

Innovative Models of Financial Inclusion

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Summary: Financial inclusion is absolutely necessary for the development of the economy at all levels. In spite of various schemes by the Government, a lot still needs to be done to plug the gap. Three initiatives in the country - Bangalore based Rang De, Delhi based Sanchayan Suraksha and Chennai based IFMR Trust work on innovative models to move closer to achieving financial inclusion.

‘Access to Financial Services by one and all’ or ‘Financial Inclusion’ is something which every Government has stressed upon time and again. In fact, most annual Budgets of the Government have details of reforms and actions needed in this respect. Despite the progress made in financial inclusion over the past decade, there is still a huge gap between what people get and what they want.

Providing financial aid to individuals and communities of lower income groups to run businesses productively is the cornerstone of a microfinance model. Are there innovative ways of doing this? Can the society be tapped to achieve this purpose? Here are 3 initiatives which help in giving such people closer access to credit:

Rang De:

Bangalore based [Rang De](#) was conceptualised in 2006 and went live in 2008. Started and led by an Ashoka Fellow, Rang De was established with an aim to facilitate peer to peer lending in order to bring down the cost of microcredit. Loan amounts needed are very small, as low as Rs. 1,000 or sometimes even lower. The purpose could be either to fund a business or for education of children in the lower income group. The online platform gives a list of all borrowers who need finance to set up/expand/run their businesses. Individuals/Organizations can act as investors and choose borrowers to whom they wish to lend. A single borrower can be funded by one or more investors. The minimum lending amount is Rs. 100. Once the loan is received by Rang De, the field partner disburses the loan to the concerned borrower. A repayment schedule is fixed and borrowers repay the loan based on this schedule. The investor will then get back his principal along with a nominal return. Rang De get a fee of 1% on all the loans repaid by the borrowers to sustain and scale operations.

The simple peer to peer lending model is present across various states and various business categories. Lenders/investors can browse the options before deciding to contribute. Social investment is also possible on this portal. In some cases, the repayments are not given back to the original investor; it is rather directed to other needy businesses. The NGO has roped in celebrities as brand ambassadors and is also a recipient of many awards in this area.



Sanchayan Suraksha:

This Delhi based social enterprise was formed in 2011 and operates in the Delhi/NCR regions of the country. The financial needs of low income families are catered to by [Sanchayan Suraksha](#). The focus is only on this segment of the society. The target group would typically be ragpickers, hawkers, construction workers, vegetable vendors, auto drivers, etc.

The model does not involve only providing loans. Sanchayan Suraksha provides access to various financial products to the low-income people. The aim is to deliver Government and semi-Government schemes and products related to banking, savings, insurance, investments, pensions, loans, money transfer and child plans to the 'Bottom of the Pyramid' section. There is a tie up with a certain player for each of the product categories handled. In essence, this linking is aimed to safeguard people from fraudulent schemes and funds. The products will be marketed by an exclusive network of outlets called 'MoneyPoints' by ambassadors called 'Sanchayan Saathi'. In addition to financial distribution, the company also undertakes financial literacy projects and knowledge services.

IFMR Trust:

Chennai based [IFMR Trust](#) is a private trust and was set up with the aim of financial inclusion. IFMR, the Chennai based management institute is an affiliate of IFMR Trust. The strategies of the trust are led by various research inputs from different centres of IFMR. The trust's mission is to ensure that every individual and enterprise has complete access to financial services based on high quality origination, risk transmission and risk aggregation. IFMR Trust's investments are in group companies which directly impact the financial services access and which play an active role in creating an inclusive financial system in the country.

The above information has been sourced from the respective websites. The author can be reached at smitha@gettingyourich.com.