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# Social Security Inclusion for India's 35 million Home Help

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# mPF

- microPension Foundation (mPF) is an India-based, non-profit pension and social security inclusion R&D hub established through an inception grant from Visa in 2012.
- mPF develops scalable, technology-led outreach platforms and financial literacy solutions to enable secure, convenient and affordable access to integrated, contributions-based pension and social security solutions by low-income unbanked workers.
- Assists governments, aid-agencies and social enterprises in design and turn-key implementation of inclusive pension and social security programs targeting low income non-salaried workers.

# India's Pension Coverage Gap



Lifetime poor, dis-savers



Unpaid workers and  
workforce aged >60



Excluded informal workers  
who can save for old age



Formal sector workers with  
pension benefits

# compulsions

- ~35 million individuals with reasonable incomes and savings capacity.
- Life expectancy at age 60 is ~20 years. But the lifetime savings of most current older home help will last barely 18 months after they are too old to work.
- Children, government or god are not a reliable retirement portfolio. Their only option is thrift and self-help. But majority are excluded from formal pension, insurance, banking and credit arrangements.
- Most use past savings or high-interest loans or both to finance the high (urban) cost of insurable lifecycle emergencies like health shocks. This disrupts future incomes and savings ability.
- Will face certain old age poverty without a meaningful intervention.

# challenges

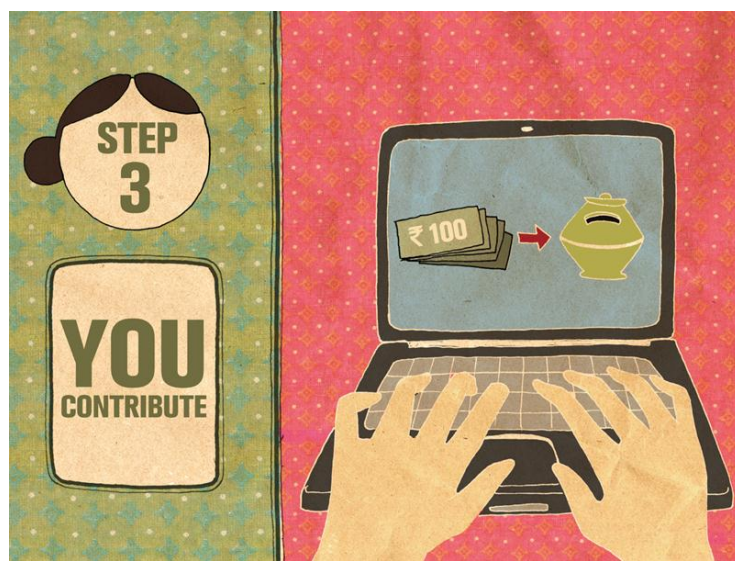
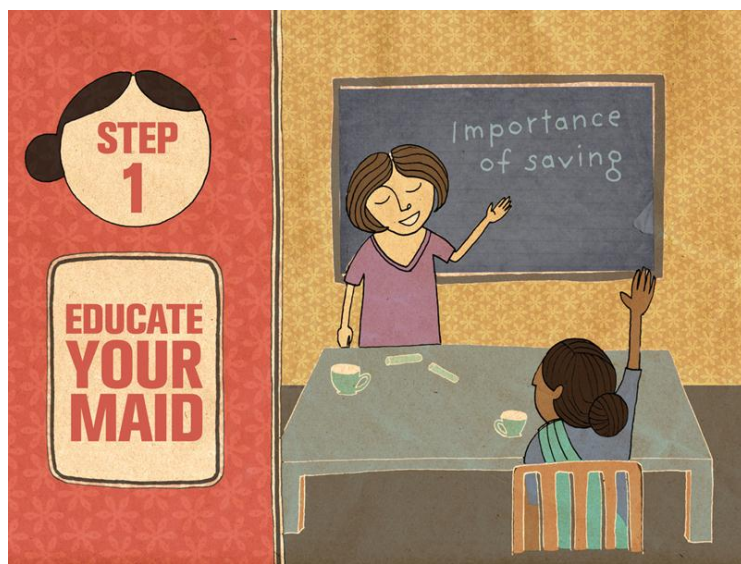
- Disaggregated, hidden workforce; Impossible to locate, reach, educate and enrol using traditional finance sales models at an affordable transaction cost.
- Frequent migration across jobs and cities.
- Demand aggregation could help lower costs. But home help are traditionally not members of any group.
- Modern finance can convert even modest intermittent contributions into a meaningful annuity. But most home help face low literacy, low financial literacy and a negligible experience with modern finance.
- Tax incentives will not work. And terms like pensions and retirement do not resonate.

# [www.giftapension.com](http://www.giftapension.com)





# how it works



# WWW & SSI



**Non-linear, web-based P2P outreach and distribution model for social security inclusion.** Capable of *instantly* reaching millions of individual home help across India through their employers without the traditional finance sales and distribution costs.



**Financial literacy and knowledge delivery** by educated employers using a range of web-based tools. Zero incentives to miss-sell. Financial literacy process is not time-bound or transaction-based.



**Digital application forms** for an integrated social security solution impose near zero overhead on employers. Also mitigate the risk of data errors with multiple application forms. Employers assist in KYC and data verification.



# WWW & SSI/2

## INTEGRATED SOCIAL SECURITY SOLUTION

### NPS (Pension)

GOI co-contributes Rs.1000/ year for those who save Rs.1000 per year in the National Pension Scheme (NPS). Some States match the GOI subsidy. LIC, SBI and UTI manage funds.

### Term Life Insurance

Modest default term insurance of Rs.30,000 for all subscribers provided by SBI Life Insurance.

### Micro Payment

Unbanked home help get a bank-issued prepaid card developed with Visa in 2012. BC outlets help "load" prepaid cards. Card balances and auto debits managed by an IT platform.

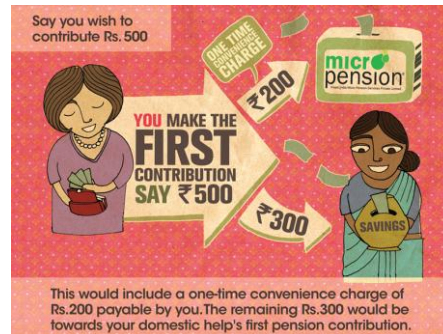
### Latent demand for other financial and risk management solutions:

- > Health, disability and terminal illness insurance
- > Liquid savings for known future expenses (children's education, social commitments)
- > Emergency credit (fixed amount; eligibility linked to persistency)

# WWW & SSI/ 3



**Unique, portable, *client-centric* individual account** issued and administered by a central social security IT platform. It integrates and manages the full ecosystem (products, payments, helpline, services), produces MIS on compliance and stores individual client level static, transactional and financial data over time across all underlying products.

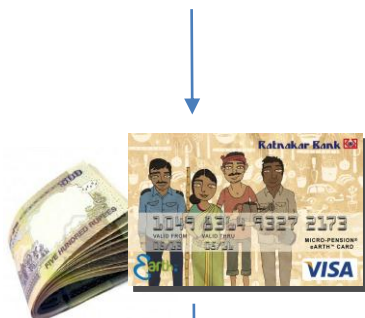


**Low non-linear costs** through a web-based outreach, product bundling, negotiated contracts with product partners, client aggregation and risk pooling. Employers bear front-end enrolment processing cost (<\$5/ home help). Periodic and on-demand account statements delivered to employers through email.

# micro-payments



Each unbanked home help is provided a bank issued prepaid card and submits a standing instruction mandate that reflects her pre-committed savings amount and frequency.



A client simply "loads" cash into her prepaid card at a convenient BC outlet as per her own cash-flow regardless of where she lives or works.



Real-time cash-in, accounting and reconciliation in a simple transaction at a BC outlet. Zero fraud or error risk. Prepaid balance kept in a bank escrow account.



Prepaid account automatically debited periodically as per each client's SI mandate. Reconciled funds transferred directly to each product partner.

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**Simple and easy to use.** Identical to loading talk-time onto a prepaid mobile phone.

**Real-time, automated reconciliation.** Zero risk of fraud or errors

**Security and governance.** Prepaid balance kept in escrow.

**Portable, convenient.** Nationwide, interoperable cash-in outreach.

**Flexible:** Allows contributions linked to individual cash-flow.

**Automated contributions.** Individual Standing Instructions mandates managed by a customized social security IT platform.

**Affordable:** Fees linked to saving value do not penalize the poor.

# helpline

1

## Knowledge verification

*Call-backs to new clients to verify knowledge of concepts, product features, benefits, rights and process*

6

## Client protection

*Verifying receipt of pension payments, insurance claims settlement and withdrawals of liquid savings.*

2

## Complaints resolution

*Simple mechanism for filing and resolution of complaints*

5

## Claims settlement

*Single port for receiving and processing insurance claims and redemptions.*



3

## Reminders

*Automated SMS, phone and email reminders to employers and home help for upcoming contributions. Calls to irregular savers to encourage continued savings discipline.*

4

## Employer support

*Email helpline support to employers*



# employer actions

~**25,200** employer visits (since soft-launch in October 2014)

- Referral 6,600
- Direct/ organic search 15,976
- Social media 2,622

**7.5%** visitors employers registered

**26%** registered employers “gifted a pension”

**1.6** home help enrolled per household

**13%** employers have set up an ECS on their own bank or credit card

# client profile

<b>Maid</b>	<b>42%</b>
<b>Driver</b>	<b>23%</b>
<b>Cook</b>	<b>9%</b>
<b>Office boy</b>	<b>6%</b>
<b>Washerwomen</b>	<b>7%</b>
<b>Car cleaner</b>	<b>3%</b>
<b>Security Guard</b>	<b>7%</b>
<b>Gardener</b>	<b>3%</b>

# client profile/ 2

**66%** use national ID (*Aadhaar*) as KYC. Inadequate KYC: **24%**

**59%** women

**73%** are <35 years old. Barely **10%** >45 years old

**~1%** applications rejected due to KYC data mismatch or wrong KYC

**>81%** opted for literature and FAQs in a regional language

**80%** chose to make *monthly* contributions

- 46% committed Rs.500 per month (~8% of monthly income)
- 17% committed Rs.1000 per month
- 17% committed Rs.100 per month

**61%** made a first contribution of Rs.1000 (some with help from employer) to be eligible for the matching government CCT of Rs.1000

# next steps

## Upscale outreach

- CSR
- Social media, radio campaigns, brand ambassadors, volunteers
- P2M: contract labour of MSMEs (e.g. garment export units; Also addresses attrition and social audit compliance challenges)
- Beneficiary-led model: Corporates/ individuals “sponsor” identified cohorts

## Increase intent to action

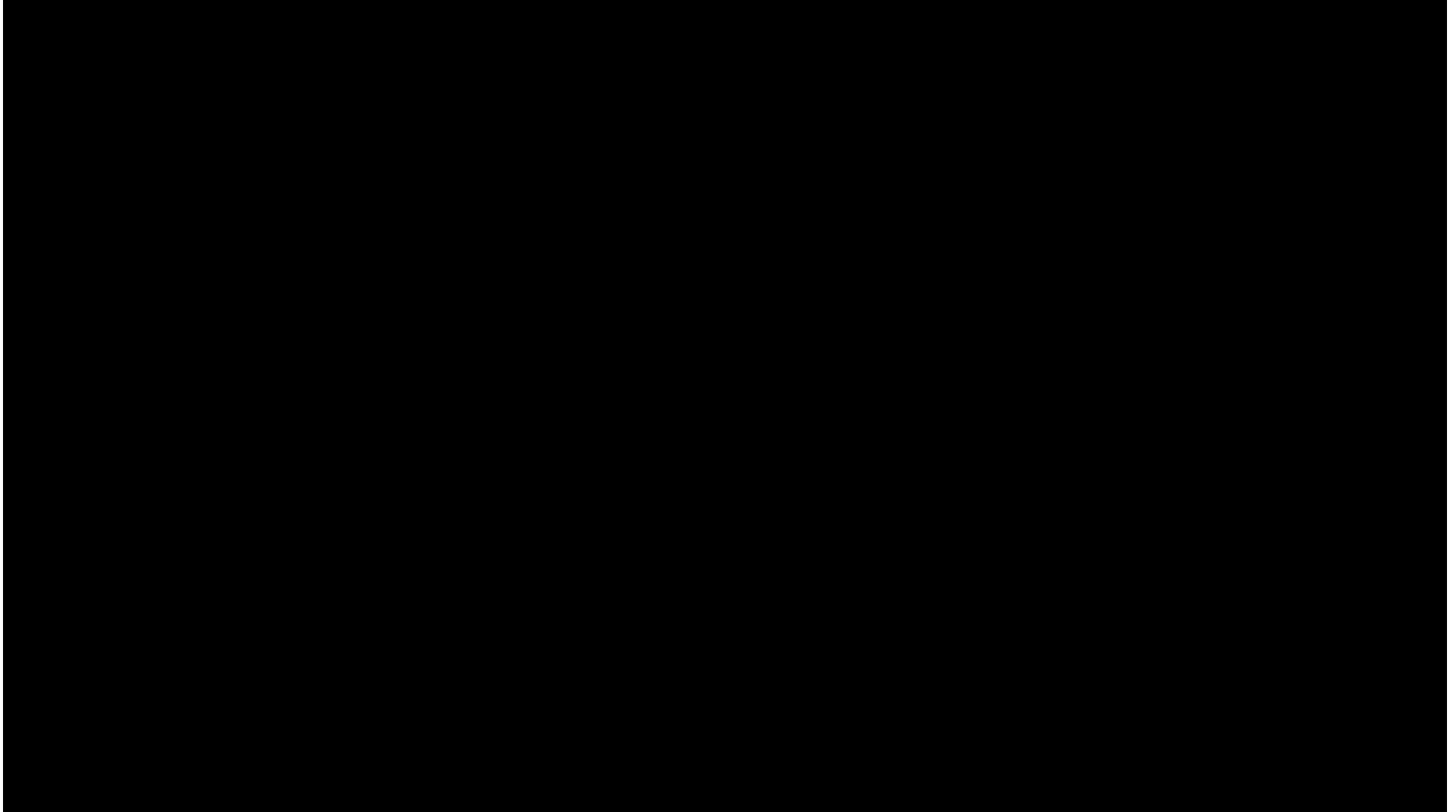
- Process simplification (including website structure and navigation; mobile App)

## Persistency

- Effective financial literacy tools: short film modules on concepts, product features, processes, rights and obligations; “Financial *Jyotishi*”
- Expand product basket to include attractive lifecycle product options: Health, disability and critical illness insurance, emergency loans, short-term savings
- Optimize use of bank accounts; Encourage employers to pay salaries into home helps' bank accounts
- Incentives



# IMPACT



# summary

- Increasing levels of ISR and a sense of civil society.
- If each of us spend just a few minutes to gift-a-pension to our domestic help over the next 4 days, we could achieve social security inclusion for 35 million people by the weekend.
- **You** can be the change.
- This will not entirely solve India's pension and social security exclusion problem.
- But it could certainly create a pool of included individuals that is larger than the population of most countries.

# THANK YOU

<http://www.giftapension.com>



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