

## Yes Bank

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**Category:** Scheduled Commercial Bank

### **Background:**

There is a large population of migrant workers working in cities away from their home towns. Since they do not have KYC documents to open their bank accounts, they open a bank account in their home towns. In city, they can deposit cash in their hometown account using anywhere banking module offered by various banks. . But to do this, they have to stand in the long queue in the mornings because the banks open only couple of counters for 3 to 4 hours in the morning and many people line up to send money to their homes. Thus they effectively lose their daily wage to stand in long queues to send money by using the existing limited options.

By the very nature of remittance service, a bank needs a vast expanse of branch and network presence across the geography. With just over 330 branches across India, this was not a feasible option for Yes Bank.

Therefore, the key objectives behind this initiative were:

- Facilitate Remittance in India by creating a business model, which takes technology to the people who cannot use it on their own
- Enable the migrant workers to remit money through a robust infrastructure of Banking Correspondent Agents (BCA) to any of the 85,000 000 bank branch across India

### **IT initiative/Project:**

The initiative, “domestic remittance service” is a project undertaken by Yes Bank in which it aimed at realigning the available infrastructure of Banking Correspondent Agents (BCA) and leveraging the available NEFT technology platform to facilitate the public at large to deposit cash at these BCA outlets and request for remitting the money to any of the 85,000 bank branch across the country

- The project was rolled out on April 11, 2011 and completed on June 13, 2011
- The service was available in Mumbai and Delhi to start with and now it is available in 146 cities across the country, and already 22 BC partners have signed up for the process
- *Service flow:*

A person who wants to use this service and send money to his family registers himself and his bank account at his home town in this system

Registration process:

At the BCA Store, the Sender registers himself by selecting a State; City; Bank; Branch through a drop down selection. This process helps in getting the exact NEFT Code (ISFC Code) for the Bank branch

The Sender gives the “Bank account number” and “Name of the Account holder” to which the money has to be sent and the BCA enters the same in the system to register the “Beneficiary”

The System sends an SMS to the Sender with the details captured in the system like Bank account number; ISFC code and Name of the Account holder along with a One Time PIN (OTP)

The Sender checks the details in SMS and shares the OTP with the BCA Store for entering in the system to confirm the details

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## Sending process:

The BCA Store selects a particular “Beneficiary” to whom the Sender wants to send the money. The Sender gives the money and BCA Store enters the same in the system as a submission to the Bank

The Sender once again gets an OTP along with details of the Beneficiary and has to confirm the details by sharing the OTP with the BCA Store;

The request is queued up in the Bank’s NEFT cycle and sent to the Beneficiary’s Bank

## Refund Process:

When a transaction fails due to any reason at the Beneficiaries Bank, the system initiates an SMS to the Sender along with an OTP

The Sender has to come to the BCA Store and share the OTP to collect the refund

The refund along with the Fee that was charged to the sender is given back to him

The Sender again can initiate the transaction after modifying the details of the Beneficiary in the system.

- In the initiative, Yes Bank undertook the following:
- Designing the entire workflow and systems specification
- Designing the workflow for NEFT bulk file generation along with upload and download facilities
- Developed the application and tested it for customer friendliness, security penetration and central monitoring
- Designing workflow for SMS trigger facility for OTP generation and transfer of statuses to BCAs, customers and beneficiaries
- Integration, testing and verification of BC portal with Yes Bank’s internal system for NEFT file format transfers to manage NEFT transactions between BC accounts in Yes Bank system.(BCA partners are provided with corporate accounts in Yes Bank)
- Whole process of registering the Sender and Recipient developed with “Poka Yoke” approach (Mistake Proofing). The NEFT code engine was connected to the system so that the user just needs to follow a certain selection procedure of identifying the State/City/Bank/Branch and get the required NEFT code. Similarly, the field for capturing the account number was tuned to accommodate the number of fields of the respective Banks and if there is some number missing, the request won’t be accepted in the first place. It was ensured that the data captured on the basis of Sender’s request is sent to him on the spot through an SMS along with a One Time Pin (OTP) and he confirms to the BCA by sharing the OTP. The BCA in turn enters the same in the system, thereby stitching the request of Sender with his confirmation. Similarly, the process of refund in case a transaction fails, ensures that the Sender gets an intimation along with an OTP and one can take refund of the amount from any BCA by sharing this OTP.

## **Impact:**

- BCA network grown from 40 in June 2011 to 793 as on December 17, 2011
- Senders network grown from 12 in the month of June 2011to 53,000 as of December 2011
- A total of more nearly 73,000 beneficiaries (receiving customers) from various banks as of December 2011
- More than 1700 new users added every day

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- As of today, about 7 percent transactions originate and terminate within the same city and that too in a particular area. This means that the customers are finding their own use of this service and are not only doing remittance to their families, but also using this platform for their business transactions
- Transaction volumes grown exponentially through the past 5 months of launch of this service and requests from additional 22 BCA partners with large franchisee network of average 20,000 retailers each has been coming in
- Transactions grown from 400 a week in July to 20,000 a week in December 2011 and a total of 138,000 transactions in last 5 months ending December 2011; transactions value range from Rs. 50,000 a day to Rs. 20.0 million a day
- 64 Banks with 14,178 branches have received money through this program
- Total value of remittance as of December 2011 is Rs. 800.0 million approx. and fee income of Rs. 8.0 million approx. over last 5 months
- Keeping an average of 5 transactions of Rs. 5,000/- per day per BCA Store, through the 100,000 stores by end of March 2013, plans to achieve daily top-line run rate of Rs. 21.0 million for the program and bottom-line of Rs. 3.7 million for the bank
- This model is a “Day Zero breakeven” model. Since the existing resources of the franchisee network owners have been utilized, there is no extra cost other than the technology development done jointly with the BCA partners. Even the technology cost incurred is being reimbursed by the Corporate clients who are using this setup for their Cash Management Services
- Transactions across all ticket size and income segments
- The pattern of repeat usage by the customer depicts that about 51% Customers have availed of this service more than one time
- 45 percent transactions in “After Banking hours”
- The users do not need to be customer of YES Bank; they can be banking with any Bank;
- The users do not need to go to their own bank branch to deposit cash and can now deposit cash at our Banking Correspondent outlets
- Remittance need not be done only during Banking hours; it can be availed round the clock at the nearby Kirana shop
- The users do not need to be internet savvy to avail benefit of NEFT service, the same will be offered through the assisted mode.
- It is much convenient for the remitters to see the large presence of a bank and use it for remittance. The system facilitates the service through a large network of BCAs and allows the remitters to deposit money into any bank across the country
- Pricing is kept low at 1 percent so that customers can afford this service
- Plans to implement KYC digitization at BCA center and validations and approvals process by Yes Bank’s internal team
- Intend to offer this service to the Retailers and Distributors of corporate clients
- Plans to implement a centralized and standardized remittance platform on SOA architecture.
- Intend to offer this service across the country under the brand name “YES Money” through the 22 BCA partners and their 200,000 BCA Stores

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- Reserve Bank of India has already taken cognizance of this program and has approved it for implementation for all the Banks vide its circular dated October 5, 2011

### **About the company:**

Yes Bank is a private bank offering Corporate and Institutional Banking, Financial Markets, Investment Banking, Corporate Finance, Branch Banking, Business and Transaction Banking, and Wealth Management business lines across the country. It also offers a range of products and services to corporate and retail customers. The Bank has a branch network of over 331 branches across 200 cities, nearly 420 ATMs and 2 National Operating Centers in Mumbai and Gurgaon.