



Satin Creditcare strengthening financial inclusivity amongst marginalized groups.

Karnataka, 8th February 2023: Microfinance is considered an important model as it provides financial assistance to unserved sections of the society who otherwise do not have access to formal banking services. This is due to various reasons such as the lack of adequate branch network in rural areas, inability of the deprived to offer satisfactory collaterals to avail loans and lack of education and awareness etc. Microfinance is defined as the process of formulating groups within a community to assist poverty-stricken people by lending them capital without the need for credit or collateral.

A woman from Chamaraj Nagar town in Karnataka, Bhagayamma, applied for a loan of Rs. 40,000 from a microfinance entity Satin CreditCare Network in the year 2019. She had started a canteen along with her son with limited food items, but after three loan cycles with SCNL, her canteen expanded its menu and has been delivering all varieties of non-vegetarian food. The canteen is especially famous for its kebabs and egg rice. Its unique taste and quality have made Bhagayamma's canteen famous in the neighborhood. In view of the demand for her food, she recently took a loan to open another mobile canteen in their nearby location.

Bhagayamma is happy with where she is now and mentioned that "The self-confidence I have gained over the years is what matters most to me. I am not that educated, and I always feared that I would not be successful. I also realized that sitting idle would not make our situation any better. That is how I ventured into this business, along with my son."

When discussing her relationship with SCNL, Bhagayamma said, "SCNL has always treated me as a valuable customer and has continually supported me throughout the loan process. They encouraged me to grow my business, and my family's experience."

Microfinance plays a crucial role in propelling the under-served to financial stability. Around the world, it has been shown that when financial services are inclusive of marginalized groups, it often leads to a domino effect of economic growth through increased entrepreneurship.

Background Note:

Satin Creditcare: Satin Creditcare launched its operations as a provider of individual and small business loans and savings services to urban lenders in 1990, going on to be registered as an NBFC with the RBI in 1998 and converting into an NBFC-MFI in November 2013.

Microfinance Industry: As on September 30, 2022, the microfinance industry served 6.2 crore unique borrowers, through 12.0 crore loan accounts. The overall microfinance industry currently has a total Gross Loan Portfolio (GLP) of INR 3,00,974 Cr. GLP as on September 30, 2022, showed an increase of 23.5 per cent YoY over INR 2,43,737 Cr as on September 30, 2021. The sector comprises RBI-regulated microcredit providers including NBFC-MFIs, Banks, Small Finance Banks, Business Correspondents, and others.

MFIN (Microfinance Institutions Network): MFIN is a premier industry association comprising 56 NBFC-MFIs and 44 Associates including Banks, Small Finance Banks (SFBs) and NBFCs. By virtue of bringing all microfinance entities under one common umbrella, MFIN acts as a bridge between them and the regulators to build a dialogue for greater transparency, better policy frameworks and stronger client protection standards for responsible lending, thus enabling the microfinance industry to partake in meeting the larger financial inclusion goals.