



FSS Aadhaar Enabled Payment System

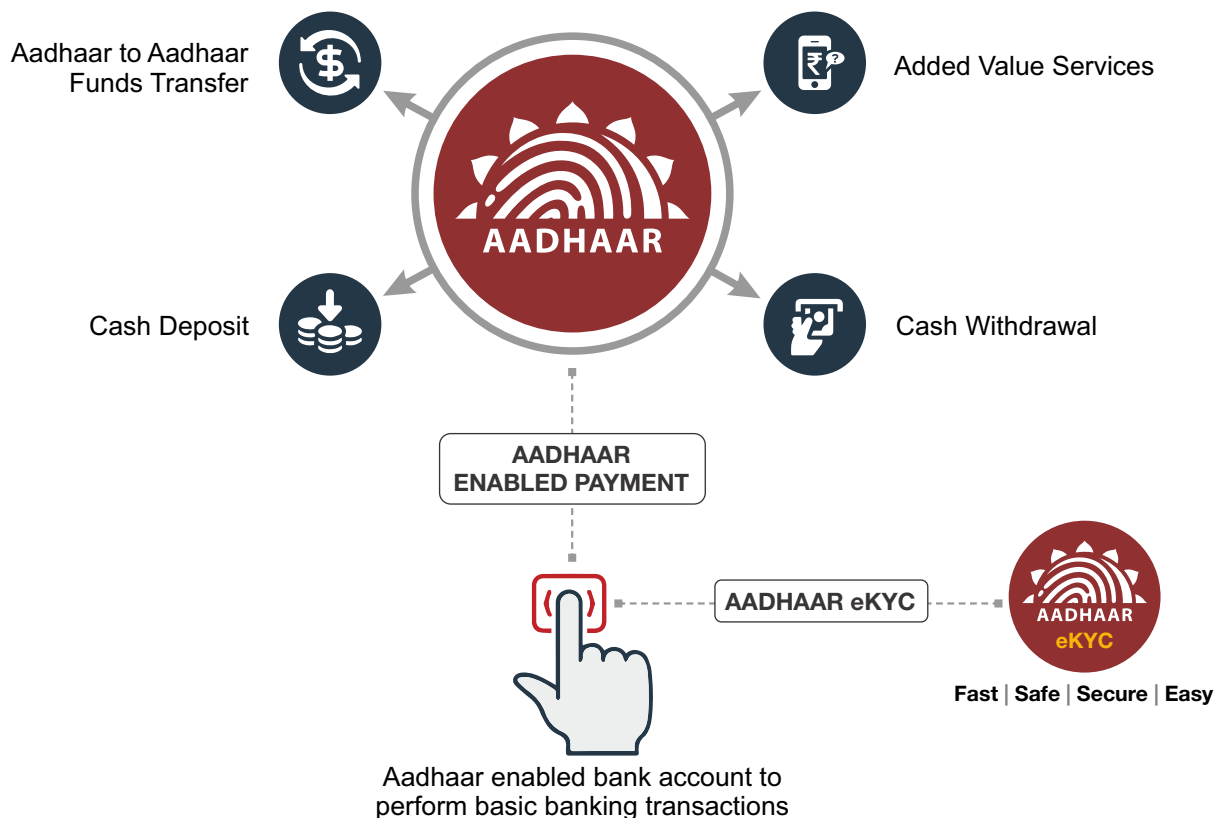
A New Frontier in
Financial Inclusion

In emerging markets, the high costs of last mile services delivery functions as a barrier to building a widespread financial services network in peri-urban and rural areas. The answer to this problem is setting up a network of banking agents, who serve as the physical backbone of the bank's services network. Agency banking provides an ideal way to help banks and other financial services providers to expand financial services and improve customer service whilst maintaining operational efficiencies.

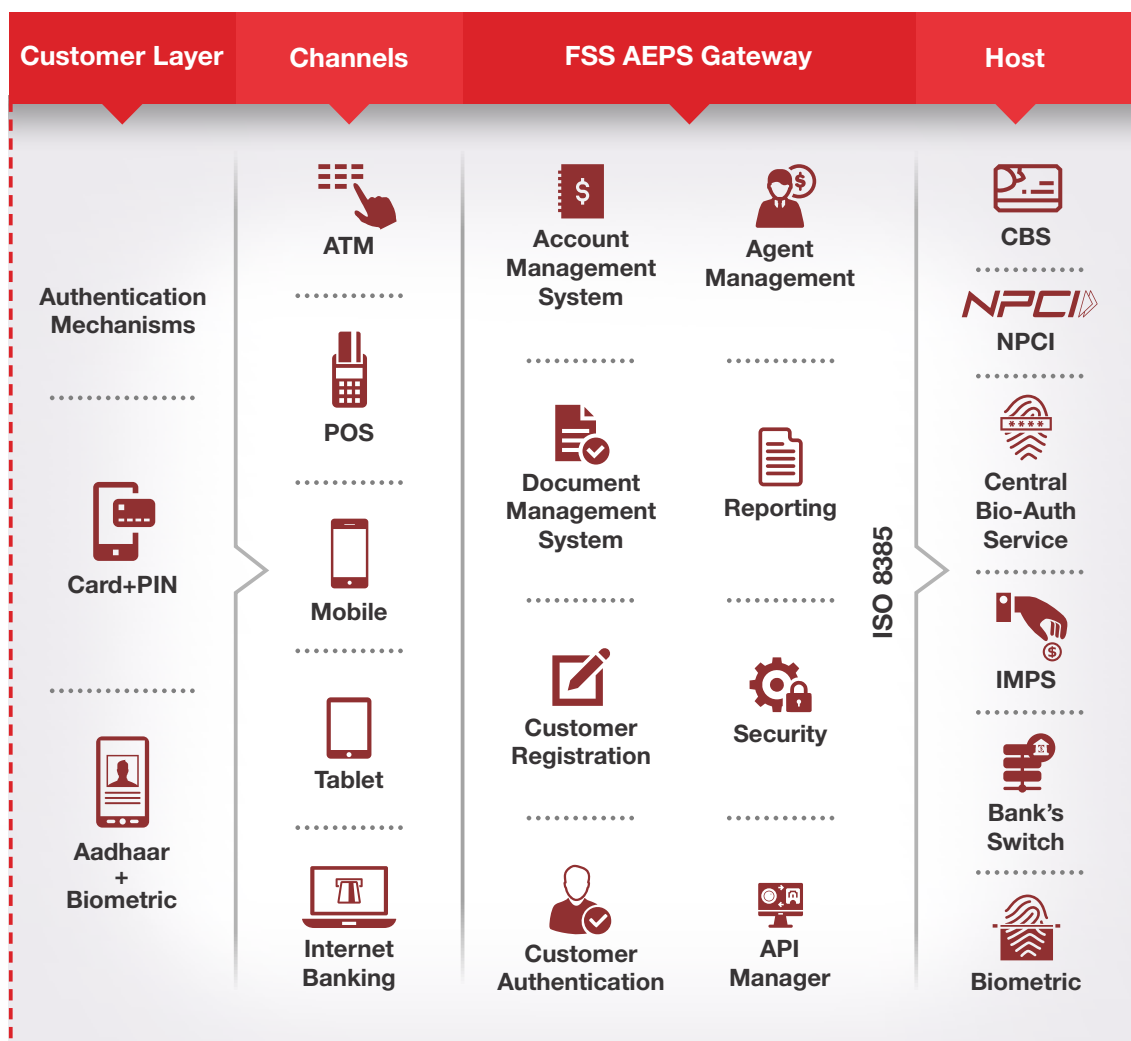
FSS Aadhaar Enabled Payment System (AEPS), an agency banking solution, enables banks to improve supply of financial services and bring quality banking services to the customer's doorstep. Banks' points of presence are no longer limited to physical brick and mortar infrastructure branch or ATMs. Basic banking services can be made available at local shops, markets and even post offices. This brings an entirely new segment of underserved clients, who often face the most acute barriers to access into the formal financial services mainstream.

How FSS AEPS Works

The operation of FSS AEPS is based on agents performing transactions on behalf of enrolled customers using a portable terminal - tablet, micro-ATM or a POS device. These agents have an account on the AEPS platform, and the platform applies defined business rules to transactions initiated by these agents. Customers' accounts are maintained on the core banking system. FSS AEPS supports card-less as well as card-based transactions. Customers can initiate and authenticate transactions with the Aadhaar (India's national identity number) and their biometric or using a card and associated PIN. The host system applies the relevant business rules for the customers' accounts.



FSS AEPS



A New Frontier in Financial Inclusion

FSS AEPS' complete spectrum of capabilities to support agency banking include:

Cost-Efficient Transaction Switching

FSS AEPS functions as a standalone service and offloads traffic from the Switch, saving costs of opening and maintaining entry-level, no frills accounts for the financial service provider. For card-based transaction, banks can interface with the Switch or they have an option to interface with the bank's CMS host for authorizing PIN transactions. For on-us Aadhaar-based transaction the system integrates with the bank's Core Banking host. For off-us transactions initiated using the Aadhaar number, AEPS integrates with the central AEPS network for transaction switching.

Open APIs for Ecosystem Expansion

FSS AEPS exposes APIs to third parties to develop a wide services ecosystem required to reach scale. Third party applications and Fintech providers, example micro-lending and micro-insurance firms, can securely access APIs available for banking transactions. The available APIs include:

- Cash Deposits
- Cash Withdrawals
- Balance Enquiry
- Fund Transfer

Simplified, On-the-Spot Registration

Leveraging the India Stack eKYC and eSign APIs - FSS AEPS supports a rapid and paperless on-boarding process for agents as well as customers, enabling financial service providers realize significant cost and productivity related efficiencies. With eSign (the Government of India's electronic signature service for Aadhaar holders) agents can electronically sign documents and be onboarded remotely, eliminating the need for physical verification.

FSS AEPS leverages APIs exposed by the UIDAI's Aadhaar system to verify the customer's biometric to on-board customers on the spot. Agents can perform customer e-KYC using a biometric scanner attached to the device, slashing turnaround time and improving customer satisfaction and loyalty.

Efficient Agent Management

FSS AEPS allows banks to manage and monitor a large pool of geographically distributed agents. Banks can manage all aspects of the agent relationship from a centralized portal, significantly improving business efficiencies.

This includes:

- Configuration of agent networks including extended hierarchies
- Setting-up agent accounts
- Defining commissions and fees
- Managing terminal assets
- Configuring transaction limits

Intelligent Business and Risk Decisioning

FSS AEPS provides customizable transaction reports across terminals, cards, transaction type, and accounts to track agent performance and identify service adoption trends and patterns.



In addition, FSS AEPS can integrate with FSS Payanalytix As-a-Service for:

- **Sales and Marketing Decisions:** Match products, offers and incentives to customer transactional patterns to lift overall revenues
- **Fraud Intelligence:** Real-time monitoring to identify transaction patterns that may indicate unusual or suspicious activity
- **Agent and Customer Risk Scoring:** Identify the risk level associated with a new agent or a customer by efficiently capturing due diligence information as well as ongoing monitoring to build and continually update the agent's and the customer's risk score within a "risk profile" for each entity

Assured Security

FSSAEPS implements a range of security measures for data protection

- Two-factor authentication for Aadhaar-based transactions using biometrics and one-time passcode
- End-to-end encryption based on industry standards
- Auto-locks micro-ATMs when idle
- Device fingerprinting
- Compliance with UIDAI standards
- Adheres to OWASP policies and is PCI-DSS standards compliant

Benefits Banks

➤ Boosts Revenues

- Aids banks to penetrate 'undeserved' market segments and mobilise untapped deposit bases, by setting up a low-cost agent banking network
- Generates additional revenue streams from transaction fees
- Open APIs attract partners and merchants driving transaction volumes
- Improves revenue planning and performance with sophisticated dashboards

➤ Improves Cost Efficiency

- Offloads traffic from the financial switch, saving costs in maintenance of low-balance, no frills accounts
- Saves costs of opening additional branches, a significant component of overall costs incurred by banks as well as manpower costs
- Lowers customer and agent on-boarding costs via integration with Aadhaar eKYC and eSign
- Reduces costs and improves branch productivity indirectly by lowering number of branch visits by agents and customers

➤ Operational Peace of Mind

- Highly configurable system with standard interfaces for integration with all delivery channels like Micro-ATMs, Tablets and Mobile POS as well as with any backend banking systems
- Mitigates incidence of fraud via optional integration with Payanalytix As-a-Service
- Offers flexibility of commercial models - fixed-tenure license, managed service, hosted solution, on a public or a private cloud

➤ Delivers Customer Delight

- Offers a rich and differentiated value proposition for the unbanked with suitably tailored products and services to meet the needs of the unbanked

Benefits Agents

➤ Improves Livelihoods

- Creates livelihood opportunities for agents via commissions and fees and ability to upsell and cross-sell products
- Generates sales from additional walk-ins
- Aids business performance via reports on key performance indicators

➤ Simple Set-up

- Simplifies set-up and go-live process by leveraging eKYC and eSign related KPIs

Benefits Customers

➤ Accessible and Convenient Services

- Simple, secure and convenient way to transact using biometrics or card
- Improves access to credit by enabling previously banked and underbanked customers to build a transaction history and avail loans
- Saves opportunity costs as customers no longer need to forego daily wages to visit a branch for routine payment transactions
- Assures safety of funds by moving money from “under the mattress” to bank accounts

FSS Credentials



About FSS

Financial Software and Systems (FSS) is a leader in payments technology and transaction processing. The company offers a diversified portfolio of software products, hosted payment services and software solutions built over 25+ years of experience.

FSS, end-to-end payments suite, powers retail delivery channels including ATM, POS, Internet and Mobile as well as critical back-end functions including cards management, reconciliation, settlement, merchant management and device monitoring. Headquartered in Chennai, India, FSS services leading global banks, financial institutions, processors, central regulators and governments across North America, UK/Europe, ME/Africa and APAC and has 2,500 experts on-board.

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