

## **IDBI Bank Ltd.**

### **Financial Inclusion Plan**

#### **1. Status of Financial Inclusion in our Bank :**

With a view to participating in the Financial Inclusion mission mandated by the RBI, all our Rural and Semi-Urban branches are implementing the Plan in consultation with lead bank District Consultative Committees of respective districts. IDBI Bank has a branch network of **702+** branches out of which **142** branches are in Semi-urban and **73** branches are in rural areas. As majority of these branches are in the State of Maharashtra, the Bank is actively involved in pursuing FIP in Maharashtra. With an expansion of branch network in rural/semi-urban locations across states, IDBI Bank would be in a position to increase its coverage in other states also. The major initiatives of our Bank are as under:

##### **a. Inclusion through “No Frill Accounts”**

The Bank has already launched a scheme for opening “No Frill Accounts” known as “Sabka Account”. The account can be opened with a minimum balance of Rs.250/-. As at end-March 2010, 4,34,512 such accounts have been opened. Further, branches are also allowed and encouraged to open accounts in rural areas with zero balance to cover more number of adult rural population under banking services.

##### **b. Coverage of more number of villages**

Apart from meeting the requirements of rural population at the branch locations, IDBI Bank has been providing various financial services at the village level under the service area approach as also villages specifically allocated by the lead banks under financial inclusion. At present the coverage extends to 97 rural and semi urban branches covering about 915 villages in the State of Maharashtra.

c. Mobile Van

Our Bank is providing banking services to few villages in Satara district (Maharashtra State), with the help of a dedicated mobile van. The van covers 5 villages by visiting them once in a week, mostly on “Bazar day” of the village. It is proposed to cover more number of branches by staggering the timings.

d. Capability Building

With a view to strengthening the manpower setup of rural and semi urban braches additional RMs have been appointed. The majority of such officers are graduates from Agriculture Universities and having rural background. This has strengthened capabilities to reach the rural population.

e. Training

‘Financial inclusion’ has been integrated in all the training programmes for BHs and RMs of rural and semi-urban branches.

f. Alternate Channels

IDBI Bank has installed ATMs at 161 Semi-Urban and 33 Rural locations to make the availability of cash withdrawal deposit/cheque deposit facility to rural population round the clock.

g. Formation of Farmers Club

Our Bank has initiated steps at rural branches for formation of farmers club and activate them. So far, 170 farmers clubs have been formed across the country and these clubs are expected to act as a positive instrumentality in our Banks efforts for creating awareness about savings, debt counseling, financial literacy, multiple cropping, inter cropping, allied cropping, allied activities for sustain income flow in the areas where physical presence of Bank is not there.

## **2. IDBI Bank’s Strategy: Roadmap**

2.1 To increase penetration of banking services in the country RBI has directed lead banks to constitute a sub-committee of District Consultation Committees

(DCCs) to draw a road map by end-March 2010 to provide banking services through a banking act let, in term form of own branch or correspondent arrangements, in every village having population of over 2000 by end-March 2011.

2.2 As directed by the RBI, DCCs have been assigned the task to draw a road map to provide banking services through a banking outlet every village having population of over 2000, by end-March 2011. So far SLBC Maharashtra and West Bengal have identified 82 and 4 villages, respectively for our bank under this mission ; SLBC's of other states are also in the process of mapping a number of villages to our bank branches. As advised by the RBI, these branches would act as base branches.

2.3 Considering the banking infrastructure currently available and the branch expansion plan already drawn up, following broad parameters have been proposed as actionables by IDBI Bank for the Financial Inclusion Plan:

- The Plan will initially be concentrated in the state of Maharashtra where IDBI Bank has large number of branches. BCs would be appointed in the state in such numbers keeping the 30 km criteria for rural and semi-urban centers in mind. Considering the limited branch network available with IDBI Bank presently in other states, the roll out may be phased out over subsequent years except for those villages which are allocated to us by the respective SLBCs.
- The Plan will initially be rolled-out in the aforesaid 82 villages in Maharashtra, 4 villages in West Bengal and such other villages as may be allotted to IDBI Bank by other SLBCs.
- The facilities will be made available for unbanked people in both rural and urban areas.
- In this connection, it is proposed that IDBI Bank may participate in the activities of SLBCs including identification of villages for implementation of the Plan.

- IDBI will initially try to appoint Petrol Pump owners, Post Offices, MFIs, SHGs, Section 25 companies and other permitted entities as BCs. Individual BCs will be kept to the minimum in the initial stages of roll out of the Plan. IDBI Bank will finalise an appropriate due diligence mechanism for identifying and appointing the BCs.
- IDBI Bank may also have to arrange funding for BCs, especially for individual BCs, for which appropriate operational guidelines will be decided.
- To enable more cost effective delivery and also as a risk mitigation measure, it is proposed to select an appropriate technology based solution for the purpose.
- The implementation of UIDAI proposal for usage of microATMs will be explored. UID would also authenticate customer's KYC requirement.
- The Alternate Channels group, IDBI Bank and IDBI Intech are in various stages of interaction with technology vendors for implementation of such solution. It is proposed to utilize their expertise in rolling out the same.
- IDBI Bank will initially provide services of deposit acceptance & withdrawal, balance enquiry and remittance services. Micro-credit will be provided in subsequent phases after gaining experience of banking in un-banked areas.
- IDBI Bank will also distribute micro-insurance, micro-pension and other micro financial services product as may be permitted under the scheme, in subsequent phases.

2.4 Quarter-wise activities proposed for FY 2011 are as under: -

2.41 Activities to be completed in Q1, FY 2011

- 1) Creation of awareness about the mission among the staff of urban & semi urban branches, which would act as "Base branches" for the village connected by Business Correspondents/ Business Facilitators (BCs/BFs).
- 2) Finalisation of operational manual, fee structure for the services rendered and other modalities to be finalised. With a view to ensuring the viability of

the BC model, RBI has permitted banks (and not BCs) to collect reasonable service charges from the customer, in a transparent manner under a Board-approved policy.

- 3) Identification of villages to be covered under FIP, in consultation with the lead Banks.
- 4) Initiation of survey of such villages.
- 5) Training of field staff.
- 6) Grievance redressal mechanism to be finalized.

#### **2.42 Activities to be completed in Q2, FY 2011**

The BC model would be leveraged in such a way that it encompasses each three aspects of access to banking markets, access to credit markets and financial education in order to be able to address the issue of financial inclusion in a holistic manner. Accordingly, it is proposed as under :

- 1) Identification and finalization of BCs from individual /non-individual category:
- 2) Training of BCs
- 3) To run model on pilot basis in three major districts viz. Satara / Jalgaon /Murshidabad or as may be decided.
- 4) To start transacting business at □centres□ where BCs are appointed and trained.

#### **2.43 Activities to be completed in Q3, FY 2011**

- 1) To cover one urban center in a metropolitan center as a pilot case. Cover all villages allotted to our Bank by sub committee of DCCs in Maharashtra.
- 2) Sensitization program for BHs and field staff.

2.44 Activities to be completed in Q4, FY 2011

- 1) Cover all the villages allotted to our Bank
- 2) Review the model
- 3) To take Corrective steps if required
- 4) To review development for ICT and card based model.

The plan satisfies the requirement to start banking services at villages having population over 2000, which are allotted, or mapped to our bank by the respective District Consultative Committees.

2.5 Project Financial Literacy:

Financial literacy being an important pillar of FIP, various steps are proposed to be initiated:

- IDBI Bank in consultation with the convenor-bank of State Level Bankers' Committee of Maharashtra will associate in financial literacy-cum-counselling center in any district. The center is expected to provide free financial education to people in rural and urban areas on the various financial products and services.
- Efforts would be made towards educating our customers through various means – print, electronic etc., - the role of the BC and their obligation towards the customers, in the vernacular language.
- It is proposed to incorporate a 'Financial Education' web site link to IDBI Bank's website which would offer basics of banking & finance. Information regarding BCs engaged by our banks would be placed on IDBI Bank's website. The Annual Report of our bank would include the progress in respect of extending banking services through the BC model and the initiatives taken by banks in this regard.

- An appropriate grievance redressal mechanism would need to be constituted; the same would be widely publicized and also placed in public domain. The details of the grievance redressal officer would be displayed at the premises of the BC as also at the base branch and made available by the bank/BC at the request of the customer.

## 2.6 Branch Network/ATMs:

At present, Bank is operating with 702 branches of which 73 branches are of rural location and 142 at semi urban location. As per 2<sup>nd</sup> wave of our branch expansion, it is proposed to open 300 more branches in the year 2010 / 2011 and out of which it is proposed to open 96 at semi urban and 30 at rural locations. In the following years the proposed branch network would be as under:

<b>Branches</b>	<b>Present</b>	<b>2010 / 11</b>	<b>2011 / 12*</b>	<b>2012 / 13*</b>
Metro	209	269		
Urban	278	392		
Semi Urban	142	238		
Rural	73	103		
<b>Total</b>	<b>702</b>	1002	1500	2000

*\*The location-wise breakup would be finalized in due course.*

All our existing branches are on core banking platform, and proposed branches will also be connected with the system. Thus majority of our proposed addition of branches in Rural & Semi Urban branches will act as “Base Branch” for villages to be covered under BC’s network.

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