SAJE believes that financial education is the missing link in the financial inclusion story of India. We offer a standardized and hands-on financial education workshop for the urban underserved in Bangalore. SAJE provides the knowledge and resources to financially empower individuals to increase their livelihoods.

INTRO

Across Bangalore and throughout the world, the unbanked population, according to the World Bank, amounts to some 2 billion people (World Bank, 2018). From our work on the ground, and interviews conducted in various slum communities in Bangalore, it has become evident that participation in the formal financial sector is minimal. In fact, in India alone, 167 million people are unbanked: unable to access credit, insurance, or a secure savings account.

The importance of financial inclusion has been taken up by the Government of India to provide accounts to the people through a program called Jan Dhan Yojana. Jan Dhan has been successful in its aim to increase access to financial services in terms of numbers. However, data from the Reserve Bank of India (RBI) shows that, as of 2016, 1 out of 4 of Jan Dhan accounts in the country hold zero balance, meaning they are unused (PMJDY, 2016). What is missing in the push for nationwide financial inclusion is adequate financial education for both the banked and the unbanked.
According to S&P’s Global Financial Literacy Survey 2015, only 33% of adults worldwide are financially literate. Comparatively, the financial literacy rate in India drops to 24% (S&P, 2015). Financial illiteracy is a problem that every country faces, but what is financial literacy? It has proven to be difficult to define, but SAJE has defined it to the ability to effectively utilize one’s financial resources for financial security. It can also be defined as understanding risk diversification, inflation, interest, and compound interest - in which SAJE feels it is important to include debt management skills, saving and budgeting practices, knowledge of government schemes, and awareness of financial scams.

In India it remains a significant problem due to 3 main factors:

1. There appears to be a significant scarcity of labor and financial resources being allocated in the existing financial education network (appx. 1).

2. Those that do not currently use formal financial services have a general mistrust for banking entities handling their money.

3. On the other hand, banks are hesitant to lend to the underserved, labelling them as high risk customers.

For many, the formal sector can be quite daunting. Accessibility to banks is limited by language, wait times, discrimination, knowledge, and distance. It is challenging to become more financially literate on your own if you don’t have the resources to do so. Currently the systems employed by the urban underserved in Bangalore can be exploitative and predatory. Money lenders, debt-bondage systems, and infrequency of income flow results in many becoming stuck in a vicious cycle without the ability to be financially empowered.
SAJE’s solution is to provide underserved communities with a language-inclusive, hands-on financial literacy workshop that will take the form of a Non-Profit Organization. SAJE aims to improve financial literacy in communities that are not being reached by current systems by traveling directly to them. To facilitate participation, workshops occur in the communities and include a variety of incentives. These incentives include a calculator, personal financial diary, notebooks, and pens among others. Onsite work will be conducted by a trained community member in partnership with a former banker to offer a personalized and informative approach. This will provide an instructor who is welcomed by the community and speaks the same language as participants.

A key component of SAJE’s curriculum is the “Rule-of-Thumb” teaching style which builds off of existing financial behaviors, such as revolving community funds. Thus financial literacy training can be made much more relevant to our target audience. Importantly, this is not the sort of curriculum found in business schools: it is simple, free of jargon, and designed to reference the realities of our beneficiaries’ lives, not abstract theory.

Our workshops incorporate various teaching methods, from activities and videos to skits and guest speakers, that aim to ensure participant engagement and knowledge retention. Workshops will be organized as a six week program, focusing on different aspects of financial literacy during two hour sessions, scheduled for optimal community attendance. There will also be an introductory information session at the start followed by a celebratory party to end the course. Our content, which is currently under development with a variety of NGOs and bank partners, focuses on explaining formal financial services through analogies to existing systems which our beneficiaries understand and trust. Each week focuses on a different topic, including digital banking - something that is not being addressed to the full extent it should be.
BUSINESS MODEL

CUSTOMER - BANKS

Indian banks are mandated by the RBI to provide financial literacy training. SAJE provides banks with a low-cost, effective alternative to internally designing these trainings. Essentially, SAJE acts as an outsourcing mechanism for banks. Since RBI mandates and incentives have typically focused on rural areas, partnering with SAJE will allow banks to expand their customer base in urban areas, particularly in what is referred to as the “Weaker Sections” (appx. 2). Banks are required to allocate 10% of their loan credit to such clients, so reaching them through an education program not only fulfills this requirement, but minimizes risk among such clients. Per SiDBI’s study on FLCs, 54% of training attendees organically pursue new financial services, so customer acquisition at this rate will in fact undercut existing cost of retail banking customer acquisition.

To reach the urban underserved, SAJE identifies health, legal aid, and women’s empowerment NGOs like the Bangalore Baptist Hospital, the Alternative Law Forum, and VIDYA, that already work in target communities and have expressed interest in our initial surveys in offering such workshops. Based on our interactions with these NGOs, they are typically the only organization directly reaching out to the communities in which they work, making them new targets for both financial literacy education and linkages to local banks. SAJE sends one of our trainers to these NGOs’ weekly meetings to teach about new topics each week, directly following the core meeting, and later help beneficiaries open bank accounts and apply for loans.

SAJE’s trainers are former bankers and leaders from the communities in which we seek to work. We have begun building our staff by recruiting volunteers from SELCO Foundation and local banks like Standard Chartered who are now seeking to have positive social impact. Members of these two key groups partner together to adapt our standardized curriculum to the needs of the community based on intimate understanding, while maintaining the integrity of the course content. By working with NGOs that have existing meeting structures, we eliminate the need to advertise and artificially bring people together, and have pre-existing reference points for logistics like meeting location and time.
MVP

To test the effectiveness of our curriculum, SAJE presented a portion of our Budgeting Workshop to a small group of individuals who do not know a lot about the formal financial sector. As hands-on activities are a crucial part of SAJE workshops, we created and introduced 'The Lentil Game', a simple and visual way to decide how to spend your money on a monthly basis. In this game each player receives a list of common monthly necessities - rent, food, and savings - and a certain number of lentils that represent rupees. Each necessity costs a specific amount of lentils, so it is up to the participant to decide what is most important. There are also different scenario cards which lay out hurdles that arise in life. These include the likes of “Your father becomes ill and you must spend 10 rupees paying for his medical bill.” Now it is up to the player to see how this impacts their monthly budgeting.

Our initial Pilot was designed for our target audience at the time, which was two 9-year-old children. It is important to note that our final curriculum will be designed to reach an adult audience, acknowledging vital cultural nuances. Regardless, this MVP provided us with robust feedback: future games will include more categories that accurately describe all different items that money can be allocated towards on a monthly basis, as well as eliminate the cap on how much money can be put in savings. Including the option to save money in a savings account will also be ideal to gauge knowledge and interest among our beneficiaries of opening or utilizing a savings account. The first two players of The Lentil Game expressed that more time was necessary to budget when their amount of lentils were decreased as it made budgeting more challenging.

As the workshop curriculum is currently under development, the first implementation and pilot of The Lentil Game was a good way to get feedback on the sorts of interactive finance games that we will facilitate during our workshops. Our curriculum will incorporate activities like this one, in addition to a variety of other games and videos, in order to ensure that it is interactive and engaging.
WHAT’S NEXT?

The beauty of financial literacy is that anyone can benefit from learning more about financial services, tools, and schemes. Thus, we have created a product that is scalable to all of India, as well as the rest of the world. One way we plan to do this is by selling the SAJE curriculum to schools, vocational schools, and other financial literacy training programs.

IMPACT

Our workshop will benefit many parties, beyond the urban underserved in Bangalore, who are also negatively impacted by financial illiteracy. One such party is employers. Financially illiterate employees are more susceptible to problematic situations, which reduces productivity and increases turnover rates. Less directly, city and state governments also bear the burden of financial illiteracy because the existing information asymmetry in both public and private services allows, and even encourages, corruption. However, improving financial literacy allows for financial empowerment, growth of entrepreneurship, improvements in the economy, and the growth of a middle class through upward social mobility (appx. 3).

Our vision for SAJE is to offer the knowledge and resources to financially empower individuals to increase their livelihoods. Success for our beneficiaries is leaving the workshop with the opportunity to choose financial systems that fit their needs, have better access to education and health care, and having the opportunity to achieve their dreams.
APPENDIX I

Currently, the RBI mandates that banks provide financial literacy education in the form of Financial Literacy Centres (FLCs). As of 2016, per a study by the SIDBI (the Small Industries Development Bank of India), 1,181 FLCs exist throughout India, each one serving 300,000 people (SIDBI, 2016).

APPENDIX II

Weaker Sections - Per the Reserve Bank of India

1. Small and Marginal Farmers
2. Artisans, village and cottage industries where individual credit limits do not exceed ₹ 1 lakh
3. Beneficiaries under Government Sponsored Schemes such as National Rural Livelihoods Mission (NRLM), National Urban Livelihood Mission (NULM) and Self Employment Scheme for Rehabilitation of Manual Scavengers (SRMS)
4. Scheduled Castes and Scheduled Tribes
5. Beneficiaries of Differential Rate of Interest (DRI) scheme
6. Self Help Groups
7. Distressed farmers indebted to non-institutional lenders
8. Distressed persons other than farmers, with loan amount not exceeding ₹ 1 lakh per borrower to prepay their debt to non-institutional lenders
9. Individual women beneficiaries up to ₹ 1 lakh per borrower
10. Persons with disabilities
11. Overdrafts upto ₹ 5,000/- under Pradhan Mantri Jan-DhanYojana (PMJDY) accounts, provided the borrowers’ household annual income does not exceed ₹ 100,000/- for rural areas and ₹ 1,60,000/- for non-rural areas
12. Minority communities as may be notified by Government of India from time to time
APPENDIX III

Financial literacy directly leads to five important factors.

1. Increased Knowledge and Skill: Financial literacy develops a skill set among individuals which develops confidence to manage their personal finances and handle unforeseen contingencies more wisely.

2. Change in Behavior: Once one possesses the skills and knowledge of financial services, these products act as an agent to change behavior. People become more inclined to start saving and keeping track of their money. This has been validated by, among others, SIDBI in their Dipstick Study on Financial Literacy Centres Status, Constraints & Way forward: 34.06% of participants in Financial Literacy Camps from FLCs availed of some new financial service after attending, 54% of which pursued BSBDA (Basic Savings Bank Deposit Account/No Frills Account).

3. Freedom from Financial Traps: Financial literacy also creates awareness among individuals regarding various financial tools. This allows them to protect themselves from the vicious trap of moneylenders that charge usurious interest rates, sometimes leading to debt bondage. This is driven by awareness of various facilities and government schemes available to them which often assist in achieving the same goals with fewer risks. The informed and responsible financial decisions made by financially literate individuals decreases over-indebtedness.

4. Empowers Entrepreneurship: Financial literacy promotes entrepreneurship and helps a small entrepreneur to generate business, as it gives knowledge and also develops skills in an individual. These translate into the local economy.

5. Increased Participation in Financial Markets: Basic savings, mortgage and investment options demand financial literacy. So if financial literacy increases, participation in financial markets will also increase leading to success of the economy. It is expected to unleash the hugely untapped potential of the bottom-of-pyramid section of Indian economy.
Appendix IV

5 Tools

MVP Curriculum Plan and Feedback
Lean Canvas
Empathy Map
Story in 7 Sentences
Randomized Control Trial (RCT)
REFERENCES


Prototype Workshop

• Why - To get feedback on our prototype
  
  • When - During working hours

• Where - At homes of Faculty Members

• What - Teaching Week 1 of Financial Literacy Workshop

• Who - Domestic helpers of CCIL Faculty members
MVP Curriculum

Session 1: Intro Session to Attract Beneficiaries

Introduction

To test the effectiveness of our curriculum, SAJE presented a portion of our budgeting workshop to a small group of individuals who do not know a lot about the formal financial sector. As hands-on activities are an integral part of our workshops, we created and introduced the Lentil Game, a simple visual tool to introduce and engage beneficiaries with the idea of budgeting.

The Lentil Game

The Lentil Game is a budgeting exercise where participants are given a certain amount of lentils to represent rupees and must allocate their budget according to a list of monthly necessities. The game includes scenario cards that simulate real-life situations, such as medical bills or unexpected expenses, to test the participants' ability to budget effectively.

Feedback Received:

Future games will include more categories that accurately describe all different items that can be allocated monthly, including housing, food, and savings. The Lentil Game will be adjusted to better reflect real-world scenarios, and the amount of lentils will be increased to make the exercise more challenging.

The Lentil Game’s enhanced version will provide a more realistic budgeting experience, allowing beneficiaries to understand the importance of financial planning and decision-making.

To improve the Lentil Game, future versions will:

1. Include more realistic budgeting scenarios
2. Adjust the number of lentils to better reflect real-world situations
3. Incorporate additional budgeting categories to accurately represent different expenses
## Lean Canvas

### Market

#### Problem

1. **Financial education is not widely offered,** particularly by schools and employers.
2. **Financial literacy is primarily taught by banks which are prone to bias.**
3. **Financial literacy training is often outdated and does not address online banking.**

#### Solution

- **8-week financial literacy workshop** that offers a hands-on, rule of thumb approach, paid for by banks in exchange for new clients (validated with HDFC).

#### Key Metrics

- **Use of financial institutions before and after the workshop**
- **Assessment before and after to test understanding of financial concepts**

#### Unique Value Proposition

- By providing a broad overview of formal services in place, our beneficiaries are empowered to make conscious financial decisions that are best suited to their needs.
- Digital banking allows them to keep up with the rapidly digitizing world, and financial literacy is the catalyst to financial empowerment, which offers a sense of control over one's future.

#### Unfair Advantage

- Unique linkages that come from a network that has been formed by our presence here. We have gauged the interest and identified target communities. Curriculum is designed to empathetically include discussions of existing practices that ensure relevance.

#### Customer Segments

- Urban, underserved segments in Bangalore who live in slums and unbanked adults
- Urban, underserved

#### Channels

- Unions
- Homeowner Associations
- NGOs that offer periodic health checkups, women's empowerment, and legal aid
- Unions

#### Cost Structure

- Workshops materials
- Incentives given to beneficiaries
- Employee trainer costs
- Transportation

#### Revenue Streams

- Customers that will pay for standardized curriculum:
  - Homeowner associations, NGOs, Vocational Schools
- Banks will pay to outsource their financial literacy training
- Customers that will pay for standardized curriculum:
  - Workshop materials

### Product

#### Value Proposition

- Financial concepts
- Understanding of financial literacy is the catalyst to financial empowerment before and after the workshop
- Assessments before and after
- Financial literacy

#### Key Metrics

- Address online banking
- Inclusivity
- Financial literacy
- Digital banking
- Control

#### Channels

- Unions
- Homeowner associations
- NGOs that offer periodic health checkups, women's empowerment, and legal aid

#### Customer Segments

- Urban, underserved adults in Bangalore who live in slums and unbanked adults
- Urban, underserved

#### Unfair Advantage

- Unique linkages that come from a network that has been formed by our presence here. We have gauged the interest and identified target communities. Curriculum is designed to empathetically include discussions of existing practices that ensure relevance.

#### Channels

- Unions
- Homeowner associations
- NGOs that offer periodic health checkups, women's empowerment, and legal aid

#### Customer Segments

- Urban, underserved adults in Bangalore who live in slums and unbanked adults
- Urban, underserved

#### Cost Structure

- Workshops materials
- Incentives given to beneficiaries
- Employee trainer costs
- Transportation

#### Revenue Streams

- Customers that will pay for standardized curriculum:
  - Homeowner associations, NGOs, Vocational Schools
- Banks will pay to outsource their financial literacy training
- Customers that will pay for standardized curriculum:
  - Workshop materials
Empathy Map

**Pains:**
- Shady employment (wages/conditions)
- Insecure, uncomfortable with banks (mistrust/confusion)
- Unsteady lifestyle (moving a lot)
- Unsteady employment
- Complex paperwork, lack of free time, lack of identification

**Gains:**
- Making/saving more money, affordable housing
- Education, income stability, healthcare, staying out of financial traps and exploitative situations

**Say and Do:**
- Want children to have a better life
- Frequently go to hospital, spend money on dish TVs and expensive solar lights

**See:**
- Confusing financial documents, banks with long wait lines

**Hear:**
- Biased financial training programs from banks, languages they don’t understand, false promises and schemes, harassment, false understandings, lies from banks

**Think and Feel:**
- Poorer living and working conditions, mistrust and discrimination against in banks compared to home but feel the need to stay

**Empowerment:**
- Unstable housing
Once upon a time… Meera lived in the city of Bangalore with her husband and 3 children in a slum community in Vasanth Nagar. And every week… she contributes 2000 rupees to a 50-member chit fund run by the owner of the local store, which gets distributed to members of the community on a revolving basis. Until one day… she signed up for SAJE’s 6 week Financial Literacy Workshop, where she learned about the benefits of formal financial services like savings accounts. And every week… she contributed 2000 rupees to a 50-member chit fund run by the owner of the local store, which gets distributed to members of the community on a revolving basis. Until finally… when her father became ill, she was able to take out a loan at a low interest rate because of that… she was able to earn interest on her money and build cash-flow credit because she had built credit history and formal asset collateral through her savings account. Until then… when her father became ill, she was able to take out a loan at a low interest rate because she had built credit history and formal asset collateral through her savings account. And ever since that day… her family has been happier, healthier, and on the way to gaining access to better education, housing, and safety from crime and corruption.
What is the problem you are trying to solve?
Financial literacy is low because information is not widespread, and much of financial education is biased or outdated.

Who is your key audience?
Urban unbanked and underserved communities.

What is your entry point to reaching your audience?
Through community health checkup clinics, NGOs that work with communities on a weekly basis.

What steps are needed to bring about change?
People need to attend the workshops and retain the information, trainers need to be effective, material needs to be standardized.

What is the long term change you see as your goal?
People can have financial security, empowerment, and can offer a better future for their children.

Wider benefits?
More people join formal sector, build credit histories, and can offer a better future for their children.

Stakeholders
NGOs, banks, communities.

Theory of Change
The unit of analysis for our RCT Trial will be two communities identified by an NGO that conducts weekly health checkups. The selection criteria to participate in the RCT include two communities that are comparable in size, income level, education level, occupation, gender and age. At the start of the six weeks, we will give the same standardized test. One community, the intervention group, will go through SAJE's 6 week Financial Literacy Workshop and the other community, the control group, will not. At the end of the six weeks, we will give the same standardized test again. Through this, we will test the effectiveness of the financial literacy program and how well the information was retained. We will be able to measure the change in financial literacy levels.