

ICICI Bank Limited

Assessing the impact of Financial Inclusion Program

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April 2021



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Introduction | About ICICI Bank Limited

ICICI Bank Limited is a large private sector bank in India offering a diversified portfolio of financial products and services to retail, small and medium enterprises (SME) along with corporate customers. The Bank was originally promoted in 1994 by ICICI Limited, an Indian financial institution, and was its wholly-owned subsidiary.

The Bank's consolidated total assets stood at **INR 15.19 trillion*** as on 31st December 2020.



Corporate Social Responsibility at ICICI Bank Limited

Corporate Social Responsibility (CSR) has been a long-standing commitment at ICICI Bank. The Bank's contribution to social sector development includes several pioneering interventions and is implemented through the involvement of **stakeholders** within the bank and through **the broader community**.



* Source: ICICI Bank's Investors presentation 2020

Introduction | Financial inclusion program

Financial inclusion being the forefront agenda of ICICI Bank and in order to contribute to **national priorities**, the bank initiated a key program which would enable the rural population to come in the ambit of **formal banking**. The **financial inclusion program** was launched as a part of the Corporate Social Responsibility (CSR) efforts. the overall program was conceptualised **with an aim to leverage technology** to ensure the rural population has **access to formal banking system** in order to avail the various **Direct Benefit Transfers (DBT)** from flagship Government Schemes



Stakeholders

Primary stakeholders



- Rural population of India who lack access to formal banking system (Men and Women)

Secondary stakeholders



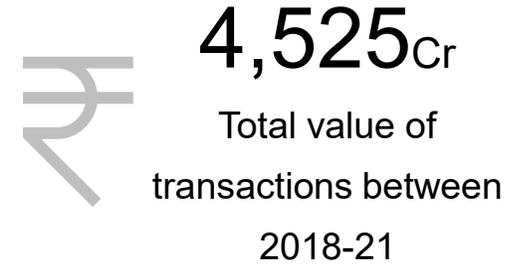
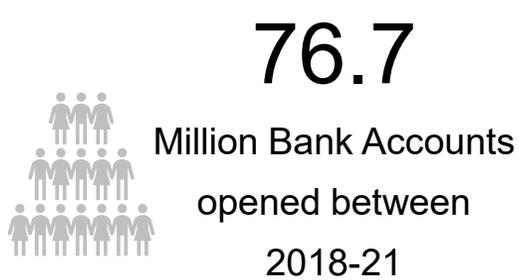
- Family members of the rural population who lack access to formal banking system
- Banking Correspondent Agents from local community

Institutional stakeholders



- Various rural benefit schemes of central and state Government agencies

Introduction | Financial inclusion program - outreach



Pan India

Presence in 33 states

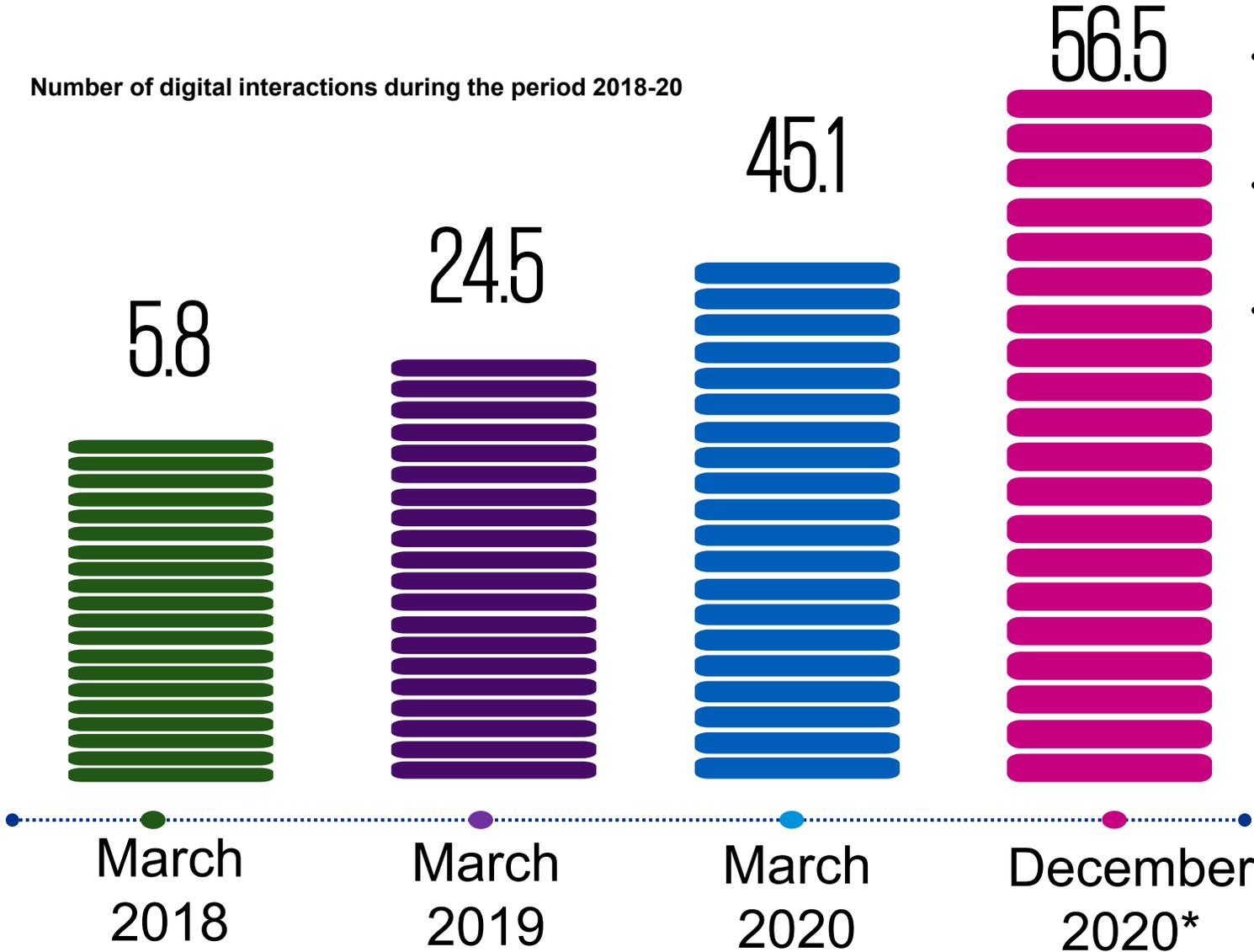


Contribution to National & State Schemes

Such as MGNREGA, Gas Subsidy, Social Security Pensions, PM Kisan Yojana, PM Awas Yojana etc.

Introduction | Financial inclusion program - outreach

Number of digital interactions during the period 2018-20



- Cumulatively **131.9 lakh** digital transactions have been conducted by unique active accounts from 2018-2020*.
- The transactions are done based on the ease of banking and products such as debit card which enables the customers do POS purchases.
- Unique accounts seeded with Aadhar has enabled digital transactions through BHIM and UPI platforms used by the rural population who has been provided access to banking

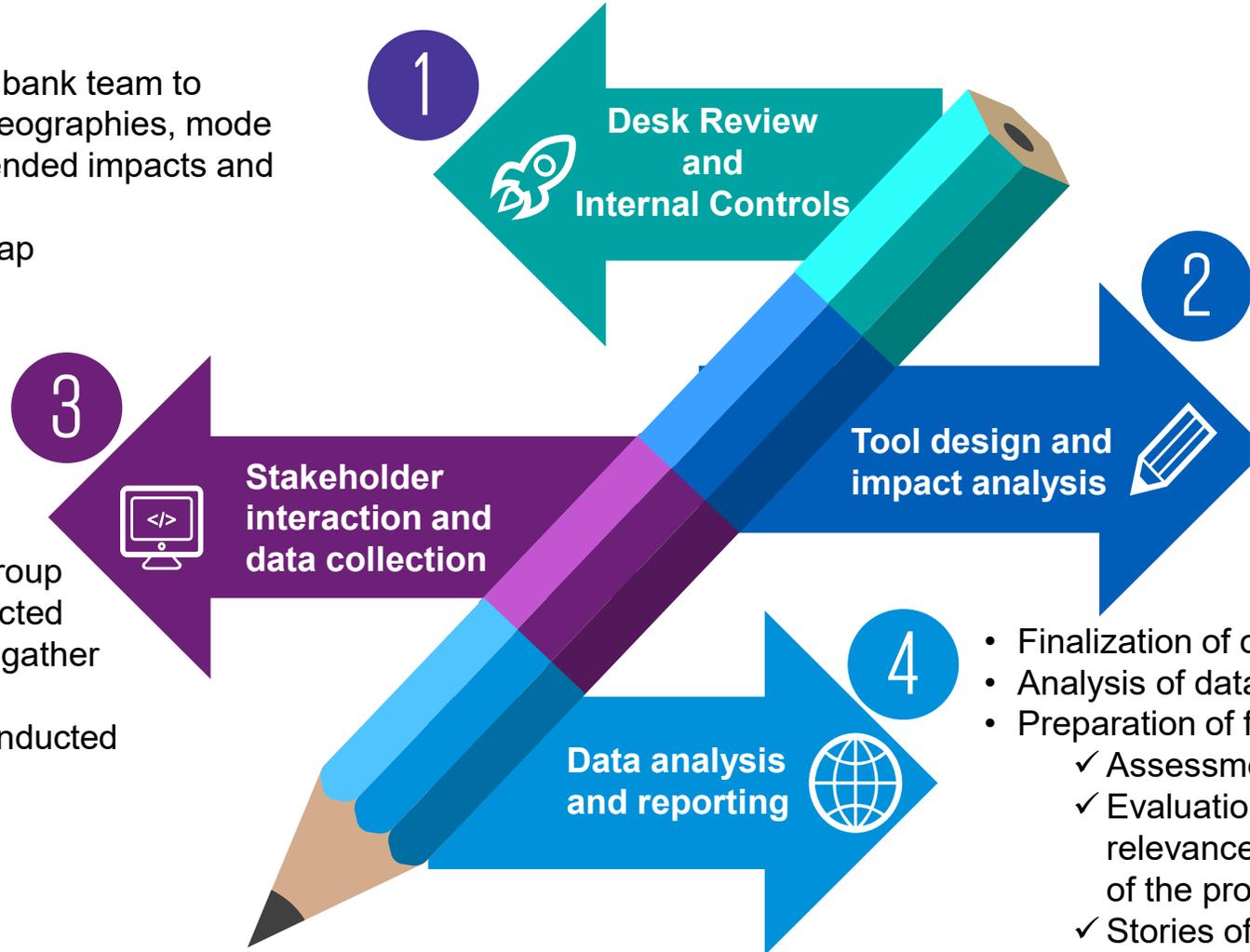
*Digital transactions reported till December 2020

All figures in Lakhs

Approach & Methodology

Below is the approach and methodology adopted for the impact assessment study

- Interactions with ICICI bank team to understand projects, geographies, mode of implementation, intended impacts and processes
- Designing of impact map



- Finalization of sampling plan for treatment group to be covered as a part of the study
- Designing of tools for impact assessment study (tools were designed to capture responses through Direct interaction with beneficiaries)
- Sampling plan and tools were finalized in consultation with ICICI bank team

- In person-Online focus group discussions with the selected sampled stakeholders to gather data from the ground
- The discussions were conducted through virtual mediums

- Finalization of outline of the report
- Analysis of data collected for the study
- Preparation of final report having -
 - ✓ Assessment of outcomes
 - ✓ Evaluation of program against inclusiveness, relevance, effectiveness, coverage and sustainability of the program
 - ✓ Stories of impact – select testimonials
 - ✓ Recommendations and way forward for ICICI Bank Limited

Approach & Methodology-Sampling

189,66,150

Total Bank Accounts
Opened



34,98,740

Active Accounts

Stratified Random Sampling

- ✓ 95% confidence level
- ✓ 5% margin error



385

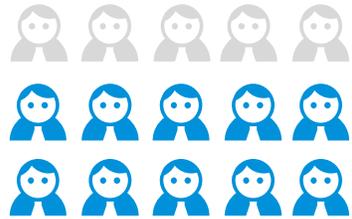
Sample size

A primary research was conducted through quantitative survey with target beneficiaries. Stratified random sampling was utilised to select respondents for the survey. This approach along with sampling methodology helped guarantee optimum possible representation of the universe across target intervention geographies. The sampling for the study represents confidence level of 95% and margin of error of 5%.

- For the study, overall, 264 responses were captured through the stakeholder's interactions.
- 22 banking correspondence agents were interacted with through virtual mode.
- The breakdown of customers was selected based on the number of active accounts in top 10 states of India.
- The states selected for the interactions were Andhra Pradesh, Rajasthan, Telangana, Maharashtra, Chhattisgarh, Odisha, Punjab, Madhya Pradesh, Jharkhand and Haryana.
- The data was collected through structured questionnaire and interactions with stakeholders via virtual mediums.
- The questionnaire was aimed to understand the benefits of financial inclusion interventions and the various outcomes realised such as access to formal banking, access to direct benefit transfers into the bank accounts and increased saving along with deposits.
- The respondents interacted in the study were 54% female and 46% male.

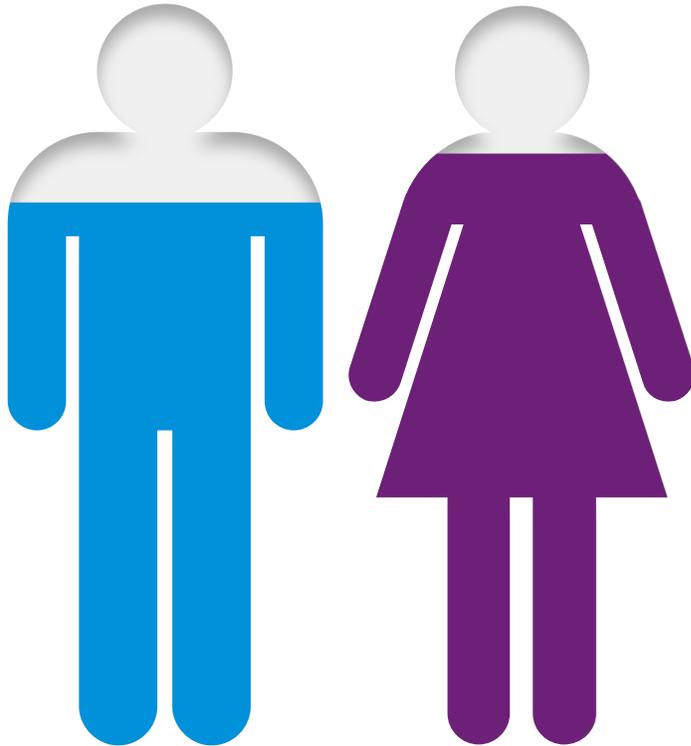
Approach & Methodology- Respondent's Profile

Gender of the Respondents



46%

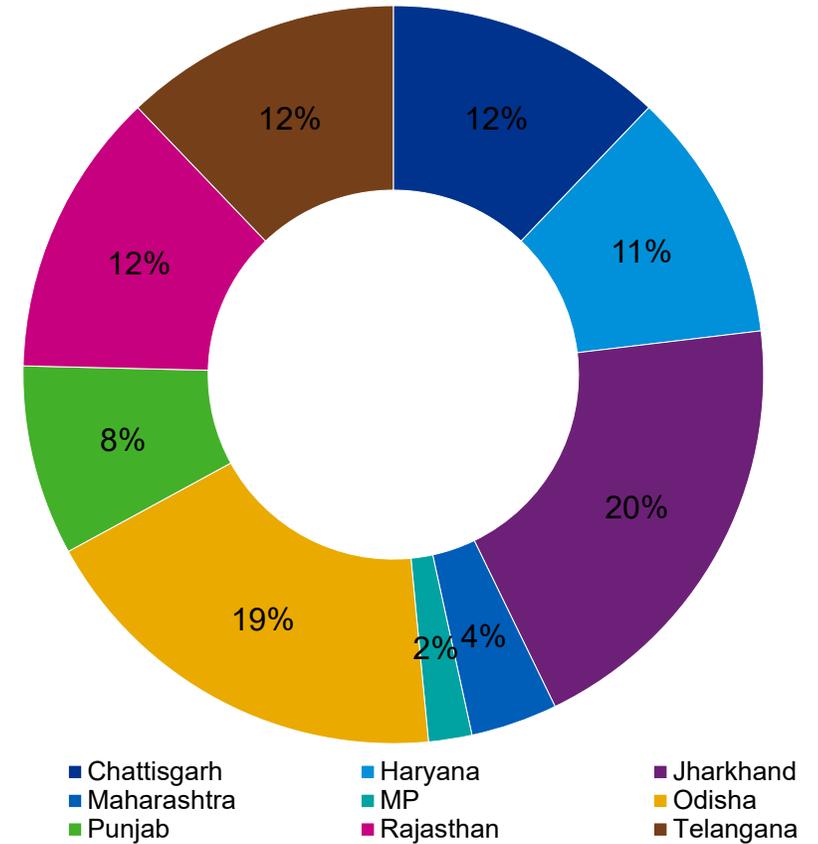
Male respondents participated in the study conducted.



54%

Female respondents participated in the study conducted

State wise representation



Results

Outcomes

100%

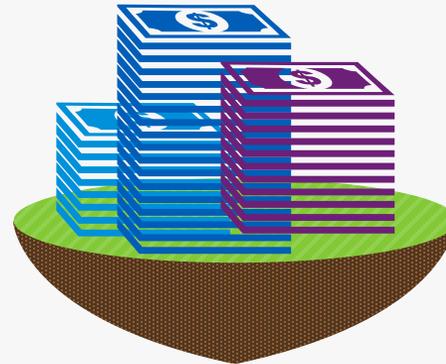
Respondents have improved access to banking at village level



Improved access to formal banking

More than **95%**

Respondents have improved access to DBT linked to various Government Schemes



Improved access to Direct Benefit Transfers

More than **90%**

Respondents have increased saving



Increased savings due to formal banking

Outcomes

Access to banking

Convenience of banking due to availability of banking services at the doorstep



Quick turnaround

Having access to a bank account has provided the benefits of Government Schemes in less time



Improved awareness

Improved financial literacy among the customers



Preference for DBT

Study observes that beneficiaries prefer DBT for Government Schemes through bank account



Improved confidence

Easy steps to access the banking services resulted in increased confidence among the previously unbanked people



Reduced efforts

Respondents stated that they have observed reduced time spent on traveling, accessing the banking services



Key planned expenditures due to increased savings

Beneficiaries reported having a formal banking process enabled them to save for various purposes such as daily groceries, ceremonies, weddings, education of children, medical and health purposes, household activities, farming purposes to name a few.



Farming

Majority of the respondents shared that they save some money after the harvest and deposit it in the bank till next crop cycle.



Health

Respondents also shared that the money saved is useful in exigencies such as health



Education

Some respondents stated education of children as a reason to withdraw the savings



Weddings

A few respondents reported having saved money for the purpose of wedding in their family



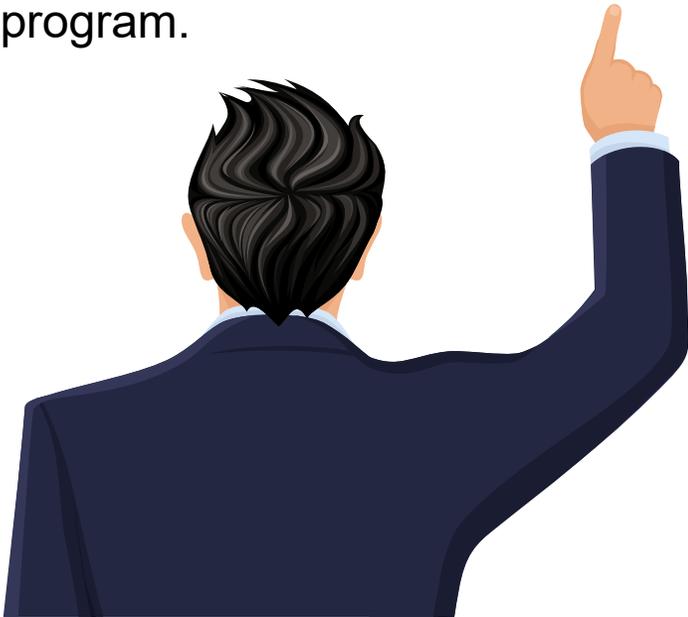
Food and groceries

As most of the respondents were working under MGNREGA¹ schemes or availing DBT of social security schemes, the planned expenditure were monthly food and grocery shopping

¹ MGNREGA – Mahatma Gandhi National Rural Employment Guarantee Act

Way Forward

The study showcases that ICICI Bank Limited is moving in the direction of achieving the intended impact envisioned. Along with the numerous positives of the program, it was also observed that if certain elements are incorporated in the program, it would help enhance the outcomes of program.



Increased awareness on new saving products

The program shall incorporate an element of regular updates to customers by introducing new / innovative saving products related to formal banking, which may lead to enhance savings mobilization and meet planned expenditure

Dedicated financial literacy camps and beneficiary engagement

The program shall provision for regular trainings pertaining to financial literacy which shall cover aspects various products, safety features and protection from fraud. Further the BCA's shall be further engaged for providing the trainings in order to enhance the community connect.

Re-linking of Aadhar for customers registered through MGNREGA job cards

Aadhar linking (Seeding) is mandatory to avail the DBT, however initially the bank accounts were opened with minimum KYC documents. During the interactions it was reported that some costumers are facing challenges with linking it with Aadhar due to the mismatch in credentials and thereby encounter difficulties in accessing the services. It is recommended a relinking exercise wherever needed shall be conducted in order to mitigate select challenges

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