



BUSINESS PLAN · INDIA

Banking Business Correspondent (BC)

Last-mile banking and AePS services

BFSI

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This document is confidential and prepared for planning purposes. All financial figures are illustrative model assumptions for an Indian MSME context and must be validated against live quotes, local rates and professional advice before any investment or borrowing decision.

1. Executive Summary

This plan sets out a **Banking Business Correspondent (BC)** business in India — an RBI-framework banking agent that delivers last-mile banking & financial-inclusion services on behalf of banks: account opening, cash-in/cash-out (CICO), AePS (Aadhaar-enabled) withdrawals/deposits, domestic money transfer (DMT), micro-ATM, bill payments & government-benefit (DBT) disbursements — through a network of BC agents/outlets in rural & semi-urban India. It earns **commissions per transaction & per account** from partner banks/BCNMs — an **asset-light, thin-margin, high-volume, agent-network** business. It monetises India's financial-inclusion mandate & the vast under-banked population needing basic banking at the doorstep.

Crores of Indians in rural & semi-urban areas lack convenient bank-branch access, and the BC model — banks serving them via agents — is the backbone of financial inclusion (Jan Dhan, DBT, AePS). A BC business is an **agent-network, transaction-volume business**: light on capital (no lending/balance sheet — funds belong to banks/customers), driven by agent reach, transaction volume, commission per txn/account & operational reliability. It works under the **RBI BC framework**, typically as a Business-Correspondent Network Manager (BCNM) or sub-agent of a bank/BCNM, with agent due-diligence, cash management & tech (micro-ATM/AePS). Economics rest on **transaction volume × commission per txn – agent payout – tech/ops cost**; success rests on agent network, volume, reliability, cash management & compliance — it is volume-, network-, thin-margin- & reliability-driven.

This is an asset-light, high-volume financial-inclusion business — funded by modest promoter equity (tech, float/cash-management working capital & agent onboarding). This plan models a BC/BCNM requiring **₹90 lakh** (₹60 lakh promoter + ₹30 lakh bank/WC finance), building a network toward **800 agents** & large transaction throughput, targeting **₹2.4 crore** revenue in Year 1 and **₹6.5 crore** by Year 3. (*Business correspondent; per-txn/per-account commission, agent-network/volume-driven, asset-light thin-margin — figures illustrative.*)

2. Business Description, Vision & Legal Structure

Concept: A banking business-correspondent (BC/BCNM) - last-mile banking (account opening, AePS/CICO, DMT, micro-ATM, bills, DBT) via an agent network on behalf of partner banks, earning per-txn/per-account commissions; asset-light.

Vision: To bring banking to every doorstep in under-served India.

Mission: Deliver reliable, secure, inclusive last-mile banking through a trusted, well-managed agent network.

Legal structure & framework

- **Company/LLP + bank BC agreement (as BCNM or sub-agent)** under the RBI Business Correspondent framework.
- **Requirements:** agent due-diligence, cash management, tech (micro-ATM/AePS), bank/BCNM tie-ups; not an NBFC (no lending on own book).

Regulatory anchor: a BC operates under the RBI BC framework via bank tie-ups (as BCNM or sub-agent) — agent due-diligence & training, cash-management & settlement, AePS/tech security, KYC, no unauthorised deposit-taking (funds belong to banks/customers), reporting. It is asset-light — no lending/balance-sheet/credit risk — so economics rest on agent network, transaction volume, commission & reliability. Agent network, volume, reliability, cash management & compliance determine success; it is volume-, network-, thin-margin- & reliability-driven.

3. Promoter & Ownership

Led by a promoter with banking, financial-inclusion, BC/fintech or rural-distribution expertise & bank/BCNM relationships. The team includes agent-network management (onboarding/training/support), operations & cash management, tech/support, compliance & BD. Agent network, volume, reliability & cash management are the differentiators. Ownership & stakes are editable inputs.

4. Market Analysis — India

India's financial-inclusion drive (Jan Dhan, DBT, AePS, rural banking) & the large under-banked rural/semi-urban population sustain strong demand for last-mile banking via BC agents. Demand is inclusion-/DBT-/rural-banking-driven & policy-backed. The market rewards agent reach, transaction volume, reliability, cash management, service & compliance; it is volume-, network-, commission- & reliability-sensitive, met with agent network, volume, reliability & efficiency.

Demand drivers

- **Financial inclusion & Jan Dhan.**
- **DBT / government-benefit** disbursements.
- **AePS & last-mile** cash-in/out.
- **Under-banked rural/semi-urban** population.
- **DMT, bills & micro-banking** needs.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	BC/last-mile banking in India	Very large & inclusion-driven
SAM	Region/state & services	Substantial
SOM (Yr 1-3)	Agents / transaction throughput	Scaling

Target segments

- Rural/semi-urban customers (CICO/AePS).
- DBT/benefit beneficiaries.
- Migrant remittances (DMT).
- Small merchants/agents (network).

5. Competition & Competitive Advantage

Landscape: other BCs/BCNMs, fintech AePS/BC platforms, bank BC channels & local agents. The BC competes on agent reach/density, reliability/uptime, commission to agents, service, tech & cash management.

The business's edge

- **Agent network reach & density.**
- **Reliability, uptime & cash availability.**
- **Agent economics & support (retention).**

- **Tech (AePS/micro-ATM) & service.**
- **Bank tie-ups & volume.**

6. Products & Revenue Model

Stream	Model	Basis
AePS / CICO transactions	Commission per txn	Core volume
Domestic money transfer (DMT)	Commission per txn	Volume
Account opening / CASA	Per-account fee	Acquisition
Bills, recharge, micro-services	Commission	Cross-service
DBT / benefit disbursal & other	Commission/fee	Volume

Revenue is **thin commissions per transaction & per account** (AePS/CICO/DMT/bills/DBT), shared with agents — so it is a **volume game** on a large agent network. Economics = transactions × commission per txn – agent payout – tech/ops – cash-management cost; agent network, volume, reliability & efficiency drive it — the decisive BC levers (asset-light, thin-margin, high-volume).

7. Go-to-Market — Agent Network & Growth

- **Agent recruitment & onboarding** (shops/entrepreneurs, rural/semi-urban).
- **Bank/BCNM tie-ups** (products & commissions).
- **Agent economics & support** (retention/activity).
- **Volume & density** (reliability/cash availability).
- **New services** (DMT/bills/insurance-cross-sell).

Growth approach

Tie up with banks/BCNMs → recruit & onboard agents (density) → drive transaction volume & reliability → keep agents active/retained (economics/support) → add services & geographies → scale volume & efficiency. Agent network, volume, reliability & agent retention build the throughput that makes a thin-margin BC profitable.

8. Operations Plan (agent network + cash + tech)

- **Agent network:** recruitment, KYC/due-diligence, training, devices (micro-ATM/AePS), support & monitoring.
- **Cash management:** agent float/liquidity, settlement, reconciliation — critical for CICO uptime.
- **Technology:** AePS/micro-ATM platform, transaction switch, agent app, monitoring & security.
- **Partnerships:** bank/BCNM tie-ups, product & commission structures.
- **Compliance:** RBI BC framework, KYC/AML, agent due-diligence, no unauthorised deposits, reporting.

BC workflow

Stage	Activity	Metric
Onboard agent	Recruit/KYC/train	Agents/density

Enable	Device/float/tech	Active agents
Transact	AePS/CICO/DMT	Txn volume/GTV
Settle	Cash/reconcile	Uptime/settlement
Retain	Support/economics	Agent activity/retention

9. Regulatory, Licences & Compliance (India)

- **RBI BC framework:** via bank tie-ups (BCNM/sub-agent); agent due-diligence & training.
- **Cash & settlement:** cash-management, settlement, reconciliation; no unauthorised deposit-taking.
- **Tech & security:** AePS/micro-ATM security; KYC/AML; data protection.
- **General:** GST on commission; reporting; agent conduct/monitoring.

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Promoter / leadership	1	2	3
Agent-network managers & field	10	22	40
Operations, cash mgmt & settlement	5	10	17
Tech, support & compliance	5	9	15
Total (core; agent network is external)	21	43	75

Agent network (external): ~300 (Yr1) → ~800 (Yr3) agents/outlets.

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Setup	Month 0-3	Entity, bank/BCNM tie-ups, tech, first agents
Ramp	Month 3-8	Agent network, transaction volume, cash management
Traction	Month 8-12	~300 agents & volume; ₹2.4cr revenue
Expand	Year 2	More agents/geographies/services, ₹4.5cr
Scale	Year 3	₹6.5cr revenue; ~800 agents & throughput

12. Financial Plan (Illustrative)

All figures are illustrative model assumptions for an Indian context, shown so the promoter can replace them with live rates. They are not projections of guaranteed results. A BC is asset-light (no lending/balance sheet; funds belong to banks/customers) but thin-margin & volume-driven; agent payout is the largest cost; cash-management float is the main working-capital need.

12.1 Project cost & means of finance

Capital requirement	₹
Technology (AePS/micro-ATM/switch) & devices	30,00,000
Cash-management float / settlement working capital	35,00,000
Agent onboarding, training & network build	15,00,000
Office, brand & pre-operative	10,00,000
Total project cost	90,00,000
Promoter contribution	60,00,000
Bank / WC finance (float/CC)	30,00,000

12.2 Projected Profit & Loss (3 years)

Particulars	Year 1	Year 2	Year 3
Transaction throughput (GTV)	600,00,00,000	1400,00,00,000	2200,00,00,000
Commission income (AePS/CICO/DMT/accounts/bills)	2,40,00,000	4,80,00,000	6,50,00,000
Agent payout / commission share	1,45,00,000	2,90,00,000	3,90,00,000
Technology, devices & switch cost	35,00,000	62,00,000	82,00,000
Operations, cash-mgmt & overheads	40,00,000	75,00,000	1,00,00,000
Interest & other	6,00,000	9,00,000	12,00,000
Total expenses	2,26,00,000	4,36,00,000	5,84,00,000
Net profit (before tax)	14,00,000	44,00,000	66,00,000
Net margin	5.8%	9.2%	10.2%

12.3 Unit economics & key ratios

- **Transactions × commission per txn:** each AePS/CICO/DMT/bill txn earns a thin commission (a few rupees or basis points), shared with the agent; profitability requires **large transaction volume across a dense agent network**.
- **Agent network & activity:** active-agent count, transactions-per-agent & retention are the make-or-break levers; agent economics/support keep them active; reliability & cash availability drive volume.
- **Asset-light & float:** no lending/credit risk (funds belong to banks/customers); the main working-capital need is cash-management float for CICO uptime; margins are thin but scale with volume & efficiency.

12.4 Projected Cash Flow — Year 1 (quarterly, illustrative)

Particulars (₹)	Q1	Q2	Q3	Q4
Opening balance	10,00,000	9,20,000	9,40,000	9,80,000
Commission collections	45,00,000	58,00,000	66,00,000	71,00,000
Agent payout, tech & operating	45,80,000	57,80,000	65,60,000	70,40,000
Closing balance	9,20,000	9,40,000	9,80,000	10,40,000

Asset-light & no credit risk, but thin-margin with cash-management float (for CICO liquidity) as the main WC & agent payout the largest cost. Volume, agent activity/density, reliability, float management & a WC line manage cash; the key risks are low volume/agent inactivity, commission compression, cash-management/float & fraud/AePS-security & compliance — met with network density, agent economics, reliability & controls.

12.5 Key Performance Indicators to Monitor

- **Network:** total/active agents; transactions/agent; density; retention.
- **Volume:** GTV; transactions; accounts; service mix.
- **Economics:** commission/txn; agent payout %; net margin.
- **Ops:** uptime/success-rate; cash-management; fraud/compliance.

13. Funding Requirement & Bankability

Total ask: **₹30 lakh bank/WC finance** against ₹60 lakh promoter contribution — for technology/devices, agent build & especially **cash-management float** (the main WC), on an asset-light base with **no lending capital or credit risk** (funds belong to banks/customers). Bankability rests on agent network, transaction volume, bank tie-ups & reliability; the model is capital-light but thin-margin, profitable at scale. Year-1 profit ~₹14 lakh growing to ₹66 lakh as volume & network scale. Agent network, volume, reliability & cash management underpin the model.

13.1 Funding utilisation

Use of funds	₹	% of total
Cash-management float / settlement WC	35,00,000	38.9%
Technology (AePS/micro-ATM/switch) & devices	30,00,000	33.3%
Agent onboarding, training & network build	15,00,000	16.7%
Office, brand & pre-operative	10,00,000	11.1%
Total	90,00,000	100%

14. Risk Analysis & Mitigation

Risk	Mitigation
Low volume / agent inactivity	Network density, agent economics/support, reliability, services
Commission compression	Volume, service mix (DMT/bills/cross-sell), efficiency, scale
Cash-management / float / liquidity	Float planning, settlement discipline, WC line, monitoring
Fraud / AePS-security	KYC, agent due-diligence, security, monitoring, controls
Bank tie-up / regulatory changes	Diversify banks/BCNMs, compliance, RBI-framework adherence

15. SWOT Analysis

Strengths Asset-light, no credit risk; inclusion tailwind (DBT/AePS); scalable agent network; recurring transaction volume; social impact.	Weaknesses Thin margins (volume-dependent); agent-activity-reliant; cash-management/float; fraud/ops risk.
Opportunities Financial inclusion; DBT/rural banking; DMT/bills/insurance-cross-sell; more banks/services; digital.	Threats Commission compression; competition; AePS-fraud/security; regulatory/tie-up changes; agent churn.

16. Recommended AiSevak Tools for This Business

This BC business would use AiSevak's BFSI vertical tools in delivery:

- **Network ops:** agent-onboarding/KYC & device/AePS-management, transaction/GTV & agent-activity, cash-management/settlement tools.
- **Compliance & partnerships:** RBI-BC-framework & KYC/AML/fraud, bank/BCNM-tie-up & GST tools (with Legal & Finance verticals).
- **Practice:** Business Plan, volume/commission/agent-network and Break-even tools to model the BC.

17. Key Assumptions & Notes

- BC is ASSET-LIGHT & operates under the RBI BC framework via bank tie-ups (BCNM/sub-agent) — NO lending/balance-sheet/credit risk (funds belong to banks/customers); economics rest on agent network, transaction volume, commission & reliability.
- Revenue = transactions × thin commission per txn/account (AePS/CICO/DMT/bills/DBT), shared with agents; profitability requires large volume across a dense agent network.
- Capital-light + cash-management float as main WC; agent due-diligence, cash-management, AePS-security & no-unauthorised-deposits compliance.
- Agent network/activity, volume, reliability, cash management & compliance drive economics; figures illustrative; RBI BC framework & bank tie-ups are prerequisites.

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