

Role of Mobile and Digital Technologies in improving Financial Inclusion and Customer Engagement by NBFCs

By

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Role of NBFCs in financial system

- NBFCs play a critical role in the Indian financial system.
- They provide services:
 - Personal loans
 - Housing loans
 - Gold loans
 - Insurance
 - Loans for purchasing commercial vehicles, machinery, and farm equipment, among others.

Issues faced by NBFCs for Financial Inclusion and Customer Engagement

- High operational costs for serving customers, particularly in remote/rural locations.
- How to serve in a cashless method to customer, who either not have any bank account or finds it difficult to operate bank account due to time/distance constraints?
- How to engage customers with feature phones?

Present status of financial inclusion by NBFCs

- Most of loan disbursements are done using banking system.
- Customer has to have bank account for money disbursement.

Hurdles in Financial Inclusion

- What if the prospective customer doesn't have bank account?
- What if bank is not easily accessible to customers in terms of distance or banking hours?

Solution for Financial Inclusion

- Loan disbursement and repayment may be done through mobile wallet/ payment banks using mobile technology.
- All leading Telecom Service Providers (TSPs) offer mobile wallet and/ or payment bank services.
- NBFCs may partner with TSPs to save operational costs associated with loan disbursement and repayment.
- Transaction through mobile wallet improves efficiency and also provides proper records for transactions.

Benefits of using Mobile Wallet

- Mobile subscribers*- 1183.04 million.
- Rural Mobile subscribers*- 498.28 million.
- Broadband Mobile subscribers*- 306.85 million. (Smart Phone users)
- Feature Phone Users- 876.19 million
- Unique Bank Account Holders**- around 400 million.
- Feature Phone users represent a huge prospective customer base for NBFCs.
- If NBFCs can profitably meet the credit needs of this huge customer segment, then it will not only improve financial inclusion for society, but also ensure business growth for NBFCs.

• *As per data released by TRAI as on 30th September 2017.

• ** as per reports available in public domain in 2016.

Mobicash- Mobile Wallet

- MobiCash is a wallet for All (Rural & Urban) Operator Agnostic.
- A mobile wallet by State Bank of India in Partnership with BSNL.
- Two most Trusted PSU'S of India (BSNL & SBI) catering to deepest Rural Indian Population.

Salient Features of StateBank MobiCash

- It is the only wallet available on all mobile phones in SMS mode and in App mode over Smartphones & Feature Phones
- MobiCash provides Cash-In & Cash-Out Facility for masses, not available in other mobile wallets in the market today.
- It has Self-mode and also an assisted mode for usage of Wallet
- Backed by huge BSNL Retail Network across the country as extension Bank Counters.

Mobicash



Changing the way
HOW WE TRANSACT MONEY

मोबाइल से पेमेंट करना हुआ आसान,
कहीं से भी, देश के अंदरूनी क्षेत्रों में भी.

State Bank
MobiCash

Powered by
BSNL
Connecting India

Mobicash

What You Can Do With A Mobile Wallet



Customer Engagement by NBFCs

- NBFCs engage customer through branches network, agents/ employees, and through social media.
- Word of mouth publicity plays an important role in growth of NBFCs.
- Customer usually comes back for further credit needs, if service provided by NBFC is satisfactory.

Use of Social Media by NBFCs

- Social media helps in building brand value among targeted domain and customer segment.
- NBFCs communicate with clients by promoting and sharing relevant information.
- NBFCs use social media to reach out to potential customers and MSM Enterprises.
- Social media works with customers having smart phones.

How to engage customers with feature phones?

- SMS marketing (both broadcast and targeted) should be used aggressively for customers with feature phones.
- USSD should be used in real time for taking feedback and offering VAS services to customers particular with feature phones.
- Unstructured Supplementary Services Data (USSD) allows for the transmission of information via a GSM network. Contrasting with SMS, it offers real time connection during a session.
- A USSD message can be up to 182 alphanumeric characters in length.
- Unstructured Supplementary Service Data allows interactive services between a MS and applications hosted by the Mobile Operator. These messages are composed of digits and the #, * keys, and allow users to easily and quickly get information/access services from the Operator.

How to engage customers with feature phones?

- USSD messages are simple to form and easy to send. User can directly enter the USSD string and press call to send the message.
- A typical USSD message starts with a * followed by digits which indicate an action to be performed or are parameters. Each group of numbers is separated by a *, and the message is terminated with a #.
- The USSD gateway in turn can interact with external applications based on the USSD command.
- This allows access to number of value added services via USSD.

How to engage customers with Smart phones?

- Social media such as face book, twitter and You Tube should be used in an aggressive way to engage customers.
- Have a dedicated Social Media Management team in your organisation or use outsourced SMM team.
- Use contest to engage customers regularly on your new products/ services.
- Social media reduces operational costs on promotion of products.
- Give incentives/ promotional offers to customers using digital mode.

How to engage customers with Smart phones?

- Promote community concepts/ platform, where users/ customers are invited to share their views/ comments/ problems about your products and services.
- The community platform should be used for improving existing, and co-creating future innovative products and services with customers.

Digital/ Mobile Technologies- Reducing Operation Costs

- NBFCs should use Video calls to interact with customers.
- Address verification is an important aspect to ensure customer credentials. NBFCs should use GPS camera to take a snap shot at customer locations. It will give location on snapshot on google map.

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Thank You