

“Many people in my village are largely unaware about how to manage money.

As a Bank-Sakhi I can help them so much more, especially women.”

90 SHG members have been trained to act as Business Correspondent agents of rural banks to deliver basic financial services to the under-served rural population especially women and children. This has empowered them with new skills and increased income. They have a new found identity, and higher respect from their own community and family. Overall, this has resulted in the economic as well as social empowerment of these women.

34,000 rural customers have opened accounts with these Bank Sakhis

Nearly 47% of the account holders are women

Most of these women are availing banking services for the first time

These customers have conducted nearly half a million transactions with a value of INR 90 million till September 2015

Country
Full Name of the program

PN (complete 12 digits)
AV / Program Director
Name of Team Members

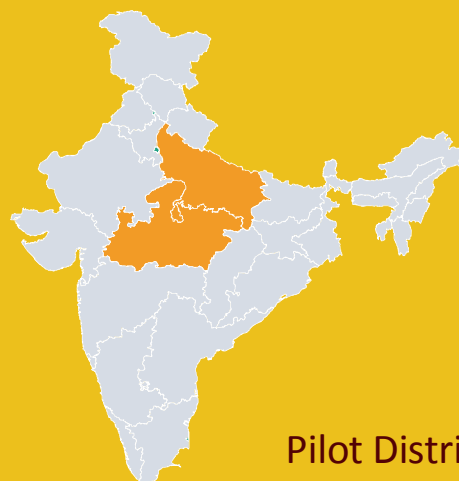
Project Reach (states / region)

Duration of program

INDIA
Rural Financial Institutions Programme (RFIP):
Self-Help Group Members as Bank Agents - The Bank Sakhi Approach
07.2176.1- 001.00
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RFIP: National Wide, Bank Sakhi Approach: Uttar Pradesh & Madhya Pradesh
RFIP: 2009-2015, Bank Sakhi Approach: 2013-2015

The Rural Financial Institutions Programme (RFIP) has supported two pilot projects in five districts of Uttar Pradesh (UP) and Madhya Pradesh (MP) in India through overall project facilitation, capacity development of the Bank Sakhis as well as their support structure in form of the Self Help Group (SHG) federations.

RFIP is a bilateral cooperation programme, jointly implemented by the GIZ on behalf of the Government of the Federal Republic of Germany, and the National Bank for Agriculture and Rural Development (NABARD) on behalf of the Government of India. It aims at improving access to sustainable and demand-oriented financial services through the institutions of the rural cooperative credit system, microfinance organisations, and banks and their Business Correspondents (BCs).



Pilot Districts:
Unnao and Rae Bareilly District, Uttar Pradesh
Dewas, Indore, and Rajgarh District, Madhya Pradesh

SHG Member as Bank Agents

Rural Financial Institutions Programme



SHG Member as Bank Agents

- The German Government and NABARD have supported the Self-Help Group (SHG) model and especially the SHG Bank Linkage Programme (SHG-BLP) since its inception. Over the last few years, the Financial Inclusion (FI) efforts of the Government of India, with its focus on individual banking opportunities for rural and low-income households through banks and their agent network, has led to a change in the environment of the SHGs.
- One of the important milestones in India's FI drive has been the introduction of the Business Correspondent (BC) model in 2006¹. Since then, significant progress has been made in terms of increasing penetration in rural areas and improving access for the unbanked and under-banked households across the country. As of March 2015, 398 million basic savings deposit accounts (BSBDAs) have been opened through 553,713 rural banking outlets. However, dormant agents and inactive accounts pose critical challenges. Replicable and sustainable business models of BCs are yet to evolve.
- The Self-Help Group Bank Linkage Programme (SHG BLP) reaches out to more than 77 lakh Self-Help Groups (SHGs) and about 100 million households across the country². The programme develops the capacity of group members and member-based institutions to manage money and financial services, and connects the community to formal financial institutions. However, the movement is facing challenges, such as large non-performing assets, low take-up of voluntary savings, slow digitisation of SHG data, and the absence of records about individual members. All of these limit the graduation from bank client through a group approach into an individual banking client.
- **In 2012, the RFIP decided to connect these two approaches with an objective to improve the integration of bank agents into the community by appointing SHG members as agents and calling them "Bank Sakhis" (a female banking friend).** Under this approach, the banks partner with a local federation, corporate BC, and technology service provider (described in the next section on cooperation).

Addressing the Supply and Demand Side Gender Gap in Financial Inclusion

Supply Side Gap:

- Last mile delivery to rural households still inadequate: attitude and aptitude of service providers, high attrition rate of banking agents, lack of full product range delivery
- Gender segregated FI data on banking agents appointed by banks is not available, but: majority of these 5 lakh bank agents are male

Demand Side Gap:

- Gender segregated FI data on customers acquired or active customers is not available
- Due to the socio-economic conditions in the country, it is difficult for women to travel to bank branches or access these male BC agents
- Women are one of the most financially excluded customer segment.

A Bank Sakhi can be someone who has been a member of a SHG and has been involved in conducting banking and bookkeeping activities of the group. The Bank Sakhis are selected among the SHG members of the federation on basis of on pre-determined criteria (such as education, credit and savings history, location, and ability to invest) to act as Business Correspondent (BC) agents.

Meet a Bank Sakhi

Sangeeta (in the picture on the right) has been an SHG member since five years. She runs a small grocery store in a village 20 km from the city of Indore in Madhya Pradesh. She was selected by her SHG federation to become a Bank Sakhi and received training and handholding support from GIZ. Using a laptop and fingerprint reader she now offers banking services (account opening, transactions, term deposits, and loans) to the community in five villages. Majority of her customers are women and children.



What the Bank Sakhis have to say

"My family belongs to a backward caste. Yet, through the work as a Bank Sakhi we get respect in our village."

"As I have been an SHG member for a long time, people feel comfortable trusting me with their money instead of having to go to the bank."

"I get calls on my mobile for information on various services provided by the bank. I feel as if I am a bank manager!"

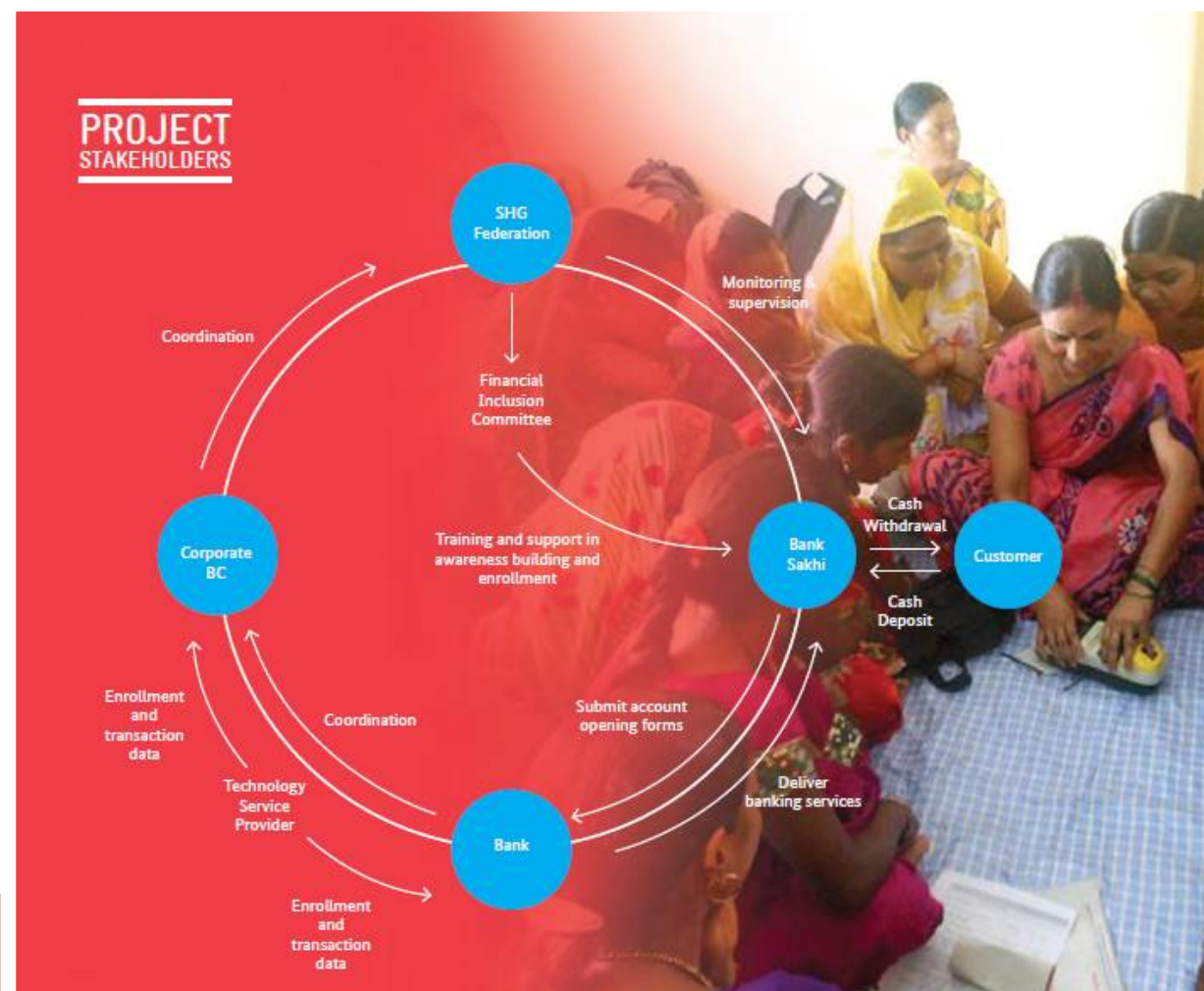
¹ For more details refer to RBI circular on "Financial Inclusion by Extension of Banking Services – Use of Business Correspondents" accessed at the link https://www.rbi.org.in/scripts/BS_CircularIndexDisplay.aspx?id=8955

² For more details and statics, please visit the NABARD website: www.nabard.org

COOPERATION

The project was started in cooperation with NABARD. In both the pilot projects, locally available, financially robust institutions were chosen as the partners.

- **Banks:** Gramin Bank of Aryavart in UP and Narmada Jhabua Gramin Bank in MP
- **Corporate Business Correspondent:** Bartronics in UP and Network for Information and Computer Technologies (NICT) in MP
- **SHG Federations and Promoting Institutions:** Rajiv Gandhi Mahila Vikas Pariyojna (RGVMP) in UP, and Priyasakhi Mahila Sangh and Aprajita Mahila Sangh in MP.



REPLICATION AND UPSCALING

Based on the successful pilots, the approach is currently being replicated by the Baroda Uttar Pradesh Gramin Bank and by the State Rural Livelihood Mission in Madhya Pradesh – with 40 more Bank Sakhis already delivering services.

Moreover, two national level institutions – NABARD and the National Rural Livelihood Mission (NRLM) - decided to upscale the model across the country and committed dedicated funds to support the same: In December 2015, NABARD announced the establishment of 12,000 Bank Sakhis across the country while under the special funding from the World Bank Group 4 more State Rural Livelihood Missions have come forward and initiated the process already.

ACTIVITIES UNDERTAKEN FOR GENDER MAINSTREAMING

Regular training and capacity building:

- The pilots focused on building the capacity of the Bank Sakhis by developing and delivering effective training modules on hard and soft skills.
- Progressively senior Bank Sakhis are being evolved as 'Master Trainers' to train new Bank Sakhis to promote peer learning.
- Staff of the SHG federations were trained to provide regular handholding support to the Bank Sakhis.

Gender sensitization for bank staff:

- Sensitisation workshops were conducted with the bank branch managers in order to sensitise them about the role of Bank Sakhis. The Sakhis have to closely work with these managers for operational processes. However, they were not received well by the branch managers as they were different from the conventional male BC agents. The sensitization workshops led significant change in the managers' behaviour.

Gender segregated Results Based Monitoring (RBM) and evaluation indicators:

- At the national level, gender segregated financial inclusion data is not available. For this project, the regular MIS captured some key indicators – percentage of women customers enrolled by Bank Sakhis and percentage of active accounts owned by the women.

Evaluation Results - Highlights

Presented below are key highlights from internal RFIP evaluation in UP and MP:

- **First Time Account Holders:** In UP, 34% of all respondents are using a bank account for the first time, and out of these 20% are women. In MP, 44% of all customers and 12% of women customers are using a bank account for the first time due to Bank Sakhis.
- **Women and SHG Members Preferred as BC Agents by Customers:** They are seen as more trustworthy, are more accessible, have lower attrition, and have more efficient cash management skills owing to previous experience of book keeping in SHG. In MP and UP pilots, the percentage of active savings accounts with the Bank Sakhis is 3 and 2 times higher than conventional BC agents respectively. The transactions are 2 times higher and average balance in the accounts is 3 times higher.
- **Trigger to Save More:** Prior to Bank Sakhis, customers were not able to save in bank accounts because the branch was far away and the relative cost of savings was much higher. Customers value the time and money saved, and better quality service while transacting with the Bank Sakhis vis-à-vis the branch. In both UP and MP, more than 90% of the respondents reported increased savings due to Bank Sakhis and reported an increase in average personal monthly savings from Rs. 200 to Rs. 431 per month in UP and from Rs. 64 to Rs. 296 in MP.
- **Low Attrition Rate:** The attrition rate is less than 10% for Bank Sakhis compared to national average of 42%. This has led to better trust amongst customers and hence better business for bank. This is because women agents are less likely to migrate and are more motivated.



PRODUCTS DELIVERED BY BANK SAKHIS AT CUSTOMER DOOR STEP

Bank Sakhi delivering **basic bank account services – deposit, withdrawal and fund transfers**. The transactions are done on real-time basis and are authenticated using biometrics (fingerprints) of the customer.

Bank Sakhis also **conduct awareness drives and activities** to increase understanding about the need for banking services and basic personal financial management practices.

Bank Sakhis in UP are also **enrolling clients to avail loans to buy solar home lighting systems**. They create awareness on solar energy and its benefits, generate leads, complete documentation for loans, and also service customers post disbursement.

LESSONS LEARNT:

- **Intensive Training and Leadership Building for Bank Sakhis:** Given that Bank Sakhis need to use technology in their everyday operations, intensive training was required for them. They needed to be trained on all products and processes regularly, including refresher trainings. As a solution, a trainer cadre and local resource persons were created within the federation. Progressively senior Bank Sakhis are being evolved as 'Master Trainers' to train new Bank Sakhis to promote peer learning.
- **Driven by Non-Monetary Motivations:** In addition to the monetary incentives, the social benefits of improved reputation, empowerment, and pride due to association with a bank are highly valued by the Bank Sakhis. For most of the Bank Sakhis this is their first employment barring small enterprise work at home such as tailoring.
- **Need to Ensure Sufficient Business for Bank Sakhis:** The pilots strive to offer an attractive product mix to the customers including basic savings account, term deposits, loans, payment and e-governance services (in MP), and loans for solar lighting systems (in UP). The Bank Sakhis are especially suitable to deliver certain services such as SHG transactions and recovery on non-performing asset loans.
- **Economic and Social Empowerment:** The projects have been able to not only provide an additional income source for the Bank Sakhis, but have also empowered them by building their capacities to offer a wide range of banking services to their community. Poor and illiterate women who were hesitant to step out of their houses alone today open bank accounts, visit the bank branches, conduct awareness camps, and play an important role to achieve the national goal of financial inclusion
- **Breaking Social Barriers:** Through the twin pilot projects initiated and supported by the RFIP, it has been clearly established that the Bank Sakhis are more effective than conventional CSPs in the expansion of FI in rural areas and especially to women and children. They have been able to include the unbanked sections by breaking the barriers of caste and gender.
- **Community Driven Approach:** The federations with support of local resources through their SHGs have been driving the project. This makes the project sustainable and provides access to the wide member-base of the federation.

PUBLICATIONS

1. [The Bank Sakhi Model: The Approach and Lessons from Two Pilot Projects](#)
2. [Replication Guide for Implementation](#)
3. [Experiences from Two Pilot Projects](#)
4. [SHG Member as BC Agents Toolkit \(consists of comprehensive training material and strategy handbook in Hindi and English\)](#)
5. [Case Studies from UP and MP Projects \(Hindi and English\)](#)

VIDEOS

1. [Bank Hamari Gaon](#)
2. [The Bank in our Village](#)
3. [Dual Authentication](#)
4. [Training Modules Delivery](#)

WEBSITE

[Gramin Bank of Aryavart](#)
[GIZ dedicated website](#)

AWARDS WON !!

Both the projects have won appreciation and awards for benefits demonstrated.

Madhya Pradesh

- Won Skoch Financial Inclusion and Deepening Award 2015
- Won Elets Financial Inclusion & Payment Systems Awards (FIPS) 2015
- Nominated for prestigious WSIS Project Prize 2015 (Top 100 entries from across the globe)
- Nominated for Porter Prize India 2015 (Top 27 entries at national level)

Uttar Pradesh

- SKOCH Financial Inclusion and Deepening Award, 2014