

POLICY ON BUSINESS CORRESPONDENTS/FACILITATORS 2025-26
OF
THE KARNATAKA BANK LIMITED

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BRANCH BANKING DEPARTMENT- FI CELL

POLICY ON BUSINESS CORRESPONDENTS/ FACILITATORS

1. INTRODUCTION;

Financial Inclusion is the process of ensuring access to appropriate financial products and services needed for all sections of society, with a particular focus on vulnerable groups such as weaker sections and low-income groups. This access should be provided at an affordable cost and in a fair & transparent manner by mainstream institutional players.

To promote greater Financial Inclusion and expand the outreach of the banking sector, Banks have been permitted to engage intermediaries for providing financial and banking services through the Business Correspondent/Facilitators model.

2. BUSINESS CORRESPONDENTS;

The Business Correspondent (BC) model is a cost-effective delivery mechanism that provides financial services to the underserved population in remote locations through Business Correspondent Agents (BCAs) using Hand Held Devices/ Micro ATMS/ Tablets/Laptops/Desktop PCs Integrated with PIN Pad & finger print readers.

Business Correspondent Agents (BCAs) act as financial intermediaries engaged by Banks to provide financial and banking services to financially excluded individuals at locations other than a Bank Branch/ ATM. They offer a limited range of banking services at an affordable cost.

To expand the outreach of financial services, including the opening of Savings and Current accounts, financial transactions, and the distribution of various government schemes, the Bank may engage individuals or corporate entities as Business Correspondents (BCs) to serve the masses across the country at an affordable cost.



CHAPTER -I

INDIVIDUAL BUSINESS CORRESPONDENTS

INDIVIDUAL BUSINESS CORRESPONDENTS;

Business correspondents (BCs) are retail agents engaged by Banks to provide banking services at locations other than a Bank branch/ ATM. The BC model complements the branch network by increasing business volumes without requiring the significant expenditure with opening and operating a Branch.

An Individual Business Correspondent is a person who acts as an intermediary between a financial institution and customers and may be appointed at locations as determined by the Bank. The individual BC shall be linked to a base branch and will operate under its direct control and supervision.

3. ELIGIBILITY OF INDIVIDUAL BC (BC AGENT);

As per the latest RBI circular, the following individuals are eligible to be appointed as BC agents:

- Individuals like retired Bank employees,
- Retired teachers,
- Retired government employees and ex-servicemen,
- Individual owners of kirana/medical / Fair Price shops,
- Individual Public Call Office (PCO) operators,
- Agents of Small Savings schemes of Government of India/ Insurance Companies,
- Individuals who own Petrol Pumps,
- Authorized functionaries of well-run Self-Help Groups (SHGs) which are linked to banks,
- Any other individual including those operating Common Service Centres (CSCs) are eligible to become Individual BC of a Bank.

Further, eligibility criteria for individual BC agent as follows;

- ✓ Education qualification shall be minimum of 10th Standard passed.
- ✓ Age shall be preferably between 18 to 65 years.
- ✓ Person with basic computer literacy & accounting knowledge may be preferred.
- ✓ Having knowledge of local area & language is mandatory.
- ✓ Absence of any criminal record.

4. SCOPE OF ACTIVITIES OF INDIVIDUAL BC;

The activities to be undertaken by the BCs shall be within the normal course of banking business. The scope of activities of BC may include;

- Identification of borrowers and preliminary work relating to account opening formalities.
- Promoting, nurturing and monitoring of Self-Help Groups/ Joint Liability Groups/Credit Groups/others.
- Creating awareness about savings and other products and educating/advising on managing money including debt counselling.
- Collection of small value deposits.
- Collection and preliminary processing of loan applications including verification of primary information/data.
- Processing and submission of applications to banks.
- Disbursal of small value credit.
- Post-sanction monitoring.
- Follow-up for recovery.
- Recovery of principal/collection of interest.
- Distribution of banknotes and coins.
- Sale of micro insurance/ mutual fund products/ pension products/ other third-party products.
- Receipt and delivery of small value remittances/ other payment instruments.

5. KYC NORMS;

KYC and AML procedures, as laid down in the latest RBI Master Circular should be followed in all cases. The Bank shall use the services of the BC for preliminary work relating to account opening formalities. However, ensuring compliance with KYC and AML norms under the BC model continues to be the responsibility of Bank.

Bank can use either OTP based/biometric Aadhaar e-KYC authentication or Offline Verification of Aadhaar for identification. Further, services of Business Correspondents (BCs) may be used by Bank for opening of online accounts/ aiding the V-CIP.

6. CUSTOMER CONFIDENTIALITY;

BC should ensure, the preservation and protection of the security and confidentiality of customers' information in the custody or possession of BC.

7. INFORMATION TECHNOLOGY STANDARDS;

Bank shall ensure that equipment and technology used by the BC are of high standards.

8. OTHER NORMS FOR ENGAGEMENT OF INDIVIDUAL BC;

- ❖ The candidate should not be simultaneously working as BC for other Bank/Institution.
- ❖ No charge shall be levied directly by the BCs from the customer.
- ❖ BCs shall be personally introduced to the villagers by the Bank officials in the presence of village elders and Govt. functionaries in a public meeting so that there is no misrepresentation/impersonation.

9. SELCTION PROCESS;

- ✚ The Branch Banking Department will determine the locations where BCs are required based on the assessed business potential.
- ✚ The application forms should be submitted by individual candidates to the nearest Branch, which will then forward them with its recommendation to the Branch Banking Department.
- ✚ After scrutiny of the application forms, eligible individuals will be shortlisted.
- ✚ Selection and appointment will take place after an interview conducted by the Branch Banking Department. The appointment will be made only after due diligence and compliance with complete KYC norms.
- ✚ Upon selection and approval by the Branch Banking Department, an engagement letter detailing the terms and conditions of engagement, duties, etc. will be issued to the BC by the Branch Banking Department. The Branch must obtain the candidate's acceptance of these terms.
- ✚ After the candidate accepts the terms and conditions, the Bank must execute an agreement explicitly outlining the payment structure on a stamp paper of requisite value, as per the relevant state's stamp act.
- ✚ BCs to undergo the BC Certification exam conducted by IIBF and complete the same

within 9 months of their appointment, or extant regulatory guidelines from time to time and completion certificate shall be submitted to the Bank.

10. DUTIES AND RESPONSIBILITIES OF INDIVIDUAL BC;

- ✓ The BCs are to carry out their assigned jobs on behalf of the Bank duly authorized by competent authority with utmost care, devotion, prudence, diligence and with the highest degree of integrity to enhance the Bank's interest and image.
- ✓ To conduct financial awareness programs in the villages allotted.
- ✓ To identify potential customers to the Bank.
- ✓ To submit duly filled in application forms and other supporting documents to the base branch in physical form and without any delay as specified by the Bank for authentication of the customer data and authorizing the beneficiary for opening the account.
- ✓ To promote Self Help Groups (SHGs)/Joint Liability Groups (JLGs).
- ✓ To market Bank's other products, educate and advice on managing money and debt counseling.
- ✓ Collection of payment of small value deposit and withdrawals.
- ✓ The BC will be responsible for the security of the cash held by them for customer payments and of the cash deposited by the customer in their accounts.
- ✓ The BC will tally cash balances as per the micro ATM with the physical cash available at any point of time during the day, and also during the surprise visit/audit conducted by the Bank.
- ✓ A complaint book needs to be maintained by the BC at their outlet to enable customers to record their complaint, if any.
- ✓ The BC should adhere to the code of conduct in letter & spirit failing which penal provisions including termination of arrangement would be invoked.
- ✓ The BC should not resort to intimidation or harassment of any kind, either verbal or physical, against any person in their recovery efforts.

11. COMPLAINTS / SUGGESTIONS REGISTER;

A complaint register to be maintained as per Bank's policy on grievance redressal at BC outlet/Base branch.

12. COMMISSION PACKAGE;

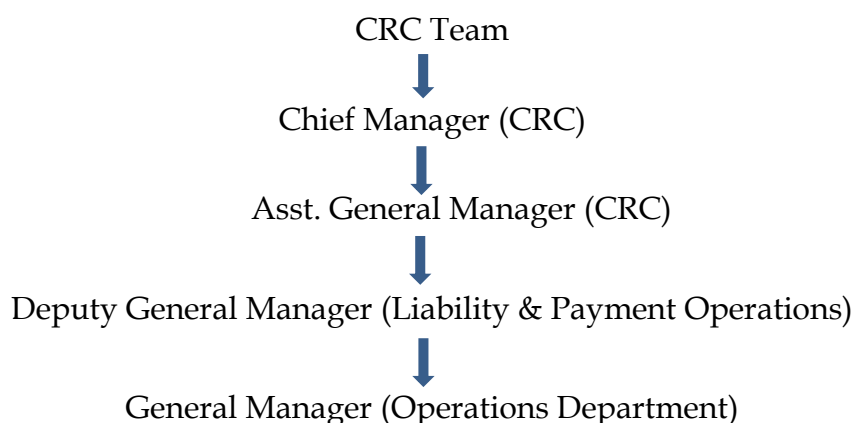
The Bank may pay reasonable commission/fee to the BC as per agreed commercials, which may be reviewed periodically. The agreement with the BC should specifically prohibit them from charging any fee to the customers directly for service rendered by them on behalf of the Bank. Commission structure or incentive mechanism should be devised in a manner that mere increase in the number of clients served or the transaction volume does not drive the commission. The remuneration should combine fixed and variable parts dependent, inter-alia, on some indication or measure of customer satisfaction. Some part of the variable remuneration could be deferred or clawed back in case of deficiency of service.

13. TRANSACTIONS PUT THROUGH BC;

The transactions shall normally put through ICT devices (handheld device/mobile phone) that are seamlessly integrated to the Core Banking Solution (CBS) of the Bank. The transactions shall be accounted on a real time basis and the customers shall receive immediate verification of their transactions through visuals (screen based) or other means (debit or credit slip). The arrangements with the BC shall specify:

- Suitable limits on cash holding by intermediaries as also limits on individual customer payments and receipts;
- Cash collected from the customer should be acknowledged by issuing a receipt on behalf of the Bank;
- That all off-line transactions are accounted for and reflected in the books of the bank by the end of the day;
- All agreements/contracts with the customer shall clearly specify that the Bank is responsible to the customer for acts of omission and commission of the BC.

Further, the reconciliation shall be handled by Recon Team (CRC) and reconciliation of BC transactions is carried daily on T+1 day basis. The reporting lines is as under;



Limit on cash handling shall be approved by the Executive Director. Limit on cash payment/receipts shall be as per the prevailing regulatory guidelines.

14. INTERNAL CONTROL & MONITORING;

A monthly review of the performance of various BCs engaged by the Bank shall be carried out and shall monitor the activities of BCs through controlling office. Bank officials of linked branch shall visit the BC location once in a month.

15. CONSUMER PROTECTION MEASURES;

For protecting the interest of the customers, following safeguards measures are to be followed;

- The products and processes shall be approved by the Bank and the BC shall not introduce any product/process without the approval of the Bank.
- Financial services offered by the retail outlets/sub-agents of the BC shall not be tied to the sale of any product of such company.
- The charges for offering various services shall be indicated in a brochure and made available at the retail outlets/with the sub-agents.
- Suitable training modules in the local language(s) in order to provide proper attitudinal orientation and skills to the BCs/sub-agents.
- As a measure of social audit, there could be periodic block level meeting where members of public are invited along with the BCs operating in the area as also the linked branch managers to express their difficulties and to obtain feedback.
- Necessary Business Continuity Plan (BCP) in place to ensure uninterrupted service in case the agency arrangement with the BCs/sub-agents is terminated.

16. CUSTOMER EDUCATION;

Information on BC engaged by Bank shall be placed on the Bank corporate website and use print and electronic media (including in the vernacular language) to give wide publicity about implementation of the BC model.

17. DISTANCE CRITERION;

The activities undertaken by the BC Agents would be within the normal course of the Bank's banking business, but conducted through the BCs at places other than the Bank premises/ATMs.

The distance between the place of business of a retail outlet/sub-agent of BC and the base branch should not exceed 30 Kms in rural, semi-urban and Urban areas and 5 Kms in Metropolitan centres. But, BCs with advanced technology shall be empanelled so that the Bank can cater the customers at all locations located up to 100 kms from Branch. Above which, Bank shall decide the distance on case to case basis duly getting approval from Executive Director.

18. MONITORING OF ACTIVITIES OF BC BY BRANCHES & REGIONAL OFFICE;

As Bank runs the reputational risk while managing the BC, base branch & regional offices must closely watch and monitor the activities of BC engaged by them. In this regard following points need special attention;

- The primary role of BC is to provide services to customer of the Bank. Therefore, non-performance by any of the BCs should be viewed seriously and base Branch have to ensure that BC does not function from the branches/ ATMs.
- The official of base branch should make surprise visit at BC location every month to check physical verification of cash with BC and also to interact with the customers for getting feedback on the service quality of the BC.
- Base Branch to ensure that BCs provide services to customers only through the hand-held terminal device or any other device as decided by the Bank. BCs are not authorized persons to carry debit slip/ withdrawal slip for cash withdrawals.

19. GRIEVANCE REDRESSAL MECHANISM;

For redressing grievances about deficiency in services rendered by Business Correspondents, a Grievance Redressal Mechanism needs to be setup. The grievances may be taken as feedback on our services and used as a tool to improve the quality of our services.

The escalation matrix of grievance redressal mechanism, which should be made available in the comprehensive notice board/ website.

20. DISENGAGEMENT THE SERVICE OF BC;

The performance of the BCs shall be reviewed by the Branch Banking Department on quarterly basis. The bank reserves the right to terminate the contract with any BC at any point of time if;

- a) The services are found to be unsatisfactory.
- b) Consistent failure to maintain customer satisfaction.
- c) Desired levels of output by the BCs are not met.

- d) Misappropriation of funds or fraud committed by the BC are reported.
- e) Any other reason which, in the opinion of the Bank is not conducive to the continuation of the services of the BC.

21. AUDIT;

Audit is necessary to ensure compliance to system and procedures, and to sense warning signals about weak links. This is an effective supervisory and monitoring tool for risk mitigation. The inspecting officials shall conduct a surprise audit of the BC activities and lapses if any noticed during the inspection should be incorporated in the inspection report.



CHAPTER -II

CORPORATE BUSINESS CORRESPONDENTS

CORPORATE BUSINESS CORRESPONDENTS;

Corporate Business Correspondent is a model where a Bank appoints an entity as a representative to provide banking services in area with low branch density or no banking access.

Corporate BC is responsible for appointing individual BC agent to work at the designated BC locations.

22. ELIGIBILITY FOR CORPORATE BUSINESS CORRESPONDENTS;

As per the latest RBI circular, the following entities may be appointed as corporate BCs.

- a) NGOs/ MFIs set up under Societies/ Trust Acts and Section 25 companies;
- b) Cooperative Societies registered under Mutually Aided Cooperative Societies Acts/ Cooperative Societies Acts of States/ Multi State Cooperative Societies Act;
- c) Post Offices; and
- d) Companies registered under the Indian Companies Act, 1956 with large and widespread retail outlets, excluding Non-Banking Financial Companies (NBFCs).
- e) NBFC-ND's (Non-Deposit taking) subject to the following conditions:
 - i) It should be ensured that there is no co-mingling of bank funds and those of the NBFC-ND appointed as BC.
 - ii) There should be a specific contractual arrangement between the bank and the NBFC-ND to ensure that all possible conflicts of interest are adequately taken care of.
 - iii) Banks should ensure that the NBFC-ND does not adopt any restrictive practice such as offering savings or remittance functions only to its own customers and forced bundling of services offered by the NBFC-ND and the bank does not take place.

23. SCOPE OF ACTIVITIES OF BC;

The activities to be undertaken by the BCs shall be within the normal course of banking business. The scope of activities of BC may include;

- Identification of borrowers and preliminary work relating to account opening formalities.
- Promoting, nurturing and monitoring of Self-Help Groups/ Joint Liability Groups/ Credit Groups/ others.

- Creating awareness about savings and other products and educating/advising on managing money including debt counselling.
- Collection of small value deposits.
- Collection and preliminary processing of loan applications including verification of primary information/data.
- Processing and submission of applications to banks.
- Disbursal of small value credit.
- Post-sanction monitoring.
- Follow-up for recovery.
- Recovery of principal/collection of interest.
- Distribution of banknotes and coins.
- Sale of micro insurance/ mutual fund products/ pension products/ other third-party products.
- Receipt and delivery of small value remittances/ other payment instruments.

24. KYC NORMS;

KYC and AML procedures, as laid down in the latest RBI Master Circular should be followed in all cases. The Bank shall use the services of the BC for preliminary work relating to account opening formalities. However, ensuring compliance with KYC and AML norms under the BC model continues to be the responsibility of Bank.

Bank can use either OTP based/biometric Aadhaar e-KYC authentication or Offline Verification of Aadhaar for identification. Further, services of Business Correspondents (BCs) may be used by Bank for opening of online accounts/ aiding the V-CIP.

25. INFORMATION TECHNOLOGY STANDARDS;

Bank shall ensure that equipment and technology used by the BC are of high standards.

26. SELECTION OF CORPORATE BC;

- a) Bank shall identify potential Corporate BC depending upon the requirement of the Bank by conducting necessary due diligence including company profile, market standings,

financial soundness, management & corporate governance, cash handling ability, commercials, spread of the BC agents, technical integration, compliance etc.

- b) The selection and appointment of Corporate BCs shall be authorized by Executive Director.
- c) The terms and conditions governing the contract between the Bank and the BC shall be carefully defined in written agreements and subjected to a thorough legal vetting.
- d) While drawing up agreements, Bank should strictly adhere to instructions contained in the guidelines on managing risk and code of conduct in outsourcing of financial services by Bank, issued by RBI.

27. CRITERIA FOR SELECTION OF CORPORATE BC PARTNER;

Entry level norms for Corporate BC shall be as under:

S.No	Norms	Legal Structure		
		Society/ Trust / NGO	Section 8 company (NPO)	Corporate / BC only Company
1	Vintage/experience in line of activity	3 years of existence and demonstrated track record of running a successful Micro Credit Programme or acting as BC partner with Bank/FI in respective field.		New Company may also be considered, if it has been promoted and managed by professionals with experience of at least three years in the respective field.
2	Credentials /experience of promoters	1) Management should have expertise in line of activity. 2) Satisfactory report on promoters/entities shall be ascertained from CIBIL/RBI/Caution advice list. 3) No known default by Company or Group.		
3	Details of Management /Board	Management with expertise in line of business.		

4	Technology platform	Should be technologically capable for system integration with Bank's software application		
8	Minimum Capital (Rs. in Cr)	1.00	1.00	1.00

Any deviation with justifiable recommendation by Business Groups/Verticals may be approved by Executive Director.

28. DUE DILIGENCE CHECK FOR CORPORATE BC;

- (a) Details of incorporation and promoters.
- (b) Details of management staff including qualifications, experience, other business activities, financial status, etc.
- (c) Particulars of employee level expertise.
- (d) Type of infrastructure available.
- (e) Financial position.
- (f) Reputation, Market standing.
- (g) Management, Business Continuity and Corporate Governance.
- (h) Cash handling ability.
- (i) Ability to implement technology solutions rendering financial services.
- (j) Should not be defaulter to any Bank/ Financial Institution.
- (k) Past dealing if any should be satisfactory.
- (l) The organization / Directors / promoters should not have any criminal record.

29. CUSTOMER CONFIDENTIALITY;

BC should ensure, the preservation and protection of the security and confidentiality of customers' information in the custody or possession of BC.

30. DISPLAY AT CUSTOMER SERVICE POINT (CSP) OUTLETS;

Corporate BC to ensure that each CSP outlets will install uniform standard signage in the local language (vernacular), prescribed by the Bank indicating its status as service provider for the Bank and displaying Bank's logo, name of the Bank & contact details of the Link branch as well as the address and telephone number of Controlling Authority of the Bank and Banking Ombudsman.

Apart from the above, every CSP shall have to display the following details in its outlets for information of the public:

- Working hours;
- List of products/ services available at CSP Outlets;
- Bank charges (not for BC) for various services to be displayed;
- List of Do's and Don'ts for customers;
- List of Do's and Don'ts for CSPs;
- Transaction limits;
- Instructions regarding Rupay Card;
- Certification acquired through Indian Institute of Banking & Finance (IIBF);
- Other display materials as advised by the Bank from time to time;

31. ELIGIBILITY CRITERIA FOR BC AGENT/SUB-AGENT;

- ✓ Education qualification shall be minimum of 10th Standard passed.
- ✓ Age shall be preferably between 18 to 65 years.
- ✓ Person with basic computer literacy & accounting knowledge may be preferred.
- ✓ Having knowledge of local area & language is mandatory.
- ✓ Absence of any criminal record.

32. RISKS AND RISK MITIGATION MEASURES;

The engagement of Corporate BC by Bank to carry out financial transactions and other financial inclusion activities on behalf of the Bank exposes the Bank to various risks like –

- i) Strategic risk
- ii) Reputation risk
- iii) Compliance risk
- iv) Operational risk
- v) Exit strategy risk
- vi) Contractual risk
- vii) Legal risk etc.

The act of commission and omission by the BC partner would reflect directly on the Bank as we are the custodians of the customer's money. Therefore, following risk mitigation measures shall be in place.

- Due diligence shall be exercised at the time of selection of BC Agent and activities shall be monitored by actual visit to customer service point outlets on monthly basis.
- Adequate and ongoing training shall also be provided to BC agents by Corporate BC.
- In the event of breach of privacy, the corporate BC partner may be penalized/terminated.
- BC Agents shall not have an access to the Branch records.
- The compliance system/controls requirements shall be ensured by the Corporate BC.
- Suitable business continuity plan to be drawn, documented and made part of SLA.
- Any incident/unusual events if identified/reported shall be reported to CISO/RMD as part of incident reporting.

33. CRITERIA FOR PAYMENT OF COMMISSION:

Commission shall be shared as per the agreed commercials. The agreement with the BC shall specifically prohibit them from charging any fee to the customers directly for services rendered by them on behalf of the bank. Commission structure or incentive mechanism should be devised in a manner that mere increase in the number of clients served or the transaction volume does not drive the commission. The remuneration should combine fixed and variable parts dependent, inter-alia, on some indication or measure of customer satisfaction. Some part of the variable remuneration could be deferred or clawed back in case of deficiency of service.

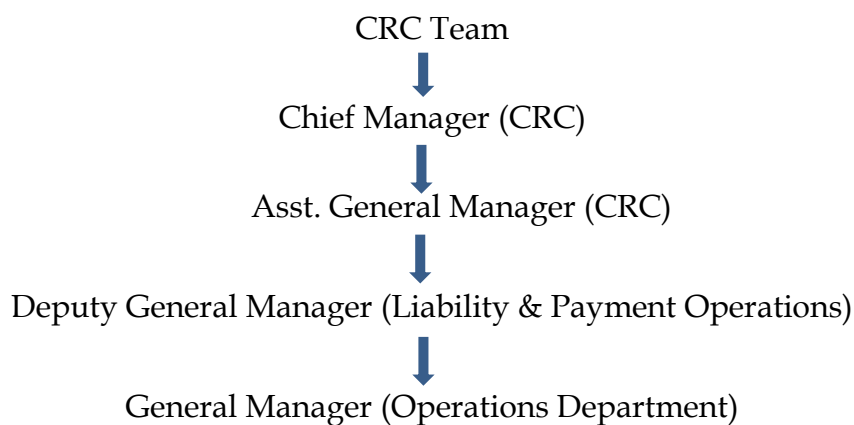
34. TRANSACTIONS PUT THROUGH BC;

The transactions shall normally put through ICT devices (handheld device/mobile phone) that are seamlessly integrated to the Core Banking Solution (CBS) of the Bank. The transactions

shall be accounted for on a real time basis and the customers shall receive immediate verification of their transactions through visuals (screen based) or other means (debit or credit slip). The arrangements with the BC shall specify:

- Suitable limits on cash holding by intermediaries as also limits on individual customer payments and receipts;
- Cash collected from the customer should be acknowledged by issuing a receipt on behalf of the Bank;
- That all off-line transactions are accounted for and reflected in the books of the bank by the end of the day;
- All agreements/contracts with the customer shall clearly specify that the Bank is responsible to the customer for acts of omission and commission of the BC.

Further, the reconciliation shall be handled by Recon Team (CRC) and reconciliation of BC transactions is carried daily on T+1 day basis. The reporting lines is as under;



Limit on cash handling shall be approved by the Executive Director. Limit on cash payment/receipts shall be as per the prevailing regulatory guidelines.

35. INTERNAL CONTROL & MONITORING;

A detailed review of the performance of various BCs engaged by the Bank shall be carried out at least once in a year and shall monitor the activities of BCs through controlling office. Bank officials of linked branch shall visit the BC location once in a month.

36. CONSUMER PROTECTION MEASURES;

For protecting the interest of the customers, following safeguards measures are to be followed;

- The retail outlet/sub-agent of the BC shall be personally introduced to the members of public by the Bank officials in the presence of village elders and government

functionaries in a public meeting so that there is no misrepresentation/impersonation.

- The products and processes shall be approved by the Bank and the BC shall not introduce any product/process without the approval of the Bank.
- Financial services offered by the retail outlets/sub-agents of the BC shall not be tied to the sale of any product of such company.
- The charges for offering various services shall be indicated in a brochure and made available at the retail outlets/with the sub-agents.
- Suitable training modules in the local language(s) in order to provide proper attitudinal orientation and skills to the BCs/sub-agents.
- As a measure of social audit, there could be periodic block level meeting where members of public are invited along with the BCs operating in the area as also the linked branch managers to express their difficulties and to obtain feedback.
- Necessary Business Continuity Plan (BCP) in place to ensure uninterrupted service in case the agency arrangement with the BCs/sub-agents is terminated.
- In case a company is engaged as BC by more than one bank, it should be ensured that the customer database and account details are kept separate and there is no co-mingling of data.

37. CUSTOMER EDUCATION;

Information on BC engaged by Bank shall be placed on the Bank corporate website and use print and electronic media (including in the vernacular language) to give wide publicity about implementation of the BC model.

38. GRIEVANCE REDRESSAL MECHANISM;

Bank has established grievance redressal mechanism. The following grievance escalation matrix shall be made available at BC outlets.

S No	Level	Officer in charge
1	All transaction related complaints/grievance of customers shall be first addressed to.	Contact Centre e-mail: pno.support@ktkbank.com or Bank's toll free Number.

Following Grievance Escalation Matrix shall be made available at Bank website:

Grievance Redressal Mechanism for Corporate Business Correspondent Services		
Location	Authority	Name of Grievance Redressal officer & his contact address/Number
Branch	Branch Head	Branch Head
Regional Office	Regional Head	Regional Head
Head Office, Mangaluru	- NA-	General Manager & Principal Nodal Officer. Branch Banking Department. Head Office, Mahaveera Circle, Kankanady, Mangaluru -575002

The complaint received shall be disposed within 60 days from the receipt. If the complaint is not resolved to customers satisfaction, the customers are at liberty to contact the Banking Ombudsman whose address will also be displayed at BC outlets.

39. REVIEW OF CORPORATE BC;

Monthly Review of Corporate BC shall be reported to General Manager, Branch Banking Department and quarterly review shall be placed before the Board of Directors.

40. DISTANCE CRITERION;

The activities undertaken by the BC Agents would be within the normal course of the Bank's banking business, but conducted through the BCs at places other than the Bank premises/ ATMs.

The distance between the place of business of a retail outlet/sub-agent of BC and the base branch should not exceed 30 Kms in rural, semi-urban and Urban areas and 5 Kms in Metropolitan centres. But, BCs with advanced technology shall be empanelled so that the Bank can cater the customers at all locations located up to 100 kms from Branch. Above which, Bank shall decide the distance on case to case basis duly getting approval from Executive Director.

41. GUIDELINES FOR CORPORATE BC;

- Standardization of BC location and uniform Branding as per the Bank Guidelines.
- Identity card is provided to BC agents.

- BC agents shall not be simultaneously working as BC for other Bank/institution.
- BCs shall actively participate in all the campaigns run by the Bank,
- Mandatory Registers shall be maintained at BC locations.
- The BC Agents are operational during the working hours as per extant guidelines of the Bank. The BC Agents should be available on daily basis & transactions in the BC points should take place as per prescribed norms/guidelines.
- Regular training shall be provided to the BC Agents by corporate BC.
- BC agents shall undergo the BC certification exams conducted by IIBF within 9 months of their appointment, or extant regulatory guidelines from time to time and completion certificate shall be submitted to the Bank.
- Corporate BC shall take utmost care in identification/deployment of BC Agents as per requirement of the Bank.

42. BUSINESS FACILITATORS;

Business facilitators mobilize business for their link branches and responsible for building awareness and sourcing prospective customers at rural area.

43. ELIGIBILITY CRITERIA FOR BUSINESS FACILITATORS;

Under the “Business Facilitator” model, Banks may use the services of intermediaries depending on the comfort level of the Bank for facilitation services. Such intermediaries are as follows;

- a) NGOs/SHGs
- b) Farmers Clubs
- c) Cooperatives
- d) Community based organizations
- e) IT enabled rural outlets of corporate entities
- f) Post Offices
- g) Insurance agents
- h) Well functioning Panchayats
- i) Village Knowledge Centres
- j) Agri Clinics
- k) Agri Business Centres
- l) Krishi Vigyan Kendras
- m) KVIC/KVIB units

44. SERVICES INCLUDED IN BUSINESS FACILITATOR;

- (i) Identification of borrowers and fitment of activities;
- (ii) Collection and preliminary processing of loan applications including verification of primary information/data;
- (iii) Creating awareness about savings and other products and education and advice on managing money and debt counselling;
- (iv) Processing and submission of applications to banks;
- (v) Promotion and nurturing Self-Help Groups/Joint Liability Groups;
- (vi) Post-sanction monitoring;
- (vii) Monitoring and handholding of Self-Help Groups/Joint Liability Groups/Credit Groups/others; and
- (viii) Follow-up for recovery.

45. AUDIT OF CORPORATE BC/BF;

The Bank shall conduct yearly audits by its internal/external auditors or agency appointed to act on its behalf.

46. ULTRA SMALL BRANCHES (USB);

With expanding access to banking services, it is also important that quality services are provided through the Information & Communication Technologies (ICT) based delivery model. Thus, it would be necessary to have an intermediate brick and mortar structure (Ultra Small Branch) between the present base branch and BC locations so as to provide support to a cluster of BC units at a reasonable distance.

Bank may establish outlets in rural centres from which BC Agents may operate. These BC outlets may be in the form of low-cost simple brick and mortar structures. Every BC Agent is under the oversight of a base branch. Accordingly, the base branch shall have to provide oversight to the USB outlets which will include weekly visits by officers of the base branch to these outlets as well as to other places of functioning of BCs.

These Ultra Small Branches may be set up between the base branch and BC locations and shall have minimum infrastructure such as Core Banking Solution (CBS) terminal linked to a

passbook printer and a safe for cash retention for operating large customer transactions and would have to be managed full time by bank officers/employees.

BCs can operate from such Ultra Small Branches as their association with the branch shall increase their legitimacy and credibility in the area and give people increased confidence to use their services. However, banks shall ensure that such an arrangement does not result in BCs limiting operations to serving customers at such branches only, if, due to geographical spread, such arrangements may lead to BC services not being easily available in the entire area of their operations.

47. Effect of Regulatory Amendments prior to annual review;

To the extent any change / amendment is required in the Policy in terms of any change in the applicable law or regulations, the amended law or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law or regulations. Such amended policy shall be placed before the Board for noting and for necessary ratification.

48. Periodicity and Authority for Review of Policy;

This policy may be reviewed by the Board on annual basis or at such interval as may be deemed necessary by the Risk and Capital Management Committee / Board having regard to the regulatory changes, prudence and operational requirements.
