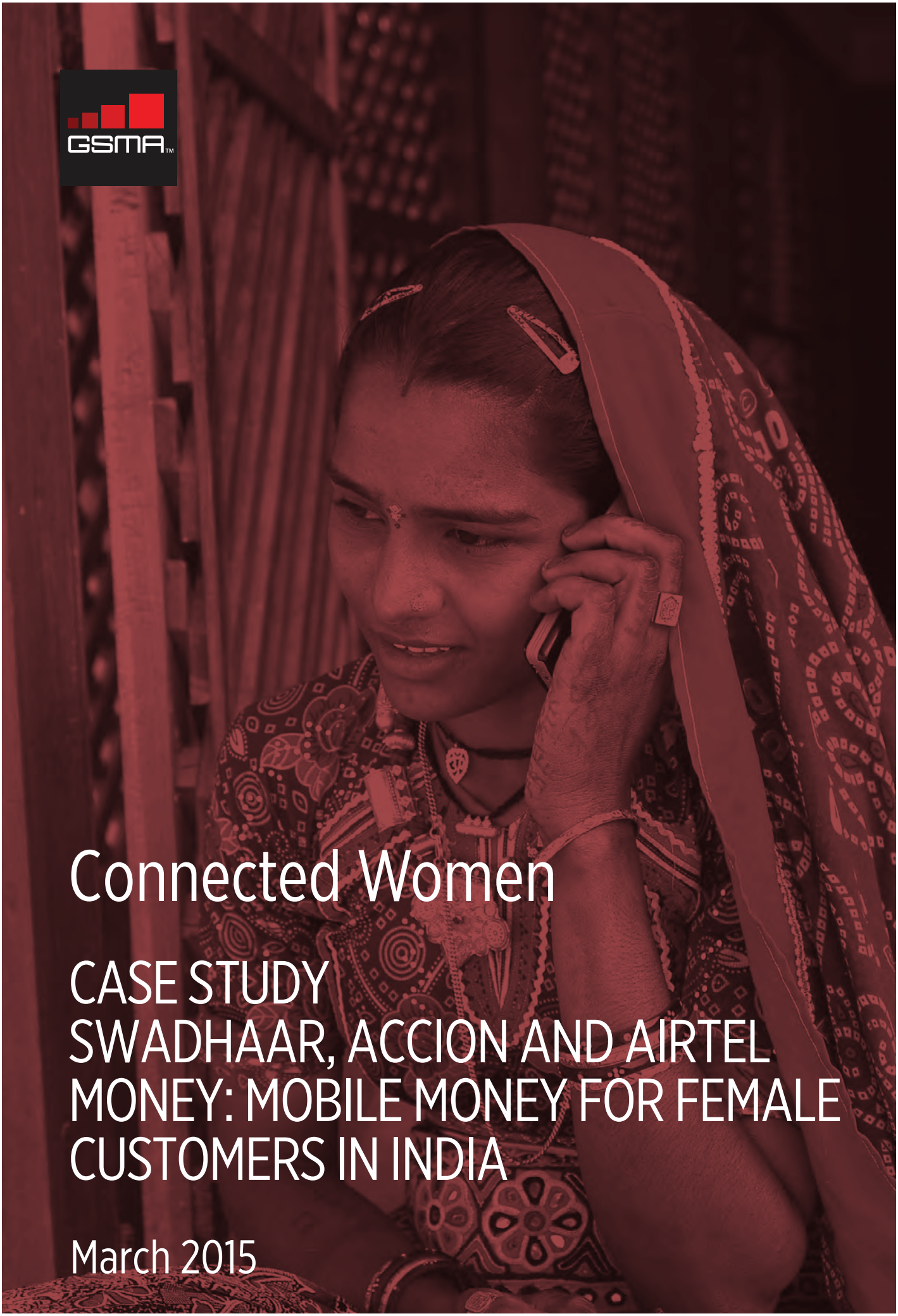

GSMA

# Connected Women

## CASE STUDY
## SWADHAAR, ACCION AND AIRTEL MONEY: MOBILE MONEY FOR FEMALE CUSTOMERS IN INDIA

March 2015

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# Executive summary

In January 2013, Swadhaar, a microfinance institution in India, and Accion, an international NGO, launched a mobile money pilot in partnership with Airtel Money and Axis Bank. The pilot aimed to enable Swadhaar's loan customers to repay their monthly loan instalments using mobile money. In January 2014, Accion and Swadhaar were awarded a GSMA Connected Women Innovation Fund grant to improve the pilot mobile money solution, in particular by revising the customer education materials and implementing a Peer Educator Connection Programme.

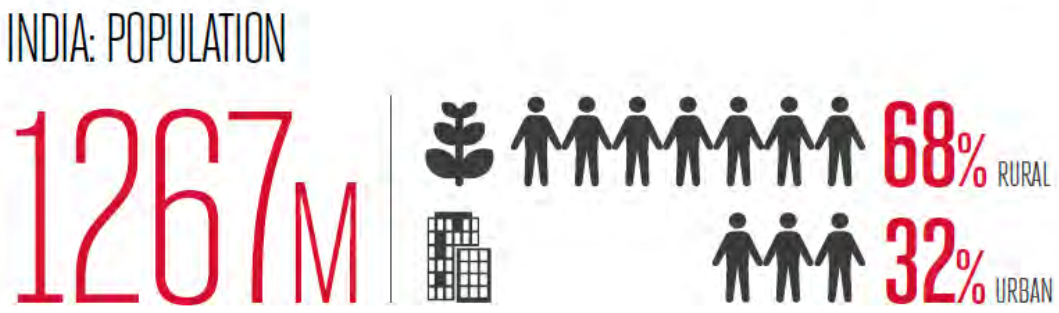
Early results indicate customer education was important to driving uptake. The revised education materials increased usage of not only the loan repayment solution but other transactions as well, such as saving, airtime recharge, and bill payment. Before the education materials were changed, 37% of customers in the pilot reported using mobile money for loan repayment and only 5% reported making other mobile money transactions besides loan repayment. Low uptake was, in part, a function of the nascent nature of mobile money in India with Swadaar being the first microfinance institution in India to adopt mobile money in partnership with an MNO. In a survey after the changes, 69%, 29%, and 36% of new customers reported using mobile money for loan repayment, saving and other transactions, respectively. Among the group of new customers who were assisted directly by peer educators, these figures increased to 84%, 41% and 47%, respectively. This is a vast improvement over the earlier version of the materials. In addition, 30% of new mobile money users reported being able to use the service independently, whereas none of the previous customers surveyed were able to transact on their own.

By partnering with Swadhaar, Airtel Money was able to penetrate a new segment of the market: economically active urban resource-poor women. Improvements were also made which shortened the enrolment and activation process for a mobile money account from 21 days to an average of 7 days. However, Swadhaar's existing method of using loan officers to collect cash payments door-to-door co-existed with the mobile money pilot. The reason for this was because Swadhaar wanted to avoid alienating clients who were uncomfortable with using the nascent mobile money solution, as they had received feedback of clients being unsure or fearful of trusting the new digital service. This meant that, during the pilot phase, Swadhaar could not reduce its operating costs enough to offset the considerable time and resources it had devoted to customer education. The pilot was completed in November 2014 when Swadhaar became a new entity — a "business correspondent"[1] — and transferred the majority of its clients to RBL Bank, who continued reimbursing their current loans through the Airtel service. Additionally, Swadhaar is still using the customer education materials developed for the mobile money pilot in its Financial Literacy and Information Centers (FLIC), which serve several communities in Mumbai and help to share the lessons of this project.

[1] According to the Reserve Bank of India, business correspondents are retail agents engaged by banks to provide banking services at locations other than a bank branch/ATM and are an initiative meant to advance financial inclusion. https://www.rbi.org.in/scripts/bs_viewcontent.aspx?Id=2234

# Country context

India is one of the world's most populous countries, with a population of over 1.267 billion. It is also one of the world's fastest growing economies, with a GDP of over $1.877 trillion,[2] which makes it one of the strongest economies in Asia.



However, India's relatively high GDP per capita compared to other South Asian countries ($5,412) masks significant income disparities — over 74% of the country's working population live on less than $2 a day.[3] The population is still predominantly rural, and there is a wide income gap between rural and urban areas. In fact, it is a deeply unequal society where large and relatively affluent metro areas of Mumbai, New Delhi, Bangalore, and Kolkata have relatively high employment and education levels compared to states such as Uttar Pradesh and Bihar, where the majority of the population lives below the poverty line. This inequality is reflected in India's low scores on the 2012 UNDP Human Development Index: more than 50% of the population live in severe or extreme poverty and suffer from a lack of education, health care and low living standards, particularly in rural areas.[4]

[2] World Bank, World Development Indicators, 2013
[3] UNDP Human Development Report: India Country Profile, 2013
[4] UNDP Human Development Report: India Country Profile, 2013

Although India faces significant problems, such as overpopulation, corruption and widespread poverty, economic reforms in the early 1990s and a very large youth population (the current median age is 26) mean that India is rapidly becoming a regional and global power.[5] India's private ICT sector is particularly innovative, and major cities such as Chennai and Bangalore have become centres for ICT, with plenty of start-ups and ICT hubs.

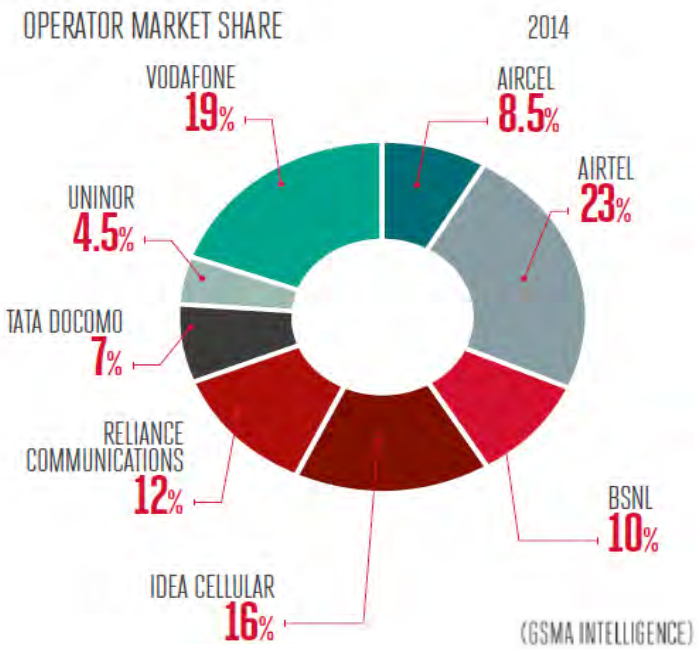
## India's mobile market

Ever since the Indian government opened the telecom industry to investments from the private sector through the National Telecom Policy of 1994, India has seen rapid growth in private mobile network operators (MNOs). Over the last 20 years, private MNOs have grown to capture 90% market share, with the two government-owned operators, BSNL and MTNL, accounting for the rest.

This growth has been particularly strong over the last decade, when India became the second largest mobile market in the world (by mobile connections).[6] Some of the main drivers of this growth include continuous policy reforms by government and the telecom regulator (TRAI) to support affordable mobile phone services, as well as lower operational costs, which operators have achieved by improving network efficiency, outsourcing non-core business operations, and using innovative distribution models to reach the mass market.

India's mobile market is divided into 22 telecom circles based on four social and economic parameters. In many ways, each circle represents a unique market, as the government auctions spectrum for the circles separately, and average revenue per user (ARPU) tends to vary significantly. For example, ARPU in metro areas such as Delhi and Mumbai is almost twice the national average.[7]

Figure 1. India's telecom circles




[5] CIA, World Factbook India, 2014
[6] GSMA Intelligence
[7] Telecom Regulatory Authority of India (TRAI), December 2014

India is considered a hypercompetitive mobile market, with more than 10 active operators in some or all of the 22 telecom circles. The three largest mobile operators in the country are Airtel, Vodafone and Idea Cellular, which together account for 56% of all mobile connections.

**Profile of India's Telecom Circles**

| | |
|---|---|
| Metros | • Large cities with high purchasing power and population density<br>• 160% penetration (connections)<br>• Delhi, Mumbai, Kolkata |
| Circle A | • States with the highest purchasing power<br>• 84% penetration (connections)<br>• Gujarat, Tamil Nadu, Maharashtra, Karnataka, Andhra Pradesh |
| Circle B | • States with large rural population and low infrastructure development<br>• 63% penetration (connections)<br>• UP(E), UP(W), Kerala, Rajasthan, Haryana, West Bengal, Madhya Pradesh, Punjab |
| Circle C | • States with low per-capita income and limited connectivity<br>• 50% penetration (connections)<br>• Bihar, J&K, North-East, Assam, Orissa, Himachal Pradesh |

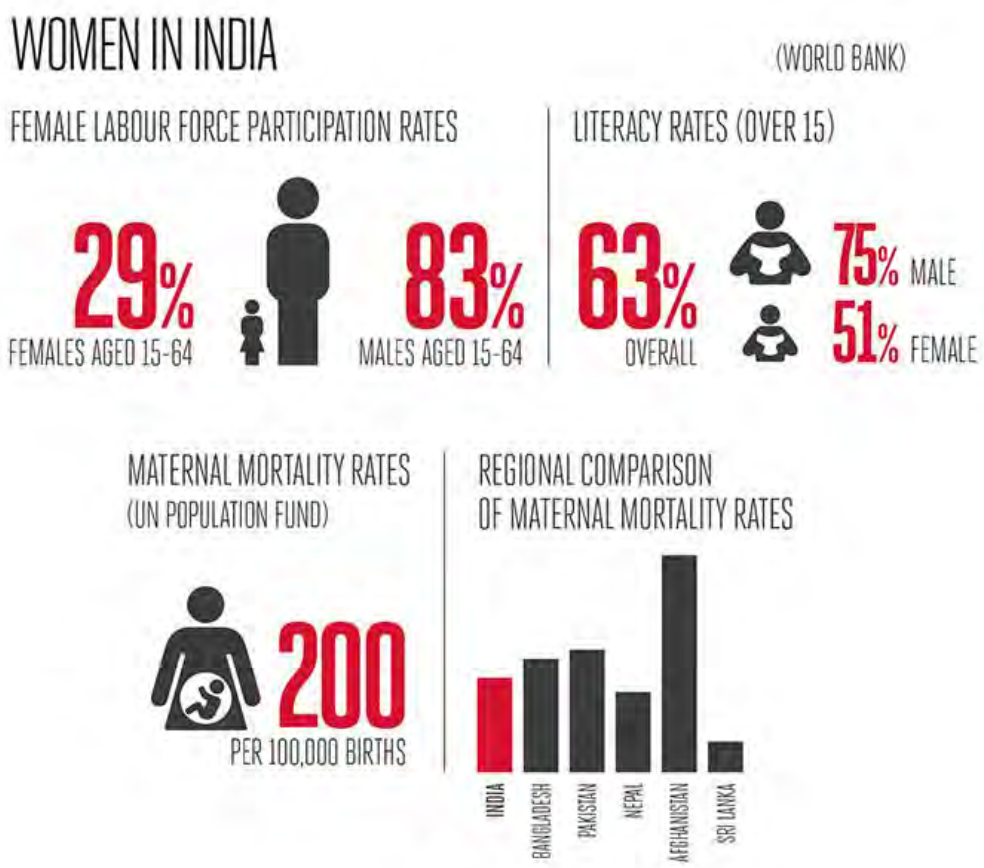
One of the biggest growth areas is mobile internet. India's mobile market has seen exponential growth in mobile internet users over the last four years, even in rural areas, and the number of unique mobile internet subscribers increased from 85 million to 279 million between 2010 and 2014.[8] This trend is expected to continue in the coming years, with data perhaps becoming the most important source of revenue for Indian operators.

Despite impressive growth in India's mobile market, however, it is important to note that after accounting for multi-SIM behaviour and inactive SIMs, only 35% of the country's population own an active SIM. This indicates there is still a large untapped opportunity for operators to reach segments of the population not yet connected to a mobile phone service.

[8] GSMA Intelligence, 9 February 2015

## Women in India

There are very large disparities between men and women in India. According to the United Nations Development Programme (UNDP) in India, *"India's poor performance on women's empowerment and gender equality is reflected in many indicators, the most telling of which is the sex ratio, which has in some parts of India dropped to 833 females per 1000 males. Gender inequality is also reflected in India's low rank on the Gender Inequality Index, which is 129 out of 146 countries with a value of 0.617. In fact, among the South Asian countries, India is second from the bottom, just above Afghanistan."*[9]




The female labour force participation rate in India is also extremely low: 29% compared to 83% for men. Women are also overwhelmingly concentrated in the rural agricultural sector — 36% of India's entire labour force consists of women in agriculture, and 76% of all rural women are employed in agriculture,[10] often informally.

Women also face significant challenges accessing education and health. Women have lower literacy rates than men and maternal mortality rates are relatively high. Primary and secondary school education for girls is low quality and suffers from a cultural preference for sons, particularly in rural areas. If low-income families need to choose between sending their sons or daughters to school, they are more likely to send their sons.

[9] UNDP India, 2014, http://www.in.undp.org/content/india/en/home/countryinfo/challenges.html
[10] National Sample Survey Organisation, 2011

### Women's mobile adoption in India: Key barriers and challenges

There is clearly an untapped market in India, and multiple studies conducted by GSMA and other agencies indicate that women represent a significant proportion of this market segment. The 2015 GSMA Connected Women study, *Bridging the gender gap: Barriers to mobile access and usage in low- and middle-income countries*, puts the gender gap in India at 36%, which means a woman is 36% less likely to own a mobile phone than a man.

This study suggests that barriers to women accessing and using mobile phones are particularly acute in India, especially social and cultural norms, and there is a strong culture of borrowing (29% of women compared to 6% of men borrow mobile phones). There is also evidence that Indian women face barriers in accessing mobile services in the market due to technical literacy, cost, and cultural roles.[11]

Resource-poor women represent a significant commercial opportunity for mobile operators in India, particularly in rural areas. These women are critical to harnessing the socio-economic benefits of the growing mobile economy, especially in areas such as access to financial services (only 18% women have an active bank account compared to 32% of men),[12] self-employment, and entrepreneurship.

## Overview of the service

### Market opportunity

Adoption of mobile money in India has been slow — only 3% of women have heard of it and 0.1% have used it.[13] Airtel Money, launched in early 2011, was looking at ways to increase the penetration and adoption of their service. By partnering with Swadhaar FinServe Pvt Ltd., a microfinance institution (MFI) with a long reach and a focus on women, Airtel was able to penetrate a new market segment with a clear use case: loan repayment by mobile money.

### Project snapshot

Headquartered in Mumbai and launched in 2008, Swadhaar FinServe is an MFI that provides financial services to India's economically active urban poor, particularly women. At the time of the pilot, Swadhaar had over 170,000 active borrowers (the vast majority of whom were women), a portfolio of approximately US $31 million in loans, 35 branches in operation across Maharashtra, Gujarat, Madhya Pradesh and Rajasthan, and four loan products, including the group loan product used in the mobile money loan repayment pilot. In mid-2012, Swadhaar partnered with Airtel Money and the NGO Accion International, a long-time investor and partner, to pilot a mobile money service for their group loan product. Airtel Money had already launched a nationwide mobile money service in partnership with Axis Bank — a 'no-frills' savings account that offered cash deposits, money transfers, and withdrawals. As Swadhaar was looking for new ways to leverage technology to streamline its processes, improve customer service and expand outreach, it was interested in testing the mobile money platform.

[11] GSMA Connected Women, 2015, "Bridging the gender gap: Mobile access and usage in low- and middle-income countries".
[12] Financial Inclusion Insights Survey of India, conducted between October 2013 and January 2014.
[13] Financial Inclusion Insights, "India: Financial Services Use and Emerging Digital Pathways – Highlights from the FII Tracker Survey and the Digitized Government Payments Qualitative Study, October 2013–January 2014".

In January 2013, Swadhaar, Accion, and Airtel Money decided to use an 'open' version of Airtel's mobile money, which would allow cash-outs via an Airtel Money 'Super Account'. The Super Account service allowed Swadhaar's clients to repay their monthly loan instalments through their mobile handsets rather than paying a Swadhaar loan officer who collects payments in cash door-to-door. In addition to enabling loan repayments through mobile money, the Super Account service allowed Swadhaar clients to open a full savings account (through a partnership with Axis bank) and perform additional transactions, such as utility and other payments using a mobile money account. Swadhaar piloted the Super Account in eight branches in Mumbai and, by the end of the pilot in November 2014, approximately 14,000 women had enrolled.

In July 2014, Swadhaar FinServe began its transition from a microfinance institution to a business correspondent for RBL Bank. As part of this strategy and status change, the vast majority of Swadhaar's customers were transferred to the bank. Pilot customers still have their Airtel SIM card and Super Account, but loan instalments are collected in cash by loan officers.

## Summary of grant-funded activities

In mid-2013 Swadhaar and Accion recognized that additional customer education and process improvements were needed to drive further adoption of the service and hence defined an activity plan and began a search for funding partners. At the end of 2013, Accion International was awarded a GSMA Connected Women Innovation Fund grant to address the identified challenges and revise and strengthen the mobile banking pilot. The following activities were conducted as part of the grant:

- **Revision of customer education materials**: To refine the training modules, Swadhaar FinAccess, the not-for-profit training arm of Swadhaar, conducted a needs assessment that gathered customer insights on what should be improved. It found that customers did not grasp the concept of mobile money well, awareness of other types of mobile money transactions (besides loan repayment) was low, and customers had difficulty with special characters (*, #) and the PIN code used to secure transactions. From Airtel Money's perspective, it was important that Swadhaar customers were able to perform a variety of mobile money transactions rather than just monthly loan repayments. Accion agreed, knowing that the more experience clients had using the service the more comfortable they would be making any type of transaction.

  Swadhaar FinAccess revised the training modules to take these findings into account, to teach customers how to repay their loans using Airtel Money, and eventually use their mobile money account for savings and a variety of other financial transactions. The revised training materials included new content featuring visuals, different pedagogical approaches such as storytelling and demonstrations, and a new customer education journey with multiple touch points. A detailed description of the revised materials can be found in *Snapshot: Swadhaar, Accion & Airtel Money – Mobile money training for female customers in India.*

- **Peer Educator Connection Programme**: Since mobile money usage was low, Swadhaar decided to hire local peer educators to complement and reinforce the information in the training modules and 'handhold' new female customers. Peer educators also took over some of the resource-intensive customer assistance, freeing up branch staff to focus on promotion and customer enrolment, which were critical to scaling the Airtel Money service. They provided support by showing clients how to use the mobile money account, accompanying them to the mobile money agent, and helping them resolve various issues, such as registering or activating their SIM or obtaining a new PIN code if they had forgotten it. Peer educators were local women with limited income who were trained by Swadhaar. They received 50 rupees for each interaction with a client that led to a transaction through the mobile money solution.

- **Expansion of the mobile money pilot**: To reach more clients, the pilot was extended from five branches to eight.

- **Enrolment and activation improvements**: Enrolment and activation of the Axis Airtel Money Super Account was shortened from 21 days to an average of 7 days, which was achieved by processing forms more quickly and collecting common know-your-customer (KYC) documents that combined the requirements of Airtel Money, Axis Bank, and Swadhaar.

- **Digital application**: Accion and Swadhaar designed and prototyped a digital application that served as a training aid for trainers and peer educators. Available in local languages, the app is an animated video that explains the concept of mobile money, the benefits of it, and the security aspects of the PIN code (MPIN). It is interactive and lets customers practice different types of mobile money transactions, such as changing their PIN code, making a loan payment to Swadhaar, paying a utility bill, and recharging airtime. It was designed to standardise all the communication messages, the way mobile money training was delivered to clients, and give customers an opportunity to practice transacting without the fear of doing something wrong. The digital application was completed at the end of the Pilot and now Swadhaar plans to use the app in their Financial Information and Literacy Centers (FILC).

## Results to date

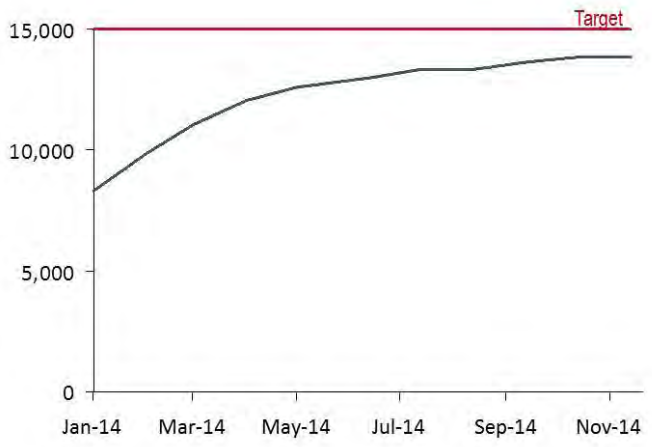
New Swadhaar banking customers were surveyed and interviewed. Data was collected from 237 women right before they enrolled in the mobile money pilot, and from 220 women after approximately four months of use. A separate study was conducted to help improve operations with 150 existing customers, especially to understand why some customers were inactive (not using the service).

Results from the latest customer survey show an increase in the adoption of mobile money for loan repayments and other services, too. The results also indicate that, with training, customers were able to overcome their limited experience with mobile technology and had become comfortable using the USSD-based mobile money platform to conduct transactions. New customers who were assisted by a peer educator were more likely to use their mobile money account to repay loans, save and perform other transactions, such as airtime recharge and utility bill payments. However, being accompanied by a peer educator to an agent did not result in more independent usage than the group that was not. Feedback from users was also positive: customers said they had saved time and money and felt more confident using the mobile money service on their own. However, since doorstep cash collection of loan payments was still available as an alternative option to customers during the pilot, there was less incentive to use the mobile money solution. This was intentional since Accion and Swadhaar knew that mobile banking was in complete nascent stage in India and this was the first time an MNO partnered with a financial institution to serve BOP clients. Over time as customer adoption was proven, Swadhaar planned to scale back doorstep cash collections.

### Subscriber acquisition

By the end of the pilot, 13,876 women had enrolled in the mobile money pilot, of which 5,577 had enrolled during the grant period. The cumulative number of women in the Swadhaar mobile money pilot is shown below in Figure 2.

Figure 2. Cumulative number of women enrolled in the Swadhaar mobile money pilot




A certain proportion of new Swadhaar customers were also first-time Airtel SIM card owners: 81% of new customers surveyed in individual interviews were Airtel subscribers for the first time thanks to the free Airtel SIM they received as part of the mobile money pilot. In addition, 20% of new customers reported that the Airtel SIM was the first SIM card they had ever owned.

*"I have Vodafone and Idea SIM cards. My husband also uses a Vodafone SIM card. But now I am also using the Airtel SIM card."*

*"My husband uses Reliance SIM card. I use Vodafone and Idea networks. I also have the Airtel SIM card, but I don't get Airtel network at home so I use the Idea service."*

*"We have Reliance, Idea, and Airtel SIM cards. We have been using this for the past seven years. Since the Reliance card has now been deactivated, I use the Airtel SIM card."*

**Swadhaar customers**

At the time of the baseline survey, almost half of potential Swadhaar customers had not heard of mobile money services, and the half who had, heard about it from Swadhaar. 95% of all those surveyed had never used mobile money before, which shows the pilot was a promising way for Airtel, and Airtel Money in particular, to penetrate this segment and that, thanks to Swadhaar, the gap between awareness and usage was beginning to close.

### Use of mobile money for loan repayments

Figure 3 charts the use of the mobile money service for loan repayments over the grant period:

Figure 3. Women enrolled in the pilot and the use of mobile money for loan repayments

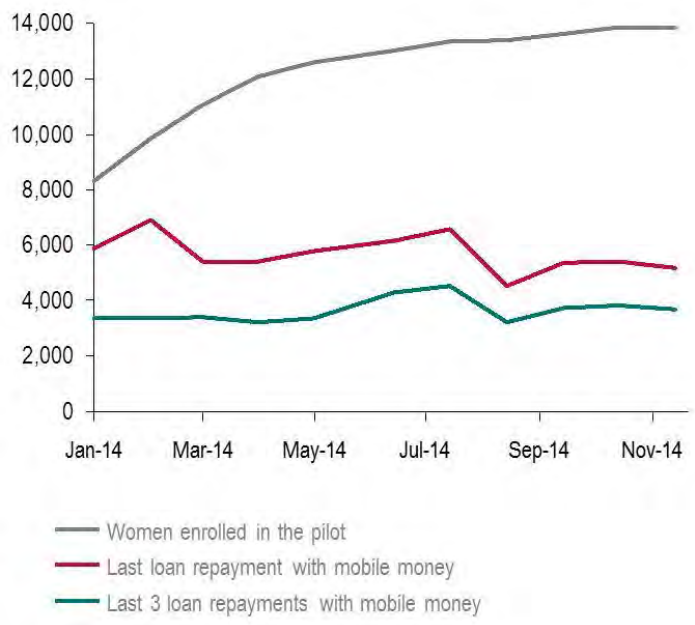



Figure 3 shows two major dips in the adoption of mobile money for loan repayments: one in March 2014 and another in August 2014. In March, Airtel changed the commission structure for its Airtel Money agents to discourage them from using their own handsets for transactions (a check was put in place to verify the IMEI, a unique handset identification number used for transactions). As a result, Airtel Money agents refused cash-in transaction requests from Swadhaar customers who did not bring their own mobile device.[14] The second drop happened when Swadhaar began its transition from an MFI to a business correspondent. During this month, it was decided that loan repayments would be collected in cash during the transition, which caused a steep drop in mobile money usage.

It is interesting to look at the adoption of mobile money for loan repayment among the group of customers who were assisted by a peer educator. The survey results showed 69% of new clients and 84% of peer-assisted customers used mobile money for loan repayments. These results are promising and indicate the Peer Educator Connection Programme helped to drive uptake.

Why did the remaining 31% of survey respondents choose not to use mobile money to repay their loans? The most cited reason was that, unsurprisingly, it was easier to pay cash directly to the loan officer or loan group leader who collected the

[14] Sometimes Swadhaar customers brought their SIM card to the agent asking to use the agents phone to transact.

payment at their home. Since the original door-to-door collection method was offered in parallel with the pilot, and using mobile money did not present a clear benefit, this affected the adoption of the mobile money solution.

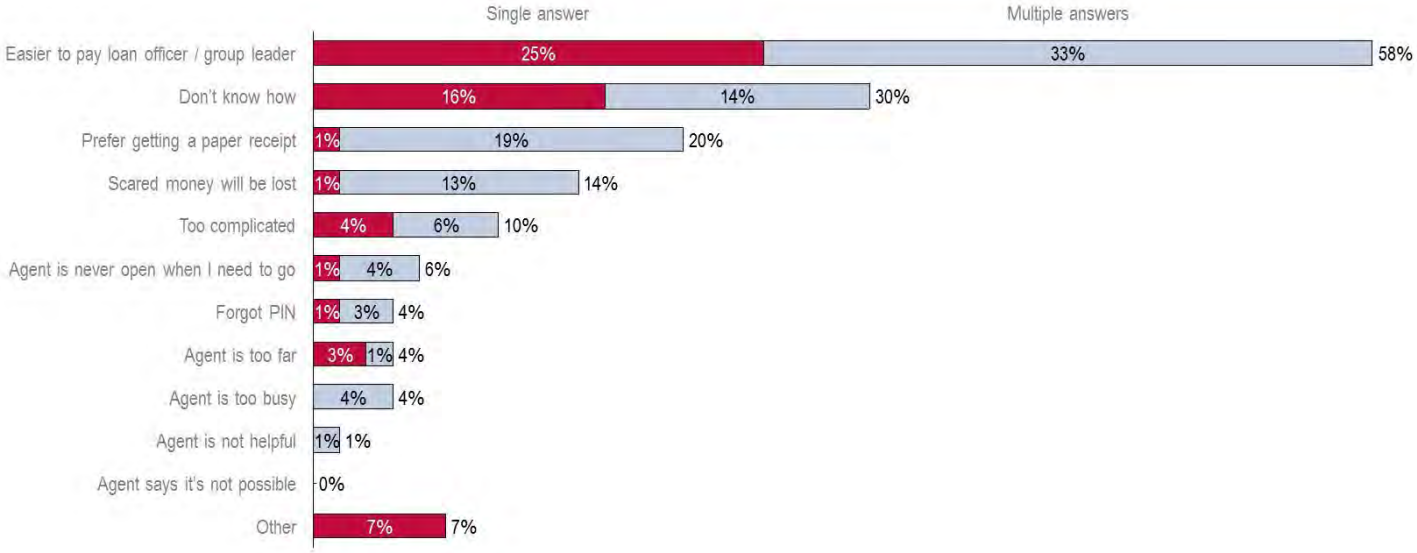
> *"The loan officer comes to my home to collect the instalment so there is no difficulty."*
>
> *"I paid two instalments through Airtel Money, but I feel it's easy to give the money to the loan officer."*
> **New Swadhaar customers**

When serving clients, particularly base of pyramid client segments, that have no experience using the mobile phone for financial services and within countries where mobile money is new, it is critical to ensure clients are encouraged to adopt digital services but the transition needs to be managed carefully in order to avoid losing clients.

However, it is encouraging that even with such an easy alternative available, 69% of new customers surveyed (and a monthly average of 5,700 customers in the pilot) still chose to use mobile money to repay their loans.

The reasons customers gave for not using mobile money to make loan payments are shown below in Figure 4.

Figure 4. Reasons customers give for not using mobile money to make loan payments




Other reasons were also cited, such as not knowing how or the process was too complicated. In a study of 150 inactive Swadhaar customers, 43% found it difficult to remember how to perform the transaction, and 29% said that it was difficult to access the user interface. Despite the training and the handholding, the user interface remained an impediment.

*"As I am not educated, I feel this service is difficult to use but as I am using it I feel that I am saving my time."*

*"I have paid 3–4 installments through this service. But I feel it is a bit difficult to deposit money in this account and then do the repayment. I am also scared of losing money."*

*"The process should be easier. Uneducated women face difficulties to use this service."*

*"We find it very difficult to transact in the system, as there are many steps in doing a transaction."*

*"The service should be easier to use or have fewer steps to do a transaction."*

*"Make the service easier to use."*

**New Swadhaar customers**

Agent-related issues were cited as the only limiting factor by 4% of non-users and as one of the factors by 12% of non-users.

*"Retailers should be available at the time when I do the transactions."*

*"There are no retailers in the area."*

*"I paid 3–4 installments through this service. Retailers in the area are not helpful. So sometimes it becomes difficult to do the transactions."*

**New Swadhaar customers**

### Independent use of mobile money for loan repayment

Since customer training is very resource intensive, one goal of the pilot was for customers to use the mobile money service independently. In the baseline survey in early 2014, 11% of potential customers said they felt or would feel comfortable using mobile money on their own. In the post-launch survey, this increased to 30% of women saying they used mobile money to make loan payments on their own.

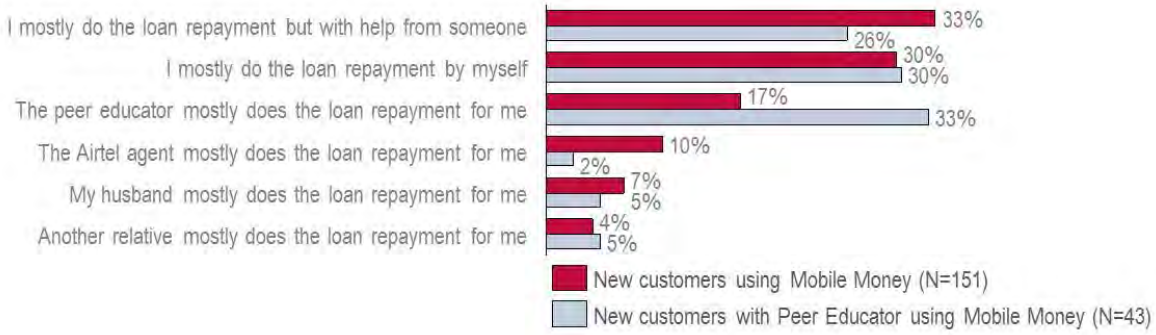
*"I feel confident about myself that I can use this service. With the training received, I do all the transactions myself. I send messages without anybody's help."*

*"I am educated and I can do all transactions myself. This has increased my confidence level."*

**New Swadhaar customers**

Figure 5 reveals the extent to which customers get assistance to use mobile money for loan repayments.

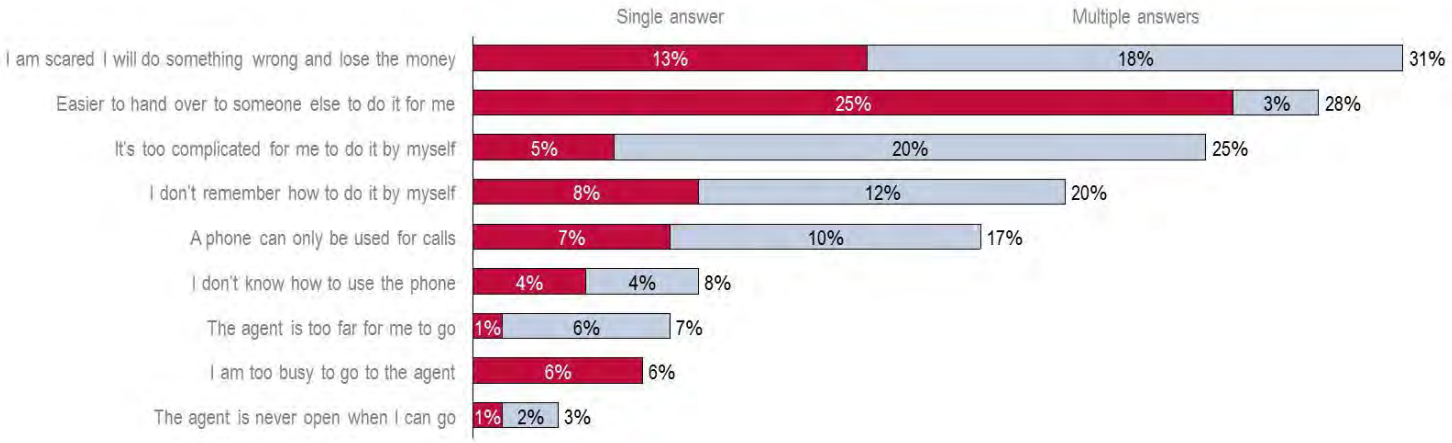
Figure 5. Level of independence in using mobile money for loan repayment




Customer reliance on peer educators is very high, with 33% reporting that their peer educator does the transaction for them. This highlights the need to carefully train peer educators and provide incentives to not take over the transactions on behalf of customers, but instead to foster independent use.

Users who do not transact independently give a variety of reasons for this, but the main reasons are that it is easier to have someone else do it and they are scared they will lose their money if they do something wrong. Typically, these types of hurdles would be expected to diminish over time as users become more confident with the service. Other commonly cited reasons are related to the user interface and experience *("It's too complicated", "I don't remember how to do it"*). Some customers do not seem to have grasped the concept of mobile money, saying, "*A phone can only be used for calls*." Figure 6 shows the reasons mobile money customers give for not making loan repayments on their own.

Figure 6. Reasons customers give for not transacting independently

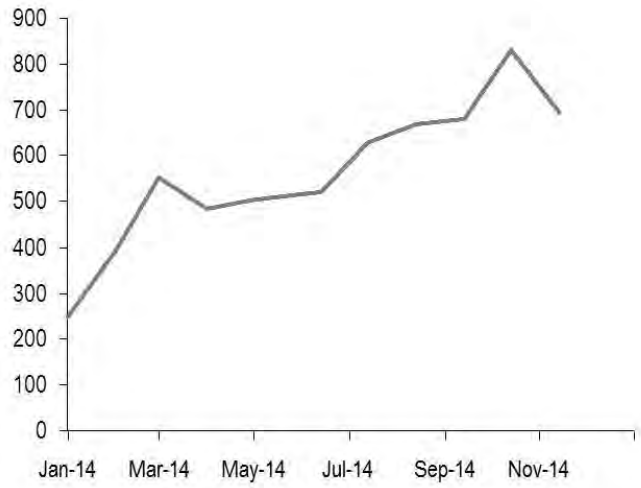



### Using mobile money for transactions other than loan repayments

Beyond loan repayment, which was the primary goal of the pilot, Airtel Money and Axis Bank were interested in seeing other types of usage take hold. Axis Bank, Swadhaar and Accion were keen for pilot customers to begin saving in their Super

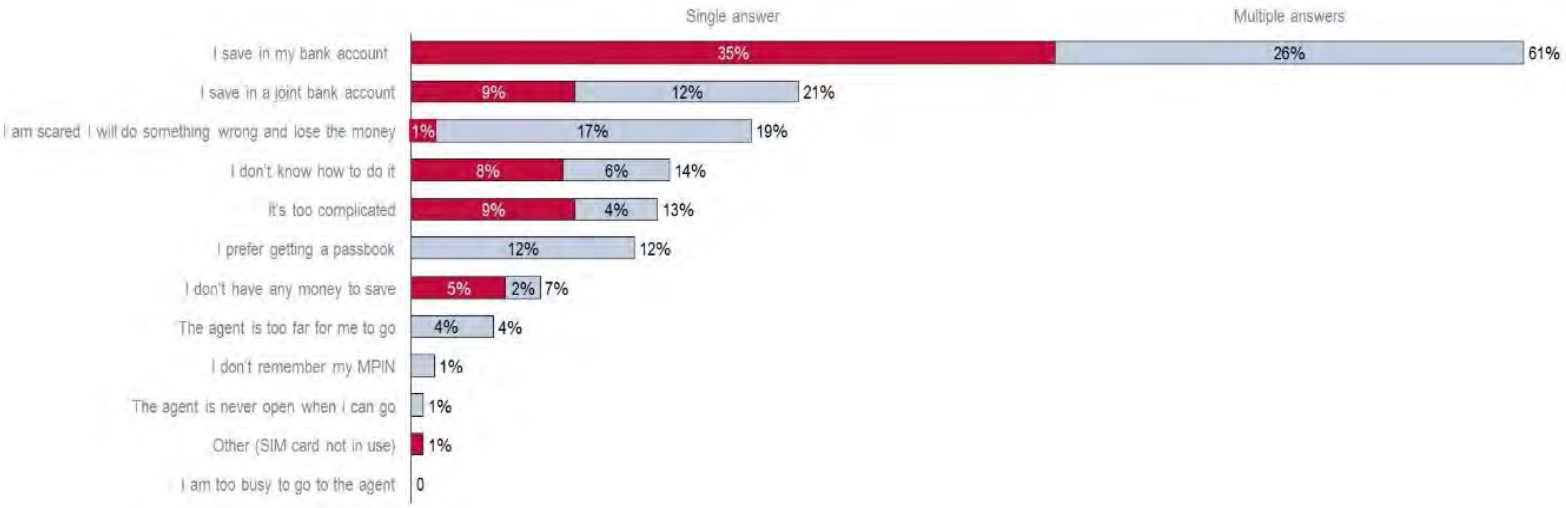
Accounts linked to an actual bank account. Figure 7 below charts the month-by-month increase of women in the pilot using mobile money for other types of transactions.

Figure 7. Number of women in the pilot making mobile money transactions other than loan repayments, 2014




Of the new customers surveyed, 29% had saved in their Axis Airtel Money account and 37% indicated they would like to in the future or continue doing so. The reasons customers gave for not saving in their mobile money account are detailed in Figure 8 below.

Figure 8. Reasons new customers give for not using their mobile money account to save




Of the new customers surveyed in the post-launch survey, 36% report using mobile money for transactions other than loan payments and savings. This increases to 47% for the peer educator-assisted group. Both numbers are considerably higher than the pilot average of 5% in November 2014.

*"It's very useful. It's easier to do my bank transactions from home. I recharge my phone, also I can send money. This saves a lot of time and money. I am happy to learn something new through this service."*

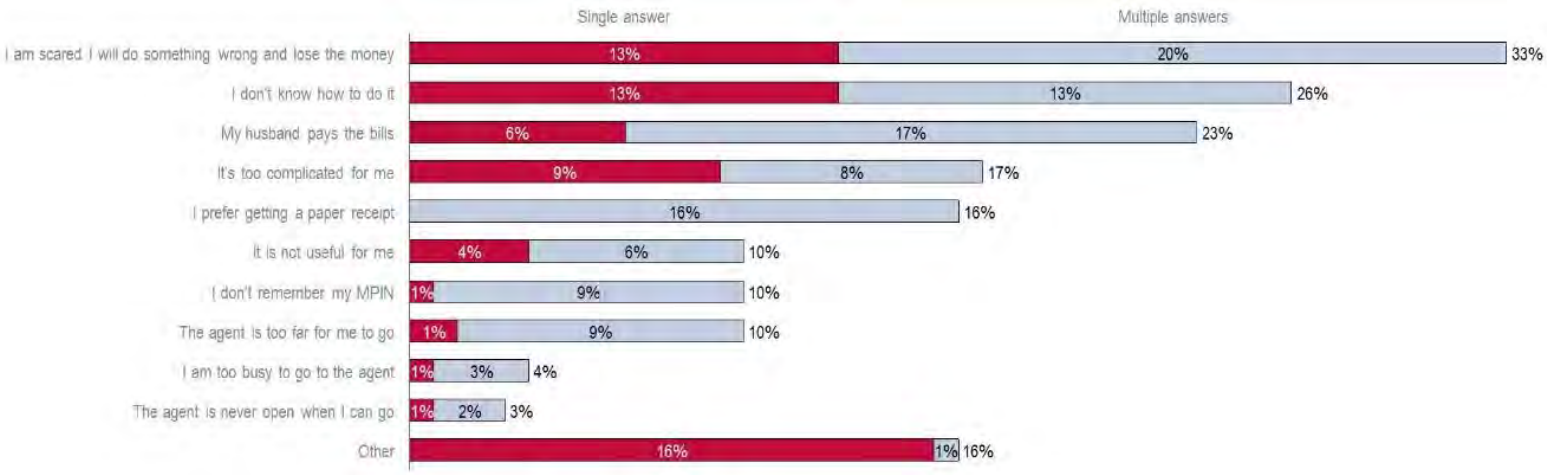
*"I feel it's very useful as I can recharge my phone balance and even pay electricity bills sitting at home. This saves a lot of time."*

*"There is a positive change. I used to spend Rs 80 on travelling to pay my electricity bill. But now I can pay it sitting at home."*

**New Swadhaar customers**

Figure 9 below shows the reasons new customers give for not using mobile money for transactions other than loan repayment and savings.

Figure 9. Reasons new customers give for not using mobile money for other types of transactions




In the group of new customers surveyed, only 21% had used their Airtel SIM for services such as voice, SMS, and data. The overwhelming reason customers gave for not using their Airtel SIM for mobile services is they did not know that they could. The SIM they received as part of the pilot was seen as a special SIM to be used mainly to make loan payments by mobile money. In fact, 23% of survey respondents reported keeping the SIM somewhere safe until they needed it.

# Lessons and recommendations

### Create the right value proposition

This is particularly important when the adoption of a service primarily benefits the organisation rather than the end user, and the value proposition is not created in response to a specific user demand. In this case, the value proposition to the end user was using a mobile money account for transactions that offered a secondary benefit. It was envisioned that Swadhaar customers would first use the mobile money account for loan repayment, and then for other benefits, such as saving, paying bills, and sending and receiving money. However, uptake of the first use case — loan repayment — was hindered by offering

door-to-door collection of loan payments in parallel with the mobile money account. The cash collection service was on the other hand intentionally offered in parallel for clients who were uncomfortable transacting digitally or had challenges using the service because of mobile money's nascent stage in India.

### Invest in consumer insights research to understand your customer

Consumer insights research is key to understanding customers' pain points and needs and challenging pre-conceptions. For example, the needs assessment conducted with existing customers before the customer education materials were revised revealed that customers had a poor understanding of the concept of mobile money itself and the majority were not familiar with special symbols (*, #). The lack of agent liquidity was perceived to be an issue in the pilot, but the survey of active and dormant customers showed only a third of customers had actually interacted with an agent in the previous six months. This indicated that, although there were issues with agents, other factors were also at play. Customer research is therefore crucial to creating the right value proposition, messaging, customer education strategies, and driving adoption of the service. This is especially true for a 'push' product.

### Mobile money adoption requires customer education

Driving uptake of mobile money in the low-income segment, particularly among women, requires a deliberate and sustained effort in customer education. In a nascent market like India, where lower levels of education, literacy, and comfort with mobile technology are combined with a lack of awareness and understanding of the very concept of mobile money, customer education is a necessity. Swadhaar realised that training had to be customised to their customers, so developed modules using pedagogical approaches such as storytelling and visuals to help clients become comfortable with the service, relate to it, and ultimately adopt it as independent users. They also provided training during the lending process in order to deliver information gradually over a series of touch points in the customer journey.

### Peer networks show promise but need to be designed carefully

Peer educators take customer training beyond the classroom and provide follow-up support and handholding for customers at the time of their monthly loan repayments. Using local peer-to-peer educators helped to promote and create awareness of the service in a specific community or location, and they were able to take on some resource-intensive assistance to get customers familiar and comfortable with the mobile money solution. While empowering local women with the knowledge and skills to use mobile money, the peer educators were also empowered — their confidence improved and they demonstrated leadership and the capacity to negotiate with agents.

Customers who were assisted by peer educators had higher adoption rates for mobile money loan payments, savings and other transactions, and showed a greater propensity to recommend the service. However, these customers did not seem to be more likely to transact independently. The commission structure therefore needs to be designed very carefully to discourage peer educators from carrying out transactions on behalf of their customers, and encourage them to become independent users. Managing the peer educators required time and effort as Swadhaar staff had to follow up and monitor their training, so there is also a need for a model that is financially viable, both as a long-term income-generating activity for peer educators, and for the microfinance institution and mobile operator.

### Form committed and aligned partnerships

The pilot would not have been possible without all the stakeholders (Swadhaar, Accion, Airtel Money, and Axis Bank) forming a committed partnership. In addition to sharing a common vision, providing resources, and having clear roles and responsibilities, Accion and Swadhaar found it was critical for all partners to agree on the targets to be achieved. It is also important that partners allow time for evaluation and course correction, which is what Accion and Swadhaar did when they used the GSMA Connected Women grant to revise the customer education materials and introduce other innovations to the pilot, such as the Peer Educator Connection Programme.

## Recommendations for mobile operators

### Invest in understanding how to improve the usability of the product

The user interface for mobile money remains a major barrier to adoption in segments with low mobile literacy. Text-based interactions, long strings of characters, multiple menus and steps, the use of special characters (*, #), and messages in English rather than in the local language all make it difficult for people to use the service, even when they are convinced of its merits and are trained to use it. Visual and tactile mobile money applications built for smartphones will greatly simplify the user experience; however, despite great strides, smartphone penetration is still a long way off for users at the bottom of the pyramid. Mobile operators should undertake usability testing with target users across segments to understand which aspects of the service are difficult for users. The findings can then be used to inform the design of products, services, and customer education activities. Partnering with an MFI could increase access to a new customer segment for an operator and may provide additional resources to capture insights on customer needs.

### Promote SIM usage for more than just the new service

When a new service and partnership enable a mobile operator to penetrate new market segments or geographical areas, it is important to promote SIM usage for basic mobile services (voice, SMS, data, etc.) in addition to the new service. Encouraging SIM usage for everyday services, such as making and receiving calls, increases the chances of the new service being adopted and customers using it for other purposes as well. Without promotion, there is a risk the new SIM will only be used for the new service, if at all, and is kept as a special, single-purpose “pocket SIM”.

### Manage the agent network closely

As with any mobile money-based product, agent management is a critical part of customer service.

1. **Agent locations and business types must be compatible with client profiles.** First,, an agent network must serve the areas where clients live — a few Swadhaar customers indicated that agents were located too far away. Second, an agent who is already well known and reputable in his/her community can facilitate adoption of the service. In the active and dormant client study, most active clients said that knowing the agent helped them trust the service and feel more comfortable when seeking support with transactions. Finally, an agent’s business activities should be culturally acceptable to customers. Some types of businesses, such as liquor or tobacco shops, may not be appropriate retail outlets to enrol as mobile money agents.
2. **Agents should be trained in soft skills such as customer service.** This is important when new customers have low mobile literacy. Agents should be willing to spend time explaining how to transact, instead of doing the transaction on

behalf of the customers, so they can become independent users and keep their PIN code private. Agents should be trained to understand that investing time in educating customers can lead to repeat business, not only from these customers, but from any new customers they may bring in as well. Agents should also be trained in different escalation procedures so they can direct customers to the right place (mobile operator or microfinance institution) depending on the grievance.

3. **Other standard recommendations for agent monitoring and management practices also apply.** For example, ensuring adequate liquidity, regular training, provision of promotion materials, adequate commissions and reward structures, and a clear value proposition for agents. The GSMA Mobile Money for the Unbanked (MMU) Programme has written extensively on this subject: *Designing & Delivering Agent Training for Mobile Money Deployments.*

# Conclusions

This project proved that there are many potential synergies for microfinance organisations and MNOs and working together to define closely how clients can benefit from mobile money is key. Although the pilot was successful, the change in strategy at both Swadhaar and Airtel Money meant the project will ultimately not be further rolled out within the current organization. Swadhaar customers have shifted over to the banking correspondent organization and continue to use the service to repay their loans. Swadhaar is working with their new banking correspondent partners to share these learnings and support adoption of mobile money for all clients. There are some critical lessons learned which would benefit any mobile money project, and GSMA Connected Women will continue to share insights from this project. For MNOs, there is still a large untapped customer base that can be reached through partnerships, especially women, and innovative products and services can play a major role in building this customer base and increasing revenue.

**About the GSMA**

The GSMA represents the interests of mobile operators worldwide. Spanning more than 220 countries, the GSMA unites nearly 800 of the world's mobile operators with 250 companies in the broader mobile ecosystem, including handset and device makers, software companies, equipment providers and Internet companies, as well as organisations in industry sectors such as financial services, healthcare, media, transport, and utilities. The GSMA also produces industry-leading events such as Mobile World Congress and Mobile Asia Expo.

For more information, please visit the GSMA corporate website at: www.gsma.com
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**About Mobile for Development – Serving the underserved through mobile**

Mobile for Development brings together our mobile operator members, the wider mobile industry, and the development community to drive commercial mobile services for underserved people in emerging markets. We identify opportunities for social and economic impact and stimulate the development of scalable, life-enhancing mobile services.

For more information, please visit the GSMA M4D website at: www.gsma.com/mobilefordevelopment

**About the GSMA Connected Women Programme**

GSMA Connected Women works with partners to deliver socio-economic benefits to women and the broader mobile ecosystem through greater inclusion of women across the industry. The programme is focused on increasing women's access to and use of mobile phones and life-enhancing mobile services in developing markets, as well as closing the digital skills gender gap, attracting and retaining female talent, and encouraging female leadership in technology on a global basis.

For more information, please visit the GSMA Connected Women website at: www.gsma.com/connectedwomen
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The GSMA Connected Women Global Development Alliance is a programme in partnership with: