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## COVID 19 and Door step Banking: Challenges and Opportunity

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### **Abstract:**

*COVID 19 has changed our lives in almost every aspect. All industries undergone through changes and adopted “New Normal”. Sustainability in this environment was not easy for banking sector too. Banking being important pillar in economy sustained through this pandemic and adopted door step banking. Door step banking is providing basic banking services at customer’s residence. Nationalized banks also adopted such option and started basic services like deposit of money, demand draft service, cheque payment, KYC norms fulfillment etc. An attempt is made in this study to evaluate challenges and opportunity of door step banking adopted by public sector bank in India. The conclusion in this regard is based on analysis done on secondary data. This article has indicated effects of lockdown on banking sector with focus on public sector banks and survival steps taken by them to serve customer in best possible way.*

*Keywords: door-step-banking, Covid 19, nationalized bank*

### **Introduction:**

Breakdown of Novel Corona virus put the whole world behind locked doors. In India, we all encountered the situation which we have never seen before. To keep 1.3 billion people, lacs of industries, service providers locked for substantial time was not easy. We all have seen people getting panic, migrating, fighting for basic needs, health services and what not.

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We all have witnessed the changing lifestyles and acceptance of many new things during this pandemic. All industries eventually adopted new environment, made required changes and survived during pandemic. Banking sector being a part of essential service was no exception to face challenges of COVID 19. Handling customer and providing service in pandemic was huge challenge for banks. Being a public place they were at risk of becoming centre for spreading infection. On this note, the Reserve Bank of India issued a circular on 31<sup>st</sup> March 2020, to widen the scope of door step banking in India. All public sector banks were instructed to adopt, to inculcate and provide door step banking service to customers at high risk initially like differently abled person, senior citizens etc.

Door step banking means providing banking facilities at the convenience of customer at his/ her residence. Door step banking services include pick-up of cash and instruments against receipt, delivery of cash against withdrawal from accounts, delivery of demand drafts, and submission of Know Your Customer (KYC) documents and Life Certificates at the premises or residence of such customers.

Public sector banks in India are nationalized banks having large customer base and basically formed to provide services only. Maximum capital of these banks is contributed by government of India. Hence, it is burdensome to bring, implement and inculcate new policy in PSBs due to large customer base and lack of budget as well as other infrastructural challenges.

A study is conducted to evaluate opportunities and challenges in implementation and acceptance of door step banking facilities. The research is aimed at knowing awareness amongst customer regarding door step banking specially promoted post COVID 19 for senior citizens, differently abled person etc. This is secondary data based study conducted to know initiatives of public sector banks boosting banking sector, creating awareness, valuing customers and playing significant role in survival of economy in pandemic situation.

**Objectives of the study are as follows:**

1. To study the policy of nationalized banks on door step banking.
2. To study impact of COVID 19 on banking sector.
3. To evaluate opportunities and problems of door step banking services due to COVID 19 pandemic.

### **Significance of the study is as follows:**

Banking sector being one of the important pillar influencing economies has faced great challenges in this pandemic. This study is conducted to know those challenges faced by banks and bringing revival solutions to their customer. This research is focused on knowing acceptance of door step banking, steps initiated by various public sector banks to regulate such services and customers benefited from it. This research is aimed at evaluating opportunities and locating challenges in implementation of door step banking hence of vital importance.

### **Research Methodology:**

Researchers have adopted secondary data method for study. Books, journal, timely circulars issued from RBI and other e- resources have been used for analysis.

### **Door Step Banking**

Door step banking in literal sense means providing banking services at customer's door step. Banks give such services at the request of customer at their residence. Bank appoints agent to perform such banking services on their behalf at door step of customer. These services are provided as per instruction of customer at a cost of certain charges. In India, door step banking is not very recent. Banks are providing such services long back in remote areas where bank set up can not be reached. Providing door step banking service in India is not new for private banks. The Reserve Bank of India in its earlier circulars has clearly given green signals for door step banking to start in India. It was quickly implemented by various private sectors banks. Private sector banks that focus on customer satisfaction and profit maximization got a new source of revenue after getting approval from RBI to initiate door step banking.

Door step banking facility is used by corporate customer at large. Even some government undertakings like Railway has requested RBI to initiate door step banking services for nationalize banks as well. To widen scope of banking and financial inclusion of people from remote areas, the Reserve Bank of India later stated that, door step banking facilities shall be provided to the customer of public sector banks as well at nominal charges. In April 2005, RBI stated that door step banking can be implemented by banks only after approval of board meeting the resolution of same needs to be submitted to the RBI. Continuing to the circular,

RBI again issued another circular in 2007 where in it laid down general rules, regulation and norms for door step banking. By this time, various private banks as well as nationalized, banks started door step banking services to corporate clients. In November 2017, the Reserve Bank of India issued a circular stating “It has been observed that there are occasions when banks discourage or turn away senior citizens and Divyangjan from availing banking facilities in branches. Regardless of need to push digital transactions and use of ATMs, it is imperative to be sensitive to the requirements of senior citizens and differently abled persons. Considering this, banks are required to put in place appropriate mechanism with the following specific provisions for meeting the needs of such customers so that they are able to avail of the bank’s services without difficulty”. In this circular it was made mandatory for all public sector banks to allow senior citizens to opt for door step banking for basic banking facilities. As per this mandate, following facilities were introduced by nationalized banks for senior citizens

- a. Dedicated counters giving preference to senior citizens.
- b. Ease of submitting life certificate “Jeevan praman” for pension holders.
- c. Chequebook facility
- d. Automatic conversion of status of accounts to senior citizen account as per date of birth available with bank after KYC.
- e. Additional facility for visually impaired person
- f. Ease of filing form 15G/H
- g. Door step banking facility such as pick up of cash and instruments against receipt, delivery of cash against withdrawal from account, delivery of demand drafts, submission of Know Your Customer (KYC) documents and Life certificate at the premises/ residence of such customers.

In March 2020, after outbreak of COVID 19, the Reserve Bank of India insisted on strict compliance of door step banking for disabled person and senior citizen of age above 70 years. In their instructions the Reserve Bank of India further made it compulsory to display branches giving door step services on their website and in branch as well making adequate publicity to make customers aware of it. Recently, in September 2020, finance ministry of India under the chairmanship of finance minister Nirmal Sitharaman declared availability of door step banking services to all customers with a view to curtail contact of people in banks

on account of pandemic. Thereafter, all public sector banks were made compulsory to provide door step banking facilities to all customers at their request on nominal charges.

As part of the EASE Reforms (Enhanced Access & Service Excellence), Doorstep Banking Services is envisaged to provide convenience of banking services to the customers at their door step through the universal touch points of Call Centre, Web Portal or Mobile App. Customers can also keep watch on their service request through these channels. The services shall be provided by the Doorstep Banking Agents deployed by the selected Service Providers at 100 centres across the country. PSBs have stepped up to support the nation during the COVID-19 crisis on large scale. From different modes of staffing to remote working, 80,000+ bank branches were operational during COVID-19. To support the customers in, the banks have drastically increased the number of services being offered at the call centres

Considering risk and threats to such services, banks adopted an informed procedure to opt for door step banking as follows:

- i. Customer can get herself/ himself registered through either of 3 channels i.e. Mobile App/ Web Portal/ Call Center.
- ii. When the agent arrives at Door Step of the Customer, he will proceed for document handover to DSB Agent only after the Service Code matches with the one available with the agent. Customer will have "Pay in Slip" duly filled/ completed and signed in all respect (containing details of instrument/s to be submitted).
- iii. Post this he/ she will hand over the instrument to agents, which agent shall put in designated Envelope and seal before customer. Agent is required to cross tally instrument detail with the information available in their App and accept only if it tallies.
- iv. Multiple instruments can be picked by an agent for single pick up request. Different instrument types cannot be clubbed for a single request ID.

Under the umbrella of Public Sector Bank Alliance majority of public sector banks are providing door step banking service through door step banking agents. Total 12 nationalized banks including Bank of Baroda (Vijaya Bank and Dena Bank), Bank of India, Bank of Maharashtra, Canara Bank (Syndicate Bank), Central Bank of India, Indian Bank (Allahabad Bank), Indian Overseas Bank, Punjab National Bank (Oriental

Bank of Commerce, United Bank of India), Punjab and Sindh Bank, State Bank of India, Uco Bank, Union bank (Andhra Bank and Corporation bank) have formed alliance and initiated process for door step banking. Atyati Technologies Pvt. Ltd. And Integra Micro System Pvt. Ltd are service providing agencies for this major project.

### **COVID 19 and door step banking with reference to Public sector banks**

The outbreak of Novel Corona virus was first reported by China in Wuhan city on 31<sup>st</sup> December 2019. The seriousness of this disease was indicated by World Health Organization. This rapidly spreading contagious disease soon reaches all corners of the world and started taking lives of many. India, a country of 1.3 billion people was at high risk of being the most affected country in the world. It was 21<sup>st</sup> March 2020 when PM Narendra Modi announced 14 hours curfew on movement of people making them aware of COVID 19. On the very next day i.e. on 23<sup>rd</sup> March 2020 when cases of Corona in India was marking 500, PM Narendra Modi announced sudden complete lockdown for 21 days. This was followed by few further lockdowns upto 31<sup>st</sup> May. During this time, people were not allowed to roam around freely. All government offices, private sector offices, industries were completely shut down or working from home. Banks who served the people during lockdown were at the great risk of getting infected and becoming a contagious centre for spreading the virus. On 31<sup>st</sup> March 2020, the Reserve Bank of India issued a circular saying, banks shall promote digital banking services and inform customer to visit the branch only if it utmost important. Finance ministry gave three month's pension in advance to senior citizens who were at high risk for this life threatening disease. In its circular, the RBI said that, on the basis of earlier circular issued in 2017, all public sector bank shall strictly comply with door step banking and aware customer earliest possible. Initially it was made available extensively for senior citizens and Divyang (Specially abled person). Later in September 2020, public sector banks started giving non financial services as well as financial services to all customers at their request.

### **Opportunities of door step banking**

#### **a. Opportunities for customer.**

The door step banking facility is provided for the convenience of customer. It benefits and eases banking experience to great extent. Under door step banking, banks provide

financial as well as non financial services. Hence customers need not to stand in a queue for small work. Considering normal scenario in public sector banks where they are already burdensome with huge customer base, customer needs to wait for long time to get work done. It creates unnecessary chaos at branch and eventually results in poor banking experience. However, under door step banking, bank send an agent to customer's residence for getting all work done at home only. They follow safe procedure for identification of agent and customer in this type of facility. For such service public sector banks charges certain charges which vary bank to bank. Since it is provided by nationalized banks the service charge is quite affordable for normal people. Most importantly, after pandemic situation, where senior citizens and differently abled persons are at high risk, they are prioritized in giving such services. Therefore, it is quite clear that, customer will be benefitted from it to great extent.

#### **b. Opportunities for Employee**

For banks and their management, implementation of door step banking is a great challenge. Especially giving financial services at door step of customer involves big threat and security concerns. However, it is observed that, public sector banks have outsourced these services to some agencies which tend to reduce workload of bank employees. If we analyze the procedure of services provided under door step banking, the agencies take maximum care of security and agent- customer identification to avoid any frauds.

#### **c. Opportunities for Management**

Door step banking enables better cash management and empowering cash collection cycle for banks. During this pandemic, where people have fear and avoid going in a bank, door step banking will definitely fill the gap. Perhaps, this door step banking facility may generate certain revenue to bank. Every bank has determined the charges applicable for availing door step banking facility. Therefore, it is expected that, this facility may bring revenue to bank if widely used.

#### **d. Opportunities for Government**

Government considering threat to senior citizen and differently abled person from this Corona virus, strictly implemented door step banking facility in public sector banks to avoid

any gathering at public places. Government applied lock down in a country long back in March 2020 when COVID 19 cases were 500 only. All state government and central government took maximum care to avoid public transmission and outbreak of the disease at large. Door step banking can be one measure step rather an achievement in government's efforts to stop spreading of virus. With this type of initiatives, government may imply door to door awareness campaign, surveys and bring into the light problems at ground level.

#### **e. Opportunities for society**

It is the responsibility of society to co-operate, unite and fight against highly contagious disease like COVID 19. Even if government brings policies and rules under pandemic, it depends on society to bring the disease under control. Hence, society if accepts changing procedures, environment and act accordingly then only government's efforts can be successful. As far as door step banking is concerned, public sector banks provided these services on priority basis to the vulnerable part of the society i.e. senior citizens and differently abled person. This definitely brought their risk of getting caught by virus to down. Also, we can not deny the fact that, outsourcing the work to agency will definitely create some employment opportunities.

#### **Challenges of Door Step Banking**

##### **a. Challenges of Door Step Banking for Customer:**

The Reserve Bank of India (RBI) had asked banks to provide doorstep banking service to senior citizens and Divyangjan. However, many people were unaware about it. Since senior citizens were often hard pressed for submission of a life certificate and were asked to visit specific branches, the RBI has also directed banks to accept them at all branches. This is another facility that is not known to the common people.

There are various Door step banking software are used by Banking Institutions. Various online software, apps or websites also are in use. To the illiterate people or for senior citizens it is difficult to understand & operate such software. So there is possibility for fraud. Door step banking have some nominal charges. But some private financial institutions may charge some more amount & try to exploit the customer.

##### **b. Challenges of Door Step Banking for Employee:**



Public banks mainly operate for rendering banking services to public at large. Hence, public sector banks have huge customer base on account of trust and nominal banking charges. Implementing new techniques in such bank is therefore a challenge. It's a big challenge to employees to provide door step banking to large number of customers. It increases the risk for travelling to door steps & collecting cash or documents in the COVID 19 pandemic situation for the employees.

**c. Challenges of Door Step Banking for Management:**

Banks can collect cash and cheques from individuals and corporate customers. They can also deliver cash against cheques received across the counter to corporate and government departments. Where banks do hire agents, they have to certify in writing that they are taking responsibility for their agents' actions. It is the big challenge to management to control such activities of agents & plan according to that.

**d. Challenges of Door Step Banking for Government:**

Door step banking provides services to the government also. It includes pick of cash, pick up of instruments, delivery of cash against cheques, delivery of demand drafts etc. It is difficult to handover cash or instruments at a large quantity & transferring it to the bank. It faces another challenge of delay in the providing services like providing documents etc. Delivering various documents have heavy burden & time consuming task for the government.

**e. Challenges of Door Step Banking for Society:**

A drive that generated an unprecedented increase in access to financial institutions by using mobile technologies to deliver services practically at the doorstep of rural households. Using household data from just before and after the initiation of the policy, matched with village-level data on financial institutions, It was identified, the effects of access to financial institutions utilizing longitudinal variation in conjunction with geographic eligibility criterion that provided services to villages based on the size distribution of villages in the service area assigned to the bank.

## Conclusion and Inferences:

1. Door step banking facility is available to senior citizens and differently abled person on priority basis. This will create a feeling of trust amongst customer. Though there are certain challenges adhere to it, this will bring customer close to the bank.
2. RBI had declared application of door step banking in public sector banks in 2017 only, but strict compliance of the door step banking norms made compulsory due to pandemic. COVID 19 pandemic put many restrictions on social roaming of people and hence, it was quite risky to gather in public places. Banking being a part of essential services can not be closed fully. Hence, door step banking is one of the solutions and can be seen utilized widely in future.
3. Currently door step banking is in its initial stage of implementation. Currently, senior citizens and differently abled person are getting benefitted at large. Inclusion of financial services in door step banking and making it available to general public also will definitely boost banking sector. Many private banks used to provide such services to corporate customers, but now retail customers can also avail door step banking facility at nominal charges.
4. Non financial services provided under door step banking may create financial awareness and financial literacy. It will also bring more public under banking system.
5. Public sector banks are basically service providing banks, adoption of new banking facility will increase their operating cost. They generally have huge customer base than that of private banks. Therefore, it becomes burdensome for them to provide such facilities to customers.
6. It is observed that, door step banking services has been outsourced by public sector banks alliance to some agencies, it is expected that, it will create employment opportunities in near future. It will also ensure customer satisfaction and gain customer's trust in short period of time.
7. The biggest challenge of door step banking is security concerns. People may initially face fear of security and safety with respect to door step banking. There are chances of frauds and scams to be happened. However, banks and outsourcing agencies have laid down guiding principles and safety measures that to be followed in a process of availing door step banking facility.

8. Door step banking facility is not open for all types of account holders. Minor, Illiterate, Accounts operated through power of attorney, Inoperative accounts are not eligible for such facilities.

### **Suggestions**

Currently, the responses are not instant, unlike the conventional internet or mobile or phone banking services and hence it may not be suitable for time-bound transactions. Most banks offer these doorstep banking facilities on working days only and banks take anywhere between one to two working days to process a request.

Bank shall focus on awareness of these facilities so that it can reach to customer who needs it. The Reserve Bank of India instructed to display the availability of door step banking on website. But, the target customer like senior citizen are not so techno friendly, hence bank shall take some more efforts on making customer aware about utility of door step banking.

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