

# LEANER AND ROBUST BACK END SUPPORTING FRONT END REQUISITES

- Rahul Modi, MD & CEO, Adarsh Credit Cooperative Society Ltd.



## Core Transformation Journey and Financial Inclusion



# Co-operative Sector in India



- A co-operative is a group of people acting together to meet the common needs and aspirations of its members, sharing ownership and making decisions democratically
- Co-operative Societies in India are an integral part of the success of the Financial Inclusion story
- Co-op societies helps a normal rural Indian feel empowered and secure
- Indian co-operative structures are one of the largest networks in the world
  - > 200 million members
  - ~ 67% penetration of Indian villages
  - ~ 46% of the total rural credit are funded by co-operative societies.

# Adarsh Credit Co-Operative Society

## An Introduction



### 2014:

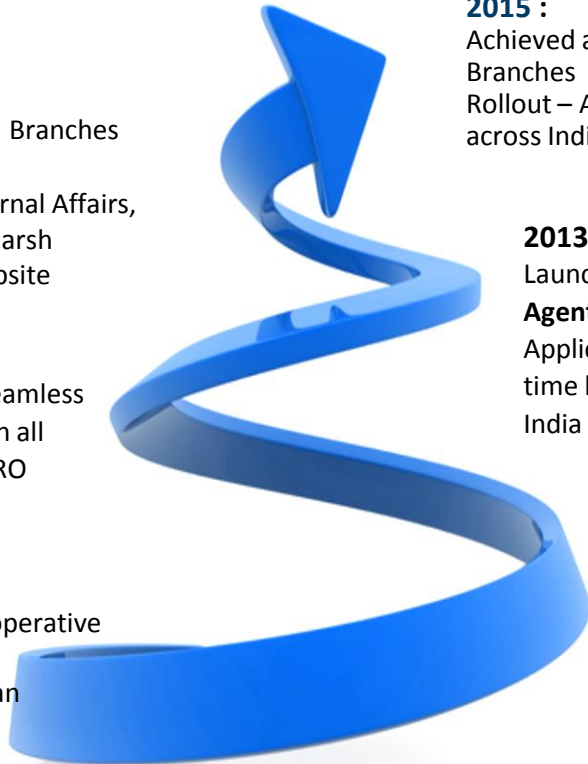
Strength of 771 Branches  
6 ZO & 27 Ros  
Ministry of External Affairs,  
GOI features Adarsh  
Story on its Website

### 2010:

CBS enabled - seamless  
connectivity with all  
branches- ZO – RO

### 1999

Started as a co-operative  
society in the  
State of Rajasthan



### 2015 :

Achieved a strength of 801  
Branches **SAP** solutions  
Rollout – All 801 branches  
across India

### 2013 :

Launch of  
**Agent Mobile Banking**  
Application – First  
time by any society in  
India

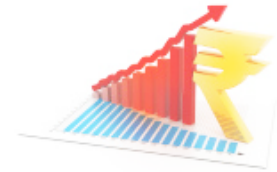
### 2008

Granted the status  
of Multistate  
Cooperative  
Society by MoA

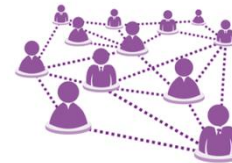
A Society with consistent high growth trajectory..



801  
Branches



USD 32.5 Millions  
Net Profit  
(Financial Year – 2014-15)



135,000+  
Advisors/Agents



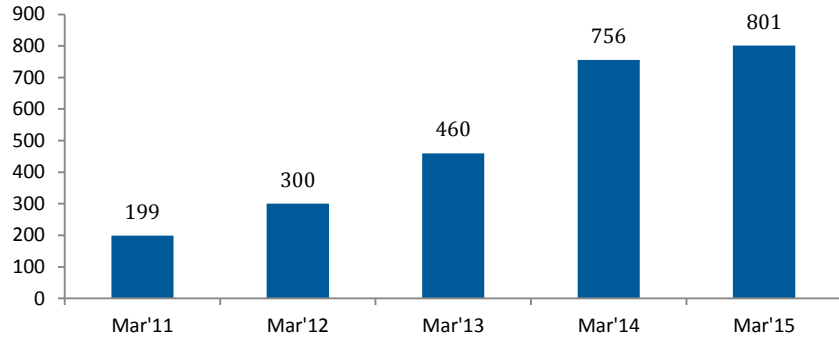
1.5M+  
Members/Customers

# Adarsh Credit Co-Operative Society

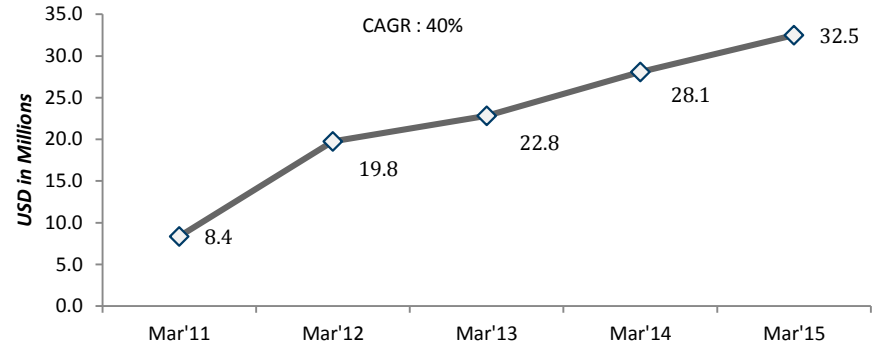
## Key Parameters



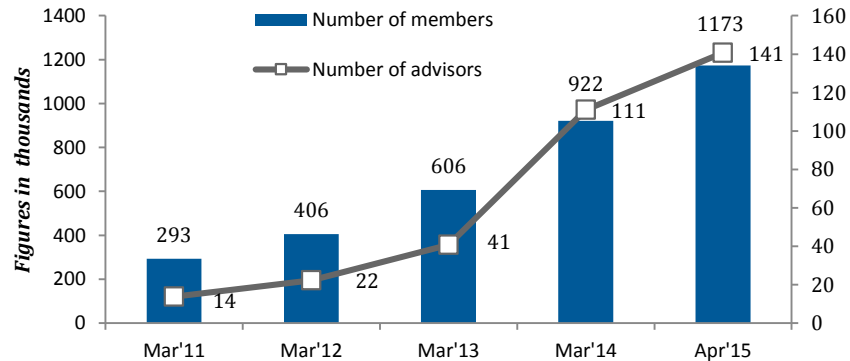
### Branch Strength



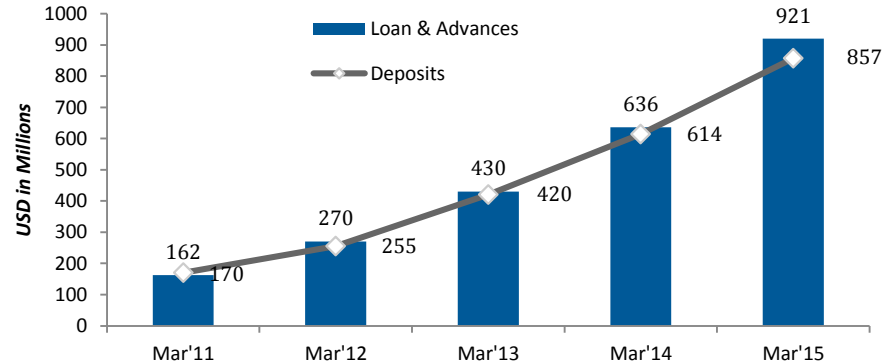
### Net Profit



### Advisors - Members



### Deposits Vs. Loans and Advances





Being a front runner for financial inclusion –

**Adarsh needs a scalable Reliable & Robust IT platform**

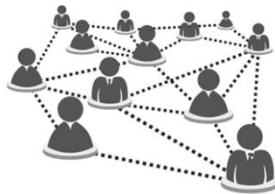


**Improve time-to-market for new products and services & Fast Reaction time on regulatory changes**



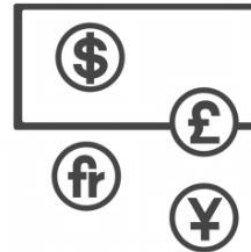
**Achieve real-time channel processing and multi-channel integration**

Empower Adarsh Advisors to serve members better



Market situation “Perform or perish”

**Streamline processes & Reduce Operating expenses**



**Staying ahead of competition**

Prime Minister's People Money Scheme – A comprehensive financial inclusion launched by the Prime Minister of India.

128 Million A/cs opened  
US\$1.7 billion deposited till date – through out India

# Statistics on Financial Inclusion



- As per census 2011, only 58.7% of households are availing banking services in the country.

Rural	Urban	Total
54.4%	67.8%	58.7%

- 51.4% of the farmers are financially excluded from both Formal/Informal Sources and only 27% of the farmer group is accessed to formal source of credit.
- Some Indicators on Financial Indicators, 2011.

Bank Deposit (as % to GDP)	68.43%
Bank Credit (as to % to GDP)	51.75%
No. of bank branches (per 0.1 Million)	10.64
No. of ATM ( per 0.1 Million)	8.9

Source: [http://www.rbi.org.in/scripts/BS\\_SpeechesView.aspx?Id=862#S2](http://www.rbi.org.in/scripts/BS_SpeechesView.aspx?Id=862#S2)

# Effort By Adarsh Credit For Financial Inclusion



- Branch Network: Out of total network, 65% of its branches are in rural and semi-urban area.
- Advisor Network: Wide spread advisor network educate rural people about the various services through their door step assistance.
- Schemes for Small income group: Introduced schemes where members can deposit even Rs. 10/- (~0.15€) a day.
- Technology: All the branches have connectivity of 1 MBPS through MPLS.
- Foreign Inward Remittance: Tied up with western union money transfer to remit the foreign money to the masses
- Fund Transfer: Has tied up with leading banks to provide facilities like RTGS/NEFT for fund transfer.
- No Frills Account: Considering the masses, members are facilitated to open zero balance saving accounts.

# Initiated Mobility initiative to drive Financial Inclusion.

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<https://www.youtube.com/watch?v=MYQoJn7soEY>

# Adarsh Credit Co-Operative Society

India's First SAP Financial Services Transformation



## The Execution Story



**Project Kick off** : 16-June-2014

**Go Live date** : 19-Jan-2015

**Total branches** : 801

No. of customers/advisors migrated: **1 million**

No. of accounts migrated: **2.9 million**

No. of Payment transactions migrated: **32.6 million**



## SAP Solutions – In Scope

- ✓ SAP ERP for banking (BCA, CML)
- ✓ SAP Treasury
- ✓ SAP ICM
- ✓ SAP CRM
- ✓ SAP BW
- ✓ SAP FI
- ✓ SAP MM
- ✓ SAP E-Banking
- ✓ SAP PI
- ✓ SAP Workforce Performance Builder
- ✓ SAP Solution Manager

# Key Scenarios



## Customers/Advisors

- Customers and Advisors are centrally created and modified in the SAP CRM system

## Commissions

- SAP ICM used as the system to calculate the incentives and commissions for 1,35,000 advisors with 21 levels
- SAP ICM used for deciding the promotion for 1,35,000 advisors across the organization

## Share Module(SAP CD)

- Every customer has to become a member or a share holder of the society , to start a relationship with the society. Managing the members and paying dividends to the members is a very critical functionality for any cooperative society. Collaboration with SAP CD to built the share module application for managing the shares and dividends

## Branch wise Balance Sheet

- Every transaction done in deposits and loans management is send to FI to generate the daily branch wise balance sheet



# Key Success factors



## Project Preparedness

- **Business requirements**, were given to the SAP during the project proposal phase
- Started an internal project for **data cleansing** several weeks prior to the project kick-off almost 60% of data was cleaned by the time the project kicked-off
- As part of the pre-requisites for project kick-off, Adarsh prepared the 1<sup>st</sup> draft of the migration **data templates** based on the inputs given by SAP during the deep dive sessions

## Project Execution

- Steering Committee members – comprising of MD and CIO of Adarsh, and Senior executives from SAP meet once in a month to review the status of the project
- For critical components, iterative approach was followed during the realization. Testing and development went hand-in-hand
- Built separate landscape for migration and real data
- Centralized training approach supported by the SAP WPB application
- As part of the mock go-live, quality of data to be migrated, settlement runs, balance sheet and the effectiveness of the support structure was assessed





## Adarsh Credit

- **Faster implementation** , enables Adarsh realize **quicker returns**
- **Improved time-to-market** for new products and services **Advisors are the linchpins!** Online portal to track commission & incentive, reward points for promotion. Smoother and transparent promotion and commission roll outs – leading to Advisor/agents satisfaction.
- **Decreased 'Business As Usual' expenses**
- **Reduced operating expenses**
- **Reduced training expenses.** SAP WPB has helped Adarsh to have a centralized tool for rolling out training manuals, without the need of a physical training.
- **Stronger MIS**
- **Increased productivity at the branches**

## SAP

- **First core banking Implementation in India** (Reference customer for new banking license pursuits in India )
- **One of Fastest core banking deployment world wide**
- **Largest ICM implementation in terms of number of commission recipients**
- SAP Workforce performance management being used first time extensively for training and launching new functionality

# Achievements Post Go Live



## ***CUSTOMER MANAGEMENT AND KYC:***

- Established decentralized process for enrollment of new members.
- Complete KYC is checked by the CPU (Centralized Processing Unit), ensuring in loop-holes in the laid enrolling process.
- KYC documents of members are made available digitally

## ***ADVISOR MANAGEMENT:***

- Commission Calculation of thousands of advisors is automated
- KYC documentation of all the advisors checked and approved by Advisor Relationship Team, making it available to future reference digitally.
- Taxation compliance in regards to the commission to the advisors is automated.
- Developed Advisor Portal, where advisors can login can there business status and commission calculations.

## ***STOCK MANAGEMENT:***

- Stock of stationery, furniture & fixtures, gift articles, gold coins maintained by the system.
- Reconciliation of the items made easier by the system checks and reports.

# Achievements Post Go Live



## ***DEPOSIT MANAGEMENT:***

- Interest calculation and provisioning automated on periodic basis.
- Linking of various schemes like MIS, DDS etc to Saving account is ensured by system.
- System calculates applicable charges on prematurity and various services like NEFT/RTGS
- Reconciliation of cheques guarded by allowing only sequential issuance.
- Maturity procedure of schemes become hassle-free.
- Local Bank Account (House Bank) customized branch-wise.

## ***LOAN MANAGEMENT:***

- Criterion of the loan like tenure of loan, loan limit etc picked by the system, safeguarding it from faults & frauds.
- Linking of the deposit against loans and accordingly picking up the rate of interest for the loan is automated.

## ***AUDIT AND COMPLIANCE:***

- Due to reduction in manual intervention and system checks at all the levels, internal process and procedures are ensured.
- KYC and other documents for audit perspective are readily available digitally.

# Testimonials



***“The year-end processes got over very soon than expected and it gave us enough time to validate the data”***

Damyanti Bhandari, SVP, Adarsh Credit

***“With SAP, now it gives us more confidence to support the organization in meeting its grand expansion plans”.***

Ramlal Arya, AVP - IT, Adarsh Credit

***“Now with SAP, the HO doesn’t depend on branches for the reports, as all the reports are system generated. The branch users can spend more time getting business for the organization”.***

Jitendra Shekhawat, Branch Head, Adarsh Credit

**Thank you !**