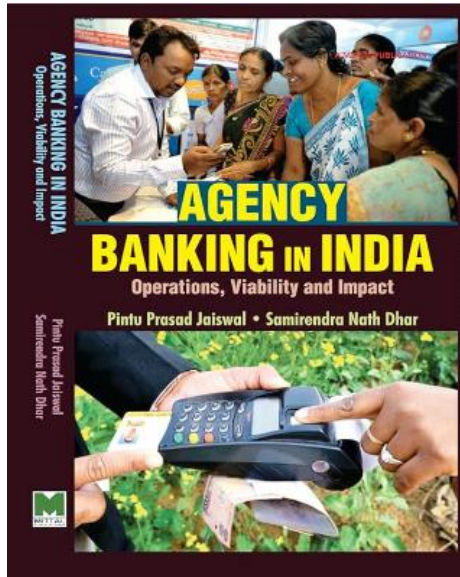


BOOK REVIEW



AGENCY BANKING IN INDIA-Operations, Visibility and Impact

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This book on Agency Banking is a comprehensive volume which starts with the need and genesis of Agency Banking, adoption in countries around the globe and in India. The growth of the system in India has extensively discussed together with the models that are in vogue. Extensive discussions have been made on appointment and monitoring of the agents and also the viability of operations of the business agents. The book is based on rigorous field research and has dug out the granularities of the supply side of the system by investigating into the factors that determine the intention of the agents to continue as agents of the banks. The demand side has also been explored and the perceived and expected satisfaction levels of the clients of these agents have been empirically gauged. The book has been enriched with real life cases of bank agents so that the systems benefits, problems and constraints are made more transparent.

The book is organised into nine chapters and is enriched by adequate references, bibliography and a detailed index.

In the first chapter the authors show Agency Banking as a system where banks expanded their services beyond their network of bank branches by using agents who operate in areas where bank branches are not accessible to those who are either already part of the formal financial system or need to be included in it. They explained how the system provides easy access and availability of financial services to underserved and vulnerable populations at the last mile, making it a critical intervention for achieving financial inclusion in places where formal banking has failed to onboard a large section of the population. They explained why agency banking was needed and how delivering banking services at the door steps could be cost effective. They highlighted how the Reserve Bank of India (RBI) issued guidelines allowing banks to use intermediaries to expand their outreach and promote financial inclusion using agents.

In the second chapter the authors first discussed about the different models of Agency Banking and then made a detailed discussion on the procedure and systems of appointment of the agents (also known as business correspondents). This is the first authentic documentation of the various systems of appointment of BCs. This chapter also discusses in detail the monitoring mechanisms implemented by banks to ensure compliance and oversight. Monitoring the activities of banking agents is a crucial aspect of rural banking services.

In chapter three the authors have focussed on the growth and outreach of agency banking in North Bengal, i.e., in the districts of Alipurduar, South Dinajpur, Darjeeling, Jalpaiguri, Kalimpong, Coochbehar, Malda and North Dinajpur from 2015 to 2021. This compilation is useful for understanding the trend of the popularity and acceptance of Business Correspondents of banks in this region. In this chapter, the authors have explained how they went about the research in this area in a granular manner and collected data using questionnaires and interviews. It provides a vital guideline for future researchers who aim to work in this field.

Chapter four discusses in detail the differences in difference between the Kiosk system and the Point of Sales system used by banking agents universally. The advantages and disadvantages are discussed with great detail based on field visits by the author. This lends a special credence to the book as no other book has delved into these issues before. The analysis of fixed and operating costs of these systems and revenue generated through them by BCs is also a novel attempt to bring out the profits of the agents.

Management of liquidity by banking agents is an essential aspect of ensuring smooth operations and providing quality service to clients. This book

would have been incomplete without inclusion of this aspect. The authors have delved deep into the E-float and physical cash balance mechanism in chapter five and suggested excellent methods to remove difficulties in the check and balance mechanism for e-float and physical cash.

Perceptions about the quality of services provided by banking agents can significantly impact customer numbers, particularly in rural societies where word-of-mouth plays a significant role. Positive perceptions foster trust and confidence among rural customers, facilitating financial inclusion through doorstep banking. With the emergence of new players in the agency banking domain, the provision of quality services has become increasingly important. The authors have investigated into this using the SERVQUAL model in chapter six and revealed that there exists a gap between the services customers expect from banking agents and the services they perceive to receive. This emphasizes the importance of not only expanding banking services to rural areas for financial inclusion but also improving the quality of services provided.

The intention to continue as a banking agent of banks plays a critical role in furthering the government and policymakers' financial inclusion agendas. The Banking Agent services are the main pillars that strengthen the supply side of providing basic financial services. Various factors impact the intention of banking agents to continue their business and necessitate investigation. They function as entrepreneurs, earning income by serving as agents for banks. The authors have taken up these aspects in chapter seven and proved through rigorous use of Exploratory Factor Analysis, Confirmatory Factor Analysis and Structured Equation Modelling that liquidity of banking agents, training of the BCs, technical ease in conducting banking operations of banking agents have a positive influence on their commission earned, and that there is a positive influence of commission earned on the intention to continue their agency banking business for their livelihoods.

The authors have supplemented their empirics through eight case studies of banking agents in chapter eight. As evident from the contents, the materials for the case studies were collected from ground zero through intensive discussions and interactions with the banking agents. The authors have used a blend of empirical analysis and case studies to improve the breadth and generalizability of large-scale data with the depth, nuance, and contextual understanding of in-depth, real-life examples. The authors have used a mixed-methods approach to enhance validity through triangulation—cross-checking results from multiple sources to strengthen conclusions. This adds to the creditability of the book.

Chapter nine, the last chapter the authors have made vital suggestions for improvement of the system of banking agents. They have stressed to eliminate unauthorized collection and ensure that only legitimate candidates pursue banking operations and that the process of assigning CSP to banking agents should be made more transparent. They have also suggested that the kiosk model should be widely adopted as kiosk devices are capable of handling a larger number of transactions compared to POS devices and offer interoperability services without any technical glitches. Network connectivity remains a major challenge in many rural areas and mountainous regions, which limits frequent client access. The authors therefore suggest that corporate BCs and banks should strive to provide VSAT in all regions with poor network connectivity. Last but not the least, the authors suggest raising the percentage rate of commission on various product and service components so that the bank agents find this profession rewarding and contribute productively to the avowed goal of hundred percent financial inclusion.

On the whole, the book, based on in-depth observational, descriptive and causal research provides multidimensional insights and is expected to widely serve the needs of the stakeholders, policy makers, corporate BCs, bankers, researchers and students of banking and financial systems.