

CASE STUDY ON MOBILE BANK BRANCH – SOUTH CANARA DISTRICT CENTRAL COOPERATIVE BANK LTD., MANGALURU

Introduction

The coastal region of Karnataka, especially Dakshina Kannada and Udupi districts have been known for their immense and cherished contribution to banking. Four of the erstwhile major public sector banks, viz., Syndicate Bank (now merged with Canara Bank), Canara Bank, Vijaya Bank (now merged with Bank of Baroda) and Corporation Bank (now merged with Union Bank of India), alongwith a leading private sector bank, viz., Karnataka Bank were founded here. The cooperatives in these districts are strong too, with many of the primary level societies providing multiple services in their areas of operation, and accounting for sizeable proportion of total deposits as well as lending for agricultural as well as other activities in rural areas. Thus, the districts could be said to be well covered by network of banks and financial institutions. Further the districts also have a strong presence of non-financial cooperatives, by way of vibrant institutions like Dakshina Kannada Cooperative Milk Producers' Union Ltd., Central Arecanut and Cocoa Marketing and Processing Cooperative Ltd., South Kanara and Udupi Cooperative Fish Marketing Federation Ltd., etc.

South Canara District Central Cooperative Bank Ltd.

The South Canara District Central Cooperative Bank Ltd., (SCDCCB) catering to banking needs of Dakshina Kannada and Udupi districts the leading DCCB in Karnataka, came into existence on 30 November 1913 and commenced formal operations on 24 January 1914, completing more than 110 years of service. The bank is functioning with a network of 113 branches¹ and a deposit of Rs.6371.89 crore and loans outstanding at Rs,7142.62 crore. SCDCCB accounted for around 16% of the deposits and 16.5% of advances by DCCBs in Karnataka state in 2022-23². The bank also contributes to around 10% of the total ground level credit flow in the two districts.

SCDCCB functions out of its own centrally located premises and is fully computerized. SCDCCB has introduced several innovative services like *Single Window System*, *Any Branch Banking*, *ATM facilities*, *12 hours of Banking* from 8 am to 8 pm at its Head Office branch, etc. The bank offers attractive deposit schemes, safe deposit and locker facilities, accords priority for agricultural sector through adequate and timely financing and measures like effective implementation of *Weather Based Crop Insurance Scheme (WBCIS)* and *Pradhan Mantri Fasal Bima Yojana (PMFBY)*, Rupay KCC, Rupay Debit Card, etc. The Bank has also promoted 33107 SHG groups with 268236 members, having cumulative savings of Rs.141.38 crore and outstanding of Rs.458.86 crore¹. SCDCCB has also undertaken a project with NABARD's assistance under JLG Promotion for promotion and linkage of 3500 JLGs. Also with the support of NABARD, the Bank has

¹ <https://scdccbank.com/statistic.html>

² Basic Data on Performance of District Central Cooperative Banks (April 1, 2022 to March 31, 2023), NAFSCOB Ltd

taken the initiative to issue KCC Rupay Cards to farmers, and installed POS device at PACS and Branch level for hassle free banking.

Issue / Pain Point

Although the districts of Dakshina Kannada and Udupi are well covered by bank branches, there exists pockets where the reach of banking operations need improvement or instances where the population, especially housewives, agriculturists, agricultural labourers, fishermen, petty vendors, senior citizens, differently abled, etc., find it difficult to access banking services at branches due to their pre-occupation with daily activities or consider the effort arduous. Further, with the penetration of digital banking products and services, especially payments have been simplified and can be conducted on a realtime basis instantly. However, gaps persist with regard to spread and practical knowledge on digital banking. Also concerns such as frauds, malpractices, cyber security related, etc., deter many uninitiated and newly initiated from availing banking services wholeheartedly. Hence, there is a need for addressing these awareness gaps. Also, branch banking remains key to infusing customer confidence and strategically located bank branches improve customer accessibility, both elements which are critical to business success. Bank branch presence is also considered crucial due to financial nature of the products / services and the fact that customers seek more engagement and clarity before arriving at decisions. Human connection, vital fosters lasting customer relationships is possible only in branch banking. Traditional brick and mortar banks incur high establishment costs, require time lag for setting up, require higher running costs and do not allow immediate relocation in case the present location proves unviable.

Solution

Recognising that despite the best efforts branch banking remained relevant but inaccessible to a section of the population, and that an out-and-out brick and mortar branch attendant costs might not be feasible, SCDCCB launched the *Banking on Wheels* facility, an unique offering of mobile bank branch in 2007, to extend banking services to the rural, unserved and underserved areas and population groups. A new vehicle was introduced in the year 2014 and one more Mobile Branch added during 2022. Hence, the Bank currently has two mobile bank branches one serving Dakshina Kannada district and other Udupi district. The Mobile branches act as an extension of SCDCCB's Kodialbail and Udupi branches respectively. Each of the mobile branches visit two pre-designated areas each day, one each during pre-noon and post-noon sessions. A total of four areas are designated for servicing each day, with a total of 24 locations served each week. The locations are carefully selected to provide banking services to uncovered and undercovered areas. Each Mobile Branch is manned by a complement of staff including a Manager, Clerk, Attendant and Armed Guard. Whereas the Manager and Clerk are employees of SCDCCB, the Attendant and Armed Guard are employed on a daily wage basis (temporary employees). The van has been supported by NABARD under Financial Inclusion Fund (FIF) and Financial Inclusion Technology Fund (FITF) of NABARD.

The Mobile Branch is well furnished with AC System, ATM, Customer Counter, Manager Cabin and light music and it is equipped with three Computer Systems, UPS, printers, facility for weighing gold, etc.. A hidden camera is installed to provide additional tier of

security for the Mobile Bank. The data is transferred through wireless modem. In each counter there is facility of safe lockers to keep the pledged jewels and cash received from the customer and there is also a separate Defender Safe in the Mobile Bank. Customers of all banks can avail an entire bouquet of banking transactions like deposit, withdrawal, loans repayments, etc., as also use ATMs which is provided inside Mobile branch. The Mobile Branch is connected with CBS system of the SCDCCB, providing seamless connectivity and enabling its customers to avail a whole array of transactions like withdrawal, deposit, issue of Demand Drafts, Fixed Deposits, Jewel Loans, Personal Loans, other loans, etc. The Bank on Wheels initiative has helped the bank reach out to customers / beneficiaries who were finding it difficult to access banking services due to other pre-occupation, or find it difficult to access banking services in normal course, improve its visibility and endear itself to the masses.

The mobile van is also used to promote digital literacy in rural areas. Since the mobile bank is fully equipped with ATM, demonstration and reach of banking services to wider population is also possible. There is also a LED screen in each of the mobile vans which screen awareness videos with regard banking services, cyber security, etc., benefitting customers. This has aided in wider dissemination of digital banking interventions as also reaching out banking services to larger population.

The perceived benefits of this mobile branch by South Canara District Central Cooperative Bank Ltd., are as follows :

- Lower establishment costs in comparison to a brick and mortar branch
- Lower running costs in comparison to a brick and mortar branch
- Ability to run the bank at different places/locations, especially when dependence on one place / locations could be considered unviable and thereby optimisation of reach at lower costs

Issues for Discussion

- *Discuss the Mobile Bank Branch project initiated by South Canara District Central Cooperative Bank Ltd., with particular reference to your bank and likely operational and other issues that could be encountered.*
- *How would you plan in case you were tasked with an assignment to undertake such a project for your bank and enable it become viable and sustainable, at the same time keeping the objectives of making universal access to banking possible*