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How Informal Financial Service Institutes Facilitate the Financial Inclusion of Low-Income, Unbanked Consumers

Sohail Kamran and Outi Uusitalo

Abstract

Purpose: The present study aimed to provide an understanding of the roles of community-based financial service organizations (i.e., rotating savings and credit associations [ROSCAs]) as institutional pillars in facilitating low-income, unbanked consumers' access to informal financial services.

Design/methodology/approach: Semi-structured interviews were conducted with 39 low-income, unbanked consumers participating in ROSCAs in Pakistan, where only 21% of adults have a bank account and almost four out of five individuals live on a low income. The obtained data were analyzed using the thematic analysis technique.

Findings: ROSCAs' regulatory, sociocultural, and cognitive aspects facilitate low-income, unbanked consumers' utilization of informal financial services owing to their approachability by, suitability for, and fairness to such consumers. Thus, they promote such consumers' financial inclusion.

Originality: Many low-income, unbanked consumers in developing countries utilize informal financial services to meet their basic financial needs, but service researchers have rarely investigated how informal financial institutions function. The present study showed that ROSCAs, as informal institutions, meet low-income, unbanked consumers' personal, social, and financial needs in a befitting manner, which encourages such consumers to use the financial services offered by ROSCAs.

Practical implications: Low-income consumers are mostly unable to access formal financial services due to the existing supply- and demand-side impediments. Understanding ROSCAs' institutional functioning can help formal financial service providers create more transformative financial services based on the positive institutional aspects of ROSCAs to enhance poor consumers' financial inclusion and well-being.

Social implications: The inclusion of low-income, unbanked consumers in formal banking services will help them better control their finances.

Keywords: unbanked, informal financial services, low-income consumers, transformative service research

INTRODUCTION

Providing each individual access to basic financial services is vital to the sound and effective functioning of an economy, particularly for poverty eradication and shared prosperity (Soetan *et al.*, 2021; Demirgüç-Kunt *et al.*, 2022). Inclusive financial markets can decrease inequality as they allow low-income consumers to manage their payments and consumption and to access bank loans (Mader, 2018). However, 1.7 billion adults worldwide remain unbanked, and most of them reside in the Global South (Demirgüç-Kunt *et al.*, 2018). Low-income consumers' inability to access formal financial services owing to the existing supply- and demand-side impediments (Claessens, 2006; Kamran and Uusitalo, 2016a; Kempson and Whyley, 1999) compels them to utilize informal financial services to meet their basic financial needs (Sanchez-Barrios *et al.*, 2015; Sithole *et al.*, 2021; Wang and Tian, 2014). These services are often created based on low-income consumers' needs and characteristics, which helps such consumers utilize them (Sanchez-Barrios *et al.*, 2015). The literature highlights that unbanked consumers are prone to experiencing harm while using informal financial services (Kempson and Whyley, 1999; Wang and Tian, 2014), but there is evidence that such services can also bring positive outcomes for unbanked consumers (Sanchez-Barrios *et al.*, 2015; Sithole *et al.*, 2021).

Informal financial services are commonly used by the unbanked in the Global South. Such services are not a classic substitute for formal financial services but offer several benefits to their consumers. However, there is a dearth of literature in marketing journals explicitly exploring informal financial organizations' aspects from their consumers' perspective (Sanchez-Barrios *et al.*, 2015; Sithole *et al.*, 2021; Wang and Tian, 2014). Sanchez-Barrios *et al.* (2015) unpacked the unintended positive consequences of loan sharks for poor consumers in Colombia. Sithole *et al.* (2021) explored customer-to-customer (C2C) co-creation experiences of rotating savings and credit associations (ROSCAs) in an African context. These experiences favorably affect the cognitive, financial, personal, and social experiences and well-being of the group members. Wang and Tian (2014) examined rural migrant workers' issues while coping with financial exclusion through informal financial services. Although informal sources of finance offered consumers an opportunity to cope with their financial exclusion, they were often unsuccessful in doing so, which made them experience vulnerability.

Achieving financial inclusion in low-income countries faces several barriers. A deeper understanding of the kinds of institutions and organizations that could best serve the needs of low-income people living in countries with high financial exclusion is needed. The present study addressed this gap by focusing on an informal service provider in a developing country to provide insights into the development of services that would enhance consumers' well-being. In doing this, the study drew on the literature streams of transformative service and financial inclusion research. Understanding how informal financial organizations function can help formal banks offer transformative financial services to the poor to enhance their inclusion and well-being (Sanchez-Barrios *et al.*, 2015; Sithole *et al.*, 2021).

Developing countries provide an ample context for studying unbanked consumers' issues owing to their lower levels of financial inclusion (Martillo Jeremias and Polo Pena, 2021; Mogaji *et al.*, 2021). There are different informal financial service providers in the developing world, but we focused on ROSCAs that are informal financial services offered by community organizations to

help unbanked consumers save money and access credit. The present study heeded Koku's (2015) call to endeavor to understand unbanked consumer issues so that better ways to serve them could be proposed. Thus the aim here is to deeply comprehend how ROSCAs facilitate access to informal services to unbanked consumers in Pakistan, where only 21% of the adult population (those older than 15 years) of over 230 million as of 2021 have a bank account (Demirgüç-Kunt *et al.*, 2022), only 3.5% borrow from a financial institution (World Bank, 2021), and almost four in five Pakistanis live on a low income (Haider, 2021; Kochhar, 2015).

To add to the existing knowledge on financial inclusion, we explored how the institutional aspects of these community-based financial service organizations facilitate unbanked people's access to financial services. Based on the findings, we offer suggestions on how formal financial service providers could enhance unbanked people's financial inclusion and well-being through transformative financial services. The findings of the present study could be applied to many other low-income and low-middle-income countries with widespread poverty, illiteracy, rural populations, high financial exclusion, use of informal financial services, and collectivistic cultures.

LITERATURE REVIEW

Transformative Service Research and Financial Inclusion of the Poor

The basic aim of transformative service research (TSR) is to enhance the quality of life of various stakeholders by providing them with better services (Anderson *et al.*, 2013; Ostrom *et al.*, 2021; Rosenbaum, 2015). TSR advocates making inspiring transformations and improvements in the delivery of services, with the aim of enhancing the well-being of individuals and communities (Anderson *et al.*, 2013; Ostrom *et al.*, 2021; Blocker *et al.*, 2022). The formal financial services providers can enhance consumers wellbeing with better decisions and product offerings (Muhammad *et al.*, 2022; Naveed *et al.*, 2021; Kamran and Uusitalo, 2019) and research can certainly facilitate their decisions. Social, healthcare, and financial services are considered important to the TSR agenda (Anderson *et al.*, 2013; Rosenbaum *et al.*, 2022), but few studies have investigated how service firms can enhance the well-being of consumers (Anderson *et al.*, 2013; Rosenbaum, 2015; Rosenbaum *et al.*, 2022). Several studies have shown the need to conduct consequential research to enhance the financial inclusion and well-being of low-income consumers in developing countries, a group excluded from financial services (e.g., Fisk *et al.*, 2016; Gebauer and Reynoso, 2013; Kamran and Uusitalo, 2019, Reynoso *et al.*, 2015, Rosenbaum *et al.*, 2022). Although enhancing poor consumers' well-being through adequate services and financial inclusion is a priority (Reynoso *et al.*, 2015; Rosenbaum *et al.*, 2022), very little TSR research has addressed financial exclusion.

Poor consumers can obtain basic financial services through physical bank branches or digital channels (Demirgüç-Kunt *et al.*, 2018; Oluwatayo, 2013). However, physical bank branches entail a considerable investment in operations and infrastructure, and the profitability goal motivates banks in developing countries to avoid serving low-income consumers (Claessens, 2006). Branchless banking services (i.e., mobile money services) facilitate the financial inclusion of the poor, but a vast majority of low-income and rural populations are unable to benefit from this newer technology (Demirgüç-Kunt *et al.*, 2018) because income and education are vital factors in accessing such services. Thus, low-income consumers' poor education (Kamran and Uusitalo, 2016a) and low digital skills (James, 2021) impede their utilization of both conventional and branchless banking services. To address this problem, according to the research literature and the

TSR philosophy, banks need to improve their service designs to fit the needs of poor, unbanked consumers (Bustamante and Amaya, 2020; Anderson *et al.*, 2013).

Serving financially excluded consumers has become important in the contemporary age (Fisk *et al.*, 2016), and understanding their issues from their perspective can help marketing scholars suggest paths for serving them effectively. However, much of the research in the realm of financial exclusion has been carried out by researchers from disciplines other than marketing, which has resulted in a lack of understanding of unbanked customers' perspectives (Koku, 2015).

The limited research related to the issue of unbanked consumers in developing countries is split into two streams. The first research stream endeavored to tackle financial exclusion by understanding the bankers' perspective (e.g., Abdulquadri *et al.*, 2021; Mogaji *et al.*, 2021; Ofori-Okyere *et al.*, 2023). The second research stream attempted to understand the perspectives of low-income and/or unbanked consumers in developing countries to provide viable solutions for serving them (e.g., Bongomin *et al.*, 2018, 2019; Bustamante and Amaya, 2020; Kamran and Uusitalo, 2019; Sanchez-Barrios *et al.*, 2015; Sithole *et al.*, 2021). The magnitude of financial exclusion in the Global South is still very high, and tackling this problem certainly requires exploring this issue from various angles—that is, by understanding the bankers', policymakers', and consumers' perspectives.

Only a handful of studies have been conducted from the perspective of financially excluded consumers (see Table 1). While the studies indicate that informal services are commonly used, there remains a dearth of literature examining the use of informal service organizations among unbanked consumers in developing countries from the consumers' perspective (e.g., Sanchez-Barrios *et al.*, 2015; Sithole *et al.*, 2021; Wang and Tian, 2014). Sanchez-Barrios *et al.* (2015) explored the unintended positive consequences of loan sharks on the well-being of economically deprived and financially excluded individuals in Colombia. Martin and Hill (2015) studied poor consumers' savings and well-being. Wang and Tian (2014) highlighted the problems encountered by rural migrant workers in China while coping with their financial exclusion by taking personal loans, a form of informal financial service. Sithole *et al.* (2021) explored the effects of C2C co-creation experiences of rotating savings and credit associations (ROSCAs/savings and credit groups) in Africa and the way these groups influence economic capability and improve financial welfare. While informal services are not a substitute for formal services, the aforementioned studies highlighted some positive outcomes for users of informal financial services (Sanchez-Barrios *et al.*, 2015; Sithole *et al.*, 2021). They showed that understanding how consumers experience the use of informal financial services could add to the theoretical body of research at the intersection of TSR and financial inclusion. They also indicated that to offer transformative financial services to poor consumers in developing countries, the sociocultural context should be properly understood.

Insert Table 1 here

Table I: RECENT RESEARCH ON LOW-INCOME UNBANKED CONSUMERS IN MARKETING JOURNALS

Author(s) and Year	Study theme	Country	Method	Key Findings
Ofori-Okyere et al., (2023)	How inclusive banking services are marketed to economically vulnerable consumers from the managerial perspective.	Ghana	Multiple case study research approach using semi-structured interviews and archival documents.	The banks design a variety of financial products, adopt innovative conventional marketing strategies, and use inclusive technologies to serve the economically vulnerable consumers in Ghana.
Correa (<i>et al.</i> , 2022)	Developing conceptual framework to analyze poor consumers' disposition to consume automated banking services.	Colombia	Survey Research n=483	Possibility for success of deploying automated financial services as a way to enhance financial inclusion of the poor. New conceptual insights on poor customers' disposition to embrace and consume ever changing technologies for the banking sector.
Sithole <i>et al.</i> , (2021)	The effects of customer-to-customer co-creation experiences of Rotational Savings and Credit Associations (Saving / Credit groups) and the way these groups influence economic capability and improve financial welfare.	South Africa and Tanzania	Focus Groups	Consumers take part in ROSCAs for completing an expensive purchase, enhancing their savings and income, arranging finances for their small businesses and arranging money for social purposes. Ubuntu philosophy rules influenced the dialogue, access, risk and transparency model of co-creation and customer dominant logic. C2C co-creation experiences favorably affect cognitive, financial, personal and social experiences of the group members. These experiences enhance members' financial satisfaction, esteem, self-efficacy and capability which enhance their financial well-being. The personal and social experience enhances self-confidence, equality, entrepreneurial motivations and skills which increase social well-being.

Mogaji et al., (2021)	The study explored how Nigerian banks are marketing financial services to economically vulnerable customers.	Nigeria	Semi-structured interviews with the banks' directors, archival images and published annual reports of banks.	The banks in Nigeria develop various product development portfolios, adopt innovative conventional marketing schemes, and use inclusive technologies to serve the economically vulnerable and unbanked consumers in Nigeria.
Bustamante and Amaya (2020)	Factors affecting financial services design and their effect on the enhancement of the unbanked customers' well-being.	Ecuador	Focus Groups Pilot study n=50 Survey n=312	Services design has positive effects on consumers' well-being. The perceived customer support and interaction with the service provider are two key elements that positively affect trust and customer participation. Moreover, Customer participation has an important role in improving financial empowerment and thereby in customer well-being.
Kamran and Uusitalo (2019)	Economically vulnerable unbanked consumers' perceptions about banks' fairness and associations of those perceptions to experiences of vulnerability.	Pakistan	In-depth Interviews n=37	Unbanked consumers illiteracy and poverty play a role in their exclusion from the mainstream financial service, but banks' distributive, procedural and interactional unfairness impedes their financial inclusion and this unfairness source them vulnerability.
Gupta et al.(2019)	Factors affecting the behavioral intentions to adopt payments banks services by unbanked and underbanked consumers.	India	Survey n=660	Perceived credibility has the strongest influence on behavioral intentions. Perceived credibility partly mediates the connections among social influence and behavioral intentions and performance expectancy and behavioral intentions. Facilitating conditions and effort expectancy moderate the association among performance expectancy and behavioral intentions.
Bongomin et al., (2019)	Mediating role of collective action in the relationship among financial intermediation and	Uganda	Survey n=480	Collective action mediates the association among financial intermediation and financial inclusion of economically deprived consumers.

	financial inclusion of economically disadvantaged rural population.			Collective action and financial intermediation both have significant and direct effects on financial inclusion. Collective action increases financial intermediation for enhanced financial inclusion of economically deprived consumers.
Bongomin <i>et al.</i> (2018)	Interaction influence of cognition in the relationship among financial literacy and the poor consumers' financial inclusion.	Uganda	Survey Research in which sample was drawn from 400 poor households	Cognition considerably moderates the relation among financial literacy and inclusion of economically underprivileged rural population in Uganda. Cognition and financial literacy both have a direct influence on the poor individuals' financial inclusion.
Kamran and Uusitalo (2016a)	The experience of actual vulnerability that is encountered by the low-income unbanked consumers.	Pakistan	In-depth Interviews n=28	Personal experience of vulnerability is manifested as time wastage while making transactions, fear of theft and intimidation and bullying from lenders operating in informal markets. Experienced economic vulnerability manifests as difficulties in saving money, paying high charges for money transfers and lack of business opportunities. Social vulnerability manifests as embarrassment and as damaged relations with close relatives due to loan requests. Financial exclusion causes an experience of vulnerability and make people helpless at the marketplace.
Kamran and Uusitalo (2016b)	Coping strategies employed by the unbanked to manage their financial lives and consequences of such strategies'.	Pakistan	Interviews n=28	Unbanked used personal, market and social resources to tackle their financial exclusion. These strategies resulted in obligations, solidarity, trust and risk. Coping exclusion through social network was a preferred strategy which provided positive outcomes and empowerment. Market resources facilitated fulfilling obligations, but also caused risks and harms. Personal

				skills and resources helped in complying with different obligations but also exposed to risks.
Koku (2015)	Cross-disciplinary literature review on financial exclusion of the poor.	Developing and developed countries	Literature Review	Financial exclusion warrants marketing scholars' efforts to tackle the issue. Marketing scholars and financial institutions could offer solutions for tackling financial exclusion by understanding the viewpoints of unbanked consumers.
Martin and Hill (2015)	The effect of societal poverty, consumer saving capability and satisfaction with household economic circumstances on well-being of poor consumers.	38 countries of the World	Multilevel study, hierarchical linear models n= almost 50,000 consumers	Saving significantly enhances well-being in societies with high poverty rates. Proposes novel transformative financial services to enhance the lives of economically vulnerable consumers through formal saving instruments.
Sanchez-Barrios <i>et al.</i> (2015)	Unintended positive consequences of loan sharks on the wellbeing of poor consumers.	Columbia	Semi-Structured Interviews	Services provided by the loan sharks are perceived as hassle- and jargon-free. Mainstream service providers could implement the positive aspects of informal service providers to better serve the poor consumers
Wang and Tian (2014)	Difficulties faced by rural migrant workers in obtaining essential financial services from financial institutions.	China	Ethnography	Structural barriers restrict rural migrants' acquisition of financial products in urban marketplaces. Their dependence on social network and social ties restricts their acculturation in the urban setting.
Oluwatayo (2013)	The impacts of mobile money technology on the wellbeing of small farmers' household in Kenya.	Nigeria	Survey Research n=360	Mobile money consumption positively influences family income and well-being. Those using mobile money are able to manage their agricultural activities effectively and earn more profits compared to the non-users.

Rotating Savings and Credit Associations from the Lens of New Institutional Theory

Informal financial service organizations that serve as substitutes for formal financial organizations are vital in compensating for formal financial institutions' inability to properly serve all segments of society (Bouman, 1995a; World Bank, 2002). Unbanked consumers utilize both community- and market-based informal services (i.e., ROSCAs and informal lenders, respectively) to combat their financial exclusion (Sanchez-Barrios *et al.*, 2015; Sithole *et al.*, 2021). Although informal institutions are popular in various societies, they often remain unresearched (Marošević and Jurković, 2013). ROSCAs are key community-based informal financial service institutes that are prevalent in many developing countries, providing platforms for financially excluded consumers to save and access loans (Bouman, 1995a, 1995b). They are organized through the initiatives of individuals belonging to the same neighborhoods or social groupings who trust each other enough to pool their savings. ROSCA members conduct meetings at regular intervals, and the money gathered is offered to members on a rotation basis, either through negotiations or a draw during each meeting. The process continues until each participant obtains the sum of money they have deposited into the ROSCA account (Aliber, 2001; Bouman, 1995b). Once each member has obtained money from the ROSCA, it officially comes to an end, but it can be resumed immediately by the same individuals who started and participated in it or by adding a few new members. The ROSCA term depends on the number of participants and the period of payments (Bouman, 1995b).

New institutional theory (NIT) provides ample insights into ROSCAs (Marošević and Jurković, 2013). NIT approaches institutions from a sociological standpoint to discover how they work and influence people (DiMaggio and Powell, 1983; Scott, 2001, 2008), and provides a theoretical basis for inspecting a large range of issues in various organizations and study fields (DiMaggio and Powell, 1991). It proposes that organizations' behaviors are shaped not only by sensible calculations and official requirements but also by organizations' cultural environments, and that the sense of compliance varies in different cultures. In addition, it posits that organizations gain legitimacy and succeed by fulfilling the expectations of various stakeholders in their environments (Greenwood and Miller, 2010). Informal organizations, such as ROSCAs, need to obtain legitimacy to work effectively in their specific environments and social structures (Suchman, 1995; DiMaggio and Powell, 1983).

Organizational legitimacy is a "generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Suchman, 1995, p. 574). Legitimacy is a socially created occurrence that exposes a similarity between the conduct of a legitimate organization and the shared beliefs of various community groups (Suchman, 1995). In NIT, the legitimacy concept explains the causes of similarity among the formations and operations of conventional organizations. This institutional homogeneity is called institutional isomorphism, which refers to the notion that organizations in a particular field face the same demands and pressures from their respective environments (DiMaggio and Powell, 1983). Indeed, organizations face demands from regulatory, normative, and sociocultural environments (DiMaggio and Powell, 1983; Scott, 2001). Scott (2001) characterized these three aspects of organizations as regulatory, normative, and cognitive pillars. They are the sources of institutional legitimacy (Scott, 2008; Suchman, 1995).

The regulatory elements within an organization are the implementation mechanisms, which include rule and policy formation, organizations' contracts and their enforcement through negotiation and arbitration, and monitoring and sanctioning matters (Henisz and Levitt, 2011;

Scott, 2008). ROSCAs have a range of principles and rules that apply to participating members and organizers. First, they guarantee that all of their members will comply with their contribution agreements to the fund, even after obtaining money from it. ROSCA members can default either before or after receiving funds from the ROSCA, but this happens rarely (Chiteji, 2002) because the members belong to the same neighborhoods and socioeconomic groups and thus have strong social ties. They also all need to access informal finances. These features make such informal institutes effective (Bouman, 1995b). Social guarantees are also commonly used to recruit new members in ROSCAs, which serve as a mechanism for precluding the entry of fraudulent persons into such organizations. Deliberate defaulters' punishment of social exclusion inspires compliance from ROSCA members (Chiteji, 2002). Second, it is the responsibility of the ROSCA organizer to give money to each member upon their turn to receive money. Finally, the ROSCA organizer gets the first turn in receiving money, and the order of payments to the members is decided through a draw (Aliber, 2001; Bouman, 1995b).

The normative aspects of an organization are strong, evaluative, and compulsory traits in social life that describe the ways in which things should be pursued (Scott, 2008). Thus, the normative pillar introduces the mutual expectations of standard behavior from group members. It is exhibited in norms, values, and social exchange practices within institutions (Henisz and Levitt, 2011). Normative aspects are typically connected to values (i.e., actions deemed appropriate) and norms (i.e., actions taken according to values). Therefore, the normative pillar creates standards to be followed at the institutional and individual levels (Scott, 2008). ROSCAs have a common presence in countries with collectivistic cultures, and informal institutions have a robust culture of reciprocal cooperation among their members, which is aligned with collectivistic cultural traits (Bouman, 1995a; Kamran, 2016b). The unbanked individuals participating in ROSCAs help each other with an urgent economic need by switching their money disbursement turns. This reciprocal cooperation provides a feeling of security to ROSCA members as it can allow them to meet their needs without having to take loans from informal lenders (Kamran, 2016b; Sithole *et al.*, 2021).

Finally, the cultural-cognitive aspects of an organization highlight the collective notions that form the nature of social reality and the frames by which meaning is made (Scott, 2008). Cognitive pillars include an institution's continuous presence, which depends on its social approval in a specific cultural situation (DiMaggio and Powell, 1983; Scott, 2008). The individuals participating in ROSCAs share the goal of saving money, and their desire to achieve this mutual goal drives them to strive to attain difficult consumption goals that they otherwise could not accomplish. ROSCAs typically allow their members to obtain short-term credit (Bouman, 1995a).

Understanding ROSCAs through the NIT lens increases our understanding of the ways in which regulatory, normative, and cultural-cognitive pillars shape the functioning of these informal financial service institutions. As mentioned earlier, a large number of unbanked consumers in developing countries utilize ROSCAs, but few studies have investigated how these informal institutions are functioning (Marošević and Jurković, 2013). The present study examined ROSCAs in a particular cultural context: Pakistan, where these informal institutions are commonly known as committees (Bouman, 1995a). Understanding the factors that facilitate unbanked consumers' inclusion in informal financial services can also help formal financial service providers offer transformative financial services to the poor in developing countries to enhance their financial inclusion and well-being.

METHODOLOGY

We used the qualitative research strategy involving one-to-one semi-structured interviews. This approach allowed collecting data that helped us to explore gain detailed insight about how consumers experience informal financial services provided by ROSCAs. It also included meeting consumers in person and gaining an understanding of their perceptions of benefits from the committees they were part of, and of the committees' shortcomings. Face-to-face interviews allow establishing confidence and observing non-verbal clues and gaining depth when exploring consumers' experiences of difficulties in financial services in developing countries (e.g., Mogaji *et al.*, 2021; Nguyen and Mogaji, 2022; Sanchez-Barrios *et al.*, 2015; Soetan *et al.*, 2021).

The sample and recruitment

The sample consisted of thirty-nine participants recruited from four lower-income vicinities in Rawalpindi and Islamabad, Pakistan. The 13 females and 26 males had various low-paying jobs or small businesses in informal sectors. Thus, they represented most developing countries' populations working in informal professions (Nguyen and Mogaji, 2021). Most of the participants were either totally illiterate or had very little educational attainment. Twenty-five participants were migrant workers, and the remaining 14 were locals in the twin cities of Rawalpindi and Islamabad. The participants' monthly incomes were USD64–260, apart from one participant, whose income was USD350–400 a month. (See Table 2) This aligns with the demographics of the low-income population in Pakistan. Individuals earning USD10 or below are classified as low-income (Kochar, 2015); we used this definition for the low-income participants in the present study. In 2015, 79.5% of Pakistanis lived on less than USD10 a day (Kochar, 2015). After 2019 to June 2023, the Pakistani currency was significantly devalued against USD (almost 100%), and according to the World Bank estimate, 77.5% of Pakistanis are currently living on or below USD5.5 per day (Haider, 2021).

Insert Table 2 here

TABLE II: PARTICIPANT PROFILES

S#	Alias	Age	Sex	Occupation	Education	Income in USD	Residence	Interview Time
1	Papu	26	M	Tailor	School leaver	170–180	MIGRANT WORKER	46
2	Khan	44	M	Taxi driver	Illiterate	150–160	Local	23
3	Bano	36	F	Housemaid	Illiterate	150	MIGRANT WORKER	32
4	Raja	41	M	Vegetable seller	School leaver	150–170	Local	34
5	Izza	55	F	Housewife	School leaver	200	Local	25
6	Rani	25	F	Housemaid	Illiterate	80	MIGRANT WORKER	32
7	Pola	29	M	Grocery shopkeeper	Undergraduate	150–160	MIGRANT WORKER	60
8	Nomi	21	M	Cashier (café)	Completed school	110	MIGRANT WORKER	31

9	Nori	40	F	Cleaner (school)	Illiterate	70–80	MIGRANT WORKER	39
10	Jelo	40	F	Pvt. School teacher	Completed college	70	Local	31
11	Shan	26	M	Salesman (shop)	High school	100	MIGRANT WORKER	46
12	Niaz	26	M	Tailor	Illiterate	150–180	MIGRANT WORKER	41
13	Sami	22	M	Grocery shopkeeper	School leaver	150–200	MIGRANT WORKER	31
14	Rema	23	F	Housemaid	Illiterate	70–80	MIGRANT WORKER	33
15	Nelo	25	F	Housemaid	Illiterate	100	MIGRANT WORKER	25
16	Noor	32	M	Tailor	Illiterate	100–120	MIGRANT WORKER	42
17	Rifi	50	F	Housemaid	School leaver	100	MIGRANT WORKER	30
18	Zain	30	M	Tailor	School leaver	150–200	MIGRANT WORKER	52
19	Sher	64	M	Dry cleaner	School leaver	100–150	Local	23
20	Kaka	26	M	Welder	School leaver	130	Local	35
21	Billa	40	M	Taxi driver	Completed school	200–250	Local	47
22	Phol	46	M	Taxi driver	School leaver	220–230	Local	45
23	Sema	25	F	Tailor (home)	Illiterate	150–160	MIGRANT WORKER	32
24	Teto	26	M	Grocery shopkeeper	School leaver	180–200	Local	31
25	Chand	40	M	Tailor	School leaver	250–260	MIGRANT WORKER	41
26	Gama	35	M	Hawker/sweets seller	Illiterate	100	MIGRANT WORKER	30
27	Laila	40	F	Housemaid	Illiterate	150–160	MIGRANT WORKER	22
28	Sana	35	F	Pvt. school attendant	Illiterate	100	MIGRANT WORKER	31
29	Gul	25	M	Salesman (shop)	School leaver	80	Local	35
30	Rana	42	M	Tailor (clothing shop)	School leaver	350–400	Local	35
31	Shez	25	M	Shopkeeper	Completed school	161–193	MIGRANT WORKER	38
32	Abdi	28	M	Tutor	Completed college	161	MIGRANT WORKER	46

33	Goga	22	M	Shopkeeper	High school	193	MIGRANT WORKER	34
34	Fazi	45	F	Tailor (home)	High school	193–206	Local	31
35	Lala	57	M	Salesman (shop)	School leaver	77	MIGRANT WORKER	27
36	Naja	37	M	Driver	Completed school	206	Local	46
37	Jam	45	M	Baker	Illiterate	128–161	MIGRANT WORKER	28
38	Gogo	30	F	Housemaid	Illiterate	64	MIGRANT WORKER	26
39	Papa	39	M	Taxi driver	School leaver	161	Local	33

Gaining access to low-income, unbanked consumers and establishing trust between the interviewer and the interviewees were taxing. Thus, the present study employed a combination of purposive and snowball sampling techniques to recruit participants (Noy, 2008; Patton, 2002). Snowball sampling is an effective method of recruiting hard-to-access study populations that is regularly used by researchers (Noy, 2008; Sanchez-Barrios *et al.*, 2015). Initially, four participants were recruited from four different neighborhoods; they subsequently helped us recruit more participants from their respective areas. Thus, we were able to overcome our lack of social ties in low-income vicinities. The participants were recruited based on their lower socioeconomic status and unbanked status.

The data collection

The interviews were conducted at different sites, including the participants' homes or in shops and small cafeterias. All the participants volunteered to participate in the study, but to provide the study participants with compensation for the time and effort they spent participating in the study, we gave them a small amount of money (equivalent to USD3) at the end of the interview. They were not informed about the remuneration before the interviews.

Each participant was given a written information sheet and a blank consent form prior to the interview, which they were asked to sign if they agreed to participate in the study. As the vast majority of the participants had little or no literacy skills, the study information sheet and consent form were orally explained to them before the interviews. Aliases were employed to maintain the participants' confidentiality and anonymity.

An interview guide was prepared, which included topics/questions related to how ROSCAs function, the advantages of ROSCA membership, the suitability of ROSCAs for unbanked consumers' circumstances, ROSCA members' utilization of the organization's money, and the participants' experiences in ROSCAs, followed by questions about the participants' demographics. The open-ended questions encouraged the participants to relate or convey their experiences and observations freely and in detail. The phrasing and order of the questions were repeatedly altered during the interviews to make them conform to the study participants' characteristics and

situations. This also helped in gaining deep insights into the phenomenon under investigation (Elliott and Jankel-Elliott, 2003).

The interviews took place in 2014–2015 and December 2019. Thirty-five interviews were completed in Urdu (i.e., Pakistan’s national language), and four were completed in Punjabi (i.e., provincial language). All the interviews were conducted by the first author, who had native-level knowledge of both Urdu and Punjabi, and who is familiar with the study context and culture. This facilitated exploring the experiences and views of these people and achieve the qualitative sensitivity typical of reflexive thematic analysis (Clarke and Braun, 2018). The interviews were stopped when the “saturation point” was reached (Flick, 1998). Over 22 hours of recorded interviews resulted in a transcript with almost 650 handwritten A4-sized pages. The interview duration ranged from 22 to 60 minutes (see Table 2).

The data analysis

The data analysis utilized the NIT pillars and institutional aspects as the theoretical lens while also allowing data-driven insights to emerge. The six steps of thematic data analysis (Braun and Clarke, 2006), were applied to generate, analyze, and report the themes and subthemes elucidating the ways in which ROSCAs facilitate financial inclusion of low-income unbanked consumers (see Table 3). First, the audio-recorded interviews were transcribed verbatim in Urdu. The first author listened to the recordings repeatedly to ensure the accuracy of the data transcription, and to deeply understand the data. The interview transcripts were also translated into English by professional translators. Second, preliminary codes were generated, facilitated by both the NIT pillars and familiarity with the data (DeCuir-Gunby *et al.*, 2011). The first author conducted data-driven coding to the entire dataset (DeCuir-Gunby *et al.*, 2011; Myers, 2013). Open coding was performed by reading through the transcripts and identifying parts of data to be coded and giving it a descriptive label to these data parts. Subsequently, axial coding was performed, which helped to identify links between the initially developed codes with various categories. These categories formed key themes describing the phenomenon that we studied. The transcripts were read several times to review all categories and codes and to ensure that each theme has sufficient support from the data (Corbin and Strauss, 1990). Third, based on systematic data coding both authors merged various codes to generate preliminary themes. Fourth, during the data analysis, we ensured that the themes had adequate support from the dataset. The data were revisited numerous times to discover any missing information when we felt that the data analysis was incomplete with regards to a specific theme. Thus, we reviewed that each theme was elucidated in such a way that it would tell a correct story about the data. Fifth, we explained what each theme meant and decided which part of the data was related to that theme. We labeled the themes in a way that conveyed their significance to the study question. Finally, we analyzed the themes by obtaining evidence for our arguments both from the dataset and theory (Braun and Clarke, 2006). This multi-step data analysis process enabled manual processing of the data, to which the use of qualitative data analysis software was deemed not to add value.

Credibility

Significant attempts were made to ensure the ethical standards and trustworthiness of the data and the study. First, the interview procedure followed university ethical principles and complied with all the criteria published on the university webpages. Second, the research credibility was managed by our prolonged engagement with the data during the research, alignment of data and theory,

research question formulation, and reflexivity during data collection and analysis. Third, research conformability criterion (Lincoln and Guba, 1985) was met by a transparent process and report showing the link from the data to the study findings. We used verbatim quotes from the data wherever appropriate. Finally, while the perceptions and experiences of consumers examined in this study are bounded to the context where they live, the findings are transferable to similar contexts and situations that prevail in developing countries characterized by higher financial exclusion, poverty, illiteracy, and prevalence of ROSCAs.

FINDINGS

The key aim of the present study was to determine how various institutional characteristics of community-based financial service organizations facilitate the inclusion of unbanked consumers in informal financial services. The data obtained illustrated that organizations offering informal financial services (ROSCAs) promote inclusiveness in various ways, thus removing barriers and mitigating the experience of exclusion.

The data analysis illustrates that ROSCAs are viewed by the participants as approachable to unbanked consumers, suitable for unbanked consumers, and fair to low-income consumers. The first key theme is approachability to low-income consumers with sub-themes including, located in the unbanked member's neighborhoods, welcoming and embracing demographic diversity, and limited responsibilities. The second main theme of suitability to low-income consumers has sub-themes of illiteracy – no documents, control over money, and attainment of consumption goals. Third main theme of fairness to low-income consumers has sub-themes of equality, equity, and postponing installment payments. In the subsequent section, main themes and sub-themes are discussed.

Approachability to Low-Income Consumers

Informal institutions' regulatory, sociocultural, and cognitive pillars help unbanked consumers utilize the financial services offered by such institutions. The participants' stories revealed that the approachability of ROSCAs was grounded on their presence in the neighborhoods, their norm of welcoming and embracing demographic diversity, and the limited responsibilities assigned to their individual members in the management of financial affairs.

Located in the unbanked members' neighborhoods: Trusted individuals from the same neighborhoods participate in ROSCAs to save money and access credit. The constellation of the members is linked to the normative pillars of the committees. Cooperation between the members, who are in similar situations, is based on their shared values and expectations, which are reflected in the norms guiding these informal organizations. The existence of ROSCAs in low-income neighborhoods is also based on cultural meanings and symbols. They are necessary means for the participants not only to meet their urgent needs but also to comply with the cultural and social expectations of the surrounding community. These normative and cognitive pillars make ROSCAs accessible to anyone who wishes to save money or obtain a loan. The geographical barriers for the participants are low as these institutions mostly exist and operate in a neighborhood, among trustworthy individuals. Low-income consumers generally lack personal transportation means, and going far away from their homes to deposit their installments is not a viable option for them. They usually have informal jobs, and spending time doing chores other than their paid work will decrease their daily incomes, increase their travel costs, and exhaust them. ROSCA meetings are

usually held in their own neighborhoods, and missing a meeting is not even a cause of concern as long as one is paying one's installments on time. Some participants explained this as follows:

No, they don't run away. Bajis [committee organizers] have their own homes. They're good people. (Rema, 23)

Yes, I give PKR1,500 [each month] to the committee. It's situated here in our neighborhood, and when my turn comes, I take money, and then I keep paying my installments. (Khan, 44)

I'm not afraid because I put up the committee with people I know and trust.... They live here, and they're not leaving. (Kaka, 26)

Welcoming and embracing demographic diversity: Member diversity based on demographic profiles is welcomed and embraced in ROSCAs. In the collectivistic culture of Pakistan, people tend to help each other in difficult times, and in these easily accessed institutions, people gather together to attain their shared goals. Several participants highlighted that the institution exists not only for economic reasons but also to help the community members fulfill culturally and socially important tasks. These cultural-cognitive factors show that everyone can access informal financial services. A close look at ROSCAs revealed that their members have very varied demographic profiles, such as young and old, male and female, educated and illiterate, migrant workers and locals, and informal workers and small-business owners. For example, the study participants who were migrant workers lacked strong social ties in the city and were thus unable to access other informal financial services, such as loans from local individuals. ROSCAs do not require social ties based on the locality; thus, they also provide access to people who are not permanent residents in the neighborhood. Billa's and Rana's interview quotes explain this:

Some of the members are their [the committee organizers'] relatives, and the remaining members are their neighbors. (Billa, 40)

The [ROSCA] members are fellow shopkeepers, relatives, and friends. This means that the members trust each other. (Rana, 42)

Limited responsibilities: The limited responsibilities of the members in managing the ROSCAs and their financial affairs have lowered the participation barrier and provided inclusion in financial services. The regulatory pillar of ROSCAs means that the organizers are responsible for managing the committee affairs. Thus, low-income people's initiative to start ROSCAs is generally not required because there are individuals who are willing to become organizers. Non-organizer members have limited financial and managerial responsibilities; they are responsible only for their own installment payments. As a rule, the organizers are responsible for managing all organizational matters, including paying money to all the members on their respective turns. In the event of default, it is the organizer's responsibility to pay the members the sum of money they should receive, and as mentioned earlier, defaults by the organizers themselves are rare occurrences. This makes it relatively easy for low-income consumers to access savings and credit services at almost no or little risk. Khan explains this as follows:

We're all from the same street.... If someone runs away with the money, then the [committee] organizer will be responsible for it.... We don't face any pressure. We will receive money when it's already our turn to do so. (Khan, 44)

In the case of female organizers, the study participants reported paying for the installments in their homes. As the organizer and the members live in the same neighborhood, it costs them nothing to do so. As for male organizers, the study participants reported that they (the organizers) usually collected the installments from them. Moreover, a few male study participants who had organized ROSCAs reported that they went and collected the money from the members on a specific day of the month. This provided easy access to informal financial services and allowed the members to save on costs. Rana, an organizer, explained this as follows:

I started collecting the installments on the first 15 days after the committee's establishment, and on the 15th day of every month, I gave the money to the person whose turn it was to receive money. (Rana, 42)

Suitability to Low-Income Consumers

As mentioned earlier, ROSCAs are formed with the goal of helping people save money and access credit, and all members jointly share and strive to attain this goal. The cognitive pillar allows low-income, unbanked consumers, who are mostly illiterate or marginally literate, to easily follow the unwritten rules on which these informal organizations are based. It also facilitates low-income consumers' control over money and enables them to manage difficult situations in their everyday lives.

Illiteracy – No documents: A vast majority of the low-income study participants lacked literacy skills, and ROSCAs helped them access informal financial services without any written documentation. All communications are oral but based on trust. The installments are paid in cash, and the money received by each member is also in cash, which well suits unbanked consumers, who live in a mainly cash-based economy. The participants reported having followed the unwritten rules that they understood and were very convenient to follow to attain their objectives of saving and obtaining credit. These institutional characteristics helped them conveniently access informal financial services. Papu and Bano clarified this:

The main benefit of this [committee] is that we can get a lump sum amount by paying a small amount every month as an installment. (Papu, 26)

She [the organizer] tells me, this is supposed to be your turn, but another person will receive money on this turn," and so on. I say, Okay, Baji. (Bano, 36)

Control over money: Many study participants lacked the self-discipline needed to save money on their own and reported that they found it hard to save money other than through a ROSCA. The installments were generally paid on the first days of the month, when most of the participants received their salaries, so it was convenient for them to settle the payments. The duration of the committee groups ranged from long-term with higher monthly installments to short-term with low monthly installments. The participants had chosen their ROSCA groups according to their own economic means. This is an aspect that facilitates access to informal financial services. Those with more savings can opt to participate in two different ROSCAs. Rema explained this as follows:

I started putting up a committee because I was unable to save money and wanted to do so. (Zain, 30)

This is how money is gathered and saved [through the committee] when it is needed. (Rema, 23)

The study participants' stories revealed that they were able to save money by participating in a ROSCA while managing to circumvent their relatives' loan requests. The informal service was a useful platform for allowing the unbanked participants to obtain control over their savings and everyday money matters. They were able to avoid losses and even mitigate any vulnerability they experienced due to financial exclusion. The following quote elucidates this:

The benefit of the committee is that your monthly savings are saved in one place. For example, if I keep 6,000 rupees monthly at home, then anyone from among my neighbors will know that I have money at home, and they may come to borrow money from me. (Chand, 40)

Attainment of consumption goals: Raising a relatively large sum of money to attain one's major consumption goals is never easy for low-income, unbanked consumers. The study participants typically lived on restricted incomes and required access to credit to make expensive purchases. Their participation in a ROSCA often helped them avoid obtaining loans from other informal sources, such as money lenders, family, and friends. Thus, they avoided the social, psychological, and financial adversities incurred when operating with informal actors. A ROSCA provided them with an avenue to save money while fulfilling their financial, moral, and social responsibilities in the Pakistani cultural context. The participants faced numerous expectations from their families, such as saving money, pursuing home renovation, raising money and dowry for a daughter's wedding, paying off loans, purchasing small residential plots, buying durable household items, and participating in social events.

By keeping money to myself, I cannot save. The money is spent on different matters, so I set up a committee to save money for different needs, such as my son's or daughter's school or college fees. Some people set up committees to raise money to cover wedding expenses, construct a house, or buy a bike. They set up a committee to save money to meet their needs. Everyone does it, so I also do it. (Sher, 64)

Some participants had decided to live without a bank account due to the imposition of an interest in conventional banking transactions. Interest-based transactions are prohibited in Islamic teachings. While the participants generally showed varying degrees of religiosity, those who had an inclination to fully follow Islamic teachings were more concerned about the interest imposed on conventional banking services. They preferred the informal service over conventional bank accounts because it allowed interest-free transactions. In addition, it helped them obtain interest-free loans involving little or no stress to pay back via interest-free installments. Jelo and Pola explained this as follows:

As I told you before, it's an interest-based system; it's not right for us. We don't open an account with the bank as it's not right for us.... So, ... we set up a committee to save money. (Jelo, 40)

The person whose number will come out first is lucky. It's all right that he has to pay PKR140,000 installments in the subsequent months, but he will receive PKR150,000 in advance. Paying PKR140,000 in the subsequent months is permissible in Sharia [Islamic law]. He can invest in business so he can earn more from the PKR150,000. This means that when the committee's months are completed, a person may have earned more income with PKR150,000, which he gets first. (Pola, 29)

Fairness to Low-Income Consumers

The participants' stories hinted that they regarded ROSCAs as operating fairly. The organizational rules and culture strongly adhered to both the equality and equity principles, which are important aspects of fairness. The organizations' regulatory pillars ensured equality among all the members by offering them equal opportunities to participate and equal access to similar resources. The different hierarchical levels in these informal organizations also embrace flexibility and support by allocating economic resources to help the needy members.

Equality: The ROSCAs' regulatory pillars embrace equality in all the processes and functions. The unwritten rules offer the members a similar treatment, and the members highly comply with all of them. The participants appreciated the principle of paying similar amounts of money in the fund and receiving equal amounts on their respective turns. The money payment turns were decided based on draws, which offered the individual members equal opportunities to receive the money from the committee fund early. Nomi elucidates this in the following manner:

At the start of every month, we use the slip method to choose a number. One person writes their name on every slip, and then we fold the slips, mix them up, and ask any outsider to take one slip from the bowl. The person whose name comes out is given the committee money. (Nomi, 21)

The ROSCAs' unwritten rules are equally enforced on all the members. The participants' accounts revealed an element of equality in the shortlisting process and the penalization of rare defaulters. The members who default in one ROSCA generally find it difficult to participate in another as they lose their credibility. This rule is equally applicable to all the members.

One who does not pay the installments on time is considered a bad member and will never be considered again for membership in another committee. (Sema, 25)

The members who default or fail to pay their installments before obtaining a sum of money from the fund will be paid the sum equal to the money they have individually paid to the fund at the end. They are penalized for defaulting by being made to receive their deposited money from the organizer after the conclusion of the fund. Thus, the potential penalties are waiting long to receive one's deposited money and gaining a bad social reputation. However, the positive aspect is that people who default for uncontrollable reasons will receive their money and will not lose the total amount they paid. Billa explained this rule as follows:

When my father died, and when my mother was not well, they [the committee organizers] came to me and asked me for my committee installment, but I told them that I couldn't pay my installments at that time. At the end of the committee, there were five or six installments that I wasn't able to pay, so they deducted the total amount from the money I was supposed to receive and gave me the remaining amount. There's no fine or loss in the system. (Billa, 40)

The equality principle is an important aspect of ROSCAs. However, the organizations have recognized the importance of adjustments to facilitate the financial inclusion of each member who faces economic difficulties. ROSCAs' cultural value of reciprocal cooperation was jointly practiced by the unbanked participants. The reciprocal cooperation among the committee members manifested the normative institutional pillar, which helped the low-income participants deal with their financial problems in a befitting manner. The participants told stories about how they required

financial resources to meet their urgent economic needs, such as healthcare, death of a close relative, wedding-related expenses, and participation in various rituals and important events. In those difficult situations, ROSCA members voluntarily helped each other.

Equity: The participants' stories revealed that the committee culture is supportive of the needy members, helping them with their economic emergencies. This depicts organizational equity as the ROSCA rules are adjusted to allocate funds to the neediest members, which often helps such members avoid obtaining loans from other external sources.

As an example, reciprocal cooperation between members took place in a committee, as a member who met an economic emergency exchanged their payment turn with another member. In other cases, the organizers convinced another member to cooperate with a needy member by giving the latter their earlier payment turn. Finally, in one case, the organizers, who, as a rule, were eligible to take the first payment from the fund, gave the first payment to the neediest member. The subsequent interview excerpts elucidate how the members who encountered economic emergencies were supported by other members through adjustments to the payment arrangements.

Once, I requested the first committee money from Baji [the committee organizer] because I wanted to send my daughter to college... I went to her house, and she said that I could take the money first. I am very interested in my daughter's college studies. She's in college now, and I happily tell everyone that my daughter's in college. I thank Allah that my daughter's doing well in Class 12 [college/higher secondary school]. (Fazi, 45)

In my last committee, when my number came out, there was a person who was in urgent need of money. He came to me and told me about his problem and that he needed the committee money as soon as possible because his son was not well and had to undergo an operation. I asked him how much money he needed. He told me he needed PKR70,000–80,000. Then, I told him that I could share only half of my committee money at that time, and if he needed more, I would give him more later. So, I shared my committee money with him and helped him. Thank God he didn't need more money as his child was already fine. Then, after five months, when he got his committee money, he also shared it with me, and I got my money back. (Chand, 40)

We talk with her [the committee organizer] in advance, telling her, for example, "I need money this month" or "I have to attend a relative's wedding, so please give me money." She says, "Okay, I will give you money." If it's someone else's turn to receive the committee money, she will settle the matter among us. (Bano, 36)

Postponing installment payments: ROSCAs are informal organizations operating without any interest; therefore, those receiving money in the first turn obtain an interest-free loan, which they pay back in installments. Sometimes, low-income participants have difficulty paying their respective installments due to their economic hardships, as other important needs have arisen. As a rule, ROSCA installments are collected each month from the participants, but on various occasions, the organizers postpone the installment payment for a given member who is experiencing economic difficulties. The organizers, who are responsible for paying money from the fund to all the members, allow some participants to delay the payment of their installments. This practice of adjusting the payment installment rule to help the needy members shows the existence of equity in the organization. It advances the inclusion of low-income participants. The following interview excerpt explains this:

I told her [the committee organizer] that I would not be able to pay [my committee installment] this month as my sister-in-law died. Baji said it was all right, and I could pay later. (Bano, 36)

Table 3 provides a summary of the key themes and subthemes generated in the data analysis process.

Insert Table 3 here

TABLE: III THEMES AND SUB-THEMES

S#	Theme	Subthemes and their brief description
1	Approachability	<p>Located in the unbanked member’s neighborhoods. Trusted individuals from same neighborhood cooperate to form ROSCAs) which makes it easier for them to access ROSCAs. it offers them an easy to approach the ROSCAs without an anxiety and costs.</p> <p>Welcoming and embracing demographic diversity. ROSCAs help everyone to access informal financial services which uplifts demographical diversity and attainment of their shared goals.</p> <p>Limited responsibilities ROSCAs offer limited financial (e.g., default of another member) and managerial responsibilities (e.g., collection of monthly instalments); they are responsible only for their own installment payments which also make ROSCAs approachable.</p>
2	Suitability to low-Income consumers	<p>Illiteracy – no documents Low-income consumers who generally lack literacy skills as well can access informal financial services without any written documentation. All communications are oral but based on trust.</p> <p>Control over money Participants lacked the self-discipline needed to save money on their own and reported that they found it hard to save money other than through a ROSCA. It also helps them to avoid their relatives’ loan requests as money is not in their possession.</p> <p>Attainment of consumption goals Raising a relatively large sum of money to attain one’s major consumption goals is never easy for low-income, but their participation makes it possible to fulfill difficult consumption goals without loan from informal lenders.</p>

3	Fairness to low-income consumers	<p>Equality The ROSCAs’ embrace equality in all the processes and functions, such as decision about money payment turns, shortlisting process and the penalization of rare defaulters.</p> <p>Equity Needy members receive help from other members and organizer during their economic emergencies e.g., it is customary to exchange payment turns and give the first money port to the needy person.</p> <p>Postponing installment payments Members in financial difficulties can pay their instalment later agreed between organizer and member.</p>
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DISCUSSION

The findings of this study provide insights to the discussions of informal banking services, financially vulnerable consumers, and the Pakistani context influencing how informal services and financial vulnerability are cognate. The Informal financial services are availed of by a vast majority of the unbanked consumers in the Global South. These informal services often empower the excluded consumers to meet their basic financial needs and to mitigate their experience of vulnerability caused by financial exclusion. However, only a few studies have explored these services from the excluded consumers’ perspective (Sanchez-Barrios *et al.*, 2015; Sithole *et al.*, 2021; Wang and Tian, 2014). The informal services stem from marketplace offerings (e.g., informal lending and loan sharks) and community-based institutes offering financial services, e.g., ROSCAs (Sanchez-Barrios *et al.* 2015; Sithole *et al.*, 2021). The present study highlights ROSCAs’ accessibility by, suitability for, and fairness to low-income consumers and concludes that these characteristics make ROSCAs inclusive. This research focused on consumers’ perspectives and experiences of ROSCAs and sought understanding of how ROSCAs facilitate the financial inclusion of low-income unbanked consumers in the Pakistani context where almost four out of five people are unbanked and live on a low income (Demirgüç-Kunt *et al.*, 2022; Haider, 2021; Kochhar, 2015).

This study is aligned to the calls from service research community to conduct actionable research that could facilitate developing countries’ financially vulnerable consumers inclusion to basic services (e.g., Fisk *et al.*, 2016; Fisk *et al.*, 2018; Reynoso *et al.*,2015). The low-income excluded consumers’ perspective applied here provides guidance to marketers in understanding these customers’ problems and in planning ways to enhance their inclusion and well-being (Kamran and Uusitalo, 2019; Reynoso *et al.*,2015; Rosenbaum *et al.*, 2022). While the ROSCAs are used by many individuals in developing economies (Sithole *et al.*, 2021), this research, apart from making theoretical contributions, proposes several managerial implications for managers to enhance inclusion of the financially vulnerable consumers to formal financial services in Pakistan and elsewhere.

The study is unique as it offers insights into the use of informal financial services by low-income consumers in Pakistan which has one of the highest unbanked populations in the Asian region (Demirgüç-Kunt *et al.*, 2022). A lack of access to basic financial services often makes the unbanked consumers experience vulnerability that is connected to cultural expectations. Research highlights that unbanked consumers suffer from lack of self-discipline, which causes difficulties in saving money and accessing loans from the informal lenders. Their exclusion from the banking services exacerbates their vulnerability but ROSCAs approachability can help them to find solutions (Kamran and Uusitalo, 2016; Kempson and Whyley, 1999; Wang and Tian, 2014). This study shows that ROSCAs facilitate the unbanked to save money and to access loans because of the inclusive institutional characteristics that fit the expectations and resources of these consumers. The access to ROSCAs mitigates the experience of vulnerability and allows consumers' control over money and possibility to save money and access credit from culturally accepted institutions.

The findings display the roles of ROSCAs for those who are living with financial vulnerability. ROSCAs are perceived as approachable owing to their existence in proximity of unbanked consumers, limited responsibilities, and welcoming demographic diversity. This study also finds that low-income consumers view these services suitable owing to no-documentation, control over money and attainment of consumption goals. Finally, ROSCAs represent fairness to low-income consumers as ROSCAs have a culture of equality, equity, and postponing instalment payments in time of economic difficulties.

The present study findings partially coincided with previous studies results owing to differences in research questions and study contexts. However, previous research also highlighted that informal services are successful and adopted by the financially excluded individuals because these are designed around their personal characteristics and needs. This also supports our conclusion that there are great prospects for formal financial service providers to learn from these informal financial service organizations for offering transformative financial services to the excluded consumers. For example, Sanchez-Barrios *et al.* (2015) found that loan sharks offer hassle free loans (i.e., without any written documentation), which facilitates unbanked consumers to take these loans. Informal lenders' characteristics and policies match the personal characteristics of unbanked consumers (i.e., illiteracy makes it difficult for them to complete written documentation). Present study findings align with Sithole *et al.*, (2021) who found that consumers take part in ROSCAs for completing an expensive purchase, enhancing their savings and income, arranging finances for their small businesses, and arranging money for social purposes. The current study also found that ROSCAs facilitate members' control over money and attainment of consumption goals which inevitably enhances their well-being. Wang and Tian (2014) study in the Chinese context found that consumers use their social networks and ties to cope with financial exclusion. To fulfil their needs, they obtained loans from their social networks on interest, apart from loan from family members who offered them interest free loans. In our study, the participants' attainment of consumption goals was facilitated through an ability to obtain interest free loans from ROSCAs, involving little or no stress to pay back via interest free monthly instalments. Also, in the present study some participants expressed disapproval of taking loans on interest and therefore preferred ROSCAs over formal financial services.

Theoretical Implications

Drawing on the NIT, TSR, and financial exclusion literature, the present research shows how informal financial service institutions facilitate the financial inclusion of low-income, unbanked consumers. This study provides novel findings by combining rarely investigated informal financial services (Sanchez-Barrios *et al.*, 2015; Sithole *et al.*, 2021) TSR lens (e.g., Sanchez-Barrios *et al.*, 2015; Sithole *et al.*, 2021) and the low-income unbanked consumers perspective in marketing (e.g., Bongomin *et al.*, 2018; 2019; Bustamante and Amaya, 2020; Koku, 2015). We elucidate below how this study makes contributions to the fields of informal financial services, transformative service research and financially excluded and vulnerable consumers.

Contribution to Informal Banking Services

Informal financial services are widely used in developing countries but there is little research on their consequences for consumers. Sanchez-Barrios *et al.*, (2015) investigated the effects of loan sharks on the economically vulnerable individuals in Columbia. Their study describes how loan sharks provide hassle-free, unbiased, reputation-based and technical jargons-free lending to consumers, and these characteristics of loan-sharks positively influence low-income consumers' well-being. They propose that formal financial service providers could serve the economically vulnerable consumers in a better manner by understanding these characteristics and unintended consequences of loan-sharks. In the study of Wang and Tian (2014), financially excluded rural migrants into Chinese urban environment rely on informal financial services including social networks and community resources. Their dependence on these informal financial services restricts their acculturation and adaptation in the urban milieu. Sithole *et al.*, (2021) highlighted that consumers participate in ROSCAs for completing an expensive purchase, enhancing their savings and income, arranging finances for their small businesses, and arranging money for social purposes. Ubuntu philosophy rules influenced the dialogue, access, risk and transparency model of co-creation and customer dominant logic. C2C co-creation experiences favorably affect cognitive, financial, personal, and social experiences of the group members. These experiences enhance members' financial satisfaction, esteem, self-efficacy, and capability, which increases their financial well-being. The personal and social experience enhances self-confidence, equality, entrepreneurial motivation and skills, which increases social well-being. This study complements the previous findings by disclosing the important roles of access and inclusivity. The institutional elements of ROSCAs facilitate the fulfillment of the personal, social, and financial needs of financially vulnerable unbanked consumers.

Informal banking services can be described through three features of ROSCAs that describe the perspectives of low-income, unbanked consumers. First, ROSCAs' regulatory, sociocultural, and cognitive aspects make them highly approachable by their members. Low-income consumers access them in their own neighborhoods, utilize their norm of welcoming and embracing demographic diversity, and regard limited member responsibilities in managing financial affairs as a benefit. Second, ROSCA members share and jointly strive to attain the goal of helping people save money and access credit. This mutual goal strengthens ROSCAs' institutional cognitive pillar, which makes these organizations socially approved. Low-income consumers, who often lack adequate literacy skills, consider it easy to follow ROSCAs' unwritten rules. Consumers can

gain control over their money and attain their consumption goals. Finally, low-income, unbanked consumers often experience unfairness in formal financial services (e.g., Kamran and Uusitalo, 2019; Wang and Tian, 2014). When participating in ROSCAs, they experience fairness, which is created by ROSCAs' unwritten rules and culture that strongly adhere to both equality and equity. The regulatory pillars ensure equality among all members by offering them equal opportunities to participate in the ROSCAs and to access similar resources. ROSCA members (organizers and common members) are willing to embrace flexibility and support by allocating economic resources to help needy members. These acts of benevolence by members strengthen the equity aspect of ROSCAs.

Contribution to TSR: This study contributes to TSR by displaying the transformational potential of informal financial services. The institutional characteristics of informal financial services motivate low-income, unbanked consumers to set up and participate in the services. This has implications to the understanding of how basic banking services could be provided to financially vulnerable consumers. While this is an important part of the TSR agenda (Anderson *et al.*, 2013; Rosenbaum *et al.*, 2022) research has seldom addressed the phenomenon. Martin and Hill (2015) used a universal sample to show the manners in which social poverty, individual saving capability and satisfaction with individual's household economic situation affect the well-being of financially vulnerable consumers. Their study unpacked that an increase in social poverty substantially reduced welfare. But, in poor countries savings considerably increase well-being. Hence, advocating fair delivery of essential financial services to low-income unbanked individuals could improve their welfare. Sanchez-Barrios *et al.* (2015) research on the services provided by the loan sharks suggested that informal services include positive aspects to consumers. Sithole *et al.* (2021) uncovered that saving and credit groups have a positive influence on the well-being of their participants in the African context. Our findings add to these studies by showing how consumers' well-being can be enhanced by informal services' institutional characteristics. The findings convey insights that can be used when designing formal financial services that better respond to the needs and life situations of financially vulnerable consumers. Thus, the findings align with TSR, to guide how the well-being of different stakeholders can be enhanced by offering them better services (Ostrom *et al.*, 2021; Rosenbaum, 2015). The formal financial services providers can adopt the practices of these informal service organizations to serve the low-income consumers in a better way.

Contribution to financially excluded and vulnerable consumers

This study fills the void in research on low-income unbanked consumers of developing countries from their own standpoint in the marketing field (Bongomin *et al.*, 2018; 2019; Bustamante and Amaya, 2020; Kamran and Uusitalo, 2019; Koku, 2015). The findings give room to the first-hand experiences of low-income consumers of developing countries who commonly encounter exclusion and marginalization (Fisk *et al.*, 2016; Reynoso *et al.*, 2015; Rosenbaum *et al.*, 2022).

Previous studies have highlighted the importance of financial services design and its effect on the enhancement of the unbanked consumers well-being. Bustamante and Amaya (2020) found that services design has positive effects on consumers' well-being. The perceived customer support and interaction with the service provider are two key elements that positively affect trust and

customer participation. Moreover, customer participation has an important role in improving financial empowerment and thereby in customer well-being.

Bongomin *et al.* (2018) studied interaction influence of cognition in the relationship among financial literacy and the economically vulnerable consumers' financial inclusion. Their research uncovered that cognition considerably moderates the relation among financial literacy and inclusion of economically underprivileged rural population in Uganda. Cognition and financial literacy both have a direct positive influence on the low-income individuals' financial inclusion. Bongomin *et al.* (2019) also found that collective action mediates the association among financial intermediation and financial inclusion of poor consumers. Collective action and financial intermediation both have significant and direct effects on financial inclusion. Collective action increases financial intermediation for enhanced financial inclusion of low-income consumers. Kamran and Uusitalo (2019) unpacked that consumers illiteracy and poverty play a role in their exclusion from the mainstream financial services, but banks distributive, procedural and interactional unfairness impedes their financial inclusion and their unfairness source them vulnerability. The present research continues these previous studies by showing through the case of ROSCAs that there are ways to help low-income unbanked consumers utilize the services they need to manage money and attain their consumption goals. ROSCAs, as informal financial service organizations, adapt their features to certain cultural contexts. ROSCAs' inclusiveness in a certain cultural context is explained through the institutional elements of approachability, suitability, and fairness.

Managerial Implications

Access to basic financial services to the poor and vulnerable consumer groups has been promoted as an important driver of the UN Sustainable Development Goals (UN, 2017). While the developing countries low-income consumers inclusion to basic financial services is supported by this global initiative, serious challenges persist. This study suggests that transformative service research (TSR) ideas should be put into operation in implementing the findings of this study and the handful of previous studies. The first step is to provide guidance to marketers in understanding these customers' problems and design services to enhance their inclusion (Kamran and Uusitalo, 2019; Reynoso *et al.*, 2015; Rosenbaum *et al.*, 2022).

While our study focused on the cultural context of Pakistan, similar service features are likely to work in various countries of the Global South. ROSCAs have similar objectives and operate similarly in various developing countries (Bouman, 1995a, 1995b), with high rates of financial exclusion, illiteracy, and poverty. Countries in the Global South share the characteristics of collectivist cultures, which is one of the factors that make ROSCAs successful in developing countries (Sithole *et al.*, 2021). Therefore, designing better programs and policies for enhancing financial inclusion (Soetan *et al.*, 2021) and consumer well-being (Anderson *et al.*, 2013; Fisk *et al.*, 2016; Bustamante and Amaya, 2019) can be based on the regulatory, cognitive, and social aspects that underlie the operations of ROSCAs.

By understanding ROSCAs from their customers' perspective, bank managers can formulate strategies to offer transformative financial products and better provision of day-to-day banking services to economically vulnerable consumers for enhancing their inclusion and well-being.

While ROSCAs facilitate unbanked consumers' access to financial services, these informal services do not provide the certainty and stability that formal services often ensure. Providing accessible financial services, especially targeting financially excluded consumers, requires learning new ways of management. For example, previous studies have provided evidence of banks' negligence toward certain customer groups, hampering the economically vulnerable population's financial inclusion and access to financial services (Wang and Tian, 2014; Kamran and Uusitalo, 2019). Banks are advised to identify and acknowledge ROSCAs' positive institutional aspects (e.g., accessibility and suitability of services and fairness) for serving financially excluded and economically vulnerable consumers in a befitting manner. Informal financial services' institutional aspects and product characteristics suit the personal, sociocultural, and economic circumstances of the poor well (Sithole *et al.*, 2021; Sanchez-Barrios *et al.*, 2015). They facilitate formal banking services to offer more secure and reliable financial services to the unbanked. This study revealed how positive institutional mechanisms of ROSCAs enhance consumers' inclusion and ability to fulfill their everyday life goals. The bank managers can utilize these findings to design policies and financial products to enhance unbanked consumers' inclusion and well-being.

Offering digital ROSCAs

One option for banks is to offer digital ROSCAs to serve the financially excluded consumers in Pakistan and elsewhere. Presently, the digital ROSCAs are being offered by the local banks in Brazil. ROSCAs are offered as a credit product and participants bear the credit risk. The bank checks the potential members' credit worth, and if he/she lacks a stable income, the application is declined (Chepkin, 2020). The digitalization of ROSCA is in the development stage in various developing countries. To be competitive, the digital ROSCAs should be designed by comprehending the personal needs and socio-cultural circumstances of their potential members. Certain characteristics of ROSCAs cannot be replicated completely into a digital environment (e.g., constellation of individuals from similar neighborhood and reciprocal cooperation among members owing to their strong bonding and trust on one another). However, the Brazilian example shows that digitalizing ROSCAs can be a feasible solution to serve financially excluded unbanked consumers (Chepkin, 2020). Banks can offer digital ROSCAs central traits (i.e., regulatory, sociocultural, and cognitive aspects) with some alterations, as completely replicating the model into digital platforms seems impossible. Mobile phone application can be used to serve the unbanked. We offer the following suggestions to banks to make the digital ROSCAs approachable, suitable, and fair to low-income consumers.

Approachability: In 2021 there were 188.7 million mobile subscriptions registered in Pakistan (Taylor, 2023), which suggests that a vast majority of Pakistanis have access to mobile phones. Given a general lack of digital and literacy skills in the low-income strata, basic digital education (e.g., through digital app, telephone and/or at physical bank branches) can help people use digital ROSCAs. Digital ROSCAs are offered via a mobile application which is designed approachable like conventional ROSCAs. However, unlike in conventional ROSCAs, members do not personally know each other but banks as organizers monitor the risk and responsibilities of members.

Suitability: While digital ROSCAs can offer a secure source of saving money, they need to be made suitable to the personal and cultural needs of low-income consumers who might lack digital and literacy skills. Therefore, careful service design of the mobile phone apps and instructions to

use it in local languages, both in written and oral forms is crucial. Digital ROSCAs can be offered for 1 to 2 years duration and with varying number of members (e.g., 12 members in one year and 24 members in 2 years ROSCAs), with monthly instalment paid by members in each ROSCA. However, low-income consumers are highly price sensitive when it comes to paying for digital / mobile banking services (Kamran and Uusitalo, 2016a). Therefore, banks need to devise viable business models for keeping digital ROSCAs attractive to their target market. The organizer takes the first money pot in the conventional ROSCAs, which gives them potential benefit and compensates them for their time, management of ROSCAs and possible default risks. In the case of digital ROSCAs, banks (organizer) can participate in each ROSCA by contributing monthly instalments. Banks can keep the first money pot which they can invest to earn profit/ interest, and rest of the payment turns are decided through a digital lucky draw. Given the price sensitivity of unbanked low-income consumers, free membership of ROSCAs should be offered. Nevertheless, variable fees may be charged from members obtaining money from ROSCA pot before the last member. The one who obtains the money from ROSCA pot in the last turn should not be charged any fee to compensate for a potential decrease in actual value of money owing to inflation.

Fairness: As commercial entities, digital ROSCAs might find it difficult to create aspects of fairness which we found in conventional ROSCAs (i.e., equity and benevolence). Digital ROSCAs should balance their commercial and social well-being motives to attract low-income excluded consumers. It would be easier for banks to treat all members equally, but there are certain elements where it is well-founded that digital ROSCAs apply positive discrimination to assign special fairness to the low-income consumers who generally require additional support from the businesses. First, the Brazilian formal sector ROSCA example shows that if potential members lack stable income their membership application is rejected by banks (Chepkin, 2020). This can discourage a significant amount of low-income, excluded consumers use of digital ROSCAs. Many low-income individuals have a volatile income as they commonly work in informal sectors. As happened in case of some participants of this study, they sometime skip their monthly installment, but they do not default, and they pay their remaining instalment with the next instalment. Therefore, to make digital ROSCAs attractive, leniency must be shown in the event of a missing instalment, and members should be allowed to deposit missing monthly instalment with the next month instalment. Also, to avoid members to delay monthly payments habitually, banks can allow one-two delayed payments by each member in a ROSCA cycle. Likewise, conventional ROSCA members who consistently delay instalments can be banned to participate in digital ROSCAs. Finally, members can exchange their payment turns in conventional ROSCAs as they know each other, but in digital ROSCAs, it is difficult due to the lack of bonding. Banks need to find ways to imitate this characteristic of conventional ROSCAs to digital ROSCAs.

Offering new and/ or improving existing services in conventional financial institutions

First, one aspect that facilitates low-income consumers joining ROSCAs is the low barriers of entry. For example, written documentation is not demanded, which especially aids consumers with a low level of educational attainment and illiteracy (Kamran and Uusitalo, 2016a). Consequently, regulatory elements that consider the lack of skills of vulnerable customers could be utilized in service design. While opening a bank account currently requires filling out different forms, revising these policies could allow access to customers with inadequate literacy skills. Regulatory policies should consider different skill levels and overcome personal limitations.

Second, ROSCAs are easy to access because they are offered in various locations in unbanked consumers' respective neighborhoods. Overcoming the geographical barriers to banking services is an important feature that makes them attractive (Kamran and Uusitalo, 2019). As low-income consumers often have a low level of digital skills (James, 2021), banks can provide basic digital financial literacy education to the unbanked to help them adopt various branchless banking services to meet their routine banking needs (Nguyen and Mogaji, 2022).

Third, we found that those participating in ROSCAs seek to maintain social collateral and avoid possible denial of access in the future. Thus, they are committed to regularly paying their monthly installments. This opens up an avenue for a Grameen bank group lending model for those banks that do not offer group lending services to low-income consumers in Pakistan and elsewhere. This group lending model has been utilized successfully in some developing countries (Koku, 2015). This has helped financially vulnerable consumers, who otherwise cannot avail of bank loans due to their inability to provide collateral against loans (Koku and Jagpal, 2015). These examples might encourage banks to launch business models that increase their business while allowing low-income consumers to obtain access to formal loans.

Fourth, the present study highlights that members' demographic diversity is welcomed among low-income consumers and embraced in ROSCAs. Correspondingly, formal banks could encourage unbanked consumers to be included by making the provision of respectful services a central policy. By enhancing economically vulnerable consumers' access to services, they can show commitment to transformative services (Anderson *et al.*, 2013; Fisk *et al.*, 2016). They can seek to differentiate themselves from those banks that have been criticized for treating low-income consumers with disrespect and discriminating against them (Kamran and Uusitalo, 2019; Wang and Tian, 2014). This policy can justify serving the sometimes-unprofitable financially vulnerable customers with dignity and respect. Apart from offering suitable innovative services to the financially vulnerable, banks should train their staff to welcome low-income customers and deal with them respectfully in all service encounters.

Finally, banks that claim their social responsibility can learn much from low-income, unbanked consumers' evaluations of ROSCAs and develop elements of approachability, suitability, and fairness in their own operations. These elements imply that low-income consumers should be offered additional support in accessing and utilizing formal financial services. A sense of social responsibility behooves them to go beyond pursuing profitability to treating low-income consumers equally with other customers.

Conclusions

Concluding Remarks

This research filled the void in the previous knowledge by providing financially vulnerable unbanked consumers' perspectives on one form of informal financial service, namely ROSCAs. The findings suggest that consumers' usage of these informal services is facilitated by their approachability by, suitability for, and fairness to such consumers. ROSCAs' institutional pillars, that is, regulatory, sociocultural, and cognitive aspects, facilitate low-income, unbanked consumers' utilization of informal financial services. ROSCAs can thus encourage financial inclusion as the institutional aspects mitigate barriers and the experience of exclusion of unbanked consumers.

ROSCAs are physically accessible as they are situated in the neighborhoods of economically underprivileged consumers and socially approachable owing to their embracing diversity of members. Importantly, illiteracy is not a barrier to participation in ROSCAs, and consumers view the limited responsibilities of members in administrative affairs as a benefit. Second, this study showed that financially excluded consumers regarded ROSCAs as facilitating them in meeting their personal and cultural needs. Less literate and illiterate consumers are supported by the ROSCAs' unwritten rules. Third, consumers' experienced ability to gain control over money, achieve their consumption goals, and fulfill their religious needs were major financial issues for low-income, unbanked consumers. These issues were accommodated by the suitability of ROSCAs to financially excluded consumers. Lastly, ROSCA members accommodated each other by making different adjustments in their money payment turns in the event of a member's urgent economic needs. This fairness aspect of ROSCAs encourages members to treat everyone equally and embraces equity.

This study illustrates how low-income, unbanked consumers experience their personal, social, and financial needs being fulfilled while they participate in ROSCAs. Although the institutional characteristics of ROSCAs make them successful in helping low-income, unbanked consumers utilize financial services, these informal financial services do not fully substitute formal financial services. Based on the findings, we infer that formal financial services institutions can enhance the financial inclusion and well-being of the unbanked in developing countries by adopting the institutional pillars highlighted in this study to design and offer transformative financial services. These services should align with low-income consumers' personal, social, and financial needs.

To conclude, the present study highlighted a dire need for accessible financial services for low-income, unbanked consumers in developing countries to save money and manage their necessary consumption goals. The ability to save facilitates financial planning and the use of one's scant financial resources to enhance one's well-being. Institutional features of organizations offering informal financial services, such as ROSCAs, provide a model of an accessible saving avenue for financially excluded consumers. Banks are advised to adopt these institutional pillars to help design and offer banking services that enhance customers' financial inclusion and well-being.

Limitations and Agenda for Future Research

The present study has some limitations that open avenues for future research. This research was carried out in a collectivistic culture, and cultural values have a strong influence on ROSCA members' behavior and ROSCAs' organizational functioning. The findings may not apply to individualistic cultural settings. ROSCAs also operate in some individualist societies, e.g., South Africa (Bouman, 1995a). Future research could explore ROSCA customers (e.g., unbanked consumers) or organizational perspectives (i.e., ROSCA organizers) to understand how ROSCAs could promote inclusivity in individualistic cultures. Second, this research explored consumers' perspectives on ROSCAs and found that their institutional aspects perpetuate the inclusion of low-income, unbanked consumers in informal services. The scope of this study was only limited to exploring the ROSCAs' role in facilitating the financial inclusion of low-income, unbanked consumers. However, the findings also hint that different actors in ROSCAs are involved in value co-creation, such as member-to-member cooperation during difficult economic times by replacing payment turns. Future studies could investigate deeper the role of these aspects in value co-creation at different levels: ROSCA organizers or service providers to customers, customer to customer,

and customer to service providers. Third, this study focused only on low-income consumers in a developing country setting. However, affluent consumers in several developing countries also participate in ROSCAs. It is worthwhile to investigate affluent consumers' motives for using informal services and their experienced benefits from them. Fourth, this study did not incorporate informal service providers' perspectives (i.e., ROSCA organizers), but future studies could investigate service providers (organizers) from different angles, such as the inclusivity of ROSCAs and their motivations and experiences of initiating and organizing ROSCAs. Fifth, this study was conducted before the coronavirus disease 2019 outbreak. Because the pandemic has affected consumers' finances and the possibilities of using bank services, future studies need to carefully consider its effects. Five, this study provided valuable insights into the first-hand experiences of a small sample of low-income, unbanked consumers. Broader evidence is needed to understand the roles of various demographic factors in explaining participation in ROSCAs and finding regularities in how the ROSCA elements are connected to the demographic antecedents on the one hand and to the consequences for consumer experienced inclusion and well-being on the other hand. Therefore, future research could use a survey method with large samples. Finally, although collected during 2014-2019, the data is still relevant because ROSCAs are prevalent and operate in a similar fashion in Pakistan (Frost, 2023) and in other developing countries (Sithole *et al.*, 2021). This research examined consumers' perceptions and experiences of ROSCAs characteristics, and not the participants' lives as such. According to the Global Findex Database, the financial inclusion rate in Pakistan (Demirguc-Kunt *et al.*, 2015; Demirgüç-Kunt *et al.*, 2022) and access to formal credit have not changed much in the last decade (Kironget, 2014; World Bank, 2021). A recent figure shows that 41% of the Pakistani have participated in ROSCAs (Frost, 2023). Serving a huge financially excluded population may not be possible through physical and conventional banking channels alone. The digital banking can help in enhancing inclusion of the financially vulnerable individuals in Pakistan, but a vast majority of them fail to benefit from digital services (Demirgüç-Kunt *et al.*, 2018). Therefore, it is imperative to understand low-income excluded consumers' preferences while designing the digital banking services. Future research should provide in-depth understanding of low-income consumers' viewpoints regarding different aspects of transformative digital banking services. Knowledge on this topic continues to be valuable for banks to design innovative services that closely coincide the needs of financially vulnerable consumers.

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