



Financial inclusion for the urban poor

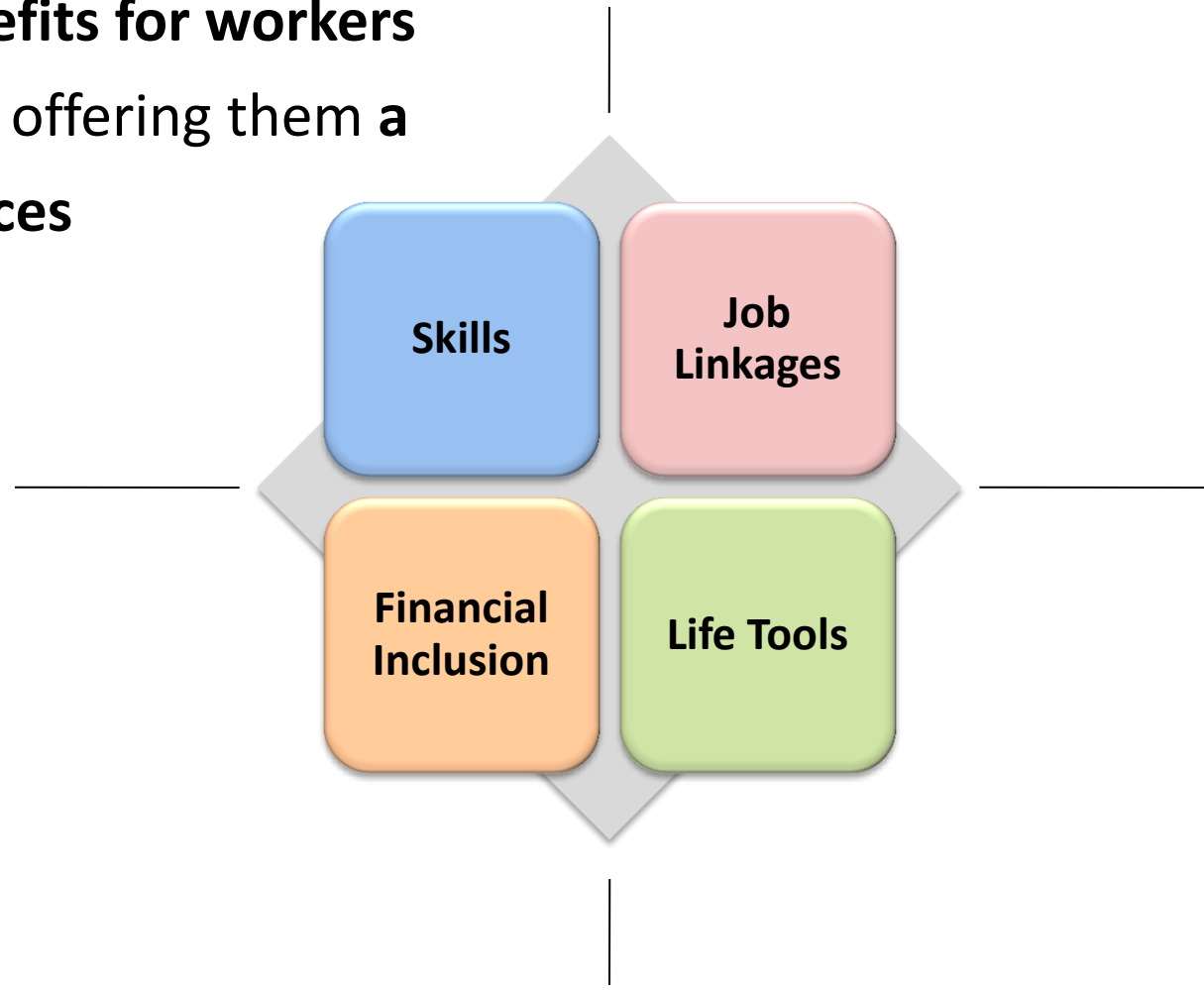
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LabourNet: An Overview

LabourNet

LabourNet is a social enterprise that **creates sustainable benefits for workers** in the informal sector by offering them a **platform to access services**



Sattva: An Overview



Consulting

- **Strategic, operational & financial consulting** focused on strengthening the emerging ecosystem of social enterprises

Research

- **Actionable research** impacting strategy formulation & impact assessment
- Strong focus on livelihoods, education, rural supply chains and sustainable business models
- **The Alternative**, an online platform providing views and insights on socially relevant topics, to a mainstream audience

Media

- **Prayas**, a community of practice for social protection in India

Strategies of financial inclusion

- Scalable institutional business correspondents
- Instant access through technology
- Buy-in of the delivery ecosystem
- Investing in awareness
- Remove operational bottlenecks
- Move away from one-size-fits-all approach

Scalable institutional BCs

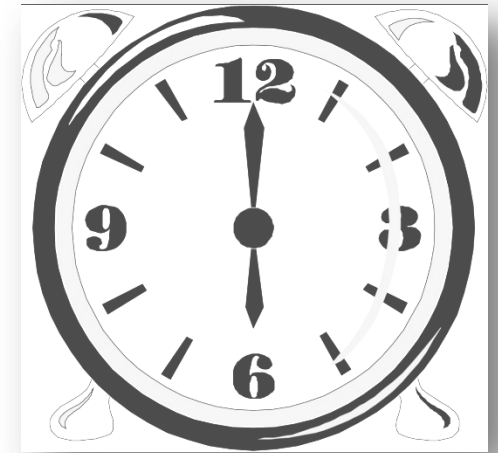
Need for a business correspondent willing to invest, scale and build credibility



**Verify
Identity**



**Build
Scalable network**



**Provide
Instant access**

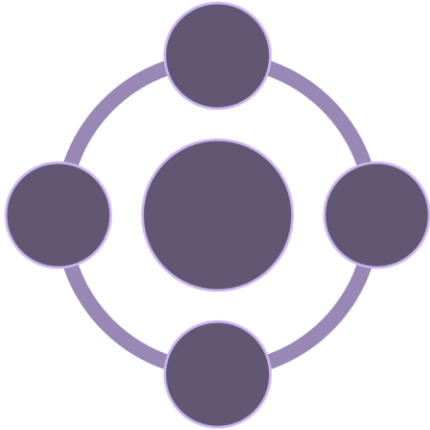
Instant access through technology

- Last mile measured as **time** by urban poor depending on wages
- Lack of ATM cards **impacts the usage** of accounts (Punjab National Bank no-frills accounts)
- While **workers are willing to pay** more for ATM cards, banks are unwilling to provide the same
- Need to **complement technology** with physical infrastructure and network of intermediaries



Buy-in of the delivery ecosystem

Does not consider the full circle of service



Not a financially viable segment



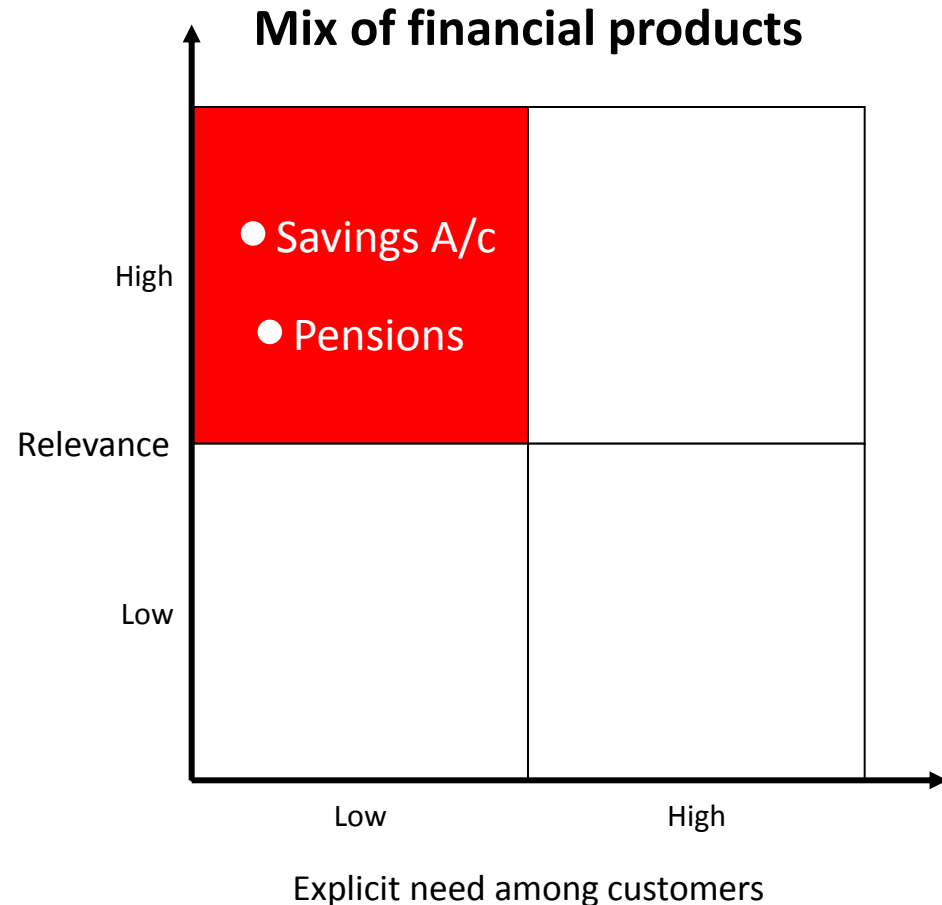
Do not address most important needs



Design products with market focus and interests of service providers in mind

Investing in awareness

- Need to evangelize relevant products that don't provide immediate benefit
- No stakeholder combines the scale and expertise to do consultative selling
- Awareness often designed in after-thought: Limited to post customer acquisition
- Case in point: NPS Lite



Remove operational bottlenecks

- KYC norms interpreted and implemented **differently across banks** (E.g. Canara Bank, Corporation Bank)
- Different rules and guidelines **across branches of same bank** (E.g. Hyderabad and Gurgaon branches of PNB)
- Banks' Requirement that **business correspondents have to be individuals** and not institutions

Impact on intermediaries

- **Increased overhead** and thus increased costs
- **Customer dissatisfaction** due to delay in processing claims
- Customized and one-off processes **impeding scale**
- Increased chances for **irregularities** in execution

Move away from one-size-fits-all

- Urban poor **not homogeneous** : includes Self-employed, Wage workers, and Paid workers
- Each segment has **different saving and consumption patterns** and hence need different products
- Case in point: **Health insurance** products for poor
- **Market aware products** increase customer adoption and buy-in from the ecosystem



Poverty Line



To summarize: Key points

- Scalable institutional business correspondents
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Thank you

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