From banking agents to community service providers: The path to BC *Sakhi* sustainability

Reimagining the BC *Sakhi* model

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MSC
MicroSave Consulting

Key terms and abbreviations

Programs and institutions	
Term	**Meaning**
BC *Sakhi*	A woman Business Correspondent supported under the ***Deendayal Antyodaya Yojana*-National Rural Livelihoods Mission (DAY-NRLM)** who delivers banking and financial services in rural communities
Business Correspondent (BC)	A bank-authorized agent who delivers banking services outside traditional bank branches
Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM)	The Government of India's flagship rural livelihoods program that promotes women's self-help groups and financial inclusion
State Rural Livelihood Mission (SRLM)	The state-level agency responsible for implementing DAY-NRLM programs
Public sector bank (PSB)	A commercial bank in which the Government of India holds a majority stake

Government schemes	
Term	**Meaning**
Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)	Government-backed life insurance program
Pradhan Mantri Suraksha Bima Yojana (PMSBY)	Government-backed accidental insurance program
Atal Pension Yojana (APY)	Government pension program for workers in the unorganized sector
Direct Benefit Transfer (DBT)	Electronic transfer of government subsidies and welfare benefits directly into beneficiaries' bank accounts

Key terms and abbreviations

Digital infrastructure	
Term	**Meaning**
Aadhaar Enabled Payment System (AePS)	A payment system that enables basic banking transactions using *Aadhaar*-based biometric authentication
Common Services Centre (CSC)	A government-supported digital service platform that delivers a wide range of citizen, business, and government services in rural areas
Financial products and services	
Term	**Meaning**
Cash-in cash-out (CICO)	Basic banking transactions, such as cash withdrawals, deposits, balance inquiries, fund transfers, and mini statements
Recurring deposit (RD)	A savings product that allows customers to deposit a fixed amount every month for a specified period
Fixed deposit (FD)	A savings product that allows customers to invest a lump sum for a fixed tenure at a predetermined interest rate
PMJDY overdraft (OD)	Small overdraft facility available to eligible account holders under the *Pradhan Mantri Jan Dhan Yojana*

The BC *Sakhi* network has scaled, but sustainability remains the next frontier

~66,000 BC *Sakhi*

have been deployed across India under DAY-NRLM (FY 2022-23 to June 2025).

However, scale has not yet translated into sustainable earnings. Most BC *Sakhi* earn less than **USD 52.2 (INR 5,000)** per month, which creates a risk of inactivity and attrition.

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We need to understand today's BC *Sakhi* first to understand why the program faces sustainability challenges

Assessing the current state

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Kamla: The present-day BC *Sakhi*

Profile

- Earns USD 16 – 42 (INR 1,500–4,000) per month
- Serves 200–400 households

Kamla is a trusted Business Correspondent who delivers basic banking services in her village.

- Most customer visits are for cash withdrawal.
- Customers leave after a single transaction.

Service portfolio

- Cash withdrawal and deposits
- Balance inquiry and mini statement
- DBT payments
- Basic account opening

Characteristics

Product and service portfolio	Low	●	○	○	○	○	High
Customer need fulfilment	Low	●	●	○	○	○	High
Business sustainability	Low	●	○	○	○	○	High

> “People ask me about loans, insurance, and pensions. Yet, I often have to send them to the bank because I cannot provide those services.

While BC *Sakhi* like Kamla have built a strong last-mile presence, three structural gaps limit their sustainability

Reach established

Strong last-mile presence and trust

1 Revenue constraints

- Economics relies on low-margin CICO transactions
- Customers rarely become multi-product users

2 Weak product and service depth

- Limited access to savings and deposit services
- Limited role in credit and insurance origination and servicing
- Limited access to integrated G2C[1], B2C[2], and CSC services

3 System and management gaps

- Income and performance are monitored insufficiently
- Low commission and high competition from male BC agents

Sustainable model

Recurring usage, earnings, and quality

Core implication

Reach for BC *Sakhi* becomes sustainable only when they can convert trust into recurring, diversified transactions that are tracked against earnings and service quality.

[1]G2C: Government to citizen
[2]B2C: Business to consumer

If these challenges are addressed, what would the BC *Sakhi* of the future look like?

Reimagining the future of the BC *Sakhi* program

Sita: The *lakhpati* BC *Sakhi*

Profile

- Earns USD 105-157 (INR 10,000–15,000) per month
- Serves 700–1,000 households
- Works with multiple service providers
- Runs a financially sustainable village enterprise

Sita has evolved from a CICO service provider to a trusted financial and digital services entrepreneur in her village. She meets most of her customers' financial needs through a single service point.

- Provides end-to-end financial and digital services
- Supports households throughout their financial journey

Service portfolio

- Delivers banking and digital financial services
- Facilitates credit, insurance and pension services
- Serves as a one-stop service point

Characteristics

Product and service portfolio	Low	● ● ● ● ●	High
Customer need fulfilment	Low	● ● ● ● ●	High
Business sustainability	Low	● ● ● ● ○	High

"Whether it is a loan, insurance, pension, or savings, my customers know they can come to me.

The future of the BC *Sakhi* model must therefore evolve from a **cash transaction point** to a **multi-service rural financial and livelihood hub.**

The right product and service portfolio will be critical to achieve this vision

But how should we expand it?

The current service portfolio of BC *Sakhi* provides a strong foundation but remains concentrated in core banking services

Savings
- Savings bank (SB) account
- Recurring deposit (RD)
- Fixed deposit (FD)

Banking transactions
- Cash withdrawal
- Cash deposit
- Fund transfer
- Balance inquiry
- Mini statement

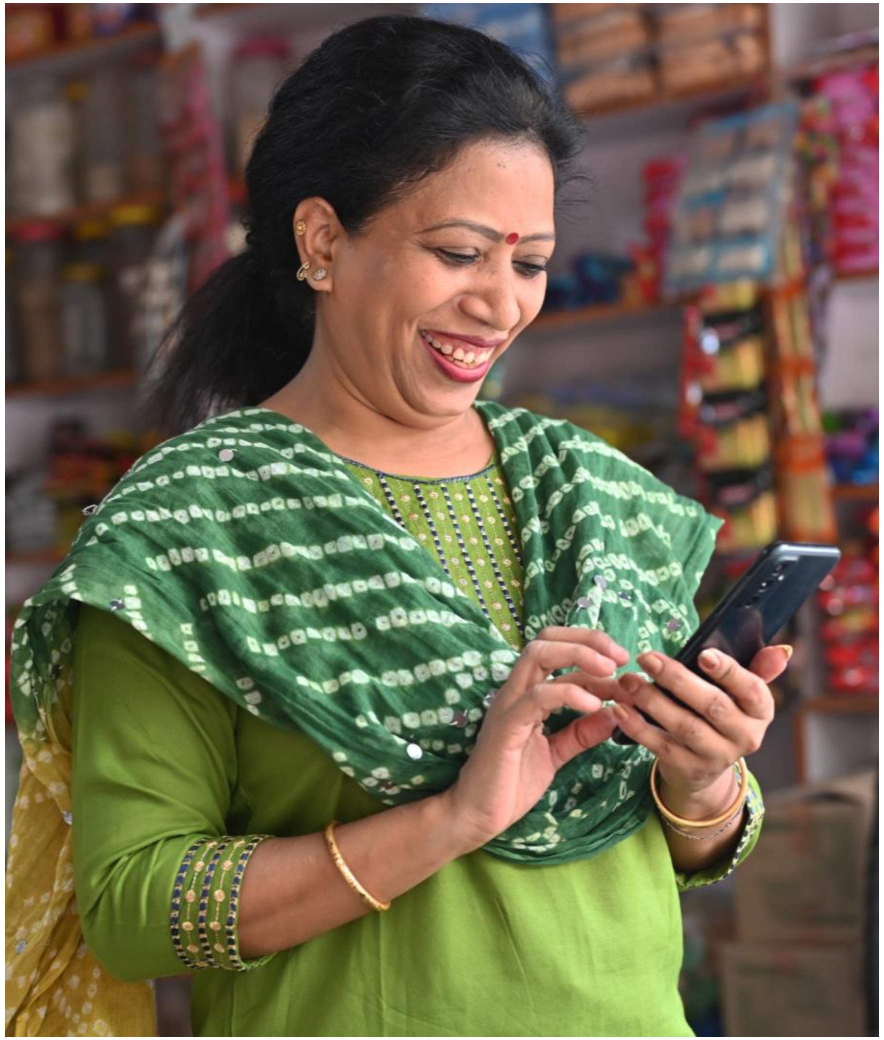
Insurance and pension
- PMJJBY
- PMSBY
- APY

Credit
- Loan lead generation
- PMJDY overdraft (OD)
- Credit cards

Customer services
- *Aadhaar* seeding
- Mobile number seeding
- Passbook printing
- Debit card services
- Cheque book request

The next question is: How do we decide which products to add?

Each product should be evaluated against four strategic criteria to maximize both customer value and BC *Sakhi* sustainability.



Reach

Will it bring in more customers?

Engagement

Will customers visit more often?

Value

Will customers use more services?

Returns

What commission would the BC *Sakhi* earn per product?

Grow the customer base

Increase value per customer

We apply four strategic criteria—reach, engagement, value, and returns—to propose three strategic pathways to expand the BC *Sakhi* service basket and simultaneously strengthen customer value and BC *Sakhi* sustainability.

Expand everyday service delivery

Increase footfall, repeat visits, and customer engagement

Deepen financial intermediation

Position BC *Sakhi* as trusted financial advisors

Expand income opportunities through partnerships

Create new revenue streams for BC *Sakhi*

The first opportunity is for BC *Sakhi* to become a one-stop service point for rural households

BC *Sakhi* need to be positioned as a one-stop access point for essential citizen services, which would encourage households to engage more frequently and create additional income opportunities.

Current customer journey

Customer visits BC *Sakhi*

Cash withdrawal or deposit

Customer leaves

Future customer journey

Customer visits BC *Sakhi*

Cash withdrawal

+

Utility bill payment

+

Ayushman Bharat Services

+

Aadhaar or PAN services

Customer leaves after accessing multiple services

Key outcomes for BC *Sakhi*

More customers

- Increased footfall
- More repeat visits
- Better customer engagement

More services

- Government services
- Utility services
- Financial services

Higher income

- Nonbanking commissions
- Multiple revenue streams
- Higher sustainability

In Uttar Pradesh and Uttarakhand, MSC supports SRLMs in expanding the range of citizen-centric services delivered through BC *Sakhi* by integrating CSC services

BC *Sakhi* continue to offer banking operations through their existing BC partner, while **CSC enables additional nonbanking digital services.**

BC *Sakhi* deliver services through the **CSC Digital Seva Portal** using a smartphone or laptop and a biometric device.

BC *Sakhi* offer **300+** government, business, and citizen services. These services include certificates, PAN-related services, utility bill payments, ticket booking, tax filing, telemedicine, and e-commerce.

BC *Sakhi* have an earning potential of an additional **USD 52-157+ per month** (INR 5,000–15,000+ per month) through commissions across multiple digital services.

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The second opportunity is to deepen financial intermediation

Illustration of the credit intermediation model

Need arises
Understand customer needs

Assessment
Assess credit eligibility

Recommendation
Recommend suitable products

Customer advisory

Application
Support loan application

Disbursement
Facilitate loan disbursement

Credit facilitation

Repayment
Monitor repayment progress

Renewal
Promote repeat financing

Relationship management

The model can be scaled across multiple financial product categories.

Credit products
- Enterprise loans
- Agriculture loans
- Housing loans
- Education loans

Savings products
- Recurring deposits (RD)
- Fixed deposits (FD)

Protection products
- Insurance
- Pension

Investment products
- Mutual funds
  - SIP
  - Lump sum

Productive credit is a critical financing need for rural households. However, credit facilitation remains a pilot or secondary function across many banks.

MSC validated the role of BC *Sakhi* as financial intermediaries through a pilot in Uttar Pradesh

Pilot in UP

MSC conducted an RD and FD pilot in Ambedkar Nagar to improve the sustainability of BC *Sakhi* in Uttar Pradesh. We trained **69 BC *Sakhi*** and piloted the initiative with **30 BC *Sakhi*** to expand their product basket beyond CICO services and increase their income. Before the pilot, these **30 BC *Sakhi*** had opened **only six RD accounts.**

Key findings

816

RD accounts opened in 15 days

0.2 → 27.2

Average RD accounts sold by each BC *Sakhi*

USD 6 per month

(INR 544/ month)

Additional monthly income per BC *Sakhi*

The third opportunity is to build a diverse ecosystem of service partnerships

Partnerships with public and private service platforms will expand the BC *Sakhi* service basket and diversify income opportunities.

Government service platforms

Ex: DigiLocker

Digital commerce platforms

Ex: Frontier Markets

Agriculture and livelihood platforms

Ex: DeHaat

Health and social service platforms

Ex: Ayushman Bharat

Education and skill platforms

Ex: Skill India Digital Hub (SIDH)

Why these partnerships create value

For BC *Sakhi*	For partner platforms
Diversified income streams through new service categories	**Last-mile access** to rural households through a trusted community network
Expanded service basket, which increases customer engagement and relevance	**Lower customer acquisition and servicing costs** through an existing field force
Improved long-term sustainability through reduced dependence on banking commissions	**Higher adoption and use** of services through assisted delivery and trust

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MSC's partnership with Frontier Markets demonstrates the potential of strategic partnerships to diversify BC *Sakhi* incomes

Frontier Markets is an assisted commerce platform in which entrepreneurs help customers browse, order, and purchase products digitally.

Frontier Markets empowers BC *Sakhi* as digital commerce entrepreneurs

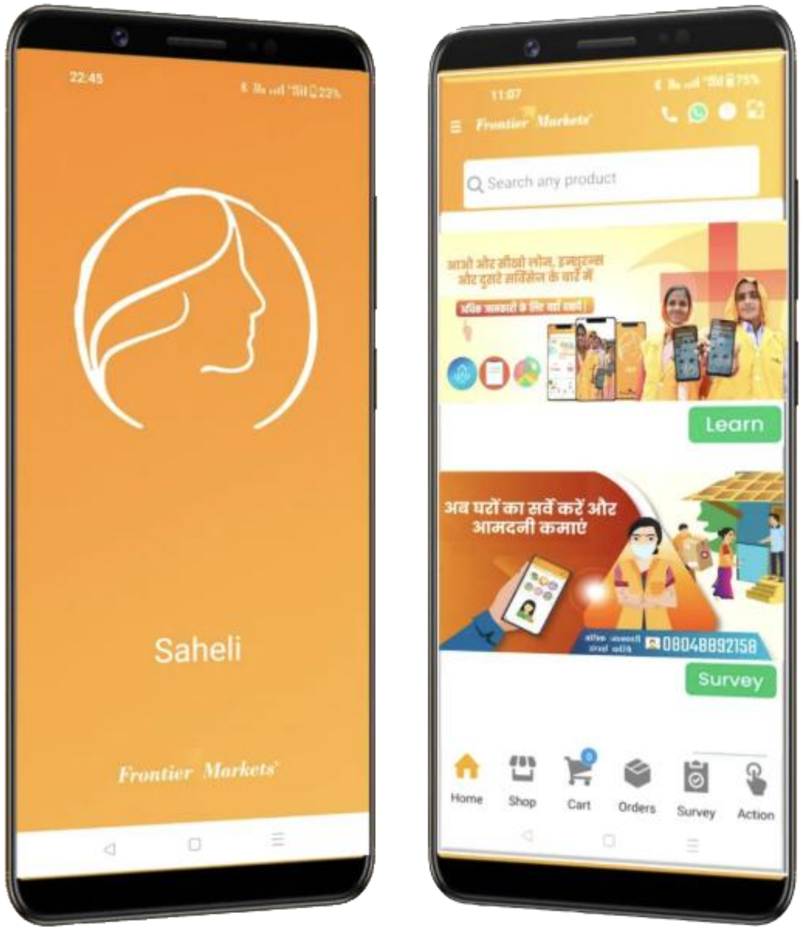
- It equips BC *Sakhi* with the AI-enabled **Meri Saheli App**.
- It connects them to **200+ market partners.**
- It enables them to sell everyday products in their communities.

BC Sakhi facilitate product sales

- BC *Sakhi* help customers browse and place orders.
- Orders are fulfilled through Frontier Markets' logistics network.
- BC *Sakhi* earn a commission on every successful sale.

BC *Sakhi* can generate an additional income stream

- The partnership was piloted with **35 BC *Sakhi*** in Uttar Pradesh.
- It generated **USD 386** (INR 37,000) in average sales and **USD 79** (INR 7,600) additional income per BC *Sakhi* in five months.
- It achieved **18-30%** profit margins.



Expanding products and services creates new opportunities, but realizing them requires the right enablers

What are the key enablers?

BC *Sakhi* need the right support ecosystem to deliver sustainably

Strengthened capacity and confidence

- Structured onboarding and training on products, soft skills, and digital usage
- Peer learning models and on-the-ground mentoring by experienced BC *Sakhi*

Digital enablement and tools

- App and web portal for digital onboarding, training, and other support
- Real-time transaction tracking and helplines for on-call troubleshooting

Enhanced monitoring and accountability

- Monthly dashboards to monitor performance at cluster or block levels
- Dedicated grievance resolution mechanisms and field-level handholding

Creation of community awareness

- Local branding and awareness campaigns
- Promotion of BC *Sakhi* as trusted financial service providers

The role of technology is especially important as the BC *Sakhi* program evolves and scales

Why SRLMs need an end-to-end digital ecosystem

1

Manage a growing BC *Sakhi* ecosystem

As BC *Sakhi* take on more products, services, and partners, an integrated digital platform will enable seamless partner integration, service management, and ecosystem coordination.

2

Ensure efficient program management at scale

Digitization of key workflows will automate program operations, reduce manual effort, improve coordination, and enable efficient delivery at scale.

3

Enable data-driven program management

Real-time data and analytics will enable evidence-based decisions, proactive interventions, and continuous program improvement.

Selecting the right institutional partners is equally critical to the sustainability of BC *Sakhi*

Evidence from Uttar Pradesh (Dec 2025) shows that BC *Sakhi* associated with PSBs earn USD 45-52 (INR 4,300-5,000) per month, compared to just USD 1-3 (INR 100-300) for those linked to private players and payment banks. A wider product basket and higher commission structures drive the higher income.

Average monthly commission in Uttar Pradesh, Dec 2025

Institution-wise comparison of monthly commissions of BC *Sakhi* in Uttar Pradesh (Dec 2025)

Institution type	Name of institution	Oct 2024	Dec 2025	Narrative implication
PSB	**Bank of Baroda**	**USD 39.4 (INR 3,770)**	**USD 45 (INR 4,300)**	**More products or services to offer and better commission**
PSB	**State Bank of India**	**-**	**USD 52.4 (INR 5,000)**	**More products or services to offer and better commission**
Payments bank	Fino Payments Bank	USD 1.25 (INR 120)	USD 1.0-3.1 (INR 100-300)	Limited basket and lower payout
Private player	Nearby Technology	USD 1.1 (INR 101)	USD 1.0-3.1 (INR 100-300)	Limited basket and lower payout
Private player	Manipal Technologies Ltd	USD 1.27 (INR 121)	USD 1.0-3.1 (INR 100-300)	Limited basket and lower payout
Payments Bank	Airtel Payments Bank	USD 1.34 (INR 128)	USD 1.0-3.1 (INR 100-300)	Limited basket and lower payout

Dec 2025 ranges for private player or payments bank players reflect observed monthly average commission bands.

The way forward

The BC *Sakhi* program has demonstrated its potential as a last-mile delivery channel for rural financial inclusion. The next phase of its evolution should focus on transforming BC *Sakhi* into trusted, multi-service providers by strategically expanding their product and service basket, strengthening digital and institutional enablers, and building partnerships that create sustainable income opportunities. By combining these elements, the program can improve BC *Sakhi* livelihoods and deliver greater convenience, access, and value to rural households.

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- Climate change and sustainability
- Enterprise and livelihood
- Ethical AI and data solutions
- Evidence and impact measurement
- Financial services
- Digital financial services
- Gender equality, disability, and social inclusion
- Government advisory
- Health and nutrition
- MSME development
- Skilling and jobs
- Startup innovation and acceleration
- Technology and digital public infrastructure

Our expertise

Advisory to succeed in a rapidly evolving market

- Capacity building
- Channel development
- Design thinking and innovations
- Institutional development
- Marketing and communication
- Policy and regulation
- Product development
- Program management
- Research
- Responsible financial systems
- Risk management
- Strategy development

MSC is recognized as the world's local expert in economic, social, and financial inclusion.

International economic, social, and financial inclusion consulting firm with 27+ years of experience

>450 staff in 10 offices around the world

Projects in ~70 developing countries

Our impact so far

3.7 billion* people have benefitted from MSC-supported interventions	**1.8 billion**** individual people have benefited from MSC's work
>4,000 projects implemented	**>600** clients served
>25 million people engaged with MSC's content on our website	**>2,000** publications

* Individuals may appear more than once across projects
** Estimated without double counting

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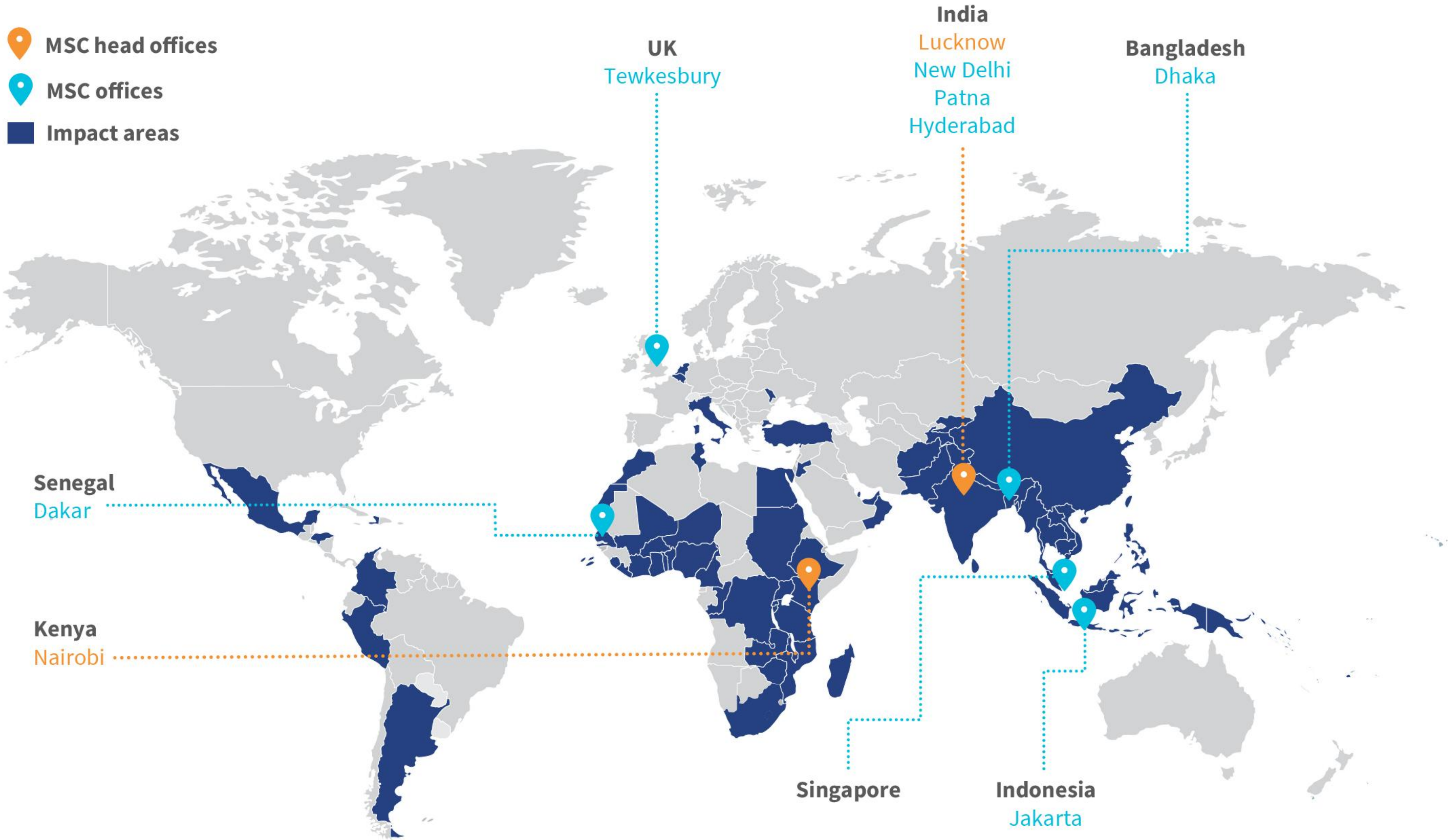

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