

## **Centres for Financial Literacy in Chitradurga district, Karnataka**

### **A Joint Initiative Of Reserve Bank of India, Canara Bank and DHAN Foundation**

Government of India / Reserve Bank of India attaches greater importance to financial inclusion of all citizens as an inseparable part of inclusive developmental agenda. Jan Dhan Yojana launched by Central Government has been promoting financial inclusion and many measures / initiatives have also been put in place – to mention, simplifying the KYC norms for opening accounts and recognising opening of savings account under the ombudsman scheme of RBI. Financial literacy has been recognised as an integral component and imperative of financial inclusion process as it enables the people to make informed choices with regard to financial services - savings, credit, insurance, payment services and pension. What is more, Commercial Banks / Regional Rural Banks / Small finance Banks are designated as hub of financial inclusion whereby people will have access to all financial services through the banking system.

In spreading the financial literacy across the country, RBI has recognised the challenge of reaching out to all segments of population particularly the unorganised sector and felt the need for adopting multi stakeholder approach in spreading financial literacy. In view of this situation, it has been decided by RBI to engage with development NGOs / civil society organisations and other resourceful academic institutions and Foundations to run block level Centres for Financial Literacy (CFL) on pilot basis in select backward districts with five blocks in each district. Conceived as a collaborative initiative between the Lead Bank and the resource institutions, RBI has selected Chitradurga district in Karnataka state for the Pilot CFL project in association with Canara Bank and DHAN Foundation. Today – 7<sup>th</sup> October, 2017 this CFL initiative is being launched in Chitradurga district in the following five blocks

1. Challakere
2. Molakalmur
3. Hiriyur
4. Holalkere
5. Hosadurga

The broad objectives of the CFL project:

- Inculcate the habit of making household budget and recording financial transactions
- Encourage transactions in savings account
- Encourage active saving by depositing in banks through fixed deposit / recurring deposits
- Ensure people borrow from formal finance institutions wherever required
- Create awareness about grievance redress mechanism in banks and banking ombudsman
- Encourage transactions through electronic means i.e, NEFT, RTGS, IMPS, internet banking, mobile banking, UPI (unified payment interface) etc.,
- Encourage people to get Life insurance and pension products after they understand the features of the products
- Financial counselling for a group with a common problem / issues and individually

DHAN Foundation would adopt a bifocal approach in the CFL project – spreading literacy with attitudinal and behavioural change and connecting with the banking system for holistic financial inclusion so that the disadvantaged communities seek to avoid informal, exploitative / predatory financial services and practices. Community based Peer learning and **Participatory Learning Method (PALM)** are among the key components of pedagogy for the CFL.

Although, the outreach of the CFL project would be all inclusive, yet, it would pay special attention to the following segments of the population

- Excluded people and communities from the banking system
- Student community and teachers
- Opinion makers – Village Panchayat presidents, community leaders, farmer leaders, good Samaritans / social workers, farmer leaders, SHG leaders etc. as crusaders / advocates.
- Retired literate communities as crusaders / advocates.

The programme content of CFL will encompass 3Ps of financial literacy viz : **Products** (Savings, Credit, Insurance, Payment services and pension) **Processes** (KYC, budgeting, planning) and **Protection** (mis-selling, unauthorized schemes, over indebtedness).

**The ultimate objective of the CFL would be enabling people towards financial well being through comprehensive, lucid financial literacy.**