



Financial Literacy Project in Digitally Enabled Vattavada Gram Panchayat, Kerala

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Acknowledgement

MicroSave has developed this report with support of **National Payments Corporation of India (NPCI)**. NPCI is an umbrella organisation for all retail payments systems in India. It was incorporated in 2008 under the guidance and support of the Reserve Bank of India (RBI) and Indian Banks' Association (IBA).

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Abbreviations

AEPS	Aadhaar-Enabled Payment System
BC	Business Correspondent
BHIM	Bharat Interface for Money
FL	Financial Literacy
KGB	Kerala Gramin Bank
MDR	Merchant Discount Rate
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Scheme
NPCI	National Payments Corporation of India
RBI	Reserve Bank of India

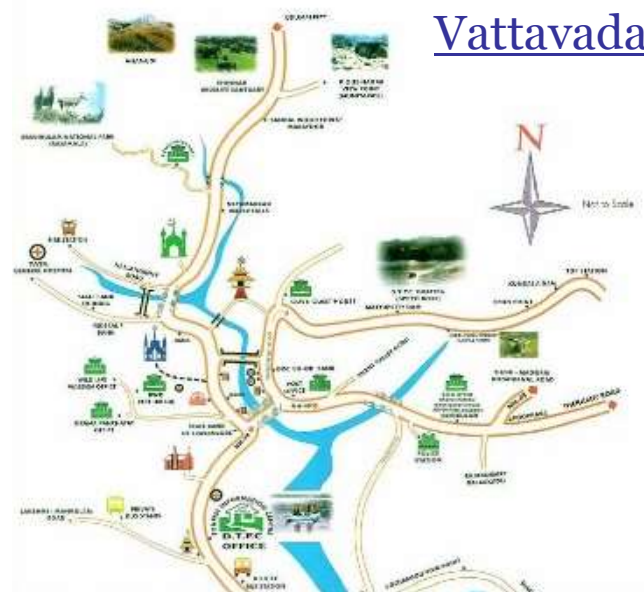
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Kerala



Vattavada





Summary

Background

National Payments Corporation of India (NPCI) is an umbrella organisation for all the retail payments system in India. It was incorporated in 2008 under the guidance and support of the Reserve Bank of India (RBI) and Indian Banks' Association (IBA). Since its inception, NPCI has launched a range of services such as the National Financial Switch (NFS), Immediate Payment Interface (IMPS), Cheque Truncated System (CTS), National Automated Clearing House (NACH), Aadhaar-Enabled Payment System (AEPS), Unified Payment Interface (UPI), Electronic Benefit Transfer and a domestic card payment network, namely, RuPay. The most recent offering has been Bharat Interface for Money (BHIM) application, which rides on the IMPS / UPI infrastructure.

Recently, NPCI and *MicroSave* collaborated to provide technical assistance to Kerala Gramin Bank (KGB) to transform the Vattavada gram panchayat in Idukki district into 'less-cash panchayat'. As part of this *four-week* duration project, NPCI, along with *MicroSave*, conducted a two-day financial literacy campaign to build awareness around the concepts of 'digital products and services', mainly BHIM Aadhaar and AEPS to the last-mile customers of the gram panchayat.

Vattavada gram panchayat, situated in the Devikulam block of Idukki district in the state of Kerala, consists of two villages, namely, Koviloor and Kotakamboor, along with a small hamlet named Vattavada. The panchayat is famous for its horticulture and production of a wide variety of fruits and vegetables, including apple, orange, strawberry, blackberry, plums, gooseberry, egg fruit, peach and passion fruits. Located 45 km east of Munnar, Vattavada, is also frequented by tourists from all parts of the country, which makes tourism a key economic activity.

In terms of the banking infrastructure available at Vattavada, there are two bank branches in the region: District Cooperative Bank, which has been present for quite some time now, whereas Kerala Gramin Bank branch at Koviloor village was recently set up in December 2016, to cater to Vattavada panchayat. Kerala Gramin Bank has two BC outlets in Vattavada, while a BC outlet of Union Bank of India is also present in the region. There are around 40 small shops in the panchayat. The panchayat has two schools – a government and a private school.

The project started with secondary research to gather baseline information of the panchayat. A scoping visit to Vattavada was conducted as part of primary research, in order to understand the current status of usage of digital channels for payments and status of financial inclusion. This was followed by planning of phase-wise interventions and discussion with banks and panchayat opinion leaders on the execution of the financial literacy campaign. A two-day financial literacy campaign on BHIM Aadhaar and AEPS was conducted, after which regular updates were sought from banks on the progress. This note provides a brief on the activities that were carried out during the project to attempt to make Vattavada the first digitised panchayat in the state of Kerala. The residents of the panchayat expressed their readiness and willingness to access the new-age digital channels and solutions brought under them. They also participated in large numbers to understand BHIM Aadhaar and AEPS. KGB bank ensured that their staff were present all times to explain the benefits of the products and resolve participant queries and issues faced during the literacy campaign.

Further, impact evaluation (a diagnostic output level assessment) has been planned by KGB, NPCI and *MicroSave* in the month of July–August 2017, in order to ascertain the acceptance of "less-cash" modes of payment by the populace. This will be done by assessing change in usage pattern of AEPS, BHIM Aadhaar, as well as by finding the overall knowledge-level, behavioural and attitudinal change towards digitised modes of payments. Based on the first financial literacy workshop conducted in the region a few recommendations have also been given in the report that will help to take "less-cash" drive ahead.

Key Objective

Key Objective of the project is to increase the adoption of digital channels (such as AEPS and BHIM Aadhaar) and facilitate their regular usage.

Goals



To Gauge and understand the **behavioural attitude** of the populace for digital and “less-cash” solutions.



To identify probable issues and challenges pertaining to **implementation of AEPS and BHIM Aadhaar** in the panchayat



To facilitate the residents of the panchayat to appreciate the importance of digital channels and support its regular usage in their daily lives.



To provide actionable **solution** to the community for their day-to-day **transaction issues** (especially issues raised due to demonetisation)

To provide **live training and hand-holding** support to banks (KGB) in on-boarding the members of the local community on AEPS and BHIM Aadhaar.





Phase-wise Implementation

Phase 1: Baseline Indicators

In order to assess the impact of the financial literacy campaign in the target area, the panchayat level baseline data was shared by Block Development Officer, Devikulam block. The data points given in the table below formed the basic parameters to determine the progress of the panchayat towards a digitised or “less-cash” panchayat. These data points are as of May 2017. Based on base-line information, NPCI, along with *MicroSave*, intends to conduct impact evaluation study a couple of months after the financial literacy workshop is organised.

Baseline Indicators in Vattavada ¹ (May 2017)	Unit	Details
Total population of panchayat (includes 2 villages and a hamlet)	#	15,000
Number of bank accounts	#	KGB- 3,368 DCB- 6,376
Number of Aadhaar-seeded accounts	#	KGB- 3,368 DCB- 3,234
Mobile phone penetration (Panchayat)	#	2,870
Number of mobile number seeding in bank accounts (KGB)	#	2,134
Number of self-help groups (SHGs)	#	123
Number of ATM machines in panchayat	#	2
Number of mobile or micro ATMs in panchayat	#	3
Number of debit cards issued (KGB)	#	862
ATM transactions (cumulative volume for Jan’17 to Apr’17), KGB	#	1,146
AEPS transactions (cumulative volume for Jan’17 to April’17), KGB	#	697
BHIM Aadhaar transactions*	#	-
Business Correspondents	#	KGB- 2 DCB- 1

* BHIM Aadhaar has been recently introduced hence no transactions have been recorded

Source: BDO, Idukki Kerala, Idukki District Cooperative Bank (DCB), KGB

Phase 2: Scoping Visit

In order to ascertain the overall readiness of the region and to plan areas of intervention to create a less-cash ecosystem, a *MicroSave* team collected the following information (data in the table above) on FI parameters with support from KGB and NPCI: penetration of bank accounts, percentage of Aadhaar-seeding in the bank account, availability and usage of ATMs in the panchayat, percentage usage of mobile phones, awareness and usage of digital transactions, and voice/data network connectivity.

MicroSave carried out semi-structured interactions² with the members of the local community from diverse backgrounds in order to get a clear perspective of the local economy and the financial transaction related behaviour of the population. Semi-structured interviews were conducted with local farmers and shop keepers (fertiliser shops and grocery shop owners). Most of the people have farming as a predominant source of income. Since many in the region are tenant farmers, they live from hand-to-mouth with limited daily wages. The surplus income for the farmers who had their own land is either

¹ Data received from the BDO, Devikulam block, accessed on 26th April, 2017

² Using market research tools

deposited in the bank accounts (at Kochi or Munnar) or invested for the next season farming inputs. Getting loans from the informal sources (typically the agriculture commodity merchants of Tamil Nadu) was quite prevalent, in which case credit was given to farmer without any collateral. The price for their produce is ‘fixed’ before the start of season and this is the price at which the farmer later sells his produce to the merchant (from whom he borrows). Getting formal loans from banks is an issue for farmers because of lack of proper land records in the region (as communicated by farmers).

MicroSave captured information on income and expenses at the household level. This included information on major sources of cash inflows and outflows, size and frequency of each household transaction. Farming is the predominant activity in the region, people usually do not go in for other sources of income like dairy farming or animal husbandry. It was found that on an average farmer’s income from one season of harvest (3-4 months) hovers around Rs 100,000, whereas his expenditure for the same duration hovers around Rs 75,000³. The rest of the money is usually invested for buying agriculture inputs for the next season or saved in the bank account.

Kerala Gramin Bank recently opened a branch in Koviloor village on December 31, 2016 to cater to Vattavada panchayat residents. Since its opening, the branch has opened more than **3,700 Aadhaar-seeded savings bank accounts** through eKYC out of the total population of 15,000. However, only 10% of these bank accounts are seeded with mobile phone numbers, which is mainly on account of low mobile phone penetration in the panchayat. BSNL is the only voice and data network provider available in the Vattavada gram panchayat.

A detailed list of transaction conducted from Dec 2016 to May 2017 through AEPS and bank branch is provided in the table below.

Transactions at Branch (KGB, Vattavada)						
Month	AEPS				Bank Counter	
	Deposit Transactions		Withdrawal Transactions		Deposit Transactions	
	Volume (number)	Value (in INR)	Volume (numbers)	Value (in INR)	Volume (numbers)	Value (in INR)
December'16					9	2,800
January'17	14	17,950	47	148,150	325	231,250
February'17	46	144,900	51	193,100	591	383,040
March'17	49	221,127	61	214,630	370	403,129
April'17	24	140,359	405	555,335	130	294,067
May'17	30	NA	319	NA	78	NA
Grand Total	163	524,336	883	1,111,215	1503	1,314,286

Source: Kerala Gramin Bank

Considering AEPS has been launched recently by KGB, the transactions have shown a steady increase till March'17. The decrease in deposits (through AEPS and bank branch) in Apr'17 is majorly due to the off-season in agriculture produce for the residents. During the off-season, since the cash inflows are low, the usual trend gets skewed towards cash withdrawal as compared to in a harvest season, where people get cash inflows which are used for spending and savings.



³ (This information was gathered through informal interview with farmers, in order to gauge the income and expense pattern. The figures have been quoted for farmers who have their own land. Farming is the predominant activity in Vattavada)

A total of **846 account holders** were issued ATM RuPay cards till May'17. The transactions at the ATM for this year till April'17 is provided in the table below.

Transactions at ATM (KGB, Vattavada)			
Month	Value (in INR)	Volume (in numbers)	Average Ticket Size (in INR)
January'17	103,000	45	2,289
February'17	729,500	260	2,806
March'17	1,111,800	430	2,586
April'17	947,400	411	2,305

Source: Kerala Gramin Bank

KGB has been distributing ATM RuPay cards to their account holders. Data shows that villagers are actively using the ATM installed in their panchayat. The data points mentioned above will form the basis of comparing the impact of the intervention from the month of May to July'17.

Project monitoring indicators used in measuring the baseline data are provided in [Annexure 1](#). These indicators will be used again during the monitoring and impact assessment in July-Aug'17.

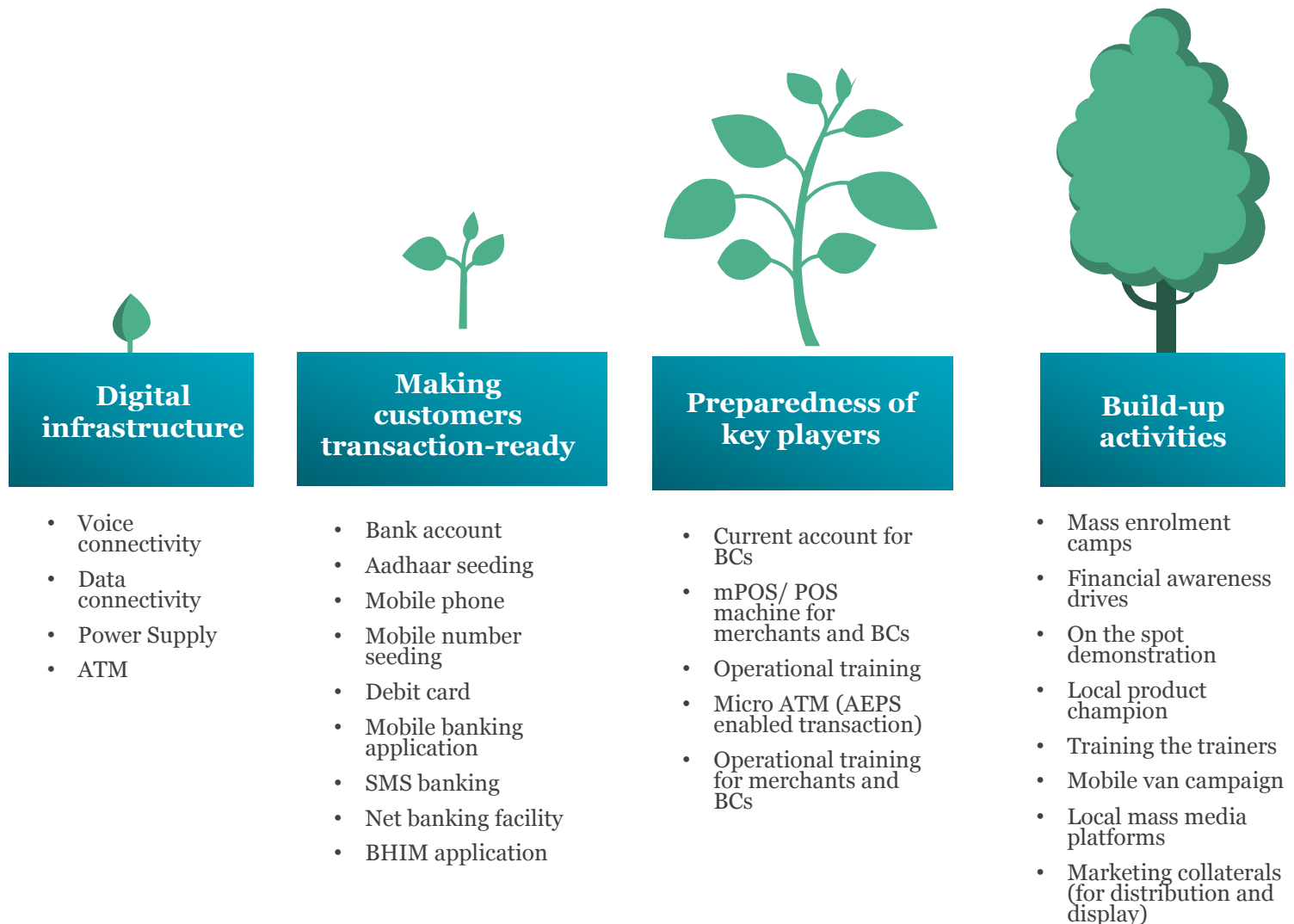
Phase 3: Going Cashless

The project '**Digitally Enabled Vattavada Gram Panchayat**' aims at complete digitisation of Vattavada gram panchayat. *MicroSave*'s experience of working in financial inclusion across the globe suggests that there are a few vital elements which drive less-cash projects.

- **Digital Infrastructure:** Any front-end user interface used by the customer for making transactions is termed as Alternate Delivery Channel (ADC). These include ATMs, mobile phones, POS machines etc. All ADCs require the exchange of financial or non-financial information between the bank and the customer, which typically occurs over communication channels connecting the ADC and the back-office component at the bank. All this communication is possible only with the help of a seamless telecommunications infrastructure (includes voice and data connectivity). Communication channels also include internet connectivity provided by mobile networks or leased lines. Hence communication channels form the backbone of any cashless experiment in villages (or cities).
- **Making end-customers transaction-ready:** Customers, who form the central entity in the digital channels, should be taught and motivated. Customers have different options amongst the list of ADCs available and should be comfortable with accessing any of these. Merchants and BCs play a major role in educating and motivating customers. This is a key pre-requisite for digitisation experiments. Customers need to be informed about the various digital payment modes available to them, so that it can generate interest and eventually result in successful adoption of the digital mode of transactions.
- **Preparedness of key players:** As enablers of digital transactions, the business correspondents (BCs) and merchants need to be supported with front-end devices such as POS, mobile phones and biometric machines. Their buy-in and comfort level to accept and make digital transactions is extremely important in digitisation experiments. It is extremely essential to earn the buy-in of the bank managers, staffs and the local governance at the panchayat. They are the opinion leaders (change agents) who drive and motivate the village residents towards adopting latest technology. Therefore, the roles and responsibilities of each key actor cannot be ignored and everyone forms an important link towards digitising the panchayat.

- **Build-up activities:** Finally the build-up activities form a key part for information dissemination. It is mainly targeted at improving the visibility of the initiative through local stakeholder interactions and active campaigning of various digital payment modes.

MicroSave developed the following conceptual framework to carry out this cash-less intervention in Vattavada.



Once the elements of the framework were identified, NPCI and *MicroSave* executed the activities in a systematic manner with support from all the actors at each phase. The most important deliverable of the project was a Financial Literacy (FL) workshop conducted in Vattavada for two days. KGB gave support extensively throughout the project till the FL workshop was conducted successfully.

❖ Digital Infrastructure

This project did not get into the realm of improving the digital infrastructure of the panchayat. The focus of the project was on facilitating adoption of digital channels – BHIM Aadhaar and AEPS – which worked satisfactorily in the available digital connectivity. Even though there can be scope in improving data and voice connectivity in the region, the analysis around this was outside the scope of this project.

❖ Making customers transaction-ready

KGB played a key role in the project, ensuring that the customers are transaction-ready. Most of this activity was done by KGB before the financial literacy (FL) workshop conducted by *MicroSave* and NPCI. Since the KGB branch at Vattavada is a relatively new one, almost all bank accounts were Aadhar seeded. Before the workshop week, KGB ensured that the customer bank accounts were linked to their mobile numbers as well (as this is a pre-requisite for any digital transactions with BHIM or AEPS). The bank had also setup a kiosk prior to and during the workshop to issue RuPay cards to customers and seed their *Aadhaar* number and link the mobile numbers to their bank accounts. The linking of Aadhar and bank account continued in the FL workshop days as well.

❖ Preparedness of key players: BCs and Merchants

KGB played a key role in ensuring the BCs were ready before the FL workshop. KGB provided training on regular intervals to its two BCs, to help them overcome the operational issues during transactions. KGB had earmarked the merchants who would be given biometric machines for conducting digital transactions via BHIM Aadhaar transactions. Also, a merchant was identified to conduct mPOS based transaction. KGB is also considering to waive MDR charges, in order to promote BHIM Aadhaar.

❖ Build-up Activities

There were many activities which were conducted as a part of build-up activities for the Financial Literacy workshop. There was extensive support from KGB and NPCI in planning, designing and executing this build-up phase which culminated in the successful conduct of the FL workshop.

Marketing and Promotion

In consultation with NPCI and *MicroSave*, KGB sponsored a mobile van to promote and market the financial literacy workshop well in advance in the villages of Vattavada gram panchayat, namely Vattavada, Koviloor, Kotakamboor, Pazhathottam, and Chilingthiar. A pre-recorded audio message was broadcast for four days prior to the campaign to appraise the villagers about the dates and the venue of the workshop.

Banners promoting AEPS and BHIM Aadhaar were displayed at the bank branch, ATMs, local shops in the market and at the venue of the workshop a week in advance. This extensive promotion played a significant role in creating buzz amongst the villagers to inquire about and participate in the workshop.



Training the KGB Staff

NPCI, along with *MicroSave*, conducted a Training of Trainers (ToT) session for the bank's staff in vernacular language. The ToT session enabled the bank's staff to act as support trainers in the FL workshop. The same staff members would be resource personnel for the bank at a later stage.

Financial Literacy Workshop

The workshop was inaugurated by Mr Radhakrishnan Nair (General Manager, KGB), Mr Achuthan Kutty (Regional Manager, KGB, Ernakulam), and Mr S. C. Kumar (Vattavada Panchayat, Standing Committee Chairman).

The workshop started with assessment of the current level of financial knowledge and digital modes of accessing finance in residents' daily lives.

Participants were asked questions such as:

- In which branch do they maintain their savings/ current bank accounts?
- How far is the bank's branch and ATM from Vattavada?
- How much time and cost do they incur while travelling to the branch and ATM?
- What are the key challenges faced in transacting at the bank branch and ATM?
- What are the expectations from this workshop?



Participants shared that majority of them maintained savings/ current bank accounts at KGB's branch at Munnar, located around 50 km from Vattavada. Some participants from the audience also opined that it takes an entire day to travel and return from the bank branch with travel expenses of at least Rs. 100. Apart from the direct travelling cost, villagers also lose an opportunity to work for a day. Thus, accessing their account through AEPS or BHIM Aadhaar at Vattavada will not only cut down the pain of travel, but also help villagers earn their livelihood for that day.

This workshop introduced the concept of AEPS and BHIM Aadhaar to the participants.

AEPS

NPCI along with *MicroSave* explained to the audience that AEPS promoted by KGB would help them minimize the hassles experienced while travelling to main city or transacting at a bank branch. In order to make audience understand the processes, a video on AEPS was played and the participants were briefed about the features, benefits and processes associated with AEPS. Participants were explained how AEPS can lead to faster transactions which are secure. Importance of finger prints and biometric authentication were explained in detail.

Various other benefits, as mentioned below, were also explained in detail:

- No need of carrying debit cards
- Avoidance of losing/stealing ATM PIN
- Transactions can be done at Vattavada without travelling to Munnar or other places, thereby saving time and money
- All the transactions can be recorded in the passbook and ready acknowledgement of transactions through SMS (if mobiles are registered).



After a video session, live demonstrations were conducted by inviting volunteers from the participants. Volunteers were made to enter their Aadhaar details in the AEPS device (POS) and instant

withdrawal of money was demonstrated in order to instil confidence. Bank staff and business correspondents did all the transactions to familiarise villagers of the services BC can provide at their door step.

BHIM Aadhaar

Session on AEPS was followed by a session on BHIM Aadhaar. The concept of BHIM Aadhaar was introduced as “**cashless shopping**”. Audience were explained the benefits of using BHIM Aadhaar in terms of the ease of buying goods without using cash. It was explained that BHIM Aadhaar would lead to reduction in cash carrying risk, better money management using digital payments and will lead to reduction in problems with change/*chutta*. The video on the same was shown to the audience, followed by a demo transaction using the BHIM Aadhaar mobile which was facilitated by the merchant.

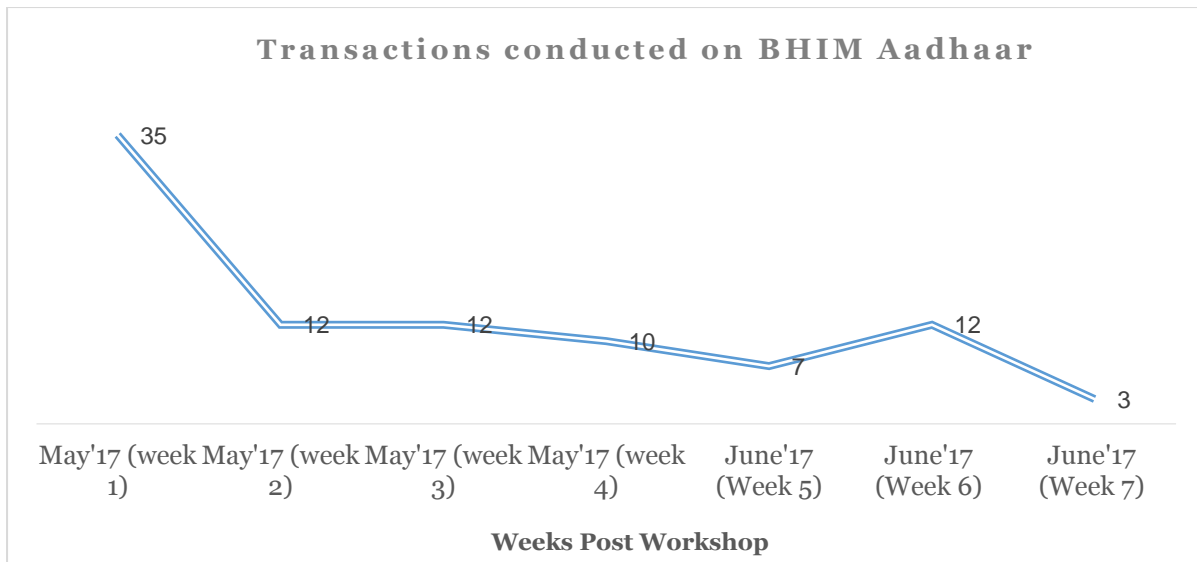
Mr. S. C. Kumar (Vattavada Panchayat, Standing Committee Chairman) inaugurated the first BHIM Aadhaar device for grocery merchant – Mr Prabhudas. He also conducted two successful transactions. He then talked briefly about the need/benefit of moving towards a digital economy and that importance of the financial literacy camp aimed at increasing awareness on the newly introduced modes of digital transactions using Aadhaar. He also requested the audience to endorse the learnings from the camp as the campaign can be a success only if people start using both the channels for regular transactions.

Biometric devices were given to two more merchants by KGB apart from the grocery shop owner. One of the merchant is involved in mobile recharge business and thus is expected to have good volume of business despite small ticket size per transaction.

KGB branded caps were gifted to all the participants who attended the workshop. This was followed by an informal question answer session. The audience was thrilled and excited to share their understanding of the channels.

Given below is the usage pattern of BHIM Aadhaar post-workshop. The two graphs show the weekly trend of usage as well as the ticket size of the transactions which were done through BHIM Aadhaar.



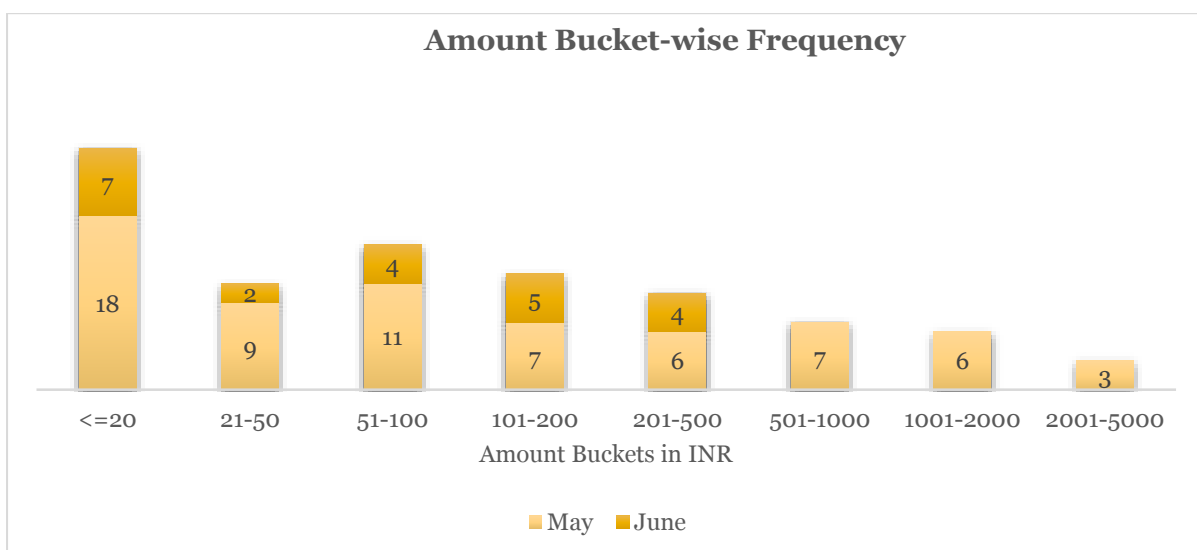


Source: KGB Bank

A drop in the expenditure pattern can be attributed to the rainy reason which forces panchayat residents to stay indoors (because of less commercial activity).

Apart from the environmental reasons, the decreasing trend also emphasises that a continuous push is required for people to adopt digital transactions instead of cash transactions. The emphasis on digital transactions can be through various continued efforts such as driving financial literacy, incentivising digital transaction both to merchants and customers, and so forth.

It is observed that the ticket size of maximum number of transactions is below Rs. 20, clearly reflecting two aspects. One, that people are still risk-averse in using technology. Therefore they prefer to test the technology by conducting small ticket size transactions. Secondly, people may be wanting to attain comfort level in digital modes by conducting low-value transactions at merchant points. Payment instruments such as BHIM Aadhaar, BHIM, USSD and the Bharat QR has a huge potential in rural settings such as Vattavada owing to the ease in usability and restricted transaction limits.



Source: KGB Bank

Villagers Speak!

The live demonstration transaction using AEPS and BHIM Aadhaar increased enthusiasm among villagers. A small on-the-spot quiz was conducted in order to gauge the understanding of participants during the session. KGB distributed their branded caps to the audience. Following the demonstration, the audience were asked to raise any questions/queries with regards to AEPS and BHIM Aadhaar. The level of inquisitiveness of the population for the new concept introduced can be seen from some questions mentioned below.



Will the bank staff assist me in doing transaction if my finger prints are not recognized?

What is the withdrawal limit using Aadhaar?



If the bank is closed and if the BC is not available what will I do with Aadhaar?

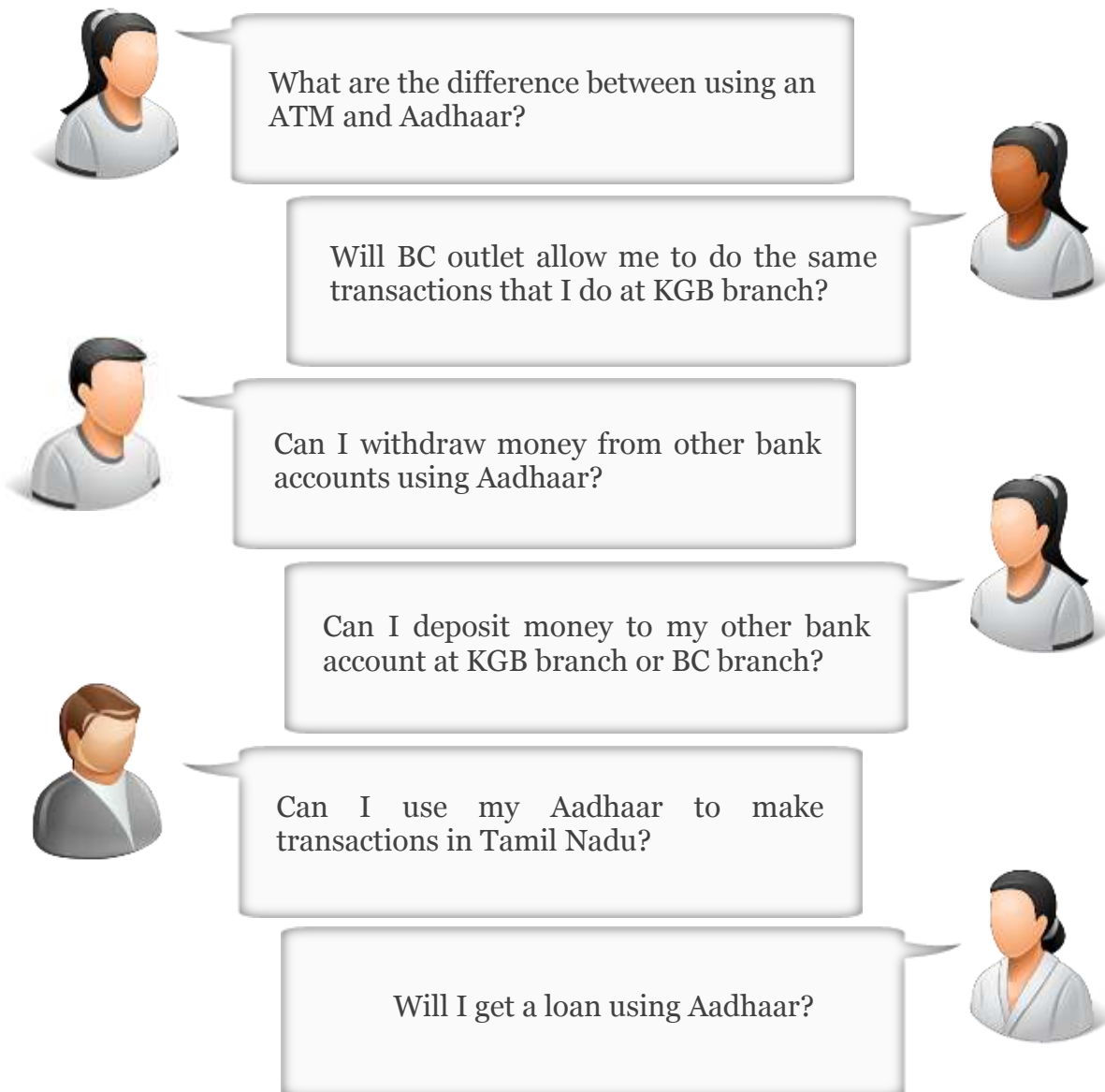
As a merchant, during peak hours, would it be possible for me to just ask the finger print of the customer to finalize the transaction, without entering the Aadhaar number and other details?



Is there any service charge if I use Aadhaar to pay at merchant's outlet?

What are the benefits of using the device for a shop keeper?





Business Correspondents

KGB formally introduced its business correspondents, Ms. Narmada and Mr. Satish to the participants of the workshop. The audience were told that the transactions done at KGB branch can also be done at the BC outlets. KGB staff also mentioned that they would appoint more BCs depending on the transaction volumes, thus enabling door-step banking for every resident of Vattavada.

Live transaction for each of the use cases like cash-in, cash-out, money transfer was demonstrated live with the help of BC on screen to instil confidence in public.

A feedback was taken from the participants regarding the quality of training conducted. The feedback format used is mentioned in [Annexure 2](#).



Coverage and Impact

The financial literacy camps conducted for two days shows that the idea of cashless payments and withdrawal through AEPS was accepted with a lot of enthusiasm by villagers and merchants. However, a lot more needs to be achieved, especially in terms of increasing awareness and enhancing knowledge on different use-cases among residents for a smooth operation. The first workshop has been positively received by the villagers who accepted increase in their meaningful awareness on digital transactions. Most of the villagers also agreed that they usually receive information only after visiting a bank or a shop in Cochin. Many also opined that it was the first time such an organised communication was conducted in their panchayat. They agreed to carry their Aadhaar card to the bank to withdraw money or buy from a merchant having BHIM Aadhaar application.

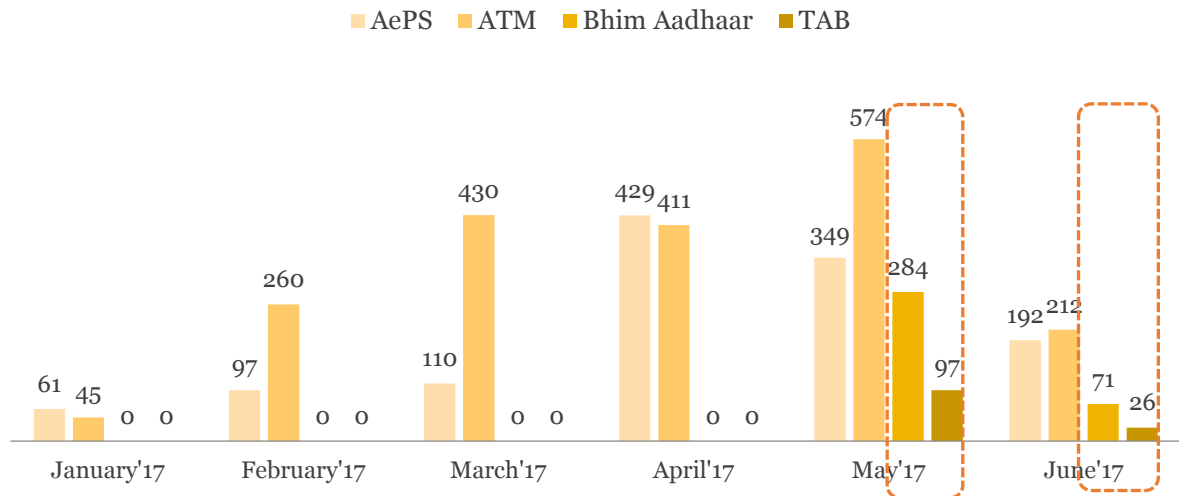
Merchants showed readiness to accept cashless payments via BHIM Aadhaar. A total of three merchants were given free POS devices by KGB. Merchant Discount Rate (MDR) has also been waived off by the bank for a period of few months. Bank also assures to continue to waive off the charges in order to promote the cashless transactions.

Mr. Radhakrishnan Nair (General Manager, KGB) appreciated NPCI and *MicroSave* for facilitating the workshop and giving KGB a platform to interact with the villagers on a mass scale. He also recognised that such workshop will not only help to increase acceptance of digital payment, but also provide KGB staff an opportunity to facilitate face-to-face interaction with all those who do not have bank accounts. Thus, such workshops actually ensure meaningful financial inclusion. A local news daily also covered the whole event.

<p>ഗ്രാമീൺ ബാങ്ക് കാമ്പയിൻ</p> <p>അയ്യൂർ: ഇടപാടുകാരന്റെ ആധാർ നമ്പരും വിരലടയാളവും ഉപയോഗപ്പെടുത്തിക്കൊണ്ടുള്ള പണമടപാട് കാമ്പയിൻ വട്ടവടയിൽ ആരംഭിച്ചു. ആധാർ ബന്ധിതമായിട്ടുള്ള അക്കൗണ്ടിൽനിന്ന് മറ്റ് അക്കൗണ്ടിലേക്ക് സുരക്ഷിതമായി പണം കൈമാറി വ്യാപാര നടത്താൻ വളരെ ലളിതമായി കഴിയുന്ന തരത്തിലാണ് സംവിധാനം നടപ്പിലാക്കുന്നത്. ഏതു ബാങ്കിൽ അക്കൗണ്ടുള്ളവർക്കും ഇത്തരത്തിൽ വട്ടവടയിലെ ഗ്രാമീൺ ബാങ്ക് ശാഖയിൽ പണമടപാട് നടത്താം.</p> <p>കേരള ഗ്രാമീൺ ബാങ്കിന്റെയും നാഷണൽ പേമെന്റ് കോ-ഓപ്പറേഷൻ, സന്നദ്ധ സംഘടനായ കൈക്രോ സേവ് എന്നിവയുടെയും സംയുക്ത ആഭിമുഖ്യത്തിലാണ് കാമ്പയിൻ നടക്കുന്നത്.</p>	<p>ഗ്രാമീൺ ബാങ്ക് കാമ്പയിൻ</p> <p>അയ്യൂർ: ഇടപാടുകാരന്റെ ആധാർ നമ്പരും വിരലടയാളവും ഉപയോഗപ്പെടുത്തിക്കൊണ്ടുള്ള പണമടപാട് കാമ്പയിൻ വട്ടവടയിൽ ആരംഭിച്ചു. ആധാർ ബന്ധിതമായിട്ടുള്ള അക്കൗണ്ടിൽനിന്ന് മറ്റ് അക്കൗണ്ടിലേക്ക് സുരക്ഷിതമായി പണം കൈമാറി വ്യാപാര നടത്താൻ വളരെ ലളിതമായി കഴിയുന്ന തരത്തിലാണ് സംവിധാനം നടപ്പിലാക്കുന്നത്. ഏതു ബാങ്കിൽ അക്കൗണ്ടുള്ളവർക്കും ഇത്തരത്തിൽ വട്ടവടയിലെ ഗ്രാമീൺ ബാങ്ക് ശാഖയിൽ പണമടപാട് നടത്താം.</p> <p>കേരള ഗ്രാമീൺ ബാങ്കിന്റെയും നാഷണൽ പേമെന്റ് കോ-ഓപ്പറേഷൻ, സന്നദ്ധ സംഘടനായ കൈക്രോ സേവ് എന്നിവയുടെയും സംയുക്ത ആഭിമുഖ്യത്തിലാണ് കാമ്പയിൻ നടക്കുന്നത്.</p>	<p>Translation</p> <p>Gramin Bank Campaign</p> <p>Campaign promoting transactions using customers' Aadhar number and fingerprints have started in Vattavada. The campaign allows easy and secure transfer of money between Aadhar linked bank accounts, thereby facilitating business and other transactions. Any bank account holder can conduct similar transactions at the Kerala Gramin Bank branch at Vattavada.</p> <p>The Campaign is conducted jointly by KGB, NPCI and <i>MicroSave</i>.</p>
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Below data points clearly show the performance of BHIM Aadhar and AEPS post the FL workshop.

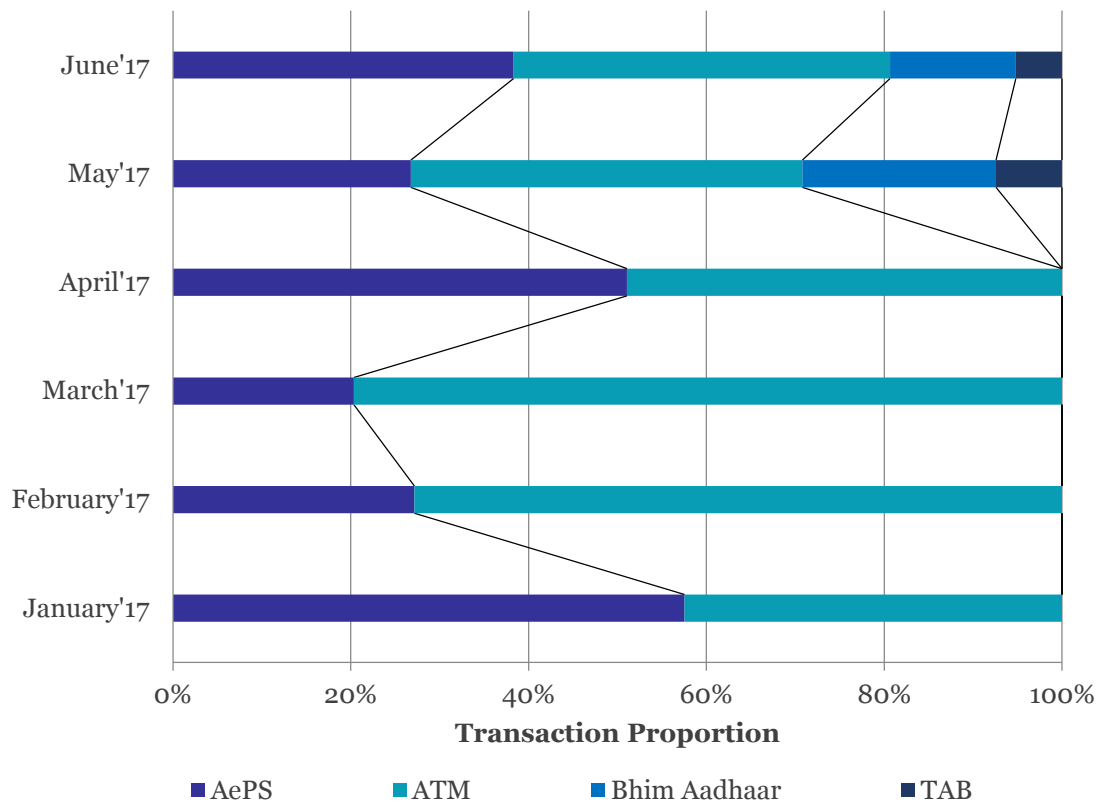
Transaction Trend by Numbers in Vattavada



Source: Kerala Gramin Bank

We expect the numbers to grow significantly in the coming months as KGB will be conducting refresher workshop sessions, similar to the one conducted by *MicroSave* and NPCI. ⁴

Transaction Trend by proportion in Vattavada



⁴ TAB is the micro ATM launched by NPCI recently. The usage pattern in June has dropped as compared to the month of May because of the heavy rains in the region as people preferred staying indoors.



Recommendations and Next Steps

Key Recommendations



Increase in the number of access points where people can get access to the 'less-cash' mode of transactions such as BHIM Aadhaar. These access points can be grocery shops and stationery shops which deal in small ticket sizes.

Behavioural adaptation can take place only when people see value in adopting cashless means. Thus to increase the usage of cashless means, KGB must look at enabling BHIM Aadhaar transactions at other shops which make small ticket transactions. This would enable people to get additional comfort with digital transactions before moving to high value items such as buying fertilisers.

“ If Aadhaar machines in shops are able to get the exact amount, the problem of “chillara” (coins) can be avoided

”

“ If I had known I could withdraw cash from my SBI account in Munnar from here, I wouldn't have travelled so much

”

Increase the number of Financial Literacy camps to enhance meaningful awareness and help lead to behavioural change to get accustomed to cash-less means in the long term.



Regular camps: There is a strong need for regular FL camps which not only focus on awareness but also on the digital means of conducting transactions. It was observed that most of the villagers were not aware of digital means of payment. Low level of communication may also lead to malpractices, such as overcharging by retailers and confusion. Strong communication campaign in vernacular language at regular frequency needs to be designed to increase awareness among beneficiaries.

Regulate liquidity issues at Vattavada Branch: Bank needs to improve availability of cash at the branch. This will enable them to cater to all the customers in the region by preventing people from going to bank branch at Munnar or bank branches at Kochi.



Although the branch has been opened at Vattavada for quite some time now, there are serious liquidity management issues. The cash crunch is mainly because almost 90% of the transactions that happen are cash withdrawals. Villagers usually withdraw subsidy / cash transfer (through Direct Benefit Transfer schemes like Indira Awas Yojna, MGNREGA and many more) from KGB branch.

From the banks' perspective, a difficult terrain and presence of nearest KGB branch at Ernakulam, which is 120 km from Vattavada, makes it difficult for the bank staff to bring cash at a regular interval. There is no streamlined system to replenish cash at the branch at regular intervals. Cash transfer to branch depends on the movement of bank staff who visit Ernakulam branch at Cochin. This affects the cash availability at the BC outlet as well (liquidity issues)

Lack of cash at the BC outlet and branch not only compels the villagers to go to other branches, but also brings trust deficit on the working of the BC outlet (and hence systems such as AEPS).



Constant on-site support by KGB staff to the merchants using BHIM Aadhaar in order to keep the momentum and motivation of merchants high in case of operational glitches.

On-Site service by KGB – Post installation of biometric devices for facilitating BHIM Aadhaar transactions, KGB will have to strive to resolve operational issues in BHIM Aadhaar used by merchants. There is a need for tracking, monitoring, and analysis of the functional issues and developing standard operating procedures (SOPs) to solve them. These SOPs will help KGB when they replicate this at other locations.



Next Steps

- ❖ All the activities conducted during financial literacy training and digitisation workshop in Vattavada panchayat will be repeated by KGB at regular interval. *MicroSave* will be offering its advisory services as and when required.
- ❖ **Impact Assessment:** *MicroSave* will conduct a Diagnostic level output assessment using semi-structured methods of assessment; however the success / decline of parameters cannot be attributed to the financial literacy workshop alone. The impact assessment will also include transaction data analysis (of BHIM Aadhaar and AEPS) submitted by the banks. These data points will be provided by the bank and NPCI. In addition to this, semi-structured personal interviews and Focused Discussion Group will also be conducted by *MicroSave* in order to gauge the knowledge and attitudinal change of the populace post the workshop. A tentative plan has been mentioned below which will be finalised between KGB, *MicroSave* and NPCI.

Impact Analysis Tracker

The **table below** shows a list of activities (tentative) planned during the diagnostic output level assessment. It clearly mentions a detailed plan with different tasks, responsibility and support from different stakeholders. The impact assessment is laid out across one week with situational analysis and field level analysis.

Annexure 1: Project monitoring Indicators

These indicators will help identify the quantitative change in the usage pattern of populace for various digitised means.

Sr	Project Monitoring Indicators	May' 17	June' 17	July' 17	Aug' 17	Total
1.0	Readiness Indicators					
1.1	# of Bank accounts opened at KGB* till 1st August, 2017 (cumulative)					
1.1.1	# of Savings Accounts					
1.1.2	# of Current Accounts					
1.1.3	# of PMJDY Accounts					
	* includes BSBDA, CA, FDR, PMJDY, RD and other deposits/loan accounts					
1.2	% of Aadhaar number seeding in bank accounts (KGB)					
	# of Aadhaar number seeding in bank accounts (KGB) (cumulative)					
1.3	% of Mobile number seeding in bank accounts (KGB)					
	# of Mobile number seeding in bank accounts (KGB) (cumulative)					
1.4	# of Debit cards issued					
1.4.1	# of RuPay cards issued at KGB					
1.4.2	# Non PMJDY accounts RuPay cards issued at KGB					
1.5	% of RuPay debit cards activated by customers (KGB)					
	# of RuPay debit cards activated by customers					
1.6	# of merchant Point of Sale (POS) devices installed					
1.6	# of ATMs in the village					
1.70	# of mobile or micro ATMs in village					

Sr	Project Monitoring Indicators					
2.0	Performance Indicators - Volume and Value of Transactions					
2.1	Transactions at KGB branch					
2.1.1	Cheques					
2.1.2	NEFT					
2.1.3	IMPS					
2.1.4	RTGS					
2.1.5	Others (including cash deposits and withdrawals other than cheques)					
2.2	Transactions at merchant BHIM Aadhaar devices (Value)					
2.2.1	(Value) transactions using merchant BHIM Aadhaar device					

2.2.2	(Volume) transactions using merchant BHIM Aadhaar device					
2.3	Transactions at ATMs					
2.4	Transactions through AEPS					
2.5	Transactions through USSD interface (If being used)					
2.6	Any other digital transactions					
2.7	Others					
2.7.1	Number of cheque books issued by KGB (month-wise)					

Annexure 2: Training feedback guide

This feedback form was used to gauge the effectiveness of the training from the participants. KGB can use this format to effectively improve the effectiveness of their training to be conducted in other parts of Kerala.

Namaskar!

Our team has training you for the last x days on several financial education topics. We intend to conduct similar trainings across other places in India. For this, we would like to have a frank feedback from each one of you. This will help us to understand our shortfalls and areas of improvements. Our training courses are always being updated as we learn more from the experiences of participants such as you. We are very keen to get your feedback and recommendations on how to improve our trainings. Please help us by sparing a few minutes to give us information and give us your honest and forthright comments. Thank you.

(Optional) – You need not mention your name. Your feedback will be kept confidential and anonymous.

Name:

Name of Village:

Age:

Male / Female:

Marking Scale: 1: Very Poor 2: Poor 3: Reasonable 4: Good 5: Excellent

Did you attend the training: Yes / No

Reasons for Yes /No

Section I: Communication About the Training

Did you see the poster of this training in and around village?	1	2	3	4	5
Was an announcement made regarding the training?	1	2	3	4	5

Section II: Training Content, Design and Method

Did you like quality of presentations (Visual aid, if any)?	1	2	3	4	5
Did you understand voice in videos (Audio aid, if any)?	1	2	3	4	5
Were you comfortable with live demonstrations?	1	2	3	4	5
Was the discussions done by trainer clear to you?	1	2	3	4	5
Was it easy for you to understand the concept?	1	2	3	4	5
Were you comfortable with methodology used by trainer?	1	2	3	4	5
Are comfortable with the details covered for each product?	1	2	3	4	5
Did you understand the content of pamphlet given?	1	2	3	4	5
Will you attend the same training again if given a chance?	1	2	3	4	5
Would you recommend a similar training to neighbourhood?	1	2	3	4	5

Section III: Relevance of the Training

Did the training teach anything new to you?	1	2	3	4	5
Did you find training useful for day-to-day life?	1	2	3	4	5
Will you use financial products about which you learnt in your daily life?	1	2	3	4	5

Section IV: Training Quality:

Was the trainer able to solve your doubts?	1	2	3	4	5	
Was trainer able to give you live examples?	1	2	3	4	5	
Was the trainer clearly putting his points across?		1	2	3	4	5
Were you able to understand features of AEPS?	1	2	3	4	5	
Were you able to understand features of BHIM?	1	2	3	4	5	
Were you able to understand features of Aadhaar Pay?	1	2	3	4	5	

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