

Financial Literacy Project

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Digitally Enabled Karangamal Panchayat

April 2017

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Background of the Project

National Payments Corporation of India (NPCI), the umbrella organisation of all retail payment systems in India, has partnered with **MicroSave** for technical assistance to transform five villages in the Karangamal Panchayat in Odisha into less-cash villages.

Scope of the Project:

The project '**Digitally Enabled Karangamal Panchayat**' is aimed at complete digitization of Karangamal Panchayat in Nuapada district in Odisha. The panchayat has 5 villages which are serviced by Boden and Sinapali branches of SBI and Karangamal branch of Utkal Grameen Bank (a RRB sponsored by SBI).

The overall project has been divided into three phases, namely:

1. Phase 1: Inception and baseline assessment of the panchayat – 5th to 10th February'17;
2. Phase 2: Financial Literacy campaign – 5th to 10th March'17;
3. Phase 3: Monitoring and end-line assessment of the panchayat.

Phase 1 and Phase 2 have been successfully completed with the support of local bank and NPCI officials, and active participation of the local populace. This report provides a brief on the activities that has been completed in this project to surge towards becoming the first digitised panchayat in the state of Odisha. Phase 3 will be conducted once the banks share the data on digital transactions. The monitoring and end-line assessment is normally conducted post three months of intervention.

Phase 1: Inception and Baseline

The project '**Digitally Enabled Karangamal Panchayat**' is aimed at complete digitisation of Karangamal Panchayat in Nuapada district of Odisha. The panchayat has five villages namely, Karangamal, Kulekela, Dotto, Lesunpal, and Kulingamal, which are serviced by Boden and Sinapali branches of SBI, and Karangamal branch of Utkal Grameen Bank (a RRB sponsored by SBI).

MicroSave developed the following conceptual framework to carry out the research and intervention.

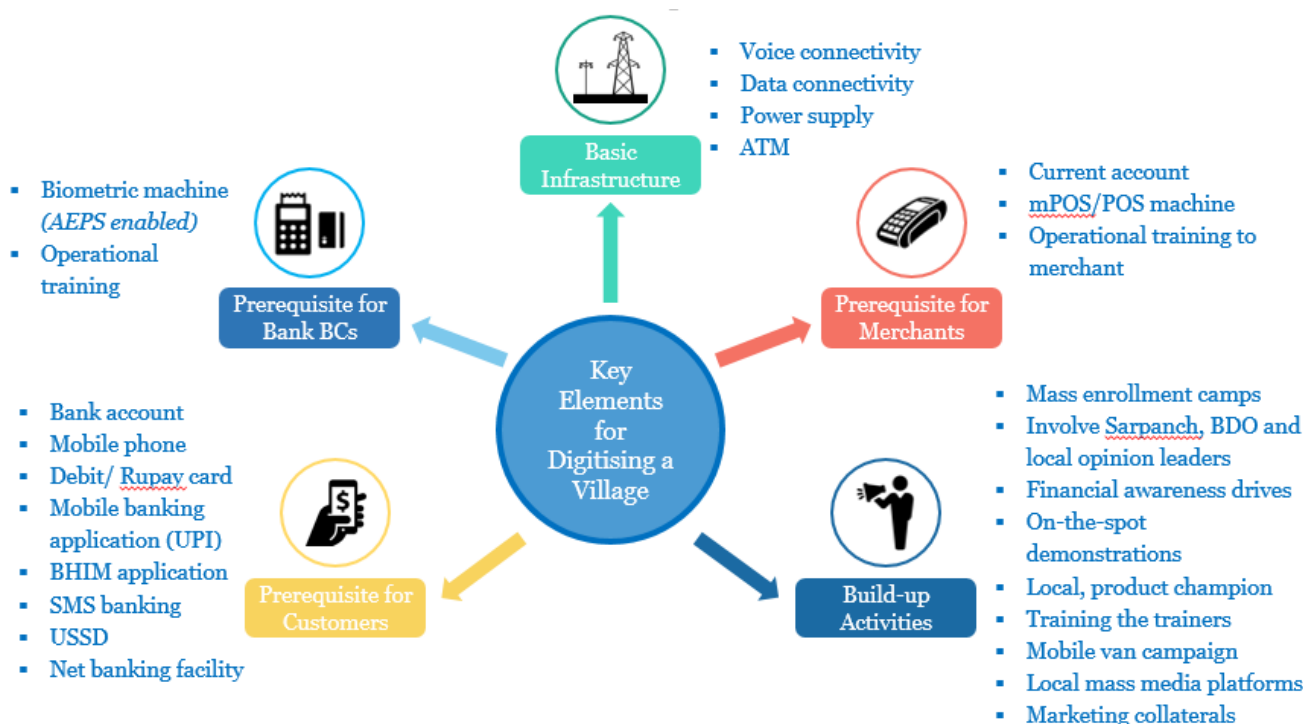


Figure 1: Conceptual Framework of digitising a village.

Excellent support provided by banks

NPCI and *MicroSave* worked with these bank branches for issuance of RuPay cards to most customers, linking Aadhaar and mobile number to bank account in order to set up the basic infrastructure to enable digital transactions among the village populace.



Figure 2: Support provided by the banks- with Bank Manager, UGB, Karangamal; long queues outside Boden SBI

The Panchayat has a total of 16 shops catering to different needs of the local residents. There are six shops in Karangamal village and *ten* small shops in four other villages. Out of these shops, six shops have been digitally enabled with point-of-sale terminals with the support of SBI. These merchants have shared interest in accepting payments using RuPay debit cards.

One of the merchants is accepting payments using POS terminals in the inception stage of the project. Another merchant shared that while there will be low adoption of this payment methodology, if most customers have RuPay card, card-based payments will most likely increase.



Figure 4: First PoS machine installed with support from SBI

Figure 3: PoS installed at one more merchant during the base-line assessment



Findings of the baseline research

MicroSave evaluated all the *five* villages and gathered information on essential village level parameters. The parameters such as bank penetration; Aadhaar-seeded account; availability and usage of ATMs; ownership and usage of mobile phone; awareness and usage of digital transactions; and voice/data network connectivity, among others, were captured/computed to categorise these villages, assess their readiness and plan further areas of intervention for digitisation.

The village residents interviewed as part of the baseline belonged to different occupations. There were teachers, farmers, daily-wage labourers, besides government employees and private service holders. *MicroSave* also captured information on financial inflow and outflow at the household level. This included information such as major sources of inflow and outflow, ticket size, medium and frequency of each transaction. It helped *MicroSave* and NPCI to understand the readiness of the villagers to make digital payments.



Figure 5: Baseline assessment of a villager on digital financial services

MicroSave team also interacted with the existing Business Correspondents in the panchayat. There are two BCs – SBI and UGB in the panchayat. Their inputs were also taken on digitisation of payments in their panchayat. BCs added that *99#, AEPS, and BHIM will definitely help, provided sufficient training is provided to the villagers. They were willing to assist in promoting the agenda of less-cash panchayat.



Figure 7: Training to UGB BC agent on USSD

Kulingamal and Dotto; local NGOs at Khariar named Lokadrusti and Ayushkam. This co-ordination helped in finalising the venue for the next phase of the project that constituted of conducting workshops.

MicroSave team interacted with other key stakeholders such as Business Development Officer of Boden Block; principals and teachers of local schools in Karangamal,

Figure 6: In discussion with a villager to understand their daily expenses



MicroSave team pro-actively finalised the dates and the venue for the financial literacy workshops to be conducted in Phase-II of the project.

The key to the success of this project was that the village residents were appraised in advance regarding the financial literacy campaign and the importance of going digital. *MicroSave*, with support from NPCI, planned and executed different modes of communication that were utilised to promote this project and ensure that the residents of the panchayat come in large numbers to attend the financial literacy campaign.

Communication and promotion

A local community radio station – “Swayam Shakti” 90.4 FM agreed to assist *MicroSave* Team in promoting the digitally-enabled Karangamal project through their radio channel. They recorded a FAQ session on less-cash ecosystem, where *MicroSave* team explained the Five W’s (What, Why, Where, When, and Who) of the project. This promotion was designed specifically for the panchayat of Karangamal.

This recording was broadcasted from 21st to 23rd February 2017. In the figure below, a snapshot of *MicroSave* team recording session at the studio in Khariar is shown. The SBI and UGB staff provided complete support to get the information regarding radio broadcast propagated to the residents of Karangamal panchayat.



Figure 8: Radio promotion by *MicroSave* team at Swayam Shakti radio station at Khariar

The radio broadcast was followed by a mobile van campaign promoting NPCI products such as *99#, BHIM, RuPay, and IMPS besides announcing the venue and date of the financial literacy workshop. A few snapshots of the same are provided below. *MicroSave* took the complete (financial and operational) ownership in getting the van campaign roll-out in Karangamal panchayat for *eight* consecutive days.



Figure 9: Mobile van activity before the workshop

The local bank branches of State Bank of India and Utkal Grameen Bank have also shown active interest in the promotion of *99#, BHIM, AEPS, IMPS and RuPay cards. *MicroSave* provided them with collateral that would help in increasing awareness on the products.



Figure 10: Collaterals by NPCI at State Bank of India, Boden branch on display

The next phase (Phase-II) of this project focuses on the financial literacy campaign for the village residents and acceptance of digital payments prevalent in the village economy. The financial literacy campaign spread awareness on *99#, AEPS, UPI, and BHIM through live demonstrations and registrations during the workshop. It also focused on the importance of getting a person's Aadhaar and mobile number registered with their bank account.

The schedule for the campaign was as follows:

1. 7th March – Karangamal and Kulekela villages – Near Junior Science College, Karangamal;
2. 8th March – Dotto + Lesunpali villages – Boy's Hostel Camp, Dotto;
3. 9th March – Kulingamal village – Primary High School, Kulingamal.

Phase 2: Financial Literacy Campaign

NPCI and *MicroSave* conducted Financial Literacy campaign in all the five villages of the Karangamal in, namely Karangamal, Dotto, Kulingamal, Lesunpali and Kulekela of Karangamal panchayat in Odisha from 6th to 11th March 2017. The logistics for the campaign was arranged with support from the bank staff and the local village people. Their efforts facilitated in conducting smooth workshops.

Workshop and training

In the workshops, videos were shown through projector that helped villagers understand about conducting transactions using *99#, AEPS, RuPay, and BHIM. *MicroSave*, along with bank branch nodal officers, conducted live demonstration sessions on usage of *99#, AEPS, RuPay, and BHIM in each workshop. The demonstration session lasted for around *two* hours and saw participation of more than 150 residents in each workshop. The sessions also helped in doing live registration of customers on BHIM and *99#; besides the seeding activities performed by the local bank branches.

SBI and UGB bank managers provided extensive support through nodal officers for all the days of the workshop. These nodal officers acted as interim trainers to help village resident register on *99# and BHIM besides providing them training on the processes. The villagers were trained on transferring money to bank accounts, mobile numbers, and Aadhaar numbers. Many people also got their Aadhaar and mobile number linked to their bank account and understood the importance of getting seeded.



Figure 11: One of the winners of the Quiz contest

Villagers were enthusiastic in this journey of digital induction and carried their mobile phone, Aadhaar cards, and Bank Passbook and Debit cards to register on *99# and BHIM platform during the session. NPCI and *MicroSave* also conducted digital quiz amongst participants of the workshop, to gauge their understanding of the session. *MicroSave* branded t-shirt was gifted to participants who answered correctly on BHIM. They were also handed over NPCI diaries for answering other questions on *99#, AEPS, and RuPay. The audience were thrilled and excited to share their understanding of topics.

A brief selection of snapshots have been provided below to showcase the project work with respect to the financial literacy campaigns.

Separate demonstration were made to school teachers, NGOs, college students and bank staff to make them understand about all the products. They were registered immediately on *99# and BHIM app.



Figure 12: Training to the school principal and staffs on *99#, BHIM app, RuPay and AEPS

In the first workshop at Karangamal village, people are attentively listening to the MicroSave and NPCI team.



Figure 13: Financial literacy workshops at Karangamal

A financial literacy session at Kulingamal village is under process in with the local NGO head from Ayusham. An audio-visual session on BHIM and *99# in process.



On-the-field training

MicroSave team also ensured that people working as farmers receive sufficient training on the field on different payment products. *MicroSave* also hired a cinematographer to capture the entire journey of Karangamal panchayat to “less-cash” panchayat.



*Figure 14: On-the-field training by MicroSave staff on *99#*

Similar to Phase-I, *MicroSave* sponsored van promotion in each of the five villages. Banners promoting *99#, BHIM, and RuPay card were put on Auto and a pre-recorded audio was played twice a day in each village. An announcement was also made to appraise villagers of dates and location of campaign. The extensive promotion of the workshop played a great role in generating interest amongst villagers for participating in the upcoming workshop.



Figure 15: Mobile van promotion under-way during the campaigns

Six PoS machines have been installed in the panchayat at different. The PoS machines were provided by SBI. Merchants at these villages were apprised about electricity charges, monthly POS charges, MDR, etc. at the time of on-boarding. SBI and UGB completed the installation and registration of the merchant for the POS machine. NPCI ensured that the merchant and BC agent is registered with the POS machine and microATM, respectively. NPCI and *MicroSave* monitored the merchant points to ensure RuPay card-based transactions at POS terminals happen correctly. *MicroSave* has also video-recorded transactions, especially those conducted by women and youth. These videos can help motivate the laggards in the villages to take up digital mode of transacting.

The **Business Correspondent of SBI** provided complete support in the FL week. He conducted AEPS transactions for customers and explained the benefit of AEPS to customers. Almost all the villagers possess an Aadhaar card, and could relate easily to AEPS, as they have been using it regularly.



Figure 16: PoS machine usage and transaction history shown by the village merchant



Figure 17: AEPS transaction being conducted by SBI BC for a daily-wage labourer at Karangamal

The smartphone penetration in each of the villages is low. Villagers who had a smartphone downloaded the BHIM app. Villagers, especially youth, were excited to know about features of BHIM app. Connectivity issues in villages did not deter them from downloading the app and conducting transactions.



Figure 18: A BHIM transaction by a college student

*99# was the maximum demonstrated product considering a huge feature and basic phone penetration. This product was easily understood and found to be of maximum utilisation. Village populace understood the importance of registration of mobile number when *99# was explained. With limited literacy, village populace could register themselves and conduct small amount test transactions.



Figure 19: College principal using USSD

Challenges

While the training and workshop sessions went really well, there were certain challenges that were faced by the customers. Some of the challenges are provided below, in brief:

- Mobile Literacy among customers to use *99# – The customer found it difficult to change their font type in a basic/feature phone while trying to use *99#.
- While PoS machines were readily accepted by the merchants initially, they found it challenging to accept that the merchants were to bear the monthly charge for the machine. It is difficult to break-even for them with low number of transactions in a village set-up.
- Network remains a deterrent factor in acceptance of any new payment system. The network facility in the area is poor.
- Customers of UGB found it really difficult to use *99# or BHIM app as UGB customers cannot send/transfer money using IMPS.

Khariar Mahotsava

State Bank of India, Khariar, hosted a promotional stall in Khariar Mahotsav from 17th to 21st March. The Khariar bank staff acted as volunteers for BHIM and *99#, and explained to the audience on the benefits of both. These staff were trained on BHIM, *99#, AEPS, and IMPS by *MicroSave* and NPCI staff during the financial literacy week.



Figure 20: Promotion of NPCI products and services at Khariar Mahotsava, a yearly event at held Khariar

Way Forward

All the activities conducted during financial literacy training, workshop and overall digitisation aspects of Karangamal panchayat captured is getting transformed into a short documentary showcasing ***Digitised Karangamal***.

The project also aims at coming up with knowledge collateral on the process, execution, roles and responsibilities of different stakeholders, and challenges faced as well as solutions adopted in making villages less-cash or cash-lite.

Phase 3: Impact & Evaluation

Data on Aadhaar seeding, mobile number linked and RuPay cards from the bank branches of serving

Parameters (Feb'17)	UGB, Karangamal	SBI, Boden	SBI, Sinapali
# of Savings Accounts	7,520	17,417	32,378
# of PMJDY Accounts	12,163	16,000	27,034
% Aadhaar number seeding	54%	39%	36%
# Aadhaar seeded accounts	10,816	12,979	21,114
% Mobile number seeding	21%	45%	80%
# Mobile no. seeded accounts	4,206	15,000	To share
% RuPay debit card active	89%	To share	To share
% of total account holders from Karangamal panchayat (approx.)	60%	30%	To share

Post Baseline activity in Phase-I, there has been a following increase in the Aadhaar seeding and mobile linkages to bank account in the case of UGB customers:

- Aadhaar seeding in accounts has increased from **43% in Oct'16 to 54% in Feb'17**
- Mobile number linkage has increased from **12% in Oct'16 to 21% in Feb'17**.

We will be making two more evaluations of these data, as received from banks in May and August 2017. Banks have agreed to support by sharing the relevant data. The data will help us evaluate the actual digitisation of Karangamal panchayat and acceptance of “less-cash” as a payment system.

These data will showcase the complete achievement of Digitised Karangamal.

Annexure 1- Key Stakeholders and Panchayat Information

A brief on Karangamal Gram Panchayat:

No. villages :(5) : (Five)	Karangamal	Dotto	Kulingamal	Kulekela	Lesunpali
Total population (approx.)	1200	1800	600	350	900
No. Of depositors having RuPay card (approx.)	400	700	200	100	300
No. Of primary teacher / govt. officials	20 to 25	10 to 15	5 to 10	5 to 10	5 to 10
Medium/Small shops (No.)	6	3	4	1	2
No. of ATM in the locality	1 (SBI)	-	-	-	-
Major occupation	Agriculture	Agriculture	Agriculture	Agriculture	Agriculture
Name of the BDO (Boden Block)			Shri Bhagirathi Mallik		
Name the Sarpanch			Ms. Majhi		
Name of the College at Karangamal			Sri Jaganath Mahavidyalaya, Karangamal		
			Budharaja Mahavidyalaya, Karangamal		
Bank in Karangamal panchayat			Utkal Grameen Bank		
CSP at Karangamal	Rajendra Sa		State Bank of India		
	Biranchi Majhi		Utkal Grameen Bank		

As part of this project, the following key stakeholders assisted NPCI and MicroSave at different stages of the project.

Sr. No	Key Stakeholders	Remarks
1	Sushant Mishra	Regional Manager, SBI, Bolangir
2	Kishore C Panda	RM, UGB, Bolangir
3	Pradip Mishra	Branch Manager, State Bank of India, Sinapali block
4	Anup Kishore Sahu	Branch Manager, State Bank of India, Boden block
5	Kashiram Pattjoshi	Branch Manager, Utkal Grameen Bank, Karangamal
6	Raghuram Patra	LDM, State Bank of India, Nuapada district
7	Kulamani Thakur	Chief Manager, SBI, Khariar
8	NGO Lokadrusti	Local NGO at Khariar
9	NGO Ayshkam	Local NGO at Khariar

Annexure 2 - About *MicroSave*

MicroSave is an international consulting firm that offers practical, market-led solutions focused on enhancing access to financial services to the low and middle-income segments. We work to enable adoption of a client-centric by institutions that serve the target market viz. low-income clients. We offer consulting services in the domains (specialisations) of Digital Financial Services; Inclusive Finance & Banking; Micro, Small and Medium Enterprise Finance; Private Sector Development; and Responsible Finance. We strive to strengthen the capacity of client institutions to deliver market-led, scalable financial and social inclusion to all people through:

- ❑ *Guiding policy & facilitating partnerships to develop enabling eco-systems*
- ❑ *Comprehensive, customised strategic advice*
- ❑ *Actionable, on-site operational assistance.*

Established in 1998 in Kenya, we now have offices/project offices in Indonesia, India, Kenya, the Philippines and Uganda and project offices in Myanmar, Bangladesh, Malawi, Nepal and Vietnam. We have over 150 full-time employees; of these, more than 125 are financial services professionals assisting our clients to achieve their business objectives with practical, market-led solutions. We also have access to a network of associates in our countries of operations.

We work with governments, foundations, fintech players, investors, banks & financial institutions, IT and telecom companies, MFIs, community based institutions to enable them to deliver high quality, affordable financial and social services essential for sustainable and inclusive growth of low-income communities. Our expertise lies in areas of research, strategy development and governance, product and channel innovations, training and dissemination, organisational strengthening and risk management, monitoring and evaluations and in investment and donor services.

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Market-led solutions for financial services



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