



# Choice of Channel

*Understanding how LMI women  
select a channel to conduct  
financial transactions*

March, 2022

# About the study

Individuals choose a channel for financial transactions based on several factors beyond just the economic cost involved. Women in low-income communities may choose a channel based on the most economical choice that suits their life best, given their acute burden of unpaid care work and time poverty. It is critical to decode gendered aspects that lead women to choose their selected channel to help build their financial resilience.

MSC's DEBIT framework helps us understand which channel the individual chooses and why. It is a tool that identifies these factors and helps compute comparative scores for each channel for each individual. Comparing the DEBIT scores helps us identify actions that stakeholders like governments and financial service providers can undertake to help women have a wider range of channels to choose from.

We will develop DEBIT values for more personas of women across countries in the next phase of the study.



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# We spoke to Shanta and 35 more LMI women like her in semi-urban locations across Bangladesh and India to map their journeys when they use a financial service



Meet the user:  
**Shanta**

Shanta is a 37-year-old married woman with two children. She lives in a semi-urban location in Delhi.

She completed high school and runs a tailoring business. She is also the proud owner of a smartphone but uses it mainly for calling. She earns around INR 6,000 per month.

Shanta is active yet cautious and a family-oriented woman. One of her primary financial objectives is to save for her children's education and secure her family's future.

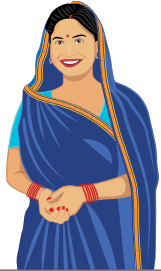
She opened a bank account 15 years ago but has not been a regular user.



Though the bank is far away, I am comfortable with travelling the distance and depositing my money there since my husband and friends know more about that channel and can help me out. Going to the BC agent seems daunting...

- Shanta

# Shanta's choice of channel might not be the most economically rational...

Shanta consciously decides to go to the bank to deposit her savings, despite having a CICO point and an ATM close to her house; she prefers the bank despite her not-so-positive experiences there



|   | Realization of need for financial service   | Choice of channel   | Travel to channel   | Experience at channel  | Post experience   |
|---|---|---|---|--|---|
|   | After opening her savings account, Shanta wanted to save for her son's education and family's future. She decided with her husband to open a recurring deposit account since it gave her the option to save consistently. | She knows of three channels for depositing money—the bank, ATM, and CICO agent. For her, the bank is the farthest and most expensive option in terms of time, and money spent. The ATM is the closest, followed by the CICO agent. However, she chooses the bank as her preferred channel. Her husband and friends reinforce the trust she has in the bank as an institution. They also offer support to her in case she wishes to transact at the bank. These forces are enough to help overcome the perceived loss that she feels she will incur while transacting at the bank. | She travels to the bank by spending 15 mins and INR 20 (USD 0.285)* one-side. She specifically goes to the bank along with her neighborhood friends so that she can get help at the bank should something go wrong. | The bank staff at the counter informs Shanta, but she cannot cope and feels lost. She takes help from her friend and the bank clerk. | She subsequently feels more confident to travels to the bank with her friends that give her company |
|  | Low awareness of alternative saving products available  | Under-confident in using any of the channels alone  | Substantial time and money lost   | Lost confidence  | Seeks assistance  |
|   | Self-motivated to save in formal financial services   | Aware of all the channels   | Anchor overrides the monetary loss  | Receives proof of main transaction, which reinforces trust   | Becomes regular with her deposits   |



Red flags depict risks and vulnerabilities along the journey



Green flags depict opportunities and motivations

\*Exchange rate used : 1 USD = INR 70

# ...yet many women like her do not choose DFS even if they expand the bouquet of financial services they access

DFS is considered as a catalyst for women's economic empowerment. This is based on the premise that it can potentially allow women to transact with high privacy and at the lowest cost—(including opportunity cost) in terms of time and money spent.

While DFS offers many gains and alleviates women's agency to be financially empowered and independent...

## For example

Mobile wallet allowed me to pay my son's rent to the landlord on time during the lockdown as none of us could travel from the village to the city

## Benefits

- Faster transactions
- Reduced cost of travel or opportunity cost
- Enhanced access
- More transparent
- More convenient



...adopting DFS might not always be the most intuitive choice for women, despite it being a rational choice from an economic sense

## For example

Even though the agent point is closer to me than the bank, I still go to the bank to deposit my money as I have heard of several incidents of fraud at the agent point from my friends and SHG members

## Risks

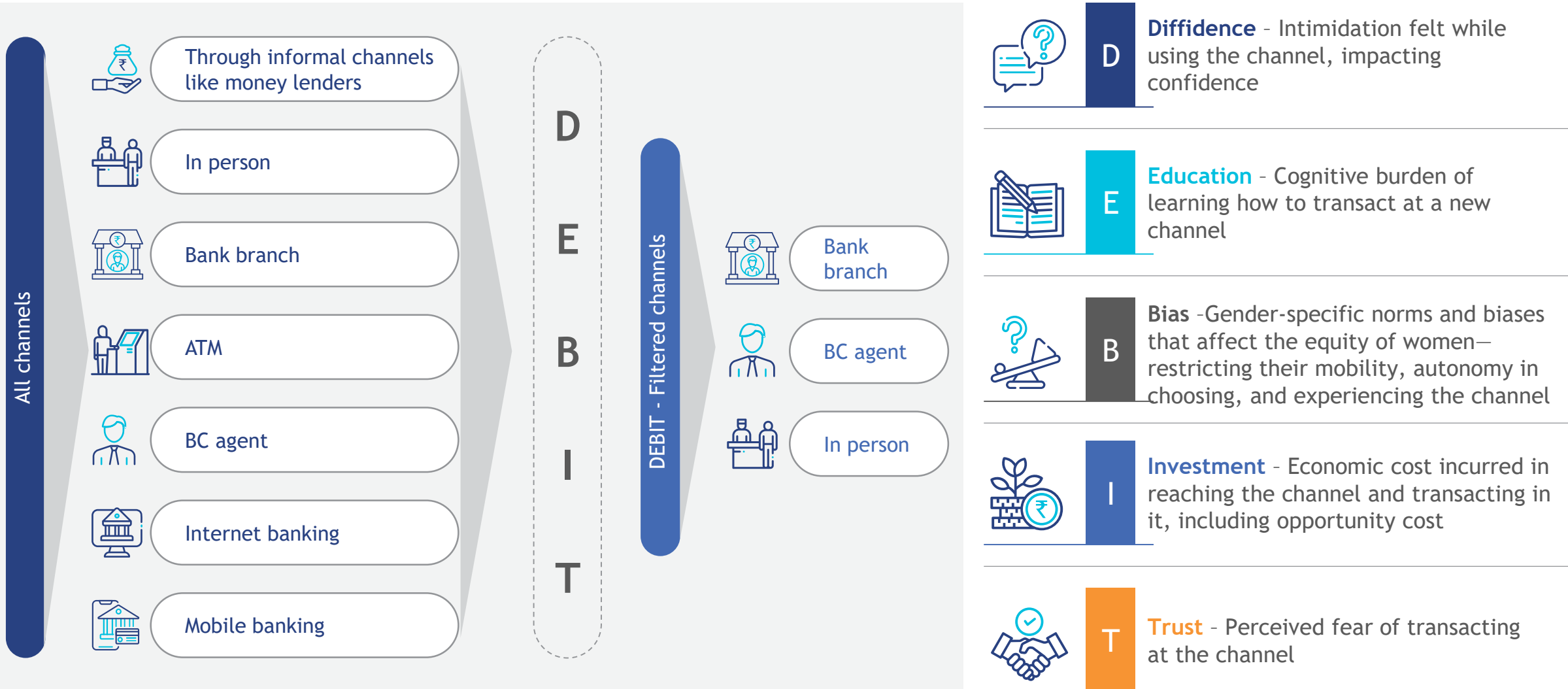
- Lack of support to transact using technology
- Fear of fraud at CICO point, wallet
- Lack of access to infrastructure needed for a wallet
- Inadequate data privacy and protection
- Perceived higher complexity in using ATMs and wallets



The stakeholders need to understand why women choose a specific channel to conduct financial transactions over others—especially when they know of multiple channels

# Women evaluate several factors to choose a channel: These are DEBIT

The larger the DEBIT value of a channel, the lower is the chance of them using the channel



# The drivers of DEBIT are complex and inter-related



## Diffidence

The extent to which a woman perceives the channel as intimidating, irrespective of gender norms, her economic independence, or her environment

- Past experience with similar things
- Perceived complexity of processes
- Perceived relevance
- Perceived treatment at channel

- Understanding of processes
- Perceived difficulty in understanding
- Confidence to use channel independently



## Education

The effort that an individual has to put to understand the way the channel works, and can transact independently and frequently



## Bias

The extent to which social, gender norms reduce the ability, autonomy, and mobility of women users to transact independently at each channel

- Restriction in mobility
- Ownership of assets
- Autonomy in decision making

- Cost of travel
- Other direct expenses
- Indirect expenses
- Additional cost of unpaid care work



## Investment

Pure economic loss incurred to transact at the channel and while transacting at the channel







## Trust

A perception of possible loss of money, control, respect, privacy, which affects their trust to test or start using the channel repeatedly

- Perceived privacy
- Perceived safety
- Perceived frauds
- Overall trust on channel

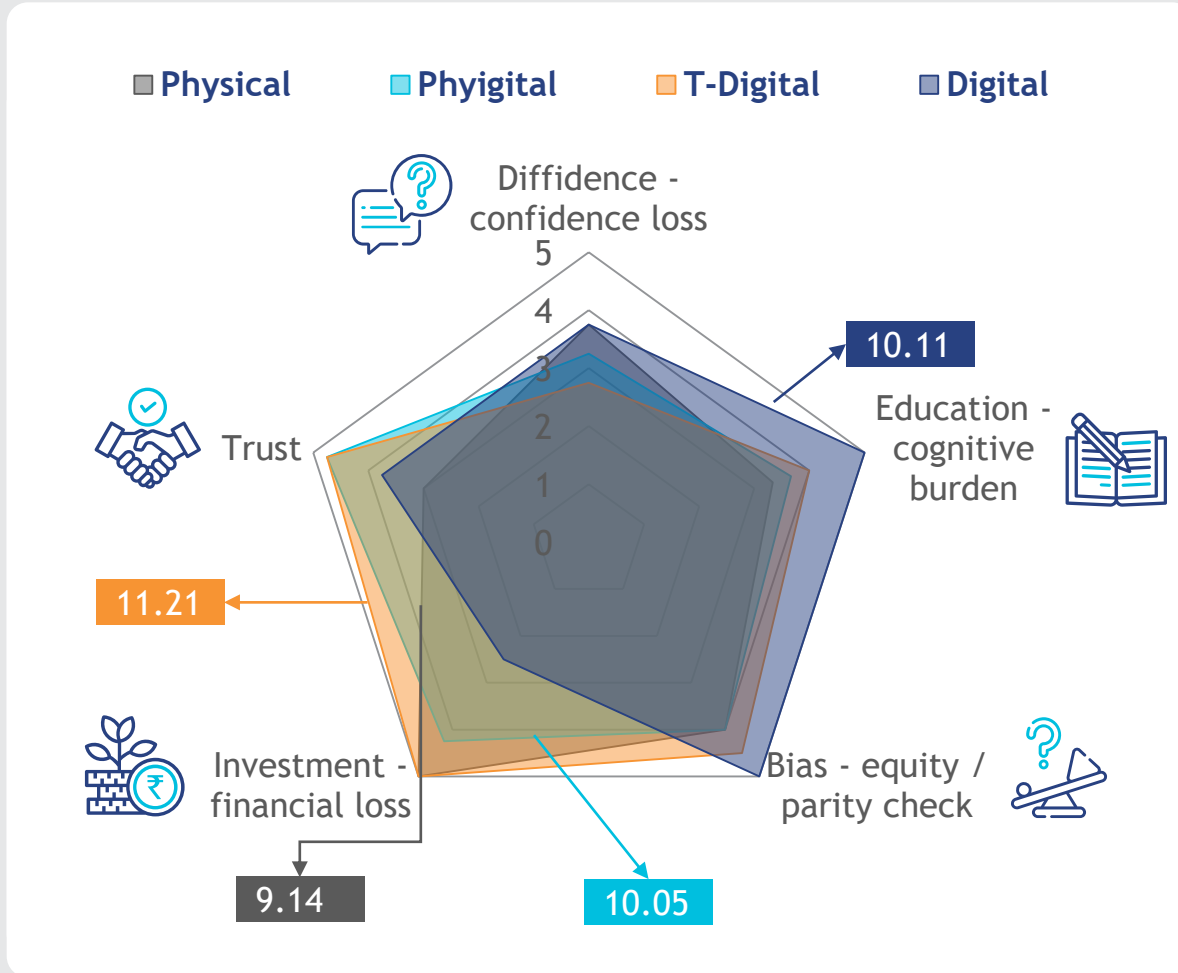


# We have identified four categories of channels that typically exist in the market for the LMI segment

|                 | Physical  | Phyigital  | T-Digital   | Digital   |
|-----------------|---|--|---|---|
| Definition      | <p>Physical channels are those where the user has to undertake physical processes to transact. The FSP staff complete the entire process, handle the technology, and interact with the users.</p> <p>These channels are typically at a distance from the user's doorstep.</p> | <p>In a phyigital channel, the user has to interact with both physical and digital modes to transact. The FSP staff do the transactions, but the user has to interact with the digital interface as well for authentication.</p> <p>These channels are typically at a distance from the user's doorstep but closer than physical channels.</p> | <p>T-Digital channels are those where the user has to interact with the digital interface to transact. Only the user alone can conduct the transaction.</p> <p>These channels are at a distance from the user's doorstep, and are often closer than phyigital channels.</p> | <p>Channels where the user has to interact directly with the digital interface to transact. The user owns direct access to the channel. Only the user can conduct the transaction, who in turn can choose to take support from trusted individuals.</p> <p>These channels are within the household.</p> |
| Common examples | <p>Bank branches</p>   | <p>Cash-in cash-out points</p>    | <p>ATMs</p>    | <p>Mobile phone applications (wallets)</p>   |



# DEBIT can be used to compute the perceived loss while using each channel; the user will choose the channel with the least cost



The computed loss for each category, when mapped on each axis of a polygon radar map, shows us the loss that the user perceives they will incur while using the specified channel.

The customer considers the channels with the lowest perceived loss as the most rational choice, and adopts it.

**In the example, the user experiences the lowest perceived loss (DEBIT) when she transacts at the phyigital channel, and the most perceived loss at the digital channel**

## Process to compute the DEBIT value for a channel:

- The rating or value of each factor of DEBIT for a channel is computed by taking the average rating (Likert scale of 1-5, with 5 being the maximum) of multiple indicators that represent the factor.
- Using the individual rating computed for each factor of DEBIT, the polygon is drawn for the channel.
- The overall area of the polygon for a channel represents the perceived loss (DEBIT value) of that channel.



The score in each box shows the overall DEBIT score for each channel  
T-Digital - stands for digital channels like ATMs where some travel is involved

# DEBIT helps filter down the five key bottlenecks (2D3C) in the adoption of DFS



**D**

**Diffidence** - Intimidation felt while using the channel, impacting confidence



**E**

**Education** - Cognitive burden of learning how to transact at a new channel



**B**

**Bias** - Gender-specific norms and biases that affect the equity of women—restricting their mobility, autonomy in choosing, and experiencing the channel



**I**

**Investment** - Economic cost incurred in reaching the channel and transacting in it, including opportunity cost



**T**

**Trust** - Perceived fear of transacting at the channel



## Digital capability

Limited knowledge and experience, which increases vulnerability and exclusion



## Digital access

Lack of mobile phone, network coverage, electricity, and cost of airtime or data



## Customer service or resolution

No, limited, or priced access to customer service and resolution of grievances



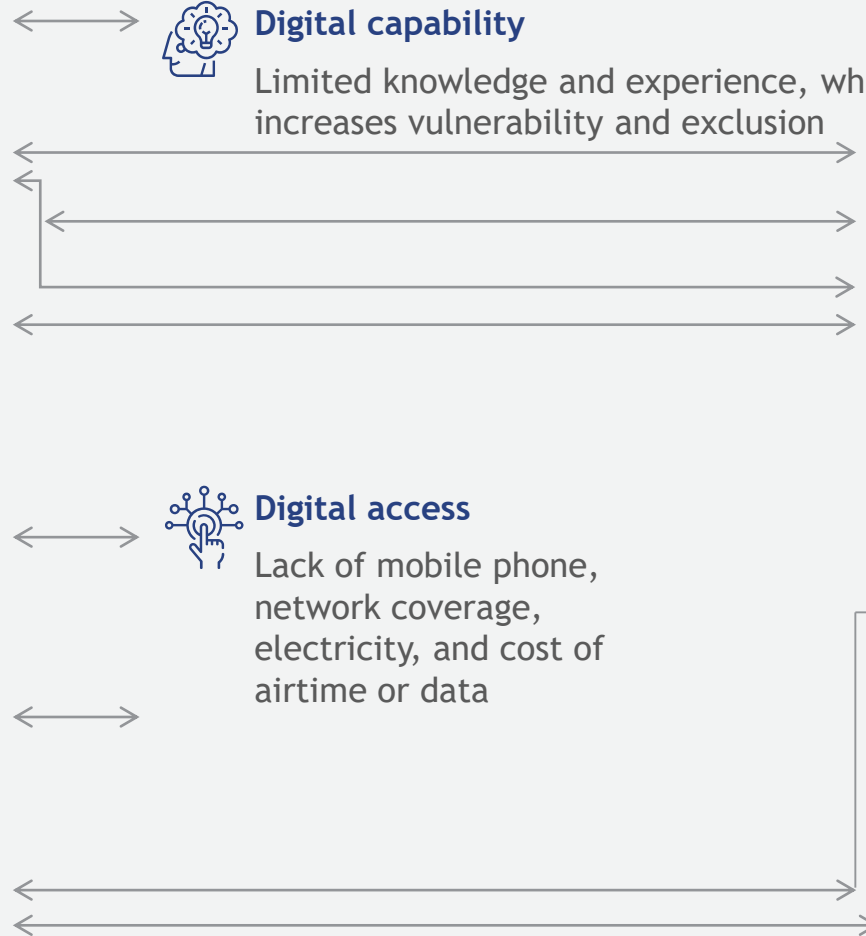
## Communication

Poor communication of policy, benefits, pricing, and norms



## Consumer protection

Lack of security and data privacy, scams or fraud, unauthorized charges, and predatory lending





**DEBIT unpacked for  
each segment**



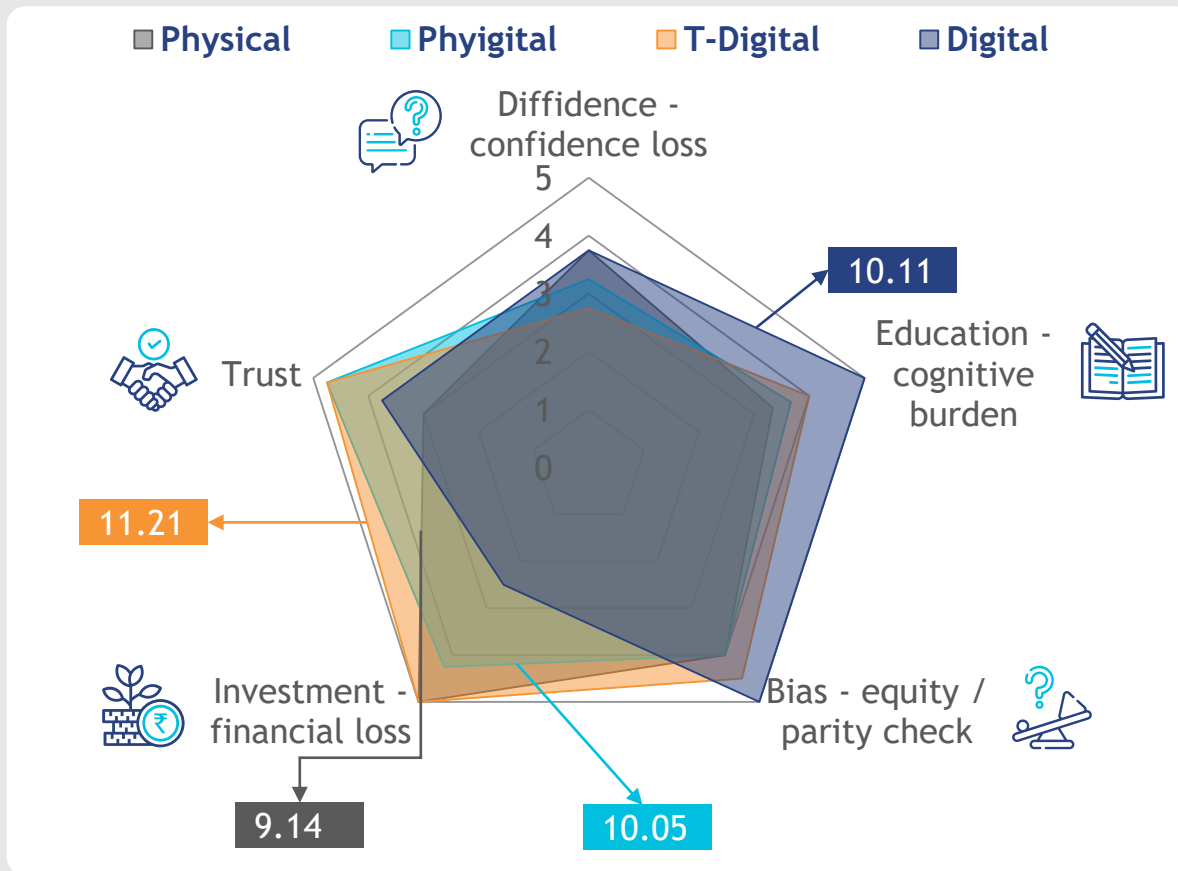
# We used DEBIT to understand why different personas of women choose a particular channel to conduct a transaction

|                                  | Included - underserved  | Included - served   | Excluded - high-potential                                       | Excluded - marginalized   |
|----------------------------------|---|---|---|---|
| Summary Description              | Have a financial account but rarely engage in any financial transactions outside the domestic context | Have a financial account and wallet, and engage in a variety of formal transactions | Do not have an account, but have a high quantum of transactions | Do not have an account, and engage in very low value of transactions informally |
| Savings instruments              | Cash at home or with a trusted adult  | Savings groups or banks   | Savings groups or cash  | Cash  |
| Typical channel for transactions | Banks and mobile wallets  | Banks, ATMs, maybe mobile wallets   | None, since they transact in cash                               | None, since they transact in cash   |
| Key DEBIT drivers                | Trust, education  | Investment  | To be covered in next phase of study                            | To be covered in next phase of study  |
| Channel preferred                | Physical  | Digital   | To be covered in next phase of study                            | To be covered in next phase of study  |

We will develop DEBIT values for all four personas in the next phase of the study, where we will conduct interviews across countries and personas with a wider sample size.



# DEBIT for financially included and underserved women like Shanta in India shows that the Diffidence, Education, and Bias toward digital channels and lack of Trust for phyigital channels make the user choose a physical channel despite its high investment cost



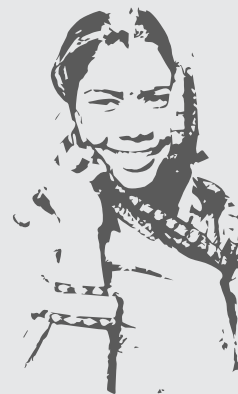
For Shanta, a digital channel is not an option since the DEBIT value (perceived loss) is one of the highest there. A high cognitive burden and bias compared to other channels is the key cause for this. The highest DEBIT value is also seen in the case of digital channels that call for travel (T-Digital), such as ATMs. Limited trust on the channel and the investment that goes into it are critical causes for this.

In contrast, DEBIT is the lowest when it comes to physical channels, despite the high investment cost. Relatively higher levels of trust on the channel further acts as an enabler.

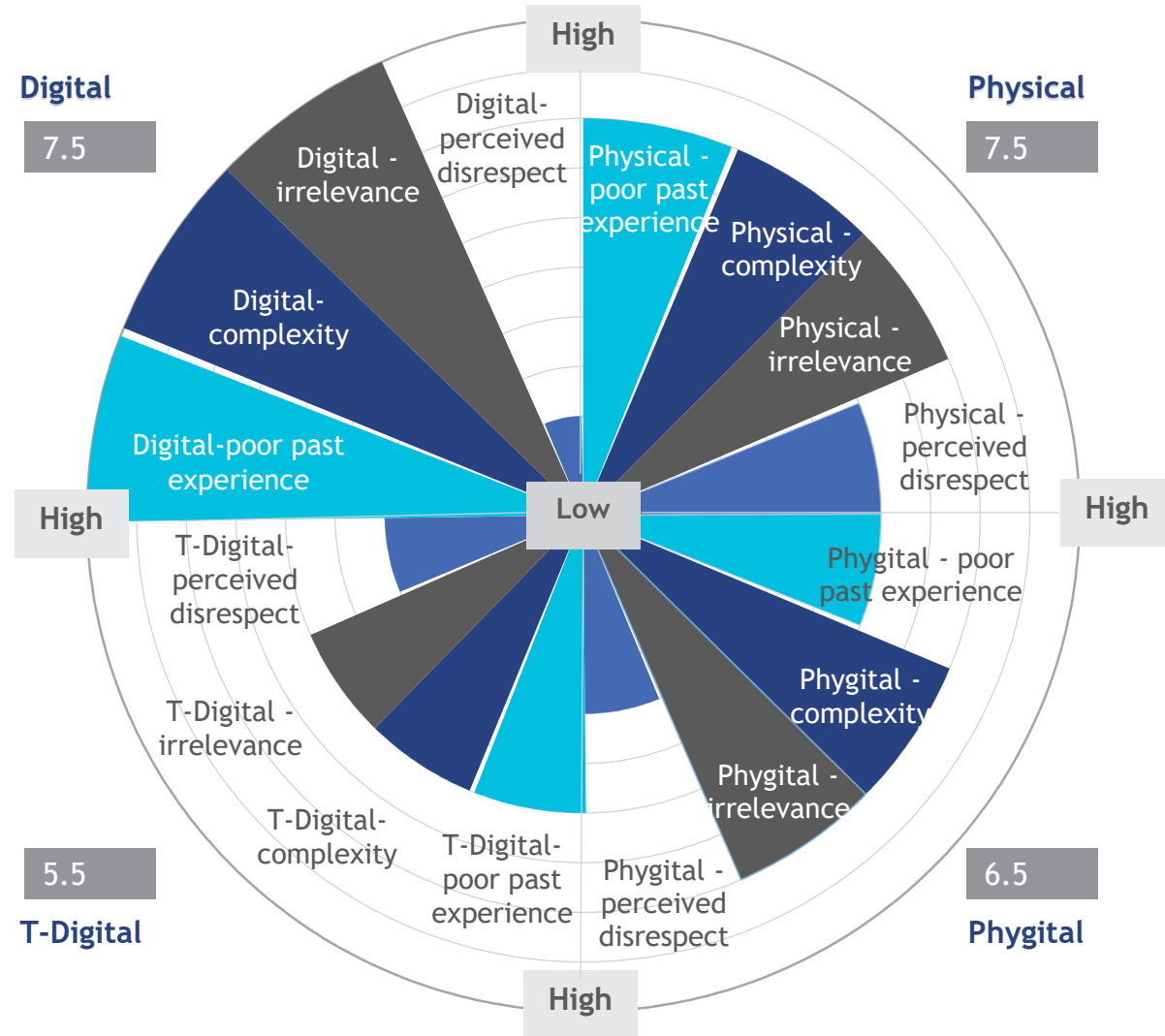
Hence, despite having access to digital and phyigital channels with a lower economic cost, Shanta chooses a physical channel.

In the subsequent five slides, we unpack the drivers for each component of DEBIT.

The score in each box shows the overall DEBIT score for each channel  
 T-Digital - stands for digital channels like ATMs where some travel is involved



# Shanta - Diffidence explained for all four channels



**Perceived quality of past experiences at the channel**

The quality of experience at the channel, as perceived by the user

The poorer the experience, the higher the score

**Perceived complexity of processes involved at the channel**

The extent to which the user finds the process adopted at the channel “complex”

The higher the perceived complexity, the higher the score

For women like Shanta, the complexity involved in a CICO point, ATM, and the bank is similar while it is higher for a wallet

**Perceived relevance of the channel**

The extent to which the user finds the channel “relevant” or relatable

Lower the relevance or relatability, higher the score

For women like Shanta, overall financial transactions through each channel seems irrelevant

**Perceived lack of respectable treatment at the channel**

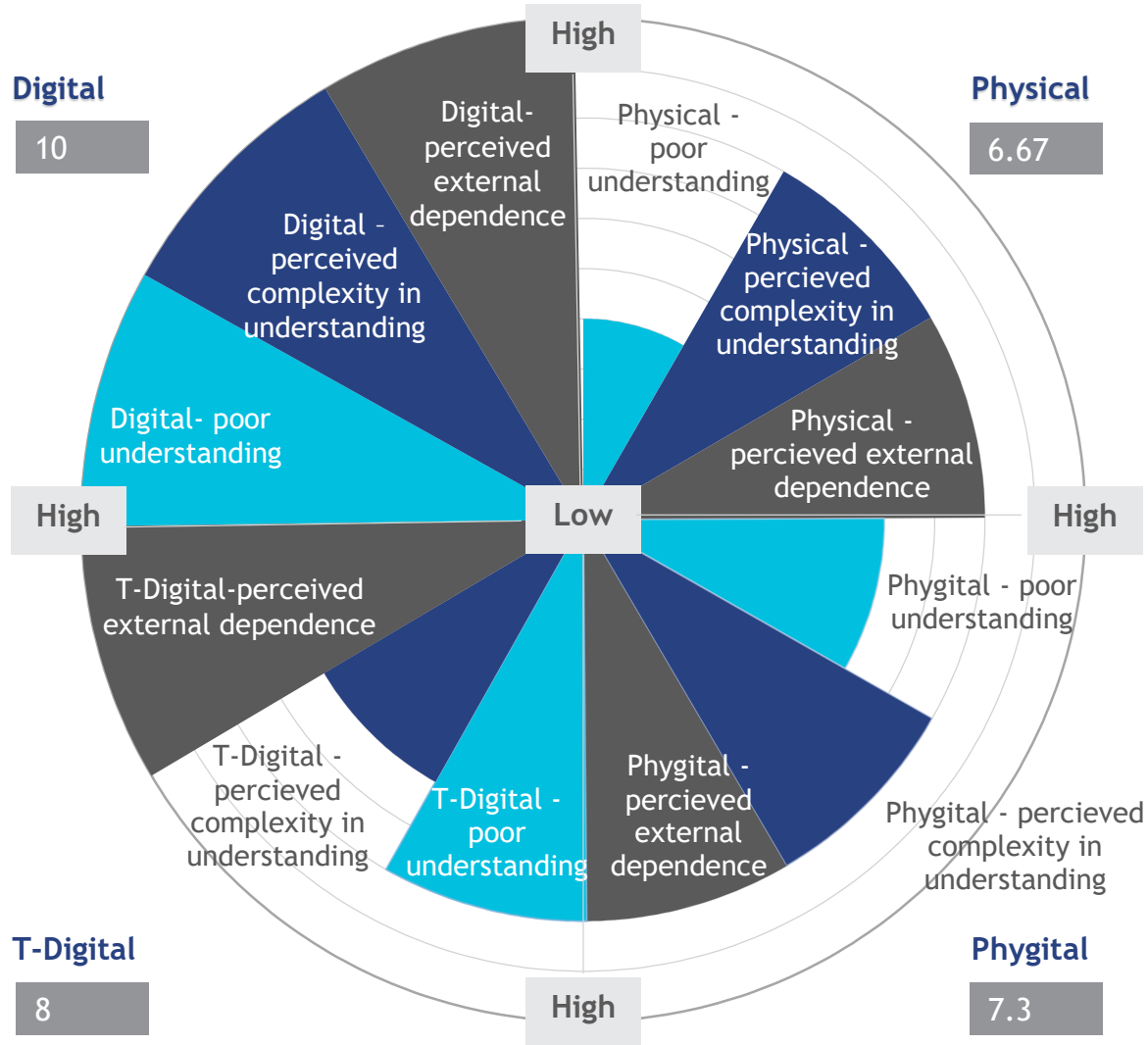
The extent to which the user feels disrespected at the channel, when they approach it to conduct a financial transaction

The higher the perceived disrespect, the higher the score

Scores are scaled down by a factor of two while plotting the overall DEBIT value as on slide 12  
T-Digital - stands for digital channels like ATMs where some travel is involved

Overall score for that channel for this DEBIT force

# Shanta - Education explained for all four channels



**Understanding of basic processes involved while using the channel**

The extent to which the user understands the processes involved while transacting at the channel

The lower the level of understanding, the higher the score

**Perceived complexity in understanding the processes at the channel**

The extent to which the user finds it difficult to understand the processes that need to be followed to transact at the channel

The higher the perceived complexity, the higher the score

**Perceived need of support or external dependence to transact at the channel**

The extent to which the user is confident that they can operate or use the channel independently

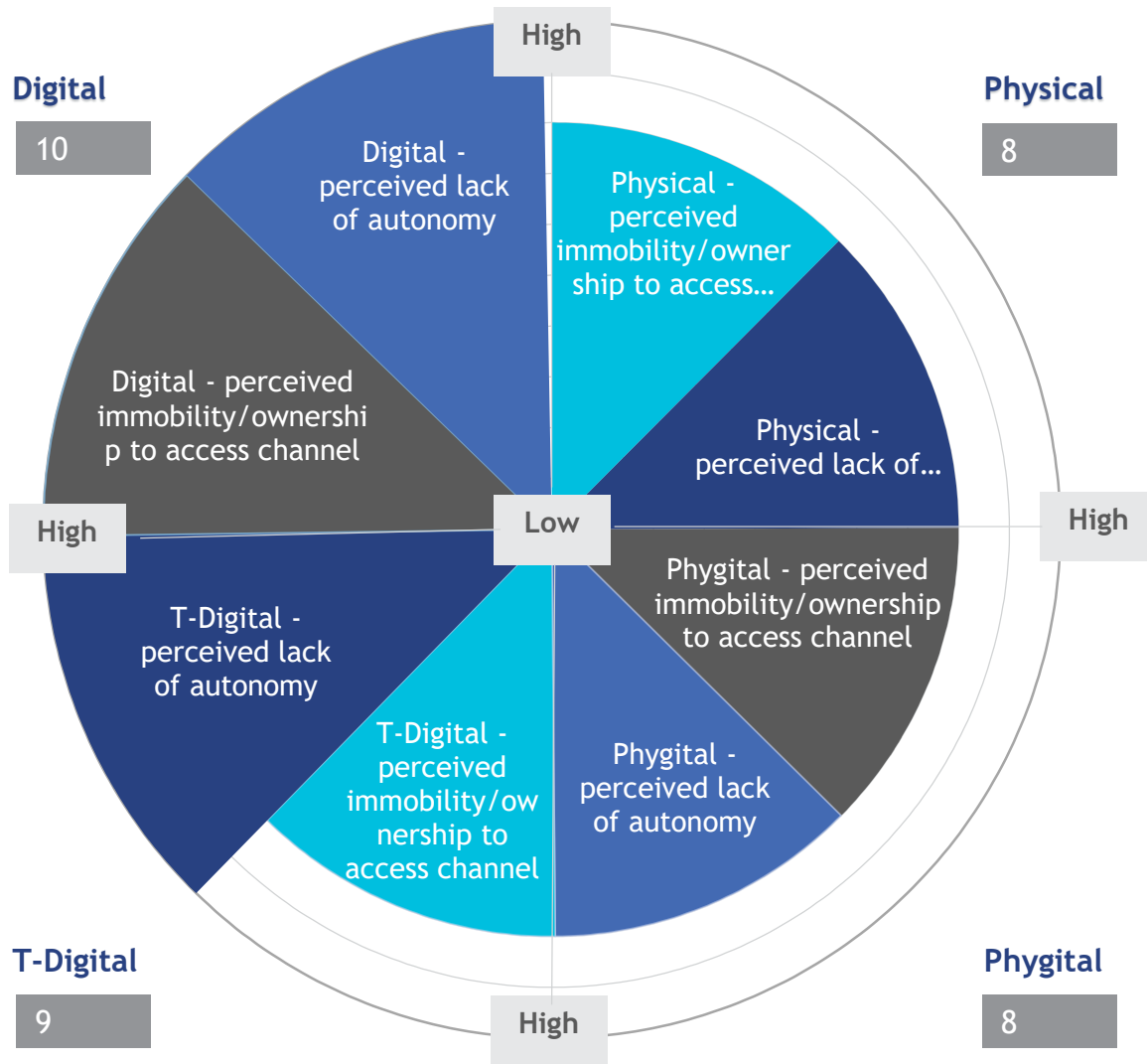
The lower the confidence, the higher the score

Shanta had significant external dependence on all channels

Scores are scaled down by a factor of two while plotting the overall DEBIT value as on slide 12  
 T-Digital - stands for digital channels like ATMs where some travel is involved

■ Overall score for that channel for this DEBIT force

# Shanta - Bias explained for all four channels



**Perceived lack of mobility or ownership of means to access the channel**

The extent to which the user perceives that they cannot access the channel owing to limited mobility in terms of means of transport, or lack of access to the infrastructure needed, such as mobile phones

The lower the mobility, and ownership of means to access the channel, the higher the score

**Perceived lack of autonomy to access the channel**

The extent to which the user has the freedom or autonomy to access the channel

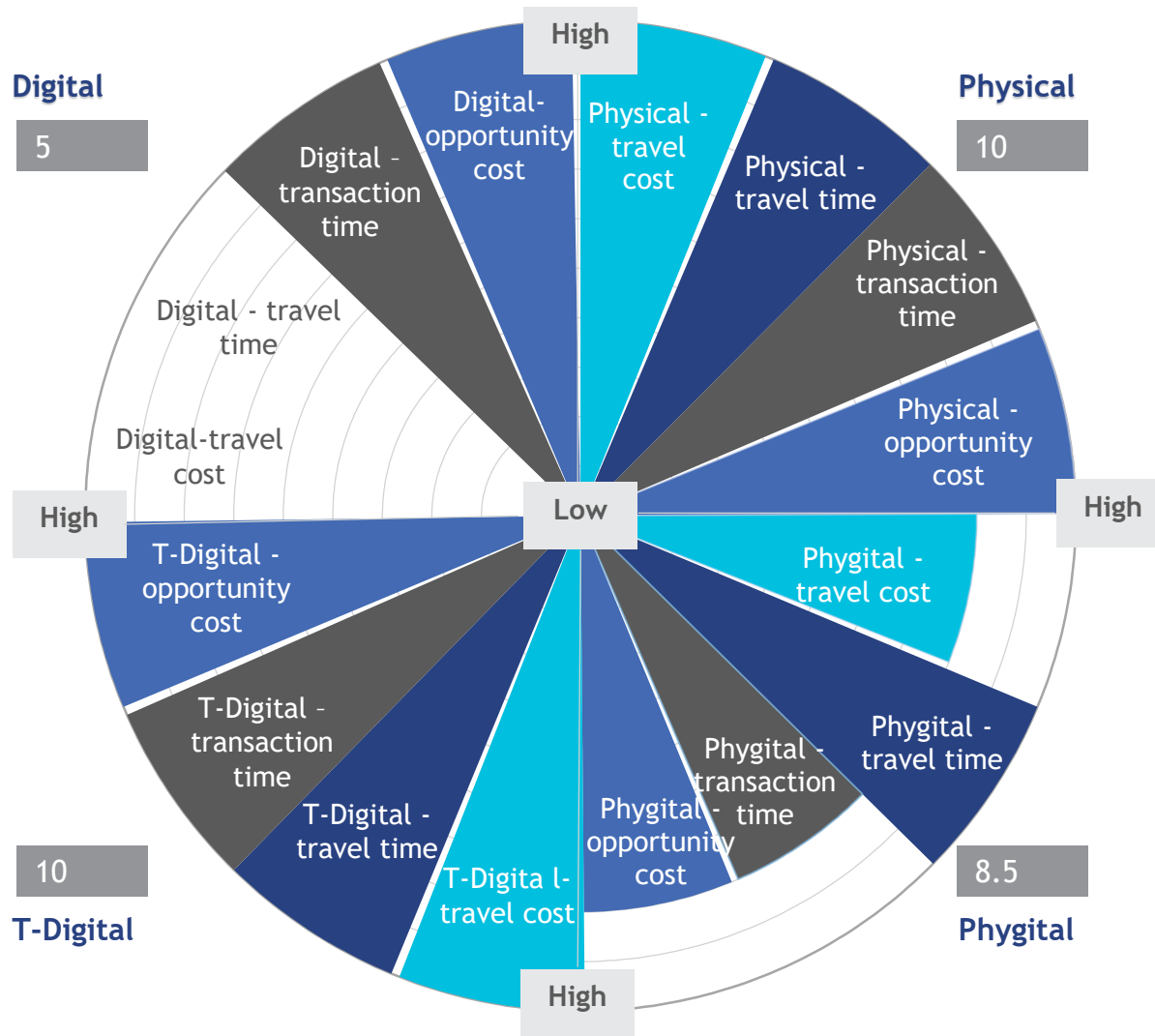
The lower the autonomy, higher the score

Scores are scaled down by a factor of two while plotting the overall DEBIT value as on slide 12  
 T-Digital - stands for digital channels like ATMs where some travel is involved

Overall score for that channel for this DEBIT force



# Shanta - Investment explained for all four channels



**Cost of travelling to the channel**

The cost in monetary terms incurred in travelling to the channel

The higher the cost, the higher the score

**Time spent in travelling to the channel**

The time incurred in travelling to the channel

The higher the time spent, the higher the score

**Time spent transacting at the channel**

The time spent by the user while transacting at the channel

The higher the time spent, the higher the score

**Opportunity cost of overall time spent in transacting at the channel**

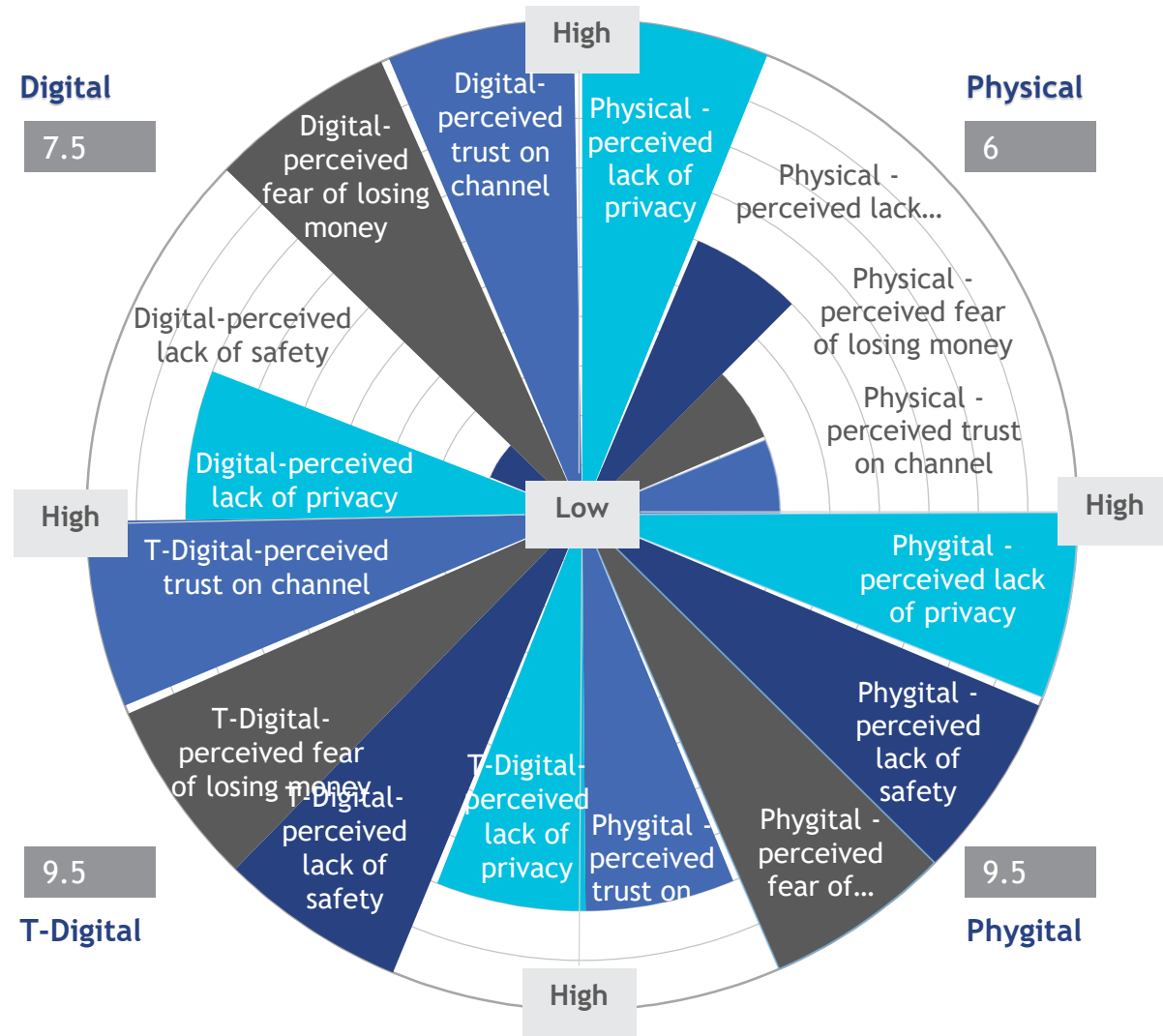
The opportunity cost incurred in the time spent during the entire transaction, which could include the cost of unpaid care work

The higher the opportunity cost, the higher the score

Scores are scaled down by a factor of two while plotting the overall DEBIT value as on slide 12  
 T-Digital - stands for digital channels like ATMs where some travel is involved

Overall score for that channel for this DEBIT force

# Shanta - Trust explained for all four channels



**Privacy at the channel**

The extent to which the user perceives the channel to provide them with privacy while transacting at the channel

The lower the privacy, the higher the score

**Safety at the channel**

The extent to which the user finds it safe to transact at the channel (in terms of theft or abuse).

The lower the level of safety perceived, the higher the score

**Fear of losing money while transacting at the channel**

The extent to which the user fears that they will lose money while transacting at the point owing to fraud, technical errors, or by mis-understanding the process

Higher the fear, higher the score

**Trust on the channel**

The extent to which the user “trusts” the channel; has faith in the channel to conduct a transaction.

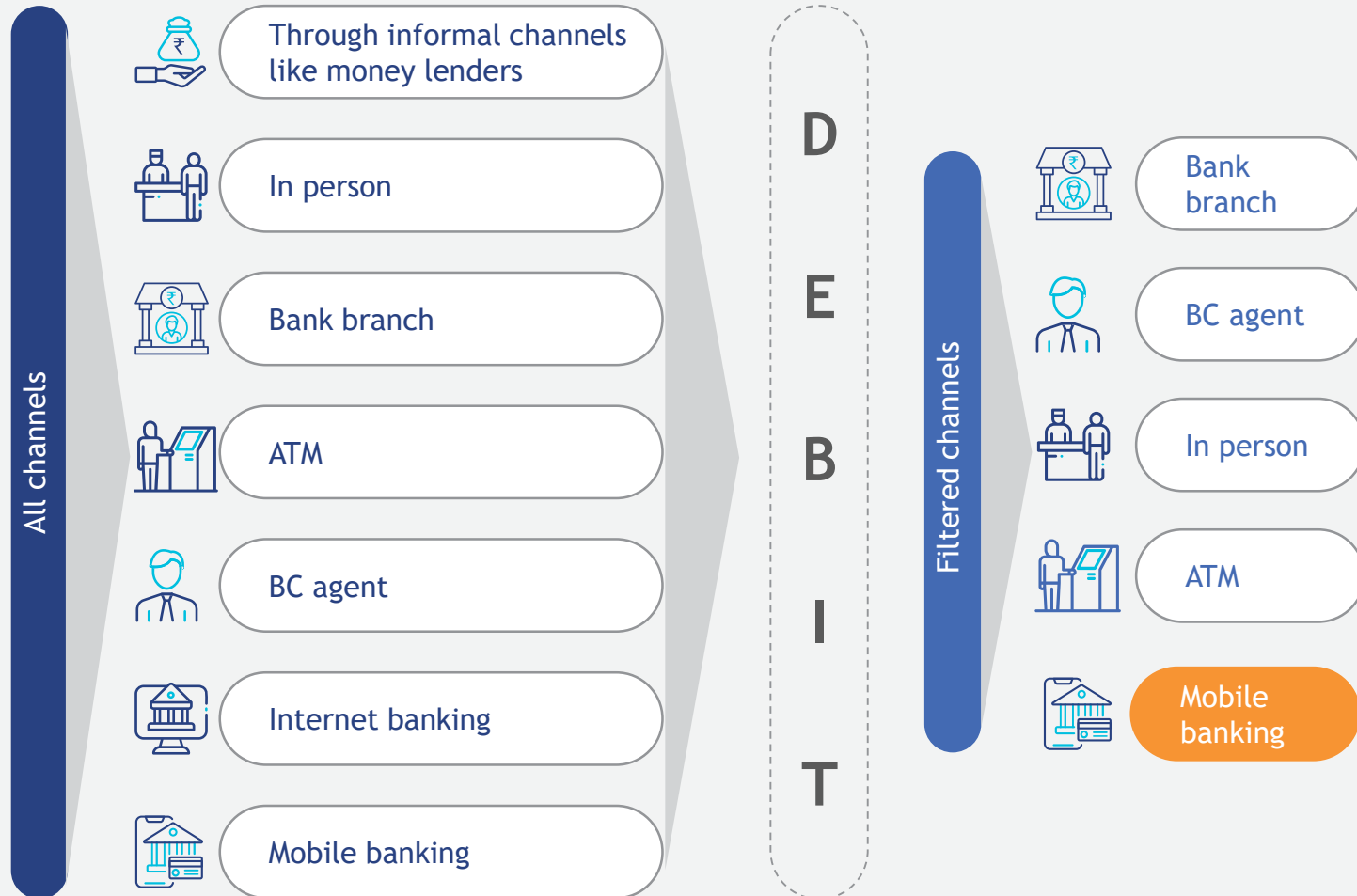
The lower the trust, the higher the score

Scores are scaled down by a factor of two while plotting the overall DEBIT value as on slide 12  
 T-Digital - stands for digital channels like ATMs where some travel is involved

Overall score for that channel for this DEBIT force

# DEBIT for a channel can be reduced by working on its components via three players

Reducing the DEBIT value of a channel for a user will allow him/her to perceive that channel as a more rational choice for conducting financial transactions




The three players that could help reduce DEBIT for the user are:

 **Financial service providers**

 **Government**

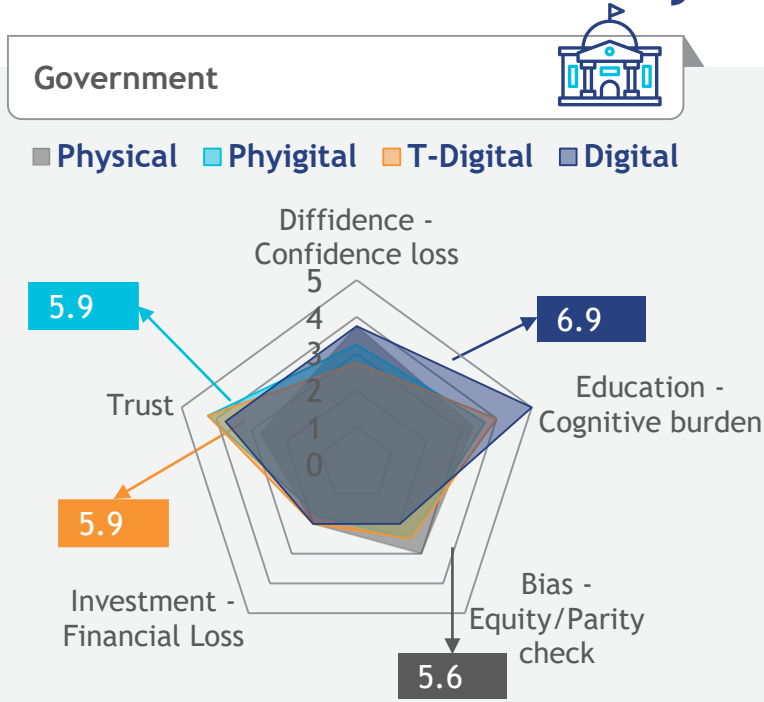
 **Social network**

The onus to reduce a channel's DEBIT value is not the banker's responsibility alone. Government bodies and the user's support system also play a critical part.

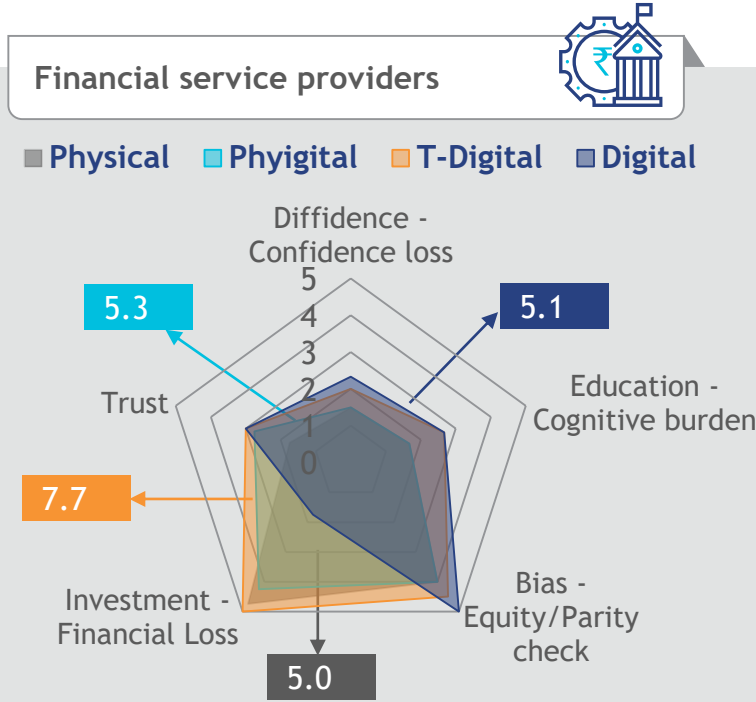
 Additional channel that could be considered by the user if the DEBIT value for it is reduced by concerted efforts. This is only for illustrative purposes

For details on how players can reduce DEBIT, please see slide 24

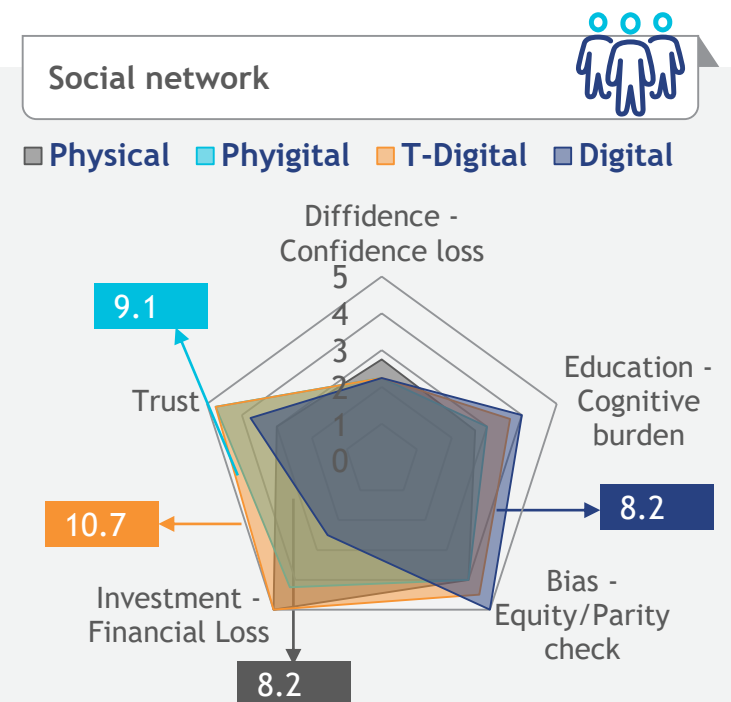
# We have anticipated how each of these players can reduce Shanta's DEBIT for each channel when only one of them act



1. Reduce the cost and time of travel to financial access points by increasing the density of access points
2. Reduce the burden of household work and care work by providing institutional alternatives like creches
3. Enhance access, ownership to channel (provide mobile phones, internet)



1. Improving user experience (trust, TAT), interface of the channel
2. Reduce complexity of the processes, and improve communication
3. Convenient and credible GRM
4. Reduce cost and time of travel to financial access points by increasing the density of access points



1. Enhance the level of relatability, understanding of the channel
2. Encourage autonomy, mobility to access the channel

The score in each box shows the overall DEBIT score for each channel  
T-Digital - stands for digital channels like ATMs where some travel is involved

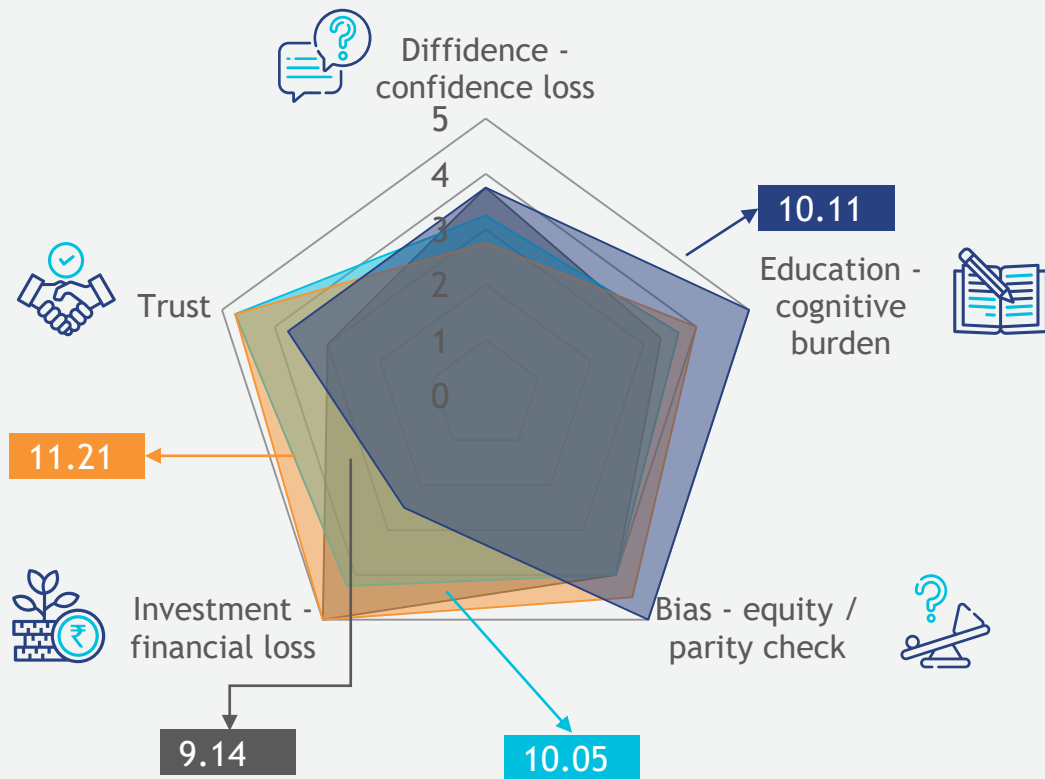
For details on how players can reduce DEBIT, please see slide 24



# In our estimates, if all players decide to act together, women would be more likely to choose a digital channel to transact

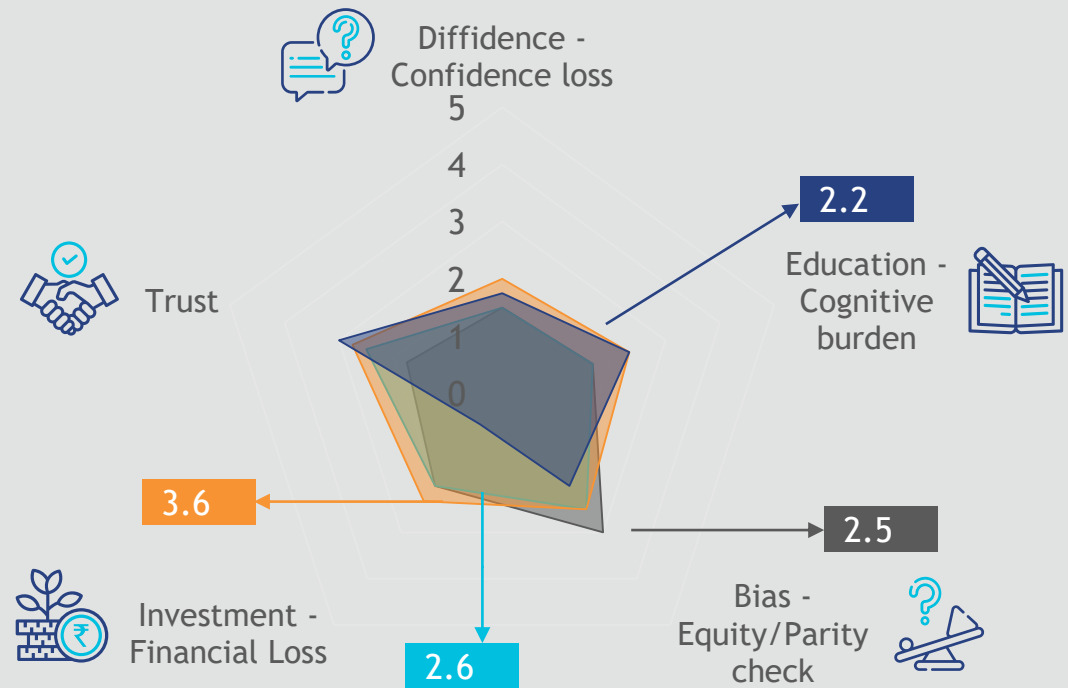
Status for the included-underserved segment

■ Physical   ■ Phyigital   ■ T-Digital   ■ Digital



If in the same context, all **positive forces (government, FSPs, anchor)** act, we anticipate that DEBIT will reduce substantially for all channels, **resulting in a situation** where women choose the most economical channel to conduct a transaction

■ Physical   ■ Phyigital   ■ T-Digital   ■ Digital



The score in each box shows the overall DEBIT score for each channel  
T-Digital - stands for digital channels like ATMs where some travel is involved

For details on how players can reduce DEBIT, please see slide 24

# An obvious next step is to validate DEBIT further across segments of women and geographies

An analysis of women's choice and actions on using financial service channels clearly reveals action areas for stakeholders.

A geographical and segment-wise computation of DEBIT values for each channel can help us:

- Identify barriers to use of digital channels for customer segments among women
- Identify extent to which each factor influences women's decision to use a channel
- Develop specific action steps for each player (government and FSPs)

We will develop DEBIT values for different personas of women, and unpack the above in the next phase of the study.





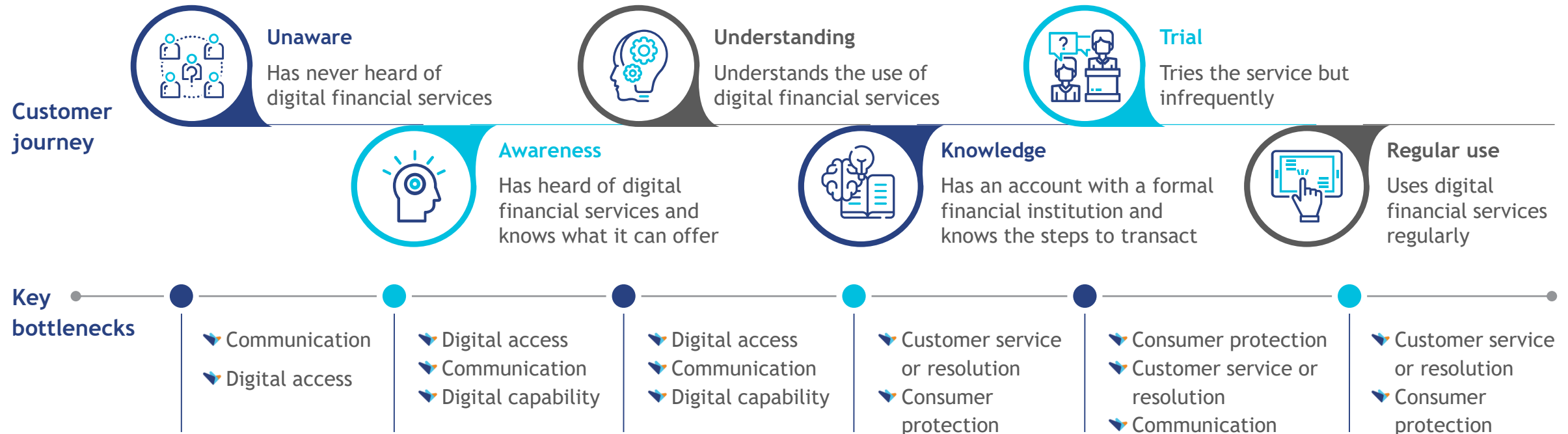


# Annexes

# The 3D2C framework, which identifies the five bottlenecks in the adoption of DFS by the LMI segment

The five inter-related bottlenecks increase vulnerability and compromise trust, threatening to obstruct the digital revolution

















|  |  |   |  |   |
|--|--|---|--|---|
|  <p><b>Digital access</b></p> <p>Lack of mobile phone, network coverage, electricity, and cost of airtime or data</p> |  <p><b>Digital capability</b></p> <p>Limited knowledge and experience, which increases vulnerability and exclusion</p> |  <p><b>Communication</b></p> <p>Poor communication of policy, benefits, pricing, and norms</p> |  <p><b>Customer service or resolution</b></p> <p>No, limited, or priced access to customer service and resolution of grievances</p> |  <p><b>Consumer protection</b></p> <p>Lack of security and data privacy, extensive scams or fraud, unauthorized charges, and predatory lending</p> |
|--|--|---|--|---|

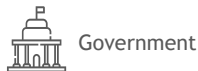




# DEBIT framework explained

Each of the three players (government, FSPs and the social circle) can play a role in reducing the DEBIT value of a channel, by applying a counter force

|               |  <b>Diffidence</b>   |  <b>Education</b>   |  <b>Bias</b>   |  <b>Investment</b>   |  <b>Trust</b>   |
|---------------|---|---|---|---|--|
| Definition    | The extent to which the channel is perceived as intimidating by the woman, irrespective of gender norms, her economic independence, environments                        | The effort that an individual has to put to understand the way the channel works, and is able to independently and frequently transact (comfort, recollection, extent to which a user has to learn, or ease of use) | The extent to which social, gender norms reduce the ability, autonomy, and mobility of women users to transact independently at each channel  | Pure economic loss incurred to transact at the channel and while transacting at the channel   | Perception of possible loss of money, control, respect, privacy impacting their trust to test or repeatedly use the channel  |
| Counter force | Improved design thinking to develop relatable and intuitive interfaces, processes, use of behavioral nudges   | Support system to assist or teach the customer on how to use the channel, eventually building their confidence and reducing their perceived cognitive load  | Changing social norms so that women have more autonomy, mobility, and confidence. This includes working on making mobile ownership and use by women more common, women's economic independence a norm   | Reduce the cost incurred in accessing the channel or owing the infrastructure to reach the channel. This includes reducing the cost of owing mobile phones, cheaper transport options | Enhanced GRM (awareness, access, quality) by FSP, CP through stronger regulations by the government, monitoring of FSPs by regulators (RBI), using influencers to break or change biases against the channel |
| Player        |   |     |    |             |                                    |



Government



Financial service providers



Social network

# Sectors we work in

## Providing impact-oriented business consulting services



# Multi-faceted expertise

## Advisory that helps you succeed in a rapidly evolving market



# MSC is recognized as the world's local expert in economic, social, and financial inclusion



International financial, social, and economic inclusion consulting firm with **20+** years of experience



**>200** staff in **11** offices around the world



Projects in **~65** developing countries

## Our impact so far

**>550**  
clients

**>1,000**  
publications

Assisted development of digital G2P services used by **>875 million** people

Implemented **>875 DFS** projects

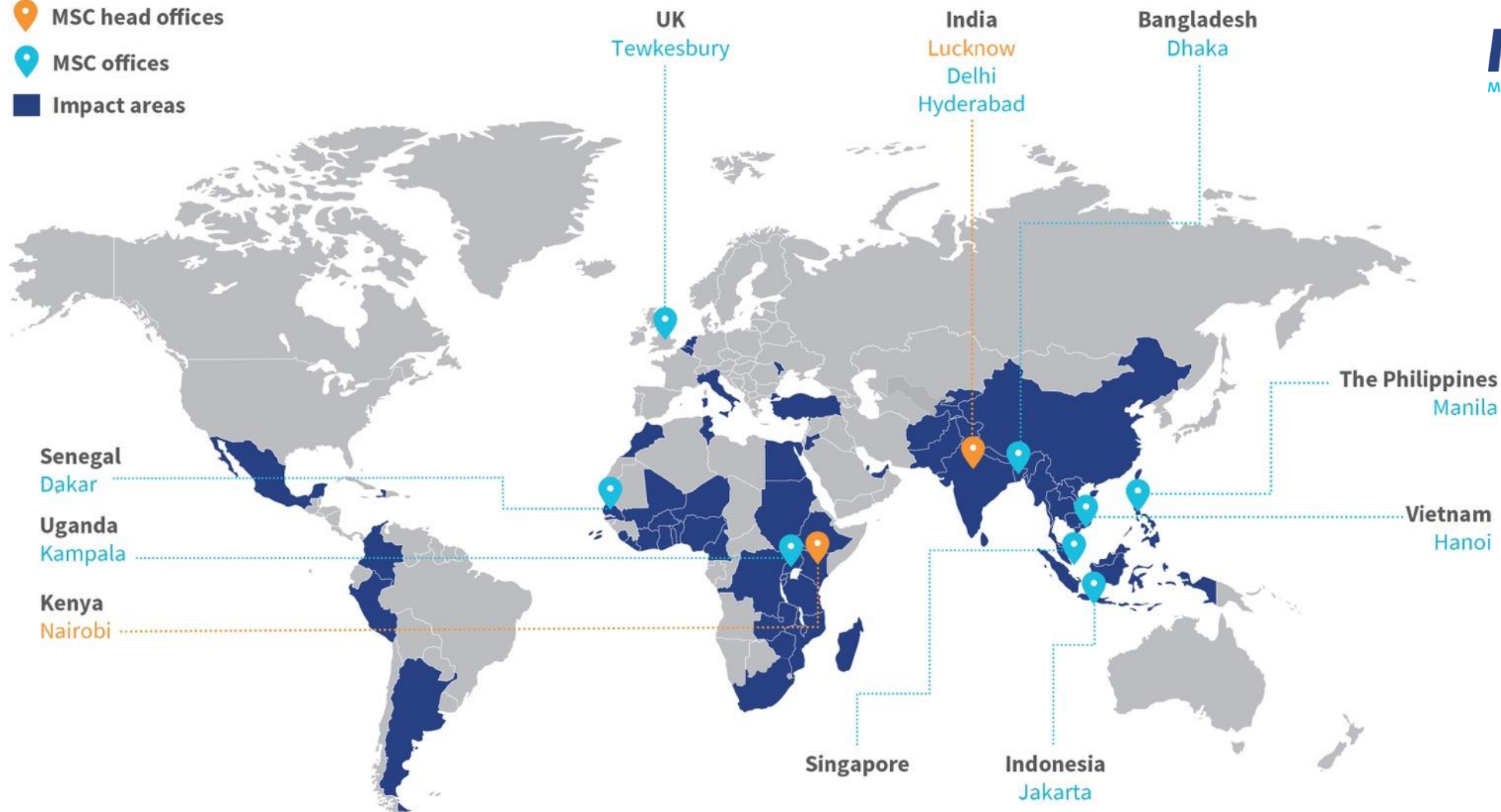
Developed **>275 FI products** and channels now used by **>55 million** people

Trained **>10,500** leading FI specialists globally

## Some of our partners and clients



-  MSC head offices
-  MSC offices
-  Impact areas



MSC corporate brochure | Contact us at [info@microsave.net](mailto:info@microsave.net)

### Asia head office

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