



WORLD  
RESOURCES  
INSTITUTE

*What Works Case Study*

# WHAT WORKS: ICICI BANK INNOVATIONS IN RURAL FINANCE

Bringing modern banking services  
to India's rural poor



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## **DEVELOPMENT BENEFIT**

The self-help groups in ICICI's direct service model build self confidence, group solidarity, and governance skills while also instilling the habit of regular saving. Some SHGs have become active in village politics, in some cases even overturning a ban on widows being able to remarry, debating with local politicians on the digging of a well, or getting a woman elected as village president. Some self-help groups have developed their own welfare funds that act as a kind of life insurance for group members. A study of some 220 SHGs by the National Bank for Agriculture and Rural Development found that micro-lending had positive impact on income levels, self confidence, communications skills, and enhanced participation in household decision-making, and were correlated with a decline such social problems as drinking and domestic violence.

## **KEY LESSONS**

By developing profitable approaches to serving poor rural communities, ICICI is expanding its potential market and developing what it sees as its engine of growth for the future. But to do it successfully, it is also catalyzing self-help groups that create powerful social advantages and partnering with both microfinance institutions and business enterprises that are providing financial and other services to rural communities. By combining an explicit social commitment, a focus on innovation, and an insistence on profitable business practices, ICICI is well positioned for a leadership role in India's financial market.