



INDIA



2014 Statistics

- » Life expectancy: 67.8 years
- » Population: 1.2 billion
- » GDP per capita: US\$1,500 (2013 est.)
- » Mobile penetration: 74.8% (2015 est.)

Sources: GDP Data provided by <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>; Mobile penetration data provided by Informa UK Limited and based on market intelligence. Population data from CIA World Factbook.

I am a customer of PSC for the past 4 years. Earlier, every time I took loan, I had to submit photocopies of the necessary documents, three photographs of myself and my husband. This was a problem as there is no photocopier in my village and I had to spend time and money to get photocopies and photographs. This year the process is much simplified as PSC has all my records and I only had to submit one additional document, a new electricity bill and it took just two days to get Rs.50,000 loan (US\$ 600) from PSC

— Mrs. Pravesh, Customer of PSC's Dudu branch, Jaipur, Rajasthan

Connecting India to Disconnect Poverty: Using 3G Tablets and an Innovative Mobile Application to Improve the Operational Efficiency of Microfinance Institutions and Reduce Poverty

Microfinance is a transformative and sustainable approach to alleviating global poverty. Microloans, typically less than Rs 50,000 (US\$800), allow low-income borrowers, most of whom are women, the opportunity to develop their own businesses and lift their families out of poverty. While the number and size of microfinance institutions (MFIs) making these loans is on the rise, increased regulatory oversight in India is impacting their profitability. The “Connecting India to Disconnect Poverty” project uses MicroLekha, a mobile application that automates routine MFI data management processes, streamlines the loan application process and improves communication with customers, to help MFIs operate more efficiently, cost-effectively and with greater transparency while also increasing customer satisfaction and also their confidence in the lending process.

Challenge

- » For MFIs, the business of collecting small loan repayments multiple times a month from customers in rural areas leads to high transaction costs and operational expenses relative to loan values.
- » Government regulations that cap interest rates, restrict loan sizes and require increased reporting make MFIs more responsible, transparent and disciplined but also increase their workload and operating costs, further constraining their resources and profitability.
- » Borrowers must submit multiple documents and photographs of themselves each time they apply for a loan. This process can be costly and burdensome, especially for rural women who need to travel to other towns to be photographed and to obtain photocopies of documents that must accompany their loan applications.
- » Loan officers record repayments received in the field only after they return to the office, creating delays in reporting.
- » Transactions between MFIs and customers are based on trust. Unfortunately, instances of fraud and embezzlement by loan officers have caused some women to become wary of transacting with MFIs, thereby reducing their economic opportunity.
- » Given the large number of clients that MFIs serve and the large number of financial transactions that MFIs record daily, these institutions increasingly need access to management information systems that can track their loan portfolios and profitability.

Solution

- » The Android-based, “MicroLekha” application was developed to improve MFIs’ operational efficiencies by automating and streamlining many routine tasks.
- » “MicroLekha” complies with India’s guidelines for microfinance operations, incorporates internationally mandated “Know Your Customer” requirements, and can be customized to support different loan approval processes, loan products, terms and fees.
- » “MicroLekha” is being implemented with Planned Social Concern (PSC), an MFI based in Jaipur, Rajasthan State. Office and field staff use 3G-connected tablets pre-loaded with the mobile app to serve and manage PSC’s 6,000 active customers. The app connects with a cloud-based server that stores customers’ loan

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applications and other data, reducing redundancy in paperwork and facilitating reporting.

- » Loan Officers use the new tools to instantly access an existing customer's loan balance and repayment history, register new customers on the spot, scan documents and process loan applications within minutes of registration.
- » Loan officers now record customer transactions in real-time, and the application sends transaction confirmations as well as regular account updates to customers via an integrated SMS gateway.
- » Loan officers can upload customer credit information from registered credit bureaus, reducing the risk of "over-lending" and improving underwriting.
- » "MicroLekha" accounts for disbursements and receipts in real-time, preventing potential fraud and embezzlement by loan officers.

Technology

- » Android-based, "MicroLekha" application with integrated SMS gateway
- » 7-inch, 3G-enabled tablets
- » 3G mobile broadband connectivity
- » Cloud-based server

Impact

- » PSC serves over 6000 active customers using "MicroLekha."
- » Improved communication between the MFI and borrowers increases customer satisfaction and builds borrowers' confidence in the lending process.
- » PSC's CEO reports multiple benefits from using "MicroLekha" and 3G-connected tablets:
 - Access to real-time information on loan repayments empowers the CEO to monitor field operations and customer performance, and provide timely guidance to field staff.
 - Electronic documents have reduced PSC's paperwork by 90 percent, reduced transaction costs and save storage space.
 - The improved efficiencies increased shareholder confidence in PSC and enabled the MFI to obtain additional funding.

Project Stakeholders

- » Microware Computing and Consulting developed the "MicroLekha" mobile microfinance application.
- » Planned Social Concern provided the user requirements for the application, provided technical assistance for piloting and field testing the application and now uses "MicroLekha" in its day-to-day microfinance operations.
- » Project Concern International, the implementing agency for this project, coordinated and facilitated the application's design and development.
- » Qualcomm Wireless Reach is the project funder and provides project management support and wireless technology expertise.



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