

Benefits of Financial Inclusion (Business Correspondent Model)



Business correspondents (BCs) are individuals or groups (like NGOs, gram panchayats, societies etc.) who act as the representatives of banks in order to provide banking services to the unbanked and under banked population.

The model was introduced in India in January 2006 by the RBI where banks utilize middlemen for serving the rural population with basic financial facilities at the convenience of their doorsteps.

This concept, when implemented thoroughly can offer plenty of benefits. Listed are a few:



Uniform growth in all sectors of the economy



Equal opportunities for all the segments in society



Smooth mobility of factors of production within the country



Stability of the financial system



Eradication of poverty and improvement in the standard living



Overall improvement in the quality of life



Discourage, and in the long run prevents the growth of parallel economy



Better distribution of wealth (prevents concentration of wealth in few hands)



Better image for the country



Better utilization of the resources



More employment opportunities



Empowerment of vulnerable group in the society

Source: IIBF

