

FINANCIAL INCLUSION *insights*

APPLIED RESEARCH FOR  digital financial inclusion

INDIA

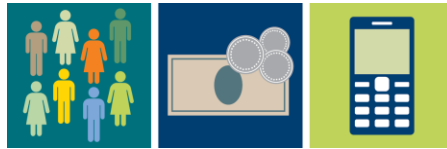
WAVE REPORT FII TRACKER SURVEY

Conducted June-October 2015

March 2016



INDIA



PUTTING THE USER FRONT AND CENTER

The Financial Inclusion Insights (FII) program responds to the need identified by multiple stakeholders for timely, demand-side data and practical insights into digital financial services (DFS), including mobile money, and the potential for their expanded use among the poor.

The FII team conducts regular survey and qualitative research in [Kenya](#), [Tanzania](#), [Uganda](#), [Nigeria](#), [India](#), [Pakistan](#), [Bangladesh](#) and [Indonesia](#) to:

- **Track access to and demand** for financial services generally, and the uptake and use of DFS specifically;
- **Measure adoption and use** of DFS among key target groups (females, BOP, rural, unbanked, etc.);
- **Identify drivers and barriers** to further adoption of DFS;
- **Evaluate the agent experience** and the performance of mobile money agents; and
- **Produce actionable, forward-looking insights** to support product and service development and delivery, based on rigorous FII data.

The FII program is managed by InterMedia. Visit the FII Resource Center to learn more: www.finclusion.org.

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EXECUTIVE SUMMARY

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Survey demographics

	% of survey
Gender	
Male	51%
Female	49%
Geography	
Urban	33%
Rural	67%
Income	
Above the \$2.50/day poverty line	22%
Below the \$2.50/day poverty line	78%

	% of survey
Age	
15-24	28%
25-34	23%
35-44	19%
45-54	13%
55+	17%
Aptitude	
Basic literacy	66%
Basic numeracy	95%

Figures are weighted to reflect national census data demographics.

Source: InterMedia India FII Tracker survey Wave 3 (N=45,036, 15+), June-October 2015.

INDIA

Country context

- In 2015, India saw big gains in financial inclusion with the successful implementation of the government's PMJDY initiative.
 - In August 2014, Prime Minister Narendra Modi announced the “Pradhan Mantri Jan-Dhan Yojana” (Prime Minister's People's Wealth Scheme, or PMJDY) to provide 75 million unbanked Indians with zero-balance bank accounts* and, through these accounts, access to a full range of financial services, including pension, credit and insurance. The actual number of accounts opened to date has far exceeded this goal.
- India's Ministry of Finance estimated there were 213.8 million registered accounts opened under PMJDY as of March 2016.
 - Unlike FII which is an individual level survey, the government data tracks bank account registration and is based on data submitted by different banks which may not account for instances of multiple account ownership.
 - March 2016 estimates from the PMJDY initiative showed 100 percent of Indian households had a bank account (<http://pmjdy.gov.in/account>). Both individual and household data reflect a clear growth in bank registration and suggest that a substantial part of the population now has accounts through PMJDY.
 - As a measure of demand-side data of individuals, rather than households, the FII program found that bank account ownership increased from 52 percent in mid-2014 to 63 percent by mid-2015.
 - FII data shows 42 percent of adult Indians are active bank account holders.
- While bank account registration and access grew, mobile money use and awareness remains low.
 - Mobile money awareness is at 10 percent and use is at just 0.5 percent.
 - As of August 2015, licenses for payments banks had been issued by the Indian central bank. The Reserve Bank of India's Payments Banks guidelines enable mobile network operators (MNOs), business correspondents,** supermarket chains, and other companies with deep distribution networks and expertise to offer deposit accounts and payments services. This is expected to help spur mobile money growth. FII survey fieldwork concluded before these changes could have any potential market impact.

**Business correspondents are customer service points employed by banks to help expand financial service access.

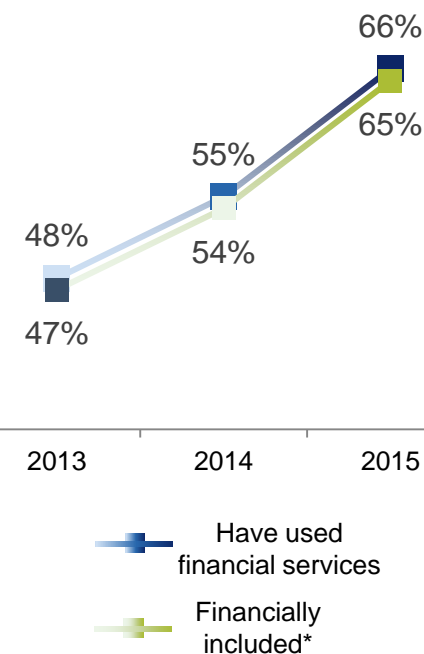
*Zero-balance bank accounts in the India context refer to accounts with no minimum-balance requirements.

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Key findings: Financial inclusion

- **Financial inclusion is on the rise in India, driven in large part by growth in bank account access and registration.**
 - Almost seven in 10 (65 percent) Indian adults are now financially included, meaning they have accounts at financial institutions offering at least one of the following services: savings, insurance, investments or money transfers.
 - More adults are financially included now versus in 2014 (54 percent), largely due to the growth in bank and Non-Bank Financial Institution (NBFI) accounts.
 - Individuals living below the poverty line and those living in rural localities saw substantial increases in financial inclusion, i.e. 12 percent and 11 percent respectively. This signifies financial inclusion is growing for the most vulnerable adults in India.
- **The gender divide on financial inclusion has decreased.**
 - More women are financially included in 2015 than were in 2014, growing from 48 percent to 61 percent.
 - Men experienced only 9 percent more financial inclusion than women did, growing from 60 percent to 69 percent.
- **Financial inclusion corresponds to greater financial planning for all and financial security for poorer segments.**
 - Financially excluded individuals living on less than \$2.50 a day are more likely to have had to go without necessities, such as food, medicine, or cooking fuel, due to a lack of money than are their financially included counterparts.
 - Financially included individuals are more likely to have a plan in place to help cope with unexpected financial shocks, such as the loss of a job, than are financially excluded Indians.

Financially included
(Shown: Percentage of Indian adults for each year)



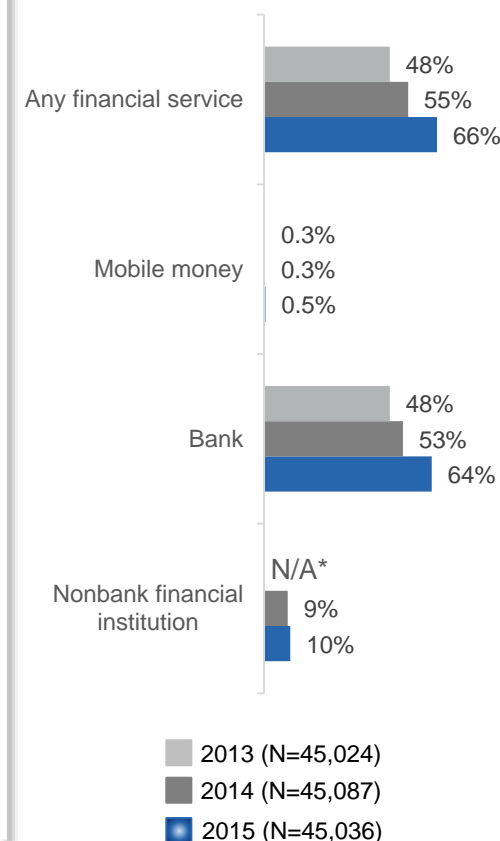
*2013 survey data for determining financially included is not comparable to 2014 and 2015.

Key findings: Account access and ownership

- **Banks continue to be the primary means of financial access in India.**
 - In 2013 and 2014, banks were the most widely used financial services among adults and the trend continued in 2015. In fact, with the advent of PMJDY accounts, banks have continued to maintain a stronghold on financial access.
 - Mobile money registered account use has remained static across years.
- **NBFIs continue to be prominent tools for banking activities among women, rural and poor populations.**
 - There was higher growth in registered NBFIs versus registered mobile money accounts, though not as high as the growth in bank accounts. Active NBFIs account use also grew from 5 percent to 6 percent.
 - Of the approximately 9 percent of adults with registered NBFIs accounts (including those who use NBFIs accounts exclusively and non-exclusively), 66 percent are women, 70 percent live in rural areas and 75 percent live on less than \$2.50 a day.
 - The use of savings and lending groups and post office accounts is more common than the use of microfinance institution (MFI) accounts in India.

Financial account access

(Shown: Percentage of Indian adults for each year)



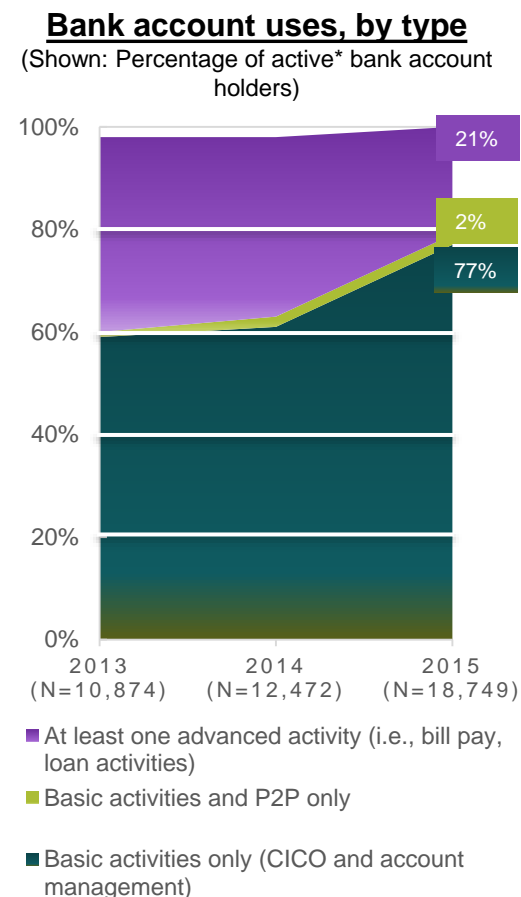
*FII 2013 survey data collected for NBFIs is not comparable to 2014 and 2015.

Source: InterMedia India FII Tracker surveys Wave 1 (N=45,024, 15+), October 2013-January 2014; Wave 2 (N=45,087, 15+), September-December 2014; Wave 3 (N=45,036, 15+), June-October 2015.

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Key findings: Active and advanced financial account use

- **More account holders actively use their accounts.**
 - Active account holders for any financial service rose 14 percent between 2014 (31 percent) and 2015 (45 percent), primarily led by an increase in active bank account holders.
 - The greatest growth in active account holders was seen with bank accounts which increased from 29 to 42 percent.
- **With the growth in bank accounts, activities reflect more basic use and are in line with the large number of new users.**
 - Advanced use of bank account services (i.e., bill pay, loans) by active account holders decreased from 38 percent in 2013 to 21 percent in 2015.
 - Use of the services for basic activities and remittances saw a huge increase, rising from 59 percent in 2013 to 77 percent in 2015. These shifts are mostly attributable to the large increase in the number of new bank account holders using banks for the first time.



*Used the account in the last 90 days

Source: InterMedia India FII Tracker surveys Wave 1 (N=45,024, 15+), October 2013-January 2014; Wave 2 (N=45,087, 15+), September-December 2014; Wave 3 (N=45,036, 15+), June-October 2015.

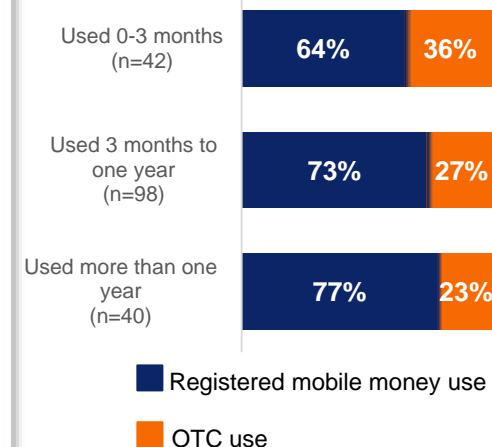
INDIA

Key findings: Mobile money

- **Mobile money use and awareness remain low.**
 - Mobile money awareness is at 10 percent and use is at just 0.5 percent.
 - As of August 2015, licenses for payments banks had been issued by the Indian central bank. Some observers expect these to help spur mobile money growth. Survey fieldwork concluded before these changes could have any potential market impact.
- **Registered use of mobile money services is growing at a slow place.**
 - Overall mobile money use grew from 0.3 percent to 0.5 percent of adults between 2014 and 2015.
 - The longer individuals use mobile money services, the more likely they are to be registered mobile money account holders.
- **Mobile phone competency, especially with regards to sending and receiving text messages, corresponds to higher rates of financial inclusion through banks but only slightly higher rates of mobile money usage.**
 - The number of adults who have used a mobile phone to send or receive text messages (SMS capable) and have a mobile money account in their name (1 percent) is not much higher than the number of adults who have never sent or received an SMS (0.1 percent).
 - The difference between these two groups in other financial account ownership is much larger, though in opposite directions for banks and NBFIs: SMS capable adults are more likely to have a bank account (73 percent vs. 62 percent) than their counterparts, whereas SMS capable adults are less likely to have an NBFi account than the SMS incapable.

Length of time using mobile money services

(Shown: Percentage of mobile money users, by length of time using the services)



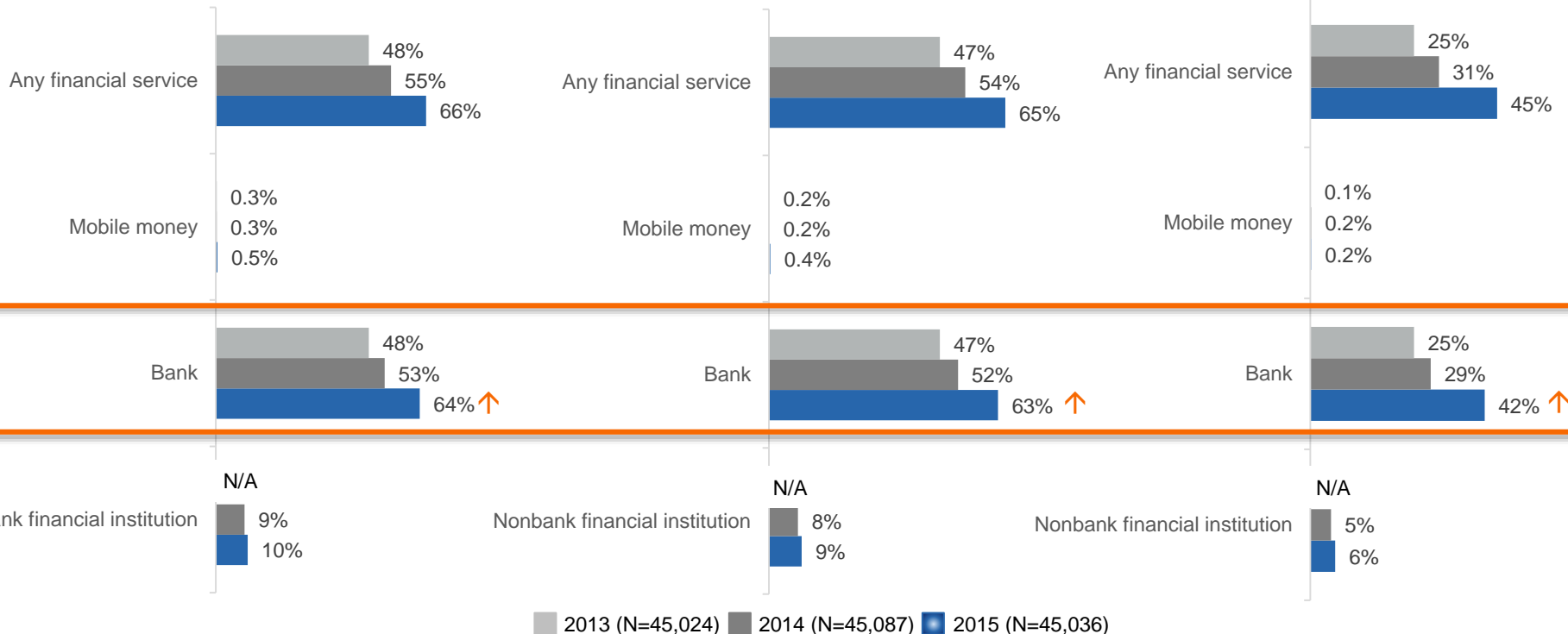
INDIA

Financial access and use overview

Financial account access

Registered financial service users (Shown: Percentage of India adults for each year)

Active* financial service users



Types of account ownership are not mutually exclusive. *Used the account in the last 90 days

Source: InterMedia India FII Tracker surveys Wave 1 (N=45,024, 15+), October 2013-January 2014; Wave 2 (N=45,087, 15+), September-December 2014; Wave 3 (N=45,036, 15+), June-October 2015.

INDIA

Active digital stored-value account holders have nearly doubled among below-poverty populations and rural women

Main FSP Indicator	2014	2015	Base Definition
	%	%	
	Base n	Base n	
Adults (15+) who have active digital stored-value accounts	22%	34%	All adults
	45,087	45,036	
Poor adults (15+) who have active digital stored-value accounts	17%	29%	All poor
	35,511	35,421	
Rural women (15+) who have active digital stored-value accounts	12%	23%	All rural females
	17,759	18,027	
Adults (15+) who have active digital stored-value accounts and use them to access other financial services (beyond basic wallet, P2P and bill pay)*	9%	7%	All adults
	45,087	45,036	
Poor adults (15+) who have active digital stored-value accounts and use them to access other financial services (beyond basic wallet, P2P and bill pay)	7%	5%	All poor
	35,511	35,421	
Rural women (15+) who have active digital stored-value accounts and use them to access other financial services (beyond basic wallet, P2P and bill pay)	5%	5%	All rural females
	17,759	18,027	

Digital stored-value accounts: accounts in which a monetary value is represented in a digital electronic format and can be retrieved/transferred by the account owner remotely. For this particular study, DSVAs include a bank account or NBFIs account with digital access (a card, online access or a mobile phone application) and a mobile money account.

Source: InterMedia India FII Tracker surveys Wave 2 (N=45,087, 15+), September-December 2014; Wave 3 (N=45,036, 15+), June-October 2015.

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FSP INDICATORS

Main FSP Indicator	2013	2014	2015
	%	%	%
Adults (15+) that have a bank account	47%	55%	63%
Adults (15+) that have ever accessed a mobile money account	0.3%	0.3%	1%
Adults (15+) with active accounts	25%	29%	45%
Adults (15+) below the poverty line with active accounts	20%	24%	40%
Males (15+) with active accounts	32%	36%	50%
Females (15+) with active accounts	18%	21%	39%
Rural males (15+) with active accounts	26%	30%	45%
Rural females (15+) with active accounts	15%	19%	36%
Adults (15+) actively using accounts beyond basic wallet, P2P and bill pay	9%	9%	10%
Adults (15+) below the poverty line actively using accounts beyond basic wallet, P2P and bill pay	7%	7%	8%
Males (15+) below the poverty line actively using accounts beyond basic wallet, P2P and bill pay	12%	12%	10%
Females (15+) below the poverty line actively using accounts beyond basic wallet, P2P and bill pay	6%	6%	9%
Rural Males (15+) below the poverty line actively using accounts beyond basic wallet, P2P and bill pay	10%	10%	8%
Rural Females (15+) below the poverty line actively using accounts beyond basic wallet, P2P and bill pay	5%	6%	8%

METHODOLOGY & RESEARCH DESCRIPTION

INDIA

FII India Tracker Survey details

Survey Summary

- Annual, nationally representative survey (N=45,036) of Indian adults aged 15+
- Face-to-face interviews lasting, on average, 49 minutes
- Third survey (wave 3) conducted from 6/3/2015 to 10/4/2015
- Tracks trends and market developments in DFS based on the information gathered in the first survey, conducted in 2013, and second survey conducted in 2014

Data Collection

- Basic demographics and poverty measurement (Grameen Progress Out of Poverty Index)
- Access/use of mobile devices
- Access/use of mobile money
- Access/use of formal financial services (e.g., bank accounts)
- Access/use of semi-formal and informal financial services (e.g., post office accounts, savings/lending groups, MFI's)
- Financial literacy and preparedness
- General financial behaviors

INDIA

Survey sampling approach

Sampling Frame

- The analysis presented in this report is based on three nationally representative surveys of 45,000 Indian adults, ages 15 and older conducted by FII. The first survey (N=45,024) was conducted from Oct. 15, 2013, to Jan. 8, 2014. The second survey (N=45,087) was conducted from Sept. 14 to Dec. 4, 2014. The third survey (N=45,036) was conducted June 1st, 2015, to Oct. 4th, 2015. The surveys were conducted in partnership with IMRB International in India.
- A multistage, stratified, clustered and randomized sampling methodology was adopted that included proportional distribution of the sample across all states of India and eight stratified urban and rural classes based on the 2011 Indian census.
- The sampling procedure covered the following stages of sample allocation and selection:
 1. State
 2. Town/Village Class (Urban/Rural)
 3. Town/Village
 4. Household
 5. Respondent

Sampling Subdivisions

- Stratification at the state level: India is divided into 29 states and seven union territories. The target sample size was distributed among the states and union territories proportionally to the size of the target population (15+) in each state of the population residing in each class. The survey excluded the state of Jammu & Kashmir and two union territories (Andaman-Nicobar islands and Lakshadweep islands). The state of Telengana was not treated separately from Andhra Pradesh, since this was the case in the 2011 census. The remaining five union territories were each treated as part of the closest neighboring states. Seven states of northeastern India were treated as one state, but Assam was treated as an independent state. Two states in India, namely Uttar Pradesh and Bihar are key states of interest for the FSP program in India. Both of these states are predominantly rural in their population breakdowns –close to 80:20 (rural/urban) in Uttar Pradesh and 90:10 (rural/urban) in Bihar. Oversampling of urban areas in these provinces was done and the sample allocation to rural/urban was adjusted to 70:30 in these states to more closely mirror the national rural/urban composition and ensure larger urban subsamples for state-level analysis. It was then weighted back to census-based urban/rural breakdowns in the state. Union territories were grouped with their associated states.
- Stratification at the town/village class level: The population in each state in India was divided between towns and villages, which were classified as such based on the size of each of their populations. Towns are, by definition, urban areas and make up 32 percent of the overall Indian population, according to the 2011 census data. Villages are, by definition, rural and make up 68 percent of the population.

FINANCIAL INCLUSION

Understanding financial inclusion

What is financial inclusion?

FII's definition of financial inclusion goes beyond "having accessed" a financial service. This comparatively conservative definition requires account ownership with an institution that provides a full-suite of financial services and comes under some form of government regulation.

These services include savings, money transfers, insurance or investment. Institutions that only offer loans to consumers, such as some microfinance institutions (MFIs), are not considered to be full-service institutions. *(Source: InterMedia FII Program)*

How is it measured?

To determine financial inclusion, we measure the percentage of adults who report having an account in their name with at least one institution offering a full suite of financial services.

What is included in this?

Banks, nonbank financial institutions and mobile money services are included in the financial inclusion measure. In the case of India, nonbank financial institutions include MFIs, post office banks and savings and lending groups. In all countries, individuals must have an account in their own name.

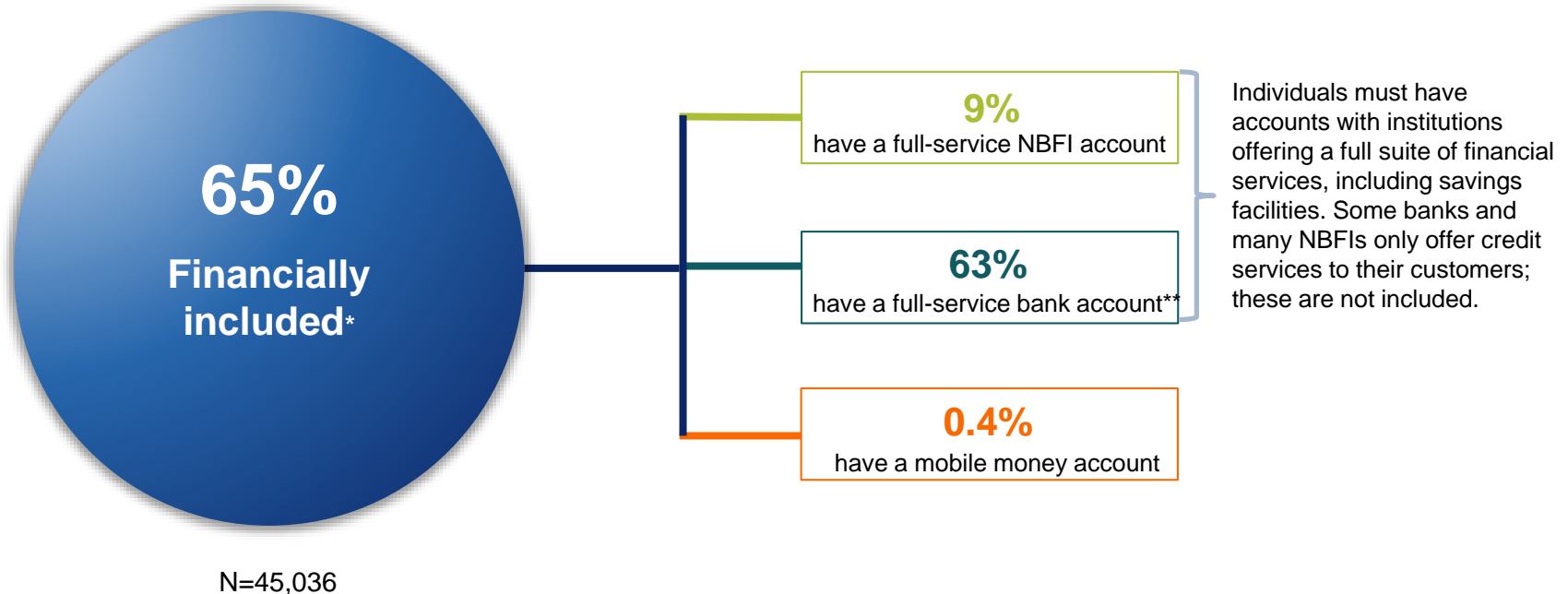
What isn't included?

Excluded from the financial inclusion measure are money guards, savings collectors, hawla/hundi networks, and digital recharge cards that are not attached to a bank or MFI account.

Additionally, individuals who have accessed formal financial services but do not have their own account, such as those using another family member's account, are not included.

About two-thirds of Indians are financially included

2015

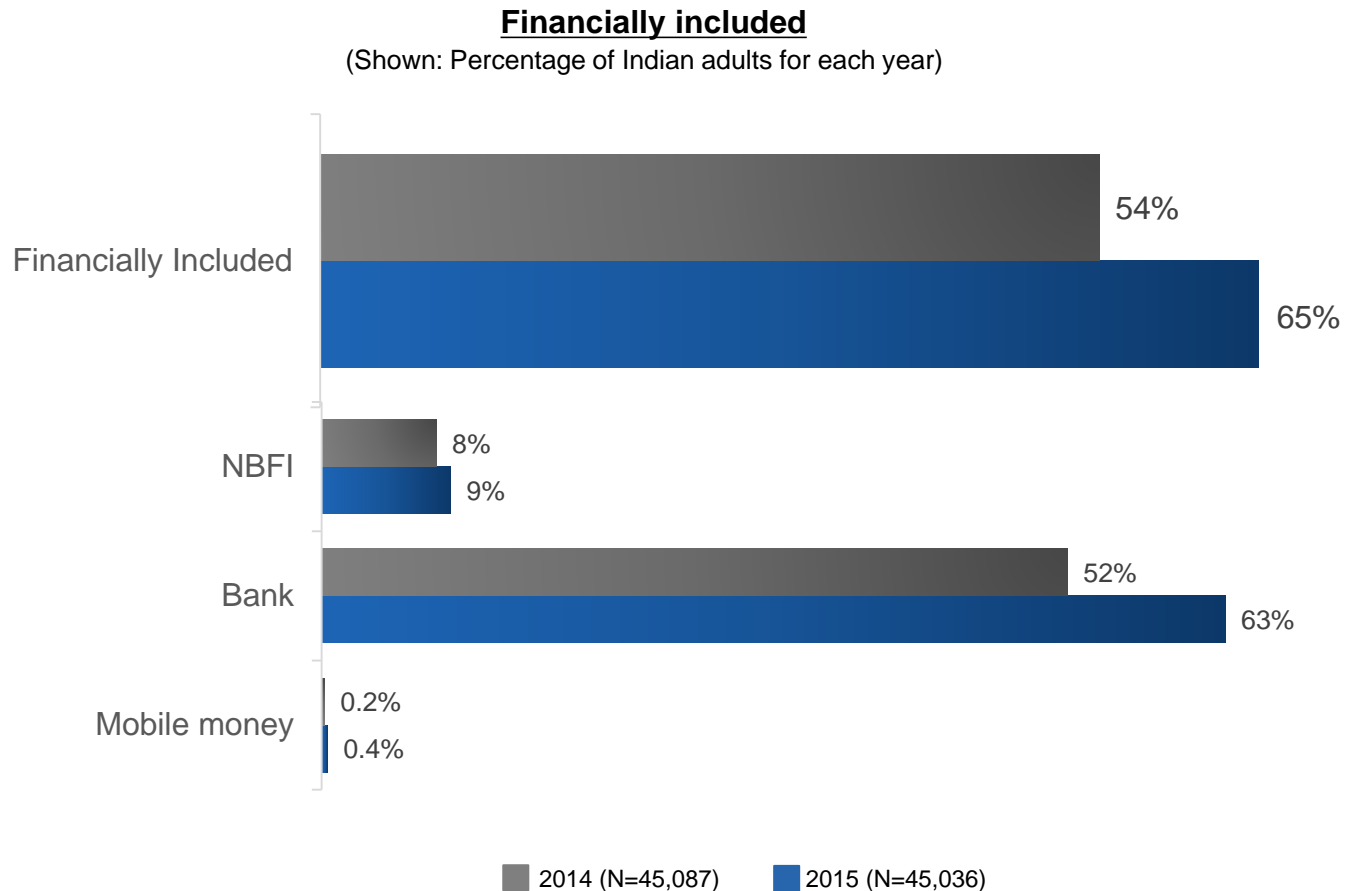


*Overlap representing those who have multiple kinds of financial accounts is not shown.

**For the purposes of this study, bank account holders have accounts at full-service institutions, unless otherwise noted.

Source: InterMedia India FII Tracker survey Wave 3 (N=45,036, 15+), June-October 2015.

Financial inclusion is on the rise due to bank account growth



Overlap representing those who have multiple kinds of financial accounts is not shown.

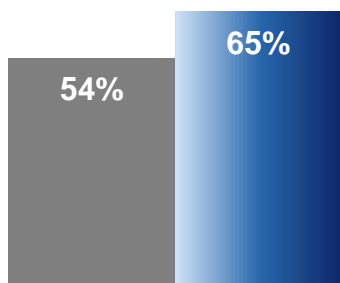
Source: InterMedia India FII Tracker surveys Wave 2 (N=45,087, 15+), September-December 2014; Wave 3 (N=45,036, 15+), July-October 2015.

INDIA

Financial inclusion rose across poverty levels, gender and location; it rose most dramatically for lower-income, female and rural adults

Financially included

(Shown: Percentage of Indian adults)

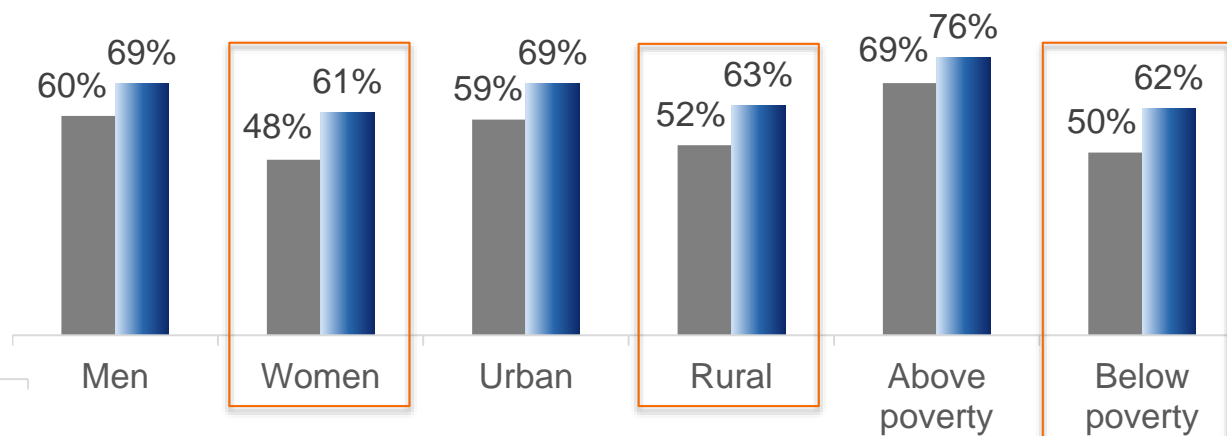


Financially included

■ 2014 (N=45,087) ■ 2015 (N=45,036)

Financially included by demographic

(Shown: Percentage of Indian adults within each demographic group, by year)



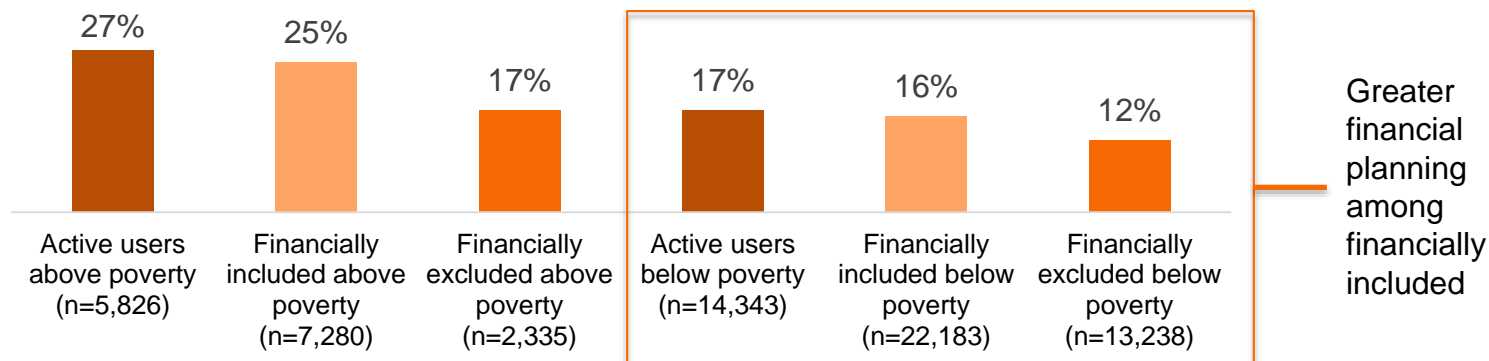
Overlap representing those who have multiple kinds of financial accounts is not shown.

Source: InterMedia India FII Tracker surveys Wave 2 (N=45,087, 15+), September-December 2014; Wave 3 (N=45,036, 15+), July-October 2015.

Financial inclusion corresponds to improved financial planning but has not yet had a pronounced effect on economic vulnerability

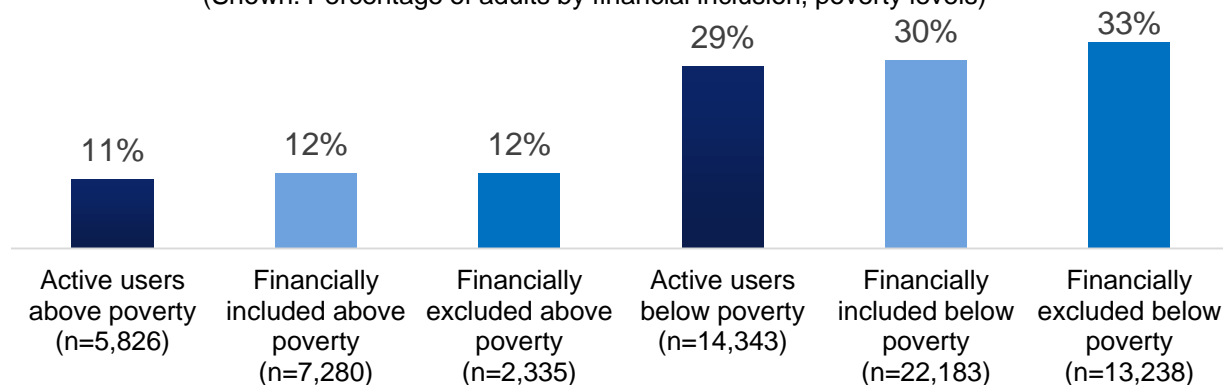
2015: Have a financial plan for unexpected events

(Shown: Percentage of adults by financial inclusion, poverty levels)



2015: Economically vulnerable

(Shown: Percentage of adults by financial inclusion, poverty levels)



*Economically vulnerable individuals had to forgo a necessity (e.g., food, medicine) in the past six months due to a lack of money.

Source: InterMedia India FII Tracker survey Wave 3 (N=45,036, 15+), June-October 2015.

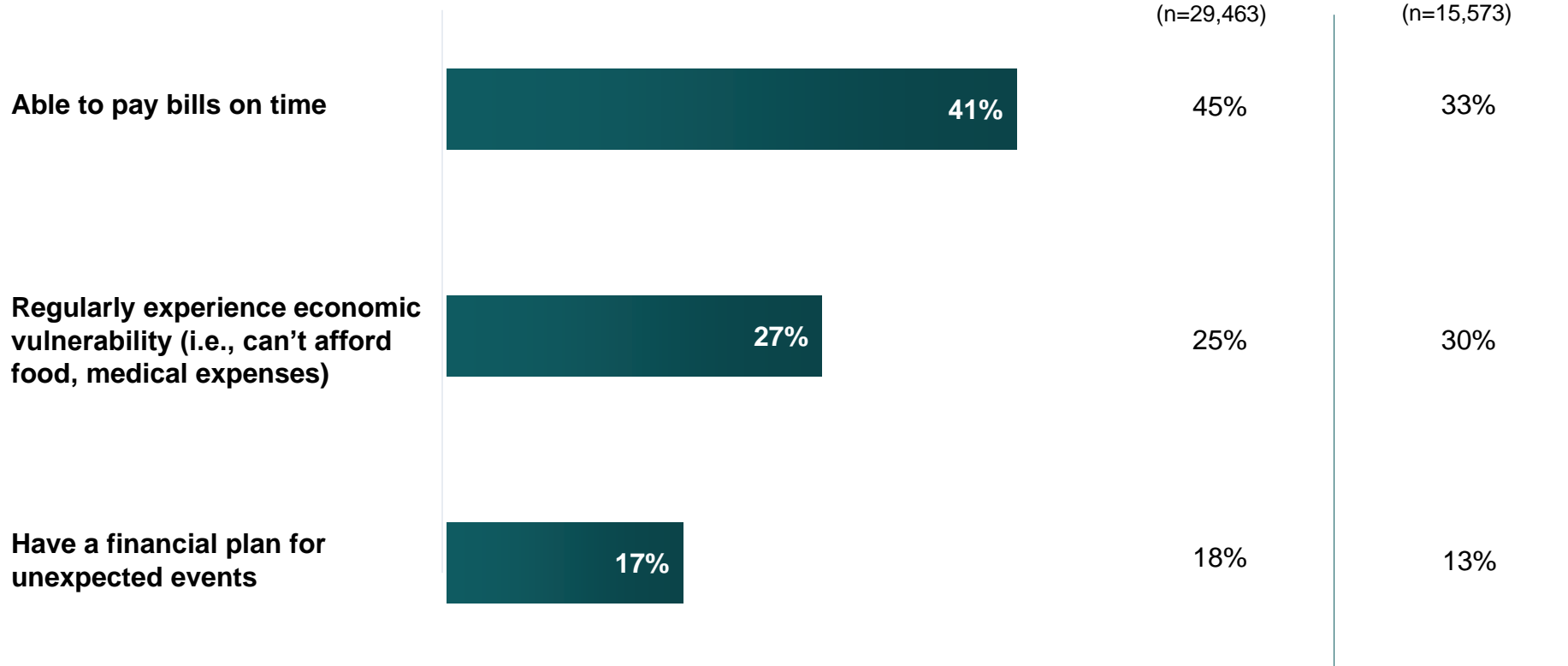
INDIANS' FINANCIAL LIVES

INDIA

Economic vulnerability is a reality for about 3 in 10 Indians; only 17 percent have a plan for unexpected events

2015: Financial responsibility, vulnerability

(Shown: Percentage of Indian adults, n=45,036)

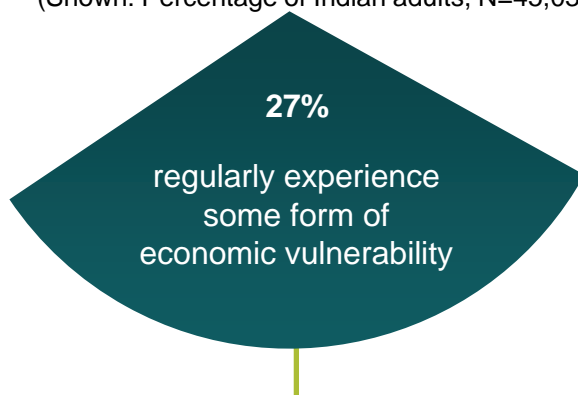


INDIA

One in four experience economic vulnerability, most often having to pass on medical health

2015: Economic vulnerability

(Shown: Percentage of Indian adults, N=45,036)



2015: Profile of vulnerable adults

(n=12,359)

50% Female

78% Rural

90% Live on less than \$2.50 a day

38% Live on less than \$1.25 a day

94% Numerate

45% Illiterate

2015: Form of economic vulnerability*

(Shown: Percentage of vulnerable adults, n=12,359)

Gone without medical help	61%
---------------------------	-----

Gone without food to eat	28%
--------------------------	-----

Gone without cooking fuel	26%
---------------------------	-----

Gone without fertilizer for the farm	19%
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Miss an important family event (i.e., funeral, wedding, etc.)	15%
------------------------------------------------------------------	-----

Gone without help from a veterinarian	10%
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Could not pay school fees	5%
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Had to close down business temporarily or completely	3%
------------------------------------------------------	----

*Question allowed for multiple responses.

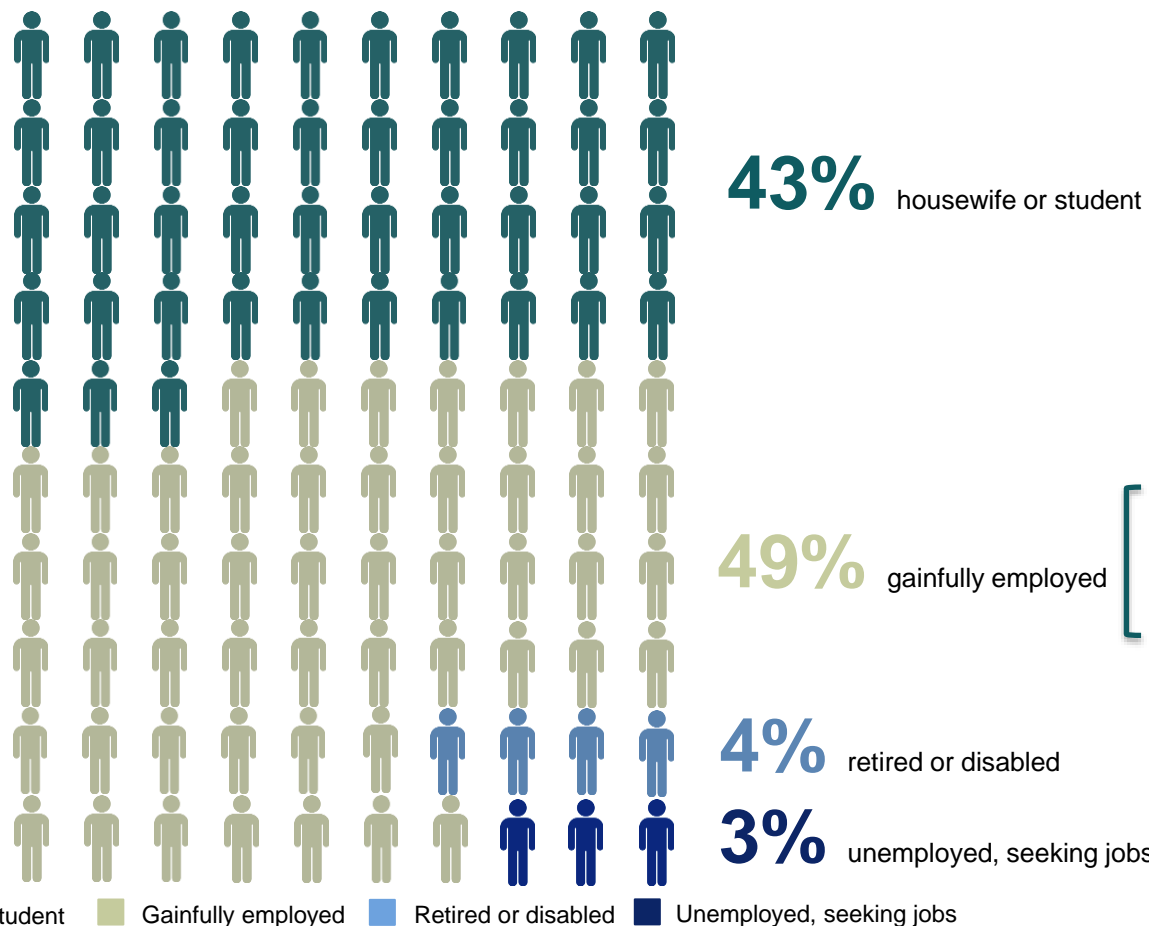
Source: InterMedia India FII Tracker survey Wave 3 (N=45,036, 15+), June-October 2015.

INDIA

Almost half of Indian adults are gainfully employed

2015: Employment*

(Shown: Percentage of Indian adults, N=45,036)



*The total does not equal 100% due to rounding.

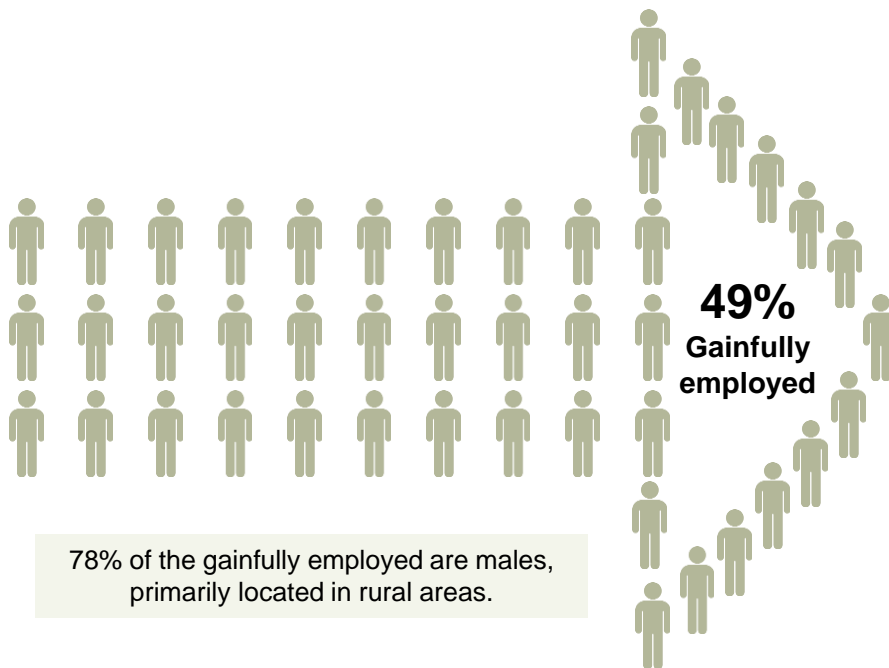
Source: InterMedia India FII Tracker survey Wave 3 (N=45,036, 15+), June-October 2015.

INDIA

Close to half of gainfully employed adults work on or own a farm

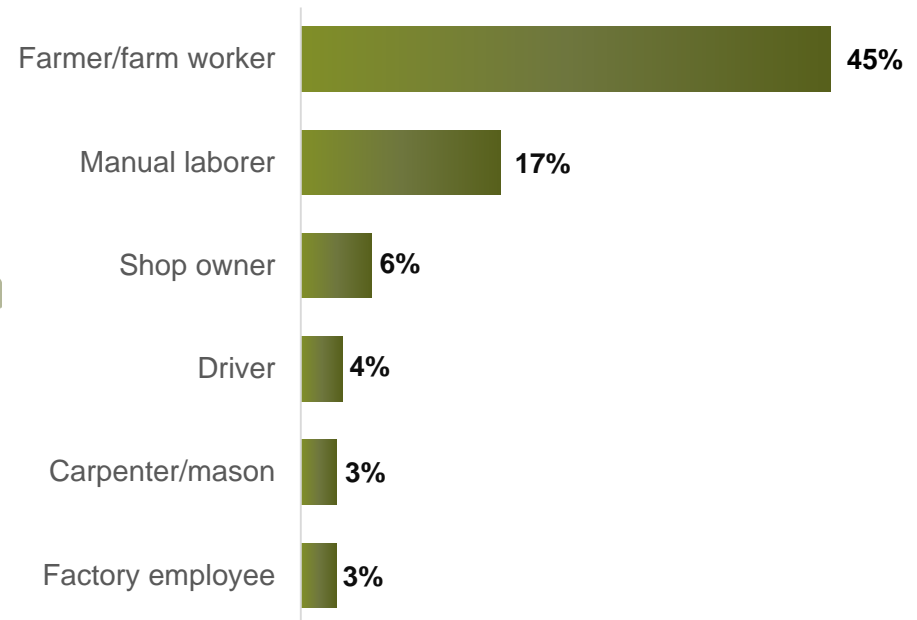
2015: Employment

(Shown: Percentage of Bangladeshi adults, N=45,036)



2015: Most common primary occupation

(Shown: Percentage of gainfully employed adults, n=20,746)

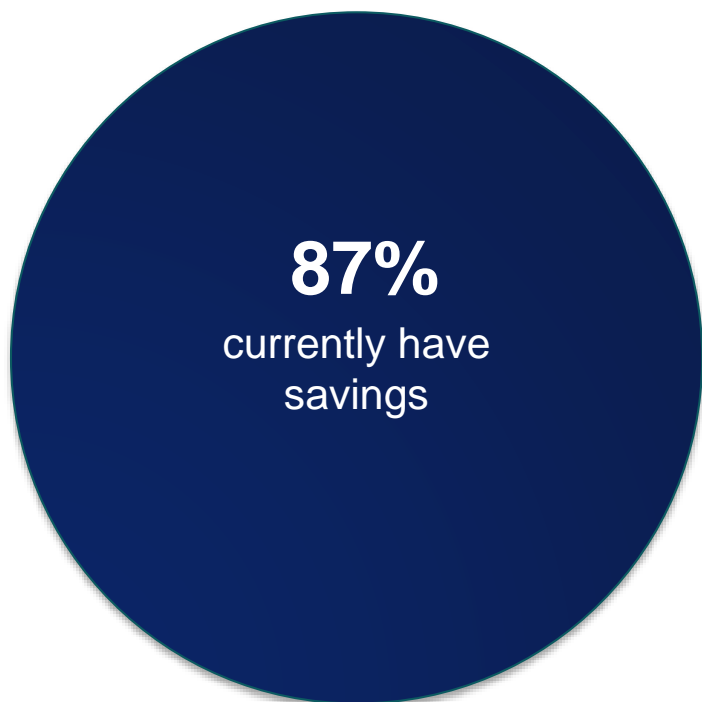


INDIA

About 9 in 10 Indians save money using multiple locations; cash at home and bank accounts is the most common pairing of savings mechanisms

2015: Savings

(Shown: Percentage of Indian adults, N=45,036)



2015: Location of savings* (for individuals who save at two locations)

(Shown: Percentage of adults who save, n=39,439)

	<u>Cash at home</u>	<u>Bank</u>
Bank	44%	-
Gold	22%	15%
Savings/lending group	3%	2%
Insurance	4%	5%
In the community	5%	4%
Post office account	3%	3%

98% of those who save in a bank are bank account holders

43% of Indians know the interest rates they earn on their savings.

*Question allowed for multiple responses.

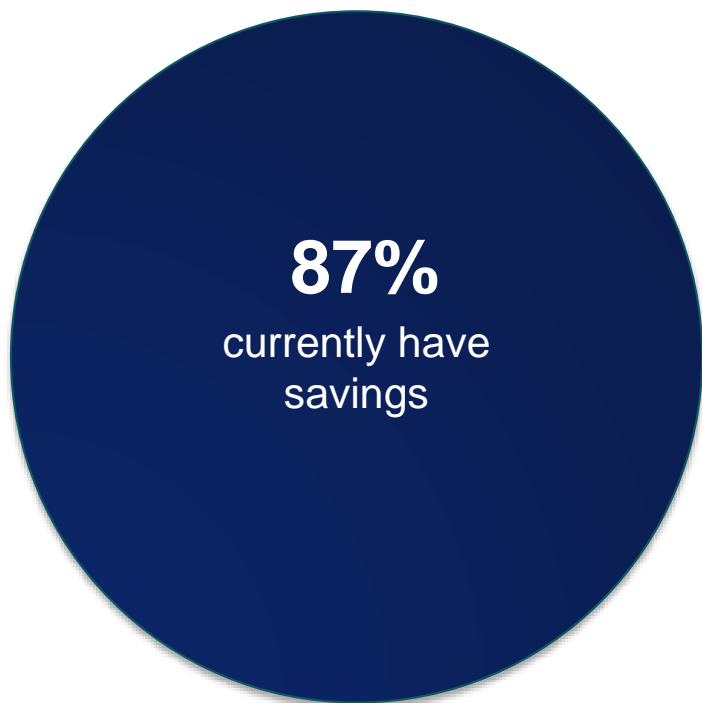
Source: InterMedia India FII Tracker survey Wave 3 (N=45,036, 15+), July-October 2015.

INDIA

More than half of Indians save to make ends meet, opting to save for shorter-term over longer-term goals

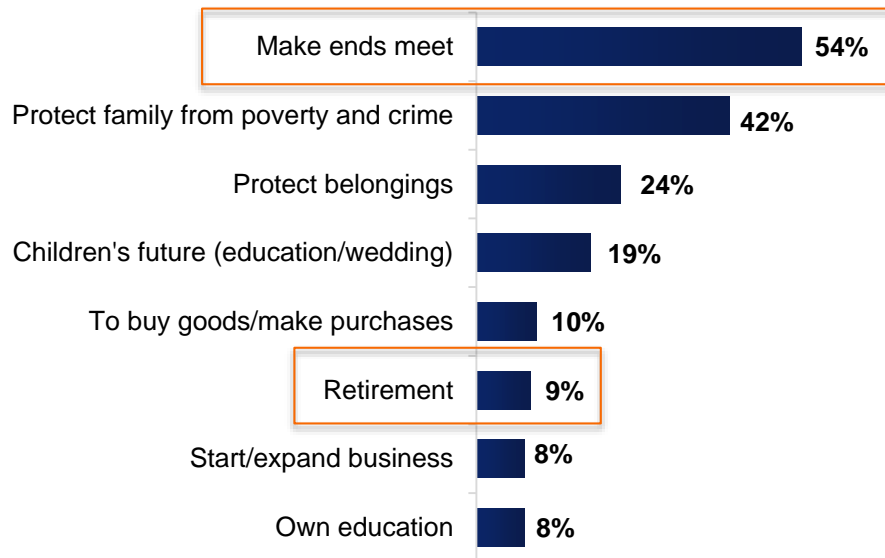
2015: Savings

(Shown: Percentage of Indian adults, N=45,036)



2015: Reasons to save

(Shown: Percentage of adults who save, n=39,439)



Question allowed for multiple responses.

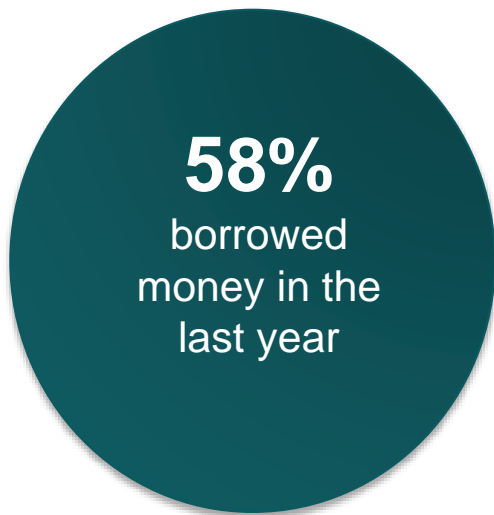
Source: InterMedia India FII Tracker survey Wave 3 (N=45,036, 15+), July-October 2015.

INDIA

Over half of all Indian adults have borrowed money, typically through people in the community

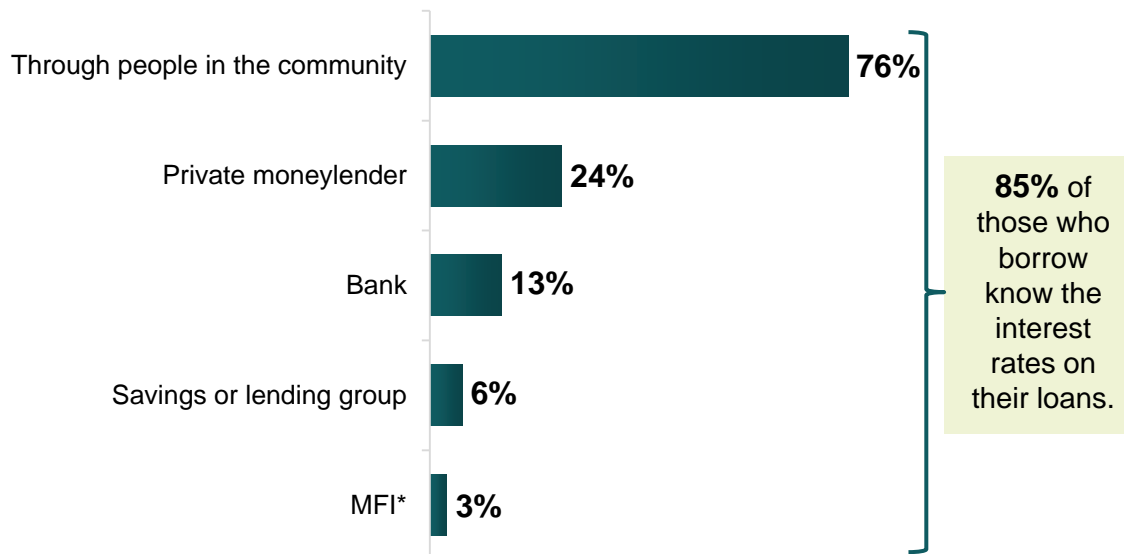
2015: Borrowing

(Shown: Percentage of Bangladeshi adults, N=45,036)



2015: Source of loans

(Shown: Percentage of adults who borrow, n=26,289)



*Microfinance Institution (MFI)

Source: InterMedia India FII Tracker survey Wave 3 (N=45,036, 15+), June-October 2015.

Few have any form of insurance; of those who do, most have life insurance

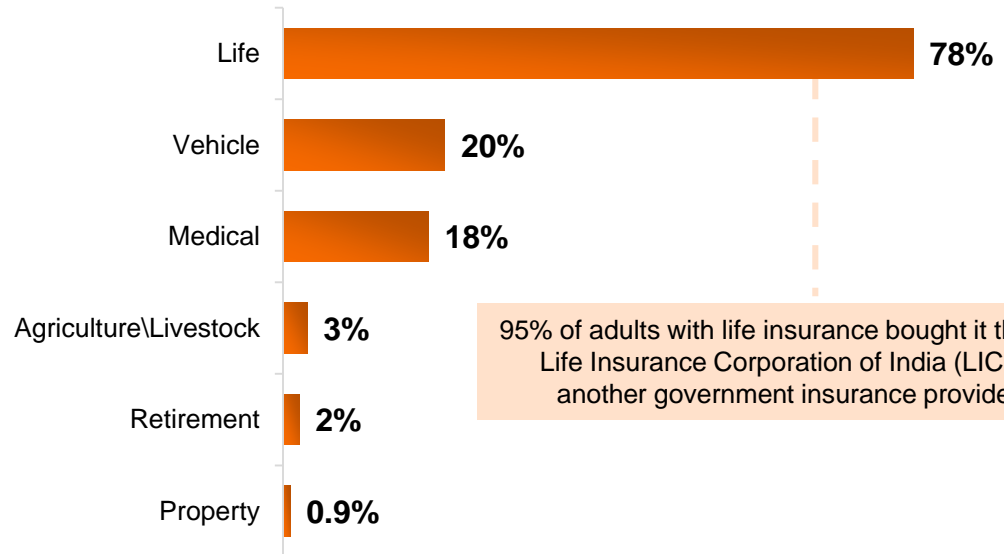
2015: Insurance

(Shown: Percentage of Indian adults, N=45,036)

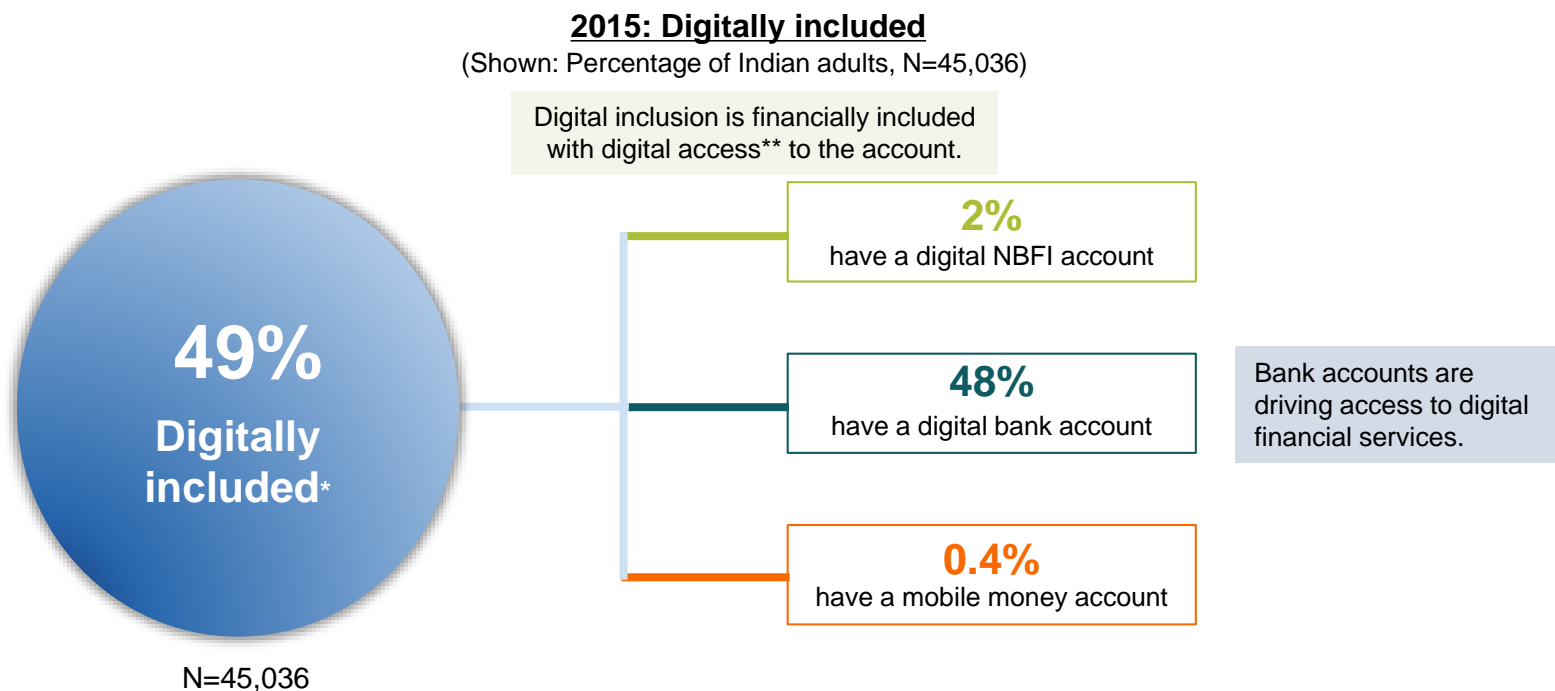
13%
have
insurance

2015: Type of insurance

(Shown: Percentage of adults with insurance, n=5,739)



Nearly half of all adults have digital access to an account

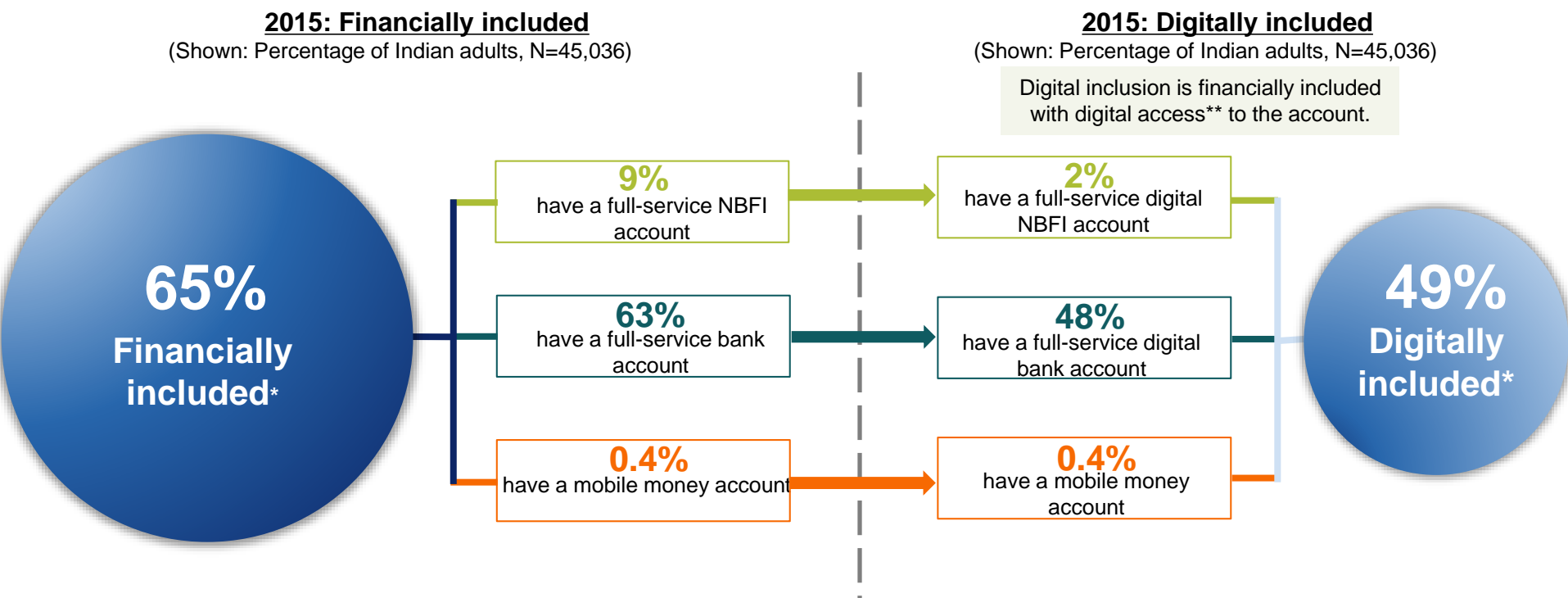


*Overlap representing those who have multiple kinds of financial accounts is not shown.

**Digital access to an account means that an individual can access their account via any number of electronic platforms, including debit and credit cards, electronic money transfers, or mobile phones.

Source: InterMedia India FII Tracker survey Wave 3 (N=45,036, 15+), June-October 2015.

Very few NBFIs account holders have digital access to their services



*Overlap representing those who have multiple kinds of financial accounts is not shown.

**Digital access to an account means that an individual can access their account via any number of electronic platforms, including debit and credit cards, electronic money transfers, or mobile phones.

Source: InterMedia India FII Tracker survey Wave 3 (N=45,036, 15+), June-October 2015.

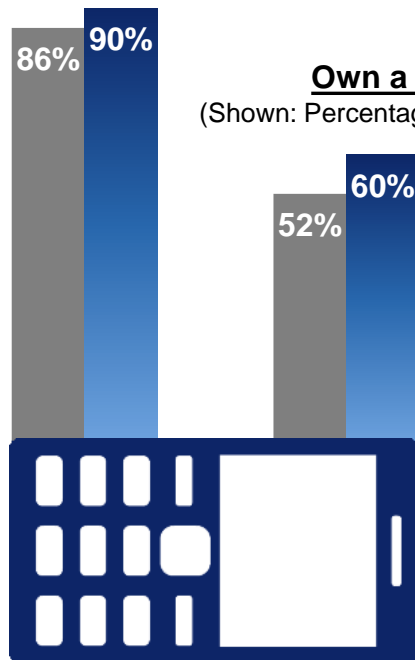
ACCESS TO & USE OF MOBILE PHONES

INDIA

Nearly all have access to a mobile phone; ownership and text messaging lag behind

Have access to a mobile phone

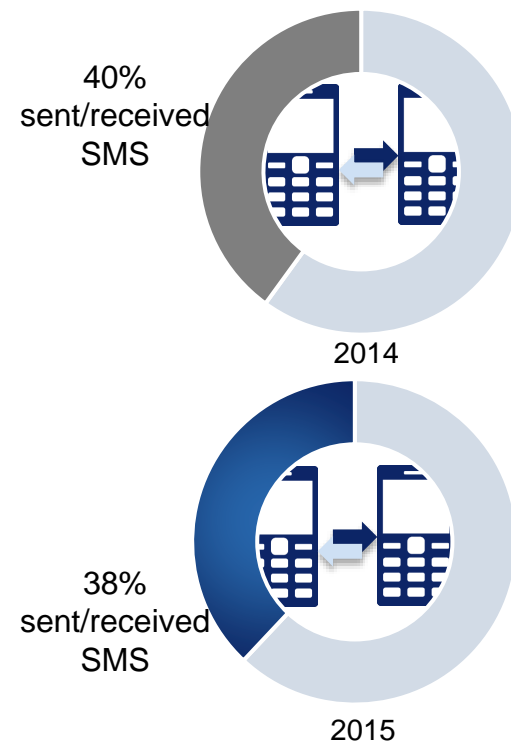
(Shown: Percentage of Indian adults, by year)



■ 2014 (N=45,087) ■ 2015 (N=45,036)

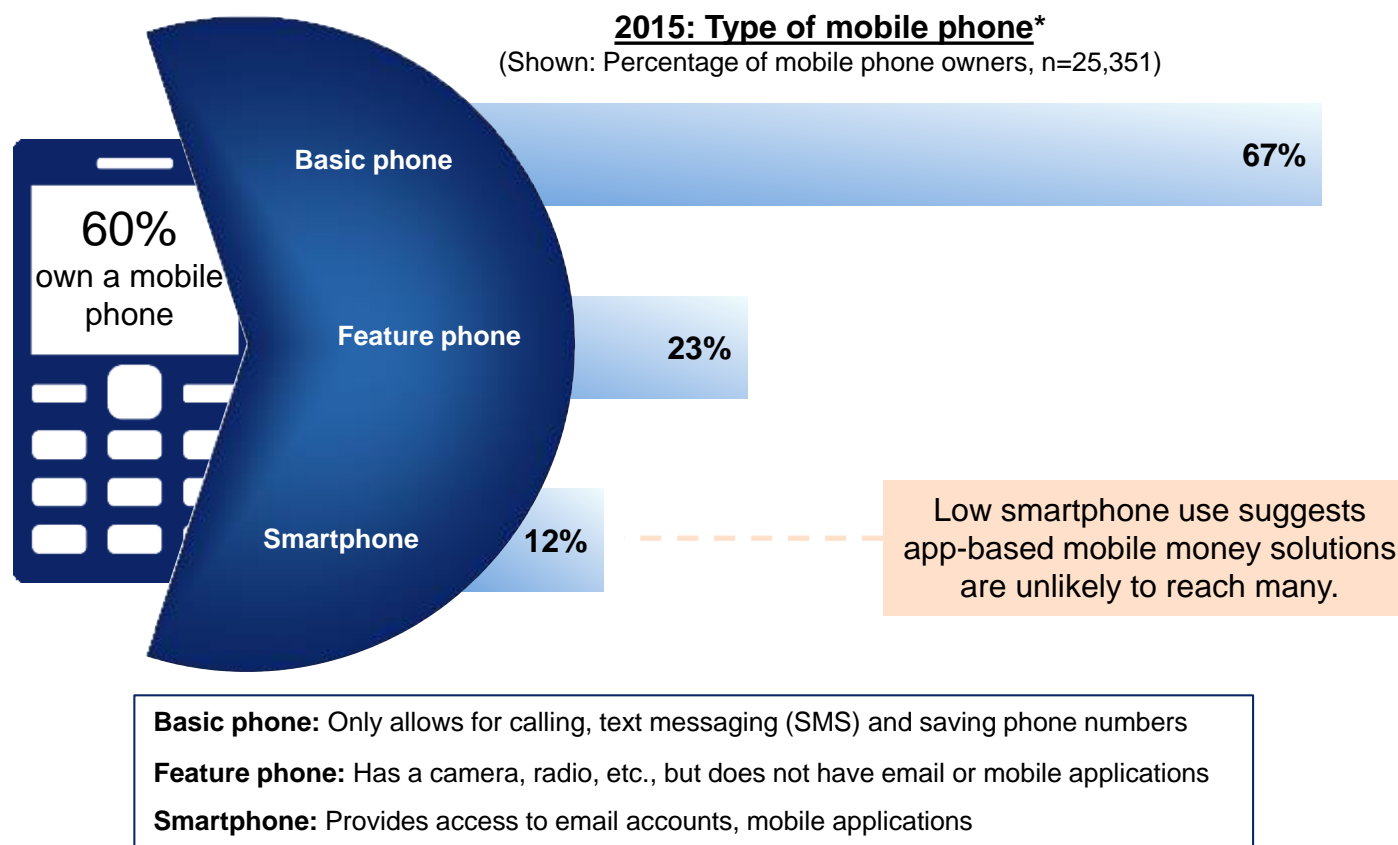
Basic mobile phone competency (has sent/received text messages [SMS])

(Shown: Percentage of Indian adults, by year)



Source: InterMedia India FII Tracker surveys Wave 2 (N=45,087, 15+), September-December 2014; Wave 3 (N=45,036, 15+), July-October 2015.

Basic phone and feature phone ownership outpace smartphone ownership



*Question allowed for multiple responses, depending on the number of phones owned.

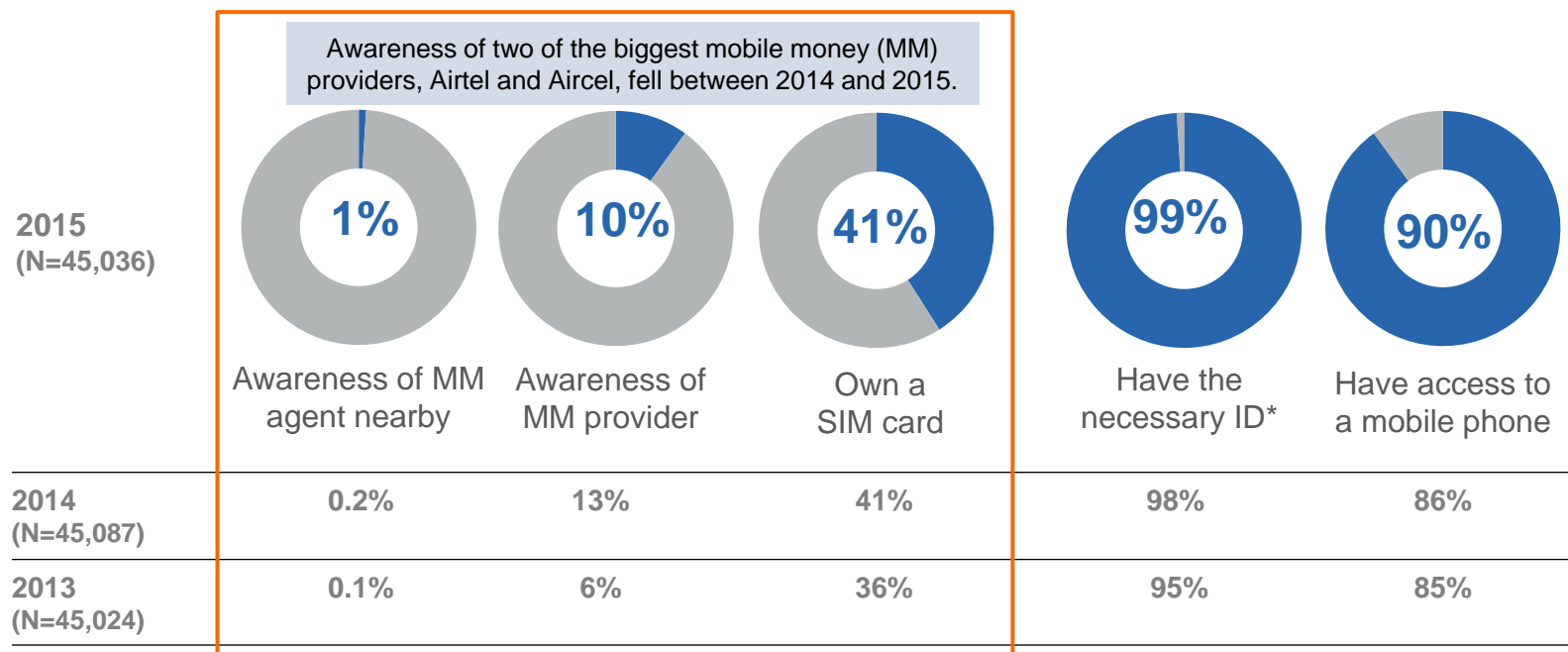
Source: InterMedia India FII Tracker survey Wave 3 (N=45,036, 15+), June-October 2015.

INDIA

Low awareness of mobile money and low SIM-card ownership remain potential barriers to using mobile phones as a platform for access to financial services

Key indicators for use of digital financial services

(Shown: Percentage of Indian adults, by year)



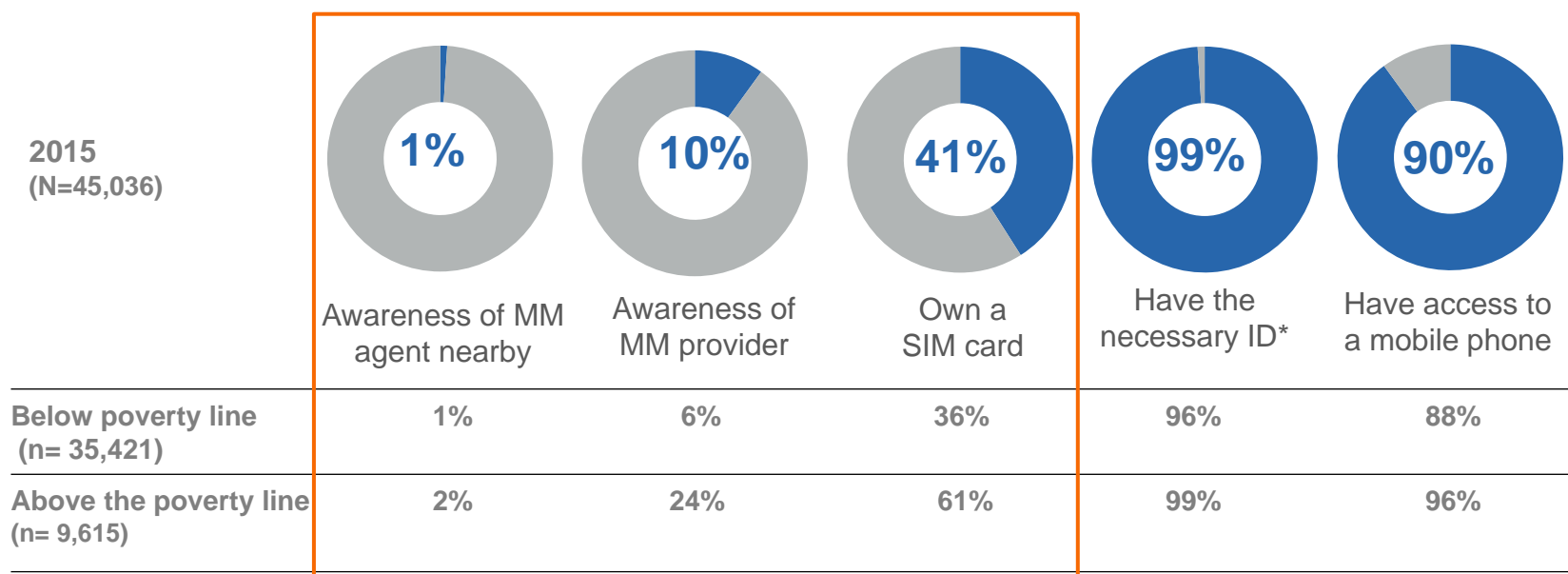
*Identification documents (ID) necessary for registering a mobile money or a bank account include one of the following: an Aadhaar card, PAN card, passport, voter's card, driver's license, employee ID, birth certificate, ration card or school ID.

INDIA

Low awareness of mobile money and low SIM-card ownership is a greater barrier to digital financial services for individuals below the poverty line

2015: Key indicators for use of digital financial services

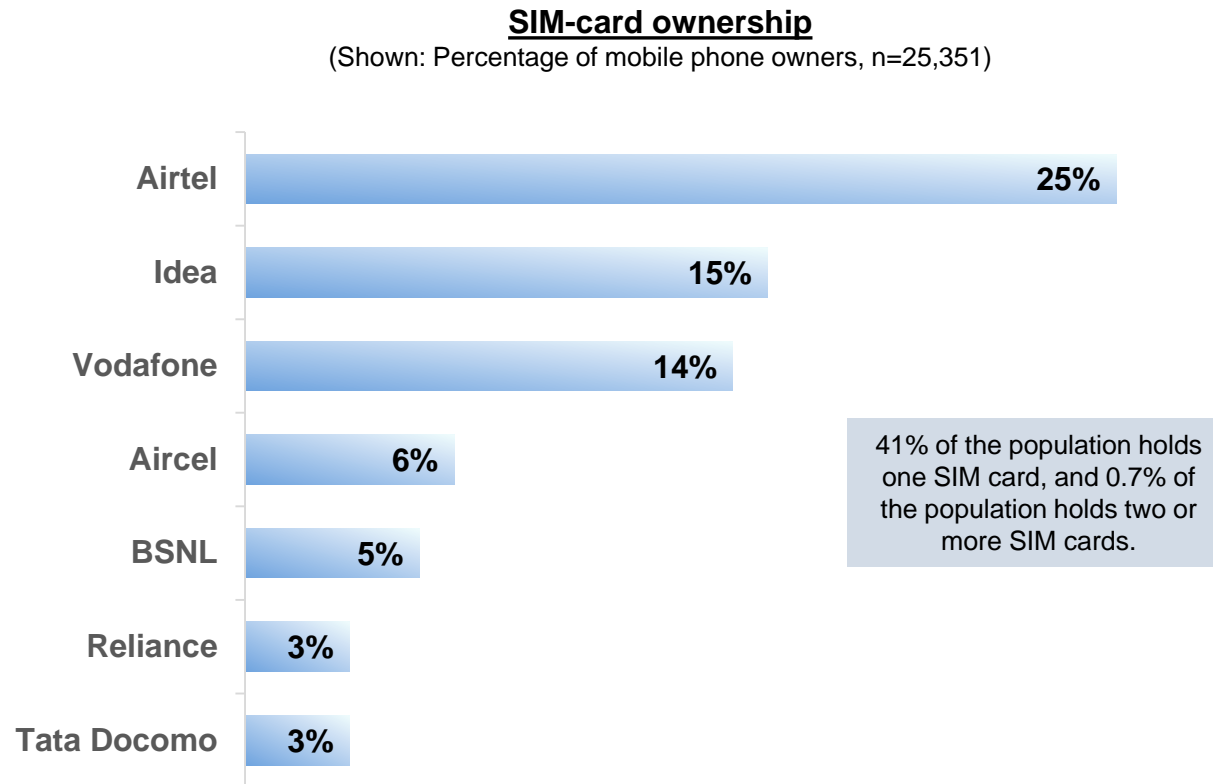
(Shown: Percentage of Indian adults, by poverty level)



*Identification documents (ID) necessary for registering a mobile money or a bank account include one of the following: an Aadhaar card, PAN card, passport, voter's card, driver's license, employee ID, birth certificate, ration card or school ID.

Source: InterMedia India FII Tracker surveys Wave 1 (N=45,024, 15+), October 2013-January 2014; Wave 2 (N=45,087, 15+), September-December 2014; Wave 3 (N=45,036, 15+), June-October 2015.

Airtel has the greatest market share among mobile phone owners

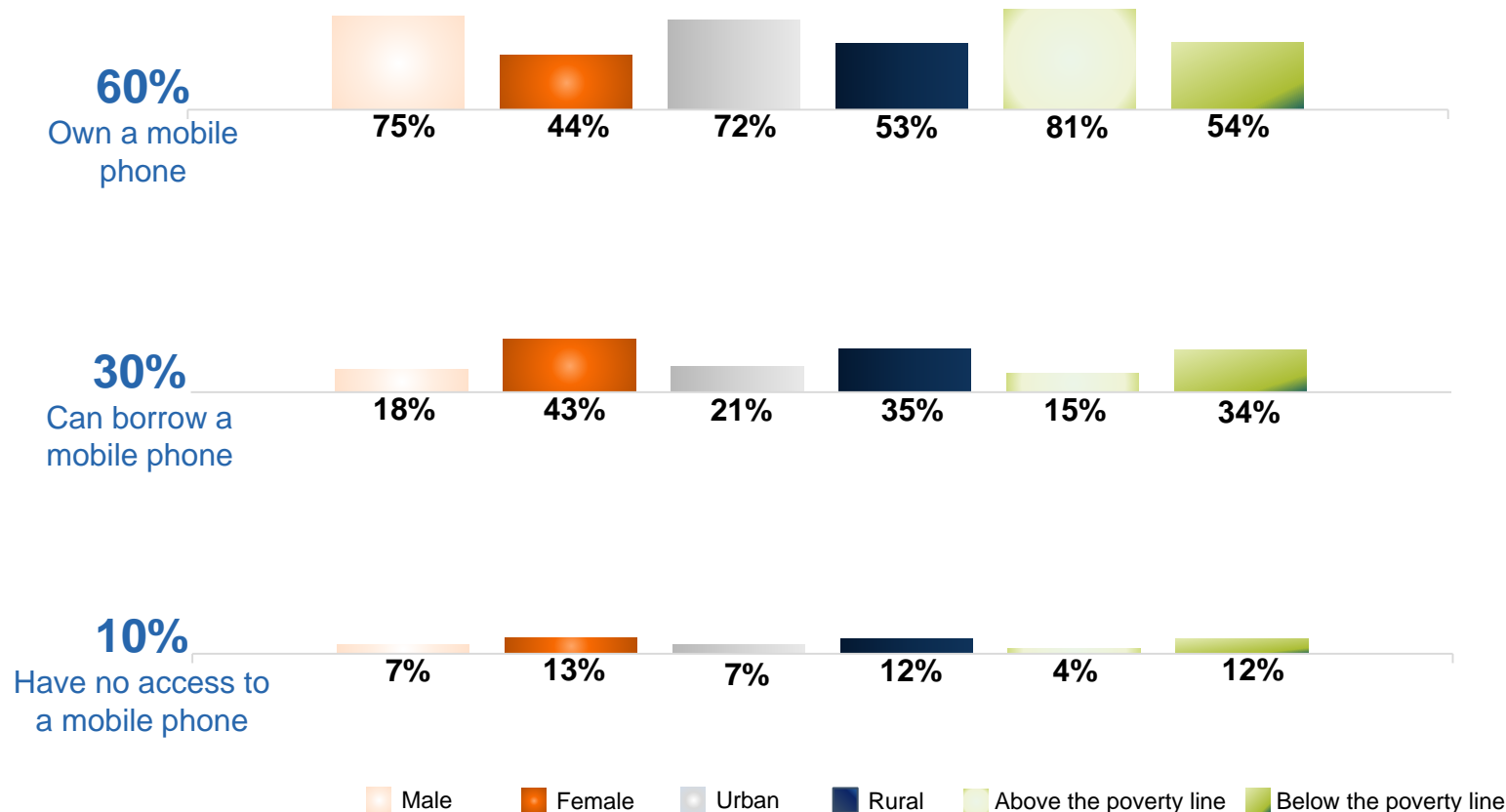


INDIA

Women, those in rural localities and those living below the poverty line are the least likely to own mobile phones

2015: Dynamics of mobile phone access

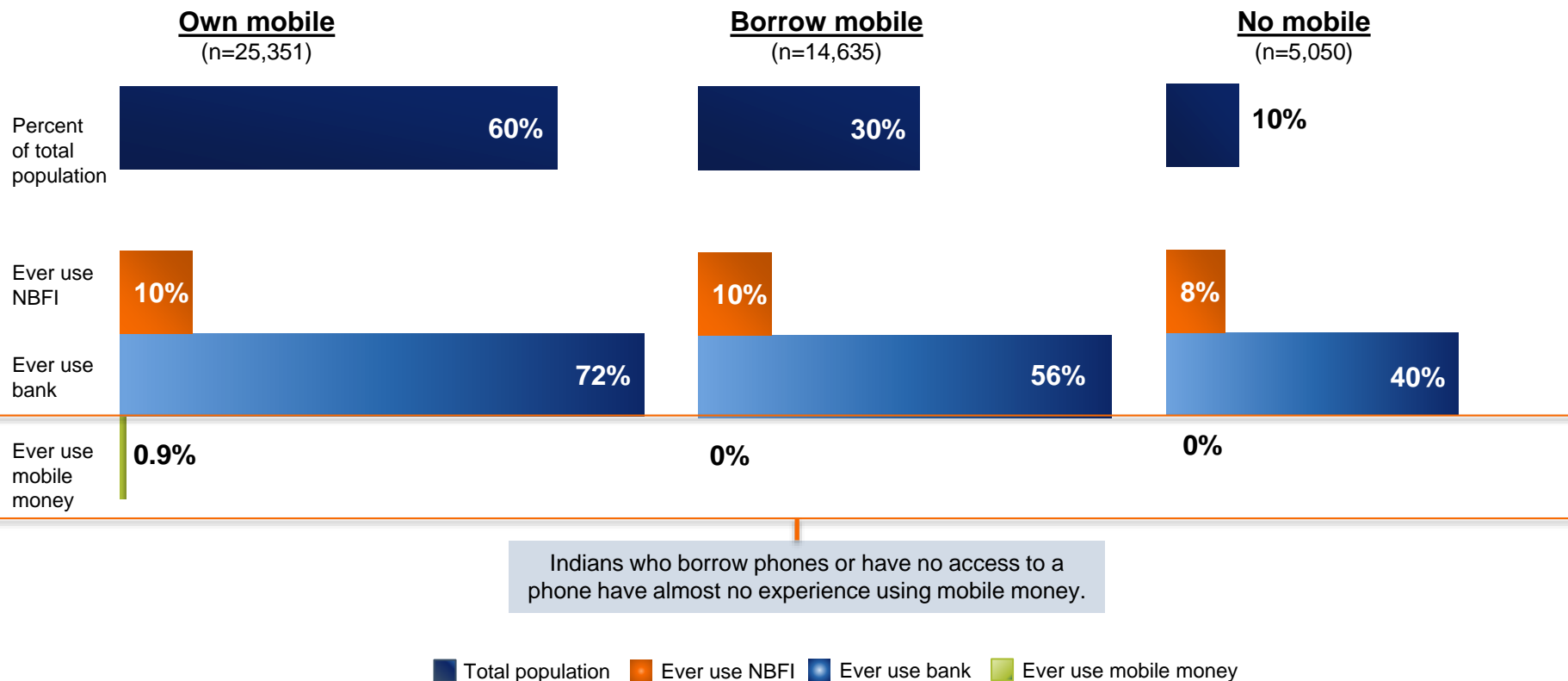
(Shown: Percentage of those who own or borrow, or have no access to, a mobile phone, by demographic)



Source: InterMedia India FII Tracker survey Wave 3 (N=45,036, 15+), June-October 2015.

INDIA

About three-quarters of those who own a mobile phone have used a bank account; those who borrow or do not have a mobile phone are less likely to have used a bank account

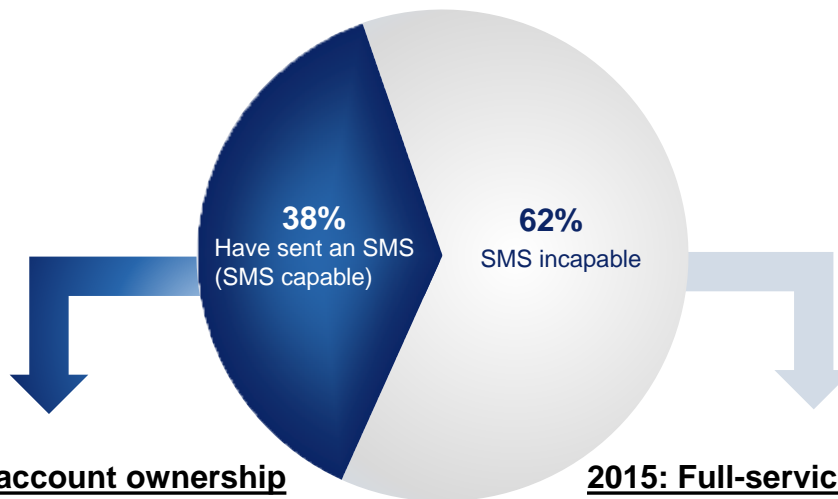


INDIA

Financial inclusion is higher among those who can use mobile phones to send and receive texts

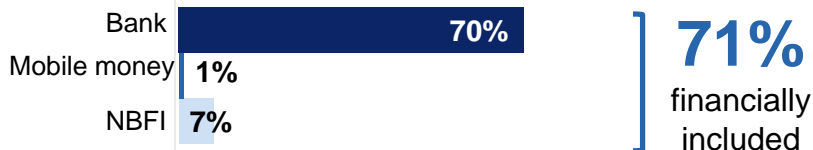
2015: Have ever sent a text message (SMS)

(Shown: Percentage of Indian adults, N=45,036)



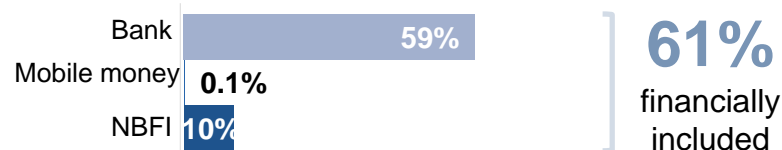
2015: Full-service account ownership (financial inclusion)

(Shown: Percentage of SMS capable, n=15,510)



2015: Full-service account ownership (financial inclusion)

(Shown: Percentage of SMS incapable, n=29,526)

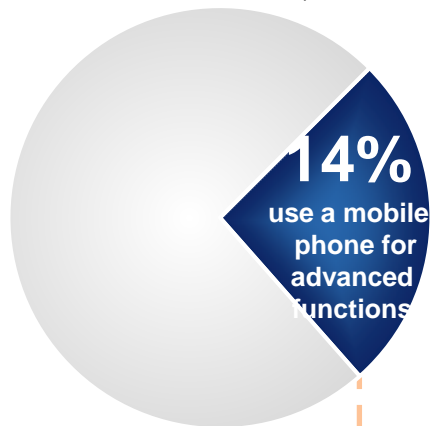


INDIA

More than one in 10 use advanced functions on a mobile phone; the younger an individual is, the more likely they are to use advanced functions

2015: Advanced phone use

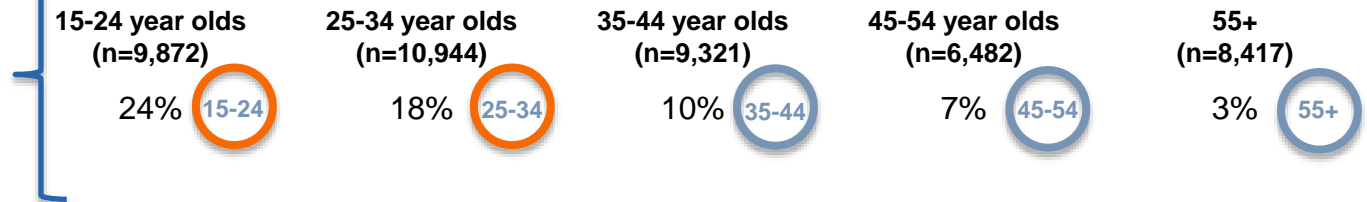
(Shown: Percentage of Indian adults, N= 45,036)



74% of advanced mobile phone users are financially included.

2015: Advanced phone use, by age

(Shown: Percentage of subgroups)

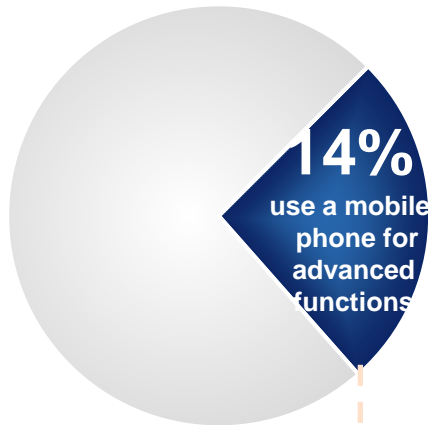


INDIA

Women, rural adults and those below poverty are less likely to use mobile phones for advanced functions

2015: Advanced phone use

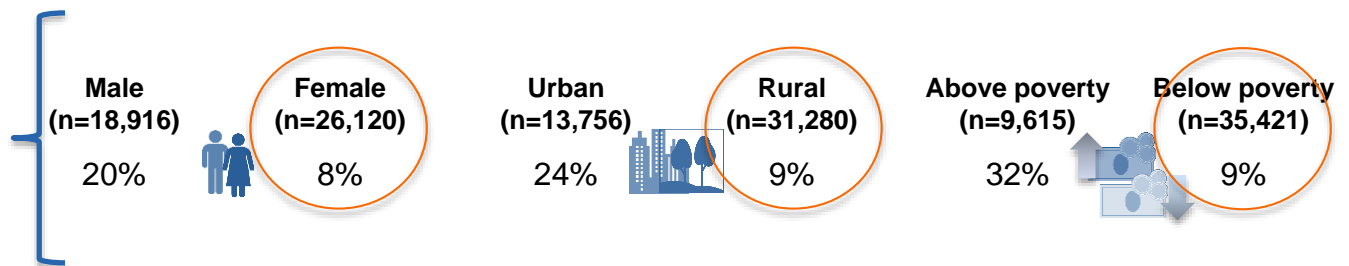
(Shown: Percentage of Indian Adults, N= 45,036)



74% of advanced mobile phone users are financially included.

2015: Advanced phone use, by demographic

(Shown: Percentage of subgroups)

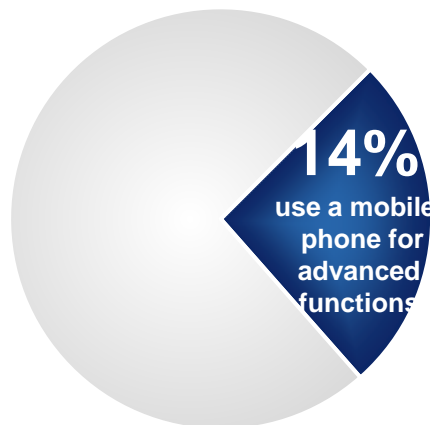


INDIA

Mobile apps are the most commonly used advanced phone functions, followed by MMS exchange and internet browsing

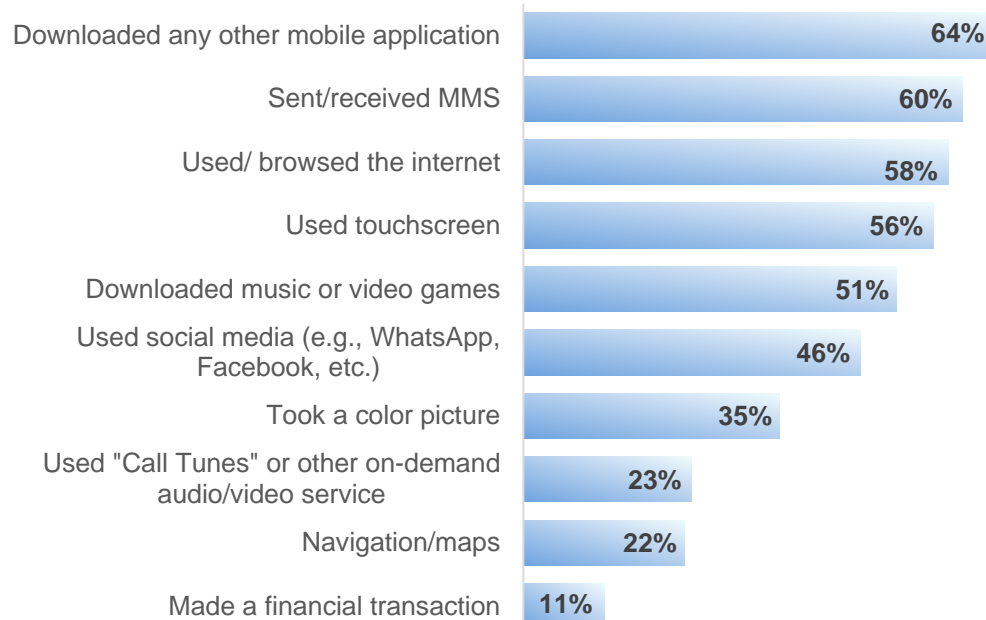
2015: Advanced phone use

(Shown: Percentage of Indian adults, N= 45,036)



2015: Advanced phone use

(Shown: Percentage of advanced mobile phone users, n=5,096)



FINANCIAL SERVICES USE

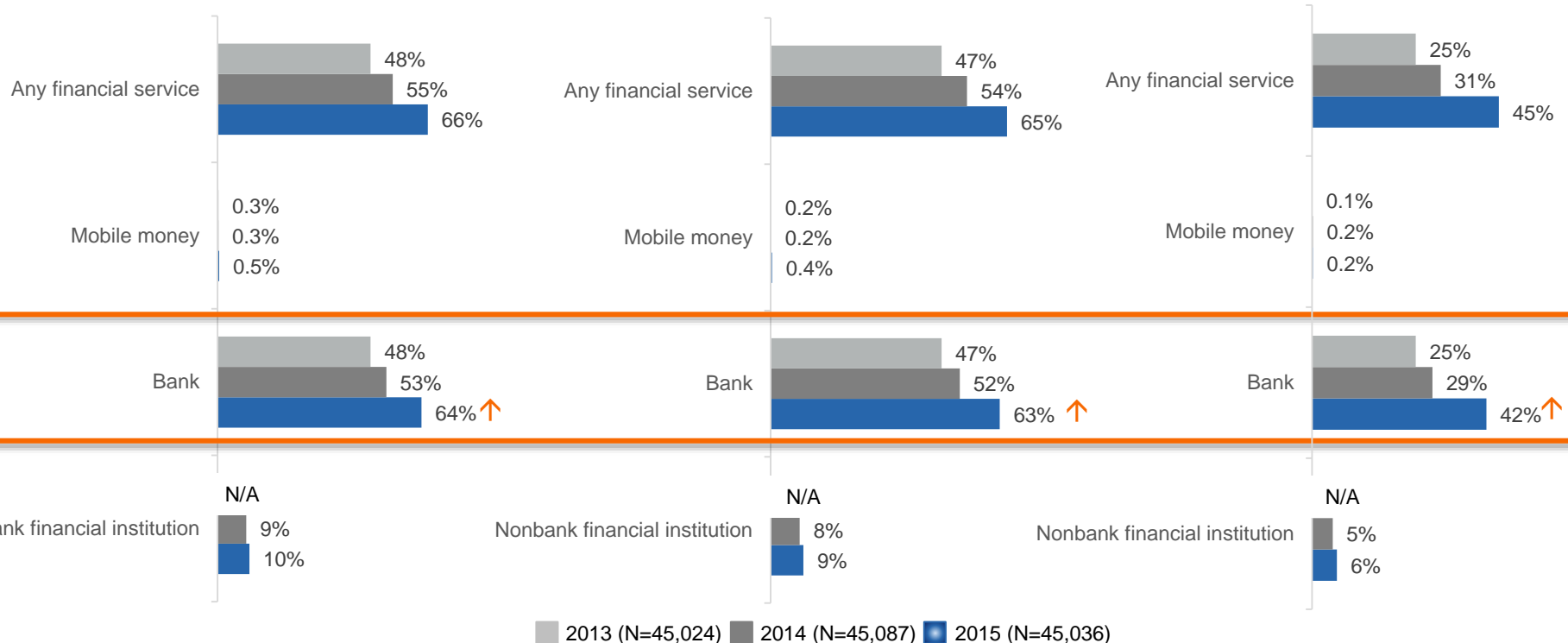
INDIA

Both registered and active account usage grew between 2013 and 2015

Financial account access

Registered financial service users (Shown: Percentage of India adults for each year)

Active* financial service users



Types of account ownership are not mutually exclusive. *Used the account in the last 90 days

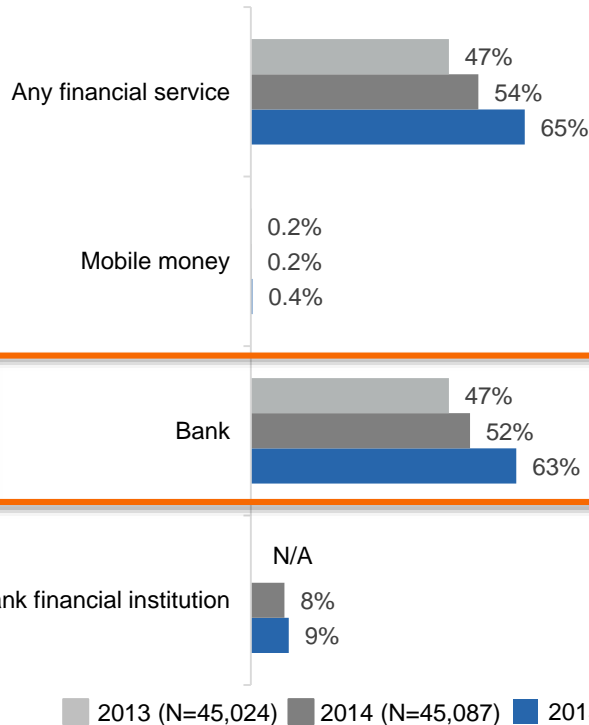
Source: InterMedia India FII Tracker surveys Wave 1 (N=45,024, 15+), October 2013-January 2014; Wave 2 (N=45,087, 15+), September-December 2014; Wave 3 (N=45,036, 15+), June-October 2015.

INDIA

Most bank and NBFi account holders are active, more so than mobile money account holders

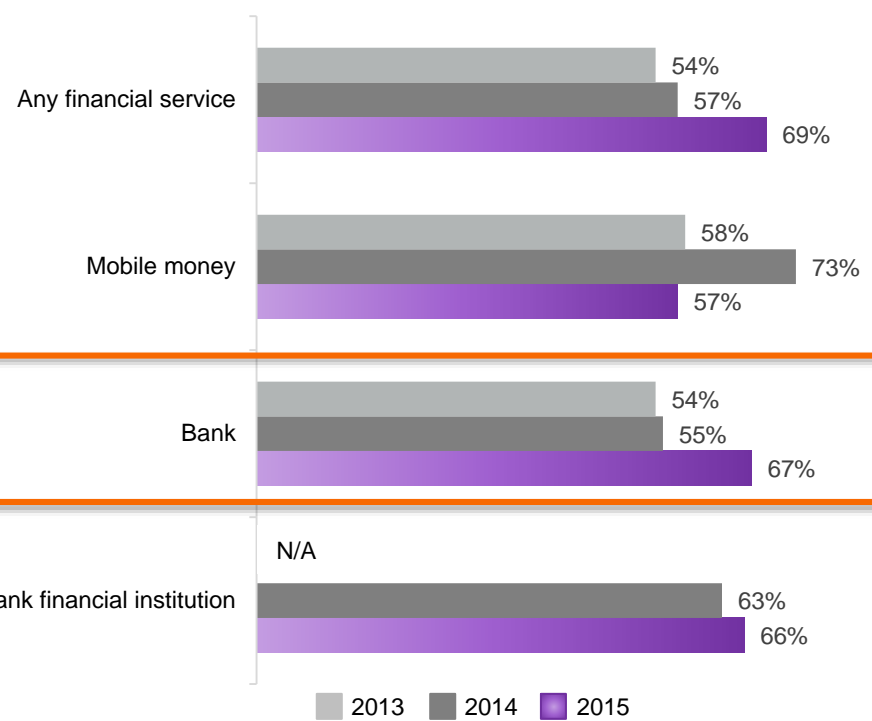
Registered financial services

(Shown: Percentage of Indian adults for each year)



Active* financial account holders

(Shown: Percentage of registered users for each type of account, by year)



Types of account ownership are not mutually exclusive. *Used the account in the last 90 days

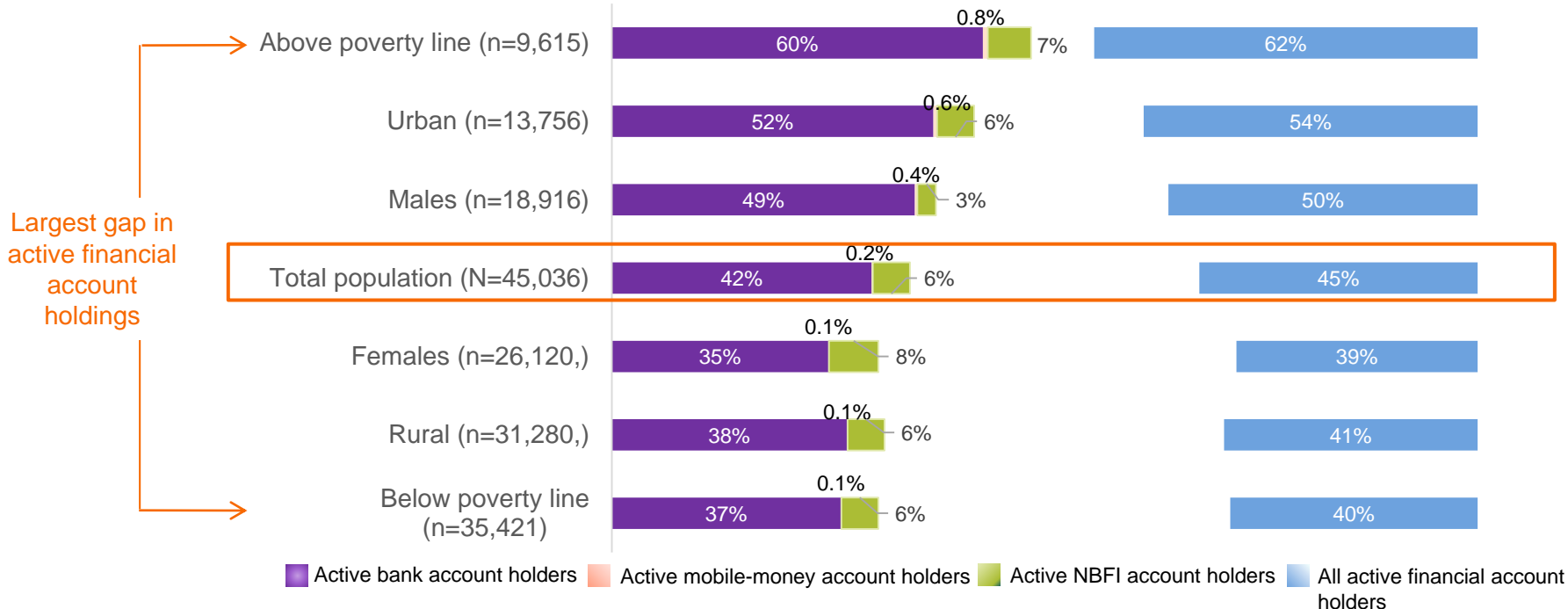
Source: InterMedia India FII Tracker surveys Wave 1 (N=45,024, 15+), October 2013-January 2014; Wave 2 (N=45,087, 15+), September-December 2014; Wave 3 (N=45,036, 15+), June-October 2015.

INDIA

The greatest disparity in active account use is by poverty level; NBFi active account use is comparable across all demographics

2015: Active account usage by demographic

(Shown: Percentage of each subgroup)



Types of accounts are not mutually exclusive.

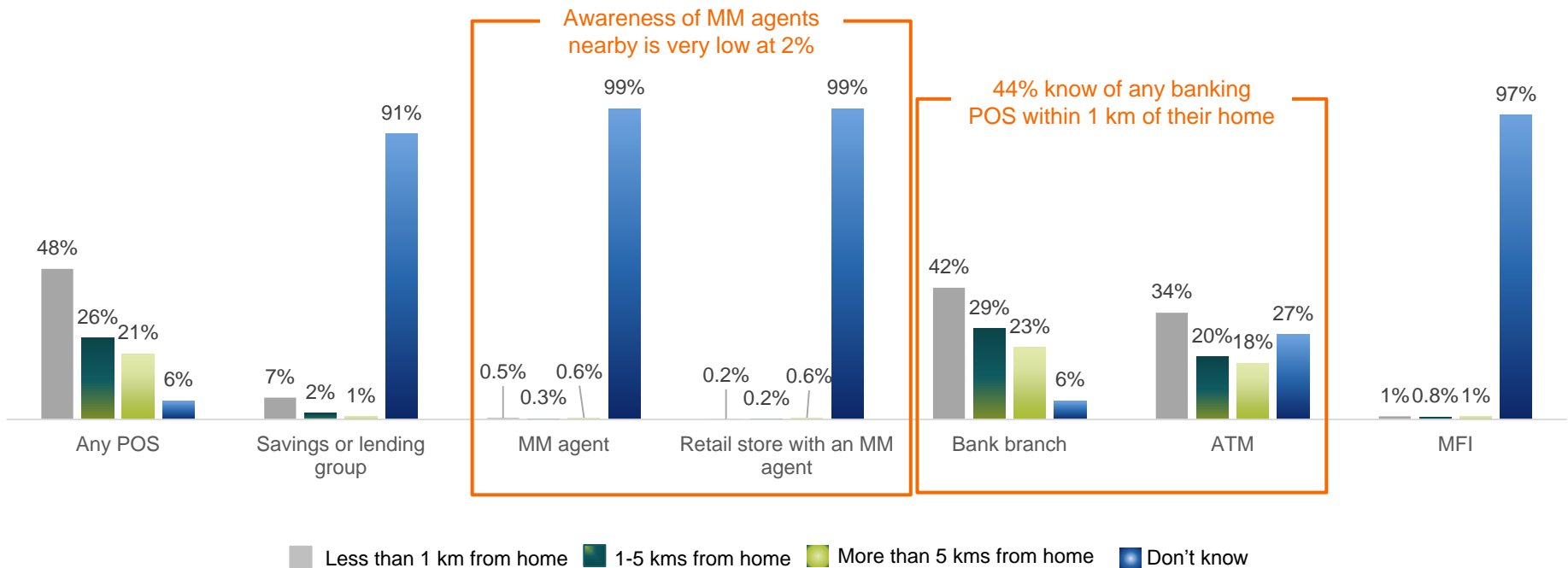
Source: InterMedia India FII Tracker survey Wave 3 (N=45,036, 15+), June-October 2015.

INDIA

More adults know of a bank point of service (POS) within 1 km of where they live than they do of mobile money (MM) agents or any NBFI locations

2015: Proximity to points-of-service (POS) for financial institutions

(Shown: Percentage of Indian adults N=45,036)



INDIA

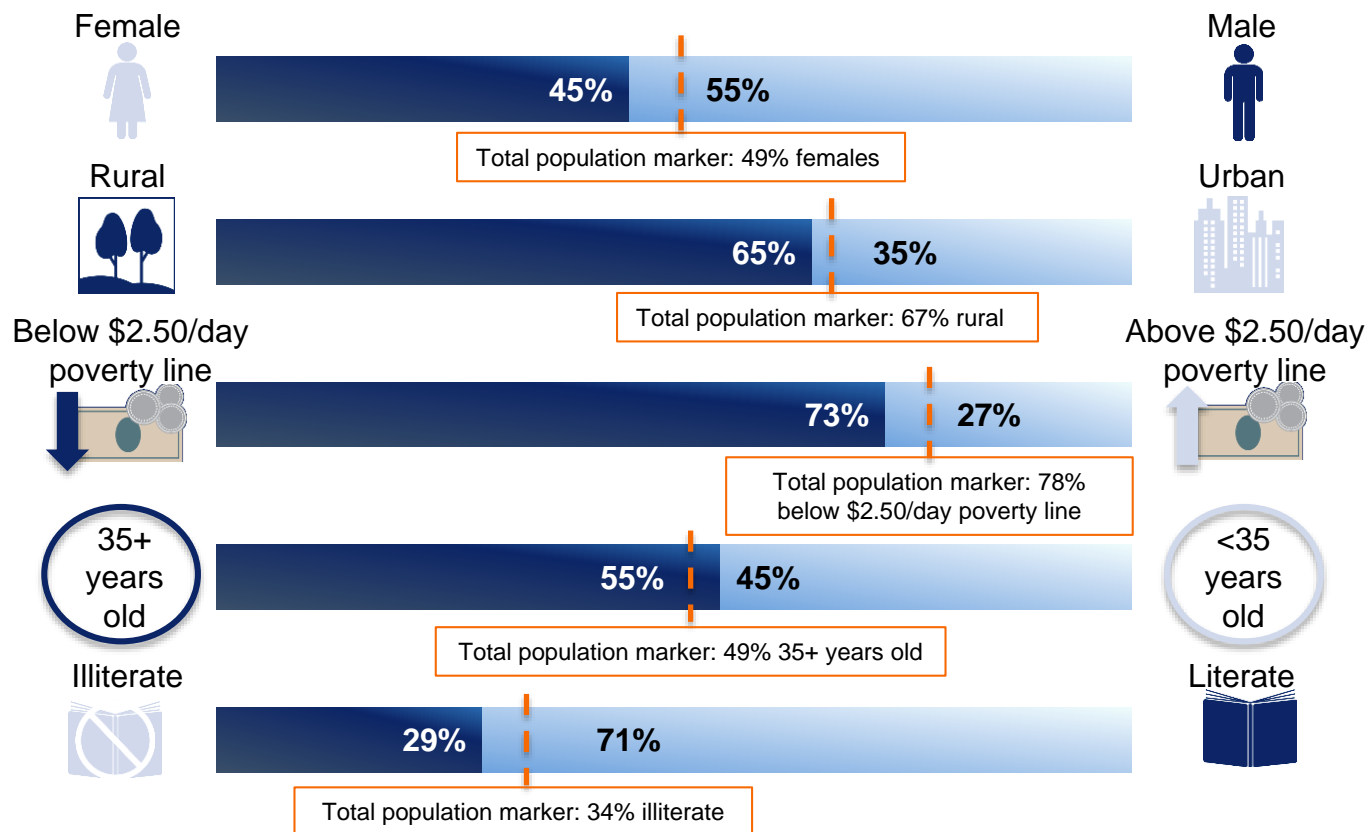
BANKS

INDIA

Bank account holders are primarily located in rural areas, literate and living on less than \$2.50 a day

2015: Dynamics of bank account holders

(Shown: Percentage of bank account holders, n=28,499)



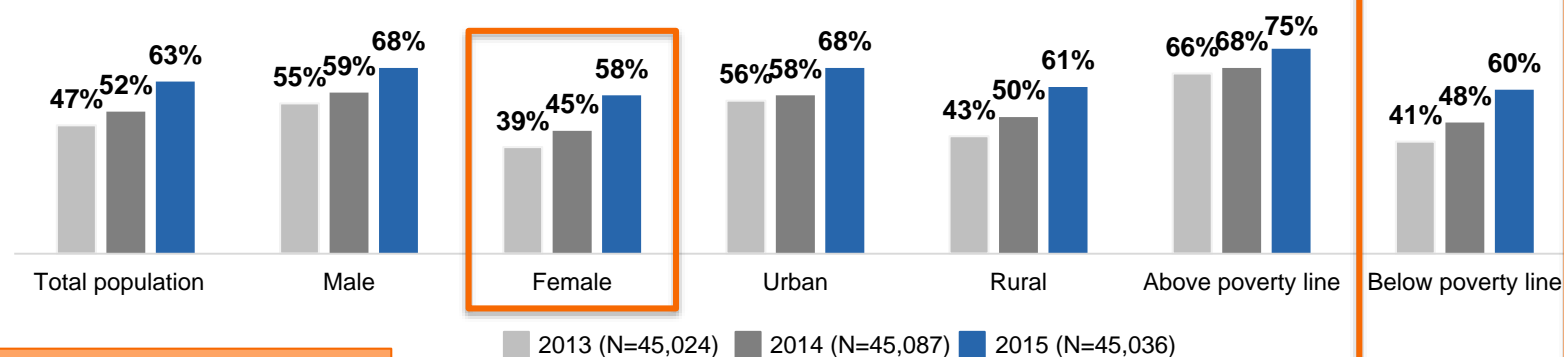
Source: InterMedia India FII Tracker survey Wave 3 (N=45,036, 15+), June-October 2015.

INDIA

Bank account ownership grew across all demographic groups; women continue to show lower levels of active use versus men

Demographic trends for registered bank account use

(Shown: Percentage of Indian adults who fall into each category, by year)

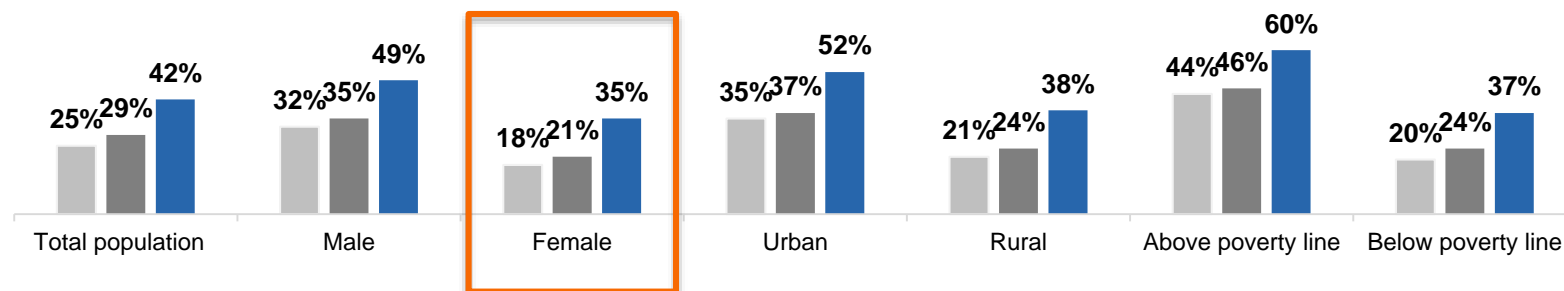


61% of women bank account holders had used their account in the past 90 days (2015).

20% of registered bank accounts for individuals living below the poverty line are part of the Pradhan Mantri Jan-Dhan Yojana (PMJDY) program (2015).

Demographic trends for active bank account use

(Shown: Percentage of Indian adults who fall into each category, by year)

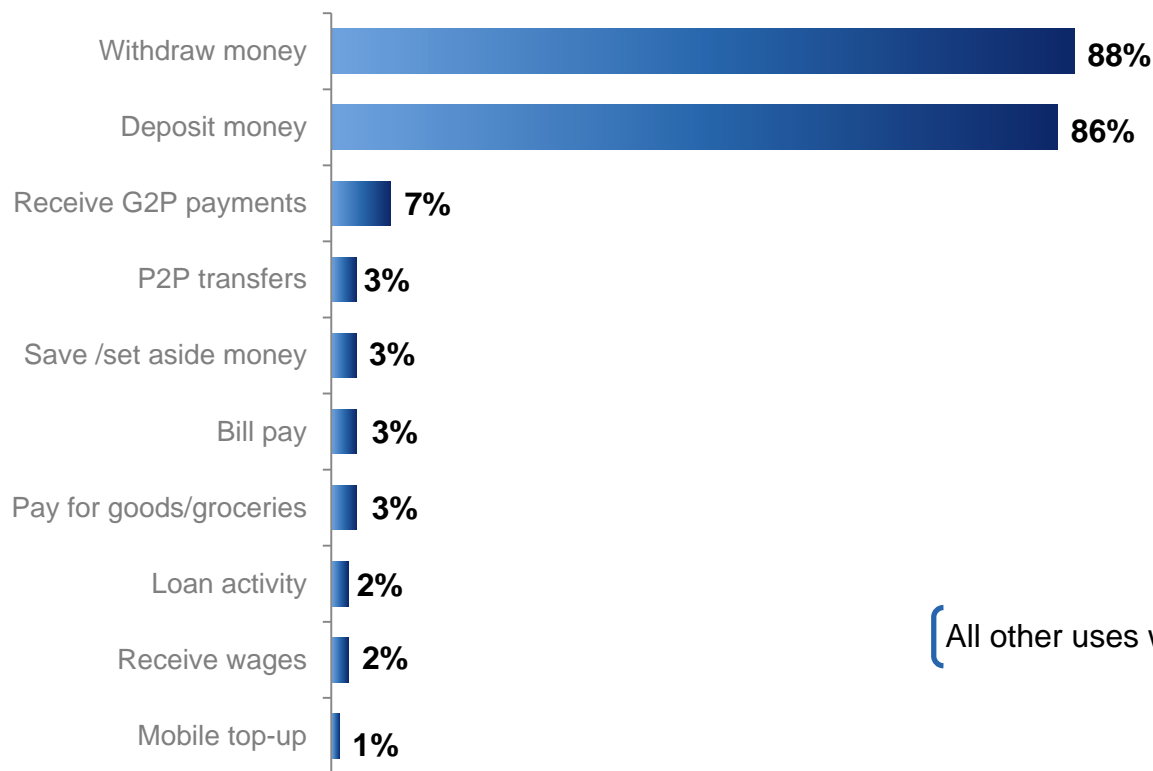


* Categories are not mutually exclusive.

INDIA

Few bank account holders use banks for more than deposits, withdrawals and G2P transfers

2015: Monthly uses of bank accounts
 (Shown: Percentage of bank account holders, n=28,499)



72% of bank account deposits and withdrawals are made by individuals living under the \$2.50/day poverty line.

(All other uses were equal to or below 1%.)

Question allowed for multiple responses.

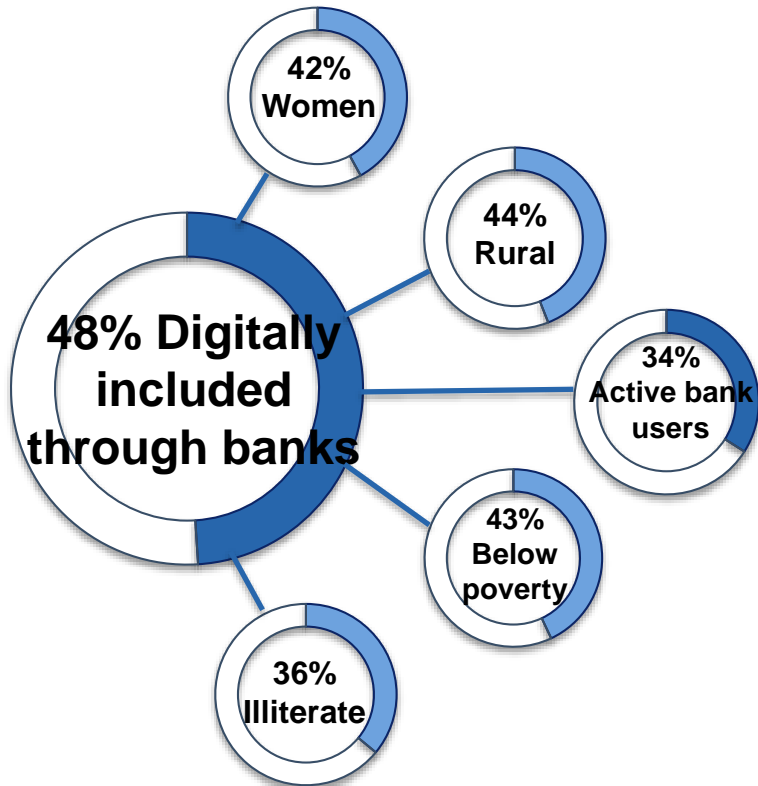
Source: InterMedia India FII Tracker survey Wave 3 (N=45,036, 15+), June-October 2015.

INDIA

Almost half of all Indians have digital access through a bank

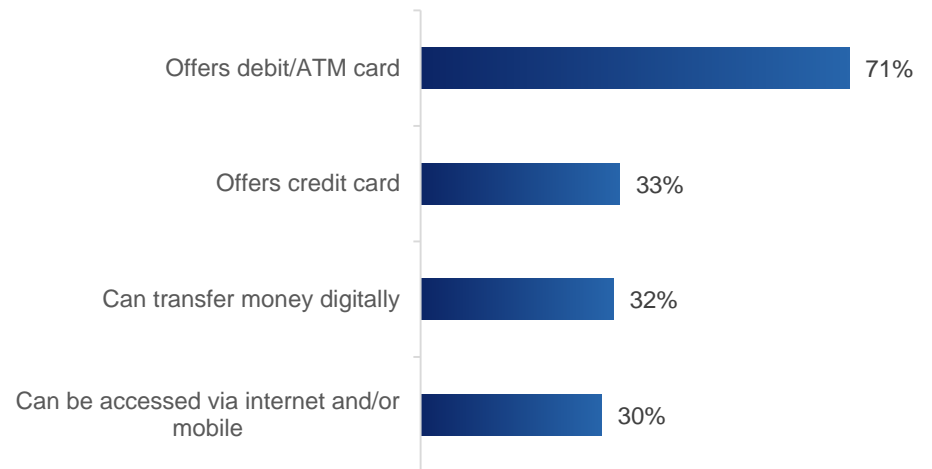
2015: Digital bank access by demographic

(Shown: Percentage of Indian adults)



2015: Digital access among active bank account holders

(Shown: Percentage of active bank account holders, n=18,749)



Digital bank accounts are those that offer at least one of the following options: debit/ATM or credit cards, internet or mobile access, or a digital money transfer capability.

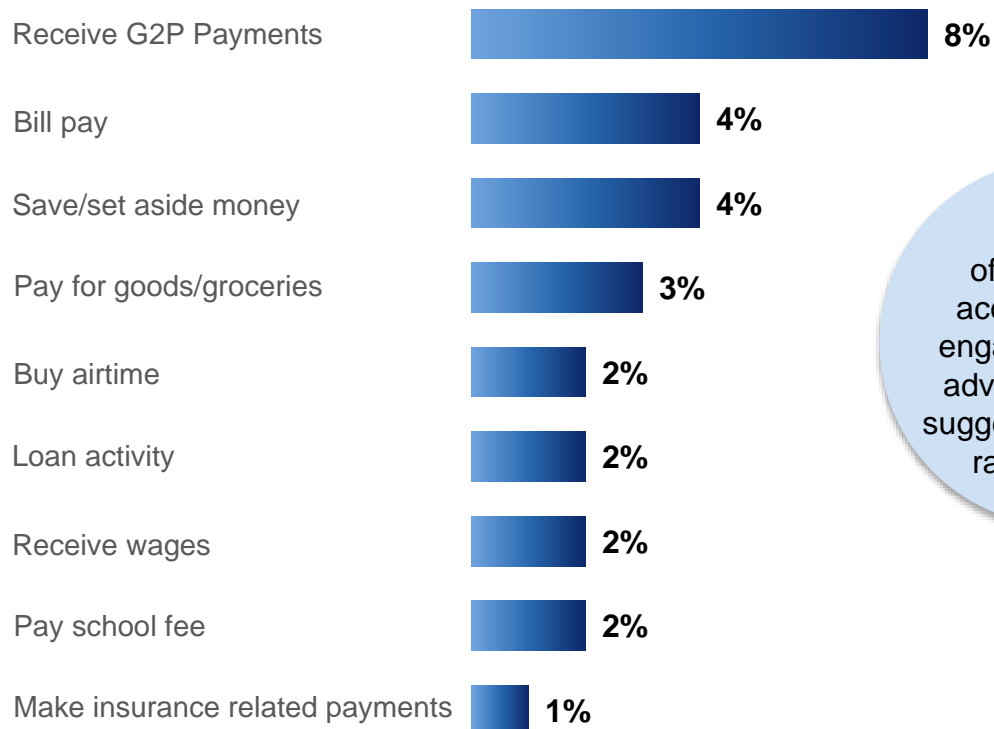
Source: InterMedia India FII Tracker survey Wave 3 (N=45,036, 15+), June-October 2015.

INDIA

Few active bank account holders use their accounts for advanced purposes

2015: Advanced bank account uses

(Shown: Percentage of active bank account holders, n=18,749)



21%

of active registered users have used at least one advanced function through their account

(vs. 35% in 2014 and 38% in 2013*)

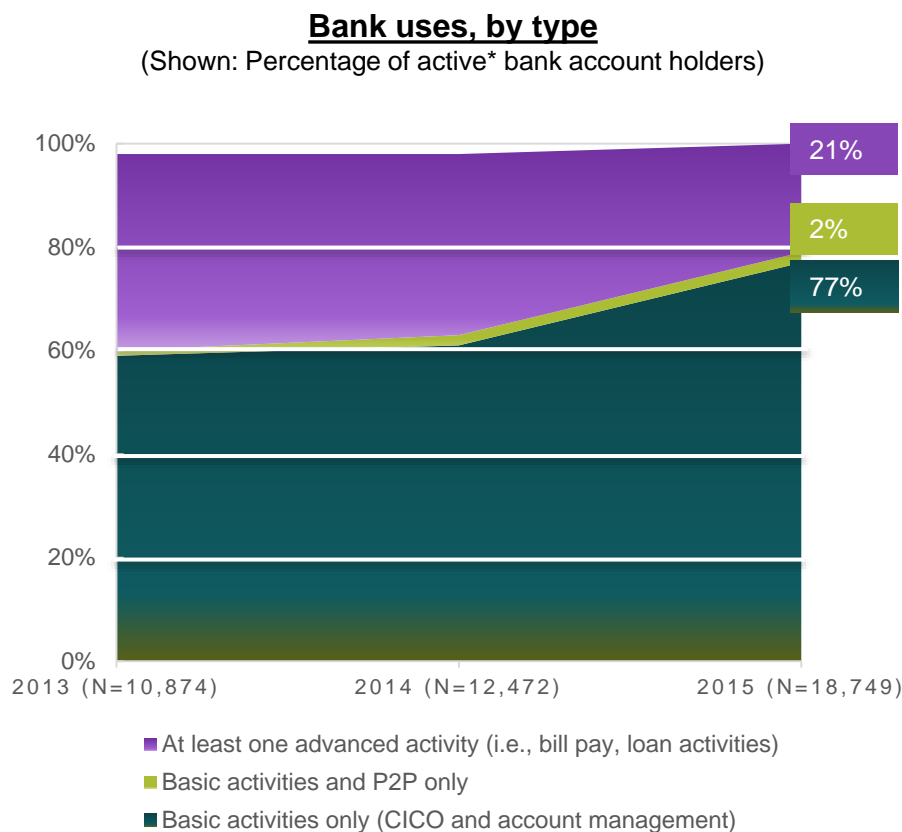
15%
of active bank account holders engage in just one advanced activity, suggesting a diverse range of uses

*Due to the changes in the questionnaire some data points may not be directly comparable across years. Question allowed for multiple responses.

Source: InterMedia India FII Tracker survey Wave 3 (N=45,036, 15+), June-October 2015.

INDIA

Bank account activities are primarily basic level, which is consistent with the influx of new bank account users



*Used the account in the last 90 days

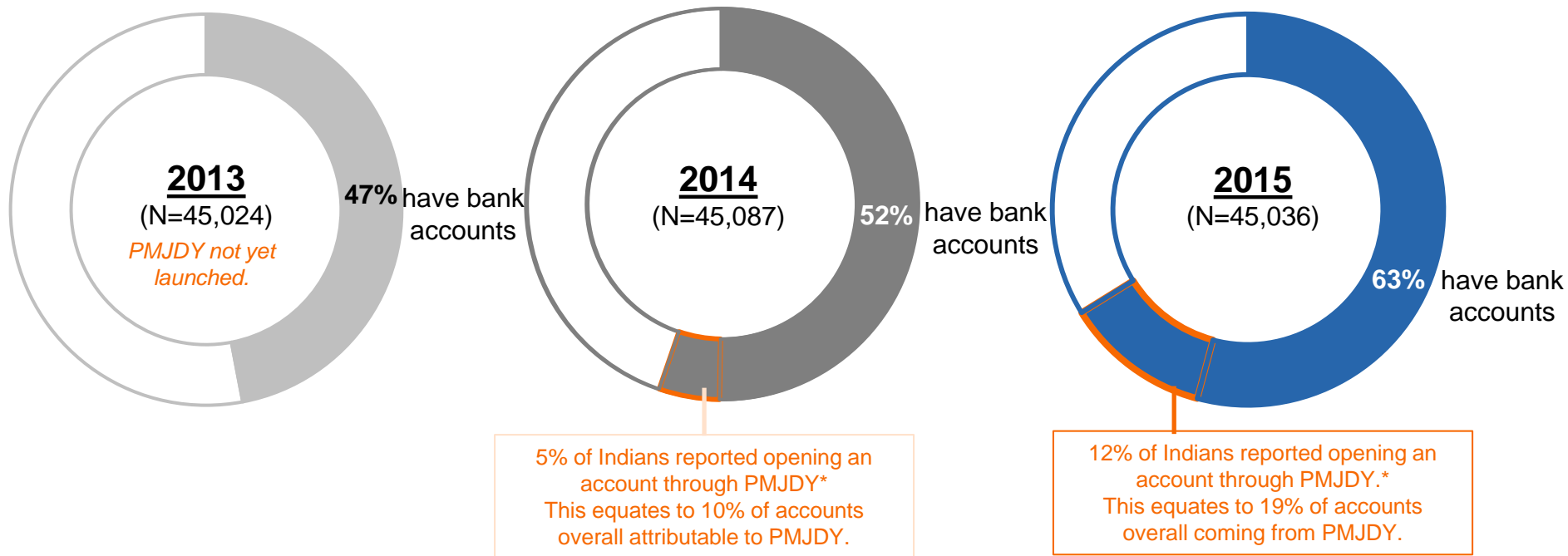
Due to the changes in the questionnaire some data points may not be directly comparable across years.

Source: InterMedia India FII Tracker surveys Wave 1 (N=45,024, 15+), October 2013-January 2014; Wave 2 (N=45,087, 15+), September-December 2014; Wave 3 (N=45,036, 15+), June-October 2015.

PMJDY drove year-on-year increases in bank account ownership

PMJDY account ownership

(Shown: Percentage of Indian adults, by year)



*PMJDY was launched in August 2014.

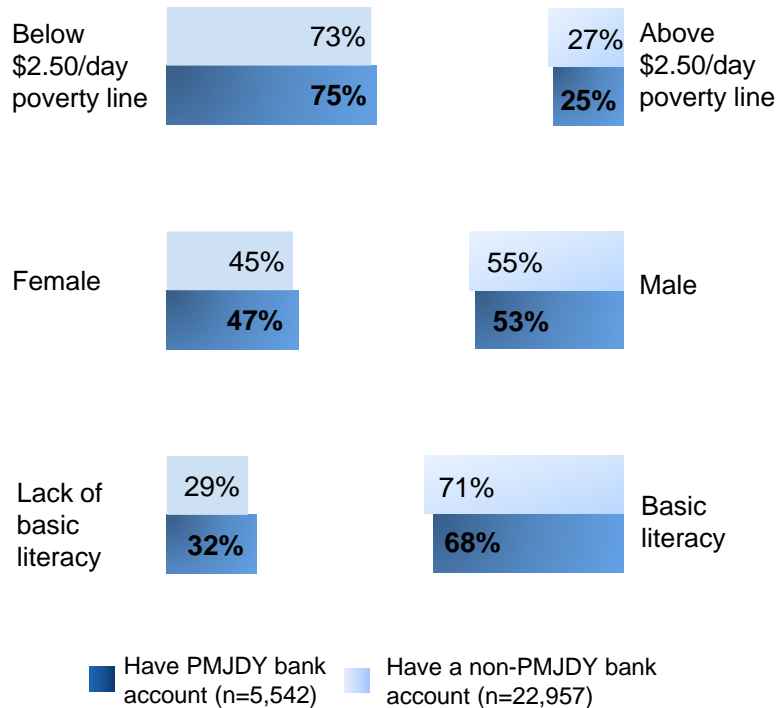
Source: InterMedia India FII Tracker surveys Wave 1 (N=45,024, 15+), October 2013-January 2014; Wave 2 (N=45,087, 15+), September-December 2014; Wave 3 (N=45,036, 15+), June-October 2015.

INDIA

PMJDY appears to have been successful at targeting women, poor and lower literacy groups

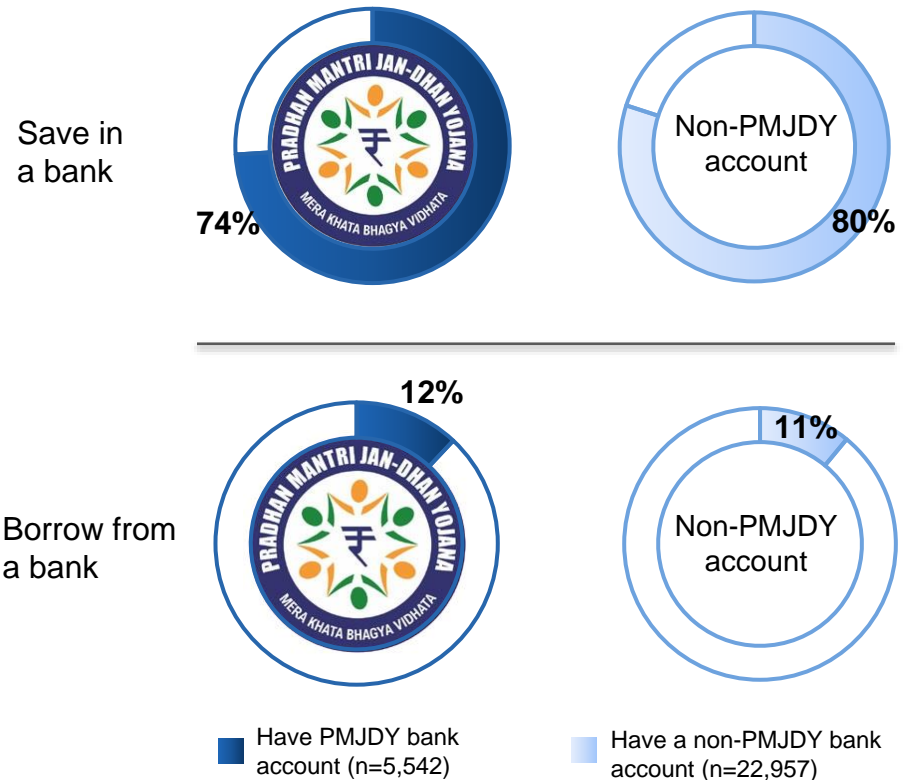
2015: Dynamics of bank account holders

(Shown: Percentage of bank account holders, by type of account)



2015: Borrowers and savers by bank account type

(Shown: Percentage of bank account holders, by type of account)

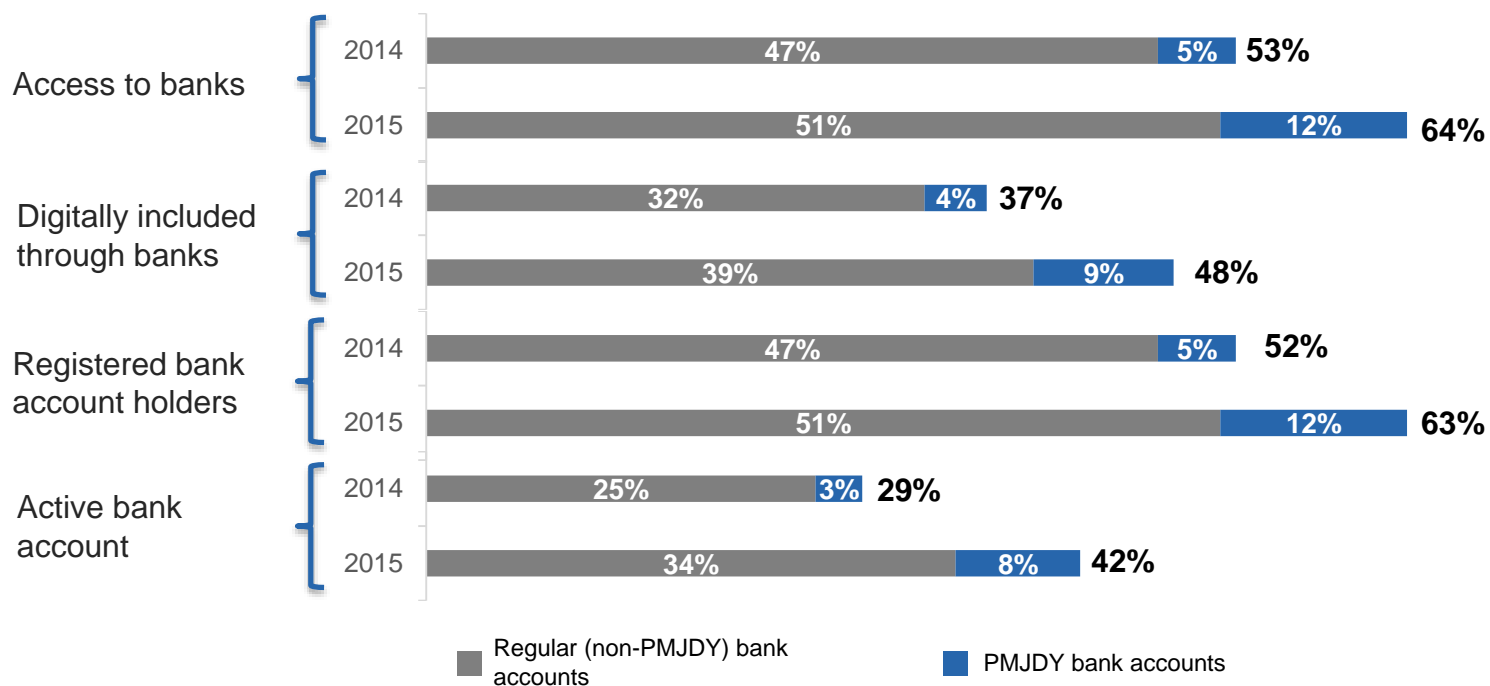


INDIA

PMJDY accounts are key drivers of financial and digital inclusion through banks; active accounts are growing for regular and PMJDY accounts

2015: Financial inclusion through banks

(Shown: Percentage of Indian adults, 2014 N=45,087, 2015 N=45,036)

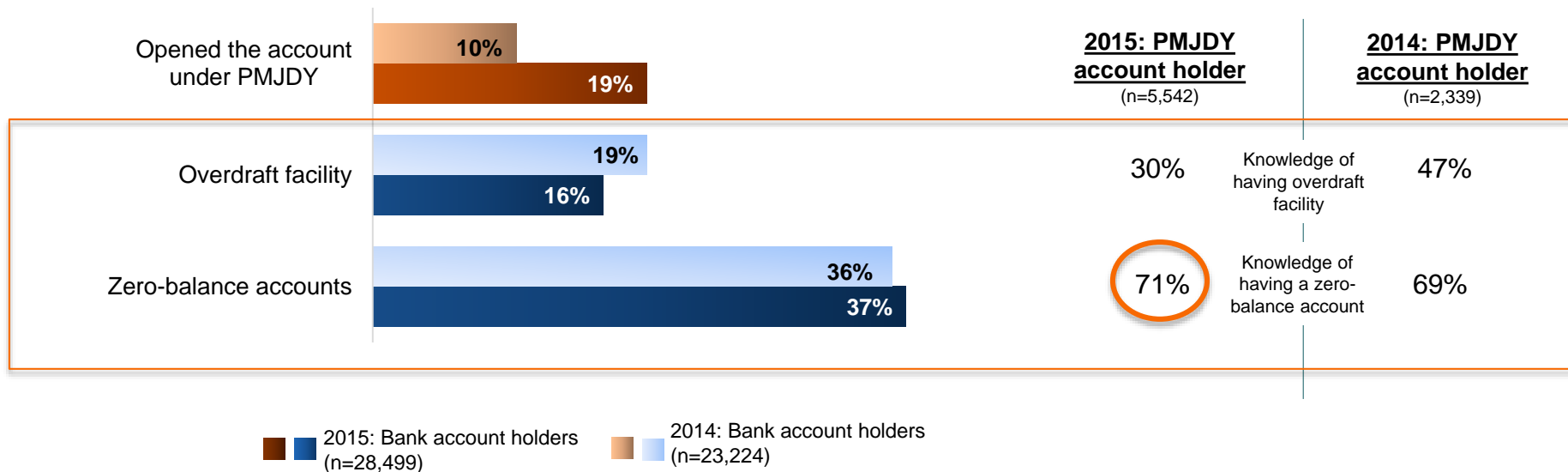


INDIA

Over a third of bank account holders have zero-balance accounts;* 71 percent of PMJDY account holders recalled this feature

2015: Account holders with PMJDY account features

(Shown: Percentage of bank account holders, by year)



*Zero-balance accounts and overdraft facility are PMJDY account features.

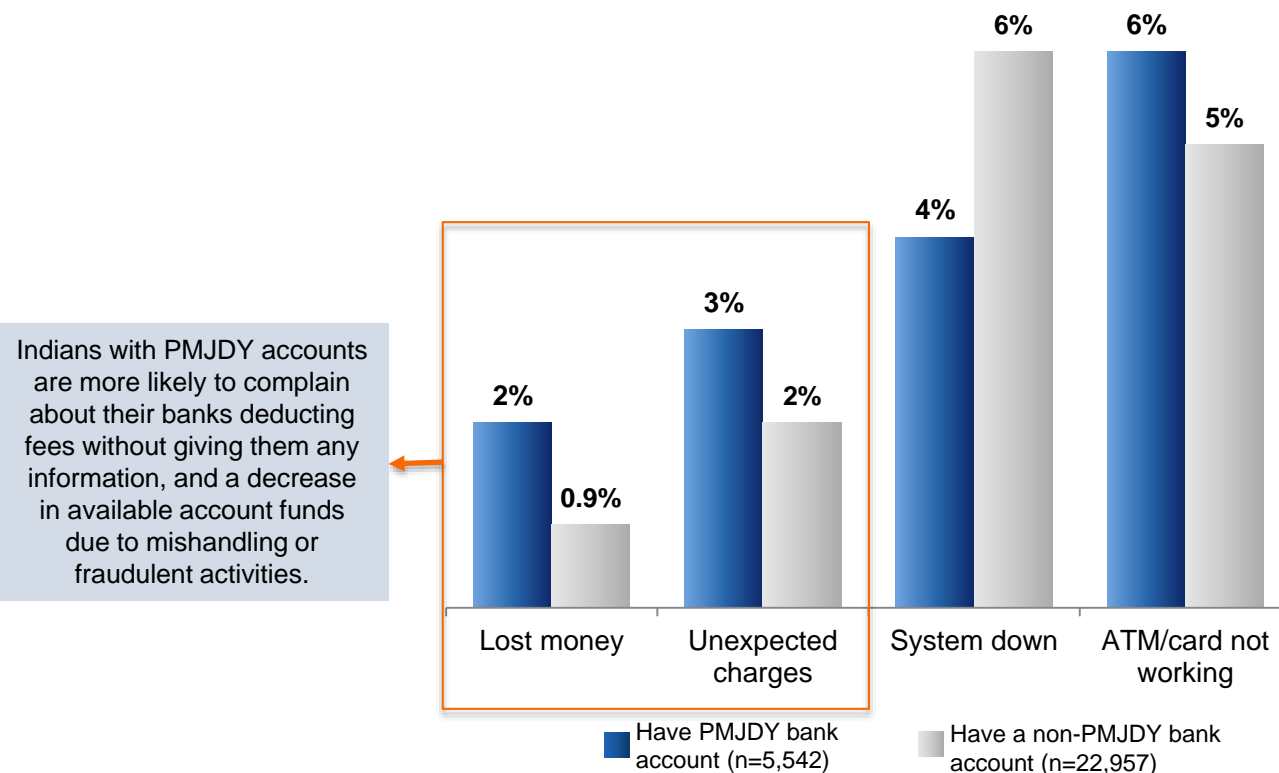
Source: InterMedia India FII Tracker surveys Wave 2 (N=45,087, 15+), September-December 2014; Wave 3 (N=45,036, 15+), June-October 2015.

INDIA

PMJDY account holders reported experiencing issues with transactions, account terms

2015: Most common complaints by bank account holders

(Shown: Percentage of bank account holders, by year)



Question allowed for multiple responses.

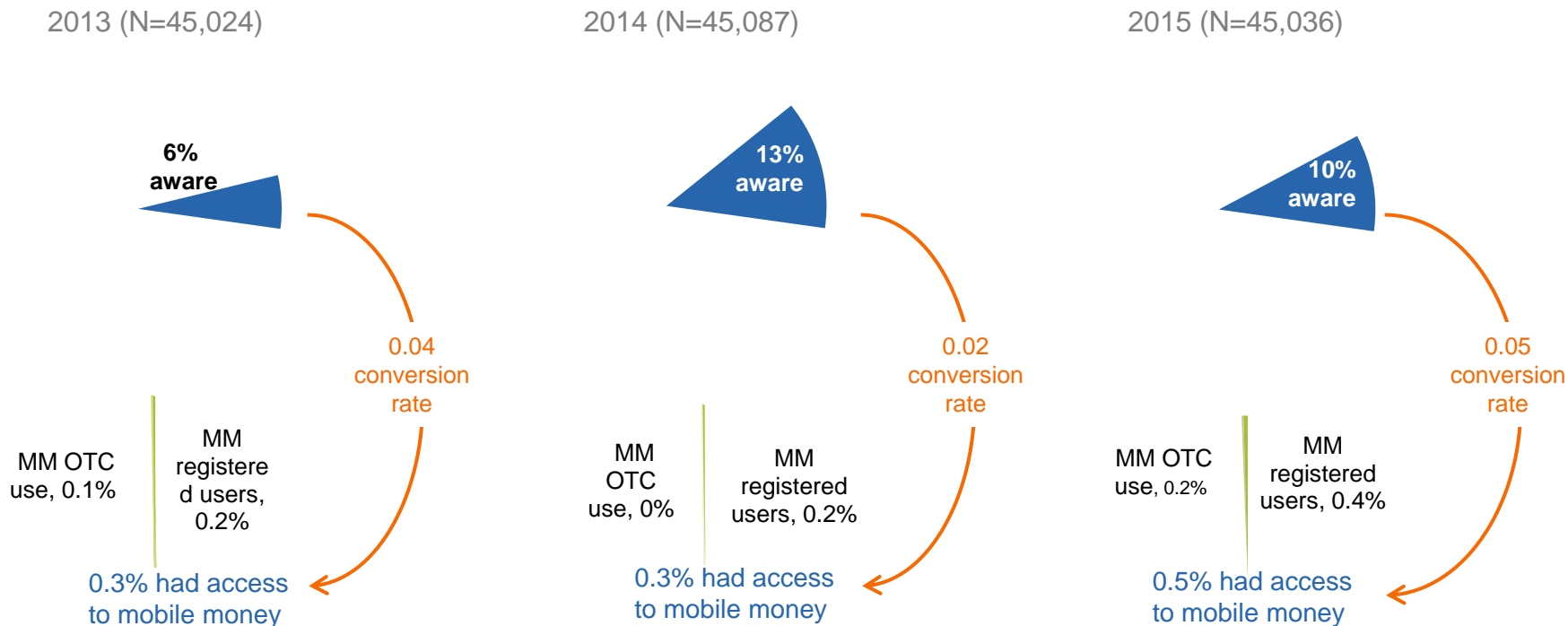
Source: InterMedia India FII Tracker survey Wave 3 (N=45,036, 15+), June-October 2015.

MOBILE MONEY

Mobile money awareness and use remain low

Conversion from awareness of mobile money providers* to mobile money use

(Shown: Percentage of Indian adults for each year)



*Awareness of at least one mobile money provider

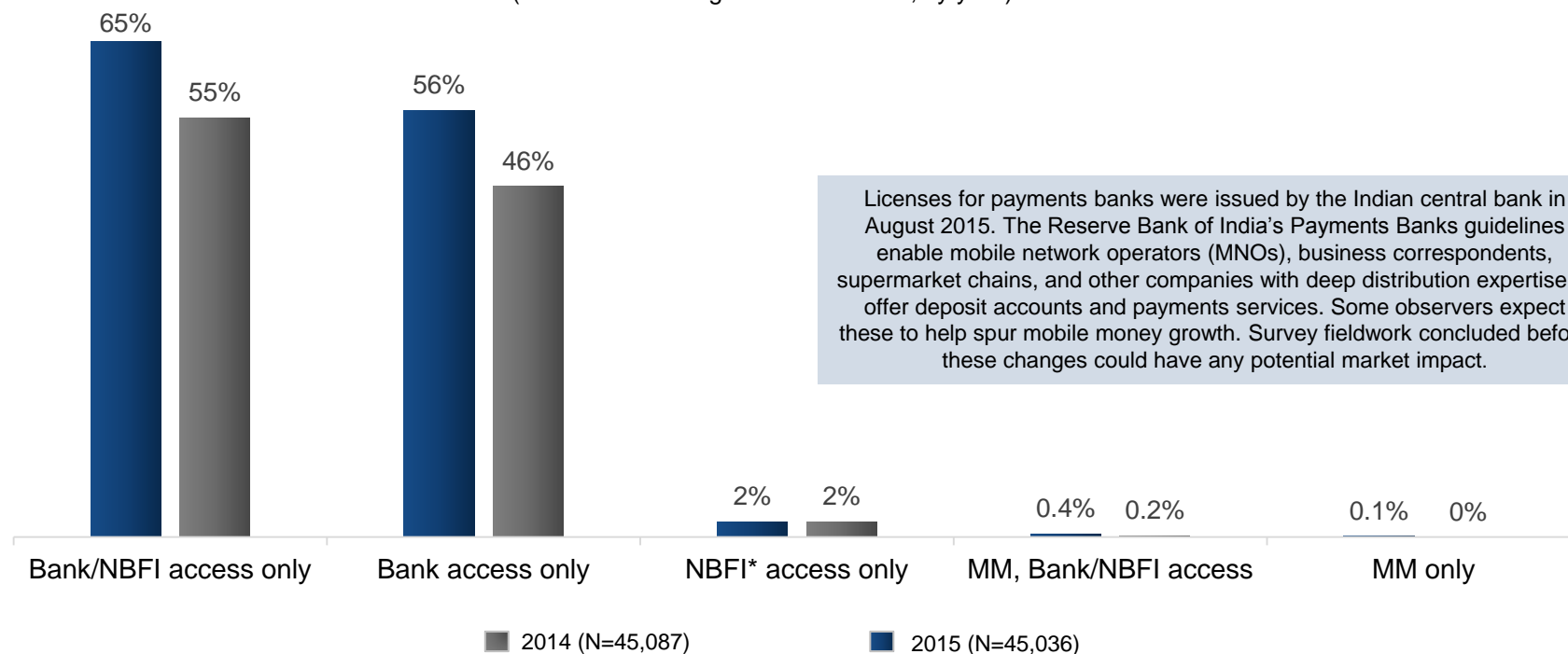
Source: InterMedia India FII Tracker surveys Wave 1 (N=45,024, 15+), October 2013-January 2014; Wave 2 (N=45,087, 15+), September-December 2014; Wave 3 (N=45,036, 15+), June-October 2015.

INDIA

Less than 0.1% of consumers have access to mobile money (MM) services only

Full-service financial services account access, overlap and exclusivity

(Shown: Percentage of Indian adults, by year)

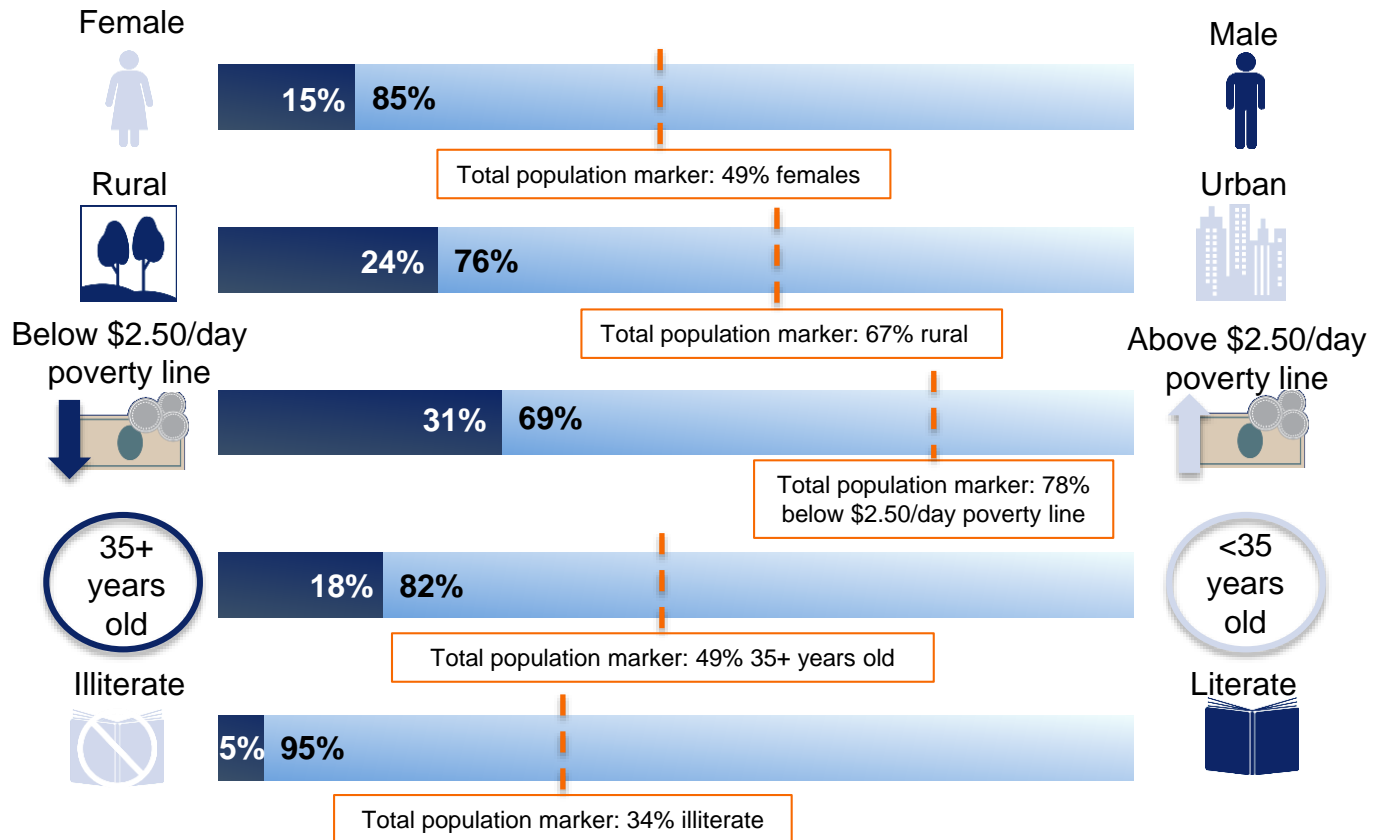


*Nonbank financial institution; Nonbank = have accessed accounts at nonbank formal and semi-formal financial institutions, including microfinance institutions (MFIs) that offer services beyond credit. Mobile money (MM) and bank/nonbank = Have accessed accounts at a bank or nonbank, and a mobile money account. OTC = Unregistered over-the-counter use; OTC users have limited financial services access.

Source: InterMedia India FII Tracker surveys Wave 2 (N=45,087, 15+), September-December 2014; Wave 3 (N=45,036, 15+), June-October 2015.

Mobile money account holders are primarily men under 35 years old living in urban locations

2015: Dynamics of mobile money account holders
(Shown: Percentage of mobile money account holders, n=147)



Source: InterMedia India FII Tracker survey Wave 3 (N=45,036, 15+), June-October 2015.

INDIA

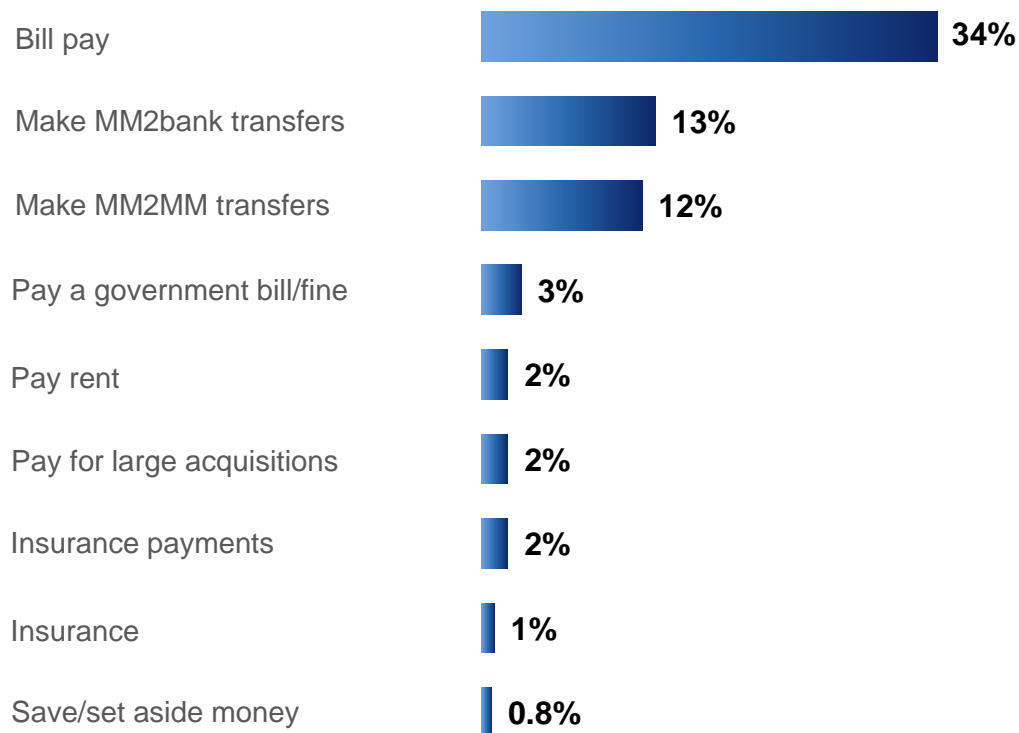
Bill payments are the predominant advanced use of mobile money services

2015: Advanced mobile money (MM) account uses
 (Shown: Percentage of active mobile money account holders, n=84)

0.2%
 of the population are active registered mobile account holders, of which

41%
 have used at least one advanced mobile money function

(vs. 40% in 2014 and 33% in 2013*)



*Due to the changes in the questionnaire some data points may not be directly comparable across years. Question allowed for multiple responses.

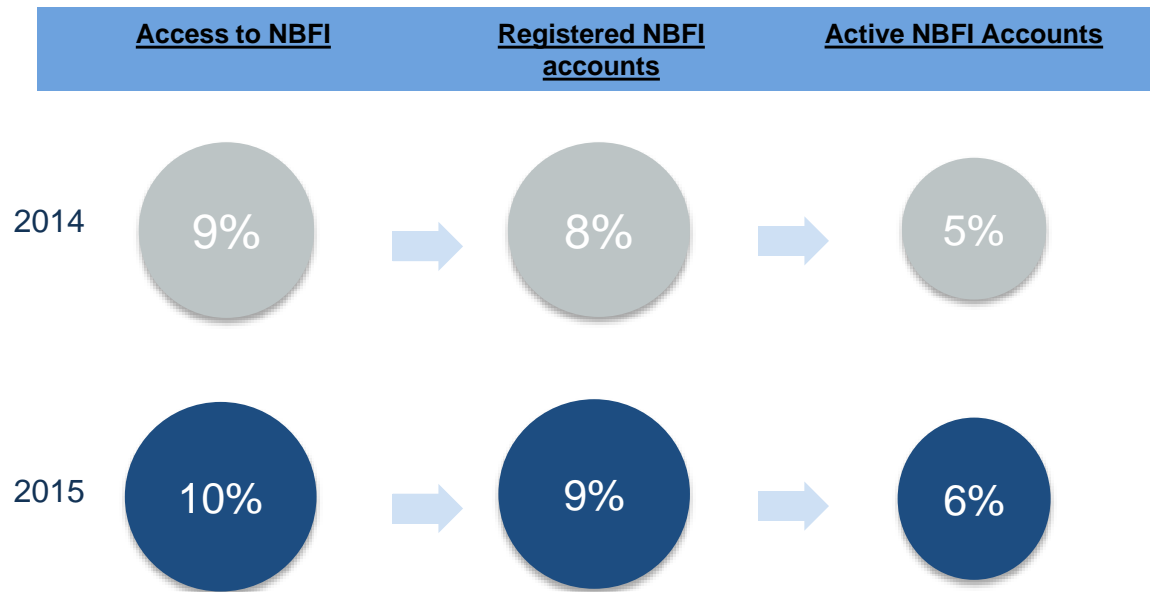
Source: InterMedia India FII Tracker survey Wave 3 (N=45,036, 15+), June-October 2015.

NONBANK FINANCIAL INSTITUTIONS (NBFIs)

NBFI access, registration and active use grew between 2014 and 2015

Progression from nonbank financial institution (NBFI) access to use

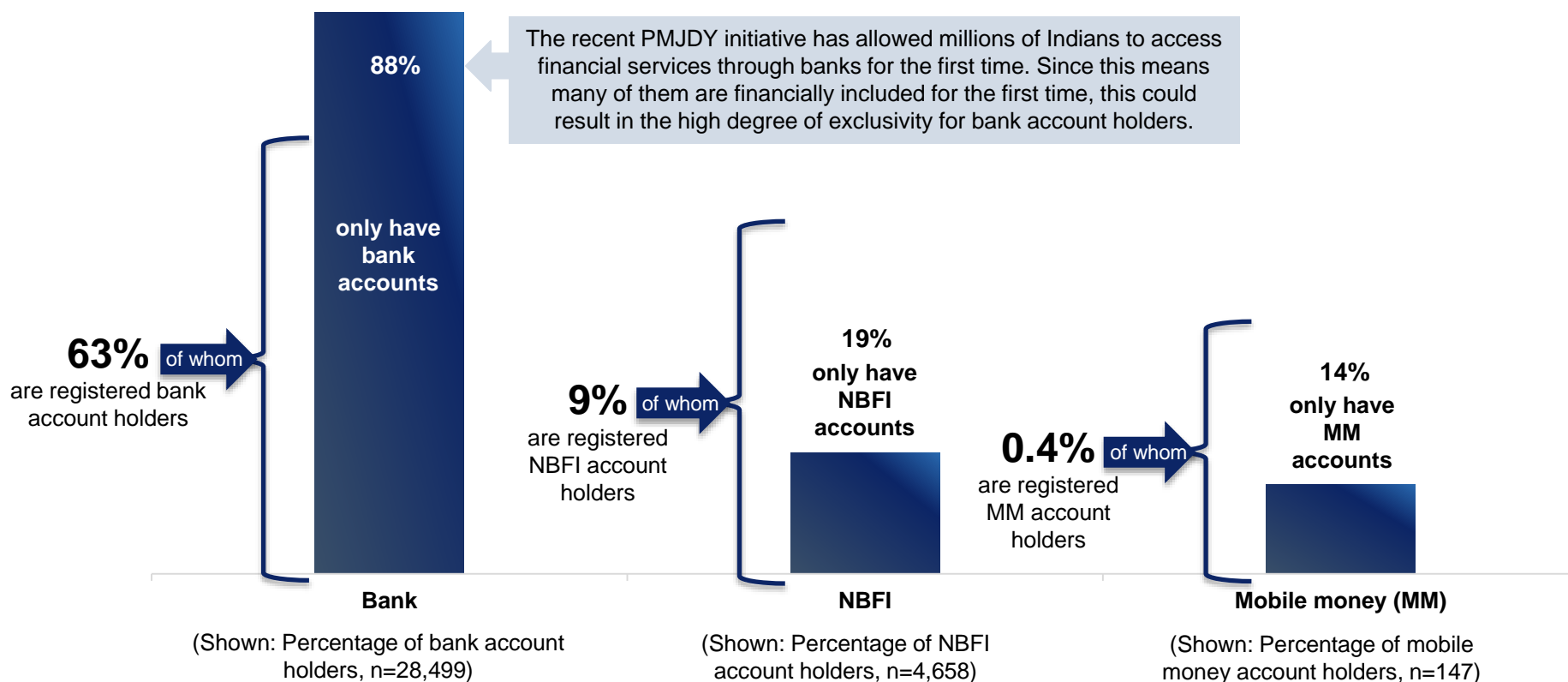
(Shown: Percentage of Indian adults for each year)



NBFI account holders are much less likely than bank account holders to use the service exclusively

2015: Registered financial service users holding accounts exclusively with one financial service

(Shown: Percentage of Indian adults by type of financial service)

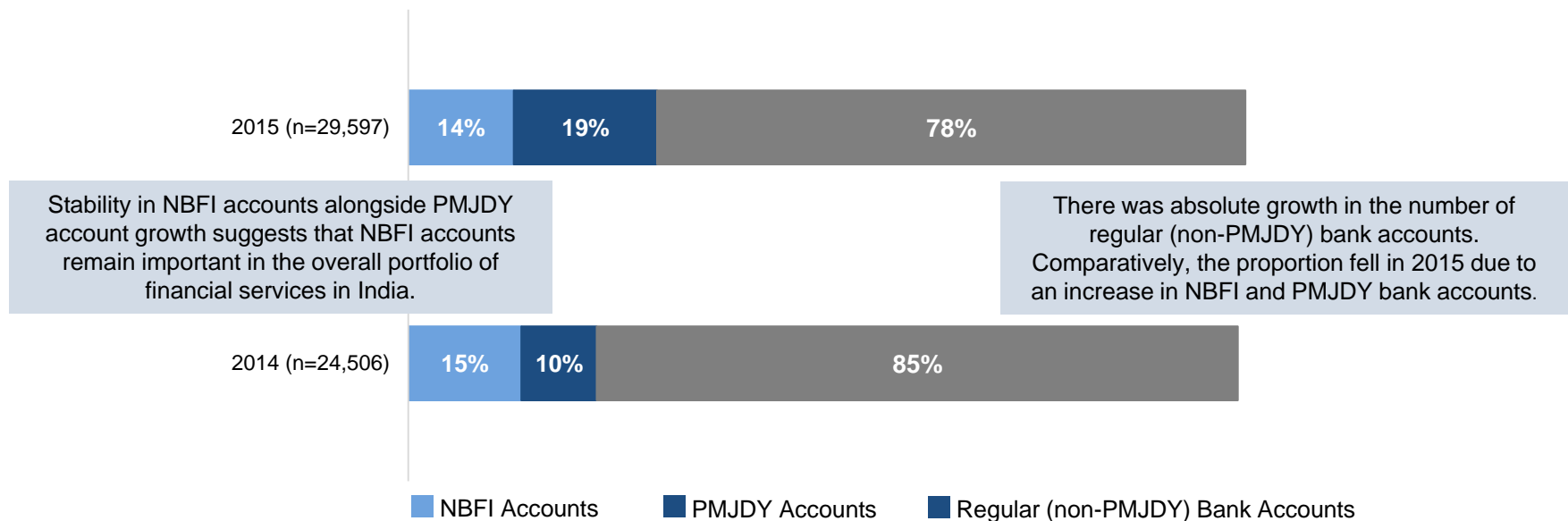


INDIA

Non-exclusive NBFi accounts remained stable alongside PMJDY account growth among individuals with access only to NBFIs or banks

2015: Growth by type of accounts

(Shown: Percentage of Indian adults with access to a bank or NBFi only, by year)



INDIA

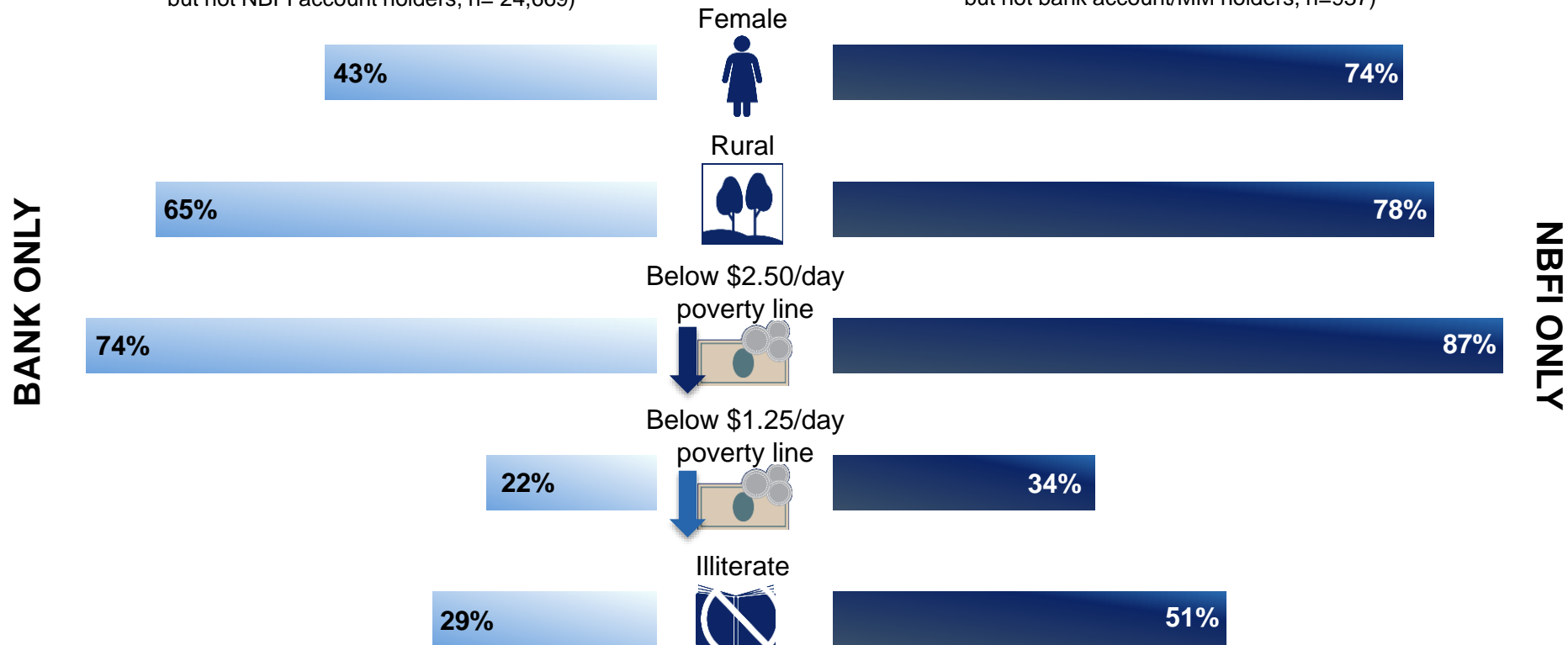
NBFIs and banks serve different demographic groups; NBFIs primarily serve the poor, females and those in rural areas

2015: Profile of bank account holders, who only use a bank

(Shown: Percentage of adults who are registered bank account holders but not NBFi account holders, n= 24,669)

2015: Profile of NBFi account holders, who only use an NBFi

(Shown: Percentage of adults who are registered NBFi account holders but not bank account/MM holders, n=937)

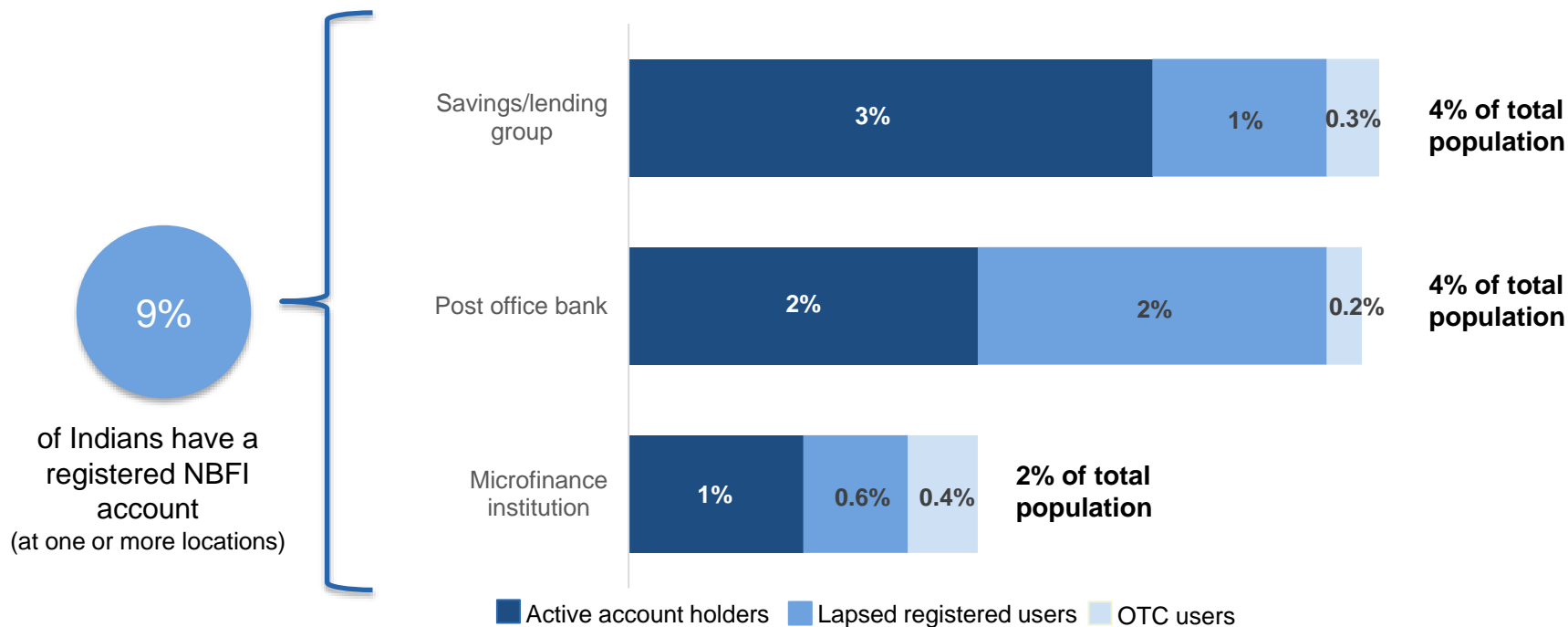


INDIA

Use of savings/lending groups and post office banks characterize the Indian semi-formal financial sector

2015: Nonbank financial institution usage

(Shown: Percentage of Indian adults, N=45,036)



Question allowed for multiple responses.

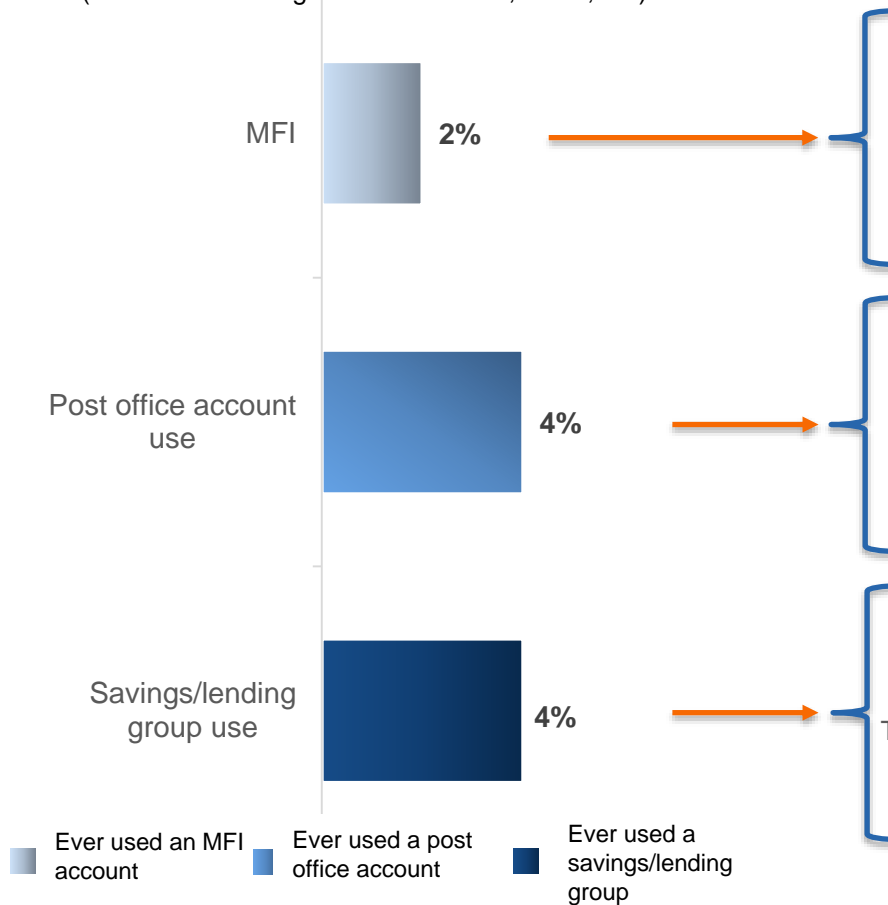
Source: InterMedia India FII Tracker survey Wave 3 (N=45,036, 15+), June-October 2015.

INDIA

NBFIs primarily are used for loans and G2P transfers

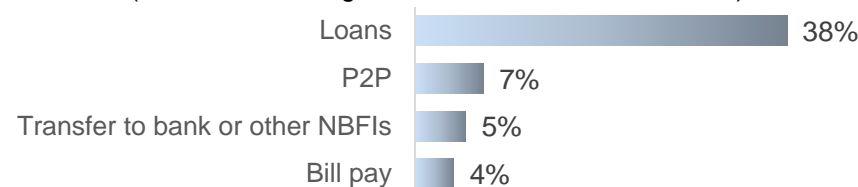
2015: NBFi usage

(Shown: Percentage of Indian adults, N=45,036)



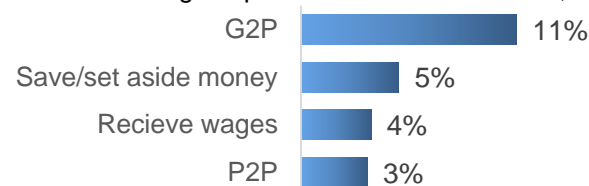
2015: Use of MFI accounts*

(Shown: Percentage of MFI account holders, n=802)



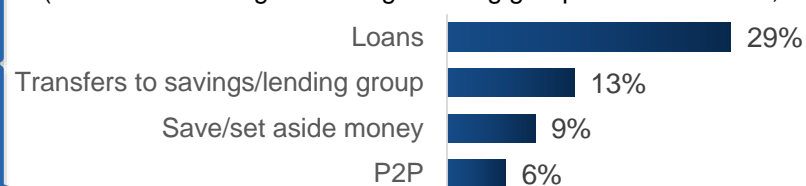
2015: Use of post office accounts*

(Shown: Percentage of post office account holders, n=1,927)



2015: Use of savings/lending group accounts*

(Shown: Percentage of savings/lending group account holders, n=2,297)



*Question allowed for multiple responses.

Source: InterMedia India FII Tracker survey Wave 3 (N=45,036, 15+), June-October 2015.

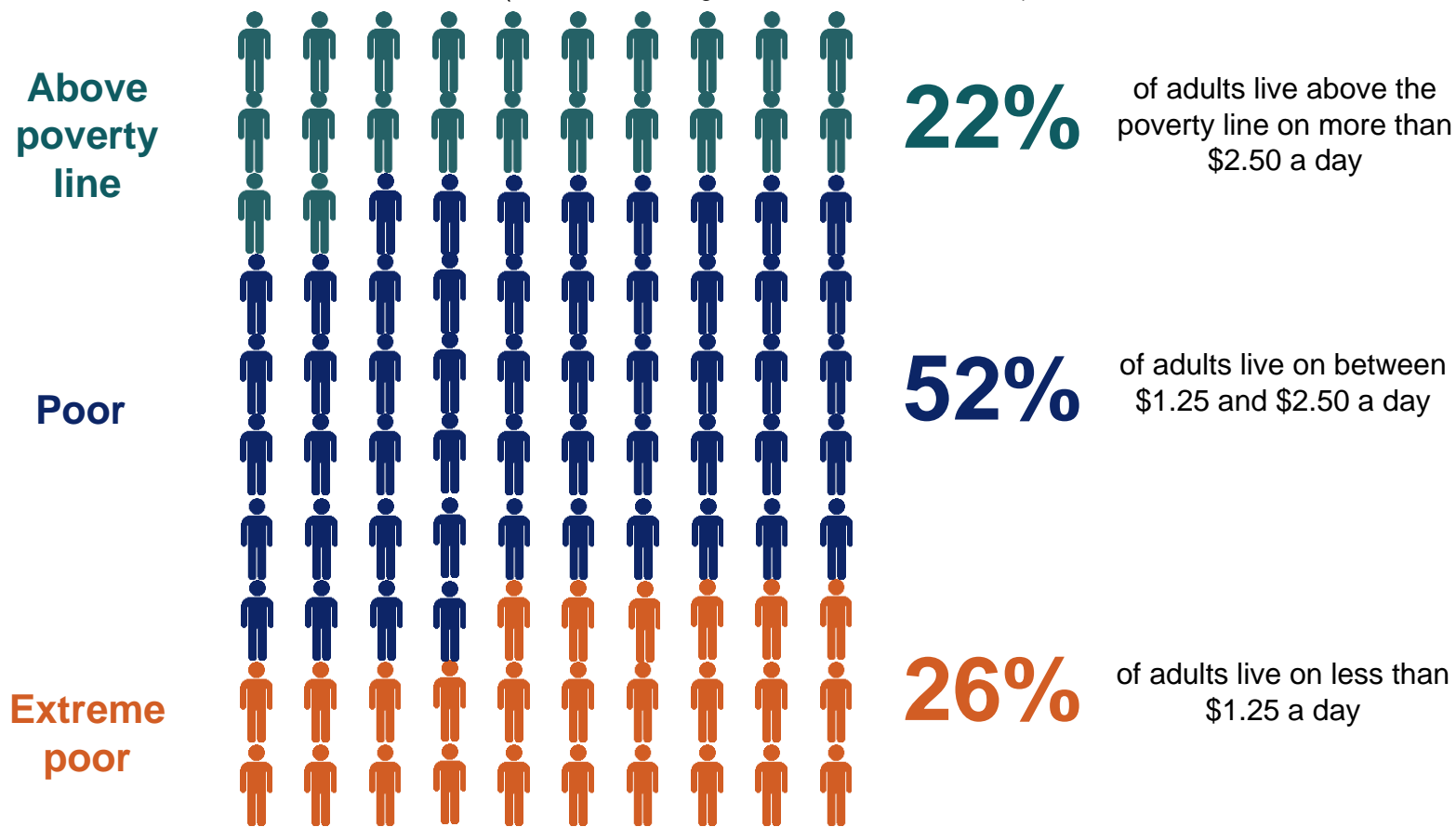
FOCUS ON POVERTY

INDIA

About as many Indian adults live in extreme poverty (less than \$1.25/day) as do above the \$2.50/day poverty line

2015: Mapping poverty

(Shown: Percentage of Indian adults, N=45,036)



Source: InterMedia India FII Tracker survey Wave 3 (N=45,036, 15+), June-October 2015.

INDIA

India's extreme poor face greater obstacles in the form of geographic remoteness, illiteracy

Above poverty line

22%

Live on more than
\$2.50 a day
(n=9,615)

59%



Urban

56%



Male

50%



Under 35

89%



Literate

99%



Numerate

Poor

52%

Live on between \$1.25
and \$2.50 a day
(n=23,502)

69%



Rural

51%



Male

50%



Under 35

68%



Literate

96%



Numerate

Extreme poor

26%

Live on less than
\$1.25 a day
(n=11,919)

87%



Rural

52%



Female

51%



Under 35

43%



Literate

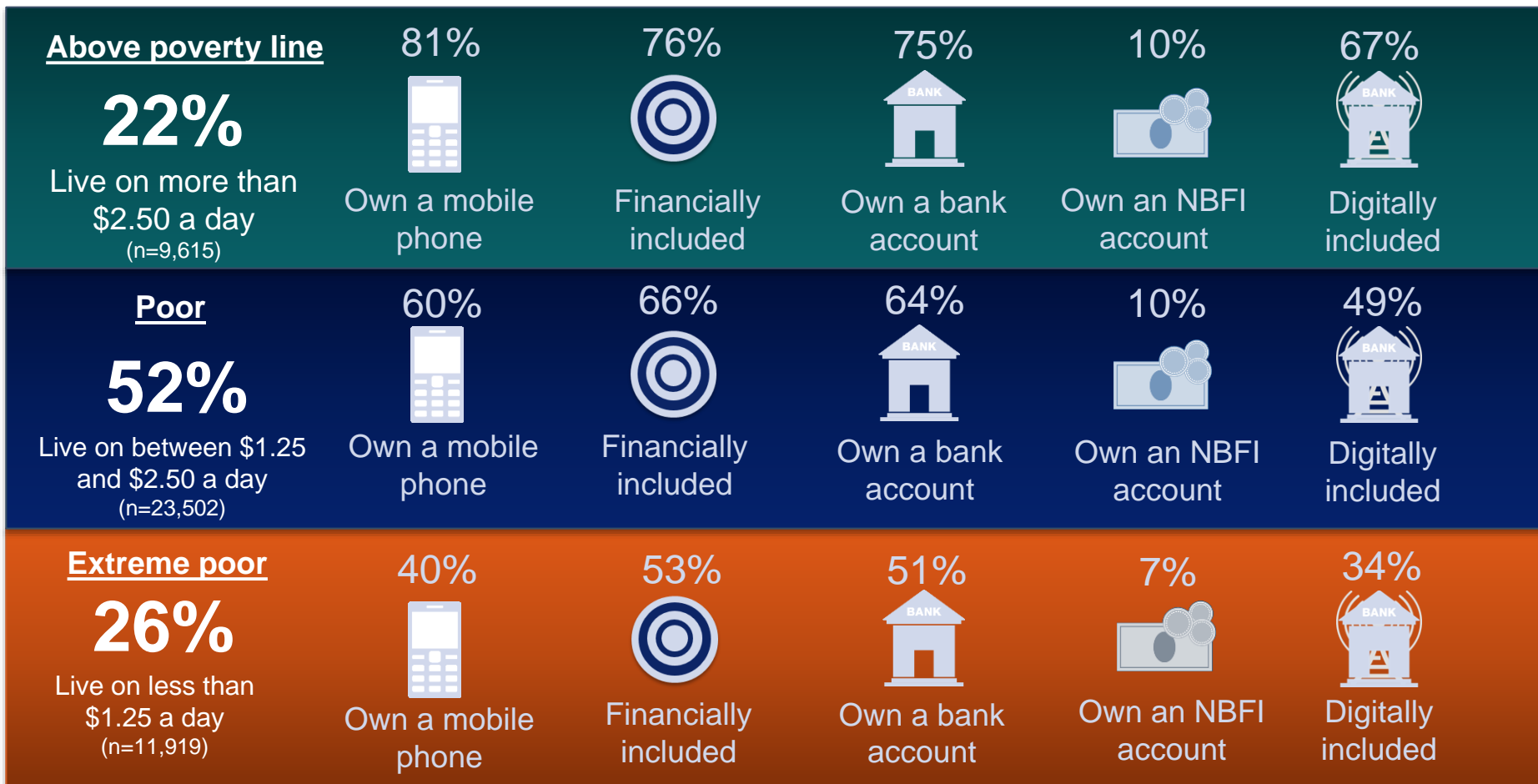
91%



Numerate

INDIA

Digital inclusion is low among the poor, especially among the extreme poor



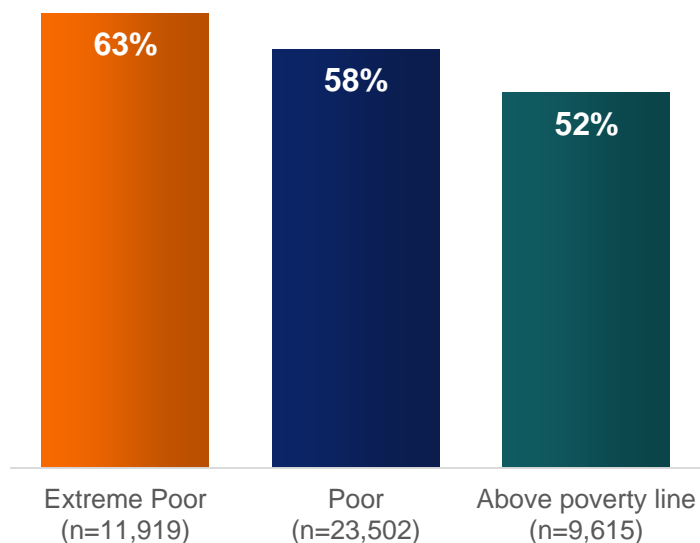
Source: InterMedia India FII Tracker survey Wave 3 (N=45,036, 15+), June-October 2015.

INDIA

The extreme poor are more likely to have borrowed money in the previous year; informal borrowing increases with poverty level

2015: Have borrowed money in the last year

(Shown: Percentage of adults, by poverty level)



2015: Most common sources of loans

(Shown: Percentage of adults who took out a loan, by poverty level)

	<u>Extreme poor who borrow</u> (n=7,506)	<u>Poor who borrow</u> (n=13,738)	<u>Above poverty line who borrow</u> (n=5,045)
Community	→ 82%	→ 76%	→ 70%
Money lender	27%	24%	19%
Bank	→ 6%	→ 13%	→ 23%
Savings/lending group	4%	6%	7%
MFI	2%	3%	4%

Above poverty line: Those who live on more than \$2.50 a day.

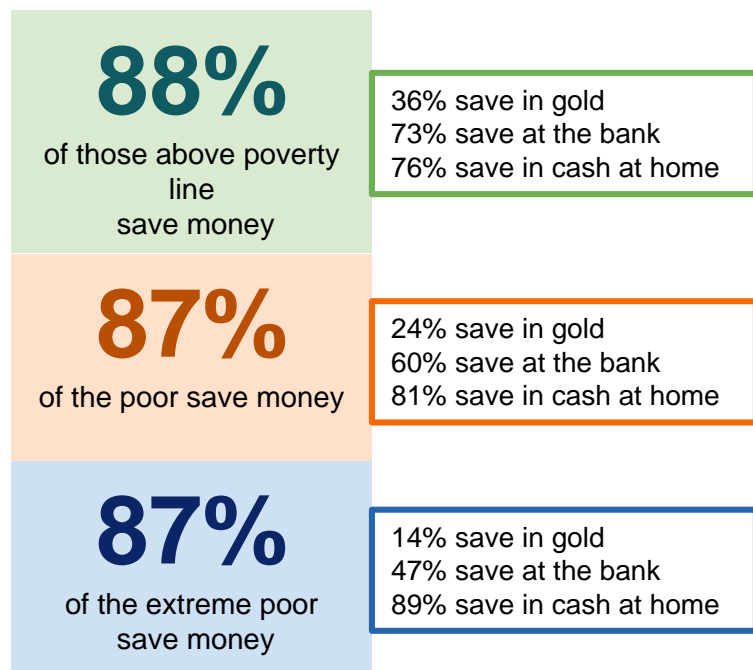
Poor: Those who live on between \$1.25 and \$2.50 a day.

Extreme poor: Those who live on less than \$1.25 a day.

Source: InterMedia India FII Tracker survey Wave 3 (N=45,036, 15+), June-October 2015.

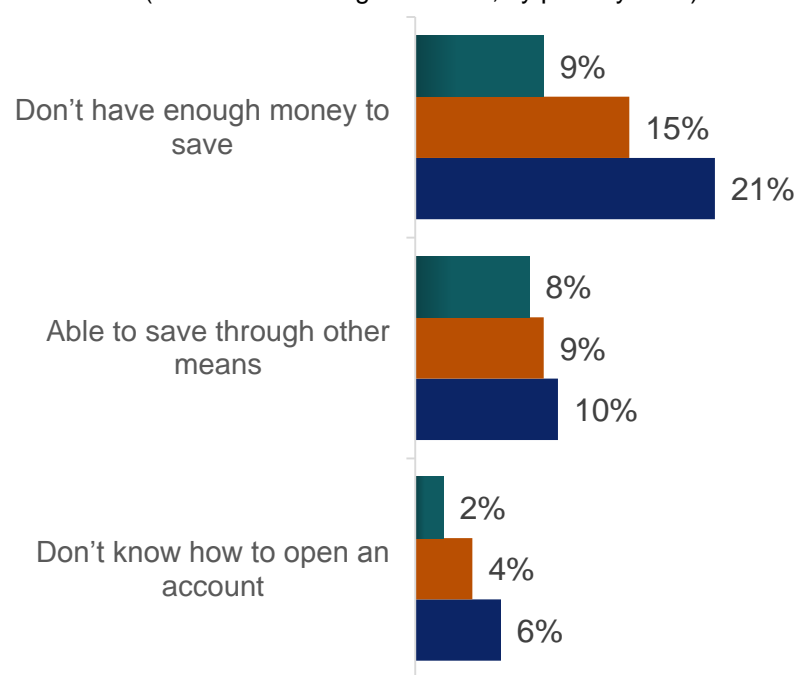
INDIA

Though a vast majority of Indians save, they do not feel they have enough to save in a bank account



2015: Reasons for not saving in a bank

(Shown: Percentage of adults, by poverty level)



■ Above poverty line who save (n=8,540)
 ■ Poor who save (n=20,552)
 ■ Extreme poor who save (n=10,347)

Above poverty line: Those who live on more than \$2.50 a day.
 Poor: Those who live on between \$1.25 and \$2.50 a day.
 Extreme poor: Those who live on less than \$1.25 a day.

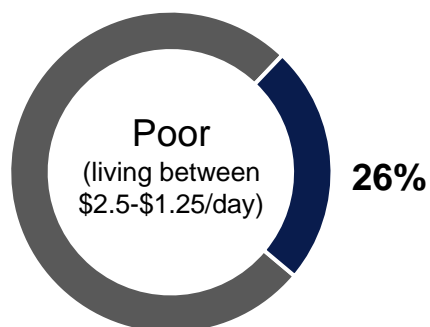
Source: InterMedia India FII Tracker survey Wave 3 (N=45,036, 15+), June-October 2015.

INDIA

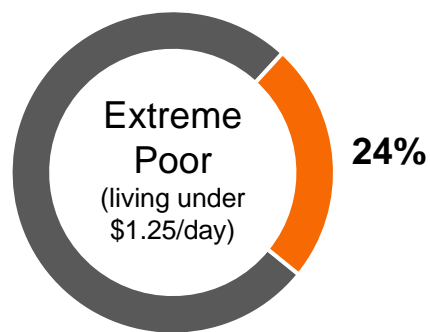
About one in four of the extremely poor and poor are G2P recipients; the extreme poor are less likely to receive government payments via a bank

2015: G2P payment recipients

(Shown: Percentage of adults, by poverty level)



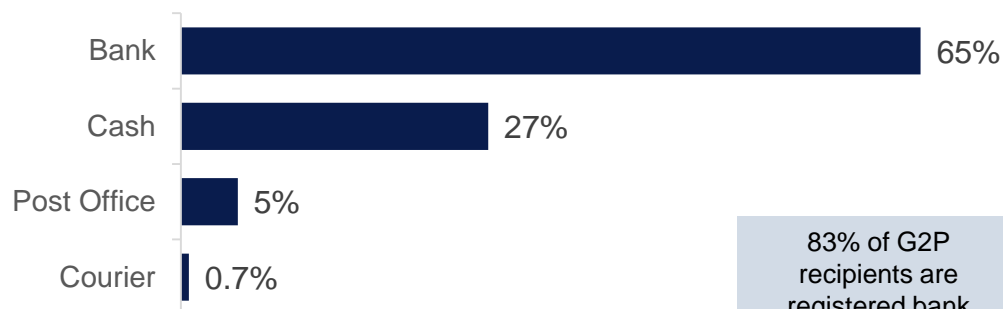
Poor
(n=23,502)



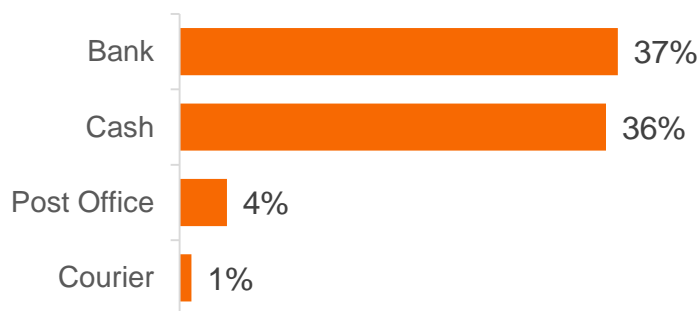
Extreme poor
(n=11,919)

2015: Means of receiving G2P payments

(Shown: Percentage of adults by poverty level who receive G2P payments)



83% of G2P recipients are registered bank account holders



Poor who receive G2P payments (n=6,119)

Extreme poor who receive G2P payments (n=2,832)

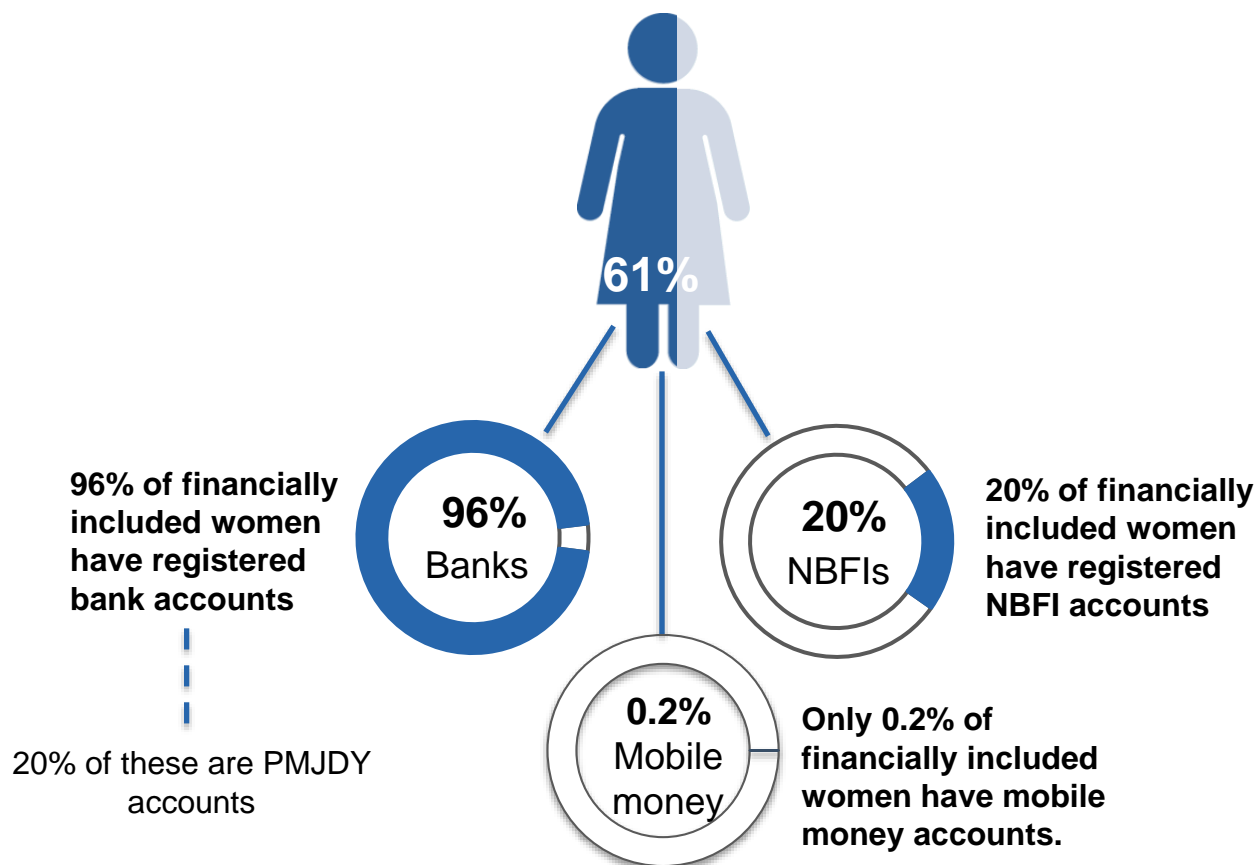
Question allowed for multiple responses.

Source: InterMedia India FII Tracker survey Wave 3 (N=45,036, 15+), June-October 2015.

FOCUS ON WOMEN

Banks are driving financial access for women in India

Financial Inclusion among women
(Shown: Percentage of Indian females, n=26,120)

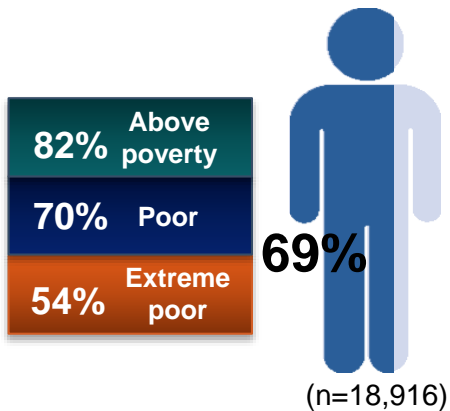
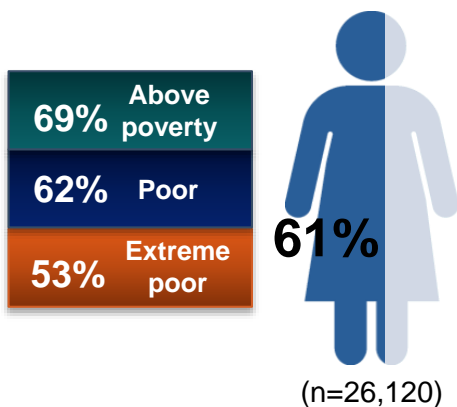


INDIA

Six in 10 poor women are financially included, lagging men by 8 percent

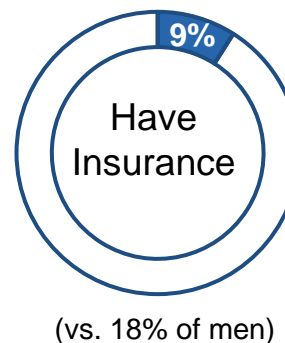
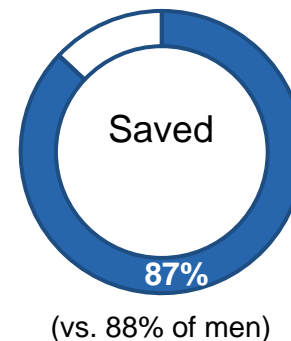
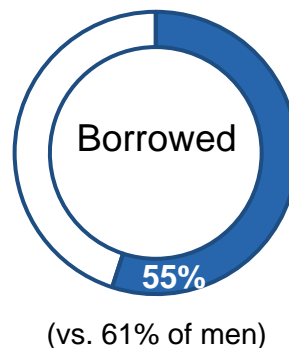
Financial inclusion by gender

(Shown: Percentage of Indian adults by gender)



Women's financial behaviors

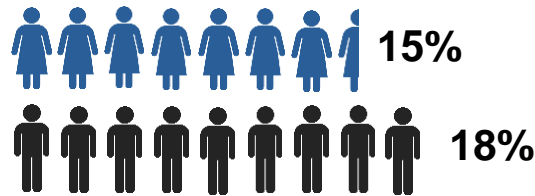
(Shown: Percentage of women, n=26,120)



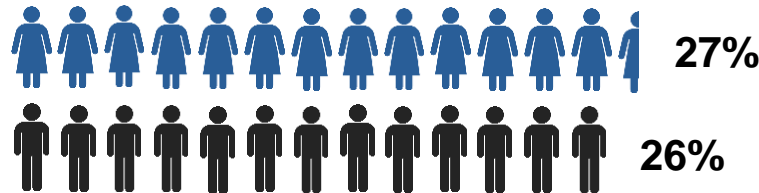
INDIA

Women are unlikely to manage their finances as well as men, but are equally likely to experience economic hardships

Have a financial plan for unexpected events

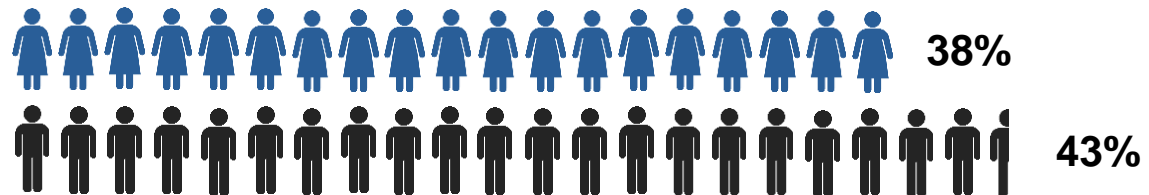


Regularly experience economic vulnerability (i.e., can't afford food, medical expenses)



Women are more likely to experience economic vulnerability. Only 15% of women have a financial plan for unexpected events compared to 18% men.

Able to pay bills on time



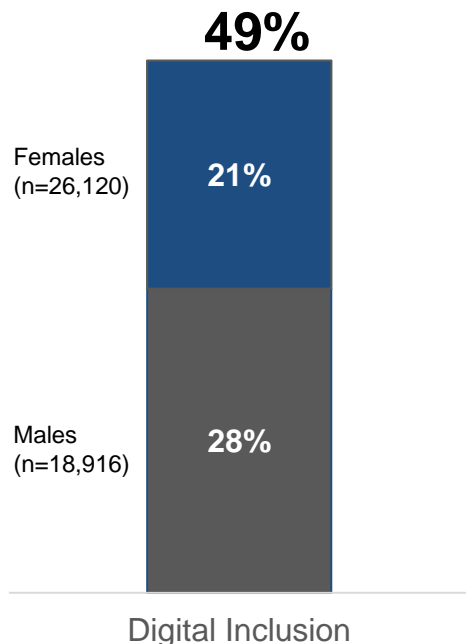
Female (n=26,120) Male (n=18,916)

INDIA

Women are at a disadvantage for access to, facility with a mobile phone

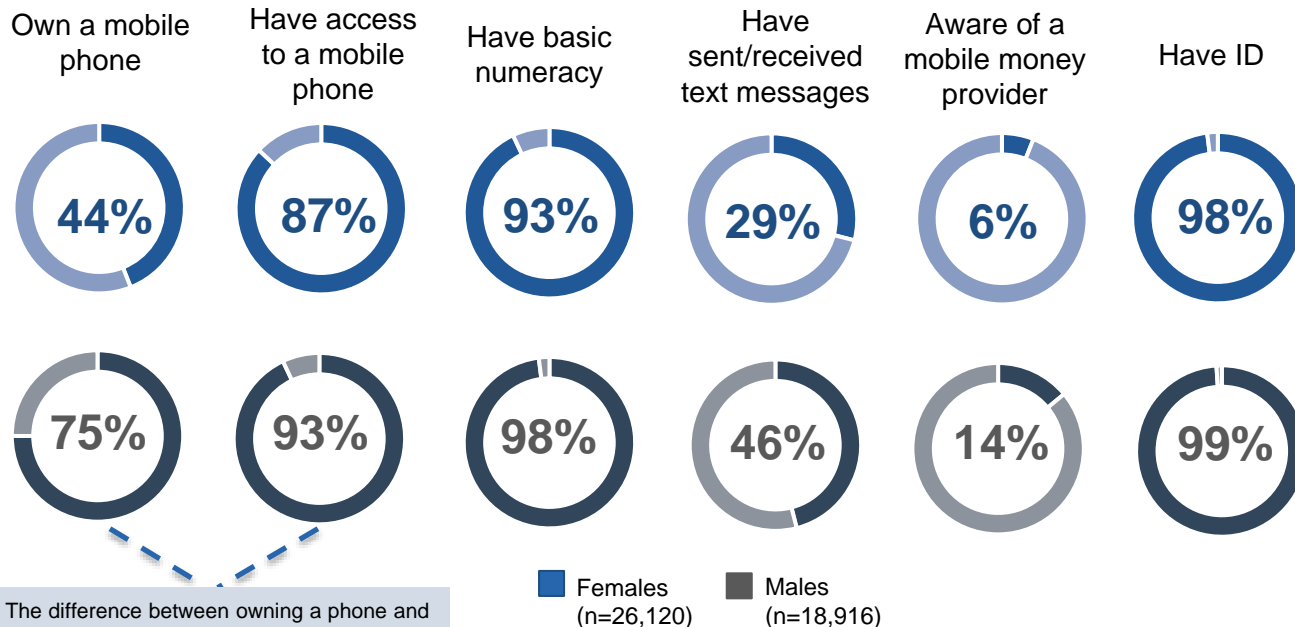
2015: Digital inclusion

(Shown: Percentage of adults, by gender)



2015: Readiness for digital financial services (DFS) use

(Shown: Percentage of adults, by gender)



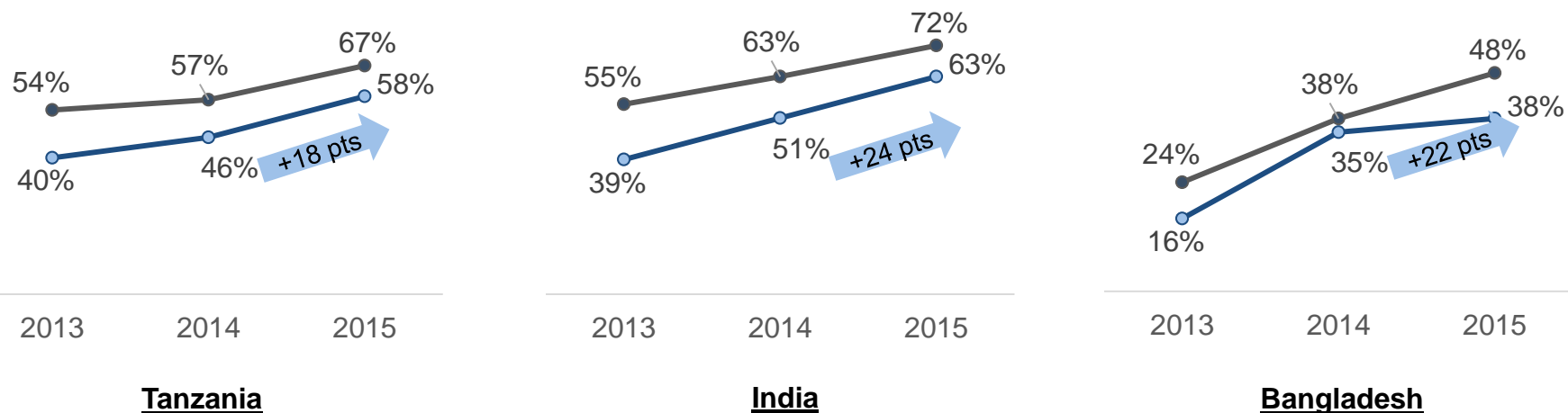
The difference between owning a phone and being able to access one plays a significant role in women's technological skill development. This may be why we see a significantly higher number of males with mobile money accounts vs. females..

INDIA

India fares better than most other FII countries in increasing financial inclusion for women

Registered Users of Financial Services

(Shown: Percentage of adults by gender)



— Women

— Men



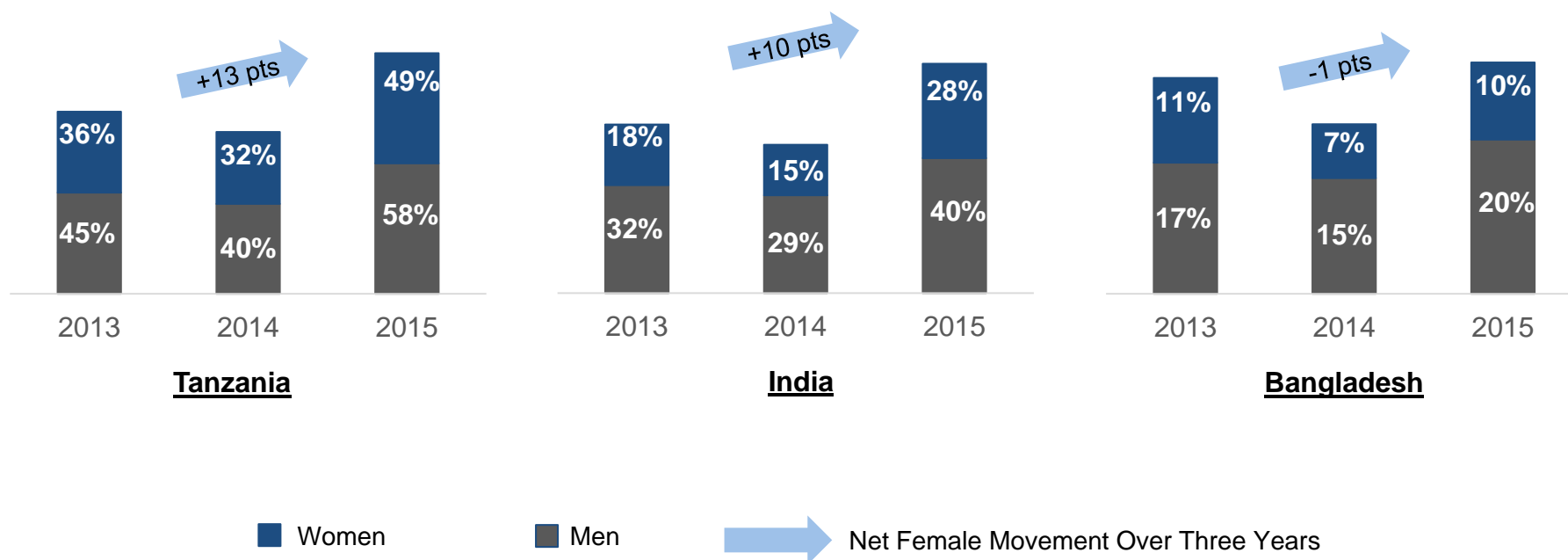
Net female movement over three years

INDIA

India surpasses every other FII country except Tanzania when comparing gains in the number of active digital accounts held by women since 2013

Active digital stored-value accounts

(Shown: Percentage of adults by gender)



GLOSSARY

- **Access** – Access to a bank, NBFIs or mobile money account; those with access have used the services either via their own account or via the account of another person.
- **Active account holder** – An individual who has a registered financial services account and has used it in the last 90 days.
- **Advanced use** – The use of a financial account for services other than basic or P2P services. (For the purposes of this study, in the case of mobile money, airtime top-ups are not considered an advanced use.)
- **Basic use** – The use of an account to cash-in (deposit) or cash-out (withdraw), or conduct account maintenance.
- **DFS access** – Access to a DFS account through one’s own account or someone else’s account.
- **Below the poverty line** - In this particular study, adults living on less than \$2.50 per day, as classified by the Grameen PPI.
- **DFS access** – Access to a DFS account through one’s own account or someone else’s account.
- **Digital financial services (DFS)** – Financial services that are provided through an electronic platform (mobile phones, electronic cards, the internet, etc.).
- **Financial inclusion** – For the purposes of this report, financial inclusion is defined as having an account with an institution that provides a full-suite of financial services and comes under some form of government regulation. Services include: savings, money transfers, insurance or investment.
- **Full-service nonbank financial institution** – Financial institution that offers its customers at least one of the following services: savings, money transfers, insurance or investment.
- **Grameen Progress out of Poverty Index (PPI)** – A poverty measurement tool from the Grameen Foundation wherein a set of country-specific questions are used to compute the likelihood that a household is living below the poverty line.
- **Microfinance institution (MFI)** – An organization that offers financial services to low-income populations. Almost all give loans to their members, and many offer insurance, deposit and other services
- **Mobile money (MM)** – A service in which a mobile phone is used to access financial services.
- **Nonbank financial institution (NBFI)** – A financial organization that is not formally licensed as a bank or a mobile money provider, but whose activities are regulated by the central bank or another regulatory body within the respective country. Such financial institutions in India may include microfinance institutions (MFI), post office banks and savings/lending groups.
- **Post office bank** – A government-run bank that operates through local post offices.
- **Unregistered/OTC user** – An individual who has ever used a bank, NBFIs or mobile money services without a registered account of their own, including a mobile money agent’s account or the account of a family member or neighbor. In India, this primarily refers to unregistered use of mobile money services.
- **Urban/rural** – Urban and rural persons are defined according to their residence in urban or rural areas as prescribed by the national bureau of statistics.

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The Financial Inclusion Insights program is operated by InterMedia and supported by the Bill & Melinda Gates Foundation. All data and materials resulting from the program are the property of the Gates Foundation, but the findings and conclusions within are those of the authors and do not necessarily reflect positions or policies of the foundation.



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