

BEHAVIORAL DATA AND PRODUCT IDEAS: RESULTS OF A STAKEHOLDER WORKSHOP IN YANGON, DECEMBER 9, 2015

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ABOUT THE MYANMAR FINANCIAL DIARIES

The UNCDF MicroLead programme funded by Livelihoods and Food Security Trust Fund (LIFT) in Myanmar aims to contribute to the development of a strong, inclusive financial sector in Myanmar. UNCDF commissioned Microfinance Opportunities and TNS Myanmar to conduct a year-long Financial Diaries research study to provide in-depth market intelligence on the economic behavior of low-income residents of Myanmar. The study covered 101 women and 10 men living in urban, peri-urban, and rural areas of the Mandalay Region. The Diaries gathered information each week between August 2014 and July 2015 on the respondents': purchases, sales, earnings, loans (including store credit), loan repayments, savings deposits and withdrawals, and transfers of money both within the household and outside of the household. The respondents also reported on any unusual events that occurred each week.

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INTRODUCTION

At a workshop for stakeholders working on financial inclusion in Myanmar on December 9, 2015, Microfinance Opportunities (MFO) presented the findings of the Myanmar Financial Diaries study. MFO, with support from UNCDF and LIFT, deployed the Financial Diaries methodology in Myanmar to gain insights into low-income consumers' use of financial services.

As part of the presentation of the findings, MFO asked the 75 stakeholders present at the workshop to engage in an exercise. This exercise required participants to discuss one of three profiles of individual respondents from the Financial Diaries study. The profiles showed the money flowing into and out of the hands of the respondents during the course of the study. The participants were divided in groups for a period of about 20 minutes and required to brainstorm product or service ideas that the profiles inspired and then present those ideas to the larger group.

THREE PROFILES

The three profiles shared with the participants were drawn from the case studies that MFO conducted in collaboration with Stuart Rutherford.¹ A full description of each case can be found in the [Myanmar Financial Diaries Case Studies](#) document, downloadable on the UNCDF Myanmar website.

The three profiles portrayed women with different earning patterns: the first woman ("Money Manager") relied almost exclusively on intra-household transfers of money, which she then redistributed to other members of her household; the second woman ("Informal Labourer") earned a regular income performing informal labour; and the third ("Farmer") earned an irregular income as a farmer. For the purpose of this report and simplification in presentation, the "Money Manager" profile will be denoted by Mrs. MM, the "Informal Laborer" by Mrs. IL and the Farmer by Mrs. FMR.

Note on reading the respondent graphs on the following pages

The following graphs show the flow of cash into and out of the hands of respondents, with the inflows depicted as bars rising from the zero line on the **y-axis**, which shows amounts in *kyat*, and outflows as bars dropping from the same zero line.

The **x-axis** shows the timeline of the study by week, beginning, mostly in week five and ending around week 52. For reference, week 5 is towards the end of August 2014, week 20 is the beginning of December 2014, week 30 is mid-February 2015, and week 50 is the end of June 2015.

The **legend** on each graph varies slightly as the variables, with no or insignificant flows, have been omitted. In the legend, it is possible to see references to IHT In and IHT Out. These are transfers of cash from another member of the household managed by the respondent. In contrast, a cash gift is a transfer of cash into or out of the hands of the respondent from/to someone outside the household.

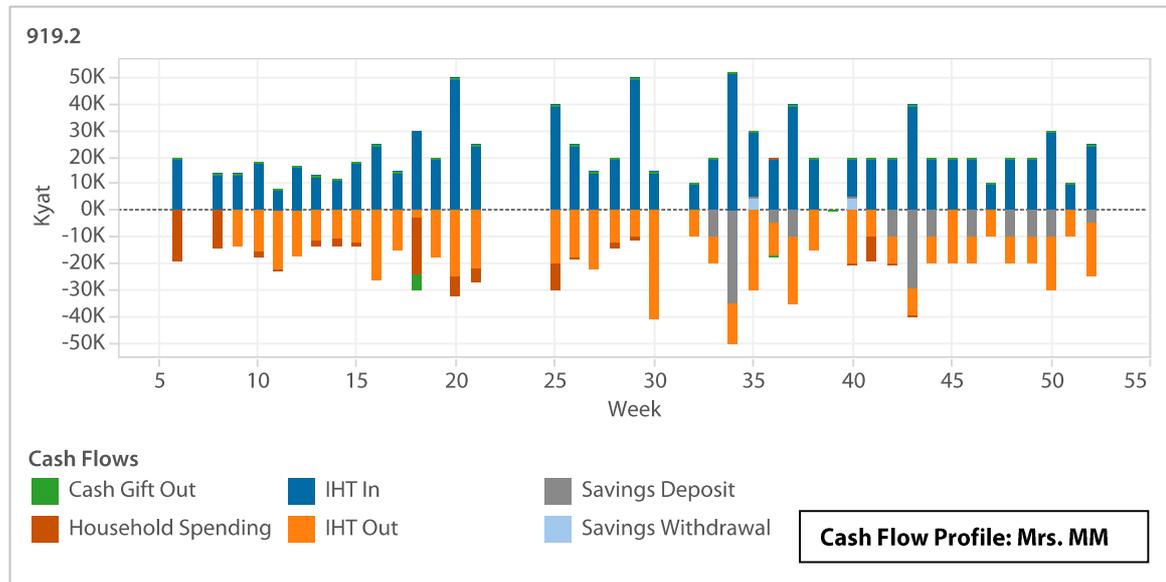
The unique identification number of the respondents was reported in the top left corner of the graph.

MONEY MANAGER

Mrs. MM was the manager of her household's money. Every week, she collected the money her husband and adult children earned as farm laborers. In this study, these money exchanges are considered as intra-household transfers (IHTs). Mrs. MM redistributed the money among household members as consumption necessities arose, such as food or asset purchases. At the beginning of the study Mrs. MM reported spending some money for her

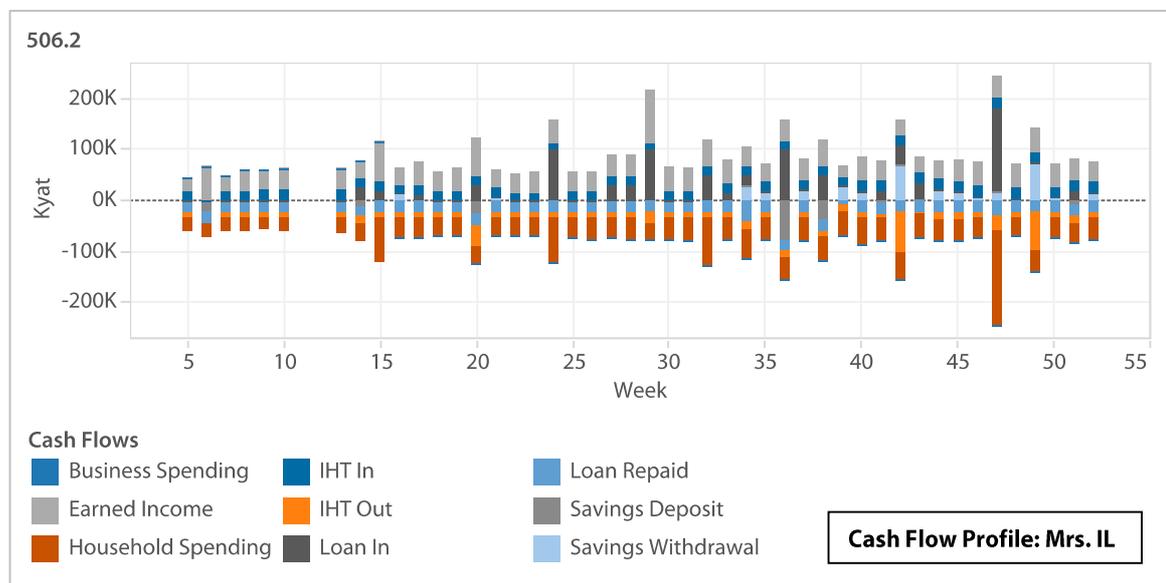
¹ Stuart Rutherford is the author of the path-breaking book [The Poor and their Money](#), which is based on the original Financial Diaries he conducted in 1999 and 2000 in Bangladesh. He is also a co-author of [Portfolios of the Poor](#).

individual needs, though no personal expenses were reported in the later phases. In the final weeks she also reported allocating part of her household income to saving.



INFORMAL LABORER

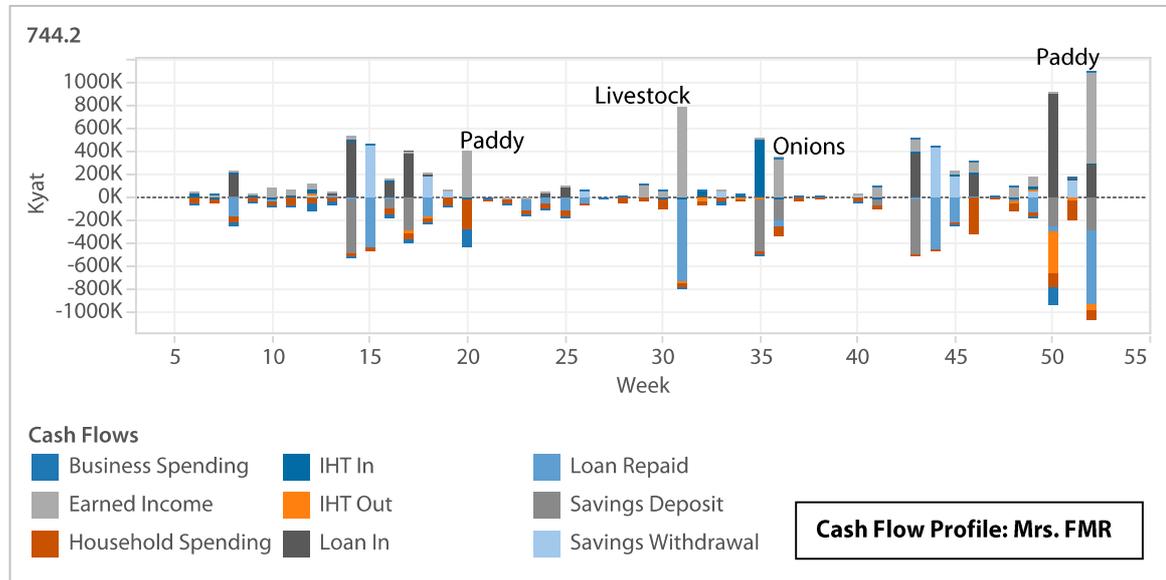
Mrs. IL works for an informal laundry business. During the study she received transfers from her adult son and daughter, who both worked, and redistributed that money back to them, as well as to her two younger children, aged 10 and 14. Her husband worked occasionally but, according to Mrs. IL, he had problems with alcohol abuse. She only reported giving him money once during the course of the study.



During the study, Mrs. IL borrowed three short-term loans from a semi-formal lender. These loans were repayable at the rate of Ks. 2,000 per day for 55 days, for each Ks. 100,000 borrowed. This means that Mrs. IL repaid Ks. 110,000 for each Ks. 100,000 borrowed at a nominal interest rate of 10% for two months (approximately 60% per year flat). The lender sent a staff-member to Mrs. IL's home or workplace each day to collect the repayments.

FARMER

Mrs. FMR is a farmer who generates her entire earnings through crop sales. Her son is in charge of the majority of the farming work, with the help of her husband and son-in-law.



She sold paddy in weeks 20 and 52, livestock in week 31, and onions in week 36. She also juggled a number of different loans. In week 14 she received a loan of Ks. 500,000 from a money-lender in her village. She deposited the proceeds at her home, but during the following week she withdrew part of the sum to pay off another loan she owed to a semi-formal lender. Her sale of livestock in week 31 served to pay off a Ks. 720,000 loan from Co-operative Bank (CB Bank). Towards the end of the study she received a Ks. 900,000 loan from the Myanmar Agricultural Development Bank (MADB). She distributed Ks. 307,000 of the loan proceeds to her adult son, used Ks. 50,400 to pay off another loan, spent Ks. 115,200 on food and other items for the household and Ks. 141,000 on inputs for her agricultural business, and saved the rest at home.

IDEAS

The stakeholder discussion yielded a number of ideas attempting to address the challenges faced by the women in the study. With respect to the money manager (Mrs. MM), the focus was on providing her with a safe, accessible savings account where she could deposit the money she was currently saving at home. Some of the stakeholders pointed out that, in Myanmar, it is necessary to accumulate useful lump sums of money in anticipation of seasonal festivities (such as Independence Day in January and the Water Festival in April) - an issue that had also been presented during the workshop. It was suggested that some sort of commitment saving product be created by FSPs in order to facilitate the accumulation of financial resources for seasonal spending.

Regarding the informal laborer (Mrs. IL), the stakeholders focused on the loans she had taken out. They claimed that Mrs. IL was caught in a debt trap, consistently taking out loans without improving her income. As a result, the stakeholders suggested refinancing the woman's debt at a more affordable interest rate to help her to break out of the debt cycle. As with the previous case, the stakeholders also concluded that Mrs. IL could use a savings product to store wealth and avoid future recourse to high-interest debt.

Finally, the discussion of the farmer (Mrs. FMR) revolved around the fact that her income relied greatly on crop sales. The ideas focused on risk mitigation. One suggestion was to provide her and other members of her household with basic business management training to enable them to create new, more consistent sources of income to supplement their farm earnings. A second idea was to provide Mrs. FMR's household with crop insurance or a weather-related insurance product to mitigate the risk of crop failure, as well as technical and advisory services.

CONCLUSION

A well-informed reader with knowledge of efforts to promote financial inclusion will notice that none of the ideas generated out of the stakeholder discussion are particularly revolutionary. The main point of difference in this discussion was that stakeholders had the opportunity to analyse the women's cash inflows and outflows during the course the study, and respond to their behavior with product ideas that clearly sought to solve particular money management issues. In this way, the Diaries generated actionable market intelligence.

This raises a question about how people working to expand financial inclusion can collect and analyse more behavioral data. There are two methods that can generate these type of data at minimal cost. The first requires FSPs working on financial inclusion to recognise that they already have a lot of behavioral data within their own management information systems (MIS). Every time a customer makes a loan repayment, receives a loan disbursement, deposits into or withdraws from a savings account, or transfers money to another account or bank, useful data are generated and recorded. A limitation exists in that data can be collected only from those transactions with a handful of FSPs and only for specific financial services.

In spite of the limitations, this type of data can provide the basis for further market research and prove useful in helping FSPs understand how to serve their markets more effectively. For example, data from across the globe suggests the existence of a large number of dormant savings accounts. FSPs can analyse the behavior of customers who become dormant in order to understand the reasons and behavioral traits that lead to savings dormancy. Furthermore, they can segment their savers based on usage of different savings accounts and then conduct interviews with them (either qualitative or quantitative) to understand the drivers of their behavior. This, in turn, could help the FSP improve services and/or product offerings.

A second option for FSPs is to collect Diaries data themselves. The Myanmar Financial Diaries collected a broad range of information about the financial transactions performed by participants. The core of its methodology is a simple set of questions about resource inflows and outflows that can provide FSPs with very useful market intelligence. In other reports connected to the Myanmar Financial Diaries study, there has been considerable focus on the role played by income variation in driving financial service use. Simply collecting weekly income data from customers through a "stripped down" Diaries methodology may prove fruitful. The logistics of data collection, processing and analysis can be challenging, and requires a high level of commitment by the FSP. Nonetheless, there is significant potential to harness and use higher volumes of behavioral data to support the financial inclusion process.