



**Consultation Meet on
Challenges of Digitization
and
Way Forward**

**“To Develop Digital Ecosystem for
Improving Access to Finance for
Unbanked”**

1st December, 2017

**The Peerless Inn,
Jawaharlal Nehru Road,
New Market, Kolkata**

India has 97% of 1,058 million telephone subscribers with wireless connections, 93% of the population now has Aadhaar cards. However, digital financial products are yet to be widely used as only 27% Indians use smartphones and 26% Indians have internet connections. From MFIs perspective, digitization is implemented in backend processes and the operation is primarily cash based. To address the challenge of financial access and financial inclusion among the unbanked populations across geographies especially in remote area, there is interest in MFI Sector to adopt new technologies to improve operations aspects; however numerous challenges are preventing MFIs. Digital Inclusion would help community in many ways viz. accessibility to finance through various channels, mitigate cash carrying risks, customer centric offerings, availing benefits of flagship projects of Government of India and State Governments. Modus operandi of MFIs, technology instability, diverse geographies, value proposition, investment decisions, client protection, fraud, and misuse of platform, failure in transactions, regulatory support, front and back end challenges are the prevalent gaps which requires to be bridged. Presently, MFIs seems to be confused with myriad products offered by tech companies, however, there is little cohesion which further pose challenge for MFIs. There is also no clue among the MFIs to evolve the eco system. The clients are not empowered and mostly there is huge gap on the ground hand holding support for the clients to be on digital.

For MFIs the critical concerns are adaptability and affordability. Given the wide variety of options available to go digital, it is crucial to evaluate what technology would be the most effective and compatible with their operational systems with reconciliation issues being a major concern. Moreover, in the context of other developing countries, where MFIs have tried to digitize their front-end operations, there have been roadblocks in figuring out the cost sharing arrangements between technology solution providers and financial service providers with regard to the source of investments at different stages of operations. Another critical components is the nature and extent of efforts MFIs need to make to ensure that their ground level staff is both capable and willing to take part in the digital transformation.

It is essential to understand the extent to which MFIs intend to transition away from high touch models given that it has been a critical factor in ensuring their success and building their customer base. Moreover, the sector must evaluate if organizations are willing to spend time and money, on transitioning their systems, manpower and consumers towards digital realms and functioning and if so what are the best practices, choices and pathways to making this shift.

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Time	Agenda Item
10:00 – 10:15	Tea and Registration
10:15 – 10:45	Introduction and Welcoming Delegates – Sa-Dhan Special Note Address – HSBC
10:45 – 11:45	Challenges of Digitization, Digital Inclusion for Clients and Way forward by MFIs <ul style="list-style-type: none"> • Village Financial Services Pvt Ltd • Sarala Development and Microfinance Pvt Ltd • Society for Model Bikas Kendra • ASA International India Microfinance Ltd • Arohan Financial Services Pvt Ltd <p style="text-align: center;">Open Discussion</p>
11:45 – 12:00	Networking Break
12:00 – 01:25	Challenges of Digitization, Digital Inclusion and Way forward by Tech Companies <ul style="list-style-type: none"> • National Payment Corporation of India (NPCI) • Ebix Cash • Leaps and Bounds Technology Pvt Ltd • Fingpay (Tapits Technologies Pvt Ltd) • Artoo* • Vodafone M-Pesa* • Paytm* <p style="text-align: center;">Open Discussion</p>
01:25 – 01:45	Key takeaways of Study on “Digital Financial Inclusion and Consumer Capabilities in India” – Presentation by IFMR LEAD <p style="text-align: center;">Open Discussion</p>
01:45 – 02:00	Concluding Remarks and Vote of Thanks – Sa-Dhan
	Lunch

***Confirmation Awaited**



Sa-Dhan: Sa-Dhan, the oldest and largest association of community development finance institutions, came into being on July 21, 1999 with a mission to support and strengthen the financial inclusion agenda in India. It helps its member institutions to better serve low-income households, particularly women, in both rural and urban India, in their quest for establishing stable livelihoods and improving quality of life.

Sa-Dhan has 178 members reaching out to 33 states/UTs and 588 districts; it includes SHG promoting institutions, MFIs (For Profit and Not For Profit), banks, rating agencies, capacity building institutions etc. Sa-Dhan's members follow diverse legal forms & operating models to reach out to over 46 million clients with loan outstanding of more than Rs. 68,216 crores. The Reserve Bank of India (RBI) has recognized Sa-Dhan as a Self Regulatory Organisation for the Microfinance Sector. Sa-Dhan is also recognized as National Support Organization (NSO) by National Rural Livelihood Promotion (NRLM).

HSBC: HSBC is one of the world's largest banking and financial services organisations. We serve around 38 million customers through four global businesses: Retail Banking and Wealth Management, Commercial Banking, Global Banking and Markets, and Global Private Banking. Our network covers 67 countries and territories in Europe, Asia, the Middle East and Africa, North America and Latin America.

With around 3,900 offices worldwide, we aim to be where the growth is, connecting customers to opportunities, enabling businesses to thrive and economies to prosper, and ultimately helping people to fulfil their hopes and realise their ambitions.

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