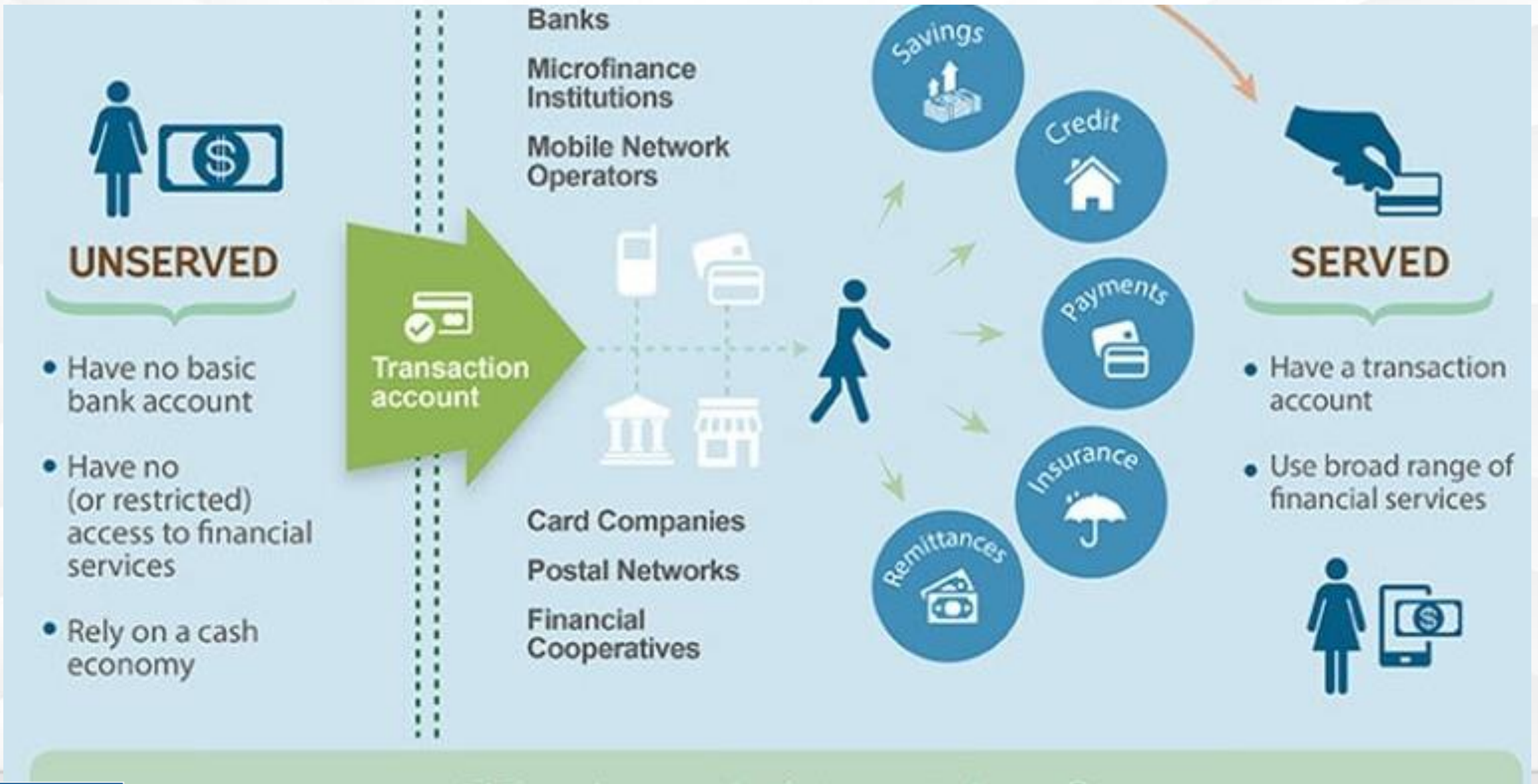




# VLE Capacity Building Program

# Financial Inclusion



# Financial Inclusion

## A3CT

**Accessibility,**

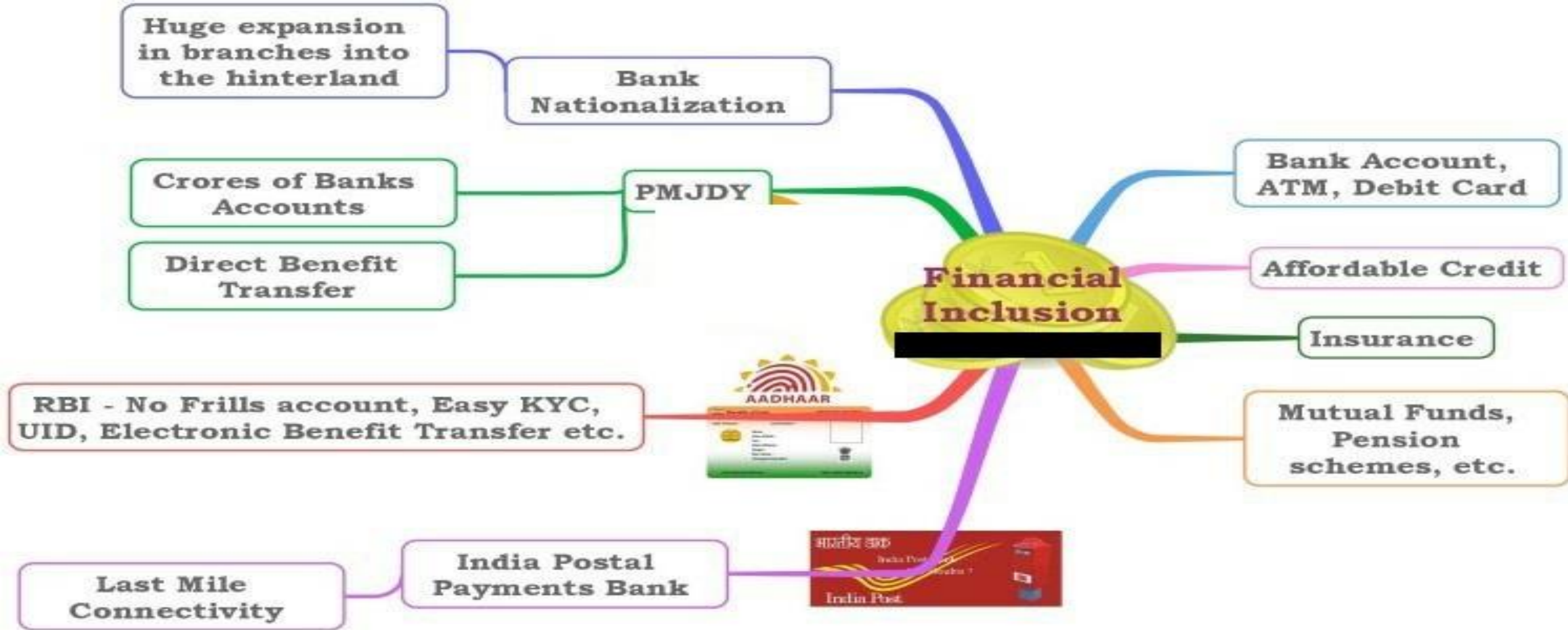
**Availability,**

**Affordability,**

**Consumer Redressal**

**Transparency**

# Financial Inclusion





# About HDFC Bank



One stop shop for all financial and payment needs



Strong national network



Healthy balance sheet, focus on asset quality



Socially and environmentally responsible corporate citizen - Parivartan



A digital leader



India's most valued brand



Committed to the highest level of ethical standards, professional integrity, corporate governance and regulatory compliance



Operational Excellence



Customer Focus



Product Leadership



## Core Values



Sustainability



People

# **Business Correspondent Center – Chhota Branch**

# About Business Correspondent (BC)



One stop shop appointed by the Bank through a Corporate Business Correspondent (CSC E-Gov) for all financial services



BCs ensure Financial inclusion and increase outreach of Banking services, thereby stronger reach



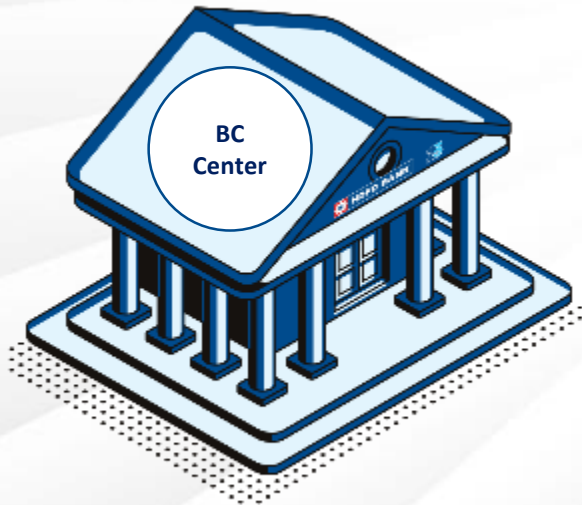
Business acquisition through BCs provide reach to geographies which were untouched giving granular growth and a Healthy balance sheet



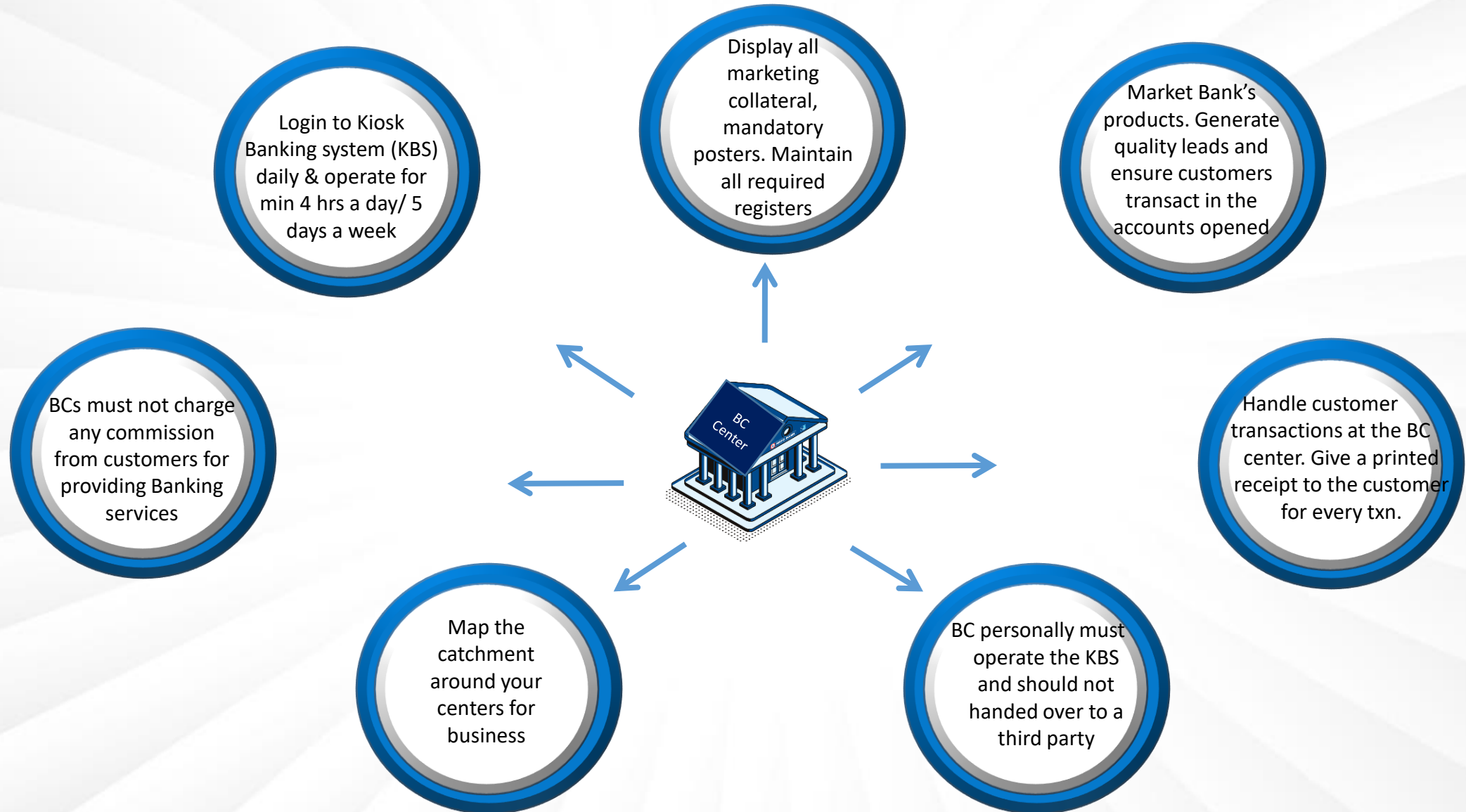
Besides provides Banking services and products, they also promote social schemes floated by the GOI through PMJDY BCs



A complete digital mode for transactions and business in line with GOI digital objectives



# Roles and Responsibilities of a Business Correspondent





# Know Your Customer - KYC

**Know Your Customer** is the process of verifying the identity of customer. The objective of KYC guidelines is to prevent banks from being used, by criminal elements for money laundering activities. It also enables banks to understand its customers and their financial dealings to serve them better and manage its risks prudently.

## Key Elements of KYC policy:

**Customer Acceptance Policy;** Accept only those clients whose identity is established by conducting due diligence appropriate to the risk profile of the client. Where the investor is a new investor, account must be opened only after ensuring that pre account opening KYC documentation and procedures are conducted.

**Customer Identification Procedures;** Banks are required to clearly spell out the Customer Identification Procedure to be carried out at different stages i.e., while establishing a banking relationship

**Monitoring of Transactions:** Transaction Monitoring can be defined as "A formal process for identifying suspicious transactions and a procedure for reporting the same internally". Monitoring means analysis of a customer's transactions to detect whether the transactions appear to be suspicious from an AML

**Risk Management.** : Effective KYC involves knowing a customer's identity, their financial activities and the risk they pose. Also, while opening accounts, we must ensure to do our Due Diligence.

# Money Laundering – 3 Stages



## PLACEMENT

Money Launder Use Bank Account to Place the Dirty Money  
 Placement in Account - Cash Deposition / RTGS - NEFT  
 from his other account



**BANK**

## LAYERING

Money Launder with the HELP of others ( X / Y / Z)  
 forms COMPLEX chain of Transaction

Transfer to Account of X

Transfer to Account of Y

Transfer to Account of Z

## INTEGRATION

The Money is Transferred to account of Person / Entity  
 Which is further used for purchasing of Property / Luxury items.

It Become difficult to Trace the source of Transaction



Purchase of luxury Assets  
Financial Investments



# Basic Banking Principles

- ✓ Trust- Build customer Trust
- ✓ Confidentiality – Maintain customer confidentiality
- ✓ Service – Customer Service is of utmost importance
- ✓ Knowledge of Socio-economic factors

# Important Actionables for BC Agents

# Mandatory Certificate Course by IIBF

- This course is aimed at providing the knowledge inputs and skills set to BC Agents. The structure of the course is, therefore, to provide basic knowledge in banking operations and help the BC Agents in developing an overall understanding of the subject.
- **Every BC Agent must register for this course, complete the assessment and submit the certificate to the Bank**

## Course Contents

GENERAL BANKING

FINANCIAL  
INCLUSION AND  
ROLE OF BUSINESS  
CORRESPONDENT  
AGENTS

TECHNICAL SKILLS

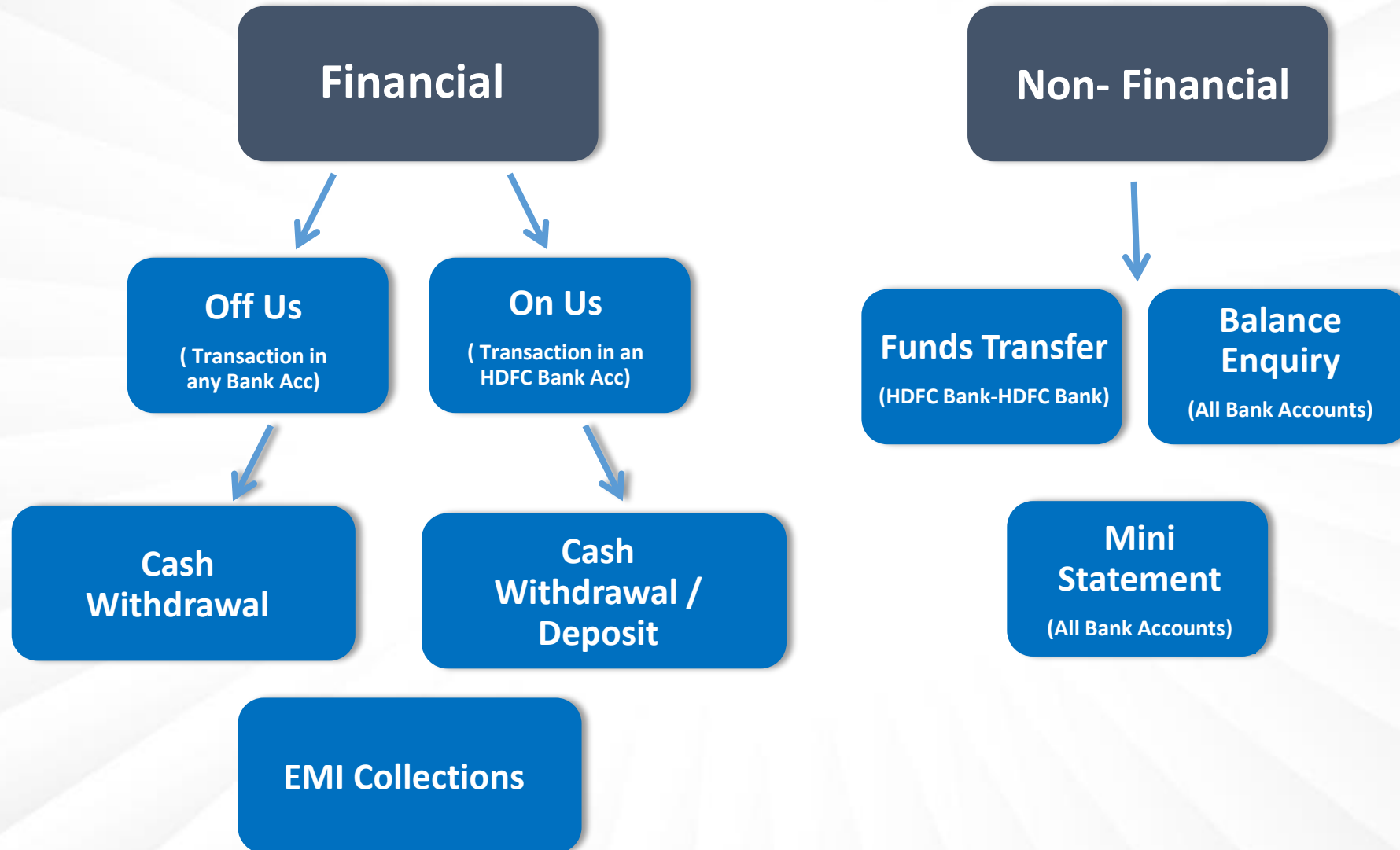
SOFT SKILLS AND  
BEHAVIOURAL  
ASPECTS



# Mandatory Display at BC Point

- ✓ Grievance Redressal Poster
- ✓ Banking Ombudsman poster
- ✓ Service Charges Poster
- ✓ Complaint Book
- ✓ Services Offered Poster
- ✓ Products Posters – Loans and Accounts
- ✓ Registers – Complaint, Visit, Account Opening, Fixed / Recurring Deposits, Transactions
- ✓ Complaint desk email ID
- ✓ Dos and Donts for Customers

# Business Correspondent – Types of Transactions at the Center



# Important instructions on Transactions

## Split/Multiple Transactions

### Multiple Transaction

Transactions which are performed due to system limitation

E.g.: Cash withdrawal of Rs 50,000 broken into more than one transaction ( 5 Transactions of Rs 10,000 each) since the system allows to withdraw Rs 10,000 per transaction

### Split Transactions

Transactions which are split into smaller amounts intentionally/unintentionally without any system limitation

E.g.: Cash withdrawal of Rs 10,000 split into more than one transaction even though the system allows to withdraw as a single transaction

### Important Guidance

**BC Agents must not encourage and carry out multiple and split transactions at their center**

# Aadhaar Compliance

## 5

### Do's and Don'ts for Aadhaar Compliance

#### Important precautions to be taken while handling customer's Aadhaar.

#### Do's

- 1 Accept Aadhaar only when given **voluntarily** by the customer post offering **alternatives\***
- 2 Inform the customer of the **purpose** of taking Aadhaar, in **local language** understandable to the customer
- 3 Inform & collect **customer's consent prior to voluntary submission** of Aadhaar.
- 4 Aadhaar should be used only for the **purpose informed** to the customer
- 5 Always **ensure privacy** of customer's Aadhaar Data.

#### Don'ts

- 1 **Never share** Aadhaar information of the customer with any **third parties** or **via e-mail, phone etc.**
- 2 **Never store Aadhaar copies** in branch, laptops / desktops, mobile phones or any portable storage device.
- 3 **Never request** customer to give Aadhaar through email or **unsecured social media platforms** like WhatsApp, Facebook, etc.
- 4 **Never obtain additional Aadhaar copies** from customers.
- 5 **Never publish, display, transfer or post publicly** Aadhaar details of the customer.

\* **Note:** KYC Alternatives as per prevalent guidelines should be offered to the customers.

**Each and every Agent / Bank staff / Business Correspondent (BC) / Business Facilitator (BF) is responsible for ensuring Aadhaar compliance – any non-compliance can lead to strict action / penalties.**

# Dos for Business Correspondents

## ✓ Dos

- Please identify customers with strict adherence to KYC norms. Interact with the customer in person, understand his profile and requirement and source quality accounts for the Bank.
- Respect customers irrespective of class, creed and religion and its activities should be available to all eligible citizens of India.
- Maintain customer confidentiality, capture all customer information including email ID, mobile number, and nominee correctly.
- Have Knowledge of the local area and language
- Display all important posters in the center.
- Isolate and clearly identify the Bank's customer information, documents, records, and assets to protect the confidentiality of the information.
- System generated on-line receipt should be issued to the customer invariably for all transactions carried out by him/her on behalf of the bank.
- Inform the customer not to share OTP / Net Banking password / ATM PIN with any one
- Maintain a good relationship with the Bank's Branch Manager.
- Protect yourself well while travelling to and fro to the Bank with cash. Protect your cash while at your center.
- Login to KBS system daily, minimum 4 hours a day/5 days in a week.
- Maintain all the registers prescribed by the Bank carefully.
- Read the manuals carefully and clarify doubts.
- If there is any problem with the terminal or branch, report to the State Head/ Area Head immediately.
- Keep the terminal clean, safe, and well charged.
- Maintain safe distance between customers while carrying out transactions.
- Adhere to Covid19 guidelines applicable to your area / state
- Sight all documents in original.



# Donts for Business Correspondents

## X Donts

- Do not make any false commitments / demand any commissions for disbursement of any loan / account opening from the customer. The BC is not authorized with any powers for sanction of any loan.
  - Do not give any scope for customer complaints and grievances affecting the image of the bank
  - Do not resort to intimidation or harassment of any kind against any person in their debt collection efforts. Do not exploit customers- do not solicit or extract any favour in return for services you provide in cash or kind.
  - Do not give the impression that you are a benefactor of a customer; you are doing your duty.
  - Do not encourage informal borrowing or lending.
  - Do not reveal transaction details of the customers to anyone else.
  - Do not complete a cash transaction in the terminal until you receive the cash in hand.
  - Do not keep large amounts of cash for long time.
  - Do not keep the customer's copy of transactions with you.
  - Do not let anyone else operate the Kiosk Banking system
  - Do not keep copies of any customer documents.
  - Do not accept cash from the Customer for account opening
  - Do not update your own Mobile number/ Email ID/Address in the customer's account while generating a lead
  - Do not create your own Stamps / Display Material/ Advertisement / Banners for Business Promotion in centers & social media (Face Book/ Twitter / Instagram etc.)
- Do not collect any additional service charges directly or indirectly from the customers.

# Actionable for Business Correspondents – Debit Authority Letter

- ⌚ A One Time Debit Authority Letter from BC Agents is required for a failed / reversed customer transaction.
- ⌚ BC Agent must visit the nearest branch with a hard copy of the Debit Authority Letter cum Declaration.
- ⌚ BC Agent must fill up the required details and submit duly signed request along with self- signed copy of valid photo identification proof

**Annexure I – Format of Debit Authority Letter**

[Date]  
HDFC Bank Ltd.

Dear Sir,

I, \_\_\_\_\_ have been appointed as the VLE / BC Agent by \_\_\_\_\_ ( Name of Corporate BC) by virtue of the Business Correspondent Agreement executed between \_\_\_\_\_ ( Name of Corporate BC) and the Bank for carrying out the activities as stated therein.

I hereby confirm that all the transactions carried out by me as a VLE / BC Agent will be conducted on Kiosk Banking System (KBS) and in event of any unsuccessful/failed transactions, the same shall be considered as rejected transactions and I will not process/honour any such transactions with the end customer. I agree and confirm to open a dedicated current account with HDFC Bank and this account will be used to carry out the settlement for the business conducted as a VLE / BC Agent and hence will be treated as settlement account for all BC transactions.

I hereby unconditionally authorise you to debit my A/c no. \_\_\_\_\_ (“Settlement Account”) maintained with your \_\_\_\_\_ branch in the event of any successful/failed transactions identified at the time of reconciliation of the transactions carried out by Bank / BC for all such outstanding amounts together with interest, charges, cost, expenses etc. payable by me to the Bank, in connection with the said arrangement. I shall keep the Account adequately funded so as to carry out such transactions in terms of the Agreement executed between the BC and HDFC Bank.

The instruction given by me, as stated above are irrevocable and cannot be modified. Further the above Settlement Account will not be closed by me unless we receive the consent of HDFC Bank. \_\_\_\_\_ on HDFC Bank.

This debit authority / operating rights given by me to HDFC Bank, \_\_\_\_\_ settlement account overrides any other operating instruction that I may have given to the branch during the \_\_\_\_\_ same stays as long as my arrangement as a VLE / BC Agents with \_\_\_\_\_ ( Name of \_\_\_\_\_ terminated/expired which in case will be communicated by \_\_\_\_\_ ( Name of \_\_\_\_\_) will then this debit authority shall be valid and binding on me.

I agree and undertake to indemnify HDFC Bank \_\_\_\_\_, damage, loss or injury of any nature whatsoever arising out of any transactions, which may so take place in \_\_\_\_\_.

I agree that HDFC Bank may exercise its right of set-off with respect to my obligation in terms of the Agreement executed between the BC and HDFC Bank. \_\_\_\_\_ shall have a lien and right of set-off on all monies belonging to me in any account whatsoever with \_\_\_\_\_ and in the event of default or failure or delay by the Bank in exercising any right, power or remedy hereunder shall not be deemed to constitute a waiver of any right, power or remedy hereunder shall continue in full force and effect and I shall not further exercise thereof and every right and remedy of HDFC Bank shall be further exercise thereof and every right and remedy of HDFC Bank shall be specifically waived by an instrument in writing executed by \_\_\_\_\_.

This debit authority is irrevocable and constitutes legal and binding obligations on me and my successors and legal heirs and shall continue to be in full force and effect notwithstanding any change in the arrangement between \_\_\_\_\_ ( Name of Corporate BC) and Bank or between \_\_\_\_\_ (Name of Corporate BC) and VLE / BC Agents.

This debit authority shall be governed by and construed in accordance with the laws of India and I hereby irrevocably submit to the exclusive jurisdiction of the competent courts of \_\_\_\_\_.

Sincerely,

Signature of BC Agent

Name of BC Agent  
BC Agent VLE Code  
BC Agent TID Number  
Complete Address of BC Agent

# TDS Waiver for customer cash transactions for BC Agents

## Tax Deduction at Source (TDS) Rule:-

- Effective September 1, 2019, as per Section 194N of the Income-tax Act, 1961, banks are required to deduct TDS on Cash Withdrawal. Further amended w.e.f 1<sup>st</sup> July'20.
- BC Agents cash transactions carried out for customer cash withdrawal / deposit are exempted from TDS
- As per the IT Act, BC Agents are eligible to get waiver on TDS for cash withdrawal only for BC related transactions

## Process of Availing TDS Waiver

- BC Agent must submit the TDS waiver declaration along with a self signed copy of the BC Agent certificate at the beginning of every Financial year at the HDFC Bank branch.

# Social Security Schemes

The government of India offers a variety of social security schemes including affordable life, accident cover & a guaranteed pension plan

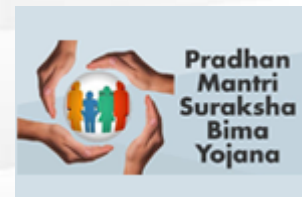
One can invest in them via a HDFC Bank Savings Account

## Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)



- ✓ Get a life cover of ₹ 2 lacs for a premium of ₹ 330 a year
- ✓ Subscribe through SMS or NetBanking
- ✓ Automatically pay your premiums

## Pradhan Mantri Suraksha Bima Yojana (PMSBY)



- ✓ Pay a premium of just ₹12 per year
- ✓ Get accident insurance cover of up to ₹ 2 lacs
- ✓ Easily pay via SMS or NetBanking

## Atal Pension Yojana

- ✓ Get guaranteed monthly pension at the age of 60
- ✓ Monthly investments can be as low as ₹ 42
- ✓ Choose your pension amount from ₹ 1,000 to ₹ 5,000

Thank you