

# CONSUMER EDUCATION FOR BRANCHLESS BANKING OUTCOMES ASSESSMENT

RBAP-MABS, PHILIPPINES



Written by Craig Tower  
Ph.D.

**June**  
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In Philippines, we found in MABS and RBAP partners that shared our interest in innovating in the branchless space, and our thanks go to John Owens, Meliza Agabin and Cheryl Balingit. 1stValley Banks' interest in consumer education enabled us to test its impact on mobile banking adoption. We would like to thank Jhong Cababan, Product Head and Anne Maglinte, Channel Management Officer Mag-CellBank! Project, for their constant assistance during the implementation of the research. Further thanks go to ARMDEV and especially Elda Montera for the data collection.

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## Acronyms

<b>ARMDEV</b>	Associated Resources for Management and Development	<b>MIS</b>	Management information systems
<b>CE</b>	Consumer Education	<b>RBAP</b>	Rural Bankers Association of the Philippines
<b>CEBB</b>	Consumer Education for Branchless Banking	<b>TAD</b>	Text-a-deposit
<b>KSA</b>	Knowledge, skills, and attitudes	<b>TAP</b>	Text-a-loan payment
<b>MABS</b>	Micro-enterprise Access to Banking Services	<b>TAW</b>	Text-a-withdrawal
<b>MB</b>	Mobile banking	<b>TOT</b>	Training of trainers
<b>MFO</b>	Microfinance Opportunities		

# EXECUTIVE SUMMARY



In 2010, Microfinance Opportunities (MFO) – with support from the MasterCard Foundation – began *the Consumer Education and Branchless Banking* project which aimed to utilize a consumer education curriculum to increase uptake of new, electronic financial services by improving people’s financial capabilities.

MFO entered into a partnership with financial service providers in India, the Philippines, and Zambia with the intent of helping them understand the role and impact of education in sustaining branchless banking use. Each site had slightly different product and service offerings. In India, research was performed in order to understand the effectiveness of a biometric smart card linked to a savings account. Projects in the Philippines and Zambia focused on different ways in which electronic platforms could be used to perform electronic transfers. In the Philippines, mobile phones were used as part of a bank-linked mobile wallet while in Zambia mobile phones served as one part of a communications interface used during loan disbursements.<sup>1</sup>

The Rural Banker’s Association (RBAP) and the Microenterprise Access to Banking Program (MABS) were selected by MFO and by the project’s Advisory Committee to be one of two partners in Asia with whom this project would be implemented.

MFO’s objectives for this CEBC project were to test how a consumer education program can support the up-take and use of mobile banking (m-banking) services by:

- Providing clients the means to make informed decisions on the use of mobile banking services;
- Giving clients the Knowledge, Skills, Attitudes and Self-efficacy needed to have a successful experience trying out the service and continue using it; and
- Showing concretely how m-banking and managing money better apply in people’s daily lives and can work together.

The specific objectives that were outlined with RBAP-MABS for this project were to promote the trial and adoption of mobile banking services through consumer education, in specific: text-a-deposit (TAD), text-a-withdrawal (TAW) and text-a-loan payment (TAP) services. The achievement of these objectives would be measured in the following ways during the pilot project:

- Increase in number of clients signing up for mobile banking (m-banking) services during the pilot period
- Increase in usage of m-banking transactions during the pilot period

The project began implementation with an Orientation Meeting held in Mumbai, India in June 2010 with the two partners in Asia that were selected for this project. The CEBC pilot for MABS was completed in May of 2012 and the Outcomes Assessment work was finalized in August of that same year. A project

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<sup>1</sup> Lee, Julie, and Maria Jaramillo. "Driving adoption of branchless banking: insights from consumer education in India, the Philippines, and Zambia." *Enterprise Development and Microfinance*. 24.3 (2013): 218-232. Print.

wrap-up meeting was held with the two partners in Asia participating in the project in September of 2012.

In this report, we document the impact of MFO's CEBB program had on this interaction, and on agent and bank staff, drawing on qualitative research conducted in the field between May and August 2012. Our research shows that consumers experienced a change in their knowledge about, skills in using, and attitudes towards branchless banking, and this translated into positive changes in the use of the service, though the sample of users was very small in both treatment and comparison branches. In addition, the program had an impact on merchants' and bank staff's ability to communicate with customers about the mobile money service.

In particular, our research suggests the following conclusions regarding the impact of the program on customers of the bank:

- Treatment respondents showed a better understanding of the safety features of mag-CellBank! and cited more reasons why their mobile banking transactions were safe, suggesting a greater level of trust.
- In the Treatment branch the average number of people actually doing a Text-a-Withdrawal (TAW) or Text-a-Deposit (TAD) in any given month before the education program was implemented was 3, but during the education program it went up to 14. In the Comparison branch the numbers were 3 and 3.4 respectively.

The data also suggest that the program had a positive impact on merchants and bank staff. Overall, the response from Treatment and Comparison merchants suggests that the CE tools were valuable to merchants for their content and their form, even if they lacked the internal motivation to use them to actively market the mag-CellBank! services to their customers. The design of the CE tools may be particularly important, as the shops of many merchants are cramped due the high volume of stock they maintain, minimizing the amount of display available for any promotional materials. Merchants may have been more willing to display the tools because the appearance pleased them.

With respect to the impact on bank staff, the CE program helped the Treatment branch form a strategy to respond to customer interest in mobile banking by increasing the explanation of benefits that a customer received from different staff members, keyed to different CE tools. For example, a teller said "When the clients say they are busy, that is the time we market mag-CellBank!, so that they need not go to the bank to repay (their loans)." If the clients wanted to learn more about the service, the teller would pass the client on to the GCash In-Charge, or more likely to an account officer.

In sum, the outcomes assessment data suggest that the CE program did have an impact on customers, merchants, and bank staff. Nevertheless, this impact was limited due to the problems that the mobile money service encountered during and after the pilot. One major problem facing the service was the fact that there seems to have been a very limited market for it due to the particular configuration of the eco-system, specifically: a lower number of potential microfinance clients in more rural areas and a lack of availability of merchants that could be enrolled as GCASH agents. In addition, soon after the CE program pilot ended, the mobile money service was discontinued mainly due to changes in the pricing structure for GCASH.

# INTRODUCTION

In 2010, Microfinance Opportunities (MFO) – with support from the MasterCard Foundation – began the Consumer Education and Branchless Banking (CEBB) project.

The project aimed to utilize a consumer education curriculum to increase uptake of new, electronic financial services by improving people's financial capabilities.

MFO entered into a partnership with financial service providers in India, the Philippines, and Zambia with the intent of helping them understand the role and impact of education in sustaining branchless banking use. Each site had slightly different product and service offerings. In India, research was performed in order to understand the effectiveness of a biometric smart card linked to a savings account. Projects in the Philippines and Zambia focused on different ways in which electronic platforms could be used to perform electronic transfers. In the Philippines, mobile phones were used as part of a bank-linked mobile wallet while in Zambia mobile phones served as one part of a communications interface used during loan disbursements.<sup>2</sup>

## MFO IN THE PHILIPPINES

MFO partnered with the Rural Bankers Association of the Philippines (RBAP), with the support of its Microenterprise Access to Banking Services (MABS) Program, to create consumer education tools to promote the trial and adoption of mobile banking services. RBAP-MABS, in cooperation with Globe Telecom, is offering the GCASH mobile wallet platform to customers of participating member banks. Customers with a GCASH account may also sign up for the mag-CellBank! mobile banking service to conduct account transactions. In order to promote uptake and usage of the mag-CellBank! service, RBAP-MABS has initiated a consumer education program highlighting mag-CellBank!'s text-a-deposit (TAD), text-a-withdrawal (TAW) and text-a-loan payment (TAP) services.

The project has two key goals. First, the Consumer Education for Branchless Banking (CEBB) project is seeking to learn about how CE can support efforts to promote m-banking and deliver effective consumer educational messages to m-banking customers. Secondly, MABS is seeking to encourage uptake and use of the m-banking service.

The main objectives of CEBB were to:

- Provide customers with the means to make an informed decision on the use of mobile banking services;
- Give customers the knowledge, skills and attitudes needed to have a successful experience trying out the service which will encourage them to continue using it; and

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<sup>2</sup> Lee, Julie, and Maria Jaramillo. "Driving adoption of branchless banking: insights from consumer education in India, the Philippines, and Zambia." *Enterprise Development and Microfinance*. 24.3 (2013): 218-232. Print.



- Show concretely how m-banking and managing money better apply in people's daily lives and can work together.

The main objectives of MABS were to:

- Increase the number of customers signing up for the m-banking service offered by rural banks in the Philippines;
- Increase the usage of m-banking services.

MABS and RBAP had been working since 2004 to promote the use of mobile banking services among Rural Banks. They experienced several challenges in doing so. One of these challenges was that clients lacked confidence to transact on their own. Instead, they relied on merchants; additionally, older clients often depended on their children to perform these transactions on their behalf.

In short, clients feared making mistakes while transacting. They had initially received limited training and were caught in a cycle of learning by trial and error.

As a result, they were signing up for MB but ultimately only using the mobile wallet to buy airtime, pay bills and send personal payments instead of completing actual bank transactions. Meanwhile, bank staff and agents received only a single training, making it a challenge for them to provide effective technical guidance when queried.

The main GCASH products being used by clients at the time of the project's inception were cash-in, cash-out, remittances, text-a-loan-payment for business transactions. The usage of GCASH to access financial products such as savings and loan payments had been limited.

The focus of the strategy was therefore to increase the usage of mobile phone banking services linked to GCASH. In particular promote that GCASH can be used to carry out financial transactions, including accessing an account through text-a-deposit (TAD) and text-a-withdrawal (TAW) and paying your loan with your mobile wallet using text-a-loan-payment (TAP).

Three individual bank partners of MABS were selected for inclusion in the pilot. Using data on GCASH transactions from GXI, MABS identified the banks with the ten highest m-banking monthly transaction levels, five of which were partner banks: Green Bank, Cantilan Bank, First Valley Bank, GM Bank, and PR Bank. These banks were invited by MABS for participation in the pilot, and the banks eventually chosen for inclusion were GM Bank of Luzon, and Cantilan and 1st Valley banks in Mindanao. GM Bank participated in the pilot with two branches, 1st Valley Bank participated also with two branches and Cantilan Bank participated with four branches.

## THE CONSUMER EDUCATION PROGRAM

MFO and its partners chose to take an "embedded" approach to delivering consumer education. 'Embedded' Consumer Education is the practice of educating consumers through existing customer contact points. These are encounters that consumers have with financial service delivery systems that exist primarily for non-educational purposes.

Instead of creating additional spaces to train consumers, ‘embedded’ consumer education program leverages these interactions consumers have with the institutions to deliver consumer education training to them.

## **The embedded education approach**

To implement the embedded approach, MFO and its partners mapped out key contact points between the organization and the client in order to identify the most “teachable moments” to engage participants in training. MFO then trained front-line staff to leverage these contact points to deliver on-the-spot training. The goal of this embedded approach was to integrate training into the core business of the Rural Banks, instead of it existing as an isolated training program apart from the priority operations of the organization.

These brief interactions were also designed to deliver and reinforce clear and relevant consumer education messages throughout the clients’ journey towards behavior change. The consumer education training and tools leveraged clients’ existing knowledge and built bridges with services and ideas with which they were already familiar, incorporated Adult Learning Principles, and used illustrations, stories and examples to convey educational messages.<sup>3</sup>

Bank clients and front-line bank staff were key stakeholders in the project because of their on-going interactions with customers. Additionally, merchants, or local community retailers, were integral to its implementation, because their job was to offer clients the service of uploading and withdrawing funds from their mobile wallet accounts.

For the purposes of the pilot project, MFO focused on two critical processes that could be positively impacted by a consumer education initiative: up-take and use of the MB service. Overall, the consumer education program was envisioned as a tool that could help equip clients with the financial capabilities—or the combination of knowledge, skills, attitudes and self-efficacy (KSAs)—needed to make and exercise informed, confident and timely decisions around signing-up for and using mobile banking (MB).

To address the challenges described above, MFO and its partners identified three points of contact to embed education on the uptake and use of mobile banking:

1. Branch-based bank staff interactions with clients during their visits to bank branches to carry out transactions;
2. Loan officers’ interactions with their microcredit clients outside of branches; and
3. Merchants’ interactions with clients who were shopping, or for those that had already signed up for GCASH, when they loaded or withdrew funds from their mobile wallets.

Embedded education tools were designed to be used at each of these points that clients contact.

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<sup>3</sup><http://www.massassets.org/massaves/documents/12PrinciplesAdultLearning.pdf>

## CE tools

Taking advantage of the existing interactions between staff and clients, the consumer education program used a series of informative posters, tri-folds, and standees at both merchant locations and bank branches.

The CE tools developed for the CE pilot included:

1. Two posters (promoting Text-A-Payment and Text-A-Deposit) designed to be displayed in bank branch lobbies and storefronts of merchants;
2. A tri-fold standee for merchants' countertops and display areas;
3. A two-sided standee for bank branches' countertops;
4. A user's manual which contained step-by-step instructions for completing transactions for TAP, TAD and TAW, the savings tool with illustrated examples and blank tables to encourage clients to set-up a savings goal, a section with frequently asked questions and troubleshooting tips which highlight the safety features of the service; and a table where clients can record their mag-CellBank transaction details;
5. An illustrated flipbook, which uses storytelling to communicate the benefits of mag-Cellbank! The stories presented how mag-CellBank! could help them address their everyday needs. The flipbook illustrated what GCASH and mag-cellBank! services were and the steps that clients needed to take to load their m-wallet and then send their banking transactions to the bank. The stories also showed how and why to use a mobile phone for loan payments and for deposits.
6. SMS messages with money management tips would be sent out later on during the pilot to clients that signed up for the mag-CellBank! service.

These products were intended to raise awareness of the service and explain its benefits and functions in concise and engaging ways. They also intended to increase bank staff's confidence in their ability to accurately explain the program's technical features.

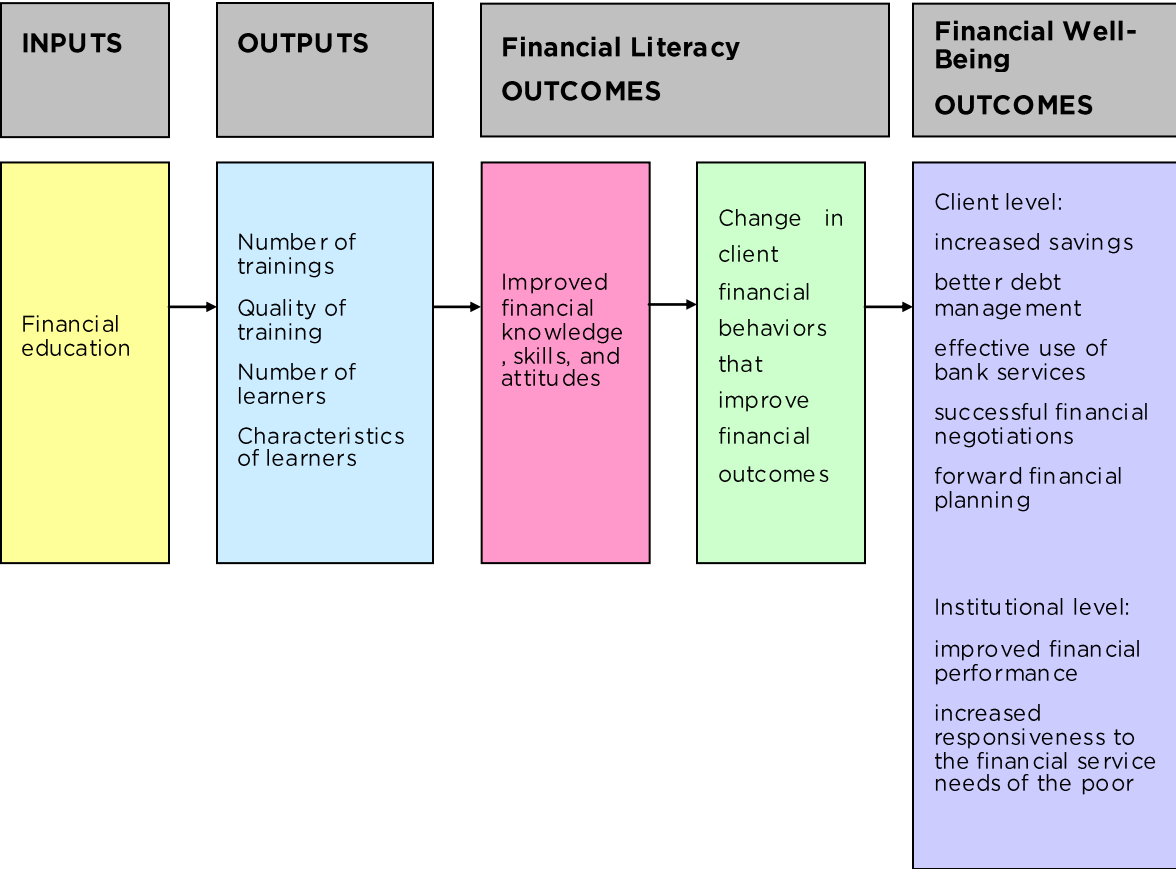
MFO developed a training of trainers (TOT) which was completed in October 2011. MABS then used this CE Toolkit, training TOT slides as well as the CE tools, to train a total of twenty-eight (28) staff from the three pilot rural banks participating in the pilot during the months of October and November. The three-day activity was a combination of lecture/role-playing workshops to orient staff on the use of the tools. The training also involved field work, where staff applied what they had learned during the classroom session through actual interaction with clients and agents. After MABS completed the implementation of the TOTs to train bank staff, the CE pilot ran from November 2011 to May of 2012.

# OUTCOME ASSESSMENT DESIGN

## THEORETICAL FOUNDING

MFO’s training program was grounded firmly in a clearly defined Theory of Change in which consumer education provided to a group of learners should improve those learners’ financial capabilities, leading to behavior change and improved overall financial well-being (see Figure 1).

Figure 1: Theory of Change of Financial Education<sup>4</sup>



<sup>4</sup> Sebstad, J., M. Cohen, and K. Stack. “Outcomes Guidance for Financial Education” in Implementation Guidance. Microfinance Opportunities: Washington, DC. 2005.

## RESEARCH QUESTIONS

Accompanied with each stage of this theory of change is a series of research questions. This outcomes assessment aims to answer those questions albeit summarized into three primary research questions:

1. How was the consumer education training program received by both clients and trainers? How much value added was perceived by participants?
2. Did the consumer education program improve consumers' knowledge, skills, and attitudes as they related to financial management and branchless banking?
3. Did recipients of the consumer education program change their financial management behavior?

## OUTCOMES ASSESSMENT METHODOLOGY

The purpose of the outcomes assessment research was to evaluate the whether the consumer education program for mag-CellBank! achieved the goals MABS and its partner banks. This outcomes assessment research evaluated the program on the levels of learning, behavior change, and results. A mixed-methods approach was chosen in order to gather a range of data about program effects, due to the complexity of the overall program and the variability in the delivery of CE by agents to customers. This approach was selected to uncover the motivations for and impact of consumer education on customer KSAs and behavior change.

To assess the range of outcomes of the consumer education program, MFO conducted both quantitative and qualitative research. The quantitative research was conducted to measure the amplitude of the training program's impact on client financial behavior. The quantitative research consisted in the analysis of management information systems (MIS) data provided by the three Rural Banks involved in this project. The analysis looked at changes in the number of clients that signed up for MB and changes in their level of use of the service. Qualitative research was conducted to assess the training program's impact on the level of customers' financial capabilities and the response of clients, loan officers and merchants. MFO conducted focus groups with Rural Bank clients and individual interviews with Bank staff and merchants.

## SAMPLING

In order to limit the scope of the research, it was decided to conduct research with one bank partner, 1<sup>st</sup> Valley Bank, by selecting and comparing two of its branches: one branch that participated in the CE pilot research, and one branch that did not. All research participants were to be mag-CellBank! users.

### Branch selection

The primary criterion for selecting branches for the study was having clients who used mag-CellBank! services. This was complicated by the fact that 1<sup>st</sup> Valley only actively rolled out and promoted the mag-CellBank! initiative in the two branches that eventually participated in the pilot test of the CE tools. This made it difficult to test outcomes, as it would have been desirable to compare outcomes in a branch which promoted the service to outcomes in a branch that promoted the service but without the CE tools. However, a branch was identified that participated in an initial rollout with customer training,

but without CE tools, meaning that there were active customers of the branch who had not been exposed to the tools or even to the name mag-CellBank!.

The Zamboanga City branch was selected as the pilot branch for the research based on the numbers of clients who use mag-CellBank! services. It was intended to select another urban branch to serve as the comparison, but there were low numbers of users at branches in less urban areas. Therefore, the one with the greatest numbers of mag-CellBank! users, the more rural Ipil branch in Zamboanga Sibugay, was selected as the Comparison branch<sup>5</sup>.

## **Participant selection and sample**

All research participants were selected for the research based on their participation in the mag-CellBank! project. Client participants were selected based on their level of mag-CellBank! activity using mag-CellBank! transactions data provided by 1st Valley for the branches in question. Active Bank Customers in the Zamboanga City branch were defined as all mag-CellBank! clients who were not merchants, employees or ex-employees at the for Zamboanga City branch who had 12 or more transactions (regardless of type) between March 2011 and March 2012. Inactive Bank Customers in the Zamboanga City branch are similar to the active but they had less than 12 transactions. Bank branch staff was selected based on their involvement in the implementation of mag-CellBank! services in their branch.

## **Client and merchant participants**

In total, 13 clients and 4 merchants completed interviews in the Treatment area, compared to 14 clients and 4 merchants in the Comparison area, though 3 of the clients in the Comparison sample were also merchants. In the Treatment group, the average age of active clients (38.7 years) and inactive clients (50 years) showed inactive clients to be older, but in the Comparison sample the average age for inactive clients (36.3 years) was actually lower than the average age for active clients (36.7 years).

One challenge in selecting client participants using transactions data was that many were themselves bank employees, since branch staff receive a portion of their salary through GCash for deposit to their accounts or conversion to cash with a cash-out transaction at the bank or a participating merchant.

Another challenge was that several active participants were also merchants. This was particularly true for the Comparison branch, where low numbers of the total clientele have registered for and use mag-CellBank! services.

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<sup>5</sup> The 1st Valley branch serves customers in the municipality of Ipil as well as the larger administrative district of Zamboanga Sibugay. To alleviate any confusion between the Treatment branch in Zamboanga City, however, within this report the branch will be referred to as Ipil rather than Zamboanga Sibugay.

Table 1: Client and Merchant Sample

	Clients			Merchants			Total
	Active	Inactive	Subtotal	Active	Inactive	Subtotal	
Treatment	6	7 <sup>^</sup>	13	4	0	4	17
Comparison*	6	8 <sup>^^</sup>	14	3	1	4	18
<b>Total</b>	<b>12</b>	<b>15</b>	<b>27</b>	<b>7</b>	<b>1</b>	<b>8</b>	<b>35</b>

\*The 3 Comparison merchants were also interviewed as clients because of the low numbers of active users.

<sup>^</sup>1 GCash only. <sup>^^</sup> 3 GCash only.

Merchants of the Zamboanga City branch with higher level of activity were selected to participate in the research, while all merchants of the Ipil branch were asked to participate, due to the low numbers of merchants overall in that area.

Once potential research participants were identified, initial contact was made by 1st Valley staff to introduce the project and schedule an interview. Participants were then interviewed in the local languages of Visayan or Chavacano by qualified Philippine researchers from Associated Resources for Management and Development (ARMDEV) who had been trained by MFO to use the interview tools. Modest incentives were provided to encourage participation and to thank the participants for committing their time to be interviewed.

### Bank branch staff participants

Bank branch staff was identified with the assistance of Cheryl Balingit of MABS, based on their position and involvement in the mag-CellBank! project. Staff at various levels in the bank and with different functions was selected to provide different perspectives within the branch on the results of the project.

Participants in certain positions were interviewed at both branches, included the branch manager, account officers, and the GCash in-charge (the individual, usually the Gold and Gems loans manager, who is responsible for receiving and executing GCash transactions). However, only one teller and channel manager were interviewed, both at the Zamboanga City branch. No teller was interviewed at the Ipil branch because tellers there do not engage in any mag-CellBank! transactions. No channel manager was interviewed there because there are only two channel managers at 1st Valley, and both are assigned to pilot branches. However, the Zamboanga City channel manager began work in that position at Ipil prior to May 2011, when she was transferred to Zamboanga City. While still in Ipil, she promoted the service (which was not called mag-CellBank! at that time) activated several merchants and trained and enrolled a number of bank clients. Therefore, she was quite well informed about mag-CellBank! customers at both branches.

Table 2: Bank Branch Staff Sample

	<b>Branch manager</b>	<b>Account specialist</b>	<b>GCash in-charge</b>	<b>Teller</b>	<b>Channel manager</b>	<b>Total</b>
<b>Treatment</b>	1	2	1	1	1	<b>6</b>
<b>Comparison</b>	1	1	1	0	n/a	<b>3</b>
<b>Total</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>9</b>

### **Limitations of the research due to sampling**

There were several limitations on the research, including ecosystem problems with the mag-CellBank! service and the lack of market research data for branches where the final outcomes research was carried out, and the low numbers of Comparison participants who were active users of mag-CellBank!.

The first limitation is that response to the CE tools by all participants was colored by their response to the mag-CellBank! service itself. The CE tools were intended to educate consumers about how to use their cell phones to access mag-CellBank! services, how to troubleshoot certain individual problems that a customer might encounter such as losing an MPIN or a phone or sending money to the wrong person, and to help them overcome their fears associated with such problems. They were not intended to overcome ecosystem problems such as the lack of merchants in an area or weak cell phone signals which can be an irritation to customers, merchants, and bank staff alike.

The second limitation is that the banks that were involved in the market research for the development of the CE tools encountered significant challenges in rolling out the pilot of the mag-CellBank! initiative in their designated branches, which limited the numbers of clients who signed up and were actively using the service. Ideally, the outcomes research would have been conducted in the same area as the market research in order to indirectly assess the success of the implementation in addressing challenges identified before the CE program was designed. At the same time it would be a mistake to use the market research as a baseline for Comparison to the endline research, as the market research objective was not to measure indicators for later comparison to an endline, but to gather data on the conditions of mobile phone and mobile banking use, to assess the level of knowledge and comfort of bank clients with mobile banking, and to identify any barriers, including fears and misunderstandings, that they felt were preventing them from using the service.

The third limitation is the relatively low numbers of Comparison participants with knowledge of the mobile phone banking service and who actually use it. This makes it difficult to draw an accurate comparison of the knowledge, skills, and attitudes of the Treatment and Comparison group.



## SOCIO-ECONOMIC DATA

### General Comparison

There were some broad and important socio-economic differences between the Treatment and Comparison samples that were taken into account in the analysis of the interview data. Specifically, the Ipil client sample included more salaried workers, and more women. Additionally, Ipil sample participants had a higher level of education, were more banked generally, and used more insurance and formal institutions for savings. Zamboanga City clients may also have been more rural, based on the branch's strategy of enrolling clients in isolated location for TAP repayment using the mag-CellBank! service. Clients from the Ipil sample with such patterns of education and formal financial use would, in most instances, be more likely to take up and use innovative services due to higher levels of comfort with formal services and an increased capacity to learn how to use them.

### Personal Characteristics

Participants from Zamboanga City and Ipil were similar in terms of gender, marital status, and age, mostly married monogamously (12 and 11 respectively) and whose ages ranged from 24 – 60 years old. Respondents from Ipil had attained higher levels of education: 21% had attended and 71% had completed university compared to 15% and 31% in Zamboanga City.

Table 3: Demographics of Sample

	<b>Age</b>	<b>Gender</b>		<b>Marital status</b>	
	Average	Female	Male	Married	Single
<b>Treatment (N=13)</b>	44.8	8	5	12	1
<b>Comparison (N=14)</b>	36.4	10	4	11	3
<b>Total (N=27)</b>	40.4	18	9	23	4

Table 4: Education Levels of Sample

Education							
	Completed secondary	Finished vocational	Some primary	Some secondary	Some university	Some vocational	Completed university
<b>Treatment (N=13)</b>	1	2	1	3	2	1	3
<b>Comparison (N=14)</b>	0	1	0	0	3	0	10
<b>Total (N=27)</b>	1	3	1	3	5	1	13

## Household and Employment Information

The number of household members of the respondents averaged 6.3 for the Treatment group in Zamboanga City and 6.9 for the Comparison group in Ipil. Three-quarters of participants in each sample reported that 2-3 members of their household earned money in the past 12 months.

Importantly, most of the Zamboanga City clients (1) did not engage in wage employment for the past 12 months, while 9 of Ipil clients were wage earners. Not surprisingly, a majority of Treatment sample participants (12) were self employed or engaged in business as their main source of income compared to 6 of those in Ipil. The 2 types of business activities cited most frequently in both areas were commerce (9 in Zamboanga City and 4 in Ipil) and services (3 in Zamboanga City and 1 in Ipil)<sup>6</sup>.

### Experience with Financial Institutions

The majority of the respondents had outstanding loans (9 and 11 respectively for Zamboanga City and Ipil) which were mainly sourced from rural or MF Banks (9 in each area), though one Treatment and 3 Comparison clients also used a commercial bank and one Comparison client had a private loan. Likewise, many clients had savings (10 each in Zamboanga City Ipil) but they differed in where they saved their money. Five clients in Zamboanga City kept their savings in their home, 4 in rural or microfinance banks and 3 in commercial banks. Rural and microfinance banks were preferred by 8 clients from Ipil followed by 4 who preferred commercial banks.

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<sup>6</sup> The total number of business activities does not correspond to the number of participants who are mainly self-employed because some participants were involved in multiple businesses.

Table 5: Sample's Experience with Financial Institutions

	Has loans	Source 1		Source 2	Source 3
		Commercial bank	MF bank	MF bank	Private lending
Treatment (N=13)	9	1	8	1	
Comparison (N=14)	11	3	7	2	1
Total (N=27)	20	4	15	3	1

Table 6: Primary Savings Location of Sample

	Has savings	Savings location		
		At home	Commercial bank	MF bank
Treatment (N=13)	10	5	3	4
Comparison (N=14)	10	0	4	8
Total (N=27)	20	5	7	12

Similarly, most respondents in both samples were not currently members of a ROSCA (12 in each area). More Ipil clients (12) had insurance compared with Zamboanga City clients (8). The top 2 types of insurance cited in Ipil were social welfare insurance (GSIS or SSS)<sup>7</sup> (11) and health (6) while in Zamboanga City, the same types were each mentioned by 5 of the respondents.

Around half of both groups of participants started to use mag-CellBank! services in 2011 (6 each in Zamboanga City and Ipil), Zamboanga City clients were relatively new users i.e. 38% had just recently used it this 2012. Out of the people interviewed, four only used G-Cash and not mobile phone banking services (1 from Zamboanga City and 3 from Ipil).

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<sup>7</sup> GSIS or Government Service and Insurance System is the type of social insurance for government employees while SSS or Social Security System is a social security institution for private employees. The benefits (i.e. disability, sickness, accident, loans for housing, education, calamity, maternity for 60 days with pay for married women, paternity leave for 7 days for married men, hospitalization, death, pension during retirement and multipurpose loans).

Table 7: Start of Mag-CellBank! Use

	2008	2010	2011	2012	Non-user
Treatment (N=13)	0	0	6	6	1
Comparison (N=14)	1	2	6	1	3
Total (N=27)	1	2	12	7	4

Table 8: Start of GCash Use for GCash only Users

	2007	2009	2010
Treatment (N=1)	0	0	1
Comparison (N=3)	1	1	1
Total (N=4)	1	1	2

## Household Assets

Zamboanga City participants held more household assets than Ipil participants, including televisions (13 vs. 12), radios (12 vs. 11) and property such as a house and lot (11 vs. 9). These are intended as proxy measures of household income, but without further research it cannot be determined if the differences are affected by other unmeasured factors.

## Management of Money in Household

The self-reported behavior of participants suggests that the Treatment respondents had more fully developed financial capabilities than Comparison clients, as measured by the numbers who used skills such as tracking their money and calculating what they can regularly save. Treatment participants were also more likely to report positive savings behaviors such as planning their savings, setting savings goals, and sticking to their savings plans. Similarly, Treatment clients reported saving more than they did 6 months ago. The CE tools may have contributed to these positive behaviors, though the research cannot confirm this.

Curiously, more Treatment participants felt that banks were a safer place to save their money than Comparison participants, though the socio-economic profile data revealed that more Treatment participants saved at home.

These results must be considered in light of the fact that the Treatment sample consists almost entirely of microentrepreneurs, while the Comparison sample consists largely of wage employees. The livelihoods of participants may affect personal money management attitudes and behaviors, and it is possible that the Treatment sample of microentrepreneurs are more practiced in tracking cash flows and budgeting. However, this hypothesis is complicated by the fact that the Comparison sample is also far more educated than the Treatment sample, though Comparison participants may never have received any practical financial education during their studies.

# RESULTS

## IMPACT ON CLIENTS

### Impact on client uptake and use

To evaluate whether the education program had any impact on the behavior of customers who were exposed to it we looked at the transactions data of the Treatment and Comparison branches of 1<sup>st</sup> Valley Bank. The data suggest that there was an impact on behavior, though the overall number of people affected was small.

In the Treatment branch the average number of people actually doing a Text-a-Withdrawal (TAW) or Text-a-Deposit (TAD) in any given month before the education program was implemented was 3, but during the education program it went up to 14. In the Comparison branch the numbers were 3 and 3.4 respectively. In terms of the transactions per month, the average was 10 per month in the Treatment branch before the program and 30 per month during it – a threefold increase. In the Comparison branch the numbers of transactions before the program was 8 per month and 20 during the program – an increase of two and a half times.

In sum, the data suggest that while the program was in place customers of the Treatment branch began to use the TAD and TAW services offered to them in greater numbers, while the number of customers of the Comparison branch using these services did not change. Note the increase in the number of users in the Treatment branch was not due to an influx of customers signing up for the program, but rather a combination of new sign ups and people who had already signed up but were not using the services until the program started.

The increase in the number of customers using the services translated into an increase in the overall number of transactions performed through the mobile service connected to the Treatment branch, but the data also indicate that the small core of customers of the Comparison branch increased their use of the services dramatically during this timeframe. One explanation for this is that in the Comparison branch we witnessed a core group of established users growing more comfortable with the service and increasing their use as a result, while in the Treatment branch we have a number of new users taking their first steps, with lower per person use rates.

The mobile banking transactions where an impact was seen TAD and TAW, are transactions that require a higher level of trust and confidence on the service. After a client makes a loan payment using their cell phone and receives an SMS confirmation, the responsibility for the success of that transaction is then migrated to somebody else, the staff at the bank in this case.

However, when a client uses mobile banking to send their savings or to withdraw money from their account there is more at stake. What if the money does not show up in their account statement at the end of the month? Clients need to know who to contact to address matters like this and they need to trust that there are systems that have been put in place that will be able to fix problems like this if they occur. They also need to trust that their SMS confirming will be sufficient proof of their deposit or withdrawal transaction. The fact that the average number of people actually doing a TAW or a TAD in any given month increased from 3 to 14 in the Treatment branch during the program indicates that CE

helped customers to have the increased level of trust and confidence in the service to use it for sending their savings to the bank and making withdrawals from their accounts.

The sample of clients in the Treatment branch tended to be microentrepreneurs compared to salaried workers in the Comparison branch. Clients in the Treatment branch also had a lower level of education, were slightly older in age (38 years for active clients versus 36 years for active clients in Comparison branch), were less banked in general, they saved more at home and used less formal institutions for savings and used less insurance than clients in the Comparison branch. The greater number of customers in the Treatment branch that used TAD and TAW during the program indicates that CE can support the adoption of mobile banking even among groups that tend have a the lower level of education and tend to be less banked.<sup>8</sup>

## **Awareness of Mobile Phone Banking/Mag-CellBank! Services**

The majority of clients of both branches had heard about Mag-CellBank! or Mobile Phone Banking services from the bank or a merchant, rather than through word of mouth or promotional materials. After hearing that they could connect to their bank accounts with their mobile phones, about half the clients we talked to immediately signed up, while the remaining followed suit, a few weeks late or much later.

The reasons cited for signing up for mobile phone banking were consistent with the benefits that users in the market research cited: the convenience of saving time and money by conducting financial transactions remotely. A small number of clients cited the attractive loan terms that they could receive from 1st Valley Bank if they agreed to use the text-a-payment (TAP) service for the repayments.<sup>9</sup> These terms included a lower interest rate for TAP repayment. Many borrowers also cited the compulsory savings that went along with each loan repayment as an attraction, though this was a feature of the loan product before the introduction of TAP, suggesting that the TAP process made clients more aware of the full parameters of the loan product.

Treatment branch participants talked very favorably about their personal interactions with branch staff. Many of the Comparison branch participants were exposed to an orientation by the current Zamboanga City channel manager in a session in which photocopied instructions were distributed, as the trainings took place before the CE tools were developed. The personal influence of the trainer may play an important role in generating signups, but the Comparison participants may have been more predisposed to taking up the service based on their higher level of education and experience with formal financial services.

## **Signing up for Mobile Phone Banking/Mag-CellBank! Services**

We asked participants a number of question designed to test how much information they had retained about the sign up process. We asked them:

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<sup>8</sup>[http://en.wikipedia.org/wiki/Technology\\_adoption\\_lifecycle](http://en.wikipedia.org/wiki/Technology_adoption_lifecycle)

<sup>9</sup> Text-a-payment allows a client to repay their loan through their phone.

- How did you sign up?
- Who can sign up for the service?
- Is there is a difference between GCash and mag-CellBank! Services? and
- What different mag-CellBank! services are available?

The answers from participants suggest that there was no difference across the two branches in how people responded to these questions.

In the case of participants' descriptions of the differences between GCash and mag-CellBank! Services, three different groups of responses emerged. About one third of the respondents in both samples were not familiar with the differences between GCash and mobile phone banking services. Another third in both samples mentioned that there were the technical differences between GCash and mag-CellBank! services (i.e. one uses a menu-based command system and the other is text-based). The final third in both samples said that the main difference is that GCash allows them to transfer money while mag-CellBank! permits them to transact with their bank accounts. In other words, clients we talked to understood the nature of the m-bank services in different ways, and the consumer education made no difference to those understandings.

## **Use of Mobile Phone Banking/Mag-CellBank! Services**

In order to understand how participants were using mag-CellBank! services, they were asked what services they use and why, why they didn't use other services, and what the difference is between going to the bank and using mag-CellBank! services to transact with their account or accounts. The mag-CellBank! service was marketed by 1<sup>st</sup> Valley mainly to borrowers as a tool to send their weekly repayments to the bank remotely, rather than having a loan officer collect repayments in person. To encourage clients to use TAP, those who used the service were offered a lower interest rate on their loans and were given paper receipts once a month by their loan officer. TAW services were marketed to office workers, particularly government employees who took salary loans with 1<sup>st</sup> Valley.

Not surprisingly considering the ways that mobile phone banking has been marketed by 1st Valley in the Zamboanga City and Ipil branches, the vast majority of Treatment participants used Text-A-Payment, while 2/3 of the Comparison clients used Text-A-Withdrawal. About one third of the Comparison clients reported at the time of the research that they only used GCash.

Participants in the Treatment group had a wider variety of reasons for not using other services than participants in the Comparison group, but their primary reasons were limitations in their banking needs or available funds and feeling that they were not ready to try a new service. However, two respondents indicated that they were afraid to use other services. Of the two respondents who were afraid to use the service, one had not completed primary school and relied on a relative to conduct TAP transactions and was afraid to deposit with mag-CellBank!; he added that he "still [had] to think about it," but did not articulate his specific fears. The other respondent felt that she needed more information before trying services other than TAP. The reasons for not using other mag-CellBank! services were more limited for the Comparison group, and included not needing other bank services, not having enough money, and not being used to the service. It is possible that the personal support that clients receive in repaying loans is not enough to give some clients the confidence to try other services in the absence of a similar level of branch support or further training. There may also be a difference in their

mind in the ways between paying money owed to the bank and depositing money into the bank for safe-keeping. However, more research would be necessary to determine the actual reasons for their reticence to use other services.

When asked to cite the differences between using mobile phone banking services and going to the bank, all of the participants explained that the service saved them time and money, and permitted them to stay in their shops or classrooms while transacting. Two Treatment respondents added that transacting through their cell phones with their banks was safer than going to the bank to conduct their transactions.

## **Knowledge of Mobile Phone Banking/Mag-CellBank! Services**

Participant knowledge levels about mag-CellBank! services were tested with a set of questions including whether it is necessary to keep a minimum amount of money in a GCash wallet to keep it active, whether the money in a GCash wallet could expire, and how much it costs to conduct their most frequently used transaction.

When asked if it was necessary to keep a minimum amount of money in a GCash wallet to keep it active, a small number in each sample thought that this was true. However, a much larger number either did not know or said that it was not necessary. More Comparison participants than Treatment participants knew that there is no need to keep a minimum amount in a GCash wallet.

None of the respondents thought that the money in a GCash wallet could expire, but the majority of Comparison clients were certain that it could not, while about half of the Treatment respondents did not know if it could expire.

When asked how much their most used transaction cost to conduct, about half of the respondents in both segment cited the 10 PHP service charge, and only one in each segment recalled the 1 PHP in airtime load that is used to send the SMS message. A quarter of the Comparison respondents said there was no fee.

## **Benefits of Mobile Phone Banking/Mag-CellBank! Services**

Participants were also asked to explain what benefits they realized from using mag-CellBank! services. These questions were used to test participant knowledge of mag-CellBank! services and to understand differences in preference between customers. In addition to a general question about the benefits of the service, each participant were asked what transaction was most useful to him or her and why, and if he or she would recommend mag-CellBank! services to a friend.

All of the participants identified at least two benefits of using the mag-CellBank! service. The most commonly cited benefits in both samples were savings in time and money. In both samples, there were also a small number of participants who found that mag-CellBank! helped them to save

*In paying this loan, I used the mag-CellBank! service through TAP. I don't have to go to the bank to personally make my payment. I just go to the nearest store and there I can send my payment to the bank. That way I am able to save time and money and I am able to plan out the schedule of my next payment.*



effort and to manage their money. A small number of participants in the Treatment sample also noted that mag-CellBank! permitted them to better plan their loan payments and to transact from their workplace. The latter two responses are likely a reflection of the profile of the service users from the Zamboanga City branch as microentrepreneurs with small retail shops.

When asked to identify the transaction that was the most useful to them, the majority of participants mentioned the transactions they make most frequently. TAP was named by Treatment participants, and TAW was named by Comparison participants. For one Comparison participant, the remittance she sent to her daughter was the most useful transaction she had conducted, but she was in the minority.

The majority of all participants indicated that they would recommend mag-CellBank! service to a friend in order to save time and money transacting with their bank. A small number of respondents felt that they would not, though their reasons differed: one did not know enough about the service, one felt that this was the bank's job, and one felt that she would only introduce the service to a friend who had the financial ability to repay a loan. This suggests that the bulk of participants find the benefits of mag-CellBank! services outweigh any inconveniences.

*I will recommend mag-CellBank! to my friends because of the convenience of the transaction.*

-Treatment participant)

## **Trust of Mobile Phone Banking and Mag-CellBank!**

Participants were asked questions about the security of mag-CellBank! transactions in order to understand their level of trust in the service, and their knowledge of the security features that protect them from fraud and other forms of loss. These inquiries included general questions about the security of the service, and specific questions about SMS confirmations, MPINs, who conducts the participant's transactions, and the reliability of Globe and mag-CellBank! service.

Overall, Treatment and Comparison respondents equally believed their mobile phone banking transactions to be safe, but Treatment respondents showed a better understanding of the safety features of mag-CellBank! and cited more reasons why their mobile banking transactions were safe, suggesting a greater level of trust.

*Immediately after I press send, I receive the confirmation message that payment has been sent.*

- Treatment participant

Treatment participants offered a variety of reasons, and often more than one, for why mag-CellBank! transactions are safe. The majority of Treatment participants volunteered that their transactions were safe because they received confirmation texts. About half of these Treatment participants, or one third of the total, also said that the receipts that they received from the bank assured them of their security. Another one third of Treatment participants also felt secure because they trusted

*I believe that my money is protected and secure even if I use the mobile phone to make Text-A-Payment because I immediately receive a confirmation or a reply that the payment has been sent.*

- Treatment participant

the bank, and a similar number felt that their MPINs made the transactions safe.

Less than one third of the Comparison clients cited the SMS confirmation as proof of the security of their transactions in cell phone banking. About one third cited the MPIN as a feature that assured the security of their transactions, about the same as in the Treatment segment.

A small number in each sample explained that mobile phone banking transactions were safe because they did not involve physically carrying cash to or from the bank. This is particularly important because 1<sup>st</sup> Valley selected the Zamboanga City and Ipil branches for the pilot due to the presence of clients who live in areas with elevated levels of criminal activity.

*I know what an MPIN is because this is my password every time I do a transaction in my cell phone. This will prevent other people from using my account.*

-Treatment participant

After receiving SMS messages, a number of participants keep them to retain a record of their transactions. Several participants in the Treatment group kept the messages until they received official paper receipts from their account officers, once per month. Fewer Treatment than Comparison respondents saved SMS confirmation messages on their phones, and more Treatment respondents also deleted the SMS confirmations and wrote down the information than Comparison respondents. There are two potential reasons for this. One is that they are responding to the directions given in the CE tools, and the other is that as microentrepreneurs they already habituated to keeping written records of their financial activity.

Most of the respondents in both samples performed their own mag-CellBank! transactions on their own. There were cases in both samples of married couples who shared an account and an MPIN. Both samples also included one or two older customers whose younger family members performed transactions on their behalf. A small number of participants in the Treatment sample trusted their mag-CellBank! merchants to send TAP repayments for them, against the directions provided in the CE tools. These Treatment participants made arrangements with the merchants and bank staff authorizing these transactions, which they would not otherwise have been able to perform. Their underlying conditions, in other words, shaped their actions and could not be changed by the messages in the CE tools. The Comparison branch had not made similar arrangements with any customers, because they were not actively marketing TAP services to their customers.

While nearly all respondents felt that both the Globe service were reliable, some complained that they experienced signal problems during the rainy season. However, nearly all the Treatment respondents felt that the mag-CellBank! service was reliable, compared to half of the Comparison respondents. This may be because some of the Comparison respondents had less experience with the service. Several Treatment respondents complained that they could perform mag-CellBank! transactions only during banking hours. This is technically true, because the back office operations are performed manually, meaning that a transaction performed overnight or on a Sunday or holiday will not be registered by the bank until the next business day. However, customers can send their transactions even when the bank staff are not working.

## Problems with Mobile Phone Banking/Mag-CellBank! Service Use

Participants were asked what they would do if faced with a variety of problems while using the mag-CellBank! service, in order to assess their knowledge of the troubleshooting procedures that are outlined in the starter kit. Treatment participants were asked first if the starter kit made them feel more comfortable using the service, as a way to gauge whether it assuaged their fears in using mobile phone banking. All participants were then asked what they would do if they forgot their MPIN, sent money to the wrong number, or lost their phone.

*The information made me feel comfortable because of the detailed procedure on cell phone transactions.*

-Treatment participant

All the Treatment respondents who received starter kits felt that the kit helped them feel more comfortable in using the service, mainly because the transaction processes are presented in a detailed manner, and because the starter kit is attractively designed. This indicates that the starter kit helped to address their fears about transacting remotely.

*The information about the service is simple, easy to understand. After reading it, I can easily follow the use of the mag-CellBank! service. That way, I feel confident and comfortable.*

-Treatment participant

In the event that they forgot their MPIN, half the Treatment respondents had either written the number down or shared it with someone else. The rest would contact the bank branch or Globe. In the Comparison group, respondents were evenly split between those who would contact the branch, those who would contact Globe or 2882, and those who kept a record of their transactions. One Treatment respondent kept a copy of her MPIN taped to the inside of her phone, not realizing that the vulnerability of her account if the phone were lost or stolen. It is important to note that the starter kit urges participants to keep their MPIN safe, but due to space constraints it was not possible to provide information on how to do so.

*Like I said, I enjoyed reading it. It is informative on the magcell services. In fact, I really like to avail of these services. Only, I lack funds.*

-Treatment participant

Overall, most of the Comparison and about half of the Treatment participants indicated that if they sent money to the wrong number, they would not know what to do. More of the Comparison respondents than Treatment respondents would contact the Globe hotline, however.

In the event that they lost their phone, about half the participants in each sample would contact Globe or the hotline. A small number of Comparison individuals would just go to the bank.

## Training on Mobile Phone Banking/Mag-CellBank! Service Use

Participants were asked a series of questions about the training they received to use mag-CellBank!. These questions included general questions about the nature of the training they received, as well as specific questions addressing the value of the CE

*I was not shown a starter kit and flip book. But the printed material was useful because it was very detailed. I could use it to review the step by step process of making the transaction. There was also a demonstration of the steps using the cell phone.*

-Comparison participant

tools and specifically the flip book and the starter kit.

Comparison clients, of course, were not exposed to the CE tools, but many did receive training from the Zamboanga City branch Channel Manager, who worked in the Ipil branch as channel manager in 2011. The Comparison clients noted that the training they received from Anne was about 30 minutes long, the same length of time cited by Treatment clients. In fact, when asked generally about the training they received, no significant differences emerged in terms of their opinions about the usefulness of the cell phone training.

Comparison clients found value in the tools that Anne used with them, but they were not able to compare them to the starter kit and other CE tools. As with the Treatment participants, some felt that the detailed materials were helpful, while others praised the personal attention they received from bank staff. However, this suggests that without the tools, an added burden is placed on staff to respond to customer queries and concerns about mag-CellBank! that the CE tools are intended to alleviate.

*I was not shown the starter kit or the flip book. But the daily conversation with the bank employee regarding the process of doing the transaction was sufficient because I learned the process eventually.*

-Comparison participant

One difference in the response between Treatment and Comparison clients in the response to the materials is that several Treatment clients suggested that they had or intended to put the starter kit to further use, either as a reference on the use of the service or a way to influence others to use it.

*The story in the flip book is a familiar experience among us. We can relate to the stress associated with going to the bank to make transaction. What caught our attention is the fact that we do not have to close the store to make banking transactions.*

-Treatment participant

Several of the Treatment participants strongly associated with the story of Maria, because as shopkeepers they had been in situations where they were reluctant to perform bank transactions because doing so would force them to close their businesses to possible clients while they traveled to and from the bank.

*This training, which is very personal, helped me understand and appreciate the service. If we were given only the materials to read, it may not be that helpful. The printed materials should be accompanied by an orientation so there is room for asking question on areas that are vague.*

-Treatment participant

One Treatment participant made a very succinct argument for the use of the CE tools in a structured, face-to-face training. This, combined with the positive comments of the Comparison participants about the importance of interaction with bank staff, suggests that the tools should be complemented by a face-to-face training component. While the Comparison participants were also provided with step-by-step instructions in the use of the service during their orientation, the response of Treatment participants to the story of Maria suggests that the CE tools not only explained the the mag-CellBank! service, but made it more appealing to potential customers.

## IMPACT ON MERCHANTS

Merchants were not trained by 1st Valley Bank to deliver consumer education training to customers. Treatment merchants received the same training as mag-CellBank! customers, but also received posters, trifold, and standees for display in their shops. One Treatment merchant, however, was a busy professional and had not yet met with the channel manager to receive any training.

### Customer and transaction volume

Established Treatment merchants had 2-4 customers; one was new and had none. Merchants indicated a transaction volume of 2 - 5 transactions per week. One Comparison merchant reported having 3 customers who use TAW, but that merchant could not estimate the weekly volume of mag-CellBank! transactions and performed only 3-4 cash-in transactions in an average week, compared to over 100 GCash transactions for another Comparison merchant.

### Knowledge of mag-CellBank! basics

To test their knowledge of the services, merchants were asked if there was a difference between the GCash platform and mag-CellBank! services and were also asked to list the basic mag-CellBank! services.

All of the Treatment merchants said that there was a difference between GCash and mag-CellBank!. All Treatment merchants also knew that mag-CellBank! enables you to communicate with your bank to perform specific transactions remotely. Half the Treatment merchant knew that mag-CellBank! makes deposits, withdrawals, and loan repayments possible. The untrained merchant was unaware of the TAW service, and one of the merchants did not answer the question.

Only half the Comparison merchants knew anything about mag-CellBank! services (which were referred to in the interviews as “mobile phone banking services” since they were not aware of the mag-CellBank! brand name). Those who did know about the services identified TAW, TAD, and TAP as the available transactions.

### How to explain mag-CellBank! services to customers

The Treatment merchants varied in what explanations they would give to customers about mag-CellBank! services. None of them expected to give a full explanation to their customers, and for the most part they took a passive approach, expecting customers to find out about the services through other channels, such as the posters and trifold, or interactions with the bank staff.

*Actually we do not explain (the service to them). The customers seem to know what mag-CellBank! services are. They read about it in our posters and trifold. If they ask if it is hard to sign up, we usually tell them just go to the First Valley Bank, fill up an application form and submit the requirements.*

-Treatment merchant

*If customers are interested in the mag-CellBank! service, they will go straight to the bank to inquire. But if they ask us, we will explain it to them. We do not explain if they do not ask.*

-Treatment merchant

Only one of the Comparison merchants reported explaining mobile phone banking services to customers, but she did it without any tools:

*"I introduce mobile phone banking service through a casual conversation with friends, clients, acquaintance and relatives. I always start the conversation because it gives me the opportunity to introduce mobile phone banking."*—Comparison Merchant

## **Convincing customers to sign up for mag-CellBank!**

Merchants were also asked a set of questions about how they convinced customers to sign up for mag-CellBank! or mobile phone banking services. About half the merchants overall were interested in convincing them to sign up, while the other half felt this was the job of the bank. Of those who did try to convince customers to sign up, most felt that having a good relationship with their customers helped convince them to enroll. One Treatment merchant recommended using the CE tools: "I would advise (other merchants) to be persistent in convincing their customers on the advantages of the services. They should spread the CE tools so customers will know the services better." Attaining this level of trust with their customers is not always possible for merchants, nor is it always necessary for them to run their core businesses successfully. Selling mobile phone bank services through merchants may require either merchants with a strong intrinsic motivation to market the service, robust incentives for them to do so, or both.

The merchant data on raising awareness and signing up customers seems to indicate that some merchants are more motivated than others to increase awareness of mobile phone banking services. It is likely that even if merchants were trained, their approach to awareness-raising would vary based in part on their attitude towards the service, but more importantly based on the demands placed on their time by their other income-generating activities. Merchants in small shops often juggle the demands of several customers at once, and it is not always convenient for them to engage in activities outside their core operations.

## **Usefulness of CE tools and benefits to customers**

Treatment merchants were asked to explain how they used the CE tools, and how useful they were in explaining mag-CellBank! services and in convincing customers to use them.

Only one of the Treatment merchants gave a detailed explanation of how she uses the CE tools, even though she also said that most of her customers go to 1st Valley for a full explanation. Her explanation is worth quoting in its entirety: "I display the poster outside so that customers will know that banking service thru cell phone is available. I display the standee inside the store like this one (points to the standee on the table) and this is intended for customers who come inside the store. When they start asking question about transactions, we use the starter kit to explain the detailed procedure. I go to the extent of demonstrating the transaction in the cell phone so they will understand better."

All of the Treatment merchants, however, praised the tools for their value in explaining mag-CellBank! and convincing customers to sign up. Merchants

*CE tools helped a lot in explaining to [my customers] about the mag-CellBank! services. Through these tools, I am able to explain what the services are all about and also able to tell them the steps in the use of these services.*

felt the tools were useful in explaining the benefits of the service and offering instructions in how to use it. One merchant elaborated on their value in convincing customers to sign up: "I think the reason why they signed up is because of the fact that they were convinced of the advantages of the services which they found from reading the tools." This merchant also praised the form of the tools: "They like the visuals clear and bright." Another merchant called them "easy to use, and time-saving." None of the Treatment merchants felt they had any problem in explaining the service to customers.

Furthermore, the Treatment merchants also felt that the tools were valuable for customers. The most complete description of the ways that the tools help customers was given by this Treatment merchant, who felt that, beyond the overall benefit of the tools in attracting clients and explaining the transactions, there was value in the savings tool in the back of the starter kit: "The consumer education tools are effective because they catch the attention of the clients. Aside from the details, there is also illustration and colors. The benefit of these tools is that I can explain the transactions better because these are all written in the starter kit. In the savings portion of the starter kit, the customers will be encouraged to save because of the example given."

By contrast, only one of the Comparison merchants felt comfortable explaining the use of the services with the materials that 1st Valley developed for the channel manager training. The other merchants either had no mag-CellBank! customers, or, like this one, found explaining the services to be challenging: "Actually, I have such difficulties in explaining the 3 services. I need to know more and practice the use of the services in order that I may be able to tell customers about the services."

Overall, the response from Treatment and Comparison merchants suggests that the CE tools were valuable to merchants for their content and their form, even if they lacked the internal motivation to use them to actively market the mag-CellBank! services to their customers. The design of the CE tools may be particularly important, as the shops of many merchants are cramped due the high volume of stock they maintain, minimizing the amount of display available for any promotional materials. Merchants may have been more willing to display the tools because of the appearance pleased them.

## **Changes in customer behavior after CE**

Merchants were asked if they could identify any changes in customer behavior after exposure to the CE tools. The model of change used by MFO suggests merchants would be unlikely to observe such changes because of the limited exposure to education about financial capabilities and the short time span from the time they were exposed to when merchants were asked. Additionally, merchants are not necessarily in a position to closely observe the behaviors of their customers.

Half of the Treatment merchants, however, indicated positive effects on their customers who had been exposed to the CE tools. They both noted that these customers use cell phone banking more than their other customers. One merchant echoed the tools in claiming that "they don't have to spend time and money going to the bank. They also save more, use GCash more and manage their money better," while the other stated that "They are happy and contented. It is more convenient for them to transact business by phone than by going to the bank." The other indication of behavior change cited by these merchants was that their customers who have been exposed to the tools repay their loans regularly. It is possible that these comments are partially reflective of the positive attitude of the merchants towards

the tools, and in one case towards 1st Valley, but they still suggest that the CE tools have the potential to positively impact customers who are exposed to them.

## **IMPACT ON BANK BRANCH STAFF**

Bank branch staff was asked to comment on how the CE initiative was implemented, what their particular role was, what response they saw from clients, and for their opinion of the value of the program and the prospects for its continued use in their branch. Interviews were conducted with managing personnel as well as frontline staff such as tellers and account officers.

The response from staff in the Treatment branch for the value of the CE tools was uniformly positive, but their opinions of the mag-CellBank! service were more mixed. The staff in the Comparison branch had similar complaints about mobile phone banking services, but they were not exposed to the tools or even to the name “mag-CellBank!.” However, because the Ipil branch which served as the comparison was involved in the channel management project from 2010 – 2011, some staff there were familiar with mobile phone banking services and some continue to work with clients who use it.

### **Training of staff**

The training that branch staff received on the use of the mag-CellBank! CE tools varied depending on their branch and position. Frontline staff, whose main job is to process customer transactions, had the least training in explaining cell phone banking to clients. Comparison branch tellers had no training at all, and Treatment branch tellers were trained for half an hour during a weekly branch staff meeting by the branch manager. The GCash in-charge for the Comparison branch was trained for 30 minutes by Anne before the mag-CellBank! pilot implementation, but the Treatment GCash in-charge received no training in the use of the CE tools. Account officers in the Comparison branch received no training, while those in the Treatment branch received 2-day training, led by the channel manager, which included both classroom sessions and hands-on use of the tools with clients. Likewise, the branch manager for Ipil received no training, in contrast to the intensive one day of training that the branch manager received in Cagayan de Oro, led by Cheryl of MABS.

### **Who trains customers**

While all the staff of the Treatment branch in Zamboanga City have been trained to use the CE tools, most of the actual training is done by account officers and the channel manager. Frontline staff including tellers and the GCash In-charge mainly use the CE tools to market the product to customers based on the benefits and their perception of customer interest or need, but pass them on to account officers, the channel manager, or the branch manager for further explanation. Account managers do the bulk of the training during weekly orientation sessions for new loan clients in the branch that are intended to educate customers on loan repayment procedures. The Channel manager sometimes leads these trainings, and she will also visit offices to train employees who are planning to withdraw their salaries from their accounts through mag-CellBank! or using the GCash Face Card. She or the branch manager or assistant manager will also train walk-in clients if the account officers are in the field, or if the customer is interested in using mag-CellBank! for TAW or TAD transactions, which the account officers are not very familiar with.



## **What works in explaining mag-CellBank! to customers**

When asked to how they explain mag-CellBank! to customers and what works in explaining the service, the staff of the Treatment branch had much more to say than Comparison branch staff.

It was found that Comparison branch staff has less experience and a more basic approach in explaining the mag-CellBank! service to customers. For instance, the Comparison branch manager frequently used the following analogy that he came up with to describe mobile money: "Before it was considered impossible for metals to float on air; but it is now possible (in an airplane); before it was (also) considered impossible to bank without going to the branch." His analogy may connect with his clients' sense of wonder or distrust in sending money by mobile phone banking by comparing it to the emotions that people once felt concerning air travel. However, it does not help to explain how the process works or its potential benefits.

The CE tools, by contrast, gave the Treatment staff more appropriate ways of explaining service to customers. Treatment staff was much more familiar with the benefits of the mag-CellBank! service, and they readily echoed the benefits as described in the CE materials: specifically that customers can save time and money, and they don't have to leave their shop or place of work to transact.

Furthermore, the Treatment staff tailored explanations in the CE tools to their clients by discussing the particular mag-CellBank! transaction that they might be most likely to use (TAP and TAW in particular) and by their client's life situation, notably their type of business. Treatment staff has strategies to introduce customers to the service and wean them off staff assistance

## **How to convince customers to sign up for mag-CellBank!**

The Comparison branch staff had no systematic approach to convincing clients to use the mag-CellBank! service. In interviews, only the branch manager cited the concrete benefits of saving time and money in explaining how he convinced customers to take up the service; other staff members cited the benefits of receiving remittances through mag-CellBank! and mentioned that they would tell clients the locations of merchants where they could perform mag-CellBank! transactions.

The Treatment branch had a strategy to respond to customer interest by increasing the explanation of benefits that a customer received from different staff members, keyed to different CE tools. For example, a teller said "When the clients say they are busy, that is the time we market mag-CellBank!, so that they need not go to the bank to repay (their loans)." If the clients wanted to learn more about the service, the teller would pass the client on to the GCash In-Charge, or more likely to an account officer.

The story in the flip book helped the Treatment branch staff to structure their pitch to potential clients. The channel manager explained that "there is no need for the client to imagine (how they can use mag-CellBank!) because it is already in the (flip book). A potential borrower can easily relate to the story." This echoes what merchants said about the value of the story of Maria, which clients can easily relate to.

Comparison and Treatment branch staff both explained that they use hands-on training methods in orientation, hoping to convince customers to use the mag-CellBank! service outside of orientation by sending 1 peso to them as proof of that the GCash service works and can securely transmit money to the bank.

## Value of different CE tools

The CE tools were valued generally by the Treatment branch staff.

Treatment staff pointed out the value of the CE tools generally, and had an easier time talking about the specific tools that were of value to them. The channel manager said “The tools helped (the customers) trust the system, especially the starter kit. They can compare what is written in the tool (by comparing the confirmation message in the starter kit to what they receive on their phone).”

An account officer said “They are likely to increase the use of the services because now they are aware of how they can actually save or borrow from a bank, and distance is no longer a barrier to these transactions.”

At the same time, the Comparison branch manager complained about the lack of tools to explain mag-CellBank! to his clients, stating that “there should be materials/tools for us to visualize the process flow especially for merchant and the bank staff.” The comments of the Treatment branch staff seem to suggest that the tools fit an existing need where the mag-CellBank! service is being offered.

### Poster

The poster was seen mainly as a marketing tool by both bank staff and merchants, but merchants valued it more than bank staff. The poster was displayed in the Treatment branch, but because they had other tools, particularly ones that were used in face-to-face explanations, the poster was viewed as a tool to raise awareness. In fact, Treatment branch staff pointed out that distributing the poster with merchants was not just a way to market the mag-CellBank!, it was also seen as a way to provide community visibility for the 1<sup>st</sup> Valley Bank logo in the absence of other publicity materials. Branch staff stated that they did not expect merchants to use the posters to actively convince customers to take up the service.

### Trifolds and standee

Frontline Treatment branch staff saw the trifold and standee as the most useful tools for them, because these tools provided a brief introduction to the service which they could use in talking with clients. The branch manager explained that “ (the trifolds and standee) make them curious about the service, and we can use them to help customers understand the service. (These tools) start the conversation with them.” Another reason why they might have been valued by frontline staff was the fact that they were displayed nearby and, unlike the poster, staff could easily pick them up and point to the different printed messages that they conveyed.

Trifolds and standees were also distributed to workplaces such as the City Registrar and the Department of Trade and Industry where employees might find TAW useful, but staff reported little feedback about their effectiveness in those locations.

### Flip book

Account officers and managers saw the flipbook as the most useful tool because of the power to of the narrative to convince customers to use the service.

*The flipbook demonstrates how clients can save time. They are able to see the transaction flow. This is because it is simple, with nice, big graphics, and it's easily understood by elderly clients. Half of my clients are between 50 and 60 years old.*

-Account officer

As explained previously in the words of a merchant, the flipbook lets clients easily imagine how they could use mag-CellBank! through the story of Maria. This is particularly since the Treatment branch encouraged loan clients, most of whom were microentrepreneurs, to use the TAP service of mag-CellBank! to make their repayments remotely. It was easy for them to relate to Maria, who is portrayed as a small shopkeeper. Staff members also pointed out that the flipbook was easy for older clients to see and understand.

### Starter kit

The starter kit was seen as most valuable by the channel manager, who saw it as a complement to the flip book. This is because the flipbook is used in person, but the starter kit is useful mainly as a reference: "The starter kit is useful because they might forget what they've learned in the training, or have questions, but they are all answered in the starter kit."

In other words, the channel manager appreciated the need for reinforcement of the messages learned during training, which the starter kit provides.

### Savings tool

The mag-CellBank! CE savings tools were used in every loan orientation meeting at the Treatment branch during the pilot. Before, 1st Valley Bank had its own ways of explaining how to save to ensure timely repayment, but the branch manager explained that they began to use the tool in the starter kit to explain saving to all of the customers.

The Treatment branch manager, however, did not view the savings tool as useful because "Time is limited. Account officers can't explain it to clients." This was based on his idea that "most clients are microentrepreneurs and already keep a notebook where they track their income and expenses." The branch manager viewed the savings tool as redundant, considering the existing financial behavior of his customers.

However, the channel manager did not share this view, and she also used the savings tool to convince customers. She recalled a time when the merchant she was talking to complained of the heat and mentioned that she wanted to buy another fan for her store: "I said, 'We have example here of how Maria saves.... How about you ma'am? Why don't you try it? You see if you want to purchase electric fan, you can actually have it in one month, by saving in the bank.' I give different examples depending on what I see in the store (that they might want to buy).'" The channel manager used the savings tool to tailor her explanation of the service to her customers' needs, using the general structure the tools provided.

## Who signed up for the mag-CellBank! service

The profile of customers who signed up for mag-CellBank! services was different for Treatment and Comparison branches because of who each branch targeted for mobile phone banking promotions, either during the channel management or during the mag-CellBank! pilot.

The Comparison branch staff listed likely mag-CellBank! users as parents of students in other areas of the country, businessmen, existing microfinance clients, employees of local government for TAW. Those least likely to sign up were those without access to the service because they lacked a cell phone, had poor mobile reception, or were without a nearby merchant for CICO transactions. Also unlikely to sign up were those without money or a 1st Valley account.

Treatment staff had a more precise idea of who likely clients were. They listed teachers with salary loans, those who sell airtime load, owners of stores with high foot traffic like *sari-sari* stores or *carinderia*, and parents with students in other areas of the country. One account officer added that there were personal characteristics that mag-CellBank! customers had in common: "they are business minded, they are disciplined and reliable, and they have attention to detail (particularly about the difference in interest between a regular loan and one that is repaid through mag-CellBank!)." To be fair, at the time of the research, the Treatment branch was still actively marketing the mag-CellBank! service, while the Comparison branch stopped active marketing at the end of the channel management project over a year earlier.

Treatment staff also had more precise ideas about who did not sign up, including those who are close to the branch, who have large accounts, and those who have no signal.

## **Common questions and challenges**

Comparison branch staff had much more to say about customer challenges than common questions, in large part because they have so few customers who have any awareness of the service. The account officer merely noted that some customers have questions about TAP, but he was unaware of any other questions they might have.

Treatment branch staff faced a variety of questions, depending upon their role in the organization and in promoting and supporting mag-CellBank!. The channel and branch managers dealt with many questions concerning an ancillary service, the GCash Face Card, because their TAW clients often use it in conjunction with TAW to access their money from ATMs after banking hours, and the online registration system for the Face Card was seriously flawed, in their experience. Account officers received more questions about what would happen if they lost a signal while transacting and how they could confirm that their loan repayments were received.

Treatment branch staff sometimes told customers with questions to call Globe for network problems or to call 2882 to check on transactions, but they also sometimes told customers to call the channel manager. It is likely that the branch staff knew that customers are supposed to call 2882 for most problems, but they may not have conveyed this to customers. For their part, most of the customers said they would call the bank in case of they faced any problems.

# CONCLUSIONS

Overall, the outcomes assessment data suggest that while the program was in place customers of the Treatment branch began to use the TAD and TAW services offered to them in greater numbers, while the number of customers of the Comparison branch using these services did not change.

Additionally, consumers experienced a change in their knowledge about, skills in using, and attitudes towards branchless banking, and this translated into positive changes in the use of the service, though the sample of users was very small in both treatment and comparison branches. In addition, the program had an impact on merchants' and bank staff's ability to communicate with customers about the mobile money service.

In particular, our research suggests the following conclusions regarding the impact of the program on customers of the bank:

- Treatment respondents showed a better understanding of the safety features of mag-CellBank! and cited more reasons why their mobile banking transactions were safe, suggesting a greater level of trust.
- In the Treatment branch the average number of people actually doing a Text-a-Withdrawal (TAW) or Text-a-Deposit (TAD) in any given month before the education program was implemented was 3, but during the education program it went up to 14. In the Comparison branch the numbers were 3 and 3.4 respectively.

The data also suggest that the program had a positive impact on merchants and bank staff. Overall, the response from Treatment and Comparison merchants suggests that the CE tools were valuable to merchants for their content and their form, even if they lacked the internal motivation to use them to actively market the mag-CellBank! services to their customers. The design of the CE tools may be particularly important, as the shops of many merchants are cramped due the high volume of stock they maintain, minimizing the amount of display available for any promotional materials. Merchants may have been more willing to display the tools because of the appearance pleased them.

With respect to the impact on bank staff, the CE program helped the Treatment branch form a strategy to respond to customer interest in mobile banking by increasing the explanation of benefits that a customer received from different staff members, keyed to different CE tools. For example, a teller said "When the clients say they are busy, that is the time we market mag-CellBank!, so that they need not go to the bank to repay (their loans)." If the clients wanted to learn more about the service, the teller would pass the client on to the GCash In-Charge, or more likely to an account officer.

In sum, the outcomes assessment data suggest that the CE program did have an impact on customers, merchants, and bank staff. Nevertheless, this impact was limited due to the problems that the mobile money service encountered during and after the pilot. One major problem facing the service was the fact that there seems to have been a very limited market for it due to the particular configuration of the eco-system, specifically: a lower number of potential microfinance clients in more rural areas and a lack of availability of merchants that could be enrolled as GCASH agents. In addition, soon after the CE program pilot ended, the mobile money service was discontinued mainly due to changes in the pricing structure for GCASH.

The outcomes assessment data suggest that the consumer education tools were well-received and valued by clients, merchants, and bank branch staff. The positive impact of the CE tools is not easily separated from the process used by 1<sup>st</sup> Valley to promote the service and educate clients. Similarly, the challenges cited by branch staff in the implementation of the mag-CellBank! service also affected the usefulness of the tools, because ecosystem or structural limitations such as a lack of merchants or variations in cell phone signal quality cannot be overcome solely through marketing and education. From the perspective of the branch staff, however, the expense of the CE tools is justified by the benefit that the branch realized by encouraging loan customers to repay using the service, which reduced staff time and resource use that was formerly expended in collecting loan repayments.