



FIA Technology Services

Introduction

FIA Technology Services is a service company founded in 2012 by two students from MIT, Seema Prem and Sameer Mathur, with an aim of providing financial services to the underserved. It provides banking services at the doorstep of the customer that gives millions of unbanked an opportunity to save and invest their money.

FIA's award-winning model for financial inclusion combines state-of-the-art mobility-based platform and a multi-level distribution network to bridge the huge demand-supply gap for banking in underserved geographies, building the largest digital gateway in underserved geographies around the world. FIA makes economics work for bankers to serve customers at the



How the Model Works

FIA offers a comprehensive suite of financial services including account opening, payments, money transfers, global remittances, credit, insurance, and mutual funds to the last mile customer.

The first step towards ensuring financial inclusion for the unbanked starts with creating financial literacy in the rural villages and urban slums, during which 'change agents' or bank sakhis/bank mitras/ Customer Service Points (CSPs) are identified. Such camps lead to creation of customer base; at the same time, through CSPs, customers gain required access to financial products. Hence, the awareness generated creates the demand pool that is required. On the supply end, the change agent is provided with CSP access code through which bank accounts are opened.



Transforming a billion lives by harnessing the power of artificial intelligence, networks and people to bring about a digital

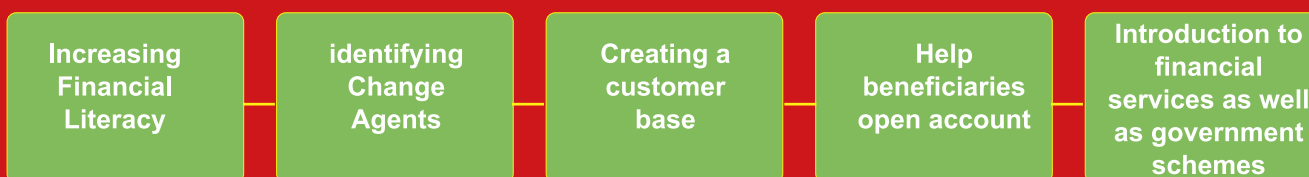


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Services Provided by FIA – Broadly, FIA provides the following services to the last mile beneficiaries-

- **Business Correspondent Services** - Last mile distribution as a service by setting up banking outlets in remote regions
- **Domestic Money Remittance** - Transferring money to any bank in India instantly through a FIA agent
- **Indo-Nepal Remittance Services** - Cross border money transfer to Nepal
- **End to End Digital Loan Fulfilment** - Loan sourcing, digital EMI collections, recoveries
- **Payment Solutions** - AEPS , Aadhar Pay , bill payment , BBPS, merchant payments

WORKING OF THE FIA MODEL

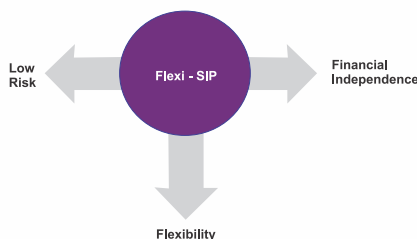


Millennium Alliance and FIA

FIA received Round II MA funding in 2014. The funding played a crucial role in scaling up and in ensuring the sustainability of the model by providing a much-needed impetus, which allowed FIA to reach out to difficult geographies which were not economically viable from a business point of view earlier. These areas included the poorest districts of West Bengal, Madhya Pradesh, Chhattisgarh and Odisha. The MA grant, amounting to a total of INR 1 crore, helped in increasing the number of community partners (local NGOs, CBOs, coaching centres, cyber cafes, etc.) from 140 in 2014 to over 400 by 2017. The amount was released in four tranches.

At that point, scaling was the major focus and MA funding helped in the same. Scaling up the project during that crucial period had several different perspectives, such as inclusion of more banks, geographies and products as well as ensuring the sustainability of the bank mitra model.

FIA used the MA funding to augment innovative products like 'flexi-SIPs' (Systematic Investment Plan), wherein SIPs have been customized to enable the customers to invest in SIPs as and



when they have money and not be penalized for not depositing regularly. For example, a farmer may invest during harvest season when there is good income flow, every 3-4 months, or half yearly, as and when possible. These products are mostly secured and, hence, risk exposures are low. Such products also help the farmers escape the clutches of local moneylenders, chit funds or various other scams and Ponzi schemes and gets them connected to mainstream banking.

FIA received money from World Bank

Reach

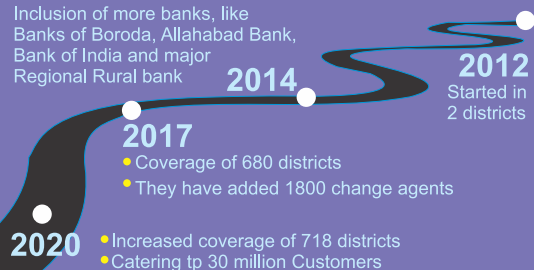
FIA's journey started with an initial tie-up with SBI, and two districts in West Bengal - Purulia and Bankura - and one in Maharashtra. The network has now expanded to 25 banks spread over 718 districts across 23 states. It also has one

of the largest rural distribution networks servicing 40 million customers. The MA funding helped FIA increase its reach among the unbanked in the following manner:

1. Inclusion of more banks - FIA added more banks in the network in 2014 like BOB, Allahabad Bank, BOI and some major Regional Rural Banks (RRBs) like State Bank of Patiala and other alliances of SBI. Private banking partnership with Yes bank was also initiated.
2. Inclusion of more geographies – From an initial of 114 districts in 2014, FIA's network expanded to 680 districts by 2017: and from 5000-7000 agents in 2014 to 18000+ change agents/distribution agents in 2017. This impetus was provided by MA funding.
3. Inclusion of more products like fixed deposits, insurance, etc.
4. Last mile distribution of products and sustainability of the bank mitra model - Profitability of last mile was a major issue, especially in the initial stages. MA funding helped FIA add more products and come up with their own product portfolio, which

FIA's Reach

Inclusion of more banks, like Banks of Boroda, Allahabad Bank, Bank of India and major Regional Rural bank

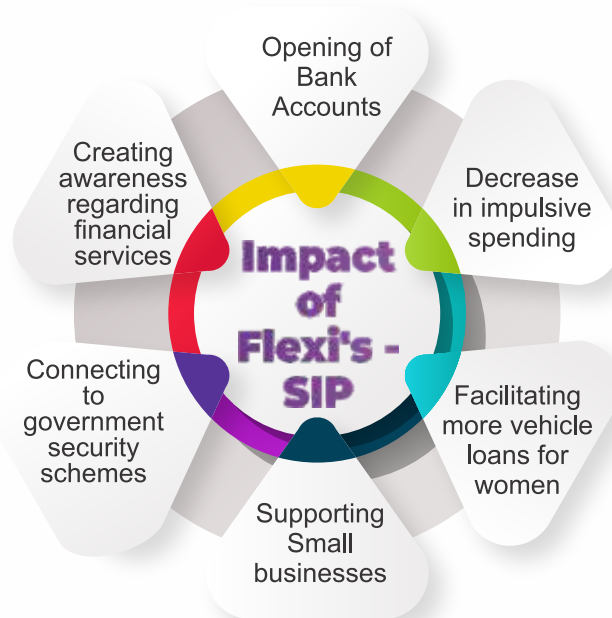


Impact

While the above discourse clearly highlights the impact in terms of magnitude and sheer numbers, the innovation has had an impact on the lived realities of the beneficiaries. The impact on the lives of the last mile customers can be seen both directly as well as in terms of indirect benefits.

Direct Impact: The innovation has directly impacted the lives of over **40 million** underserved. It has helped create awareness regarding financial services among the people living in remote geographies. It has helped millions of beneficiaries open bank accounts for the first time. It has helped them access various financial services as well as provided them with the important connect with government social security schemes. It has been observed, though no real-time data is directly available, that by providing the underserved with the crucial link to financial services, the FIA innovation has helped beneficiaries in saving more, as may be deduced from an increase in average bank balance, thus leading to an improved quality of life.

Indirect Impact: A behavioural pattern was initially observed among the women in the slums of Ghaziabad. It was seen that after getting their wages on Friday or Saturday, there would be an increase in impulse spending, especially with respect to food habits. For the first couple of days, there would be a splurge in terms of non-vegetarian food, street food, etc., which would decline gradually in the next couple of days, finally leading to half meals and subsequently just one-fourth meals, creating a situation of hunger and starvation by the end of the week. However, it was seen that after setting-up of CSPs just beside the ration shops, or sometimes as part of the shop itself, and as a result of awareness generation and opening of bank accounts, women started saving more, leading to more sensible spending. This, consequently, led to an improvement in the



nutritional intake of the community. Efforts are underway to formally study and document such instances.

Focus on women - It has been a strategic decision on the part of FIA to focus on women and involve more women as bank **sakhis**. Additionally, many initiatives have been undertaken towards this end such as facilitating more vehicle loans for women - especially for the bank **sakhis**. Acquisition of a vehicle makes women self-reliant and independent and also helps

the beneficiaries are women.

Support to small businesses/entities/MSMEs - FIA partners with small NGOs/CBOs/business chains in a revenue sharing model, which has led to growth in terms of income and learning. **21,000 micro-entrepreneurs have been empowered as change agents, leading to augment in income and learning as well as sustainability of livelihood.** FIA works in the area of soliciting loans for MSMEs. In parallel a network of collection agents as



augment their income by 20-25 per cent. The women are no longer dependant on male family members for transport or on public transport like bus, which is not safe, especially while travelling with large sums of money. Though no formal records are available, about 36 per cent of

well as partners is being created. Providing this much-needed support to local businesses and MSMEs contributes to the growth of the local economy in remote areas.

Recognizing the innovative work being undertaken by FIA, it has

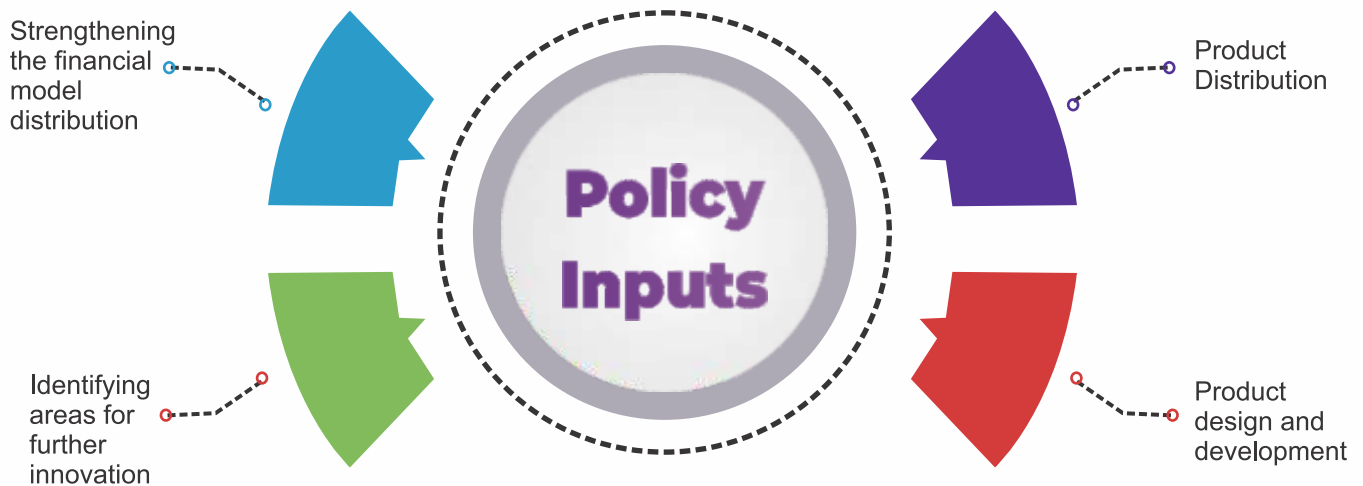
Working with the Government and Influencing Policy

The success of FIA model and its impact has resulted in FIA being a crucial part of many important schemes launched by the Government of India (GoI) for ensuring financial inclusion of the underserved. FIA is an integral part of Pradhan Mantri Jan Dhan Yojna (PMJDY), which was launched in 2014 to facilitate the opening of bank accounts for the underserved.

FIA also works closely with many social security schemes launched by the GoI such as Atal Pension Yojna, Pradhan Mantri Jeevan Jyoti Bima Yojana and Pradhan Mantri Suraksha Bima Yojana.

FIA has been engaged with RBI from time to time and has been part of committees, in addition to being part of various programs. FIA has given representations for strengthening financial model for underserved areas as well as product development aspect. Policy inputs pertaining to the following broad areas have been provided:

1. Strengthening current model of financial distribution.
2. Product designing and development.
3. Product distribution like insurance distribution (exploring business correspondent model and whether the current model



FIA and AMUL

FIA, with the support of MA, also took the initiative to support milk producer organizations by encouraging the milk producer base (through right pricing, access to credit, enabling banking services), managing their service experience, adding transparency and visibility across the supply chain, controlling leakages in cash disbursement and reducing cost for distribution of funds leading to cost/price leadership. For this purpose, FIA initiated a pilot program in Srikrishnapur village in Burdhan district of West Bengal. This initiative was conducted with the support of AMUL India Ltd. and State Bank of India. Upon successful completion of the pilot, the program was replicated in three more villages - Deno, Bijipur and Bansa. Currently, the project is running commercially in over 50 villages in West Bengal, where FIA conducts end-to-end management of Inclusion Centres - including identification of entrepreneur, due diligence and



Scalability and Replicability

The model has been successfully piloted in Nepal on a small scale. FIA developed partnership with Prabhu Bank (Prabhu Money) in Nepal. The main focus in this model is on migrant workers (especially in the informal sector) from Nepal working in India. It was seen that most of these workers would use hawala or other illegal means to send money to their families back home. FIA has been attempting to create set-ups in Nepal to enable families in remote areas to legally access the cash sent or open accounts. FIA is now all set to make the journey from remittance to core banking in Nepal.

The FIA innovation also has its own revenue stream as the banks that they partner with, provide them with monetary support. Thus, the funding leveraged by the company is used scale and invest in technology, as well as conduct more research.

In 2021-22, FIA plans to replicate the model and expand to UAE, which would help blue collar Indian labourers in UAE to have more control over the money they send home, leading to more judicious utilization of savings.

With MA funding, FIA plans to expand further to Bangladesh, which has very low banking penetration, especially among women. Additionally, FIA hopes to expand further to the Philippines and to some countries in Africa to replicate this model. FIA model is self-sustainable and profitable since inception.

Awards Received

1. Runner up in Emerging Markets at MIT \$100K Entrepreneurship Contest in 2011
2. Gold Medal at Top 30 Innovators in India from US-DST & Ministry of Electronics & IT in 2012
3. Winner of India Development Marketplace from World Bank in 2014
4. Top 100 Technology Companies in Asia from Red Herring Technology Awards in 2016
5. One of the top 20 Social Innovators in India by the Government of India in 2017
6. Women Transforming India Awards from United Nation (India) and Niti Aayog in 2018
7. Champions of Change from NITI Aayog in 20178. Digital Women Awards in 2019

