

Retail Banking : Lean management of cash supply

EXECUTIVE SUMMARY

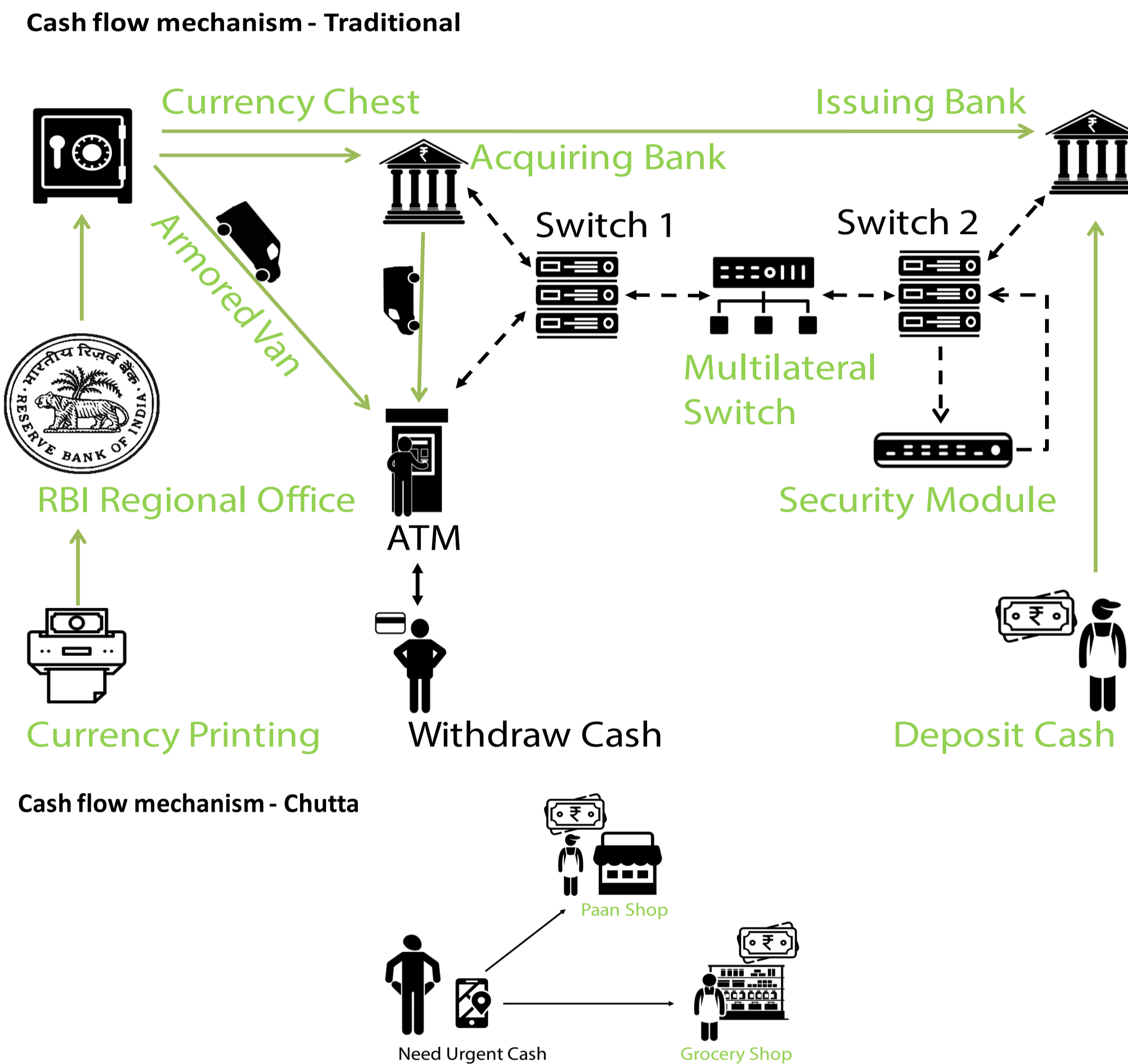
The payments business in India is on the cusp of a revolution. Cash remains the most readily available and widely used form of payment in India. Savings held in cash of local shops range from 40 percent in urban areas to 27 percent in rural areas, according to the Indian Consumer Economy Survey 2016-17.

Handling cash transactions is a cost to banks. The cost of cash transactions in India is equivalent to 1.7 per cent of the gross domestic product (GDP). The Reserve Bank of India and commercial banks run up a total of Rs.21,000 crore in currency operations costs annually. So Currency chest logistics accounts for 2% of GDP. On an average, a branch banking transaction costs a bank about Rs40-50 per customer. When a customer needs a small amount of cash firstly they need to search for nearest ATM. If at all they find the ATM at times ATM's run short of cash and also they don't get required.

Our proposed application "CHUTTA" will help, by customer expressing their need for money (Rs2500); simply locating nearest local shop (e.g. Paan Wala, Kirana Store etc.) who has mentioned on application his/her willingness of a certain amount to be deposited. On matching, Customer visit shop; will receive cash on immediately doing e-transfer of the same amount in the shopkeeper's account. The customer can also do 24hrs prior booking of collecting money.

So, the burden of ATMs, Vans (used to carry money) and also to some extent banks will be reduced. As well as customers trouble of travelling till ATM will minimize. And instead of shopkeeper going to a bank; depositing this will directly transfer to their account. So we are positive that our initiative will imbibe digital payment in unaware shopkeepers. The shopkeeper will get benefits on each transaction done. More bank account transaction will be carried out, therefore increasing white money.

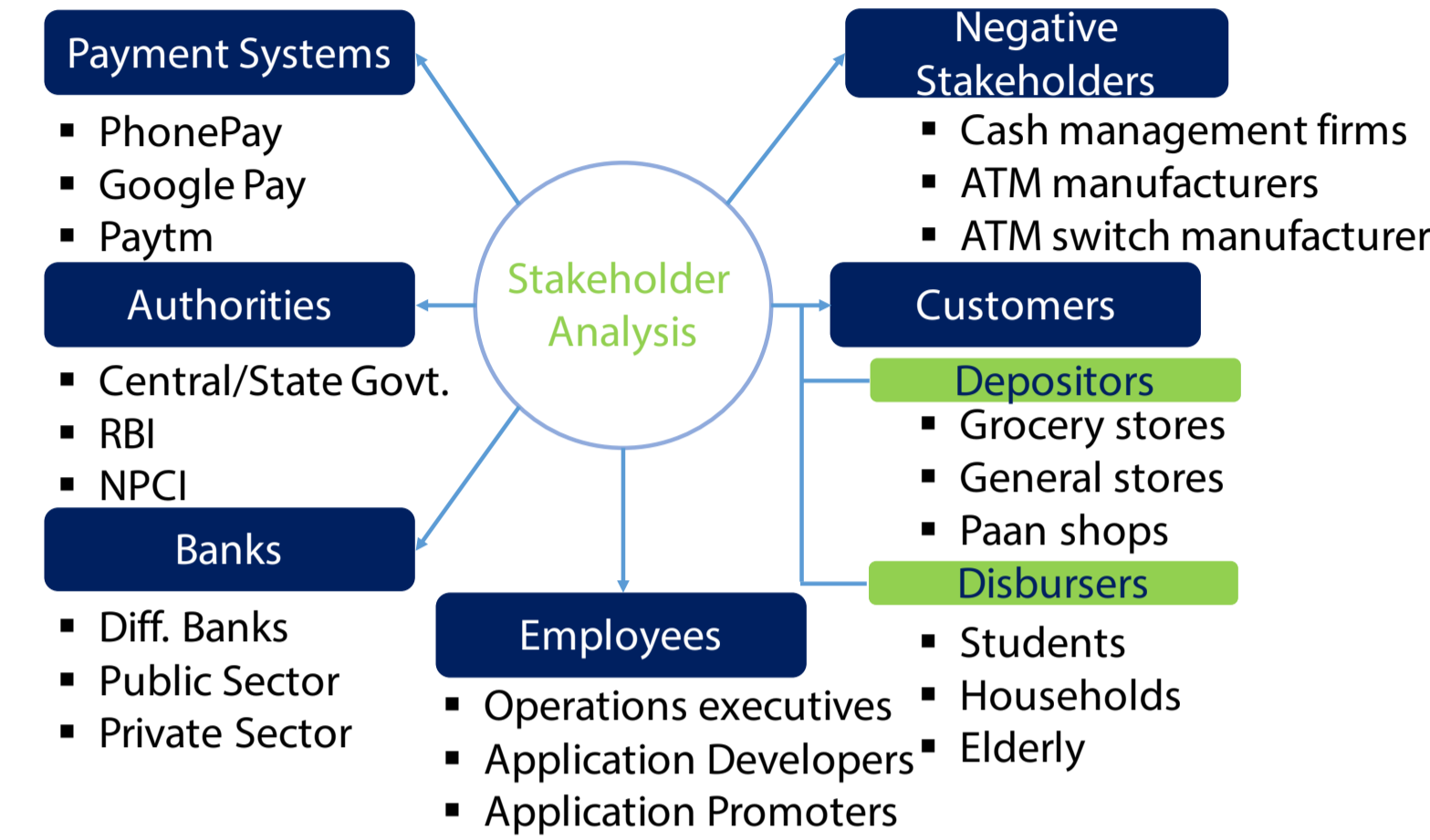
Considering if we target at least 13,800 people in Mumbai, the banks can save an amount of Rs.12,85,000 for an investment of just 7,50,000 which will breakeven in 4 years. These savings will increase as per the rise in market share. In the future, further integration with other application will also lead to an increase in customer base and higher bottom line.



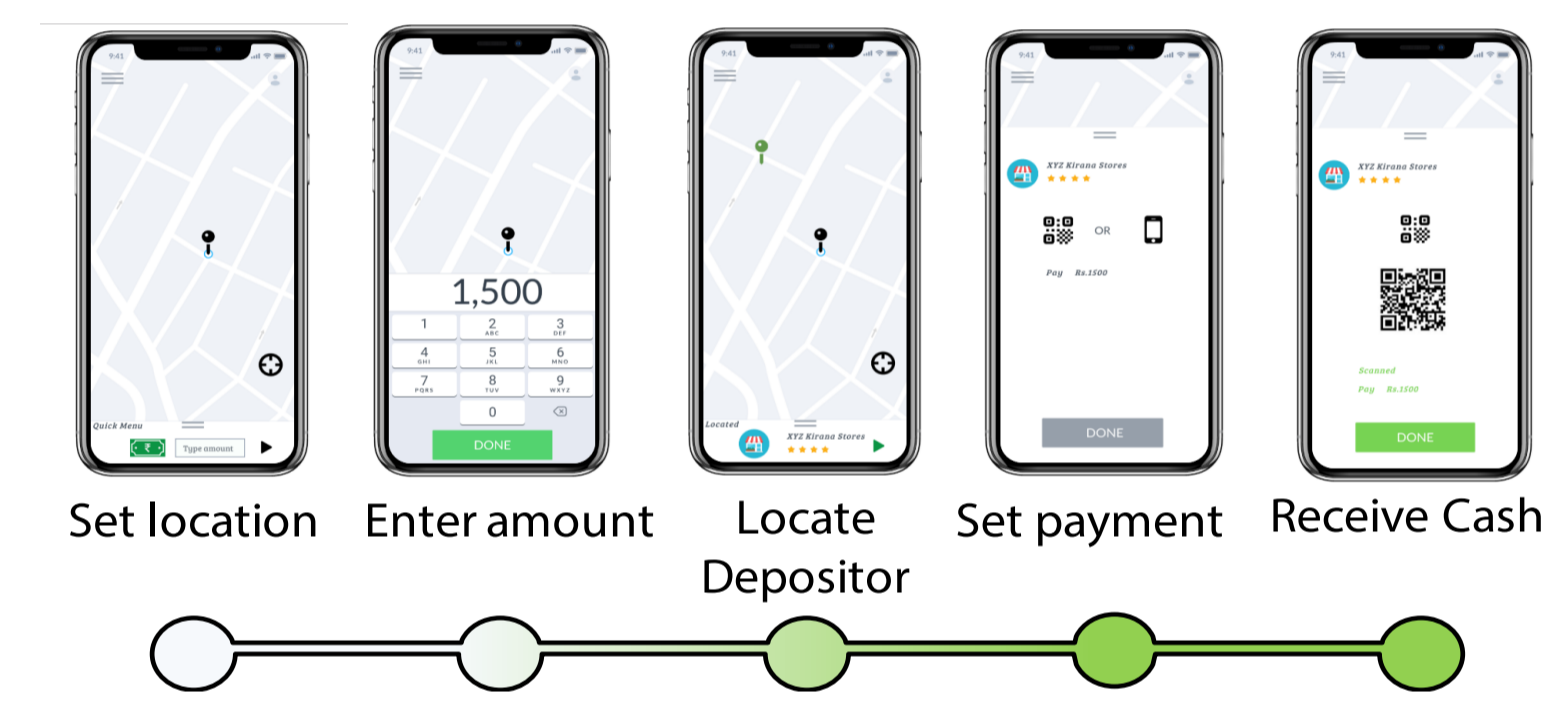
Operational Value Chain

Money flows from printing mints to ATMs via various routes with currency management companies. On an average, a person visits ATM 3 to 5 times per month. Bank has to bear an average of Rs 45 per customer if they deal in physical cash. If a person goes to deposit money in a bank branch or at deposit machine, branch as well as currency chests have to perform - collection, sorting, storage and distribution comprising expensive armoured vans actions on physically collected cash. With our "Chutta" application, we are providing customers with a platform which will reduce their efforts in visiting an ATM for cash requirements by helping them connect with the nearest vendor having easy access to physical cash and imbibing habit of digital transaction and acceptance.

Stakeholder



Ideation



The above 5 easy steps are for people who want to avail the CHUTTA facility which is just single touch operation which would take merely seconds for a person to locate a depositor for gaining cash.

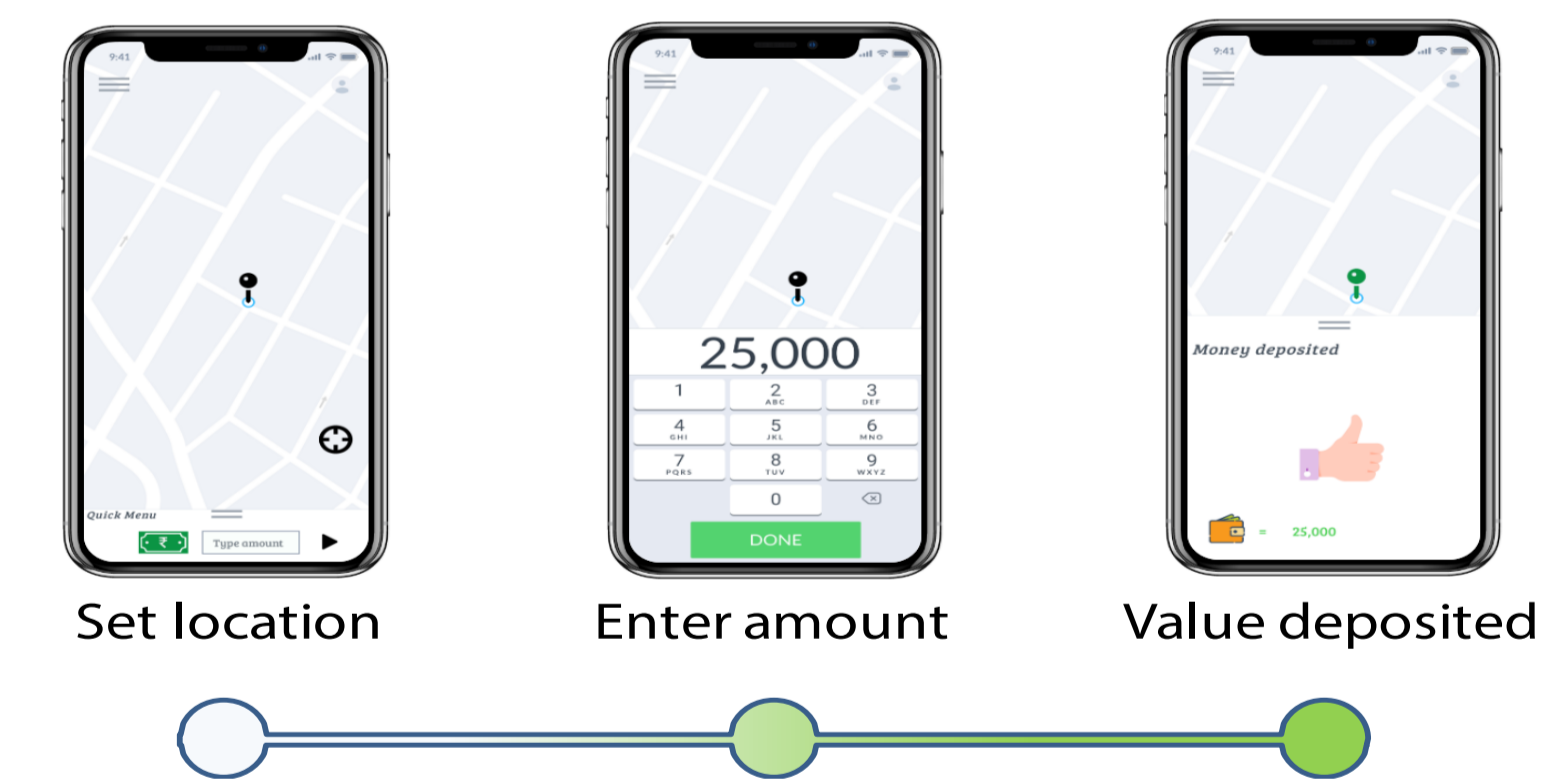
BMC MODEL

Cash-intensive businesses whose daily revenue is around 15,000 like

Local Kirana stores, Paan-walas, small restaurants etc will download the Chutta Application. Platform will help our partners to free up their idle cash by offering it to needy customers, in exchange of on-line transaction where they will receive incentives instantaneously, saving them from the hassle of visiting a bank.

Cost Structure :

- Acquisition cost per customer Rs.45
- Initial Fixed Cost Rs 4,50,000
- Profit generated for the 1st year 2,35,000
- Break even Year 2.



The above are the 3 easy steps for the depositor to deposit his sum of money just at his fingertips.

Why invest in our idea?

1. With an estimated 13,85,134 number of people in Mumbai, we expect to capture at least 1% of the total market i.e 13,851 which will generate a profit of rupees 2,35,000 in the first year.
2. We aim to grow 25% Quarter to Quarter which will bring the break-even to 2 years.
3. Will be supported by the payments ecosystem since we aim to help people enter into digital technology also reducing the cost of cash to the bank.
4. Other Tier - 1 cities can be targeted which can be followed by Tier - 2 and Tier - 3 cities since there is enormous scope for growth in the payments systems.

Need Analysis

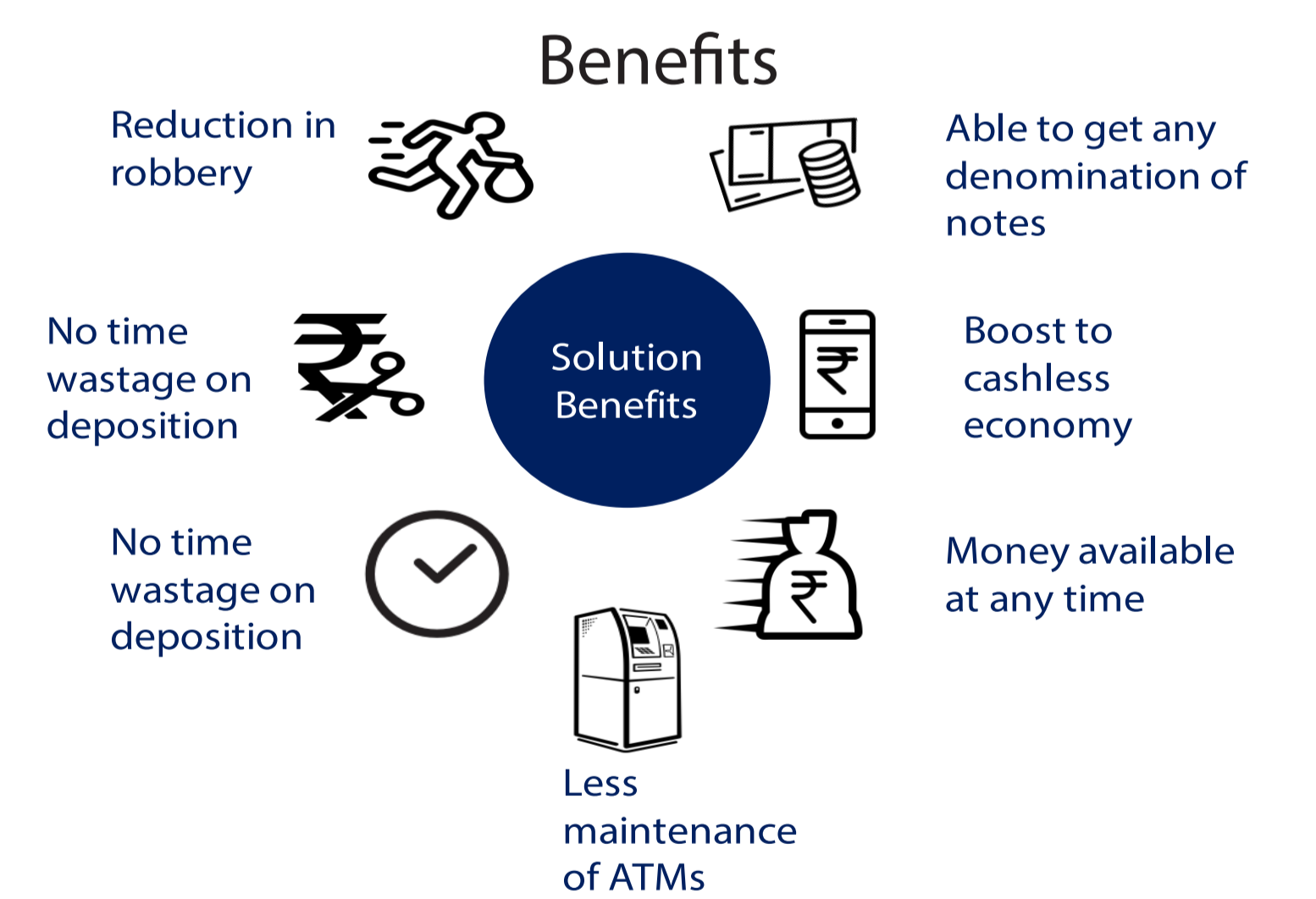
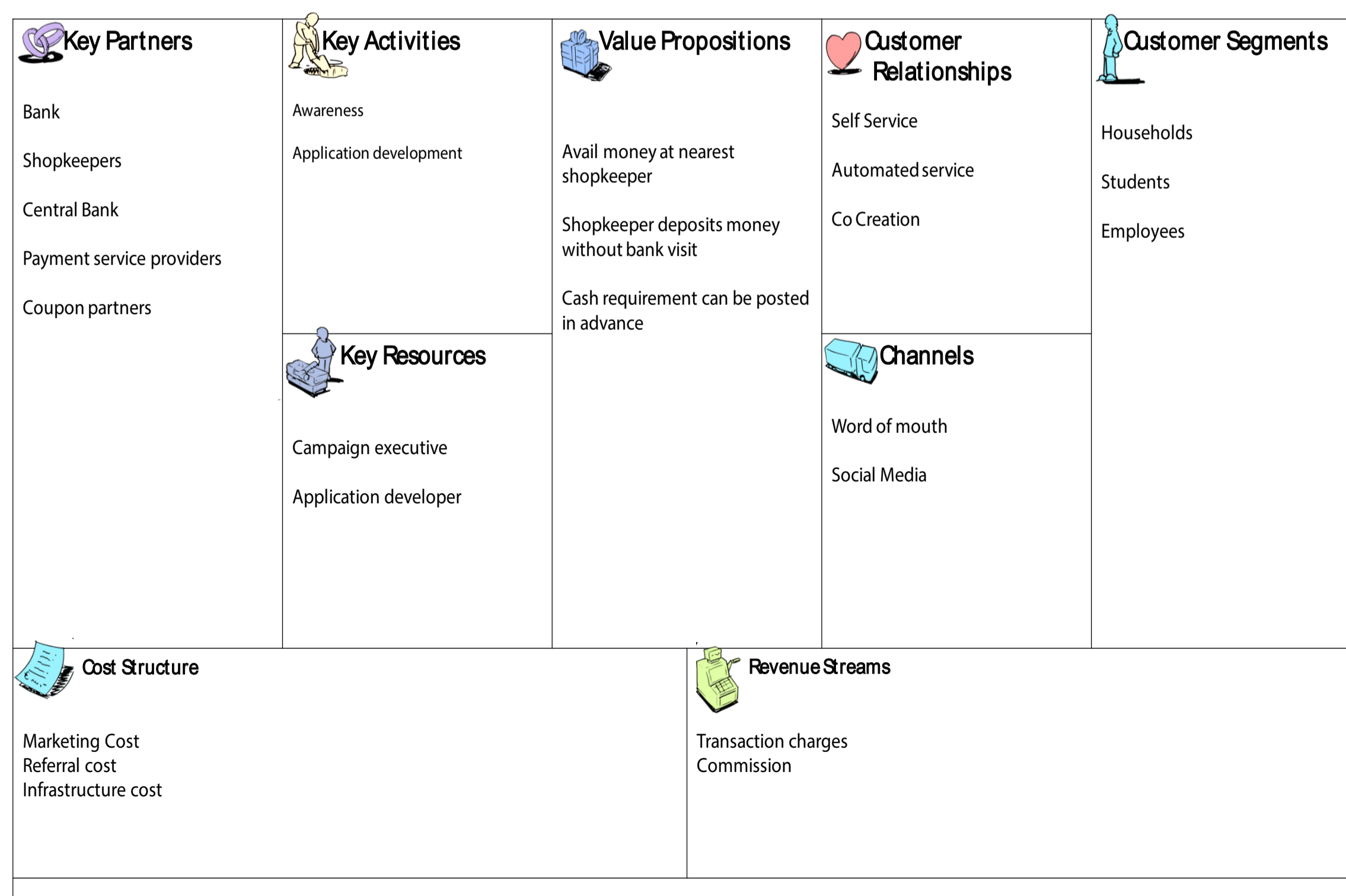
1. Around 2000 ATMs have been closed down as cost-cutting measures by banks in past one year.
2. With recent RBI regulations, currency logistic and management cost for banks has increased by around Rs. 9,000-10,000 per ATM per month.
3. Cash-intensive businesses need to visit a bank every month to deposit the cash generated
4. There is no option available to the customer other than ATM, to have quick and easy access to physical cash.
5. Digital payment acceptance is still not imbibed in small vendors.

Target Segments

Target segment is Grocery shops, general store, paan shop vendors

- Grocery/General stores : 10 per 1000 customers
- Paan shops : 35 per 1000 customers
- ATM users in Mumbai : 13,85,134
- Amount of ATM transaction : 19,283,813,000
- Number of people using : 36,00,000
- Modern payment systems

	First Year	Second Year	Third Year
Market Captured	13,851 (1%)	27,703 (2%)	41,554 (3%)



Group Members

- Pareesh Damkondwar
- Richa Bachhuka
- Sayali Kulkarni
- Yachana Shah
- Kajal Patil