

## IDBI Bank Ltd. – Financial Inclusion : Achievements 2013–14

### Background

The Government of India, in concert with the Reserve Bank of India, has embarked upon the mission of fostering inclusive growth in the country through the process of financial inclusion by ensuring access to appropriate financial products and services needed by vulnerable groups such as weaker sections and low-income groups at an affordable cost in a fair and transparent manner. The Bank continued to enthusiastically support and complement the nation's initiatives in this crucial socio-economic objective.

### Financial Inclusion Plan (FIP) 2013–16

On closure of the earlier three-year Financial Inclusion Plan (FIP) 2010–13, the Reserve Bank of India directed banks to chalk out a fresh Financial Inclusion Plan for the three-year period 2013–16 in order to continue with the process of ensuring access to banking services to the excluded section of the society. The Bank's Board approved a three-year road-map (2013–16) for providing banking services in unbanked and under-banked areas, which envisaged having 340 banking outlets in villages with population of more than 2000 and 1500 banking outlets in villages with population of less than 2000, based on villages allotted to the Bank by SLBCs as also keeping in view the business opportunities in the rural segment. The FIP 2013–16 has envisaged opening of 382 rural branches, of which, 262 in unbanked rural centres and deployment of 767 Business Correspondents (BCs), by March 2016.

During the year 2013–14, the Bank covered 785 villages through a network of 183 BCs, 164 Common Service Centres (CSCs) and 62 brick & mortar branches. During the year, 103 branches were opened in unbanked rural centres, which included 47 such branches in villages allotted by SLBCs for Financial Inclusion (FI).

Further, In order to widen the Bank's reach under urban financial inclusion, the bank brought four more urban unbanked localities at Chandrapur, Maharashtra, under the ambit of formal banking by introducing basic banking facilities to the inhabitants of these localities.

The FIP of the Bank has been implemented by using Information & Communication Technology (ICT) through Business Correspondents (BCs) using smart card solution, through Common Service Centres (CSCs) using web-enabled Kiosk Banking Solution and also through branches.

## Products offered under financial inclusion

As on March 31, 2014, the Bank opened 8.79 lakh Basic Savings Bank Deposit Accounts (BSBDAs) under financial inclusion, which include 1.78 lakh accounts serviced through the BC model. Total outstanding deposit in BSBDAs stood at Rs.336.02 crore including Rs.3.76 crore under BC model. Apart from these basic services, the Bank also offered various other products on relaxed terms, such as Education Loan, Fixed Deposit, Recurring Deposit, micro insurance product known as “Grameen Suraksha” and In-built Overdraft facility for the benefit of customers.

To give a fillip to Government’s objective of electronic transfer of benefits, the Bank continued with the distribution of social security pension to about 22,000 old-age pensioners through smart cards in Raipur, Chhattisgarh, as per the mandate obtained from Raipur Nagar Nigam. The Bank has also continued with the project of distribution of MNREGA wages in three districts in Chhattisgarh, covering about 1 lakh beneficiaries in about 192 Gram Panchayats. As on March 31, 2014, 60,796 accounts of beneficiaries have been opened by the Bank.

## Financial Literacy

Financial Literacy has been identified as a key to meeting the objectives of financial inclusion and has thus emerged as a focus area for policy makers. Realizing its criticality, the Bank has set up desks known as “Vittiya Sakhsharta Jankari Kendras” in the rural branches of the Bank. These desks have been spreading awareness on management of money, importance of savings, advantages of saving with banks, other facilities provided by banks, benefits of borrowing from banks, etc. amongst walk-in customers as well as amongst common people through conduct of outdoor literacy camps. During the year, the Bank’s rural branches conducted more than 500 such outdoor literacy camps, educating more than 11,000 villagers in the process. Financial literacy programmes organised by branches at rural locations included programme organised for students at schools and literacy programme for the members of tribal communities invited to the branch to witness live demonstration of various banking activities. A few financial literacy camps were also attended by senior officials of the Bank. Besides, all the launch programmes in villages are preceded by an awareness campaign wherein posters/banners are put up at various locations in the village, visits are organized wherein the Bank officials meet prominent villagers to make them aware of the Bank’s FI initiatives, etc. Further, with an aim to impart job-oriented fields training to rural youth, the Bank has set up Rural Self Employment Training Institute (R-SETI) at Satara in

Maharashtra. During the year, 23 programmes were conducted and 507 entrepreneurs were trained.

### **Aadhaar Enrolment**

The Bank is registered with Unique Identification Authority of India (UIDAI) as Registrar to undertake 'Aadhaar' enrolments. The Bank has so far enrolled around 32 lakh residents across 10 States, including 16.83 enrolments in DBT districts. The Bank has decided to cover 4 more states for Aadhaar enrolment in the next financial year 2014-15.

### **Direct Benefit Transfer (DBT) / Direct Benefit Transfer for LPG (DBTL) Scheme**

The Bank actively participated in the Direct Benefit Transfer (DBT) Scheme introduced by the Government of India in 121 districts. The scheme is aimed at direct transfer of various benefits/subsidies like scholarship to school children, Janani Suraksha Yojna, Girl Child scholarship, Indira Gandhi Matritva Sahyog Yojna, etc. into the beneficiary's bank account linked with Aadhaar number. Under the scheme, banks have to open accounts of beneficiaries, seed Aadhaar number into the beneficiary's account number and provide adequate number of access points (Branch / ATM / BC ) to enable the beneficiary to withdraw money.

Out of the 121 districts, the Bank has a presence in 97 districts (in 24 States) through its 328 retail branches with onsite ATMs. The Bank has been allotted 325 villages in these districts, all of which have been covered through banking infrastructure, viz., Branch / ATM / BC.

The Government also introduced the DBT scheme for LPG customers, known as DBTL, in 291 districts, in phases from 1<sup>st</sup> June, 2013 to 1<sup>st</sup> January, 2014. Out of the 291 districts, the Bank has a presence in 248 districts (in 20 States) through its 839 retail branches with onsite ATMs.

Accounts for all the beneficiaries under DBT/DBTL, which are communicated by LDM/Government authorities, have been opened. Seeding of Aadhaar number is 100% in respect of the list of beneficiaries with Aadhaar numbers provided by the district authorities/LDM. Besides, all the accounts with Aadhaar numbers have been mapped onto the NPCI Mapper. The Bank ensures that the data of seeded Aadhaar numbers is uploaded onto NPCI's Mapper on a daily basis and as on March 31, 2014, 5.18 lakh Aadhaar numbers have been uploaded. As per government directives, the branches are in constant touch with the Lead District Manager (LDM) of the lead bank to collect the list of beneficiaries within the service area and to ensure that accounts of

beneficiaries, who do not have an account, are opened. All the eligible and willing account holders, irrespective of the scheme under which the account is opened, are issued ATM Debit cards. Besides, customers under the BC model are issued smart cards for authentication as well as for transactions at the POS machine.

The Bank undertook camp based approach for generating Aadhaar numbers of all beneficiaries reported by district authorities. You Bank has taken several steps with an aim to sensitize common people about the importance of DBT/DBTL and seeding of Aadhaar number into bank account. These include displaying banners at branch premises as well as off site ATMs. The beneficiaries under DBT/DBTL are accorded priority for opening of account and seeding of Aadhaar number. Branches have directly approached beneficiaries for seeding of Aadhaar number through personal contact/letters. SMS and e-mails have been sent to customers requesting them to seed Aadhaar number into their bank accounts. Bank Account Statement includes the message requesting the customers to seed their Aadhaar number. Web banner for Aadhaar seeding is displayed on the Bank's website. Besides accepting physical requests for seeding of Aadhaar at branches, other alternate channels, viz., SMS, ATM, Internet Banking, are also being used to receive the Aadhaar seeding requests.

As at March 31, 2014, the Bank opened accounts for 14,115 beneficiaries under DBT/DBTL as advised by LDM. Aadhaar number has been received in respect of 13,458 beneficiaries and all the Aadhaar numbers have been seeded into the accounts. Subsidy amount of Rs.38 crore, including LPG subsidy, was routed through the accounts of the Bank's customers.

### **Technological initiatives under financial inclusion**

During the year, the Bank has taken various technological steps to enable effective implementation of Financial Inclusion and DBT/DBTL scheme. These include (i) setting up of Financial Inclusion Gateway (FIG) and Central Authentication Server (CAS), which facilitates inter-operability within the Bank (ii) integration of Aadhaar Payment Bridge System (APBS) with National Automated Clearing House (NACH), which enables processing Aadhaar and Non-Aadhaar based transactions. Further, implementation of Host-to-Host Connectivity with NPCI and Straight Through Processing (STP) has made the complete payment process automated (iii) integration of payment systems, viz., RTGS, NEFT, Fund Transfer with Central Plan and Monitoring System (CPSMS), which will facilitate generation of various MIS related to government expenditures and allows seamless transmission of payment files, over a secured network (iv) implementation of Aadhaar Enabled Payment System

(AEPS- On-Us), which facilitates payment using UIDAI's Aadhaar Authentication services for the Bank customers (v) implementation of Remote Aadhaar Seeding Framework (RASf) and Verhoeff Algorithm to validate the customer Aadhaar seeding request received through various channels viz. Branch channel, SMS, ATM & Internet Banking, which enables the Bank to ascertain the identity and correctness of Aadhaar number seeding in customer's Bank account.

The Bank has launched Kiosk Banking Solution in January 2014, which offers on-line web enabled biometric authentication banking services. This will help the Bank to reach out to rural masses to bring them into mainstream Banking System more efficiently. Presently, the Bank has engaged Common Service Centres (CSCs)/Village Level Entrepreneurs (VLE) as Business Correspondent Agents (BCAs), which are monitored by CSC e-Governance Services India Limited, a Special Purpose Vehicle (SPV) set up by Department of Electronics and Information Technology, Govt. of India.

#### **Conferment of Award under financial inclusion**

"Aadhaar Project of IDBI Bank Ltd" has been declared as winner for Financial Inclusion and Payment Systems (FIPS) 2013 Awards. FIPS Awards aim to recognise the seminal role that various organisations have been playing in the areas of Financial Inclusion, Banking Technology, Payment Systems, Mobile Banking, Health Insurance and other verticals. The Bank won the Award under Financial Inclusion category for undertaking Aadhaar Project as Financial Inclusion initiative in Direct Benefit Transfer (DBT) districts in the Global Conference on FIPS 2013 held at New Delhi in October 2013.

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