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### SUB-SECTOR Deepdive: BCs & DSAs



India Fintech Foundation's  
**FINTECH SECT**  
PODCAST

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### **Agents of Inclusion: The Role of BC & DSAs in India's Fintech Growth**

In India's journey toward *Viksit Bharat*, financial inclusion is not a mere objective—it is a foundational pillar. At the heart of this inclusion revolution are two powerful intermediaries: **Business Correspondents (BCs)** and **Direct Selling Agents (DSAs)**.

Though distinct in function, both models are essential in extending the reach of formal finance to underserved populations and MSMEs. As digital rails grow stronger, the relevance and responsibilities of BCs and DSAs have evolved—combining community trust with cutting-edge technology.

### **Business Correspondents (BCs): Bridging the Last Mile**

Introduced by the Reserve Bank of India (RBI) in 2006, the BC model was designed to address one of India's most pressing challenges—banking the unbanked. BCs are appointed by banks and act as their extended arms in rural and semi-urban areas, offering basic banking services such as account opening, deposits, withdrawals, and KYC updates. Today, India has a staggering 14.68 lakh BCs, covering 99.91% of mapped villages within a 5 km radius (DFS Annual Report, 2024).

Their contributions to flagship schemes like Pradhan Mantri Jan-Dhan Yojana (PMJDY) have been transformative. Equipped with micro-ATMs, biometric e-KYC tools, and Aadhaar-enabled payment systems (AePS), BCs have facilitated Direct Benefit Transfers (DBT) and enabled digital savings, pension enrolments, and micro-insurance services. Their integration with the JAM trinity (Jan Dhan–Aadhaar–Mobile) has elevated the public delivery mechanism into one of the world's most efficient.

### FROM THE CEO'S DESK

I'm excited to share my first note as we kick off a dynamic phase at **India Fintech Foundation (IFF)** aka SRO FT DF — with member engagement, policy dialogue, and industry shaping regulatory work in full swing. This quarter was power packed as we marked our formal launch with Shri Amitabh Kant and Shri N. S. Vishwanathan, soft launched our website, and initiated sub-sectoral working groups.

India's fintech sector is at a pivotal growth stage, and **IFF is proud to be your voice with regulators and policymakers**. In every edition, we'll spotlight key updates, policy insights, member highlights, deep dive into a sub-sector, and present opportunities for you to get involved with us to shape the industry's future.

Presenting to you our first newsletter.

Together, let's build a stronger and safer fintech future for India.

~ Sai Sudha, CEO

Regulatory innovations have strengthened their ecosystem. The BC Registry by the Indian Banks' Association and BC Certification through IIBF ensure quality control, while Financial Inclusion Funds (FIF) promote capacity-building. The RBI's June 2025 KYC relaxations, empowering BCs to perform on-site biometric KYC, signify an important policy shift in favor of agent-led servicing.



Yet, challenges persist. Low earnings, high compliance burdens, and liquidity constraints threaten BC viability. With fintech innovation increasingly displacing footfall, BCs risk being sidelined unless supported through targeted subsidies, operational flexibility, and recognition as vital infrastructure.



### **Direct Selling Agents (DSAs): Catalysts for Credit Penetration**

While BCs build savings, DSAs unlock credit. Licensed intermediaries that connect borrowers with banks and NBFCs, DSAs are vital to India's retail and MSME credit boom. With 63 million MSMEs, and over 80% lacking timely credit access, DSAs operate at the intersection of demand and distribution, sourcing leads, assisting with digital onboarding, and closing loans—often in under 48 hrs.

Fintech has turbocharged DSA operations. From mobile CRM apps and e-KYC tools to AI-powered underwriting, DSAs are increasingly equipped with capabilities once reserved for institutional lenders. In Tier 2 and Tier 3 cities, DSA-fintech partnerships help bridge the credit chasm with data-driven decisions and last-mile presence. However, regulation is catching up. The RBI's Outsourcing Guidelines (2017) and Digital Lending Norms (2022) make lenders accountable for DSA behavior, ensuring transparency, borrower protection, and grievance redressal. The Fintech SRO Framework (2024) marks a turning point, introducing the possibility of registered DSAs, standard commissions, and enforcement of ethical sales practices.

### **A Converging Future**

Though they serve different mandates—BCs for access, DSAs for credit—both are pillars of inclusive finance. The convergence of their roles is increasingly visible: BCs offering microloans; DSAs leveraging Aadhaar rails for onboarding; both becoming digitally fluent agents empowered by India Stack and OCEN.

To truly empower these agents of inclusion, India must combine policy support, technology enablement, and ecosystem collaboration. Whether it's ensuring livable remuneration for BCs or enforcing fair conduct among DSAs, the mission is clear: create a resilient, responsible, and scalable agent-led fintech ecosystem.

## **BY THE NUMBERS: A SNAPSHOT OF INDIA'S BC & DSA NETWORK**

**~14.68 lakh**  
BC outlets nationwide

**99.91%**  
of India's villages have a  
bank branch/BC outlet  
within  
**5 km**

BC agents represent  
**~87%**  
of all bank service  
points in India

**~5 to 8 BC**  
agents per  
Indian village

**>50 %**  
of bank/NBFC MSME  
disbursals routed via  
DSA networks

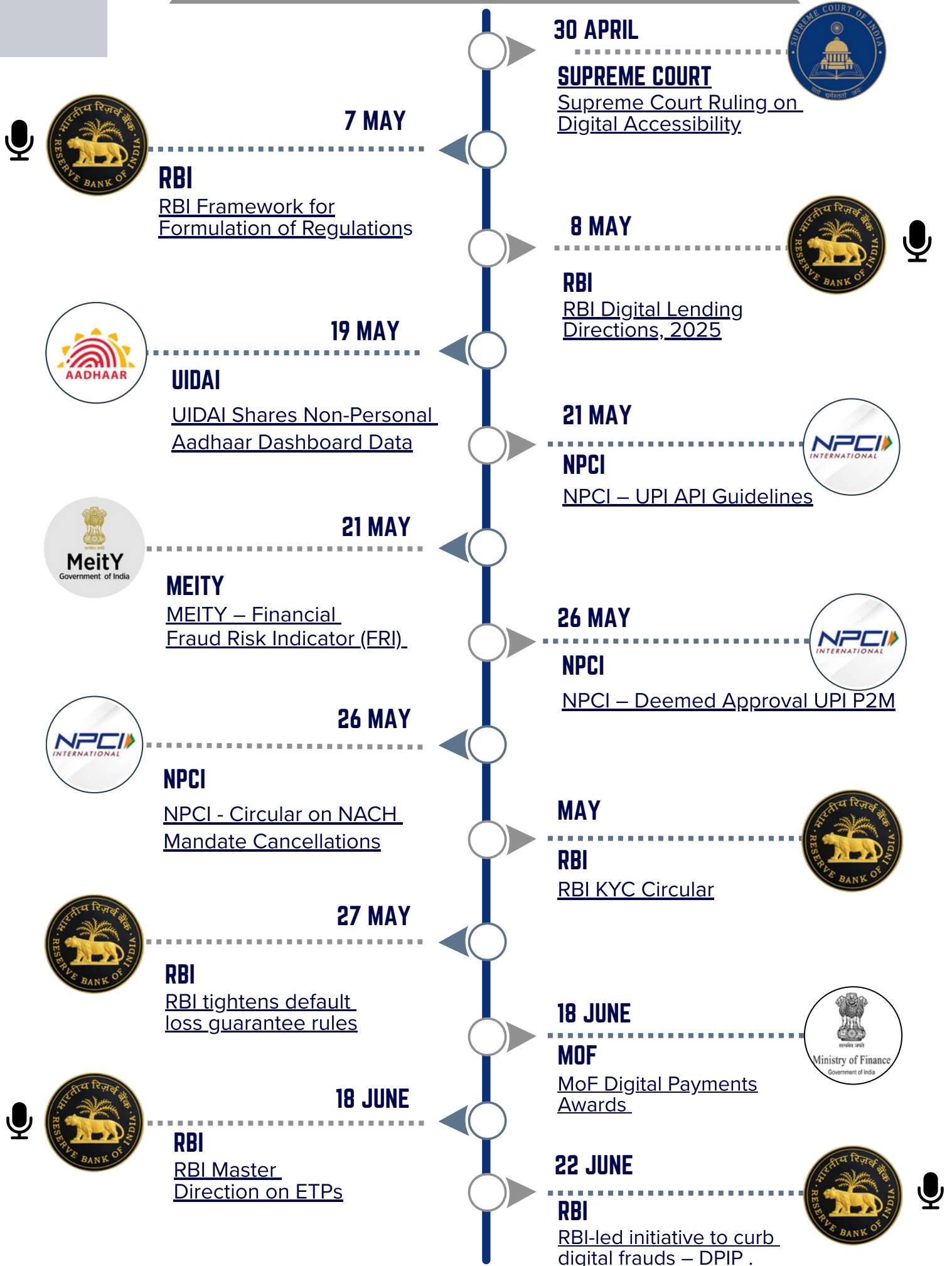
Retail credit projected to  
**₹80 lakh Cr**  
by 2025  
**(30 % CAGR)**

Unmet MSME credit  
demand  
**~₹36.7 lakh Cr**  
**(21 % CAGR)**















**530 million**  
personal loans worth  
**₹48,969 crore**  
disbursed in H1 FY25.

# POLICY AND REGULATORY CORNER

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## MEMBERS IN NEWS

- 1  **Groww** has filed draft IPO papers, targeting a \$700M–\$1B listing. [Read more.](#)
- 2  **SIGNZY** was named among the Top 50 Global FCC Tech Providers by Everest Group. [Read more.](#)
- 3  **Jupiter** in partnership with CSB Bank, launched a RuPay credit card offering UPI payments and cashback rewards. [Read more.](#)
- 4  **PhonePe** acquires Gupshup's voice, SMS payments tools. [Read more.](#)
- 5  **scapia** and  **FEDERAL BANK** unveil India's One-of-a-kind RuPay Credit Card. [Read more.](#)
- 6  **vivamoney** expands its Credit Line to Tamil Nadu, After Gujarat, Karnataka and Maharashtra [Read more.](#)
- 7  **Riskcovry** launches India's first AI-powered insurance MCP server. [Read more.](#)
- 8  **Bureau** unveils next-gen device intelligence to combat coordinated fraud. [Read more.](#)
- 9  **CRED** raises new funds at \$3.5B valuation, down 45%. [Read more.](#)
- 10  **Niyo** offers free 24-hr card delivery for last-minute forex trips. [Read more.](#)
- 11  **Perfios** acquires IHX to expand into health insurance claims tech. [Read more.](#)
- 12  **GoKwik** raises \$13M to boost e-commerce enablement. [Read more.](#)
- 13  **Finsall** secures funding to build NBFC for insurance premium financing. [Read more.](#)

## SRO Q2 HIGHLIGHTS:



Shri Amitabh Kant launched the SRO brand 'India Fintech Foundation' at the DPIIT Start-up Mahakhumbh event, New Delhi



India Fintech Foundation (IFF) cohosted and moderated a panel discussion on "Atmanirbhar Regulations - creation of a self-regulatory architecture for the financial services in India"



India Fintech Foundation participated in the BCFI and Grameen Foundation annual conclave in Goa that extensively discussed advancing Financial Inclusion in India



India Fintech Foundation's soft-launch of its official website - [www.indiafintechfoundation.com](http://www.indiafintechfoundation.com)



Sub-committee for Business Correspondents and DSAs was formed

# YOUR PARTICIPATION - INDUSTRY'S IMPACT

India Fintech Foundation is a member-driven, democratic organisation, and your voice matters. As key members, creators, and change makers, this is your chance to participate in creating an enabling regulatory environment for India's Fintech Future. Your ideas and leadership will fuel the responsible and necessary growth of the sector. Here is how you can participate:

**1** Join our sector-specific Sub-committees! Have you nominated yet? Nominations are ongoing for the following sub-sectors:

- B2B Fintech & Fintech Infrastructure
- Digital Lending
- Digital Payments

**2** Join our first monthly members' call on 9 July 2025




Thank you!

Submit your insights or articles for future editions or website blogs here ([membership@indiafintechfoundation.com](mailto:membership@indiafintechfoundation.com))

## CONNECT WITH US

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Podcast  : [The Fintersect Podcast](#)

