केनरा बैंक Canara Bank

Canara FIND

Canara Financial Inclusion thro' Nayee Dishaa

Financial Inclusion Plan (FIP)

"A good Bank is not only the financial heart of the community, but also has an obligation of helping in every possible manner to improve the economic condition of the common people"

Sri Ammembal Subbarao Pai,

Founder, Canara Bank

FIP is a shot in the arm to pursue our vision with greater vigour

The Corporate Statement of the Bank on Financial inclusion….

That it shall be a process of bringing in the disadvantaged, underserved and those generally from the weaker sections of the society into our fold

That the delivery of simple and key Financial Services, namely access to payments and remittance facilities, savings, loans and Insurance services at affordable costs to those who tend to be excluded.

That the process of Inclusion shall encompass all our products, which can be made available to the financially excluded and thus make a meaningful difference to their lives

That the efforts on inclusion shall be across all segments of the society and regions but shall have a focus on underserved regions and underserved communities

That the Financial inclusion shall graduate the excluded to economic freedom through capacity building and as entrepreneurs of economic activities

That the bank shall remain an active participant in all the Government Sponsored Financial and Self Employment Schemes for poverty eradication.

The Bank firmly believes that Financial Inclusion is an important enabling factor in the country's goal of an inclusive growth.

The bank commits itself to earnest efforts by the entire community of CANBANK MEN AND WOMEN in this task of Total Financial Inclusion

Nayee Dishsaa..

A bouquet of services targeted at No Frill account holders to facilitate financial deepening ….

General Credit Card Scheme
Differential Rate of Interst
Financing SHGs/Micro Credit Groups
Financing JLGs of Tenant farmers
Deby Swapping Scheme for farmers & Urban poor
Various Govt sponsored Scheme
Micro-Insurance
Free remittance

1. A roadmap for Financial Inclusion-' Leaping from the spring board'

1.1. Canara bank has been on a fast track mode in terms of branch expansion in its quest to be a leader in the Indian Banking-landscape. The growth plans are encompass a whole range of perspectives-global business, robust growth to live up to the commitment to its stakeholders and, not least of all, relevance to the society in general. The bank has grown during the year 2009-10 from an entity of 2729 branches to being an entity of 3035 branches now. Significantly, 131 branches opened in the first three quarters of this year are rural and semi urban branches.

1.2. The comprehensive road map envisages building on the performance of the Bank achieved thus far on financial inclusion:

- The plan Extended basic No frill accounts (Canara Saral savings account) to the financially excluded with zero balance or with as little as Rs.25/- and simplified the KYC norms for opening such accounts. The Bank has opened about 20 lakh accounts.
- Introduced a simple General purpose Credit Card facility up to Rs.25000/-- The Bank has issued 1.59 lakh GCC cards thus far.
- Intensified SHG/JLG –Bank linkage Programme through direct lending and lending through Micro Finance Institutions. Credit linked 2.53 lakh groups so far.
- Permitted Business Correspondent model by extending Banking services through Smart cards and operationalised in various States like Karnataka, Andhra, Bihar. Tamil Nadu etc.
- Launched a unique initiative named Canara Nayee Dishaa, an umbrella of Financial Inclusion Schemes, one of the first of its kind , a road map for greater financial inclusion exclusively for No Frill account holders
- Ultimate goal to go beyond the No-frill accounts and provide them the necessary credit facility to make the house holds self sustainable.

1.3. The road map for the next three years has been drawn based on the experience of its pilot initiative and support plans on the anvil. The road map envisages expanding banking services by a synergy of two models-Branch banking and branchless banking. A combination of strategic expansion of the branch banking (particularly thro' specialized branches)through expansion of physical banking network in unbanked and under banked area across the entire country and through Business Correspondents.

1.4 Inbuilt overdraft facility for No-frill accounts:

Bank proposes to provide inbuilt overdraft facility to the extent o f Rs.500/- per individual No-frill account holders and proposes to cover at least 50% of the no-frill accounts opened during the next three years.

2. Seamless banking service through Core banking Solution -ICT enabled vision

2.1. The power of ICT enabled approach to reach the unbanked areas and vast number of households is crucial to speed up the process of inclusion, a desire equally appreciated by the regulator and the Bank. The role of the Bank in facilitating similar encouraging environs in the RRBs sponsored is also well defined in the policy of the bank.

2.2. The Bank presently has in place CBS covering 1798 branches, capturing about 89 % of its business. The Bank has taken steps to implement CBS in all its rural branches by June 2010.

2.3 Technical consultant has been appointed to look into the aspect of implementing CBS in the RRBs sponsored by our Bank. Bank shall take further steps to expedite the process, so as to complete 100% CBS well before 30.09.2011.

3. Technology solutions- compatibility and connectivity on a seamless basis

3.1. The Bank has rolled out steps for implementing Smart Card Technology by engaging the services of Business Correspondents. Suitable policy framework has been evolved for choosing varied entities as Business correspondents.

3.2. The Technology department and Micro Finance Division of the Bank will work on closely with the technology vendor ensure compatibility and connectivity on a seamless basis.

3.3. The Bank shall upscale the project to cover all the unbanked /under banked areas in phases.

3.4 Bio Metric Voice Enabled ATMs: The Bank has installed Bio Metric Voice Enabled ATMs in nine rural/Semi urban locations, to enable even the illiterate persons to have access to their account and operate. The number of such ATMs is envisaged to be increased to 200 in the next three years.

3.5. Biometric mobile ATM As a marketing initiative, Bank has also taken steps to bring the ATM facility to the doorsteps of the customer. Bank has launched a Mobile VAN with Biometric ATM facility in Bangalore, which will provide ATM facility even to the Rural folk with Biometric ATM cards and Smart Cards in pre determined places in Bangalore. The plan is to increase the number of such ATMs to 15 by 2013.

3.6 Kiosks: Bank will open Kiosks through youths under self employment scheme or avail the services of existing reputed kiosks for extending BC services.

4. Services at door steps-synergy of two models

4.1. The Bank has drawn a plan to engage, in phases, 200, 1000 and 1500 Business Correspondents (BC) during 2010-12 to reach out to the villages, either from the Corporate BC through their network of individual Customer Service Providers or individual BCs.

4.2. Besides the above, branch banking is envisaged to directly reach substantial number as drawn out as shown in another para.

4.3. Atleast 95% of inclusion initiatives are proposed to be covered by the BC model while the rest through direct branch banking structure.

5. Process of vendor selection, infrastructures arrangements, cost structures, fees, etc.,

5.1. The Bank will be engaging the services of Technology Service providers for technology supply and a Section 25 Company promoted by Technology providers to provide Business Correspondents. In turn the Company will be engaging field level personnel (individuals) as Customer Service Providers (CSPs)

5.2. The policy also has been approved to engage individuals as Business correspondents through a committee approach consisting of the General Managers of Priority Credit Wing, Risk Management Wing, and Inspection Wing and headed by the Executive Director.

5.3 The Cost involves initial Cost on Bio Metric terminals provided to the Business Correspondents and Smart Cards shall be sought to be covered under Financial Inclusion Fund with RBI and also subsidized by the Governments wherever the participation of the Government in terms of availing the Banking BC model services for payment of social security payments under NREGA , social security pension etc.

5.4 Bank proposes to cover 1500 villages with population over 2000 during the next two years. Simultaneously, Bank proposes to cover 12000 villages with population less than 2000 also, for which Road map has been drawn. In order to cope up with this , Bank proposes to engage 2500 CSPs of the Corporate BCs and 1500 individuals as BCs during the next three years. Thus the bank proposes to cover a total of 13500 villages under Smart Card technology.

6. Tracking performance and Monitoring

6.1. The road map envisages breaking the plan into sub plans and goals in quantifiable parameters. A suitable MIS is built in the framework of FIP to monitor and evaluate the progress in implementing the plan.

6.2. The MIS will capture all the details pertaining to the number and names of the villages covered, number of beneficiaries provided with smart cards/ biometric access/mobile phones, number of persons who have received Government payments through EBT mechanism etc.

6.3. The Approach proposed for Goal setting and MIS for monitoring:

- The Bank shall fix branch wise/ Circle wise Target for FIP.

- Taking the assistance of NGOs/MFIs for forming / educating the groups from out of the No- frill account holders.
- The branches shall submit the data pertaining to the FIP to the concerned Circles by 10 th of the succeeding month.
- The Circle Offices to consolidate the data received from the branches and submit to HO by 15th of every month.
- Micro finance Division shall consolidate the data of the Bank as a whole; Review the performance and place to the Board periodically.
- The reporting format will cover all the required informations and facilitate/provide information to RBI/SLBC. The date can also be used for District Level centralized monitoring systems of DCCs for better coordination among banks.
- The Format provided by RBI in this regard has been shown as Annexure ….
- Sensitizing Staff: A special training module on Financial Inclusion will be designed to sensitize the filed level staff on Financial Inclusion and all the branches would be covered under the training programme with coverage of atleast one employee at each branch

7. Monitoring through High level Committees

7.1. A Committee at Corporate Office headed by Executive Director and General Managers of Priority Credit Wing, DIT Wing, SP & D Wing, Risk Management Wing, Inspection Wing of HO and two General Managers/Deputy General Managers from the Circle by rotation will oversee review of performance under FIP. The Committee will preferably meet at quarterly intervals.

7.2. At Circle level a Committee of The Circle Head and two Executives, one from the Circle Office and two Senior Managers/Managers by rotation may be permitted to oversee review of performance under FIP. The Committee will meet atleast once in two months

7.3. A Financial Inclusion Cell will be formed in the Circle Offices while Micro Finance Division at Head Office shall coordinate all activitieselatibng to FIP .

7.4. An Executive of the rank of Asst. General Manager shall be designated to oversee all the Financial Inclusion processes and initiatives at Head Office level.

8. Universal Inclusion- Urban coverage,
Leveraging Unique Identification Project

8.1. The FIP is envisaged to cover the excluded in large parts of rural hinterlands as well as those outside the Banking fold in urban centers also.

8.2. The plan is to have a focus centers on financial inclusion in urban centers by opening Micro Finance branches and also separate Financial Inclusion Cells with dedicated infrastructure to promote Financial Inclusion particularly in urban slums.

8.3.The bank will link up with the UID particularly with regard to identification/Compliance of KYC norms of house holds in urban slums and the migratory population in Urban localities would be covered by such dedicated Financial inclusion centers and remittance facilities would be enabled with CBS providing a broad and seamless canvas for remittances.
The enrollment to the No-frill accounts is proposed simultaneously for the UID and Financial Inclusion so as to reduce the cost, which will also facilitate in issues of UID numbers and providing banking services.

8.4. Bank proposes to open 14 Micro finance branches by 2010-11, 20 Micro Finance branches by 2011-2012 and 25 Micro finance branches by 2012-13 to cater to the needs of urban poor.

8.5. The Bank will put in place an exclusive line of Business Correspondent for providing banking services to the excluded as a part of Urban inclusion initiatives.

8.6 Bank proposes Remittance facility for the urban poor who have been migrated for employment opportunity at nominal cost, through remittance corridors and Micro Insurance facility to the members of credit linked SHGs to cover the urban poor along with the rural poor.

9.0. Banking services ‘plus’ –Other financial services

9.1. The Bank shall cover the eligible members of all the credit linked women SHGs either under Janashree Bima Yojana of LIC of India or under the group insurance policy of Canara HSBC OBC insurance company, within the next two years.

9.2. Bank shall also extend at par remittance facility to the No frill account holders by way of NEFT or at 50% charges by way of DD.

10. Financial literacy

10.1 The Bank has set up Financial Literacy Cum Credit Counselling Centres (FLCCs), in three districts, Namely, Kolar, Chitradurga and Chikkaballapur. The Bank will set up a separate Trust for managing the affairs of the FLCCs, as per the Model scheme of RBI.

10.2 The Bank shall focus on opening FLCCS and aims top open about 30 FLCCS , in all our Lead districts across the country.

10.3 Entrepreneurship development-Micro Finance training Institutes run under the Trust of the Bank envisages to train 13500 entrepreneurs in a three year period.

11. Canara Grameena Vikas Vahini-Inclusive Growth vehicles

11.1 A pioneering initiative of our Bank-we have launched Canara Grameena Vikas Vahini Vehicles in 25 potential districts across the country.

11.2 The objective of the vehicle was to create awareness about Bank's products and Banking facilities among the rural households by visiting remote villages along with educative materials, attractive posters, AV Equipments carried by experienced staff members.

11.2. The plan proposes to gradually increase the coverage in terms of numbers and geographical coverage. These are rightly perceived as Inclusive growth vehicles and pioneered by the Bank.

12. Beyond Financial services

12.1 Driven by the belief that development of the excluded will have to be a wholesome in meaning, the bank shall continue to dovetail all financial inclusion initiatives with the ongoing and up scaled non-financial initiatives & efforts.

12.2 The Bank will intensify the following Rural Development initiatives and various CSR initiatives, focusing on a holistic inclusion, beyond financial services.

- Capacity building and Entrepreneurial development-Through the various Training Institutes sponsored by the Canara bank Platinum Jubilee Trust and RUDSETIs.
- Atleast 10000 No Frill account holders will be trained on various vocations through the Institutes
- Jalayayoga Scheme –To provide potable water in villages predominated by socially disadvantaged
- Rural Health Clinic Service-To provide health services free of cost to villagers in accessible /remote areas.

13. Access to information-Bank website

Bank shall also display the following details on Bank's Website:

The villages provided with banking facility through BCs/ ICT initiatives

Names/addresses of BCs

Grievance redressal mechanism and the particulars of Grievance Redressal Official

14. Priority to States with low financial inclusion

14.1 The Bank proposes to have enhanced focus on greater level of financial inclusion initiatives in such states, traditionally considered economically backward and where financial exclusion is of higher degree.

14.2. The targets shall be separately fixed Circle wise/State wise and coverage in terms of each of the Financial Inclusion parameters.

14.3 Focus on the Group approach-by exploring the cohesiveness of No frill accountholders/the just included.

14.4 The JLG model will be a preferred model of inclusion over SHG model since the former focuses on sustainable activity without any time lag.

15. CBS Position of RRBs Sponsored by the Bank:

Three RRBs sponsored by the Bank with 793 branches are yet to be migrated to CBS. Technical consultants have already been appointed. Bank proposes to float RFP shortly calling for quotations from the Technology providers. for The Bank proposes to completed the migration of 50% of the branches all the three RRBs sponsored by the Bank during 2010-11 and the balance of 50% by September 2011.

16. Integration of the plan with the Business Volume:

Bank has fixed targets to the Circles taking into account the various financial inclusion parameters . The Circles in turn shall fix the targets to the branches, for successful implementation of Financial Inclusion Plan.

17. Cost estimate projections:

The cost of the project has been calculated and shown as an annexure to this booklet. Bank proposes to involve in Government EBT Scheme where the Govt. is reimbursing cost of the Smart Cards partially and reimbursing the turnover commission to an extent of 1.5 % to 2%.

18. Performance evaluation of field staff:

The performance under financial Inclusion Plan is included as one of the Key responsibility Areas (KRAs) of officials under various levels. The instructions have already been issued in this regard.

19. Supervision of BCs:

Branch Managers will be supervising the BCs in the initials stages. Bank proposes to engage the services of Financial Inclusion Facilitators in between the Base branch and the BCs who will be supervising the BCs.

Since the Bank has identified the Corporate BC, initially the Corporate BC will be supervising the Customer Service Providers/Sub Agents since the BC is responsible /liable to the Bank.

20. Data Integrity:

The integrity of the data will be maintained by checks and supervision and will be be maintained in reporting requirements.

21. Support from RBI:

Smart Card charges @ Rs.50/- per card is reimbursed in EBT payments till June 30 2010. The same may be extended for further period and also for all the smart cards issued since the cost of cards constitute major out go in FIP.

22. Control Systems:

The service rendered by BCs of the Bank are the responsibility of the Bank and shall be covered by Banking Ombudsman. The details regarding the names of villages, link branches , names and contact details of the BCs will be uploaded in Bank's website.

23. Cash management system:

Regular cash requirements of BCs will be coordinated with link branches and suitable cash management practice based on cash volume will be worked out, including insurance cover for cash in transit.

24. Setting sights-in quantifiable terms

Retaining the essence of inclusion in it growth strategy, the roadmap (for three years) has been drawn to provide an edge to our Financial Inclusion initiatives with a focus provide banking services through Banking outlet in every village having a population of over two thousand by March 2011 and future plan to extend it to all the villages in the country.

Annexure I

Number of villages having population of more than 2000 in various states, allotted to our service area branches

Sl.No.	State	No. of villages Allotted to our Bank	Remarks
1	ANDHRA PRADESH	119	
2	ASSAM	12	
3	BIHAR	128	
4	CHATTISGARH	1	
5	DADRA NAGAR HAVELI	4	
6	DELHI	4	
7	GOA	1	
8	GUJARAT	1	
9	HARYANA	40	
10	HIMACHAL PRADESH	2	
11	J & K	3	
12	JHARKHAND	25	
13	KARNATAKA	272	
14	KERALA	15	
15	MADHYA PRADESH	8	
16	MAHARASTRA	39	
17	ORISSA	22	
18	PUNJAB	31	
19	PONDICHERRY	1	
20	RAJASTHAN	5	
21	TAMILNADU	538	
22	UTTAR PRADESH	198	
23	WEST BENGAL	54	
24	ARUNACHAL PRADESH	NA	No villages allotted
25	MEGHALAYA	NIL	No villages allotted
26	MANIPUR	NA	No villages allotted
27	MIZORAM	NA	No villages allotted
28	NAGALAND	NA	No villages allotted
29	SIKKIM	NA	No villages allotted
30	TRIPURA	NIL	No villages allotted
31	UTTARANCHAL	NA	No villages allotted
		1523	

ANNEXURE II
REVISED FINANCIAL INCLUSION PLAN- at a glance

Sl. No.	Financial Inclusion Products	Projections for next three years			
		31.03.2011 (a)	31.03.2012 (b)	31.03.2013 (c)	Total for three years 2010-13 (a+ b+ c)
1	Core Banking Solution(CBS) a) Canara Bank b) RRBs	 100% 50%	 100%	 xxxxxx	 xxxxxx
2	No villages coverage under Total Financial Inclusion a) branches b) Micro Fin. Brs c) by BC s > 2000 population < 2000 population	 30 10 600 1800	 45 11 900 2700	 50 20 - 7500	 125 41 1500 12000
3	No.of No-frill accounts to be opened (in lakhs)	6	7	8	21
4	No of BC s/CSPs to be appointed (Can be inter changed) a) Corporate CSP s b) Individual BCs	 1500 100	 500 400	 500 1000	 2500 1500
5	No. of Smart cards (in lakhs)	5	7	9	21
6	No.of households to be covered (in lakhs)	7	8	10	25
7	Credit facilities- Individuals (No. in lakhs)				
	Inbuilt OD facility	7.00	8.00	10.00	25.00
	General Purpose Credit cards	1.00	1.20	1.20	3.40
	Kissan Credit Cards Scheme	0.25	0.30	0.30	0.85
	Krishi Mitra Cards scheme	0.08	0.10	0.10	0.28
	Differential Interest Rate Scheme	0.45	0.40	0.40	1.25
	Micro Credits -Individuals	0.30	0.40	0.40	1.10
	Govt. sponsored schemes	0.11	0.20	0.20	0.51
	Credit facilities- Group Model				
	Self Help Groups (Av. 15 Memb./grp.)	2.25	3.00	3.00	8.25
	Tenant Farmers' Groups (Av.8 Members/ Group)	0.80	0.96	0.96	2.72
	Micro Credit Groups 8members/grp)	0.56	0.80	0.80	2.16
	Joint Liability Groups –SME (av. 8 members /Group)	1.20	0.64	0.64	2.8O

8	Technology Initiatives				
	a) No. of house holds to be covered(in lakhs)-Smart Cards	5	8	10	23
	b) Voice enabled ATM	4	3	7	14
	c) Voice enabled bio-metric ATM	40	50	100	190
9	Capacity Building				
	a) FLCCs	10	10	7	27
	b) Micro Finance training (cumulative number of persons trained)	11500	12500	13500	13500
10	Business volume(crores)(cumulative)				
	a) deposits	500	650	750	-
	b) advances	1250	1390	1400	-

Annexure III

Credit facilities to No-frill account holders as Financial Inclusion Plan for the next three years- Projections quantified

Credit Products	Projections for 2010-11		Projections for 2011-12		Projections for 2012-13	
	No. of Beneficiaries (in Lakhs)	Amount (Rs. in crores)	No. of Beneficiaries (in Lakhs)	Amount (Rs. in crores)	No. of Beneficiaries (in Lakhs)	Amount (Rs. in crores)
In Built OD (Rs.500/-)	7.00	35	8.00	40	10.00	50
KCC (Rs.10000/-)	0.29	29	0.35	35	0.35	35
GCCs (Rs.15000/-)	1.00	150	1.20	180	1.20	180
DIR (Rs.10000/-)	0.45	45	0.40	40	0.40	40
Krishi Mitra Cards (Rs.15000/-)	0.08	12	0.10	15	0.10	15
All other Micro Credits (Rs. 20000/-)	0.30	60	0.40	80	0.40	80
Govt. Spons.Schemes (Rs.50000/-)	0.11	55	0.20	100	0.20	100
Group Model						
SHG (Rs.10000/-/Member)	2.25	224	3.00	300	3.00	300
TFG (Rs.25000/- per member)	0.80	200	0.96	240	0.96	240
MCG (Rs.25000/- per member)	0.56	140	0.80	200	0.80	200
JLG-SME Rs 25000/- per member	1.20	300	0.64	160	0.64	160
Total Credits		1250		1390		1400