DORMANT BANK ACCOUNTS DO NOT MEAN DORMANT FINANCIAL LIVES

Half of India's bank accounts lie dormant even though consumers are financially active

Financial inclusion in India is now publicly mandated, and that mandate opens up new channels for getting bank accounts to the poor. Over half of Indian adults (55%) now have bank accounts, putting India well ahead of other developing nations.

These bank accounts are not yet being used to their fullest potential. In fact, half of them lie dormant even though consumers engage in activities that could be conducted through their bank accounts, costing banks money and not truly enabling consumers. FII research shows:

The majority of account enrollment takes place without any knowledge transfer, and customers are unsure of their account features and how to access their benefits through them.

Meaningful financial inclusion can be achieved by: Ensuring active knowledge transfer to current and potential bank customers, particularly among rural and poor populations.

Implementation is key for large-scale programs. Where bank staff and local officials are not engaged, impact is greatly reduced. Publicly mandated inclusion doesn't guarantee customer service.

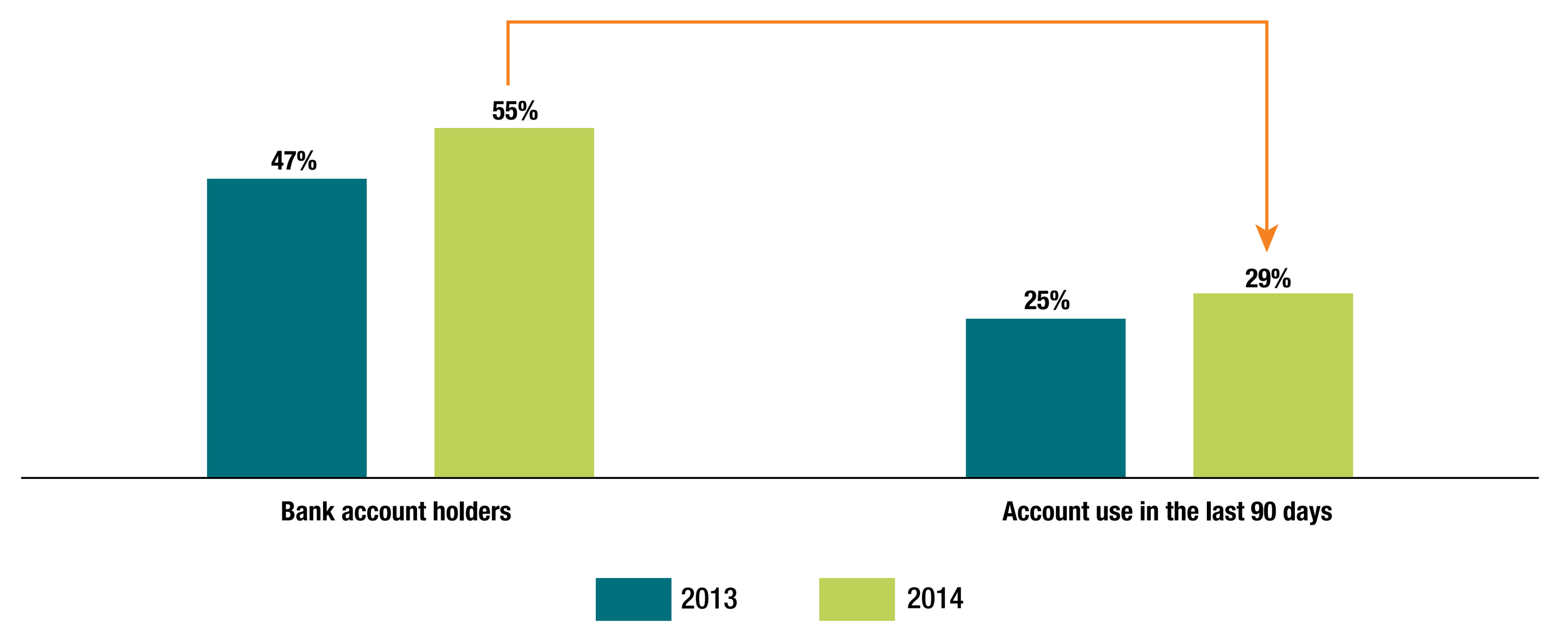
Meaningful financial inclusion can be achieved by: Incentivizing bank staff and local officials to successfully implement on-the-ground programs.

Indians continue to rely on cash for a majority of routine purchases and remittances. In many villages the Indian government, international organizations and financial companies run savings/credit groups.

Meaningful financial inclusion can be achieved by: Building relevance and trust for banks – push for complementarity with other financial services and transition out of a reliance on cash and informal services.

Bank account holders and active use

(Shown: Percentage of Indian adults who fall into each category, 2013, N=45,024; 2014, N=45,087)



Dormant accounts don't mean dormant financial lives

Consumers conduct a variety of financial activities, but cash is the dominant transaction method.

	2014 (INDIA)	% OF ALL INDIAN CONSUMERS (N=45,087)	% OF CONSUMERS WITH BANK ACCOUNTS (N=24,657)	% OF CONSUMERS WITH DORMANT BANK ACCOUNTS (N=12,185)
In the last month	Sent/received money	14%	14%	14%
In the last month	Received wages or salary	32%	36%	31%
In the last month	Paid a bill (utility, medical, school)	57%	64%	59%
In the last month	Bought groceries	89%	90%	89%
In the last month	Conducted at least one of the above activities	94%	95%	94%
In the last month	More than one activity	68%	73%	69%
In the last month	More than two activities	27%	33%	28%
	Save or store money	82%	93%	89%
	Take a loan	23%	26%	29%

Cash is king—15% say they cannot make daily/regular purchases other than in cash; 24% say cash is easier.