

# Mobile 2.0 for Commerce and Entertainment

## case of m-transfers in Sri Lanka\*

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research → policy → KBE

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# Objective

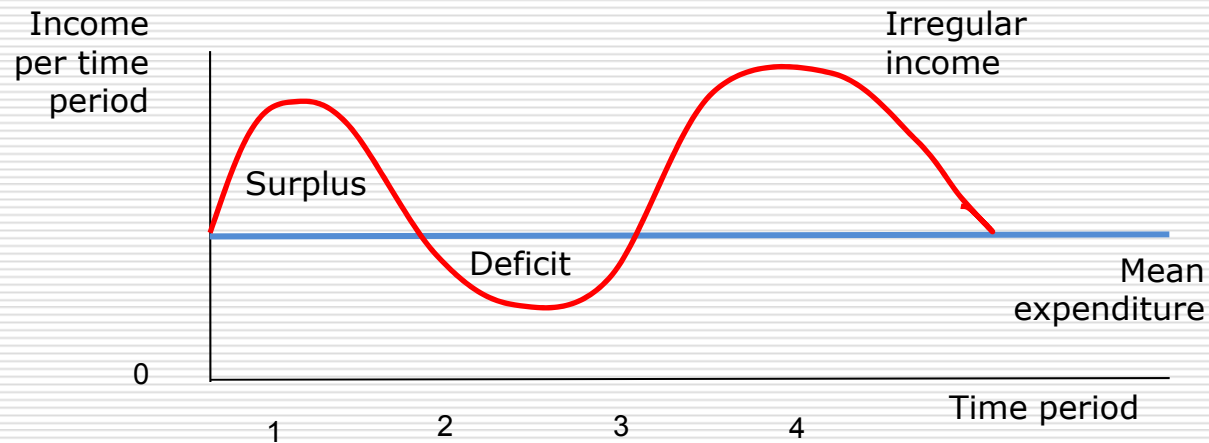
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- Understand the volatility of cash flow of the poor → prevalence of m-transfer services to smoothen consumption expenditure → how to increase adoption and use of m-transfer services

# Quick theoretical framework

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## Smoothing Income-Expenditure Gaps



# Research methodology

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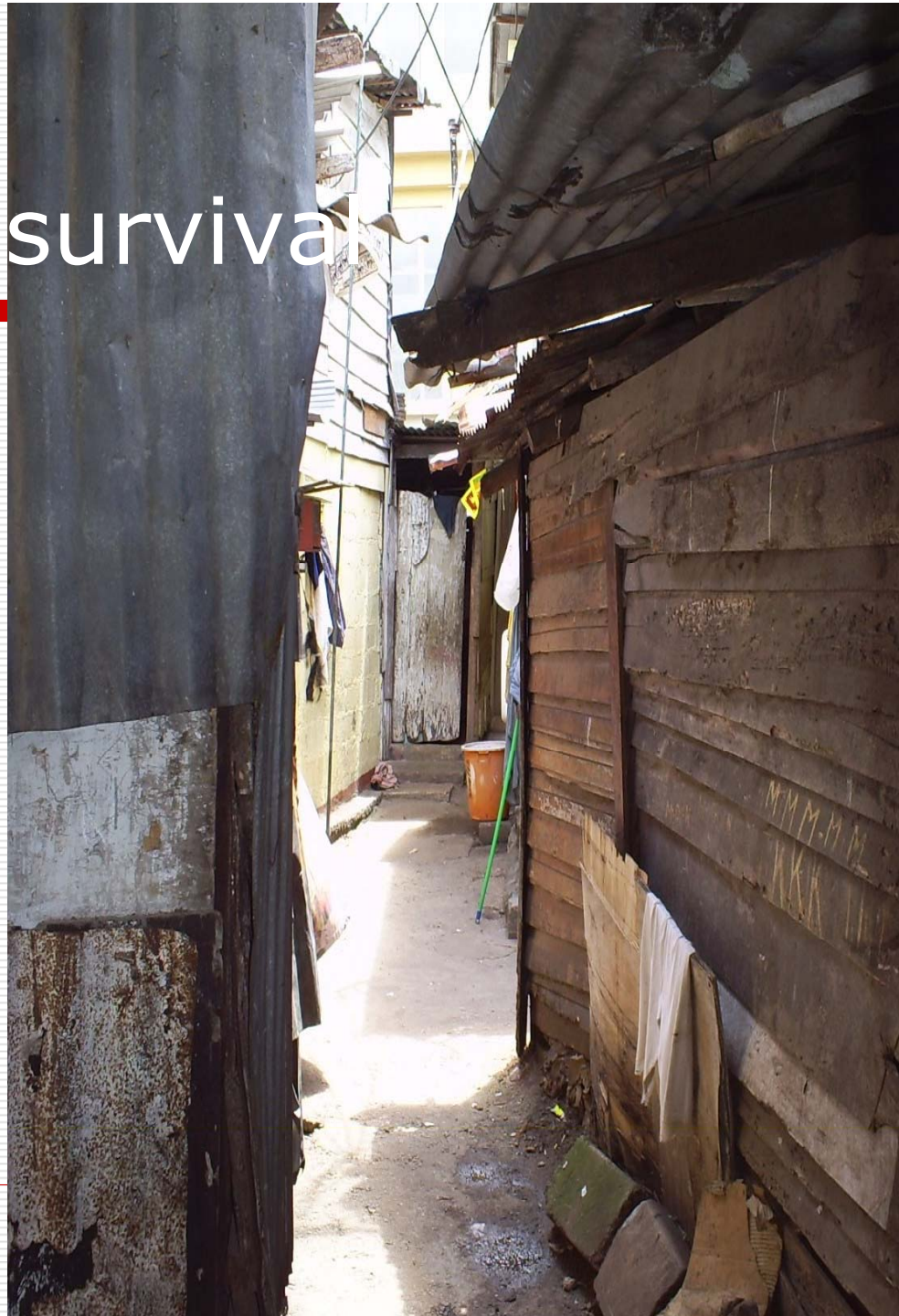
- Qualitative [small study]
  - Males and females; 18-50 years; irregular income streams
  - Average individual HH income USD 1 [poor]
    - Urban
    - Rural
    - Estate
- October 2009

# Urban poor living in congested desperation



# Hand to mouth survival

- ❑ Casual labor
- ❑ Expenditure on food; daily basis, that too skipping meals
  - USD 3-4/ family of 4
- ❑ Try to survive with whatever they get; but take food on loan from neighborhood shop; in emergencies loan sharks 20% a month
- ❑ Try to save for kids



# Rural poor living in isolated desperation



# Life is...tough

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- Living off small subsistence agriculture
  - Only 10-15 days work, so look for 'any' work in village
  - 'Manage' with what they have; some remittances
  - Frugality; small family can make do with USD 2 a day
- If no money; food on credit from village shop
- 'Hide' USD 3-5 at home for an emergency or for kids

# Estate poor living in institutional desperation



# Totally dependent on plantation

- ❑ Living on estates; tea
- ❑ Marginalized and isolated;
  - Pluck tea; weather is key; even 2 days/week
  - Work in town
- ❑ Food on credit from estate shops; pay on salary day
- ❑ Borrowing brings 'bad luck'
  - Yet, borrow from neighbors, friends; community credit scheme
- ❑ Always try to save 'something' for kids



# Case of m-transfers

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- Phone-to-phone credit transfers; for smoothening **communications consumption**
  - Not frequently, but yes if
    - Out of cash for re-load or unable to reach outlet
  - Mainly among friends
  - Very small amounts; as low as USD 0.05 – 0.25
- Pay-back in kind or cash
- Expensive
  - For very small m-transfers as high as 25-50 percent

# m-transfer possibilities

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- Transfers to smoothen other consumption
  - Not happening even among friends
- Cash-flow functions are different; therefore needs different
  - Urban poor: dealing with vendors
  - Rural poor: to interact with micro-entrepreneurs
  - Estate poor: to make local remittances
- Saving small amounts
  - Key

# Way forward

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- Evidence
  - Kenya, South Africa, Philippines etc.
- Awareness among the BOP
- Formality
  - Regulatory framework: CBSL and TRCSL
  - Security and trust
- Infrastructure
  - Agent network
    - “I **buy** re-loads: All networks welcome”

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Thank you

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