

Pradhan Mantri Jan Dhan Yojana

(PMJDY) WAVE III Assessment

- Manoj Sharma, Anurodh Giri and Sakshi Chadha

MicroSave

Market-led solutions for financial services

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Offices across Asia and Africa
www.MicroSave.net | info@MicroSave.net

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EXECUTIVE SUMMARY

Pradhan Mantri Jan Dhan Yojana (PMJDY) was launched by the Hon'ble Prime Minister of India on August 28, 2014. It is the national mission on financial inclusion and adopts an integrated approach to bring about comprehensive access to formal financial channels for all households in the country. The objective of PMJDY is to ensure access to various financial services, such as availability of basic savings bank account, access to need-based credit, remittance facility, insurance, and pension to the otherwise excluded sections, i.e., weaker sections and low-income groups.

MicroSave conducted three successful rounds of PMJDY assessments from October 2014 to December 2015. The study was conducted in collaboration with, and with funding support from, the Bill & Melinda Gates Foundation (BMGF), under guidance from the Department of Financial Services, Ministry of Finance, Government of India. The key aim of the three rounds of assessments conducted, i.e. waves I, II and III, was to analyse and assess the impact of, and challenges associated with PMJDY, for beneficiaries and channel partners (specifically Bank Mitras (BMs), i.e. agents).

Overall objectives of the study were to:

- Verify the availability of BMs at their locations/outlets;
- Assess the quality of services being provided to account holders;
- Assess the quality and spread of BM portfolio offered to account holders;
- Understand issues associated with sustainability of BMs and assess their satisfaction levels;
- Assess support mechanism available to BMs;
- Gather data on PMJDY account holders to understand customer preferences and profiling.

As part of wave III assessments, a total of 42 districts were surveyed across 17 states and one Union Territory to cover a sample size of 1,627 BMs. Districts were identified using CRISIL Inclusix report as reference, employing stratified random sampling technique. Sampling was randomised at the overall level by taking all 652 districts within the country in the sampling frame. A sample of 20 per cent of the total BMs or at least 30 BMs (whichever is more) per district was covered for the quantitative part of the survey.

Additionally, three PMJDY account holders were interviewed at each BM location. *MicroSave* staff also conducted qualitative interviews with a minimum of six randomly selected BMs in 12 study districts.

This report goes beyond simply measuring access to finance. It analyses the underlying stakeholder dynamics and linkages to policy-level bottlenecks. A better insight into the drivers of financial access and importance of financial inclusion to overall financial architecture is vital for informed policy-making. The report intends to capture above-mentioned dynamics to make operational and policy-level recommendations associated with betterment of PMJDY.

¹ CRISIL Inclusix is India's first comprehensive measure of financial inclusion in the form of an index. It is a relative index that has a scale of 0 to 100, and combines three very critical parameters of basic banking services — branch penetration (BP), deposit penetration (DP), and credit penetration (CP) — together into one single metric (Report by CRISIL, June 2013). www.crisil.com

The first section, **‘BM network vibrancy’**, provides a comparative analysis of BM and customer outreach indicators, BM operational effectiveness, and infrastructure readiness for the three waves of PMJDY surveys (waves I, II and III). It presents a trend analysis of the evolving state of BM network vibrancy, using primary data from qualitative and quantitative surveys. BMs are a vital part of the financial inclusion ecosystem, as the front-line of service delivery, and the single point of contact and information for customers. BM outreach is, thus, the primary requirement for building efficient financial access channels for customers. The second section, on **‘key findings’**, presents a deeper triangulation of quantitative data and qualitative findings in order to identify key thematic areas. The report concludes by making policy-level suggestions to strengthen PMJDY scheme.

BM Outreach Indicators and Infrastructure Readiness

- There is a significant improvement in the availability of BMs, i.e., BMs who are present at the stated location and could be met/interviewed. While availability stood at 89% and 84% in wave I and wave II, respectively, availability is recorded at 97% in wave III.
- 3% of the BMs could not be traced, as they were neither present at their kiosk, nor could be contacted over phone. Even the local residents could not identify/provide information about them.
- Transaction readiness of BMs, as a percentage of available BMs, also improved from 54% and 79% in wave I and wave II, respectively, to 81% in wave III.
- However, BM dormancy has increased marginally from 8.4% and 7.9%, in wave I and wave II, to 11% in wave III. This is a very worrying trend, especially given the poor track record of agent dormancy in India.
- Presence of signage has improved and 85% of the outlets had a bank and/or BM logo, as compared to 80% in wave II and 48% in wave I, respectively.
- 73% of BM devices were Aadhaar-enabled, and marked an improvement of 3% over wave II. RuPay card-enabled devices also almost doubled from 26% in wave II to 50% in wave III.
- The average number of transactions per BM per month stands at 301, up by 44% from 209 in wave II. An increased focus on customer retention leading to customer transactions has resulted in transaction level improvements. Enhanced transactions also resulted in 72% growth in monthly BM remuneration, recorded at INR 4,692 in wave III from INR 2,724 in wave I.
- 73% of the BMs interviewed were trained in financial literacy compared to 57% in wave II. Frequency of visit by bank staff to BM location also improved. Only 9% BMs were never visited by a branch staff in wave III; in comparison, this number stood at 18% in wave II.

Customer Outreach Indicators

- 80% of the customers interviewed, rated BM as their first preference for conducting transactions, as against ATM and bank branch, compared to 70% in wave II. With such a large majority preferring to transact at BM locations, the latter stand at a historic junction in India’s financial inclusion roadmap.
- 62% of customers interviewed felt that Aadhaar enrolment has helped make their financial transactions easier, for reasons such as ‘easy and quick transactions’, ‘potential to receive DBT’ and its usage as an identity proof.
- Interestingly, duplication of customer accounts more than doubled over the course of a year of PMJDY. Some 67% of the customers indicated that PMJDY was their first account, in comparison to 86% in waves I and II. Incentive-based account opening and, in turn, channel remuneration seem to have resulted in multiple accounts being opened for customers.
- 47% of customers have received RuPay card (up from 43% in wave II) and Aadhaar enrolment stays almost in line with wave II, i.e., at 77%. 62% of the customers interviewed had linked their PMJDY accounts with Aadhaar card, up from

52% in wave II.

Key Findings

- PMJDY has undoubtedly made financial inclusion a universal phenomenon and changed the financial services profile of rural India. Efforts in financial literacy and an upgrade in BM infrastructure/services can take PMJDY to the next level.
- New account opening under PMJDY has reached its saturation level and transaction volumes are now expected to drive BMs' commissions in the days to come. However, BMs are still troubled by non-transparency and irregularity of commission payments. Notwithstanding this, BMs are willing to continue the business at this point in time, though it remains to be seen how long they continue to engage in a business with questionable returns.
- Although PMJDY has increased bank account penetration in India, dormancy in these accounts currently stands at 28% — mostly attributed to factors such as lack of information on operational procedures, product features, and account duplication (person having multiple accounts). Of those customers who intend to actively use their PMJDY accounts, logistic and technical challenges still deprive many of the advantage of RuPay card. Interestingly, many such RuPay cards were lying unused and unproductive at bank branches and/or BM locations.
- BMs' business and performance is highly correlated to the support he/she receives from the bank branch staff. BMs with better branch support showed higher customer footfall. Experience indicates that lack of support from branch staff to the BMs can also be attributed to prevalent bandwidth crunch at rural bank branches.
- Analysis revealed that the flagship product offering under PMJDY, i.e., overdraft, is facing severe competition from the MUDRA loan, given the stark difference in loan size of the two schemes. Miscommunication about overdraft being free money and not a transaction history-based credit facility, is also deterring its uptake at various levels.
- BMs being the single point of contact for customers, protection against fraud is vital for more sustainable implementation of financial inclusion. A few instances of unfair and hidden customer charges were observed in Madhya Pradesh, Odisha, Haryana, and Gujarat, for services such as withdrawal/deposit, SMS update, and PIN generation. Customers need to be protected against such fraudulent practices by channel partners through greater focus on customer education and developing efficient grievance redressal mechanisms within the system.

MicroSave stresses on the following policy and operational levers to harness complete potential of PMJDY and complementary schemes.

6 Policy Level Recommendations to Impel Jan Dhan Yojana

1. **Convergence of G2P direct benefit transfer schemes** (MGNREGS/PDS) and PMJDY would help to build transaction volumes and improve profitability of Bank Mitras (BMs). *MicroSave* survey reports that 32% of agents are not profitable.
2. RBI should come up with **minimum capitalisation requirements for BC companies** (BCNM). Banking, even as agents, is a capital-intensive business and some threshold capitalisation should be stipulated. Similar requirements can further be extended to BMs, depending on business potential and geography allocated.
3. Agent dormancy has risen to 10% and seems to be inching up. RBI has to have **service level commitments from banks**; once opened, a BM outlet should not be allowed to close for five days in a row, ever (force majeure events excluded).
4. Overdraft facility has been a pull factor for opening PMJDY accounts. However, only 7% of account holders received an average of INR 815 as credit. **Data analytics based credit scoring** model needs to be piloted for PMJDY accounts.
5. **Standard operational guidelines for Banks, BCNMs and BMs**. These guidelines should cover aspects like mandatory GPS tagging, digital attendance, adequate compensation level and audit policies/processes (for BMs and

controlling branch), making banks responsible for every BM outlet they operate. A **master circular on PMJDY**, stating operational guidelines by RBI, is necessary to build in transparency, efficient responsibility allocation across stakeholders, and sustainability.

6. The agency model has the potential to transform into a **‘White Label BM’**, with payment banks, SFBs and other financial players scouting for potential partners. They can act as **interoperable** and independent business units capable of facilitating transactions of multiple providers, depending on customer preference. An effective step in this direction will be to promote **non-exclusive** and **interoperable** BMs.

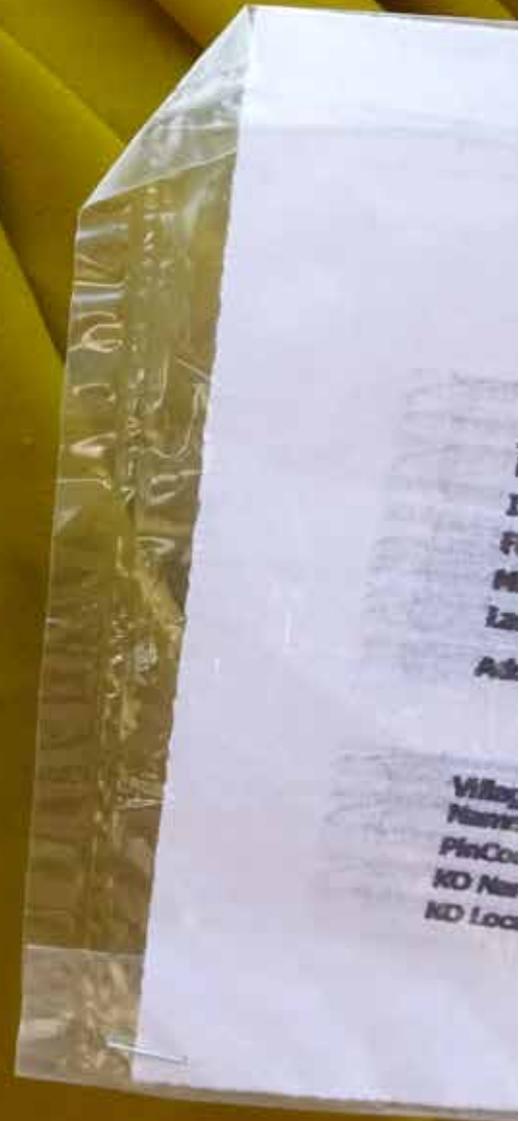
6 Quick Steps to Improve PMJDY – Operational

1. **Increase commission for transactions** - BMs tend to open accounts to maximise commission income. This has partly contributed to high account duplication (33%). Banks should reduce compensation for account opening and increase commission for transactions in order to motivate BMs to promote transactions and not re-open accounts.
2. **One “financial inclusion” officer for every 2/3 rural branches** - BMs performance depends on support he/she receives from link branches. BMs complain of low level of support from branches. Employ one “financial inclusion” officer for every 2/3 rural branches to cater to BMs.
3. **Robust “toll free” enquiry and grievance redressal system for BMs and customers** - Only 59% of the agents know that there is a call centre to resolve their queries. Many customers and BMs were unaware about PMJDY’s product offerings and scheme riders. Instances such as miscommunication of OD as “free money” motivated many to open PMJDY accounts. A robust “toll free” enquiry system for BMs and customers should be set up to provide scheme details in different languages and resolve customer queries. Empirically, new customers call 3.2 times/day to check their balance.
4. **Provide Jansuraksha policy documents to customers** - PMJJBY/PMSBY/APY customers are not given policy documents and product registration details. Provide policy documents to customers upon enrolment, detailing registration details and other vital information.
5. **Conduct behavioural economics research to reduce prevalent customer account dormancy** - 28% of the PMJDY accounts are dormant. Also 28.88% of the customer accounts are zero or nil balance accounts. Behavioural economics-based research is needed to better understand reasons for customer dormancy and product preferences to drive usage of these accounts for real savings.
6. **BMs to be trained and re-trained** - Agents in India receive less support visits (58%) as compared to other ANA countries. BMs to be trained and re-trained on PMJDY scheme features and customer service aspects and not just on handling transaction devices.

ABBREVIATIONS

AOF	Account Opening Form
APGB	Andhra Pragati Gramin Bank
APY	Atal Pension Yojana
ATM	Automated Teller Machine
BCNM	Business Correspondent Network Manager
BM	Bank Mitra
BOB	Bank of Baroda
BOI	Bank of India
BSBDA	Basic Savings Bank Deposit Account
CAPI	Computer Assisted Personal Interview
CBI	Central Bank of India
DBTL	Direct Benefit Transfer for LPG scheme
DFS	Department of Financial Services
e-KYC	Electronic Know Your Customer
FD	Fixed Deposit
FL	Financial Literacy
GPRS	General Packet Radio Service
IAY	Indira Awaas Yojana
LI	Life Insurance
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee scheme
NSAP	National Social Assistance Programme
OD	Overdraft
PMJDY	Pradhan Mantri Jan Dhan Yojana
PMJJBY	Pradhan Mantri Jeevan Jyoti Bima Yojana
PMSBY	Pradhan Mantri Suraksha Bima Yojana
PNB	Punjab National Bank
RD	Recurring Deposit
SBI	State Bank of India

1. Background



The Hon'ble Prime Minister of India launched the Pradhan Mantri Jan Dhan Yojana (PMJDY) on August 28, 2014, with the objective of providing at least one bank account to each household. The underlying philosophy of the government behind PMJDY is to include low-income and vulnerable groups (generally financially excluded) into the mainstream financial system.

The implementation of PMJDY rests on the following six pillars:

1. Universal access to banking facilities.
2. Providing basic bank account with overdraft facility and RuPay debit card to all households.
3. Financial literacy programme to increase uptake of financial products.
4. Credit guarantee fund to mitigate risks on account of overdraft facility extended to these accounts.
5. Micro-insurance for all account holders under PMJDY.
6. Pension schemes like Swavalamban for the unorganised sector.

PMJDY envisages that at least initially, the emphasis will be on the first three pillars. To provide universal access to banking facilities, it is planned that all of over 600,000 villages across the country will be mapped according to the 'Sub-Service Area' (SSA) of each bank. At least one fixed-point banking outlet will cater to every 1,000 to 1,500 households, which will be known as an SSA. The SSAs are to be covered through a combination of traditional bank branches and fixed-point Bank Mitras (BMs) or Business Correspondents/agents, who act as representatives of banks, and are equipped to handle customer transactions.

1.1 Context

MicroSave has been tracking the progress of PMJDY through its earlier round of surveys (Wave I and Wave II) specifically to understand operational effectiveness of BMs and to assess the effectiveness and impact of PMJDY scheme on beneficiaries/customers. *MicroSave* conducted two comparative rounds of dipstick studies in December 2014 (Wave I) and July 2015 (Wave II), with support from the Bill & Melinda Gates Foundation. The study was conducted at the behest of, and with support from, the Department of Financial Services (DFS), Ministry of Finance, Government of India.

The current study – the third and final round in the PMJDY assessment series (Wave III), is a more in-depth research conducted on a country-wide scale to provide status of BMs and impact of PMJDY scheme on beneficiaries/customers across the country, after a year of launch of PMJDY.

The goal of the assessment is to present data insights, analysis and recommendations to policy-makers and banks, to further strengthen the programme. The study reveals clear insights on the presence, activity, and quality of services offered by BMs to support the roll-out of PMJDY. The objectives of the study are to:

1. Verify the availability of the BMs at their indicated/stated locations.
2. Assess the quality of services being provided to account holders, and product portfolio of BMs.
3. Understand the issues associated with sustainability of BMs and assess their satisfaction levels.
4. Assess the support mechanisms available to BMs.
5. Gather information from PMJDY account holders to understand
 - i. Customers' profiling, including demographics;
 - ii. Customers' preference for transaction points;
 - iii. Customers' savings behaviour;
 - iv. Customers' exposure to financial literacy campaigns; and
 - v. Penetration of other financial products (insurance).

ग्राहक सेवा केंद्र, निन्देमऊ

(वित्तीय समावेशन के अन्तर्गत)

सहायक समन्वयक का नाम

: श्री नरेन्द्र पाल सिंह, मो. 800462642

संबन्धित शाखा

: हसनगंज, फोन 05143.230319

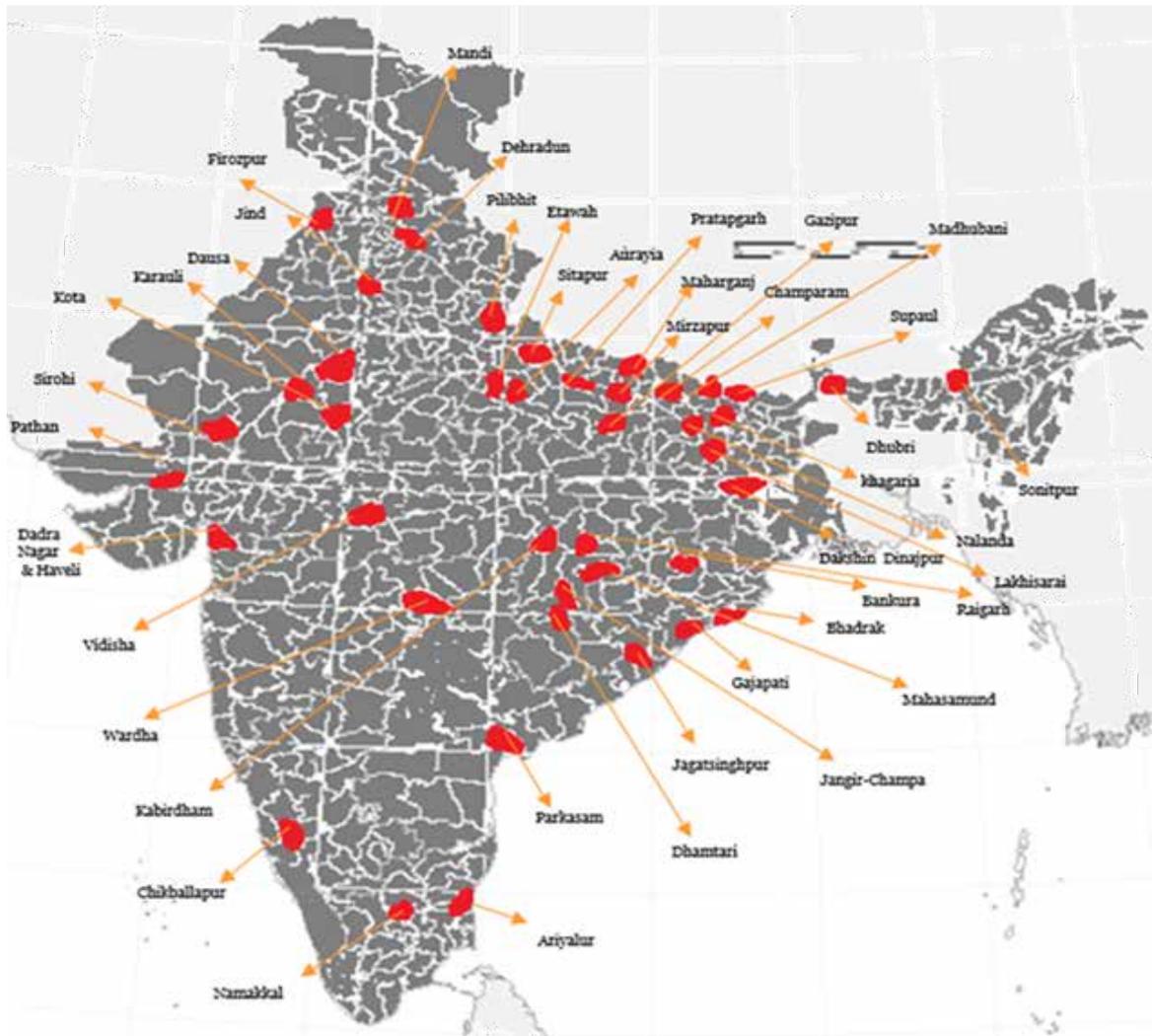
कार्यकारी का नाम

: श्री आनन्दकुमार त्रिपाठी मो. 930793384

2. Coverage



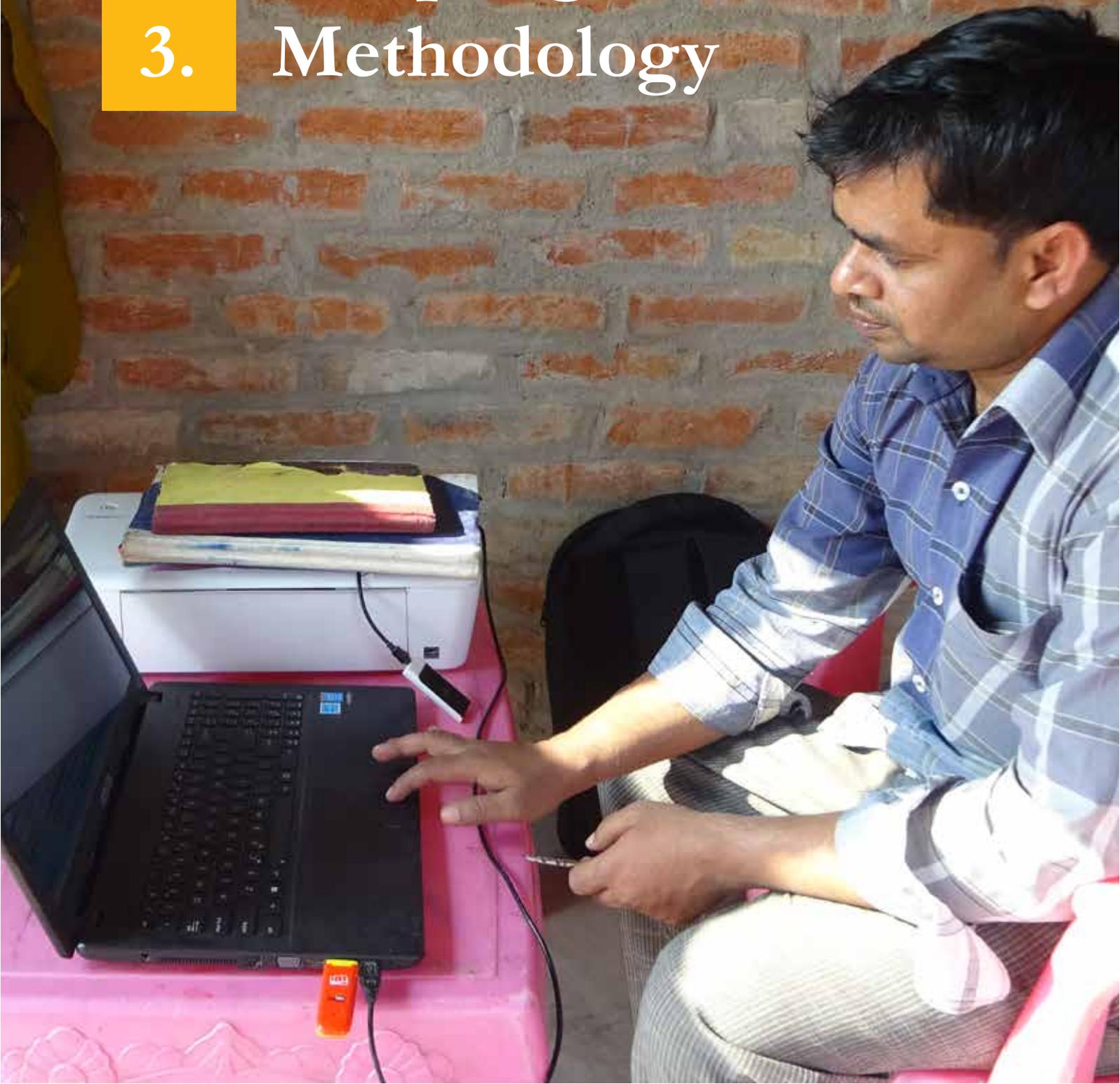
The survey was conducted between October and November 2015 in 42 districts of 17 states and one Union Territory. A total of 1,627 BM locations were physically visited to verify their presence and BMs were interviewed at locations where they were available. In addition, 4,859 PMJDY customers spread across these locations were also interviewed to obtain their feedback on different aspects of the scheme, especially with regard to service delivery, preferences, and availability of Aadhaar and RuPay cards.



States and number of districts covered

State	Districts	State	Districts
Andhra Pradesh	1	Madhya Pradesh	1
Assam	2	Odisha	3
Bihar	6	Punjab	1
Chhattisgarh	5	Rajasthan	4
Gujarat	1	Tamil Nadu	2
Haryana	1	Uttar Pradesh	8
Himachal Pradesh	1	Uttarakhand	1
Karnataka	1	West Bengal	2
Maharashtra	1	Dadra & Nagar Haveli	1

3. Sampling and Methodology



The present study aimed at understanding the existing scenario of PMJDY through a cross-sectional measurement that provides nationally representative findings. The sampling design, therefore, adopted randomisation at the level of districts. All the 652 districts within the country were included in the sampling frame, to obtain valid estimates of the prevalence of indicators of interest, emanating from the objectives of the present study. We adopted a mixed-method research design, entailing both quantitative and qualitative data. In addition to this, a consultative approach was followed while developing the overall study design and research questionnaires.

As is evident, the study included Bank Mitras (BMs), providing last-mile operational support to PMJDY, as well as PMJDY customers as target respondents. While deciding on the number of Bank Mitras, the list from PMJDY website was utilised as the sampling frame and 20 per cent of the enlisted BMs or a minimum of 30 BMs, whichever is higher, was taken as the sample for each district. On the basis of the sampling design, a total of 42 districts, spread across 17 states and one Union Territory, were covered. Interviews were conducted with 1,627 BMs and 4,859 PMJDY customers. The steps followed in arriving at the final sample were as follows:

Stage I:

CRISIL Inclusix report was used towards identification of the stratification parameter and using the Inclusix rating of districts, all 652 districts were divided into four strata; namely, high, above average, below average, and poor.

Stage II:

A discrete sampling frame was developed for all the four strata and, based on the overall number of districts within each of the stratum, the districts to be covered, i.e. 42, were proportionately allocated to each strata. As the next step, following a systematic random sampling method, the allocated number of districts were selected, taking a random start and following a sampling interval.

Stage III:

A sample of 20 per cent of the total BMs, or at least 30 BMs (whichever is more) per district, has been covered for the quantitative part of the survey. Additionally, three PMJDY account holders were interviewed at each BM location covered. A leading and reputed research organisation, Nielsen India Pvt. Ltd, was entrusted with the task of quantitative data collection.

Stage IV:

MicroSave staff also conducted qualitative in-depth interviews with 5-6 randomly selected BMs in 12 study districts. We also interviewed 4-5 beneficiaries at each BM location, to understand the “how” and “why” behind the reported numbers, as well as some additional ground realities related to PMJDY as a development-oriented intervention.

² PMJDY Bank Mitra details (www.pmjdy.gov.in)

³ CRISIL Inclusix is India’s first comprehensive measure of financial inclusion in the form of an index. It is a relative index that has a scale of 0 to 100, and combines three very critical parameters of basic banking services — branch penetration (BP), deposit penetration (DP), and credit penetration (CP) — together into one single metric (Report by CRISIL, June 2013). www.crisil.com

Comparative Sampling Framework for PMJDY Surveys

WAVE I

- December 2014
- Purposive sampling using CRISIL INCLUSIX
- 9 states, 41 districts
- 2,039 BMs
- 8,789 customers

WAVE II

- July 2015
- Purposive sampling and comparison with WAVE I, using CRISIL INCLUSIX
- Same 9 states, 41 districts as WAVE I
- 1,700 BMs
- 4,514 customers

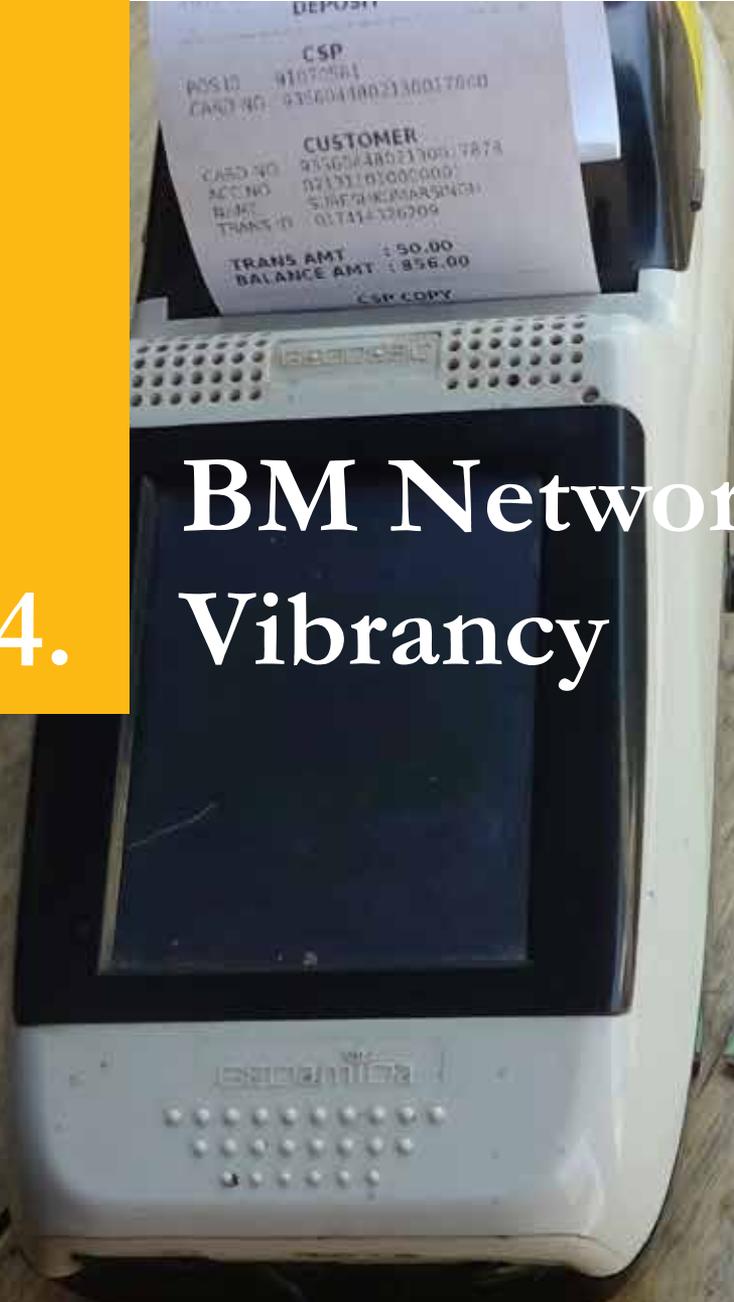
WAVE III

- December 2015
- Independent, nationally representative survey
- Random sampling frame using CRISIL INCLUSIX
- 17 states and 1 Union Territory, 42 districts
- 1,627 BMs
- 4,859 customers

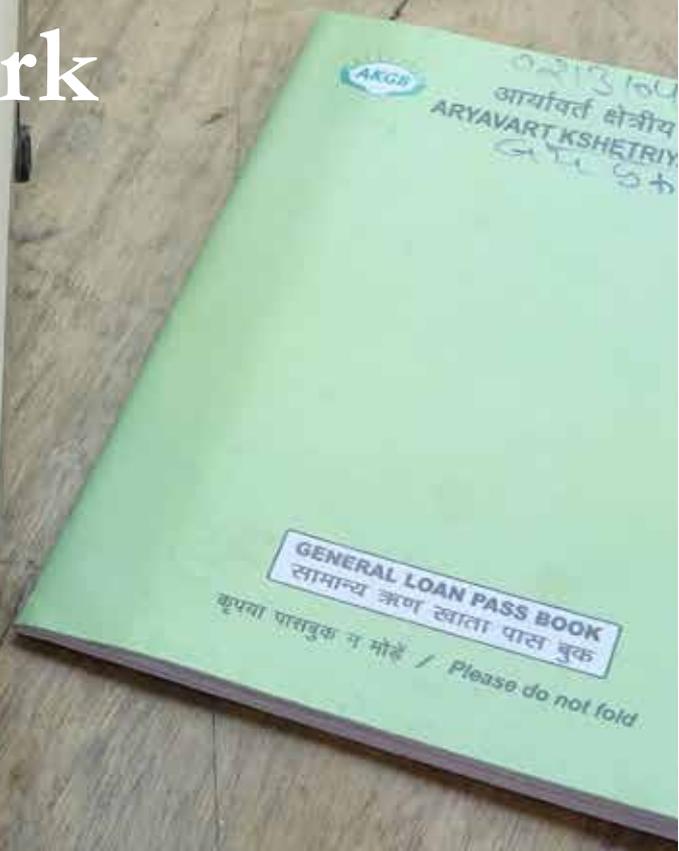
Technology was used in collection of quantitative data and CAPI (computer assisted personal interviews) was undertaken to conduct quantitative, structured interviews with the target groups. . The research tools used in this study included:

- Quantitative research questionnaire for BMs;
- Quantitative research questionnaire for PMJDY account holders; and
- Qualitative interview guide for BMs.

4. BM Network Vibrancy



DEPOSIT
CSP
POS ID 91070881
CARD NO: 9356044802130017878
CUSTOMER
CARD NO: 9356044802130017878
ACC NO: 021311010000001
BANK: SURESHKUMARSINGH
TRANS ID: 017414326209
TRANS AMT: 50.00
BALANCE AMT: 856.00
CSP COPY



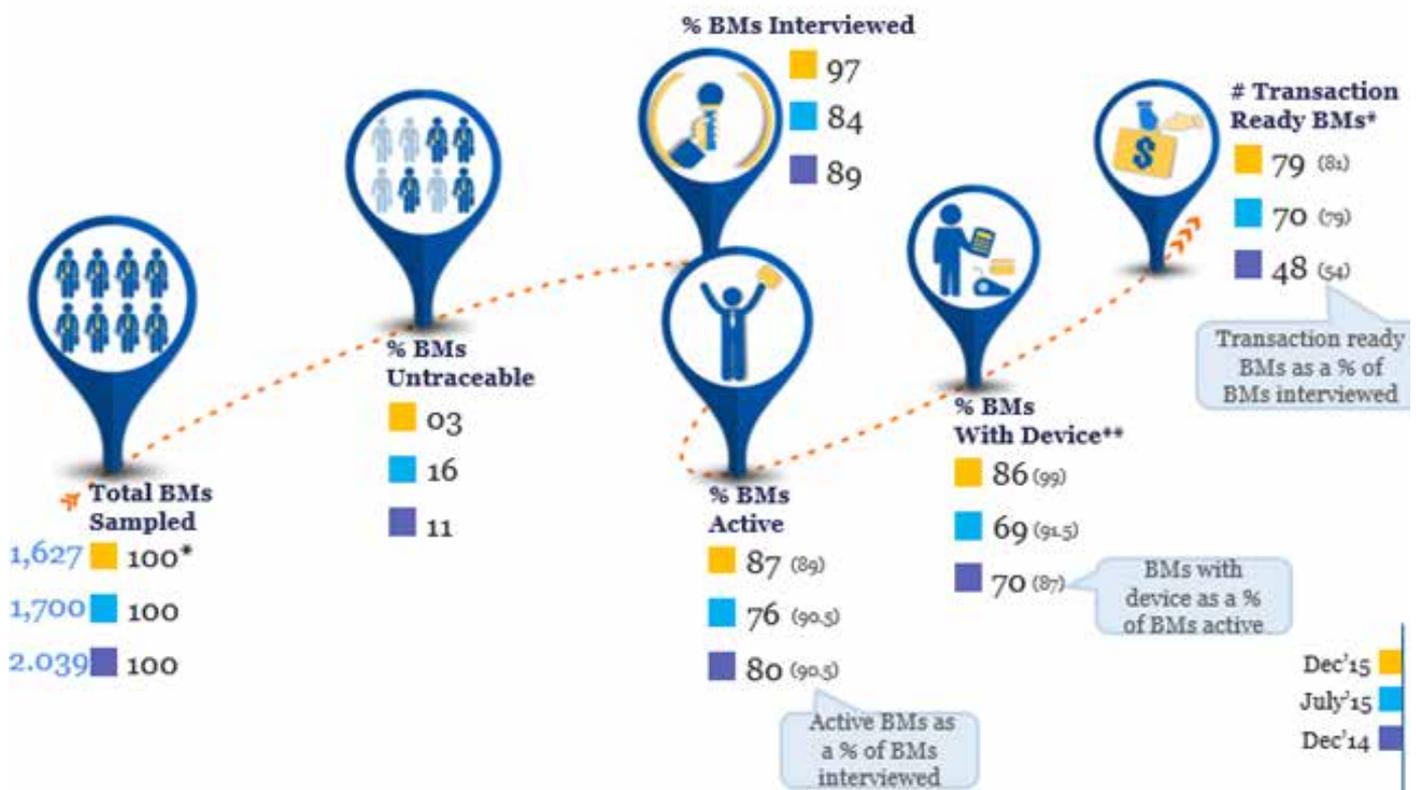
GENERAL LOAN PASS BOOK
सामान्य ऋण खाता पास बुक
कृपया पासबुक न मोड़ें / Please do not fold



ग्रामिण बैंक - BANK
आर्यावर्त ग्रामीण बैंक
ARYAVART GRAMIN BANK
आर्यावर्त कार्ड
ARYAVART CARD
9356 04480 2130 017878
Name/नाम: SURESHKUMARSINGH
DOB/जन्म की तिथि: 01/01/1971
Village/ग्राम Block/ब्लॉक: TEJIPUR / MALLAWAN
District/ज़िला: HARDOI
Issue Date/जारी तिथि: 21/02/2012
A/c No./खाता संख्या: 021311010000001
Sponsored by: BARTRONICS

4.1 BM Outreach Indicators

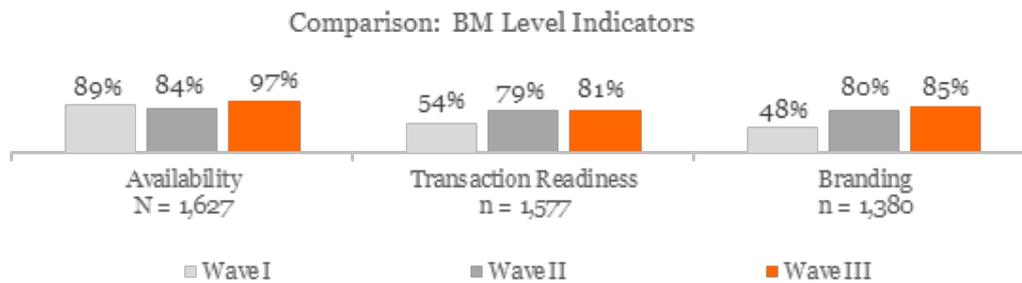
A cleaner and up-to-date BM list on PMJDY website has led to high traceability of BMs, as compared to Wave I and II. Only 50 BMs (3%) could not be traced, out of 1,627 BM locations visited by research teams. A BM is considered untraceable when she/he is not present at the designated location and nobody in the village is able to identify her/him by name/address, and the BM cannot be contacted on her/his listed mobile phone. Of the remaining 1,577 agents who were interviewed, 165 (10%) were dormant, i.e., they were physically present, but have temporarily stopped working for reasons such as unresolved dispute with bank or BCNM, etc. Further, out of the remaining 1,412 active BMs, 128 were not able to conduct transactions for reasons such as ‘not received a transaction device’; ‘the device had broken down’; the BM was too new; the BM only opened and/or sourced accounts, etc. However, these BMs were still considered ‘active’ because they were capable of opening bank accounts and entertaining customer queries. Overall, 1,284 BMs (79% of BMs surveyed) were ‘transaction ready’, i.e., a customer can walk in and conduct a transaction at these locations.



The following diagram provides a comparative analysis of PMJDY performance for Wave I, II and III conducted in October–November 2014, April–May 2015 and, October–November 2015, respectively. This comparison showcases the change in BM performance (in percentage form) over a period of one year from launch of PMJDY scheme. At an aggregate level, BMs who were available or interviewed (i.e., BMs who could be met and interviewed), has considerably improved from 89% in Wave I to 97% in Wave III. This improvement can also be attributed to up-to-date BM data available at the PMJDY website.

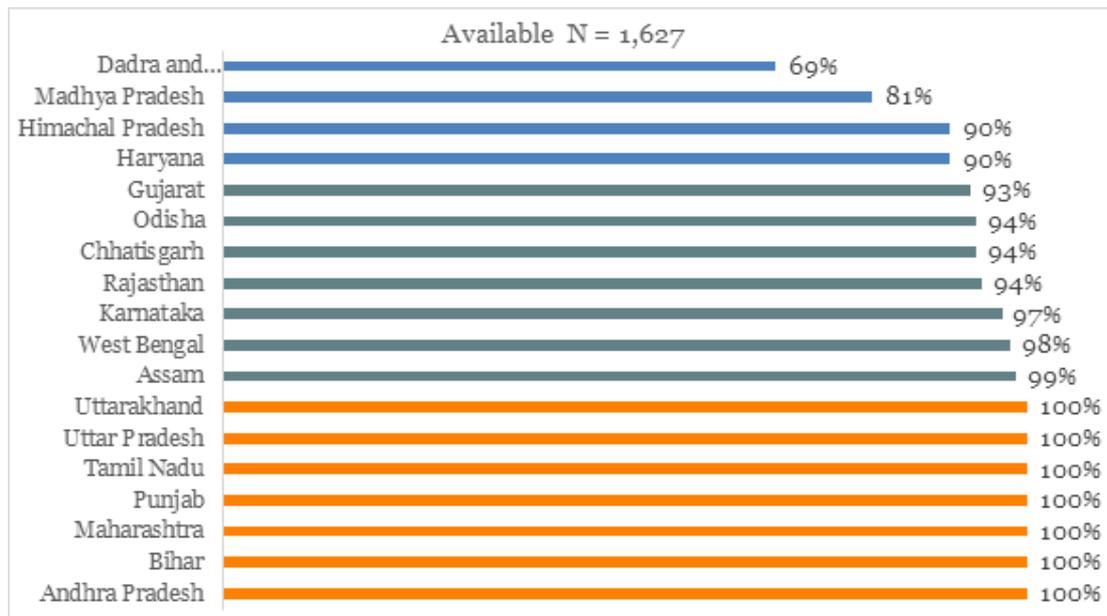
The proportion of active as well as transaction-ready BMs have also gone up considerably from Wave I to III. This implies that customers now have a much higher number of available, as well as transaction-ready, BMs as compared to findings in the last two waves. Visibility at BM location has also improved as 85% of the BMs interviewed were found to have installed signage as compared to 80% in Wave II, and 48% in Wave I, respectively.

* BM Outlets branded with PMJDY and/or bank logo are included for the purpose of signage.



Availability of Bank Mitras (BMs)

Availability of BMs has improved considerably. It was 89% during Wave I, 84% during Wave II and, stands at 97% in Wave III. Among the states covered during PMJDY Wave III assessment, Dadra and Nagar Haveli and Madhya Pradesh showcased lowest BM availability levels, i.e., of 69% and 81%, respectively. Himachal Pradesh, Haryana, Gujarat, Odisha, Chhattisgarh and Rajasthan also witnessed BM availability levels lower than national average of 97%. BM availability was 100% for Uttarakhand, Uttar Pradesh, Tamil Nadu, Punjab, Maharashtra, Bihar, and Andhra Pradesh. Overall improvement in BM availability can be partly attributed to periodic updating of BM data available at the PMJDY website .



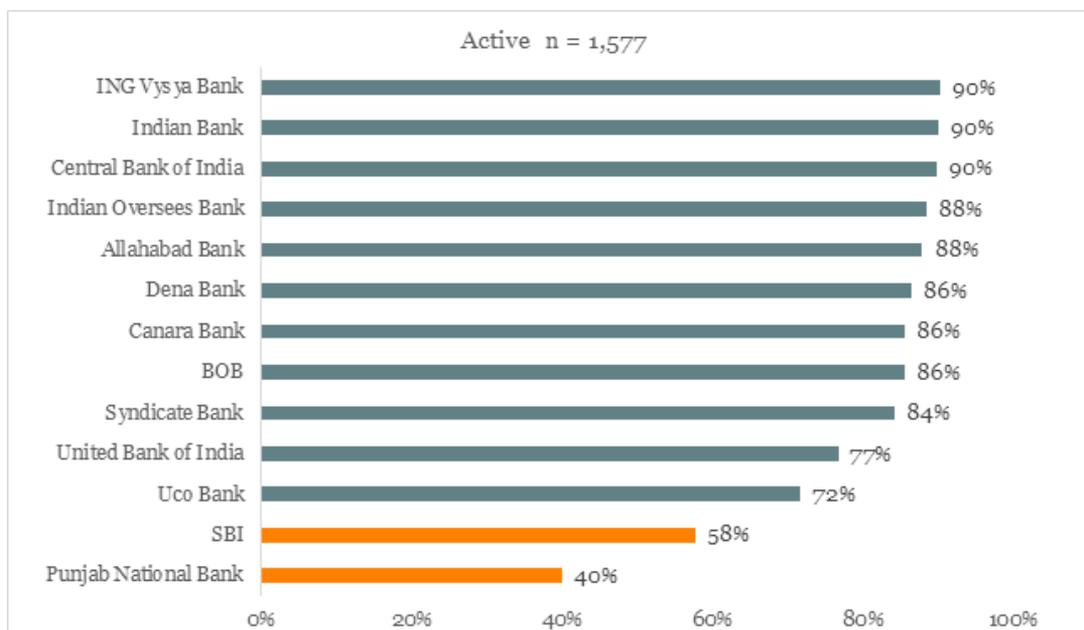
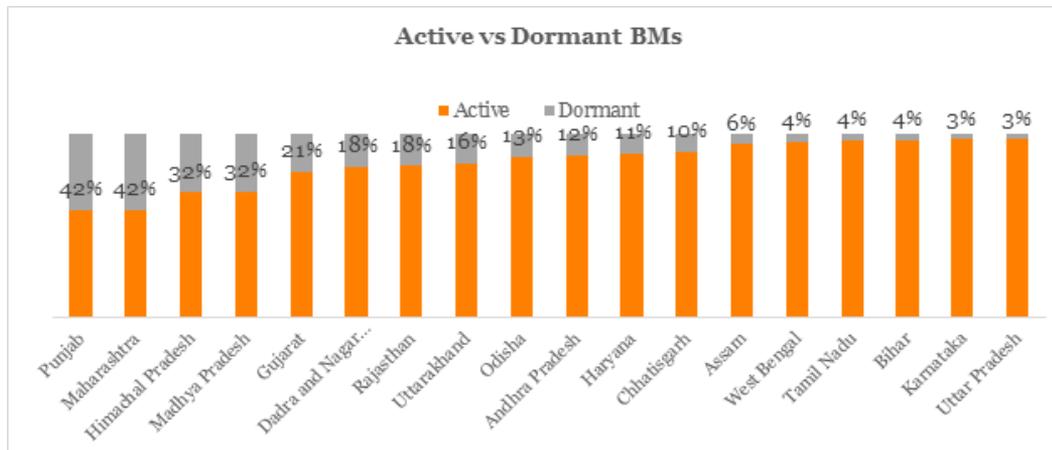
These changes indicate that the BM channel has matured through the initial stages of PMJDY roll-out. The channel has moved from initial fledgling phases of establishing an agent network, through BM identification and enrolment, to a more mature, operational and stable BM base. Currently, 97% of the BMs are available and 87% of BMs are providing financial services in their allocated SSAs.

⁵ Availability for the purpose of the study is defined as: Proportion of sampled BMs who could be located at their designated locations or contacted (via mobile numbers) and were interviewed in person or by telephone.

⁶ BM data for the purpose of this study was captured from PMJDY website (<http://pmjdy.gov.in/g-i-s.aspx>).

Active BMs (Not Dormant)

Overall, 89% of the interviewed BMs (1,577) were active. This implies that BM dormancy level stands at 11% of the interviewed BMs. Among the states covered in the survey, activity is lowest in Punjab and Maharashtra, at 58%, and highest in Uttar Pradesh and Karnataka, i.e., at 97%.

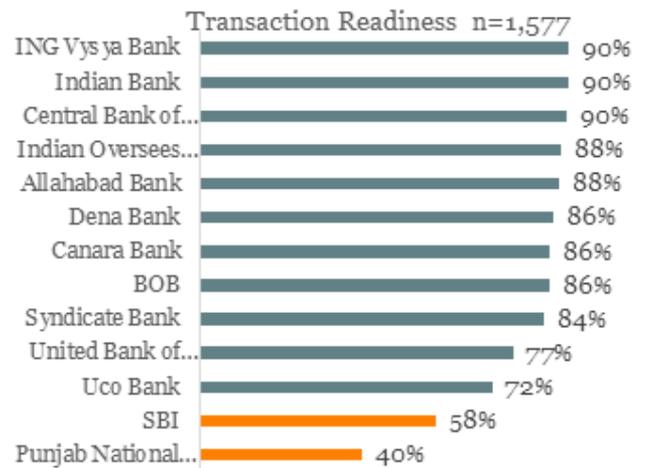


However, high variance in BM activity is observed across banks, ranging from as low as 43% (Punjab National Bank) to as high as 100% (ING Vysya and IOB). Punjab National Bank and State Bank of India had the lowest activity levels at 43% and 59% active BMs, respectively. The BM activity numbers for SBI and PNB were low because of significant agent dormancy in Bihar, Chhattisgarh, Himachal Pradesh, and Rajasthan. United Bank of India and Syndicate Bank followed suit with 82% and 87% active BM base, respectively. For the first time in the last three PMJDY assessments, a private bank was able to showcase highest activity level. ING Vysya Bank, a private bank, is at the top of BM activity levels with 100% agents active. While this may be due to the low base of BMs that ING Vysya Bank may have, it is a nevertheless significant and demonstrates that it is possible to set up a first class agent network.

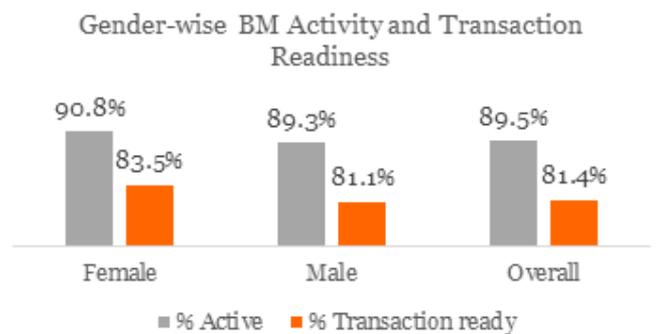
⁷ Active BM for the purpose of the study is defined as: Proportion of available/interviewed BMs who are still associated with banks and are offering financial services.

Transaction Readiness of BMs

A BM is defined as “transaction ready” when a customer walking into a BM outlet can conduct transactions (a/c opening/withdrawal/deposit). Transaction readiness of BMs has improved from 54% of the interviewed BMs in Wave I, to 79% of interviewed BMs in Wave II, to 81% of interviewed BMs in Wave III. BMs who have not yet received their devices or their devices are under repair, or BMs who only open or source accounts and are facing connectivity related glitches, have not been considered as “transaction ready”. Improvement in transaction readiness over the course of a year of PMJDY’s roll-out can be attributed to increased availability of transaction devices with BMs. Some 99% of the active BMs currently have a device compared to 91.5% in Wave II, and 87% in Wave I.

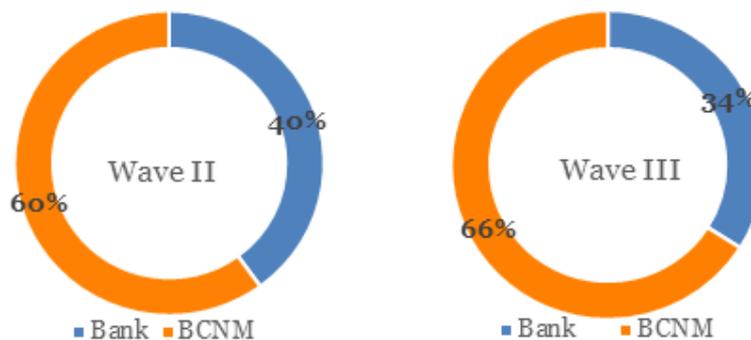


The majority of banks’ BMs are transaction-ready, and are capable of supporting customer transactions. However, a few banks, such as United Bank of India, UCO Bank, SBI, and Punjab National Bank, showcased transaction readiness below overall average of 81%. This can be explained on the basis of the below-average activity level of BMs of these banks, which has further translated into lower transaction-readiness. These banks need to ensure that their BMs do not face challenges around device availability and connectivity, et cetera.



BM Appointing Agency

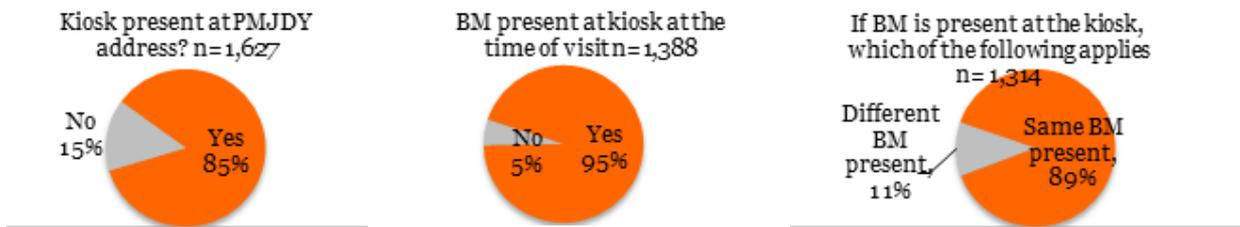
Over the year, there is a shift from banks appointing BMs directly, to BMs being appointed and managed by BCNMs. This trend is evident from the fact that 40% of the BMs interviewed in Wave II were appointed by banks, which has reduced to only 34% BMs appointed by banks in Wave III. The majority of the nationalised and private banks prefer to outsource the BM management aspect to third-party BCNMs. These BCNMs specialise in agent management and are able to achieve economies of scale by providing agent management services to multiple banks at multiple locations. There is a growing trend of banks entering into corporate agreements with BCNMs at the central level to ensure that the same BCNM is managing BMs across India.



⁸ Transaction-readiness for the purpose of the study is defined as: Proportion of active BMs who are equipped with transaction devices (laptop/point of sale) and are **capable of conducting transactions** (deposit, withdrawal and account opening) for walk-in customers on the day of research team’s visit.

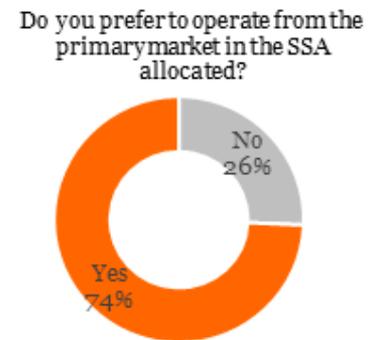
⁹ BM appointing agency was not captured in Wave I analysis and, thus, this section only compares Wave II and Wave III findings.

PMJDY BM Database



Of the total BMs surveyed as a part of the study, 85% of BMs' kiosks were present at the address mentioned in the PMJDY BM database. 95% of these kiosks had BMs present at the time of the visit by enumerators. 89% of these BMs were same as the details provided in the PMJDY BM database. 11% of the database had a different BM present at the kiosk location.

MicroSave's analysis also revealed that 74% of the BMs interviewed preferred to operate from the primary market in the SSA allocated. This can be largely attributed to better business potential and opportunity to tap the remittance market at these primary market locations.

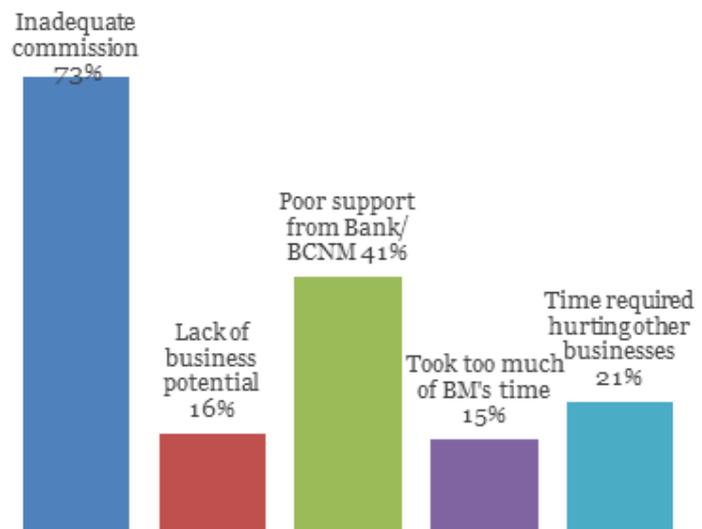


4.2 BM Activity/Infrastructure Readiness

BM Dormancy¹⁰

BM dormancy as a percentage of total BMs sampled has increased from 9% in Wave I and 8% in Wave II, to 10% in Wave III. Overall, dormancy is inching up which should worry banks and policy-makers. Detailed analysis revealed aspects such as inadequate commission, poor support from bank/BCNM and lack of business potential as major contributors to BM dormancy. 73% of the dormant BMs felt that inadequate compensation from BC business forced them to turn dormant.

41% of BMs considered poor handholding and lack of support from bank and BCNM staff as a major contributor to dormancy. Most of the BMs also complained of high level of involvement / effort and low business remuneration from BC activities as another reason to close down the business. Most of these dormant BMs have highlighted their concerns to the respective stakeholders time and again, before and after becoming dormant. BM dormancy hampers customers' trust in the entire BC model. When a customer opens a bank account at the BM, s/he is the only touch-point that the customer has for all his financial needs. The customer trusts the BM before trusting the entire channel and back-end machinery. BM dormancy can thus hamper customers' trust on financial inclusion as a whole.

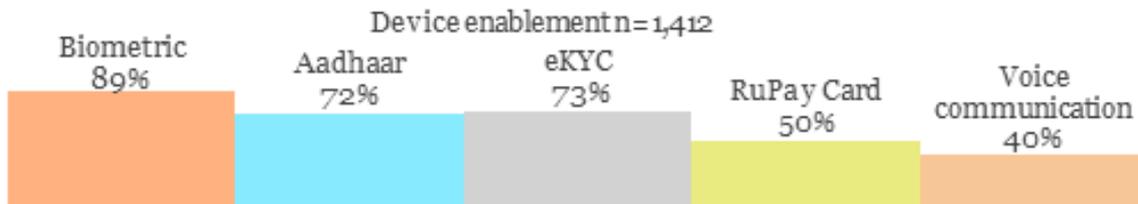
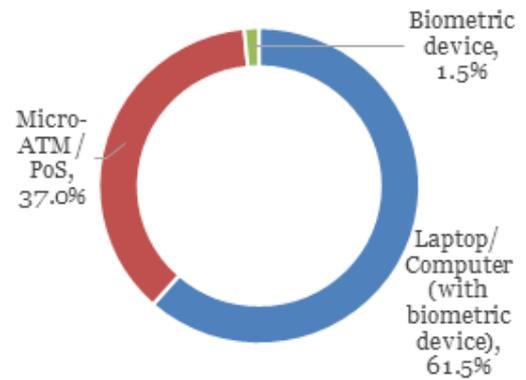


¹⁰ For the purpose of this study, BMs with no transaction in last 90 days are considered dormant.

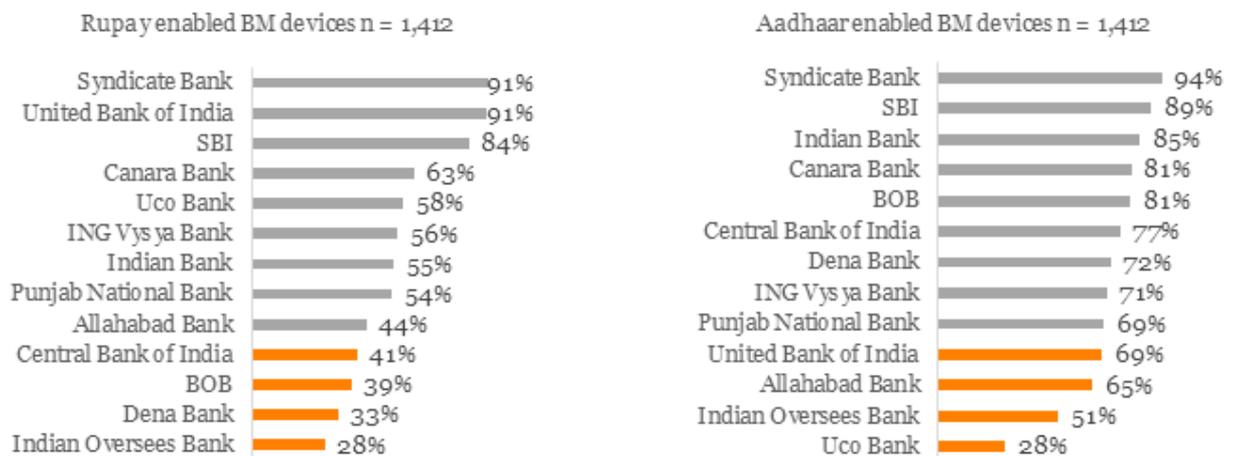
Type of Device and Device Enablement

The infrastructure available at BM outlets was assessed on parameters that are essential for a BM to carry out agency operations, such as type of device and device enablement. 37% of the BMs have a micro-ATM / PoS compared to 28% in Wave II. 61.5% BMs use a computer (either a laptop or a desktop) with biometric device to conduct customer transactions. This has gone up from 55% in Wave II.

In line with findings of Wave II, there is no uniformity in the devices provided to BMs associated with different banks, and even within the same bank. However, consistency in device provided to BMs was observed for BMs associated with same BCNMs or corporate BCs.



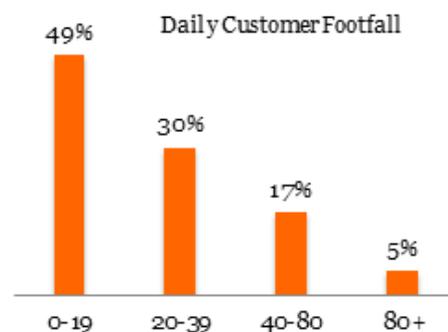
Overall, devices with BMs are not capable of universally conducting all types of authentication/transactions. Different devices have different built-in capabilities, depending upon the BCNM, technical service provider (TSP), and, mostly, the banking partner. 89% of the BMs (with any kind of device) have their devices enabled for biometric authentication – not necessarily Aadhaar-based authentication. This has come down from 91% in Wave II. BMs with Aadhaar-enabled devices have increased to 72%, from 69% in Wave II; a considerable improvement in a span of less than six months. Still, lack of Aadhaar-enabled devices will adversely impact roll-out of DBT through PMJDY accounts in the immediate future. RuPay card-enabled device distribution has also picked up to 50% (from 26% in Wave II). However, these devices may still remain unused, as customers are facing issues of non-delivery of RuPay cards and non-issuance of PINs.



Syndicate Bank has achieved the highest Aadhaar enablement of devices. BMs of SBI, Indian Bank, Canara Bank, Bank of Baroda, and Central Bank have achieved Aadhaar enablement of more than 72%. Interestingly, Syndicate Bank also has the highest RuPay card enablement of devices at 91%. This is followed by United Bank of India, SBI, Canara Bank, Uco Bank, ING Vysya Bank, Indian Bank, and Punjab National Bank — above the overall average of 50%. Overall, Aadhaar-enabled authentication and transaction, as well as use of RuPay cards at BM outlets, will increase corresponding to the speed with which BM devices are enabled with these services by banks.

BM Portfolio

Interestingly, average daily customer footfall at BM outlet remains unchanged at 27, same as the daily customer footfall observed in Wave II. However, almost half of the BMs receive less than or equal to 19 customers in a given day, which is insufficient to sustain business. In fact, about 79% of the BMs witnessed customer footfall of less than 39. Dedicated BMs (BMs exclusively working as agents), should get between 50 and 150 customers per day to make the business model stand up for them; although this number could be lesser for those carrying out alternate businesses alongside BC work, . The situation hasn't improved much, as similar customer footfall behaviour was also observed in Wave II.



On an average, a BM has 949 PMJDY customers to service and it takes 9 days to open one PMJDY account. 42% customers have received RuPay card and PIN for ATM transactions, and 28% customers are dormant. Only 2% customers per BM have received OD till date. Qualitative analysis revealed banks disinterest in extending OD facility to customers, given banks' unwillingness to take up credit risk for customers with lack of credit and transaction history. For a typical BM, 24% and 15% of his customers have enrolled for PMSBY and PMJJY, respectively. Only 3% of customers of an average BM have enrolled for APY, while only 2% have applied for insurance claim settlement with the BM till date.

1,018 customers submitted PMJDY account opening forms per BM, on an average, but only 878 customers per BM were able to open account successfully. This indicates that 14% of the customers were unable to open PMJDY account, for reasons such as incomplete account opening form; 'bank branch rejected Sarpanch/Mukhiya/Gram Panchayat's authorisation letter'; 'bank branch didn't accept anything but Aadhaar or ration card as proof'; and 'self-attested proof not accepted by branch'.

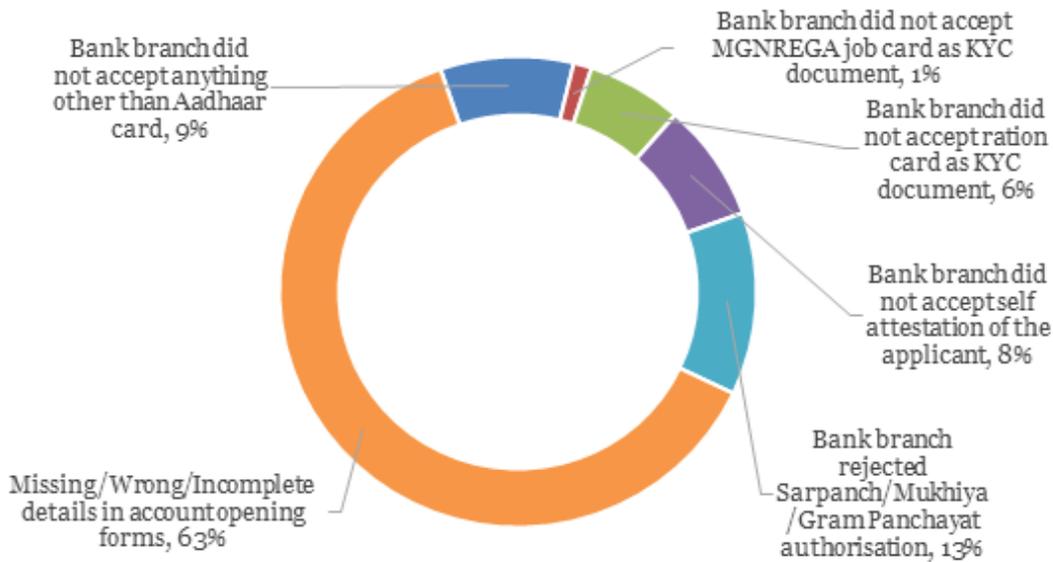
“Shuru me humlog OD ke naam pe customers ko PMJDY khata khulwaye hain” (Initially we used OD as anchor product to get customers to open PMJDY account)
– Bank staff, Gazipur.

Average PMJDY customers per BM	949
Average number of days to open PMJDY account	9
Maximum number of days to open PMJDY account	60
Average number of customers with RuPay card and PIN distributed per BM	399
Average number of dormant customers per BM	264
Average OD customers per BM	15
Average number of customers enrolled in Pradhan Mantri Suraksha Beema Yojana (PMSBY) per BM	232
Average number of customers enrolled in Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJY) per BM	145
Average number of insurance claim settlement request received per BM	15
Average number of customers enrolled in Atal Pension Yojana per BM	26

¹¹ <http://www.cgap.org/sites/default/files/CGAP-Technical-Guide-Agent-Management-Toolkit-Building-a-Viable-Network-of-Branchless-Banking-Agents-Feb-2011.pdf>

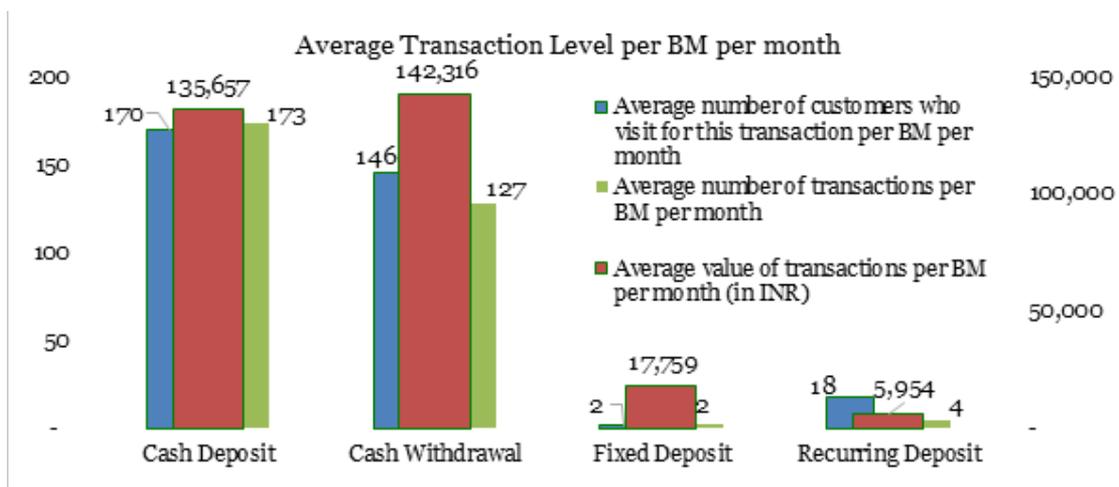
¹² http://www.Micro.Save.net/files/pdf/PB_6_Agent_Journals_The_Agent_Business_Case_In_India.pdf

Reasons for PMJDY Account Opening Form Rejection



An analysis of number of transactions conducted at the BM location indicates that cash withdrawal and deposit forms the core of BMs’ day-to-day business. A BM per month, on an average, conducts 127 cash withdrawals and 173 cash deposit transactions of INR 135,657 and INR 142,316 in total, respectively.

Fixed deposit and recurring deposit transactions in a month are limited to 2 and 4 transactions, respectively, per BM.

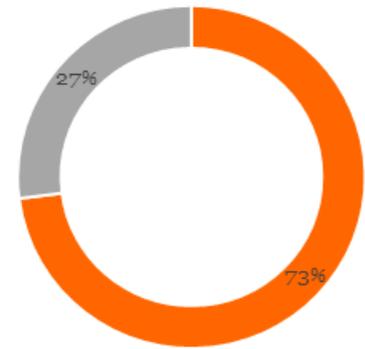


Monitoring and Training

Capacity building of BMs yet again emerged as a weak spot due to inadequate focus on training of BMs. 27% of BMs reported not receiving any training on financial literacy, while the remaining 73% received training. This is a considerable improvement over Wave II, where only 57% of the BMs reported receiving any training on financial literacy. Of the BMs who have received financial literacy training, banks imparted this training to 59% BMs, BCNMs imparted training to 31% of the BMs, and the remaining 10% were imparted training by Financial Literacy Counselling Centres (FLCCs). According to Agent Network Assessment (ANA) conducted by *MicroSave* in India, only 59% of the BMs felt they have received adequate training. The training levels for BMs in Kenya, Uganda and Bangladesh stood at 89%, 94% and 69% respectively.

Monitoring of BMs by branch officials has no specified periodicity, and BMs are generally unaware of any audit/inspection process in place. 9% of the BMs reported that their outlet is never visited by bank staff, compared to 18% BMs who reported the same in Wave II. 38% BMs in Wave III, as compared to 32% in Wave II, reported that their outlet is visited once in a month by bank staff. Enhanced focus is essential to ensure that bank staff visits BMs. Our analysis revealed that better support from bank staff to BMs directly translates into increased customer footfall and enhanced customer service. It is interesting to note that, as per ANA findings, in 2014 59% agents were visited at least once a month by the bank staff. This is less than 63% BMs reporting that they got as many visits by branch staff in the same period, in India.

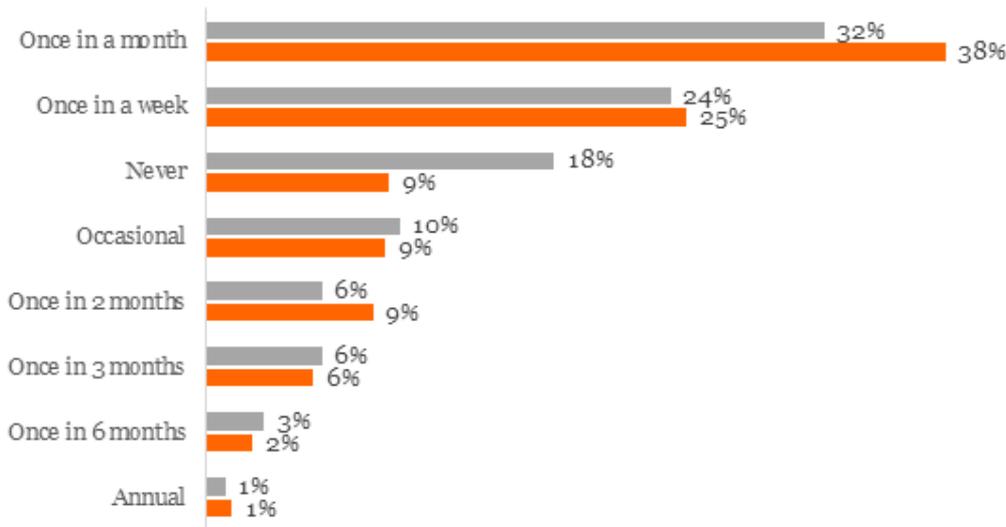
% of BMs Who Received Financial Literacy Training From Joining n = 1,412



Received training Never received training

Frequency of Visits by Bank Branch Official n = 1,412

Wave II Wave III



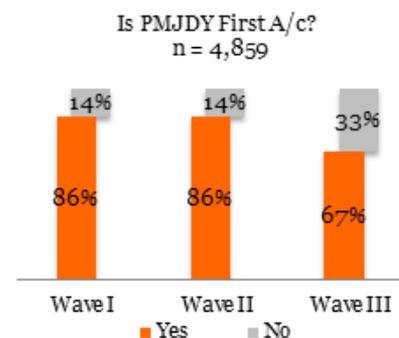
¹³ [http://www.helix-institute.com/sites/default/files/Publications/160126%20Zambia%20Country%20Report%20UNCDF%20Helix%20FINAL%20\(1\)_0.pdf](http://www.helix-institute.com/sites/default/files/Publications/160126%20Zambia%20Country%20Report%20UNCDF%20Helix%20FINAL%20(1)_0.pdf)

¹⁴ http://www.helix-institute.com/sites/default/files/Publications/Agent%20Network%20Accelerator%20Survey%20-%20Kenya%20Country%20Report%202014_0.pdf

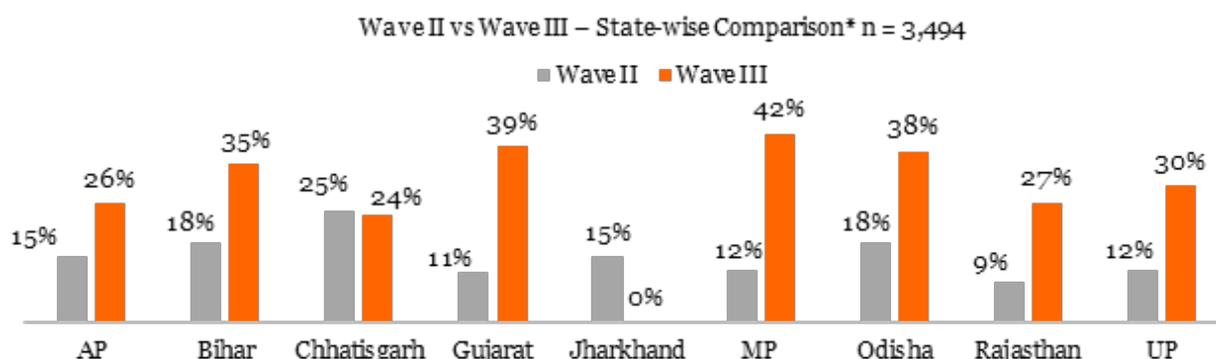
4.3 Customer Outreach Indicators

Exclusiveness of PMJDY Account

Customer account duplication, i.e., customers who hold another bank account in addition to PMJDY account, stands at 33%. This is a significant increase from last two rounds of PMJDY survey and can be attributed to target-based account opening approach taken by banks. BMs' incentives were linked to the number of accounts opened and, as a result, BMs made efforts to maximise incentives and opened accounts for customers irrespective of whether they had an account or not. A part of this high customer duplication can also be attributed to miscommunication about PMJDY schemes among customers. Customers have opened another PMJDY account under misconception of receiving additional government benefits and overdraft facility.



“Shuru me aisi afwah faila di ki account kholna jaruri hai. Maine alag-alag bank me 3 khate khulwa liye ki 15,000 mil sakein” (It was communicated that opening PMJDY account is a must. I got three accounts opened in three different banks to receive INR 15,000) – Customer, Jind, Haryana.

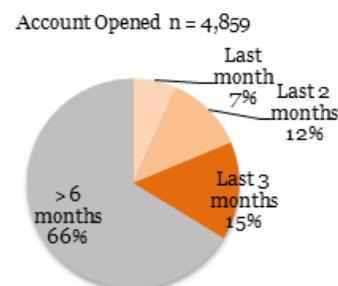


Since Wave III is a nationally representative survey, a deviation from the last two waves (I and II) of PMJDY survey, analysis was done to understand whether this significant increase in customer duplication is a result of pan-India representation. However, as evident from the graph above, increase in customer duplication is observed in almost all the states that were covered in Waves II and I. This indicates that customer duplication has seen an upswing during August 2015 to December 2015 (time period between Wave II and Wave III).

Although the pace of account opening has decreased, still, after a year of launch of PMJDY, 34% of customers have opened accounts in the last three months, i.e., August to December 2015. More so, every third account opened in the last three months is a duplicate account.

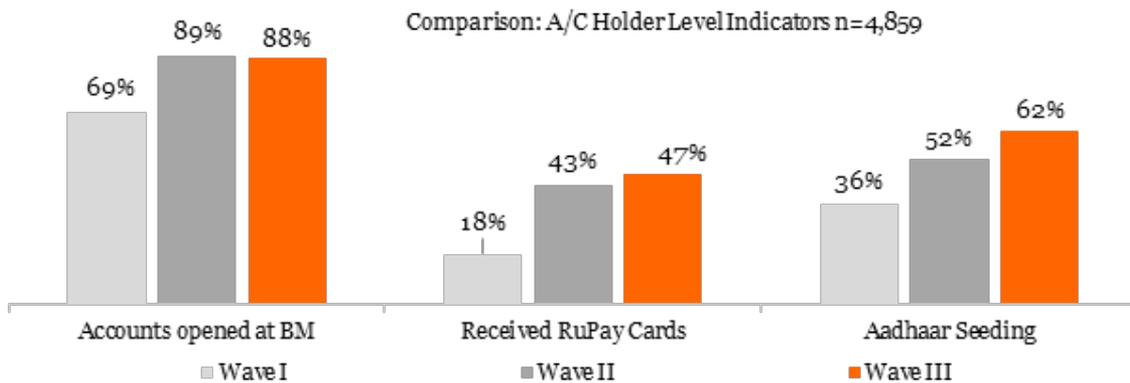
Do you have another a/c?

A/c opened in	Yes	No
Last month	41%	59%
Last 2 months	33%	67%
Last 3 months	31%	69%
Last 6 months	32%	68%



¹⁵ Wave I and Wave II were comparative in nature and were conducted in the same 9 states: Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, Jharkhand, Madhya Pradesh, Odisha, Rajasthan and Uttar Pradesh. Wave III has been conducted across 17 states and 1 Union territory, selected on a random sampling basis. Jharkhand was not covered under Wave III.

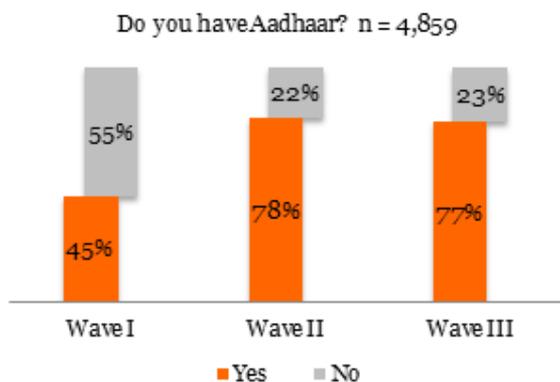
Readiness of Demand-side Infrastructure



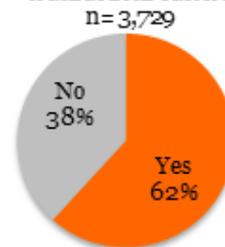
Since the launch of PMJDY scheme, customers have increasingly preferred BM as a channel to open PMJDY account (from 69% in Wave I to 88% in Wave II). This substantiates the point that, over the last one year, customers have established their trust in widely present BM channels, set up in far-flung corners of the country, by orchestrated efforts of banks and BCNMs. The rate of RuPay card distribution (47%) and Aadhaar seeding (62%) is positive, but is extremely slow. Where low distribution of RuPay cards limits degree of transactional freedom of customer (customer is bound to transact only from BM point), inadequate Aadhaar seeding deprives customer to hatch on to Aadhaar-enabled payment system — a base for efficient and leakage-free government to people (G2P) payment system.

“Banking jan gaye hai ab log. Bank jab keh deta hai ki is BM ke pas jao, to log aane lagte hain” (People have understood banking now. When a bank identifies a BM it becomes easy for customer to trust the channel)

– BM, Mirzapur, UP.



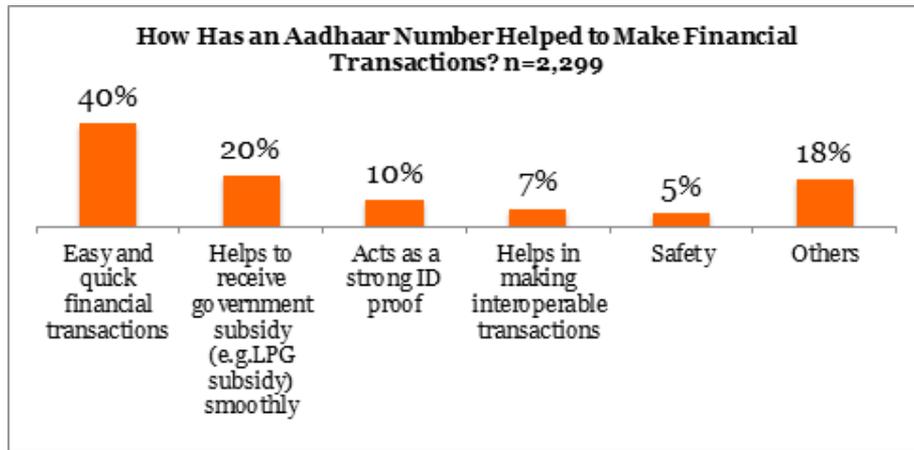
Has Aadhaar helped to make financial transactions easier?



Most of the customers (62%) who have Aadhaar, feel that Aadhaar has helped to make their financial transactions easier. Most importantly, customers attribute Aadhaar to benefits such as quick financial transactions, strong identity proof, qualifier to receive government subsidy such as DBTL (LPG subsidy) and freedom to operate from any BM location.

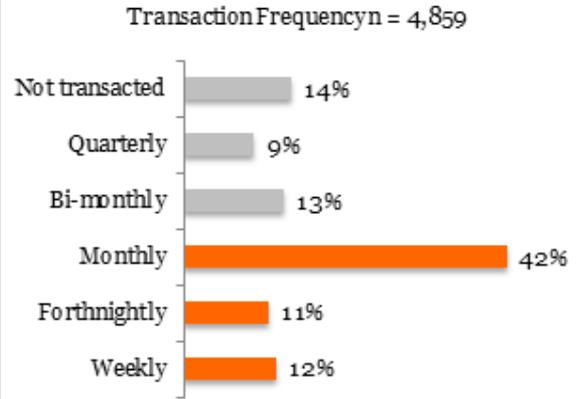
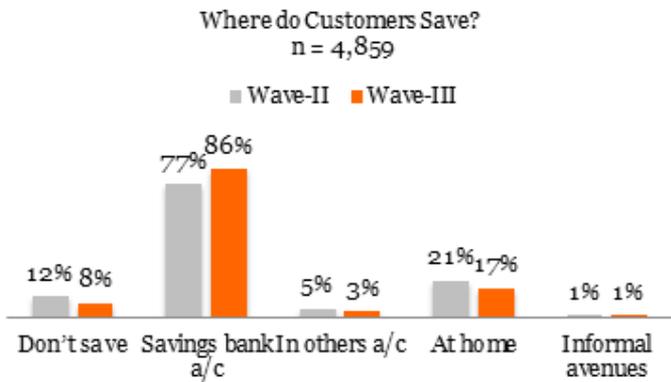
“e-KYC best rehta hain, bas 2 minute me account khul jata hai” (We can open account in just two minutes with e-KYC)

– BM, Mirzapur, UP

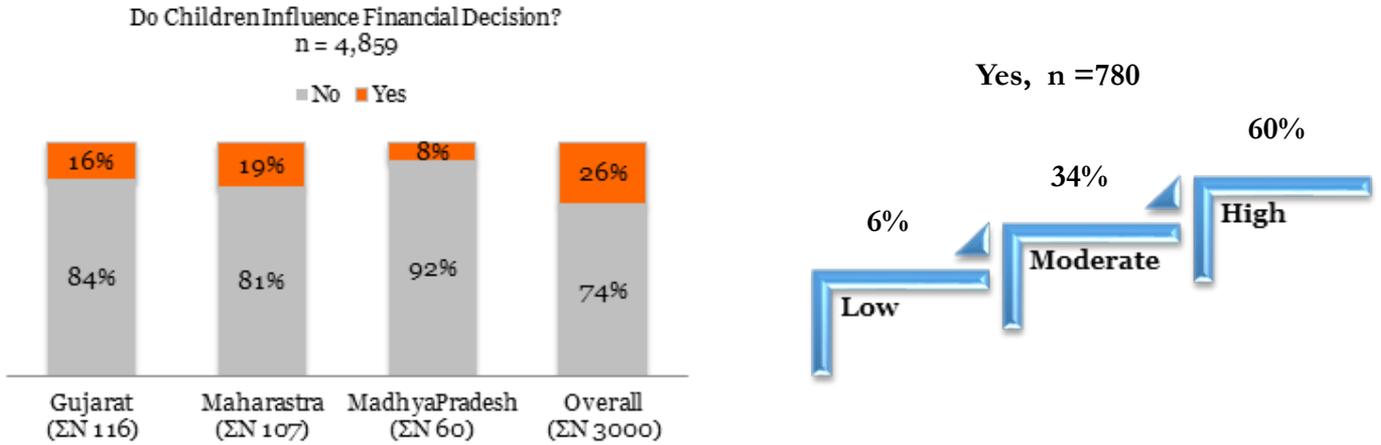


Customers’ Financial Behaviour

There is significant shift in savings behaviour of PMJDY customers. There is decrease in number of customers who either don’t save (12% in Wave II to 8% in Wave III) or save at home (21% in Wave II to 17% in Wave III). These customers have started to use their own savings account to save (up from 77% in Wave II to 86% in Wave III). Additionally, there is a small increment in number of customer transactions per month from last wave of PMJDY survey. A total of 65% of customers transact at least once in a month at BM location, compared to 58% in Wave II. On an average, a typical PMJDY customer household constitutes four adults (over 18 years) and one child (aged between 10 and 18 years). 84% of the customers reported that two or more than two members of the household have an individual bank account.



“Labour class logon ko bahut fayda hua hai. Ab daily kamai se bacha ke khate me jama karte hain”
 (Non-skilled labourers have greatly benefited. They save out of their daily wage income)
 – BM, Ghazipur U.P.



There is low influence of children on financial decision making of PMJDY customers and a majority of the customers tend to make their decisions independently, to operate savings account, and/or choose pension or insurance schemes. DFS had specifically wanted to know of this behaviour in states such as Gujarat, Maharashtra and Madhya Pradesh, to design financial literacy programmes targeted at school children. As is evident from the graph, the influence of children in household financial decision-making is even lesser in these states as compared to the national average. However, in cases where children influence financial decisions of parents, the degree of influence was observed to be high.

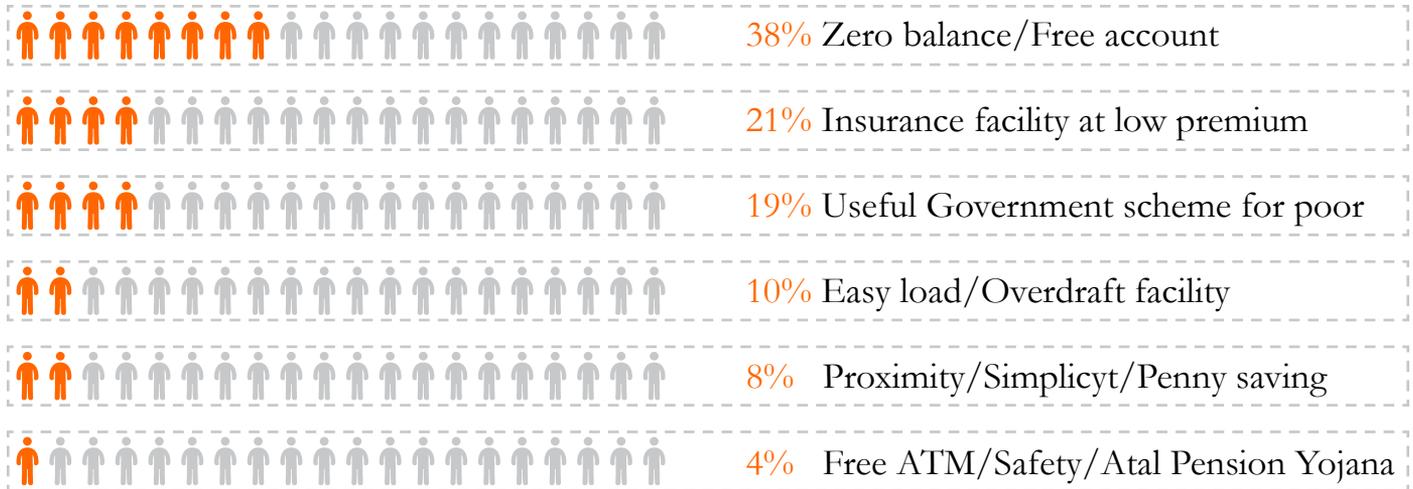
5. Key Findings



5.1 PMJDY made FI a universal phenomenon

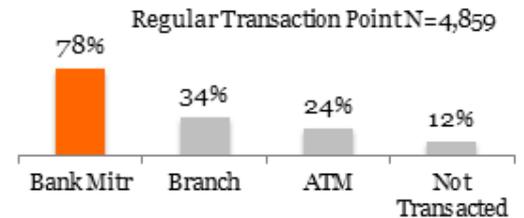
PMJDY has made financial inclusion a universal phenomenon and changed financial profile of rural India. Financial literacy and upgrade in BM infrastructure can take PMJDY scheme to the next level.

Top of the mind customer's perception about PMJDY N=4,859



“Gaanv me 15 se 500 khate ho gaye hain. Banking jan gaye hain log ab to” (The number of bank accounts have increased from 15 to 500. Villagers have understood banking now)

– BM, Mirzapur

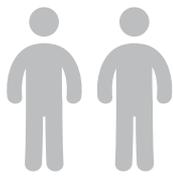


PMJDY has led to universalisation of accounts and provided easily accessible bank accounts to customers in their neighbourhood. BMs mention that it is hard to find people in the village who don't have an account. Most PMJDY customers (78%) use BM to make their regular financial transactions. Villagers do not need to travel to distant bank branches any more, and they get banking transactions done at the BM's point even beyond normal operating hours and during holidays.

80% of PMJDY customers who regularly make financial transactions ranked BM as their first preference to conduct banking transaction. Proximity of the BM location from their home and working places, quick and convenient processes, and availability of BMs beyond working hours, are three main reasons to opt for BM as a preferred channel for financial transactions.

PMJDY scheme has also led to significant financial inclusion coverage of the female population. For every three PMJDY customers who opened a bank account for the first time, one was a female customer. BMs report that women, who already are members of self-help groups (SHGs), have opened individual accounts to make clandestine savings.

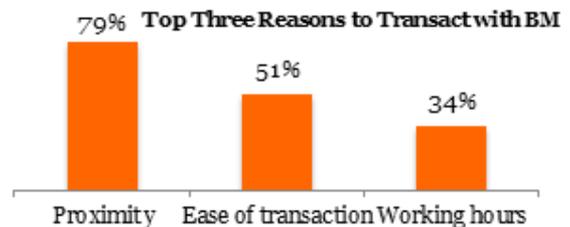
PMJDY Customer having First a/c n=3,273



64% Male



36% Female



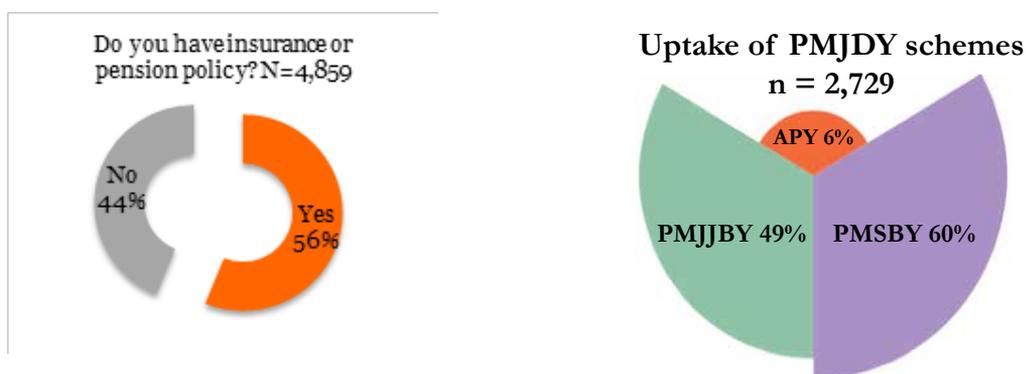
¹⁶ Multiple responses received from customers for this question

¹⁷ 3,273 out of a total 4,859 PMJDY customers interviewed have PMJDY as first and only account

“1,540 me se 900 aurton ke khate hain. Suvidha ke anusar unke ghar jake bhi paise jama kar lete hain” (900 accounts out of 1,540 are of females. If it is convenient, we collect deposits from their houses) – BM, Bhadrak, Odisha

“Apne aadmi se bacha ke ab bahut auratein 50-500 jama kara leti hain” (Many women save INR 50-500 without their husbands knowing about it) – BM, Jind, Haryana

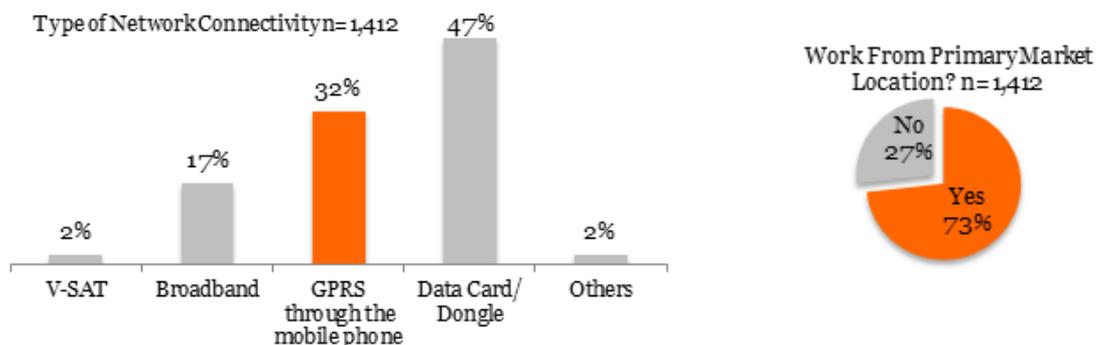
PMJDY has helped to improve financial profile of villagers, where product basket has expanded beyond regular savings product (FD and RD) to include insurance (life and accident) and pension policies. The number of customers who have either enrolled for insurance or pension scheme has increased to 56% from 43% in Wave II. Specifically, insurance schemes have been widely accepted by PMJDY customers due to its excellent value proposition and low cost. Popularly known as **“12 aur 330 rupaya wala bima”** (i.e., insurance of rupees 12-PMSBY and 330-PMJJBY), customers find both the insurance schemes a good government initiative that offers security at a cost affordable by all income segments. BMs also report of incidents of successful claim settlements, where a family received money in case of unfortunate event with the customer. The uptake of PMSBY (60%) is higher than PMJJBY (49%) and Atal Pension Yojana (APY) (6%) due to its low cost. PMJJBY is found to be popular among female customers, as they feel that there are fewer chances of female members facing accident incidences as compared to male members. On the other hand, APY has been popular among literate and high-income customers. Low-income customers find the APY scheme costlier (INR 504) as compared to both PMSBY and PMJJBY, and find it a burden to make regular monthly contribution over a long period (minimum 20-year period). Further, customers who are receiving old age pension under National Social Assistance Programme (NSAP) do not want to pay for another pension scheme.



“Mu ekhon achi tekhon nahin, 50 rupaya to cha pani khaise” (I am fine now but may not be later. INR 50 is spent on tea and snacks, so INR 330 is not a problem) – Customer, Sonitpur, Assam

“PMJDY se logon ko khushi hui hai lekin Suvidha nahi ho rahi hai.” (PMJDY has given happiness to customers but not the convenience) – BM, Ghazipur, U.P.

BMs are facing operational challenges with respect to connectivity and customer service.



In search of better customer footfall and seamless network connectivity, almost 3/4th of active BMs tend to operate from primary market area of Panchayat/block and nearly 1/5th of BMs operate out of their allocated SSA. Further, every four out of ten BMs operate out of multiple locations to cover customers from more than one Gram Panchayat and, on an average, one BM serves up to four villages. The number of BMs who are using their mobile phones as a makeshift arrangement to connect to the Internet to conduct transactions, has remained the same at 32% as in the last wave of PMJDY survey.

Additionally, BMs also ask bank branches to provide infrastructure support to handle daily operational difficulties. For example, customers who have opened their first bank account under the PMJDY scheme, need an updated passbook as an important piece of physical evidence of their bank account and safety of their funds. Most of the customers visit the BM locations to update the bank passbook. Since BMs do not have passbook updating facility, they visit the bank branches to get them updated. BMs say that in order to increase customer trust on the channel, they should be given machines and authorisation to update passbooks. BMs even complain of non-availability of passbooks at branches.

“Kuch customers natural death ka claim lene aaye thhe. Maine bataya ye accident ka insurance hai isme paisa nahi milega” (Customers visited my place to claim money for natural death. I told them it is only accidental insurance and claim cannot be made) – BM, Vidisha, MP

Despite their success, the PMJDY schemes (PMJJBY, PMSBY, and APY) have not been able to build required trust among customers. The low trust can mostly be attributed to low scheme awareness (among customers and BMs) and process inefficiencies. BMs report of difficulty in getting customers to sign up for schemes, since customers are not sure whether these schemes would continue beyond the current government, and also whether the claim would be settled successfully. BMs report that some customers cannot even differentiate between the two schemes (PMSBY and PMJJBY). BMs, too, are unaware and untrained on the scheme benefits and process details, such as premium deposit and claim settlement. BMs mention helplessness in answering customer queries, such as status of activation of insurance policy, premium deduction,

“12 tanka insurance kholili je, mote kana paisa miliba?” (I have subscribed to the INR 12 insurance, but will I receive any money?) – Customer, Bhadrak, Odisha

Humne bhi 330 ka bima kiya hai, par hamare bhi account se paise nahi kate, abhi aise me koi durghatna ho jae to kiske paas jaye?” (I have enrolled for INR 330 insurance, but no amount has been deducted from my account. Where will we go if an accident happens now?) – BM, Jind, Haryana

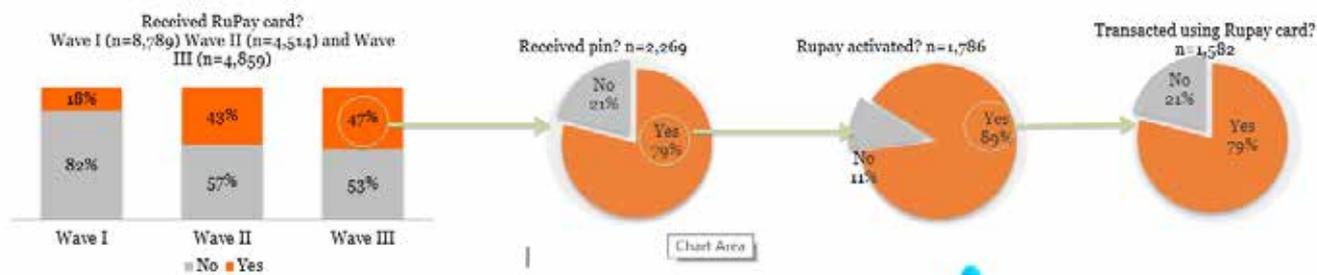
process and documentation of claim submission, etc. BMs opine that a major glitch in these schemes is the absence of proper documentation that should be received against an insurance policy. BMs report of providing the lower part of the insurance form as acknowledgement slip only if customers ask for it, else, no proof / documentation is given to customers. BMs report that customers do not have any proof of enrolment in the policy except the premium that gets deducted from their account.

“Aadhi parchi dete hain insurance ke baad lekin likhit policy nahi milti” (We receive half acknowledgement receipt but not full policy document) – Customer, Patan, Gujarat

Quick Wins

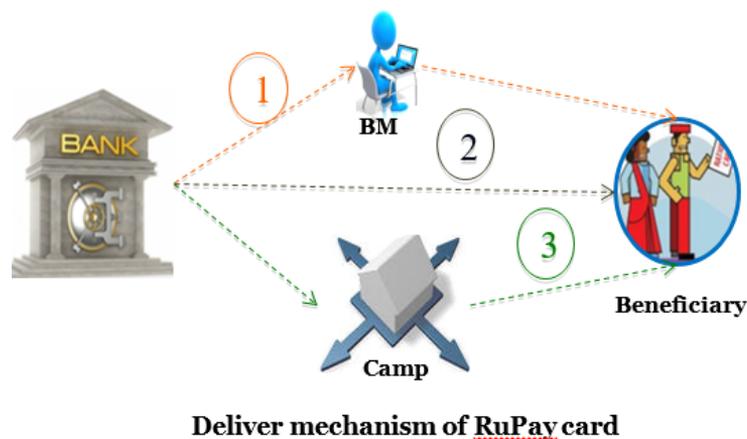
1. BMs may be given access to view customer's insurance policy details online to entertain customer queries
2. Customers may be given detailed policy documents having policy number, premium amount and other personalised details

5.2 Logistic and Technical Challenges Deprive Customers of RuPay Card Advantages



“Branch manager bolte “isko pooch, usko pooch... ham se achhe se baat nahi karte.” (Branch officials keep sending us to one or another staff and do not talk nicely to us) – PMJDY customer, M.P.

Although 85% of PMJDY accounts have been issued RuPay debit cards, not all 85% of PMJDY account holders have RuPay cards. In practice, RuPay cards are either sent directly to PMJDY customers through courier (standard practice followed by SBI) or to the link branches for further distribution. In the latter case, the link branch either organises a camp to distribute RuPay card (BMs reported low customer turnout in camps of Chhattisgarh and Maharashtra) or take help of BM to personally deliver cards to customers. In both the cases, PMJDY customers still need to visit the bank branches to collect RuPay card PINs. Factors such as long distance and unfriendly behaviour of link branches deter these low-value PMJDY customers to collect RuPay card PIN from branches.



“Jo angootha tek hain, unko RuPay card nahi milte” (Illiterate customers are not given RuPay cards) – Bank Mitra, Jind, Haryana

“Bank wale customer ko bhaga dete hain” (Bank officials send customers away) – Bank Mitra, Vidisha, MP

The branch has to spend significant time per customer to distribute RuPay PIN before handing it over to PMJDY customers. Branch has to activate the card in their core banking software and select options such as POS, ATM, etc. to enable transaction at these points. Therefore, distributing RuPay PINs and cards to PMJDY customers is a function of branch’s infrastructural capability and manpower.

¹⁸ MJJDY Website: Accounts opened and RuPay cards issued: <http://pmjdy.gov.in/ArchiveFile/2015/11/04.11.2015.pdf>

“Three systems are used to handle regular retail banking business. These systems remain busy throughout the day to entertain around 250 customers each day. Now, as far as RuPay distribution is concerned, we have to use system to generate PINs. The cards have already arrived, which can be distributed easily, but generating PIN on slow network is a time-consuming task. In case we do this, regular banking business will be disturbed. On a selective basis, we still distribute cards to some customers from other nearest branch where network connectivity is good” - Link Branch Manager, Ghazipur, UP

Challenges faced by banks in RuPay card distribution	Challenges faced by BM in RuPay card distribution	Challenges faced by customers in RuPay card collection
Delay in issuance of RuPay card from the district head office.	Delay in issuance of RuPay card from the Bank.	Customers are not aware of RuPay card arrival at bank/BM location
Customers do not show interest in collecting RuPay card.	Bank Mitra is unable to connect to customer.	Customers do not collect RuPay card due distant location of linked bank branch
A few branches discourage RuPay card distribution, fearing fraud with illiterate customers.	(Customer’s phone is switched off/does not exist)	Customers avoid collecting RuPay, fearing misuse owing to their illiteracy
Bank staff’s negligence and low bandwidth to issue RuPay card on time.		There are no ATMs in the village and people have to travel long distances to access ATM services. So, for them, there is no utility of RuPay card

At a few places, such as Jind, Haryana, BMs reported that a few branches are intentionally discouraging RuPay card distribution due to high possibility of fraud with illiterate PMJDY customers, and also to avoid accountability of branch in such situations. In some cases, where branches have directly opened PMJDY accounts, they are having difficulty in locating and informing customers about PIN through phone as customers have provided incorrect contact details.

“Most of the customers don’t use the cards and thus the pin expires in 3 months. Bank charges INR 100 for providing a new PIN for RuPay card. This acts as a deterrent – LDM, Patan, Gujarat

On the other side, PMJDY customers who received RuPay card as well as PIN, find it difficult to activate the RuPay cards and to keep it active after the initial activation. As only 24% of the BMs have RuPay card-enabled devices¹⁹, most of the customers visit the nearest ATMs to activate their RuPay card and change their passwords. Since first-time activation happens at the issuing bank terminals/ATMs, PMJDY customers find it cumbersome, owing to unavailability of ATMs in the vicinity. This leads to RuPay card turning dormant. BMs report that risks associated with using a RuPay card also demotivates PMJDY customers from keeping their RuPay card active.

There is a section of PMJDY customers which is refusing to take RuPay cards, fearing misuse by family members.

“My grandson uses my ATM card to make withdrawals without telling me” – An old age pensioner, Ariyalur, Tamil Nadu

¹⁹ Position of Bank Mitra infrastructure: <http://pmjdy.gov.in/MITRAINFRA.aspx>

As a makeshift arrangement to overcome these challenges, BMs resort to activating RuPay card themselves for the PMJDY customers. Where the intentions of BMs are to provide excellent customer service, such actions may put customers’ money at risk. All these factors lead to non-activation and deactivation of RuPay cards. Subsequently, it prevents customers from using RuPay cards and increases dependence on the BM/branch for transactions.

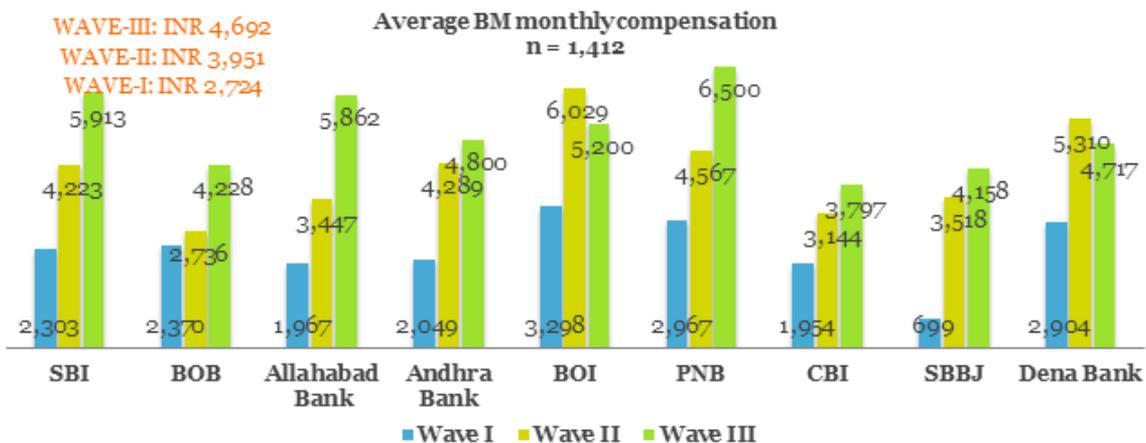
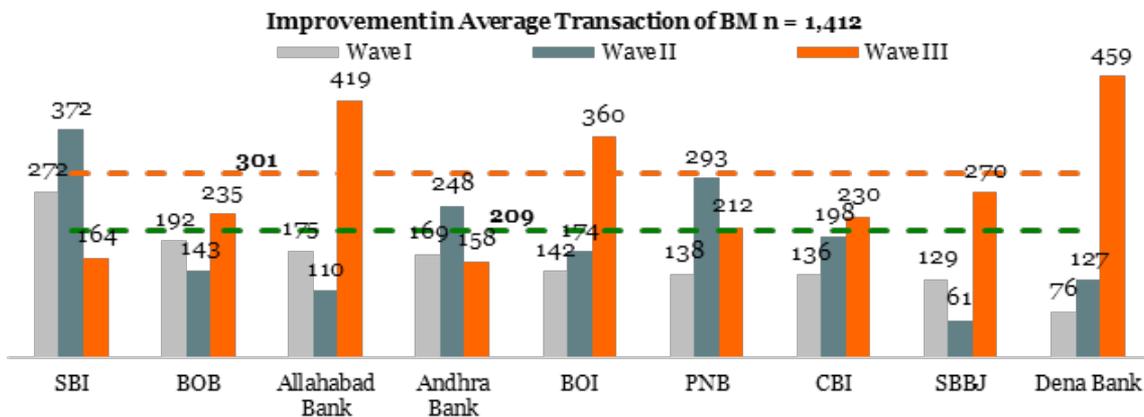
“Hum khud ATM use karke dete hain customer ko taaki woh Jan Dhan ki saari yojna ka labh utha sakein”
 (We activate the RuPay card before handing it to customers so that they could benefit from PMJDY scheme)

– Bank Mitra, Patan Gujarat

5.3 Transaction Volumes to Drive BM Compensation

As new account opening under PMJDY has reached saturation level, transaction volumes now drive BMs’ commission. BMs are troubled by non-transparency, and irregularity of commission payment notwithstanding, are willing to continue business.

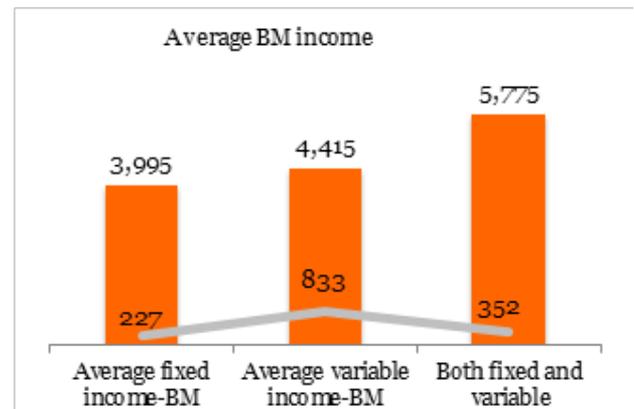
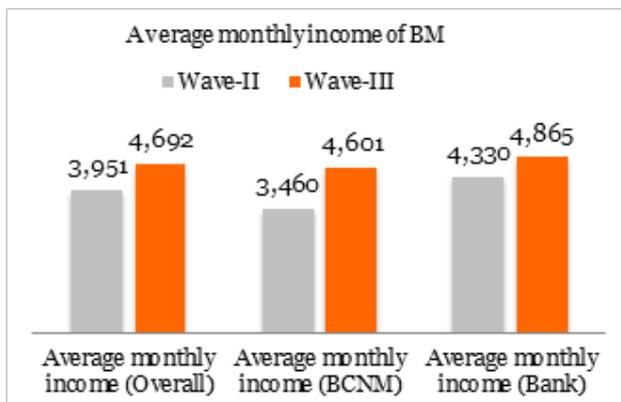
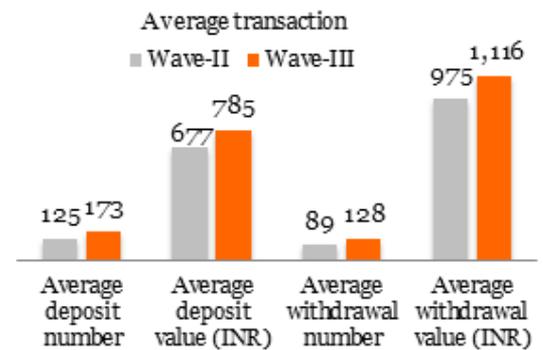
Average number of transactions conducted by BM per month across banks has increased by 44% (301) in Wave III as compared to Wave II (209). This increase can be attributed to shift in focus from customer acquisition to customer retention, leading to uptake of customer transactions. On overall basis, transactional activity level of BMs of other banks (SBBJ, Dena Bank, CBI, BOI, BOB and Allahabad Bank) has increased and that of leading banks (SBI and PNB) has decreased. Also, it is interesting to note here that rural BMs are now handling more transactions than their peri-urban counterparts. Rural BMs handle 300 transactions per month, while their peri-urban and urban counterparts handle 275 and 359 transactions, respectively.



BMs across all banks are earning more compared to Wave I and II. Average BM income has increased by 72% from INR 2,724 in wave I to INR 4,692 in wave III. The increase in average monthly transactions and overall PMJDY customer activity has led to increased income for most of BMs.

“NREGA se bhi kam majdoori humlog ko milta hai. 18 mahine me 3,500 mila hai. Is business ke bharose koi pariwar chala sakta hai kya?” (Our income is even lesser than MGNREGA wages. I have received Rs 3,500 in last 18 months. Can I sustain my family on this income) – BM, Ghazipur, UP

During initial phases of PMJDY scheme, the number of new accounts opened contributed largely to the monthly commission of BMs. For every new PMJDY account, banks pay commission in the range of INR 10 to INR 100 to BMs. Now, after a year of PMJDY scheme, when the target of one account per household has been achieved, the number of new accounts opened per month by the BM has dropped significantly. BMs’ commission is now driven by activity level in the customer portfolio and is subject to total number of transactions conducted each month. Average monthly income of BMs has increased by 19% owing to increased transaction numbers (38% in deposit and 44% in withdrawal) and transaction volume (16% in deposit and 14% in withdrawal). It is to be noted that 41% of the surveyed BMs are receiving either only fixed monthly compensation or both fixed and variable compensation. The shift in dynamics of commission structure has led BMs to look for ways to increase customer footfall at their locations. BMs are now strongly relying on government to person (G2P) scheme payments



such as DBTL, MGNREGA, Indira Awaas Yojana, and pension, etc. to clock in higher transaction numbers. BMs are also engaged in activities such as loan sourcing (41% of BMs) and NPA recovery (44% of BMs) that they believe add positively to overall monthly earning. Interestingly, average daily footfall remains the same at 27 (average customer footfall was at 27 in Wave II), which indicates increased customer involvement and activity at the BM level. Customer footfall at BM location during peak and lean season varies from 46 to 19, respectively. Still, BM income levels are way below their expected income

“Agent compensation is not a challenge. Banks pay to the BCNM on time, rest is between the BCNM and agent” – LDM, Patan, Gujarat

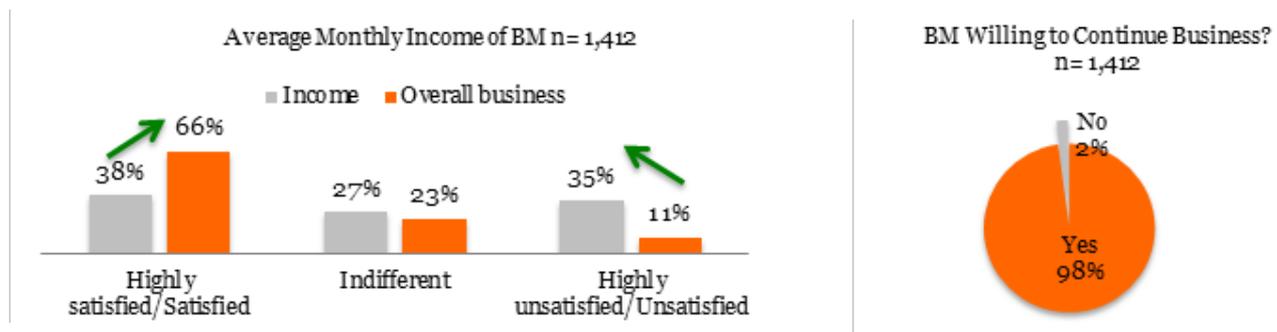
²⁰ PMicroSave India Focus Note 72: Sustainability of BCNMs — Review of Commission Structures http://www.MicroSave.net/files/pdf/IFN_72_Sustainability_of_BCNMs_in_India_Review_of_Commission_Structures.pdf

level of **INR 13,303** (average expected income, as reported by BMs in Wave III). BMs claim that the amount received as commission is insufficient to sustain working as a BM. Since banks do not reimburse operational costs, such as travel to link branches, stationery, rent, and connectivity, BMs' net income gets reduced even further. BMs have no clarity whatsoever on the commission structure. BMs receive a lump sum amount in their account, without any break-up of paid commission. This leaves them unsure of the linkage of monthly transactions to the commission earned, and keep track of monthly earning. In situations where BMs are being managed by BCNM, BMs raised concerns whether BCNMs are implementing commission structure appropriately. Further, irregularity and low amount of commission payment augments BMs' business trouble. BMs report not having received any commission for the last three to six months. On the other hand, link bank branches pass on the blame to BMs for not submitting monthly transaction details on time, which is necessary to process commissions and also leads to delays in processing at the head office. In cases where BMs are managed by BCNM, banks refuse to take on the responsibility to interfere in BCNM-BM relationship.

“Performance accha raha to shayad bank me staff rakh le” (Bank may recruit us as staff, if we continue to perform better) – BM, Feorzpur, Punjab

“Mu joti jau khub samman pau” (I get a lot of respect wherever I go) – BM, Bhadrak, Odisha

The irregularity and low commission payment has a direct impact on service to PMJDY customers due to increased BM dormancy/churning, low level of investment (liquidity), and shift in BM's focus on alternative source of income. It is to be noted that approximately 37% of the surveyed BMs have alternative business/occupation (such as photocopy, general stores, and LIC agent, etc.), indicating that they are not solely dependent on uncertain income from BM operations.



Although BMs are not satisfied with their current income level, they are satisfied with the overall business scenario. Surprisingly, despite challenges, BMs report continuing the business, as they hope that the situation will improve in future. Consequently, the projected BM churn rate is expected to be significantly low at 2%. Factors such as expectation of enrolment as a bank employee in the near future, and increased reputation in society due to BM activity, are major anchors to continue PMJDY operations. BMs also cite reasons such as increased reputation in society owing to BM activity, and accountability for their customers, as factors for sticking to the current business.

Govind Shinde, BM for Axis bank in Kamthi Khanapur village of Wardha district, is working since January 2015 as BM and has sourced a total of 46 PMJDY accounts. Only 21 out of 46 accounts are activated and rest of the accounts were rejected due to improper documentation. Govind does a minimum of four transactions daily and has been receiving a timely commission of INR 5,000 monthly.

Broadly, BM commission is composed of a fixed component and a variable component. Different banks and BCNMs follow different methodology such as “fixed only”, “fixed plus variable”, and “variable only” to compensate their BMs. Each compensation method has its own advantages and disadvantages. Where fixed income brings complacency into BM's

transaction behaviour, variable income may lead to nil to low income during lean transaction period. BMs working with a fixed plus variable (mixed) commission model have the highest income levels, with average monthly income of INR 5,775 — much higher than “fixed commission only” and “variable commission only” models. In mixed models, BMs are being paid an average fixed income of INR 3,000 that roughly covers monthly operating expenses: whatever they earn over and above that is net profit.

Cost Head (all figures are in INR)	Micro ATM/PoS	Laptop
Average one-time fixed expense	36,968	67,515
Average monthly expense	2,617	3,249
Total average monthly cost (fixed cost amortised over 60 months)	3,233	4,374
Average number of monthly transactions	301	
Average monthly income in fixed only pay model	3,995	
Average monthly income in variable only pay model	4,415	
Average monthly income in mixed pay model	5,775	
Net profit in ‘fixed only’ pay model	762	-379
Net profit in ‘variable only’ pay model	1,182	41
Net profit in ‘mixed’ pay model	2,542	1,401
Per transaction cost	10.75	14.53
Revenue per transaction in mixed model	19.20	
For BMs working on kiosk-based model (laptops/desktops), it is unviable to work under ‘fixed only’ and ‘variable only’ models.		

Quick Wins

1. Bank/BCNM may provide online link to agents to view their commission details. PNB in Wardha, Maharashtra, has given online link to BMs to view their commission break-up
2. Banks and BCNM should be directed to provide detailed break-up of monthly commission to their BMs
3. BMs can be given instant commission as soon as transaction is conducted

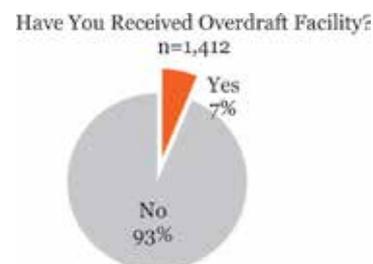
²¹ One-time fixed expense includes security deposit; purchase of transaction device (Laptop/PoS/MicroATM) and accessories (printer, fingerprint reader; connectivity installation charges; and infrastructure (table, chair etc.))

²² Variable expenses include rent, Internet charges, conveyance expenses (including fuel cost) and miscellaneous charges (printing, stationery, etc.)

5.4 Competition from MUDRA and Miscommunication Prevent Overdraft Uptake

Competition from MUDRA loan and miscommunication about overdraft (OD) scheme are main reasons behind low uptake of OD facility in PMJDY account.

According to PMJDY official website, approximately 2.3% of total PMJDY customers have been offered OD facility, and among those who were offered OD, only one out of every five customers has accepted the offer. PMJDY Wave III survey also corroborates the fact that penetration of overdraft scheme is significantly low at 7%, with an average amount disbursed to customers at INR 815. Where a part of this abysmal gap can be attributed to eligibility criteria to avail OD, other factors such as stiff competition from MUDRA loan, misconception among customers about PMJDY, and reluctance of banks to promote OD, greatly contribute to low uptake of OD. Banks adopt two methods to select a potential OD customer. In the first mode, link branches receive a list of eligible OD customers directly from the regional branches. The link branches then ask BMs to inform the customers and complete documentation. In second mode, link branches ask each BM to nominate five to ten customers with credible transaction history. Eligible customers



“5000 bahut jyada paisa nahi hai. Koi kam nahi ho payega” (INR 5,000 is not a lot of money. It would not be of much help) – Customer, Vidisha, MP

are then asked for their consent and complete the documentation in case they agree to take the OD. Post submission of documents and approval, OD amount (in the range of INR 100 to 5,000) is disbursed into customers’ accounts. It is at the consent stage that customers are refusing to take OD facility, citing benefit of MUDRA loan. According to customers, MUDRA offers much higher loan amount (INR 50,000 to 1,000,000) at significantly low interest rates as compared to OD (11.25 to 12% for OD). Further, not all customers are entitled to receive INR 5,000 under the OD facility and, on average, OD customers have received INR 1,412 in their accounts²⁵.

“Modi ji to bole thhe ki free hai ab ye interest wala kaun system laga diye” (Initially PM Modi said that the amount of INR 5,000 is free; now the system of paying interest has been imposed) – Customer, Vidisha, MP

Miscommunication of OD as **“free money”** has been the motivation to open PMJDY accounts. Customers did not perceive that OD is a credit product and enthusiastically participated during account opening camps to receive INR 5,000 in their accounts.

BMs report that such customers refuse to avail OD when they realise that amount sanctioned is much less than INR 5,000 and that they have to repay the OD amount with interest. This indicates low awareness of PMJDY scheme among BMs, customers, and link branch managers. BMs report that they did not receive product details from link branches and they gather information through advertorials in television and newspapers.

“Free me 5,000 milenge, is lalach me yaha 50% khate khule hain” (Around 50% of the accounts have been opened in greed to receive INR 5,000 as free money) – BM, Ghazipur, UP

“OD ke liye kisse sampark karein, kuch nahi pata. Transaction karo, transaction karo but kitna karein kab milega” (We do not know whom to contact to get OD. Branch keeps telling to do more transactions but when and how much we don’t know) – BM, Vidisha, Madhya Pradesh

²³ Report on OVERDRAFT (Sanctioned/Disbursed) under PMJDY as on 30.10.2015: <http://pmjdy.gov.in/files/od/od/od.pdf>

²⁴ Pradhan Mantri Jan-Dhan Yojana Overdraft criteria: <http://www.pmjdy.gov.in/files/QuickLinks/Overdraft-facility.pdf>

²⁵ Pradhan Mantri Jan-Dhan Yojana Overdraft Status: <http://www.pmjdy.gov.in/files/QuickLinks/Overdraft-facility.pdf>

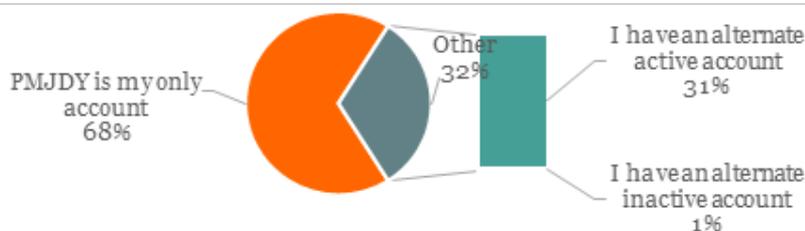
On the other hand, link branches struggling with high non-performing assets (NPA), are reluctant to provide OD to customers to keep their NPA levels low. BMs report submitting OD loan documentation in the branches and receiving no information on disbursement thereafter.

“I had submitted OD loan document of a customer in the link branch for quite some time. Customer kept on enquiring about the disbursal of OD amount in his account. Since I had no answer, I asked him to visit the concerned link bank branch. Customer then visited the bank branch and challenged the bank manager to give in writing that he cannot be given OD. Bank finally had to credit his account with INR 5,000 as an OD amount”- **BM, Jind, Haryana**

5.5 Growing PMJDY Account Dormancy a Critical Challenge

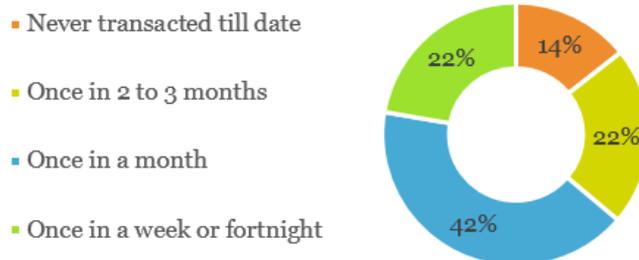
There is a decrease in bank account dormancy from 43% in 2014 to 28% in 2015, owing to increased direct subsidy transfers (government social security payments) to PMJDY accounts under various government schemes. Dormancy in accounts can mostly be attributed to factors such as lack of information on operational procedures, product features and opening of duplicate accounts.

Customer dormancy, i.e., the number of PMJDY accounts where no transactions are conducted in last three months, stands at 28%. According to PMJDY website, 29.22% of the total accounts opened till date are zero balance accounts ; this is in sync with our finding on customer account dormancy. Such high levels of customer dormancy can be attributed to reasons such as lack of customer awareness (misconception that PMJDY account is a must to avail any government benefits), customer’s intent not to miss the PMJDY bandwagon, and false expectation of receiving free money in PMJDY accounts. Of the total customers interviewed during Wave III surveys, 67% customers reported that PMJDY is their first formal financial account. The number in itself highlights the noteworthy achievement of Jan Dhan Yojana in bringing more customers under the purview of formal financial channels. However, it is important to note that 31% of the customers with multiple accounts reported actively using their alternate bank accounts (other than PMJDY account). A significant proportion of overall PMJDY account dormancy can also be attributed to such customers who have alternate active bank accounts. Such customers open multiple accounts to avail benefits of facilities such as OD and insurance.



PMJDY scheme intends to bring the unbanked poor under the formal banking system. In order to encourage account opening, banks were pushed to bundle incentives, such as insurance and overdraft facility, with the Basic Savings Bank Deposit (BSBD) account. As per the PMJDY guidelines, beneficiaries should have transacted from the account at least once in a month to avail insurance and overdraft facility. There was very little information regarding OD, insurance and associated riders among the customers.

Customer Transaction Level



²⁶ 43% of accounts in India were reported dormant as per Global Findex Database 2014.

²⁷ PMJDY Wave III finding

²⁸ Source: <http://pmjdy.gov.in/account>

Most of the customers interviewed got to know about the scheme through word-of-mouth communication, and followed their peers, without gathering information about the product. Research findings also suggest that a large population of people opened PMJDY bank accounts to avail insurance benefits only. Had the beneficiaries been aware, a few of them, if not all, would have tried to keep their accounts active, but lack of information and miscommunication paved the way for some level of in-built dormancy in these accounts.

Reasons Behind Multiple Accounts	
To receive benefits under PMJDY scheme	84%
Everyone else in the village was opening PMJDY account, so followed suit	8%
Forced by BM/branch manager to open account	4%
In expectation of receiving overdraft money in my account	3%
Others	1%

“Customer ko lagta tha ki Modi ka khata hai, paise aayenge to khaata khula lia, aur jab paise nahi aaye to khata chalaya hi nahi” (Customers got their accounts opened thinking monetary benefits will be given to them by PM. They didn’t use their accounts as they didn’t get any money) – BM, Jind, Haryana

The Banks and the BCs also pushed account opening that increased the overall account numbers in India, but hasty implementation and target based account opening rendered the scheme less beneficial, resulting in dormant accounts. Important to note here that a majority of the customers interviewed had very little or no information that PMJDY benefits can be availed on existing bank accounts too.

“Jitne naye khate khule hain, unme ¼ logon ke paas 2-3 accounts hain” (Of the new accounts opened under PMJDY, at least one-fourth have multiple accounts.) – BM, Ferozpur

Another major contributor to PMJDY customer account dormancy is the zero-balance account feature that attracted many customers to open accounts even when they had alternate active accounts. Customers believe that these accounts will remain active at zero-balance also and thus there is not much motivation to use these bank accounts. Also, many customers simply get accounts opened for themselves to receive subsidy payments through and don’t use them otherwise.

It is vital to ensure that customers are well aware about the advantages of saving regularly in banks, availing other banking facilities like remittance, loan, etc., to make them truly financially included. Focused effort on promoting PMJDY riders through various initiatives like street plays, radio jingles, media publicity, hoardings, and wall paintings at strategic locations can be undertaken to promote financial literacy and thus reduce account dormancy.

“During PMJDY, a camp was organised to reopen accounts for individuals in agents’ locality. Agent tried to stop this, as everybody was opening another account. Agent himself took initiative to stop this by putting up printed sheets stating that Jan Dhan benefits can be availed on already existing accounts too.” – BM, MP

5.6 BMs Satisfied With Branch Support Witness Higher Footfall

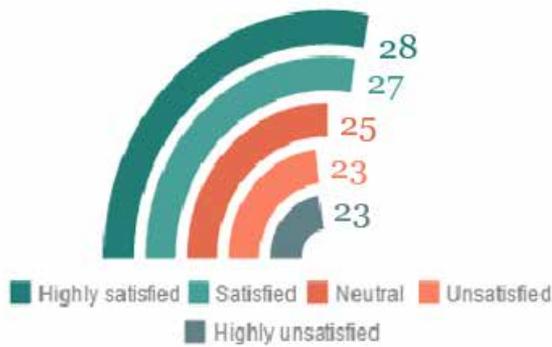
BM’s business and performance improves with better quality support from link bank branch staff. BMs with better branch support showed higher customer footfall.

On a day-to-day basis, BM needs regular support from bank branch staff for aspects such as handholding support, account approval at the back-end, support on technical aspects and connectivity related issues pertaining to POS, and liquidity management. Interestingly, **63%** of active BMs are satisfied with the support they got from staff at the link branch, while 18% BMs were dissatisfied.

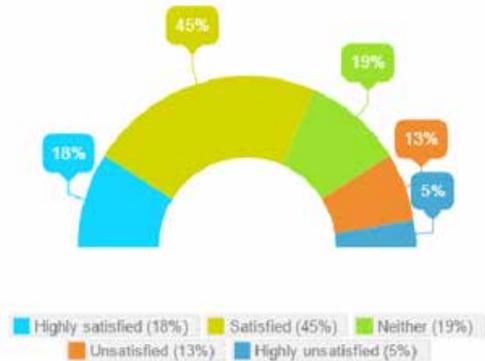
“Bank mitra bolte hain humko, lekin bank ka mitra maante nahin.” (Branch officials call us bank’s friend but don’t accept us as one) – BM, Ferozpur, Punjab

63% of active BMs were satisfied with their link branch support.

Satisfaction vs Average Daily Customer Footfall



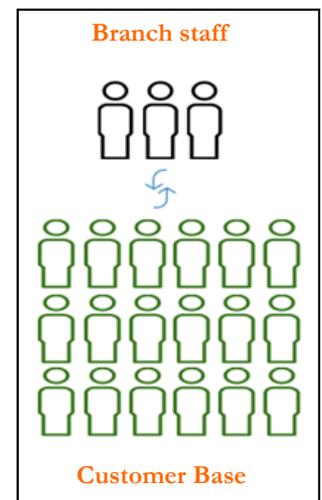
BM Feedback on Lead Bank Support



Further analysis revealed that BMs with better link branch support also witnessed higher daily customer footfall. This implies that a highly dissatisfied and an unsatisfied BM witnessed only 23 customers on an average per day at his/her BM outlet. Data also revealed that a satisfied and a highly satisfied BM witness higher average daily customer footfall of 27 and 28, respectively, resulting in enhanced monthly compensation. *MicroSave’s* experience suggests that the lack of support from branch staff to the BMs can many a times be attributed to prevalent bandwidth crunch at rural bank branches. To ensure better business and continued service by BM, quality support from link bank branch staff is a must.

Currently, branch performance is measured mostly on loan sanctions, disbursements, documentations, renewals, insurance, cash management, and other regular banking allied activities. This results in limited involvement in catering to social security schemes such as PMJDY.

MicroSave’s qualitative analysis reveals that, on an average, a bank branch manages **2 BMs** and approximately **2,000 PMJDY customers**. Assuming **10%** of PMJDY customers approaching bank branches for their day-to-day non-financial /financial transaction – bank branches need additional **34 man-hours** to successfully address these additional customers. The lack of support that BMs receive from branch staff can thus also be attributed to the bandwidth crunch prevalent in rural branches.



Average manpower employed in a rural branch in India	4
Average number of working hours per day*	5.5
Number of working days per month	22
Total work hours available per branch per month	484
Average transaction time per customer (in minutes)	10
Observed daily customer footfall in a rural bank branch (excl. PMJDY customers)	125**
Total time required to cater to 100 customer daily per month	458
Time available for end of day banking activities (in hours)	26
Additional work-load of PMJDY customers	
Work load of additional 200 PMJDY customers (10 minutes per customer)	34 hours

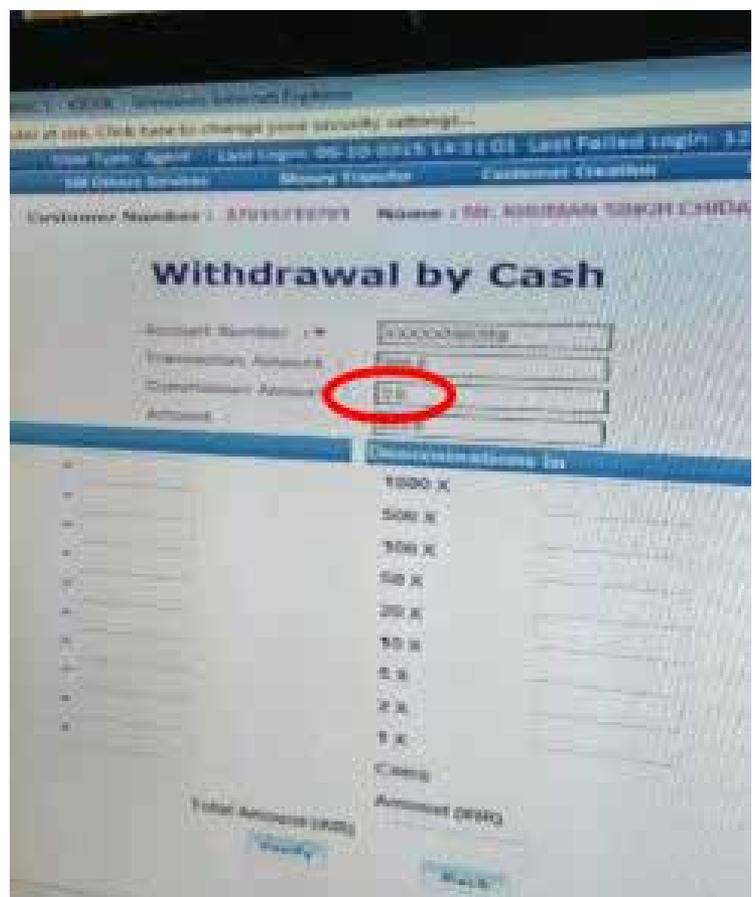
5.7 Unfair and Hidden Customer Charges

A few instances of unfair and hidden customer charges were observed in Madhya Pradesh, Odisha, Haryana and Gujarat for services such as withdrawal/deposit, SMS update, and PIN generation.

PMJDY scheme was launched with the intent to financially include the otherwise excluded customer segment. This segment of customers is not completely aware about the various attributes associated with transacting in a formal financial channel. Their only source of information and financial literacy at this hour is the BM, who is also their single point of transaction, interestingly. Under these circumstances, ensuring that customers are not unethically charged by the BM, bank staff or BCNM, becomes a challenge in itself.

A few BMs in Vidisha, MP, stated that customers were charged for all withdrawal as well as deposit transactions in their PMJDY accounts. The branch had not provided any plausible solution or explanation for these charges, even after multiple complaints by the BM and customers. Unethical deductions from these accounts have reduced their trust in the formal financial channel. It won't be surprising if a few of these customers decide to move back to informal channels for their financial needs in the days to come.

In Bhadrak, Odisha, a few customers were not provided a passbook until they deposited an amount of INR 100 in their PMJDY accounts. Also, an additional sum



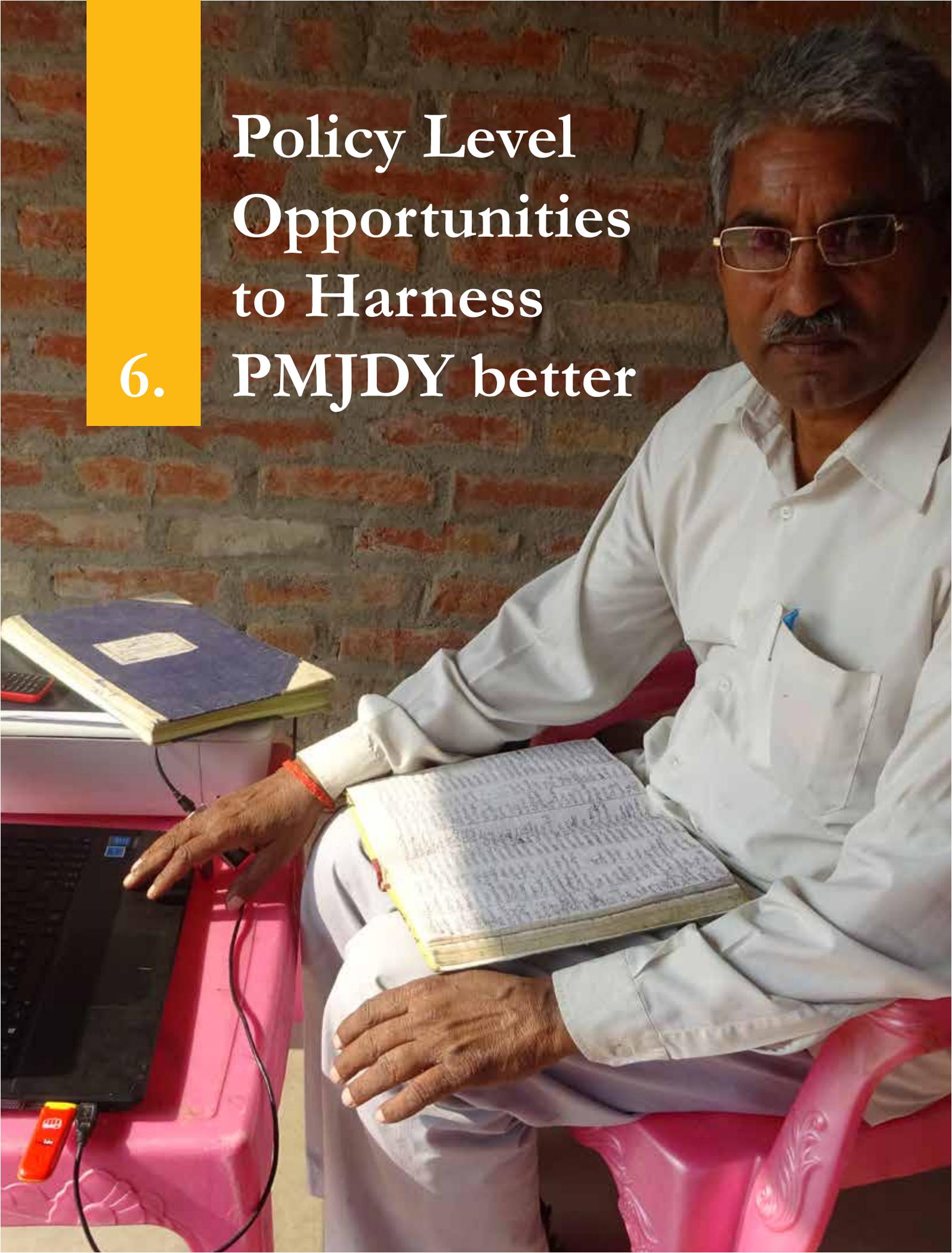
of INR 57 was deducted from their account for PIN issuance. Some customers in Jind, Haryana, complained that INR 16 was deducted from their accounts as mobile alert charges. Most of these deductions happened at the bank level, with no prior intimation to customers or BMs about these charges. Many customers reportedly assumed that BMs were behind these deductions. A bank in Mahasamund, Chhattisgarh, provided PMSBY to MGNREGA account holders by debiting INR 12 from their wage payments without the customers' prior consent. Some of these customers already had enrolled for PMSBY on their own, thus losing money twice for the same scheme.

One of the leading banks, in its **attempt to tackle zero-balance accounts, deposited INR 10 in each zero-balance account from its own pocket**, and the BM was asked to put another INR 2 from his/her commissions. This process left most of the BMs associated with this bank disappointed.

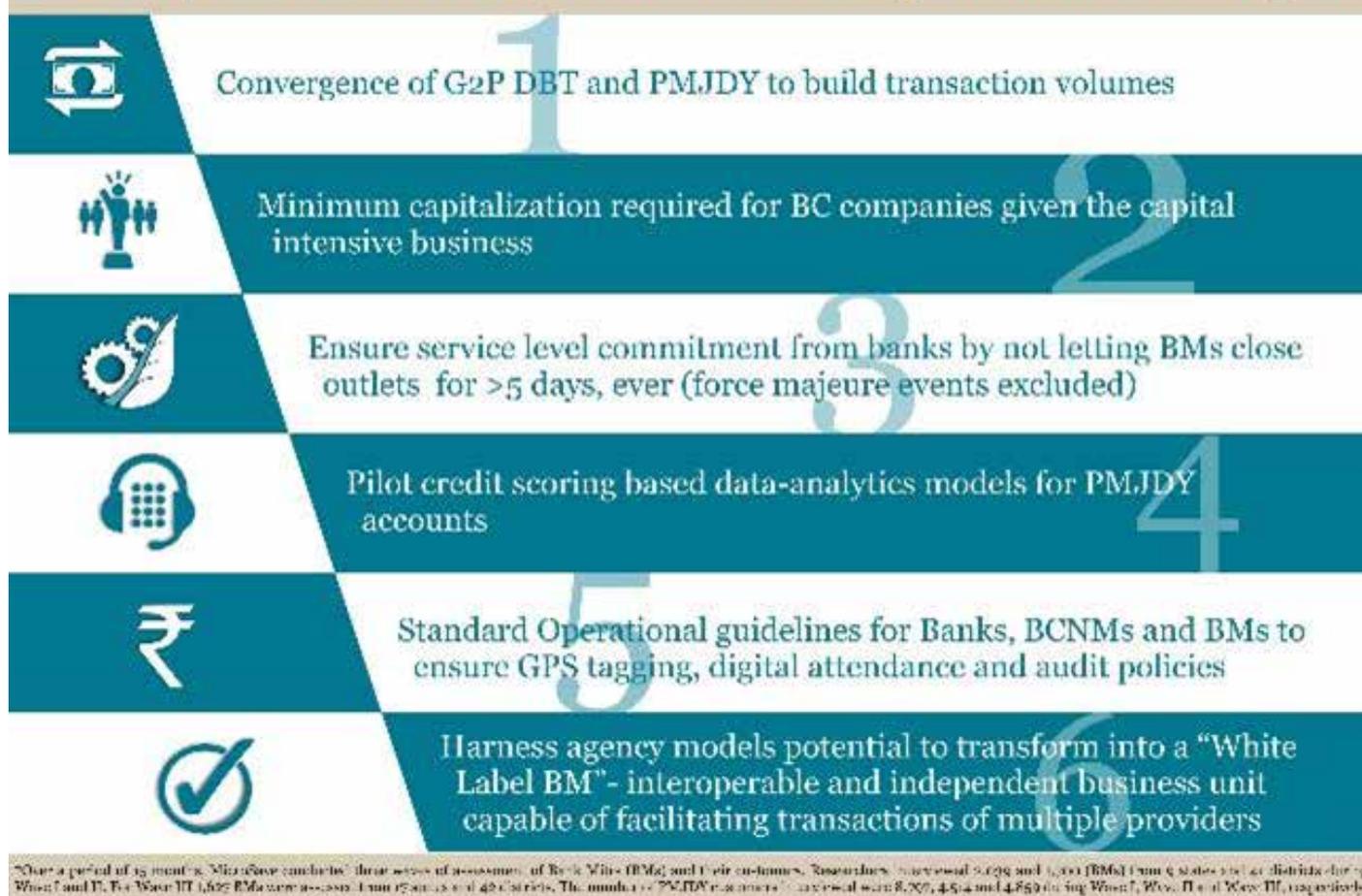
It is mandatory to place the customer at the forefront of PMJDY scheme. Processes should be in place to ensure no such unfair charges are levied on customers and BM alike.

Policy Level Opportunities to Harness

6. PMJDY better



6 Policy Level Recommendations to Impel Jan-Dhan-Yojana



The detailed analysis of Bank Mitras and feedback gathered from customers during the three waves of assessment revealed bottlenecks prevalent at both policy and operational level. Addressing these issues can improve the overall efficiency and effectiveness of the BM channel; implementation of PMJDY; and the usage of bank accounts. In this section, we elucidate the policy level interventions essential to ensure efficacy of agents' network model, which may lead to PMJDY success.

1. Convergence of G2P direct benefit transfer schemes and PMJDY

Conjunction of DBT schemes such as MGNREGS, PDS, and Kerosene with PMJDY would help to build transaction volumes for BMs and will substantially improve their profitability. *MicroSave* survey reports that 32% of agent are not profitable. The benefits of a strategic move like this will be two-fold, adding on to BMs' transaction basket, thereby increasing their commissions and net income, and also restrain leakages in government schemes.

2. Minimum capitalisation requirements for BC companies

RBI should come up with **minimum capitalisation requirements for Corporate BC companies** (BCNM). Agent banking is a capital-intensive business and some threshold capitalisation should be stipulated. Similar requirements can further be extended to BMs depending on business potential and geography allocated.

²⁹ 4As per the Economic Survey 2015-16 subsidised urea suffers from three types of leakages — 24% is spent on inefficient urea producers; 41% is diverted to non-agricultural uses and abroad; and the remaining, 24% is consumed by larger —presumably richer farmers.

3. Service level commitments from banks and BMs

Agent dormancy has risen to 10% and seems to be inching up. This, clubbed with non-replacement of dormant BMs, results in hampering customer's trust on the entire BC channel. RBI should have **service level commitments from banks**; once opened, a BM outlet cannot be closed for five days in a row, ever (force majeure events excluded). This is in line with RBI's mandate that rural branches cannot be closed down without prior approval. Similar level of commitment from banks, BCNMs and BMs is vital to ensure their success.

4. Pilot data analytics based credit scoring models

Overdraft facility has been a pull factor for opening PMJDY accounts. However, only 7% of account holders received an average of INR 815 as credit. In line with the noble objective of OD, **data analytics based credit scoring** models need to be piloted for PMJDY accounts.

5. Master circular constituting Standard Operational guidelines for Banks, BCNMs and BMs

A **master circular on PMJDY**, stating operational guidelines by RBI focusing on aspects such as compensation, capacity building, selection criteria, role and responsibility division across stakeholders, monitoring, target setting, and device enablement, is necessary to build in transparency, efficient responsibility allocation across stakeholders, and sustainability. These guidelines should also cover aspects like GPS tagging, digital attendance, adequate compensation level and audit policies/processes (for BMs and controlling branch), and making banks responsible for every BM outlet they manage.

6. Agency model as “White label BM”

The concept of White label ATMs (WLAs) was introduced in India in late 2012. These are owned and operated by non-banking entities allowed to set up ATMs. The idea was to allow customers from any bank to withdraw money from WLAs by paying requisite fee to avail services. These WLAs do not display logo of any particular bank and are likely to be located in non-traditional places. These are managed, serviced and operated by White label ATM Operators (WLAOs). A third party (sponsor bank) is responsible for cash management of WLAs, depending upon the contractual agreement between WLAOs and the bank. Authorised ATM Network Operators/Card Payment Network Operators (payment network operators) provide technical connectivity to WLAs, resulting in interoperability. Such ATMs offer convenience to customer as he/she is not required to visit bank branch every time for transactions. WLAs were envisioned to provide 24/7 banking services to the otherwise financially eluded geographies in India. Otherwise low ATM penetration also facilitated the birth of WLAs. They were proposed to combat financial exclusion in rural/remote areas.

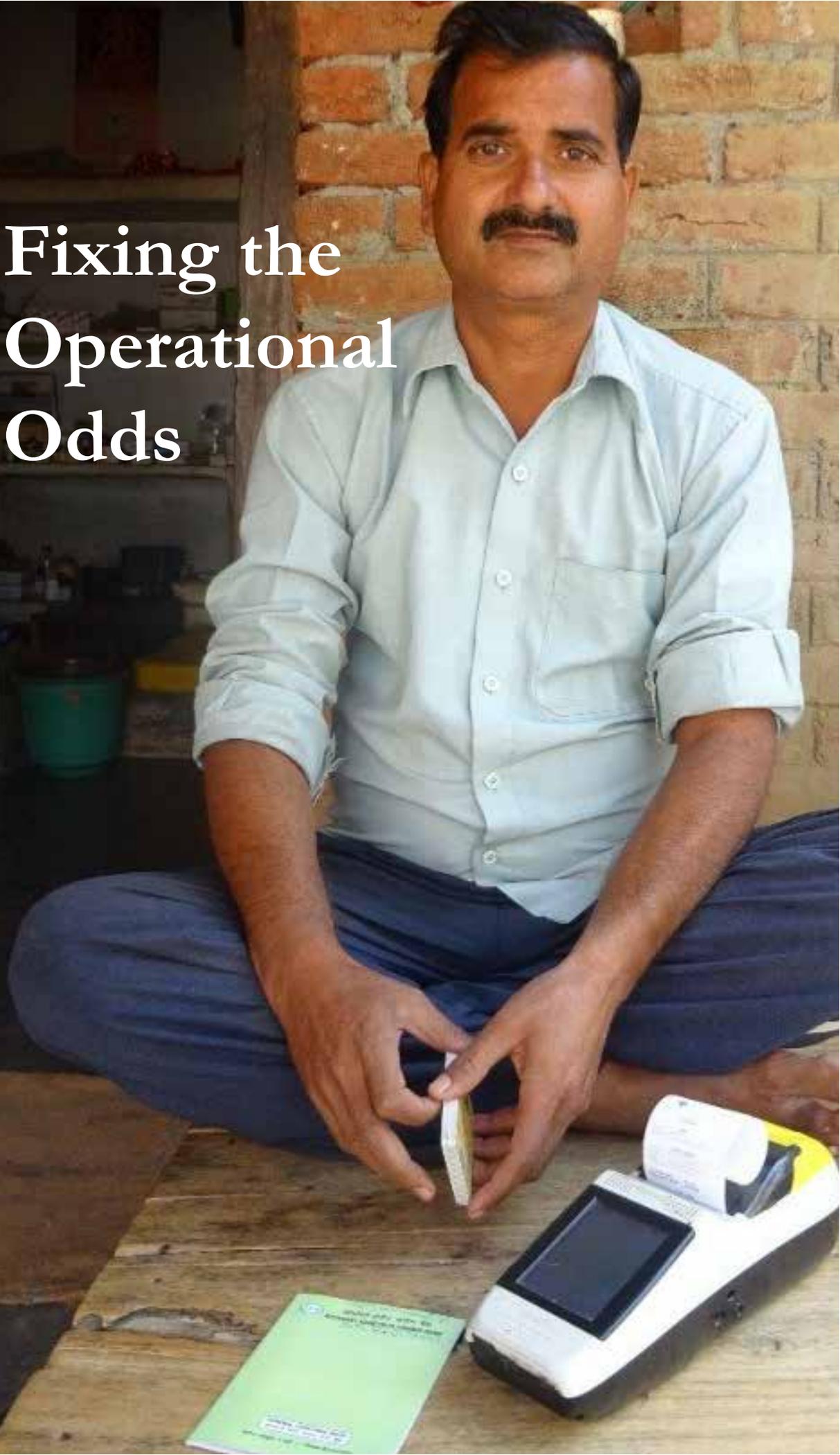
We believe, the BC model has the potential to transform into a **“White Label BM”**, with payment banks, small finance banks (SFBs) and other financial players scouting for potential partners in the days to come. BMs can act as proxies to WLAs, and BCNMs as WLAOs. A white-label BM can act as a financial product retail store in rural areas. Its expertise will be to facilitate payments and offer multiple products/services of numerous banks, insurance companies, payment banks as well as SFBs. A BM can act as a franchise-based, independent and self-sustainable business unit, where customers visit for all their financial needs. This type of a model will promote competition among service providers and banks, benefiting the customers. They can act as **interoperable** and independent business units capable of facilitating transactions of multiple providers, depending on customer preference. An effective step in this direction will be to promote **non-exclusive** and **interoperable** BMs.

³⁰ Source: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=9974>

³¹ Source: <https://rbi.org.in/scripts/NotificationUser.aspx?Id=7286>

³² **Non-exclusive** BMs are those who work for more than one service provider

Fixing the Operational 7. Odds



6 Quick Steps to Improve PMJDY- Operational



This section elaborates on the day-to-day operational bottlenecks and their associated quick-wins essential to ensure the scheme’s success.

1. Increase commission for transactions

BMs tend to open accounts to maximise their commission income. This has partly contributed to high account duplication (33%). Banks should reduce compensation for account opening and increase commission for transactions in order to motivate BMs to promote transactions and not re-open accounts.

2. One “financial inclusion” officer for every 2/3 rural branches

BMs’ performance depends on support he/she receives from link branches. BMs, currently, complain of low support from bank branches. Employ one “financial inclusion” officer for every two to three rural branches, depending upon catchment area allocated to the linked bank branch, to cater to PMJDY customers and BMs.

3. Robust “toll free” enquiry and grievance redressal system for BMs and customers

Miscommunication of OD as “free money” has been the major motivation to open PMJDY accounts for many customers. There is low product awareness among customers, BMs and bank branches. For example, customers wonder whether these schemes will continue beyond current government tenure. Empirical evidence suggests that new customers call 3.2 times/day to check balance. Also, only 59% of the agents know that there is a call centre to resolve their queries. We recommend an automated “toll free” enquiry system for BMs and customers that will provide scheme details in vernacular languages, and also act as a platform for grievance redressal mechanism both for customers and BMs. A robust call centre should be set up to resolve customer and BM queries.

4. Provide Jansuraksha policy documents to customers

Ground reality is that PMJJBY/PMSBY/APY customers are not provided policy documents and product registration details during or post enrolment. This leaves many of them unsure regarding their enrolment status. Further, many customers interviewed stated that they were unable to avail policy benefits due to lack of information and documentary proof of the same. Provide policy documents to customers upon enrolment, detailing registration details and other vital information.

5. Conduct behavioural economics research to reduce prevalent customer account dormancy

28% of the PMJDY accounts are dormant. Also 28.88% of the customer accounts are zero or nil balance accounts. A nation-wide research should be conducted to understand the reasons for customer dormancy and associated product preference, using innovative research method such as in behavioural economics. Behavioural economics-based research is needed to better understand reasons for customer dormancy and product preferences to drive usage of these accounts for real savings.

6. BMs to be trained and re-trained

BMs should be trained and re-trained on PMJDY scheme features and customer service aspects and not just on handling transaction devices. BM trainings should focus on product trainings and other capacity building requirements, such as interpersonal skills, customer handling, record keeping, accounting, and enterprise/business management. Agents in India receive less support visits (58%) than other ANA countries.

8. Annexure



8.1 Bank Mitra (BM) Questionnaire

Introduction: Hello – we thank you for your time. My name is We are from an organisation called **ABC** and we are doing a survey for an organization called *MicroSave*. It is a research organisation which helps financial institutions design products and services for those who do not get adequate access to prompt and affordable financial services. Since you are an important part of providing these services, it is imperative to learn from your experiences. In this context we kindly ask for 15-20 minutes of your time so that we may ask you some questions. The questions are about the operational and financial aspect of your banking business. The information provided by you will remain anonymous and of course participation is voluntary.

Can I begin with the Interview? Yes -1, No-2

Start time:

Hour		Minute	

Identification Details of BM

as given in data base

1.	State name	
2.	State code	
3.	District name	
4.	District code	
5.	Block name	
6.	Block code	
7.	Gram Panchayat name	
8.	Gram panchayat code	
9.	Sub Service Area (SSA) name	
10.	Village name	
11.	Village code	
12.	PIN Code	
13.	BM serial/identification number	
14.	BM Name	
15.	BM Gender	
16.	BM contact phone number	
17.	GPS Coordinates	Latitude:
		Longitude:

18.	Rural or Urban locality	Rural-1 Semi-urban - 2 Urban-3
19.	Date of survey	
20.	Name and code of investigator	
20A	Name and code of supervisor	
21.	Are BM details same as PMJDY list?	1. Yes 2. No

Section 1: Tracing a Bank Mitra for Interview

	Question	Answer options	Action instructions
22.	Is banking kiosk present at the mentioned address as per PMJDY list?	1.Yes (Go to Q23)	If Yes , check whether BM is present at the kiosk?
		2.No (Skip to Q25)	If No , call the BM as per the contact details provided in the list to determine his location
23.	Is BM present at the kiosk at the time of visit?	1.Yes (Go to Q24)	If Yes , check whether the BM is same as mentioned in the provided PMJDY list
		2.No (Skip to Q25)	If No , call the BM as per the contact details provided in the list to determine his location
24.	If BM is present at the kiosk, which of the following applies?	1.Different BM present than what is mentioned in PMJDY list (Skip to Q28)	Interview the Bank Mitra who is present
		2.Same BM present as per PMJDY list (Skip to Q28)	Interview the Bank Mitra who is present
25.	Could BM be contacted over phone?	1.Yes (Go to Q26)	If Yes , check why the BM is not available at his location.
		2.No (Go to Q26)	If No , enquire with nearby people to determine his current location

26.	After calling the BM or enquiring with nearby people, which of the following apply?	1. Same BM as in PMJDY list operates out of some other village in the same SSA allotted to him (Skip to Q28)	Visit the BM at his new location and conduct the interview
		2. Same BM as in PMJDY list operates out of a different SSA than what is in the database (Skip to Q28)	Visit the BM at his current location and conduct the interview
		3. The BM is mobile (Skip to Q28)	Determine a time and location to visit the BM and conduct the interview
		4. BM is away on personal business (Skip to Q28)	Determine a time and visit the BM at his existng/new location and conduct the interview
		5. BM is visiting link branch (Skip to Q28)	Determine a time and visit the BM at his existng/new location and conduct the interview
		6. BM could not be traced (Go to Q27)	Get it verified from two prominent representatives of the village (Member of PRI, Teacher etc.) Record the details of two representatives who verified.
		7. Different BM than what is mentioned in PMJDY list operates out of some other village in the same SSA allotted to him (Skip to Q28)	Visit the new BM at his new location and conduct the interview
		8. Different BM than what is mentioned in PMJDY list operates out of a different SSA than what is in the database (Go to Q27)	(BM not eligible for interview) Get it verified from two prominent representatives of the village (Member of PRI, Teacher etc.) Record the details of two representatives who verified.
		9. BM has stopped offering services (is dormant) (Skip to Q28 and then to Q32)	Determine a time and visit the BM to conduct the interview
		10. Others (Specify) (Skip to Q28)	Conduct interview if BM can be identified

Instruction: Q 27 should be filled if coded “6 OR 8” in Q 26			
27.	Details of two persons who verified the non-availability of Bank Mitra?	Name 1 नाम 1	(Skip to Q28)
		Designation पद	
		Address पता	
		Contact No. कॉन्टैक्ट नम्बर	
		Name 2 नाम 2	(Skip to Q28)
		Designation पद	
		Address पता	
		Contact No. कॉन्टैक्ट नम्बर	
Section2: BM Activity Status			
28.	Could BM be interviewed personally?	1.Yes	2.No (End the Interview)
29.	Could banking kiosk of the interviewed BM be visited?	1.Yes	2.No (Record reasons for not visiting the banking kiosk)
30.	Is the location of banking kiosk different from the SSA mentioned in the PMJDY list?	1.Yes	2.No
31.	Is the new/existing BM location present in the primary market area of the Village/Panchayat/Block/?	1.Yes	2.No
32.	Is BM still functional as a banking agent?	1.Yes (Skip to Q34)	2.No (Go to Q33)
33.	Why have you stopped offering services? (Multiple answers allowed)	1.The commissions were not sufficient	End the interview
		2.I did not have enough customers	
		3.Poor support from the Bank/BCNM	
		4.It took too much of my time	
		5.The time required was hurting my other business	
		6.Other (specify)	

Section 3: Recording Observatory Indicators			
34.	Is a board/ signage present outside the Bank Mitra point showing name of the bank with logo, and PMJDY logo? Instruction: To be recorded only if coded 1 OR Yes in Q29	Bank logo visible: PMDJY logo visible:	1.Yes 2.No 1.Yes 2.No
35.	Is the BM wearing the bank uniform? Instruction: To be recorded only if coded 1 OR Yes in Q28	1.Yes	2.No
Section 4: Transaction Readiness			
36.	Can Bank Mitra conduct any type of transaction (a/c opening, deposit, and withdrawal) using his transaction device? If No, skip to Q38	1.Yes	2.No
37.	If yes, which of following transaction is Bank Mitra (BM) currently able to conduct? Investigator to observe and validate	1.Only a/c opening.....1 (Skip to Q 40) 2.Only Cash deposit.....1 (Skip to Q 40) 3.Only Cash withdrawal2 (Skip to Q 40) 4. Both Cash Deposit & Withdrawal.....3 (Skip to Q 40)	
38.	If No in Q36 , why? (Single response possible)	1.BM is newly appointed and has not started offering services yet (Continue to Q39) 2.Device gone for repair/ replacement/damaged (Skip to Q 40) 3.Lack of repair/ technical support by Bank/BCNM (Skip to Q 40) 4.Lack of connectivity/ server problem (Skip to Q 40) 5. Do not know how to conduct a transaction (Skip to Q 40) 6. Involved in only sourcing accounts (Skip to Q40) 7. Involved in survey only (Skip to Q 40) 8. Others (Please specify)	

39.	Why have you not started offering services yet? (Multiple answers allowed)	1. Have not received device from Bank/BCNM yet (Skip to Q 43) 2. Have received the device but have not set it up/started using it yet 3. Do not know how to offer services 4. Other (specify _____)		
40.	What type of device does the BM have, or has the BM received, for offering services?	<input type="checkbox"/> Micro- ATM/PoS		
		<input type="checkbox"/> Laptop/ Computer (with biometric device)		
		<input type="checkbox"/> Others (pls specify)		
41.	Is device enabled for following? क्या उपकरण में नमिन्लखिति हो /चल सकता है ? Read out	Biometric authentication	Yes...1	No...2
		बायोमेट्रिकि ऑथेंटिकेशन /प्रमाणीकरण	हाँ <input type="checkbox"/>	नहीं <input type="checkbox"/>
		Aadhaar-enabled transactions	Yes...1	No...2
		आधार - आधारति लेन - देन	हाँ <input type="checkbox"/>	नहीं <input type="checkbox"/>
		Rupay Card enabled transaction	Yes...1	No...2
		रूपया कार्ड आधारति लेन - देन	हाँ <input type="checkbox"/>	नहीं <input type="checkbox"/>
		e-KYC service for account opening	Yes...1	No...2
		खाता खोलने के लयि ई - केवाईसी सर्वसि	हाँ <input type="checkbox"/>	नहीं <input type="checkbox"/>
		Voice communication	Yes...1	No...2
		बातचीत	हाँ <input type="checkbox"/>	नहीं <input type="checkbox"/>
Infrastructure at BM location				
42.	Type of network Connectivity BM is using currently? आप इस समय कसि तरह की कनेक्टविटी इस्तेमाल कर रहे हैं ? (single response)	<input type="checkbox"/> V-SAT1 वी -सैट Broadband.....2 ब्रॉडबैण्ड GPRS through the mobile phone3 जीपीआरएस Data Card/ Dongle.....4 डाटा कार्ड Any Other (Please specify)77 अन्य (कृपया बताएं)		

Section 5: Bank Mitra Operational details			
43.	When did you begin working as a BM in PMJDY? (MMYYYY)		
44.	Do you have an alternate business/ occupation?	1.Yes	2.No – Skip to Q46
45.	If, Yes What is the alternate business/ occupation?	Farming Regular salaried/ Wage employee Self Employed Agricultural Wage labourer Non agricultural Wage Labourer Rentiers, Pensioners , Remittance Recipients, etc. Other (Specify)	
46.	Who appointed you as a BM?	1. Bank (Skip to Q50)	2.BCNM
47.	If “BCNM” Which BCNM do you work with? अगर बीसीएनएम तो आप कसि बीसीएनएम के साथ काम करते हैं ?	<input type="checkbox"/> Integra.....1 इंटीग्रा <input type="checkbox"/> Bartronics.....2 बारट्रॉनक्सिस <input type="checkbox"/> ZMF.....3 जेडएमएफ <input type="checkbox"/> Oxigen.....4 ऑक्सीजन <input type="checkbox"/> FINO.....5 फीनो <input type="checkbox"/> Save.....6 सेव <input type="checkbox"/> EKO.....7 ईको <input type="checkbox"/> Others (please specify) _____7 अन्य (कृपया बताएं)	
48.	Does BCNM have their financial product basket separate from banks? (e.g. mobile wallets of Oxigen, Eko, Suvidha etc.) If No, Skip to Q50	<input type="checkbox"/> Yes1 <input type="checkbox"/> No.....2 हाँ नहीं	
49.	If Yes, does BCNM ask you to sell mobile wallets/equivalent services over PMJDY accounts?	<input type="checkbox"/> Yes1 <input type="checkbox"/> No.....2 हाँ नहीं	
50.	Which bank are you associated with?		

51.	What is the distance of link branch from BM location?	<input type="checkbox"/> less than 1 km.....1 1 किलोमीटर से कम <input type="checkbox"/> More than 1 Upto 2 km.....2 1 किलोमीटर से ज्यादा से 2 किलोमीटर <input type="checkbox"/> More than 2 Upto 3 km.....3 2 किलोमीटर से ज्यादा से 3 किलोमीटर <input type="checkbox"/> More than 3 Upto 5 km.....4 3 किलोमीटर से ज्यादा से 5 किलोमीटर <input type="checkbox"/> More than 5 kms.....5 5 किलोमीटर से ज्यादा
52.	On a scale of 1-5, Please rate your current level of satisfaction with the support you receive from link branch to conduct your BM business (1- Highly Satisfied, 2- Satisfied, 3-Neither satisfied nor unsatisfied, 4- Unsatisfied and 5-Highly Unsatisfied)	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5
53.	What is your daily Customer Footfall for any banking purpose (Account opening, Transaction, Enquiry, for PMJDY or other accounts)	1.Peak season daily footfall _____ 2.Lean season daily footfall _____ 3.Average daily footfall _____
54.	Are you aware of SSA allotted to you as BM?	<input type="checkbox"/> Yes1 <input type="checkbox"/> No.....2 हाँ नहीं
55.	In how many villages do you provide services as BM?	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> More than 5
56.	Do you work out of multiple locations?	<input type="checkbox"/> Yes1 <input type="checkbox"/> No.....2 हाँ नहीं

Section 6: Bank Mitra Portfolio Details		
Enumerator: Ask the BM to pull out his books/accounting record, and use those to answer the following questions.		
57.	<p>What banking products are offered to customer through you? आपके द्वारा लाभार्थियों को कौन से बैंकिंग प्रोडक्ट्स प्रदान किये जाते हैं ? Multiple response possible</p>	<p><input type="checkbox"/> Basic Savings Bank Deposit Account.....1 बेसकि सेवगिंस बैंक डिपॉजिटि एकाउंट</p> <p><input type="checkbox"/> Fixed Deposit/Recurring Deposit.....2 फिक्सड डिपॉजिटि / रकिरगि डिपॉजिटि</p> <p><input type="checkbox"/> Over Draft (OD).....3 ओवर ड्राफ्ट (ओडी)</p> <p><input type="checkbox"/> Insurance.....4 इंश्योरेंस</p> <p><input type="checkbox"/> Remittance.....5 भत्ता</p> <p><input type="checkbox"/> Others (please specify) _____6 अन्य (कृपया बताएं)</p>
58.	<p>Please provide the following information</p>	<p>Total number of PMJDY customers _ _ _</p> <p>Total Rupay card and PIN distributed to customers _____</p> <p>Average number of days taken to open a PMJDY a/c _____</p> <p>Total number of inactive/dormant PMJDY customers (those who did not conduct any transaction in last three months) _____</p> <p>Total number of OD customers _____</p> <p>Total number of customers enrolled in Atal Pension Yojana (APY) _____</p> <p>Total number of customers enrolled in Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJY) _____</p> <p>Total number of customers enrolled in Pradhan Mantri Suraksha Beema Yojana (PMSBY) _____</p> <p>Total number of insurance claim settlement request received by BM _____</p>
59.	<p>How many PMJDY account-opening forms have you submitted to the bank to date?</p>	<p>_____ (If '0' then skip to Q61)</p>

60.	Of the opening forms you have submitted, how many accounts have been activated? That is, for how many of the accounts has the customer received his or her passbook and is now able to transact?	_____
60A.	What were the main reasons for rejection of account opening forms? (Single Response)	<ol style="list-style-type: none"> 1. Missing/Wrong/Incomplete details in account opening forms 2. Bank branch rejected Sarpanch/Mukhiya/Gram Panchayat authorisation as KYC document 3. Bank branch did not accept anything other than Aadhaar card 4. Bank branch did not accept MGNREGA job card as KYC document 5. Bank branch did not accept ration card as KYC document 6. Bank branch did not accept self attestation of the applicant as KYC Others---(Please specify)
61.	Do you recover NPAs/bad debts for banks?	<input type="checkbox"/> Yes1 <input type="checkbox"/> No.....2 हाँ नहीं
62.	Do you source loan application for banks?	<input type="checkbox"/> Yes1 <input type="checkbox"/> No.....2 हाँ नहीं
63.	How does workload of recovering NPA/bad debts and sourcing loan application influence your BM business?	<input type="checkbox"/> Positively <input type="checkbox"/> Negatively
Section 7: Bank Mitra Sustainability		
64.	How much income do you earn per month ON AVERAGE as Bank Mitra (in INR)	_____
65.	Are you receiving any fixed monthly pay-out from bank/ BCNM?	<input type="checkbox"/> Yes1 <input type="checkbox"/> No.....2 (Skip to Q 68) हाँ नहीं
66.	If yes, please specify the amount (in INR)	
67.	What is the frequency of receiving the fixed pay out from the bank/BCNM supposed to be received under PMJDY?	Not received---- (Deleted from programme template – check with Q64) Monthly---- Every 2 months---- Every 3 months---- Quarterly---- Half-yearly---- Others-----
68.	How much monthly income do you expect from BM activity (in INR)	

69.	<p>How much expenses (one –time) you have incurred while starting up operation as a Bank Mitra (on laptop/ computer/ printer/ micro ATM/vehicle)</p> <p>Please note that the total summation of (1.a, 1.b, 1.c, 1.d, and 1.e) should not exceed overall one time expenditure</p>	<p>1. OVERALL ONE_TIME EXPENDITURE_____</p> <p>Break-up:-</p> <p>1.a One-time deposit_____</p> <p>1.b Internet/broadband installation cost_____</p> <p>1.c Machinery such as Laptop, Printer, Point-of-sale device, finger print reader_____</p> <p>1.d Infrastructure such as table, chair etc._____</p> <p>1.e Others (specify) _____</p>
70.	<p>How much expenses (variable) expenses you incur on a monthly basis for running the business as a Bank Mitra (Rent, conveyance, marketing expense & other miscellaneous expenses)</p> <p>Please note that the total summation of (1.a, 1.b, 1.c, and 1.d) should not exceed overall one time expenditure</p>	<p>1. OVERALL VARIABLE EXPENDITURE</p> <p>Break-up: -</p> <p>1.a Rent</p> <p>1.b Internet connectivity/bill</p> <p>1.c Conveyance, petrol</p> <p>1.d Others (specify)_____</p>
71.	<p>On a scale of 1-5, Please rate your current level of satisfaction with the income you earn per month as BM including commissions (1- Highly Satisfied, 2- Satisfied, 3-Neither satisfied nor unsatisfied, 4- Unsatisfied and 5-Highly Unsatisfied)</p>	<p><input type="checkbox"/> 1</p> <p><input type="checkbox"/> 2</p> <p><input type="checkbox"/> 3</p> <p><input type="checkbox"/> 4</p> <p><input type="checkbox"/> 5</p>
72.	<p>On a scale of 1-5, Please rate your current level of overall satisfaction as BM to continue this business? (1- Highly Satisfied, 2- Satisfied, 3-Neither satisfied nor unsatisfied, 4- Unsatisfied and 5-Highly Unsatisfied)</p>	<p><input type="checkbox"/> 1</p> <p><input type="checkbox"/> 2</p> <p><input type="checkbox"/> 3</p> <p><input type="checkbox"/> 4</p> <p><input type="checkbox"/> 5</p>
73.	<p>Do you plan to continue as a PMJDY BM? (If yes, skip to Section 8, q75)</p>	<p><input type="checkbox"/> Yes1 <input type="checkbox"/> No.....2</p> <p>हाँ नहीं</p>
74.	<p>If, answered No, how long would you continue before you quit the BM business? (Record duration in Months) MM</p>	

78.	Have you tried to spread financial literacy to community members in your vicinity? क्या आपने अपने क्षेत्र के समुदाय के सदस्यों के बीच में फाईनेंशियल लट्टिरेसी / आर्थकि साक्षरता फैलाने का प्रयास किया है ?	<input type="checkbox"/> Yes1 <input type="checkbox"/> No.....2 (Skip to Q-80) हाँ नहीं
79.	If yes, how many persons have you trained on financial literacy so far? अगर हाँ ,आपने अभी तक कतिने ग्राहकों को फाईनेंशियल लट्टिरेसी /आर्थकि साक्षरता की ट्टरेनगि दी है ?	<input type="checkbox"/> 1-10.....1 <input type="checkbox"/> 11-20.....2 <input type="checkbox"/> 21-30.....3 <input type="checkbox"/> >30 30 से ज्यादा.....4
80.	What is the frequency of visit by bank official/BCNM at your kiosk? आपके कयिऑसक पर बैंक अधिकारी कब - कब /कतिनी बार आते हैं ?	<input type="checkbox"/> Never.....1 कभी नहीं <input type="checkbox"/> Once in a week.....2 हफ्ते में एक बार <input type="checkbox"/> Once in a month.....3 महीने में एक बार <input type="checkbox"/> Once in 2 months.....4 2 महीने में एक बार <input type="checkbox"/> Once in 3 months.....5 तीन महीने में एक बार <input type="checkbox"/> Once in 6 months.....6 6 महीने में एक /साल में दो बार <input type="checkbox"/> Annual.....7 साल में एक बार <input type="checkbox"/> Occasional, but no specified frequency.....8 कभी - कभी ,लेकनि कोई नरिंधारति बारंबारता नहीं

Closure - Thank you for your contributions in this discussion. Do you have any questions/comments for us?

इस बातचीत में आपके योगदान के लिये आपका धन्यवाद । क्या आप हमसे कोई सवाल पूछना चाहेंगे या टपिपणी करना चाहेंगे ?

INTERVIEW END TIME (Record time)

Hour		Minute	

8.2 PMJDY Account Holder Questionnaire

Survey Details - To be completed BEFORE approaching potential respondent

1.	State name	
2.	State code	
3.	District name	
4.	District code	
5.	Block name	
6.	Block code	
7.	Gram Panchayat name	
8.	Gram panchayat code	
9.	Sub Service Area (SSA) name	
10.	Village name	
11.	Village code	
12.	PIN Code	
12A.	Customer ID	
13.	GPS Co-ordinates	1. Longitude____ 2. Latitude_____
14.	Rural or Urban locality	Rural-1 Semi-urban - 2 Urban-3
15.	Date of survey	
16.	Name and code of investigator	
17.	Name and code of the supervisor	
18.	<p> Screener</p> <p>Please record the total number of villagers talked in order to get hold of the required number of PMJDY customers, by area.</p>	<p>Have you opened an account through the PMJDY scheme?</p> <p><input type="checkbox"/> Yes (Continue to Section 1)</p> <p><input type="checkbox"/> No (thank and close)</p>

I would like to ask you some additional questions. May I have 10 minutes of your time to complete this survey? The information provided by you will remain anonymous and of course participation is voluntary.

Do you mind if I proceed? Yes -1, No-2

Start time:

Hour		Minute	

Section 1: Personal Details:

19.	Customer Name	
20.	Age (In years)	
21.	Gender	Male <input type="checkbox"/>1 Female <input type="checkbox"/>2
22.	Contact Number	
23.	PMJDY a/c opened in Bank	

Section 2: PMJDY Details

24.	What comes first to your mind when you hear PMJDY?		
25.	Do you have any other bank account other than PMJDY account?	<input type="checkbox"/> Yes..... 1	<input type="checkbox"/> No.....2 (Skip to Q29)
26.	If Yes , is your other account active?	<input type="checkbox"/> Yes..... 1	<input type="checkbox"/> No.....2
27.	If Yes, in which bank do you hold this account?(Please mention Name of bank)	_____	
28.	If you already had an account, why did you open PMJDY account?	1. To receive benefits under PMJDY scheme 2. Forced by BM/branch manager to open account 3. Everyone else in the village was opening PMJDY account so followed them 4. In expectation of receiving over draft money in my account 5. Others (please record the reason)	
29.	When did you open your PMJDY account?	<input type="checkbox"/> In the past month.....1 <input type="checkbox"/> In the past 2-3 months.....2 <input type="checkbox"/> More than 3 months ago.....3 <input type="checkbox"/> More than 6 months ago.....4	

30.	From where did you get the knowledge of the PMJDY accounts?	<input type="checkbox"/> Friends/ Relatives.....1 <input type="checkbox"/> Bank.....2 <input type="checkbox"/> BM.....3 <input type="checkbox"/> Sarpanch/ GP.....4 <input type="checkbox"/> Media – TV/ Radio/ Newspaper.....5 <input type="checkbox"/> Others(specify) _____77
31.	Did you open your PMJDY account with a BM?	<input type="checkbox"/> Yes.....1 <input type="checkbox"/> No.....2
32.	How often do you conduct transactions in your PMJDY account? Roughly.	<input type="checkbox"/> Once in a Week1 (SKIP TO Q 35) <input type="checkbox"/> Once in a Fortnight.....2 (SKIP TO Q 35) <input type="checkbox"/> Once in a Month.....3 (SKIP TO Q 35) <input type="checkbox"/> Every 2 Months4 (SKIP TO Q 35) <input type="checkbox"/> Every 3 Months4 (Ask Q 33) <input type="checkbox"/> I have not transacted yet.....5 (Ask Q 33)
33.	Have you transacted in the last 3 months?	<input type="checkbox"/> Yes.....1 (Continue) SKIP to Q35 <input type="checkbox"/> No.....2 (GOTO Q 34)
34.	Why have you not transacted in last three months/ conducted any transaction in your PMJDY a/c?	Record reasons...
35.	Have you received a Rupay Debit Card for PMJDY account?	<input type="checkbox"/> Yes.....1 (Continue) <input type="checkbox"/> No.....2 (SKIP TO Q 40)
36.	If yes, have you received Rupay card pin?	<input type="checkbox"/> Yes.....1 <input type="checkbox"/> No.....2 (SKIP TO Q 40)
37.	If yes, is Rupay Card activated/working?	<input type="checkbox"/> Yes.....1 (Continue) <input type="checkbox"/> No.....2 (SKIP TO Q 40)
38.	Have you carried out any transaction through Rupay card?	<input type="checkbox"/> Yes.....1 (Continue) <input type="checkbox"/> No.....2 (SKIP TO Q 40)
39.	If yes number of transactions done in last 1 month	<input type="checkbox"/> None.....1 <input type="checkbox"/> 1.....2 <input type="checkbox"/> 2.....3 <input type="checkbox"/> 3.....4 <input type="checkbox"/> 4.....5 <input type="checkbox"/> 5 or more.....6
40.	Do you have an Aadhaar Number?	<input type="checkbox"/> Yes.....1 <input type="checkbox"/> No.....2 (Skip To Q45)

41.	Is your Aadhaar number linked to your PMJDY account?	<input type="checkbox"/> Yes1 <input type="checkbox"/> No.....2 <input type="checkbox"/> Don't Know.....98
42.	Has Aadhaar number helped you in making financial transactions easier?	1. Yes, 2. No (skip to 44) 3. No Difference (skip to 44)
43.	If YES, then how has Aadhar helped in making financial transactions easier?	Record Reasons.....
44.	If NO/NO DIFFERENCE, then why do you think that Aadhar has not helped/made no impact in making financial decisions easier?	Record Reasons.....
45.	Have you received Over-Draft facility under PMJDY?	<input type="checkbox"/> Yes.....1 (Continue) <input type="checkbox"/> No.....2 (SKIP TO 47)
46.	If Yes, what is the amount?	Record the amount

Section 3: Financial Inclusion details of family members

	Particulars	Adults (age 18 yrs. and above)	Children(age between 10 yrs & below 18 yrs.
47.	How many adults and children (ages 10-below 18) are in your household? That is, how many of each sleep in your house and eat from the same kitchen If coded 0 in children then skip to Q 50		
48.	Do kids influence your financial decision-making? (Financial decision making implies influencing parents to open PMJDY a/c, transact in PMJDY a/c, enrol for JSY, JJY, APY and any other services under PMJDY scheme)	Yes -1	No – 2(skip to 50)
49.	If Yes, Please rate their level of influence on your financial decision making on a scale of 1 to 3 where 1 is Highly influential and 3 is Low influence	<input type="checkbox"/> High <input type="checkbox"/> Moderate <input type="checkbox"/> Low	
50.	How many members of the household have an individual bank account?		

Section 3: Financial Inclusion details of family members

51.	Where do you keep your savings whenever you have spare money? Multiple response - record all that apply	<input type="checkbox"/> I do not save money...1 (Skip to Q-53) <input type="checkbox"/> In Savings Bank account.....2 <input type="checkbox"/> In someone else's Savings Bank account3 <input type="checkbox"/> At home.....4 <input type="checkbox"/> With Informal channels (mahajans etc).....5 <input type="checkbox"/> Others (specify)_____77
52.	How often do you use any of the above avenues in Q51 to add money to your savings?	<input type="checkbox"/> Weekly.....1 <input type="checkbox"/> Monthly.....2 <input type="checkbox"/> Quarterly.....3 <input type="checkbox"/> Annually.....4 <input type="checkbox"/> No fixed periodicity.....5
53.	Which channel in Q51 do you prefer most? Single response	<input type="checkbox"/> In bank account1 <input type="checkbox"/> In someone else's Savings Bank account2 <input type="checkbox"/> At home.....3 <input type="checkbox"/> With Informal channels (mahajans etc).....4 <input type="checkbox"/> Others (specify)_____77
54.	Why do you prefer this method most? (Multiple responses possible?)	<input type="checkbox"/> Ease of procedure.....1 <input type="checkbox"/> No minimum amount requirement.....2 <input type="checkbox"/> Trust/ Safety of funds.....3 <input type="checkbox"/> Liquidity(ease of withdrawal).....4 <input type="checkbox"/> High Interest rate.....5 <input type="checkbox"/> Others (specify) _____77
55.	Which of these products/instruments you ever used for savings? Multiple response allowed - record all that apply	<input type="checkbox"/> Fixed Deposit.....1 <input type="checkbox"/> Recurring Deposit.....2 <input type="checkbox"/> Chit fund/Committee.....3 <input type="checkbox"/> None of above.....4 (skip to Q57) <input type="checkbox"/> Others (specify) _____77
56.	Which savings products/ instruments do you prefer the most? Single response	<input type="checkbox"/> Fixed Deposit.....1 <input type="checkbox"/> Recurring Deposit.....2 <input type="checkbox"/> Chit fund/Committee.....3 <input type="checkbox"/> Others (specify) _____77

57.	Do you have any Insurance or pension policy?	<input type="checkbox"/> Insurance only1 <input type="checkbox"/> Pension only.....2 3. Both <input type="checkbox"/> Don't Know/can't say....4 (skip to Q59) No....5 (skip to Q59)
58.	If coded 1 OR 2 OR 3 in Q57 under which insurance scheme of Govt. Multiple response allowed	<input type="checkbox"/> Pradhan Mantri Jeevan Jyoti Bima Yojana- Life Insurance.....1 <input type="checkbox"/> Pradhan Mantri Suraksha Bima Yojana General Insurance.....2 <input type="checkbox"/> Atal Pension Yojana- Pension3 <input type="checkbox"/> Other(specify)77 Answer and Skip to Q-60
59.	If coded 4 OR 5 in Q 57 what is the main reason for not buying it (Single response)	<input type="checkbox"/> Not aware about insurance.....1 <input type="checkbox"/> It is of no benefit to me.....2 <input type="checkbox"/> It is expensive..3 <input type="checkbox"/> I applied once but didn't receive the policy.....4 <input type="checkbox"/> There is no insurance agent nearby to provide service5 <input type="checkbox"/> Other (Specify) _____77
60.	Have you ever attended any session on financial literacy?	<input type="checkbox"/> Yes1 <input type="checkbox"/> No.....2 (Skip to Q-Section-5)
61.	If yes, when	<input type="checkbox"/> Within last 6 months.....1 <input type="checkbox"/> More than 6 months but less than 1 year.....2 <input type="checkbox"/> More than 1 Year ago.....3
62.	Who organised/ arranged this session?	<input type="checkbox"/> Bank Mitra.....1 <input type="checkbox"/> BCNM.....2 <input type="checkbox"/> Bank/FLCC.....3 <input type="checkbox"/> NGO.....4 <input type="checkbox"/> Others (specify).....77

Section 3: Financial Inclusion details of family members

63.	Where do you transact with your PMJDY account? (Multiple response)	<input type="checkbox"/> Bank Mitra.....1 <input type="checkbox"/> ATM.....2 <input type="checkbox"/> Bank Branch.....3 <input type="checkbox"/> Not Transacted4 If coded 4, end the interview								
64.	Please rank the channel for transaction based on your preference (1 is most preferred 3 is least preferred)	<table border="1"> <thead> <tr> <th data-bbox="786 453 1110 512">Channel</th> <th data-bbox="1110 453 1497 512">Rank(1 to 3)</th> </tr> </thead> <tbody> <tr> <td data-bbox="786 512 1110 571">i. Bank Mitra</td> <td data-bbox="1110 512 1497 571"></td> </tr> <tr> <td data-bbox="786 571 1110 630">ii. ATM</td> <td data-bbox="1110 571 1497 630"></td> </tr> <tr> <td data-bbox="786 630 1110 682">iii. Branch</td> <td data-bbox="1110 630 1497 682"></td> </tr> </tbody> </table>	Channel	Rank(1 to 3)	i. Bank Mitra		ii. ATM		iii. Branch	
Channel	Rank(1 to 3)									
i. Bank Mitra										
ii. ATM										
iii. Branch										
65.	Please select top three reasons for your most preferred choice of channel (Only 3 responses allowed)	<input type="checkbox"/> Non- availability of any other channel.....1 <input type="checkbox"/> Less distance from home.....2 <input type="checkbox"/> Less distance from workplace.....3 <input type="checkbox"/> Timings/ Availability.....4 <input type="checkbox"/> Ease of Transaction.....5 <input type="checkbox"/> Low transaction time.....6 <input type="checkbox"/> Low waiting time.....7 <input type="checkbox"/> Look & feel of Outlet (Branding).....8 <input type="checkbox"/> Privacy in conducting transaction.....9 <input type="checkbox"/> Personal attention.....10 <input type="checkbox"/> Others (specify).....77								
For those who have transacted with a BM in question Q-63, Ask:										
For those who have NOT transacted with a BM in end the interview										
66.	Specifically about conducting transactions at BM, what are the three things you like most? (only 3 responses allowed)	<input type="checkbox"/> Location of outlet.....1 <input type="checkbox"/> Less distance from home.....2 <input type="checkbox"/> Less distance from workplace.....3 <input type="checkbox"/> Timings/ Availability.....4 <input type="checkbox"/> Ease of transaction.....5 <input type="checkbox"/> It's being a shop where I visit regularly.....6 <input type="checkbox"/> Politeness/behaviour of BM.....7 <input type="checkbox"/> Low transaction time.....8 <input type="checkbox"/> Low waiting time.....9 <input type="checkbox"/> Look & feel of Outlet (Branding).....10 <input type="checkbox"/> Privacy in conducting transaction.....11 <input type="checkbox"/> Personal attention.....12 <input type="checkbox"/> Provide service on credit13 <input type="checkbox"/> Others(pls specify).....77								

67.	What problems have you experienced conducting a transaction at a BM? Multiple response possible	<input type="checkbox"/> The network was down.....1 <input type="checkbox"/> Some other part of the technology was not working.....2 <input type="checkbox"/> BM had insufficient liquidity for transaction.....3 <input type="checkbox"/> The BM was not present during his shop hours.....4 <input type="checkbox"/> The BM behaviour was not good.....5 <input type="checkbox"/> The BM charged me an extra fee.....7 <input type="checkbox"/> The BM did not give me all the money I was owed.....8 <input type="checkbox"/> No problem encountered.....9 <input type="checkbox"/> ANY OTHER (Specify).....77
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Closure - Thank you for your contributions in this discussion. Do you have any questions/comments for us?

INTERVIEW END TIME (Record time)

Hour		Minute	

8.3 District wise breakup of number of interviews conducted

State name	District name	Total BM sample
Andhra Pradesh	Prakasam	58
Assam	Dhubri	38
	Sonitpur	31
Bihar	East Champaran	83
	Jehanabad	31
	Khagaria	31
	Madhubani	66
	Nalanda	44
	Supaul	49
Chhatisgarh	Dhamtari	31
	Jangir-Champa	31
	Kabeerdham	31
	Mahasamund	31
	Raigarh	34
Dadra and Nagar Haveli	Dadra and Nagar Haveli	16
Gujarat	Patan	57
Haryana	Jind	31

Himachal Pradesh	Mandi	31
Karnataka	Chikballapur	31
Madhya Pradesh	Vidisha	31
Maharashtra	Wardha	53
Odisha	Bhadrak	31
	Gajapati	31
	Jagatsinghpur	31
Punjab	Ferozpur	31
Rajasthan	Dausa	31
	Karauli	31
	Kota	31
	Pratapgarh	31
	Sirohi	33
Tamil Nadu	Ariyalur	49
	Namakkal	31
Uttar Pradesh	Auraiya	31
	Etawah	31
	Ghazipur	63
	Maharajganj	37
	Mirzapur	67
	Pilibhit	31
	Sitapur	45
Uttarakhand	Dehradun	31
West Bengal	Bankura	47
	Dakshin Dinajpur	44
Grand Total		1,627

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