

## **Enabling financial inclusion and increasing efficiency of Self Help Groups Microcredit Federations**

### **Brief description**

CAM is a three-tier document-based architecture for providing remote rural information services for SHGs in Microfinance. The user tier consists of a set of paper forms that people use to record information, perform queries and conduct transactions. The server is a standard web application server, which can reside locally, in a nearby town, or virtually in the Internet ether. The middleware resides on the mobile phone, which plays the role of scanner, user interface, network, cache and pre-processor in the system. The system creates a decentralized management information system, increases efficiency of fund management and reduces credit journey cycle. .

### **Vision, Objectives and Goals**

The main objective of the project is to remove the digital divide, provide the real time information of microfinance transactions of SHG's available online that enhance the stakeholders to get needy information on time anywhere. The secondary objective is to enable the rural women to get financial and or non-financial assistance by using the timely and accurate information that leads to the economical / social upliftment. The usage of technology to the communities in other sectors like financial services through banks, providing real time market information of agri-products, stock exchange listed prices of commodities etc.

### **How does ICT contribute to the organisational objectives**

ekgaon is a leading Information and Communication Technology (ICT) and management services company working towards providing technology, systems solutions and management support for knowledge management, strategic decision making and business development. In line with its mission ekgaon has been working over several years across south Asia with development stakeholders and partnering on projects for enabling development process and building communication and information systems for increasing efficiency of business enterprises and value chain process, enabling information flow and delivering financial services, technology solutions and strategic consulting.

The main problem in rural financial services is the non-availability of accurate, timely and needed information for decision making at higher levels. In microfinance sector, due to the lack of information, the SHG members could not ascertain the financial position (profitability) of their group, the documents / reports required for the submission to obtain loans, to portray their strengths in getting grants from the government programmes. The NGO, banks and other stake holders were not able to collect this information on time.

# STOCKHOLM CHALLENGE

Since the data is captured and sent to the online server, the field staff monitoring the Self Help groups would supply the computer printed reports to the SHG's which help them to overcome all the difficulties in terms of reports and book-keeping. This enables them to provide the apt information to the bank and other financial institutions for getting financial and non-financial assistance. This also enables the other stake holders like banks, NGOs, SHPI, MFIs to track their loan repayment online and arrive at the decisions on time.

## **Transferability**

The scalability of the project is clear from the open source model of technology sharing that eKgaon adheres to. eKgaon shares the software and code with clients and only provide services for customisation and extension services.

The Apex financial institutions of government which have larger mandate of financial inclusions and programmes to support the same could benefit from such a technology in a major way with the scale which will bring depth in reach and financial transparency for better management of large scale financial inclusion programme.

## **Project summary**

eKgaon has good experience and expertise in the field of community finance and technological solution for communities. We developed a paper based Management Information System for the Self Help Groups, the cluster and the federation. This paper based system has initiated eKgaon to develop a technology that would suit the rural atmosphere of power consumption, network coverage, device utility, rough handling and communicative mechanism. Hence we decided to use the mobile phone for recording the data / financial transactions from rural areas that has to be operated by semi-literate / illiterate users. Then the visual and audio prompting of the transaction by the mobile through our own software installed in the mobile has been developed.

We tried out the various available choices of sending the data such as MMS, GPRS and SMS from the mobile phone to an online server. Being known about the rural scenario and working platform, the SMS has been chosen as best delivery mechanism to send the data from rural areas. We decided to make the application that runs on the mobile to work on non-network coverage area which actually fit for the Indian rural areas and send the SMS from the queue when the user reaches the network coverage area.

The backend online application has been simultaneously developed using the open source software of PHP for front end and MySQL for database. The SMS gateway has been developed to receive the SMS and update the online database. The financial reports, portfolio management reports and accounting information systems has been developed as per the accounting standards and microfinance reporting standards specified by the apex institutions. To make the printing of reports easier, we have developed the html reports and pdf reports that would be generated online for the user queries.