



The Trinity of Digital Financial Inclusion - Challenges & Solutions

Reaching The Last Mile - Agents Networks for Financial Inclusion



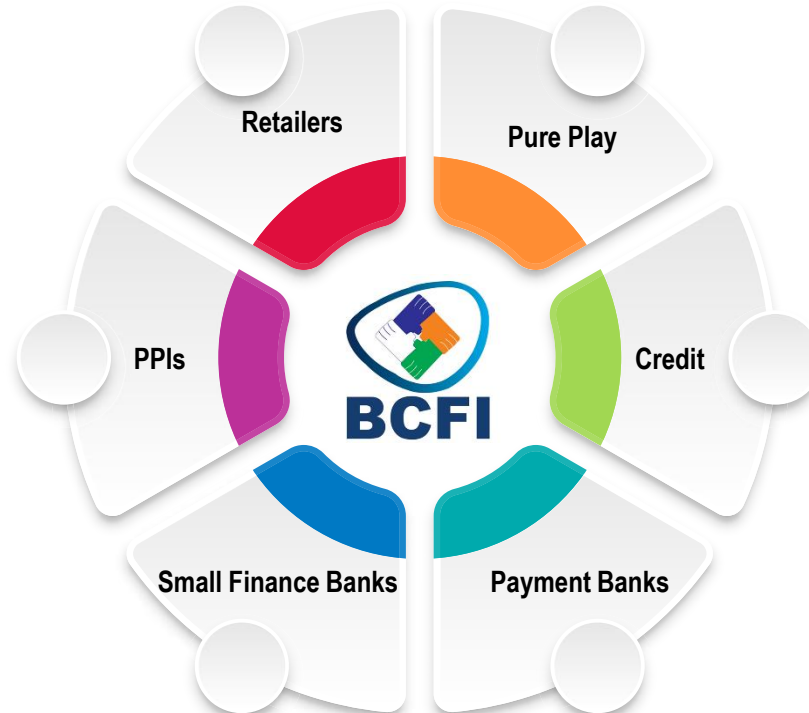
Who We Are?



Large Network



Comprehensive Representation



Supported By



The Point of Service



787k+ ABCs

Agent Business
Correspondents

Touch & Serve

340+ Mn Customers

Face-to-Face

Not Last Mile

Present Impact - Digital Financial Inclusion



Constituency

1,25,878 (16%)
Rural-Semi Urban



Deposits/Policies

65.7 Mn (19%)
Rural-Semi Urban



Remittance/
Pension/Finances

MEASURE	METRIC
Adult Population	838.4 Mn - 14+ Years - Census'11
Migrants	453.6 Mn - Census'11
Agent BCs	786,740 - as of Nov'18
Bank Accounts - BSBD	345.7 Mn - as of Feb'19
Retailers	15,000,000 - as of Jan'18
POS Machines	3,592,424 - as of Dec'18

Under-penetration Level



Constituency



Deposits/Policies



Remittance/
Pension/Finances

98 Mn (>75%) in other than Tier I towns

Rs 260,000 Mn (>80%) by Migrants to Tier I, II towns

PRODUCT	METRIC
Deposits in BSBDA	Rs 917,950 Mn - as of Feb'19
Life Insurance - PMJJBY	57 Mn - as of Sep'18
Health Insurance - PMSBY	142.7 Mn - as of Oct'18
Pension - APY	12.7 Mn - as of Nov'18
Kisan Credit Card - KCC	23.5 Mn - as of Mar'18
Overdraft Taking Households	1.9 Mn - as of May'16
Overdraft Amount	Rs 2,560 Mn - as of May'16
AEPS Transactions Through BCs	131.6 Mn - as of Jul'18
Remittance Amount Through BCs	Rs 332,280 Mn - Apr-18 - Sep-18

Insights – Customers & Agents



A Every Indian is **Unbanked** after 2 PM

B Every Indian is **Underbanked** before 2 PM

C **Unsuitable** products. Un-ubiquitous **accessibility**

D **Uneconomic** to sell. **Unable** to vividify. **Unincentivized** to use

NEVER PAID DIGITALLY



DON'T HAVE HEALTH COVER



NEVER INVESTED IN MF



MSMEs DON'T GET FORMAL DEBT



ABC ATTRITION

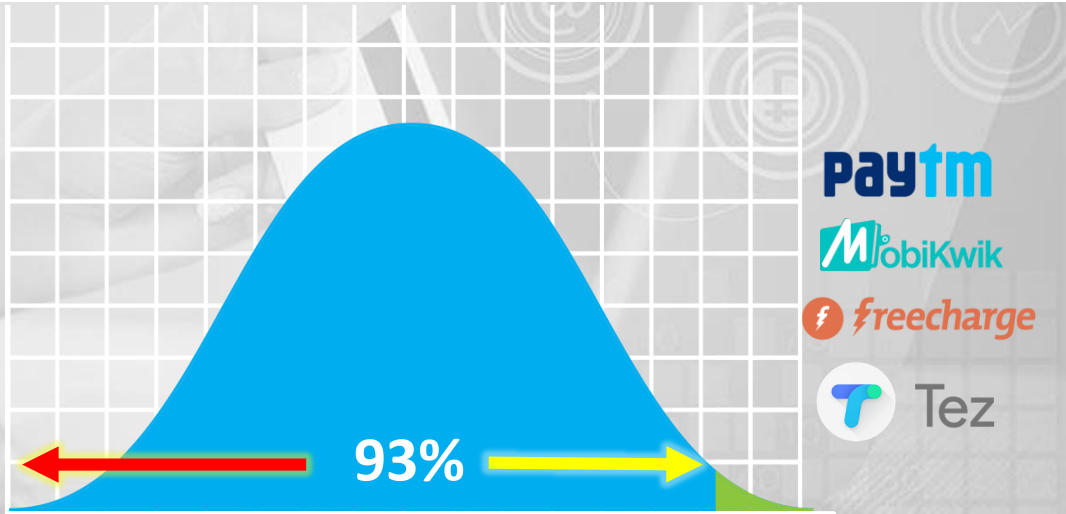


ABC: Strong correlation **for stability** between **awareness, earning, training, & support**

Customer: Positive correlation **for usage** between **access, awareness, relevance, & incentivization**

How To Accelerate Digital Financial Inclusion?

1 Bn Indians will require
2 Mn ABCs as
assisted omnichannel providing
Digital Financial Services



Subsidized
Assisted
(Govt Subsidized)

Marginalized
Assisted
(Non-Subsidized)

Digitized
Self Service
(Investor Subsidized)

8 Steps for Pervasive Digital Financial Inclusion

01

Economic Viability

- Pricing guidelines [RBI]
- Multi-bank, multi-product at ABC [RBI]
- Customer eKYC & eAuth by ABC for any FI service [RBI]
- Nil GST on FI services from ABCs [RBI]
- Incentive ABC for merchant enrolling [RBI, IBA]

02

Ubiquitous Availability

- White-labelled BC guidelines [RBI]
- Flexibility to choose issuing bank [RBI]
- No ABC allotment by SLBC [RBI, IBA]
- eKYC for ABC & merchant onboarding [RBI]
- Remove multi-bank ABC-KYC [RBI]
- Allow multi eKYC onboarding [RBI, UIDAI]

03

Product Usage

- Relevant DIY products [RBI, BCFI, BFSI]
- Allow micro-deposits at ABC with digital print statements instead of post [RBI]
- Customer awareness [RBI, BFSI]
- Incentives for trying, using & sticking [RBI, IBA]
- ABCs also be merchants & vice versa [RBI, IBA]

04

Quality Access

- Trained, certified, registered ABCs [RBI, BCFI]
- BC Registry operation (RBI, BCFI)
- Heatmap of customers, products, ABCs, merchants, and activeness [RBI, BCFI]

Steps for Customer Confidence & Trust

05

Customer Awareness

- Relevant DIY products [*RBI, BFSI*]
- Vividify products, relevance, incentives through marketing & promotion [*RBI, BFSI*]
- Test transaction free [*RBI, BFSI*]
- Display Customer Bill of Rights [*RBI, BCFI*]

06

Customer Protection

- Grievance Redressal Mechanism at ABCs & merchants [*RBI, BCFI*]
- Enforce Code of Conduct at ABC [*RBI, BCFI*]
- TATs for resolutions for QOS [*RBI, IBA*]
- Decoy customer audit [*RBI, BCFI, BFSI*]
- CBC/fintech rating [*RBI, BCFI*]

07

Visibility & Stability

- Branded & certified ABC & merchant [*RBI, BCFI*]
- Regulations kept stable & principle based [*RBI*]
- Pricing kept stable [*RBI*]
- Incentives & remuneration kept stable [*RBI, IBA*]

08

Safety & Security

- Display Customer Bill of Rights [*RBI, BCFI*]
- Inform ABC & merchant list to local Police [*RBI, BCFI, IBA*]
- Security tested ABC/merchant app [*RBI, BCFI*]
- Publish blacklisted ABCs [*RBI, BCFI, IBA*]
- Publish blacklisted merchants [*RBI, BCFI, IBA*]

Test on The Touchstone of Talisman



I will give you a talisman. Whenever you are in doubt, or when the self becomes too much with you, apply the following test. Recall the face of the poorest and the weakest person whom you may have seen, and ask yourself, if the step you contemplate is going to be of any use to him [her]. Will he [she] gain anything by it? Will it restore him [her] to a control over his [her] own life and destiny? In other words, will it lead to swaraj for the hungry and spiritually starving millions?

Then you will find your doubts and your self melt away ~ Gandhi, 1948