

The bidirectional relationship between economic development and women's empowerment, defined as improving the ability of women to access the constituents of development with thrust on identical representation across multiple pivots, can have a fulfilling proposition through making structural reforms in the Banking Correspondents ecosystem. One such earliest initiative in the direction of empowering women with scale benefits was the introduction of PMJDY. Of the total 45.2 crore accounts opened till date, a whopping 55% of the account holders are women. The stupendous success of PMJDY is primarily due to Business Correspondents (BCs) model that has off late taken center stage in delivery of financial services in RUSU areas. Number of BCs has witnessed a massive growth in the last few years, but has been contributed largely by the private sector who have however shown a lower commensurate interest in the PMJDY accounts opening and adoption (less than 3%) thereby the interoperability of ecosystem / enabling infrastructure has unintentionally become payments accretive only, without bringing any meaningful value to account holders in driving home financial literacy in true essence, we believe.

When considering the ability of BCs to positively impact the financial inclusion of ~25 crore (and, counting upwards) women Jan Dhan account holders, the "gender" of the agent, **the face connecting the myriad world of finance to doubtful, hesitant and low on even basic tenets of skills beneficiaries, almost an outlier juxtaposed against the constantly changing, unending financial landscape** becomes a decisively important factor to proliferate and deepen the financial inclusion drive. Global Findex report 2017 divulged that majority of women PMJDY accounts remain inoperative.

Women agents consist of less than 10% of the total BC work force today. The problem is more accentuated in northern, eastern and central states, accommodating the bulk of population bulge as also harbouring close to two-third share in total BC network but falling quite short in better representation of women agents, which can alter the socio-economic fabric of these areas considerably and meaningfully if more women find foothold in BC ecosystem, becoming the changelings. The southern states fare better on this parameter, reflecting the better digital literacy proliferating to bottom of the pyramid, now being leveraged at grassroot levels. **Women BC agents bring more transparency into the system, build more rapport with diverse customer groups, and promote a demand driven incremental revenue while giving a push to small savings scheme and social security offerings.**

Under DAY-NRLM, GoI launched an ambitious program "**Mission One GP One BC Sakhi**", targeting creation of a pool of 1.25 lakh trained and certified women SHG members as BC Sakhi. Conceptualized in mid-2019, the outreach program envisaged annual creation of 50,000 odd BC Sakhis each year, reaching the ambitious goal within three years, building on the pitch prepared earlier by DFS nudging all banks to deploy women SHG members as Business Correspondents in the allotted sub service areas, as per their requirements. SRLMs of states were given the responsibility to set the wheels in motion. Even with the onset of pandemic, certain states like Uttar Pradesh did a phenomenal job, bringing into the loop tens of thousands of educated SHG women members, making them future-ready through necessary training and imparting skill-sets who, in turn, helped usher in a silent revolution through contact intensive field visits in the hinterland, building bridges of confidence and mutual trust.

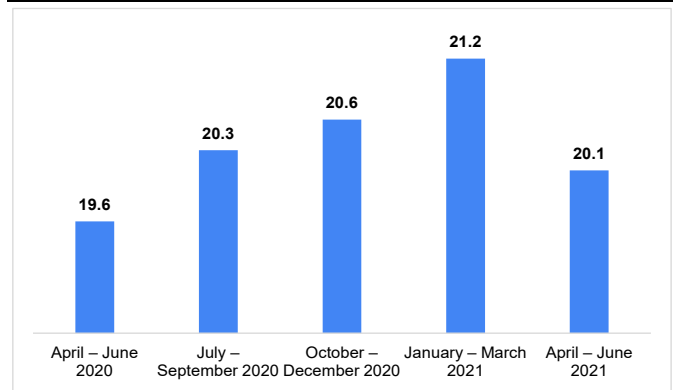
We thus recommend that Bank Sakhis hired under NRLM may be considered for appointing as BCs, as they are well versed with routine bank operations and possess mandated IIBF certification. **Policy may also be framed to mandatorily recruit at least 30% of the total workforce as women BCs, particularly in locations where access and usage of the accounts by women is low.** This will clearly bridge the gender gap. A central pool may be created containing details of all such Bank Sakhis. As an enabler, provisions to be made in NRLM/NULM site for uploading Bank Sakhis information which may be accessed by banks and BCs for engaging as CSPs. Reserving at least 30% of BCs for women in future can have three profound implications for the banking system apart from bolstering the women participation in labour force. **First**, all customers feel that female BC agents have more patience and are more willing to address queries or explain product features. In addition, female customers are willing to share their family's financial needs more openly with female BC agents. **Second**, female BC agents bring similar or more business and might serve more of the underserved. Female BC agents play a critical role in deepening financial inclusion. They are more likely to serve customers in remote areas, elderly customers, and other underserved customers. **Third**, Women agent networks could offer a mix of advantages, such as encouraging savings among women, onboarding more first-time female users, low-value but high-frequency transactions, and doorstep delivery of financial services.

Clearly, we need to pitch fork women as torch bearers of Banking Correspondents!

WOMEN EMPOWERMENT AND ECONOMIC GROWTH

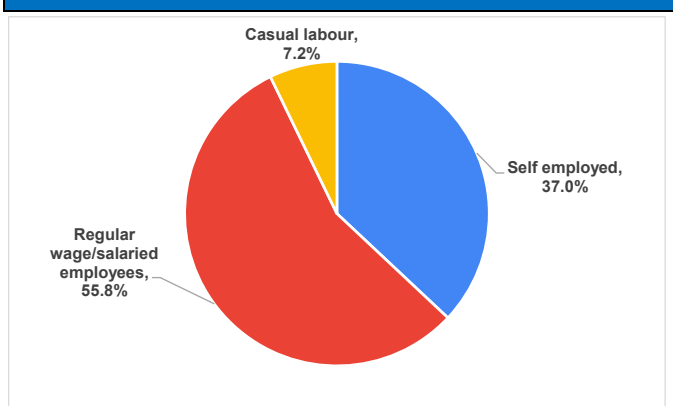
- ◆ There is a bidirectional relationship between economic development and women’s empowerment, defined as improving the ability of women to access the constituents of development—in particular health, education, earning opportunities etc. with thrust on identical representation across multiple pivots. In one direction, development alone can play a major role in driving down inequality between men and women; in the other direction, continuing discrimination against women can hinder development beyond comprehension. Empowerment of half of the population, in other words, can accelerate development holistically. As per PLFS, the women labour force participation rate, according to current weekly status in India, is 20.1% of which, 55.8% are regular wage/salaried employee followed by self employed (37.0%) and casual labour (7.2%).
- ◆ Government of India has taken a number of initiatives to empower women in the country (PMJDY, Mudra, PMUY, SUI etc.). These initiatives, laying down pivotal infrastructure for sustainable improvement in the long run, have already started showing results and, are expected to bring further traction towards women’s social, cultural and economic empowerment befitting policy level intentions.
- ◆ One such initiative in the direction of empowering women with scale benefits was the introduction of PMJDY. Of the total 45.2 crore accounts opened till date, a whopping 55% of the account holders are women. The stupendous success of PMJDY is primarily due to Business Correspondents (BCs) model that has, off late, taken center stage in delivery of financial services in RUSU areas.
- ◆ Putting things in perspective, RBI permitted banks in Jan’06 to engage with third-party, non-bank agents and appoint them as Business Correspondents (BCs) to extend bank’s products/services to customers on their behalf at substantially lower cost. The model, while ensuring last mile delivery of financial services primarily to less advantaged groups, also provided convenience in operations with flexible timings. BCs are increasingly becoming one of the most crucial drivers, and pivotal to financial inclusion in the country, particularly in unserved/underserved regions.
- ◆ Number of BCs has witnessed a massive growth in the last few years, but most of it has been contributed by the Private sector who have shown only a lower commensurate interest in the PMJDY accounts opening and adoption (less than 3%) thereby the interoperability of ecosystem/enabling infrastructure has unintentionally become payments accretive only, without bringing any meaningful value to account holders in driving home financial literacy in true essence, we believe.

Women Labour Force Participation Rate (in Urban Areas)



Source: PLFS; SBI Research

Broad Status in Women Employment



Source: PLFS; SBI Research

Number of BCs (in lakh)

Banks	FY20	FY21	FY22*
Public Sector Banks	1.4	1.7	2.0
Private Sector Banks	5.9	9.6	11.2
Total	7.3	11.3	13.2

Source: IBA; SBI Research; * Estimate

- ◆ When considering the ability of BCs to positively impact the financial inclusion of ~25 crore (and, counting upwards) women Jan Dhan account holders, the “gender” of the agent, **the face connecting the myriad world of finance to doubtful, hesitant and low on even basic tenets of skills beneficiaries, almost an outlier juxtaposed against the constantly changing, unending financial landscape** becomes a decisively important factor to proliferate and deepen the financial inclusion drive.
- ◆ Though the share of women PMJDY account holders is ~55% of the total PMJDY accounts opened so far, however, according to Global Findex and FII surveys done in 2017, the usage of these accounts lags those of men, remaining at most times inoperative.
- ◆ The inoperative status of accounts also mirrors the lacunas prevalent in the system, beneath the cacophony and conundrum of figures accumulated in the seven plus years journey of PMJDY, affirming the notion that the change brought so forth is only mid-way from the goal post, thus calling for concerted efforts with renewed vigour by all stakeholders.

CURRENT STATUS OF WOMEN BC

- ◆ Participation of women as BC agents need a strong push as the BC network is disproportionately dominated by men owing to a host of issues, attributed to socio-economic factors, limited mobility, lop sided selection process and educational background realities in select pockets of our country. Women agents consist of less than 10% of the total BC work force today. The problem is more accentuated in northern, eastern and central states, accommodating the bulk of population bulge as also enjoying close to two-third share in total BC network but falling quite short in better representation of women agents, which can alter the socio-economic fabric of these areas considerably and meaningfully if more women find foothold in BC ecosystem, becoming the changelings.
- ◆ The southern states fare better on this parameter, reflecting the better digital literacy proliferating to bottom of the pyramid, now being leveraged at grassroot levels. Bank-wise, the largest player SBI has close to 72,000 odd BCs servicing around 13 crore PMJDY accounts, showing its commitment to anchor this critical policy initiative to bring forth change that is permanent and upwardly mobile. Bank of Baroda ranks second with around 24,000 BCs, serving more than 5 crore PMJDY accounts.

State-wise distribution of Women BCs Share		
Women BCs Share	Number of States/UTs	States/UTs
More than 20%	7	Tamil Nadu, Kerala, Arunachal Pradesh, Goa, Mizoram, Sikkim, Puducherry
9.5% to 20%	14	Meghalaya, Nagaland, Andhra Pradesh, Telangana, Himachal Pradesh, Manipur, Odisha, Karnataka, Assam, Punjab, Tripura, Chhattisgarh, Maharashtra, Uttarakhand
All India Average (9.5%)		
Less than 9.5%	10	Uttar Pradesh, West Bengal, Jammu Kashmir, Haryana, Delhi, Jharkhand, Gujarat, Bihar, Madhya Pradesh, Rajasthan
Source: SBI Research		

- ◆ PSBs, together with RRBs, command ~97% of the PMJDY share. In comparison, private lenders’ pack with less than 3% of PMJDY accounts have claim to ~85% of BC network, highlighting the anomalies in the system that also remains vulnerable to being gamed by vested interests, accentuated by feather touch regulations.

ROLE OF WOMEN BC: ALTERING THE FABRIC OF FINANCIAL INCLUSION

Women BCs have multiple benefits compared to their male counterparts, namely:

- ◆ Female agents are less susceptible to malpractices, as also remaining less prone to commit fraudulent acts towards the customers in financial ecosystems, empirical studies reveal highlighting the safety and soundness of a robust system, their larger representation promises to usher in. Prevalent socio-economic barriers, which hinder them from other alternatives of paid work ensures women remain more committed, and paying higher value to their work as it unshackles the iron frames of centuries.
- ◆ Female agents encourage more women users by enhancing the communication and comfort level for female customers. Most customers feel that female BC agents have more patience and are more willing to address queries or explain product features. In addition, female customers are willing to share their family’s financial needs more openly with female BC agents and thus can receive appropriate financial advice from a trusted (female) source. On the other hand, female customers perceive male agents as less approachable.

- ◆ Female BC agents bring similar or more business and might serve more of the underserved. Female BC agents play a critical role in deepening financial inclusion. They are more likely to serve customers in remote areas, elderly customers, and other underserved customers.
- ◆ Understanding the different strengths of female BC agents in driving certain products would enable Financial Service Providers to offer a better product mix that uses their community trust and unique strengths. Women agent networks could offer a mix of advantages, such as encouraging savings among women, onboarding more first-time female users, low-value but high-frequency transactions, and door-step delivery of financial services.

ONE PANCHAYAT: ONE BANK SAKHI

- ◆ Under DAY-NRLM, GoI launched an ambitious program “**Mission One GP One BC Sakhi**”, targeting creation of a pool of 1.25 lakh trained and certified women SHG members as BC Sakhi. Conceptualized in mid-2019, the outreach program envisaged annual creation of 50,000 odd BC Sakhis each year, reaching the ambitious goal within three years, building on the pitch prepared earlier by DFS nudging all banks to deploy women SHG members as Business Correspondents in the allotted sub service areas, as per their requirements. SRLMs of states were given the responsibility to set the wheels in motion.
- ◆ Even with the onset of pandemic, certain states like Uttar Pradesh did a phenomenal job, bringing into the loop tens of thousands of educated SHG women members, making them future-ready through necessary training and imparting skill-sets who, in turn, helped usher in a silent revolution through contact intensive field visits in the hinterland, building bridges of confidence and mutual trust as women from socio-cultural-economic fringe zones woke to the idea of multiplier effect that better financial literacy, delivered in digital modes, could bring forth to them and their families.
- ◆ Equipped with mobile phones facilitating FPS (Faster Payment Services) and utilizing Digipay points of CSCs (Common Service Centres), built around AePS technology in areas where a constant migration of male members means most of the household works fall on the shoulders of women, the financial habits are undergoing a not so silent revolution.

- ◆ The social fabric, woven around economical opportunities is sure getting a mammoth upwardly traction as more women begin to understand the importance of savings, social security and ultimately investments while the underlying also becomes a harbinger of entrepreneurship, giving a fillip to SHGs movement.

WOMEN BC SAKHI: PURSUING THE NEXT NORMAL OF DEEPENING FINANCIAL AND DIGITAL LITERACY

- ◆ Women agents, employed under the aegis of NRLM have painstakingly been driving the concept of ‘personal’ or ‘own/self’ money to crores of women, a precursor to deepening financial literacy riding the digital stack, particularly in states like Uttar Pradesh, Maharashtra, Tamil Nadu. Scores of women have been waking up to the idea of incremental savings and further, to entrepreneurship through such ground breaking works of thousands of Digital Sakhis / Didis who are bridging the gap left by the present BC architecture, tilted towards an overwhelming proportion of agents who have little ownership of accounts, or are offered nil incentive for governance premium to stick to the core spirit of BC model aimed at bringing the socio-cultural-economically disadvantaged groups to the mainstream.
- ◆ The corollary should also be improvement in women labour force participation rate through a heightened sense of entrepreneurship among the financially aware beneficiaries groups. Also, small savings scheme like SSY and social security schemes of government can get a booster shot. There are bottlenecks in the system that prohibit women account holders from visiting a male dominated BC ecosystem. Counter checking this with enhanced number of women BC agents, either through BC Sakhi mode or through ensuring Corporate agents give fair representation to women BCs can create a demand side push for embracing the next normal, built on transparency, mutual trust and digital financial inclusion that augurs well for the entire society.
- ◆ Constant training and imparting necessary skill sets through NRLM/SRLM, RSETIs, Corporate BCs and Financial Service Providers should be ensured to keep the Sakhis aware of the latest innovations and developments happening in the financial world.

OUR RECOMMENDATIONS

- ◆ It is encouraging, that participation of women in Self Help Groups as Bank Sakhis has worked very well where SHGs are already in place. Bank Sakhis hired under NRLM/SRLM may be considered for appointing as CSPs, as they are well versed with routine bank operations and possess mandated IIBF certification. This will bridge the gender gap to a large extent. A central pool may be created containing details of all Bank Sakhis. As an enabler, provisions to be made in NRLM/NULM site for uploading Bank Sakhis information which may be accessed by banks and BCs for engaging as CSPs.
- ◆ Policy may also be framed for BCs to mandatorily recruit at least 30% of the total workforce in future as women CSPs, particularly in locations where access and usage of the accounts by women is low. Banks may also be advised to reserve 30% of their new codes for woman CSPs.
- ◆ To encourage women to work as CSPs, differential commission structure or support through financing initial infrastructure acquisition at softer terms may be examined.

Disclaimer: The Ecowrap is not a priced publication of the Bank. The opinion expressed is of Research Team and not necessarily reflect those of the Bank or its subsidiaries. The contents can be reproduced with proper acknowledgement. The write-up on Economic & Financial Developments is based on information & data procured from various sources and no responsibility is accepted for the accuracy of facts and figures. The Bank or the Research Team assumes no liability if any person or entity relies on views, opinion or facts & figures finding in Ecowrap.

Contact Details:

Dr. Soumya Kanti Ghosh
Group Chief Economic Adviser
State Bank of India, Corporate Centre
M C Road, Nariman Point, Mumbai - 400021
Email: soumya.ghosh@sbi.co.in,
gcea.erd@sbi.co.in
Phone: 022-22742440
 : @kantisoumya