



Agency Bank

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- Recently Reserve Bank of India (RBI) has declared 'Bandhan Bank' as its 'Agency Bank'.
- Agency banks are authorized to carry out transactions relating to normal banking business on behalf of the Central and State Governments. They are also called 'agent banks'.
- Earlier South India Bank, D.C.B. Bank, Karnataka Bank and IndusInd Bank have also been listed as agency bank by the Reserve Bank of India.
- The Reserve Bank lists scheduled commercial banks as agency banks under Section 45 of the Reserve Bank of India Act, 1934 (RBI Act). In this, all public sector banks and notified private sector banks act as agents of the Reserve Bank.
- They are authorized to do revenue payments and receipts, pension payment on behalf of the Central and State Governments and other functions as directed by the Reserve Bank of India. They are classified as foreign agent bank, investment banks and third-party agent banks.
- Commission is also given to them by the Reserve Bank of India as remuneration for the government business done by these banks. Agent banks may also be penalized by the Reserve Bank of India for wrong claims of agency commission.