

DELIVERY CHANNEL IN RETAIL BANKING


 **BHIM (Bharat Interface for Money) – Simplifying Digital Payments**  

 **What is BHIM?**

✓ **BHIM** is a mobile application developed by NPCI that facilitates **instant UPI transactions** with a simple and secure interface.

✓ **Users can send up to ₹20,000 per transaction and a maximum of ₹40,000 per day for a linked bank account.**






✓ **Enables direct bank-to-bank transfers without requiring wallet top-ups.**

 **Example: Pay electricity bills, shop payments, or send money instantly using BHIM app via UPI ID or QR code.**


 **Key Features of BHIM**


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Feature	Description
 Multiple Payment Methods	Pay using UPI ID, Account No. & IFSC, Mobile No., Aadhaar No., QR Code
 Transaction History	Track past transactions, approve/reject UPI collect requests
 Bank Account Management	Link/Change bank account, set or reset UPI PIN, check balance
 Security Measures	Block unwanted collect requests & prevent fraudulent transactions
 Disable Mobile Number@UPI	Enable/Disable UPI ID linked to mobile number for added control

How BHIM Works?


1 **Download & Install**  – Get BHIM from Google Play Store / Apple App Store.


2 **Register with Mobile Number**  – Linked to the **bank account** for UPI transactions.

3 **Choose Bank Account**  – Select **primary account** for transactions.

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4 Set UPI PIN  – Secure transactions with a PIN-based system.

5 Start Transactions  – Send/Receive money, pay bills, and scan QR codes for payments.


 ***USSD-Based 99# Service & UPI 123PAY**  

 ***What is 99# Service?**

✓ *99# is a **USSD-based mobile banking service** that enables customers to perform basic banking operations **without internet access.**

✓ Developed by **NPCI**, it provides **financial and non-financial banking services** using a simple **dialing method on any mobile phone.**







✓ **Best suited for feature phone users & rural customers** without smartphone access.

 **Example:** Dial ***99#**, select "Account Balance," enter UPI PIN, and get the balance instantly!



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*How 99# Works?




- 1 Dial *99#  – Available across all mobile networks.
- 2 Select Language  – Choose English, Hindi, or regional languages.
- 3 Access Main Menu  – View services (fund transfer, balance check, etc.).
- 4 Authenticate  – Enter MPIN (mobile banking Personal Identification Number) for security.
- 5 Perform Transactions  – Send money, request money, check last 5 transactions, etc.
- 6 Confirm Transaction  – Receive instant SMS confirmation.

*Services Offered via 99#

Category	Service
 Financial Services	<input checked="" type="checkbox"/> Send Money using Mobile No./UPI ID/Aadhaar No./IFSC Code
 Request Money	<input checked="" type="checkbox"/> Request money from another UPI user

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Category	Service
 Non-Financial Services	<input checked="" type="checkbox"/> Check account balance, set/change UPI PIN, view last 5 transactions
 Value-Added Services	<input checked="" type="checkbox"/> Check Aadhaar linking status, PMJDY Overdraft Status
 Funds Transfer Limit	<input checked="" type="checkbox"/> ₹5,000 per transaction

What is UPI 123PAY?

UPI 123PAY is an instant UPI payment solution for feature phone users  .

It enables secure digital transactions WITHOUT internet via IVR, missed calls, or sound-based payments.

Ideal for users in rural & semi-urban areas who do not own smartphones.

 Example: Call a pre-defined IVR number, follow voice

Different Payment Methods in UPI 123PAY

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UPI payment through pre-defined IVR number

- Customers need to call a **specific IVR number** from their registered feature phone and follow the instructions to **set up UPI (Unified Payments Interface) for their account.**
- Once on-boarded, they can use this **IVR number to perform various financial transactions securely.**

Payment through Missed Call

With this approach, feature phone users can access their bank account and perform transactions by **giving a missed call to a specific number.**

Feature Phone with Payment Functionality

This method involves a UPI app developed by a **third-party company** and need to partner with the **feature phone mobile manufacturers (OEM)** to enable a **native payment app developed in embedded C language (or as supported).**

Proximity sound-based technology and Voice Based Payments

This solution is the **proximity sound based payments** which has been created in collaboration with **Tonetag and**




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supported by NSDL Payments Bank. The technology used sound waves to enable contactless, offline and proximity data communication on any device.

 **Customer Liability on Unauthorised Electronic Transactions**  

 **Bank's Responsibility in Preventing Unauthorised Transactions**

 **SMS & Email Alerts Mandatory** – Banks must **require** customers to register for SMS alerts  & email alerts  for electronic banking transactions.

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✓ **Mobile Number Requirement** – Banks may not offer electronic transactions (except ATM cash withdrawals) to customers who do not provide mobile numbers.

✓ **Immediate Action on Report** – Upon receiving a report of an unauthorised transaction, banks must immediately block further transactions in the account.

🔄 Customer Liability in Unauthorised Transactions

Type of Liability	Conditions	Who Bears the Loss?
✓ Zero Liability	1. Fraud/negligence by the bank. 2. Breach due to a third party where the fault is neither of the bank nor the customer, if reported within 3 working days.	Bank bears the loss
⚠️ Limited	1. Loss due to customer's negligence (e.g., sharing	Customer bears loss up

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Type of Liability	Conditions	Who Bears the Loss?
Liability	passwords/PINs). 2. If the customer delays reporting the fraud (4-7 working days).	to a certain limit
× Full Liability	1. If the customer is negligent and does not report the fraud. 2. If the customer delays reporting beyond 7 working days.	Customer bears full loss

Sl. No	Type of account	Maximum liability
1.	BSBD Accounts	5,000
2.	All other SB accounts	
3.	Pre-paid Payment Instruments and Gift cards	

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4.	Pre-paid Payment Instruments and Gift cards	10,000
5.	Current/Cash Credit/Overdraft Accounts of individuals with annual average balance (for 365 days preceding the incidence of fraud)/limit up to 25 lakhs	
6.	Credit cards with limit up to 5 lakhs	
7.	All other Current/Cash Credit/Overdraft Accounts	
8.	Credit cards with limit above 5 lakhs	25,000



How to Protect Yourself from Fraud?

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- ✓ Never share your passwords, PINs, or OTPs.
- ✓ Check SMS/email alerts regularly and report suspicious activity immediately.
- ✓ Use secure internet connections when accessing mobile/internet banking.
- ✓ Update your contact details with the bank for real-time fraud alerts.
- ✓ Enable two-factor authentication for digital transactions.

TIMELINE FOR REVERSAL OF UNAUTHORIZED TRANSACTION

AMOUNT

- On being notified by the customer, the bank shall credit (shadow reversal) the amount involved in the unauthorised electronic transaction to the customer's account within 10 working days from the date of such notification by the customer (without waiting for settlement of insurance claim, if any).
- Banks may also at their discretion decide to waive off any customer liability in case of unauthorised electronic banking transactions even in cases of customer negligence.

Harmonization of Turn Around Time (TAT) and customer compensation for failed transactions using authorized Payment Systems

SI Description of the Framework for auto-reversal and compensation			
		Timeline for auto-reversal	Compensation payable
I	II	III	IV
1 Automated Teller Machines (ATMs) including Micro-ATMs			
a	Customer's account debited but cash not dispensed.	Pro-active reversal (R) of failed transactions within a beyond T + 5 days.	100/- per day of delay maximum of T + 5 days. to the credit of the

			account holder.
2 Card Transaction			
a	Card to card transfer Card account debited but the beneficiary card account not	Transaction to be reversed (R) latest within T + 1 day, if credit is not effected to the credited beneficiary account.	100/- per day of delay beyond T + 1 day.
b	Point of Sale (PoS) (Card Present) including Cash at Pos Account debited but confirmation not received at merchant location i.e., charge-slip not generated.	Auto-reversal within T + 5 days.	100/- per day of delay beyond T + 5 days.

3 Immediate Payment System (IMPS)

	Account debited but the beneficiary account is not credited.	If unable to credit to beneficiary account, auto reversal (R) by the Beneficiary bank latest on T + 1 day.	100/- per day if delay is beyond T + 1 day.
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4 Unified Payments Interface (UPI)

a	Account debited but the beneficiary account is not credited	If unable to credit the beneficiary account, auto reversal (R) by the Beneficiary bank latest on T + 1 day.	100/- per day if delay is beyond T + 1 day.
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b	Account debited but transaction confirmation not received at merchant location (payment to merchant).	Auto-reversal within T + 5 days.	100/- per day if delay is beyond T + 5 days.
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5 Aadhaar Enabled Payment System (including Aadhaar Pay)

a	Account debited but transaction confirmation not received at merchant location.	Acquirer to initiate "Credit Adjustment" within T + 5 days	100/- per day if delay is beyond T + 5 days.
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b	Account debited but beneficiary account not credited.	Acquirer to initiate "Credit Adjustment" within T + 5 days	100/- per day if delay is beyond T + 5 days.
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6 Aadhaar Payment Bridge System (APBS)

a	Delay in crediting beneficiary's account.	Beneficiary bank to reverse the transaction within T + 1 day.	100/- per day if delay is beyond T + 1 day.
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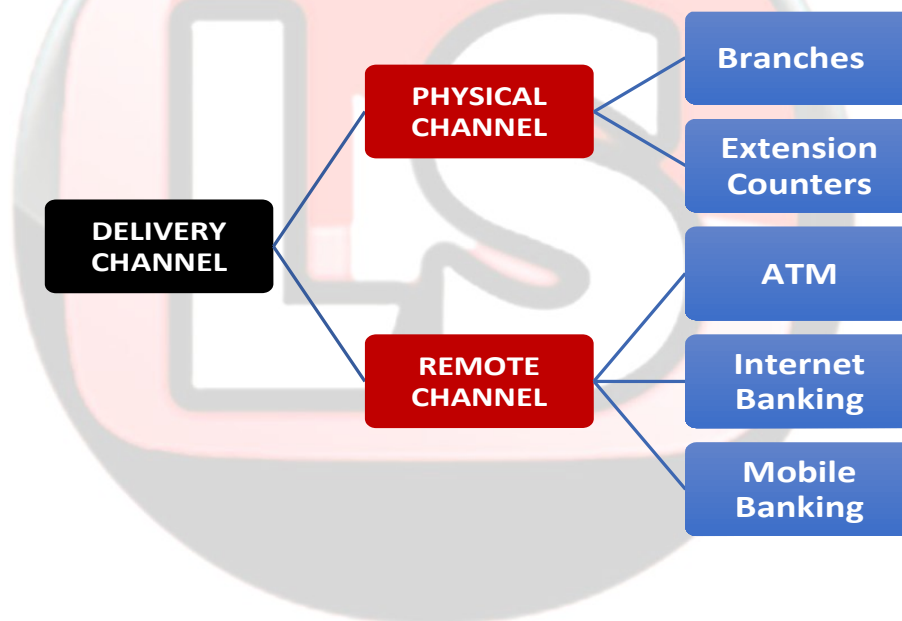
7 National Automated Clearing House (NACH)

a	Delay in crediting beneficiary's account or reversal of amount.	Beneficiary bank to reverse the uncredited transaction within T + 1 day.	100/- per day if delay is beyond T + 1 day.
b	Account debited despite revocation of debit mandate with the bank by the customer.	Customer's bank will be responsible for such debit. Resolution to be completed within T + 1 day.	100/- per day if delay is beyond T + 1 day.

DELIVERY MODELS

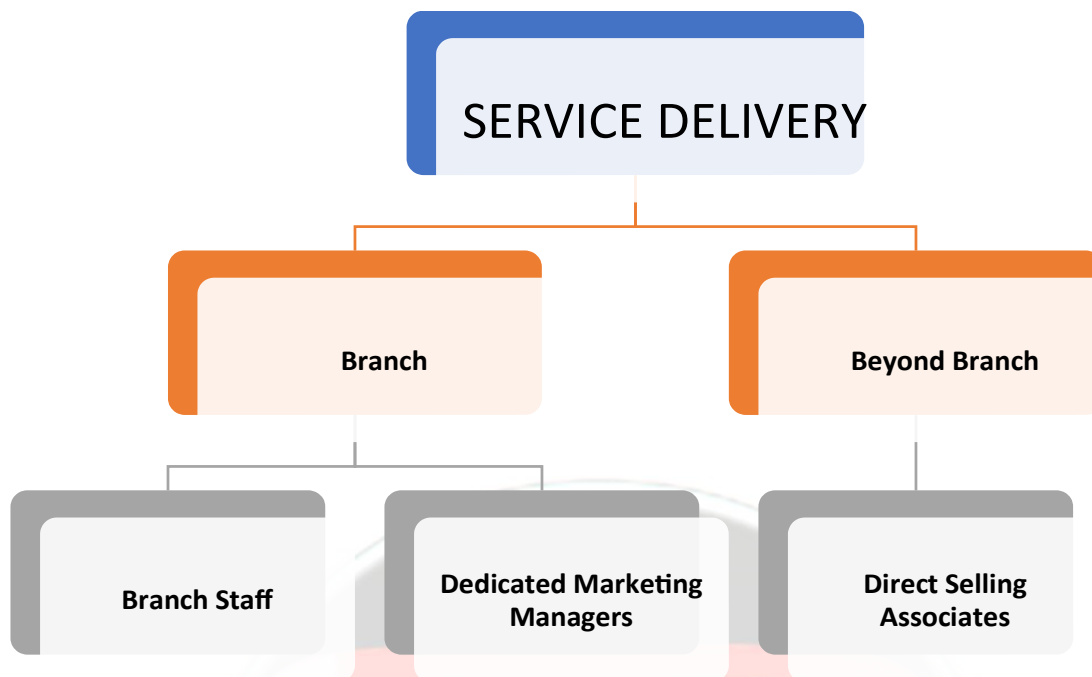
CHAPTER 19 MODULE C RBWM By Kundan Sir

It refers to the broader **strategy or framework that a bank adopts to provide its services to customers**. It encompasses the overall approach and organization of the bank's service delivery.



Human Interventions in Physical Banking Channels








Branch Staff – The Frontline of Customer Interaction


Branch staff are the face of the bank, providing **personalized service** and **relationship management** to customers.

Key Traits & Responsibilities

 **Understanding Customers** – Assessing financial needs, income levels & life stages.

 **Cross-Selling Products** – Offering suitable financial products based on requirements.

 **Post-Sales Follow-Up** – Ensuring customer satisfaction through continued engagement.

 **Customer Empathy** – Looking at services from the customer's perspective.

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✔ **Product Knowledge** – Understanding and confidently explaining banking products & services.

📢 **Dedicated Marketing Managers (DMMs)**

Specialized banking professionals responsible for **business growth, customer acquisition & branding.**

🎯 **Role & Expectations**

📊 **Market Intelligence** – Analyzing trends & monitoring competitors.

🔍 **Potential Sourcing** – Identifying & targeting potential customers.

📢 **Product Presentations** – Creating compelling sales pitches.


🎯 **Right Selling** – Matching customer needs with the right products.


📝 **Sales Conversions** – Ensuring high success rates in closing deals.

📄 **Compliance Standards** – Adhering to service & regulatory norms.

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 **Customer Relationship Management** – Building strong, long-term customer relationships.


 **Example:** Public Sector Banks (PSBs) have redesigned their **marketing approach** by hiring **MBAs in Marketing** to drive retail banking initiatives.

Direct Selling Agents (DSAs)

- These are **external agencies or individuals** appointed by banks to act as **intermediaries in sourcing business and acquiring customers**.
- DSAs are not direct employees of the bank but are **authorized to promote and sell the bank's products and services** on its behalf.

Key Functions of DSAs


 **Selling Retail Loans & Credit Cards** – Primary focus on sourcing personal loans & cards.


 **Lead Generation** – Using telemarketing & field agents for JAIIB with **Learning Sessions**. <https://iibf.info/app>

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customer acquisition.

 **Converting Leads** – Following up & closing sales through direct interaction.


 **Example:** Many banks engage **external agencies (DSAs)** for credit card sales.

Strategic Tie-Ups for Customer Acquisition

Tie-Up with Builders for Home Loans


 **Banks pre-approve housing projects & offer loans to buyers interested in those projects.**

 **Project-based financing** ensures lower risk & higher loan approval rates.

 **Example:** A bank partners with a real estate developer for a new apartment complex and offers special interest rates to buyers of that project.


Tie-Up with Auto Dealers for Vehicle Loans

 **Banks set up loan desks at auto showrooms to provide on-the-spot financing.**


 **Dealers offer discounts, while banks provide concessional rates & fee waivers.**


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 **Example:** A customer buying a car gets a **pre-approved loan offer** from a bank counter inside the dealership.


Tie-Up with Institutions for Group Personal Loans

 Banks offer personal loans to employees of large organizations with repayment deducted from salaries.


 Institutions ensure timely repayments by directly remitting EMIs to the bank.

 **Example:** A bank partners with an IT company to provide **pre-approved personal loans** to its employees at discounted rates.

Tie-Up for Education Loans

 Banks establish counters inside colleges/universities during admission seasons.

 Loan approvals based on merit & admission criteria.





 **Example:** A student gets a **quick loan approval** at their college admission desk, ensuring hassle-free fee payments.

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Summary Table – Human Interventions in Banking

Channels

Channel	Description	Key Functions	Examples
 Branch Staff	Bank employees providing direct customer service	Cross-selling, customer care, query resolution	Teller assisting in account opening
 Dedicated Marketing Managers	Bank-employed specialists driving customer acquisition	Market research, lead generation, product presentations	Bank hiring MBAs to market financial products
 Direct Selling Agents (DSAs)	External agents selling bank products	Selling loans, credit cards & following up on leads	DSA calling customers for credit card offers
 Tie-Up	Banks	Home loan	Bank

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with Builders	financing pre-approved housing projects	approvals for project buyers	offering special loans for a new apartment complex
 Tie-Up with Auto Dealers	On-the-spot car financing via showroom desks	Special interest rates, quick approvals	Bank financing customers at an auto showroom
 Tie-Up with Companies	Group personal loans deducted from salaries	Pre-approved loans, secured repayments	IT company employees getting instant personal loans
 Tie-Up for Education Loans	Student loans provided inside institutions	Merit-based loan approvals	Loan desk in a university offering education loans

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Co-Lending Model (CLM) – RBI Guidelines



Overview

- ✓ **Objective:** Improve credit flow to **unserved & underserved** sectors.
- ✓ **Affordability:** Leverage **low-cost bank funds & NBFCs'** reach for better access.
- ✓ **Eligibility:** Banks can **co-lend with all registered NBFCs**, including Housing Finance Companies (HFCs).
- ✓ **Mandatory Board Approval:** Banks & NBFCs must have an **approved CLM policy** displayed on their websites.



Co-Lending Model – **Loan Sourcing by NBFCs**

Feature	Description
✓ Eligible Partners	All registered NBFCs (including HFCs)
✓ Eligible Loans	All loans qualifying for Priority Sector Lending (PSL)
✓ Funding Contribution	NBFC must retain at least 20% exposure, and the bank can contribute up to 80%
✓ Selection	NBFCs with proven track records , strong

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Criteria	credit & collection processes, system compatibility, and broad geographical reach
✓ Loan Pricing	The interest rate for the bank's contribution must align with RBI guidelines on advances

💡 Key Benefits of Co-Lending Model

🏢 For Banks:

- ✓ **Wider Reach:** Access to customers beyond traditional banking networks.
- ✓ **Lower Risk:** Sharing risk exposure with NBFCs.
- ✓ **Regulatory Compliance:** Supports Priority Sector Lending (PSL) targets.

🏢 For NBFCs:

- ✓ **Lower Cost of Funds:** Access to cheaper bank capital.
- ✓ **Higher Loan Disbursement:** Ability to serve more borrowers.
- ✓ **Operational Strength:** Banks bring strong risk monitoring capabilities.

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For Borrowers:


- ✓ **Better Credit Access:** Especially for **small businesses**, MSMEs, rural borrowers.
- ✓ **Competitive Interest Rates:** Due to **bank funding & risk-sharing**.
- ✓ **Streamlined Process:** Faster loan processing with **NBFC** sourcing expertise.

Co-Lending Process Flow

1 Loan Origination


-  NBFC identifies borrowers & conducts **due diligence**.
-  Borrowers apply for loans via the NBFC's network.

2 Risk Assessment & Approval

 NBFC assesses creditworthiness & shares data with the bank.

- ✓ If **approved**, both entities agree on **fund-sharing ratio**.

3 Loan Disbursement

 **Bank funds its share** (up to 80%) & NBFC disburses the loan.

-  **Loan agreement** is signed with the borrower.

4 Loan Servicing & Collection

👛 NBFC manages **collections & customer service** throughout the tenure.

📊 Both parties **track repayments & risks.**

5 Profit Sharing & Risk Monitoring

🔍 Bank & NBFC **share profits/losses** as per the agreement.

⚠️ **Regular risk assessments & compliance checks.**

