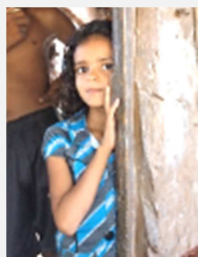


# NEWSLETTER - November 2014



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Dear Reader,

The Rural Financial Institutions Programme (RFIP) started with separate components on SHG Microfinance and Financial Inclusion. We soon learned that the convergence of SHGs and financial inclusion models is both a major challenge and opportunity. One of the main questions is how the millions of SHGs and their networks can reposition themselves in the rapidly changing financial sector landscape to sustain their empowerment function for their mainly female members and to enable them to gain access to the full range of banking services they need. We are convinced that we found one answer to this question. This answer is employing SHG members as bank agents (Business Correspondents). We are also convinced that this opens a window of opportunity for banks and corporate Business Correspondents to develop viable business models that bank on the strength and demand of local communities. We hope that the results of our pilot projects in Uttar Pradesh and Madhya Pradesh (see article and publications) motivate banks to replicate and scale up the “SHG members as Bank Agents” model of Financial Inclusion in accordance with the local environment they are operating in.

Our financial inclusion projects also demonstrate the critical role of technology in bringing client-oriented financial services to all villages and the poor. The adoption of such technology has been a challenge especially for cooperative banks and is one main predicator of their future competitiveness. In addition to other initiatives aimed at expanding the access of cooperative members to financial services the RFIP has recently started a new initiative to support cooperative banks in introducing mobile-based banking services.

Dr Detlev Holloh, GIZ Programme Director

## THE ‘SHG MEMBERS AS BANK AGENTS’ MODEL OF FINANCIAL INCLUSION – TWO PILOT PROJECTS

NABARD’s SHG-Bank Linkage Programme (SBLP) supported the formation of SHG networks with extensive client outreach and geographical coverage. The convergence of SHG networks and financial inclusion efforts may provide some answers to the current challenges of Business Correspondent (BC) – based financial inclusion models.

Therefore, the RFIP has been implementing pilot projects in Uttar Pradesh and Madhya Pradesh, in which selected SHG members, so called *Bank Sakhis*, are trained and equipped with the technology to offer banking services at the doorstep of the village residents, particularly women and poor households.

The first pilot project has been implemented in the Unnao District of Uttar Pradesh since May 2013. The partners in this project are the Gramin Bank of Aryavart (GBA), Rajiv Gandhi Mahila Vikas Pariyojna (RGMVP), and the corporate business correspondent and technology service provider Bartronics. In 16 months the project expanded to 118 villages in 37 Gram Panchayats. The second phase of the project will cover about 25 Gram Panchayats and will introduce a new application to route transactions under the SBLP through the *Bank Sakhis*.

The *Bank Sakhis* have been trained in handling new technology, creating awareness about banking services and making card-based transactions on behalf of the bank.

They have learned how to handle client queries with ease and confidence. They offer each client a smart card which is used along with biometric authentication to avail basic banking services. Today, a *Bank Sakhi* enrolls more than 100 Basic Savings Bank Accounts and makes more than 300 transactions per month.

*Bank Sakhis* are typically women and members of the SHG federations promoted by RGMVP. They tell us of times when upper caste men hesitated to approach them for opening a bank account and do banking transactions. This has changed. The villagers now appreciate using their doorstep banking services, including money transfers from their remote villages to any bank branch in India. This clearly shows the **social impact of this approach in the remotest villages** of Uttar Pradesh. It also shows that SHG members of the RGMVP command trust among the village population.

By October 2014, the **50 appointed and well trained Bank Sakhis in Uttar Pradesh had enrolled almost 20,000 clients who transacted more than 1 crore Rupees**. A *Bank Sakhi* currently earns between INR 1,000 and INR 1,700 per month from transactions. The bank has now introduced Recurring Deposit products. This together with transactions under the SBLP will increase the *Bank Sakhis*’ cash flow and income.

Progress till October 2014	Uttar Pradesh	Madhya Pradesh
No. of <i>Bank Sakhis</i> appointed	50	18
No. of active <i>Bank Sakhis</i> operational for more than 3 months	36	6
No. of villages reached by <i>Bank Sakhis</i>	118	31
No. of clients with bank account opened through <i>Bank Sakhis</i>	19,392	1,320
Total number of transactions (deposits + withdrawals) cumulative	94,235	946
Total value of transactions (deposits, withdrawals) cumulative	₹ 1,05,63,258	₹ 3,25,850

## THE 'SHG MEMBERS AS BANK AGENTS' MODEL (Contd.)

Learning about the success in Uttar Pradesh, the Narmada Jhabua Grameen Bank (NJGB) in Indore, Madhya Pradesh, became interested in the approach. In partnership with the SHG federation Priyasakhi Mahila Sangh (PMS) and the corporate Business Correspondent NICT (Network for Information and Computer Technology) the second pilot project started in May 2014. In August 2014 the Bank decided to extend the project to Dewas District together with NICT and the local SHG federation Aprajita Mahila Sangh.

The selected SHG members underwent a comprehensive *Bank Sakhi* training. With support from the federations and the bank, they have been conducting awareness and mass enrolment camps.

In a short time the now **18 Bank Sakhis activated 1,320 accounts across 31 villages**. After initial delays and hesitations, the *Bank Sakhis* exhibit steady progress. NJGB has been proactive in introducing a bouquet of products to ensure viable cash flow for its *Bank Sakhis*.

The pilot projects in Uttar Pradesh and Madhya Pradesh clearly demonstrate that a community-driven and owned SHG structure can efficiently drive financial inclusion for banks. **SHG members are successful community mobilisers**. The women who hesitated initially to step out of their home, have now become a prominent face for the bank in their areas. **The Bank Sakhis who have their respective family's support have been able to deliver more productively**.

Both pilot projects have been able to show that innovative approaches of creating synergies between the SHG and BC ecosystems can produce valuable and viable business models for both the clients and service providers.

### Why SHG members as Bank agents?

- SHG members are integrated into their community and **known and trusted by the community members**.
- SHG members have **basic financial literacy, experience in working with banks** and other financial institutions.
- SHG members are mostly women who are known to be **more responsible and trustworthy with money**. As women they are able to tap the financially most excluded part of population: **women**.
- SHG members can facilitate **group transactions and mobilize savings**, thus improving the **viability** of model at all levels.

### Because it is successful:

- Over **50% of the account holders are women** who have not availed banking services before.
- SHG members are among the first ones to come forward and open individual accounts with the Sakhi: In UP **65% of the SHG members in the area have opened individual accounts**.
- More than **65% of all transactions are deposits**.
- **Less dormant accounts** operated by *Bank Sakhis* than by other BC channels of banks.
- **More transactions per month per Bank Sakhi** than among other BC channels of banks.
- **Lower attrition rate** than general attrition rate for other Customer Service Points of banks.

The RFIP has developed a range of materials which will help stakeholders to better understand the project idea, approach and success:

- *SHG members as Bank Agents – Experience from two pilot projects in Uttar Pradesh and Madhya Pradesh*
- *SHG member as Bank Agents - Case Studies From Indore*
- *SHG member as Bank Agents - Training Toolkit*

A replication guidebook which provides step-by-step implementation guidance to stakeholders is currently being developed.

For regular updates on the process of the projects, interested parties may visit the websites of the partnering banks:

[http://www.aryavart-rrb.com/financial\\_inclusion.html](http://www.aryavart-rrb.com/financial_inclusion.html)  
<http://www.njgb.in/>



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## FINANCIAL CAPABILITY ROADSHOW AND CONCRETE IMPLEMENTATION STEPS

In order to share the Financial Capability approach and instruments across the country, the RFIP organized a National Financial Capability Roadshow in May 2014. A series of 6 workshops in all the regions of the country allowed stakeholders, ranging from field practitioners and government agencies to donor organizations and researchers, to learn more about the importance of a client-centric approach to effective financial inclusion. Through presentations, interactive discussion rounds and highly animated working sessions participants came to understand and explore the Financial Capability concept and toolbox developed by the RFIP first hand. They were invited to learn, share and develop strategies of integrating the new ideas into their own local and operational context.

For each workshop, the RFIP partnered with a local partner organization: Sampark, XIM Bhubaneswar, Chaitanya, Centre for Microfinance, Reach India, and BIRD.



The Financial Capability Roadshow ended with a very positive note and the intention to continue on this spirited path. Even long-time practitioners, some in the field for over three decades, felt that they discovered a new edge to the ongoing challenge of supporting the capacity development of the poor, especially in making informed financial choices and using financial services for their own benefit.

Having utilized the time during the working sessions well by exploring the Financial Capability Toolbox, participants came up with their own ideas for subtle adjustments and additions to the tools. They all agreed to the idea of a local Financial Capability concept that would optimize its application within the local context and environment of practitioners.

### Next Steps:

Based on discussions during and after the road show, the RFIP is currently engaging with partners to increase the Financial Capability of rural low-income households in Rajasthan, Maharashtra and Meghalaya.

- In **Rajasthan**, three federations in Dausa and Ajmer District will identify and train 50 “Financial Capability Councillors” who will work with 5,500 SHG members and their families to help improve their living standards. This includes measuring the financial capability of the households, their priorities and goal setting as well as identifying measures to increase their financial capabilities. The Centre for Microfinance in Jaipur started to implement this project in September 2014. The project is co-funded by the Sri Ratan Tata Trust.
- In **Maharashtra**, the State Level Rural Livelihood Mission is interested in enabling households in identifying their own financial capabilities and keeping track of progress. For this, the Financial Capability approach will be integrated into the existing Micro Investment Planning Tools and the Financial Literacy materials of the mission. On 19<sup>th</sup> November a state-level workshop will kick-off this project and next steps will be decided.
- In **Meghalaya**, the Meghalaya Institute of Entrepreneurship (MIE) under the aegis of the Meghalaya Basin Development and Livelihood Improvement Programme is interested in implementing the approach as part of their capacity development programme for rural low-income households and entrepreneurs. A state-level workshop on 9<sup>th</sup> -10<sup>th</sup> October in Shillong initiated this collaboration.

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### 1 national and 6 regional workshops:

	<b>Mumbai</b> 13 <sup>th</sup> March, Launch
<b>Southern Region: Bengaluru</b> , hosted by SAMPARK	5 <sup>th</sup> May
<b>North Eastern Region: Guwahati</b> , hosted by Reach India	7 <sup>th</sup> May
<b>Northern Region: Jaipur</b> , hosted by CMF	9 <sup>th</sup> May
<b>Western Region: Pune</b> , hosted by Chaitanya	13 <sup>th</sup> May
<b>Eastern Region: Bhubaneswar</b> , hosted by XIMB	20 <sup>th</sup> May
<b>Central Region: Lucknow</b> , hosted by BIRD	23 <sup>rd</sup> May

### 409 participants from 27 states:

45%	NGOs and SHPIs
20%	Training & Research Institutions
15%	Banks & Financial Institutions
15%	Government Agencies & Policy Makers
10%	MFIs
8%	Experts, Media, Donors etc.

More information on the approach, the toolbox and the road show can be found on: [www.finance4impact.in](http://www.finance4impact.in)

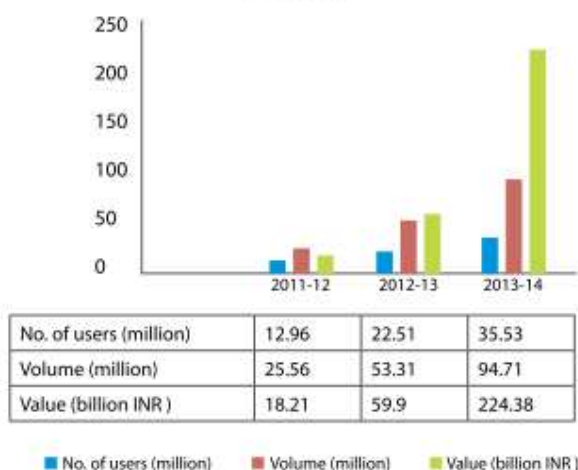
## RFIP SUPPORTS MOBILE BANKING INITIATIVES OF RURAL/COOPERATIVE BANKS

Mobile phone penetration in India has increased substantially in the last decade resulting in even poor people owning a mobile phone. The number of mobile phone subscriptions in India (870 million) indicates that mobiles have become an affordable, accessible and easy to use means of communication. Commercial banks have already started leveraging this medium and its penetration by offering mobile banking services, which not only gives immense mobility and convenience to their customers but also significantly reduces their banking costs. The instant transfer of funds across banks through Immediate Payment System (IMPS) platform of National Payment Corporation of India (NPCI) has increased its relevance.

Cooperative Banks have a significant role to play in the Financial Inclusion agenda. While these banks have a significant outreach, especially among the poor, they are still coming to terms with technological advancements like offering mobile banking services to their clients. It cannot be overemphasized that mobile banking would not only help them to fulfil their Financial Inclusion agenda, it will also help them to reduce cost, increase their competitiveness and attract more clients. This will make it easier for farmers and other villagers to avail new banking services such as remittances as well as other value-added services such as bill payments and trading/commodity exchange platforms without having to visit a bank branch. Incidentally, the State Bank of India, the bank with the largest rural branch network, also leads the recent m-banking wave in India (60% market share in April 2013).

### TREND IN MOBILE BANKING IN INDIA

Source: RBI



With the above in view, the RFIP has undertaken a number of initiatives to encourage cooperative banks to adopt and offer mobile banking services to their clients:

- **Landscape study on mobile-based BC models:** The study '*Mobile Banking through BCs in India – A Landscape Study*' explores suitable options of introducing mobile banking in the rural and cooperative banking sector (see publications).

- **Handbook on mobile banking:** The handbook was released by the NABARD Chairman on 8<sup>th</sup> October 2014. It helps banks to familiarize with the mobile banking solutions available in the market, the regulatory provisions and other essential matters of compliance. It also outlines the steps required for on-boarding on the mobile banking platform.



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- **Sensitisation workshops:** To sensitise rural/cooperative banks on issues, challenges and opportunities associated with mobile banking the RFIP currently conducts a series of regional workshops with senior bank management. So far, two workshops (Lucknow and Chandigarh) for 75 banks were conducted in association with NPCI.

- **Training at BIRD, NABARD:** To improve the knowledge about mobile banking at the operational banking level the RFIP in cooperation with the Bankers Institute for Rural Development (BIRD) has been offering training programmes for bank staff, cooperative trainers and NABARD officers.

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## MANN DESHI MAHILA BANK'S WEEKLY MARKET CASH CREDIT PRODUCT

### Background

Small-scale traders in local markets have been using high cost informal debt to finance their working capital. Neither banks nor other financial service providers have made inroads into servicing this market in any sizeable numbers. While low income customers face variable and uncertain income streams, there have been hardly any products customized to their needs in the Indian financial inclusion sector.

### The Project

In 2013, Mann Deshi Mahila Bank and RFIP partnered to design a credit product for micro-entrepreneurs in Satara district in rural Maharashtra. Mann Deshi observed that the weekly markets in this region are vibrant with business activity but have scant use of formal financial services. The vendors operating in these markets frequently purchased goods on credit from wholesalers who charged daily interest of up to 1.4%.

A preliminary study suggested that the bank's existing term loan product for Joint Liability Groups would not be suitable for market retailers due to the variability of sales and the risk inherent in trading in perishable goods. A cash credit product would better suit their cash flows, needs and type of risks faced. Hence, financial diaries were used to collect high frequency data to design a new product. This product was designed to replace high cost debt from the wholesalers with a lower cost option and to help grow the businesses of these credit-constrained entrepreneurs. The financial diaries study found that the profit margins were high and that working capital needs were modest (INR 5,050 on average) but varied considerably between people and over time. Their informal borrowings varied from INR 30 to INR 25,000. There was a high degree of risk in terms of unsold stock and liquidity.

Using the data on the variability of sales, profits and hence borrowing needs and repayment capacities of the market traders, Mann Deshi designed and launched the Weekly Market Cash Credit Product in the districts of Satara and Mhaswad rural Maharashtra. It permits eligible customers to form three-member Joint Liability Groups, and avail of an overdraft facility and withdraw and repay at their convenience through individual BCs who service them in their markets of operation with a limit of INR 20,000. An interest rate of 24% is charged on the amount outstanding.

### Outreach

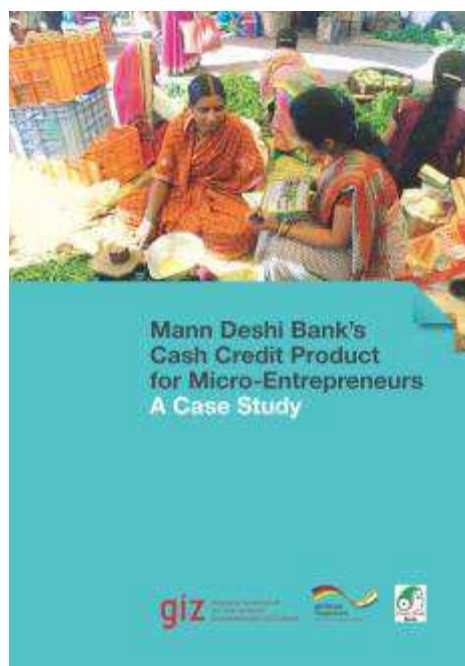
As of October 2014, 400 customers had availed the Weekly Market Cash Credit Product. Mann Deshi Mahila Bank plans to increase the number of customers to 1,300 by March 2015.

### Early Learnings

There is early evidence that the *product helps to substitute frequent informal borrowing at high interest rates*. A qualitative study of 30 customers found that while almost all the respondents previously regularly purchased their goods on credit from the wholesaler, half of them stopped this habit after taking the loan. Most of the clients reported *increase in scale of business and profits* between 30% and 100% after availing the loan.

The flexible structure of the product is desirable. The product permitted many vendors to withdraw as well as repay in tandem with their variable income streams. However, this being a new and unfamiliar product, part of the customers used the facility as a term loan. Hence more *guidance must be provided to foster the understanding of the product* terms and optimal repayment.

A preliminary proforma business model suggests that the product is likely to be viable for the bank.



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## PAST EVENTS

**Trainers' Training on ALM and Risk Management (16<sup>th</sup>-18<sup>th</sup> June 2014) and Internal Controls (19<sup>th</sup>-21<sup>st</sup> June) for CCS, Bangalore:** RFIP in collaboration with C-PEC and BIRD, Lucknow organized the Trainers' Training Programme for trainers of Cooperative Banks. The trainers were from the accredited Cooperative Training Institutions and, with the help of a trainers kit, will conduct training for the staff of Cooperative Banks in their respective states.



**Orientation Programme for IDD Officers and CPEC Representatives at Bangalore; 23<sup>rd</sup>-25<sup>th</sup> June 2014:** A workshop for IDD (Institutional Development Department) officers of NABARD's Regional Offices was conducted at Bangalore during 23<sup>rd</sup>-25<sup>th</sup> June 2014. The objectives of the workshop were to train and orient the officers in the capacity development needs of the Cooperative Credit Structure. The major topics for orientation were training needs, development of C-PEC, oversight over the accredited Cooperative Training Institutions and PDC Development. Mr Ganagi, CGM, IDD Head Office also outlined the important role of IDD officers in marketing and anchoring C-PEC's initiatives in their respective states.

**Stakeholder Meetings for Steering the Pilot Project on SHG Members as Bank Agents in Indore, Madhya Pradesh; 26<sup>th</sup> June – 5<sup>th</sup> November:** Regular and prompt communication has been one of the most critical factors for smooth implementation of this pilot project in Madhya Pradesh which has multiple stakeholders. The RFIP has been steering these stakeholder meetings which are attended by representatives from the bank, corporate BC, federation and financial inclusion committee, GIZ staff and sometimes by the *Bank Sakhis*. The meetings are critical to review progress, and highlight and resolve issues/ challenges in a prompt manner. In the past quarter, four meetings were organised by Narmada Jhabua Gramin Bank's (NJGB's) at their head office in Indore on 26th June, 16th July, 8th August, and 5th November 2014. Through these meetings the bank takes feedback on progress and challenges from all stakeholders of the project. During the meeting on 8th August, all partners decided in favour of upscaling the pilot project by September 2014 by including 20 new *Bank Sakhis*.

**GIZ Global Retreat on Financial Sector Development, Bad Honnef, Germany; 14<sup>th</sup>-16<sup>th</sup> July, 2014:** Every two years, all GIZ staff working on Financial Sector Development related issues across the globe meet in order to exchange approaches, experiences and learnings. The RFIP participated in this year's 3 daylong event in Germany and shared their experience from India with around 100 experts from all over the world. The focus on RFIP's contribution was on how to put the client in the centre of financial sector initiatives, for e.g. through the Financial Capability approach or through client-focussed product development. The long standing experience India has in women empowerment through SHGs was another key topic which was shared on this international platform.

**Meeting of the Working Group to Review and Streamline PDC Functioning – Odisha; 21<sup>st</sup>-25<sup>th</sup> July 2014:** IDD, NABARD Head Office has constituted an internal working group to streamline the functioning and implementation of the PACS Development Cells (PDC) approach by the ROs of NABARD. The group was led by Dr Jaspal Singh Kalra, DGM, IDD, NABARD HO and comprises Mr Rabin Kanti Roy, DGM, IDD NABARD Odisha and GIZ represented by Mr Ramakrishna R, Mr Gopalakrishna and Dr Lalitha Iyer. The group deliberated on the experiences so far and decided to prepare a PDC manual which would serve as a tool for implementation by the ROs and the PDC Resource Persons. The group also recommended the review of PDC implementation in all the states and orientation of the Project Managers/Nodal Officers of NABARD ROs responsible for implementation of the PDC approach in their respective states.



## PAST EVENTS (Contd.)

**National Seminar on Rural Finance – 24<sup>th</sup> July 2014:**

The National Seminar on Rural Finance was conducted by NABARD on the 24th July 2014 with high level participation from the Secretaries of Ministries of Finance, Rural Development and Agriculture, and Additional Chief Secretaries from the States of Maharashtra, Himachal Pradesh and Madhya Pradesh. RFIP presented the report *State of Sector – Rural Finance, Challenges and Opportunities* through Mr N Srinivasan, Consultant. The Session was chaired by the Prof Ashok Gulati and Ms Deepali Pant Joshi, ED, RBI. The seminar highlighted the current issues in the sector of Rural Finance which are viability of

agricultural finance, access to integrated risk mitigation for the farmer household, skew in access to credit and services etc. and called for the policy makers to attempt holistic solutions rather than temporary fixes. The other sessions during the seminar were on Capital Formation in Agriculture, Microfinance and Livelihoods.

**Intensive Training for Bank Sakhis and Financial Inclusion Committee for SHG Members as Bank Agents at Indore, Madhya Pradesh; 24<sup>th</sup> July – 7<sup>th</sup> October:**

Four trainings were conducted for two SHG Federations, their *Bank Sakhis* and Financial Inclusion Committee (FIC). The *Bank Sakhis* and the federation staff was trained on key aspects of the project – understanding Business Correspondents, their activities and environment; different stakeholders and their roles and responsibilities; *Bank Sakhi* activities and responsibilities; understanding business case and how to promote business; understanding enrolment and transaction processes, and record-keeping; and the responsibilities of the FIC. A training of trainer was also conducted for the FIC members.

**Review Workshop for Project Managers/Nodal Officers of PDCs from NABARD ROs at Hyderabad; 8<sup>th</sup> – 10<sup>th</sup> August 2014:**

RFIP organized the National PDC Review workshop in cooperation with NABARD, IDD Head Office at Hyderabad from 8<sup>th</sup> to 10<sup>th</sup> August, 2014. The focus of the workshop was on reviewing the PDC development across various states and to provide an opportunity for experience sharing by the participants. The RFIP presented its experiences from Odisha and Andhra Pradesh, and introduced a multi-stakeholder engagement methodology for the capacity development of PDCs and PACS.

**Capacity Development of Bank Sakhis to Promote Solar Energy Solutions in Rural Unnao (UP): Training and demonstration programme; 29<sup>th</sup> August 2014:**

The RFIP and the Indo-German Energy Programme – Renewable Energy Component (IGEN-RE) team of GIZ collaborated to leverage *Bank Sakhis* of the Gramin Bank of Aryavart by training them on the promotion of Solar Home Lighting System (SHLS). This is to ensure deeper penetration of renewal energy solutions in remote geographies where grid connected power supply is deficient, but will also supplement the income of these *Bank Sakhis* by promoting the SHLS products. The partner bank provides loans to villagers for purchasing SHLS products.



## PAST EVENTS (Contd.)

### **M-Banking Seminar, IIBF – Mumbai, 8<sup>th</sup> October, 2014:**

The RFIP organised a full day seminar on 'Financial Inclusion and Mobile Banking: Challenges and Solution' for all State Cooperative Banks in the country. The seminar was inaugurated by the Chairman of NABARD, Dr H.K. Bhanwala. The Chairman also launched two mobile banking publications: '*Handbook on Mobile Banking*' and '*M-banking by Business Correspondents in India - A Landscape Study*'. The Chairman in his keynote speech highlighted the importance of mobile banking as an alternate channel and way forward towards achieving Financial Inclusion goals. He also emphasised the role being played by GIZ in building the capacity of Cooperative Banks and Regional Rural Banks on payment systems and mobile banking. Dr Detlev Holloh, GIZ Programme Director, emphasised the critical role of technology in developing client-oriented services and increasing the competitiveness of cooperative banks.



### **Workshop on Financial Capability of Rural Low-Income Households in Meghalaya; 9<sup>th</sup>-10<sup>th</sup> October, 2014:**

A state level workshop on financial capability of rural low-income households was conducted on 9<sup>th</sup> and 10<sup>th</sup> October 2014 by the Meghalaya Institute of Entrepreneurship (MIE) under the aegis of the Meghalaya Basin Development and Livelihood Improvement Programme. The RFIP was the technical partner for the workshop, which was organised with support of the GIZ Climate Change Adaptation Programme in the North Eastern Region. The objective of the workshop was to create awareness on the concept of financial capability for low income households and highlight its relevance for Meghalaya. The workshop was attended by key officials and representatives from various government departments, banks, Reserve Bank of India, NABARD, insurance companies, NGOs and microfinance institutions. At the end of the two day workshop, the RFIP assisted MIE to

develop a roadmap for implementing the financial capability approach in Meghalaya. The event was covered by The Shillong Times [here](#).

### **International Training Course on Fostering National Financial Education Strategies organized by GIZ and the Savings Banks Foundation for International Cooperation, Mainz, Germany; 13<sup>th</sup> – 17<sup>th</sup> October, 2014:**

In order to foster the understanding of GIZ's partners from Africa, Asia and the Middle-East in developing financial education strategies for the low-income segment of the population and in order to establish a dialogue between partners from different parts of the world, an international training was hosted in Germany. There were 26 participants from 13 countries, including India, Laos, Nepal, Georgia, Armenia, Azerbaijan, Tajikistan, Namibia, DRC, Rwanda, Egypt, Yemen and Jordan. These were representatives from Central Banks, Ministries of Finance, banking associations, microfinance associations, a financial market ombudsman service and representatives from a Ministry of Education. The course covered a wide range of aspects of financial inclusion and financial education, including how to structure a financial education strategy, tips for stakeholder management, financial education in schools, costs and funding opportunities and M&E. At the end of the course, participants were asked to develop their own country work plans on the concrete steps to further foster financial education nationwide.

### **Training of Bank Sakhis on kiosk related processes and BF activities at Indore, Madhya Pradesh; 13<sup>th</sup> to 15<sup>th</sup> November, 2014:**

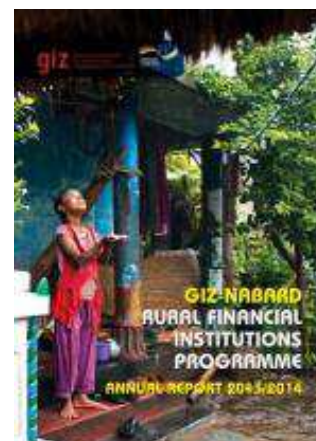
As part of the SHG as BC pilot upscaling, the next batch of *Bank Sakhis* appointed by the SHG Federation was trained on kiosk related processes such as enrolment and transactions. All existing and new *Bank Sakhis* were also trained on newly introduced business facilitator services including recurring deposits and fixed deposits.

## NEW PUBLICATIONS

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### RFIP Annual Report 2013/2014

This year's annual report includes two interviews with Dr Harsh Kumar Bhanwala, Chairman NABARD, and Dr H.R. Dave, Deputy Managing Director NABARD. Furthermore, the report consists of chapters which describe the objectives and approach of the programme, explain the progress of its three components (Strengthening the Short Term Cooperative Credit Structure, Improving Microfinance Services through Self Help Groups, Financial Inclusion through Banks – Business Correspondents), and present the new RFIP products, publications and events. In the Annex of the report you can find the result-based monitoring and a complete list of publications and reports of the programme.

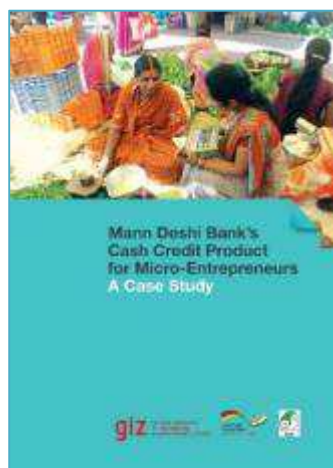


### Mobile Banking by Business Correspondents in India – A Landscape Study

The 'Landscape study on Mobile Banking by Business Correspondents in India' explores eight m-banking models with respect to geographical reach, scalability, distribution reach and cost effectiveness. A deeper analysis of key metrics, operating procedures, technology solutions, cost estimates and scope was carried out for four models. The RFIP commissioned this study also to gain insights for the introduction of mobile-based banking in rural/cooperative banks.

### Handbook on Mobile Banking – Regulatory and On-Boarding Guidelines for Regional Rural Banks and Central Cooperative Banks

This Handbook on Mobile Banking provides a step-by-step on-boarding process for rural/cooperative banks to adopt mobile-based banking. The handbook also deals with the key regulatory guidelines as well as the operational & technical processes to be followed by the banks for initiating mobile-based banking. This includes the Immediate Payment Service (IMPS) platform of the National Payment Corporation of India (NPCI) with special focus on rural/cooperative banks.



### Mann Deshi Bank's Cash Credit Product for Micro Entrepreneurs – A Case Study

The RFIP and Mann Deshi Bank conducted a study in 2013 to understand the need for working capital of micro-entrepreneurs. Under the study financial diaries were provided to 134 street vendors to map their cash flows (high frequency cash flow data) and interviews were conducted which provided insights into financial patterns. Based on this study, a cash credit product was designed that has been pilot-tested since then. This publication captures this journey from capturing the cash flows of these street vendors to designing a new tailor-made product to pilot-testing the product.

## NEW PUBLICATIONS (Contd.)

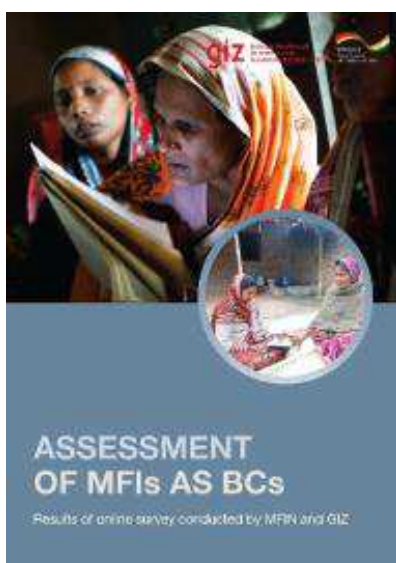
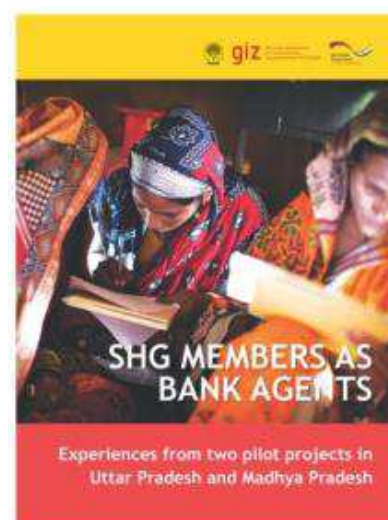


### SHG Members as Bank Agents – Case Studies from Indore (English & Hindi)

The case studies give a peek into the lives of six *Bank Sakhis* who are a part of the pilot project 'SHG Members as Bank Agents' in Indore, Madhya Pradesh. These women, who are part of SHGs promoted by Priyasakhi Mahila Sangh (an Indore based SHG Federation) have been appointed as bank agents for Narmada Jhabua Grameen Bank (NJGB). During the past six months, these women have transformed from being docile home-makers, mothers, and daily wage workers to empowered and independent bank agents. They are going from home to home educating villagers about the importance of opening bank accounts, visiting the bank, and conducting transactions. The objective of these case studies is to understand where these *Sakhis* come from (their families, education, occupation, and so on) and what are their ambitions and motivations. We observe from these case studies how the ambition of these women and support from their families are contributing to their professional success.

### SHG Members as Bank Agents – Experiences from two pilot projects in Uttar Pradesh and Madhya Pradesh

This brief publication provides a short overview about the background, rationale and progress of the two pilot projects of the RFIP that demonstrate the fruitful conversion of SHG networks with the BC-based financial inclusion strategy. It also summaries the stories of two SHG members who have been working as bank agents (*Bank Sakhis*) and presents some key learnings from the implementation of the still young pilot projects.



### Assessment of MFIs as BCs Study – Results of online survey conducted by MFIN and GIZ

This assessment was carried out to understand the landscape of Microfinance Institutions (MFIs) working as Business Correspondents (BCs). The online survey also looked into the interest of MFIs in working as BCs as well as the issues and challenges perceived by the MFI industry in playing the role of BCs in rendering doorstep banking services to low income clients. This publication compiles and analyses the result of the online survey conducted with 73 MFIs in India.



## FEATURED PRODUCT

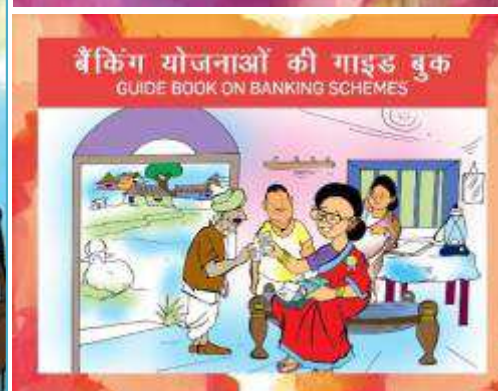
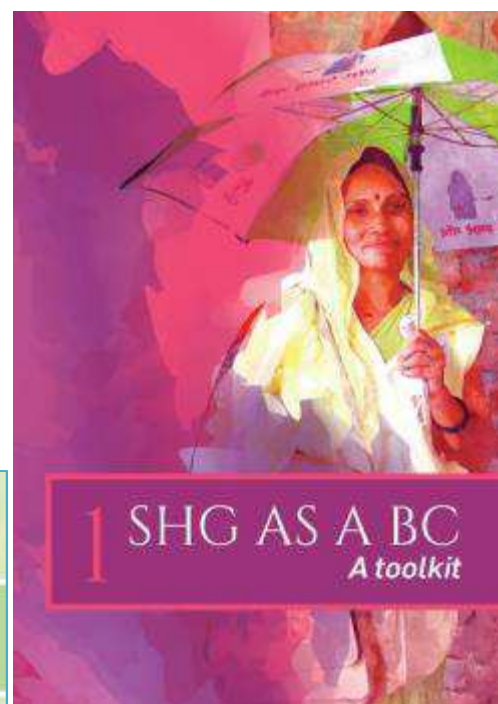
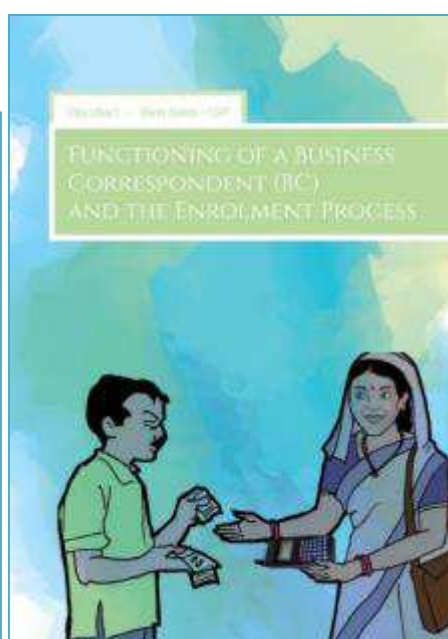
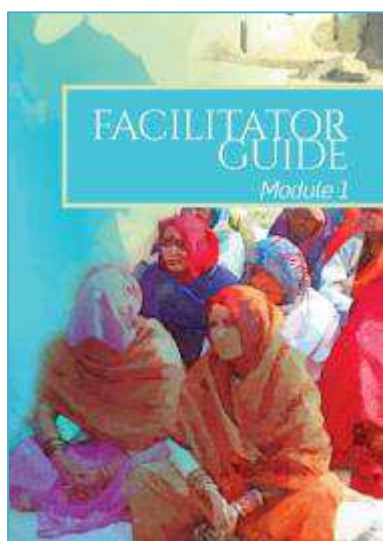
Order an e-copy of the toolkit from: [nitin.jindal@giz.de](mailto:nitin.jindal@giz.de)

### SHG Members as Bank Agents Toolkit

This toolkit has been designed and developed to assist the various stakeholders of the ongoing SHG as BC project in Uttar Pradesh.

The toolkit consists of:

1. Strategy Handbook
2. Activity Handbook
3. Training Materials:
  - a. Reference Guide for Bank Sakhis
  - b. Facilitator Guide
  - c. Flip Book on Banking Schemes
  - d. Flip Chart – Functioning of a BC and the Enrolment Process
4. Reporting Formats
5. Case Studies
6. Videos



#### ABOUT US

This newsletter is published by the Rural Financial Institutions Programme (RFIP), a technical cooperation programme of the National Bank for Agriculture and Rural Development (NABARD) and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). The RFIP focuses on providing capacity development support for strengthening the Short-term Cooperative Credit Structure, improving the delivery and use of microfinance services through SHGs, and promoting financial inclusion through improved bank business correspondent models. Cross-cutting issues of GIZ's financial sector initiatives are the financial literacy, capability and protection of consumers.

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