needed to submit Know Your Customer (KYC) documents by customer. For proof of identity and address of bank customer's verification, following documents (any two or three) are required to be submitted by customer:
 - Aadhaar card,
 - Voter ID, Utility bill (electricity, gas, water, telephone),
 - Passport,

- Driving license,
- Bank account statement or passbook of bank,
- Ration card,
- a letter stamped/signed/recognized from a gazetted officer or public authority to verify the address details of applicant
- PAN card
- Employee ID
- Any photo ID card issued by the Central/State governments
- NREGA job card

Along with above mentioned documents, applicant also submit passport size photo and filled and signed account opening form.

Once the customer submits all documents, the bank authority verifies details and state whether he or she is eligible for open bank account or not. To prevent rejection, it is best for business correspondent to inform the eligibility criteria to customer before accepting the application.

5. Timelines for Processing Application: When a customer wants to open account online, he/she has to collect all relevant documents beforehand; customer may be able to complete an application within 10 to 15 minutes (or less). Processing customer application and issuing his/her account number could take a day or two. The customers have to wait seven to ten business days to receive a debit card and some account information in the mail.

If bank customer prefers to open account in-person, process may take much longer (i.e., 30 minutes to an hour or more). A bank customer should wait while unless he/she book an appointment in advance. If someone opens an account online or over the phone and he/she has to wait a week or two to receive account materials, he/she could try to visit bank branch. Someone may be able to obtain print documents and debit or ATM card.

6. Responding to Queries: It is business correspondent's responsibility to respond to all queries raised by prospective bank customers. Business Correspondents (BCs) are representatives of banks; therefore, they should educate to their prospective bank customers and satisfy them about application process of banking products and remove doubts of customers.

Activity

Activity 1: Make a table to record financial status of customers based on income, dependents and cash flows occurred at bank.

Material Required: Chart paper, notebook, pen or pencil and check list

Procedure:

1. Prepare a chart on process of bank application.
2. Group the students as per needs.
3. Demonstrate how to suggest appropriate products as per customer life cycle.
4. Interact with the bank manager or the bank executive. Greet him/her and collect information on the
 - a) Prospective customer
 - b) Terms and conditions for opening bank account
 - c) Application procedure
 - d) Documents required
5. Meet one or two customers present in the bank. Greet them and enquire about:
 - a) Customer basic goals and needs
 - b) Customer financial status
 - c) Suggestions they would like to offer for appropriate products as per CLC.
6. Note all the observations, discuss with friends and finalize the report.
7. Confirm with the bank executive and customers.
8. Prepare final report with the incorporation of additional aspects and submit to the subject teacher.

Check Your Progress

A. Fill in the Blanks

1. When banks _____ what their prospective customers really want, banks win.
2. It is needed to _____ Know Your Customer (KYC) documents.
3. The study of _____ life cycle is a great tool to provide appropriate banking products to prospective customers.
4. For _____ different type _____ accounts _____ customers _____ require different _____ forms.
5. Business correspondent should explain _____ and conditions to their prospective customers for opening an account in bank.

B. Multiple Choice Questions

1. Bank account can be opened on name of
 - a) One person
 - b) Two or more persons
 - c) Two persons
 - d) None of the above
2. For proof of identity and address of customer's verification which of the following documents are required?
 - a) Aadhaar card,
 - b) Voter ID
 - c) Passport,
 - d) All of the above
3. Requirements for open bank account are dictated by
 - a) Reserve Bank of India's credit policies

- b) Bank Policy
- c) Above a) and b)
- d) None of the above

C. State whether the following statements are True or False

1. Minor who is under age of 18 years and old age parents of customer can be dependents of a bank customer.
2. It is not needed to submit Know Your Customer (KYC) documents by customer.
3. Once the customer submits all documents, the bank authority verifies the details.
4. We can't open our account on line.

D. Short Answer Questions

1. What do you mean by customer's financial status?
2. What application procedure is required to open bank account.
3. What is meant by financial need?

E. Long Answer Questions

1. What is the responsibility of Business correspondent regarding customer's queries?
2. What documents are required for identity and address proof for bank customer's verification?
3. Explain the financial needs of the customers.
4. Explain the various elements which determine the customer's financial status.
5. Discuss how customer's application is processed by business correspondent of the banks.

F. Check Your Performance

1. Prepare a chart on financial status of customers based on income, dependents and cash flows?
2. Demonstrate how to suggest appropriate products as per customer life cycle.
3. Make a chart on process of application with different columns and rows.

Session 4: Customer Information System

A customer is an individual, organization or business firm, who proposes to buy banking products from Business correspondent. For bank's business correspondent, the study of potential customer is essential task. Because, potential customers are only persons, who are capable to purchase banking products from the bank. Therefore, by searching potential customers, business correspondent can decide his/her target for selling banking products. Searching potential customers leads to need for customer information system.

MEANING OF CUSTOMER INFORMATION SYSTEM

Business correspondent of bank can use Customer Information System (CIS), which provides customer information efficiently. Customer Information System (CIS) helps in collecting customer data that helps business correspondent to make decisions regarding potential customer.

Apart from this, CIS is used as big storage to record and classify customer information. Customer Relationship Management is obtained by CIS only. CIS contains all customers' related data regarding their premises, addresses, determinants of income etc. In these days, the CIS becomes as a back-office collection. Today the CIS is seen as an essential part of the bank. By the help of CIS technology, business correspondent can gather and manage customer information. Business correspondent can also improve system operations and marketing techniques. Today's customer information systems become strategic resource for competitive and customer-centric banks. The Customer Information System enables services to be timely and actively respond to bank's customer requests, market forces and regulatory changes.

INFORMATION SYSTEMS FOR BANKERS

Banks and its business correspondents and facilitators can make uses various customer information systems to carry out its businesses. The details are given below:

1. Internet Facility: Customer information can be gathered through the use of internet. Customer's account information is saved in customer information file (CIF) which is an electronic file that stores customer's personal and account information. CIF number is allotted by bank, which allows the bank to view its customer accounts. All banks have their customer files. CIFs have been specially associated with the banks. A client's credit, accounts, types of accounts owned and ownership information are given in CIF. It is a computerized file which is used by banks. It should be updated daily by business correspondent to ensure accuracy and is to be used for selling various banking products.

A CIF provides the transaction with a summary of a particular account holder. The customer information file enables bank to examine customer data without looking each account or transaction individually.

Business loans, credit cards and various credit products which are being used by customers can be seen by the help of CIF. Today, the data of CIF are often used as marketing tool.

2. Periodic Report on Status of Acquired Customer: To judge the clear position of a bank, it is essential to make a periodic report on status of acquired customers. By help of this periodic report Business Correspondent can follow with all daily, weekly monthly, quarterly, half yearly and yearly banking transaction activities in the summarized form. Periodic report contains status of existing customers, active account holders, non-active account holders, disbursed loan amount, credit card holders and non-performing assets etc., based on periodic report on status of

acquired customer, business correspondent of bank decides to draw a valid conclusion. The periodic report on status of acquired customer has its own importance for bank and we cannot deny its significance. It brings an added advantage for business correspondent of bank for enhancing sale of banking products. It also helps Business Correspondent to review its performance.

3. Set Revenue/Account Targets: If a Business Correspondent wants his/her business to expand, he/she needs a strong vision for it. Firstly, Business correspondent should identify his/her success and develop the way accordingly. As part of this, he/she should set a target for number of accounts to be opened and selling banking products. Clear revenue targets will help to guide his/her business strategy.

Often, most of Business Correspondents choose their previous year's deposits as their benchmark deposits year. It is recommended that a business correspondent should always use its highest revenue target as the benchmark.

Target can be determined in different segments in the following way:

Year	2017 Target	2017 Achieved	2018 Target	2018 Achieved	2019 Target	2019 Achieved	Target for 2020
Segment	Deposits In Rs.	Deposits In Rs.	Deposits In Rs.	Deposits In Rs.	Deposits In Rs.	Deposits In Rs.	Deposits In Rs.
Villages	600000	550000	500000	475000	650000	500000	650000
Remote Areas	400000	350000	350000	250000	500000	400000	500000
Housewives	750000	550000	650000	500000	450000	350000	750000
Farmers	300000	200000	450000	350000	600000	350000	600000

The above table explains that business correspondent should choose highest target for business. In the above table highest target is chosen for village, remote areas, housewives and farmer in the year 2020 from the previous years. Research is essential for setting target customers so, profiles of existing customers, demography pattern and habits of frequent deposits of customer should be studied. For achieving the target, Business correspondent should emphasise on distribution of promotional materials.

4. Evaluation of Targets: Evaluation is vital part for business correspondent of bank. The basic tool for independent evaluations of performance is to assess past performance of business correspondent. The bank business correspondent needs to prepare a report on target achieved and set new targets based on past performance for the future. Realistic targets should be decided for future. It is

necessary to prepare a report on actual targets achieved. Actual results are to be kept in mind by Business Correspondent before preparing report on targets achieved and setting future targets. Otherwise he/she will be under pressure to achieve the target unnecessarily. It is better to identify possible opportunities for future expansion based on realistic targets. Business correspondent should know his/her capacity to achieve the target and set accordingly. Even though, target must always be challenging but not hopeless and demoralizing. So, achievable target should decide.

Activity

Activity 1: Visit to a bank and collect information and create customer information system.

Material Required: Chart paper, notebook, pen or pencil and check list

Procedure

1. Group the students as per needs in the class.
2. Ask each group with choose a bank for visit.
3. Interact with the bank manager or the bank executive. Greet him/her and collect information on the revenue /account targets.
4. Students also asked by the bank executives about.
 - a) How they maintain customer information system at their banks.
 - b) How to up to date customer information with suitable procedures.
 - c) How they satisfy their customers with suitable services provided to them.
5. Meet one or two customers present in the bank. Greet them and enquire about:
 - a) They satisfied with the customer information system maintained by the bank.
 - b) Update Customer information records are sent to the customers.
 - c) Suggestions they would like to offer for improve the customers information system.
6. Note all the observations collected from the bank officials and from the customers discuss with friends in the class for improvement of final report and submits to the teacher.

Check Your Progress

A. Fill in the Blanks

1. Customer Information System helps in collecting _____ data.
2. By the help of CIS technology business correspondent can _____ and manage customer information.

3. Customer's account information is saved in customer _____ file.
4. To judge the clear position of a bank, it is essential to make a periodic _____ on status of acquired customers.
5. The bank business correspondent needs to prepare a report on _____ achieved.

B. Multiple Choice Questions

1. Potential customer of bank may be
 - a) An individual,
 - b) Organization
 - c) Business firm,
 - d) All of the above
2. CIS contains all customers related data
 - a) Regarding their premises
 - b) Regarding their addresses
 - c) Regarding determinants of income etc.
 - d) All of the above
3. Today's customer information systems became strategic resource for competitive and
 - a) Customer-centric banks.
 - b) Customer
 - c) Business Correspondent
 - d) None of above

C. State whether the following statements are True or False

1. The periodic report on status of acquired customer has its own importance for bank.
2. Customer Information System helps in collecting customer data.
3. A CIF does not provide the transaction with a summary of a particular account holder.
4. Clear revenue targets will help to guide business strategy.
5. Evaluation is not vital part for business correspondent of bank.

D. Short Answer Questions

1. What is Customer Information system?
2. What is the importance of periodic report on status of acquired customer?
3. How internet is useful for customer information system?
4. What is a periodic report in CIS?
5. What is evaluation of targets?

E. Long Answer Questions

1. Why Business correspondent requires setting of revenue targets?
2. Explain the importance of reports on targets achieved and renew future targets.
3. Explain the information systems useful for the bankers.

F. Check Your Performance

1. Prepare a chart on customer information system.
2. Make a report on evaluation of targets.

MODULE 3**VERIFICATION OF CUSTOMER
INFORMATION****Module Overview**

BC and BF are representatives of bank, responsible for verifying preliminary information provided by the customers. BC and BF provide forms to the customers when they needed. It is also the duty of BC and BF to assist customers in filling application form who likes to open an account, close an account, issue cheque book or want to start online transaction etc.

BC and BF also obtain necessary documents required for processing the account opening application in a bank. He/she also perform basic verification of documents submitted by customer for account opening and also ensure that the primary information shared by customer is authentic. Business correspondent and facilitator pursue referral enquiries about the past record of person or business of the customer. Business correspondent and facilitator must receive all required documents and forms which is duly filled and signed/ thumb printed by customer along with application form. They should upload the required documents of the customers and information received. Fill customer information into the computer system or smart device such as kiosk, POS unit, etc., as per company's policy. Business correspondent and facilitator educate the customer about payment mechanisms available. Business correspondent and facilitator also prepare payment schedule, if required.

BC is responsible for carrying out banking transactions for existing customers. He/she works as an agent for selling banking products and services; opening accounts; and executing: deposit, payment and transfer transactions. BF introduces banking products to the unbanked market segment and assists the bank in collecting receivables including bad debts.

This unit will focus on verification of preliminary information of the customers and it consist four sessions. The first session covers the basics of verification of customer information, the second session deals with referral enquiry of potential customers, the third session explains receiving, verifying and open an account and the fourth session the educating customer about payment mechanism.

Learning Outcomes

After completing this module, you will be able to:

- gather and verify preliminary customer information accurately.
- Understand how to conduct referral enquiries to verify the credibility of potential customers.
- Receive, verify, and update the necessary documents for customer verification.

- Learn to educate customers about various payment mechanisms and their usage.

Module Structure

Session 1: Preliminaries for Opening an Account in Bank

Session 2: Referral Enquiry for Potential Customers

Session 3: Receiving, Verifying and Opening Account

Session 4: Educate Customer about Payment Mechanism

Session 1: Preliminaries for Opening an Account in Bank

For open an account of prospective customer, banker has to obtain preliminary information from him/her which requires verification to comply with KYC norms stipulated by RBI.

Preliminary information means basic information of the customer to open account in bank. He/she has to make use the application forms provided by bank to furnish received information.

APPLICATION FORM FOR CUSTOMER

When a customer wants to open new account, desires to get cheque book, intends to transfer the money, demand draft and wants to close an existing account, apply for debit/credit card or want to start online banking transactions, he or she needs a form to fill in information required by banker.

TYPES OF FORMS

Apart from account opening forms, the banker provides four different types of forms that customer can make use. These are as follows;

- Cash/Cheque deposit forms – used when customer needs to submit any cheque or deposit money in the bank.
- Withdrawal forms – used when customer needs to withdraw money.
- Money transfer forms – used when customer needs to transfer money from his account to someone else account.
- Loan application forms – used when customer desires for the loan.

ASSIST CUSTOMERS TO FILL APPLICATION FORM AND COLLECT THE NECESSARY DOCUMENTS

BC and BF need to assist the customer in filling application form to open an account in bank. It is the duty of BC and BF to check all the documents like

identify proof, address proof, photo identity proof, signature and personal photograph of the customer.

In case, any of the information is missing, BC and BF must go back and ask the missing information or document from the customers. Assisting the customer to fill the form is beneficial for the customer as well as bank. It reduces risk of mistake occurred during filling the form. Business correspondent and facilitator provide the service to customer in completing, filling and submitting bank application form. BC and BF can assist customer over phone, face to face talk or at customer place or at a bank. BC and BF provide customers with step-by-step assistance and query resolution on completing their application forms. This customer-centric service can be customised to suit the requirements of each bank customer.

DOCUMENTS REQUIRED FOR PROCESSING ACCOUNT OPENING

An applicant needs to submit certain documents to verify his or her identity to open account in bank. To validate customer address, an applicant requires submitting government approved documents in bank. There are various kinds of documents required for opening an account in the bank. The documents can be categories into three which are as follows:

- Proof of identity - Passport, Voter's ID card, Aadhar Card, Driving license, PAN Card, etc.
- Proof of address - Passport, Driving license, Voter's ID card, Aadhar Card, etc.
- PAN card
- Form 16 (only if PAN card is not available)
- 2 latest passport size photographs

DOCUMENTS REQUIRED TO OPEN BANK ACCOUNT

To open saving bank account, current account, fixed deposit account or recurring deposit account the prospective customers have to submit following documents along with filled in application to complete KYC formalities.

- Aadhaar card
- Voter ID
- Passport
- Driving license
- PAN Card
- Ration card
- Any photo ID card issued by the Central/State government
- A letter stamped/ signed/ recognized from a gazetted officer or public authority to verify the address details
- Employee ID
- Utility bill (electricity, gas, water, telephone)
- NREGA job card

Apart from above-listed documents, applicant required to submit latest two passport size photographs and duly filled account opening form.

Once customer submits documents, concerned authority of bank will verify details and state whether he or she is eligible for openings account or not. To prevent rejection, it is best to read the eligibility criteria before submit application.

ELIGIBILITY TO OPEN BANK ACCOUNT

To open savings account in any Indian Bank, customers need to meet certain criterion.

- Should be a citizen of India.
- The individual should be 18 years and above.
- In case of minors, parents or legal guardian of minor can open the account on their behalf.
- The applicant is required to have valid identity and address proof which is approved by government.
- Following approval from bank, applicant will have to make an initial deposit - depending on the minimum balance requirement of that particular account he/she has chosen.

VERIFICATION OF PRIMARY INFORMATION

It is the first and important step in opening an account of customer to check or verify primary information. Primary information of customer for open an account in bank and documents submitted should be verified by business correspondent and then submit the same to the banker for further check and to open the account.

Activities

Activity 1: Visit a Commercial Bank to demonstrate various types of application forms and pay-in-slips.

Material Required: Notebook, pen or pencil and check list

Procedure

1. Prepare a check list for the points of observation or study, and give it to the students.
2. Divide the students into groups as per the class strength.
3. Reach the Commercial Bank as per schedule.
4. Interact with the bank manager or the bank executive. Greet him/her and ask following questions:
 - a) Type of bank forms offered by bank.
 - b) Uses of bank forms offered by bank.

- c) Identify various types of forms in bank branch.
5. Note all the observations, discuss with friends and finalize the report.
6. Confirm with the bank executive.
7. Ask the students to demonstrate various types of forms.
8. Prepare report and submit it to the subject teacher.

Activity 2: Demonstrate how to fill application form and collect the necessary documents.

Materials Required: Access to the Internet facility, chart papers and ordinary pointer pen, pencil etc.

Procedure:

1. The teacher will form groups of students.
2. The group members will discuss among themselves and note down points relevant to the topic- how to fill application form and collect the necessary documents.
3. Internet may be accessed by them to find out the how to fill application form and collect the necessary documents.
4. Allot the assigned role to each and every student for demonstration.
5. Each group member will prepare a role on how to fill application form and how to collect the necessary documents.
6. The remaining members will respond to the questions put by their classmates.
7. The teacher should give observations on their demonstration group wise so to make value addition to the presentations.

Check Your Progress

A. Fill in the Blanks

1. _____ information means basic information of customer to open account in bank which comes before any other information.
2. BC and BF need to _____ the customer in filling the application form.
3. It is the duty of BC and BF to check all the _____.
4. BC and BF provide customers with _____ resolution on completing their application forms.
5. Customer-centric service can be _____ to suit the requirements of each bank customer.

B. Multiple Choice Questions

1. To verify the identity, a customer can provide and submit following documents in bank:
 - a) Voter ID, Passport, Driving license
 - b) Aadhaar card, PAN Card
 - c) Ration card
 - d) All of the above

2. To verify the address proof, a customer can provide and submit following documents in bank:
 - a) Driving license
 - b) Passport
 - c) Aadhaar card, Voter ID
 - d) All of the above
3. To be eligible to open a bank account in any Indian Bank which criterion the customers need to meet?
 - a) Should be a citizen of India.
 - b) Should be 18 years and above.
 - c) In case of minors, parents or legal guardian of minor
 - d) All of the above.
4. The applicant is required to submit _____
 - a) Latest passport size photographs and
 - b) A duly filled account opening form.
 - c) Both a) and b)
 - d) All of the above

C. State whether the following statements are True or False

1. Preliminary information means information needs at last stages of account opening.
2. An applicant needs to submit certain documents to verify his or her identity to open an account in bank.
3. No documents are required for opening an account in bank.
4. The application form and required documents sent to check team of bank.
5. To prevent rejection, it is best to read eligibility criteria before submitting application.

D. Match the Columns

COLUMN A		COLUMN B	
1	Cheque depositing forms	A	When customer needs to withdraw money.
2	Withdrawal forms	B	When customer needs to submit any cheque or deposit money.
3	Money transfer forms	C	When customer files an application for the loan.
4	Loan application forms	D	When customer needs to transfer money from their account to someone else account

E. Short Answer Questions

1. What is preliminary information?
2. Explain the different types of forms?
3. What documents are required for processing the account opening?

F. Long Answer Questions

1. Describe the need for assisting customers to fill application form and collect the necessary documents.
2. Explain the eligibility to open an account in bank.
3. Explain the various documents required to open account in bank.

G. Check Your Performance

1. Demonstrate various types of forms with suitable components to fill.
2. Demonstrate how to fill application form and collect the necessary documents.

Session 2: Referral Enquiry for Potential Customers

It is the duty of business correspondent and facilitator to check the customer information carefully. Business correspondent and facilitator can get more information about the customers by asking about his/her locality. Business correspondent and facilitator can pursue referral enquiries on the past records of the customer.

REFERRAL ENQUIRY

Referral means when a business correspondent directs by customer to other person or place for getting more information, help or any other kind of action. Referral inquiry is very important for customer information. During cross-check of credit checks the sanctioning authority may also make independent enquiries to ascertain the veracity of the data and information given in the loan proposal.

In order to, he/she may refer to certain persons and other sources. Assistance of business correspondent can be taken, if considered necessary. The discrepancies brought about through the referral enquiries have to be explained and/or rectified by the credit check team.

Referral enquiry need when bank ask business correspondent to visit different place for getting customer information. Referral enquiry help to take action regarding open or approve loan to a person or group with more information. In banking, we refer an enquiry to specialist service when we have limited information about the customer, where the customer image is doubtful or loan amount is big.

Business correspondent must pursue referral inquiring for the past record of customers or their business to ensure safety of dealing with customer. Business correspondent must receive all required documents and forms which are duly filled and sign by customer. If customer is illiterate the impression of thumb should be on allotted place in required documents. Business

correspondent must get signature or print thumb impression of customer before himself/ herself and also attach with application file.

It is very important duty of BC and BF to upload the required information on system. Business correspondent and facilitator must ensure that all required information entered into system by referring documents submitted by customer. Business correspondent and facilitator must use computer system or a smart device to enter the information into the system. He/she can also use the services of kiosk or point of sale unit etc.

Referral enquiry help the BC and BF to get the accurate information about the customer where he/she is residing. Referral enquiry can get from the neighbourhood, the village members, the community members, the community leader and Sarpanch. The business correspondent and facilitator should help to get the present condition of customer or business of a customer.

Referral enquiries include the following information like full name of the customer, address of the customer, from how many years he/she is residing in the area, previous record of the customer and default cases of the customer, if any.

SOURCE OF REFERRAL ENQUIRY

There are various sources of referral enquiries neighbourhood community leaders local bodies and sarpanches of the village;

Neighbourhood: whenever a person wants to open account in bank or want to take loan from Bank, he/she can approach business correspondent. Business correspondent should enquire about the potential customer when he/she wants to open an account or take loan from the bank. Business Correspondent get the information about the customer from his/her neighbourhood, i.e., what type of person he/she is, what is the financial condition of that person, source of income and other characteristics of the customer. Neighbourhood is the best place where business correspondent gets the information about the potential customers.

Community Leaders: Community leader is a person who leads community in village area. It is a very old concept in village or rural areas that every community has one leader who represent others. It is good source of information of potential customer. Business correspondent can approach community leader to get the information about the particular person who belong to the same community.

Background Check through Local body: A business correspondent can also approach the local bodies to get the information about the potential customer it is also one of the sources to get the enquiry about the potential customer.

Sarpanch: Sarpanch represents the whole village and has capability and ability to take the decision in favour of village people. A business correspondent can also approach the sarpanch to get the information required about the prospective customer and also confirm the collected information about the prospective customer.

ADVANTAGES OF REFERRAL ENQUIRY

Referral enquiries plays very important role in the job of BC and BF. There are several advantages of referral enquiry:

- **Getting Accurate Information:** Referral enquiries help the business facilitator to generate accurate information about the customer, achieve the higher level of lead. It also helps in getting accurate information about the customer through his/her neighbourhood. Most of the time referral enquiries also help to convert potential customer into customer.
- **Increase the Closing Rate:** Another importance of referral enquiries is it increase the closing rate of the business. Business correspondent is able to sanction the loan or open an account in bank based on strong referral enquiry. All the information received from the community leader, sarpanch or neighbourhood of the customer helps to open the account.
- **Increase the Sales:** It also helps the business correspondent and facilitator to increase the overall sale of the financial products or help to sell the banking products.
- **Reduce the default customers:** Referral enquiries also reduce the chance of default customers.
- **Generate Positive Attitude:** Referral enquiries generate a positive attitude of the customer towards the banking services.
- **Get Accurate Information:** Banker gets the accurate information even if it is hidden by customers.

Activity

Activity 1: Visit to the field for observing the referral enquiries done by BC and prepare a chart on referral enquiry and its sources.

Materials Required: Access to the Internet facility, chart papers and ordinary pointer, plain papers, sketch pens, pen, pencil etc.

Procedure:

1. The teacher will form groups of students in a class.
2. The group members will discuss among themselves and note down.
3. Visit to the field for observing the referral enquiries done by the BC.
4. Internet may also be accessed by them to find out the latest

developments regarding referral enquiries.

5. Each group will prepare a chart on the topic- referral enquiry and its sources.
6. Some students of each group will make a presentation on chart present in the class.
7. The remaining students will respond to the questions put by their classmates.
8. The teacher should give comment on the charts prepared by the groups so that he/she can make value addition to the chart presentations.

Check Your Progress

A. Fill in the Blanks

1. Business correspondent and facilitator can _____ referral enquiries about the past records of the customer.
2. Referral inquiry is important for _____ information.
3. The _____ brought through the referral enquiries have to be explained and/or rectified by the credit check team.
4. _____ must put signature or print thumb impression of customer before himself/ herself and also attach it into the application file.
5. It is very important duty of BC and BF to _____ required information on system.

B. Multiple Choice Questions

1. Referral enquiries include the following information
 - a) Full name of customer
 - b) Address of customer
 - c) From how many years he/she is residing in the area,
 - e) All of the above
2. There are various sources of referral enquiries;
 - a) Neighborhood
 - b) Community leader
 - c) Both a) and b)
 - d) None of the above
3. _____ is the best place where business correspondent gets the information about the potential customers.
 - a) Neighborhood
 - b) Community leader
 - c) Sarpanch

d) Local bodies

4. There are advantages of referral enquiry:

- a) Getting Accurate Information
- b) Increase the Closing Rate and Sale,
- c) Reduce the default
- d) All of the above

C. State whether the following statements are True or False

1. Business Correspondent didn't get the information about the customer from his/her neighborhood.
2. Business correspondent must pursue referral inquiring for the past record of customers or their business to ensure safety of dealing with customer.
3. Business correspondent must receive all the required documents and forms which are not duly filled and signed by customer.
4. Referral enquiry help the business correspondent and facilitator to get the accurate information about the customer where he/she is residing.
5. A business correspondent can also approach the local bodies and to get the information about the potential customer.

D. Short Answer Questions

1. What is Referral inquiry?
2. Describe the various sources of referral enquiries.
3. Explain the advantages of referral enquiry.

E. Long Answer Questions

1. Describe the various sources of referral enquiries in detail.
2. Explain the advantages having with referred enquiry.

F. Check Your Performance

1. Prepare a chart on referral enquiry and its sources.
2. Demonstrate sources required for referral enquiry.

Session 3: Receiving, Verifying and Opening Account

To open an account in bank, business correspondent must receive all required documents and filled application form duly signed or thumb printed by potential customer. After receiving all required documents, the BC must check the information filled in the form by the customer with supporting documents. After checking the original documents business correspondent and facilitator must return the original documents to the customer and keep the soft or hard copy with him or her. Once business correspondent is ensured that the information given by the customer is true, he/she must forward the application to the credit check team.

PROCESSING RECEIVED APPLICATION FORM BY BANK

The process of receiving and updating the required documents is as follows.

- **Dully filled form:** Business correspondent and business facilitator first receive the filled application from the customer. In case, if customer is illiterate business correspondent or facilitator must help the customer to fill the application form by asking required information from customer.
- **Signed / thumb printed:** After filling the application form, business correspondent or business facilitator must take signature of customer on the form. If customer is illiterate, business correspondent has to take thumb impression on application form.
- **Other formalities:** The next stage of processing application form is to verify whether any information is missed or not filled by customer. If any information is missing, he/she should contact the customer again and complete all formalities from customer side. Once the business correspondent receives the customer application to open an account in bank, business correspondent should upload required documents and relevant information in the system as per the company policy so that check team can cross check the customer information.

VERIFICATION OF CUSTOMER INFORMATION

After receiving the application form and supporting documents from BC and BF, the check team of the bank has to verify the information provided by the customers. Know your customer (KYC) procedures applied by the check team. These are critical functions to assess customer risk and a legal requirement to comply with anti-money laundering laws. Effective KYC involved knowing customer's identity, their financial activities and the risk they pose to Bank. KYC compliance responsibility rest with the banks only. KYC includes the following

1. ID card verification
2. Face verification
3. Document verification such as utility bills as proof of address and
4. Biometric verification

Thus, verification of customers and information provided by them involves all the necessary actions to make sure that Bank customers are real assess and monitor risks. This will help to prevent and identify money laundering, terrorism financing and other illegal corruption activities. If the banks fail to comply with KYC, heavy penalties are imposed by RBI.

UPLOAD DOCUMENTS AND INFORMATION RECEIVED

Business Correspondent collects the required information from customers. It is the duty of Business Correspondent to feed all required customer data into the system. Business Correspondent should send customer data to credit

check team for verification and approval. Business Correspondent must handover application and required customer documents to credit-check team. Normally, details mentioned below are captured in respect to an individual for opening a deposit or loan account in a branch of the financing institution.

- Name
- Father/Husband/Guardian's Name
- Gender
- Marital Status
- Date of birth
- Religion
- Residential Address
- Valid KYC Documents
- Occupation
- Educational Qualification
- Annual Household Income
- No. of Dependents and their details
- Disability Status
- Existing Bank Account of family members/ household
- Mode of operation
- Disability Status
- Nomination details

A signed declaration from the customer is obtained by Business Correspondent to the effect that the information provided by him or her is true. He/she accepts terms and conditions of bank. Form 60 (for customers who don't have PAN) and/or Form 61 (for customers who don't have any income except agricultural income), as applicable, are also submitted by the customer.

Specimen signatures/ thumb impression and recent photograph are also obtained and kept securely on records for identification/ verification of the person, at any time.

PROCESS TO OPEN AN ACCOUNT OF VARIOUS BANKING PRODUCTS

Business correspondent executes various tasks while opening an account for various banking product.

- First of all, business correspondent must collect and process different forms for deposit which requires verification of basic information or data.
- Business correspondent is responsible for enrolling customers for various financial products of bank.
- Business correspondent also involves in filling various application forms for account opening like nomination and submission to bank.
- Business correspondent also completes account in the bank the entire KYC (know your customers) as part of opening formalities.
- BC and BF also authorised by bank to provide mini account statements to the customer.

- They also authorised to give balance related information for minimum period of 3 months to the customers.
- Business correspondent is authorised to deliver other services to customer on behalf of bank duly authorised by appropriate authority.
- Business correspondent and facilitator also promote cross selling of banking products like micro insurance through kiosk, mutual fund products, pension, micro insurance and other third party products.

Activity

ACTIVITY 1: Conduct role play and demonstrate the whole process of receiving, verifying and opening an account in bank.

Materials Required: Access to the Internet facility, plain papers, sketch pens, pen, pencil etc.

Procedure:

1. The teacher will form groups of students in the class.
2. The group members will be asked in the class to prepare role play script on receiving, verifying and process of opening an account in a bank.
3. Assigned the role to each group member for playing role play base on the script prepared by them.
4. Ask every group to perform their role play as per their script.
5. The group members will also respond to the questions put by their classmates.
6. The teacher should give comments on the role playing each group so that he/she can make value addition to their role play demonstrations.

Check Your Progress

A. Fill in the Blanks

1. Business correspondent _____ all the required documents.
2. Business correspondent must _____ the information filled in the form by the customer with its original documents.
3. After checking the _____ documents business correspondent and facilitator must return the original documents to the customer.
4. In case, if customer is illiterate business correspondent or facilitator must help the customer to _____ the application form.
5. Business correspondent is responsible for _____ the customers for various financial products.

B. Multiple Choice Questions

1. The process of receiving and updating the required documents is _____.
 - a) Dully filled form
 - b) Signed / thumb printed
 - c) Other formalities
 - d) All of the above
2. Business correspondent delivers many other service on behalf of the bank duly authorised by the _____
 - a) Appropriate authority
 - b) Business correspondent himself / herself
 - c) Bank Manager
 - d) None of the above
3. A signed declaration from _____ is obtained by Business Correspondent to effect that information provided by him or her is true.
 - a) Business correspondent himself / herself
 - b) Customer
 - c) Bank Manager
 - d) None of the above
4. _____ should send customer data to credit check team for verification and approval.
 - a) Business correspondent
 - b) customer
 - c) Bank Manager
 - d) None of the above

C. State whether the following statements are True or False

1. If any information is missed or not filled by customer, BC/BF should contact the customer to complete all formalities.
2. Business Correspondent don't collect the required information from customers.
3. If customer is illiterate, business correspondent or facilitator must help the customer to fill the application form by asking required information from customer.
4. It is not the duty of Business Correspondent to feed all required customer data into the system.
5. Business correspondent execute various tasks while opening an account for banking product.

D. Short Answer Questions

1. What is process of receiving and updating the required documents?
2. What is meant by verification of customer information?

E. Long Answer Questions

1. Describe the process to execute various tasks while opening an account for various banking products.

2. Explain the points to keep in mind while uploading documents and information received from customer.
3. Explain how KYC is useful in the verification of customer information.

F. Check Your Performance

1. Demonstrate the receiving and checking the dully filled form for opening an account.
Demonstrate the whole process of open an account in bank with suitable formalities.

Session 4: Educate Customer about Payment Mechanism

Business Correspondent is accountable for carrying out banking transactions for existing customers. Business Correspondent works as an agent for selling banking products and services; opening accounts; and executing: deposit, payment and transfer transactions. Business Facilitator works as an agent of bank introduces banking products to unbanked market segment and assists the bank in collecting receivables including bad debts.

When customer takes loan from Bank, then customer has to return the amount in a predetermined manner. Each bank has to follow certain payment mechanism to get back the loan amount from the existing customers otherwise they will face big loss in the business. Every business is run to earn profit, whether it is profit making company or a financial institution. The other objective of financial institution is to help the people, to improve standard of living and keep safe the money of customers.

PAYMENT MECHANISMS

There are many banks which are working for remote areas and providing various services to customers. BC and BF help the customers to open an account in bank. The banks provide various facilities like - money deposit facility, withdrawal facility, fixed deposit facility and recurring account facility. These accounts operated in two ways.

- Customers can operate their account by bank account number given by bank.
- Customers can operate their account by Aadhar Enabled Payment System by which remote area customers make deposit, withdrawal, fixed deposit and open a recurring account at Customer Service Points through Aadhar number.

Banks also provide the loan facility to their remote area customers to start a small size business with some conditions. Customers need to visit banks and complete the loan formalities and follow the procedure. The whole process is looked after by the bank itself.

Once the customer gets the loan from Bank, he or she has to repay in form of easy monthly instalments i.e., EMI, but there are certain conditions.

- **Bank or BC:** If the EMI amount is less than Rs. 20000 per month, customer can pay directly to the bank or can take the help of kiosk or business correspondent.
- **Bank:** In case, if easily monthly instalment amount is more than Rs. 20000 per month, customers have to visit bank and repay loan. Business correspondent cannot take EMI if it is more than Rs. 20000 per month and deposit into Bank on behalf of customer.
- **Auto Reduction Option:** Another way to repay the loan is auto reduction option. In this case, customer can opt the facility during filling the form for taking loan, in which customer permit the bank to deduct the EMI amount from saving account on fix date of every month automatically.

PAYMENT SCHEDULE

Payment schedule refers to period of payment allowed for repayment of loan amount. When a customer's take loan from Bank they have to repay amount to the bank within a given period of time. For the proper management, Bank prepare a payment schedule in which customers have to pay loan amount in form of easy monthly instalment. Repayment schedule also include certain terms and conditions. First EMI start after one month, three months and six months from the day loan is sanctioned or it depends on the bank policy. Payment schedule varies from bank to bank.

Bank fix the payment schedule and accordingly customers have to pay loan amount. Sometimes the payment schedule falls between first to tenth day of every month fixed for the payment of loan amount.

Customer can approach business correspondent and facilitator and request them to take money from them and deposit in the bank against loan. The customer can also go directly to the bank and deposit the amount within given dates of each month. Bank also fix the schedule of date on which EMI amount deducted from customer account in case customer opt the facility of auto deduction option.

PROPER SCHEDULING TO FOLLOW UP VISITS

In case of loan account, banks are totally responsible to get back the loan amount from customers. Bank should prepare proper scheduling and keep the updated information regarding the customer visits for repayment of loan in the bank. In case if a customer fails to repay loan amount from last 2 to 3 months, then it is the duty of bank manager to take up follow up action.

Activity

Activity 1: Draw a chart on payment mechanism and also incorporate the procedure for payment schedule

Materials Required: Access to the Internet facility, presentation equipment such as LCD projector, digital pointer etc. If these equipment's are not available, chart papers and ordinary pointer, plain papers, sketch pens, pen, pencil etc., can be used.

Procedure:

1. The teacher will form group of students in the class.
2. The group members will discuss among themselves and note down points relevant on payment mechanism and also incorporate the procedure for payment schedule.
3. Internet may be accessed by them to find out the latest developments.
4. Each group will prepare a chart on the topic - payment mechanism and also incorporate the procedure for payment schedule using pen, paper, sheet, colors.
5. Two students of each group will make a presentation on chart and present in the class.
6. The remaining members will respond to the questions put by their classmates.
7. The teacher should observe the charts and presentation presents by the each group so that he/she can make value addition in the presentations.

Check Your Progress

A. Fill in the Blanks

1. Business Correspondent _____ is responsible for carrying out banking _____ for existing customers.
2. When customer take _____ from Bank, customer has to return the amount in a predetermined manner.
3. There are many banks working in _____ areas and providing various services to customers.
4. Every bank has to follow certain _____ mechanism to get back the loan amount from the existing customers otherwise they will face big loss in the business.
5. _____ amount deducted from customer account in case customer opt the facility of auto deduction option.

B. Multiple Choice Questions

1. Banks provide various facilities like -
 - a) Money deposit facility
 - b) Withdrawal facility
 - c) Fixed deposit and recurring account facility
 - d) All of the above
2. Payment schedule, implies that when a customer take loan from Bank he/she has to repay the amount _____.
 - a) Within a given period of time
 - b) Whenever customer want

- c) Both a) and b)
 - d) None of the above
3. Customer repay the loan amount by
- a) Aadhaar Enabled Payment System
 - b) Auto reduction option
 - c) Direct to bank
 - d) All of the above

C. State whether the following statements are True or False

1. Business correspondent and facilitator help the customer to open an account in bank.
2. Customers can't operate their account by bank account number at bank.
3. Banks also provide the loan facility to their remote area customers to start a small size business with some conditions.
4. The customer can also go directly to the bank and deposit the amount within given dates of each month.
5. In case of loan account, Business correspondents are totally responsible to get back the loan amount from customers.

D. Short Answer Questions

1. What is a payment mechanism?
2. What is the procedure for payment schedule?

E. Long Answer Questions

1. Explain the payment mechanism and also incorporate the procedure for payment schedule.

F. Check Your Performance

1. Demonstrate the payment mechanism with suitable EMI's by customers.
2. Prepare a chart containing the form alites followed to scheduling of payments with suitable visits.

MODULE 4

PROCESSING OF BANKING APPLICATION

Module Overview

It is very important to have a working knowledge of a bank and the basic functions of a bank for the person desirous of working as a Business Facilitator/Business Correspondent. The primary function of banks is to collect deposits from the community. These deposits be able to be Saving Deposits, Fixed Deposits, Current Deposits or Recurring Deposits.

These deposits are used by banks to lend in the name of Cash Credits, Overdrafts, Demand Loans and Term Loans for trading business, manufacturing and service activities, agricultural activities and personal needs such as purchase of house, car, education, medical and marriage expenses. Apart from these basic functions, the banks also undertake important functions of processing the applications for account opening for deposits and loans and advances. This function is vital for the banker as it help to identify right customers which leads to financial stability and soundness and credential of banks increases in the market.

Hence, the business correspondent and facilitator should know as to how bank processes the application for loan accounts or deposit accounts. This helps the BC and BF to identify right customers for the banks and comply with regulations of the bank. Hence, this unit focuses on processing banking application dividing into four sessions. The first session discusses evaluation of accounts opening forms, the second session explains status of application form, the third session deals with delivery of documents on account opening and the fourth session focusses about general administration work.

Learning Outcomes

After completing this module, you will be able to:

- Evaluate account opening forms for accuracy and completeness.
- Understand how to track and update the status of banking application forms.
- Manage the delivery of necessary documents upon account opening.
- Perform general administrative tasks related to banking applications efficiently.

Module Structure

Session 1: Evaluation of Account Opening Forms

Session 2: Status of Application Form

Session 3: Delivery of Documents on Account Opening

Session 4: General Administration Work

Session 1: Evaluation of Account Opening Forms

After receiving an application from prospective customer to open an account, the primary duty of bank is to verify whether he/she fulfil KYC norms or not hence BC and BF should know the provisions of KYC norms.

MEANING OF KYC

The expanded form of KYC is ‘Know Your Customer’. It is a procedure involving collection of address and identity details of the customers while opening their accounts in banks. In simple words, KYC means “who the customer is, where he/she lives and what he/she does”. Such details facilitate prevention of misuse of banking services provided to customers. The KYC details obtained are to be updated regularly at fixed intervals. In compliance with the directions given by Reserve Bank of India, banks have to ensure that:

- No account is opened in anonymous or false name.
- No bank account is opened wherever verification and identification of applicant is not possible. This may be due to non-co-operative attitude of the buyer or in cases where the documents submitted in support of his/her identity and address are not verifiable.
- No business transaction to be allowed without completing the proper KYC process.
- The information needed for KYC and for subsequent updating thereof, is clearly stated.
- Additional information for bank’s use for subsequent marketing of other products is obtained with the customer’s consent.
- In case of joint account, KYC process is completed in respect of all joint account holders.
- Whenever a customer is allowed to perform on behalf of any other person, it is clearly mentioned.
- No person mentioned in RBI’s caution list is able to open the account.

Electronic KYC (e-KYC) is also possible for those people who possess Aadhar Card. Such persons are required to submit their consent to Unique Identification Authority of India to release their necessary data to the bank/business correspondent for opening the account.

Receipt of data from UIDAI electronically is treated as a valid procedure for KYC verification. If any person has changed his/her name on account of marriage, or any other reason and Officially Valid Documents (OVD) is in the prior name, account can be opened by submitting the available OVD and a copy of marriage certificate supplied by the State.

VERIFYING ACCEPTABLE DOCUMENTARY PROOFS AND ADDRESS

A passport size photograph, proof of address and proof of identity are required for bank account opening. For ‘proof of identity’ any of following documents can be submitted. These documents are known as ‘officially valid documents (OVD)’ for ‘proof of identity’.

- Passport
- Driving license
- Voter’s Identity Card

- PAN card
- National Rural Employment Guarantee Act Job Card
- Aadhar Card issued by Unique Identification Authority of India.

If document submitted by customer for ‘proof of identity’ also has address therein, there is no necessity of any other document for ‘proof of addresses. Otherwise another officially valid document containing address required to be submitted.

A simplified procedure may be applied by bankers for opening a normal account in cases where no officially valid document for proof of identity, as mentioned herein earlier, is available with the customer. For this a copy of one of documents mentioned below serve the purpose of ‘proof of identity’.

1. Identity Card having photograph of the holder, issued by State/Central Government Departments, Public Sector Undertakings Statutory/Regulatory Authorities, Public Financial Institutions and Scheduled Commercial Banks.
2. A letter supplied by a gazette authority with the attested photograph of the person desirous of opening the account.
3. Anyone of the documents stated below may be submitted for the proof of address.
4. Electricity bill, telephone bill, postpaid mobile phone bill, piped gas bill, water bill pertaining to the period not older than 2 months (any one is sufficient).
5. Municipal Tax or Property Receipt.
6. Statement of Account, containing address of account holder of savings account maintained in any bank or post office.
7. Pension charge orders or circle of relative’s pension payment orders issued by using Public Sector Undertakings or Government Departments to their retired employees.
8. Letter of allocation of accommodation supplied by State or Central Government responsibilities, statutory or controlling bodies and public sector organisations financial institutions, scheduled industrial banks and indexed companies to their employees.
9. Letters issued via a foreign delegation or mission in India, or files issued via Government departments of overseas jurisdiction.

PROCESS OF EVALUATING APPLICATIONS

The process of evaluating of customer application involves the following steps;

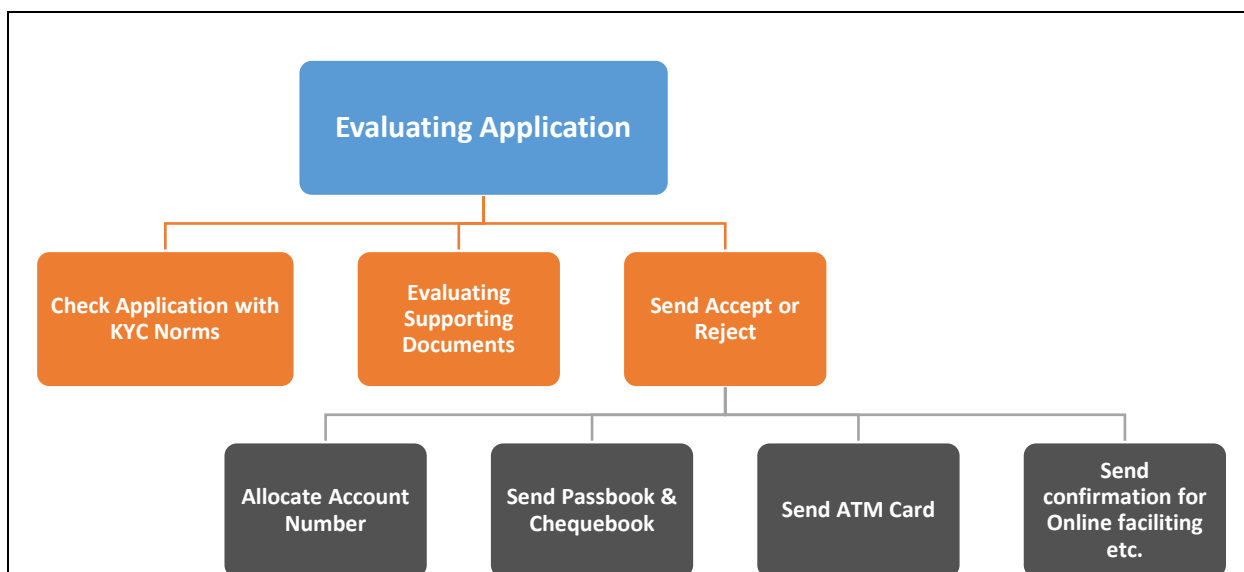


Fig. 4.1: Evaluating Application

The process of evaluating customer application for a bank account is detailed below:

1. **Check application:** After receiving an application from the customer to open an account, the banker has to verify the information provided and its reliability by keeping in view the KYC norms. If the information is insufficient or needs any clarification, the banker should instruct the BC, BF or customer to explain or provide the obligatory information. If he/she is totally satisfied with the contents of information provided in the application, he/she can move to next stage i.e., evaluating the documents submitted for examination or verification.
2. **Evaluate supporting documents:** The customer along with the account opening forms, he/she has to submit a copy of passport/driving license/ voters identity card/PAN card/Aadhar card / NREG job card etc., for verifying the details of customer and his/her address. Hence, the banker has to examine the validity and authenticity of the documents before an account is opened on the name of prospective customer.
3. **Accept or Rejection:** Once the customer's application is found correct and all the KYC norms are adhered, the banker has to communicate the customer its acceptance. If the banker is not satisfied with the contents of application form, he/she may reject and communicate the same to prospective customer stating the reasons for it.
4. **Allocate Account Number:** Once the customer's application is accepted, the customer should be given account number, which become a basic for preparing passbook, cheque book and for providing other services.
5. **Send Passbook and Cheque Book:** After opening bank account the banker has to send the passbook and cheque book toward the address given by the buyer. This process helps the customer to take up subsequent banking transactions.

6. **Send ATM card:** If the customer has given application and opted for ATM card, the banker has to complete the formalities for sending ATM card to the customer. Along with ATM card, a copy of guidelines for the use of such card is also sent to the customer.
7. **Confirmation:** The banker would also confirm the online facility offered to the customer through email ID provided by the customer. With this all the formalities shall be completed in opening and account for the new customer.

Thus, the process of evaluation refers to checking the application with KYC norms, evaluating supporting identity documents, sending acceptance or rejection, allocating account number and sending passbook, cheque book and ATM card etc.

Activity

Activity 1: Evaluation of bank account opening form through role play

Materials required: Notepads, Paper, Pens.

Procedure

1. It should be arranged under the direction of the teacher, wherein some students act as a bank employee, turn by turn, who replies to the queries on various questions of the bank, raised by other students acting as customers and business correspondent or business facilitator.
2. Make informal groups in the class and ask one of the students from each group to act as customer, business correspondent or business facilitator and brief the remaining students regarding the procedure for opening savings bank account.
3. Ask the students to list out the persons/ entities eligible to bank account opening and prepare scripts and practice dialogues of their assigned roles.
4. Arrange copies of account opening slip of any bank and ask the students to fill the form for a farmer/student/illiterate person by the business correspondent business facilitator.
5. Conduct role-play as per the scripts prepared by the groups.
6. The group members will also respond to the questions asked by the classmates.
7. Teachers should give comments on every group role play actions.

Check Your Progress

A. Fill in the Blanks

1. The banks collect _____ from the public

2. In case of combined account, _____ process is completed in respect of all joint account holders.
3. No account will have opened in unidentified or _____ name.
4. A passport size photograph and proof of _____ are obligatory for opening bank account.
5. Whether the loan agreement will contain a minimum rate of _____ clause.

B. Multiple Choice Questions

1. The expanded form of KYC is _____.
 - a) Knowledge of your customers
 - b) Know Your Customer
 - c) Know your client
 - e) None of the above
2. e-KYC is also possible for those peoples who possess Aadhar Card. In this sentence e stands for _____.
 - a) Electronic
 - b) Election
 - c) Executive
 - d) None of the above
3. These documents are known as "officially valid documents (OVD)" for proof of identity.
 - a) Passport
 - b) Driving license
 - c) Voter's Identity Card
 - d) All of the above
4. A letter supplied by a _____ officer with the proven photograph of the person desirous of opening the account.
 - a) Any
 - b) Gazetted
 - c) Bank
 - d) None of the above

C. State whether the following statements are True or False

1. The banker need not verify the information provided by customer in terms of KYC norms.
2. The banker has to examine the correctness of the documents succumbed by customers for account opening in the bank.
3. The banker has to send pass book and cheque book once the account number is allotted.
4. Municipal Tax or Property Receipt cannot be considering as proof of identity.
5. No person mentioned in RBI's caution list is able to open the account.

D. Short Answer Questions

1. What do mean by KYC?
2. What are the different documents which can be submitted as proof of identity?
3. What steps are involved in evaluating account opening application.

E. Long Answer Questions

1. What is KYC? Explain its provisions with regard to opening a new account.
2. Explain the various documents which can be used as proof of Identity of customer.
3. Explain how the process of evaluation of customer application for a new account is completed by the banker.

F. Check Your Performance

1. Prepare a chart containing documents required to open the bank account.
2. Demonstrate the formalities to complete the KYC step by step.

Session 2: Status of Application Form

It is necessary to inform the customer about the introductory of an account and he/she should be kept informed details of account will be timely available. This session explains the status of application form and provisions to be adhered by the banker.

NOTIFICATION FROM BANK TO CUSTOMER

After opening a bank account, the customer will receive a notification/information from bank containing:

- Number of transactions, cash withdrawals, etc., that can be done without charge within a given period.
- The charges levied if any, in case of exceeding such limits. Details of the charges could be inside the Tariff Schedule.
- The rates of interest paid on savings deposits, projected.
- The minimum balance to be maintained and provisions governing operation of such accounts.
- The charges to be levied in case to failure of maintain minimum amount in the account.

ISSUES WITH NOTIFICATION FROM BANK

Specific costs for difficulty of cheque books, additional/duplicate statement of money owed, replica skip book, copies of paid cheques, folio fees, debit card, ATM card, verification of signature, go back of cheque for insufficient balance, alternate in mandate or style of account, closing of Savings Bank/Current bills etc., can be blanketed in Tariff Schedule.

Concessions or relief given (which includes perpetual waiver of renewal rate on lifetime credit score cards) will no longer be withdrawn all through the authentic validity length of the concession/remedy.

APPLICATION STATUS AFTER RECEIVING THE INFORMATION

Once a person receives the above information, it implies application has been accepted and account opened and became consumer of the bank. The customer is authorized to avail the facilities as an account holder and continue to go through by way of the information received.

INFORM A CUSTOMER ABOUT ACCEPTANCE OR REJECTION OF APPLICATION

After submitting the form to open bank account in a commercial bank, bank will give the information whether application has been accepted or not, in case of acceptance of the application, bank will provide the norms of operation of the bank account then in the case of rejection, bank will give the reasons of rejection which may be the following:

- Wrong information or insufficient documentation.
- Inadequate information with regard to address, identity, employment etc., as well as need for any other record that can be specified by statutory specialists (example, PAN details) in order to fulfill regulatory requirements.

INFORM CUSTOMERS ABOUT SUCCESSFUL ACCOUNT OPENING

After convincing with the customer's application in all respects according to the norms, bank will inform the customer to avail the available facilities. The information is sent by post or mail.

Activity

Activity 1: Visit to a bank involving in the demonstration on informing customer about acceptance or rejection of application in bank account opening process.

Material required: Notebook, pen/pencil

Procedure:

1. Student visit a nearby bank's branch in the supervision of teacher.
2. Greet the Branch Manager politely and take permission to involve to understand about acceptance or rejection of application.
3. Prepare a check list of documents to be submitted before the bank at the time to opening the account.
4. Ask the officer to demonstrate some rejected and accepted applications form of the customer.
5. Note down the reasons for rejection of the application.
6. Match the documents not submitted with the application form with check list.
7. Examine the accepted application carefully with all columns filled are correct and all documents attached are.
8. Prepare suitable short report and submitted to the class teacher.

Check Your Progress

A. Fill in the Blanks

1. Bank is bound to inform the interest rate is paid on _____ deposits, how it is calculated and its periodicity.
2. During the notice period, bank will not additionally charge the customer for maintenance of higher minimum _____ prescribed.
3. _____ given will not withdraw during the original rationality period of the concession.
4. Customer's right to recognize the valid reason of _____ of application.

B. Multiple Choice Questions

1. After opening bank account customer will receive notification/information from bank containing:
 - a) Number of transactions
 - b) Cash withdrawal
 - c) Both a) and b)
 - d) None of the above
2. _____ are authorized to avail the facilities as an account holder and continue to go through by the information received.
 - a) Customers
 - b) Bankers
 - c) Business facilitators
 - d) None of the above
3. Concessions or relief assumed will no longer be _____ all through the authentic validity length of the concession/ remedy.
 - a) Withdrawn
 - b) Deposited
 - c) Both a) and b)
 - d) None of the above
4. Bank inform the customer to avail the services of _____
 - a) numerous available facilities
 - b) sending material by post
 - c) information by mail.
 - d) All of the above

C. State whether the following statements are True or False

1. Wrong information/documentation need not to apply for opening bank account.
2. Banks don't need documents of address, identity, employment information etc.
3. Bank never inform the customer about availing the numerous facilities of bank.
4. Informing the smallest balance to be continued in 30 days in early payment.

D. Short Answer Questions

1. What are reasons for rejection of application?
2. What information customer receives from bank after acceptance of application?

E. Long Answer Questions

1. Explain how status of application form for a new account information is communicated to customers.

F. Check Your Performance

1. Demonstrate what kind of information received from banks after opening a bank account.
2. List the reasons for rejecting the application of bank account opening.

Session 3: Delivery of Documents on Account Opening

The bank provides many facilities to a customer after an account is opened. The customer is expected to have regular dealings with his/her banker. His/her dealings with the banker must be relating to the business of banking. A banker performs a huge number of functions and renders various types of public utility services.

A consumer might also open different types of accounts by way of the bank such as, saving and term deposits, cutting-edge debts containing 'No Frills' Account etc. The customer may also open account in the following styles:

- Single
- Joint
- Joint (Former or Survivor)
- Joint (Either or Survivor)
- Joint (Latter or Survivor)
- In different style

A customer of the bank need not essentially be a person (i.e., an individual). A firm, a company, the Hindu Undivided Family (Joint Hindu Family), a society, or any distinct legal entity can be a customer. Section 45 of the Banking Regulation Act, 1949, clarifies that the term "customer" consists of a Government branch and a business enterprise incorporated through or underwent any law.

BANK ACCOUNT HOLDER'S DOCUMENTS

- 1. Pass book:** The pass book is a manuscript of all the transactions that have been made on account.
- 2. Cheque book:** A cheque book is containing a bundle of instrument used for banking transactions.

3. ATM card or debit card: An ATM card remains a card supplied by a bank that can be used at an ATM for deposits, withdrawals, account records and other types of transactions.

FUNCTIONS / USAGE OF DOCUMENTS ISSUED BY BANK

On opening an account on the name of customer, the banker issue three important documents which are highly useful to the customer. These documents are passbook, cheque book, and ATM cards. The details of usefulness of these documents are given below

Passbook uses: The passbook is also called as bank book. It is utilized to record bank transactions on a deposit account. Traditionally, pass books are used for saving accounts. The banker records the date and amount of the transaction and update the balance and enter his/her initial. But with the advancement of technology, bankers have started using small dot-matrix or inkjet printers. Now automatic teller machine or passbook printers are used to record entries in the passbook. The passbook usage is as follows;

- a. It reveals the amount of money deposited and cheques presented for collection and realized. Thus, all the credit entries/ transactions are known with passbook.
- b. It reveals the amount of money withdrawn and cheques issued and payments made by bank are known with passbook. Thus, all the debit transaction details are known with passbook.
- c. It indicates the balance of cash available in account for any given period of time.
- d. It also indicates the interest amount earned and charges levied by the bank on the services offered to the customer.

In case of current accounts, the banker provides monthly statement instead of passbooks issued.

Cheque Book uses:

Cheque book is a folder or minor book holding pre-printed paper instruments supplied to checking account holders and used to paid for buying goods and services or personal use. It contains sequentially numbered cheques that account holders can use as reference. The cheques are pre-printed with customer's name, address, account number, IFSC number, branch code etc. The uses of cheque book are;

1. They are safe and secured payments and money transfers are possible.
2. No limits are imposed on cheque amount.
3. Payments are less expensive than electronic payments.

4. Execution of payments for services for which cards are not accepted.

SBI will provide only ten cheque leaves allowed in a fiscal year for saving bank account holders. Thereafter, for additional 10 leaf cheques charges @ Rs. 40 plus GST, for 25 leaves cheque book, the bank charges @ Rs 75 added as GST are charged from 1, October 2020.

ATM card uses:

The ATM debit cards issued by banker are very much useful to the customers in the following ways;

1. They can withdraw cash from ATM centers.
2. They can make payment for utilities such as electricity, insurance premiums, telephone bills etc.
3. The cardholders can make request for a new cheque book through ATM of the bank.
5. The cardholders have an option for paying credit card bills.
6. The customer holding ATM cards can also make payment of direct taxes.
7. Recharging of mobile phones can also be undertaken with the help of ATM cards.
8. The ATM cards be able to be used for online or offline shopping, thus, facilitate point of sales.
9. The ATM cardholders may use ATM debit card for transferring money to another bank account instantly.
10. The cardholders can also avail bonus points cash back offers free insurance coverage etc.

Thus, the passbook, cheque book, and ATM cards which are provided by Bankers to the customer on opening the bank account are highly useful.

Activities

Activity 1: Demonstrate the importance of bank documents provided to customers on opening account.

Materials required: Note book, pen/pencil

Procedure:

1. Arrange a guest lecture of BC or BF in the class in the supervision of the teacher, wherein students ask the questions turn by turn regarding relevant documents provided by bank.
2. Students have to note down very carefully the replies to the queries on various questions asked to the guest lecture i.e., BC or BF.

3. Make informal groups in the class ask and discuss the replies given by BC or BF regarding the procedure for receiving documents from bank.
4. Ask the students to list out the information received from BC or BF
5. Show notes to the BC or BF for correction.
6. Prepare individual reports and submit to the teacher.

Check Your Progress

A. Fill in the Blanks

1. The _____ is a document of all transactions that have been made on account.
2. _____ card is issued by bank can be used for all banking transactions.
3. Passbook is also called as _____ book.
4. For passbook printing automated _____ machines are used.
5. Bank provides with a monthly declaration of account except customer have opted for _____.

B. Multiple Choice Questions

1. The bank provides banking facilities to _____.
 - a) Customer
 - b) Employee
 - c) Both a) and b)
 - d) None of the above
2. A consumer might also open different sorts of accounts with bank such as
 - a) Saving and term deposits
 - b) Cutting-edge debts including "No Frills" Account
 - c) Both a) and b)
 - d) None of the above
3. The bank customer need essentially be a _____.
 - a) Person (i.e., an individual).
 - b) A firm, a joint stock company, a society,
 - c) A Joint Hindu Family (Hindu Undivided Family)
 - d) All of the above
4. Account holder might talented to see his/her previous _____ on the counter.
 - a) All Transactions
 - b) Only deposits
 - c) Only withdrawals
 - d) All of the above
5. For issuing 25 leaf cheque books, the SBI charges Rs. _____ plus, GST latter 1st October, 2020.
 - a) Free
 - b) Rs. 25
 - c) Rs. 75
 - d) None of the above

C. State whether the following statements are True or False

1. A customer can open diverse types of accounts with bank.
2. No limits are imposed on cheque amount.
3. ATM cards not useful for payment for utilities.
4. SBI don't charge anything for 100 leaf cheque book.
5. ATM cards can be utilized for recharging mobiles.

D. Short Answer Questions

1. How the term customer is clarified by RBI?
2. What is passbook?
3. What is meant by cheque book?
4. What is ATM card?

E. Long Answer Questions

1. Explain the documents provided by banker to customers on opening the account.
2. Explain how passbook is useful to customers.
3. Discuss how cheque book are useful to bank customers.
4. Explain the usefulness of ATM cards to the customers.

F. Check Your Performance

1. List the uses of various documents issued by bank to customers on the chart.
2. Demonstrate the importance of ATM cards issued by the bank to the customer.

Session 4: General Administration Work

The banking business correspondents and facilitators have to play the role of general administrator on behalf of their bank. The job usually involves assisting the bank manager to manage banking activities in the remote areas where he/she cannot reach the prospective or present customers. The business correspondents and facilitators have to make available for the banking amenities to the customers who can't reach the bank premises.

The Business Correspondent, his or her mediator shall be approved to accept or distribute cash either at his/her domicile of work, or any suitable place subject to the maximums per day/per customer as stated.

A Business Correspondent could assist more than one bank. At the point of consumer interface, the BC should deliver banking facilities of only one individual bank. The terms and circumstances overriding the contract between the bank and the BC must be sensibly defined in written contracts and subjected to exhaustive legal provisions. The Business Correspondent should observe the instructions specified in the agreement. The administrative work of BC & BF's depends on contractual guidelines provided by the banks.

UPDATE DETAILS OF ACCOUNTS OPENED IN INFORMATION SYSTEM

Business Correspondents are accountable for executing a scale of functions in this respect which have been clarified below:

- 1. Preliminary Processing:** Business correspondents execute the duty of collecting and conduct preliminary processing of several forms for deposits that comprises verification of principal information/data.
- 2. Registration of Customers:** They are accountable for registering the customers for a number of financial products. This also involves substantial several applications or account introductory forms as well as nomination clause and proposal to the bank.
- 3. KYC Formalities:** When a bank account opening for their consumers, Business correspondents also ample the entire 'know your customer' (KYC) procedure as portion of the initial formalities involving assemblage of vital customer evidence showing time to time.
- 4. Leveraging Knowledge:** The process of opening of no extra deposit accounts and extra products as allowed timely by leveraging knowledge is managed by the Business correspondents.
- 5. Account Declarations:** They are authorized to afford mini account declarations and other account allied information, for a slightest period of three months to their consumers.
- 6. Business Services:** In addition, they similarly bring any other facility on behalf the Bank, suitably authorized by the proper authority.
- 7. Cross Selling:** Besides, cross-selling micro indemnity, Business correspondents also endorse products, and kiosk banking services including pension products, mutual fund products and various third party products.

PERIODIC REPORTS ON STATUS OF CUSTOMERS

The BCs have to surrender to the periodic reports on the status of customers timely to their bankers. They must have a close relationship with the customers and get in touch with their requirements. He/she also prepares a report and sends it to local head office for further action within certain time interval. Some of the observations which he/she includes in his/her periodic report:

1. For those customers who desire to shut their financial institution accounts, the Business correspondents adopt the accountability to tell the local department or the centralized hub of Bank/ NBFC about such closure of accounts.
2. Upon the loss of life of the financial institution account holder, business correspondents make certain to inform the bank approximately deactivation of the account.

3. They also bear in mind any chance related to coping with of cash at floor level and take appropriate measures to make certain security.
4. As mediators of the banks, correspondents make certain the confidentiality of important client information.
5. For transport banking amenities, BCs are authorized to use the gadget and era as assigned via the banks and they are accountable for successfully using them.

SET REVENUE AND ACCOUNT TARGETS

The BC's should assist their bankers in setting revenue and account targets. They play a key role in disbursing and collection of loan and advances to the customers. The following administrative work should be undertaken by BC in regard to disbursing and collection of loans:

1. The business correspondent switches the task of compilation and payment of little value credits and (cash) pulling out the highest value of which is Rs. 20000/- per transaction while there is no lowest amount limit. It can be greater than before by the local head office according to the need and requirement.
2. Business correspondents are answerable for handling acknowledgment and delivery of minor value payment/ other disbursement instruments.
3. They are accountable for disbursing small loans like capital loans, agricultural loans, group loans, etc., depending on the associate banks guiding principle.
4. Their responsibility also takes in collection of payment and fees from customer as per partner banks rule.
5. For loan products, they assist with collection of principal and interest conforms strictly by code of conduct.
6. After the loans are authorized, the task of supervise is also accepted by the business correspondents.

REPORT ON TARGETS ACHIEVED AND REVIEW FUTURE TARGETS

Business Correspondents (BCs) are allowed as third-party representative by banks and bring banking and monetary services arranged in place of the banks. Business Correspondents have an essential role to play as they convey vital banking facilities to the financially-excluded component of the society in remote areas where banks do not have occurrence. Business correspondents are occupied by banks as trade agents to offer banking facilities to their clientele. Hence, they are influential in growing the outreach of banks through Kiosk Banking services where services and products are obtainable at affordable cost.

The Kiosk outlets are internet-enabled and serve as a suitable plat form for availing basic services that would consist of opening a basic account with no least balance, transactions within Rs 20,000 per day, and small value deposits

along with products like pension products, other third party products, etc. While the customers are definite a secure and stress-free banking familiarity through these kiosks operated by business correspondents, there are also some compensation for these retail negotiators as well in terms of good incentive.

Business Correspondents services cause to be by them like each new account opened for patrons, money transfer transaction or new loans distribute. Whereas the BCs are firmly prohibited from accusation any fee from the consumers for their service, the banks are allowed to levy realistic service charges from their clients in transparent manner.

As per RBI, the commission constitution or incentive system is designed in a mode that a mere increase in the number of consumers served or the business volume does not force the commission. The compensation shall combine set and variable parts reliant, among other things, on convinced indication or customer fulfillment index.

FOLLOW UP VISIT

In the follow up BCs involve the following:

- Detection of borrowers and fitment of actions;
- Collection and preliminary giving out of loan request including verification of prime information/data;
- Creating awareness about investments and various products and learning and advice on supervision of money and debt counsel;
- Processing and compliance of claims to banks;
- Promotion and development of Joint Liability Groups or Self Help Groups;
- Post-sanction monitoring;
- Monitoring and hand holding of Joint Liability Groups/Self Help Groups/Credit Groups/ others; and
- Follow-up for improvement.

Thus, we find that the banking business correspondents play a significant role in the administration of banking services to unreached customers in remote areas by the banks.

Activities

Activity 1: Prepare a periodic report format on status of customers.

Material required: Notebook, pen/pencil

Procedure:

1. Collect the information which has to be sent in a report form by a BC to the bank.
2. Set the serial of collected information.
3. Prepare a report and check with the given information
4. Submit to the teacher for final correction.

Activity 2: Demonstrate the procedure of handling sensitivity and confidentiality of customer information with role-play actions.

Material required: Notebook, pen/pencil

Procedure

1. Form the groups in the class.
2. Each group should list out the information that a BC/BF has to keep in record of a customer.
3. Prepared the scripts for the role-play and put in a dialogue form.
4. Practice the dialogue by allotted role in the group.
5. Arrange for a role play by group of students numbering eight to ten each.
6. One of the students will act as a BC/BF, who will present sensible information regarding customers and rest of the group members will act as customer, banking professional, manager etc.
7. The other group members will raise queries on role play.
8. After the presentation, a thinking session may be arranged wherein all the group members may give suggestions for making the presentations in role play more effective.
9. A local Business Correspondent may be invited for correct the of role play conducted by each group demonstration.
10. As per the directions and suggestions given by local BC and teacher improve the scripts dialogues and actions & partners of the group members.

Check Your Progress

A. Fill in the Blanks

1. Business correspondents execute the duty of conduct and _____ preliminary processing of several forms
2. BC's are accountable for registering the customers for a number of _____ products.
3. When a bank account opening by the consumers, Business correspondents also ample the entire _____ information.
4. BC's are authorized to afford mini account declarations and other account allied information, for a lowest period of _____ to their consumers.

5. The process of opening of not an _____ deposit accounts an extra product and as allowed timely by leveraging knowledge is managed by the Business correspondents.

B. Multiple Choice Questions

1. _____ make sure the distribution facilities to millions of patrons on behalf the banks.
 - a) Banks
 - b) Customers
 - c) Business Correspondents
 - d) None of the above
2. Business Correspondents are accountable for _____ a scale of functions.
 - a) Executing
 - b) Planning
 - c) Controlling
 - d) None of the above
3. Business correspondent must have a close relationship with the _____ and get in touch with their requirements.
 - a) Other banks
 - b) Other business correspondent
 - c) Customers
 - d) None of the above
4. Business correspondents are answerable for _____ other disbursement instruments.
 - a) Handling acknowledgment
 - b) Delivery of minor value payment
 - c) Both a) and b)
 - d) None of the above
5. Business Correspondents (BCs) are allowed as _____ party representative by banks and bring banking and monetary services on in place of the banks.
 - a) third
 - b) second
 - c) fourth
 - d) None of the above

C. State whether the following statements are True or False

1. Upon the death of the bank account holder, business correspondents ensure to inform the bank about deactivation of the account.
2. BC's do not consider any risk related with handling of money at ground level then take suitable actions to ensure security.
3. The mediators of the banks, correspondents confirm the confidentiality of vigorous customer information.

4. For delivery banking facilities, BCs are not authorized to use the tools and technological equipment's as assigned through the banks and they are responsible for efficiently using them.

D. Short Answer Questions

1. What information is included in follow up report?
2. Who appoints the business correspondent?
3. What are the basic responsibilities of BC?
4. What is the main reason of follow up?

E. Long Answer Questions

1. List out the facilities/services which are provided by the Business Correspondents to the customer.
2. Explain which details of accounts opened are updated by business correspondents?
3. Which type of activities are undertaken by BC's in the follow-up visit of administration? Explain.

F. Check Your Performance

1. Prepare a chart containing the information report on follow up actions.
2. Demonstrate the update details of the accounts opened under the BC.
3. Spell out the administrative work handled by the BC's on behalf of Banker.

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Answer Keys

MODULE 1: INTRODUCTION TO BANKING

Session 1: History and Evolution of Banking in India

A. Fill in the Blanks: 1-Latin, 2-intermediaries, 3-RBI, 4- money, 5-RTGS, 6-international bank

B. Multiple Choice Questions: 1-b), 2-a), 3-c), 4-a), 5-a)

C. State whether the following statements are True or False: 1-True, 2-False, 3-True, 4-False, 5-False, 6-True

D. Match the Columns: 1-B, 2-C, 3-D, 4-A

Session 2: Banking Structure in India and Types of Banking

A. Fill in the Blanks: 1- 1934, 2-excluding, 3- commercial, 4- controlling, 5-differs

B. Multiple Choice Questions: 1-b), 2-d), 3-b), 4-a), 5-c)

C. State whether the following statements are True or False: 1- True, 2-False, 3-False, 4-True, 5-True

D. Match the Columns: 1-D 2-C, 3-B, 4-A

Session 3: Functions of Business Correspondents and Facilitators

A. Fill in the Blanks: 1-Financial inclusion, 2- RBI, 3- bank, 4- computer, 5-linking

B. Multiple Choice Questions: 1-d), 2- c), 3-c), 4-d)

C. State whether the following statements are True or False: 1-False, 2-True, 3-False, 4-True, 5-True

Session 4: Role and Responsibilities of Business Correspondent and Business Facilitator

A. Fill in the Blanks: 1-RBI, 2- agents, 3-Promotion, 4- filling, 5-Marketing

B. Multiple Choice Questions: 1-c), 2-a), 3-b), 4-c), 5-d)

C. State whether the following statements are True or False: 1-False, 2-True, 3-True, 4-True, 5-False

MODULE 2: SOURCES OF NEW CUSTOMERS

Session 1: Identifying Demographic Profile of Customers

A. Fill in the Blanks: 1-deposit, 2-relationship, 3-eighteen, 4-many steps, 5-Valid contract 6-different

B. Multiple Choice Questions: 1-d, 2-a, 3-b

C. State whether the following are True or False: 1-True, 2-False, 3-False, 4-False, 5-True

Session 2: Customer Segmentation in Banks

A. Fill in the Blanks: 1-segmentation, 2-micro finance, 3-very far from, 4-facilitate, 5-finance 6-campaigns

B. Multiple Choice Questions: 1-d, 2-c, 3-d

C. State whether the following statements are True or False: 1-True, 2-False, 3-False, 4-True, 5-True

Session 3: Prospective Customer's Financial Status

A. Fill in the Blanks: 1-understand, 2-submit, 3-customer, 4-different application 5-terms

B. Multiple Choice Questions: 1-b, 2-d, 3-a

C. State whether the following statements are True or False: 1-True, 2-False, 3-True, 4-False

Session 4: Customer Information System

A. Fill in the Blanks: 1-Customer, 2-gather, 3-information, 4- report, 5-target

B. Multiple Choice Questions: 1-d, 2-d, 3-a

C. State whether the following statements are True or False: 1-True, 2-False, 3-True, 4-False

MODULE 3: VERIFICATION OF CUSTOMER INFORMATION**Session 1: Preliminaries for Opening an Account in Bank**

A. Fill in the Blanks: 1-Preliminary, 2- assist, 3- documents, 4-query, 5-customised

B. Multiple Choice Questions: 1-c), 2-d), 3-d), 4-c)

C. State whether the following statements are True or False: 1-False, 2-True, 3-False, 4-True, 5-True

D. Match the Columns: 1-B, 2-A, 3-D, 4-C

Session 2: Referral Enquiry for Potential Customers

A. Fill in the Blanks: 1-pursue, 2- customer, 3-discrepancies, 4- Business correspondent, 5- upload

B. Multiple Choice Questions: 1-d), 2-c), 3-a), 4-d)

C. State whether the following statements are True or False: 1-False, 2-True, 3-False, 4- True, 5- True

Session 3: Receiving, Verifying and Opening Account

A. Fill in the Blanks: 1- receive, 2-check, 3-original, 4- fill, 5- enrolling

B. Multiple Choice Questions: 1-d), 2-a), 3-b), 4- a)

C. State whether the following statements are True or False: 1- True, 2-False, 3- True, 4-False, 5- True

Session 4: Educate Customer about Payment Mechanism

A. Fill in the Blanks: 1- transactions, 2- loan, 3- remote, 4- payment, 5-EMI

B. Multiple Choice Questions: 1-d). 2-a), 3-d)

C. State whether the following statements are True or False: 1- True, 2-False, 3- True, 4- True, 5-False

MODULE 4: PROCESSING OF BANKING APPLICATION**Session 1: Evaluation of Accounting Opening Forms**

A. Fill in the Blanks: 1- deposits, 2-KYC, 3- fictitious, 4 identity, 5- interest

B. Multiple Choice Questions: 1-b), 2-a), 3-d), 4-b)

C. State whether the following statements are True or False: 1-False, 2-True, 3-True, 4-False, 5-True

Session 2: Status of Application Form

A. Fill in the Blanks: 1-savings, 2-balance, 3-Concessions, 4-rejection

B. Multiple Choice Questions: 1-c), 2-a), 3-a), 4-d)

C. State whether the following statements are True or False: 1-True, 2-False, 3-False, 4-True

Session 3: Delivery of Documents on Account Opening

A. Fill in the Blanks: 1-passbook, 2-ATM, 3-bank, 4-teller, 5-passbook

B. Multiple Choice Questions: 1-a), 2-c), 3-d), 4-a), 5-c)

C. State whether the following statements are True or False: 1-True, 2-True, 3-False, 4-False, 5-True

Session 4: General Administration Work

A. Fill in the Blanks: 1-collecting, 2- financial, 3-customer, 4- 3 months, 5-extra

B. Multiple Choice Questions: 1-c), 2-a), 3-c) , 4-c), 5-a)

C. State whether the following statements are True or False: 1-True, 2-False, 3-True, 4-False

Glossary

Accrue- accumulate

Albeit - Although, though

Alteration-change

Appraisal-evaluation;

Aspect- feature

Bartering - Exchange goods or services for other goods or services, without using money.

Caricature - sketch

Compliance - The act of obeying an order, rule, or request

Composite - combined

Comprise – consist of

Concerted - Intensive, concentrated, determined

Conducive- Favorable, beneficial or advantageous

Confer - To grant a title, benefit, or right.

Conformity – agreement

Consolidate - To merge, combine or unite

Construe- interpret

Contingent Liabilities - A potential liability that may occur, depending on the outcome of an uncertain future event.

Convention- rule

Corporation - A company or a group of companies

Counterparty - The other party or participant in an agreement

Demur - Object, protest

Deterioration- drop
 Deviation-variation
 Digital - Electronic
 Efficacy – Effective Ness, efficiency, usefulness
 Entity - A body, unit, thing or article
 Executor - A person or an institution who/which executes, carries out, or performs some duty, job, assignment, etc.
 Floating - not fixed
 Follow-up – pursue
 Govern - Administer, oversee, direct or manage.
 Incipient - Just beginning, initial
 Induction - Introduction, initiation
 Ingredients-items required for something
 Inherent - Inbuilt or intrinsic
 Initiative - Plan, proposal, scheme
 Insolvency - Bankruptcy, liquidation, ruin or collapse
 Intact-unbroken
 Inter-se -- between themselves
 Lender of last resort - An institutional lender, generally the central bank of a country, that has the authority and financial resources to act as the ultimate source of credit in emergencies.
 Mandate - Order, command, direction, authorization etc.
 Mitigation - Improvisent, alleviation, lessening
 Monetary - financial, fiscal, related to money etc.
 Paramount-vital
 Prohibited-banned
 Prudent - cautious
 Rationality - Reasonableness, prudence, farines
 Redressal- resolution
 Remedial - corrective.
 Resolution - An official decision that is made after a group or organization has voted
 Robust - Healthy, vigorous, strong
 Seamless - Flawless, faultless
 Statute - Law, decree or ruling
 Statutory - Regulated by law
 Subsidiary - A company having the majority of its stock owned by another company (called the parent company)
 Substantiate-to prove
 Successive- consecutive
 Synchronize- coordinate
 To take a nosedive - To collapse suddenly or decline rapidly
 Transaction- deal

Trustee - A person, often one of a group, who controls property and/or money for another person or an organization

Unscrupulous - Dishonest, unprincipled

Validate-confirm.

Vetted - checked up

vis a vis - in relation to, with regard to.

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