Informal Entrepreneurs, Savings and Trust in the Colombian Financial System: A Case of the Informal Footwear Market in Bogotá

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Abstract

This article discusses the main findings of a local study in the Bogotá informal footwear market. The study was made with a survey to informal entrepreneurs, and its focus was to understand the consumer behavior of these entrepreneurs in terms of their relationship with the financial sector. This article focuses in the relationship between trust, savings and other key variables of financial consumer behavior for these entrepreneurs. A context on the definitions of trust and its relationship with other variables is addressed, then is discussed some numbers regarding access to financial services. The main findings of the article are: there is a negative relationship between trust in banks and trust in in informal lenders, also, there is differences in the type of access to the financial sector for informal entrepreneurs (type of products), based on if they save or not. Besides, there is a relationship in the main attributes that the financial services should have depending in if the entrepreneur saves or not. These results has implications for marketing and economic authorities that are discussed at the conclusions.

Keywords: Informal, financial sector, trust, savings, footwear market, consumer behavior

1. *Introduction*

In a given economy, access to financial services and products to informal entrepreneurs has been historically restricted and partial. This has affected the development of this sector and the ability of entrepreneurs for inserting in the formal economy and gaining the benefits of a wide access to saving and credit products. From an economical point of view, analyzing the consumer behavior of small and informal entrepreneurs is key to understand its determinants, design the appropriate policies for improving their conditions, and insert them into the formal economy, which, in the long term, will improve government tax incomes, GDP growth, employment, among other benefits. From a marketing perspective view, there is a necessity to understand the consumer behavior of these entrepreneurs, in order to design the appropriate marketing mix for this costumers, and, probably, attend them in a more appropriate way. In the current literature, there are several approaches to the relationship between trust and financial services or between trust and savings in the financial sector. Most of them has been concentrated in retail online banking, showing the situation from a consumer behavior point of view but not from the perspective of informal entrepreneurs, or just presenting results from its macroeconomic implications and determinants. However, there are no studies that explore in a specific way the different relationships that can arise from the savings perspective in the traditional and nontraditional financial system. Neither there are studies that show how these relationships affects trust and, ultimately, how savings can affect the consumer behavior in the informal economy for specific entrepreneurs. Establishing this relationship based on data of a specific sector is the main porpoise of the article.

The article has six parts. The first one is this introduction; a second part discusses the theoretical framework, which is based on the different approaches, definitions and cases on trust, savings and informal economy. This framework also contextualizes for the meaning of informality for this paper, and discusses main numbers associated to financial services access for giving a channels perspective for Colombia. The third part discusses the field work made with the survey; the fourth part analyses the main results, while a fifth part concludes and gives insight over the implications and future research that can be done in the field. The sixth part includes a bibliography.

2. Framework

2.1 Trust Definitions

Trust, for Delgado and Munuera (2000), is defined in two senses. The first one, trust in a person, which is associated to the feeling of safety based in the believing that one person will do the best for the wellbeing of the other person. The second context is in B2B relationships, where trust is defined as all the firm´s capacities for performing certain activities and accomplish their promises. In that case, brand trust is the feeling of safety of the customer, who thinks that the brand is going to satisfy his consumption expectations, based in two dimensions. The firstone, implies that the brand has the capacities for satisfy his needs (promise of future performance). The second one, related with the belief that the company is not going to have opportunistic behaviors with the customer in the future (emotional).For Hoq, Sultana and Amin (2010), trust is seen as an essential element for successful relationships in the long term. However, we can interpret this in a different way according to the cultural context. In the case of the Islamic Banks, it is a moral obligation of each individual in their accomplishment of their political, economic and social duties, and trust is the responsibility, honesty and keeping the Word. From the point of view of the adoption of internet services, for Lifen, Koening, Hanmer and Ward (2010), trust is a construct that has to be with perceived risk. In that sense, any action has associated risks and the customers must deal with it in their daily life. In this sense, putting trust in the other part implies risk, even more when the trust holder cannot confirm their decisions before execute them. Trust in a bank reduces its relative perceived risk and has apositive effect in the perceived competition for providing banking services over the internet, which, at the same time, has a positive effect in their use intention of these services.

For Grabner and Faullant (2008) and in the same direction of the previous authors, trust is a mechanism that reduces complexities in the human relationships in uncertain environments. It is important in any human transaction, regardless of the channel, but is even more important in on line transactions, because the uncertainty level is higher, associated to the systems or actors that intervene in such transaction. For these authors, there are two dimensions of on line trust, first, "hard dimension", comprises the ability, competence and predictability of the object of trust, which costumer evaluates using a cognitive element (transaction elements). The second, "soft dimension", refers to the characteristics or attributes such as honesty, integrity, benevolence and credibility, that makes reference to an intrinsic motivation of the object of trust for acting in the benefit of the person that deposit that trust. This dimension is more effective and operate more in human relationships. In that sense, for Lifen, Koening, Hanmerand Ward (2010), trust must be analyzed not only from the perspective of the relationship between persons, but from the relationship between customers and technology. This trust in technology is related with mechanisms of confidentiality, log in and security among others, aspects that help to improve trust levels. As seen, trust can has different components, and authors can measure it in a one-dimensional or a multi-dimensional scale. For this article, our measure of trust is used in a one-dimensional way, because it is asked over a specific type of institution.

2.2 Trust and their Relationship with Other Key Variables in Financial System

The academic motivation for understanding what takes a consumer to access to financial products and services, is varied. It is mentioned the importance of loyalty for generating repeated sells, a higher market share, profitability, reduction of marketing costs, favorable comments of customers or even improving productivity in the retail banking (Lewis and Magdalini, 2006). In the other hand, there are studies that find relationships between satisfaction and loyalty in the decision of a consumer for specific brands (Delgado and Munuera, 2000). In the case of internet banking, studies has been conducted in perceived risk, trust and the interaction of these two concepts, as determinants for the adoption of financial services in a country (Lifen, Koening, Hanmer and Ward, 2010). There are studies that even say that there is not enough to have satisfied customers for them to be loyals(Oliver, 1999).

In the specific matter of the financial system and its relationship with the consumer, there are a series of studies that have been developed in different countries. There is a study over the adoption of banking services by internet in Austria, and its relationship with trust, (Grabner and Faullant, 2008), that confirms that there is an influence of internet trust in the risk perception and attitudes of the consumer towards internet banking. A study above the adoption of internet banking in Chine finds that there is a significant relationship between trust and perceived risk, crucial for explaining the use intention for internet banking (Lifen, Koening, Hanmer and Ward, 2010). A study over satisfaction and image in loyalty in the consumers of Islamic Banks (Hoq, Sultana and Amin, 2010), finds a significant positive effect of satisfaction in image and loyalty. A study of service quality, Customer satisfaction of customers, trust and loyalty in the adoption of internet banking services in Taiwan (Po, Lee and Chao, 2012), finds that satisfaction depends directly of service quality. Another study finds a key role in brand trust in the compromise of customers (Beerli, Martín and Quintana, 2004).The most studies in Colombia, as the one of Martinez (2008), Asobancaria (2014 and 2015), or the one of Consejo Privado de Competitividad (2012), analyses customer relationships with the financial system are from the macroeconomic function of banking access and its function in the economic development derived for accessing to the financial services. However, in actual literature, there has not been conducted studies that search to understand the Colombian informal consumer and the variables that has to take into account for adoption of financial services in the country.

2.3 Bank Services Penetration and Channels Performance in Colombia

According to Cuellar (2007), positive results of access to bank services in Colombia is related with the good design of public policies and actors (financial institutions) committed to the task. The creation of the program “Banca de las Oportunidades” in 2006, allowed to give an impulse to the “corresponsablesbancarios”[1] program in distant regions or with difficulties of transportation and communications. Within the obstacles to the bank services penetration in the country are the actual regulations to the interest rate of microfinances (which has, by law a limit), the 4X1000 tax[2] and the necessity of making big infrastructure investments for connecting regions.

The Financial Sector Stability Report of Banco de la República (2014), central bank of Colombia, develop an index that includes the number of persons that has financial products, as well as the intensity in the usage of such products, coverage of offices and “corresponsalesbancarios”. Results show that, although Colombia has had a big improvement in access to financial services, this increase has been concentrated mainly in Bogotá, central Andean region, Antioquia and Caribbean region, with other regions laggard. This reflects a concentration in financial services in the more economically active zones of the country. However, without not knowing the geographic concentration degree of the Colombian Banks, according to Portafolio (2011), is clear the progress in coverage, because Colombia has passed from having 306 towns without financial coverage in 2006, to only 10 without this coverage, from the 1.102 towns that the country has. This has happened with the accompaniment of banks, cooperatives, NGOs and other types of financial services institutions, towards products as drivers as microcredit, the low cost savings accounts or the savings accounts for single mothers in the government program “Familiasen Acción”.

From the point of view of transactional channels, the Financial Services Stability Report of Banco de la República (2014) also makes emphasis in the growing of the pone banking and internet banking. Transactions in the offices network has changed from representing the 38.1% in 2010to the 31.5% in 2013, transactions made in ATMs has diminished from 29% in 2010to 27.9% in 2013, that has earned participation in data phones (changing from 14.2% to 17.4% in this same period), the “Corresponsalesbancarios” (from 1.8% to 4%) and internet (from 8.2% to 10.4%). According to Consejo Privado de Competitividad (2012), the design of recent Colombian laws are important mechanisms that has adopted the government for giving more access to the financial system to the country. These laws includes:

a. Habeas Data Law, or Law 1266 of 2008, that grant a period with no interest rate for improving their financial situation with financial institutions.

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[1]A “Corresponsal Bancario” is a machine installed, most of the times in a local store or a small retail in a small village or a city that gives some financial services because of an agreement between the small retailer and the bank. The retailer earns a fee for the performance of certain operations (allocations, withdrawals, payments, among others), and the customer can use this platform as a way to integrate to the financial system in places where is difficult or expensive to have an office.

[2]4X1.000 is a Colombian tax for financial transactions that cost 1 Colombian peso for every 1.000 Colombian pesos of certain financial transactions. There are some restrictions and exceptions to this tax.

b. Decrees 4590 and 4591, with measures for promoting financial services access to low income persons.
c. Law 1328 of 2009, which defines in a more extensive way the rights of the consumers and the obligations of financial entities.
d. Decrees 1121 and 1349 of 2009, which authorizes to the "corresponsalesbancarios" to open accounts and to create electronic savings accounts.

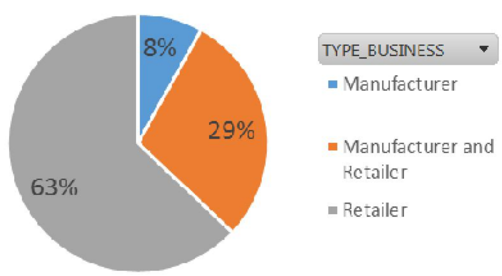
2.4 Informality

There is various definitions of informality. According to Bustamante and Bayter (2013), informality comprises for all those economic activities that includes one or various characteristics such as: it develops in small production units, it does not have any formal accounting, it has no registration on the formal authorities, it does not pay taxes, it lacks of property rights or it has low productivity levels, regarding business units. In their survey to small businesses (stores, bakeries and restaurants), authors measure the degree of informality based on the absence of market registration ("Registro Mercantil"), which is a mandatory document that issue the chamber of commerce and implies that the businessman is formally registered in front of the authorities and that he carry a formal accounting. The second implication for a formal market registration is the further organization of the payment methods, including formal receipts and credit, debit and cash payments. In this article, the approach is similar, but is based on the payments method of the business. Given that it's difficult that a business man of this sector inform us about their informality status, the survey asked about their payments methods used by its customers. If a company has an informal status, which means lack of formal accounting, it will receive cash payments instead of credit or debit card, in order to avoid taxes payment, and will deliver receipts that are not regulated under Colombian tax laws.

3. Field Work

During the months of October and November of 2014 was conducted a survey over the market of informal entrepreneurs in the footwear industry. In the city of Bogotá there are not a census that measure the amount of informal entrepreneurs in the footwear industry, but after the observation made during the study, there were found approximately 320 small and informal entrepreneurs, concentrated most of all in the zone where the survey was conducted. All the small entrepreneurs in this area are manufacturers and or sellers of shoes in Bogotá market. Providers of raw materials or other types of services were not included. As can be seen in graphic Number 1, the nature of the business is, in the majority of the cases, retailer or both manufacturer and retailer.

Graphic Number 1 – Type of Business



Source: Authors calculation based on the survey information

As we have seen, there are various definitions for informality in businesses. The definition of informality for these article is, as mentioned, that the entrepreneurs, despite having sells to end customer, B2B or B2C, does not receive credit or debit card payments. That means in the practice that these business does not pay taxes over their sells, and that do not have commercial registration, the first step for leaving informality. There were conducted 27 random surveys over a 320 population. The survey included 39 questions. For the measure of trust[3] was used a Likert type scale of 1 to 5. For measuring different types of aspects considered important by the contestants for a financial institution were used also scales from 1 to 5[4].

[3]The survey asked to contestants to mention in a scale of 1 to 5 which they trust the most (1 is the less trustable and 5 the most trustable). The different entities are the following: Banks, cooperatives, family, friends, informal lenders and pawns.

[4]The variables used for the analysis was: Lower credit rates, lower fees, personalized attention, proximity of the office, opening hours, access to the products, ease of the process for new customers, amount of ATMs, comfort of the office and agility for approval. 1 indicated the less importance of the factor and 5 indicated the most importance of the factor.

The survey was conducted also with a small qualitative interview, which was made after de survey, originating that the contestants were able to speak in an open way of their opinions over certain statements of the survey. Some of the qualitative findings are shown also in the results. For the data analysis the study elaborated T student test for independent samples, as well as Chi Square tests for non-metric variables. There were also used Pearson correlation tests for understanding relation on certain variables, and ANOVA tables for understanding differences between means in variables.

4. Main Findings

4.1 Trust, Savings and Financial Products

It has been revised the correlations between trust in each one of the different entities or institutions. The findings indicate that the two correlations that are statistically significant are, in the first place, trust in banks and trust in informal lenders, which has a strong negative correlation (-0,851), which means that for this type of informal entrepreneurs, the most they trust in the formal bank system, the less they trust in the informal lenders. In a second place, trust between family and friends has a positive correlation (0,522), which indicates that for higher levels of trust in family there are also higher levels of trust with friends from a financial point of view (see Table Number 1).

Table Number 1: Significant Correlations Between Variables

		TRUST_FRIENDS	TRUST_INFORMAL
TRUST_BANKS	Pearson Correlation	-,190	-,851**
	Sig. (2-tailed)	,409	,000
TRUST_FAMILY	Pearson Correlation	,522*	-,414
	Sig. (2-tailed)	,015	,062

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Source: Authors calculation based on the survey information

The results were revised splitting the data between the entrepreneurs who use to save money regularly or not, and the results indicates that those who save holds a strong negative correlation between trust in banks and informal lenders (-0,804) and also a positive and higher correlation between trust in friends and family (0,609). In the other hand, for the entrepreneurs who don't save, only the correlation between trust in banks and confidence in informal lenders remains even stronger (-0,945) and significant, but the correlation of trust between friends and family is not significant for this group. We can relate this results to the fact that informal entrepreneurs that saves do that in the traditional financial system, using products as a savings account (85,7% of the interviewed entrepreneurs who saves money do that using an account), checking account (28,6%), certificate of deposit (14,3%) and programmed savings account (21,4%). In the opposite, just a few of the interviewed non savers, saves in a traditional way (14,3% for savings account, 28,6% for checking's account, 14,3%% for certificate of deposit and 21,4% for programmed savings account, as can be seen in Table2).

Table 2: Relationship between Possession of the Product and if the Customer Saves or Not – Savings Products

Save (Yes orNot)		**Type of Product (Has or Hasn't)**				**Total**
		No	**%**	**Yes**	**%**	
SAVINGS ACCOUNT	No	12	92,3%	1	7,7%	13
	Yes	2	14,3%	12	85,7%	14
CHECKING ACCOUNT	No	13	100,0%	0	,0%	13
	Yes	10	71,4%	4	28,6%	14
CERFITICATE OF DEPOSIT	No	13	100,0%	0	,0%	13
	Yes	12	85,7%	2	14,3%	14
PROGRAMMED SAVINGS ACCOUNT	No	12	92,3%	1	7,7%	13
	Yes	11	78,6%	3	21,4%	14

Source: Authors calculation based on the survey information

They answered no in a 100% of cases to the questions of savings in a non-traditional financial way of saving, like in their own home or by lending to someone else the money. If the majority of the savers do that in the financial system, trust in that system will be the opposite to trust in informal system. In the other hand, the relationship between trust in family and friends is relevant and significant for savers, and the reason may be that they use to have more financial products than non-savers. They have more savings and checking accounts, as we have seen, and also more consumption loans, house mortgages and vehicle loans (35,7%, 42,9%, 50% and 21,4% for savers vs 23,1%, 46,2%, 0% and 7,7% for non-savers, as can be seen in the table 3).

Table 3: Relationship between Possession of the Product and if the Customer Saves or Not – Credits

Save (Yes orNot)		**Type of Product (Has or Hasn't)**				**Total**
		No	**%**	**Yes**	**%**	
CONSUMPTION LOAN	No	10	76,9%	3	23,1%	13
	Yes	9	64,3%	5	35,7%	14
CREDIT CARD	No	7	53,8%	6	46,2%	13
	Yes	7	50,0%	7	50,0%	14
HOUSE MORTGAGE	No	13	100,0%	0	,0%	13
	Yes	8	57,1%	6	42,9%	14
VEHICLE LOAN	No	12	92,3%	1	7,7%	13
	Yes	11	78,6%	3	21,4%	14

Source: Authors calculation based on the survey information

That would mean that savers have a more meaningful and deeper relationship between friends and family, and tend to consider trust in one group similar than trust in other group, but for non-savers, this correlation is not that relevant based on a less experienced traditional financial sector history of products and services. In fact, trust in bank is in average higher for savers than for non-savers, and this trend is similar for cooperatives, family, informal lenders and pawns. Interestingly, the only mean that are higher for non-savers are friends (as can be seen in table4). It is possible that for non-savers is higher the trust because they interact with them in a less formal environment, away from the financial sector[5].

Table 4: Group Statistics on Trust By Saves or Not

	SAVE	N	Mean	Std. Deviation
TRUST_BANK	Yes	12	4,75	0,62
	No	9	4,33	1,32
TRUST_COOP	Yes	12	2,00	1,65
	No	9	1,89	1,76
TRUST_FAMILY	Yes	12	3,25	1,91
	No	9	3,22	1,92
TRUST_FRIENDS	Yes	12	2,50	1,68
	No	9	3,00	1,94
TRUST_INFORMAL	Yes	12	1,50	1,00
	No	9	1,44	1,33
TRUST_PAWN	Yes	12	1,08	0,29
	No	9	1,00	0,00

Source: Authors calculation based on the survey information

[5] Is worth noticing that it was made a T Student test for independent samples for proving if there were differences between the means of the savers and non-savers, and the test proved to be statistically not significant for any of the variables measured. There is a need for making further studies with a different and perhaps longer sample, in order to confirm it, but we use here this means analysis as a way to show some patterns that emerge of the data.

4.2 Relevant Variables for Financial Institutions

In order to see differences between savers and non-savers in the variables related to key important factors or characteristics that a financial institution should offer, just three of the 13 variables were statistically significant, lower credit rate, opening hours and agility in loans approval, according to the table 5[6].

Table 5: ANOVA Comparing Important Characteristics that a Financial Institution Should Offer

		Sum of Squares	df	Mean Square	F	Sig.
LOWER CREDITRATE	Between Groups	3,375	1	3,375	5,901	,024
	Within Groups	12,583	22	,572		
	Total	15,958	23			
OPENINGHOURS	Between Groups	2,975	1	2,975	4,157	,053
	Within Groups	17,179	24	,716		
	Total	20,154	25			
AGIL_APPROVAL	Between Groups	5,429	1	5,429	3,072	,092
	Within Groups	42,417	24	1,767		
	Total	47,846	25			

Source: Authors calculation based on the survey information

This implies that the lower credit rate is statistically significant more important for savers than for non-savers, which can be inferred, given the lower usage of the financial services of the non-savers. Opening hours is more important for non-savers than for savers, which can be because savers are used to go to the offices more than non-users. For agility approval, is more important for savers than for non-savers, which, again, can be related with the no habit of usage products by this group. Of course, it may have implications in the way marketers should approach to this segment of non-savers, which are not that sensitive to prices as actual customers or savers (see Table 6).

Table 6: Group Statistics for Significant Variables

Saves (Yes or Not)		N	Mean	Std. Deviation
LOWER CREDITRATE	No	12	4,08	,996
	Yes	12	4,83	,389
	Total	24	4,46	,833
OPENINGHOURS	No	12	4,75	,452
	Yes	14	4,07	1,072
	Total	26	4,38	,898
AGIL_APPROVAL	No	12	3,58	1,676
	Yes	14	4,50	,941
	Total	26	4,08	1,383

Source: Authors calculation based on the survey information

We can relate these results also to the channels usage based on if the entrepreneur saves or not. The usage of channels for savers concentrate in their own bank office (92,9%), and tends to be lower in other different channels. However, it tends to be higher than for non-savers in the case of other banks office (21, 4% vs 15,4%), supermarket (28,6% vs 15,4%), and telephone bank (28,6% vs 7,7%). So the less importance for informal entrepreneurs of opening hours may be related to the relatively more usage of other alternative channels (see table 7). In the case of non-savers, however, they tend to concentrate more in channels like Baloto, Efecty and Servientrega[7], companies which allows convenience payments.

[6]The variables used for the analysis was: Lower credit rates, lower fees, personalized attention, proximity of the office, opening hours, access to the products, ease of the process for new customers, amount of ATMs, comfort of the office and agility for approval. The first variable is significant with a 95% confidence level; the other two variables are significant with a 90% of confidence.

[7]These three are local intermediaries that uses a big payment networks located in small and big retailers. They receive payments from users in a wide range of payments: utilities, payments of companies in agreement with these channels,

Table 6: Channel Usage by Saves or Not

Save or Not		Uses or Not The channel				Total
		No		Yes		
CAN_OWNBANKOFFICE	No	2	15,4%	11	84,6%	13
	Yes	1	7,1%	13	92,9%	14
CAN_ OTHERBANKSOFFICE	No	11	84,6%	2	15,4%	13
	Yes	11	78,6%	3	21,4%	14
CAN_BALOTO(RETAIL INTERMEDIARY)	No	11	84,6%	2	15,4%	13
	Yes	14	100,0%	0	0,0%	14
CAN_EFECTANDSERVIENTREGA(RETAIL INTERMEDIARIES)	No	10	76,9%	3	23,1%	13
	Yes	12	85,7%	2	14,3%	14
CAN_SUPERMARKET	No	11	84,6%	2	15,4%	13
	Yes	10	71,4%	4	28,6%	14
CAN_INTERNET	No	12	92,3%	1	7,7%	13
	Yes	13	92,9%	1	7,1%	14
CAN_TELEPHONE BANK	No	12	92,3%	1	7,7%	13
	Yes	10	71,4%	4	28,6%	14

Source: Authors calculation based on the survey information

4.3 Savings, Investments and Products with Financial Institutions

Continuing with the analysis of habits, study found that there is significant differences between the fact of saving and having investments (the Chi squared statistic has a asymptotic significance of 0,031), which means that entrepreneurs that saves tend also to make investments more than non-savers (75% of the investors are savers, as can be seen in table 7).

Table 7: Crosstab – Investments Vs Save

Crosstab Investments Vs Save			Investments		Total
			No	Yes	
Save	No	Count	10	3	13
		% within Save	76,9%	23,1%	100,0%
	Yes	Count	5	9	14
		% within Save	35,7%	64,3%	100,0%
Total		Count	15	12	27
		% within Save	55,6%	44,4%	100,0%
		% within Investments	100,0%	100,0%	100,0%

Source: Authors calculation based on the survey information

For the savers, again, there is statistically significant majority of them that has an investment in a house for living (87,5% of the people that invest in a house are savers vs 12,5% non-savers), as can be seen in table 8 (the Chi square significance for this case is of 0,016).

Table 8: Crosstab – Investment in House Vs Save

Investment in House Vs Save			INVESTMENT IN HOUSE		
			No	Yes	Total
SAVE	No	Count	12	1	13
		% within INVESTMENT IN HOUSE	63,2%	12,5%	48,1%
	Yes	Count	7	7	14
		% within INVESTMENT IN HOUSE	36,8%	87,5%	51,9%
Total		Count	19	8	27
		% within SAVE	70,4%	29,6%	100,0%
		% within INVESTMENT IN HOUSE	100,0%	100,0%	100,0%

Source: Authors calculation based on the survey information

lotteries, and others. These are useful alternative channels for people without formal access to the financial system, or for making small payments in convenience stores.

The same can be inferred of mortgages. From the people that has savings, 42,9% has mortgage, no one of the people that don't saves has mortgage (with a significance level of 0,007).

Table 9: Crosstab – Has Mortgage Vs Save

Has Mortgage Vs Save			HAS MORTGAGE		Total
			No	Yes	
SAVE	No	Count	13	0	13
		% within MORTGAGE	61,9%	,0%	48,1%
	Yes	Count	8	6	14
		% within MORTGAGE	38,1%	100,0%	51,9%
Total		Count	21	6	27
		% within UD_AHORRA	77,8%	22,2%	100,0%
		% within MORTGAGE	100,0%	100,0%	100,0%

Source: Authors calculation based on the survey information

The other interesting relationship that can be stablished is that there is a significant relationship between saving and the use for paying debts, the savers tend to use their credits for paying debts more than the non-savers, which reflect a more active financial life (significance level of 0,035).

Table 10: Crosstab – Debt Payment Vs Save

Debt Payment Vs Save			DEBT PAYMENT		Total
			No	Yes	
SAVE	No	Count	9	4	13
		% within DEBT PAYMENT	69,2%	28,6%	48,1%
	Yes	Count	4	10	14
		% within DEBT PAYMENT	30,8%	71,4%	51,9%
Total		Count	13	14	27
		% within SAVE	48,1%	51,9%	100,0%
		% within DEBT PAYMENT	100,0%	100,0%	100,0%

Source: Authors calculation based on the survey information

5. Conclusions and Implications

The study indicates that there is a strong and significant relationship between trust in banks and trust in informal lenders. This relationship is negative and is stronger in the case of savers than in non-savers. This may imply that the savers are more used to bank institutions and holds a negative impression from informal lenders. In the case of trust, there is a positive relationship between trust in friends and trust in family. For non-savers this relationship does not exist. The savers have more products than non-savers, either savings or credits, which implies that they are more used to the formal sector than non- savers. Savers have in average more trust in all types of variables analyzed than non-savers except for friends. In that case, for non-savers, they use to trust more in friends than the savers.

Despite the relationship is not statistically significant, holds a trend in which for savers, they tend to trust in financial institutions (formal and informal), more than non-savers. For non-savers, they probably rely more in relationship with friends. This may count for marketing strategies, focused in the acquisition of new informal customers based on voice-to-voice campaigns, for example. Low interest rates are more important for savers, which makes sense given that the savers are more used to using formal institutions, and the price variable is important. For non-savers, not used to credit access, price is not a variable that they consider such important. It implies that marketing strategies for these two segments should focus in different variables of the marketing mix different from price for new customers. In the case of opening hours, this is more important for non-savers. Savers, because of its previous relationship with banking, use a wider type of channels, and have more access to information regarding opening hours, so this variable is not that relevant. For non-savers, the channel usage is more restricted, and concentrated in channels as Baloto and Servientrega. Again, the implications for marketing should be to concentrate in channels value communications and opening hour's information as a way to increase these costumers.

Savers tend to have more investment in house than non-savers; they tend to havemore mortgages than non-savers. This implies that a good way to deep the relationship with informal businesspersons could be offering more credits for investments like real state. Government should take note of this reality, and understand that policies that favor savings in the informal context can imply in the long term, higher investment rates.

6.Bibliography

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