Sa-Dhan

The Association of
Community Development
Finance Institutions

Sa-Dhan
National Conference

Reinventing Inclusive Finance in The Digital Era

14 & 15, September 2017 | India Habitat Centre, New Delhi

Sa-Dhan National Conference

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About Sa-Dhan

Sa-Dhan is the largest and oldest association of Community Development Finance Institutions in India and a Self Regulatory Organization (SRO) with a membership base of 185 Institutions from diverse legal forms, operating model, size and philosophy. Our network reaches out to 33 States/UTs and 588 districts in India with over 30 million underserved clients and loan outstanding of more than `46,842 crore. Sa-Dhan has been engaged with the Govt. of India, State Govts., RBI, NABARD, SIDBI, NHB and others in promoting responsible finance and facilitative policy and regulatory regime.

The Pillars of Sa-Dhan's works are

1. Sector Representation & Policy Advocacy
2. Compliance of COC & SRO
3. Research, Data and communications
4. Capacity Building

I. Sa-Dhan as an association has a mandate to engage with policy makers and regulations to provide a favorable policy environment for the promotion and growth of microfinance and financial inclusion in India. It played a crucial role while drafting the Microfinance (Development & Regulation) Bill 2007 & 2012 in association of Ministry of Finance, GoI. Post AP crisis, Sa-Dhan has been instrumental in framing new sectoral regulations for the MFIs, creating a separate category of NBFC-MFIs, PSL guidelines, undertook COC assessments, etc. Sa-Dhan has taken various initiatives in setting up successful MFI Credit Bureaus & boosting the Self Help Group Banking movement in India.

II. The Reserve Bank of India has recognized Sa-Dhan as a SRO for NBFC-MFIs. The primary roles and responsibilities entrusted to Sa-Dhan includes: formulating and administering a Code of Conduct recognized by the Bank, having a grievance and dispute Redressal mechanism for the clients of NBFC-MFIs, responsibility of ensuring borrower protection and education, monitoring compliance by NBFC-MFIs with the regulatory framework put in place by the Reserve Bank, surveillance of the microfinance sector, training and awareness programmes for the members, Self Help Groups, etc and submission of its financials, including Annual Report, to the Reserve Bank.

III. Sa-Dhan has been identified as National Resource Organization by NRLM. Sa-Dhan will be extending technical support to the SRLMs on establishment of specialized institutions for Financial Service Delivery

Sa-Dhan has been engaged in the following sector building initiatives since its inception.

- Promoting transparency in the Sector
- Industry Standards and Benchmarking
- Voluntary Mutual Code of Conduct for its Member Institutions
- Industry Code and Ensuring Compliances
- Social Performance Reporting
- Action Research and Publications of Sa-Dhan

IV. Sa-Dhan's capacity building initiatives have been largely two folds; firstly technical inputs to members, non-members & practitioners and secondly perspective building for the institutions engaged in ensuring financial inclusion such as banks, policy makers, government bodies.

During the last few years, Sa-Dhan has intensified its training and capacity building in the area of regulatory and code of conduct compliance. This includes client protection principles and social performance initiatives. Client protection principles included important principles such as prevention of over-indebtedness, transparency, responsible pricing, appropriate collections practices, ethical staff behavior, mechanisms for complaint resolution, and privacy of client data.

Sa-Dhan brings together best trainers to train the member institutions on the issues, apart from in-house specialists. Most of these capacity building programmes are at a minimal cost for Member institutions. The list of training and courses Sa-Dhan has offered at various point of time is mentioned below.

- Compliance to RBI regulation
- Code of Conduct compliance and assessment process
- Governance and Risk Management
- Curriculum for front line staff of MFIs: now with IIBF
- Delinquency Management
- Perspective Building Program
- Microfinance Education Program
- Livelihood Education Program
- Financial & Operational Standards & Ratios
- Financial Literacy & Client Education
- Financial Management & Analysis

Mission

Sa-Dhan's mission is to build the field of community development finance in India, to help its members and associate institutions to better serve the low income households, particularly women, in both rural and urban India in their quest for establishing stable livelihoods and improving the quality of life.

Vision

The vision of Sa-Dhan is to see that through microfinance interventions, the quality of life of the people living below the poverty line is improved and they face the realities of life with pride and confidence. It encompasses the following:

- To provide a common platform for advocacy representing multiple models and approaches to microfinance in India.
- To make available timely and reliable information that is crucial for effective networking of microfinance institutions across India.
- To undertake research, development of tools and resources that facilitate dialogue and synergy of best practices between different operating models and stakeholders.
- To promote initiatives that inform, educate and articulate the needs of the sector. These programs will involve service providers, policy makers and bankers.
- To provide technical and marketing support systems for sustainable livelihoods through community development finance.

Conference Overview

Inaugural Session

- The continuous growth of the Indian Microfinance Sector, in spite of setbacks from recent developments such as demonetization, is attributed to the sector's collective intent, and spirit of collaboration.
- Number of MFIs and the volume of disbursements have increased this year.
- The range of products offered by the sector has diversified from only credit products to pension and financial literacy tools.
- Increased integration of technology is a new development
- The sector employs close to 90,000 personnel and registered a growth of 23% over the previous year, excluding the Small Finance Banks.
- Out of the overall clientele, 96% are women. However, women only account for a meager 12% of the workforce.
- MFIs collectively raised equity of nearly `2000 crores in FY 2016-17.
- Data from NABARD shows that the SHG-Bank Linkage Programme is touching nearly 110 million households, amounting to over `40,000 crores in loan disbursements in the last 12 months.
- 2017 is the year of stabilization for the microfinance sector.

Plenary 1: Digital Financial Inclusion-New avenues to include the unreached and the challenges ahead

- Technology is completely changing the face and ways of financial services, and India will soon be a part of this process.
- Cost of visiting an institution such as a bank, indicates that the focus of the sector need not necessarily be on technology itself, but on the entire user experience.
- Companies like Satin Credit Care's experience in transitioning from a largely paper based service provider to integrating technology in its operations is inspiring
- At the same time while the digital wave is underway and is of great significance, the physical landscape of infrastructure should not be ignored.
- Significant sections of population with access to banking facilities do not use these services or use them only for basic transactions.
- While efforts towards financial and digital inclusion have shown promising results in urban areas, in rural areas, similar efforts have proved a lot less rewarding. Some persons who are currently not included have more pressing priorities than being financially included.
- India's low insurance penetration – currently is at a mere 8 or 9%. Insurance needs of rural and remote areas can be sorted out with Digitization.
- Using Aadhaar e-KYC and credit histories, loan disbursements can be just a touch away and MFIs can be a part of this digital financial inclusion revolution.
- Leveraging Aadhaar can reduce loan disbursement time tremendously, addressing one of the primary concerns in the sector, however, collection continues to remain a challenge.

Plenary 2: Responsible Finance – Efforts from SROs and MFIs to Promote Client Protection

- The growth of the credit industry has been 17% in the last financial year and microfinance has exhibited a 28% growth in the last financial year.

- The market share of banks and small finance banks has gone up to 54%.
- Larger players in the industry will continue to have a larger share of the overall pie, and smaller players must specialize in building bonds with clients.
- From a customer's point of view, there has not been any notable change in the cost of borrowing and so responsible finance discourse must be accompanied with a discussion on responsible pricing.
- The sector has entered into Phase 1 of the 'maturing microfinance market.' However, there is a need for a heat map using credit bureau data that identifies areas of high default, poor repayment rates, as well as penetration of MFI lending. MFIs will be informed of the potential of different areas at a pin code level.

Breakaway Session 1: Key Takeaways of Demonetisation: Evidence from the Ground

- In 2016, the demonetization exercise was undertaken through the Reserve Bank of India Board. While the jury is still out on the benefits of demonetization to the Indian economy, with increase in digitization of financial services, every transaction leaves a digital trail, and thus can reduce tax evasion.
- Demonetization has negatively impacted the rural economy and agriculture, rural India is home to 70% of population; allied activities such as animal husbandry, fisheries etc.; the manufacturing sectors such as the cotton industry, handlooms and handicrafts also employ millions of people in India and all of these supply chains start from agriculture; MSMEs, which are major exporters of garments, gems and jewellery and leather, are cash-intensive in their operations.
- Disturbing trend in PAR % post demonetization, which rose to 26% by February 2017.
- One of the key takeaways from the demonetization experience is that there should be diversification at the district level.
- In spite of demonetization, borrowers are becoming smarter over time and are able to challenge the system.
- There is regional variation in the intensity of impact of demonetization, with some states such as Bihar, Uttar Pradesh being less affected as compared to others such as Maharashtra.

Breakaway Session 2: Financial Education and Digital Financial Literacy: what works best for Clients

- NPCI has launched a nation-wide digital literacy campaign across 116 centers, and with its 1,350 bank partners, each partner was asked to adopt a panchayat to promote digital literacy.
- In spite of the rapid strides made by digitization, it is important that financial literacy programs build a strong engagement with customers, irrespective of the medium/ channel of communication.

Breakaway Session 3: Leveraging data insights for developing products and services

- Data can be leveraged for capacity building support, and to better understand the utilization of funds by partnering MFIs.
- Insights are used to map client profiles based on their poverty levels, and identify the financial maturity of clients.
- While integrating real-time insights from data into informing decisions and operations, data accuracy is much higher in urban areas due to a relatively more educated population.

Plenary 3 – Twenty-Five Years of SHG Bank Linkage Program: Future architecture of the Self Help Group movement

- Looking at the evolving nature of the Self Help Group movement in India, after 2000, the government took lead on this and SHGs took on a more intermediary role. Loans to individuals began to be promoted over loans to groups, and training for group members was discontinued. People stopped investing with their own savings, and bank loans became the primary source of investment. This has been a disruptive change in the sector.
- The SHG movement has grown immensely in the last 25 years,1` from a small NABARD project to a people's movement attracting over 100 million women. They are a credible institution, evident from the repayment rates of over 90% despite disbursement of loans without collateral.
- The SHG movement has created vital social infrastructure, which is likely to stay on over several generations. For example, women in Bihar have an increased sense of empowerment and believe that they have rights because they have savings.

Breakaway Session 4: Unleashing the Financing Channels for the Decentralized Renewable Energy (DRE)

- Plans for 100% rural electrification by 2018, as per the Government targets
- Clean energy should be categorized as a priority sector. End users pay a high price for clean energy due to multiple factors such as high cost of product and high cost of funding. This needs to be duly addressed through stakeholder engagement.

Breakaway Session 5: Infusing Capital into the Microfinance Industry – Opportunities and Challenges

- For large MFIs, that are NBFCs or have converted into SFBs, the issue of raising equity no longer poses a serious challenge. However, the equity issue remains a concern for smaller MFIs.
- The level of difficulty faced by smaller MFIs in raising quality equity has increased substantially. The challenge with equity is two-fold: (1) for smaller MFIs, the visibility is extremely low, and therefore, difficulty is high, and (2) for larger MFIs, it is managing excess equity.
- While service providers are keen to expand in districts with more competition, there is a need to identify poorer regions which need more activity, through appropriate metrics.
- The capital needs of smaller institutions need to be addressed. These institutions typically have lower visibility, and face challenges in mobilizing capital. From 1993, NABARD has been funding many of these new MFIs, even before SIDBI started, because they were neglected by banks.
- Investors (private equity firms) view smaller MFIs as high-risk enterprises, as they do not have the scale, size, or rating which is required for quality equity. However, there are social investors too, and there is a large amount of equity flowing on that side as well, who also look for financially viability, socially sustainable and scalability.
- Small institutions are unlikely to see an influx of equity from banks. There is a need to leverage alternative arrangements, and this has been made possible with the emergence a new set of players who have large resources and a deeper understanding of microfinance. Going forward, the issue of equity for small MFIs can be addressed through good governance, strong track record, and a deeper engagement with clients.

Breakaway Session 6: Bridging the Gender Divide in Financial Inclusion

- By 2000, nearly 95% of the clients were women of Bangladesh's Grameen Bank model. This shift did not occur due to an increased focus on gender and inclusion, but with the insight that women turned out to be good clients.
- Women tend to have higher repayment rates, and this can be attributed to the fact that they generally make conservative investments, which are safer.
- Gender sensitive financial institutions are imperative for furthering the inclusive agenda.
- A key learning from Samhita's work suggests that when money is lent to women, they tend to invest in the household in areas such as health, children's education. Female borrowers also tend to be satisfied with smaller businesses, and therefore require smaller loans, which are safer from a lender's perspective.
- Real challenge is to truly empower women beyond access to credit, with linkages to livelihood programs and so on.

Breakaway Session 7: Giving credit where it is due: MSME and Entrepreneurship Finance

- In spite of its significant in India, the MSME sector faces a 56% credit gap. Lack of appropriate product design has been a fundamental flaw in the current approach to the sector, and is reflected in the products and schemes on offer. The key challenge has been lack of tools to assess MSME requirements and cash flows. However, this also presents an opportunity for the sector to innovate.
- There is a need to synergize efforts by different institutions, and utilize existing structures.
- Challenges faced by traditional financial systems in lending to the MSME segment, given their lack of insufficient financial information/histories.
- Certain B2B fintech firms like Artoo enables MSME lenders to effectively serve a borrower base with limited digital footprints, by equipping the field agent with cutting-edge technology at the borrower's doorstep, striking a balance between high-tech and high-touch models.
- Need to provide handholding support and services along with credit and need to focus on interventions and activities beyond providing credit alone – on 'credit plus' approaches.

Breakaway Session 8 - Beyond Credit: Relook at the Smorgasbord of products and activities

- When microfinance services were first offered in India, they were accompanied with credit plus services such as insurance. However, with the transition of many MFIs to the NBFC-MFI model, many of these other services gradually declined. In addition to credit, there is a need to provide services such as crop insurance, health insurance.
- Health is a considerable challenge for significant proportion of microfinance clients who belong to rural areas. It is important to collaborate with the health care services sector to leverage innovations in this space.
- The microfinance movement in India has played in extending access to finance through the MFI and SHG models. However, there is still a gap with respect to livelihood finance. In the absence of income generating sources within a household, finance for affordable housing becomes a challenge.
- MFIs to innovate in the insurance space and think about enhancing customer value, since insurance is the bedrock of elevating the poor out of poverty and ensuring that they don't fall into poverty traps again.
- While the types of financial institutions have diversified over time, products and services

have not kept pace with these changes. The pace at which savings have progressed and the paces at which inflation and incomes have increased, there is not a match.

- Strong correlation between water and health as there is a high correlation between sanitation, water and livelihood. Water.org is collaborating with MFIs to bring out water and sanitation funding as loan products. This loan product has been a success as the repayment rates were actually better in case of a sanitation loan than a normal ILG loan.

Breakaway Session 9 - Co-operative and other alternative and evolving models in Microfinance for the poor

- Investor driven organizations have the advantage of quickly scaling up like many MFIs have done over the past years but even member driven organizations can solve a lot of ground level problems and there is a lot to learn from them.
- Buldana Co-op Credit Society work is the largest Credit Co-operative Society in India and works in many fields along with lending around `4100 Cr and covering about 7.5 lakh members, majority of which work in semi-urban and rural areas. While cooperatives are usually formed with depositor's money, Buldana has created a 4-pillar system with refinance, direct finance and service sector capital. The business model includes a warehouse model wherein commodities are stored by farmers in Buldana warehouses in exchange for finance. The warehouse offers cleaning and grading facilities for better remuneration of commodities for the farmers. There are also linkages with gold loan financing that farmers may have availed for crop production.
- The lending community currently views the ultra-poor as a separate class. This has to change into a more sustainable system. Trickle Up takes a graduation approach to livelihoods, which is a 36-month training programme aimed at providing food security, sustainable income streams and a sense of dignity and ownership in their own development process.
- Need for a self regulatory organization for cooperative credit societies to ensure greater transparency and efficiency.

Plenary 4 – Quo Vadis Indian Microfinance?

- MFIs to access affordable credit and allowing them to be the eyes and ears of the system. There have been significant efforts to address the supply side of financial regulation. However, he emphasized the need to address the demand side as well, through financial education and financial literacy.
- On the supply side, there are players such as public sector banks that lack adequate capacity. Thus, institutional capacity must be built.
- Need for comprehensive regulatory oversight for the entire sector, and not just parts of the sector. Current regulations only cover part of the financial sector. As a result, an uneven playing field has been created for the MFIs and NBFCs, given that all financial institutions are catering to the same customers.
- SROs, like Sa-Dhan, and others will play a very important role going ahead, for the microfinance sector. Moreover, credit bureaus will also play a key role in the future of microfinance in India, by virtue of their role in assessing requirements of borrowers. Increasingly, the government is playing a more proactive role in financial inclusion, also in product delivery. Several of these govt. products need to be integrated and delivered through MFIs.
- The industry needs co-origination–usage of technology for outreach, product innovation, new partnerships, and development of relationships between different entities. The sector needs to start reaching out to untapped geographic and demographic sectors. Usable credit information of all borrowers is also of utmost value for the future of the sector.


Conference in Numbers
13
Number of Sessions (4 Plenary and 9 Parallel Sessions)
88
Number of Speakers
567
Number of Delegates
21
Number of Press Releases
17
Number of Partners
8
Number of Exhibitors

Programme Schedule

Day 1: 14 September, 2017			
09:00 – 10:00	Registration		
10:00 – 11:10	Inaugural Session		
11:10 – 11:30	**Tea/Coffee/Networking Break**		
11:30 – 12:50	Plenary 1: Digital Financial Inclusion – New avenues to include the unreached and the challenges ahead		
12:50 – 01:00	Launching of HSBC Project		
01:00 – 02:00	**Lunch**		
02:00 – 03:30	Plenary 2: Responsible Finance: Efforts from SROs and MFIs to promote Client Protection		
03:30 – 04:00	**Tea/Coffee/Networking Break**		
04:00 – 05:00	Breakaway Session 1: Key takeaways of Demonetization – Evidence from the Ground	Breakaway Session 2: Financial Education and Digital Financial Literacy: What works best for Clients	Breakaway Session 3: Leveraging data insights for enhanced client engagement: Insights from a PSIG study of Partner Microfinance Institutions (MFIs)
High Tea			
Day 2: 15 September, 2017			
10:00 - 11:00	Plenary 3: Twenty Five Years of SHG Bank Linkage Program: Future architecture of the Self Help Group movement		
11:00 – 11:30	**Tea/Coffee/Networking Break**		
11.30 – 12.30	Breakaway Session 4: Unleashing the Financing Channels for the Decentralized Renewable Energy (DRE)	Breakaway Session 5: Infusing Capital into the Microfinance Industry – Opportunities and Challenges	Breakaway Session 6: Bridging the Gender Divide in Financial Inclusion
12.30 – 01.30	Breakaway Session 7: Giving credit where it is due: MSME and Entrepreneurship Finance	Breakaway Session 8: Beyond Credit: Relook at the Smorgasbord of products and activities	Breakaway Session 9: Co-operative and other alternative and evolving models in Microfinance for the poor Care
01:30 – 02:30	**Lunch**		
02:30 – 03:30	Plenary 4: Quo Vadis Indian Microfinance ?		
03:30 – 04:15	Valedictory Session		
04.15 – 04.30	Felicitation of Sponsors/Partners and Vote of Thanks		
High Tea			

Inaugural Session

Speakers:

- Ms. Jayshree Vyas, MD, Sewa Bank
- Mr. P Satish, ED, Sa-Dhan
- Dr. Harsh Kumar Bhanwala, Chairman, NABARD
- Mr. Manoj Mittal, DMD, SIDBI

Ms. Jayshree Vyas welcomed all the dignitaries and delegates at the conference, opening with remarks on the importance of this year's conference. Ms. Vyas celebrated the continuous growth of the Indian Microfinance Sector, in spite of setbacks from recent developments such as demonetization, and attributed this positive trend to the sector's collective intent, and spirit of collaboration. Bringing the statistics into perspective, the number of MFIs and the volume of disbursements has increased this year. Similarly, the range of products offered by the sector has diversified from only credit products to pension and financial literacy tools as well. Additionally, the increased integration of technology is a new development in the sector, and has been on an upswing in recent years. Another aspect where major inroads have been made is operational efficiency within MFIs, coupled with support from the self-regulatory organizations (SROs) within the industry. To this end, Ms. Vyas recommended that workshops and conferences are two tools that can be effectively leveraged to better understand and reinvent inclusive finance in the digital era. The microfinance industry has the potential to not only provide inclusive finance to the poor but also spur inclusive growth for the country.

Mr. P. Satish welcomed the gathering of delegates to the 2017 Conference. He released the Bharat Microfinance Report along with the dignitaries on stage, and presented the key highlights and trends in the microfinance sector over the last year. The invaluable role of two public institutions in the growth of the sector was heralded, namely SIDBI and NABARD. The sector employs close to 90,000 personnel and registered a growth of 23% over the previous year, excluding the 6 Small Finance Banks. Out of the overall clientele, 96% are women. However, women only account for a meagre 12% of the workforce. 30% of all clientele belong to SC/ST and other deprived communities. Mr. Satish also addressed the immense challenge of reaching out to the 630+ districts in India to achieve complete financial inclusion. The previous year witnessed a 15% growth in the overall volume of loan disbursements, while maintaining a significant change that began in 2014-15 with respect to increased outreach of the larger MFIs among the urban poor. The average loan size has also risen over the past 12 months. Mr. Satish went on to add that the reasonable profit margin figures indicate that the inclusive finance agenda of the sector is progressing in the right direction. With regards to the economic performance of the sector, MFIs collectively raised equity of nearly `2000 crores in FY 2016-17. Furthermore, data from NABARD shows that the SHG-Bank Linkage Programme is touching nearly 110 million households, amounting to over `40,000 crores in loan disbursements in the last 12 months. Despite difficulties arising from the general economic environment, the sector has been resilient and bounced back to normal operational activities. Mr. Satish concluded on a positive note, calling 2017 the year of stabilization for the microfinance sector. He also added a few words of caution, reminding everyone that the sector is vulnerable to socio-political and economic factors, as we have seen in 2006, 2010, and now in 2016. Going forward, we are hopeful that the gaps left behind by the formation of SFBs will be filled by small and medium MFIs.

Mr. Manoj Mittal's special address emphasized the role of inclusive finance in the digital era, and the need to reinvent the microfinance sector. He assured the conference gathering that SIDBI will play a core role in the process, and that its key contribution will be in terms of thought leadership and action-oriented leadership. Mr. Mittal spoke about the landmark developments on the financial inclusion policy front in the last two years, with the advent and growth of PMJDY, payments space developments such as UPI, BHIM, and the emergence of new institutions such as Small Finance Banks and Payment Banks. Mr. Mittal emphasized the role of predictive analytics in leveraging advances on the policy front. He also spoke about the need to continue our focus on micro-enterprises, which have been a major source of employment for people at the last mile. He suggested that MFI networks must take a lead by supporting entrepreneurship development models. A positive development in the past year has been the resurgence of digital innovations which are aiming to reducing the cost of credit to borrowers at the last mile. Lastly, Mr. Mittal briefed the audience on SIDBI's plans to start a FINTECH incubator at IIM Lucknow which is currently in the pipeline.

In his keynote address, **Dr. Harsh Kumar Bhanwala** congratulated Sa-Dhan on the release of this year's Bharat Microfinance Report, lauding the analysis as lucid, and extensive in its coverage of areas. While India has had a rich history of inclusive finance, the focus has been on targeting segments which fall under formal definitions of microfinance. The microfinance space also includes SME micro-loans and crop loans which include the most excluded groups. However, technological outreach has been majorly from the conventional sources of microfinance in India. Microfinance products are now diversifying to meet niche requirements of the clientele. Mr. Bhanwala suggested that while savings and payments related products from microfinance entities are largely on digital platforms, there is a need for technological application in the spaces of credit, insurance and pension. He reiterated that the pre-requisites for successful technological application in microfinance are digital financial literacy, digital finance infrastructure and physical infrastructure. Merely take-up of technology is not enough. Post-adoption servicing is crucial for benefits to pass to both MFIs and clients, and grievance redressal mechanisms need to be more robust and time-bound. Frequent technological disruptions can lead to people having an aversion and lack of familiarity to technological solution. In conclusion, Mr. Bhanwala expressed his confidence in the digitisation of the sector going forward, driven by the shifting attitudes of people towards technology.

The inaugural session ended with the launching of the HSBC project with Sa-Dhan jointly by Mr. Jayesh Modi, HSBC, and Mr. P. Satish, Sa-Dhan.

Plenary 1: Digital Financial Inclusion-New avenues to include the unreached and the challenges ahead

Moderator:

- Mr. T.K. Arun – Editor, Opinion, The Economic Times

Speakers:

- Mr. Narendra Bhooshan – DDG, UIDAI
- Mr. Subrata Gupta – CGM, Dept. of FI & Banking Technology, NABARD
- Mr. V. Ratnakar – Associate VP, FI & New Business, NPCI
- Mr. Anup Kumar Agarwal – Senior Investment Officer, IFC, WB Group
- Mr. Anujeet Varadkar – CEO, Svatantra Microfinance Pvt. Ltd.
- Mr. Dev Verma – COO, Satin Credit Care Ltd
- Mr. Raul Ignatius Rebello – Sr. VP, Rural Lending, Axis Bank
- Mr. Anuj Tyagi – ED & Chief Distribution Officer – HDFC Ergo

Mr. T. K. Arun opened the first plenary discussion with the role of credit in India's financial system. The dependence on informal lending, while still very prevalent, is expected to reduce dramatically with the introduction of the GST. This opens gateways to formal lending systems. In turn, this is expected to bring small scale retailers under the ambit of the formal system. Aside from this, we are in the midst of a new telecom revolution, with new players such as Jio. Mr. Arun also spoke about the unbundling of banking functions that is in the offing on account of the emergence of new financial providers in the system. Technology is completely changing the face and ways of financial services, and India will soon be a part of this process. He then opened the discussion to the panellists.

Mr. Anujeet Varadkar suggested that the primary concern for borrowers at the last mile is the cost of visiting an institution such as a bank, indicating that the focus of the sector need not necessarily be on technology itself, but on the entire user experience. Mr. Varadkar shared Svatantra's experience of working with leading health insurance providers to reduce the premiums payable by clients. This is an example of using technology to improve operational efficiency and client servicing, and not for outreach alone. Mr. Varadkar stressed on the need to replicate this throughout the sector, by different actors, across products and services.

Mr. Dev Verma shared Satin Credit Care's experience in transitioning from a largely paper-based service provider to integrating technology in its operations. Traditionally, client servicing has been a time-consuming process with substantial manpower costs. However, Satin recently transitioned to digital systems to increase in-house capacity to further their agenda of improving last mile connectivity and delivery. They have also initiated a move towards cashless disbursement, which has brought about a significant 21-day decrease in turnaround time. By the end of the next financial year, Satin hopes to have achieved at least 70% cashless disbursement, and with it, a further decrease in operational costs is expected. Mr. Verma further spoke about the rapid evolution of the Indian microfinance sector, spurred on largely by various government initiatives being rolled out in quick succession. The focus, going forward, should be on completely digitizing collections, and diversifying the range of financial products on offer.

Mr. Raul Rebello touched upon three core aspects of banking and finance, namely digitization, unreached and/or underreached sections of the population, and the challenges ahead for the microfinance sector in India. He reiterated that while the digital wave is underway and is of great significance, the physical landscape of infrastructure should not be ignored. While considerable supply-side efforts have been undertaken to create an enabling environment at the last mile, there is a need to look at the demand-side factors as well. Significant sections of population with access to banking facilities do not use these services or use them only for basic transactions. While efforts towards financial and digital inclusion have shown promising results in urban areas, in rural areas, similar efforts have proved a lot less rewarding. An important reason for this discrepancy is that some of these population segments who are currently not included have more pressing priorities than being financially included. Thus, it is important to strengthen the value proposition of the JAM trinity, paperless and person-less transactions to a large section of the country.

Steering the discussion towards the insurance sector, **Mr. Anuj Tyagi** focused on India's low insurance penetration – currently at a mere 8 or 9%. Mr. Tyagi reiterated that the industry is well aware of the challenges in servicing the insurance needs of rural and remote areas. Digitization is potentially a robust solution to this problem. Access and outreach no longer present significant challenges, as suggested by the rapid rise of JIO and CSCs. Hybrid models which integrate digitisation e.g. collecting premiums through mobile wallets offer a feasible solution. With the availability of mobile applications, the entire serving of the insurance portfolio now rests with the clients. Early results suggest the significant benefits accrued by the insurance companies.

Mr. Anup Agarwal reiterated the financial requirements of India's massive unbanked and underbanked segments. Access to finance is of critical importance for them, to bring about an increase in their incomes, which will positively impact the GDP at the macro level. MFI lending at IFC happens with IFC backed institutions for over 40% of net lending. Given the context in which MFIs began their work, the growth of the sector is commendable. As several large MFIs transition to SFBs, they need to focus on a broad range of services in addition to loan disbursements. Moreover, a number of payment companies are attempting to enter the lending space. On the insurance front, banks and fintech companies are beginning to collaborate. In the context of MFIs, the challenge is to achieve complete digitization, at least with respect to disbursements. Data is central to the growth of the sector and there is a need to strengthen data collection and analysis to predict patterns and inform product design as per customer needs. He reiterated the World Bank's objective is to work with as many players as possible to further the financial inclusion agenda.

Mr. Narendra Bhooshan emphasized the importance of linkages between the Aadhaar-MFI interfaces. In rural India, women are no longer solely identified by their household or male member of the household, but with their own unique identity. Mr. Bhushan shared that currently UIDAI is working on making subsidy schemes accessible to beneficiaries anywhere in India, verifiable online, anywhere, anytime. Customers can set up their own touch points by way of a fingerprint system on their mobile phones as well, for `1500. This is a big opportunity for MFIs to leverage Aadhaar-based e-KYC for their customers. More than 10 crore people have already linked their Aadhaar numbers with their bank accounts.

Using Aadhaar e-KYC and credit histories, loan disbursements will now be just a touch away and MFIs can be a part of this digital financial inclusion revolution as well.

Taking the discussion forward, Mr. V. Ratnakar reiterated that leveraging Aadhaar can reduce loan disbursement time tremendously, addressing one of the primary concerns in the sector. However, collection continues to remain a challenge. NPCI's pilot project with Svatantra Microfinance has shown that collection is easy with digital payments, but there is no cash in the accounts. Thus, more BCs and digital infrastructure is required to incentivize clients to deposit money into their accounts.

Plenary 2: Responsible Finance – Efforts from SROs and MFIs to Promote Client Protection

Moderator:

- Mr. Subhomoy Bhattacharjee – Consulting Editor, Business Standard

Speakers:

- Mr. Brijmohan – Microfinance Expert, former ED, SIDBI
- Mr. Mukul Jaiswal – MD, Cashpor Microcredit
- Ms. Kalpana Pandey – CEO & MD, CRIF Highmark
- Mr. Rakesh Dubey – CEO, S V Credit Line
- Mr. U C Gaur – GM, SIDBI
- Dr. Hema Bansal – Director, South Asia, & South East Asia, Accion

Mr. Subhomoy Bhattacharjee opened the discussion by reiterating the role of SROs in the growth of the microfinance sector. While regulations are already in place to guide SROs, they need to be strengthened to a great extent in the years to come. Additionally, the role of credit bureaus is valuable in planning the future of the Indian microfinance sector. The panel addressed the growth of the credit industry, at 17% in the last financial year. Similarly, microfinance has exhibited a 28% growth in the last financial year. However, there is cause for concern, since growth has been stagnant in the previous quarter (the first quarter of the 2017-18 FY). Moreover, size of NPAs has increased, as has the average ticket size of loans, and the number of JLG borrowers. The market share of banks and small finance banks has gone up to 54%. The general feeling is that consolidation is underway, with the Andhra Pradesh crisis comfortably behind us. The overall feeling surrounding microfinance in the capital market is steadily improving. Having said that, the sector's market share and portfolio sizes have undergone substantial change of late with respect to NPAs. NBFC MFIs contribute to 36% NPA share, while private banks are able to manage this much better.

Talking about Accion's work in this space, Ms. Hema Bansal indicated that in terms of monitoring over indebtedness, they are concentrating on penetration and capacity analysis at the state and district level as well as at the MFI level.

Ms. Kalpana Pandey also shared that the % of borrowers who have borrowed from more than 3 or 4 lenders is increasing, this is a significant concern for the industry. Moreover, NPA levels have increased significantly, and delinquency is on the rise as well. Ms. Pandey reiterated that with the rapidly evolving nature of the industry, there is a need for SROs to keep pace with these developments.

Mr. Brijmohan highlighted that the ticket size of MFI loans is expected to go up, with the changing requirements of clients. There is growing concern over increase in ticket size and number of players, given the growing indebtedness and growth of the formal banks and SFBs. Larger players in the industry will continue to have a larger share of the overall pie, and thus smaller players must specialize in building bonds with clients.

Mr. Rakesh Dubey emphasized the changing requirements of the target populations of the microfinance industry. Further, he suggested that from a policy perspective, there is a need to revisit the recommendations made the Malegam Committee.

Mr. Mukul Jaiswal highlighted that while the sector as a whole has seen significant growth, from a customer's point of view, there has not been any notable change in the cost of borrowing. The responsible finance discourse must be accompanied with a discussion on responsible pricing. It is important to focus on the borrowing costs of customers, and the overall changes in the same over time.

The overall consensus of the panel was that the there is plenty to be optimistic about and cautious of at the same time. The sector has entered into Phase 1 of the 'maturing microfinance market.' However, there is a need for a heat map using credit bureau data that identifies areas of high default, poor repayment rates, as well as penetration of MFI lending. This will really help inform MFIs of the potential of different areas at a pin code level. Working at the ground level, on the field, whereby there is regular third party interaction with the field level is crucial for impact. This information needs to be captured, as well as opinions on what product changes, process changes are sought after.

Breakaway Session 1: Key Takeaways of Demonetisation: Evidence from the Ground

Moderator:

- Mr. Tamal Bandopadhyay, Advisor, Strategy at Bandhan Bank Ltd.

Speakers:

- Ms. Kalpana Pandey, CEO & MD, CRIF Highmark
- Mr. Rohit Dattaray Imamdar, Senior VP, Group Head financial sector ratings, ICRA
- Mr. Sateesh Rao, Hindusthan Microfinance Ltd
- Mr. Anil Bhardwaj, Secretary General, FISME

Mr. Tamal Bandopadhyay opened this discussion with a background on the recent demonetisation move. In 1946 and 1978, a similar exercise of demonetisation was undertaken in India. However, on both these occasions the move did not see favour with the Central Bank, and was promulgated through an ordinance. In 2016, the exercise was undertaken through the Reserve Bank of India Board Mr. Bandopadhyay emphasized that the jury is still out on the benefits of demonetisation to the Indian economy. On the one hand, with increase in digitisation of financial services, every transaction leaves a digital trail, and thus can reduce tax evasion. This is evident by the statistics on increase in tax compliance. Moreover, there has been an increase in financialization of banks with more money now flowing into the system, and investment in equity is now replacing investment in gold. On the other hand, there is a need to focus on the slowdown in economic growth and loss of jobs as well.

According to **Mr. Anil Bhardwaj**, the effects of demonetization on different sectors of the economy varied significantly, given the significant heterogeneity within Indian society. The rural and informal sectors, which are mainly dependent on cash, were affected due to this exercise. The rural economy and agriculture make a valuable contribution to the country's GDP, and rural India is home to 70% of India's population. In addition to agriculture, allied activities such as animal husbandry, fisheries etc. are really important for the economic well-being of a large section of society. The manufacturing sectors such as the cotton industry, handlooms and handicrafts also employ millions of people in India and all of these supply chains start from agriculture. MSMEs, which are major exporters of garments, gems and jewellery and leather, are cash-intensive in their operations. Thus with demonetisation, the activities of these sectors has come to a standstill. In Faridabad, for instance, hundreds of labour clusters (which are seen across various cities) who live on daily wages were affected. People were willing to work if they were assured just a one-time meal for their family for the day. Mr. Bhardwaj highlighted that research and data collection efforts need to focus on capturing this impact on the daily lives of people, which is not otherwise visible through survey data.

Mr. Sateesh Rao suggested that demonetization has affected MFIs and their customers adversely. His company has been making loan disbursements to clients directly into their bank accounts. However, during demonetisation most of the customers could not withdraw money which resulted in a negative feedback coming from the field. As a result, disbursement came to a halt. Moreover, repayments were affected as customers did not have adequate cash to make payments. He spoke about measures to enable the customers to repay such as accepting cheque repayments. However, majority of the borrowers had Jan Dhan accounts which did not have a cheque facility. By January, cash started coming in, but repayment rates continued to remain low. This is mainly due to other external factors which again have not been covered by any research such as the role of the local political economy in these areas.

Taking the discussion forward, **Mr. Rohit Dattaray Imamdar** also spoke about the disturbing trend in PAR % post demonetisation, which rose to 26% by February 2017. The PAR numbers went on a decline once the liquidity in the system improved around July. However, despite the increase in cash coming back into the system, the PAR numbers remain high. He highlighted that one of the reasons for this trend is local factors such as elections and the political scenario. One of the key takeaways from the demonetization experience is that there should be diversification at the district level. According to a study undertaken by ICR, which covered 3230 centres across 11 states, by visiting 600 branches covering 51 districts, the main reason for increase in PAR was political influence and flux. For instance, panchayat elections were a likely key factor in determining borrowers' decision to not pay especially in Maharashtra. Therefore, there is a need to look at regions at a more granular level, as even within a district, few branches are paying on time and some are not. This point towards constituency level concentration. Other factors that have been found to affect repayment rates during this period were peer pressure, especially from spouses, and not having the capacity to repay.

Ms. Kalpana Pandey highlighted key trends regarding the growth of the MFI sector in the last one year or so. There was a growth in the MFI sector at around 33% before demonetisation. However, after September 2016, there was a downturn in this sector, which could be attributed to demonetization. The sector started picking up, with the year ending in March at 28% growth rate. This might be because there may have been problems in certain pockets while the other pockets might not have been affected. Another factor to be considered is that the increased diversification within the sector has not had an impact on overall growth. With respect to NPA levels, it was 0.3% in March 2016, and ended at 11% in March 2017, with certain segments having levels as high as 20%. While demonetization is one of the factors responsible, it is important to note that it is one of several factors. Borrowers are becoming smarter over time and are able to challenge the system. There is a need to plug regulatory loopholes, especially as MFIs are attempting to transition from JLG to IL loans.

The Panel also discussed the regional variation in the intensity of impact of demonetization. Some states such as Bihar, Uttar Pradesh were less affected as compared to others such as Maharashtra. It was observed that institutions that have sound processes in place with respect to connecting with customers regularly and field discipline fared better. This has made a marked difference when it comes to the low delinquency numbers across states such as Jharkhand and West Bengal as well. Panellists also observed that in the race to expansion, institutions must not compromise on due diligence. In India, credit bureaus have evolved as a compartmentalized industry and therefore we have reports only for MFI segment separately, retail segment separately and commercial segment separately. However, these are not mutually exclusive segments. Therefore, it is very imp that a comprehensive view of an individual is taken rather than an entity based approach. The general consensus was that while demonetization did pose challenges to the industry, there are several structural issues in the MSME and MFI sectors that need to be looked at with careful consideration.

Breakaway Session 2: Financial Education and Digital Financial Literacy: what works best for Clients

Moderator:

- Mr. Sandip Ghosh, Director, NISM

Speakers:

- Ms. Maya Vengurlekar, ED, CRISIL Foundation
- Mr. Abhishek Agrawal, Country Head, India, ACCION
- Mr. Ram Rastogi, Consultant, NPCI
- Mr. Elliot Rosenberg, VP, Business Development Awaaz De
- Mr. Ramakrishna NK, Co-founder & CEO, Rang De

Mr. Sandip Ghosh, opened the session with an emphasis on the challenges associated with financial education in the 21st century, akin to the challenges associated with basic education in the 20th century. This has achieved greater significance after the global financial crisis, with each and country working on a National Strategy for Financial Education, targeted towards different sections and age groups of their population. He also reiterated that the rapid advancements in connectivity and digital finance can be leveraged to bridge the financial exclusion and gender gaps prevalent in the country.

Ms. Maya Vengurlekar spoke about CRISIL's flagship 'Mai Pragati' program, which focuses on building financial decision making capacity among women. The program has an outreach of over 100,000 women in Assam, and 36,000 women in Rajasthan. Drawing on its implementation experience, Ms. Vengurlekar shared key learnings from the program. In conventional literacy programs, it is important to leverage peer learning and participatory learning approaches. This is especially true in the case of adult populations who already have some exposure to financial and money management concepts and can share these experiences in these sessions. Another key insight to improve the effectiveness of these programs is to engage participations through learning by doing, focusing on applications and simulated practice. Further, she emphasized that training modules need to be made more relevant to the contexts of the participants, to make them more engaging for participants. Lastly, there needs to be a continuous process of learning with regular touch points with the customer and not a one-off exercise. With respect to digital financial literacy, the program is still at an early stage. It is important to mull over whether it is appropriate to push them to adopt digital finance, and deliberate about their preparedness. Results from CRISIL's digital preparedness survey in program areas suggests that while over 80% of women own mobile connections in their name, a small proportion are actually using them. Moreover, the local ecosystem to support digital transactions needs to be strengthened significantly.

Mr. Abhishek Agarwal spoke about Accion's work in the area of social impact investment in the space of financial literacy and capability. Accion's training of trainers' program in Odisha takes a two-stage approach which begins with introducing participants to financial literacy concepts, and graduates to improving their business management skills to add value to their businesses. It is also important to evaluate the impact of financial literacy training objectively. One of the initial challenges faced by Accion was the low uptake of these programs. Drawing on this learning, Accion digitized its financial modules into videos of a dramatized format. This resulted in an increase in attendance in the training sessions. The key messages from the training sessions were reinforced through games and collaterals such as calendars. Evaluation of the program, which targeted 50,000 MFI clients in Odisha, suggests that at the end of six months, the savings rate increased by 36% and the ticket sizes of deposits rose as well. This shows that clients with liquid cash now started paying attention to planning expenditure. This was reflected in an increase in asset purchases as well.

Mr. Ramakrishna shared Rang De's experience in working with communities in the last nine years. He emphasized the need to shift the current approach from a push to a pull approach. He also reiterated the need to deliver literacy programs on a continuous basis, instead of a one-off approach. He shared Rang De's experience of setting up kiosks next to post offices, called 'Swabhimaan Kendras'. Key design principles embedded in the program include: content which needs to be adaptive, and not take a one-size fits all approach. The content is delivered through digital platforms, and customized to the local context and includes assessments of financial learnings and behaviour change. The first centres were set up in March 2017, and have received a positive response thus far.

Mr. Ram Rastogi shared NPCI's current outreach in numbers, and also highlighted the financial literacy challenges in India. NPCI has launched a nation-wide digital literacy campaign across 116 centres. With its 1,350 bank partners, each partner was asked to adopt a panchayat to promote digital literacy. The content of the programs is in over 15 languages, and available over IVR as well. He also shared NPCI's experience of working with MFIs such as Swatantra to digitize loan disbursements as well as collections through UPI. This can help bringing down operations costs of MFIs from 9% to 5%. However, he emphasized that as MFIs adopt an Aadhaar-based digital disbursement strategy, it is important to ensure that the advantages of digitization trickle down to the last mile.

Mr. Elliot Rosenberg spoke about Awaaz De's work in the area of addressing communication challenges faced by service providers, at scale using mobile-based services. Face to face interactions entail high operation costs, and applications are still not popular among a large section of the rural population who lack access to smart phones. However, every household has access to a basic feature phone and uses it for phone calls. Drawing on this insight, Awaaz De's communication programs focus on IVR-based interactive services. Thus, it is important to connect with consumers through channels that they are currently comfortable and accustomed to, and use content that is engaging. In his experience, products and features that work for customers include pre-recorded awareness messages received on their mobile phones in vernacular/regional languages, transcending messages via storytelling media, and capturing their attention by capacity building in terms of market opportunity.

The panel concluded with the overarching insight that in spite of the rapid strides made by digitization, it is important that financial literacy programs build a strong engagement with customers, irrespective of the medium/channel of communication.

Breakaway Session 3: Leveraging data insights for enhanced client engagement: Insights from a PSIG study of Partner Microfinance Institutions (MFIs)

Moderator:

- Mr. Prabhat Labh, CEO, Grameen Foundation India (GFI)

Presenter:

- Ms. Devahuti Choudhury, Associate Director, Client Insights for Impact, GFI.

Speakers:

- Mr. U.C.Gaur, General Manager, SIDBI
- Ms. Shradda Srimal, Head, Strategy and Risk, Arohan Financial Services Pvt.Ltd.
- Mr. Anup Singh, Managing Director, Sonata Micro Finance
- Mr. Satya Chakrapani, CEO, Shikhar Finance & Development Services Pvt. Ltd

Mr. Prabhat Labh opened the discussion with an emphasis on the need to analyse data from two perspectives, namely from the client's perspective and the MFI's perspective. Financial deepening is the need of the hour, as it will help in widening geographical reach and identify new products that are designed on the basis of needs-analysis. Additionally, data sources generate insights into the performance of existing clients and services used, helping in improving impact and broadening of the services. With digitization, the volume of data available has increased manifold. The question, therefore, is how to effectively use this data, and what insights the data can generate.

This was followed by a presentation by **Ms. Devahuti Choudhury**, on a study commissioned by PSIG on socio-economic indicators that can drive social change through MFIs. Gender specific findings from the study suggest revealed that 43% of women sampled were illiterate, and 24% had only attained primary education. 87% women had bank accounts, while only 43% own mobile phones. For women who owned a smartphone, repayment rates were four times higher as compared to women without smartphones. Repayment rates were also higher among women with own earnings, and a positive correlation was observed between low repayment and reduction in savings. Other insights suggest that incidence of account ownership doubles with access to financial training.

Mr. U.C. Gaur reiterated the goals of the PSIG program, which was launched to ascertain the economic status of the poorest states. Insights from such data and studies can be used to identify the exact financial needs of the clients, the performance of the MFIs, and gaps in demand and supply in finance, from both the MFI and consumer dimensions. Moreover, the data can be leveraged for capacity building support, and to better understand the utilization of funds by partnering MFIs.

Ms. Shraddha Srimal shared Arohan's approach to the use of data analytics. Primarily, data analytics is used to inform decisions regarding the performance of products. Additionally, insights are used to map client profiles based on their poverty levels, and identify the financial maturity of clients. Awareness drives can also be conducted using data-informed decisions. Furthermore, data can be used to inform credit policy, and in a predictive capacity as well, in developing credit scoring models. Ms. Srimal also reiterated that while development of alternative credit scores need high volumes of data, such data is currently available with the MFI and banking systems.

Mr. Anup Singh highlighted the salience of using insights from data for practical applications such as product design, and not just for research purposes. He also spoke about the need for qualitative data points on the behaviour and social awareness of clients. Further, while several data sources are currently available in silos, it is important to combine these datasets to tell the right story.

Mr. Satya Chakarapani spoke about the importance of integrating real-time insights from data into informing decisions and operations. For instance, live data helped immensely during demonetization by generating valuable insight into the trends of occupation or income groups, which in turn helped address ground level issues. Data was also used to identify needs of the clients. By providing such evidence from the ground, it is possible to design targeted interventions. An example of this is an instance when data has been used to discourage advance repayments in anticipation of a cash crunch for clients. Mr. Chakarapani also highlighted that data accuracy is much higher in urban areas due to a relatively more educated population.

The broad consensus that emerged from the panel was that there is a rich variety of data available with the current banking, finance and MFI systems. However, there is a need to utilize the data using appropriate analytical tools, to generate insights for product design, better understanding of client needs and behaviour, and to identify areas of financial instability and risk.

PLENARY 3 – Twenty-Five Years of SHG Bank Linkage Program: Future Architecture of the Self Help Group Movement

Moderator:

- Ms. Girija Srinivasan, Sector Expert

Speakers:

- Mr. Al Fernandez, Microfinance Sector Expert
- Mr. G.R. Chintala, CGM, Micro Credit Innovations Department, NABARD
- Mr. Balamurugan D, CEO cum State Mission Director BRLPS, SRLM
- Ms. Indra Mallo, Vice-Chairman & Managing Director, MAVIM
- Ms. Sudha Kothari, Managing Trustee, Chaitanya

Speaking about the evolving nature of the Self Help Group movement in India, **Mr. Al Fernandes** highlighted that there is a big distinction between SHGs in the 1987-2000 period and post-2000 period. In the former period, the movement was led by NABARD and around 5000 different NGOs. During this period, the SHGs got bulk loans from banks, and they decided how to divide this among members. Realized the need for institutional capacity building, Tamil Nadu started a state-sponsored project to help grow the SHG movement. This was later adopted as official policy by RBI. After 2000, the government took lead on this and SHGs took on a more intermediary role. Loans to individuals began to be promoted over loans to groups, and training for group members was discontinued. Additionally, self-selection among group members stopped, and the bank/lenders heavily influenced who the members would be. People stopped investing with their own savings, and bank loans became the primary source of investment. This has, without doubt, been a disruptive change in the sector and there is a need to strategize on how the microfinance sector will cope with these changes.

Mr. G.R. Chintala reiterated that NABARD is still spearheading the SHG movement and despite the entry of several new players, the movement has not lost any momentum. This movement is, to a great extent, responsible for the demand for access to financial systems that we are witnessing today. It is thus safe to say that the movement has grown immensely in the last 25 years, from a small NABARD project to a people's movement attracting over 100 million women. Self Help Groups have withstood the demand. As a social system built into a financial system, there is a peer pressure characteristic within its design that motivates people to guard this movement well. SHGs have not shown any spike in NPAs, even with the recent policy development of demonetization, as repayments have continued. He reiterated that NABARD has utmost confidence in SHGs, and is currently funding 85 lakh SHGs. The institution is of the view that SHGs will continue to be a sectoral mainstay for the next quarter century.

However, with increasing digitization, continuous education and training is of utmost importance, as is a focus on setting up new SHGs in remote areas. Last, but not the least, the issue of SHG members as Banking Correspondent needs to be addressed and resolved. SHGs and NGOs should be recognized as BCs, and MFIs and NBFCs should treat them as BCs to better serve remote areas.

Ms. Indra Malo emphasized that Self Help Groups are a tool for women empowerment, and thus are widely accepted by people. They are a credible institution, evident from the repayment rates of over 90% despite disbursement of loans without collateral. In the next 25 years, we need to work towards establishing and strengthening market linkages to add value to SHG operations and enter supply chain networks. This will, in turn, aid efforts to enter the formal sector, as opposed to the current scenario, where SHGs are largely operating in the informal and local sectors. Ms. Malo also emphasized the need to invest in the Community Resource Person (CRP) Model in each village, preferably appointing CRPs who are from the village itself in order to strengthen SHGs. Furthermore, there is a need for SHGs to specialize in developing enterprises. NGOs can form an executive community that meets annually to discuss shortcomings and celebrate successes. Other functional developments required include features such as app-based MIS (GPS enabled) to track institutional capacity building.

Ms. Sudha Kothari shared Chaitanya's experience of setting up the first SHG in Maharashtra, motivated by the recognition of the need for women to have such programs, and this need ensured their active participation in the SHG movement. The success of the movement should be attributed to the enormous responsibility shouldered by the leaders of the movement. It is now time to rethink the role of SHGs. For stronger bank-SHG linkage, the role of the Self Help Promoting Institutions needs to be expanded. An important approach to strengthen mediocre SHGs is to share with them the experiences of their successful peers. Best Case Practices need to be shared, and performances should be annually audited with a 360 degree, transparent methodology. Furthermore, members should decide their leaders as well as the group's future. Other support mechanisms such as legal jankars, which help members with family issues, counselling, and other related services, should be in place. Educational capacity should be built via an Open University model with a SHG facilitator, where relevant courses are given to members. Additionally, technology must be integrated with group processes.

Mr. Balamurugan highlighted that the SHG movement has created vital social infrastructure which is likely to stay on over several generations. He shared his experience of working with women in Bihar, where women have an increased sense of empowerment and believe that they have rights because they have savings. There has been progress on the SHG-bank linkage front as well. The availability of low-cost finance from banks has had a significant impact on rural credit markets. Going ahead, there is a need to develop new financial products in the next quarter century that will help the rural poor set up and sustain enterprises by tapping into existing supply chain networks. It is also important to achieve scale with minimum quality standards if we are to reduce poverty. Stakeholders of the movement must be cognizant of extraneous factors, such as migration, that affect processes. Patience with the community, and extending various forms of support is mandatory for the continued success of the movement.

Breakaway Session 4: Unleashing the Financing Channels for the Decentralized Renewable Energy (DRE)

Moderator:

- Mr. Thomas Pullenkav, Energy Sector Expert

Speakers:

- Mr. Bhaskar Deol, Founder, Mynergy Renewables
- Mr. Amar Samarapalli, Global Partnerships Manager, Green Light Planet
- Ms. Sonal Adlakha, Head - Consumer & Institutional Sales, Claro Energy
- Mr. K Paul Thomas, MD & CEO, ESAF Small Finance Bank
- Mr. S B Singh, Chairman, Grameen Bank of Aryavart
- Mr. Pranab Rakshit, MD, Sarala Development & Microfinance Pvt Ltd

In his opening remarks, **Mr. Bhaskar Deol** spoke about the funding constraints and challenges faced by companies working on clean energy. As most of these companies are SMEs and not large established firms, access to debt is a challenge for them. As a result, they continue to rely on high cost, short-term funding sources. Secondly, companies are accessing debt on unfavourable terms of tenure. Given the evolving nature of the sector, there is a need for a model that can support appropriate scalability, which is currently absent.

Long term financing is a major challenge, where bank loans are used for short term capital requirements. Mr. Deol also highlighted the challenges associated with collateral requirements, suggesting that there is a need to soften collateral requirements where possible.

Mr. Pranab suggested that given its importance, clean energy should be categorized as a priority sector. End users pay a high price for clean energy due to multiple factors such as high cost of product and high cost of funding. This needs to be duly addressed through stakeholder engagement. Last, but not the least, the development of a proper business model is imperative in order to tap emerging markets.

Mr. S.B. Singh highlighted the role of technological advances in reducing clean energy prices in the last decade or so. End user financing is no longer a major issue on account of the number of MFIs working in the space. Moreover, banks are unlikely to dilute the personal guarantee nor for MFIs. Further, there is a need to look at the processing times of loans as well. Panellists were also of the view that the collateral challenge in financing end users still remains. In case of energy products which are at a higher price of `2-3 lakhs, banks ask for land as collateral.

Overall, the panel is of the view that there is a need to classify solar and clean energy as priority sectors in order to boost their operations. There is also a need to work on the awareness creation for not only the bottom of the pyramid clientele of the MFIs, but for stakeholders across the board. Further, there needs to be innovation in products that meet aspirational demands of the MFI clientele. In addition, the discourse around clean energy needs to graduate from availability to affordability, once access has been ensured.

Finally, the moderator reiterated that we are on course for 100% rural electrification by 2018, as per the Government targets, and there is a significant opportunity for clean energy service providers and financiers to tap into.

Breakaway Session 5: Infusing Capital into the Microfinance Industry – Opportunities and Challenges

Moderator:

- Mr Brij Mohan, Sector Expert

Speakers:

- Mr Javed Ahmad Siddiqui, DGM, SIDBI
- Mr B.S. Suran, MD, NABFINS
- Mr R Baskar Babu, MD & CEO, Suryoday SFB Ltd.
- Mr S S Bhat, Managing Director, Ananya Finance for Inclusive Growth Pvt Ltd
- Mr Mathew Titus, Sector Expert

Mr. Brij Mohan opened the panel discussion with a review of the developments in the sector in the last few years. MFIs are witnessing increasing acceptance by investors. For large MFIs, that are NBFCs or have converted into SFBs, the issue of raising equity no longer poses a serious challenge. However, the equity issue remains a concern for smaller MFIs. In the absence of equity, they are not able to expand, and improve their ratings, which in turn reinforces their inability to raise equity.

According to **Mr. R. Baskar Babu** the level of difficulty faced by smaller MFIs in raising quality equity has increased substantially. On the other end of the spectrum, the challenge for the medium and larger MFIs is excess equity. When there is a lot of equity flowing in, it is accompanied with its own set of challenges, such as chasing growth, being focussed on delivering numbers, which in some way has manifested in the high growth seen in the last two years. Therefore, the challenge with equity is two-fold: (1) for smaller MFIs, the visibility is extremely low, and therefore, difficulty is high, and (2) for larger MFIs, it is managing excess equity.

Mr. Mathew Titus spoke about the issues of managing fund flows on the demand and supply side. In most instances, when you look at the microfinance sector in India as a whole, you see two big problems on the ground on the demand side: (1) excessive competition, or; (2) excessive monopoly. In some markets, there are 15+ suppliers, as is the case with around 25 districts, while in about 150 other districts, there is just one supplier. The question we must ask, therefore, is what is the nature of this operation? While service providers are keen to expand in districts with more competition, there is a need to identify poorer regions which need more activity, through appropriate metrics. Additionally, the way we measure the metrics are arguably quite inappropriate. For instance, one of the metrics of significance to any large firm is disbursal rate. However, in smaller districts, the more pertinent questions are regarding the quality of your origination, and the quality of the service provided. In fact, the latter is the more important question in competitive markets as well. However, these aspects do not receive adequate attention on the funding side and by banks. To conclude, he emphasized that to improve the quality of supply, it is important for the industry to think about appropriate metrics to evaluate itself.

Mr. Suran spoke about the capital needs of smaller institutions. These institutions typically have lower visibility, and face challenges in mobilizing capital. Many of these institutions are user-owned, which implies that they cannot source equity from elsewhere. There is a host of institutions such as producer organizations and so on, who are also in need for credit. From 1993, NABARD has been funding many of these new MFIs, even before SIDBI started, because they were neglected by banks. Essentially, the area of concern is funding these unfunded organizations, and this segment needs to be looked at. It is large, often unseen, but their needs are just as real.

Drawing on the sector's past experience in recovering from shocks such as the Andhra crisis, demonetization, and other external shocks, **Mr. Bhat** reiterated the enormous growth potential of the sector. However, the flow of capital in the sector is skewed towards larger MFIs. Investors (private equity firms) view smaller MFIs as high-risk enterprises, as they do not have the scale, size, or rating which is required for quality equity. However, there are social investors too, and there is a large amount of equity flowing on that side as well, who also look for financially viability, socially sustainable and scalability. The issue, however, is that even these firms are not seeing economic opportunity in the smaller MFIs. According to the Impact Investors Council, 57% of money for financial inclusion has gone to the microfinance sector. Microfinance has proven to be financially viable, and the returns in microfinance are 12-14% over a period of time, compared to nearly 0% in education or health. Mr. Bhat also lauded small MFIs for their fiscal and operational discipline and spoke about metrics used by Ananya to evaluate small MFIs. This is a clear indicator that banks, other funders, and impact investors are missing something in their assessment of small MFIs when they continue to consider them high-risk.

Mr. Siddiqui spoke about SIDBI's experience as a source of equity to MFIs. SIDBI is operating a Government of India fund, which is a 300 crore perpetual fund. The issue is that some of the conditionalities are that capital must be conserved in order to be able to serve a larger number of MFIs. A number of MFIs are coming into play, trying to reach out to the sector in the overheated areas. Whenever an investor comes, be it from the public or private side, an investor is going to be on the lookout for what his investment is going to get him in return. The market is growing, and several MFIs have graduated into SFBs. In turn, more MFIs will emerge to fill the space that is left by what are now SFBs. However, MFIs need to update their skills, human capital, and the kind of induction and training provided to their front-line personnel. Moreover, SIDBI cannot provide more than 20% of the equity requirements, and the balance equity needs to come from other sources such as promoters, other investors, so that an MFI can reach appropriate scale. Mr. Siddiqui also agreed to the moderator's suggestion that an increase in contribution from SIDIBI to the tune of 40% can play a key role in supporting small MFIs. Mr. Siddiqui also spoke about the success of the PSIG program in focusing on poorer states. The MF vertical of SIDBI is working towards covering remote areas and organizations currently outside our radar.

In his closing comments, **Mr. Brij Mohan** reiterated that small institutions are unlikely to see an influx of equity from banks. There is a need to leverage alternative arrangements, and this has been made possible with the emergence a new set of players who have large resources and a deeper understanding of microfinance. Going forward, the issue of equity for small MFIs can be addressed through good governance, strong track record, and a deeper engagement with clients.

Breakaway Session 6: Bridging the Gender Divide in Financial Inclusion

Moderator:

- Ms. Shyamala Gopinath, Ex DG, RBI

Speakers:

- Mr. Hauzel Thangzamuan, CGM, RBI Manipur
- Ms. Sonal Jaitly, Theme Leader – Gender & Financial Literacy, SIDBI
- Ms. Shamiva Ravi, Senior Fellow, Governance Studies, the Brookings Institution
- Ms. Praseeda Kunam, CEO Samhita Community Development Service
- Ms. Lisbeth Aarup, National Partnership Coordinator at Humana People to People India

Ms. Shyamala Gopinath welcomed all the panellists to the discussion and highlighted their diverse experiences on the subject.

In her opening remarks, **Ms. Shamika Ravi** recounted the experience of the Grameen Bank model in Bangladesh. In its early days in the 1970's, the model did not exclusively target women, and had only 40% women in its client pool. However, by 2000, nearly 95% of the client pool was women. This shift did not occur due to an increased focus on gender and inclusion, but with the insight that women turned out to be good clients. Thus, from an efficiency and profit motive, it made sense for Grameen Bank to focus on women. Ms. Ravi also spoke about the existing evidence to support this insight. Research has shown that women tend to have higher repayment rates, and this can be attributed to the fact that they generally make conservative investments, which are safer. Also, women tend to work closer to home and are more pliable to peer pressure. Thus, the cost of contract enforcement is lower in the case of women. In Bangladesh, empowering women to make their own decisions, work, etc through microfinance has been a significant contributing factor in lowering fertility rates, improving literacy rates, and improved child health parameters such as height and weight. Ms. Ravi also emphasized the need to integrate gender with the current financial inclusion agenda of the Government, through its Jan Dhan, Aadhaar, Mobile trinity. There is a need to move beyond opening of bank accounts, and focus on product design. This requires understanding client needs and household cash flows. Lastly, there is a need to focus on health insurance products beyond RSBY, as health shocks are one of the leading causes of impoverishment in India.

Taking the discussion forward, **Ms. Sonal Jaitly** shared statistics on the access and usage of banking services by women in India. She emphasized that while there has been a significant supply-side push to promote access, there is no meaningful use of financial services even among those that are included. There is a need to build more gender-sensitive institutional structures. RBI has taken steps to make collection of gender disaggregated data mandatory and has also introduced a 14-point framework for the banking system. However, there is not enough adequate monitoring of the gender performance of banks. There is a need to make policies, products, and people more gender sensitive, especially in a country like India, which is a largely patriarchal society. Thus, it is important to contextualize the gender gaps in the current macroeconomic context, visa-vis the low labor force participation rates of women. Gender sensitive financial institutions are imperative for furthering the inclusive agenda. This means that our financial institutions need to have people who are gender sensitive, who are trained to view women as an independent client segment, and as a segment that are not just beneficiaries, but productive economic actors. Moreover, there is a need to focus on the needs of the various sub-segments among women, through innovative product design. On the policy front, there is a need to monitor credit flows to women.

Ms. Lisbeth Aarup spoke about Humana People to People India's work across 10 states in India on microfinance, livelihoods, skills training, and women empowerment. Ms. Aarup emphasized the need to empower women to take action for themselves, apart from creating the appropriate legal frameworks to enable them. For instance, Humana runs holistic large scale financial literacy and entrepreneurship programmes to support women entrepreneurs. Additionally, the program has a health component as well. Going forward, it will be useful to develop such models that can combine financial literacy, with health and entrepreneurship training. Ms. Aarup also stressed on the need to strengthen monitoring of programs. With increasing adoption of technology, it is easier to gather data and monitor and evaluate programs. Lastly, it is important that such programs establish institutional linkages for women, and have an exit strategy in place in the long term.

Ms. Praseeda Kunam spoke about the importance of credit linkages with women's mobility and empowerment. One key inference is that empowering women through credit increases their mobility, which in turn can lead to empowerment. Mobility for women who have always been in the household is critical as it brings them to a larger social setting, and provides them opportunities to interact with each other, take loans, contest local elections, etc. Another key learning from Samhita's work suggests that when money is lent to women, they tend to invest in the household in areas such as health, children's education. Female borrowers also tend to be satisfied with smaller businesses, and therefore require smaller loans, which are safer from a lender's perspective. Ms. Kunam also highlighted the need to invest in skill building and confidence building of women to enable them to take advantage of opportunities. She reiterated that while the overall financial inclusion index in India has improved, the gender gap has remained the same. Moreover, with the push for digital inclusion, women are at a disadvantage in terms of digital literacy, access, and use. Lastly, she suggested that from a policy perspective, it is important to support women-founded, women-led initiatives and institutions as some of the most innovative products for women have been developed by such organizations.

Ms. Tara Nair (remotely) shared her concerns regarding the implications of digitization on women's constituency and entitlement in the financial system. The vast majority of women have no digital footprint, and hence may not be an attractive segment to DFS providers. This needs to be a key policy focus going forward.

Mr. Thangzamuan Hauzel spoke about the Central Bank and Government of India's initiatives in the financial inclusion space. The RBI has undertaken a three-fold approach: (1) policy; (2) structures & framework, and; (3) programs. With respect to policy, broadly the service area approach was introduced in 1989 and the concept of priority sector lending was introduced subsequently. With respect to structures at the State level, RBI has created State Level Bankers Committee, and other enabling structures such as District Coordination committee, Block Level Bankers Committee, and Review Committee, where not only bankers, but public experts also participate to review the progress of special initiatives. Speaking on the gender aspect of financial inclusion, Mr. Hauzel reiterated the challenges put forth by other panellists. He also spoke about the state of women empowerment in the North-Eastern states of India, where women have traditionally had higher agency. To conclude, he raised a pertinent question to the gathering– does providing women access to financial services truly empower them?

Ms. Gopinath concluded with the observations that the real challenge is how to truly empower women beyond access to credit, with linkages to livelihood programs and so on. With a significant liberalisation push from the policy side and the increase in the range of financial service providers on the supply side, it is important to focus on sustainability as well, to mitigate challenges with respect to household indebtedness.

Breakaway Session 7: Giving credit where it is due: MSME and Entrepreneurship Finance

Moderator:

- Mr. Surendara Srivastava, CFO MUDRA Ltd

Panellists:

- Mr. Abhijit Ray, MD, Unitus Capital
- Mr. Gaurav Kapoor, Senior Private Sector Advisor, DFID
- Mr. Sanjay Dharba. CEO, PEERLAND
- Mr. Anil Kumar SG, MD&CEO, Samunnati
- Mr. U.C.Gaur, GM, SIDBI
- Mr. Sameer Segal, CEO, Artoo
- Mr. Vijay Pandey, MD, Bharatiya Micro Credit

Mr. Surendara Srivastava opened the discussion with an overview of the global landscape of MSME finance. Globally, the MSME sector is integral to a country's growth, as seen in countries such as Japan, China, and Germany. In spite of its significant in India, the MSME sector faces a 56% credit gap. While there has been some improvement in the scenario over the past few years, there is a long way to go.

He requested the panellists to focus on the following two aspects: (1) what are the challenges currently faced by the MSME sector? (2) What is the way ahead?

In his opening remarks, **Mr. Abhijit Ray** highlighted that the key challenge for the financial sector lies in understanding the MSME segment. Lack of appropriate product design has been a fundamental flaw in the current approach to the sector, and is reflected in the products and schemes on offer. The key challenge has been lack of tools to assess MSME requirements and cash flows. However, this also presents an opportunity for the sector to innovate. Since collateral-based lending does not work with this segment, there is a need to look at innovative approaches such as psychometric testing for better assessment. Secondly, on the policy front, schemes are designed to work for the lender, and not the enterprise. Thirdly, their capital requirements are largely unmet. While MSME do require term loans, their top requirement of credit is for working capital expenses. Lastly, digitization and cash flow based lending are also key challenges. He suggested that microfinance institutions lending to MSME's microfinance must be brought under priority sector.

Taking the discussion forward, **Mr. Anil Kumar** spoke about Samunnati's work in funding agricultural value chains through community-based organizations such as cooperatives and FPOs. They have adopted a demand-side approach, which is driven by market linkages. Given the challenges associated with lending to this segment, such as lack of access to working capital, seasonality of agriculture, product customization is the foremost challenge for agriculture-based enterprises. To overcome these challenges, Samunnati has introduced a wide range of products from 3 days to 5 years. The model looks beyond traditional lag indicators such as 3 year financials and IT returns, and focuses on leveraging buyer-seller relationships, where the seller is usually the borrower, and the buyer is the guarantor. The model has shown promising results thus far. Mr. Kumar suggested that traditional products and approaches do not work for this segment and there is a need to customize products as far as possible.

Mr. U.C. Gaur reiterated the challenges discussed by the above panellists and emphasized the need to focus on Micro and Small enterprises. Mr. Gaur spoke about SIDBI's enterprise development programs as well as entrepreneur development programs. It is also involved in direct financing as well as re-financing, and providing a range of handholding services such as marketing assistance, receivable finance, and support in other areas. SIDBI has also undertaken capacity building programs through its PSIG program, in collaboration with organisations such as Sa-dhan, Access Development. Mr. Gaur suggested that there is a need to synergize efforts by different institutions, and utilize existing structures.

Mr. Sanjay Dharba threw light on the workings of peer to peer lending platforms which enable transactions between individuals without a financial intermediary. Mr. Dharba acknowledged the challenges faced by traditional financial systems in lending to the MSME segment, given their lack of insufficient financial information/histories. Further, he added that while there are close to 50 million registered MSME in India, there are a significantly larger number of microenterprises which are not registered. While these enterprises may not be recording their transaction data using conventional methods such as a balance sheet, they do maintain their records through alternative means. There is a need to tap into this data, in addition to qualitative parameters such as location. He suggested that in a space such as P2P lending, where a new asset class is being created, there is a need to ensure lender protection.

Mr. Sameer Segal spoke about Artoo's work as a B2B fintech firm working to provide enterprises access to affordable credit. Artoo enables MSME lenders to effectively serve a borrower base with limited digital footprints, by equipping the field agent with cutting-edge technology at the borrower's doorstep, striking a balance between high-tech and high-touch models. Mr. Segal also spoke about the importance of customization of products. He also highlighted the importance of knowledge sharing between providers to accelerate the process of inclusion. Artoo aims to leverage technology to generate collective insights for financial service providers, to ensure value addition, with the end objective being to increase lender confidence in the data. He also emphasized the need to use alternative social channels such as Facebook, WhatsApp where available, and combine these with conventional feet on street approaches to strengthen the overall model.

Mr. Gaurav Kapoor spoke about DFID's approach to development, with an emphasis on tracking indicators such as the current credit gap to the enterprises sector, and the untapped employment potential in the sector. There is a demand-supply mismatch that needs to be plugged in the MSME sector in India, especially with respect to the understanding of the needs of the enterprises. There is a need for more products, as well as more funding with the right terms. Mr. Kapoor suggested that there is a need to drive scale in parallel by mainstreaming best practices and break down the silos in the sector using technology.

Mr. Vijay Pandey spoke about Bharatiya Micro Credit's approach to address the barriers faced by borrowers, particularly women entrepreneurs in conceiving and pursuing income-generating activities. He also emphasized the need to provide handholding support and services along with credit. For instance, in case of pedal rickshaws borrowers, providing credit alone does not ensure sustainability of the activity in the long term. On the other hand, if disbursement is accompanied with support in insuring and registration of the vehicle, regular maintenance and so on, it can ensure long-term sustainability of the activity. Mr. Pandey also spoke about their Solar Charkha project, which adopts a solution-based finance approach integrated with handholding support to women entrepreneurs. The project assists women in availing loans under the Prime Minister's Employment Guarantee Program. He emphasized the need to focus on interventions and activities beyond providing credit alone – on 'credit plus' approaches.

Breakaway Session 8 - Beyond Credit: Relook at the Smorgasbord of products and activities

Moderator:

Mr. Ajit Kumar Maity, CMD, VWS

Speakers:

Mr. Manoj Gulati, ED, Water.Org

Ms. Bharati Joshi, Technical Director, Economic Development Unit, Care

Mr. D.S.K. Rao, Regional Director, Microfinance initiatives, RESULTS Educational Fund

Mr. Rajiv Handa, Director, Business Development Asia, MicroEnsure

Ms. K.C. Ranjani, Consultant, Habitat for Humanity

Mr. Maanav Yashroy, Director Business, Philips

Mr. Maity opened the discussion with the observation that when microfinance services were first offered in India, they were accompanied with credit plus services such as insurance. However, with the transition of many MFIs to the NBFC-MFI model, many of these other services gradually declined. In addition to credit, there is a need to provide services such as crop insurance, health insurance, among others. The panel will focus on how these services can be provided through existing channels.

In his opening remarks, **Mr. D.S.K. Rao** highlighted the several challenges faced by poor households, in addition to lack of access to finance. While microfinance has helped address the issue of access to finance, it is important to focus on challenges such as poor access to health, education, information, among others. Specifically, health is a considerable challenge for significant proportion of microfinance clients who belong to rural areas. Mr. Rao shared the experience of Bandhan Microfinance which has had a strong focus on health since its inception as an NGO. For instance, they have a cadre of 5,000 **Swasthya Sevikas**, who are volunteers chosen from their clients to deliver key health messages to households. Equitas has partnered with a network of 900 private hospitals to enable its borrowers to receive subsidized treatment, consultation, and outpatient and inpatient treatment. Similarly, NGOs such as Pradan have initiated similar programs in rural Rajasthan. He reiterated that both small and large institutions can play an important role in this area. It is important to collaborate with the health care services sector to leverage innovations in this space.

Ms. K.C. Ranjani highlighted the importance of financial inclusion as a tool to ensure access to **appropriate** financial products and services. She also underscored the important role that the microfinance movement in India has played in extending access to finance through the MFI and SHG models. However, there is still a gap with respect to livelihood finance. In the absence of income generating sources within a household, finance for affordable housing becomes a challenge. Ms. Ranjani also raised concerns regarding emerging signs of multiple lending, overindebtedness, and group pressure due to non-payment. There is a need for large-scale sub sector interventions, value chain financing, geography specific integrated development interventions with complex processes and product designs which can create an inclusive sustainable and value-based entrepreneurial culture and wealth. Ms. Ranjani suggested that the sector needs to look at new products such as ‘Micro Equity’ to generate capital. Additionally, we should look into a framework in which Core Investment Companies (CIC) with capital contribution from social impact investors such as SIDBI/ NABARD/ MUDRA/ CSR FUNDS etc. could be the purveyors of micro equity. To conclude, she suggested that there is a need to move away from short term lending to more complex but appropriate financial products to help achieve broad-based financial inclusion.

Mr. Rajiv Handa spoke about MicroEnsure’s work in building innovative, digital product solutions in the insurance space. He highlighted that the current insurance dialogue in India, customer value has not received attention. Products are being designed with a view to mitigate risks faced by MFIs, with little regard for customer risk. The focus must shift to product innovation that helps develop better products, especially insurance products, which can bring about a value addition to both customers and MFIs. Secondly, it is important to enhance the living benefits of customers through a range of insurance products that cover the risk of loss, accident, hospitalization, maternity, any women related issue in a step wise manner. Mr. Handa reiterated the need for MFIs to innovate in the insurance space and think about enhancing customer value, since insurance is the bedrock of elevating the poor out of poverty and ensuring that they don’t fall into poverty traps again.

Ms. Bharati Joshi underscored the gaps in the portfolio of products and services in the sector. While the types of financial institutions have diversified over time, products and services have not kept pace with these changes. For instance, savings products are no longer deemed attractive. The pace at which savings have progressed and the pace at which inflation and incomes have increased, there is not a match. Moreover, long-term investments such as education finance for women is an area which has not been touched upon. Credit products for housing and household assets, business assets and cyclical investments and working capital are also some of the areas which are lacking. Additionally, value chain financing is also an area which the larger players are not looking in a holistic sense. Finally, there is also a need to look at areas such as debt counseling and pension planning.

Mr. Manoj Gulati spoke about the strong correlation between water and health as there is a high correlation between sanitation, water and livelihood. Water.org is collaborating with MFIs to bring out water and sanitation funding as loan products. This loan product has been a success as the repayment rates were actually better in case of a sanitation loan than a normal ILG loan. Looking at it deeper, when water and sanitation lending is done, a behavioural change has been introduced. Mr. Gulati also highlighted instances wherein people who had taking loans for sanitation, have sought loans for to improve their facilities. Given the success of these initiatives, a number of institutions have expressed interest in scaling up this model.

Mr. Manav Yashroy highlighted the complexity of poverty as an issue, which is rooted in a deficit of resources such as lack of access to education, sanitation, health facilities, and also lack of light. It is important for different stakeholders to collaborate and create an enabling ecosystem, with value added programs. He highlighted the need to help create proper entrepreneurial livelihood programs. We need to understand that this is not a market where we have to try and push our products. We need to work with the ecosystem of partners like the one that we have here and talking to a set of financial investors and MFIs and build a program similar to CARE.

Breakaway Session 9 - Co-operative and other alternative and evolving models in Microfinance for the poor

Moderator:

Ms. Jayshree Vyas, MD, Sewa Bank

Speakers:

Mr. Sukeshji Zamwar, CMD, Buldana Co-op Credit Society Ltd.

Ms. Chetna Sinha, Founder, Mann Deshi Foundation

Mr. Amalendu Pal, Asia Regional Rep., Trickle Up

Mr. Arshad Ajmal, VP, Sahulat Microfinance Society

Ms. Jayshree Vyas opened the discussion with the observation that while financial inclusion is mainly thought of as the domains of NBFCs, SHG, Small Finance Banks, historically cooperatives have played a key role in the landscape as an alternative to mainstream microfinance organisations since the 1940s.

Ms. Chetna Sinha opened the discussion highlighted the diverse requirements of female clients, which differ from the existing structures and models in mainstream microfinance. Ms. Sinha shared Mann Deshi's experience in working with women from low-income groups by helping them acquire requisite skills and develop sustainable business models. Investor driven organizations have the advantage of quickly scaling up like many MFIs have done over the past years but even member driven organizations can solve a lot of ground level problems and there is a lot to learn from them. Case of weekly market vendors was presented wherein they do not want to be part of a joint liability group because of uncertain and varying cash flow problems. A cash credit product was provided to these vendors on an individual basis. In a span of 5 years, they have accumulated sufficient working capital for their business needs. There should not be a trend to provide poor solutions for poor people. Individuals have their own needs and aspirations outside of a household, such as wanting to own a smartphone. After demonetization, it was realized that women want their own smartphones even if that requires them to take a loan but they want to own their e-wallets. The lesson learnt is that when it comes to digital finance do not talk about household loans because women want to own their finances and property and assets.

Mr. Sukeshji Zamwar spoke about Buldana Co-op Credit Society work. It is the largest Credit Co-operative Society in India and works in many fields along with lending around `100 Cr and covering about 7.5 lakh members, majority of which work in semi-urban and rural areas. While cooperatives are usually formed with depositor's money, Buldana has created a 4-pillar system with refinance, direct finance and service sector capital. The business model includes a warehouse model wherein commodities are stored by farmers in Buldana warehouses in exchange for finance. The warehouse offers cleaning and grading facilities for better remuneration of commodities for the farmers. There are also linkages with gold loan financing that farmers may have availed for crop production. In addition to these, Buldana Cooperative Credit Society provides world class educational facilities, healthcare infrastructure, orphanages for children of Maharashtra farmer suicide victims in line with the theme of social banking. Initiatives for promoting entrepreneurship have been taken in the field of cotton textiles from harvest of the crop to marketing the end product. Mr. Zamwar reitereated that while cooperatives can have limitations in terms of scaling, their role in the rural economy should not be discounted.

Mr. Amalendu Pal stressed on the need to see women as participants in the development process, and not as beneficiaries of programs. Financial inclusion, therefore, is the best engine for development, as it brings these women into the formal system. The lending community currently views the ultra-poor as a separate class. This has to change into a more sustainable system. Trickle Up takes a graduation approach to livelihoods, which is a 36-month training programme aimed at providing food security, sustainable income streams and a sense of dignity and ownership in their own development process. Self-building, institutional building, and capacity building should be the order of development.

Mr. Arshad Ajmal spoke about the need to assess whether microfinance products are really 'demand driven''. One size fits all approach employed across mainstream microfinance institutions does not work in the case of the ultra-poor. A World Bank 2013 study identified the demand for Islamic finance for deposits among community members across 67 countries having Islamic populations. The product is not limited denominationally and can be applied across communities. It is a simple form of mark-up finance which does not include an interest component. Sahulat's mode of operation includes collecting demand deposits, creating a loanable fund, advancing cash loans, and providing a type of equity ownership in the form of profit and loss sharing.

Ms. Vyas concluded the panel with the observation that there is an urgent need for a self-regulatory organization for cooperative credit societies to ensure greater transparency and efficiency. Moreover, under the purview of financial inclusion and poverty reduction, there is need to acknowledge the aspiration of individuals as borrowers and a need to develop alternatives to group lending models prevalent in conventional microfinance. She reiterated that the focus must shift towards the individual over time.

Plenary 4 – Quo Vadis Indian Microfinance

Moderator:

Mr. Royston Braganza – CEO, Grameen Capital

Speakers:

Ms. Surekha Marandi, ED, RBI

Mr. Pankaj Jain, JS, MoF, GoI

Mr. K. Paul Thomas, MD & CEO, ESAF SFB

Mr. Vivekanand Salimath, Chairman, IDF Financial Services

Ms. Ratna Vishwanathan, CEO, MFIN

Mr. Subir Jha, Bajaj Allianz Co. Ltd.

Mr. Royston Braganza opened the discussion with the importance of light touch regulation in enabling MFIs to access affordable credit and allowing them to be the eyes and ears of the system. There have been significant efforts to address the supply side of financial regulation. However, he emphasized the need to address the demand side as well, through financial education and financial literacy.

Mr. Pankaj Jain spoke about the challenges arising out of the increasing competition in the sector, with a number of diverse players in the sector, such as Banks, Small Finance Banks, Fintech firms and so on.

Mr. K. Paul Thomas spoke about the public perception of MFIs. According to him, the public perception of MFI has not changed significantly. The future of microfinance and SFBs is to put client at the centre.

According to **Mr. Vivekanand Salimath**, the future of microfinance is bright. However, on the supply side, there are players such as public sector banks that lack adequate capacity. Thus, institutional capacity must be built. He also highlighted the need to meet the demand for microfinance, which is still largely unmet, and provides untapped opportunities to the sector.

Speaking about the importance of appropriate regulatory frameworks, Ms. Ratna Vishwanathan highlighted the need for comprehensive regulatory oversight for the entire sector, and not just parts of the sector. Current regulations only cover part of the financial sector. As a result, an uneven playing field has been created for the MFIs and NBFCs, given that all financial institutions are catering to the same customers.

Mr. Subir Jha spoke about Bajaj Allianz participating in the microfinance sector through it collaborations with various types of institutions. Mr. Gupta highlighted the importance of applying analytics to the sector's operations, and collaborate between partners to leverage these insights. He also stated that there is a need to change the overall mindset and approach of the sector from a need-based to a goal-based orientation.

Ms. Surekha Marandi spoke about regulatory and policy initiatives on the anvil. She indicated that with regards to client protection, an NBFC Ombudsman is in the pipeline and is expected to be set up shortly. While RBI is working to address the supply side challenges associated with financial inclusion, the demand side challenges need to be addressed too. Financial education is one demand-side intervention, but this needs to be complemented by several other efforts.

In the future, insurance needs to move from need based products to goal based products, and this needs to be taken up by MFIs. The future of MF needs co-origination – usage of technology for outreach, product innovation, new partnerships, and development of relationships between different entities. Moreover, the sector needs to start reaching out to untapped geographic and demographic sectors. Usable credit information of all borrowers is critical for the future of MF.

The panel was of the view that SROs, like Sa-Dhan, and others will play a very important role going ahead, for the microfinance sector. Moreover, credit bureaus will also play a key role in the future of microfinance in India, by virtue of their role in assessing requirements of borrowers. Increasingly, the government is playing a more proactive role in financial inclusion, also in product delivery. Several of these govt. products need to be integrated and delivered through MFIs.

The future of MFIs is contingent on whether MFIs partner with banks or convert into SFBs. People want a wide variety of services – savings, payments, remittances, insurance, pensions etc. – that MFIs alone cannot provide. In the future, MFIs need to either convert to a bank or associate itself with a bank at the very least, because a wide range of services are expected from MFIs, which they cannot deliver themselves. Other issues still plaguing the sector include last mile connectivity and financial illiteracy.

Moreover, it was acknowledged that products such as insurance need to be pitched as goal based products and not need-based products alone. Further, the industry needs co-origination – usage of technology for outreach, product innovation, new partnerships, and development of relationships between different entities. The sector needs to start reaching out to untapped geographic and demographic sectors. Usable credit information of all borrowers is also of utmost value for the future of the sector. Last, but not the least, there is an incorrect perception of MFIs – and microfinance in general – in society. Going forward, it is also important to work on this overall perception of the microfinance sector.

Valedictory Session

Mr. Brij Mohan, Microfinance Industry Expert

Mr. H R Dave, DMD, NABARD

Ms. Surekha Marandi, ED, RBI

At the Sa-Dhan Conference 2017 valedictory session, **Mr. Brij Mohan** MFI sector head congratulated Sa-Dhan for organising the conference. He praised Sa-Dhan for the number of participants and the quality of discussions. The MFI sector is growing in terms of size; number of institutions and smaller MFIs serving one district, their importance is coming down. Sa-Dhan's role as a SRO is growing in terms of scale, reach and technology. The conversion to appraisal-based training for the sector is certain to go up. Linking of Aadhaar is important. The last-mile connectivity channel of MFIs can help MFIs reorient themselves and deliver better services.

Ms. Surekha Marandi of RBI said to strengthen MFI sector further, we need to strengthen information bases. They had started a pilot of giving credit information digitally and the technology available can be harnessed to serve the interest of customers. Sa-Dhan had a great role as an intermediary between NBFC-MFI and RBI. The need of the hour is to spread to regions which do not have access to funding. Different models could be made to serve the new sectoral concerns as the Andhra model is not working. RBI needs inputs from Sa-Dhan to address the demand side for financial inclusion.

Mr. H R Dave said the Conference stretched the participants' thinking and on this platform they were encouraged to debate and deliberate. How prepared are we to address climate change? The eco-system within which we operate necessitates discussions on this important topic. Given the efforts of the government to make agriculture viable, the matter makes sense to many marginal farmers. How are MFI loans being used when thousands of crores are being pumped for crop loans, investment, education etc. SHGs should be digitized and linked with banks.

Mr. P Satish, ED Sa-Dhan thanked all participants at the conference and said the conference was a forum to bring together policy makers an d practitioners on MFIs. The idea is to address the client at the bottom of the pyramid. He thanked speakers and moderators particularly NABARD and SIDBI, for their participation.

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Media Coverage
National Conference, 2017

Print Media

Publication: **The Economic Times**
Edition: New Delhi Date: 14.09.2017

MFIs' Role as Banking Correspondents Pays Off

Many capital-starved micro lenders are specially benefited

Atmadip.Ray@timesgroup.com

Kolkata: Reserve Bank of India's decision to allow microfinance institutions (MFIs) as business correspondents for banks is proving to be a success in ensuring steady flow of funds towards the unbanked sector despite the fact that several micro lenders face difficulty in raising growth capital.

Last fiscal saw 27% growth in business correspondents with the share of this off-balance sheet portfolio for MFIs rising to 20% from 13% in the preceding fiscal, according to data from the Bharat Microfinance Report 2017.

RBI allowed MFIs, NGOs and other civil society organisations to work as banking intermediaries for providing financial and banking services in January 2006. The loans MFIs deliver as banks' partners are not in their balance sheet and therefore this model helps their business grow without additional fresh capital. "This is the way of optimising capital, especially by smaller MFIs which cannot raise it easily," said Manoj Nambiar, MD at Arohan Financial Services. "If such partnership is done properly, it would be a value creator." Total BC portfolio of MFIs was ₹10,131 crore out of their gross loan book of ₹46,842 crore.

Banks and MFIs, which enjoy the last-mile connect with a cost effective delivery model, benefit from such partnerships. While banks fulfill their priority sector obligations through indirect lending, MFIs can grow customer base with bank loans and earn a fee. The gross loan portfolio of 168 MFIs including NBFC-MFIs and NGO-MFIs stood at ₹46,842 crore. This was excluding the portfolios of Equitas, Ujjivan Financial Services and four other MFIs which transformed themselves into small finance banks.

"With the transformation of larger MFIs into small finance banks, the MFIs' sector may not see high growth like 40-50% any more. Yet there would be sufficient demand for micro loans as the country still lacks financial penetration and one can expect 15-20% growth in the next couple of years," Sa-Dhan executive director P Satish said.

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Edition: Chennai Date: 14.09.2017

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Edition: Ahmedabad Date: 14.09.2017

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Publication: **Deccan Herald**
Edition: Bangalore Date: 14.09.2017

MFIs clock 18% growth

BENGALURU: The Indian microfinance industry has clocked 18% growth, after excluding six large Microfinance institutions (MFIs) that turned Small Finance Banks(SFBs).

According to Sa-Dhan's Bharat Microfinance Report-2017, the gross loan portfolio of the microfinance industry in India stood at Rs 46,842 crore. In 2015-16, the industry valuation stood at Rs 63,853 crore, where six large MFIs contributed Rs 24,034 crore.

According to the report, the total number of clients served by MFIs excluding six SFBs stood at 295 lakh as on March 31, 2017. In 2015-16, six SFBs alone had 130 lakh clients, out of total client of 399 lakh.

Commenting on the report, P Satish, ED, Sa-Dhan, said, "Despite hindrances during the last fiscal, the sector clocked a positive growth. The coming years will be of great importance to the sector as there is scope for large MFIs migrating to SFBs or banks and new players entering the sector." The report for the first time collected data for borrowers having personal bank accounts (22%) and borrowers having BPL card (11%). However, there is a substantial rise in the number of borrowers having Aadhaar card.

According to the report, the year also saw 27% growth in the Business Correspondents (BC) model.

DH News Service

Publication: **The Financial Express**
Edition: New Delhi Date: 14.09.2017

Aadhaar-based transaction to digitise 98 cr MFI payments

AADHAAR-ENABLED TRANSACTIONS ARE expected to digitise nearly 8 crore disbursements and 90 crore repayments annually in the microfinance industry, a report said. Even as digitisation continues as a back-end process, financial products in the Indian micro finance industry are high on human touch, involving cash based disbursals and repayments, the Bharat Microfinace Report 2017 said. "Digitising cash based operations has the potential to bring a host of benefits to MFIs. It mitigates cash carrying risks and improves operational efficiency by saving time for frontline staff," the report said.

Publication: **The Financial Express**
Edition: Mumbai Date: 14.09.2017

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Publication: **The Financial Express**
Edition: Banglore Date: 14.09.2017

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Publication: **The Financial Express**
Edition: Ahmedabad Date: 14.09.2017

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Publication: **The Financial Express**
Edition: Pune Date: 14.09.2017

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Publication: **Millennium Post**

Edition: New Delhi

Date: 14.09.2017

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NEW DELHI: The Aadhaar enabled transactions is expected to digitise nearly 8 crore disbursements and 90 crore repayments annually in the micro finance industry, a report on Wednesday said.

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"Digitising cash based operations has the potential to bring a host of benefits to MFIs (micro-finance institutions).

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The Aadhaar Payment Bridge System (APBS) and the NPCI's *99# service have made digitisation of cash based operations possible in which customer's Aadhaar numbers are collected and sent to disbursing bank for onward direct credit to account using APBS system.

"With this it is expected that the 80 million annual disbursements and the over 900 million repayment transactions will be digitised," the report said.

An endeavour of National Payments Corporation of India (NPCI), it aims to popularise this process with the MFI industry across the country, the report said.

"To ride along with current digital payments revolution, MFIs have to take a step ahead and digitise the industry as it will take the digital revolution to the last mile customer of the country as MFIs have a good rural outreach and working closely with more than 40 million rural women," it said.

Digitisation will help MFIs to cut operational cost, transit risk as well as connect rural mass to digital banking.

India's micro-finance industry grew by about 18 per cent in year ended March 2017 to over Rs 46,000 crore, excluding small finance banks that moved from being MFIs to SFBs, as per the report. PTI

Publication: **Millennium Post**

Edition: Calcutta

Date: 14.09.2017

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Online Coverage

Publication: **The Economic Times** Edition: Online Date: 14.09.2017

http://economictimes.indiatimes.com/industry/banking/finance/hsbc-in-tie-up-with-sa-dhan-to-develop-digital-ecosystem-for-indias-unbanked-segment/articleshow/60512689.cms

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HSBC in tie-up with Sa-Dhan to develop digital ecosystem for India's unbanked segment

By Atmadip Ray, ET Bureau | Updated: Sep 14, 2017, 04:26 PM IST

2 Comments A+

KOLKATA: HSBC has entered into an agreement with microfinance industry association Sa-Dhan to develop digital ecosystem for India's unbanked segment.

The bank will provide technology expertise to

Publication: **Business Standard** Edition: Online Date: 14.09.2017

http://www.business-standard.com/article/pti-stories/sa-dhan-hsbc-bank-ink-pact-to-create-digital-eco-for-mfis-117091401612_1.html

Sa-Dhan, HSBC Bank ink pact to create digital eco for MFIs

Press Trust of India | New Delhi
Last Updated at September 14, 2017 21:22 IST

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The association of community development finance institutions Sa-Dhan and HSBC Bank today entered into an agreement to create a digital ecosystem for the unbanked segment in the country.

HSBC Bank is to provide technology expertise to train and educate micro-finance consumers at grass-root level and introduce digital banking.

A pilot will be undertaken in the current fiscal that will be spread across four zones, Sa-Dhan said in a release.

Publication: **India Today** Edition: Online Date: 14.09.2017

http://indiatoday.intoday.in/story/sa-dhan-hsbc-bank-ink-pact-to-create-digital-eco-for-mfis/1/1048176.html

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Sa-Dhan, HSBC Bank ink pact to create digital eco for MFIs

PTI
September 14, 2017 | UPDATED 21:30 IST A + A -

New Delhi, Sep 14 (PTI) The association of community development finance institutions Sa-Dhan and HSBC Bank today entered into an agreement to create a digital ecosystem for the unbanked segment in the country.

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Publication: **IBN Money** Edition: Online Date: 14.09.2017

http://in.ibnmoney.com/2017/09/14/hsbc-in-tie-up-with-sa-dhan-to-develop-digital-ecosystem-for-indias-unbanked-segment-2/

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HEADLINES #7/ 10: Legal notice sent to Lalu Yadav, Tejashwi for comments

You are here: IN Home > Business News > HSBC in tie-up with Sa-Dhan to develop digital ecosystem for India's unbanked segment

HSBC in tie-up with Sa-Dhan to develop digital ecosystem for India's unbanked segment (indiatimes.com)

Thursday, September 14th, 2017 at 9:15 pm

Thu, 14 Sep 2017 10:43:27 GMT – KOLKATA: HSBC has entered into an agreement with microfinance industry association Sa-Dhan to develop digital ecosystem for India's unbanked segment. The bank will provide technology expertise to train and educate microfinance consumers at grassroots level and introduce digital banking to promote easier and time-efficient financial transaction among the so-called bottom-of-the-pyramid customer. It has been observed that for rural MFI clients, the nearest bank branch is on an average at a distance of about 7 km. "To digitise the microfinance ecosystem and render it

Publication: **ET Twitter** Edition: Online Date: 14.09.2017

https://twitter.com/EconomicTimes/statuses/908348365548556288

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.@HSBC in tie-up with Sa-Dhan to develop #digital ecosystem for India's unbanked segment

HSBC in tie-up with Sa-Dhan to develop digital ecosystem for India's unbank...
"To digitise the microfinance ecosystem, the pilot with HSBC will provide us a path to empower MFI clients," Sa-Dhan ED was quoted as saying in a press statement.
economictimes.indiatimes.com

Publication: **MyTimesNow** Edition: Online Date: 14.09.2017

http://www.mytimesnow.com/news/business/331227/hsbc-in-tie-up-with-sa-dhan-to-develop-digital-ecosystem-for-india-039-s-unbanked-segment

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HSBC in tie-up with Sa-Dhan to develop digital ecosystem for India's unbanked segment

Publication: **IndianTaxHome** Edition: Online Date: 14.09.2017

https://www.indiantaxhome.com/2017/09/hsbc-in-tie-up-with-sa-dhan-to-develop-digital-eco-system-for-indias-unbanked-segment.html

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HSBC in tie-up with Sa-Dhan to develop digital ecosystem for India's unbanked segment

HSBC in tie-up with Sa-Dhan to develop digital ecosystem for India's unbanked segment

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Publication: **EquityPandit** Edition: Online Date: 14.09.2017

http://www.equitypandit.com/news_and_events/hsbc-enters-into-an-agreement-with-sa-dhan-to-develop-digital-ecosystem-for-indians-unbanked-segment/

equitypandit

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HSBC signs agreement with Sa-Dhan to develop digital ecosystem for Indian's unbanked segment

September 14, 2017 at 5:04 PM | EquityPandit

An agreement has been entered between HSBC and Sa-Dhan which is a micro finance industry association for developing digital ecosystem for India's unbanked sector.

P Satish, executive director at Sa-Dhan has said in a statement that," To digitize the microfinance ecosystem and render it cashless,the pilot with HSBC will provide us a path to empower MFI clients."

Around 1200 consumers will be benefitted by the pilot run by HSBC in West Bengal,Punjab, Karnataka and Maharashtra. It will develop digital hubs with POS machines and internet connectivity.

Publication: **Mint** Edition: Online Date: 13.09.2017

http://www.livemint.com/Industry/W2vFvjIFvcHemTtKZ4d9PO/MFIs-gross-lending-up-18-at-Rs46842-crore-at-March-quarte.html

MFIs' gross lending up 18% at Rs46,842 crore at March quarter-end: Sa-Dhan

Sa-Dhan says the share of rural clientele in micro loans rose sharply from 38% last year to 61% since large MFIs which were more urban-centric have become small finance banks

Sahib Sharma

Publication: **FeedBackConsulting** Edition: Online Date: 14.09.2017

http://feedbackconsulting.com/hsbc-in-tie-up-with-sa-dhan-to-develop-digital-ecosystem-for-indias-unbanked-segment/

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HSBC in tie-up with Sa-Dhan to develop digital ecosystem for India's unbanked segment

September 15, 2017 news 0 Comment

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Bank will provide technology expertise to train and educate microfinance consumers at grassroots level and introduce digital banking to promote easier and time-efficient financial transaction among the so-called bottom-of-the-pyramid customer.

Publication: **FreshersLive** Edition: Online Date: 14.09.2017

https://www.fresherslive.com/current-affairs/articles/hsbc-ties-up-with-sa-dhan--10845

Freshers LIVE

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Fresherslive » Current Affairs » September 2017 » HSBC Ties-up With Sa-Dhan

HSBC Ties-up With Sa-Dhan

Posted on: 15 Sep 2017 12:29:09

15 September 2017 Current Affairs: **Hongkong and Shanghai Banking Corporation (HSBC)** entered into an agreement with **microfinance industry association Sa-Dhan** to develop a digital ecosystem for India's unbanked segment.

The bank will provide technical expertise to train and educate micro finance consumers at the grassroots level and introduce digital banking to promote easier and time-efficient financial transaction among the so-called bottom-of-the-pyramid customer.

Publication: **MoneyControl** Edition: Online Date: 13.09.2017

http://www.moneycontrol.com/news/business/aadhaar-based-transaction-to-digitise-98-crore-mfi-payments-2387031.html

Sep 13, 2017 07:29 PM IST | Source: PTI

Aadhaar based transaction to digitise 98 crore MFI payments

Even as digitisation continues as a back-end process, financial products in the Indian micro finance industry are high on human touch, involving cash based disbursals and repayments, The Bharat Microfinance Report 2017 said.

Publication: **The Economic Times** Edition: Online Date: 13.09.2017

http://m.economictimes.com/markets/stocks/news/micro-lenders-staring-at-rs-3000-crore-loss-due-to-demonetisation/articleshow/60498105.cms

Micro lenders staring at Rs 3,000 crore loss due to demonetisation

By Atmadip Ray, ET Bureau | Updated: Sep 13, 2017, 06.29 PM IST

0 Comments A+

Kolkata: The microfinance sector is staring at around Rs 3,000 crore loss due to demonetisation led non repayment of dues, said Sa-Dhan, the association of community development finance institutions.

Pure MFIs, and the ones which have now converted themselves into small finance banks, witnessed a decline in their repayment rates, with several leading players reporting portfolio at risk (PAR) in excess of 10%, Sa-Dhan said, adding that MFIs, which have significant exposure in states of Maharashtra, Madhya Pradesh, Uttar Pradesh, Uttarakhand and Karnataka, continue to experience problems in their loan portfolios.

"Though there has been an improvement in collections, PAR 1-180 still looms at over 11%," said credit information firm Crif High Mark.

The finding was part of the Bharat Microfinance Report 2017, released by Sa-Dhan Wednesday.

Publication: **The Economic Times** Edition: Online Date: 13.09.2017

http://m.economictimes.com/industry/banking/finance/financial-outreach-grows-with-mfis-working-as-business-correspondents-contributing-20-of-total-loans/articleshow/60492998.cms

Financial outreach grows with MFIs working as business correspondents contributing 20% of total loans

By Atmadip Ray, ET Bureau | Updated: Sep 13, 2017, 06.21 PM IST

0 Comments

A+

Reserve Bank of India's decision to allow micro finance institutions (MFIs) as business correspondents for banks is proving to be a

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Publication: **The Economic Times** Edition: Online Date: 13.09.2017

http://economictimes.indiatimes.com/small-biz/money/aadhaar-based-transaction-to-digitise-98-crore-mfi-payments/articleshow/60498247.cms

Aadhaar based transaction to digitise 98 crore MFI payments

PTI | Updated: Sep 13, 2017, 06.37 PM IST

1 Comments

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Digitising cash based operations has the potential to bring a host of benefits to MFIs (micro-finance institutions). It mitigates cash carrying risks and improves operational efficiency by saving time for frontline staff

NEW DELHI: The Aadhaar enabled transactions is expected to digitise nearly 8 crore disbursements and 90 crore repayments annually in the micro finance industry, a report today said.

Even as digitisation continues as a back-end process, financial products in the Indian micro finance industry are high on human touch, involving cash based disbursals and repayments, The Bharat Microfinace Report 2017 said.

"Digitising cash based operations has the potential to bring a host of benefits to MFIs (micro-finance institutions). It mitigates cash carrying risks and improves operational efficiency by saving time for frontline staff," the report said.

Publication: **Deccan Herald** Edition: Online Date: 13.09.2017

http://m.deccanherald.com/articles.php?name=http%3A%2F%2Fwww.deccanherald.com%2Fcontent%2F633007%2Fmfis-clock-18-growth.html

MFIs clock 18 growth

Publication: **The Financial Express** Edition: Online Date: 13.09.2017

http://www.financialexpress.com/india-news/aadhaar-based-transaction-to-digitise-98-cr-mfi-payments/853696/

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Aadhaar based transaction to digitise 98 cr MFI payments

The Aadhaar Payment Bridge System (APBS) and the NPCI's *99# service have made digitisation of cash based operations possible in which customer's Aadhaar numbers are collected and sent to disbursing bank for onward direct credit to account using APBS system.

Publication: India Today Edition: Online Date: 13.09.2017

http://m.indiatoday.in/story/aadhaar-based-transaction-to-digitise-98-cr-mfi-payments/1/1047086.html

Aadhaar based transaction to digitise 98 cr MFI payments

PTI
September 13, 2017 | UPDATED 18:10 IST A + A -

New Delhi, Sep 13 (PTI) The Aadhaar enabled transactions is expected to digitise nearly 8 crore disbursements and 90 crore repayments annually in the micro finance industry, a report today said.

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"Digitising cash based operations has the potential to bring a host of benefits to MFIs (micro-finance institutions). It mitigates cash carrying risks and improves operational efficiency by saving time for frontline staff," the report said.

Publication: **Millennium Post** Edition: Online Date: 13.09.2017

http://www.millenniumpost.in/business/aadhaar-based-transactions-to-digitise-98-cr-mfi-payments-261856

Business, Economy

Aadhaar based transaction to digitise 98 cr MFI payments

PTI Published : Sep 13, 2017, 6:27 pm IST Updated : Sep 13, 2017, 6:28 pm IST

Digitisation will help MFIs to cut operational cost, transit risk as well as connect rural mass to digital banking.

Publication: **Millennium Post** Edition: Online Date: 13.09.2017

http://www.millenniumpost.in/business/aadhaar-based-transactions-to-digitise-98-cr-mfi-payments-261856

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Aadhaar-based transactions to digitise 98 cr MFI payments

Publication: **Outlook** Edition: Online Date: 13.09.2017

https://www.outlookindia.com/newsscroll/aadhaar-based-transaction-to-digitise-98-cr-mfi-payments/1145360

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Aadhaar based transaction to digitise 98 cr MFI payments

New Delhi, Sep 13 The Aadhaar enabled transactions is expected to digitise nearly 8 crore disbursements and 90 crore repayments annually in the micro finance industry, a report today said.

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Publication: **IndiaGist** Edition: Online Date: 13.09.2017

http://www.indiagist.com/india/2017/09/aadhaar-based-transaction-to-digitise-98-cr-mfi-payments/

Aadhaar based transaction to digitise 98 cr MFI payments

Posted by PTI on Sep 13, 2017 in Business, India | 0 comments

The Aadhaar Payment Bridge System (APBS) and the NPCI's *99# service have made digitisation of cash based operations possible in which customer's Aadhaar numbers are collected and sent to disbursing bank for onward direct credit to account using APBS system.

The post Aadhaar based transaction to digitise 98 cr MFI payments appeared first on The Financial Express.

Publication: **TradersCockpit** Edition: Online Date: 13.09.2017

http://www.traderscockpit.com/?pageView=realtime-indian-stock-market-news&id=420988&news=Micro+lenders+staring+at+Rs+3%2C000+crore+loss+due+to+demonetisation

Micro lenders staring at Rs 3,000 crore loss due to demonetisation

The finding was part of the Bharat Microfinance Report 2017, released by Sa-Dhan Wednesday.

Publication: **BusinessFortnight** Edition: Online Date: 13.09.2017

http://businessfortnight.com/financial-outreach-grows-with-mfis-working-as-business-correspondents-contributing-20-of-total-loans/

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Financial outreach grows with MFIs working as business correspondents contributing 20% of total loans

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Publication: **DeltaNTheta** Edition: Online Date: 13.09.2017

http://www.insight.deltantheta.com/micro-lenders-staring-at-rs-3000-crore-loss-due-to-demon-etisation/

Micro lenders staring at Rs 3,000 crore loss due to demonetisation

Posted on 13/09/2017 By admin

The finding was part of the Bharat Microfinance Report 2017, released by Sa-Dhan Wednesday.

Micro lenders staring at Rs 3,000 crore loss due to demonetisation

Source: ET STOCK

Publication: **BankingOnly** Edition: Online Date: 13.09.2017

http://bankingonly.com/news/mfis-role-as-banking-correspondents-pays-off_6443.html

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MFIs' role as banking correspondents pays off

By GK Gupta (ET) Place Chandigarh Update 14 Sep 2017

Reserve Bank of India's decision to allow micro finance institutions (MFIs) as business correspondents for banks is proving to be a success in ensuring steady flow of funds towards the unbanked sector despite the fact that several micro lenders face difficulty in raising growth capital.

Last fiscal saw 27 per cent growth in business correspondents with the share of this off-balance sheet portfolio for MFIs rising to 20 per cent from 13 per cent in the preceding fiscal, according to data from the Bharat Microfinance Report 2017.

Publication: **Bullfax** Edition: Online Date: 13.09.2017

http://www.bullfax.com/?q=node-financial-outreach-grows-mfis-working-business-correspo

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FINANCIAL OUTREACH GROWS WITH MFIS WORKING AS BUSINESS CORRESPONDENTS CONTRIBUTING 20% OF TOTAL LOANS

Wed, 09/13/2017 - 03:46 EDT - *The Economic Times*

RDF10

Reserve Bank of India's experiment with micro finance institutions (MFIs) as business correspondents for banks is proving to be a success in ensuring steady flow of funds towards the unbanked sector. The fiscal that has gone by saw 27% growth in the business correspondents with the share of BC portfolio of MFIs rising to 20% from 13% in the preceding fiscal, according to data from the Bharat Microfinance Report 2017 released today. Both banks and the MFIs, which enjoy the last mile connect with an cost effective delivery model, are benefited. It's become easier for banks to fulfil their priority sector obligations through indirect lending while MFIs earn fee income with committed flow of bank funds to improve their outreach.

The gross loan portfolio of 168 MFIs including both NBFC-MFIS and NGO-MFIs stood at Rs 46,842 crore. This was excluding the portfolios of Equitas, Ujjivan Financal Services and four other MFIs which have transformed themselves into small finance banks. In 2015-16, the industry gross portfolio was at Rs 63,853 crore, with these six large MFIs contributing Rs 24,034 crore.

Publication: **Shafaqna** Edition: Online Date: 13.09.2017

http://in.shafaqna.com/EN/05506568

MFIs clock 18% growth

The Indian microfinance industry has clocked 18% growth, after excluding six large Microfinance institutions (MFIs) that turned Small Finance Banks(SFBs).

According to Sa-Dhan s Bharat Microfinance Report-2017, the gross loan portfolio of the m

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Publication: **GeneralPublic** Edition: Online Date: 13.09.2017

http://generalpublic.online/2017/09/13/micro-lenders-staring-at-rs-3000-crore-loss-due-to-de-monetisation/

Micro lenders staring during Rs 3000 crore detriment due to demonetisation

By **Webadmin** - September 13, 2017 38 0

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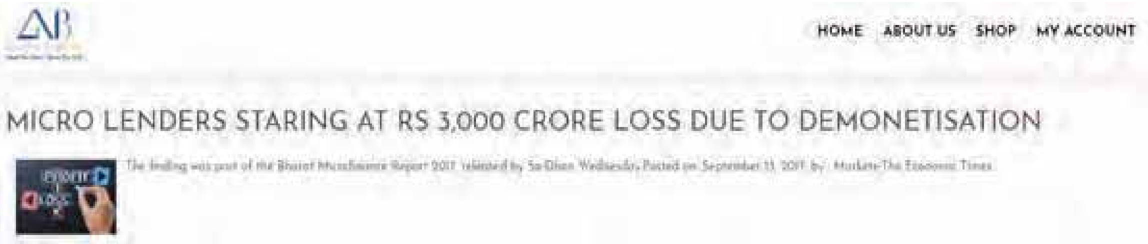
Kolkata: The microfinance zone is staring during around Rs 3,000 crore detriment due to demonetisation led non amends of dues, pronounced Sa-Dhan, a organization of village growth financial institutions.

Publication: **AskAlphaBeta** Edition: Online Date: 13.09.2017

https://www.askalphabeta.com/2017/09/13/micro-lenders-staring-at-rs-3000-crore-loss-due-to-demonetisation/



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MICRO LENDERS STARING AT RS 3,000 CRORE LOSS DUE TO DEMONETISATION

The finding was part of the Bharat Microfinance Report 2017 released by Sa-Dhan Wednesday. Posted on September 13, 2017 by : Markets-The Economic Times

Publication: **KhasKhabar** Edition: Online Date: 13.09.2017

http://business.khaskhabar.com/business-news/microfinance-industry-growth-rate-18-per-cent-255968-BKN.html%204

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माइक्रोफाइनेंस उद्योग की वृद्धि दर 18 फीसदी

Source : business.khaskhabar.com | Sep 14, 2017 |

नई दिल्ली। सा-धन की 'भारत माइक्रोफाइनेंस रिपोर्ट-2017' के मुताबिक, स्मॉल फाइनेंस बैंक बन चुके छह बड़े एमएफआई को छोड़कर भारतीय माइक्रोफाइनेंस उद्योग ने 18 फीसदी की दर से वृद्धि की है।

31 मार्च, 2017 तक भारत में माइक्रोफाइनेंस उद्योग का कुल लोन पोर्टफोलियो 46,842 करोड़ रुपये रहा। 2015-16 में उद्योग का कुल मूल्यांकन 63,853 करोड़ रुपये रहा जहां छह बड़े एमएफआई ने 24,034 करोड़ रुपये का योगदान दिया।

Publication: **Vishva Times** Edition: Online Date: 13.09.2017

http://hindi.vishvatimes.com/microfinance-industry-growth-rate-18-percent

माइक्रोफाइनेंस उद्योग की वृद्धि दर 18 फीसदी

September 13 2017

Publication: **IANS Hindi** Edition: Online Date: 13.09.2017

http://hindi.ianslive.in/index.php?param=news/माइक्रोफाइनेंस_उद्योग_की_वृद्धि_दर_18_फीसदी-561962/वयापार/5

माइक्रोफाइनेंस उद्योग की वृद्धि दर 18 फीसदी

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नई दिल्ली, 13 सितम्बर (आईएएनएस)। सा-धन की "भारत माइक्रोफाइनेंस रिपोर्ट-2017" के मुताबिक, स्मॉल फाइनेंस बैंक बन चुके छह बड़े एमएफआई को छोड़कर भारतीय माइक्रोफाइनेंस उद्योग ने 18 फीसदी की दर से वृद्धि की है।

31 मार्च, 2017 तक भारत में माइक्रोफाइनेंस उद्योग का कुल लोन पोर्टफोलियो 46,842 करोड़ रुपये रहा। 2015-16 में उद्योग का कुल मूल्यांकन 63,853 करोड़ रुपये रहा जहां छह बड़े एमएफआई ने 24,034 करोड़ रुपये का योगदान दिया।

Publication: **Daily Hunt** Edition: Online Date: 13.09.2017

https://m.dailyhunt.in/news/india/hindi/aaj+ki+khabar-epaper-aajkikha/maikrophainens+udyog+ki+vriddhi+dar+18+phisadi-newsid-73242895

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भारत माइक्रोफाइनेंस रिपोर्ट, 2017 के बारे में सा-धन के कार्यकारी निदेशक पी. सतीश ने बुधवार को कहा, पिछले वित्त वर्ष के दौरान आई बाधाओं के बावजूद इस क्षेत्र ने सकारात्मक वृद्धि की है। आने वाले वर्ष क्षेत्र के लिए अत्यधिक महत्वपूर्ण साबित होंगे क्योंकि बड़े एमएफआई के पास स्मॉल फाइनेंस बैंक या बैंकों में तब्दील होने की संभावना है और नई कंपनियां इस क्षेत्र में प्रवेश कर रही हैं। एमएफआई समाज के पिछड़े तबकों को गरीबी से बाहर लाने और उनकी आर्थिक आजादी को लेकर प्रतिबद्ध हैं।

Publication: **AajKiKhabar** Edition: Online Date: 13.09.2017

http://www.aajkikhabar.com/?p=181281

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