

BUSINESS STRATEGY- FINANCIAL INCLUSION

- It is imperative to address the need of the targeted customer
- Do the banks see a viable business opportunity
- Are we going to stop at financial inclusion or will this be the first step in a much longer process of providing a range of services
- Analogy- retail industry has different formats to address different customers

BUSINESS STRATEGY- ADVANTAGES OF FI

- Roping in rural savings in formal banking sector
- Potential to design TAILOR-MADE products for this market
- Ability to package a host of other services around finance
- Social benefits

BUSINESS STRATEGY- CHARACTERISTICS OF MARKET

- Widely dispersed
- Low transaction value (??), high volume, high transaction cost (?)
- Group dynamics vis-à-vis individualistic
- Seasonality of cash flows
- More loyalty to public sector entities (??)

KEY ASPECTS OF STRATEGY

- FI to be viewed as a catalyst
- Innovative products, robust technology
- Decentralized mechanism
- Will have to rely on BC model
- CONSIDER BC AS PARTNERS AND NOT AS AGENTS

KEY CHALLENGES

- Target oriented or target segment oriented
- Movement of cash/ logistic support
- Lack of uniformity in technology
- Infrastructural challenges
- SELECTING THE RIGHT PARTNER
KEEPING A LONG TERM PERSPECTIVE

BUSINESS STRATEGY- CONCLUSION

- Would exclusivity be an impediment
- Fixed fee versus transaction based fees
- Focus on capacity building of BC and
- Innovation of new/ modification of existing products
- FINANCIAL INCLUSION OR AN EMERGING MARKET