



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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RBI/2011-12/425

DBOD.No.BL.BC. 82/22.01.009/2011-12

March 02, 2012

All Scheduled Commercial Banks  
(Including RRBs) & Local Area Banks

Dear Sir,

**Financial Inclusion by Extension of Banking Services - Use of Business Correspondents (BCs)**

Please refer to paragraph 3 on 'BC Model' of our [circular DBOD.No.BL.BC.43/22.01.009/2010-11 dated September 28, 2010](#) on the above subject wherein it is stated that while a BC can be a BC for more than one bank, at the point of customer interface, a retail outlet or a sub-agent of a BC shall represent and provide banking services of only one bank. It was also stated that the terms and conditions governing the contract between the bank and the BC should be carefully defined in written agreements and subjected to a thorough legal vetting. Banks were also advised to strictly adhere to instructions contained in the guidelines on managing risks and code of conduct in outsourcing of financial services by banks, issued by Reserve Bank of India on November 3, 2006 while drawing up agreements. Further, banks will be fully responsible for the actions of the BCs and their retail outlets / sub agents.

2. In this connection, it has been decided to permit interoperability at the retail outlets or sub-agents of BCs (i.e. at the point of customer interface), provided the technology available with the bank, which has appointed the BC, supports interoperability, subject to the following conditions:

- a) The transactions and authentications at such retail outlets or sub-agents of BCs are carried out on-line;
- b) The transactions are carried out on Core Banking Solution (CBS) platform; and
- c) The banks follow the standard operating procedures to be advised by the Indian Banks' Association (IBA).

However, the BC or its retail outlet or sub-agent at the point of customer interface would continue to represent the bank, which has appointed the BC.

3. All other conditions as stated in the extant guidelines dated September 28, 2010 would mutatis mutandis apply to the operations executed at the retail outlets or sub-agents of BCs.

Yours faithfully,

(Murli Radhakrishnan)  
Chief General Manager

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