

Remittances through M-Banking: Customer Perspectives

Observations from India

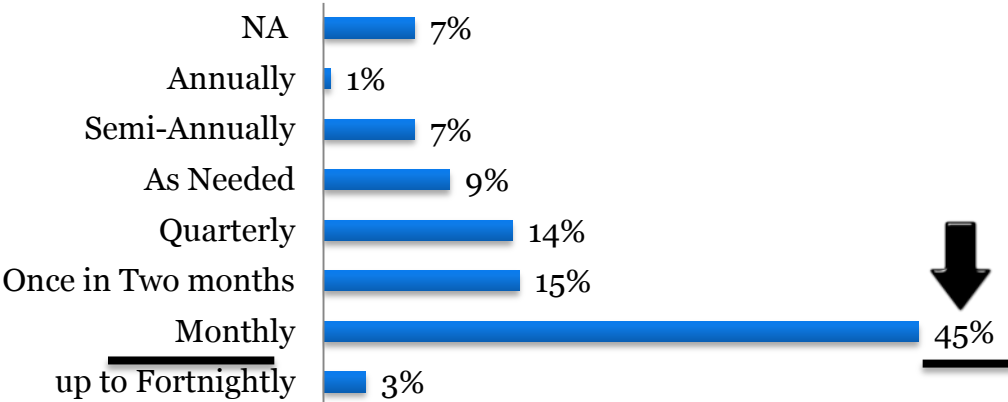


Manoj Sharma, Director, *MicroSave*
Mumbai, 29 March 2012

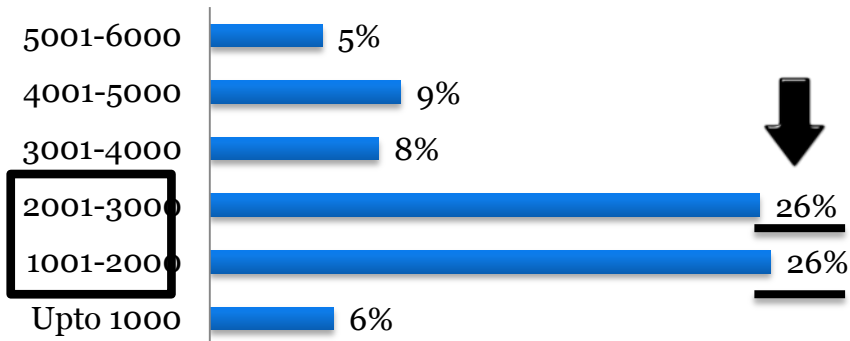
The Opportunity Inherent in Domestic Remittances

- Strong existing demand and volume: *MicroSave* research shows migrants send monthly amounts between Rs.1,000 to Rs.3,000

Frequency of remitting¹



Remittance Amount Sent



Source: *MicroSave* research on remittances in India (Punjab-Bihar/UP corridor):

http://www.microsave.org/research_paper/understanding-remittance-networks-in-punjab-and-uttar-pradesh

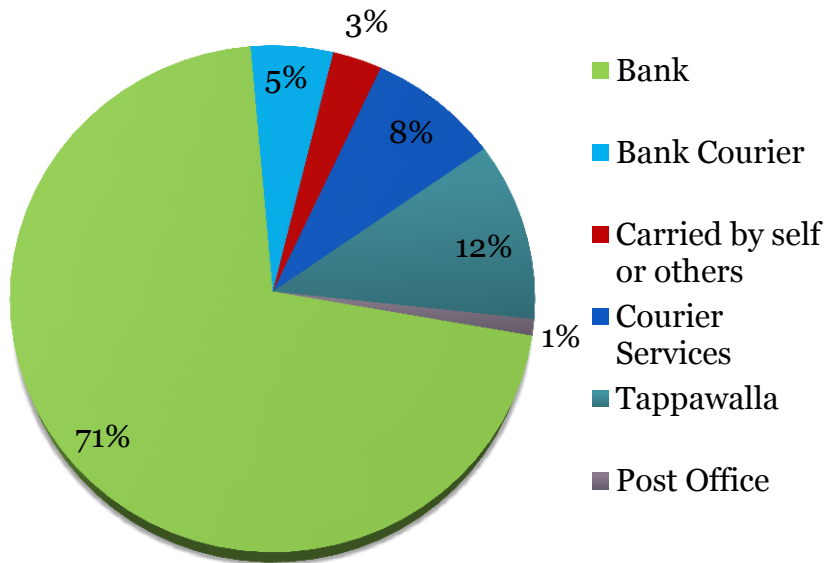
MicroSave

Market-led solutions for financial services

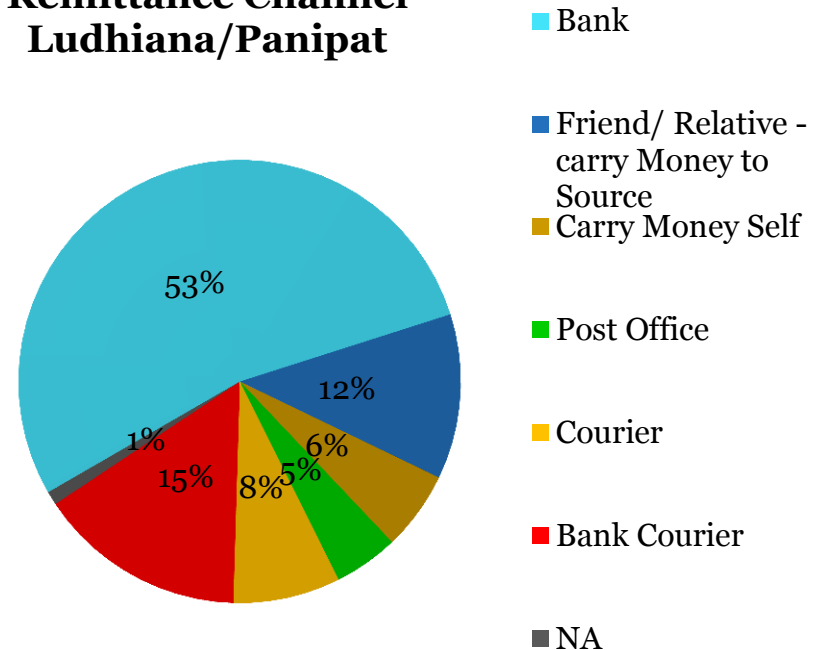
Current Remittance Channels

- Increasingly, migrants use bank accounts to transfer money home.
- Increasing financial inclusion changing the face of informal channels. Tappawallas and courier services use bank accounts to move money between places giving rise to bank couriers.
- However, high levels of dissatisfaction exists with current channels of usage.

**Remittance Channels
Surat/Gandhidham**



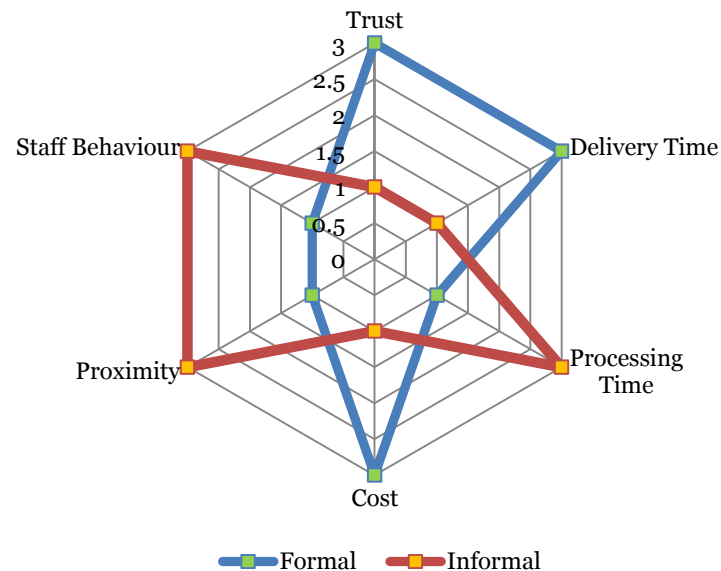
**Remittance Channel
Ludhiana/Panipat**



Remittance Channel Preferences

- However, this number hides the large hindrances remitters face in using banks including:
 - Long lines and lengthy processing time
 - Difficulty of opening bank account
 - Inconvenience
 - Lack of doorstep delivery
- Not surprisingly, formal and informal have completely opposite strengths and weaknesses

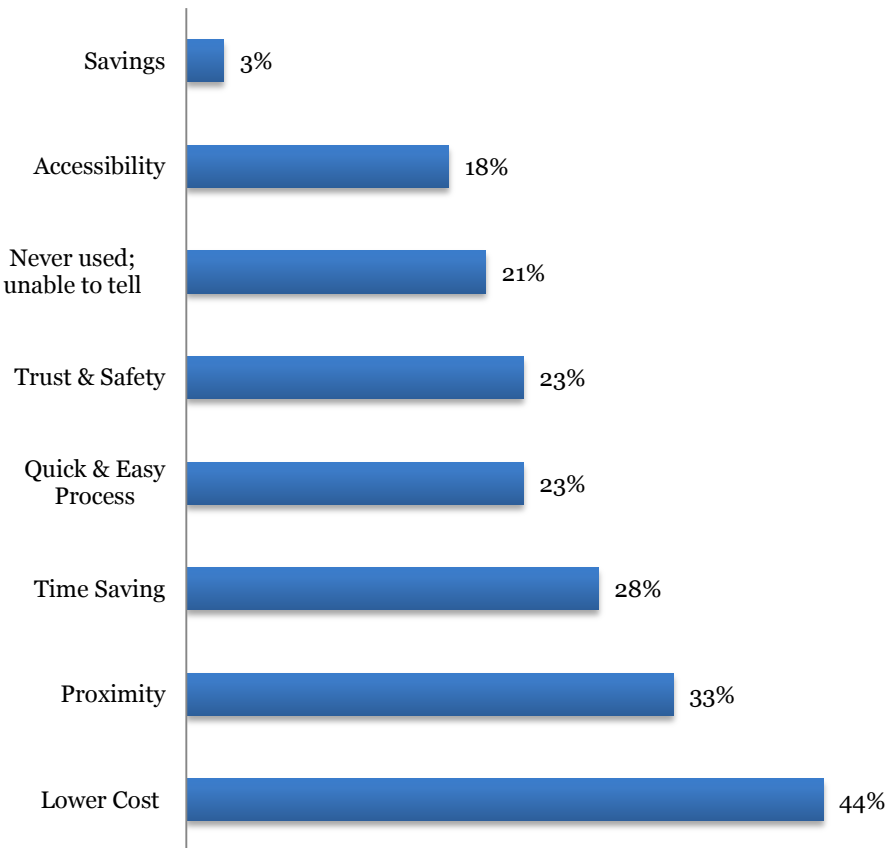
Remittance Channel Preferences



Remittance Delivery Channel	Value Proposition	Weakness
Banks	Instant Delivery , Safe, Cheap	Time-consuming, Difficult for recipient, Far Away
Bank Courier	Instant Delivery, Safe	Not in own bank a/c
<i>Hawala/ Tappawalla</i>	Doorstep Delivery, Convenient	High Cost, Unsafe
Post Office	Safety, Doorstep Delivery	Delays, outdated
Carried by friend/ self	Trust, doorstep delivery	Can take time, robbery

Can BCs Bridge This Gap?

BC Model: Likes



BC Model Likes

- Doorstep delivery, particularly important for recipients, less savvy with banking transactions
- Cheaper services
- Saved Time
- Trust and safety

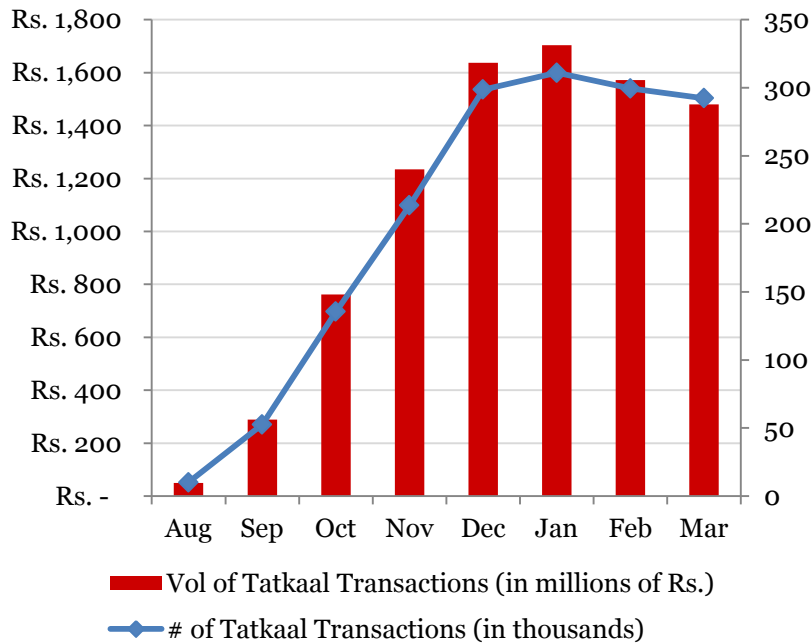
- **But experience and repeated transactions needed to build trust.**

Initial Successes in Mobile-Enabled Remittances

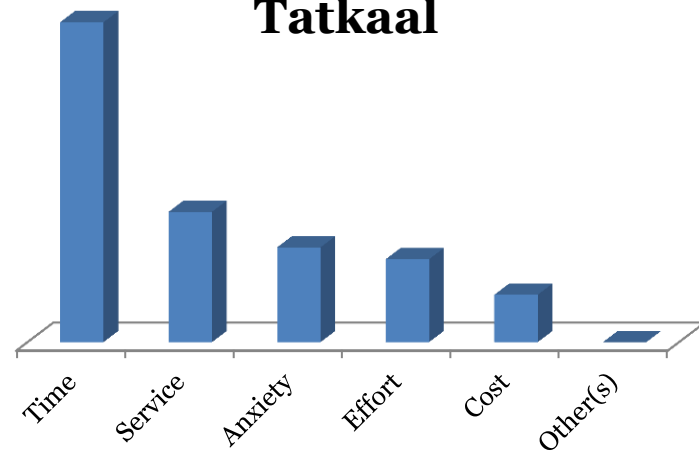
- Tatkaal shows phenomenal growth; Agents in Delhi report daily deposits of over Rs.80 million.
- Achieved largely via word of mouth marketing

- Customers cite the time saved not waiting in long bank queues as the most important Tatkaal benefit.
- They also appreciate more flexible hours and better service than bank branches currently offer.

Growth in Tatkaal Transactions

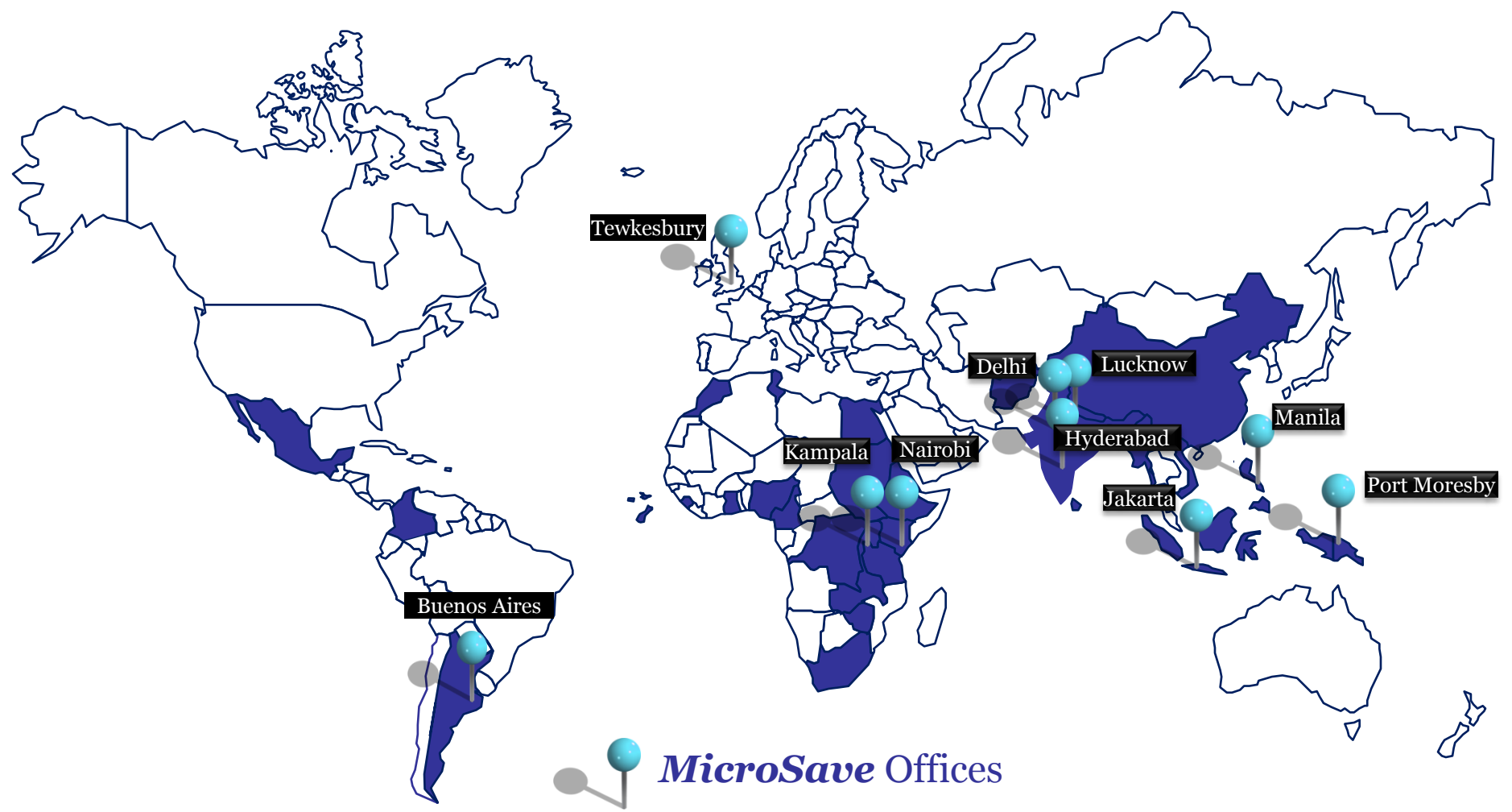


Reasons for Choosing Tatkaal



Highlights

- Formal and informal channels of remittance co-exist
 - Formal: bank, post office, increasing BC services
 - Informal: courier/*tatkal*, friend, self, and *tappawala* (for Orissa only)
- Good business opportunity
 - Close to 70% remitters send up to Rs.5,000 per month
- No one channel matches remitter/recipient requirements
 - Bank, the most trusted channel does not provide doorstep delivery, high processing time
 - Courier, which delivers money at the doorstep, charges high fees and is not safe
 - Post office, which delivers money at doorstep, delays delivery, expensive
- Using a BC model for remittances works
 - Delivers the money close to source makes customer happy
 - Although trust is there as agent attached to bank, there is a scepticism on how agent will work
 - Experience with the channel provides much needed trust, so the model has to start and show that it works
 - Customers willing to pay more than bank charges for better service



MicroSave Offices

MicroSave (India)
 Head Office: Lucknow
 Tel: +91-522-2335734
 Fax: +91-522-4063773
 New Delhi Office:
 Tel: +91-11-45108373
 Hyderabad Office:
 Tel: +91-40-23516140
info@MicroSave.net

MicroSave (Kenya Office)
 Shelter Afrique House,
 Mamlaka Road,
 P.O. Box 76436, Yaya 00508,
 Nairobi, Kenya.
 Tel: +254-20-2724801/2724806
 Fax: +254-20-2720133
 Mobile: +254-0733-713380
info@MicroSave.net

MicroSave (Uganda Office)
 Regency Apartments
 30 Lugogo By-Pass
 P.O. Box 25803
 Kampala, Uganda.
 Phone +256-312 202342
 Mobile: +256-706 842368
info@MicroSave.net

MicroSave (UK Office)
 The Folly, Watledge Close,
 Tewkesbury,
 Gloucestershire
 GL20 5RJ
 UK
 Tel. +44 1684 273729
 Mobile +44 796 307 7479
info@MicroSave.net

MicroSave (Manila Office)
 Unit 402, Manila Luxury
 Condominiums,
 Pearl Drive corner Gold
 Loop,
 Ortigas Center, Pasig City,
 Metro Manila, Philippines.
 Tel: +(632) 477-5740
 Mobile: +63-917-597-7789
info@MicroSave.net

MicroSave (Indonesia Office)
 Jl. Penjernihan I No. 10,
 Komplek Keuangan -
 Pejompongan,
 Jakarta Pusat 10210,
 Indonesia.
 Tel: +62 82122 565594
info@MicroSave.net

MicroSave (PNG Office)
 Corner of Musgrave
 Street and Champion
 Parade,
 Port Moresby, Papua
 New Guinea.
 TeleFax No.: +675 321
 8823/321 8854
info@MicroSave.net