access

Global Inclusive Finance SUMMIT

REPORT 2023

Table of Content

Day 1: December 12, 2023 (Tuesday)	
09:30 – 11:00	Inaugural
11:00 – 11:15	**Networking Break**
11:15 – 12:35	**Plenary 1**
	Future of Finance - Crystal Ball Gazing
12:35 – 13:20	**Plenary 2**
	Cruising on Digital Expressways – Leveraging the JAM Trinity for True Inclusion (Fireside Chat)
13:20 – 14:00	**Lunch**
14:00 – 15:30	**Parallel Tracks / Technical Sessions**
Hall A	Customer Protection and Impact Measurement
Hall B	Small Finance Banks – New Ambitions to Become Big
Hall C	Microfinance for Climate Adaptation and Resilience
Room No. 292	Enabling Suitable and Adequate Credit to Missing Middle of Credit Market (MSMEs)
15:30 – 15:50	**Networking Break**
15:50 – 16:30	**Plenary 3**
16:30 – 17:30	Changing the Indian Financial Inclusion Landscape (Fireside Chat)
	Inclusive Finance India Awards 2023 – Presentation Ceremony

Day 2: December 13, 2023 (Wednesday)	
09:30 – 11:00	**Parallel Tracks/Technical Sessions**
Hall A	Behavioral Design and Interventions for Transforming Financial Inclusion
Hall B	Banking Agents – The Backbone of India's Financial Inclusion Story
Hall C	Inclusive Digital Lending – Alternative Credit Assessment
Room No. 292	Climate Resilience and Adaptation for Low-Income Women
11:00 – 11:15	**Networking Break**
11:15 – 12:45	**Parallel Tracks/Technical Sessions**
Hall A	Gender Lens Investing: Realities and Possibilities
Hall B	Inclusive Lending – Multiple Paradigms
Hall C	Reaching to New Credit Customers in the MSME Space
Room No. 292	Exploiting Digital Transactional Platforms – Enabling Access at the Bottom of the Pyramid
12:45 – 13:30	**Lunch**
13:30 – 15:00	**Parallel Tracks / Technical Sessions**
Hall A	Philanthropic Partnerships for Financial Inclusion
Hall B	Present Status and Way Forward in MSE Lending
Hall C	Democratization of Financial Health – Learnings from Emerging and Developed Nations
Room No. 292	Women's Empowerment through Microfinance and Micro Enterprise
15:00 – 15:15	**Networking Break**
15:15 – 16:15	**Plenary 4**
	Different Institutions Same Goal – Quest for Financial Inclusion
16:15 – 17:15	**Plenary 5**
	Three Decades of Self Help Groups – From Inclusion to Empowerment?
17:15 – 17:30	Valedictory

Introduction

In the 20 years since the first ACCESS Summit was organized, the financial inclusion landscape has transformed dramatically, not only in India but at the global level. These two decades have witnessed it all, as the story unfolded, evolving into a whole ecosystem with policy support, diverse players, and technologies coming together, all to help the unbanked to access financial services with greater ease. The Summits organized by ACCESS tracked all of these changes and, in a manner, informed and influenced the trends.

At the 10th Summit, in 2014, aligning with the evolution of the discourse from a narrow focus of access to microcredit, to comprehensive financial inclusion and, as it happened, also in line with the announcement of the ambitious Pradhan Mantri Jan Dhan Yojana (PMJDY), ACCESS rechristened the Summit from Microfinance India to Inclusive Finance India. Appropriately, the session themes and deliberations diversified from the issues within the two models of microfinance – the Self Help Groups and the MFI led Joint Liability Groups – to more comprehensively cover bank accounts, payments, financing for enterprises, agriculture, water and sanitation, affordable housing etc. and diverse institutions catering to these segments including banks, NBFCs, MFIs, fintechs, Small Finance Banks, Payment Banks, and Business Correspondents. The deliberations in the last 10 years have moved from access to usage and quality of services, along with emphasis on reducing the gender gap, and on inclusion leading to the desired outcomes on financial health and well-being of customers.

This is the 10th year of the PMJDY – 510 million bank accounts opened as of November 2023 with over 2,102 billion in deposits, which has been a resounding success. The G20 Global Partnership for Financial Inclusion, while acknowledging the significant role of digital public infrastructure (DPI) in helping to advance financial inclusion, applauded India for achieving over 80 percent bank account penetration by leveraging DPIs, a journey that would otherwise have taken 47 years through traditional means. It is evident that India's financial inclusion story, riding on the success of DPI, is a shining example for the world to learn from.

As we celebrate the extraordinary achievements of the PMJDY, appropriately, the Summit this year is co-hosted with the Department of Financial Services, Ministry of Finance, Government of India. This association bolsters the credibility of the platform and provides an opportunity for us to share salient recommendations for furthering inclusion with the Government.

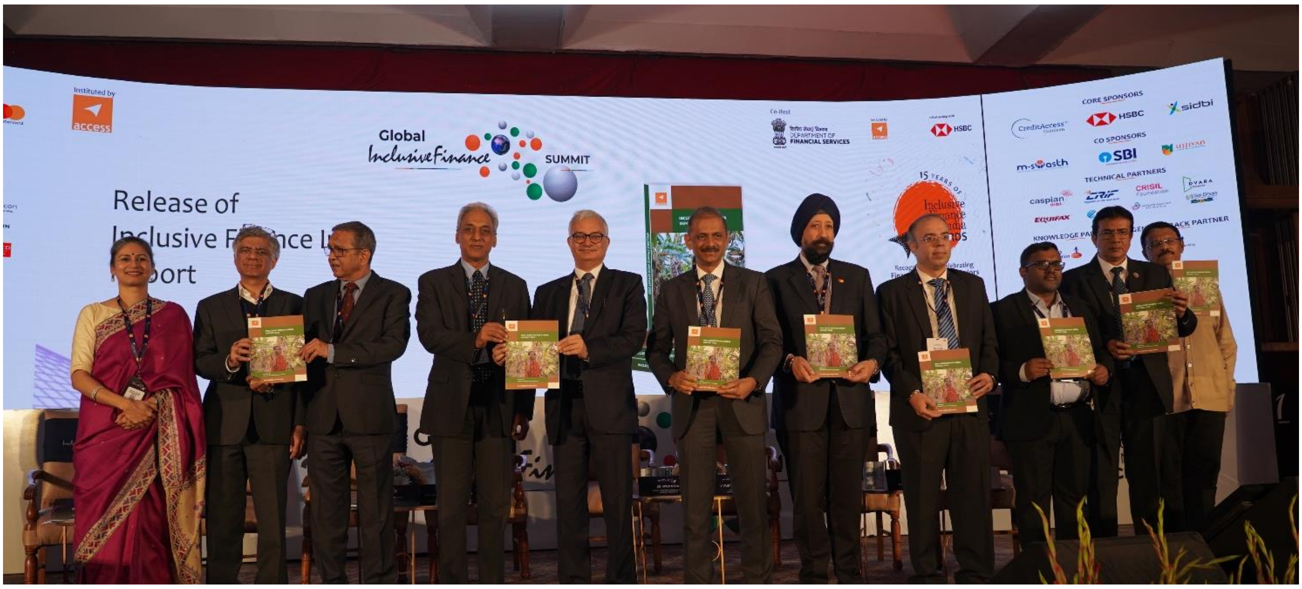
At this milestone 20th year, the next level vision for the Summit is for it to evolve into a global event, and appropriately, from 2023 onwards, it is now positioned as the Global Inclusive Finance Summit. So much has happened within India in these last two decades, and the country is ready to share its breakthroughs with the world. It's also a good time to set it up as a platform for global cross-pollination and learning.

Now is the time for financial institutions to optimise and leverage this base to design and deliver relevant financial products and services through partnerships and move the needle from inclusion towards financial resilience and the well-being of customers. The Summit this year delved deeper into this, with the overarching theme 'Future of Finance – Inclusive and Equitable Growth for All', and more than 120 thought leaders spoke across 24 sessions. As always, the debates were lively, the audiences energetic and some great outcomes, conclusions, recommendations became the hallmark of the Summit. ACCESS hosted more than 1,000 delegates who attended the Summit.

More specifically, the Summit featured sessions on exploiting the potential of digital platforms for deepening and broadening inclusion, issues of customer protection, financial health outcomes, financing for climate adaptation, access to finance for women and gender lens investing, enterprise financing, behavioural design interventions, viability of banking agents, continued relevance and role of philanthropic investments in the sector, among others.

Also, the Inclusive Finance India Report 2023 was released at the Summit inauguration, with the editor Ramesh S. Arunachalam, presented the summary of the Report. The 15th Inclusive Finance India Awards Presentation, in partnership with HSBC, was also organised on Day One, where institutions and individuals, who have made significant contribution in advancing financial inclusion in the country, were felicitated. In partnership with Equifax, for the last four years, ACCESS has also been bringing out a trend report on ‘Micro and Small Enterprise Lending in India’, which was released and presented at the Summit. As always, it attracts the association of a large number of stakeholders as sponsors and technical, knowledge and track partners.

ACCESS has been fortunate to onboard a record number of sponsors / partners. Several stakeholders that include apex development finance institutions, international foundations, multilateral agencies, multinational corporates, banks, MFIs, NBFCs, INGOs, industry networks, among others. Thirty-seven diverse institutions were associated with the Summit this year.



Inaugural Session

Welcome Address - Radhika Agashe, Executive Director, ACCESS Development Services

Highlights of Inclusive Finance India Report 2023 - Ramesh Arunachalam

Special Addresses
- Alkesh Wadhwani, Director, Poverty Alleviation, Bill & Melinda Gates Foundation
- Ravi Aurora, Senior Vice President, Global Public Policy & Government Affairs, Mastercard
- V Vaidyanathan, Managing Director & CEO, IDFC First Bank
- S Ramann, Chairman & Managing Director, Small Industries Development Bank of India

Inaugural Address - Dr. Vivek Joshi, Secretary, Department of Financial Services, Ministry of Finance, Government of India

The Global Inclusive Finance Summit 2023 inaugural session brought together sector leaders and practitioners to discuss the challenges and opportunities for promoting financial in India. The session focused on various aspects of financial inclusion including access to finance, gender parity and accessibility of finance, tech-based solutions/products for financial inclusion services, and innovation as crucial factors in enabling access to financial services for underserved and unbanked populations.

To start with, the Inclusive Finance India Report 2023 was released. The report annually captures the landscape of financial inclusion initiatives, the progress, policy directive issues and shifts, and constraints.

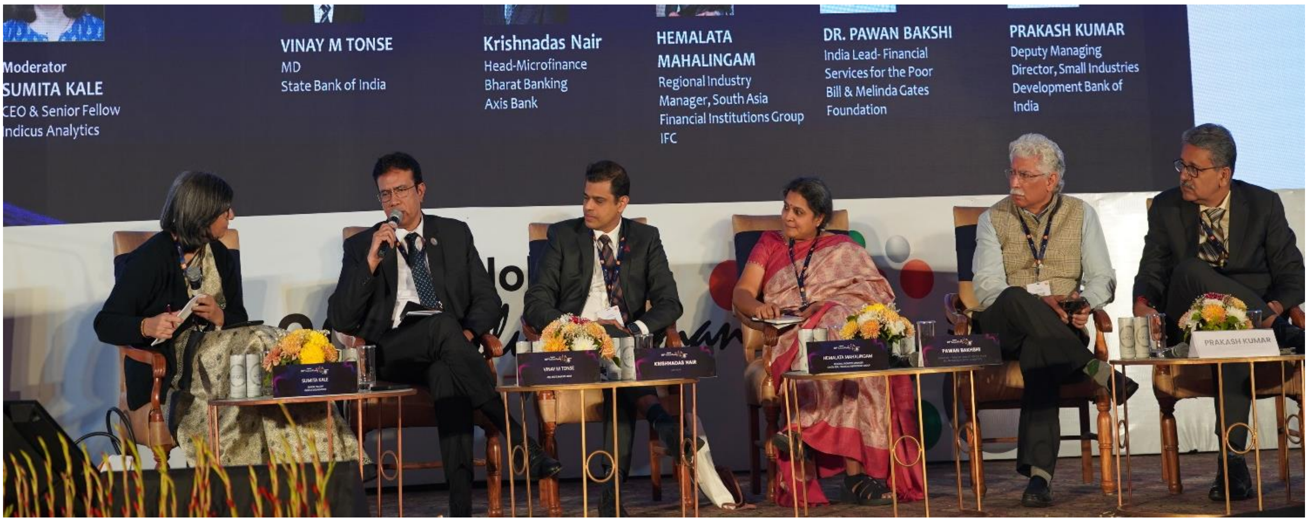
The highlights from the report were presented focusing on a few key takeaways from the chapters covered under the report.

The speakers in their address emphasised on various topics:

- The diversified lending portfolio of the financial institutions serving the bottom of the pyramid and their basic productivity/output. The utility loans portfolio is performing better with less gross and net NPA.
- How financial and CSO institutions are focusing more on SHGs to collectivise more women for the last two decades. There have also been challenges like lower credit availability and concerns about tech-enabled service delivery mechanisms at the bottom of the pyramid.
- Journey of financial in last few years with 80% of the accounts opening in last five years, with 1.3 billion accounts digitized. But one concern still remains i.e. 10-20% population yet to be linked with formalised banking system.
- The role of a data-driven approach in enhancing the quality and accessibility of assets and credit has improved in the last couple of years and the role of MSMEs in formalising the linkages of Financial Inclusion and the growth in GDP.

In conclusion, the Global Inclusive Finance Summit 2023 inaugural session highlighted the importance of access to finance, technology driven service approach, collaborative and collective mechanism, and innovation in promoting financial inclusion in India and the world.

The need of credit accessibility and financial services for underserved and unbanked populations, particularly women and women entrepreneurs, SMEs, fintech solutions with digital connect were emphasised towards promoting financial inclusion services.



PLENARY 1: Future of Finance - Crystal Ball Gazing

Moderator – Sumita Kale, Chief Executive Officer & Senior Fellow, Indicus Foundation

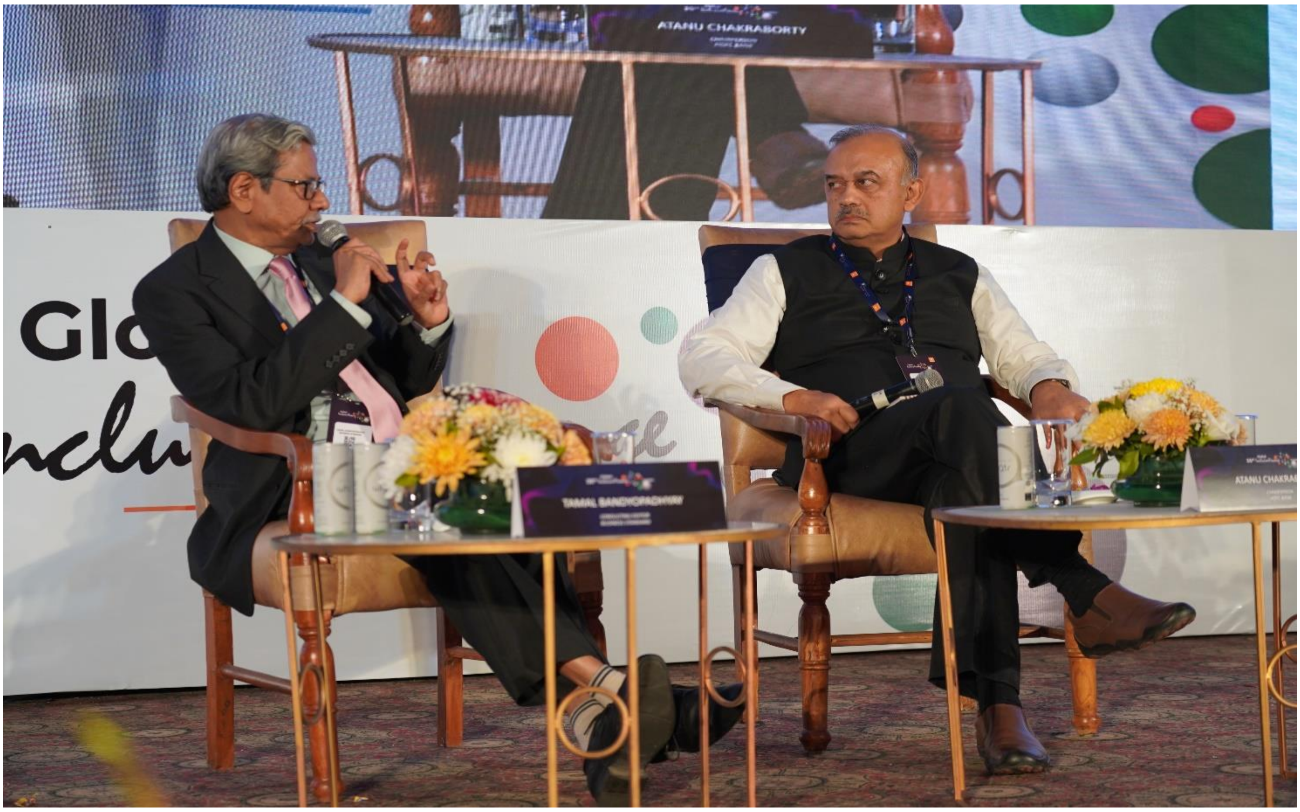
Speakers:
- Vinay M Tonse, Managing Director, State Bank of India
- Krishnadas Nair, Head-Microfinance, Bharat Banking, Axis Bank
- Hemalata Mahalingam, Regional Industry Manager, South Asia, Financial Institutions Group, IFC
- Dr Pawan Bakhshi, India Lead – Financial Services for the Poor, Bill & Melinda Gates Foundation
- Prakash Kumar, Deputy Managing Director, Small Industries Development Bank of India

The future of finance ought to be the one where relevant and appropriate financial products and services are universally offered to and used by all segments of the population. The two key priorities identified by the G20 Global Partnership for Financial Inclusion (GPFI) for the next three years are (i) Digital financial inclusion – promoting secure and responsible digitally-enabled financial services and (ii) Micro Small and Medium Enterprise (MSME) finance - improving MSMEs' access to finance through innovative methods for enhancing growth, resilience and exiting informality. Both of these, along with focus on finance for women, clearly resonate with the priorities for India for building on the achievements so far – the incredible success of the Jan Dhan Yojana (close to 510 million bank accounts) and the ground breaking Digital Public Infrastructure (11.24 billion UPI transactions in a month amounting to ₹17.40 trillion through UPI). This coupled with the diversity of banking and other financial institutions having an extensive branch and agent network, India is evidently ready to take the leap towards outcome oriented financial inclusion.

With this context setting, plenary delved on how the future of equitable outreach (to aspiring and existing microentrepreneurs, self-employed, women, farmers), with a focus on effective access, at affordable cost and sustainability for providers – can be made a reality.

Discussion on how financial inclusion took shape in Indian perspective, panelists made these following points:

1. Financial Inclusion started with the banking services itself, but it took the fast pace in later stage with innovation of technology. Earlier to that, collective bank account with SHGs was the avenue to reach bottom of the pyramid
2. It was the MFIs (Microfinance Institutions) revolution in India to take the financial inclusion in really deep in the ground and scale it out. SIDBI as a primary lender took significant role. MFIs were on top of the chain with the market led business approach. PMJDY as an initiative have been instrumental there, with 100% cashless disbursement.
3. Going forward, SIDBI is focusing on revolving fund feature in the MFI operation.
4. PMJDY being instrumental in financial inclusion, a major challenge is not mentioning nominees and 70% accounts are not operational. It is a challenge to provide DBT (direct bank transfer) service and other regular banking services.
5. The PMJDY data presents, not only data of women but also household data, there is enormous opportunity. With regulatory framework in place, these data sets can be used by Fintechs and Agritechs to shape the future of the ecosystem.
6. Responsible finance is fair access to services for everyone including women, dignity and convenience in the services, and fast grievance redressal.
7. As poor communities are more prone to vulnerability with fast and evident climate change, the future of finance can be shaped by financial institutions. MFIs can address issues with solar appliances and design products accordingly. Large energy projects should be considered by Financial Institutions/Banks. And most important is incorporating green energy and green machinery in MSME sector with green financing as 70% industry is done by MSME sector.
8. Also, 70% of the population depends on agriculture and 30% on green-house gas emission is from agricultural practices, so focusing on climate smart agriculture is highly important and financial institutions have great role to play.
9. Further, awareness and financial literacy has great role to play it successful, and financial institutions have the responsibility. Capacity building in both demand and supply side will lead to productivity. As it is moving from SHG group loans to individual lending, institutions like NRLM's role are significant.
10. The future of finance is shaping with lending operation being completely data driven and digital, with very less human interaction. It is being easier with formal MSMEs with GST certificate and bank statement and registering in Udyam Assist portal. It is still challenging with informal MSMEs, and the number in the informal space is huge. Banks and NBFC are taking part in providing credit service to the formal MSMEs (MFIs are behind here) and formalizing more MSMEs will shape the future of financing better.



PLENARY 2: Cruising on Digital Expressways – Leveraging the JAM Trinity for True Inclusion

Anchor: Tamal Bandyopadhyay, Consulting Editor, Business Standard

Speakers: Atanu Chakraborty, Chairman, HDFC Bank

The Reserve Bank of India's FI Index has shown steady ascent from 43.4 in 2017 to 60.1 in 2023. Within the three sub-indices of access, usage and quality, the score for quality and usage are much lower than access indicating that more needs to be done for translating access to outcomes. The National Strategy for Financial Inclusion (2019-24) aims to accelerate financial inclusion to promote economic wellbeing, prosperity and sustainable development.

Aligned with the overarching Summit theme and building further on discussions of the two opening sessions, this fireside chat seeks to quiz seasoned Indian banking stalwarts on how the 510 million JDY accounts along with the evolving digital public infrastructure riding on linkage with Aadhaar and Mobile phones, be leveraged for true and tangible financial inclusion. The session identified key strategies of leading banks for financial inclusion and deliberate on the role of technology in inclusion considering there are continued barriers to digital capability among the last mile segments including women.

The discussion focused on the present status of bank accounts, with 35% of zero balance accounts not functioning properly in terms of lack of transactions in the account and lack of information amongst the beneficiaries on how to manage the bank accounts.

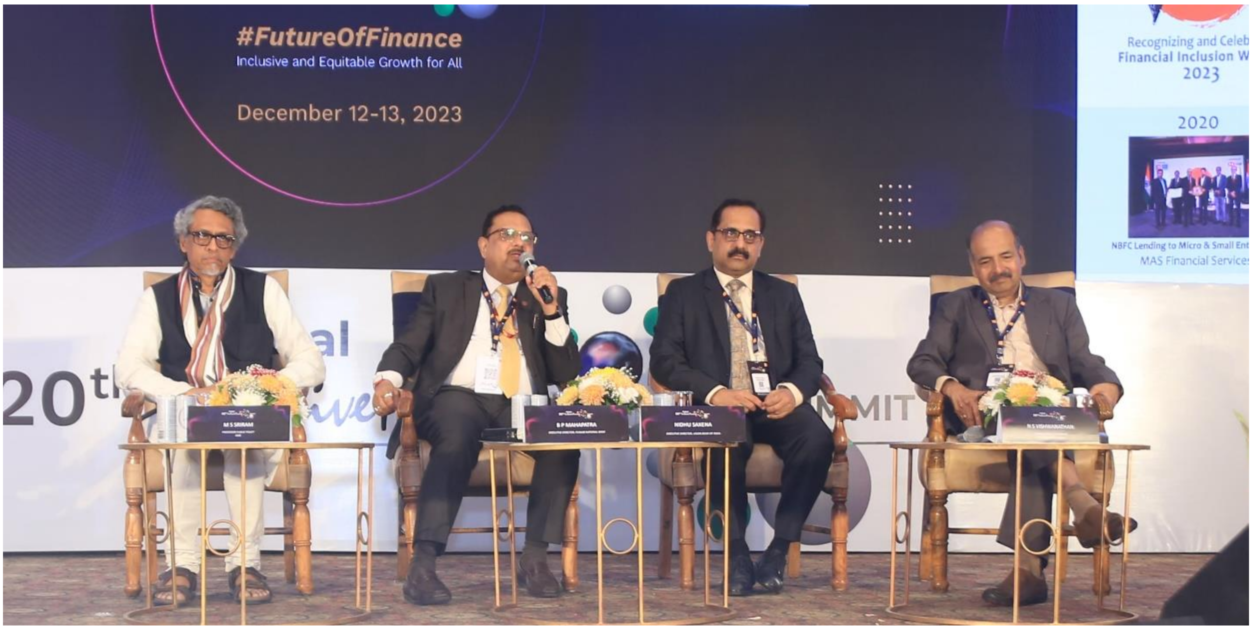
The technology has played a significant role in terms of bank-beneficiary linkage but has also exploited the channel for example providing unsecured small loans mostly to the urban and semi urban less served population with no or less information/knowledge in how to utilize the loan. The are some where driving credit to the customer with consumption purposed with a burden of repayment. The panel also touched on the RBIs regulations on increased risk weightage to curb these financial institutions and have suggested public sector banks to step in to reduce the delinquency.

The role of bank correspondents and the channel of interface between the financial institutions and the beneficiary promoting members for saving practices in their bank accounts have been the key. These types of cadres should be introduced for all types of financial services not just banking, including insurance. Institutions like UTI and LIC have been promoting and encouraging to do small savings even before the advent of rural banks, channels like of Post offices have been the most sort after platform for the members as there is a high trust factor.

Asset acquisition and other type of avenues have come up in recent times which also affect the savings in banks. These options also bring down the discussion to the type of frauds prevailing in the industry, could be because of the technology, or the lack of information/knowledge or just negligence. These practices adversely effect the trust in the community as there is a risk of personal data and privacy also. Awareness and financial literacy amongst the customers are very crucial to reduce frauds of any kind.

Key takeaways and way forward

- There should be a channel of financial literacy pertaining to the banking and other financial services/security to fight the fraud further establishing the trust which could further increase the penetration of the services.
- There should be more clear regulations on the service delivery part.
- Cross selling between banks and NBFCs and other financial institutions for schemes and services like insurances, promotion of JDY accounts and more.



PLENARY 3: Changing the Indian Financial Inclusion Landscape

Anchor – M S Sriram, Professor-Public Policy, IIMB

Speakers –
- Nidhu Saxena, Executive Director, Union Bank of India
- N S Vishwanathan, Former Deputy Governor, Reserve Bank of India
- B P Mahapatra, Executive Director, Punjab National Bank

With the diversification of the institutional architecture for driving inclusion both in terms of institutions (differentiated banks, Fintechs, NBFCs, downscaling by commercial banks etc.) and the access supported by the ground breaking digital infrastructure, the potential for achieving meaningful and comprehensive financial inclusion is immense.
The session delved into the possibilities offered by the changing landscape and policy and practice gaps that need to be plugged for optimizing the potential and achieving real inclusion at the last mile, across segments and geographies.

The moderator started the discussion with “How the Financial inclusion in India took shape and emerged as global leader in digital space over the years?”

India is being envisioned as a 30 trillion economy by 2047, and it is possible with the approach of growth and inclusion. The inclusion and growth have fast paced in the last few years with improved DPI of JAM Trinity and low-cost internet penetration. Financial inclusion has the approach of not only economic development but also social well-being. It has one way served the underserved section through SHG-bank linkage and provided credit to bottom of the pyramid, and other way schemes are introduced to serve MSMEs with no formal credit record through schemes like MUDRA.

Speakers pointed out how MSMEs play a critical role in the growth of the economy, by contributing to GDP and to the export economy with a rough count of 7 crore MSMEs, only 2.5 crore have the access to formal credit. So, there is a big challenge towards inclusive growth.

Financial inclusion of the underserved segment started with nationalization of Banks. These banks did not had penetration in the remote areas, which meant serving from a central location was a challenge. The nationalization of these banks especially public sector banks allowed them to open branches in far corners of the country further reaching to the last mile. It took shape with the development in technology and innovative disbursement models like BC model which are now leveraging the technology.

With the introduction of PMJDY (Pradhan Mantri Jan Dhan Yojana) and how it has evolved in the last decade, also with the advancement of technology like Aadhar, financial inclusion has been fast-paced and now reaching to the nooks and corners of the country. In the process of serving the underserved, multiple models of financial institutions evolved over time like RRBs (Regional Rural Banks), SFBs (Small Finance Banks), and more which has also contributed in the expansion of financial inclusion.

JAM (Jan Dhan, Aadhar and Mobile) trinity is now the backbone of financial inclusion and 10 billion transaction a month in India is shaping the digital inclusion, establishing India as a global leader.

The moderator proceeded with the discussion on why private sector banks are able to contribute as public sector banks.

Speakers suggested that the bigger factors is the orientation to the cause and the return of investment as private sector banks do not see immediate return on investment. For Public sector banks, the focus is societal cause and they are orientated towards serving all sections of the society, which is now also giving them the return, for example - PMJDY accounts have the growth of average deposit amount now reaching to more than INR 4,000.
NBFCs/MFIS have taken the approach of reaching the last mile with the help of technological infrastructure, and it is giving them returns.

Key takeaways

- The key approach is to include and serve all the segments - SHG, MSME, Agriculture, and there is enough opportunity to serve as still the demand and supply gap is very high
- Public sector banks are ensuring inclusion and growth by reaching through PMJDY, and other innovation approaches including fintech collaborations
- There are multiple ways to financial inclusion with the same regulation and the sector need to continue with the intent of serving all the sections with innovative approaches.

TECHNICAL SESSION 1: Customer Protection and Impact Measurement

Moderator: Indradeep Ghosh, Executive Director, Dvara Research

Speakers:

- Arya Murali, Social Performance Management & Impact Measurement, Gojo and Company
- Nethra Bhat, Partner, ACCION Impact Management
- Garima Manocha, Principal, Performance Insights, Michael & Susan Dell Foundation
- Vuthy Chea, Regional Director-Asia Debt, Incofin Investment Management
- Dhruv Malhotra, Senior Investment Officer, Blue Orchard Finance Limited

The ends of financial customer protection are products and services that have the five attributes of relevance, affordability, accessibility, intuitiveness, and trust worthiness. Pathways to the above can potentially be five processes that providers can undertake - enhance product suitability, reduce information asymmetry, improve grievance redressal systems, reduce the incidence of frauds, and strengthen customer data protection. Then it becomes possible to view impact creation as the instituting of business processes and the engendering of product attributes that protect the poor customer – because the pathways map broadly to the process metrics in impact measurement, and the five desirable attributes of financial products and services map broadly to the usage and outcome metrics.

The panel discussion, hosted in partnership with Dvara Research, was structured as a platform for panelists to (i) disseminate current best-practices of financial inclusion impact measurement, (ii) reflect on how these practices are already building in a customer protection perspective and what more can be done in that regard, (iii) elucidate the challenges and/or opportunities posed by the framing of impact creation as customer protection.

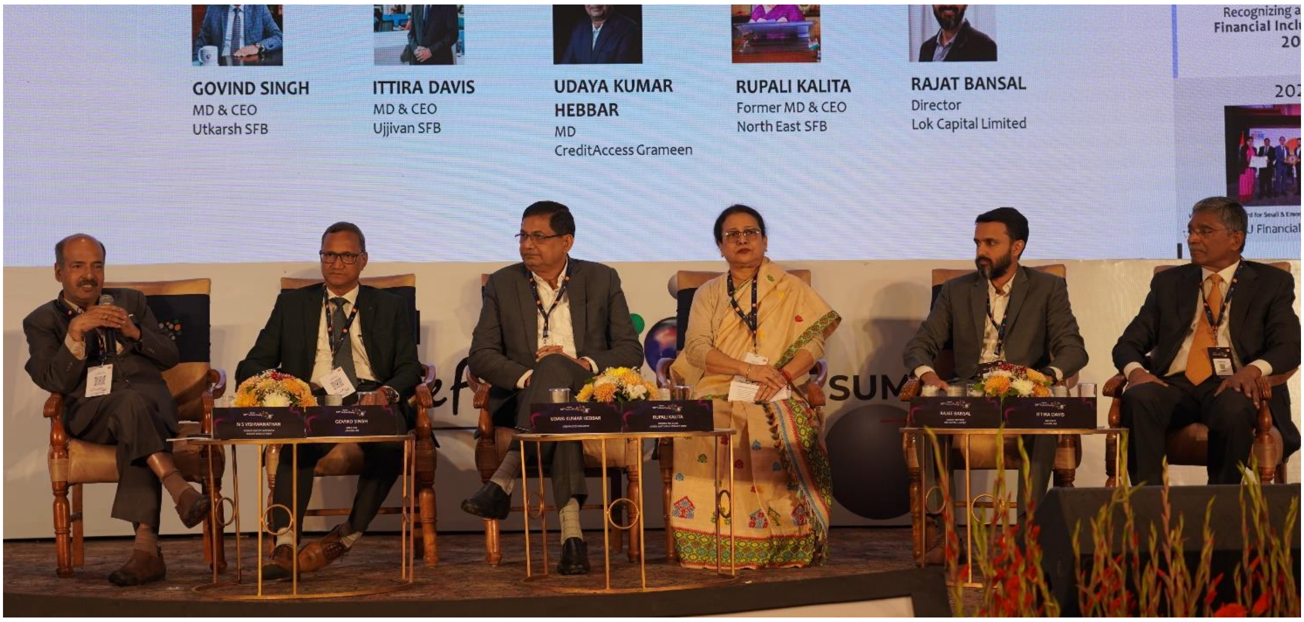
Many Businesses that deal in impact investing use different types of reporting standards and norms like US SDG, IRIS 60 decibels, etc. There is quite a bit of diversity in the metrics reported in impact reports. However, still, they can broadly be categorized into two types:

1. **Size of the Financial Service Provide**r- The size or reach of a financial service provider as defined by the number of clients, disaggregated by gender, location, product type, income grouping, income sources/occupations. A provider is perceived to have a higher impact if they have a large client base from underserved client groups.
2. **Impact on Clients** - The direct impact on clients' lives of using a financial service or product offered by the provider, such as changes in clients' output, quality of life, ability to meet major expenses, financial income, revenues, etc. Greater impact is associated with improving the customer's standard of life and income.

Key Takeaways

Combining customer protection with impact measurement in financial inclusion: Products and services that have a focus on financial customer protection have following five attributes:

- **Relevance** - Products and services are value-enhancing and are relevant in context with the target customer/client.
- **Affordability** - Products and services are reasonably priced focusing on the client/customer purchasing power.
- **Accessibility** - Products and services are frictionless to use and are disseminated/distributed/offered keeping the last mile accessibility in purview.
- **Intuitiveness** - Products and services are well attuned to the context of the customer and the functional value that they provide is easily apprehended by the customer.
- **Trustworthiness** - Products and services are accompanied by an assurance that the customer will not be exploited by the provider and will be given/provided maximum benefits with lucid service delivery mechanism.



TECHNICAL SESSION 2: Small Finance Banks – New Ambitions to become Big

Moderator: N S Vishwanathan, Former Deputy Governor, Reserve Bank of India

Speakers:

- Govind Singh, Managing Director and CEO, Utkarsh Small Finance Bank
- Ittira Davis, Managing Director and CEO, Ujjivan Small Finance Bank
- Udaya Kumar Hebbar, Managing Director, CreditAccess Grameen
- Rupali Kalita, Retired Managing Director & CEO, North East Small Finance Bank
- Rajat Bansal, Director, Lok Capital

Setting up of SFBs as differentiated category has been a revolutionary step by the RBI 'to improve financial inclusion through an effective deployment of deposits and extension of credit facilities to micro, small and unorganised entities at low processing costs.' During FY22, the consolidated balance sheet of SFBs grew at a pace faster than that of SCBs, with deposit growth as well as that of loans and advances accelerated year-on-year. On balance, the credit-deposit ratio of SFBs decreased to 93.2% from 99% a year ago, though it is higher than that of SCBs. The share of the priority sector in SFBs' total lending increased (to 75.6%) after declining over three consecutive years. Within the priority sector, the focus of SFBs continued on MSMEs, followed by agriculture and allied activities, with loans to MSMEs more than doubling from 2018 to 2022.

It was clear that this category is not of 'Small Banks' but Banks that support small transactions and loans. The upward trend of their growth broadly augers well for financial inclusion. Setting up SFBs is also considered by some as a step towards transitioning to Universal Banks in future. The session discussed the performance of SFBs in promoting inclusion so far, including aspects of coverage of unreached areas and segments, establishing new delivery models, lowering costs etc. Second part of the session explored the question of possible ‘mission drift’ with ambitions to become bigger banks.

The conversation started with the core objective of the Small Finance Banks (SFB) which is financial inclusion in affordable housing and MSMEs. The speakers shared their views, mentioning that the SFBs are making financial inclusion as a business and usually perform better on a stock exchange, CAG growth is close to 40 percent, a good SFB requires time and value and are doing great job in rural microfinance ecosystem. Micro finance can be enhanced towards rural inclusion. We are still in the phase of access to credit which needs to be shifted to adequate credit.

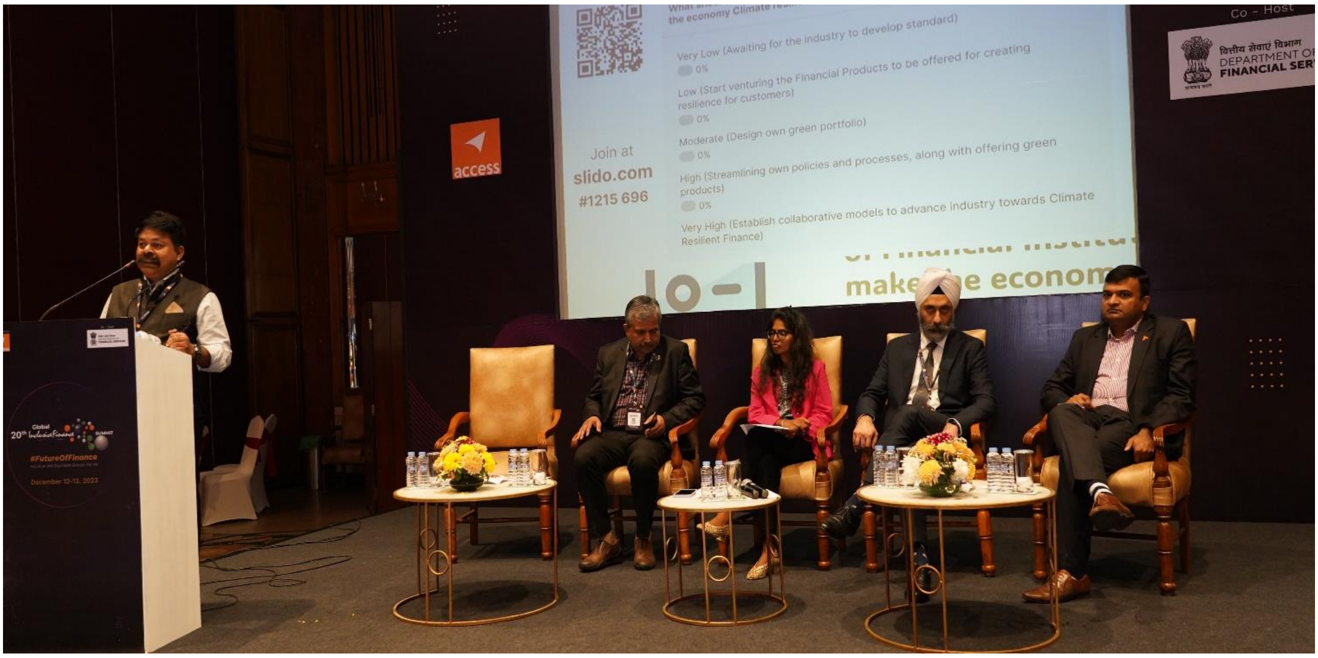
Talking about the investors in poor microfinance companies, SFBs are growing its impact and outreach rapidly, which serves as an option in the community.

Discussion proceeded with the size, stating that in banking you don't have the opportunity to remain small. Financial inclusion is not jut only lending but also third-party on-lending and inclusion. With the increase in the customer base, reaching out to more and more people with their financial inclusion product and exploring the remote places and offering their products.

SFBs were given licence to aim financial inclusion, presently they are provides loans only to 15 to 20% of the total probable customer base. If aims to be a universal bank than what will happen to financial inclusion of India. Once you start financing every household then the trajectory can be expanded. Becoming a universal bank will reduce the cost of the bank and will promote a very competitive interest rate option. Customers are hostile about the SFB for the depositors, reducing the deposit cost just like a universal bank can help in passing loans in small interest.

The entity/bank needs to be relevant in the market and to the customers, which is the crux, the licence and the type bank is secondary. With the close hand holding by RBI (Reserve Bank of India), SFB are not less than any of the universal banks. There have been cases of fraud in SFB; governance, compliance, and regulation should be focused on for better management.

Discussion proceeded with the focus on the next step by the RBI, a diversified portfolio is needed and the bank has to deliver and manage very efficiently for 5 years. Compared with smaller banks, SBF are doing equally or even better. So, one cannot make a judgement on the efficiency of the SBF.



TECHNICAL SESSION 3: Microfinance for Climate Adaptation and Resilience

Moderator – Dibyajyoti Pattanaik, Director, Annapurna Finance

Speakers:

- Ravindra Kumar Singh, Chief General Manager, Small Industries Development Bank of India
- Jaskirat S Chadha, Head Financial Institutions Debt, ResponsAbility
- Diane Jegam, Regional Director, Proparco
- Abhishek Agarwal, Managing Partner, Accion Impact Management

In the last decade, climate change has been an alarming concern because of its direct impact on macroeconomic level and global GDP. According to a prediction by Swiss Re, a global temperature increase can wipe out up to 18% of GDP worldwide by 2050 in case the average temperature rises by 3.2 degrees Celsius. Asian economies, especially developing nations like India are amongst the highly threatened geographies, as climate change has a direct impression on sectors like agriculture and allied activities. Microfinance institutions and other financial service providers who work directly with low-income populations in developing countries can play an important role in helping their clients build resilience and adapt to the effects of climate change. Access to appropriate financial services can provide a safety net in the face of changing weather patterns, natural disasters and shifting economies. Recent CGAP study has identified that current financial support is very much concentrated around insurance products, 53% of all climate-responsive products identified are standalone insurance products.

The session, hosted in partnership with Annapurna Finance, with deliberation on wider array of supporting mechanisms for needed for building customer resilience such as offering climate responsive savings and remittance, clean energy products, mitigative insurance as safety net and customer awareness development strategy. The panel provided examples of products being offered by FSPs and offer recommendations for scaling up.

Climate change is causing changes in weather patterns impacting agricultural and farming outputs, this also hampers the financial accessibility and risks including credit risks, market linkage risks, operational risks, liquidity risks and more.

Micro and medium enterprises are more aware about the climate risk but they lack technology based solutions for climate resilient practices. The financial institutions lending to these MSMEs needs to provide awareness and access to technology based solutions as 56 % of the population engaged in credit access is vulnerable with climate risk.

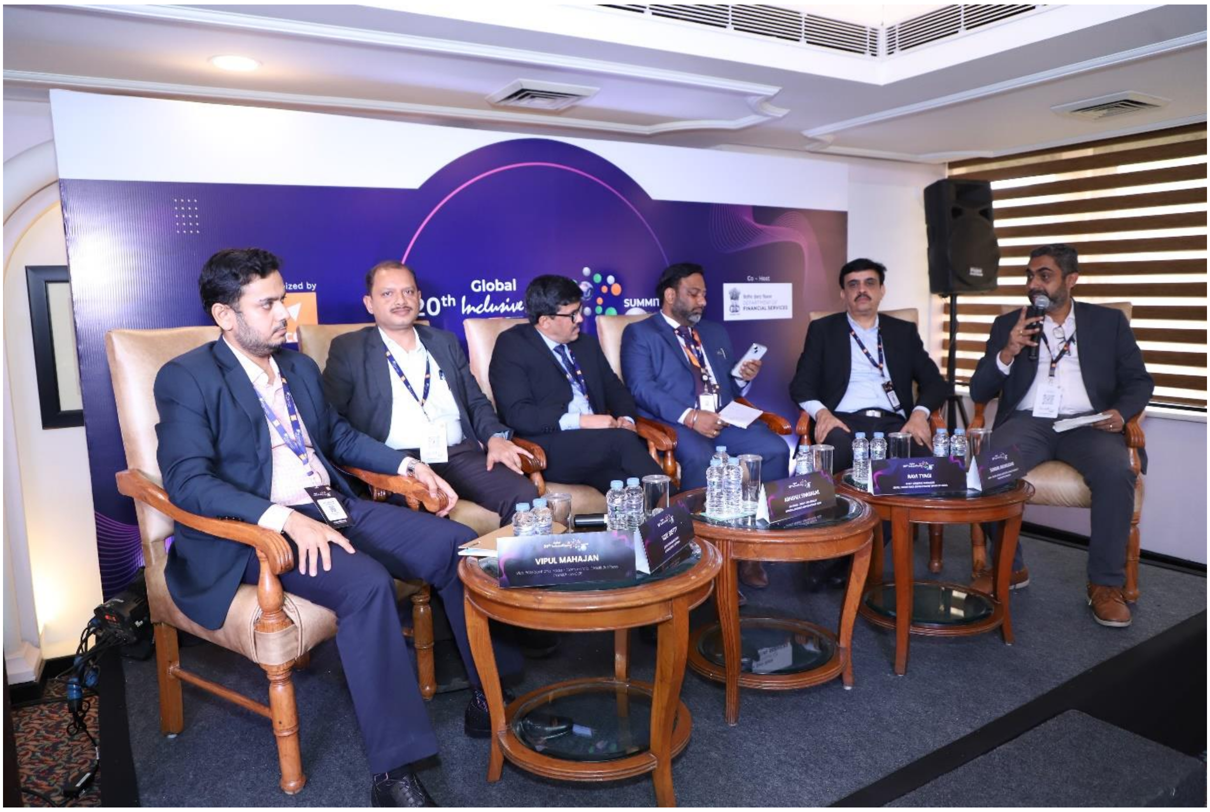
The role of financial institutions is very important as adaptation to climate change accounts only 7% of climate finance which needs to be increased, and the private sector institutions also expect government to increase climate financing bracket which could include funding the climate related projects/initiatives like solar projects.

To monitor the effectiveness of climate risk products, it is important to access the range of clients/customers/members adding to the agricultural value chain and how these adopt the climate resilient practices including how they would behave if the related products are offered which could reduce the carbon foot-print. Financial institutions should also be able to provide affordable credit products during the times of climate crisis to resurface from the loses beared by the members. The repayment timeline shall be flexible enough to accommodate the member's situation, this will help in promoting the acceptances of climate adaptation and resilient products (including insurance) within the ecosystem.

Government institutions like SIDBI is taking the lead with a mantra of "financing the green will not happen till you green the finances". SIDBI is also embedding ESG in its entire lending process, with four levels of adoption to vet climate resilient products - Green tagnotes, green loan (filters through ESG framework, GHG emission reduction), Green MSME (product process, building is green) and Green pension.

Learnings from global context.

- In Africa, MFs are promoted and pushed to provide climate based credit to SMEs, and small agri-techs are provided funds to mitigate and manage the credit flow.
- In Bangladesh, green loans are provided to access the energy efficient machines to be used in textile industry.



TECHNICAL SESSION 4: Enabling suitable and adequate credit to missing middle of credit market (MSMEs)

Moderator – Sundar Arumugam, Head - Digital Lending and Retail Finance Products, CreditAccess Grameen

Speakers -

- Ravi Tyagi, Chief General Manager, Small Industries Development Bank of India
- Abhishek Swarnkar, Incharge – Credit Card Product, National Payments Corporation of India
- Vijay Shetty, Executive Vice President, MSME Lending, Axis Bank
- Vipul Mahajan, Vice President and Head - Commercial Credit Business, TransUnion CIBIL

Access to credit for MSMEs though improved fairly is still continues to be a challenge. Their credit needs are higher than the ticket sizes offered by MFIs and lower than SME loans targeted by banks. Also, the flexibility and product structure needed are different for different types and sizes of enterprises. The challenges faced by micro-enterprises in India are multifaceted. Access to credit remains a formidable issue, with these businesses struggling to secure affordable financing. Inadequate infrastructure, and limited technological adoption also hinder their growth prospects. Policy framers and financial institutions need to play a more active role to enable tailored and affordable financial products, with mentorship programs and access to modern technology as allied key interventions.

The panel discussion, hosted in partnership with CreditAccess Grameen, brought out key insights on how digitization, various financial inclusion initiatives, government schemes and programmes, and the evolving digital public infrastructure have helped improve access to credit for the missing middle layer of the credit market, and what else could be done to further improve systemic access to suitable and adequate credit to this segment.

The panel started with the discussion on MSME's contribution where they shared MSME contributes close to 30% of GDP, which shows that we are far behind to capacity of how much can be contributed. It should go up to 50% and MSMEs need to be capacitated, with 7 crore MSMEs with 98% micro enterprises. Challenges of MSMEs with respect to Finance with focus on micro enterprises (Lower end) - number of accounts are 10.1 crores, out of which 6.3 crores are of MSMEs, GST registrations with 1.4 crores accounts, MSMEs accessed credit ever 3 crores, with credit exposure of INR 27.7 lakh crores. The credit exposure to turnover is 20%. In terms of Inclusive finance, 61 loans out of 100 are given to new entities with no previous records. More than 60% of the credit which is provided is by public sector bank, private lenders and metro markets.

Key points which was mentioned is MSMEs are poised to become largest contributor in economy, with credit to micro MSMEs is growing substantially.

The chunk of finance required is in micro sector, and Indian financial and banking system is well established. India's MSME credit financing is doing good compared to global MSME financing. But there are some challenge like Income and credit inequality for individuals as well as to the businesses, for example: MFIs will provide INR 20,000 – INR 30,000 to informal entrepreneurs but if the entrepreneurs seek more than INR 2 lakh, no MFI will provide the credit due to the risks involved in the repayment. Formal banking services is also not able to cater this requirement due to credit rating assessment, informal transactions, no GST and more.

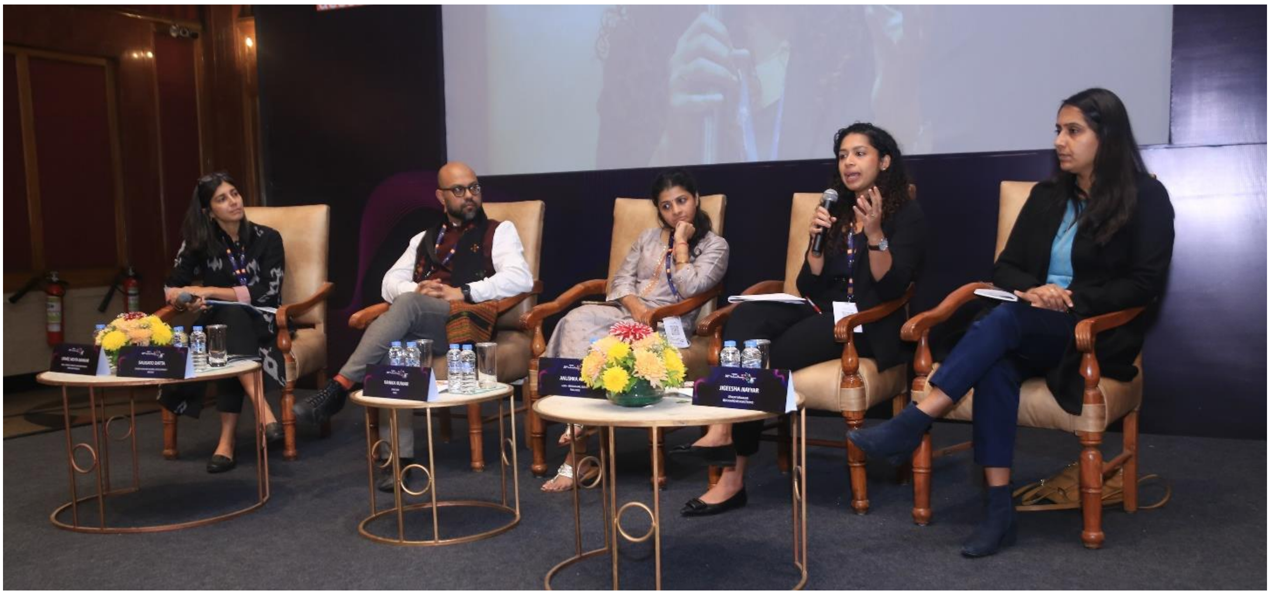
Speakers also shared that NPCI was started in 2008 by RBI (Reserve Bank of India) and IBA (Indian Banking Association), which creates digital payment ecosystem for MSME and consumers. Some data and facts were shared including Business 2 Consumer service: 56 banks were issuing RuPay debit cards in 2008 whereas today 212 banks are issuing RuPay debit cards; 80% of digital transactions through NPCI (48-50% digital transaction in globally is happening in India), 70 million merchants are using QR code. Most prominent solution of MSMEs is to become more digital acquainted.

The discussion progressed with the challenges faced by the MSMEs which limits them to access credit, some of the major challenges are structural challenge; limited capital and cost of capital; limit on on-lending (average loan ticket size is between INR 1-2 lakh); and more. **Partnership lending - RBI has brought partnership NBFC tied up with Banks (With funds but low reach) this is innovation**.

India has leapfrogged and have established an efficient credit system with some of the most affordable interest rates and leveraging digitisation (especially UPI system) but still there persist one of the challenges like less information/knowledge to the marginalized and those who are vulnerable; aggressive selling of the products (digitally and physically) which hampers the quality of the servicing and education like loan disbursed without providing adequate information about the product; and the capability of understanding of the customers/members.

Unlike unsecured loans, secured loans are now well established but it takes time in due diligence, ownership transfer and valuation. Role of Fintechs in streamlining the credit system has become very important as the use of technology and with the advent of AI and Machine Learning, the underlined models could be improved further.

On how to address the problem of knowledge gap in the ecosystem, panellists suggested that the financial literacy trainings should be mandatory by the lenders, more customer centric models should be created which provides relevant and timely information to the borrowers (platforms like whatsaap and mobile apps could be used).



TECHNICAL SESSION 5: Behavioral Design and Interventions for Transforming Financial Inclusion

Moderator – Urmee Mehta Mankar, Head, Strategic Projects and Partnerships, Swadhaar FinAccess

Speakers

- Kanika Kumar, Director, IDEO
- Anushka Ashok, Behavior Architect, FinalMile Consulting
- Jigeesha Nayyar, Senior Manager, Quicksand Design Studio
- Saugato Datta, Senior Advisor-Global Development, ideas42

Behavioural design is an approach that uses insights from psychology and behavioral economics to influence people's behavior. In the context of financial inclusion, behavioral design can help FSPs design and deliver financial services that are more accessible, affordable, and effective for customers. For outcome oriented financial inclusion, FSPs need to increasingly translate insights from behavioural science on financial decision making into practical and implementable interventions that address psychological biases. Some common behavioral financial aspects include status quo bias, loss aversion, consensus bias, framing bias, familiarity tendencies, among several others. Some design elements include communication throughout the customer journey, product pricing and incentives, commitment features, customer choice architecture.

The panel highlighted behavioral science concepts and the psychological biases that come into play in financial decision-making, followed by discussion on contextualising these biases in real world situations and showcased the examples of financial products or services that were designed to address those biases for improved outcomes. The session also flagged key behavioral principles for building financial products for the poor and underserved along with sharing ways of applying these principles in designing products and processes.

It is important to have customer centric approach while designing the products and services for the customers with some major indicators including (i) desirability of the products, (ii) affordability of the products, (iii) feasibility of the products marking the means for the customers to use the offered products, and (iv) how responsible is the product towards the impact on environment and if there are any trade-offs. It is also important to keep the empathy gap in mind as the customers will have shift and also if there is actually a need to shift/change the product.

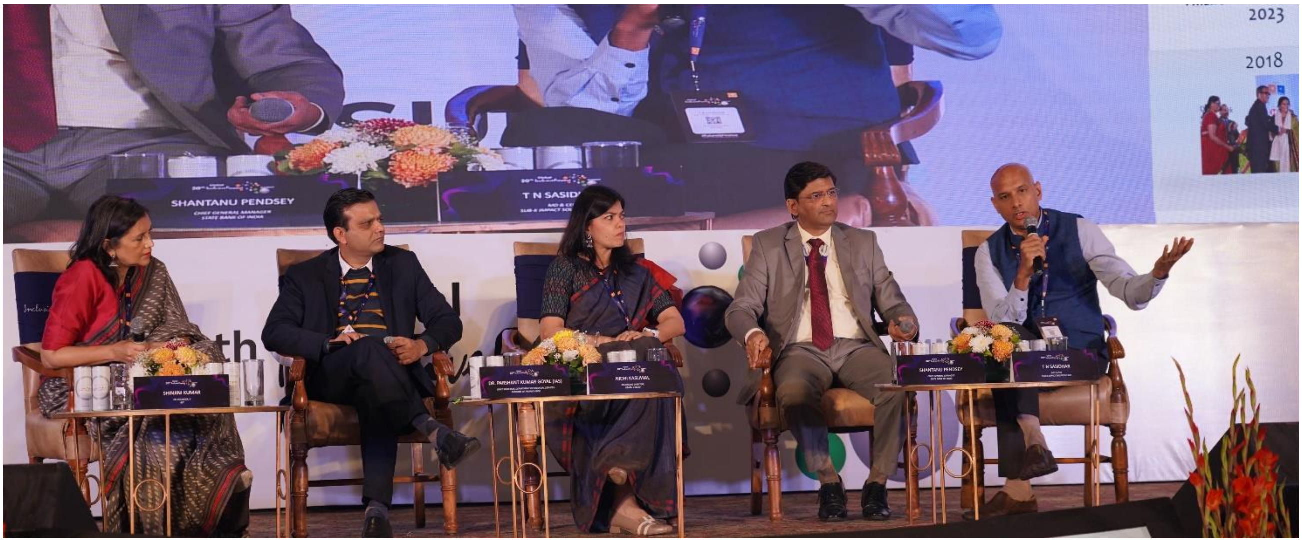
Behavioral science is a multi-disciplinary field ranging from culture, social, behavioral economics etc. While designing the product it is important to keep in mind that the it creates a positive change within the community. Only awareness and access to the product is not sufficient more, it is a process where the product should first be made accessible then the customer should have the intent to use it and if they do then repeatedly.

Behavioral science will not work in isolation, a human centric approach should be used while designing any product, keeping gender-finance-digitization in place and certain principle shall be followed including trust, eligibility, confidence and more.

There are always diversifications in different geographies, so bottom-up approach shall always be followed so that only those products are developed that are required by the customers instead of forcing upon a product upon them. The Behavioral design approach should be used from the start of the any product designing, but there will always be some outliers.

Key take-aways

- While designing the product, it is important to keep it feasible to the end user.
- Product design need to move away from singular approach to collective approach. The collective engagement model helps in building the trust and information sharing.
- It is important to build trust and credibility before acquiring the customer personal
- Affordability, value proposition and accessibility are key components to product designing.



TECHNICAL SESSION 6: Banking Agents – The Backbone of India's Financial Inclusion Story

Moderator – Shinjini Kumar, Co-Founder, SALT

Speakers

- Dr Parshant Kumar Goyal (IAS), Joint Secretary, Department of Financial Services, Ministry of Finance (GoI)
- Nidhi Kasliwal, Managing Director, Kamal Fincap
- Shantanu Pendsey, Chief General Manager, State Bank of India
- T N Sasidhar, Managing Director & CEO, Sub-K Impact Solutions Limited

The business correspondents (BC), as banking agents are called in India, have emerged as the most critical link in delivery of banking services to the low income people and remote rural areas. BC outlets constitute 97.5 per cent of the total banking outlets in villages in 2021-22 even as branches have decreased. The BC-ICT model has gained popularity even in rural areas as evident from its increasing usage. The state-wise distribution of fixed point business correspondents (FBCs), however, is uneven with more than 50% of FBCs located in 5 states of Uttar Pradesh, Bihar, Maharashtra, West Bengal and Madhya Pradesh.

In the quest to drive efficiency for the providers, and convenience for customers, the viability of the agents and agent networks themselves has been somewhat compromised. A BCG report notes that about 1/3rd of the BC agents will become unviable due to various reasons, e.g., lack of appropriate and diverse products, infrastructure, lack of training for agents and customers, higher BC concentration in a given geography, and insufficient incentives. The session deliberated on these issues, along with challenges faced by banks in managing the BCs, ground level gaps such as in digital connectivity and digital and financial capability of customers, and highlighted key approaches to be taken to make it viable, sustainable, and gender inclusive model.

The discussion started with the aim of the government, which is to provide banking services to all citizens and targeting that every village should have banking services within the proximity of 5 kms.

The panellists started with emphasising that last mile banking system has the disrupted the models of the banking system, digital revolution has flattened the ground with making the transaction system much easier. The discussion further progressed with the sustainability of the BC agent model, how the JLG ecosystem has improved and is positively impacting the local efficiency, role of women and how women are being promoted as the stakeholders, and availability of the credit.

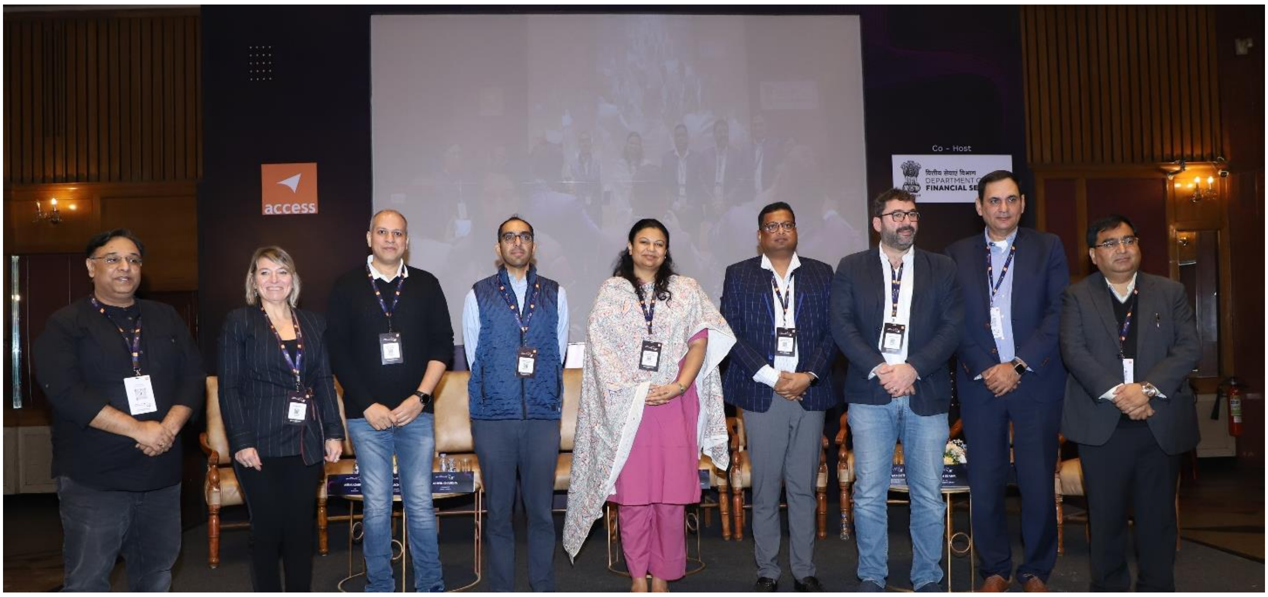
Microfinance industry has also evolved and are now promoting women as the major stakeholders in terms of being the direct customers. The availability of loans to the women is enabling them to be at the forefront.

Use of technology has enabled the BCs to be more efficient in providing the services at the last mile. The range of activities shall be increased, and the emphasis should be information sharing as well with the transactions. The entities including the government should devise the modules for the BCs, especially the banks and financial entities need to be more proactive.

The definition and scope should be expanded of these delivery agents (mainly BC) present at the ground level managed by the loan/managing officers at the village level. Agents promoting insurance services and other advisers are very active but they are counted/acknowledged formally. So, a comprehensive understanding and structuration is required. All of the players in the ecosystem should be considered as agents and making agents a market place. With this model, online services can be provided for multiple services at one touch point. If one agent is unable to provide then it can be tagged along with other agents.

BCs also bear the risk and there is always of question of how much risk they can hold. Banking is a business of trust, and the BCs are the front face of the entity at the ground, which makes them vulnerable and over-pressured. The proper training of the BCs is very important to cater to this, which could also enhance their capacity. The training could be given to provide multiple services to the customers, with a grading system for their motivation both at psychological and monetary levels.

A fixed component to the BCs is either missing or very minimal, which makes them very unstable. The share of women BC agents is very less but the numbers are increasing, making this model more reliable but a fixed component should be there to incentivise them. The share of women in the model should be increased, as women are much better at building trust, so a collective effort is required. Majority of the bank accounts at the rural level are used by the women as more women are being promoted to avail the loans.
The BC model should be graduated from the transactional to the service delivery and needs to be more gender neutral.



TECHNICAL SESSION 7: Inclusive Digital Lending – Alternative Credit Assessment

Moderator: Nitin Prakash Agarwal, Founder, Navadhan

Lead Presentation: Lucia Michelutti, Professor, Department of Anthropology, University College London

Speakers:

- Puneet Gupta, Co-Founder, Kaleidofin
- Ashvin Chaddha, Co-Founder and Managing Partner, Anicut Capital
- Swati Choudhary, Director of Network Development and Advocacy, South Asia, Women's World Banking
- Ashish Mehrotra, Managing Director & Chief Executive Officer, Northern Arc Capital
- Amitesh Kumar, COO & CFO, Midland Microfin Limited
- Vivek Tiwari, Managing Director & CEO, Satya Microcapital

India has made massive strides in digital public infrastructure for financial services. Next stage growth relies on the base of JAM trinity (Jandhan, Aadhaar & Mobile) and Unified Payment Interface (UPI's) initial surge has digitally included upper end of the market, as the number of UPI transactions inches towards the $5 trillion mark, most of the future growth will come from rural markets and under-banked urban markets. Smart phone and internet penetration are projected to increase by 44% by 2030, with significant growth expected in rural and under-banked markets.

Ecosystem is poised to leverage the surge in mobile usage, data connectivity, and UPI transactions. Most of the incumbents in Inclusive finance space – Banks, NBFCs, MFIs, Coops – are trying to harness this opportunity. The mission focussed Fintech startups in inclusive finance space are also doing innovation and disruption – in collaboration with existing players. In all this development, we need to keep the Customers right at the centre of it and use the infrastructure and tech to increase access, decrease costs, improve controls but all within realm of fair practices.

Keeping the rural customer focused, Professor Lucia Michelutti from University College of London (UCL) and her team has developed Ethnographic Driven Risk Analysis Framework (EDRAF) to assess and minimise risks in lending. Rural fintech Navadhan has partnered with UCL to validate this framework on ground. The industry is working on such tools from some time now and how these tools can solve the rural credit demand puzzles.

The session explored the big questions like - what can work today and can it cover all the segments, what can be the different service offerings and what can be the future.

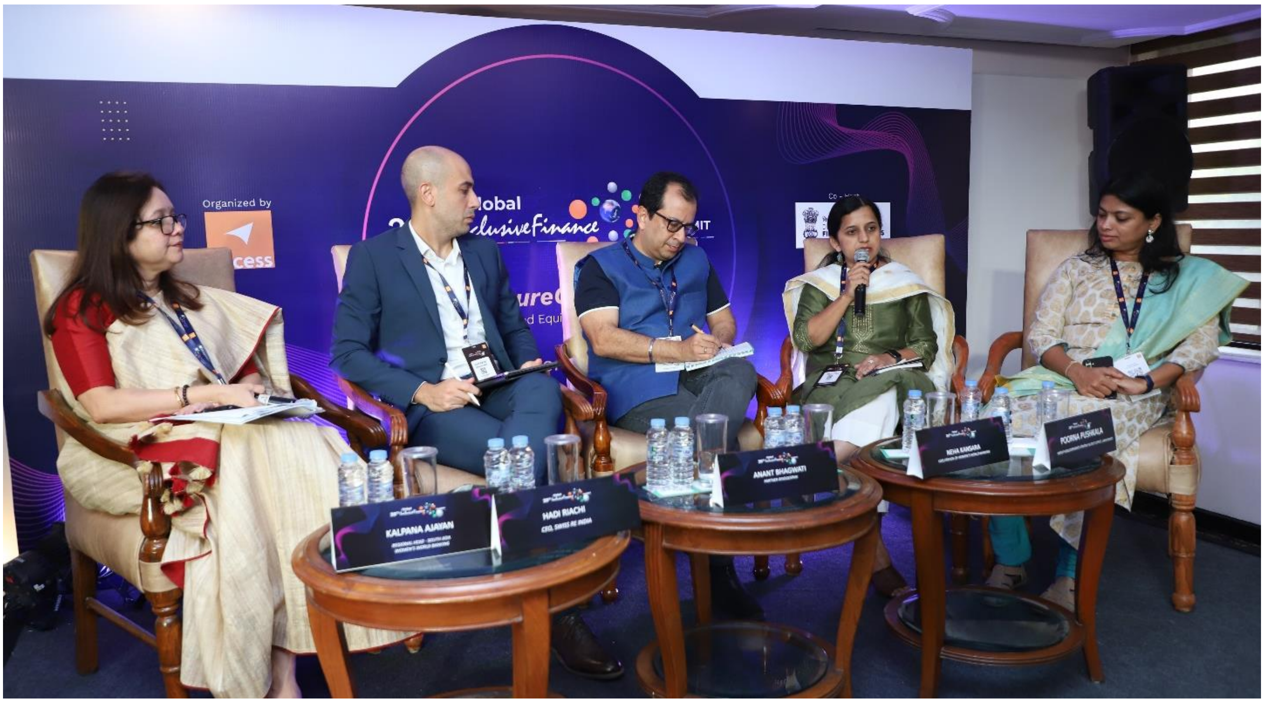
Due to increased and better-quality data availability, it has become easier for companies to start lending to individuals rather than groups, this shift has been slow but gradual

Technology driven initiatives has helped in improving credit assessment and digital lending. Digital credit rating and strong underwriting models helps in increasing outreach across geographies, and has also increased loan sizes and efficiency in disbursal, this further supports in streamlining the approval models for the loans.

Despite technological advancement, there are still many challenges prevailing that technology can not filter on its own, for example, better data quality is required for an efficient tech-based solution of loan disbursement and repayment process. The digital adoption is still a challenge for customers due to lack of awareness and digital literacy.

In many countries, customers face hurdle in access to assets because of lack of tech-channeling although they have the capacity of credit payback. Whereas in India, improved technological solutions are used in building alternate credit assessments and credit accessibility. Data received from different credit bureaus provide an insightful data on customer behaviour, which helps in reducing the rejection rates of credit

There is a huge potential in business evolution and payments, which will add credibility to the credit flow cycle and in identifying new eligible customers and catering the existing credit to the existing customers. Although informal money lending system still existing at large scale, but there is a scope of streamlining the formal credit system.



TECHNICAL SESSION 8: Climate Resilience and Adaptation for Low-Income Women

Moderator – Kalpana Ajayan, Regional Head - South Asia, Women's World Banking

Speakers

- Hadi Riachi, CEO, Swiss Re India
- Anant Bhagwati, Partner, Bridgespan
- Neha Kansara, COO, Friends of Women's World Banking
- Poorna Pushkala, Group Head, Corporate Strategy & CEO's Office, Samunnati

Climate change has worsened economic inequality between developed and developing nations by 25% since 1960, and the effects of climate change could reduce global GDP by 11-14% by 2050, or $23 trillion in economic output, with the most significant impact felt in South and Southeast Asia. Low-income women are acutely vulnerable to the economic impacts of climate change, including both sudden extreme weather events and longer-term climate impacts.

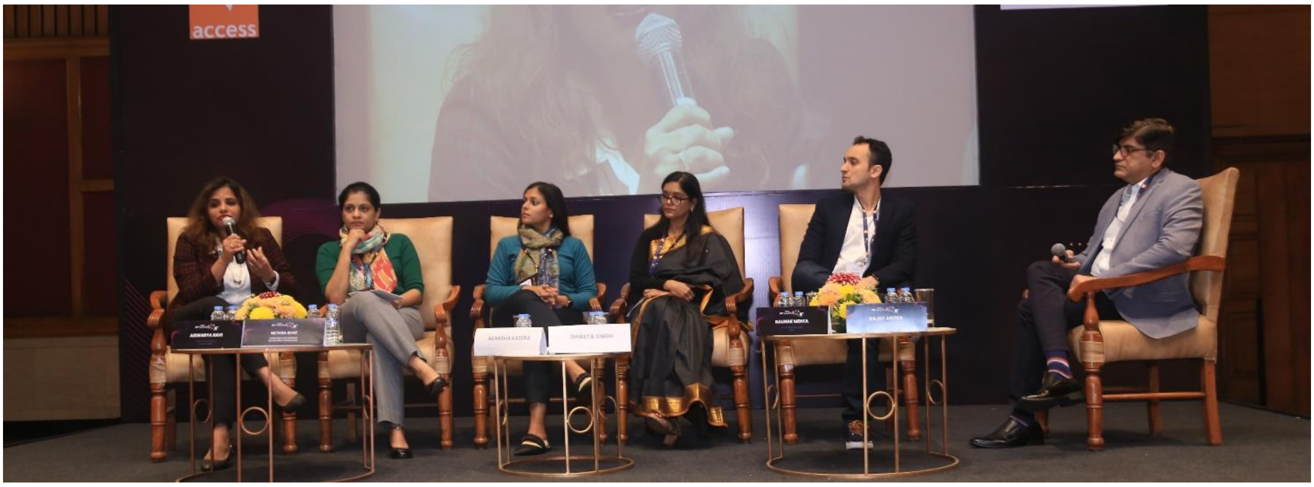
Access to financial solutions is critical to enabling low-income women to build resilience against shocks related to climate change and adapt to the effects of climate change on their economic lives. However, globally, low-income women face unique barriers to accessing financial solutions and often lack access to these safety nets during times of crisis, exacerbating the impact of such events on their lives. FSPs have a critical role in designing and developing these solutions to support low-income women's security, prosperity, and economic empowerment. The session, hosted in partnership with the Women's World Banking (WWB), discussed how FSPs can reduce the impact of climate risk on vulnerable women, and better respond to market needs and take advantage of new opportunities to increase the financial inclusion of low-income women by embedding climate risk preparedness into their core business operations.

Sammunati focused on Agriculture and promoting sustainable Agriculture from the start. Climate strategy was not there initially but developed 4 years ago. Target groups were smallholder farmers with finance as a solution to address problems. Started in 2014, with a focus on FPOs as a medium to support SHF, capacity building was focused at FPO levels. Gradually the journey towards gender begin with realisation on gender barriers such as unpaid work, women in leadership roles. The strategy under Climate Smart Agriculture (pre production, production, post production) has been to promote awareness and financial accessibility. Financial products catering to pre harvest financial needs were later paid through post harvest income.

The world is more volatile in compared to before in interconnected global landscape. Stress on developing countries due to climate change is high. Food security is affected due to climatic variations like drought, floods, storms and more. Supply chains are at risk as well due to adverse climatic events. Constant upward trend in Inflation has also impacted with an average of 50% inflation in global consumer food items are exposed to climate risks leading to impact on the economy. Goepolicitics has also been a challenging risks influenced by climate.

Managing the capital in the insurance sector has always been a challenge, not only in India but globally. At the global level, $ 300 billion is required annually to run insurance sector for vulnerable communities (concessionary capital) whereas in India $ 75 billion is required and only getting $ 3 billion per annum. Less than 5% of total concessionary capital comes to climate adaption finance, rest 95% goes to electric vehicle companies.

It is predicted that there will be more than 40 heatwave days in India, which will widely affect vulnerable groups, majorly engaged in informal economy working outside of their homes, especially women labours and farmers. Unless concessionary capital focus shifts from Canada and US to India and developing countries, the finance gap is difficult to be solved.



TECHNICAL SESSION 9: Gender Lens Investing: Realities and Possibilities

Moderator: Rajat Arora, Principal Investment Officer, Head of Asia, Women's World Banking Asset Management

Speakers:

- Raunak Mehta, Co-Founder and CEO, Igloo
- Shruti Gonsalves, Managing Director & CEO, SEWA Grih Rin Limited
- Aiswarya Ravi, Chief Financial Officer, Kinara Capital
- Nethra Bhat, Partner, ACCION Impact Management
- Akansha Kasera, Senior Consultant and Strategic Marketing Lead, BFA Global, Catalyst Fund

Gender Lens Investing (GLI) is not only about pursuing gender equality as a social good for its own sake; it is also a strategy for financial outperformance. Investing in women as customers and as workforce and leadership talent leads to stronger institutions, better returns and a more equitable world. Gender lens investors recognize that investing in women can yield both social goods and enhanced financial returns (through accelerated customer acquisition, strong portfolio performance and higher-performing, gender-diverse workforces). Thus, to capture this "gender dividend," they will typically invest in companies that sell products or services that benefit women, companies with gender-diverse boards and leadership teams, or women-owned or -led companies. Gender lens investing is 'gender-smart' leading to investment analysis to uncover missed opportunities – often investments typically include companies that are led by women or that offer products and services that are inclusive of or are empowering to women.

In the context of financial inclusion, gender lens investing is aligned with outcomes of increased economic participation of women and eventually gender equality through greater access to financial services to women. Through sharing of examples and learnings, the session (being hosted in partnership with WWB) deliberated on what gender lens investing for financial inclusion, and what should investors do both from portfolio perspective and their own institutional perspective to intentionally apply gender lens.

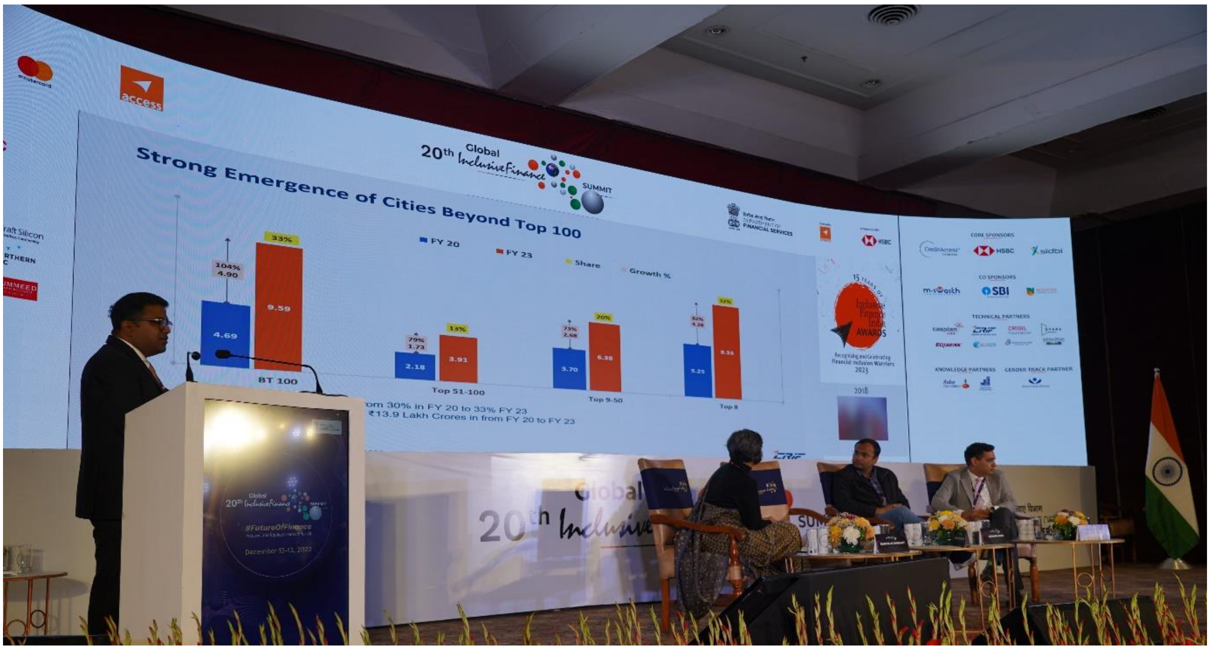
The discussed focused on strategic overview to incorporate along with the vision on more focus on Gender. The digital lending initiative has helped in the actual implementation of the inclusive finance movement. There is more focus and awareness about gender and how to integrate them and look through the gender lens giving progressive title to the women like having their names on the documents like property documents and more.
When we talk about investors and their take on gender and inclusive finance, it shall be aligned with the organization's mission, vision, goals and values. There has to be fair expectation between the investor and the organization.

More priority should be given to women entrepreneurs, which is like finding a needle in a haystack. Over the last decade, access to credit has significantly changed, where 10-12% of the funding go to women entrepreneurs to help them establish their own enterprise and become financially resilient. Programs like Har-vikas provides additional discounts to women beneficiary, which further incorporates the innovative models like under-writing that is gender neutral and unbiased, and use of vernacular language to make it more understandable to them. Talking about the south-east Asia on gender lens in terms of penetration, it comes to 2% which is even less than India, there is a wide disparity in the financial inclusion. More than 75% people who can potentially work are only engaged in the MSME sector.

Panel progressed with the discussion about the trends from investor's point of view, a more holistic approach has to be established like gender disaggregated data, segmentation, product design which are more contextual and focusing women participation especially for women entrepreneurs, and more digitally engaging. Speakers in the panel also talked about gender intentionality like identifying and addressing gender inequalities, gender-based constraints, and inequitable norms and dynamics, and relevant steps to addressing them. Investees should be more mindful on the fair representation of women, at least 30-40% of women representation in their board, and also to have women at leadership positions. They should be able to walk the talk like, sufficient evidence based positive impact and intent.

To scale the gender lens in investment, there should be 3Ps that one need to take care of

- Problem- What is it that we are trying to solve
- Process and People: Does the processes and the people align with respect to the goal
- Profit: It should make sustainable profit.



TECHNICAL SESSION 10: Inclusive Lending – Multiple Paradigms

Moderator – Ragini Bajaj Chaudhary, Director - Investments, Caspian

Lead Presenter – Ramkumar Gunasekaran, Director & Head of Sales, CRIF High Mark

Speakers

- Siddharth Singh, Head of Engineering, Rupifi
- Shoorveer Shekhawat, Head of Swadesh Banking, Government Business & Wholesale Deposits, AU Small Finance Bank

Lending in India is undergoing several shifts. Post COVID, resurgence in retail lending is driven by strong growth in the mass market segments i.e. lower ticket sizes. Growth is however heterogenous when the risk angle is overlaid. Several product cohorts emerge which cater to responsible lending i.e. growth with controlled risk, whereas some products have witnessed high growth and high risk. Similarly, on the SME side, resurgence beyond COVID is due to a combination of lending to individual self-employed and entities.

This period has also witnessed the growth of lending beyond the well-established credit centres in the country. Growth has come from newer deeper geographies. Encouragingly, these newer geographies show the same amount of risk at similar portfolio vintages as more penetrated credit centres. The advent of account aggregator has also enabled increased access to credit, especially in segments where traditionally the credit penetration is lower. This holds the promise of accelerated but responsible inclusion.

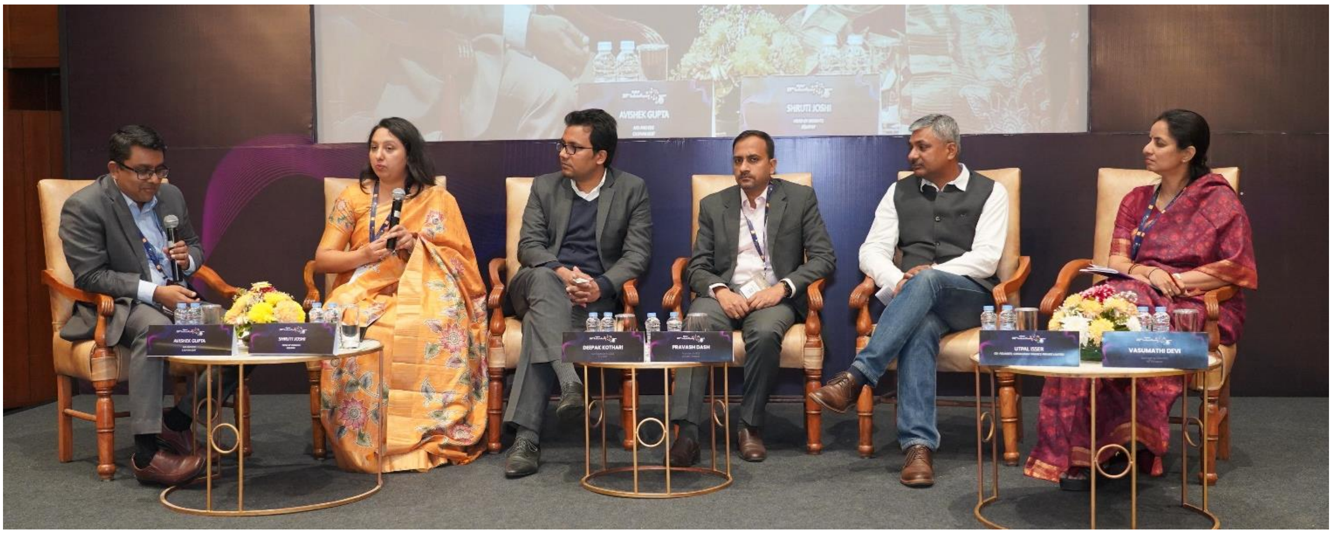
This session, being hosted in partnership with CRIF High Mark, featured presentation of insights from CRIF that showcase emerging paradigms in the lending landscape in India, touching upon some of the above areas. This was followed by discussions on inputs from diverse practitioners on some of their execution strategies to harness these emerging trends.

The discussion started with moderator opening the conversation on lending trends in last few years, and how the landscape is changing in the consumer and MSME lending space.
Consumer lending is growing rapidly in tier 3 cities that is beyond the top 100 cities, the reason could be the inclusiveness in financial inclusion, and also lenders are moving beyond the traditional market. A question always persist whether the Lending ecosystem is biased in profiling of the borrowers, is it focusing the mainstream section of the society or also the serving smaller ticket size loans. CRIF Highmark data analysis presents that, from FY 2020 to FY 2023, the consumption lending space has reshaped and increased from INR 15.80 lakh crore to INR 29.41 lakh crore. Consumption loan has the components of home loan, gold loan and personal loan. Data also shows that the consumption loans amount's percentage has grown more than 100% from 2020 to 2023, the cities ranking between 51-100 the ratio is 13%, for cities ranking 9 to 50 it is around 20%, and for top 8 cities it is around 32%.

In terms of fintechs in the lending space in MSMEs, the trends are similar, in the top 100 cities, the loan portfolio is increasing.

Speaking about the small finance banks, AU Small Finance Bank focuses on loan which are mostly income generative, started with 2 Wheelers to 22 wheelers loans, and further getting into livelihood activities. Earlier there were issues of accessibility, and it was needed to touch base with income assessment exercises, now it is easier with credit rating and technology coming in play. As financial inclusion service organization, AU SFB focuses on Intent to pay and it is analyzed that with intent to pay and income generating activities default is less.

The conversation further progressed on personal loan. Regulators warn on personal lending space and being cautious on profiling and lending to keep the economy stable, but it is understood that the urban poor are much more excluded than the rural poor, although urban poor are included through Fintechs and other digital-based lending platforms.
Personal loan is showing slight increase in delinquencies, whereas an increase in unsecured personal loans is not concerning, the concern is how the product is designed. The uptake of women borrowers has certainly increased in the landscape, which empower women and increase the quality of the finances of the household.



TECHNICAL SESSION 11: Reaching to New Credit Customers in the MSME Space

Moderator: Avishek Gupta, Managing Director and CEO, Caspian Debt

Speakers:

- Shruti Joshi, Head of Insights, Equifax
- Deepak Kothari, Co-Founder & COO, FT Cash
- Pravash Dash, Founder & CEO, Arthan Finance
- Utpal Isser, Co-Founder, Sarvagram Fincare Private Limited
- Vasumathi Devi, Managing Director, IKF Finance

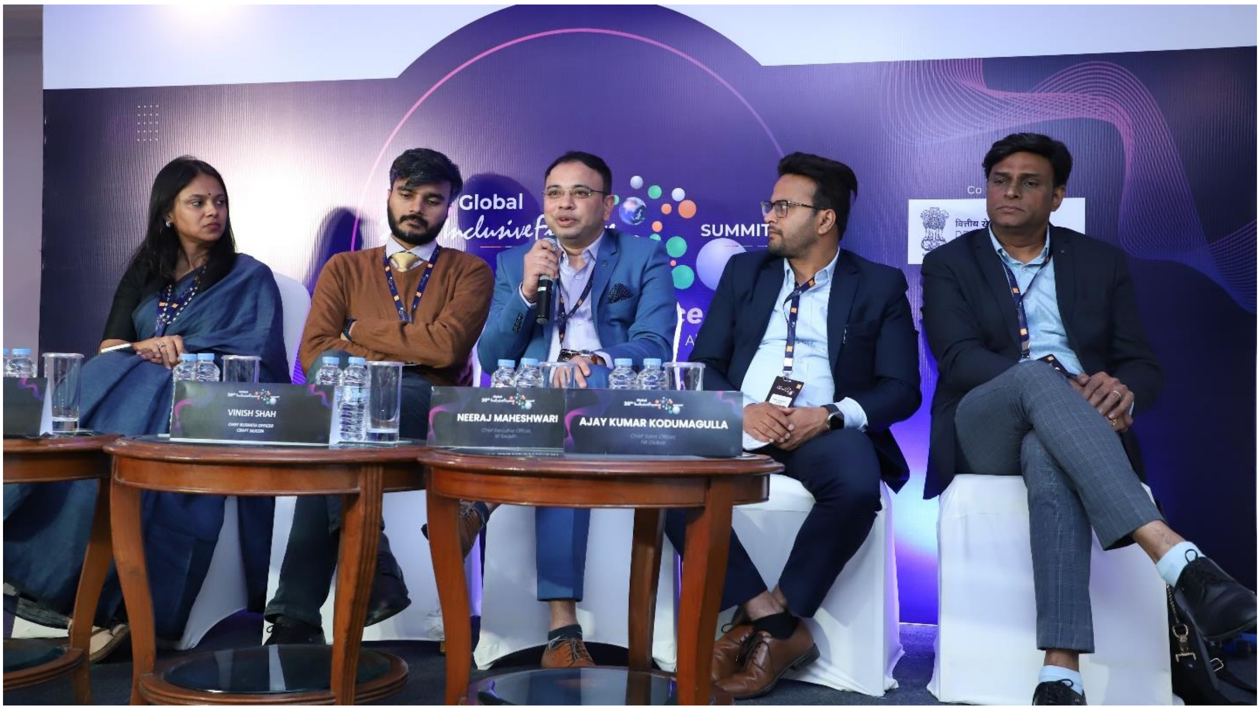
MSMEs are an important component of India's economy which influence its GDP, employment and exports. However, they face financing challenges which stifles them from scaling, capitalizing on growth opportunities, or recruiting new talent. As per a study by the UK Sinha Committee established by the RBI, the MSME sector faces a credit shortfall estimated between ₹20,000–₹25,000 billion. There has been a much greater emphasis on boosting access to credit for MSMEs in the last few years, both through banking as well as other financial institutions. One metric of measuring progress on financing to MSMEs is to look at loans provided to New to Credit (NTC) customers.

A higher % of NTC is indicative of higher efforts towards financial inclusion. As per credit bureau data, out of the total loans to MSMEs originated by public sector banks, 64% are NTC, while for private banks it is 23% and NBFCs, 39%.

The session, curated in partnership with Caspian Debt, focused on the present status of the MSME ecosystem, and the way forward and strategies to reach new customers with credit. The discussion also reviewed some of the overarching issues and challenges encountered by the sector with regard to credit availability, and discuss suggestions and recommendations to overcome them.

The conversation centered on metrics to track a client in terms of experience in varied sectors across commercial, consumption, gold credit, and more.
Definition of NTC is not clear across the horizon in the lending sector. Each entity has defined it as per their customer base- one consensus amongst all institutions is that only credit bureau score should not be depended on when tracking or identifying the NTC.

Fintech personal loans account for 40% of the NTC customers, the highest percentage amongst all the banking institutions. There is a state level difference in the pace of growth of reaching out to NTC customers. But even within states with high NTC reach, there will be a notable and stark difference in the numbers between districts.
For small ticket loans below INR 1 lakh, some companies also resort to “sentiment data collection”- i.e., google ratings, reviews, rental property owner, etc.



TECHNICAL SESSION 12: Exploiting Digital Transactional Platforms – Enabling Access at the Bottom of the Pyramid

Moderator – Priyanka Agarwal Chopra, COO and Managing Partner Seed Investing, CIIE.CO, IIM-A

Speakers

- Ajay Kumar Kodumagulla, Chief Sales Officer, FIA Global
- Neeraj Maheshwari, Chief Executive Officer, M-Swasth
- Vinish Shah, Chief Business Officer, Craft Silicon
- Sapan Parekh, Co-Founder, Leegality

Innovations in digital platforms are helping to advance financial inclusion by improving access to payment services, credit, social protection schemes, insurance, and wealth management. The India Stack – with its four layers of digital identity, an interoperable payment interface, digitalization of documentation and verification, and consent – has the potential to revolutionise access to finance through digital models. India has seen burgeoning a fintechs becoming the third largest fintech ecosystem globally. Overall the combination of public infrastructures, government-led financial inclusion initiatives and privately operated platforms has helped India to drastically increase access to financial services.

This session focused on the accessibility of digital transactional platforms and how these platforms can pave way to effective access of finance – more importantly payments, social protection, and insurance - to the most marginalized section and the last mile. The panel reviewed the present status of digital financial services' penetration in rural and semi-urban communities across different geographies and how a more inclusive and enabling ecosystem can be developed where the digital divide is reduced across different strata and segments. The discussion also reviewed how data including from different sectors such as health can be leveraged an important asset to support outreach, documentation, underwriting etc. and help deliver financial services through partnerships and viable business models.

As per the discussion in the session, the detailed outline is shared below organization wise.

<u>MSwasth</u>

The panellist shared about the health insurance customer profile and the product innovations taken up by the organization.

- Initially conceptualized telemedicine products, collaborated with Cashpor, 17k clients have been onboarded but no engagement has happened.
- Brick and mortar clinics established in partnership with Banking Correspondence, MFIs, etc.
- Need for telemedicine, in person consultation and health insurance is a long-term demand. Being physically present on ground does not mean digital process can't be adopted. M-Swasth is a paperless service provider and innovations in reducing paperwork for insurance claim in rural regions.

How to build partnership with public and private sector?

- M-Swasth charge INR 365 per year for a customer to serve them and their families. Partnered with government and other entities promoting their programs and services.
- Built 35 partnerships and is also looking to expand 400 new partnerships.
- Also collaborated with insurance companies and also partnered with hospitals to refer patients with discounted prices, medicines from manufacturers, pregnancy supplement kits INR 700 in market shared as part of the package.
- AYUSHMAN Bharat is also complimenting these partnerships for infrastructure, customer acquisition etc.

<u>Craft Silicon</u>

How Craft Silicon is addressing urban-rural divide and what are the digital strategies?

- There has been a rise in usage of digital channel at end borrower stage. Craft Silicon has launched an end borrower reactive application (Loan card, repayment, etc.) during COVID-19 which the customers used for repayment.
- The organisation also launched a self-onboarding application with a leading small financial bank accepting contact verification which saves time and the overheads.
- The digital payment has been more successful in southern India compared to north. Penetration of smartphones is high with at least one smartphone per family.
- In terms of data maturity, some regions have gone ahead. The organization has started looking at alternate data. This is successful only in certain geographies. Some states like Assam, Bihar, Bengal and Chhattisgarh are behind in terms of digital literacy.

FIA Global

How are wealth product needs different from BoP segment?

- The awareness, availability and access have been the issues.
- Leveraging Business Correspondence model to create awareness and availability amongst BoP.
- AEPS (Adhaar Enabled Payment System) technology is being leveraged to meet individual needs and has high potential to meet tailor made financial needs of BoP. This is an area where fintechs can work to provide tailor made solutions through AEPS.

How Access to finance for women is being facilitated by FIA?

- During 2019-20 (pre-COVID-19), the mobility of women in rural areas was a barrier.
- FIA started a two-wheeler based loan system through the SHG model.
- FIA also leveraged the BC network where 38% are women. Formal sources of finance and CIBIL scores are not penetrated much so BC is successful.

How you design data strategy? What type of data and purpose?

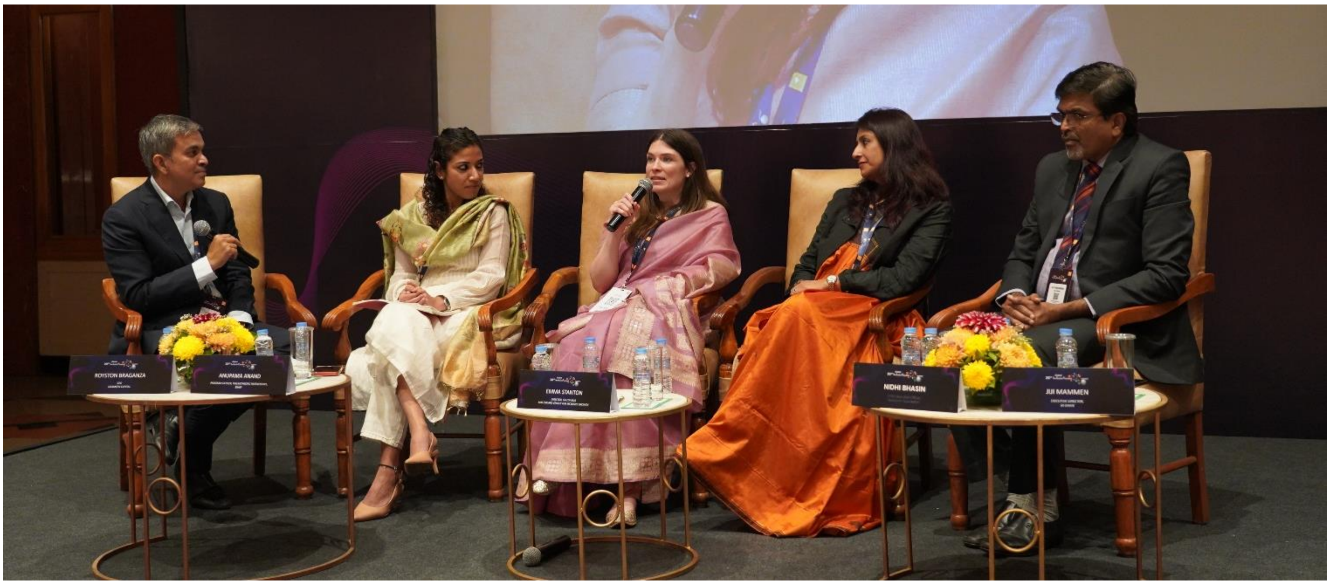
- A manual was developed before the DPI, referring to the census data, the basis of which suggested the banks build their networks.
- FIA also did a brief assessment with the banks.

Leegality

How leegality is addressing the issues of accessibility and fraud?

- MFIs are focused on reducing overhead costs, for which the right digital method should be accessible and prevent fraud. Around 2 crore microfinance transactions were enabled in the last year, and around 100-200 crore of operational costs were saved through reducing paper from transactions. Attrition rates are also reduced to 40-50% (RBI suggests reducing the burden of the agents).
- Data protection regime and rules awaited: Non-regulated space was not mandatory earlier, consent in and consent out should be clearly understood by the clients. The multilingual systems are being used to take consents.
- Fraudulent gaps and safety measures: UIDAI has come up with a face recognition system to counter the thumb impression based Aadhar detail fraudulent gaps.

Financial products with long term investments are a challenge for vulnerable target communities. The panel suggested to build a financially resilient model in accordance with the age group and life cycle. Also suggested that customers should divide their income in different saving and investment options; moving from financial inclusion to financial resilience.



TECHNICAL SESSION 13: Philanthropic Partnerships for Financial Inclusion

Moderator – Royston Braganza, CEO, Grameen Capital

Speakers

- Emma Stanton, Director, Social Impact, South Asia, Mastercard Center for Inclusive Growth
- Anupama Anand, Program Officer, Philanthropic Partnerships, BMGF
- Satish Menon, Development Partnerships Specialist, USAID India
- Nidhi Bhasin, Chief Executive Officer, Nasscom Foundation=
- Jiji Mammen, Executive Director, Sa-Dhan

Even as new business models to serve the bottom of the pyramid with financial services evolve and scale, the relevance and significance of philanthropic investments in the area of financial inclusion continues to exist. The sector needs philanthropy to support research, policy influencing, product and process development (proof of concepts/pilots), training and capacity building of FSPs, and demand side capability building, among others. Areas that continue to be gaps in financial inclusion such as access to finance for women, financing of micro enterprises, availability and uptake of savings and insurance products, cost effective models for difficult geographies, along with new areas such as financing for climate adaptation, will need support from philanthropic capital. Also, it is evident that some of these will need to be addressed through partnerships among investors, along with exploring models of blended financing.

The panel discussed successes and continued relevance of philanthropic investments and partnerships in promoting financial inclusion, ways of improving efficiency and effectiveness of implementation partners, and how flexible, trust based funding can allow for better responsiveness to rapidly shifting realities and lead to greater on-ground impact.

Role of philanthropic capital in catalyzing change?
The discussion started with the role of philanthropic capital, which is very catalyzing for taking high risk project which can also be channelled towards innovation and development. It helps in scaling up what has worked in the past and getting to experiment new projects which might give us new learnings. The philanthropic capital helps in forging partnerships with different agencies like private sector, public sector, non-profits etc., and use their expertise to deliver new and innovative solutions.

With the philanthropic capital, one can take up projects that are more interesting and less exploited to come up with innovative products. One has to be patient with philanthropic capital since it is both catalytic and innovative. “Philanthropy is being patient as well”. Philanthropic capital acts as an enabler or facilitator but it is important to keep in mind that the support of government or the Public sector is equally important to scale any model or initiative. With the Government support the long term sustainability is limited.

While working with the CSR money, it gets difficult to experiment since it has its limitations concerning compliance and regulation, so the scope is very limited.

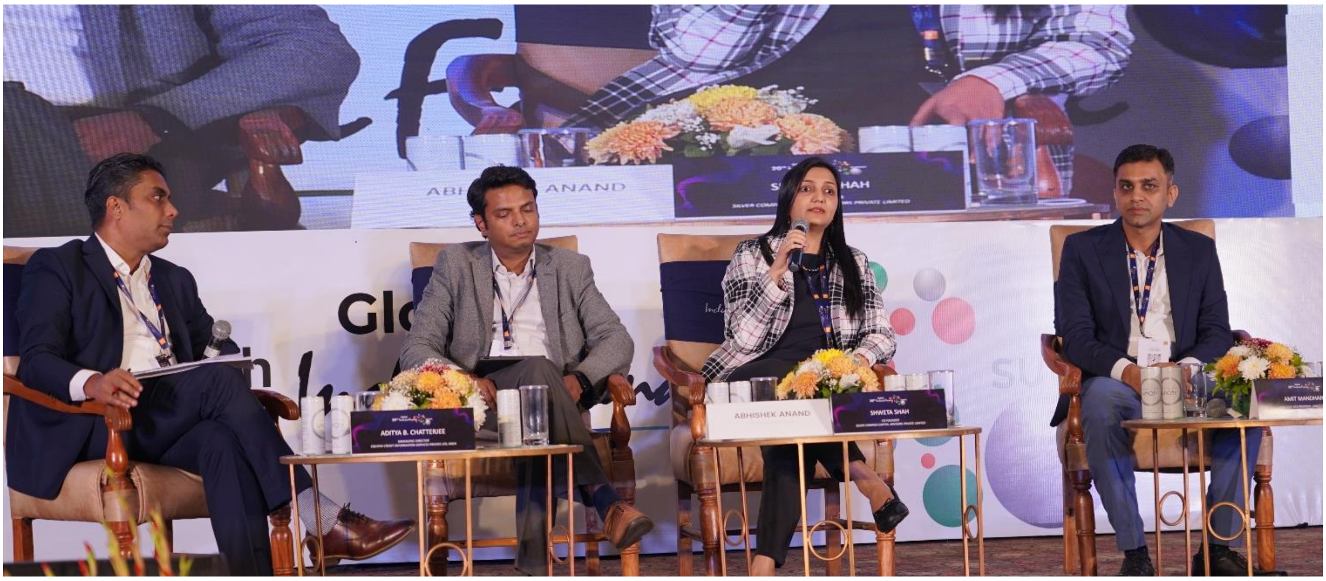
Panel further discussed what are the key theme areas to catalyze funding and what should be kept in mind while approaching a funding agency for capital. The focused key thematic areas that the organizations are working health, agriculture, WASH and gender.
These are the focus areas of organizations like BMGF, the implementation agency must make sure that how is it aligned with the priority areas of the Organization. There are certain limitation like since the FCRA is getting more stringent it is getting difficult to work with grassroot organizations.

Mastercard’s priority areas of work are finance security, small business resilience, data science, AI for social impact, environment+Social (ES). Nasscom works in the partnership model, and its main core areas are digital literacy to bridge the gap at the last mile, employment generation and women entrepreneurship.

The discussion concluded with what are the changes that should be brought to make the process smoother:

- There should be more flexibility given in the CSR mandates.
- Market players should be open minded for evidence-based impact, and gender intentionality.
- Less scrutiny from the government.
- Collaboration/ partnership-based action platform

“If it’s not inclusive, it won’t scale, if it doesn’t scale, it does not matter”



TECHNICAL SESSION 14: Present Status and Way Forward in MSE Lending

Release of Report on Trends in MSE Lending 2023 – Tamal Bandyopadhyay, Consulting Editor, Business Standard

Presentation of Report – Praveen Khedale

Panel Discussion:

Moderator: Aditya B. Chatterjee, Managing Director, Equifax Credit Information Services Private Limited

Speakers:

- Shweta Shah, Co-Founder, Silver Compass Capital Advisors Private Limited
- Abhishek Anand, Partner, MicroSave
- Amit Mandhanya, Executive Vice President - Direct Origination, Northern Arc Capital

The MSME sector has a major role in contributing to the country's economic growth and socio-economic development through employment generation and reducing inequalities and regional imbalances in incomes and economic opportunity. MSMEs are however a fairly diverse 'group' with substantial differences in level of formality, size of business and credit needs. A large number of tiny enterprises — with turnover of say between INR 50 lakhs - 1 crore — within the microenterprise segment, have the potential to drive local self-employment and job creation including for women and people with limited skills and education.

With the objective of providing a distilled view on the state of lending to the 'tiny' sub-set within the microenterprises, ACCESS has partnered with Equifax since 2020 to bring out an annual trend report titled "Status of Microenterprise Lending". This Report tracks the performance metrics of portfolio of business loans up to INR 25 lakhs as a proxy for reporting on loans to the tiny enterprises. The session drew references from the key highlights of the 2023 report covering aspects of size, geographical distribution (state-wise and rural/urban), portfolio quality, types of institutions, among others for business loans, agricultural business loans and MUDRA loans, and discussed how the gaps can be addressed by financial institutions.

At present, there are 64 million MSEs in India contributing one-third of the GDP, and 50% of the exports generating 120 million jobs.

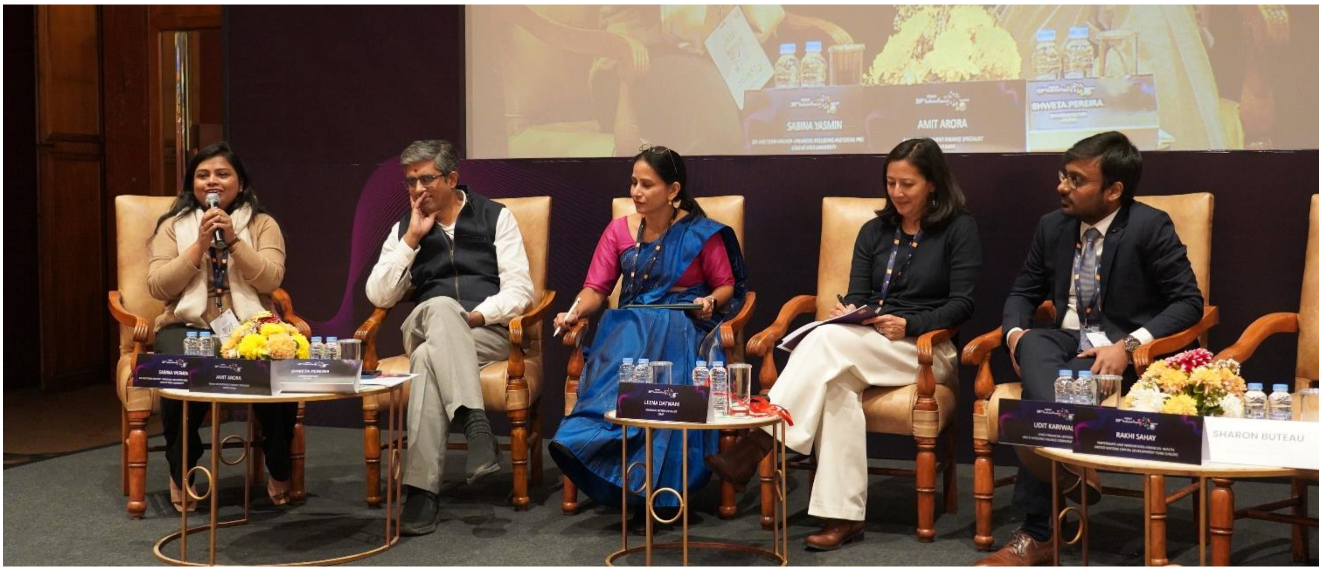
The panel discussed what is working and what needs to be improved in the ecosystem.
What is working: multiple government sponsored schemes, digitisation in the sector and availability of the data through credit bureaus. And what needs to be improved: access to the nooks and corners, government needs to differentiate and segment the micro-enterprise sector, identification of nano enterprises and alignment of government schemes with these nano enterprises. The increased utilisation of algorithms supports to decide if physical or online verification of clients should be carried out. A few ways of data verification are KYC verification and identification of entity; and data gathered for cashflow assessments

A few highlighted points from the discussed are:

- Offering right products to women entrepreneurs in rural regions could be a game changer.
- Better technology, data capturing mechanisms should be adopted and be made available to RRB (Regional Rural Banks), and cooperative banks as they have good faith amongst the customers.
- Government sets the tone for overall policy framework in the country like MUDRA yojana (43crore loans have been sanctioned and disbursed).
- State specific updates in CGTMSE (Credit Guarantee Fund Trust for Micro and Small Enterprises) policy has taken place recently which they have focussed on specific regions and is a positive look to strengthen the sector.

What do you expect the sector to look like in the next 5 years:

- Innovation in digitisation of data (lenders and borrower perspective).
- Classification of nano enterprise separately instead of MSME
- Link schemes and portals that are going around would help be a catalyst in the sector.
- Retail sector be MFI oriented.
- Digital footprints of clients would be mandatorily checked.



TECHNICAL SESSION 15: Democratization of Financial Health – Learnings from Emerging and Developed Nations

Moderator – Sabina Yasmin, SRF and Team Anchor - Financial Wellbeing and Social Protection, LEAD at Krea University

Release of Report: Measuring Financial Health in Low and Middle-Income Countries - A case study of Gig Workers in India and Address – Rakhi Sahay, Partnerships and Innovations-Financial Health, United Nations Capital Development Fund (UNCDF) and Sharon Buteau, Executive Director, LEAD at Krea University

Speakers:

- Amit Arora, Rural Development Finance Specialist, World Bank
- Shweta Pereira, Senior Director, ACCION
- Leena Datwani, Financial Sector Specialist, CGAP
- Udit Kariwala, Chief Financial Officer, Vastu Housing Finance Corporation Limited

Globally, there has been considerable progress in bridging gaps in access to financial services for the underserved. Notwithstanding these strides, there is growing recognition that for inclusion to deliver on its mandate, it is imperative to enable enhanced financial literacy, capability, and freedom among the most vulnerable segments of society. The ecosystem needs to shift its approach from a product-based lens to improving the financial health of communities and creating opportunities to fulfil their aspirations. The COVID-19 pandemic was an inflexion point and has further reiterated the need to focus on holistic financial health.
The panel unpacked different dimensions of financial health – from financial planning and savings to managing expenses and how the concept can be democratised. Panelists also shared insights on developing a common lexicon and approach for measurement, practical

considerations in developing measures suited for different geographies, segments and contexts, and how these insights can be leveraged by stakeholders in the ecosystem.

The session, in consultation with UNCDF, aimed to discuss the critical theme of democratizing financial health, exploring insights from both emerging and developed nations. To draw parallels, identify challenges, and extract key learnings among different industry experts that could inform global efforts to ensure widespread access as well as the measurement of financial well-being.

The session delved into IFMR's research, involving the study and interviews of 550 gig workers in India, leading to the development of a comprehensive Financial Health scorecard.

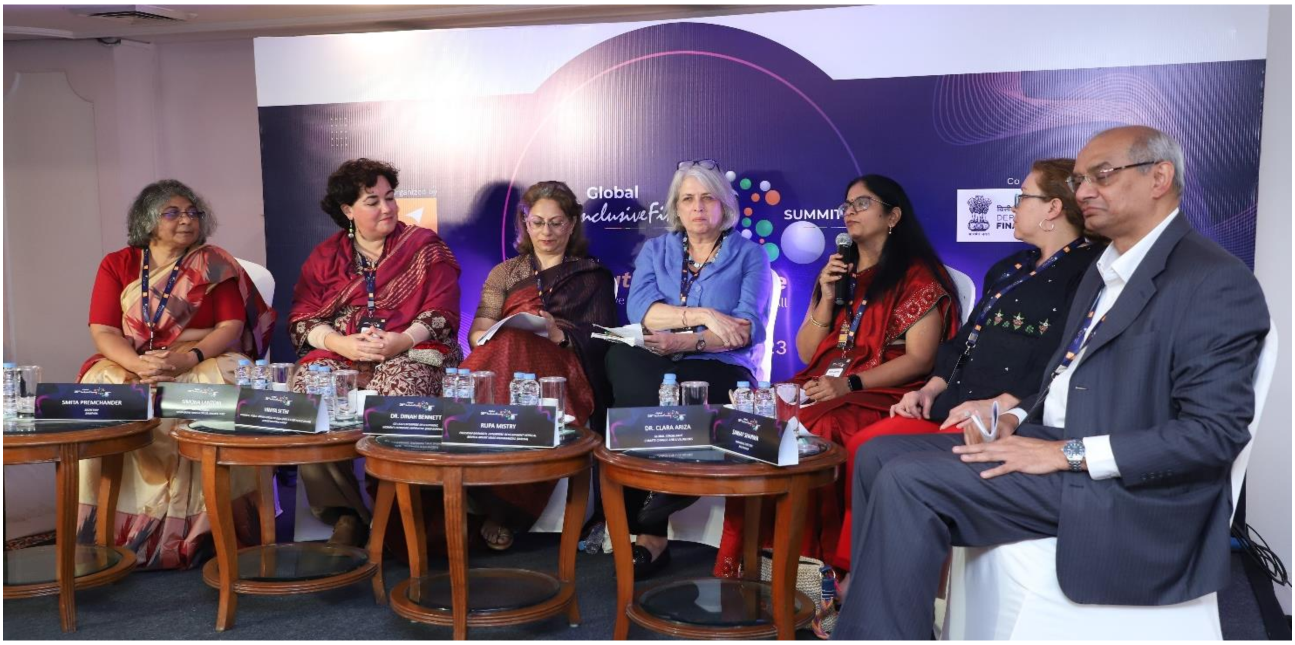
The discussion opened by exploring the fascinating gig worker segment and the evolving trends in the workforce. The challenges faced by platform workers, characterized by irregular incomes and a lack of safety nets, make comprehending their precarious situation a complex task.

The concept of democratizing financial health (FH) was elucidated, underscoring the importance of access to the formal financial system for economic building and financial security. Financial health, being viewed as a holistic concept encompassing physical, mental, and social health powered by finance, consists of dimensions such as savings, spending, borrowing, investment, planning, and budgeting. The gig workers, identified as the most vulnerable population, become the focus of a financial health scorecard.

ACCION has developed a framework for Financial health for MSMEs with profitability and resilience as key factors. CGAP emphasizes the need to contextualize data to local realities and establish a broad conceptual framework accepted by all stakeholders. The discussion touched upon short-term financial shocks and long-term considerations, such as climate, with indicators for financial inclusion.

There was a stress on the importance of localizing the concept to address short-term goals often overlooked by traditional measurements. The conversation reinforces the need for consensus, research, and a contextual understanding to effectively pursue financial health.

The collective insights and perspectives shared in this session underscore the multifaceted nature of financial health, emphasizing the importance of a nuanced and localized approach to comprehensively address the diverse challenges faced by individuals across different contexts.



TECHNICAL SESSION 16: Women's Empowerment through Microfinance and Micro Enterprise

Moderator: Smita Premchander, Secretary, Sampark

Speakers:

- Dr. Dinah Bennett, Co-Lead, Enterprise Development, Women's Economic Imperative (WEI) Durham, UK
- Simona Lanzoni, Vice President, Fondazione Pangea Onlus, Milano, Italy
- Vinita Sethi, President, Public Affairs Forum of India (PAFI) & Chief Public Affairs, Apollo Hospitals Group
- Rupa Mistry, Program Manager, Enterprise Development Vertical, Mahila Arthik Vikas Mahamandal (MAVIM)
- Dr. Clara Ariza, Global Consultant, Climate Change and Livelihoods
- Sanjay Sharma, Managing Director, Aye Finance

The panel aimed to create an interactive dialogue with international and national experts in women's finance and enterprise. The panel discussion covered an introduction to the growth of financial inclusion and enterprise finance among women, the quality of the growth and impact on livelihoods and women's empowerment and models proliferated and lessons learnt.

The discussion started with women empowerment through microfinance linkage, microfinance institutes can contribute in the progress of the local economy, as it is an entity which can provide platform to the customers with access to credit and further contribution to their income. These MFIs need to realise the importance of women participation and should promote financing to women entrepreneurs and enterprises. Whereas the goal shall be beyond access to credit and micro-enterprise but holistic empowerment of women. Addressing gender discrimination, and violence against women should also be the goal and microfinance and micro enterprises are means to achieve the larger goal. There is a need to look towards economic as well as social and political empowerment of women.

MAVIM shared that in the state's women cooperative department under the state's women & child development, more than 20 lakh women are organized through 1.50 lakh SHGs, approximately INR 7,000 crore financed by the banks with 100% repayment even during the COVID period. The loan size for SHGs also increased to INR 20,000, facilitated by banks at the state, district, and regional levels. Moving from IGA to enterprise development, integrated enterprise activities and income diversification, individual loan promotion for women, individual micro entrepreneurs do not have a credit history which limits their access to formal sources of finance, moving towards individual women entrepreneurs financing.

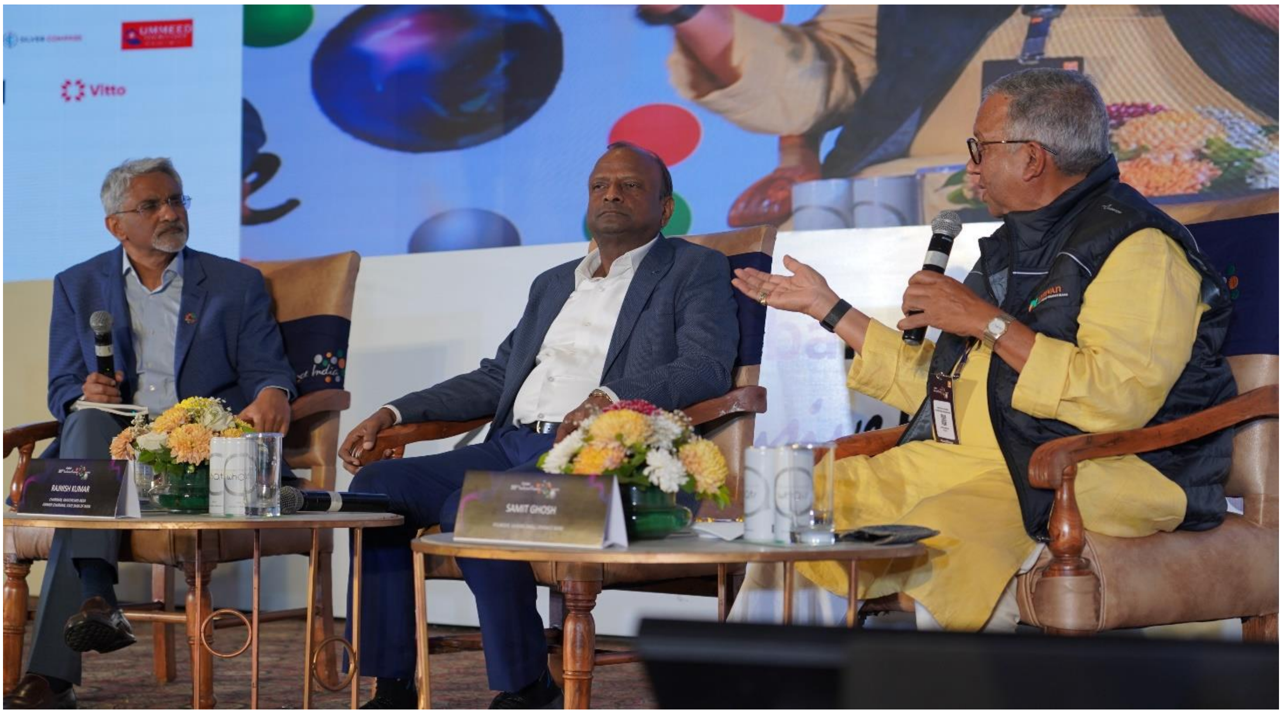
The unintended consequences have reduced domestic violence, and education for children in Bangladesh. In many countries, women were charged higher interest rates than men. Majority of bankers considers SMEs as mini corporate which results in lack of understanding with respect to the needs and requirements in accordance with their customized process. Collaterals are the major issue, as generally, women do not have assets in their name which results in limited access to secured loans. Gender disaggregated data are not being collected by many countries. Research shows women are more risk taking, repay their loans more timely.

Microfinance was started with sole idea of providing working capital. At present, 67 million micro enterprises are not able to access working capital due to credit history gaps. The number of loans disbursed is 8 lakhs, out of which 60% loans are disbursed to women entrepreneurs who are running enterprises.

One size fits all is a wrong approach, gender disaggregated data is of utmost importance. Example: Digital dispensaries were established in remote areas of Madhya Pradesh (Mobile phone consultation) where 67% women started attending and visiting dispensaries.

Discussion further progressed on climate change, which can increase gender inequality due to effects in the lives of vulnerable groups and their families. Poor women are more vulnerable to climate change effects as they are impact worse. Capital for climate change mitigation is not available as required and adaptation happens locally which is in hands of the individual, institution and organization level.

Some of the challenges faced to provide credit support to women borrowers are (a) difficult documentation process, (b) application vs. rejection, (c) unmarried women need a male guarantor.



PLENARY 4: Different Institutions Same Goal – Quest for Financial Inclusion

Moderator: Dr Rajiv Lall, Professorial Research Fellow, Singapore Management University and Management Committee, Singapore Green Finance Center

Speakers:

- Rajnish Kumar, Chairman, Mastercard India; Former Chairman, State Bank of India
- Samit Ghosh, Founder, Ujjivan Small Finance Bank

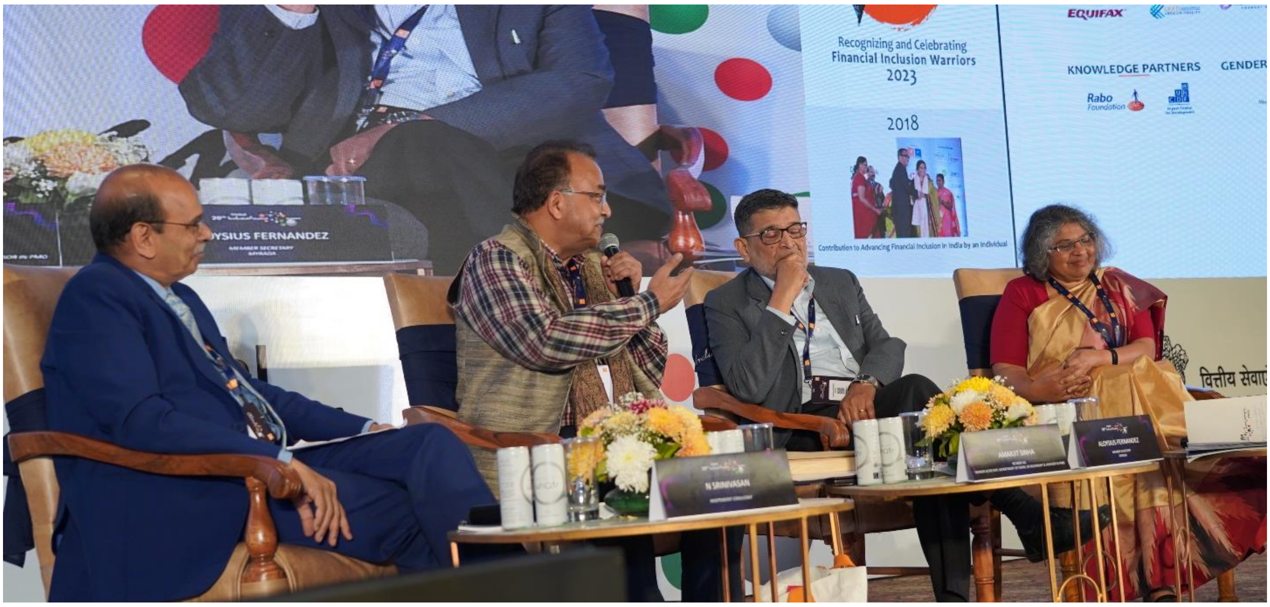
Given that the poor and low-income people suffer from multiple and varying levels of challenges, a single channel to include all segments of population in the formal financial system doesn't work in a country as vast and diverse as India. Given their size and vast network, the nationalised banks have supported State-directed lending for decades. They have also played a large role in government-to-citizen transfers. Regional Rural Banks and Rural Cooperative Banking structure were the initial differentiated banks set up to promote financial inclusion in rural areas. Apex development 11 banks SIDBI and NABARD have played substantial role in providing direct financing, refinancing as well as ecosystem and capacity building support to promote inclusion. Seven years back, SFBs were set up with the mandate to promote inclusion.

The session discussed the approaches and strategies of three different banking institutions – commercial banks, Small Finance Bank and a development bank – in promoting financial inclusion.

The discussion started with how the financial inclusion has changed in the last decade.

Some of the key highlights from the discussion are:

- SBI has been the primary bank to do that. RBI came with framework of financial inclusion, with many regulatory initiatives and with certain targets. The real push was from 2014 after the announcement by the Prime Minister. All nationalized banks participated in it with achievements of 35 crore PMJDY accounts.
- Bank Correspondent model, technology and JAM trinity has been instrumental.
- Regulations like the mandatory presence of bank branches in remote villages have changed the landscape, even with the population size of 500 in a village has been targeted and served. Also, regulations like the interoperability of ATMs, technology shift, digitization has been instrumental.
- Availability of all financial services, ranging from micro insurance to savings are important in the financial inclusion concept, but not just the bank account opening.
- MFI industry in India is the largest, and this shows the demand and how is served over the years. Over the period, MFI industry is not serving only just the bottom of the pyramid, but also the aspiring needs of middle class.
- Building other secured businesses with low return has been important to stabilize the business and that is what SFBs like Ujjivan has been trying to achieve.
- The role of technology has been incremental, technology is cheaper, but there is a huge investment and it needs certainty on return. So assigning technology in the priority sector is difficult, and assigning cost on the segment is extremely difficult, so cross subsidization happens and it is regular practice in banking.
- In MFI ecosystem, it is just the opposite way, it is subsidizing other segment with profits of Microfinance business, it is to stabilize the whole portfolio of the entity. Example: Private sector bank are acquiring MFIs, because it is a priority sector lending portfolio, but also it very profitable.
- Data driven analytics has given opportunity to reduce the risk in the portfolio. So, the merging of underwriting can be adjusted with the reduced risk cost. Lenders get control of cash flow through data analytics, and with a good underwriting and managed cash flow, it is a good loan. Secured unsecured does not matter.



PLENARY 5: Three Decades of Self Help Groups – From Inclusion to Empowerment?

Moderator: N Srinivasan, Independent Consultant

Speakers:

- Amarjeet Sinha, Retired IAS; Former Secretary, Department of Rural Development & Advisor in PMO
- Aloysius Fernandez, Member Secretary, Myrada
- Smita Premchander, Secretary, Sampark

The world’s largest programme for promoting women’s access to finance – the Self-Help Group (SHG) movement in India – has completed 30 years. A small pilot project initiated in 1992 by NABARD has now become the bulwark for bringing millions of poor women into the mainstream economic milieu with 13.4 million SHGs covering 160 million households across the country. Given the visible potential of the SBLP program for women's economic empowerment, in 2011, when the Swarnajayanti Grameen Swarojgar Yojana (SGSY) was restructured as the National Rural Livelihood Mission (NRLM), the SHG model was adopted. In subsequent years, the Government of India made large investments in creating trained cadres of human resources and promoting SHGs in a 'saturation mode' along with community institutions (Village Organisations and Cluster Level Federations) through dedicated State Rural Livelihood Missions. This gave the SHG movement a much-needed boost and new vigour.

The session focused on many such achievements of the three decades of SHG Bank Linkage program, issues and challenges encountered and the way forward for SHGs and the SHG federations. The issue of graduation of clients from group-based microcredit to larger (individual) enterprise/ business loans was also discussed, models for which are being tested and need to be scaled soon for real outcomes of access to finance on incomes of women.

The journey of the SHGs in the last 3 decades, with great percentage of the population is being represented in the mass movement focusing the women participation, has been a powerful journey for the empowerment of women in the country.

The discussion started with the journey of targeting the financial inclusion bringing together and serving those who were left out from the financial service ecosystem, these people/members are still vulnerable although they have been linked with bank accounts.
The strategy to bring these members who are left outside the system is different from those who are included in the system. Once a member is included if not availing of loans, the primary support is the self-help and collaboration.

It is important to work on the strength of the members rather than on their needs making it more sustainable and creating opportunities and also building institutions locally (self-selected groups based on relationships and trust).

Some of the insights are (a) making a profit is important but should not only focus on maximising the profit, (b) going beyond the financial inclusion in growth, (c) focus on building the efficiency of the client/member who is availing loans so that they are well educated to manage, (d) high interest rates should be brought down for the customers/members.

The discussion progressed with the role of government in building the ecosystem, the panels mentioned NRLM (National Rural Livelihood Mission) being the stall mark initiative by the government. The mission has been the example of making things scalable without loosing the community connect and professionalism. The status of the lending has been staggering with INR 7,71,000 crores to 40% of the 100 million women members who are part of the mission, with NPA being as low as 0.72%.

Further shared that the foot-soldiers of the mission are the one who made it a success, these soldiers are more than 400 thousand women who are the community resource persons (CRP). These CRPs have been making the difference plus also the BC (bank correspondents) working under the mission are also providing banking and social security services like pensions at the grassroot level.

Community based recovery mechanism has also played a significant role, with women leaders from SHGs visiting the banks and understanding those loans which need recovery, further positively impacting the recovery process.

Participation and ownership by the states in establishing the thematic cadres led by the women leaders are also facilitating the micro missions.

Further discussing on the role of government and NGOs together, it is important to understand how the government has brought together the NGOs in the formal system like PRADAN has been nominated as NRO (national resource organisation). Government has been partnering with the NGOs, those who are showcasing promising results, and this has been exponentially empowering the entities to be more efficient and effective. In states like Bihar, Jharkhand, and Orissa, the initiatives had begun from the bottom of the pyramid. Like in Bihar, a lot of leaders from Mahila Samakhya became the leaders in Jeevika. This explains that the focus has been on the most vulnerable groups from the start.

Discussing the participation of women in empowerment program like SHG initiative, have the narrative changed, and the present status of the women's empowerment. The journey from personal saving to group saving, women had to learn initially the concept of shared and group saving. Even today, women differentiate between their own money and external money, giving more emphasis on the personal money.

There is a lot of virtue in solidarity, the conversation that happens within the groups on social issues, women have learned to deal with social and household challenges, giving them a space where they can position themselves with their homes and the community.
One of the reasons why the SHG movement started is that the financial institutions do not have insights into what happens within the household like the economic status and the risk factorisation involved, whereas the social purpose entities focus more on the social aspect and give more importance to those who are vulnerable of social issues like unemployment, migration, loss of property and more.

Formation of SHGs is a distinctive identity and this identity quotient is important.

15TH INCLUSIVE FINANCE INDIA AWARDS

The Inclusive Finance India Awards is an initiative instituted by ACCESS Development Services in partnership with HSBC. The Awards provide a way of recognizing the efforts and performance of various institutions and some individuals that have contributed to advancing the goal of financial inclusion. The 15th Inclusive Finance India Award ceremony was concluded on December 12, 2023 in New Delhi. The awardees were felicitated by Vivek Joshi, Secretary, Department of Financial Services, Ministry of Finance, Government of India, Vipin Sharma, Chief Executive Officer, ACCESS Development Services, Radhika Agashe, Executive Director, ACCESS Development Services, and Aloka Majumdar, Managing Director, Global Head of Philanthropy & Head of Sustainability India, HSBC. HSBC is committed to supporting the Awards going forward.

This year the final list of Awardees includes highly credible names:

1. Microfinance Organization of the Year (Large) - CreditAccess Grameen Limited,
2. Microfinance Organization of the Year (Medium) - Sanghamithra Rural Financial Services
3. Vijayalakshmi Das Award for Small and Emerging Microfinance Organizations - WeGrow Financial Services Private Limited
4. Fintech Innovation for Financial Inclusion - Vitto
5. Breaking Ground in WASH Financing - Dvara Kshetriya Gramin Financial Services
6. Inclusive Enterprise Lending by Non-Banking Finance Company - Aye Finance Private Limited
7. Affordable Housing Finance by Housing Finance Company - India Shelter Finance Corporation Limited
8. Priority Sector Lending by Banks (Public) - Canara Bank
9. Priority Sector Lending by Banks (Private) – Bandhan Bank
10. Contribution to the Sector by an Enabling Institution - National Rural Livelihood Mission (NRLM)
11. Lifetime Contribution to the Sector by an Individual - Kalpanaa Sankar, Managing Director, Belstar Microfinance Limited
12. Jury Special Award to an Individual - Natarajan Chandrasekaran, Chairman, Tata Sons.

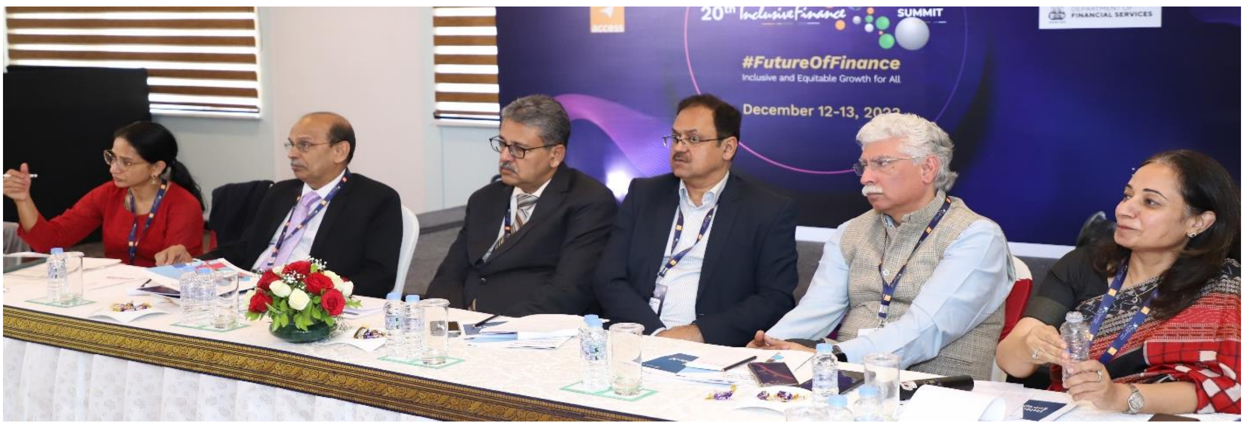
Associated Events

Unlocking Credit For Nano-Enterprises

This session was conducted in a roundtable format on ‘Unlocking Credit for Nano-enterprises’, led by Michael and Susan Dell Foundation (MSDF) in collaboration with Global Inclusive Finance Summit. The session discussed the importance of nano-enterprises as contribution to the Indian economy, challenges encountered by them for accessing credit and the way forward. The roundtable deliberated and provided suggestions and recommendations for addressing this issue of credit for the nano-enterpreneurs.

One in three working Indians are employed by micro, small, and medium enterprises (MSMEs), which include nano-entrepreneurs (enterprises recording between INR 10,00,000 and INR 1,00,00,000 of annual turnover) who often run small retail or kirana shops. The economic impact of MSMEs amounts to nearly 30% of the GDP – and is growing. With an estimated credit demand of $50 billion, these small businesses represent a big opportunity for the future of India. However, only ~40% of these MSMEs currently have access to formalized credit, and this challenge is most prevalent at the bottom of the pyramid.

A major roadblock to credit access for nano-enterprises is that the segment is not recognized as a separate category. This has led to a dearth of actionable data or innovative credit instruments for nano-entrepreneurs. This closed-door roundtable addressed possible solutions to unlock credit for this segment and an action plan to uplift and empower India’s nano- enterprises moving forward.



Making the Invisible Visible - Addressing Financial Exclusion in India

India’s financial inclusion journey has seen monumental gains over the last decade. Propelled by government initiatives such as the PMJDY (Pradhan Mantri Jan Dhan Yojana), 80% of adults have a bank account and the gender gap is also gradually closing.

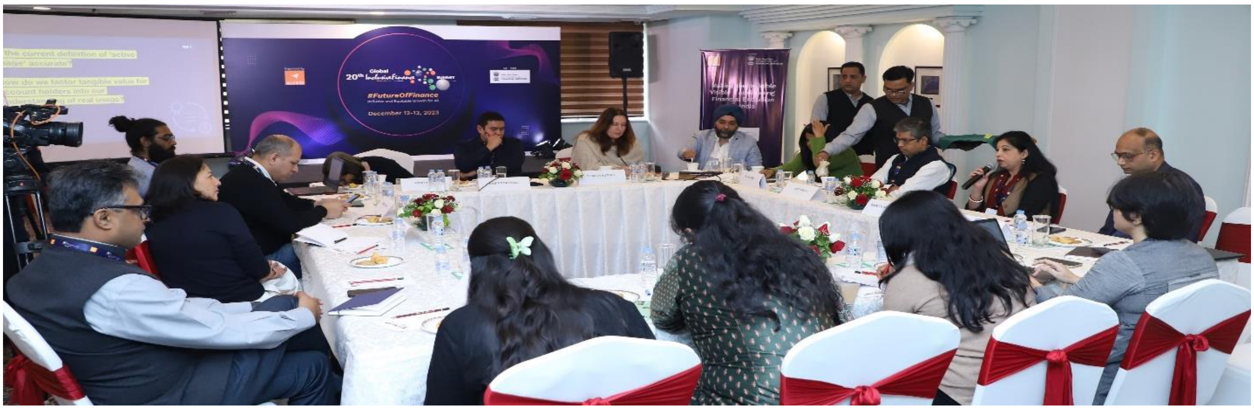
- Almost 25% of Indian households are in the microfi nance fold, represented through 60 million low-income women borrowers.
- India has ~2 million BC touchpoints that provide interoperable basic banking services.
- India has invested in state-of-the-art digital public infrastructure that has become a global example.

Despite the above milestones, 35% of bank accounts remain inactive and the use of diversified financial services such as credit, investment, insurance, and pension is low, suggesting a sizable segment of the population is still financially excluded or underserved.

Some of the challenges in financial inclusion are at a frontier level which requires a more granular view of specific geographies and consumer segments. Exclusion from broader financial inclusion due to limited access to digital financial services and muted adoption of the same is much higher in some geographic and demographic segments. For example, the north-eastern states of India pose a more complex challenge for financial inclusion because of factors such as difficult terrain, lower population densities, poor infrastructure and inadequate communication facilities.

Another example is the sizeable proportion of the Indian workforce in the informal sector providing essential services and, in many cases, without standardized and continuous income. To tackle the issue of exclusion, there is a need to identify parameters that define inclusion and their relevance and accuracy for different geographies and population segments. This will help better understand the current status of the delivery of financial services, the extent of exclusion, the key challenges and barriers that exist, and the potential role of the ecosystem in mitigating some of these challenges.

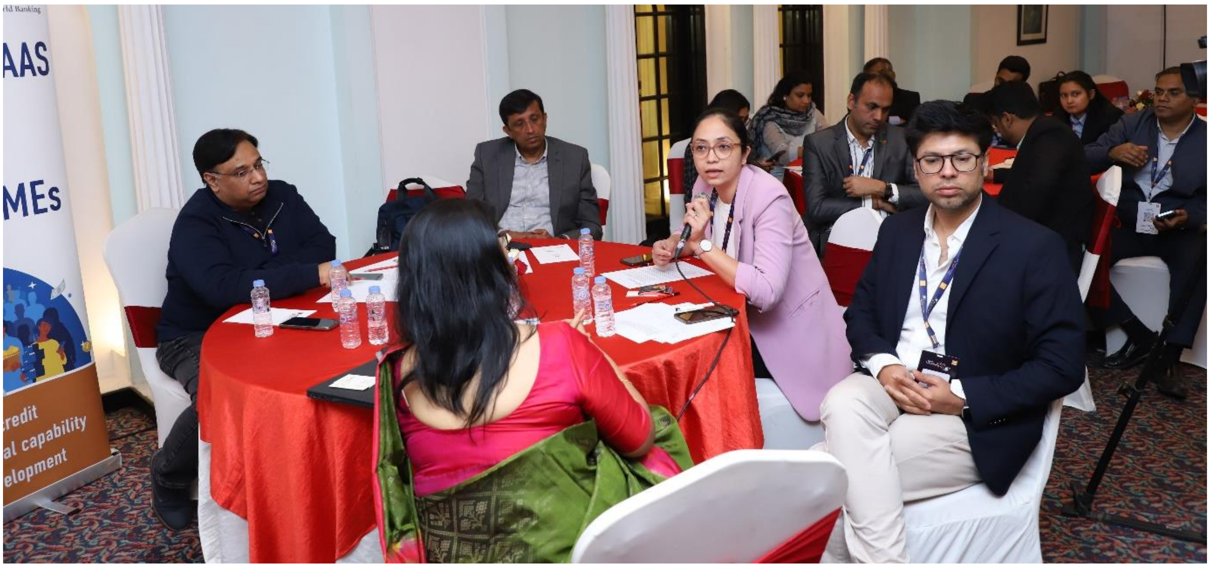
This workshop on ‘Making the Invisible Visible - Addressing Financial Exclusion in India’, led LEAD at KREA University in collaboration with Global Inclusive Finance Summit, served as a preliminary stakeholder consultation to inform LEAD at Krea University’s work on mapping financial exclusion and understanding the drivers of bank account dormancy among diverse socio-economic segments in India. The workshop commenced with a presentation on 'Emerging Insights and Study Framework' and thereafter, inputs were sought from stakeholders on mapping geographies and segments with high levels of exclusion and account inactivity.



Unmasking Bias and Unlocking Credit: Gender Fairness in Lending for a Balanced Portfolio

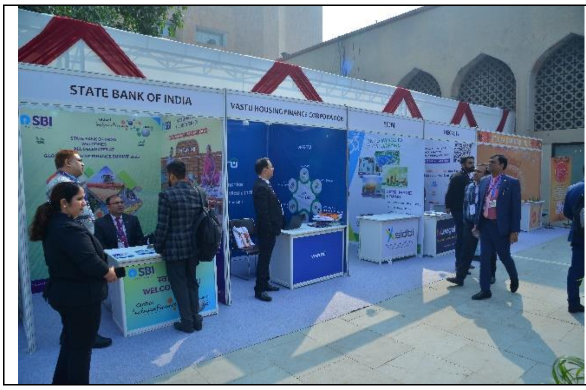
Women's World Banking (WWB) and SIDBI are organizing a workshop 'Unmasking Bias, Unlocking Credit: Gender Fairness in Lending for a Balanced Portfolio' where MFIs, Fintech and FSPs will learn about the various fairness indicators in lending. Paying attention to these indicators will offer institutions an evidence base so they can identify areas in which they excel and areas for improvement. The participants will also acquaint with the six dimensions of fairness in Women's World Banking's Gender Bias Scorecard, which are: (1) credit score, (2) approval rate, (3) loan amount, (4) interest rate, (5) collateral size, and (6) characteristics of rejected candidates.

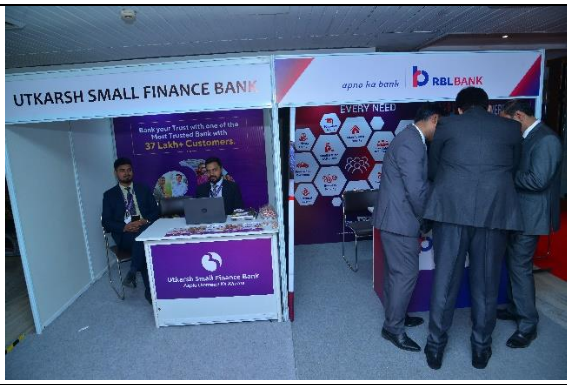
This roundtable on 'Unmasking Bias and Unlocking Credit, led by Women's World Banking (WWB) in collaboration with the Global Inclusive Finance Summit, provided training to the MFIs representative on fairness indicators in lending. At the end of the training session, the MFIs developed an understanding about WWB's Gender Bias Scorecard and graded themselves accordingly.


AAS
MEs
redit
al capability
elopment

KNOWLEDGE FAIR

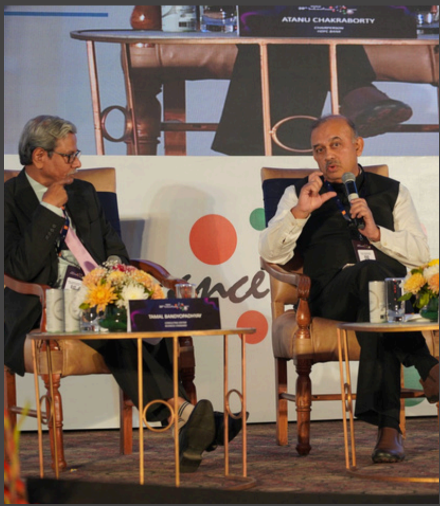
The knowledge fair is organized as an important event in the Global Inclusive Finance Summit. This year, participation from vast range of entities like Awaaz.De, CredAvenue Private Limited, Aspire and Innovation Pvt. Ltd., Dhwani Rural Information Systems Pvt. Ltd, Vindhya e-informed Pvt. Ltd. and many more. The total number of organizations participated in the knowledge fair were 30 which included sponsors. Organizations presented their innovative ideas and products at the fair and got an opportunity to showcase them to stakeholders from the industry.

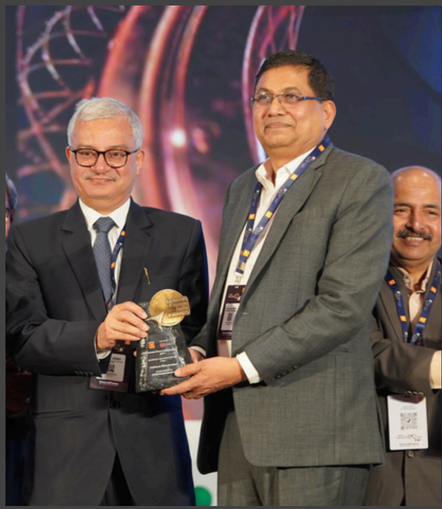


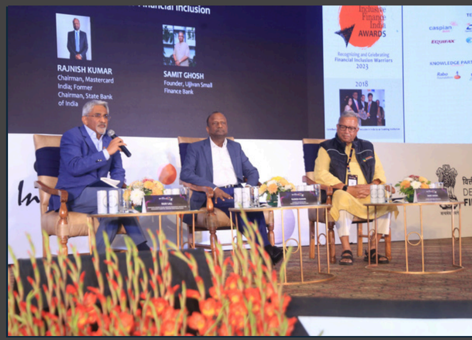


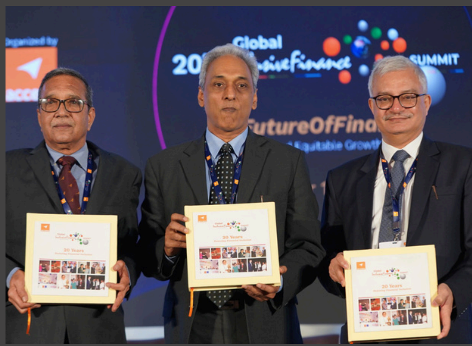
List of institutions who participated in the Knowledge Fair:

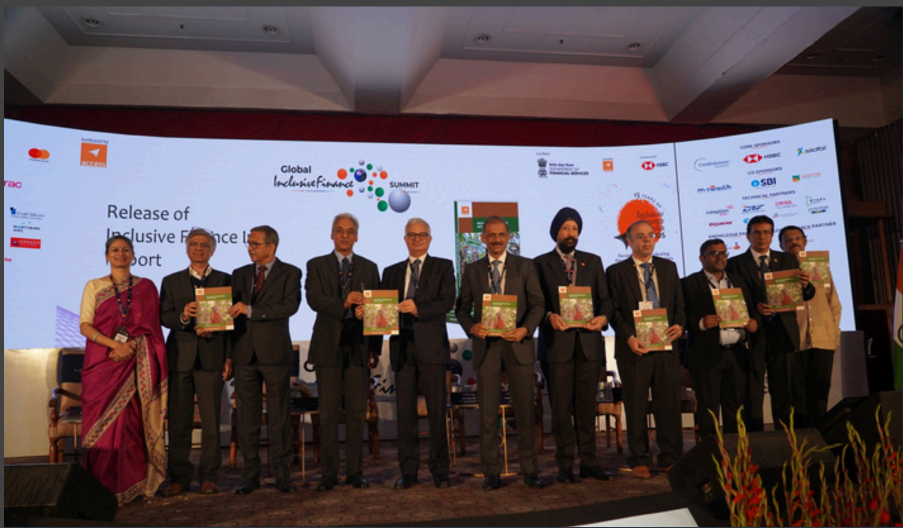
1. Blue Cedar
2. Small Town Brandits
3. Awaaz De Infosystems Private Limited
4. Aspire and Innovation Private Limited
5. CredAvenue Private Limited
6. Dhwani Rural Information Systems Private Limited
7. Fingpay
8. Vindhya e-informed Private Limited
9. UCLA
10. Vitto
11. IDFC First Bank
12. Equifax
13. CRIF High Mark
14. RBL Bank
15. State Bank of India
16. SIDBI
17. Craft Silicon
18. Ujjivan Small Finance Bank
19. Annapurna Finance Private Limited
20. CreditAccess Grameen Limited
21. M-Insure
22. Umeed Housing Finance Private Limited
23. Northern Arc Capital
24. Silver Compass Capital
25. Vastu Housing Finance Corporation
26. Midland Microfin Limited
27. Utkarsh Small Finance Bank
28. Leegality
29. Friends of Women World Banking
30. Axis Bank

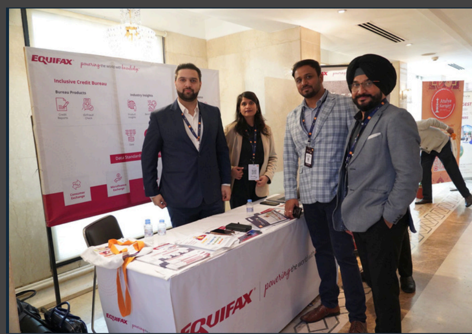












ACCESS Development Services

22, Hauz Khas Village, New Delhi-110016

Tel: 011-45697039/45761146 | www.accessdev.org