



Trust in local ambassadors helps encourage mobile banking in rural Peru

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Key messages

- **Trusted community members (local ambassadors) may be key to promoting new financial technologies in Peru's financially excluded rural and peri-urban communities**
- **Local ambassadors are significantly more effective than financial institution agents** (not known to the community) in encouraging attendance at information meetings and activation of mobile wallets
- **Promoting new financial technologies using local ambassadors is more cost-effective** in rural and peri-urban communities, compared to using external agents.

Peru encourages mobile banking to address low rates of financial inclusion

Lack of financial inclusion severely restricts the well-being and opportunities of the poor. In Peru, only 29% of adults have a bank account; this figure shrinks to 18% among the poorest 40%.

In response, the Peruvian government announced the National Plan for Financial Inclusion in 2015. The Plan aimed to encourage the development of electronic money platforms to speed up financial inclusion. In 2015 ASBANC, the Peruvian Banking Association, and 33 other financial providers set up Pagos Digitales Peruanos (PDP) to manage electronic money in Peru. In 2016, PDP launched BIM: an electronic wallet targeting the "financially excluded".

The adoption rates of BIM in rural communities has remained low despite the simplicity of activating and using a BIM account, and the benefits associated with electronic wallet use. In Peru's rural and peri-urban communities, less than 1% of the household heads had activated a BIM account by June 2018.

Puzzled by the low uptake of BIM in these communities, a team of local PEP researchers partnered with PDP to study the impact of a dissemination strategy that used local ambassadors rather than external agents.

The experiment

The PEP research team designed a Randomized Control Trial (RCT) to identify the impact of using local ambassadors (over external agents recruited by the banks) to promote BIM in Peru's rural and peri-urban communities.

Using a lottery system, the research team randomly assigned whether a local ambassador or an external agent would provide BIM training in each village.

The project team trained the local ambassadors and external agents on issues related to financial inclusion and mobile banking and introduced them to the new BIM.



Who are the local ambassadors?

The local ambassadors were personally known to their target community and chosen from Beca18 Fellows.

Beca18 is a social inclusion program providing higher education scholarships to talented but socioeconomically underprivileged students so they can attend elite universities.

As well as being community members, Beca18 Fellows may be seen as role models.



Key findings

The results of the team's experiment indicate that **local ambassadors are more effective in promoting BIM in Peru's rural and peri-urban communities**, compared to agents who are not known to the communities.

- **Attendance is higher at the BIM information meetings held by local ambassadors**
 - Attendance rate doubles from 35% (control group with external agents) to 70% (local ambassadors)
 - The increased attendance effect of local ambassadors was higher among individuals with low trust in strangers.
- **BIM activation is higher in communities where local ambassadors held information meetings**
 - BIM activation within three months of the information meeting increased to 8%, compared to 4% for the dissemination strategy that used external agents.
 - However, BIM usage rate did not change significantly remaining below 2%.

The local ambassadors are also found to be effective outside their immediate family network.

Importantly, the results also show that **sending local ambassadors to their own communities is more cost effective in terms of message delivery and adoption** than sending external agents with no communal links.

Conclusions and policy messages

Actively involving local community members in disseminating information on new technologies is an effective (and cost-effective) way to reach a broad audience and encourage uptake.

The effect on attendance being higher among individuals with low trust in strangers confirms that trust is a key factor limiting the uptake of new technologies in rural settings. Involving local ambassadors can overcome mistrust of strangers and is a good way to remove a barrier to attendance at information sessions (and thus use of new technology).

To promote new technologies in rural communities, policymakers should engage trusted local community members. In this research project, the local ambassadors were also Beca18 Fellows—who may be seen as community role models due to their academic talents—so community members may be more likely to trust the messages they deliver. Not all local community members may achieve the same results. Identifying appropriate local ambassadors for the specific dissemination strategy will be important to its success.