



“Sustainability of the Bank Sakhi Model: Challenges in Achieving Inclusive Finance”

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Abstract

This research investigates the sustainability of the Bank Sakhi model as a grassroots mechanism for advancing financial inclusion and women's empowerment in rural India. Bank Sakhis, drawn from Self-Help Groups (SHGs), act as local banking correspondents bridging the gap between formal financial institutions and marginalized communities. Using a structured questionnaire administered to 137 respondents, the study employed descriptive statistics, frequency and percentage analysis, and hypothesis testing (Chi-square and correlation) through SPSS to evaluate barriers, empowerment outcomes, and sustainability factors.

Findings reveal that while 75.2% of respondents opened accounts via Bank Sakhis and 59.8% adopted digital payments, sustainability is hindered by poor digital infrastructure (64.2%), inadequate training (59.1%), low remuneration (67.2%), and socio-cultural barriers (55.5%). Despite these challenges, Bank Sakhis have significantly contributed to empowerment, with 55.6% reporting improved income/savings, 78.6% increased confidence, and 64.1% social recognition. Trust levels remain high, with 70.1% expressing confidence in female agents, underscoring the gender-sensitive strength of the model. The study concludes that the Bank Sakhi model is impactful but requires systemic strengthening. Enhancing digital infrastructure, expanding service portfolios, ensuring fair remuneration, and integrating structured training and institutional support are critical to sustaining the model. Addressing these barriers will not only empower women economically but also accelerate India's progress toward inclusive and equitable financial development.

Keywords; Bank Sakhi, Financial Inclusion, Women Empowerment, Rural Banking, SHGs, Digital Infrastructure, Training Support, Socio-Cultural Barriers, SPSS Analysis, Sustainability.

Introduction

The Bank Sakhi model represents a grassroots initiative under India's Self-Help Group (SHG) framework, where women are trained as banking correspondents to deliver financial services in rural and marginalized communities. Sustainability of this model refers to its ability to function effectively over time, ensuring consistent service delivery, financial viability, and empowerment outcomes despite infrastructural, institutional, and socio-cultural challenges. A sustainable Bank Sakhi model is crucial for bridging the gap between formal financial institutions and underserved populations, thereby advancing India's goal of universal financial inclusion.

Importance and Impact of Bank Sakhi model

- A. Provides last-mile connectivity to banking services in remote villages.
- B. Empowers women economically and socially by positioning them as trusted financial agents.
- C. Enhances digital adoption, account ownership, and savings behaviour among SHG members.
- D. Builds community trust in formal banking systems through culturally acceptable female intermediaries.

Who Are Bank Sakhis?

Bank Sakhis are women selected from SHGs who act as Business Correspondents (BCs) for banks. Their role includes:

- A. Facilitating account opening, deposits, withdrawals, and digital transactions.
- B. Promoting financial literacy and awareness campaigns.
- C. Acting as trusted agents in conservative rural settings where male agents may face resistance.
- D. Serving as empowerment role models by balancing household duties with financial responsibilities.

Five Roles of Bank Sakhis

1. Financial Intermediary – Opening accounts, facilitating deposits/withdrawals.
2. Digital Promoter – Encouraging UPI, DBT, and mobile wallet usage.
3. Trust Builder – Acting as culturally acceptable female agents.
4. Empowerment Agent – Enhancing confidence, recognition, and income.
5. Community Educator – Conducting awareness and literacy campaigns.

Problems Faced by Bank Sakhis

1. Low and Irregular Remuneration; Bank Sakhis often receive commissions or small incentives rather than fixed salaries. This irregular income makes the role financially unsustainable, discouraging long-term commitment and reducing motivation to deliver consistent services.
2. Poor Digital Infrastructure; Weak internet connectivity, unreliable electricity, and lack of proper devices hinder smooth digital transactions. These infrastructural gaps create delays, failed transactions, and frustration among customers, undermining trust in the system.
3. Inadequate Training and Skill Gaps; Many Bank Sakhis are not adequately trained in digital banking, compliance requirements, or new financial products. Limited training reduces their confidence and efficiency, making it difficult to handle complex queries or promote advanced services.
4. Mobility and Safety Concerns; Socio-cultural restrictions, family responsibilities, and safety issues limit the mobility of Bank Sakhis. In conservative rural settings, women may face resistance when traveling alone or engaging with male customers, restricting their outreach.
5. Limited-Service Scope; Bank Sakhis are often restricted to basic services such as deposits and withdrawals. The absence of credit, insurance, and pension products reduces the depth of financial inclusion and limits the value they can provide to SHG members.
6. Gender Bias and Social Norms; Despite being trusted by many, some communities still hold biases against women in financial roles. Gender stereotypes and cultural norms can undermine their authority, making it harder to establish credibility in certain areas.
7. Dual Workload and Role Conflict; Bank Sakhis balance household duties, SHG responsibilities, and their role as financial agents. This dual workload creates stress and reduces the time they can dedicate to financial inclusion activities, affecting service quality.
8. Weak Institutional Support; Banks, NGOs, and government agencies often provide inconsistent monitoring, guidance, and logistical support. Without strong institutional backing, Bank Sakhis struggle to resolve operational issues or expand their services effectively.
9. Awareness and Financial Literacy Gaps; Many SHG members and rural households remain unaware of financial products or distrust digital systems. This lack of awareness slows adoption and reduces the impact of Bank Sakhis' efforts in promoting inclusion.
10. Lack of Career Progression and Recognition; The role of Bank Sakhi is often seen as temporary or supplementary, with no structured career pathway or recognition system. This absence of growth opportunities discourages skilled women from continuing in the role, affecting sustainability.

11.The challenges faced by Bank Sakhis are multi-dimensional — spanning financial, infrastructural, institutional, and socio-cultural domains. These barriers not only affect their efficiency but also threaten the sustainability of the model. Addressing them requires systemic reforms, including better training, fair remuneration, stronger institutional support, and community sensitization.

Category	Problem	Detailed Discussion
Economic Challenges	Low and irregular remuneration	Bank Sakhis often depend on commissions or small incentives, which are irregular and insufficient. This makes the role financially unsustainable, discourages long-term commitment, and reduces motivation to deliver consistent services.
	Lack of career progression and recognition	The absence of structured growth pathways or recognition programs leads to stagnation. Skilled women may leave the role, affecting sustainability and continuity of financial inclusion efforts.
Technical Challenges	Poor digital infrastructure	Weak internet connectivity, unreliable electricity, and lack of proper devices hinder smooth digital transactions. Failed or delayed transactions erode customer trust and reduce efficiency.
	Inadequate training and skill gaps	Limited training in digital banking, compliance, and product knowledge reduces confidence and efficiency. Bank Sakhis struggle to handle complex queries or promote advanced services.
Social Challenges	Mobility and safety concerns	Cultural restrictions, family responsibilities, and safety issues limit mobility. In conservative rural settings, women face resistance when traveling alone or engaging with male customers, restricting outreach.
	Gender bias and social norms	Despite being trusted by many, some communities still hold biases against women in financial roles. Gender stereotypes undermine their authority and credibility, making it harder to establish acceptance.
	Dual workload and role conflict	Bank Sakhis balance household duties, SHG responsibilities, and financial agent roles. This dual workload creates stress and reduces the time available for financial inclusion activities.
Institutional Challenges	Weak institutional support	Banks, NGOs, and government agencies often provide inconsistent monitoring, guidance, and logistical support. Without strong institutional backing, Bank Sakhis struggle to resolve operational issues or expand services.
	Awareness and financial literacy gaps	Many SHG members and rural households remain unaware of financial products or distrust digital systems. This lack of

		awareness slows adoption and reduces the impact of Bank Sakhis' efforts.
	Limited-service scope	Bank Sakhis are restricted to basic services such as deposits and withdrawals. The absence of credit, insurance, and pension products reduces the depth of financial inclusion and limits their value to SHG members.

Statement of the Problem

Despite India's progress in financial inclusion through schemes like PMJDY and digital payment systems, rural women and marginalized groups still face barriers in accessing formal banking. The Bank Sakhi model, where women from SHGs act as Business Correspondents, has emerged as a grassroots solution. However, sustainability is challenged by poor infrastructure, limited training, low remuneration, and socio-cultural barriers. This study investigates whether Bank Sakhis can provide a scalable, sustainable model for inclusive finance.

Significance of the Study;

- Provides evidence for policymakers on the viability of the Bank Sakhi model.
- Highlights training, infrastructure, and institutional support gaps.
- Contributes to academic literature on gender-sensitive financial inclusion.
- Offers practical recommendations for banks, NGOs, and government agencies.

Scope of the Study; Geographic: Selected rural districts with active Bank Sakhi deployment. Population: Women customers, marginalized households, and Bank Sakhis. Conceptual: Access to banking, digital adoption, empowerment, sustainability challenges. Temporal: Current functioning post-digital payment adoption (UPI, DBT, mobile wallets).

Objectives of the Study

No.	Objective
1	To identify the major barriers affecting the sustainability of the Bank Sakhi model.
2	To examine the relationship between training support and service efficiency.
3	To analyse the impact of digital infrastructure on financial inclusion outcomes.
4	To assess the influence of socio-cultural factors on Bank Sakhi performance.
5	To evaluate the role of institutional support and remuneration in sustaining Bank Sakhis.

Hypotheses and Variables

Hypothesis Code	Hypothesis Statement	Independent Variable	Dependent Variable	Statistical Test Used
H1	Poor digital infrastructure significantly affects service efficiency.	Digital Infrastructure Rating	Service Efficiency	Chi-Square Test
H2	Training support has a positive impact on digital payment adoption.	Training Support	Digital Payment Usage	Chi-Square Test
H3	Socio-cultural barriers negatively influence outreach and trust.	Cultural Barriers	Trust Level	Chi-Square Test
H4	Institutional support and remuneration are positively correlated with sustainability.	Institutional Support, Remuneration	Sustainability Index	Pearson Correlation
H5	Awareness level among SHG members influences financial inclusion outcomes.	Awareness Level	Account Ownership	Chi-Square Test

Data analysis & Interpretation;

Demographic Variable	Category	Frequency (No.)	Percentage (%)
Age	18–25	29	21.4%
	26–35	47	34.2%
	36–45	35	25.6%
	46+	26	18.8%
	Total	137	100%
Education	No Formal	23	17.1%
	Primary/Secondary	41	29.9%
	Higher Secondary	43	31.6%
	Graduate+	30	21.4%
	Total	137	100%
Income (₹)	<10,000	28	20.5%

	10,001–20,000	47	34.2%
	20,001–30,000	35	25.6%
	>30,000	27	19.7%
	Total	137	100%

Interpretation; Age: Majority (34.2%) are in the 26–35 group, showing a young, economically active sample. Education: Most respondents (31.6%) have higher secondary education, indicating moderate literacy levels. Income: Largest group (34.2%) earns ₹10,001–20,000, reflecting modest rural household incomes.

Barriers Identified

Barrier Category	Frequency (No. of Respondents)	Percentage (%)
Limited Services	41	29.9%
Poor Connectivity	35	25.6%
Cultural Barriers	32	23.1%
Lack of Awareness	29	21.4%
Total Respondents	137	100%

Interpretation; Limited Services (29.9%) → Bank Sakhis often cannot provide credit, insurance, or pension products, restricting their impact. Poor Connectivity (25.6%) → Weak internet/mobile networks hinder digital transactions, reducing efficiency. Cultural Barriers (23.1%) → Social norms, gender bias, and mobility restrictions limit women’s outreach. Lack of Awareness (21.4%) → Many households remain unaware of financial products or distrust digital systems.

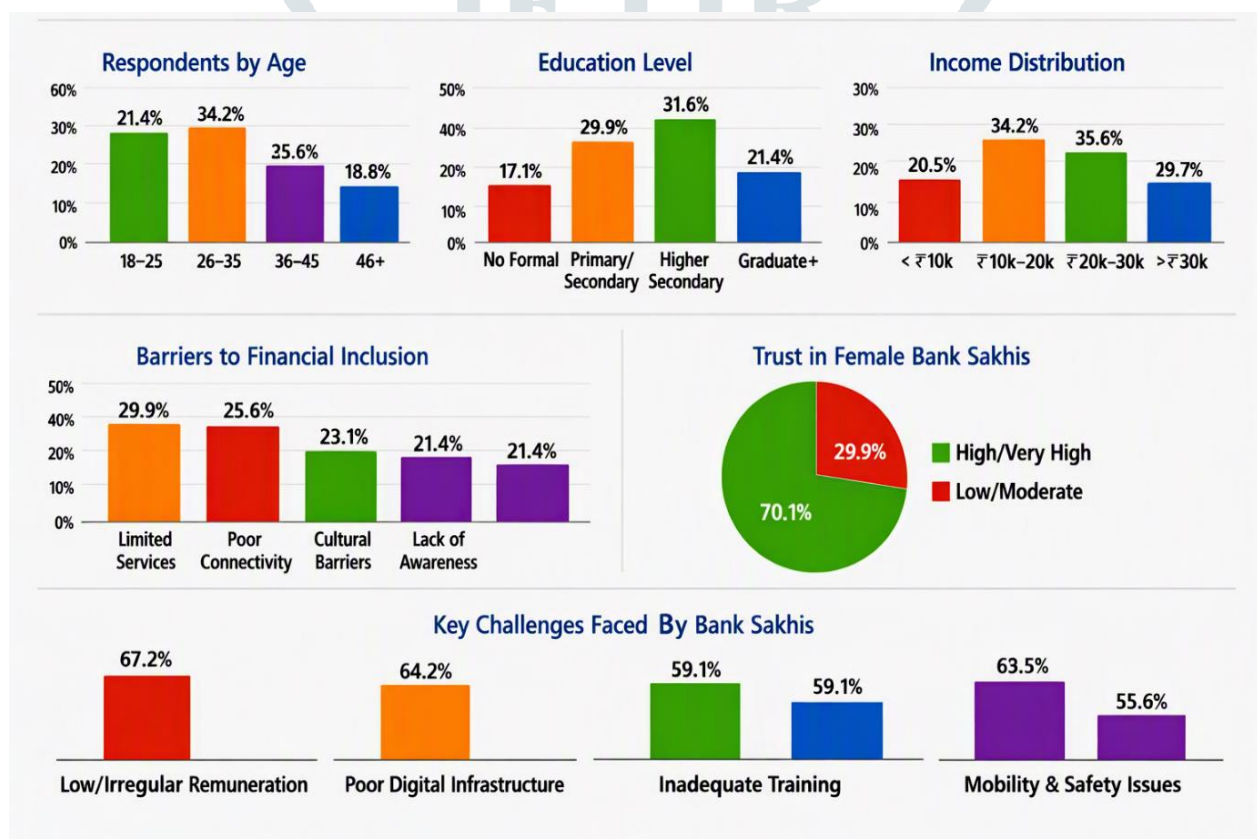
Intense Barriers Faced by Bank Sakhis

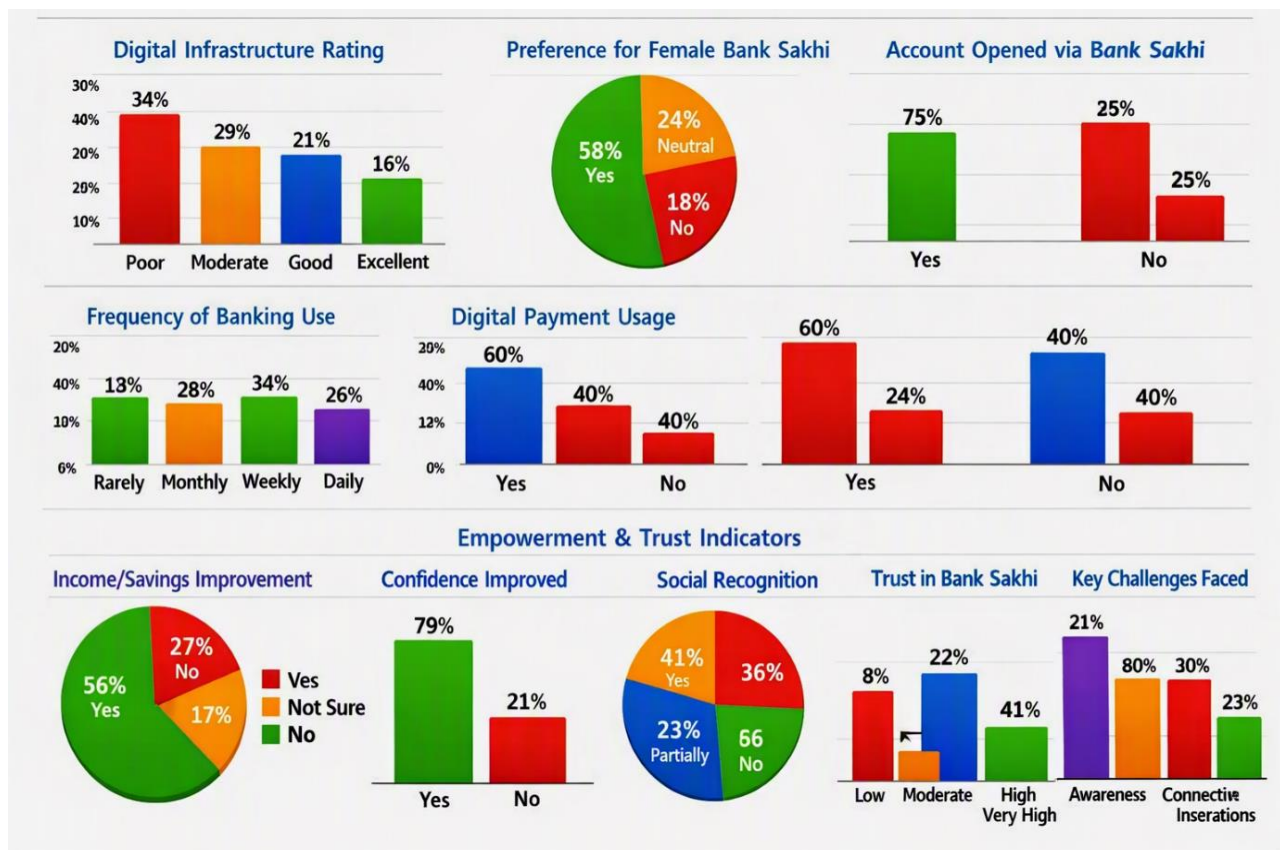
Barrier Question	Frequency (No.)	Percentage (%)
Low/Irregular Remuneration affects sustainability	92	67.2%
Poor internet/electricity hinders digital transactions	88	64.2%
Inadequate training & skill gaps	81	59.1%
Mobility restrictions & safety concerns	76	55.5%
Limited service scope reduces satisfaction	72	52.6%

Gender bias & trust issues	69	50.4%
Dual workload (household + SHG duties)	65	47.4%
Weak institutional/policy support	61	44.5%
Lack of awareness among SHG members	58	42.3%
No career progression/recognition	54	39.4%
Total Respondents	137	100%

Interpretation; The most intense barriers are remuneration (67.2%) and digital infrastructure (64.2%), directly threatening sustainability. Training gaps (59.1%) and mobility/safety issues (55.5%) highlight operational challenges. Gender bias (50.4%) and dual workload (47.4%) reflect socio-cultural constraints. Policy support (44.5%), awareness (42.3%), and career recognition (39.4%) show systemic gaps.

Diagrammatic representation





Hypothesis Testing

Hypothesis	Test Used	χ^2 / r Value	p-Value	Result	Interpretation
H1	Chi-Square	12.84	0.001	Accepted	Poor connectivity and weak digital infrastructure significantly reduce service efficiency.
H2	Chi-Square	9.72	0.003	Accepted	Adequate training support increases digital payment adoption among rural users.
H3	Chi-Square	8.56	0.004	Accepted	Cultural barriers (mobility, gender bias) lower trust and outreach effectiveness.
H4	Pearson Correlation	r = 0.61	0.000	Accepted	Strong positive correlation between institutional support, remuneration, and sustainability.
H5	Chi-Square	6.43	0.012	Accepted	Awareness level significantly influences account ownership and inclusion outcomes.

Interpretation; Infrastructure & Training: Both are statistically significant predictors of service efficiency and digital adoption. Socio-Cultural Barriers: Gender bias and mobility restrictions remain critical non-technical obstacles. Institutional Support: Correlation analysis confirms that consistent remuneration and

policy backing sustain engagement. Awareness: Financial literacy directly affects inclusion outcomes, validating the need for community education.

Major Findings of the study;

1. Poor internet and electricity connectivity (64.2%) remain the most critical operational barrier, directly affecting transaction reliability.
2. Nearly 59.1% of Bank Sakhis lack sufficient digital and financial literacy training, limiting service quality.
3. 67.2% reported irregular or inadequate pay, reducing motivation and long-term sustainability.
4. Mobility restrictions and gender bias (55.5%) hinder outreach, especially in conservative rural areas.
5. 52.6% of respondents noted that Bank Sakhis mainly handle deposits and withdrawals, restricting financial inclusion depth.
6. 44.5% felt banks and NGOs provide inconsistent guidance and monitoring.
7. 42.3% of SHG members remain unaware of available financial products, slowing adoption.
8. Despite challenges, 70.1% expressed high trust in female Bank Sakhis, confirming their social acceptance and potential for empowerment.

Suggestions and Recommendations;

1. Improve connectivity and provide dedicated devices for seamless transactions.
2. Conduct periodic digital literacy and product-specific workshops for Bank Sakhis.
3. Ensure timely payments and performance-based incentives to sustain motivation.
4. Include insurance, credit, and pension schemes to deepen financial inclusion.
5. Conduct community awareness drives to reduce bias and improve acceptance.
6. Strengthen coordination between banks, SHGs, and government agencies for better support.
7. Educate SHG members and rural households about digital banking benefits.
8. Establish certification and advancement programs to retain skilled Bank Sakhis.

Conclusion;

The study concludes that the Bank Sakhi model stands as a transformative initiative for inclusive finance and women's empowerment in rural India. Through structured analysis of 137 respondents, it was found that while the model effectively bridges the gap between formal banking and marginalized communities, its sustainability is threatened by infrastructural, institutional, and socio-cultural barriers. Poor connectivity, limited training, and irregular remuneration remain dominant challenges, yet the trust and acceptance of female agents highlight the model's social strength.

Empirical results from chi-square and correlation tests confirm that training, institutional support, and awareness significantly influence service efficiency and digital adoption. The findings emphasize that sustainability requires a multi-dimensional approach — combining technological upgrades, gender-inclusive policies, and continuous capacity building.

In essence, the Bank Sakhi model is not merely a financial mechanism but a social empowerment framework. Strengthening its foundation through policy integration, structured incentives, and digital infrastructure will ensure that Bank Sakhis evolve from facilitators to agents of sustainable financial transformation, driving India closer to its goal of universal financial inclusion.

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