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INSTITUTE FOR MONEY, TECHNOLOGY & FINANCIAL INCLUSION

Wednesday, December 10, 2014

Valuing Connection: The Interface between Tradition and Technology

At the sixth annual conference for funded researchers at the Institute for Money, Technology, and Financial Inclusion, director Bill Maurer introduced the proceedings by acknowledging the limitations of the closed knowledge forms rewarded by academia that present "neutral academic perspectives" in peer-reviewed journals. He also noted that Silicon Valley ways of knowing may also be inadequate for understanding perspectives from the Global South. In particular, he observed that cash may be criticized as a vulnerable currency that is easily stolen and even eaten by vermin and exotic creatures such as elephants, but cash also represents important "public infrastructure," a state-supported means of value transfer that is available without fees or tolls. By aiming to include "the voices of those who would be most impacted" to understand the collision between traditional values and new monetary technologies, IMTFI aims to include people in remote areas "not just people in urban centers" visiting the U.S. "from Delhi and Manilla." This particular scholarly occasion is also intended to support ongoing collaborations throughout the year with "resources to help people get in touch" as they negotiate realization of what is always understood to be a "midstream" presentation of research each year.

The first presentation about "When the Dead Decide: An Investigation into the Influence of the Ancestors in the Decision to Use Mobile Technology in a Rural Community in Northern Ghana" presented a unique fieldwork approach that incorporated traditional divination as a research method. Francis Niagia Santuah from the University for Development Studies and the West African Resilience Innovation Lab presented the bulk of the findings with Martin Alichimah of Roots and Futures available to discuss the somewhat unconventional methodology that researchers used. Although "the ancestors" might generally only communicate in response to yes/no questions through the interface of a diviner's probing stick, researchers argued that their influence in the use of mobile phones in the rural community in northern Ghana that they studied was significant, especially given the larger cosmic vision of inhabitants in which "the dead, the living, and the unborn" all shape decision-making in contemporary life. Santuah argued that in designing products and services for customers debates about the existence of ancestors or dismissals of so-called superstitions were counterproductive when the influence of dead over the living was a fact of life for many. Although Santuah said he was "not here to say whether the ancestors exist," in the question-and-answer period he explained the utility of this form of social connection in his own life.

Santuah and Alichimah explained that Ghana has a robust 84% mobile phone penetration rate in a country in which there were more phones than people. Nonetheless, remote rural communities often don't have access to the technologies available in urban centers. The research team wanted to focus on the use of mobile phones for community development among the Kasena in northern Ghana with focused

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group discussions (FGDs), key informant interviews (KIIs) with lineage heads able to represent their clans, and with divination. While working in the Kasena-Nankana District, researchers did encounter obstacles. Interviews were scheduled during the rainy season when communication might be disrupted. Two soothsayers declined to serve as mediators, and one ancestor declined the interview when the divination process was initiated. Furthermore, compensation and investment in traditional culture was an issue: one soothsayer complained that the consultation fee was "too small," and one ancestor requested the sacrifice of a ram after a successful divination session. Finally, planned randomization was resented by informants as disrespectful of existing processes. Despite all of these hindrances, researchers asserted that "the ancestors blessed the study," since they were able to successfully present preliminary findings in the United States.

The team from Ghana shared several impressions from the field that corroborated their hypothesis that ancestors might influence the decision of residents in the area to use mobile phones. For example, in one interview an informant commented that "I have heard they can send money through 'Atogedevio' (through the air) for you to go and collect at a place." Although paying clinics and supporting tuition might be lauded, ancestors and clan heads were also wary of the social disruptions that new technologies might bring. One interviewee bemoaned the fact that "you see a girl talking on phone and suddenly she disappears," and another chided the young texting on footpaths for not giving way to their elders. Certain forms of news sharing still required traditional face-to-face contact. For example, a mobile phone should not be used "to inform me that my in-law is dead." The consequence for this inappropriate communication would be that "I will not attend the funeral because you are not serious." In closing, Santuah described how his own use of the mobile phone changed in interacting with his own father, once he realized that his father's silence signaled censure for inappropriate multitasking behavior. Now "I leave all my phones in my room," he declared, because the "relationship" should be privileged over "ease of communication."

Maurer reminded participants who might be tempted to scoff at the idea of "marketing to the dead" that the Institute had authored a very inclusive document about possible financial services models in a catalog of Design Principles.

Because of catastrophic weather ravaging the Philippines, Bernadette M. Gavino-Gumba of Ateneo de Naga University was unable to deliver her presentation on "Storing and Transferring Money in a Cash-Strapped Fishing Municipality in the Bicol Region" in person. Mrinalini Tankha delivered Gavino-Gumba's paper, which looked at a very poor community around the municipal center of Poblacion. (For those new to the financial inclusion discussion, studies of fishing communities and mobile money have shaped some of the "classics" in this new scholarly literature. For example, Robert Jensen's "The Digital Provide" was questioned in this lively IMTFI discussion in a previous year.) Researchers hoped to provide an overview of the socio-economic profile of selected fishing families, explore the processes and nature of mobile money transactions, and analyze the factors that influence the engagement of the fishing households in mobile money transfer and storage. Critical factors spurring adoption included close family ties and a culture of "keeping in touch" in which members help each other and also place a high value on their children's education, which might be occurring in other towns or supporting the care economy of nursing abroad. The community that Gavino-Gumba examined also supported a variety of small businesses, which needed infusions of capital for daily replenishments of inventory and small transactions. The remoteness of the area and poor transport services also encouraged mobile finance networks. At this point, she has completed primary data-gathering and concluded key informant interview surveys. The analytical framework was shaped by findings about the genders of household heads, their educational attainment, household size, dependency ratio, members outside the town studying, migrant worker family members outside the country, the number of members in skilled jobs, and monthly household incomes and expenditures. Monthly statistics were also gathered on the use of service providers, amounts of money stored and transferred, and the frequency of usage.

The final presentation on this panel came from Sibel Kusimba who focused on "Mobile Money and Coming of Age in Western Kenya" and considered how the transition from boyhood to manhood in "a ritual with economic, social, and spiritual dimensions" in Bungoma County, Kenya might be transformed by access to mobile phones. Kusimba argued that the rites of passage described by Günter Wagner in the 1930s to serve the purpose of severing a male child from maternal kinship and binding him to his patrilineal clan were undergoing significant changes, even as the elements of circumcision. seclusion for instruction in war, sexuality, and adult responsibilities, and public presentation as an adult member of society remained relatively recognizable in traditional form. (Wagner -- who studied with Franz Boas and received Rockefeller funding -- is an interesting character. He is interviewed here and debunked for his Nazi sympathies and post-war racism here.) Kusimba examined 40 households that planned to circumcise and recorded evidence of the growing role of mobile money in visiting, feasting, and gift-giving, as well as how phones played a role in managing invitations and documenting the ceremonial event.

Even if the ceremony takes place in a hospital, traditional customs must be observed. Beginning in July, the boys practice songs and dances, and families construct additions to their homes to make room for the father's age-mates (Bakoki) from his own circumcision cohort, as well as for other visitors, and to provide a place to drink beer. Marketplaces are also important sites of activity, particularly for purchasing traditional pots. The mother of the house is responsible for hospitality and may activate an M-PESA account just to make sure they don't lose face by being unready for guests or running short on beverages and food. As one informant observed, "there is underestimation always."

Of particular interest to Kusimba was the "thirteenth cow" that is provided by the mother's brother, which is central to the ritual, serves as a traditional mechanism for saving, and can even be used to finance the boy's education, if need be. She also showed images of the boys recuperating after the procedure in skirts and carrying slingshots from their time in seclusion. The nurturing role passes from the mother to the paternal aunt at this juncture; she serves as more than the father's sister in a role of symbolic mother or wife. Her customary gift had been a goat, but this has now been supplanted by other customs. Often her symbolic gift now is a mobile phone, which for most boys is the first time they will have ownership of this possession. This aspect of the ritual now is part of "creating a socially connected person in Kenya today." In closing she contrasted how mobile money facilitates saving that is private, short term, and in small amounts, while the thirteenth cow represents a form of saving that is public, long-term, and both of symbolic and economic value. She referred the audience to Hutchinson's work on cattle among the Nuer for the context for different kinds of savings mechanisms. She described how research done two years ago did not show as much saving behavior with mobile money, because M-PESA currency was cashed out immediately or sent out in response to social pressure to send remittances.

In the question and answer period, panelists responded to questions about "different social contexts" at a time in the year when, as Kusimba pointed out, the last part of the boys' ceremony would be taking place this weekend with more gifts. In answer to a question about people "left behind," she asserted that they were not "left behind" but "living in two worlds." For example, she described a couple coming home to have the ceremony for their son despite being civil servants in Nairobi.

Santuah's claim that a belief in the role of one's ancestors could provide a way to organize life in meaningful ways and to facilitate social connection seemed legitimate to me, as someone who often communicates with remote family members across generational divides. In recent years, as I use mobile money myself with my own adult children to send money to them on my cell phone from sites around the world (including from the remote location shown below), I do find myself valuing those connections, even if they may often be unseen and intangible.

Posted by Liz Losh at 1:38 PM

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Labels: ancestors, coming of age, divination, Ghana, Kenya, livestock, M-PESA, markets, Philippines

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Wednesday, December 10, 2014

Ties That Break and Ties That Bind: Re-Imagining Money and Identity in Rural Contexts

For a panel at the annual conference for UC Irvine's Institute for Money, Technology, and Financial Inclusion about practices far away from a metropolis, it should not perhaps be surprising that some of the presenters were not able to span the distance and attend in person, although discussant Arnol Jadhay of GSMA mAgri managed to moderate a lively conversation in any case.

This panel's first presentation "Pastoral Adaptation to Market Opportunities and Changing Gender Roles Among Afar in Ethiopia: Aspects, Trends, and Prospects" by Uthman Hassen of Adama Science and Technology University had to be pre-recorded and transmitted from a remote location that required three hours of effort for the upload to be successful. Hassen's team of five female researchers and seven male researchers has been examining how pastoral livelihoods in Afar are being disrupted as the traditional symbiosis between economies of mining, fishery, and cattle that date from the time of partition have been undergoing fundamental changes. At this point in their study, researchers have completed transcription and categorization efforts and have issued initial progress reports. Although some respondents were interviewed in their homes, most of the data was collected in markets, shops, and offices with queries conducted in Amharic or Afarifa.

Hassen expressed some frustration with his subjects' reluctance and lack of availability, and he explained that it was difficult to organize FGDs (focused discussion groups) as planned. Furthermore, he worried that his informants might have had a tendency to overemphasize issues of policy. His final sample was 89 informants drawn from three generations: the oldest generation boasted about cattle and camels in lives circumscribed by their villages, the middle generation had some education and mobility, and the youngest generation was often employed or engaged in commerce that allowed them to have access to urban market opportunities.

The themes of pessimism that emerged were dying pastoralism, economic inflation, deepening social divides, weakening tribal spirit, impoverishment, and khat addition All informants viewed wealth as a sanctuary of morality and identity, a banner of traditions and obligations, and a source of values that were social rather than private. Hassen noted the absence of microfinance institutions, even though banks were often inaccessible. In closing, he pointed to other changes involving gender roles and relations and to social transformations tied to greater mobility and the fact that communal assets were becoming commodities.

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Prince Karakire Guma had to join the conference via Skype to present "Reimagining Rurality in Mobile Money Times: Life, Identity, and Community," His account of social life and sociality, community, and rural identity emphasized how emergent mobile options had the potential to shape the lives of those most at risk of rural poverty and social exclusion. His central research questions emphasized how forms of identity, community, and lifestyle are emerging in conjunction with new monetary technologies. He asserted that it was important to get beyond belief in rurality as a static concept and to avoid stamping rural residents with an otherness that obscured the totality of their livelihoods, as those lives could be understood best through the eyes of actual residents. Guma examined mobile money as a substitute in a number of critical areas: 1) saving, 2) remittance, 3) making monetary payments, and 4) transfer of money. He argued that mobile network operators "have displayed enormous character" by actively investing in the social markets of rural Uganda and by introducing innovations that range from launching gadgets (including handsets) to promoting new fashions in SMS discourse. Of course, many of these services and products merely substitute for applications that already exist, because ways of saving and assuring remittances have been parts of traditional culture for a long time. Yet, as fixed and traditional methods are being replaced, these platforms also become used for saving, even if Ugandan mobile money was not designed for that purpose.

Guma found that mobile money could promote a positive social vision in a presentation that contrasted sharply from the pessimism of Hassen's presentation. He described how mobile money could maintain community by reinforcing "obuntubulamu," the idea of philanthropic relations within a community. Thus mobile money served as "a non-threat to ingrained and indigenous communal ideals," because ubiquitous access to digital currencies could reinforce these relations. Because mobile money "allows a collective manner of operation in spaces of scarcity," it can serve to strengthen village sociality and social networks. In many cases, the whole community would have to share a single gadget, which might have to be charged by a car battery or by a community member who must travel to an urban center. Mobile money turned out to serve as a socioeconomic tool that balances social obligations and strengthens the village. Although mobile phones are increasingly conferring on village society norms from urban setting, the rural seems to have also attained a new identity in which change in manifested in specific practices of farming and family chores. Guma described how villagers only migrate to a technology when convinced the new innovation provides better service. In asking how companies might introduce rural-friendly applications, he questioned many of the basic categories of differentiation. In other words, are rural elements being preserved or changed or recreated in urban form? Furthermore, will mobile money change how we feel about rural space, and what does it mean for the rural to be "authentic" and should rural authenticity matter?

sharing approaches and methods...

Snapshots of Gender and Financial Inclusion

The closing presentation on the panel focused on "Hand Held Wealth? Mobile Money and Food Production in Rural Potosi." Bolivian researchers Maria Isabel Balderrama and Oscar Gerdy Rocabado of CIDES-UMSA hypothesized that Tigo Money might play a role in the productivity and implementation of new technologies for food production. This highly successful telecom company that was already in 14 markets in Africa and Latin America seemed like promising financial actor for change in the region. The researchers had compiled results from 561 surveys in two municipalities with 25 questions each and had synthesized findings from 68 structured interviews with key informants, including academic experts, along with their own participatory observations. Although there were some rural-to rural transactions related to coca production, 84% of mobile money transactions followed an urban-to-rural flow. They found themselves noticing how females used Tigo Money. Women made up 60% of users, and those ages 40-49 emerged as a key group. Often sons or daughters in urban hubs had introduced them to the service, and suspiciousness of Tigo seemed to be low. 48.84% of respondents chose the service because they were pleased with how the money arrived quickly, and 14.43% became users because they perceived it as reliable. As researchers summarized their findings, "if they need it, they will use it," because Tigo Money represented less paperwork and less time to be invested than formal banking. Most of them actually utilized a different cell phone service provider rather than Tigo in order to access Tigo Money, because of their preferences for the government provider. Although some users did invest mobile money in sprinkler systems and greenhouses, researchers did not find much diversifying of crops and did not find a meaningful impact on yield either.

Posted by Liz Losh at 6:05 PM

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Labels: Bolivia, Ethiopia, ruralism, Uganda

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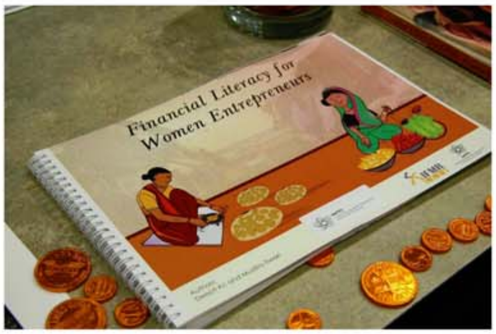
Thursday, December 11, 2014

Female Financial Literacy: Gender in Mobile Money and Financial Practices



In introducing this IMTFI panel, Rebecca Mann of the Bill and Melinda Gates Foundation argued that "gender is important," because women are less likely to be involved in the financial sector and among the poorest of the poor may thus find it harder to respond to financial shocks and to capitalize on opportunities, particularly because women earn money in smaller increments, even if they do so more regularly, which are dissipated in household expenses relatively quickly. By highlighting "research that we are seeing" that "documents behaviors of women and girls," Mann expressed her hope that the daily expenditures of the very poor could be better understood. She also took a moment to promote the Grand Challenges initiative, which in the past has tackled design challenges that range from the toilet to the condom, and its efforts in a new program for "Putting Women and Girls at the Center of Development."

In "Mobile Money, Social Capital, and Financial Behavior of Women's Cooperatives in Rural Nigeria" by Onyima Jude Kenechi and Onugu Charles Uchenna of Nnamdi Azikiwe University, researchers asked the following question: "What are traditional ways of storing and transferring wealth?" This fundamental baseline provides a key way for understanding how was/would mobile money be transformative, if "mobile money adoption changed the financial behavior of rural women." Among their informants, 38% had no formal education, and 73% came from households with more than six occupants. Among them were office cleaners, casual workers, petty farmers, hawkers, sales attendants, and apprentices. 99% own mobile phones, but they used them primarily for calls, texts, and downloads of music and pictures. 93% did not have ownership of a bank account, and only 5% participated in micro finance institutions. In this demographic only 8% of respondents had heard of mobile money, and only 3% have used such services, as opposed to 46% awareness statistics in urban areas in which 16% of residents are also users. Researchers attributed slow uptake to a number of factors, but singled out lack of coordination between the National Communication Commission and the National Bank of Nigeria as a key problem. Despite entry into the Nigerian market by 10 mobile money operators, relatively few of those most in need signed up for accounts.

Many informants mentioned the role of community leaders, particularly for authority figures and peers among church attendees, as important influencers in their decision making. For example, researchers reported statements such as "I will use it if someone I trust like our priest educates me" or "I am not comfortable with it, but I can use it if our church member encourage it" or "If it's that useful, how come other women in our church do not use it?" Valuables were often kept by ministers, who might also participate in lending activities, serve as guarantors, or provide advice about financial services. As the Ghana research team reported, the role of deities was also significant in the Nigeria study.

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Issues of trust and difficulties in cooperatives also emerged as factors when "arguments and quarrels" were seen as likely consequences for business relationships outside of family structures. Many respondents were still using advance payments to accumulate capital, despite a relatively strong home saving rate of 20%. Other mechanisms included informal savings clubs, cooperatives, and thrift collectors. (For context, respondents reporting spending 30% of their incomes on food.)

Women had access to a number of methods of storing wealth, however, including holding membership in groups, managing the marriage of a girl child, and benefitting from the role of in-laws, as well as from apprenticeships, church sources, title taking, and deities. Material stores of wealth included jewelry, livestock, utensils, palm oil, and tubers as storage media. Mobile money adoption had no significant effect on traditional modes of storing wealth, although it did reduce the use of bus drivers, relatives, and others for in-person transfers. These new financial products also seemed to reduce the risk of being subject to creditors of a debtor coming after family members or being coerced into making sacrifices to deities. They also appeared to reduce dependence on advance payment instruments. Mobile money's effects on attendance at cooperative functions was not significant, because there were other socio-cultural reasons for attendance, although it did facilitate certain forms of joint liability by providing a means for peer screening, peer monitoring, and resolving information asymmetry. Its role in kinship ties among cooperative members and growing a level of trust seemed significant, although fears of members performing transactions without anyone else's knowledge remained, although members acknowledged it could be helpful in spotting fraud. At 8% adoption, researchers argued that novel approaches needed to be pursued. They asked another significant question: "How sacrosanct are the words of religious leaders in money matters and how could they be used to propagate and instill trust?" Although they still wondered under what conditions could a bank-led model be preferable to operator-led model, they thought that religious leaders could certainly at least promote awareness.

"Assessing the Impact of Financial Knowledge on Adoption of Mobile Payment Systems among Enterprise Owners in Dharavi, Mumbai" by Mudita Tiwari and Deepti KC of India's Institute for Financial Management and Research presented a study conducted in the slum of Dharavi in Mumbai that gathered data from 100 business owners, 20 suppliers, 115 clients, 2 bank managers, and 25 banking agents in order to promote understanding movements of cash. Researchers reported a strong cash preference, which could be attributed both to savings on taxes and to a lack of awareness and trust in financial products. Consequently they argued for context-specific financial literacy modules for two groups: migrants and female entrepreneurs. Despite a range of financial services available, including Tatkal agents able to remit money and employers able to transfer salaries to bank accounts directly, many still prefer informal economies and unbanked financial practices. Researchers showed a range of unconventional saving strategies involving hiding places that have become common practices of money management for women. Money may be hidden in dirty boxes, talcum powder jars, and other nooks and crannies, but discovery often leads to domestic disputes and even violence from male partners.

First the group described their financial literacy strategy for their target group of 120 migrant workers, which was structured around 3 visits within a month. 34% were aware of mobile banking and 87% visited banking agents after training sessions, and they also seemed better equipped to control gambling, consumption of alcohol and cigarettes, and other "temptation expenses," despite erratic income, leading to an almost 50% decrease in spending practices that undermine financial stability.

As a co-author of the comic book textbook, *Understanding Rhetoric*, I was particularly interested to see their financial literacy tools for women, which emphasized graphic media for storytelling and sequential art as a means of communication. Before adopting this approach they found that the lack of information impeding financial uptake was compounded by apathy toward generic information that "didn't click." Those needing advice wanted to relate to stories and characters to understand how cash-only vs. cashless tradeoffs worked, their long-term savings capabilities, and possible improved decision-making processes. Forgetfulness was also an important issue. To provide context an interactive story-telling approach using comic books was deployed featuring two memorable practitioner-characters: Radha, who is always struggling with financial adversities, and Saraswati, her sensible money-managing friend who offers approachable solutions that reduce savings inertia over the long term. Researchers actually used real-life stories to compose the narrative. Next steps include expanding efforts to Utter Pradesh and Bihar, making training videos on YouTube that animate the content, and translating existing comic books in different languages. Audience member Jing Gusto was so enthusiastic about this approach, based on his own experiences of the educational value of telenovelas and SMS questions, that he proposed adapting 3 of the 7 stories of the Indian researchers for use in the Philippines and was counseled to emphasize how to increase savings as a priority.

"Women, Monetary Practices, and Technological Innovations" by Kone Nara Kanugui Idriss of ENSEA emphasized that although the time of intense crisis in Côte d'Ivoire may have largely passed, which required many women to take children into their families, the financial repercussions continue. He noted that Orange Money became the first mobile money services in Côte d'Ivoire, but was soon followed by MTN Mobile money, CelpaiD, and Flooz. Yet even with four providers of mobile money services and 5 million accounts created between 2008 and 2014, obstacles remain. His team of researchers designed a questionnaire with five sections: access, use, perceptions, monetary practices, and demographics. Drawing upon a simple random sample of 477 respondents, drawn from Guro market women, one third of whom were single. Many of those studied only had a primary school education, although they did benefit from a quasi-universal access to cell phones. Mobile money services were popular among women, who identified their principal sources of information as being entourage influences, media messages, advertisements, and panels. Only 32% had mobile money accounts, and 4 in 10 users were at the earliest stages of experimenting with mobile money. Trade was the main reason they ventured into novel financial products and services, although they reported occasional misadventures with PIN use, suspicions of agents, and long wait times. Despite a general perceived ease of use and level-headed approach to risk, doubts sowed by the possibility that "they don't give you all your money" remained. Questions were designed to differentiate benefits. For example, question eighteen dealt with gaining time "in your daily activities," while question nineteen addressed possible increased revenue. More than a third of women surveyed still appeared to have serious doubts about mobile money services and reported low levels of financial inclusion in an environment in which 8 of 10 might have no access to financial inclusion. In filling out the profile of a typical mobile money user, the women who emerged had secondary school education, reported perceived ease of use, and had access to the more established Orange mobile network.

Moderator Rebecca Mann challenged panelists to consider financial services beyond savings, including insurance and agricultural investment. The Indian group of researchers did describe programs for mortgage payments, "good saver" programs that offered low-interest loans, and potential construction of women-only banks. In the question-and-answer session, the audience expressed admiration for the Indian researchers' abilities to build such trust that the women were willing to show their secret hiding places. Tiwari and KC explained that these results were the product of multiple trips, going without paper and pen, talking about their own lives, and telling stories with aggregated effort in 20-25 trips over two months. "That's why our sample size is so small!"

Posted by Liz Losh at 12:06 AM

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Labels: Côte d'Ivoire, financial inclusion, financial literacy, financial security, gender, India, Nigeria

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Hary Wardiansyah December 16, 2014 at 9:29 PM

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Thursday, December 18, 2014

What's Behind Door Number One? Experimentation and Innovation: Tools and Solutions for Specialized Populations

The final panel of the day modeled how the educational mission of IMFTI might take many forms: academic lecture, episodic entertainment oriented around humor, or impassioned call to action from the perspective of non-governmental advocacy. Despite some technical difficulties, the final trio of papers of the day was ably moderated by IMTFI stalwart Scott Mainwaring, an HCI researcher now based in Portland who has had a leading role in a number of UCI think tanks.

"Risk Preferences, Time Preferences, and Willingness-to-Pay with Mobile Money versus Cash in Bangladesh" was presented by Jonathan Morduch of NYU, but he gave credit to his NYU colleague Jean Lee and to two other co-authors. As one of the authors who created *Portfolios of the Poor*, Morduch has maintained a high scholarly profile on issues of financial inclusion. In his talk at IMTFI he emphasized "new ways of thinking through new ways that people spend money," including new approaches to risk preferences, time preferences, and models for willingness to pay. Although his study focused on the highly successful electronic currency efforts of bKash, he wanted to account for "monetary ecologies" that might be more complex. He also aimed to go beyond existing US research on attitudes about cards vs. cash to understand how mobile phone currency might be different from traditional currency for citizens of a developing nation.

He prefaced his talk with some historical background about bKash, which was founded in 2011 by BRAC Bank and has counted IFC (International Finance Corporation) and the Gates Foundation among its investors. It has garnered some impressive statistics, including about 14 million subscribers and 105,000 agent points that allow the company to offer both money transfer and mobile wallet services. Sold and advertised as a payment platform – with advertisements featuring students, garment workers, and other economic actors -- Morduch argues that bKash functions in monetary ecologies of behaviors, resources, services, and products.

Morduch's team poses a significant question drawn from the IMTFI's own calls for proposals: "Does the digitization of money dematerialize the symbolism and physicality of money, and does it have consequences for decision-making involving spending and saving? In other words, for those in Bangladesh, does 1 Tk in cash equal 1 Tk in mobile money?

Morduch notes that *The Social Meaning of Money* by Viviana A. Zelizer makes the argument that money depends on who earns it and how it is earned, so that different kinds of money are spent differently. For example, money on mobile a phone sent from daughter working in a garment factory may be differentiated from money in cash derived from farm work by those remaining in rural life. He pointed to other work in the US about

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credit cards vs. cash and observed that the use of this research in mobile money studies may obscure an important functional difference, in that such cards decouple the moment of spending from the moment of payment and thus involve notions of liquidity and the nature of credit. Such currency functions as "play money," as Priya Raghubir and Joydeep Srivastava assert in their influential article "Monopoly Money: The Effect of Payment Coupling and Form on Spending Behavior," which examines how much experimental subjects were willing to pay for nine items on a menu without prices. By adding a credit card logo to the menu, researchers noted behavior changes, just as a study of how $50 of gift scrip vs. the same amount of cash for use at a grocery outlet might influence how potential customers might choose items in favor of expensive soups over cheaper soups or expensive pens over less expensive ones in a phenomena that could be characterized as "spending more when not spending."

Researchers focused on the Gaibandha District in the Rangpur Division in Bangladesh near the Indian border. The country has a low rate of food consumption, which is worsened by a famine season or "monga" condition. Working with the NGO Gana Unnayan Kendra (GUK), which helps women to become garment workers and places them in jobs in the capital Dhaka, researchers also had to account for seasonal variability in incomes. Morduch's team was interested in possible unexpected effects of remittances, if mobile money was considered dematerialized and not weighed with same consideration as cash money. Using Raghubir and Srivastava's research with the monopoly money paradigm, researchers wanted to look at how a different context and time might shape risk preferences. The sample studies was derived from families sending migrants to Dhaka, and the methodology was intended to account for the impacts of gender, class, occupation, and age. By looking at risk preferences in work pioneered decades ago about sets of gambles that might be considered analogous to bets placed on head flipping, researchers can look at how subjects might choose a safer lower yield bet (such as 33/33) in comparison to a more risky tempting one (such as 0/95). At this point they have completed stages for recruitment and consent, baseline surveys, time preferences, and willingness to pay.

"Mobile Money Financial Literacy via Television Comedy" by Andrew Crawford of Monash University looked at mobile money in Cambodia in the context of financial education campaigns rather than just at the uptake of a particular service, in this case Wing. Crawford opened by reminding the audience that the financial system had been destroyed by the Khmer Rouge, that US dollars had been used for a period of time afterwards. Although there were micro finance competitors, Wing -- like M-PESA -- "flows through the economy," and digital currency circulates with loan payments, money transfers, payroll, multi-currency conversion, e-commerce, ATM cards, and deposits. Nonetheless, financial policy makers were well aware of the problems with mobile money observed by researchers, including the fact that it was expensive to conduct financial education, curricula were slow to rollout, and language and lack of interest issues could stymie retaining and applying information. (At this point he noted that boredom from conventional presentations like own PowerPoint presentation could cause little to be remembered from his talk.)

Crawford argued that TV comedy could provide a viable alternative to conventional public information campaigns, given that 98% of people in the country watch television and that penetration is particularly high, because many people also watch shows on buses, where corporate synergies between broadcasters, such as CTN and CNC, and bus companies present opportunities for the Cambodia Microfinance Association and ADA Luxembourg. Crawford showed several episodes with a couple who progress from very small businesses in barbering and food service to larger enterprises that require more capital and financial planning. As the relationship matures, along with their banking

sharing approaches and methods...

Snapshots of Gender and Financial Inclusion

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and credit skills, his hair gradually becomes tamed and his affect becomes less outrageous.

Crawford's research team wanted to find out if there was any impact in both short-term and the long-term financial literacy from watching the show. Furthermore, can any impact measured in focus groups be extrapolated across wider populations? The group focused on garment factory workers, because of a desire to focus on women, who represented about 400,000 workers, providing labor for major brands, who were paid in cash with no method to save and thus often remit to family. In the past the transfer of money was effected via motorbikes with locked boxes, which was inefficient. Subjects were usually young (in Crawford's opinion often too young to be working full time) and watchers of TV. The methodology involved three groups: 1) Treatment 1, which experienced generic financial education with a five-minute slide presentation video, 2) Treatment 2, which experienced financial education entertainment with a five-minute comedy show, and 3) Control Group, which experienced a generic comedy show and received no financial literacy education. Crawford explained that he wanted to combine quantitative research from surveys with qualitative research that involved 1-on-1 interviews with researchers and focus groups after each screening. Follow up sessions conducted after 3 months to test long term effectiveness Phone surveys – CEO of Wing owns TV station, wife is host of Cambodia's Next Top Model Country-wide changes – New mobile money accounts, demographics of new clients, general mobile savings trends Novelty Background, Effectiveness, Share results – final research paper

"The Formal Disguise: Financial Inclusion Among Flexible Workers and the Self-Employed" by Ana Echeverry and Coppelia Herrán of Inspira Lab focused on Colombia and the tough competition faced by workers often forced to pay-to-work in positions lacking any social safety net for health and education targeting an unskilled or low skilled labor force, in fields that include outsourced textile production and manufacturing, food and restaurant services, retail and sales, car maintenance and services, and fitness and beauty, where workers often must pay a fee for using the commercial space and bring their own equipment and supplies. Such workers must often even pay fees for keeping the place of employment clean, and half of their wages may go to the owner of the commercial space. Unlike the "temptation costs" described in the previous panel, on this panel Echeverry and Herrán depict highly disciplined workers willing to invest in the site of employment. Nonetheless these workers may be extremely disenfranchised.

This team before had worked with "bottom of the pyramid" workers outside of the formal system, but those adopting what Echeverry and Herrán call "the formal disguise" in many ways are just as desperate as those they had studied before who were using technology through gaming networks and "betting on chance." Among these barely legal formal workers 43.3% were self-employed, 46.4% earned below the minimum wage, and 50% lacked social security coverage. The team focused on 24 informants and took a direct approach in public spaces and via referrals with video ethnography and semi-structured interviews trying to the understand the scope of problem. By interrogating "different views and perspectives," they characterized their work as "exploratory research" about contrasting behaviors and identifying underlying factors driving behaviors, such as values, attitudes, and perceptions.

The group focused on identifying those with contrasting behaviors with a 360 degree view of human personalities that included the careful planner, the risk taker, the person ending a career, the formally trained worker, the submissive economic actor, the spontaneous personality, the risk averse, the independent, the apprentice, the tech-enthusiast, and the technology averse. By identifying common patterns among diverse people, researchers hoped to identify common strategies and attitudes reflected across personality types. Informants talked about work, money, and risk with researchers and described an environment of "in and out mobility" instead of "upward mobility." Such workers depended on using word of mouth and referrals for finding jobs, reliance on social networking, trust, honesty, and willingness to work. Such workers constantly battled the fact that temporary employment makes it difficult to establish relationships.

This population of vulnerable workers seemed to be avoiding account deductions. They were not using mobile money, because they realized that the bank takes money, and they also wanted to continue staying below the "fiscal radar" to reduce costs. Researchers observed a pattern of withdrawing all money on payday and a complicated mental logic in regards to risk. Their subjects were willing to make certain kinds of investments, even if they did not map onto the conventional architecture of financial inclusion. These workers might expend pocket money to get better healthcare or divert savings into building home additions for future rental as a retirement strategy. They might funnel saving towards equipment with hopes of enhanced employment opportunity, but more living those savings went toward financing the inevitable with planning for their own mortality. In other words, many had little hesitation about shouldering the costs of funeral insurance – in light of their knowledge that this is an event that they know will happen. Unlike the relatively transparent investment schemes in funeral insurance, Echeverry bemoaned the fact that 90% of the people subsidized 10% of those who used government services, which fostered a further lack of trust in the system. Instead workers assumed all risks and operational costs as a consequence of flexible and emerging contracts. Often workers had to splurge on costly training courses as well. Echeverry opened by likening many of the country's educational investments to DeVry-style extraction.

Echeverry noted that children become a priority when people are so exhausted and desperate. The parents researchers studied were willing to do anything for their offspring. They also were extremely dependent on communication networks, especially those that involve access to word-of-mouth information. Researchers marveled at the fact that most people in the population they studied had smart phones, which were a "tool for the job." In fact,"many of them had phones better than ours." To stay competitive and reduce costs, many opted out of mandatory requirements. The Inspira team described them as "quite organized," and asserted that "most of them do financial planning." For such labor-intensive poverty vulnerability the "concern isn't healthcare but not being able to work." Thus most can barely afford mandatory insurance services, which would come to about 15% of their income. Rather than rely on a risky calculus around public health and modern medicine, they were more likely to focus on "protecting oneself from risks" in other ways, including by relying on "religious elements," such as obeisance to the patron of jobs and workers. Echeverry said that she observed similar behavior in her own nephew around the game *Magic the Gathering*, which is likewise about rules for "special powers. These workers in casual labor markets feel compelled to "insure yourself with saints."

Because of government turnover and policy reinvention, researchers have had to delay the implementation phase of research. Their current action items for lawmakers emphasize an agenda for worker-centered change, which includes the following elements: 1) Offer incentives to compensate for social protection benefits, 2) Provide social dialogue tools that bring together dispersed workers and employers, 3) Offer tools and services that ensure a better future or living conditions for children, 4) Leverage referrals and social networks into employment services, 5) Make loans or credit eligibility visible to the user, 6) Recommend related products or services into the experience of payroll accounts, such as insurance or investments, 7) Promote add-on complements to mandatory insurance at a minimum, 8) Structural social security reform to include lowering costs through customization, and 9) Promote alternative investments.

To emphasize pragmatic approaches and direct attention to new opportunities for the business sector, the Inspira research team also catalogued a number of "innovation opportunities" that follow from worker-centered principles. First, researchers discouraged companies from thinking about desktop computing as a platform for Internet and emphasized analogies to social network sites and mobile applications. For such workers digital recommendations serve a number of purposes, and mobile technologies can also congregate dispersed, independent, and flexible workers to facilitate exchange of services and spread opportunities. This approach would help workers make informed decisions, and stay up-to-date on legal, insurance and financial topics. Second, in thinking about money matters, researchers urged financial service providers to offer savings incentives toward specific goals. For example, in explaining eligibility for loans, allow prospective borrowers to visualize pre approved loans. Third, companies could develop micro-insurance to provide alternative products that personalize one-sized-fits-all mandatory insurance or respond to specific needs that might be constantly present in workers' imaginations, such as eldercare or high school as expenditures. Fourth, innovations could emphasize closing the loopholes created by flexible labor laws designed to help Colombians to become competitive in the global market. Mobile technologies can help workers meet in a place for business relationships, social dialogue, and financial and risk management services.

Listening to Echeverry, I was reminded of the work of Lilly Irani about the flexible workforce that provides so-called "Mechanical Turk" services too difficult for automated computerized AI to be tasked to do. Irani has had technology workers rate employers to turn the table on systems that before could only rate workers.

Posted by Liz Losh at 1:04 AM

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Labels: Bangladesh, Cambodia, Colombia, financial inclusion, risk

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Friday, January 2, 2015

Hurry Up and Wait: “G2P or G&P”: Governments, Payments, and Publics

In this panel about how state policies shape financial inclusion, IMTFI alumni participant Jing Gusto of Mercy Corps suggested that coordination with government agencies required a "Gangnam Style" spirit and an understanding that it was "more fun to not dance alone." He argued that the innovations of government could serve as a significant vehicle for financial inclusion, although many researchers on the panel complained that it was difficult to make much progress on understanding the synergies between government and the private sector when policies and practices were being changed by new administrations struggling to keep up.

"The Physical and Electronic Payment Interface and its Influence on Consumer Payment Choices and Informal/Fraudulent Practices: A Case Study of the National Water and Sewerage Corporation (NWSC) Uganda" by Tugume Howard of Benda Associates Ltd also reflected the work of Nanteza Justine and Kobusinge Justine, although the Justines were unable to attend the conference. By focusing on the physical and electronic payment interface and its influence on consumer, Howard argued that a case study involving a national water and sewage could provide understanding of the influence of consumer choices, payment choices, and informal practices. Howard argued that Benda Associates benefited from its knowledge of business start-ups and agribusiness as an agency capable of comprehensive research. He began by noting that the Bank of Uganda had an ambitious Financial Inclusion Project and that the BOU's recent financial inclusion report indicated that there had been significant growth of bank branches and ATMs, although the distribution of banks and ATMs failed to serve large sectors of the population, because 41 percent of districts in Uganda lack access to any bank branch. He also described dramatic growth in mobile money technology with 17 million people have registered. Additionally, the distribution of mobile money agents in Uganda was more likely to follow the distribution of population than offices of the traditional financial sector. For those who want to learn more about the financial landscape of Uganda, you can check out the maps and information graphics produced by the Finclusion Lab.

The National Water and Sewer Corporation already offered a range of payment options including mobile money, direct debit, and ePayment, and researchers were interested in seeing if these options might ameliorate systemic problems of corruption and reduce

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fraudulent informal practices. They explained that they wanted to examine the factors that drive people's payment choices and examine the impact that the interface between physical and material might have as well. Researchers chose to focus on a diverse set of survey areas, comprising four districts – Kampala (the capital city), Mukono (urban), Mpigi (semi-urban), and Luweero (rural). The methodology included user interviews, expert interviews and document review. They discovered that users reported relatively good knowledge of payment methods: 89% were aware of mobile money, 37.06% were aware of bank transfers, 85% knew about cash deposits, and 58% knew about cash. Because the NWSC stopped accepting cash payments in its offices, users had incentives to learn about alternative methods. Now 40% used mobile money, 23% persisted in using cash, 79% used the cash deposit method, and 8% tried bank transfers. Although the work of the last six moths indicated that electronic payments could reduce corruption, users were also exposed to modern malpractices, such as hacking now that water bills could be paid thanks to mobile money and access to ATMs. The Ugandan researchers also noted a number of limitations to a study largely done in urban centers that depended on a consumable (water) that presupposed development and the fact that informal practices were not yet documented, as were aspects of behavior related to gender. Although they described it as "too early to draw conclusions," they sketched out the rest of their research plan including data entry and analysis and dissemination of results.

The IMTFI has funded a number of researchers to study practices in Mexico around digital money, and cross-border collaborations have been a particularly important aspect of the institute's scholarly work. "Delivering Conditional Cash Transfers via Savings Accounts: Default and Mental Accounting Mechanisms" by Carlos Chiapa and Silva Prina also focused on a specific area -- conditional cash transfers that reward poor families for school attendance, preventative health visits to clinics, or participation in nutritional and other forms of education -- that IMTFI field researchers have done work on in other countries, including Gusto's own work in the Philippines (described in blogging from previous IMTFI conferences here) and work on CCTs in Brazil (as detailed here.)

Prina noted that their study was situated in the context of a large body of existing scholarship that showed that inclusion into the financial system helps the poor escape poverty (Aghion and Bolton 1997; Banerjee and Newman 1993; Banerjee 2004). Those new to this work might start with the work of MIT Professor Abhijit Banerjee and the university's Poverty Action Lab. Unfortunately, the poor are usually excluded from the financial system, and thus they end up using imperfect substitutes (Collins et al. 2009; Rutherford 2000). Fortunately, it seems possible to find alternatives to this Catch 22, because there is untapped demand for formal savings devices and access to and use of a savings account increases savings and investment and promotes the welfare of small entrepreneurs and households (Dupas and Robinson 2013; Prina 2014).

The research team focused on Oportunidades, which is now rebranded Prospera, a series of social protection programs that include depositing transfers of cash to accounts of participants in BANSEFI, the social bank of Mexico. Although most of poorest Mexican households have been granted access to the formal financial system, researchers argued that having an account (being banked) is a necessary but not sufficient condition for financial inclusion, which is defined not only by access to formal financial services, but also by use of those financial services, appropriate regulation, and financial education.

In understanding the "supply vs. demand" problem of the CCT program in Mexico, researchers found that users made little use of their accounts and that most withdrew their funds at once. Grim results from a 2009 pilot changed little in a 2012 study that showed that 81% still withdraw at once. Now that researchers have begun a more granular study in May 2014, they have discovered that 58% of beneficiaries do actually save: 38% save in the formal formal (although only 30% of this group does so with BANSEFI) and 79% save in informal institutions. To understand problems on the demand side, researchers surveyed users and found out that 42% felt that they did not have enough income to save, and 43% had been told to withdraw all at once, which pointed to a "hint of misinformation and disinformation." Indeed, 11% feared being kicked out of program if they saved, and 11% worried that the government would keep their money if they tried to keep some in reserve. Only 51% of recipients knew they could save in their BANSEFI accounts, and basics of procedures seemed mysterious to participants, since 83% didn't know how to make a deposit, and 88% didn't know the money was protected by federal government, although 62% did consider that keeping money in a formal back account did have advantages.

To tackle the problem of low financial literacy, they began with assessment. They discovered that a simple question about calculating 10% of 1,250 pesos – roughly the amount of a typical conditional cash transfer – could only be answered by 31% of participants. 43% could answer questions about interest correctly, and most knew about inflation. Drawing on a literature that showed that mental accounting could affect savings and financial accounting decisions (Feldman 2010; Sahm, Shapiro, and Slemrod 2010; Thaler 1990, 1999) and that defaults have also been shown to be very effective in increasing savings in developed countries with low-income population (Thaler and Bernatzi 2004; Madrian and Shea 2001), the researchers looking at CCT programs in Mexico wanted to design a study that emphasized these features. Unfortunately automatic savings programs are often not available in poor households in developing countries, although the concept of an account denominated for emergencies was something salient to people. Researchers argued that it should be more salient, and that such accounts could be facilitated by a default feature, so that participants don't have to remember to save. Speaking on a personal note, I know that the automatic deductions from my paycheck for my retirement have certainly spurred my own default savings behavior, so this assertion certainly seems logical.

Researchers designed a randomized controlled trial in which those in Control 0 all receive a special educational workshop on how to use their accounts and booklets to track savings, those in Treatment 1 are also given an account for emergencies with sticker, and those in Treatment 2 have an automatic designation in which 10% of their income is deposited into emergency savings. With three treatments it becomes possible to separate out the effects of mental accounting from those of a system default. Unfortunately researchers described delays caused by political changes in Mexico, particularly now that the entire CCT system was being redesigned. Although they said that "we know very little," they were confident that "replication should not be particularly difficult." In the question-and-answer session afterwards participants proposed using better graphic design to promote financial literacy and considering the gender dynamics of banking behavior uncovered by IMTFI researchers working in Chiapas. One participant also argued that it may be wrong to assume that "people are misinformed," given that banks may have incentives to push customers toward investments in risky ventures and that even a middle-class Mexican research center pension might be tied to speculation with Goldman Sachs.

'The New Financial Architecture in Ecuador: Public Regulatory and Sociopolitical Contexts for Payment Systems" by Javier Felix of Renafipse and Monica Pozo of SENPLADES began by providing the context before the financial crisis of Ecuador in

1999, which resulted in the dollarization of Ecuadorian Economy and a big currency devaluation with very high levels of inflation. The economy had already been dollarized informally, so the government's pragmatic policy was intended only to acknowledge the existing reality. Soon it payed off and the economy stabilized, so that the country moved from 95% inflation to rates at a more manageable 3 to 4%. This period was also marked by extreme political instability in an era in which there were eight presidents in a short period of time. The government has since embraced policies based on a new constitution oriented around the well-being of citizens, harmony between humans and nature, and new economic systems of a "popular and solidarity economy" that was a response to neoliberalism and deregulation, typical of what Felix described as "21st century socialism in Latin America."

By placing a priority on public policies that addressed the fact that 70.5% of Ecuadorians didn't have a bank account, the government decided to analyze new forms of payment, particularly in response to huge movement in the mobile payments sector in a country with 17.9 million mobile phone subscribers. Policy makers envisioned a "Public Electronic Monetary System in which the electronic money system, as defined by the Central Bank of Ecuador, is a "set of operations, mechanisms, procedures, and regulations that facilitate the flow, storage, and real-time transfer of monetary value between the different economic agents." To further this vision, the use of electronic means would include "mobile devices," "Internet," "Smart cards," and other digital monetary instruments. Although the Central Bank of Ecuador would serve as the Distributor and Administrator, there were other regulatory institutions and technological channels to consider. For example, there were three mobile companies in Ecuador, and the central bank has signed agreements with all of them.

Like other IMTFI researchers, Felix described flux in the process, including a "pilot phase ending tomorrow," which examined macro agents, transactional centers, users, and delays and changes. By imagining a financial structure of inclusion that was not based on any private institution, mobile money could become a legal tender and a state liability, as a currency that all must accept. In this particular theory of money, money should be a public good. The Ecuadorian team warned that private companies might want to influence users and exploit market share. Because electronic money in circulation must be backed one hundred percent with the liquid assets of the BCE, there were established limits on the system. For example, users were limited to three accounts and $2000 per month. Nonetheless the researchers were eager to acknowledge different perspectives on the strategy of monetary policy to speed up the recirculation of money, especially in rural areas, and they even granted that speculative markets might be necessary. Although nationalization is often seen as a bane to private industry, the researchers asserted that mobile companies saw a new line of business and technological adaptation and that macro agents saw business opportunities and cost reduction for collections. In closing, the presentation raised the question of how it could have a greater impact than a private system, particularly in the wake of "trauma about owning national currency." For these researchers, money serves "as a social agreement" that "needs people's trust and approval to be part of their lives." Therefore, "rules should be constructed transparently and with democratic accountability."

Posted by Liz Losh at 2:26 PM

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Labels: conditional cash transfer programs, Ecuador, financial inclusion, Mexico, mobile money, Uganda

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Saturday, January 3, 2015

Safe Passage: Making Money Mobile: Remittances and Transnational Financial Practices

The panel on remittances was headed up by moderator Allison Truitt, author of *Dreaming of Money in Ho Chi Minh City* and an expert on how Vietnam might serve as a model for "new markets, digital telecommunications, and an ideological emphasis on money's autonomy from the state." Truitt summarized the panel at the end over which she presided as being about the "affective and physical labor of making money mobile" in a variety of ways.

Mariam Sangare of CESSMA situated her research in "Mobile Money and Financial Inclusion in Mali: What has been the Impact on Saving Practices?" by searching for factors that have had more impact on financial inclusion than microcredit initiatives that often receive disproportionate attention from philanthropic organizations. Sangare described her objective as assessing "the potential of mobile banking in favor of financial inclusion, with particular consideration of users' saving practices." She had previously worked on microfinance service quality in the same geographical area, but she now argued that the increasing access to mobile phone networks since 2006 was reshaping the inclusion paradigm. The first mobile banking service, Orange Money by Orange Mali was established in 2010. Mobile money services included monetary deposit, withdrawal, and transfer. Unfortunately such services did not allow for borrowing or saving against remuneration. and users were charged for withdrawal, so there was sometimes little incentive for creative appropriation of the technology beyond limited remittance services. Nonetheless, users saved anyway.

Sangare described her central research questions as follows: "Is mobile money meeting people's saving needs? Is it a strong alternative for rural people? For which forms of savings is it used for (consumption, precautionary or investment saving)? What are the differences between somewhat agricultural areas, and Sahelian ones dependent on remittances from migrants?" She described how her theories about poor people's saving were shaped by a critique of the so-called "liquidity trap" in which users supposedly did not have enough surplus left for saving. She insisted that this stereotype about savings aversion was not supported by evidence. To understand remaining unmet saving demands, she argued that mobile money actually was better accommodated to juggling with different informal saving means and arrangements than more rigid financial inclusion initiatives. According to Sangare, in some cases, such saving also seemed to have more transformative impacts than microcredit did. However, she strove not to minimize "constraints and barriers undermining the poor," including transaction costs that could involve monetary and non-monetary assets, a lack of trust in institutions, and regulatory barriers that included prudential regulation. In addition, she was concerned about information and knowledge gaps and social constraints that involved intra-household and inter-household dynamics. Finally, she asserted that it was important to take behavioral biases into account, which could include biases in preferences, in

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expectation, and in price appreciation.

In closing, she posed an important hypothesis that "the potential of mobile money in saving access depends on the service features and the other existing formal and informal means of saving." Her field research included Orange Money users' surveys in three different areas in Mali: Bamako (urban area), Kayes (sahelian and emigration region), and Sikasso (agricultural region). In November 2014 researchers held a meeting with partners (including mobile operators and research partners) and addressed the recruitment of assistants, the testing of the questionnaire, and sampling method choice. Preliminary results indicated a growing number of mobile money account holders since 2012 from 800.000 (2012) to 2 million (2014). She noted that there were often regular small deposits in mobile money accounts and that users described usage motivated by accessibility, low transaction costs, and ease of use. Responses to the questionnaire could also be put in the context of clients' financial profiles, and mobile money usage and interactions with other financial services were evaluated in a larger fiscal economy in which mobile money could be used for saving purposes.

Sangare plans a second field visit scheduled for February 2015 that will include customer surveys and data collection in the three concerned areas. The survey will be designed to understand the involvement of different constraints in the users' choice of mobile money service for saving reasons. From this field work she hopes to understand the poor' saving demand and strategies, how much they accept to pay for saving commitment, and the facts on the future of mobile money services.

Although their initial abstract focused on one question -- "Does Financial Inclusion Spur Overseas Filipinos to Invest?" -- Jeremiah M. Opiniano of the Institute for Migration and Development Issues (IMDI) and Alvin P. Ang of Ateneo de Manila University retitled their talk to emphasize "Overseas migration, hometown investment and financial inclusion: A Remittance Investment Climate Analysis of a rural hometown" after being thwarted by a frustrating five-month delay involving ethics institutional approvals.

Opiniano opened with an explanation of the background of RICART, as a Global Development Network prize-winning mixed methods tool, which was developed as a way to interpret the influence of the 240 billion dollars in remittances generated by over 10 million Filipino citizens working abroad or at sea. Unfortunately researchers feared that the supposed "diasporic dividend" represented by 10% of the nation's GDP might do little to promote substantive investment at home, particularly for the two-thirds of migrants leaving in rural areas that lose educated and industrious members of society. He explained that the RICART acronym stood for Remittance Investment Climate Analysis in Rural Hometowns intended to determine the conduciveness of the rural hometowns of overseas migrants (found in origin countries) for investment. Opiniano described how the "hometown empathy" of migrant Filipinos seemed to produce less tangible development and financial inclusion, despite the intense affective investment involved and how "when you send money there is love attached to it," because remittances are a type of financing "rooted in people and institutions that have links with origin communities." In their framework, it is important also to progress from local development to global competitiveness in stages in which intermediate phases of regional economic development and competitiveness and national economic development and competitiveness are supported with infrastructure, economic dynamism, and government efficiency.

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By focusing on investment needs for development and poverty alleviation in the rural hometowns, researchers hoped to "bridge the disconnection" between remittances and investment. Starting with some raw qualitative data from ongoing rapid rural appraisal work (based on six key informant interviews and two focus group discussions), Opiniano and Ang ventured to do some hypothesizing using the descriptive results of previous rounds of RICART (Round 1: Magarao, Camarines Sur and Maribojoc, Bohol; Round. 2: Pandi, Bulacan) to prefigure what to expect in RICART Round 3, which had been stalled by ethics approval issues.

Opiniano introduced the audience to Guiguinto and described it as a place that was "improving" in terms of income and could also be described as a relatively "investment-friendly" municipality aspiring to become a full-fledged city, according to local officials. It also was known for a variety of cooperative ventures at a range of scales. The Guiguinto economy is fueled by non-agricultural sectors, because there are factories and produce warehouses being transported from the north to Manila. Because of its proximity to Manilla, there had been a real property "boom" and a mushrooming of subdivisions. Guiguinto had the distinction of being the first municipality in Bulacan province to computerize real property tax information and business permits and licensing. Nearly five percent of the total population are migrants. To get a sense of the place, you can watch footage shot at the town fiesta, Halamanan, a garden festival with floats and parading dancers, here.

As Opiniano explained, there is some measure of fear of putting money in a bank, as a result of the trauma of the closures of banks, especially rural banks. Additionally informants reported the "usual complaint" that "asking for loans leads to many requirements." Gender dynamics also might be important, because there might be more trust in having female family members handle remittances responsibly. Money management was often tied to awareness of needs for school expenses and emergency.

Ang described the informant pool, which was relatively well educated, as was common in a country in which most had a high school education as a minimum, although they often lacked financial literacy formally and were resistant to advice. Although they had high self-assessments of their financial literacy, their knowledge of interest rates, inflation, and loans indicated noticeable deficiencies. They were also more informed about borrowing rather than saving, probably because of the nature of their own practical experience, For a good overview of learning theory, see this summary of influential learning theories compiled by UNESCO.

"Juggling Currencies in Trans-Border Contexts: Mexico/US" by Magdalena Villarreal and Joshua Greene of CIESAS and Lya Niño of the Universidad Autonoma de Baja California also dealt with the emotional investments of migrant laborers. (Villarreal's IMTFI work has been covered before in this blog here.)

Villarreal opened by noting that there were "many kinds of currency," including social currencies, symbolic currencies, and different kinds of resources, with another IMTFI conference plug for Zelizer's *The Social Meaning of Money*. In looking at how Mexican families manage two locations, she argued that it was important to understand how "certain kinds of limits are placed" and how borders may be more than just geographical constructs. Although she acknowledged that there may be very complex forms of multiple citizenship in an increasingly globalized world, in which people may belong to as many as four countries, she focused on either double nationalities or undocumented Mexicans. Her research team focused on two populations: bi-national commuters at the US- Mexico border (Mexicali- Calexico) and bi-national workers from the remote village of Sabinilla in western Mexico coping with complex transnational contexts involving work in Hawaii. She used these case studies to illuminate the "signification and valuation of currencies" and to argue that "in the intertwining of economies, cultures, normativities and practices we tend to conceive as different and dissagregated."

To introduce the theme of the volume of the cross-border flow, Villarreal showed footage of turnstiles in which immigrants were constantly moving through. As they moved through the turnstiles, she argued that more than many resources were in circulation, including Family, Workers, Wages, Debts, Taxes, Savings, Investments, Insurance, Social benefits, and Social Security Numbers. (Even tax returns can be a currency in Mexico, as she observed.) Those who cross must make many calculations, including measurement of risk, perceived potential of particular resources, prediction of costs, social differentiation, and value considerations, which may even result from the "renting" of social security numbers. Calculating in dollars and calculating in pesos might also indicate important cultural differentiations. Such people are faced with need to juggle currencies: both with two national monetary languages and the social and cultural values attributed to different coinages within distinct spaces of interaction. Villarreal explained that her research team was concerned with how to inquire into multiple meanings, expectations and normative frameworks associated with forms of money and economic resources, into family arrangements and the capitalization of resources, into translation of values from one currency to another, into the need to accommodate to particular procedures and practices at the interstices, into the need to calculate and transact in monetary, but also social and symbolic currencies, and also into social and cultural experiences, expectations, and desires.

Niño then took the microphone to introduce the case of Calexico-Mexicali transnational men and women who work in the US and live in Mexico and manage identities as commuters, as well as those who live in the US and have livelihoods in Mexico. Such informants may work in rural and urban areas. In Mexicali, 44% of those in the US work in agriculture, and 32% work in services, including domestic workers, those in care-related jobs, and those engaged in various forms of commerce (formal and informal). Many of these informants were hard-hit by the U.S. financial crisis, because many had their money in US banks or were involved in sub-prime mortgages or credit card debts or department store debts that were impacted by financial instability. Ironically, many sold properties in Mexico to pay US mortgages, while others borrowed from Mexican friends or family, and still others returned to Mexico after having lost their homes. Yet most of them maintain links to the US, to carry out business, to look after children, etc. In closing, Niño showed "dollar boys" (pictured above) who approach cars to trade currencies at the border and other practices documented by researchers.

The final presenter, Joshua Greene, introduced Sabinilla, population 81, a very rural village connected to the outside world by twenty miles of dirt road and separated from the next village by two rivers. Those living in Sabinilla used to manage herds of cattle for neighboring ranchers and farmers, but now almost everyone migrates to Hawaii, because a half century ago the owner of a California Denny's where some Sabinillans worked decided to open a branch in Hawaii and suggested relocation. With a questionnaire of about 120 questions, the team was interested in what workers brought back other than money, including tools, experiences in the tourism economy, and expertise in world cuisines, including that gained as Thai chefs and Italian chefs in the Pacific. Those who still make cheese in the village from cows are dislocated. The village has also immersed itself in a green economy, and eco tourists come to see their soil retention projects, greenhouses, filtration efforts, solar water heaters, and alternative livestock and crops. Although residents may try to start small businesses with money earned abroad, often these efforts are frustrated. Even the most entrepreneurial workers struggle as they are working with debt, managing multiple frameworks of calculation, participating in networks, capitalizing in parallel economies, and managing the anticipation of potential value and mobilization of resources. They must operate networks in which information and double standards matter, and they must exploit ambiguities and respond to opportunities. In mobilizing resources, they might not have monetary resources. Researchers found that those newer to migration often had more difficult financial inclusion experiences than those more experienced with migration histories. Of course, this investment is a serious one, because this six thousand dollar journey can take a year to pay off.

The question-and-answer session addressed how the juggling framework might be especially relevant for women already juggling domestic labor and answered queries about choosing the family as a unit of analysis.

Posted by Liz Losh at 1:17 AM

IMTFI
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Saturday, January 3, 2015

Moving Research Applications into Circulation: Putting Knowledge to Work

The final session of the IMFTI conference focused on research applications. "Putting Knowledge to Work" was moderated by discussant Michael Joyce of TNP2K (the Indonesian National Team for the Acceleration of Poverty Reduction) who noted that Indonesia had already opened electronic accounts for a million people receiving government-to-person transfers. He also thought that IMTFI research would be important in ensuring the success of such programs to get people to actually use the "next generation" full suite of tools realized by leading service providers in places such as Kenya with services such as M-Shwari that had interest-based saving, credit, and more sophisticated models than existing microcredit paradigms.

The first paper on "Effectiveness and Challenges of Using Mobile Money Service in the Implementation of the Social Assistance Grants for Empowerment Programme: A Case of Kiboga District in Uganda" by Julius Okello and Dorothy Massa of the African Institute for Strategic Research Governance and Development emphasized a G2P case in the Kiboga District of Uganda. Okello explained that SAGE (Social Assistance Grants for Empowerment) was the first major social protection initiative by the government of Uganda and how it was an arm of expanding social protection under the Ministry of Gender, Labour and Social Development. It received funding for launching its services from DFID, Irish Aid, and UNICEF, and it is also supported by Maxwell Stamp, a UK based consulting firm. Okello explained that SAGE was a five-year pilot program which started in 2011 in Kiboga, Kaberamaido, and Kyenjojo but was later rolled out to another 11 districts. Researchers noted that Kiboga has a population of 148,606 people, of which 4,808 citizens, both male and female, participate in SAGE. SAGE targets elderly citizens, those from intact heritage cultures, and other vulnerable populations.

According to Okello, the MTN mobile money service was launched in the country in March 2009 and has registered 1,553,770 users since. He asserted that this translates into an adoption rate of 64,740 persons per month. On average the relative market share of MTN Mobile Money, ZAP, and M-Sente between March 2009 and February 2010 was 89.6 percent, 9.1 percent, and 1.3 percent, respectively. Given the history, coverage, and capability of MTN Uganda, the government opted to hire MTN mobile services to remit funds to SAGE beneficiaries. The use of mobile money in Uganda is still relatively new, according to Okello, however.

Okello's study used a mixed methods approach that combined quantitative and qualitative information gathering and was inspired by Creswell & Plano-Clarks' 2011 manual for researchers. The Kiboga project was designed to consult about three hundred informants. Quantitative methods included regression analysis and involved statistical figures, tables, and graphs, while the group's qualitative methods emphasized detailed explanation with evidence about their informants' livelihoods. He showed a

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complex circuit of stakeholders in the project, who included the government of Uganda, the Bank of Uganda, development partners, The Ministry of Gender, Labour, and Social Development, the Uganda Communications Commission, MTN, MTN district agents, the district coordinators of ESP, and the SAGE beneficiaries themselves. Because Uganda is one of the worst countries in the world for corruption, according to Okello, the hope is that this system of checks and balances will protect SAGE constituents. He also worried about potential complaints from telecommunication companies that might feel "locked out" of participation.

For elderly participants without cellphones, MTN created a variety of devices and services, including this yellow box that performed all of the functional financial operations of MTN transfer services. Yet MTN has relatively limited coverage outside of the capital, so money sometimes cannot reach the beneficiary and becomes diverted to other parties through corruption and fraud. Unfortunately researchers found that the elderly are often targets who unwittingly share pin numbers because they are reluctant to travel the distance to the point of contact with mobile money agents or are too gullible when told that machines have broken down. In concluding Okello argued that the elderly could still be vibrant economic actors capable of launching businesses, and he closed with hopeful stories of growing sunflowers, poultry, pineapples, and piglets and an anecdote about how ritual slaughter is combined with the seeming windfall of mobile money.

Another G2P program was featured in "Paying Conditional Cash Transfer Programs in Bank Accounts" by Enrique Seira of ITAM-QFD, and the panel shifted its focus to Mexico, where it was also possible to analyze characteristics of debit card owners and their behaviors as consumers. Seira noted that in Mexico debit card owners have three times more tertiary education, three times more savings, and more trust in general in society and institutions. (One Seira survey question asked if informants thought that a lost wallet would be returned to measure such trust.) Debit card owners tend to live in municipalities with 20% more ATMs per capita. In contrast, Oportunidades "Debit" beneficiaries, who were not self-selected by their decision to get a card and used accounts relatively little, as described in this earlier IMTFI panel. Seira noted that they also had significantly less education, and although about 45% claimed to have savings, only about 10% had "formal" savings. This amount of savings represented about 1/50 the numbers common in the general population. A comparison of late vs early debit card owners in Oportunidades showed that they were similar, which was good for measuring the impact of debit card expansion, as the cards became able to work in ATMs and be accepted in stores.

Seira claimed that the aspect that influenced the value and use of the account was its convenience, although a savings account with no branch nearby and no card able to pay in POS devices was not very useful. Unfortunately, this was how Oportunidades (Mexico's main CCT program) operated pre-2009. Of about 1 million savings accounts, none had ATM/Debit card features. In 2009, Oportunidades started awarding Debit ATM cards in a staggered fashion. Expansion was decided by Oportunidades at the local level (not by bank branches).

Seira has planned to do a DID analysis of the effect of ATM/debit on savings in recipients' accounts. He noted that his sample was based on data on account savings for 342,000+ beneficiaries of 308 Bansefi branches in 411 municipalities during a period covering 17 bimesters: January 2009 to October 2011 (5 bimesters pre-treatment and 12 post, max). About 70% of participants received an ATM card during the researchers' sample period. There were three group studied: early switchers, late switchers, and those who had not yet switched. The three groups were distributed geographically across the country and included similar distributions of indigenous groups. Although seemingly counter-intuitive, Seira also posited that debit cards could impact savings behavior positively, because withdrawals could be smaller and done in a more controlled manner. He acknowledged that yesterday's IMTFI session with Jonathan Morduch reached the opposite conclusion that plastic could encourage more irresponsible spending behavior. Subjects in Seira's study ultimately saved 30% more than non-implementers, although this behavior often took six months to manifest itself. It also often followed a pattern of significant variation among users, and research indicated that subjects had relatively low financial literacy regarding ATM use and fees. He observed that new users also frequently checked balances, because they were distrustful about money remaining in the account.

Researchers also found evidence of early implementation problems, especially involving emigration to debit card accounts. Surveys were also given to 100+ personnel from ATM providers, and those serving in early adopting municipalities seemed to have less knowledge about training materials. There were also surveys distributed to 5000+ beneficiaries, which revealed that early adopters (even if they have had more time to learn) needed more help to use ATM card than late adopters (57% vs 50%, 5% significance). While 32% of early adopters knew they had a savings account, only 30% of early adopters knew (10% significant). Late adopters did 35% more ATM purchases per bimester. According to Seira, there seemed to be increasing use and trust with time as well.

The final formal presentation at the IMTFI annual conference was "The Use and Impact of M-Shwari as a Financial Banking Product in Urban and Rural Areas of Kenya" by Jane Mutinda of Kenyatta University and Ndunge Kiiti of Houghton College and Emory University. You can read more about previous IMTFI research produced by Kitii and Mutinda's collaborations here. Mutinda credited Professor Charles Nzioka of Nairobi University, who also participated as an author in their findings presented this year. Monique Hennik of Emory served as a consultant to improve the group's training, because the university students that they used as field researchers came from many different institutions.

Mutinda opened her presentation with a gorgeous and evocative video that explained that the Jua Kali (the word refers to the heat of the sun) were self-employed people working in the informal sector of the Kenyan economy doing 90% of the service work, which included masonry, plumbing, carpentry, metal working, and many artisanal trades. According to experts shown in the film, this sector also employs about 19 million people and is critical for successful development. Even the economic commentators described their own experiences as Kenyans in the bankable population as very difficult, so that someone might have to walk dozens of kilometers to make just one transaction. People in the Jua Kali sector found opening and maintaining accounts particularly challenging, although access to resources, small loans, and savings for small businesses were all among their critical needs. In the film researchers argued that Safaricom needed to do more outreach and education to explain the product, which was less widely in use in rural areas divorced from cosmopolitan populations of users and which privileged English speakers over those who communicated in Swahili or tribal languages.

Kiiti took over the presentation after the video to explain the "why" and the "how" of the project, which built on their earlier work in mobile money in Kenya. They also observed increased use of the M-PESA platform and an expansion of Safaricom bank partners providing mobile money services and products. In addition to M-Shwari, provided in conjunction with the Commercial Bank of Africa (CBA), Kiiti also noted the existence of M-Kesho with Equity Bank and M-Benki with Kenya Commercial Bank. Researchers chose to focus on M-Shwari, which was introduced in 2012, because it allowed subscribers to save and borrow from their phones and to earn interest on money saved. It also provided access to credit and a paperless form of financial transaction. Nonetheless, more needs to be done to reach the unbanked: apparently CBK has estimated that over Kshs. 300 billion ($3.5 billion) sits outside formal banking systems, and millions of Kenyans are still unbanked. She noted that 50% of people using M-PESA still did not have a bank account. Researchers also consulted with Safari.com to attempt to influence policy, although they were wary of possible influence.

Kiiti summarized from research highlights that indicated that M-Shwari loans were "essential in providing quick cash-flow for the Jua Kali businesses." She also cited a number of strong assertions from those in the financial sector about the power of this product, including Michael Joseph, Director of M-Pesa within Vodafone, who argued that "M-Shwari is a 'transformational service'; saving is no longer the privilege of the elite." She justified the study's focus on the Jua Kali, by emphasizing the fact that the informal sector contributes about 18.4% of Kenya's GDP while creating 74% of all new jobs annually, although researchers were sometimes stymied by a lack of data. She incorporated research done by the Africa Development Bank in her presentation as well, and argued that Kenyans rely on the Jua Kali sector for services and feel strong investments in those communities. She explained that workshops continue to be part of their research study design.

The study trained 15 graduate students and professionals. Students came from six different campuses and were tested on their cultural/language representation (both vernacular & national). Their training in a mixed methods approach included role-playing and practice listening, probing, and note-taking, and they included M-Shwari representatives in the process. 8 counties were and 4 regions were included in their fieldwork. Consent was very important given the nature of the very personal questions asked by researchers about money. 160 Questionnaires were gathered with 10 users and 10 non-users of M-Shwari in each county. Researchers examined sample characteristics, such as access/convenience, usage, gender, and sectors and found trends that involved social status. As the research team moves forward they hope that the link/gap between marketing or promotion and knowledge or application could be better addressed if policy and practice questions receive more attention. Obviously researchers felt that their findings could be very significant for issues of financial inclusion and exclusion in mobile banking in Kenya.

Posted by Liz Losh at 3:29 PM

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Labels: conditional cash transfer programs, Kenya, Mexico, Uganda

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Monday, January 19, 2015

The Thirteenth Cow: Closing Conversations at the IMTFI Sixth Annual Conference

In closing out the public portion of the annual IMTFI conference, Scott Mainwaring reminded participants about all of the work of unpacking the global and the local and interpreting intertwined tangled histories and the challenges to adoption when there are mixtures of devices, which might even include a lockbox with satellite device attached among the ensembles of different technologies. He also drew attention to the fact that even without smart phones, people in developing countries were doing "amazing work" managing their finances with "just a few alphabetic lines of text." Now that smart phones with "high resolution beautiful color displays" were on the horizon, the devices were opening up possibilities for more literacy training with "engaging media forms."

Ph.D. candidate Taylor Nelms noted the range of missions and agendas addressed at the conference, including how institutional instability, turnover of officials, and how state offices play into "lines of contestations" that involve everyday practices of the government and different histories of the state in different places to different degrees of heterogeneity. As the author of *Virtualpolitik*, a book about the state as both regulator and digital content-creator, I appreciated his emphasizing that the state never functions as a "singular monolithic or homogenous actor," because it has a "range of missions and agendas," as well as his praise for the "fine-grained detail about the state" in many presentations. He also noted how risk and liquidity may be a function of "the tools we use" and that savings is not one thing, particularly as it involves material infrastructures. As an example, he pointed to the metal box in the collection shown by Ellen Feingold, Curator of the National Numismatic Collection at the Smithsonian, which could not be opened without being torn apart by metal shears.

Caroline Schuster, a previous IMTFI grant recipient, who is now a lecturer at Australian National University) marveled at how rapidly work on mobile money had developed in a comparatively short time and how being "durable and instituted" practices as a "matured" practice. In particular she claimed that the research questions around access had fundamentally changed, as well as issues about privacy and secrecy. Like many closing commentators, she cited the work on "the thirteenth cow" presented on the first day on

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the opening panel about tradition. To movie goers, she also recommended the Paraguayan film *7 Cajas* (7 boxes) to show the complexity of financial interrelationships. To find out more, you can watch a trailer for 7 Cajas here,

Mrinalini Tankha, an IMTFI postdoc, also reminisced about being part of the first generation of researchers. But she asserted that -- despite the changing language of research -- the constant of considering trust continues to be "fundamental and contentious in any social organization." According to Tankha, inequalities of power obviously exacerbate distrust. She also warned that excessive trust among researchers in seemingly authoritative products, services, institutions, and scholarship could undermine research, and she gave a plug for the closed-door workshops on methodology to follow.

In taking the microphone, organizer Bill Maurer lauded the "six year long conversation" that had begun with a handful of people and had now grown to including 140 researchers in 43 different countries. In praising this "long conversation," he described the ongoing and continuing revision of hypotheses and how no one was compelled to "tow one line." As researchers try to understand the "contingent composition" at the heart of various resources, they mirror similarly a "constantly emerging network" that is a "community of inquiry" coming together "with a generosity of inquiry and spirt."

A discussion about collaboration with the financial sector was initiated by Amol Jadhav (GSMA) about working with industry and managing the "balancing act" between on the one hand merely providing opportunistic "market research" and on the other hand generating work that only "exists in paper" and is thus less valuable to the public. When Maurer turned the question to IMTFI researchers, it was a lively set of responses. Ana Echeverry of Inspira Lab bemoaned the fact that it was "extremely difficult when you are no one" to have "anything actionable reach those influencers." She critiqued financial central planners who were "always in Europe" and the impossibility of reaching power brokers like Carlos Slim. Vivian Dzokoto indicated her enthusiasm for collaboration but acknowledged barriers to uptake and hesitance toward independent perspectives. Sosthenes Kewe, Technical Director of Financial Sector Deepening Trust, who sat with Johnson Nyella, economist from the Central Bank of Tanzania considered this conversation valuable to "build capacity." Kewe wanted to hear more about collaborating researchers focusing the design of financial services. He also encouraged researchers to hold more IMTFI conferences in Africa. Such venues could have a leveling effect, as in the case of a recent conference in Ghana, which allowed participating market women to challenge the assertions of regulators. Maurer said that UC Irvine, potential African university hosts, and other forums "defined by academic settings" demonstrate how "the university and academia can provide a neutral space" in which "identities of participants" can be "kept confidential" and "issues of competition" could be ameliorated.

I'll sign off myself as well with this entry for a while. I've posted a very abbreviated explanation of what has drawn me to this place as a blogger for a number of years, and I hope to be posting some more new stories before this group assembles again.

Posted by Liz Losh at 9:25 PM

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Labels: financial inclusion, mobile money

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