



FINANCIAL LITERACY —DOING DIFFERENTLY

PRESENTATION BY

RESERVE BANK OF INDIA

MARCH 6, 2013



A BIG OPPORTUNITY & CHALLENGE

Geographical area – 7th in the world

Widely dispersed terrains

Population – 2nd in the world–1.2 billion

35 States, 644 districts, 600 thousand Villages

Multilingual and multiethnic society

Low level of General Literacy

Large no. of Financially excluded people



INSTITUTIONAL MECHANISM

Financial Stability Development Council (FSDC) –
Headed by Finance Minister-
Mandated to focus on Financial Inclusion & Financial Literacy



A Separate Technical Group on Financial Inclusion and Financial
Literacy- All financial sector regulators, Government



Reserve Bank of India- Financial Inclusion Advisory Committee



35 State Level Bankers' Committees , 644 Lead District Managers



Banks- Public & Private Sector, Regional Rural Banks-
100 Thousand branches



650+ Financial Literacy Centers,
Rural Self Employment Training Institutes



NATIONAL STRATEGY FOR FINANCIAL EDUCATION

National Strategy for Financial Education prepared-
under the aegis of Technical Group on FI & FL

Improve Financial access through Better Financial education-
Focus on inclusion of financially excluded people in villages,
Unbanked pockets in urban areas

Developing standard contents- Financial Literacy Material

Conduct Nation Wide Survey to assess the Current Status

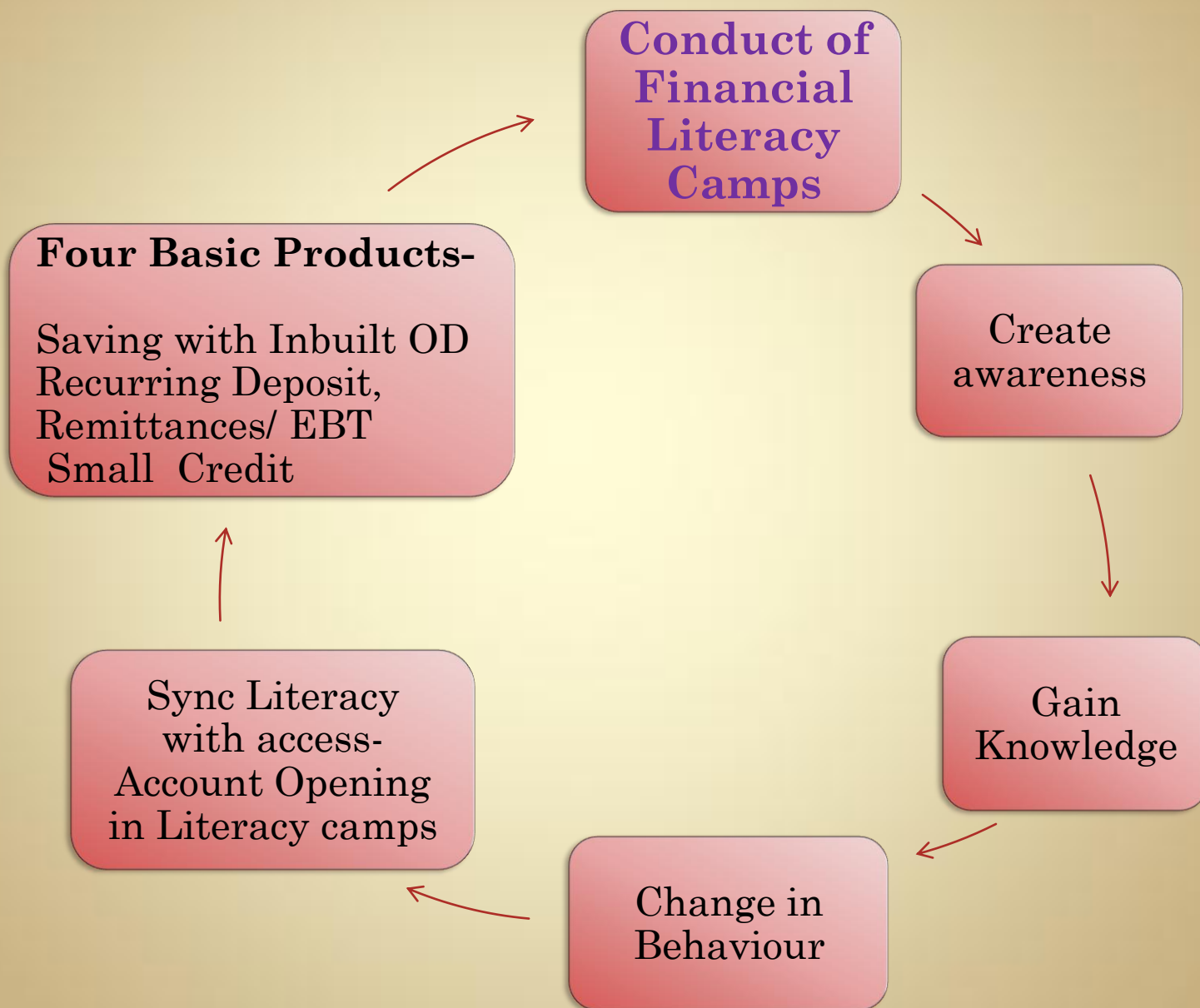
Setting up of a National Centre on Financial Education-
Ensure coordination among all financial sector regulators

Financial Education to be included in the School
Curriculum – Class VI to Class X

**Multi Agency Approach- Partnership with Government &
other stakeholders**



METHODOLOGY- BUILDING CAPABILITIES



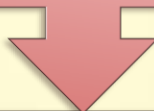


IMPLEMENTATION

Conduct of camps by banks- Comprehensive guidelines issued



FLCs (650+) - To Conduct Financial Literacy Camps , at least once in a month-Quarterly Monitoring by RBI- Educated about 1.5 million people last year



Rural branches (35000+) – Advised recently to conduct outdoor Financial Literacy Camps , at least once in a month



Standard curriculum for basic conceptual understanding- Financial Literacy Material prepared



Messages for Unbanked audience-Related with real life events- Pictorial form-Lucid manner-Simple language



CONDUCT OF CAMPS - GUIDELINES

3 sessions- 2 hrs each- Spread over three months

- Annual calendar- Advance publicity- Involvement of Local Government , prominent persons, NGOs etc, Data base of participants

First Session

- Understanding of Basic financial concepts
- Financial Planning –How to use financial diary
- Concept of door step banking (Branchless)

Second Session-Fortnight after first session

- Introduction -Business Correspondent (BC)
- Services available through BC
- Demo of ICT device - Modus operandi
- Account Opening

Visit - 15 days after second session-To ensure

- *Timely delivery of smart cards*
- *Start of BC operations*

Third Session-2 months after second session

- Feedback from villagers & BC
- Review usage of accounts – Solve operational issues at site

Follow up transaction levels- Regular Reporting system



CAMPS - STANDARD CURRICULUM

**Basic Concepts for unbanked Audience-
Pictorial Form- Related to daily life events**

- Hindi and English

Other Indian Languages in due course

Available on RBI Website

<http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=7844&Mode=0>



Financial Literacy Guide-

5 Sections- 50 Questions-

Money Management, Savings, Saving with banks, Borrowings, Borrowing from banks

Ready Reckoner for trainers



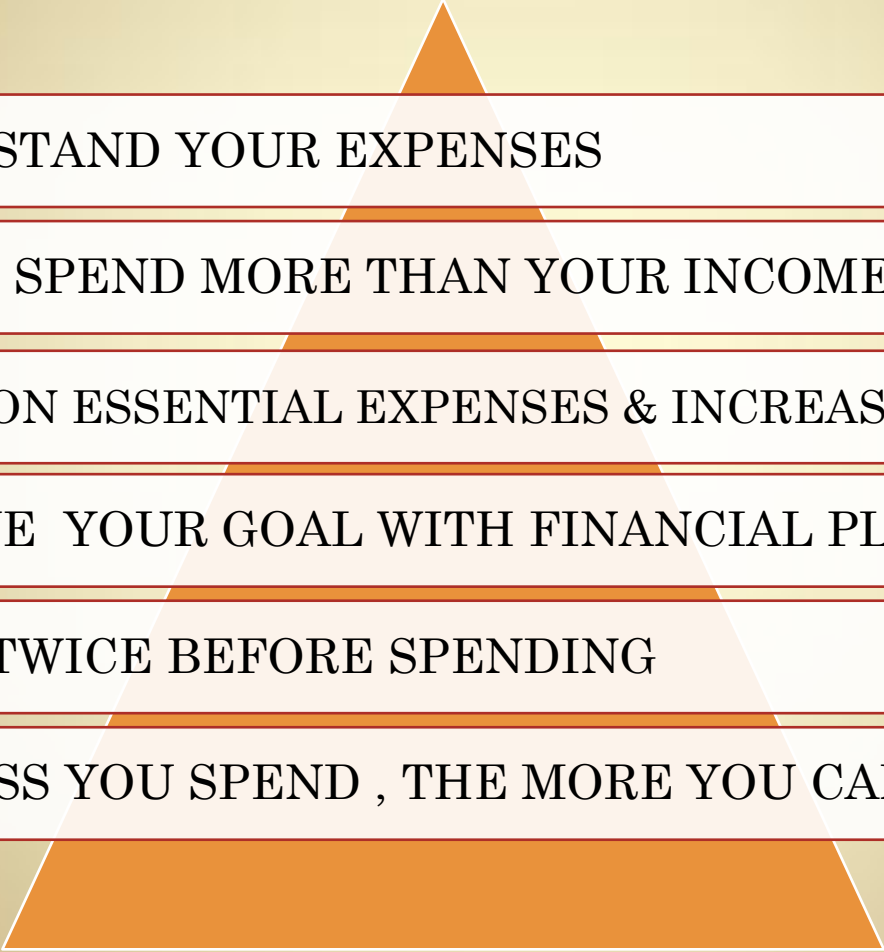
Financial Diary- For distribution to target audience - Financial planning- Record income and expenses- Weekly/Monthly/Yearly



Set of 16 posters-Pictorial Communication-
Appealing Slogans



MANAGE YOUR FINANCE

- 
- ★ UNDERSTAND YOUR EXPENSES
 - ★ DO NOT SPEND MORE THAN YOUR INCOME
 - ★ PLUG NON ESSENTIAL EXPENSES & INCREASE YOUR SAVINGS
 - ★ ACHIEVE YOUR GOAL WITH FINANCIAL PLANNING
 - ★ THINK TWICE BEFORE SPENDING
 - ★ THE LESS YOU SPEND , THE MORE YOU CAN SAVE



SAVINGS



★ SAVE MONEY FOR LIFE CYCLE NEEDS

★ DO NOT LOOSE YOUR HARD EARNED MONEY, ALWAYS
SAVE IN A BANK ACCOUNT

★ SAVING ACCOUNT IN A BANK IS THE KEY TO ALL OTHER
SERVICES

★ BANK IS NOW AVAILABLE AT YOUR DOOR STEP



BORROWINGS

- 
- ★ MANAGE YOUR DEBT OTHERWISE DEBT WILL DAMAGE YOU
 - ★ BORROW TO UNDERTAKE AN ACTIVITY WHICH ENHANCES YOUR INCOME
 - ★ BANKS ARE TRANSPARENT AND CHARGE LESS INTEREST
 - ★ A BANK MEETS ALL YOUR REQUIREMENTS



POVERTY TO PROSPERITY

**STEP INTO A BANK,
STEP OUT OF POVERTY**





IMPACT IS VISIBLE

Banking connectivity available to more than 200 Thousand Villages, 39 Thousand through Branches, others through Branchless modes

17950 Urban unbanked locations connected through Branchless modes

170 Million Basic Saving accounts

72 million accounts – BC based Branchless modes

35 Million people provided small revolving credit – Business purpose



PROGRESS AT A GLANCE

SR	Particulars	Year ended Mar 10	Year ended Mar 11	Year ended Mar 12	Upto Dec 12	Progress Apr 10- Dec 2012
1	No. of Branches	85457	91145	99242	103359	17902
2	No. of Rural Branches	33433	34811	37471	39127	5694
3	Banking outlets in villages	67694	116208	181753	211234	143540
4	Urban Locations covered through BCs	447	3771	5891	17950	17503
5	Basic Saving accounts -BSBDA(No. in million)	73.45	104.76	138.50	171.43	97.97
6	Over draft facility availed in BSBDA (No. in million)	0.18	0.61	2.71	3.28	3.10
7	BSBDA through ICT-BCs (No. in million)	13.26	31.63	57.30	72.41	59.14
8	ICT -BC-Total Transaction -No. in lakhs	26.52	84.16	141.09	60.48	435.53
9	Small Loans-Farm sector (No. in million)	24.31	27.11	30.23	31.73	7.43
10	Small Loans-Non Farm sector (No. in million)	1.39	1.70	2.11	3.11	1.73



LOOKING FORWARD



Mechanism to include millions every year



THANK YOU