

A glimpse into JEEViKA's initiatives for safe banking environment for all in rural areas



Asha, a resident of rural Bihar, went to her bank branch for a cash withdrawal. After standing in queue for an hour, she was informed that her request could be processed due to insufficient balance.

Asha was shocked to know this as she had received a remittance money transfer of Rs. 10,000 into her account from her husband only the previous month.

The cashier informed her that she had withdrawn all the amount from her account two weeks ago through a Business Correspondent (BC). Asha couldn't figure out how this was possible! She then recalled that she had visited a BC outlet to check her account balance, but she didn't get to know her account balance even after 2-3 attempts. The agent informed her that the bank server was down.

She has not seeded her mobile number in the bank account and didn't collect the receipt for failed transaction from the agent, as a result she did not come to know about unauthorized withdrawal transactions from her account by the agent. Wiping her tears, Asha decided that from here on she would not keep any money in her bank account, and that she would transact from the bank branch only. She also decided to inform other people in her village about the fraud so that they stop transacting through banking agents.

Not just Asha but several others have similar stories of losing money through agents appointed by banks. This problem of getting duped by banking agents continues to grow particularly in rural areas, as high levels of illiteracy create dependence on agents for assisted transactions and banking information. Limited knowledge of recourse measures amongst the customers also makes them vulnerable to frauds.

Common Frauds Committed by Agents

- Use of customer biometrics to open their bank accounts without their knowledge
- Use of customer biometrics to conduct withdrawal transactions or higher withdrawal amount without their knowledge
- Remote transactions: Not conducting deposit/fund transfer transactions in the customers presence
- Imposition of unauthorized charges
- Un-authorized access to customers' pin number for ATM cards

Incidents of frauds erode trust in banking agent channel and gradually build a perception that money is not safe in the bank account. Going to bank branch for transactions is an inconvenient and costly option for people like Asha who reside in rural areas resulting in their financial exclusion.

Bihar Rural Livelihood Program (BRLPS), JEEViKA (referred as JEEViKA) started its Digital Financial Service Initiative in 2016 to enable access to doorstep banking for community members by developing a network of women community agents or banking correspondents known as *Bank Sakhis*. JEEViKA and SIDBI's Poorest States Inclusive Growth Programme (PSIG) programme partnered in early 2017 to promote greater penetration of alternate banking channels such as business correspondents and mobile financial services amongst the rural masses in Bihar. JEEViKA has trained and onboarded 476 banking agents across 23 districts of Bihar.

JEEViKA's initiatives for safe banking environment

To preserve trust of its community members in the agency banking, JEEViKA has attempted to set up risk management structures, and fraud prevention systems and is constantly working towards improving the financial capability of its community members. Exhibit 1 lists JEEViKA's initiatives to achieve customer empowerment and an ethical approach to customer service.

Customer Empowerment



Digital Financial
Literacy program for
community members

Ethical Approach to Customer Service



Selection of
appropriate
candidate



Agent training



Monitoring of agents

Exhibit 1: Key initiatives of JEEViKA to create safe banking environment

1. Customer Empowerment

JEEViKA realized that setting up banking agent outlets in every village of Bihar will not solve the problem of financial inclusion unless the community members trust the alternate banking channels.

Therefore, it is imperative to build the capacity of its community members to understand risk mitigation methods, while using the products and services through alternative banking channels.

JEEViKA has developed a **Digital Financial Literacy Course** to enhance the financial capability of its community members. The course is being delivered to community members in the vernacular language through audio-visual tools and in-person interaction with Financial Inclusion-Community Resource Persons (FI-CRPs).



The course aims to build the capacity of community members in the following areas:

- i. Functional knowledge of various banking channels- Banking agent, ATM, and mobile financial services
- ii. Awareness about terms and conditions of various products and services such as savings products, insurance, pension and money transfer accessible from different banking channels especially banking agent outlets
- iii. Best practices of safe banking transactions especially at banking agent outlets detailed in **exhibit 2**
- iv. Awareness and ability to access various recourse mechanisms in case of any grievances or complaints

ग्राहक सेवा केंद्र इस्तेमाल करते समय क्या क्या सावधानी रखनी चाहिए



अगर संभव हो तो लेन देन करने वाली मशीन के स्क्रीन पर लिखी बातों को पढ़ लें



हर लेन देन की रसीद अवश्य लें और सिर्फ मशीन से निकलने वाली रसीद को ही लें



अपने मोबाइल नम्बर को अपने खाते से जोड़ें ताकि हर लेन देन की सूचना आपके मोबाइल में आ जाये

Exhibit 2: Precautions while transacting at banking agent outlet- for safe and secure transactions

JEEViKA block office staff has been conducting special hand-holding sessions to capacitate the community members to use self-service modes such as BHIM or mobile wallets. This is to ensure that they are not solely dependent on agent channel for some of the services such as balance enquiry and money transfer.

2. Ethical Approach to Customer Service

JEEViKA is working on following ideas to develop a network of good quality of banking agents to mitigate the risks or frauds faced by customers and improve customer services for its community members.

a) **Detailed agent selection process:** JEEViKA has developed a detailed selection criterion for identifying suitable candidates to work as *Bank Sakhis*. One of the selection criteria is that candidate should be an SHG member or a female relative of a SHG member. SHG members are preferred as banking agents as they are more financially experienced and have better rapport with community members.

Community members find JEEViKA *Bank Sakhi* easier to approach, more willing to provide hand-holding support and have a recourse in case of any grievances. JEEViKA also verifies the educational capability, financial background and reputation of the agent in the village to ensure that only reliable agents come onboard.

b) **Agent training:** JEEViKA provides high quality induction and refresher training to its *bank sakhis*. *Bank Sakhis* are provided three- day residential training which covers the basics of banking, products and

services knowledge and the agent's roles and responsibilities. During the training special emphasis is placed on anti-money laundering aspects, risk management such as identification of fake currency, security of cash in vault and dos and don'ts of customer service to be followed by banking agent. *Bank Sakhis* are trained on these critical aspects through various live examples and role plays. Apart from the residential training, JEEViKA's block office also provides regular hand-holding support to *bank sakhis* to ensure that there are no incidents of fraud or service denials to the customers.

c) **Monitoring and supervision:** The monitoring and supervision of banking agents by the various banks and Business Correspondent Network Managers (BCNMs) is quite low. "State of the Agent Network, India 2017" report also reveals that there has been reduction in frequency of visits to agent outlets by banks or BCNM representative (58% in 2015 to 43% in 2017).¹

In order to abide by the customer service principles, JEEViKA has developed a system of monitoring and supervision of its *Bank Sakhis* in addition to the monitoring and supervision by the partner bank or BCNM representative. JEEViKA conducts monitoring and supervision of its *bank sakhis* in two ways:

- i. **Transaction monitoring and data analytics-** JEEViKA has an MIS dashboard with key indicators such as agent profile, transaction per agent, average agent commission, percentage of active agents, average number of accounts opened per agent, etc. Through this dashboard, JEEViKA tracks the performance of its *Bank Sakhis* monthly to identify cases of exceptional performance, non-performance and identify reasons guiding the performance. For example, if a *Bank Sakhi* is conducting a large number of transactions of similar amount daily, then JEEViKA tries to find whether these are genuine transactions of real customers or fake transactions to earn commission.
- ii. **Physical visit to bank sakhi outlets and customers-** JEEViKA block office team conducts monthly visits to *Bank Sakhi* outlets in their areas to check whether there is compliance of processes by *bank sakhis* and understand their grievances, if any, with the partner bank. The team also interacts with customers and representatives of community based organisations to check whether the *Bank Sakhi* is indulging in any malpractices or providing good quality service.

Key parameters on which the block office team pay major emphasis during their monitoring

- a) *Bank Sakhi* not asking for any additional fees or charges from customers
- b) *Bank Sakhi* conducting transaction immediately in front of the customers
- c) *Bank Sakhi* not making customers do multiple transactions for required value of transaction
- d) *Bank Sakhi* providing printed acknowledgment receipt
- e) *Bank Sakhi's* behaviour with customers

The findings of the monitoring reports are shared with *Bank Sakhis* in their cluster federation meetings, to help them improve the quality of service. If teams come across any incidents of fraud, they escalate the issues to their Block Project Manager.

Apart from the monthly monitoring visits, JEEViKA also conducts special annual monitoring of their *Bank Sakhi* outlets. The annual monitoring is conducted by the district officials of JEEViKA which are independent from day to day functioning of the *bank sakhi* program. The frequency of monitoring is increased for *Bank Sakhis* scoring lower than a threshold level.

- iii. JEEViKA team has also created **WhatsApp groups for their *Bank Sakhis*** where representatives of banks and technology service providers are also members. Through these groups, regular monitoring of *Bank Sakhi* work is conducted and *Bank Sakhis* can also use the WhatsApp groups

¹ Source: Agent Network Accelerator Report, India, MicroSave; http://www.microsave.net/wp-content/uploads/2018/12/Agent_Network_Accelerator_Research_Country_Report_India.pdf

to raise their concerns or grievances. The support provided through WhatsApp group is much faster than the official channels of banks and technology service providers.

Regular monitoring has also helped in keeping the number of dormant/inactive *Bank Sakhis* to less than 5% which is much less than the general attrition level in the sector.

Simple and speedy grievance redressal mechanism matters to achieve customer trust

It has been observed that customers and banking agents as well do not receive timely redressal of their grievances or complaints raised to banks or Agent Network Managers. Many times, customers get intimidated by the complex grievance redressal mechanisms of service providers, and are therefore unable to receive redressal of their grievances.

JEEViKA is planning to set up a call centre to ensure speedy redressal of grievances of their *Bank Sakhis* and community members. This would help in improving the banking experience, ensuring protection and building trust of its community members leading to better uptake of alternate banking channels. It will also help JEEViKA to act against non-performing or fraudulent activities of the agents.



Exhibit 3: WhatsApp group of BC agents of one of the partner Corporate BC of JEEViKA

Fraud prevention matters - to achieve sustainability of banking agent channel

The absence of fraud prevention initiatives contributes to the dormancy of accounts opened at BC points and the low uptake of deposit products such as recurring deposit and fixed deposit. The impact of erosion of trust is evident from the fact that around 28% customers of BC agents are dormant². Any fraud happening at BC channel creates massive distrust amongst the customers compared to bank branches as this is a new channel.

The various fraud prevention initiatives by JEEViKA have helped in building trust for JEEViKA promoted BC agents amongst rural masses. This is evident from the large number of women customers transacting at JEEViKA's *Bank Sakhis*, who have been hesitant to conduct financial transactions on their own due to their limited experience and knowledge. Now these women customers are fearlessly conducting both individual and SHG transactions with JEEViKA's BC agents.

With fraud prevention initiatives from JEEViKA, there has been an incremental growth in the commission and volume of transactions for the *Bank Sakhis*. Approximately 42% of *Bank Sakhis* were able to earn at least Rs. 5,000 within six months of their operations. Data from the partner banks of JEEViKA also reveals that JEEViKA *Bank Sakhis* are performing at par with male BC agents despite having inherent disadvantages of being women agents. (Refer case study: *Self-help group as a banking agent can be a viable channel for propelling financial inclusion to understand how JEEViKA Bank Sakhis are financially viable*).

Thus, there is a clear case for State Rural Livelihood Missions, Banks and Agent Network Managers to invest in fraud prevention initiatives as there is a firm linkage between fraud prevention and

² Source: PMJDY Wave III Assessment Report, MicroSave;
http://www.microsave.net/files/pdf/PMJDY_Wave_III_Assessment_MicroSave.pdf

sustainability of agent channel. There is a need to acknowledge the banking agent channel as more than a transaction point and treat it as a financial intermediary essential for financial inclusion.