



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

RBI/2011-12/590

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To Chairman/CMD of Scheduled Commercial Banks
(including RRBs)

Dear Sir

Financial Literacy Centres (FLCs) – Guidelines

Please refer to our [circular RPCD.CO.MFFI.BC.No.86/12.01.18/2008-09 dated February 4, 2009](#) on Model Scheme for setting up Financial Literacy and Credit Counselling Centres (FLCC).

2. Since the Model Scheme has been in operation for quite some time, it was decided to evaluate it in terms of its efficacy and impact on the spread of Financial Literacy in the country. Accordingly, a study on the functioning of the FLCC has been conducted through a nationwide sample survey of 30 FLCCs spread across 16 States. The findings of the study indicate the limitations of the model scheme in scaling up the financial literacy efforts in the desired manner. Some of the findings of the study are given below:
- All FLCCs are located in Urban and Semi Urban areas. No FLCC is functioning in the rural areas, where the largest sections of financially excluded population reside.
 - Awareness of existence of FLCC among local populace is limited.
 - FLCCs are mostly serving walk in clients, whereas outdoor literacy drives by FLCCs are exceptions.
 - The literacy material available at FLCCs is generally the publicity material pertaining to various products of sponsor banks.
 - Even though 53% of the FLCCs are run by separate Trusts/Societies formed for the purpose, these are actually working as institutions of sponsor banks due to their dependence for funding and administrative support. Thus, FLCCs are not in a

position to maintain arms- length distance from sponsor bank as envisaged in the Model Scheme.

3. In view of the above and with the objective of scaling up Financial Literacy efforts manifold, it has now been decided to modify the existing FLCC Scheme. While the existing FLCCs would continue to function with a renewed focus on financial literacy, Lead banks are advised to set up Financial Literacy Centres (FLCs) in each of the Lead District Manager (LDM) Offices in a time bound manner. This will lead to opening of 630 plus FLCs in all the districts throughout the country. In addition to the above, banks may consider setting up need based FLCs in other locations as well. Further, financial literacy activities will also be undertaken by all the rural branches of Scheduled Commercial Banks including RRBs.

4. The Financial Literacy Centres (FLCs) will impart financial literacy in the form of simple messages like Why Save, Why Save early in your Life, Why Save with banks, Why borrow from Banks, Why borrow as far as possible for income generating activities, Why repay in time, Why insure yourself, Why Save for your retirement etc. The FLCs and rural branches of the banks would also conduct outdoor Financial Literacy Camps with focus on financially excluded people at least once a month. For the purpose, the help of experienced NGOs may also be taken. As the focus of the FLCs is on simple messages of financial literacy, no risks of misselling are expected. However, it will be the responsibility of the officer specifically identified for the purpose in LDM offices and rural branches of banks to ensure that misselling of financial products and services does not take place. The officials working at FLCs should be provided training in behaviour orientation so as to enable them to work as effective trainers along with periodic knowledge up gradation on various banking products and services.

5. In order to facilitate effective implementation of the above guidelines, we are in the process of preparing Standard financial literacy material/ training modules, to be distributed to banks for providing awareness and knowledge of basic banking

throughout the country. If necessary, banks may also prepare material on above illustrative topics in vernacular language using stories and pictorial representations to disseminate information on the four basic banking products i.e. (i) savings cum overdraft account, (ii) pure savings product ideally a recurring deposit scheme, (iii) remittance product for electronic benefits transfer and other remittances, and (iv) entrepreneurial credit in the form of General-purpose Credit Card (GCC) or Kisan Credit Card (KCC).

6. FLCs and rural branches of banks should maintain record in the form of a register containing details such as name, gender, age, profession, contact details, whether banked or unbanked, details of services availed etc. The Head/ Controlling Offices of the concerned banks would monitor the financial literacy efforts undertaken by their FLCs/Branches through periodic reporting and also by resorting to random on-site visits. They would periodically (at least once in a year) undertake impact evaluation of their literacy efforts so as to make way for continuous improvement.

7. SLBCs/UTLBCs would review the financial literacy efforts undertaken by banks under their jurisdiction as an agenda item in the SLBC/UTLBC meetings and would submit a Quarterly report on the functioning of FLCs to the respective Regional Offices of RBI within 20 days after the end of each quarter, as per [enclosed format](#).

Yours faithfully

(C D Srinivasan)

Chief General Manager