



बैंक ऑफ़ इंडिया
Bank of India



अभयं सर्वं देहिनाम्

ABHAY

A Trust for Credit Counseling Services

**Welcome you to a
Presentation on role of Financial Literacy & credit
counseling centres**

4/26/2012

26 April, 2012

1



**Inauguration of First 'ABHAY' Center in Mumbai
by RBI Governor Dr Y.V.Reddy.
On 07-09-2006**

The background of the slide is a dense, overlapping pattern of various US coins, including pennies, nickels, and quarters, rendered in a light, semi-transparent style. The word "Objectives" is written in a bold, red, sans-serif font, centered at the top of the slide.

Objectives

- Creating awareness among people about financial management
- Counseling people who are struggling with current financial problems
- Spreading financial literacy amongst farmers and weaker section of the society

The background of the slide is a dense, overlapping pattern of various US coins, including pennies, nickels, dimes, and quarters, rendered in a light, semi-transparent style.

Need for FLCC

- Educating people and making them financially literate is an integral part to achieving financial inclusion
- Financial education primarily relates to personal financial education to enable individuals to take effective actions to improve overall well-being and avoid distress in financial matters.

What is credit counselling

- Credit Counselling can be defined as 'counselling that explores the possibility of repaying debts outside bankruptcy and educates the debtor about credit, budgeting, and financial management'.
- It serves **three purposes**. **First**, it examines the ways to solve current financial problems. **Second**, by educating about the costs of misusing a credit, it improves financial management. **Third**, it encourages the distressed people to access the formal financial system

Specific objectives of setting up FLCC.

- To provide financial counselling services through face-to-face interaction as well as through other available media like email, fax, mobile, etc. as per convenience of the interested persons
- To educate the people in rural and urban areas with regard to various financial products and services available from the formal financial sector
- To formulate debt restructuring plans for borrowers in distress and recommend the same to formal financial institutions, including cooperatives, for consideration

Preventive counselling

- preventive counselling, the centres could provide awareness regarding cost of credit, availability of backward and forward linkages, where warranted, etc. The clients could be encouraged to avail of credit on the basis of their repaying capacity.
- Preventive counselling can be through the media, workshops and seminars

Curative counselling

- curative counselling, the clients may approach the counselling centres to work out individual debt management plans for resolving their unmanageable debt portfolio. Here, the centres could work out Effective debt restructuring plans that could include repayment of debt to informal sources, if necessary, in consultation with the bank branch.
- The choice of finally accepting or rejecting a debt restructuring proposal suggested by the FLCCs may be left to the bank/ banks concerned. However, in case of non-acceptance or rejection of restructuring proposals forwarded by FLCCs by banks, they may give the reasons in writing to FLCC in the interests of transparency.

The background of the slide is a light gray overlay featuring a pattern of various US coins, including pennies, nickels, and quarters, scattered across the surface.

Dos

- FLCCs should give due emphasis to customers' rights under fair practices code(BCSBI Code) and act as watch dogs. Our institutions must provide high quality public services to all citizens with transparency and accountability

Do nots

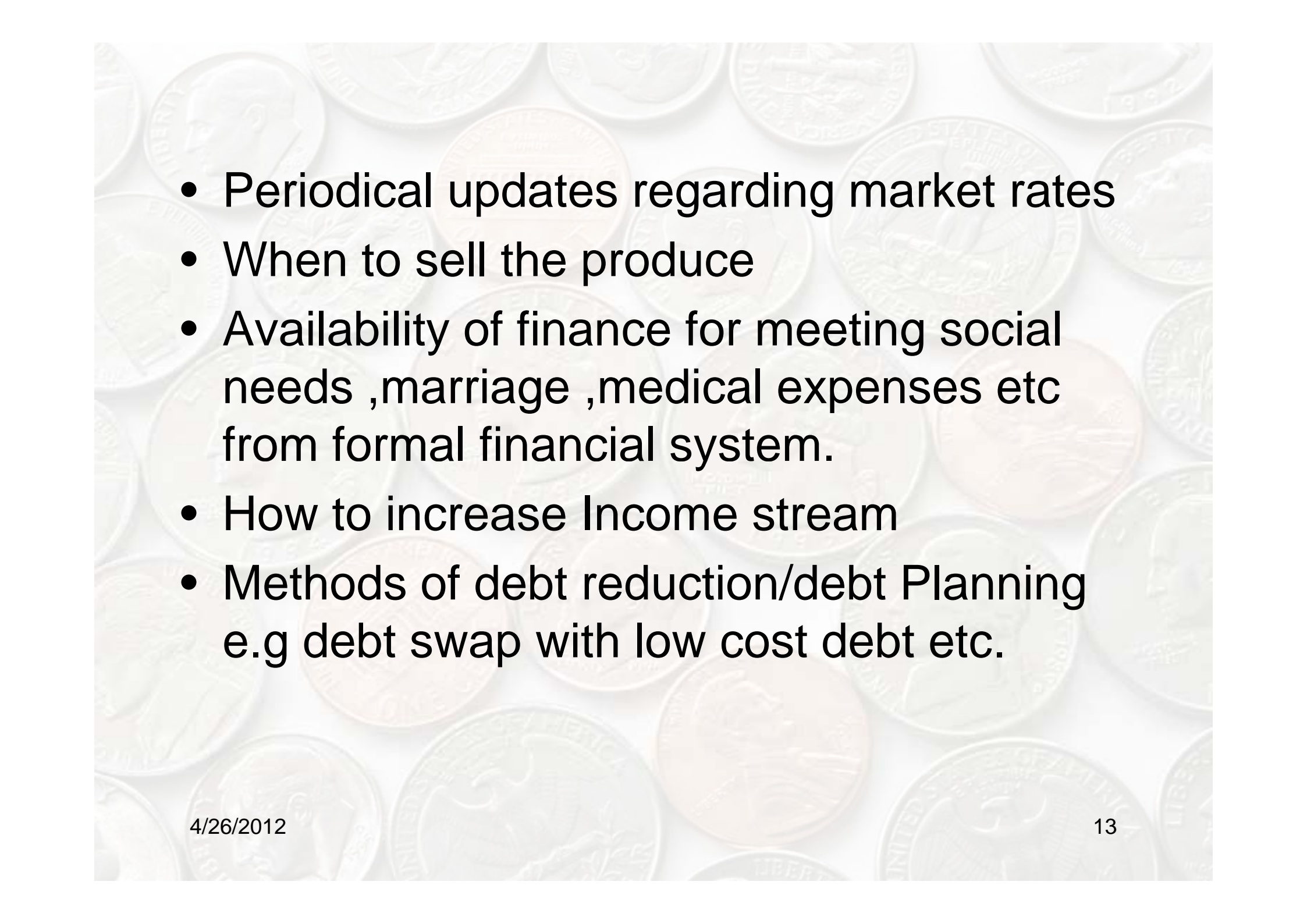
- FLCCs are not expected to act as investment advice centres /marketing centres for products of any particular bank
- The FLCCs would, not involve themselves in recovering and distributing money. This may be left to the bank concerned, or the bank having the largest exposure to act on behalf of all the banks

Role of Business facilitators

- RBI report of working group on B.C model, Aug 18, 2009 has clearly stated that Business facilitators role will be **“...creating awareness about savings and other products and education and advice on managing money and debt counseling....”**

Financial Education in the hinterland

- Financial Education to include film shows as well as talks by Prof / Teachers from Agricultural Colleges on topics such as -
- Modern techniques of cultivation including right dosage of fertilisers ,pesticides etc
- Availability of storage facilities,charges etc
- Availability of finance during intervening period.
- Marketing facilities,price differentials etc.

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- Periodical updates regarding market rates
 - When to sell the produce
 - Availability of finance for meeting social needs ,marriage ,medical expenses etc from formal financial system.
 - How to increase Income stream
 - Methods of debt reduction/debt Planning e.g debt swap with low cost debt etc.



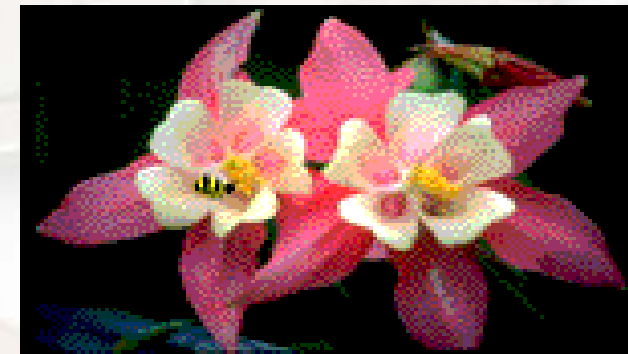
We have a long way to go

- **59% of rural households do not have a deposit account**
- **58% of rural commercial establishments do not have a deposit account**
- **70% of marginal farming households do not have a bank account**



Counseling is FREE

- Abhay Credit counselling centre
Above Bank of India
Gokhale Road North
Opp Amar Hind Mandal, Near Portuguese Church
Dadar West Mumbai 400028
Tel. 24221843
- Timings Friday, Saturday, Sunday between 6pm & 8pm only



RELATIONSHIPS BEYOND BANKING...

THANK YOU



Questions?

