Musings on Money

the what and why of the billions

MicroSave in collaboration with Ignacio Mas

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1. Preface

In recent years, much detailed research has gone into understanding the financial lives of the poor through the use of financial diaries, standardised household surveys, targeted market research, focus group discussions and ethnographic accounts. Evidence gathered from these methods shows the poor still use expensive and clumsy credit, as well as awkward savings techniques, that leave them exposed to financial disasters. This is despite commercial, government and non-government organisations' efforts to champion the cause of full financial inclusion.

Despite the streams of data that are now available about the financial lives of the poor, most financial product development does not incorporate sufficient customer insight. A reason perhaps may be the failure to condense and abstract the knowledge about financial lives of poor into something that is more directly useful to innovative service providers. More fundamentally, though current research methods are effective in telling us what the poor do and do not do, but does little to inform us on what drives their habits and decisions. For that, we are left with guessing and the failures to reach people effectively hints that we have not guessed well. Even where digital financial services are commonplace, we have moved from a challenge of access to a challenge of relevance and thus use. We lack insight into the minds of the poor; we are charting only what we can see they do or say on the surface. Without grasping deeper cues that inform financial behaviour, suppliers of financial services to the poor continue to pump out irrelevant, or even harmful, financial products.

To understand the breach between desired outcomes and available instruments, let us look at two oft-cited examples of published work. Stuart Rutherford's The Poor and their Money (PaM) simply and powerfully explained how various financial services available to poor people complement or substitute for each other: savings accounts, loans and ROSCAs are ways to save up, save down and save through. Portfolios of the Poor (PoP) neatly and didactically synthesized how financial services can improve people's lives, by helping households smoothen consumption, plan for investments and absorb shocks. Definitive and compelling as these two books are, there is a space in between them that seems yet unfilled: by what mental processes do people bridge the gap between the outcomes they seek (smoother consumption, more investment, lower risk – per PoP) and the instruments they have available (savings, credit, ROSCAs – per PaM)?

In this context, *MicroSave* worked with Ignacio Mas to conduct extensive ethnographic, design and creative field research to understand the motivations of low-income people for subscribing to only certain types of financial services. Instead of a traditional analytical approach, the research was conducted in a more creative way, to gather responses from people on their behavioural motivation rather than logic of transactions. We believe that such an approach and research can significantly help understanding of how poor people manage and make decisions about their finances and thus add substantial value to any financial inclusion programme.

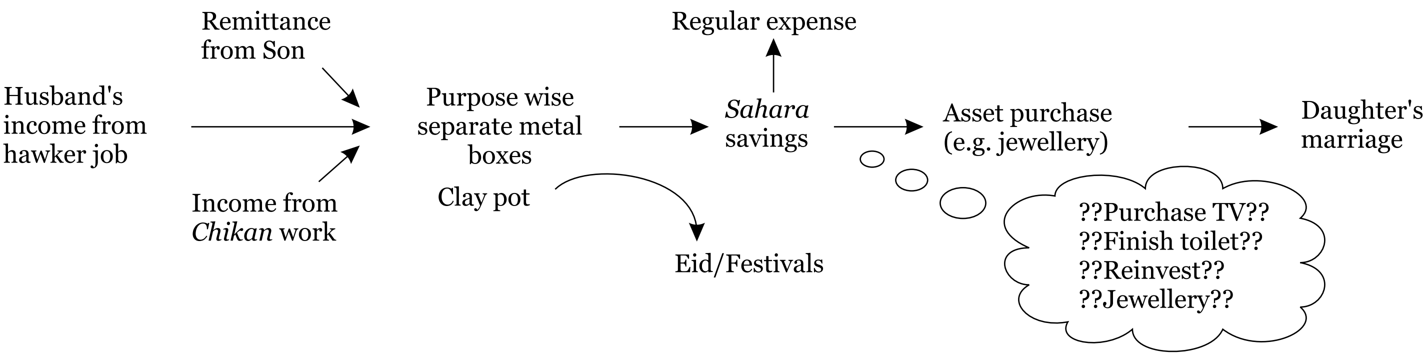
In the sections below, we present the field research findings. We would like to put a clear disclaimer here that these findings are not in anyway new or revolutionary. Most readers will already be well aware of them. Our experience during the research was that some of the key trends and motivational factors are so obvious that we often overlooked them, since they always did not fit to our intellectualised agenda. In reality, money management and metaphors for it are ingrained in their daily lives of people, more integrally than we generally assume.

2. Why of Money

Story I

Jahanara Begum lives in Jankipuram, in the outskirts of Lucknow, India. Her husband is a hawker in the local pavement market and sells low-cost shoes. Since her husband's income is not enough to meet the family's needs, she does some tailoring and chikan (a local form of embroidery)work from home to supplement the family income. They have 2 sons and 2 daughters. The eldest son lives in Mumbai and works as an unskilled labourer on construction sites. The other three children still go to school. In total, their family income is around INR8,000-9,000 (USD148-167) per month. Everyday, in the evening, her husband gives INR100-200(USD1.85-3.70) to her from his sales proceeds for daily expenses. She keeps this money in several of her lock-boxes. She has dedicated lock-boxes for her son and daughters' education and additional expenses like health emergency and regular food item expenses. Whenever required, she takes money out from the appropriate lock-box and pays the due. She also puts coins in a separate clay pot (*gullak*). This clay piggy pot is accessed for annual expenses for the Eid festival. She also saves INR600 every month in the *Sahara* (a non banking finance company) monthly deposit schemes. Money for this savings is taken out from the surplus of the regular expense lock-box. The scheme gives return (mostly the savings only with nominal interest) every 5 years. 2 years ago she got INR15,000(USD278) as return from *Sahara*. She had no prior plan for this money. When she received it, she was confused between whether to reinvest the money in another scheme of *Sahara*, put the money in her husband's business, finish their unfinished toilet or buy a TV. Finally, yielding to her daughter's pressure, she purchased a TV and also bought some jewellery with it. She hopes to use these jewelleries in her daughters' marriage. She also wants to buy a house for their old age. She has another *Sahara* scheme maturing next year and she has no plan for what she will do with the money. She feels however that construction of a toilet is her priority.

Journey of *Jahanara*'s Money



Story 2

Anisura of Kolatia, Bangladesh is a housewife and her husband is a carpenter. She has 2 sons and a daughter. One of the sons is studying in the local *Madrassa*. The other two children are studying in the government primary school. Her husband *Monir* manages all the income and expenditures of the household. His income is not regular either in frequency or amount. He gets approximately BDT3,000-4,000(USD38-51) per week, and usually only in lumps once or twice in a week. *Monir* always separates his income to take care of their regular expenses. Even in case of emergencies, he does not want to touch the money separated for the regular expenses. Their regular household expenditures include children's school fee (BDT1,000 [USD13]), house rent (BDT1,500 [USD19]), shop rent (BDT2,000 [USD26]), weekly grocery shopping (BDT2,000 [USD26]) and other expenses during festive seasons. They also have to send monthly allowance of BDT2,000(USD26) to *Monir*'s mother in their village in Mymensingh. Last year, Anisura met with a road accident and had to undergo a major surgery which cost them BDT100,000 (USD1,282). *Monir* borrowed BDT25,000(USD320) from his friends and for the rest, he took a loan from the local Islami Bank.

Monir and *Anisura* also save around BDT2,000(USD26) to BDT5,000 (USD64) per month in the Islami Bank. They plan to use their savings to enhance the business so that they can earn more and provide a better future for their children. *Monir* also wants to purchase a house in Dhaka. *Anisura* wants to marry their daughter in a good family some 10-15 years from now.

Jahanara and *Anisura* live more than 2,000 kilometres away, in two different countries, in two completely different economies.

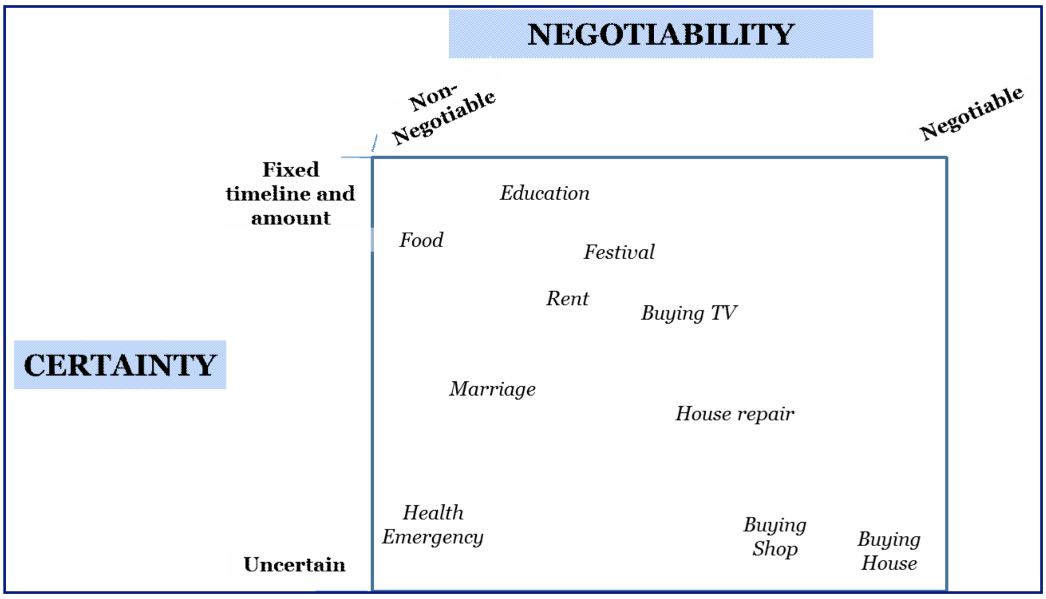
Anisura and *Monir*'s Financial Goals		
Type of Goals	**Amount Needed (Approx.) and frequency**	**How are these different**
Regular Expenses	**Total**: BDT 8,000- BDT 10,000 (USD103-128) per month - School fees for children : BDT1,000 (USD13) - Grocery and Food: BDT 2,000 (USD26) - Remittance to mother : 2,000 (USD26) - Rent: 3,500 (USD45) - Festivals : BDT5,000 (USD64) once a year	Are of known frequency and amount and are unavoidable.
Emergency	Unknown. Can go upto BDT200,000 (USD2,564) any time	Are of unknown frequency and amount and unavoidable.
Aspirations	Start a business: BDT100,000 (USD1,282) in 2-3 years' time Purchase a house: BDT:500,000 (USD6,410) in 5-10 years Daughter's wedding: BDT200,000 (USD2,564) in 10-15 years	Unknown amount and no clear timeline

Their occupation, education and income level are also different. Still, their money management practices are strikingly similar. Both the families are extremely careful about their regular expenses and both the families have aspirations that are long term and uncertain. Irrespective of the income sources they have, the expenses are similarly categorised in both the cases. The school fees for both *Anisura*'s and *Jahanara*'s children, their grocery expenses and medical emergencies are unavoidable; whereas *Jahanara*'spurchase of a TV was spontaneous decision – a the result of temptation. Both of these families also have aspirations for future expenses like starting a business or marrying their daughter. Contrary to common belief, these goals are not defined by the timeline of occurrence. Rather, we can see that the goals are defined and categorised based on:

- *How defined is the timeline for them in the person's life? Or how pressing are they? and*
- *How negotiable they are amongst each-other? Or can they be sacrificed?*

In a sense, goals are categorised based on "how focused or extraordinary they are".

Based on these categories, we can visualise / map the financial goals in the low income people's lives as follows.



We have to be careful while looking at the matrix shown above. It is in no way meant to imply that paying rent is always a priority over, let us say, house repair. For each person, the matrix will look different. The matrix only highlights that each person has one such matrix, defined by "negotiability" and "certainty" which together create the "extraordinariness" of the event.

Extending the same logic, we can further define these goals into broadly three types:

Routine Goals:

These are immediate and recognised goals where people have a clear sense of when the need for money will arrive and what will be the expected financial outgo for it. These "goals" are commonly termed as "need". Generally, people impose a routine of transactions (savings or credit) to manage such goals. *Jahanara*'s separate lock-boxes for different purposes highlights this practice. In small shops, one can often notice how the shop owner regularly takes money out of the main cash box and keep it separated, (for example in right pocket for stock replenishment, left pocket for rent, under the table for the loan repayment etc.)

Goals those are immediate in proximity, regular in frequency and recurring in nature

We discuss the strategies adopted to manage these goals below.

Goals that exists as a portfolio and that gets fulfilled depending on proximity or temptation

Fuzzy Goals:

We have seen that *Jahanarawas* not sure about what to do with money from her *Sahara* savings. She apparently had a portfolio of goals to cater to, in addition to her routine goals. *Akhtar* of Dhaka saved in *Kohinoor*, a local savings scheme for last two years, with an idea that he would repair their house once the account matured. But when he actually received the amount, he spent half of it in buying clothes for children in Eid and bought a bicycle with the rest. Like *Jahanara* and *Akhtar*, most people just have an idea of the portfolio of the goals in this category, as compared to a clear idea or conviction as to which one they will cater to once they have an income. We call them fuzzy goals. These goals must (or at least should) be realised in the medium term and within a defined timeline, yet people are not sure of the exact time or expected cost of achieving the goal; or whether the goal will necessarily be achieved at all. People often direct their surplus income/money towards these goals.

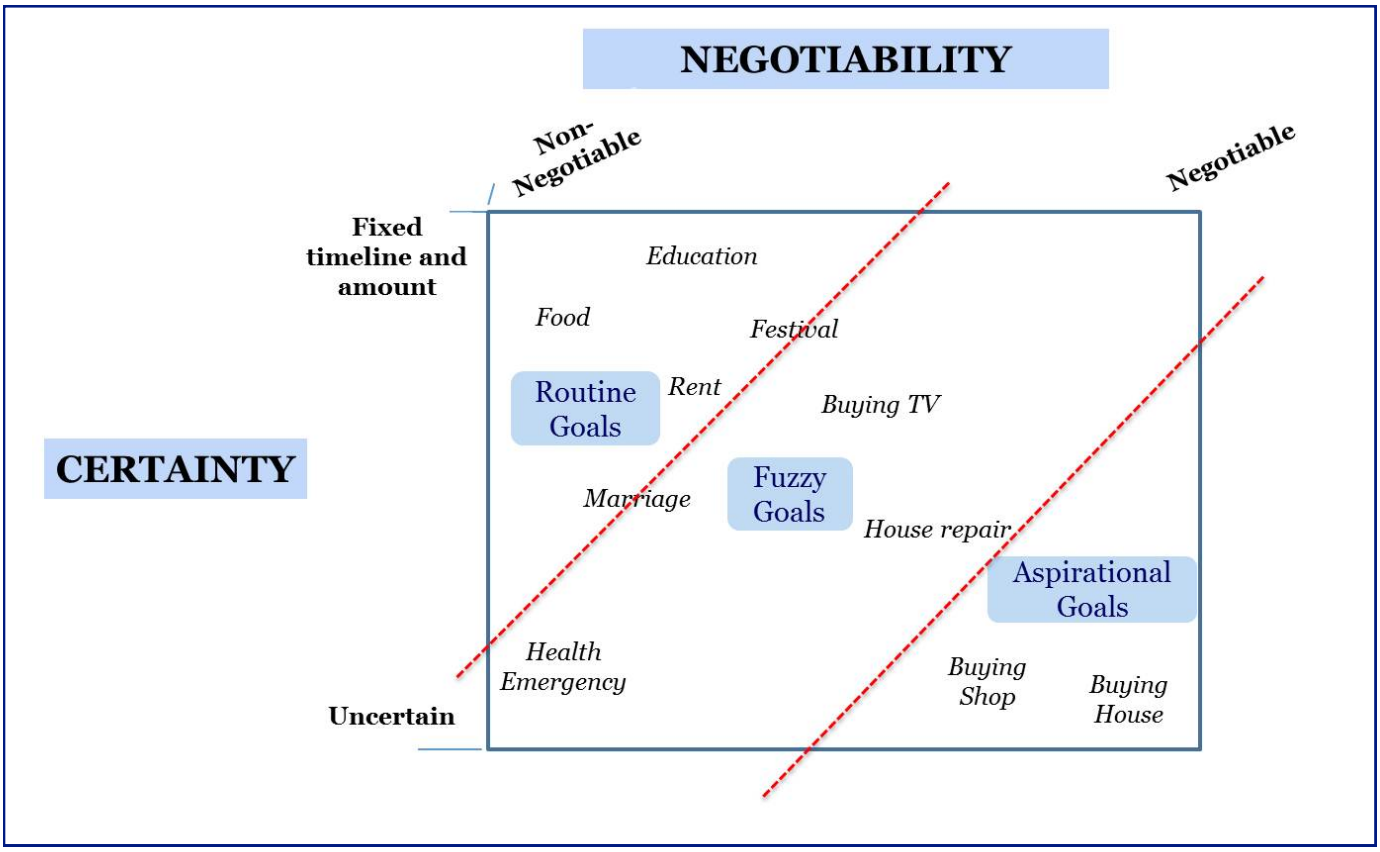
Sometimes, one of the fuzzy goals might travel from being aspirational to fuzzy to become an immediate goal that is fulfilled. For *Ramratan* of Chamba valley in Dehradun, arranging money to marry her daughter became a focus when the wedding was arranged 3 months ago. For *Shahbano* of Lucknow, building the house became a priority as soon as her son went to Muscat for work and committed to send INR20,000 (USD370) every quarter. As the examples show, once people get the income or once the event become proximate, some of the fuzzy goals are fulfilled. We call these events or goals that come into focus (achieve saliency) from being fuzzy as "salient" goals. Often people fulfil a goal (make it salient), not only because of proximity or availability of money, but also for social compliance or peer pressure. *Bipin* of Amethi, for example confesses that once he got a good harvest from cash crop last year, his friends wanted him to indulge in a beer party. He ended up spending nearly INR 2,000(USD 37) in one evening on the party. Spending on festivals is another event, where it is a social responsibility to spend a good sum of money. So, it can be said that a fuzzy goal becomes salient depending upon proximity of the event, sufficiency of fund available and social pressure.

Fuzzy Goal $\xrightarrow{f\,(\text{proximity, availability, social pressure})}$ ***Salient Goal***

Aspirational Goal:

Nice to have financial dreams

We can also see a third category of goals that neither have a clear immediacy nor a defined timeline of occurrence. Purchasing a house for *Monir* or the marriage of *Jahanara*'s daughter are such distant as goals that they are not really planning to achieve them. Rather, these exists as "nice to have" in their mental models. We call these "aspirational goals". Since there is no planning to achieve these goals, they have limited role in the money management decisions of people. In the rest of the document, we will talk more about the routine, fuzzy and salient goals.



3. Where Does It Come From?

Story 3

Rajesh is a part-time rickshaw puller from Lucknow. He is 27 years old. *Rajesh*'s family lives in a village in Sitapur near Lucknow and has 2 hectare of agriculture land. The main crop they cultivate in village is wheat. However, they seldom sell their entire crop in one go. Rather, his family stores the grains and rations them for every month until the next crop. For any and every regular need, they sell 1-2 Kg of grain and fulfil their daily need. For last three years, they have also croppedmentha grass in the non-wheat seasons. This is a cash crop and yields nearly INR100,000–150,000 (USD1,852-2,778) for a cropping of 3-4 months. Last 2 years' mentha income is kept at a bank account, earmarked for Rajesh's sister's marriage.

While the wheat is growing in the fields, *Rajesh* goes to Lucknow to earn some additional income. Last year, he came to Lucknow thrice for 15 days each and earned approximately INR2,000(USD37) each time.

Story 4

Bhola Prasad lives in Mohammadpur Gadi village, some 40 kilometres away from Lucknow, India, with his wife, 2 married and 1 unmarried son. He has 1 *bigha* (approx. 0.4 acre) land, where he grows wheat and rice, but the produce is mostly used for the household consumption. *Bhola* also has a small kitchen garden (which he has developed on some unused government land), where he grows garlic, *methi* (fenugreek) and some other vegetables for daily consumption. He also works as a daily labourer in a local brick-kiln in the low seasons. Two of his sons are also daily labourers and the youngest is an auto driver. They earn approximately INR 150 (USD2.78) per head daily. This income is used to run the house. They have 2 cows, and the milk from these is primarily used for household consumption only.
Every year, when the fish breeding cycle begins in May, *Bhola* pays INR235 (USD4.35) to the government's rent for a fish farming pond. He buys around 20,000 fish pawns for around INR 5,000 (USD93). In 5-6 month, the fish are sold at approximately INR40, 000- 60,000 (USD741-1,111). Most of this income is spent on buying some productive asset, making jewellery or buying more land. With his last fish sale, he bought 2 cows.

Bhola and his wife have 2 bank accounts. The excess from the regular income after expenditure in the house is deposited in *Bhola*'s wife's bank account.

Story 5

Atikuris a fisherman cum fish seller living in Munshiganj of Bangladesh. Round the year, he purchases fish from the whole-seller and sells it in the local fish market. In rainy season, however, *Atikur*, like most of his friends, goes for fishing in the Bay of Bengal for nearly one month. This annual affair yields him an additional income of BDT40, 000-BDT60, 000 (USD513-769). From the regular fish selling, *Atikur* earns approximately BDT200-300 (USD2.56-3.85) per day. After fulfilling all the regular needs, he has been able to save BDT10,000(USD128) in the local bank. He also is member of a local Samitee (a RoSCA run by fellow fish sellers in the village), where every month he deposits BDT200 (USD2.56). From the sale proceeds of the last years' annual fish sale, *Atikur* purchased an endowment life insurance product that will mature after 10 years. He does not know how much the maturity amount exactly will be, but that he will get a lump-sum at one time, is a matter of interest to him.

These cases show some unique similarities in the income pattern of the families mentioned.

• Though the income flow of the people are not regular, they try to regularise them either

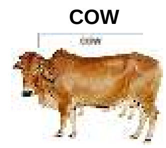
1. by rationing the grains or one time income

2. by investing in assets, from irregular income, that gives regular income (e.g. cow, vegetable garden etc.)

3. by depositing in financial instruments that provide them a cushion in case of irregular income (e.g. RoSCAs)

• Most of the families try to supplement their regular income with an additional source of income, which is often not regular and comes as a lump-sum.

• The families prefer to have at least one inflow of lump-sum payment once a year, with which they generally purchase an asset; these assets, in different cases, can be productive (e.g. cow) or unproductive (e.g., jewellery), financial (e.g., endowment insurance) or non-financial (land). This lump-sum is also often invested with a view to enhance the regular income source.

Income Types of the three cases					
Rajesh		**Bhola**		**Atikur**	
Regular *(daily/weekly/monthly)*	***One time*** *(once a year/uncertain)*	***Regular*** *(daily/weekly/monthly)*	***One time*** *(once a year/uncertain)*	***Regular*** *(daily/weekly/monthly)*	***One time*** *(once a year/uncertain)*
Grain rationed from total produce	Wheat crop		Wheat and Rice	Selling fish in market	
	Cash Crop				Annual fish catch
	Rickshaw	Milk			Insurance maturity
		Vegetable from garden			
		Daily labour in brick-kiln			
		Daily labour of sons			One time lump sum from *Samitee*
		Auto driving of son			
			Annual fish cultivation		

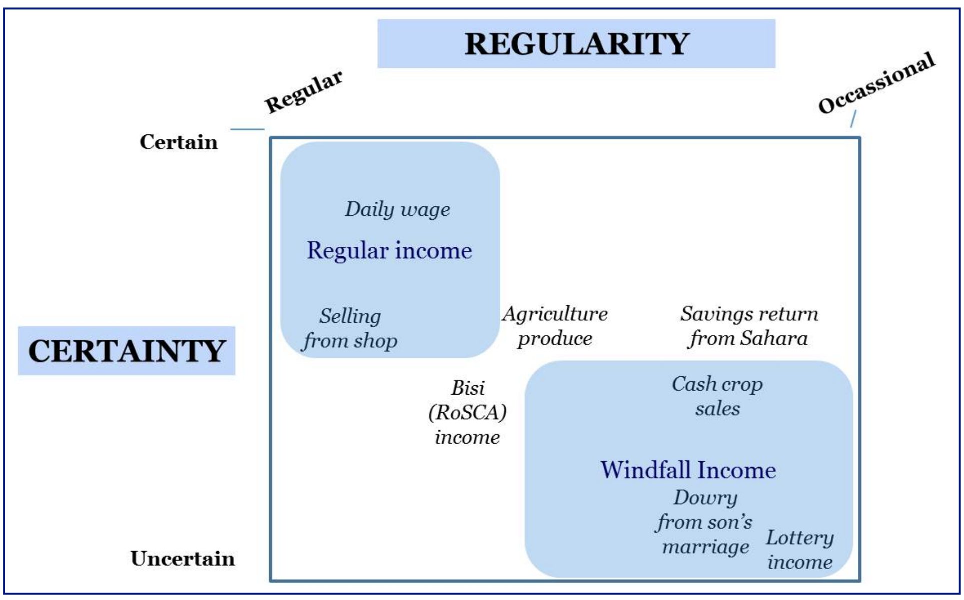
We can sense from these instances that the low income people categorise their income based on the regularity and certainty of the income. The determining questions are

- How regular the income sources are, and
- Whether the person is certain of the amount and occurrence of the income.

Based on these parameters, the income we can categorise the income patterns into income of the mass market clientele into:

Regular Income:

This is the regular expected cash inflow. Households know that this income is going to come on a fixed date and time. It is mainly used to manage the routine goals. These transactions are generally of high frequency and happen almost on a daily or weekly basis. This is similar to the pattern of salaried employees, except that the amount might vary in case of the unorganised sector employees and the frequency might be monthly instead of daily or weekly. In fact, absence of much of regular income is the differentiating factor in case of the mass (informal) market. Managing the irregularity of regular income becomes the priority.



Windfall Income:

As the cases show, almost every low income household have one or more income sources that yield lump-sum cash inflows on a known or expected/planned frequency. As we have seen in case of cash crop cultivation of *Rajesh* or annual fish cultivation of *Bhola*, these can be planned. Unplanned windfalls are also highly sought after as evident from popularity of lottery schemes and gambling in villages (as seen in villages of Uttar Pradesh).

There are two main value of having such windfalls:
• They help to invest in assets or financial instruments that will give even higher lump-sum in future (e.g. buying of insurance policy by *Atikur* or depositing cash-crop proceeds in bank by *Rajesh*'s father)
• They help to purchase assets that enhance regular income (e.g. purchase of cow by Bhola from his annual fish proceeds). In a way, this turns a windfall income into regular income.

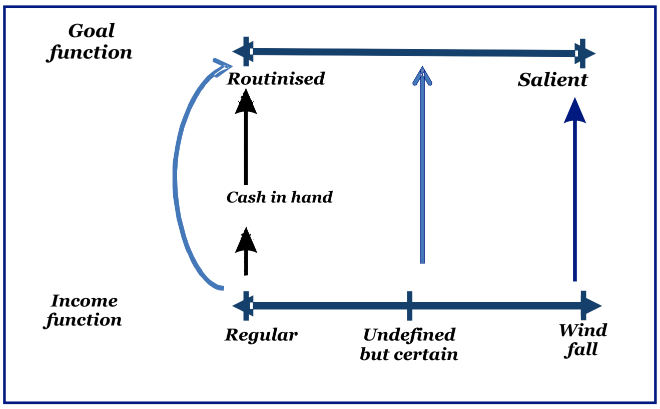
In between these income patterns, lie the intermediate "Undefined-Certain" income category. People are aware that these incomes will come, but are not sure either of their magnitude or exact timeframe. Incomes from agricultural produce mostly fall into this category. Price uncertainty and risk of loss makes agricultural income unpredictable. As *Suresh*, a farmer from Amethi puts it "*Kheti to Jua hay*" [Agriculture is nothing less than gamble].

Apart from the income from agricultural produce, cash-inflow from RoSCA or savings return from the recurring deposit schemes (lumping mechanisms) /savings schemes/lock-box/piggy bank savings also fall under this category.

We can see that people are comfortable keeping a portfolio of regular and windfall incomes. *Atikur* saves in the local RoSCA, so that he gets a sudden lump sum sometime in the next year. *Jahanara* keeps coins in her clay-pot, which gives a surprise lump-sum at the time of festival. Similarly, for *Rajesh*, while all his income sources are undefined and in lump-sum, he tries to ration the wheat crop produce, so that it behaves as a regular source of income.

4. How It Converts?

People have a sense of mapping between their income pattern and the destination of the income in terms of type of goal. Regular income primarily is destined to fulfil the routine goals, while windfall income tends to fulfil a salient or an aspirational goal.
However, in the mass market segment with limited income certainty and often insufficient means, their income does not always suffice the need to fulfil the goals. Hence, they use different kinds of financial instruments and assets that help them reach the goal, where it cannot be attained directly. This means that the financial instrument and assets only serve as a catalytic facilitator on the route from income to goal.



This catalytic role of financial instruments explains why

• Given option, people are ready to take in-kind payment (often for agriculture produce) for an essential/routine goal, instead of cash payment. This kind payment helps them achieve direct routine goal without the intermediate stage of liquid cash. For example, *Sri Bahadur* took leave from his job to build his house, instead of earning cash and recruiting labour.
• Dowry inflow is often directly transferred towards building a house or buying a household item, instead of investing in a financial instrument.

It is therefore safe to inferthat an instrument is approached only when:

• Either, there is no clear immediate sense of the goal; or
• The goal cannot be fulfilled only by current income and requires some level of building up/lumping.

In a moment, we will delve deeper into the types of financial instruments and assets people prefer or access.

Story 6

Gokran of Barabanki is a 30 year old farmer. His is a joint family with his mother, sister, wife and all his four children (3 boys and 1 girl) living together in a semi pucca house. They own a colour TV with satellite cable. They also have a bore well water pump inside their house. Two of his elder sons go to school while the other son and the daughter are still toddlers. He is the sole bread earner of the family and takes care of the farming land. They have two basic sources of income. One is the proceeds from the farming which is seasonal (every four months) and the second is by selling milk from a cow which they bought 3 years ago.

In this family, *Gokran* is the one who manages the finances. He does not share most of the financial information with his wife. While the mother is consulted for decision making, the family's cash locker (known as "*galla*") still remains with *Gokran*. He uses the income from selling milk to manage their daily/monthly needs such as ration, grocery, schools fee, maintenance cost for the cow, and repayment of the loan which they took to purchase the cow etc. Almost 60% of the proceeds from farming are generally ploughed back into preparing for the next farming cycle and the remaining is put into a savings bank account in the "Grameen Bank" (Regional Rural Bank).

The money in this account is meant for unplanned and planned needs such as medical emergencies. *Gokran* plans to renovate his house and build a new house. However, his immediate goal is to get his sister married, so he has parked the goal to build the house for a while and has been building up savings for the wedding. He also plans to purchase another cow, for which he wishes to take another loan. By doing this he can fulfil his goal immediately and can repay the loan from his monthly earnings.

Two years ago, he purchased a second hand motorcycle to commute to the nearby town. For this purpose he started saving INR 2,000(USD 37) rupees each month in a local *Bisi* (local name for RoSCA) for 6 months and complemented the remaining amount from the farm proceedings.

He has also taken a 16 year long life insurance policy (endowment life insurance) for his youngest daughter (who is one year old) so that by the time she is old enough to be married, there is some savings built up for her in the form of cash.

His mother is also a member of an SHG where she depositsINR1,200(USD22) per month. The SHG allows anyone of the group members to draw a loan from that accumulated amount whenever in need. When probed about the reasons for doing this, she replied that this allows her an access to ready cash when in need or emergency.

***Gokran*'s Financial transactions (past, current and expected)**		
Income	**Financial instruments/means**	**Goals**
Regular Farming Selling Milk **Windfall** Savings in RoSCA Maturity amount of insurance	**Financial instruments** Cash box (*Galla)* Savings account in *Grameen* Bank Endowment life insurance Self Help Group savings RoSCA (*Bisi)* Loan for cow **Asset** Cow Motorcycle (it saves him cost)	**Routine expenses/goals** Grocery Ration School fees **Fuzzy/intermediate goals** Buy durables (e.g. TV) Motorcycle Re-innovate house Sister's marriage **Aspiration** Build house

We can see that *Gokran* has a good sense of his immediate and distant (less focused) goals and he directs his money towards fulfilling these. However, there were two differences in his life:

- *Gokran* did not have provision for a windfall income unlike *Atikur* or *Bhola* of our earlier stories; and
- His regular income was not sufficient to fulfil his goals directly. Either the amount was not sufficient (e.g. to purchase a motorcycle) or the goal was distant.

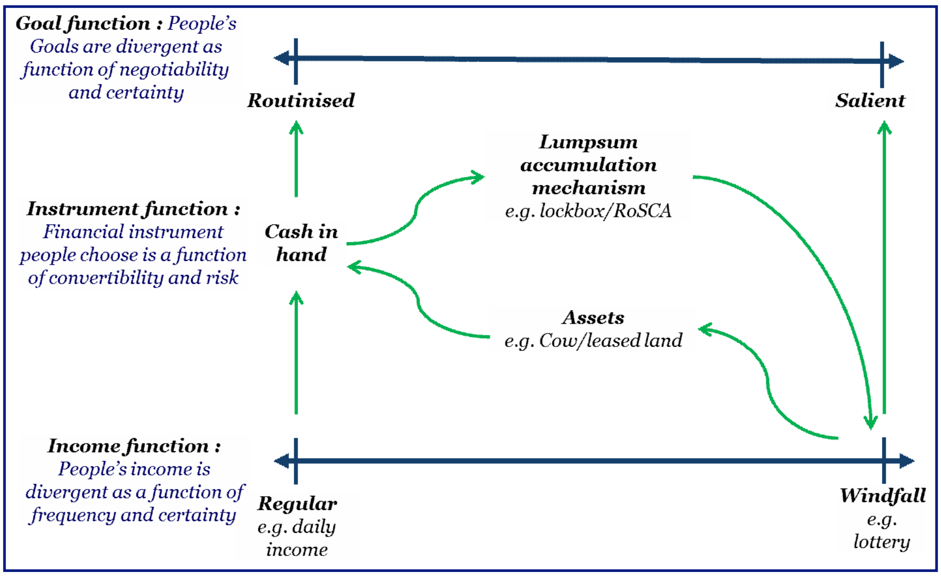
For both the reasons, *Gokran* needed to store the surplus of his regular income, so that he can lump up a good sum in near to distant future. In his language:

"*Paise ko muthhi bandh karke rakhna hota hay*".
[Money has to be kept tight under the fist.]

We can refer to this **"fist" as "buffers" or "instruments"**. People create financial buffers, which help them to manage their finance. Again there can be two kinds of buffer. Through lumping in, they get a windfall income at a future date or when needed (e.g. insurance for daughter's marriage, RoSCA, clay pot, metal box, *Sahara* scheme etc.). Secondly, resources can also be directed to buy an asset that enhances their regular income (e.g. buying cow with a loan and repaying the loan in instalments or buying motorcycle from RoSCA savings that saves the cost of commuting into town). We will call the first set of buffers **"lumping mechanisms"**, which leaves us with the second category of instruments called **"assets".**

Lumping mechanisms

Financial instruments, where people can lump-up their savings in a disciplined (e.g. RoSCA or recurring deposit) or flexible (e.g. savings account, lock-box, piggy bank) way can be classified as a lumping mechanisms. A loan can also be classified as a lumping mechanism (savings–down). These instruments are comparatively easily convertible into liquid form. The cost attached/exit barriers are enough to restrict people from raiding them and using them for some immediate need, or a compelling but non-productive desire. The primary purpose of a lumping mechanism is to create a windfall income at a future date. The practices of lumping mechanism are varied and ingenious. In Bangladesh, there is a custom called "*Mushtichaal*" (fistful of rice). Womenfolk, while taking rice for the days' cooking, first fill the bowl from store and then take out a fistful, which is saved and stored somewhere else. The wife of *Shabbir*, a tea stall owner of Dhaka, for example, sells this rice back to *Shabbir*, when the store of "*Mushtichaal*" accumulates to 3-4 kilograms.



Dilawar, a rickshaw puller from Lucknow lives in a slum built illegally on the land of the Railways Corporation. Though his surplus income is almost nil, he managed get a loan to buy a goat 4 months before the Eid. By the time of Eid, the goat appreciates almost 1.5-2 times in value. Selling the goat enables him to take care of his festival expenses, a priority for *Dilawar* to keep his children happy. He has used the loan as a lumping-in mechanism to create the windfall during Eid.

Assets:

Not all instrument of storing value are financial in nature. The cow of *Gokarn* (story 6), the jewellery that *Jahanara* purchased (story 1) or the *Bhola*'s land(story 4) have are all value storing mechanisms, that either enhance regular income or reduce cost of daily expenses. We call these value storing mechanisms "Assets". Assets generally, have high exit loads and are not easily convertible/raid-able.

In the sections below, we will discuss more about how assets and other instruments interact in people's financial lives.

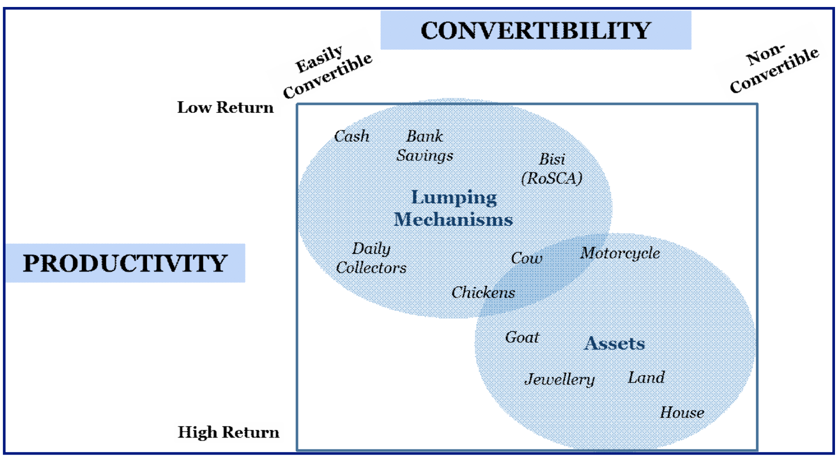
Apart from the basic difference of supplementing income versus creating windfalls, the buffers are also characterised by

- How easily the instrument can be raided for money or the cost attached to entry and exit, and
- How productive the instrument is

Now let us try to demystify the complexity of assets.

a. What are assets

All assets are not equal. At a perception level people categorise their assets according to their productivity and dependence of the family on them. We can broadly classify 4 distinct categories of assets.



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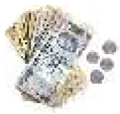
Productivity of the Asset

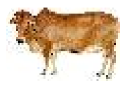


Regularised Liquid Asset

• Assets which are regularised through self-imposed discipline in order to ensure regular source of income
• E.g. :Annual produce of main agricultural crop is rationed into monthly "packets", to ensure monthly regular income. In a sense this is an endeavour to convert a slightly uncertain (further towards "windfall") income into a regular one.

Subsistence Asset

• Assets which are productive in nature and whose produce/ utility arecore to the livelihood and subsistence of the family.
• E.g. : A Rickshaw or a land , which are seen as productive assets. A core household item, like a bi-cycle or utensils can also be seen as a subsistence asset, since the cost of replacing it will be high and will be essential to the survival of the family.



Income Supplementing Assets

• Assets which are productive in nature, but are not fundamental to the survival/livelihood or subsistence of the household or family.
• E.g.: A cow in a family is considered a productive asset, since it produces milk. However, the family is not essentially dependent on the milk for their subsistence. Hence, it will be categorised as an income supplementary asset. Their primary function is to store value.

Fixed Asset

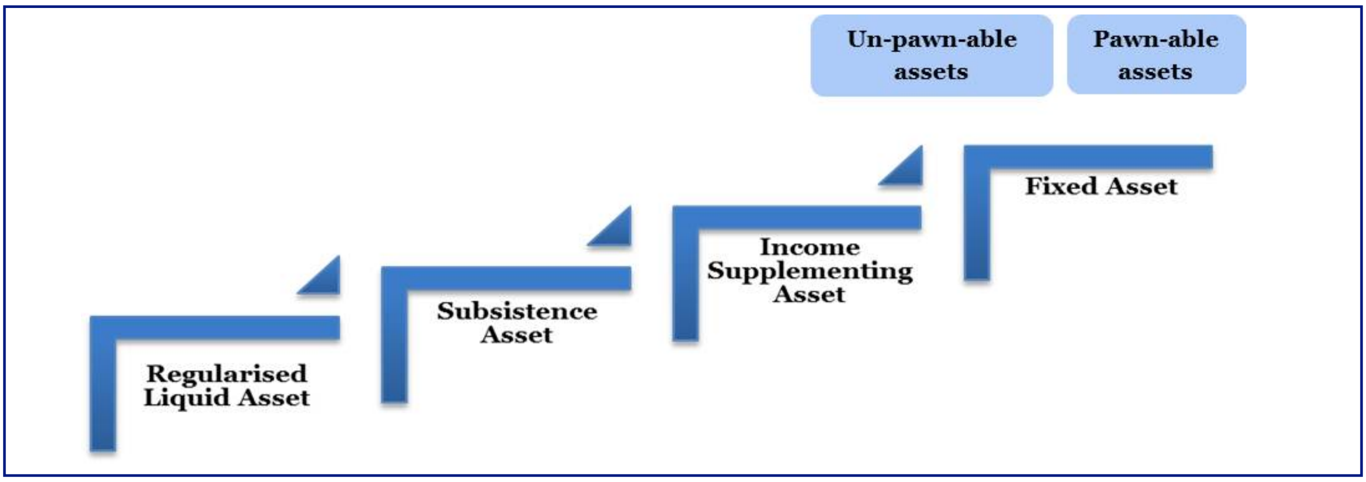
• Assets which primarily exist to store value or are seen as a fixed investment. They are least convertible. Their primary role is in storing the value or appreciation of value.
• E.g.: Jewellery, Land, House, brass utensils etc.
• These are and can be converted into Income Supplementing Assets by pawning.

This classification of assets does not tell us the story of why and how the classification is important. In absence of understanding their impact in money management practices, the classification itself is of a little value. The value of these assets is primarily in the way people build them or raid them in case of emergency.

Building assets

While building assets, people tend to follow the productivity function. People allocate income from windfalls or cash-inflows from lumping mechanisms (which ultimately is a form of creating a windfall) to create a surplus in the regularised liquid asset category. Since people in the low income category often struggle to satisfy their routine expenses from regular income, any additional/surplus income is kept aside (in liquid form) first to take care of crisis periods. The next level of allocation happens to create subsistence assets. For example, in case of a cash-crop income, which is higher than their regular agricultural income, people will first keep some cash in their regular expense kitty (known as "*galla*" in Hindi-speaking areas) and then look towards replenishing some subsistence asset, like buying a rickshaw or cycle or some agriculture machinery. Next in order comes assets like buying a cow, and after that will come the option of buying jewellery. The motivation for such behaviour is a function of their intrinsic willingness to convert an aspirational goal into a salient one or a salient goal into a routinised one. By creating a productive asset, they can enhance their regular income, which then can take care of a larger portfolio of routine goals than they could achieve earlier. Hence an earlier salient goal now can become a routinised goal for them. This helps in two ways:

• By creating a routine goal out of a fuzzy/salient one, they remove the need for a lumping mechanism. Since their income is neither regular nor sufficient, saving in a lumping mechanism is difficult for people. Hence, they try to avoid the need for a lumping mechanism, particularly if they can afford to acquire a productive asset. A productive asset helps them in this pursuit. With a productive asset, the enhanced regular income becomes a source to fulfil the goals for which they had to lump-in otherwise. *Rizwan* of Amethi, for example, wanted to buy a motorbike out of his income (salient goal) from mentha / peppermint crop produce. However, instead of directly buying so, he leased-in some mango trees last year, which gave him enough income next year, to buy the motorbike. Now he looks forward to buy another durable from the income from the mango trees next year. In a sense, his productive asset has replaced the role of creating a lumping mechanism.

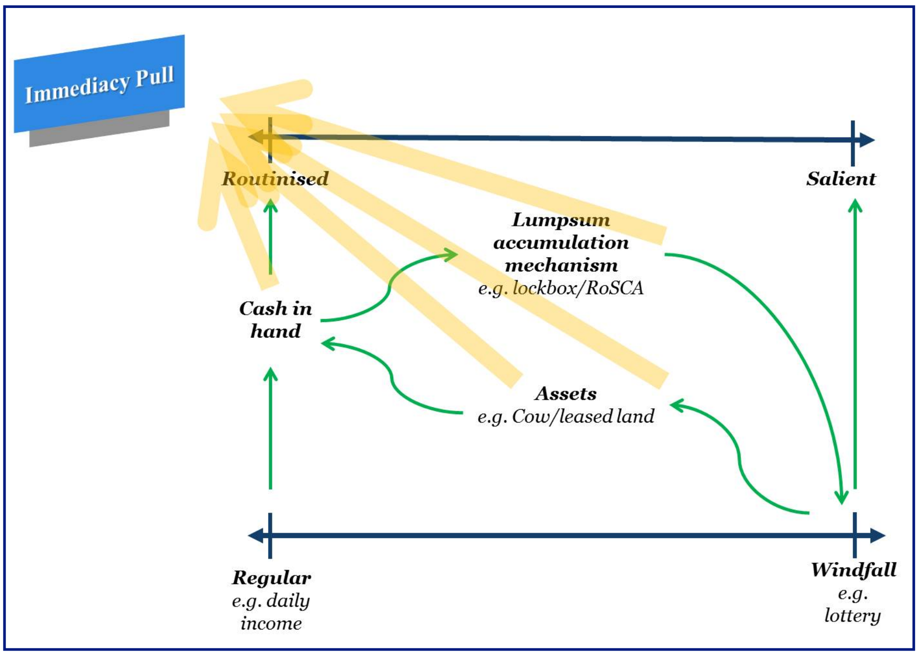


• Secondly, buying a productive asset helps the person reduce the cycle time to fulfil her/his salient goals. In the earlier example, by investing in his mango tree (by foregoing the immediate temptation of buying a fixed asset), he has made it possible to achieve more of his salient goals in near future.

Un-balancing pull and liquefying assets

Story 7

Suresh, a tailor from Lucknow, has been saving for last one year to buy a motorcycle. Every week, he used to save INR200-500 (USD3.70-9.26) in a bank account opened through a business correspondent (BC) of State Bank of India. Since the agent outlet was near his tailoring shop, he could separate this amount before mixing up with his routine expenses. Before September 2012, balance in the account was approximately INR30,000 (USD556). He was choosing between buying a motorcycle and finishing the roof of his house, when his wife fell sick. She needed an operation to remove a tumour and her treatment cost them nearly INR60,000 (USD1,111). Apart from liquidating the savings, *Suresh* also had to pawn his wives' jewellery and take a loan of INR10,000(USD185) from his friend to pay the hospital bill. Paying the friend is now his priority, and he feels less confident about being able to get the jewellery back.



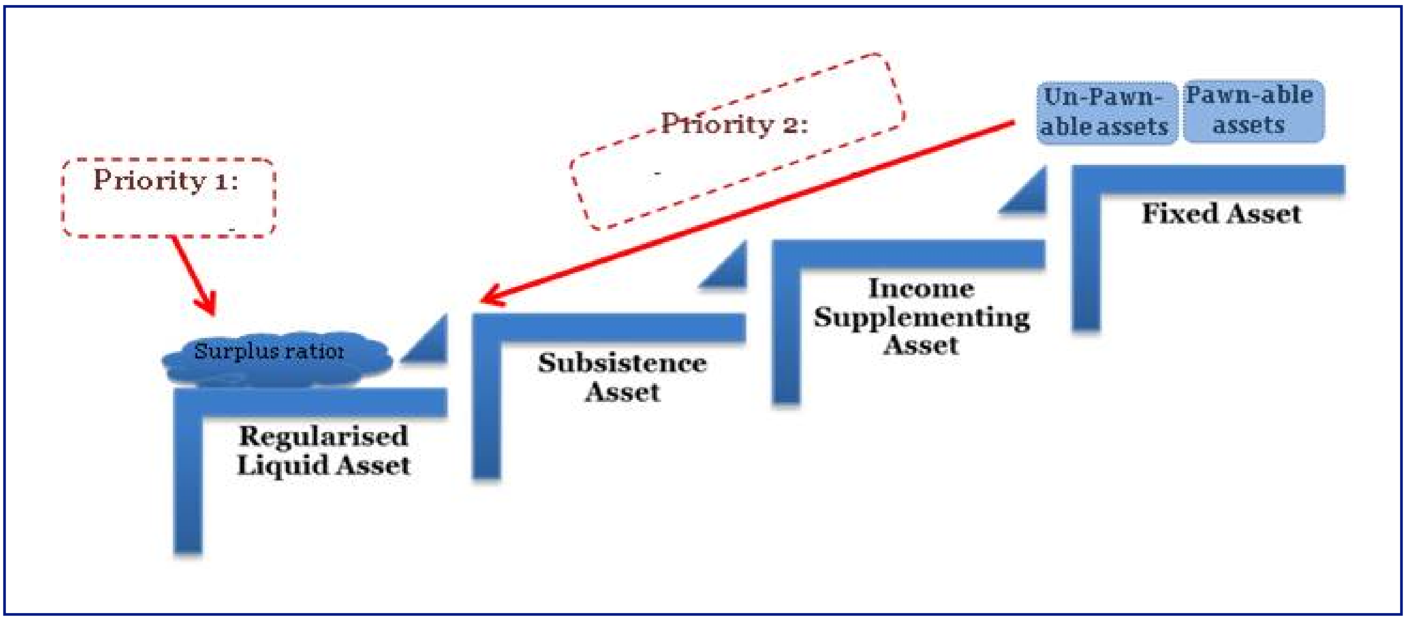
Such phenomena are common across the low income segment. In their lives, many immediate needs arise from a wide variety of sources including: medical exigency, crop failure, and natural calamity. In terms of the model, these emergencies can be seen as an un-balancing force that disrupts the entire system. In case of emergency, all the store of value assets, windfall income and regular expenses are immediately sacrificed to take care of the immediate exigency.

We can compare these emergencies as a gravitational force that pulls all elements of the framework towards it.

So, how do people take care of the emergencies? Invariably, assets are liquefied to re-create the balance. And people raid their assets following the same productivity function that they used while building them. Assets are liquefied based on their productivity and the dependency of the family on the asset for livelihood. Hence, generally, fixed assets will be raided first, followed by income supplementing and subsistence assets. However, there are three corollaries to this:

i) To the extent possible, the first raid is often on the most liquid of the assets to absorb minor shocks. Fixed assets are raided only if the crisis cannot be managed by liquid instruments or by the regularised liquid asset. If a family is in crisis, they will first try to manage from the "rationed" regularised grains for the year to the extent it does not deplete the minimum monthly ration. The next raid will be on a fixed asset, e.g. jewellery or a cow.

ii) Raiding is not synonymous to liquefying the asset. When situation comes to raiding a fixed asset, people try to convert them into some form of productive asset by pawning, rather than selling.

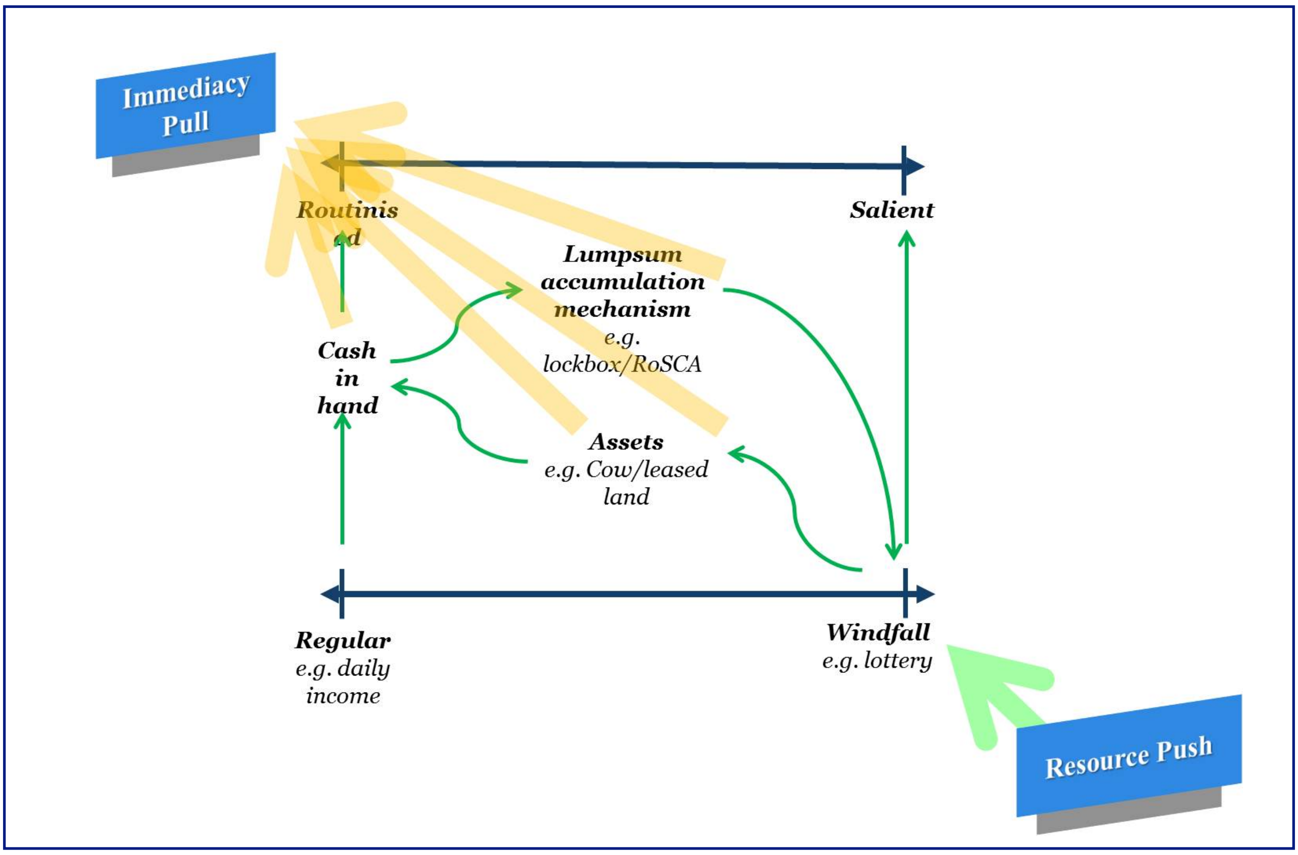


iii) In case there is more than one fixed asset, the tendency is to raid the one that can be pawned, rather than the one that cannot. So, if a family has both land and jewellery (assuming the value of both is same), pawning of the jewellery will precede selling the land.

It is important to understand here that the perception of fixed asset and income supplementing asset might differ depending on families. *Rizwan* of Amethi, Uttar Pradesh considers jewellery to be a fixed asset and does not consider it to be productive. For him, the only utility of jewellery is in marriage of his sister and for pawning in case of emergency. However, for *Ram Singh* of Chamba, Dehradun, jewellery is more of an income-supplementing asset as it appreciates in value. In case of emergency, while *Rizwan* looks immediately to pawn his jewellery, *Ram Singh* prefers to sell a cow, rather than touching the jewellery. Moreover, he considers cow to be easily replaceable than jewellery.

Why do they require a windfall?

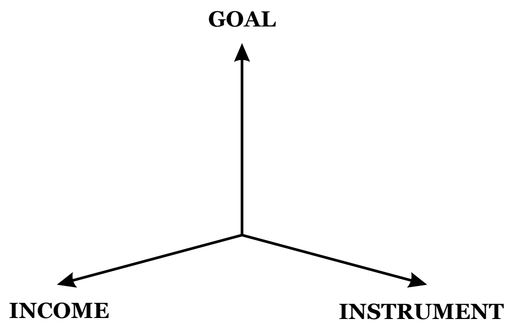
Now that we have discussed the importance of an un-balancing force in the money management system, let us revisit a concept we discussed earlier. We have mentioned that people in the mass market/irregular income segment have some form of "windfall" income; and when they do not, they plan to make one by lumping–in using different financial/non-financial instruments. The obvious question is why do they require a windfall at all? The answer lies in the emergency pull. People are aware of the un-balancing force or "immediacy pull" in their lives. Moreover, they are aware of the insufficiency of their regular income, which restricts them from attaining salient and aspirational goals. Therefore, they always try to create some form of windfall income, which can be directed towards managing shocks or achieving further goals.



While saving in a RoSCA does not yield any real benefit (sometimes even bearing negative interest when the organiser takes a fee), RoSCAs are popular because the cash inflow from them comes as a windfall income. Sending young sons/daughters for migratory labour is very popular in the low income segment particularly for this purpose. Income from remittance is perceived more as a windfall income for the family rather than a supplement to regular income. *Shafiq* of Munshiganj, Bangladesh, for example, specifically instructed his son in Dubai to send money only in every 3 months, and not every month. In his words,**"*Teen mashe pathaile ek mushti taka hoy, takata dhora jay. Prottek mashe pathaile baje khorochei taka sesh hoya jaibo*".**[If sent every month, the money will be consumed in wasteful expenses. If sent in three months, the money comes in a lump, which we can hold.]

These planned windfall incomes are a balancing force that helps keep the structure described above. We can call them "Resource Push".

5. Pooling in the Trinity



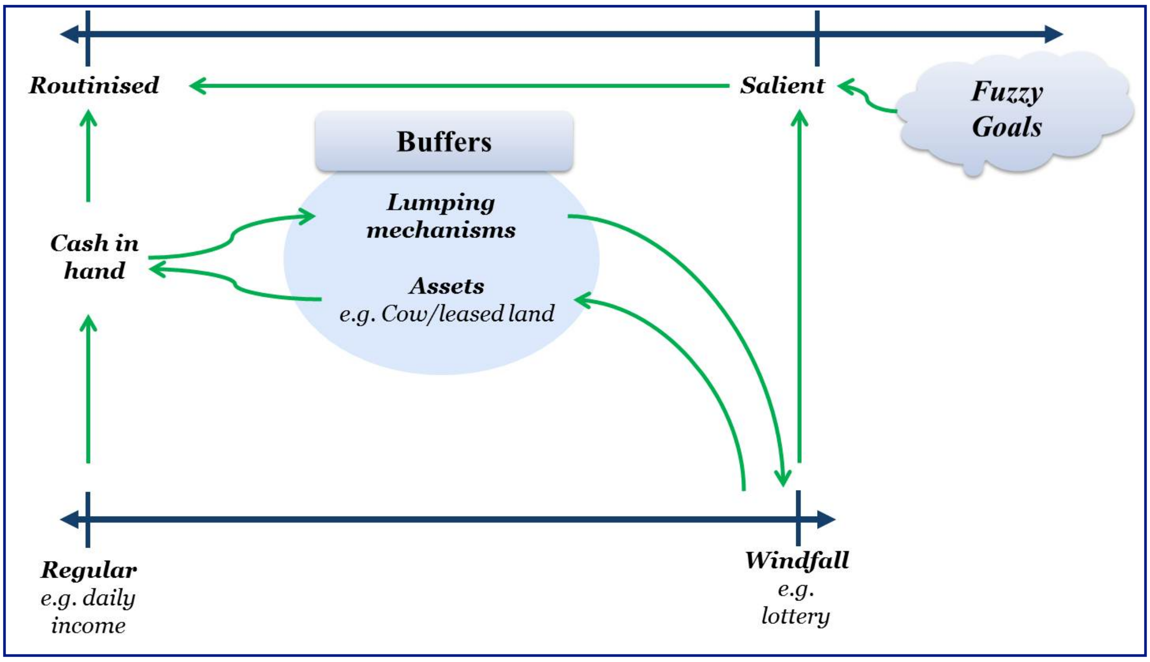
Now we know that there are broadly three layers in money management, viz., income, goal and instruments or buffers. In the earlier sections, we have also discussed that:

• Income can be categorised into regular and windfall income, defined by regularity and certainty of their frequency and amount.
• Financial goals are of mainly of three kinds, routine goals, salient goals and fuzzy goals, defined by their respective negotiability and certainty of time and amount.
• Income patterns and goal patterns have a general sense of destination, regular income for routine goals and windfall income for salient to fuzzy goals. However due to inadequacy of income, people require a third layer called buffers.
• Buffers can be of two broad types, lumping mechanisms that creates windfall and assets that primarily supplement the regular income of the household.

These three functions can be seen as three coordinates of money management equation.

The next dilemma then is how these are three are related or simply put how people interact amongst these.

Let us present a small framework that might help us understand better.

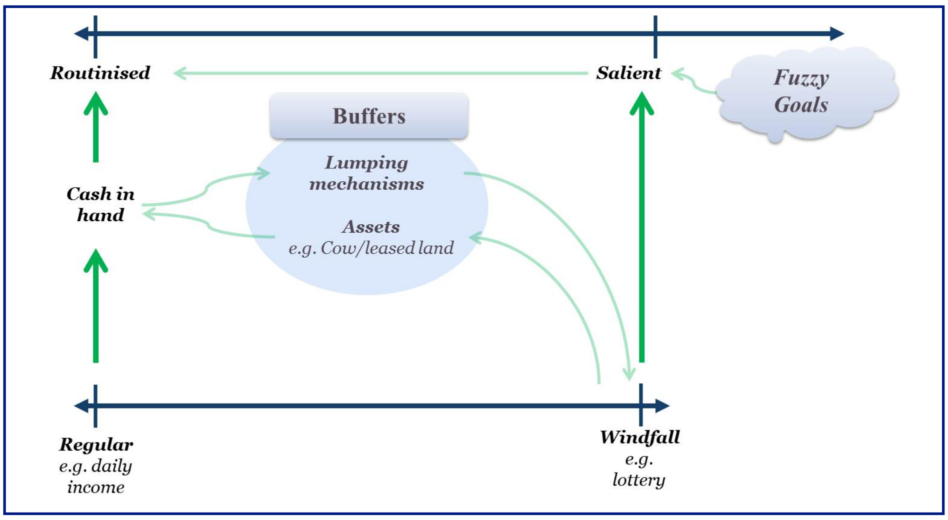


The diagram above explains

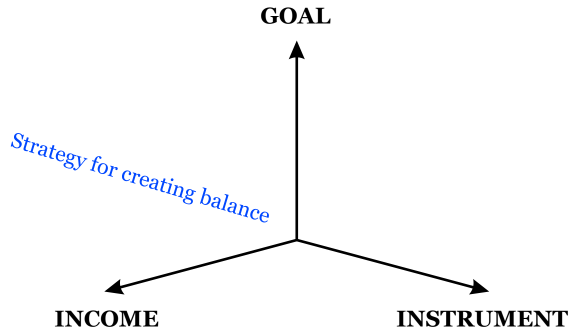
• How different goals are achieved
• How buffers are managed and
• How income moves

We can see different routes or rules that are prevalent in the framework. Let us discuss each route or rules separately.

Route 1



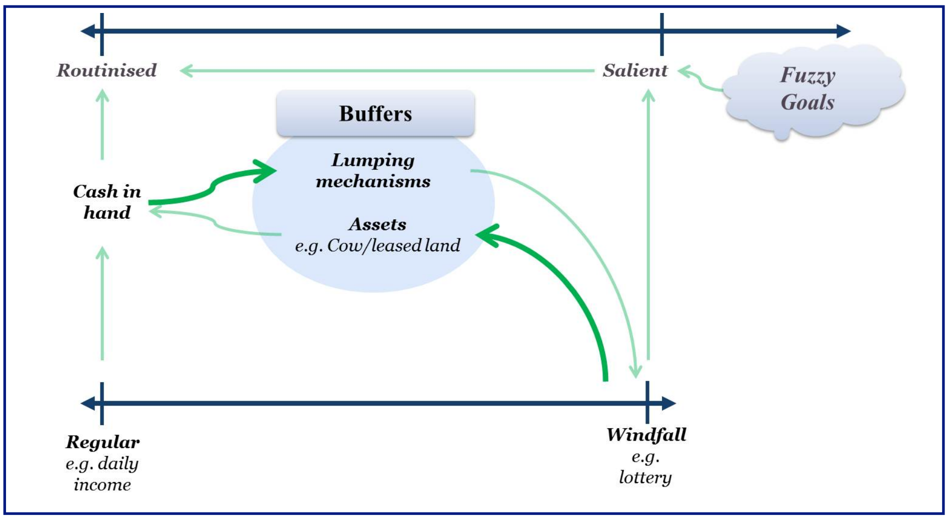
The regular income of people typically comes in the form of cash, a highly convertible instrument. This is used to meet routine goals (managing the daily household expenses).Little planning is required here as this is a recurrent process. People usually have a rough mental model to account for these transactions and check for pilferage. Generally, they do not write them anywhere for the purpose of accounting. A wallet based mobile banking product today is, to some extent, aiming to do this.



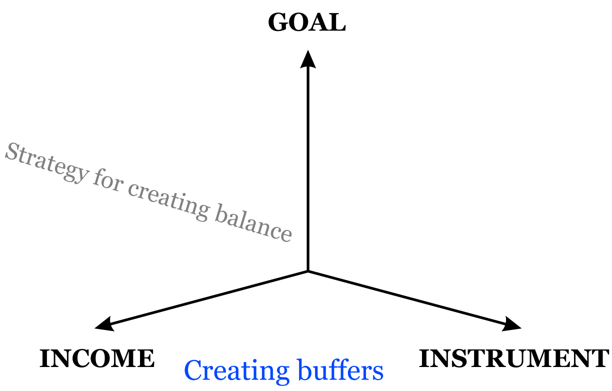
Similarly, there is a sense of balance between the windfall income and the salient goal. Irrespective of whether a windfall is from a lumping mechanism or sudden cash flow, more often than not, they tend to fulfil a salient goal. We can call this route as a strategy to **"create balance".**

Route 2

Any surplus after meeting routine goals goes to an instrument that is somewhat difficult to raid. It can be a piggy bank, a savings account or a RoSCA or an asset. This is an intermediary stage where choice of instrument depends on ease of accessibility, transaction cost, delay in accessing and risk of wipes out.

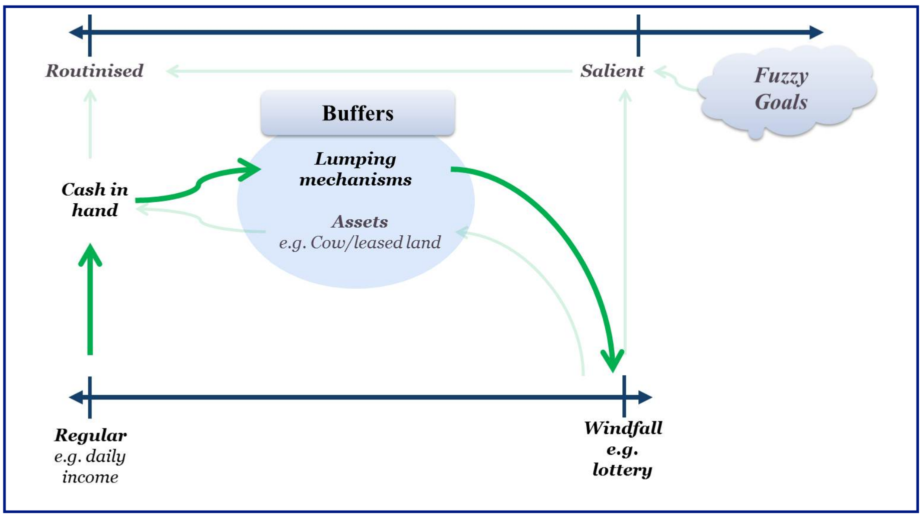


Lumping, as described in previous section, can be a disciplined one, like RoSCAs or semi-formal savings scheme, where the person has to regularly deposit a fixed amount. A loan can also be a lumping mechanism, where the realisation happens before the commitment begins. People also direct their windfall income into assets that store value. Purchasing a cow with a loan or buying jewellery from *Sahara* savings (in case of *Jahanara* of story 1) are such instances.

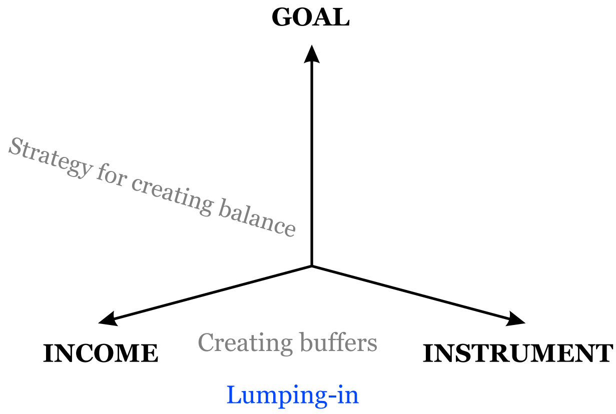


We can see all this as a strategy to "create buffers".

Route 3



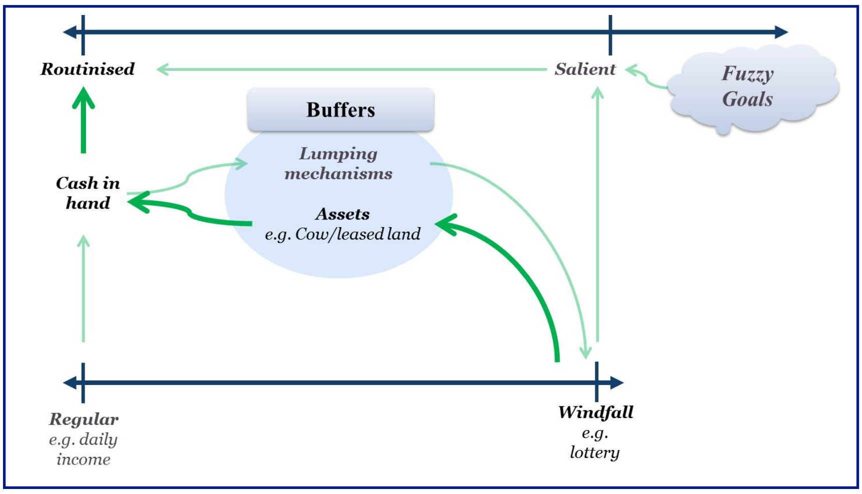
From the regular income, people try to lump-in a part to create a buffer lumping mechanism. The lumping mechanisms range from being completely informal clay pots or piggy banks to highly formal recurring deposits in banks. The lumping is integral to people's financial strategy as compared to being a conduit for surplus regular income. Since people understand the value of windfall income in their life, they always try to create lumps. The primary purpose of a lump-in mechanism is to create windfall income. The lump-in can be achieved through a disciplined mechanism (such as a recurring savings scheme) or a loosely held one (like a clay pot). It can also be either a savings programme or a credit (savings-down). Buying a goat 3 months before the Eid (through credit) is an example of the credit based lumping mechanism. Depending on the expected frequency of the windfall, people also create different lump-in mechanisms with varying maturities - quarter and some in six month or a year. We can call this the strategy **"lumping-in".**

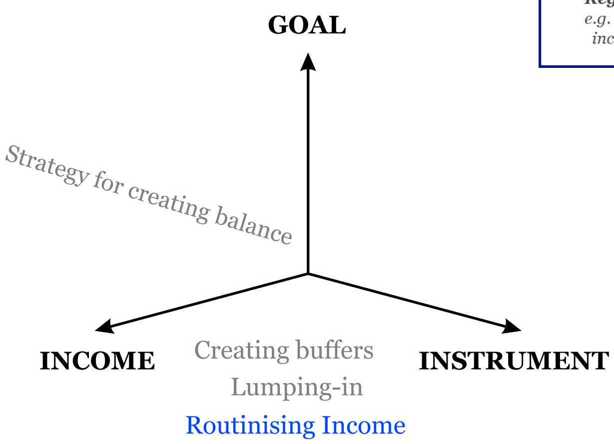


Route 4

Windfall incomes generally tend to be invested in buffers that augment the regular cash-inflow of the household.

This can happen in different ways:

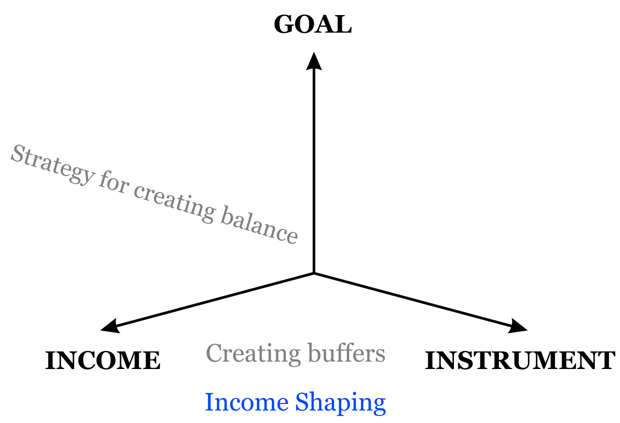




• People invest in productive assets that produce products to be sold on regular basis, e.g. cow or a chicken;

• People ration their windfall in a manner that the buffer works as packets of income on regular basis, e.g. keeping grain produce of the year in store for year-long consumption;

• People buy assets with windfall that reduces cost of managing the household, e.g. a utensils etc.

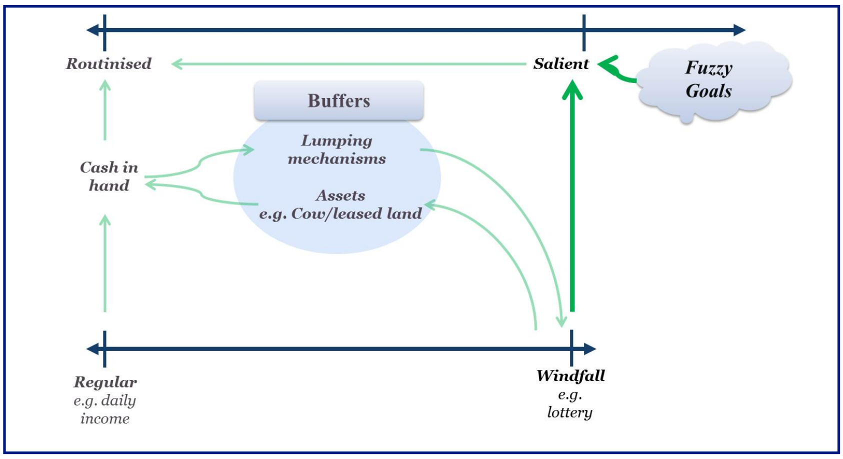


In their pursuit of productive assets, people follow the productivity function we have discussed in **section4.a. (Building assets)**. Since the ultimate aim of this strategy is to create more regular/routine income, we can call this strategy as that of **"routinising income".**

In both routes 3 and 4, people are actually trying to create a balance amongst their regular and windfall income. Those who have minimal windfall, tend to invest in a lumping mechanism to create a windfall. And those who have more windfalls, on the other hand, tend to create ways through which they can augment their regular income. We can combine these two strategies as one broad **"income shaping strategy".**

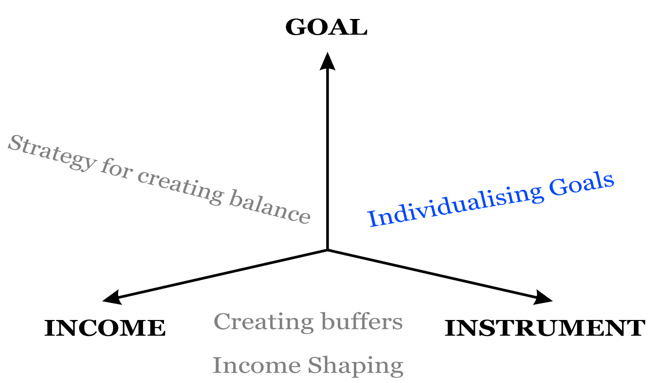
Route 5

We have seen in earlier sections that most of the goals in people's lives are fuzzy in nature. People have a portfolio of aspirations or plans about what to do when they get a lump sum income or windfall income. Once a buffer accumulates (creating a windfall) or a windfall income comes, people take a decision on whether to create a further buffer for productive asset (discussed as "routinising goals") or fulfil one of the fuzzy goals.



This decision is based on two factors:

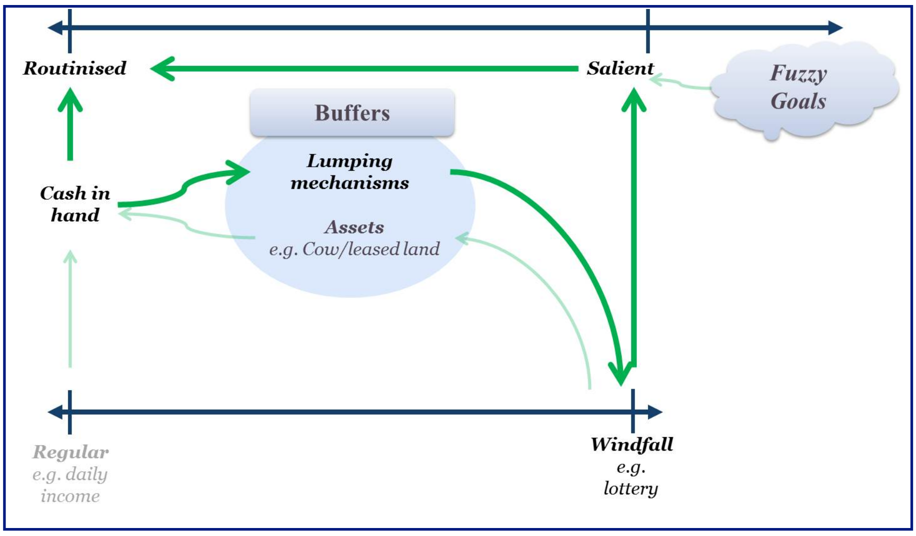
- Proximity of the event of goal (e.g. a marriage in immediate vicinity or a medical emergency); or
- Social and peer pressure (including family pressure, e.g. demand from a children or the wife).



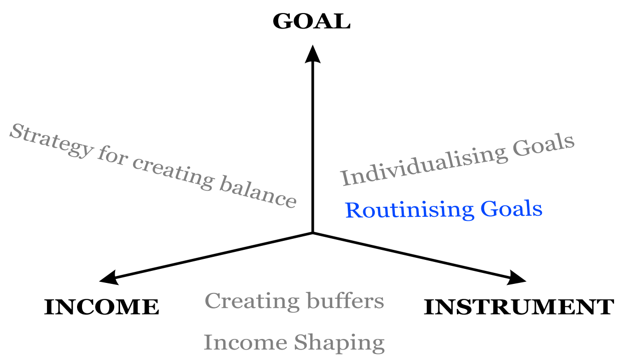
In such cases, one of the fuzzy goals comes into focus or be "individualised" and the windfall income is directed towards fulfilling it. We can call this strategy **"individualising goals"**.

Route 6

This route is different than the rest in a sense that there is no "destination" in this route. Rather it is a circular one.

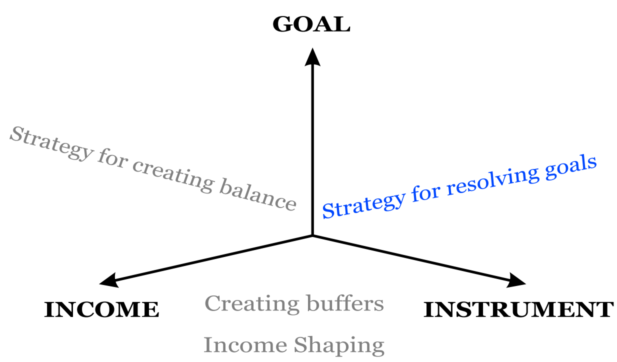


Sometimes, the proximity of the event and social pressure to fulfil a goal is not matched with immediate availability of windfall. For example, an immediate marriage in family or celebrating festivals does not always coincide with the windfall income or rational lumping mechanism.

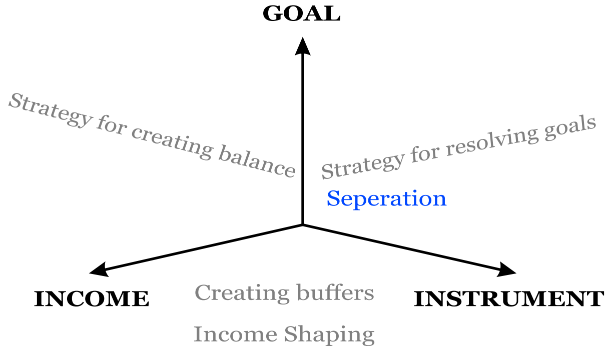


However, these goals are too salient to be ignored or postponed. In such cases, people take loans to achieve such goals. The credit provides them with immediate windfall cash flow to achieve the goal. The credit is then serviced through regular instalments that are similar to a lumping mechanism. In a sense servicing the debt become one of their routine expenses. Or the salient goal has been rationed into small packets of routine goals. We call this strategy **"routinising goals".**

Both the strategy of "individualising goals" and "routinising goals" talk about the same broad strategy, i.e. the strategy to prioritise, resolve and clarify goals from being fuzzy ones. We can combine these two into one broad category of **"strategy for resolving goals".**



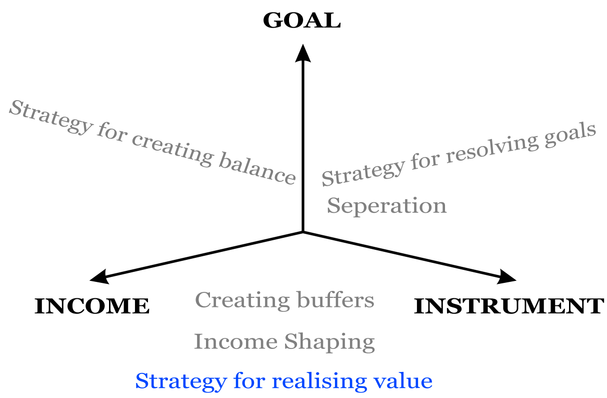
In the discussion above, we could see another set of strategies that cannot be attributed to any one of the "routes" but is integral to many or most of them.



First, in the buffer people create, there is strict distinction between which particular instrument is meant for what purpose. People do not expect a lumping mechanism to create regular flow of income and do not want an asset to only appreciate in value sitting idle. Different lumping or asset categories are also earmarked for roughly defined purposes. For example, people are very clear about the difference between their subsistence asset and the income supplementing asset. We call this set of strategies as **"that of strategy for instrument separation".**

There is another type of separation we witness, when people separate out windfall. People do not keep windfall income with them; rather "separate" them to either achieve a salient goal or creating a buffer. We can call this as a "strategy of windfall separation".

Together both these strategies can be referred to as "strategy of separation".
In earlier sections we have talked about emergency and the "immediacy pull". We have discussed how people liquidate their assets to take care of the shocks they face in their lives. We have seen that there are two main strategies people adopt in deriving value out of their assets:



1. To the extent possible, people try to materialise the stored value from fixed assets by pawning them. In a way, people try to extract value from their otherwise idle fixed asset without losing the ownership by liquidating the asset; and

2. If pawning is not sufficient, people sell off assets which are least harmful in terms of supplementing income or the subsistence of the family. The decision to sell of the asset is situational and is determined by: ease of reconstituting them and their productivity.

Since "immediacy pull" is integral and frequent in the lives of people with low/irregular income, we can introduce these strategies as part of the complete list of financial strategies they have. We can all these strategies as that of "strategy for realising value".

Summary : The Governing Rules
In the sections above, we have tried to decipher different facts and trends of money management by the mass market segment. We have described behavioural aspects of goal, income and asset categories in the life of people. We have discussed the "governing rules" or motivations that provoke such financial behaviour and transactions of the mass-market people. The complexity of the money management process is explained by the variety of those rules.

The governing rules, as we saw, can be categorised into 6 broad segments that ties the three primary aspects, viz., goal, income and instruments or assets.

1. Strategy for creating balance
All the efforts of household money management are primarily directed to strike a balance between regular income and routine expenditure.

2. Creating Buffers
People create buffers or stores of value to meet longer term aspirational goals and manage contingencies.

3. Income Shaping Strategies
To achieve the objectives of household money management people try to shape their income through mainly two strategies:

i. Creating Lumps: Regular/regularised income is allocated to several instruments/assets that necessarily lumps the money and create a windfall income in future. For example, a common lumping instrument is RoSCA where money is regularly put aside, and eventually the lumped money comes as a windfall to meet a larger goal. Investing in all the asset types are exercises in this direction. Investing in a son's education or money lumped to send a children abroad as labourers are also similar to this trend, since the money earned from the child will augment a future windfall income.

ii. Routinising Income: People aspire and plan to augment their regular income by investing in productive assets that create regular income. An investment towards buying chicken is motivated not only by the fact that it will enhance its sales value, but also because eggs as by product will enhance their regular income.

4. Strategy for Realising Value

Situations when the household is out of balance or there is an emergency, they tend to materialise the stored value in their assets by:

i. Value Extraction: People materialise the stored value from fixed assets by pawning them,

ii. Value Realisation: People sell off assets which are least harmful in terms of income supplementing or subsistence of the family. The decision to sell of the asset is situational and is determined by: ease of reconstituting them and their productivity.

5. Strategies for Resolving Goals

Apart from using income shaping mechanism, people also simultaneously keep resolving their goals. The strategies they adopt while resolving goals are:

i. Focussing Goals: Apart from the routine expenses, most of the other goals in people's lives are unclear and fuzzy, which are almost similar to aspirations. The proximity of the event and size of the buffer decides which of these goals will become focal, and fulfilled immediately. So, if a fuzzy goal starts banging the door, (i.e. time to achieve itis limited), all the efforts of household will be directed towards achieving that goal. Also, if the size of the buffer (e.g. cash inflow from a RoSCA) often decides which of the fuzzy goals will come into focus, and be realised. So, if the buffer is sufficient to buy a T.V. and not a cow, people will often spend it on the T.V., rather than try strategies to save up further to buy a cow later.

ii. Routinising Goals: When people's regular income increases, they assess their ability to fulfil a debt commitment. This could allow them to meet some salient goal/s by borrowing. By doing this, they are able to break a bigger goal into smaller pieces, i.e. the repayment instalments. For example rather than buying a bicycle by paying the entire cost upfront, a household can take a loan and then the repayment becomes a goal for them.

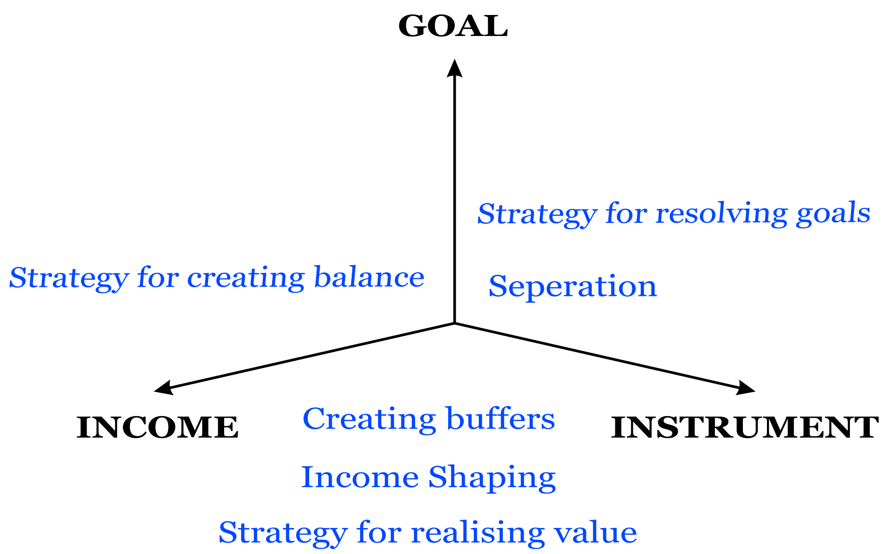
6. Separation

People treat different assets, financial instruments and incomes separately. The trends observed are:

i. Windfall Separation: Any windfall income people have tends to be spent on creating a buffer or asset, which in turn will help them achieve some salient goal.

ii. Instrument Separation: Different lumping instruments/financial instruments are also linked to specific goals in life. Hence, a person might maintain a RoSCA, a life insurance policy and a deposit collector, where the each of these tools/instruments has different and specific purposes/goals.

Any and every financial transaction and behaviour of the low income people are motivated by one or a combination of these governing rules.

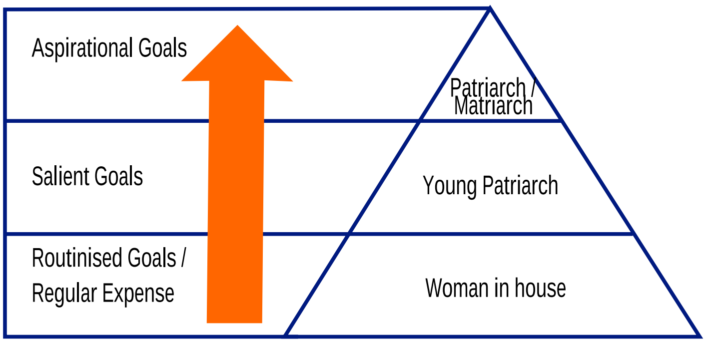


6. Decision Making Beyond Finance

Not all aspects of financial decision making follow strict financial logic. There are aspects beyond the realm of finance that motivate people to take decisions. We discuss two of these aspects here. These can affect the way we approach financial education or marketing.

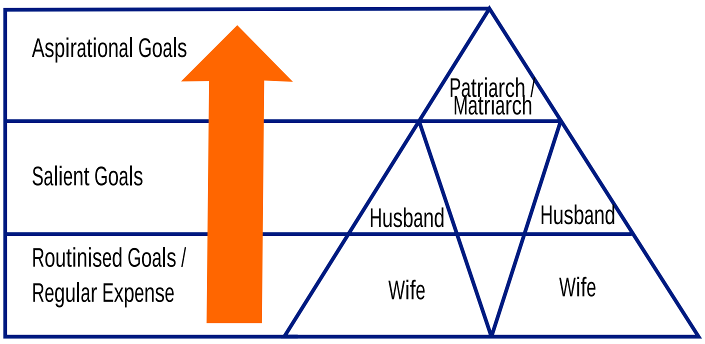
a. Who decides in a family

While allocating resources for goals, the decision making in a family follows a pyramidal structure. The patriarch/matriarch generally decides about the allocation of resource for aspirational goals, while the brothers/young patriarchs decide on more salient goals. The women of the family generally decide mostly on the routine goals/regular expenses.



The young patriarchs can be considered to be a "house committee", which discusses on allocation of resources on salient goals.

Further to the large pyramid, in case of joint families, there are smaller pyramids superimposed into the joint family pyramid. Each of the young patriarchs commands the central/leading position in each of these small pyramids, which decides on the salient and aspirational goals of their nuclear families (wife and children of each brother). For example, in (story 3) Rajesh's family, the father decides whether to buy jewellery for his sister's marriage (fixed asset for an aspirational goal), but buying a jewellery for the wife (salient goal for the nuclear family) is a decision taken by the Rajesh himself (one of the young patriarchs).

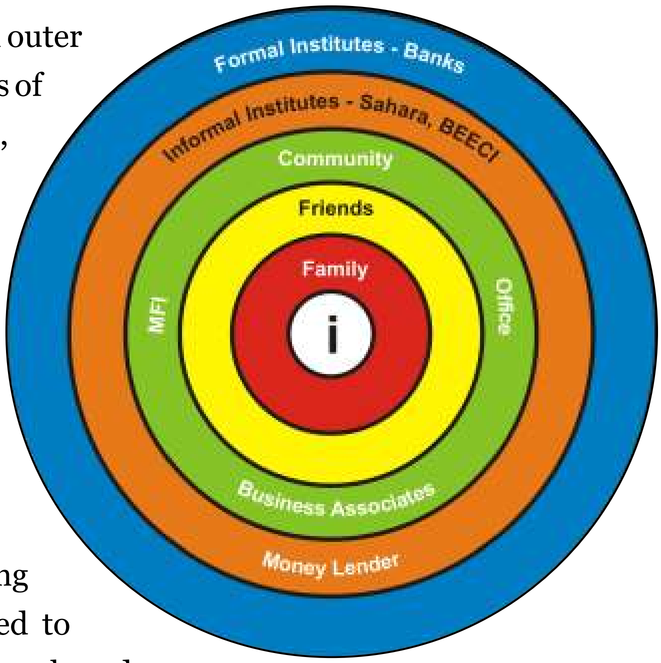


b. Where to take credit from

Credit is an integral part of people's lives. In the earlier sections, we have noted that credit is perceived as an alternative lumping mechanism, where the realisation is up front and commitment is deferred. Based on availability of credit, people fulfil some of their salient goals by taking credit up front and fulfilling the commitment by repaying the loan from regular income. In a sense they "routinise the debt."

It is seen that choice of credit is highly dependent on the source. People's propensity to take credit follows concentric circles, defined by the level of social pressure each of the circles imposes. The mechanism of collateral is typically inversely proportional to the mechanism of social pressure.

Since credit is a mechanism of converting salient goals into routinised ones, people prefer to remain disciplined when they access credit. Such discipline is strictly adhered to in case there is high social pressure (reputation risk and social customs also play role in building social pressure). Hence, they prefer taking credit from friends and relatives at the first instance. The social pressure is highest in such case. Customary exchange of "gifts" in marriages (known as "byabahar" in colloquial Hindi) also qualifies as such high pressure credit. People receive gifts /cash in their kin's marriage from friends and relatives, with the inherent understanding that they have to repay similar amount/worth of gift whenever the giver's kin is getting married. Though there is no strict instalment for such credit mechanism, it is observed that people religiously maintain the account of such "repayment" and such gifts/ repayment of gift is a high priority transaction for them.



As they move further towards the edge of the diagram, in outer circles, the social pressure fades away giving way to forms of collateral based lending. While in case of goldsmiths, pawning of assets is physical, there is a risk of social disrespect in case such collaterals are exercised. While in case of banks, it is more formal and have no social aspects built into it. Psychologically, as social pressure fades away, the mechanism of discipline also depletes, making such instruments much less preferred by the mass market participants.

This also explains why MFI loans (group based lending mechanisms) are preferred by the people as compared to bank loans, even if the bank is accessible. In a group based mechanism, the component of social pressure is still accounted for, making it more preferable an instrument for the people. However, the ability of social pressure to function as an effective discipline building mechanism is limited to a certain size and purpose of loans. If the loan is required for an emergency or for fulfilling routine goals (education, working capital for business, festival spending etc.), people prefer friends, families or community/group- based credit systems. However, when the credit required exceeds a certain amount, people prefer not to take loans from friends and families or even community/group-based systems. For larger loans,which typically respond to aspirational goals (e.g. buying household durable, land or enhancing business premises) people prefer to access collateral-based lending wherever possible.

Annexure

a. Money Metaphors They Live By

In their seminal work "Metaphors We Live By", George Lakoff and Mark Johnson argue that "our conceptual system plays a central role in our everyday realities" and that "most of our conceptual system is metaphoric in nature". Money, as a central character in people's life, is no exception. In the sections above, we have discussed the "conceptual systems" that govern the money management practices of people. However, we are yet to express these "everyday realities" in the form of a metaphor. In this section we will discuss how people relate different objects or functions of everyday life to their money management practices.

Metaphor *…….. is a metaphor for money/money management*	because………..
Key	It gives access to different opportunities
Water	It does not stay still but rather keeps on flowing
Light (Torch)	It is used to find hidden things in darkness
Tree	It has to be grown and protected and then it will provide for you
Ball-game	One has to kick it as far as possible, or else it is wasted
Wheel	It has multiple uses and helps move further
Road	The more you move ahead, the more new things keep coming
Speed	Speed decides the progress and potential
Breathing	It is essential to life and comes in and goes out
Ladder	It helps in climbing up
Medicine	It helps in case of emergency
Change of season	It changes itself and affects our lives
Time	One has limited amounts of it and has to be used with care
Touchstone	Once it touches , the value appreciates
Balloon	It carries your dreams
Air	It flows, changes direction and its nature
Balance	It is all about what you want and what you have
Looking at sky through telescope	It helps in focussing and once you focus on one star, you cannot focus on others

However, low income people relate money and/or money management to some of these objects/concepts more strongly as compared to others.

Key

In India, the key came out as a linguistic reference to money management when people referred to money, the resource as "*khuli grihasthi*" (open house); and absence of resource/money as "*bandh grihasthi*" (closed house). In Bangladesh however, people related to the key (money) more as an enabler of social prestige and new enterprises. Money here is seen more as an instrument to fulfil certain goals in life. Both key and money were also perceived as necessity for business. A pictorial reference is given by a shopkeeper who says, without the key (or money), one cannot open the shop in the morning.

Water

People relate to the flowing property of water to that of money. As in Bangladesh, people say

1 Inspired from the article "Metaphors we live by" authored by George Lakoff and Mark Johnson

• "টাকা হল কচুপাতার পানি, না ধরে রাখতে পারলেই গলে". [Money is like water on a Colocasia leaf, if you cannot hold, it will fall].

Similarly in India, people say,

• *"Paisa aani jaani cheez hai, isliye muthi band karke istemaal karo"*. [Money is a flow-in ,flow-out material, hence one has to hold it].

In both these quotes, money is seen as a resource rather than an instrument. This also alludes to the destructive power of money, where people relate the flooding character of water to that of money.

Light (Torch)

The respondents think of torch as their friend in need, which helps them show the path in the darkness. It is used to search for things lost in dark or look out for obstructions on the pathway. Similarly, they perceive money as a friend who guides them safely through difficult times. It also helps them to see and respond to people around them who might want to harm them. Like key, money is seen as an instrument in this metaphor.

Tree

People of rural and urban areas relate money and trees alike. Some common perceptions of trees and money are:

• A tree serves multiple purposes. It provides oxygen which is essential for the existence of mankind. If given proper care and given attention, it can yield fruits which can be used for domestic consumption as well as for income generation. It can also provide for good quality wood which can be used to craft a boat or any furniture which could further be used to generate more income and get a better living. In this metaphor, the multiple uses of money is the dominant theme.

• This metaphor also contains a reference to the efforts required to raise a tree. If proper care is not taken, it might get infected or eaten by insects or animals, which may hamper its growth. Clearly, people are aware of the importance of productive use of money.

• People also perceive tree as a financial helper in times of distress, which can be traded/sold in combating emergency needs.

Wheel

Some of the ways in which people relate wheel with money are:

• It is an enabler of income: for example potters' wheel, sewing machine, rickshaw puller's wheel, auto driver's wheel, tractor's wheel, hawker's wheel etc. However, this metaphor does not highlight money as an "instrument", but rather money as a "resource", because people say, money can also be "run" to get more income.

"টাকা চালাইতে পারলে মূল্য আছে, নইলে কোনো মূল্য নাই". [Money is valuable, only if you can run it].

• Wheels allow balance in vehicles: the greater the number of wheels, the better is the balance. A bicycle will lead to rickshaw to a car, which indicates greater balance.
• The number of wheels on a person's car also indicates economic status.
• Control of wheel also is required, since if you over-speed, you'll have an accident.

Road

Money management is metaphorically related to "journey on road". People think money has destination and direction."টাকার গন্তব্য থাকা দরকার, নইলে বাজে দিকে খরচ হয়ে যায়". [Money should have a destination, otherwise it is spent in the wrong direction].

Similarly, people perceive money should be channelled in the proper way.
"Paisa galat rastey le jata hay".[Money takes one to wrong route].

In both the instances, money management is compared to managing an "instrument" or enabler. This is further validated by some other quotes, as:

" টাকা দিয়ে মানুষের দূরত্ব কম হয়; টাকা না থাকলে দূরত্ব বাড়ে ". [Money reduces distance between people, if one does not have money, distance increases].

Breathing

Money is associated with element of oxygen and is essential for breathing. According to clients, money too helps in day to day survival. Without money it is difficult to survive and live. Money is the source of subsistence, survival and sustenance. Clients associate money as vital - without which one cannot survive.

Ladder

Clients also see a ladder as an instrument which aids in agriculture/allied activity. It is an instrument which facilitates productive process and income generation. A ladder helps in ascending heights in life, be it reaching the roof top, or fetching some household items placed in an elevated position in the house.

From the list above, we can see that people generally have two kinds of perception around money/money management.

1. Money as a resource: In the references to water, tree and wheel, we could see the money is perceived more as a resource to be managed carefully.
2. Money as an instrument: While referring to key, light (torch), road, breathing and ladder, people consider money as an instrument or enabler for happiness or prosperity.

In the next section, we will discuss how money management is further represented in the way people understand them.

b. In Their Words

We identified 10 basic "governing rules" or money management practices that people adopt. However, we have not discussed which one of these is prioritised in what kind of situation. In this section, we will try to understand the main challenges people feel in managing money. Only this time, we will express it in their words, not ours.

Let us first see what people's perception of money is. The perceptions can be categorised mainly in two broad types:

1. Money as an asset

Some of the ways in which people express the asset quality of money are:

• *"Paisa thos cheese hai"*. [Money is a hard thing]

• "টাকা হল জীবনের মূলধন". [Money is capital for life]

• *"Paise ko muthhi bandh karke rakhna hota hay"*. [Money has to be kept tight under the fist]

• "টাকা হল কচুপাতার পানি, না ধরে রাখতে পারলেই গেলে". [Money is like water on Colocasia leaf, if you cannot hold, it will fall]

• *"Paise khule nehi chhorne chahiye, jitna bandh kar saktey ho bandh karo"*. [Money should not be kept in the open, it has to be held in close]

• *"Paisa aani jaani cheez hai, isliye muthi band karke istemaal karo"*. [Money is a flow-in , flow-out material, hence one has to hold it]

2. Money as a necessary evil

People also see money as a necessary evil. In their words:

• *"Paisa galat rastey le jata hay"*. [Money can lead you astray]

• *"Jitney se kaam chaley, paisa utna hi hona chahiye, jyada hua to kharab hi hay"*. [Money is good while it is useful to make ends meet, if there is more, it will only harm]

• "টাকার গন্তব্য থাকা দরকার, নইলে বাজে দিকে খরচ হয়ে যায়". [Money should have a destination, else it is spent in wrong direction]

• *"Paisa pani ki tarah hay, jaroorat bhi hay, aur badh aa jaye to barbad bhi kar de sab"*. [Money is like water, it is required, but if it floods, it will destroy everything]

3. Money as a requirement for running family

Many people identify money directly with the family, as:

• *"Mere liye paisa matlab bachho ki khusi"* [For me, money means smiles on the children's faces]

• *"Bank me paise thandey par jatey hay, is liye hum rakhte nahi hay"* [In banks, money freezes, that's why we do not keep it (indicating it is needed on a regular basis)]

• *"Paisa hai toh planning hai, bina paisa koi planning nahi ho sakti"*. [If there is money, there is planning, without money no planning can be done]

• *"Paisa matlab ghar ke jaroorat ka sadhan"* [Money is the means to run the family]

4. Money is for business/productivity

• *"Hum paisa rakhte nahi hai, usse fir se kaam me laga dete hai"*. [We do not keep money, we use it for work, somehow]

• "টাকা চালাইতে পারলে মূল্য আছে, নইলে কোনো মূল্য নাই". [Money is valuable, only if you can run it]

• *"Paisa haathon ka mel hai, jitna ragdoge utna milega"*. [Money is dirt in the palm, the more you rub it, more you get of it]

• *"Paise payse ko banatha hai"*. [Money creates money]

5. Money gives social prestige

• "টাকা দিয়ে মানুষের দূরত্ব কম হয়; টাকা না থাকলে দূরত্ব বাড়ে". [Money reduces distance between people, if one does not have money, distance increases]

• *"Paisa hay to byabhar hay, bina paise kya byabhar"*. [There is social custom only if one has money, without money, there will not be any social custom]

Further to the concepts of money, there are expressions relating to the challenge people face in money management.

The main challenges people express in terms of money management are:

1. To manage income sources

• "টাকার ব্যবহার মানে হইল উপার্জন" [Use of money means managing sources of income]

• *"Paise ko kaam me laga pana hi jaroori hay"*. [What is important is to be able to make money earn]

• *"Jitney jyada jagah se amdani ayegi, utni khushhali hogi". [*The more the sources of income, the more is happiness]

2. To take care of daily/immediate needs

• *"Roj kharche chalane ke baad jo bache tab to sochenge"*. [We will only think if something is left after the daily expense]

3. To keep money away for later usage

• "খরচ করার আগে ভাবা উচিত চলবে কিভাবে". [One should think about future before spending]

• *"Kharcha to hota hi rehta hay, par bachho ke liye sochna bhi jaroori hay"*.[Expense will anyway happen, but one has to also think about the kids (future)]