

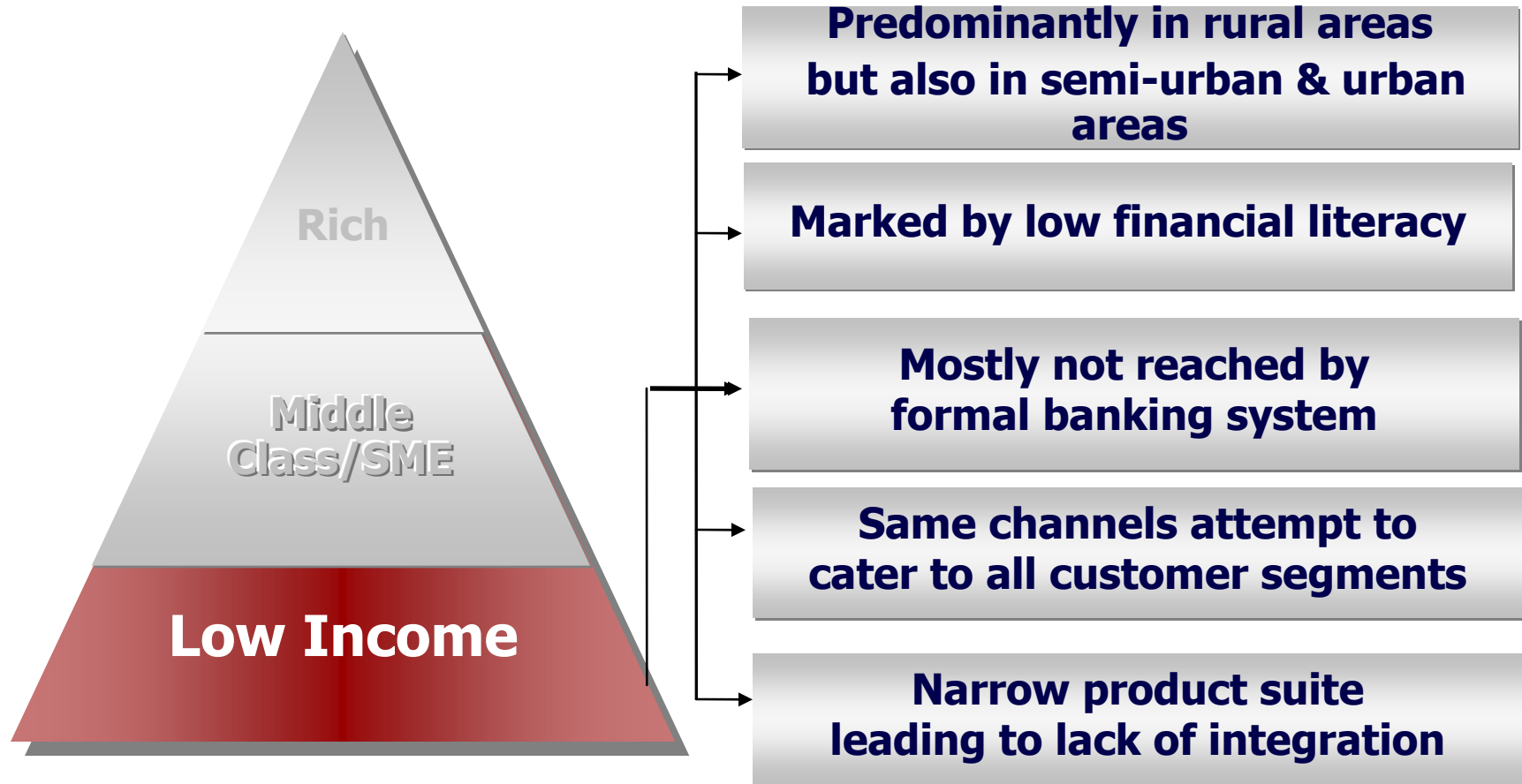


# Role of Technology & Credit Information

Rishi Gupta

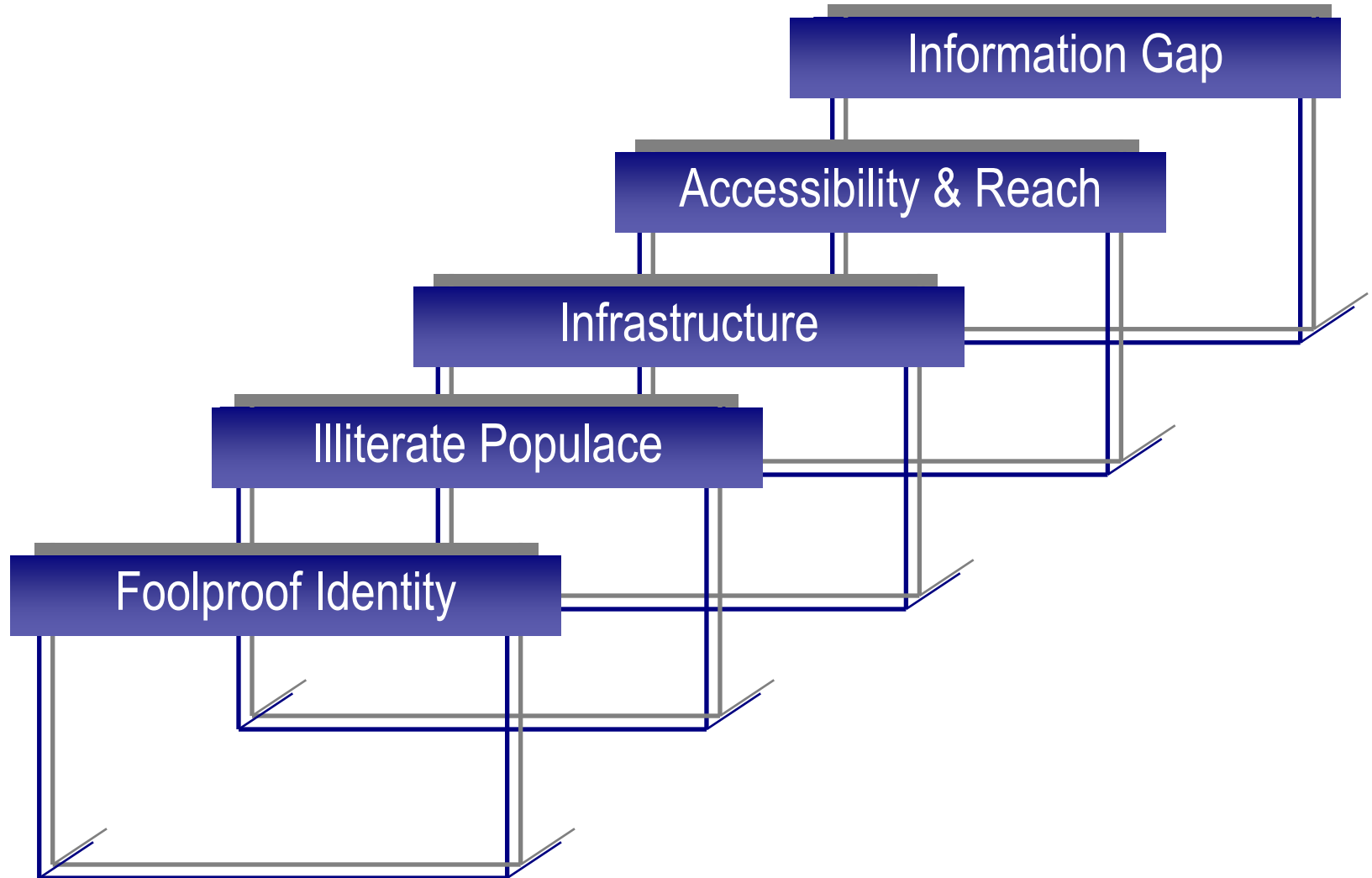


# Unbanked Customers Profile



across the continents.....

# Hurdles in Micro Banking



# Missing pieces

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- **Unique Identifier**

- Country has no National Id; existing options not relevant for this market
- As data grows difficult to uniquely identify customer on demographics

- **Credit Information**

- Credit Information Act a big step
- Early credit bureau (CIBIL) already facing problems of identification and quality of data imported
  - Not even Co-op banks part of bureau

- **Systems / Tech infrastructure at smaller institutes**

# Constraints to scaling access for the poor

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**High transaction costs**

Low level of **Technology**

**Regulatory** Issues

# Mismatch in demand and supply



## Customer Needs

**Financial Services for household needs**

**Structure around uneven cash-flows**

**No Documentation**

**Timings as per occupation; bank at home**

**Flexibility in interest rates**

## Institutional Response

**Occupation specific credit**

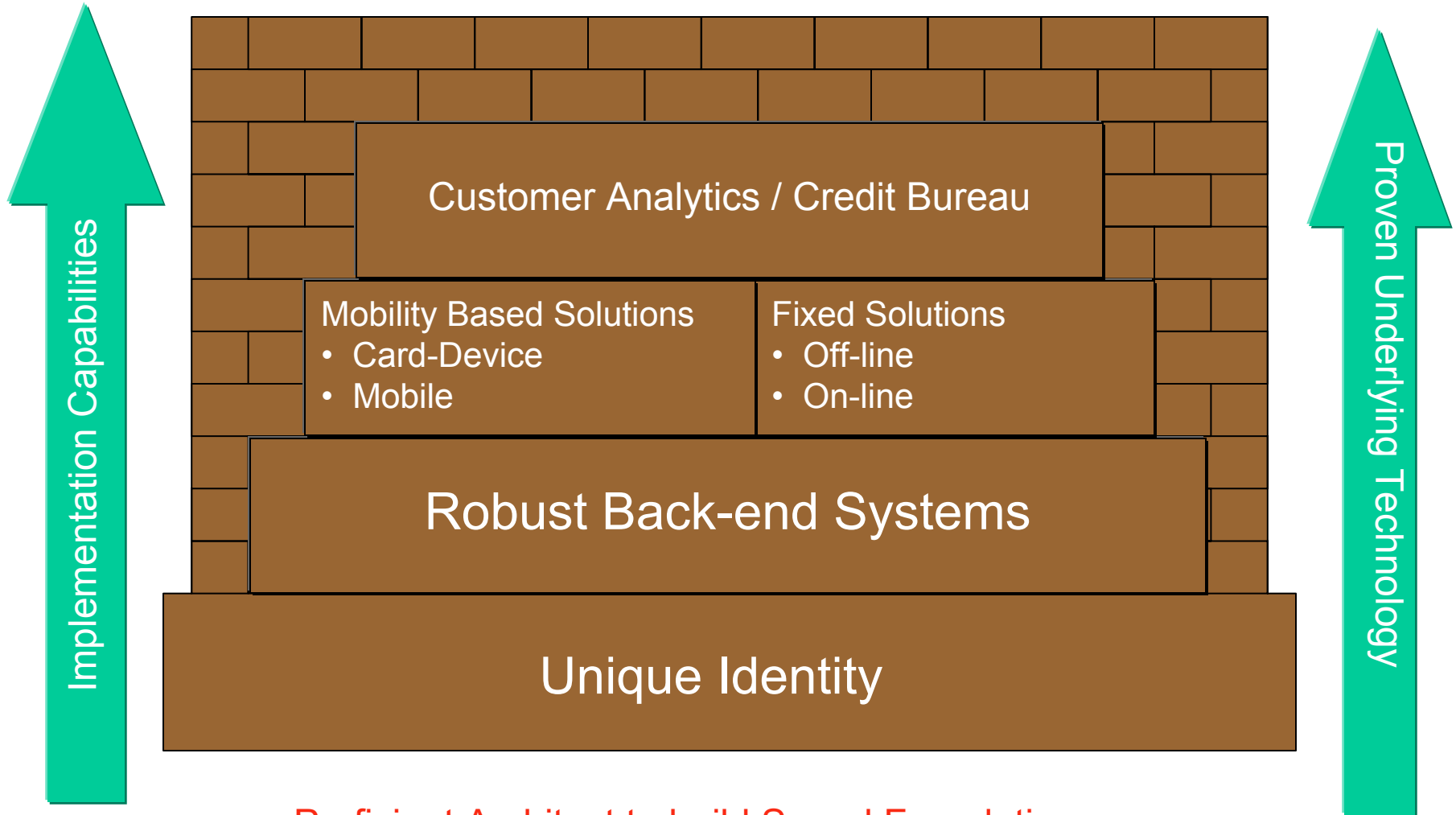
**Structured Cash-flows :  
Regulatory Compliance**

**Complete Paperwork as  
per product / compliance**

**Branch timings**

**Regulated interest rates  
making product unviable**

# Foundations of a Robust System



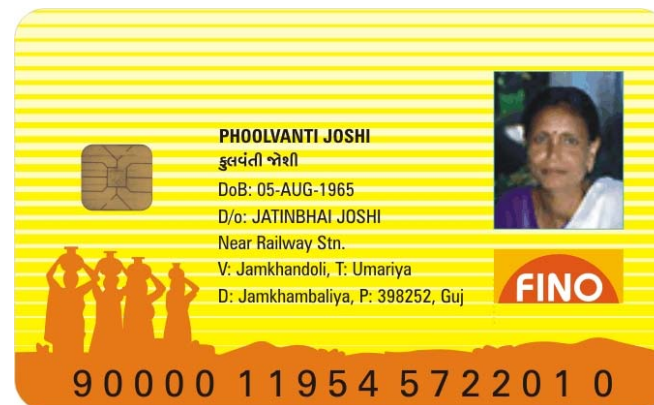
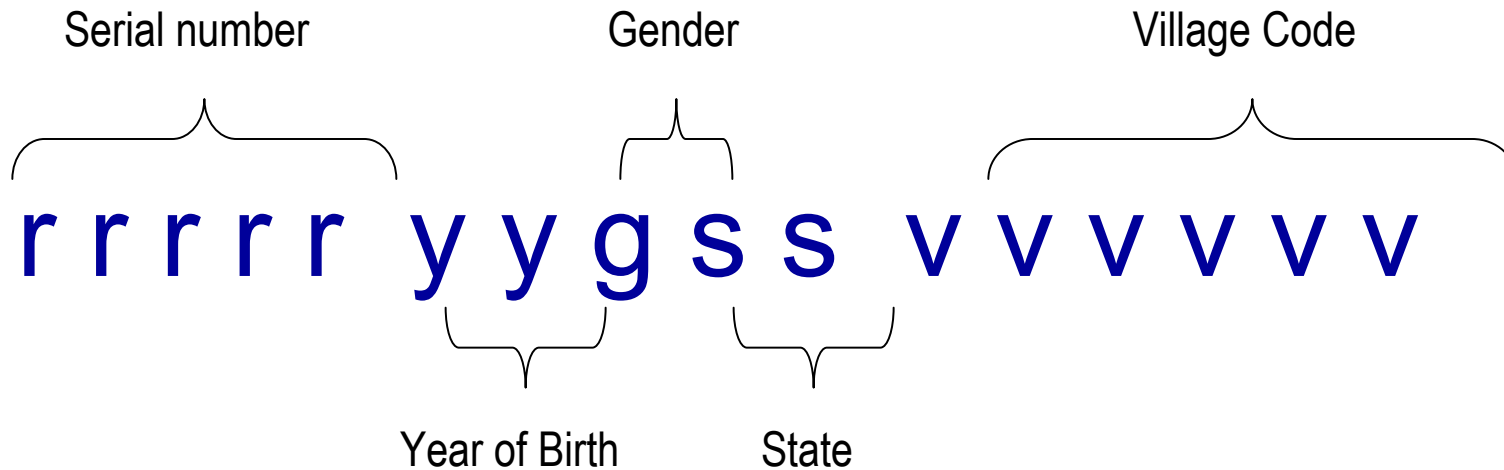
Proficient Architect to build Sound Foundation

# Unique Identity



- **To submit data to any system for customer analysis and tracking, unique identification a must**
- **Country has no National Id; existing options not relevant for this market**
- **As data grows difficult to uniquely identify customer on demographics**
- **Rely on biometric to uniquely identify the customer**
  - **Fingerprint identification - a globally commercially and technically proven technology**
  - **US Home Securities largest database of customer fingerprints**
  - **Indian Nation Id project, CBDT, Passport, all heading towards finger-prints**

# FINO Identification (FID)



# Back-end systems



- **A robust back-end system is lifeline of the bank, although small in overall cost investment**
- **Large number of banking systems both in India and globally can service the requirement**
- **FINO learnings**
  - **Cost of license is a small component of the overall cost, large systems more reliable**
  - **Services around implementation, regular operations and customization more critical component than application itself**
  - **Front-end needs to be aligned with bank processes and made far more simplistic than a typical banking software offers**
  - **Connectivity is not always ensured**

# Transactional System



- **Transactional system needs to be defined based on**
  - **On ground scenario**
    - Off-line
    - On-line
  - **Choice of technology by individual entities**
- **FINO learnings**
  - **Security is far more important than cost; experimental technology may prove costlier**
  - **On-ground performance and service of devices very important to gain system confidence**
  - **Connectivity though improving is not ubiquitous**

# Introducing FINO

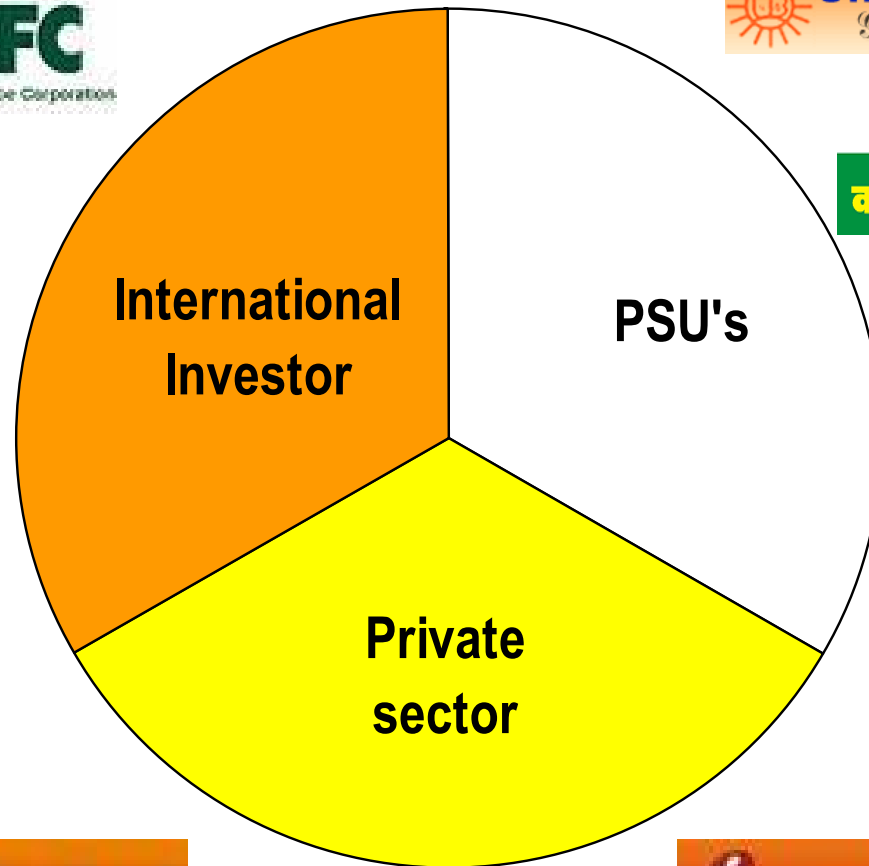
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**FINO is an entity formed to service the technology requirements of entities engaged in servicing the bottom of the pyramid customers.**

**FINO aims to service 25 mn customers across 200 entities in Domestic and International Markets.**

# FINO a sectoral entity...



# Concept of FINO



**Inclusion**

Systems for Governmnets, Banks & Local Financial Institutions (MFIs, NBFCs, RRBs, Co-operative Banks, etc.) and grass-root institutions serving the unbanked

Shared platform for end-to-end delivery of entire suite of financial services leading to economies of scale

**Common**

**Open**

A sectoral venture based on non-brand leaning, non-restrictive and open-to-all technology philosophy

# FINO : A mobility based solution...



## Technology Enablers

**Customer**

**Biometric Enabled  
Instruction card**

**Business Correspondent**

**POT, PC, Menu based  
Application**

**Bank / MFI**

**Middleware, Core Banking  
System**

# FINO FinTech Foundation (F^3)



## Objective of FINO FinTech Foundation

- **A Section 25 Company incorporated by FINO to provide a distribution and logistics support to FINO partners namely, Banks, Insurance Companies, NBFC's to reach out to the outreach**
- **To work in tandem with FINO partners to establish a Pan India footprint for partners to leverage**
- **Offer the flexibility to FINO partners to ramp up business in areas hitherto inaccessible**
- **Give FINO partners the benefit of a distribution platform which has robust processes and leverages world class technology from its parent FINO**







# Business Process



# Stakeholders speak



# Conclusion



- **Multiple efforts across various verticals**
  - **Finance – Saving, Loans and Remittance**
  - **Insurance – Health and Micro Insurance**
  - **Social Benefits – Wages and Pension payments**
  - **E-Governance – Kiosk Initiatives**
  - **Health / Education – Health history**

**FINO wishes to be an aggregator of all these efforts to deliver social programs to the outreach**

**To achieve the mission of Financial Inclusion and demonstrate end to end offering to various beneficiaries support is desired by way of Grants.**



Thank You