

Success Story

Operationalising Zero Balance Accounts

BACKGROUND

Canara Bank has been the leader in implementation of Financial Inclusion Plan. We firmly believe that the financial inclusion has thrown open opportunities to tap the hitherto untapped rural areas. The bank has a track record of achieving all the parameters under the FIP since the plan was rolled out.

To reach out to the rural area and to bring the unbanked households to our fold, the Bank has opened 1797 rural branches till date and a whopping 45% of the rural branches are financial inclusion branches, tally of which stands at 803.

When this initiative was taken up, our focus was on imparting financial literacy among the unbanked households, since we were aware that if the aim is to succeed in Financial Inclusion, the key to success is the spreading of financial literacy among people.

In today's fast-paced consumer society, financial literacy is an essential everyday life skill. It means being able to understand and negotiate the financial landscape, manage money and financial risks effectively and avoid financial pitfalls. Improved financial literacy can benefit anyone, regardless of age or income, geographical location and have a positive impact on the financial wellbeing of individuals, families and communities.

The Bank has received various awards and accolades for the performance under financial literacy initiatives which also included an appreciation letter by the Deputy Governor of the Reserve Bank of India.

During the PMJDY campaign period, almost 12 crore accounts were opened by the banking industry and in the industry, over 67% of such accounts opened continues to remain as zero balance accounts. Against this, our Bank could restrict the share of zero balance accounts in our Bank at 38%, thanks to the effects of financial literacy initiatives of the Bank.

This could be achieved by the Bank by adopting a well thought out and multi pronged strategy which included inviting every unbanked customer to open an account with us through the bank or our extended arms, creating a culture of banking habits, convincing them to pool their hard earned savings in to their newly opened bank accounts,

explaining them the advantages of saving regularly in banks, availing other banking facilities like remittance, loan etc for improving their life standards. Through various initiatives like street plays, radio jingles, media publicity, jumadi announcements, hoardings, wall paintings in strategic locations, a conscious and strategic financial awareness was created in the minds of the people which led them understand the importance and benefits of having bank accounts and operationalising the accounts. During the awareness camps, shandies, PMJDY camps people were clearly given to understand that the benefits of DBT and DBTI would flow only through their bank accounts and they were exhorted to understand the importance of saving, creating wealth, and building banking history for themselves to avail other benefits from banks in future. All these ably supported by our field functionaries who were internally trained and motivated to carry the mission “financial inclusion” forward paved the way for pooling very healthy average balance in the BSBID accounts opened and keep the zero balance at a very low levels in the bank.

FOCUS ON FINANCIAL LITERACY :



When 3962 SSAs and 3371 Wards were allotted to us under the Pradhan Mantri Jan Dhan Yojana, we critically analysed the projected number of households in the Sub

allotted locations to be covered. We realized that covering all the households in the all 7333 locations across the country within a span of five months was not an easy task. More challenging task was to make the hitherto unbanked households understand the benefits they are going to get, by opening the accounts with us.

But we were clear in our focus. We activated our financial literacy centers across the country, motivated our Bank Mitras whom we had already trained through Indian Institute of Banking & Finance (IIBF) and IL&FS. Special trainings were organised for our rural Branch Managers with an aim to provide financial literacy to the maximum number of unbanked people.

A group of Top executives drawn from various departments of the Bank were deputed to our Circles to sensitize and motivate the ground level staff for educating the hitherto unbanked customers and to open more number of accounts.

It was ensured that a conducive environment is created when a person who is totally new to the banking environment approaches our Camp or branch or Bank Mitra for opening the account.

The publicity materials including the educative pamphlets were designed and printed in most of the vernacular languages to ensure penetration of the contents at remote locations also. The bank conducted as many as 53487 camps during the first phase of PMJDY and our financial counselors, Bank Mitras and Branch Managers imparted financial literacy to the villagers/unbanked households. They were successful not only in opening new accounts but could also mobilize handsome balance in the accounts so opened. The impact was so infectious that the persons who opened the accounts with zero balance account also started depositing some amount into their accounts.

The Bank could open 60.38 Lac accounts during the first phase and mobilize Rs.738 Crore CASA taking the average balance in the newly opened account to Rs.1222. It is very gratifying that for a bank with 5635 plus branches, only less than 50 branches are having more than 90% of accounts under zero balance which itself speaks for the efforts put in by the bank and its staff.

By using the financial literacy as a tool, in these unbanked locations, we reached the goal of covering unbanked households with at least one account per household, well ahead of others.

The experiment not only proved us right, but created a huge awareness among the unbanked populace in particular.

HOW IT HAPPENED :

Dissemination of financial literacy with particular reference to the compliance of the norms by the public and benefits for them under the scheme has acted as catalyst in opening of the accounts by such a large number of people. The rural people were

educated in the financial literacy camps by lectures, distribution of the literacy materials. The financial literacy has changed the attitude of the rural people and directed them to open their accounts, most of them with some balance, with our branches near to their residence or with our Bank Mitras. As a result, the newly opened accounts under the scheme have generated low cost deposit of Rs. 738 crores which was not in the banking system earlier.

The people were convinced about having a bank account and necessity to transact with the bank for safe keeping of their funds and reaping the benefits of the technology driven banking products and services through the financial literacy measures. The rank and file of the bank, our Bank Mitras and counselors of our Financial Literacy Centers were deeply involved in popularizing the PMJDY scheme in various forums and through camps, publicity materials, meetings and monthly camps.

The following innovative steps were introduced and implemented effectively:

- Formed 'Canara Financial Advisory Trust' to take care of the affairs of the Financial Literacy Centers (FLCs) of the Bank as well as by RRBs sponsored by the Bank. Pan India, we have 63 FLCs which are managed by the counselors who are retired Bankers.
- Involved FLCs during the Pradhan Mantri Jan Dhan Yojana Saturday camps and Mega Camps for providing financial literacy to the unbanked people.
- Our Financial Literacy Centers have educated 15.32 Lac persons and counseled 1.92 Lac persons till January 2015.
- Brought out a comics book on "Money and Savings" in 9 languages and distributed to 2 lakh people through the rural and semi urban branches to reach the rural students and the farming community.
- Organized 35 Financial Literacy programmes for 1057 leaders of NGO/SHG in Tamil Nadu , Karnataka Kerala.



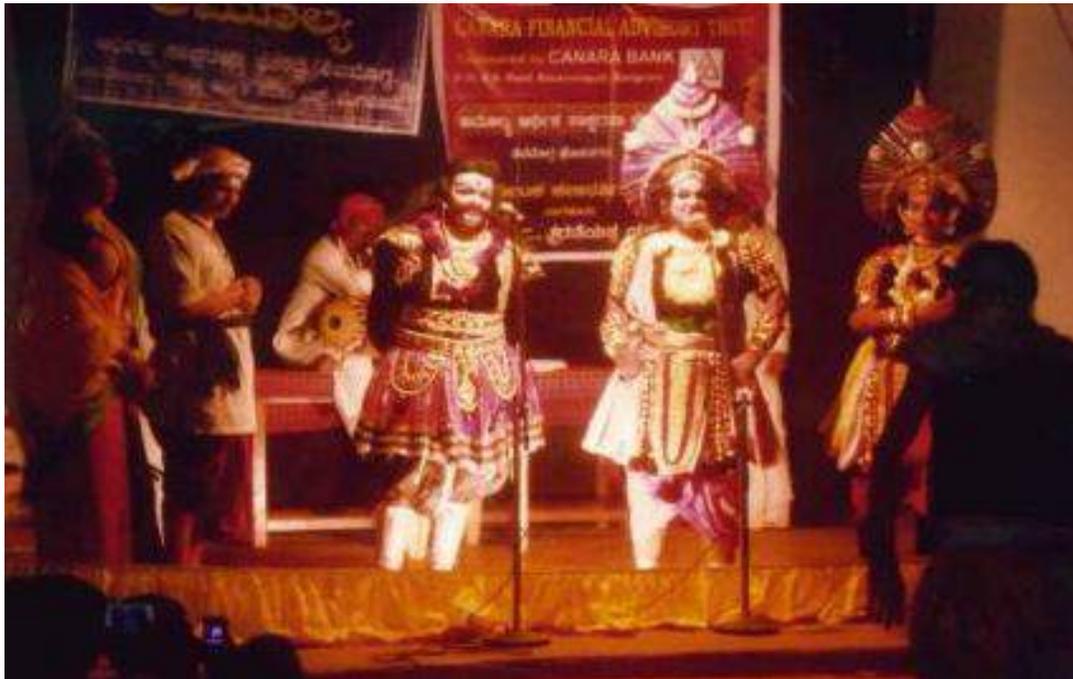
- Financial literacy programmes on 'Banking and Finance' were organized in 30 rural schools each in Agra and Aligarh districts in Uttar Pradesh by distributing the comics books. About 30,000 students would be benefitted.
- Financial Literacy programmes were also organized for 46 teachers in five rural schools in Chitradurga district, Karnataka who in turn will impart financial literacy to the students and upgrade their financial awareness..
- Printed "Financial Diary" in Hindi brought out by RBI and distributed to the public through our rural and semi urban branches reaching 70000 people.
- 100 Street Plays as a part of Financial Literacy were conducted in the states of Bihar, Orissa Uttar Pradesh and West Bengal.

- Financial literacy programme on banking and finance was conducted for the rural Govt Schools in Karnataka state through the use of tablet PC. Organized in 26 schools and about 5000 students were benefited.



- Translated the CD on Financial Literacy brought out by College of Agriculture Banking(CAB), Pune in Tamil, Malayalam and Kannada and sent to the Staff Training Colleges, RUDSETIs, and RSETIs for use in their training programmes.
- An interview based programme on Financial Literacy programme on DBTL and Aadhaar seeding was telecast thrice through DD, Trivandrum to educate the people on the need and importance of DBTL and Aadhaar Seeding.
- Financial Literacy programmes on banking and finance broadcast through Community Radio station(90.4FM) to cover 8 lakh population in remote rural areas in Karnataka state.
- Educated the people of West Bengal and Orissa on safe parking of their funds through the paper advertisements.

- Brought out 6 TVCs on Financial Literacy educating the public on micro insurance, safe investment, GCC, KCCS , BSDA and MSME and telecast during all the episodes of RBI quiz telecast through DD National and DD Sahyadri.
- Thirteen Financial Literacy Camps conducted in association with 3 voluntry agencies, wherein 720 participants were trained during the month of January 2015.
- A Ratio talk and interation programmed on FM radio 'Kali Purse, kaitumba Hana' giving all the benefits and details of PMJDY and motivating the people to do transactions.
- Twenty Yakshagana plays were organized to spread financial literacy to the villagers in the districts of Shimoga and Uttara Kannada. About 4500 villagers were benefitted.



- Appointment of Facilitator exclusively for intensifying the Financial Literacy efforts.
- Bank is also engaging Financial Literacy Coordinators at different locations to monitor and motivate the Bank Mitras to involve themselves in Financial Literacy in a big way in their SSAs and encourage the people to do more transactions.
- Trained Bank Mitras through Indian Institute of Banking & Finance & ILFS. They were also provided with extensive training on Banking and Technology aspects by the Bank and the Corporate BC.
- Personal visits of General Managers/Deputy General Managers from Head Office to all the controlling offices across the country to monitor the progress and conduct of financial literacy camps along with weekly/ monthly camps for account opening.
- Special training to Branch Managers for conducting financial literacy programmes at their branches/in their service area.

TRAINING OF OUR BANK MITRAS :



We provided training to all our Bank Mitras on Financial Inclusion & Pradhan Mantri Jan Dhan Yojana. It was in addition to the training on using the Micro ATMs. By the time we started financial literacy camps, they were in a position to convince the village people and ensure their participation in the camps in large number.

SPECIAL TRAINING TO OUR RURAL BRANCH MANAGERS :

Special trainings were conducted for our Rural branch managers to sensitize them on PMJDY and how bring in the unbanked households to our fold.

APPOINTMENT OF FACILITATOR EXCLUSIVELY FOR INTENSIFYING THE FINANCIAL LITERACY EFFORTS :

Bank has prioritized the segments of the PMJDY scheme with Financial literacy topping the list. The Bank permitted our Canara Financial Advisory Trust to induct ex General manager of the bank as a Facilitator for coordinating the efforts of both rural branches and Financial Literacy Centers to intensify the efforts to educate the public on banking and finance with particular reference to PMJDY scheme. This step has helped the bank to reach the last mile customers in the remote areas through the Financial Literacy camps.

PERSONAL VISITS OF GENERAL MANAGERS/DEPUTY GENERAL MANAGERS FROM HEAD OFFICE TO ALL THE CONTROLLING OFFICES ACROSS THE COUNTRY :

In order to percolate down the importance and seriousness of the scheme at the grass root level, the bank had deputed the GMs/DGMs from Head Office to all the controlling offices to educate the staff members on the scheme and with more stress on Financial Literacy. These executives from HO were deputed at the time of organizing the camps to guide the controlling offices in setting up the Financial Literacy Stalls and to monitor the performance. Irrespective of their location, our branches participated in the weekly and monthly camps by putting up the stall on financial literacy. The services of the counselors of all the Financial Literacy Centers were utilized in these camps.

The word of mouth publicity given by the participants motivated other unbanked households to participate in the next camps and get the financial literacy. They were eventually impressed by the knowledge gained and came forward in opening accounts. In fact, they guided unbanked households to participate in literacy camps and open their accounts with our Banks and Bank Mitras.

INVOLVEMENT OF FINANCIAL LITERACY CENTERS THROUGH OUR CANARA FINANCIAL ADVISORY TRUST(CFAT) :



Our bank has set up a separate trust called Canara Financial Advisory Trust to open the Financial Literacy Centers(FLCS) and disseminate the Financial literacy. We have now 63 Financial Literacy Centers which are headed by the retired bankers. These FLCs are directly engaged in conducting the Financial literacy Camps on PMJDY, banking & Finance in association with our branches. Upon launching of PMJDY, these centers were advised to participate in the PMJDY camps and also to organise village level camps aggressively. This method was useful in spreading the inputs of PMJDY to the public. Financial literacy months were declared during which literacy camps were held throughout the country on daily basis.

Banners, posters and leaflets in vernacular languages were supplied in large numbers to all the branches/ FLCs and

ORGANIZATION OF FINANCIAL LITERACY CAMPS ON PMJDY IN BIHAR, ORISSA, UTTAR PRADESH AND WEST BENGAL STATES THROUGH STREET PLAYS :



Street plays played an important role in educating the people in remote rural areas of Bihar, Orissa, Uttar Pradesh and West Bengal states. In all 100 street plays were conducted at the states. The main thrust was focused on PMJDY with particular reference to benefits of the scheme and minimum formality to comply. The rural people were very enthusiastic in understanding the scheme and its benefits. Lot of publicity was received at the local media on the street plays.

The above interventions helped the bank to initially open zero balance accounts and convert them as operating accounts with some balance.
