BUSINESS CORRESPONDENT NETWORK MANAGERS (BCNM) EXPERIMENT DEMONSTRATING SCALE

BASELINE REPORT

Acronyms

AEPS: Aadhaar Enabled Payments System

AOR: Adjusted Odds Ratio

ATM: Automated Teller Machine

BC: Business Correspondent

BCNM: Business Correspondent Network Manager

BEADS: Business correspondent network managers Experiments and Demonstrating Scale

CICO: Cash-In Cash-Out

CSP: Customer Service Point

DFS: Digital Financial Services

FGDs: Focus Group Discussions

Fin-tech: Financial Technology

FIP: Financial Inclusion Plan

FSPs: Financial Service Providers

FY: Fiscal Year

GFI: Grameen Foundation India

GFUSA: Grameen Foundation United States of America

G-Leap: Grameen Learning Platform

GoI: Government of India

NR: Indian Rupee

JLG: Joint Liability Group

KIIs: Key Informant Interviews

KYC: Know-Your-Client

LMS: Learning Management System

M&E: Monitoring and Evaluation

MIS: Management Information Systems

NFSI: National Strategy for Financial Inclusion

NPCI: National Payments Corporation of India

NRLM: National Rural Livelihoods Mission

PMJDY: Pradhan Mantri Jan Dhan Yojana

PR: Public Relations

RBI: Reserve Bank of India

SHG: Self-Help Groups

SMS: Short Message Service

UPI: Unified Payments Interface

USA: United States of America

USD: United States Dollar

Acknowledgment

The outcome of any development initiative has to be seen through the eyes of the person who is the targeted beneficiary of the initiative. Elevating the voices of the stakeholders has been a core philosophy at Grameen Foundation India. The same idea resonates in our department's name, 'Client Insights for Impact,' which led the Baseline study. Ensuring that we heard firsthand from the project participants was a critical need. The team extends its deepest gratitude to the BCs, clients, and BCNM management who supported this research. Without hearing directly from them, this research study would not have been complete.

The team would also like to thank our partner BCNMs and banks, including the Centre for Development Orientation & Training, Drishtee Development & Communications Ltd, Fincare Small Finance Bank Ltd, I25 Outreach Private Ltd, Mann Deshi Mahila Sahakari Bank Ltd, and Sub-K Impact Solutions Ltd. Their cooperation and coordination with the field activities were crucial for the timely and successful completion of the research study.

The team is grateful to the Bill & Melinda Gates Foundation for supporting the BEADS project and this baseline evaluation. In particular, we would like to thank Pawan Bakhshi, Prabir Borooah, and Nita Goel, who carved out time from their busy schedule to share their vision of the project, providing valuable feedback and guidance to develop the M&E plan. Our sincerest appreciation to all these individuals. The Project Advisory Committee (PAC) also took out time to review and share their feedback about the M&E plan of the project. Our sincere gratitude to all the members for their thoughts and input.

We convey our gratitude and acknowledge all the assistance and information that we received from our colleagues from the project implementation team, Gaurav Chakraverty, Piyush Singh, Yogendra Bharti, Isha Sharma, Bhakti Palande, Rohit Nandarwar, and Purna Roy Chowdhury, who not only helped the team understand the project interventions better but were also very patient facilitating our numerous requests for data, and information from the partner organizations.

Prabhat Labh | Chief Executive Officer
Grameen Foundation India

Authors:

Rahul Ranjan Sinha
Associate Director (CII)
Grameen Foundation India

Gaurav Sinha
Program Manager (CII)
Grameen Foundation India

Edited By:

Somnath Dasgupta
Consultant
Grameen Foundation India

Supported/ Reviewed by:

Bobbi Gray
Research Director
Grameen Foundation USA

Purna Roy Chowdhury
Gender Expert
Grameen Foundation India

Piyush Singh
Project Director, BEADS
Grameen Foundation India

Data Analysis:

Annu T. Poulose
Research Associate-CII
(Quantitative)
Grameen Foundation India

Dev Raj Vardhan
Research Associate-CII
(Qualitative)
Grameen Foundation India

To cite this work, we suggest the following citation: Sinha, G., & Sinha, R. R. (2022). Business Correspondent Network Managers (BCNM) Experiments Demonstrating Scale: Baseline Report. New Delhi: Grameen Foundation India, and Grameen Foundation USA.

Table Contents

1. Executive Summary

In 2006, the Reserve Bank of India (RBI) introduced the Banking Correspondent (BC) model as an innovative and cost-effective means to advance India's national financial inclusion agenda. This model provides financial services at locations beyond bank branches and ATMs, allowing banks to engage local third-party, non-bank agents to extend doorstep delivery of basic financial products and services. The BC model has helped financial inclusion and was vital to the success of the Pradhan Mantri Jan Dhan Yojana (PMJDY) launched in 2014, which aimed to ensure all unbanked persons had a basic savings account. Under this financial inclusion program, over 420 million bank accounts were opened, of which 53% belonged to women. However, a 2021 report estimated that 55% of women's PMJDY accounts go unused. To address the gap, the National Rural Livelihoods Mission adopted the Bank Sakhi model in 2015-16 to integrate female BCs into the network and progressively connect more women customers to formal financial services. Even in 2021, most reports suggest that less than 14% of agents working with Business Correspondent Network Managers (BCNM) in India are women.

The RBI continues to have faith in the BC model for the last-mile delivery of a basic bouquet of financial services while acknowledging its caveats. In alignment with India's National Strategy for Financial Inclusion 2019-24 goals, Grameen Foundation USA and Grameen Foundation India, with support from the Bill & Melinda Gates Foundation, launched the BCNM Experiments and Demonstrating Scale (BEADS) project to address the sustainability of rural BCs. To include women as clients and BCs, BEADS endeavors to achieve the following project objectives:

< Drive informed pilots with established BCNMs to test more cost-effective, agile and inclusive ways of selecting and onboarding BCs

< Improve the viability of individual agents by testing various approaches to diversifying the product basket and increasing revenue

In pursuit of these objectives, Grameen conducted three pilots as a part of an action research agenda with four leading BCNMs, one small finance bank, and one woman-focused cooperative bank. The first pilot focused on developing new financial products that BCs could promote that increase their revenue and respond to client needs, especially female clients, and support BC income. The second pilot focuses on boosting the recruitment and retention of BCs, especially female agents, through improving BCNM and BC practices. The third pilot focuses on innovative marketing and customer education practices that BCs can leverage to improve awareness and uptake of existing products and services.

Baseline Findings

A majority of the BCs considered their current role full-time (90%), with most reported having flexible work hours (91%). Around half worked exclusively with BCNMs or banks (49%). A quarter of the BCs extended doorstep services and the rest provided the services from a designated

kiosk, office, or shop. Most BCs (52%) had a fixed salary component and all BCs received a commission for the volume of products and services they could move.

The baseline study found that most BCs extended one or two sets of product types (among banking and digital financial services or DFS, credit, investment and social security, government schemes, financial awareness, and advisory, cross-sold products). Regression analyses suggest that BCs are likely to earn more if they offer a more diverse set of product types. For instance, a BC who offered four types of products had 5.7 times greater odds in favor of earning more since becoming a BC than those who offered only one. A BC who worked exclusively with the BCNM hurt his or her chances of earning more, and this could be because the current basket of product types on offer is limited.

BCs were trained in some core areas such as banking and device- and platform-related skills needed to carry out business. But BCs had low exposure to cash flow management, budgeting, assessing competition, customer demand, grievance redressal, troubleshooting, know-your-client (KYC) processes, marketing, public relations, conflict resolution, trust management, and managing gender-sensitive interaction, plus customer retention. They were rarely trained in grievance redressal (4%) and gender sensitization (3%). Analyses suggest that a BC who was a keen self-learner had 4.23 times greater odds in favor of earning more than those who attended training 'less than once a month.'

Female BCs were less likely than their male counterparts to be satisfied with their role. Evidence showed that female agents worked more hours but earned substantially less, especially when accounting for their reported overhead costs. Female BCs had lesser odds (AOR: 0.27) in favor of experiencing an increase in income since becoming a BC compared with their male counterparts. A little more than half (54%) of female BCs reported making the primary decisions related to their BC business independently, while 97% of the male BCs said they were the primary decision-makers in their BC business. As for their clients, a

third of the male BCs believed that female clients had a limited understanding of products and services but only 9% of the female BCs believed so. Male BCs were also more likely to perceive female clients as challenging to engage because of their lower educational levels, limited decision-making power, and interest in financial matters, despite women being observed across pilot surveys as the dominant group seeking products and services at the BC points.

Finally, the baseline study observed that the clients' awareness of the product offerings was high, but their usage was significantly lower. This signifies that the customer education efforts need to make the clients see the value of using the suite of products and services and/ or the products on offer need to be designed to better meet the customers' needs. Notably, if the clients had known the BCs for more than six months, they were more likely to be aware of and use a more diverse set of products and services.

KEY RECOMMENDATIONS

- Innovate to expand the basket of product offerings, as it was evident that more products on offer increased the BCs' income, and so allowed them to work full time and thrive in an exclusive BCNM association. So one needs a deeper understanding of what products a client likes or dislikes.

- Identify and prioritize the skills required to run a BC business from the supply side perspective and consider the BCs' demand for training and the time they can put in. BCs should get a good mix of classroom training with cross-learning from peers by shadowing. An on-demand learning management system can offer refresher training and routine upskilling. Training content needs to be available in the vernacular, and resources should be downloadable to reduce dependence on the internet and address issues such as accessibility and network stability. Soft skills and specific business skills are better learned through demonstration, classroom training, video tutorials, and this gap can be filled by solutions based on augmented reality.

- A two-pronged approach is needed to address both BCNM and BC biases towards women. Some form of gender-sensitivity training for BCNMs and BCs is required to identify the biases and develop skills to better identify female BCs' and clients' barriers to success.

- Existing training content promotes awareness of products but not their use. The focus of training content should expand beyond the product's features, and to the innate value it creates for the users. For this, BCs can be leveraged to increase the outreach of the messaging.

2. Background

2.1. Introduction

In 2006, the Reserve Bank of India (RBI) introduced the banking correspondent (BC) model as an innovative and cost-effective means to advance India's national financial-inclusion agenda. This model of retail bank agents (also referred to as Cash-In, Cash-Out, or CICO agents in other markets), who provide financial services at locations beyond a bank branch and ATMs, allows banks to engage local third-party, non-bank agents to extend doorstep delivery of basic financial products and services.

By 2011, only 35% of India's population over the age of 15 had a bank account [i]. After the Indian government launched the Pradhan Mantri Jan Dhan Yojana (PMJDY) in 2014, 420 million bank accounts were opened, of which 53.26% belonged to women, improving financial inclusion by 18 percentage points. This financial inclusion program aimed to ensure that all unbanked persons had a basic savings account that could be opened at a bank or through any BC. By 2017, the Global Findex conducted by the World Bank estimated that approximately 80% of the adult population in India had a bank account, with women lagging men by six percentage points and the poorest 40% of the population falling by only five percentage points behind the wealthiest 60%. However, the majority of these accounts went unused as an average of 40% of the population said they had saved in the prior year, 45% felt capable of coming up with funds equivalent to an average emergency expense, and less than 10% had borrowed from a formal financial institution [i].

The 2019 Global Microscope on Financial Inclusion observed that the overall ecosystem for financial inclusion had improved globally, with India among countries having one of the most conducive conditions for inclusive finance [ii].

The State Bank of India estimated that by 2020, India had an average of 14.7 bank branches per 100,000 adults, which is higher than Germany, China, and South Africa. The report also states that digital financial transactions have increased to 13,615 (per 1,000 adults) in 2019 from just 183 in 2015 [iii]. Furthermore, the National Payments Corporation of India (NPCI) reported that in the fiscal year (FY) 2020-21, India registered 1.14 billion transactions over the Aadhaar-enabled Payments System (AePS), amounting to USD 40.6 billion [iv].

> **The March 2020 issue of the RBI Financial Inclusion Plan (FIP) progress report showed that 94.4% of the 8,687 villages with a population of more than 5,000 had access to banking services.**

An earlier edition (September 2019) estimated that 99.2% of the 491,490 villages with a population of fewer than 2,000 had banking service coverage. Many of these successes can be attributed to the BC model in India, which has enabled access to a defined range of banking services at a low cost.

2.2. The BC Model

BCs can be categorized into different types based on their affiliation, exclusivity, and whether they are dedicated or non-dedicated agents (see Figure 1). In India, roughly 31% of BCs are engaged directly by banks, while 69% are managed by BCNMs and are indirectly affiliated with a financial institution. In its 28 September 2010 notification allowing engagement of 'for-profit companies as BCs,' RBI said "a

BCNM can be a BC for more than one bank. However, at the customer interface point, a retail outlet or a sub-agent of a BC shall represent and provide banking services of only one bank" . This defines the scope of exclusivity for BCs. Finally, a BC can be put in two categories— those who work solely as a BC and those who have alternative sources of livelihood.

A typical BC can generate leads, facilitate loan applications and KYC documentation, create awareness about savings and other products, provide education and advice on managing money and debt counseling; disburse small-value credit, monitor after disbursal, and recover loans. It can also sell

from a central branch equipped to undertake procedural activities. Furthermore, the banks, and not BCs , are permitted to collect reasonable service charges from the customers transparently, while commission to BCs is payable through banks or other financial institutions.

> **As of March 2013, approximately 220,000 BCs were operational across India, with less than 10% of BCs being female.**

The RBI does not provide exact numbers of BCs, but some sources estimate that 126,000 to over 2 million BCs may be in business today. Despite the growth in BCs, it is argued that the BC model cannot help the country

- Agents appointed directly by Banks
- Agents managed by BCNM

Appointment

Exclusivity

Dedication

- Exclusive: Agents exclusively working for one FI
- Non-Exclusive: Agents offering products and services from more than one FI

- Dedicated: Agents exclusively working as BC agent
- Non-dedicated: Agents who have other sources of income
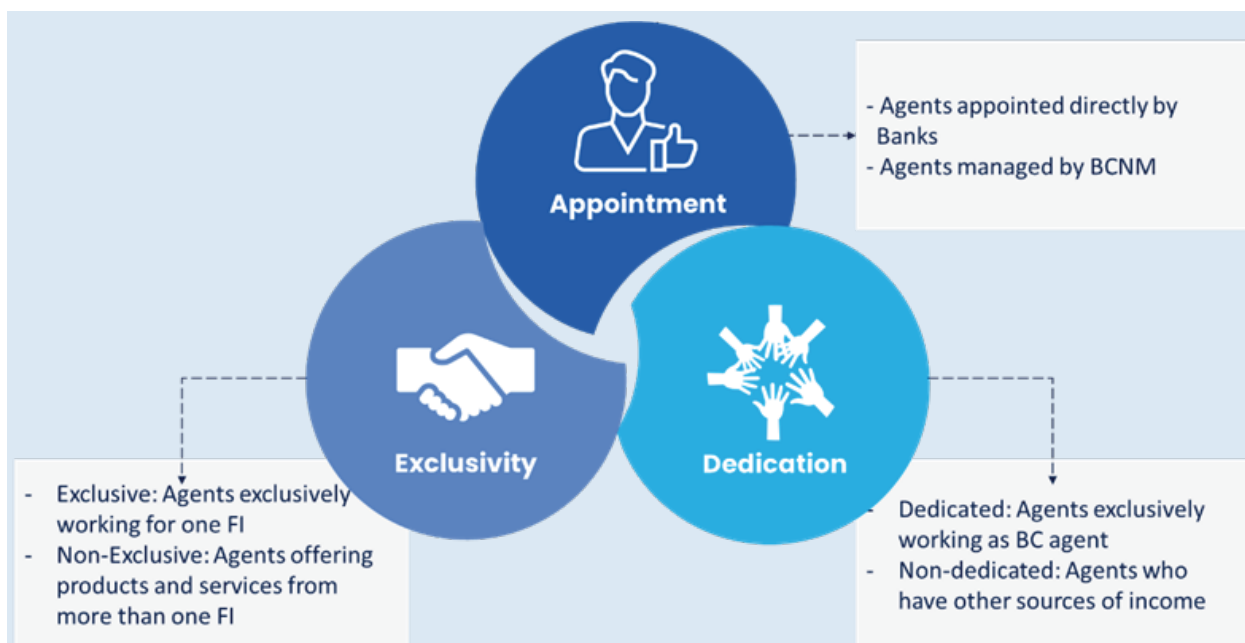
Figure 1: Types of BCs

micro-insurance/ mutual fund products/ pension products/ other third-party products, and handle small-value remittances/ other payment instruments. These BCs can operate within a 30 km radius of the base branch in rural, semi-urban, and urban areas and 5 km in metropolitan centers. The banks used a hub and spoke model to effectively serve customers through a low-cost customer-facing interface in the form of BCs while servicing key processes

hit financial inclusion goals unless women get better access to financial services. To address this, in 2015-16, the National Rural Livelihoods Mission adopted the Bank Sakhi model, which expanded the female BC network. This was initially piloted across seven states and saw encouraging results; however, it did not significantly increase women's participation in BC roles. As of 2020, the Ministry of Rural Development claimed to have 8,800 BC Sakhis and 21,600

Bank Sakhis, whereas there are over 75 million women SHG members in the country . Though the Bank Sakhi model has numerous promises to address both on the demand and supply sides for financial inclusion, several challenges have limited it from achieving the promises made at the outset. A 2021 report on female BCs highlighted that they represented less than 14% of agents working with the BCNM network in India, which manages roughly 69% of the BC workforce. Female BCs face challenges meeting eligibility requirements, overcoming caretaking and labor burdens, receiving family support to become agents, and moving about safely to conduct financial transactions. They also require additional handholding due to limited exposure to technology, curbing their recruitment and retention as BCs.

Also, BCs face challenges of financial viability. The 2015 Agent Network Accelerator report stated just 13% of BCs earned more than US$100 a month; **a 2017 iteration of the same report said the median monthly profitability registered by a BC was US$31 in India, compared with just US$16 in 2015 .** Rural areas were slightly better off, as revenues were higher but operational costs were lower.

More recently, **the COVID-19 pandemic** and the subsequent lockdowns boosted the BC business. The GoI acknowledged financial service providers (FSPs) as essential services during the lockdown so the BC network continued to extend last-mile services after an initial disruption. **Moreover, rural BCs saw a 50% increase in the reported median customer footfall and a 40% increase in the median value of customers seeking CICO services.** In comparison, urban BCs did not experience such gains. The pandemic reminded us how pivotal BCs were in keeping people connected to financial services at the last mile. While this external stimulus will be temporary, the drive for financial inclusion is a constant goal.

The RBI has continued to keep faith in the BC model for the last-mile delivery of a basic bouquet of financial services to ensure universal access. However, it acknowledges that issues such as customer protection, suitable product offering, augmenting financial awareness, proactive oversight of the agents' activities, and sustainability of the BC/BC network are some roadblocks before the National Strategy for Financial Inclusion (NFSI) 2019-24. The strategy also calls for the design and innovation of customized financial products with efficient delivery leveraging fintech and BC networks. It recommends that banks strive to build the capacity of the BCs to deliver a broader range of financial products.

2.3. The BCNM Experiments and Demonstrating Scale (BEADS) Project

BEADS Project Background

In alignment with the NFSI goals, Grameen Foundation USA and Grameen Foundation India (Grameen), with support from the Bill & Melinda Gates Foundation, launched the BCNM Experiments and Demonstrating Scale (BEADS) project to address challenges faced by all stakeholders, e.g., the BCs, the BC clients, and the BCNMs. To include women as both clients and BCs, BEADS endeavors to address these challenges with a gender-sensitive approach at every stage to ensure the success and viability of the BC model and seeks to achieve the following project objectives:

> ≺   Drive informed pilots with established BCNMs to test more cost-effective agile, and inclusive ways of selecting and recruiting BCs

< Improve the viability of individual agents by testing various approaches to diversifying and increasing revenue.

In pursuit of these objectives, Grameen sought to conduct several pilots as a part of an action research agenda with four leading BCNMs, one small finance bank, and one woman-focused cooperative bank.

The primary outcome of this action research project is to define **scalable, effective BC models and approaches** that can be communicated among interested stakeholders to drive replicability, learning, and transformation of the financial sector. These scalable and effective BC models aim to achieve the following:

< Increased Consumption and Economic Growth:
Low-income populations in rural areas, including women, become more resilient financially after getting better access to a broader range of financial products and services.

< Improved business growth of BCs:
BCs see their business and profitability grow by improving their operating efficiency and addressing gender barriers that limit women's engagement with financial services.

< Ecosystem level knowledge dissemination:
Empirical evidence from the project will improve sectoral learnings. The learnings will be disseminated through workshops and knowledge products and help identify key areas for refinement of the existing BC models.

BEADS Project Hypotheses and Pilot Descriptions

The hypotheses being tested through the BEADS project and their associated pilot descriptions are (see also Figure 2):

Hypothesis 1:

Customized and market-fit product portfolio with widened services will improve the reach of BCs and give them more transactions, making them more viable.

Pilot 1A: A suitable micro-savings product offered through the BC channel and adopted by individual and small business customers, especially women.

Pilot 1B: To offer a comprehensive package of socially responsive financial and digital services through BCs to deliver a compelling customer value proposition.

The product(s) should address the challenges related to access and suitability for the target segment, especially for women, increasing the agent's revenue.

Hypothesis 2:

Improved capacity and quality of the BCs through careful gender-sensitive recruitment, training, and continuous upskilling will increase client acquisition, retention, and servicing and result in improved viability of BCs

Pilot 2: To assess, improve and integrate gender-sensitive practices related to recruiting, training, and retaining female BCs for improved viability of BCs.

Hypothesis 3:

Client education and marketing will build trust and ensure greater demand, uptake, and usage of a broader range of financial services by low-income populations, especially women, in rural areas.

Pilot 3: To make BCs digitally literate and give them marketing tools to drive demand, uptake, and usage of a broader range of financial services by low-income populations, especially women, in rural areas.
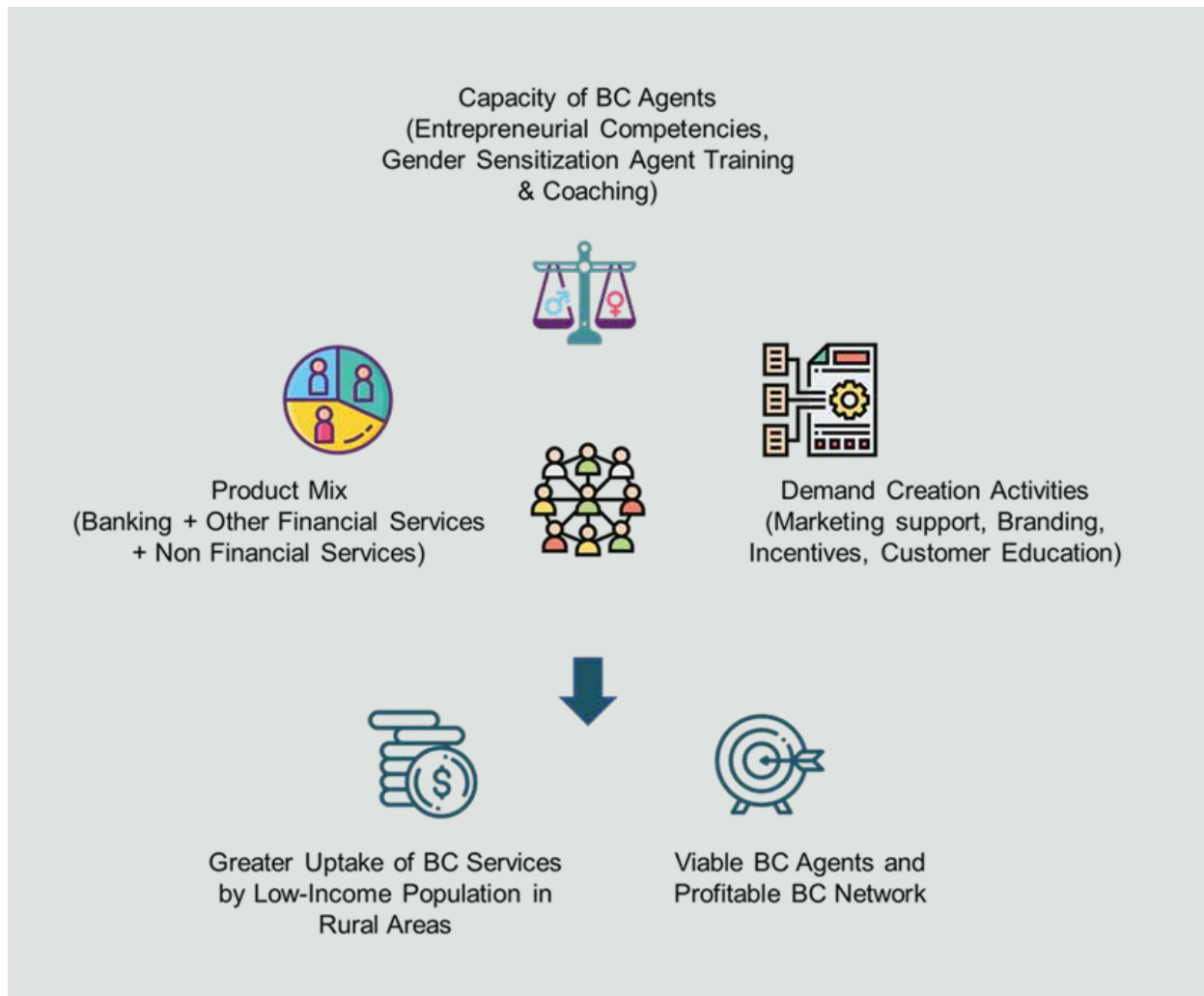
Figure 2: Project Hypothesis

BEADS Project Partners

The BEADS project, while selecting partners, tried to engage the right mix of program partners who understood and accepted the shared vision of the project. For this, the project invited expressions of interest from key sectoral players. The fitment was assessed based on the alignment of vision of the management, regulatory fulfillment, viability of field implementation, services and support offered, including technology support, training infrastructure, and finally, the gender outlook and position of the organization interested. Six partners selected based on these criteria had a

pan-India presence, with operations in each region. One of the partners was a woman-focused cooperative bank that engaged only women BCs; other partners also selected regions with a proportionately higher engagement of women BCs than industry standards. This differentiates the project's outreach and is not reflective of the BC industry. Table 1 outlines the distribution of the six partners across the three pilots noted above under the hypotheses. Among the six partners, only Partner 2 is participating in only one pilot, allowing for multiple lessons learned across the partners. Figure 3 graphically depicts the states where the pilots will occur.
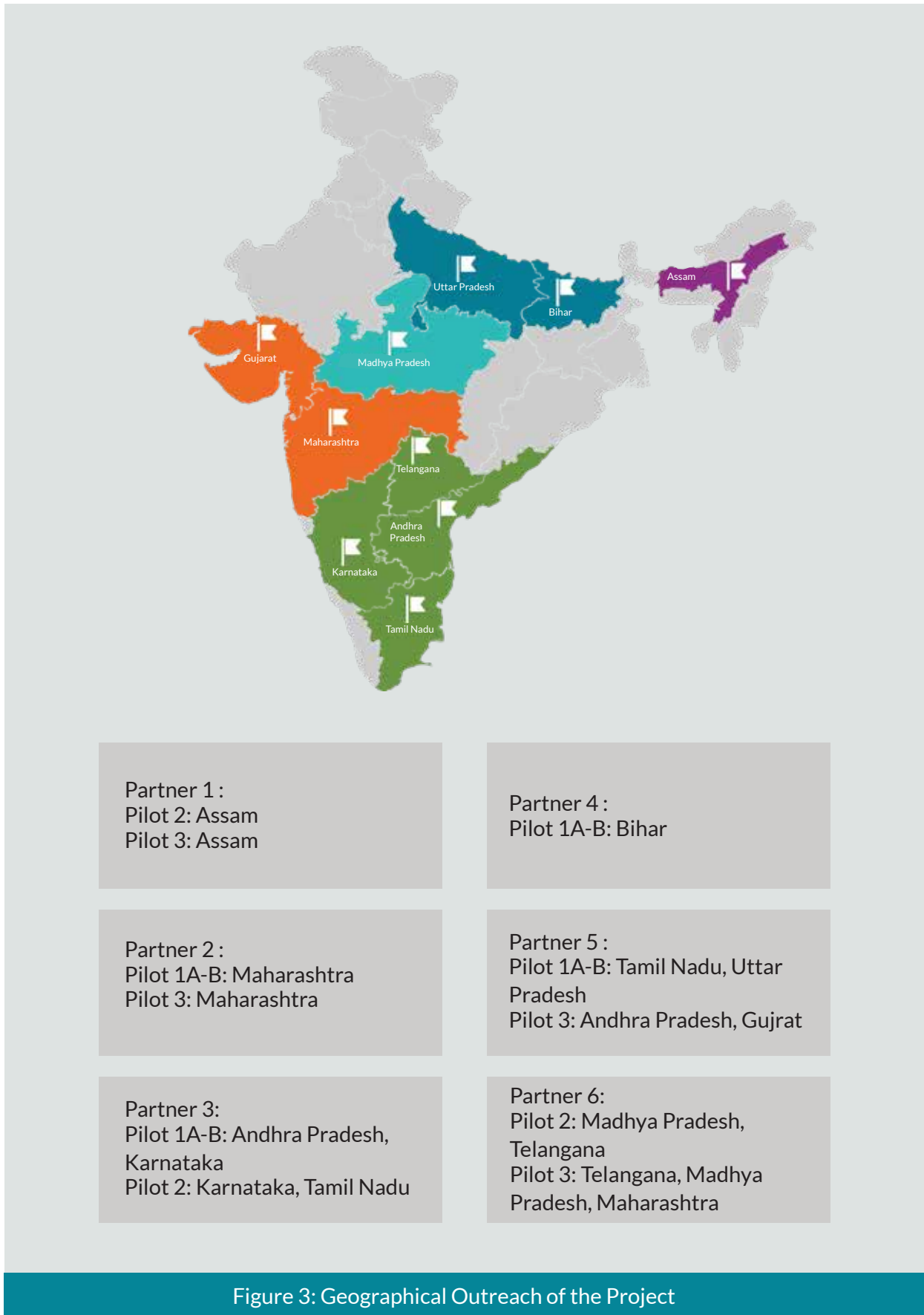
Figure 3: Geographical Outreach of the Project

Partner 1 :
Pilot 2: Assam
Pilot 3: Assam

Partner 4 :
Pilot 1A-B: Bihar

Partner 2 :
Pilot 1A-B: Maharashtra
Pilot 3: Maharashtra

Partner 5 :
Pilot 1A-B: Tamil Nadu, Uttar Pradesh
Pilot 3: Andhra Pradesh, Gujrat

Partner 3:
Pilot 1A-B: Andhra Pradesh, Karnataka
Pilot 2: Karnataka, Tamil Nadu

Partner 6:
Pilot 2: Madhya Pradesh, Telangana
Pilot 3: Telangana, Madhya Pradesh, Maharashtra

3. Methods

3.1. Scope of Baseline Study

The baseline study intends to create a reference point for the various pilots to be tested.

It will canvas stakeholder-specific findings to establish benchmarks for the key research questions.

CUSTOMER LEVEL	Assess awareness about formal financial products, grievance redressal mechanism Assess exposure to training and preferences Assess the level of consumer empowerment Delineate gender-specific observations at customer level
BC LEVEL	Assess the capacity building efforts undertaken Assess awareness about formal financial products, grievance redressal mechanism, gender sensitivity Assess existing product basket Understand gender specific preferences and requirement
BC EMPLOYEE LEVEL	Assess the capacity building efforts undertaken Assess awareness about formal financial products, grievance redressal mechanism, gender sensitivity Assess existing product basket Understand gender specific preferences and requirement

Figure 4: Scope of Baseline Study

3.2. Research Design

The baseline study leveraged a **mixed-method research design** which included a pilot-specific quantitative survey with BCs and clients, key informant interviews (KIIs) with different stakeholders, and focus group discussions (FGDs) with clients. The study also integrated quantitative data provided by the partners from their management information systems (MIS) to understand outreach and the current status of the BC business. Furthermore, a gendered lens and participative approach were applied to discern gender-based impact and triangulate and corroborate findings through multiple lines of evidence. A tabular presentation of lines of evidence is presented in Table 1:

Table 1: Lines of Evidence Used for Program Assessment

Data Sources	Method of Analysis	Customer Level	BC Level	BC Employee Level
Desk review - Stakeholder mapping - Literature review - Theory of change - Partner Reported MIS data	Contribution analysis	Yes	Yes	Yes
KIIs - BCs - BC staff	Qualitative analysis	No	Yes (Pilot 1A&B, Pilot 3)	Yes (Pilot 2)
Quantitative survey	Quantitative analysis	Yes (Pilot 3)	Yes (Pilot 1A&B, Pilot 2)	No
Observational checklist	Quantitative analysis	No	Yes (Pilot 2)	No
Qualitative survey – FGDs	Qualitative analysis	Yes (All pilots)	No	No

Sampling Plan

Quantitative Survey: The baseline adopts a cross-sectional study design, suitable for providing the prevalence that can serve as a comparison point for the intervention's impact post-implementation. Since the endline evaluation will be limited to the pilot areas, a pre- and post-intervention assessment through a repeated-measure, cross-sectional study will be cost-effective to gauge change. The design, however, has limitations. The absence of a comparison group reduces the evaluations' ability to account for external environmental factors that may affect the outcomes. However, given the pilots are exploratory, this is a right-fit approach to assess early markers of success for the development of the prototypes being studied. Once the prototypes have been validated, a more rigorous evaluation would be appropriate. There is a planned geographic separation between the three pilots to be tested by design. The possibility of a spillover effect between one pilot and another has been limited. At the endline, if there are any known policy/ regulatory changes, outcome/ impact can be contextualized, referring to the same. Finally, some partners chose to conduct their

pilots in locations where they have a higher female BC workforce, which may not be fully representative of the experience of female BCs broadly across India. The report will note where this targeting may influence the presented data.

The pilots have a defined finite population for each of the stakeholders. Accordingly, an a priori sample size calculation for the finite population was undertaken to compare two proportions, and the detected size was readjusted to maintain statistical power of 80%. The sample size estimation considered the resource constraints and helped determine the minimum number of sample units the proposed study should survey to produce reliable estimates. Since the study included a significant proportion of a small universe of BCs assigned to the pilots, the baseline study findings are absolute for the sub-population.

This doesn't hold for customers, as the desired population size is large enough to be considered finite, and the estimates provided are probabilistic for the said stakeholder (See Table 2).

$$n = deff \times \frac{N\hat{p}\hat{q}}{\frac{d^2}{Z^2_{1-\frac{\alpha}{2}}}(N-1) + \hat{p}\hat{q}}$$

n = sample size
deff = design effect
N = population size
*p^* = estimated proportion
*q^* = 1-p^
d = desired absolute precision or absolute level of precision
Z 1- α/2 = Z-score corresponding to *1- α/2* [th] quantile

Table 2: Quantitative Sample

Pilot #	Population	Required Sample Size	Primary Subject
Pilot 1A-B	430	203	BCs
Pilot 2	333	178	BCs
Pilot 3	>99,999	384	BC Customers

Qualitative Survey: A priori methods to determine the sample size for qualitative surveys are often experimental and do not have wide acceptance. The grounded-theory approach provides a mediation; however, the iterative and resource-intensive nature of the process limits its utility in a time and resource-constrained setup. Existing literature and the evaluator's experience are often touted as the best measure to decide an appropriate sample size. The baseline evaluation also leaned on existing literature and experience of conducting similar research. Accordingly, the following sample sizes for each of the stakeholders separated by pilots were decided:

Table 3: Qualitative Sample

Pilot #	KIIs	FGDs (With Clients)	Primary Subject for KII
Pilot 1A-B	10	8	BCs
Pilot 2	10	8	BC Employees
Pilot 3	10	4	BCs

Ethical Compliance

Before the survey roll-out, details of the study were presented to the Sigma Ethics Committee, India (irb.sigma@sigma-india.in). As required by the ethics committee, voluntary oral informed consent was obtained from each subject. The study content and procedures complied with the regulatory and ethical requirements, adhering to Grameen's 'do-no-harm' principle. Data was securely preserved with confidentiality in line with the standard national guidelines.

Analytical Plan

The baseline evaluation leverages empirical analyses, provides simple descriptions of data reporting prevalence and incidences of various variables of interest, and explores inferential statistics using linear, logistic, and ordinal regression. These inferential statistics will help discern the factors affecting the key outcome variables and profile subjects that are more likely to adopt program intervention. This would serve as feedback for the program to adapt and pivot to achieve the best possible outcome. Stata/MP version 17 was used to analyze the data. Evidence highlighting gender-relevant findings is highlighted in purple color across the report.

4. Baseline Findings: BCs

The subsequent section describes the characteristics of the BCs engaged in the project (findings aggregated for Pilots 1A, 1B, and Pilot 2), the BC model being practiced by them, and the primary outcomes of interest such as income, satisfaction in their role as a BC, and the various covariates that inform and affect these outcomes.

4.1. Who are the BCs Engaged in the BEADS project?

An average BC participating in the project is a 35-year-old individual and almost equally male or female (males: 56.75%, females: 43.25%). As noted in the methodology section, the higher representation of female agents is because of the targeting by the project partners. Most of them are married (87.41%) and work across both rural

(45.54%) and urban/ semi-urban (54.46%) project partners. Most of them are married (87.41%) and work across both rural (45.54%) and urban/ semi-urban (54.46%) areas. Most BCs had studied till higher secondary/ 12th grade (55.84%), while the remaining had a graduate or above level of education. While the BC role was the primary source of income individually (78.72%) for most BC, BC households often relied on other income sources (63.84%). Most BCs had been working for more than six months at the current organization, with 58.12% reportedly working for more than three years and 16.93% having worked between one and three years. These BCs had, in principle, undergone the initial gestation period, learning the ropes of the work.
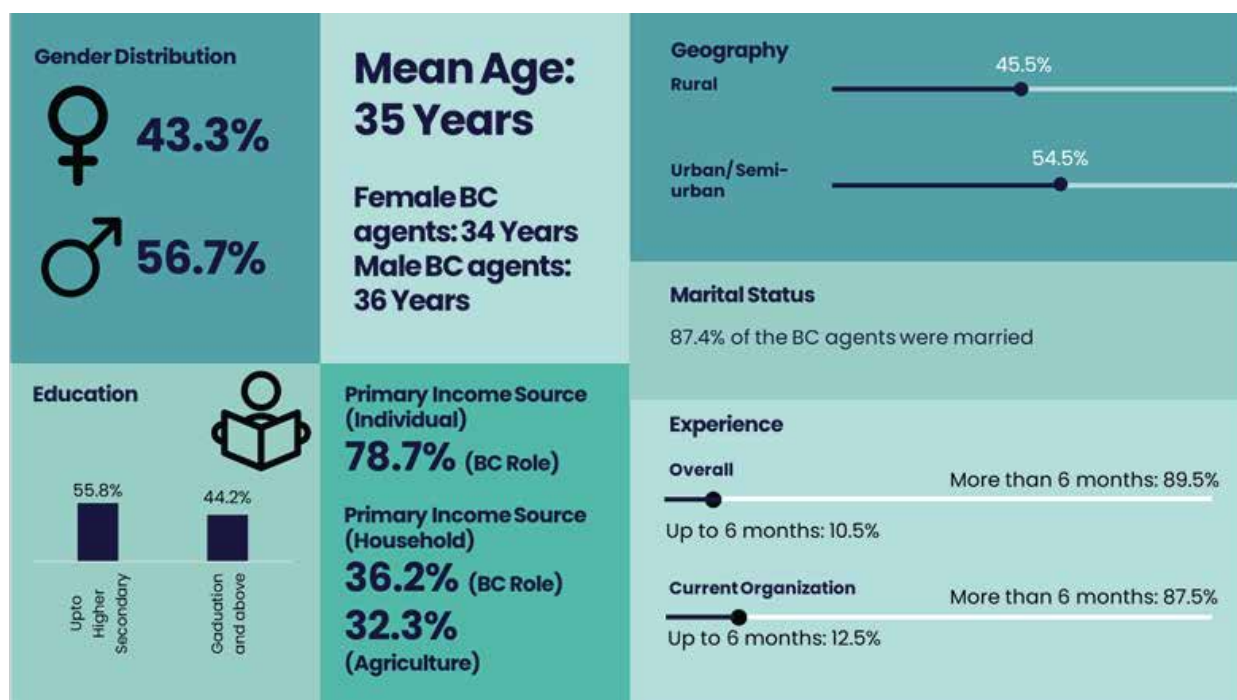

Figure 5: BC Profile

GRAMEEN
FOUNDATION

4.2. What is the Nature of the BC Model Being Practiced by the BCs ?

The baseline study tried to understand the nature of the BC model being practiced by the BCs as the modalities of the BC model will be a key lens to understanding the variation in outcomes.

Most BCs considered their current role as full-time (90.39%), with a majority of the agents reporting having flexible work hours (91.1%). **Around half of them worked exclusively with a BC Network Manager/ Bank (48.74%). A quarter of the BCs (24.72%) would extend doorstep services, and the remaining exclusively dispensed services from a designated kiosk/ office/ shop.** Most BCs (51.72%) had a fixed salary component and a few (12.36%) had a performance-linked fixed salary component. All BCs would receive a commission for the volume of products and services they were able to move; however, **35.93% reportedly received only commission-based compensation.** The BCs, in some instances, were not aware of the fixed salary

component they received, as they would receive an aggregated salary. In such cases, partner-reported secondary data was used to reclassify the earnings into a more accurate category.

The qualitative interactions with BCs and clients echoed these findings. Most BCs considered the BC role as their primary job and reported having some level of flexibility with their hours of work. In some instances, the core operational hours were defined; however, the starting and closing time was kept flexible. During the COVID-19 pandemic, most clients reported that these **BCs worked extended hours to accommodate their requests and provided unwavering access to financial services. Some BCs also reported extending some non-competing or complementary services such as helping their customers fill up applications for government schemes and services and recharge mobiles at their BC points.** While some BCs would work exclusively out of a designated place, others were accessible over the phone and would pay routine visits to customer households.

Engagement

90.4% Considered the BC role as their full-time job

Exclusivity

48.7% Worked exclusively with the BC network they are associated with

Service Model
Door step services 24.7%
Kiosk/ Fixed Place 75.3%

Earning
Fixed + Commission: 51.7% | Commission only: 35.9%
Performance linked Fixed + Commission: 12.4%

Investment in BC Business
Personal Investment: 76.0%
BC Network managed all cost: 18.1%
Was provided assisted loans: 5.9%

Average Investment
INR 75,732
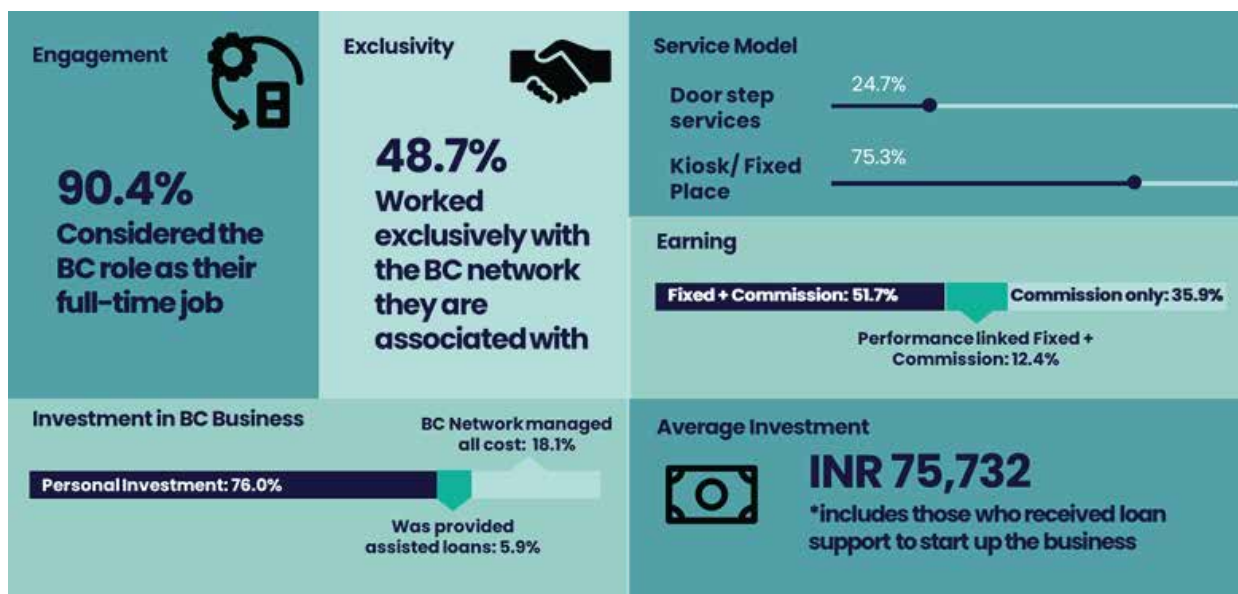*includes those who received loan support to start up the business

Figure 6: BC Model Practiced

A majority of the BCs had made personal investments or got credit, facilitated by the BC network, to set up the BC business (81.9%). On average, these BCs reported investing to the tune of INR 75,732 (USD 1,003). Around 18% of the BCs reported that the BCNMs bore all costs associated with starting the BC business. A few BCs in the KIIs reported accessing interest-free loans facilitated by the BCNMs, while others had made a personal investment or had taken a personal loan to invest in the business.

4.3. What Support is Extended to BCs by the BCNMs?

BCNMs gave support primarily as capital to facilitate liquidity/ cash management, marketing, training, and capacity building. Each pilot had a different focus based on the project solutions being extended and the pilot-specific surveys mirrored these pilot objectives. Accordingly, training and capacity-building support were explored in greater depth under Pilot 2, where it was the key focus. Ideally, marketing-related support was covered under Pilot 3, but as quantitative interactions with the BCs were not planned under the pilot, such exposure at the BC end was covered under the pilot 1A-B survey. Capital support, exposure to training, and capacity building had cross-cutting implications and were captured in a limited capacity in Pilots 1A-B as well. The commonalities between the two pilots will be discussed at an aggregate level, followed by pilot-specific findings.

i. Working Capital/ Liquidity/ Cash Management

Only one out of five BCs reported receiving assistance with working capital for the BC business. The BCs said they can usually manage the liquidity required for the BC business without financial aid. They would manage it by requesting customers to

withdraw limited amounts of money in a day so that they could cater to more customers daily. However, the agents would facilitate required transactions up to the permissible limits in case of emergencies.

ii. Marketing

Marketing is key to creating awareness around the basket of services among the customers and helps establish the BC as a reliable FSP. At the baseline, 69.1% of the BCs reported receiving marketing collateral to promote their work and services. These collaterals came in the form of:

- Posters (82.6%)
- Banners (82.1%)
- Pamphlets/ leaflets (22.3%)
- Handbooks (31.8%)

Audio, visual, and video content were rarely used; a few used product-related messages (5.6%) that could be shared with customers in short messages over platforms such as WhatsApp, social media, or traditional SMS. **The marketing collateral shared with the BCs was often gender agnostic (82.1%).** The BCs expressed being satisfied with the marketing-related support from the BC network managers (98.9%). During qualitative field visits, BCs working from a kiosk/ shop/ office were usually seen with banners and posters at their BC point. In contrast, agents who roamed the community to extend their services did not often have such accessories. However, some of these BCs used WhatsApp to share content and information about the organization's products and services.

iii. Training and Capacity Building

Most BCs had been exposed to some form of training (78.7%) after being onboarded. This training sharpened their understanding of how BCs work and the agents said they were satisfied with the training provided.
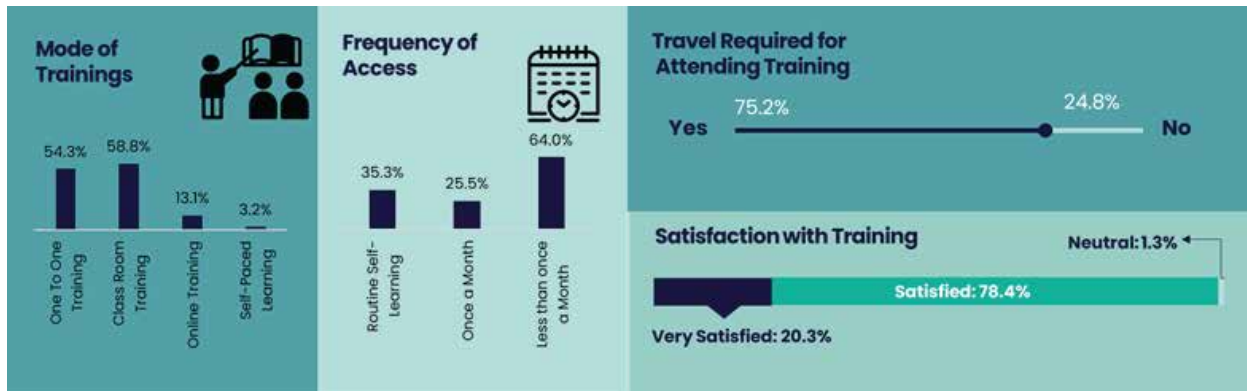
Figure 7: Training Exposure

Satisfaction with training was captured on an ordinal scale of five incremental levels. Through regression analysis, it was found that age was negatively associated with training satisfaction; with every unit increase in age, the BCs odds in favor of having higher levels of satisfaction with the training decreased (AOR: 0.95). If a BC had been working for more than six months, it positively impacted their likelihood of having higher levels of satisfaction. Likewise, increased training access (at least once a month) or routine self-learning was considered burdensome. These BCs tended to be 80% less likely to have higher satisfaction levels with the training than the BCs who engaged with the training less than once a month. This hints that the BCs find routine training cumbersome.

How to Read: (Ordinal Logistic Regression)
- The value shown in the box is the odds ratio. The bars in white represent the confidence interval.
- If the value or the error bars originating from it touches the horizontal black line, i.e. 'one' is included in the confidence interval range, the variable doesn't have significant association with the outcome
- If it doesn't touch the black horizontal line it has statistically significant association with outcome
- Values to the left of the black line are negatively associated with it, and those to the right have positive association
- All variables have a reference, mentioned at the bottom, the outcome is better or worse in comparison to this reference point
- **Example: Compared to the BC agents who had worked for less than 6 months, those who had worked for more than 6 months, had a 5.04 times greater odds in favor of having a higher level satisfaction with training**
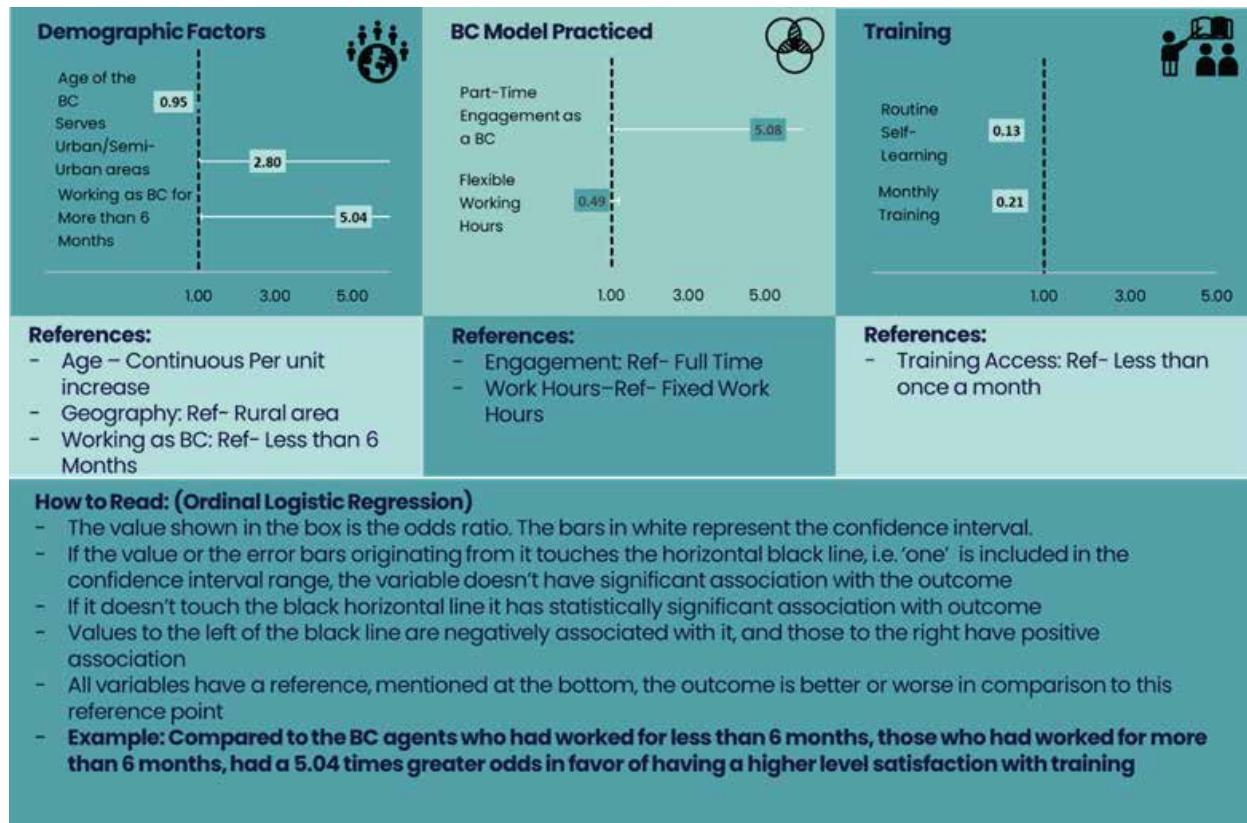
Figure 8: Training Satisfaction

It can be seen that the part-time/ full-time nature of engagement or flexibility of work hours did not affect training satisfaction. Other variables of interest such as gender and education also did not significantly affect training satisfaction as an outcome. Several other variables of interest were omitted in the regression model due to estimability, i.e., either these variables were perfectly colinear with other variables in the model, indicating the variable had a 0 or infinite standard error. We cannot comment on the association of such indicators with the outcome as they can differ across equivalent models having different parameterizations. The detailed models tested and the optimized regression model after testing for over fitment can be referred to in the Annex to understand this in greater detail.

Pilot 2, with a core focus on training and capacity building, explores exposure to training and capacity building in greater depth through multiple dimensions. The findings under pilot 2 show that almost 90% of the BCs had received training at least once, and 72.5% reported receiving training in the past year. The training primarily focused on different BC skills, including technical training on products and services (88.2%), equipment and applications (51.6%), and business skills like operations management, client engagement, retention, budgeting, maintaining liquidity, etc. (37.3%). Besides these, **approximately 10% of the BCs reported receiving training on soft skills such as effective communication, writing, professional behavior training, etc.** Training focused on grievance redressal (3.9%) and gender sensitization (2.6%) was rare. This was consistent with the qualitative interactions in which BCs reported no training on targeting opposite gender clients, understanding gender-dictated customer needs, respecting spaces, etc.

In pilot 2, apart from the gender of the BC and the frequency of training access, the geography in which the BC operates was found to be a relevant factor affecting training satisfaction. The BCs working in urban/ semi-urban areas were four times more likely to report higher levels of satisfaction with it.

The qualitative interactions revealed that most training plans were limited to the agent onboarding process, facilitated through classroom training. Such training was usually conducted in the nearby block headquarters and could vary in duration, with some being 2-3 hour-long sessions and others reporting that training extended up to three or four days. The training was often limited to basic knowledge of products and services or technical training in using various devices to undertake BC work. Some also focused on building relevant business and soft skills like effective communication, professional behavior, etc. **During the COVID-19 shut-downs, a handful of BCs had been exposed to online remote training. While they recognized the value of such online training, they were wary that internet penetration and stable connectivity could be a routine deterrent to training.** The BCs in several places also mentioned the use of peer learning, where new BCs are paired with older agents to observe and learn, as an effective approach to on-the-job training.

4.4. What are the Training Needs of the BCs ?

As the primary focus of Pilot 2 was training and capacity building of the BCs, the agents were asked to rank their skills on different aspects of the BC business. These were divided into technical skills and functional skills. The BCs expressed significant gaps in confidence in skills such as cash flow, budgeting, product, device knowledge, assessing competition, customer demand, grievance redressal, troubleshoot handling, and KYC.

Similarly, the BCs were asked to rank their skills related to functional aspects of the BC business. A significant number of the BCs participating in the baseline study expressed a lack of confidence in their skills related to marketing, public relations, conflict resolution, trust management, managing gender-sensitive interactions, customer retention, and their understanding of the SHG and NRLM landscape.

The BC supervisors were also interviewed to understand the training needs of the BCs they manage. However, instead of listing specific skills or training, they responded with broader training topics such as business skills, technical skills, soft skills, etc., and listed only capacity building on digital financial platforms, non-financial products, and services.
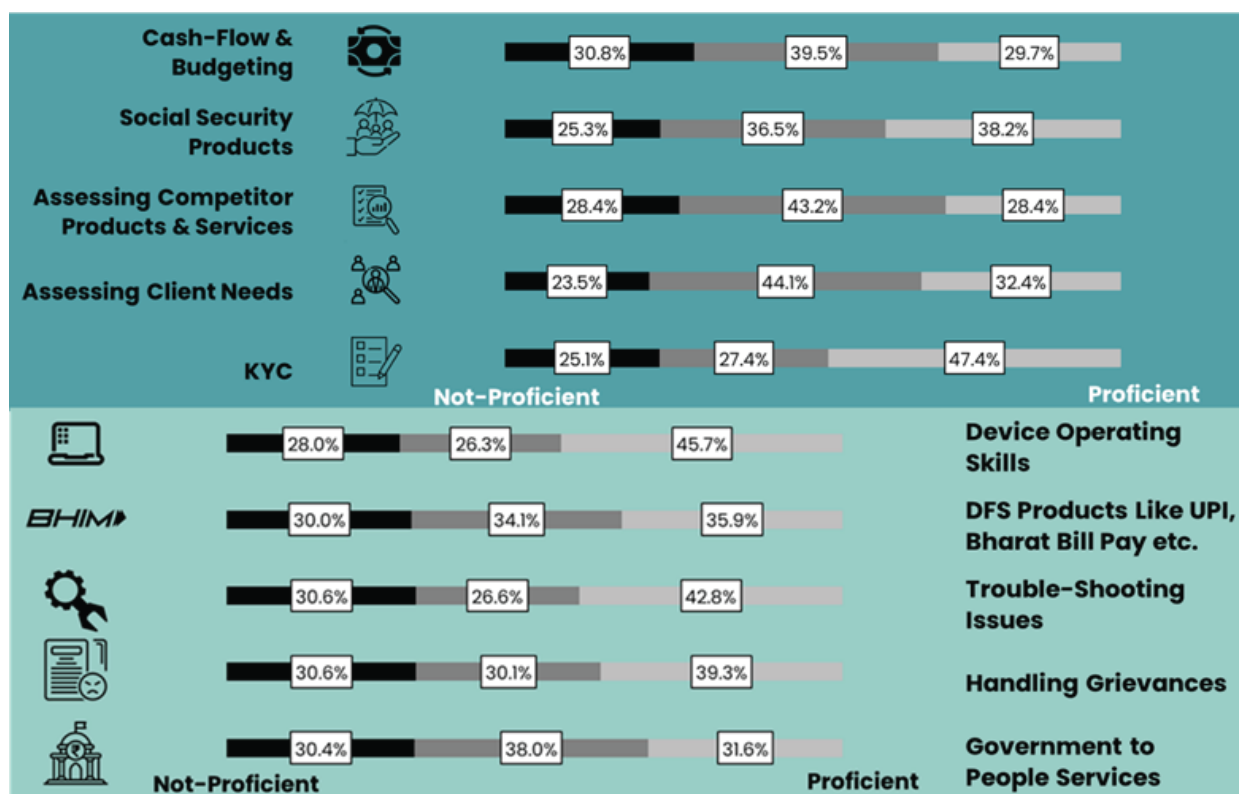

Figure 9: BC Self-reported Technical Skills - Ranking (B.)

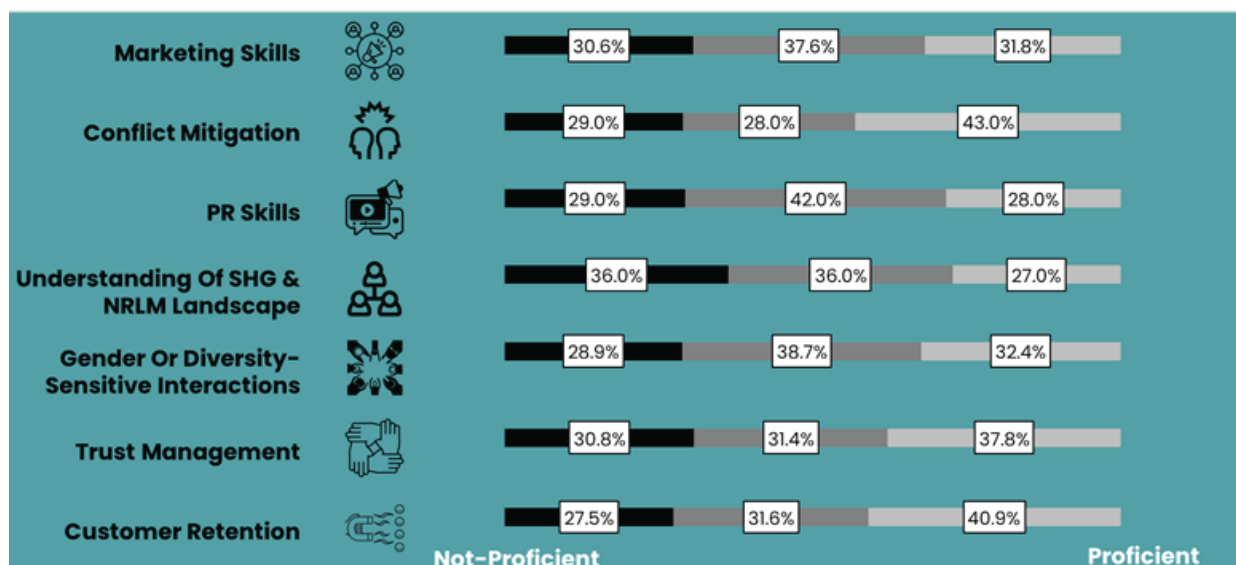| Skill	Not-Proficient		Proficient
Marketing Skills	30.6%	37.6%	31.8%
Conflict Mitigation	29.0%	28.0%	43.0%
PR Skills	29.0%	42.0%	28.0%
Understanding Of SHG & NRLM Landscape	36.0%	36.0%	27.0%
Gender Or Diversity-Sensitive Interactions	28.9%	38.7%	32.4%
Trust Management	30.8%	31.4%	37.8%
Customer Retention	27.5%	31.6%	40.9%

Figure 10: BC Self-reported Functional Skills – Ranking

4.5. Engagement with Clients

The BC model and the support received are primed to enable BCs to engage with clients. By design, the BCs did not exclusively target women in most instances; however, 90.4% of the BCs reported that five or more of the last ten customers they had served were women. Among male BCs, 86.3% reported having served five or more women clients out of the last ten, while this statistic stood at 95.8% for female BCs. During qualitative interactions, the BCs maintained that they served a mix of men and women customers. However, it is important to note that the client base the research team interacted with was predominantly women. Further, a significant proportion of BCs (46.2%) reported a distinct difference in the demand for products and services between female and male clients, while the remaining thought there was no such difference.

The BCs participating in pilots 1A-B reported that on a typical day, they extended over five hours of BC-related services (50.9%) while a third (35.1%) served up to two hours a day. It was noted that while 70.1% of the female BCs served for more than five hours a day, only 22.9% of the male BCs reported working

for five or more hours. The BCs would cater to more than 20 clients in a day (60.2%; Male BCs: 65.7%; Female BCs: 56.5%), and the remaining served less than 20 clients in a day. In a typical month, these BCs would add up to 50 clients (86.5%; Male BCs: 83.8%; Female BCs: 88.3%). A smaller segment of BCs reported they were able to mobilize more than 100 clients a month (7.3%).

When the BCs were also asked if they found it challenging to engage with the client's opposite gender, 22.2% of the male BCs reportedly admitted facing difficulty while interacting with female customers. In contrast, around 19% of the female BCs reported facing issues while engaging with a male customer. It was interesting that approximately a third of the male BCs (30.6%) reported finding it challenging to engage with same-gender clients. In comparison, only 7.4% of the female BCs found it challenging to interact with female clients. The clients did not reciprocate this hesitation expressed by male BCs as both female (89.5%) and male (92.3%) customers found them approachable. In the case of women BCs, the percentage of male and female customers who found them approachable was 81.5% and 92.6%, respectively.
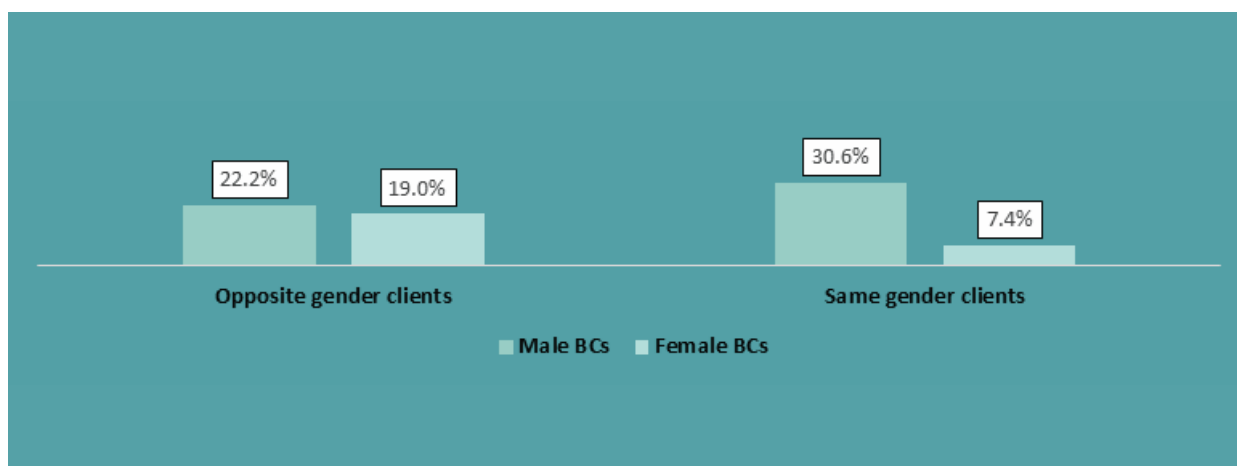
Figure 11: Difficulty in Engaging Clients Based on Their Gender

As a part of the baseline study under Pilot 2, some observational insights were also captured to assess if the BC points were inviting enough to the customers and if they were met with appropriate behavior when they sought services from a BC. This part of the survey was kept observational to eliminate any self-reporting bias; however, some aspects are subjective and may suffer from enumerator biases.

It was observed that most BCs would greet a customer (83.7%) when they came to the BC to seek their services. The BCs would usually answer all the questions the customers asked (87.6%). These are important practices as it builds BC and customer relation, which a mere transactional relation cannot do. **Most clients would usually be served in under five minutes (87.9%).** The BC points have a basic seating arrangement for waiting customers (90.9%). There would be shade at these BC points to protect the customers from sun and rain (94.3%). The BCs also had provisions for drinking water (72.7%) in most instances. Furthermore, the places where the BCs operated were considered safe and secure (99.4%). Regardless of their gender, the clients were treated with respect (100%).

4.6. What are the Challenges and Enablers of a BC?

Often support from family is key to a BC being able to dispense his or her role effectively. **A little less than a third (30.2%) of the BCs reported that the BC work interfered with their or their family's expectations regarding their role in the family.** More men had this complaint (36.7%) compared with women BCs (16.9%). Support from family (56.7%) was cited as the primary enabler to take up the BC role. Such support was expressed more among male BCs (72.3%) compared with female BCs (41.6%). Furthermore, 16.2% of male BCs and 7.8% of female BCs said they sought help from family members with caretaking or other responsibilities while facilitating BC activities.

Some BCs said they could not perform their duties optimally because of mobility restrictions and technology issues. Mobility was cited as a deterrent equally by male (13.7%) and female (12.7%) BCs. Apart from some notable deterrents, BCs voiced the following as some skills/tools they possessed that enabled them to perform their duties:

- Work experience (26.7%)

- Educational qualification (28.4%)

- Understanding of technology (45.6%)

- Association with community groups and networks (13.5%)

- Quality training provided to the BCs (36.5%)

4.7. What are the services offered by the BCs?

While envisioning the BC model, the RBI had outlined the scope of activities for the agents. Besides sourcing, disbursing, and collecting small-value credit and creating financial awareness, these included the sale of micro insurance/ mutual fund products/ pension products/ other third-party products and receipt and delivery of small-value remittances/ other payment instruments.

In line with the directives, the BCs in pilots 1A-B reported extending products under six major baskets; these included:

i. Banking and digital financial services

ii. Financial awareness

iii. Government services and schemes

iv. Credit

v. Investment and social security products

vi. Non-financial products

It was observed that a substantial proportion of the BCs (48.3%) extended products or services from only one or two of these product/ service types. Banking and digital financial services were deemed the most in-demand from the clients (86.5%) and consequently the most profitable for the BCs (86.5%).
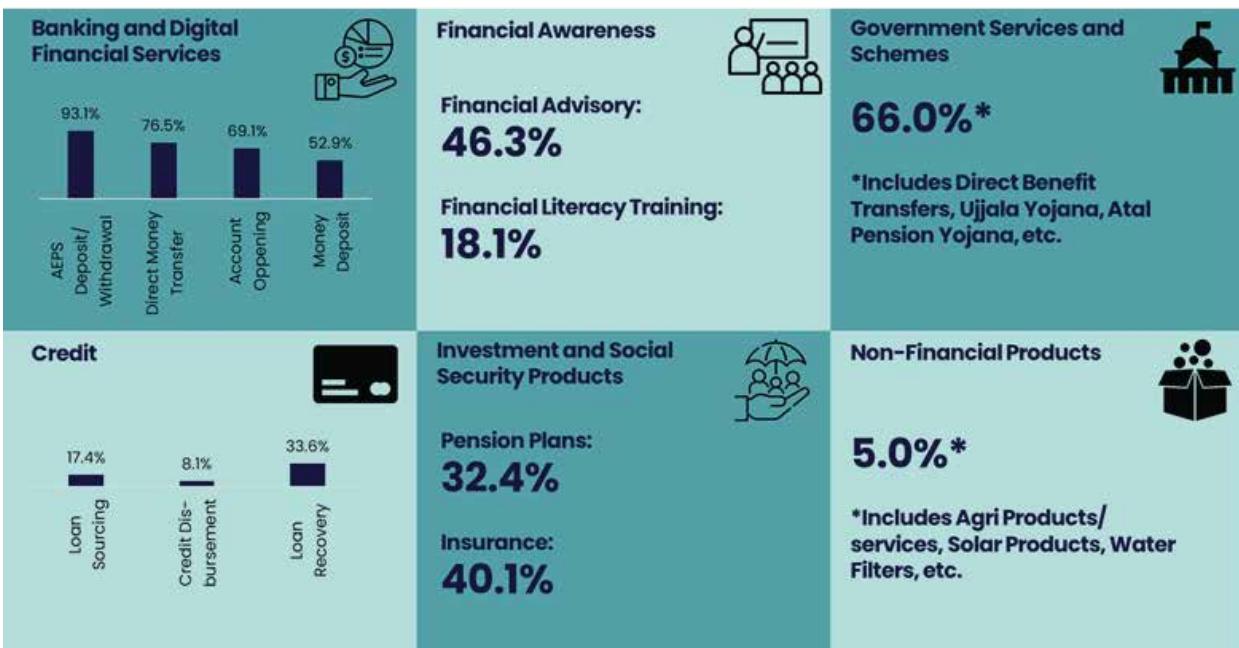

Figure 8: Training Satisfaction

4.8. How Viable is the Income from the BC Role?

Pilots 1A-B covered the diversity of product baskets and income at length; however, income was again a cross-cutting theme and

discussed in limited capacity under Pilot 2 as well. This section will assess the current status of earnings and further explore factors that impact the earning capacity of the BCs. Income was captured on a nominal scale, as it is easier to elicit such sensitive data when

income ranges are provided rather than asking for the specific income details directly.

Almost one-third of the BCs (29.3%) earned INR 3,000-5,000 (USD 40-66) in a month. More male BCs (44.8%) earned upwards of INR 5,000 (USD 66) compared with female BCs (26.6%). More male BCs (60.9%) reported their income had increased since their engagement as a BC compared with female BCs (43.5%). Among those who reported an increase in income (50.6%), the primary increase in income was attributed to adding new clients in the operational area (81.68%). Besides this, the number of repeat customers also increased (67.2%) and the expansion of outreach in new geographies (34.3%). Increased demand (44.3%) and awareness about products/ services (25.2%) were also cited as some of the reasons contributing to the income boost.

BCs who saw their incomes stagnating or declining since their onboarding (49.4%) said possible reasons could range from not adding products (44.8%), a decline in repeat customers (41.7%) or competition eating into their customer base (28.1%). Apart from these, they reported that commission margins have decreased (52.1%), and they now receive fewer incentives (31.2%). The BCs were also asked about the overhead costs while running the BC business. **Most male BCs reported spending INR 1,000–3,000 (USD 40-66) a month (40.0%), while 50.6% of the female BCs reported spending in this range.** It was observed that 48.6% of the BCs in urban areas would spend INR 1,000–3,000 (USD 40-66) a month, and another 35.1% of urban BCs would spend upwards of INR 3,000 (USD 66). In rural areas, 45.9% reported spending INR 1,000–3,000 (USD 40-66) a month, and

15.7% would spend upwards of INR 3,000 (USD 66).

The income of the BCs was also studied by appropriating data from various other sources, including qualitative interactions and partner MIS data. All partners did not share the transactional reports and had limited generalizability because of a lack of representation. However, it still provides us with a comparison.

The average monthly income of the BCs in these transaction reports was INR 11,969 (USD 158.6), and the average monthly revenue mobilized by them for the banks was INR 32,61,560 (USD 43,207.8). There was a significant difference in the average income reported for female BCs and male BCs. **Female BCs reportedly earned an average of INR 9,274 (USD 122.8), whereas male BCs would earn an average of INR 14,439 (USD 191.3).** Considering the income reported by partner organizations, there was an observed under-reporting of income ranges in the quantitative survey. However, apart from the direct income reports, this doesn't affect the inferential observations. The income data were recorded on an ordinal scale and the odds of ascending to the next level of the income range hold. When compared with the average number of hours worked by female agents compared with male agents mentioned earlier (women were more likely to report working more than five hours a day compared with men), not only are women earning less in absolute terms, relative to the hours worked, they are likely earning far less than their male peers. When added to the fact that they report incurring more overhead costs than men, women's net income is likely far below male BCs' average net income.
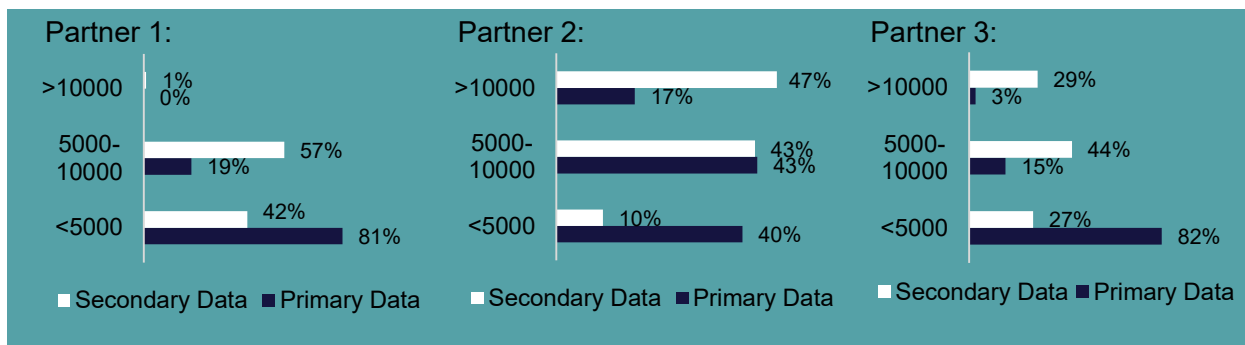
Figure 13: Income Comparison: Primary Data vs. Partner Reported MIS Reports

The BC income reported in the KIIs varied from INR 5,000-10,000 for those who had been working for some time. A few who had recently started also reported they were yet to see profits and were often sustained by organizations extending some fixed salary components. There were instances where the partners were not making transactional profits and were rather paying BCs for customer acquisition and a promised value in the future. A 2020 report by the World Bank reported that Bank Sakhis with the Jeevika program in Bihar earned an average of INR 3,971, and approximately 26% of Bank Sakhis earned more than INR 5,000 per month. The BCs in the BEADs project were comparatively better off than these Bank Sakhis.
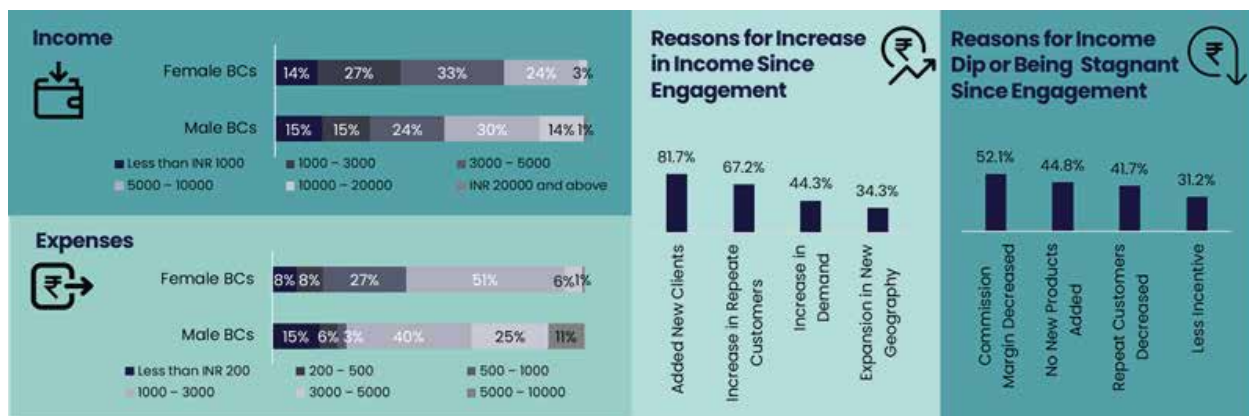

Figure 14: Income and Expenditure Related to BC Business

The baseline also attempted to unpack the factors that influence a BC's income. The regression identified that the gender of the BC (male) and the geography the BC served **(serving a rural area)** were statistically significant factors associated with the BC's income increase since the engagement.

Demographic Factors

Age of the BC 0.96

Female BC 0.27

Serves Urban/ Semi-Urban Areas 0.20

1.00   3.00   5.00

References:
- Age – Continuous (Per unit increase
- Gender: Ref- Male BC
- Geography: Ref- Rural Area

BC Model Practiced

Flexible Work Hours 2.86

Part-Time Engagement 0.20

Exclusively Work with BCNM 0.41

1.00   3.00   5.00

References:
- Work Hours–Ref- Fixed Work Hours
- Engagement: Ref- Full Time
- Exclusivity: Ref- Non-Exclusive

Training

Routine Self- Learning 4.23

1.00   3.00   5.00

References:
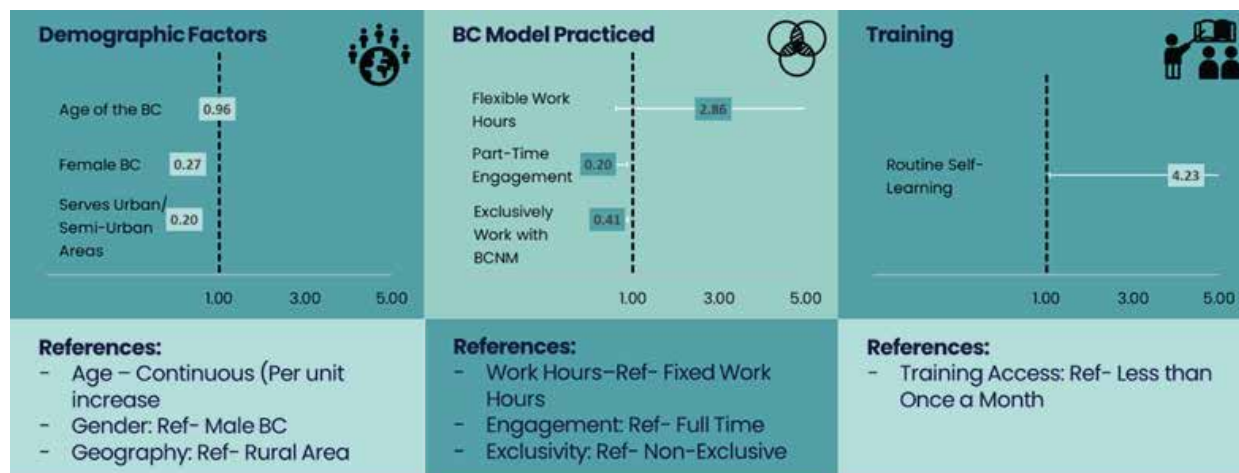- Training Access: Ref- Less than Once a Month

Figure 15: Factors Associated with BC Income

It was found that female BCs had lesser odds (AOR: 0.37) in favor of experiencing an income gain compared with their male counterparts. Similarly, income opportunities are more in rural areas, as BCs serving in urban or semi-urban areas reportedly had a lesser odd (AOR: 0.20) in favor of seeing their income rise compared with the BCs in rural areas. This may be due to lower competition and lower overhead costs for running the business. **Part-time engagement in BC work and working exclusively with the BCNM also contributed negatively to the BCs' chances of experiencing an income gain. It was found that if a BC engaged in routine self-learning, they had 4.23 times greater odds in favor of experiencing an income gain compared to those who engaged in training 'less than once a month.'**

Several other indicators were tested through the regressions; however, they did not yield a significant association with the BCs' likelihood of earning more since their recruitment. These included:

- Age of the BCs

- The flexibility of work hours

- Support received from the BCNM

- Duration for which they had worked as a BC

- Whether they offered doorstep services or not

- If they received a fixed salary or commission-based compensation

- The education level of the BC

Several other variables of interest were omitted in the regression model due to estimability, i.e., either these variables were perfectly colinear with other variables in the model, indicating the variable had a 0 or infinite standard error. We cannot comment on the association of such indicators with the outcome as they can differ across equivalent models having different parameterizations. The detailed models tested and the optimized regression model after testing for over fitment can be referred to in the Annex to understand this in greater detail.

Diversity of Product Basket as a Factor:
Under Pilots 1A-B, the primary hypotheses were to test how the expansion of the product basket affects the income viability of the BCs . Baseline findings indicate product diversity is significantly associated with income.

It was observed that BCs with five types of products in their product basket had 4.5 times greater odds in favor of graduating to the next level of income range compared with those who offer just 'one' type of product or service. Similarly, those who offered six types of products had 11.2 times greater odds in favor of graduating to the next level of income range compared with those who offered just one type of product or service.

BCs with four types of products in their basket of offerings had 5.7 times greater odds in favor of experiencing an income gain since onboarding than those who extended only one type of product or service. The finding supports the primary hypothesis that product diversity can positively impact the income of a BC.

The baseline survey also captured the perception of the BCs on how adding products and services would impact their BC business. The BCs were very positive about this and said it could help them improve their earnings (88.8%), add more customers (89.2%), and engage existing customers better (87.3%).
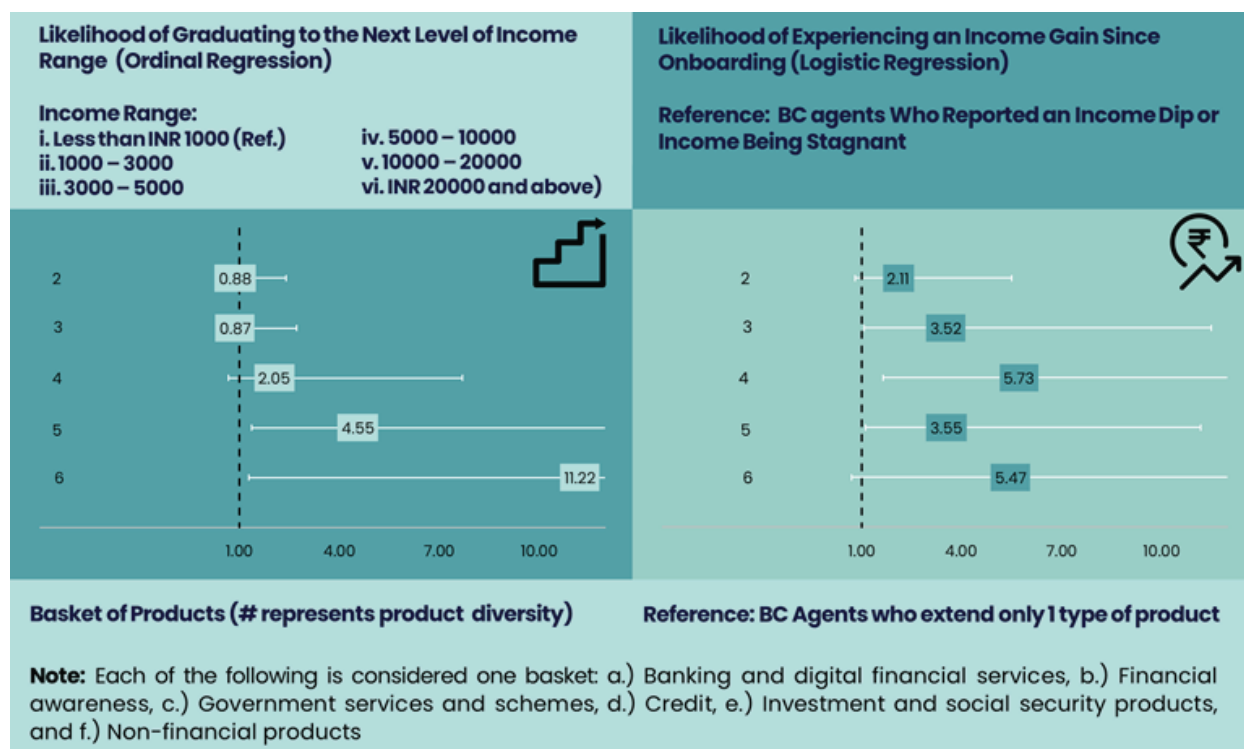

Figure 16: Effect of Product Diversity Extended by BCs on Income Opportunity

4.9. Who are the BC Clients, and What is Their Product Usage?

The baseline survey captured the basic characteristics of the customers for the different types of products offered by the

BCs. Table 5 encapsulates these customer characteristics. **It was observed that customers in the 30-60-year-old age group actively sought most of the services.** According to the BCs, the gender of the customer did not play a major role in product

usage. Women who were homemakers, in particular, sought financial awareness and advisory-related services and investment and social security products.

Also, financial awareness and advisory, credit, investment, and social security products were often sought by repeat clients.

Table 4: Product-Wise Customer Segmentation

Product Type	Age Group	Gender	Occupation	New/ repeat/ trained/ untrained/ Customers
Banking and digital financial services n=259, 100%	All age groups: 60.2% 30-60 Years: 28.6%	Both: 83.4%	All Occupations: 47.9% Farming & Allied Occupations: 27.4%	All: 71.8%
Financial awareness and Advisory n=122, 47.1%	30-60 Years: 59.8% 19-30 Years: 28.7%	Both: 81.1%	Farming & Allied Occupations: 36.9% Productively Unemployed (Homemaker): 22.9%	Repeat Clients: 45.9% (trained, untrained both)
Govt. services and schemes n=171, 66.0%	All age groups: 50.9% 30-60 Years: 38.6%	Both: 93.6%	All Occupations: 49.1% Pensioners: 22.8%	All: 64.9%
Credit n=98, 37.8%	30-60 Years: 63.3% 19-30 Years: 19.4%	Both: 82.6%	Farming & Allied Occupations: 29.6% Business: 27.6%	All: 30.6% Repeat Clients: 21.4% (trained)
Investment and social security products n=110, 42.5%	30-60 Years: 75.4% 19-30 Years: 16.4%	Both: 91.8%	Farming & Allied Occupations: 27.3% Productively Unemployed (Homemaker): 27.3%	All: 26.4% Repeat Clients: 24.5% (trained)
Non-financial products n=20, 7.7%	30-60 Years: 50.0%	Both: 80.0%	All Occupations: 50.0%	All: 55.0% New: 40.0% (trained)

4.10. Satisfaction with the BC Role

Besides income, satisfaction with the BC role was another key outcome critical to the success of a BC business. Most BCs expressed satisfaction in their role, with 27.7% being extremely satisfied and 65.0% of the BCs rating their experience as 'good.' The baseline study also tried to unpack the factors that impact role satisfaction. Among socio-demographic factors, the gender of the BC and the geography served were found to

be relevant. Female BCs had lesser odds (AOR: 0.41) in favor of having higher satisfaction levels with the BC role than their male counterparts. The BCs who served in 'urban or semi-urban areas' were more likely to be at a higher level of satisfaction (AOR: 2.63) than the BCs who served in 'rural' areas. Given earlier findings suggested that rural BCs were earning more on average, earnings alone may not be driving satisfaction.
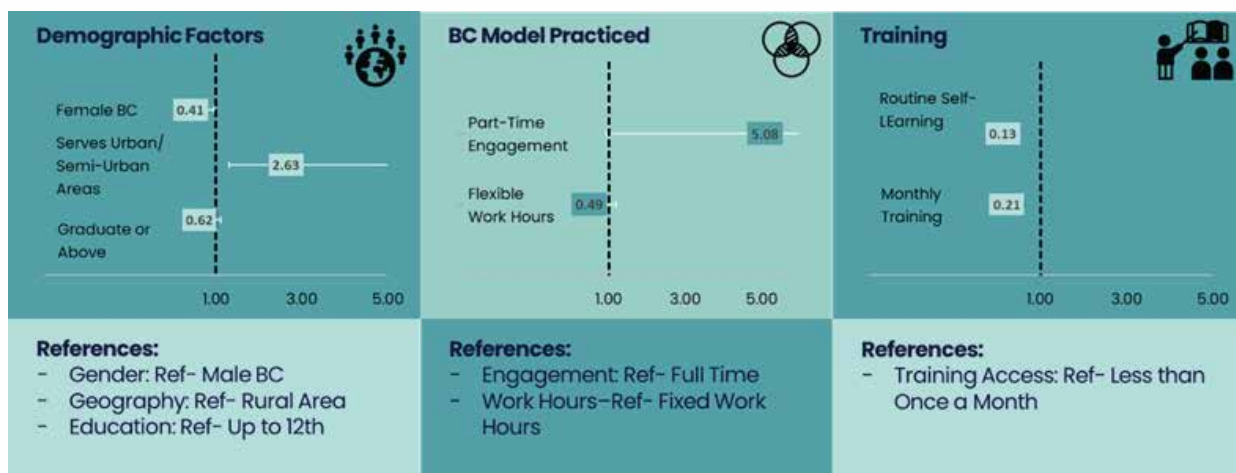
Figure 17: Factors Associated with Role Satisfaction

If BCs were engaged in routine 'self-learning' or 'engaged in training at least once a month,' they were less likely to be as satisfied as those who accessed training 'less than once a month.' While BCs reported less satisfaction with greater levels of training, the findings suggest that training does matter for income.

Age, and education of BCs were not statistically significantly associated with BC role satisfaction. Besides personal

investment in the BC business, exclusively working with BCNM, and providing doorstep services, the duration for which the BC has been working was also found to have no significant association with BC role satisfaction. Interestingly, in Pilot 1A-B, it was found that the current reported levels of income were also not significantly associated with satisfaction.

5. Baseline Findings: BC Customers

This section presents the findings from Pilot 3, which focused exclusively on the customers and their **awareness and usage of various products and services and their exposure and preferences for training.**

5.1. Who are the Customers of the BCs?

A typical customer is a 38-year-old individual, and can be of any gender; however, female customers (52.7%) slightly outnumber male customers. While a random sampling strategy results in these percentages being representative of the universe of clients, this may also be driven by the fact that one partner exclusively serves women. The customers are primarily from rural areas (86.9%). **A large proportion of these customers come from marginalized communities (84.9%), including other backward classes.** Most of them are literate (92.1%) and identify themselves as individual customers, not associated with groups like self-help groups (SHG) or joint liability groups (JLG). Almost three-quarters of these customers came from households that had one or two earning members supporting household income (77.7%), and they would usually practice agriculture-related activities (35.1%) or were agri-laborers (20.3%) or ran small businesses (18.6%).

Gender Distribution

♀ 57.6%

♂ 42.4%

Mean Age: 38 Years

Female Customers: 38 Years
Male Customers: 38 Years

Caste

15.1% General
13.5% SC
19.7% ST
51.8% OBC

Primary Income Source

Agriculture and Allied Services
35.1%
Agri Laborer
20.3%
Small Business
18.6%

Geography
Rural — 86.9%
Urban/Semi-urban — 13.1%

Marital Status
85.1% of the customers were married

Education
Illiterate: 7.9%   Literate: 92.1%

Individual Customer/ Associated with a Group Facilitated by the BC Agent
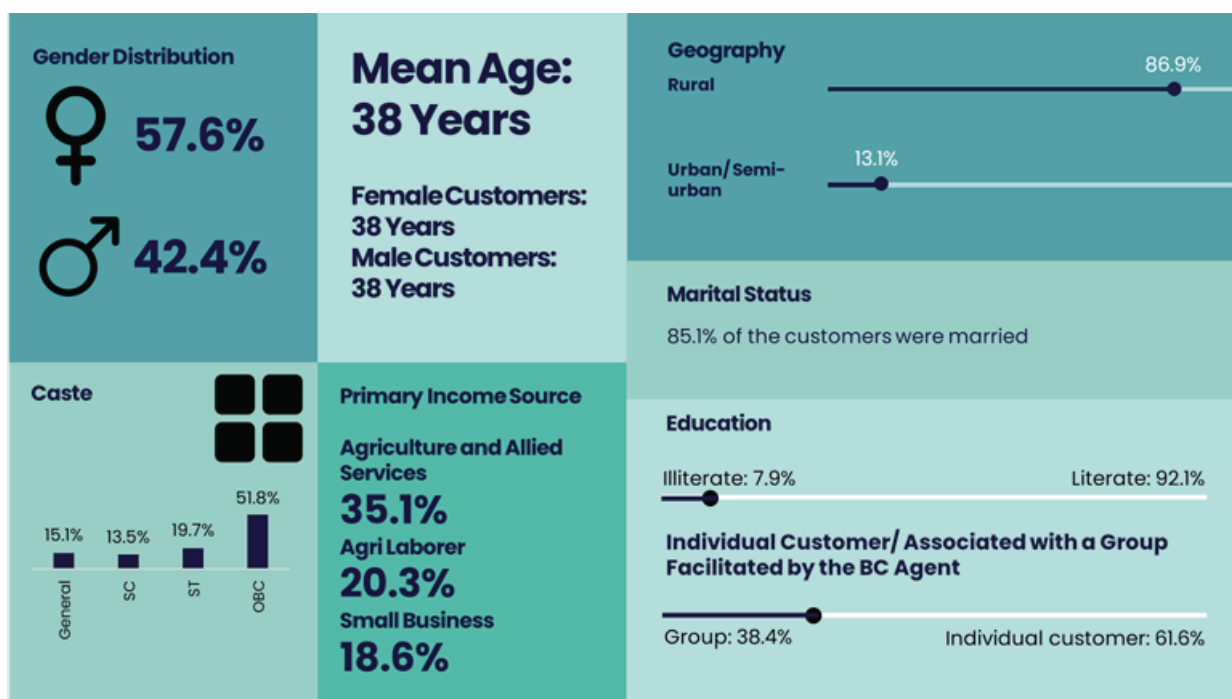Group: 38.4%   Individual customer: 61.6%

Figure 18: Customer Profile

5.2. Access to Mobile Phones and Banking Institutions

In today's day and age, a smartphone opens access to immeasurable sources of information related to banking and digital finance-related services. **Most of the survey participants had access to a smartphone in their household (85.8%)** and universal access to any kind of phone. However, in most instances, adult males in the family (81.2%) owned the smartphone compared with adult females (46.9%). Children had even lesser access.

Institutions such as banks (52.2%), post offices (39.5%), and SHGs (41.9%) were usually accessible. Utilities such as ATMs also had decent coverage, with 39.1% of the customers stating they had access. However, the BC service point or a customer service point (CSP) was most ubiquitously accessible (90.4%).

5.3. Interactions with the BCs

The customers, by design, were from the catchment area of the BCs and had known the BC. **A majority (57.6%) had known them for over a year now; these customers would engage with the BCs to seek services at least once a week (48.0%).** The customers usually sought these services at BC points or designated meeting places (79.5%). This would also be dictated by whether doorstep services were offered or not. The customers came to know of these services mostly through the BCs themselves (87.5%) and word of mouth from family, the community, or others (56.7%). Banners, posters, and other marketing materials were also useful in generating traction for the BC business (30.8%).

Figure 19: Interactions with the BC

5.4. Client Education (Exposure and Preferences)

A little over a third (35.6%) of the clients had received some form of financial literacy training in the past year. As COVID-19 was prevalent during this period, a significant portion of these clients was reached by BCs/ BCNMs through remote online training (62.0%) or audio-visual content shared over platforms such as WhatsApp (60.7%). Online or mobile-based applications were rarely used. However, a significant proportion of the customer base was open to learning through a mobile/ internet-based platform (48.7%). The remaining cited factors such as not being

comfortable using online platforms (26.4%) or finding such training to be difficult to understand and follow up (69.2%). Those who were interested almost universally felt technology-based training solutions would

enhance their overall experience of engaging with the BC network, aid awareness and encourage the adoption of financial products and services.
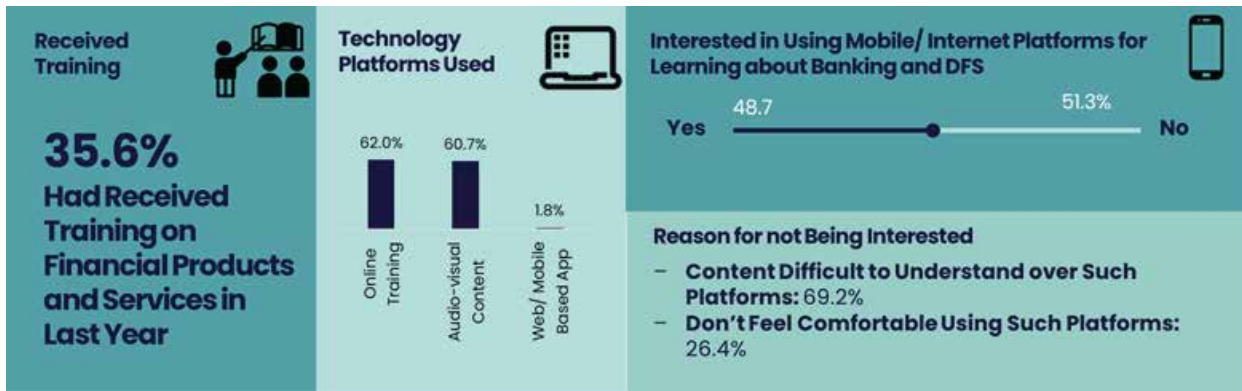

Figure 20: Customer Education and Training Preferences

5.5. Awareness and Usage of Different Products and Services

This section explored the awareness and usage of the five major product types in a basket of offering usually extended at a BC point. Financial awareness and advisory have

not been included as a segment. Awareness about the suite of products was good among the clients; however, it did not always translate into usage. Figure 21 below summarizes the awareness and usage of products and services.
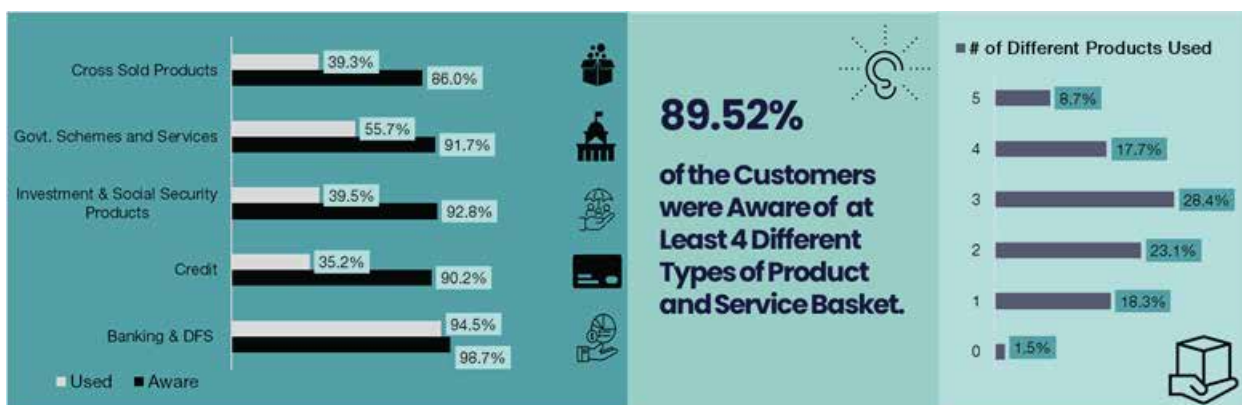

Figure 21: Awareness and Usage of Products and Services Offered by Different Banking Institutions

As the data about awareness and usage were self-reported, the customers were asked follow-up questions about the different use

cases of different products to ascertain their knowledge and usage.

It was subsequently found that customers were using a savings account primarily for CICO (76.2%), routine saving (40.2%), and goal-based saving (21.6%). Furthermore, AEPS was being used for withdrawing funds received from a family member (52.5%), transferring funds to a family member (51.5%), balance inquiry (36.4%), and depositing money in their account (39.4%). Credit was being used to buy farming equipment (23.3%), build (19.5%), or repair (26.3%) household items. Credit was also being used for financing education (18.8%), marriage (19.5%), starting a business (14.3%), buying livestock (21.8%), etc. Around 17.5% of the customers reported having used a credit card, the majority of whom used this to pay personal/ household expenses (87.8%).

A little less than a third of the customers participating in the baseline had bought a life insurance plan (31.8%) to secure their family against untimely death. Pension benefits were being leveraged by 20.2% of the customers, of which 41.7% stated that they used pension schemes to ensure sustained income after retirement, and 25.5% meant to draw on it to mitigate major life expenses after retirement. Furthermore, three-fourths (74.6%) of the customers knew that the purpose of the KYC process was to verify the customer's credentials using the services. Most customers believed only an Aadhaar card could be used for a KYC (97.9%). Based on the observed results, it can be said the customers had a fair amount of knowledge about the basket of products and services. However, they were unaware of the complete suite of products on offer as usage was limited to a few specific products for most product types. Although banking and digital financial services were an exception, the usage of most products and services on offer in the segment was significantly high.

5.6. What Factors Affect the Usage of a More Diverse Set of Products and Services?

The primary focus of Pilot 3 was customer awareness; however, at the baseline, the reported levels of awareness were significantly high. If the outcome is polarized (i.e., too low or too high), the ability of statistical methods to disengage and identify predictors contributing to it is compromised. However, the gap in awareness and usage highlights that customer education efforts need to make consumers see the value in using the suite of products and services. The products on offer need to be designed to better meet the customers' needs. It should be taken into consideration that adoption and usage can be a function of means, priorities, and the attractiveness of the product. Considering the challenge, the baseline exploration pivoted and decided to unpack the factors that influence the usage of a diverse set (ordinal scale) of products and services.

It was observed that socio-demographic factors such as age, gender, religion, caste, education, and the number of people contributing to household income did not have a statistically significant association with the likelihood of customers using a diverse set of products and services.

Accessibility to a smartphone negatively affected the likelihood of a customer using a more diverse set of products and services than they were currently using. And it did not have a significant association with awareness about a more diverse set of products and services. If a customer knew the BC for more than six months, they had a higher likelihood of being aware (4.7 times) and using (2.3 times) a more diverse set of products and services compared to those who knew an

agent for less than six months. If the customer had received training, it contributed to a greater likelihood of the customer is aware of a more diverse set of

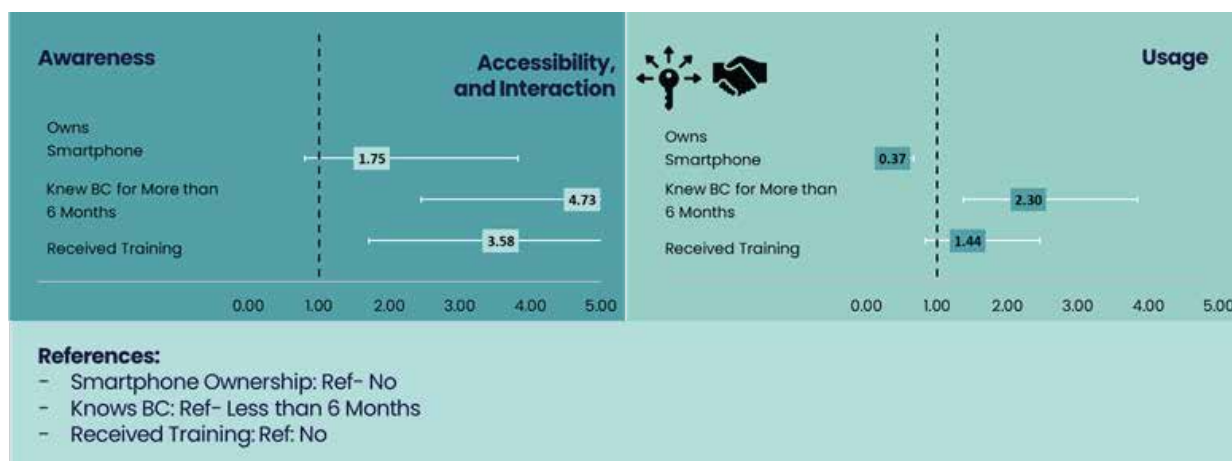products than they were currently aware. This did not have a significant association with usage.

Figure 22: Association of Accessibility and Interaction with Awareness and Usage of Products and Services

5.7. Customer Empowerment

Access and usage are not just fueled by supply-side availability, but an empowered consumer plays an important role in actively seeking the right products and services. Customer empowerment depends not only on how equipped or entitled a customer is but also on businesses to share a partial onus of enabling customers. The Social Performance Task Force has defined some universal standards using a customer-centric approach to financial services. These provide practical guidance for FSPs to understand and respond to the wants and needs of all customer segments. These further intend to protect the customers from harm and allow FSPs to responsibly deliver on their social goals.

Businesses, including the BC business, can listen to the customer's voices, enable choice and control of the usage of products and services, and extend respect. The customers participating in the Pilot 3 survey were asked questions on these dimensions to gauge their state of empowerment, and the figure below

summarizes their responses. A simplified empowerment index was also developed with each dimension choice, voice, control, and respect given equivalent weights. Gender differences in empowerment were delineated and **it was observed that males, on average, scored 3.54 on a scale of four, while female clients scored 3.18 on the same scale.** Female clients lagged men by ten percentage points in terms of control (average score: 60.7%) of the usage of financial products and services and were 15 percentage points behind men in terms of their voice being heard (average score: 72.7%) compared with male clients.

Empowerment was further dissected, revealing that education did not significantly affect consumer empowerment as an outcome. Gender-based inequities could be seen, as the regression results revealed that female clients had lesser odds (AOR: 0.47) in favor of gaining a level on the empowerment index than their current level of empowerment compared with a male client. Furthermore, it was observed that with each

unit increase in age, clients had a 0.97 lesser odds in favor of being more empowered than the current level of their empowerment. Those who routinely interacted with a BC had 2.2 times greater odds in favor of being more empowered than those who interacted infrequently. It was further observed that a customer having received training had 3.7 times greater odds in favor of having higher levels of customer empowerment.
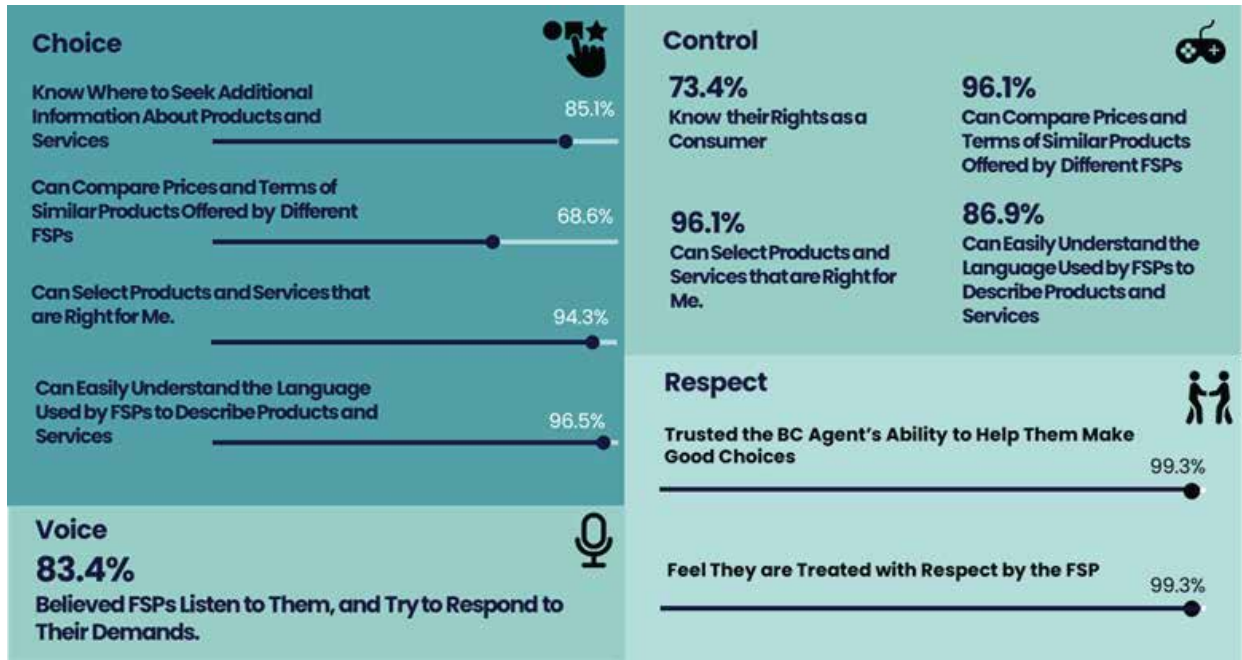
Choice

Know Where to Seek Additional Information About Products and Services — 85.1%

Can Compare Prices and Terms of Similar Products Offered by Different FSPs — 68.6%

Can Select Products and Services that are Right for Me. — 94.3%

Can Easily Understand the Language Used by FSPs to Describe Products and Services — 96.5%

Voice
83.4%
Believed FSPs Listen to Them, and Try to Respond to Their Demands.

Control
73.4% Know their Rights as a Consumer

96.1% Can Compare Prices and Terms of Similar Products Offered by Different FSPs

96.1% Can Select Products and Services that are Right for Me.

86.9% Can Easily Understand the Language Used by FSPs to Describe Products and Services

Respect

Trusted the BC Agent's Ability to Help Them Make Good Choices — 99.3%

Feel They are Treated with Respect by the FSP — 99.3%
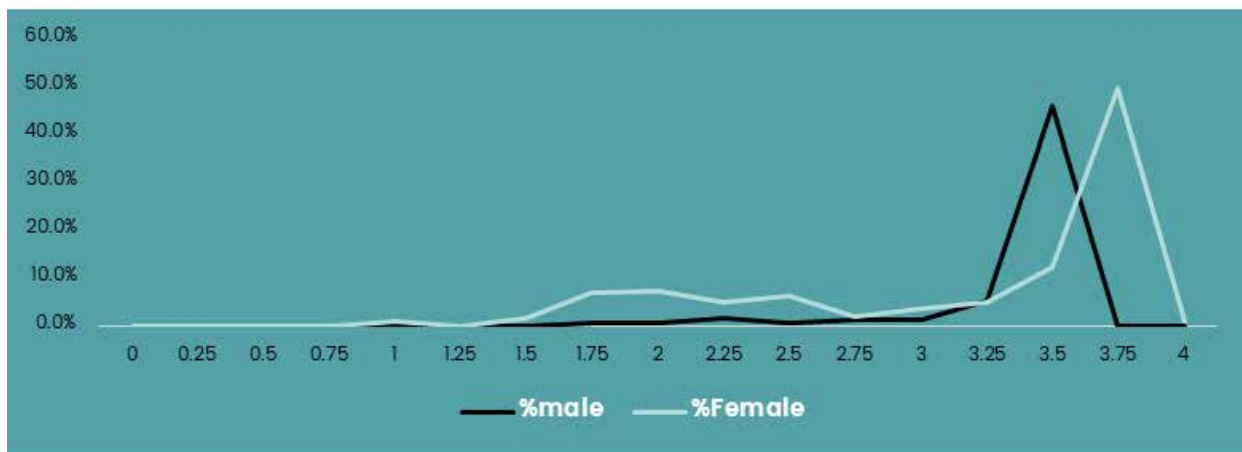
Figure 23: Customer Empowerment

Figure 24: Gender-Segregated Distribution of Customer Empowerment

6. Gendered Observations

6.1. Who are the Women in the BC Workforce?

Across the Pilots 1A-B and Pilot 2, 43.2% of the BCs participating in the baseline survey were women. As noted earlier, some of this is by design given partner project targeting. Among these women BCs, 38.1% were secondary education graduates or had a higher degree. Most worked in urban or semi-urban areas (72.0%). Half of the women BCs (50.3%) offered doorstep services, compared with men (5.2%), which was significantly higher. There was no significant difference in the number of customers served by the BCs based on the gender of the BC.

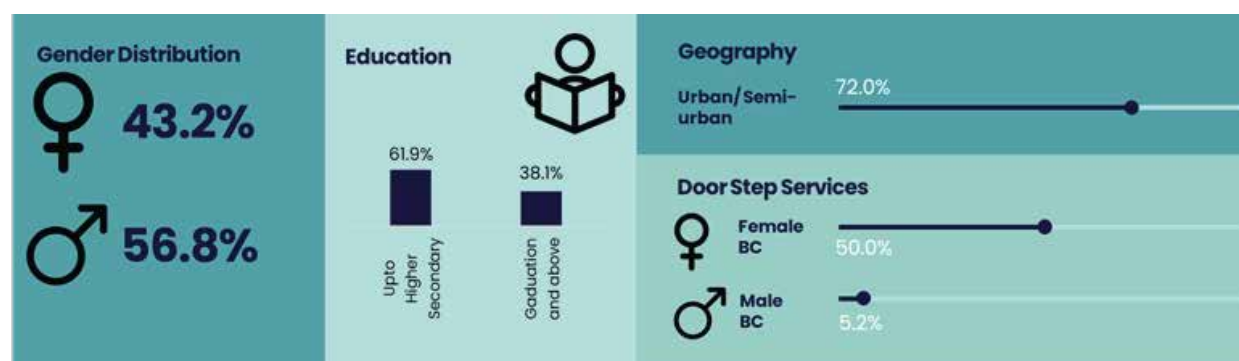

Figure 25: Profile of Women BCs

6.2. What are the Challenges Female BCs Face?

It was observed that female BCs were 59% less likely to have higher satisfaction levels with the BC role than their male counterparts. The disempowerment of women is often a result of denied choices; certain observations hinted towards such denied choices. It was observed that only 54.3% of the female BCs took the primary decisions related to their BC business independently, compared with 96.5% of the male BCs. While the data collected did not capture whether the BC business being run is technically managed by another household (male) member, Grameen has found in other markets in Sub-Saharan Africa that this can be the case. This would have to be further validated in India.

Female BCs had lesser odds (AOR: 0.27) in favor of experiencing an increase in incomesince being onboarded as compared with their male counterparts. Fewer women (16.9%) complained of BC work interfering with household work and family expectations than men (36.7%). This contradicts expectations as it is well-documented that women face greater caretaking burdens compared with men in India. It may be that men are interpreting this question as a challenge to their other income-generating activities since most men reported working fewer than five hours in their BC business. In the qualitative interactions, a few women BCs and some supervisors reported that mobility could be an issue as a woman BC. This wasn't a major issue reported in the quantitative survey. Given this wasn't noted in the quantitative data, it may suggest

female BCs have already overcome challenges to mobility that they either experienced during onboarding or were resolved prior to becoming a BC.

6.3. Perception of BCs About Women Clients

The baseline also captured the perception of BCs towards female clients. This was captured as a part of pilot 1A-B.

A small segment of BCs perceived the existence of various barriers leading to lower adoption of BC products and services among women. A gender-segregated view of the beliefs of this sub-section has been presented to delineate gender-specific biases.

A little less than a third of the male BCs (30.2%) believed that women clients have a limited understanding of products and services; in contrast, 9.0% of the female BCs believed the same. In the qualitative interactions, BCs attributed the low level of education among women as the reason for their perceived limited ability to understand financial products and services. One in five BCs (21.5%) believed women do not have the decision-making power to avail themselves of the products and services offered at the BC

point. Again, more male BCs believed this (26.2%) compared with female BCs (15.3%). This was substantiated by the client survey, where only 19.0% of the respondents said a female member of the family had a say in financial matters in the family.

Furthermore, 13.4% of the BCs believed female clients are difficult to engage, the differences between male and female BCs being 16.9% and 9.5%, respectively. In the qualitative survey as well, most BCs did not report facing any issues while engaging female clients, and only a few mentioned challenges iterated above. A small proportion of BCs (17.5%) believed that women did not have much interest in financial matters and did not actively seek products or services; 22.2% of male BCs and 12.2% of female BCs echoed this belief. However, as observed across the pilot surveys, women were the dominant group seeking products and services at the BC points. Though expressed by a smaller subsection of BCs, these beliefs have some roots in reality. The difference in these opinions between male and female BCs does point out that some inherent biases exist. It would require a two-pronged approach where clients are educated to close the gap in inequities, and BCs receive some form of gender-sensitivity training.

7. Summary

The baseline survey sought to provide a benchmark for the key outcomes, besides assessing the factors that support or pose a challenge to realizing the goals envisioned for the pilots. The following section summarizes the evidence toward those goals.

Hypothesis 1: Customized and market-fit product portfolio with widened services will ensure greater outreach and more transactions resulting in improved viability of BCs.

Evidence:

» The baseline found that most BCs would extend one or two sets of product types. Offering a more diverse set of product types (among banking and DFS, credit, investment and social security, government schemes, financial awareness, advisory, and cross-sold products) significantly increased the likelihood of BCs experiencing income gains.

  - if the BC was extending four types of products, they had 5.7 times greater odds of experiencing an income gain since onboarding

  - if the BC offered five or six types of products, they had 4.5 times and 11.2 times greater odds in favor of graduating to the next level of the income range respectively

» It was found that exclusively working with the BCNM and those who worked as a BC employee full time hurt the likelihood of experiencing income gains. This could be because the current basket of product types on offer is limited.

Recommendation:

Innovate to expand the product basket to be offered to the clients. As indicated, an increased product basket can help realize income gains, reduce the burden of BCs to work part-time, and address the current issue of exclusive BCNM association, which

hurts income gains. Additionally, results from Pilot 3 show that awareness about the product suite is already high, but that has not converted into usage. To safeguard against such a fate for any new product suite, capacitating and upskilling BCs to manage customer education efforts through effective and transparent messaging around the product suite would be needed, along with a deeper understanding of what BC client's preferences for existing products or those that will be promoted under Pilots 1A-B. Apart from this, appropriate marketing of the product suite would be the key to the successful adoption of any new solutions introduced. While the pilots were envisioned as separate interventions working in silos, a convergence of efforts being undertaken across different pilots is needed for effective implementation.

Project Solutions:

At the time of finalizing this report, a suitable micro-savings product and assisted e-commerce products were being added to the basket of offerings of the BCs under pilot 1A-B. Pilot 2 is aiding BCs to build their capacity on necessary business and soft skills, while under Pilot 3, marketing support is being actively extended. Grameen has partnered with IDEO and Propellerfish to integrate human-centric design thinking to develop better products.

Hypothesis 2: Improved capacity and quality of the BCs through careful gender-sensitive recruitment, training, and continuous upskilling will increase client acquisition, retention, and servicing and result in improved viability of BCs.

Evidence:

» Exposure to training was limited to a few core areas, including basic banking, device,

and platform-related skills needed to dispense BC business. Only a handful of BCs had received any business or professional skilling training.

» The BCs reported not being confident about many of the skill sets used across most routine businesses. These included skills like cash flow management, budgeting, assessing competition, customer demand, grievance redressal, troubleshoot handling, and KYC

» Additionally, the BCs mentioned skill gaps regarding marketing, public relations, conflict resolution, trust management, managing gender-sensitive interaction, customer retention, etc.

» Training focused on grievance redressal (3.9%) and gender sensitization (2.6%) was rare.

» A small segment of BCs perceived various barriers leading to lower adoption of BC products and services among women.

» Online and application-based training has been leveraged in a limited capacity. The existing implementation had counterintuitive results where routine self-learning and training at least once a month led to lower training satisfaction.

» The current form of utilization of online mediums has been ad hoc and imposed because of COVID-19-related restrictions. There are genuine concerns related to compromised access due to limited internet penetration and unstable connections.

» Also, the content is not widely available in local languages.

Recommendation:

Identify and prioritize skills required for running a BC business from the supply side perspective and consider the demand for training from the BCs as well as the time commitment they want or can make. The training of BCs needs to be systematized. The BCs could be trained through classroom training and encouraged to cross-learn from

peers by shadowing. Refresher training and routine upskilling can happen over a self-paced, on-demand learning platform. For this, a learning management system (LMS) should be introduced for organization-wide use. These need to be available in local vernaculars, and resources should be downloadable to reduce internet accessibility and stability issues. Soft skills and certain business skills are better learned through demonstration, classroom training, video tutorials, and augmented reality-based solutions can progressively fill this gap.

A two-pronged approach is needed to address both BCNM and BC biases towards women. Some form of gender-sensitivity training for BCNMs and BCs is needed to identify the biases and develop skills to better identify female BCs' and female BC clients' barriers to success.

Project Solutions:

At the time of finalizing this report, a training needs assessment had already been carried out to understand the gaps and how to appropriately manage them through relevant content provided systematically. The project partners had been provided access to a digital eLearning platform designed by Grameen Foundation India known as G-Leap to augment systematic learning.

A change management workshop was also being carried out with the project partners to sensitize them about gender-related issues at the workplace.

Hypothesis 3: Client education and marketing will build trust and ensure greater demand, uptake, and usage of a wider range of financial services by low-income populations, especially women in rural areas.

» The baseline saw a high prevalence of awareness about the product suite of offerings; however, compared to awareness, usage of products was still significantly less except for banking and DFS-related services.

» It was also observed that if the customers knew the BC for more than six months, they were more likely to be aware of and use a more diverse set of products and services.

» Training had a positive impact on awareness but not usage.

» Training focused on grievance redressal (3.9%) and gender sensitization (2.6%) was rare.

Recommendation:

The observations hint toward a lack in quality of training content resulting in its effects being visible only on awareness and not usage. Given Pilot 3 focuses on product marketing, the focus of training content should expand beyond the features of the product and where to access it to focus on the innate value the product creates for the users. BCs can be leveraged to increase the outreach of the messaging.

Project Solutions:

At the time of finalizing this report, supported by capacity building of agents under Pilot 2, the BEADS project began engaging content development teams who had been trained on human-centric design methods. Approaches that address desirability (demand from the clients), feasibility (technology available to deliver), and viability (business-centered) to design and deliver training content were being considered.

8. References

[i] Demirgüç-Kunt, Asli, Leora Klapper, Dorothe Singer, Saniya Ansar, and Jake Hess. 2018. *The Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution.* Washington, DC: World Bank. doi:10.1596/978-1-4648-1259-0. License: Creative Commons Attribution CC BY 3.0 IGO

[ii] Kapoor, R., & Reddy, R. (2020). *Financial Inclusion in Rural India.* Grant Thornton.

[iii] Ghosh, S. K. (2021). *India is now ahead of China in financial inclusion metrics.* New Delhi: Ecowarp - State Bank of India.

[iv] Data Obtained from: https://www.npci.org.in/PDF/npci/statics/RETAIL-PAYMENTS-STATISTICS-Mar-22.xlsx (NPCI: Retail Payments Statistics-Mar-22)

[v] Reserve Bank of India. (2010, September 10). *Financial Inclusion by Extension of Banking Services – Use of Business Correspondents (BCs).* Retrieved from RBI: https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=6017&Mode=0

[vi] Handoo, J. (2013, September 27). *Financial Inclusion 2.0: India's Business Correspondents.* Retrieved from CGAP: https://www.cgap.org/blog/financial-inclusion-20-indias-business-correspondents

[vii] Pinto, A. R. and A. Arora. 2021. Digital Doorstep Banking: Female Banking Agents Lead Digital Financial Inclusion through the Pandemic and Beyond. *ADBI Working Paper 1285.* Tokyo: Asian Development Bank Institute. Available: https://www.adb.org/publications/digital-doorstepbanking-female-banking-agents-lead-digital-financial-inclusion-through-the-pandemic-andbeyond

[viii] SHG women working as Business Correspondents for banks (BC Sakhis) and Bank Sakhis playing a vital role in disbursement of first tranch of ex-gratia of Rs.500/- to women PMJDY accounts amidst COVID-19 Lockdown. (2020). PIB. Ministry of Rural Development. Retrieved from https://pib.gov.in/PressReleasePage.aspx?PRID=1613916

[ix] Tiwari, A., Gayatri, & Jaitly, S. (2022). *Women's agent network—the missing link in India's financial missing link in India's financial: A supply side story.* Microsave.

[x] Mehrotra, A., Tiwari, A., Karthick, M., Khanna, M., & Khanna, V. (2018). *State of the Agent Network, India 2017: Agent Network Accelerator Research.* Helix Institute of Digital Finance.

[xi] (2020). *Impact of the COVID-19 pandemic on CICO agents. Microsave.*

[xii] Reserve Bank of India. (2010, September 28). *Financial Inclusion by Extension of Banking Services – Use of Business Correspondents (BCs).* Retrieved from Reserve Bank of India: https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=6017

[xiii] (2020). *Self-Help Group Members as Banking Agents for Deepening Financial Inclusion.* World Bank.

[xiv] Simanowitz, A. (2017). *Measuring Customer Empowerment.* Social Protection Task Force.

GRAMEEN
FOUNDATION

E-86, Lower Ground Floor, Sun City, Sector 54,
Golf Course Road, Gurgaon-122011 Haryana, India
T: +91 124 4100702/3

www.grameenfoundation.in