Betting on chance in Colombia
How game network operators succeed in providing financial services to the poor while other networks fall behind

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Value Duality

Chance, a betting game

- Less expensive than lottery
- Can be played daily
- Poor people bet more

Game networks increase access to services

<table>
<thead>
<tr>
<th>Remittances</th>
<th>Postal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking</td>
<td>CBs</td>
</tr>
<tr>
<td>Reload</td>
<td>Energy, phone, TV</td>
</tr>
<tr>
<td>Payments</td>
<td>Utilities, credit, state subsidies, insurance.</td>
</tr>
</tbody>
</table>

US $ 1.78 B a year in betting & gaming

SuRed: 46,000 terminals and street sellers
Via: 10,000 terminals
Background

Population 46.93 million
Mobile Phone Lines 46.1 million
Work
Informal workers 51.3%
Unemployment 9.9%
Poverty
Below poverty line 7.2%
At US $ 2 a day 15.8%

Despite financial inclusion efforts, people do more transactions over game networks.

Banking
US $ 7.7 Billion in 4 yrs
Banking correspondents
62.4% adults have bank accounts

Game networks
US $ 3.8 Billion each year
Domestic Remittances
63% transactions US $ 50 or less
# Methodology

## Video-ethnography
- Participant observation
- In context semi-structured interview

| 18-24 informal workers and street sellers in public spaces. |

## Aim
- How do current transaction and financial services fit within their behaviors?
- How can behaviors and values inform the development of new and better services?

## Activities
- Looking at behavioral patterns in contrasting situations
- Identifying values that drive behavior
- Transforming values into guidelines for developing services
Context

- Displacement
- Parental absence
- Low education opportunities
- Informality "rebusque" (re-search)
- Low, unstable income
- Unemployment
- Restrictive regulations
- No access to credit
- High banking costs
- Armed conflict
- Territorial dispute
- State Vs Illegal groups
- Vulnerability
Contrasting behaviors

- Adapting
- Income mixing
- Support
- Value creation
- Displacement
- Dependency
- Rule bending
- Informal agreements
- Independency
- Group contribution
- Organization
- Perseverance
- Control
- Inheritance
- Territoriality
- Tradition
Emerging patterns

Example 1

- Energy and cell phone
- Energy and Remittances
- Chance and remittances
- Remittances and cell phone

A point for multiple services

Values

- ✓ Immediacy
- ✓ Simplicity
- ✓ Reassurance
- ✓ Easy access
- ✓ Minimal processing

Parameters

Integration activities under a simpler, common process
Emerging patterns

Example 2

Using alternative paths for finances

Values

✓ Immediacy
✓ On-site
✓ Adapted requirements
✓ Focused on sustenance

Parameters

Models that privilege flexibility even at higher costs

From suppliers
From informal lenders
From value of goods
Payday 20% daily interest
Emerging patterns

Example 3

- **Reloading**
- **Paying per use/time**

**Values**
- Easier control
- Self-regulation
- Adaptability of use
- Transparency

**Parameters**
Income cycles determine usage cycles

**Short accumulation cycles**

**Example 3**

- **Short accumulation cycles**
- **Values**
  - Easier control
  - Self-regulation
  - Adaptability of use
  - Transparency

- **Parameters**
  Income cycles determine usage cycles
Emerging patterns

Example 4

Finds loop holes
Dilates process
Makes agreements
Rejects to leave

Bending rules of Public Space for the right to work

Values

- Acknowledgement of right to decent work
- Territorial establishment
- Access to market

Parameters

Permanence on a site is a sign of stability
Emerging patterns

Example 5

Public Space as an intangible asset

Values

- Profit potential of place
- Ability to work towards right of use

Parameters

Acknowledgement of “informal assets” earned through work

Values place at US $2.500
Inherited “place” from son

US $ 7.500 to give up permit
Wants to have a “place”
Shared Values

Shared responsibilities & flexible contribution
Self-regulation & control
Immediacy & availability
Shorter accumulation cycles
Simplified mediation
Alternate paths to financing
Continued sustenance over entrepreneurship

Reliance on support networks

Stability based on Established place/presence
To be regarded As decent workers
Ability to work toward right of use
Access to market

Familiy
Expenses
Finance
Work
Public Space
Adopted tools

Game networks are just part of the puzzle

Access to otherwise unaffordable services

Control over expenses

Simplified transactions under common process

Lowered eligibility requirements

Support shorter capital-work/income turn out

Informal supplier & service providers

Immediacy

Payday loans

Adapted requirements

On-site availability

Game networks are part of the puzzle. They provide:

- Access to otherwise unaffordable services
- Control over expenses
- Simplified transactions under common process
- Lowered eligibility requirements
- Support shorter capital-work/income turn out
- Informal supplier & service providers
- Immediacy

Additionally, they:

- Include:
  - Per-use/time services
  - Reload services
  - Embedded incentives and subsidies
  - Game network services
  - Payday loans
  - Adapted requirements
  - On-site availability
Paradox

Illegality
- Illegal groups
- Protection fees
- Payday loans

Formality
- State
- Taxes
- Limited access to formal resources

Informality
- Informal workers

Illegality to pay for legality
Informality to support formality
Opportunity areas

Visualize eligibility > Amplify value > Simplify access > Support continuity

>> 01 Visualize eligibility

Allow users and groups to build an alternative history of their economic activity.

Personal history can support access to individual financial services.

Guild history helps to gain recognition and develop specific initiatives.

Value of daily investment
Permanence at place of work
City government
Banks and entities
Data linked to Public Space I.D.
MFI-COOP
Recurrent payments
Supplier/client relationships
Value of daily investment
Opportunity areas

Visualize eligibility > Amplify value > Simplify access > Support continuity

>> 02 Amplify value

Offer short cycle credit/loans based on “plante” (money needed for a day of work e.g. US $ 5 – 10 to pay within days.

Integrate to vital payments such as utilities, state subsidies, remittances, phone reloading and suppliers (agro and merchant cooperatives).
Opportunity areas

<< 03 Simplify access

A common step-process for transactions across all points of contact facilitates adoption.

A clear and transparent fee structure with automatic deductions increases users’ trust.

1. WHAT
   - Send
   - Borrow
   - Lend
   - See

2. WHO
   - Contacts
   - Entities

3. AMOUNT
   - $000

4. CODE
   - 1
   - 2
   - 3
   - 4

Energy company
- Loaded $5,000
- Subsidy $4,803
- Kwh 26.5
- Deducted $500
- Balance - $10,000

Finance inst
- Loaded $10,000
- Balance - $10,500
Support continuity

Build on existing / adopted platforms e.g. for mobile payments, game networks can serve as exchangers and mediators.

Support family groups as “single users” to gather, share and manage payments.

$ 2,000 energy
$ 5,000 food
$ 3,000 loan
Final thoughts…

Current model

- Privilege entrepreneurship
- Increase bank accounts
- Regulate rates

Needed model

- Promote sustenance
- Support credit
- Regulate transparency