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Title

Stories for Financial Literacy Education of Migrant Workers (Comic Book)

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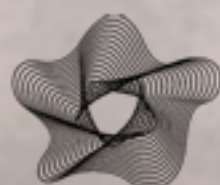
Peer reviewed



STORIES

for
Financial Literacy Education
of
Migrant Workers

Authors:
Mudita Tiwari & Deepti KC



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Foreword

Funded by IMTFI (University of California, Irvine), the Centre for Microfinance (IFMR Lead, Chennai) conducted a study in Dharavi, Mumbai - Asia's largest urban slum. The research was aimed at understanding the social, cultural and economic factors influencing modes of payments (cash versus electronic) used for conducting transactions in small-scale industries. Our findings indicate a strong preference for cash, the predominant mode of payment culturally accepted for business transactions. Despite having bank accounts and mobile phones, respondents were apprehensive about banking systems and had a limited understanding about the financial products and services such as remittance services available through mobile banking agents and mobile phones.

Our study particularly recognized employees (or wage-laborers) of small-scale enterprises as potential users of mobile banking service - if provided with relevant knowledge about these services. The employees primarily comprised migrants from poor socio-economic backgrounds. Some migrant employees did not have bank accounts in Dharavi due to lack of the proof of identification and proof of residence in Dharavi.

Foreword

However, most had voter ID cards that made them eligible to open No Frill Accounts or basic zero-balance accounts. Some employees already had bank accounts with the State Bank of India in their home states in Dharavi. Additionally, we also found that physical access to banks was not an issue for most of these migrants, with multiple Banks and Business Correspondents (BC) or Customer Service Providers (CSPs) in Dharavi. Yet, migrants did not actively use these formal channels to save or remit. This was primarily due to unawareness about low-risk, easy to use and cutting edge mobile banking services, and a persistent distrust of formal financial institutions. We hypothesize that low levels of financial literacy might be associated with adverse financial outcomes among this group.

We have designed context-specific financial literacy modules that not only aim to address the knowledge gap about financial products and services, but also the underlying behavioral biases impacting financial decisions. The modules are being developed as a series of “comic books” using a story telling approach. We are using two relatable characters Ramu and Shyamlal.

Foreword

Using real life stories we have tried to document the financial adversities that migrant populations face through the character of Shyamlal. We found our target group saves cash and infrequently uses mobile banking options; the stories emphasize financial behavior of two individuals in cashless versus cash-only scenarios. We have designed easy-to-understand visual and numerical illustrations of financial concepts, including importance of saving at a formal financial institution, money lost in delayed savings or lost interest, the power of compound interest growth, convenient options for banking via banking agents and mobile banking services. Additionally, we have tried to inform migrant populations about the (i) financial discipline, and (ii) approachable solutions that reduce savings inertia.

Each story ends with a question answer section and a review about the lessons learnt from the story. The question answer section asks respondents about the various topics in the story, and the lessons learnt section reiterates the important lessons learnt from the story. The purpose of this section is to solidify the lessons from each story using an easy to understand interactive style.

Story 1
Importance of Saving



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Story 1

Story 2
Issues with Cash on Hand



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Story 2

Story 3
Risks of Saving with Informal Institutions



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Story 3

Story 4
Power of Compound Interest



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Story 4

Story 5
Opening of Bank Accounts



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Story 5

Story 6
Usage of banking services

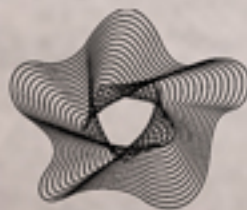


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Story 6

Story 1

Importance of Saving



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Story 1

Importance of saving

Ramu and Shyamlal meet with an accident while they are working at a recycling factory. The story highlights how Ramu copes with the unexpected expenditure using his savings, whereas, Shyamlal takes loans to pay the expenses.

Ramu and Shyamlal were working
in a recycling factory.



suddenly...





At the hospital...



No work for
1 month!

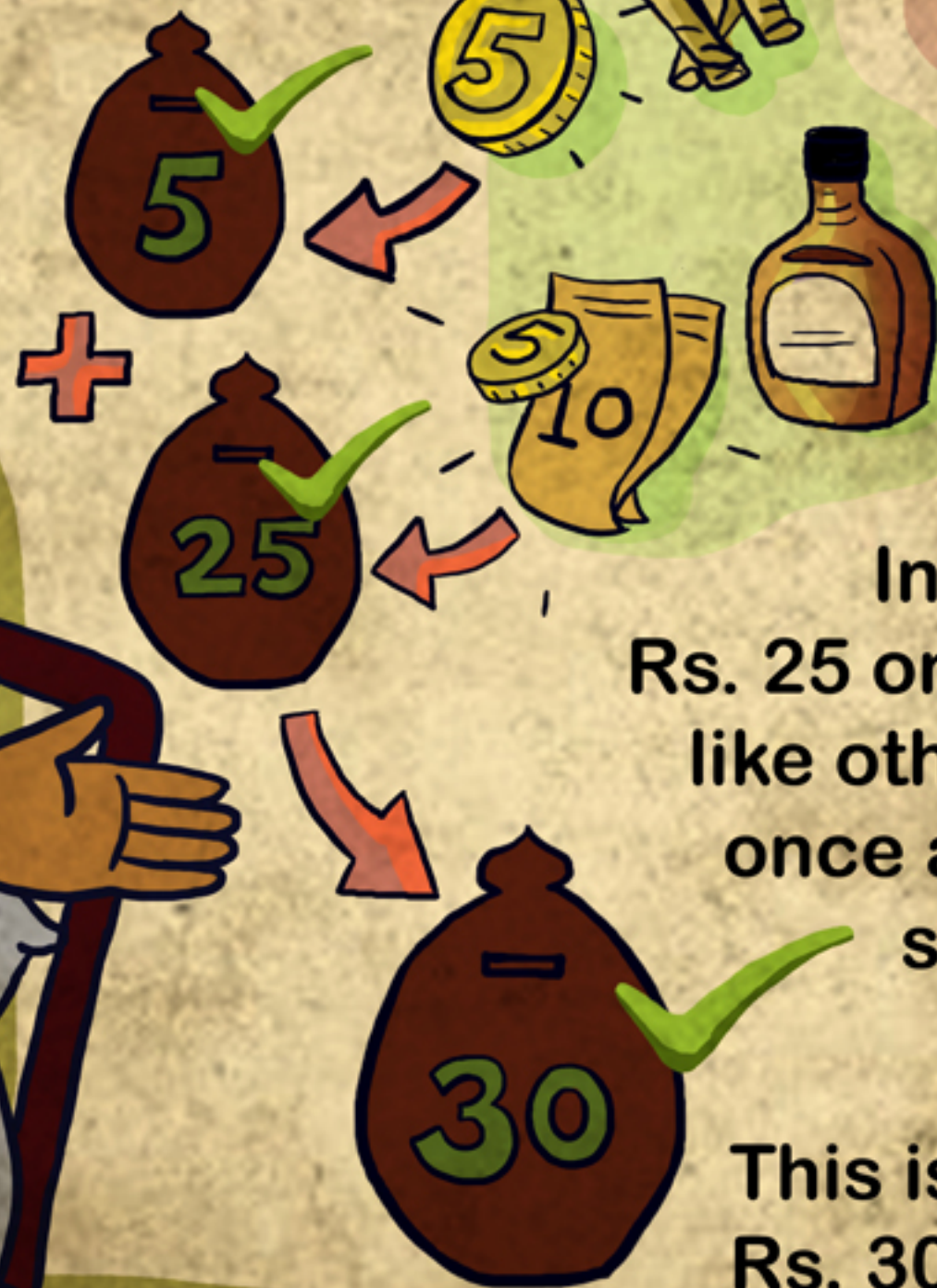
How will we pay Rs. 5,000 for
medicines and surgery?
What am I going to do?



I have
Rs. 5,000
saved!



Shyamlal, instead of spending Rs. 10 on *bidis* (local tobacco) a day like others, I spend only Rs. 5 a day!



Instead of spending Rs. 25 on alcohol every day like others, I spend Rs. 25 once a week on alcohol. saving Rs. 25 a day!

This is how I save Rs. 30 a day!



Shyam Lal has to take a loan, but Ramu simply pays for the expenses from his savings.



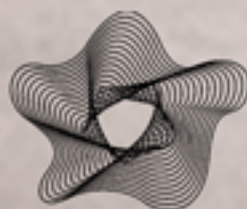
THE END

Our questions and your answers :

- 1. Think about your lifestyle, whom does it resemble, Ramu or Shyamlal ?***
- 2. Have you ever faced such a financial emergency?***
- 3. How did you pay for this emergency? Did you take loan or used your savings?***
- 4. Did you pay interest on your loan? What was the interest rate? How much extra you ended up paying because of interest?***
- 5. What did you do to pay your loan?***

Learning Lessons :

- 1. Start saving from today.***
- 2. Save as little as you can every day.***
- 3. Make saving a priority.***
- 4. Control non - essential expenses.***



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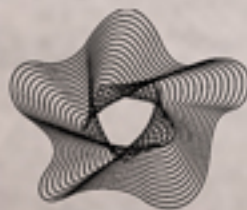
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Solutions

Story 2

Issues with Cash on Hand



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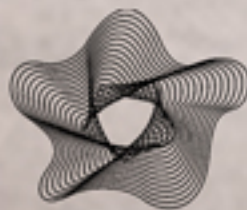


Solutions

Story 2

Issues with cash on hand

Both Ramu and Shyamal are saving for Diwali. Ramu deposits his savings in the bank, whereas Shyamal keeps cash in hand, or with local storekeepers. The story highlights the financial adversities that Shyamal faces from keeping cash in hand.



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**Ramu and Shyamlal are
saving for Diwali!**



Ramu routinely deposits his money in the Bank.



After 3 months, Ramu transfers money directly to his wife from his account.



His wife gets the money and shops for Diwali!



But the money
gets stolen.

Shyamlal hides his
money under the
mattress.

Shyamlal becomes
sad and is in despair
to see the money
under mattress is
stolen.



I am not going to save at home anymore.

I should give this money to the shopkeeper Pyarelal!

Shyamlal gives money over to Pyarelal.



After 2 months...

Give me
my saved
money!

Here is your Rs. 5,000.
But brother, aren't you
going to gamble a little
on Diwali? May be your
Rs. 5,000 will double to
Rs. 10,000.

5000×2
10,000

My family will be happy to
receive even more money!



5000RS.



Shyam Lal loses all his savings in the gamble. He is left with nothing in his hands.

2000RS.



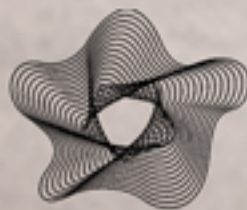
0RS.



THE END

Our questions and your answers :

- 1. Have you ever experienced any problems when trying to save money at home?***
- 2. Have you ever experienced any problems when trying to save money with friends & family?***
- 3. What are the advantages of saving at home?***
- 4. What are the disadvantages of saving at home?***



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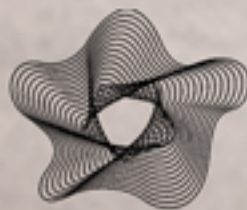
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Learning Lessons :

- 1. If you have cash in hand, you are tempted to spend.***
- 2. Keeping cash in hand is not safe because cash can easily be spent, stolen or destroyed.***



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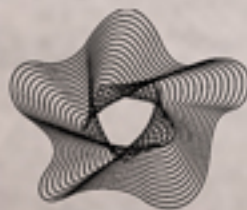
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Solutions

Story 3

Risks of Saving with Informal Institutions



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Story 3

Risk of saving with informal institutions

Ramu deposits his money at the bank, whereas Shyamlal saves with the Chit Fund. One day, Ramu's bank closes down. At the same time, savings collected at Shyamlal's Chit Fund group get robbed. The story highlights the risk of saving with informal institutions, and the role of Banks and the Government in protecting investments.



Ramu deposits his saved money at the Bank, MG Road Branch.



Shyamlal deposits his saved money in a chit fund group.

One day Ramu was on his way to deposit his saving at the Bank.



The Bank is going to close down.



BANK

BANK

Don't worry Ramu. The Bank was officially registered with the Government. Now the Government is responsible for your money.

Ramu is relieved.

One day Shyamlal was on his way to save with the neighborhood chitfund.

Oh no! There has been a theft in our chit-fund leader's house. Rs.20,000 saved this month has been lost!



We will try to catch the thief, but we cannot guarantee your money will be recovered.



Shyamlal, I have told you so many times, just like me, you should always save at an institution that is recognized by the Government. In such a case, the Government will be responsible for your investment.



Our questions and your answers :

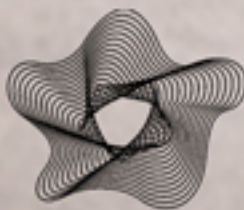
- 1. Have you ever heard of a situation similar to Shyamlal, where he lost money saving with a chit fund?***
- 2. What are the advantages of saving with chit funds?***
- 3. What are the disadvantages of saving with chit funds?***

Learning Lessons :

- 1. Saving money with chit funds is easy, but also has risks.***
- 2. If you lose money saving with chit funds, shopkeepers, friends or family, the government is not liable to return your money back.***
- 3. If the bank closes down, then government guarantees to protect your investments.***

Story 4

Power of Compound Interest



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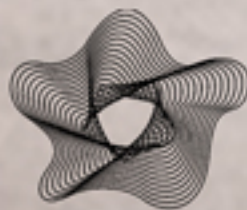
Solutions

Story 4

Power of compound interest

Ramu discusses the importance of compound interest in building long-term savings.

The story highlights the power of compound interest – the ability to earn interest on interest.



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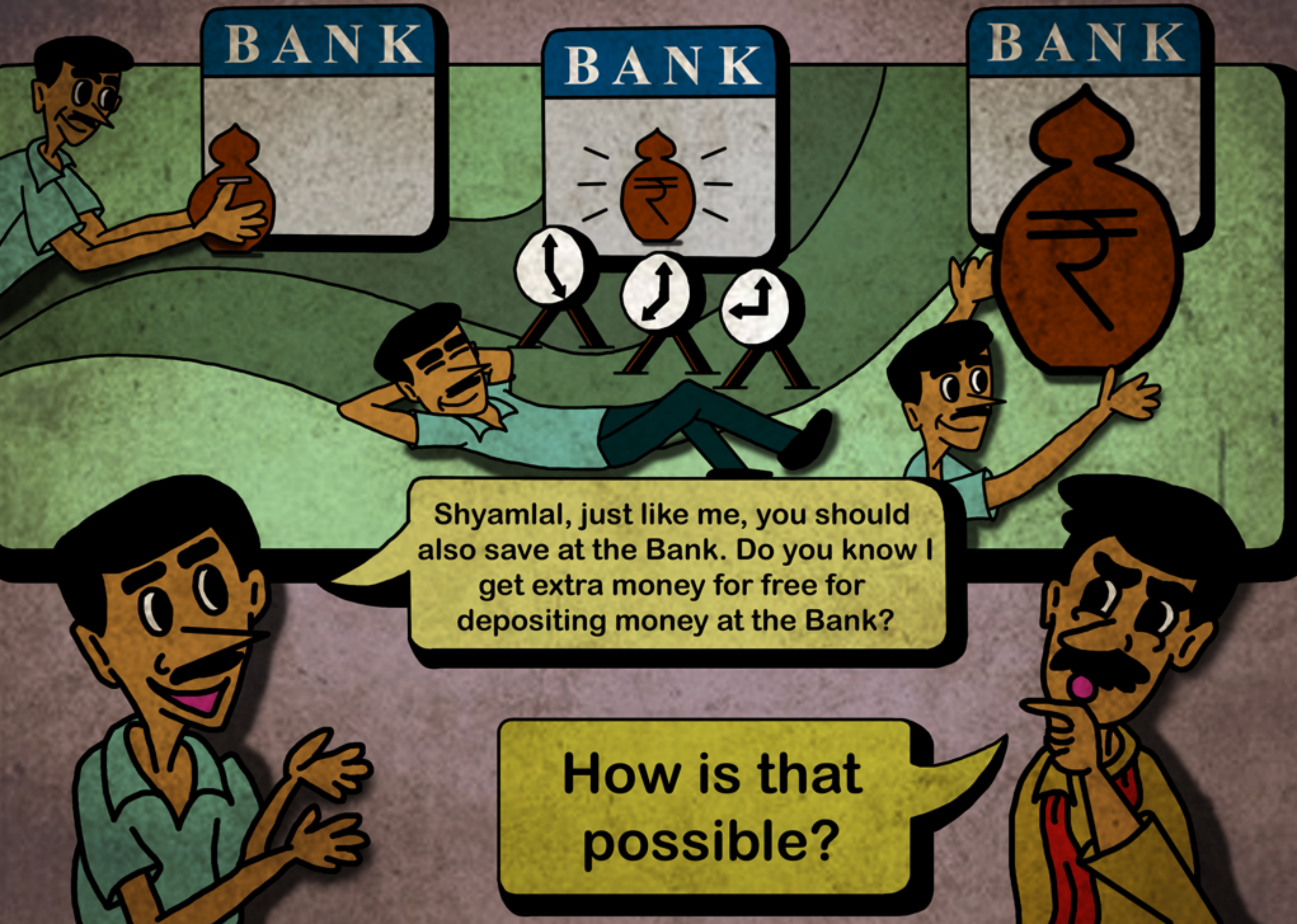
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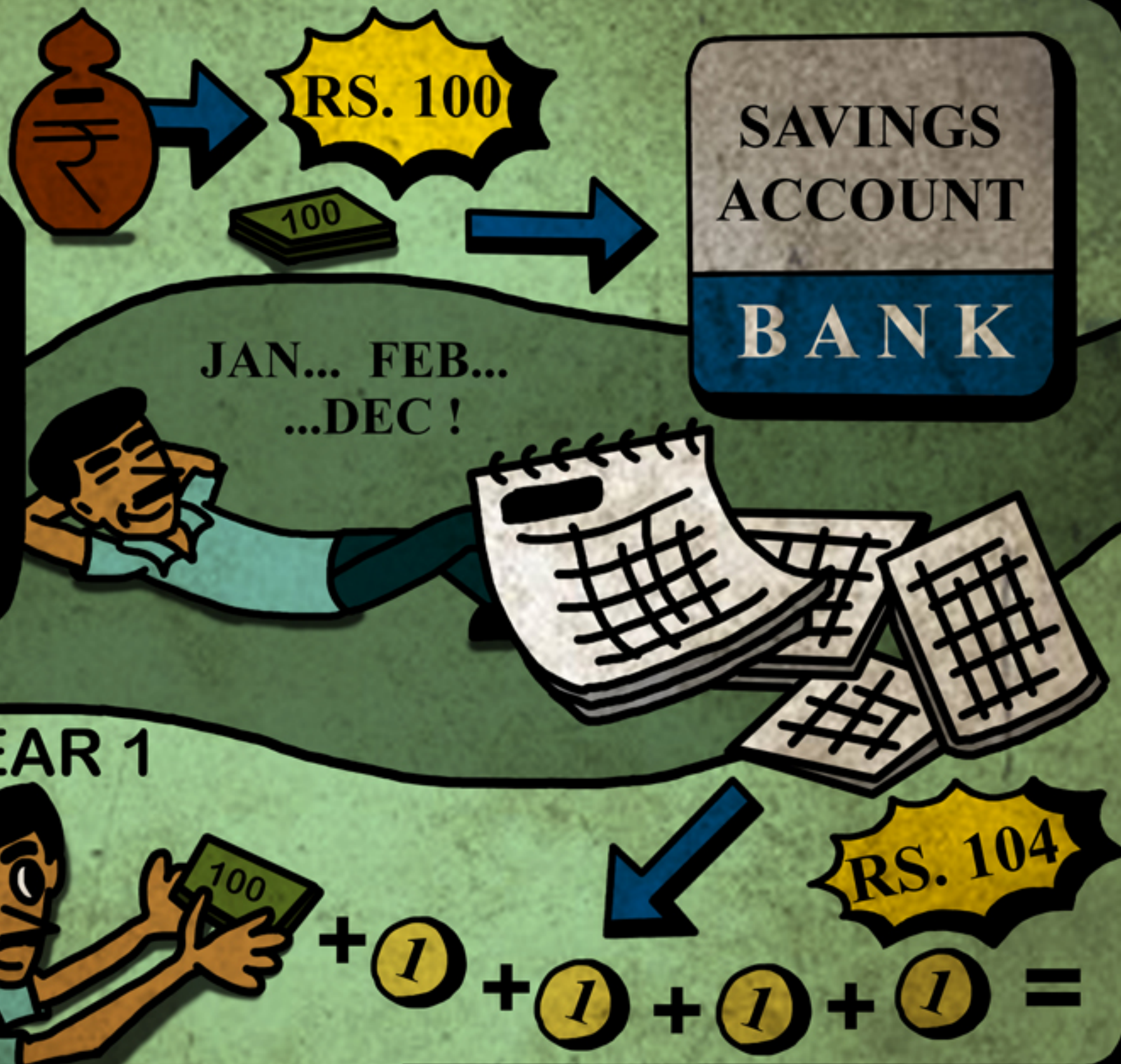
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Solutions



Shyamlal, I deposited Rs. 100 in the bank. At 4% interest, I got Rs. 104 after 1 year.



The Rs. 104 grows to Rs. 108 in 2 years. I don't have to do anything. I just earn free interest on interest.



RS. 104



SAVINGS
ACCOUNT

BANK

JAN... FEB...
...DEC !



YEAR 2

BANK

RS. 104

+



=

RS. 108

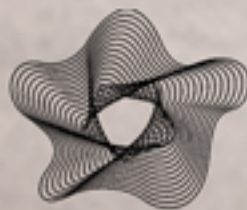


My uncle used to save just Rs. 10 each day for my sister's marriage. Do you know how much the money grew into, in 18 years at 4% interest?
Rs. 1,00,000 !



Our questions and your answers :

- 1. Have you ever tried opening a bank account?***
- 2. How was your experience at the bank?***
- 3. What are the advantages of saving at bank?***
- 4. What are the disadvantages of saving at bank?***



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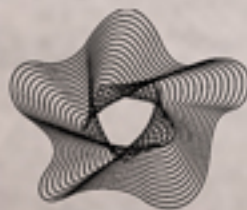
Solutions

Learning Lessons :

- 1. Saving at the bank earns you free interest on interest.**
- 2. Save whatever little you can at the bank to earn interest.**
- 3. As long as the bank is registered with the government, your deposits are safe at the bank and guaranteed by the government.**

Story 5

Opening of Bank Accounts



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Story 5

Opening the bank accounts

Even though Shyamlal wants to use the banking services, he is reluctant to open an account due to psychological constraints that he faces.

Ramu helps Shyamlal by addressing these constraints, and highlights the importance of using the banking services. He also explains new and innovative ways of opening bank accounts.



I want to save
at the Bank too,
but Bank officers
don't treat me
well. I have to
stand in the line
for many hours.

BANK



Don't be scared of the Bank. You will receive long-term benefits from the Bank. Standing in the line once open your account is a minor inconvenience. Let me show you ways.



Government wants us to use the banking services. It is bank officers responsibility to serve us.

BANK



BANK



With a No-Frills Bank Account, you can save or withdraw up to Rs.1,00,000 per year, and can hold Rs. 50,000 in savings at anytime during the year.





Ration Card



Voting Card



Electricity Bill



PAN Card



Driving License

You can easily
open the
account if
you have
any of
these
documents.



BANK

MG Road Branch



After 2 hours...



Ramu you can be the reference person for Shyamlal. You also have a Bank account with us. Remember a letter from a Block Office or Panchayat Office can also be used as reference letters.





Shyamlal,
what is
your
mobile
phone
number?



I have
registered your
mobile phone
to receive
banking alerts.
Look the
phone says
your bank
account has
been opened.



Welcome to the
BANK.
You have
RS. 500
in your account.

1	2	3
4	5	6
7	8	9



THE END

Our questions and your answers :

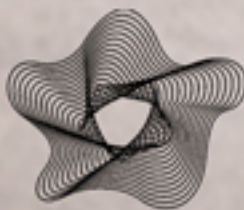
- 1. Did you know about No Frills Account?***
- 2. Have you ever tried to open an No Frills Account?***
- 3. What documents did you have to provide to open the account?***
- 4. Do you have a mobile phone?***
- 5. Have you ever received alerts from your banks?***

Learning Lessons :

- 1. No Frills Account is specifically designed for you.
Take advantage of this service.**
- 2. No Frills Account has no minimum balance requirement.**
- 3. You can transact to Rs 1,00,000 per year and save up to Rs 50,000 per year using No Frills Account.**
- 4. Register your mobile phone whenever you open an account to receive transaction information.**

Story 6

Usage of banking services



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Story 6

Usage of banking services

Despite opening the bank account, Shyamlal still has apprehensions about perceived inconveniences of using the Bank, such as long lines and time spent conducting transactions. Ramu informs Shyamlal about modern banking services that could be availed without visiting the bank branches.

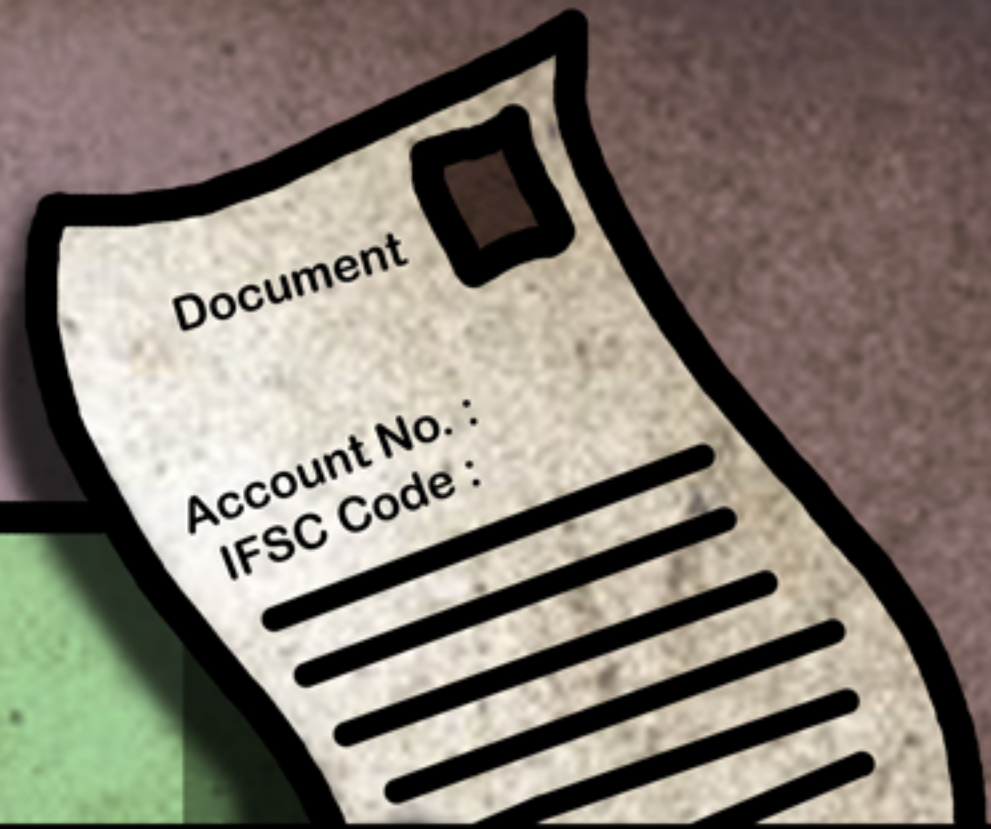
I am happy that I have a bank account. I don't want to waste time waiting in lines.



We don't have to stand in a long line to send money home with your new account every time. I will tell you techniques of how you can avoid wasting time.

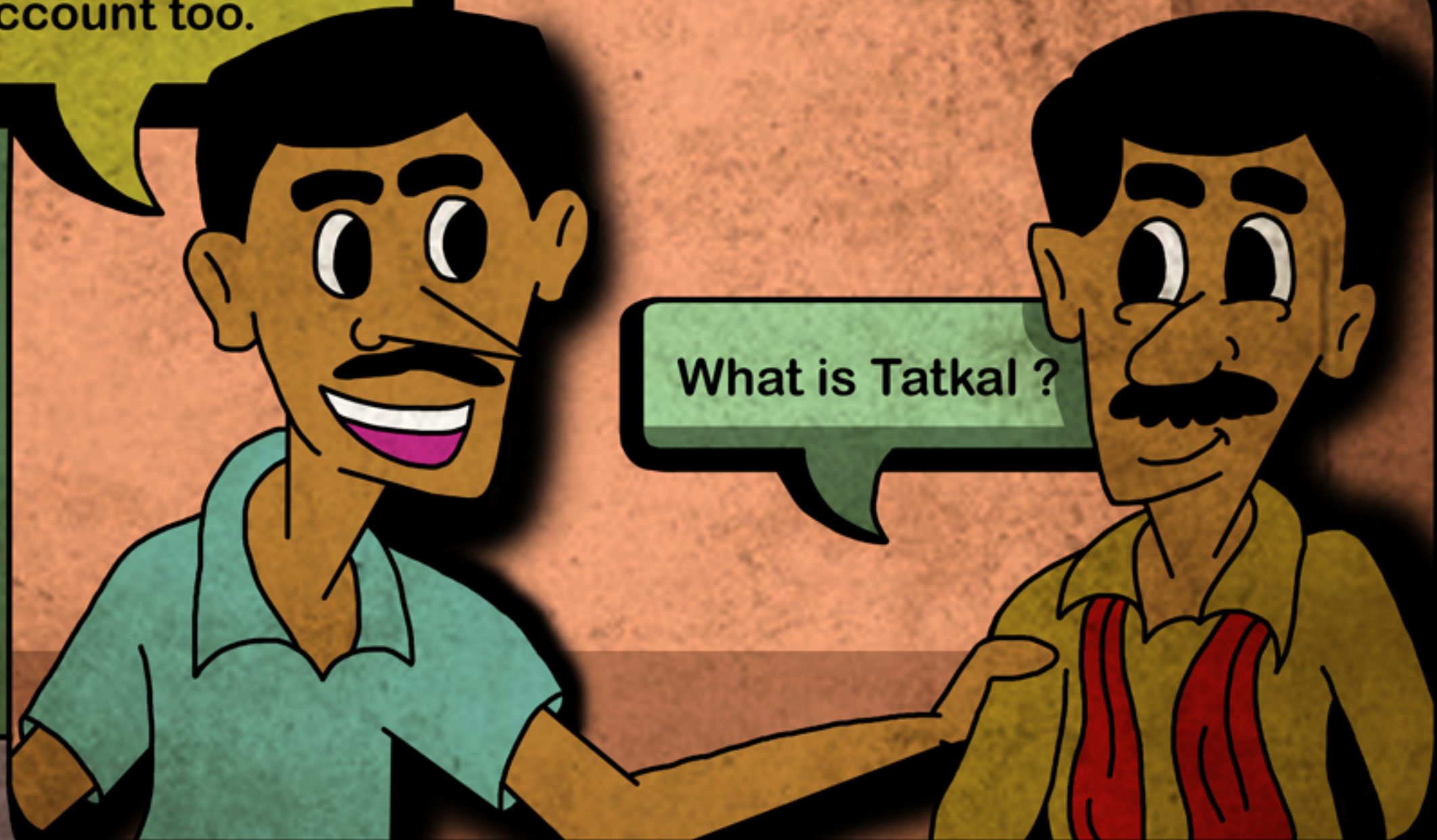


Save your salary directly in the Bank so that you are not tempted to spend it. Your employer can directly transfer your salary for free, using your IFSC Code and Account Number. Just use the ATM to withdraw money anytime.



Sending money through Hawala is not safe. Why not use your bank account to transfer money to your father using Tatkal agents? Your father has a Bank account too.

What is Tatkal ?



Tatkal Agents

Kirana Shops



Mobile Shops



Post Offices



As certified agents of the banks like SBI, kirana and mobile shops owners and post offices can open NFA accounts for Rs. 100. They can also accept deposits and remit money.





Come with me, I am going to remit money to my wife today. I will show you how.

Agents will charge you Rs. 25 for every Rs. 1,000 transferred. If you send more than Rs. 5,000, agents will charge Rs. 100. Per day, you can send only Rs. 10,000. The transfer is safe. No fear of agent losing or stealing the money.



Please give me your ATM Card & your account number along with Rs. 25 for the transfer.



I save regularly. I go with my mobile phone and my savings to the Tatkal agent to save money. I get an SMS message like this one when I deposit money.



An illustration featuring two men and a large speech bubble. On the left, a man with dark hair and a mustache, wearing a green shirt, is gesturing with his hands as if speaking. On the right, another man with dark hair and a mustache, wearing a yellow shirt with a red sash, is listening with a thoughtful expression, his hand near his chin. A large, light-brown speech bubble with a black outline is positioned in the center, containing text. The background is a textured, greyish-brown.

Every time I save money using a Tatkal agent, I pay a small cost. I pay Rs. 1 to Rs. 3 on deposits and I deposit weekly to avoid frequent charges. I pay Rs. 2 to Rs. 6 on withdrawals and I am less tempted to withdraw money unnecessarily. Ask the agent for the exact cost.

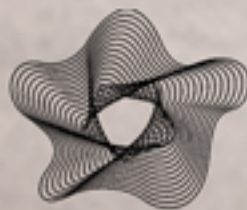
Thanks Ramu. I earned Rs. 3,000 last month and I asked my employer to transfer my salary directly to my account. I got an SMS alert when the deposit was made. I will send this money for my children using Tatkal agent.

This is great news Shyamlal. You had to open the account and learn about new ways to send money home. Now you can enjoy all these benefits for lifetime.

THE END

Our questions and your answers :

- 1. Have you ever tried remitting money through a Tatkal Agent ?***
- 2. If yes, what steps did you follow to remit the money? How much did you pay in fees?***
- 3. If no, would you be interested in using a Tatkal Agent in future to remit money?***



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Solutions

Learning Lessons :

- 1. No Frills Accounts are easy to use accounts for basic savings services.**
- 2. You can use the NFA accounts to remit money home safely and quickly using Tatkal Agents, or using the bank.**
- 3. Opening the account will take some time the first time, but will offer lifetime of benefits.**