DBT Readiness Assessment
- Assessing readiness for direct transfers

Manoj K. Sharma
Asia Pacific Financial Inclusion Summit, Manila
What is DBT?

Direct Benefit Transfer or DBT is a way to pass on the benefits intended for a target beneficiary by crediting their bank accounts / wallets directly. This model of transferring benefits directly to the intended beneficiary reduces costs, cuts down on leakages and eliminates middlemen from the system.
Making DBT Happen

Digitisation
- Scheme wise identification of integration of district, state and central payment engines
- Beneficiaries
- Digitisation of list of beneficiaries
- De-duplication

Integration with Service Delivery Mechanism
- Functional Bank Account
- Bank Account

Payment Transfer
- Integration of district, state and central payment engines
- Payment Transfer Process

Withdrawal
- Authentication (Aadhaar) at the point of transaction
- Withdrawal by beneficiary (door-step)

Grievance Redress System
MicroSave’s Scope of Activities

**Macro**
Policymakers, Regulators

**Meso**
Banks, BCNMs, Service Providers

**Micro**
Agents, G2P recipients, Front end functionaries


Research based policy inputs, Consumer behaviour insights
MicroSave’s Approach to G2P

Baseline

**Scheme Assessment**
No. of Beneficiaries, mode of disbursal, current agent network etc.

**Clients’ need assessment**
Current understanding, expectations about withdrawal systems

**CICO readiness assessment**
Network strength, capacity assessment

DBT Readiness Assessment

Process Re-engineering

**Process mapping**
Identify process bottle necks, inefficiencies & risks.
Process description in user friendly maps

**Process enhancement**
Re-engineered process recommendations with risk mitigation measures, reducing delays, improving efficiency

Pilot Test

**Pilot plan**
Lay down pilot objectives, along with required resources, pilot duration, team, and deliverables.

**Project management**
Pilot implementation with periodic reviews and data collection for indicators.

Evaluation

**Assessment**
Report on improvement in TAT, and other pre-identified indicators.
Beneficiary and agent satisfaction score
DRA – The DBT Readiness Assessment Tool

Assessment of indicators provides a status report of a geographic area. Indicates **how quickly and efficiently** G2P payments can be rolled out. It is also a **prescriptive tool** to improve on indicators for smooth roll out.

**DBT Readiness Assessment**

- CICO Coverage
- Beneficiary Awareness
- CICO Quality
- CICO Sustainability
- Beneficiary Data Digitisation
- Department-Bank Readiness

**Output**

- **Areas of improvement**
- **Quick win opportunities**

- **Baseline indicators**
- **Success stories/what is working well**
- **Process description for G2P payments**
Objectives and Approach to DRA

Objectives

- Analyse key features of DBT scheme in target geography
- Assess beneficiary awareness, readiness, other prerequisites in the context of scheme features
- Assess existing CICO network on defined parameters
- Comprehensive analysis along with practical recommendations

Approach

- Selection of target geography and scheme
- Data Collection - Secondary and primary research to populate data about geography and scheme
- Populate DRA indicators through tools
- Analysis and presentation of results
What is Covered in a DRA

Assessment scores for readiness indicators provide snapshot of level of preparedness for DBT roll out in target geography

<table>
<thead>
<tr>
<th>CICO Agent Network Coverage</th>
<th>Beneficiary Awareness</th>
<th>CICO Quality</th>
<th>CICO Sustainability</th>
<th>Beneficiary Data Digitisation</th>
<th>Department - Bank Readiness</th>
</tr>
</thead>
</table>

**Data Source**

- Beneficiaries, BC agents, Government officials

**Methodology**

- Individual interviews
- Quantitative survey
<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>CICO Coverage</td>
<td>• Actual presence of CICO network vis-à-vis reported. Also captures and compares distance to be travelled by beneficiaries to bank branches and/or agents.</td>
</tr>
<tr>
<td>Beneficiary Awareness</td>
<td>• Awareness about bank / CICO agent network and their role in G2P payments; also assess banking services being used by beneficiary.</td>
</tr>
<tr>
<td>CICO Quality</td>
<td>• Score service quality of CICO agents.</td>
</tr>
<tr>
<td>CICO Sustainability</td>
<td>• Indicates ability or motivation of CICO agents to continue serving in long run. Defined in terms of meeting their financial expectation.</td>
</tr>
<tr>
<td>Beneficiary Data Digitisation</td>
<td>• Measures level of digitisation of beneficiary data at bank and government. Pre-requisite to any electronic transfers.</td>
</tr>
<tr>
<td>Department - Bank Readiness</td>
<td>• Involves mapping of beneficiary accounts, seeding of authentication data, TAT for opening of bank account and quality control mechanism at district / geographic unit.</td>
</tr>
</tbody>
</table>
Step Wise Illustration
Steps to DRA

Preparations
- Secondary Research
- Selection of team
- Capacity building workshop

Compilation and Analysis
- Collection of Primary Data and Information
- Analysis and Report

Field Work
## East Singhbhum District – A Snapshot

### Demographics

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>22.93 Lakh</td>
</tr>
<tr>
<td>Urban</td>
<td>12.74 Lakh</td>
</tr>
<tr>
<td>Rural</td>
<td>10.19 Lakh</td>
</tr>
<tr>
<td>Population Density</td>
<td>644 persons / Sqkm.</td>
</tr>
<tr>
<td>No. of Villages</td>
<td>1,801</td>
</tr>
</tbody>
</table>

### Transaction Points

<table>
<thead>
<tr>
<th>Service</th>
<th>East Singhbhum</th>
<th>National Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Branches</td>
<td>216</td>
<td>10.08</td>
</tr>
<tr>
<td>ATMs</td>
<td>171</td>
<td>7.8</td>
</tr>
<tr>
<td>Pragya Kendras</td>
<td>168</td>
<td>7.7</td>
</tr>
<tr>
<td>(Common Service Centers)</td>
<td></td>
<td>12.5</td>
</tr>
<tr>
<td>Post Offices</td>
<td>180</td>
<td>7.9</td>
</tr>
</tbody>
</table>

### Banking Outreach Per 100,000 Population

- Bank branches: East Singhbhum 10.08, National Average 8.3
- ATMs: East Singhbhum 7.8, National Average 12.5
- CICO agents: East Singhbhum 7.7, National Average 18.5
- Post Office: East Singhbhum 7.9, National Average 12.9

No. of bank branches in villages is 40,837 (March 2013); BC outlets in villages are 2,21,341 (March 2013). Banking Outreach figures are approximations.
## Indicator Dashboard - East Singhbhum

<table>
<thead>
<tr>
<th>Category</th>
<th>Indicator</th>
<th>Particular</th>
<th>Threshold</th>
<th>Individual Parameter</th>
<th>Overall Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CICO Coverage</strong></td>
<td>Available</td>
<td>9%</td>
<td>100%</td>
<td>🙁</td>
<td>🙁</td>
</tr>
<tr>
<td></td>
<td>Median distance to agent</td>
<td>9 Km</td>
<td>4 Km</td>
<td>🙁</td>
<td>🙁</td>
</tr>
<tr>
<td><strong>Beneficiary Awareness</strong></td>
<td>About bank-CICO linkage</td>
<td>6%</td>
<td>100%</td>
<td>🙁</td>
<td>🙁</td>
</tr>
<tr>
<td></td>
<td>Awareness of G2P by CICO</td>
<td>2%</td>
<td>100%</td>
<td>🙁</td>
<td>🙁</td>
</tr>
<tr>
<td></td>
<td>Bank products (ex. Savings)</td>
<td>5%</td>
<td>100%</td>
<td>🙁</td>
<td>🙁</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>CICO Quality Index</strong></td>
<td></td>
<td></td>
<td></td>
<td>🙁</td>
</tr>
<tr>
<td></td>
<td><strong>CICO Sustainability Index</strong></td>
<td></td>
<td></td>
<td></td>
<td>🙁</td>
</tr>
<tr>
<td><strong>Digitisation</strong></td>
<td>Digitisation of beneficiary database</td>
<td>100%</td>
<td>100%</td>
<td>😊</td>
<td>🙁</td>
</tr>
<tr>
<td></td>
<td>Beneficiaries with bank accounts</td>
<td>26%</td>
<td>100%</td>
<td>🙁</td>
<td>🙁</td>
</tr>
<tr>
<td><strong>Department-Bank Readiness</strong></td>
<td>% of beneficiary account mapped</td>
<td>100%</td>
<td>100%</td>
<td>😊</td>
<td>😊</td>
</tr>
<tr>
<td></td>
<td>% beneficiary with Aadhaar seeded</td>
<td>NA</td>
<td>100%</td>
<td>🙁</td>
<td>🙁</td>
</tr>
<tr>
<td></td>
<td>TAT for beneficiary account opening</td>
<td>7-15 Days</td>
<td>15 days</td>
<td>😊</td>
<td>😊</td>
</tr>
</tbody>
</table>

*Account opening takes less time at Post Office because of involvement of panchayat officials and relaxed KYC. Opening an account in a bank takes more time because of distance, KYC and documentation.
Status of Banking / G2P schemes

**Arresting leakages** e.g. DBTL (already realized US$ 1.2 billion) , MGNREGA

**Reducing delays in payment:**
Jharkhand MGNREGA payments (India Post). Time reduced from up to 30 days to 3-4 days

**Eliminating ghost beneficiaries**
e.g. DBTL, MGNREGA, PDS, etc. by de-duplication through Aadhaar

**Doorstep payment to beneficiaries** business correspondent (bank) agents serving

**Enabling financial Inclusion**