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POLICY PAPER

**Financial Inclusion of Excluded Segments -
Learning from Experience Delivery of
Financial Services to People with Disabilities**

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ACRONYMS

CBOs	Community Based Organizations
CFI	Center for Financial Inclusion
CRCs	Composite Regional Centers
CGAP	Consultative Group to Assist the Poor
DFI	Development Financial Institutions
DPI	Disabled Peoples Institutions
ESAF	Evangelical Social Action Forum
IT	Information Technology
IVR	Interactive Voice Recording
KYC	Know Your Customer
HR	Human Resource
MFI	Micro Finance Institution
MIS	Management Information System
MFIs	Micro Finance Institutions
NGOs	Non Governmental Organisations
NHFDC	National Handicapped Finance & Development Corporation
NIs	National Institutes
PwD	Persons/People with Disability
TAT	Turn around Time

EXECUTIVE SUMMARY

Financial inclusion may be defined as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost (The Committee on Financial Inclusion, Chairman: Dr. C. Rangarajan).

This paper, based on a unique pioneering project that highlights the urgency and the need to focus on largely unreached Persons with Disability (PwD). With condition of poverty, severe social barriers, annihilated for not being 'normal', associated with superstitions, much needs to be done to melt down the social, physical and information barriers for persons with disability. Full financial inclusion would need access to a suite of financial services – for meeting contingency needs, investment needs, capacity enhancement, improving living conditions and so on. In this context PwD is an excluded community and along with them a number of others who due to gender, social, religious, ethnic, regional reasons cannot access any type of financial service.

The Centre for Financial Inclusion (CFI) at Accion International has set an agenda of full financial inclusion of the excluded people by the year 2020. As part of this mandate, the CFI has drawn the attention of the microfinance industry in India and world-wide to engage in a planned and systematic efforts for financial inclusion of PwD. Along with its knowledge/ training partner, v-shesh Learning Services Pvt Ltd and the very committed and driven MFIs (Annapurna Microfinance Pvt Ltd, Evangelical Social Action Forum and Equitas) the group has embarked on mission to reach PwDs. The partner

MFIs had worked with PwDs, however, the previous experience of working with PwD has been by default or not in a systematic manner. This project which is still on-going (Implementation phase), has come up with substantial learnings, that policy makers, development (finance) institutions and the microfinance industry can delve upon. Here is a summary of key lessons and recommendations.

- Persons with disability would like to be treated as 'normal' and that they are able and capable to access financial services. Institutions working with PwD should accept and respect this fact. A key barrier to this is 'perception' and 'attitude' of the people/institutions who work with PwD. The project demonstrated that systematic awareness training and employment of PwD within the institution can clearly support in bringing perception and attitude change.
- Commitment of MFI Board and management is quintessential to drive efforts for enabling outreach to PwD. However, considerable efforts would also be required to augment staff awareness in identifying disability and also overcome certain preconceived notions about PwD. The role of human resource department to include such training as part of mainstream staff capacity training is important.
- In employing persons with disability, MFIs have gained an extremely gratifying and supportive experience. Having persons with disability as part of team has helped MFIs to improve staff understanding about

disability, provide inputs to create enabling environment and that a holistic demonstration of being in social business.

- How to identify person with disability? With certainty all the MFIs have expressed this as a new learning. MFIs had persons with disability as client, but by default. 7 short questions developed and adapted in this project is a useful tool to identify persons with disability. This can be included by MFIs as part of front-end staff (loan officer) training.
- Simple changes that lead to refinement of processes at MFI level can facilitate outreach to PwD. Access audits assist MFI to draw down a systematic plan toward process refinement and adopt universal design approaches. Differentiation of loan documentation through tactile method, audio-visual tools for marketing and transaction comprehension, facilitating formation of mixed groups (persons with and without disability) and so on are a few simple changes that the MFIs have made.
- Continuing with process refinement, a very pertinent change that can be included is to capture 'disability' factor, and the sub-categories (like visually impairment, hearing impairment, orthopedic impairment). This data can be captured as part of regular MIS. Tracking

portfolio performance over time will help understanding lending risk and test the 'myth' itself.

- The need for education and skill building is underscored for PwD and also for those who face excluded, vulnerable and marginalized. Low education, low skills coupled with poverty lower the capacity of the borrower to take business risks or compete for employment. Investment in programs and institutional facilities that provide learning and skill building opportunity for the excluded must be undertaken/promoted.
- MFIs have niche capacity to connect to the last mile. Progressive modification in the existing compliance guidelines that assist product innovation and move from credit to investment participation structure must be debated. Loans for education, skill building, housing improvement and so on are of high importance not just for the higher class, but also for the masses which look forward to an upward mobility. This aspiration must be respected.

To conclude, we need to run a Campaign, a movement that could work as a force for awareness on PwD and combining efforts for addressing the issue of their financial exclusion. Without this, there would be a few noteworthy cases which may not be enough.

Financial Inclusion of Excluded Communities and Group – People with Disabilities (PwD) – Learning from Experience

The case study focuses on the unique, pioneering initiative in India undertaken by the Center for Financial Inclusion (CFI) at Accion International in partnership with v-shesh Learning Services Pvt Ltd. (v-shesh) and three Micro Finance Institutions (MFIs) in India – Annapurna Microfinance Private Ltd (Annapurna), Evangelical Social Action Forum (ESAF) and Equitas Micro Finance Pvt Ltd (Equitas) on financial inclusion of PwD and provide some valuable lessons to the microfinance industry in India and world-wide on understanding needs

and aspirations of PwD and how a few conscious methodology changes by MFIs can go a long way in assisting financial inclusion of PwD.

This study makes a case for outreach to PwD for the Indian microfinance industry. The case study is primarily drafted through secondary literature review as primary data collection was not possible due to time limitation. The project is in implementation phase and hence the documentation on progress and lessons learned is intermediate.

1 AN OVERVIEW – PWD AS MICROFINANCE CLIENT SEGMENT

On 27 March 2014, World Health Organization declared India a polio free country with no case of disease being reported in the previous three years. A huge success for a government led program, with support from numerous civil society organizations, individuals and international institutions. It is certainly a proud moment for the largest democracy with over 1.25 billion population. For a common person in India, polio was a huge thing, probably the only disability fear for an expecting mother and family and hence certain level of mental preparedness on what may go wrong. With over 2 decades of Pulse Polio mission, there was a mass understanding about the ailment, lessons about lives of the people who were already affected and with reduction in absolute number of cases, the faith that it can be cured or death with. Unfortunately, this is not the case for many other disabilities that people may suffer, some linked genetically and many accidental to a perfectly born human being.

PwD include those who are visually impaired (cannot see or find it difficult to see), deaf (cannot hear or have to use a hearing aide) and those who are physically impaired (restricted movement or not able to walk at all). According to the Government of India Census Report 2011 there are over 26

million¹ that is 2.1% of the population with one or other kind of disability. Among the total disabled in the country, 15 million are males and 12 million are females. State-wise data shows, Andhra Pradesh, Maharashtra, Odisha and Jammu and Kashmir have more than 2.51 per cent disabled population whereas in Tamil Nadu, Assam, Meghalaya and Nagaland, the percentage is less than 1.75.

The Constitution of India ensures equality, freedom, justice and dignity of all individuals and implicitly mandates an inclusive society for all including the persons with disabilities. The Department of Disability Affairs (*Nishaktata Karya Vibhag*) was created in 2012 under the Ministry of Social Justice and Empowerment. The Government of India runs seven National Institutes (NIs) dealing with various types of disabilities and seven Composite Regional Centers (CRCs), which provide rehabilitation services to PwDs and run courses for rehabilitation of professionals. The CRCs also funds a large number of NGOs for similar services and also a National Handicapped Finance and Development Corporation (NHFD) which provides loans at concessional rate of interest (5%-8% per annum) and loan amounts ranging from INR25,000 to INR25,00,000 as per scheme to PwD or NGO working with

¹ In an article published in Guardian Professional, 9 October 2014, P Rajasekharan has highlighted that the estimation on PwD is much higher, nearly 70 million, as per a World Bank Report.

PwD. These include loan for setting up small business, agricultural activities, professional/educational training, skill development and so on (Source: <http://socialjustice.nic.in/nhfdcnew.php>).

Disabled people carry a lot of social stigma and this begins within the family extending to society at large. Viewed as “not being normal”, disabled people are kept away from any social mingling and also regarded as bad omen. The result is complete loss of faith and confidence amongst the PwD, that they too can lead a normal life and accepted as they are by family, peers, friends and society. Hence breaking the social barriers is the first and foremost challenge. These persons face physical barriers (including information barrier) in accessing almost everything and for those who cannot afford modern facilities or gadgets it is a real impediment. They cannot be heard, cannot access facilities and cannot reach out for any support. So, in India it is not just the case of couple of thousands, but of millions. The paper- A New Financial Access Frontier: People with Disabilities published by CFI reveals that out of the total number of MFI clients globally, currently, only less than 1% is Persons with Disability.

Key challenges for low level of financial inclusion among PwD

- Limited outreach of existing government supported schemes.
- Low understanding on needs of PwD as prospective client segment.
- Lack of awareness among MFIs of the challenges faced by PwD in accessing microfinance.
- Indifferent attitude of peers (among community) and MFI staff.
- Existing services and institutional facilities are not accessible to PwD.
- Typical MFI growth model with low scope for innovation in product and services or employment for PwD.

True and full financial inclusion would mean that everyone and anyone who needs access to a full suite of quality financial services, provided at affordable prices, in a convenient manner and with respect and dignity. Hence MFIs, as lead institutions that bank the unbanked, reach out to the poor, reach out to the neglected regions and communities, must make conscious efforts to reach out to PwD and nurture this client segment.

2 MFIS REACH TO PWD: A CATALYST AND A KNOWLEDGE PARTNER

CFI at Accion launched in 2008 with a mission to bring about full financial inclusion around the world by the year 2020. It aims to build a strong business case for providing non-subsidized financial services for people with disabilities. It strives to do so through strategic partnerships with disability organizations to achieve maximum outreach and scale. CFI partnered with v-shesh an impact enterprise that prepares students and job seekers with disabilities and those from rural area for suitable opportunities and assists employers in access and inclusion of PwD and aggregation of rural area talent pools. Having worked with and for people with disabilities, v-shesh's understanding of this client segment is immense. Hence, its institutional capacity to provide the subject knowledge and

tools for financial inclusion of PwD is quite large. The partner MFIs in this project, Annapurna and ESAF, have their roots in developmental activities that focus on social impact and their microfinance program draws from this grassroots experience for designing a robust financial inclusion strategy. Equitas, a new generation MFI, with its technology driven business processes has become a credible market leader and is amongst the top MFIs in terms of outreach and business.

Launched in April 2013, the project is being implemented in Odisha (Annapurna), Maharashtra (ESAF), Tamil Nadu and Madhya Pradesh (Equitas). The project plan is divided into five key phases, the phases and various activities undertaken as part of each phase are enumerated below.

Table: Project phase and key outputs

Phase	Key Outputs
Prep-phase	1. <i>Develop common understanding on scope and scale of the project</i>
S u r v e y -phase	1. <i>Survey and Market Research</i> <ul style="list-style-type: none"> • <i>Provide feedback to CFI on the disability survey for MFI staff</i> • <i>Analyze findings of MFI staff survey</i> • <i>Design the methodology for FGD / survey of PwD clients</i> • <i>Conduct FGD's and surveys of sample MFI PwD clients (at each of the four partner MFI locations)</i> 2. <i>Develop basic market size estimates of PwD clients at each of the four locations through meeting / interviews with officials of Employment Exchange for PwD, Vocational Rehabilitation centers and NGO's working with PwD</i> 3. <i>Identify local organizations working with PwD in consultation with the Partner MFIs</i>

Phase	Key Outputs
Sensitization	<p><i>High level Sensitization session & develop training material</i></p> <ol style="list-style-type: none"> 1. <i>Conduct Disability Sensitization Workshops for Management and Board of MFI and other key stakeholders with an objective to motivate and prepare the leadership to move from disability awareness to action</i> 2. <i>Design and Review training material for disability inclusion and deliver microfinance sector customized disability awareness training content. Key content include - Disability myths & facts, Diversity in disability, Disability etiquettes, Do's & don'ts and tips for interacting with PwD, material to be then translated to local languages.</i> 3. <i>Conduct Train the Trainer sessions in each location and identify the right "champions" as trainers from partner MFIs; develop a "Do it yourself" kit for delivering disability sessions & begin facilitating MFI trainers to deliver disability awareness sessions at other two locations.</i>
Accessibility & Audit phase	<ol style="list-style-type: none"> 4. <i>Access Audit to evolve Universal Design principles for MFI branches and Reasonable Accommodation</i> <ul style="list-style-type: none"> - Conduct Accessibility Audits on MFI branch offices (one model branch for each of the 4 MFIs). The audit include MFI process (right from group formation to loan disbursement / repayment) audit from the point of view of accessibility for people with sensory & physical impairment. - Document recommendations for assisted devices / technologies, and accommodation measures; and share results and seek feedback from MFI partners through a workshop (one at each of the four partner locations). - Develop draft Microfinance Industry principles for Universal Design & standards for Reasonable accommodation
Implementa-tion-phase	<ol style="list-style-type: none"> 1. <i>Facilitate partnership with local organizations working with PwD</i> <ul style="list-style-type: none"> - Introduce MFI to local organizations with PwD identified - Review training material developed by ACCION for DPOs on Introduction to Microfinance - Conduct training of local organizations on Microfinance basics - Facilitate interactions /field visits to progress the conversation 2. <i>Facilitate company-wide sensitization session</i> <ul style="list-style-type: none"> - Continue guiding the MFI trainers to sensitize & propagate the messages, dispel disability myths and provide practical guidance to work with disabled clients 3. <i>Test assisted devices / Technology Solutions for disability inclusion</i> <ul style="list-style-type: none"> - Implement and test the assisted technologies / accommodation measures and fine tune based on feedback - Test, evaluate & fine-tune the process improvements made for disability inclusion (including those with visual & hearing impairment). 4. <i>Human Resource Policies</i> <ul style="list-style-type: none"> - Conduct workshops with HR & recruiting managers to create enabling policies and procedures for PwD hiring - Document enabling policies and procedures for PwD hiring 5. <i>Monitoring & Review</i> <ul style="list-style-type: none"> - Conduct review sessions with Management & Board of MFI, trainers - Conduct workshop with trainers on value of sensitization; share experiences and best practices
Handover-Phase	<ol style="list-style-type: none"> 1. <i>Develop checklists, manuals and tools for easy guidance / reference for MFIs to sustain measures for disability inclusion</i> 2. <i>Monitor and handhold the field and branch teams to implement / conduct initiatives with the customized manuals and tools.</i>

Each MFI has nominated one person from the senior management as point of coordination for the project. This is important to ensure highest level commitment for driving the mission and obtain the desired results.

Survey phase: The design and planning for the various surveys to be undertaken was completed by the v-shesh team. The role of partner MFI was in terms of allocating field area for survey. For each MFI, at least one urban/semi-urban and one rural site were selected. Survey on attitudes and perceptions of the MFI front end team was conducted in person and for management level staff on-line surveys were done. The activities that were planned for Survey phase and could not be implemented include – the estimation of PwD in the selected sites and identification of institutions working with PwD. Identification of Disabled Peoples Institutions (DPIs) and setting up a co-ordination platform along with MFI would need a separate intervention, again the view about how a profit making MFI can understand and work with people with disability remains there. Before going forward this critical linkage and the dialogue needs to be addressed along with the DPIs.

Sensitization phase: This involved conducting of workshops and trainings for the management team as well as the MFI front-end team. A key activity was also designing and testing of the workshop and training modules and the suggestions and inputs during this phase would assist in finalization of training design and tools that form key output for the Handover phase. At v-shesh, this is a priority and its

project team played a crucial role to play in terms of training design and delivery. Going forward once the MFIs internalize the training programs, quality control is expected by the HR department, as a regular function.

Audit phase: v-shesh has completed the access audits and has shared detailed operations process refinement requirements with the MFIs. Access audits were conducted by v-shesh team by visiting MFI Branches and observing client interaction point with MFI staff. Based on the PwD contact point with partner MFIs, v-shesh team shared a list of refinement processes that would ensure mitigation of physical and information barriers. Access audits, from the perspective of creating enabling facilities and services for persons with disability is novel for microfinance industry and hence the tools developed so will be highly crucial for MFIs for a disability friendliness check. The scope of process change required would depend on definition of operations methodology, various operations processes and how in perspective of fair practices guidelines, operations process refinement can be undertaken.

The Implementation phase is on-going and there is progress in terms of certain policy level changes and commencement in refinement of operations processes for addressing physical and information barriers for persons with disability. It may be reiterated that activities with respect to identification of DPIs need to be completed to understand the scope of intervention required by each partner MFI.

The following table provides a summary of feedback received from MFI staff during various project phases.

Table: MFI staff feedback

Survey/research stage	<ul style="list-style-type: none"> ➤ Is it not too risky to include People with Disabilities? ➤ Better to give grant. ➤ How to categorize a person as disabled, if medical intervention may help rectify it? ➤ Not aware of disability or non-discrimination provisions. ➤ DPis may not be supportive.
Sensitization stage	<ul style="list-style-type: none"> ➤ Only aware of physical disability and blind. ➤ Not sure how to identify disabled. ➤ Charity mindset is prevalent. ➤ How to train so many staff? What to train them in?
Access audit stage	<ul style="list-style-type: none"> ➤ System / process changes complicated. ➤ Changes may be expensive.
Implementation stage	<ul style="list-style-type: none"> ➤ DPis not positive about MFIs ➤ How to serve people with mental illness and those with intellectual disabilities? ➤ How do we identify People with disabilities and keep track of progress?

(Source: Project Team, v-shesh)

3 PROGRESS HIGHLIGHTS AT MFI LEVEL

As mentioned earlier the project implementation phase is ongoing and hence progress highlights are preliminary in nature. Yet, significant way forward can be drawn from survey, awareness training (sensitization) and access audit phases. However, since the crucial phase of Implementation is still underway and Handover phase yet to commence, the progress reported is not complete. The key output in terms of tools, manuals and interactive learning material from the project to be considered for an industry-wide dissemination will be crucial.

Policy modifications: All the three MFIs reframed their non-discrimination policies to specifically include mention of “disability” (in addition to sex, caste and religion). These MFIs have changed their Human Resource (HR) policy clearly laying the path for being an equal opportunity employer.

Awareness baseline: Disability awareness survey and focused group discussion conducted with about 1,000 frontline MFI staff and community members to assess the attitudes/ awareness levels towards PwD inclusion. Findings from the study have been published as ‘the paper of the week’ by the Consultative Group to Assist the Poor (CGAP). The paper is titled “Awareness and Attitude towards Persons with Disabilities (PwD) in Indian Microfinance Institutions”.

Awareness survey highlights

MFI staff demonstrated a good understanding of visible disabilities and also a good track record (over 70% stating that they have interacted with persons with orthopedic disability), but sensitization is needed to iron out finer issues in terms of inclusion of PwD as MFI client, rather than charity or welfare activities, as perceived by MFI staff especially in Maharashtra and Odisha. MFI staff (managers) expressed requirement for special training for field level staff, especially loan officers who manage client relationship.

Disability Awareness Training: Disability Awareness Training for Master Trainers completed in Odisha, Tamil Nadu and Maharashtra. In all over 100 key MFI staff members (loan officers, branch managers, loan/client officers) have undergone a two day intensive training in the said three locations. As a next step, the MFI staff members have planned to embark on training another 6000+ frontline MFI staff on disability awareness and etiquettes. The project Working Group has evolved a 7 point Key Messages on disability awareness to be spread through the staff base of over 8000 people and community of over 1 million people in the next few months and that can be disseminated to the microfinance industry.

7 point Key Messages on disability awareness

1. Let us focus on ABILITY! Think about what people can do.
2. Most PwD do not want or need charity; like everyone else they need opportunity.
3. Communication and interaction with people with disability is possible and not as hard as you think.
4. Many disabilities are not obviously visible.
5. Disability is not just a medical condition. It is a consequence of social barriers.
6. You and your MFI should not be another barrier in society! You should be an opportunity!
7. People with disabilities are a large untapped client segment who could productively use micro finance provided we learn to reach out to them and make our services accessible.

Access Audits: Disability Access Assessments conducted at branches of the 3 partner MFIs to understand their processes and suggest suitable changes in their working to accommodate persons with different disabilities. The MFI management has agreed to include several measures as part of operations policy and processes and the key ones are highlighted below:

- ✓ Client registration form (loan application form) to be modified to include data on disability.
- ✓ MFI staff to be trained to proactively identifying and including PwD through 7 simple questions.
 1. Do you always have a lot of difficulty in seeing?
 2. Do you use a hearing aid/have been advised to use one?
 3. Do you always have a lot of difficulty in hearing?
 4. Do you always have a lot of

difficulty walking short distance or climbing few stairs?

5. Do you always have a lot of difficulty doing your daily routine?
 6. Do any of your family members have lot of difficulty remembering or concentrating?
 7. Do any of your family members have mental illness (experience severe depression, mood swing, etc.)?
- ✓ Important documents (Passbooks, application forms, loan repayment sheets, receipts) to be converted into accessible formats (tactile coding to be used).
 - ✓ The critical steps in MFI lending process - Compulsory Group Training, Group Recognition Test, Appraisal, Group meetings to be conducted in accessible formats. Basic universal design concept to be followed so that the new material is useful to all (including for semi-literate / illiterate clients). MFI staff to know basic signs for communicating with deaf; communication / other material to be made in simple visual format along with audio recording. Clear instruction to be issued to allow PwD clients to bring on accompanying person for all interactions.
 - ✓ Loan balance and other details to be available through Interactive Voice Recording (IVR) Helpline, making loan information and complaint redressal system accessible for blind clients
 - ✓ MFIs to reach out to Disabled Person's Organizations across different states to ensure a wider outreach to potential disabled clients.
 - ✓ Workshops and trainings to be planned to ensure PwD clients are included, especially ones that will promote their business initiatives and provide them with suitable market linkages.

PwD as MFI Client: As on October 2014, three MFIs have reported to have reached 17,500 persons with disability (Equitas: 10,000 (including Blind 1700), Annapurna: 2,700+, ESAF: 5,000+) and the total loan amount disbursed to them is approximately INR270 million (USD4.5million). While there is no baseline data on outreach, one can note the positive progress.

PwD Client and Staff feedback: MFI staff has since played a proactive role in enlisting PwD as microfinance clients and also the partner MFIs are proactively reviewing their candidature as job seekers.

Case 7: Employment with MFI, Annapurna



Rani is 24 years old, currently working as an MIS Executive in Annapurna. At the age of four her mother discovered a physical disability in her daughter’s lower limbs which would inhibit her from walking properly. In the initial days at Annapurna, she was afraid of being discriminated by her fellow employees, but the MFI culture and policies gradually inducted her gracefully as a special member of the Company. She is independent and proud to be earning and leading her life with dignity and respect.

Case 2: A mixed Group-PwD and non-PwD group, Equitas



The energy and enthusiasm of the members and especially the center leaders is highly admirable. The group comprises three orthopedic women along with other non-PwD members, all of whom are involved with different business activities such as tailoring, detergent and phenyl making, beauty salon and so on. The women are enthusiastic and excited at the prospect of being able to socially and economically support themselves and each other and would in turn like to help and support their PwD peer members do the same.

Case 3: Person with reduced mobility at ESAF



Nitin is a 23 year old, an MBA Finance and currently works with ESAF. He thinks that he might not be fit physically but his mental ability is as good as any normal person. He believes that good education can make him as good as any normal person. Working with ESAF

he says, has been truly satisfying for him as he has been given a job profile on par with any other MBA Finance graduate within the company. He feels encouraged when he is able to deliver his work on time and his reporting officer appreciates this. He emphatically says, “I don’t have to depend on others for my financial needs”.

Incentives and Recognition: MFIs have started recognition mechanisms / awards to incentivize branches that have done well to include PwD clients. The MFIs celebrated the International Day of Persons with Disability (December 3, 2013) and rewarded good performing MFI staff and PwD clients. The top management of each of the three MFIs specifically reviews the disability inclusion initiatives and number of PwD clients as one of the

key metric in the each branch’s and also the company’s performance dashboard. Some novel initiatives for improving disability inclusion in the society have been initiated by ESAF by taking up a public children’s park in Nagpur and in cooperation with the local corporation, applied universal design principles to construct a fully accessible public park.

To summarize the progress at MFI level, it is highly commendable to note the refinement in operations processes undertaken by all the three MFIs and certainly this would not have been possible without management commitment.

The following table reveals how refinement in certain processes by MFIs will enable outreach to and financial inclusion of PwD.

Table: Process refinement by MFIs

Sr. No.	Action Items	Low Cost	High Impact	Solution will benefit			
				Deaf	Blind	Ortho	Illiterate
1	During the initial promotion event (door to door survey, word or mouth promotion, sessions in Anganwadis/ local community works and Disbald Peoples Insitutions, DPLs) and during group trainings, inform people that loans have been made accessible to PwD - Inform MFI's policy of disability inclusion and Sensitize group members for includng PwD; (2) Discuss and consider introducing incentives to groups for inclusion	Y	Y	Y	Y	Y	-
2	Loan officers need to be trained and sensitized to including PwD clients - Guidance for Identifying PwD - Use 7 basic questions to record disability Application Forms need to include disability status and type of disability Ensure that the Application Form accurately captures whether the client is PwD and what is the nature of their disability	-	Y	Y	Y	Y	-
3	Visual cues and simple signs to reiterate loan terms, interest rates, repayment amount and collection, etc. - Method of visual iteration (combined with verbal as used currently) would be useful for both deaf and illiterate clients	Y	Y	Y	-	-	Y
4	Helpline can be setup for asking questions and registering complaints, loan balance and other facilities. This would be useful for blind and persons with orthopedic disability as well as illiterate clients	-	Y	-	Y	Y	Y
5	Distinguish by tactile means, the following documents - Application Form Passbook/ Loan Card and Labels Cash Receipts	Y	Y	-	Y	-	Y

4 REQUISITES FOR REPLICATION AND POTENTIAL FOR INTEGRATION WITH EXISTING FINANCIAL SERVICES

Time tested, the Indian microfinance industry is a quick learner and in the past few years we have observed that several mandates and guidelines have been absorbed very quickly by the industry. These include the NBFC-MFI certification guidelines, implementation of RBI Fair Practices guidelines, and at a more operational level - data submission to the credit bureaus, NBFCs allowed to work as BCs, and the most recently-implementation of standard KYC documentation requirement for MFI clients. Hence, it is intuitive that inclusion of PwD should be a natural integration for MFIs who carry the mandate of provision of financial services to the poor, vulnerable and marginalized people.

Based on the larger industry experience of working with excluded population and the specifics of this case study the following comments with respect to replication are enumerated:

Strategic initiatives: there is no dearth of valuable strategic partnerships in the microfinance sector and there are Foundations, Financial Institutions, Self Regulatory Organizations that can play a pivotal role and these institutions have demonstrated bandwidth to experiment, learn and disseminate lessons, either inclusively or at least one aspect in a specialized way. Hence, there could be many more strategic players (the catalyst). Besides the NBFCs, there are several Community Based Organizations (CBOs) who work in specific locations,

have deeper understanding on lives of the communities that they work with. Hence, CBOs should not be left out of such strategic partnerships.

Regional initiatives: As stated by the India Census Report (2011) the highest number of PwD is found in Andhra Pradesh, Maharashtra, Odisha and Jammu and Kashmir. These are the states wherein significant strategic partnership, in-depth research and certain long terms initiatives could be undertaken for financial inclusion of PwD. Not limiting themselves to loans, MFIs could proactively include savings accounts, insurance and remittances in their suite of financial services. Linking such efforts to larger mandates such as Prime Minister Jan-Dhan Yojana and Skill India campaign can also be considered. MFIs that promote formal development forums, may consider investing in financial literacy, skill development, language labs for PwD.

Integration with existing financial services: the MFIs can themselves take the initiative to lead the process of financial inclusion of the PwD. The results from this project would require wider dissemination along with tool kit and manuals that would guide MFIs on a step-wise approach. A key aspect would be Board and management commitment, as demonstrated by the partner MFIs, and also willingness to incorporate specific changes within the Company policy framework. A periodic review of implementation of extension of fi-

nancial services to PwD at senior management level is essential and until the refined processes are completed integrated within the existing operating structures, the MFI could designate a senior team member to lead the project. Employing person with disability could be an enabling beginning that will demonstrate the commitment of the MFI and also provide crucial learning while dealing with PwD as MFI clients.

Area surveys are usually conducted by MFIs before commencement of operations that map socio-economic, political, competition and detailed demographic data of prospective clients. Board and management may review whether the current policy leads to exclusion of certain sections of population or communities, including PwD. Collection of data about socially excluded community and PwD could form part of area survey/mapping exercises. This will provide valuable information for a meaningful financial inclusion of all within the locality.

Another aspect with respect to integration with existing financial services would be offering stand alone products and the options for MFI clients to choose product as per their financial need. This would require a certain level of sophistication in term of technology and may also need MFIs to build the requirement in existing policy framework. NBFCs can now work as Business Correspondent (BC) for banks and this provides MFIs with another opportunity to offer stand alone products to its clients that include a savings accounts, remittance service and also loans for business, education, housing improvement and so on.

Technology platform: Lead MFIs such as Equitas, Ujjivan Financial Services, Janalakshmi Financial Services and a few more have made considerable investment in Information Technology (IT) platform to streamline operations processes, bring in transparency, efficiency and enable quick and informed decisions and to facilitate customer relations. With these standards in place, it should not be too difficult to migrate

or accommodate an additional technology that will facilitate information flow to and from PwD. As revealed in this case study, IT is useful during marketing, sourcing, financial transactions, grievance redressal and for financial literacy. Running elaborate IT platforms, especially with issues about connectivity in rural and remote areas may not be always possible and feasible. Setting-up of rural BPOs can be explored - both in terms of generating local employment for PwD and meeting information sharing requirement with MFI clients. MFIs with bandwidth to do so must invest in such ideas.

Sensitization and training of human resource:

This is a specialized job, as understanding perceptions, behaviour and various socio-physical constraints needs deep knowledge about PwD and also basic skills in say sign language. But as stated earlier, the Indian microfinance industry is a quick learner and hence a couple of years of planned awareness programs for MFI Board, management and front end staff who handle customer relations is required. Except for the three partner MFIs, there are no specific training tools and modules with MFIs to train MFI staff on how to work with clients with PwD and engage in specific process such as group formation, CGT, financial transaction with persons with disability. Access audits also need handholding and this exercise can be initially conducted with help of experts. Institutions such as v-shesh need to be engaged or reached out for Master Training programs and also industry level awareness initiatives.

Financial education of PwD:

Financial education/literacy is a universal requirement and all MFI clients should have access to information and systems that promote financial literacy. Persons with disability need special tools and hence MFIs, institutions involved in promotion of financial inclusion for PwD will have to adopt appropriate techniques. There is considerable training material developed by various capacity building institutions on financial literacy for illiterate MFI clients. This is useful and will have to be added

with material and tools for people who cannot see or hear or are unable to reach out to training facilities. Herein identification and engagement of DPLs will be important who also have core expertise in aspects of education and training of people with PwD.

To conclude this discussion on model replication, a key factor is the MFI board vision and management commitment. The role of HR department in MFI is very crucial to keep the staff motivated

as the front line staff do work in condition of hardship and they are the ones who ensure business for the MFI. The questions that would be probably playing on the minds of the MFI front end staff would be how refinement in processes affect the strict TAT for each operations process, would the initiative of working with PwD affect their incentive structure, any new risks involved in lending to PwD, including scope for insurance coverage. All these need to be addressed.

MFI Feedback and Comments

Dibyajyoti Pattanaik (Chief Financial Officer), Annapurna

It is in the DNA of Annapurna to work with people living in difficult conditions, include marginalized, minority, PwD, third gender and so on. During the course of the project, the management developed deep knowledge about PwD and specific inputs with respect to training, access audit, refinement of loan documents helped provide greater clarity on working with PwD. Hiring PwD helped change certain mis-conceptions about disability, especially amongst front end team. Providing loans could be risky this was another mind-set change that happened in due course of Annapurna's work with PwD. There are challenges to work on - (i) parents are too protective and would not allow PwD to proactively engage with MFI, (ii) DPLs view that MFIs should take a welfare oriented view about PwD providing subsidized credit and (iii) enhancing education and skill level of PwD.

John Alex (Head of Social Initiative), Equitas Group

Working with PwD is part of Equitas' mainstream model and the MFI has been doing so since 2008, including capturing 'disability' in loan application form. The on-going project has provided clarity on identification of PwD and a conscious focus. Equitas is involved in number of social initiatives and is also associated with number of organizations to implement development work. There are some more ideas about use of mobile technology, setting-up a Helpline for PwD, education access for PwD in Equitas schools that the Company is planning to roll out.

Roy Alex (Director, Programmes), ESAF

This a unique project where in three MFIs who may usually work as competitors have come together. ESAF, working (as NGO) for last 32 years in developmental activities and also with PwD, but more from charity perspective. A key outcome of the project has been change in staff perception and the breaking of 'myth' that lending to PwD is risky. At grassroots level, PwD were by default part of sangam (group) and that they all repaid on time. ESAF would need to make certain modifications with respect to policy and processes and include services for PwD, such as - collections at doorstep, handholding for business plan and market linkages and so on. ESAF team is passionate about this work.

Source: Narration based on telephonic discussion

5 KEY LESSONS FROM THE PROJECT

The following narrative captures the key lessons so far, both in terms of methodology and progress.

Need long term strategy: CFI at Accion, v-shesh and the partner MFIs demonstrate a long term strategy and a commitment to work with the excluded. Financial inclusion of the excluded, not merely numbers, but the fact that it involves overcoming social barriers and changing perceptions would need time. Like CFI (Accion) has put a time line, the year 2020, MFIs too could define their own time horizon for refinement of processes throughout their institution and create an enabling environment for PwD to access financial services.

Estimation of PwD and engagement of DPis: In the selected locations and context, the project would have done well to initially focus on the broader context. The two key elements - estimation of PwD and engagement of DPis - are essential to know the scope of the project and also learn from the local organizations that focus on persons with disability. This is of relevance to the particular MFI Branch as well who would then build the scope in outreach plan.

The basic premise being that MFIs should treat PwD as usual client and hence offer the same product and terms and conditions. It appears that this proposition does not augur well with DPis who have certain strong views about 'profit making MFIs'. Probably this is the view of even other stakeholders in the community.

Emphasis on feedback from PwD that they need to be treated as normal and on par like anyone else needs to be substantiated with data. Dissemination of such finding would create an enabling environment for MFIs to roll out financial products and services to PwD.

Baseline data at MFI level: The project does not provide documentation on baseline data about PwD as MFI clients. Hence, the partner MFIs for all new loans disbursed from a certain date, may affix the baseline information and track progress accordingly. Equitas has been proactive since 2008 in provision of loan to persons with orthopedic disability and blind and hence do have record of outreach numbers. Documentary evidence goes a long way in institutional learning and also assists in documentation of impact. With changes made in application form and MIS to include "disability" indicator on-going tracking will be effective. Baseline data for impact studies may be considered.

Standardized but flexible tools and manuals: As a key output of this project - tools and manuals to conduct awareness and training programs needs to be standardized to a certain level, with a scope to refine process as per operations methodology. This material should be shared with MFIs and CBOs who work in the space of provision of financial services. MFIs would need expert inputs on access audits, utilization of tactile method, usage of key signs, basic sign language and also support during customization

process for each financial services institution.

Technology- mobile money and SMS technology:

There is growing interest of microfinance industry in graduating to a cashless and hassle free service – especially loan and remittances – to its clients. PwD will benefit from this, as both technology enabled visual and audio information flow is possible. There is a cost factor that needs to be worked out by each MFI, yet this is very much possible. M-Pesa is very popular and there are many other MFIs which are planning or have started graduating toward mobile transfers as financial transaction medium for MFI clients. Automated SMS messages that provide information on loan amount, loan balance, transactions made couple with voice messages are a few simple technology options. India is ranked second in terms of number of mobile users in the world with 74 mobile connections per 100 citizens which shows great potential for mobile led financial inclusion in the country.

PwD as employees: We are aware that there are strong perceptions about PwD in terms of their competence and ability and hence besides staff awareness activities, providing suitable employment opportunity to person with disability by MFI is a step in the right direction. We have seen this step taken by the three partner MFIs and there will certainly be many more such examples. Such initiatives assist MFI in fine tuning its policies and obtain a perspective that may be entirely left out. The key challenge would be to employ PwD as front end staff (loan officer) with MFIs whose operations methodology include extensive travel plan. This will be a challenge for most of the MFIs and hence employment to PwD may not have direct impact with clients. MFIs could source eligible candidate for other positions from within MFI client segment, this will

spread good word around and facilitate mingling and break a few barriers.

Inclusive approach: Taking the cue that the PwD need to be treated as any other MFI client, initiative to form mixed groups (persons with and without disability) would work well. Armed with disable friendly marketing and client interaction techniques, the MFI loan officer can facilitate the process. The key would be to explain term and conditions for each product offer seamlessly. This could be a challenge as terms and conditions with respect to group formation and loan agreement that tend to be comprehensive and oral narration or simple tactile format may not do the job completely. This will also be true in case of financial transaction, but here group/family member could be of some assistance. This is one aspect all the project stakeholder may need to delve further, as priority requirement with respect to NBFC-MFI compliance.

Staff motivation and incentives:

Motivation of the MFI loans officers needs to be sustained amidst the daily rigorous routine. At times we do find a mismatch, between what management opines and perceptions amongst staff. This is particularly true when the change requirement is brought top-down. Hence, the current project should provide a guideline on expected gestation period of each phase. The need to include socially excluded must be rooted amongst the team and then move to implementation phase. Second, MFIs may consider structuring incentive around “inclusion of excluded” concept, the definition of this being beyond income and un-banked. PwD being a universal category, socio-religious, ethnic and/or physical exclusion, the definition would differ from MFI to MFI and depend on urban-rural operations or region. Structuring incentives including exclusion parameter, with a certain weightage allocation, may be considered by MFIs.

6 POLICY AND OTHER RECOMMENDATIONS FOR FINANCIAL INCLUSION OF PwD

Universal inclusion: At an industry level it must be accepted that while the microfinance industry has aimed and addressed issues related to exclusion, financial inclusion of PwD has not been a focus and that inclusion of PwD as part of mainstream microfinance activity has happened largely by default. MFIN, as an SRO along with other stakeholder can play a key role in addressing this gap. The initiative at MFI level has to be voluntary and it is suggested that the learnings from the project have to be disseminated widely. Such initiatives may include – country wide awareness workshops, specific training for refinement of processes, workshops for access audit and so on. MFIN, Sa-Dhan, ACCESS-ASSIST, ACCION along with knowledge expert v-shesh and the partner MFIs could plan for a year-long activity that covers the various regions of the Country. However, it is suggested that any such dissemination should ideally commence once the all current material, tools, manuals, case study developed as part the project is complete and validated by CFI (Accion).

Industry baseline and demand estimation: As highlighted in this case study, baseline documentation, both in terms of outreach and socio-economic profiling of PwD is required. Outreach baseline is a fairly simple exercise, if all MFIs (at least NBFC-MFIs) voluntarily decide to include ‘disability’ as a category

while capturing client data and this data is recorded in the MIS. Demand estimation and socio-economic profiling would require in depth studies. It is highly recommended that CFI along with partner MFIs plan this activity in the upcoming months as this pilot study results would provide leads on challenges in conducting such an exercise. A related point is the engagement of DPs. This is important both in term of engagement with DPs for learning about persons with disability and their possible collaborative engagement with MFIs for estimation of PwD and socio-economic profiling. The three partner MFIs have expressed need to engage with DPs and this could a good beginning.

Education and skilling PwD: We recognize that social, physical and information barriers for PwD to access financial services must melt down as well. Besides information flow or documentation gaps discussed as part of loan or financial transaction processes, these may be also due to low education levels and low skills to engage in productive activity or seek employment. Education, skilling for entrepreneurship or employment would require considerable investment both in terms of resources and patience. The three partner MFIs under the project have similar thoughts or plan. This is a good beginning, but as a nation-wide exercise it would require substantial capacity in terms of human

and capital resource. Accion as part of this mission, may initiate a parallel project for identification of education and skilling hubs at least at the state level or facilitate setting-up such hubs at DPIs, who would then act as resource center for PwDs, MFI clients (as PwD) and MFIs who wish to invest in education and skill development activity for PwDs. Other leading development and development finance institutions too may be interested in incubating such resource centers. Such opportunities could be proactively explored.

Product innovation: The case study and the initial lessons clearly put forth the eagerness of MFIs to work with the excluded. Taking the cue from the three partner MFIs, such initiatives highlight the social focus and social-business balance of MFIs. It must also be factored in that for MFIs it is a tight rope walk, balancing compliance stipulations, investor / lender expectations and engage in processes that would require long term impact work. Substantial changes with respect to compliance by NBFC-MFIs were put in place with the first set of guidelines brought out by RBI in December 2011. Product innovation is a key aspect and that needs of poor, marginalized include education, housing, water and sanitation, meeting consumption gap and so on. Hence, there is most urgent requirement to un-tag microfinance loan end use and loan size stipulation to a certain extent. Besides, business investment, MFIs can thus lend to improve capacities, skills and also to improve living conditions for their clients who have low or no access to education, training for employability, toilets, water connection and so on and this being identified as barriers particularly for the PwD.

While this paper underscores the project lessons for replication across MFIs, there are certain risks and challenges that the MFIs and all stakeholders need to address.

- MFI lending to PwD and the viability of replication through the dominant group lending model is largely untested. It would require a number of rounds of validation across MFIs and regions to confirm. MFIs extending savings, remittance services to PwD again is a novel aspect, coupled with requirement for appropriate technology intervention and this could be challenging. MFIs may also need to provide door step service. While all this is not impossible, it may need MFIs to move out of the comfort zone of an established model.
- To access full suite of financial services, PwD need to be empowered through education, skills and financial literacy. The case of providing non financial services is whose role - MFI, CBOs, DPIs, DFI, public sector/government, private partnership? The paper argues for the need to build capacities of PwD and to begin with such efforts may be hybrid in nature, until a common way forward is agreed upon. MFIs would continue to lend, but matter of level playing field for PwD will be a huge challenge. Yet there are opportunities, these should reach PwD and many good efforts must continue.
- Working with PwD, as with other MFI clients, there will be success and failure stories. MFIs have set rules for operations and mandate to work as per RBI fair practices compliance guidelines. Failures may draw public attention and invite political risks. The question is whether such failures will be seen with a different lens and viewed at a different tolerance level. Can MFIs afford this? The MFI industry in the past two decades has seen the highs and the lows and with certain very positive macro level policy changes (differentiated banking models, BC opportunity), it would like to reach the zenith of providing

banking services. Would this limit MFI view of financial inclusion to providing a suite of financial services, rather than a more elaborate definition of target client that included various excluded persons? Hence, MFI participation in the financial inclusion model cannot be assumed.

To conclude, the author recommends re-visiting the lessons and recommendations enumerated in this case study once the project handover phase is complete and hopes that the lessons

and way forward discussed as part of the current documentation assist in carrying forward the agenda of true and full financial inclusion and facilitate a dialogue to bring about enabling policy and operational level changes for financial inclusion.

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