

8. Deen Dayal Antyodaya Yojana – National Rural Livelihood Mission (NRLM). Resource Materials for promoting Cashless Transactions among Self Help Groups

8.1 Dimensions of Cashless Transactions

1. All SHG members have individual bank accounts
2. All individual bank accounts are linked with Aadhaar and mobile number
3. Bank account of SHGs are seeded with Aadhar number of signatories
4. All transactions of SHG are performed cashless routed through Business Correspondent, Mobile Application or through digital wallet
5. All SHG member have active Rupay Debit Card
6. SHG member or one person from her household is trained and are able to make cashless payments at retail stores using debit card, digital wallet app or USSD Mobile App.

8.2 Implementation

8.2.1 Opening Account of SHG Members

8.2.1.1 Opening Account at Bank Branch

SHG members who do not have their individual account can open their accounts by visiting the nearest bank branch. SHG members may opt for the same bank in which the Self Help Group maintains their account, though not compulsory. Steps for opening bank account at bank branch are as follows:

- i. Fill up bank account opening form
- ii. Submit application form along with copies of valid Know Your Customer (KYC) documents. The following documents are accepted by banks for opening of bank account-

- Passport
- Voter's Identity Card
- Driving License
- Aadhaar Letter/Card
- NREGA Card
- PAN Card

iii. Individuals who do not have any officially valid documents can open ‘small accounts’ with banks. A ‘Small Account’ can be opened on basis of self-attested photograph and putting her signature/thumb print in presence of bank officials. Such accounts will have limitation in terms of aggregate deposit (not more than one lakh) aggregate withdrawal (not more than ten thousand in a month) and balance (not more than fifty thousand at any point of time). Such account will be valid for twelve months during which the account holder will have to submit a valid KYC document. Post submission of such documents, the account will be converted to Basic Savings Bank Deposit Account (BSBDA). There is no minimum balance requirement for opening these accounts

iv. Collect pass book from the bank branch



8.2.1.2 Opening account at Customer Service Points/ Business Correspondent Outlets

SHG members who have Aadhaar card may also open their individual account at Customer Service Points or Business Correspondent Outlets. Steps for opening bank account at the CSP/ BC Outlet are as follows:

- i. Fill up bank account opening form
- ii. Authenticate identity using biometric (finger print)
- iii. Account number will be issued after authorization by the designated bank branch.



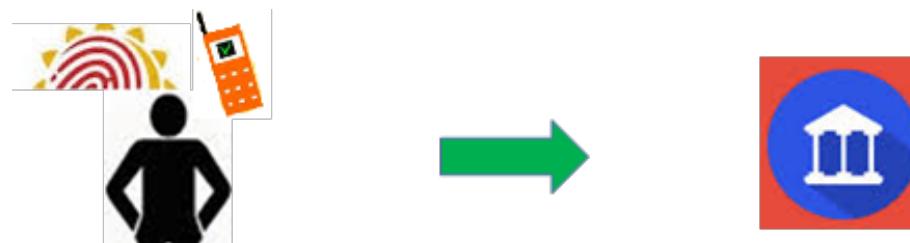
8.3 Linking with Aadhaar and Mobile Number

For initiating digital payments, it is important to link individual accounts with Aadhaar and Mobile Number. The following steps may be followed for the purpose.

8.3.1 Seeding of Aadhaar and Mobile Number at Bank Branch

SHG members can seed their account with respective Aadhaar number and Mobile Number at the bank branch.

- i. Fill up the consent form for seeding of Aadhaar
- ii. Attach a self-attested copy of the Aadhaar card and submit at the bank branch
- iii. Usually the process takes about 2-3 days for the system to update the Aadhaar number
- iv. SHG members having mobile can submit an application to the bank branch to update their Mobile Number in their respective bank account.



8.3.2 Seeding of Aadhaar and Mobile Number at CSP/ BC Outlets

SHG members can also seed their account with respective Aadhar number and Mobile Number at the CSP/BC outlets.

- i. Fill up the consent form for seeding of Aadhar
- ii. Individual members are required to authenticate Aadhar seeding with their biometric (finger print)



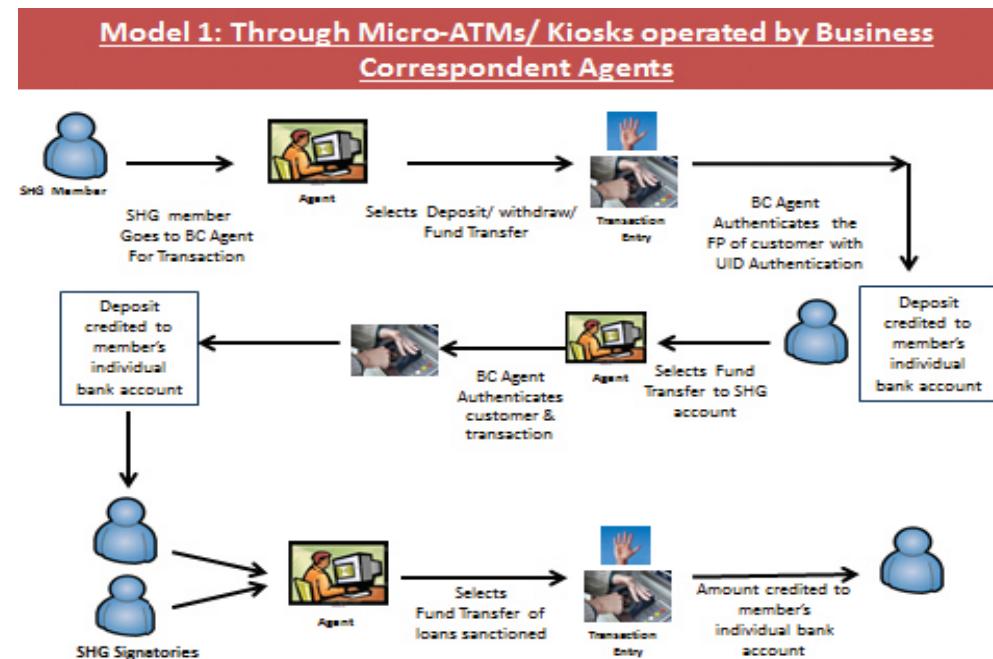
8.4 Aadhaar Seeding of SHG Account

The Aadhaar number of the signatories of SHG bank account can be seeded at the bank branch. One primary mobile number should be set for the SHG account.

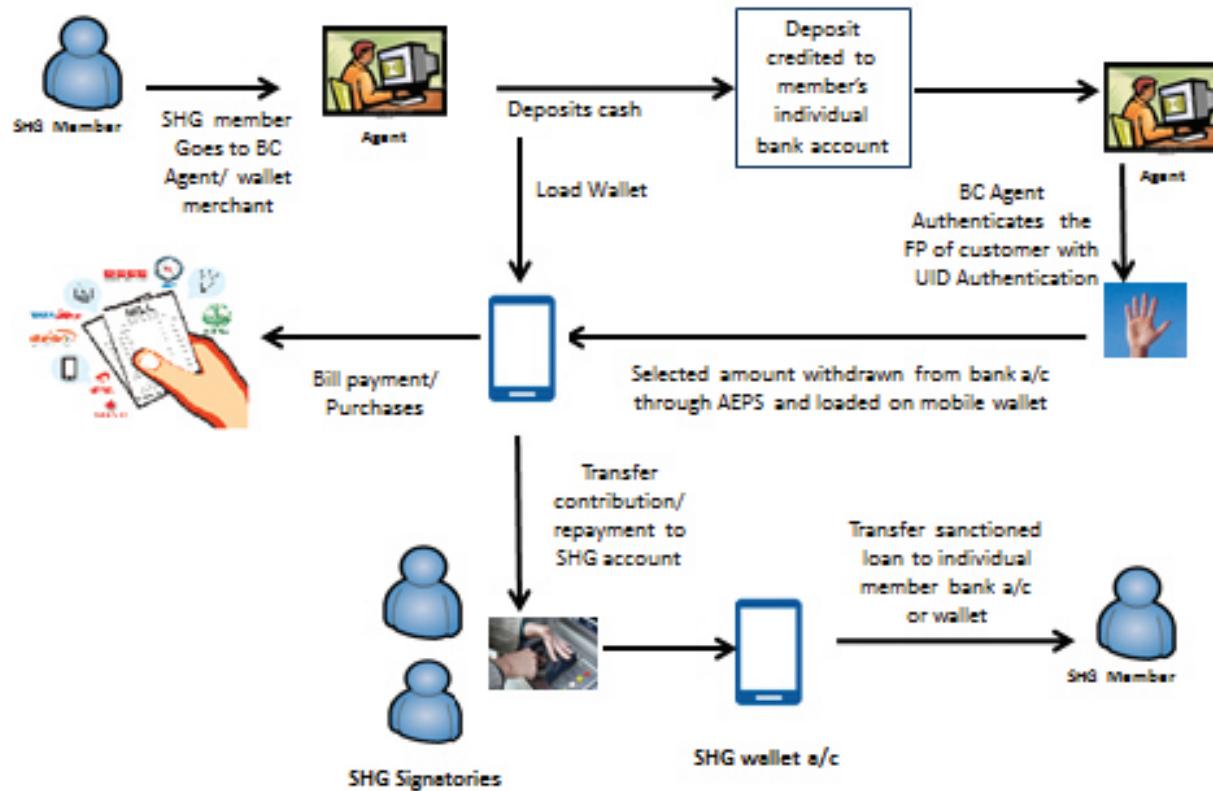


8.5 Cashless transactions of SHG through Business Correspondent, Mobile Application or through digital wallet

The transactions within SHGs (SHG & its members) and among SHG and its federations should be performed using digital modes. For the purpose, SHGs can use the services of Business correspondents in the area, Mobile Applications or digital wallets. For the purpose the following steps should be followed:



Model 2: Combination of BC channel + assisted mobile wallet (USSD)



To ensure that the entire transactions between member to SHGs and SHG to member is done through digital mode. It is important to make the facility available to transact jointly operate accounts of SHG at the BC outlet. All SRLMs/ promoter should insist on partnering banks to provide this facility.

8.6 Issue of Debit Cards for SHG members

All SHG members who have opened Basic Savings Bank Deposit Account are eligible to get debit cards. All members should apply for Debit Cards at their respective bank branches. The debit cards are delivered at the address of the account holder. The card can also be collected at the bank branch. Usually it takes about 7-15 days for delivery of personalised debit card. PIN for the debit cards are mailed separately by the bank and can be collected at the bank branch by the account holder by showing valid identify proof.

Banks also have non-personalised debit cards readily available at the bank branches. The non-personalised card is available at branch level in the name of “Ready Kit” and the same can be given instantly along with PIN which is ready for use from next day onwards.

SHG members may insist upon Rupay Debit cards as the processing fees for such cards are much lower than other settlement service providers.



8.6.1 Activation of Debit Card

On receipt of the debit card all members must immediately activate the card by visiting the nearest ATM. For activation of the card, the account holder must insert the card in the ATM slot and use the PIN provided by the bank. The ATM will ask for changing the PIN. The card can be activated just by performing a cash withdrawal or even by taking out a statement for the account. The Debit Card is now ready for use by the account holder.



8.7 Cashless payments at retail stores by SHG members

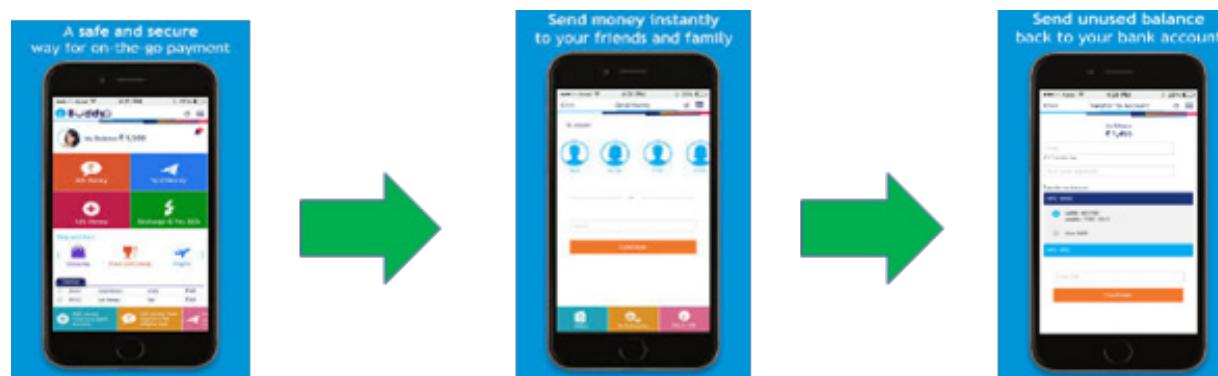
SHG members who have debit card can use the same for making cashless payment at retail outlets. The card can also be used for transfer of funds from one card to another using ATM or at Business Correspondent outlets. For authentication of the transactions performed, account holders are required to use the 4 digit PIN which should be kept confidential. At BC outlets and select retail stores, authentication of transaction can also be performed using biometric provided the account is linked to Aadhaar.



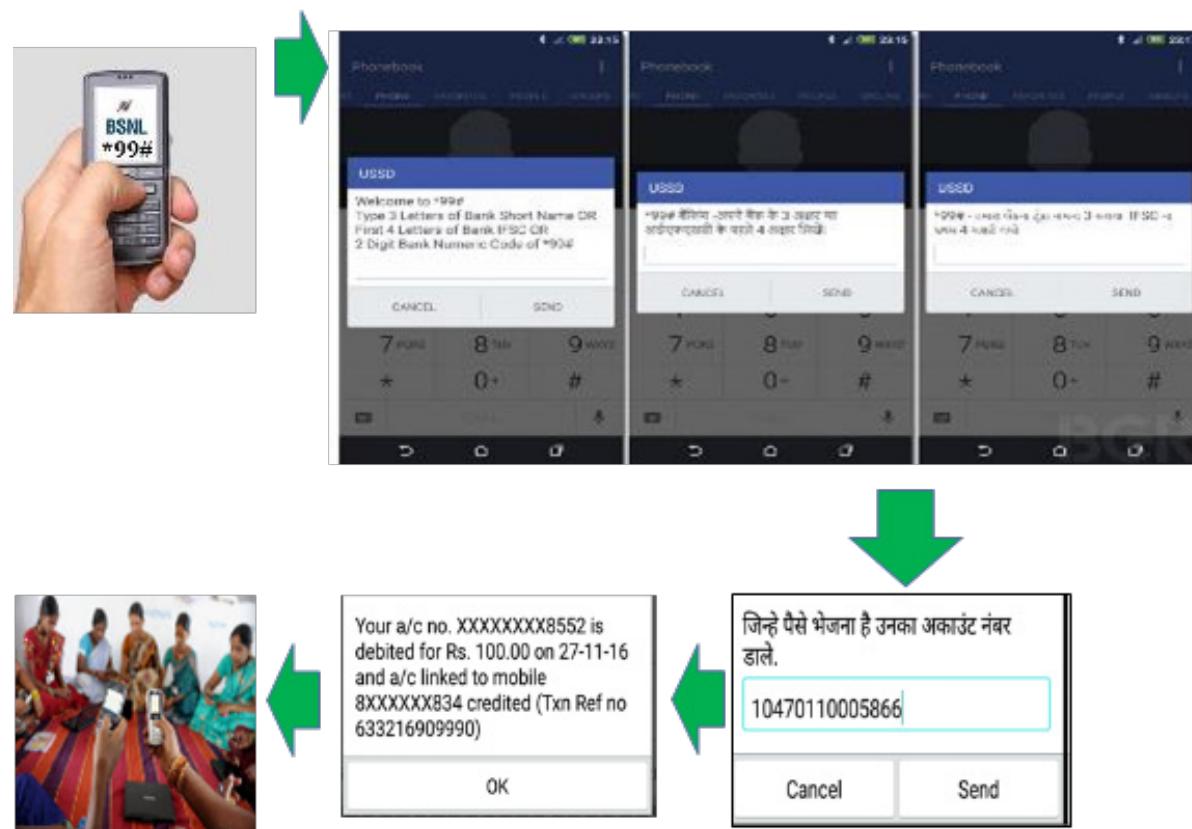
Alternately the SHG member can use Mobile Wallet for money transfer or payment at retail outlet. There are two kinds of wallet available – (a) App based which requires a smart phone and internet connectivity (b) USSD based which can be used on a feature phone without any internet connection.

Members of SHG or their family members who have a smart phone and access to internet facility may download an application for digital wallet and create an individual wallet account. All major banks have their own digital wallets eg: SBI has a wallet called ‘SBI buddy’; ICICI Bank has a wallet called ‘ICICI pocket’. These Apart from banks, third party providers also have their wallets eg: Paytm; Freecharge, Oxigen etc.

The individual wallets can be loaded using Debit Card’s details. Once loaded the wallet can be used to make payment for utility bills or at retail outlets. For making payments, the payee is identified based on Mobile Number or QR code depending on the features available on the respective wallet. Individuals having wallet can also receive payment from another individual having the same facility. The amount accumulated on digital wallet can also be transferred to a bank account.



Individuals who do have a smart phone and access to internet facility can use USSD based mobile banking applications for money transfer and payments. Account holders can use the National Unified USSD Platform [*99#] created by NPCI for the purpose. This is a self-service model. Currently 41 banks have been onboarded on the platform. Individuals can access their bank account using this protocol from feature phone. To access this service the account holder needs to register her/his Mobile Number in the bank account. Once the account is registered the user needs to generate a MPIN. Request for generating MPIN can be submitted at the bank branch or alternately the same can be generated at an ATM. Once the MPIN is generated, the platform can be used for transfer of money to another account. This feature is available in 12 Indian languages.



There is another USSD based service which has both assisted and self-service versions provided by the telecom operator Vodafone called ‘M-PESA’. M-PESA establishes merchant points at different locations. Users who do not have smart phones can visit a M-PESA merchant location and load her/his M-PESA wallet against cash paid to the merchant (or debit card). Once the M-PESA wallet is loaded, the same can be used to transfer money to a bank account or make payments at retail outlets.

