At the Heart of All That We Do

Janalakshmi's Journey to a Customer-Centric Bank in India

CGAP

Introduction

THE EVOLUTION OF JANALAKSHMI

Janalakshmi, which is translated literally as "People's Wealth," began as a microfinance enterprise and is now a small finance bank that caters to low-income people and businesses that do not have access to mainstream financial institutions. This case study shows how the group, with assistance from CGAP, worked to refine its services and products and made management changes to put customers at the heart of its operations.

Janalakshmi operates through two main entities to pursue its social goals. One is the overarching non-profit Jana Urban Foundation, which undertakes various activities to deepen understanding of the benefits and challenges of financial inclusion and help customers improve their quality of life through better education, skills, livelihoods, and community integration. The other entity has been Janalakshmi Financial Services (JFS). For a decade after it was founded in 2008, JFS operated only as a for-profit NBFC (non-banking finance company), but in April 2018 it secured a banking license and now operates as Jana Small Finance Bank (see Box 1). Before the transition, JFS was the largest urban microfinance organization in India, serving more than 5 million families in 259 cities. The foundation is a JFS board member with voting rights that acts on behalf of the founders and represents their capital stake in the company.

The Janalakshmi enterprise was founded in Bangalore by Ramesh and Swati Ramanathan. The couple had returned to India after successful careers in the United States with the dream of tackling one of modern India's largest, but often ignored, issues – rapid urbanization and the socioeconomic exclusion of people in **big cities.**[1] India's urban population had grown from 290 million as reported in the 2001 census to an estimated 340 million in 2008, and McKinsey estimates it will grow to **590 million by 2030.**[2] Seventy five percent of people in urban India are poor. Although they contribute actively to economic growth through the informal economy, they are often excluded from access to financial and medical services and other basic needs such as utilities and roads. Most of them are long-settled residents, but conditions may get

1. **https://www.livemint.com/Politics/4UjtdRPRikhpo8vAE0V4hK/How-much-of-India-is-actually-urban.html**
2. **https://www.mckinsey.com/featured-insights/urbanization/urban-awakening-in-india**

even worse for the growing population of migrants. As the cities expand, so does the level of exclusion faced by their low-income residents. If this is ignored it could greatly impact long-term economic growth.

The Ramanathans set up a number of organizations designed to provide a range of services to the urban poor and help them participate in India's growth. They included JFS, Janadhaar, which provides financing for low-cost housing, and Janaagraha, which promotes civic rights in the cities.[3]

When Janalakshmi began operating as an NBFC in 2008 it was hard to get a bank licence in India. It could only operate as a lending company and could not offer financial products such as savings accounts, insurance, or investments. An additional stipulation after the microfinance crisis in 2010 required that 85 percent or more of the asset base be comprised of unsecured joint-liability loans, which also limited Janalakshmi's capacity to provide individual loans to microentrepreneurs.[4]
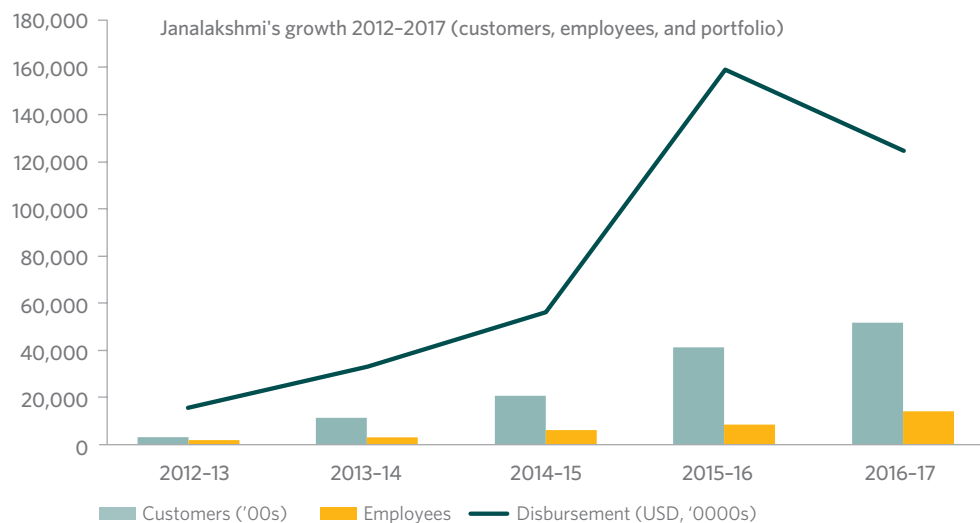
Despite the obstacles, Janalakshmi was determined to grow its customer base and become a bank. It wanted to be a one-stop shop for its clients' financial requirements, so it invested in building up a picture of its customers' lives and needs, beyond just data about existing loans. Janalakshmi understood that the formal banking system often intimidated the poor. As a result they preferred to rely on financial services available in the informal sector, which were not of the highest quality. Janalakshmi focused on building a strong physical presence close to urban slums, where most of its customers lived, in order to grow access and trust. It also began working as an agent for other financial institutions, to distribute savings and insurance products that they could not themselves deliver. After 2012, Janalakshmi experienced a steady growth in its portfolio and extended its footprint across the country. It eventually ranked third among all microfinance institutions in India in equity flows (approximately $9 million),[5] demonstrating an ability to raise funds for its expansion.

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3. This case study will only focus on Janalakshmi Financial Services and refer to it as Janalakshmi throughout.

4. Until the Reserve Bank of India added categories like Small Finance Banks and Payment Banks in 2014 microfinance was dominated by non-bank finance companies that could deliver only credit from their balance sheets. In the aftermath of the Andhra crisis in 2009–2010 regulation had further restricted microfinance institutions to a special category called non-bank finance company microfinance institution (NBFC-MFI), defined by asset compositions. NBFC-MFIs had to have 85 percent of their asset books in Joint Liability Group loans whose terms were also defined by the Reserve Bank of India. These institutions could deliver non-credit products in partnership with banks or insurance companies. However, such partnerships were tedious to structure and resulted in poor customer service for the end customer. NBFC-MFIs also depended heavily on banks for lending funds which created further dependence and higher costs. For organizations like Janalakshmi, this was a constrained operating environment that required constant negotiations.

5. State of the Sector Report, 2012. **https://www.microfinancegateway.org/sites/default/files/mfg-en-paper-microfinance-india-state-of-the-sector-report-2011-2012.pdf.** Published by SAGE Publications and commissioned by ACCESS Development Services.

Figure 1. Growth in business[6]

Janalakshmi's growth 2012–2017 (customers, employees, and portfolio)

Legend: Customers ('00s) — Employees — Disbursement (USD, '0000s)

Source for data: Janalakshmi Annual Report, fiscal year 2016–2017.

By fiscal year 2015–2016, Janalakshmi recorded disbursements of $1.8 billion, reaching over 4.5 million customers. It had already received approval in principle from the Reserve Bank of India to become a small finance bank (See Box 3). This study examines the steps Janalakshmi took to keep its customers at the center of its business as it transformed from an urban microfinance institution to a small finance bank.

PARTNERSHIP WITH CGAP

The independent policy and research center CGAP has been seeking partners as it pursues its mission to build customer-centric approaches in financial services for low-income people. CGAP believes that a customer-centric approach provides value for customers by offering experiences and products tailored to their needs, and provides value for financial institutions whose customers actively use the products and services, remain loyal, and provide referrals. This approach is rarely afforded to low-income customers.

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6. The drop in disbursements in 2016–2017 followed demonetization in November 2016.

Box 1: Anchoring a Customer-Centric Culture

Jana Urban Foundation was created to ensure adherence to Janalakshmi's mission of delivering financial services to the urban poor. It is a Janalakshmi Financial Services board member with voting rights that acts on behalf of the founders and represents their capital stake in the company.

An independent customer insights team was set up within the foundation to provide a neutral research platform whose work affects the company's business but is not subject to business pressures. The founders considered this an integral mechanism to identify customer insights and bring them to the attention of the senior management level and the board. The foundation helped to create a customer-centric culture in Janalakshmi's early period of rapid growth and expansion.

The results of research conducted by the customer insights team also informed the foundation's own policy and its advocacy initiatives with the public sector and civil society. After the microfinance crisis in 2010, for example, Janalakshmi along with other large MFIs worked to support credit bureaus and establish a code of conduct for the sector. The foundation also provided financial advisory and skill development services for customers at Janalakshmi branches.

CGAP was aware that Janalakshmi was a large organization with a solid base of customers, and that its senior management was already looking for ways to better understand its customers and use those insights to improve the design and delivery of its services. It was interested in solidifying this approach throughout the organization's operations. Having established their mutual interests, Janalakshmi and CGAP began an initial partnership in 2014.

Janalakshmi group loan customers, India.

A Pyramid Within a Pyramid
Building a Strong Insights Culture
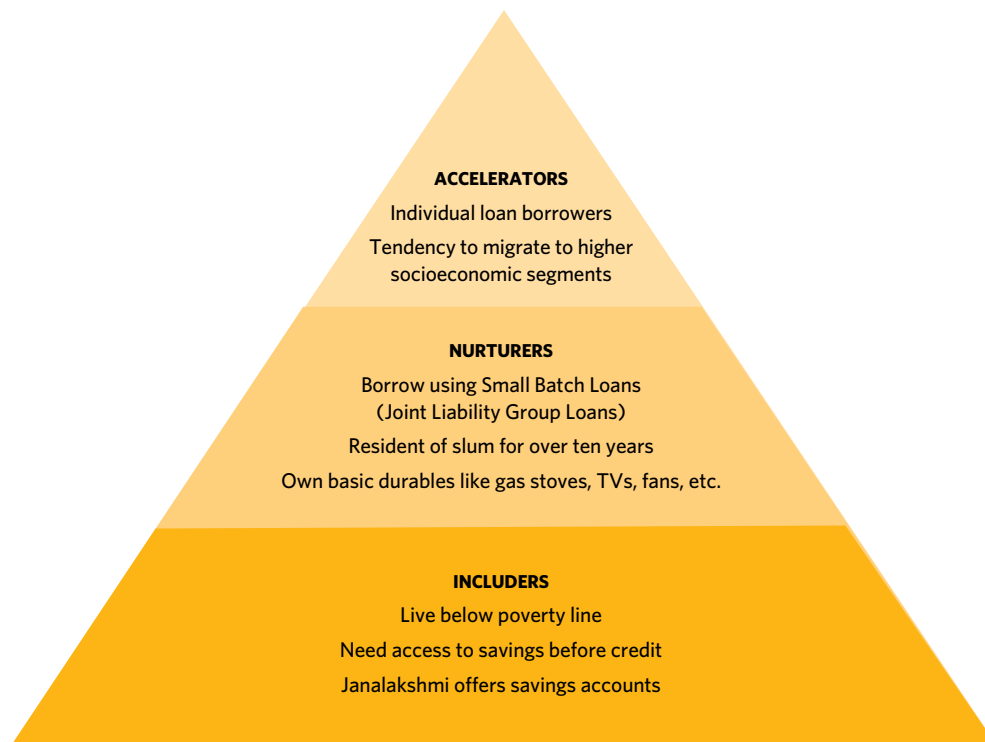
SEGMENTING LOW-INCOME CUSTOMERS

Janalakshmi recognized that while it largely provided a single group loan product with minor variations, if it wanted to become a full-service bank it would not just have to understand the needs of its customers but also work out a strategy to fulfill those needs.

In 2013, the customer insights team (see Box 1), conducted a study called "Pathways to Prosperity" to analyze customers' financial circumstances and their household finances across various stages of their lives. Janalakshmi learned an important lesson that was to become key to its future strategy: while current and potential customers in low-income neighborhoods of India appeared homogenous to group loan officers, there was in fact a wide disparity in their attitudes toward the future and in their financial strategies to achieve their dreams. This led to a segmentation of customers into three categories – Includers, Nurturers, and Accelerators – based on different financial situations and needs (see Figure 2).

KALEIDO: A SEGMENTATION TOOL TO BETTER PROFILE CUSTOMERS

CGAP's initial discussion with Janalakshmi began in 2014 by considering the results of this segmentation and establishing the objective of linking the segments to new business strategies. CGAP sought to deepen the insights on each customer segment and build a tool that could help staff profile the segments and subsequently connect people to suitable products beyond loans. The hypothesis was that a tool that would help employees collect the right data on customers would create distinct profiles; distinct profiles would lead to tailored product recommendations; and relevant products would result in better uptake, thereby establishing a business case for customer centricity. So the first phase of the CGAP-Janalakshmi partnership focused on creating a profiling tool.

Figure 2: Customer segments at Janalakshmi

ACCELERATORS
Individual loan borrowers
Tendency to migrate to higher
socioeconomic segments

NURTURERS
Borrow using Small Batch Loans
(Joint Liability Group Loans)
Resident of slum for over ten years
Own basic durables like gas stoves, TVs, fans, etc.

INCLUDERS
Live below poverty line
Need access to savings before credit
Janalakshmi offers savings accounts

A cross-functional team at Janalakshmi applied a human-centered research process to develop the tool. It was facilitated by the consultant Innovation Labs and jointly funded by CGAP and Jana Urban Foundation. The team conducted extended qualitative interviews and analyzed customers' areas of cash transactions as well as their circumstances, aspirations, and financial attitudes. The result was Kaleido, developed in 2014, a tool that took account of five elements that could impact an individual's financial life – events, attitudes, household businesses, other finances, and family composition. The tool was accompanied by a survey that contained key questions customers would answer to populate their profile.

The Kaleido project's interviews with customers showed that families living in similar neighborhoods have very different financial aspirations and attitudes to money and prioritize expenses differently. Below are two stories that emerged from Kaleido interviews showing the differences between customers living in similar neighborhoods in Bangalore.

"When you go and visit customers, you can empathize much more with them. They are going through various things in their lives and you get to see it for yourself. It is very real. The other thing that struck me in the immersions was that people in this socioeconomic class are extremely busy. . . . **If you don't visit them, you don't realize just how packed their days are.** Anything that we deliver in terms of financial services must take this into account."

— Neelanjana Gupta, Senior Executive, Skills and Livelihood Program, Jana Urban Foundation

Janalakshmi agent collects daily cash savings via tablet, India.

Satish's story

Satish ran a grocery store with his mother in Gundappa layout, a bustling slum that housed about 230 families in the rapidly growing city of Bangalore. While his mother worked from 8 am to 9 pm at the store, Satish purchased stock from various wholesalers. The business was growing well, but Satish was looking to expand it much further and hoped to own a large house. He wanted to set up another storefront for mobile recharges. To facilitate the expansion, he was willing to make sacrifices in the short term so he could reinvest money in his businesses. Satish was young but he seemed to be the main decision-maker in his family and appeared impatient to achieve his goals. While reinvesting money in the business would yield a cash flow in the future, Satish may have been making insufficient provisions for unplanned events such as health shocks.

Shivakumar's story

Shivakumar was an autorickshaw driver who earned $8 per day. He and his wife Mahalakshmi, a garment factory worker, lived in a small house in a quiet slum in Bangalore. Their day began with prayers. Both hailed from very poor backgrounds but were proud of being self-reliant. Educating their only son was an important dream. Shivakumar and his wife did not aspire to more than ensuring that their son would become financially independent and well-educated.

These two stories reveal differences in attitudes, aspirations, and the ways in which two families made financial decisions. The differences in the risk profiles of the two families meant that financial instruments that would be used at times of need would be very different. Mapping these differences into the Kaleido framework helped contrast various households and create distinct portraits (see Figure 3).

The analysis helped in comparing two different households which seemed to have similar demographic characteristics but were very different in their financial position and attitudes to finance. With a sufficiently large sample set, it would be possible to predict paths that customers and their households would take to achieve their ambitions and the possible risks and shocks they needed to prepare for. The Kaleido project was a concrete guide for Janalakshmi to differentiate between customer segments while delivering financial products and services.

Janalakshmi agent sends instant customer confirmations via tablet, India.
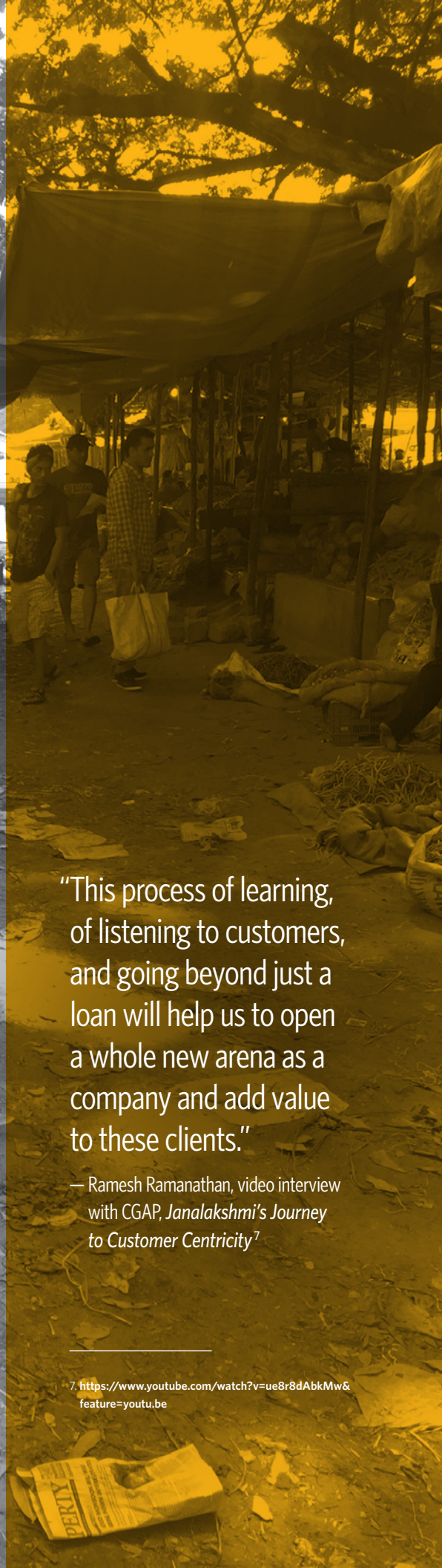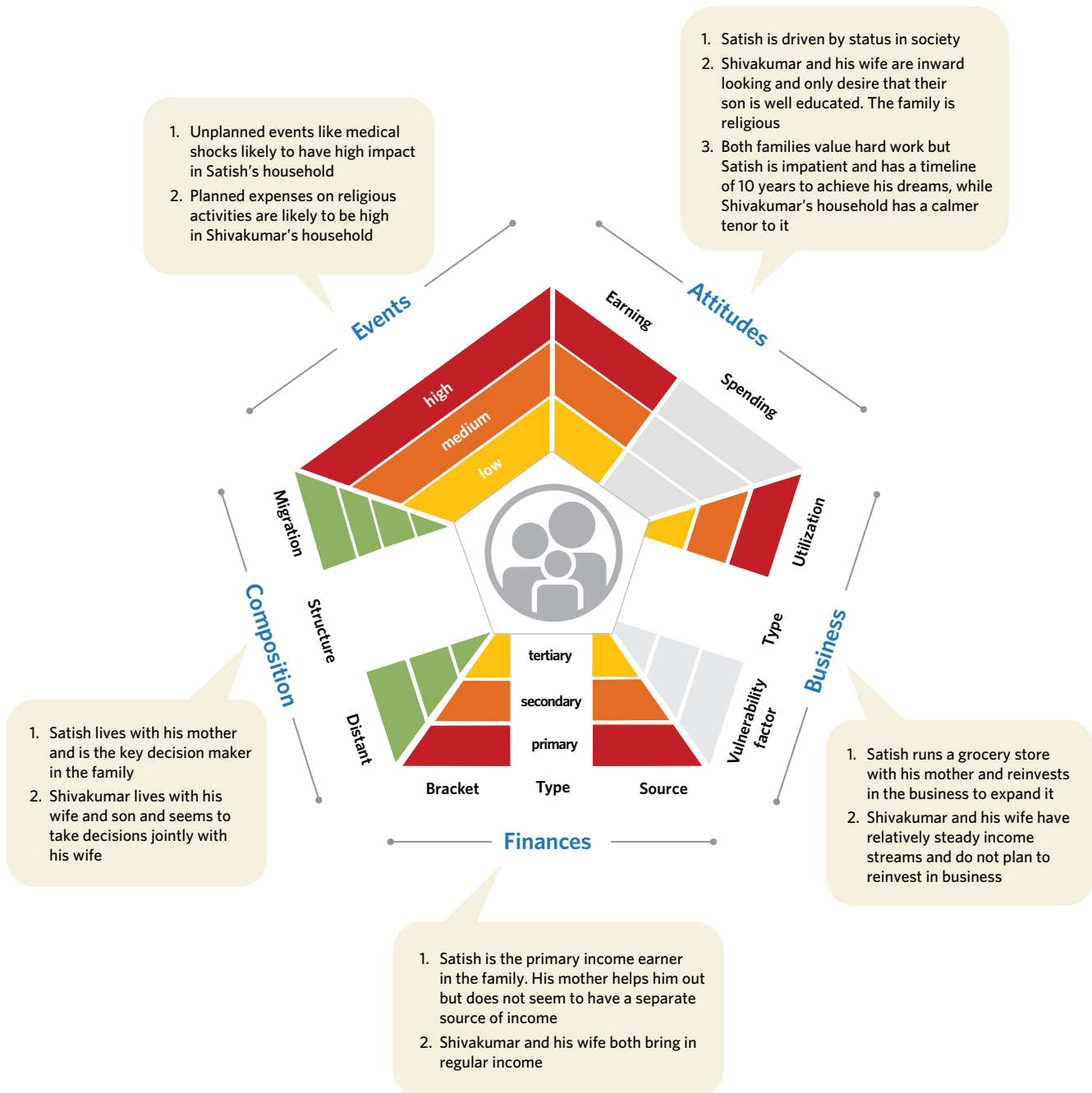
"This process of learning, of listening to customers, and going beyond just a loan will help us to open a whole new arena as a company and add value to these clients."

— Ramesh Ramanathan, video interview with CGAP, *Janalakshmi's Journey to Customer Centricity*[7]

7. https://www.youtube.com/watch?v=ue8r8dAbkMw& feature=youtu.be

Figure 3: Contrasting portraits emerge from Kaleido

1. Unplanned events like medical shocks likely to have high impact in Satish's household
2. Planned expenses on religious activities are likely to be high in Shivakumar's household

1. Satish is driven by status in society
2. Shivakumar and his wife are inward looking and only desire that their son is well educated. The family is religious
3. Both families value hard work but Satish is impatient and has a timeline of 10 years to achieve his dreams, while Shivakumar's household has a calmer tenor to it

1. Satish lives with his mother and is the key decision maker in the family
2. Shivakumar lives with his wife and son and seems to take decisions jointly with his wife

1. Satish runs a grocery store with his mother and reinvests in the business to expand it
2. Shivakumar and his wife have relatively steady income streams and do not plan to reinvest in business

1. Satish is the primary income earner in the family. His mother helps him out but does not seem to have a separate source of income
2. Shivakumar and his wife both bring in regular income

Events

Attitudes

Composition

Business

Finances

Earning

Spending

Utilization

Type

Vulnerability factor

Source

Type

Bracket

Distant

Structure

Migration

high

medium

low

tertiary

secondary

primary

KALEIDO'S IMPACT: SUCCESS AND CHALLENGES

As a result of the Kaleido project, Janalakshmi was able to classify customers into five main areas: family composition, businesses, attitudes, other finances, and life events. This helped streamline long, cumbersome registration forms. Additionally, the financial advisory sessions conducted with group loan customers graduating to individual loans were updated to capture data in those same areas.

Janalakshmi also created a daily savings product, Badti Bachat, in collaboration with a bank, to enable micro-entrepreneurs to channel small sums from their daily income into stable savings through doorstep collection from customers at a flat collection fee. As of 2016, 22,000 customers had made use of this product. In 2016 Janalakshmi launched educational loans called Jana Vidya for customers needing to pay for their children's education, with amounts ranging from INR (Indian rupees) 5,000 to INR 50,000 (approximately $100 to $1,000) and a 12-month tenure, for paying tuition and admission fees, textbooks, uniforms, and other school-related materials. Janalakshmi found that serious customer experience issues were ignored as a consequence of the partnerships created to offer the education loans, but it believes they will be ironed out now that it can serve customers directly as a bank.

Because the customer insights team worked outside the mainstream business there were challenges in fully scaling Kaleido insights into the organization. CGAP and Janalakshmi drew important lessons from this for future projects:

1. **New projects should be clearly linked to business considerations**. Without a campaign to orient business staff to the results, without the right incentives for them to adopt this tool, and with primary operations still focused on providing a group loan, business teams saw little value in segmenting clients *en masse*. New projects would have to be anchored directly in business considerations and they would need senior management providing mentorship and having investment in the results.

2. **A prototype tool should be tested and perfected before scaling.** After the initial Kaleido project, insufficient attention was paid to improving the set of questions and the methodology for gathering accurate data. As a result, the first round of scaling was cumbersome and full of errors in the database, leading to inaccurate results.

3. **A successful method needs the right channel.** Implementing Kaleido at scale ideally required equipping front-line staff with electronic devices to collect data. This required a massive investment in technology that did not happen until several years later.

The Kaleido project registered a small yet crucial win. It convinced senior management at Janalakshmi that customer centricity was important. It also made them aware that to fully embed customer centricity, they would have to make major management changes to transform employee structure, operations, and overall culture.

SEGMENTATION 2.0

As part of subsequent transformations, discussed below, Janalakshmi later revisited segmentation strategies. In early 2017, as it began the transition to becoming a small finance bank, it undertook another segmentation exercise to get a better understanding of microentrepreneurs and their financial lives.

As a part of the preparation for the transition, Janalakshmi began focusing on new segments beyond its existing group loan customers that it would be able to serve as a bank. It turned to microenterprises in urban India which had fallen between the cracks of MFI group loans and banks and which were heavily reliant on risky informal loans. It learned that this segment had a turnover of less than $500,000 and identified six sectors in which most such businesses were engaged in urban India: healthcare, education, construction, transport, food, and retail.

Box 2: A Crucial Check-In

As Project Kaleido came to an end, Janalakshmi and CGAP sought to deepen customer-centric change in the organization. They held a workshop with senior management, facilitated by customer centricity expert Doug Leather, to try to establish a strategic direction, highlighting gaps between intent and implementation in the effort to become a more customer-centric organization. The objective was to move beyond the insights emerging from Kaleido to explore and prioritize new areas to develop customer-centric ideas. At the same time it was essential to establish ways to further entrench customer insights in business teams, in operations, and in the overall culture of the organization.

The areas selected were:
- Improving the design and delivery of the customer experience at JFS branches.
- Creating a single customer view (SCV) that allows the business to measure current and future value from each customer. SCV would allow Janalakshmi to see the impact of customer-centric measures and target interventions on high-value customers as well as design interventions to convert low-value customers into high-value customers.

Key priorities for implementation:
- Ensuring customer-centric projects contain a cross-functional team of Janalakshmi participants, along with senior and middle management mentoring and ownership.
- Ensuring that each new project or experiment be tied to a scaling strategy if successful.

Janalakshmi learned that although characteristics like formal credit history and years in business play a role in assessing microentrepreneurs, these factors can tell an incomplete and possibly misleading story. The research showed that formal institutions tend to analyze the businesses on the basis of transactions and formal credit history. In doing so, they may overlook the fact that many microentrepreneurs view their businesses more in terms of local relationships with suppliers and loyal customers that can be cultivated to manage cash flow gaps on either side. Microentrepreneurs often build hyperlocal networks in the community in which they operate, enabling them to deal with uncertainty, manage tight cash flow cycles, and become more resilient. They get help managing their cash flow and supplies from local sources with whom they have built relationships over time – relationships marked by reciprocity, flexibility, credit, and trust.

To get a more complete picture it was important to understand whether microentrepreneurs have strong networks and effective microstrategies in place to help them succeed. (Informal moneylenders have been assessing these factors for years). Janalakshmi realized it would need to develop better assessment tools for its risk and compliance teams for this segment, but that this did not need to be complex or expensive.

Box 3: The changing regulatory environment in India (2013–2014)

While lessons from Kaleido were still being digested, the Indian regulatory environment altered dramatically. The Reserve Bank of India, the country's central bank, which had been conservative in providing licenses to create banks for more than two decades, altered its approach and invited applications for new licenses in 2013. It also set up a specialized Committee for Comprehensive Financial Services for Small Businesses and Low-Income Households, which released a report in early 2014 recommending creating differentiated categories of banks – Payment Banks and Small Finance Banks – that would meet the needs of low-income households.

For Janalakshmi these developments seemed to be the signal that it could achieve the longstanding dream of becoming a bank. In November 2014, the Reserve Bank of India published guidelines for small finance banks, defined as a specialized institution category to increase the supply of financial services to people who had no relationship with banks. For Janalakshmi, this provided an opportunity to transform into a bank and offer a whole suite of products directly to its customers. It became clear to the team at Janalakshmi that they needed to prepare for this application and be ready to differentiate their services quickly to retain old customers and acquire new ones. Janalakshmi's senior management understood that to keep the flame of customer centricity burning alongside overall business growth and preparations for the bank application, it needed to make comprehensive management changes.

Janalakshmi managers assess customer experience prototypes, India.

"Everyone thinks they are customer-centric, but it may not mean the same thing. Ingraining this approach in the organization means we have to bring about a collective understanding first, whether we are in teams working risk, compliance, or front-end roles."

— Ashwini Jain, former Head of Products and Marketing, Janalakshmi Financial Services

In Their Shoes
Better Customer Experience

IMPROVING CUSTOMER EXPERIENCE AT BRANCHES

After the Reserve Bank of India released the guidelines for small finance banks at the end of 2014 (see Box 3), Janalakshmi geared up to fulfill its ambition to become a bank. New banks would bring higher competition to acquire and retain customers, making high quality customer experience a priority. Janalakshmi saw an immediate need to differentiate itself from its competition by offering better customer experience. It sought to answer a fundamental question – Can financial institutions provide distinct and distinguishing customer experience when serving poor, underbanked customers?

Good customer experience is, at the bare minimum, respectful of customers and reflects their needs and life goals. Few financial service providers work on providing good customer experience for poor customers because margins are lower, resources are tighter, and bank branches are in congested slums or remote villages. These customers generally end up with a "no-frills" version of products and services. In short, there is rarely a clear business case for designing better customer experience for the poor.

However, Janalakshmi's head of products and marketing at the time, Ashwini Jain, estimated that a quarter of current group loan customers would graduate from group loans to using a broader range of financial services such as savings, insurance, and loans tailored to small and medium-sized businesses. In Jain's words: "If you have treated them well, then these are just the customers who will stay with you rather than go elsewhere."

With this in mind, as it prepared to transform into a bank, Janalakshmi and CGAP began the Customer Experience Improvements project. Janalakshmi revived its commitment to customer focus, setting two objectives: first, to understand the current customers' journey and second, to design, test, and scale customer experience improvements for them.

TEAM: With the support of CGAP, a cross-functional working group was formed with staff from Janalakshmi branches, marketing, product design, and compliance to collaboratively work on improvements to ensure participation and interest across the enterprise. The global development advisory firm Dalberg was brought on board but the **cross-functional team**[8] continued to be involved in customer field visits to identify pain points due to poor quality customer service.

METHOD: The **team conducted interviews**[9] with customers in their homes and at branches, shadowed field officers, held discussions with groups of borrowers in their communities, interviewed customers who had stopped taking specific products, and arranged "fly-on-the-wall" observation sessions at branches to assess customer interactions. The focus was on **identifying current gaps**[10] in delivering positive customer experience and moving, as Janalakshmi founder Ramesh Ramanathan put it, from "*a somewhat average experience [for customers] to an experience of delight.*" Insights from these interactions were analyzed jointly by CGAP and senior management at Janalakshmi.

FINDINGS: The findings revealed some unexpected gaps in Janalakshmi's customer experience and surprised senior management. Despite a strongly articulated social mission to serve poor customers, large socio-cultural inequities were sometimes reflected in the customer experience. Some customers feared asking questions. Some admitted to being disrespected but didn't feel empowered to express dissatisfaction. A customer waiting in a branch with her infant felt too self-conscious to ask the all-male staff for a place to breastfeed. Gaps like these stemmed from factors such as gender inequality and class discrimination, and they imposed a psychological cost. They could turn customers away from services altogether. It was found that sometimes basic amenities were missing at a branch. Drinking water was not available and bathrooms were often designated "staff only." On some occasions customers said they waited over six hours for a manager to address them. The team realized that they must create a list of non-negotiable factors that would represent the basic minimum customer experience and create a distinct brand identity in customers' minds.

Articulating values and pain points along the Janalakshmi customer journey was an eye-opening experience for the project team. In a very human way it revealed the discord Janalakshmi sometimes faced in its efforts to deliver on customer needs and expectations, and created the opportunity to plan for improvements and innovations.

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8. http://customersguide.cgap.org/sites/default/files/resource/2018/06/Tools-Team-Prototyping.pdf
9. http://customersguide.cgap.org/sites/default/files/resource/2018/06/Lessons-Learned-Janalakshmi-Prototyping.pdf
10. http://customersguide.cgap.org/sites/default/files/resource/2018/05/Lessons-Learned-Janalakshmi-Customer-Journey.pdf

"We take our customers and their time for granted. Change has to take place and quickly."

— Rahul Mallick, Head of Retail Financial Services, interviewed in July 2015

Janalakshmi management listens to staff pitch customer experience ideas, India.

JANALAKSHMI CUSTOMER JOURNEY

Latent Need | **Feel the Need** | **Search** | **Select**

When customers have an existing or an upcoming situation in their lives that could be addressed more suitably through a Janalakshmi product, but are either unaware of this product or unable to correlate it to their life situation.

When customers feel the need for product or service that is included within the Janalakshmi portfolio, but are either take no action to address this need or are only at the early stages of searching for service providers who can fulfill this need.

When customers search for solutions that address their financial need, wether proactively seeking information or passively being influenced by t heir peers.

When customers have considered one or more service providers that offer an adequate solution to their financial need and have chosen Janalakshmi as their financial service provider

CUSTOMER VALUES

Information | *Information, Relationships* | *Information, Relationships* | *Information, Relationships*

GAPS

INFORMATION: Communication Strategy needs to be designed better

INFORMATION: Field Staff structure & incentives need to be designed better to ensure conversion from

> "I usually ask my friends or family for information when financial need arises"

INFORMATION Communication Strategy needs to be designed better

INFORMATION: Field Staff structure & incentives need to be designed better to ensure conversion from

INFORMATION: Information and communication systems could be better designed to provide validation needs felt by customers
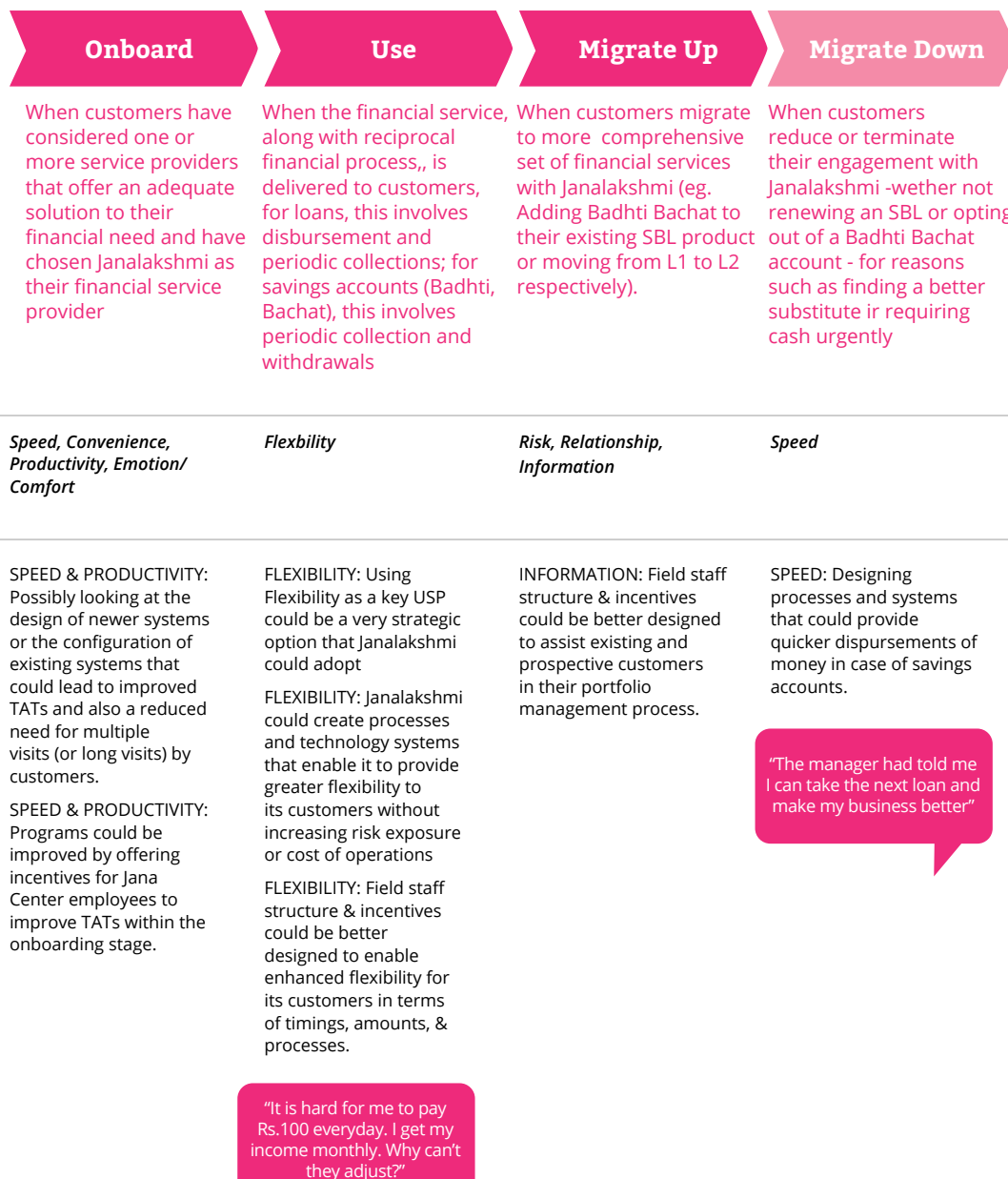
> "I'm very close to my neighbours. We help each other out in times of difficulty... She intro- duced me to Janalakshmi and told me I could get a loan there cheaper than in private."

RELATIONSHIP: Field staff structure and incentives could be better designed to assist existing and prospective customers in their search process

COST: Having user-centered tools (technology enabled) that enable users to model their financial needs and select appropriate products that minimize total cost to them. Design principles could include low cognitive load and limited literacy

RELATIONSHIP: Field staff structure & incentives could be better designed to assist existing and prospective customers in their selection process

> "Everyone was recommending Janalakshmi to me, and I asked my sisters who also said it was a good option."

Onboard	**Use**	**Migrate Up**	**Migrate Down**
When customers have considered one or more service providers that offer an adequate solution to their financial need and have chosen Janalakshmi as their financial service provider	When the financial service, along with reciprocal financial process,, is delivered to customers, for loans, this involves disbursement and periodic collections; for savings accounts (Badhti, Bachat), this involves periodic collection and withdrawals	When customers migrate to more comprehensive set of financial services with Janalakshmi (eg. Adding Badhti Bachat to their existing SBL product or moving from L1 to L2 respectively).	When customers reduce or terminate their engagement with Janalakshmi -wether not renewing an SBL or opting out of a Badhti Bachat account - for reasons such as finding a better substitute ir requiring cash urgently
Speed, Convenience, Productivity, Emotion/ Comfort	*Flexbility*	*Risk, Relationship, Information*	*Speed*
SPEED & PRODUCTIVITY: Possibly looking at the design of newer systems or the configuration of existing systems that could lead to improved TATs and also a reduced need for multiple visits (or long visits) by customers.	FLEXIBILITY: Using Flexibility as a key USP could be a very strategic option that Janalakshmi could adopt	INFORMATION: Field staff structure & incentives could be better designed to assist existing and prospective customers in their portfolio management process.	SPEED: Designing processes and systems that could provide quicker dispursements of money in case of savings accounts.
SPEED & PRODUCTIVITY: Programs could be improved by offering incentives for Jana Center employees to improve TATs within the onboarding stage.	FLEXIBILITY: Janalakshmi could create processes and technology systems that enable it to provide greater flexibility to its customers without increasing risk exposure or cost of operations		"The manager had told me I can take the next loan and make my business better"
	FLEXIBILITY: Field staff structure & incentives could be better designed to enable enhanced flexibility for its customers in terms of timings, amounts, & processes.		
	"It is hard for me to pay Rs.100 everyday. I get my income monthly. Why can't they adjust?"		

Source: Janalakshmi Playbook.

PROTOTYPING SOLUTIONS:[11] Involving branch managers in the team was the first step toward empowering front-line staff to take their own initiatives to offer better customer experience. They are often the first to identify challenges with service delivery but seldom have a voice or channel to make their observations known. Several proposals were pitched by employees to senior management at a public meeting held at one of Janalakshmi's branches in a busy marketplace, at which managers assessed and commented on the ideas. The session built employee ownership of the ideas while the public commitment shown by senior management ensured its continued support for such changes, signs that all sides would remain engaged.

The commitment and enthusiasm generated by the meeting has continued to have an impact on customer experience at Janalakshmi branches. Most organizations, especially in the financial services industry, do not encourage innovation by front-line staff that can disrupt consistent service. In inviting representatives of different levels from different business sectors, Janalakshmi broke the mold. This was an important shift toward building a customer-centric organization by empowering employees, changing processes, and building a common culture.

PROTOTYPING AND SCALING SOLUTIONS[12]

Following the research and discussions under the Customer Experience Improvements project, three prototypes for improving customer experience were rolled out by designated project leads. The team tested the most promising solutions with customers to get rapid feedback so that if they were effective they could be formally incorporated into Janalakshmi's business processes. Janalakshmi tested three prototypes:

1. Jana Basics: Improved basic facilities like clean water and an infant feeding zone for customers at bank branches

2. Jana Din-Bhar (all day): A faster disbursement process that reduced customer waiting time

3. Jana First Club: A rewards program that recognized customers who paid back loans faster and consistently attended loan meetings

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11. **http://customersguide.cgap.org/sites/default/files/resource/2018/06/Lessons-Learned-Janalakshmi-Prototyping.pdf**
12. **https://www.microfinancegateway.org/sites/default/files/publication_files/jl_edited_playbook2.pdf**

A modest budget was set aside for the team to develop the prototypes. A senior staff member was assigned as a project "champion" to ensure prototyping managers had the buy-in to complete their projects. Some ideas were easy to implement. In Jana Basics, water, clean bathrooms, large waiting areas, breastfeeding zones, and children's play zones were provided at two branches in low-income neighborhoods that lacked these facilities. The prototype manager, Saranya Thiyagarajan, trained hosts to welcome each customer, provide a waiting token to create a queuing system, and direct people to a seating area. The positive reception of Jana Basics indicated that Janalakshmi should expand these "non-negotiable" amenities to all branches nationally.

Janalakshmi also tested the more radical proposal called Jana Din Bhar (translated as "Jana through the day"), intended to reduce customer waiting time for group loan disbursements. In the research phase, customers had complained that they lost a day of work and wages to get loan funds into their accounts, a process which requires the entire loan group to be present at the branch at the same time. The team tested an innovative approach where all paperwork was done at a community center near the loan group members' homes, generally in the same community. They still needed to be at the branch to get money on their ATM cards but waiting time was reduced.

With fewer customers waiting, the branch processed more loans each day, which was good for customers and good for business. However, compliance and risk teams were hesitant to adopt this approach widely because it challenged industry norms on enforcing group liability. They feared it would affect repayments. There was no evidence of an increase in business in six weeks of field testing, but customers seemed to like the program. As a result, the prototype moved to a piloting phase and management committed to back it if the business case was proved. Jana First Club, the rewards program prototype, went back to the design table because it needed a stronger business case.

Insights and processes used in this project were also compiled into the **Customer Experience Playbook,**[13] a guide for Janalakshmi staff serving low-income customers on how to improve customer experience.

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13. https://www.microfinancegateway.org/sites/default/files/publication_files/jl_edited_playbook2.pdf

Jana Basics project champion, Saranya, India.

Box 4: The Reluctant Prototyper

Saranya Thiyagarajan had joined Janalakshmi less than a year before she was asked to join a cross-functional team that worked on customer experience improvements. Fresh out of college, Saranya had never visited a Janalakshmi branch – her responsibilities involved looking at customer loan applications and ensuring that they conformed to the prescribed criteria. While she was conscious of Janalakshmi's social mission, to Saranya customers were little more than file numbers in her system. When asked to be a part of the customer experience team, she was nervous about her ability to contribute. But it was her observations that led to the formulation of the prototype Jana Basics, to provide basic facilities at all branches to improve customer experience.

Overcoming her shyness, Saranya passionately defended her proposal in an open forum and was supported by senior management. Implementing her idea meant overcoming resistance from procurement officers and branch managers, who felt she was interfering with their work and stepping outside her defined role in the organization. She navigated around them, lobbied for her idea, and won the support of colleagues. In the process Saranya was transformed from a hesitant newcomer to a champion for the customer, checking in on the progress as the plan was rolled out across branches. Customer feedback on their experience at Janalakshmi's branches was positive and Saranya played a prominent role as the project took root. She proudly speaks of a weekend when she worked for 30 hours straight and travelled across three cities to motivate newly recruited Jana hosts at branches. She reels off statistics on the Jana Basics project as she manages the scaling of her idea across 130 branches and tracks their impact on customers. She regularly writes on the Channel J platform.

Jana Basics was recognized by a visiting team from MFIN, the Indian Microfinance Network, and the experience was written up in its monthly newsletter. While it was not originally part of her key performance indicators (KPIs), Saranya is known by people across the country as the "Jana Basics girl." Saranya attributes much of her growth to mentors from middle and senior management, who guided and supported her and taught her how to be professional: *"I get direct feedback from the Chairman and Management committee . . . so this recognition is much more than any KPI in my goal sheet. I also have great feedback from customers. I feel proud. I know my classmates in other organizations are just going to work and having fun, while I work for a cause. I hear so many inspiring stories from across Janalakshmi, and I learn every day."*

SCALING JANA BASICS

At the end of the trial of the Jana Basics prototype in two branches, customer satisfaction was found to be high. In a second phase the service was extended to 25 more branches and satisfaction scores also rose there. When the operational costs were presented to senior management for approval the business case for Jana Basics was clear (see Figure 4). During 2016 and 2017, Saranya helped implement the plan at 130 branches across the country and it became the standard for all new branches to be opened in the future.

The two projects – Kaleido and Customer Experience Improvements – had set in motion a customer movement. With more employees involved and invested, there was a spate of new cross-functional groups and conversations that centered on the customer and a number of proposals and measures were taken that led to more business and greater loyalty. Amid this activity in late 2015 Janalakshmi received its in-principle approval from the Reserve Bank of India to become a small finance bank. Janalakshmi was one of ten institutions to receive the approval, which eventually would allow it to provide access to multiple financial products through its own balance sheet and truly become a one-stop shop for financial services for the poor. Janalakshmi could now consider serving newer segments, from small and marginal farmers to microentrepreneurs, and other small entities in sectors that are unorganized. But it knew that to sustain customer centricity through the bank launch it would have to make more substantial changes, especially in employee incentives, operations, and technology.

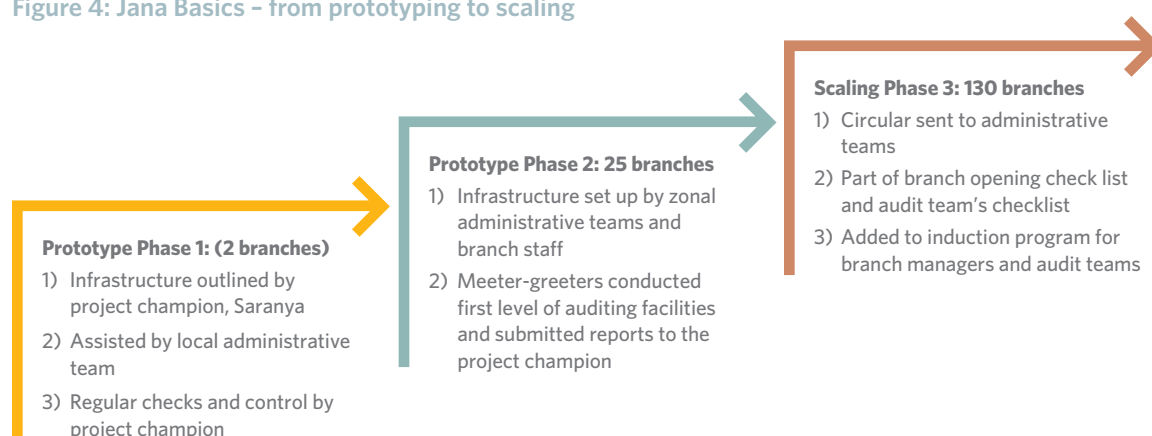**Figure 4: Jana Basics – from prototyping to scaling**

Prototype Phase 1: (2 branches)
1) Infrastructure outlined by project champion, Saranya
2) Assisted by local administrative team
3) Regular checks and control by project champion

Prototype Phase 2: 25 branches
1) Infrastructure set up by zonal administrative teams and branch staff
2) Meeter-greeters conducted first level of auditing facilities and submitted reports to the project champion

Scaling Phase 3: 130 branches
1) Circular sent to administrative teams
2) Part of branch opening check list and audit team's checklist
3) Added to induction program for branch managers and audit teams

Figure 5: Jana Basics - Budget and Approval Ratings

Jana Basics budget (INR)			
Details	**Capex (one-time)**	**Op-ex**	**Total (per annum)**
Average cost/branch	Rs. 15,000	Rs. 750 per month	
Number of branches	157	157	
Total	Rs. 2.355 million	Rs. 1.413 million	Rs. 3.768 million
Customer satisfaction scores			
	Issue	**Result of survey before Jana Basics introduced**	**Result of survey after Jana Basics introduced**
1	Assistance and guidance at the branches (rated as helpful)	51%	88%
2	Drinking water and toilet facilities (positive response)	33%	88%
3	Query resolution	88%	99%

Source: Adapted from a presentation made internally at Janalakshmi.

Fueling a Movement
Employee Empowerment

Janalakshmi's workforce grew dramatically from approximately 300 in 2010, to 6,000 in 2015, to more than 10,000 in 2016 as the business expanded nationally. Many employees displayed great initiative during campaigns to improve customer experience but struggled to balance these responsibilities with their regular jobs. So Janalakshmi's management focused on overhauling its key performance indicators and initiated a series of schemes to encourage and embrace customer-centric innovation. They included:

Employee value

Janalakshmi divided its people into four categories based on career level and defined a Jana Value Proposition (JVP) for each group. It codified its compensation policy to reflect its character as a purpose-driven social enterprise and to be consistent with the JVP. "JanaNayaks" at the front lines are paid at the 90th percentile, middle management at the 75th percentile, senior management at the 66th percentile, and top management at the 50th percentile of the MFI industry.

Customer-centric key performance indicators

Janalakshmi adopted a balanced scorecard approach to performance management, tracking KPIs across four sectors: People, Process, Customer, and Financials. The Customer sector, in particular, was introduced to instill the customer-centric approach initiated in partnership with CGAP. Incentives for the sales staff, who make up the majority of employees, are based on the specific KPIs assigned to them. A data-driven approach is adopted at every Business Unit and Jana Branch, which allows performance discussions to be based on tangible data rather than subjective perceptions. Individuals can see their performance assessment in a dynamic, continuous way that makes quick correction and self-improvement possible. The data also facilitates easy and open comparisons, which helps push everyone to higher levels of performance.

Rewards and recognition for customer centricity

"Exemplar" is a contest in which employees are nominated and rewarded for making efforts in customer centricity and related innovation. The awards are presented by the Janalakshmi chairperson and recognition is provided at the regional, zonal, and national levels.

Among those who have received Exemplar awards are:

Nilesh, a collections agent, who realized that several customers couldn't relate to the English calendar which did not capture local festivals. Nilesh designed a collections calendar in the local language clearly marking days when a repayment was due, with a notation that reflected the Indian calendar[14] followed locally. This practice became a model for other Jana Centers across India.

Ravindra, one of Janalakshmi's collection executives, who committed himself to respond to customer queries in record time and to meet customers regularly to tell them about new offerings and provide the latest updates. Ravindra's customers felt that they were part of the Jana family and his customer engagement skills were copied at other Jana Centers.

BUILDING A BRAND PROMISE

 In 2015, Janalakshmi defined its core purpose as helping people unlock their potential, and it coined the tagline "Likho Apni Kahani," meaning "Write your own story," to reflect its brand. It invited customers and employees to write their story focusing on two themes: "taking ownership over your life" and "your relationship with money." Senior managers led the way, sharing stories of how they made tough choices and overcame adversity. Volunteer storytellers were enlisted to travel across the country and arrange storytelling sessions for all employees at their local offices. Given that a majority of employees come from challenging social backgrounds – often with barely a high school diploma – many of their life stories were very powerful. Janalakshmi gave the speakers a forum that was respectful and not intimidating.

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14. The Indian calendar follows a lunar cycle and every region has its own calendar that is customized to the local agricultural cycle.

BUILDING A COMMON VOCABULARY

With Janalakshmi's rapid expansion across the country, one of the key challenges it faced was to ensure that employees reflect the same values as the founders and senior leadership. Channel J is an online social tool that allows Janalakshmi employees to form groups, receive updates on policy communications, and interact with each other. Channel J is configured like other social platforms and is an important way to maintain a company culture during a period of rapid transition.

Channel J
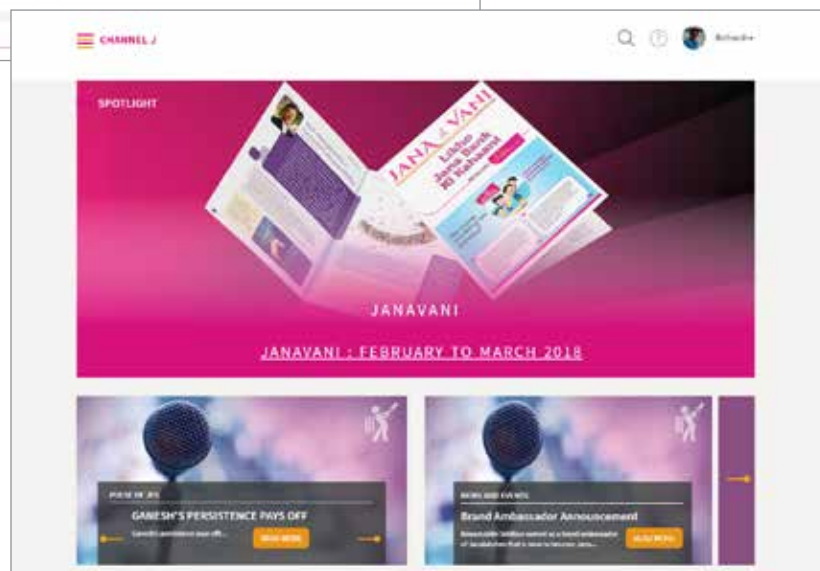
Janalakshmi creates space and incentives for employee innovation, India.

ANCHOR FOR CUSTOMER CENTRICITY

The customer centricity council was created by Jana Urban Foundation in 2014 as a platform for senior management to meet regularly and discuss Janalakshmi's impact on the customer. The council met once every eight weeks between May 2014 and January 2016. To bring the voice of the customer into these meetings, members of senior management were expected to visit customers in advance so that they could discuss financial issues customers had raised.

WHISTLE-BLOWER MECHANISM

Janalakshmi has established a whistle-blowing mechanism through which employees can raise concerns with the assurance that they will be protected from reprisal or victimization.

Enhancing Tech and Business Intelligence

From its early days, Janalakshmi recognized that it could not affordably deliver the kind of services and products that low-income customers wanted without a scalable technology platform. It needed three key components:

1. A biometric-based front-end transaction device that would ensure that all customer-facing transactions were "digitized-at-source."

2. A back-end core banking system (CBS) that would be the repository of all customer financial information and would accommodate the necessary scale, product diversity, customer data protection, and controls. Such systems are expensive and have high upfront charges for hardware, software, and vendor services, as well as recurring/maintenance charges.

3. A customer relationship management (CRM) system that would act as a bridge between the front-end biometric device and the back-end CBS and hold not only all the "know your customer" (KYC) information but also provide key insights into customers and their product usage patterns. This would serve as the workflow engine for all the interim processes between customer acquisition, loan sanctioning, disbursals, and collections.

Developing this technology platform wasn't easy. Core banking systems that were designed for large banks did not have the ability to handle the group loan product and its features, making it important that the vendor fully understood financial products designed for the poor. There were practical problems. Biometric devices that were meant to authenticate customer fingerprints before disbursing a loan or collecting repayments would run out of charge half way through the day when collections executives were out visiting customers. Authentication processes to protect customer data used front-line staff's biometrics, but these were hard coded into the device, which meant it had to be re-programmed by the vendor every time a staff member left.

As Janalakshmi worked to address these problems in its early years, there were fears it could be left behind as the Indian microfinance sector grew rapidly around it. But when the microfinance crisis hit India in 2010 and most MFIs struggled to cope with stringent reporting requirements and increased operational expenses, Janalakshmi was still able to grow because of the early investments it had made in the technology needed to cope with these challenges.

EVOLUTION OF TECHNOLOGY

The technology system at Janalakshmi was constantly upgraded as the organization evolved. At each stage, the architecture was adapted to accommodate Janalakshmi's strategic growth plans, including in the following ways:

- **Digitizing the front end.** In 2016, front-line information gathering was made real time. Staff were given tablets to input information about their customers, record their address with GPS coordinates, scan their identity documents, and conduct a credit bureau check. This Front Office System (FOS) used a simple graphic interface and drop-down menus to minimize error and save time in capturing data. It could be used to generate leads, enroll customers, update details on disbursement and collections, and conduct group verification tests.

- **Digitizing customer experience.** Janalakshmi's joint liability group loan customers now receive loan disbursements on a prepaid open-loop card called the Jana Card, issued under an arrangement with DCB Bank and Federal Bank. The card can be used at all VISA ATMs and merchant locations across the country. Customers can also use a mobile application to pay utility bills, recharge their mobile, send and receive money, load their Jana Cash cards, or pay merchants. If customers do not have a smartphone, they can make their transactions at Janalakshmi agent locations called Jana Cash points. Agents have their own mobile application that enables them to process transactions on behalf of customers, and helps them to locate other agents and Jana branches.

ACTIVATING CUSTOMER DATA

Janalakshmi revamped its data management system so that it could measure not only the value being provided to customers, but also the value that different types of customers were generating for the business. Previously, Janalakshmi assessed its financial performance by measuring the value generated by different types of products. It upgraded to a data management system that could identify customers by unique identifiers. It could then aggregate cost and revenue drivers and classify customers in value segments.
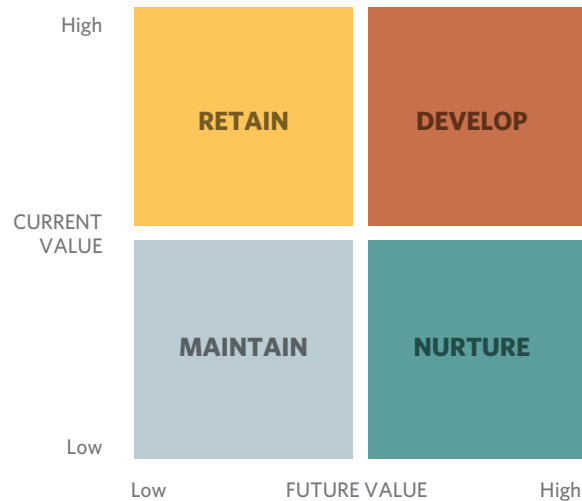
Value from a customer was defined as: *loan size x propensity to default x actual interest component of an Equated Monthly Instalment + revenue from cross-sell products.*

The current value that a customer brings has two aspects to it. There is the value that has already been realized by the organization and there is the value that remains to be realized during the tenure of products already in use (for example, the repayment of an outstanding loan). The future value of a customer is based on the likelihood that they will continue to use products they have already been using, use a product that generates higher value for the firm, or use multiple products that together increase revenue for the firm. With this theoretical framework, Janalakshmi developed a matrix that classified customers into high or low current value and high or low future value. The business intelligence team tested the value model using actual data from the profit and loss statement. The numbers matched, indicating that in defining current value, the team had accurately captured all the drivers. Working with these formulae, the business intelligence team classified all Janalakshmi's customers into low, medium, and high value categories.

The value grid did not prove to be easy to mainstream, especially amid the pressure to launch the bank and threats to the business discussed below. But Janalakshmi's experience in this data activation had **many lessons for other providers**[15] looking to build the foundation for a business link to customer centricity. When Janalakshmi expands its product offerings and begins to use a value grid to influence business decisions, it is expected to be the first financial service provider catering to poor customers that has succeeded in this endeavor.

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15. http://www.cgap.org/sites/default/files/Brief-Business-Case-for-Customer-Centricity-Apr-2017_0.pdf

Conclusion
Unintended Consequences and Recovery

A CASH FLOW CRISIS

On November 8, 2016, the prime minister of India announced demonetization of Rs. 500 and Rs. 1,000 currency notes with effect from midnight, making the use of these notes invalid. He took this sudden step primarily to reduce unaccounted money in the system and to control fake currency and corruption. Together, the two notes constituted nearly 85 percent of the total currency in circulation.

For the cash intensive Indian microfinance sector, where poor customers repay using predominantly these two denominations, the move caused significant stress to both microfinance institutions and poor customers. With the subsequent shortage of cash across the country, loan officers could not collect repayments for several weeks, resulting in an unprecedented increase in the Portfolio at Risk (PAR) and delinquency in a sector that for years had reported the lowest PAR rates in the world. By December 31, 2016 PAR (for 30 days delinquency) had increased to around 8 percent compared to 0.5 percent in the quarter before **demonetization.**[16]

Demonetization took place a few months before elections in five major Indian states. As is often the case, loan waivers were at the core of the election campaigns. Although these promises were made for farm loans, many urban microfinance customers assumed this included their loans, translating into willful defaults. The impact was felt by all small finance banks and microfinance institutions which steadily saw an increase in their PAR from 2.64 percent in the quarter ending December 31, 2016 to 19.1 percent in the quarter ending March 31, 2017. For the microfinance sector and the newer small finance banks, the coincidence of demonetization and state elections created a "perfect storm" and had **repercussions that will continue to be felt in the long term.**[17]

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16. https://www.livemint.com/Opinion/jVE367mp7AamTbHD5dG0lK/Demonetisations-blow-to-microfinance-sector.html
17. https://www.womensworldbanking.org/news/blog/demonetization-damaged-repayment-discipline-india/

A customer voices some customer experience issues,
Janalakshmi branch, India.

Like other MFIs, Janalakshmi faced immediate challenges. First hit was the customers' willingness to pay. Especially in states where elections were being held, defaults were higher and customers did not pay even if they could. Second, it brought into question the integrity of loan officers. All MFIs recognized that customers did not have the cash to repay and that they could not pressurize customers. As a result, when cash was available and customers did pay, loan officers had the discretion to report this out-of-schedule large payment. In cases where loan officers tried to commit fraud, it put an additional burden on Janalakshmi to recover repayment and track unreliable staff. In Janalakshmi, this period also highlighted internal stress, and in some instances led to neglect in applying customer-focused internal policies. With severe stress on financials, it had to change its focus from customers to collecting outstanding arrears in debts. In fact, Jana was one of the worst hit because it held approximately 40 percent of the overall portfolio of small finance bank license recipients.

Throughout this phase, Janalakshmi was forced to cut costs and direct the activities of many business units toward loan collection. This resulted in a reduced focus on several customer-centric efforts, including customer experience and segmentation strategies. However, the foundations laid during the previous three years had built Janalakshmi's resilience, and helped it weather the storm.

CAPITAL INFUSION AND A CHANGE IN CEO

A consortium of existing and new investors infused $220 million in Janalakshmi in September 2017, which provided much needed new capital. Collections from customers were trickling in as a result of persuasion and customer education, and the team desperately needed the new funds to meet the bank launch's capital requirements. The capital infusion came with a change in CEO. Ajay Kanwal, an industry banker known for his expertise in helping institutions get through challenging times, was brought in as CEO.

FINAL APPROVAL TO LAUNCH THE BANK

On March 28, 2018, Janalakshmi finally received its "commencement of business" approval from the Reserve Bank of India, allowing it to achieve its long-standing dream of meeting the multiple financial needs of its customers. After a rough journey to the final lap, Jana Bank was finally a reality.

NEW PRODUCTS FOR UNDERSERVED SEGMENTS

Janalakshmi, as Jana Bank, continues to focus on the underserved customer. As a bank, the team is no longer constrained by the limitations of offering a mono-line credit product. A range of new loans has been launched,

such as gold loans, and other loans will follow, such as affordable housing loans and working capital overdrafts for small and medium enterprises. About 50 percent of the 8 million customers now have access to savings accounts at Jana Bank, giving them access to a free debit card.

Janalakshmi's insight into micro-entrepreneurs is currently helping it to focus on six sectors of importance – healthcare, food, construction, transport, education, and retail. Loan sizes vary between $3,000 and $15,000. Focusing on a hyperlocal economy around the branch, Janalakshmi is working up the value chains that exist around micro businesses, effectively diversifying risk and meeting credit requirements of multiple companies in the same location. Jana's current portfolio in this space is approximately $5 million, and the team has plans to greatly expand.

Several other products exist in the pipeline, and Janalakshmi's aim is to graduate its microfinance customers and attract new customers from this segment. By the end of the second quarter of the 2018–2019 fiscal year the company will have 200 branches, 25 percent in unbanked rural India, which is a regulatory requirement of the new license.

Janalakshmi is also working to expand its liabilities business by offering deposit accounts to customers from all segments. Attracting deposit customers is an important element of Jana's plans, because it will lower the cost of funds, a benefit it intends to pass on to the emerging microentrepreneur segment.

CUSTOMER FOCUS FROM THE JANALAKSHMI DNA TO THE JANA BANK

The economic shock following the 2016 demonetization brought a halt to the full-blown customer-centric transformation envisioned by Janalakshmi and parts of the process had to be abandoned, including customer-centric rewards, the customer-value grid, and customer segmentation strategies. With greater stability, it is hoped those elements will once again be introduced into the mainstream organization.

Key customer-related measures that are active today include:

- *Customer-centric KPIs*
Janalakshmi had adopted a balanced scorecard for performance appraisals and introduced customer-centric key performance indicators for all employees. This move earned it a position in the Balanced Scorecard Hall of Fame

in 2015–2016. At Jana Bank, this customer-centric approach has been continued. At the front line, customer-centric KPIs focus on customer acquisition and retention metrics. For other support functions, customer-centric KPIs include turn-around time and addressing customer complaints.

- *Co-creating culture with customers*

Janalakshmi's customer centricity council at the board level has transformed into a customer experience committee and continues to anchor the discussion around the customer. Additionally, as a bank, Janalakshmi must focus on customer protection. Every business team now works with one dedicated staff member that is responsible for customer protection and compliance. As a part of maintaining a customer-centric culture as a bank, customer service councils have been constituted at branch level, comprising Jana branch staff as well as a customer representative. These customer service councils are responsible for analyzing customer complaints and making recommendations to management on initiatives that would help ease customer pain points.

- *Communicating to build a common vocabulary*

Channel J, which began as an internal communications channel when Janalakshmi was preparing for the bank launch, is now an active and vibrant communications network. In addition to providing access to internal circulars and policies, Channel J helps spread the word about various rewards and recognition programs and is evolving into a peer learning platform. As Janalakshmi expands across the country, its leadership sees Channel J as an important anchor for the Jana culture.

Regular monthly webcasts by Ajay and the management team with all employees have fostered a culture of transparency and openness in the organization – a critical need given the widely distributed workforce.

THE WAY FORWARD

Since November 2016, Janalakshmi has been on a path to recovery. The company is going through a complete transformation given its deep business and culture challenges. Its unwavering commitment to its customers remains unchanged and all activities are geared toward achieving its stated mission to be a trusted and inclusive bank with consistently high standards of performance, compliance, and work culture.

The organization has strategically focused on six key areas, or the "Six Cs": Customers, Credit & Collections, Cost Efficiency, Capital & Liquidity, Culture, Compliance & Communication. There is a redefinition of organizational values: Honesty, Discipline, Respect, and Service, and very importantly, a clear commitment

to live and breathe these values. "Given the transition to a bank, our ability to serve the financial inclusion agenda becomes even stronger," Ajay said.

Ajay's words echo the sentiment heard from Janalakshmi over the years, as he speaks of the need to develop products that fit in with customers' lives and allow the unbanked to fulfill their aspirations with dignity. Acknowledging past challenges, he remains upbeat: *"I want to be a core bank to my customers and truly be a part of their lives. As a small finance bank, I can finally truly be a partner to the poor. It is a historical moment with tremendous opportunity, for both the customers and us."* [18]

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18. CEO Kanwal, in an interview with Jayshree Venkatesan of CGAP, April 2018.

◊ CGAP

CGAP CASE STUDY I JUNE 2018
AT THE HEART OF ALL WE DO:
JANALAKSHMI'S JOURNEY TO A CUSTOMER-CENTRIC BANK IN INDIA
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