

Use Rs. 2,000-cr financial inclusion fund to set up more ATMs, says RBI panel

Our Bureau

Finds significant element of regional exclusion in banking access



Mumbai, December 30:

In view of the low penetration of ATMs in rural and semi-urban centres, a Reserve Bank of India panel has recommended that the Rs. 2,000 crore Financial Inclusion Fund should be utilised to encourage installation of ATMs in these centres.

The RBI's committee on medium-term path on financial inclusion observed that as of 2014 there were only 18 ATMs per one lakh adult population in India against over 65 in South Africa and over 180 in Russia.

The objective of FIF, which is managed by the National Bank for Agriculture and Rural Development, is to support "developmental and promotional activities" including creating financial inclusion (FI) infrastructure across the country, capacity building of stakeholders, creating awareness to address demand-side issues.

The Committee, headed by Deepak Mohanty, Executive Director, RBI, is of the view that installing more ATMs in rural and semi-urban centres will create more touch points for customers. As at October-end 2015, there were 1,90,827 ATMs in the country.

Micro ATMs

The Committee recommended that interoperability of micro ATMs should be allowed to facilitate the usage of cards by customers in semi-urban and rural areas across any bank micro ATM and Business Correspondent (BC). For this, connectivity of micro ATMs to the National Financial Switch should be enabled. Adequate checks and balances should be put in place to ensure customer protection and system safeguards.

Micro ATMs are handheld devices (usually operated by BCs) that allow customers to perform basic financial transactions using only their Aadhaar number and their biometric/OTP as identity proof (along with a Bank Identification Number for inter-bank transactions).

Unlike an ATM, the cash-in/cash-out functions of the micro ATM are performed by an operator. These devices support transactions such as deposit, cash withdrawal, funds transfer and balance enquiry. A BC is appointed by a bank and provides access to basic banking services using the micro ATM.

The panel felt that although a quantum jump in banking access has taken place, a significant element of regional exclusion persists for various reasons that need to be addressed by stepping up the inclusion drive in the north-eastern, eastern and central States to achieve near-universal access.

This may entail a change in banks' traditional business model through greater reliance on mobile technology for 'last mile' service delivery.

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