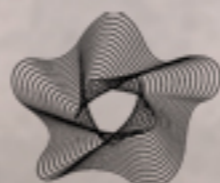




# *STORIES*

*for*  
*Financial Literacy Education*  
*of*  
*Migrant Workers*

*Authors:*  
*Mudita Tiwari & Deepti KC*



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Neeti



Solutions



# ***Foreword***

**Funded by IMTFI (University of California, Irvine), the Centre for Microfinance (IFMR Lead, Chennai) conducted a study in Dharavi, Mumbai - Asia's largest urban slum. The research was aimed at understanding the social, cultural and economic factors influencing modes of payments (cash versus electronic) used for conducting transactions in small-scale industries. Our findings indicate a strong preference for cash, the predominant mode of payment culturally accepted for business transactions. Despite having bank accounts and mobile phones, respondents were apprehensive about banking systems and had a limited understanding about the financial products and services such as remittance services available through mobile banking agents and mobile phones.**

**Our study particularly recognized employees (or wage-laborers) of small-scale enterprises as potential users of mobile banking service - if provided with relevant knowledge about these services. The employees primarily comprised migrants from poor socio-economic backgrounds. Some migrant employees did not have bank accounts in Dharavi due to lack of the proof of identification and proof of residence in Dharavi.**



# *Foreword*

However, most had voter ID cards that made them eligible to open No Frill Accounts or basic zero-balance accounts. Some employees already had bank accounts with the State Bank of India in their home states in Dharavi. Additionally, we also found that physical access to banks was not an issue for most of these migrants, with multiple Banks and Business Correspondents (BC) or Customer Service Providers (CSPs) in Dharavi. Yet, migrants did not actively use these formal channels to save or remit. This was primarily due to unawareness about low-risk, easy to use and cutting edge mobile banking services, and a persistent distrust of formal financial institutions. We hypothesize that low levels of financial literacy might be associated with adverse financial outcomes among this group.

We have designed context-specific financial literacy modules that not only aim to address the knowledge gap about financial products and services, but also the underlying behavioral biases impacting financial decisions. The modules are being developed as a series of “comic books” using a story telling approach. We are using two relatable characters Ramu and Shyamlal.



# *Foreword*

Using real life stories we have tried to document the financial adversities that migrant populations face through the character of Shyamlal. We found our target group saves cash and infrequently uses mobile banking options; the stories emphasize financial behavior of two individuals in cashless versus cash-only scenarios. We have designed easy-to-understand visual and numerical illustrations of financial concepts, including importance of saving at a formal financial institution, money lost in delayed savings or lost interest, the power of compound interest growth, convenient options for banking via banking agents and mobile banking services. Additionally, we have tried to inform migrant populations about the (i) financial discipline, and (ii) approachable solutions that reduce savings inertia.

Each story ends with a question answer section and a review about the lessons learnt from the story. The question answer section asks respondents about the various topics in the story, and the lessons learnt section reiterates the important lessons learnt from the story. The purpose of this section is to solidify the lessons from each story using an easy to understand interactive style.



**Story 1**  
Importance of Saving



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**Story 1**


**Story 2**  
Issues with Cash on Hand



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**Story 2**


**Story 3**  
Risks of Saving with Informal Institutions



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**Story 3**

**Story 4**  
Power of Compound Interest



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**Story 4**

**Story 5**  
Opening of Bank Accounts



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**Story 5**

**Story 6**  
Usage of banking services



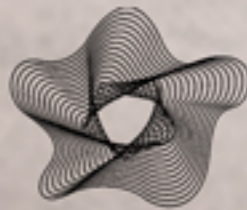
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**Story 6**



# Story 1

## Importance of Saving



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**Solutions**

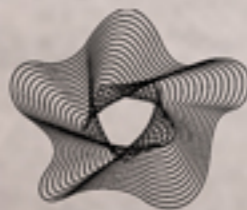


# Story **1**

## Importance of saving

**Ramu and Shyam Lal meet with an accident while they are working at a recycling factory.**

**The story highlights how Ramu copes with the unexpected expenditure using his savings, whereas, Shyam Lal takes loans to pay the expenses.**



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Ramu and Shyamlal were working  
in a recycling factory.



suddenly...







At the hospital...



No work for 1 month!

How will we pay Rs. 5,000 for medicines and surgery?  
What am I going to do?



I have Rs. 5,000 saved!



How is that possible? You and I are always together. And I haven't managed to save anything.



I have been saving Rs. 30 everyday. Each month I am able to save Rs. 900. In the past 6 months I have been able to save nearly Rs. 5,500!

$10$

$10$

$10$

$30$

$1 = 900$

$2$

$3$

$4$

$5$

$6$

$\times 6$

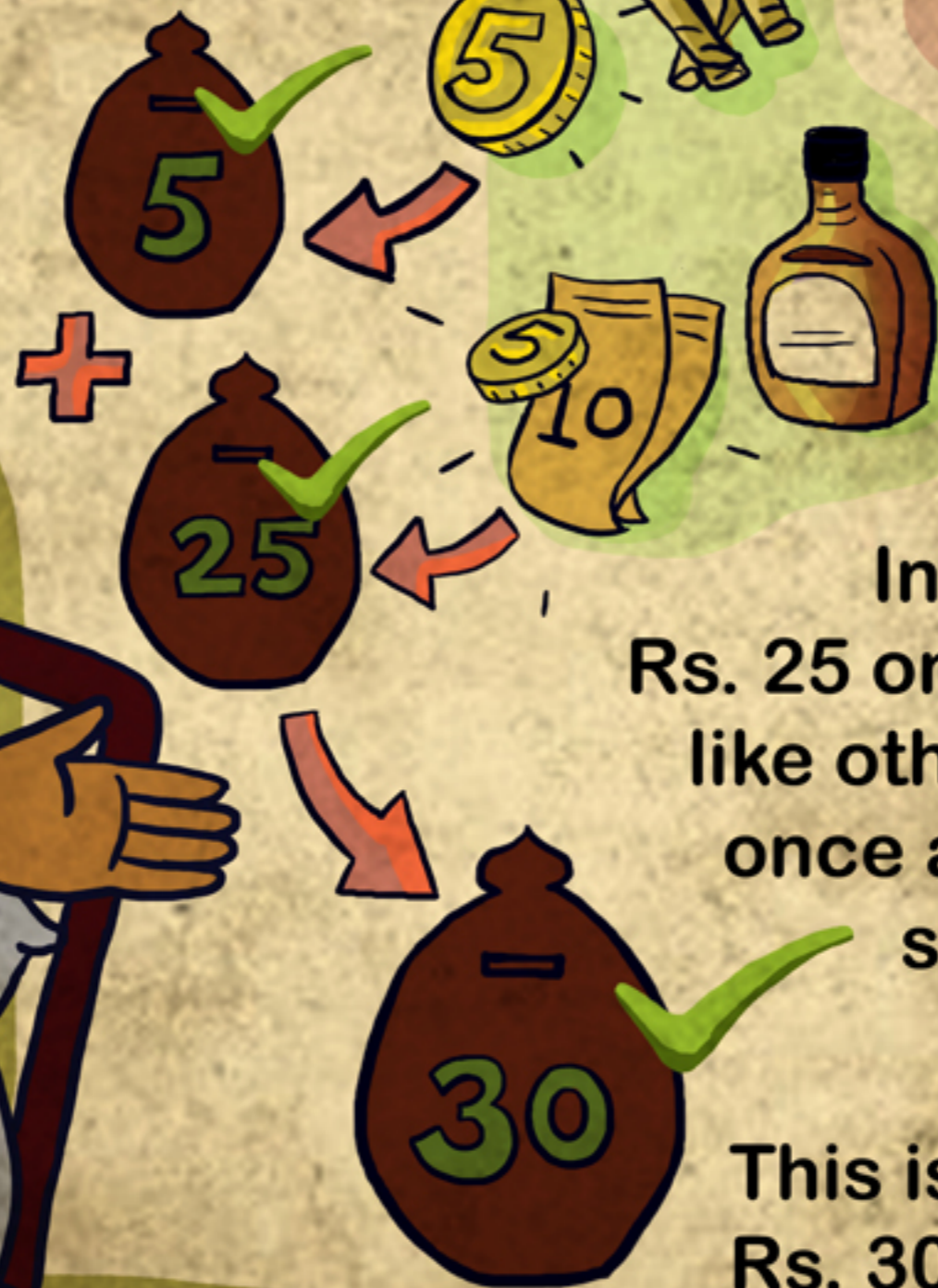
$= 5,500$

But how did you do this?





Shyamlal, instead of spending Rs. 10 on *bidis* (local tobacco) a day like others, I spend only Rs. 5 a day!



Instead of spending Rs. 25 on alcohol every day like others, I spend Rs. 25 once a week on alcohol. saving Rs. 25 a day!

This is how I save Rs. 30 a day!





LOAN?  
₹

Shyamal has to take a loan, but Ramu simply pays for the expenses from his savings.

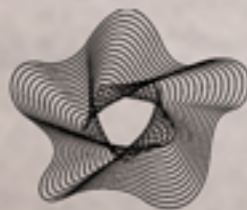


THE END



## ***Our questions and your answers :***

- 1. Think about your lifestyle, whom does it resemble, Ramu or Shyamlal ?***
- 2. Have you ever faced such a financial emergency?***
- 3. How did you pay for this emergency? Did you take loan or used your savings?***
- 4. Did you pay interest on your loan? What was the interest rate? How much extra you ended up paying because of interest?***
- 5. What did you do to pay your loan?***



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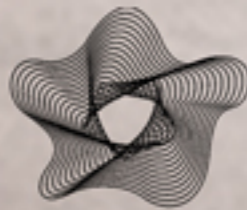


**Solutions**



# *Learning Lessons :*

- 1. Start saving from today.*
- 2. Save as little as you can every day.*
- 3. Make saving a priority.*
- 4. Control non - essential expenses.*



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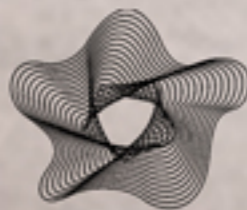


**Solutions**



# Story 2

## Issues with Cash on Hand



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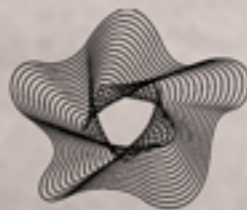
**Solutions**



# Story 2

## Issues with cash on hand

**Both Ramu and Shyamal are saving for Diwali. Ramu deposits his savings in the bank, whereas Shyamal keeps cash in hand, or with local storekeepers. The story highlights the financial adversities that Shyamal faces from keeping cash in hand.**



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Ramu and Shyamlal are saving for Diwali!







Ramu routinely deposits his money in the Bank.

After 3 months, Ramu transfers money directly to his wife from his account.

His wife gets the money and shops for Diwali!



Shyamalal hides his money under the mattress.

But the money gets stolen.

Shyamalal becomes sad and is in despair to see the money under mattress is stolen.

RS.  
1000





I am not going to save at home anymore.

I should give this money to the shopkeeper Pyarelal!

Shyamlal gives money over to Pyarelal.





After 2 months...



Give me my saved money!

$5000 \times 2$   
**10,000**



Here is your Rs. 5,000. But brother, aren't you going to gamble a little on Diwali? May be your Rs. 5,000 will double to Rs. 10,000.



My family will be happy to receive even more money!



5000RS.



Shyam Lal loses all his savings in the gamble. He is left with nothing in his hands.

2000RS.



0RS.

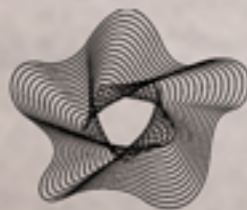


THE END



## ***Our questions and your answers :***

- 1. Have you ever experienced any problems when trying to save money at home?***
- 2. Have you ever experienced any problems when trying to save money with friends & family?***
- 3. What are the advantages of saving at home?***
- 4. What are the disadvantages of saving at home?***



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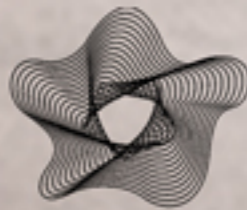


**Solutions**



# *Learning Lessons :*

- 1. If you have cash in hand, you are tempted to spend.*
- 2. Keeping cash in hand is not safe because cash can easily be spent, stolen or destroyed.*



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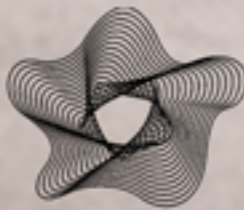


**Solutions**



# Story 3

## Risks of Saving with Informal Institutions



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**Solutions**



# Story 3

## Risk of saving with informal institutions

**Ramu deposits his money at the bank, whereas Shyamlal saves with the Chit Fund. One day, Ramu's bank closes down. At the same time, savings collected at Shyamlal's Chit Fund group get robbed. The story highlights the risk of saving with informal institutions, and the role of Banks and the Government in protecting investments.**





Ramu deposits his saved money at the Bank, MG Road Branch.



Shyamal deposits his saved money in a chit fund group.



One day Ramu was on his way to deposit his saving at the Bank.



The Bank is going to close down.







Don't worry Ramu. The Bank was officially registered with the Government. Now the Government is responsible for your money.



Ramu is relieved.





One day Shyamlal was on his way to save with the neighborhood chitfund.

Oh no! There has been a theft in our chit-fund leader's house. Rs.20,000 saved this month has been lost!



We will try to catch the thief, but we cannot guarantee your money will be recovered.





Shyamlal, I have told you so many times, just like me, you should always save at an institution that is recognized by the Government. In such a case, the Government will be responsible for your investment.

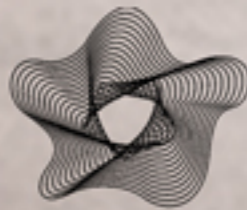


**THE  
END**



## ***Our questions and your answers :***

- 1. Have you ever heard of a situation similar to Shyamlal, where he lost money saving with a chit fund?***
- 2. What are the advantages of saving with chit funds?***
- 3. What are the disadvantages of saving with chit funds?***



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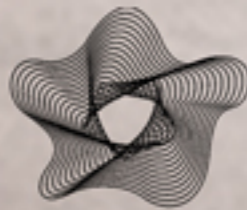


**Solutions**



# *Learning Lessons :*

- 1. Saving money with chit funds is easy, but also has risks.*
- 2. If you lose money saving with chit funds, shopkeepers, friends or family, the government is not liable to return your money back.*
- 3. If the bank closes down, then government guarantees to protect your investments.*



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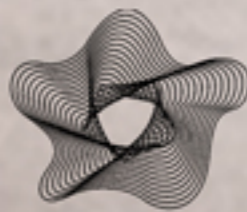


**Solutions**



# Story 4

## Power of Compound Interest



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Solutions

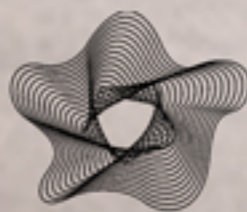


# Story 4

## Power of compound interest

**Ramu discusses the importance of compound interest in building long-term savings.**

**The story highlights the power of compound interest – the ability to earn interest on interest.**



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**Solutions**



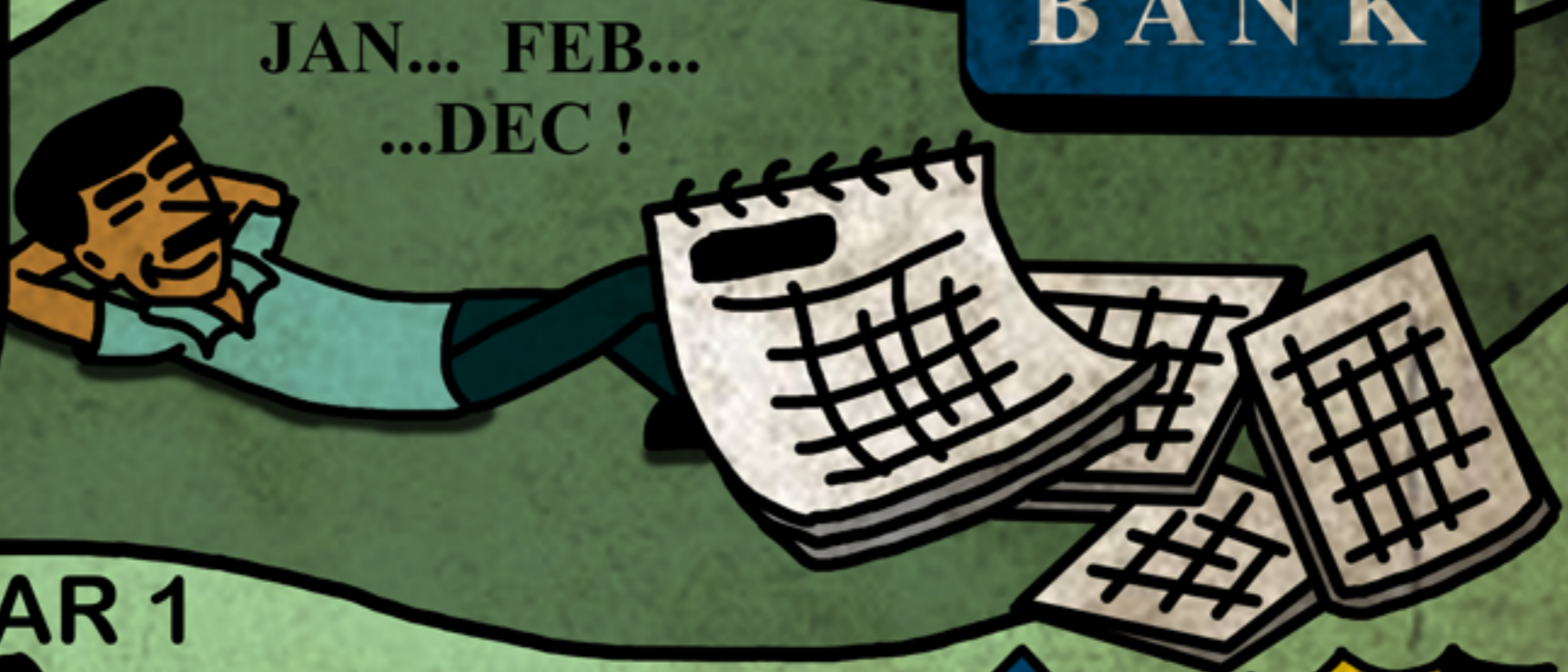


Shyamlal, just like me, you should also save at the Bank. Do you know I get extra money for free for depositing money at the Bank?

How is that possible?



Shyamlal, I deposited Rs. 100 in the bank. At 4% interest, I got Rs. 104 after 1 year.



YEAR 1





The Rs. 104 grows to Rs. 108 in 2 years. I don't have to do anything. I just earn free interest on interest.



RS. 104

SAVINGS ACCOUNT

BANK

JAN... FEB...  
...DEC!



YEAR 2

BANK

RS. 104

+



=

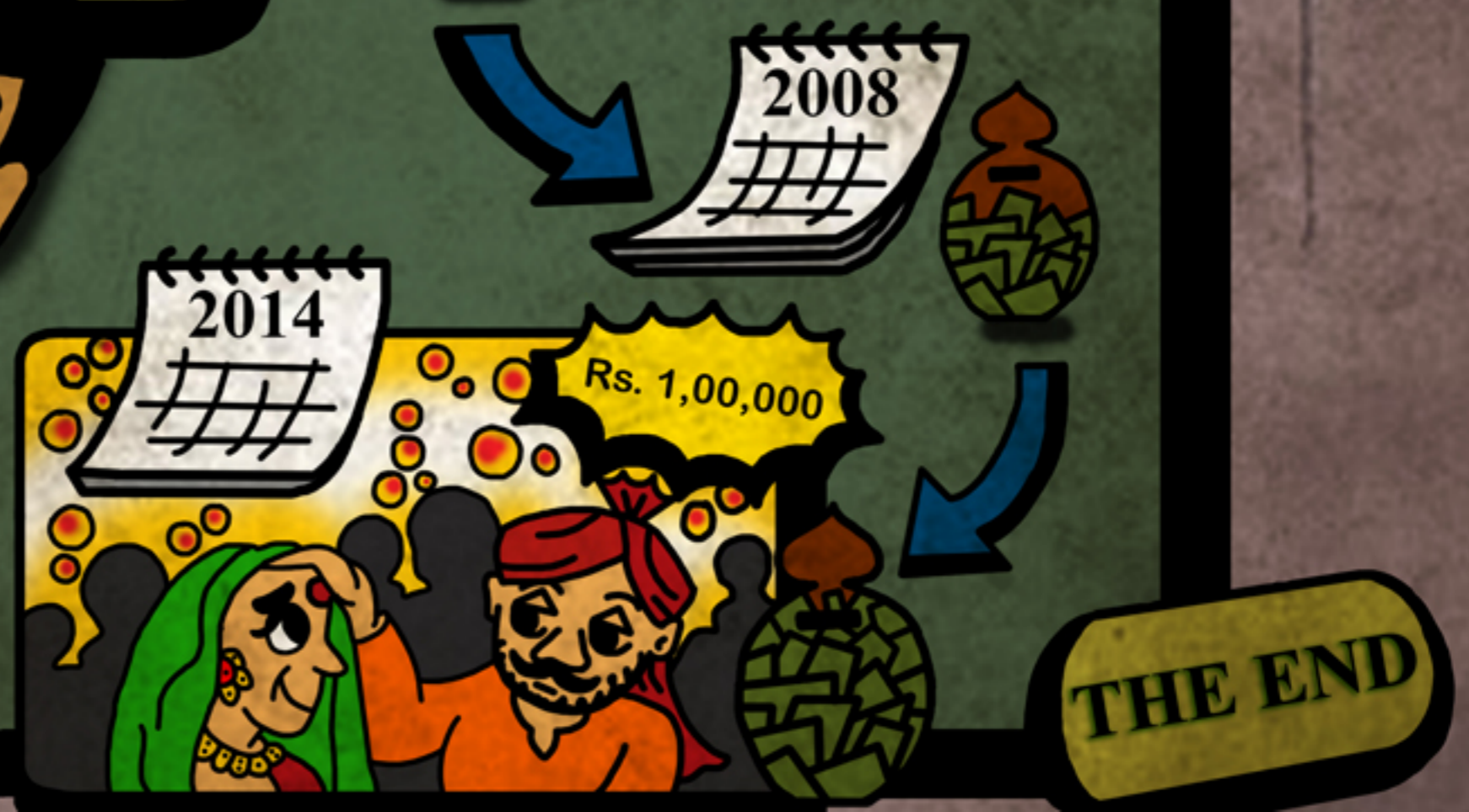
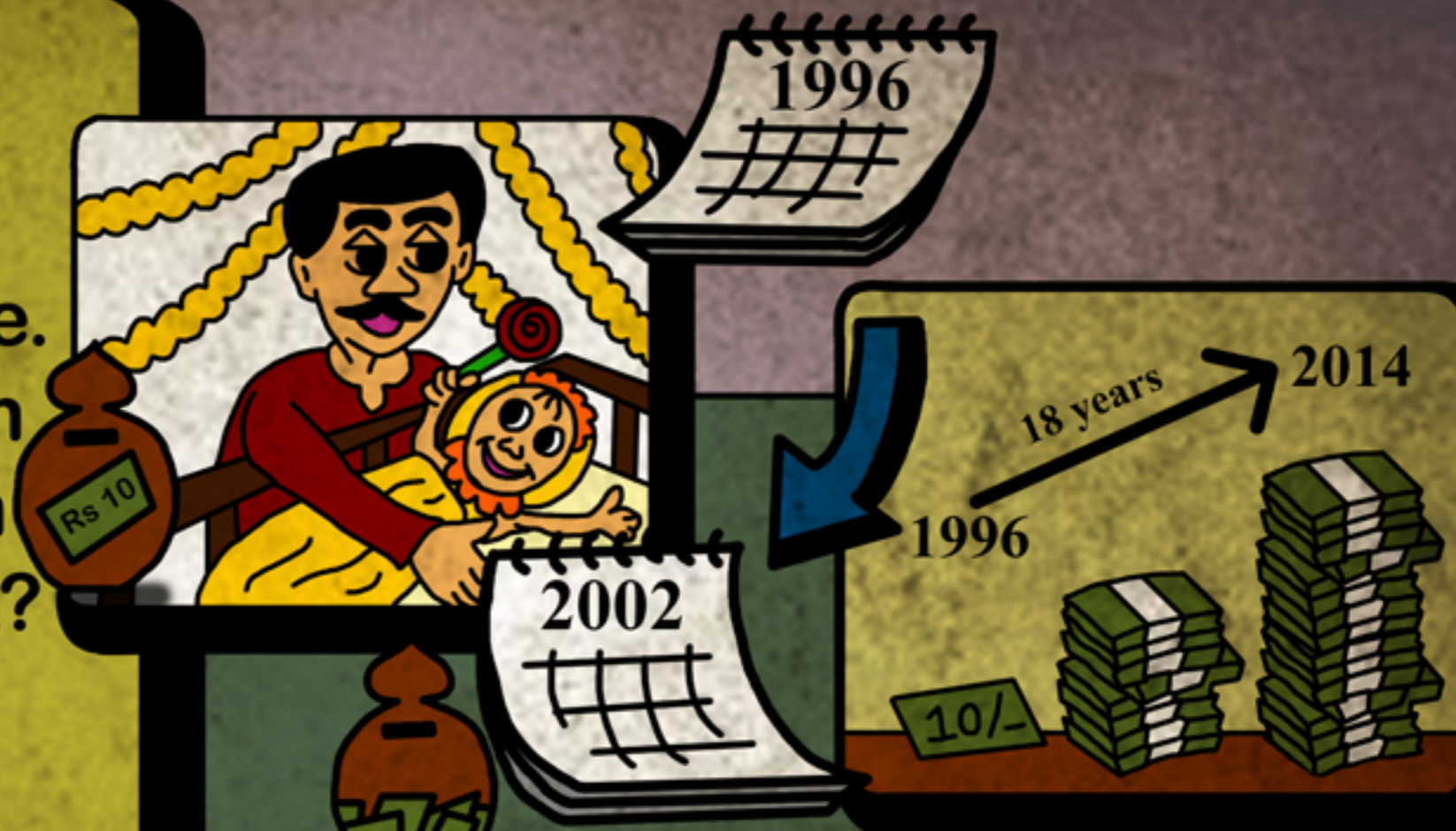
RS. 108





My uncle used to save just Rs. 10 each day for my sister's marriage. Do you know how much the money grew into, in 18 years at 4% interest?

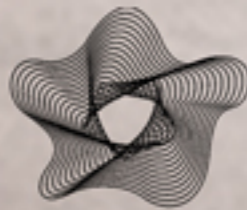
Rs. 1,00,000 !





# ***Our questions and your answers :***

- 1. Have you ever tried opening a bank account?***
- 2. How was your experience at the bank?***
- 3. What are the advantages of saving at bank?***
- 4. What are the disadvantages of saving at bank?***



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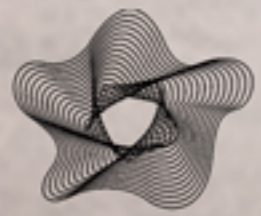
# Learning Lessons :

- 1. Saving at the bank earns you free interest on interest.**
- 2. Save whatever little you can at the bank to earn interest.**
- 3. As long as the bank is registered with the government, your deposits are safe at the bank and guaranteed by the government.**



# Story 5

## Opening of Bank Accounts



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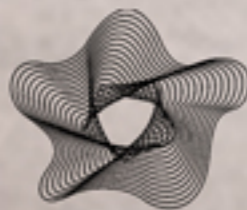


# Story 5

## Opening the bank accounts

**Even though Shyamlal wants to use the banking services, he is reluctant to open an account due to psychological constraints that he faces.**

**Ramu helps Shyamlal by addressing these constraints, and highlights the importance of using the banking services. He also explains new and innovative ways of opening bank accounts.**



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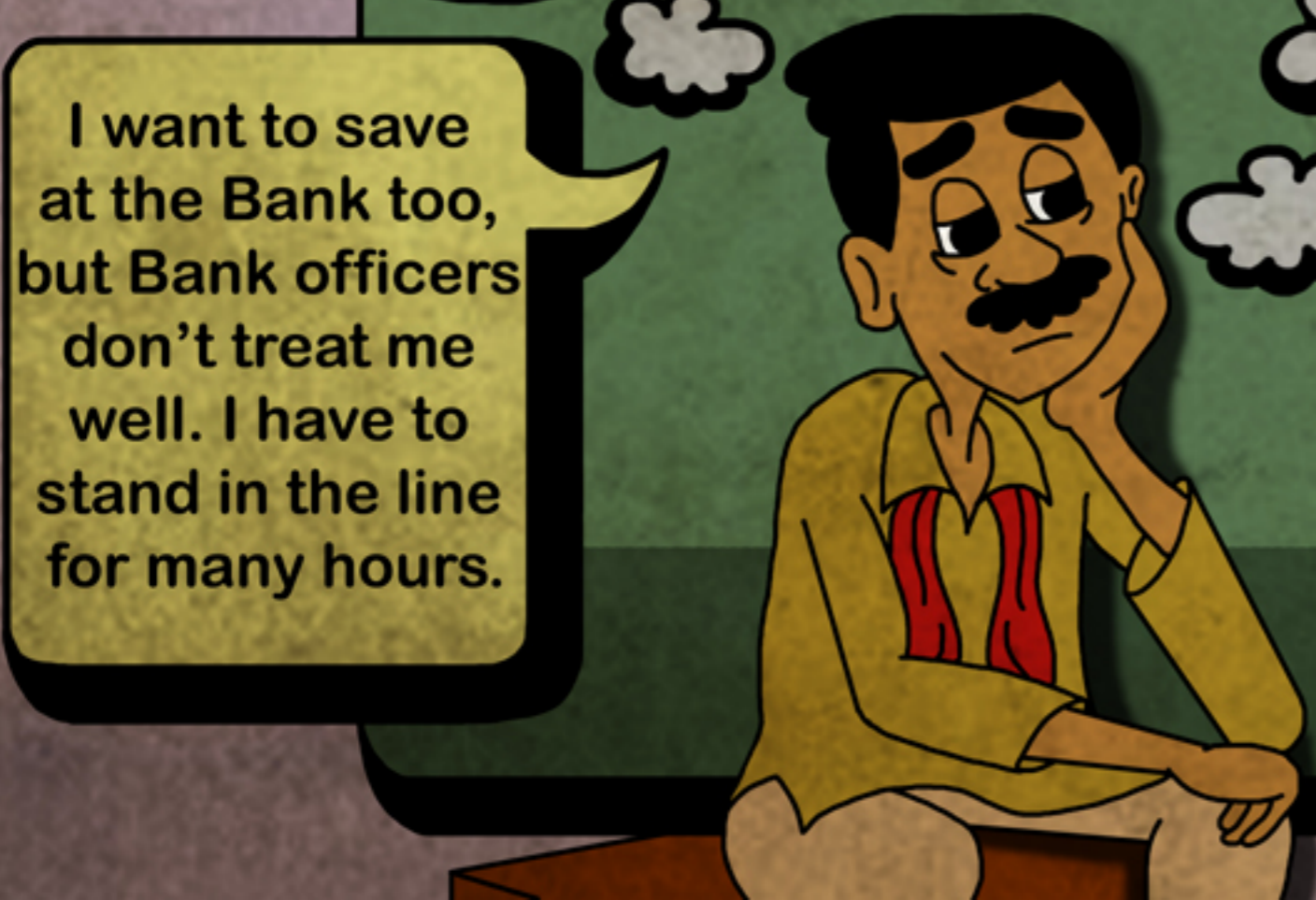


**Solutions**





I want to save at the Bank too, but Bank officers don't treat me well. I have to stand in the line for many hours.





**BANK**



Don't be scared of the Bank. You will receive long-term benefits from the Bank. Standing in the line once open your account is a minor inconvenience. Let me show you ways.





Government wants us to use the banking services. It is bank officers responsibility to serve us.



With a No-Frills Bank Account, you can save or withdraw up to Rs.1,00,000 per year, and can hold Rs. 50,000 in savings at anytime during the year.







Ration Card



Voting Card



Electricity Bill



PAN Card



Driving License

You can easily open the account if you have any of these documents.





**BANK** MG Road Branch



After 2 hours...



Ramu you can be the reference person for Shyamlal. You also have a Bank account with us. Remember a letter from a Block Office or Panchayat Office can also be used as reference letters.







Shyamlal,  
what is  
your  
mobile  
phone  
number?



I have  
registered your  
mobile phone  
to receive  
banking alerts.  
Look the  
phone says  
your bank  
account has  
been opened.



Welcome to the  
**BANK.**  
You have  
**RS. 500**  
in your account.

1	2	3
4	5	6
7	8	9

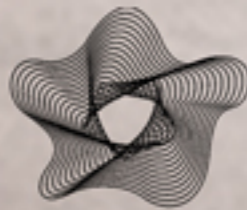


**THE END**



## ***Our questions and your answers :***

- 1. Did you know about No Frills Account?***
- 2. Have you ever tried to open an No Frills Account?***
- 3. What documents did you have to provide to open the account?***
- 4. Do you have a mobile phone?***
- 5. Have you ever received alerts from your banks?***



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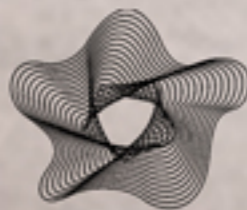
# Learning Lessons :

- 1. No Frills Account is specifically designed for you. Take advantage of this service.**
- 2. No Frills Account has no minimum balance requirement.**
- 3. You can transact to Rs 1,00,000 per year and save up to Rs 50,000 per year using No Frills Account.**
- 4. Register your mobile phone whenever you open an account to receive transaction information.**



# Story 6

## Usage of banking services



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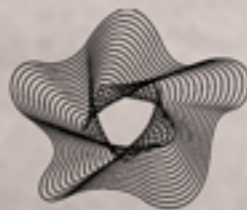
**Solutions**



# Story 6

## Usage of banking services

**Despite opening the bank account, Shyamal still has apprehensions about perceived inconveniences of using the Bank, such as long lines and time spent conducting transactions. Ramu informs Shyamal about modern banking services that could be availed without visiting the bank branches.**



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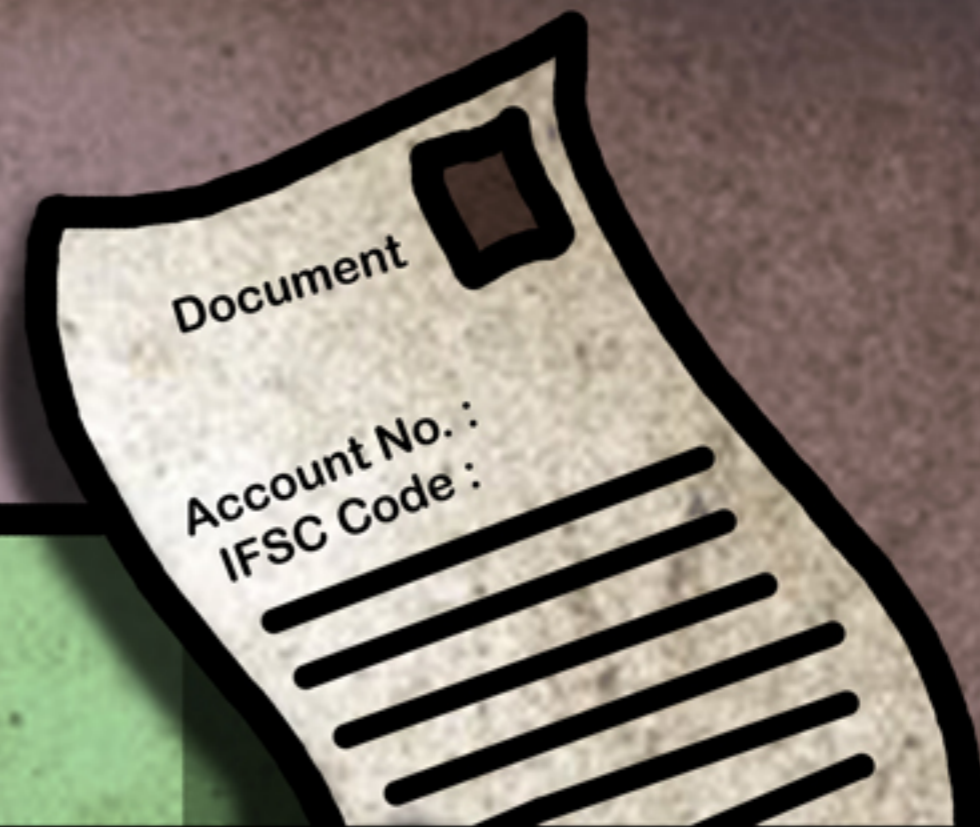
I am happy that I have a bank account. I don't want to waste time waiting in lines.

We don't have to stand in a long line to send money home with your new account every time. I will tell you techniques of how you can avoid wasting time.





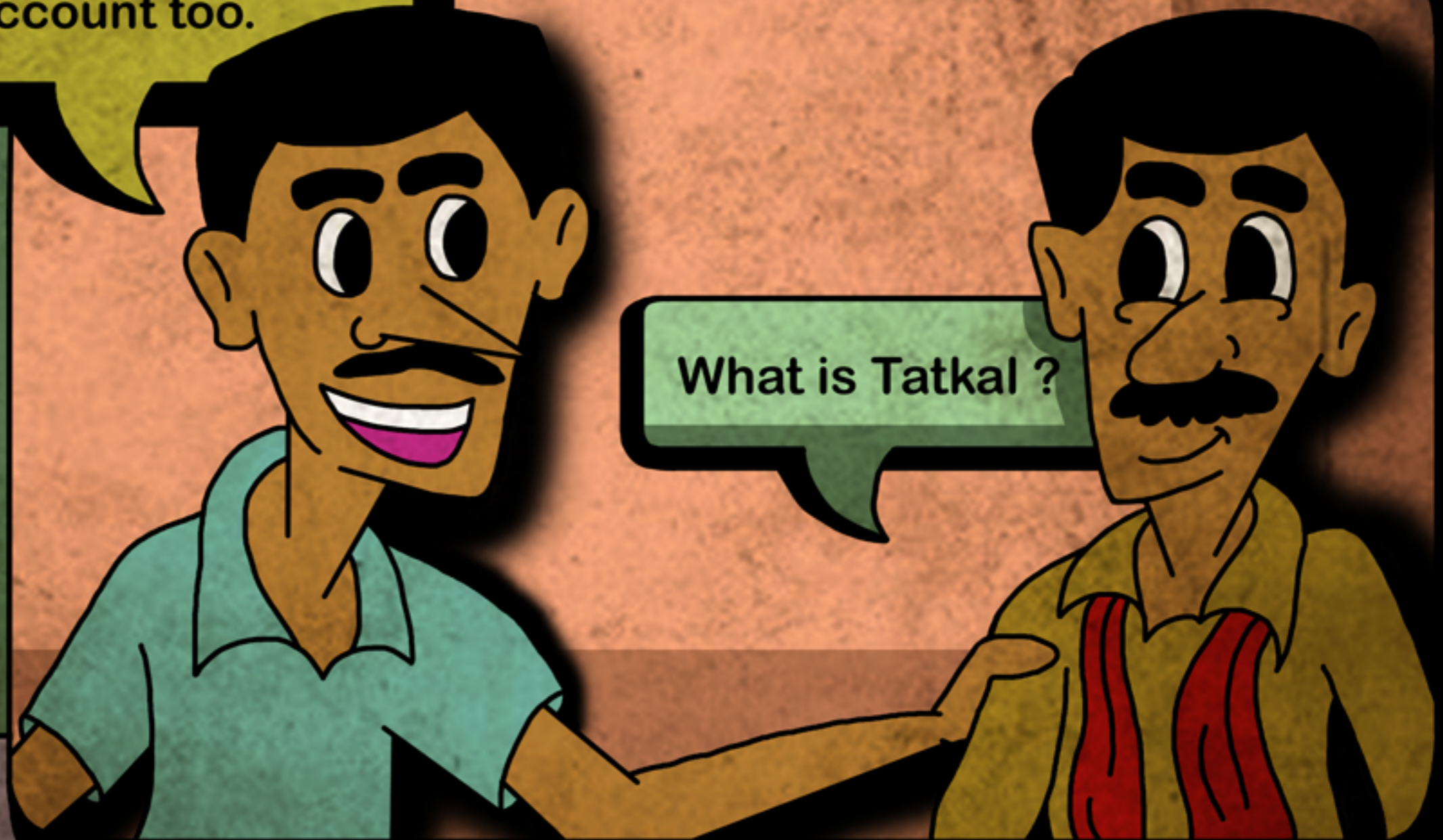
Save your salary directly in the Bank so that you are not tempted to spend it. Your employer can directly transfer your salary for free, using your IFSC Code and Account Number. Just use the ATM to withdraw money anytime.





Sending money through Hawala is not safe. Why not use your bank account to transfer money to your father using Tatkal agents? Your father has a Bank account too.

What is Tatkal ?





## Tatkal Agents

### Kirana Shops



### Mobile Shops




### Post Offices



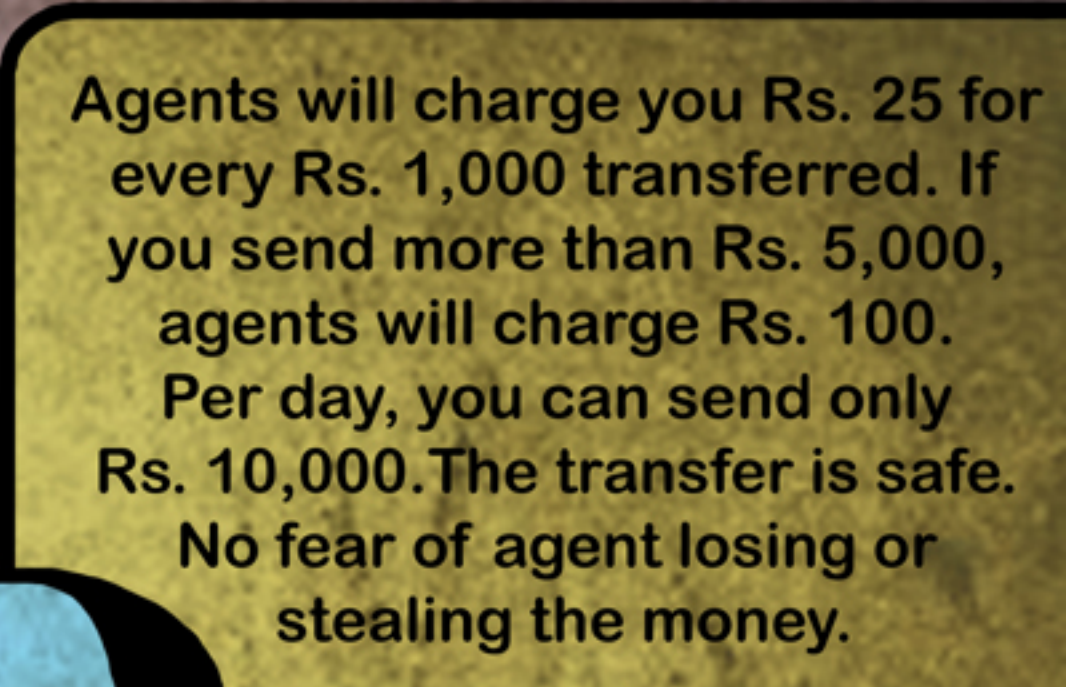
As certified agents of the banks like SBI, kirana and mobile shops owners and post offices can open NFA accounts for Rs. 100. They can also accept deposits and remit money.






A cartoon illustration of two men. The man on the left has a mustache and is wearing a yellow shirt with a red sash. The man on the right is wearing a light blue shirt. They are both looking towards the right.

Come with me, I am going to remit money to my wife today. I will show you how.

A yellow rectangular text box with a black border, containing information about remittance charges and limits.

Agents will charge you Rs. 25 for every Rs. 1,000 transferred. If you send more than Rs. 5,000, agents will charge Rs. 100. Per day, you can send only Rs. 10,000. The transfer is safe. No fear of agent losing or stealing the money.

A cartoon illustration of a counter scene. A man in a grey shirt is behind the counter, and two men from the previous panels are standing in front of it. One man is holding an ATM card. On the counter, there are several yellow bags. In the background, there is a shelf with a safe, water bottles, and boxes.

Please give me your ATM Card & your account number along with Rs. 25 for the transfer.






I save regularly. I go with my mobile phone and my savings to the Tatkal agent to save money. I get an SMS message like this one when I deposit money.

Your AC is  
credited with  
Rs. 2,000. 30 Nov  
Total Balance is  
Rs. 10,000.





An illustration of two men in a conversation. The man on the left is smiling and gesturing with his hands. The man on the right has a thoughtful expression, with his hand to his chin. A large speech bubble is positioned between them, containing text. The background is a simple grey gradient.

Every time I save money using a Tatkal agent, I pay a small cost. I pay Rs. 1 to Rs. 3 on deposits and I deposit weekly to avoid frequent charges. I pay Rs. 2 to Rs. 6 on withdrawals and I am less tempted to withdraw money unnecessarily. Ask the agent for the exact cost.



Thanks Ramu. I earned Rs. 3,000 last month and I asked my employer to transfer my salary directly to my account. I got an SMS alert when the deposit was made. I will send this money for my children using Tatkal agent.

This is great news Shyamlal. You had to open the account and learn about new ways to send money home. Now you can enjoy all these benefits for lifetime.

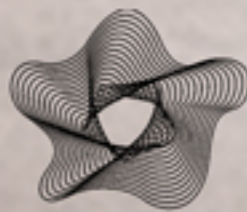


**THE END**



## ***Our questions and your answers :***

- 1. Have you ever tried remitting money through a Tatkal Agent ?***
- 2. If yes, what steps did you follow to remit the money? How much did you pay in fees?***
- 3. If no, would you be interested in using a Tatkal Agent in future to remit money?***



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**Solutions**



# Learning Lessons :

- 1. No Frills Accounts are easy to use accounts for basic savings services.**
- 2. You can use the NFA accounts to remit money home safely and quickly using Tatkal Agents, or using the bank.**
- 3. Opening the account will take some time the first time, but will offer lifetime of benefits.**