



Digital & Financial Inclusion Barometer

Rapidly tapping the digital and financial pulse of India today



Concept + First Series Findings

May 2022



Digital & Financial Inclusion Barometer



Sambodhi and pinBox have collaborated to produce a time-series data set on digital and financial inclusion.

The Barometer will cover quarterly surveys on an occupation, age, and gender representative all-India panel to track changes in digital and financial outlook and behaviour over time. With this longitudinal data, the aim is to also develop indices that will map such changes over time.

The first of this series links digital inclusion with retirement outlook and confidence among urban and rural households in India.

First survey series

Retirement Outlook

In 2009, the Government of India launched a National Pension System (NPS) to enable India's 400 million informal sector workers without pension benefits to voluntarily accumulate micro-savings for their old age.

The NPS is among the most efficient pension programs in the world and has already resulted in mobilizing new long-term household savings of over \$100 billion.

However, twelve years on, **barely 5 million non-salaried individuals have elected to open NPS accounts.**

The government as well as PFRDA, India's pension regulator, have a deep demonstrated commitment to rapidly increasing pension coverage. However, encouraging mass-market outcomes with the NPS will require a segmented outreach and communications strategy coupled with sustained efforts on retirement literacy.



Against this backdrop, **Sambodhi Research** and **pinBox Solutions** have launched a pan-India survey aiming to **profile the latent pensions demand among informal sector workers**



Overarching Goal

The survey seeks information from respondents on their retirement outlook, intentions, expectations and behavior, to assess the potential demand for voluntary retirement savings like the NPS.

Importantly, the survey will help ascertain the digital KYC and financial capacity of individuals to activate NPS accounts, as well as their ability to transmit periodic pension contributions using digital payment instruments.

Over time, the survey can provide a valuable baseline panel upon which a time-series data can be built to better understand trends and public responses to ongoing changes and improvements in outreach, access and the NPS product architecture.

Sampling

Total sample

12,167

Urban

7,924

Rural

4,243

Age-wise categorization:

18-35

3,927

35 - above

3,997

Age-wise categorization:

18-35

1,807

35 - above

2,436

Occupational categorization:

Covers only earners. Perm. govt. workers eligible for pension were excluded. HNIs and very poor earners without phone access are likely to be under-represented.

OC 1

Relatively upper-middle and high-income earners

2,780

OC 2

Relatively middle and lower middle-income earners

2,662

OC 3

Relatively low-income earners and economically weaker sections

2,483

Occupational categorization:

Covers only earners. Perm. govt. workers eligible for pension were excluded. Very large farmers and extremely poor earners without phone access are likely to be under-represented.

OC 1

Relatively affluent earners, including medium and large farmers

1,604

OC 2

Relatively middle-income earners

1,670

OC 3

Relatively poor earners, including wage labourers

969

City typology:

31 cities covered.

Smaller cities

1 lakh to < 10 lakh

1,805

Metropolitans

10 lakh to < 40 lakh

2,556

Super metros

40 lakh and above

3,563

Earner typology:

Farmers (with < and > than 1ha of land)

1,373

Salaried (in and outside gov. employment)

1,081

Wage laborers

900

Business owners (business/outlet/home-based job worker)

882

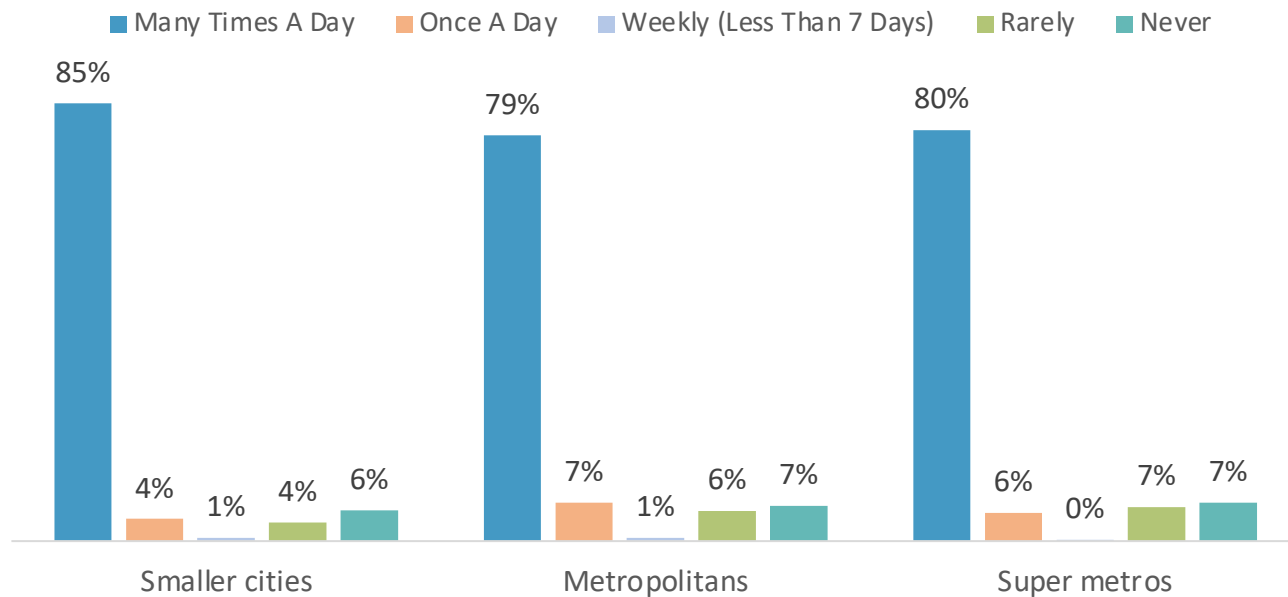
Data views

Part 1
Digital Connect

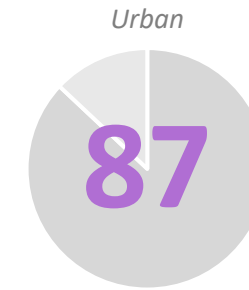
Even though e-mail connectivity in rural areas is almost half that of urban, nearly 2 out of 3 in rural areas stay connected through WhatsApp.

Frequency of using WhatsApp in metropolitan cities is about the same as in off-metro cities having a population between 1 and 10 lakhs.

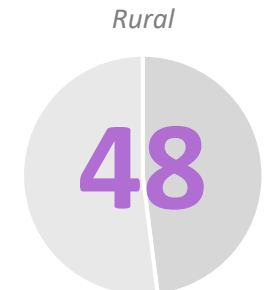
Frequency of using WhatsApp



Having an active e-mail ID

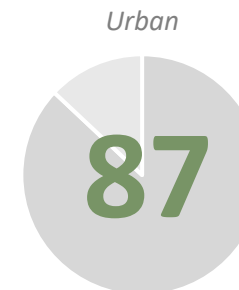


% living in **Urban** areas have an active e-mail ID

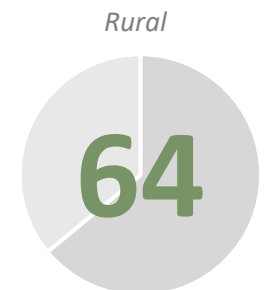


% living in **Rural** areas have an active e-mail ID

Usage of WhatsApp



% living in **Urban** areas use WhatsApp at least once a day.
7% do not use WhatsApp.



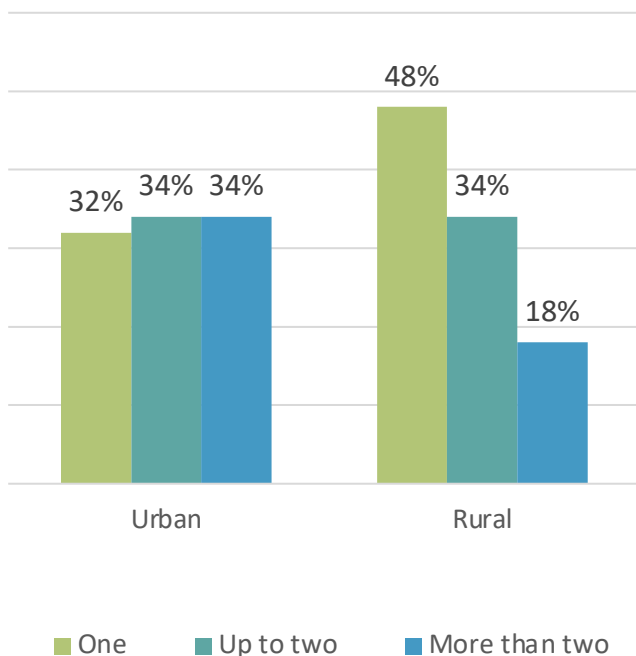
% living in **Rural** areas use WhatsApp at least once a day.
33% do not use WhatsApp.

3 out of 4 urban residents use UPI to make online payments. This figure is about **40%** in rural areas.

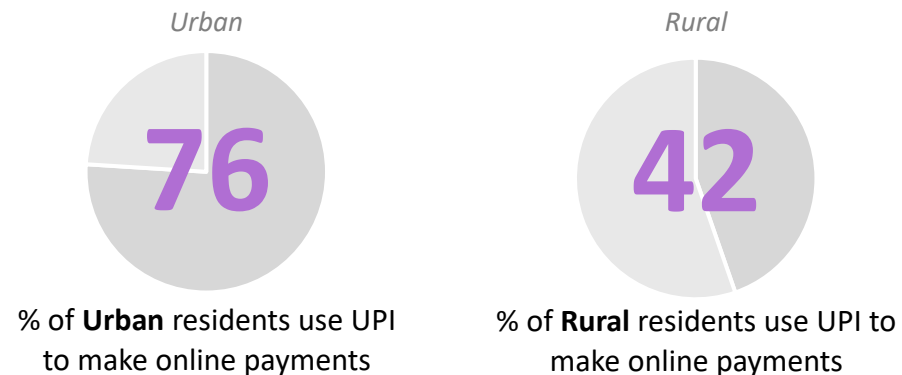
Of those who use UPI, about **half in urban areas and a third in rural areas are regular UPI users.**

68% of urban users and 52% rural users use more than one UPI app.

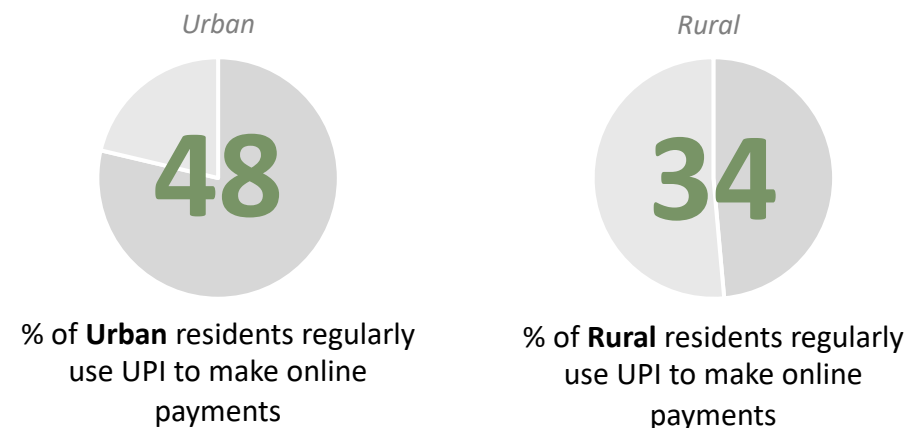
Number of payment Apps used



UPI Usage



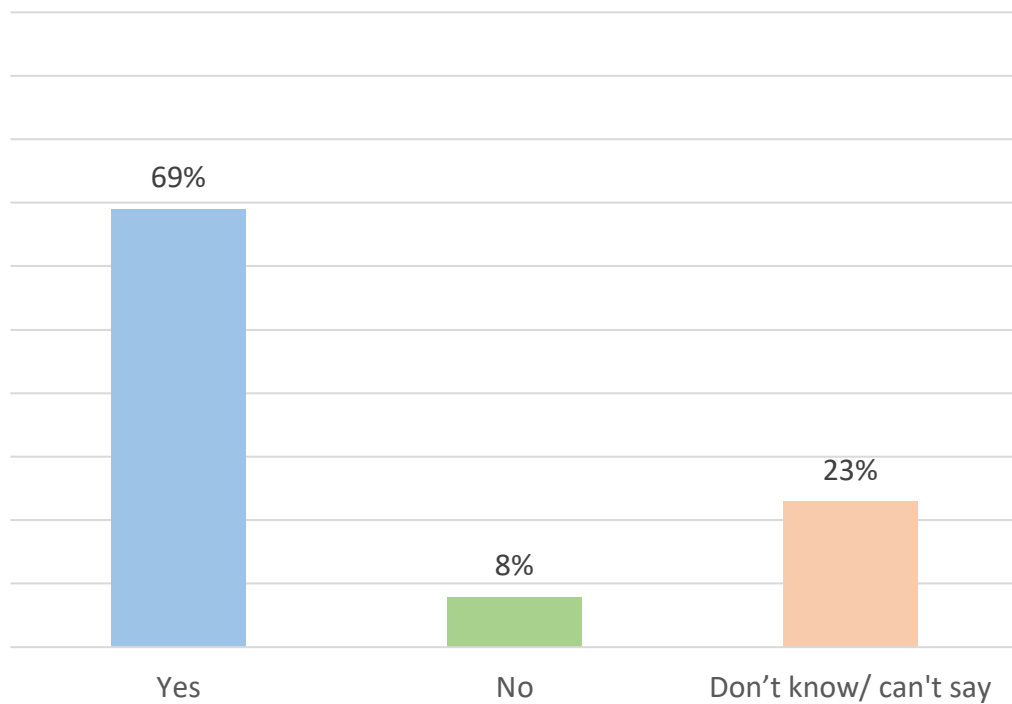
Frequency of transaction



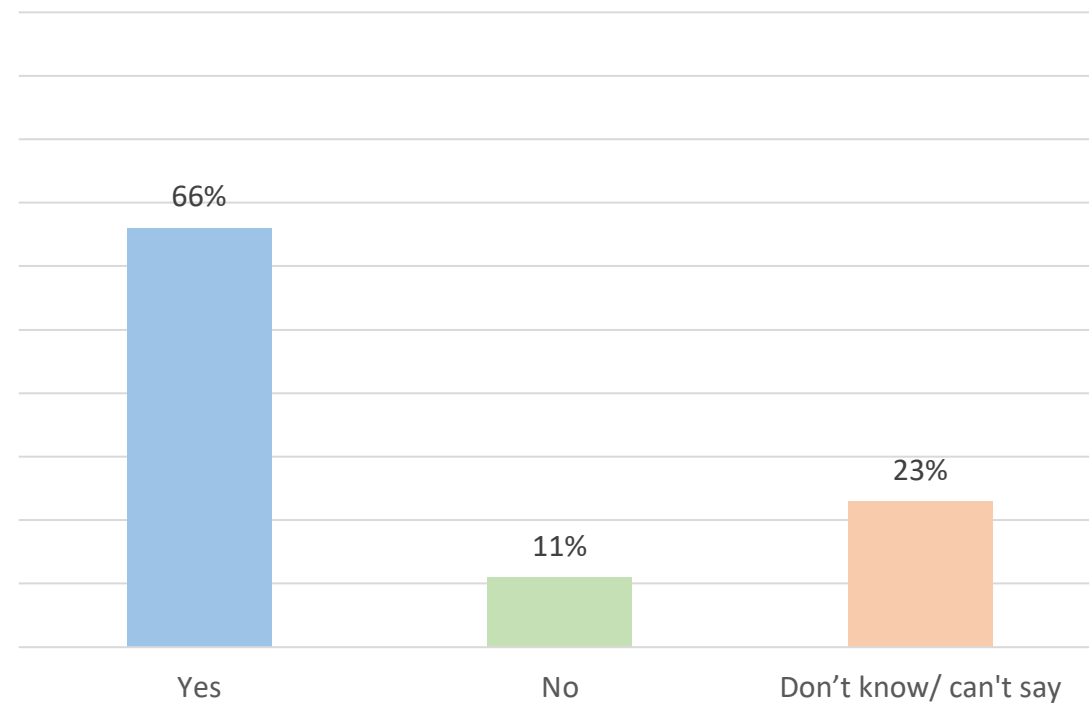
Across urban and rural India, as of date, around 2 out of 3 persons have already linked their phone numbers to their Aadhar cards.

Linkage of Aadhar card with mobile number

Urban India



Rural India



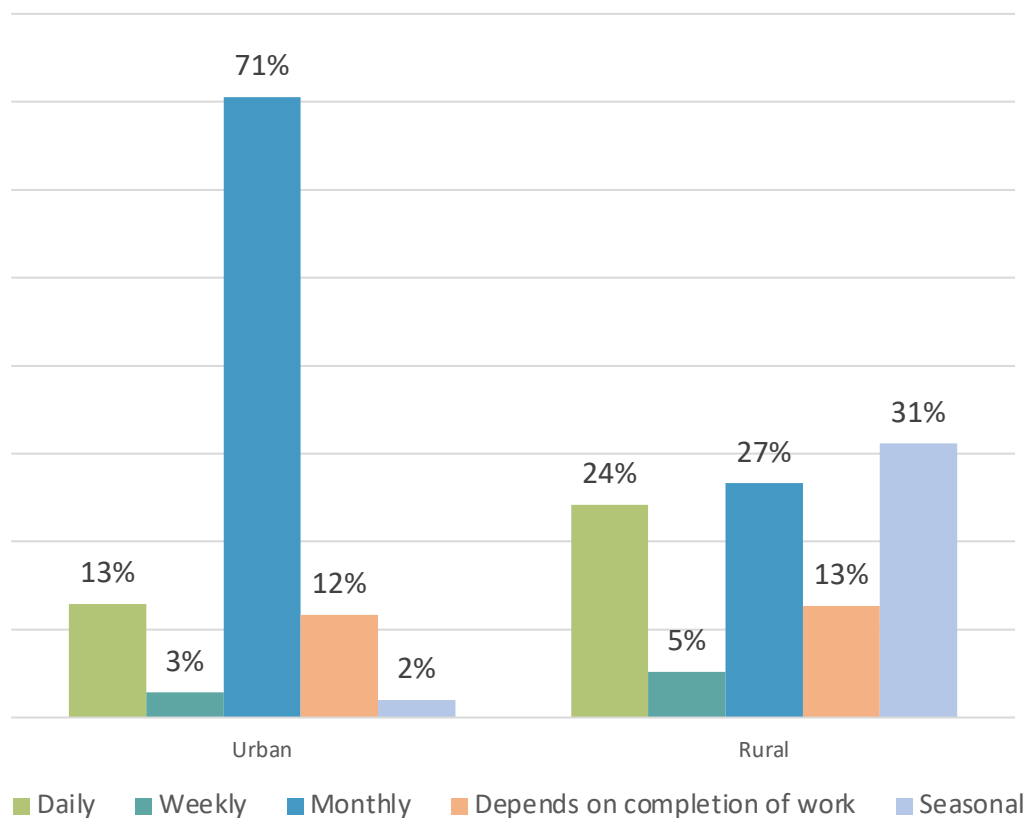
Part 2

Earnings and Savings Profile

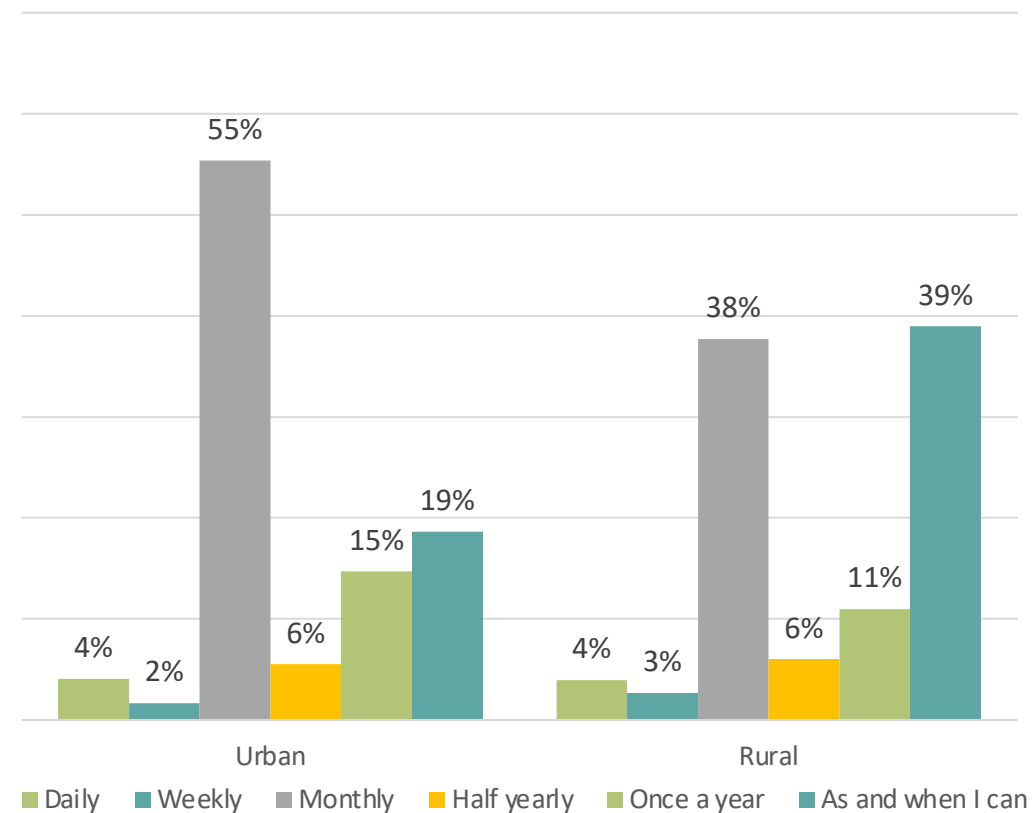
In urban areas, most people get paid on a **monthly basis**, while in rural areas, it is split between **daily wage payments, seasonal earnings (from agriculture), and monthly payments**.

Similarly on the savings front, **most urban residents save monthly while rural residents tend to save when they can**.

How frequently do you earn?



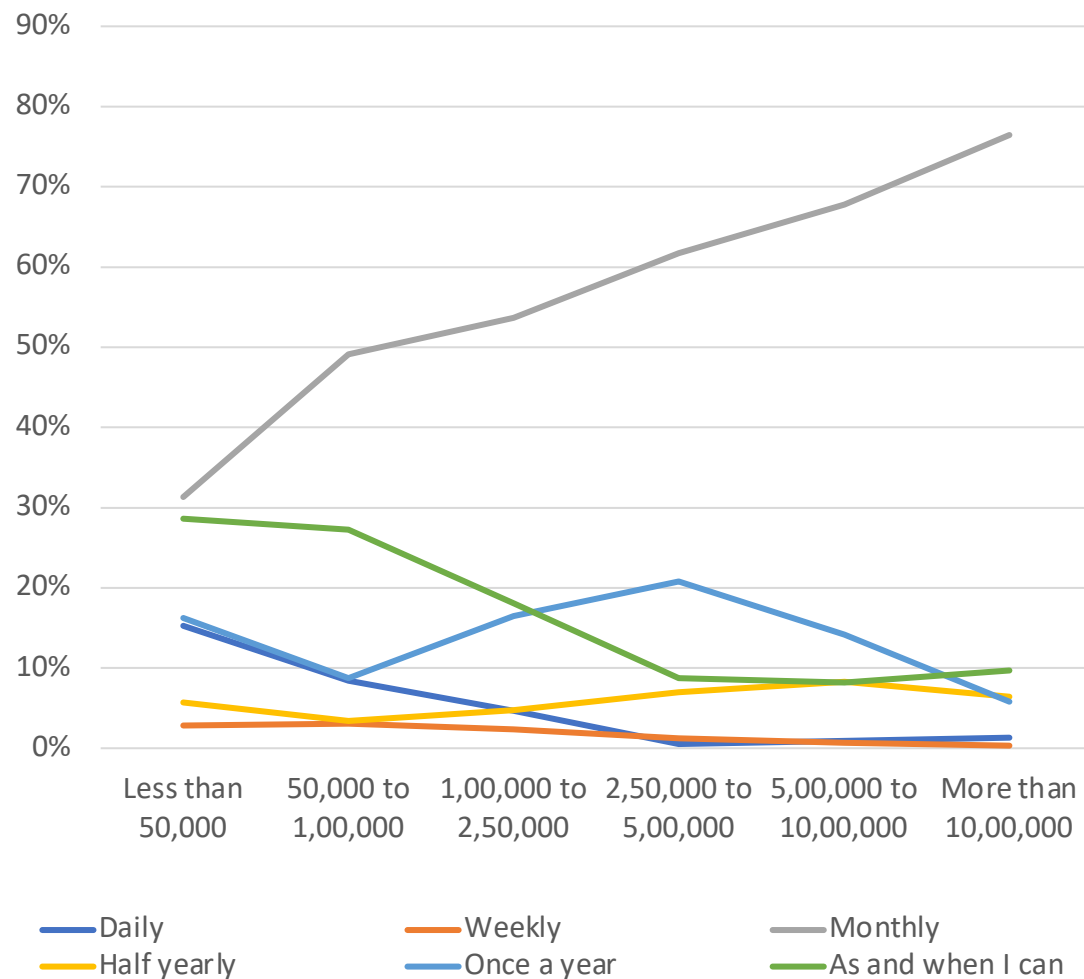
How frequently do you save?



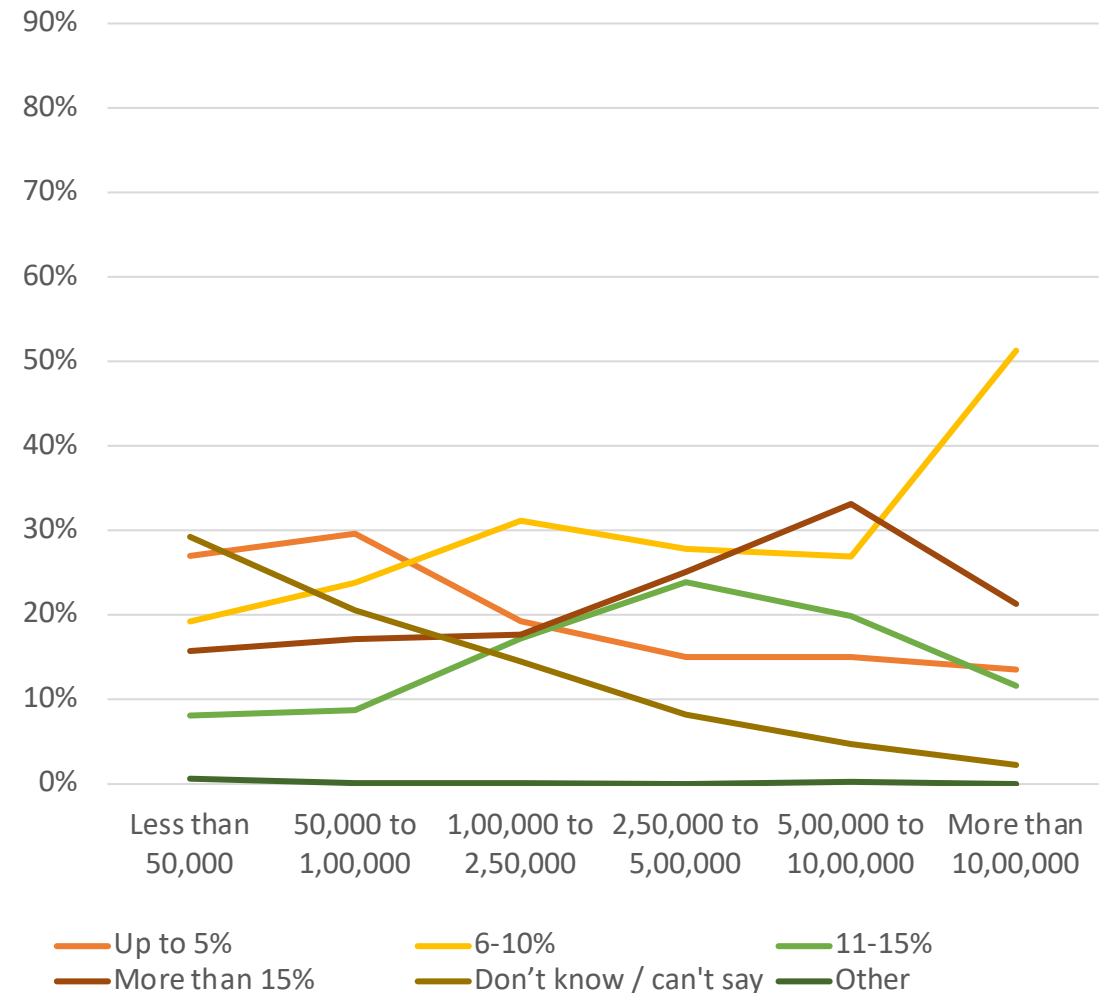
Higher-income earners from urban areas prefer to save on a monthly basis because of a stability in their earning pattern, while lower-income earners prefer to save as and when they can.

Across most income groups, the preference is for saving 6-10% of income; the lowest income group prefers less than 5% while higher earners tend to prefer 6-10%.

Annual income vs frequency that one should save at in Urban India



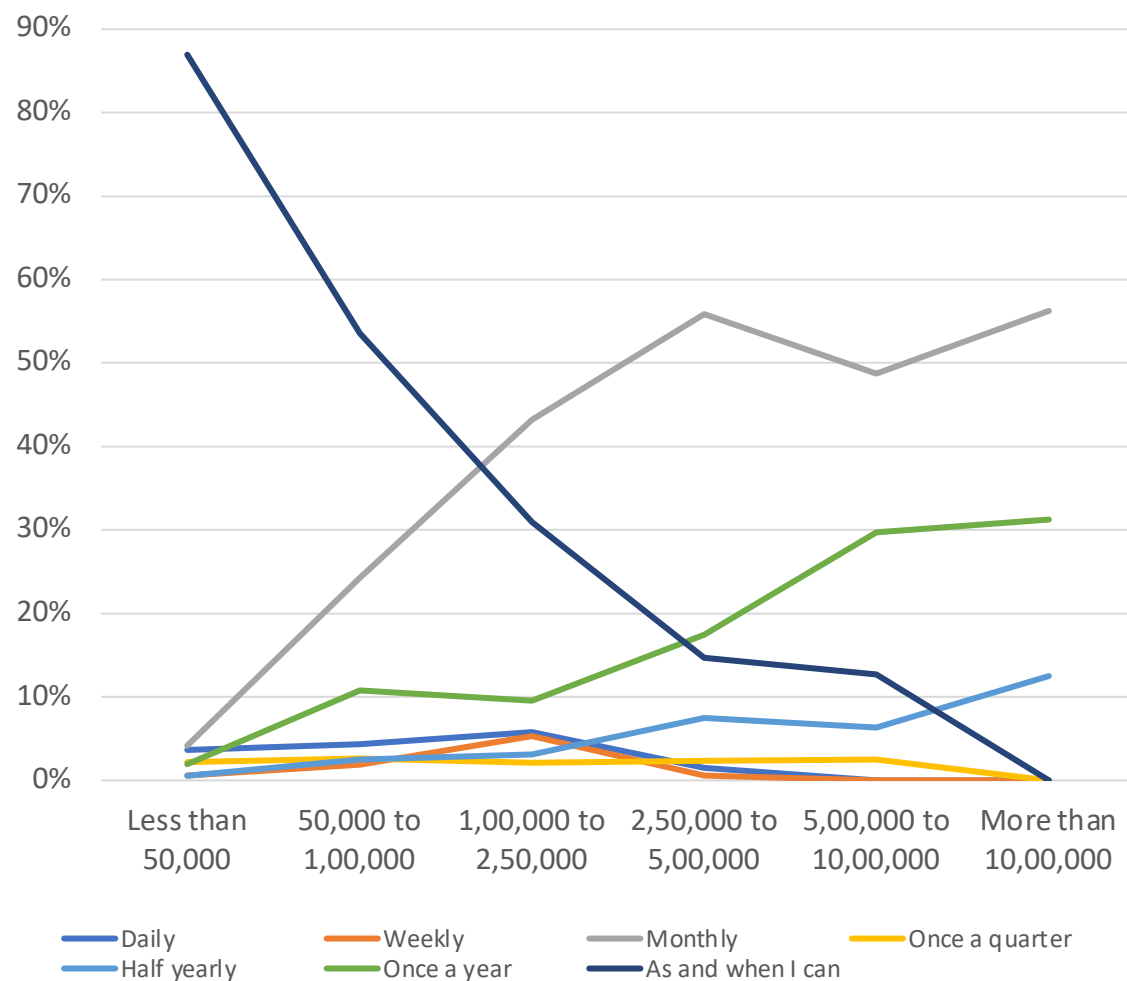
Annual income vs % of income that should be saved in Urban India



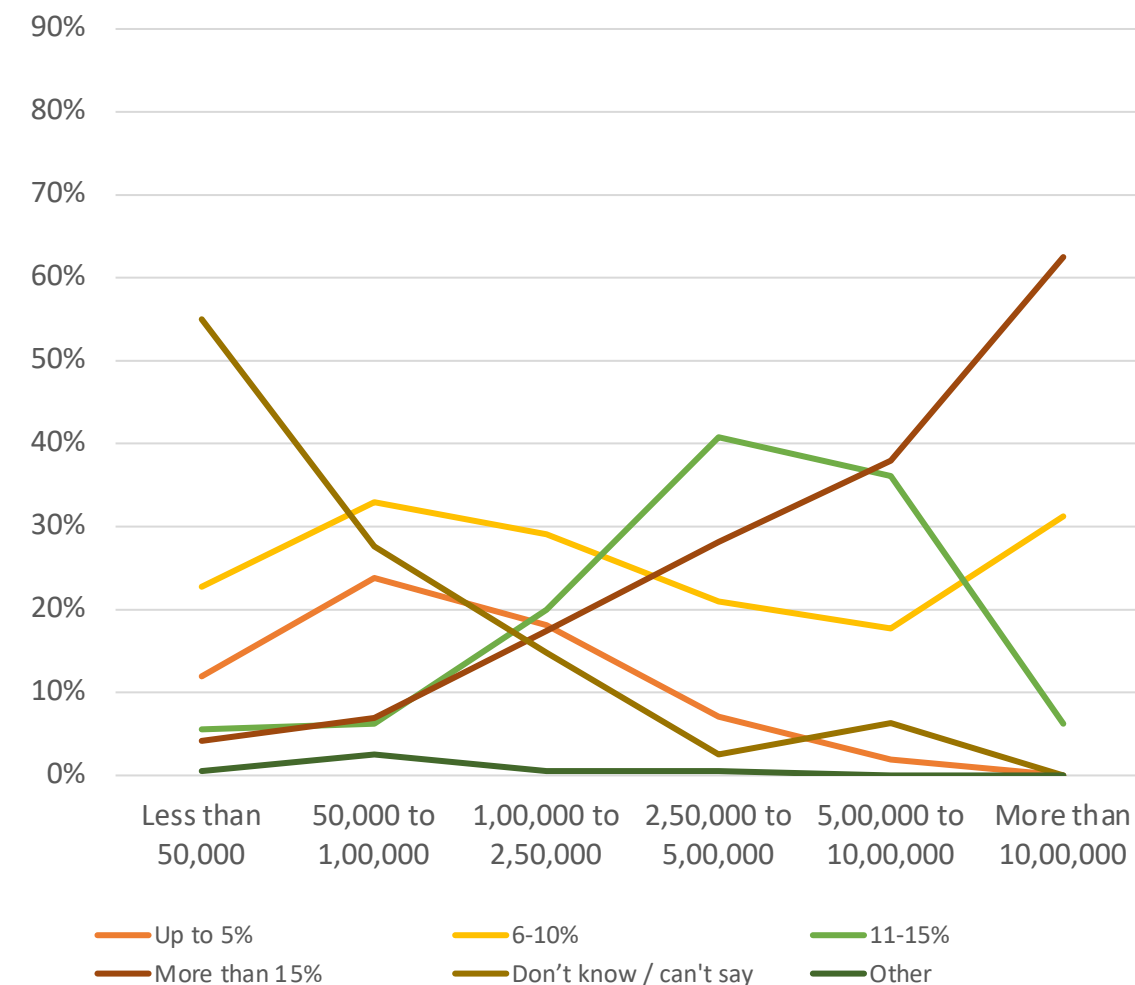
In rural areas as well, higher-income earners prefer to save on a monthly basis and lower-income earners prefer to save as and when they can.

Most of the lowest income group do not have an opinion on how much to save, while those with money would like to save more than 15% of their income.

Annual income vs frequency that one should save at in Rural India



Annual income vs % of income that should be saved in Rural India



Part 3

Retirement Outlook

While most earners across urban and rural areas tend to **believe that retirement savings should commence towards the middle or late twenties**, this is **not wholly reflective of their actions**.

In reality, **less than 80% of urban residents and 60% of rural residents** are presently saving for their old age.

Age at which people should start thinking about old age financial security?

Urban

26

years is the median age when **Urban** India feels people should start thinking about old age financial security

Rural

28

years is the median age when **Rural** India feels people should start thinking about old age financial security

Are people saving for retirement now?

Urban

79

Percent of urban residents are currently saving for retirement from work

Rural

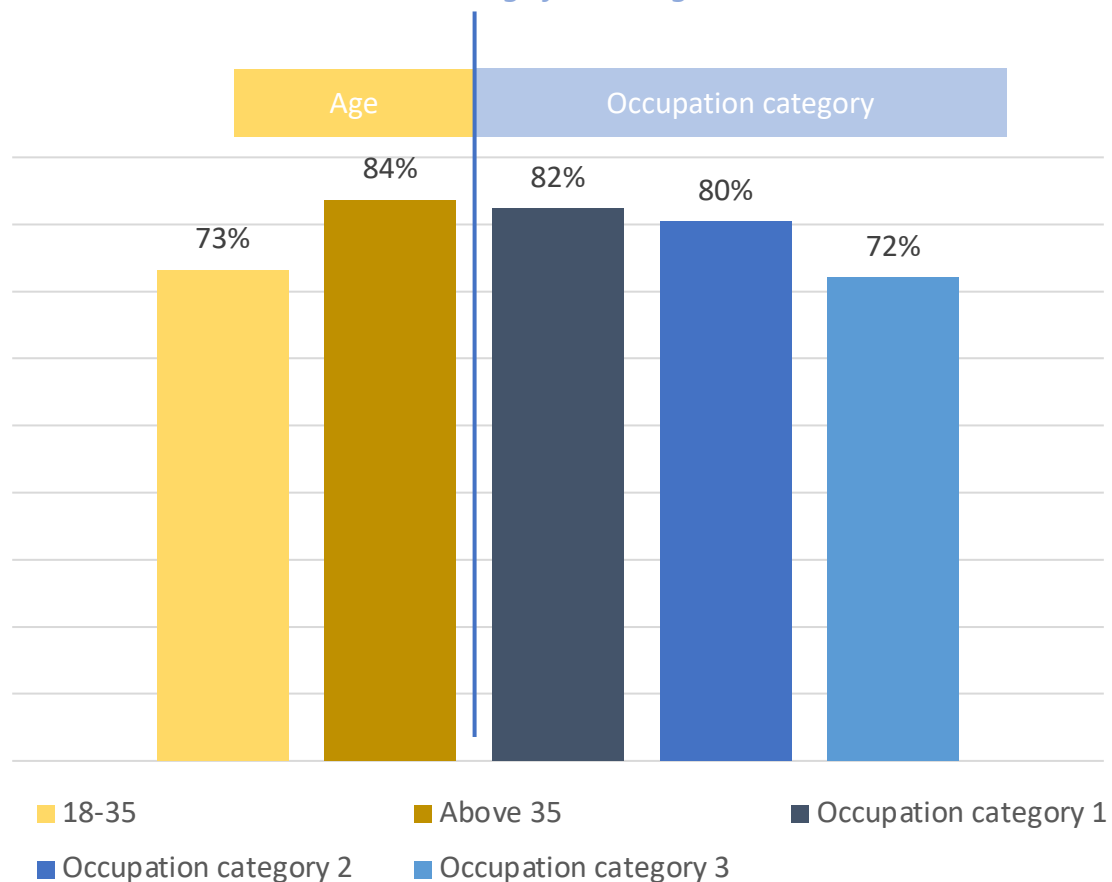
60

Percent of rural residents are currently savings for retirement from work

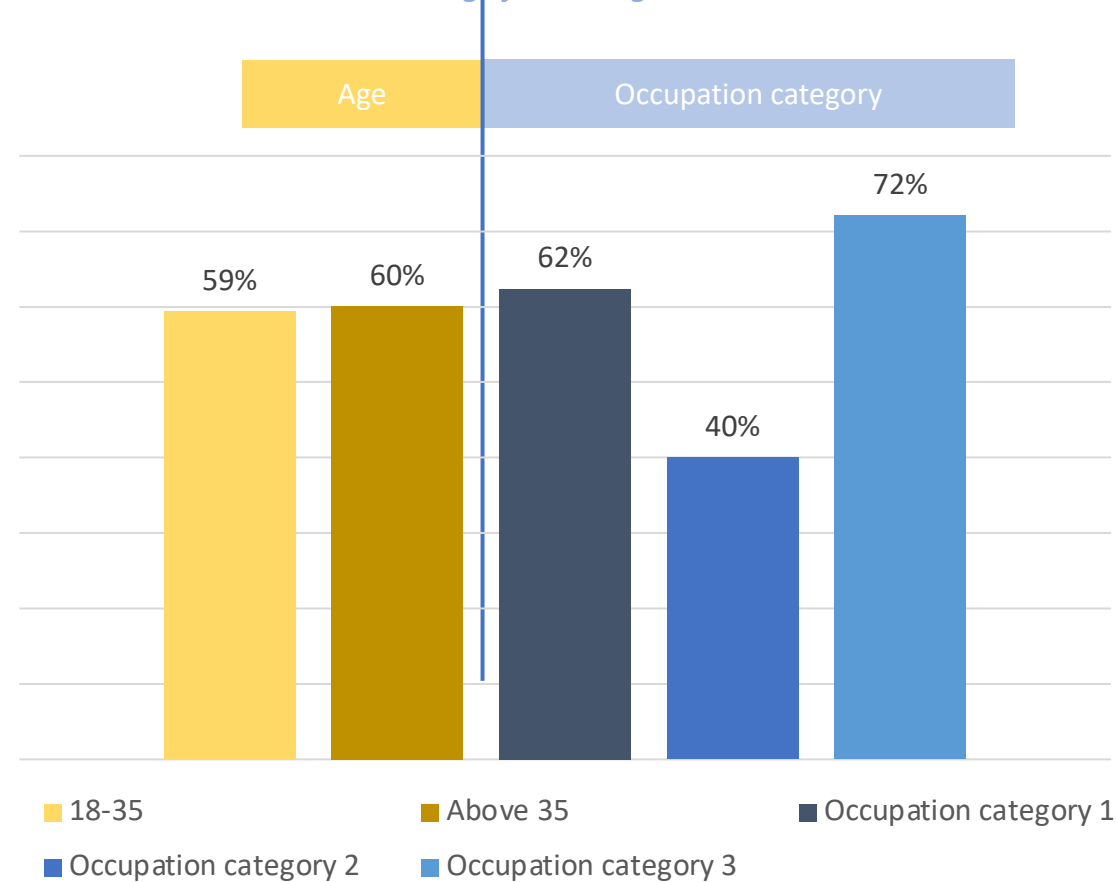
In urban areas, those above 35 have a greater propensity to save for old age than those who are younger. This distinction is not present in rural India.

Unlike in urban areas, in rural India, it is the poor who tend to set aside money for the future whenever they can, possibly because of their uncertainty of steady income.

Proportion of **urban** residents who have started putting aside some savings for old age



Proportion of **rural** residents who have started putting aside some savings for old age

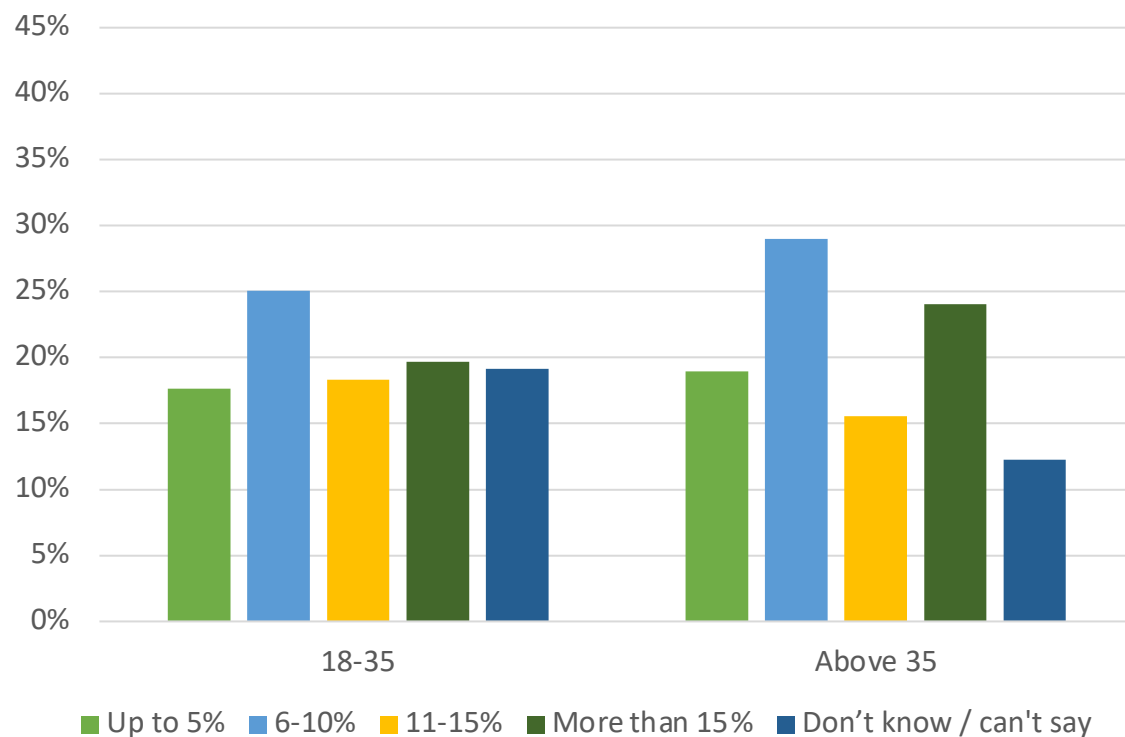


Across age groups, the preferred savings volume is 6-10% of income. This is true for urban as well as rural areas.

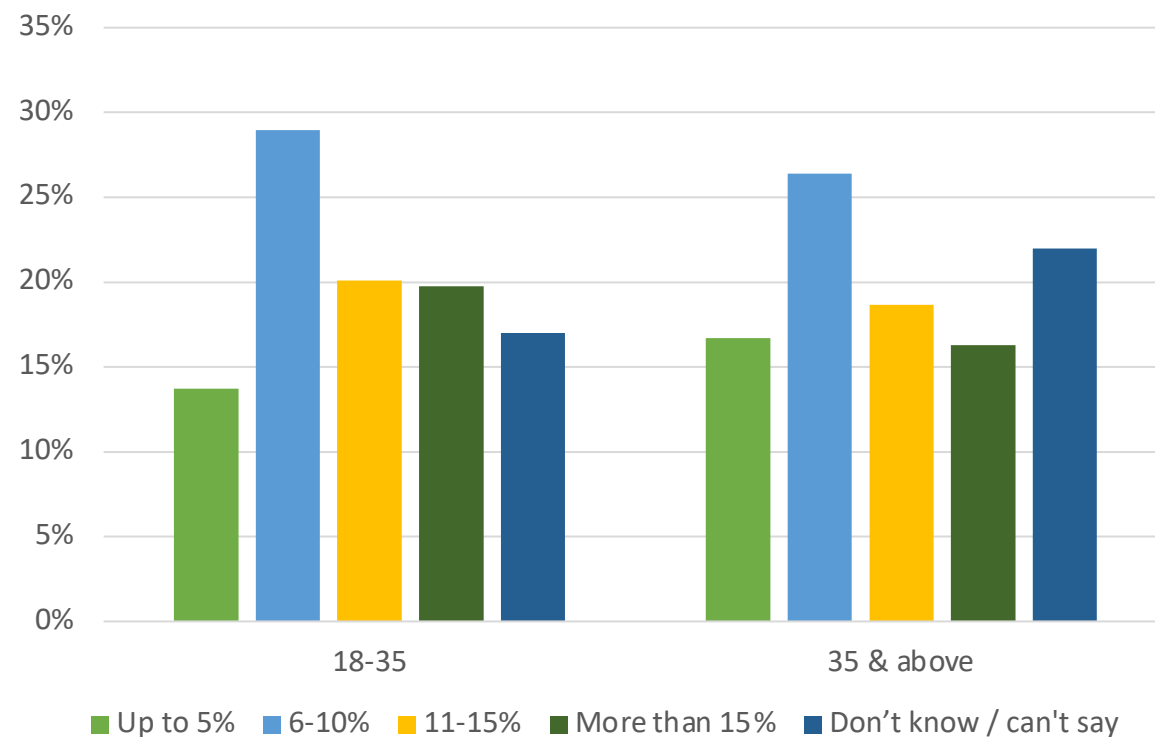
The proportion of rural earners who did not have an idea of how much to save is nearly double that of urban.

At your age, how much of your income do you think you should be saving exclusively for your old age?

Urban residents – by age and occupation category



Rural residents – by age and occupation category

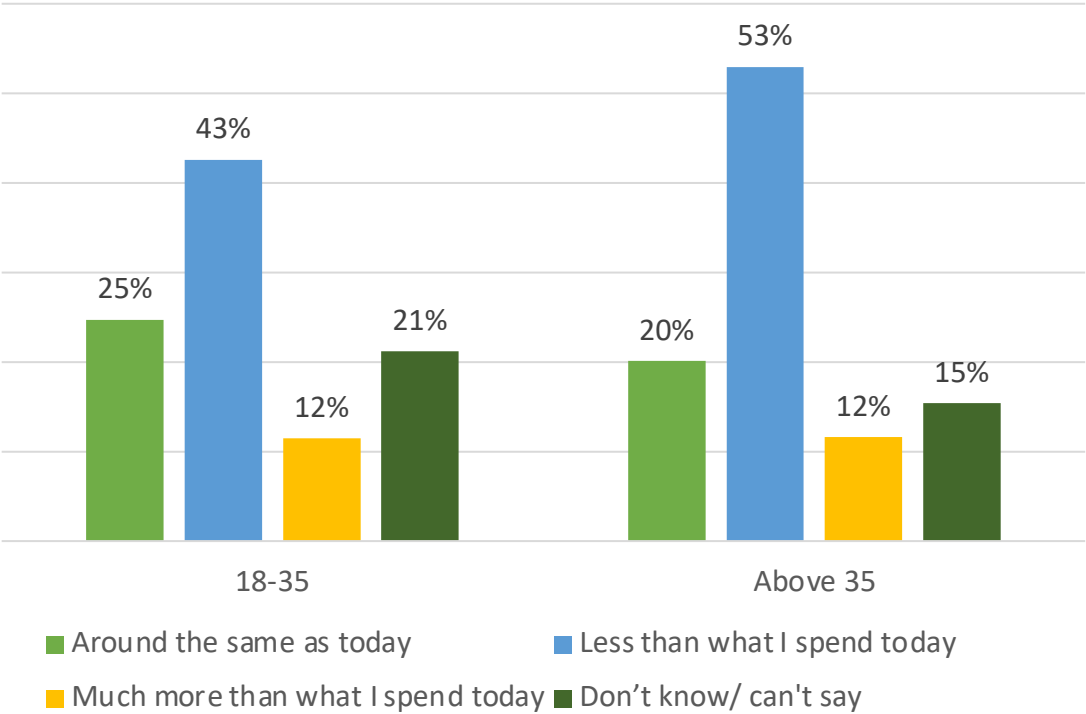


Most urban earners, irrespective of age, tend to believe that their post-retirement expenditure will be lower than what they are spending today.

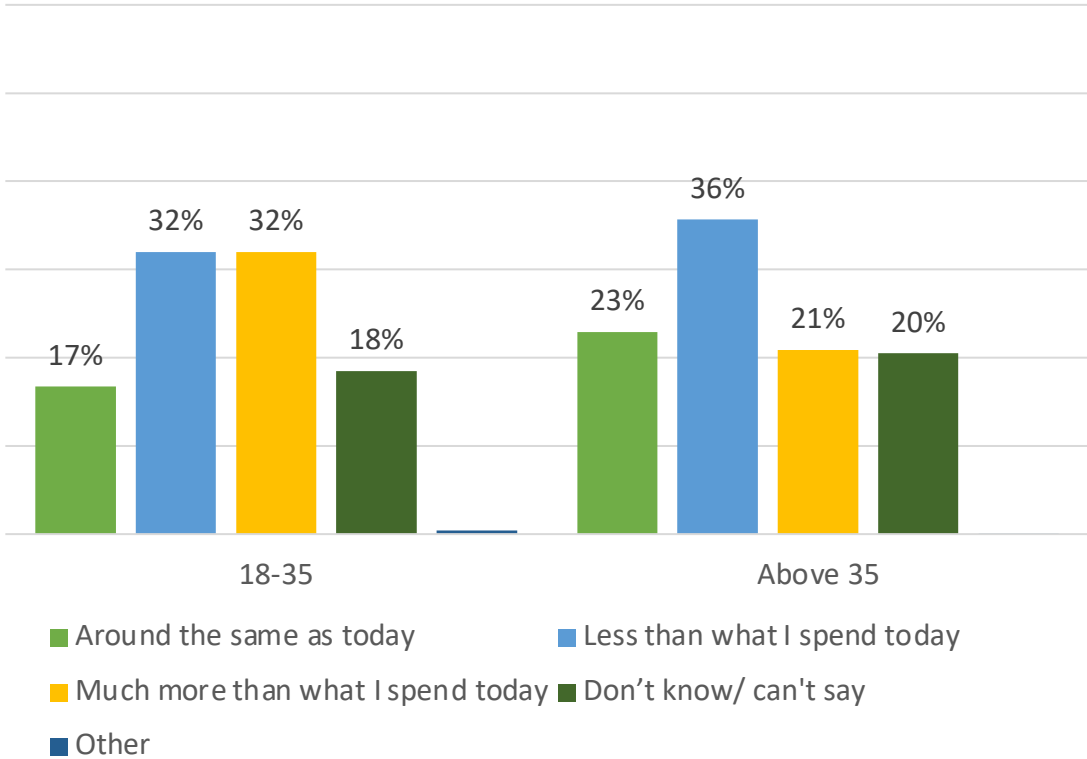
While this is also true for rural citizens, the exception is **that a higher proportion than urban think that their expenses could increase by the time they retire from work.**

Perception of expenditure after retirement as compared to today

Urban India



Rural India



Universally, the older age group tends to believe that their children would take care of them in their old age, but this sentiment is not reflected in the view held by the younger earners, more so from the higher income bracket.

There seems to be a positive correlation between earnings and confidence in the ability to accumulate adequate savings to support themselves in their old age.

Dependency on children to provide financial security at old age

	Occupation category 1		Occupation category 2		Occupation category 3	
	18-35	35 & above	18-35	35 & above	18-35	35 & above
Expect my children to take care of me in old age	49%	57%	49%	56%	57%	66%

Confident that there would be adequate accumulation to support oneself in old age

	Occupation category 1		Occupation category 2		Occupation category 3	
	18-35	35 & above	18-35	35 & above	18-35	35 & above
Will have saved enough to support myself	65%	77%	64%	73%	53%	58%

Dependency on children to provide financial security at old age

	Occupation category 1		Occupation category 2		Occupation category 3	
	18-35	35 & above	18-35	35 & above	18-35	35 & above
Expect my children to take care of me in old age	28%	57%	44%	56%	35%	45%

Confident that there would be adequate accumulation to support oneself in old age

	Occupation category 1		Occupation category 2		Occupation category 3	
	18-35	35 & above	18-35	35 & above	18-35	35 & above
Will have saved enough to support myself	48%	56%	57%	59%	30%	32%

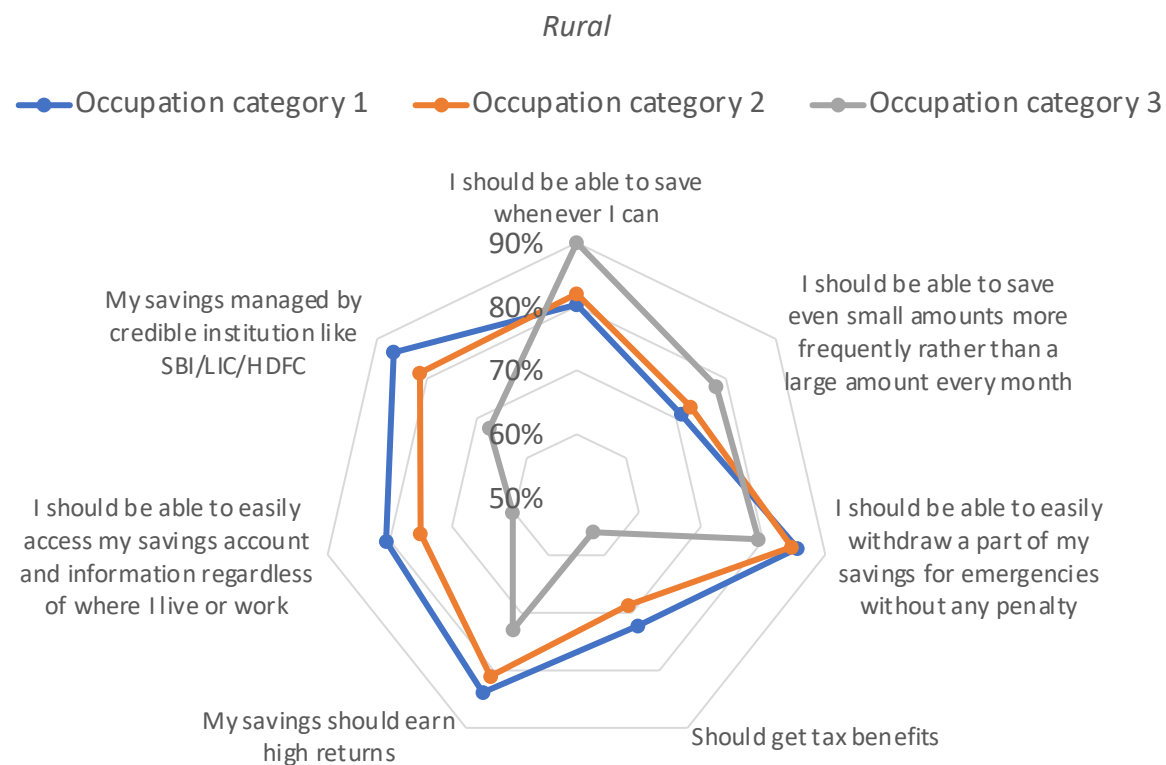
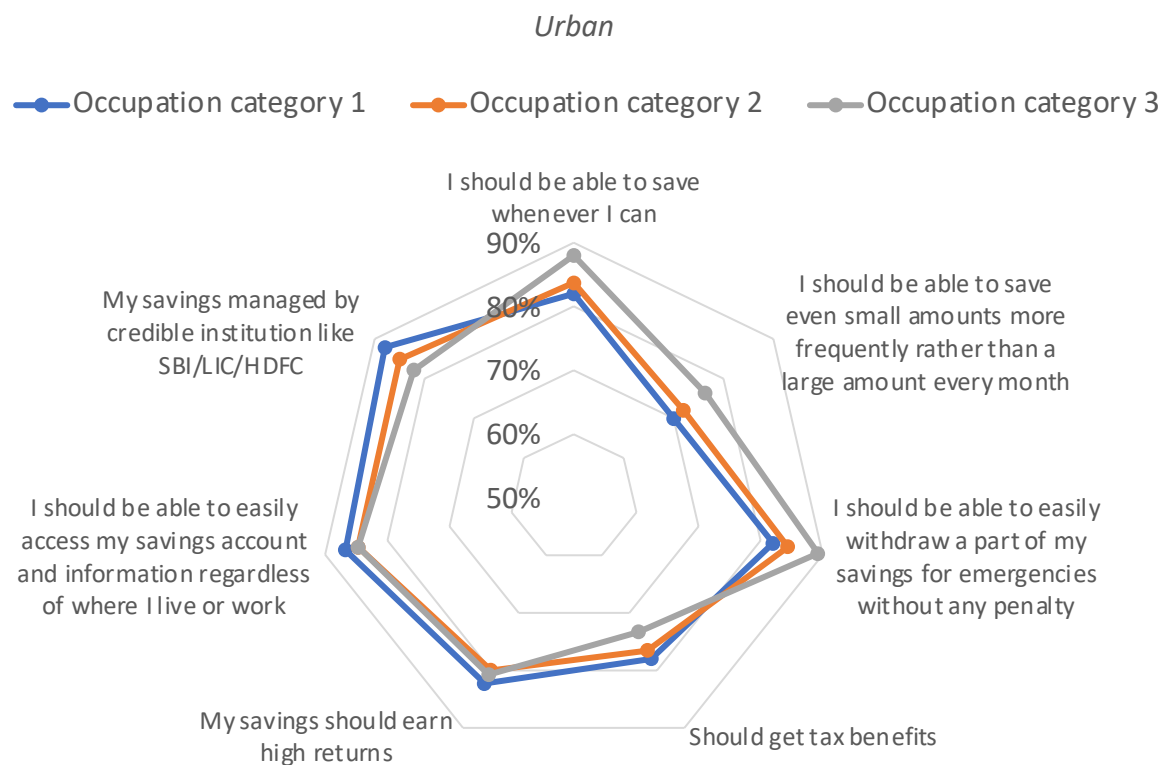
Liquidity is paramount for all savers as they do not want their money to be locked in; this is especially true for the low-income earners from urban India.

Having the **flexibility to put in deposits as and when they can and in small increments** is also important for the low earning workforce.

Tax benefit is a preferred feature of urban India and not rural.

Being managed by a credible institution is a feature that is important for urban residents and high-income rural residents; not so for the low-income workforce in rural India.

Preferred features of retirement savings products



Thank you

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