Financial inclusion in rural India

Banking and ATM sector in India

January 2020

Content

Disclaimer

Foreword

India has focused on exploring cost-effective and sustainable delivery mechanisms to reach out to remote locations.


Rahul Kapur


Ravinder Reddy

India is the 7th largest economy globally and one of the leading countries demonstrating high economic year-on-year growth. Unlike China, India's economic growth has been driven by domestic consumption. Rural India has a crucial role to play as two-third of the population resides in villages and small towns.

The slowdown experienced in India in 2008–09 on account of the IT, real estate, financial services and automobile industries was primarily an urban phenomenon. The picture is very different in the villages and small towns, as they are less impacted by the global turbulence.

2009 onwards, several factors have led to an increase in rural purchasing power. Technologies such as internet, mobile phones and satellite TV have made rural consumers very well-connected and aware. They are able to keep abreast of the choices available to them and families. In fact, their aspirations are not any different from those of urban consumers. While urban markets are saturated and competitive, rural markets offer an opportunity for expansion and sustainable growth.

Grant Thornton will be releasing a series of sector-focused insights into how the government and companies are developing an inclusive strategy to embrace both urban and rural consumers.

Financial inclusion is the key to bridging the social divide and achieving a well-distributed, robust and sustainable economic growth. Global trends have shown that in order to achieve inclusive development and growth, extension of financial services to all sections of the society is important. Access to financial services opens doors for families, allowing them to smoothen out consumption and invest in their future through education and health.

There are many success stories across the globe that we can learn from before devising the right approach to financial inclusion. For example, in Asia, countries like China, India and Indonesia are pursuing paths that have rapidly brought millions into the financial mainstream.

Over the last decade, the acceleration of financial inclusion in India was largely due to political will along with high-impact government initiatives like Pradhan Mantri Jan Dhan Yojana (PMJDY), Direct Benefit Transfer (DBT) and issue of RuPay cards, among others. The government has followed a three-step approach to achieve its goal of financial inclusion. First, it has provided universal access to banking facilities by opening 'no frill's accounts for the masses. Second, it has brought and retained people in the financial system through initiatives like digital payments and promoting the use of RuPay cards. Third, it has focused on creating the necessary infrastructure by increasing the reach and accessibility of financial services. Through its conducive policies, the government is promoting banking correspondents, white label ATMs (WLAs) and digital payments. As a result, a new generation of financial services accessed through mobile phones and the internet has emerged in the country.

The government schemes have witnessed tremendous success over the years, with 35.27 million accounts opened under the PMJDY. Approximately 80% of the PMJDY accounts have a linked RuPay debit card. RuPay card's market share increased from 0.6% in 2013 to over 50% in 2018, making it the largest payment card network in the country. DBTs have accounted for fund transfers of over INR 9 lakh crore fund transfers so far.

In its financial inclusion drive, the government is also supported by the private sector players. Companies such as Vakrangee Ltd., BTI payments, FINO, etc., have delivered service innovations by substantially strengthening their business models. By providing many banking and ATM services through a technology-driven platform, they have managed to boost rural entrepreneurship, increase the level of financial literacy and leverage their presence by becoming an integral part of the supply chain for e-commerce and other companies waiting to tap into the rural market.

This report focuses on the what financial inclusion means for India and the reach of the banking and ATM sector across the country and highlights the contributions of non-banking companies towards the goal of financial inclusion.

Rahul Kapur
Partner
Grant Thornton India LLP

Ravinder Reddy
Partner
Grant Thornton India LLP

Global perspective

Financial inclusion drives development

Affordable and appropriate access to financial services is increasingly being recognised world over as a key driver of economic growth, poverty alleviation and prosperity. Access to formal finance can boost job creation, reduce vulnerability to economic shocks and increase investments in human capital. At a macro-level, greater financial inclusion can support sustainable and inclusive socio-economic growth for all.

Key for development

Financial inclusion is a key enabler in reducing poverty and boosting prosperity. Access to basic financial services enables the less fortunate and more vulnerable in the society to step out of the vicious cycle of poverty and empower themselves and their families. Driving financial inclusion helps to collectively develop entire communities and achieve overall inclusive economic growth.

Financial inclusion means that individuals and businesses have access to useful and affordable financial products and services such as transactions, payments, savings, credit and insurance that meet their needs and are delivered responsibly and sustainably. Access to a transaction account is the first step towards broader financial inclusion since a transaction account allows people to store and send money and receive payments. A transaction account serves as a gateway to other financial services, which is why ensuring that people worldwide can have access to a transaction account is the focus of the **World Bank Group's Universal Financial Access 2020** initiative.

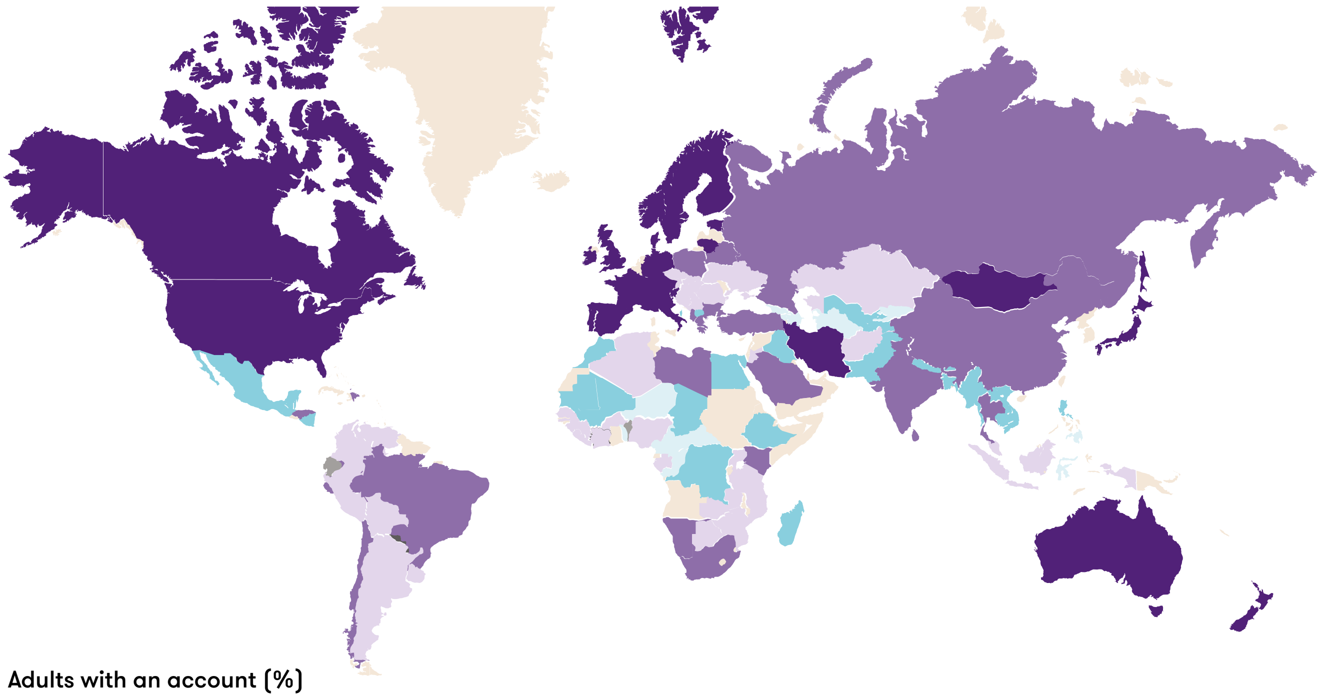
Access to formal financial products and services facilitates a prudent lifestyle, assisting families and businesses to plan their long-term goals and explore opportunities that would otherwise be inaccessible. As account holders, individuals are more likely to consume other financial services, such as credit and insurance, to invest in healthcare or education, start or expand a business, manage risks and weather 'financial shocks', which subsequently improves the overall quality of their lives.

Continued growth in account ownership

However, despite a rise in financial inclusion, gaps remain. Globally, 69% of adults - 3.8 billion people - have an account at a bank or with a mobile money provider, a crucial step in escaping poverty. This is up from 62% in 2014 and just 51% in 2011. Since 2011, 1.2 billion adults have obtained an account, and the period from 2014 to 2017 saw 515 million adults opening an account, according to the **Global Findex Database**. However, while some economies have witnessed a surge in account ownerships, progress has been slower elsewhere, often held back by large disparities between men and women and between the rich and the poor.

As of 2017, 94% of adults in 'high-income' economies and 63% in developing economies had an account. However, even in the developing world, disparities in financial inclusion are stark. In countries such as Brazil, China, Malaysia and South Africa, the percentage of account ownership has remained largely unchanged since 2014. On the other hand, in India, the share of adults with an account has more than doubled since 2011 to 80%, largely due to the government policy launched in 2014 to boost account ownership amongst unbanked adults and enroll a greater share of the population in formal banking services.

Globally, 69% of adults had an account in 2017, up from 62% in 2014 and 51% in 2011



Adults with an account (%)

No Data | 90-100% | 65-89% | 40-64% | 20-39% | 0-19%

Source: "The Global Findex database, 2017", The World Bank

According to The Economist Intelligence Unit's 2019 Global Microscope on Financial Inclusion report, "The overall environment for financial inclusion has improved globally with India, Colombia, Peru, Uruguay and Mexico having the most favourable conditions for inclusive finance."

How financial inclusion helps in development

- **Reduce inequality in society**
- **Empower people**
- **Invest in healthcare and education**
- **Drive economic growth**
- **Manage financial risks**
- **Plan long-term goals**

Financial inclusion and economic development: A regional overview

The correlation between financial inclusion and economic development can be highlighted by further analysing the GDP per capita and banking population in developed and developing countries. The World Bank estimates that the average banked population in low-income economies stand at 32.6% and the average banked population in high-income economies is 90.5%, but the GDP per capita for low-income economies is less than 2% of the GDP per capita of high-income economies. Even a percentage improvement in financial inclusion can result in exponential growth when it comes to economic development.

Top 10 developed economies	GDP 2017 (USD billion)	GDP per capita (USD)	Account (age: 15+) 2017
United States	19,485	59,928	93.10%
Japan	4,860	38,332	98.20%
Germany	3,657	44,240	99.10%
United Kingdom	2,666	40,361	96.40%
France	2,586	38,679	94.00%
Italy	1,957	32,327	93.80%
Canada	1,647	45,070	99.70%
Korea, Rep.	1,531	29,743	94.90%
Australia	1,330	54,067	99.50%
Spain	1,309	28,101	93.80%

Top 10 developing economies	GDP 2017 (USD billion)	GDP per capita (USD)	Account (age: 15+) 2017
China	12,143	8,759	80.20%
India	2,652	1,981	79.90%
Brazil	2,054	9,881	70.00%
Russian Federation	1,579	10,751	75.80%
Mexico	1,158	9,278	36.90%
Indonesia	1,015	3,837	48.90%
Turkey	853	10,514	68.60%
Argentina	643	14,592	48.70%
Thailand	455	6,578	81.60%
Iran	454	5,628	94.00%

Country category	Number of countries	Average GDP per capita (USD)	Average population with accounts (age: 15+)
High income	45	36,811	90.50%
Upper middle income	41	6939	59.80%
Lower middle income	33	2,199	42.20%
Low income	23	629	32.60%

Source: World Bank and GT analysis

Across the globe, economies have adopted various approaches to improve financial inclusion. Here are some examples:

Sub-Saharan Africa: In this region, mobile money has driven financial inclusion. While the share of adults with a financial institution account has remained flat, the share with a mobile money account has almost doubled, to 21%.

East Asia and the Pacific: The use of digital financial transactions has grown even as account ownership has stagnated. Today, 71% of adults have an account, a slight increase from 2014. An exception is Indonesia, where the share of people with an account rose by 13% to 49%. Digital financial transactions have accelerated especially in China, where the share of account owners using the internet to pay bills or buy products has more than doubled to 57%.

Europe and Central Asia: The regions registered a rise in account ownership from 58% of adults in 2014 to 65% in 2017. Digital government payments of wages, pensions and social benefits helped drive the increase. Among those with an account, 17% opened their first one to receive government payments.

South Asia: The overall share of adults with an account rose by 23 percentage points to 70% in 2017. The progress was majorly driven by India, where a government policy to increase financial inclusion through biometric identification pushed the share of adults with an account up to 80%. In economies like Bangladesh, the share with an account rose by 10 percentage points, whereas the overall regional account ownership excluding India rose by 12%.

Middle East and North Africa: The regions offers strong opportunities to increase financial inclusion, particularly among women. Today, 52% of men and 35% of women have an account, the largest gender gap in any region. Up to 20 million unbanked adults in the region send or receive domestic remittances using cash or an over-the-counter service, including 7 million in the Arab Republic of Egypt.

Latin America and the Caribbean: Wide access to digital technology could enable rapid growth in financial technology use: 55% of adults own a mobile phone and have access to the internet - 15 percentage points more than the developing world average. Since 2014, the share of adults making or receiving digital payments has risen by about 8% in economies such as Bolivia, Brazil, Colombia, Haiti and Peru.

Source: "The Global Findex database, 2017", World Bank

Who remains unbanked, and why

Large progress has been made towards financial inclusion resulting in 69% of adults having bank accounts today. However, globally, 1.7 billion adults lack an account, and 46% of this unbanked adult population resides in seven economies – China, India, Pakistan, Indonesia, Nigeria, Bangladesh and Mexico.

Women are overrepresented among the world's unbanked with about 980 million still without an account, i.e., 56% of all unbanked adults globally.

Representation of the unbanked population

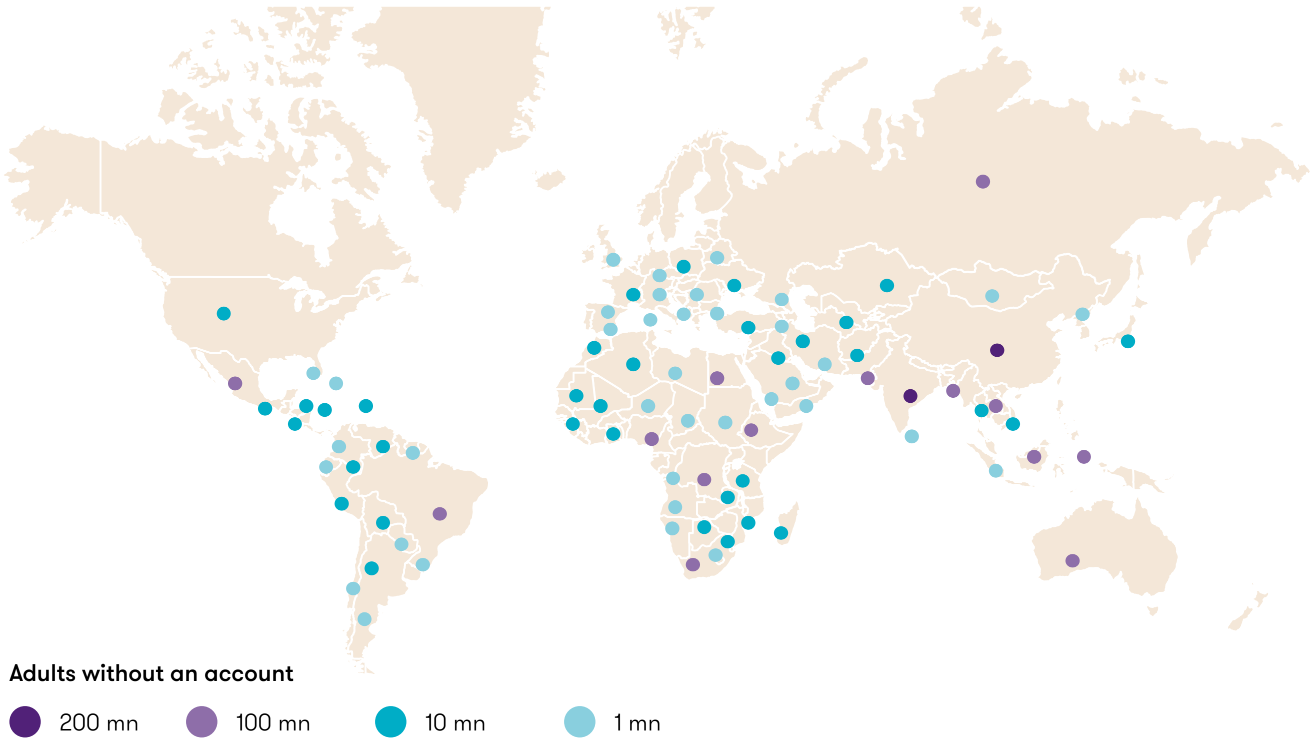
Gender: Women from poor households in rural areas or those out of the workforce represent about half of the unbanked adult population. The gender gap in account ownership remains stuck at 9 percentage points in developing countries, hindering women from being able to effectively control their financial lives.

Income: As per the Global Findex Report, a quarter of unbanked adults reside in the poorest 20% of households within any economy. Even in economies where account ownership has expanded to two-thirds or more of adults, poor adults occupy a greater share among the unbanked.

Age: Unbanked adults are also disproportionately young. Globally, 30% of unbanked adults are between 15 and 24 years of age. In economies where the share of unbanked adults is relatively small, the unbanked population is even younger. For example, in India, Brazil and Kenya, about four in 10 unbanked adults are in the 15-24 age group.

Education: Unbanked adults also tend to have a sparse educational background. Globally, 62% of the unbanked have a bare minimum primary education or less, compared with approximately half of the overall adults in developing economies. Moreover, worldwide, only 38% of the unbanked have completed high school or post secondary education.

Globally, 1.7 billion adults lacked an account in 2017 from 2 billion in 2014



Source: "The Global Findex database, 2017", World Bank

Why people remain unbanked

In 2017, one of the major barriers to financial inclusion around the world was **insufficient/lack of money.** Globally, nearly two-thirds of adults have too little money to use an account at a financial institution.

According to the Global Findex Report 2017, 30% of the unbanked adults said they did not need access to an account and hence did not have one. This also highlights the significance and moreover the **lack of financial literacy** among people. Individuals who are not aware of the benefits of enrolling themselves in the formal banking system or for whom the financial products and services offered are not accessible or affordable do not consider this as a priority in their day-to-day lives.

Cost is another prominent barrier towards financial inclusion in developing countries. Bank charges are often not disclosed upfront, thus also resulting in low confidence among users on account of hidden charges.

Lack of infrastructure in rural and semi-urban centres is a hindrance to both consumers and financial institutions. Lack of infrastructure can simply mean distance to a formal banking outlet. As per the Global Findex database, 22% of adults without an account acknowledged **distance** (financial institutions are too far away) as a reason for being unbanked.

India and China represent about a quarter of the global unbanked adult population. According to the Global Findex database 2017, India is ranked 50th with 80% of its population banked, an exponential rise since 2014, which can largely be attributed to the government schemes for financial inclusion. However, in the Indian context, it also means nearly 191 million people (over 15 years of age) still do not have a bank account and 56% of these are women - second only to China, which has an unbanked population of over 224 million.

Financial inclusion in India

Bank the unbanked

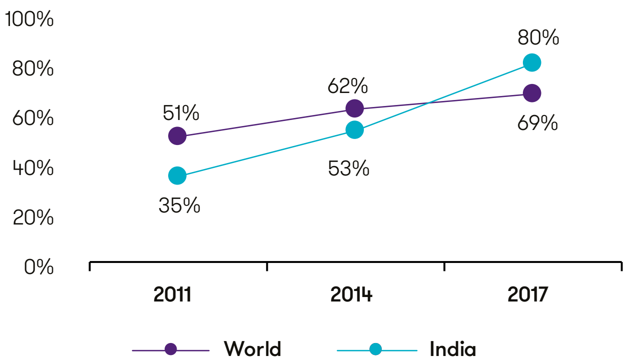
Considering that financial inclusion is one of the most critical indicators of development and well-being for an economy, India has taken a significant leap through PMJDY in its effort to 'bank the unbanked' population.

Overview

India has a population of over 1.3 billion spread across 29 states and 9 union territories, comprising around 600,000 villages and 640 districts. Over 850 million or 65% of population lives in rural India. A large portion of this population are excluded from the easy access to financial services. Accessibility of financial services at affordable prices is a key driver for improving financial inclusion in the country.

The larger aim of financial inclusion is to provide deeper penetration of banking services across the country, including privileged and disadvantaged people, at affordable terms and conditions. With similar focus, the RBI has been continuously stimulating the banking sector to extend the banking network by setting up of new brick-and-mortar branches, widening the scope of business correspondents and installing new ATMs/WLAs in every tier. Over a decade, various measures like opening of no-frills zero balance Jan Dhan accounts, DBT schemes, issuance of RuPay cards, issuance of Kisan Credit Cards, Aadhaar-enabled schemes and unified payment interface have already been implemented by the government.

Snapshot of financial inclusion in India



Source: World Bank and GT analysis

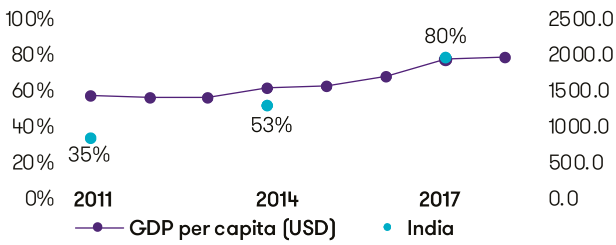
According to the World Bank, in 2017 over 80% of Indians (aged 15+ years) had account ownership at a financial institution or with a mobile-money service provider, a massive increase from 35% in 2011.

Account ownership in Indian men increased from over 62% in 2014 to 83% in 2017. In females, the jump was from 43% in 2014 to over 76% in 2017.

Financial inclusion vs GDP per capita in India

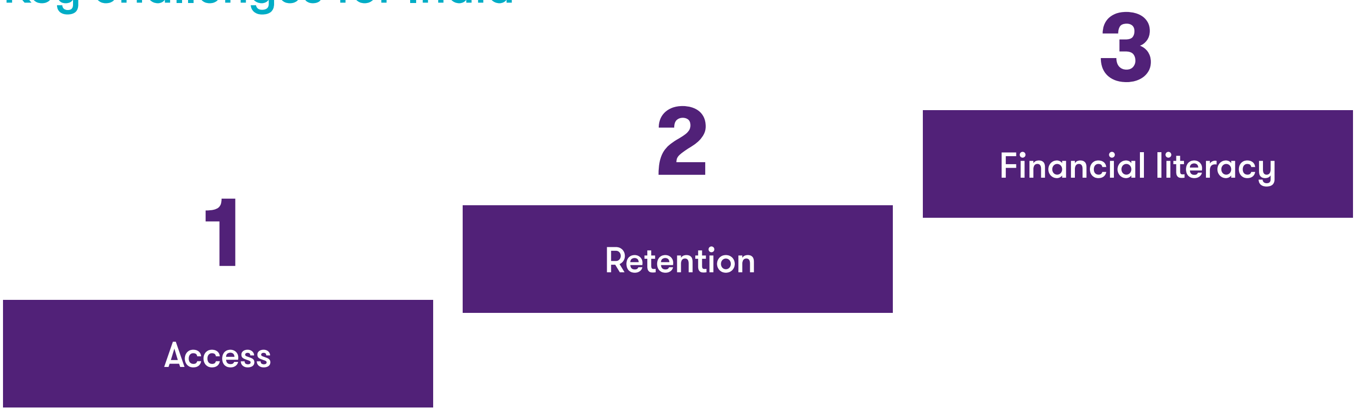
Growth of the banked population compared to GDP per capita was quite significant in 2017 and financial inclusion was 80% of the banked population.

Growth of banked population



Source: World Bank and GT Analytics

Key challenges for India



Vast geographical base and large population make India unreasonably difficult for banks and other financial institution to reach out to every individual. Thus, there are three major challenges: First, to provide access to basic banking services. Second, to retain every individual in the financial system by making them an active user by participating in transactions regularly. Third, Lack of financial literacy: A large number of people in India are unaware of the significance of different financial products and services. Financial knowledge helps individuals become self-sufficient so that they can achieve financial stability. On the other hand, lack of basic financial knowledge results in poor investments and financial decisions.

Factors affecting access to financial services

Access to financial services has been recognised as an important aspect of development, and more emphasis is generally given to extending financial services to low-income households. Some of the factors affecting access to financial service are as follows:

- **Place of living:** Most commercial banks operate only in urban commercial areas and these banks set-up their branches in profitable areas. Hence, people living in rural areas find it difficult to access financial services.
- **Lack of infrastructure in rural and semi-urban areas:** Distance or access to a formal banking outlet is a major roadblock to both consumers and financial institutions. On the one hand, financial institutions face challenges such as access to proper internet, electricity and other facilities. On the other hand, they also find standalone bank branches as a non-viable option due to high costs and other factors. The consumers, as a result, do not have access to proper bank branch and financial services at their nearest location.
- **Rising unemployment and low wages:** Financial prominence of people always plays a pivotal role in accessing available financial services. In India, not many consider using financial services due to low levels of income and unemployment
- **Service charges:** High bank charges not only discourage the people but also create lack of trust among people using banking and financial services.

While 80% of the Indian population may have bank accounts, almost 45% of such accounts still remain inactive due to a combination of these factors. Thus, concrete steps are required to be undertaken to make financial services accessible and affordable in a safe and transparent manner.

Financial institutions for inclusion

In India, financial institutions are the robust pillars of progress, economic growth and development of the economy. Financial inclusion has been implemented through multiple institutes across India such as:

- Scheduled commercial banks
- Regional rural banks
- Payment banks
- Micro-finance institutions
- Business correspondents (Bank Mitra)
- Small finance banks

From where it began

Over a decade, the acceleration of financial inclusion in India was largely due to the well-planned programmes, backed by political will, along with high-impact government initiatives like PMJDY, DBT, RuPay cards and a proactive central bank.

Timeline

2005 to 2010

In **2005**, the RBI advised banks to provide no-frills accounts for low-income people to have a savings account and expand banking to the larger section of populations. Later in 2006, banks were permitted to use NGOs, MFIs and SHGs as business correspondents (BCs) and business facilitator (BFs) to extend banking services.

It was in **2008-09** when National Automated Clearing House (NACH) and National Financial Switch (NFS) were launched by the National Payment Corporation of India (NPCI) to make retail payments seamless. Later, 2009 witnessed guidelines for Prepaid Payment Instruments (PPIs) including mobile wallets being laid by the RBI.

2010: Unique Identification Development Authority of India (UIDAI) based Aadhaar project was initiated to provide identity infrastructure for financial inclusion. Later in 2010, the RBI allowed for-profit companies to act as BCs and NPCI introduced IMPS for enabling 24×7 electronic funds transfer.

2011 to 2014

In **2011**, the Swabhimaan Scheme was launched by the government which covered more than 74,000 villages with a population of over 2000 with banking services. As a result, the number of bank accounts increased by around 100 million during 2011-13. It was during this period that Aadhaar enabled payment system (AePs) was launched. Later in 2011, to promote financial inclusion, the RBI permitted non-bank entities incorporated in India to open WLAs.

Later in **2012**, RuPay cards were introduced by NPCI as a domestic payment network.

The **DBT** scheme was launched in 2013 for simpler and faster flow of information/funds. It aims to provide transparency and terminate pilferage from distribution of funds by the government of India.

It was in **2014** that the remarkable revolutionising PMJDY was introduced with an aim of linking every household with banking facilities.

Post 2015

Following the major success of PMJDY in 2014, Phase II of the PMJDY was introduced in **2015** to promote financial inclusion. Later, 2015 also witnessed the introduction of payment bank and small finance bank licences by the RBI to broaden the reach of payment and financial services to small businesses, low-income households, small and marginal farmers, etc.

Towards the end of **2016**, India went under the process of demonetisation. It was aimed at curbing black money, reducing tax evasion and making India a cashless economy, thus promoting digital economy. Later Bharat Interface for Money (BHIM), a payment app, was launched by NPCI to enable fast, secure, reliable cashless payments through mobile phones.

In **2019**, the RBI eased the guidelines for WLAs, allowing companies that manage WLAs to source cash directly from the central bank, offer deposit services and non-bank services like bill payments, and advertise even non-financial products in their premises. This gave them more opportunities to become sustainable.

Government's approach

1. Till 2015, the larger aim was to provide a unique identity under the Aadhaar project and universal access to banking facilities, basic banking accounts for savings and remittance, and RuPay debit card with an in-built accident insurance cover of INR 100,000, through the PMJDY.
2. The second phase was about maintaining and increasing the financial inclusion by covering more people under the singular financial system and retaining the existing ones by keeping them involved in transactions through initiatives like DBT, digital payments and using RuPay cards
3. Currently, the third phase is being implemented, where the RBI is focusing on increasing the reach through optimising the number of bank branches, BCs, micro ATMs, WLAs and digital payments (to promote cashless economy).

Implementation and support of infrastructure

Digital pipeline

In 2015, a digital pipeline was created for the implementation of PMJDY. The pipeline involved linking of Jan Dhan accounts with mobile numbers and Aadhaar cards or Jan Dhan Aadhaar Mobile (JAM). This infrastructure pipeline acts as an essential backbone for DBT flows, adoption of social security/pension schemes, facilitating credit flows and promoting cashless and digital payments through the use of RuPay cards. This accelerated the pace of attaining the goal of a secured, insured, digitalised and financially empowered society.

- Saving deposits
- Pension products
- MUDRA loans
- DBT
- Withdrawals

JAM infrastructure

- Accessibility
- Ease of banking
- Digital economy
- Financial literacy

- Secured
- Insured
- Digitalised
- Financially included society

Promotion of cashless and digital payment systems

Post demonetisation in 2016, over 20 million zero-balance savings accounts were opened under PMJDY, while the number of taxpayers increased by over 30%. For the growth of businesses and activities in rural areas, expansion of banks and banking services have become a necessity. Since opening more bank branches is costly endeavour, the government has realised the need for alternative banking formats, such as digital financial services, low cost micro ATMs and white label ATMs, and BCs to cater to this rising demand. Hence, post demonetisation, there is considerable push from both government and private sector to utilise such alternative banking channels, especially in the rural and semi urban areas.

Another key government initiative which emerged post demonetisation was making India a cashless economy. To take this forward, the government of India along with financial institutions has helped create the following digital infrastructure:

- Unified Payment Interface (UPI)
- Unstructured Supplementary Service Data (USSD)
- Immediate Payment Service (IMPS)
- National Electronic Funds Transfer (NEFT)
- Aadhaar Pay and BHIM
- Debit cards and credit cards

Technology infrastructure

It took over a decade to strategically create the technology infrastructure across India in a structured and well-planned manner. The main aim of the technology infrastructure was to overcome the challenge of empowering people with data so that they can leverage it without compromising on privacy and to increase the benefits of financial inclusion in India.

Our technology infrastructure primarily focuses on:

- Giving a unique identity (through Aadhaar, eKYC and eSign)
- Faster and low cost payments (with UPI and AePs)
- Data sharing and security (through DigiLocker)

	Identity	Payment	Data security
2009	Aadhaar		
2010		IMPS	
2012		Aadhaar payment bridge	
2013	eKYC		
2014		AePs	DigiLocker
2015	eSign		
2017		UPI	

National Strategy for Financial Inclusion for India 2019-24

While financial inclusion has expanded greatly, and digital financial services are being vigorously promoted by the government of India, there is still a long way to go. In 2019, to achieve this objective, the National Strategy for Financial Inclusion for India 2019-24 was prepared by the RBI along with the Financial Inclusion Advisory Committee (FIAC) based on the inputs and suggestions from the government of India and financial sector regulators like:

- Securities and Exchange Board of India (SEBI)
- Insurance Regulatory and Development Authority of India (IRDAI)
- Pension Fund Regulatory and Development Authority (PFRDA)

Under this strategy, the government is looking to make formal financial services available, accessible and affordable to all the citizens of India in a safe and transparent manner. The government has also revamped the Lead Bank Scheme (LBS), 2018 where one bank in each district is assigned a leadership role and acts as a consortium leader to coordinate the efforts of the banks in that district.

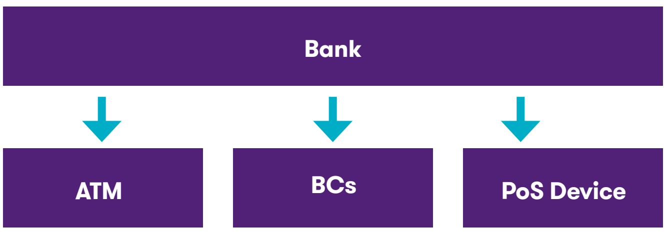
Cash in cash out (CICO) network

Overview

In India, shifting from cash to digital modes of transaction is an enormous task. For the society to change and transition to a less-cash society, people will have to reduce their cash holdings. This is only possible if they are confident of being able to do transactions digitally and have a safety net of a robust CICO network.

Over the years, with the growth in government initiatives such as DBT, UPI and others where digital credits are made directly to the bank accounts, it has become necessary to have a widespread acquisition network and easy availability of cash-outs.

The basic architecture of the CICO network includes components such as bank branches, ATMs, business correspondents and POS devices. All these components are inter-operable and equipped to service customers of all banks.



The architecture not only allows sharing and collation of data centrally but also improves local connects. Since the primary use of cash is to make basic transactions, banks must ensure that the networks (ATMs, BCs, PoS devices) have adequate facilities for cash-in and cash-out. Further, they should ensure that the CICO points are within close proximity (under 500m) of transaction points. These CICO points and customers must be supported by a bank branch within a range of 5 km for cash management needs.

Advantage

The CICO network will provide the essential infrastructure where users will be more comfortable relying on digital transactions and carrying less cash if they are aware that they can draw cash when necessary.

With banks already cutting down on their ATM deployment due to lack of feasibility, a model such as CICO will help support ATM machines and BCs as the primary source of cash in semi-urban and rural centres without dampening the strong pursuit for a cashless economy.

The CICO network is inter-operable with all banks in order to be cost-effective. Further, its viability is enhanced by ensuring that BCs and ATMs are able to offer additional transaction services, beyond cash-in/out such as bill payments, telecom recharge, mobile top-up, etc.

While ATMs require space, capital and infrastructure set-up, micro ATMs can operate efficiently on a SIM card, which makes them the best possible device even in remote areas with a low network. Thus, encouraging banks to deploy CICO through micro ATMs will effectively drive the agenda of digitisation.

The RBI must ensure a healthy CICO network where:

- All users get an access to a financial institution (such as a cooperative or a bank branch) within a 5 km radius for banking requirements
- All users have access to multiple ATMs/BCs within 3 km radius for cash management needs
- BCs can serve customers of other bank accounts
- Ensure adequate interchange built in to incentivise BCs appropriately

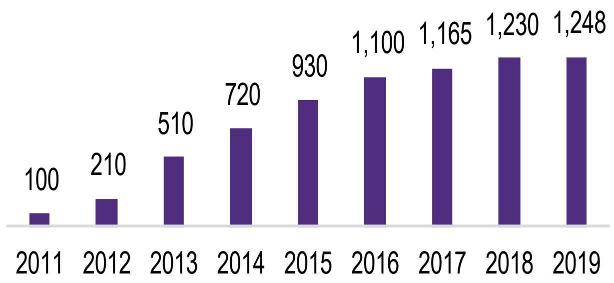
Source: Report of the Committee on Deepening of Digital Payments, chaired by Nandan Nilekani

Government schemes: Key milestones (1/2)

Aadhaar

The UIDAI was created with an objective to issue unique identification (UID) numbers, named as Aadhaar', to all citizens of India. Aadhaar cards have largely benefited the government in its financial inclusion plan and the population of India, which lacks documentation for processes like opening a bank account and getting mobile connections. This is because Aadhaar is not only robust enough to eliminate duplicate and fake identities, but it can be verified and authenticated in an easy, cost-effective manner.

Number of Aadhaar cards issued (in crore)



Source: Ministry of Electronics and Information Technology, Government of India

PMJDY

Overview: The government introduced the PMJDY programme in 2014 aimed at making bank accounts accessible to all Indians. This programme has directly raised banking penetration in India, expanding the market for financial services sector in the country.

Features: PMJDY includes an INR 5,000 overdraft facility for Aadhaar-linked accounts and a RuPay debit card with inbuilt INR 1 lakh accident insurance cover.

The performance of PMJDY in terms of accounts opened, deposit balance and average deposit balance over time is as follows:

	2015	2016	2017	2018	2019
No. of PMJDY accounts (in crore)	14.72	21.43	28.17	31.44	35.27
Deposit in PMJDY accounts (in INR crore)	15,670	35,672	62,972	78,494	96,107
Average deposit per PMJDY account (in INR)	1,065	1,665	2,235	2,497	2,725
No. of RuPay cards issued to PMJDY account holders (in crore)	13.14	17.75	21.99	23.65	27.91
RuPay cards as a percent of PMJDY accounts	89.30%	82.80%	78.10%	75.20%	79.10%

Source: PMJDY, Government of India

Impact of PMJDY

Rapid financial inclusion of women: In 2014, out of total savings accounts, there were overall 27% female accounts. However in 2019, under PMJDY, women accounts constitute 53% of the total Jan Dhan accounts.

Rapid growth in deposits in the PMJDY accounts: Against an average balance of INR 1,065 in accounts opened under PMJDY in March 2015, the average balance in 2019 has grown to INR 2,725.

RuPay debit cards: To ease the transactions and boost cashless economy, a total of 27.91 crore RuPay debit cards have been issued till March 2019 to PMJDY account-holders.

Life insurance cover: A life insurance cover of INR 30,000 has been assured to all the account holders who have opened a bank account under PMJDY between 2014 and 2015.

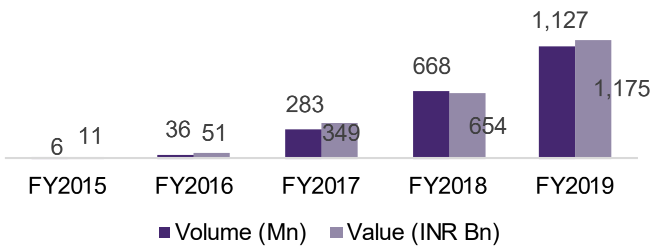
Active contribution by BCs in PMJDY

- Both public and private sector banks relied on their BCs network to enroll people and open Jan Dhan accounts

RuPay cards

Established in 2012, RuPay is a domestic debit and credit card payment network with wide acceptance at ATMs, POS devices and e-commerce websites across India. It was introduced to fulfil the RBI's vision to have a domestic, open and multilateral system of payments. After demonetisation in 2016, RuPay has experienced robust growth, thus contributing to India moving forward towards being a cashless economy.

RuPay volume and value of transactions



Source: NPCI, Government of India

In 2017, RuPay overtook Visa. It recorded 37.5 crore transactions, thus becoming the largest payment card network in India. RuPay has gained prominence across the country, increasing its market share from 0.6% in 2013 to over 50% in 2018. As per data from NPCI, RuPay's network currently holds well over 200,000 ATMs and more than 2,614,584 PoS terminals in India.

Currently, RuPay has collaborated with almost 600 international, regional and local banks across the country. It's 10 core promoter banks are:

- State Bank of India
- Punjab National Bank
- Canara Bank
- Bank of Baroda
- Union Bank of India
- Bank of India
- ICICI Bank
- HDFC Bank
- Citibank N. A.
- HSBC

Going global

- After RuPay's success in India, NPCI has aggressive plans to go global.
- As per NPCI, RuPay has the potential to take on global payment giants Visa and MasterCard, as they struggle to grow.

Government schemes: Key milestones (2/2)

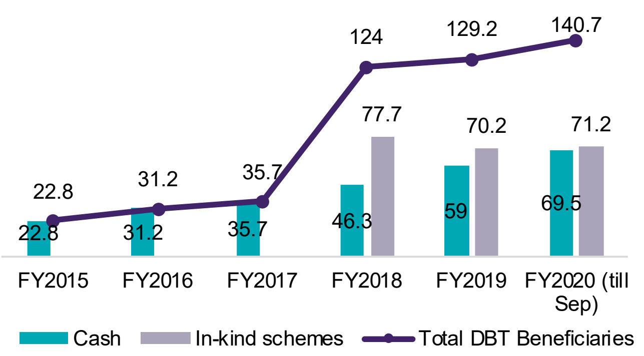
DBT Scheme

DBT was started in 2013 with the aim of reforming the government delivery system by re-engineering the existing process in welfare schemes for simpler and faster flow of information/funds. It ensures accurate targeting of the beneficiaries and reduction of fraud. DBT aims to provide transparency and terminate pilferage from distribution of funds by the government of India. DBT is a high priority and focus area for the government, as it looks to plug leakages in welfare schemes.

Overview: Launched by the government for transferring the benefits and subsidies of various social welfare schemes like LPG subsidy, MNREGA payments, old age pension, scholarships, etc., directly in the bank account of the beneficiary.

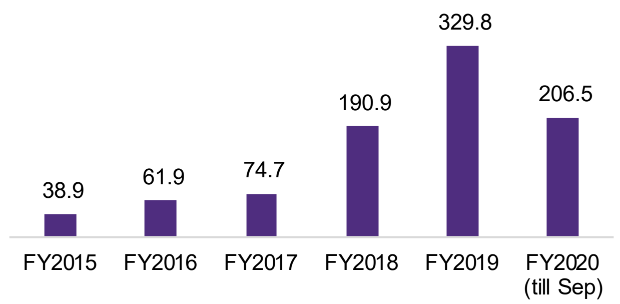
Features: Reforming the government delivery system for simpler and faster flow of information and funds and ensures accurate targeting of beneficiaries and reduces fraud.

Year-wise number of DBT beneficiaries (in crore)



Source: Direct Benefit Transfer, Government of India

Year-wise fund transfer (INR 000s crore)



Source: Direct Benefit Transfer, Government of India

Achievement: Total DBT cumulative INR 9,08,044 crore

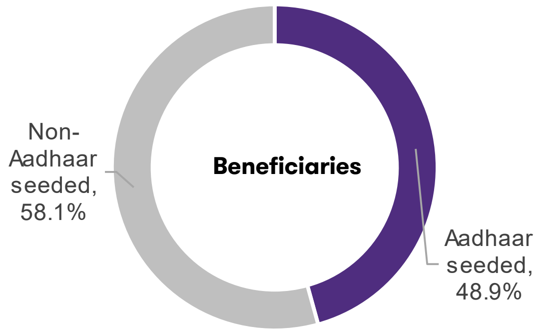
- No. of DBT schemes (FY2018-19) – 433 from 56 ministries
- Total number of transactions (FY2019- 20) – over 335 crore
- Total DBT (FY2019- 20) – over INR 2,04,451.8 crore

Aadhaar Enabled Payment Services (AePS)

Overview: Launched in 2008, it is a bank-led model allowing online interoperable financial transaction at PoS (Micro ATM) through the BC/Bank Mitra of any bank using the Aadhaar authentication.

Features: AePS empowers individuals to use Aadhaar as an identification to access bank accounts. Services it offers allow customers to perform basic banking transactions with ease.

Achievement: Total AePS beneficiaries 434.71 crore (FY2019- 20)



Source: Ministry of Electronics and Information Technology, Government of India

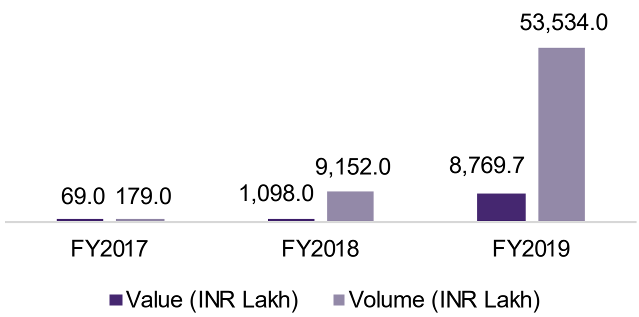
Bharat Interface for Money (BHIM)-UPI

Overview: UPI enables users to make global, instant, assured safe and low-cost payment transactions. Users can make instant bank-to-bank payments and pay and collect money using just mobile number or Virtual Payment Address (UPI ID).

Features: Empower individuals to use Aadhaar as an identification to access bank accounts. Services offered allow customers to perform basic banking transactions with ease.

Achievement: It has experienced exponential growth since its launch in 2016. The scheme currently includes 144 banks nearing 800 million transactions per month (as of March 2019).

Value and volume of transactions



Source: NPCI, Government of India

Government schemes such as PMJDY, Aadhaar and digital infrastructure such as RuPay, UPI, etc., have provided the right platform for driving financial inclusion to the unbanked. And, while India has made considerable strides in this direction, there is still a long way to go before the country realises its dream of becoming financially inclusive and a cashless economy.

Banking in India

Overview

India's banking sector has undergone a paradigm shift from conventional banking to convenience banking. Today, banks in India are well poised to adopt the rapid influx of digitisation and spread their services across urban and rural geographies. Robust growth in access to basic banking services largely aimed at the rural population, rapid adoption of mobile and internet banking, and other feasible models have expanded the physical presence of banks across India. Major strides taken with financial inclusion and mobile penetration has led India cruising towards an era of digital banking.

Overview

Earlier in the 21st century, informal lending and borrowing from family and relatives played a prominent role prevalent across the country. However, with growing trust in the banking system, people started to move away from the norm of informal and unorganised borrowing. In the early 2000s, the Indian banking sector witnessed a change in the mindsets of consumers. Customers progressed from perceiving money as an instrument that was meant to be preserved to one that offered growth opportunities. Still, it was post 2014 with larger emphasis on financial inclusion and digital banking, the entire banking sector witnessed major reforms in terms of the policies, regulations, banking services, and customers.

Currently, for a large share of financially excluded Indians, the gateway to financial services may not be traditional bank branches but access points such as business correspondents, white label ATMs, mobile wallets and POS machines. This opportunity to deliver financial services at the nearest proximity, with high scale and minimal operating costs has a huge potential for a larger impact to society. During the period FY2015 to 2019, the total value and volume of transactions via mobile banking had increased rapidly. The growth of mobile banking in India can be largely attributed to the widespread adoption of smartphones, proliferation of broadband services and low cost of data across the country.

Spectrum of financial service providers

As of FY2017, the Indian banking system consists of 27 public sector banks, 21 private sector banks, 49 foreign banks, 56 regional rural banks, 1,562 urban cooperative banks and 94,384 rural cooperative banks, in addition to cooperative credit institutions. Whereas, over the years, the market share of public sector banks has been gradually declining with increasing confidence in private and foreign banks.

Reserve Bank of India (RBI)

Banks

- Public sector banks
- Private sector banks
- Foreign banks
- Regional rural banks
- Urban cooperative banks
- Rural cooperative banks

Financial Institution

- All-India financial institutions
- State-level institutions
- Other institutions

Sector snapshot

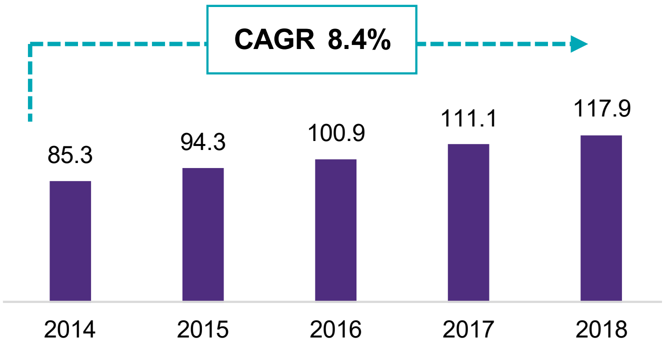
1. Total banking assets INR 152.5 trillion
2. Total bank branches 151.5 thousand
3. Total bank deposits INR 117.9 trillion
4. Total basic saving bank deposit accounts (BSBDA) 5,74.2 million in (FY2019)
5. Total ATMs 2,07,052 (as of 2019)
6. Total mobile banking transaction value INR 29.6 trillion (FY2019)

Source: RBI

Bank deposits

Primarily, banks offer two kinds of deposit accounts: Demand deposits like current/savings account and term deposits like fixed or recurring deposits. Savings accounts are used to meet daily on-demand requirements of cash, whereas a term deposit account is used to hold money for a fixed period of time. Private banks registered a growth of 16.3% in aggregate deposits against public sector banks that had a deposit growth of 6.7%.

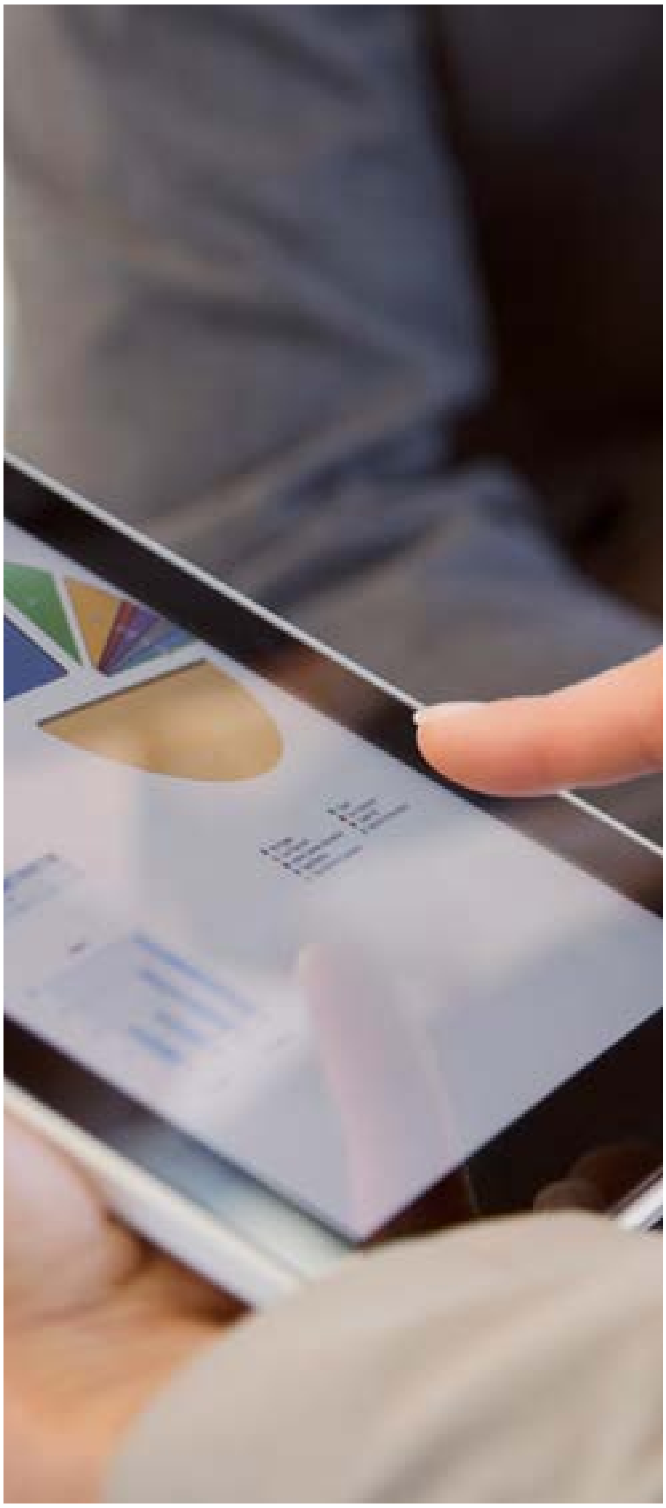
Total deposits in scheduled commercial banks, INR trillion



Source: RBI

During FY2014 to FY2018, total deposits in the Indian banking system grew at a CAGR of 8.4%.

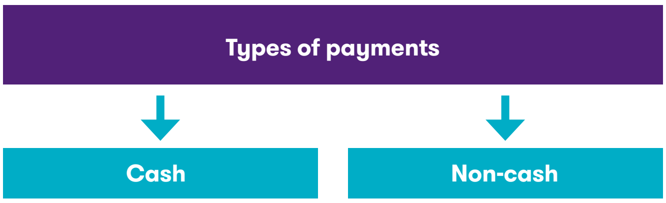
Strong growth in savings amid rising disposable income levels are the major factors influencing deposit growth increasing confidence in private and foreign banks.



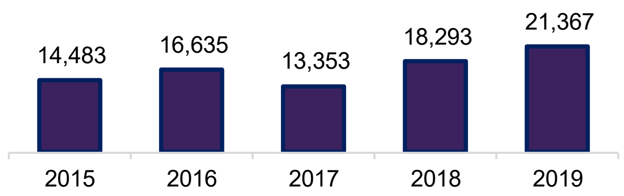
Modes of payment across India

Payments are the backbone of any economy. The last decade has witnessed substantial developments in this area across India. Some of the positive outcomes of such developments during the period 2015-18 are as follows:

- Ushering introduction of new and innovative systems (such as mobile wallets, UPI, etc.)
- Distinctive shift from paper to electronic payment modes (such as NEFT, IMPS, etc., over cheques)
- Customer-centric initiatives



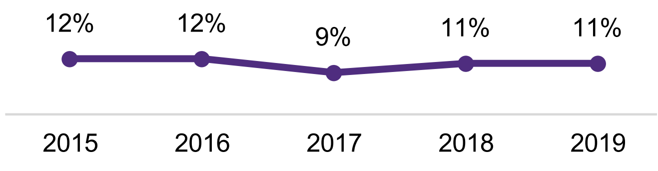
Currency in circulation (CIC), INR billion



Source: CEIC, Government of India

In 2017, use of currency dropped majorly due to the process of demonetisation in 2016. However, India remains a largely cash driven economy with a steady rise in the currency in circulation from 2015 to 2019.

Currency in circulation (as percentage of GDP)



Source: CEIC, Government of India

India has a large CIC/GDP ratio as compared to other countries. After demonetisation, CIC has witnessed a rapid recovery from 9% in 2017 to 11% in 2018, but digital transactions have gone up too.

Cost of cash

Cash imposes many costs on an economy. Cost of printing notes in India is borne by households, businesses, banks, and the central bank (RBI). A study in 2016 estimated the net cost of cash as 1.7% of India's real GDP in 2014-15.

As per the RBI, the expenditure on printing of notes during 2015-16 (the year prior to demonetisation) was INR 34.2 billion, which later jumped to INR 79.65 billion and INR 49.12 billion in 2016-17 and 2017-18, respectively.

Non-cash payments

- Globally, developing economies are leading the growth in the non-cash payment sector and are projected to rise by 23.5% at CAGR between 2017 and 2022.
- In 2017, India's non-cash transactions witnessed a rapid growth of around 39%. India was marginally behind the leaders Russia, where transactions grew by 40%, and ahead of China (35%).
- Ease of payments, ubiquity and convenience are a few factors that have led to a steady growth of non-cash payment in the last 2-3 years.

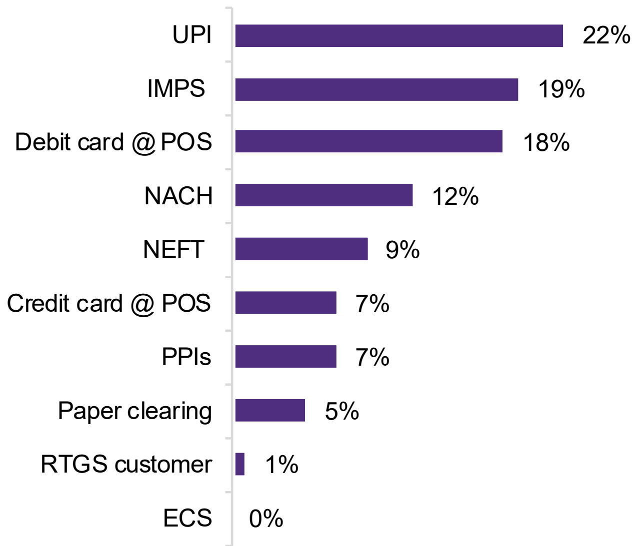
Types of non-cash payments

- Real-Time Gross Settlement (RTGS)
- PPIs
- National Automated Clearing House (NACH)
- Credit card at POS
- Debit card at POS
- Immediate Payment Service (IMPS)
- Paper clearing (cheque)
- National Electronic Funds Transfer (NEFT)
- UPI
- Electronic Clearing Service (ECS)

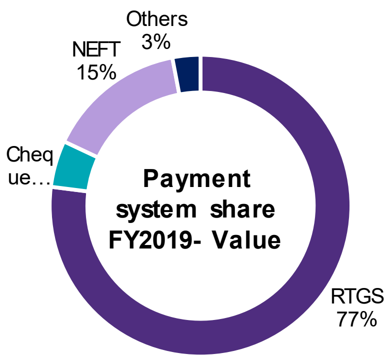
Digital payment apps got demonetisation boost

While apps were making steady inroads in the Indian payment ecosystem, they got a massive push with the government's demonetisation policy. From November 2016 onwards, all major players have seen significant growth in their user base and number of transactions, with Paytm doubling its users from 140 million in October 2016 to 270 million in November 2017.

Payment system share FY2019 (Volume)



Source: RBI



Others include: IMPS, UPI and NACH around 1% each

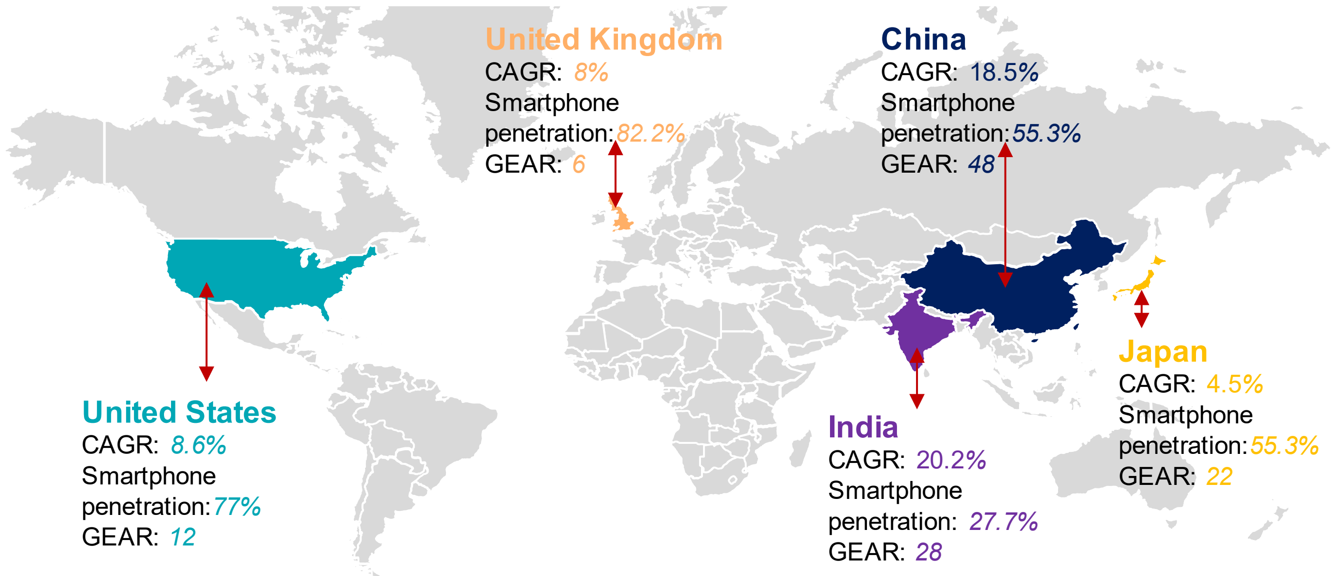
	2016	2017	2018	2019
ATM	70%	73%	69%	60%
POS	30%	27%	31%	40%

Source: RBI *as of November every year

Despite the increase in the use of debit cards at PoS, their use at ATMs still holds a large share. Since ATMs are predominantly a preferred choice over PoS across India, it naturally creates a demand for ATMs across India.

Digital payments: Thriving growth and gaining globally

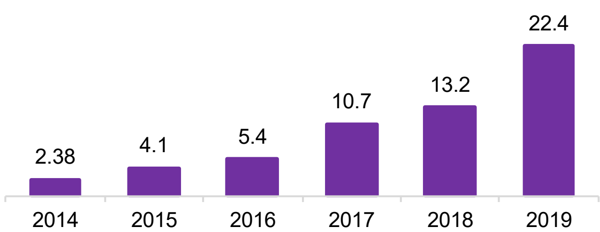
Digital payment adoption scenario



Source: Digital payments, Statista- 2019

Note: CAGR forecast period: 2019- 2023
Smartphone penetration: 2018
Government E-payments Adoption Ranking (GEAR): 2018

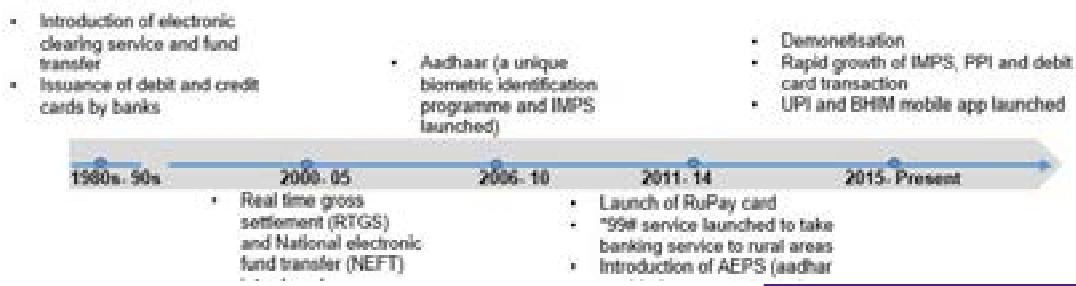
Digital payment per capita (India)



Source: Government E-payments Adoption Ranking- 2018

- Digital payment per capita has witnessed a significant growth in India, from 2.4 digital transactions per capita per annum to about 22 in five years. Further, the RBI and the government aim for annualised per capita transaction volume to reach 220 by March 2021.
- India remains a largely cash-driven economy but with strict measures and focus on digital financial inclusion, digital payments as a percentage of GDP has also increased from 7.14% in 2016 to 8.42% in 2018.

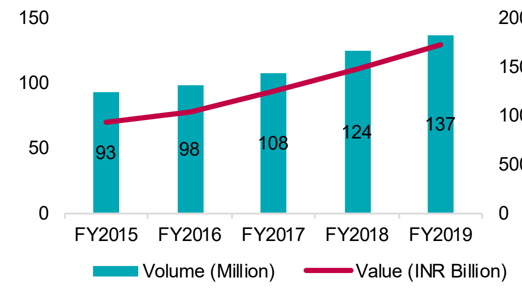
Evolution of digital payment infrastructure in India



Understanding the digital payment systems

The government's flagship Digital India programme aims to transform India into a digitally empowered society and knowledge economy. Making India 'faceless, paperless, cashless' is the predefined goal of Digital India. As part of promoting cashless transactions and converting India into a cashless society, various modes of digital payments are available.

RTGS system



Source: NPCI, Government of India

RTGS is operated by the RBI and it enables transfer of money from one bank account to another on a 'real time' and 'gross' basis. Only banks, clearing houses and primary dealers are the members of this system, thus posing a challenge for non-banks.

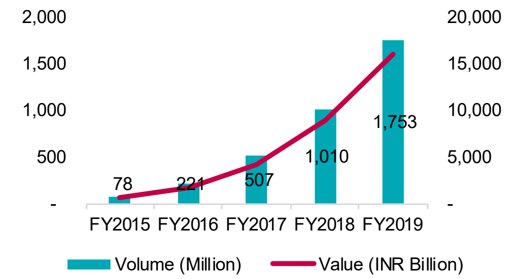
RTGS usage (in volume terms) has steadily grown with a CAGR 10.2% from FY2015 to FY2019. During the same period, the average transaction size has varied between INR 70 lakh and INR 90 lakh.

NEFT

Source: NPCI, Government of India

NEFT facilitates fund transfers across all computerised branches of banks (member/sub-member of NEFT) across the country. Traditional paper (cheque) transactions as compared to RTGS and NEFT have declined during 2015-19 at a CAGR of -2%. The average size of the transaction during the period FY2015- 2019 was INR 0.60 lakh to INR 1 lakh. NEFT usage across India is estimated to grow at CAGR 26%.

IMPS

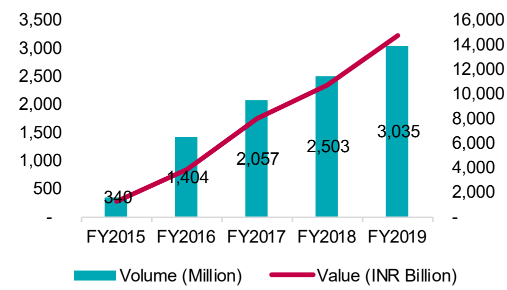


Source: NPCI, Government of India

IMPS is a fast payment system operated by the NPCI. IMPS saw an increase of 2% in the total transactions taking place between August 2019 and September 2019.

Use of IMPS has gone up steadily during FY2015-19 at a CAGR 117%. The average transaction size has varied between INR 0.7 lakh and INR 0.9 lakh.

NACH



Source: NPCI, Government of India

Operated by the NPCI, it is regularly used for making payments related to government benefits, for instance, subsidies. NACH is a centralised, web-based clearing service to ease the work of banks, financial institutions, the government and corporates by consolidating all regional ECS systems into one national payment system, thereby removing any geographical barriers in efficient banking. The average size of the transaction during the period FY2015-19 was INR 2700-4900. NACH usage across India is estimated to grow at CAGR 72.8%.

Other digital payment modes

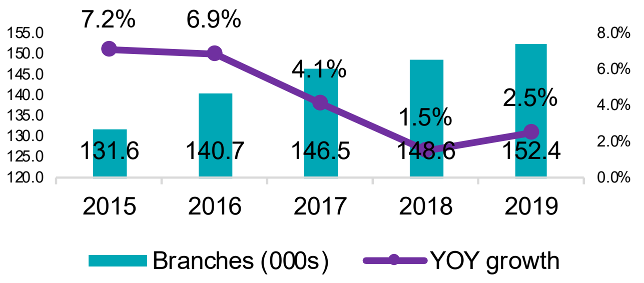
Banking cards	Banking cards offer consumers security, convenience and control. Currently, across India, a wide variety of cards are available that include credit, debit and prepaid cards. These cards provide two-factor authentication such as PIN and OTP for secure payments. RuPay, Visa and MasterCard are some examples of card payment systems. Payment cards empower people to purchase items from stores, on the internet, through mail-order catalogues and over the telephone. They save both customers and merchants' time and money, and thus facilitate ease of transaction.
AePS	AePS is a bank-led model which empowers a bank customer to use the Aadhaar number to access the bank account and perform basic banking transactions like cash deposit, cash withdrawal, intra-bank or inter-bank fund transfer, balance enquiry and obtain a mini statement through a BC. Its other key objective is to facilitate disbursements of government entitlements like NREGA, social security pension, etc. of any central or state government bodies, using Aadhaar and authentication thereof as supported by UIDAI.
UPI	It brings multiple bank accounts into a single mobile application (of any participating bank), further merging several banking features, seamless fund routing and merchant payments into single umbrella. It also provides the peer-to-peer collect request, which can be scheduled and paid as per requirement and convenience. Currently, each bank provides its own UPI a pp for Android, Windows and iOS mobile platform(s).
Mobile wallets	A mobile wallet is an easy alternate to carry cash in digital format. Instead of using a physical plastic card to make purchases, wallets allow users to pay with their smartphone, tablet or smart watch. An individual's account is required to be linked to the digital wallet to load money in it. Today, a large number of banks and some key private players such as Paytm, Freecharge, Mobikwik, Airtel Money, Jio Money, iCitrus Pay, Vodafone M-Pesa, ICICI Pockets, etc., offer mobile wallet services.
Mobile banking	Mobile banking is a service provided by a bank or any other financial institution to allow its customers to conduct different types of financial transactions remotely using a mobile device. It uses an app-based platform provided by the banks or financial institution for transaction purpose.
Micro ATMs	Micro ATMS are devices that are used by a large number of BCs to deliver basic banking services. The platform enables BCs to conduct instant transactions. Connected to banks across the country, these micro ATMs offer services through low-cost devices. They enable consumers to instantly deposit or withdraw funds regardless of the bank associated with a particular BC. This device is based on a mobile phone connection and is available at every BC.

Branch banking and BCs

Expanding the customer reach

In India, the increasing reach of banking services is supported by both the public and private sectors. Currently, huge emphasis is being laid on financial inclusion, increase in number of bank branches and increasing customer reach in rural areas. Supplementing the innovative government initiatives such as PMJDY and DBT, introduction of alternative delivery channels such as WLAs, BCs, RuPay debit cards and a host of electronic money transfer services (RTGS, IMPS, NEFT) has helped enroll and activate about 80% of adult Indians in the formal banking sector.

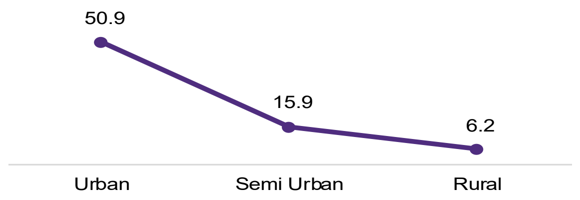
Rise in bank branches



Source: RBI

India has the highest number of commercial bank branches in the world. Over the years, banks have been slowing their branch expansion, preferring to focus on their digital initiatives as a potential cost-saving measure. In order to further increase their efficiency and access to rural and semi-urban areas, banks have adopted the BC model and partnered with non-bank entities to deliver such services.

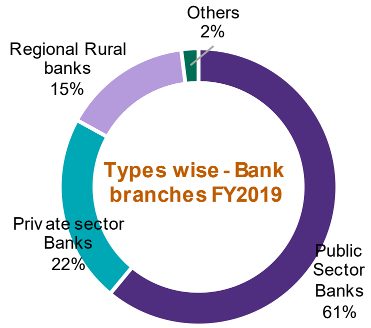
Commercial bank branches per lakh population, 2019



Source: RBI and GT Analysis

Bank branches are concentrated in urban parts of the country, as a result of which the rural population remains largely underserved. India's average for commercial bank branches per 100,000 adults stood at 14.5, whereas the global average for high income economies was 20.3, upper middle-income economies was 16.4 and lower middle-income economies was 8.1 in 2018, according to the World Bank. Rural India is pegged at 6.2, significantly below the world average for low middle-income economies.

Commercial bank branches per lakh population, 2019



Source: RBI

During 2017-2019, amongst the public sector banks, State Bank of India (SBI), Punjab National bank (PNB) and Canara Bank were the top performers in terms of customer reach. Together, these three contribute over 40% to the branch network across India, with SBI alone having a 25.4% share in FY2019. In terms of private sector banks, the top contributors in expanding their branch network are ICICI Bank, HDFC Bank and Axis Bank. Together, these three contribute over 42% to the branch network across India, where ICICI and HDFC had a share of around 15% each in FY2019.

Why India needs a BC model

India has made a huge difference by prioritising financial inclusion through its policies and other initiatives. However, due to the sheer size of the population and considerable amount disparity among the urban and rural parts of the country, a large section of the adult population still does not have access to formal financial services. Cost-effectiveness and sustainable delivery mechanisms to reach out to remote locations further add to the complexity of the situation. The RBI soon realised that banks alone will not be adequate to meet the requirements of the country. To overcome such challenges, the BC model, which aims to serve as an alternate banking channel to millions, was introduced in 2006.

BCs are agents contracted by banks for providing basic banking services at locations other than a bank branch or ATM. BCs are ideally an extended arm of the bank, and thus are vital in the promotion of financial services and expanding the outreach of banks to unbanked and underbanked regions.

BCs are engaged by banks to provide a variety of core banking services, which include (but are not limited to):

- Bank account opening
- Transactional banking-deposits, transfer and withdrawal

Other than the functions mentioned above, BCs aid in the sale of third-party products such as insurance and investments. BCs help create awareness and build knowledge about financial products and advice on money management and debt counselling to those in their vicinity.

Existing business model in India

The BC model typically involves a financial ecosystem and a key touchpoint that enables banks to expand their outreach at a substantially lower cost. Introduced by the RBI in 2006, the model allows banks to have third-party, non-bank agents that extend their services to customers in rural areas. Currently, around 10 lakh BCs across rural and urban India work on income based on the fees and commission paid by the sponsor bank, which also takes care of their training needs. A fixed fee is usually paid to BCs for every new account. For transactions like deposits, withdrawals and transfers, BCs get a variable fee that is between 0.3% and 0.5% of the transaction amount.

Need for BCs in India

India covers a vast geographical area, with two-thirds of its population and 70% of the workforce residing in rural areas. However, even with the growing share of the rural economy and increased usage of basic financial services amongst rural consumers, banks find it hard to service the demand arising out of rural regions. Excessive capital and high operational costs, reducing margins on financial transactions and lack of financial literacy at banking points impede the physical expansion of bank branches in India. As a result, a large portion of the Indian population is left unbanked or underbanked with rural customers having to travel miles to access basic banking services such as deposits, credit, remittances and cash withdrawals.

To address this problem and enable banks to overcome the last-mile connectivity challenges associated with rural consumers, the RBI had mandated the creation of a network of BCs to assist banks in reaching rural consumers and facilitate the expansion of formal banking services to unbanked geographies.

Eligibility

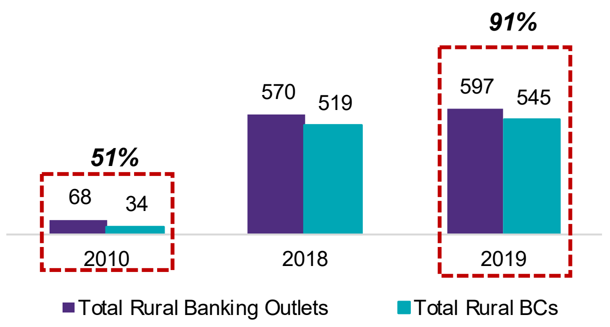
With the RBI's emphasis on having a BC touchpoint in each of the six lakh plus villages across India, an exhaustive list of eligible entities was provided, which included:

- Retired government servants like postmasters, employees and ex-servicemen
- Individual owners of 'kirana', medical, petrol pumps and fair price shops
- Public call office (PCO) operators

- Agents of small savings scheme of the government
- Authorised functionaries of SHGs, which are linked to banks
- Non-bank private entities

It is mandatory for every BC to provide banking service for a minimum of four hours per day for at least five days a week to be counted as a banking outlet.

Increase in number of BCs (in 000s)



Source: RBI, Government of India

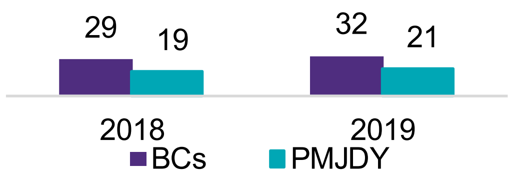
During 2010-19, the number of BCs in rural areas witnessed an exceptional growth at a CAGR of 36%. Moreover, the share of BCs in total banking outlets in rural areas significantly increased from 51% in 2010 to 91% in 2019. The growth of BCs over the period was driven by multiple factors such as:

Increased rural focus: As per the RBI guidelines, at least 25% of the banking outlets opened in a financial year must be opened in tier 5 and 6 cities. Since the typical brick-and-mortar branch in such areas might be an unviable option due to the high operating cost, BCs can be a feasible alternative.

Taking banking to the people

In 2014, the government had introduced PMJDY, which aimed at making bank accounts accessible to practically all Indians. Thus, to reach out to the large population base in India, banks need to adopt models like BCs.

Account opened in rural India (in crore)



Source: PMJDY and RBI

BSBDA by BCs and PMJDY accounts opened in rural India have significantly increased in 2019.

Digital initiatives: The government's push towards the cashless economy and digital payments has encouraged a large number of people to use RuPay cards, mobile and internet banking. However, low awareness and literacy levels act as a challenge for the population. This gap creates an opportunity for the BCs to reach out to the people where banks cannot.

Advantages

Interestingly, the BC model not only promotes financial inclusion but is also an avenue through which individuals can raise their disposable income.

The model stimulates a sense of entrepreneurship, allowing individuals to utilise their current retail outlets and knowledge to extend financial products, services and literacy within their local communities. It enables banks to expand their outreach and provide limited banking services at no initial set-up cost or recurring operational cost. Banks are able to leverage the infrastructure set-up by the BCs without any capital expenditure.

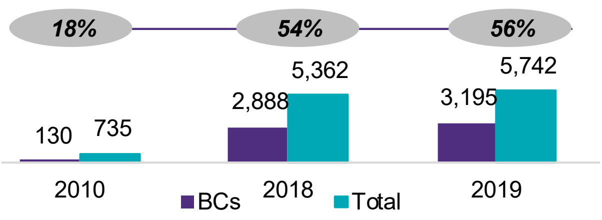
BCs are an integral addition to the RBI's vision of promoting financial inclusion in India. Apart from cost saving and expanding bandwidth, BCs also enable banks to provide doorstep banking in remote regions of the country.

Since BCs involve local stakeholders in everyday processes, they know the customers at a personal level. This not only strengthens the bank's position but also improves its performance with increased customer reach, trust and service opportunities through a BC model.

A bank gets access to deep rural cash flows and is centric to the rural consumption play as there are enormous CASA (current and savings account) opportunities.

Banks get access to the existing customer base and store footfalls that would provide huge business potential to build assets and loan portfolio.

Share of BSBDA account opened (in lakh)



Source: RBI, Government of India
BSBDA- Basic Savings Bank Deposit Account

Each BC has to go through the BCs/facilitators exam and are certified by Indian Institute of Banking and Finance. Thus, they are qualified enough in promoting financial literacy among the rural populace. As members of local communities, BCs disperse knowledge regarding complex financial products and money management, strengthening the adoption of financial services initiatives across India.

Challenges

BCs play an integral part in India's push towards financial inclusion. BCs have been vital in the promotion and adoption of formal banking services, especially with consumers in rural India. However, the model itself is confronted with uncertainties and there are several hurdles that need to be crossed in order to ensure the success of BCs in India.

The main challenge confronting BCs is the share of inactive or dormant accounts. Despite increasing levels of awareness regarding banking services, according to the World Bank about 48% of the accounts opened in India are inactive. As a result, banks question the viability of the BC model and there is a shortage of funding for increasing BCs' capacities and expanding into unbanked regions. Additionally, banks have cited low volume of business generated by BCs and high costs associated with low-volume small-value transactions.

Another hurdle facing BCs is the low penetration of financial and digital literacy amongst consumers in rural India. According to S&P's 'Global Financial Literacy Survey', the financial literacy rate in India is 24%. This acts as a major hurdle for BCs in dispersing their services to the rural populace, with many individuals opting for informal avenues such as money lenders and indigenous bankers.

The BC approach is further hampered by regulatory concerns. Currently, BCs are required to complete accounting and settle withdrawals with bank branches within a 24-hour window after completing a transaction. Distance, lack of technology and manpower make this an unviable option.

Innovative business models with improved technology and last-mile reach through local presence helps in increasing trust and are driving business opportunities for rural entrepreneurs

- Today, companies such as Vakrangee, FINO and Sahaj are creating a strong network of rural entrepreneurs on the back of their technology-enabled platforms, offering a range of quality services.
- They are the last-mile link connecting India's rural populace to modern technology and services via retail outlets spread across India.
- Banks are able to leverage the infrastructure set-up by companies like Vakrangee without any capital expenditure. The entire cost is taken care of by the company. The banking counters at the kendras are fully equipped with a laptop, display monitor and biometric device. More than 80% of Nextgen Vakrangee Kendras are planned in tier 5 and 6, thus keeping them in line with the RBI guidelines (which specify that minimum 25% of the total number of banking outlets should be opened in unbanked rural centers).

Taking banking to the people

	Vakrangee Kendras	Fino	FIA Global	Sahaj e Village	Atyati	RBL Finserve
Number of BC points	12,000+	~10,000	NA	NA	NA	1,228
Partner Banks	Allahabad Bank, Punjab National Bank, Union Bank of India ,Bank of India, Bank of Baroda, 8 others	Suryoday Small Finance Bank	SBI, YES Bank, Bank of Baroda	Axis Bank, Kotak, HDFC, Bank of Baroda, Gramin Bank	YES Bank, Syndicate Bank, Central Bank of India, IndusInd Bank, Punjab National Bank, SBI	RBL Bank
Geographical Presence	PAN India	PAN India	PAN India	PAN India	PAN India	PAN India
Service Offered						
Banking & Financial	✓	✓	✓	✓	✓	✓
Insurance	✓	✓				✓
ATMs	✓ *WLAs and micro ATMs*	✓ *Micro ATMS*		✓		
Skill development and E-learning				✓		
E-Commerce	✓	✓	✓			
E-Governance	✓	✓		✓		
Logistics	✓		✓		✓	

Prominent BCs such as Vakrangee and FINO with over 10,000 touch points each and pan-India presence offer a wide range of services, thereby taking banking and other service to not only the urban but also the rural areas of India.

Source: Company data- Vakrangee Ltd and FINO, Company website- FIA Global, Sahaj e- Village, Atyati, RBL Finserve and GT analysis

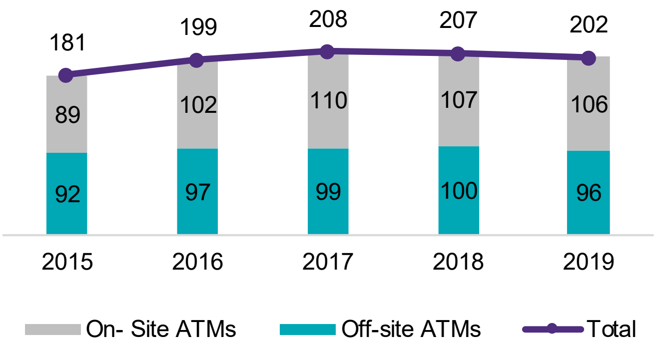
ATMs and WLAs across India

Relevance of ATMs

Potential of transactions through mobile and internet is contributing to the 'less cash economy' objectives of the government and the RBI, but the importance of ATMs cannot be de-emphasised. ATMs play a critical role in the financial inclusion revolution. Interactive, multi-channel, deposit-taking ATMs promote financial literacy while allowing cash to circulate continuously, reliably, quickly, cheaply and safely in local markets.

According to the 'Benchmarking India's Payment Systems' report, India is next to China in terms of the number of ATMs deployed. However, the rate of deployment is still relatively low when the size of the population is taken into consideration. The availability of ATMs doubled over the six-year period between 2012 and 2017 with dependency reducing from 10,832 persons per ATM in 2012 to 5,919 persons per ATM in 2017.

Total ATMs across India (in 000s)



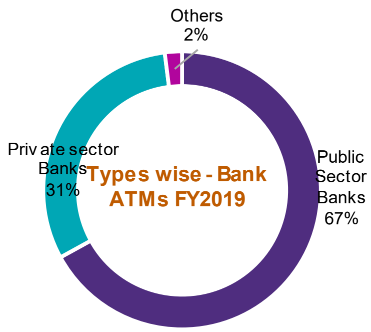
Source: RBI

Number of ATMs by population, FY2019*

Metropolitan	50,210
Urban	41,413
Semi-urban	44,051
Rural	33,645

Source: RBI *(as of September 2019)

- There was a net decline in ATMs during 2017 to 2019 of 6,200 ATMs. Approximately 55.7% of this decline was from on-site ATMs and the remaining 44.3% was accounted for by off-site ATMs.
- Stringent regulations by the RBI significantly raise legal compliance costs and have made a large proportion of ATMs economically unviable.
- SBI ATMs have a major presence across India followed by private sector banks like ICICI, HDFC, etc.



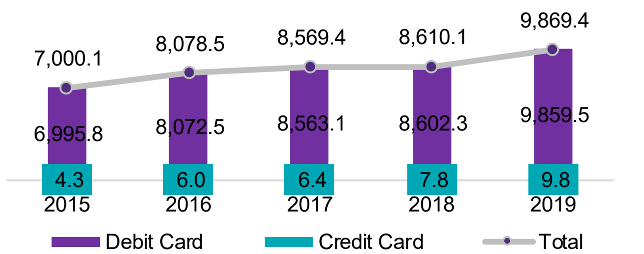
Source: RBI

Growth of ATM transactions

The number of ATM transactions witnessed an approximate growth of 9% CAGR between 2015 and 2019, primarily dominated by debit cards. The value of transactions grew at a CAGR of 11% over the same period. However, the average transaction value increased by a mere 5% since 2015.

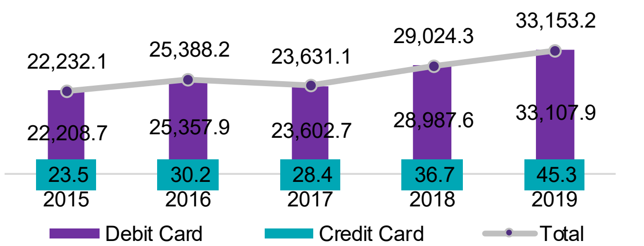
Rising cost of ATM transactions due to the high costs of compliance and operations is a major concern for banks coupled with digitisation and the growth of mobile banking, which are further demotivating banks to install more ATMs. Low transaction value further cements the sentiment for banks.

Total ATM transaction volume by financial card (in million)



Source: RBI

Total ATM transaction value by financial card (INR billion)



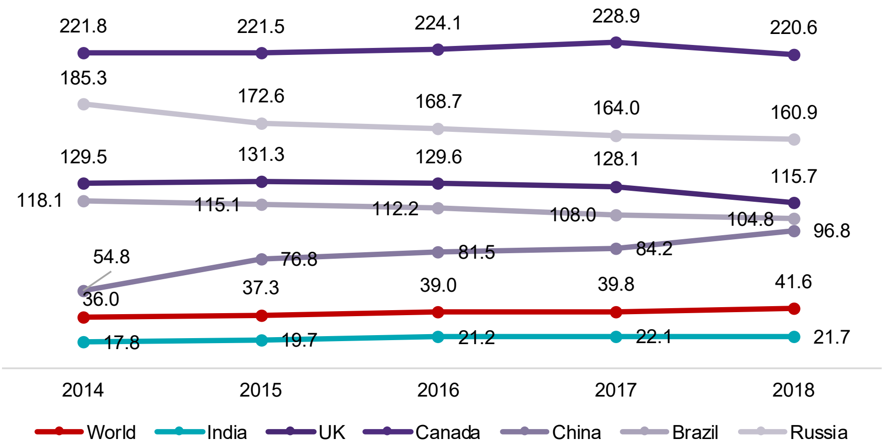
Source: RBI

RuPay card usage at WLAs in rural India

- RuPay card usage in rural India has gained significant traction, accounting for major share of transaction compared to Visa and MasterCard.
- Amongst major WLAs, Vakrangee reported a 58% share for RuPay card transactions, while it was 60% of BTI in rural India.

ATMs and bank branch density in India

ATMs per 100,000 adults



Source: World Bank and GT analysis

According to the World Bank data, the average number of ATMs around the world in 2018 was 41.6 (per 100,000 adults), whereas in India it was 21.7.

Globally, some of the developed and developing economies like the UK, Canada, China, Brazil and Russia have an average of over 95 ATMs (per 100,000 adults), which is far ahead of India. Thus, it clearly indicates the gap in ATM infrastructure to serve the population adequately and appropriately.

State-wise analysis

Top 10 states (in population, 2019)

States	Area (sq. km)	Population (million)	ATM density	Branch density	ATMs/lakh population	Branches/lakh population
India total	**32,91,721**	**1335**	**14.85**	**0.04**	**15.1**	**9.4**
Uttar Pradesh	2,43,286	229	12.05	0.01	7.6	0.8
Maharashtra	3,07,713	121	11.98	0.04	19.3	10.2
Bihar	99,200	119	12.83	0.05	5.2	4.2
West Bengal	88,752	98	7.83	0.09	10.8	8.3
Madhya Pradesh	3,08,252	82	30.17	0.02	11.2	6.7
Rajasthan	3,42,239	78	32.49	0.02	11.5	7.4
Tamil Nadu	1,30,060	76	5.06	0.08	29.4	13.6
Karnataka	1,91,791	66	10.73	0.04	25.5	13
Gujarat	1,96,024	64	17.08	0.04	17.5	11.7
Andhra Pradesh	1,60,205	53	15.18	0.04	17.5	11.1

ATM density – Area covered per ATM (lower the better)

Branch density – Area covered per branch (lower the better)

Source: RBI and GT analysis

India has an ATM density of 14.8 km and branch density of 0.04 (based on state areas) only. Bank-operated branches and ATMs are becoming unviable, considering the cosmic area of each state, the cost of transporting cash in rural areas and interest being paid out on idle cash.

ATM penetration in India is also skewed towards urban cities compared to rural areas. In 2019, as per RBI data, Delhi led in terms of ATMs per lakh population (42), followed by Tamil Nadu (29 A) and Karnataka (25). Over the years, most of the states in India have encountered a distinctive concern like in Karnataka, where rural Karnataka is underserved when compared to metropolitan cities such as Bengaluru, which has 12 ATMs per lakh population.

Currently, India is witnessing a demand-supply gap, which presents a huge potential for the banking industry in rural and semi-urban areas. With the rapid growth of Jan Dhan Yojana accounts and RuPay cards, millions of rural customers now have a debit card and bank account but lack basic infrastructure like an ATM to be able to use these easily.

WLA operators targeting rural ATM market

WLA operators, with their innovative and stand-alone business models, are ideally placed to provide ATM services in rural India. Many private players like Vakrangee, BTI and Tata Indicash are opening more and more of their WLAs in rural areas.

WLA – An introduction

WLAs

WLAs are set-up, owned and operated by non-bank entities. They provide banking services to the customers of banks in India, based on the cards (debit/credit/prepaid) issued by the banks. Under the Payment and Settlement Systems Act, 2007, the RBI has mandated the creation of a network of WLAs across the country and it is necessary for White Label ATM Operators (WLAOs) to have a rural presence.

Evolution and role of WLAOs

In 2012, as per the RBI guidelines, non-bank entities incorporated in India under the Companies Act 1956 were allowed to set up, own and operate ATMs. Non-bank entities that intend to set up, own and operate ATMs were identified as WLAOs and such ATMs were called WLAs. The objective of the initiative is to expand the network of ATMs across India, especially in semi-urban and rural centers. Prior to the introduction of WLAs, India witnessed a steady growth of ATMs with majority of these deployed in tier 1 and 2 cities. Thus, with an effort to boost the presence of ATMs and expand the delivery channel of banking services in rural India, the RBI mandated the creation of a network of WLAs across India, with a focus on tier 3-6 cities. During March 2018 to September 2019, WLAs increased at a rate of 22%. Currently, to boost WLAs, the RBI has also allowed to advertise non-financial products and services within its premises, except the main signboard.

Need for WLAs in India

In India, there are less than 21.7 ATMs in India per one lakh adult population, compared to 115 in the UK and 96 in China. This is a serious impediment to driving financial inclusion and ensuring every Indian has access to a formal banking point in the country. This problem is even more prevalent in rural India, where the masses are living in the age of digitisation and yet do not have access to basic ATM services. Banks find it hard to penetrate remote regions of the country as the costs of deploying ATMs do not resonate with the low value and volume of transactions relative to urban centers. Private players and non-banking companies are incentivised by the WLA model, as it provides them an avenue to generate profit out of the financial system. The ability to earn a commission on every transaction and further scale revenue through advertisement hoardings inside ATM premises is an attractive model for private players. Subsequently, the government schemes regarding opening of WLAs ensure that private players are able to generate a healthy profit margin while keeping in mind the end goal of financial inclusion and betterment of the masses.

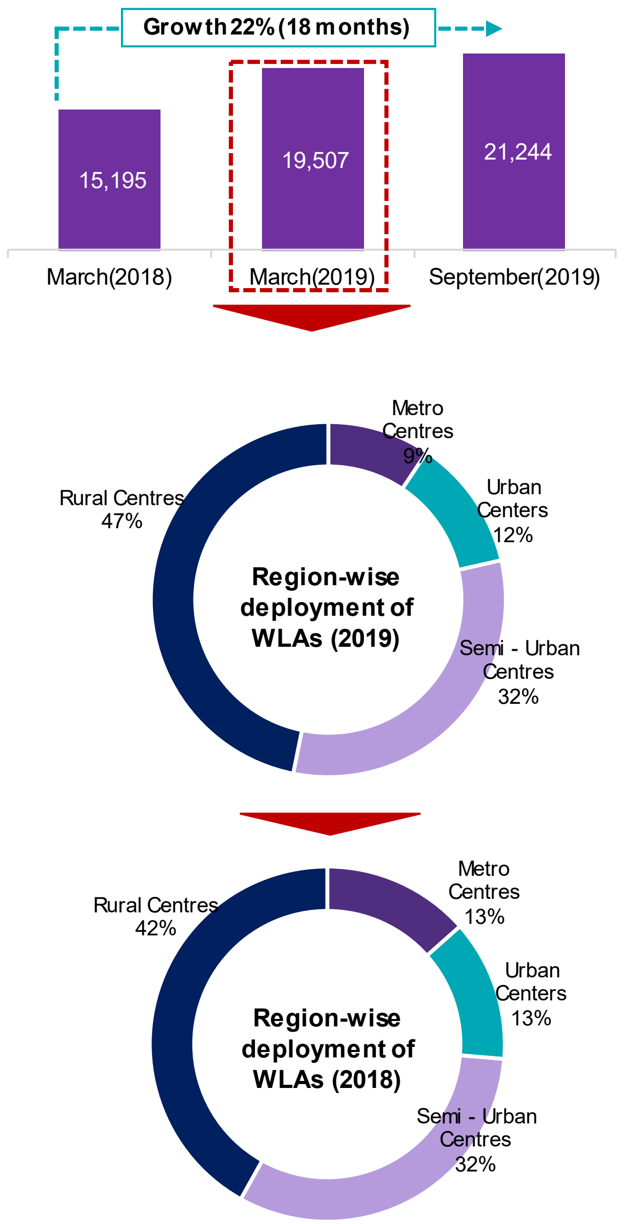
Key benefits and government initiatives

The WLA model is attractive for private companies. The idea provides an incentive to private players deploying ATMs with a focus on rural India and is also beneficial for the Indian populace and banking system as it ensures greater access to formal banking services and eases pressure on the banks.

The government has taken several steps to drive interest in the WLA model. The FDI limit on WLAs was recently increased to 100%, attracting foreign companies to enter this space with a service provider and SCB.

The government schemes with respect to opening WLAs are designed to ensure that private institutions deploying WLAs do not just focus on the financial incentives of this business model, but rather drive the overall goal of financial inclusion in India by focusing on tier 4-6 cities.

Number of WLAs



Source: NPCI and RBI

WLAs witnessed a rapid growth of over 30% in rural India from March 2018 to March 2019. In 2019, the share of rural WLA centres was over 47% followed by semi-urban centres with a share of 32%.

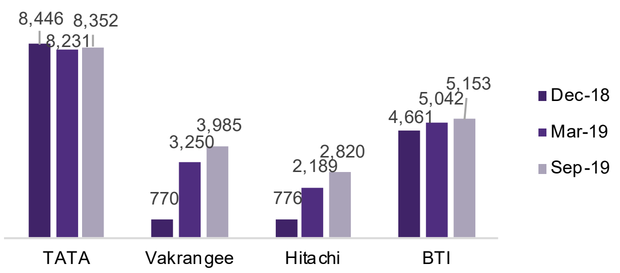
WLAs market - Key players and their presence

Top 10 states with major share of WLAs in 2019

	Number	Market share
1. Tamil Nadu	3,225	15.2%
2. Uttar Pradesh	3,201	15.1%
3. Maharashtra	2,632	12.4%
4. Rajasthan	1,943	9.1%
5. Bihar	1,611	7.6%
6. Andhra Pradesh	1,355	6.4%
7. Telangana	1,346	6.3%
8. Madhya Pradesh	1,164	5.5%
9. Karnataka	1,029	4.8%
10 West Bengal	767	3.6%

Source: RBI and GT Analysis *As of Sep 2019

Major players in WLA market in 2019



Source: RBI

Growth of WLAs across India in 2019 has been remarkable, with major penetration in states like Tamil Nadu and Uttar Pradesh. From March 2018 to September 2019, the share of WLAs of players such as Vakrangee, Hitachi and BTI increased consistently.

In terms of year-on-year growth, Vakrangee has witnessed a massive growth of over 300% from March 2018 to 2019 (and CAGR of 157.5% from 2017 to 2019) in its number of WLAs across India. During the same period, Vakrangee added over 3,200 WLAs across India, followed by Hitachi, which added over 2,000 WLAs during the same period.

	September 2019	March 2019	March 2018	December 2017	Change in the number of ATMs (Mar '18-Sep '19)
Tata Communications – Indicash	8,352	8,231	8,446	8,380	-94
Vakrangee Limited	3,985	3,250	770	601	3,215
Hitachi Money Spot ATM	2,820	2,189	776	669	2,044
BTI Payments – India1 ATM	5,153	5,042	4,661	4,584	492
Muthoot Finance	222	220	215	211	7
Riddi Siddhi Bullions Limited	638	501	128	128	510
AGS Transact Technologies	74	74	199	223	-125

Source: NPCI, RBI and GT analysis

During March 2018 to March 2019, though the total number of ATMs across India decreased marginally from 2,06,871 to 2,02,196, the number of WLAs increased from 15,195 to 19,507 (addition of 4312 WLAs), a growth of 28%. The addition of WLAs from March 2018 to March 2019 was majorly through players like Vakrangee, which contributed to 58% to the growth of WLAs.

ATM distribution (Top 5 players)

Public sector banks

Name	Number of ATMs	Urban	Semi-urban	Rural	Urban share	Semi-urban share	Rural share
State Bank of India	58,567	27,907	19,931	10,729	48%	34%	18%
Bank of Baroda	13,153	7,586	3,025	2,542	58%	23%	19%
Punjab National Bank	8,985	5,018	1,933	2,034	56%	22%	23%
Canara Bank	8,801	4,645	2,657	1,499	53%	30%	17%
Union Bank of India	6,798	3,404	1,715	1,679	50%	25%	25%
Others	37,635	18,037	10,412	9,186	48%	28%	24%
Total	**133,939**	**66,597**	**39,673**	**27,669**	**50%**	**30%**	**20%**

Source: RBI and GT Analysis

Public sector banks have an expansive network of ATMs across India. The major players are SBI, Bank of Baroda and Punjab National Bank. The total number of ATMs in this network is 133,939 with majority of ATMs located in metropolitan and urban centres. The presence of PSU ATMs in semi-urban and rural India is trivial, with only 20% of all ATMs located in rural areas (tier 5 and 6 cities). The low presence of PSU ATMs in rural localities can be attributed to the high costs and relatively low profitability of launching bank respective ATMs in these regions.

Private sector banks

Name	Number of ATMs	Urban	Semi-urban	Rural	Urban share	Semi-urban share	Rural share
Axis (UTI) Bank Ltd.	17,315	11,061	4,349	1,905	64%	25%	11%
ICICI Bank Ltd.	15,159	11,868	2,531	760	78%	17%	5%
HDFC Bank Ltd.	13,514	9,302	3,149	1,063	69%	23%	8%
IDBI Bank	3,693	2,384	901	408	65%	24%	11%
IndusInd Bank Ltd.	2,662	2,254	325	83	85%	12%	3%
Others	17,348	9,981	5,689	1,678	58%	33%	10%
Total	**69,691**	**46,850**	**16,944**	**5,897**	**67%**	**24%**	**9%**

Source: RBI and GT Analysis

Private banks mainly focus their ATM operations in metropolitan and urban cities. Combined, these regions represent 67% of the private bank ATM network across India. The major private banks with the largest presence in rural India are Axis, ICICI and HDFC. In total, only 9% of the private bank ATMs are located in rural areas (tier 5 and 6 cities). Private banks, aiming to strive for profitability, are deterred by the low interchange fee and relatively low value and volume of transactions combined with the high costs of operating in rural and semi-urban cities.

WLA operators

Name	Number of ATMs	Urban	Semi-urban	Rural	Urban share	Semi-urban share	Rural share
Tata Indicash	8,352	2,357	2,214	3,781	28%	27%	45%
BTI Payments	5,204	552	2,041	2,611	11%	39%	50%
Vakrangee Limited	3,985	471	889	2,625	12%	22%	66%
Hitachi Payment	2,820	613	1,063	1,144	22%	38%	41%
Riddhi Siddhi Bullions	638	54	470	114	9%	74%	18%
Others	298	120	113	65	40%	38%	22%
Total	**21,297**	**4,167**	**6,790**	**10,340**	**20%**	**31%**	**49%**

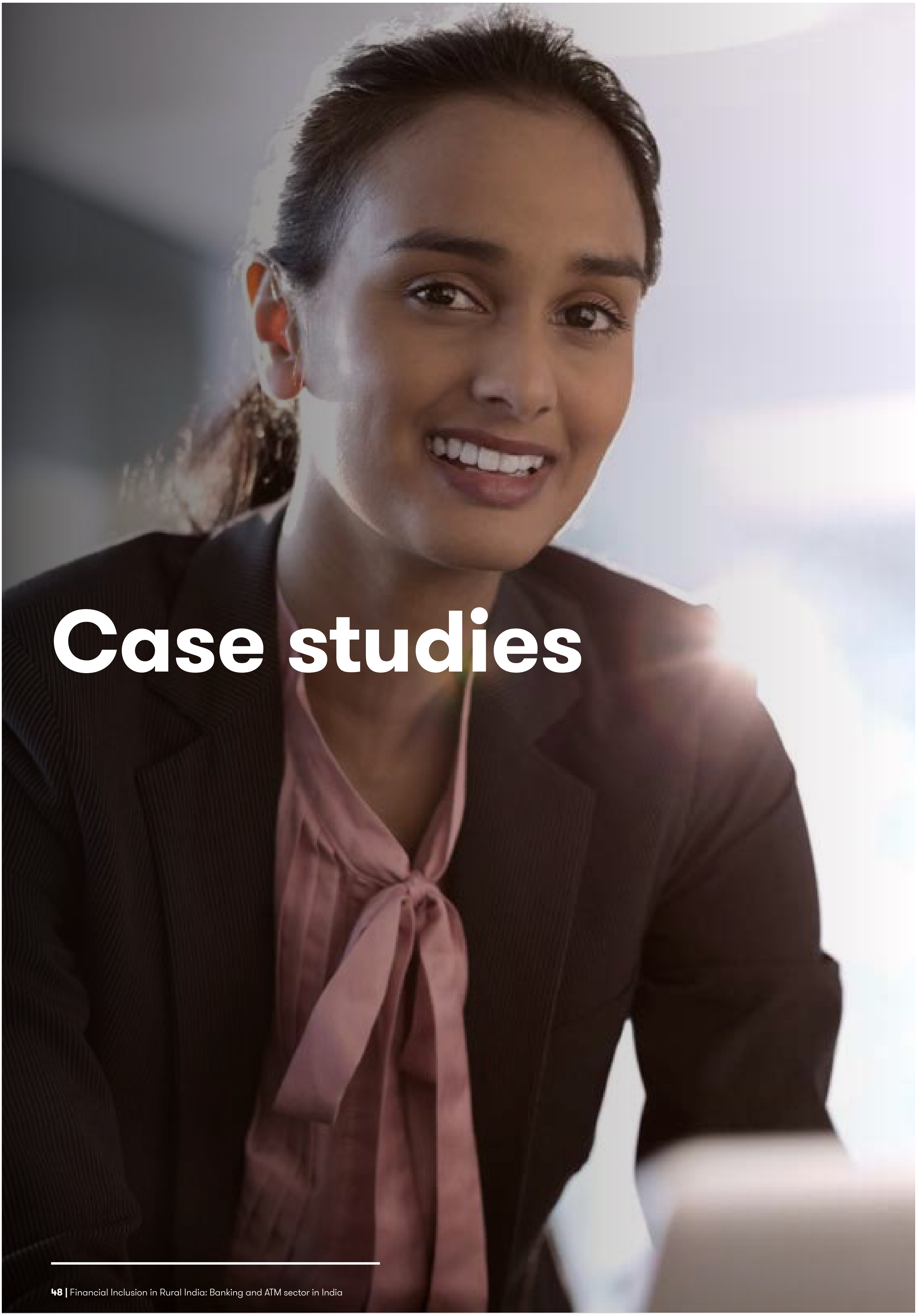
Source: RBI and GT analysis

WLAOs, however, have designed their business models in view of needs and wants of customers in semi-urban and rural India, which is essentially their target market base. Of the 21,297 WLAs present in India, 49% are located in rural areas (tier 5 and 6 cities). A further 32% are present in semi-urban centres, with only 20% of WLA deployed in urban and metropolitan cities.

As stated previously, commercial banks, both private and public, find it hard to penetrate rural regions as the cost of deploying ATMs does not resonate with the low value and volume of transactions relative to urban centres. Private enterprises and non-banking companies such as Tata Indicash, Vakrangee and BTI Payments are incentivised by the WLA model.

The ability to earn a commission on every transaction and further scale revenue through advertisements placements inside WLA premises is attractive for private players. The convenience and ease associated with transactions at WLA premises pull demand from the rural consumer base and have allowed WLAOs to create a marketplace amongst the rural populace.

Rural share of public sector bank is 20% and private sector banks is 9%, but the rural share of WLAs is 49%. This indicates that WLAs have a larger presence across rural India. Also, players like Vakrangee and BTI Payments have a major share of 66% and 50% respectively in rural WLAs.



Case studies

Vakrangee Ltd. (1/5)

Introduction

Vakrangee is one of the leading companies in India driving financial inclusion. With its unique technology-driven focus, it is on course to build one of India's largest networks of last-mile retail outlets to deliver banking, e-governance, e-commerce, WLAs, logistics and other services to the unserved rural, semi-urban and urban geographies.

The company started its journey in 1990s by working with the central and state governments to record digitisation projects for various departments. It then participated in the Aadhaar card issuance initiative and worked as one of UIDAI's largest partners on the project.

In 2012, the company started opening kendras offering government-to-citizen services (G2C), gradually adding several services in sectors such as banking, insurance and e-commerce, amongst others.

Vakrangee has undergone major transformation over the last few years, improvising with not just its service offering but the entire customer transaction experience. It has gone from non-exclusive stores offering a limited range of services to an exclusive store with multitude services with an enviable presence, especially in rural India.

Company's vision and mission

As per the company's management, Vakrangee has a vision to:

- Become the most trustworthy physical as well as online convenience-store across India
- Give every Indian access to a wide range of products and services, which are fairly priced and of high quality
- Keep expanding network, until they are in close proximity to the last excluded person within the country

Also, the company has a stated mission to be *"India's No.1 rural-centric retailer by offering innovative ideas and proven modern technologies for facilitating universal financial & social inclusion"*.

Management and Board of Directors experience

Mr. Ramesh Joshi is the company's non-executive chairman. In his career sprawling over 40+ years, he has held several leadership positions in the RBI and has been nominee director on behalf of the RBI on the Boards of various banks, and retired as an executive director of SEBI. He is also on the Panel of Arbitrators for NSE, BSE and MCX.

Vakrangee's management is led by Mr. Dinesh Nandwana (Executive Chairman and Group CEO), who has over 27 years of experience and continues to drive the company's overall business strategy and operations since its inception. He also received the 'CA Business Leader - SME (3rd Rank)' award by the Institute of Chartered Accountants of India in 1997.

Dr Nishikant Hayatnagarkar (Director – R&D) has been part of Vakrangee since 1994 and is responsible for the R&D initiatives of the company. He is a pioneer in the field of microchip designing. Over his career spanning four decades, he has led the creation of various indigenous technologies solutions, such as voice-recognition system used in the telecom industry and multi-lingual keyboards, amongst others.

Mr. Rajesh Bhojwani (CEO – WLA) and Mr. Sanjeet Mahajan (CEO – BFSI) have two decades of experience in their respective areas, including key management positions, before joining Vakrangee.

The company is also backed by an experienced board of directors.

Strengths and capabilities

- A major player in e-governance solutions in the last 20 years
- Strong in-house technology capability, from data digitisation to technology management
- Good track record for delivering mission critical projects due to strong on-ground execution capabilities
- Strong rural-focus promoting entrepreneurship
- Real-time technology integration
- Robust on-ground field presence, assisting franchisee at block level (through block officers and relationship managers)

Vakrangee (2/5)

Some of the key achievements and certifications for the company are as follows:

- Participation in key projects such as MCA 21, RSBY, Passport Seva Kendra, UIDAI
- Second largest Aadhaar enrolment agency in the country, empaneled as T3F4 category service provider (highest category)
- CMMI maturity level III certified organisation
- Other certifications include ISO 27001, ISO:IEC 20000

Services offered

- Banking and financial service
- ATM
- E-commerce
- E-governance
- Insurance
- Logistics services

Challenges in rural India

Indian bank and financial institutions face a number of challenges in providing financial services in rural India. Some of these are highlighted below:

High cost of service delivery

- There is poor transportation infrastructure, leading to long journey duration, inefficient transportation technology and inefficient routes, which add to the cost of transportation.
- Low population density in rural areas leads to time wastage and also limits benefits of economies of scale.
- Low ticket size contributes significantly to high delivery cost.

Building trust and attracting customers

- Large population in rural India still lacks adequate levels of financial literacy, a key deterrent in the adoption of a number of financial products and services.
- There is lack of trust amongst customers in rural market who still doubt the credibility of online services, especially financial services.
- Despite rapid growth in rural internet penetration, internet literacy still remains a challenge.
- There is preference for personal relationships over digital transactions, which the service provider has to establish over a period of time.

Hence, any company looking to make inroads in the rural banking sector needs to have a strong omni-channel strategy to make a mark in this space. Vakrangee is one of the few companies that has managed to make an impact.

Vakrangee model and its advantages

Vakrangee has over the years developed a unique franchise business opportunity, which taps rural entrepreneurs and provides them with right technology platform and support to offer a multitude of services efficiently and reliably.

In 2018, Vakrangee established the 'Next Gen' Vakrangee franchisee model, which includes 'Vakrangee' branded exclusive physical stores. At these 'Next Gen' outlets, the company has laid down strict norms to provide consumers with a standardised in-store experience and exclusivity of services.

Its outlets offer a bouquet of services, ranging from banking to e-commerce to logistics, all under one roof. With the presence of trained professionals in its centres, it helps develop the trust factor that is critical for people in rural India.

Vakrangee outlets help address the problem of last-mile delivery by having a physical touchpoint for its services, managed by its franchise partners. Also, multi-service offerings provide the franchisee with diversified sources of income. This subsidises the high cost of delivery for banking services, thus improving unit economics of outlets.

Vakrangee (3/5)

Some of the key advantages of Vakrangee's model are as follows:

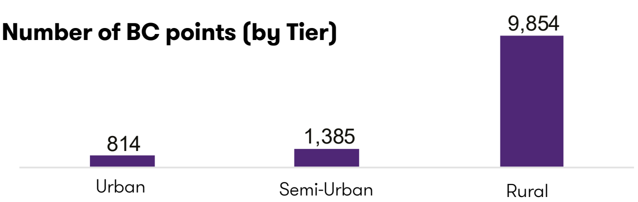
Operating cost	Vakrangee	
Diversified revenue sources	Y	Multiple services offered, including e-commerce, logistics, etc
Store rental	N	Franchisee-owned store, hence no need for rental
Store CAPEX	Y	CAPEX gets split across multiple sources
Utilities cost (Electricity, internet, etc.)	Y	-
Cash management	N	Franchisee facilitates cash management, and no need of third-party cash management services
Security guard	N	ATM located inside store, hence no need of security guard

Vakrangee serving the financial inclusion goal in rural India

Vakrangee has been at the forefront of driving the Indian government's mission of financial and digital inclusion. It has evolved from being a centre offering e-governance and bill payment services to a complete financial services provider.

Over the years, Vakrangee has worked with 13 banks as their BC, offering a wide range of banking services in the underserved markets. Currently, it has over 12,000 franchise touchpoints offering banking services. Of these, 82% are situated in rural India, where there is limited direct presence of banks and other financial institutions. Also, since all Next Gen outlets are exclusive physical stores, many of them meet the RBI's eligibility criteria for being counted amongst bank branches, a key consideration for banks in choosing corporate banking correspondent partners.

Number of BC points (by Tier)



Source: Company data- Vakrangee ltd. and GT analysis

Vakrangee provides banking services in partnership with the following banks:

- Union Bank of India
- Bank Of Baroda
- Bank of India
- Punjab National Bank
- Allahabad Bank
- Rajasthan Marudhara Gramin Bank
- Kashi Gomti Samyut Gramin Bank
- Baroda Uttar Pradesh Gramin Bank
- Baroda Rajasthan Kshetriya Gramin Bank
- Maharashtra Gramin Bank
- Baroda Gujarat Gramin Bank
- Nainital Bank
- Purvanchal Bank

Basic Savings Bank Deposit Accounts (BSBDA) opened

Vakrangee was one of the early movers to capitalise on the government's vision of providing financial services to every citizen within a radius of 5 km. A key contribution of Vakrangee in this initiative was their participation in opening BSBDA and Jan Dhan accounts as part of their BC service offering.

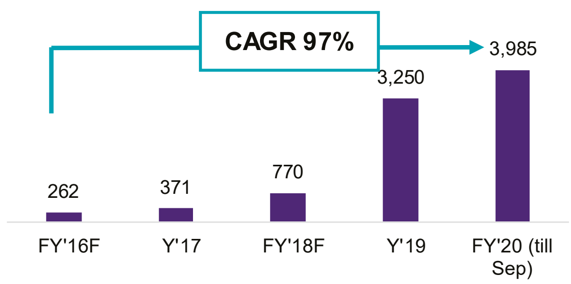
Vakrangee presence and impact

- Has over 12,000 BC touchpoints, of which, 82% are situated in rural India.
- In FY '18, Vakrangee BCs opened 31.7% of all BSBDAs opened by BCs in India.
- Banking and ATM throughput from Vakrangee network for FY 2019 (till 31 December 2019) is INR 218 billion.

Vakrangee's WLA

Vakrangee first opened its WLA in FY '16, closing the year with 262 ATMs in its first year of operation. In the last two years, it has expanded aggressively and added over 3,200 ATMs, with special focus on rural India.

Number of ATMs



Source: RBI data and GT analysis

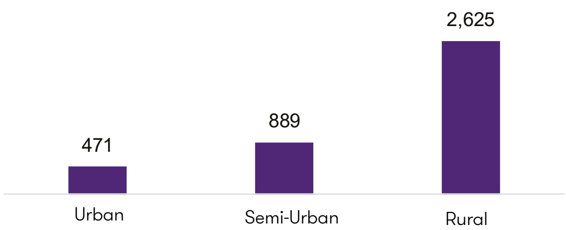
Vakrangee (4/5)

Vakrangee has developed a unique model, which has low CAPEX and operating cost, making it financially viable to offer ATM services in the remotest locations.

Vakrangee ATMs are located inside its Next Gen outlets, which does away with need for dedicated air conditioning and security guards. The franchisee, who is also a BC, is responsible for cash refilling in these ATMs, whereas other players pay cash management companies for filling their ATMs. Also, ATMs are a key footfall driver in these Next Gen outlets, allowing the franchisee to cross-sell other services, and thus subsidising its operating cost of ATMs.

This model has been particularly successful in rural India, where the cost of offering last-mile services has been especially challenging for financial institutions. In a survey of over 3,500 outlets, it was found that 99.5% of Vakrangee ATMs were active, which is an industry leading metric.

Vakrangee - Number of ATMs (by area)



Source: RBI data and GT Analysis

Overall, Vakrangee is the 13th largest operator of ATMs in India. In rural India, it is the 3rd largest player, behind only SBI (10,729 ATMs) and Tata Indicash (3,781 ATMs) in rural India.

When compared to private sectors banks, it ranks over a number of major banks such as Axis Bank (1,905 ATMs), HDFC Bank (1,063 ATMs) and ICICI Bank (760 ATMs) in rural India.

Vakrangee's performance

As on Sep '19	Count	Total count	Rank	Share %
ATMs in India	3,985	227,886	13	2%
ATMs in rural India	2,625	33,645	3	6%
ATMs by WLA in rural India		10,340	2	25%
ATMs by public sector banks in rural India		27,669	2	NA
ATMs by private sector banks in rural India		5,89	1	NA

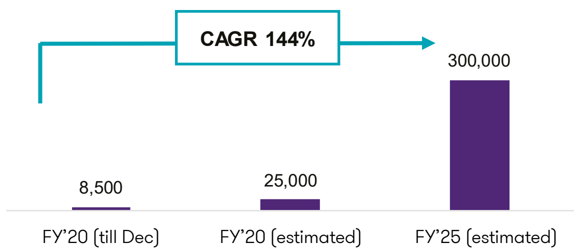
Source: RBI data and GT Analysis

Future roadmap

Vakrangee outlets allow people to capitalise benefits of financial inclusion and Digital India, apart from giving them access to basic services at affordable cost to operators.

The company has aggressive growth plans, backed by keen interest from potential franchisee. The management plans to open 25,000 Next Gen outlets by close of financial year in 2020. Till December 2019, it had already opened 8,500 Next Gen outlets.

Number of Next Gen outlets



Source: Company data- Vakrangee Ltd

It is the company's grand vision to open Next Gen outlets in all postal code in India by FY '25, taking the total count to 300,000.

Vakrangee (5/5)

Vakrangee state presence	No. of ATMs	Distribution of Vakrangee ATMs	Share of Vakrangee to WLAs in state
Rajasthan	1,109	28%	57%
Uttar Pradesh	906	23%	28%
Maharashtra	891	22%	34%
Madhya Pradesh	308	8%	26%
Punjab	102	3%	65%
Bihar	101	3%	6%
Gujarat	98	2%	31%
Chhattisgarh	93	2%	26%
Odisha	91	2%	20%
Haryana	84	2%	23%
Jharkhand	44	1%	16%
Delhi	41	1%	18%
West Bengal	38	1%	5%
Uttarakhand	30	1%	13%
Karnataka	24	1%	2%
Himachal Pradesh	9	0.20%	28%
Goa	8	0.20%	24%
Chandigarh	7	0.20%	78%
Kerala	1	0.00%	0%

Source: Company data- Vakrangee Ltd.

Vakrangee has added over 3,200 ATMs in the last two years, with focus on building capacity in Tier 5 and Tier 6 towns in India. Of these, 61% are in Rajasthan and Uttar Pradesh, states which have high population and low ATM density. It is also a key WLA player in places such as Maharashtra, Madhya Pradesh and Punjab.

An independent survey of over 3000 Vakrangee Next Gen outlets showcased the following:

For 52% of outlets, ATM was the most utilised services

99.5% of Vakrangee ATMs were found to be operational during the survey

Average number of ATM transactions – 40-50/day

BTI Payment Private Limited

Introduction

BTI Payments is a company promoted by the BankTech Group, Sydney, a financial services firm focused on providing payment processing infrastructure, deployment of ATMs and PoS terminals in India, Australia, Hong Kong, and Philippines.

BTI Payments entered the Indian market with an initial focus on PoS terminals and managing ATMs for banks before their foray into WLAs in 2013. With the RBI in principle authorisation for operating as a WLAO, the BankTech Group roped in ICICI Venture Fund Management Company Limited as an investor in the company. BTI operates as a WLAO under the brand name of India1ATM, with a focus on servicing the demand originating from rural India.

Services offered

BTI focuses largely on the WLA market in India. Through its WLA brand 'India1ATM', it offers the following standard services to customers:

- Cash withdrawal
- Balance enquiry
- PIN change
- Mini-statements
- Aadhaar seeding
- Card to card transfers

Since the launch of their first WLA in 2014, BTI has become a prominent player in the WLA industry in India. Today, BTI offers a network of close to 5,200 India1ATMs, with 89% of WLAs located in semi-urban and rural geographies.

Management track record

BTI's management is led by Mr. K Srinivas (MD and CEO), a mechanical engineering graduate with a PGDM from a prestigious management institute in India. He has over 30 years of experience in companies such as Bharti Group, Britannia and Hindustan Unilever.

Mr. Rajeev Desai (COO) is an electronics engineering graduate. He has worked with large financial players such as Barclays (UK), Citibank and HSBC and ATM service providers like Prizm Payments.

Mr. Sanjay Bajaj (CCO) is a Chartered Accountant with over 20 years of experience in the manufacturing industry. He has worked with companies such as Bharti Airtel and Williamson Magor Group.

Mr. Kumara Krishnan (Chief Sales and Marketing officer) is a MBA graduate. He has over 19 years of experience in sales and has worked in companies such as Bharti Group and Tata Global Beverages.

Challenges in rural India

- ATM services are not 'core' banking services for commercial banks. The high costs associated with operating ATMs in tier 3-6 cities deter banks from expanding into these regions.
- The cost per transactions relative to the realisation per transaction is usually loss making for commercial banks.
- The reduction in interchange fee from card issuing bank to the ATM service provider in 2012 and the incremental compliance costs have led to viability issues for ATM service providers.
- BCs, although pivotal in driving financial inclusion in India, are not well equipped to provide cash-out services. Hence, they are not an ideal service provider to replace ATMs and the void must be filled by companies such as BTI that operate on the WLA business model.

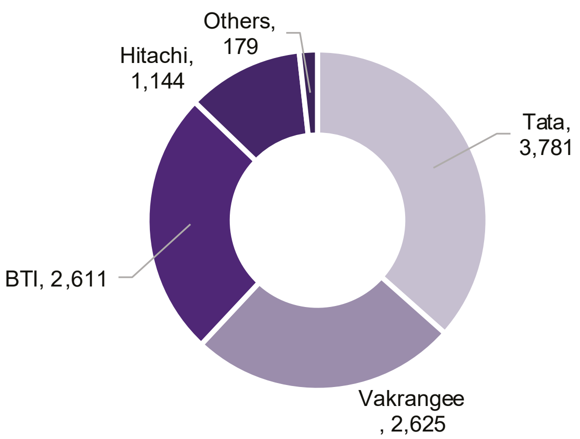
Bringing banking at the doorstep

BTI Payments aims to address these problems and offer ATM services to hitherto unbanked and underbanked individuals in an affordable and accessible manner.

Today, close to 89% of BTI's ATM network supports customers in semi-urban and rural India, with a focus on tier 4, 5 and 6 cities. BTI Payments installed ATMs in remote villages like Kirgavulu in Mandya District (Karnataka) and Thally in Krishnagiri district (TN) - areas that saw an ATM for the first time - thereby eliminating the need to go several kilometers to reach the nearest ATM.

BTI's exponential growth in deploying WLAs across India with a special focus on semi-urban and rural India means that today BTI is the 11th largest ATM provider in India with respect to WLAOs, private and public banks. Further, in rural India, BTI ranks 4th in deployment of ATMs, behind SBI, Tata Indicash and Vakrangee.

WLAOs – Share of rural network



Source: RBI

Tier-wise split of India1ATM, September 2019

Source: Company data- BTI Payment Services

BTI state presence	No. of ATMs	Distribution of BTI ATMs	Share of BTI to WLAs in state
Tamil Nadu	1,400	27%	43%
Uttar Pradesh	927	18%	29%
Bihar	590	11%	37%
Andhra Pradesh	580	11%	43%
Karnataka	471	9%	46%
Telangana	395	8%	29%
Kerala	303	6%	72%
Maharashtra	213	4%	8%
Madhya Pradesh	205	4%	18%
Chhattisgarh	34	1%	10%
Pondicherry	33	1%	41%
Uttarakhand	26	0.50%	12%
Jharkhand	25	0.50%	9%
Gujarat	1	0.00%	0.30%
West Bengal	1	0.00%	0.10%

Source: Company data- BTI Payment Services

Of the 5,204 ATMs that BTI has, 27% are located in Tamil Nadu and 18% in Uttar Pradesh. It is also a key WLA player in places such as Kerala, Karnataka, Tamil Nadu and Andhra Pradesh, where it has 72%, 46%, 43% and 43% share of all WLAs in the state respectively.

Fino

Introduction

Fino is one of the niche entities in its space that has experience in providing technology-enabled banking services in unbanked and underbanked areas. It is the pioneer of biometrics technology enabled financial inclusion in India and the operator of one of the world's largest BC networks that facilitates access to banking services in remote areas across the country.

Fino's approach is backed by strong distribution, technology and partnership strategy that makes banking simple, convenient and paperless.

Fino provides assisted services using technology platforms such as AePS, mPOS devices, micro ATMs, tablets and mobile, etc. The group also diversified into payments bank in 2017.

Company's vision and mission

As per the management, Fino has a vision to "catalyse nation building by making every citizen financially secure".

Further, Fino has a stated mission: "To become the preferred bank for our customers by providing the simplest and the most accessible financial services to grow their wealth".

Services offered

Fino operates one of the largest BC networks in India. Through its extensive agent network, Fino offers its customers a suite of banking and insurance products as well as technical assistance and knowledge sharing. Fino offers the following services through its BC model:

- Account opening
- Deposits
- AePS
- Insurance
- Gold loans referrals
- Money transfer
- Micro-ATMs
- Utility bill payments

Apart from the mentioned financial services and products, Fino is an essential player in offering digital payments for national highway tolls and also assisted e-commerce services.

Strong investor backing

Fino is promoted by 24 public and private sector banks such as ICICI Bank, ICICI Lombard, Indian Bank and Union Bank of India as well as insurance companies like the Life Insurance Corporation of India (LIC). Bharat Petroleum is one of the largest investors and strategic partner of Fino. BPCL outlets act as Fino banking points.

Fino is led and managed by visionary individuals who excel in their respective fields. The management brings in extensive experience ranging between 13 and 20 years, many of whom have held positions at reputable global organisations.

Further, Fino's board of directors comprises experienced professionals from leading financial institutions such as the Blackstone Group, ICICI Bank, HAV3 Holdings and the International Finance Corporation.

Challenges

The traditional banking correspondent model, considered to be the potential solution for challenges faced by the banking sector in rural India, has been met with only limited success. This has been mainly due to the following:

- Low commission rates associated with the BC model, which prevent BC operations from becoming sustainable.
- Cash management associated with the BC model makes it dependent on entrepreneurs with high cash liquidity.
- Asset-light models focusing on remote banking via POS terminals are met with suspicion as the fraud rates associated with such services are high in rural areas.

Therefore, any company or individual looking to make inroads in rural banking via the BC route must create an innovative and secure business model, aiming to provide these banking services in an efficient, cost-effective and reliable manner.

Business model

Fino's business model aims to provide branchless banking, through its in-house developed, low-cost technology solution for customer acquisition, servicing and monitoring.

This asset-light and cost-effective model allows Fino's retail agents to profitably dispense financial services to rural consumers who are not serviced by commercial banks and traditional brick-and-mortar outlets.

Further, Fino ensures reliable and secure transactions through its BC network. Biometric smart card authentication along with physical identification prevent customers from being susceptible to fraud, while still availing the benefits of low-cost, doorstep banking.

Fino's focus on streamlining and innovating its backend capabilities through its in-house technology solutions allows it to easily adjust its offering to the needs of the target market. Over the years, Fino has developed the following technology platforms:

- Accounting and MIS systems: Fino builds and maintains backend processing systems to facilitate and track transactions at financial institutions.
- Point-of-transaction (PoT) terminals: These handheld devices allow Fino agents and customers to conduct transactions such as deposits, loans and payments remotely and cost-effectively.
- Biometric smart cards: The smart cards are authentication devices carried by customers and agents to ensure transactions are secure on both sides.

Achievements and the road ahead

Fino was started in 2006 and in the last 13 years, Fino has brought banking close to over 100 million people from over 60,000 remote locations across India that previously had limited or no access to banking services. It manages over 180 million banking transactions annually, at an annual run rate of INR 150 billion.

Fino's contribution towards financial inclusion is well noticed and appreciated by the banking community. In 2015, it was among the 11 entities that received the RBI's in-principle licence to start a payments bank, and received the final licence operate in March 2017. The group launched the Fino payments bank in July 2017.

As of December 2019, Fino has an extensive network of 1,50,000 touchpoints offering banking services and has deployed over 85,000 micro-ATMs across the country.

Acknowledgements

This report from Grant Thornton India LLP on financial inclusion in rural India was made possible with the support and contributions of many individuals and organisations. Grant Thornton would like to gratefully acknowledge representatives of the banks, non-banks and BC agents for providing insights from the ground and industry standpoints. Grant Thornton is thankful to various departments of major companies such as Vakrangee, BTI payments and Fino for providing valuable insights, comments and suggestions.

Grant Thornton would like to thank the ATM and banking heads, and the management of Vakrangee Limited:

- Mr. Sanjeet Mahajan (Head, BFSI), who joined in October 2017. He is responsible for building and running the banking, insurance and retail and SME loans; mutual fund and other allied businesses at Vakrangee Ltd. Prior to joining Vakrangee, Mr. Mahajan was associated with HDFC Bank for over two decades and served across multiple roles in his last assignment as a vice president at HDFC Bank.
- Mr. Rajesh Bhojwani (Head, ATM), who joined as executive vice president and head the ATM vertical. He joined Vakrangee from HDFC Bank Ltd., where he had worked in ATM, SME lending and retail branch banking divisions for over 12 years. His last assignment at HDFC Bank was as Head–ATM Business Process.

Grant Thornton is grateful to BTI Payment Service's management led by Mr. K Srinivas (MD and CEO). He has over 30 years of rich working experience across the FMCG and Telecom sectors and in various companies such as Hindustan Unilever Limited, Britannia and Bharti Airtel. Before joining BTI Payments in 2013, he was President–Consumer Business for Bharti Airtel Limited taking care of Airtel's mobile, fixed line, broadband, DTH and Airtel Money businesses for India and South Asia. He is also Director of CATMi (The Confederation of ATM Industry), an industry body of ATM operators.

Finally, Grant Thornton would like to thank Fino payments bank management and Mr. Ashish Ahuja (Chief Business Officer). He is responsible for developing innovative products and services for the Fino. He is also entrusted with the task of ensuring that the bank's products are accessible seamlessly across multiple platforms - digital as well as physical. Earlier, he successfully managed Fino's corporate business and retail initiative of Money Marts. Over the years, Mr. Ashish has represented Fino in multiple businesses and government forums on financial inclusion, DBT and AEPS amongst others.

Grant Thornton India LLP

List of abbreviations

AePs	Aadhaar Enabled Payment System
ATM	Automated Teller Machine
BC	Business Correspondent
BF	Business Facilitator
BHIM	Bharat Interface for Money
BSBDA	Basic Saving Bank Deposit Account
CIC	Currency in Circulation
DBT	Direct Benefit Transfer
ECS	Electronic Clearing Service
FDI	Foreign Direct Investment
G2C	Government to Citizen
GCC	General Credit Card
GDP	Gross Domestic Product
GEAR	Government E-payments Adoption Ranking
IMPS	Immediate Payment Service
INR	Indian Rupee
IRDAI	Insurance Regulatory and Development Authority of India
JAM	Jan Dhan Aadhaar Mobile
KCC	Kisan Credit Card
KYC	Know Your Customer
LBS	Lead Bank Scheme
MFI	Micro Finance Institutions
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MIS	Management Information System
NACH	National Automated Clearing House
NEFT	National Electronic Fund Transfer
NPCI	National Payments Corporation of India
PCO	Public Call Office
PFRDA	Pension Fund Regulatory and Development Authority of India
PMJDY	Pradhan Mantri Jan Dhan Yojana
POS	Point of Sale
PPI	Prepaid Payment Instruments
PSB	Public Sector Bank
PSU	Public Sector Undertaking
RBI	Reserve Bank of India
RTGS	Real-time Gross Settlement
SCB	Scheduled Commercial Bank
SEBI	Securities and Exchange Board of India
SHGs	Self Help Groups
UID	Unique Identification Number
UIDAI	Unique Identification Authority of India
UPI	Unified Payment Interface
USD	United States Dollar
USSD	Unstructured Supplementary Service Data
WLA	White Label ATM
WLAO	White Label ATM Operator

List of sources

Data	Source	Link
Adults with an Account	The Global Findex Database, 2017	https://globalfindex.worldbank.org/sites/globalfindex/files/2018-04/2017%20Findex%20full%20report_0.pdf
Average banked population in developing and developed economies	The world bank	https://www.worldbank.org/en/news/press-release/2018/04/19/financial-inclusion-on-the-rise-but-gaps-remain-global-findex-database-shows
Regional overview of FI	The Global Findex Database, 2017	https://globalfindex.worldbank.org/sites/globalfindex/files/2018-04/2017%20Findex%20full%20report_0.pdf
Adults without an Account	The Global Findex Database, 2017	https://globalfindex.worldbank.org/sites/globalfindex/files/2018-04/2017%20Findex%20full%20report_0.pdf
Snapshot of FI in India	The World Bank Database	https://databank.worldbank.org/source/global-financial-inclusion
FI vs. GDP / Capita in India	The World Bank Database	https://databank.worldbank.org/source/global-financial-inclusion
Indian Population (Country and State level)	Population census 2011	http://censusindia.gov.in/Tables_Published/A-Series/pca_main.html
Accounts opened under PMJDY	PMJDY website	https://pmjdy.gov.in/account
Growth in deposits under PMJDY	PMJDY website	https://pmjdy.gov.in/account
Rupay debit cards issued	NPCI	https://www.npci.org.in/statistics
PMJDY Features	PMJDY website	https://pmjdy.gov.in/account
DBT Features and Progress	DBT website	https://dbtbharat.gov.in/
AePS	Ministry of Electronics and Information Technology	https://meity.dashboard.nic.in/DashboardF.aspx
BHIM-UPI Progress	NPCI	https://www.npci.org.in/statistics
Indian Banking Sector Snapshot	EMIS Indian Banking Sector Report	
Rise in Bank Branches	Reserve Bank of India Database	https://dbie.rbi.org.in/DBIE/dbie.rbi?site=publications
Spectrum of Financial Services Providers	Reserve Bank of India Database	
Total ATMs across India	Reserve Bank of India Database	https://dbie.rbi.org.in/DBIE/dbie.rbi?site=publications
Share of Bank Branches per SCB	Reserve Bank of India Database	https://dbie.rbi.org.in/DBIE/dbie.rbi?site=publications
Number of ATMs by population	Reserve Bank of India Database	https://m.rbi.org.in/Scripts/StateRegionATMView.aspx
ATM and Branch density	Reserve Bank of India Database and Population census 2011	https://dbie.rbi.org.in/DBIE/dbie.rbi?site=publications
Total Deposits by bank type and deposit type	Reserve Bank of India Database	https://www.rbi.org.in/Scripts/QuarterlyPublications.aspx?head=Quarterly%20Statistics%20on%20Deposits%20and%20Credit%20of%20Scheduled%20Commercial%20Banks
Total Deposits in India SCBs	Reserve Bank of India Database	https://www.rbi.org.in/Scripts/QuarterlyPublications.aspx?head=Quarterly%20Statistics%20on%20Deposits%20and%20Credit%20of%20Scheduled%20Commercial%20Banks

Data	Source	Link
Transaction Value for ATM, Debit and Credit cards	Reserve Bank of India Database	https://www.rbi.org.in/scripts/ATMView.aspx?atmid=85
Currency in circulation	CEIC, GoI	
Cost of Cash study in 2016		
Payment systems share of value	Reserve Bank of India Database	https://www.rbi.org.in/scripts/paymentsystems.aspx
Growth in non-cash payments		
Global Digital Payments Adoption	Digital Payments 2019, STATISTA	https://www.statista.com/outlook/296/100/digital-payments/worldwide
Digital Payments per Capita (India)	Government E-Payment Adoption Ranking 2018	https://currentaffairs.gktoday.in/tags/government-e-payments-adoption-ranking
Progress of different digital payment systems in India	NPCI	https://www.npci.org.in/statistics
Number of Business Correspondents in India	Reserve Bank of India Database	https://m.rbi.org.in/scripts/bs_viewcontent.aspx?Id=2598
Share of BSBDA Opened	Reserve Bank of India Database	https://www.rbi.org.in/scripts/PublicationsView.aspx?id=18969
Number of WLAs in India	NPCI & RBI Database	https://www.npci.org.in/product-statistics/nfs-product-statistics-0
Region and State wise deployment of WLAs	NPCI & RBI Database	https://m.rbi.org.in/Scripts/StateRegionATMView.aspx
Distribution of ATMs by Bank Type	Reserve Bank of India Database	https://www.rbi.org.in/Scripts/ATMView.aspx
Vakrangee Case Study	Vakrangee Company Data	
BTI Payments	BTI Company Data	
FINO case Study	FINO Company Data	
RBI must insure a healthy CICO	Report of the Committee on Deepening of Digital Payments, chaired by Nandan Nilekani	

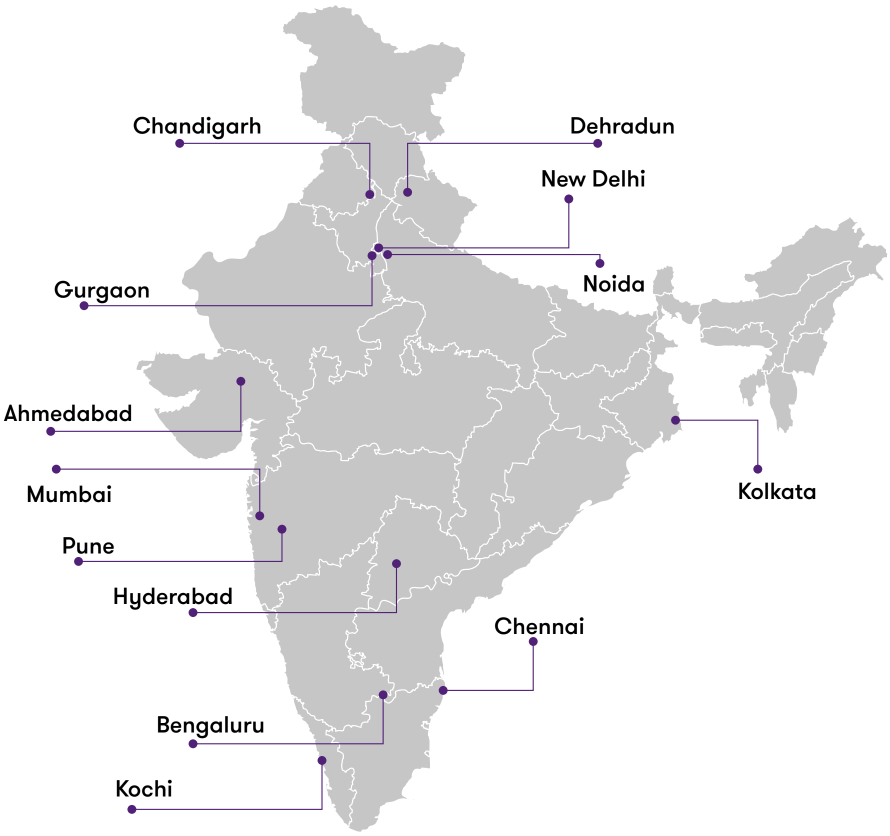
About Grant Thornton in India

Grant Thornton in India is a member of Grant Thornton International Ltd. It has 4,500+ people across 15 offices around the country, including major metros. Grant Thornton in India is at the forefront of helping reshape the values in our profession and in the process help shape a more vibrant Indian economy. Grant Thornton in India aims to be the most promoted firm in providing robust compliance services to dynamic Indian global companies, and to help them navigate the challenges of growth as they globalise. Firm's proactive teams, led by accessible and approachable partners, use insights, experience and instinct to understand complex issues for privately owned, publicly listed and public sector clients, and help them find growth solutions.

4,500+ people

15 offices in 13 locations

One of the largest fully integrated Assurance, Tax & Advisory firms in India



Contributors

Authors

Sonika Pruthi Gupta
Associate Director

Aditya Yashvardhan
Manager

Vinayak Saxena
Assistant Manager

For further queries

Sonika Pruthi Gupta
E: sonika.pruthi@in.gt.com
M: +91 98105 16757

For media queries, please contact

Spriha Jayati
E: spriha.jayati@in.gt.com
M: +91 93237 44249

Editorial review	Design
Sneha Bhattacharjee	Gurpreet Singh

Contact us

To know more, please visit www.grantthornton.in or contact any of our offices as mentioned below:

NEW DELHI
National Office
Outer Circle
L 41 Connaught Circus
New Delhi 110001
T +91 11 4278 7070

NEW DELHI
6th floor
Worldmark 2
Aerocity
New Delhi 110037
T +91 11 4952 7400

AHMEDABAD
7th Floor,
Heritage Chambers,
Nr. Azad Society,
Nehru Nagar,
Ahmedabad - 380015

BENGALURU
5th Floor, 65/2, Block A,
Bagmane Tridib, Bagmane
Tech Park, C V Raman Nagar,
Bengaluru - 560093
T +91 80 4243 0700

CHANDIGARH
B-406A, 4th Floor
L&T Elante Office Building
Industrial Area Phase I
Chandigarh 160002
T +91 172 4338 000

CHENNAI
7th Floor,
Prestige Polygon
471, Anna Salai, Teynampet
Chennai - 600 018
T +91 44 4294 0000

DEHRADUN
Suite no. 2211, 2nd floor Building
2000, Michigan Avenue,
Doon Express Business Park
Subhash Nagar, Dehradun - 248002
T +91 135 2646 500

GURGAON
21st Floor, DLF Square
Jacaranda Marg
DLF Phase II
Gurgaon 122002
T +91 124 462 8000

HYDERABAD
7th Floor, Block III
White House
Kundan Bagh, Begumpet
Hyderabad 500016
T +91 40 6630 8200

KOCHI
6th Floor, Modayil Centre point
Warriam road junction
M. G. Road
Kochi 682016
T +91 484 406 4541

KOLKATA
10C Hungerford Street
5th Floor
Kolkata 700017
T +91 33 4050 8000

MUMBAI
16th Floor, Tower II
Indiabulls Finance Centre
SB Marg, Prabhadevi (W)
Mumbai 400013
T +91 22 6626 2600

MUMBAI
Kaledonia, 1st Floor,
C Wing (Opposite J&J office)
Sahar Road, Andheri East,
Mumbai - 400 069

NOIDA
Plot No. 19A,
7th Floor
Sector – 16A
Noida 201301
T +91 120 485 5900

PUNE
3rd Floor, Unit No 309 to 312
West Wing, Nyati Unitree
Nagar Road, Yerwada
Pune- 411006
T +91 20 6744 8800

For more information or for any queries, write to us at contact@in.gt.com

Follow us @GrantThorntonIN