20 One-Liners to Remember

Quick-fire facts for last-minute revision.

1. **RBI introduced the Business Correspondent (BC) and Business Facilitator (BF) guidelines in 2006.**
   The 2006 guidelines let banks engage BCs and BFs to widen financial inclusion beyond branch networks.

2. **A Business Correspondent can transact on behalf of a bank; a Business Facilitator cannot.**
   BCs handle actual banking transactions like cash and deposits, while BFs only refer and counsel customers.

3. **Business Facilitators can identify, counsel and refer customers but cannot handle cash or complete transactions.**
   BFs play a purely supporting role and never transact on the bank's behalf.

4. **The bank remains the ultimate provider of services and is fully responsible for the conduct of its BC/BF agents.**
   Customers dealing with a BC or BF are, at all times, customers of the bank, not of the agent.

5. **Business Correspondents and Business Facilitators are engaged as agents and are not employees of the bank.**
   They function on the bank's behalf without holding formal employment status with it.

6 **The BC/BF model helps banks reach unbanked areas at lower cost than opening physical branches.**
It avoids heavy branch infrastructure investment while extending banking to underserved locations.

7 **NBFCs are eligible to act as Business Correspondents only if they have not accepted public deposits.**
Deposit-taking NBFCs are excluded from the list of entities eligible to act as BCs.

8 **Post Offices are among the entities the RBI permits to act as Business Correspondents.**
Their wide rural presence makes them a natural fit for the BC channel.

9 **NGOs and MFIs registered under Societies or Trust Acts can act as Business Correspondents.**
They are one of the categories of eligible entities listed under RBI's BC framework.

10 **Companies registered under Section 25 of the Companies Act can act as Business Correspondents.**
This category is included among the entities the RBI has permitted to serve as BCs.

11 **A Business Correspondent can disburse small-value credit and collect small-value deposits at locations away from bank branches.**
These transaction-handling activities are part of the BC's permitted scope of work.

12 **A Business Correspondent can sell micro-insurance, mutual fund and pension products on the bank's behalf.**

This widens the range of financial products reaching customers through the BC channel.

13 **Banks must publicise in the local area that a Business Correspondent has been engaged, to prevent misrepresentation.**

This transparency step protects customers from being misled about the agent's authority.

14 **The Reserve Bank of India regulates the BC/BF channel, while the principal bank is responsible for its correspondents' conduct.**

Regulatory oversight and operational accountability are split between the RBI and the engaging bank.

15 **A typical rural bank branch can serve roughly 3,000 to 4,000 families within about a 15 km radius.**

This limited reach is one reason the BC/BF model was created to extend banking further.

16 **The Business Correspondent model concept originated in Brazil in 1990.**

Brazil first used the model to help control inflation and deliver social-programme payments where branches were absent.

17 **India adapted the Brazilian BC model into its own financial inclusion drive, giving rise to the BC/BF channel.**
The concept was localised to extend Indian banking into unbanked and rural regions.

18 **Business Correspondents provide doorstep banking by helping disburse and recover loans at the customer's location.**
This convenience is a key advantage of the BC/BF model for rural customers.

19 **A customer served through a Business Correspondent or Business Facilitator remains a customer of the bank, not of the agent.**
The banking relationship and accountability stay with the principal bank throughout.

20 **The BC/BF framework links financial inclusion, RBI regulation and alternate delivery channels, making it a favourite exam topic.**
Examiners frequently test the year of introduction, eligible entities and the BC-versus-BF distinction.