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IIFL SAMASTA FINANCE

Financial Inclusion Through Women-Centric Microfinance

Abstract

Financial exclusion remains a significant obstacle to equitable socio-economic progress in India, especially among rural women, low-income families and marginalised groups without access to formal financial systems. Traditional banks have often failed to deliver accessible, affordable and tailored financial products to these segments due to geographic remoteness, low-transaction margins and perceived credit risks. IIFL Samasta Finance Ltd emerged as a focused microfinance institution addressing this gap through prudent lending, women-focused financial empowerment and technology-driven inclusion. Since 2008, the organisation has grown into one of India's top NBFC-MFIs, operating 1,648 branches across 22 states and serving over 3 million customers. Its diverse product range, including income-generation loans, sanitation support, dairy cattle financing, business loans and two-wheeler lending, creates sustainable livelihoods for underserved communities. Simultaneously, IIFL Samasta has embedded digital customer engagement, streamlined payments, paperless onboarding, financial literacy and dispute-resolution systems to increase access and enhance the customer experience.

Introduction

IIFL Samasta Finance Ltd began operations in March 2008 with a mission to provide affordable and accessible financial services to underserved and unbanked communities, especially women in rural and semi-urban regions.

Launched in Chennai to advance financial inclusion and socio-economic empowerment through microfinance, the organisation expanded rapidly, navigating several sectoral disruptions, including the Andhra Pradesh microfinance crisis, demonetisation and the COVID-19.

The company adopted a women-focused lending model powered by technology-led operations, customer-oriented financial offerings and community-driven outreach. It introduced a range of products - income-generation loans, sanitation loans, dairy cattle financing, secured and unsecured business loans, instant loans and two-

wheeler financing tailored for low-income and aspiring entrepreneurs.

By FY 2024, IIFL Samasta operated 1,648 branches in 22 states, managed ₹14,211 crore in AUM and served over 3 million customers. Digital offerings included AEPS, BBPS, UPI, e-signature, paperless onboarding and strong grievance platforms.

Beyond lending, the company implemented several social impact programmes, including financial literacy training, women's entrepreneurship development, scholarship support, renewable energy initiatives, disaster relief and livestock development.

The initiative advances financial inclusion by blending responsible finance, digital innovation, women's empowerment and holistic community development.

The Problem Statement

India's formal finance sector has struggled to serve low-income and underserved populations, especially rural women, informal workers and micro-entrepreneurs. Limited branch networks, lack of collateral, insufficient financial literacy and rigid credit assessments created barriers for millions.

Rural and semi-urban women were especially disadvantaged. They participated in household economies and informal businesses, but often lacked independent financial identities, credit and institutional support for entrepreneurship.

Traditional financial institutions failed to support micro and small enterprises because of the high costs of small loans. Many low-income borrowers turned to informal moneylenders, facing high interest rates and deepening debt cycles.

Another challenge involved geographical accessibility. Many underserved communities remained outside formal banking ecosystems due to inadequate branch presence and weak financial infrastructure in rural and semi-urban regions.

Financial literacy and digital exclusion made things worse. Many low-income customers did not know about formal savings, digital transactions, repayment planning or financial products, limiting their participation in the financial system.

The company identified additional issues: lack of access to sanitation, insufficient livelihood diversity, limited working capital for small businesses and insufficient productive assets such as dairy cattle and vehicles. The challenge was more than access to credit. It required creating a supportive ecosystem for entrepreneurship, financial participation, livelihoods and community development.

Solutions Stack

IIFL Samasta created a diversified, tech-driven microfinance ecosystem. It combined credit access, financial literacy, digital banking, customer engagement and social development. In the first component of its solutions stack, IIFL Samasta designed diversified microfinance products for underserved customer segments. The team offered Income-Generation Loans, ranging from ₹25,000 to ₹80,000, to support micro-enterprises and livelihood activities, while top-up and graduation loans enabled progressive financial mobility.

The company also launched specialised financial products to address sector-specific needs. Water and sanitation loans help households improve hygiene infrastructure, dairy cattle loans support livestock-based livelihoods and two-wheeler loans enhance mobility and income opportunities.

A key innovation was technology-driven customer services. The company enabled paperless onboarding, cashless disbursements, AEPS, BBPS, UPI, NACH and e-signatures to simplify access and reduce friction. Customer access improved through over 5 lakh BC points, helping those without smartphones or digital skills transact easily.

Financial literacy and customer protection formed another layer. The company ran digital learning and fraud awareness programmes and supported customers through more than 10 grievance channels. Operationally, the company used a structured process: identifying customers through Self Help Groups.

The company built social development into its operations. Financial literacy programmes reached 72,000+ people, with targeted entrepreneurship support for over 1,000 women and scholarships for 2,500+ disadvantaged girls.

Strategic Vision

IIFL Samasta defines itself not merely as a lender but as a force for socio-economic empowerment. The institution's strategy centers on the conviction that offering responsible financial services can transform livelihoods, enhance economic resilience and foster inclusive progress.

The company articulated its mission as "bridging the gap between customers' ambitions and achievements" by delivering customer-centric financial solutions backed by technology and human engagement.

Women's economic empowerment was a key focus. Empowering women financially creates benefits across families and communities, boosting education, health, nutrition and entrepreneurship.

The organisation prioritised sustainable, inclusive growth over rapid credit expansion. This balanced customer outreach

with sound risk management, operational discipline and long-term institutional resilience.

Technology was also central to the vision. IIFL Samasta used digital systems to improve efficiency, increase customer access, reduce fraud, resolve complaints and boost financial literacy.

To IIFL Samasta, financial inclusion goes hand in hand with community development. For this reason, the company invested in education, sanitation, renewable energy, disaster relief and livelihood programmes alongside financial services.

Implementation Journey

The implementation journey began in 2008 in Chennai, with a mission to provide financial access to underserved women and low-income communities. The first phase involved establishing group-based microfinance operations and expanding branch networks in underserved regions. The institution relied heavily on community engagement and localised outreach models to build trust and awareness.

A major institutional challenge emerged during the Andhra Pradesh microfinance crisis in 2010, which severely disrupted the microfinance sector across India. Despite the crisis, Samasta adopted strategic operational measures and gradually stabilised its business model by FY 2011-12.

The second phase involved strategic expansion and institutional strengthening. By 2017, the organisation had built a strong operational presence and loan portfolio,

attracting investment interest from IIFL Finance Ltd, which subsequently acquired a stake in the company. This partnership accelerated expansion across multiple states.

Subsequent implementation phases focused on technology adoption, digital transformation and product diversification. Paperless onboarding, digital payments, cashless disbursement and customer-centric digital platforms were progressively introduced.

The company also adapted operationally during demonetisation and the COVID-19 pandemic by strengthening digital channels, maintaining customer engagement and implementing measures to ensure operational continuity.

Implementation Challenges

The implementation journey encountered multiple systemic and external challenges. The first major challenge involved funding constraints during the organisation's early years. Initial growth depended significantly on investments from promoters' close networks during periods of financial uncertainty.

The Andhra Pradesh microfinance crisis of 2010 created severe regulatory and repayment disruptions across the microfinance industry. The crisis significantly affected borrower confidence, operational continuity and institutional stability.

Demonetisation introduced another major disruption by affecting cash flows and repayment cycles within cash-dependent rural economies. The institution had to rapidly adapt operational strategies

to mitigate liquidity and repayment challenges. The COVID-19 pandemic further intensified repayment pressures due to livelihood disruptions among borrowers. Lockdowns restricted field operations and accelerated the need for digital adaptation across customer engagement and service delivery systems.

Operationally, maintaining borrower discipline and repayment behaviour within vulnerable economic environments remained a continuing challenge. The institution also acknowledged its exposure to economic downturns and to policy-driven loan waivers, which are affecting the repayment culture.

Summary

- IIFL Samasta Finance Ltd, established in 2008, focuses on providing affordable financial services to rural and semi-urban communities, especially empowering women through inclusive microfinance initiatives.
- The company addressed barriers such as lack of collateral, low financial literacy, limited banking access and dependence on informal lenders by introducing women-centric financial products including livelihood, sanitation, dairy, business and two-wheeler loans.
- By FY 2024, IIFL Samasta had become one of India's leading NBFC-MFIs, operating 1,648 branches across 22 states, serving over 3 million customers and managing assets worth ₹14,211 crore.
- The organisation strengthened financial inclusion through digital technologies like AEPS, BBPS, UPI, e-signatures, and paperless onboarding, while also promoting financial literacy, fraud awareness and grievance redressal programmes that reached over 72,000 people.
- Beyond lending, IIFL Samasta contributed to social development through women entrepreneurship programmes, scholarships, renewable energy and relief initiatives, while demonstrating resilience during crises such as demonetisation and COVID-19, proving that sustainable inclusion requires credit, digital access, education and community empowerment together.

Outcomes

IFL Samasta achieved significant institutional, financial and social outcomes over its sixteen-year journey. The company expanded from a localised microfinance operation into a nationwide NBFC-MFI with 1,648 branches across 22 states. This significantly improved the accessibility of formal financial services within underserved geographies.

Customer outreach increased to more than 3 million customers, substantially expanding financial inclusion among low-income and rural populations. Financial performance strengthened consistently, with Assets Under Management reaching ₹14,211 crore by FY 2024.

The organisation significantly diversified its product portfolio by introducing sanitation loans, dairy loans, two-wheeler loans, instant loans and secured business loans, alongside its core microfinance products. Technology-driven initiatives improved operational efficiency and customer experience through paperless onboarding, digital transactions, grievance management systems and doorstep financial services.

The organisation also generated measurable social impact outcomes. Financial literacy initiatives trained over 72,000 individuals, while women entrepreneurship programmes supported more than 1,000 women micro-entrepreneurs. Environmental and community development initiatives added social value through renewable energy deployment, educational support, disaster relief and livestock development programmes.

Conclusion

IFL Samasta Finance Ltd represents an important example of how inclusive finance can become a transformative instrument for socio-economic empowerment when integrated with customer-centric innovation, technology and community development.

The company successfully addressed structural gaps in India's financial ecosystem by extending accessible, affordable financial services to underserved populations traditionally excluded from formal banking systems. Through women-centric lending, diversified products, digital enablement and financial literacy initiatives, the organisation created pathways for entrepreneurship, income generation and economic resilience.

The journey also demonstrates the resilience required within the microfinance sector. Despite navigating major disruptions, including the Andhra Pradesh crisis, demonetisation and the COVID-19 pandemic, the institution sustained growth while continuing to expand customer outreach and social impact.

Most importantly, the case illustrates that financial inclusion is not merely about providing credit. Sustainable inclusion requires an integrated ecosystem involving responsible lending, customer education, digital accessibility, livelihood creation and community empowerment.



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