

## **Technology Solutions for Financial Inclusion-Indian Experiences**

### **PART - B**

- (a) **Financial Information Network and Operations Limited FINO**, the company jointly promoted by banks in the public and private sector and a few investors drives the BC program through its Section 25 Company “FINO FINTECH FOUNDATION”. The foundation employs a major network of CSPs through which it endeavours to create a technology and distribution channel. The network attempts to enable financial services in remote location with minimum connectivity and infrastructure. The normal practice is to issue bio metric enabled smart cards to the customers during No Frill account opening process. The data is uploaded to the back end system which is connected to the core banking server of the principal bank. Customers can transact in the field through hand held POS machines, GPRS enabled mobile telephones or through micro deposit machines or using lap top in a KIOSK. FINO has created the largest network of CSPs. As many as 22 banks have tied up with FINO.
- (b) **A Little World India Pvt. Ltd.(ALW)** is a technology company trying to provide a convenient and innovative solution for delivery of banking services in remote areas. SBI has taken 20% equity participation in the company. The BC, Zero Mass Foundation, a close associate sec 25 company of ALW is partnering with the company in promoting financial inclusion. The most popular and well known technology model promoted by them is the GPRS enabled mobile phone device that can record and store customer information including the biometric details and send the transaction details to a central server. More than a dozen banks have tied up with ALW for their technology and the BC Services.







(c) **Eko India Financial Services Private Limited, EKO**, a technology company trying to propagate banking services tries to leverage the penetration of mobile telephone in the country. There are nearly 800 million mobile telephones in India. The advantage of the technology promoted by the company is that it needs little or no capital investment on the part of the CSP as any ordinary mobile telephone with USSD messaging is used for transactions. Eko Aspire Foundation, their sec 25 company is trying to leverage existing retail/ service outlets and distribution network to create the BC infrastructure. The model promoted by the company has helped in generating

large number of transactions mainly in metropolitan and urban centres for small value remittances. Their tie up with SBI in the initial phase enabled transaction between SBI customers of EKO with another SBI customer of EKO anywhere in the country. SBI has recently permitted integration of their operations with the core banking solution and presently money can be deposited in any SBI customers account through the CSP of EKO. This has resulted in the migrant population from States like Bihar, Orissa, West Bengal, Assam and other north eastern states using their CSP for making inward remittances.

**(d) State Bank of India**

Multiple IT enabled channels for Financial Inclusion:

- (i) SBI Tiny Smart Card is biometrically enabled Contact-less / Contact Cards / Chip / chipless operable at PoT<sup>1</sup>/PoS<sup>2</sup> device machine. Chipless Cards have been introduced to cut down the cost of operations. The operations through the PoS/PoT device support both offline & online / real time transactions in customers' account. About 1 million customers have been enrolled during the Financial Year 2011-12 (cumulative more than 6.2 million customers). Tiny Cards now support Savings Bank, Recurring Deposit, SB-Cum-Overdraft and Remittance products.
- (ii) Kiosk Banking operated at internet enabled PC (Kiosk) with bio-metric validation at select centres
- (iii) Mobile Rural Banking - The Banks own technology on mobile platform, operable also in low cost mobile introduced and covered 70 CSP outlets.
- (iv) Cell Phone Messaging Channel – This cost effective model, working on low – cost simple mobile phones and well secured through PIN /signature based security has been rolled out in 7 states across 14 districts and covered 1803 CSP outlets.
- (v) Urban Financial Inclusion - To cater to Urban excluded populace, more than 3,600 BC outlets have been set up in Urban/Metro centers. 8.8 million remittance transactions for Rs.38.88 billion were registered during FY 12.

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<sup>1</sup> Point of transaction

<sup>2</sup> Point of sale

**(e) Indian Overseas Bank**

- (i) With a view to extending banking services and products in un-banked villages, the Bank introduced Smart Card Banking through Business Correspondent as per the guidelines of Reserve Bank of India. Rural people can transact banking business at the village itself with the use of biometric smart cards and Hand Held Devices.
- (ii) Business Correspondents deliver the services at the front end. The devices are voice enabled in vernacular language and user friendly for illiterates.
- (iii) The Bank so far(till March 2011) covered 781 allotted villages under Smart Card Banking across the country.
- (iv) In addition to the above, other 30 villages were provided with the service of Business Correspondent. In all, smart Card Banking is being implemented in 16 States and 1 Union Territory spreading over 33 Regions.
- (v) During the year 2010-11 the Bank has opened 5,38,219 No-frills SB accounts and issued 36,625 biometric smart cards.