

How Bharat Financial Inclusion Limited is using digital paperwork to ensure 100% digital business correspondent onboarding for their Bharat Money Stores initiative



An interview with Ritesh Chatterjee, Chief Distribution Officer at Bharat Financial Inclusion Limited and Head of Bharat Money Stores



BHARAT
Financial Inclusion Ltd
Prayaas se pragati



BFIL Info Sheet



Bharat Financial Inclusion Limited is a leading player in the financial services industry, offering asset and liability product solutions from IndusInd Bank. Post the merger in 2019, BFIL became a 100% owned subsidiary of IndusInd Bank and now acts as a Business Correspondent of IndusInd Bank. As a Business Correspondent, BFIL offers a range of financial solutions to its customers - from loans for businesses to savings solutions like Recurring Deposits and Fixed Deposits.

But what really sets them apart?

BFIL follows a '**digital first**' approach when it comes to providing services to its customers. Here is a screenshot from BFIL's website where they explain the key pillars of their business processes:

With over 8 million customers in 1.33 lakh villages across 23 Indian States and 2150+ branch offices, we are the largest diversified company with presence and deep reach across geographies in India. We have always been at the forefront of digitisation, product innovation and providing convenient 'user-friendly' services to our customers. Our process and digitisation initiatives have enabled us to move towards paperless transactions, thus enhancing customer convenience and customer satisfaction while delivering operational efficiencies.

BFIL focuses heavily on digitising its processes to provide user-friendly banking services to its customers, at their convenience.



We have digitized the entire process of BFIL. We were the first to do eKYC for loans and tabs in the MFI industry. The last pilot we ran for digitization was going cashless. We liked the concept and we continued with it and made it a full fledged commercial undertaking and we hope that it'll grow further and be able to service the needs of the plan we have for BFIL and IndusInd for the rural economy



Ritesh Chatterjee, Chief Business Officer @ BFIL

Bharat Money Stores

The mission of Bharat Money Stores is to provide rural service touchpoints for IndusInd Bank and BFIL in tier 5 and tier 6 areas. Under Bharat Money Stores, Kirana (grocery) shop operators can apply to become a sub-business correspondent of IndusInd through BFIL. Once appointed as an agent, these stores act as banking touchpoints where customers can carry out a variety of digital banking transactions:

- Opening savings accounts
- Fixed deposits
- Leveraging Aadhaar Enabled Payment System (AEPS), customers can avail the facility of Aadhaar biometric based banking transactions such as cash withdrawals and deposits by conveniently using their Aadhaar and fingerprint
- Customers can instantly transfer their money to any bank account in the country through money transfer facility
- Pay bills for various services such as electricity, gas, water and telecom
- They can recharge their DTH and mobile services
- Customers can also avail personal loans

“ They don't need an ATM card also, they can just use their biometrics, quote the bank name, and that's it. They don't even have to remember an account number. ”

Ritesh Chatterjee, Chief Business Officer @ BFIL



Leveraging technology in this way has helped IndusInd and BFIL significantly expand their footprint across the country. And a **key player in this process is the Kirana store merchant.**

The importance of the merchant onboarding agreement

To onboard kirana store merchants into their Business Correspondent network, BFIL needs to enter into an agreement with them.

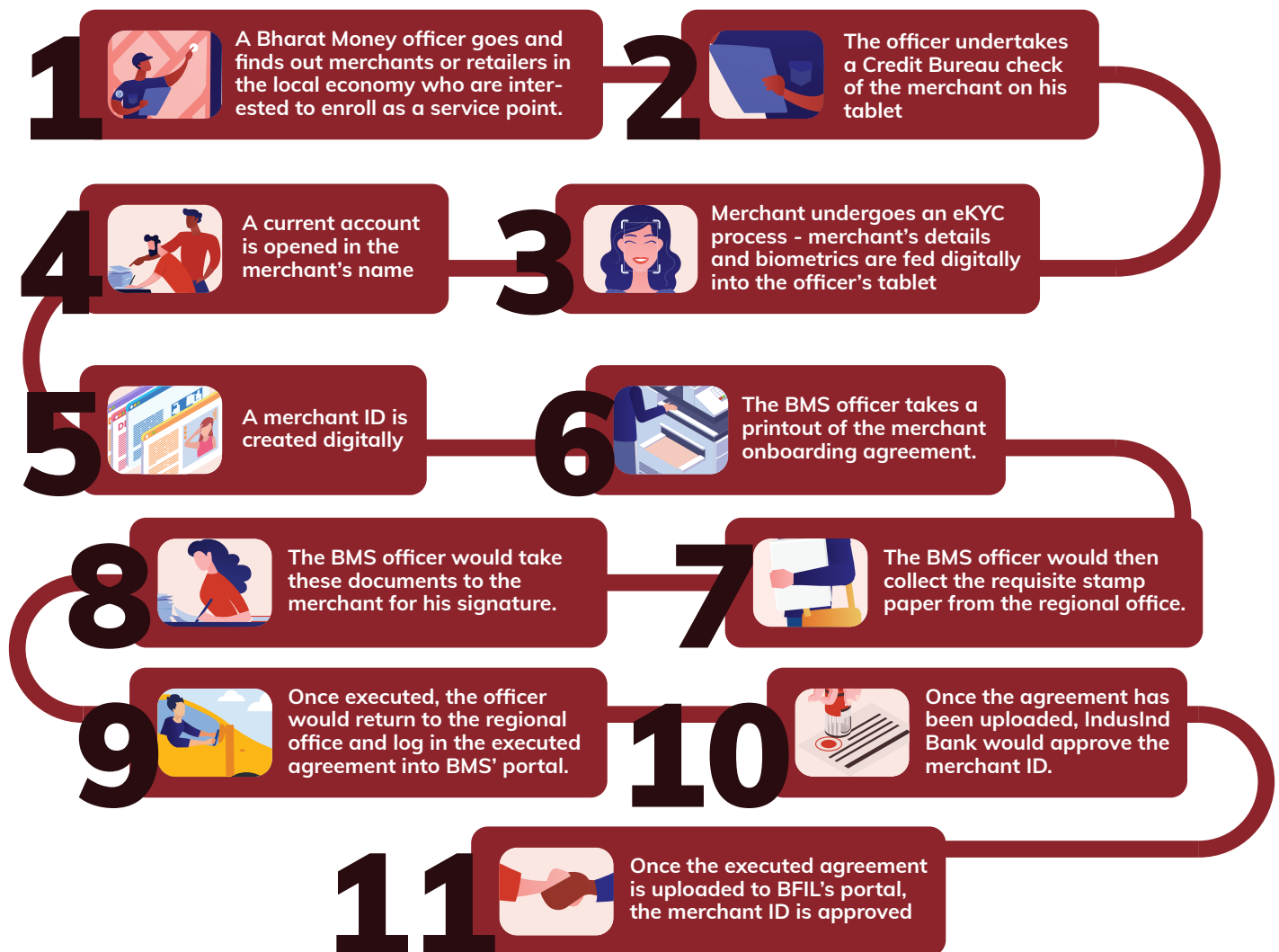


So this is the agreement that basically says that they are a BC of IndusInd bank. The BMS merchant is a sub-BC agent, appointed by us (Bharat Money Stores) and managed by BFIL. The agreement is between the Bank, BFIL and the BMS merchant. The agreement **lays down all the services** he will do, the SLAs he will do, as well as the dos and don'ts. So these are the key contents of the agreement. This is a **mandatory requirement** to onboard this BMS point as a BC agent.



Ritesh Chatterjee, Chief Business Officer @ BFIL

But → Bharat Money Stores' merchant onboarding process was heavily complicated by a physical paper based journey



Paper merchant onboarding agreements created significant operational hurdles for Bharat Money Stores

Massive delays



It would take generally around seven to 15 days to get [the agreement] uploaded



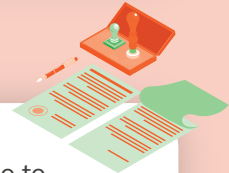
Storage and tracking of documents was becoming a logistical nightmare



The issue with [the physical process] was mainly about the post signing, the storage and management of the documents. It was next to impossible to make sure that every document is accounted for.



Procuring physical stamp papers was an administrative hassle



There's a lot of paperwork required and there will always be delays in reaching the stamp papers because our field officer does not usually go to the regional office to deposit this. He only does his beat at the local level. So these issues are quite humongous. And if you do it on scale, it'll be very costly to do this. So physical procurement for the stamp papers would be pretty onerous because each of our regional offices would need to procure its quota of stamp papers separately. So that's a massive administrative hassle.



Created a gaping hole in Bharat Money Stores' digital process



When the loan officer uploads it physically, after that the physical paper has to be accounted for. It is generally a tough exercise [to] account for every paper. So like I said, we are a paperless organization right from the beginning. Everything has been paperless, so trying to do this, we don't have the infrastructure to handle it. Unlike people who are doing this regularly, for them it's different. But for us, it would not have been possible to do it.



Ritesh Chatterjee,
Chief Business Office @ BFIL



BMS desperately needed a solution to fill this critical gap in their digital flow

If we are to acquire someone, then digital documentation is a must. It's critical because without it completing, you don't have either the customer onboard or the merchant. The acquisition doesn't happen. So it's as simple as that. It's not just about how important it is. It just won't go through [without digital document execution]. It was just a matter of availability of this [digital document execution] service. We came to know that it is available with someone and it can be done. So that is the reason we did only a few cases physically, and then the tie-up with Leegality happened



To go from physical execution to digital, BMS chose Leegality's Digital Paperwork Engine

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So you go to a kirana store and ask him whether he wants to enroll. Once his details are filled in [to the tablet] you take his biometric consent and then send it. We do a Credit Bureau check to see if he's a defaulter or not. So all this happens instantly and if there are no network issues, then it connects and everything gets signed and there's a separate biometric consent required for the agreements, which are taken again.

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Ritesh Chatterjee, Chief Business Officer @ BFIL

Instead of following a separate laborious 5 step physical process just to get the agreement executed, BMS merchants can now simply eSign the agreement on the tablet which was anyway being used to feed in KYC information.

BFIL's simpler, faster and 100% digital onboarding process after integrating Leegality

1



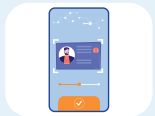
A Bharat Money officer goes and finds out merchants or retailers in the local economy who are interested to enroll as a service point.

2



The officer undertakes a Credit Bureau check of the merchant on his tablet

3



Merchant undergoes an eKYC process - merchant's details and biometrics are fed digitally into the officer's tablet

4



A current account is opened in the merchant's name and a merchant ID is created digitally

5



Duly stamped merchant onboarding agreement is instantly executed via Leegality - completely digitally

6



Merchant ID is immediately approved

BFIL is deriving fantastic business results from its zero paper onboarding process

Significant reduction in TAT



The benefits of digitisation versus paperwork are in terms of turnaround times. And so the whole process of enrollment end to end can take as less as 15 minutes.



Reduce costs



The cost of managing and cost of acquisition goes down



Hassle-free stamp paper procurement



We tie up less money in inventory of stamps, using Leegality's digital process. You can never be exact in your consumption, in different states or different places, so a digital method helps us to do that operationally. It's the equivalent of manufacturing, where you have inventory tied up and the more money you have tied up in inventory, the less you can use for production and sales.. The digital process has helped us save at least 30 percent of our inventory, in terms of the value of stamps.



Retrieve documents easily



We have a portal in which all the documents are stored. In the portal all the details for respective merchants are stored, and that's where one can go and retrieve all the digital details.



Ritesh Chatterjee,
Chief Business Office @ BFIL

Rave Reviews: Leegality's support team



Technology is only an enabler. The main part is how do you deliver as per the plan and how do you make sure that your partner's plan is fulfilled. The plans may keep changing. You may want to expand. You may want to cut down some state, increase some other state. That's where flexibility counts- the ability of your partner to understand what all is required.

We don't view Leegality as a vendor. It's a partner. So the partner understands the changing dynamics of the business and can adjust accordingly. So for us, that's the most important characteristic because it's not a one time supplier, it's not a fixed quantity supply over a period of time. It's not a one time purchase order. So these are ongoing changing dynamics in every state, which will keep defining the way going forward. So I think the partnership with Leegality has been successful in defining a running partnership, which may be changing all the time, but the dynamics of it are addressed as we go along. So that's why you don't hear any issues and gaps coming in.



- Ritesh Chatterjee, Chief Business Officer @ BFIL

Beyond BFIL, 1500+ top Indian Companies are using Leegality to build digital flows for their paperwork



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OR
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OUR EXPERTS WILL

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- Help you create a customized document flow
- Share a testing account