

“Sakhi Samaveshan Project”

SHG Members as Business Correspondent Agents

A Pilot Project in Madhya Pradesh Test Approaches to Achieve Sustainable Financial Inclusion

Financial Inclusion strategies in India focus on making a variety of financial services accessible to all households. Even though the number of bank accounts and access to financial services is on a constant rise, a deeper penetration of necessary financial services especially in the rural areas remains a challenge.

The networks of these SHGs with its wide outreach across the country and well established relationship with the community can be leveraged to deliver financial services through the BC model. In 2012, the Rural Financial Institutions Programme, a joint NABARD-GIZ programme, decided to integrate two country level initiatives – financial inclusion and SHG Bank Linkage Programme (SHG-BLP) and started a pilot on “SHG members as bank agents”.

The Pilot and its Objectives

A joint collaboration of Narmada Jhabua Gramin Bank (NJGB) and GIZ-NABARD under RFIP, the pilot was launched in May 2014 in Indore district and expanded to Dewas district in October 2014. The objective is to test the potential of SHG members functioning as bank agents to offer banking services at the doorstep of the villagers particularly to women and poor households.

The bank has partnered with a local federation, corporate BC, and a technology service provider. The SHG members of the federation are appointed as bank agents and are known as “Bank Sakhis”. A Bank Sakhi is someone who has been member of a SHG and has been involved in conducting banking and book keeping activities of the group.



As a Bank Sakhi these women provide a range of financial and non-financial services on behalf of the bank to their communities. The federations are providing capacity development, training, and monitoring support to the Sakhis and supporting them to raise financial awareness in the communities. The corporate BC provides the technology including hardware, software, and support for maintenance. Bank Sakhis get paid a commission from the bank for different services, which covers their costs and provides them with an income.

Advantages of the Approach

- SHG members are integrated into the community and are known and trusted by the other community members. They are also more likely to stay within the community and will not migrate for other job opportunities.
- SHG members have basic financial literacy and are used to dealing with money (their own and group members' money). They also have experience working with banks and other financial institutions.
- SHG members are mostly women who are known to be more responsible and trustworthy with money. These women will also be able to tap the part of the population which is mostly financial excluded, but provide the highest potential: women.
- With one of the SHG members acting as a bank agent, the transactions of the SHG including member contributions and repayments can be done directly into the account. It will also make it easier to mobilize the voluntary savings of the members and further the objective of SHG 2.



Advantages for the Bank

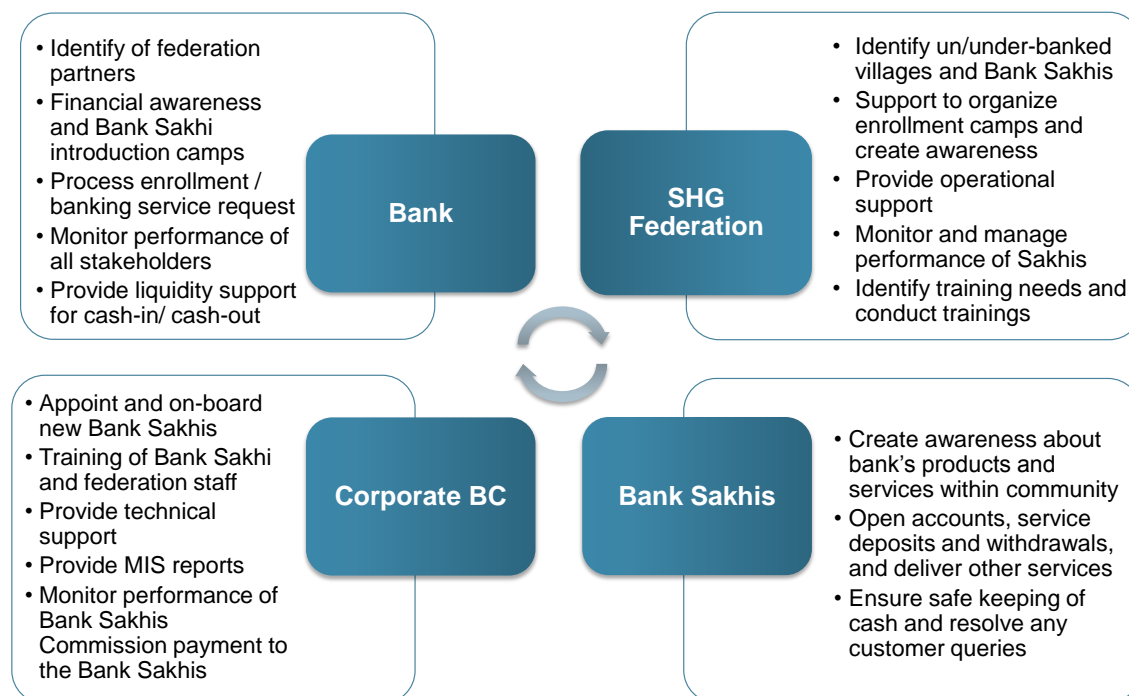
- Lower cost to meet financial inclusion targets and reach out to the last mile by leveraging existing community based institutions.
- Lower dormancy and attrition of agents since they are part of the community.
- Fewer inactive and dormant accounts due to higher level of customer service and trust in the Bank Sakhis.

Project Stakeholders and Operational Area

The project is running in Indore and Dewas districts. Overall, the bank is covering 170 villages through 29 Bank Sakhis in these districts.

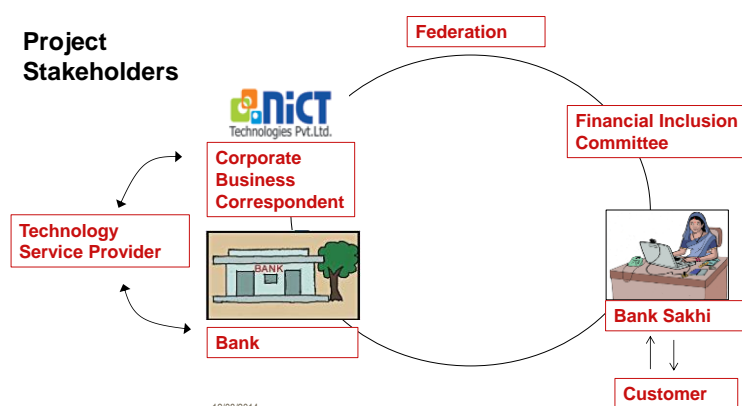
The pilot is being conducted in partnership with the following stakeholders:

- **Bank:** Narmada Jhabua Gramin Bank (NJGB)
- **Corporate Business Correspondent (BC):** Network for Information and Computer Technology (NICT) is the corporate BC
- **SHG Federation:** Priyasakhi Mahila Sangh and Aprajita Mahila Sangh are local district level federations that promote SHGs in Indore and Dewas district respectively
- **Bank Sakhis:** The bank agents act as Customer Service Points (CSPs)



In addition to above stakeholders, there are two more critical partners for the project:

- **Technical Assistance Provider:** NABARD-GIZ Rural Financial Institutions Programme (RFIP)
- **Technology Service Provider:** Tata Consultancy Services (TCS) is appointed by the bank to manage the back-end solutions for Kiosk/Micro-ATM module operated by BCs



Products Offered and Progress

The Bank Sakhis are currently offering business correspondent (BC) and business facilitator (BF) services including account opening, deposits, withdrawals, money transfer, recurring deposit, fixed deposits, delivery of notices to loan defaulters, linking of Aadhaar with bank accounts, insurance, and vehicle loans.

Bank Sakhis also conduct the SHG transactions (loan disbursements and repayments) through the kiosk. Recently, selected Bank Sakhis have also been trained by one of the federations to manage SHGs which involves conducting SHG meetings and updating their books. This will increase their income as they will receive additional commissions from the federation for SHG management.

Besides the financial services, the Bank Sakhis also deliver non-financial services through Common Service Centre (CSC) portal. This includes utility services such as mobile phone recharge, television recharge, bill payments and insurance premium payment, and e-governance services such as PAN card application and Aadhaar card printing.

Progress (As on 30 th Sept, 2015)			
No. of Bank Sakhis appointed	29	No. of clients with bank account opened through Bank Sakhis	11,112
No. of active Bank Sakhis operational for more than 3 months	28	Total number of transactions (deposits, fund transfers, withdrawals) cumulative	19,188
No. of villages reached by Bank Sakhis	172	Total value of transactions (deposits, withdrawals) cumulative	Rs.3,25,16,275

