



# HOW DIGITALLY READY ARE THE URBAN ULTRA-POOR?

Urban slums and low-income residential communities represent dense, self-contained transaction ecosystems that are relevant targets for digital payment and finance programs. Financial inclusion through digitization of the payment landscape can ensure direct and tangible benefits in the form of reduced volatility in household income and expenditure as well as overall financial stability.

IFMR LEAD and Catalyst, in collaboration with SEWA Bharat, conducted a survey of 442 ultra-poor households in the Bhatta Basti area of Jaipur which has a largely migrant settlement of approximately 10,000 households with an estimated population over 45,000 persons.

The survey focused on documenting the **current needs, behaviors, and perceptions with regard to digital payments and finance.**

## DIGITAL READINESS QUALIFIERS



Bank account ownership & usage



Mobile ownership & usage



Awareness & perceptions regarding digital payment mechanisms

## WHAT DOES THE URBAN ULTRA-POOR LOOK LIKE?

### Household Size



Avg. **5** members per household

Avg. **2** earning members per household

Avg. **Rs. 3,500** weekly household income

*Averages mentioned are Mean values*

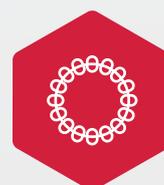
### Industry Patterns



Construction  
**26%**



Driving and auto repairs  
**22%**



Artisans  
**21%**



Tailor/ yarn maker  
**15%**



Other  
**16%**

### Occupation patterns of earning members of the community

**46%**

Wage laborers

**21%**

Home-based businesses

**11%**

Private sector employees

**22%**

Others

## BANK ACCOUNT OWNERSHIP AND USAGE



bank accounts per household

1.2



of bank accounts held by the community are 'inactive'

81%

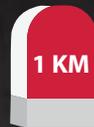
(without an inflow or an outflow transaction in the 30 days prior to the survey)



ATM access & usage



9 out of 10 members of the community were aware of ATMs in the vicinity of their homes



The average distance between respondents' households and the closest ATM was estimated to be about **1 km**, by the respondents themselves



Only about a third of those who were aware of an ATM near them had used it

### Insight

Low bank usage levels are attributed to low levels of financial literacy and low access to banking & liquidity points. Furthermore, transitional migration i.e. regular movement for work can also be reason behind lack of bank account usage.



89%

of bank accounts were linked to an Aadhaar number

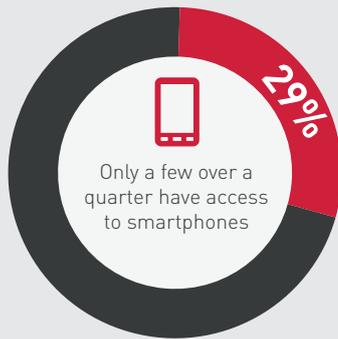
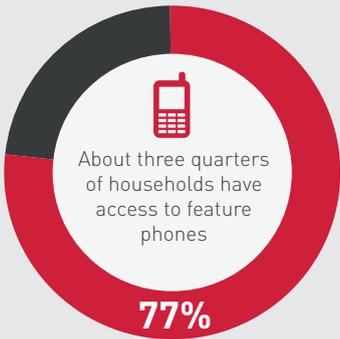


72%

of bank accounts were linked to a phone number

## MOBILE OWNERSHIP AND USAGE

### Penetration

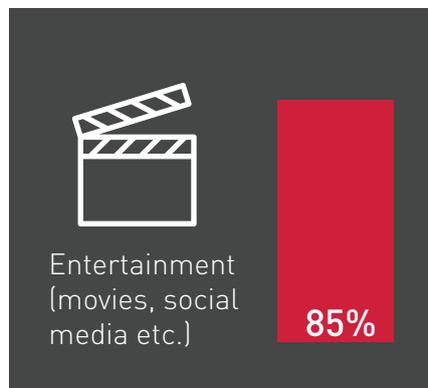


### Access to Internet



Only one out of four households had access to internet in any form (wifi, data card, mobile internet)

### Smartphone Usage



### Insight

Limited access to data coupled with low awareness are significant barriers to the usability of mobile in finance.

## AWARENESS AND PERCEPTIONS ON DIGITAL PAYMENTS



Only **1 in every 3 persons** know about digital payments



**3 in every 5 persons** are interested to learn and adopt digital payments in the future



38%

would prefer to receive information through **melas and kiosks**



33%

would prefer other **audio & visual modes** of information dissemination (books, videos, etc.)



29%

would prefer a **door-to-door campaign** for receiving information on digital payment systems

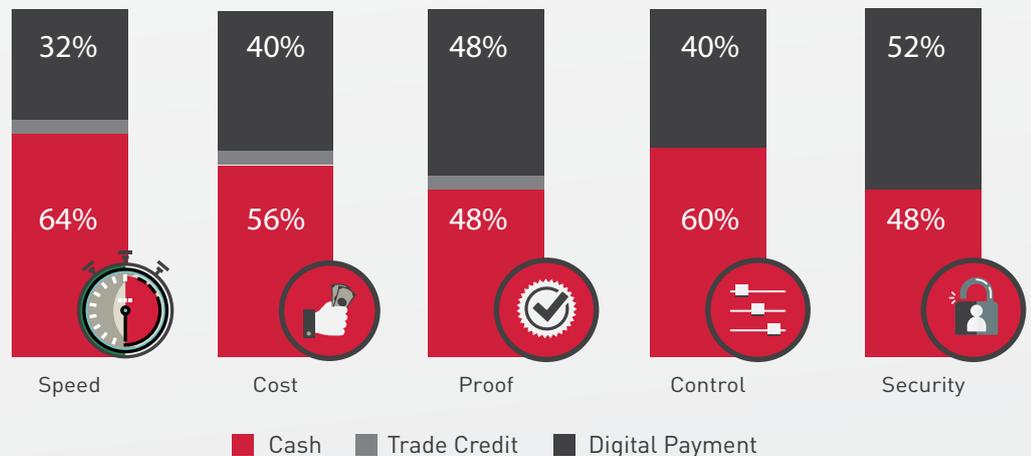
### Insight

*The community's preference for personalized information dissemination methods is due to the fact that individuals feel a sense of comfort learning new things at familiar places such as their home or locality.*

## HOUSEHOLD PREFERENCES REGARDING MODE OF PAYMENTS ARE INFLUENCED BY THEIR KNOWLEDGE, ACCESS AND WILLINGNESS

Cash vs Trade Credit vs Digital\*

While cash is still the most preferred choice for making payments on most dimensions, the community sees merit in digital from greater security and proof of record.



4% of respondents identified trade credit as a preferred mode of payment for the speed, cost and proof of transaction.

\*Confined to the 33% who were aware of digital payments



**Top 3 reasons** for non-adoption of digital payment systems and opportunities to address them



### Difficulty with usage and understanding

- Community learning programs – *(Enablers)*
- Mobilizing campaigns championed by community leaders and identified change agents – *(Enablers & Financial Service Providers)*



### Merchant preferences for cash-based payments

- Incentivizing / subsidizing uptake of digital payment mechanisms among resident small merchants – *(Local Government Agencies)*
- Access to credit via digital payment platforms *(Financial Service Providers)*



### Lack of access to digital money solutions

- Better Infrastructure – *(Local Government Agencies)*
- More awareness and information on potential benefits *(Enablers & Financial Service Providers)*

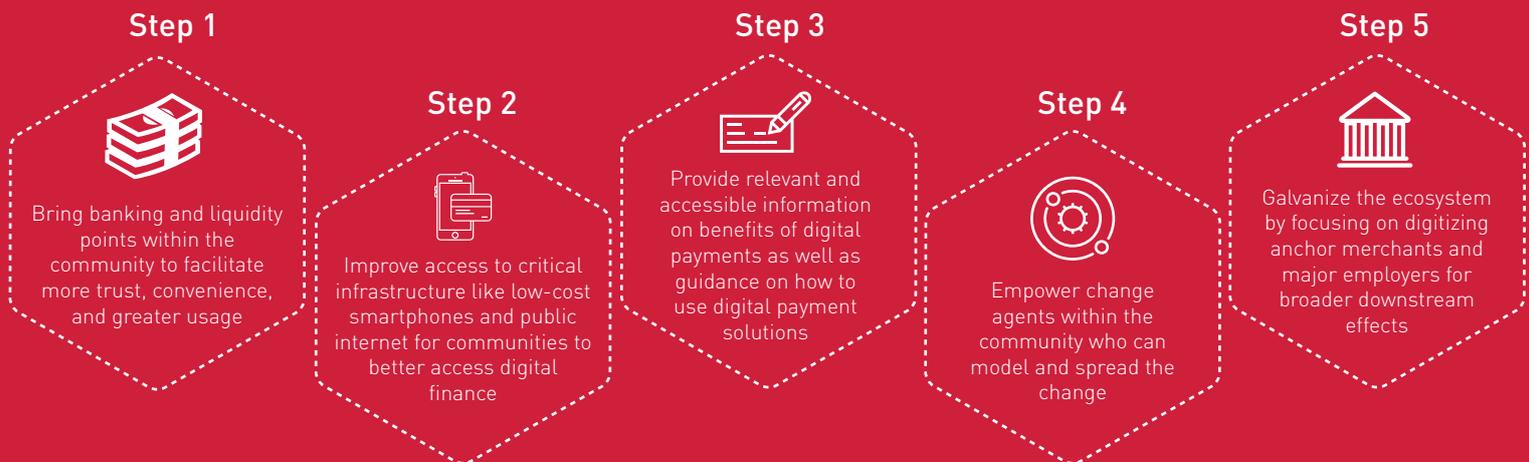
## WHAT DO WE KNOW?

The needs assessment study recorded that the ultra-poor migrant community of Bhatta Basti, although interested in trying digital payment systems, does not yet have the technical and logistical capabilities needed to do so wholly and immediately.

Key ecosystem actors including financial service providers, local government agencies, and enablers like Catalyst or local community organizations need to collaborate so that systematic efforts can be put in place to ensure active banking, greater access to internet and payment devices, and higher awareness regarding non-smartphone based payments like USSD and AEPS.

- Build awareness and digital literacy on need, benefits, and options for financial inclusion
- Provide easier access to banks to drive deposit and withdrawal activity
- Introduce solutions that are compatible with local available infrastructure

## WHAT CAN BE DONE?



A staged, structured approach to the above is needed to improve digital payments and finance penetration in the community. This will require a multi-stakeholder effort comprised of Financial Service Providers, Government Agencies, Community Organizations and change 'Enablers' such as Catalysts.

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