



# USE OF MOBILE FINANCIAL SERVICES AMONG POOR WOMEN IN RURAL INDIA AND THE PHILIPPINES

## **Acknowledgement**

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# INTRODUCTION

Over the past few years, governments in the developing world have taken unprecedented steps to provide access to financial services for the poor, including those living in rural and remote areas. Financial inclusion policies, coupled with the explosion of mobile penetration and the launching of Mobile Financial Services (MFS),<sup>1</sup> have created an environment for reaching unbanked populations.

However, a growing body of research suggests that these developments have not trickled down to all last-mile populations and that gaps continue to exist due to education, income, urbanization and gender. InterMedia's research over the past few years has shown that mobile use in the developing world remains highest among male, urban and youth populations. The GSM Association GSMA, (a global association for mobile operators and related organizations) similarly, argues that worldwide, women are 21 percent less likely to own a mobile phone than men, and that the gender gap is particularly steep in South Asia, at 37 percent.<sup>2</sup>

Mobile phones pose a particular challenge to poor women, and especially poor rural women, as their ability to access and utilize the phones can be very limited due to the lack of literacy and numeracy, as well as social and cultural barriers. MFS pose an even greater challenge to poor women as they require a level of familiarity with the use of a mobile device, as well as the confidence to use it, which women generally lack as a result of educational, social and economic constraints.<sup>3</sup>

The purpose of this study was to gain insights into if and how poor rural women and men use mobile phones and mobile financial services, as well as the challenges and barriers they face. This report is based on findings from research carried out among poor rural residents in two countries: India and the Philippines. In India, the research was carried out in selected villages in Eastern Uttar Pradesh, and in the Philippines, in the provinces of Quezon and Laguna.

To meet the objectives of the study, InterMedia applied a mixed-method approach made up of two elements: focus groups and a survey with targeted participants. Both elements targeted five distinct groups of poor rural adults:

- Owners of mobile phones who use MFS
- Owners of mobile phones who do not use MFS
- Borrowers of mobile phones who use MFS
- Borrowers of mobile phones who do not use MFS
- People with no access to a mobile phone

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<sup>1</sup> This study uses the World Bank definition of Mobile Financial Services: a range of financial services that can be offered across the mobile phone. Three of the leading forms of MFS are mobile money transfer, mobile payments, and mobile banking. <http://blogs.worldbank.org/psd/e-money-mobile-money-mobile-banking-what-s-the-difference>

<sup>2</sup> Women and Mobile: A Global Opportunity. GSMA. 2012

<sup>3</sup> Unlocking the Potential: Women and Mobile Financial Services in Emerging Markets. GSMA. 2013.

This report combines the focus group insights and survey results.

Caveats: The survey used a purposive sample, and therefore, the findings from the research are valid for these participants only and may not be generalized to the entire rural populations of India and the Philippines.

InterMedia utilized the Progress out of Poverty Index<sup>®</sup> (PPI<sup>®</sup>) to ensure that we recruited individuals who lived at or less than \$2.50 a day. This criterion did not pose challenges in India. Ninety percent of the final sample lived below the poverty line. In the Philippines, due to study limitations, the proportion of the sample living below the poverty line was 57 percent.

# EXECUTIVE SUMMARY AND KEY FINDINGS

- Gender disparities in using financial services, including mobile financial services,<sup>4</sup> were rare in the Philippines.. However, in India, women were far less likely than men to use formal providers or have access to formal products. Instead, women relied on household members or trusted intermediaries.
- The relatively few Indian women who had bank accounts reported accessing their money over-the-counter in a bank instead of depositing or withdrawing funds by themselves at an ATM machine. Women with ATM cards shared that they would typically ask a male household member to transact for them because they were afraid of scams or making a mistake and losing their money. In contrast, Filipino women had access to formal products in larger proportions than men.
- Women in India needed help to learn how to use a mobile phone and some relied on household members to make/receive calls. Fear of technology, preoccupation with their daily routine and a lack of literacy and numeracy discouraged women from learning. Remarkably, children—girls and boys alike—reportedly knew how to use a mobile phone, including those who did not have a mobile phone in the household. This suggests that adoption in the next generation may be easier, and that women are likely to bridge the gender gap to a certain extent. Filipino women were as comfortable handling a mobile phone as men were, and they used their mobile phones for as many applications as did men.
- Indian women had very little knowledge of MFS and none had used MFS other than Cashpor. In contrast, men were far more knowledgeable and used a number of services, though in small numbers. In the Philippines, awareness of MFS was much higher: the majority of women and men were knowledgeable about available services and large proportions used SMART Money, SMART's mobile money service. However, though adoption was fairly extensive, few used SMART Money more often than monthly, or for purposes other than sending/receiving money.
- Very few Indian women expressed the confidence or ability to use MFS by themselves due to a lack of literacy and numeracy skills, or fear of making a mistake. For the most part, they relied on assistance from an agent to transact. The majority of men, on the other hand, tended to transact by themselves. In the Philippines, equal proportions of women and men conducted transactions by themselves or by using an agent.
- Indian women's lack of confidence in their abilities and their hesitancy to use MFS persisted even though the majority had been trained—either by a mobile money agent or another person. While the

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<sup>4</sup> See Appendix B for a full list of MFS in the two countries.

Philippines has a vast network of agents, the majority of both women and men had been trained by a person other than a mobile provider or not trained at all.

- As managers of tight household budgets and a lifestyle that, for the most part, confines them to their homes, Indian women could potentially benefit from the convenience and safety of MFS. However, a lack of digital skills and the related insecurity and self-doubt were major barriers to use. These were compounded by lack of access to firsthand information, fear of or discomfort using technology and heavy reliance on help from other household members or a network of trusted intermediaries. Uneducated men tended to share these traits with women.

# COUNTRY PROFILES

## EFFORTS TO PROMOTE FINANCIAL SERVICES FOR THE POOR

India and the Philippines differ greatly in terms of literacy rates, proportion of rural residents, and experience with MFS. However, the two countries have a similar problem: large unbanked populations, concentrated mostly in rural or remote areas.

Just 27 percent of Filipinos aged 15 and above have an account at a formal financial institution.<sup>6</sup>

Typically, these services are concentrated in higher income urban areas, leaving low income areas significantly underserved.<sup>7</sup>

Similarly, in India, access to financial services remains low.

The country's central bank, the

Reserve Bank of India (RBI), estimates that close to half of Indians remain without bank accounts.<sup>8</sup>

Recognizing the power of new technologies, both countries have adopted similar policies to extend financial inclusion to their last-mile populations. Broadly, these policies include several components, which are discussed in more detail below.

### Promoting access to formal services for the unbanked

In India, at the RBI's request, banks have extended their network to almost all villages with a population of over 2,000. As a result, they opened an impressive number of "No Frills Accounts" (NFAs), which are basic savings accounts that require no minimum balance. This has led to the wide adoption of the Banking Correspondent model, an agent-based model, as well as to the development of mobile banking as banks scramble to serve villages around India. Unfortunately, some studies estimate that up to 90 percent of these accounts are inactive or dormant.

In the Philippines, the central bank, Bangko Sentral ng Pilipinas (BSP) Bank, allowed bank and non-bank based delivery channels to reach the financially excluded more effectively. BSP also declared microfinance as

FIGURE I. COUNTRY STATISTICS

INDICATOR*	INDIA	PHILIPPINES
Total population	1,155,300,000	92,000,000
GDP per capita	\$3,274.8	\$3,546.4
Urban population	29.8%	65.7%
Poverty headcount ratio <sup>5</sup>	75.6%	45%
Adult literacy rate	62.8%	93.6%
Ease of doing business (World Bank rank, 1-183; 1 = best)	134	148

\*Source: *The Mobile Financial Services Development Report, 2011*, World Economic Forum.

<sup>5</sup> Percentage of the population living at or less than US\$2 a day (2008), The World Bank. 2010. Indicators Database, December 2010.

<sup>6</sup> The World Bank, 2011 data.

<sup>7</sup> Jimenez, Eduardo C. 2010. Financial Access: An Essential Condition. Presentation at the OECD-Banque du Liban Conference on Financial Education. <http://www.oecd.org/dataoecd/57/21/46256657.pdf>, accessed on October 6, 2013.

<sup>8</sup> From Social Banking to Financial Inclusion. <http://www.newamerica.net/sites/newamerica.net/files/policydocs/>, accessed on September 30, 2013.



its flagship program for poverty alleviation, and created a national microfinance strategy that resulted in increased access to formal credit, as well as a boost in savings.<sup>9</sup>

### Creating enabling legislation to facilitate deployment of MFS

Countries have adopted different models emphasizing the role of banks or mobile operators, or a hybrid of both. India believes that a bank-led model for mobile financial services is better suited to handle a range of financial services such as cash withdrawals and deposits, micro-insurance, or credit, while the non-bank-led model has little utility beyond remittances.<sup>10</sup> Opponents of the bank-led model, however, maintain it holds little value for the mobile operators who can leverage their extensive distribution network. The Philippines has been implementing mobile financial services for a relatively long time and has realized high levels of adoption and an array of available services.<sup>11</sup> The BSP has enabled mobile money success by allowing mobile operators to offer e-money and by empowering non-banks to perform cash in/out.

### Supporting mobile operators

India continues to be one of the fastest growing major telecom markets in the world. By early 2013, market penetration stood at around 76 percent.<sup>12</sup> Over the last few years, the Indian government continued its commitment to opening up the market to more competition and investment. This has resulted in, among other things, low tariffs and low handset prices. Indian cellular services are among the least expensive in the world.

Despite growing penetration, however, mobile phones are still predominantly used for voice calls. The government is also subsidizing rollouts of mobile services in rural markets.

In the Philippines, the mobile market has grown steadily since its inception in 1999/2000. Mobile penetration has surpassed the 100 percent mark to stand at 112 percent by the end of 2012.<sup>13</sup> Levels higher than 100 percent imply that some people own more than one phone, rather than implying that everyone owns a phone. Another related development is the widespread use of SMS messages: the country generates the largest SMS volume in the world. The government is also playing an important role in adoption: It has been using mobile financial services to distribute social payments and collect taxes.

The latest census data revealed that half of rural India now uses a mobile phone. However, mobile phones are still predominantly used for voice calls.

The Philippines is the texting capital of the world and Filipino mobile users are highly SMS literate.

<sup>9</sup> Jimenez, Eduardo C. 2010. Financial Access: An Essential Condition. Presentation at the OECD-Banque du Liban Conference on Financial Education. <http://www.oecd.org/dataoecd/57/21/46256657.pdf>, accessed on October 6, 2013.

<sup>10</sup> From Social Banking to Financial Inclusion. <http://www.newamerica.net/sites/newamerica.net/files/policydocs/>, accessed on September 30, 2013.

<sup>11</sup> Mobile Money in the Philippines: The Market, the Model and Regulation, GSMA.

<sup>12</sup> India – Mobile Communications, <http://www.budde.com.au/Research/Countries/India/>, accessed on October 6, 2013.

<sup>13</sup> The Philippines – Mobile Communications, <http://www.budde.com.au/Research/Countries/India/>, accessed on October 6, 2013.

# USE OF FINANCIAL SERVICES

Participants in both India and the Philippines had access to a limited number of basic financial services. More sophisticated products, such as insurance and formal credit, were largely out of reach. Given the absence of personal income among the majority of rural women in the two countries, many women likely reported the financial behaviors of their husbands instead of their own. In addition, in the Philippines, the data suggest that women arguably bear the main responsibility of physically performing these transactions. However, males would still provide the money for payment in the majority of cases.

## India

Participants reported engaging in a few basic financial services in the three months prior to the survey. All made payments for purchases, and the majority reported paying bills, receiving a salary, wage or other payment, and saving and borrowing money. Although largely dependent on a husband or other male household member, the majority of women interviewed played an important role as keepers of the daily household budget.

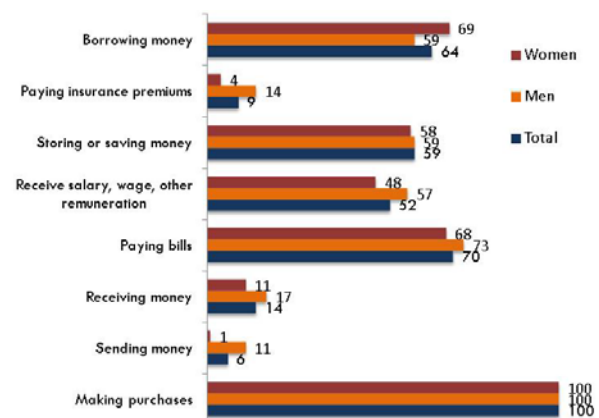
Households had a limited budget and most did not have a steady income, which repeatedly came up as a major barrier to seeking out formal financial services. Budgets were mostly spent on necessities: food, bills, medication and emergencies.

Few participants were able to save money over a longer period to use at a future time. A vast majority tended to store relatively small amounts of money to meet emergencies. Indeed, only 17 percent of respondents (13 percent of women and 20 percent of men) said they were able to keep their savings intact in the three months prior to this study.

“A person earns and eats – that is the only thing he can do with what he earns. Nothing else is left after this.” [Female, owner of mobile phone, user of MFS]

“...The problem is that we do save a little bit, but everything gets spent on illness and small things.” [Female, mobile phone borrower, MFS user]

FIGURE 2. PERCENTAGE OF SAMPLE RESPONDENTS IN INDIA WHO HAD USED THE FOLLOWING FINANCIAL SERVICES IN THE “LAST 3 MONTHS”



Source: InterMedia survey of poor rural men and women in India, N=512 including 255 women and 257 men, September 2013

Saving and spending habits differ greatly between the genders. A third of women reported saving in a bank account. They kept their savings, typically petty cash to meet urgent needs, mostly at home. Men tended to store larger sums, and more than half, 59 percent, reported keeping money in a bank account. Women tended to borrow more than men (69 percent compared with 59 percent, respectively) and mostly small sums from among themselves or from family members. Men borrowed to meet larger expenses in case of emergencies, such as prolonged illnesses or weddings, and typically turned to friends or acquaintances or used other informal options.

The focus group discussions revealed that respondents typically shied away from formal providers to avoid paying interest, a burden that many dreaded due to irregular or insufficient income.

“They [the husbands] wouldn’t give us money and might save it in their bank account. They tell us we (the men) are the ones who save money and they put it in their bank account.” [Female, mobile phone borrower, MFS user]

“Our husbands do not keep money with us because they think we might not save and that’s why they keep money with them.” [Female, mobile phone borrower, MFS user]

“We do not have any savings so from where will we be able to open an account?” [Female, owner of mobile phone, user of MFS]

Of those who had borrowed money,<sup>14</sup> only one respondent had taken a loan from a bank and 12 percent had borrowed from an MFI.

Overall, women and men used a mix of formal and informal providers to access services, with women more likely to rely heavily on a network of trusted intermediaries.

## The Philippines

As in India, household budgets in rural Philippines were tight, and the bulk was spent on necessities. Filipinos had even less extra money than Indians: only 1 percent reported keeping their savings intact in the three months prior to this study.

“Your priority is food. Now if you will save money, you will reserve it for payment of bills payment.” [Female, borrower of mobile phone, non-user of MFS]

“Savings, we think of it but as I said, we couldn’t save because everything goes for food.” [Female, no access to mobile phone]

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<sup>14</sup> N=328

Women were more likely than men to save and borrow money, as well as to receive money from people living outside the household. However, women often depleted their savings in emergencies while men spent their money on business-related activities and household and personal expenses. The majority of savers (60 percent) reported storing money at home. Bank accounts were the second preferred savings vehicle, with roughly a third of women and men keeping their savings in a bank account.

“My wife and I have tried it before but it will just get closed if we aren’t able to maintain deposits. It really depends if your budget allows it, but with the kind of expenses we have, it’s almost impossible to save.” [Male, owner of mobile phone, non-user of MFS]

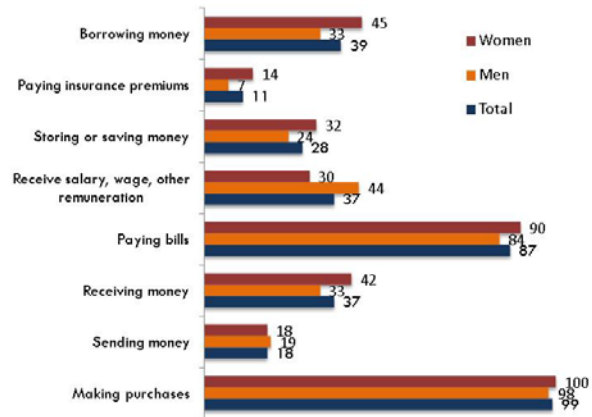
“I don’t save money because honestly, even finding food for everyday living is really hard in our case. I only have a minimal salary every week.” [Female, no access to mobile phone]

“Saving money is good if you have a stable job. You can reserve some for food and then for savings.” [Female, owner of mobile phone, user of MFS]

With regard to loans, women borrowed as much from family as they did from rural banks/MFIs, while men borrowed mostly from family and friends.

Unlike India, both Filipino women and men used a mix of formal and informal providers, with women more likely than men to use formal options. For example, women used a direct deposit to a bank (15 percent) and a mobile money account (7 percent) to receive salaries or other remunerations, while men rarely used options other than cash in hand at work or elsewhere.

FIGURE 3. PERCENTAGE OF SAMPLE RESPONDENTS IN THE PHILIPPINES WHO HAD USED THE FOLLOWING FINANCIAL SERVICES IN THE “LAST 3 MONTHS”



Source: InterMedia survey of poor rural men and women in the Philippines, N=500, n=495 respondents, including 249 women and 246 men who had used financial services in the last three months, September 2013.

Focus groups revealed some apprehension about opening a bank account: there were concerns about requirements for maintaining one and about the household capacity to save given mounting or unexpected expenses.

## ACCESS TO FORMAL FINANCIAL PRODUCTS

### India

51 percent of the participants had a personal bank account. Fewer women had accounts compared with men, and they tended to use these accounts less often. Two-thirds of women reported using their accounts once every three months or less often, while more than half of men (55 percent) used a bank account for transaction at least once a month. Almost all women (96 percent) preferred to access their money over-the-counter in a bank branch; only 3 percent of women reported using an ATM compared with 21 percent of men. Some focus group participants admitted that even though they had ATM cards, they refrained from using them because of widespread fraud at the ATM machines. Many women would typically ask a male household member to deposit or withdraw money for them as they were afraid of making a mistake and losing their money.

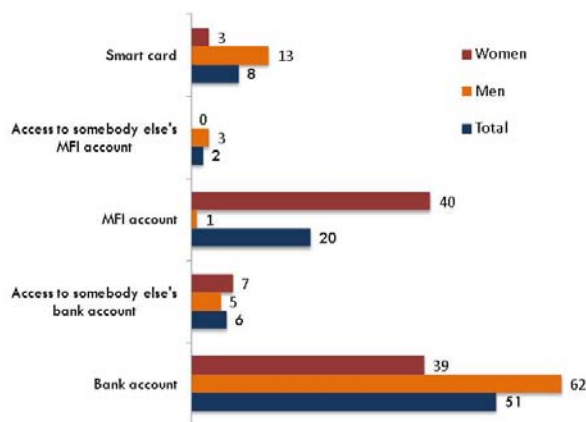
Women and men with no personal account<sup>15</sup> cited similar reasons for not opening an account. They said they have no need for one because they did not usually have money to keep in a bank account and they did not make regular transactions.

If we need bigger amounts [of money] then we have to go to bank, fill up the details, sign it and then we get money. Our husband does all that because we don't have an account on our name. [Female, mobile phone borrower, MFS user]

The account is on my husband's name but the ATM card is in my name... I usually ask my son to withdraw money... [Female, mobile phone borrower, MFS user]

The large proportion of women holding a personal MFI account is arguably skewed by the large number of Cashpor women in the sample. Of those with access to an MFI account (almost all of whom were women),<sup>16</sup> 69 percent reported using the account weekly and another 13 percent used it once every two weeks. 60 percent accessed the funds in their accounts over-the-counter in an MFI branch while 37 percent used an agent associated with the MFI.

FIGURE 4. PERCENTAGE OF SAMPLE RESPONDENTS IN INDIA WITH ACCESS TO FORMAL FINANCIAL PRODUCTS



Source: InterMedia survey of poor rural men and women in India, N=512, including 255 women and 257 men, September 2013.

<sup>15</sup> N=96 for men and 152 for women

<sup>16</sup> N=103

The use of smart cards<sup>17</sup> was limited among both women and men. However, the majority of those who owned/accessed a smart card, personal or somebody else's, were men (83 percent). Men tended to use their cards more often than women: 73 percent reported using their cards once a month or more often, while six of the nine women who reported having a smart card used it once or twice a year.

Women and men who did not have a bank account, an MFI account, or a smart card provided the same reasons for not owning one. They did not know what these financial products were, they did not have enough money, or they did not make any transactions. Women were more likely to be unfamiliar with the products than men.

## The Philippines

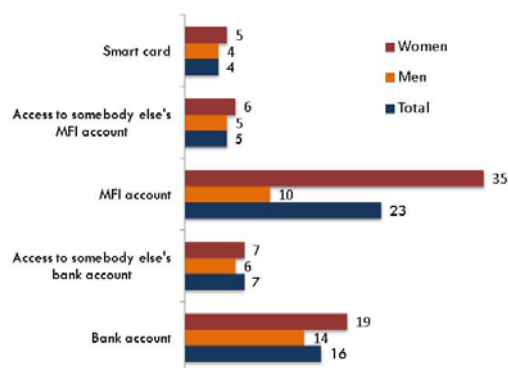
In the Philippines, more women than men had a personal bank account or an MFI account. The majority of both women and men said the ATM was the preferred way of accessing money from a bank account. With regard to MFI accounts, women used ATMs as much as men, but made less use of other means such as an MFI's website or a mobile phone.

Women used bank and MFI accounts more often than men. Just over a third of women,<sup>18</sup> 34 percent, reported accessing a bank account weekly, and close to two-thirds accessed their MFI accounts weekly (compared with 17 percent and 40 percent of men, respectively).<sup>19</sup>

As in India, lack of money and knowledge about formal products emerged as the main barriers to ownership.

Women 31 to 40<sup>20</sup> were more likely to have a personal bank account than younger or older women. On the other hand, young women 20 to 30 tended to make use of non-cash ways of accessing their bank accounts in larger numbers. Indeed, 16 out of the 18 young women who owned a personal account or had access to somebody else's bank account preferred to access their money via an ATM machine or a mobile phone.

FIGURE 5. PERCENTAGE OF SAMPLE RESPONDENTS IN THE PHILIPPINES WITH ACCESS TO FORMAL FINANCIAL PRODUCTS



Source: InterMedia survey of poor rural men and women in the Philippines, N=500, including 250 women and 250 men, September 2013.

<sup>17</sup> A smart card is a card that can be used for electronic cash payments and other applications, and then periodically refreshed or recharged for additional use.

<sup>18</sup> N=109, 62 women and 47 men who own/have access to a bank account

<sup>19</sup> N=144, 99 women and 45 men who own/have access to an MFI account

<sup>20</sup> N=78 for women 20 to 30, 87 for women 31 to 40 and 85 for women 41 to 5

# USE OF MOBILE PHONES

## India

Women's use of mobile phones can best be described as limited. Very few women used a mobile phone for SMS and a negligible proportion had ever used other non-voice features. Ninety-one percent had only made or received calls in the 30 days prior to this survey. Focus groups discussions showed that many uneducated women needed assistance to dial a number because of the lack of numeracy skills. All these women could use the phone only if somebody else dialed the number for them or if they were on the receiving end (a few even reported that they needed help to receive a call). Similarly, women listened to music or watched video only if their husbands or other household members had downloaded content for them in advance.

“We just know that mobile phone is to use to receive calls with the pressing of a button.” [Female, owner of mobile phone, user of MFS]

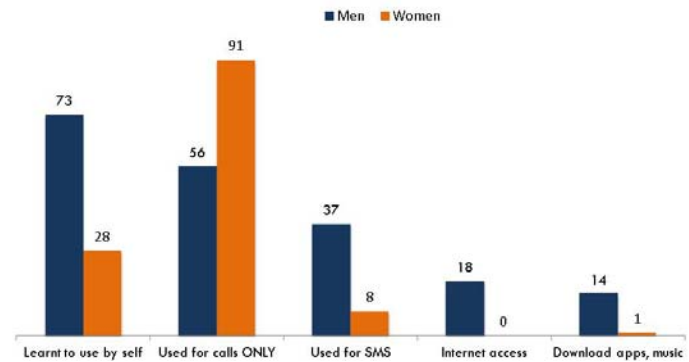
“I don't know anything about these things. My son dials and hands over the phone to me, I talk for some time and then give it back to him.” [Female, owner of mobile phone, user of MFS]

“... the children told me that the red button is to disconnect and the green one is to listen. Otherwise to dial the number and talk then I am not able to do it by myself.” [Female, owner of mobile phone, user of MFS]

Women learned to use a mobile phone with help from a household member, typically a spouse or a child, while men learned independently. 73 percent of men learned by themselves compared with only 28 percent of women.<sup>21</sup> Even in the group of owners of mobile phones who used MFS, only 29 percent of women had learned by themselves, compared with 93 percent of men.

The limited use of SMS (a generally accepted, if somewhat crude, indicator of potential adoption of MFS) among women in our study indicates that a vast majority of these women would be unable to use MFS independently, even if they had unlimited access to a mobile phone.

FIGURE 6. USE OF MOBILE PHONES IN INDIA (PERCENTAGE OF SAMPLE RESPONDENTS)



Source: InterMedia survey of poor rural men and women in India, N=512, n=411 respondents who have access to a mobile phone, including 204 women and 207 men, September 2013.

<sup>21</sup> N=411 mobile phone users

When asked to identify the main reason they did not use non-voice features, more women than men<sup>22</sup> (70 percent and 52 percent, respectively) admitted that they did not know how. Smaller proportions claimed they were not interested. Interestingly, large majorities of both women and men were reluctant to ask for information about how to use non-voice features. Of the few who did ask for help, women sought help inside the household, from husbands and children, while men tended to seek assistance from other family members or friends.

Although the majority of young women (20 to 30)<sup>23</sup> demonstrated behaviors and attitudes similar to those of their older counterparts, they also differed in certain respects. This indicates, arguably, that digital literacy may be improving in the younger

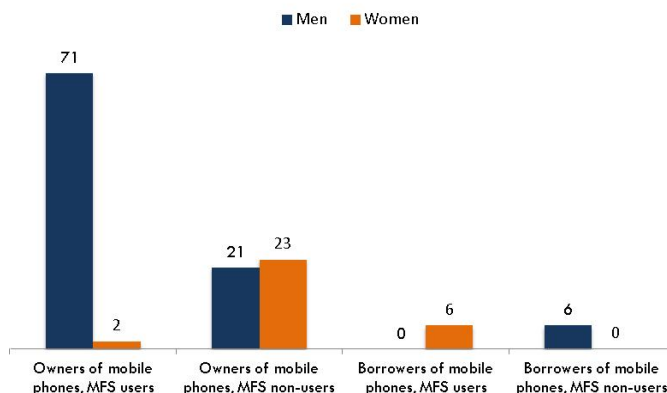
generations. This may be largely due to the better access to education, as 40 percent of the young women in the sample were illiterate compared with 62 percent and 72 percent, respectively, among the those aged 31 to 40 and 41 to 50.<sup>24</sup>

Young women were more likely to own a mobile phone than older women, and more likely to have used SMS, although the proportion who had texted in the 30 days prior to the study was a mere 15 percent. Young women, as well as women aged 31 to 40, reported learning to use a mobile phone by themselves in larger numbers than older women. They were also more likely to have ever used their mobile phone for a financial transaction.

44 percent of those who owned a mobile phone<sup>25</sup> had used Airtel as their primary provider in the past three months. Another 26 percent mentioned Vodafone and 12 percent had used Idea. Women and men cited the same reasons for choosing a primary provider: reliability of network, availability of service and low airtime price. The majority of mobile phone owners, 74 percent, described their primary provider as “very trustworthy,” and 25 percent as “somewhat trustworthy.” Women were a bit more skeptical than men: 62 percent thought their primary provider was “very trustworthy” compared with 82 percent of men.

Women tended to borrow a phone more often than men, and borrowed more from neighbors, while men borrowed

FIGURE 7. PERCENTAGE OF TARGET GROUP RESPONDENTS IN INDIA WHO USE SMS



Source: InterMedia survey of poor rural men and women in India, N=512, n=137 owners of mobile phones and MFS users, n=109 owners of mobile phones and MFS non-users, n=50 borrowers of mobile phones and MFS users, n=115 borrowers of mobile phones and MFS non-users, September 2013.

<sup>22</sup> N=115 for men and 185 for women

<sup>23</sup> N=73

<sup>24</sup> N=117 for women 31 to 40 and 65 for women 41 to 50

<sup>25</sup> N=246.

Those who did not have a mobile phone borrowed one, a widespread practice and more common among women than men. Borrowed phones were used mostly for calls to keep in touch with family or in cases of emergency.



from friends as well. Only about a third of women and men each usually borrowed a phone for an indefinite period of time, while the rest borrowed only for up to an hour. In addition, 48 percent reported that there were times when they were not able to borrow a phone.

Majorities of women and men without access to a phone<sup>26</sup> admitted they could not afford one. Few of these participants had ever owned a phone or knew how to use one. The largest proportion, 40 percent, said a spouse, son or daughter knew how to use a mobile phone. Few, however, had asked a family member to show them how to use a phone.

“The children know about it [how to use a mobile phone]. My daughter knows everything about it. [Male, no access to a mobile phone]

“I don’t have a mobile phone. I also don’t know how to use it, sometimes I talk after two, four or six months. I have sons. They come and bring a mobile phone with them, and then I can talk.” [Male, no access to a mobile phone]

The focus group discussions showed that some women had never had a chance to see or touch a mobile phone. Women with no access to a mobile phone, the poorest among the studied subgroups, had such low self-esteem they would not ask to borrow a phone even if they had money. Uneducated men had similar attitudes, and were equally reluctant to learn.

“They [others] say that the mobile will get spoiled and won’t give it to us.” [Female, no access to a mobile phone]

“Yes, there are people in the village who have a phone but they don’t give it to us.” [Female, no access to a mobile phone]

“Our husband also says that when you don’t know then what will you do by buying it.” [Female, no access to a mobile phone]

“I cannot use a mobile phone for anything. I am not educated, what will I know?” [Male, no access to a mobile phone]

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<sup>26</sup> N=50 for men and 51 for women

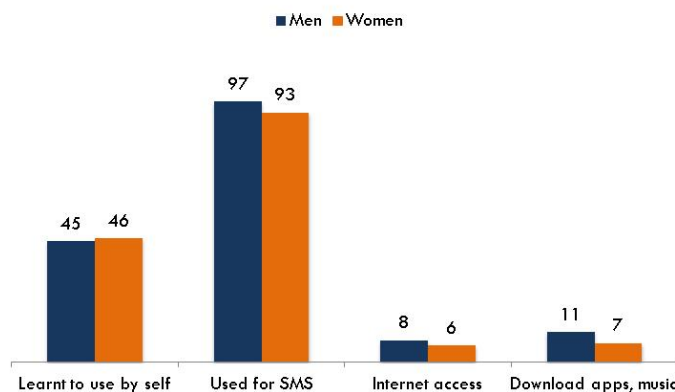
## The Philippines

Women were as comfortable using a mobile phone as men. Almost all had used SMS, and as many women as men reported that they had learned to use a phone by themselves. Women also used non-voice features in similar proportions to men. Of the phone owners,<sup>27</sup> 56 percent reported SMART as the mobile provider for their primary phone in the past three months. The second most popular provider was Talk 'N Text, used by about 37 percent of owners. When asked about their reasons for choosing their mobile providers, men and women cited the same reasons: network reliability, good promotions, affordable pricing of airtime/talktime services and familiarity. In terms of level of trust, 82 percent reported finding their network providers “very trustworthy.”

Women tended to borrow a mobile phone more often than men (38 percent borrowed at least once a week compared with 26 percent of men), and typically borrowed from family members living outside the household. Men tended to borrow from friends as well. Women were more likely to have difficulties borrowing a phone than men. The reasons men and women did not own phones were similar: lack of knowledge as to how to use, lack of extra money or no need for one.

Women 20 to 40 were far more likely to own a mobile phone and use MFS than older women: 40 percent and 39 percent, respectively, compared with 15 percent. 57% of young women tended to learn to use a mobile phone by themselves compared with 51 percent of women 31 to 40 and only a quarter of those 41 to 50. Eight of the 12 women in the sample who accessed the Internet were young women, as were just over half of the women who downloaded applications, music and other content.

FIGURE 8. USE OF MOBILE PHONES IN THE PHILIPPINES (PERCENTAGE OF SAMPLE RESPONDENTS)



Source: InterMedia survey of poor rural men and women in the Philippines, N=500, n=400 respondents who have access to a mobile phone, including 200 women and 200 men. September 2013.

<sup>27</sup> N=254

# USE OF MOBILE FINANCIAL SERVICES

## India

Knowledge of MFS was low in India, especially among women. The only exception was knowledge of Cashpor Microcredit, but the relatively high numbers for awareness and use reflected the high number of Cashpor women in the sample. Only two of the 81 respondents who had heard of Airtel Money were women, as well as two of the 51 respondents aware of M-Pesa.

Use of MFS was even lower than knowledge.

Among those who were aware of at least one MFS,<sup>28</sup> Cashpor was the most widely used

service, with 78 percent of women using it (or a quarter of the entire sample of 512 respondents). The rest of the MFS were used by men only.

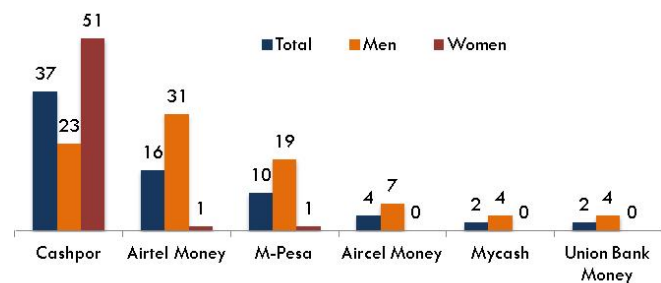
Cashpor was well-trusted by women users: 74 percent described it as “very trustworthy” and 26 percent as “somewhat trustworthy.”<sup>29</sup> 67 percent of Cashpor users had first started using the service to take out loans, and a third to save money. Ninety percent of women users reported using Cashpor in the week prior to this survey. All women reported having a registered account with Cashpor.

“They told us this is for the poor people. We stitch clothes and you can take money. We were very scared in the beginning, because we told them that, many such companies come to our village, take our signature, money and then cheat us and run away. But, slowly we understood. I used to live at another place, so we used to take loan from there for two to three years. Now, we moved here, and slowly they won our trust. We slowly started trusting them, and stopped fearing.” [Female, mobile phone owner, MFS user]

“I trust them because they give me money without asking for any money upfront. Secondly, they always give me proof of transaction.” [Female, mobile phone owner, MFS user]

Forty-one percent of male users<sup>30</sup> reported using Airtel Money and a majority used M-Pesa at least once a week. This 41% had registered accounts and found the providers to be “very” or “somewhat” trustworthy. Men

FIGURE 9. PERCENTAGE OF SAMPLE RESPONDENTS IN INDIA AWARE OF EXISTING MFS



Source: InterMedia survey of poor rural men and women in India, N=512, including 255 women and 257 men, September 2013.

<sup>28</sup> N=260

<sup>29</sup> N=101.

<sup>30</sup> N=46 for Airtel Money and N=33 for M-Pesa

used MFS for a variety of reasons: to deposit or withdraw money, save money, or send/receive money. The focus group discussions showed that men had used mobile money to pay bills as well as buy train tickets.

When asked about the advantages of MFS over traditional services, the majority of both women and men emphasized convenience and simplicity. Smaller percentages also pointed out that MFS was safer, cheaper and faster than other financial services.

The majority of users of MFS had been trained to conduct transactions: 29 percent by an agent and 36 percent by another person. Only a third of women and men each reported they had not received training. Women tended to learn from household members, while men learned from a mobile provider. As with the use of mobile phones, women typically sought assistance from a household member or an agent to make transactions, while men transacted on their own.

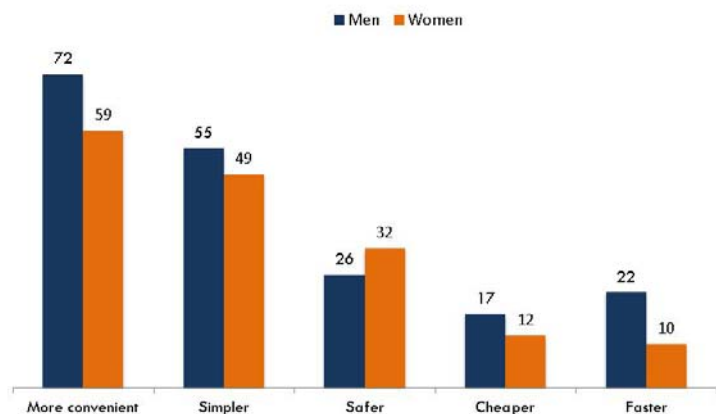
When asked about the reasons why they did not transact independently, women were more likely than men to report that they could not read instructions (a full 54 percent compared with just 10 percent of men).<sup>31</sup> Women were also more fearful they might make a mistake and lose their money.

Notably, young women 20 to 30 were more confident than their older counterparts. Indeed, 23 percent of those who did not transact independently<sup>32</sup> said they were afraid of making a mistake compared with 41 percent of women 31 to 40 and 53 percent of women 41 to 50. Similarly, only 36 percent of young women reported they could not read instructions compared with 56 percent of women 31 to 40 and 71 percent of women 41 to 50.

More women thought they did not need to learn because there was always somebody to help them. Additionally, a majority of women were content to have someone do the transactions for them.

Women and men cited different challenges in using MFS: women reported problems that related to their own abilities while men's complaints were related to the quality of the service. For example, the largest proportion of women, 23 percent, were concerned that the instructions were in a language they could not read. Nineteen percent admitted they did not know what to do when they made a mistake in the middle of a transaction and 16

FIGURE 10. PERCENTAGE OF SAMPLE RESPONDENTS IN INDIA WHO IDENTIFIED THE FOLLOWING ADVANTAGES OF MFS OVER OTHER SERVICES



Source: InterMedia survey of poor rural men and women in India, N=512, n=187 respondents who use MFS, including 101 women and 86 men, September 2013.

<sup>31</sup> N=92, 71 women and 21 men  
<sup>32</sup> N=71

percent reported difficulties using the phone. Men, on the other hand, worried the service was sometimes unavailable for technical reasons (e.g., the network was down and they did not know if the transaction was completed, or they did not receive a confirmation SMS/receipt to show that the transaction was successful).

The majority of men and women reported having a regular MFS agent (52 percent and 64 percent, respectively). The reasons for using a regular agent were similar for both groups: trust, convenience and reliability. In addition, women highly valued an agent's knowledge and willingness to help and men highly valued the proximity of the agent.

Reasons for not using MFS were the same among men and women: 51 per cent of those who had never used<sup>33</sup> thought they did not need these services, and 30 percent said they did not have access to an agent. Just under a quarter were distrustful of the services, and 22 percent thought the services were not secure.

### The Philippines

Awareness of MFS providers was high in the Philippines, with the majority of participants recognizing the three major services: SMART Money, GCash and BankO. SMART Money emerged as the most commonly used MFS service. The predominance of SMART Money in both awareness and use is not surprising, given that the majority of phone owners use SMART Money as their mobile provider. Fifty-five percent of those with mobile phones<sup>34</sup> had used SMART Money, One percent<sup>34</sup> had used GCash, and the rest of the services had been used by less than 1 percent or not at all.

Although the use of SMART Money was widespread, the majority of women and men used the service for sending/receiving money only. A small proportion made use of the other applications offered by SMART Money, such as paying bills or saving. In addition, few women and men were using the service weekly. The majority used it either once a month or once every three months. When asked about their reasons for not using SMART Money more frequently, respondents mentioned they used the service in emergencies only or that they did not send/receive money as often.

As for the advantages of using MFS, participants mentioned simplicity, low price, speed and convenience. When MFS users were asked about how they usually conduct transactions, 43 percent reported doing it on their own. There were no significant differences between women and men and around 45 percent each reported using an agent. The reliance on outside help could be due to the dearth of training provided by mobile service providers: only 11 percent of MFS users reported having received training from their mobile service providers. Around half received help from another person, and about 36 percent reported getting no help at all.

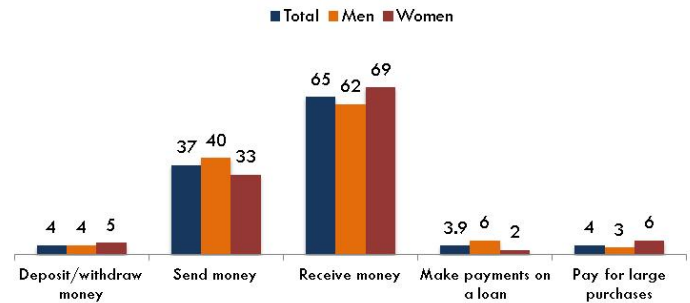
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<sup>33</sup> N=73  
<sup>34</sup> N=400

Women aged 20 to 40 were more likely to transact by themselves: 48 percent of women 20 to 30 and 50 percent of women 31 to 40, compared with 39 percent of women 41 to 50.<sup>35</sup> Women aged 20 to 40 also described transacting as “very easy” (roughly half of the younger age groups compared with 39 percent of older women).

Of the SMART Money users, only 4 percent had a registered account. The majority of both men and women used an agent's account to access MFS, and they relied on a regular MFS agent. Proximity, along with trust and reputation, was cited as the main reasons for using a regular agent, with more women than men putting greater value on trust and reputation. Both women and men were also likely to use a regular agent who was a family member, relative or personal friend. Among those who did not use MFS, 26 percent identified lack of knowledge as a main barrier, and smaller percentages said they did not need the services or they did not have anyone from whom they receive money.

FIGURE II. PERCENTAGE OF PARTICIPANTS IN THE PHILIPPINES WHO HAD EVER USED MFS TO...



Source: InterMedia survey of poor rural men and women in the Philippines, N=500, n=224 respondents who have ever used MFS, including 115 men and 109 women, September 2013.

<sup>35</sup> N=109 women who use MFS, including 40 women aged 20 to 30, 46 aged 31 to 40, and 23 aged 41 to 50

# COMPARATIVE ANALYSIS

- This study showed quite a few similarities as well as differences between rural women in India and the Philippines. In terms of financial knowledge, use of mobile phones and use of MFS, the research findings revealed persistent gender disparities in India, but few gender differences in the Philippines. In both countries, women played an important role as managers of the daily household budget. Moreover, women had household financial responsibilities in addition to taking care of the children, doing the household chores and often, helping their husbands, especially if the family had a small store or a farm. Compared with their Filipino counterparts, however, Indian women were more likely to be uneducated, confined to their homes, and dependent on household members or neighbors for information, all factors that limited their use of financial services, as well as MFS.
- Women in both India and the Philippines had access to a limited number of basic financial services, such as making payments for services, paying bills, and saving. More sophisticated products, such as insurance, were available but largely unaffordable.
- Women in both India and the Philippines typically needed assistance to use formal financial services or products because of a lack of literacy and numeracy skills, fear of technology or fear of making a mistake and losing their money.
- In India, women had much less knowledge of formal financial products than men. In the Philippines, gender disparities were less evident. Among the participants, for example, women knew how to use and had access to formal products in larger proportions than men.
- Filipino women showed a higher level of digital literacy than their Indian counterparts. A vast majority of the Filipino women reported using SMS, a feature that is viewed as facilitating the uptake of MFS. In India, due to low literacy and numeracy skills, a vast majority typically used a mobile phone only for calls. Additionally, many needed assistance even to make or receive calls.
- Filipino women seemed to be as comfortable as men using a mobile phone. Women used the same non-voice features as men, and reported learning to use and handle a mobile phone by themselves.
- Women in India had little knowledge of MFS. Few had heard of and none had used a service other than Cashpor.
- Although the use of MFS was more widespread in the Philippines than in India, Filipino women and men used mostly mobile money services, and almost exclusively for sending/receiving money.

# SUMMARY

A few considerations need to be kept in mind when developing financial products and services for rural women in India and the Philippines:

- Household budgets are tight, and vulnerable to external shocks. Few people have a steady income. Therefore, any product or service requiring an initial deposit, maintenance fees or interest charges is unlikely to appeal to them.
- New products and services in both countries should be implemented with a network of agents or other customer support as poor women need upfront training, as well as continual assistance and guidance.
- Few women can be reached through mass information sources, based on responses we received about access to such sources. Promotion and advertising need to be customized.
- In India, establishing trust among targeted users is an essential part of promoting a product or service.
- Mobile phones are already a fixture in the sampled areas of India and the Philippines. However, unassisted use among women in India will remain low as long as women continue to be deprived of education.
- Off-the-shelf products, including MFS, are unlikely to reach and appeal to women in India. Applications need to take into account women's limited literacy and numeracy. In the Philippines, low transaction fees, as well as better training and promotion, may be key to drawing women users to a product.



# APPENDIX A: METHODOLOGY

To meet the objectives of this study, InterMedia used a mixed-method study (both quantitative and qualitative research elements were employed in India and the Philippines):

- 20 mini focus groups with poor rural dwellers (10 with males and 10 with females)
- A survey with a purposive sample made up of 500 respondents

## Survey

InterMedia designed a sample of five target groups of interest to the Grameen Foundation, as follows:

Females:

- 50 women who own mobile phones and use MFS
- 50 women who borrow mobile phones and use MFS
- 50 women who own mobile phones but do not use MFS
- 50 women who borrow mobile phones but do not use MFS
- 50 women who do not have access to mobile phones

Males:

- 50 men who own mobile phones and use MFS
- 50 men who borrow mobile phones and use MFS
- 50 men who own mobile phones but do not use MFS
- 50 men who borrow mobile phones but do not use MFS
- 50 men who do not have access to mobile phones

Total sample size: 500

To keep costs down, the survey was conducted in a limited number of selected rural locations, as follows:

- India: selected villages in the state of Eastern Uttar Pradesh
- The Philippines: selected rural areas around the cities of Lucena and Calamba in the provinces of Laguna and Quezon

InterMedia employed a mix of random selection approaches and non-probability methods, such as snowballing, to select respondents. Respondents were selected using a set of screener questions agreed to by the client. The respondents were interviewed face-to-face in their homes.

## Focus groups

InterMedia conducted 20 focus groups with poor rural residents screened for:

- Gender
- Age
- Use of formal or informal financial services and/or ability to make financial decisions within the household
- Use of MFS

To better probe into how MFS fit into the financial behavior of participants, InterMedia conducted focus groups with both users and non-users of MFS. For the purposes of this study, users and non-users of MFS were defined as follows:

- Non-users: participants who have never used an MFS or have not used one in the past three months
- Users: participants who have used an MFS at least once in the past three months

In consultation with the client, InterMedia developed a discussion guide that addressed the issues under discussion in a free-flowing way. Moderators were instructed to probe extensively and clarify issues of particular interest to the client. Each focus group lasted 1.5 to two hours, and was facilitated by a professional moderator. The moderators received special training on the research topics involved in this study prior to the launch of fieldwork.

The final composition of the focus groups is shown in the table below.

Female groups	Male groups
<p>Non-users of MFS (women who have never used an MFS or have not used in the past 3 months)</p> <ul style="list-style-type: none"><li>• 2 groups with women who own a mobile phone</li><li>• 2 groups with women who borrow a mobile phone</li><li>• 2 groups with women who do not have access to a mobile phone</li></ul>	<p>Non-users of MFS (men who have never used an MFS or have not used in the past 3 months)</p> <ul style="list-style-type: none"><li>• 2 groups with men who own a mobile phone</li><li>• 2 groups with men who borrow a mobile phone</li><li>• 2 groups with men who do not have access to a mobile phone</li></ul>
<p>Users of MFS (women who have used at least once in the past 3 months)</p> <ul style="list-style-type: none"><li>• 2 groups with women who own a mobile phone</li><li>• 2 groups with women who borrow a mobile phone</li></ul>	<p>Users of MFS (men who have used at least once in the past 3 months)</p> <ul style="list-style-type: none"><li>• 2 groups with men who own a mobile phone</li><li>• 2 groups with men who borrow a mobile phone</li></ul>

The focus groups were conducted in selected villages in Eastern Uttar Pradesh in India and selected rural areas around the cities of Lucena and Calamba in the provinces of Laguna and Quezon.

### Changes in the original designs

As the tight timeframe for this project was a challenge, InterMedia made some adjustments in the original design for the following reasons:

- Difficulties faced in finding eligible participants with no access to a mobile phone in India, the “no-access” group was changed to “no access in the last three months or more.”
- Difficulties faced in finding women who own/borrow a mobile phone and use MFS. These target groups were recruited from among Cashpor users.
- Difficulties faced in finding male borrowers of mobile phones who used MFS (as men tended to have a personal mobile phone). These interviews were redistributed among the groups of mobile owners who use MFS or borrowers who do not use MFS in India and the Philippines.

FIGURE 32. FINAL SAMPLE COMPOSITION

TARGETED GROUPS	INDIA	PHILIPPINES
Owners of a mobile phone who use MFS	137	154
Borrowers of a mobile phone who use MFS	50	46
Owners of a mobile phone who do not use MFS	109	100
Borrowers of a mobile phone who do not use MFS	115	100
No access to a mobile phone	101	100
Total	512	500

(Note: While the design sample was set at 500, the achieved final sample in India totaled 512.)

## India

### Airtel Money

Bharti Airtel rolled out its Airtel Money offering in February of 2012. To register for an Airtel Money account, potential customers must submit “Know Your Customer” (KYC) documents: 2 forms of I.D., 1 form of photo identification, and 1 proof of address form. Airtel Money offers customers the ability to transfer money between Airtel Money accounts or bank accounts and use e-money to make purchases and pay bills.<sup>36</sup>

### Beam Money

Introduced by the Reserve Bank of India in December 2009, Beam Money offers customers bill payment, mobile top-up, and airline booking services. To register, users just need to provide their name, gender, date of birth, and postal code. A bank account is not required.<sup>37</sup>

### Eko Counter

Eko India Financial Services offered Eko Counter, its mobile banking offerings, in early 2009. Eko’s service works across all mobile phones – sophisticated or not. It enables users to transfer money to and from bank accounts, add airtime to their phones, pay bills for select companies and collect or disburse cash for various institutions.<sup>38</sup>

### M-Wallet

In August of 2011, Loop Mobile began providing Indians with their M-Wallet feature. M-Wallet requires customers to provide the necessary KYC forms to send and receive money. In addition to sending money to other mobiles or to bank accounts, customers may also top-up prepaid numbers, pay bills, recharge telecommunications utilities, and shop online.<sup>39</sup>

### Money on Mobile

My Mobile Payments Limited joined the mobile financial services sector in India in June of 2012 with its Money on Mobile offering. It enables customers to link their credit and debit cards as well as bank accounts to their mobile phone. Then, via mobile phone, they can complete almost any transaction, as well as send and receive money to and from other mobile phones.<sup>40</sup>

### MyCash

Axis Bank and Idea Mobile partnered to launch Idea MyCash in March 2011. To benefit from MyCash, users must be an Idea subscriber and have an account at Axis Bank. If Idea subscribers are not already account

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<sup>36</sup> [wps/wcm/connect/About%20Bharti%20Airtel/bharti+airtel/media+centre/bharti+airtel+news/mobile/now-use-airtel-money-to-make-payments-and-transfer-money-across-india](http://wps/wcm/connect/About%20Bharti%20Airtel/bharti+airtel/media+centre/bharti+airtel+news/mobile/now-use-airtel-money-to-make-payments-and-transfer-money-across-india) <http://www.airtel.in/>

<sup>37</sup> <http://www.beam.co.in/index.aspx>

<sup>38</sup> <http://eko.co.in/product/>

<sup>39</sup> [http://loopmobile.in/vas/m\\_Wallet.php](http://loopmobile.in/vas/m_Wallet.php)

<sup>40</sup> <http://www.money-on-mobile.net/services.aspx>

holders at Axis Bank, they can open up an account with Axis via an Idea retail outlet. MyCash provides customers with cash deposit and withdrawal as well as money transfer options.<sup>41</sup>

### Union Bank Money and Alpha Money

Alpha Payment Services has launched two different mobile payment services in India. Union Bank Money is a prepaid open wallet from Union Bank of India. Alpha Money, on the other hand, offers cash management and salary payment capabilities to businesses.<sup>42</sup>

## The Philippines

### SMART Money

SMART Communications launched SMART Money in 2001. The service offers a reloadable payment card linked to a SMART mobile phone. This enables customers to use their mobile to send and receive money domestically and internationally, buy airtime, receive salaries, repay MFI loans and pay bills. Customers can also pay for goods at stores using a SMART Money card.<sup>43</sup>

### GCASH

Globe Telecom launched GCASH in 2004. The service provides Globe and TM subscribers with a cashless and cardless method of transacting. Customers can send remittances, donations, loan settlements, disbursement of salaries or commissions, and payment of bills, products and services via text message. Customers access GCASH through an SMS syntax, or a menu from a SIM toolkit integrated in the SIM. They can also use a menu that can be retrieved via an over-the-air facility that pushes the menu to the subscribers SIM.<sup>44</sup>

### BanKO

BanKO is a fully mobile-based, microfinance-focused savings bank in the Philippines. Established in July 2009 by BPI, Globe and Ayala Corporation, BanKO aims to provide Filipinos, especially those from low-income households, with secure and convenient access to affordable financial services.<sup>45</sup>

### MBank

MBank was created in partnership with SMART, the largest mobile operator in the Philippines. The bank distributes financial products by leveraging the airtime distribution network of SMART. It offers high scalability and low cost of operation, and instant account opening for both savings and loans products.<sup>46</sup>

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<sup>41</sup> <http://www.mymobile.co.in/news/axis-bank-mobile-banking-idea-mycash/>

<sup>42</sup> <http://www.medianama.com/2013/03/223-fino-alpha-payment-mobile-money/>

<sup>43</sup> GSMA, Mobile Money in The Philippines – The Market, The Models and Regulation

<sup>44</sup> Ibid.

<sup>45</sup> <http://mobilemoneyfordevelopment.wordpress.com/2013/04/17/bpi-globe-banko-offering-unique-mobile-money-enabled-bank-accounts/>

<sup>46</sup> <http://www.mbankholding.com/en/mbank-group/>