

INCREASING PARTNER LOYALTY THROUGH DIGITAL PAYMENTS

INDIA

The National Dairy Development Board digitized its payments to dairy farmers – unlocking significant business and social benefits.

The National Dairy Development Board (NDDB) is India's largest public sector dairy company, with approximately 9.6 million registered farmers across 177,000 dairy cooperatives.

In partnership with banking correspondent company FINO Paytech and local bank Union Bank of India (UBI), the company moved payments to roughly

135,000 farmers in three states from cash to bank transfers in 2009.

The NDDB program in India highlights the positive returns that companies have when digitizing payments to B2B partners (i.e., dairy farmers) – including efficiency, cost savings, and significant social benefits for previously unbanked participants.

BENEFITS OF SHIFTING TO DIGITAL PAYMENTS

IMPROVED EFFICIENCY



Bank transfers have resulted in 10% time savings for field officers, reducing the costs of managing cash and traveling four to six times a month to a bank branch for each field officer.

INCREASED REVENUE



8,100 farmers have received formal cattle loans from local bank UBI, for a total value of USD 6 million. This replaced having to borrow cash from money lenders at high interest rates.

GREATER TRANSPARENCY AND SECURITY



This has reduced risk for field officers, who no longer need to carry large sums of cash. NDDB also increased transparency of farmers' payments, ensuring farmers receive their due amounts.

CHAMPIONING THE SDGs

A majority of NDDB farmers were unbanked, making it difficult for them to access formal financial services.

NDDB provided 135,000 farmers with access to formal bank accounts for the first time, improving economic opportunities for the farmers but also increasing consumer loyalty for the company.



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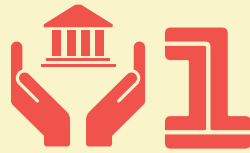
We know farmer retention increased after the program. It was much more convenient, and their accounts were set up and running under the program. So they didn't go to other cooperatives.

Most of the farmers had borrowed from local money lenders and were paying very high interest rates. We knew they wanted to get loans from UBI to break out of the cycle.



FINO PAYTECH

BUILDING BLOCKS FOR SUCCESS



Build the internal value proposition

Identify and work with like-minded partners with a common vision and aligned incentives. NDDB worked with a local bank, Union Bank of India, which was seeking opportunities to expand financial services to the unbanked. Banking correspondent company FINO Paytech was looking to expand its agent network to promote financial inclusion in these areas.

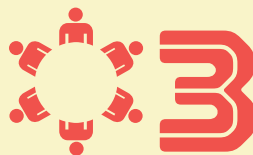
Leverage existing corporate relationships with local financial service providers.

NDDB leveraged existing business relationships with Union Bank of India to support the company's program and incentivize investments.

Design a value proposition that goes beyond a payments solution. UBI bundled value-added services, such as credit, to incentivize farmer transition from cash and to improve the financial viability of the program. This creates a case for farmers to move away from the cultural norm of accepting cash payments.



Engage and create value for supply chain partners



Contribute to local market environment

Identify levers to encourage the use of digital payments by farmers.

FINO Paytech conducted farmer research to understand current pain points and identify incentives to move to digital payments. They also conducted farmer awareness trainings to demonstrate the value of digital payments over cash and initiate sign-ups.

Source: Data from companies and partners

More information on:
www.betterthancash.org

LEADING COMPANIES AND PARTNERS

