

Impact of EKO's SimpliBank on The Saving Behaviour and Practices of Low Income Customers: The Indian Experience



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This is a study conducted by Dr. Mani Arul Nandhi, a participant of the Microfinance Researchers Alliance Program (MRAP), a research capacity development programme run by the Centre for Micro Finance (CMF) at IFMR Research

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Mani Arul.Nandhi
University of Delhi
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Mani Arul Nandhi
Associate Professor
Jesus and Mary College
University of Delhi

Table of Contents

Acknowledgement

List of Tables

List of Figures

Exhibits

Acronyms

Executive Summary

	7
1. Introduction	9
Research concerns	11
Research Objective and Research Questions	13
Introduction to EKO Financial Services Limited	14
2. Study Design and Methodology	18
2.1 Sample: The Approach, Method and Size	19
3. How Does the EKO user look like?	22
EKO Mobile Banking Users: A Profile	23
Usage of Formal/Informal Financial Services before EKO Mobile Banking	24
Asset Ownership	26
Mobile Service Providers of EKO Users	27
Users Sample at a Glance	28
4. Savings Behaviour, Practices and EKO Mobile Money	30
Saving Practices before and after EKO Mobile Money	31
Saving Frequency, Length of Keeping Savings in EKO Mobile Account	34
Saving Frequency, Length of Keeping Saved Amount, Saving Deposits/ Withdrawals during Last Month	36
Use of EKO Mobile Money	41
EKO Mobile Banking and Saving Practices and Behaviour	45
EKO Mobile Banking Has Increased the Capacity of Users to Save	45
Happy and Comfortable with EKO Mobile Banking	50
Happy But Not Comfortable with EKO – A Counter View	54
EKO Mobile Banking is Safe, Trustworthy and Useful Saving Mechanism	56
EKO Mobile Money: A Good Substitute to Informal Methods of Savings	61
EKO Mobile Banking: Not a Good Substitute	64
EKO Mobile Money is a Complementary Tool as well	71
Co-Existence of EKO Mobile Banking with Other Savings Practices	76
EKO Mobile Banking: A Preferred Alternative for Small Savers	80
EKO Mobile Banking and Reciprocal Borrowing and Lending	83
5. Adoption Behaviour, Changes in Attitudes and Related Issues	86
Decision to Open Account with EKO Mobile Banking	87
Trust in EKO Money	87
Source of Awareness	87
EKO Mobile Banking User Friendly	88
Suitability to User Needs	89
Awareness about Interest Rate	89
Problems Faced in Withdrawal of Money	89
Transaction Time	89
Changes in Attitudes	90
6. Concluding Discussion	93

Appendix	96
References	106

List of Tables

Table 1: Pricing Structure for EKO-SBI Mini Savings Account	15
Table 2.1: Users Sample Size	20
Table 2.2: Summary of Research Methods	20
Table 3.1: Profile of EKO Users	23
Table 3.2: Monthly Income of EKO Users	25
Table 4.1: Saving Only in EKO Mobile Banking	32
Table 4.2 (a): Amount of Deposit by Period	37
Table 4.2 (b): Amount of Deposit Last Month	37
Table 4.3: Amount of Withdrawal Last Month	38
Table 4.4: Saving Balance of All Users, Active and Inactive Users	39
Table 4.5: What Do You Do With The Deposited Money In EKO?	42
Table 4.6: EKO Mobile Banking – A Good Substitute to Informal Methods	62
Table 4.7: Swing Back to Bank/Informal Methods	68
Table 4.8: Current Methods of Saving by Type of Expenditure	76
Table 5.1: Life Improved after Opening EKO account	91
Table A.1 a: Income Profile of EKO Users with No Bank Accounts	97
Table a.1B: Income Profile of EKO Users with Bank Accounts	97
Table A.2: A Profile of Non-Users	98
Table A.3: Pricing Impact	99
Table A.4: Has EKO Banking Increased Your Capacity To Save?	99
Table A.5: Are You Able To Save Small Amounts, If Surplus Available?	100
Table A.6: Has Ability To Save Improved After EKO Mobile Money?	100
Table A.7: Level of Dependence on Informal Saving Mechanisms after EKO	100
Table A.VII: Coexistence of Other Saving Methods with EKO	102
Table A.8: Reasons for Holding ‘Cash on Hand’	102
Table A.9: Temporary Interest Free Loans	102
Table A.10: ‘Any Other Observations’	103

List of Figures

Figure 3: Occupational Background of EKO users	24
Figure 3.1: Usage of Formal/Informal Financial Services before EKO	25
Figure 3.2 (a): Income Profile of EKO Users	26
Figure 3.2 (b): Income Range of EKO Users	26
Figure 3.3: Asset Ownership among EKO Users	27
Figure 3.4: Use of Mobile Network Service by EKO Users	27
Figure 4.1: Saving Practices before EKO Mobile Banking	31
Figure 4.2: Frequency of Deposit	34
Figure 4.3: Length of Keeping Deposited Saving	34
Figure 4.4: Amount Deposited Every Time	36
Figure 4.5: Frequency of Deposit Last Month	36
Figure 4.5a: Average Outstanding Balance of Inactive Users	40
Figure 4.5b: What do you with the deposited money in EKO?	42
Figure 4.6: Why EKO Mobile has increased your saving capacity?	45

Figure 4.7: Regularity of Saving Small, if Surplus Available?	49
Figure 4.8: How Far Is The Improvement?	50
Figure 4.9: Why Happy with EKO Mobile Banking	50
Figure 4.10: Reasons for ‘Happy but Not Comfortable’	54
Figure 4.11: Saving Practices of EKO Users before and after EKO	59
Figure 4.12: Level of Dependence on Informal Saving Mechanisms After EKO	57
Figure 4.13: Is EKO Mobile Better Substitute To Informal Methods?	61
Figure 4.14: EKO –Not a Good Substitute	64
Figure 4.15: Does EKO help you to Complement Other Saving Methods?	71
Figure 4.16: EKO Mobile – A Complementary Tool	72
Figure 4.17: Current Methods of Saving by Types of Expenditure	77
Figure 4.18: Preferred Modes for Saving a Small Lump sum	80
Figure 4.18 a: Reasons for Preferring EKO Mobile Banking	80
Figure 4.19 a: Do You Still Keep ‘Cash On Person’ After Opening EKO Mobile Account?	82
Figure 4.19 b: If Yes, How Much Do You Still Hold Cash on Hand?	82
Figure 4.19 c: Reasons for Holding ‘Cash on Hand’	82
Figure 4.20: Holding ‘Cash in Mobile’ Trouble Free in Comparison To ‘Cash on Hand’?	83
Figure 4.21: Temporary Interest Free Loans	83
Figure 5.1: Decision to Open EKO Account	87
Figure 5.2: Trust in EKO Mobile Banking	87
Figure 5.3: Source of Awareness about EKO	88
Figure 5.4: EKO –User Friendly	88
Figure 5.5: Why User Friendly?	88
Figure 5.6: Why Not User Friendly?	88
Figure 5.7: Suitability of EKO Mobile to Customer Needs	89
Figure 5.8: Awareness about Interest Rate	89
Figure 5.9: Transaction Time to Use EKO	90
Figure 5.10: Changes in Beliefs/Outlook	90
Figure A.4: Has EKO Mobile Money Increased Your Capacity To Save?	99
Figure A.5 a: EKO Mobile – A Good Substitute to Informal Saving Forms	101
Figure A.5b: EKO Better Substitute than Bank also	101

EXHIBITS

Exhibit 1: Gulak	60
Exhibit 2: Testimonials from EKO Users about ‘Transaction Charges’	104
Exhibit 3: Testimonial from an EKO user about Server Problem	105

Acronyms

<i>GULAK</i>	A piggy bank made in clay or mud.
<i>KITTY</i>	A pooling system where a group of women contribute a certain amount of money every month, which is either auctioned or is given in full to members through the drawing of lots
<i>COMMITTEE</i>	It is similar to the kitty system and is popular among men.
CHITFUND	These are equivalent to the rotating savings and credit associations (ROSCAS)
SAHARA/PEERLESS	Both Sahara and Peerless are Non-Banking financial institutions that accept deposits
CHOLE BHATURE	A popular fried pancake eaten as a snack or a meal as well
COURIER	Informal ' <i>hawala</i> ' channel of remittance service
<i>TATKAL</i>	A remittance product offered by the State Bank of India through EKO's core banking platform
GRANTHI	A priest in <i>gurudwara</i> .
GURUDWARA	Place of worship for 'Sikh' community.
LIC	Life Insurance Corporation of India

Executive Summary

Objectives: India has the second largest financially excluded poor in the world. Given a rising mobile phone usage in the country, M-Banking has a great potential for reaching unbanked population. EKO mobile banking is an early mover in offering a basic saving account to the poor in partnership with the State Bank of India on a low cost banking platform. The study aims at understanding the impact of EKO's mobile money on the savings behaviour and practices of low income users and its transformative potential on the economic lives of the users in terms of its potential role as a substitute or a complement and other unintended effects.

Key Findings:

1. A majority of the users deposited their savings only in EKO mobile banking; among those who deposited only in EKO mobile banking, higher percent users were those without bank accounts in comparison to those with bank accounts. In other words, EKO mobile banking is used as a storage device both by the unbanked and banked users.
2. A majority of EKO mobile banking users' ability to save had improved in comparison to keeping 'cash on hand'. More importantly, the ability to save in small amounts and frequently became an easy possibility, thus inculcating a regular saving habit even among the non-savers.
3. Users valued the service of EKO mobile banking because of its convenience, safety, and flexibility. Notably, dependence on risky informal mechanisms like – cash at home, money guard – reduced.
4. EKO mobile banking has become a new and safe saving mechanism and helpful in maintaining 'secrecy of savings', 'sense of financial control', 'social and human capital' and 'improved money management'.
5. Though the level of dependence on informal saving methods reduced because EKO mobile banking functioned as a robust substitute to informal saving practices as well as a bank account; yet, at the same time, EKO mobile banking 'fits in' with other informal and formal saving methods because users had a decided scheme of saving depending on the purpose or need.
6. EKO mobile banking is adapted as superior complementary financial tool to existing saving practice/s, thereby enhancing the efficiency and self discipline in their overall saving portfolio.
7. EKO mobile banking is valued highly for its role as an important means of saving for emergencies –especially medical emergencies.
8. EKO mobile money is the preferred alternative for small savers due to its versatility as a 'money box' held in user's hand yet it is at an arm's length.

9. The poor experience of one third of customers due to midway introduction of charges transaction led to ‘swing back’¹ effect and ‘drop out’ from using the EKO mobile banking service because it acted as a disincentive to save. However, these inactive users look forward to resume saving in EKO mobile banking in future, if there is either a reversal of transaction charges or an acceptable transaction charges on their small deposits but not on their small and frequent withdrawals. This positive perception is indicative of a latent demand for safe saving services and willingness to use the mobile banking services on a sustainable basis if branchless banking players offer to charge a reasonable service fee on deposits.

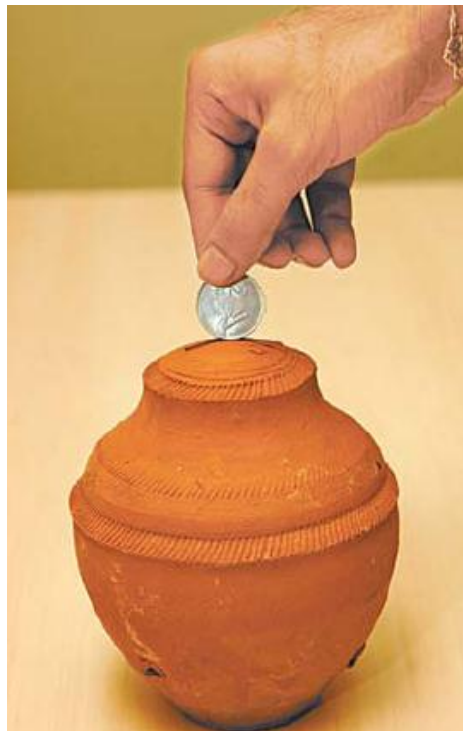
Conclusions:

1. The positive outcomes for EKO users clearly underline that the mobile banking is a potential weapon to enable the low income users to be financially included.
2. The fact that users were blending EKO mobile banking in their existing assortment of informal and formal (bank) saving methods highlights the need for developing saving products that have design principles based on informal mechanisms (for example, like *Gulak*) to suit the needs of low income users who have low, irregular incomes and low levels of savings.
3. The poor experience of users led to a ‘swing back’ effect to risky informal methods and to bank account. This calls for an understanding of the customer need, their financial behaviour and pain points of low income segments as well as to offer a flexible and reliable small saving product suitable for their needs in comparison to informal saving options.

¹ ‘Swing back’ effect refers to reverting back to using informal saving methods and bank account that were used prior to adoption of EKO mobile banking.

“Saving among the poor is not an easy habit; it requires some external pressure...” –N.Srinivasan, Author, Microfinance India: State of Sector Report, 2011

Introduction



1. Introduction

India best illustrates the two contrasting worlds of its economy and population. It is a fast emerging economy in the world and is home to the largest number of poor and marginalized people in its diverse geography. Goldman Sachs 2007 report highlighted that India's GDP per capita will quadruple from 2007 to 2020 and that the Indian GDP will surpass that of the United States before 2050; yet, the report underlined that India will remain a low income country for several decades, with its per capita income remaining well below its BRIC member countries (Brazil, Russia and China). According to the Tendulkar Committee Report (2011), the number of people below the poverty line was a high 37.2% based on 2004 statistics instead of the estimated 27.5%.² The 61st round of National Sample Survey Organisation indicated that urban poverty in India remains high, at over 25 per cent and during the decade between 1993-94 and 2004-05, urban poverty has increased by about 5.8% in India.

India has the second highest number of financially excluded households in the world estimated at about 135 million; and about 51 percent of India's population is financially underserved. Overall, only 59% of adult population have bank accounts – in other words 41 % of the population is unbanked. In rural areas, the coverage is 39% against 60% in urban areas (Thorat, 2007). Evidence shows that 58 per cent of low income urban workers had no financial savings while life insurance had penetrated only 19 per cent of low income households. Raghuram Rajan's Report (2008) indicated that 40% of India's earning population had no savings. Only 34% of the lowest income quartile had savings, and only 18% had a bank account. In comparison, 92% had savings and 86% had bank accounts from the highest income quartile. Likewise, of the 30% of the lowest income quartile who had taken a loan in the last 2 years, only 3% had taken loans from the banks, while 8% of the highest income quartile had taken loans from banks which was about half of all loans taken by them (16%). Krishnaswamy, K (2011) reported that among the low income customers in India, savings practice rises with income. While 52% of the lowest quartile do not report savings, this reduces to 21% in the highest quartile. Conversely, saving at a bank is 51% in the highest quartile, dropping to 21% in the lowest quartile. In effect, low income leads to low savings, thus acting as a restraining factor in opening a bank account. A survey by Centre for Microfinance (2010) revealed that:- a) those who had no bank account tended to be poorer than those who had access to a bank account; b) the households without a savings account cited insufficient savings, lack of awareness of savings products and lack of need as their primary reasons for not opening a bank account; c) over half (51%) of households in their survey had mobile phones and 36% of households with no savings account own at least one mobile phone and concluded that mobile banking may hold significant potential as a method of providing financial services to the unbanked' (p.18).

Contrary to common misconceptions, research demonstrates that low income households do manage and save their money in one form or another, even if the amount saved is small. A survey conducted by the National Council of Applied Economic Research (NCAER) and Max New York Life Inc. in 2008 – 'How India Earns, Spends and Saves' to gain deeper insights into the savings behaviour of Indian households found that over 81 % of the households save for meeting unforeseen expenses. About 51 % or close to 103 million households park their savings in banks. In other words, 49 % are still outside the coverage of the formal financial system. Thus, the absence of formal savings services results in "financial

² Press note on poverty estimates, Government of India, Planning Commission, January 2011.

exclusion” of vast sections of population. The survey indicated that over a third of the 205.9 million households (landless form 40% of the total households) still prefer to stash cash at home, which does not earn them any return. 49 % of households save their money in informal ways and that when poor have a choice, they save. Another important finding of the survey was that poor households saved despite being in debt.

The banks shun the urban poor due to their mobile habitat, unstable livelihoods, uneven income flows and lack the appropriate eco processes to achieve financial discipline. Consequently, the urban poor are dependent on a number of informal mechanisms and social arrangements that are expensive but convenient in the social urban cultural context in which they live and work. It is estimated that nearly 78% of the low income households are highly dependent on informal sources in India. For instance, a recent study documented that cycle rickshaw pullers, a sizeable segment of urban migrants living on Delhi streets / public spaces or in slum settlements ingeniously use several saving and storing practices (on person/at place of stay , with neighbourhood shopkeepers, with wife / rickshaw owners, concealing money) in spite of their lack of access to banks. Further the study notes that that their resourceful saving and storing practices were determined by their local living conditions, fear of risk of losses, level of trust and ease of availability and convenience (Nandhi, Mani 2010). Ruthven (2002) observed that livelihoods and vulnerability, particularly in urban setting, are important and found that most respondents were regularly leaning on friends and neighbours to cover deficits and to bridge cash flow; they were saving by hiding money at home, giving interest free loans; and most were taking an interest free loan, taking a private loan with interest or a wage advance. Evidence strongly underlines the fact that the poor save despite the institutional and regulatory inadequacies.

Financial inclusion is the route to reach the poor and micro savers by the banking sector. While bank accounts penetration is still relatively low in India, mobile phone usage is on the rise. “In India, only 200 million people have access to a bank account while 811 million have a mobile phone. For a population of 1.2 billion people, this translates into 68 percent having a mobile phone and only 17 percent having a bank account. The numbers speak for themselves: when it comes to reaching the ‘un-banked’ and extending financial inclusion for the larger population, mobile phone is the key,” (Wim Raymaekers).³ According to the Telecom Regulatory Authority of India, the number of wireless subscribers increased in 2009 by 51.4 % to 562.million people over 2008⁴. India has attained near universal telecom access and has one of the lowest –cost retail distribution networks in the world, which can be leveraged to keep transactions costs very low. In this context, mobile money is seen as a chance for the poor and a number of M-Banking initiatives for banking the unbanked are currently underway in India.

RESEARCH CONCERNS

The resounding success of M-Pesa demonstrated that the ubiquitous mobile technology offers considerable potential for lowering transaction costs and providing secure banking services to vast numbers of poor in the developing world. Recent efforts by the Government of India and the Reserve Bank of India has increased the pace of financial inclusion, which as a policy objective seeks to ensure that its population joins the mainstream of economic development. RBI’s proactive stance in pushing the financial

³ As quoted by Wim Raymaekers, Head of Banking Market, SWIFT –Society for Worldwide Interbank Financial Telecommunication, in a news feature by Oommen A.Ninan, ‘Major role of technology in financial inclusion’ <http://www.thehindu.com/business/Industry/article2216563.ece>.

⁴ As reported by Wong Jonathan in his column on corporate treasury news in http://www.financeasia.com/news/170618,the_banker_for_evry_mobile_user.aspx.

inclusion agenda through its mandate of opening 'No frills Account' (NFA) available to low income households through the Business Correspondent route and relaxed KYC norms for low income segments has been continuing with zeal. The Business Correspondence (BC) model has been growing offering savings and insurance to the unbanked. It is estimated that as on 2011, over 30 million customers have been reached through the BC model. Given that large segments of the urban poor in India are financially excluded from getting conventional banking services, mobile banking initiatives offer a banking solution that is simple, economical and available easily.

The burgeoning mobile money models in India target precisely this widespread need for alternative forms of saving for people who are unbanked. Among various such initiatives, EKO is an early mover. EKO⁵ offers a pure cell phone based model on a core banking platform called SimpliBank⁶. (More about EKO in a subsequent section). EKO's SimpliBank mobile money has a major role to play in delivering cost effective financial services to the poor at their doorsteps. EKO's vision in building a low cost financial services infrastructure for the unbanked depends on its transformative outcomes. These transformative outcomes of mobile money can be gauged from two sides of the same coin – that of the provider and end user (customer). While for the provider, the success of mobile money focuses on a macro perspective (for instance, in terms of EKO's ability in outreach, coverage and targets); for the end user the impact of EKO's mobile money centres on the micro unit. In other words, for the 'individual' users, EKO's mobile money is a double edged tool in financially empowering the poor. This is because it doubles up as a phone cum savings account of the user; more importantly, it becomes a medium of transaction in an individual user's everyday economic life.

Several questions that need to be understood are with respect to individual users' response to EKO's mobile money as well as SimpliBank's impact on users' existing informal practices and social arrangements. Some of these questions are: How do the urban poor clients use this innovative financial instrument? Is it used as a saving and a transferring tool? Or, has it been converted ingeniously by individual users far beyond the defined purpose (for example, do members of an informal kitty transfer their contribution regularly to the leader of the *kitty* without meeting him/her personally and thus saving time)? Has it displaced or dispelled the need for existing saving and storage practices by becoming a better substitute? Or, do the users view or treat it as a superior financial device that complements their existing practices (for instance, a homeless migrant labourer giving a special purpose savings regularly to a money guard or a *committee* or a *kitty*⁷ till it becomes a lump sum because money on hand⁸ is claimable for various needs and then it is transferred through EKO's mobile money to repay a loan instalment to the money lender in his home village). Has EKO's SimpliBank conferred new values and beliefs (of self esteem, dignity, confidence, achievement, pride) in the users? How has the transition from informal savings to EKO's mobile money been achieved especially for illiterate and semi-illiterate users? Have there been changes in the social relationships (reciprocal borrowing or lending, interest free loans) due to mobile money? Has the pain of holding 'cash on person' been reduced or are there any other mental calculations

⁵ Operated by EKO Aspire foundation / EKO India Financial Services Private Ltd, New Delhi.

⁶ EKO's SimpliBank is the application or the server that captures all mobile transaction, processes them and then reconciles the same with the core banking systems. This middleware understands transactions done by customers at a retail point and it is designed with mobile phone as its primary transaction interface.

⁷ These are some common informal savings arrangements

⁸ EKO's mobile money saved in the account is convertible into liquid cash any time to buy non-essentials if self-discipline is weak.

(superstitious⁹ or religious) that are behind the individual users' continuation of certain storage practices? These numerous questions underline the fact that along the innovation antenna of mobile money, the individual users for which the innovation is intended may redesign or refine it or modify it to suitable uses in consonance with their socio cultural contexts. In that sense, the success of EKO's mobile money would go beyond the major benefits to users measured in terms of ease of access, reliability, flexibility and affordability. The actual impact of EKO's mobile money lies also in how its product is perceived to benefit the individual users beyond its intended usage and how it has transformed the economic lives of the users.

RESEARCH OBJECTIVE EKO's transformative potential depends, inter alia, on the impact it has on the individual 'users' it serves and is targeting to serve. Time and user adoption of EKO's SimpliBank would expand its mobile money market. In the process of its expansion, it would be useful to understand its impact on the adoption of EKO's mobile money that would offer valuable lessons to the mobile banking industry. Research in understanding about the behaviour of individual users of EKO's SimpliBank, by low income, low literate population is non-existent. A major research objective of the study is to systematically explore about the impact of EKO's mobile money on the savings behaviour and practices of low income users in the urban metropolis of Delhi. Such an inquiry would provide valuable insights to the efforts of mobile banking industry to achieve meaningful financial inclusion as well as arrive at solutions for upgrading its product offerings in tune with user behaviour and needs of its low income target market.

RESEARCH QUESTIONS Some of the research questions addressed in the study are the following:

1. What is the socio-economic impact of EKO's SimpliBank on the savings behaviour of low income target users it serves?
2. How do the users of EKO's mobile money perceive its usage in terms of their existing informal and social savings arrangements?
3. Has EKO's money replaced or displaced or dispelled the needs of using informal saving mechanisms and storage practices?
4. Has EKO's mobile money become a superior savings substitute? Or, has it been perceived as a superior complementary tool in terms of its speed, convenience, and reliability in their continual use of time tested informal social relationships?
5. What are the characteristics of potential users in terms of their adoption behaviour and usage practices? Do they adopt it because there is a match between their needs and EKO's offering?
6. What is the pace of uptake, levels of awareness, trust and ability to transact among its low income users?

⁹ Nandhi, Mani (2010) found that many rickshaw pullers in her sample did not like to count money in front of others because of a superstitious belief that it will invite evil eyes on their money if others were to watch or notice their earned amount besides fear of theft or loss.

7. Are there any direct and indirect effects on non-users of EKO's offering?

Critically, information on these questions would throw useful insights about EKO's impact on its users; besides the momentum of EKO's M-Banking also rests on a number of issues that needs definite answers on its impact. This will determine its growth in terms of coverage and outreach of its targeted low income users. Additionally, the success of financial inclusion efforts of the banking partner depends on whether its efforts in banking the unbanked is not limited to merely opening NFAs to meet the targets but whether it has been able to accomplish far more in terms of actual benefits and usage of such accounts besides reduction of transaction costs and reaching new (unbanked) customers.

1.1 Introduction to EKO Financial Services Limited

EKO, a start up company headquartered in New Delhi is a first mover in the low cost cell phone based model for the "Bank-Led" branchless banking service in India. EKO provides its customers with basic banking, savings and now remittance product through its robust mobile based platform. This platform is uniquely interoperable in that the service works across diverse Mobile Network Operator (MNO) and mobile handset and network of retail agents. EKO acts as a business correspondent to some commercial banks and it tied up with the State Bank of India, India's largest public sector bank in February 2009 to launch a No Frills Account (NFA)¹⁰, a basic savings product called 'SBI's Mini Savings Account' in Delhi, Bihar and some districts of Jharkhand. It has served 912,485 customers through its 1500 customer service points (CSPs) across Delhi, National Capital Region, Bihar and Jharkhand and employs 100 people.¹¹ It was processing, by quarter of financial year 2011, more number of transactions daily (in excess of 20000) and more value of transacted (>\$2.5 million) than all mobile banking initiatives in India aggregated and has enrolled over 150K savings account holders for the State Bank of India and 25K savings account holders for ICICI Bank, India's largest private bank¹².

EKO marketed its SimpliBank mobile banking initiative with the message "*khata hholo, har darwaza kholo*" (Open an account and see how various financial windows open up for you). Due to its low marketing budget, EKO focused on advertising its product through 'street marketing' (hand outs, fliers, street plays, demonstration canopies) to sell its mobile banking services offered on SBI's platter. Additionally, its customer service points (CSPs)¹³ drew the potential customers through demonstration of EKO's application as well as through verbal communication about the product's ease and convenience.

At the time of launch of SBI's mini savings account, EKO offered its service free and did not charge either any account opening fee or transaction fees. During its growth phase and subsequent to a policy notification from the Reserve Bank of India, EKO introduced dual pricing plans in August-September 2010 for its customers. These were basic and premium plans, both of which introduced a common account opening fee of INR 100 (\$ 2) with an

¹⁰ NFA is a basic saving account with no additional features like pass or cheque book, ATM/debit card and can be held with zero bank balance.

¹¹ <http://www.techsangam.com/2011/07/10eko-inida-financial-services-raises-5-5million>

¹² Sourced from an internal circular of Eko Financial Services Pvt.Ltd.2012.

¹³ CSPs are authorised agents or retailers who act as upfront counters, where customers conveniently access the SBI's savings product offered on Eko's mobile banking platform. CSPs or Eko counters are interchangeable terms used in the text.

interest rate of 3.5% on a balance of INR 500. Premium plan¹⁴ had a single transaction fee of INR 100, and was valid for a year with any number of transactions (both deposits and withdrawals) attracting no transaction fees. Basic plan, on the other hand, introduced a flat transaction fee of INR 2 per every transaction – be it a deposit or a withdrawal transaction.¹⁵ Sometime later, in the month of June 2011, EKO introduced a second pricing model where the premium plan was dropped and a new variable pricing model was introduced. The following table illustrates the pricing structure which is currently followed since then.

Table 1: Pricing structure for EKO –SBI Mini Savings Account	
Details	Pricing for customer (INR)
Account opening charges with okeykey booklet	110
Deposits	
INR 1 to INR 399	1
INR 400 to INR 2399	0.25%
INR 2400 to INR 10000	6
Withdrawals	
INR 1 to INR 399	2
INR 400 to INR 2399	0.50%
INR 2400 and above	12 ¹⁶
Account Maintenance charges	4 per month.

Around the same time when the first pricing policy was introduced, EKO also launched its remittance product called ‘*Tatkal*’ with SBI. *Tatkal* is a direct deposit product offered by SBI through its BC channel of EKO. Since its launch, the remittance story was picking up for EKO; hence, EKO sharpened its focus on this new product as its revenue flow improved. A report by *Microsave* indicates that EKO has managed to use this product as the real hook, because it contributes more than 75% of gross transactions, thus improving the business case for not only EKO but also its agents.¹⁷ Since there is a vast unmet need for remittance product, market potential for remittance product in some congested remittance corridors – especially north India is attracting EKO’s growth.¹⁸

¹⁴ In December 2010, EKO discontinued the premium transaction plan. Its account opening charges were INR 110 (with okeykey booklet) and account maintenance charges at Rs.4 per month.

¹⁵ Our field reports indicated that not many customers in the sample were either aware about the introduction of transaction charges or those who were aware about it signed up for the premium plan, which was a better pricing model from consumer perspective.

¹⁶ Since there is a withdrawal limit per transaction fixed at INR 5000, a customer has to pay INR 12 per withdrawal of INR 5000 and if he withdrew a total of INR 10000 in two withdrawals on a day, he has to pay INR 24 for the two withdrawal transactions (that is, Rs.12 per withdrawal of INR 5000) as per the pricing structure.

¹⁷ See ‘Graduating SBI *Tatkal* Customers’, *Microsave* India Focus Note 79, November 2011.

¹⁸ For instance, a report by *Microsave* shows that remittance transactions at Eko’s outlets increased by 36% - from 292,739 in July –September 2011 to 398,386 in October-December 2011. The value of transactions also

EKO closed its *Tatkal* window¹⁹ temporarily during April-May 2011 to strengthen its due diligence requirements for its agents network following certain field level practices of some ambitious agents. After the first shocker in terms of transaction charges introduced in August 2010, temporary closure of EKO counters led to a sense of uncertainty and doubts amongst large number of saving account customers about EKO's future plans. Though its savings product window was functioning, a sense of uncertainty seemed to have prevailed amongst customers. Many agents also expressed a concern that they did not want to lose their customer base for their retail products. As a result, many customers fearing for their saved money in EKO mobile account withdrew most of their saved amount leaving a tiny balance or were forced to withdraw when several agents closed their counters permanently due to certain security deposit related issues with EKO. Subsequently, in the month of June 2011 many of the EKO counters reopened. EKO followed the pricing policy (see Table above) in June 2011.

A look at EKO's revenue model indicates that commissions from remittance transactions accounts for 70-80% of its revenue. The rest of the revenue includes commissions from account opening, deposit and withdrawal transactions. EKO earns a net commission of 10-15% from all transactions and currently loses money on opening accounts.²⁰

grew by 38% to Rs.1.6 billion (US\$36.7 million) in the last quarter of 2011 from Rs .1.2 billion (US\$6.5 million) in July-September 2011. See *Microsave* India Focus Note 68 "SBI Tatkal:From Cash to Cash Cow".

¹⁹ This window/channel is also known as D2C (Direct to Core) deposit or popularly as CBS amongst agents and consumers. Text uses these terms interchangeably.

²⁰ 'Khata kholo Har Darwaza Kholo-Eko's Branchless Banking (Part 2), Vishy on May 12, 2011 in Banking. <http://www.techsangam.com/2011/05/12/khata-kholo-har-darwaza-kholo-ekos-branch...>

Perseverance at Its Best: Loyal To EKO

Jaiswal is a factory worker and started his EKO account in January 2011 at one counter close to his factory in West Delhi. He finds EKO mobile banking suitable for his lifestyle – sharing a rented room with three other factory workers and keeping some cash on person for personal needs after remitting a major portion of the salary to his family. Though he claimed that he has a bank account, his money management practice was indicative of his ‘earn and remit’ and ‘keep some on cash/rented room’ pattern. He felt the advantages of EKO account because he could remit through *Tatkal* and store his remaining money in his EKO mobile account, which he could use as and when needed. He found his saving balance growing steadily because EKO mobile helped him to use money for planned expenses only. In June 2011 his EKO counter closed down and he could not deposit for three months. He found out from his previous CSP about another EKO counter in the area and started to deposit from September 2011. He is happy to have his money safe in EKO mobile account and would continue to use it because it has provided him a secure place to keep his money.

Source: Field notes from interview held on 5th October 2011.

Study Design and Methodology



2. Study Design and Methodology

2.1 Sample: The Approach, Method and Size

The study is in an attempt to understand the impact of the mobile banking on low income users with specific reference to EKO's SimpliBank in the urban metropolis of Delhi. A total of 160 users / customers²¹ were surveyed during August-November 2011 in three districts of New Delhi (West, East and South) using a structured schedule. The study also interviewed some key officials and field managers of EKO, 17 retail agents or CSPs to gauge their perspectives on usage behaviour as well as to cross validate the information gathered from EKO customers. Similarly, to understand the perspectives and experiences of users in a qualitative manner, case studies of EKO customers and focus group discussions with 20 non users of mobile banking form the basis of the data pool for this study. In short, the study uses a combination of quantitative and qualitative method to interpret the findings. Data collection tools developed for the study was piloted and a research team was handpicked to undertake the survey. The principal investigator led the research team in connecting with different EKO agents/CSPs to interview users for the survey.

The sample selection has been purposive because getting access to the EKO users was dependent on the Customer Service Points (CSPs)²² of EKO. EKO's formal permission was obtained to interview its users and CSPs/field level personnel. EKO released a selective list of 69 CSPs (with their addresses and contact details) in three districts in Delhi. First point of selection was, therefore, the CSPs. It was decided to randomly select any CSP who was willing to provide both time and customers' contacts for the survey. Among a large number of CSPs contacted, a few expressed their inability to participate or to help the research team in getting across to their customer base because they had not reopened their EKO counters due to specific reasons even after EKO had restarted its D2C window in June 2011.

Finally, a total of 19 CSPs in three districts provided access to their customers either by giving a list of customers and their contact numbers or by personally introducing customers when they came to operate their EKO mobile account in their counters. Among these customers, any and every one who had the time and willingness to participate in the survey were interviewed. The study attempted to cover fairly an equal proportion of customers drawn from among the EKO counters and the areas surveyed. However, it was quite a challenge to keep the sample balanced either for each area or for every CSP. As some CSPs had fairly a large number of active customers and some had either floating or inactive²³ customers,²⁴ therefore, a minimum of 2 customers and a maximum of 12 customers per CSP were surveyed. In terms of area wise sample, a total of 60 users in the West, 54 users in the South and 46 users in the East Delhi areas were surveyed. Though it was decided to spread out the interviews in 4 different areas simultaneously with the initial survey team, this plan

²¹ Users and Customers are interchangeably used in the text.

²² CSPs are the retail agents authorised by the SBI and EKO. Typically, these agents' counters are called as EKO counters.

²³ Inactive customers were those who had not deposited or transacted in their Eko mobile account for at least 3 or more months mainly due to transaction charges related issues as indicated by a segment of the sample in the survey.

²⁴ It must be pointed out here that just before the commencement of the pilot and main survey in July-August 2011, EKO counters had nearly settled down to normal functioning after approximately two months of temporary closure by the company due to reasons described in chapter 1.

Table 2.1 Users Sample Size (Area wise)

West Delhi	60
South Delhi	54
East Delhi	46
Total	160

was implemented partially due to field level limitations of customer availability, and agents' time and convenience.²⁵

Table 2.2 summarises the research methods used.

Table 2.2: Summary of Research Methods

Method	With Whom?	For what?	How many?
In-depth Interviews (structured Schedules with some open ended questions)	EKO customers	To know about their saving behaviour and practices as a customer of EKO mobile banking and how EKO has affected their savings behaviour?	160 EKO users
Key informant interviews (KIIs)	EKO officials, field personnel and CSPs	To get an overview of EKO's product/s, pricing, growth and company's offer on saving product and its current marketing plans and overall progress in saving product and strategy.	EKO officials from head office, field level personnel including area managers, relationship officer and SBI bank manager. (6 EKO representatives and 17 CSPs)
FGDs	Non users	To understand their savings behaviour, awareness about mobile banking, banking habits etc to get a comparable perspective.	6 (cluster of 3-4 in a group) =20 non-users
Case studies	EKO users	To explore their experiences with EKO mobile banking and whether EKO has helped them to cross over to formal savings mechanism easily, and how and why they use mobile banking; whether there has been any shift in their savings behaviour from informal to formal channel or has there been any turnaround in their saving behaviour and if so, what were the reasons? Case studies are intended to provide insights for policy makers and mobile banking companies / banks to understand the customer needs and usage perspective so as to enable an inclusive strategy for the unbanked poor into the mainstream.	46 case studies

²⁵ Besides, to keep quality check under control, two of the field surveyors were dropped after the initial phase.

Non users in the study were interviewed in the form of focus group discussions of 3 to 4 in each group. It was ensured that these FGDs took place in the same areas as the users live or work. The interviews took place in Hindi. Though there was no specific tool used to identify low income non users, the areas targeted for surveying non users were low income neighbourhoods, where EKO counters were located or users live/work.

Though the data has been collected purposively, it would be prudent to mention that it could be biased for the following reasons

1. Since the field survey was conducted just around the corner of a change in policy of EKO Company to tighten some of its norms for agents and other unspecified issues, there had been a state of flux at the initial customer base of EKO agents and hence, some of the lowest income users may have been excluded.²⁶
2. Study had to restrict its sample selection to a limited list (given by EKO) of CSPs among 300 or more CSPs operating in Delhi and hence, users in many areas were inaccessible.
3. Though non-users were randomly selected it was intended to include three kinds of non users – those who had a mobile bank but no bank account, those who had both and those who had neither a bank account nor a mobile phone. . The non users sample has an inherent limitation because the numbers of non users is not proportionately matching either with the users sample or the non users in the areas covered. In other words, it is not truly representative of non users among low income households in the sampled areas and the researcher's bias in both in the selection of non-users as well as in limiting the numbers of non users is undeniable. Within a limited time frame, the intention was to capture the essence of perceptions of non users about mobile banking and its use and related issues in order to get a comparative angle.

Despite these limitations, an attempt has been made to understand and analyse the findings on the basis of data collected, in order to ascertain the effect of EKO's mobile banking on the low income users and make some recommendations.

²⁶ For instance, one of the oldest CSP of Eko since the time Eko piloted its mobile banking initiative pointed out that most of his customers were poor migrant labourers working in construction sector in Delhi. However, most of this group withdrew their saving balances during April – May 2011. Subsequently and till date as the report is being written, this CSP had not reopened his Eko counter; and the original customer base for Eko mobile banking (saving) account have not resumed their account due to transaction charges on small deposits and withdrawals. This sentiment was shared by most CSPs in the study.



How does the **EKO** user look like?



3. EKO Mobile Banking Users: A Profile

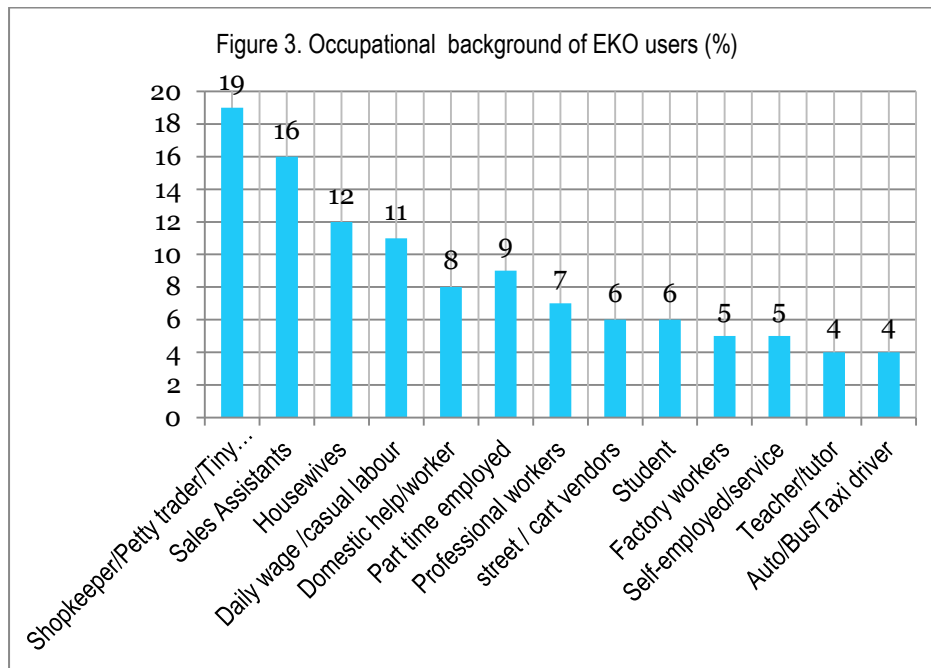
As stated in the methodology, a survey of 160 users and along with the FGDs with non-users was carried out to understand the impact of EKO's SimpliBank on low income users in Delhi.

Demographic Characteristics

Table 3.1 details the profile of EKO users.

Table 3.1 Profile of EKO Users		
Demographic Variables	Number (N)	Percent
Age	32 (Mean)	100
Gender		
Male	122	76%
Female	38	24%
Education		
No Schooling / Sign only	20	12%
Up to Middle school	86	54%
High School /Technical	32	20%
Under graduation and above	31	19%
Occupation		
Shopkeeper/Petty trader/Tiny business	31	19
Sales Assistants	26	16
Housewives	19	12
Daily wage /casual labour	17	11
Domestic help/worker	13	8
Part time employed	13	9
Professional workers	11	7
street / cart vendors	10	6
Student	10	6
Factory workers	8	5
Self-employed/service	8	5
Teacher/tutor	6	4
Auto/Bus/Taxi driver	5	4
Domicile Status		
Temporary Residents/Migrants	36	22
Permanent Residents	124	78
Own Mobile Phone	158	99
Sim card only	3	2
Average period of EKO mobile bank	16 months	
Have a bank account	97	61

EKO users in the sample, on average, were 32 years old. Among the EKO users, the majority (54%) had attended up to middle school and 12 percent had no schooling.



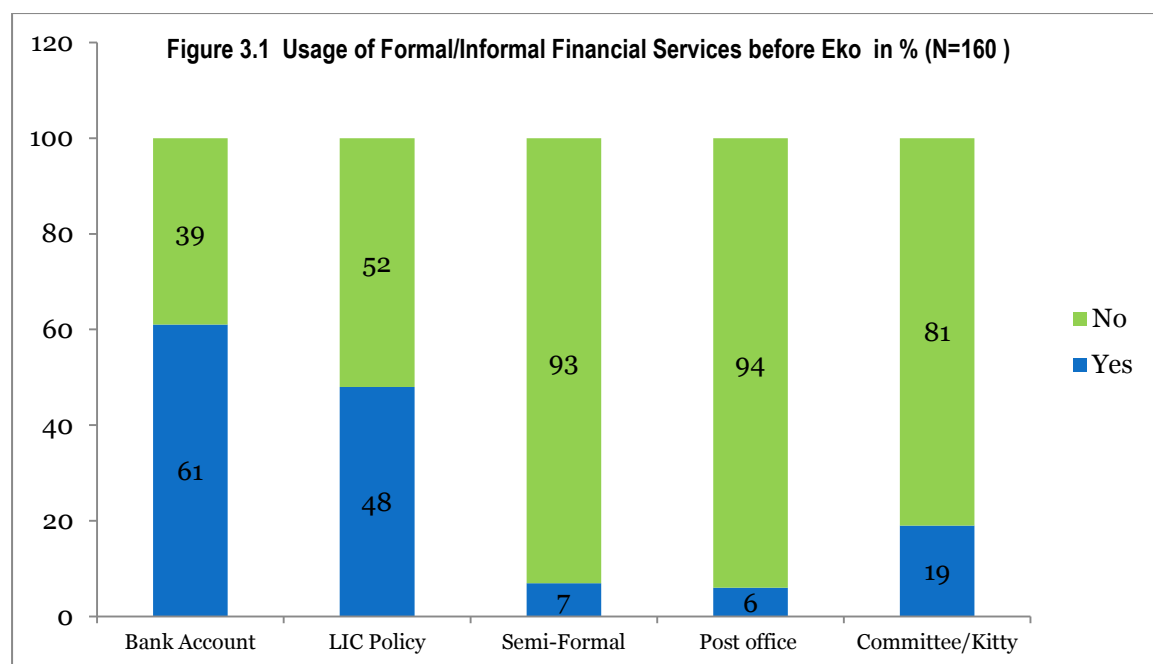
In terms of occupational background (See Figure 3), 31 percent were employed as daily wage/casual labour, factory workers, domestic and professional workers²⁷, 19 percent were shopkeepers/petty traders, followed by sales assistants, housewives and others. Nearly the entire sample owned a mobile phone. Mobile ownership amongst the users was highest at 98% and the ability to borrow a phone with a SIM card ownership was 1%.²⁸ 78 percent of EKO users were permanent residents while 22 percent were migrants /temporary residents. The sample respondents had been EKO customers on average for 16 months since they opened Mini SBI Saving account. 61 % of EKO users in the study had a bank account and 39 percent had no bank account.

Usage of Formal/Informal Financial Services before EKO Mobile Banking

Users in the study were using some form of formal or semi formal financial services before opening EKO mobile account. Figure 3.1 shows different types of financial services (formal or informal) used by them, in response to a question on ‘whether they had any of these financial instruments (bank accounts, LIC, Post office etc) or were members of any semi-formal institutions (Sahara/Peerless) or informal mechanisms like *committee/kitty*’

²⁷ Professional workers included plumbers, tailors, mechanics, etc.

²⁸ A sole woman user had a mobile phone and an additional SIM card, which was used for EKO mobile banking account only to maintain secrecy of her savings account.



Among a sizeable percent (61%) who mentioned having a bank account, 6 percent had not been using a bank account for various reasons including inadequate capacity to save because of low income. 39 % EKO users had no bank accounts. 48 % EKO users had a life insurance policy while 19 percent were members of committee/kitty²⁹. Among the non users with bank accounts, 3 had a joint account with their spouses and three had an account in their village and two were rarely using their bank accounts.

Table 3.2 and Figures 3.2 (a) and 3.2 (b) present the income characteristics of EKO users in the study.

Table 3.2: Monthly Income of EKO users

	Percent	Mean (INR)	Mean (USD)	Median (INR)	Median (USD)
Entire Sample	100	8089	162	6000	120
< INR 5000	26	3367	67	3850	77
INR 5000 - 8000	48	6050	121	6000	120
> INR 8000	26	17560	351	14000	280

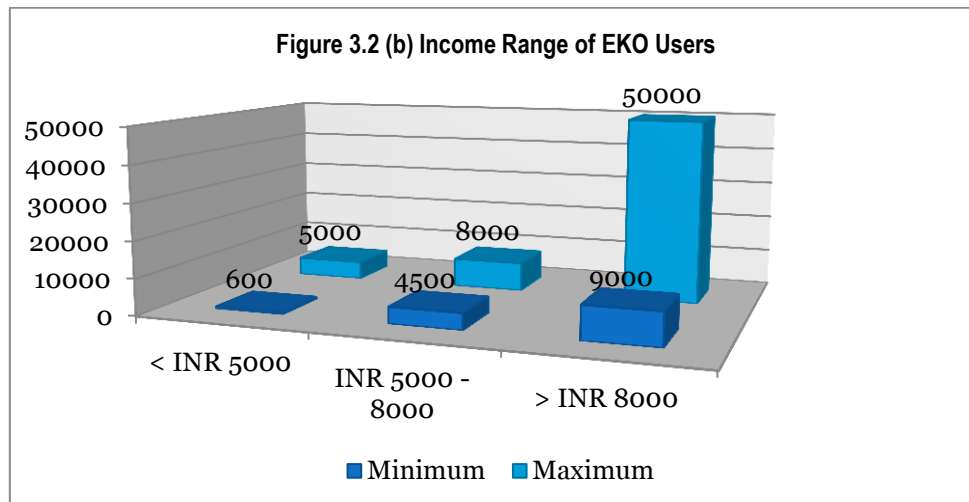
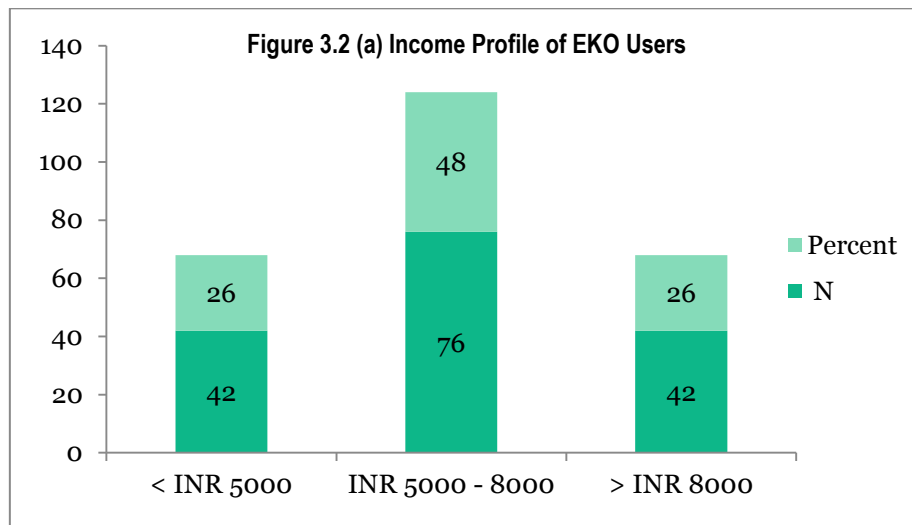
EKO customers surveyed in the study were classified in three income brackets – those falling under less than INR 5000 (\$100)³⁰ per month, those falling between INR 5000 to 8000 (\$100 to 160) and those with more than INR 8000 (\$160).³¹ It should be noted that assuming a household size of 4 members and an average inflation rate of 9 % (and food inflation hovering around 11 to 12 % by end of October 2011 – the year during which this research

²⁹ Kitty is a group of members pooling a certain amount of money every month, which is auctioned or is given in full to members in turn through a draw of lots. Similarly, committee is a popular method of saving among small /tiny business owners and is also known as ‘lottery’ system. Both fall in the purview of informal saving mechanism.

³⁰ The exchange rate of 1 USD is equal to INR 50 in the study.

³¹ EKO uses four income categories in the application form for SBI mini savings account – less than Rs.3000, Rs.3000-5000, Rs.5000-8000 and Rs.>8000.

was conducted, first two income quartiles can safely be considered as low income consumers.³² While the sample mean and median income lies between INR 8089 and INR 6000, the range of minimum and maximum stood at INR 600³³ and 50000.

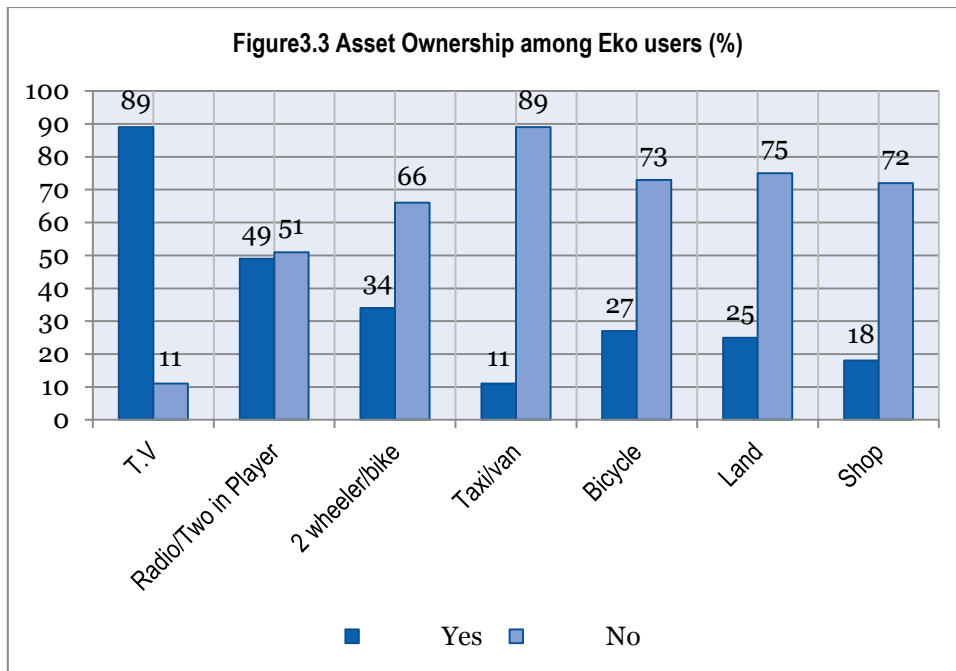


Asset Ownership

Figure 3.3 gives a bird's eye view of assets owned by EKO users in the study. In classifying the income profile of EKO customers, asset ownership was treated as a standalone variable for study purposes.

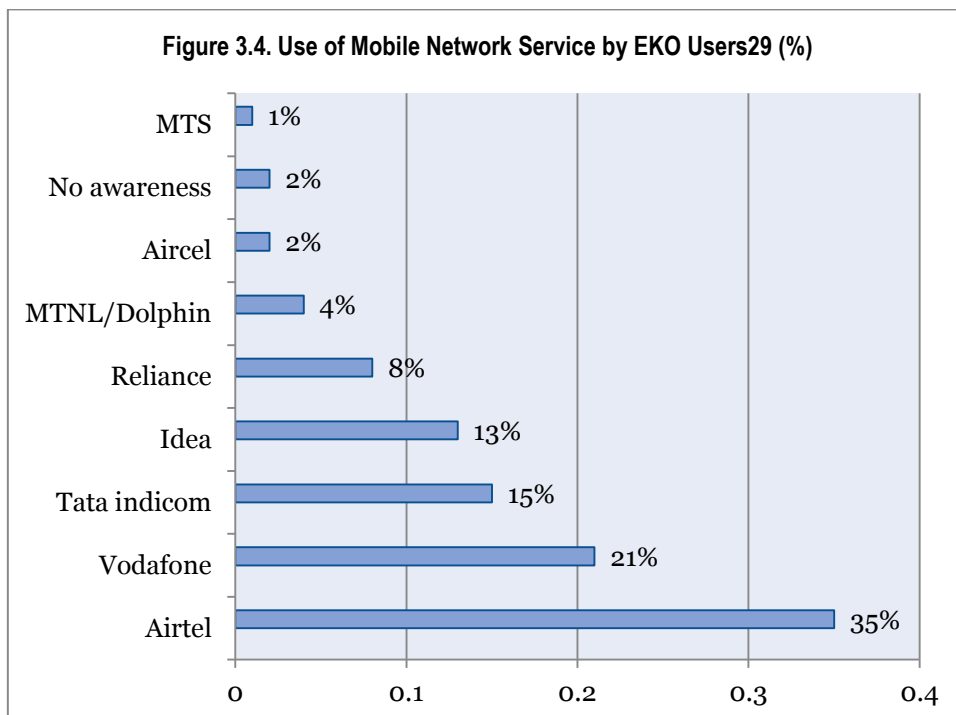
³² Income profile of Eko users with no bank accounts and with bank accounts is presented in Appendix (See Table A.1 a and b)

³³ The minimum range of INR 600 indicates not 'income earned' but 'pocket money income' per month received by one young school student from his parents.



Mobile Service Provider of EKO Users

EKO mobile bank users' were using services of 8 different mobile network operators as seen in Figure 3.4 below.



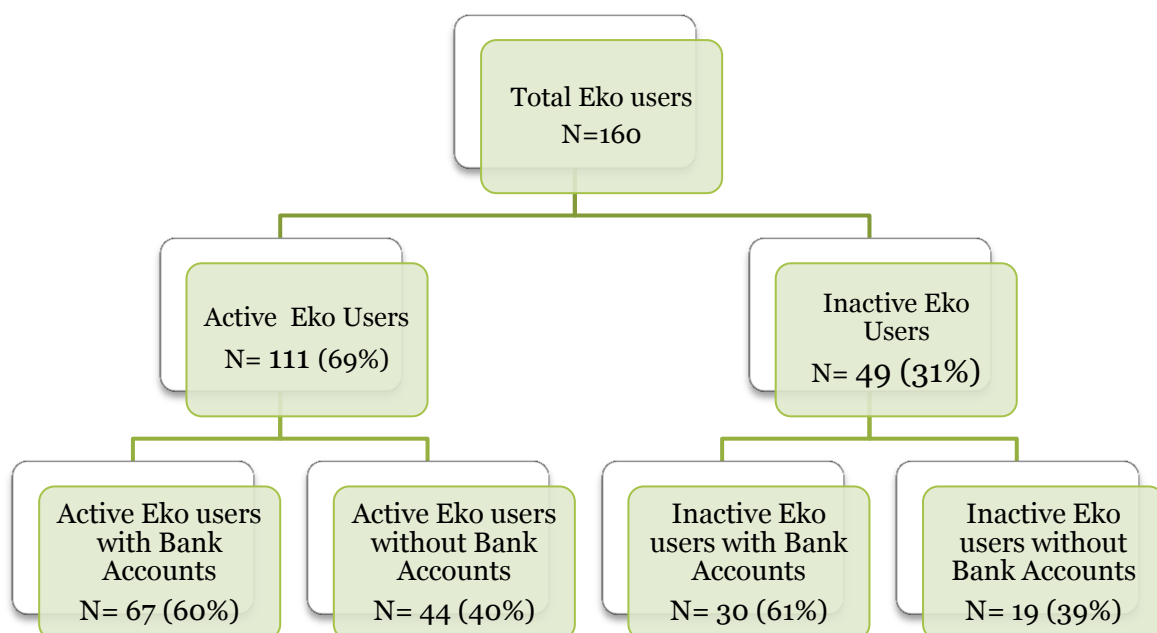
Some key indicators of non users' profile along with their method of savings is detailed in Table A.2 in Appendix. Socio-economic characteristics of non users sample are near comparable levels with the users' sample in the study. A discreet caveat is in order here. As mentioned earlier, non-users were randomly selected and included three kinds of non users – those who had a mobile bank but no bank account, those who had both and those who had neither a bank account nor a mobile phone. The non users sample has an inherent limitation because the numbers of non users is not proportionately matching either with the users sample or the non users in the areas covered. In other words, it is not truly representative of non users among low income households in the sampled areas and the researcher's bias in both in the selection of non-users as well as in limiting the numbers of non users is undeniable. Within a limited time frame, the intention was to capture the essence of perceptions of non users about mobile banking and its use and related issues in order to get a comparative angle.

Users Sample at a Glance

Classification of EKO Users

EKO users in the study were classified on the basis of:

1. their usage – i.e. whether they were active users or inactive users;
2. their bank account status combined with active usage – i.e. those who were active with bank accounts or active without bank accounts (i.e. active Eko mobile account users); and
3. their bank account status combined with inactive usage – i.e. who were inactive with bank accounts and inactive without bank accounts (i.e. inactive Eko mobile account users).



At times, the above classification is used for interpreting the data, wherever possible. It may be seen from the above chart, the users sample in the study is disaggregated in the following manner: Out of 160 users surveyed, 69% were found to be active users and 31% were inactive users. Active users, in turn, comprised of those with bank accounts (60%) and without bank accounts (40%). Similarly, inactive users consisted of those with bank accounts (61%) and without bank accounts (39%).

It may be remembered, as mentioned in the introductory section (see figure below), that the users sample in terms of their bank account and non-bank account status consisted of those with bank accounts (61%) and without bank accounts (39%)³⁴.



³⁴ Refer Section 3.

Savings Behaviour, Practices and EKO Mobile Money



4. Savings Behaviour and Practices and EKO Mobile Money

This chapter analyses the savings behaviour of EKO users to understand how and what difference EKO's mobile money has made in their every day's lives and on their savings practices and arrangements. To assess the effect of EKO mobile banking on the users in the study, it was envisaged that if the user perception was favourable in terms of situations with respect to capacity to save, increased saving or change from a situation of 'not able to save' status to 'able to save' status, shift from risky informal saving practices to secure saving in EKO mobile banking, reduction of temptation /trivial expenses, formation of saving habit, -- it was inferred as having a positive effect on the savings behaviour. Conversely, if there was any negative perception/experience on any of the pertinent factors / determinants related to their saving in EKO mobile banking account, it was inferred as a 'swing back' effect in their usage patterns. This section is organised as follows. First, basic aspects on savings, usage behaviour of EKO mobile banking are analyzed. This is followed by findings on perceptions about various outcomes experienced by EKO users in their saving behaviour and practices.

SECTION A

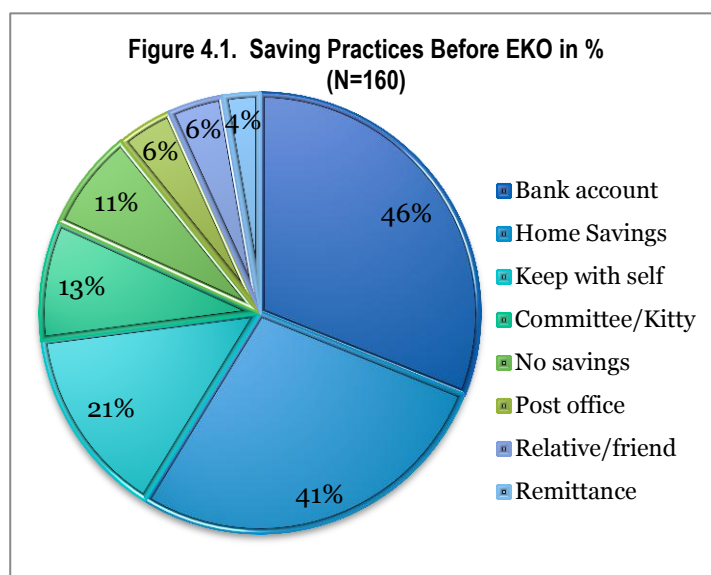
Saving Practices before EKO Mobile Banking

Figure 4.2³⁵ indicates the different forms of saving practices used by the sample respondents (users) before they opened the EKO mobile banking account. Results indicate that 54 % were saving in formal (banks, post office and LIC) and 81 percent were using informal savings mechanisms (hoarding at home, keep with self / money guard, committee/kitty) and 11 percent of the users had no savings due to insufficient earnings. While 43% (69 out

of 97 users) with bank accounts were saving in their bank accounts, 3 % without bank accounts were parking their savings in their relative's accounts.

Saving Practice after EKO Mobile Banking Account.

In response to a question 'Do you always deposit your savings/earnings/money after opening EKO mobile account?' 3 responses emerged. While 36 % users stated that they deposited only in EKO mobile account (see below Rahul's case),³⁶ 46% did not deposit or save only in EKO and 18% stated that they were depositing for sometime initially in EKO only but were currently not depositing in EKO mobile account (Refer Table 4.1).



³⁵ This figure relates to a specific question on 'Before opening the EKO account, where did you keep your savings / money? It refers to only savings (formal or informal). Cumulative is >100% due to multiple options.

³⁶ Names have been changed in the case studies to protect the identity of users surveyed in the sample.

Table 4.1 Saving Only in EKO Mobile Banking (Percent)		
After opening Eko mobile account, do you save / deposit in Eko only?	N	%
YES	58	36
NO	74	46
For some time YES, but currently NO	28	18
If No, other forms of savings used ³⁷		
Bank account	57	36
Saving at home	13	8
Committee/kitty	10	6
Relative/friend	8	5
Post office, LIC	7	5
Semi-formal	2	1
Initially Yes, but currently NO and currently saving in the following:		
At home	21	13
Bank account	4	3
Union Bank Nokia Money	10	6
Relative/friend	2	1
Post office	2	1

Save only in EKO Mini Savings Account

19 year old Rahul, a factory hand is an ardent fan of EKO mobile banking account and boasts about having a safe saving method to his fellow workers. Before his EKO account, he was contributing to a *Committee* among his factory workers and was also saving at his rented room shared with his brothers. But a constant fight between his brothers about ownership of money was anguishing till he chanced upon an EKO board at a telecom shop. After convinced about its safety he opened his account. Since he got his EKO mobile banking account 5 months back, he is a happy user. He saves all his money in EKO and once money accumulates he withdraws and remits through courier. When asked why he is not sending through the *tatkal* service available at the EKO counter, he replied that his parents do not have a bank account as well as there is no EKO counter in his village. Moreover, since his parents are illiterate, they feel comfortable to receive his money through the *courier* service.

Source: Field Notes from Interview held on 18th August 2011.

³⁷ Percentages do not add up to 'given %' in Row 2 or 3 since users save in more than one form.

A disaggregation of responses from Table 4.1 reveals the following:

- i. Of those who deposited only in EKO mobile account, expectedly higher percent (48%) were users without bank accounts (30 out of 63 users without bank accounts) in comparison to 29% users (28 out of 97 users) with bank accounts.
- ii. Of those who did not deposit only in EKO, higher percent were users with bank accounts (61%) in comparison to 24% of users without bank accounts.
- iii. Of those who deposited for sometime initially in EKO but were currently not depositing in EKO mobile account, 29% were users without bank accounts and 10 % were with bank accounts.
- iv. A close reading of the responses (combining responses on Yes plus initially Yes, but currently No, reveal that 54% of the users were saving only in EKO after they started EKO mobile banking account; but 18 % stepped back from saving in EKO mobile banking account. A clear reason cited by these users was that they stopped saving in EKO mobile account subsequent to the change in the pricing policy introduced by EKO (See Lakhan's case study below).
- v. In effect, the above finding (iv) implies that a higher percent of users (77%) without bank accounts were saving only in EKO after they had opened EKO mobile banking account{refer (i) and (iii)}.

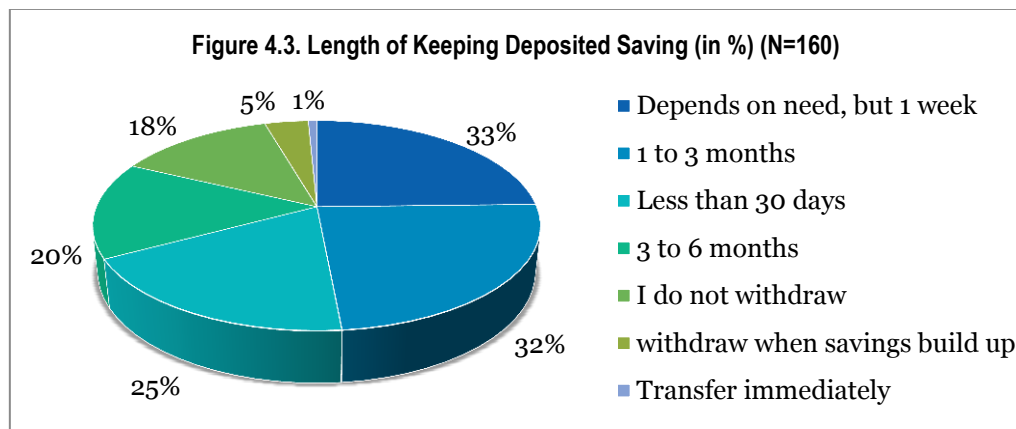
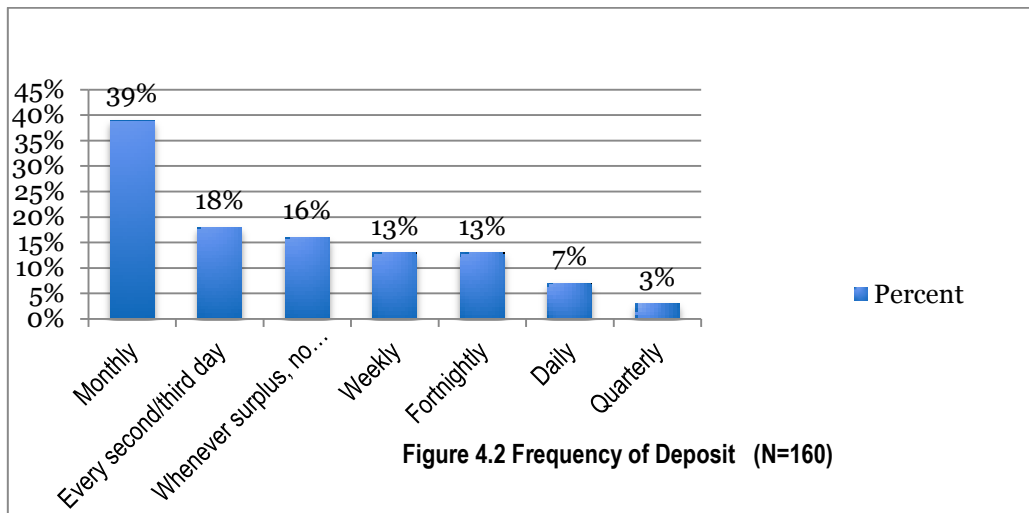
When asked a related question- 'If No, what are the other methods of savings used by you?' Table 4.1 indicates the other modes of savings currently used by a segment of the EKO users. From Table 4.1³⁸, it may also be seen that those users who were initially saving only in EKO had reverted back to save again in some of the methods used earlier by them– both formal (bank account) and informal (saving at home, friends/relatives) as well as in a new method - a competitor's product (Nokia Union Bank mobile money). (More on this in the following Section B).

³⁸ Percentages do not add up to 100% due to multiple responses.

Saving Frequency, Length of Keeping Savings in EKO Mobile Account

Figure 4.2³⁹ presents the frequency of depositing cash in EKO mobile account. By and large, 39% users save on a monthly basis, 18 % every second or third day, 16% whenever they have a surplus, 13% weekly or fortnightly. 7 % users reported saving daily. 3% users reported saving quarterly.

Figure 4.3 shows the length of period of keeping savings in EKO mobile account.⁴⁰ Overall, 33% users kept savings in EKO for at least a week, 32 % between 1 and 3 months, 25% for less than a month, and 20% retained their savings in EKO mobile account between 3 and 6 months.



An interesting finding, as seen in Figure 4.3⁴¹ is that 18% EKO users do not withdraw what they have deposited in their EKO mobile banking account (Read Naina Devi's case below).

³⁹ Percentages do not add up to 100% due to multiple responses.

⁴⁰ It is to be noted that necessary caution was taken to record the responses of inactive users on such questions by specifically asking them to answer based on 'when they were depositing in Eko, what was their behaviour' on issues related to this section and elsewhere.

⁴¹ Percentages do not add up to 100% due to multiple responses.

EKO Mobile Money Is Not For Withdrawal

Naina Devi, a widow with 3 young children gets about INR 4000 through tuition. She had an insurance policy prior to opening EKO account. She has a bank account, which is presumably used to access money/pension of her deceased husband. Her main mode of storing money was at home only, which was invariably spent. She stated 'when I have money on hand and when children demand for any of their needs, I cannot refuse to meet their expenses especially when I have liquid cash at home'. Her resolution to keep aside any extra money could materialize only when she got the EKO mobile account a year ago. She ensures that any extra money on hand is deposited in EKO and she does not like to withdraw (except if needed, in compelling circumstances). She has not withdrawn her deposited amount so far. As the counter is close to her residence, she finds it convenient to use it any time. She also saves in EKO to pay for her monthly LIC premium amount.

Source: Field notes of interview held on 21st August 2011

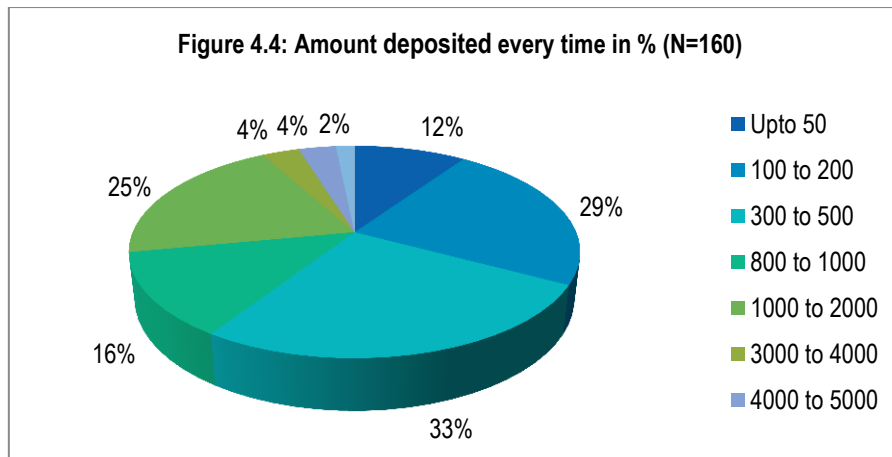
Another 5 % users indicated that they withdraw when saved amount accumulates to a useful lump sum for meeting a planned expense. (Read Ram and Sham's story below).

Figure 4.4 presents the amount deposited in EKO account every time by users. While 33% users deposited sums varying between US\$ 6 and \$ 10; 29% users deposited between \$ 2 and \$4, followed by 25 % who had deposited higher amounts varying between \$20 and \$40, and 16% users had deposited between \$16 and \$20.

Saving Every Rupee Little by Little for a Planned Expense and No Premature Withdrawal

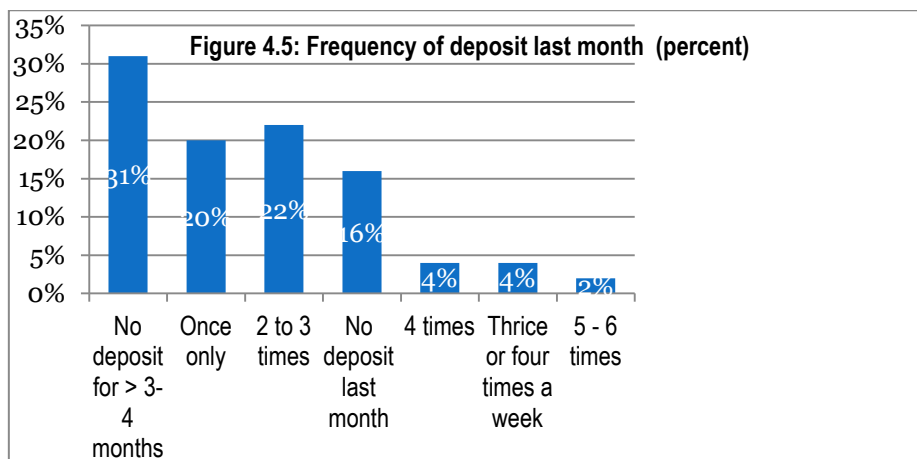
What do the 19 years old Ram and Sham have in common? While Ram is a helper in a Photostat shop, Sham is a peon in a polytechnic and both are students of open school. Both earn INR 4000 (\$ 80) per month. While both claimed that they have a bank account, their getting an EKO has been a booster because they are consciously depositing tiny amounts varying between INR 10 to INR 50 (\$.2 to \$1) every second or third day to fulfil their desire of completing their school certificate through open school. Both stopped storing cash at their rented room and what they put in EKO had not been withdrawn by them in their 1 and ½ years of opening their mobile account. They save in EKO because they are determined not to withdraw it for any other need.

Source: Field notes of interview held on 12th and 13th September 2011.



Saving Frequency, Length of Keeping Saved Amount, Saving Deposits and Withdrawals during the Last Month.

Saving Frequency: Figure 4.5 shows that 31% users had not deposited any cash in EKO mobile banking for at least a minimum period of 3 months and more. Two reasons were given by this segment of 49 users, who are treated as inactive. One, they stopped saving in EKO mobile account after the transaction charges were levied on their deposits and withdrawals; instead they reverted back to methods used by them prior to adopting EKO mobile banking – for instance, to deposit their savings in their bank account, or to store at home or in Nokia money.



About 42% users deposited either once only or couple of times in EKO mobile banking account during the previous month. 16% users did not deposit any money last month in EKO mobile account. About 6% deposited 4 to 6 times in the last month and 4% deposited 3 or 4 times a week during the last month.

Deposits in EKO: Table 4.2 (a) presents the amount of deposit by period and Table 4.2 (b) shows the amount of deposit in EKO mobile account by users during the last month.

Table 4.2 (a) Amount of Deposit by Period						
	N	Percent	Total	Mean	Minimum	Maximum
Amount in last 7 days	45	28%	88250	1961	50	12000
No Deposit last 7 days	66	41%	x	x	x	x
No Deposit for > 3 to 4 months	49	31%	x	x	x	x
If no deposit for 3-4 months, then						
Amt during Jan - March 2011	12	8%	33657	2804	100	21000
Amt during April-June 2011	23	14%	46570	2024	100	20000
Amt during July-August 2011	42	26%	96000	2285	100	12000

Last Seven Days Deposit in EKO: Only 28 % EKO users had, on average, deposited INR 1961 (\$ 39) in the last seven days (prior to their interview dates). Overall 72 % users had not deposited any amount in the last seven days, out of which 31 % reported having made no deposit in their EKO mobile banking account for a minimum period of 3 or more months. The study treats them as inactive⁴² users. The amounts reported for 3 time periods (January-March, 2011, April-June 2011 and July-August 2011) indicate an average of INR 2804, INR 2024 and INR 2285 respectively.⁴³

Last Month Deposit in EKO: EKO users deposited, on average, INR 1304 (\$ 26) during the last month and the minimum and maximum deposited last month in EKO mobile saving account was INR 10 (\$0.2) and INR 10000 (\$ 200).

Table 4.2 (b): Amount of Deposit last month (in INR)						
	N	Total	Mean	Percent	Maximum	Minimum
Amount deposited	85	191210	1304	53	10000	10
No deposit last month	26			16		
No deposit for >3 -4 months	49			31		

Withdrawals from EKO: 54% EKO mobile banking users had withdrawn an average of INR 1908 (\$ 38) last month and an absolute amount of INR 166000 (\$3320) last month. The minimum and maximum amounts of withdrawal stood at INR 20 and INR 10000. 4 % users had not withdrawn their savings from EKO mobile banking account till date. And 41 % did

⁴² Eko Financial Services Ltd defines 'Active customer as one who has done at least one financial transaction (deposit, withdrawal or transfer) in the past 90 days'.

⁴³ The reported amounts are based on the users' information mentioning the period and amount of deposit. For instance, during the interviews conducted in September 2011, wherever the respondent had not deposited during the previous 3 months, but prior to that period, by and large, he or she cited the month and amount of deposit. It is to be noted that the users were able to provide such information because many users were disillusioned about the deduction of charges from their mobile account on their small deposits or withdrawals and remembered when and why they decided to step aside from the EKO's service. A careful recording of such responses was then classified for respective quarter in Table 4.2 (a).

not withdraw any money last month. However, many of them had withdrawn cash from their EKO accounts earlier which is seen in Table 4.3.⁴⁴

Table 4.3: Amount of Withdrawal Last Month (in INR)						
	N	Total	Percent	Mean	Maximum	Minimum
Amount withdrawn	87	166000	54	1908	10000	20
No withdrawal till now	7		4			
No withdrawal last month or withdrew earlier	66		41			
Amount withdrawn during:						
January - March 2011	20	39610	13	1981	10000	10
April - June 2011	33	112230	21	3401	25000	100
July-September 2011	34	88450	21	2601	20000	200
In October 2011	8	20400	5	2550	10000	100

A cursory glance at Table 4.3 seems to indicate somewhat an unusual pattern. This observation is made at the risk of oversimplification. From the reported figures of withdrawal amounts, the average amount of withdrawal during April-June 2011 is highest, followed by the period July-September 2011. Though the official data available⁴⁵ to support this intuitive inference is restricted; but they seem to indicate a sense of the impact of pricing introduced in June 2011.⁴⁶ Table A.3 in Appendix presents the official data about the pricing impact. This limited data indicates that there has been a downward trend of the saving product of EKO mobile banking in terms of both deposits and withdrawals.

Saving Balances

Table 4.4 presents notional estimates of the saving balances of the users during the preceding month as well as their current saving balance.

⁴⁴ The reported amounts are based on the users' information mentioning the period and amount of withdrawal. For instance, during the interviews conducted in August 2011, wherever the respondent had not withdrawn during the previous month –i.e. July 2011, he or she cited that she did not withdraw during July 2011 but during June or any other earlier months of 2011. A careful recording of such responses was then classified for respective quarters/months in Table 4.3.

⁴⁵ Whatever information the author could get from the Eko Financial Services Ltd about transaction flows in Delhi region is limited. But our field survey indicates about the heightened activity of withdrawals as well as reduced activity of deposits by EKO consumers due to the transaction charges.

Besides, the fact that 31% of users in the study had stopped depositing/ transacting for a minimum period of 3 months or more, and their reasons - both for not depositing or withdrawing their savings from Eko mobile account - were a clear pointer about the negative effect of transaction charges on the saving behaviour.

⁴⁶ No official data from Eko financial Services was obtainable about the impact of pricing introduced in August-September 2010.

Table 4.4 (a) Saving Balance of All Users (in INR)						
	N	Percent	Total	Mean	Maximum	Minimum
Last Month balance	144	90	705230	4897	100000	6
Nil Balance	16	10				
Current Balance	151	94	613617	4064	100000	2
Nil Balance	9	6				
(a) Saving Balance of Active Users in INR (N=111)						
	N	Percent	Total	Mean	Maximum	Minimum
Last Month balance	105	95	663075	6315	100000	15
Nil Balance	6	5				
Current Balance	109	98	576463	5289	100000	2
Nil Balance	2	2				
(c) Saving Balance of Inactive Users in INR(N=49)						
	N	Percent	Total	Mean	Maximum	Minimum
Last Month balance	38	78	42155	1109	16000	6
Nil Balance	9					
Do Not Remember	2					
Current Balance	42	86	37154	885	16000	3
Nil Balance	7					
Inactive Users without Bank A/c						
Last Month balance	17	35	6539	385	2400	25
Nil Balance	2	1				
No Response	2	1				
Current Balance	18	11	5434	302	2000	25
Nil Balance	1	1				
Inactive with Bank A/c						
Last Month balance	20	13	35616	1781	16000	6
Nil Balance	7	4				
Current Balance	24	15	31720	1322	16000	3
Nil Balance	6	4				

A review of Table 4.4 reveals that, in general, the average saving balances (both during the last month and the current balance) of active users is much higher than that of inactive users. Two developments reasonably had its effect on the usage behaviour– one, due to the suddenly introduced transaction charges by EKO, and secondly due to the unexpected closing of EKO counters during April-May 2011 (ostensibly for strengthening the due diligence requirements of EKO retail agents' network) led to a knee jerk reaction from a segment of the users and hence, a drop in the savings balances and subsequently to an inactive usage of EKO mobile banking account⁴⁷ (Read Kishore's case next page).

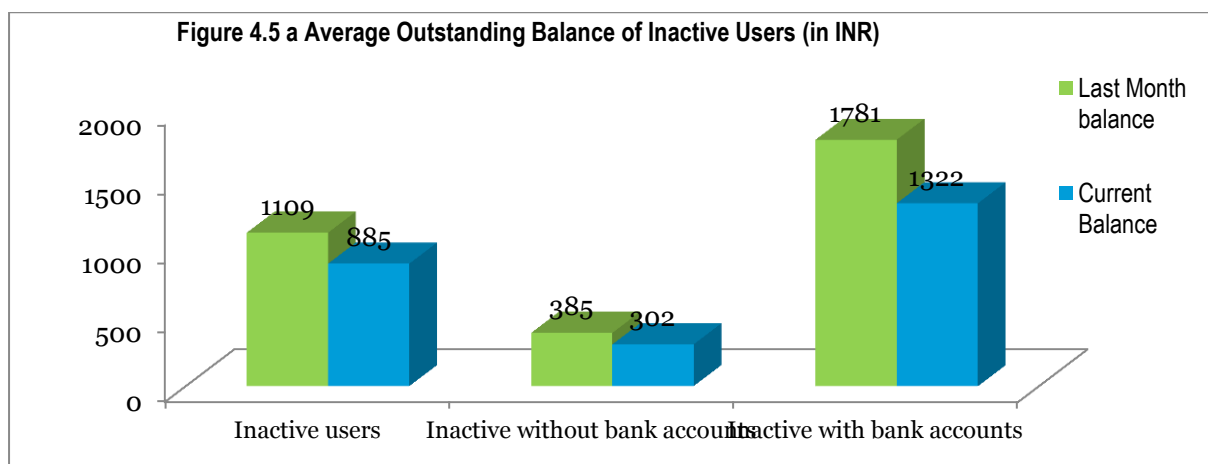
⁴⁷ Most of the CSPs confirmed about the customer anxiety about the safety of their savings and consequent withdrawal of deposits by a large number of users. In fact, the number of active customers using the saving product dwindled as the effect of transaction charges were felt especially by poor users across all the agents interviewed. One CSP commented that now he serves on average 20 to 30 active to floating customers per month in comparison to pre-transaction period when he served a large clientele of poor customers (especially labour class and students), whose transactions ranged between INR10 to INR 50.

Withdraw Bulk Savings from EKO, Leave a Small Balance And Swing Back to Saving at Home

Ronit is an unbanked petty trader. Before his EKO account opened about 15 months ago, he kept all his earnings/savings with self only. He felt happy to find a safe save option and to avoid unnecessary expenses by depositing in EKO at least once a week. Moreover, EKO account was useful to withdraw money anytime, which benefitted him in his trading activity. However, when his account balance showed transaction charges for both deposits and withdrawals, he felt it was not beneficial for him to use EKO because he was being charged per transaction irrespective of amount deposited or withdrawn. He decided to stop transacting in EKO and withdrew most of his savings leaving behind a small amount of INR 100. His last transaction was in February 2011. He went back to saving with self and to deposit his money in a chit fund, which he started around the time his EKO account was opened.

Source: Field notes from interview held on 7th August 2011.

Another revelation from Table 4.4 (c) is that the average saving balances of inactive users without bank accounts is found to be lower than that of the inactive users with bank accounts (Refer figure 4.5a). It should be noted here that this segment of users who became inactive have not withdrawn completely from the mobile banking service. They have left a tiny balance amount (Read Ronit's case above) with a hope to resume saving in their EKO mobile account if there is a roll back on transaction charges.



Good Saving Balance in EKO
But
Downturn in Saving Balance and Saving Practice

Kishore sells *Chole Bhature* on different places wherever weekly pavement market functions on different days in each location. He was spending much of his time for depositing his money at his bank branch at least twice a week. He had a set pattern of saving his money. He used to store his surplus earnings in a small money bag and when it grew into INR 300 to INR1000 (\$ 6 to \$ 20), he deposited in his bank account. After he got his EKO mobile account, the pattern of saving continued but instead of depositing in the bank, he deposited in his mobile account thus saving valuable time and energy. During the two years he had used the EKO account, he was happy because it enabled him to withdraw or deposit in small amounts whenever he needed for his small business or for personal needs. Besides, EKO account enabled his savings to grow. In the month of March 2011, his savings stood around INR 20000 (\$400). When his EKO counter was closed in May 2011, he panicked that his savings may be lost and withdrew most of his money leaving a small balance of INR 200 (\$ 4) and went back to his earlier practice of using the bank account. He would like to switch to EKO again but it depends on the transaction charges policy.

Source: Field Notes from interview held on 17th August 2011.

Use of EKO Mobile Money One question fielded to the users was ‘What do you do with the money deposited in EKO account?’ Table 4.5 (Table A.10 in the appendix)⁴⁸ presents a bird’s eye view of users’ responses. It should be mentioned here that the initial intention was to find out whether users had adopted EKO mobile banking for transacting from mobile to mobile for some of the transactions – like payment of LIC premium, or sending contribution of *kitty/Committee* money to the group leader/member or to make payment for supplies or purchases. However, after the initial few interviews of the survey, the research team found that this type of mobile to mobile transactions⁴⁹ were not found to be prevalent amongst its users sample, barring one following exception.

Only one kind of mobile to mobile transaction was found to be prevalent - for recharging their mobile airtime accounts. Most of the users could do so by calling their EKO counters on their mobiles because their CSPs happened to be either telecom retailers or retailers offering recharge cards along with other products and hence, their recharge was transacted from their CSP’s mobile account to their mobile accounts.

⁴⁸ Table A.10 in the appendix is culled out from responses to an unstructured question on ‘any other observations’.

⁴⁹ In some of the interviews when it was inquired why was the idea of mobile to mobile transactions were not done or thought about as a convenience, a few of the users stated that it was not needed because most of the time, for instance, they were in regular personal touch with either their Committee/Kitty member/s or their suppliers because of their geographical proximity.

Table 4.5: What do you do with the deposited money in EKO?

	All users		Active Users		Inactive Users	
	N	%	N	%	N	%
Keep it saved in mobile always	132	83	96	86	36	73
Keep it for emergencies/ unexpected needs	139	87	98	88	41	84
Deposit small to build lump sum	121	76	84	76	37	76
Send money to family in small amts	27	17	20	18	7	14
Store in to contribute to Kitty/Committee/LIC	12	8	11	10	1	2
Buy cell phone recharge	48	30	38	34	10	20
Store in EKO for personal use	23	14	13	12	10	20
Use for gifts on ceremonies, festivals.	21	13	20	18	1	2
Pay salary to employees and suppliers on time	7	4	6	5	1	2
Pay school /tuition fees/rent on time	18	11	14	13	4	8
Sundry uses	20	13	12	11	8	16

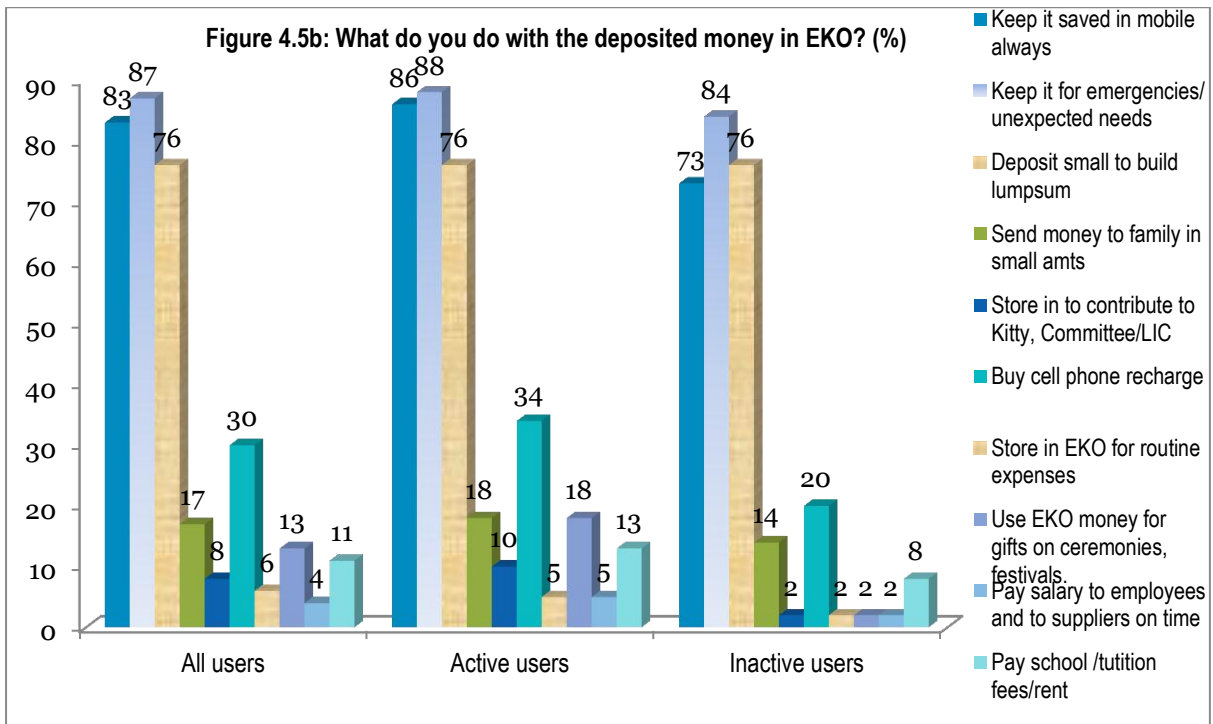


Table 4.5 reveals the responses of the entire sample of users, as well as for both active and inactive users' sub-samples. Three major reasons given by all the users were found to be consistent with those given by active as well as inactive users' sub-samples.

EKO for emergencies

1. 'My wife always used to nag me for saving some amount in the bank. I did not tell her about EKO savings. One night she fell ill and I did not have enough money to take her to the hospital. I told my wife to wait for 15 minutes, I went to the agent's residence cum counter, and I withdrew INR 3500 (\$70) from my EKO account and took her to the hospital. I told my wife' if I had saved extra money in bank I could not have withdrawn at this time, but EKO mobile account has helped us in this emergency. My wife was happily surprised about my EKO savings and approved' said Santosh, a construction labourer.

2. "Yes, I remember one incident. I was at my rented room and was unwell and down with high fever. Both my roommate and brother were at work. I decided to go to the doctor but no money was with me. First I thought of going to ATM and withdraw, but was feeling too weak to do that, then I took a rickshaw to the doctor. On my way I stopped at EKO counter, withdrew INR500 (\$ 10) and was thankful for saving in EKO where I could withdraw /deposit anytime unlike my bank which is far. This saving helped me to meet my emergency need when I did not have cash on hand to meet medical expenses'. Rakesh, a cable TV lineman.

Source: From interview held on 3rd and 4th October 2011

First and foremost use of EKO mobile money was for meeting emergencies or unexpected needs (Read Santosh and Rakesh's cases above; Ranveer's case next page). Second, users preferred to let their savings remain in the mobile account only because it would be useful to meet any need – be it planned or unplanned.

Lastly, users deposited in small amounts for building usefully large sums for future (see Hasan's case next page). Surprisingly 76% of all the users, irrespective of their active or inactive status were found to be consistently similar in their usage of EKO mobile banking for building up their small savings.

Small is Useful in Needy Time

Ranveer, a factory worker has a bank account and a monthly recurring deposit that helps him to pay for LIC premium annually. He started EKO about a year and half back. He deposits once a month anywhere up to INR 400 – 500 (\$ 8-10) and also keeps some cash with his wife. Whatever he saves, he gives his old parents every 3 months he visits them. On 4th November 2011 he came to the EKO counter to withdraw INR 60 (\$ 1.2) because he had only INR 100 (\$ 2) and he was short of cash by INR 60 to buy medicines for his sick child. He was relieved to withdraw INR 60 from his balance of INR 200 (\$ 4) in EKO account. He felt happy that his small deposits in EKO mobile had built up to a useful saving balance, which became accessible in an emergency to buy medicines for his sick child.

Source: Field notes from interview held on 4th November 2011.

Building Up Steadily for Future Family Needs

Incredibly the second active user in the study with a high saving balance was Hasan working as a hairdresser in a South Delhi hair salon last 3 and ½ years. His EKO savings was INR 100000 (\$2000) a little while before this interview. He gets a monthly salary of INR 6000 and an unspecified amount of daily service tips from his customers. His father does not expect any money from him except that he saves enough to get his sister married sometime in future.

Hasan does not have a bank account but an EKO mobile account which has helped him to build up the savings resolutely planned. He had not withdrawn except on rare instances. Last year, he joined a *Committee* also on a monthly contribution of INR 2000. On receiving the salary, he deposits INR 5000 (\$ 100), out of which INR 2000 (\$ 40) is used now for contributing to the *Committee*. His contribution to the *committee* is about to end now. He manages his living expenses from his remaining earnings and daily gratuity from customers.

He had let his regular savings remain in EKO mobile account only because it was for a planned need. His savings had built up to INR 100,000 (\$ 2000). He would soon be remitting this amount to his father because he cannot deposit any more till his saving balance remains at this upper ceiling. Hasan's sense of confidence is unbounded because he failed to get a bank account despite his attempts to get one due to lack of ID proof. He said 'I feel confident that I can also save now and will feel very happy when my sister will be married using this money. I am happy to have Eko mobile account, which helps me to save money for a planned expense in future'

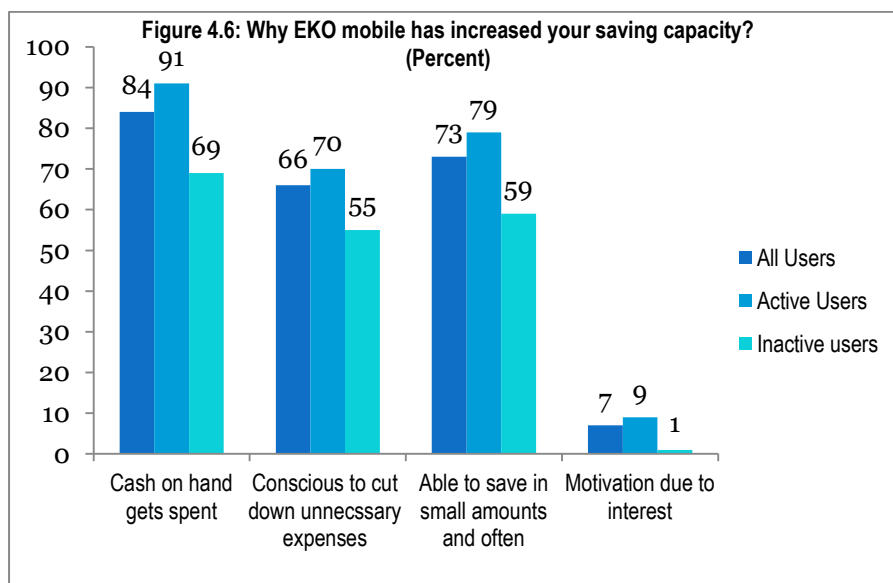
Source: Field notes from interview held on 20th October 2011.

SECTION B

EKO Mobile Banking and Saving Practices and Behaviour

This section presents the findings about the effects of EKO mobile banking on the saving behaviour and practices of users in the study. Some major findings emerged from the field survey. First, ability to save had improved for a majority of EKO mobile banking users in comparison to keeping cash on hand that was either easily spent on various trivial needs or temptation expenditures or claimable by friends/relatives. Second, EKO mobile banking has become a effective, safe and trustworthy savings instrument for its users; and importantly, dependence on risky informal methods diminished for a large percent of customers, who were earlier dependent on them for lack of a safe saving option. Third, EKO mobile banking is perceived as a robust substitute to traditional banking and informal methods of savings; however, it has not dispelled the need for other savings mechanisms used earlier by users. EKO is used as one among many other forms of savings mechanisms– including informal methods –by a sizeable percentage of users depending on the purpose of saving. Most importantly, EKO mobile banking is used in conjunction with other methods of savings as a superior complementary financial tool to an existing saving practice. Fifth, the need for temporary interest free hand loans to manage consumption shortfalls reduced for a considerable number of users. Six, EKO mobile banking is a preferred alternative for small savings for a large percentage of users in the study. Finally, a disquieting finding was that about 1/3rd users became inactive⁵⁰ subsequent to the midway introduction of transactions charges on deposits and withdrawals by EKO. However, they were keen to become active users subject to either a reversal of transaction charges on frequent small deposits and withdrawals or a reasonable pricing policy by the business correspondent (EKO).

EKO Mobile Banking Has Increased The Capacity Of Low Income Users To Save.



⁵⁰ Users who stopped depositing completely for three or more months and withdrew most of their savings leaving a nominal balance were treated as inactive customers in the study.

Figure 4.6 (and Table A.4 in Appendix) presents about user perceptions to a question on ‘do you find that your ability to save has improved after getting EKO mobile banking account?’ 90 percent of users in the study (N=144)⁵¹ stated that their ability to save had improved after opening accounts with the mobile banking service of EKO.

Users indicated three important reasons about their increased ability to save after getting EKO mobile banking account:

First, 84 % users stated that keeping money in EKO mobile account is much safer than ‘cash on hand’ which gets spent frequently or on unnecessary expenditures or was claimed by relatives⁵² for some need or the other (Read Nandini’s case below).

EKO Money – An Open Wallet with Hidden Savings

Nandini is one among many EKO customers who have found a medium of savings where money saved is safe and out of reach of prying relatives – especially their spouses or in laws or demanding children. Like most customers in the study she highlighted that earlier money on hand always found its way to fulfil some need—when the money could have been easily saved but was not – and now EKO account has made it possible to keep the savings hidden without any anxiety because it is their mobile phone doubling up as their wallet with invisible money.

Source: Field notes of interview held on 27th September 2011

Second, their ability to save money frequently and in small amounts – as small as INR 10 (\$ 0.20) had become possible with EKO mobile banking account (Read Seeta and Pappu’s case next page). This was endorsed by 73 percent of the users⁵³ in the study⁵⁴ unlike the non-users whose capacity to save was limited either due to insufficient income to meet their household expenditures or because the little that was kept on hand was spent and difficult to retain as savings. Of these 73%, 66 (41%) users had a bank account and 51 users (32%) had no bank account.

⁵¹ Figure A.4 in appendix shows the responses of active and inactive users to this query.

⁵² A few of the users mentioned that when the saved money was given to the family members, it was non-returnable and hence, the risk of loss of saving occurred.

⁵³ This consisted of users with both bank accounts and no bank accounts.

⁵⁴ Read Gagan and Ahmad’s cases in the next page.

Third, according to 66% users EKO mobile banking account had made them conscious of avoiding wasteful expenses. Besides, EKO mobile banking became a compelling pretext to save because they could deposit as and when they had extra money, thus inculcating saving habit (Read Rajesh, Ramesh and Rani's case next page).

A related query about the regularity of saving any surplus amount in EKO revealed that monthly, followed by every 2nd or 3rd day and weekly was found to be common among all the users. This trend was similarly found both among the active and inactive users.⁵⁵ (Refer Figure 4.7 and more details in Table A.5. in appendix).

Saving in Small Bits is Better than No Savings

1. Seeta, a slum dweller is a part time house maid in two houses and earns INR 2500 (\$50) per month. Her unemployed husband is no help. Her bank account of many years was closed down because she was unable to deposit any money. Her unmarried daughter and son also earn to run her household. When her retail shop owner told her to open an EKO account, she did it with the hope that she could attempt to save in little amounts. She tries to save in small amounts of INR 10, 20, 50 but not more than 100 in a month because she cannot afford to save more than that. Whatever little she keeps at home gets spent on household needs. She does borrow short loans from one of her employers every now and then. Once she was unwell and could not borrow as her employer was out of town. She then withdrew INR100 from her EKO account to buy medicines and she was glad that her efforts to save in tiny amounts helped her when needed.
2. 20 year old Pappu is another slum dweller and works as a cleaner in a shop on a monthly salary of INR2500. He is able to hand over part of the salary to his mother, who works as a maid. When he opened his EKO account, his determination to save improved because prior to EKO when he kept his money on hand, he was unable to save it. He tries to save by cutting down his transport expenses for depositing small amounts. He intends to build up his savings to buy a bicycle to work.

Source: Field Notes of interviews held on 2nd and 3rd November 2011.

⁵⁵ It is prudent to mention here that the survey team posed various questions with a qualification stating that when you were an active user or when you were using your Eko mobile account, what was your normal behaviour on such **and many other usage patterns?**

Saving in EKO like a Systematic Investment Plan

Gagan, 24 years old has been employed as a driver for a business family last 2 years and earns a monthly salary of INR 7000 (\$ 140). His parents stay in the village. For lack of a safe saving option, he saved his monthly income partly with himself and a money guard and partly remitted soon after receiving his income. When the retailer where he bought his essential needs strongly advised him to open EKO mobile banking account, he was convinced about its reliability after seeing its demonstration and began his EKO account only 7 months back. Once he started his EKO account, he dispensed with the practice of saving with a money guard and keeping cash on person as well. He decided to systematically deposit his income. He gets his monthly income in two parts – once at last week of the month (Rs.3000) and in the second week of the month (Rs.4000). So he started to deposit Rs.2000 in the last week and Rs. 3000 in the second week. He keeps only Rs.2000 to meet his monthly rent of Rs.1200 and Rs.800 for his other needs. His employer's family provides him one meal and two cups of tea every day during his duty days. He stated 'Ever since I planned and started saving in EKO in a systematic way, I find my money is not only safer but also growing. When I go home, I take the money for family'. He also has been able to resist his temptation of using cash on hand on non-essential expenditures (liquor) which he used to do every now and then earlier. However, with his money tucked in EKO, he thinks twice before withdrawing because he is able to see his saving balance growing.

Source: Field notes from interview held on 9th October 2011.

“Do not want to depend on our sons’

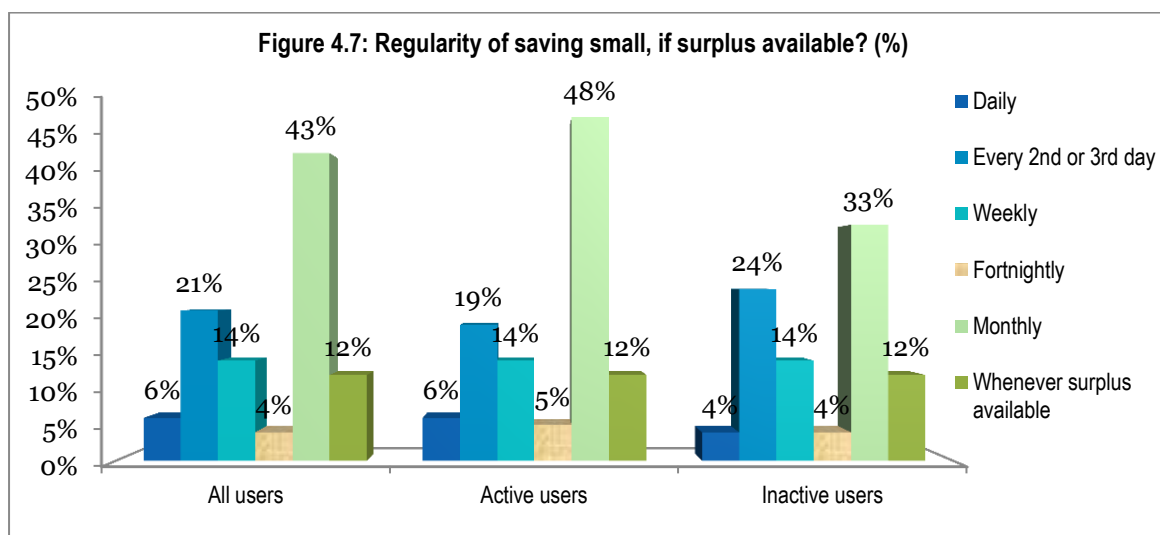
55 years old Ahmad is a retired employee of Bharat Petroleum with a pension and now earns as a part time delivery man for a gas agency now and earns anywhere between INR 2500 to 3000 depending on work availability. He has a bank account in New Friends colony but staying in Kilokari, he finds it convenient to operate his EKO account as the counter is nearby. Moreover, he and his wife try to save as much as they can in EKO account by living frugally now. They do not want to depend on their married sons in their old age and do not seek any assistance from their sons because they depend on EKO more where they save and withdraw when ever needed. Recently, his wife was not well and he withdrew from EKO savings and was glad of such a flexible mode. He stated that he finds that EKO account has enabled him to build up savings and hopes that it will be useful for him and his wife when they grow old.

Source: Field notes from interview held on 22nd October 2011.

“EKO Helped Me to Create My Saving Habit”

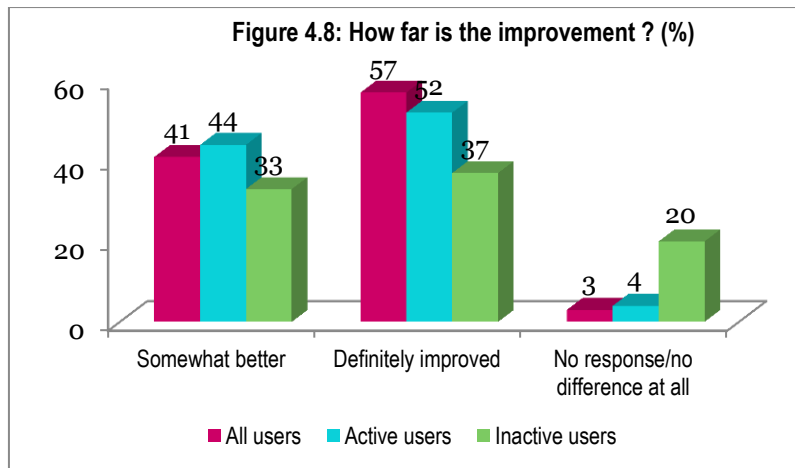
Rajesh, Ramesh and Rani are from different occupations. Rajesh is a stone polisher, Ramesh, an auto driver and Rani is a parlour maid. Barring Ramesh, the other two do not have a bank account. Rajesh and Ramesh earn income depending on work availability and Rani gets a fixed salary. However, all the three were unable to save regularly and what little they saved was stored at home or on hand, but invariably their savings melted amidst diverse demands. But when they acquired EKO account, they found themselves getting into a habit of putting in any extra money into the account on their way from work, keeping aside some for routine expenses. They realized that savings in EKO was not easily used up for any trivial needs yet they could draw from EKO easily when they required money to spend. As a result, all the three reported that EKO mobile banking has been a blessing in disguise as their saving habit had been inculcated.

Source: Field notes from interviews held on 28th August, 20th August and 21st August 2011 respectively.

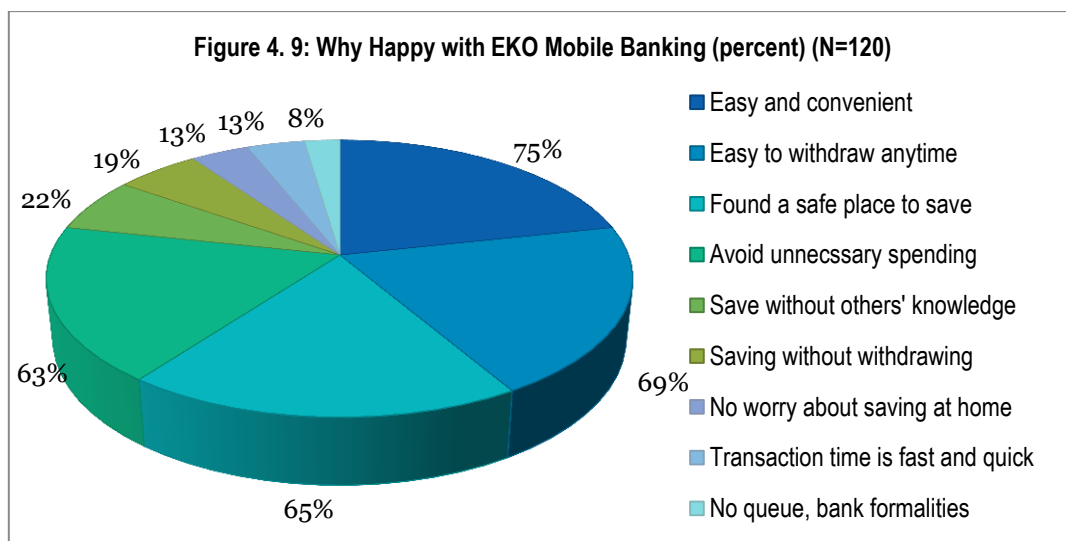


When asked how far has there been improvement in their ability to save, 57 percent of users stated their ability to save had ‘definitely improved’ as against 41 percent who felt it was ‘somewhat better’ (See save (Refer figure 4.8 and Table A.6 in appendix for details). More inactive users than active users also responded that EKO had not made a difference and they expressed their displeasure about the transaction charges as an important reason.⁵⁶

⁵⁶ A small percent of users expressed that inconvenience caused by server problems had put them off from using the mobile banking account. They did not expect this ‘server down’ issue while using the Eko mobile account because they perceived mobile banking to be different from a normal bank branch where server related and other problems wastes their time.



Happy and Comfortable with EKO Mobile Banking: To a question on ‘Are you happy to have a mobile banking account from EKO?’ 75% of the users expressed that they were ‘happy and comfortable’ with EKO mobile account and about 33% of the users stated that they were ‘happy but not comfortable’ with the EKO mobile money⁵⁷. Users stated that they were happy and comfortable to use EKO mobile banking account for a number of reasons which are detailed in Figure 4.9.⁵⁸



EKO customers were happy to be using the EKO_SBI mini saving account because it is ‘easy and convenient’ (75%), easy to withdraw anytime’ (69%), ‘found a safe place to save’ (65%), and ‘avoid unnecessary spending’ (63%).⁵⁹

⁵⁷ While a segment of the users (25%) clearly stated that they were ‘happy but not comfortable’ with EKO account, another 8 percent had responded as “Yes, Happy” and “Not Comfortable” from the options given in the schedule. These two sets of were combined to arrive at 33%. Hence, the cumulative percentage of all options add up to >100%.

⁵⁸ It is to be noted that the number of users who were ‘happy and comfortable’ (N=120) was analysed as a percentage of all the users (N=160) in the study.

⁵⁹ Cumulative percent >100% due to multiple choices.

Saving in Mobile Money: - Route to Freedom

Leela, a graduate housewife gets a monthly allowance for running her household and has a joint bank account with her husband. She opened her EKO account in 2009 (unknown to her husband) and started to save between INR 1000 and INR 2000 regularly by managing her household expenses carefully. She started a Recurring Deposit with the Indian Post Office for her children's future around the same time and from what she saves in EKO, she withdraws some amount to deposit in the Post Office. She feels her freedom to spend money or decide on her own about managing her savings has been a new experience. For instance, in May 2011 her brother wanted a loan of INR 10000 from her husband; instead she surprised her brother by withdrawing from her mobile account to lend the money. She felt really good that she could help her brother on her own without her husband's help or his knowledge about her secret savings. Leela requested the interviewer to convey to the EKO Company to introduce fixed deposit schemes, and then she would stop using the postal service for term deposit also.

Source: Field notes of interview held on 28th September 2011.

Clearly, EKO mobile banking was evaluated high on convenience, safety, and flexibility as well as enabling in their saving practice. A non-negligible percent of users emphasised that EKO mobile money has been instrumental in secrecy of their carefully saved money (Read Leela's case above). Saving in EKO mobile banking account also had relieved them of worrying about saving at home, which carries the risk of theft (Read Priti's case next page). Besides, during the course of the interviews a majority of the housewives in the study drew attention to their sense of financial control experienced due to EKO mobile banking account (Read Priyanka's case next page).

EKO Helps To Reduce Wastage of Money

Naresh has a small shop and repairs electrical items. Normally he was used to keeping his daily income at home and deposited bulk amount in the bank once a while. The flip side of it was that many a time the cash earnings were used up at home and depositing in his bank account was not a regular practice. However, EKO mobile banking changed this situation. On his way home, he regularly started depositing part of his earnings after keeping some cash on hand needed for expenses. EKO mobile banking enabled him to save by avoiding temptation expenses and when his EKO savings accumulated, he transferred the money to his bank account for converting to a fixed deposit mode.

Source: Field notes from interview held on 16th August 2011.

Secrecy of Savings and Sense of Financial Control

Priyanka has a joint bank account with her husband and runs her household from the allowance given by him. She could save on hand some amount from this allowance but she could never retain it as it was mostly used up in meeting demands of her daughter or family needs. So she started a post office recurring deposit account in her daughter's name without her husband's knowledge sometime ago. About a year back she got a job as a saleswoman. Subsequently she started her EKO account. Her husband is unaware of this mobile savings as well. She deposits her surplus salary plus the money saved from her household allowance since then in EKO. Having now adapted to EKO, her sense of confidence has grown that she need not depend on her husband always as well as that her secret savings would help in her daughter's education, marriage and her present needs. She deposits part of her salary in the joint account but what she does with her surplus household savings or her unstated salary savings in EKO account is her power booster. She wished that EKO offered a Recurring Deposit account as well, then she would stop going to the post office also.

Source: Field notes from interview held on 19th August 2011

EKO Mobile Money – A Good Safety Locker

Priti holds a bank account but after opening EKO, she patronizes EKO more than her bank account because she finds it a good safety locker; moreover, she gets personalized service from the CSP where she opened her account. Once she had to attend two important events - a meeting at her child's school in the morning and a ceremony at her mother's place in the noon but she also had to ensure that her husband's cash amount of Rs.40, 000 (\$800) kept at home was deposited in his bank account as her husband was away; Moreover, she would be returning to her rented home the next day only, therefore keeping lump sum cash at home was risky. Therefore, on her way to the school, she went to the agent's house and requested him to deposit the money in her EKO account. Her agent did it in 4 transactions and she had no tension about the safety of her husband's money while she was away from home.

Source: Field notes of interview held on 28th September 2011

Some of the users in the study – especially young users with no other formal option to save have become regular in using the EKO mobile banking account and feel that EKO is the best that has happened to them for meeting their small desires or short term or long term goals. (Read Shaila and Sushi's cases below).

‘Adopt Many Informal Methods but EKO is Best’

Shaila – an apprentice in a beauty parlour gets a stipend of INR 3000 plus tips from customers, which is a bonus for her. Before EKO, she was saving at home (in a small box hidden box inside her belongings) or keeping cash in her purse. Two months after her paid training started, she started the EKO mobile account. She manages to save at least Rs.500 to Rs.1000 per month in EKO and her current month balance stood at Rs.11, 000 (\$ 220). She still follows the practice of saving first at home; when the sum grows to a lump sum of Rs.500 or so, and then she deposits it in EKO account. Due to her work, she is unable to go regularly to the EKO counter. It does cost her because sometimes cash on person gets spent for household requirements. However, she is a happy active user of EKO. In her own words ‘I adopt so many ways to save money at home, but instead of all these things, I think EKO is the best way’. She hopes to use this money for a long term goal of starting her own parlour or to help her parents in her wedding expenses, whichever happens first.

Source: Field notes of interview held on 27th August, 2011.

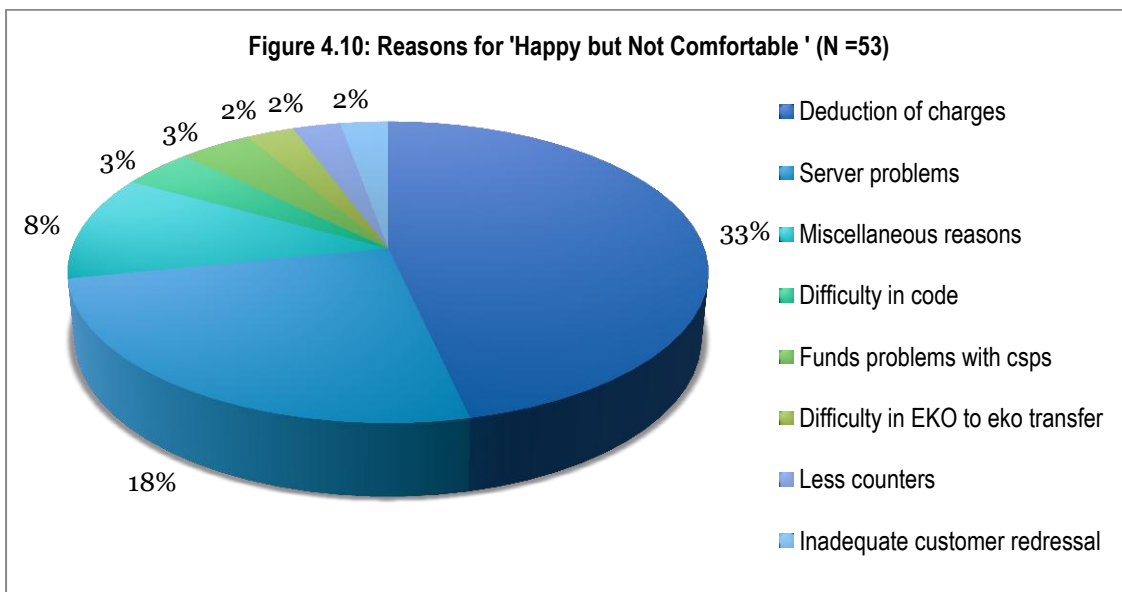
‘I Could Buy a T-Shirt with My EKO Savings’

Sushil, now 20 years old has been working for two years as a cleaner in a retail show room. He opened the EKO mobile banking account a year ago. Prior to EKO he was giving his mother most of his meagre earnings of INR 2500 (\$50). He could not hope to save due to his family’s socio-economic conditions. However, with EKO mobile banking, he was attempting to deposit at least a nominal amount of INR 20 to INR50 once or twice a month. His current saving balance is INR 300. Once he liked a T Shirt for INR 150 (\$3) and he asked his mother for money, but she refused as she could not spare that money for something that was not essential at that moment. However, Sushil liked the T-shirt very much that he wanted to buy it. So he decided to withdraw from his paltry saving amount and bought it. He was elated that his savings helped him to fulfil his desire. His current saving balance is INR 300 (\$ 6). He swears that he will make every effort to save in EKO, which is the best that could have happened to him.

Source: Field notes of interview held on 3rd November 2011.

Happy but not comfortable with EKO – A Counter View: Notwithstanding their sense of happiness with the mobile banking services of EKO, 33 percent (N=53) of the users had varying reasons for their sense of discomfort with EKO mobile banking.

Two top reasons for dissatisfaction with EKO mobile banking account related to the deduction of charges (33%) and server problems (18%).⁶⁰ It is pertinent to note here that the users (N=53) who expressed their unease about transaction charges included both active users⁶¹ (Read below the case study of Sangita) as well as inactive users⁶² (Read in the next page about Lakhan) in the study. Delays in withdrawals - especially when urgently needed as well as unnecessary time spent for transacting due to ‘server down’ or ‘server not working’ were considered to be irritants in using EKO mobile banking service.



‘I had a saving balance of INR 100. One day I deposited Rs.10 (S 0.2)) and was charged Rs.2 (\$0.04). My account balance showed INR 108 instead of INR 110. I lost Rs.2 from my saving. Two days later, I withdrew Rs.20, was charged Rs.2 and my balance was INR 86 instead of INR 90. I lost INR 4 from my small saving. I saved in EKO because it is easy to deposit small amounts, but now why should I save in EKO mobile bank if they do not bother about poor people like us’ – a casual factory worker.

⁶⁰ It is to be noted that the number of users who were ‘happy but not comfortable’ (N=53) was analysed as a percentage of all the users (N=160) in the study.

⁶¹N=21
⁶² N=32

Perspective of an Active User

EKO Mobile Banking is Useful, So Bought Nokia-Union Bank Mobile Money too!

Sangita, a Nepali migrant works as a part time child care taker for 5 hours a day and her husband is a cook. She had no medium of saving except banking on her own self and did not know anything about bank till the retailer where she visits for her recharge card suggested to start her mobile account in EKO. Her tryst with secret savings began from that day 2 years ago. She chose not to reveal to her husband about this account till a medical emergency for her own surgery when she had to withdraw money from EKO mobile to meet the situation. She continues to save and has found the mobile money useful to help friends in need or to meet unmet household needs. However, when the transaction charges started she was losing money from her small saving amounts. When she found out about another mobile banking offer in Nokia money, where there was no charge for cash deposit or cash withdrawal using the ATM card, she recently started Nokia mobile money account also and has started depositing her savings in her new mobile account. Her decision to take one more mobile account is a good strategy to sustain her small savings. She has not revealed about this new account to her husband for the same reason she bought another product – that is to maintain her small saving intact without a charge.

Perspective of an Inactive User

EKO - Convenient Saving Mechanism but for its New Transaction Charges

Lakhan is a street vendor selling bananas. He hires daily a cart for INR 30 and buys fruits to sell. He keeps cash on hand/at home to meet this trading and household expenditure. He did not feel the need for a bank account both because of his small earnings and difficulty of saving. Though he took an insurance policy, he could not pay the premiums and his policy became defunct. About 18 months ago he opened Eko mobile account because his fruit cart is in the vicinity of the Eko counter. Whenever he could earn extra or had a surplus amount, he found it convenient to deposit in Eko and he felt that his ability to save was motivated after opening EKO mobile account. His intermittent effort in saving was becoming a habit with him when he was advised by his CSP in September 2010 to take a premium plan of paying one time transaction charge of INR 100 for 1 year which took care of both deposits and withdrawals. However, once this plan was closed (and not available again from EKO) he found that deposit of small savings or withdrawals every time were charged @ INR 1 and 2 per transaction respectively. This pinched him because he stated 'when I find it difficult to save small amounts, what is the point in losing money by paying for depositing or withdrawing whenever needed'. His enthusiasm to save in small amounts weakened because of what he felt as unfair transaction charges even for miniscule amounts of money deposited or withdrawn". Further, his regular EKO agent became inactive. His current balance is about INR20 and he is hoping that if EKO counter opens and transaction charges are removed, he would like to start using his EKO account again for depositing his small savings.

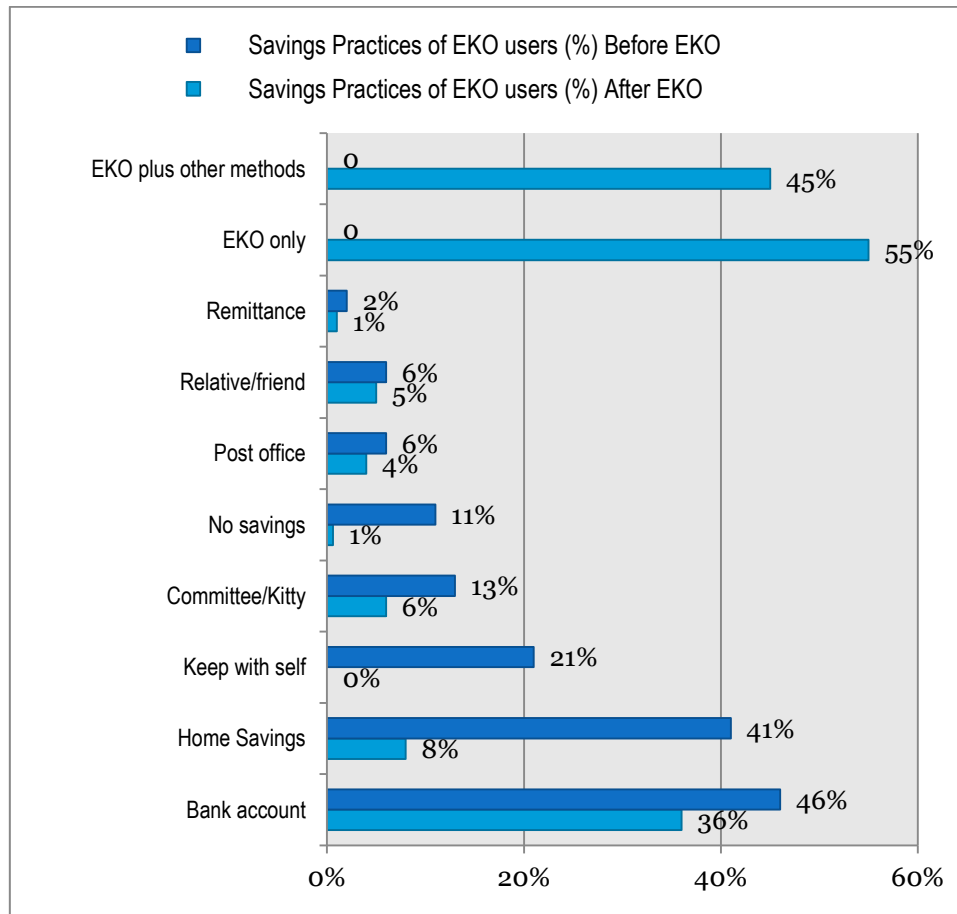
Source: Field notes of interview held on 6th August 2011.

Perspectives of Active and Inactive Users

EKO Mobile Banking an Effective, Trustworthy and Useful Saving Mechanism for Its Users.

Figure 4.11 below compares the saving practices and mechanisms used by users before and after they became EKO customers.

Figure 4.11



Three noteworthy findings emerged about savings behaviour of users in the study. One, EKO mobile banking users consider the services as safe and trustworthy because their savings are securely deposited with the State Bank of India, whose brand name as a leading public sector commercial bank in India lent credible reason to fully trust the mobile banking service offered by its business correspondent EKO (Read Ramesh's case next page). Second, after becoming EKO mobile banking customers, dependence on risky and costly alternatives in informal savings practices largely diminished because EKO mobile account became a safe saving option. For instance, users' dependence on informal savings practices like 'home savings' and 'keeping cash on person', 'keeping with relative/friend' reduced by 55%⁶³; likewise, saving in *committee/kitty* dropped from 13% to 6%.

⁶³ Read Ram Kishen's case next page.

Trust and Safety in SBI Brand EKO Mobile Banking and Better Money Management

Ramesh, a tailor by profession has two employees in his rented shop. He got a bank account 5 months back with the sole purpose of accessing bank credit for his business needs. He had attempted to save INR 50 daily in *Sahara* but had to discontinue after 2 years due to some uncertainty. So his normal mode of savings was to keep at home or on person till he started his EKO account 14 months ago. He started an account with EKO because he knew that SBI is the banking partner; hence, his deposit is secure. Since he gets money from his customers daily, he deposits in EKO account most of his daily earnings keeping aside some cash for meeting daily needs. Prior to EKO, he was unable to pay shop's rent or his employees on time because money on hand was depleted faster than he earned. He was unable to retain his employees because he was irregular in paying their wages. However, he has been managing his money better after EKO account. He has been paying both rent and weekly wages on time because his regular deposit in EKO account has helped him to reduce unwanted expenses. He withdraws often but only for what is needed to be spent. Consequently, his capacity to retain some part of his earnings as savings has gone up; and, his self-respect and standard of living of his family too has gone up.

Source: Field notes of interview held on 20th August 2011.

Reduced Dependence on Risky Saving Options after EKO Mobile Money

Ram Kishen, a daily casual labourer was unable to save due to insufficient earnings and whatever little he earned was kept either as cash on hand or kept with a money guard. He had a bank account in the village but it was closed due to his inability to deposit for a long time. He opened EKO 4 months back. He is pleased with this new safe mode of saving because earlier whatever little he had saved at home was like flowing water; and sometimes the money deposited with a money guard (relative) was not accessible when he needed because his relative delayed returning his money on some pretext or the other. While he felt uncertain to leave his money with his relative, saving at his shared rented room with 2 other labourers was risky but he had no other option. Post his EKO account, he is able to deposit small sums. He is happy because in the name of EKO, he is able to cut down wasteful expenditure. He deposits regularly and when his EKO savings reaches INR 1000, he withdraws and remits to family through the *courier*. He does not mind the transaction charges because he gets good service from his CSP, who deposits or withdraws money any time even when his retail shop is closed; besides, Ram kishen is happy to receive messages on phone about his account status. He feels that his savings in EKO would help him in times of need.

Source: Field notes from interview held on 14th August 2011.

More importantly, 11% of the users who had ‘no savings’ before EKO mobile account had been able to save after they opened EKO account because it created an incentive as well as a reason to save. This was attributed to EKO mobile account having a dual benefit – that of a safe save option that is accessible when needed (Read Salman’s case below); and saving in it enabled the users to keep money at arms’ length to disable temptation spending.

EKO Enables To Save and Spend When Needed

Salman is an assistant to a footpath scooter mechanic and earns INR 4500 per month but supports his mother in looking after a sick father and a mentally unstable brother. With no bank account, he could not hope to save also because he and his mother struggle to meet family’s expenses. When he opened his EKO account, he found a medium for safe saving finally. Since then, he has attempted to save by giving 3/4th of his income to his mother and keeping the balance in his EKO account, which he uses for his needs when required. Though he saves whatever is possible, he also finds it an easy medium to withdraw to give his mother whenever she requires for meeting household expenses.

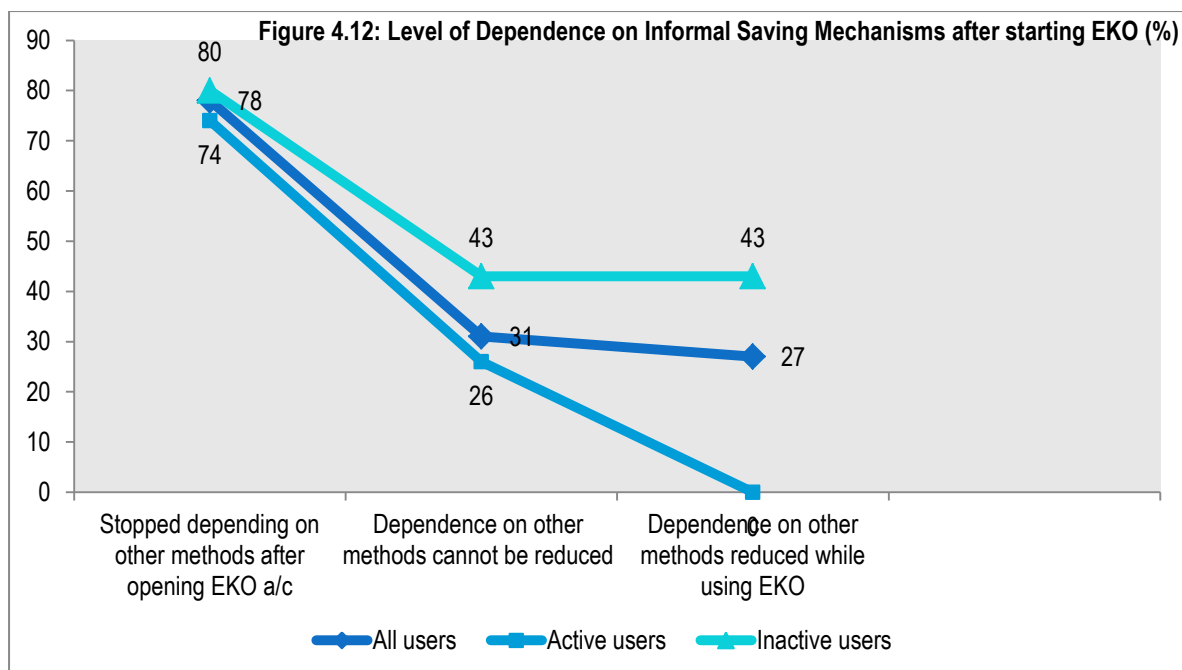
Source: Field notes of interview held on 14th October 2011

Third, a new and safe saving method became available to 55 % users (39 % low income users in the study who had no bank accounts plus 16 % bank account holders). 39 percent of the unbanked users felt that they finally found a safe saving medium in EKO-SBI’s mobile bank account leading to an improved sense of confidence to save and to manage money better. For those with bank accounts, EKO mobile banking became a far more convenient method thus enabling them to save time, energy and cost in comparison to transacting in a brick and mortar bank branch. In short, while all users found a new and additional method of saving mechanism in the EKO mobile banking, more than 10% of the users with bank accounts found it a *better* alternative and shifted to saving in EKO mobile banking. In comparison, non users had not heard about savings in EKO mobile banking account; besides they considered themselves ineligible for bank accounts either due to inadequate KYC proof or low capacity for saving in a bank account. Hence, they were dependent on informal social saving practices like hiding money under the mattress or in a *gulak*⁶⁴.

In a related question on ‘Do you find that EKO mobile account has become one more way or method available to your for saving your money?’ 90 %⁶⁵ of the users clearly affirmed it as another saving option that had become available to them. Queried about the level of dependence on informal methods (saving at home, money guard, cash on person), Figure 4.12 (and Table A.7 in the appendix) indicate the responses from all the users, active and inactive users.

⁶⁴ ‘Gulak’ is a piggy bank made of clay and commonly used in India among low income households in particular.

⁶⁵ N=144 or 90%. Out of these 144 users, 97 were active users and 47 were inactive users.



While a high percent (78%) of the users reported that they stopped depending⁶⁶ on other methods after opening EKO mobile banking, a non-negligible percent (31 %) also reported that dependence on other methods cannot be reduced because other methods are useful in their own way. 27 %⁶⁷ also reported that their dependence on other methods reduced while using EKO mobile banking; subsequently, these users became inactive later (Read Rani's below and Radha's case next page) mainly due to their dissatisfaction with transaction fees.

Informal Saving, Conversion to EKO and Swing Back to Informal Saving

Rani, a 62 year old housewife had been a devoted EKO customer since its inception and was very happy with the benefits of having an easy, convenient, secret and accessible medium of savings. Her EKO counter agent also endorsed that she has been a good public relations customer for EKO mobile banking by introducing many of her friends/relatives. Before EKO, she managed to save secretly under her mattress from the household allowance given by her husband. Her desire to manage and control her savings was possible in EKO mobile money and her dependence on saving under the mattress reduced very much. However, when she found that her deposits and withdrawals attracted charges from the last quarter of 2010, she felt disheartened to continue in EKO and the last time she transacted was in January 2011. Since then, she had gone back to save money under her mattress. She stated that she was compelled to do so rather than losing money on her small savings or small withdrawals.

Source: Field notes of interview held on 4th August 2011.

⁶⁶ Responses to the option 'Dependence on other methods reduced very much' has been combined with this option.

⁶⁷ Due to multiple responses, percentage add up to >100.

Dependence On Other Methods Cannot Be Reduced!
Gulak is better than EKO now

Radha is a sales girl, her father a daily wage labourer, mother is a maid and younger sister is in school. That's the background of this customer whose family struggles to meet both ends meet. The family has no tools to save except using a mud *gulak*, which has been a main method of their efforts to save. Whatever she earns, she gives to her mother except keeping aside about INR 500 (\$10) for her expenses. She finds it difficult to save at home and that is why she started EKO account about 6 months back and started depositing once a month at least some small amount of INR 100. Her last month and current month balance respectively was INR 350 and INR 200. She is able to retain money in her account for less than 15 days only. But now, she finds that saving in *gulak* is preferable to EKO because she and her father make sure to save in their mud piggy bank a minimum amount of INR 10 (\$ 0.2) daily; but this is not possible in EKO because of daily transaction charge of INR 2, which will defeat the purpose of saving small amounts of INR 10. Hence, she preferred to save daily INR 10 in her *gulak* to EKO

Source: Field notes from interview held on 22nd October 2011.

Exhibit 1: GULAK



EKO Mobile Money: A Good Substitute to Informal Methods of Savings

An important aspect of EKO mobile banking account lies in its role as a substitute to various informal methods of savings that have been drawn on by users in the study. A question on – ‘From your experience, do you think that using EKO mobile banking is a good substitute for other methods of savings like keeping cash on person/at home, keeping with a friend/relative/shopkeeper?’, an overwhelming percent (96%) of the low income users in the study perceived EKO mobile banking account as a good substitute to informal savings practices like saving at home, cash on hand, saving with money guard (friends/relatives).

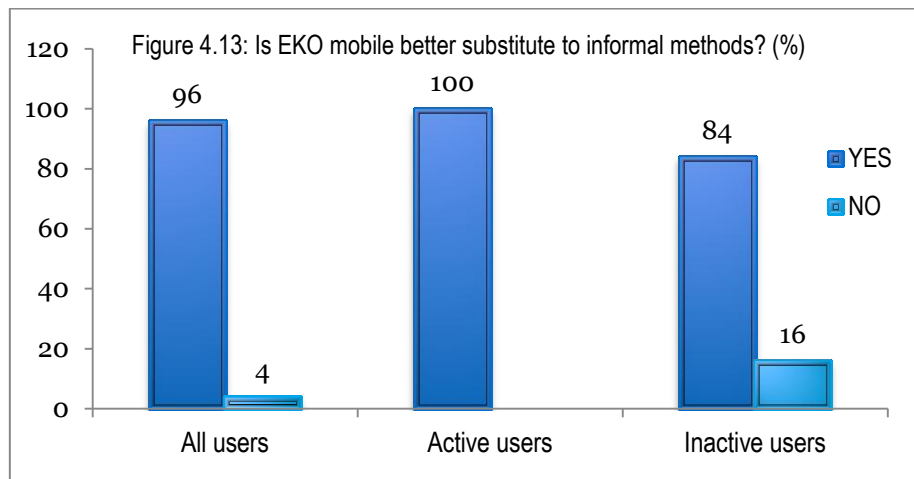


Figure 4.13 reveals that the inactive users were comparatively less in agreement with the active users on this issue. Two inactive users plainly stated that ‘but for the transaction charges, EKO mobile banking is a better substitute’. In contrast, the non-users in the study expressed that they had no opportunities for looking for a better substitute because their socio-economic circumstances did not permit them to pursue a better saving option. Moreover, their ability to compare substitutability of saving methods used by them did not arise due to their inadequate awareness about EKO mobile banking, besides their low saving power. Table 4.6 (Figure A.5a and A.5b in the appendix) highlights various reasons given by users in the study to justify that EKO mobile banking account is a good substitute to unsafe and uncertain informal savings mechanisms. Additionally, the users also cited that EKO mobile account is a good substitute to bank account also (refer end of the Table 4.6 for stated reasons). Four reasons emerged as top of the list. These were convenience, security of savings, flexibility, and reliability of EKO mobile banking in comparison to informal methods. Availability of a safe saving option that also enables to reduce non-essential expenses and secrecy of savings were other major factors in rating EKO mobile banking as a better substitute to informal methods. Besides, lesser transaction cost, promptness of agent servicing⁶⁸ were also the reasons why EKO mobile banking was considered as a good substitute.

⁶⁸ In comparison, many users were vocal about the rudeness and impolite behaviour of bank staff.

Table 4.6: EKO Mobile Banking: A Good Substitute To Informal Methods	Percent
Can deposit/withdraw anytime any counter	81%
No risk of loss by theft or deception	75%
Takes minimum time to transact	74%
Reliable because it is a bank account	71%
Helped me to shift from insecure and unsafe ways of savings	63%
EKO has helped to consciously prune non-essential expenditure	59%
Helps in secrecy of savings	48%
Convenient timings	30%
No queues, paper work or time consuming	21%
Trustworthy because I alone can access my account	16%
Can save smallest amount in EKO and more	16%
Can withdraw small amounts /anytime	15%
Facilitated to send money from EKO to EKO account	12%
Agent helps/gives money even if counter is closed	11%
No need for minimum balance, can deposit even smallest amount	10%
Prompt updates through messages	8%
EKO is good substitute to bank account also	
Nearer than bank	40%
No paperwork, queues, less transaction time	28%
Safe/convenient/accessible anytime	24%
Stopped going to bank after EKO	8%
Prefer EKO over bank/use more of EKO	6%
Percent >100 due to multiple responses.	

I Find EKO A Good Substitute and Use It Like A *Gulak* (Piggy Bank)

Semi-literate Satish runs a transport business with 4 self- owned ‘goods carrier’ autos earning an average income of INR 20000 every month. He already has 3 bank accounts; besides, he has an LIC policy and a Peerless account started recently. He started an EKO account because of its accessibility (he lives near the counter), convenience and flexibility of timing. He really finds it a useful substitute. Since the time he started EKO account, his visits to the bank has been only to handle major transactions like paying an EMI for his auto loan, or to deposit money for his recurring deposit account. He proudly told us that ‘I use the EKO mobile account like a *Gulak*. Like in a *Gulak*, I keep depositing varied sums of money till it becomes lump sum. Then when the *Gulak* fills up, one breaks it to use the money, in a similar manner I withdraw the accumulated amount from EKO to use for whatever needed purpose and I begin again to refill the EKO account with next cycle of deposits till it fills up’ Last time, I used the money to start a Peerless account’.

Minimized Risk of theft

‘Since going to the bank daily was difficult, I use to keep part of my daily earnings in my wallet. Once or twice a month, I deposited some in my bank account. However, I found out that my sons were stealing money from my wallet. Once, I had returned from the *mandir* (temple) and left my shirt on the bed for freshening up before lunch, which had my wallet with a fresh currency note of Rs.500. When I returned to put on the shirt, I found my money missing. Later I saw the same currency note with my son and decided to open EKO mobile banking account recommended by a friend’ – *pandit ji* (a temple priest).

‘Earlier I used to take cash by hand when I went home. Once I was robbed by 4 people on route to village but after opening EKO mobile banking, I go home mentally relaxed and hands free because I deposit all my money in EKO and remit it before I leave for village’ – a migrant plumber from Bihar.

EKO - good substitute to informal saving methods

‘Saving in EKO is better than keeping money with a relative or lending to friend because one is unsure of getting money back when needed’

‘Storing money at home is dicey because money gets spent somehow’

‘Saving in a *Committee* is useful but not certain about its payout because it depends on many other members’ requirements and bid’

EKO good mode for small savings

‘I deposit small savings with the intention to make it grow into big amount that can be useful ‘

‘Small home savings get spent many a time, but saving small amounts in EKO is useful to avoid unnecessary impulsive expenses yet is accessible to draw when needed’

‘In the name of EKO, am able to save small amounts every now and then’

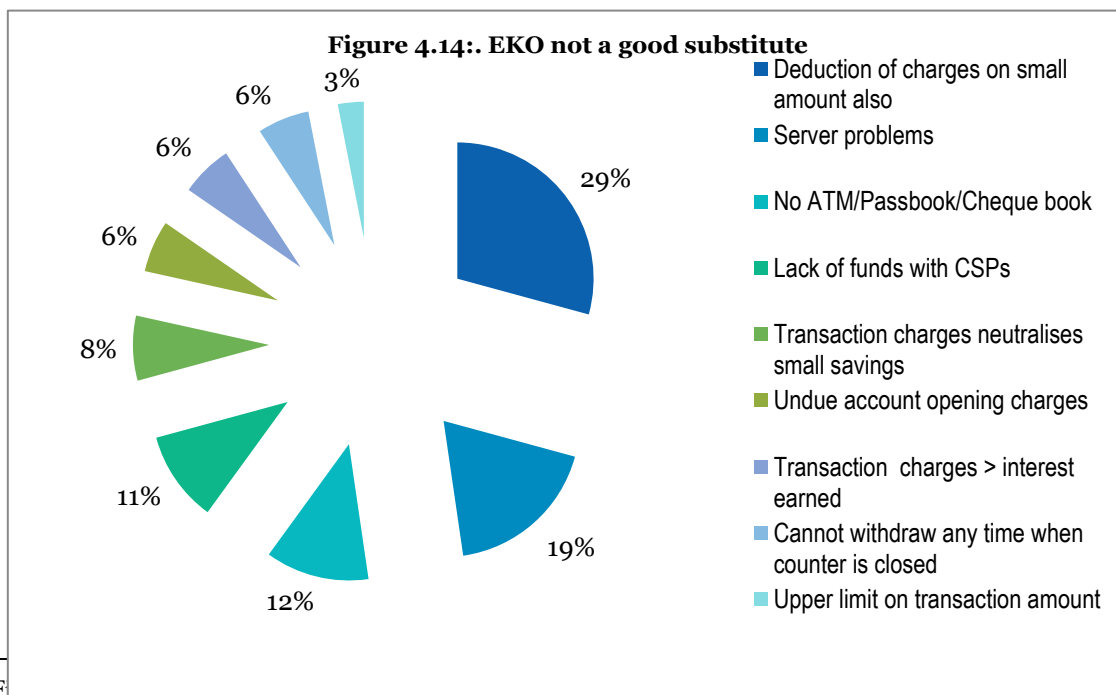
**Multiple Saving Modes for Multiple Purposes and EKO a good substitute.
Building up via different modes for different purposes**

44 year old Shyam works as a masonry worker on contract basis earning about INR 7000 per month. He already had a bank account before EKO. He has been saving in a *Committee* for his daughter's marriage and children's education; and in LIC for old age/sickness. When he started his EKO account about 20 months ago, he found it a convenient medium to deposit money without wasting productive time. He had been depositing varied amounts instead of keeping cash on person. He started EKO not as a saving medium but as a substitute tool to cut down on his transaction time with bank and to deposit any surplus amount earned. He pays his monthly contribution for *Committee* and LIC from his cash earnings and not from EKO account, which he uses for paying his labour or when needed to meet unexpected expenditures. For savings less than INR1000 to 2000, he prefers to keep at home but given a choice between EKO account and other saving modes like cash at home, he preferred EKO mobile account. Though he had been using *Committee* and LIC for savings, he feels his savings have gone up after EKO because he could deposit any amount, any time thus building up his total savings.

Source: Field notes from interview held on 20th August 2011.

EKO Mobile Banking: Not a Good Substitute:

There was a counterview about EKO mobile account's ability to be a good substitute. About 1/3rd users had negative perceptions about EKO's role in being a substitute to other savings mechanisms, which is seen in Figure 4.14.⁶⁹



⁶⁹ F

EKO Not a Good Substitute, Swing Back to Cash at Home

Ronit is an unbanked petty trader. Before his EKO account opened about 15 months ago, he kept all his earnings/savings with self only. He felt happy to find a safe save option and to avoid unnecessary expenses by depositing in EKO at least once a week. Moreover, EKO account was useful to withdraw money anytime, which benefitted him in his trading activity. However, when his account balance showed transaction charges for both deposits and withdrawals, he felt it was not beneficial for him to use EKO because he was being charged per transaction irrespective of amount deposited or withdrawn. He felt that it was better to save informally rather than lose money in his EKO account because transaction charges were costly for his small deposits and withdrawals. He decided to stop transacting in EKO and his last transaction was in February 2011. He went back to saving with self and to deposit his money in a chit fund, which he started around the time his EKO account was opened.

Source: Field notes from interview held on 7th August 2011.

EKO mobile money which was an attractive substitute medium for a substantial number of the users in the study was losing its initial attraction because of some negative effects experienced by the users- especially with regard to the transaction charges followed by server related issues. Ronit and Ritik's cases and other grievances aired (see next page) highlight the disillusionment of 1/3rd of the users who have suspended using the EKO account.

EKO Mobile Money – A Convenient Substitute for Small Shopkeepers But The Taste of Substitution Soured

Ritik had a LIC policy, Sahara account, *Committee* membership, and a bank account before his EKO account. He had been a regular saver in a private bank 'Tapasya and Apartment India Private Limited', where he deposited about INR 20000 for 2-3 years, but was duped because this entity vanished overnight. When he started an EKO account about 2 years back, it was a well thought out move because he runs a cycle repairing shop in a busy area of West Delhi. Normally he used a bank account but EKO counter was near his shop and transacting was easier and convenient unlike bank account. Moreover, risk of carrying cash to the bank reduced. He paid his employees in cash. He frequently deposited his daily surplus earnings for building into a lump sum and withdrew once a while to meet his business expenses or for an emergency only. He enjoyed the benefits of using EKO account. However, when the transaction charges began, he did not like to be charged every second or third day for his frequently deposited savings hovering around INR100-200 (\$ 2-4). So he withdrew most of his deposits leaving a balance of INR 557 as on 25th January 2011, which was his last transaction in the account till date.

Source: Field notes from interview held on 5th August 2011.

“once in an emergency, I went to withdraw money but could not as the counter was closed due to agent’s illness and I went to another counter, where there was no cash, and I went to a 3rd counter, where I was refused and I called SBI’s toll free number to complain and I was asked to go to the second agent, who had received money to pay customers. This angered me because in an emergency I was running madly from one EKO counter to another when I was needed to handle the emergency but lost valuable time”
– An aggrieved inactive user.

Server Down

Ganesh needed to withdraw money from EKO for buying raw materials urgently, but when he came to the counter, the server was down the whole day and he could not withdraw the money that day. He thought that ‘the day I needed money, I could not withdraw it, and fearing that if his money got blocked in EKO when needed, he decided not to keep all surplus in his mobile account, but to use the bank account side by side or keep money elsewhere to play it safe’.

Source: Field notes of the interview held on 6th August 2011

What did some inactive customers say?

“After 6 months I got INR30 (\$0.60) as interest from which INR24 (\$0.48) was deducted from my account as deposit / withdrawal charges”

‘If EKO provides more services I shall start using it, I don’t like the charges deduction, which started after many months of no charges’

What did some active customers say?

'I had saved more than INR 30000 (\$ 600) and the interest earned was neutralized by transaction charges on my deposits and withdrawals'

"There is hardly any interest on the savings balance. Not much interest accrues from the balance, but transaction charges exceed the interest accrued"

'I don't like deductions on deposits and withdrawals. Moreover, every day for two hours between 4-6 PM, servers of EKO and SBI is closed for transaction which is the time I find time from my work to transact'

Where do the inactive customers save now?

'No deposits because avoiding EKO now, depositing in Nokia money now and will soon fully use Nokia'

'When bank does not charge any transaction fees on deposits and withdrawals, it does not make sense for EKO to do that on our small transactions'

'Withdrew money from EKO to start Nokia account because one year premium plan of one time charge for transactions' got over a week back, now with every transaction charge, I don't want to use EKO, so transferred money to Nokia'

Server Problems – Deterrents to Transactions

'Server down and out, what should I do, when I need my money for meeting my expenses?'

'When withdrawal has to be done, CSP gives money only after message comes through the mobile, but due to server problems, sometimes messages are delayed and one has to wait for 25-30 minutes to take the money. It has happened to me 2 to 3 times'

'I have waited many a time to withdraw cash because of server problems, which wastes my time'

The users who shelved using the EKO mobile account swung back either to saving in their bank accounts or informal saving practices (saving at home, committee). This ‘swing back’ occurred despite their happiness at finding a good alternative in EKO mobile money to other saving methods. In fact, a segment of the inactive users in the study, after their experience of using EKO mobile banking switched to a competitor’s product (Nokia money) because they found mobile banking a very useful, convenient and safe medium.

Table 4.7: Swing back to Bank/Rival products	N	Percent
Started to deposit in bank account after charges	9	18
Switched to NOKIA -UBI money	10	20
Swing Back to informal sources		
Don’t use EKO now, save at home	12	24
After EKO counter closed started saving on person/remit	9	18
Withdrew all money when counters closed, now other methods	9	18
EKO good, but cannot afford charges, so save at home	2	4
Total	49	100

One shocker for these inactive users lay in the fact that EKO did not charge any transaction fees initially when it introduced its SBI Mini Savings account services. However, when it was introduced midway without any direct communication to the users about it, this resulted in loss of confidence in EKO and a fall in the usage of its savings product because transaction charges depleted the small savings. This is documented in many case studies highlighting the negative experiences of users. This implies that it is important to make mobile banking a

EKO is a good substitute but I Cannot Afford Charges Now, So Took Nokia Money

Shekar, a TV mechanic is the first customer of a CSP in West Delhi. He started the account when EKO launched its SBI mini savings account. He explained that EKO was good in its first year but now the company has started charging for every deposit and withdrawal. He finds it pinching because the main advantage of EKO mobile account is its unique feature of frequent deposits and frequent withdrawal of any denomination. Due to his migrant status, he does not have a bank account and he had been earlier dependent on saving at home, where it was far more difficult to hold back any cash for a rainy day. He had taken LIC policy but found EKO accessible to deposit his small savings; he is now In the process of applying for a voter’s ID to try for a bank account, where he would not be charged for transactions. Having used to EKO mobile banking, he had opened account with Nokia money two weeks ago and he is using both. Compared to Nokia, he prefers EKO because counter is nearby while Nokia-UB’s ATM is far away, but EKO’s charge on transactions - especially on deposits is problematic.

Source: Field notes from interview held on 3rd September 2011.

more useful and safer alternative than informal methods of savings. For savers without safe saving formal options, there was reversal in their usage behaviour of EKO mobile banking and fell back on their earlier saving practices.

The timing of EKO's pricing policy coincided with the introduction of its remittance product – *Tatkal*, which by all accounts has become its flagship product and EKO's revenue flow has been steadily growing– both in terms of its number and value of transactions since August 2010, pushing the viability of its business.⁷⁰ Moreover, as '*Tatkal*' being a pull product in comparison to "Mini Savings Account", which is a push product, the focus of EKO Financial Services Ltd on '*Tatkal*' ostensibly had strengthened.^{71, 72} While the business case for remittance product is stronger than the savings product, the moot point from the low income users' angle is that it has impacted the usage behaviour of 31% of the users who withdrew on the grounds that that 'sudden introduction of flat fee based transaction charges' has been a disincentive to save.⁷³ They felt that the uniqueness of EKO mobile banking rests on its feature of facilitating small deposits frequently and conveniently.⁷⁴ However, a large percent of this sub-segment (32 out of 49) expressed their keenness to revert back to using EKO mobile banking service if there is no transaction charges on deposits.⁷⁵ Their positive perception after using EKO mobile banking is a binding factor in their desire to continue using the services in future. Unlike the formerly users who became inactive but are keen to restart saving in EKO mobile banking account, non users did not think that mobile banking may help them to save due to inadequate income; besides, they felt that getting a bank account is also cumbersome.

⁷⁰ "SBI-*Tatkal*" – From Cash to Cash Cow", *MicroSave India Focus Note 68*, May 2011.

⁷¹ Ostensibly, EKO's pricing policy had its intended effect of discouraging small deposits and withdrawals which have a negative effect on its profitability; in comparison targeting remittance transactions, which are larger one time transactions has had a positive effect on EKO's sustainable growth and profits.

⁷² This was candidly admitted by the Vice-President (Marketing) in a personal interview held with the author.

⁷³ Out of the 49/160 or 31 % inactive users, 19 out of 49 were without bank accounts and 30 out of 49 had bank accounts.

⁷⁴ A handful of vocal users argued that when most banks do not charge any fees on transactions or opening the account, why should a service like EKO mobile banking meant as a poor man's money box should charge them on small value deposits or withdrawals leading to drop in the 'saving' or 'vanishing amounts'.

⁷⁵ A study by *MicroSave* (2011) 'Clients Willingness to Pay "Reasonable Fee" for BC Services', India Focus Note 67, noted that "a majority customers are willing to pay a fee only on withdrawals, and not on deposits; as levying a fee on deposits would act as a strong disincentive to save regularly. Furthermore, as banks and non-banking financial companies (such as Sahara and Peerless) do not impose such charges for deposits, they (customers) feel that the BCs should not charge them either".

Rock On with EKO Mobile Banking and Roll Back Switch to Competitor's Product

1. When he opened an account with EKO when it began its mobile money in 2009, Salim was a happy travelling salesman as it suited his job and his need for an easy saving medium. He could regularly deposit his small savings with ease, safety and comfort but his regularity in deposits took a hit in the latter half of 2010 when he found that every time he deposited, he was being charged not only for his deposit but also for his withdrawals. His saving in EKO account dropped and the last time he deposited was in February 2011. His main motive for opening mobile account was to save but the transaction charges hurt his small savings. He switched back to using his bank account and in September 2011, he withdrew most of his balance amount leaving only Rs.100 in EKO as balance. He withdrew from EKO only to open an account in the newly launched Union Bank-Nokia mobile money, where his deposit was transaction cost free.
2. Rakesh, another EKO customer of 2 years who initially rocked on with the flexibility of EKO's mobile account decided to roll back and switch back to saving in bank account and at home. The product he bought in the beginning lost its glitter for him because of sudden transaction charges combined with difficulties faced in his EKO to EKO money transfer. He felt deprived of a good service promised and the repeated unsatisfactory responses from the customer service made him decide to withdraw his savings from EKO account finally.

Source: Field notes of interviews held on 22nd & 23rd September 2011.

What did some active customers say?

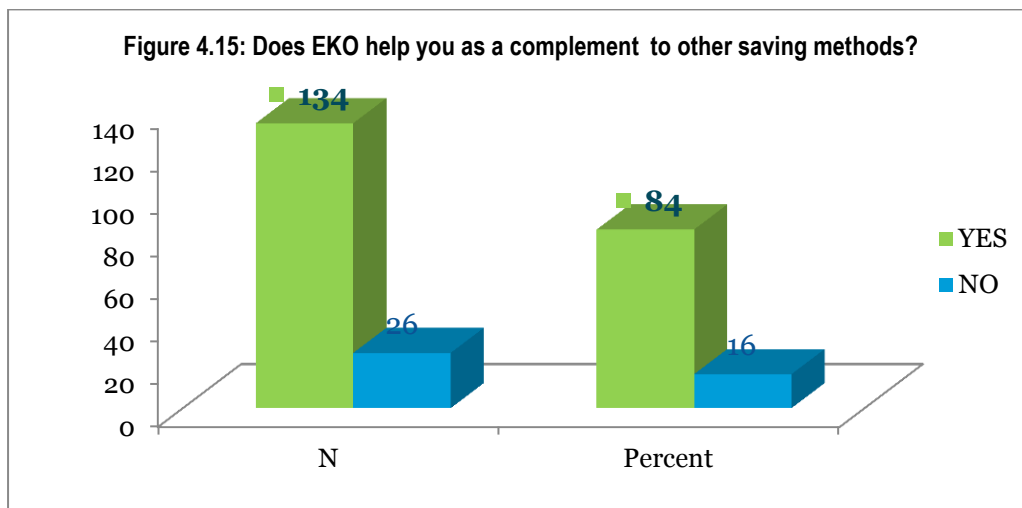
'Bank Savings account is better than EKO savings because no transaction charges on deposits'

'No time wasted for transacting in EKO account, so EKO account is better than bank account'

EKO Mobile Money Is A Complementary Tool As Well

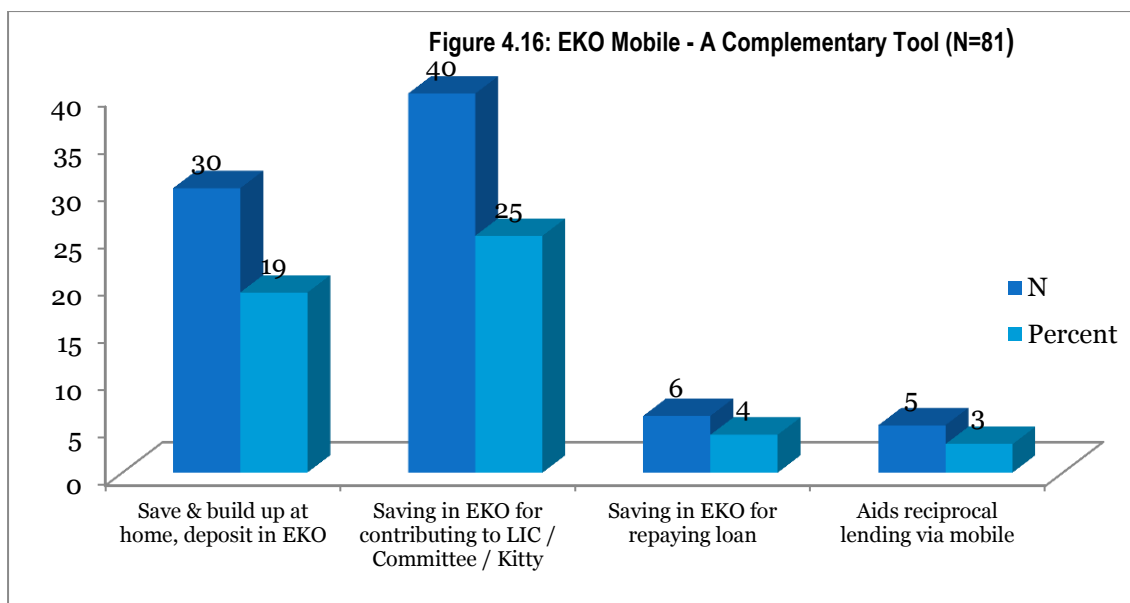
. When asked ‘Do you find EKO SBI mobile banking account helps you as a complement to other methods of saving?’ 84% users endorsed that it acts as a complement to other saving methods. While responding to give examples or instances of how do they use EKO mobile banking account to match with their other saving methods, 51 percent of the users listed four main ways of how EKO mobile banking helps them in this respect, which is seen in Figure 4.16.

Savings behaviour of users in the study is insightful about how EKO mobile banking is innovatively adapted as a superior complementary financial device to some existing saving practice/s. For instance, to meet certain monthly savings’ contributions such as payments to a *Committee* or *Kitty* or to pay for an insurance premium, some users were first depositing in EKO mobile banking account to ensure timely payments. Some of the users specially emphasised that when they set aside (as ‘cash at home’)⁷⁶ as a part of their money for monthly contributions to other saving practices like *Committee* or insurance premium⁷⁷, they failed in their attempt to pay on due date because money retained for the purpose had been used up either partially or substantially for some other needy use. However, when they started to store the money in EKO mobile banking, they could ensure payment on time without any late payment fees. (Case studies of Neelam, Jasjot and Rajinder in the next page substantiate this practice among the users). In other words, EKO mobile money seems to help customers better manage their overall savings. This finding runs against conventional views that easier forms of savings/payments (think, for instance, Paypal) generally leads to a decrease in individual control over expenditures and savings.



⁷⁶ Two users stated that they mentally calculate money needed for certain household expenses including financial obligations (LIC, Committee, rent) and kept them at home separately from money meant for routine expenses. However, sometimes if and when routine expenditures exceeded the budgeted amount, they had to draw out from the money kept for monthly commitments. This delayed their payments on time.

⁷⁷ Paying up for insurance premium is considered as ‘saving through’ for future.



Hoard Informally and Shift Formally

Neelam works at a beauty parlour as a trainee earning 3000 per month. She tries to store her money in various ways by tucking her money among her clothes, keep in a mud *gulak*, keep on self, or giving it to money guard (friend). Her intention is to convert small sums into a big amount. After opening EKO account in January 2011, she had found a safe way to ensure that her small savings can grow into a sizeable amount. Though she faces occasional hiccups in her informal storing practices, she adopts this practice because it is easier to put small denomination coins in a *gulak* till it gets filled when it can be broken or she prefers to leave it with a friend, because money on hand gets spent. At the end of each month, she collects her informally stored amount and deposits in EKO account. She finds EKO is best among her saving mechanisms and is confident that she could build a large enough sum useful for her future.

Source: Field notes from interview held on 27th August 2011

‘I use EKO exclusively for building up an amount to pay every month for my *committee*’

‘I use EKO savings for paying my LIC premium on time’

‘First I save small, small amounts and deposit in EKO. Then I use this amount to pay for my fixed obligations like rent, LIC premium and monthly contribution to *Committee*’

EKO Savings a Complementary Tool to Bank Account

Jasjot Kaur, a housewife has a bank account some distance away from her home. Earlier what she managed to save from her household expenses, she kept them hidden in a closet and transferred them to her bank account regularly. However, many a time, cash at home had to be used for meeting unexpected needs. When EKO counter opened near her house, she opened an account for its various benefits. She found EKO mobile money helped her on two counts. One, she could deposit her home savings every now and then and she drew these savings only when some unavoidable expense had to be incurred. Second, whenever her EKO savings grew into a lump sum of INR 5000 to 6000 (\$100 to \$ 120), she withdrew it and deposited in her bank account once in 3 or 4 months. Her reasoning was that her bank savings double up as 'auto fixed deposit mode' when savings in her bank account exceeded INR 10000 and she earned higher interest on it. She uses her EKO mobile account as a good complementary mechanism for her smart saving practice.

Build Small in EKO mobile and Deposit Lump Sum in Bank Account

Rajinder a sales assistant followed a similar practice of first depositing his small savings in EKO account and when it grew into INR 10000 (\$ 200) he transferred the lump sum to his bank account because his bank savings fetched interest unlike EKO savings where he never earned any interest. Rajinder stopped depositing in EKO because of transaction charges and went back to using bank account, which did not charge him for his transactions but gave him interest on his savings. He is an inactive EKO customer now.

Source: Field notes from interviews held on 13th August and 8th August 2011 respectively.

Some users' behaviour indicates that EKO mobile money double up as a substitute and a complementary device. This is illustrated below with the case of Ashish. Next, Irfan's case demonstrates how his carefully built up savings not only helped him to offer an interest free loan to a relative; but also enabled him to start another saving fund in the form of a life insurance policy, which was possible with EKO savings (Read Irfan's case below). Several users felt that EKO mobile banking has enabled them to provide financial help to friends or relatives from their EKO savings, unlike 'cash on person' that may not have been useful to build social capital always because of weak discipline in maintaining cash on hand.

Duality of EKO: both a substitute and complement to informal saving methods

Ashish irons clothes on a street corner and was used to saving his daily earnings at his rented room. Then he joined a *Committee* for bulk savings. EKO happened to him about a year ago and he is a relaxed man now because he has found a safe medium to save. He has not stopped saving in a *Committee* because he is saving there for buying a bike. Moreover, he stated that *Committee* money is less than certain in its availability during emergencies but EKO money is ready cash. He finds it useful to draw money whenever he needs and more often than not, he withdraws by the end of a month and takes it personally to the village and does not either depend on transfer through EKO or *Courier*. His capacity to contribute to the *Committee* fund on time has improved because he lets the monthly contribution for *committee* remain in EKO till the due date. Earlier when he saved money at home, many a time, his monthly instalments to *Committee* fell short because money had been used elsewhere to meet some expense or the other and he paid his EMI late but not after EKO was opened. His sense of confidence and respect also improved.

Source: Field notes from interview held on 4th September 2011

EKO Mobile Money: Stand-in Aid for Social cum Complementary Tool for Financial Arrangements

23 year old Irfan is a factory worker earning INR 6000 (\$120) a month. After opening EKO account, his quest for holding a bank account was fulfilled. Until a year ago, he used to remit major part of his salary immediately after his wage day to Bihar keeping some cash on hand for his needs and was unable to save. EKO changed his life because he believes that he has found an anchoring device to store his money. Once he deposits in EKO, he normally does not like to withdraw. However, his built up savings of INR 36000 (\$720) came in handy once when his brother in law sought an interest free loan of INR 10000 for his business needs. So he withdrew and lent him money, which was returned two months later. Instead of depositing this repaid loan amount he invested it for the first time in an insurance policy. He pays the LIC premium regularly from savings deposited in his EKO mobile banking account.

Source: Field notes of interview held on 11th October 2011

A few of the users who were students found EKO a good medium to manage their needs carefully because they had limited means to spend. One young girl Jyoti's case below illustrates how EKO mobile banking acts as a complementary aid to building human capital (basic education). *The effect of EKO mobile banking, as seen through kaleidoscopic experiences of a number of users underscore its potential as a device that can help a vast majority of the poor not only gain financial arms but other assets(human and social capital) that are needed to uplift them out of their present low economic status.*

EKO Savings - Aid for Basic Education using a SIM card

Jyoti is a 14 year old part time house maid and her father is a labourer. After her mother's death sometime recently, she started to earn by working in her deceased mother's employers' households to support her father. She works in 3 households and earns INR 1500 (\$30) a month. She normally gives him her earnings to meet the household expenses. She is in 10th standard and wants to complete her education. Her cousin sister told her about EKO account. Jyoti opened Eko account about a year back. She bought a SIM card and using her cousin's phone she deposits small amounts of INR 20 – 30 every month. In October 2011, she was happy to deposit a maximum of INR 100 (\$ 2). She uses her Eko mobile money to pay for her school fees. Her last month balance in EKO mobile was INR 240 (\$ 4.8). She is happy to save tiny amounts to take care of her small needs now and more importantly, she is confident that she could pursue her dream of finishing school with her tiny savings scrapped from her part time labour earnings.

Source: Field notes from interview held on 5th November 2011.

EKO mobile money and social capital

'Once my friend wanted Rs.500 (\$10) at 8 PM and I came to the EKO counter and withdrew from EKO and lent him. I was glad that my EKO savings came in handy. If I had cash on hand, I would not have been able to help because cash on hand is like a rolling stone'

'My 8 year old nephew wanted a shirt for his birthday, but my sister refused to give him. I gave him Rs.200 (\$4) and he was delighted. I felt confident that I could save because of EKO and could make my family happy' – a domestic maid

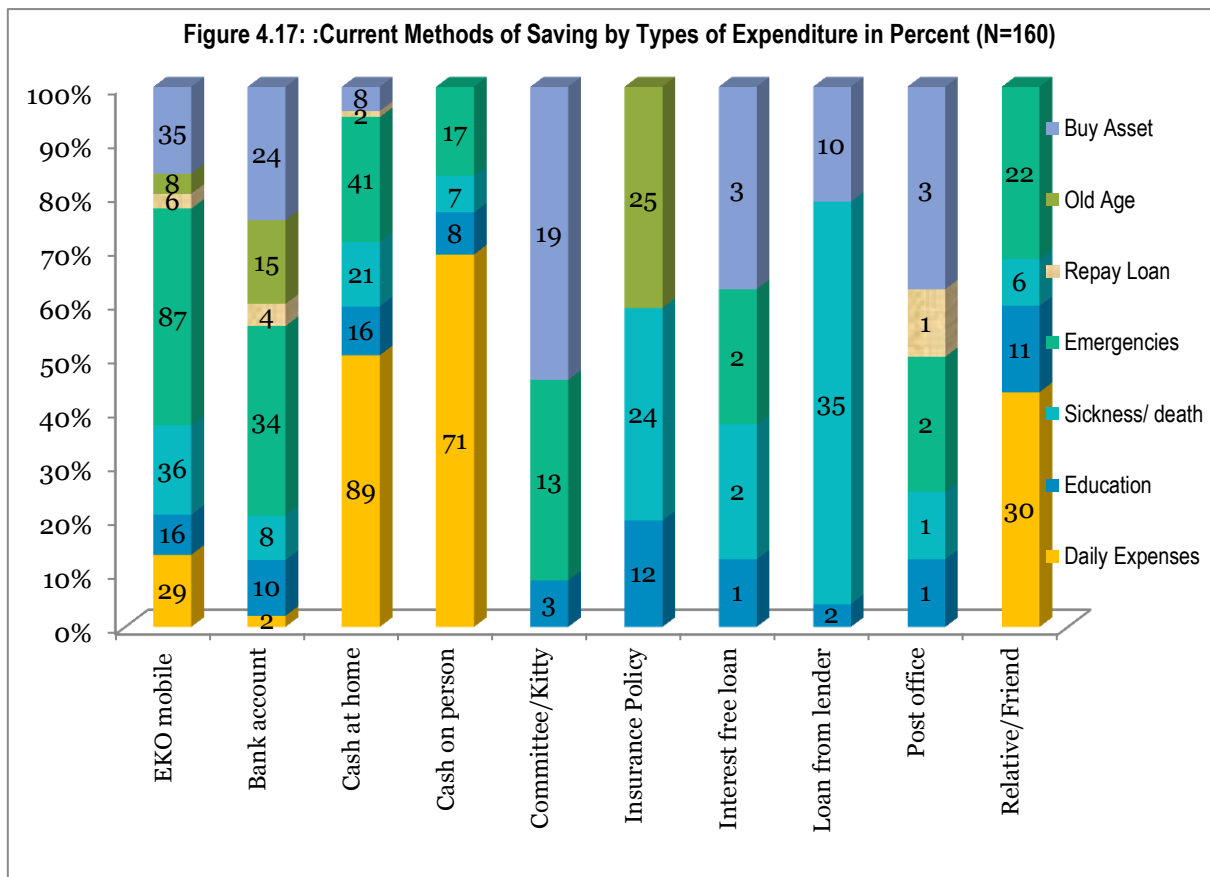
Co-Existence of EKO Mobile Banking With Other Savings Practices.

Though EKO mobile banking is viewed as an effective, secure and safe alternative to informal savings methods and traditional banking, savings behaviour of users in the study is also insightful about how EKO mobile banking has been adopted along with some existing savings practices besides it being innovatively used as a complementary savings tool.

	Daily Expenses	Education	Sickness/ death	Emergencies	Repay Loan	Old Age	Buy Asset
Forms of Savings↓							
EKO mobile	29	16	36	87	6	8	35
Bank account	2	10	8	34	4	15	24
Cash at home	89	16	21	41	2	...	8
Cash on person	71	8	7	17	...	...
Committee/Kitty	...	3	...	13	...	...	19
Insurance Policy	x	12	24	...	...	25	...
Interest free loan	...	1	2	2	...	...	3
Loan from lender	..	2	35	...	...	...	10
Post office	...	1	1	2	1	...	3
Relative/Friend	30	11	6	22	...	...	...

Table 4.8 and Figure 4.17 (and Table A.VII⁷⁸ in the appendix) presents the current saving mechanisms used by users after opening EKO mobile banking account. Users in the study had a decided scheme of savings depending on the expenditure and needs that were to be incurred. For instance, ‘cash at home’ and ‘cash on person’ were meant for meeting day to day expenses on food, daily transport and basic needs. Unsurprisingly, non users in the study also exhibited a similar behaviour. When it came to meeting recurring educational expenses, ‘money at home’ and ‘EKO savings’ were drawn; however, 10 percent users depended on ‘savings in a bank account’ for meeting especially school fees. To meet medical expenses/expenses related to death, savings in EKO mobile’ and ‘borrowing from lender’ were earmarked followed by ‘insurance policy’. An important finding indicates that users were depositing in EKO mobile banking especially for meeting ‘emergencies or unexpected contingency expenses’.

⁷⁸ Table A.VII in the appendix is culled out from responses from users’ narrative to an unstructured question – ‘tell us examples of how do you use EKO account to suit your other existing methods of saving?’



A high percentage of users (87%) deposited savings in EKO for meeting emergencies – (personal shocks and medical); besides a few users save in it for repaying debts incurred (Read Moolchand’s case below). After EKO savings, cash at home (41%) and bank account (34%) were the next best methods where the users saved money for meeting emergencies.

‘I also keep some cash at home just in case there is any emergency or an unexpected contingency. This is because what if the counter is closed or what if there is need to meet immediate cash without wasting time to go to the EKO counter’

EKO Savings for Emergencies and Repaying Debt Taken During Personal Shock.

Moolchand is a migrant construction labourer. He has become an ardent client of EKO mobile account because it has provided him safety and reliability for his hard earned savings. He also believes that whatever he saves in EKO would be useful to meet any contingencies. True to his belief, whatever little savings he had built up in EKO was used for meeting unexpected medical expenses for his mother recently. Normally, he does not borrow because of difficulties in repayment with his low and irregular earnings. However, he had to borrow INR 10000 (\$200) at a substantial interest when his mother passed away. With zero balance in EKO, he has started to save again with a specific purpose of repaying this debt. He is using EKO as a storing device to ensure that he can fulfil this financial obligation regularly. He has graduated using EKO mobile from merely depositing his savings to that of a reliable security device to take care of his financial obligations.

Source: Field notes from interview held on 4th October 2011

When it came to save for 'old age', insurance policy was used as a first option followed by bank savings. To buy assets including land (Read Shankar's case next page) and consumer durables (bike, 2 wheeler), saving in EKO mobile account was the foremost choice, followed by bank account and *Committee/kitty*. *Committee* or *kitty* was also used to meet specific expenses like 'festival /ceremonial expenses'. Some of the users clearly stated that when they joined a *committee* fund, it was timed to meet a known or planned expenditure. Sandeep's case in the following page illustrates how EKO mobile money coexists comfortably with other saving modes.

Save in EKO for Buying Land / or for Specific Purposes

Shankar earns his livelihood ironing clothes in a residential colony in South Delhi. He earns normally between INR 8000 and INR 9000 (\$ 160 and \$ 180) every month. Before opening EKO account, he used to keep his daily earnings at rented room and he remitted the lump sum to his village bank account. This practice stopped nearly 2 years back when he opened EKO mobile banking, where he started saving surplus money for buying land. He stated that every month he deposits in EKO account and his minimum deposit is not less than INR 1000 (\$ 20). With a loan from a relative and his EKO savings, he recently bought a tiny piece of land in his village in Uttar Pradesh. Having depleted his EKO savings for buying land in his village, he intends to build up next for his daughter's marriage.

Source: Field notes of interview held on 20th September 2011.

Not a Rupee on Hand, but All the Money in EKO and other Saving Modes

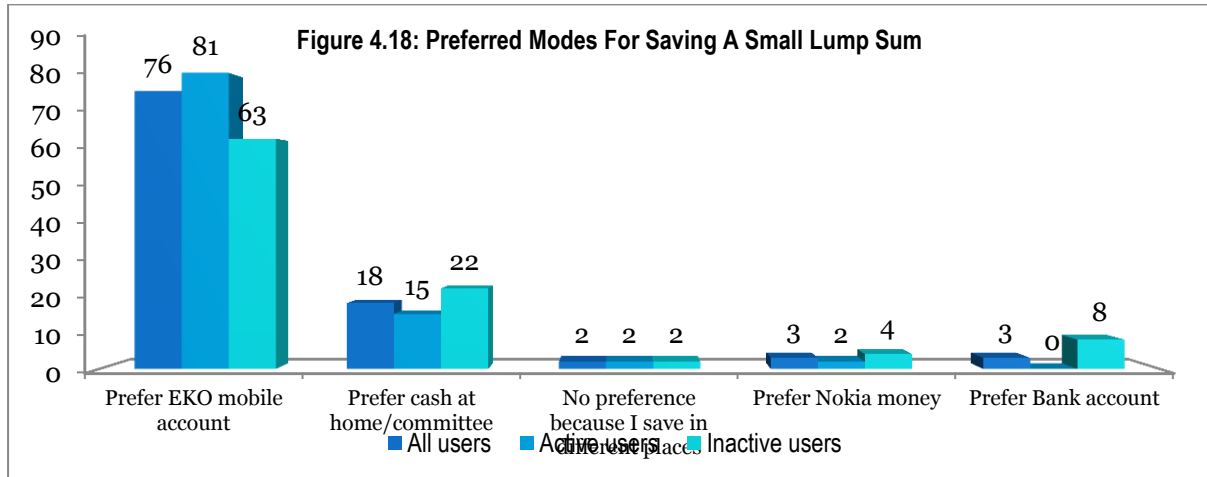
When 22 year old Sandeep completed his Bachelor's degree in Commerce two years back, he started taking tuitions to earn while he was also studying for a cost accountant degree. He used to spend his pocket money as a student but after he started earning, he started both EKO account and Bank account for depositing his earnings. He earns an average of INR 12500 a month (\$ 250) a month. In the course of time, he also joined a *Committee* where he contributes a fixed sum. Recently he decided to enter into mutual funds and started a demat account and he hopes to invest in shares soon. Between a bank account and EKO account, he prefers the latter. He is extremely happy and comfortable for a number of reasons – ranging from convenience of saving smallest amounts, safety, avoid unwanted expenses etc. Normally he deposits in EKO INR 1500-2500 or more every week. Whenever he gets surplus money he prefers to save in EKO rather than his bank because of easy deposit and withdrawal facility. Ever since he started EKO account, he stopped holding any money in his pocket also and even if he has a 5 rupee coin, he deposits it in his EKO account because he knows that he can withdraw when needed. This was corroborated by his EKO counter agent later when the surveyor verified. When asked how he manages in emergencies without any cash on hand, he stated that he borrows from family/friends (including his CSP) and would return the borrowed amount soon after withdrawing from EKO account.

Last year, Sandeep bought his motorbike from the savings he had accumulated in EKO account. He prefers EKO to Bank account but of late, he is unable to deposit in EKO as his deposit has touched a ceiling of INR 100000 (\$ 2000) and whenever he tried to deposit, he gets a SMS that you cannot deposit till some period. Coincidentally, this happened a day prior to the interview and he stated that since he could not deposit in EKO account, he was forced to go to the bank to deposit his current savings of INR13000 (\$260).

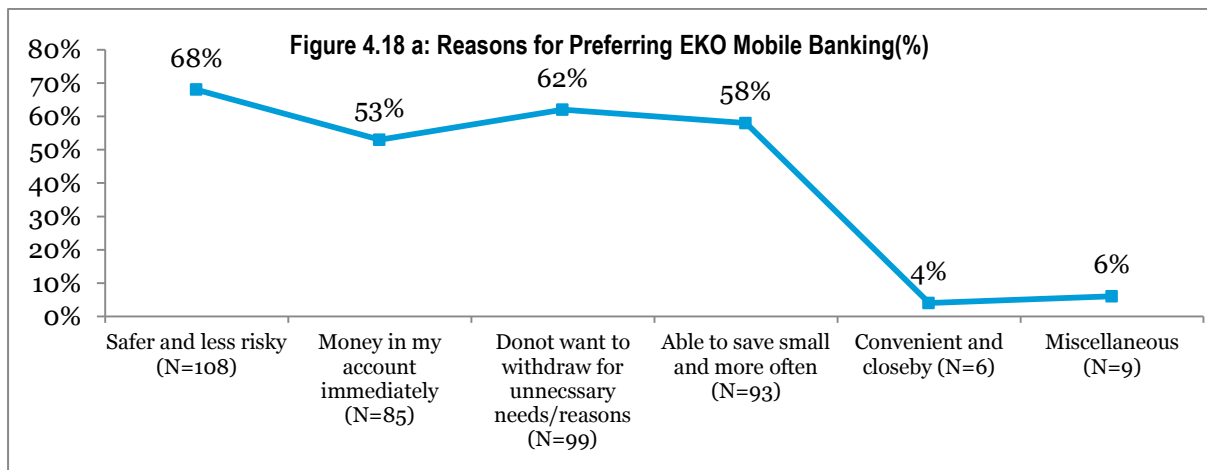
Source: Field notes from interview held on 23rd August 2011

EKO Mobile Banking: A Preferred Alternative for Small Savers.

Asked about their preference for saving a small lump sum of INR 1000 to 2000 (\$ 20 to \$ 40), 79⁷⁹,⁸⁰ percent of users in the study preferred EKO mobile banking account as against 18 percent of users who preferred cash at home/committee.



Main reasons for preferring EKO mobile banking account were safety, promptness of transaction, unwillingness to withdraw money deposited in mobile account⁸¹ and ability to save small and frequently.



⁷⁹ This is inclusive of 20 % of users who became inactive due to transaction charges.

⁸⁰ This includes 3% of users who preferred Nokia money too.

⁸¹ Lakshman's case in the following page illustrates how users prefer to borrow rather than use carefully built up savings in EKO mobile banking account.

‘EKO is like ATM money – better than cash at home which gets spent’

‘Saving in EKO is like saving in a *gulak* – for me EKO is like a *gulak*’

‘In emergency, *Committee* does not help at all and it is a huge amount, but in EKO we can withdraw even Rs.10 also’.

‘EKO is good for small savings and bank for big savings’

In a related query on ‘After opening EKO mobile account, do you still feel the need to keep ‘cash on hand’ to meet any unexpected needs?’ 83% of the users still hold ‘cash on hand’ for meeting routine needs as well as ‘caution money’ to meet any unexpected unforeseen expenses. Figures 4.19 (a), 4.19 b and 4.19 (c)⁸² gives a view of the responses.

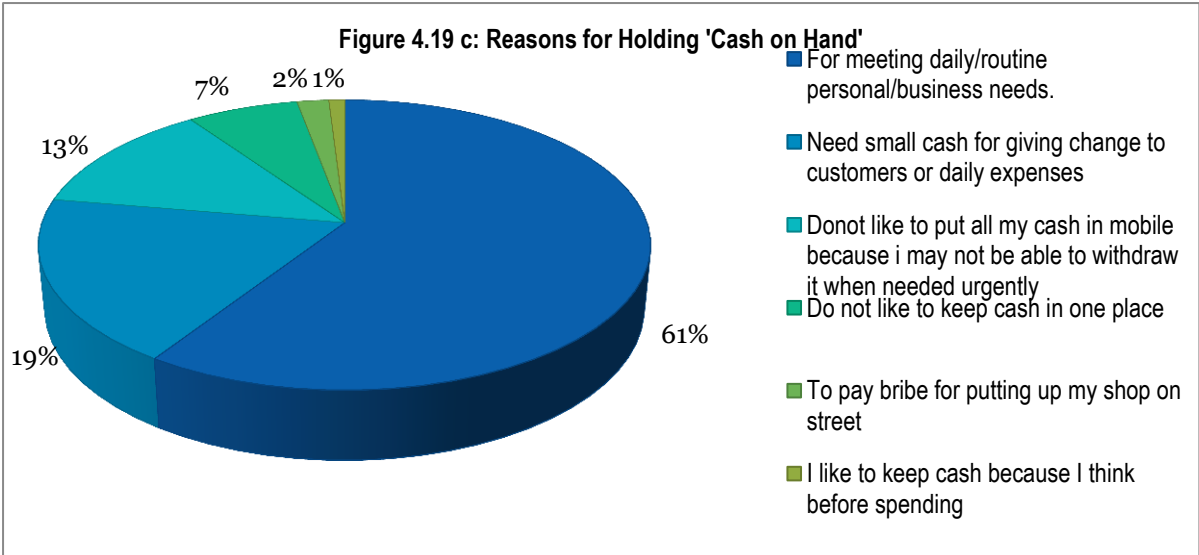
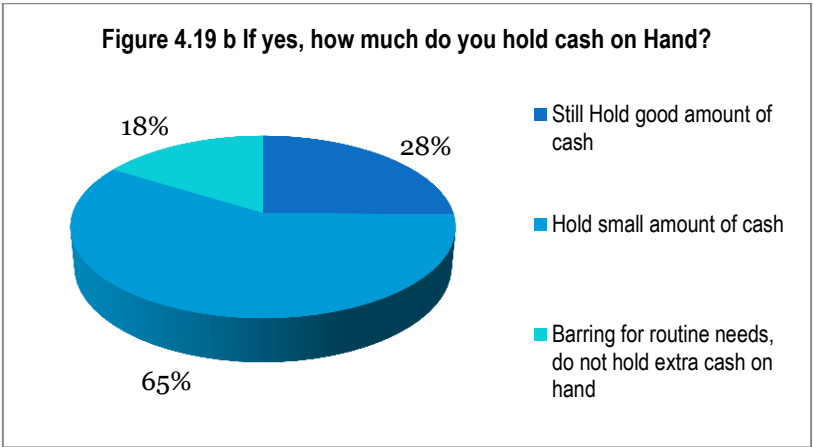
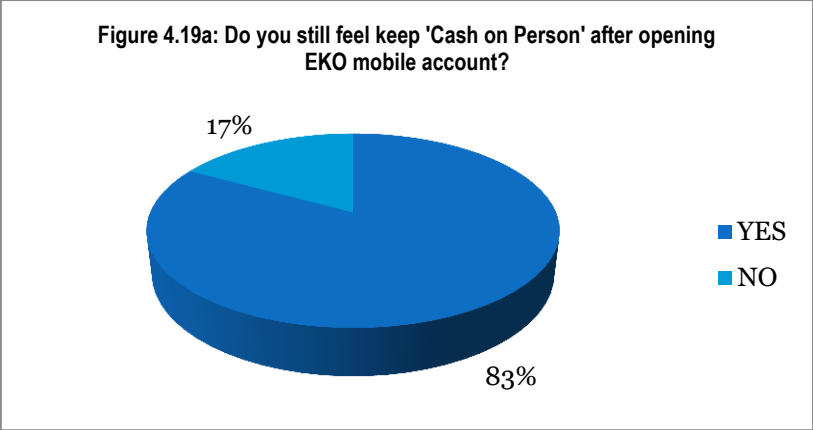
‘Do Not Like to Use EKO Savings but Borrow’

Lakshman is a migrant working as a plumber in Delhi. He found his sense of peace after adopting EKO mobile. This is because his fear of loss or risk of theft of ‘cash on hand’ not only reduced but he has been able to save bit by bit regularly. He hopes to build up for his children’s education and family’s welfare. He strongly believes that this saving would be useful for meeting any emergencies too – as it happened sometime back that his mother fell ill and he withdrew his EKO savings and sent home to meet medical expenses. His current saving balance is INR 13911.

Normally, he prefers not to touch this money because it is difficult to save back the built up amount carefully. For instance, recently his daughter needed to be taken for an ailment in the hospital and he had to pay Rs.1500 as hospital expenses. But he knew one of the doctors in the Jeevan Hospital where his daughter was treated. So he borrowed the money from the doctor and paid the hospital. When queried why he didn’t withdraw from his EKO savings, he answered ‘I don’t want to withdraw from EKO because afterwards it is difficult for me to deposit again and maintain my balance. Ab kisi se leta hun toh jaldi earn karke, jaldi return kar deta hun. (if I borrow, I earn quickly and return the loan quickly), but it is not the same case with saved amount. I paid the doctor within a week from my earnings’

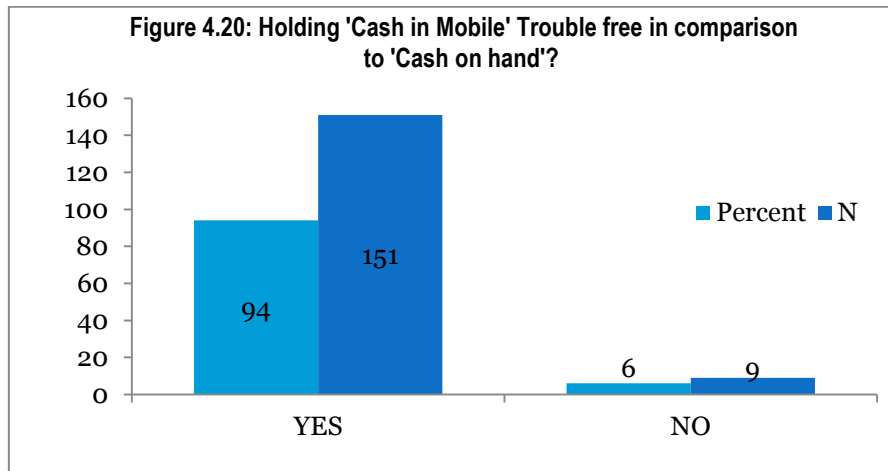
Source: Field notes from interview held on 14th September 2011.

⁸² Refer Table A.8 in the appendix for details.



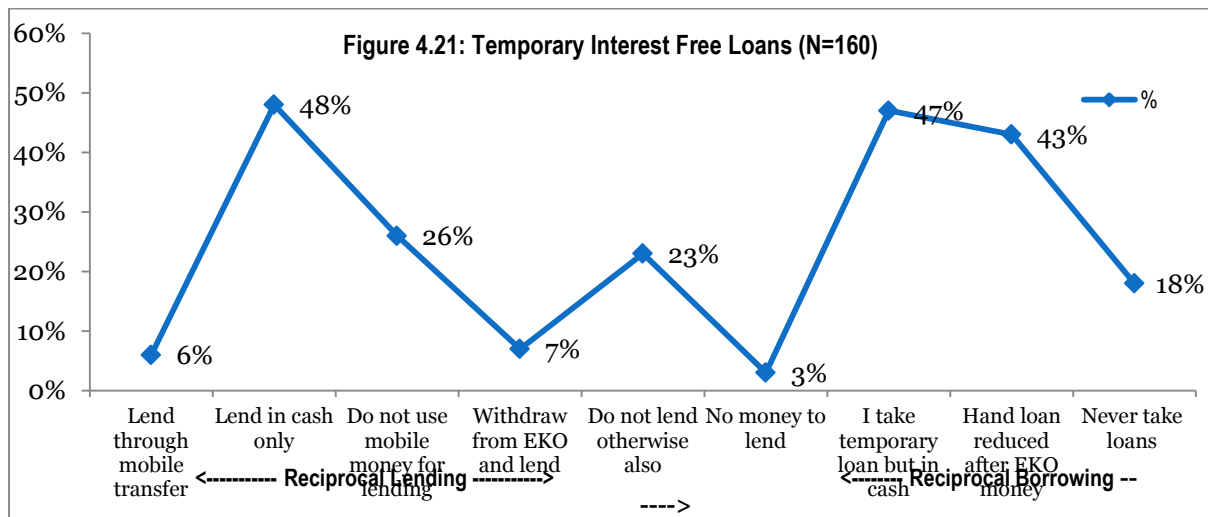
While the users expressed clear preference for EKO mobile account for accumulating a small sum of money, the fact that 65% hold small amount of cash and 28% hold good amount of 'cash on person' reflects the 'cautious behaviour' of low income users. Their reasons are not far to seek. 61 % of the users kept cash on person for meeting routine needs, 19% for meeting business expenses or to give small currency as balance to customers when they purchase goods from them, and 13 % did not like to put all the money in EKO mobile

account lest they are unable to withdraw it when needed urgently. However, as regards the convenience of holding cash on hand/person versus cash in EKO mobile account, there was decidedly a marked affirmation for the latter. Similarly, 96% of the users rated that EKO mobile banking allows them greater freedom to access their savings in terms of availability, convenience and flexibility compared to informal saving methods like saving with relative/friend/shopkeeper.



EKO Mobile Banking and Reciprocal Borrowing and Reciprocal Lending

The study explored whether users lent money or borrowed money (interest free hand loans) via mobile to mobile transaction and the findings are presented in Figure 4.20.^{83, 84}



Noticeably 26 % users do not use EKO mobile money for lending, 7% withdraw from EKO mobile account and lend but 6% lent through mobile transfer while 48% lent in cash only. On the other hand, a very important finding was that the need for temporary hand loans reduced after opening EKO mobile banking account for 43 % EKO users. This finding reflects a gradual change in the nature of dependence on social relationships. While for a non-negligible percentage of users, the need for 'reciprocal borrowing' diminished, nearly for

⁸³ See Table A.9 in appendix for details.

⁸⁴ Percentages add up to > 100 due to multiple responses.

about slightly more than equal percentage of users, 'reciprocal borrowing' is a continuing mode to meet any unexpected consumption or income shortfalls. On the other hand, though a minuscule percentage of users transferred cash through EKO mobile banking account as interest free loans to friends/relatives, a higher percentage reportedly lend in cash only. Whether this is due to increased capacity of the users after EKO mobile banking account needs to be probed in future.

To sum up this section, it is important to remember that positive outcomes of the users in the study clearly underline the fact that EKO mobile banking is a potential weapon to enable the low income households to access safe saving option. At the same time, the negative experiences of a segment of the users in the study indicate that the poor do not want to be losers in their desire to save and transaction charges or account maintenance charges introduced midway after the uptake of service act more as disincentives to save. Small savers need to be offered products that are suitable to their needs without eroding their little savings diligently built up for financial security in times of need – be it planned or unplanned. This requires sensitive outlook towards the poor instead of hardnosed business calculations only.

“EKO Mobile Money Suitable For Us”

‘Bank account is ok for big transactions, but EKO is suitable for lower class and uneducated people like us because we do not have sufficient income to save big, nor do we have the time to go to a bank. Moreover, our parents find it easy to withdraw money sent by us. There is no better alternative for us poor people to save our money’ – A factory worker

‘Two months back, I lost my father suddenly. My saving balance in EKO was INR 45000 (\$900), which I withdrew for meeting the funeral expenses. If there were no savings in EKO, then I would have had a tough time to meet this contingency but saving in small bits in EKO mobile banking helped me to face this big expense’ – A mason.

Would Swing back to EKO if:

‘Waiting to use EKO mobile banking account whenever our EKO counter opens’-

‘Waiting to reuse the EKO mobile banking account when there is no transaction charge like now or at least not on our deposits’

‘I feel bad that I had to go back to saving at home and am hoping that I could use EKO again’

“If they do not see benefits, but they see risk, they will not adopt technology. It has nothing to do with technology; it’s just a matter of whether they can see the benefit and whether the benefit is worth it to them.”- C.K.Prahalad



Adoption Behaviour, Changes in Attitudes and Related Issues

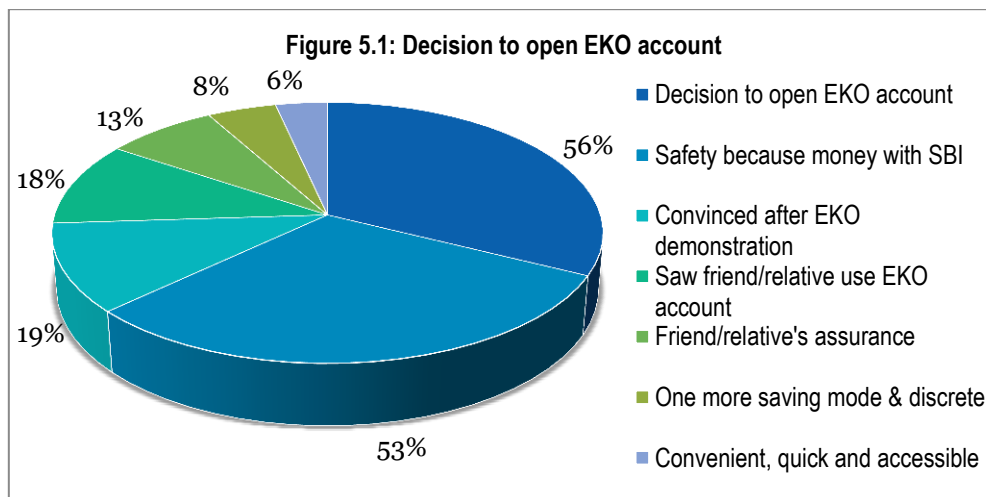


5. Adoption Behaviour, Changes in Attitudes and Related Issues

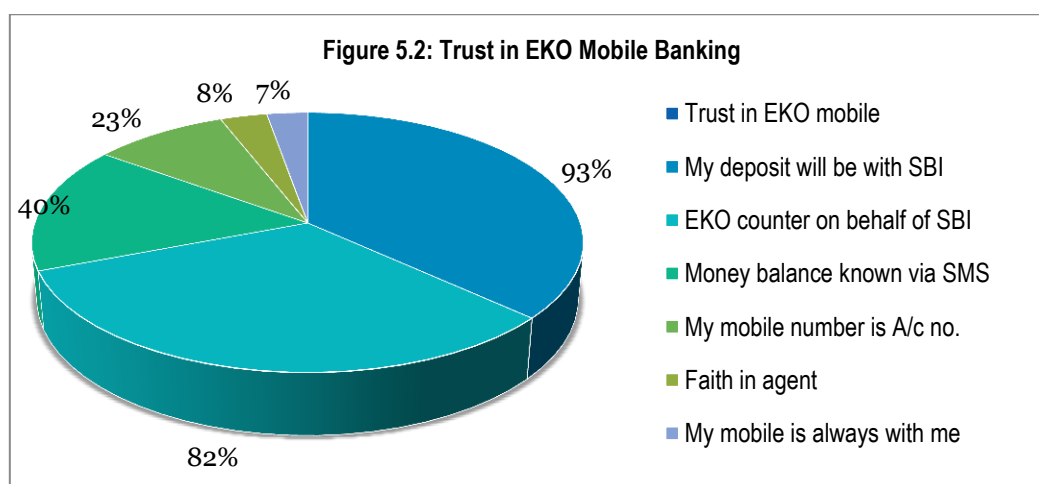
This section presents findings about adoption behaviour of users of EKO mobile banking.

Decision to Open Account with EKO Mobile Banking

In response to a question on what made them to decide on opening an account with EKO mobile banking services, two important reasons were given by the users. One, confidence in it being a bank account with SBI, and two, conviction about its reliability after seeing the demonstration of its functioning.

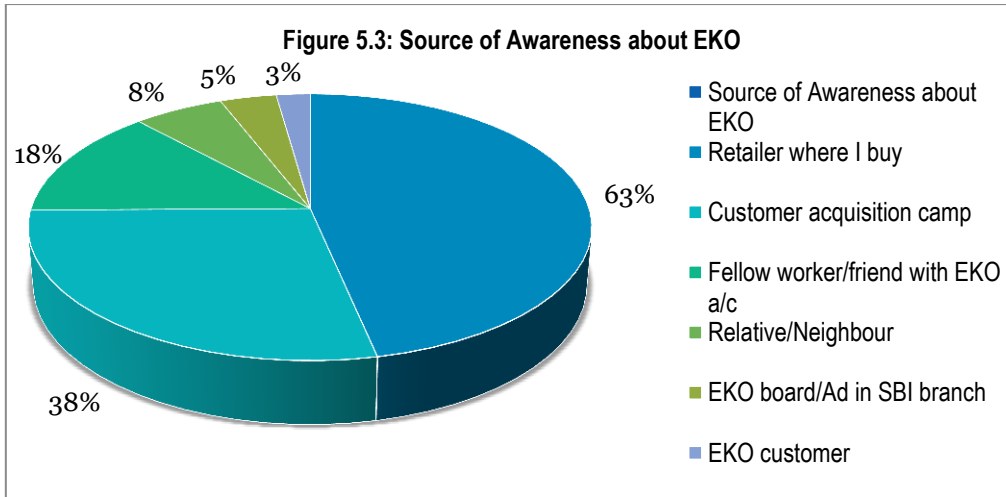


Trust in EKO Mobile Money: When asked a related question on ‘When you got to know about EKO mobile banking, did you trust it as a safe method to deposit your money?’ users’ responses revealed that they trusted it primarily because their deposit will be with the State Bank of India and that EKO counters are run by EKO as BC on behalf of the SBI. The fact that the money balance is known immediately via the SMS and their mobile numbers were the account numbers also were fairly important reasons.



Source of Awareness

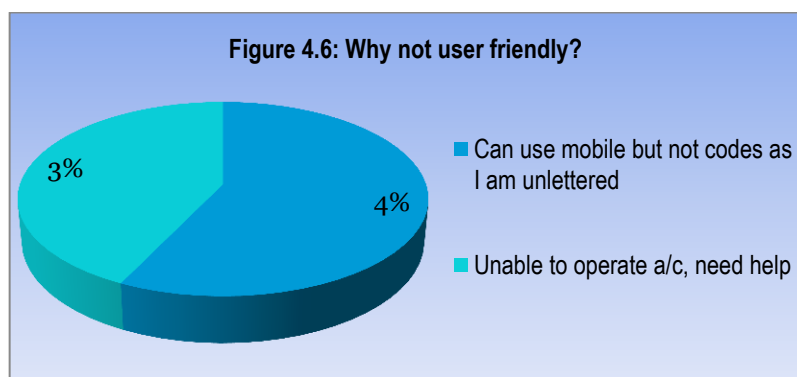
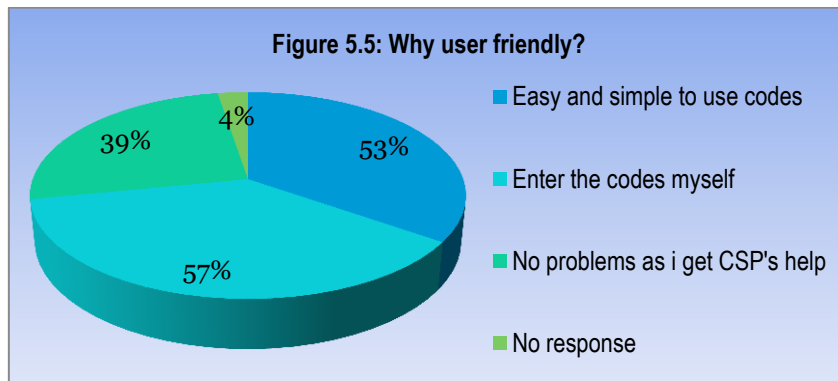
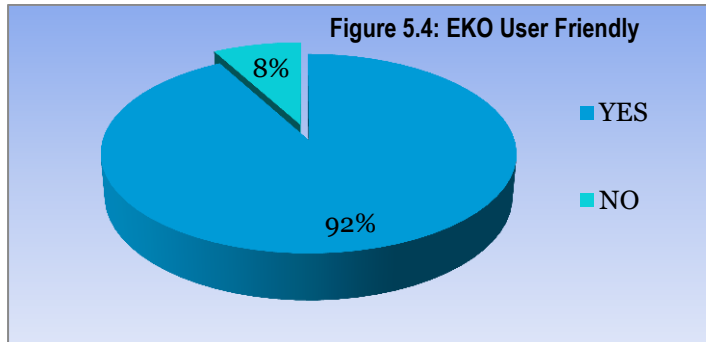
EKO mobile banking was known to the users through many sources – chief of these were the following in the order shown in Figure 5.3.



EKO Mobile Banking User Friendly

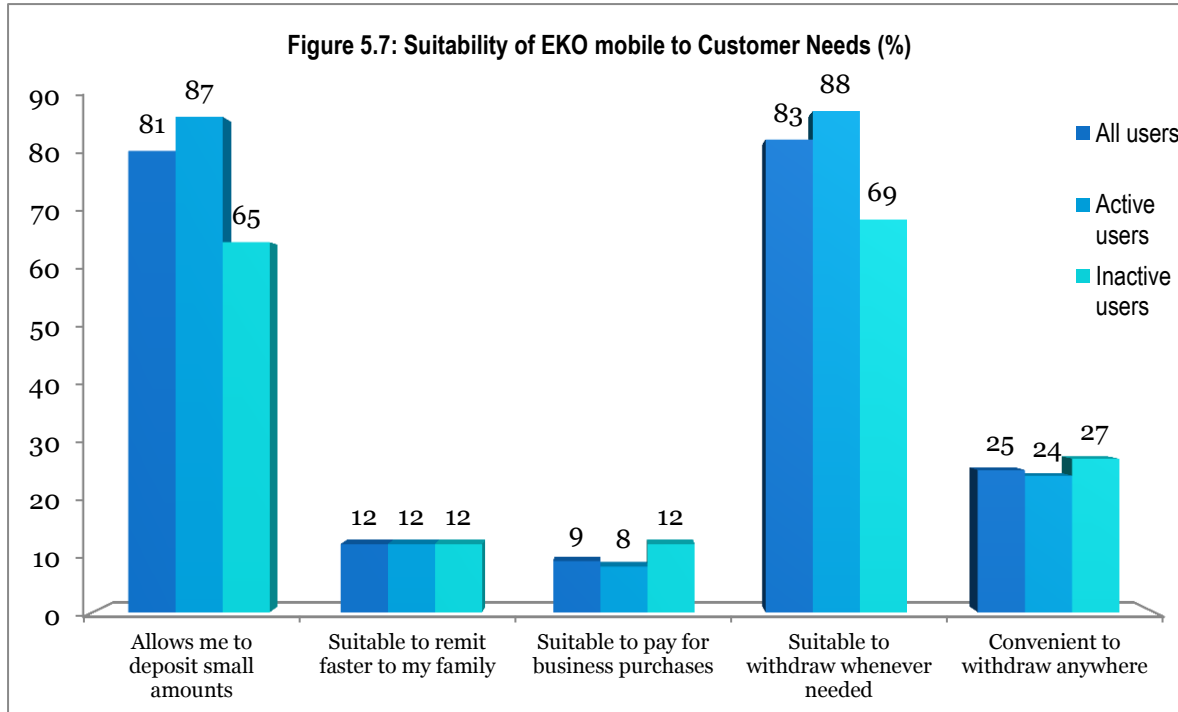
users responses on the nature of technology - user interface in terms of friendliness and ease of using EKO's mobile banking.

Figures 5.4 to 5.6 presents the



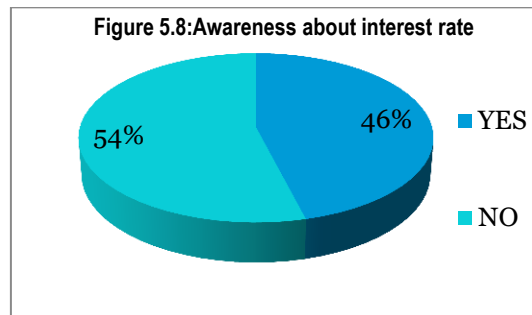
Suitability to User Needs

When asked about the suitability of service offered by EKO to the user needs, three important reasons in the following order- suitable to deposit small amounts, withdraw whenever needed and convenience of transacting in any EKO counter - were given by the users (Refer Figure 5.7).



Awareness about Interest Rate

Surprisingly, 54% were unaware about either the amount of interest rate or that the account offers an interest on their saving balances.

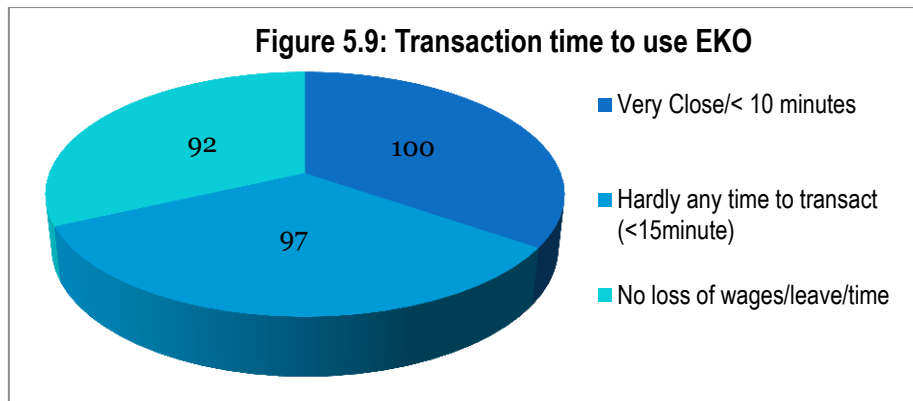


Problems Faced in Withdrawal of Money

Though 90% expressed that they faced no problems in withdrawal of cash from the EKO counters, among the 10% (N=16) who faced problems in withdrawing cash, server problems (13 out of 16 users) and closure of counters by their CSPs (8 out of 16 users), cash float with CSPs (2 out of 16 users) were reported.

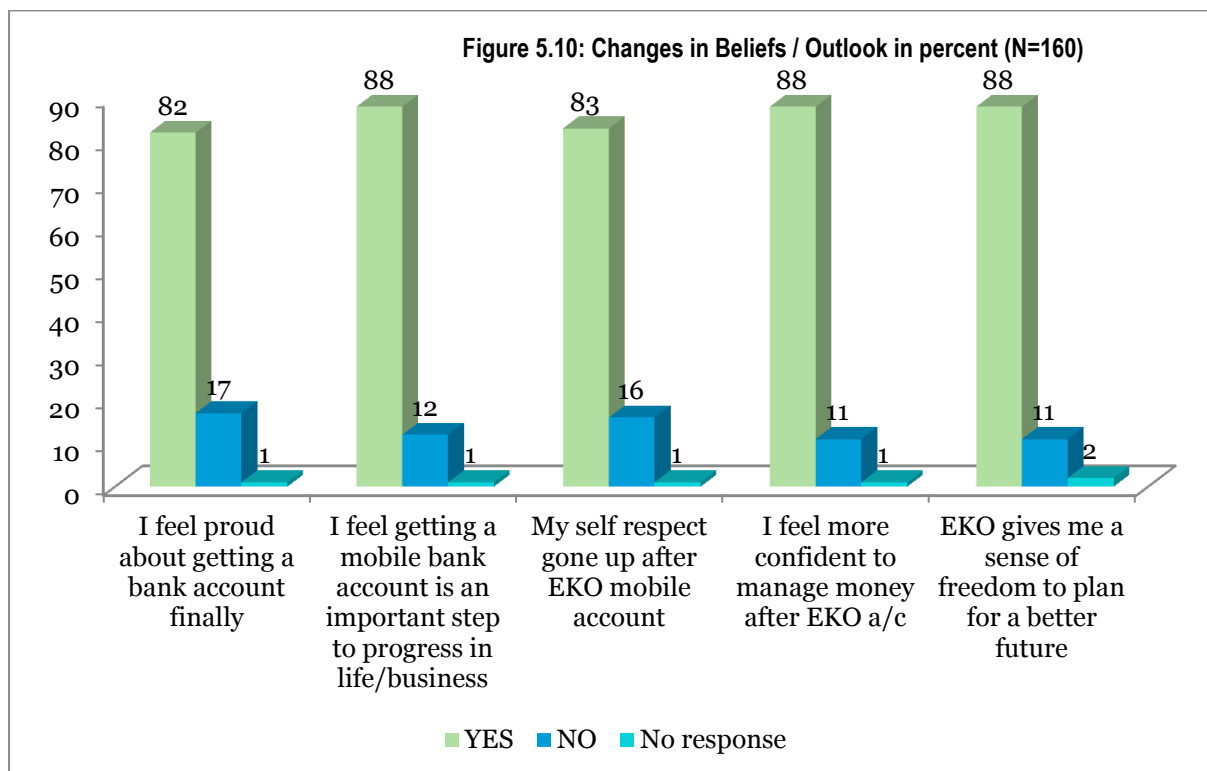
Transaction Time

There was neither any cost in terms of wages or leave lost nor any time lost in transacting with EKO mobile banking counters for the users (See Figure 5.9).



Changes in Attitudes

One effect of mobile banking usage by low income users could be a change in their attitudes towards certain aspects of their life. This was inquired into on five dimensions by giving them 5 statements to which they had to agree or disagree. Figure 5.10 details the findings on this aspect.



As can be seen, the users in the study evaluated themselves high on all the five aspects – sense of pride, sense of realization, sense of confidence, sense of self-respect and sense of freedom. The users experience and their changed outlook were highlighted in some of the case studies in section 4. The case study of Mr.Singh in the next page illuminates how access to safe and reliable financial services can bring about a positive change in the self-belief; besides the improved capacity to save resulting from o a safe save option like EKO mobile banking acts as a tremendous boost for low income people struggling to get out of their disadvantaged socio-economic circumstances.

Improved Self Esteem and Respect

Mr.Singh is a *Granthi* in a *Gurudwara*. With his modest salary he was unable to save. Whatever gift money or money he received for performing some religious duties was also used in family needs. He had no bank account. But acquiring a mobile account from EKO has changed his wellbeing. In the past year he ensured to deposit all the extra /surplus income he received in his EKO account and built up a useful saving balance. This helped him to achieve two things. One, he was able to afford to admit his 5 year old son in a good school and two, he bought a second hand two wheeler scooter for himself. He told us ‘my sense of self-respect and esteem has improved because I managed to save in EKO by depositing every now and then whatever surplus earning I got. My confidence has increased that I can manage to save and use it for good use’.

Source: Field notes from interview held on 10th September 2011.

Table 5.1 presents the users’ reaction culled out from their replies to an unstructured question ‘Please tell us in what ways EKO mobile account has benefited you?’

Table 5.1: Life improved after opening EKO account	N	%
Increased sense of confidence, happiness, life improved	58	20
Can save now, could not save before EKO/no option	41	14
Helped to avoid wastage/unnecessary spending lead to increase in savings	37	13
Reduced risk of saving informally (home, person/shopkeeper)	25	8
Habit of savings created/increased	20	7
Habit of hand loan reduced/dependence on family/friends reduced	20	7
Ability to save more/ Increased savings	16	5
Secrecy of savings	13	4
Increased self respect, sense of independence, security	12	4
Improved sense of social / family acceptance	11	4
Finally got a bank account because of EKO	10	3
Can withdraw small during no earnings/money shortage	9	3
Easy transfer of money from EKO to EKO, family gets timely paisa	6	2
Got a medium of savings	4	1
Stopped saving in Committee/shopkeeper	4	1
Ability to pay employees/business expenses on time increased	3	1
Convenience on handling money through phone	3	1
Fear of handling paper work, queues overcome	3	1
Total	295	100

Changes in Outlook, Capability, and EKO Mobile Banking

‘I pay my employees on time every week because I deposit part of my earnings from tailoring shop in my EKO account, from which I draw out their weekly wages. They are happy and I am happy too. Prior to EKO, my workers left me soon because I was unable to pay them on time’

‘After saving in EKO, I have started buying goods for my shop in cash and my credibility has increased’

‘I never thought I could also save but EKO mobile banking account has given me the confidence that I can save also’

‘My ability to pay my workers on time has improved because I save in EKO for paying wages to labour for my workers’

‘Earlier I thought that I could never learn to use a bank account, but EKO mobile banking has taught me that ‘I too’ can use a bank account’

‘I am at peace now because EKO has enabled me to save some amount in it for a rainy day’

‘If some saving is done, then life’s worries are reduced and there is secured feeling which I have now after getting EKO account’

‘Now that I have some saving balance in EKO, I receive increased respect from my family as well as in the market – a tiny shopkeeper’

Concluding Discussion



6. Concluding Discussion

The study brings forth several insights regarding the effects of EKO mobile banking on the saving behaviour and practices of low income users in the metropolis of Delhi. It shows that EKO mobile banking has improved the capacity of low income users to save in comparison to keeping 'cash on hand' and the degree of improvement in their ability was rated by a majority of the users as 'definitely improved'. It also indicates that EKO mobile banking has become an effective, safe and trustworthy savings instrument for its users. In addition, it has become a storage device for both unbanked and banked users. Notably, dependence on risky informal methods diminished for a large percentage of users, who were earlier dependent on them for lack of a safe saving option. Most importantly, it is considered as a robust substitute to many informal methods as well as a bank account; yet at the same time, it has not displaced the usage of other savings mechanisms used prior to adoption of EKO mobile banking because different saving methods were perceived as having their own usefulness and purpose. Contrary to expectations, while making deposits and withdrawals were more accessible and easier, EKO mobile money also seems to improve the efficiency and regularity of other alternative saving practices. An important value addition to the users is that the EKO mobile banking is a 'potential risk mitigating' financial cushion in times of emergencies – especially medical emergencies and personal shocks (death).

An interesting aspect of EKO mobile banking is that it has become a convenient 'fit in' instrument among other forms of savings devices– including both informal and formal methods –depending on the purpose and nature of saving goals – short term or long term. In fact, EKO mobile banking is used in combination with other savings methods as well as adapted as a superior complementary device to an existing saving practice, thus augmenting self –discipline of users in their savings efforts. Such behaviour is an indicator of a shift in the pattern of savings to minimize the risk of failure of savings (for example, if carefully built up 'home savings' is depleted due to its exposure to demanding relatives). Given that the users were blending EKO mobile banking in their existing assortment of informal saving methods and bank accounts, a key learning is that there is need for developing saving products that incorporate design principles based on informal mechanisms (for example, like *Gulak*) to suit the needs of low income users who have low, irregular incomes and low levels of savings.

Critically, EKO mobile banking is valued as a boon for small savers / users dependent on risky informal saving practices due to its versatility as a 'money box' held in user's hand yet it can be held at an arm's length. It is also considered as an enabling instrument to maintain 'secrecy of savings' as well as 'a means of financial control'. Besides, EKO mobile banking is a useful tool to maintain 'social capital', thus building the asset base of low income users. The effect of EKO mobile banking, as seen through kaleidoscopic experiences of a number of users underscore its potential as a device that can help a vast majority of the poor not only to gain financial arms but other assets (human and social capital) that are useful to uplift them out of their present low economic status.

The study also confirms that the need for taking temporary interest free hand loans to manage consumption shortfalls during periods of income volatility has fairly reduced thus effecting a gradual change in their dependence on social arrangements; however, provision of interest free cash loans to friends and relatives is found to be substantially observed and whether it is due to improved saving capacity post EKO mobile banking is neither known nor validated in this study.

Another key insight from the study is that due to the negative experiences, about 1/3rd users dropped out from using the EKO mobile banking service subsequent to and mainly due to the introduction of transactions charges. After riding the rails of EKO mobile banking happily, the poor experiences of low income users eroded their confidence in using it as a saving tool because they did not want to lose their small savings. This is because the transaction charges levied on their small deposits and withdrawals either neutralized the interest earned on the saving balance or the saved amounts. An implication of this finding is that the financial behaviour and pain points of low income segments have not been appropriately addressed by EKO. While customer acquisition is fairly easy when the service is provided free, midway introduction of 'flat transaction fees' without recognizing the needs of small savers from low income segments is a step that led to a 'swing back' effect. Therefore, it is important that when the mobile money service is offered, the terms and conditions associated with it should be lucid, transparent as well as corresponding to the needs of low income clientele. However, the inactive users expressed their keenness to restart using the EKO mobile banking in future subject to a reasonable pricing policy by the business correspondent (EKO). This is indicative of a latent demand for safe saving services and willingness to use the mobile banking services on a sustainable basis if branchless banking players offer to charge a reasonable service fee on deposits.

Overall, the positive perceptions about the effects of mobile banking in the daily lives of EKO mobile banking users is an encouraging sign about its potential for financial inclusion of large numbers of the underserved and unbanked low income households in both rural and urban India. The insight of the study about the negative views held by non users with regard to their saving capacity due to irregular incomes and lack of awareness of the potential of mobile banking needs to be changed using suitable strategies to reach out to the poor segments of population in India and elsewhere. This alone will ensure their financial inclusion.

As a Business Correspondent, EKO can play a key role in enabling financial inclusion of low income population it targets to serve. However, EKO's sharper focus and greater interest on its remittance product (*Tatkal*) during its current stage of business growth seems to be piggybacking on the initial success of its mini savings product. This might augur well for EKO as a business entity but from the angle of provision of a safe saving option for a large base of low income users through mobile banking models, this is an issue of concern because achieving both outreach and faster uptake and usage of EKO's mobile saving account depends on the priorities of the players in branchless banking initiatives.

Appendix



Appendix

	N	Percent	Mean (INR)	Mean (US\$)	Median (INR)	Median (US\$)
< INR 5000	26	41	3358	67	3500	70
INR 5000 - 8000	30	48	6003	120	5500	110
> INR 8000	7	11	14143	283	9000	180

	N	Percent	Mean (INR)	Mean (US\$)	Median (INR)	Median (US\$)
< INR 5000	16	16	3381	68	4000	80
INR 5000 - 8000	46	47	6080	122	6000	120
> INR 8000	35	36	18243	365	15000	300

Table A.2: Profile of Non-Users N=20			
		N=20	Percent
Age		29 (Mean)	100
Gender			
Male		13	65%
Female		7	35%
Education			
No Schooling		9	45%
Upto Middle school		3	15%
High School /Technical		8	40%
Under graduation			
Occupation			
Street vendor		2	10%
Sales assistant		3	15%
Daily casual/rickshaw puller		2	10%
Housewife/parlour maids		5	25%
Security guard/workers		5	25%
Shop assistants		3	15%
Domicile status			
Migrants/temporary		12	60%
Permanent residents		8	40%
Own mobile phone		14	70%
No mobile		6	30%
Bank account		8	40%
No Bank account		12	60%
Income			
< INR 5000		2879	70%
INR 5000 - 8000		5500	30%
Methods of Savings			
Cash on hand/at home		12	60%
Shopkeeper		3	15%
Kitty		4	20%
LIC		2	10%
Less income, no savings		5	25%

	April,11	May,11	June,11	July,11	August,11
No. Of deposit, withdrawals	7402	4719	2998	2634	2400
Value of Deposit, withdrawals	1,12,52,757	72,30,439	46,44,555	42,63,461	34,69,192

Source: EKO financial Services Ltd. This was received in a personal communication from Ms.Pooja Chandra, Vice President (Marketing) via email dated 21st May 2012

	N	Percent
Entire Sample (N=160)		
YES	144	90
NO	12	8
Not really/Not exactly	4	2
Active Customers (N=111)		
YES	106	95
NO	4	4
Not really/Not exactly	1	1
Inactive Customers (N=49)		
YES	38	78
NO	8	16
Not really/Not exactly	3	6

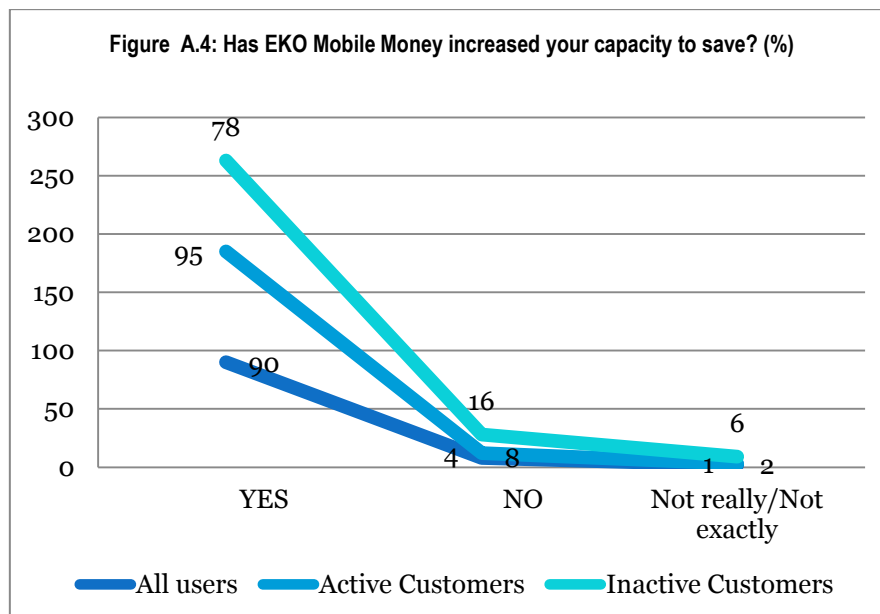
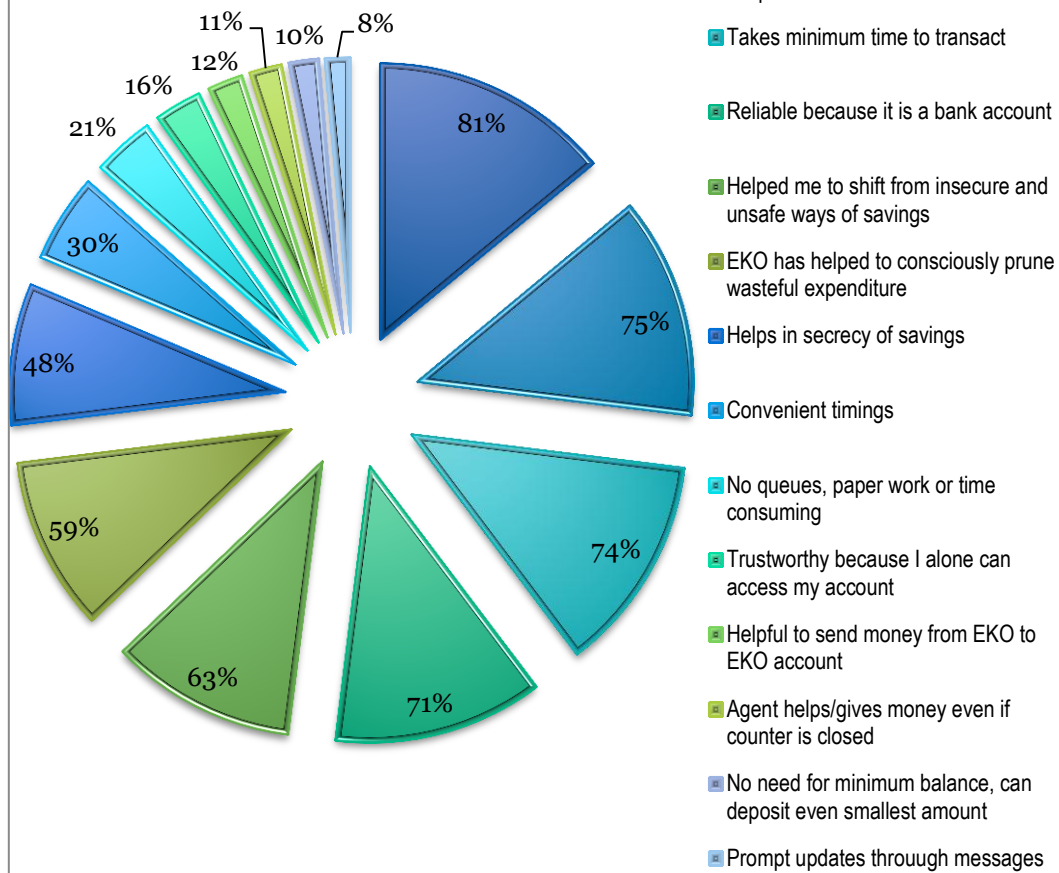


Table A.5: Are you able to save small amounts if surplus available?						
	All users (N=160)	Percent (%)	Active Users (N=111)	Percent (%)	Inactive users (N=49)	Percent (%)
YES	117	73	88	79	29	59
NO	36	23	22	20	14	29
Not depositing now	7	4			7	14
Regularity of saving small amounts surplus*						
Daily	9	6	7	6	2	4
Every 2nd or 3rd day	33	21	21	19	12	24
Weekly	22	14	15	14	7	14
Fortnightly	7	4	5	5	2	4
Monthly	69	43	53	48	16	33
Whenever surplus available	19	12	13	12	6	12
*>100% due to multiple choices						

Table A.6: Has ability to save improved after EKO mobile money?						
	All users (N=160)	Percent t	Active Users (N=111)	Percent t	Inactive users (N=49)	Percent t
YES	150	94	110	99	40	82
NO	10	6	1	1	9	18
How far is the improvement?						
Somewhat better	65	41	49	44	16	33
Definitely improved	91	57	58	52	18	37
No response/no difference	4	3	4	4	10	20

Table A.7: Level of Dependence on Informal Saving Mechanisms after EKO (%)			
	All users	Active users	Inactive users
Dependence on other methods reduced very much	27	27	27
Stopped depending on other methods after opening EKO a/c	51	47	43
Dependence on other methods cannot be reduced	31	26	43
Dependence on other methods reduced while using EKO	13	0	43

Figure A.5a. EKO mobile a good substitute to informal savings devices



FigureA.5b: EKO better substitute than bank also

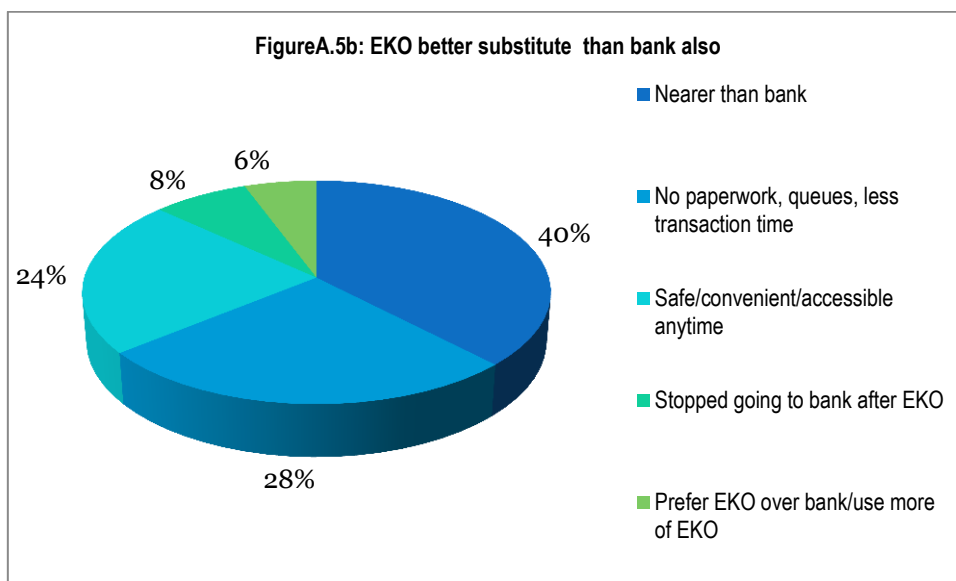


Table A.VII: Coexistence of other saving methods with EKO	N	%
Saving in EKO is just part of my savings	4	8
Prefer EKO for > 100, home for < 100	3	6
Save both in EKO and Committee / Bank for specific purposes	10	19
Save in EKO and Remit through Courier	6	11
Use bank for big savings, EKO for small savings	4	8
Use Both EKO and NOKIA money	4	8
Forced to use bank account for transfer as no EKO counter in village	2	4
Leave EKO savings untouched, but borrow in need	1	2
Prefer bank account, EKO is only one option/substitute	7	13
Opened EKO for small saving purposes	2	4
EKO is like a Gulak/EKO and Piggy bank are same	6	11
Prefer EKO for transfer/cbs	4	8
	53	100

Table A.8: Reasons for Holding 'Cash on Hand'	N	Percent
For meeting daily/routine personal/business needs.	97	61%
Need small cash for giving change to customers or daily expenses	30	19%
Do not like to put all my cash in mobile because i may not be able to withdraw it when needed urgently	20	13%
Do not like to keep cash in one place	11	7%
To pay bribe for putting up my shop on street	3	2%
I like to keep cash because I think before spending	2	1%

Table A.9: Temporary Interest Free Loans	N	%
Reciprocal Lending		
Lend through mobile transfer	10	6%
Lend in cash only	77	48%
Do not use mobile money for lending	41	26%
Withdraw from EKO and lend	11	7%
Do not lend otherwise also	36	23%
No money to lend	5	3%
Reciprocal Borrowing		
I take temporary loan but in cash	75	47%
Hand loan reduced after EKO money	69	43%
Never take loans	28	18%

Table A.10 “Any other observations”	N	%
Savings used for emergencies (medical)/mode of saving for emergencies	29	27
Eko savings used to help friends/relatives/ increased ability to help social network	21	19
Saving in Eko helpful to manage my money better	12	11
Saving in Eko for a rainy day/future/old age	10	9
Useful for meeting money shortage	4	4
Useful for saving small to build up for special purpose/other methods	6	6
Savings used for asset purchase/consumer durables	5	5
Saving in EKO for repaying loan, rent	3	3
EKO savings helped to meet life cycle needs (marriage, education)	2	2
Helps to pay supplier on time	3	3
Smoothly manage business expenses	9	8
Easily manage personal/family expenses	4	4
	108	100

Testimonials from EKO users about Transaction Charges

		PAGE NO.
		DATE
17/09/2011	Sir I am regular customer of SBI Eco banking. Sir I would to suggest that charges of SBI Eco services are too much. So Sir please think about your service. It's no doubt about your services it too good. Please Sir Reduce some your service charges. Kamlesh Kumar.	

		PAGE NO.
		DATE
24/6/11	This counter is beneficial to me. But if the withdrawal charges about would demolish then it will more attractive to customers. Regards - - - Umesh Singh	

Testimonial from an EKO user about Server Problem

Server is not responding all times so we are facing problem all the time when we come here for transaction and the commission structure is very high also now a days it look like that you have done by preplanning first commission was ₹ 25/- and now it has increased and we have to give ₹ 100/- because now we don't have another option. So, sir please make sure of responding of your server and please revise the commission structure for better growth.

Thanks

Satish .

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