

Financial inclusion through Payment Banks of Taxi fleet and other Public Distributed Schemes

EXECUTIVE SUMMARY

The primary objective of introducing Payments Banks in India was to ensure and enhance financial inclusion of the unbanked and underbanked population. As of 2014, only 35% of the Indian population had formal bank accounts. Also, in a country where nearly 70% of the population lives in villages, a significant number of villages did not have a single bank branch.

Even across a metropolitan city like Mumbai, specially in areas which have informal MSMEs, there exists a high frequency and large volume of unrecorded transactions as it primarily involves use of cash. Thus, including the low-income population into the banking system still remains a challenge.

Payments bank has the potential to get such customers on-board as they can accept demand deposits (only current account & savings accounts) with a ceiling limit of Rs.1 lakh per customer and pay interest at the rate notified by the RBI.

In order to further aid financial inclusion, we now aim to bring the rather unregulated Taxi and Autorickshaw lending market by offering aggregator platform to - the Taxi and Autorickshaw lenders.

- the individuals looking to drive Taxi and Autorickshaws as a source of their daily income.

Through this offering, customer acquisition which remains a key challenge for financial inclusion, can be solved and hence given the necessary push required for the success of Payments Banks.

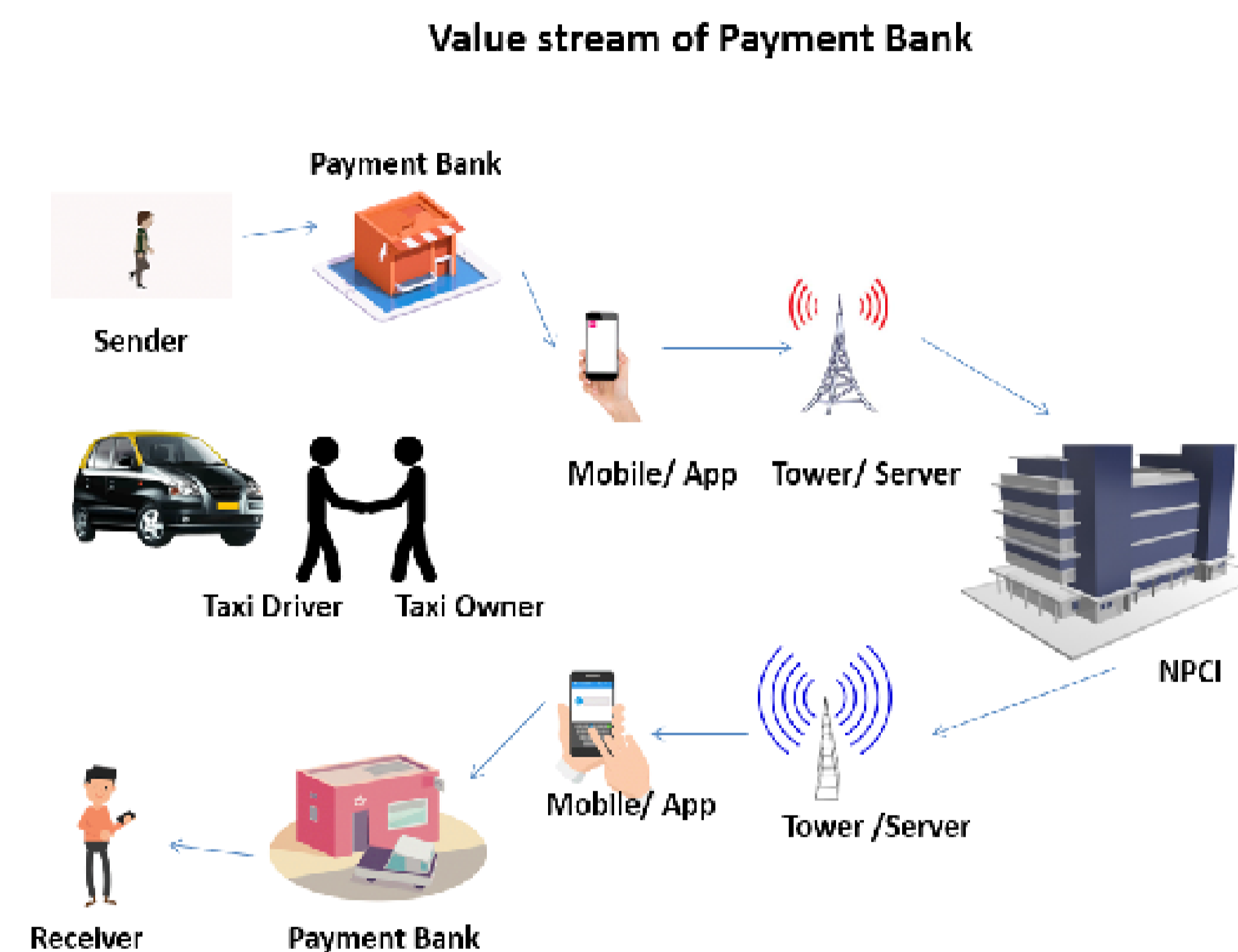
In terms of revenue, our concept would be built on the basic underlying principle of Payments banks wherein deposits would be parked in Government securities to maintain profits. Thus, a rather unregulated market comes under the regulation and also provides insurance as an incentive to both the parties (lenders and borrowers)

We are projecting to on-board around 20% of the entire market segment which consists of 1,50,000 Taxi and Auto drivers in Mumbai. We are thus, expecting to generate deposits of INR 1095 cr and operate through 10 branches in Mumbai.

Our core team includes five people with engineering background and MBA graduates with specialisations in Finance, Operations, Marketing and Banking.

We are looking to raise INR 65 cr for initial investment and tie up with insurance companies for operational purposes.

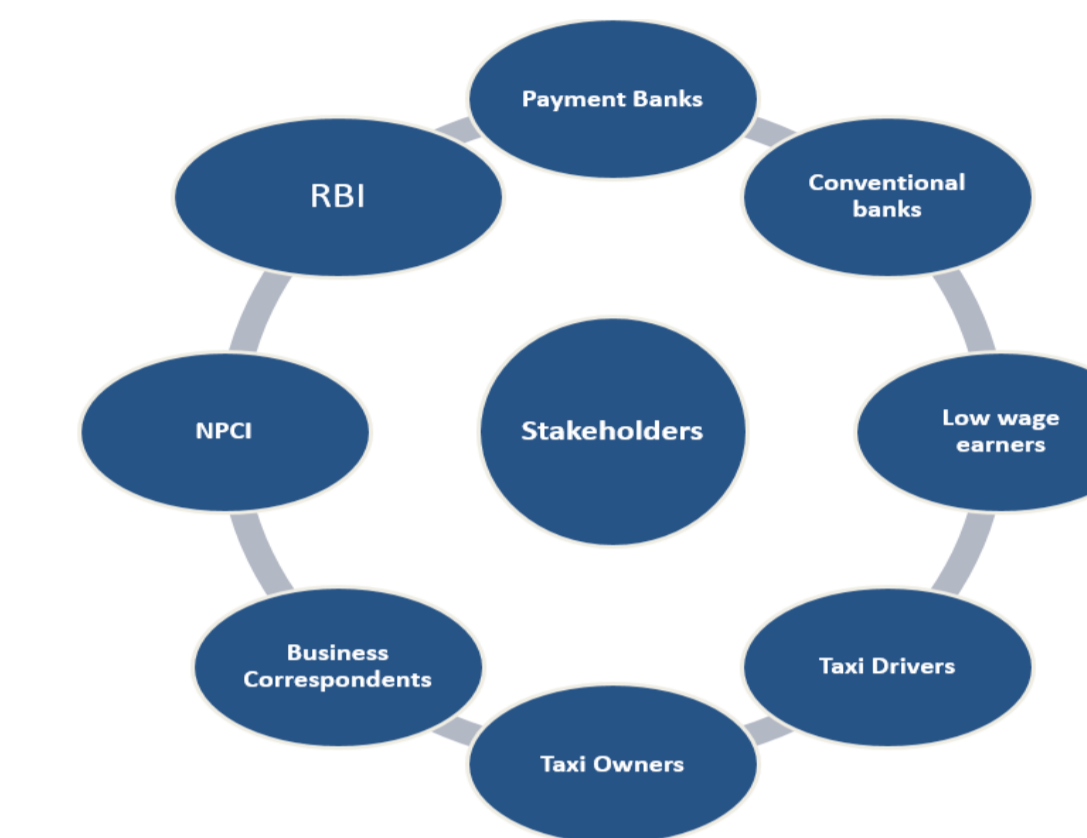
Operational Value Chain



Value Chain Analysis

In the value chain stream we have shown how the transaction flow of money will take place between taxi driver (sender) and taxi owner (receiver), when sender will go to the payment bank he will deduct the money from his mobile and the digital transaction will take place from mobile tower to NPCI server and then will be forwarded to the receiver mobile tower and the amount will be credited in his payment bank account and he will get a notification in his mobile

STAKEHOLDER



CONCEPT

- To solve issue of Queueing up inside retail shops
1. Taxi/ Autorickshaw lender goes to the "Taxi Autorickshaw" section in the payments bank's app
 2. Lender maintains list of taxi/ auto along with the details and per day or monthly rent
 3. Taxi/ Autorickshaw driver goes to the "Taxi Autorickshaw" section in the payments banks' app
 4. Driver requests for taxi/ auto
 5. App gives a few options of lenders based on the rent/ pick-up location etc
 6. Driver selects one option and proceeds to generate OTP
 7. Driver then goes to the Lender in-person and gives the OTP to the lender
 8. Lender enters the OTP in his taxi/ auto from the list and initiates the transaction
 9. Lender hands over the vehicle to the driver
 10. At the end of the day/ month, driver goes to the payments Banks branch
 11. Pays the rent as per the agreement
 12. Deposits the leftover amount (full/partial) in the payments bank account and closes the transaction.

WHY SHOULD INVESTOR INVEST IN YOUR IDEA????

- We are creating platform to regulate unorganized market along with unique feature of insurance security. We are expecting potential base of 30000 customers in first year with expected deposits of $30000 * 1000 * 365 = 10950$ crores.
- We will be providing value added services such as e-payment facility at fair price shops, e-payment for LPG cylinders by second year to enhance our new customer base and strong retention of existing customers.

NEED ANALYSIS

Based on primary research it was observed that unregulated/unorganized market of Taxi/Auto rental was totally cash driven and taxi drivers were exposed to high rental charges, no insurance, high interest charges on payment due and not exposed to basic financial services. Major pain points targeted

1. No exposure to financial sector
2. High rental charges
3. No insurance cover

So, it is an attempt to digitize the payment process between taxi owners and taxi drivers with additional benefits like free insurance of auto/car for first year.

FEASIBILITY & BENEFITS

Target Customers: Auto and Taxi drivers who rent vehicles daily.
 Market Size = 1,50,000 Auto and Taxi drivers
 Target Market Size = 30,000
 Target deposits = 1095 Cr
 Net Interest Income = 3 to 3.5%

Benefits

1. Acquisition of a segment (taxi/ autorickshaw drivers) out of the low income individuals user base
2. Financial inclusion of the low income individuals
3. Regulation of an unorganized market
4. Insurance security for Lenders and Drivers
5. Transparent, trustworthy and hassle-free transaction to both parties
6. Monetary security for the daily low wage earners

Business Canvas Model

Key Partners	Key Activities	Value Proposition	Customer Relationships	Customer Segments
Banks Business Correspondents Insurance Companies IT Companies for software UIDAI Database Data Security Provider Taxi Associations Public Distributor Scheme Provider	Account Opening Account Closing Account Dormant Account Deactivate Account Closures Regulatory Enforcement Framework Key Resources Payment Banks Retail Stores Business Correspondents Taxi Drivers and Owners PDS in rural Network	Secure banking Poor people access to Financial Services Hassle free transaction to both parties Transparency and Trust, Regulated Transaction Platform for Taxi Drivers & Taxi Owners Internet Banking Cross Selling of Mutual Funds Bill payment Service	Daily low wage earners Quick & Easy Process of Banking, People not under banking umbrella Safety & Security Taxi drivers & owners Infrastructure Reliance Channels Business Correspondent (Sales Agent), Word of Mouth, Advertisement Payment Banks, Authorized Retail Store Partners	Taxi Drivers & Taxi Owners Taxi Association & Taxi Union Insurance Companies Bank- loans RTO Automobile Dealers Refer & Earn Customer Acquisition
Cost Structure Cash Burn for 1st year to acquire customer by giving free insurances Cost of payment banks setup Salary of staff and sales agents Marketing cost		Revenue Streams Daily transaction from low wage earners Daily deposit and withdrawal from Taxi Drivers Remittances Investment of savings Cross selling of financial products		

BMC

Through this model an untapped market of taxi owners and drivers daily lending of taxi's and collecting money will come under a regulated framework. In starting we are also providing free insurance for customer acquisition through which taxi owners will benefit and will be lured to fall under the regulated regime.

GROUP MEMEBRS

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