

# MicroSave India Focus Note 68

## "SBI Tatkal"- From Cash to Cash Cow

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What Maggi is to Nestle, Lifebuoy is to HUL, Alto is to Maruti and Horlicks is to GSK, perhaps "Tatkal" is to Eko. Ever since this direct deposit product was launched in August 2010 by Eko,<sup>1</sup> it has emerged as the flagship product for this Delhi based business correspondent (BC) and technical service provider (TSP), providing technology for m-banking and agent based financial inclusion services. As Amit Mehta, Head - Sales & Distribution (Delhi-NCR) at Eko says, further corroborating the buoyant mood at Eko regarding this service, "This is one product where we call the shots, and piggyback other ones on our channel partners comfortably".

### What is SBI Tatkal?

Tatkal is an instant money transfer service that allows customers to deposit cash into any regular SBI branch based account at all existing Eko-SBI customer service providers<sup>2</sup> (CSPs) in Delhi, Bihar and Jharkhand. An SBI Mini Account (sourced by Eko for SBI) is not required, and the recipient only needs to have a SBI account for Tatkal to work. The customer is charged a flat Rs. 25 fee per transaction (this is same as the charge paid for a Tatkal transaction at any SBI "non-home" branch – a branch other than the branch where the recipient's account is held) with a limit of Rs.10,000 per account per day.

### How Does This Work?

Tatkal literally means "this moment" or instant. In Eko's case, it is a fast track way of depositing cash into a remote bank account, which can, at times, take hours owing to long queues in bank branches. It is a simple two step process.

**Step 1:** A customer visits the CSP with the cash to be deposited. The CSP dials a USSD (Unstructured Supplementary Service Data) numeric string from his mobile phone to register the 11 digit account number - \*543\*11 Digit SBI A/c Number\*Depositor Mobile Number\*Receiver's Mobile Number (optional)#.

**Step 2:** The CSP dials another USSD string to deposit money into the SBI A/c registered - \*543\*11 Digit SBI A/c Number\*Amount\*CSP OkeKey with PIN#.

The first step returns the name of the beneficiary which is used by the CSP to confirm with the depositor. The

actual deposit is completed in the second step. Once the transaction is completed the sender and the recipient receive a confirmation SMS on the mobile number(s) registered. Customers have to pay the service charge of Rs. 25 upfront.

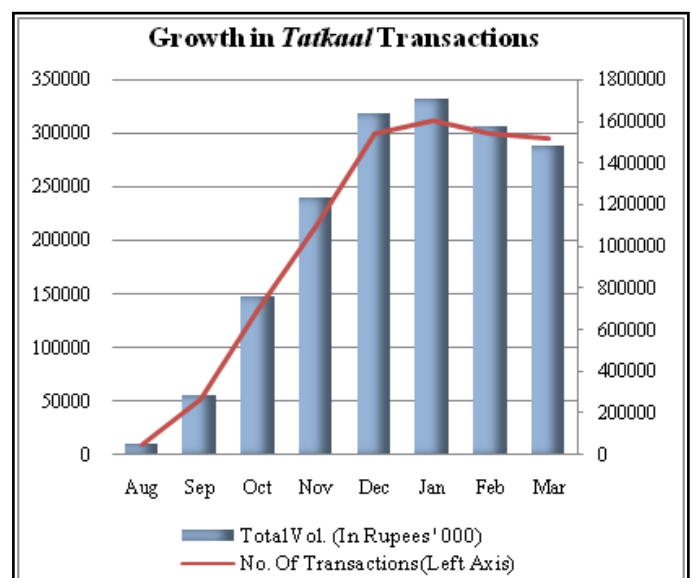
### User Profile

The target segment for this product includes migrant labors, daily wage workers, self-employed and small entrepreneurs working in the cities. Most customers use this service for remittance purposes (by depositing cash in the recipient's bank account), while others use it to make deposits in their own account. Remittances are mostly for personal use, but a small fraction also uses it to remit business payments. The average transaction size ranges from Rs.2,000-5,500. Typically the services are used by customers on a fortnightly or monthly basis.

### Numbers Speak!

The growth and popularity of this new offering has been impressive. There has been a steady growth in both number and value of transactions since August 2010, when Tatkal was launched. CSPs have reported daily deposits over Rs.80 million each day in Delhi area alone. Transactions of more than Rs.8.7 billion have been made through this service till March 2011 with close to 1.6 million transactions. This service is being offered at more than 800 CSPs today.

### Reasons for Growth



<sup>1</sup>Eko Aspire Foundation, is a Business Correspondent (BC) for State Bank of India (SBI), authorized to offer selected banking services under BC model of R.B.I of 2006.

<sup>2</sup>Customer Service Points or CSPs are Eko authorised agents, typically a kirana shop, telecom, medical shop offering selective banking services.

This growth has been achieved in a relatively small time frame when compared to other m-banking products in India, despite minimal marketing investments from Eko and SBI (banners at CSP outlets and canopy promotions have been used especially near SBI branches). This may be attributed to:

1. A “Pull” strategy: The product addresses one of the major pain points for banking customers. As discussed in [India Focus Note 29 “Potential for M-Banking Enabled Migrant Remittances”](#), increasingly remitters (that form the majority of *Tatkal* users) are using banking channels to make remittances. However, long queues at the branches and limited branch network as well as branch timings make this a daunting task. *Tatkal* at an Eko CSP is a way to speed up the process: where Eko has rolled out, there are many more SBI-Eko CSPs than bank branches and they all tend to work during hours when branches have shut; queuing in branches may take hours; visiting a CSP agent takes less than five minutes.
2. *Word-of-mouth marketing*: The top sources of information for the new users are either local SBI staff who direct clients to the nearest CSP location or friends/fellow remitters who have used the service. Both are credible sources of information which have helped establish trust in and authenticity of the service.
3. *Good user experience*: A good first-hand experience that is far more convenient than the earlier use of branch-based transactions and equally secure has further helped reinforce the trust. This has further helped the word-of-mouth marketing.

### The Value Proposition

SBI-Eko’s *Tatkal* product offers a strong value proposition for all stakeholders - a puzzle yet to be resolved by many m-banking implementations across the globe.

1. **Banks** have managed to de-congest over-crowded banking halls by cutting the long queues of remitters in urban centres. They are no longer afraid of losing their more affluent customers because of congested branches and can use the branch space optimally.
2. **Eko** has increased its customer base and thus visibility with this new product. This has also significantly added to its revenues.
3. **Customers** can enjoy quick and hassle free transactions.
4. **Agents** or CSPs experience a reasonably good footfall without the need for aggressive personal selling. The increased footfall also gives them an opportunity to sell other products (like stationery, or FMCG goods at a pharmacy) as well as SBI’s No Frills Account sourced through Eko.

### Road Ahead

In future, Eko seeks to optimise the visibility it has gained from this product. Eko’s system can now reach any part of the country that has a SBI branch. *Tatkal* has proved that there is a market for demand-based customised services that offer significant value addition. For BCs and more importantly the agents, this helps achieve volumes and thus, an improved business case. Furthermore, the uptake of this product clearly demonstrates the hidden potential of mobile money in India. If the proposed Interbank Mobile Payment System (IMPS) from National Payments Corporation of India (NPCI) is successfully introduced, this could be the foundation for a revolution in financial inclusion in India.<sup>3</sup>

#### Turbo-Tatkal CSP!

This picture is of a CSP in a semi-urban area Delhi. Located at a distance of half a kilometre from a SBI branch, he manages to service 50 to 100 *Tatkal* transactions everyday with average transaction size of Rs.5,000- 6,000. Most of the customers got to know about him from the SBI branch.



**How does he manage this?** He has transformed his shop into a four-man, super-efficient *Tatkal* processor where one person records customer and transaction details in the register and the second makes real time transfer and accepts cash. The other two service the non-Eko customers at the shop.

To service these transactions he loads Rs.500,000 of e-money every day onto his mobile account. This is a sizeable increase in his investment in Eko. In return, his commissions increased significantly. In one month his commissions jumped from Rs. 18,000 to Rs. 30,000!

Increased footfall brings an attractive opportunity – to capture the cash flowing in at receivers and senders end by routing it through the savings products available at the same CSP.<sup>4</sup> Additional products like small ticket size loans can be offered in due course, based on transaction history of customer. This will not only broaden the revenue stream of Eko as a BC, but also allow the bank to leverage the platform to widen their product range for these customers.<sup>5</sup>

<sup>3</sup>For more details see *MicroSave’s India Focus Note 61 “Interbank Mobile Payment System: Will It Catalyse Financial Inclusion?”*

<sup>4</sup>For more details refer to *MicroSave’s India Focus Note 65 – “Successful Banking Correspondents Need a Compelling Product Mix”*

<sup>5</sup>Look out for the next second IFN on SBI’s *Tatkal* for more on this.