

# FINANCIAL INCLUSION **insights**

APPLIED RESEARCH FOR  digital financial inclusion

## INDIA

### FINANCIAL SERVICES AND DIGITAL PATHWAYS

A comparison of the nationally representative  
FII Tracker Survey of 45,024 Indian adults  
with FII surveys conducted in  
Kenya, Tanzania, Uganda, Nigeria,  
Pakistan and Bangladesh



## 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 on the use of mobile money and other digital financial services (DFS), 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.

## ABOUT THIS REPORT

- This report presents comparative findings on financial behavior among adults in Kenya, Tanzania, Uganda, Nigeria, India, Pakistan and Bangladesh, based on nationally representative FII Tracker Surveys conducted in each country in 2013-2014.
- In India, the FII team conducted a nationally representative survey of 45,024 Indian adults, ages 15 and older, from Oct. 15, 2013, to Jan. 8, 2014, on the use of financial services, as well as barriers and potential for future use. This large sample allows granular analysis of financial behavior by gender, geographic location, urban/rural location, and other key socioeconomic factors.
- The comparisons help place Indian financial behavior in the context of other countries' progress in advancing financial inclusion. In particular, the focus is on access to and use of banking and mobile money services, as well as triggers and barriers for potential uptake.
- Reported Data: All percentages in this report are weighted to reflect national-level proportions. All bases (n=numbers) in this report are unweighted and represent the actual number of people interviewed in the survey.
- **Note on slides 28-31:** The data in these slides is a result of questions only asked in Bangladesh, India, Pakistan and Nigeria, therefore, all other countries are excluded.

*InterMedia partnered with IMRB International to conduct this research in India. The Financial Inclusion Insights program is being carried out with funding from the Bill & Melinda Gates Foundation. All survey materials and data resulting from this study are the property of the Bill & Melinda Gates Foundation, but the findings and conclusions presented in this report are those of the authors and do not necessarily reflect positions or policies of the foundation.*

## KEY DEFINITIONS IN THIS REPORT

- **Access to an account**—An individual has access to an account if he/she has used either mobile money or bank services, at least once, either via their own account or the account of another person.
- **Account holder**—An individual who has a registered bank or mobile money account.
- **Active account holder**—An individual who has a registered bank or mobile money account and has used it in the last 90 days.
- **Bank/banking services**—All services offered by a bank through a branch, ATM, kiosk, business correspondent, or other delivery channel. For analysis on banking, the focus is on active bank account holders.
- **Digital account**—A bank account or a mobile money account.
- **Digital financial services (DFS)**—All bank and mobile money services.
- **Mobile money services**—Mobile money services include 1) non-bank, semi-closed mobile money accounts/wallets and 2) full service mobile money bank accounts that allow for cash withdrawals. Semi-closed mobile wallets are *not* considered to be bank accounts, while full service mobile money bank accounts are considered bank accounts.
- **Poor/below poverty line**—In this report, “poor” adults, or those living below the poverty line, are defined as those living on less than \$2.50 per day (at 2005 purchasing power parity), as classified by the Grameen Progress out of Poverty Index (PPI).
- **Semi-closed mobile money account/wallet**—An account that allows the customer to cash-in, buy airtime, or make other purchases (e.g., buy train tickets), but not to withdraw money without first transferring it to a formal, full-service bank account.

*These definitions are aligned with the metrics used by the Financial Services for the Poor initiative at the Bill & Melinda Gates Foundation to track global developments in financial inclusion and measure the impact of interventions on poor people's lives. (See full Glossary for additional definitions of terms used in this report.)*

## Financial inclusion statistics summary—BANKING

Indicators	Kenya (n=3,000)	India (n=45,024)	Tanzania (n=2,997)	Nigeria (n=6,002)	Uganda (n=3,000)	Bangladesh (n=6,000)	Pakistan (n=6,000)
% of adults who have ever accessed a digital stored value account (not including OTC mobile money use)	71%	48%	47%	44%	34%	22%	9%
% of adults who have ever accessed a bank account	29%	48%	11%	44%	14%	20%	9%
% of adults with a bank account registered in their own name	27%	47%	11%	38%	12%	18%	7%
% of adults with active bank accounts	21%	25%	8%	35%	10%	12%	6%
% of adults below the poverty line with active bank accounts	11%	20%	7%	35%	6%	11%	4%
% of males with active bank accounts	29%	32%	10%	40%	15%	14%	10%
% of females with active bank accounts	13%	18%	5%	30%	5%	10%	3%
% of rural adults with active bank accounts	16%	21%	5%	28%	8%	9%	5%
% of urban adults with active bank accounts	29%	35%	13%	44%	20%	18%	9%

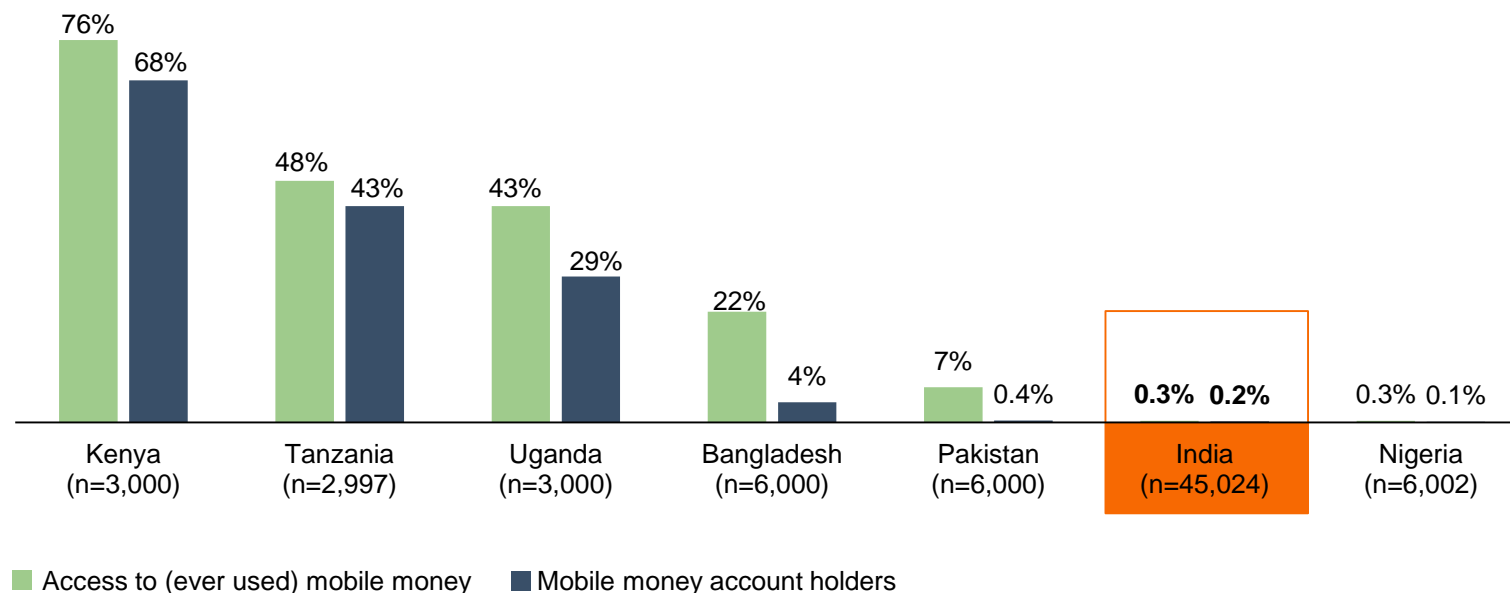
## Financial inclusion statistics summary—MOBILE MONEY

Indicators	Kenya (n=3,000)	Tanzania (n=2,997)	Uganda (n=3,000)	Bangladesh (n=6,000)	Pakistan (n=6,000)	Nigeria (n=6,002)	India (n=45,024)
% of adults who have ever accessed a mobile money account	76%	48%	43%	22%	7%	0.3%	0.3%
% of adults with active mobile money accounts	62%	38%	26%	3%	0.4%	0.1%	0.1%
% of adults below the poverty line with active mobile money accounts	50%	33%	19%	2%	0.2%	0.1%	0.1%
% of males with active mobile money accounts	65%	42%	30%	5%	0.4%	0.1%	0.1%
% of females with active mobile money accounts	60%	35%	22%	1%	0.4%	0.1%	0.1%
% of rural adults with active mobile money accounts	56%	31%	22%	2%	0.3%	0.1%	0.1%
% of urban adults with active mobile money accounts	75%	55%	50%	4%	0.6%	0.1%	0.1%
% of adults who own a mobile phone	74%	67%	62%	58%	59%	90%	50%
% who don't own a mobile phone but can access one by borrowing	20%	19%	25%	37%	20%	6%	35%
% of adults with access to a mobile phone	94%	86%	87%	95%	79%	96%	85%

# **FINANCIAL INCLUSION STATISTICS IN DETAIL**

## Only 0.3 percent of Indians have ever used mobile money services—Nigeria and India are even when it comes to those with the least access to mobile money

Percentage of those with access to (ever used) mobile money  
vs. mobile money account holders

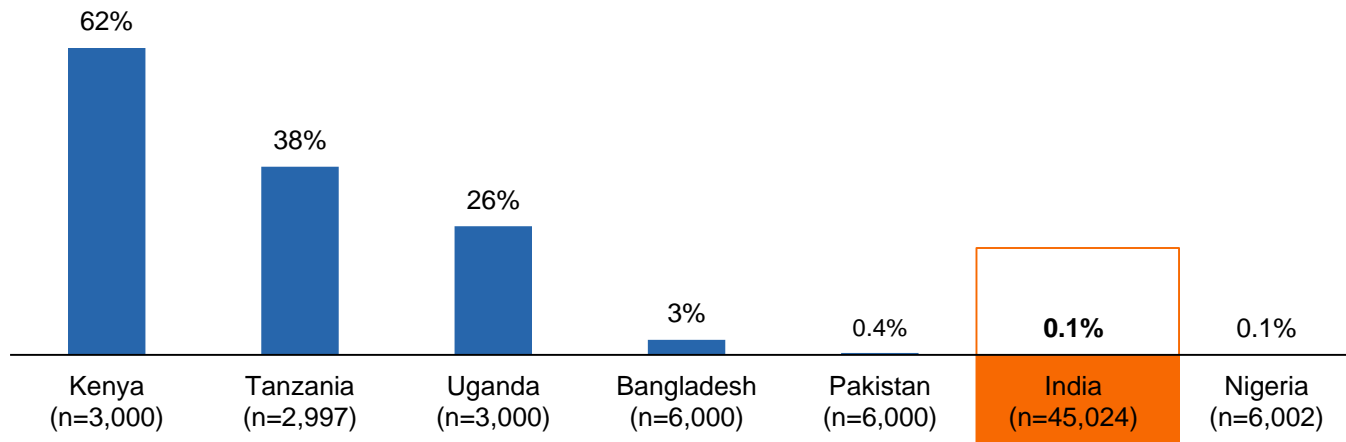


Source: InterMedia FII Tracker Surveys 2013-2014.



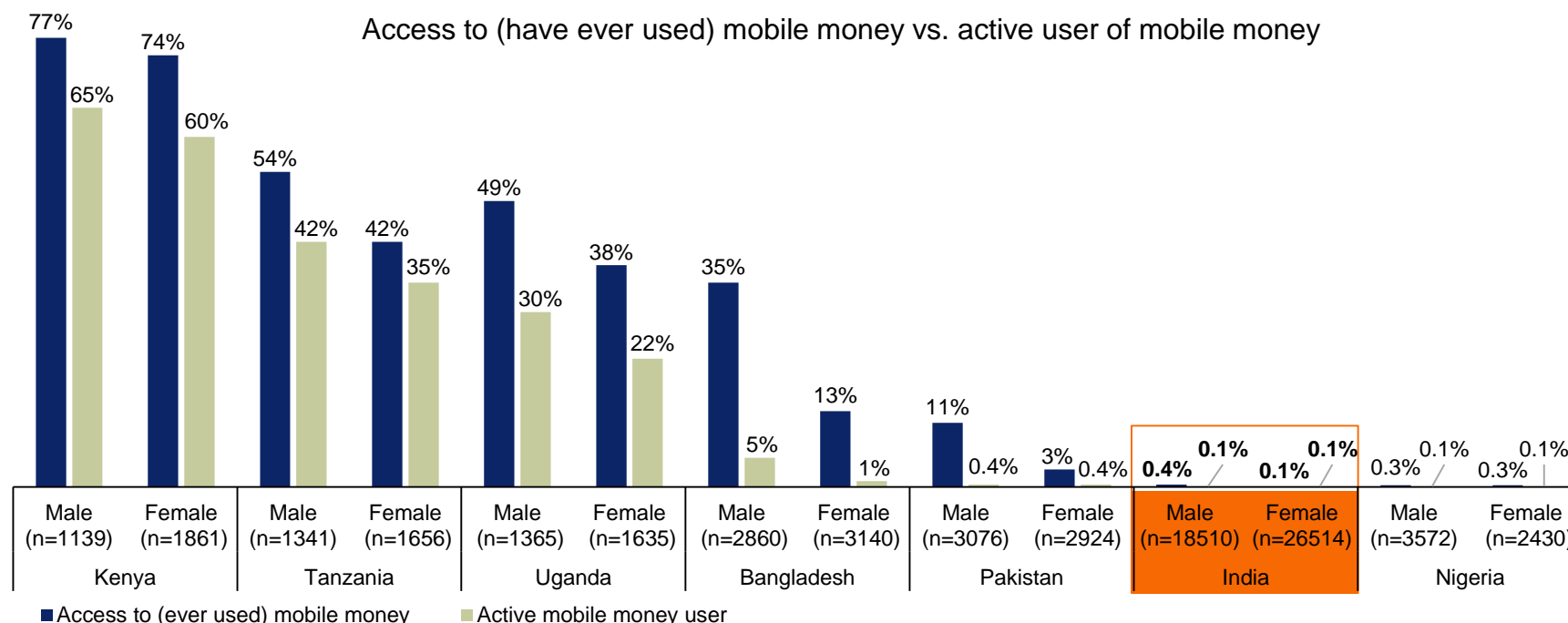
## Only 0.1 percent of Indians are active mobile money users

Percentage of adults who have registered mobile money accounts and used the accounts in the last 90 days



Source: InterMedia FII Tracker Surveys 2013-2014.

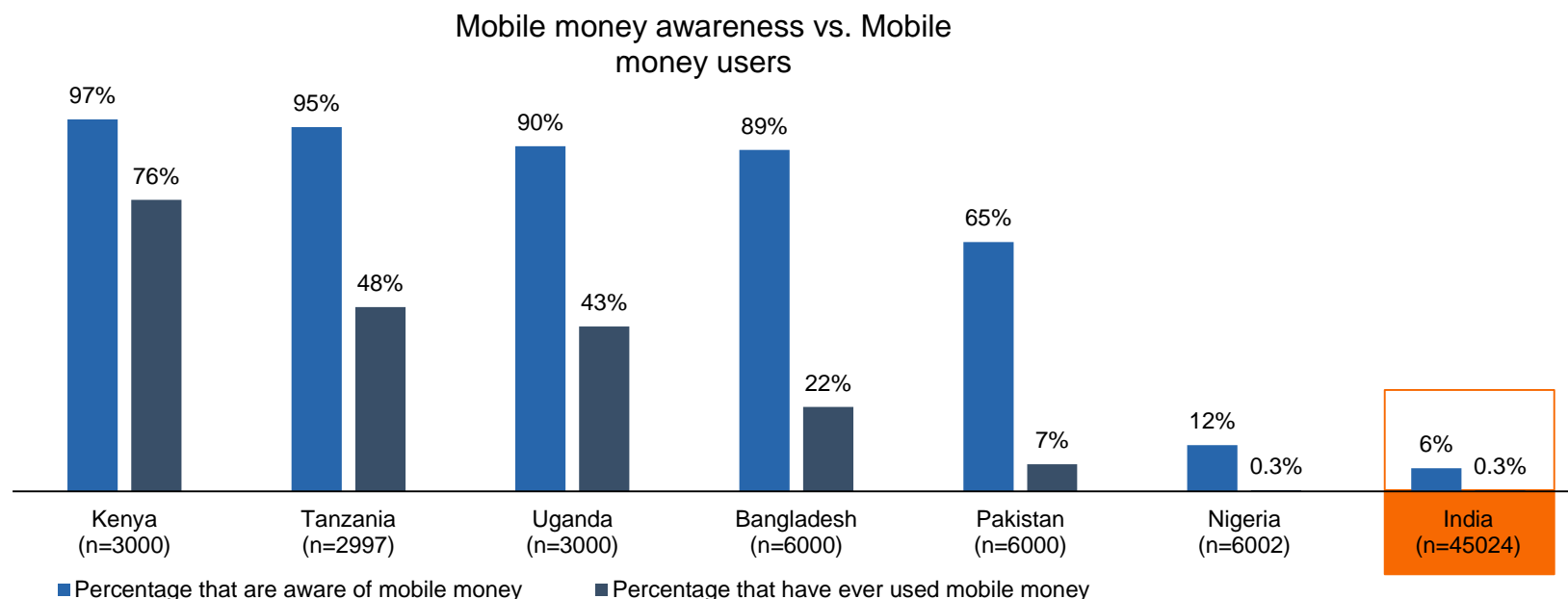
Overall, the percentage of Indian men and women who have access to mobile money and actively use it is very low



Source: InterMedia FII Tracker Surveys 2013-2014.

## India has the lowest proportion of adults who are aware of mobile money, and the lowest proportion of adults who have ever used mobile money

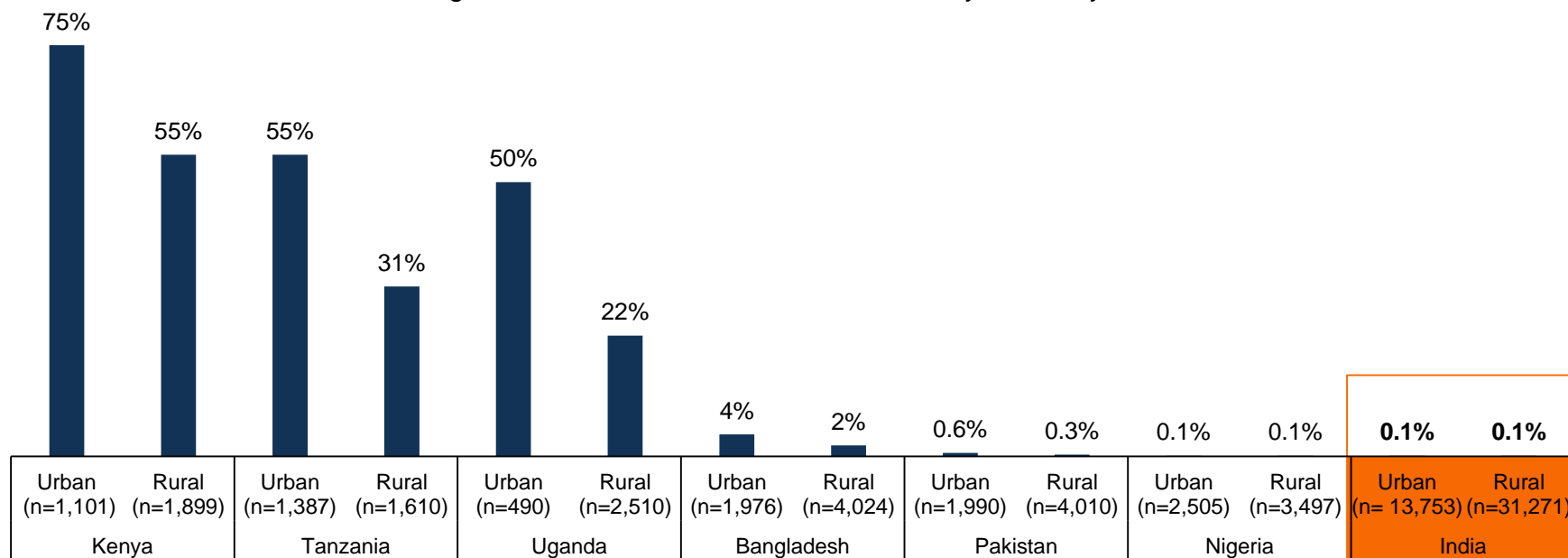
High awareness, however, doesn't always translate into higher use.



Source: InterMedia FII Tracker Surveys 2013-2014.

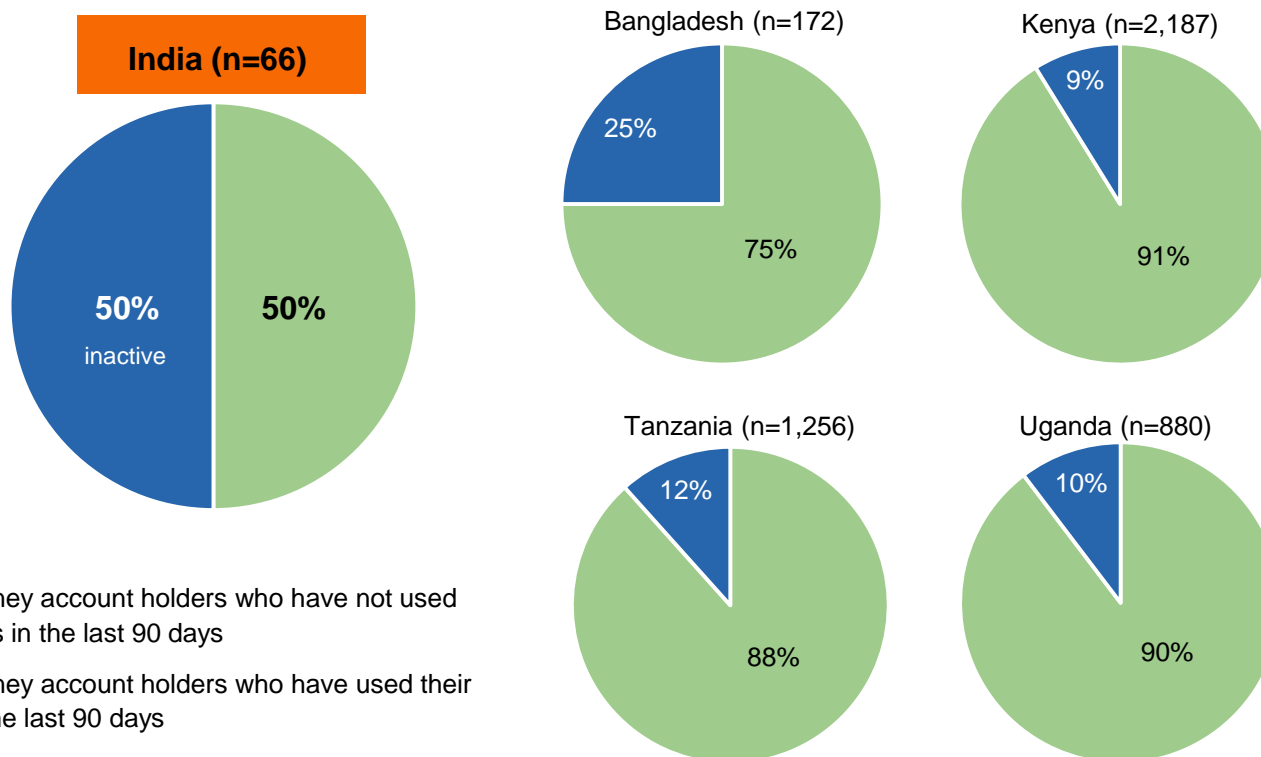
## India and Nigeria have the smallest proportions of urban and rural adults who actively use mobile money

Percentage of adults who are active mobile money users, by urban/rural



Source: InterMedia FII Tracker Surveys 2013-2014.

## India has the highest proportion of those with inactive mobile money accounts



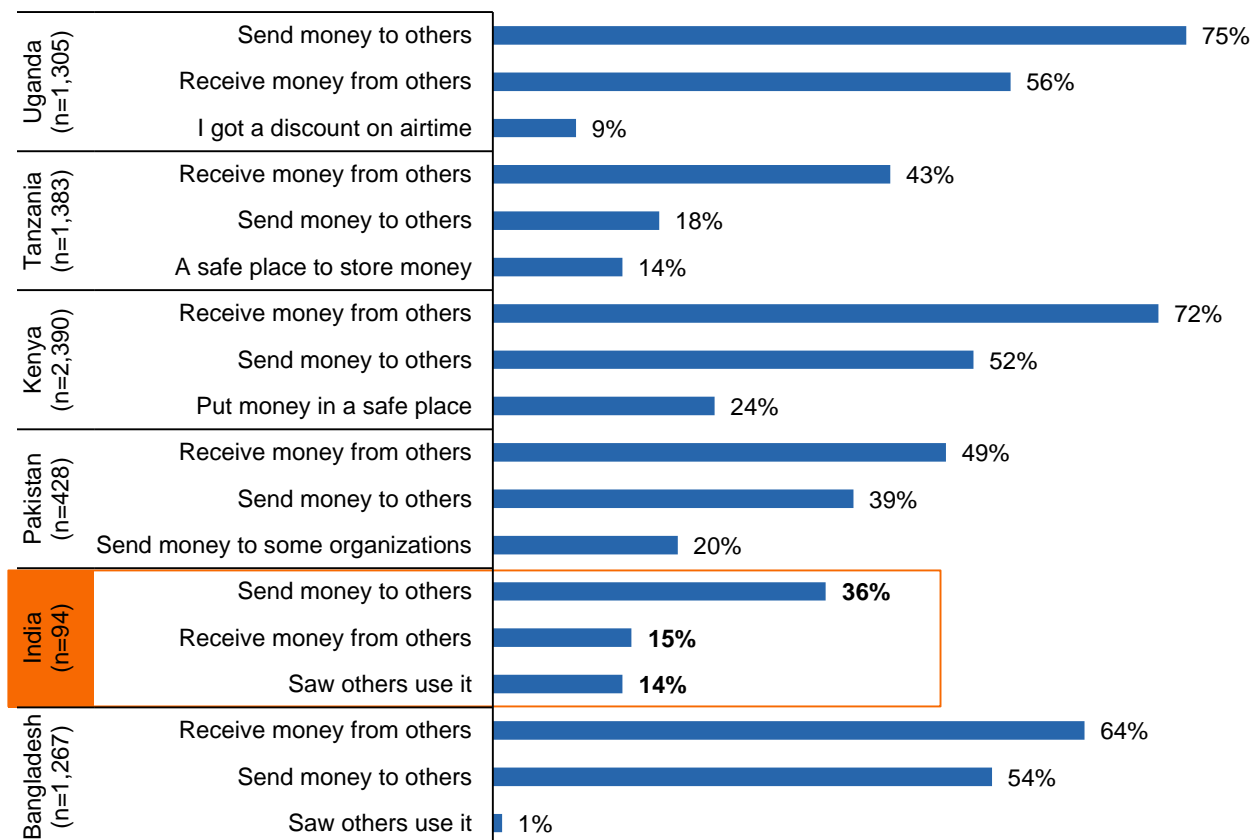
■ Mobile money account holders who have not used their accounts in the last 90 days

■ Mobile money account holders who have used their accounts in the last 90 days

**Base: mobile money account holders. Base sizes for Nigeria and Pakistan were too small (<30) to include.**

Source: InterMedia FII Tracker Surveys 2013-2014

## The top reason Indians start using mobile money is to send money



In all seven countries, sending or receiving a P2P remittance is the major motivation for starting to use mobile money. In the mobile-money dominant countries (Kenya, Tanzania and Uganda), people use it as a regular P2P remittance method

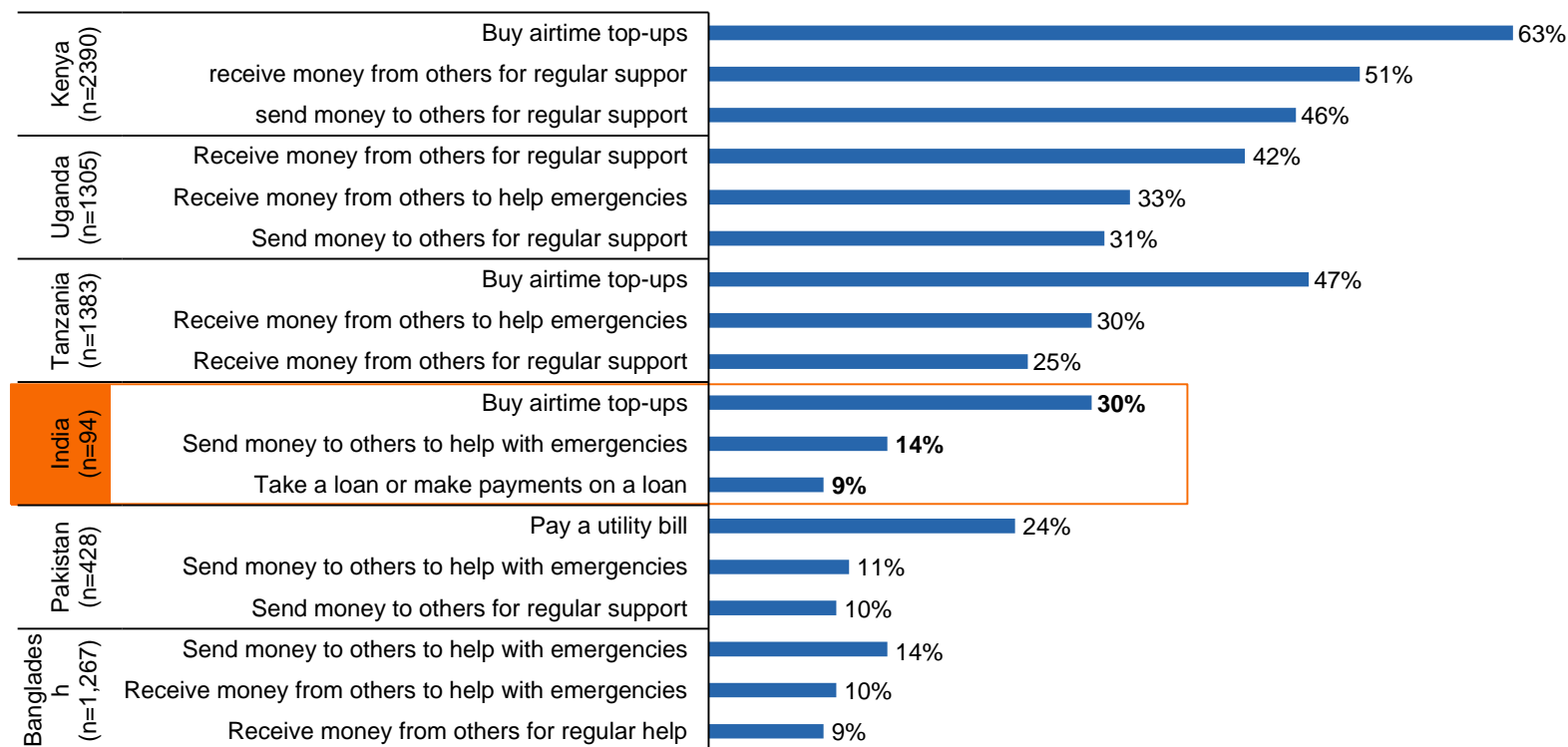
Base: those who have access to (have ever used) mobile money. Base sizes for Nigeria were too small (<30) to include.

Note: In Tanzania, this question was set up as a single option choice.

Source: InterMedia FII Tracker Surveys 2013-2014.

## In India, buying airtime top-ups is the main reason for mobile money use, followed by sending emergency funds and conducting loan transactions

Top three financial activities conducted via mobile money (other than depositing and withdrawing)



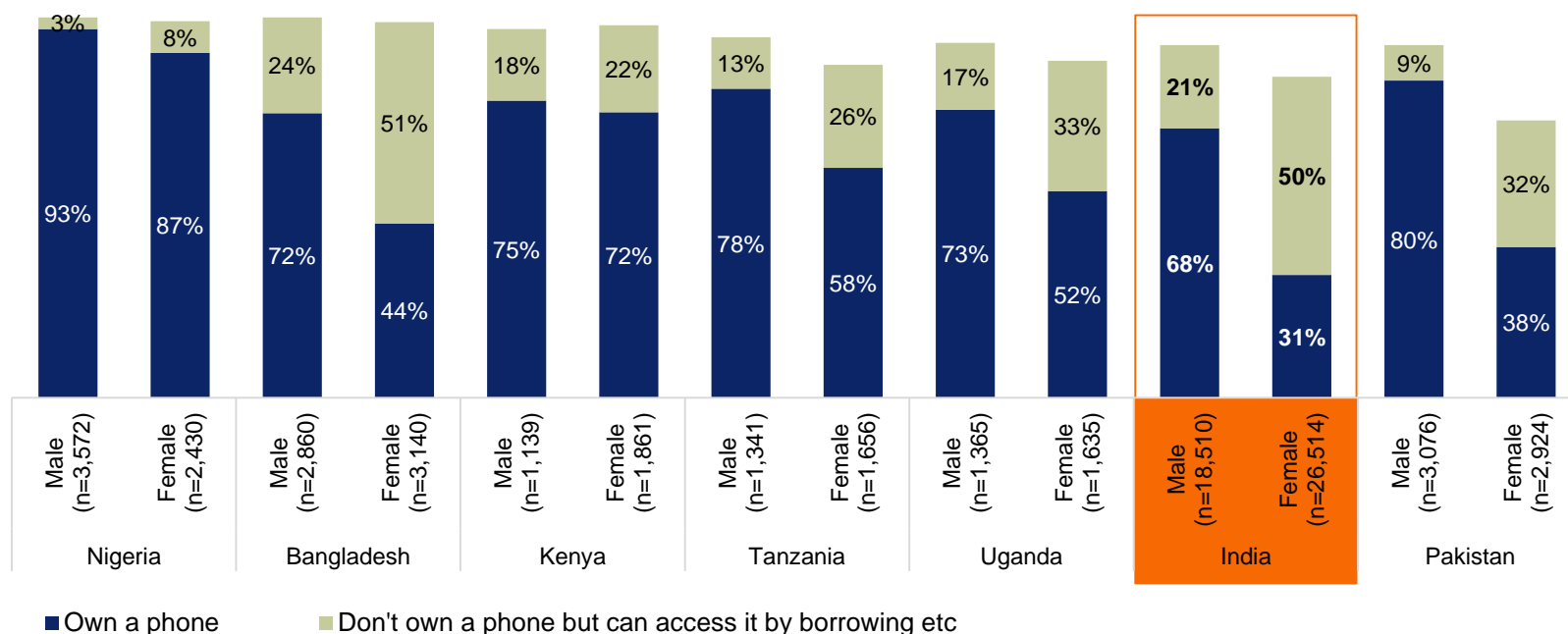
The base size for Nigeria was too small (<30) to include.

Source: InterMedia FII Tracker Surveys 2013-2014.

## India has the lowest proportion (50 percent) of mobile phone owners

It also has the lowest proportion of both male and female mobile phone owners, although women make up the gap by borrowing. A third of all Indians and Bangladeshis access a mobile phone by borrowing one from others.

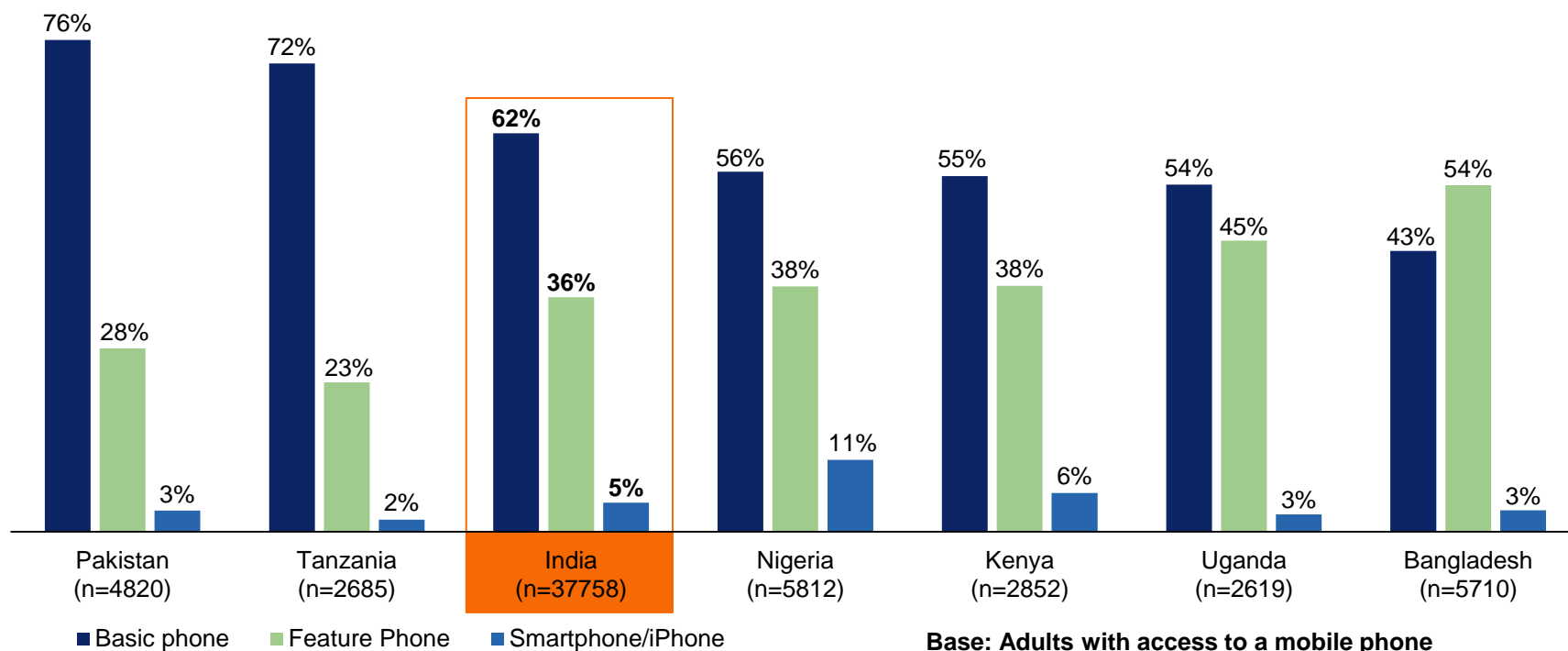
Mobile Phone Access and Ownership by Gender





## Across countries, the majority of people have access to basic phones; the exception is Bangladesh, where feature phones are more common

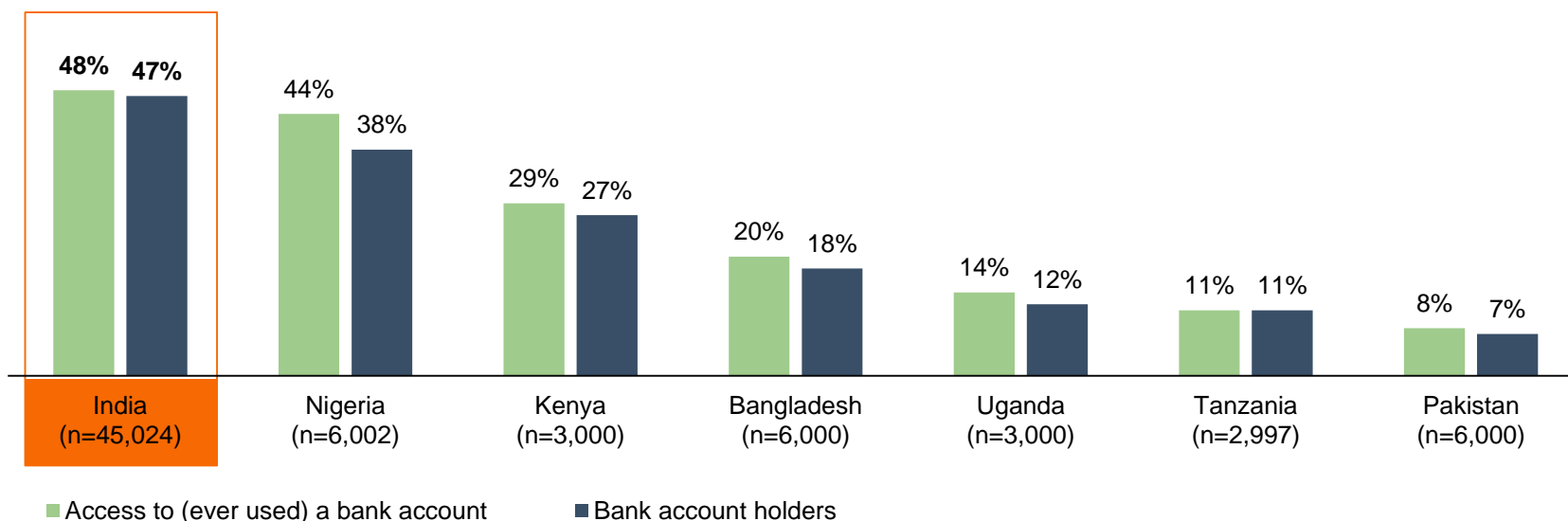
Only a small group has access smartphones across all countries.



Source: InterMedia FII Tracker Surveys 2013-2014.

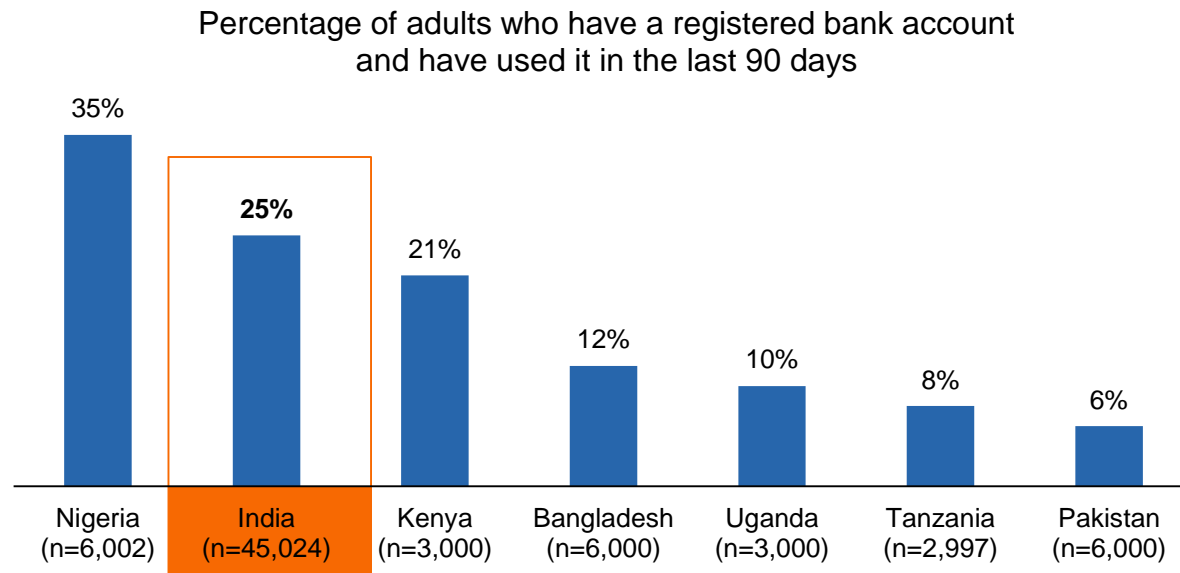
## India leads in the number of bank account holders

Access to (ever used) a bank account and registered bank account holders



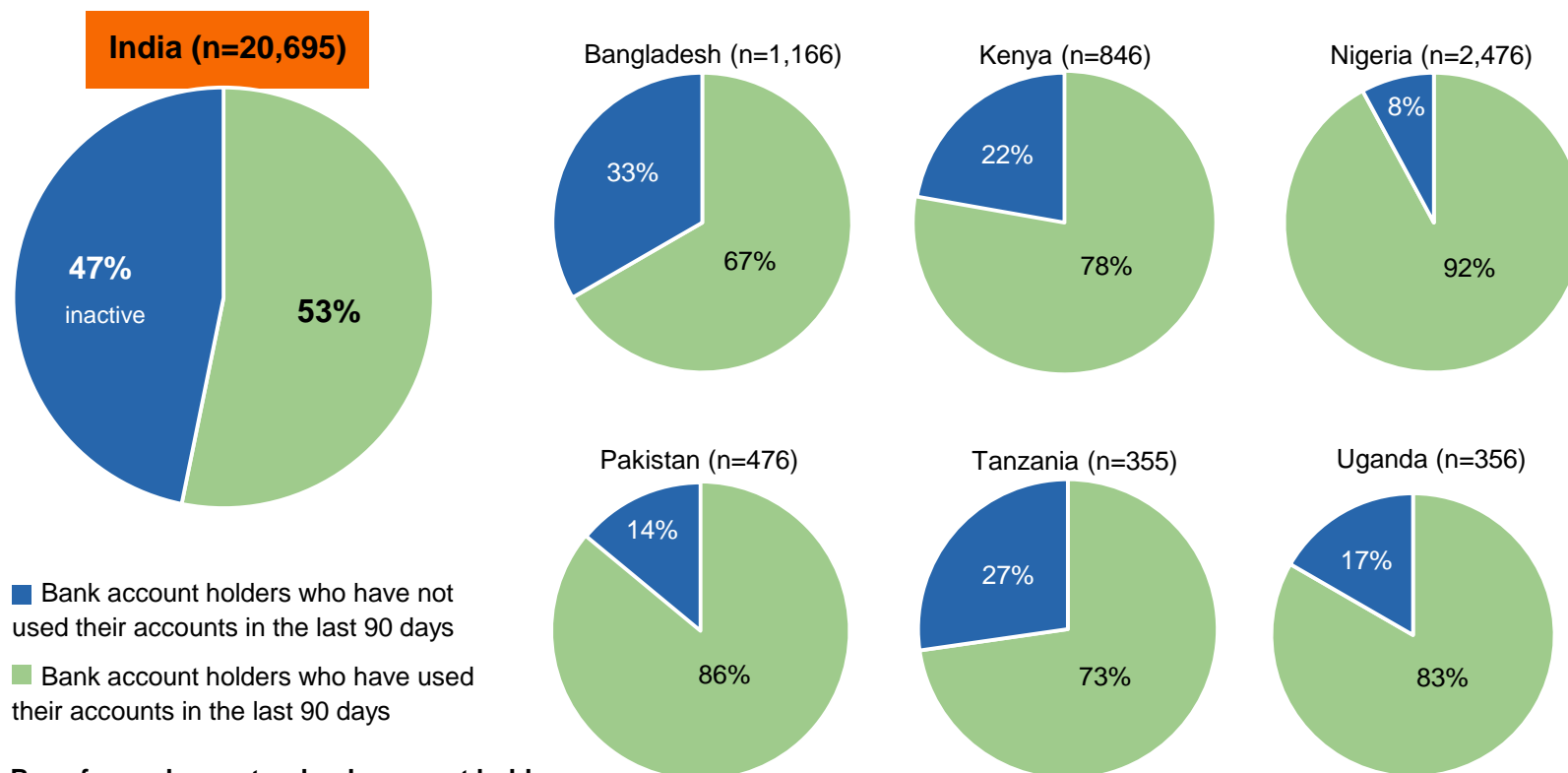
Source: InterMedia FII Tracker Surveys 2013-2014.

## Despite the lead in the number of bank account holders, India is second after Nigeria in the number of adults with active bank accounts



Source: InterMedia FII Tracker Surveys 2013-2014.

## India has the highest proportion of those with inactive bank accounts



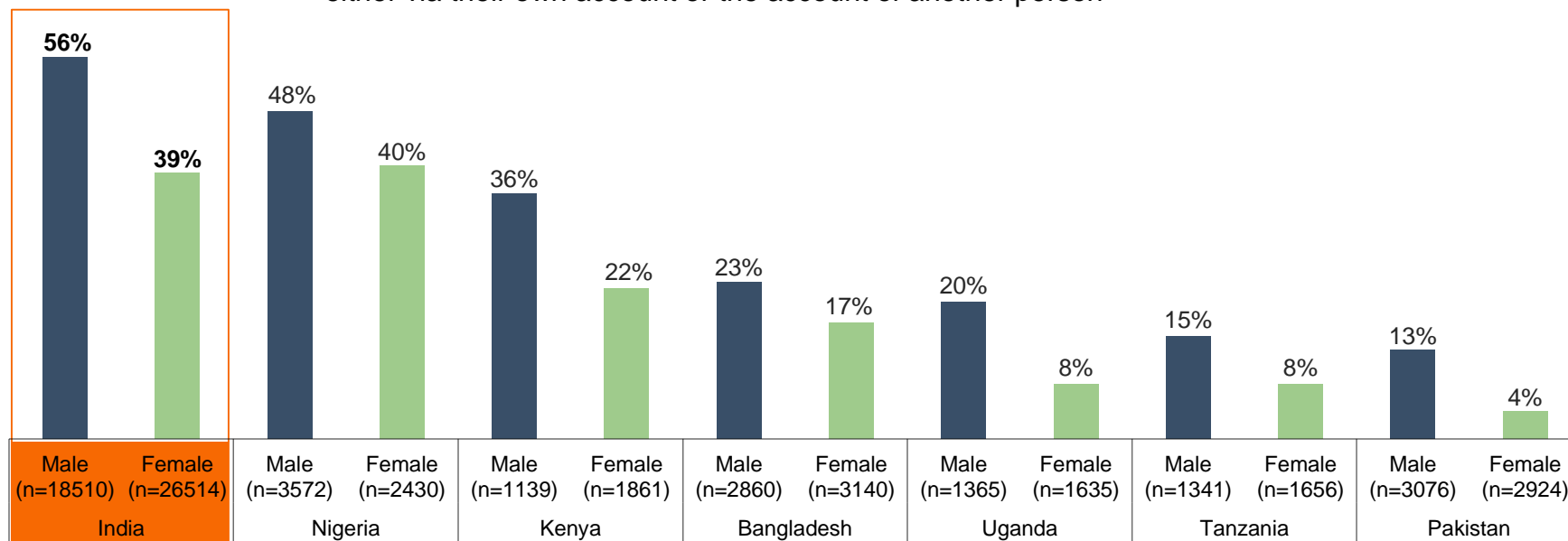
Base for each country: bank account holders

Source: InterMedia FII Tracker Surveys 2013-2014

## The gender gap in the use of bank services is substantial (17 percent) in India

The widest relative gender gap, however, is in Pakistan

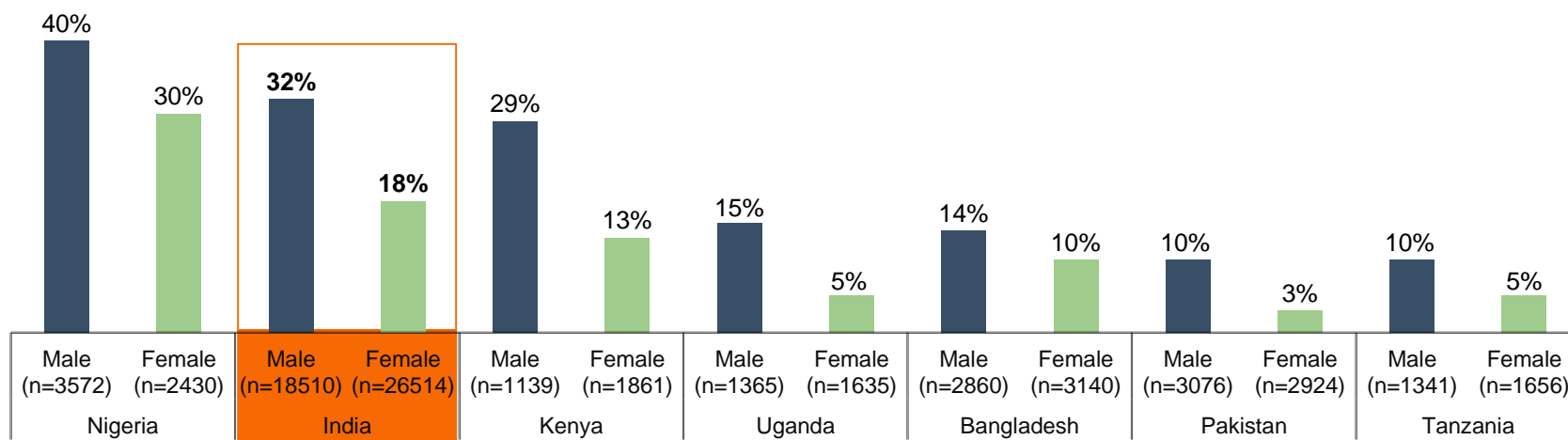
Percentage of men and women who have used bank services, at least once, either via their own account or the account of another person



Source: InterMedia FII Tracker Surveys 2013-2014.

## India is second after Nigeria in the percentage of both men and women who are registered, active bank account users

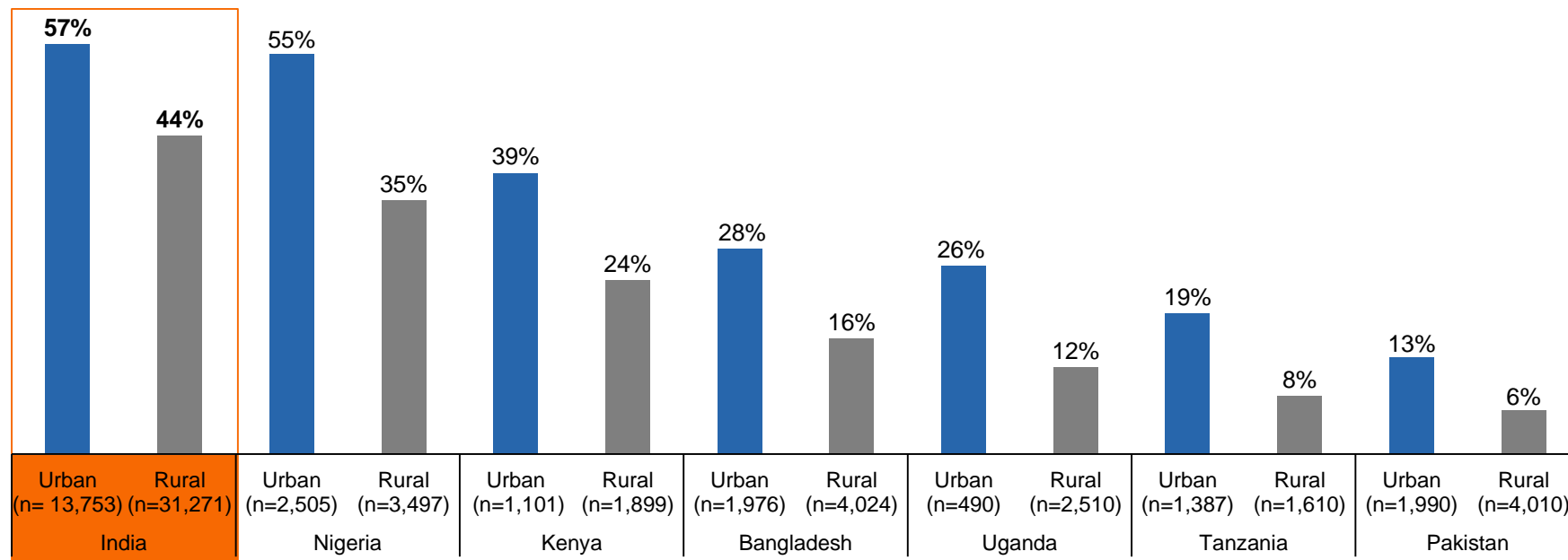
Percentage of men and women who have a registered bank account and have used it in the last 90 days



Source: InterMedia FII Tracker Surveys 2013-2014.

## Urban/rural breakdown: India has the highest percentage of adults who have used bank services in both urban and rural locations

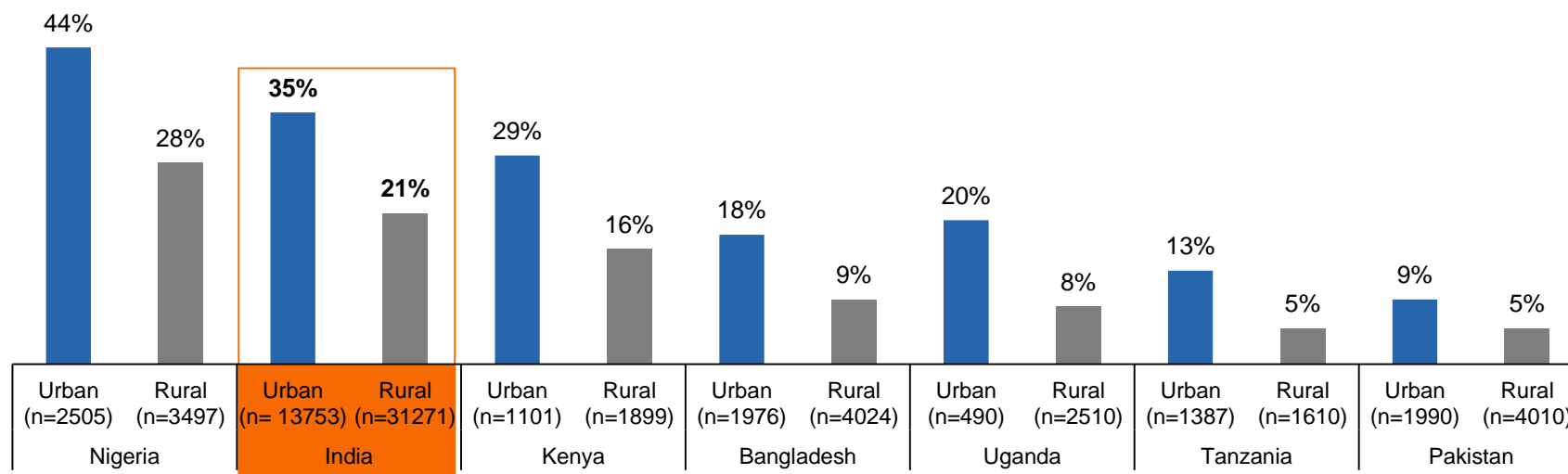
Percentage of urban and rural adults who have used bank services, at least once, either via their own account or the account of another person



Source: InterMedia FII Tracker Surveys 2013-2014.

## India has the second highest number of urban and rural adults with registered bank accounts

Percentage of urban and rural adults who have a registered bank account and have used it in the last 90 days



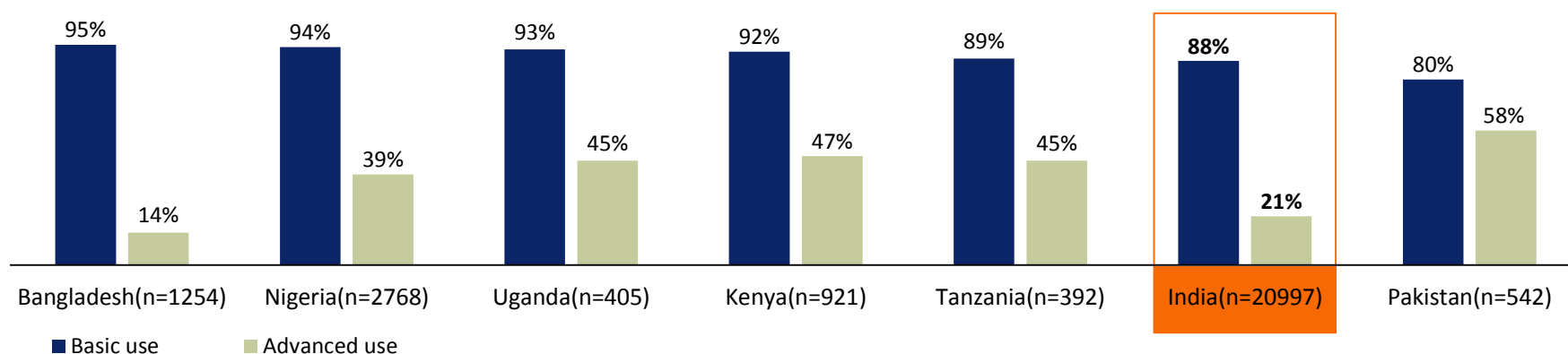
Source: InterMedia FII Tracker Surveys 2013-2014.



## Less than a quarter of Indian bank account users use advanced bank services

Only 7 percent of Pakistanis have access to (have ever used) a bank account, but more than half of those used advanced services.

Percentage of those who use basic and advanced bank services

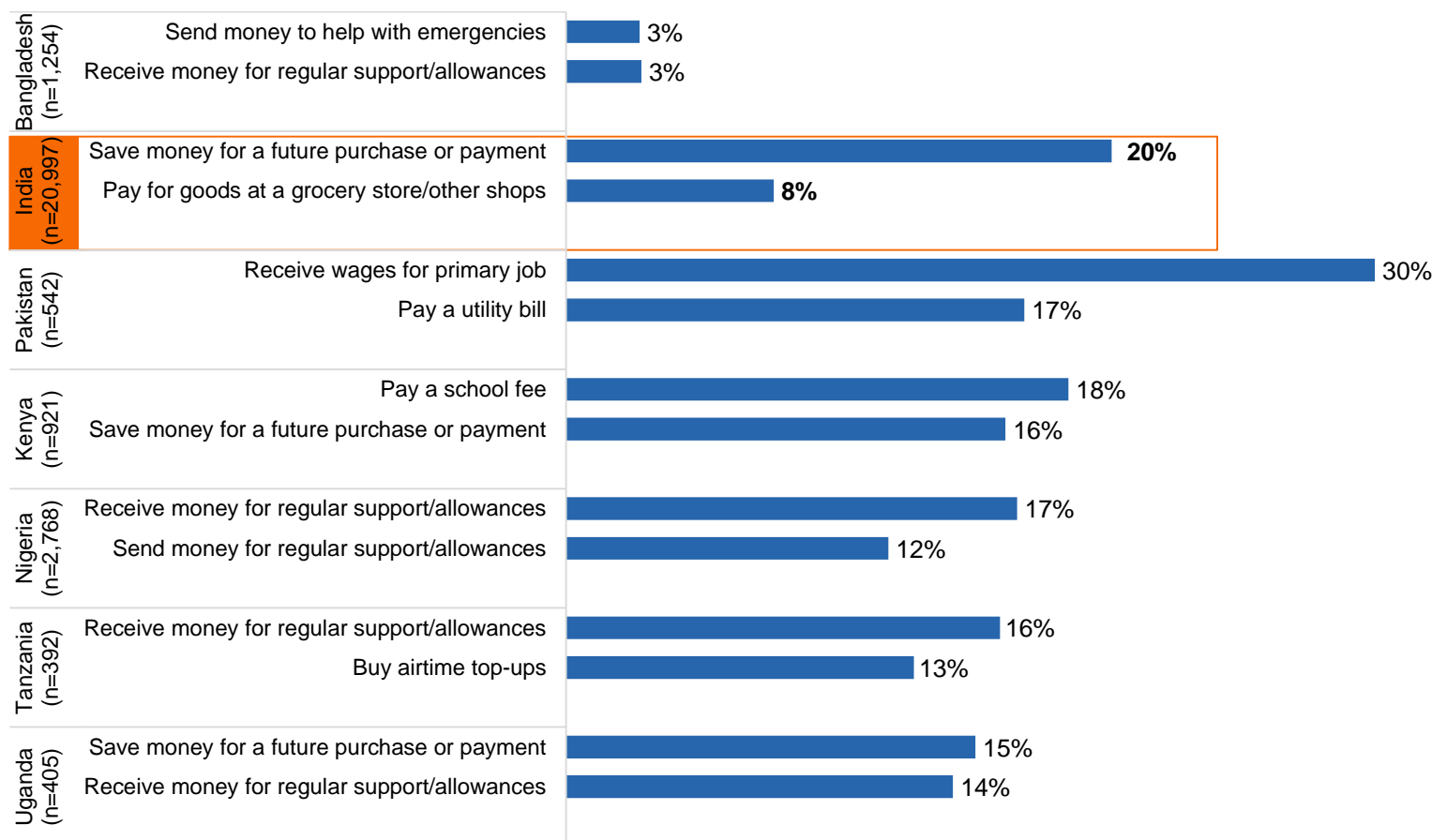


**Base: those with access to (have ever used) a bank account.**

Basic use includes deposit and withdrawals. Advanced use includes using bank accounts for activities such as saving, paying bills, taking/giving loans, and sending/receiving money from others. Countries with lower proportions of bank access such as Pakistan, Kenya, Tanzania and Uganda, have higher proportions of advanced users.

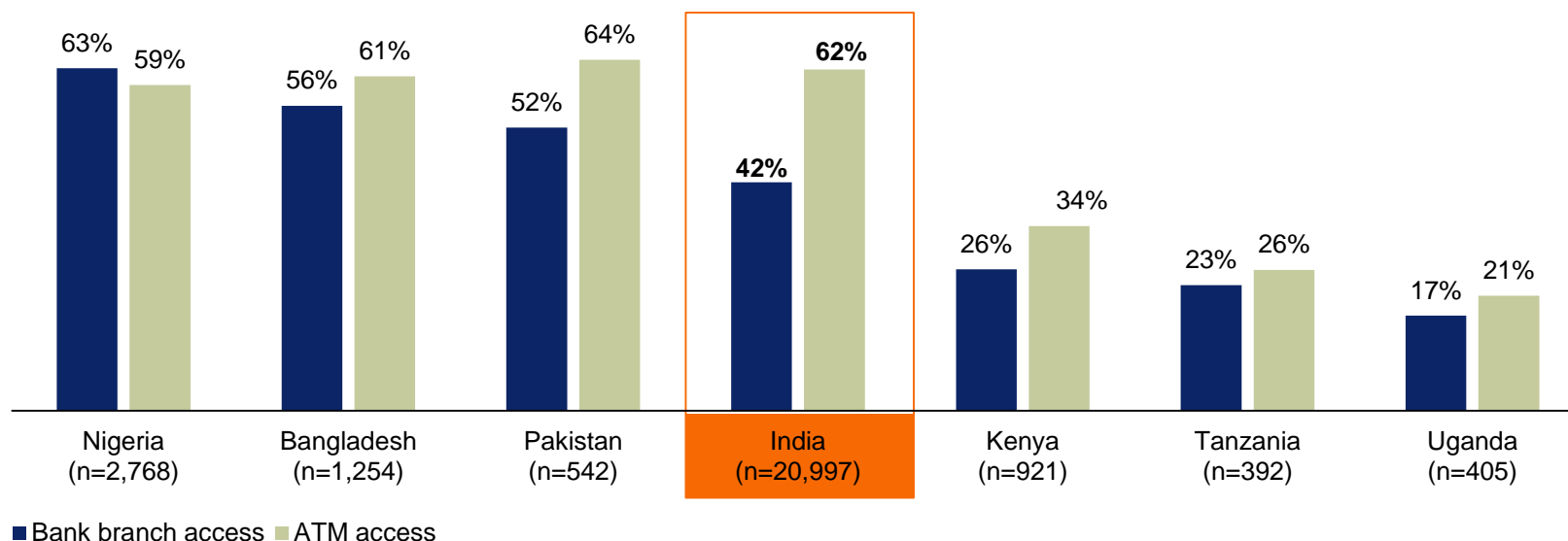
Source: InterMedia FII Tracker Surveys 2013-2014.

## For Indians, the leading reason for using advanced bank services is saving money for a purchase or payment



## In India, ATM access points are more prevalent than branch access points

Percentage of people who have a bank access point (either a bank branch or ATM) within a 1 kilometer distance of their residences

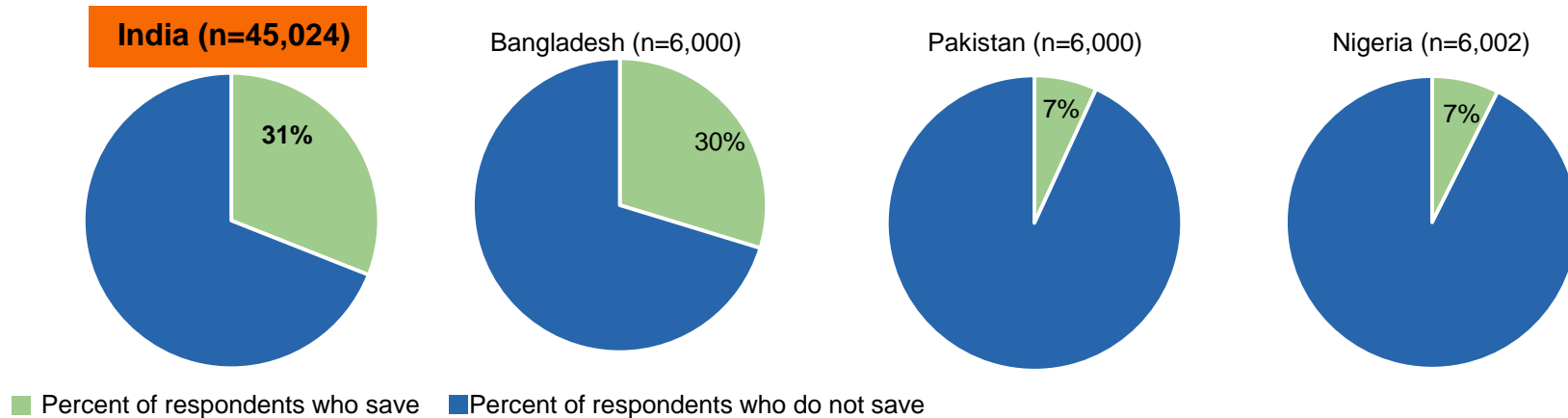


Base: bank account holders in each country

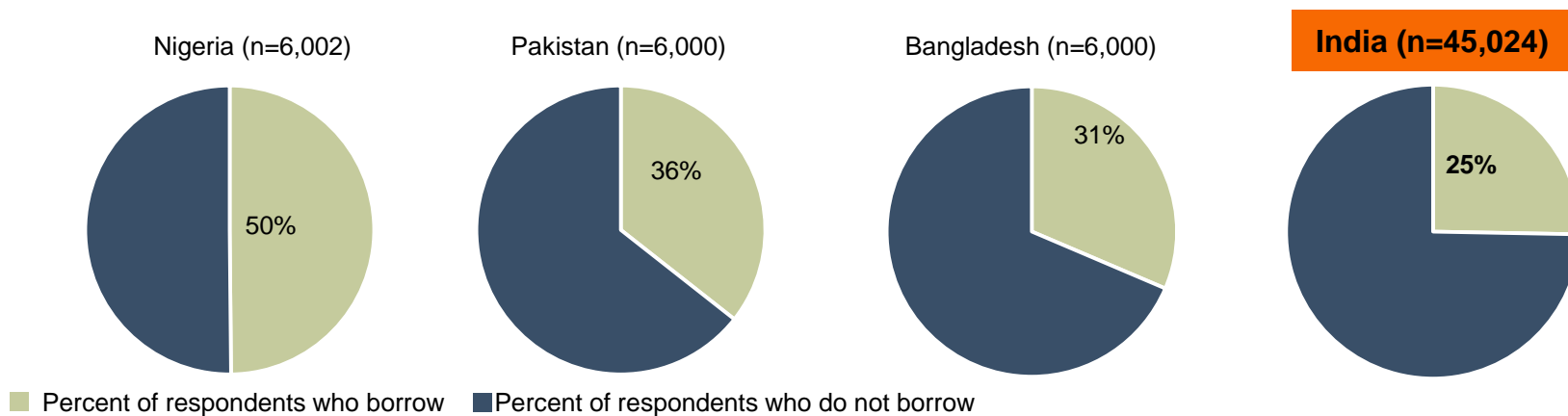
Source: InterMedia FII Tracker Surveys 2013-2014.

## India has the highest percentage of savers, and lowest percentage of borrowers

### Saving: Percent of respondents who say they save money

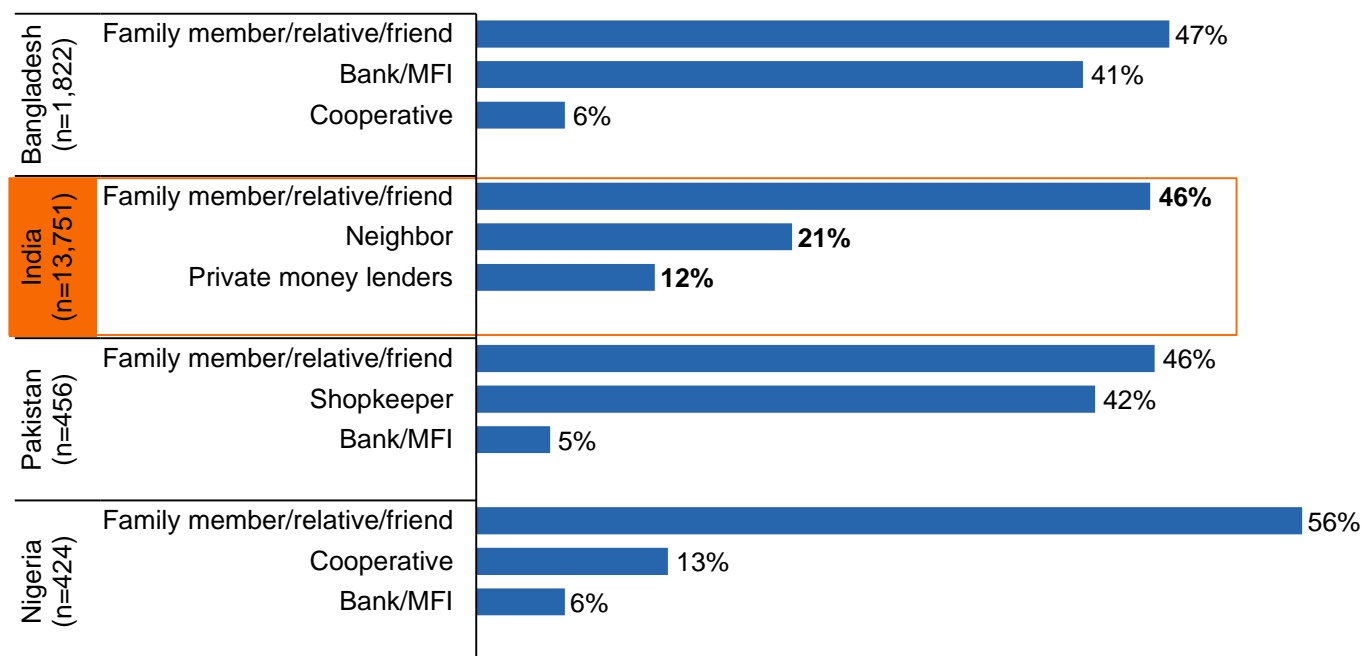


### Borrowing: Percent of respondents who say they borrow money



## Despite the large percentage of bank account holders, the majority of Indians borrow money from family and friends, not formal financial institutions

Methods for borrowing



Base: % of respondents who said they have borrowed money

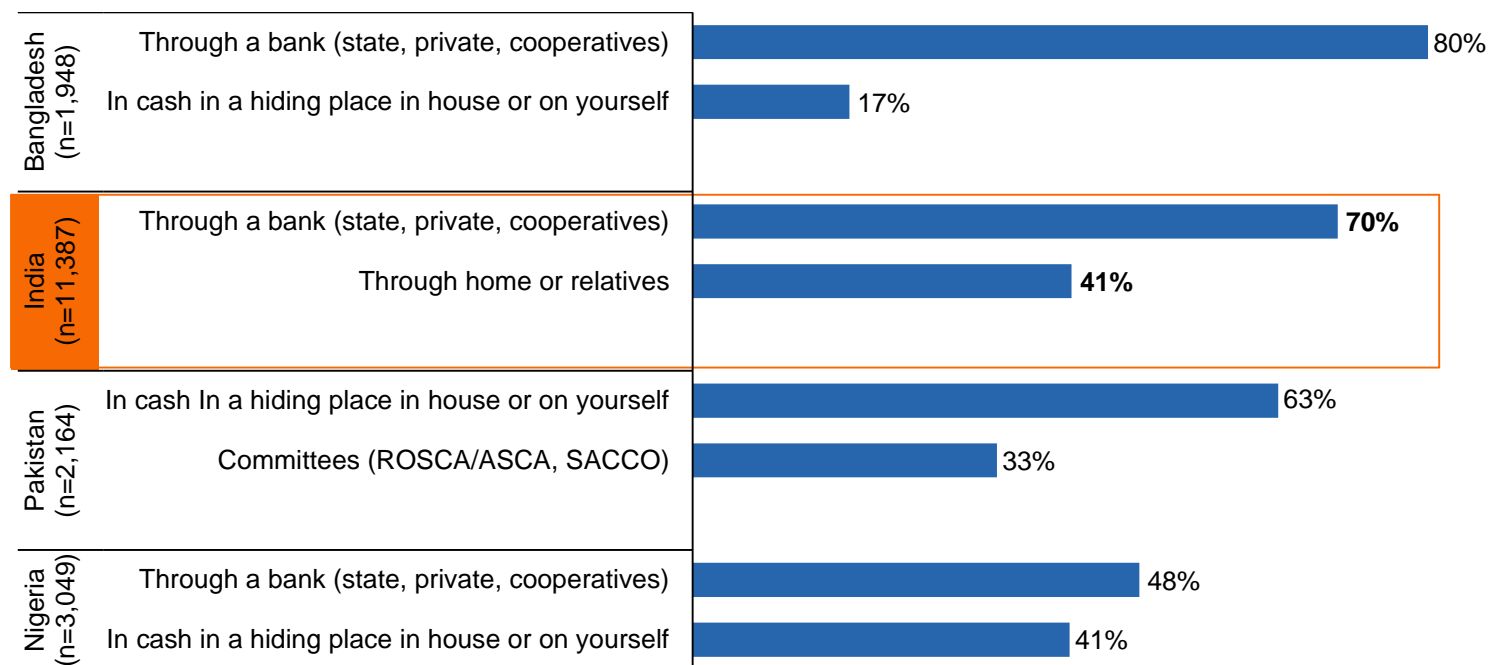
\*Note, questions are asked differently: in Nigeria, Pakistan and Bangladesh, people were asked how did you take a loan in the past 12 months.

Source: InterMedia FII Tracker Surveys 2013-2014.

## Most people, including Indians, save money through a bank

But in Pakistan, where access to banks is limited, the preferred saving methods are cash and committees (ROSCAs).

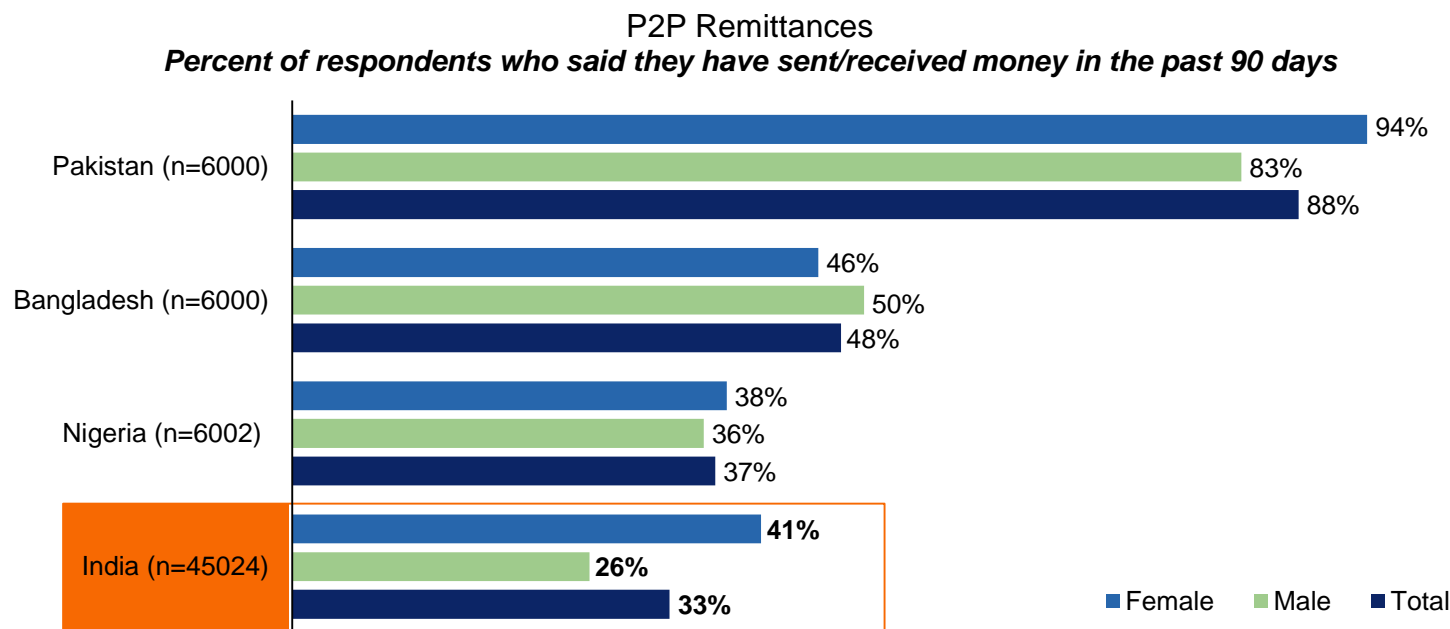
Top two saving channels



Base: % of respondents who said they have saved money.

## P2P remittance activity is lowest in India and highest in Pakistan

In all four countries, most remittances are conducted in cash.

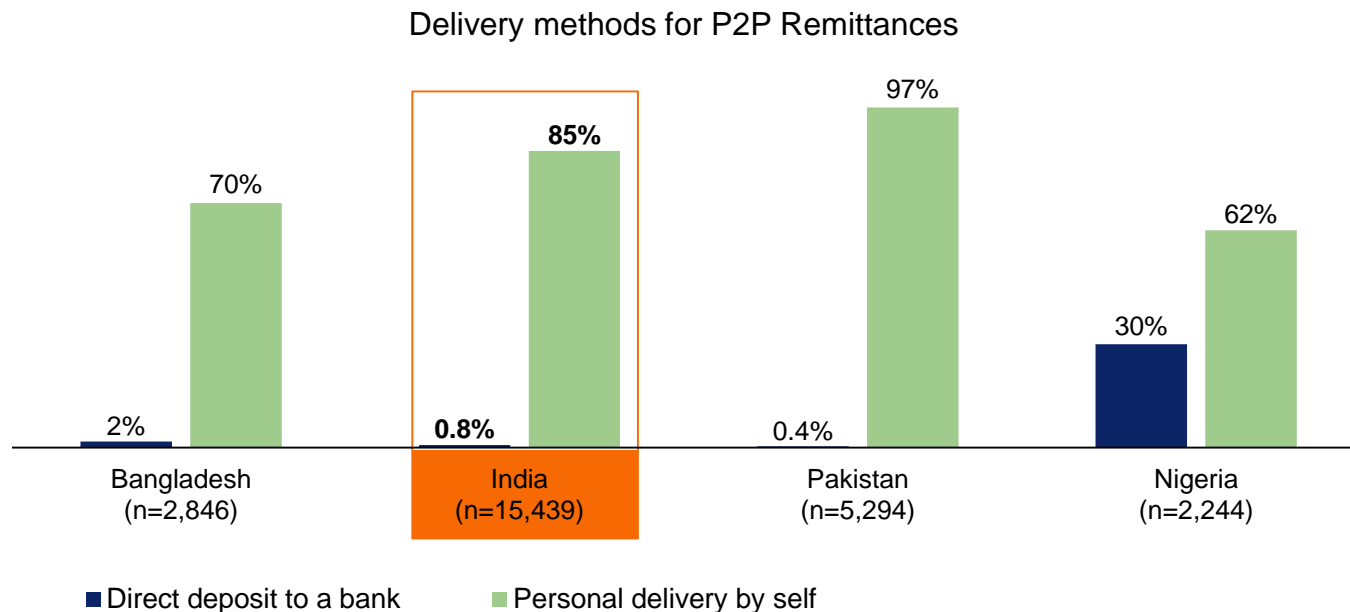


*Questions was framed differently in in India (India: How many times did you send/receive money in the past 90 days? Other countries: how frequent you send/receive money? We group people who answered daily, weekly, monthly and quarterly)*

Source: InterMedia FII Tracker Surveys 2013-2014

## Most P2P remittances are hand-delivered

Thirty percent of Nigerians also use banks to transfer money to other people, which is consistent with their advanced bank use for sending or receiving money for regular support.



**Base: % of respondents who said they have sent or received P2P remittances**

*Questions was framed differently in in India (India: How many times did you send/receive money in the past 90 days? Other countries: how frequent you send/receive money? We group people who answered daily, weekly, monthly and quarterly)*

*Source: InterMedia FII Tracker Surveys 2013-2014*



## GLOSSARY OF TERMS

- **Access to an account**—An individual has access to an account if he/she has used either mobile money or bank services, at least once, either via their own account or via an account of another person.
- **Account holder**—An individual who has a registered bank or mobile money account.
- **Active account holder**—An individual who has a registered bank or mobile money account and has used it in the last 90 days.
- **Adults with DFS access**—Adults who either own a DFS account or have access to someone else's account.
- **Agent**—A person or business contracted by a DFS provider to provide services to DFS customers using their own bank or mobile money account.
- **Bank Services**—All services offered by a bank through a branch, ATM, kiosk, business correspondent, or other delivery channel.
- **Below the poverty line**—In this particular study, adults living on less than \$2.50 per day (at 2005 purchasing power parity), as classified by the Grameen PPI.
- **Digital account**—A bank account or a mobile money account
- **Digital financial services (DFS)**—Financial services that are provided through an electronic platform (mobile phones, electronic cards, the internet, etc.). **For this particular study, digital financial services include bank services and mobile money services.**
- **Financial inclusion**—A state in which all people who are able to use them have access to a full suite of quality financial services, provided at affordable prices, in a convenient manner, and with dignity for the clients.
- **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 (less than \$2.50 per day).
- **Mobile money (MM) services**—Mobile money services include 1) non-bank semi-closed mobile money accounts and 2) full service mobile money bank accounts that allow for cash withdrawals.
- **Semi-closed account**—An account that allows the customer to cash-in, buy airtime, or make other purchases (e.g., buy train tickets), but not to cash-out or withdraw money without first transferring it to a formal, full-service bank account.
- **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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