

Money Purse Handbook





Executive summary

The self-help group (SHG) model in India is an important government initiative that enables access to finance for low-income households in rural areas. SHGs have been instrumental in improving the financial health of households while empowering women to participate actively in household financial decisions. The key processes involved in the SHG value chain include recording SHG meeting proceedings, savings collection and loan repayment, recordkeeping of transactions, and loan application. However,

most SHG members have limited digital and financial literacy to adhere to the parameters defined by the government for SHGs to avail of loans.

Money Purse is a product developed by Anniyam Payment Solutions to resolve these issues SHG members face by digitizing various processes across the SHG value chain. This handbook provides an overview of the solution Money Purse, its product offering, and its purpose.

The document is divided into three sections:

Product

Money Purse has strong product development team that has built an end-to-end digitization process for SHGs, while highlighting the customers' voice to the product.

Proposition

The Money Purse team has used its expertise in SHGs and financial inclusion. Its pilot in Dharmapuri, Tamil Nadu, shows the potential to address the challenges SHGs grapple with.

Purpose

Money Purse intends to serve as the definite doorstep financial solutions provider for India's rural women. It has impacted stakeholders across the SHG journey, including SHG members, BCs, and banks.

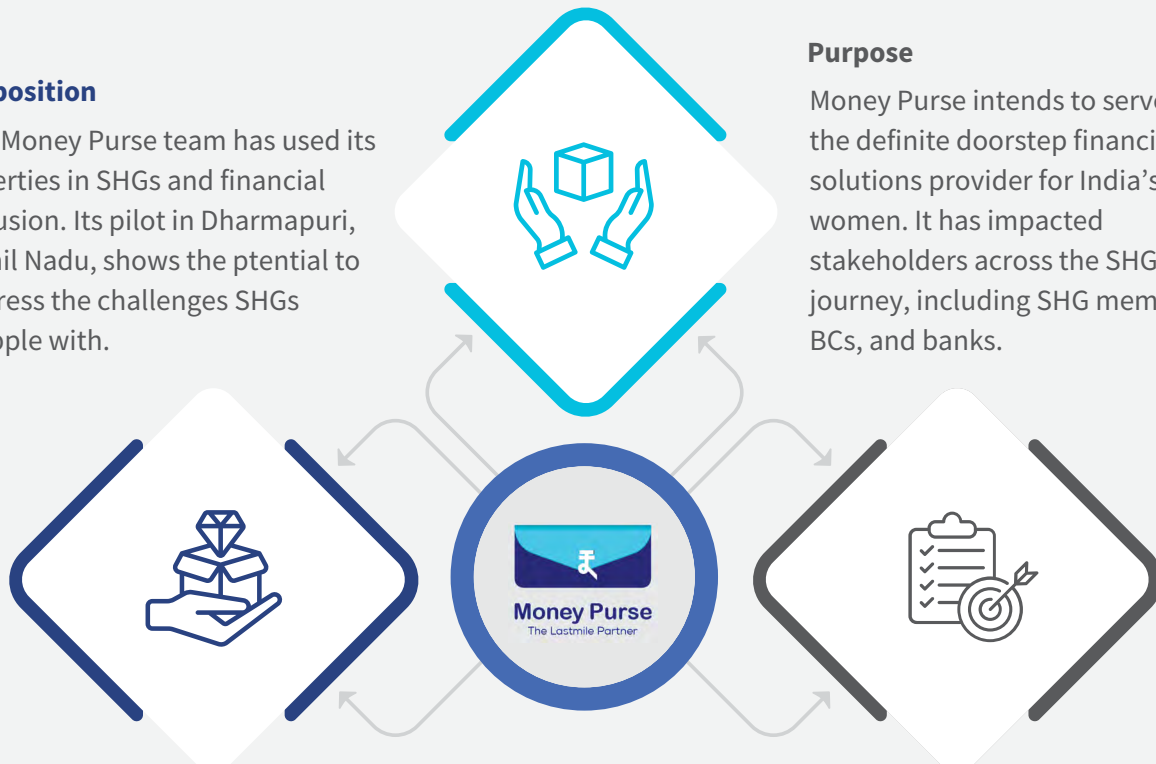


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1

Setting the context



India runs one of the world’s most extensive poverty alleviation initiatives through the SHG model. So far, government initiatives have mobilized more than 12 million SHGs to enable financial access through capacity-building for productive livelihoods. These SHGs have impacted 67 million-plus individual women and covered 140 million households. The SHG-Bank

Linkage Program (SHG-BLP) is the National Rural Livelihood Mission (NRLM)’s core initiative under the Ministry of Rural Development. The program’s implementation receives support from State Rural Livelihood Missions (SRLMs), National Bank for Agriculture and Rural Development (NABARD), World Bank, and other international foundations as critical partners.

An SHG group’s key activities include:

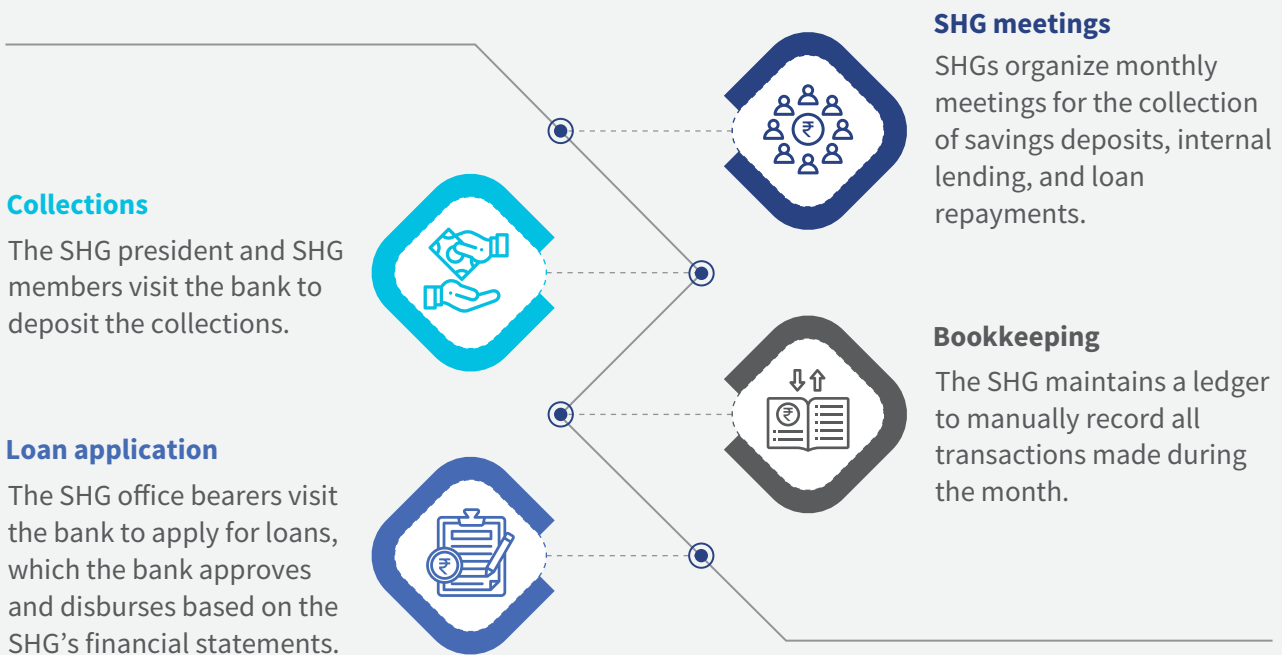


Figure 1: An SHG’s key activities

The efforts by various stakeholders, especially NRLMs and banks, have helped pull millions of women out of absolute poverty. As per a NABARD report, more than INR 997.29 billion (USD 12 billion) was disbursed as loans to SHG groups during 2021-22. However, the report suggests that SHGs continue to suffer a credit gap of 43.33%. A core issue that restricts an SHG’s growth is the

lack of end-to-end digitization of its functioning. In the past, NABARD and, most recently, NRLMs have increased the pace of digitization. But they face several challenges due to a lack of on-ground infrastructure, SHG office bearers’ limited capability, the system’s complexity due to multiple stakeholders involved, and the lack of suitable available solutions.

The SHG platform's potential is unlimited given the aggregation of large groups of women members—it can give wings to the entrepreneurial journey of millions of women by opening up opportunities, using their group strength, and linking members' aspirations with the country's growth.

Realizing SHGs' potential

Imagine a scenario where 12 million SHG groups and more than 64 million SHG members are digitally connected for daily financial and non-financial transactions. Imagine these 64 million-plus women who are part of the SHGs can show their entire transaction history and attendance record with the SHGs to a lender and secure an individual loan to start a business.

If these SHG members access the ONDC (Open Network for Digital Commerce) platform, they could sell their locally produced or manufactured goods to another institutional or retail buyer. In the process, they would enrich their transaction history further and get a chance to secure higher

Under the current process, individual members do not have their SHG transaction data to seek an individual business loan. Rural women's aspirations today are no less than their urban counterparts. But traditional operations still limit the SHG platform, severely restricting members' capacity.

loans and expand the business.

Digitization can realize these scenarios by transforming SHGs and supporting entities to evolve into sustainable and scaling organizations. SHGs are a robust platform that awaits transformation—its ripple effects can be significant. But it all depends on the last-mile digitization with a system that has buy-in from all stakeholders. This is what the founders of Anniyam Payment Solutions Private Limited have been trying to do through their Money Purse platform.



2

Introducing Money Purse



Annyam Payment is a Coimbatore-based FinTech startup with solid capabilities in technology development. It works in financial inclusion under its brand name and product, Money Purse, a first-of-its-kind neobank for SHGs.

Annyam Payment works to digitize end-to-end processes for SHGs through Money Purse. The founders have rich expertise in SHGs and financial inclusion, which helps them understand the SHGs’ needs and their livelihood requirements. Money Purse has been conducting several pilots

to demonstrate end-to-end digitization’s benefits for SHG operations.

The Money Purse platform allows all financial and non-financial transactions. It includes instant group savings account opening, real-time savings collections, loan repayments, instant internal and bank loan disbursement, and automated attendance. It also permits transaction-based digital bookkeeping, automated grading, and digital document generation based on digital transaction data from SHGs and their members.

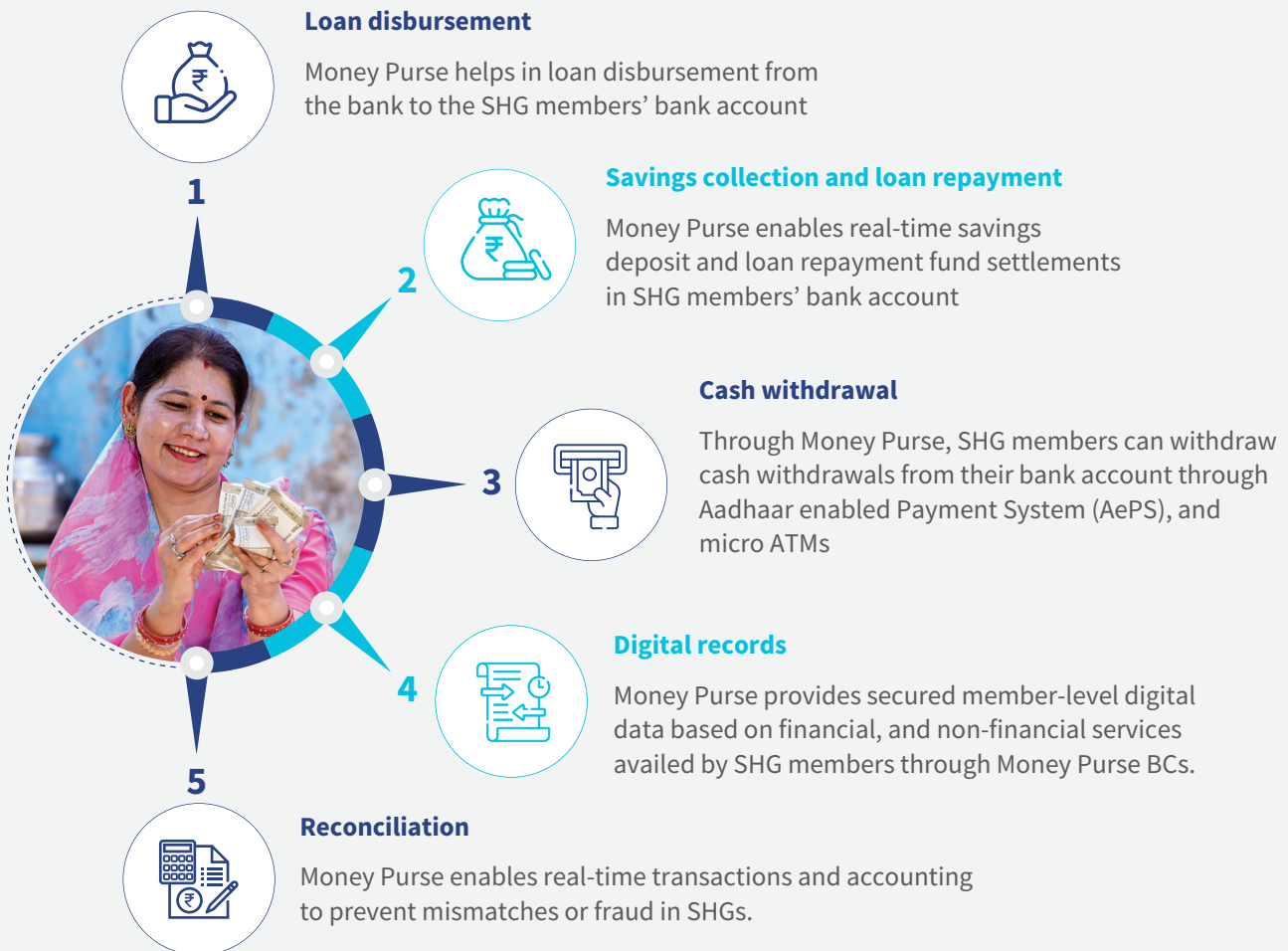


Figure 2: Financial services offered by Money Purse to SHGs

Money Purse system onboards an SHG member as a Human Banking Specialist (HBS) to provide SHG-related financial and non-financial services to the SHG members through doorstep banking at zero cost to them. Money Purse intends to mobilize last-mile agents to use the Money Purse solution to digitize the SHG value chain.

The HBS can include SHG members onboarded by Money Purse as BCs, agents appointed

by a bank or BCNM, and NRLM village-level bookkeepers (VLBs)¹. The HBS can log in to Money Purse with a login password in a PoS (point of sale) machine. Besides PoS, Money Purse also allows the HBS to download the software on their smartphone and link it with a biometric and printing device at a third of the cost of a PoS (~INR 7,000 or USD 900).

This handbook provides an overview of Money Purse’s solution, its product offering, and its purpose:

Product

The product section details the Money Purse solution and its role across the SHG value chain.

Money Purse has a strong product development team that has built an end-to-end digitization process for SHGs, while highlighting the customers’ voice to the product.

Proposition

The proposition section includes details of the pilot and its role in revolutionizing SHGs.

The Money Purse team has used its expertise in SHGs and financial inclusion. Its pilot in Dharmapuri, Tamil Nadu, shows the potential to address the challenges SHGs grapple with.

Purpose

The purpose section covers Money Purse’s impact on SHG stakeholders.

Money Purse intends to serve as the doorstep financial solutions provider for India’s rural women. It has impacted stakeholders across the SHG journey, including SHG members, BCs, and banks.

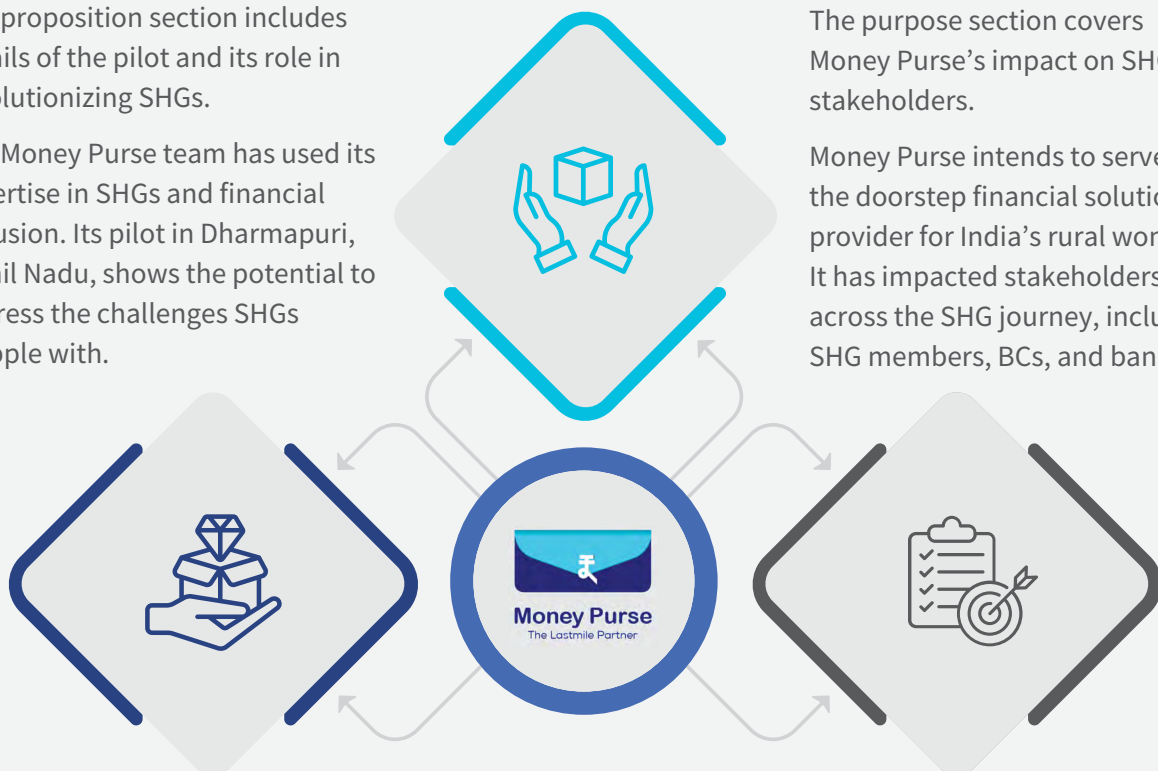


Figure 3: Overview of Money Purse

¹In this document, we use the term HBS to include last-mile agents as defined above.



3

Proposition

3.1. Challenges faced by SHGs before the Money Purse pilot:

Money Purse conducted a pilot in Tamil Nadu’s Dharmapuri district. The SHGs in Dharmapuri faced several challenges across their journey. These included a high volume of physical documentation, loss of a day’s

wage to deposit collections at the bank, lack of accounting expertise, and difficulty for the bank to assess and evaluate SHGs’ creditworthiness.

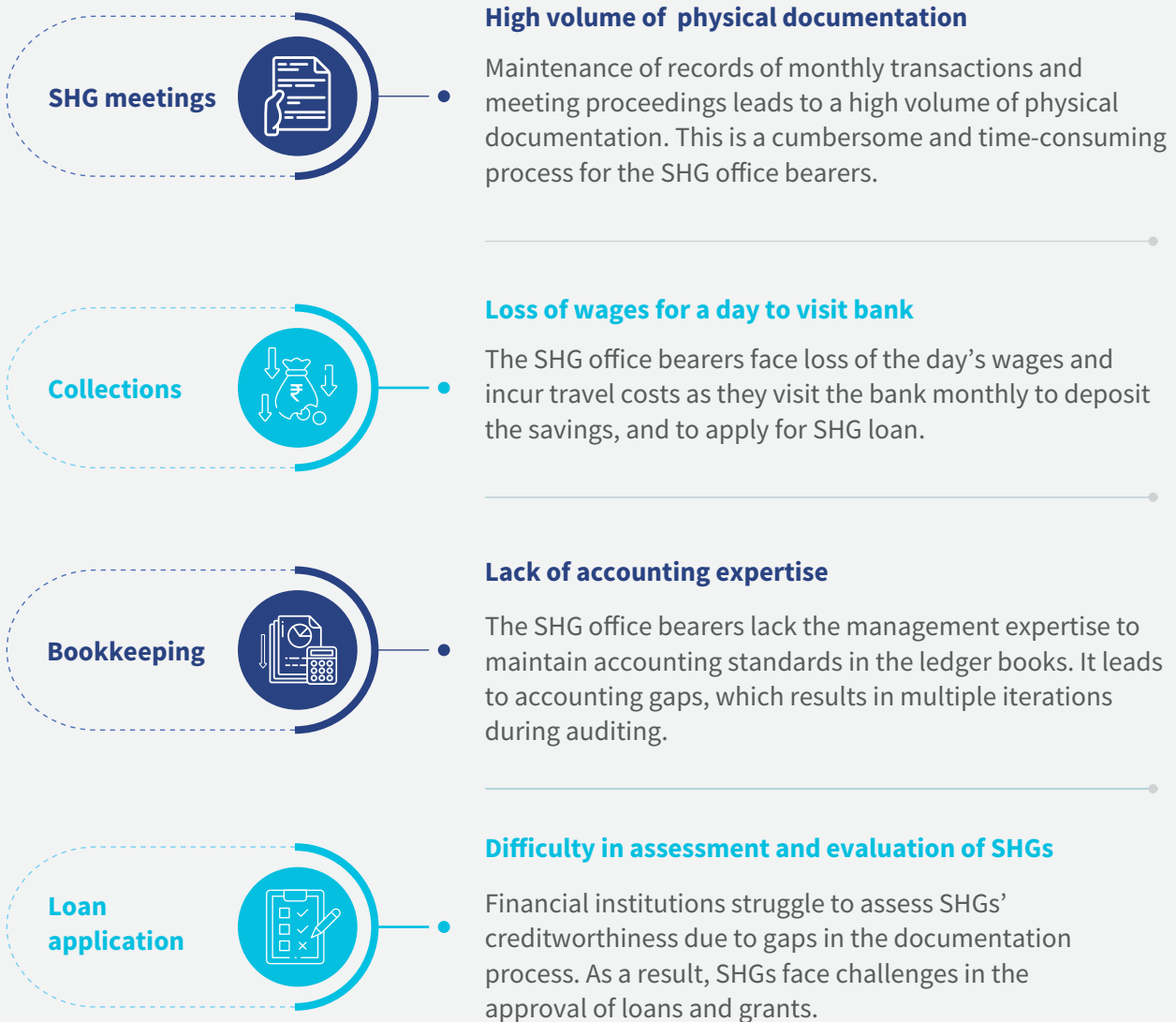


Figure 4: Key challenges faced by SHGs

3.2. Proof of concept

Money Purse conducted a pilot to build a proof of concept for its model in June 2022. The pilot has been running in the Dharmapuri district of Tamil Nadu’s Harur taluk with 51 SHGs as of January 2023.

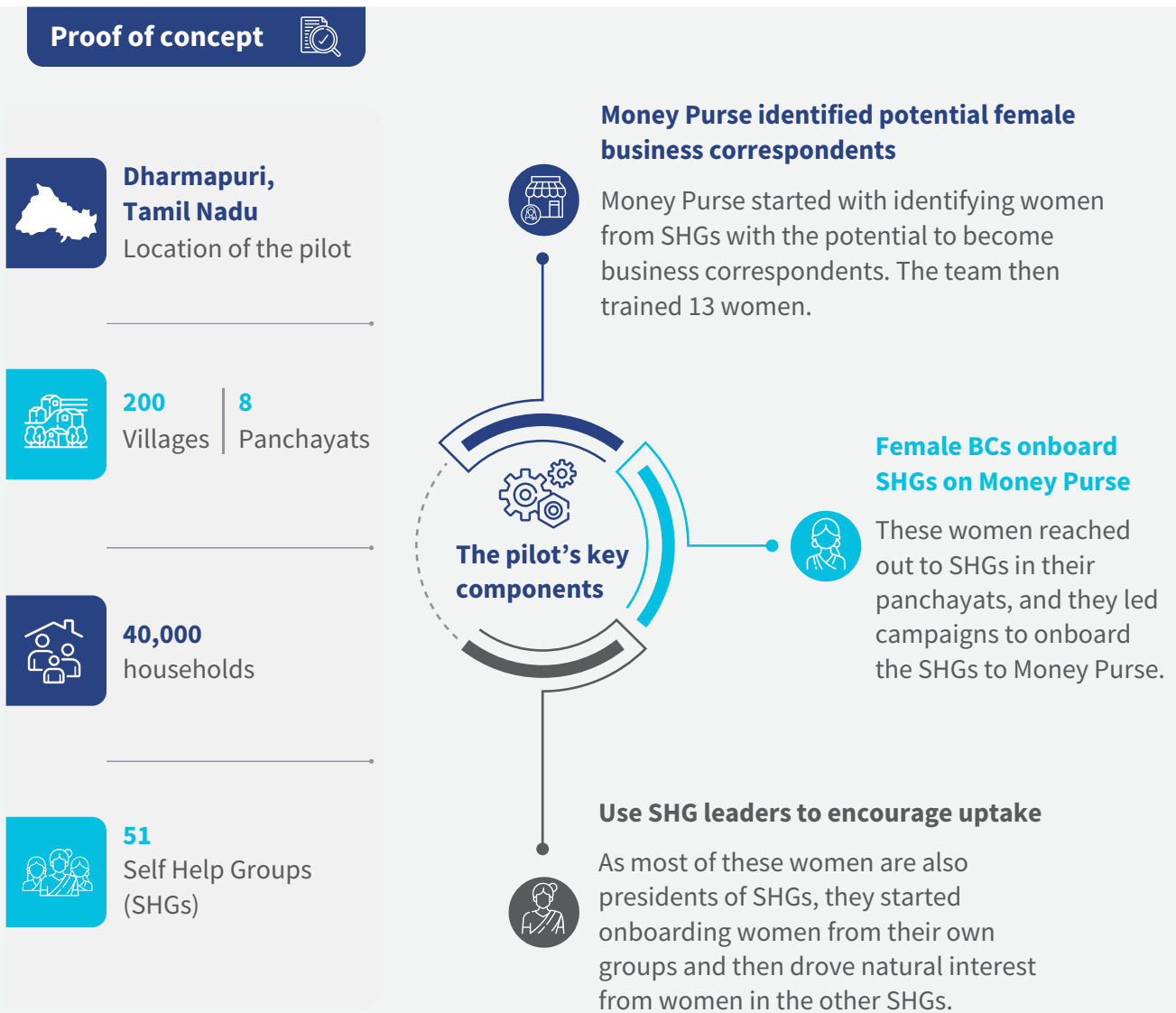


Figure 4: Proof of concept through a pilot at Dharmapuri, Tamil Nadu

Money Purse supports core initiatives under the SHG program, such as SHG-BLP and the principles of *panchasutra*², to evaluate and grade SHGs digitally. Product and process innovations developed by fintechs must emerge from various startups to help accelerate the financial inclusion of low-income women.

²Panchasutra includes regular meetings, regular savings, internal lending, regular repayments, and bookkeeping.

3.3. How has Money Purse transformed SHGs using its solution?

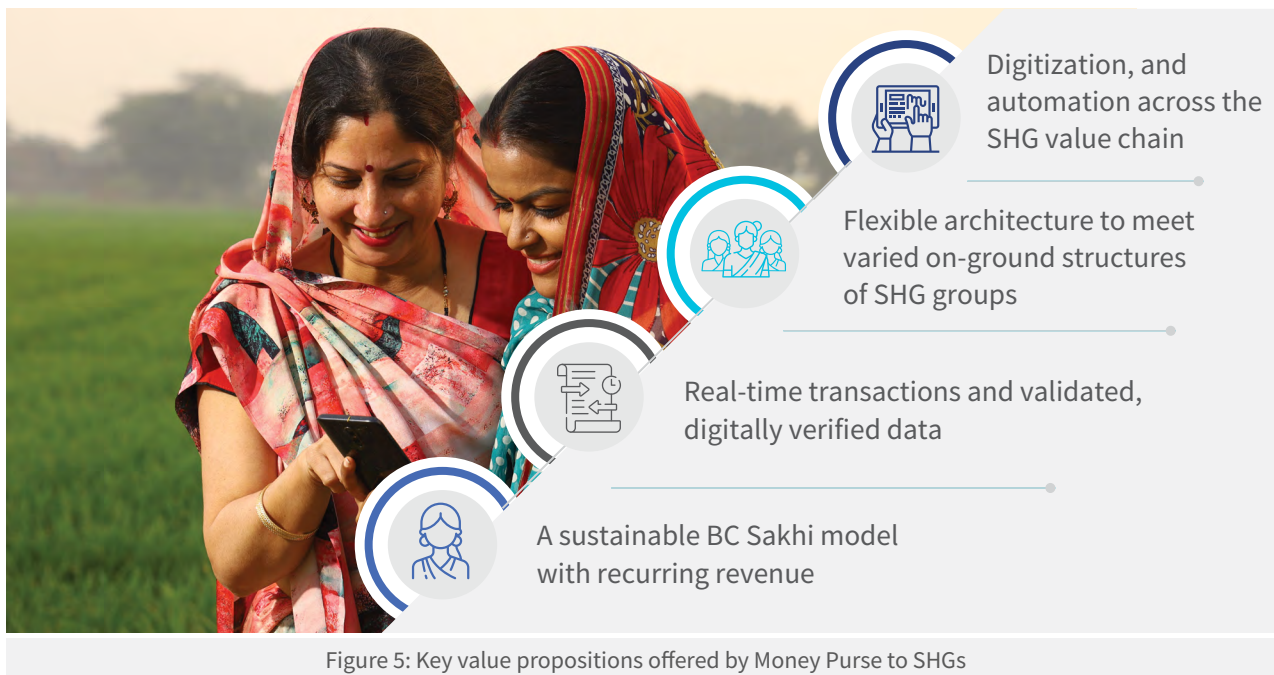


Figure 5: Key value propositions offered by Money Purse to SHGs

Digitization across the SHG value chain: The Money Purse system enables the digitization of SHGs right from their formation. It digitizes the processes of member addition, meeting attendance, opening bank accounts for groups and individuals, online transactions for savings, loan disbursement, repayment, and ledger updates across transactions. All parties involved in the process group have full transparency at the member level and with the SHGs’ balance sheets. The parties involved include village-level organizations (VLOs), cluster-level federations (CLFs), and banks. Money Purse application provides SHG audit report as per the RBI norms which can be captured with the click of a button to introduce significant efficiency and ease the SHGs’ audit process.

Flexible architecture to meet varied on-ground SHG structures: While an SHG’s fundamental system remains the same, its functional approach can differ depending on the surrounding ecosystem’s maturity and agreements between respective nodal agencies, such as SRLMs and banks. At this juncture, Money Purse has

developed an extensive understanding of these variations in functionality across SHGs and created a tech architecture to accommodate varied SHG structures easily. For instance, in the case of the Dharmapuri pilot, Money Purse enabled all SHG transactions except loan disbursement by the bank, as integration with the bank would take some more time and effort. Similarly, Money Purse can handle loan disbursement to the group either by the CLF or the bank.

Real-time transactions and updates: The Money Purse platform helps SHGs manage their functions, thanks to real-time transactions that cut down the time lag of the payments made and ensure real-time ledgering. The real-time process ensures no gaps or mismatches in transactions. Further, real-time transactions help the SHGs raise issues with other parties, such as cluster-level federations (CLF) and banks, in case of discrepancies in SHG transactions and resolve them with ease.

A sustainable BC Sakhi model to support on-ground digitization: Money Purse provides an opportunity for HBS to earn a sustainable income. An HSB's role consolidates the role of a BC and SHG office bearer for the SHG members onboarded as HBS by Money Purse. The revenue sources include all internal and external financial transactions of the SHG between individual

members and other parties that span CLF and banks. In addition, they can also earn by providing value-added services, such as bill payments made by individual members and mobile recharge. Money Purse passes to the HBS up to 80% of the total commission generated through services provided to SHGs, alongside value-added services.

4 Product



4.1. The Money Purse solution at a glance

The solution digitizes SHG processes to help save time, cost, and effort for the SHG members. This includes the creation of digital records, cashless transactions, automation of SHG processes, and authentication of transactions.

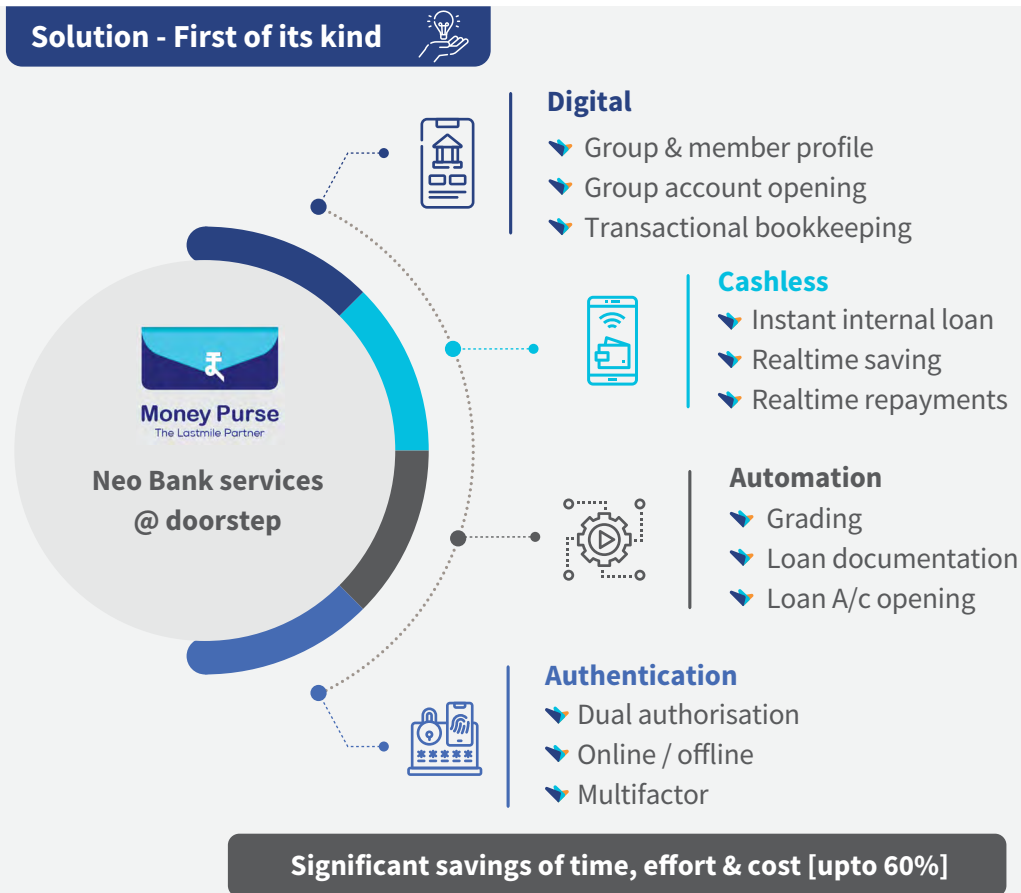





Figure 6: The Money Purse solution

4.2. Money Purse’s ecosystem solution and the tech behind its key solutions

 Digital process	 Enabling tech	 Partner
SHG onboarding, including bank account opening	e-Sign, e-KYC	Protean
Member onboarding	e-KYC, penny drop to verify bank account	Protean, NPCI
Member attendance	<i>Aadhaar</i> authentication	Protean
Loan documentation	Money Purse’s internal documentation process for SHGs, Instant PAN, e-sign	Protean
Loan disbursement	<i>AePS</i> , <i>Aadhaar</i> authentication	Yes Bank, Protean
Data sharing with the CIC (credit information company)	Money Purse’s internal system	Banks that share member-level data with the CIC
Internal transactions (savings + withdrawal repayments)	<i>AePS</i> , IMPS, NEFT	Yes Bank
Bill payments	BBPS	Kotak Bank

4.3. Money Purse’s role across the SHG value chain

This section maps the improvements in SHGs’ processes after the Money Purse solution is implemented. This includes the process of SHG formation, transactions conducted by the SHGs, and loan origination and disbursement to SHGs.

4.3.1 SHG formation with Money Purse

The Money Purse solution provides easy onboarding with only two additional steps in the SHG formation process. The HBS onboards the group and members on Money Purse, which helps digitize the SHG’s functions from its inception.

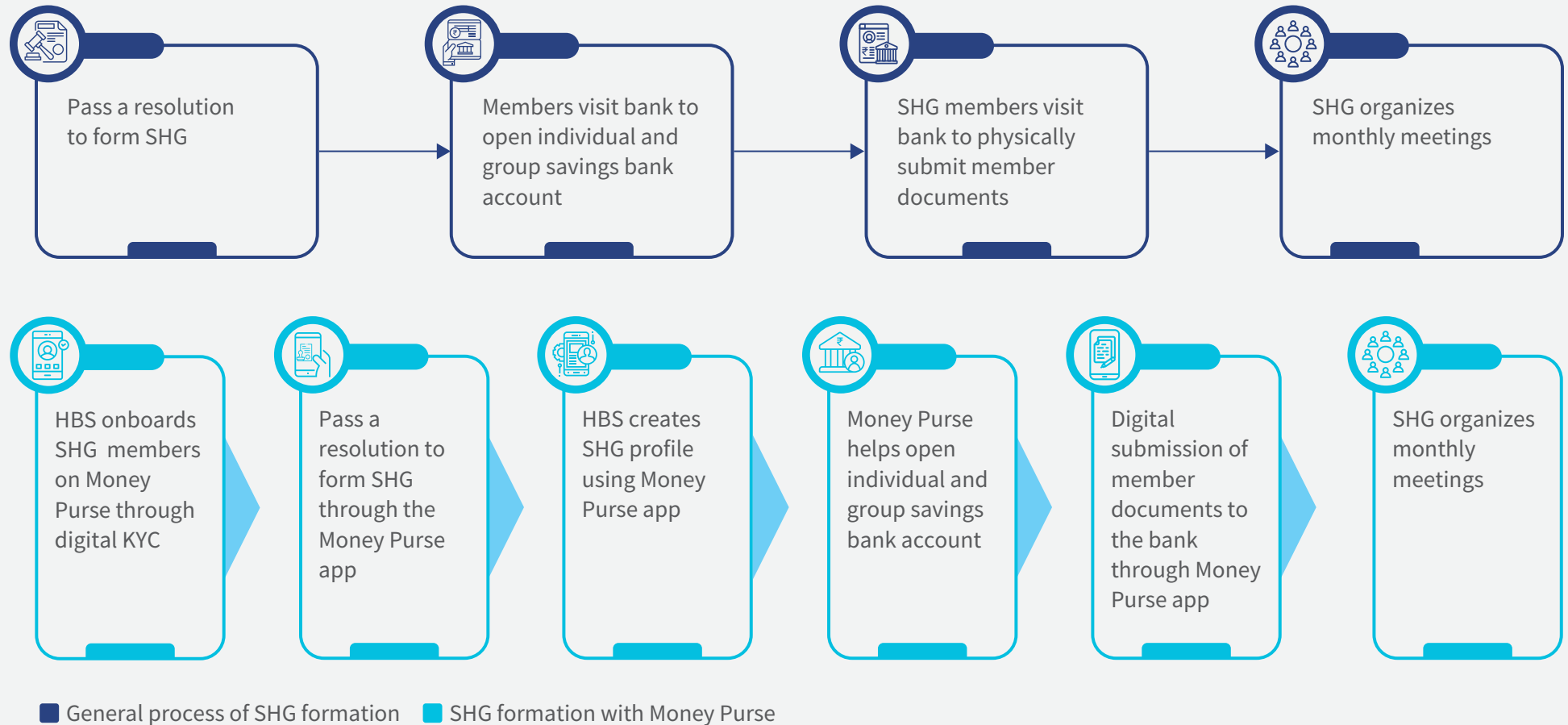


Figure 7: Process of SHG formation with Money Purse

4.3.2 SHG transactions with Money Purse

With Money Purse, HBS can collect cash deposits and loan EMIs (equated monthly installments) and transfer them instantly to the SHG members' bank accounts through the Money Purse app. The members save the day's wage they generally incur when they have to visit the bank physically to deposit the monthly collections.

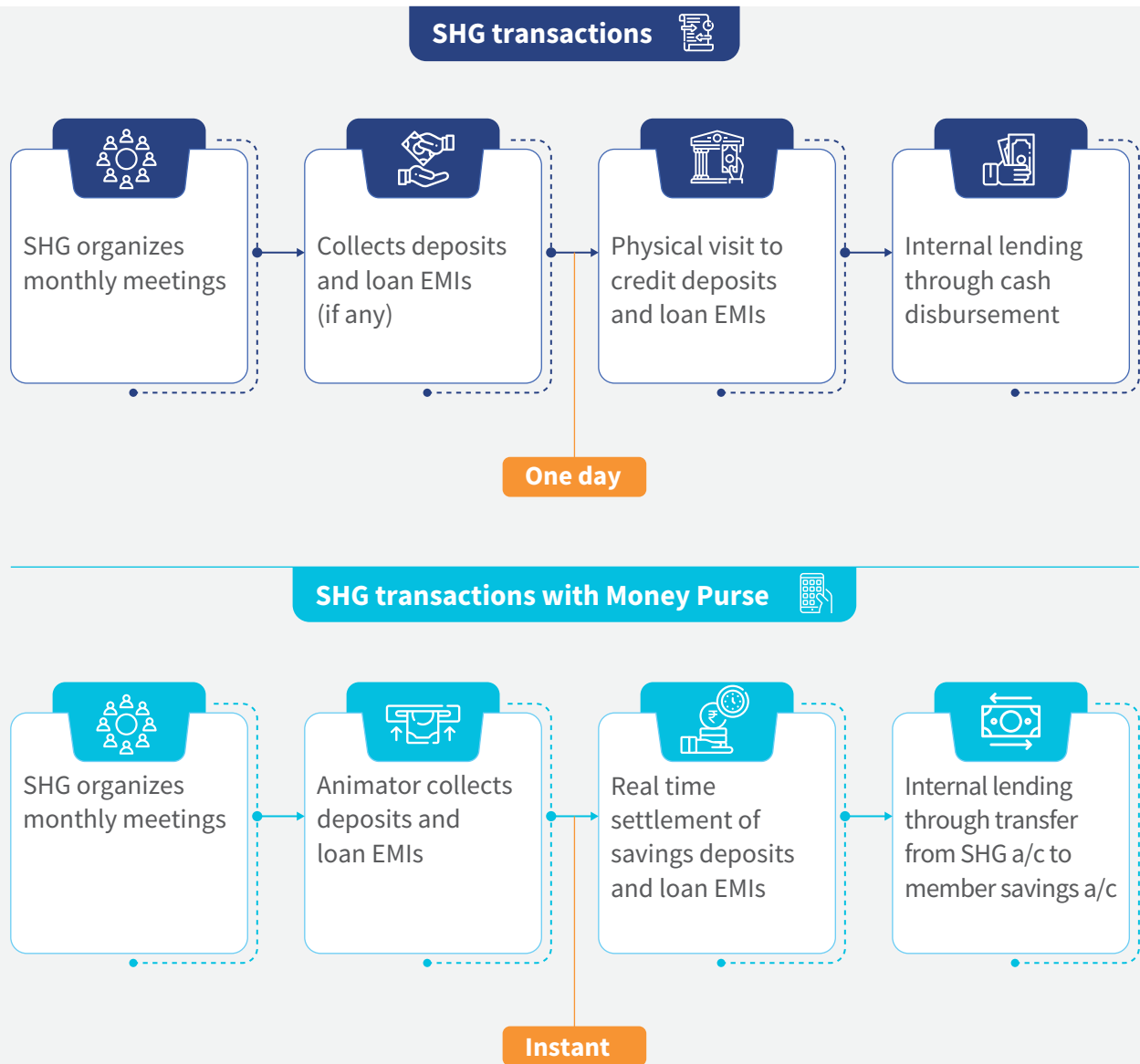


Figure 8: Process of SHG transactions with Money Purse

4.3.3 SHG loan origination and disbursement with Money Purse

Money Purse reduces the hassle of documentation, as SHGs can print financial statements for auditing purposes. Typically, the bank takes one to four months to process loan documentation—which reduces to a week when onboarded on Money Purse.

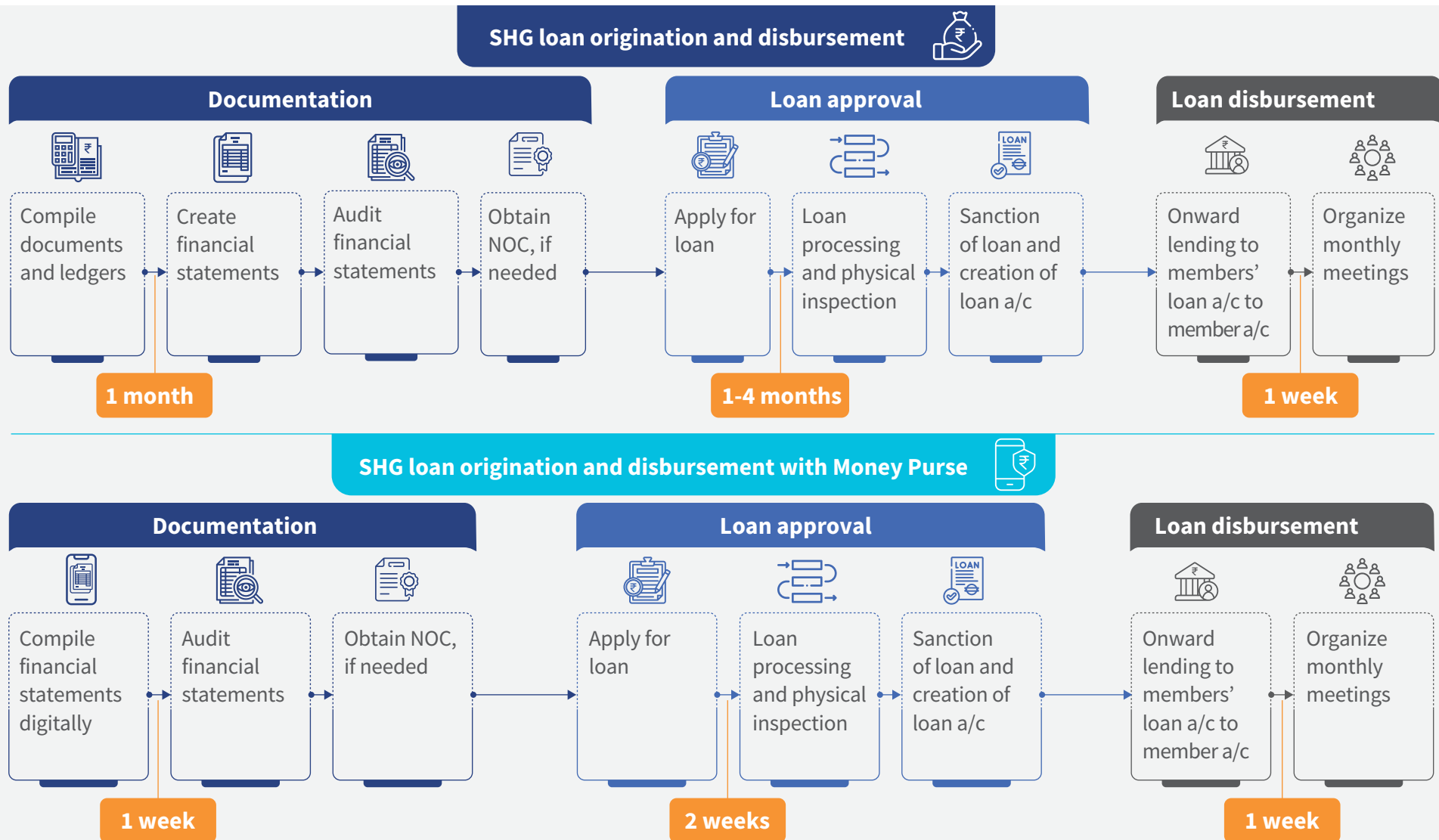
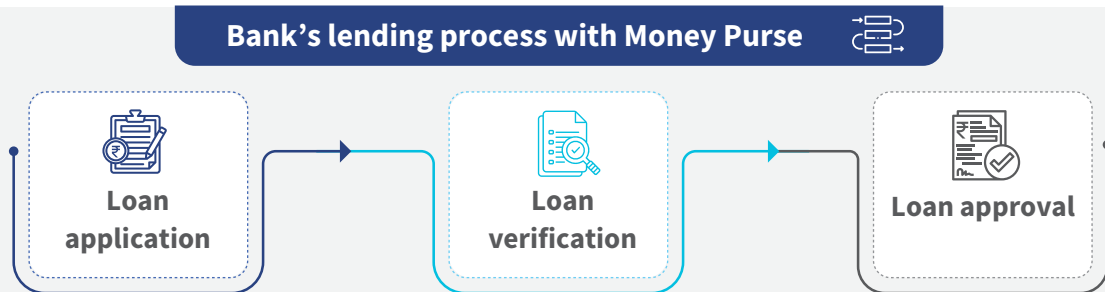


Figure 9: Process of SHG loan origination and disbursement with MoneyPurse

4.3.4 The value proposition of Money Purse’s solution for banks

Money Purse helps reduce the bank’s cost to acquire, approve, and disburse loans to SHGs. Further, it provides additional sources of revenue through SHG members’ data, which they can use to increase savings deposits and provide credit to individual members.



- Reduction in cost of acquisition for the bank

- Accurate information on group and individual members for credit information corporation
- Easier decision-making based on validated data through digital SHG financial statements

- Reduction in the delay of the loan approval process
- Digitization of loan disbursement

Additional benefits to banks

- Source of member data:** Ability to share data of SHG members with credit information corporation (CIC)
- Credit to SHG members:** Increased ability to provide loans to individuals based on their payment and CIC history
- Additional business:** Alternate revenue sources from SHGs through CASA deposits, and credit products





5

Purpose

5.1. The Money Purse solution’s stakeholder impact:

Money Purse intends to become a doorstep financial solutions provider for India’s rural women. This section clarifies Money Purse’s impact on stakeholders across the SHG journey, including the SHG, the SHG members, business correspondents, and banks.

SHGs

Prevents loss of daily wage: Money Purse eliminates the need to visit the bank for monthly deposits.

Shorter audit time: The SHG digitally generate financial statements, which helps reduce the time taken to collate information from the ledgers.



SHG Members

Doorstep banking: Members can withdraw cash and deposit money without visiting the bank.

Value-added services: Doorstep financial services including mobile recharge and electricity bill payments save members’ productive time.

Banks or NRLM

Real-time information on SHG’s financial health: Banks can access data on SHG’s savings deposits and collections instantly. Further, this eases the process of grading the SHGs.

Ease of processing loans and seed fund grants: Improved, reliable, and faster documentation of SHG transactions reduces hassle in the approval process for loans and seed fund grants for SHGs

HBS/Business correspondents

Improves self-esteem and confidence:

The BCs improve their digital and financial literacy, which increases their confidence to conduct SHG transactions.

Provides multiple sources of revenue: The average monthly income from the app is ~INR 3,775. Besides SHG transactions, they earn from value-added services provided by them.

Sustainable and profitable BC business: Regular SHG transactions and cash withdrawals by SHG members provide BCs with a steady income

Figure 10: Stakeholder impact of Money Purse’s solution

5.2. Digitization leads to exponential growth

Digitization of SHGs functions helps provide opportunities to its members to unlock livelihoods, skilling, market access, and ease of living. As SHGs continue to build their capabilities toward a cloud-based bookkeeping model through apps on micro-ATMs, it can help map the use of grants disbursed through various government programs to develop SHGs.

This process can be extrapolated further to underwrite SHG members for individual

loans using SHGs' financial and non-financial records, such as attendance records. By nature, digitization brings complimentary benefits. For instance, Money Purse is poised to tap into ONDC to empower rural women to sell their goods in the open market. More than numbers, the quality of their life shows a marked improvement in the intervention area, as illustrated in the following case studies, which would inspire any startup.

Case studies

M. Mohana,
SHG President



Mohana needs to maintain the SHG's records, which include:



Attendance in monthly meetings



Details of member deposits and internal loans to members



Support grants from the government

Key challenges before Money Purse

Maintenance of physical ledgers

Mohana needs to maintain the SHG records in a ledger as per the date, category, etc. She had at least a few dozen notebooks in the SHG office, which she had received from the panchayat

Time taken in the auditing process:

The auditing process takes three months to collate financial statements and missing documents. Further, Mohana has to visit the auditor in town several times.

Role of Money Purse

Digital recordkeeping of financial statements

Mohana has been using the Money Purse App app for a year to upload all SHG-related documents. The details are instantly captured and it has helped reduce the hassle of maintaining physical ledgers.




Improved efficiency in the auditing process

The auditing process takes only a week with the Money Purse app. Mohana can create the financial statements easily through the Money Purse app, give it to the auditor, and get it audited.

**M. Reetha,
SHG member**



Reetha is a daily wage laborer who needs access to a banking point for:

-  Cash withdrawal of remittances
-  Cash withdrawal of wages under MGNREGA
-  Needs ease of access to cash from SHG loan

Key challenges before Money Purse 

Internal lending through cash disbursement

Reetha is a member of Jhansirani SHG. She would receive the entire amount in cash from the SHG. This would increase the hassle of keeping the cash safely before the need for spending arises.

Loss of day's wage to visit the bank for withdrawal

The process of cash withdrawal took an entire day due to which she could not go to work. As a result, she would lose a day's wage once or twice a month when she had to visit the bank.

Role of Money Purse 

Need-based cash withdrawal through Money Purse BC

Reetha is a beneficiary of Money Purse, which enables her to withdraw money as and when needed, without the hassle of keeping the lumpsum amount received through SHG internal lending.




Rise in the availability of financial services

Reetha can also avail of benefits from other services through the Money Purse app. For instance, she can deposit money in her bank account and receive

**Kausalya,
Money Purse HBS**



Kausalya is a former SHG trainer and current SHG president who needs:

-  A sustainable source of income
-  Ease of SHG loan repayment
-  Ease of cash withdrawal

Key challenges before Money Purse 

Lack of source of income

Kausalya had limited sources of revenue as an SHG trainer and needed additional source of income to finance her household expenses.

Limited skills and confidence

Kausalya had limited exposure to financial services and she did not know how to conduct financial transactions through PoS machine.

Role of Money Purse 

Rise in sources of income

She has onboarded 23 SHGs from six villages to cover about 1,800 households. She conducts an average of 140 transactions per month and earns about INR 2,300. She is confident she can onboard more SHGs and earn more.

Improved self-esteem and confidence

She feels empowered as a valuable member of the village who offers doorstep financial services. She helps form new SHG, and delivers cash to old-age pensioners.



Closing summary

Anniyam seeks to use its technology to provide end-to-end digitization for 12 million-plus SHG groups. It is among the few tech-first companies that focuses solely on SHGs to redefine rural growth. Its founders have worked with the SHGs in different capacities for more than a decade and have a combined experience of 30-plus years in tech, finance, and operations. Over the years, the team has developed systems to manage ground realities, enhance the capabilities of its users (read SHG office bearers), and—most importantly—treat them with respect.

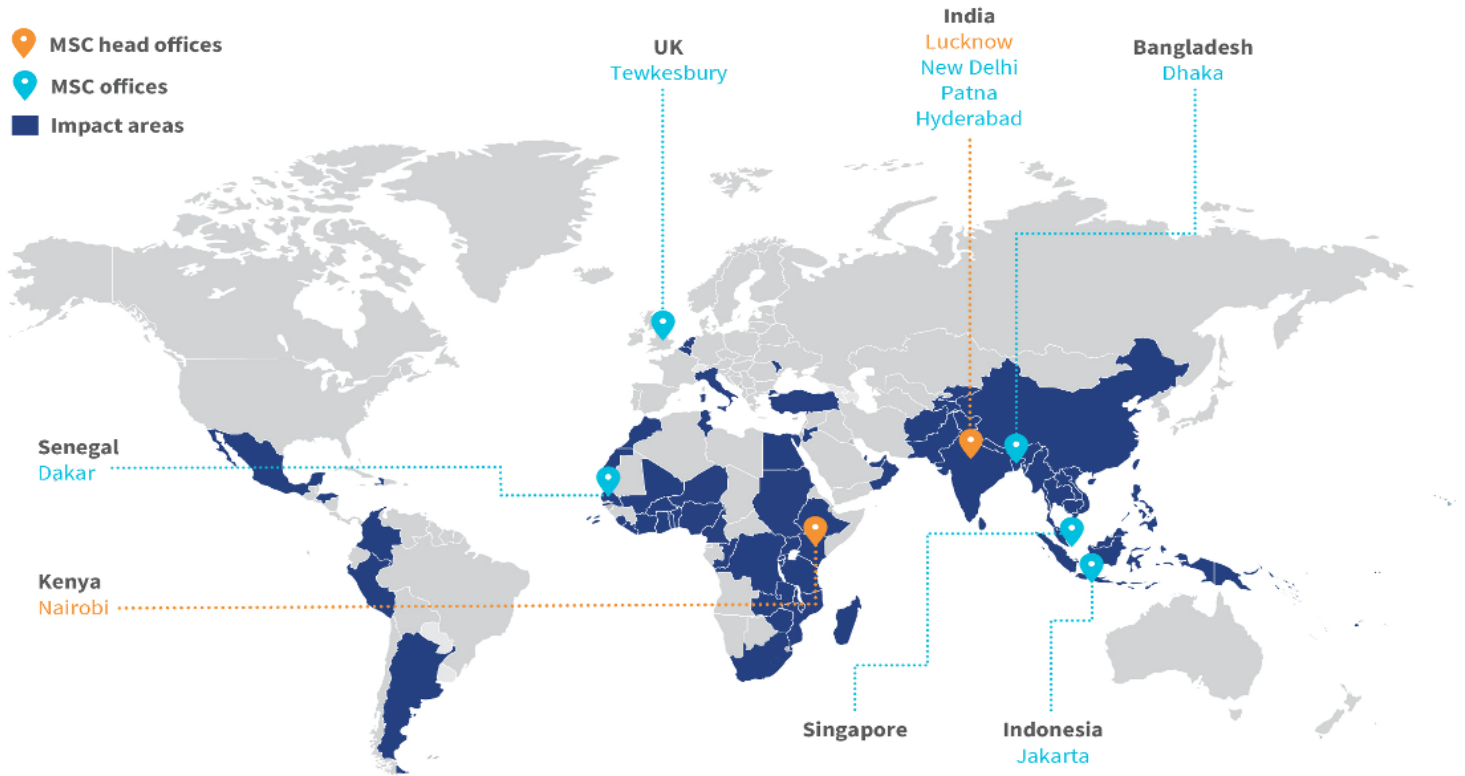
The Money Purse platform is an outcome of that cumulative experience. The team knows that SHG members are pressed for time. Therefore, they

have maintained a sharp focus on their platform, which requires minimal input, and reduces the chances of errors.

The founders are confident that the pilot in Dharmapuri is just the beginning, given the potential of SHGs in India. They want to take it to every nook and corner of the country and create a digital SHG platform to dramatically improve the development outcome for 140 million associated households. In the process, they want to enable lenders, SHG promoting organisations to adopt scalable technology platform of Money Purse to bring digital transformation for the SHG and member level.



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