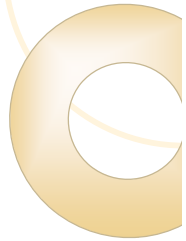


A Case Study on the Business
ISHITA GHOSH & KARTIKEYA BAIPAL
Correspondent Model in India:
Technology Service Providers
as BCs



OVERVIEW



- INTRODUCTION

- Branchless Banking
- The BC Model
- Technology Service Providers

- TECHNOLOGY SERVICE PROVIDERS

- Zero Mass Foundation
- Financial Information Networks & Operation



BRANCHLESS BANKING

- TECHNOLOGY PLATFORM
 - Enables remote transactions
- AGENT NETWORK
 - Facilitates cash-in/cash-out
- PHYSICAL BRANCH SUBSTITUTION
 - Hybrid models where larger institutions work with local organizations



BUSINESS CORRESPONDENT MODEL

- TECHNOLOGY VENDOR

- Facilitates the completion of electronic transactions, transaction security, & authorization of unique customer access

- CUSTOMER SERVICE POINTS

- Infrastructure to liquidate and trade against electronically valued currency, perform KYC requirements, & handle cash-in/cash-out

TECHNOLOGY SERVICE PROVIDERS



ZERO MASS FOUNDATION

EKO/-



Enabling Financial Inclusion



ZERO MASS FOUNDATION

- Section-25 company created by A Little World
- ZMF works with village based operators to enable a dedicated human interface network in unserved regions.



ZERO MASS FOUNDATION TECHNOLOGY

- ALW provides front and back-end technology, & maintains a centralized data center
- Customer enrollment: headshot & biometrics on proprietary device.



ZERO MASS FOUNDATION OPERATIONS

- CSP downloads information from server.
- Travels to designated areas.
- Registers new customers.



FINANCIAL INFORMATION NETWORKS & OPERATION

- Agent services provided through FINO Fintech Foundation
- Smartcard + biometric identification
- Doorstep banking



FINO TECHNOLOGY

- FINO agents have a fingerprint recorder, a receipt printer and a network device to communicate with the back-end server.
- A smartcard is issued to customers that contains both the customer biometric and account details.



FINO OPERATIONS

- To conduct transactions, the smartcard is swiped by the FINO agent, and the customers fingerprints are used as a proof of identity.
- The customers are provided with the cash and a receipt of the transaction.



EKO INDIA FINANCIAL SERVICES PRIVATE LIMITED

- Agent services provided through EKO Aspire Foundation
- Emphasizes the role of client-side mobile platforms



EKO TECHNOLOGY

- CSPs offer customers access to financial services, the set up of which minimally requires access to a mobile phone.
- Eko transactions utilize the Unstructured Supplementary Service Data (USSD) service to create a simplified transaction format



EKO OPERATIONS

- For remitting money, customers type the bank's code, followed by an asterisk, then the mobile number of the person being paid, followed by an asterisk, followed by the amount, followed by another asterisk and, lastly the digital signature.
- The completed transaction is then



RBI REGULATIONS

- Limits on cash-holdings by the CSPs and on individual customer payments & receipts
- All transactions must be settled between BC and bank by end of day or next working day
- The bank remains completely responsible to the customer for all acts of omission and commission of the BC



DISCUSSION

• **EVOLVING TECHNOLOGY**

- *“Conventional devices can never meet an unconventional set of challenges”.*
- Improve low margins
- Adequate security measures for cash-in transit issue
- Provision of customized solutions for illiterate populations
- Development of low-scale banking structures
- Disseminating financial literacy



DISCUSSION

- **MOBILE TECHNOLOGY AT AGENT & CUSTOMER END**
 - People are still not comfortable using their cell phones, especially to perform more complex functions such as conducting financial transactions.
 - Most customers preferred conducting financial transactions with the help of agents.
 - Customer-end mobile banking has huge potential of diminishing the assistance of an intermediary and



DISCUSSION

- **TECHNOLOGY SERVICE PROVIDERS VERSUS OTHER BCs**

- *“It is the survival of the fittest. RBI has the role to prepare a conducive environment for greater Financial Inclusion.”*
- For-profits can now become BCs
- For-profits are naturally equipped to survive for longer