



Enabling Digital Financial Inclusion

For Rural Community In Bihar



“Civilization of Equality” is manifested when the aspirations of women members transcend the boundaries of limitations. Bihar will be witnessing a **“Cultural Renaissance”** in rural areas when JEEViKA Didis will become the face of Rural Banking as **“Bank Sakhis”** over a period of time.

A handwritten signature in black ink, appearing to read 'Sujata'.

Sujata Chaturvedi

Ex-Principal Secretary, Finance Department, Bihar



SHG members associated with JEEViKA are becoming the torchbearers to take banking to the door steps in rural areas. A classical case of **“Women Entrepreneurs”** taking lead in serving the needs of society. **More milestones** will be evident in future progressively as Bank Sakhis will be touching the **“Souls of People”** through their service.

A handwritten signature in black ink, appearing to read 'Arvind'.

Arvind Kumar Choudhary

Secretary, Rural Development, Bihar

JEEViKA

Bihar is India's third most populous state, home to 8% of India's population. It is predominantly rural, with nearly 80% of its population living in rural areas in addition to 34% of the population surviving below poverty line.

The GoB (Government of Bihar) has been implementing the Bihar Rural Livelihoods Project (BRLP) through JEEViKA, which is a World Bank supported poverty alleviation programme, in operation since 2007.

JEEViKA is also Bihar's designated State Rural Livelihoods Mission and responsible for implementing the World-Bank, Central Government and State Government supported rural development projects in all 534 blocks of Bihar. The programme aims at social and economic empowerment of the rural poor in Bihar.

Objectives of JEEViKA

- Enhancing income of the rural poor through promotion of sustainable livelihoods
- Developing organisations of the rural poor and producers to enable them to access and better negotiate services, credit and assets from public and private sector agencies
- Play a catalytic role in promoting financial inclusion in rural Bihar

Since its inception as a small-scale project in just 18 blocks, JEEViKA has transformed into a statewide movement impacting financial services in many ways as described below*



9.9 million
Rural families



848,896
Self Help Groups



55,628
Village Organisations



925
Cluster Level Federations



Operational in
all 534 blocks
of all 38 districts of Bihar



Credit portfolio of
INR 82.1 billion, developed and
managed by local community
based institutions



Cumulative Community
investment funds of INR 42.16
billion



Mobilised cumulative
group savings of INR 9.1 billion

*As on March 2019

JEEViKA promoted Self-Help Groups have emerged as enabling platforms for better access to financial services including savings, credit and insurance. Rural women of Bihar have emerged as trusted clients of the banking systems, collectively leveraging more than INR 82.1

billion or USD 1178 million of formal credit till date. Improved access to credit and savings has unlocked their entrepreneurial potential, creating new jobs and enhancing incomes.

Need for Digital Financial Services Programme

Bihar ranks 32nd in the CRISIL Inclusix index of financial inclusion and 29th in the financial education survey conducted by NCFE (February 2018). People struggle to effectively use their bank accounts due to low financial awareness and inadequate penetration of banking channels, especially in rural Bihar.



People per bank branch*

In Bihar, there are 17,972 people per bank branch as compared to the national average of 9,170 people per bank branch.



People per ATM*

In Bihar, there are 16,067 people per ATM as compared to the national average of 6,568 people per ATM. Bihar ranks the lowest in terms of ATM density in India.

Digital financial services have emerged as a new wave of hope to provide last mile connectivity in the most convenient and affordable manner. In the Indian context, while there has been tremendous improvement in financial inclusion indicators, the gender gap in access to finance between men and women remains substantial. Indian women are 8% less likely to own a formal financial account and 12% less likely to use digital services offered by these

accounts. State of the Agent Network, India 2017 report indicates that presence of more women agents on ground can increase account opening and transactions by women and highlights that women form 51% of the customer base of female agents compared to only 42% in case of male agents.

JEEViKA has tried to enhance the capacity of community members in financial management and connect them to formal financial institutions. Recently, efforts have been made to graduate members into individual banking clients. However, JEEViKA is facing certain challenges in achieving its objective due to the following reasons:

- ◆ Poor quality of last mile banking services
- ◆ Low financial literacy
- ◆ Lack of suitably designed banking products for poor, leading to limited product offtake
- ◆ Lack of alternative channels to service SHG accounts and community-based organisations, leading to predominant cash usage for SHG transactions
- ◆ Lack of transactional history of individual SHG members with the banks on digital platform

To achieve financial inclusion of the community, JEEViKA launched the Digital Financial Services Programme by encouraging female community members to work as bank agents, called as *BANK SAKHIS* (Bank female friends).

Approaches

JEEViKA has collaborated with various banks and Corporate BCs to test different Digital Financial Services models to ensure the following outcomes:

- ◆ Easy to operate for customers and BC agents
- ◆ Scalable
- ◆ Affordable for customers
- ◆ Economically viable for BC agents

All Digital Financial Services models implemented by JEEViKA are Kiosk model.



Laptop



Micro ATM



Mobile

*Source: RBI and UIDAI data, as on 31st December 2018

About the Digital Financial Services Programme

JEEViKA's Goal

JEEViKA aims to improve the economic condition of the community at large in Bihar by providing a bouquet of financial services which are affordable and convenient to access. To achieve this goal, JEEViKA is trying to address constraints at both demand and supply sides of financial services provision.

A. Demand Side

- ◆ Create awareness in the community about various financial services and alternate banking channels

B. Supply Side

- ◆ Improve last mile connectivity and digitisation of payments by deploying various alternate banking channels
- ◆ Increase trust and confidence in service providers by deploying Bank Sakhis (BC Agents) amongst the community members

JEEViKA's Strategy

- ◆ Rolling out various models of digital financial services especially suitable for rural women
- ◆ Providing community members access to BC agent in proximity to their homes either by connecting them to the nearest existing BC agents or by on-boarding community members as BC agents
- ◆ Delivering digital financial literacy to community members

JEEViKA's Supporting Role



Capacity Building

- Training on products and services and customer service to *Bank Sakhis*
- Continuous handholding of *Bank Sakhis*
- Building capacity of community-based organisations (CBO) to manage *Bank Sakhis*



Financial Support

- Establishment support to *Bank Sakhis* in the form of grant and loan
- Income deficit support to *Bank Sakhis* for the first 6 months



Banking solutions being provided to rural masses by JEEViKA Didi as Business Correspondent Agent is semblance to **“Democratization of Technology”**. I am sure very soon she will earn the epithet of **“Banker Didi”** for herself. It has the potential of turning the **“Spirit of Banking”** more attainable through them.

Balamurugan D.

CEO-Cum-SMD, JEEViKA

Kiosk-Laptop

To provide convenient banking to its community members, JEEViKA has partnered with banks such as: Dakshin Bihar Gramin Bank | Central Bank of India | State Bank of India | Bank of India | Punjab National Bank

In this model, a laptop is the primary user interface for the agent to provide banking services. Other supplementary devices that can be used with the laptop are microATM, printer and biometric capturing device. Community members can avail the following financial services from the Bank Sakhis:

- ◆ Savings account opening
- ◆ Cash withdrawal through card and biometric authentication
- ◆ Cash deposit
- ◆ Fund transfer
- ◆ Community-based organisations' transactions
- ◆ Deposit products such as recurring deposit and fixed deposit
- ◆ Insurance products such as Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY)



- ◆ Pension products such as Atal Pension Yojana
- All these services are available to the community close to their homes and at affordable cost

Bank Sakhis can utilise the same resources such as a laptop and a printer to provide various non-financial services such as ticket booking, photocopy, printing etc. to generate additional income.

259 *Bank Sakhi* outlets with laptop for service delivery in 120 blocks of 19 districts of Bihar as on March'19.

73,999 Savings Accounts opened

INR 19.4 Lakhs worth of transactions per Bank Sakhi per month (Average fig.)

INR 7,000 commission earned by Bank Sakhi per month (Average fig.)



"I like to transact with Rubi (*Bank Sakhi*) as she explains everything to me very patiently and calmly" - Manju Devi

Manju Devi, aged 40 years is a community mobiliser in Pawna village of Agiaon block of Bhojpur district.

She has now started saving regularly and deposits small amounts of INR 500-1,000 in her bank account after getting the service of Bank Sakhi for banking transactions.

Now almost all the women members in the SHGs managed by her have got their bank accounts opened. These women members were easily able to open their bank accounts through Bank Sakhi without any paperwork and the requirement of an introducer.

Bank Sakhi counter has become a mini bank for women in Pawna village, where women feel comfortable to come for banking transactions.

Kiosk-MicroATM

JEEViKA partnered with "IDFC First Bank" to provide easy-to-operate, portable and user-friendly interface to its Bank Sakhis. "IDFC First Bank" has provided MicroATMs which are tab-based, have touch-based user-interface, a supporting card reader and an integrated device for biometric authentication of transactions. The device functions as a bank-in-a box and provides a number of financial and non-financial services to community members such as- Instant and paperless savings account opening

- ◆ Cash withdrawal through card and biometric authentication
- ◆ Cash deposit
- ◆ Money transfer
- ◆ Deposit products such as recurring deposit and fixed deposit
- ◆ Insurance products such as Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY)



- ◆ Bill payments
- ◆ Digital payments from a bank account through Aadhaar Pay

196 *Bank Sakhi* outlets with MicroATMs in 31 blocks of 10 districts of Bihar as on March'19.



36,854
Savings Accounts opened



INR 26 Lakhs worth of transactions per
Bank Sakhi per month (*Average figure)



INR 5,000 commission earned
by a *Bank Sakhi* per month



Journey of an emerging entrepreneur

Nidhi Kumari is a member of Mausam SHG in Baheri village of Darbhanga district in Bihar. In July 2017, she started her Customer Service Point (CSP) outlet. The establishment of CSP has brought respect and dignity to the life of Nidhi. She is able to earn an income of Rs. Rs. 24,000 plus per month, along with efficiently handling her household responsibilities.

Her outlet has also brought a huge relief to women who struggled to conduct transactions at bank branches. Earlier, they used to stand in long queues and were not able to transact for amounts lower than INR 5,000. Women in the community find it comfortable to transact with the help of Nidhi as they are generally hesitant to transact through male staff at bank branches.

They are now able to transact for smaller amounts within a few minutes in a paperless manner.

Kiosk-Mobile

To provide a portable and low capital investment user interface for *Bank Sakhis*, JEEViKA has partnered with Sub-K (a Basix group company), corporate BC of Ratnakar Bank Limited (RBL). The front-end technology is a smart phone and a biometric capturing device with an in-built printer. Bank Sakhis can also use their own smart phones to

provide banking services. Community members can avail cash withdrawal and money transfer facility through *Bank Sakhis*.

JEEViKA has rolled out 25 Bank Sakhi outlets in Gaya district of Bihar.



“Now it seems that I am doing banking sitting at home”- Bano Khatoon



Bano Khatoon, aged 60 years is a JEEViKA member in Mahuli village of Guraru block in Gaya district of Bihar.

She can now easily withdraw small amounts from her savings account after getting *Bank Sakhi* outlet in her village. Earlier she had to travel 6-7 km alone to the bank branch and seek assistance from others for filling withdrawal slips. Now she just walks down to *Bank Sakhi* outlet or calls her at her home for banking transactions.

People like Bano who have restricted mobility due to old age or physical conditions are now very happy as they can transact within the comforts of their homes.

Making Community- Based Organisations' Transactions Convenient

JEEViKA is partnering with the banks which have the 'Dual Authentication' technology that enables CBOs to conduct deposit, withdrawal and fund transfer from CBO accounts at CSP outlets. Now CBOs' authorized signatories can withdraw cash or transfer money from CBOs' savings as well as loan account to any other account by giving their biometric authentication at CSP outlet. This approach has

benefits such as:

- ◆ saves time and money for CBOs as there is no need to travel to bank branches
- ◆ increases revenue for Bank Sakhis
- ◆ brings more transparency in CBOs transactions

PARTNER BANKS FOR DUAL AUTHENTICATION



"We are saving time and money by visiting Bank Sakhi for SHG account transactions"- Savita Devi

Savita Devi is an office bearer in Suraj SHG in Danapur block of Patna district. This SHG is one of the first SHGs promoted by JEEViKA that can transact at a CSP outlet. All the office bearers are happy to not have to travel 5 km to a bank branch for banking transactions from their SHG account.



This initiative under JEEViKA has the potential to provide transparent and efficient digital financial services to 10 million under served rural women and is also helping in creating new economic opportunities for such women BC agents and their households.

Gayatri Acharya

Task Team Leader, World Bank

Empowering Community with Digital Financial Literacy

JEEViKA has developed a Digital Financial Literacy programme to improve the uptake of alternate banking channels and cashless transactions amongst its community members. The programme makes members aware of various banking products and services, alternate banking channels and the best practices of safe banking.

The programme is being delivered to community members in their vernacular language through audio-visual tools and in-person interaction with Financial Inclusion-Community Resource Persons (FI-CRPs). The modules are described below:

DIGITAL FINANCIAL LITERACY PROGRAMME HAS 4 MODULES

Financial Planning and
Basic Banking



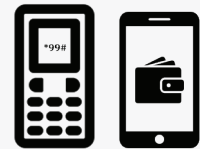
Insurance and Pension



Digital Channels- ATM,
Business Correspondent
and Aadhaar Pay



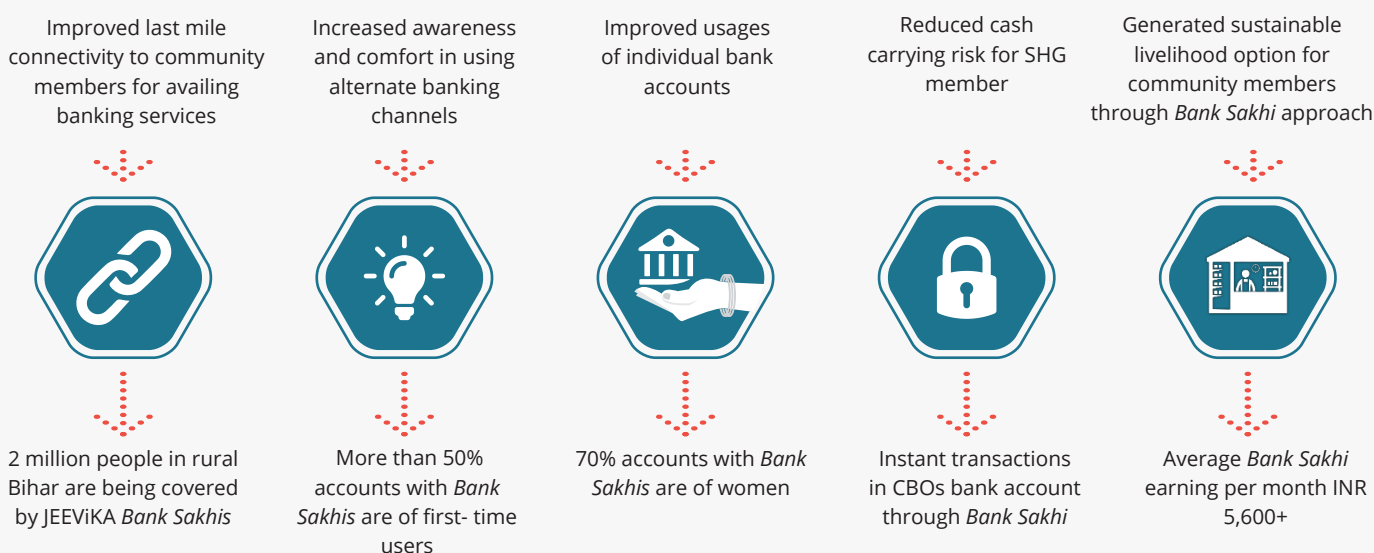
Digital Channels- BHIM(App &
USSD) and Mobile Wallet



Hand-holding sessions to capacitate the community members to use self-service modes such as BHIM or mobile wallets for some of the services such as balance enquiry and money transfer.

Impact- Financial and Social Inclusion of Women

Results of the DFS programme of JEEViKA indicate that if banking services are provided with easy-to-use technology, at doorstep and through a local community member, the acceptance and adaptation of the banking services by the rural poor will improve. *Bank Sakhi* programme has been instrumental in driving the financial, social and economic inclusion of women in rural areas. The women now not only open bank accounts but also save, transfer money and enroll in government schemes exhibiting greater confidence.



The Way Forward

In the first phase of the programme, JEEViKA has succeeded in helping its community members get access to basic banking services in proximity to their homes. In the next phase, JEEViKA will expand its *Bank Sakhi* program to more than 50% of the total gram panchayats in Bihar following the approaches mentioned below.



In addition to these approaches, JEEViKA has signed a partnership agreement with Airtel Payments Bank and Fino Payments Bank for expansion of *Bank Sakhi* Programme.



INITIATIVE IN PARTNERSHIP WITH



THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP



JEEVIKA

An initiative of Government of Bihar for Poverty Alleviation
Bihar Rural Livelihoods Promotion Society
State Rural Livelihoods Mission (SRLM), Bihar
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