

UN-BANKING IN UNDER-DEVELOPING ECONOMY

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ABSTRACT

This research is an attempt to examine the reasons behind un-banking in under developing economy particularly in Pakistan. For this purpose, qualitative approach called summative content analysis approach is used and 36 interviews with banked, under banked and unbanked populace are incorporated.

The study finds that lack of education, trust on bank/banker, volatile situation in city/country, accessibility/convenience, infrastructure, interest rate in terms of religious exclusion and financial benefits, high cost associated with opening and maintaining an account, lack of facility of online payment via debit card/ATM, lack of money, unemployment, government regulations, branch banking, convenience and some other factors are the general reasons for un-banking in Pakistan. However, the study concludes that main factors; convenience, cost and security are the major reasons for un-banking in Pakistan.

After concluding this research authors suggested financial institutions should increase number of access points/centres. Give more authorisations to financial centres, and Promote financial awareness.

KEYWORDS: Summative Content Analysis, Unbanked, Security, poverty, financial institution, Cost.

Jel Classification: H41, L31, L21

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1. INTRODUCTION

1.1 Background

Financial institutions always remain an important and critical factor in poverty reduction and for prosperous economic growth. Research shows that when people use financial institutions, it is evident that they are in better position to start and grow their businesses, spend in education, better in handling risks, job creation and are in better position to absorb financial shocks.

By having bank accounts, it helps individuals in increasing savings, boost industrious investment and consumption which ultimately benefit the economy as a whole. How many people use bank accounts is a question that hits globally. From developed to developing and underdeveloped countries, research shows majority of the population do not have bank accounts. Worldwide, approximately 2.5 billion people do not have a formal account at financial institutions (The world bank, 2012). Access to affordable financial services is linked to overcoming poverty, reducing income disparities, and increasing economic growth.

According to a study published by the World Bank, in Africa less than a quarter of all adults make use of bank accounts or other financial products from a formal financial institution and 90% of all consumer payments are conducted with cash. Africa is the world's second largest and second most populous continent, with 1 billion people spread across 56 countries it is difficult to make any statements that will apply uniformly (Klapper & Demirgüç-Kunt, Financial Inclusion in Africa: An Overview, 2013). While overall, 23% of adults in the Africa region have a bank account. Within Africa, there is a large variation in account ownership: 24% of adults in Sub-Saharan Africa report having an account at a formal financial institution, though this ranges from 51% in Southern Africa to 11% in Central Africa in the Democratic Republic of Congo and Central African Republic, more than 95% of adults are unbanked. (I.e. do not have an account at a formal financial institution) (Leora , 2014). In North Africa 20% of adults have an account at a formal financial institution ranging from 39% in Morocco to 10% in Egypt. One of the main reasons for this large unbanked population in Africa is geographical inaccessibility and poor infrastructure, with many of the unbanked living in remote rural areas. This, combined with the high cost of banking services and a lack of financial education and understanding, creates very high barriers to banking for poor rural populations (Klapper & Demirgüç-Kunt, Financial Inclusion in Africa: An Overview, 2013). There is therefore an undeniable benefit for large enterprises to invest some time in understanding the significance of financial inclusion and the practices and tools that can improve growth in banking sector. This sector does however represent a market that is underserved, one that could prove profitable if banks can tap into it and this large unbanked population is no longer going unnoticed. Many banks and financial institutions are seeing the potential in reaching out to the unbanked population as they are the last great untapped market in banking. With the growing consumer market in Africa and the increased penetration of mobile phones and internet access fostering economic drive and entrepreneurship, demand for retail banking is likely to increase substantially, but accessing the widely dispersed population is a challenge that any bank who wishes to access this market will have to overcome.

1.1.1 Banking in developed countries

Literature explains that majority of banking services are used by developed countries while underdeveloped countries with fragile economy are bared to use banking services.

Gallop survey report says from 148 countries, 50 percent of adult (employed/ self-employed) yet to have access to financial inclusion (Gallop Survey, 2011) However, in this regard, a glaring difference emerged among economically rich countries having only 10 percent of unbanked population and middle income developing economies like North African and Middle Eastern countries where only 18 percent of the adult population has access to formal banking services (Khatoun, 2012). But there is a positive side showed by the literature that is according to an article "Financial Inclusion For Asia`s Unbanked" by Veronique with reference of Asian Development Outlook 2015, Asian developing economies will grow with a continuous pace of 6.3 % per year of their GDP. This article also explains that in underdeveloped economies only 27% of adults have bank accounts; also it highlights the rate of loaning in underdeveloped economies that is only 33 %. On one side, underdeveloped countries grow with a continuous pace of 6.7 % of their GDP, while having bank accounts to only 27% of adults provide an opportunity to capture the untapped market (Asian Development Bank, 2014).

Three fourth of the world`s poor do not have bank accounts. The reason is not only poverty but several different reasons that are cost, travel distance and also paper work for opening an account (Klapper, Why are 75% of the World's Poor Unbanked, 2014). Underdeveloped countries e.g. North African and Middle Eastern countries` 18% adults only have access to banking services. The article also referred South Asian countries which on common 38% adults` has access to banking services which is far good than North African Countries. In underdeveloped countries with low income bracket, only 22% adults have access to banking services (Khatoun, 2012) .

1.1.2 Banking in developing countries

Developing countries are also victim of unbanking. Facts show that low income people are the one who mostly are unbanked. According to FDIC data (2012) among households with low income level less than \$15000 per year, 28% of them have no bank accounts, and 22% of them have less access to banking services. The research also states that most unbanked people are who are unemployed (Osaki & Burhouse, 2011). More than 40% of the population of developing countries are without bank account (Leora , 2014).

Looking at the background of unbanking in Undeveloped Economy, there is still a huge gap is found in banking industry, which is very much essential to be taped for the economic reason of developing countries via different strategies to attract pool towards banking services.

1.1.3 Banking in Pakistan

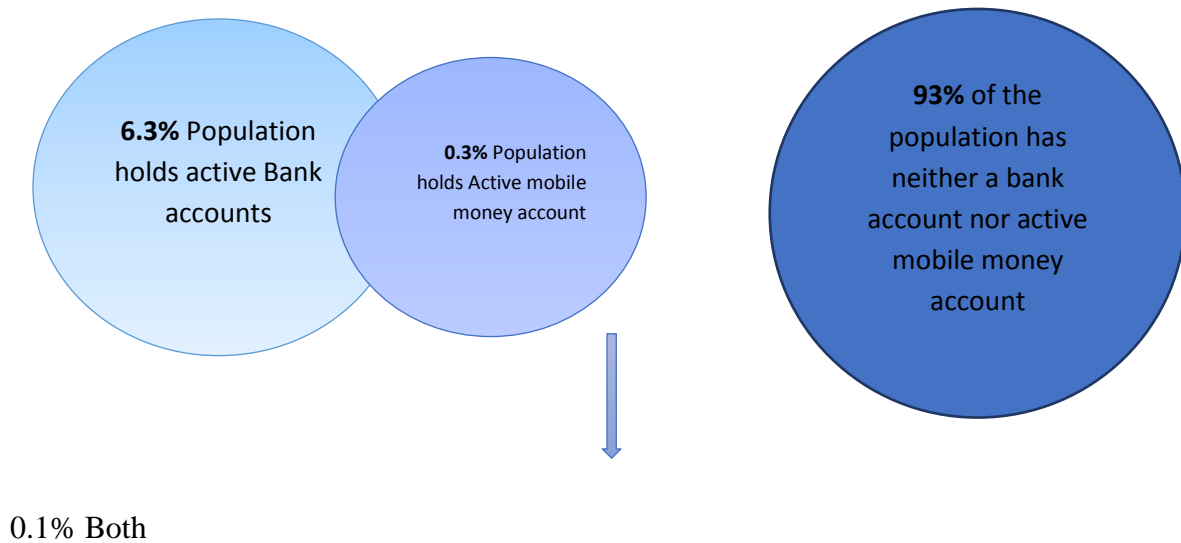
Statistics Show that only 2.9% Pakistan`s youth use debit cards and only 1% of them only use debit cards to make payments online or at point of sale (POS) (Shiekh, 2016). Statistics also show that 1.4% of Pakistan`s youth use bank accounts to receive their salary and 1.8% of youth use it for government grants/transfers/payments. In Pakistan 6% of youth have mobile accounts whereas overall South Asia have lower figure of 2.6% (Pasha, 2016).

For online payment in Pakistan, most of the people use to borrow credit cards from their relatives and friends which is still a difficult task. Statistics show that only 14% people in Pakistan have debit/credit cards. Majority of them use prepaid cards/debit cards for their payments and cash withdrawals, which are used by two major segments that are Government

cash transfers i.e. Benazir Income Support Programme cards and Middle class people use for their payments and cash withdrawals through ATMs (Shiekh, 2016).

Comparing Pakistan with other countries, Pakistan is lowest in banked population. As in Pakistan only 7% out of 40% of poor population have bank accounts, whereas in Bangladesh, 31% of 40% poorest youth have bank accounts, in India, 53% of youth have bank accounts, whereas in Srilanka, 83% of the youth have bank accounts (Asian Development Bank, 2014).

Bank account Holders in Pakistan



Source: *InterMedia Pakistan FII Tracker survey (N=6,000, 15+) November 2013-January 2014*

1.2 Problem Statement

(Leora Klapper: 2016) research on world financial inclusion suggest that 1/3 of the total world's population is unbaked due to poverty, cost, paper work, accessibility and few other reasons. The researchers are trying to determine whether there are same reasons responsible for un-banking in Pakistan or some other reasons. Besides this, what can be done to increase banking in this part of the world. Financial inclusion can reduce poverty and is helpful in realizing economic growth. There are emerging chances that financial inclusion has significant benefits for individuals. As studies show that when people contribute in financial system, people can invest in education, increase business, control risk and engross financial shocks.

Using both ontological and epistemological phenomenon; the problem statement of this study is, to determine the factors responsible of un-banking, they are in line with the literature and common in Pakistan and in other parts of the world.

1.3 Research Objective

The purpose of our research is to find out the main reasons which lead to the non-usage of financial institutions by the masses of Pakistan.

1.4 Scope of the Study

Subsequently it is difficult to gather all data on a matter and reconnoitre every aspect of a matter. This research is also narrow in its scope. It is limited to Pakistani context and in Pakistan also limited to a single province Sindh. However 50 interviews were conducted in the study from several cities of Sindh province. So the study may generalize the total population of Sindh province of Pakistan.

1.5 Significance of the Study

This study will weigh its importance in financial sector, educational sector and to individuals as well. Ultimately, it will benefit the banking industry specifically in Pakistan. It will help to suggest the future recommendations to the banking sectors, which they can use them to make people choose banks for financial inclusion (such as Saving, Transactions or Business).

1.6 Assumptions of the Study

The authors of the study assume that the factors i.e. Low income level, lack of accessibility, low interest rate, Lack of trust in financial institution, illiteracy, Sharia grouping are the factors that are the reasons people are not using financial institutions in Pakistan. The authors also assume that if the study quantifies these independent variables, financial sector can be able to predict the chief reasons which will help to know about people's less motivation towards them.

2. LITERATURE REVIEW

The goal of any economic system is economic growth. The focus of this research article is to investigate in transition countries whether the financial institutions play any role in supporting the economic growth. In transition countries, banking sector is ruled among all financial intermediaries. The research conducted in South Eastern Europe concluded that interest margin and credits provided to private sector has a negative impact whereas ratio of quasi money has a positive impact in growth of economy. The findings were allusive for policy makers of bank which can encourage more opponents in market, improvement in institutional services and continuous efficiency in risk management (Kjosevski & Petkovskia, 2013). Another research article concludes that in any nation, economy and its financial institutions play an important role, as the financial sector of a country becomes more developed the nation grows (Levine 2003). Firms began to expand their reach towards external goods and capitals to expand and prosper when the countries had more established financial institution. A strong positive relationship is found between economic growth in a long-run and development of financial institutions. Formation of capital, enriched productivity and future growth of economy has a positive impact when the economic and political aspects of nations are under control.

A survey suggested that in developing countries 28% as more adults are banked than in developed countries (Chaia, 2009). While research was conducted in Sub-Saharan Africa where only 16% people are banked, rest are unbanked due to *lack of accessibility* in rural areas of Kenya, Uganda and Malawi. Lack of accessibility of a bank can create numerous inconveniences in lives of people. Unbanked people are less likely to save money for future emergencies in consequences they have to take risky and costlier actions like giving away high-yielding animals or selling inventory to survive out of situation. They may engage themselves in activities of profit gain which entail health risks. Now question arises how to achieve financial inclusion. This particular accessibility area have been explored and polished in last few years. Few Innovations account for either reducing barriers for opening an account (low fees) or bringing banks geographically nearer to people (Jonat, Keats, Green, & Dupas, 2012). In Brazil, banking industry innovated tools for accessibility to the bank via using "correspondents" or "agents" (Kumar: 2006, McKinsey and Company: 2010). Also in Pakistan banks are using "agents" by which customers can withdraw and deposit their money via retail shops rather than using banks i.e. Easy Paisa, UBL Omni, Jazz Cash, U-Paisa. In developing countries other factors like poverty and trust factor also influence people to go unbanked.

Another factor which promotes un-banking in developing countries such as Ukraine that has very little trust factor in banks and other institutions. People have very little money to save and they prefer to keep it under mattress. People almost 10 to 15 percentages prefer to keep their savings in form of cash rather than depositing into bank accounts (Coupe, 2009). The study examined in Hungary which shows that low trust factors in financial intermediary. The main reason was their past experience in the nineties during bank crisis when people lost their money. They still had the fear and they are expecting to have same crisis in near future. During financial crisis faced between 2007 and 2008 it is believed that public don't trust on people that have gained excess of money in financial segment. The most important factor to be considered is trust as no physical goods are exchanged when an account is opened. If someone fails to trust any institution then they won't like to be their part.

Muslims particularly Indian Muslims have misperception about *riba i.e. interest*. Now, Muslims have two alternatives left with them either to accept the principal amount as it is and face loss because the worth of money decreases with the time or accept the interest which is associated with the deposit money. This is against the teachings of Islam and considered to be a major sin and unlawful from *Sharia view*. This is one of the main reasons Muslim community prefer to keep money under mattress rather than depositing it into banks (Rehman, 2007).

Other snags to have a bank account are, use data of 62 countries from 209 banks and develop latest parameters towards barrier in financial intermediaries especially banks around the globe. The barriers include high fees charge for opening and maintain account, requirement of documents and all paper work that has a negative correlation with outreach (Soleda, Demirguc-Kunt, & Beck, 2007). These hurdles construct a huge mass of population from using services offered by banks. Non-financial factors for instance freedom of media, the infrastructure of bank and financial depth like right of creditors, enforcement of contract are highly correlated.

A research conducted in Mexico and discovered that more usage of ATMs, bank branching and bank agents can lead economy towards development in numerous parameters (Love & Bruhn, 2009). A latest study discloses that families having lower income are interested and

have desire to save money on the other hand they are not the target market or desired consumers of financial institutions (New American Foundation and MicroSave, the SPINNAKER project). If they are provided with accounts with a promise to deposit some cash on monthly or quarterly basis they fail to do so except for few people (Diaz, J. N., Ledesma, J., Anjana, R., Singh, J., & Tyler, E, 2011). Barclays' 2010 report, state that "...we have found that the most vulnerable people in society are often those who also have the most limited access to financial services" (Barclays Economist Intelligence Unit-The Economist, 2010) Besides, the underprivileged are willing to save whenever they get chance to do (Jacob & Karlan, 2011)The hurdles faced by financial inclusion in US and OECD varies in different countries. Elimination in OECD economies must be stated as "...exclusion occurs on grounds or prices, products that are inappropriate to people's needs, and the fact that no one is trying to sell them products" (Maeshall, 2004) (OECD, 2011).

Other factor that can effect financial inclusion is *variation in income*. As few people enjoy with concentrated money, majority of population are at lower end in the distribution of income. Diminishing or deteriorating earnings might disappoint financial inclusion. A survey conducted in 2005 on 5000 households found that banked and unbanked people have analogous demographics and business profiles and outliers are more educated and wealthy as well. Survey findings suggest that correlation of *income* with opening a bank account is very low. In decision making for opening a bank account, less than 5% impact due to money holds. Generally, under banked or unbanked families use to have lower to moderate earnings (Micheal & Barr, 2002).The main barriers towards the usage of banks and other financial institutes are discussed in his research paper highlighting the parameter of low income. Initially, for low income families' account checking has no economic sense. The customers those are unable to meet minimum balance in account have to pay extraordinary monthly charge for checking accounts. Most of banks charge high fees if the checks are bounced and as a result families with low income have less or no savings at all to face the risk associated with it. In addition they can charge high fees on those services that the consumers might not know about it or used these services. Lastly, financial bodies might not be willing to spend on research and development, knowledge about banking system, its benefits, marketing, training that might be helpful to increase the size of business for low income clients. Many researches and studies has assured that majority of unbanked might become banked if they tailored their markets, products and services to needs and desires of low income people as people are willing to open accounts in bank (Eric, 2016).

Other significant parameter of financial organizations include physical infrastructure. Theoretically, it consists of ATMs, retail branches and others facilities. The transaction expenses of using financial facilities for the individual declines when the infrastructure of any nation expands.

However it is predicted that in near future Smartphone technology will balance the requirement of physical infrastructure in many developed countries. There is an expectation that financial inclusion of people will be increased with there will be more positive macroeconomic conditions like high employment rate or high income. For instance, when income rises people will save more and they will prefer to save money in banks.

Those countries that have more educated people are more likely to engage in financial institutions. (Hogarth & O'Donnel, 1999).An additional report states, "The largest effects-for being unbanked-were found for income, net worth, education, race/ethnicity, and vehicle ownership" (Lusardi, 2005).In United States it was studied that people having primary

education has less likely to have bank accounts in any financial institution, whereas people having secondary education has 40% more accounts (Klapper & Demirgüç-Kunt, 2013). In order to calculate the outcome of education, the authors calculated the percentage of people registered in secondary education level. People that are well off have more bank accounts than people with less income (Hogarth, Jeanne, Chris Anguelov, & Lee, 2005). To calculate the wealth of people GNI (Gross national income per capita) was chosen. Other reasons that came into view among people for not using financial institutions were less income and no or little saving (Klapper & Demirgüç-Kunt, 2013).

The population in developed countries were not found using access of proper financial intermediaries and hence become the main purpose of being unbanked. Literature proposes that there are number of ways and access either by means of bank branches, mobile banking systems, and number of ATMs or bank agents, there is a higher banked population (Diaz, J. N., Ledesma, J., Anjana, R., Singh, J., & Tyler, E, 2011)(The world bank, 2012). Many researches have showed that a major obstruction towards an extremely banked population is transportation (Love & Bruhn, 2009). On the contrary, the study discovered that even many inhabited regions stay unbanked (Osaki & Burhouse, 2011)

The author has defined unbanked to designate various groups of persons who are unable to use banks or any other financial intermediaries to complete their financial transactions (Beard, 2010). These people don't have any type of account either checking or saving. The author has proposed several reasons for becoming unbanked which consist of people's facing financial crisis of banks in past, a bad experience with any bank, unable to understand the system of bank, *language problem* for migrants and any particular reason to open the bank account. Besides these the main factors identified includes those group of people that have low income either living solely or with families, lack of education especially family running by women or youngers and people who have settled form abroad.

3. METHODOLOGY

In this Study authors used a qualitative approach to interpret results. 36 interviews from Karachi, Larkana, Sukkur, Daharki, Hyderabad and Shikarpur with banked, under banked and unbanked populace were recorded. Two sampling methods were chosen, Random Sampling and Convenience sampling due to participant's unresponsive behaviour towards research and financial information interrogations. Sample of this study is an assorted population of bankers, maids, job holders, entrepreneurs, contractors, teachers, students, rickshaw drivers, guards and etc. (Potter & Levine-Donnerstein, 1999) have discussed about qualitative approach called Content Analysis which is classified in three categories like

CONVENTIONAL CONTENT ANALYSIS, DIRECT CONTENT ANALYSIS AND SUMMATIVE CONTENT ANALYSIS.

Table No. 1.

Type of Content Analysis	Study Starts With	Timing of defining codes and keywords	Source of codes and keywords
Conventional content analysis	Observation	Codes are defined during data analysis	Codes are derived from data
Direct Content Analysis	Theory	Codes are defined before and during data analysis	Codes are derived from theory or relevant research findings
Summative Content Analysis	Keywords	Keywords are identified before and during data analysis	Keywords are derived from interest of researchers or review of literature

(Source: *Qualitative health research: 2005*)

In this paper Summative Content Analysis approach is used which starts with to quantify the frequency of words used in the content and to understand the contextual meaning of the words and ideas as well as indulgent of contextual use of words. This quantification is an attempt not to infer meaning but, rather, to explore usage. (NL, NS, & DR, 2002). "If the analysis stopped at this point, the analysis would be quantitative, focusing on counting the frequency of specific words or content" But this paper used latent content analysis approach as well which is beyond summative approach to qualitative content analysis. Latent content analysis refers to the procedure of interpretation. (See Table No. 1). As summative content analysis is used so categories are defined as follows:

4. RESULTS AND DISCUSSION

Table No. 2.

Category
1. Lack of education
2. Trust (on bank or banker)
3. Security (volatile situation of the city/country)
4. Accessibility
5. Infrastructure
6. Interest rate (Religious exclusion)
7. Low interest rates (Financial benefits)
8. High cost of account opening
9. Cost of maintaining an Account
10. Lack of money
11. Unemployment
12. Government Regulations
13. Branch Banking
14. Others

Literature helped to determine categories on the basis of previous texts, authors have interpreted the interviews as description or sense of category is already defined in above table. In Table No. 3, there is analysis of the problems and perceptions of unbanked people

with category and coding, e.g. Sobia, Lavita, Meena, Rashid said “My income is so less, I am currently unemployed, I don’t have sufficient amount to save, I don’t earn” categorize a single variable of lack of Income/money for those respondents who are unbanked whereas category like lack of literacy is contented as “I have no idea why people use banks, I am not that literate to understand that why they charge monthly fees and for what, I don’t know how to fulfil the formalities like paper work, I don’t have knowledge about bank in detail and etc”by few unbanked respondents.

TABLE 3.Latent Content Analysis of Unbanked

SNo	Variable	Description	Variable Code	Interview Transcript
1	1.Lack of education 2.Interest rate (Religious exclusion) 3. Low interest rates (Financial benefits)	1. Lack of education regarding, having no idea why banking is used. 2. Views on Interest rate in terms of religion 3. Views on Interest rate in terms of financial benefits	LE = lack of education IR= Interest rate (Religious exclusion) IF= Low interest rates (Financial benefits)	(Wahab, Aged 38, Fruit Seller) “I have no idea why people use banks, one of my friends told me to make money (Interest on saving) they use banks. And I keep my self aside from interest.”
2	1.Lack of education 2.High cost of account opening	1. Lack of education regarding, having no idea how banking is used. 2. Cost of account opening includes fees that are charged by bank for opening account.	LE=Lack of education CO=High cost of account opening	Imran Ali, Tailor, “I used to save money at home but not in bank because I am not that literate to understand that why they charge monthly fees and for what”.
3	1.Lack of money	1. Less income	LM=Lack of money	Meena, 33, Maid “I never felt necessity of having a bank account because I don’t have sufficient amount to save in bank.
4	1.Lack of money 2. Lack of education	1. Less income 2. Lack of education regarding,	LM=Lack of money LE=Lack of education	Sobia, Age 25, Maid at school “My income is so less that I hardly fulfill the basic needs that is food and

			having no idea why banking is used.			water for me and my children. Banks are for rich people who has huge amount of money.”
5	1.Lack of education	of	1. Lack of education regarding, having no idea why banking is used.	LE=Lack of education	of	Muhammad Jabran, Age 35, Vegetable seller “ I don’t have any knowledge about banks. My family lives in a village where they work on farm. We earn a good amount we keep our money at home in our hiding places as we don’t know about banks.”
6	1.Lack of education 2.Illiterate	of	1. Lack of education regarding, having no idea why banking is used. 2. Illiterate means no knowledge about process taken place at bank.	LE=Lack of education IL=Illiterate	of	Fayyaz, Age 37 , Guard “ I am illiterate and therefore I don’t know how to fulfill the formalities like paper work, doing signature so I am incapable to put money in bank. Furthermore I cannot withdraw money or deposit money for that I need someone who has knowledge, it means depending on someone else.”
7	1.Interest rate		1. Views on Interest rate in terms of religion	IR=interest rate		Allah Bakhsh, Age 49 , Tailor “My molvi friend told me that interest is a big sin and all banking system have interest whether we deposit money or we take loan. I don’t want to take or give interest as it is against Islamic teaching. Those banks who claim that they are working on the Islamic principles are also using interest system as said my molvi.”
8	1.Unemployment 2.Lack of money		1. No job to keep cash 2. No excess money to save it.	U=unemployment LM=Lack of money	of	Sabeen, Age 19, Student, “I am currently unemployed (no proper job) therefore there is no need for me to open any account. I give tuitions and earn a small amount of money that fulfills my expense and I prefer to keep my savings

				to mom rather than I banks because the saving is so small in terms of hundreds and hardly in thousand.”
9	1. Lack of education 2. Interest rate 3. Trust (on bank or banker)	1. Lack of education regarding, having no idea why banking is used. 2. Views on Interest rate in terms of religion. 3. Fear to lose money or money will be taken away by banks/bankers	LE=Lack of education IR=interest rate TB= Trust on bank or bankers	Cheryl, Age 33, Maid at home “I don’t have any good experience or positive thought about banks. Bankers steal money from you with interest and take your home jewelry and all savings if you are caught in debt. Furthermore we have to pay any fees and over draft penalties”
10	1. Interest rate	1. Views on Interest rate in terms of religion	IR=interest rate	Sukaina, Age 34, teacher “I get huge amount of money from my committee and I buy a block of gold instead of keeping cash in bank or keeping money at home. The block is small so I can easily hide it in my hiding place and when I need money I sell it to get cash at that time. Keeping cash is wastage and banks give a small interest.”
11	1. Lack of education 2. High cost of account opening	1. Lack of education regarding, having no idea why banking is used. 2. Cost of account opening includes fees that are charged by bank for opening account.	LE=Lack of education CO= cost of opening account	Baig Ali, Age 48, Auto-driver “I like to open an account in any bank if someone agrees to guide me because I am illiterate but I have some savings with me. I feel afraid to go to bank on my own and ask them to open my account as they will charge me unnecessarily on keeping money in account with fees as it has been faced by one of my friend.”
12	1. Lack of education	1. Lack of education	LE=Lack of education	Majeed, Age 27, Sweeper “I am illiterate. I have seen

	2. High cost of account opening 3. High cost of maintaining the account.	regarding, having no idea why banking is used. 2. Cost of account opening includes fees that are charged by bank for opening account. 3. Cost of maintaining includes zakat fees, locker fees and ATM fees.	CO= cost of opening account	banks and I wish to have my own bank account like other people but I cannot open my account as I have no savings with me. If I manage to open the account, I will not be able to maintain it as the cost and fees related to it are high.”
13	1.Accessibility 2. Lack of education	1. Accessibility regarding no banks in remote areas. 2. Lack of education regarding, having no idea why banking is used.	A=Accessibility LE=Lack of education	Jameel Khan, Age 39 , butcher“ My family lives in remote areas of Balochistan where there’s no excess to banks and being uneducated I have never heard about it.”
14	1.Lack of education 2.Lack of money 3. No need required.	1. Lack of education regarding, having no idea why banking is used. 2. No excess money to save it. 3. Never thought of opening an account.	LE=Lack of education LM=Lack of Money N= Need for bank	Lavita, Age 37, Housewife “I am matric pass and widow. I don’t earn rather than I am dependent on my brother to fulfill my basic needs as I have to look after my small kids. I don’t have knowledge about bank in detail and I never thought of opening account.”
15	1.Security (volatile situation of the city/country) 2.Accessibility	1. Threats related to banks like robbery. 2. Accessibility regarding no banks in remote areas.	S=Security (volatile situation of the city/country) A=Accessibility	Rashid Ali, 45, Landlord. “I don’t like to visit bank if they come to me to for account opening and other services like open an account because I belongs to a village and there is lot of security threat for a person who visit bank.

16	1.Lack of money 2.Lack of education 3. No need required.	1. No excess money to save it. 2. Lack of education regarding, don't know how to read and write fulfill criteria and documentation process of banks. 3. Never thought of opening an account.	LM=Lack of money LE=Lack of education N= Need for bank	Ijlal, Age 32, Fruit seller "I know very little about bank. I am very poor. I hardly fulfill the basic needs of my family how can I save money to keep in bank. I even don't have my NIC card so how can I fulfill the paper work associated with bank in opening account."
17	1.Interest rate 2.Lack of money 3. No need required.	1. Views on Interest rate in terms of religion. 2. No excess money to save it. 3. Never thought of opening an account.	IR=interest rate LM=Lack of money N= Need for bank	Munawar, Age 30, School van driver "I am inter-pass, but I know about bank that helps to keep money save. I have never thought of opening account because of little savings and interest system in banks. If I get a chance I will open my account in Islamic banks"
18	1.Lack of money 2. Lack of education	1. No excess money to save it. 2. Lack of education regarding, don't know how to read and write fulfill criteria and documentation process of banks	LM=Lack of Money LE=Lack of education	Assia, Age 34, chef "I have to fulfill my house expense as my mother is severely ill and there is no one in family to help us. I have little knowledge about banks but they are also not saving at present. Robbers even robbed banks taking all possessions so it's better to keep money at home."

Whereas respondents who are under banked, their major concerns remain security and government restriction on financial transactions.

Table 4: Latent Content Analysis of under banked and banked

S.No	Variable	Description	Variable Code	Interview Transcript
1	Others	1. Others including confusion between technical terms used in banks	O=Others	Anonymous, Department officer, "I never felt any problems via maintaining my account but one thing which always confuses me that the terms they use like Current Acc/Savings Acc, I usually call branch when I use ATM that what should I choose between these options"
2	1.High cost of account opening 2. Cost of maintaining an Account	1. Cost of account opening includes fees that are charged by bank for opening account. 2. Cost of maintaining includes zakat fees, locker fees and ATM fees.	CO= cost of opening account CM=cost of maintaining account	Ahmed, Age 46, Shopkeeper "At present, I don't have any bank account but once I opened my account because my friend told me money is placed there but after depositing money my money was lessened in the name of zakat charges and ATM fees so I withdraw all my money and now I don't trust banks. I don't know why people use bank when there are so many deductions."
3	1.Accessibility	1. Accessibility regarding no banks in remote areas.	A=Accessibility	Age 29, Student "I am in Karachi from 2 years for pursuing my higher education. I opened an account 6 months before as I don't have any source of earning so I use to get my money transferred from my village so I opened bank account to use ATM service. But in our village my father always gets upset to transferring funds because no banks are available in near

				area.
4	1.Accessibility	1. Accessibility regarding no knowledge about process taken place in bank.	A=Accessibility	Zahid Hussain, Age 31,Shop keeper “ I used cash transactions but if I get facilitate that some one (Banker) come to me and take my all information and open an account then I will prefer a bank account for business transactions
5	1.Interest Rate	1. Views on Interest rate in terms of religion.	IR=interest rate	Anwaar, Age 42, Shopkeeper “ I opened an account one year ago but when I came to know more about Islam and haram earning by means of interest for saving money, I withdrew all my money. I can't understand why Muslims don't follow their Islamic teachings and protest against these banks.”
6	1.Security(volatile situation of the city/country) 2.Interest rate (Religious exclusion)	1. Threats related to banks like robbery. 2. Views on Interest rate in terms of religion.	S=Security(volatile situation of the city/country) IR=Interest rate (Religious exclusion)	Zain Ansari, Business man “I have two accounts in bank but I am not satisfied because I think its “Haram”. But because of nature of my business I have to use a bank account. And another concerned is that I have also security issues because here in village if people get to know someone has bank account that means that person is sound and wealthy”
7	1.Cost of maintaining Account	1. Cost of maintaining includes zakat fees, locker fees and ATM fees.	CM=Cost of maintaining Account	Kamran Ali, Spare parts shop “I have 3 accounts but I am concerned about banking charges. Monthly they use to cut charges and I don't understand why and for what I am paying those charges”

8	1.Branch Banking	1. Issues related to transferring of money.	B=Branch Banking	Shopkeeper “Yes I have a bank account but in our village due to Benazir income support program we face problems regarding ATM machines. We use to standup in queue for hours”
9	1.Interest rate (Religious exclusion)	1. Views on Interest rate in terms of religion.	IR=Interest rate (Religious exclusion)	Farhan Ali, Auto agency “ Maintaining 4 bank accounts due to business need but I always concerned about Riba which is haram in our religion so I personally do not prefer having a bank account. Beside that I don’t have any other issues regarding banking services”.
10	1.Government Regulations 2. Others	1. Tax issues 2. Others including payments issues	GR=Government Regulations O=Others	Dharmendar, Rice Miler, “3-4 accounts I am maintaining, but due to government tax imposition I am reluctant to operate My accounts. Besides that if I have to made any nationa/International online payments, regardless of Visa/Master Debit cards I am unable to pay that also.
11	1.Government Regulations	1. Tax issues	GR=Government Regulations	Anees Ahmed Banker in National Bank “because of government taxes frequency of transactions has been affected (low).
12	1.Security(volatile situation of the city/country)	1. Threats related to banks like robbery.	SC=Security(volatile situation of the city/country)	Bilal, Karachi, Mechanical engineer “ I have safety issues because I got mugged 2 times by using ATM withdrawal”
13	1.Others	1. Others include	O=Others	Parveen, Housewife “Sometimes because my

		signature problems.			signature issue I have to visit branch unless my sons withdraw money from my pension account on my behalf. So my health sometimes doesn't allow me to visit branch but I have to. This is the reason I don't like banking.
14	1. Service	1. Service issue regarding no feedback after transactions.	S=Service issues		Shoab, Job holder "They never receive calls, and sometimes I never get call or text message whatever important or big transactions being held in my account. And also I feel they give extra services to priority customers who have huge deposits and treat us like we are liability on bank.
15	1. Service	1. Service issue regarding no feedback after transactions.	S= Service issues		Sakshi, 19, student "I have a bank account my father used to transfer funds but sometimes if I withdraw money from my account I never get text message of my transaction whilst customer care never pickup calls.
16	1. Cost of maintaining account	1. Cost of maintaining includes zakat fees, locker fees and ATM fees.	CO= Cost of maintaining account		Tayaba, Research assistant, "I have salaries account as well as personal account. So far I don't have any problem with banking services but hidden charges should not be there and if I am using my ATM from any other bank's ATM machine there should not be extra charges.
17	1. No issue	1. No problem using bank	NO= No issue		Maneesha Research Assistant, "I am maintaining personal as

				well as salaried account so far I didn't face any problem with banking.
18	1. Service issues 2. Security (volatile situation of the city/country)	1. Service issues related to no safety at ATMs and others. 2. Threats related to banks like robbery.	S=Service SC=Security (volatile situation of the city/country)	Bilal Khan, Age 29, Shopkeeper, "I have a bank account where me and my brother deposit money jointly because we both have little savings so that we can get small profit and use cash when needed. Keeping money at home is not save especially when we are living in Karachi. I face problems while withdrawing cash from ATMs as I have been robbed twice. Similarly sometimes I failed to get my account statement."

50 interviews were conducted and 36 are incorporated in this study due to word count limitation. But these 36 interviews generalized the whole population of 50 interviews because reimagining 14 interviews were replicating 3 categories of security, literacy rate and accessibility in interior Sindh.

5. CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

For most of people having a bank account is as normal as living, but according to (UNESCO), Major population is living below the poverty line having no or little excess to money/savings or they are unemployed. This leads people to supplement bank account with unconventional financial services. In this situation, users go unbanked or under banked. "(The unbanked and under banked) are more to be expected to fall victim to the high-rate (predatory) side of the industry, like payday, account-advance, tax refund-advance and structured, settlement-advance loans, to name a few," says Mitchell Weiss, an adjunct professor of finance at the University of Hartford Conn.).

Weiss says classically, the unbanked and under banked be likely to be deprived and operational class individuals who designate to stay away from banks because they either don't have the financial resources to maintain a bank account, or lack knowledge of how the banking system works,. But that's not always the case. In fact, there are few other reasons why some people are unbanked or under banked with respect to country and culture.

Still, South Asian countries like Pakistan show a tremendous growth in the banking industry in the past recent years. Also, State bank of Pakistan have made it compulsory to open at least

20% of bank's branches in rural and unbanked areas of Pakistan. in spite of that authors discovered that lack of convenience in rural areas is another major issue faced by Pakistanis. People living in city are unable to transfer cash to their families living in remote areas as they-living in rural areas- have no access to banks in their towns/villages.

Expansions of commercial bank's branches and micro finance banks have been integrated in rural areas of Pakistan. But respondents from rural Sindh said that they still facing the lack of facility of banks in interior, either they have to go to nearer city or far from their village to operate their accounts. The respondents who have access to bank stated that they are facing service issues as extra services are provided to customers who have huge deposits in bank, people don't get email or message while transactions are carried between accounts and customer care centres don't pick up calls made by customers. The law and order situation of Pakistan also create barriers for the usage of banks as people are getting robbed on ATMs. Despite of bank's ease to open an account with only CNIC, respondents have issue with documentation and cost of operating account, respondents stated that sudden hidden charges are charged from their account without any notification. In rural areas, people used to wait in long queues in the days of Benazir Income Support Programme's cash disbursements.

Banking are famous for their customer services, as their business is fully dependent on their deposits, despite of that, few respondents have claimed for the poor banking service. With the help of Summative Content Analysis, it determined that customers have to wait long in customer service help lines and in branch banks too. Authors also get responses from senior citizens, in spite of State bank of Pakistan's hard instructions to banks for senior citizens, respondents claim that sometimes banks ask their personal visits, even they know their kids withdraw their cash/pension amount on their behalf through their signed cheques. The very interesting factor authors found that, Pakistan being an Islamic state, it was assumed that majority of respondents will respond as Interest based banking is Haram and this could be the major reason of going un banked but results were opposite, only two respondents out of fifty have issue with banking with respect to religious limitations.

As authors have identified problems faced by people in Pakistan for banking, this study can be replicated with higher number of respondents who can share their intentions and problems towards banking in Pakistan. Ultimately it will be fruitful for financial sectors to identify and vanish those problems that limit people to have bank accounts. As this study propose the main reasons behind un -banking in Sindh province, it can also help people of Sindh or Pakistan to get educated regarding banking and saving money which ultimately encourage to nourish Pakistan's economy.

5.2 Recommendations

Financial institution and technology development is hallmark for development in economy. Therefore, financial intermediaries must harness that innovation to meet the needs of low income Pakistanis. It is recommended that the first account initiative is necessary for low and moderate income families that can benefit economy as a whole. The regulatory authorities (SBP), banking sector along with Government can work together to build reforms for the expansion and creating awareness about financial institutions among people. Branchless banking and mobile banking must be spread on large scale to transfer money from urban to rural areas or vice versa across Pakistan.

Other suggestions are:

1. Marketing and opening of digital/online accounts which will help to access large pool with bulk amounts.
2. Increasing number of access points/centres.
3. Giving more authorisations to financial centres.
4. Promoting financial awareness.

Since there is a great scope of branchless banking in Pakistan therefore following are some steps which can improve branchless banking across Pakistan:

1. . Decrease in cost for private sector to pay their invoices and salaries online.
2. Easy Paisa satisfied 650,000 customers, having 75000 shops in more than 800 cities it can be boost up further.
3. Structuring a legal and secured framework for banking and nonbanking transactions, this ensured the security of branchless banking.
4. Educating public on digital transactions.

In the light of the research findings, people of Pakistan needs education for digital banking with their ease to use and other cost effective benefits, also it will lessen security issues too. Regularity Authority for banking should fix a certain percentage of revenue on banks for marketing in untapped/rural areas of Pakistan, so that maximum customers could reach in banking services.

To secure digital banking, a secured digital framework is to be ensured.

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