

## Project Title: Digital emergency product and self-service support channels

SCBF PUW 2022-04

Report Date: May 2025

### Project Summary

Instrument type	Technical assistance grant	Project duration	Apr 2022 – ext. to May 2025
Financial sector partner	<a href="#">Annapurna Finance Private Ltd.</a>	TA provider	<a href="#">Accion</a>
Product / Solution	Emergency loans (“Just In Time”) Digital finance services (DFS)	Targeted segment	Low-income women
Targeted outreach	JIT – 200,000 (100% women) DFS – 180,000 (83% women)	Country of implementation	India

## 1. Executive Summary

Accion collaborated with Annapurna Finance Pvt. Ltd. (AFPL) to achieve two main objectives to better serve its nearly 3 million customers, primarily low-income rural women and microentrepreneurs across India:

1. Enhance and expand the reach of its pre-approved, digitally enabled emergency loan product, the “Just-in-Time” (JIT) loan.
2. Boost customer engagement among existing clients by introducing digital channels and improving customer outreach and service.

The enhanced JIT loan and digital channels that comprise Annapurna’s new Customer Engagement Platform (CEP) were well received by clients. Among 255 clients surveyed, 76 percent reported an improvement in their quality of life due to the JIT loan. Additionally, more than 1 million customers have been reached through the CEP, and over 80 percent of those who participated in a satisfaction survey found the CEP to be useful.

Although Annapurna has paused the JIT loan due to changes in India’s microfinance laws regulating pre-approved loans, it aims to renew its efforts once conditions stabilize. The institution also aims to continue improving and finding ways to leverage the CEP to connect with customers.

## 2. Context

Low-income rural women and microentrepreneurs often face significant barriers to accessing timely and relevant financial services and support, particularly during sudden crises. Additionally, while heavily relied-upon traditional channels such as branches are powerful for communicating with customers, they are more expensive and time-consuming. They are often unstandardized, at times inconsistent and error-prone, and can reduce the effectiveness of digital products. This project was conceived with the aim of creating direct digital communication channels and using these channels to offer financial products, including a digitally enabled emergency loan. Two key initiatives were executed:

### Initiative 1: “Just-in-Time” (JIT) Loan

Despite the vital role that microentrepreneurs, particularly women, play in supporting and sustaining their communities, they continue to have limited access to credit and fewer resources to help them overcome emergencies. Systemic and persistent gender disparities leave women microentrepreneurs disproportionately vulnerable to financial shocks and prolonged uncertainty. They often resort to borrowing from informal sources or using limited savings to tackle time-sensitive or unexpected needs, such as education, business, or medical-related emergencies.

Many existing emergency loans on the market cannot be accessed easily or quickly enough in an emergency. To bridge this gap and help AFPL position itself as the first resource that customers turn to for emergency funds, Accion helped Annapurna enhance and scale the “Just-in-Time” (JIT) loan, a pre-approved, digitally enabled loan initially developed under a project funded by Mastercard Center for Inclusive Growth in 2022.

Since AFPL's customers are primarily rural women who have limited access to their own smartphones, the JIT loan was built to work on feature phones and designed to have a simple process, ensuring greater accessibility and a user-friendly experience. This approach helps address the fact that, despite rapidly increasing smartphone penetration, uptake of digital channels and products remains relatively slow due to limited digital maturity, especially among this customer segment. With SCBF support, Accion helped AFPL further improve the product and increase its outreach and usage to strengthen the resilience of its customers.

## Initiative 2: Customer Engagement Platform (CEP)

Accelerated digitization globally, combined with Annapurna's commitment to ensure its clients are better served by its financial solutions, prompted the institution to enhance its customer engagement approach and introduce digitally enabled channels. Many of Annapurna's clients are rural women microentrepreneurs who often hold dual responsibilities, managing their households and businesses, and whose time for administering their finances is limited.

To help save customers valuable time that they can instead use to focus on their growing businesses or providing for their families, Accion helped Annapurna develop and scale an interactive Customer Engagement Platform (CEP). The CEP allows customers to communicate directly with the institution via short message service (SMS), interactive voice response (IVR), and WhatsApp. They can also use the CEP to check loan balances, inquire about products (including the JIT loan), raise service requests, and fulfil other basic inquiries in simple language and an easily understandable format, at their convenience. The CEP established a direct line of communication with clients, reducing over-dependence on loan officers and standardizing communication.

These initiatives help support India's continued push to advance financial inclusion. The government's existing support schemes, including [Pradhan Mantri Jan Dhan Yojana \(PMJDY\)](#), its flagship program that has opened millions of bank accounts, and the [Unified Payments Interface \(UPI\)](#), which has accelerated the adoption of digital payments in the country, have increased familiarity with transacting digitally, creating an opportunity for AFPL and its customers. This project, along with financial support from SCBF, builds on this momentum and enables more underserved groups to access and benefit from formal financial services.

## 3. Partnership model

Annapurna Finance Pvt. Ltd. (AFPL) was established in 2009 as a non-profit entity and registered as an NBFC-MFI in 2013. It is governed by a strong board and supported by prominent global investment firms and development finance institutions. Since its inception, Annapurna's focus has been to reach areas that other formal financial institutions find difficult to serve. As of March 2025, AFPL has an outstanding loan portfolio of ₹11,034.1 crore, serving 2.9 million clients across 1,636 branches.

The institution offers group loans to women without a formal credit history, MSME business loans, housing loans, school fee loans, safe water and sanitation loans, solar loans, and other credit products tailored to customer needs. AFPL introduced emergency loans during the pandemic-induced lockdowns to help microbusinesses recover. The institution also provides training and support to help customers, particularly microentrepreneurs, strengthen their financial knowledge and business management skills.

AFPL is the sixth-largest MFI in India. It is deeply rooted in rural areas and its more than 1,600 branches are spread across 19 states in the country: Assam, Bihar, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, MP, Maharashtra, Meghalaya, Odisha, Punjab, Rajasthan, TN, Tripura, Uttarakhand, Uttar Pradesh, and West Bengal.



#### 4. Intervention approach

Accion provided the required technical support to scale the JIT loan and introduce new digital channels through the Customer Engagement Platform.

##### Initiative 1: “Just-in-Time” (JIT) Loan

While emergency loans are prevalent in the market, most are extended as term loans, which makes them inherently less flexible. Accion helped AFPL develop a usage-based loan that allows customers to repay and utilize the amount as needed, providing easy access and flexible use.

Key project interventions and outputs included:

- A project charter with broad objectives and milestones.
- A business requirements document (BRD) and development specs for an enhanced JIT loan.
- Product implementation and rollout.
- Training and capacity building.

##### Initiative 2: Customer Engagement Platform (CEP)

The CEP is an AI-powered communication program that enables simple interactions in vernacular language in formats that customers are comfortable using, such as SMS, WhatsApp, and IVR. As usage grows, the platform’s natural language processing (NLP) capability to “speak” with customers in the vernacular they use will increase and improve interactions.

Key project interventions and outputs included:

- A project charter with broad objectives and milestones.
- Finalizing new platform functionalities.
- Standard training content and process.
- Monitoring implementation and rollout.

#### 5. Results, outcomes, and impact

KPI	Target objective (Dec’23)	Result (As of Jun’25)	Remarks
<b>JIT</b>			
JIT loans sanctioned	200,000	119,504	<ul style="list-style-type: none"> <li>• JIT usage (which is the number of people who have actively interacted with AFPL and have received a sanctioned limit for an emergency JIT loan).</li> <li>• The product was discontinued due to regulatory changes in India. AFPL aims to reinstate it once conditions stabilize.</li> <li>• The average ticket size of the loans sanctioned was INR 5000 (CHF 46.72). Out of the loans sanctioned, 19,895 customers availed of the loan with a total disbursement value of INR 97,720,000 (CHF 912,997).</li> <li>• The portfolio performance has been excellent with delinquency of less than 1%.</li> </ul>
% Women	100%	100%	
% Rural	90%	100%	
<b>CEP</b>			
CEP users*	600,000	2,562,502	AFPL has used CEP for various use cases, including lead generation, service, and delinquency management, and has helped AFPL increase reach and standardize communication.

CEP active users <sup>#</sup>	180,000	195,995	Due to customers' low digital maturity, two-way interaction using text-based platforms has been a challenge. A subsequent iteration using natural language processing (NLP) has been launched as a pilot and is expected to substantially increase CEP usage.
% Women	83%	47%	
% Rural	75%	42%	

*\*CEP users are defined as customers who have received communication or notification in a digital format (either a delivered SMS, WhatsApp message or an interactive IVR call which the customer has engaged with).*

*#CEP active users are users who have responded and interacted on a digital channel, which means that they have actively replied to a message or a WhatsApp communication or interacted with the IVR.*

### Initiative 1: “Just-in-Time” (JIT) Loan

The JIT loan has had a positive impact on customers. Among 255 JIT loan customers surveyed, 76 percent reported an improvement in their quality of life due to the loan, and more than 70 percent perceived it as having helped resolve key financial challenges. More than 90 percent used the JIT loan for emergency fund requirements. [Leelabati Baral's experience](#) with the JIT loan led her to start using digital payments, initiating a path that can lead to expanded access to more services, including additional credit products, insurance, and business management advice, which can help build her financial resilience. Another story is of a [young entrepreneur - Manoranjan who realised his dream of owning a business](#) and becoming financially independent with the help of loan provided.

For AFPL, the JIT loan helped raise its profile. The product is recognized as an [innovative first in the industry](#) and has helped increase customer satisfaction and loyalty, as demonstrated by positive customer survey results. The JIT loan book also performed exceptionally well, maintaining a low delinquency rate.

[Loans to women entrepreneurs are vital for strengthening local economies](#), yet they remain scarce due to limited accessibility and systemic gender disparities. Annapurna Finance is helping in bridging this gap by offering timely emergency loans to low-income women entrepreneurs in rural India.

### Initiative 2: Customer Engagement Platform (CEP)

AFPL is using the CEP extensively to reach out to customers and standardize communication. To date, more than 1 million customers have been reached through the CEP, and 80 percent of clients who participated in a satisfaction survey found the CEP to be useful. [Usha Rani Swain](#) likes the CEP's flexibility. Her son helps her manage her accounts from her phone and communicate with AFPL staff via WhatsApp.

The CEP facilitates an ongoing connection between customers and the institution, enabling two-way feedback and the provision of financial and non-financial services, such as business advice and climate and weather forecasts. It establishes regular and transparent interactions between customers and the institution, building customer confidence and trust. It has also increased efficiency by administering service requests through its available channels, enabling loan officers to focus on sourcing new business and managing client relationships.

AFPL has expanded its customer reach through the CEP and continues to find ways to leverage it, including an IVR campaign that raised awareness of the dos and don'ts of fraud prevention.

## 6. Way ahead: Future scaling and sustainability plans

### Initiative 1: “Just-in-Time” (JIT) Loan

Efforts to scale the JIT loan have been impeded by changes in India's microfinance lending regulations. During the project implementation period, the Reserve Bank of India (RBI) imposed [tighter restrictions](#), mandating microfinance lenders to refrain from issuing new loans to borrowers until their existing loans were fully repaid. This made it difficult to offer pre-approved loans to customers. When these restrictions ease and conditions stabilize,

AFPL will renew its efforts and restart the loan. It also plans to further develop the JIT product and create a cash credit product with complete flexibility for withdrawing and repaying the loan, as well as scaling up disbursements.

### **Initiative 2: Customer Engagement Platform (CEP)**

AFPL plans to continue innovating the CEP and implement platform improvements. For example, the recent introduction of a voice-based chatbot addresses a challenge identified during the CEP's implementation: many of AFPL's rural women customers found it difficult to read and respond to text messages. Most customers were more comfortable conversing in vernacular language and sending and receiving voice notes. The chatbot is powered by natural language processing, which allows customers to converse with a chatbot that sounds familiar and understands and responds to the local language and dialects. AFPL will improve existing features, such as scaling the WhatsApp channel, and introduce new functionality as customer needs evolve.

## **7. Lessons learnt and recommendations**

Overall, the initiatives to enhance the JIT loan and promote digital communication channels through the CEP have benefited clients and the institution. However, while the utility of the product and the channels have been validated, scaling them to the desired level has been a challenge, due to regulatory issues (for the JIT loan) and a lack of digital maturity in clients (for CEP).

The following insights can be confirmed at the present stage:

- Customers have an inherent need for emergency credit products and hence value such products.
- Health emergencies and crop failures make rural customers most vulnerable to financial shocks.
- Customers (especially rural women) need a lot of handholding to use digital channels, and loan officers play a vital role.
- Due to instances of fraud, customers are very wary of trusting digital channels unless there are sufficient trust markers.
- There is limited access to smartphones at an individual level, especially for women. However, there is access to shared devices in the household.
- The use of vernacular languages and intuitive interfaces is a critical success factor in driving rural women to adopt and regularly use digital channels. Many customers still struggle to comprehend and write basic text messages and prefer voice-based interactions over text.

Institutions must be prepared to address these considerations. Another important factor is strong use cases. Customers will be driven to use digital channels only if there are applicable use cases that provide them with the information or products and services they are looking for, such as advisory services relevant to their enterprise, social service schemes, and information about financial products. Product information, such as eligibility criteria for a new loan and the status of a loan application, can encourage customers to use digital channels more. Basic information, such as their equated monthly instalment amount and loan balance, which is available from the loan officer, is useful to have, but might not drive significant digital channel usage.