

Impact Assessment Report
Financial & Digital Literacy (F&DL)

AU Small Finance Bank Ltd.

FY: 2020-22

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ACRONYMS

CSR	Corporate Social Responsibility
FGD	Focused Group Discussion
KII	Key Informant Interview
LFA	Log Frame Analysis
TOC	Theory of Change
FDL	Financial and Digital Literacy

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1. EXECUTIVE SUMMARY

The world is stepping into a new digital era, where digitalization is the need of the hour. This digitalization is into various sectors like education, manufacturing, health care, financial services etc. When it comes to the digitalization of financial products and services, one thing that comes to mind is digital financial literacy which has become a global policy-making agenda (OECD, 2018). The G20 has paid special attention to the opportunities and challenges that digital financial services present for both existing and new financial product users. Digital technologies are becoming more interwoven into the economy, and they are having a big impact on the financial industry by bringing new products, services, and providers to the market. With the increase in mobile connection, this technology is increasing day by day. The spirit of today's India is digitalization. The government is putting many efforts into digital India and launched several programs to promote Digital India. Digital financial literacy helps users to make an easy and safe transaction. People from urban areas with this technology somehow help themselves with easy and sound transactions. But India has one major population which resides in rural areas, this vulnerable population lacks literacy in digital communication. There is a significant divide between urban and rural areas in terms of access to financial and digital services. Rural areas often lack proper infrastructure and awareness, making it challenging for residents to adopt digital modes of transactions and access banking services. Despite initiatives like Jan Dhan Yojana, there are still areas where people face difficulties in accessing basic banking services. Physical proximity to bank branches and ATMs remains a challenge in remote and rural regions. Light has been thrown on rural digital financial literacy, about their awareness and access to digital communication. Rural India is also contributing to the Indian economy. It would be interesting to know about their current digital knowledge and use of that knowledge. Digitalization is becoming broader day by day, and with-it is complicated to deal with it. Digital financial literacy is the key aspect of understanding and resolving these issues. It is a mid-way between digital literacy and financial literacy.

The country currently has over 45 per cent of its population online. This is well reflected in the 53.9 ratings of the Reserve Bank of India's Financial Inclusion Index for March 2021. This indicates that over half of the country's 1.3 billion population is online and has ease of access, usage of online services, and receiving quality services.

To educate the remote population of Rajasthan about financial and digital literacy, the AU Small Finance Bank has been implementing a program aimed at helping villagers understand the importance of digital literacy and its benefits in their daily lives. The program's goal is to facilitate villagers' understanding of the benefits of digital literacy and encourage their participation in it, ultimately leading to their financial and digital inclusion with service providers. The total CSR outlay for the program from April 2020 to March 2022 was ₹ 3.64 crores. In FY 2021-2022, AU Small Finance Bank conducted financial and digital literacy programs concurrently with their existing AU Skills Academy Program. Financial and digital literacy camps have been organized across 16 states, indicating a widespread effort to promote financial awareness and digital literacy on a national scale.

The impact assessment conducted by the team at Give Grants evaluated the current situation of villagers who participated in the financial and digital literacy sessions during the year 2021-2022 organized by the AU Small Finance Bank. This assessment covered the sessions' benefits, the level of awareness created, the financial and digital inclusion of villagers, the challenges they faced, and the overall impact of the program on the villagers' lives.

The program has been identified as being in alignment with the following Sustainable Development Goals (SDGs) outlined in the United Nations Agenda 2030.



04 – Quality Education

The program promotes inclusive and equitable quality education, as it provides individuals with practical skills and knowledge that enhance their employability, empower them for lifelong learning, and bridge the gap between education and employment.



10 – Reduced Inequalities

Empower and promote the social, economic, and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion, or economic or other status.

1.1 Key Highlights of the Program

The financial and digital literacy program has been instrumental in empowering rural communities and bridging the digital divide among them. The program has been effective in creating a positive impact on participants' financial behaviour influencing them to adopt responsible financial practices and make informed choices. The program's key highlights include:

- 70% of the beneficiaries found the sessions highly relevant, and these sessions were delivered via street plays, camps, and mobile vans.
- These sessions were delivered by a team of 3-5 facilitators held near AU Bank branches.
- The percentage of surveyed beneficiaries with a bank account increased significantly from 81% before the program to 95% after the program.
- 51% of beneficiaries have successfully increased their savings by investing in Fixed Deposit, Recurring Deposits and various other government schemes such as Atal Pension Yojana, Pradhan Mantri Suraksha Bima Yojana.

The assessment highlights that rural communities around the Jaipur region have the highest number of bank accounts and are more aware of financial and digital literacy compared to Kota, Sikar, Jodhpur and Bikaner. This notable outcome is attributed to the AU Small Finance Bank conducting the largest number of sessions within those communities.

However, to enhance the program's effectiveness, it is recommended to conduct sessions periodically in all locations. Additionally, a robust structure for regular assessments should be implemented to measure the impact on beneficiaries and promptly address emerging challenges. This structure should have baseline assessments before the start of a camp, periodic knowledge assessments can be done to measure the participants' understanding of financial and digital concepts as the program progresses.

The program is in strong alignment with AU Bank's overarching mission aiming to empower rural communities to become financially stronger and independent. It resonates deeply with the foundation's commitment to fostering personal growth and overall upliftment. Additionally, the program upholds the core values of trust and integrity, ensuring a foundation of ethical and reliable practices in its implementation. Through this alignment with the foundation's mission and values, the program becomes a meaningful contributor to the broader goals of AU Bank in enabling positive change within underprivileged communities.

2. OBJECTIVES AND SCOPE OF STUDY

The study aims to understand the direct and indirect impact of the financial and digital literacy sessions provided to the rural population by the AU Small Finance Bank. The impact assessment study tries to capture ways in which activities under the training programme were executed and highlight their outcomes.

2.1 Objectives of the study:

The major objectives of the study were:

- Assess the relevance and efficiency of the intervention and review the implementation pathways
- Understand the effectiveness of the intervention
- Understand the major success factors and challenges in the intervention.
- Find the areas of improvement across all the factors from program design to implementation
- Provide an assessment framework to be able to capture impacts in a manner that is an effective recommendation.

2.2 Limitations of the study

- The study faced challenges in achieving equal sample sizes across all locations due to the unavailability of beneficiaries in several places.

2.3 Ethical Considerations

The following were the key ethical considerations for the independent assessment conducted:

1. Informed Consent

Informed consent was obtained from all participants, ensuring they understood the purpose of the study, their role, potential risks, and how their data would be used.

2. Voluntary Participation

Participation in the study was voluntary, and individuals were free to withdraw their participation at any stage without facing negative consequences.

3. Fair Treatment

All participants were treated fairly and with respect, avoiding any form of discrimination or bias-based on race, gender, ethnicity, religion, or other characteristics.

4. Data Security

The collected data was safeguarded against unauthorized access, ensuring that it was securely

stored

and only accessible to those involved in the research

5. Reporting Results Responsibly

The results were presented objectively and responsibly, avoiding exaggeration or manipulation of findings.

3. ASSESSMENT FRAMEWORK

To create an overall framework for the impact assessment, the following activities were undertaken. We began by establishing the scope of the assessment in terms of stakeholders to be engaged and topics to be discussed with them. Based on this and the understanding of the project activities, we developed stakeholder-wise detailed questionnaires to understand several factors such as the rationale for supporting the program, the implementation process, roadblocks in operations and beneficiary feedback about the efficacy of the program. The findings and recommendations arising out of this process are mentioned in the subsequent sections of the report.

3.1 Theory of Change

The THEORY OF CHANGE FRAMEWORK (ToC) for the given program is illustrated below:

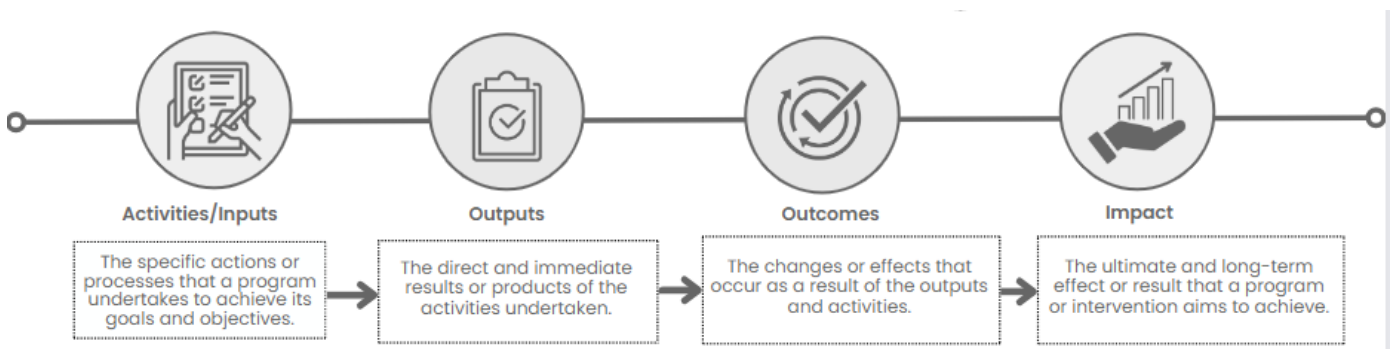


Table 1 Theory of Change for the FDL Program

The Need
<p>The fact that 69% of Rajasthan's population resides in rural areas with limited access to technology underscores the challenges faced by these communities. The lack of awareness about government schemes and basic financial knowledge further emphasizes the need for targeted interventions, such as financial and digital literacy programs, to empower these populations. Bridging the digital divide and providing essential financial education can play a significant role in enhancing the quality of life and socio-economic well-being in rural Rajasthan.</p>



Activities/Inputs
<ul style="list-style-type: none"> • Organize sessions in various locations, targeting rural communities • Integrate audio-visual demonstrations during sessions to enhance understanding, specifically on digital banking • Train facilitators with expertise in finance, digital literacy, and effective communication to deliver engaging sessions






Outputs
<ul style="list-style-type: none"> • Increased awareness of financial concepts, digital tools, and government schemes • Acquisition of skills in financial management, digital transactions, and utilizing banking services • Active engagement with the program, fostering a sense of collective empowerment



Outcomes
<ul style="list-style-type: none"> • Improved digital literacy skills, as evidenced by a higher percentage of participants adopting UPI, online transactions, and effectively navigating digital platforms • Increased participation in banking services, with a rise in the number of beneficiaries possessing bank accounts, ATM cards, and utilizing digital tools.



Impact
<ul style="list-style-type: none"> • Rural communities experience enhanced economic resilience, entrepreneurship, and improved overall well-being. • The program contributes to broader national and regional development goals related to financial inclusion, digital literacy, and economic empowerment

Log Frame Analysis (LFA)			
	Indicators	Means of Verification	Assumptions
Activities/ Inputs 	<ul style="list-style-type: none"> • Identification of locations for conducting awareness sessions • Procurement of the tools & equipments for conducting the sessions • Conduction of outreach/Awareness activities • Design of the program design, M&E framework • Design of hiring & training processes for the program facilitators 	<ul style="list-style-type: none"> • Program Documents • Needs assessment report 	<ul style="list-style-type: none"> • A Needs assessment was conducted before the design of the program
Outputs 	<ul style="list-style-type: none"> • Identified locations for conducting the sessions • Well trained facilitators • Well-designed systems & processes in place • High level of awareness among the community about the AU Bank & FDL program 	<ul style="list-style-type: none"> • Primary data (Quantitative & Qualitative interviews with the beneficiaries) • Program documents: Attendance registers, track records, Enrolment forms, Infrastructure observations 	NA
Outcomes 	<ul style="list-style-type: none"> • Targeted outreach and accessibility to the communities • Conducive environment for attending the sessions • Delivery of high-quality knowledge • Efficient management, coordination, and execution of the sessions • Sustained platform for financial and digital literacy opportunities within the community 		NA

Impact ↓	<ul style="list-style-type: none"> • Increase in savings and overall quality of life • Change in the perception of education and financial literacy in the community • Increase in the no. of bank accounts • Increased usage of UPI • Increased economic resilience and overall wellbeing 	<ul style="list-style-type: none"> • Primary data (Quantitative & Qualitative interviews with the beneficiaries) 	NA
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The program seamlessly aligns with the Logical Framework Approach (LFA), ensuring a cohesive integration of goals and objectives within its framework for effective implementation and evaluation.

3.2 Three-Point Assessment Framework

Based on the TOC and the LFA created, the relevance of services, the preparedness for program activities, qualitative and quantitative assessments, efficiency, and effectiveness of delivery of services as well as any innovations that may have been implemented on the ground were examined. The impact assessment findings are anchored around Give Grant’s Three-point Assessment Framework as illustrated here:

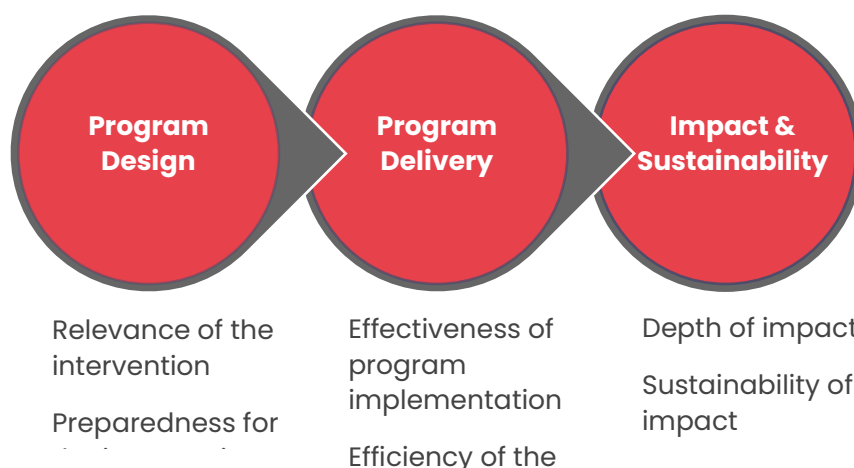


Figure 4: Pictorial representation of Give Grant’s Three Point Framework

Program Design:

We study program design through program strategies, inputs and resources, assumptions, outreach mechanisms, and much more. We also consider whether the program design attends to the specific needs of the stakeholders, program locations, social categories, site and situation, among other development needs. Give Grants Impact Assessment approach for program design is based on assessment criteria like

relevance and preparedness using methodologies such as assessment of baseline survey.

Program Delivery:

Give Grants assesses the program delivery to understand the success of the program delivery mechanism in attaining the overall objectives such as cost-effectiveness, resource efficiency, equity in service delivery, best practices and challenges, and perception about the services among the relevant stakeholders, among other factors.

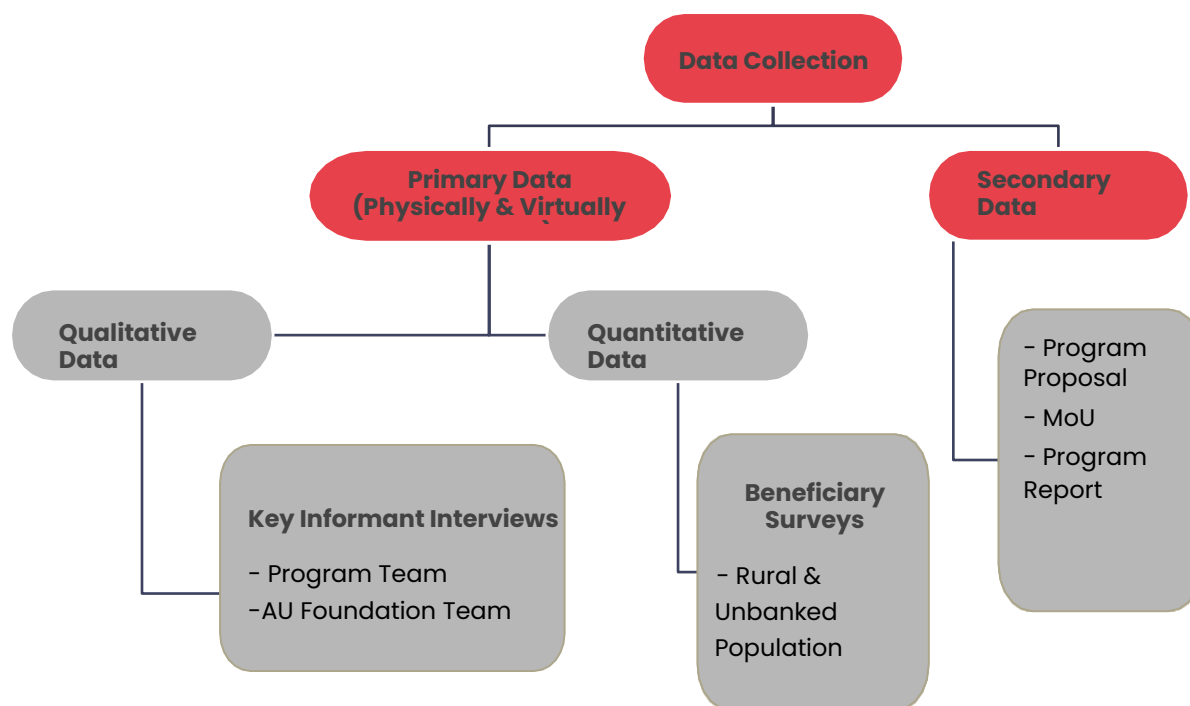
Impact & Sustainability:

We study a program's impact potential to assess if the change or the desired outcome can be attributed to the program intervention. Goodyear uses criteria involving the scale of Impact and sustainability of the intervention to understand the impact potential of the program.

4. METHODOLOGY ADOPTED

We initiated the impact assessment study by identifying the key stakeholders for the project. These stakeholders were ratified in consensus with the implementing partner. The study takes a ‘mixed method’ approach which includes both qualitative as well as quantitative data capture and analysis.

The quantitative tools provide values to key indicators related to access, awareness, and quality. It also maps the outputs against the targets and outcomes perceived by the beneficiaries. On the other hand, the qualitative method and approaches provide a better understanding and help to build a storyline for the achievements and gaps in the program from the lens of immediate stakeholders involved in the program implementation, other than the beneficiaries. A qualitative study gives substantiated evidence for a better understanding of the processes involved in the program implementation. Thus, the ‘mixed method’ approach also helps in developing a framework for gap identification and course correction.



4.1 Data collection

- Primary data:** Primary data is the key to collecting first-hand information as evidence from the beneficiaries and stakeholders on the interventions. It allows us to understand the benefits delivered, its effectiveness and key challenges to assess the impact created by the program and arrive at recommendations that enhance it.

- **Secondary data:** For secondary data collection, the program proposal, MoU, program report, Reports on skills development and online articles were referred to. These documents gave high-level insights about the projects including the inception and implementation phase along with the processes followed.

4.2 Sampling Strategy

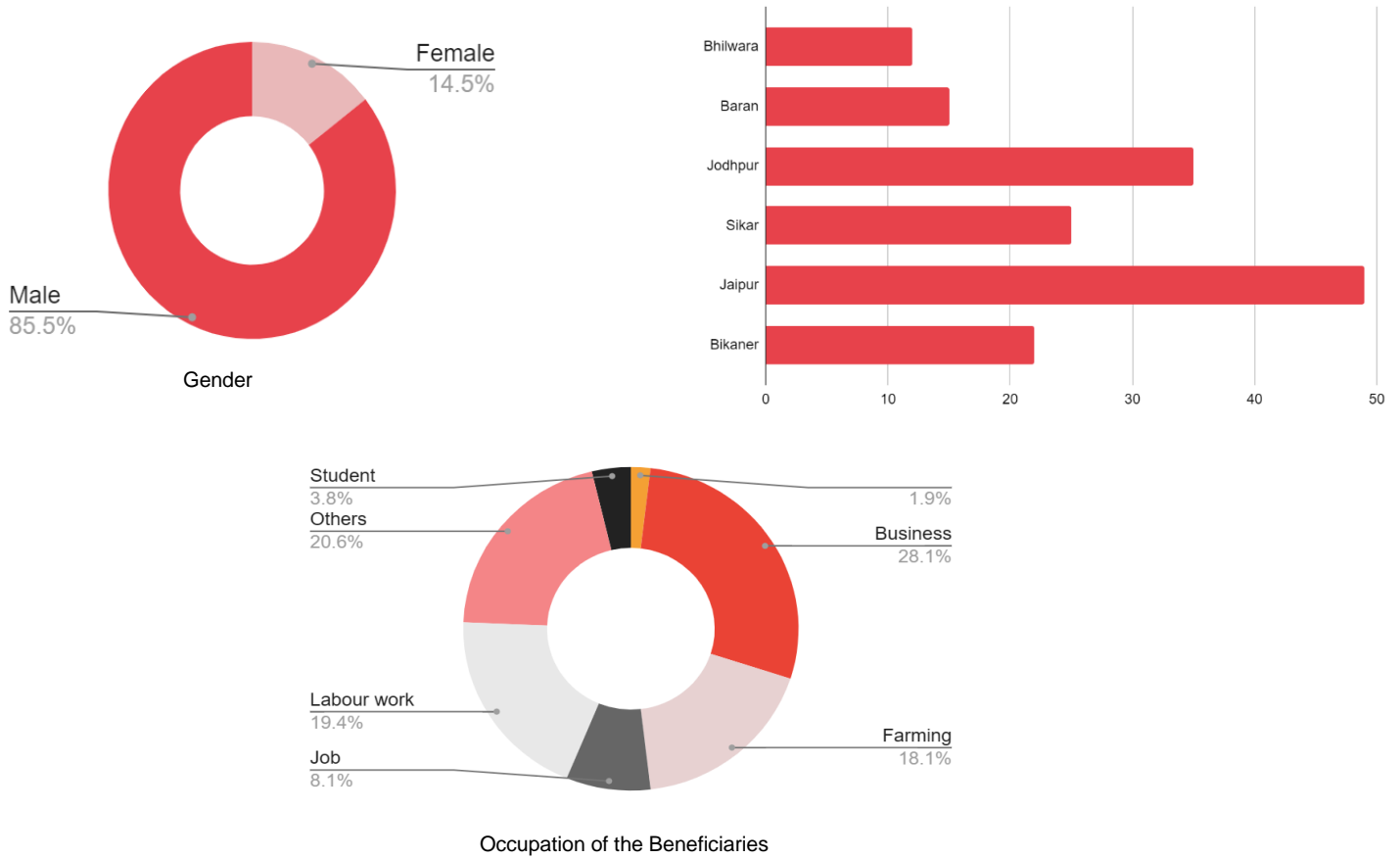
For the impact assessment of the project, on-ground surveys & Key Informant Interviews (KIIs) were conducted in Kota, Bhilwara, Bikaner, Sikar, Jodhpur and Jaipur locations of Rajasthan.

S. No.	Stakeholder Designation	Mode	No. of Interviews
1	Rural & Unbanked Population	Survey	243* (160 Google form responses)
2	Program Team/ Facilitators	KII	9
3	AU Small Finance Bank team	KII	1

Note: The respondents for rural and unbanked populations have been 266. Around 10-12 of these interactions have taken place in the group of 10. The responses to these interactions have been submitted as a single representative response. As a result, the Google form submission is for 160 beneficiaries.

5. FINDINGS & ANALYSIS

5.1 Beneficiary Profile

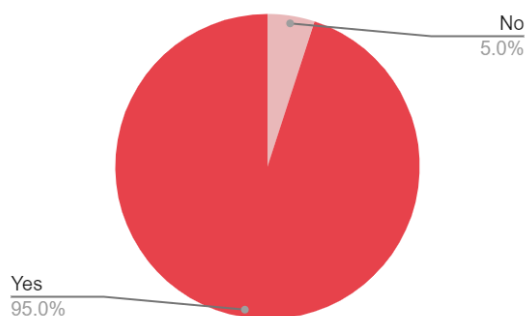


The survey of 243 beneficiaries shows that 85% of the trainees were male, while 15% were female. The survey covered 12 beneficiaries from rural & unbanked areas of Bhilwara district, 22 from Bikaner district, 15 from Baran District, 35 from Jodhpur district, 25 from Sikar district and 49 from Jaipur district. The participants in the survey fell within the age range of 20 to 70 years. The beneficiaries engaged in business usually run their shops, tea stalls, etc. The beneficiaries who do jobs work as postmasters, and teachers in schools.

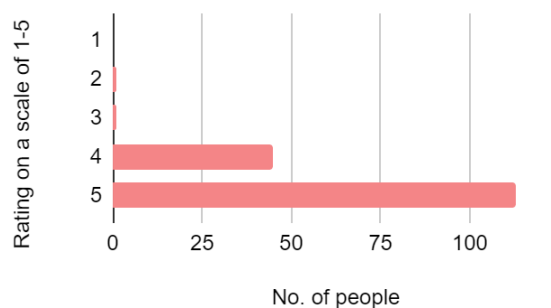
5.2 Program Design

The genesis of the Finance & Digital Literacy program lies in the inception of the establishment of AU Small Finance Bank Ltd which envisages making financial services accessible at affordable costs to all individuals and businesses, regardless of their net worth and size.

The program evolved out of the need to cater to the rural and even urban populations the fact that formal education does not completely educate people on financial literacy and that people mostly rely on someone else to make their financial decisions.



% of beneficiaries who attended the sessions

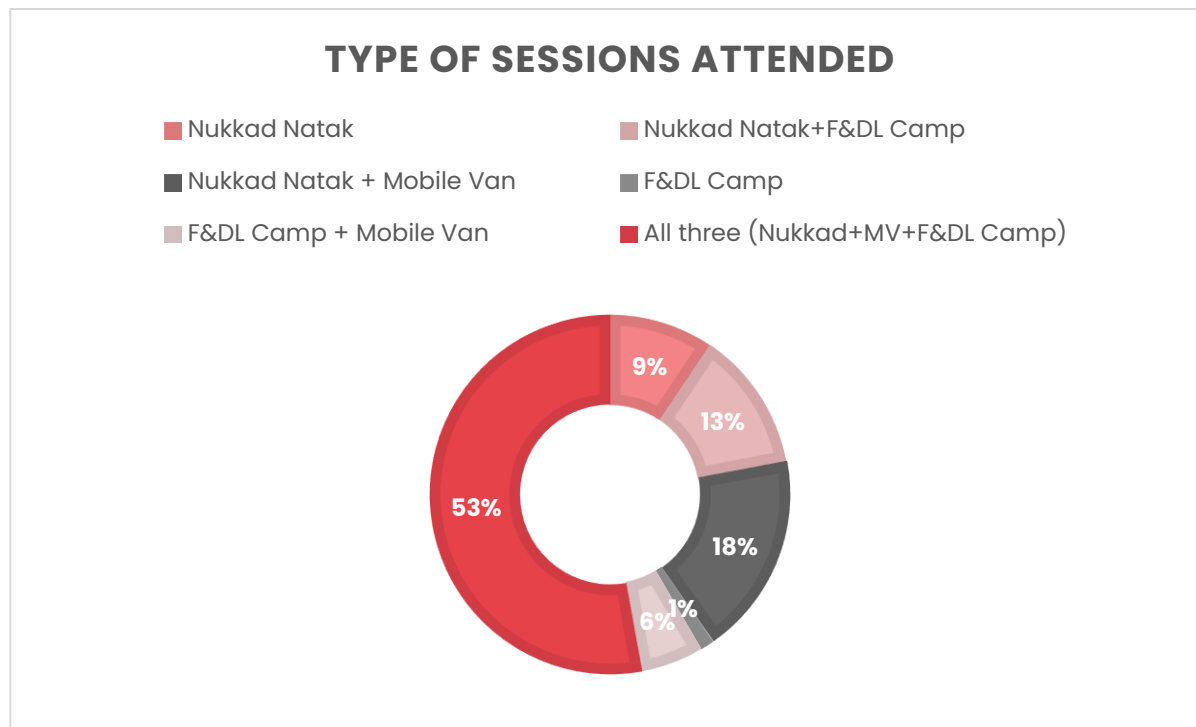


Rating on a scale of 1-5 on the relevance of the sessions
(1- Not at all relevant, 5- Highly relevant)

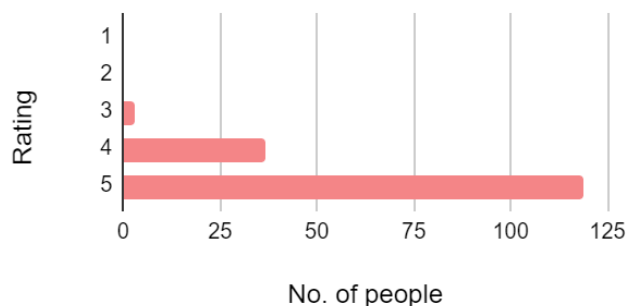
The participants discovered the sessions to be informative and pertinent to their knowledge. Participant selection is not based on specific criteria; instead, individuals are gathered through random calls, Sewa Samiti, and participation in card games. 70% of the beneficiaries find these sessions extremely relevant. The program is highly relevant on account of the following reasons:

- **Financial Empowerment:** Financial literacy sessions equip individuals with the knowledge to make informed financial decisions.
- **Access to Banking Services:** Digital literacy is crucial for accessing and utilizing banking services, especially in the context of increasing digitization. Teaching rural populations about digital financial services can enhance their access to banking, reduce financial exclusion, and promote financial inclusion.
- **Government Schemes and Benefits:** Understanding digital platforms is crucial for accessing government schemes and benefits. Digital literacy ensures that individuals in rural areas can efficiently navigate online portals to avail themselves of social welfare programs and subsidies.
- **Community Development:** Empowering individuals with financial and digital literacy contributes to the overall development of rural communities. It enhances the collective capacity to adapt to changing economic landscapes and technology-driven environments.

The sessions are delivered via street plays (Nukkad Natak), camps and mobile vans. 64% of the beneficiaries attended all three viz, Nukkad natak, mobile van and F&DL camps. 15% attended Nukkad Natak and F&DL camps.



5.3 Program Delivery



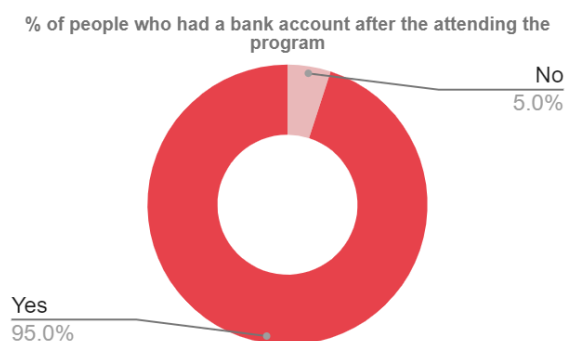
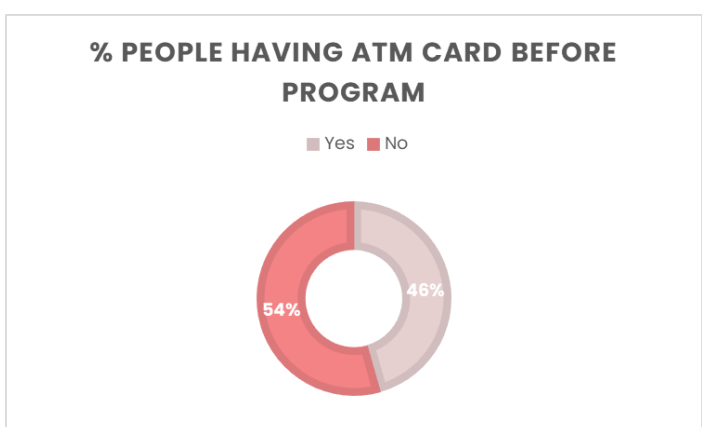
Rating on a scale of 1-5 on the quality of the sessions (1- Very Poor, 5- Excellent)

During each session, there are usually 2-5 facilitators involved and these sessions take place through mobile vans, Nukkad Natak (street plays), and camps. 90% of the beneficiaries reported receiving a demonstration of digital banking and account opening through audio-visual presentations during these sessions. The sessions are held near AU Bank branches, where facilitators commence by providing an overview of AU Bank and the fundamental steps involved in opening an account. Following this,

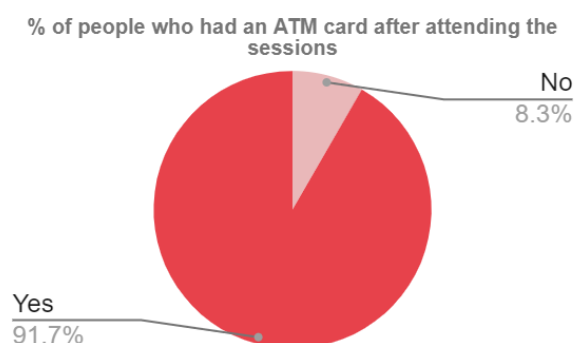
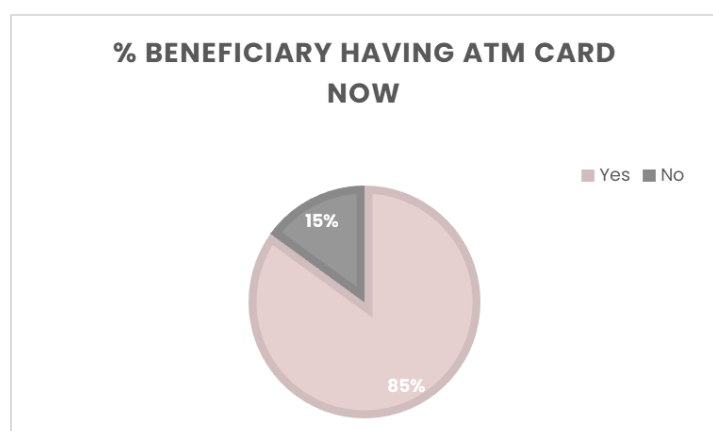
facilitators collect the contact details of individuals expressing interest in opening a bank account. Street plays are typically enacted at cross junctions or prominent community locations. The chosen topics for these performances often revolve around government schemes like Atal Pension Yojana, and Jeevan Bima Yojana.

57% of the beneficiaries attended up to 2 sessions, 39% of them attended between 2-4 sessions and 4% mentioned that they attended sessions above 4. All the beneficiaries mentioned that the facilitators answered their questions properly and also guided them to open their accounts.

5.4 Impact & Sustainability



People have been empowered to utilize their Jan Dhan accounts as AU has facilitated access to these accounts. While Jan Dhan accounts were initially opened, they are now actively being used by individuals.

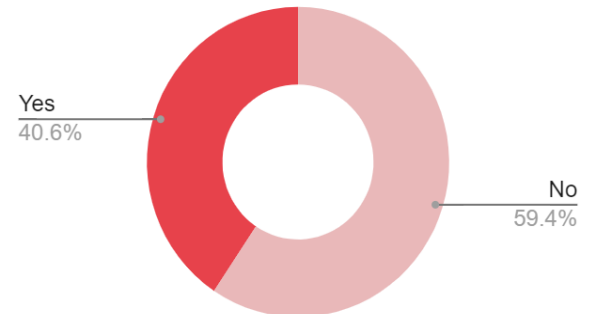


The training program has proven remarkably effective in substantially increasing the financial literacy rate. Before the program, 81% of the 243 surveyed beneficiaries already had a bank account. Following the intervention, this percentage rose to 95%, indicating a spike of 14% in new registration. Likewise, before the intervention, only 46% of the beneficiaries had an ATM card. However, post-intervention, the

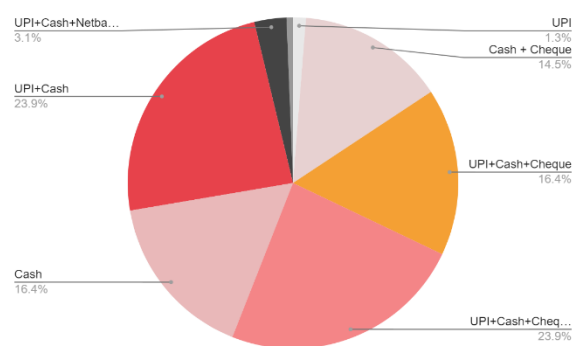
percentage increased significantly, with 85% of the beneficiaries now possessing an ATM card. This underscores the positive impact of the program on enhancing access to financial tools.

As a consequence of account opening and increased frequency of actively using bank accounts, 41% of the beneficiaries have invested their savings in FD, RD & insurance. 91% of the beneficiaries are now aware of Pradhan Mantri Jeevan Jyoti Bima Yojana, Pradhan Mantri Suraksha Bima Yojana & Atal Pension Yojana.

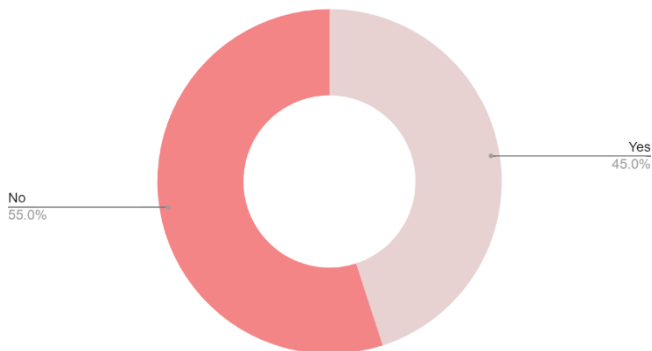
% of people who have a Fixed Deposit/RD Account



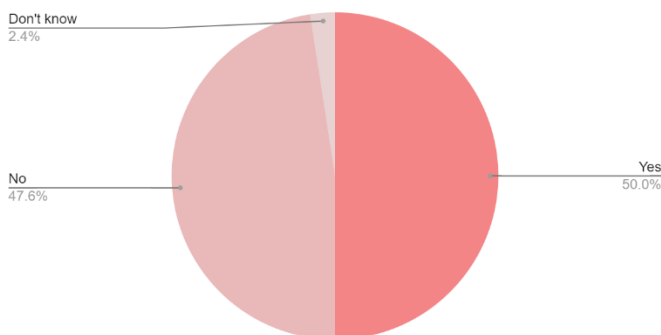
28.5% of beneficiaries prefer UPI and Cash as modes of payment. 25% of them carry out transactions via a combination of UPI, cash, cheque and Netbanking whereas 18% of them use UPI, cash, and cheque as primary modes of payment. This reflects a significant increase in the adoption of digital financial tools following the intervention.



Count of Have you invested any amount from your savings?



Have you been able to increase your savings after attending the sessions?



Following the program, 45% of beneficiaries invested in savings. Out of which, 50% of the beneficiaries reported a successful increase in their savings, crediting the program for playing a pivotal role. In terms of bank visits, 53% of the beneficiaries visit the bank between 0-2 times, 30% visit between 2-4 times, 6.5% visit between 4-6 times and 11% more than 6 times. This increase in bank visits indicates a heightened level of engagement with the banking system and the adoption of additional financial services.

6. SWOT ANALYSIS

Strengths	Weaknesses
<ul style="list-style-type: none"> ● Ability to reach individuals through various channels such as random calls, Sewa Samiti, ensures inclusivity and broad community engagement ● An increase in savings among 51% of beneficiaries demonstrates the program's effectiveness in influencing positive financial behaviour and encouraging responsible financial practices ● The incorporation of government schemes as topics in the street play indicates a strategic alignment with local priorities and an effort to enhance awareness and participation in beneficial initiatives 	<ul style="list-style-type: none"> ● Small loans are talked about and not large loans ● Lack of robust metrics to evaluate the long-term impact of the interventions on participants' financial behaviours and literacy
Opportunities	Threats
<ul style="list-style-type: none"> ● Increase the frequency of the sessions/camps or conduct periodic sessions ● Include more topics such as the application of loans through both private and government banks, savings schemes such as Kisan Vikas Patra, Public Provident Fund, Micro-savings program, etc. 	<p>No perceived threats</p>

7. CHALLENGES & RECOMMENDATIONS

Challenges/Observations	Recommendations
Constrained dissemination of knowledge due to the limited availability of LED screens and mobile vans	Incorporate LED screens and deploy additional mobile vans to enhance visibility and understanding of the topics among a larger audience
Coverage of select topics during the sessions, enabling a broad overview and imparting knowledge on basic banking services and government schemes	<ul style="list-style-type: none"> - Identify and prioritize key topics that are crucial and extend the duration of each session to allow for more in-depth coverage of topics (Ex: Application for a loan through a bank, Budgeting & Financial Planning, Financial Empowerment for Women) - Offer the audience supplementary materials, such as pamphlets, brochures, or online resources, that they can refer to outside of the sessions - Conduct the sessions regularly (once a month in a specific locality)
Some sessions were conducted in Hindi, making a difficult for the local audience to comprehend the content	Conduct the sessions in the local language (Marwari)
Lack of robust metrics to evaluate the long-term impact of the interventions on participants' financial behaviours and literacy	The Monitoring and Evaluation (M&E) framework should incorporate a structure for conducting regular assessments to gauge the impact on beneficiaries and promptly address emerging challenges

Annexure

Pictures

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Interaction with the F&DL beneficiaries



Bhilwara



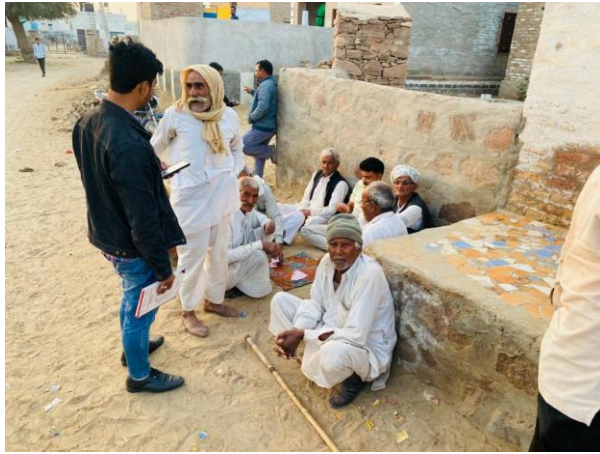
Jodhpur



Sikar



Bikaner



Jaipur

