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## Financial inclusion of female garment workers


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# FINANCIAL INCLUSION OF FEMALE GARMENT WORKERS

TECHNICAL  
REPORT



Sigma Ainul, Md. Irfan Hossain, Sajeda Amin, Ubaidur Rob

# FINANCIAL INCLUSION OF FEMALE GARMENT WORKERS

Sigma Ainul, Md. Irfan Hossain, Sajeda Amin, Ubaidur Rob

The Levi Strauss Foundation funded this project to pilot a community-based asset building program among female garment workers in Bangladesh and inform policies promoting greater financial inclusion. The views expressed herein are those of the authors, and do not necessarily reflect the views of Population Council, and the Levi Strauss Foundation.



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## LIST OF ABBREVIATIONS

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BGMEA:	Bangladesh Garment Manufactures & Exporters Association
BKMEA:	Bangladesh Knitwear Manufactures & Exporters Association
DPS:	Deposit Pension Scheme
DSK:	Dustho Shastho Kendro (a local NGO)
IDI:	In Depth Interview
KII:	Key Informant Interview
MFI:	Micro Finance Institutes
NGO:	Non-Governmental Organization
RMG:	Ready-Made Garments
ROSCA:	Rotating Savings and Credit Association
SPSS:	Statistical Package for the Social Sciences
Tk.:	Taka (Bangladeshi currency) 1 USD= Tk. 80
UCEP:	Underprivileged Children's Educational program
WASA:	Water Supply & Sewerage Authority



## INTRODUCTION AND BACKGROUND

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Since the 1980's rapid growth in manufacturing ready-made garments (RMG) for export has created new opportunities for women industrial workers in Bangladesh providing employment to about three million workers. The RMG industry occupies a dominant position in the manufacturing sector and has become a primary source of foreign exchange revenue for the country. It accounted for about 78.6 percent of the total exports amounting to \$19.09 billion in 2011-2012 export earnings (BKMEA, 2012).

Social transformation related to garment work has been widely noted (Kabeer, 2005; Kibria, 1995; Kibria, 1998; Mubarak, 2011). Work in the RMG sector is an important driver of female migration to urban centers where the factories are located. The RMG sector was the first major manufacturing sector in the country to employ a workforce that is predominantly female. Women's wage work opportunity outside this sector remains limited. Women who migrate for work typically marry later while their non-working peers marry early during adolescence (Amin et al., 1998). For young women who go to work in the city, work offers a period of transition as contrasted with the abrupt assumption of adult domestic and childbearing roles at very young ages associated with young age at marriage. A recent study found that the presence of apparel jobs bolsters school enrollment, especially for girls. Girls who live in villages near garment factories tend to marry later and have children later than the girls who grow up in villages without factories.<sup>1</sup> The majority of women workers appraised their experience of employment in the garment factories in positive terms because of improvements relative to what life had been like before. They valued the satisfaction of a 'proper' job and the opportunity to earn a regular wage compared to the casual and poorly paid forms of employment that had previously been their only options (Kabeer 2004).

Factory work may allow a young woman to feel like an adult because she lives away from immediate family and manages her own finances in ways that lead to greater autonomy and self-sufficiency. When a rural migrant begins garment factory work there is a sense that she does so to become self-sufficient (Kibria 1998). Thus, working for cash has obviously opened up alternative options of life; if not necessarily control over income. Even if control over income is not always assured, wage work gives women greater power in decision-making regarding the use of household resources (Blumberg 1988; Engle 1993; Acharya and Bennett 1982). This may be because working outside the home fosters greater assertiveness or confidence or because working women

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<sup>1</sup> Heath and Mubarak's study summarizes "A doubling of garment jobs causes a 6.71 percent increase in the probability that a 5-year-old girl is in school". The study finds that girls who live in villages with garment factories tend to marry later and have children later than the girls who grow up in villages without factories. For detail of the study see [http://www.econ.yale.edu/conference/neudc11/papers/paper\\_363.pdf](http://www.econ.yale.edu/conference/neudc11/papers/paper_363.pdf)

have a stronger 'fallback position'—they can more credibly threaten to move out on their own if they are not granted greater control. They now have power to choose.

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# RATIONALE

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## Financial Inclusion of RMG Sector Workers

The importance of the RMG sector for the country's economy is widely acknowledged. Several studies have documented that the workers in this sector are mostly young and poor and have low literacy. Yet, they have played a key role in the success of this fast growing manufacturing sector in the country. Garment workers are predominantly recent migrants to the urban areas where factories are located. Most are unmarried at the time of entry into work and many are important breadwinners of their natal household. Like other migrants, a significant portion sends remittances to their rural families. Several studies have documented that workers are not just wage earners, but active savers (Amin 2006, Newby 1998, Hewett 2001, Amin 1998).

Yet most formal financial institutions elude them. Those who are able to save are often forced to invest in risky assets like jewelry or livestock or to use informal savings arrangements such as savings groups in their workplace. They work long hours and get paid in cash but because of their working hours seldom bank at institutions, relying instead on the informal economy of relatives and neighbors to remit and save. This necessity conspires with preexisting traditions and values to weaken their control over the money they earn. Their mothers and grandmothers seldom had independent assets to control. For example, a number of studies in South Asia found that many wage-earning women were obligated to turn over their pay to their husbands or other male family members (Agarwal 1986; Zohir and Paul-Majumder 1996; Standing 1991). Young Taiwanese women are expected to pay their debts to families by remitting a large share of their factory earnings to parents, thus reducing their individual savings. The parents use their daughters' wage remittances to finance their sons' educations, with sons later relied on to support them in old age (Greenhalgh 1985).

## Financial Education and Access to Finance

Despite being wage-earners and active savers, young female garment workers remain at a disadvantage in terms of their ability to manage money and to exercise control over their own income. This disadvantage may be partly attributed to a traditional culture where men hold primary or exclusive responsibility for financial decision-making. While women may make day to day household decisions, they generally have less exposure to financial services and products compared to men.

Recent studies on access to savings provide convincing evidence that even the poor save more if they are given access to a broader array of quality savings products (Karlan 2010; Collins et al, 2009; Stuart et al. 2011). However, with increased access to more service providers and more products, people confront options they don't always understand. When their existing knowledge and competencies are not applicable to an ever changing financial landscape, people are limited

in their ability to act. Several studies have shown that more and more complex options can actually lead to a decrease in uptake rather than an increase (Karlan, 2010). These studies have led to the conclusion that “marketing of accounts can have just as much, if not more, to do with take-up and usage as do the terms” (Karlan, 2010: pp. 50). These studies suggest that the manner in which information is provided about access to savings can have very important implications for rates of savings.

Financial literacy varies significantly among the poor. Financial diaries studies, as presented in *Portfolios of the Poor* (Collins et al, 2009) or in *Cash-In, Cash out: Financial Transactions and Access to Finance in Malawi* (Stuart et al, 2011), demonstrated that most poor people are good financial managers in familiar environments where a majority of financial transactions occur either informally or involve money stored at home. In the absence of formal savings, a person's only recourse may be local moneylenders who are reputed to charge exorbitant interest rates. The lack of access to formal banking may also entail a risk to personal safety or to the predatory practices of unregulated financial schemes. Workers are paid in cash. Without a secure place to hold their earnings, they are forced to carry their money around wherever they go, or to pass it on to others who will charge them for the safe keeping of their savings.

Thus, despite a strong culture of saving among garment workers, accumulated assets are at risk. The inability to retain control over one's own assets is a product of a combination of factors: inadequate access to formal financial institutions, lack of financial literacy to choose the appropriate saving options offered by financial institutions, a cultural tradition where women are not expected to be financial actors, and a readily accessible but risky informal financial economy.

There is evidence from several studies that access to formal savings accounts can increase rates of savings and these impacts are stronger for women. Among participants in a study in Kenya that offered a savings account at no cost, 87 percent agreed to open one even though 40 percent never made a deposit in the account. Participating women, who were all market vendors, made significantly larger deposits than participating men (Dupas and Robinson, 2013). The evidence on whether imparting knowledge about savings options alone, in the absence of efforts to facilitate the opening of accounts, is more rare.

## OBJECTIVES

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The primary objective of the present study is to explore ways of improving financial capabilities of young, inexperienced wage earners through a targeted program of financial education. The project seeks to understand personal finances and capabilities of workers through exploratory qualitative and quantitative interviews using an intervention research approach.

It also aims to identify scalable financing models that can be replicated to increase the opportunities of garment workers. The specific goals of the project are to:

- Identify the financial services currently available for the typical worker and to identify any unmet need
- Outline workers' behaviors in terms of deposit, spending and savings habits and define product needs through a quantitative and qualitative survey among women recruited into the program
- Describe current level of familiarity with the formal financial services and understanding of personal financial management.
- Identify promising formal saving options for this low income group.
- Understand obstacles to accessing formal banking instruments
- Adapt Population Council's financial education curriculum for garment workers

## STUDY DESIGN AND METHODOLOGY

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This initiative to improve financial access for garment workers living in Dhaka Metropolitan Area was designed as a community-based intervention among workers. Young women workers living in two low income areas were offered financial education sessions in locations close to their home. A baseline survey was conducted among enrolled participants who expressed an interest in attending sessions. During and after completion of education sessions, in-depth interviews were conducted. Prior to designing the educational sessions, a scoping study was conducted in 12 banks and 10 Life Insurance companies. All services offered were reviewed with a specific focus on offers of deposit pension scheme (DPS) products that have been reported to be popular among low income savers. Results from this scoping study are presented in Section on *Desk review of savings options* under *Current initiatives* (page 16) and in Annex 2.

### Study Sites

Two slum areas of Dhaka City were purposively selected for our study because of their high concentration of garment workers based on a mapping of factory locations nearby, and reports from research studies that female workers typically live within walking distance of factories.

- Korail Slum, Mohakhali
- Rupnagar tin shed, Duaripara, Mirpur

#### *Korail, Mohakhali*

Korail slum is located in Gulshan Thana, a wealthy enclave of Dhaka. According to the inhabitants, the slum is built on 90 acres of state-owned land. Population estimates of Korail slum varies widely. One commonly cited study gives a population size of 80,000 (Pramanik, Sarker and Sarker, 2011) live in this area. The area is inhabited by garment workers, day laborers, housemaids, rickshaw-pullers and other lower-income people and their families. The area is prime real estate and is under frequent threats of eviction. Most families live in one-room, 100-200 sq. ft. dwellings. It is estimated that a total of 16,000 families, with an average of five members, live in the area. Several studies have documented that the households lack basic amenities like safe drinking water and sanitation. There are no usable public spaces to serve as children's playground so they are found playing in narrow lanes – no wider than three to five meters. Households share common spaces to use as bathing areas, toilets and shared kitchens.

The locality has a thriving economy. In these very narrow alleyways there are around 800 shops and service organizations including a barber's salon, tailoring shops, general merchants and

pharmacists. There is a dentist's clinic, a community center and a coaching center to tutor young children and adolescents. Several civic society organizations provide additional services for health, children's education and legal assistance. There are government affiliated and private primary schools. There are mosques and private markets (bazars) in the locality where vendors bring their goods to sell. There are several political party offices and youth club rooms where public gatherings take place. The grave (*Mazar*) of a popular religious leader who had a large following in the area serves as a pilgrimage site. The space around the grave is one of the few well-tended open spaces where people gather for public meetings.

### *Duaripara, Mirpur*

Our second study site is located in a neighborhood in the north-western section of Dhaka city in Duaripara, Mirpur, near a private housing development called Rupnagar housing, which is referred to locally as the Rupnagar tin shed area. The slum is better laid out and organized than Korail. Dwellings are arranged in 16 neatly arranged and numbered lanes and each house is also numbered. During the course of our study, some dwellings around the edge of the neighborhood that were purportedly built on public land were demolished during an eviction drive (See Box on Page 11).

According to information obtained from inhabitants and perusal of charts and files of service organizations working in the areas, there are 641 building units in the area with four to five families living in each dwelling. The total number of households in the area is estimated to be 2,880 and the population is approximately 16,000. Duaripara is located near Mirpur where there are a large number of garment factories and about 75 percent of working women work in garment factories. Another five percent is involved in other garment production related work such as embroidery and handicraft. The remaining women describe themselves as housewives. Most men are engaged as labor in garment factories, shopkeepers, bus drivers, vegetable sellers and in the service sector.

The quality of housing is better in Duaripara than in Korail. Buildings are constructed of brick with corrugated tin roofs. There are a few multi-storied buildings. In most houses the outer walls are made of brick and partitions of the rooms are made of hardboard or corrugated iron. Women who work in the garment factories and live in Duaripara usually rent single rooms and live there with their families. Women who do not live with families usually share with fellow garment workers. Each house comprises several dwelling units and has its own electricity, gas, piped water from the Water and Sanitation Authority (WASA) and adequate drainage system. Most of the houses have a passage down the middle of the house with rooms on either side. Each house has six to eight rooms and one common shared oven with gas line, a common toilet and a bathroom. The area was initially constructed by the city authorities as a residential area and allocated to people through a

lottery. Most of the home owners live in other places and rent their houses at rates of Tk.2, 200 to Tk.4, 000 per month per room.

Several non-governmental organizations provide support services to the inhabitants. These include large international organizations such as Care, Good Neighbors Bangladesh and Plan Bangladesh. A free primary school is supported by a local charitable institute known as the Gulshan ladies' club. There is also a government school called *Rupnagar Adorsha Biddaloy*. BRAC's *Manoshi* program has a strong presence here and reproductive health services are available at a Marie Stopes clinic nearby. Several microfinance institutions work in the area and visit regularly. These are ASA, *Sathi Shomaj Kolyan Somiti*, and *Bangladesh Nari Andolon Shangsad*. An organization called *Phulki* operates a day care center for children of working mothers. Agents of several insurance companies such as Rupali Life Insurance Company and Alico Life work among the population of this area.

Compared to Korail slum, Duaripara is better off in terms of living standards and basic amenities. Educational opportunities are also slightly better in Duaripara compared to Korail. It appeared that garment workers interviewed here were more cooperative, open to talking and easily available for interviewing.

## Study Participants

In the section entitled *Profile of Study Participants* (page 22) we present data on the sociodemographic profile and savings practice of study participants. Data presented in Tables 1 and 2 were collected from 240 female respondents (120 from each site) who expressed interest in financial education and were between 18 and 26 years of age. Respondents were identified by discussions with key informants (see below) and household visits to map potential respondents and assess their interest in participating in financial education. The interviews sought information on basic socio-demographic characteristics as well as on financial behaviors such as savings, expenditure patterns and banking practices. After recording responses on pen and paper, the study team entered, edited and recoded data using Statistical Package for Social Science (SPSS) software version 14.0.

## Qualitative Formative Research

In-depth interviews (IDI) are presented as case studies in the Annex 1. A total of 30 IDIs were conducted. Individuals were selected for in-depth interviews from the 240 respondents to the quantitative survey based on their availability for the interview. The survey coincided with peak production season in the garment industry and many respondents were not available. Case study respondents agreed to follow-up visits after an initial interview. In some cases, multiple interviews were conducted to fill gaps in the data.



Six Key Informant Interviews (KIIs) were conducted to explore convenient and feasible session timing, duration and location prior to developing a plan for financial education sessions. The key informants were selected purposively. Knowledgeable persons living in the study sites for a long time were selected as key informants. In- depth interviews were recorded and subsequently transcribed.

Data have been collected only after receiving informed consent from each respondent. IDIs were conducted in private. If privacy could not be ensured interviews were terminated and scheduled at a later time according to the respondent's convenience. Pseudonyms of respondents were used throughout the study and write-ups. The data were used only for the purpose of research.

## **Intervention and Activities**

Financial education activities were carried out over a period of five months (December 2011- April, 2012) in the two study sites located within the Dhaka Metropolitan area. In each site, three locations were identified based on access and convenience of the 240 women enrolled to attend financial education sessions. Session timing and location was determined upon consultation with workers in addition to the key informant interviews described above. It was agreed that the weekly holiday was the most convenient day of the week for workers given their long hours and daily domestic responsibilities after work. The sessions were to take place over a period of five weeks. As garment workers have only one weekly holiday, three parallel sessions in the morning and three parallel sessions in the evening were planned to be conducted by three trained facilitators from the Population Council. Facilitators held Masters level degrees in the social sciences, were experienced in qualitative techniques and supervised closely by Population Council researchers throughout the course of the intervention.

A preexisting 20-hour long financial education curriculum, originally designed for young adolescents under 18 years of age, was condensed and adapted into five hour-long sessions, especially tailored for low income earning garment workers. The goal of the modified curriculum is to help promote financially responsible behavior through better planning and budgeting and by providing strategic information about financial access. The curriculum focused on practical information related to how to open a bank account and how to fill out forms correctly. Some basic information was provided to allow participants to understand differences between common and popular savings instruments, such as the commitment saving devices known as Deposit Pension Schemes (DPS). This entailed some discussion of the fundamental ways in which banks, insurance companies and savings societies differ to allow potential savers to make decisions based on their specific needs.

In reality it was difficult to ensure regular attendance at consecutive group sessions as planned. Only 160 of the 240 women originally contacted participated in at least one session. There were several reasons for the poor attendance. Peak production season in the garment industry coincided with the period of intervention. Some participants were required to work overtime during the weekly holidays, making for a seven day work week. Others chose to work overtime during the weekly holiday to be able to accrue longer leave time they expected to take during the annual Muslim festival following Ramadan later in the year.

In addition, our retention of enrolled participants was affected by two other factors that displaced a fraction of the workers-- the annual Muslim Eid festival and large scale slum eviction drives that displaced a percentage of those enrolled in the previous year both occurring after our enrollment period and before the Interventions began. Eid holidays are a period of transition for workers. Workers typically leave for their home district/ village for long vacations. If a worker decides to switch jobs, the Eid vacation is considered an opportune time. Workers are paid back dues and bonuses (if any) prior to Eid. If a worker is planning to switch jobs she may wait till the holidays and quit after she collects her dues.

Since the enrollment drive for the intervention took place before the festival and the sessions were scheduled to be held after the festival, some part of the poor attendance was due to the fact that enlisted participants moved in the interim. In addition, several incidences of slum eviction drives that led to destruction of the homes of women who were enrolled, led to their non- attendance.



#### ***Rupnagar, Duaripara Slum eviction***

*Dhaka Water Supply and Sewerage Authority (Wasa) started an eight-day eviction drive on location. WASA authorities conducted the drive on both banks of the 3.5 kilometer canal demolishing about 500 'illegal' structures. About 25 semi-brick structures and 190 shanties were bull-dozed. Dwellers were "notified" two months prior to the evictions. Since the property is owned by slumlords and those living there are tenants, it is not clear who received notifications. The end result, however, is*

*that on the day the bulldozers came the tenants were ill prepared and lost all their belongings. Some returned to their home villages while others rented property nearby. A segment of our sample population became homeless as a result of the drive. November 12, 2011.*

To compensate for low attendance at the planned sessions, the project took several compensatory steps. The facilitator visited participants door-to-door. If they were found they were provided one-on-one sessions. Upon consultation with other organizations working in the area about the popularity of day long events ( as opposed to fixed time sessions), the Council organized a session where facilitators spent the entire day on location and participants could come at a time of their choosing. More one to one interactions were invited. Through these activities additional messages about financial access and financial education were discussed. In addition, several banks were invited to provide specific information and to offer the option of opening accounts if participants wished to do so.

### **Data Gathered**

A quantitative survey conducted in 2011 collected basic demographic information on potential recruits as well as a short history of employment, income and expenditure patterns. The survey asked questions about savings behaviors and prior experience and history of financial management. The sections in the survey instrument are described in the tables of Annex 3.

In addition to the quantitative studies, in-depth interviews were conducted with 30 garment workers with an emphasis on their aspirations and expectations in life, approach to future planning including ways of controlling income, assessing and choosing savings options, and their need for financial knowledge. An average in-depth interview took roughly 45 minutes. In-depth interviews probed about experience with formal savings institutions, discussions about knowledge of savings instruments available and comprehension of financial concepts such as interest rate and maturation of savings instruments.

# BANKING THE UNBANKED: FINANCIAL INCLUSION OF GARMENT WORKERS

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## Previous Factory-Based Research by Population Council

### Exploring scope of bank services for garment workers-1999-2001

In 1999 the Population Council commissioned a study called “Credit and Economic Activities of NGOs with Adolescents in Bangladesh.” The objective was to understand whether there were existing underexploited opportunities for garment workers, as well as other adolescent girls, to safely save their earnings with NGOs involved with microfinance. It is important to understand what happens to girls wages after they receive them; whether girls have control over the income they earned; achieve that bargaining power in life; and whether they have a safe place to keep their money (Bruce, 2000).

In-depth examination of six organizations revealed that a minimum age of 18 is generally required for participation in microfinance programs. Although there was one organization that specifically sought to reach out to adolescents, the norm was to design programs for older married women. More importantly, most organizations preferred to recruit married women. Single women were considered a “flight risk”. Few programs offer safe savings as a “product” on its own. Rather savings is a required part of a larger financial package that includes small loans. The Association for Social Advancement (ASA) allowed the immediate family of existing members to open associate account for savings, though there was no indication that it was a popular option. Young women living in urban areas are financially excluded, both from large financial institutions because banking laws stipulate a minimum age of 18 years for opening an account, as well as from microfinance organizations that tend to prefer older women as members. In addition, by design, micro-financial services are best suited for self-employment activities because access to savings is contingent upon borrowing from the institutions. Garment workers are not likely to have time to engage in self-employment because of their long hours and hence they are not attractive micro-finance clients. Moreover, it is illegal for microfinance organizations to offer savings-only options (as opposed to a combination of savings and credit) (Zaker, 2001)

Yet even among those garment workers old enough to take advantage of bank-based savings, few did. In a baseline study fielded at the beginning of this project, only 15 percent of garment workers in the adolescent sample reported ever having saved money at a bank. Several reasons were given. Most garment workers need to be working at a factory during normal banking hours. By the time they could get to a bank, it would be after hours. The study reported there is a perception among workers that banks are meant for the rich, and are unwelcoming of anyone who is not rich. Formative research interviewing bankers revealed some reservation on their part to have large numbers of garment workers visiting their premises driven primarily by the concern that the presence of large hoards of poor women would damage the elite image that most banks cultivate

so carefully (Gomes and Meyers, 2004).

### **Taking bank services to the garment factory- 2001**

In 2001 the Population Council initiated a second line of inquiry in the "Safe Savings for Factory Workers" intervention research study and provided access to formal savings to garment workers. Population Council consultants interviewed bankers, factory owners/managers and garment workers. Exploratory interviews established that garment workers are indeed savers: 38 out of the 40 workers interviewed reported monthly savings. Some respondents described savings collectives or cooperatives they belonged to, usually at the factory with co-workers that operate as a rotating pool of funds. Women in the cooperative each contribute an agreed upon amount of money each month, and each month one of them receives the entire pool amount. There is no formal administration involved.

When asked, most of the workers interviewed expressed an interest in saving with banks, in part because they valued their trustworthiness compared to other available options. At the same time, workers were concerned about liquidity and the ease with which they could withdraw their savings. Because few of them were able to visit a bank during its hours of operation, they would need to send a friend or family member to make their deposits and withdrawals for them. The difficulty of finding someone they fully trusted to help with banking, as well as concerns about the accessibility of their funds when they need them, were both deterrents even to workers who recognize the benefits of maintaining bank savings accounts.

Factory managers and owners identified several obstacles associated with making banking facilities available at the worksite. They felt the largest obstacle to success was concern about security. The large amount of cash transaction involved was perceived as posing a security threat for the owners. They also did not want to allow workers the time they would need to visit a bank on payday – especially since not every factory is located near a bank. On the other hand, factory managers and owners commented on the high turnover among workers. They felt that a savings system that promoted greater attachment by the workers towards their factory would be beneficial.

Bankers were skeptical about the idea of providing access to savings to garment workers. They did not believe that garment workers' savings would be significant enough to cover the cost of administration for each account. They also felt that the diverse geographic locations of factories would make it difficult to create a banking system specifically for garment workers.

In terms of payday transactions, bank managers were concerned about the logistical difficulty of having enough employees to visit garment factories each pay day to collect savings. Or, if the garment workers visited the banks on the same day, their administrative and physical facilities would both be overwhelmed.

With an understanding of the legal elements governing the project, after over four months of close collaboration with banks and factory owners, in the Spring of 2002, the Population Council began

visiting the factories to talk with garment workers, explaining to them that bank savings soon would be available on-site, and enrolled all interested workers. The enrollment process included photographing each account holder, and assisting would-be account holders with filling out the necessary form. Photographs were taken on the factory premises with the facilitation of factory management. Throughout the following month, Council staff visited the factories regularly to meet with garment workers and attempt to spark interest in the project.

### *Workers' perspective*

With regard to making deposits, workers reported being satisfied with the ability to bank at their factory. As in the Kenya study by Dupas and Robinson (2013), in this sample not all women who opened accounts saved in those accounts. One reason was that wage or salary earnings are usually committed or spent whereas workers saved income earned as overtime. However, since overtime payments were more variable in terms of when they were made, banking services offered by the project had to be tied to fixed pay dates for salary. Overtime payments were usually given on a different day. Some part of the low savings in formal accounts may have been because workers spend most of their basic pay but save from overtime.

### *Bankers' perspectives*

Banks perceived the administrative demands of off-site banking to be logistically difficult and costly. They were also frustrated by low deposit yields over time. If the total amount deposited at one site on one day is small, banks may not recover the costs involved in offering the service. As it is difficult for banks to recover their costs when deposits are low, banks have asked factory managers for additional business to make it worth it. Unfortunately, in many instances managers have preexisting relationships with other banks. To sustain the project, there will need to be a greater synergy between factories and banks, as well as a greater effort to encourage regular bank deposits from the workers.

### *Factory managers' perspectives*

Recruiting new factories to participate in the project was not easy. Factory managers voiced the familiar concerns that too much time away from work is required for their employees to participate in savings programs. They also feared that there may be other, direct expenses for them. These types of fears can be assuaged by the data that the Population Council has collected demonstrating the real time necessary to start and maintain the savings project. Over the longer term, if worker loyalty can be tied to worksite savings, managers will probably find it an appealing aspect. On a more practical level, geographic distance between factories and banks is yet another obstacle.

## CURRENT INITIATIVE- TARGETING GARMENT WORKERS AT THE COMMUNITY LEVEL

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The current study is an experimental alternative model to the factory based approach. A community based intervention strategy was assessed to be an important one to explore methods that are less reliant on the cooperation of bankers and factory managers who are often reluctant to participate. Previous experience suggests that without reform in banking policies and a stronger commitment from banks and factory owners to provide better access to finance, factory based banking is not a sustainable model. While we were able to secure permissions to offer banking on factory premises as a pilot project and on the basis of a prior agreement with a specific bank, the stipulations against off-site banking codified in the Bangladesh banking code remain. If we really aim to mainstream banking practices and inclusion of workers into the formal financial institutions the need has to be generated within garment workers so that they can learn how to operate within existing banking system. This time, the initiative was targeted at the community level-in urban slums- where garment workers live.

### Desk Review of Savings Options Available in Formal Institutions (2013)

To understand current financial choices and savings instruments that were available to low income urban populations a scoping study was done whereby a selection of banks, insurance companies and non-governmental micro-finance Institutions were visited and their services were documented and explored.

#### Banks

Services offered by banks include a range of checking and savings accounts, commitment savings accounts, a range of consumption and production loans and access to fund transfer services. Among these, as we will show later, commitment savings accounts are the instruments most likely to be used by workers. As shown in Table 1, in addition to savings instruments banks also offer various consumption and production loans and money transfer services. Among the institutions surveyed are four government owned (Sonali Bank, Rupali Bank, Janata Bank, and Agrani Bank). The majority of the Institutions surveyed were private commercial banks and included local, national and multi-national institutions including a number of financial institutions that offered products according to Islamic or Sharia law. An important stipulation of Islamic scripture for banking is that interest charging is not allowed. Islamic banking is also regulated by the Central Bank regulations. There has been a recent and rapid rise in Islamic banking in the country with traditional commercial banks such as Standard Charter Bank offering specialized services through their Islamic banking window.

To open a bank account the minimum requirements are:

- Minimum required deposit Tk. 100-500
- National ID is required
- Minimum age 18
- Introducer is required
- Need signature except for few exceptions where thumb print is enough

**Table 1: Summary of Banking Instruments and Related Regulations**

Name of services	
Savings account	<ul style="list-style-type: none"> <li>• Money deposit</li> <li>• Savings account cannot have zero balance</li> <li>• Minimum amount of money should be in account unless account will be finally closed</li> <li>• Get interest on basis of deposited money</li> <li>• Interest rate or total amount of profit depends on savings pattern also</li> <li>• Depositor should be above 18 years old to open a bank account</li> </ul>
Deposit scheme	<ul style="list-style-type: none"> <li>• In DPS depositor is required to deposit a fixed amount of money every month</li> <li>• there may or may not be a stated interest rate</li> <li>• Interest rate or total amount of profit depends on pattern of DPS and amount of deposited money</li> <li>• If depositor misses a monthly deposit, a fine is assessed on the following month's installment</li> <li>• If depositor stops payment within six months, no interest or profit accrues but depositor can withdraw principal</li> <li>• Depositor should be above 18 years old otherwise guardian will be needed</li> </ul>
Loan facility	<ul style="list-style-type: none"> <li>• Account holders can borrow under specific circumstances such as purchase of house or car</li> <li>• Terms and conditions depend on the purposes of loan</li> <li>• Loan agreements generally specify regular installments with a certain rate of interest</li> <li>• Fines or penalties are specified for irregular payments</li> <li>• Customer below the age of 18 cannot receive loan</li> </ul>
Money transfer service	<ul style="list-style-type: none"> <li>• Customer can transfer money from one account to another account and also from one bank to another bank</li> <li>• Can receive foreign exchange and transfer to another</li> </ul>

***DPS services:***

Banks in Bangladesh offer a range of savings and related services including commitment savings devices that are more popular among the poor because they have fewer requirements such as



identification cards, guarantors and minimum balance requirements. Bank visit information, product brochures and relevant information regarding DPS are described in Annex 2.

Banks vary in the different types of commitment savings devices they offer. For example, Sonali Bank offers three different schemes named Sonali Bank Deposit Scheme (SBDS), Education Deposit Scheme (EDS), and Medical Deposit Schemes (MDS). Pubali Bank has savings products named Pubali Deposit Scheme (PBS), Pubali Pension Scheme (PDS) and Pubali Shadhin Shonchoi (independent savings account). These savings products are differentiated according to the purpose of savings, time limit and interest rate.

#### ***Interest rate Minimum Deposit, ID requirements and Penalties:***

All banks are regulated by the Central Bank of the country, the Bangladesh Bank. The interbank lending rate guides the interest rate banks may offer on savings accounts. According to the brochures of specific savings and loan instruments on offer, rates vary from 7.5% to 13%. Among the banks we visited, the three highest interest rates were 13% for DPS of NCC bank, 12.49% for DPS of Mercantile Bank and 12% for Contributory savings scheme of Prime Bank. The lowest rate is 7% for a product called "APS service" offered by Agrani Bank. The minimum deposits required can also vary by bank and by product.

Minimum deposit requirements can range from Tk.100 (or around USD 1.25) per month to Tk.500 (USD 8.50) per month. Generally the lowest minimum deposit accounts are offered by Pubali, Agrani and Sonali Banks. These were previously government owned and continue to have specific mandates to bank the poor. PDS and Sadhin Sonchoi of Pubali Bank and APS service of Agrani bank require only Tk. 100. Most banks require a minimum of Tk.500. The overall minimum deposit range is Tk. 100 to Tk. 500. The ability to sign is mandatory for all but Sonali, Agrani and Prime banks. These three banks accept thumb imprints as well. A depositor does not need an introducer or a guarantor for most DPS account even when they are required for savings or current account holders in the same institutions. Every bank requires presentation of a national ID, but will make exceptions if a ward commissioner certificate, valid driver's license or any other government issued photo ID is available.

All banks set stringent time limits for monthly deposits. Monthly deposits usually have to be made within the first five to ten days of the month. There is wide variation in terms of maturity period for savings schemes. For example, SDS of Sonali bank is five years and Pubali Sadhin Sonchoi for minimum three years. BRAC Bank offers a DPS account that matures in a year. The range for years to maturity is from one to 20 years. If the customer missed a payment the penalty varies from bank to bank. The overall range of penalty is 2% to 5% of total deposited money. Pubali Shadhin Sonchoi is an exception. A depositor can make up for a missed payment by doubling his or her payment in the following month without paying any penalty. All private banks have provisions for online banking. Government banks like Sonali Bank and Agrani Bank are not capable of providing

on-line banking. In government banks, customers cannot move their DPS account to other branches.

## Life Insurance Company

In addition to selling several types of insurance policies, insurance companies in Bangladesh are active in offering various forms of commitment savings options to low income savers. Our interviews with operatives in this sector at all levels from top management to field agents suggests that while these savings instruments are an important component of their activities, they are not as easy to understand or describe. Some companies categorize their DPS instruments as micro-insurance because recent changes in insurance laws enable financial institutions to offer these services. In the 1990's, micro-insurance was introduced for low income earners usually in conjunction with micro-finance. Two characteristics of micro-insurance are that they are time bound (i.e. there is a specific date at which the account matures), the maturation duration is shorter than the average pension scheme, and installment payments are small. Over time, these micro-insurance instruments have come to be known as Insurance DPS although it is substantially different in from DPS instruments offered by banks. All of the companies we reviewed also claim that they are Sharia or Islamic Law compliant in their offer of DPS products. In addition, every insurance company claims they offer an additional benefit to their account holders in that they offer a special insurance service with every DPS account. If any subscriber dies after making one installment payment, their nominee is entitled to a full installment refund. They also suggest that otherwise the account works like a bank DPS. Subscribers accrue profits after their account matures and the period of maturity is specified. There are a number of nationally recognized insurance companies such as National Life Insurance Company, Progressive Insurance, Shandhani Insurance, Pioneer Insurance, Rupali Insurance and Delta Life Insurance that work with low income groups.

Several characteristics, eligibility criteria and the restrictions and rules for Insurance DPS holders are similar to those for banks. They are required to:

- Produce a National ID/ birth certificate/ citizenship certificate by local government authorities such as Ward Commissioner/ Chairman of Union Parishad
- Be able to sign/ thumb impression
- Prove that they are 18 years of age or older (account holders below 18 need a guardian to cosign)
- Photo of the account holder and the nominee
- Introducer is not essential
- Minimum amount of money

Unlike bank DPS accounts, however, the terms and conditions of Insurance DPS accounts vary widely. In Delta Life Insurance company the installments range from TK. 500 to Tk. 50,000.

Shandhani Life Insurance Company has three types of DPS: Grameen DPS, Islami DPS, and Shandhani DPS with Grameen as the most popular. In Islami DPS and Grameen DPS the monthly installment rate is TK 100 to 1600. Shandhani DPS installment amount is TK100-1500. Progressive DPS installment is TK 100-1500. National and Pioneer Life Insurance company's DPS installment amounts are Tk. 100 to Tk. 500. Rupali Life Insurance Company's monthly installment rate TK 100-2000. In every company, subscribers are allowed to make their entire yearly deposit in one installment.

#### ***Age limit of DPS subscriber:***

Age limits of DPS instruments vary widely also. An important distinction from Bank DPS instruments is that the Insurance companies specify an upper and a lower age limit. The age limits for Delta Life Insurance Company DPS subscribers are 18 to 60, Shandhani Life Insurance Company 18 to 50 years, National and Rupali Life Insurance Company 18 to 45 years, Progressive Life Insurance Company 18 to 45 years for men and 18 to 40 years for women. Account holders who are under 18 years of age can be DPS subscriber but he/she will be deprived from insurance service until fulfillment of 18 years.

#### ***Period of Maturity:***

As a general rule, the maturation period for Insurance DPS accounts is longer than for Bank DPS accounts. Maturity periods for products of the Delta Life Insurance Company are the widest ranging, between 5 to 40 years. Maturity periods for Shandhani Life Insurance are 10 to 40 years. Other companies like National, Pioneer and Rupali Life Insurance Company operate a program with a maturity period of only 12 years.

#### ***Interest rate:***

In all the insurance company DPS accounts interest rates are variable and determined by the company's annual profit returns. According to information given by National Life Insurance Company, interest rate of DPS fluctuates but may be a maximum of 17% annual percentage rate. As a general rule, insurance companies justify offering lower interest rates because they also offer an insurance policy.

#### ***Claims Process:***

After a subscriber's death, company takes 30 to 90 days to process claims by a nominee.

#### ***Penalty for violation of DPS installment:***

Companies can impose a variety of fines in instances of non-payment. If a subscriber stops paying installments within two years of opening an account, he/she is not entitled to any returns. If the

subscribers have kept up installment payments for three years or longer, they are entitled to withdraw the amount they have accumulated along with some returns net of service charge as penalty. However, if the account holder has fulfilled all the stipulations of the account, he/she can earn full interest on the deposit money. In Progressive DPS, after every four years, subscribers can withdraw up to 20% of their deposit. At Rupali Life Insurance Company, if the subscriber fails to make installment payments, he/she can seek permission to make payments within a year without any fine.

### ***Premier / Installment of DPS:***

Insurance companies operate through a network of agents who are allowed to recruit subscribers and operate accounts on their behalf. The presence of intermediaries creates a number of confusions. The most extreme is when an agent absconds and the typical subscriber has no recourse. As far as we could tell, there are no official and approved guidelines for agents to follow. Some respondents claimed that agents are not meant to operate accounts on behalf of the subscribers, hence they are not given directives or receipts to hand out to subscribers. An official of Pioneer insurance company reported they have designated cash counters and do not collect money going door to door. Rupali Life Insurance Company claims they collect money through field officers to meet company targets. A senior manager at Delta Life Insurance Company reported that field workers do not have clear knowledge about company policy. To address the situation every company should raise awareness among subscribers and need to take precautionary measures.

It is evident that there are information gaps between field office, area office and the head office. Some part of it is due to the paucity of informational material. Fieldworkers routinely collect installment payments from account holders with full knowledge of company authorities who appear to ignore these violations of company policy. Besides, they have no accurate idea about service charge system or interest rate. They have no written papers about rules and conditions. Insurance companies usually do not have a fixed interest rate. Returns earned on deposits vary according to declared dividends and on the company's annual profits.

Our review and analysis of banking options available to small depositors in urban Bangladesh has led us to conclude that access to savings may be improved by providing potential savers with strategic and targeted information on available choices. Specifically, case studies among garment workers who are wary of saving with formal institutions suggest that banking requirements regarding minimum deposits, variation in time to maturity and implied rates, and the penalties associated with late or non-payment can be important and strategic information that can promote better access.

## PROFILE OF STUDY PARTICIPANTS

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The garment workers in our sample are similar in age, marital status and migration history to garment workers reported on in other studies and to female migrants to urban areas in other parts of Asia (Naved et al., 2001). Workers tend to be young and recent migrants to the city. Among female garment workers interviewed, 55% were under 21 years. The young age distribution of our respondents reflects a recruitment bias in factories favoring the young, and may also be a reflection of the fact that wage work requiring long hours of labor fits the lifestyles of young, unmarried females unencumbered by the roles and responsibilities of wives and mothers. A recent study that included some of the same urban areas found similar age profiles of workers. The average age of 895 female factory workers included in a larger study of women and men was 21.72 years (SD 3.89 years) among 895 Garment Workers (authors' calculation from Baseline Survey of Growing up Safe and Healthy (SAFE) 2012).

### Marital status

The nature of the work and the traditional role expectations of women with husbands and children make long hours of factory work incompatible with marriage and childbearing. More than half of the respondents (55%) were not married. The proportion unmarried was similar in the two locations of our study, Korail and Duaripara. Nearly 12 % are either separated or divorced and one third of the respondents are currently married. The sample was similar in the two areas in this respect. At SAFE, among garment worker's 62.0% are currently married, 29.6% are never married and rest 8.4% are separated divorced and widowed (authors' calculation from Baseline Survey of Growing Up Safe and Healthy (SAFE) 2012).

### Migration to Dhaka

Although the majorities of our respondents migrated to Dhaka less than 10 years ago and are recent migrants, there was some difference in the migration history of respondents from the two areas. Duaripara residents are more recent migrants. About 10 % of the respondents migrated more than 10 years ago in Duaripara compared to 19 % in Korail. Less than 1% of Duaripara respondents were born in Dhaka compared to 8.6 % in Korail. The average duration of residence in Dhaka is a little over six years for Korail and four years for Duaripara. Migrants tend to concentrate in areas where others from their home district reside. Korail residents are mostly from Dhaka (52%), Barisal (19%) or Chittagong (18%) while Duaripara migrant workers are from Khulna (23 percent), Rajshahi and Rangpur (18%) and Barisal (20%).

## Educational attainment

The difference in timing of migration may drive some important differences in the background of respondents in the two areas. Although the proportion of respondents who reported ever attending school was similar (80.8 % In Duaripara versus 76.7% in Korail), secondary school attendance or higher was greater in Duaripara where there are more recent migrants-- 40% of the respondents have some secondary level education compared to 20% in Korail. The fact that the more recent migrants from rural areas have greater schooling achievement is not surprising given reports from national surveys that educational attainment in terms of number of years of schooling is greater among girls in rural Bangladesh. There are fewer opportunities and incentives for girls to attend school in urban areas (DHS and BAS data, authors' calculation).

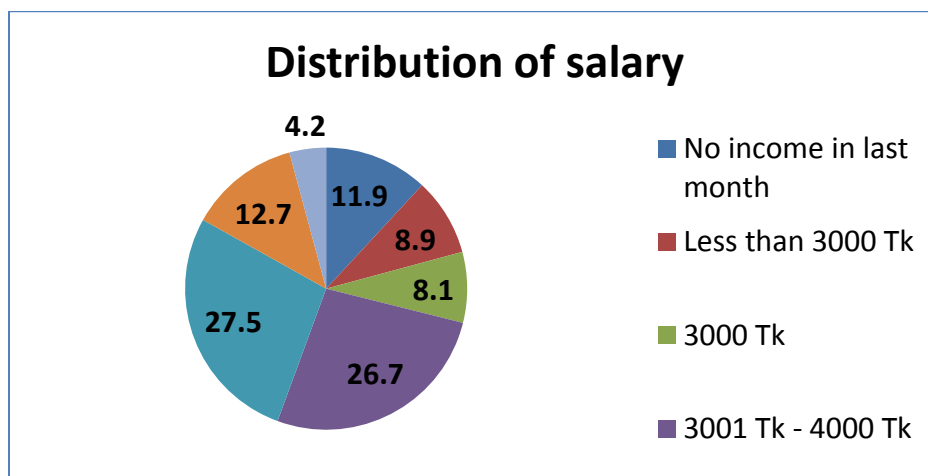
**Table 2: Distribution of socio-demographic variables among female garment workers**

Variables	Korail	Duaripara	Overall
<b>Age</b>			
18 - 20yrs	58.3	51.7	55.0
21 -23 yrs.	29.2	30.0	29.6
More than 23 yrs.	12.5	18.3	15.4
<b>Migration status</b>			
Migrated to Dhaka	91.4	99.2	95.3
Born in Dhaka	8.6	0.8	4.7
<i>Migration took place:</i>			
Less 10 years	81.1	89.9	80.4
10 years or more	18.9	10.1	13.3
<b>Education</b>			
No education	23.3	19.2	21.3
Primary incomplete	37.5	21.7	29.6
Primary complete	18.3	19.2	18.8
Secondary incomplete	20.0	35.0	27.5
Secondary and above	0.8	5.0	2.9
<b>Cannot Read or write</b>	42.5	33.3	37.9
<b>Marital status</b>			
Never married	55.8	54.2	55.0
Currently married	33.3	33.3	33.3
Divorced/separated/widowed	10.8	12.5	11.7
<b>Home division</b>			
Dhaka	48.3	23.3	35.8
Barisal	19.2	20.0	19.6
Chittagong	17.5	5.8	11.7
Rajshahi & Rangpur	9.2	26.7	17.9
Khulna	5.8	22.5	14.2
Sylhet	-	1.7	0.8

<b>Orphanhood</b>			
Both parents alive	80.8	75.8	<b>78.3</b>
Only one parent/none alive	19.2	24.2	<b>21.7</b>
<b>Living arrangements</b>			
Parents	48.3	10.8	<b>29.6</b>
Husband	30.0	30.8	<b>30.4</b>
Brother/Sister	5.8	15.0	<b>10.4</b>
Other relatives (not nuclear family)	9.2	12.5	<b>10.8</b>
Alone/shared with unrelated persons or "messing")	6.7	30.8	<b>18.8</b>
<b>N</b>	120	120	<b>240</b>

## Work profile and salary

Almost nine out of ten female factory workers did not have any previous work experience. Their service length was generally short given their young age with only 14% of female factory workers stating that they were in the industry for more than five years. In garment factories the entry level position is that of "Helper". Helpers usually graduate to operator level and stay there for the duration of their career. A very small handful of workers progress to higher levels such as Quality controller or supervisor after some years of experience or if they have higher educational qualifications. Most workers were working as level of "Operator" (51%) and "Helper" (45%). Very few of them are working as Quality Controller (4%). Most of the workers are underpaid. Their salary scale ranges from Tk.600 to Tk.6, 000.

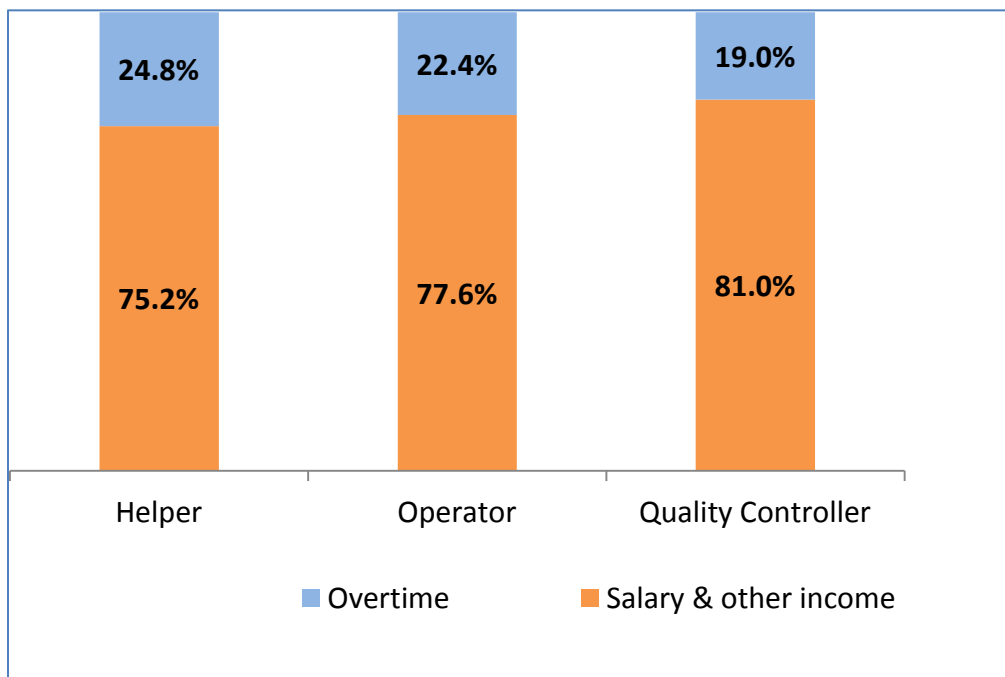


Note: USD 1.00= Tk. 80

Workers in Duaripara reported better salary packages than their Korail counterparts since only 10 percent of Duaripara workers were receiving salary less than Tk.3, 000. Nearly 12 percent of the respondents were not able to report a salary for the month preceding the survey because they had

not been paid. Overall, a majority of the workers reported earnings of Tk.3, 000-5,000. We found 26.7% workers earn in the range of Tk.3, 001-4,000 and 27.5% earn between Tk.4, 001-5,000 per month. This earning is taken excluding their overtime amount.

Salary levels vary by duration of employment and occupational designation within the factory. All types of workers reported working some overtime and about one-fifth of monthly earnings came from overtime work. These workers also have some extra income source which can be broadly categorized as “Overtime payment” and other income such as from investments in small business or from money lending. The following graph shows us the impact of overtime payment on total salary they earn.



Nineteen to twenty five percent of their total earnings are accounted to “overtime” work. Among the three job-positions, those working as “Helper” (entry level position) have a slightly higher proportion of their income from “overtime” (25%) than operators or more senior workers but the differences are small overall.



**Table 3: Sample Characteristics of female garments workers**

<b>Variables</b>	<b>Korail</b>	<b>Duaripara</b>	<b>Overall</b>
<b>Age at first earning for payment</b>			
Before 18 years	35.0	23.3	<b>29.2</b>
18 years	50.0	47.5	<b>48.8</b>
More than 18 years	15.0	29.2	<b>22.1</b>
<b>Duration of working at a garments</b>			
5 years or less	85.8	85.8	<b>85.8</b>
More than 5 years	14.2	14.2	<b>14.2</b>
<b>Job position</b>			
Helper	49.2	41.7	<b>45.4</b>
Operator	46.7	55.0	<b>50.8</b>
Quality Control / Quality Inspector	4.2	3.3	<b>3.8</b>
<b>Salary range</b>			
No income	12.9	10.8	<b>11.9</b>
Less than Tk. 3000	12.1	5.8	<b>8.9</b>
Tk. 3000	9.5	6.7	<b>8.1</b>
Tk. 3001 – Tk. 4000	26.7	26.7	<b>26.7</b>
Tk. 4001 TK – Tk. 5000	23.3	31.7	<b>27.5</b>
Tk. 5001 TK – Tk. 6000	12.9	12.5	<b>12.7</b>
<b>Family members working in Garments sector*</b>			
Brother (at least 1)	14.1	10.8	<b>12.5</b>
Sister (at least 1)	35.8	28.3	<b>32.1</b>
Other Male relatives (at least 1)	10.8	16.7	<b>15.7</b>
Other Female relatives (at least 1)	41.7	34.2	<b>37.9</b>
Siblings or relatives (at least 1)	69.2	65.8	<b>67.5</b>
<b>N</b>	<b>120</b>	<b>120</b>	<b>240</b>

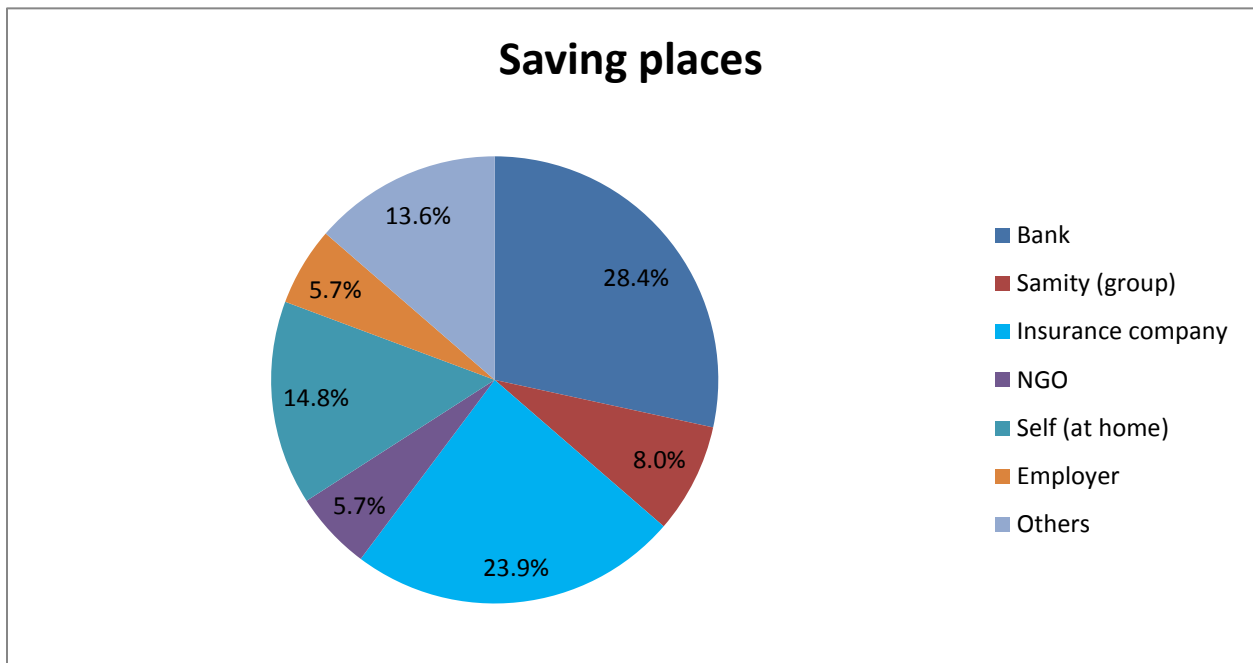
\*Multiple responses

## **Savings**

Overall 34.2% workers say that they have some savings. Savings practices did not vary much between the two study sites but was slightly higher in Duaripara relative to Korail. In Duaripara, 36.7% workers saved compared to 31.7% in Korail. A recent study of International Finance Corporation conducted in 2012 reported that 25% workers save (IFC, 2012).

## Where they save

Our qualitative data suggest that commitment savings devices called deposit pension scheme (DPS) are common in these areas and are offered by banks, insurance companies as well as by several non-governmental development agencies. It is interesting but not surprising given the considerable variety in instruments that are available that qualitative study respondents were not able to differentiate well between NGO savings, bank savings and insurance company accounts. The quantitative study showed that 28% saved with banks, 23.9% save with insurance companies, 14.8% save at home and 13.6% save with other people. Very few (5.7%) say they save with the employers.



In our survey relatively few (5.2 %) respondents reported holding a traditional bank account. In Duaripara we found 9.2% of workers have bank accounts compared to only 2.5% in Korail. As discussed earlier in the report, banking hours are inconvenient for workers as they cannot get out of their work place during banking hours. It is possible that the difference observed between the two areas is due to differences in the physical accessibility of banks in the respective areas.

## ANALYSIS OF QUALITATIVE DATA

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The case studies conducted in 2011, as with data shown in earlier studies, suggest that garment workers are active savers. One striking difference between workers today and workers interviewed in the early days of garment factory work in Bangladesh some twenty years ago is that workers today appear to have access to some forms of formal savings in banks and insurance agencies. This corroborates the reports from our scoping sector review of access to finance that suggests there has been a significant change in access to some forms of banking for the poor.

### **Workers Support themselves and their Families**

Wage rates are low and the possibility of accumulating savings is considerably limited by the low wage level and by the nature of catastrophic events that seems to pervade the lives of young workers. Several of the case studies indicate that garment workers become primary earners in their families following an illness episode or an economic crisis that takes a family member out of the workforce. For all of our case respondents, worker earnings were an important part of the household's support structure.

Workers are self-reliant and independent. They appear to have strong bonds with their natal family when they are single. They also have considerable obligations to support their families, particularly younger siblings. Even with these very low wages, they are able to make significant contributions to support their families and do so by sending money back to the village on a regular basis. The patterns of workers' savings and investment reveal that even at very young ages they are very disciplined and responsible. Savings of 10 to 30 percent of income every month is a very common practice among these young workers. Most of the women interviewed in-depth were committed to bear expenses of younger siblings, or sent regular remittance to their families in their home villages to support family members.

### **Working is a Transient/ Time Bound Stage**

Working and earning in the city is perceived as a transient phase by young workers. Many workers intend to go back home in the not too distant future and thus invest by buying livestock, land and building a house in the home district. Saving for marriage is another important motivation since most workers expect to face hefty dowry demands from the prospective grooms. Saving back at home with relatives or at a village-based micro-finance institution is more common among workers who have a clear notion that they want to return back to their home district after a few years of work in the city, whereas workers who are longer-term migrants and have deeper roots in the city tend to save in formal institutions.

## Savings Are Used to Smooth Income Fluctuations

Savings are a deliberate part of insuring against catastrophic events. We discuss a case (Case 9) in which savings accumulated in a DPS account were instrumental in sustaining a family after a husband's illness. Another important and anticipated use of saving is to pay for the education of younger siblings and children. Several of our case study respondents who had children stated explicitly that they were saving specifically for a child's education (Cases 5, 7, 8, 13, and 14) or remitting funds to their family to support a brother (Cases 6).

## Access to Formal Savings

The qualitative cases confirm the pattern of savings location reported in the quantitative survey. A number of respondents held DPS accounts. Some held their savings in savings accounts at micro-finance institutions. Among those who reported holding a DPS account in a bank, the assessment was generally positive. In our qualitative research we found several instances of respondents who made significant deposits into DPS savings accounts with insurance companies in both areas, reporting similar experiences with a number of different companies. There is a striking similarity in the nature of their experiences—they deposited through agents and lost their deposit because of miscommunication or misunderstanding, in most cases about the duration of their commitment to an account. Typical bank DPS accounts express return on investment in terms of doubling time—a typical offer from an insurance company would be as follows: “deposits of Tk.100 per month, over a period of 10 years and you will double your investment at the end of 10 years”. However, insurance company DPS's offer variable rates of return that fluctuate with profit returns for the company, and as a result it is difficult to ascertain what their effective rate offer is. Such negative experiences have far reaching consequences in terms of trust in financial institutions. This confusion can lead to loss of faith in

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### **Rahela's Experience with Insurance Company DPS**

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*“Six months ago I started a DPS account committing to save Tk. 1000 per month with the Rupali Life Insurance Company. I was told that her savings will mature in five years at which time I can withdraw all my principle as well as some interest. My main motivation in opening a DPS account was that it would compel me to put away some money every month. In the future I expect I will need to use the money either for my own wedding or for other family expenses. Every month I handed over the money for my deposit account to an agent of Popular Life Insurance Company living near my house. Every month I received a receipt for depositing money. When my sixth monthly deposit was due I decided to visit the head office of Rupali Life Insurance Company and found that for the past three months no money was deposited to my account. I was told I owed them a fine for not depositing money on time. When I told the office that I handed over the money to their agent regularly, the office reported that that agent had stopped coming to their office. The insurance company did not take responsibility for the agent's behavior”.*

the company or the agent and eventually to loss of savings and assets when the depositor stops paying premium.

Shilpi had a DPS for five years at Shandhani Life Insurance. Every month she had to deposit Tk. 1,000. When she was opening her DPS account the agent said she could withdraw her money at any time. After four months, she wanted to withdraw her all money but she could not do it. Consequently, she stopped giving her premium.

Shilpi has a savings account in Islami Bank Limited. She saved Tk. 3,000. After her experience with the insurance company she is now fearful about her Islami Bank account as well. She says she does not know about differences between DPS or Savings account or about the differences between insurance and savings.

## CONCLUSIONS AND DISCUSSION

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About three million people work in ready-made garment factories. The majority remain unbanked or under banked. A low level of bank holdings among garment workers is not a result of a lack of demand but due to poor access to formal savings. Challenges stem from physical and geographical barriers as well as from banking regulations. While it is probably true that as underage and migrant workers, our respondents may have more difficulty acquiring identity papers and a guarantor, or even maintaining a minimum balance, workers appear to be able to overcome these barriers given the right terms and conditions. Savings behaviors data collected suggest that workers deploy a variety of strategies to save, and save with formal institutions when they can. Traditional banking hours also pose a barrier, as factory workers cannot leave work during open hours. Finally, the lack of banks near factories presents a real challenge. As a result, close alternatives such as insurance companies that operate among low income clients through informal agents are popular among workers.

Banks can be an important provider and recourse particularly at times of crisis by providing access to savings and wage protection as well as credit during emergencies. Banks can also serve a useful purpose by offering safe means of transferring funds that workers remit to their families on a regular basis. Furthermore, cash payments present numerous challenges to factory workers, including fraud as the money passes through factory management and safety concerns when factory workers travel home after work.

### **Garment worker lives are incompatible with accessing community based services**

Our experience in terms of offering access to finance and financial education to workers as a community based activity was disappointing. Although young women responded enthusiastically to our initial invitation to participate in educational sessions, their schedules and the reality of the living circumstances prevented them from taking part in the sessions to the full extent that would benefit them. It appears that that work hours are incompatible with banking hours, and traditional bank accounts may not be viewed as an attractive option. They prefer to use commitment savings devices, and among them, those offered by insurance companies, primarily because the convenience of working with an agent who lives in the community trumps all the risks and the relatively uncertain returns.

### **Confusion about financial Instruments**

There is a bewildering array of options with regard to commitment savings plans that are available. There are three broad types of instruments associated with banks, insurance companies and micro-finance institutions. Banks quote rates of return in terms of doubling time on investment. Insurance companies base returns on company profits that are variable. Islamic banks also use the term profit to refer to rates of return. Each type of institution uses the term DPS to describe

commitment savings but otherwise use different terminology for rates of return, maturation period, penalties and installments. Insurance companies offer hybrid instruments that are a combination of insurance and savings, while micro-finance institutions tie savings accounts to credit.

It is possible that the effective rate of return of DPS products are higher for bank offers but insurance company DPS accounts appear to be equally or more popular. An important difference is that bank accounts require the depositor to manage his/her account in person, whereas insurance companies have more relaxed practices and allow agents to operate accounts on behalf of clients. This difference may account for the popularity of insurance company deposits. It may also be the case that the deployment of large numbers of agents in the field contributes to more effective marketing.

### **Family Obligations**

Young women rely on family members and relatives when it comes to managing money. They do not see their interests as being distinct from those of the family. Aspects of financial education that emphasize individual self-reliance are viewed as being opposed to collective family interest. Patriarchal values reinforce the perception that women cannot be smart financial actors and are incapable of making independent financial decisions. Thus, although female workers have highly non-traditional lives that is changing girls' and women's position in their households, communities, and societies, within households women's income is viewed as a collective good with attending notions of entitlement to them of other family members. Women themselves subscribe strongly to such views. Many of the women indicated that their money would be spent to educate family members, or to set them up in business, send them abroad, or get them married.

Our respondents' case studies revealed a variety of household income management practices. In some cases, respondents reported high levels of control over their income investing and spending money independently. However, this was not the case in the presence of a husband, father or brother living in the same household when savings management is more likely to be in the hands of a male family member.

### **Uncertainty and geographic mobility**

Garment workers living in the urban slums are mostly recent migrant workers who have moved to Dhaka for work. Many of them report that they plan to go back to their places of origin once they get married. Often they join the workforce to save for dowry payments they anticipate having to pay when they marry. Long working hours and inhospitable living conditions contribute to making factory work incompatible with childbearing and may explain why women idealize returning to their home villages. Thus, it is common for single workers who have entered the workforce to view their work in factories as a time-bound and transient period of life. Insecure housing tenure also contributes to their sense of transience. Decisions regarding long-term investments are informed by these expectations of home return. Many workers prefer to invest in land or livestock back

home or to save with a micro-finance institution in their home village, rather than with banks, for these reasons.

The proximal community of family and friends exert considerable influence on decision-making about finance and workers rely and depend on these networks. This trust may derive from the fact that these same social networks are critical to the process of moving or migration as well as finding jobs. Workers usually live in communities where there are large numbers from their own district of origin (own people) and with family members and relatives who were instrumental in helping them move and find work in the city. A natural extension is to rely on these same networks in which the workers households are embedded, including kin, friends, neighbors and village folk to inform decisions about investment and savings. NGO savings institutions and insurance companies, by working through local agents who reside in the area, are able to effectively tap into these social networks to promote trust in their products. These social networks are also key peer influences with regard to adaptation of new ideas and behavior. Agents of insurance companies or NGO savings, and credit groups usually reside in the locality. Being able to put a face to an agent or operative of an institution, and knowing them in person is far more reassuring than contracts and legal documents that can be written in incomprehensible language.

## National Dissemination Workshop

A half day national level dissemination workshop was organized in December 2012 with participants and discussants from the two major garment manufacturers associations: BGMEA and BKMEA, several garment buying houses that operate on behalf of retailers, bankers, MFI institutes, researchers, and NGOs working with trade unions representing factory workers. The purpose of the workshop was to share results from the research study and to elicit discussions and



recommendations based on the findings of the study. The discussion was organized around several topics: 1) the relative merits of community versus factory based interventions; 2) the relative importance of working in urban slums versus peri-urban areas In light of the considerable growth of new manufacturing opportunities in peri-urban areas with the objective of reaching the largest number of most vulnerable workers; 3) possible alternatives to providing financial education to potential workers prior to their entry into the work force through schools and training institutions; and 4) larger policy recommendations in terms of regulation of financial institutions.



## Recommendations

### 1. Community trainings vs. in-factory trainings

Community trainings have proven to be extremely challenging as workers have limited free time (for lunch or for weekly day off). Thus, getting commitment to attend five one-hour trainings has not been very successful. Additionally, public spaces for trainings are not widely/readily available in slum areas. The threat of eviction in smaller slums adds to the difficulty.

In-factory trainings still seem to be the ideal space to reach garment workers in a consistent manner. In order to provide in-factory training, the five hour curriculum (already condensed from 25 hours) needs to be further streamlined and pared down. In a similar effort on health education, many of our health partners recommend five 30-minute modules on the most pressing health and hygiene needs of garment workers. This approach can be employed with financial literacy training.

### 2. Peri-urban vs. slums

The intervention research project detailed the multiple challenges associated with working in urban slums. A number of factors contributed to the high mobility and insecurity of slum dwellers. Women living in slums have many competing demands on their time. Slum evictions are related to the high value of real estate in the center city. In peri-urban areas, where real estate is not as limited or high priced, the living conditions and housing tenure is possibly more secure. Many peri-urban factories offer transportation services that allow women to live in their homes in the adjacent rural areas and commute to work. There was a general consensus in the group that any future community based intervention should consider working in factories in the outskirts of Dhaka. However, the constraints associated with long working hours are expected to be similar in all factories regardless of location.

### 3. Earlier interventions/vocational school interventions

The group found the idea of financial training in vocational schools for young women going into the ready-made garment sector to be intriguing. Suggestions were made to explore the possibility of working with organizations that are focused on working children or that target underprivileged groups. Some examples of such groups are BRAC that has a considerable presence in urban slums as well as in peri-urban areas, and the Under privileged Children's Education Program (UCEP) that has a strong focus on vocational training as well as a commitment to provide relevant skills and to assist in placing students in the workforce.

### 4. Policy advocacy

Although there are a number of efforts in place to promote financial inclusion of the poor, the experiences described here of trying to offer financial education and improve access to financial

institutions suggest that there are a number of significant challenges. The group agreed that concerted efforts are needed to identify and address issues related to regulatory environments and oversight of financial institutions. The growing importance and popularity of DPS accounts is clear but the fact that insurance companies are “masking” their insurance products as savings schemes is worrisome. In addition to oversight and a stronger regulatory environment, end beneficiaries would also benefit from greater standardization of products and stronger measures to promote truth in advertising. It is not clear that any particular civil society organization is well-suited to play this role. It may call for a consortium approach and a joint mobilization of research skills and policy analysis to draw attention to these matters and suggest ways forward.

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# ANNEX1: CASE STUDIES OF GARMENT WORKER'S EXPERIENCES WITH SAVINGS AND FINANCIAL INSTITUTIONS

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## Case Study 1: An Insurance Company DPS

Shefali is 24 years old and married. She was married at age 16 and moved to Dhaka with her husband from the southern district of Barisal. She currently lives with her husband and two children, a son and a daughter, in a one-room rented shed in Korail. The roof and walls are made of tin and the floor is concrete. She and her husband both earn for the family. Shefali is illiterate but she can write her name.

Shefali started working at a garment factory after the birth of her first daughter at the age of 18. Now she works at Aroma Garments as an operator. Her duty is to operate a sewing machine there. She has worked as a garment worker for six years but took some time off when her second child was born. She now earns Tk.3,500 per month and about Tk.1,500 in overtime. Shefali contributes to household expenses and manages the household budget for their family along with her husband. Their monthly room rent is Tk.1,800, and they spent about Tk.2,000 on food.

Shefali saves in a DPS account at Popular Life Insurance Company. She opened the account five years ago. When she first opened the account she was under the impression that it would mature in five years at which time she could retrieve her principal as well as some profit. She committed to deposit Tk.500 each month. She opened her account after being encouraged by one of the agents of that insurance company who lives in the locality. She also operated her account through that agent. She did not get a receipt for the whole period of time as she trusted the agent, who is her neighbor. When Shefali completed her five years of depositing and thought her account was matured, the agent told her that the account was in fact a ten year account. She will get the money only after 10 years of opening the account. Shefali became very upset. She has no receipt and feels there is no recourse. She has no evidence (receipt) of depositing money and does not even know the location of the insurance company's head office. She does not even know where she can complain about her experience and what she perceives as fraudulent behavior of the agent and the insurance company.

## Case Study 2: Shilpi is saving to become an international migrant worker

Shilpi is 20 years old and married but separated from her husband. Her parents migrated from Barisal to Dhaka before her birth. She was born in Dhaka. She has lived in different places in Dhaka. Now she lives with her sister in a rented room in Duaripara. She studied until class eight and left school because of a family financial crisis. At the age of 16, she started her work as 'Helper' in the garment industry. At 18, she married a man who also worked in her factory. However she left her husband within a year of marriage because he was abusive. Now she is

working as 'Operator' in Sasco Garment factory. Her monthly wage is Tk.3,900. Every month she earns Tk.4500, including over time. She hands over Tk.1,700 every month to her sister who manages the household expenditure. She is trying to migrate to Mauritius to work in a garment factory. Every month she spends about Tk.1,000-2,000 to pay for paperwork such as passport and immigration. She has been told It will cost her about Tk.60,000 to migrate.

Shilpi had a DPS for five years at Shandhani Life Insurance. Every month she would deposit Tk.1,000. After four months she wanted to withdraw her all money but she could not do it. She claims that when she opened the account the agent said she assured her she could withdraw her money at any time. When she found out she could not withdraw she stopped paying her premium. She also has a savings account in Islami Bank Limited where she has a total saving of Tk.3,000. She is now concerned about being able to access her bank account.

### **Case Study 3: Four working members but they can barely make ends meet**

Shopna is a 19 year old girl. She is unmarried. She and her elder sister moved along with her father from Munshigonj district to Dhaka city about six years ago. When her father first came to Dhaka he rented a room in Korail and opened a barber shop. Shopna started school in Dhaka but after completing Class Four she left school during a family financial crisis and went to work for money.

About three years ago Shopna's father remarried. He lives with his new family in a separate rented room in Korail. About a year ago she joined a garment factory. Her sister also works in a garment factory. Last year Shopna brought her mother and two younger brothers to Dhaka. Her mother now works in a garment factory. Shopna maintains that her father takes equal care of both of his families. The main earning members in the family are Shopna, her mother, her sister and her father.

At present Shopna's monthly wage is Tk.2,500 as 'Helper'. Including overtime she gets about Tk.3,500 per month. Every month Shopna gives her father Tk.2,500, which helps her father to pay back loans that he has accumulated over the years. Her mother and sister also give their earnings to her father as he makes all the decisions regarding family expenditures. The loans were taken to pay for her sister's wedding (the marriage did not work out and her sister is back living with Shopna). Regarding her expenses, Shopna estimates she spends Tk.600 for transport cost and buying cosmetics and saves about Tk. 200 in a clay bank. She is saving a little bit at a time in anticipation of expenses related to her younger brother's school admission. She cannot save regularly at the moment as she is helping her father repay his loan. Shopna reports that her father uses some of her money to pay into two savings accounts for her and her sister with ASA NGO. However, Shopna does not know how much money he has saved.

Even with four earning members, Shopna feels they are poor because they cannot afford fish or

meat every day and eat only vegetables with their rice for most meals. Shopna worries for her future and finds factory work is hard for her. Recently a supervisor kicked her and fractured her leg. Initially, Shopna was afraid to complain about the supervisor to the management and decided to take leave instead. She eventually got up the courage to report her injury to management and received Tk.4,000 towards treatment expenses. She was also promised a promotion when she returns to work.

After hearing about savings options at training sessions organized by the Population Council, she was very eager to open a bank account, but her father did not agree as he has committed to two other commitment savings accounts. Recently, Shopna came to know that her father has not been depositing money into the DPS account for the past two to three months. Shopna is afraid to ask her father.

#### **Case Study 4: Kulsum – A planner**

Kulsum is 21 years old girl. She is unmarried. She is from Tangail where her father is a farmer. She has been working in the garment sector for about two years. She is an “Operator” now and her monthly wages are Tk.4,300. Her total monthly income is Tk.4,500-5,000 including overtime. Kulsum lives in Duaripara, Mirpur with two of her co-workers. One of them is a relative. Kulsum is in charge of all household expenditures for her and her roommates. Her roommates contribute a fixed sum of money every month and Kulsum plans and shops for them and does all the cooking. She estimates that they eat fish four to five days a week. One or two times a week they managed to eat beef or chicken which are more expensive. Excluding house rent and food expenses, Kulsum spends Tk.800 for clothing and cosmetics. She sends Tk.1,500 to her parents in the village every month. Recently, her father bought a cow with her money. Kulsum has never attended school, but with the help of a relative she learned how to read and write and some basic accounting. Now she is teaching her cousin to read and write. Kulsum tries to save every month. She has a total saving of Tk.3,000. She aspires to save enough to own a tailoring business. She plans to work in the factory one more year. Then she will buy a sewing machine and go back to her home village to set up her business.

#### **Case Study 5: Dual Income Household**

Afila, age 22 moved to Dhaka seven months ago. Before moving to Dhaka she lived with her -in-laws in Dinajpur. She completed primary schooling (fifth grade) and got married some years after dropping out of school. After she got married she discovered that her husband did not have a job and did not work much. She has two children, and as her children got older, meeting and fulfilling their basic needs such as education and food became difficult. Afila decided to look for a more secure source of income for her husband. She consulted with her husband and took a loan of



Tk.10,000 from a local micro-finance office. Her husband invested it in a mobile phone airtime and charging business (flexiload) with that money. But local people did not pay their bills and the business incurred losses. Then Afila influenced her husband to come to Dhaka to look for a job. First her husband traveled to Dhaka, arranged a job for himself and rented a room in Duaripara, Mirpur. Three months later she left her two young sons in the care of her in-laws and joined her husband. The room costs Tk.2,200 monthly. It is on the ground floor of a two-storied building. They have piped water, piped cooking gas and electricity. In their room they have a bed, a fan, a rack and other household items. They have to share a common bathroom and a kitchen.

She started working in a garment factory named Evince Dress Shirts Ltd. in Mirpur. Her designation is “Helper” and her main job responsibility is to help the operator by snipping at thread. Her monthly wage is Tk.3,000, and overtime payments amounting to approximately Tk.1,500-1,000. For a period she became the sole earning member because her husband fell ill and stopped working for several months. He is now better and has started working in another garment factory where he is paid Tk.3600 in wages. In addition to house rent, Afila and her husband spend about Tk.3,500-4,000 every month on food, medicine, clothes and other household expenses.

She gives all her earnings to her husband and he manages the budget in consultation with her. They send money every month to her in-laws in the village. With the money they send her father-in-law repaid their loan from ASA, pays for school and other expenses for her sons, and started a small shop in the village. Since their ASA loan is repaid and her husband now has a job Afila is thinking about savings and hopes she can start to save whatever she can.

### **Case Study 6: Monira is saving for her marriage**

Monira (20 years) moved to Dhaka two years ago in search of a job. She completed nine years of schooling. Her aim was to help her parents who are back in the village with their household expenses. When she first moved to Dhaka she lived with a distantly related aunt until her elder sister came to Dhaka. Now she lives with her sister and brother-in-law in Mirpur Duaripara tin shed area.

They have a bed, fan, one rack and various household items in the room. They have to share a kitchen, bathroom and toilet facilities with the other families living in the same building. Monira’s father is a retired government worker and her mother is a housewife. Her parents make ends meet with her father’s pension and by cultivating land. She has one younger brother and one younger sister. Monira bears their educational expenditures. Monira works in a garment factory as a machine operator. Her monthly wages are Tk.4,000, and overtime earnings are around Tk.1,000. She has to pay Tk.1,000 to her elder sister for living cost and sends at least Tk.1,000 to the village for her brother and sister every month. She is completely independent and self-reliant financially.

From the very beginning of her work life she tried to save money. With that money her father bought a cow. She has saved Tk.9,000 that she has given to her brother-in-law for safe-keeping. She plans to make gold ornaments once she has an adequate amount.

Two months ago she opened a DPS account in Islami Bank. The account matures in five years. The terms of the contract obligate her to pay Tk.1, 000 in monthly installments. She knows she will get some profit after five years but she has no idea about the exact profit. Her rationale for opening the DPS account is that it is a form of forced saving. She has also been told that she can borrow against DPS if needed.

### **Case Study 7: Moni, The sole earner in the family**

Moni, 19 years old, works as an operator in a garment factory. Both Moni and her mother were abandoned soon after marriage. After Moni's father abandoned her mother they moved to Dhaka. She was only five then. Her mother worked as a housemaid but is now unable to work because of her illness. Moni was taken out from school and started working for money at the age of six. She first worked as a trash picker (“tokai”) and later as a housemaid. She got married when she was 15. After marriage she and her husband lived with her mother. When Moni became pregnant her husband left with no warning and without informing her.

She now lives with her mother and daughter in a rented house in Korail. Their room is built of corrugated iron. They have a bed, fan, television and two trunks. They do not have cooking gas in their house and use a mud stove instead fueled with wood and scrap. They share a common bathroom and toilet with several other households.

Moni reports that she suffered from severe depression while she was pregnant because her husband abandoned her. At that time her neighbors helped her to find work at a garment factory. She has continued working after the birth of her child. Her monthly salary as an “operator” is Tk.3,500 and her overtime rate is Tk.20 per hour. She is now the only earning member. Her primary expenses are house rent, food and medicine. There are times when she is unable to meet all her expenses and has to borrow from neighbors. She is usually able to repay them by working overtime. Moni feels she ought to save money for her daughter’s future but being the only earning member of the family she has barely any money left to save.

### **Case study 8: Hard earned money lost in poor investment**

Moriom is a 25 year old married woman who has been living in Dhaka for 20 years. She migrated to Dhaka from Sharper with her parent when she was about five years old. Her father came to Dhaka in search of job. She cannot say where they lived when they first moved to Dhaka. Now she lives with her husband and two daughters in a one room house with corrugated tin walls and a cement floor. Her husband runs a small business. Moriom’s wages are also an important source of

income for her family. Her parents live in another one room house next to her. Although Moriom only studied up to class four, she can read and write and has basic knowledge of arithmetic. She is currently teaching the Bangla alphabet to her three year old daughter to prepare her for an admission test for kindergarten.

Moriom got married when she was 14 years old. After giving birth to her elder daughter at the age of 18, she started working in a garment factory as a 'Helper'. Now she works in Mascot garments ltd. as an 'Operator', and has worked for the past seven years in the garments industry. She resigned from her job for a few months when she was pregnant. Moriom's monthly salary is Tk.4000 and every month she earns about Tk.2,000-2,500 as overtime. Moriom has full control over her own income and runs her household expenses with her their joint earnings. She estimates that her expenses are about Tk.1,800 for house rent and about Tk.2,500 for food. She spends about Tk. 500 per month for her older daughter's education. There are always expenses for clothing and medicine. After all expenditures, it is hard for her to save money. Nevertheless, she has a DPS account with Popular Life Insurance Company that will mature in 12 years. She has never visited the office. Instead, she pays her installments to her landlord who is an agent for the company and who encouraged her to open an account with them. Moriom deposits Tk.3,000 every three months through her landlord. She has no receipt book but she does have some papers. She has deposited Tk.13,000 but got no receipt .She tried to withdraw her balance but was told that it would not be possible to withdraw any money before the maturation date. After she was told this she stopped making deposits and has no hope of getting her money back.

### **Case study 9: DPS helps her in difficult time of life**

22 years old Jesmin has been living in Dhaka for the last 10 years with her husband and two sons. Her husband was a CNG driver and she was a house wife. They were leading a happy life together. But a sudden accident has changed their life. Seven months ago Jesmin's husband got an accident and till now he is on bed. After the accident Jesmin and her family started living with her elder brother. Expenses regarding house rent and food are borne by her brother. Four months earlier Jesmin started working in a garment factory to support her family. She is a "Helper" and gets Tk..3,000 wages monthly. Her monthly overtime income is Tk.1,000-1,500. A large portion of her earnings is spent for her husband's treatment. With the remaining money she maintains her sons' educational expenses. Her two sons are studying in class three and class two accordingly. She doesn't want to stop her sons' education under any circumstances, because she felt that if she was educated enough she could get a better job with more earnings. She does not even know how to sign her name. Her sons taught her how to sign her name before she joined the factory.

Before the accident Jesmin's husband opened a six years long DPS in a Life Insurance company on behalf of Jesmin. Its monthly installment is Tk.1,000. Here they have Tk.24,000 savings. Now Jesmin is trying to take a loan against the DPS for her husband's treatment. Jesmin realized the

importance of savings. As there is no one in the family to give support for her husband's treatment, a DPS is their only viable option. She feels that everyone has to be very conscious about savings. She believes no matter how much one earns, only thing is to have the determination to save.

### **Case study 10: Prefers saving with sister over DPS**

Moni Begum is 24 years old and her home district is Lalmonirhat. Moni has eight sisters and two brothers. She is the seventh child of her parents. She came to Dhaka nine months back with her husband because of a financial crisis. Moni was married off at the age of 14. Her in-law's house is in Rangpur. At her in-laws they didn't have enough land and space, so she was staying at her parent's house along with her husband. Her father used to work as a farmer but at present her father is sick. Moni has a 6 year old son. Six months back he was brought to Dhaka and started going to school. Moni's husband is a rickshaw puller in Dhaka but he doesn't work regularly. He used to work as a farmer earlier. His work and income are irregular. Moni started her career in a garment factory as a helper with the help of her sister. At present she is working as an operator. Her salary is Tk.3,600 and with overtime she earns Tk.5,000 a month. Her husband bears the food cost while she bears other expenses including house rent. Her house rent is Tk.2,400. She estimates she spends another Tk. 20 -30 per day for her child. She also spends on clothing and other miscellaneous expenses. Her sister has an account with Dutch Bangla bank. She saved Tk.30,000 in that account. And she also borrowed Tk.20,000 from her sister and bought a piece of land in Lalmonirhat. She will repay her sister's money in future from her salary. As she is not sure about continuing with her job so she is not interested in opening a DPS account. She wishes to save after she repays her sister's money. Moni Begum wants to go back in Lalmonirhat when she will arrange money to build a home and buy two cows. She wants to save this amount also in her sister's bank account. She has faith in her sister that her money will be safe with her.

### **Case study 11: All she wants is to go back to the village**

Rashida has been living in Korail for the last three years with her parents and her siblings. Her younger brother and sister are studying. Her home village is in Sharper. When she came to Dhaka she started working in a garment factory. Her father is a rickshaw puller and her mother works as domestic help. Her father used to work as farmer in their own land in village but his income was very low from farming so they decided to shift in Dhaka. After coming to Dhaka, both Rashida and her mother started working. Rashida joined in a garment at first as helper with a monthly salary of Tk.2,500. After a year she changed factories and was promoted to the position of an operator. Including her overtime as a helper she used to earn Tk.4,000 a month and now as an operator she earns about Tk.6,000. She handovers her father Tk.4,000 a month and the rest she spends as her personal expenses which includes her clothing, transportation, food and mobile bill. For the last

three months on average she is receiving Tk.4,500 monthly from which she is contributing Tk.4,000 to household expenses. Rashida wishes, after this Eid they will go back to their home village. Basically they came to Dhaka to arrange some money to build a home in their village. When their home will be finished they want to go back as their relatives are staying in Sherpur. Neither Rashida nor her parents save money in any institution.

Garment work is very hard so Rashida wishes to go back in village and she doesn't want to work after going back there. She said when they will go back her father will start farming on their own land. Her father saved money at home and bought land in village. Rashida believes when she will go back to the village her father will bear all her expenses. Rashida does not have any savings in cash because she recently converted her cash into gold, a common form of holding wealth in the country, and she bought a cell phone and television for their home. At present their house rent is Tk.2,000 a month. After going back to village she will get married according to her parent's decision.

Rashida dreamt of passing M.Sc. and getting a job but as they are not financially sufficient she could not study. Rashida thus want her children to be educated and if it is needed she will work to educate her children in the future.

### **Case Study 12: Saving with relatives back home gives her security**

Sufiya (30) migrated from the southern district of Barisal to Dhaka about fifteen years ago with her parents. Sufiya has many siblings and her father was not able to work enough to support his large family with his income and decided to move to Dhaka where there were more opportunities for work. After coming to Dhaka she was married off. Later, Sufiya started to work in a garment factory when she was about 20 years of age. Sufiya started her job as a helper. At present she is working as an operator. Her monthly salary is Tk.4,200 and as overtime she earns around Tk.1,200 (Tk. 20 per hour). Sufiya's husband is a rickshaw puller but at present because of health reasons he is not able to work. Sufiya hands over all her income to her husband and her husband runs the household. Their house rent is Tk.1600, food cost is Tk.2000, and other miscellaneous expenses Tk.1,000. They belong to a savings group back in their home village where they save Tk.500 each month. Sufiya does not have a bank account. Sufiya's neighbors have DPS accounts so she knows about the facilities in several banks through them. However, she thinks that because she is poor banks are not relevant for her. She thinks only people who have a surplus amount of money can save in banks. However Sufiya saves Tk. 500 in a society in their village. They prefer saving in village as they wish to go back in village in future. Also as there are relatives in village thus she believes saving money there would be more secured.

### **Case study 13: Struggling for a better future for her daughter**

Twenty-three years old Honufa has been staying in Dhaka for last five years. Her hometown is originally from Barisal and studied up to class five. At the age of 16 she got married without informing her parents. A few months after their marriage she and her husband stayed in Dhaka but as neither family accepted their marriage they were forced to get divorced and went back to her village. However, during this period she became pregnant and gave birth to a girl. She left her four month old child with her parents and came to Dhaka to arrange expenses for her and for the child. After coming to Dhaka she started staying with her maternal aunt in Korail. Their house is tin walled and the floor is made of cement. They have a bed, a drum to store water, a trunk and other necessary commodities.

At present Honufa is working in a garment as an operator. Her monthly salary is Tk.4,000. There is no overtime duty in her factory. From her income she gives her aunt Tk. 2000 as her contribution towards rent and food cost. She sends minimum Tk. 500 per month to her parents for her child. On top of that her transportation and other expenses cost another Tk. 500. Despite all these expenses, thinking about her daughter's future Honufa opened a DPS account one year back with a monthly installment of Tk. 500. So far she was able to save Tk.6, 000 in that account but when she heard that "Jumbo" will be shut down, she withdrew the money from there and kept it in her house. But Honufa spent that money as she became ill and needed money for her treatment. She believes even though she is struggling in her life she wants to give her daughter a better future.

### **Case Study 14: Educating her children is her top priority in life**

Raoshon Ara (25) was married when she was only 13. She had been living with her husband in Kishorganj. Her husband is a rickshaw puller and remains sick very often. Having no fixed earnings, they couldn't properly meet the family's basic needs. She has two children (ages nine and five). Thinking about her children's future, she came by herself to Dhaka four and a half years ago to search for a job. She left her children with her mother and her husband began to live with them. When she first came to Dhaka she lived with her sister-in-law who had been working as a domestic helper for several years. They lived in a single occupancy room and they have shared bath and toilet. They have water and electricity facility but no gas for cooking so they cook on mud stoves. Soon after coming to Dhaka she got a job in a garment factory with the help of a distant relative. She was appointed as "Helper" at Tk.1,600 monthly wages and after a few years she was promoted as "Operator", her main job responsibility is sewing. Her monthly wages then were Tk.3,800. Her monthly wages now are Tk.4, 100 and overtime Tk.1, 500-1,200. Raoshon Ara sends a part of her earnings (Tk.2,500 ) to her husband in the village. With the remaining money she has to maintain the house rent, food, transport, medicine, cloths etc. Her husband decides how to spend the money that she sends to him. He spends the money for food, son's education. As Raoshon Ara's husband has very irregular earnings, the whole family depends on her.

Raoshon Ara has been working for more than four years but she has no savings. Her mission is only to educate the children, to make sure they are growing up as a human being. While working she felt the importance of education as she had completed her primary education but now she can only sign her name. So the education of her children is the first priority of her life. To her these kids are the best savings of her life. For the kids' future, she wants to save as much as possible and here the training sessions will help her to know the right way and place of savings.

## ANNEX 2: BANK SUMMARY

**Table 6: Summary of Reviewed Bank Products**

NO.	Bank Name	Services/Product Details	Minimum Installment	Interest Rate
1.	Sonali Bank	☞ Sonali bank Deposit Scheme (SDS)	Tk.500	8.50% for 5 years
		Education Deposit Scheme (EDS)	Tk.500	8.00% for 10 years
		☞ Medical Deposit Scheme (MDS)	Tk.500	8.50% for 10 years
2.	Rupali Bank	☞ Rupali Deposit Scheme (RDS)	Tk.500	5% to 7% for 5 to 10 years
		☞ Rupali Monthly Savings Scheme (RMSS)	Tk.500	10.5% to 9.50% for 2 to 6 years
3.	Pubali Bank	☞ Pubali Bank Deposit Scheme (PDS)	Tk.100	8% to 11% for 3 to 10 years
		Pubali pension Scheme (PPS)	Tk.100	11% for 3 to 10 years
4.	Agrani Bank	☞ Pension Savings Scheme (APS )	<b>Tk. 100</b>	7% for 5 years
		☞ Special Deposit Scheme (ABS)	Tk.1000	7.00% to 8.00% for 5 to 10 years
5.	NCC Bank	☞ Deposit Plus Scheme (DPS)	Tk.500	13% for 5 to 10 years
6.	Mercantile Bank	☞ Deposit Plus Scheme (DPS)	Tk. 250	12.49% for 5 to 10 years
7.	City Bank	☞ City Somriddhi	<b>Tk. 500</b>	8.70% for 3 to 10 years
		☞ City Projonmo	Tk. 500	8.70% for 5 to 20 years
8.	BRAC Bank	☞ Deposit Plus Scheme	Tk.500	7.5% to 9.75% for 1 to



		<b>(DPS)</b>		10 years
9.	Prime Bank	☞ <b>Millionaire Deposit Scheme</b>	Tk.250	9.60% for 3 to 15 years
		<b>Contributory Savings Scheme</b>	Tk.500 12% for 5 years	12% for 5 years
10.	Dutch Bangla Bank	☞ <b>Deposit Plus Scheme (DPS)</b>	Tk.500	12% for 3 to 10 years
11.	Mutual Trust	☞ <b>Brick by Brick</b>	Tk.500	11.5% for 3 to 10 years
12.	AB Bank	☞ <b>Family Savings Plan (FSP)</b>	Tk.500	8.00% for 3 to 20 years
		☞ <b>Monthly Savings Deposit Scheme (MSDS)</b>	Tk.500	11.79% for 3 to 10 years

## ANNEX 3: INSTRUMENT SUMMARY

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**Table 5: Topics covered in Quantitative Data Collection**

Quantitative Inquiry	
Socio demographic	Age, marital status, literacy, occupation, birth origin
Migration	Moving to Dhaka
Entry in garment industry	First ever wage work, age, how did she get into garment industry, influence of social network in getting garment industry, appointment letter, current occupational position
Identification documents	Appointment letter, holding of any type of photo ID
Earnings and spending	Sources of income, monthly earning, earning from overtime, control over money, spending on different items
Savings habits	Saves or not, saves with whom, amount of savings, knowledge of different savings places
Use of banking services	Whether have a bank account, knowledge level of what is required to have a bank account
DPS	Whether respondent holds a bank account, for how long, with what type of financial institutions, Probed for payment schedule if any, rate of return or interest rate, as well as history of how she was motivated to open DPS

**Table 6: Topics covered in Qualitative Inquiry**

Qualitative Inquiry	
Experience formal savings institutions	Experience with savings in institutions,, how much they invested and what they gained after the mature period, and other convenience in terms of ease of access, liquidity, safety
Different savings schemes offered by different institutions	How they choose one savings scheme over another, what motivates them to invest in 'X' scheme over 'Y'
Understanding of interest rate	How they compare (if at all) the different interest rate provided by different institutions, at what they have invested their current money
Motivations for financial education	How much are they interested in attending financial education sessions, what is their time available or constraint
Reservations against bank (if any)	Their exposure to bank, experience or perception regarding bank
Savings plans	Their plan for future, where they spend their saved money and future aspirations with the savings money



The Population Council confronts critical health and development issues—from stopping the spread of HIV to improving reproductive health and ensuring that young people lead full and productive lives. Through biomedical, social science, and public health research in 50 countries, we work with our partners to deliver solutions that lead to more effective policies, programs, and technologies that improve lives around the world. Established in 1952 and headquartered in New York, the Council is a nongovernmental, nonprofit organization governed by an international board of trustees.

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