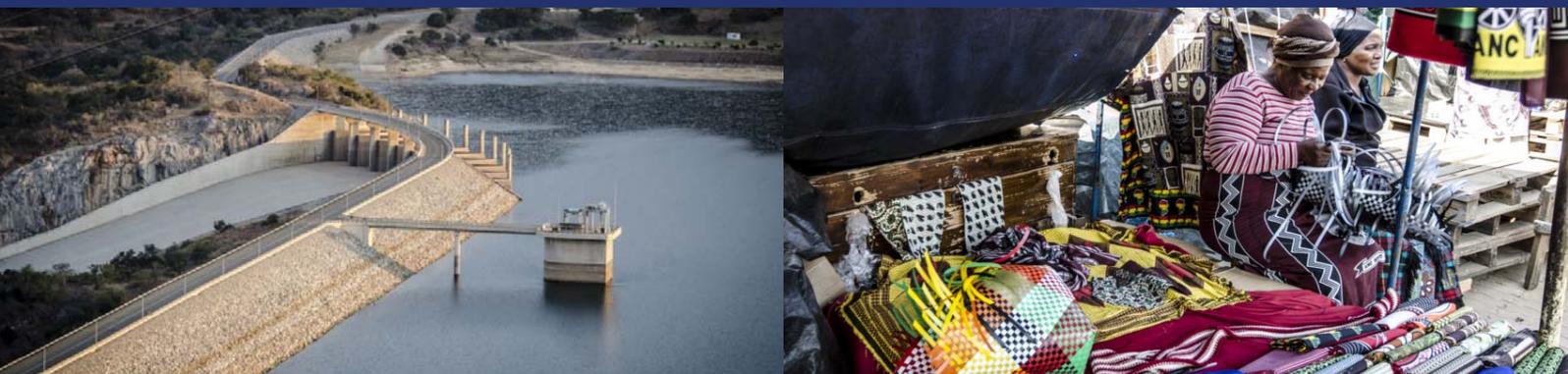


# FinScope Consumer Survey Swaziland 2014



Swaziland Government



Making financial markets work for the poor

## Introduction

The Government of Swaziland recognises the significant contribution of the financial services sector towards the overall economic and private sector growth. Financial institutions are challenged by the changing macro-economic contexts which require their transformation if they are to remain viable and sustainable.

The Ministry of Finance established the Micro-Finance Unit (MFU) in September 2010 to facilitate the development and sustainability of the microfinance sector in the country. This should enable the sector to continue to effectively contribute to the development of rural communities. The objective of the MFU is to facilitate the provision of efficient and effective financial services on a sustainable basis; the development of an enabling and enhanced environment for business development in rural areas; and the establishment of micro- and small-scale enterprises as well as business services in rural areas.

The FinScope Surveys in Swaziland not only enabled the assessment of the landscape of financial access, but also provided a benchmark for repeat surveys that will enable the impact of access related policy interventions to be assessed. This brochure summarises the findings of the 2014 FinScope Consumer Survey and, as such, will address the information needs that would enable the Government of Swaziland to develop and monitor evidence-based policies and regulations which will help extend the reach of financial services in Swaziland.

FinMark Trust developed the FinScope Survey as a research tool to assess financial access in a country and to identify the constraints that prevent financial service providers to reach the financially un-served and under-served. The FinScope Survey is a nationally representative survey of how individuals source their incomes, and how they manage their financial lives. It is a consumer perception study and provides insight into attitudes and perceptions regarding financial products and services. Respondents are not asked to provide proof of accounts held, and figures are not based on supply-side numbers provided by financial institutions or regulatory authorities. To date, FinScope Consumer Surveys have been conducted in 19 countries.

## Objectives

The FinScope Consumer Survey has the following objectives:

- To measure the levels of financial inclusion (i.e. the proportion of the population using financial products and services – both formal and informal)
- To describe the landscape of access (i.e. the type of products and services used by financially included individuals)
- To identify the drivers of, and barriers to the usage of financial products and services
- To compare survey results with the first FinScope Consumer Survey in Swaziland (2011) and to provide an assessment of changes and reasons thereof (including possible impacts of previous interventions to enhance access)
- To stimulate evidence-based dialogue that will ultimately lead to effective public and private sector interventions in order to increase and deepen financial inclusion strategies

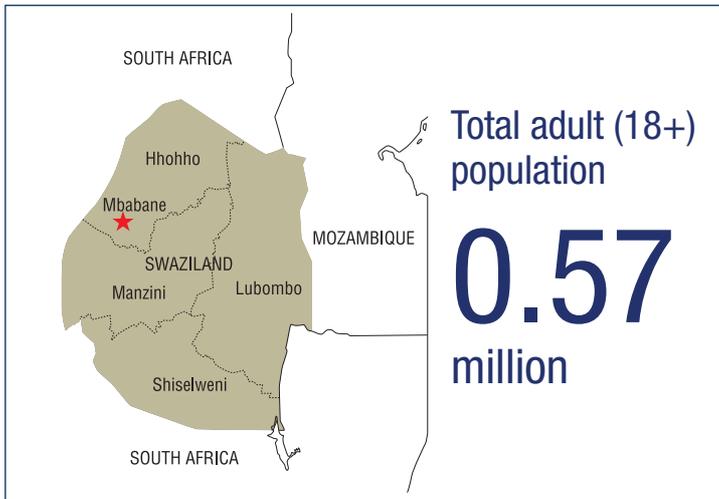
## Partnering for a common purpose

FinScope Swaziland is designed to involve a range of stakeholders engaging in a comprehensive consultation process, thereby enriching the survey and ensuring appropriateness and buy-in. Initiated by FinMark Trust in association with the Micro-Finance Unit, the FinScope Swaziland 2014 survey was conducted by the Central Statistical Office of Swaziland (CSO), with technical assistance from FinMark Trust.

## Methodology

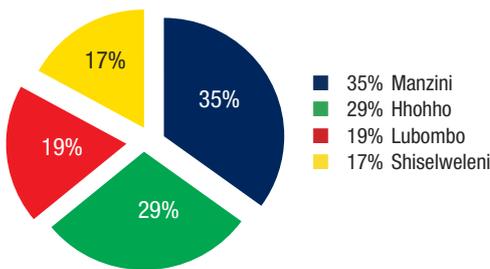
A total of 3440 face-to-face interviews were conducted by CSO. The weighting of the data was conducted by CSO. The sample is representative on national, urban/rural and regional levels.

## Understanding the lives of Swazis

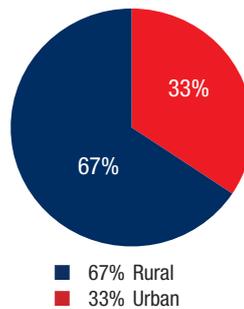


- 67%** reside in rural areas
- 37%** are under 30 years of age
- 63%** have secondary education or greater
- 68%** personally earn SZL2000 or less per month (1 USD = SZL11)
- 1 in 3 adults depend on someone else for money
- 24%** only receive a regular salary

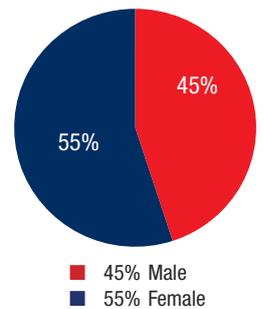
### Regions



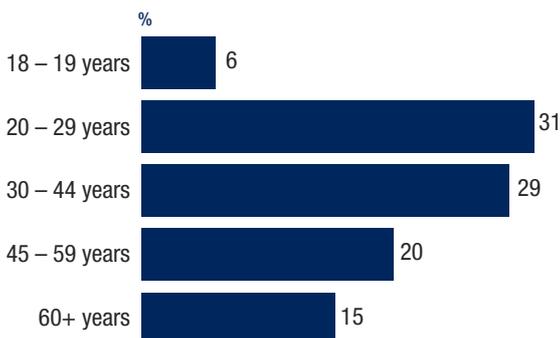
### Urban/rural



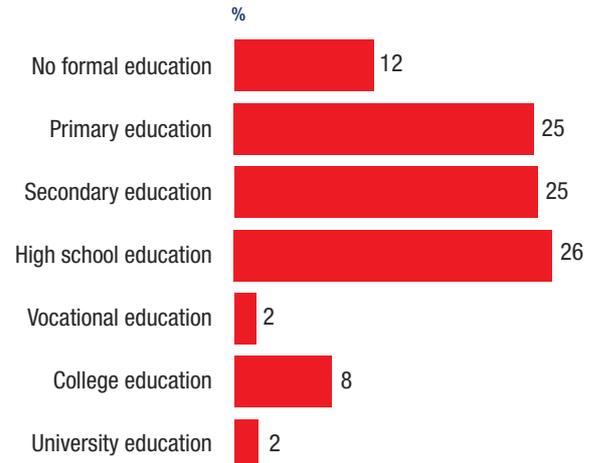
### Gender



### Age



### Education



# Understanding the lives of adult Swazis

## Access to infrastructure



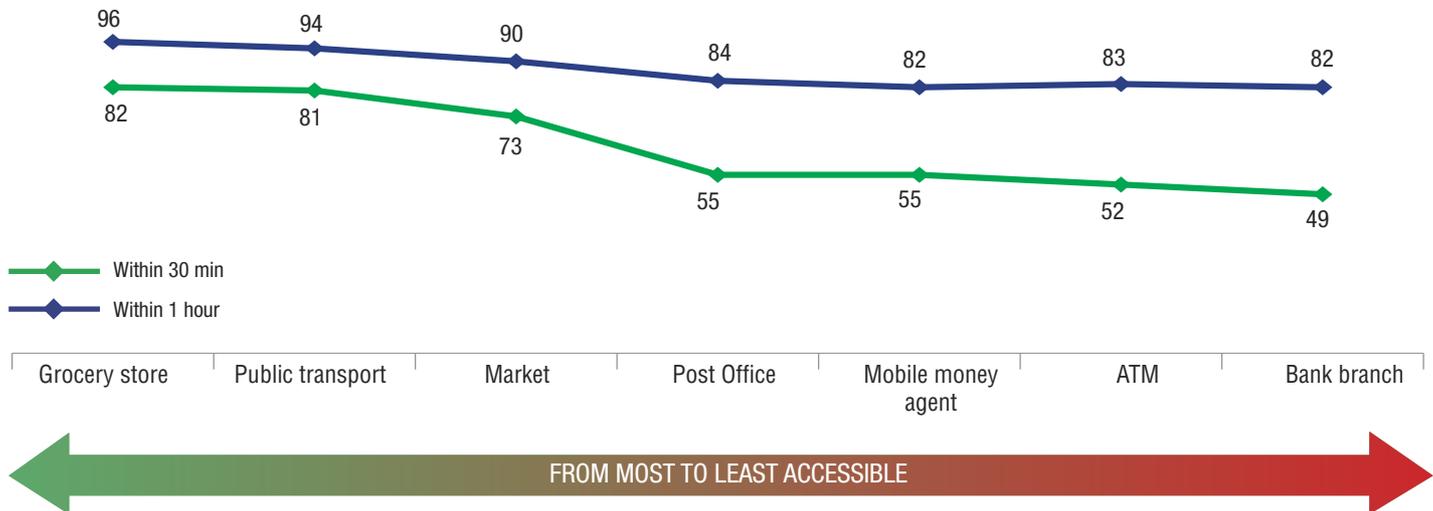
Number of individuals with access to piped water (inside dwelling compound)



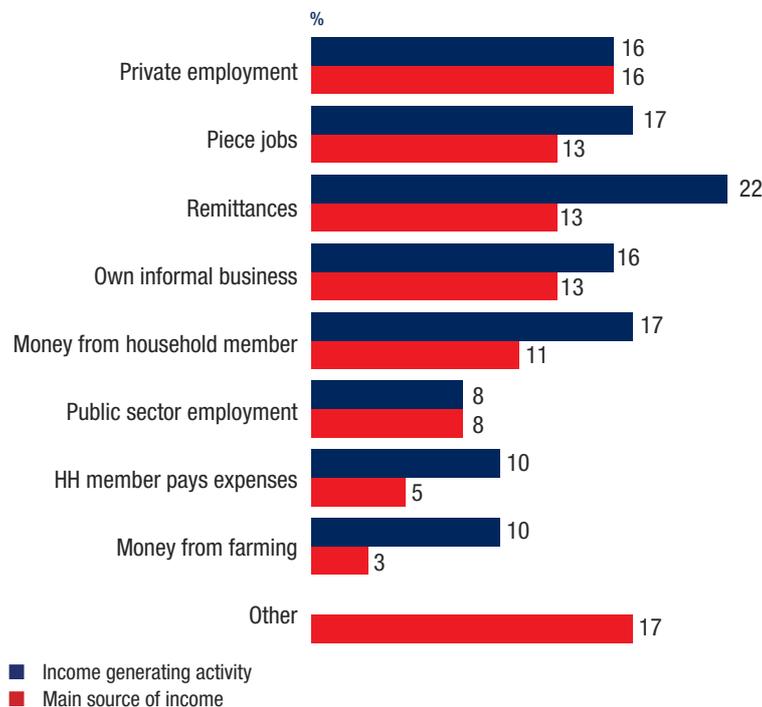
Number of individuals with electricity (for cooking or lighting)



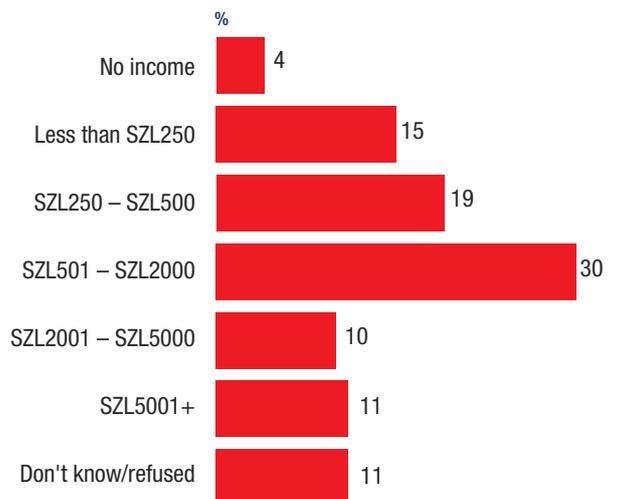
## Access to facilities



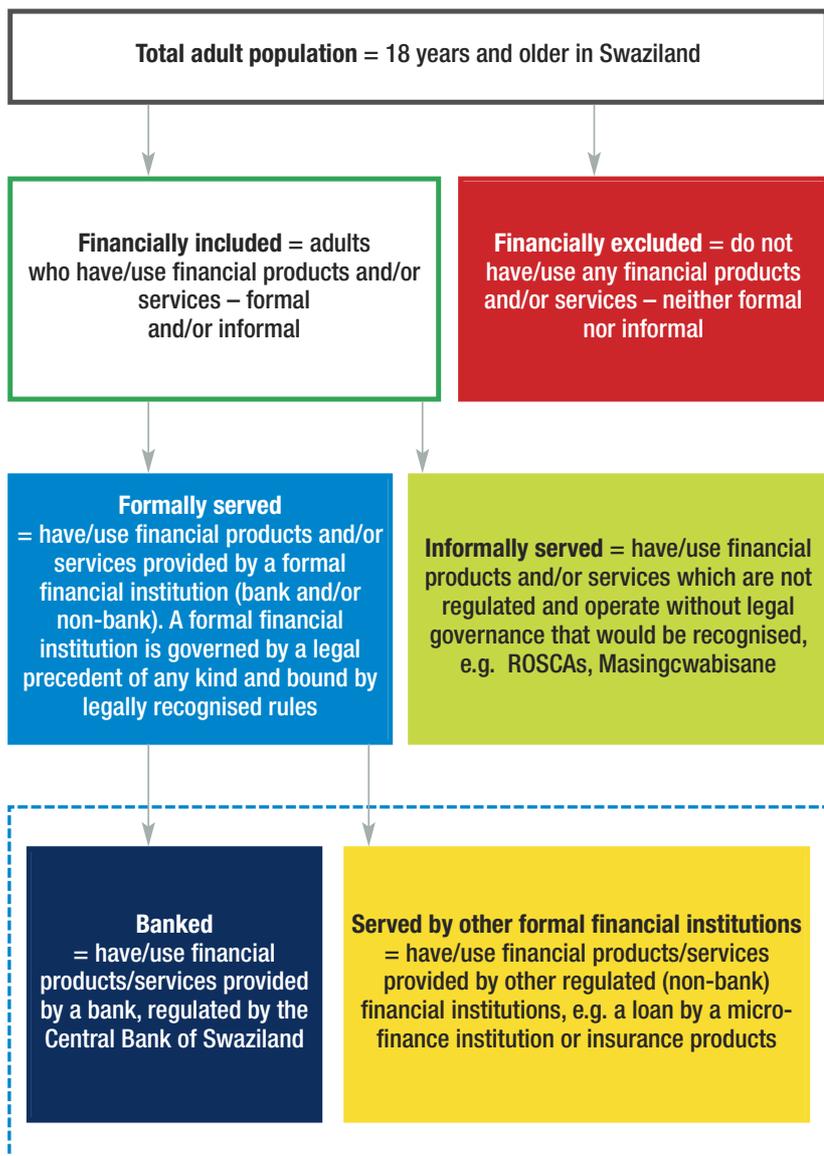
## Income generating activities



## Personal monthly income [%] (US\$1 = SZL11)

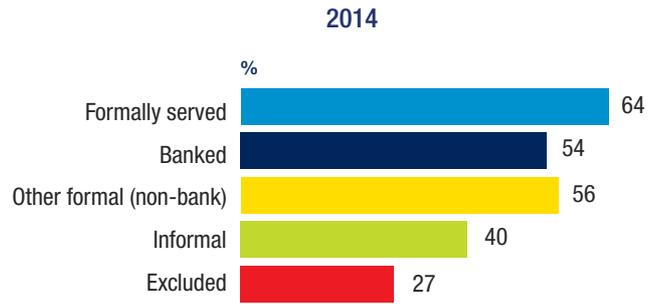
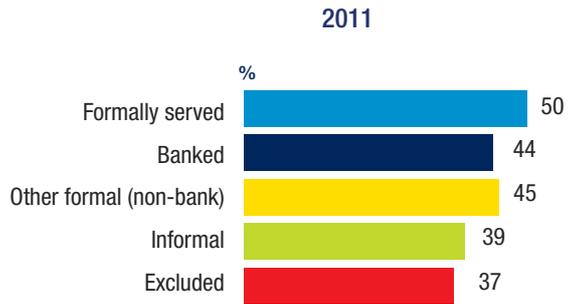


## Analytical framework

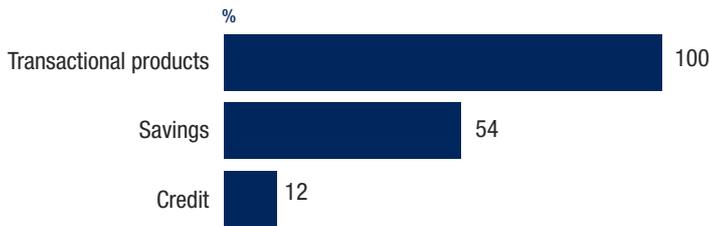


# Overview

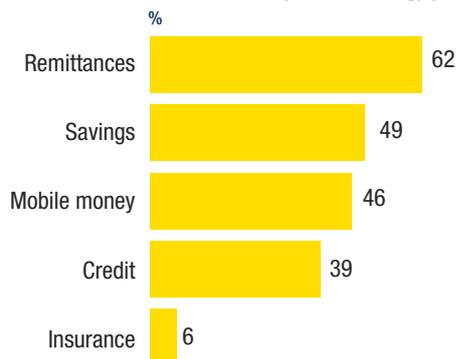
- 64% of adults (18 years and older) are formally served, including both banked and other formal (non-bank) financial products/services [= increased considerably, 50% in 2011]
- 54% are banked [= increased significantly, 44% in 2011]
- 56% have/use other formal (non-bank) products/services [= increased, 45% in 2011]
- 40% have/use informal mechanisms to manage their finances [remained stable 39% in 2011]
- 27% have/use no financial products/services to manage their finances. If they save, they keep their money at home, and if they borrow they only rely on family and friends [= decreased, 37% in 2011]



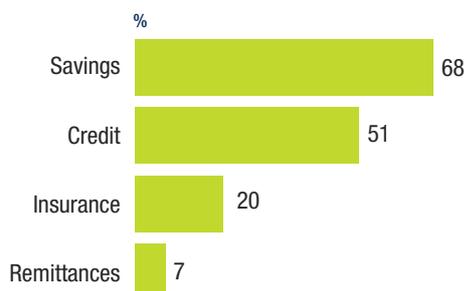
## What drives banking?



## What drives the use of other formal (non-banking) products?



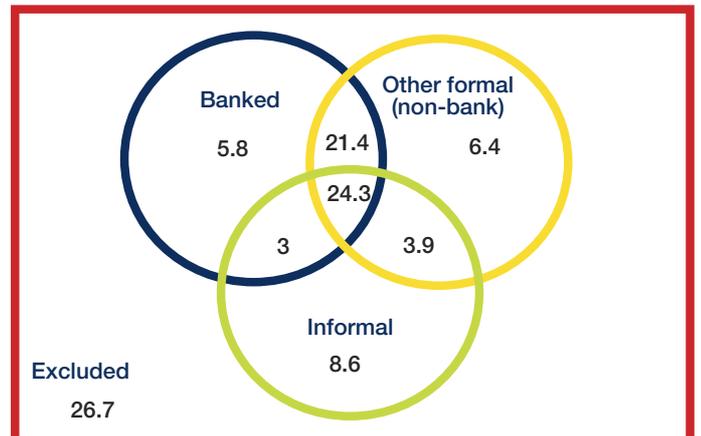
## What drives the use of informal products?



## Overlaps

Consumers generally use a combination of financial products and services to meet their financial needs – someone could have a bank account and also belong to a burial society.

- Only 6% of adults rely exclusively on banking services
- 24% use a combination of bank, other formal (non-bank) and informal mechanisms to manage their financial needs, thus indicating that their needs are not fully met by the one sector alone
- 9% of the adult population only rely on informal mechanisms such as ROSCAs and shylocks to save or borrow money

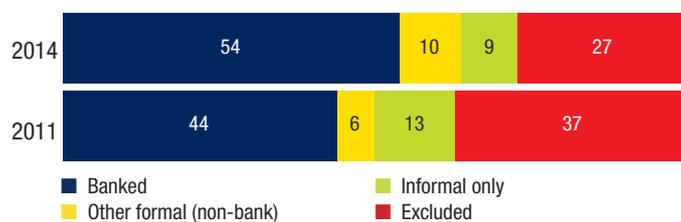


## Access Strand

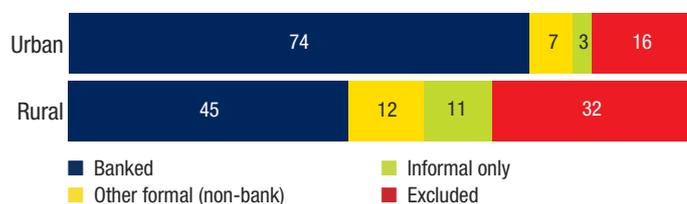
In constructing this strand, the overlaps in financial products/services usage are removed, resulting in the following segments:

- Financially excluded adults, i.e. they do not use any financial products/services – neither formal nor informal – to manage their financial lives (27%)
- Adults who have/use informal mechanisms only but NO formal products/services (9%)
- Adults who have/use formal non-bank products/services but NO commercial bank products (10%) – they might also have/use informal mechanisms
- Adults who have/use commercial bank products/services (54%) – they might also have/use other formal and/or informal mechanisms

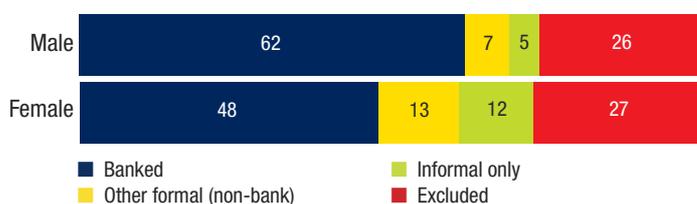
### Overall Access Strand comparison



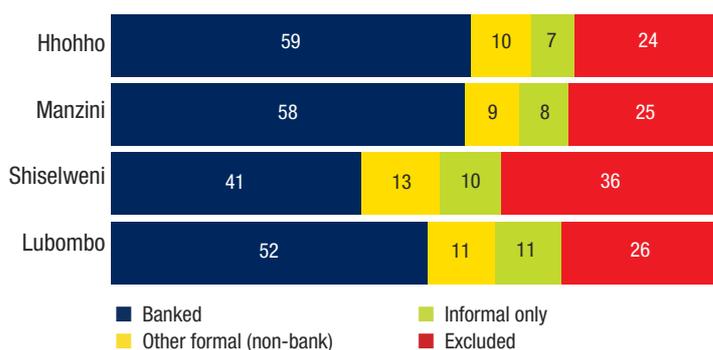
### Access Strand by location



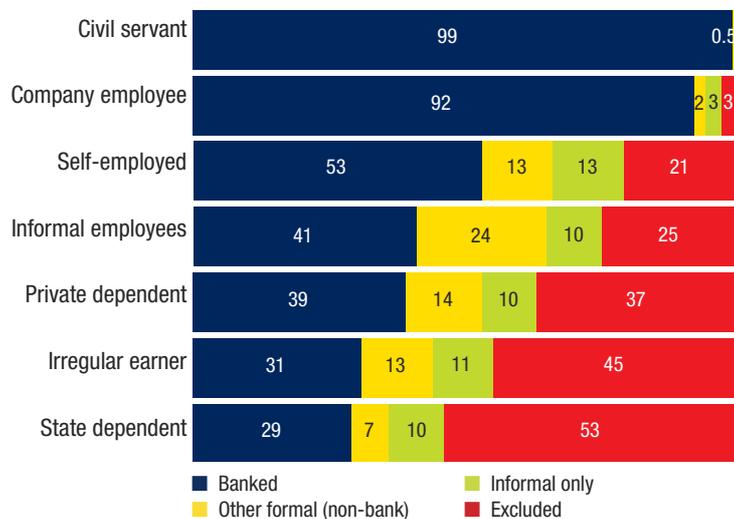
### Access Strand by gender



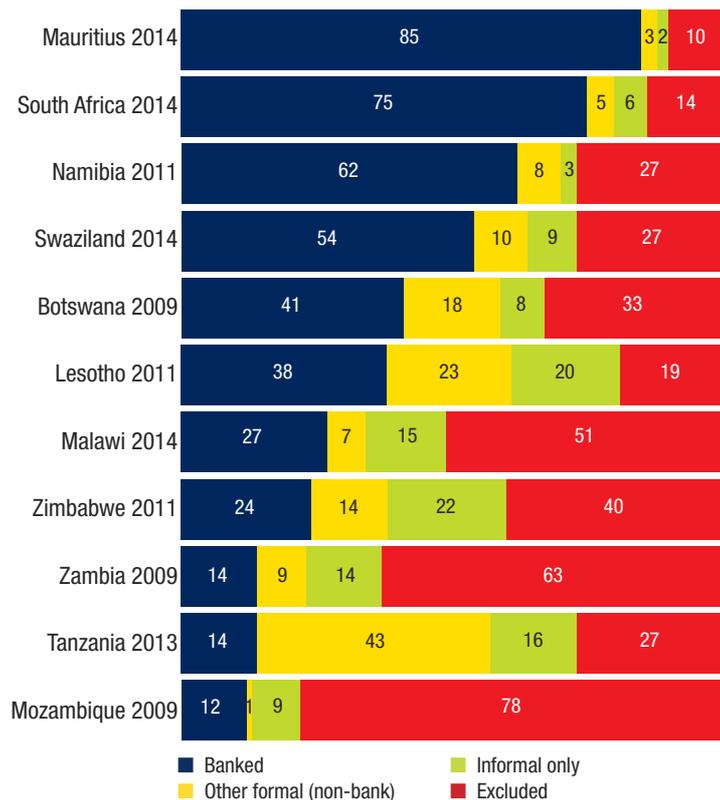
### Access Strand by region



### Access Strand by source of income category



### Access Strand across the SADC region



### Key findings

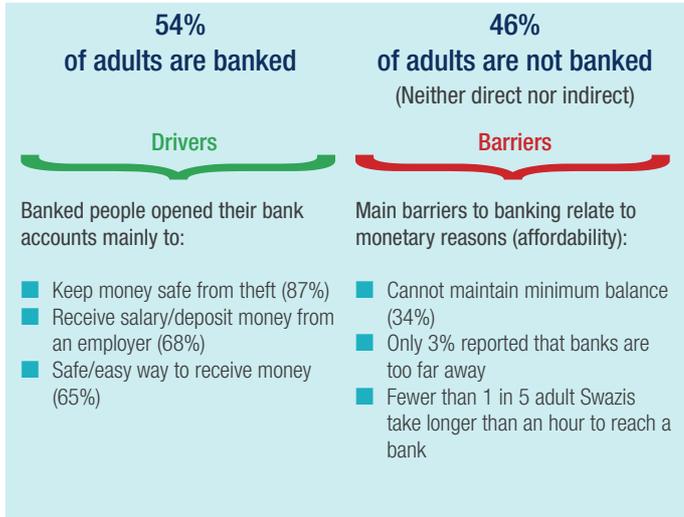
Comparing the Access Strand by location, gender, and sources of income reveals that levels of financial inclusion (including product uptake of both formal and informal products/services) are higher:

- Among adults residing in urban areas (84%) compared to adults residing in rural areas (68%)
- Among civil servants (99%), compared to adults with other main income sources which are more irregular in nature (55%) or dependant on others (63%)

# Banking

## Banking status

- The banked population has increased since 2011 – from 44% (about 234 000) in 2011 to 54% (about 308 000) in 2014
- Banking is largely driven by transactional products/services



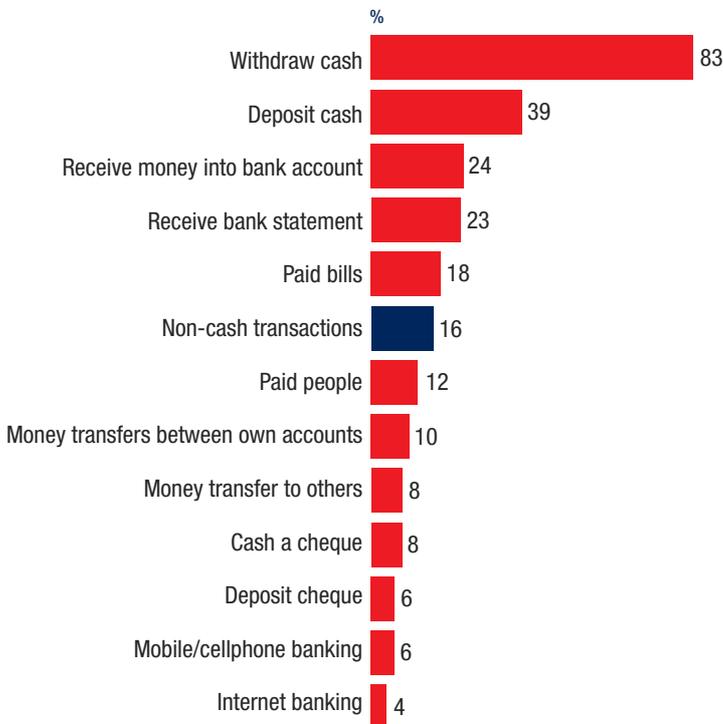
## How many adults (18 years or older) are banked?

	2011	%		2014	%
No. of banked adults in Swaziland	234 421	44		307 686	54
No. of previously banked adults in Swaziland	37 901	7		33 144	6
No. of never banked adults in Swaziland	261 306	49		224 213	40
No. of unbanked adults in Swaziland	299 207	56		257 357	46
Total adult population size	533 628			565 043	

Banking figures improved, mainly due to an increased uptake of:

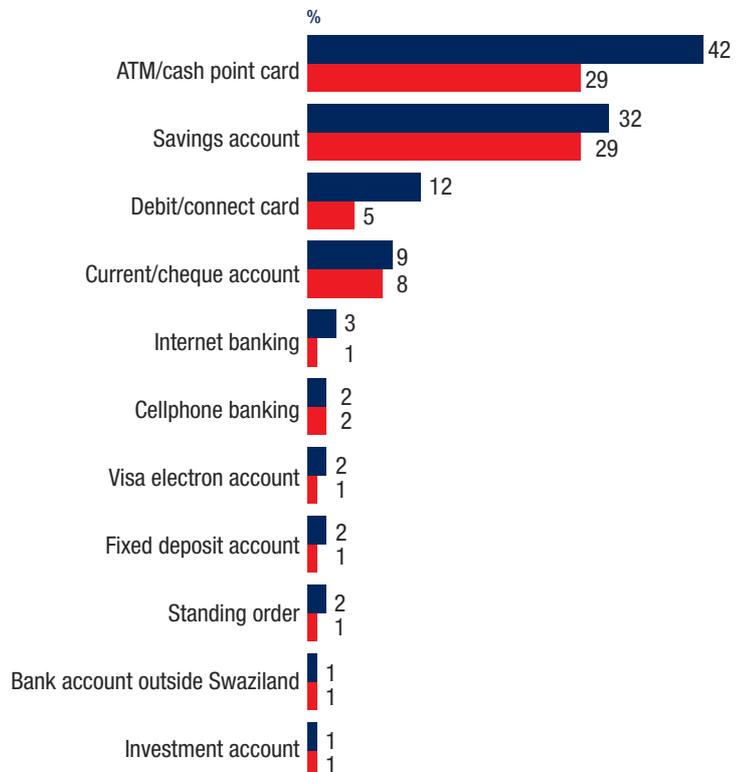
- ATM/cash point card: 156 000 in 2011 to 238 000 in 2014

## Banking transactions: What have banked people done in the past 3 months?

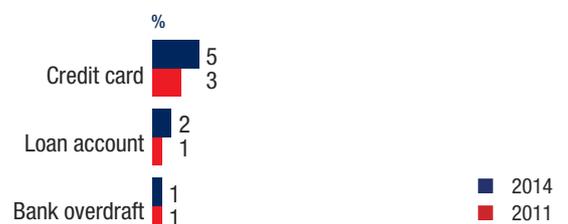


Note that non-cash transactions are very low

## Banking: Where is the growth?

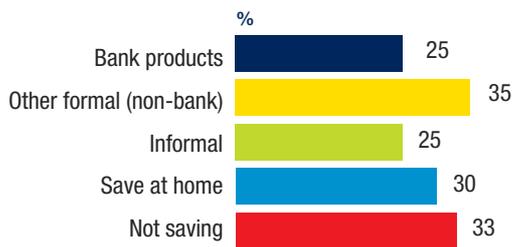


## Credit products

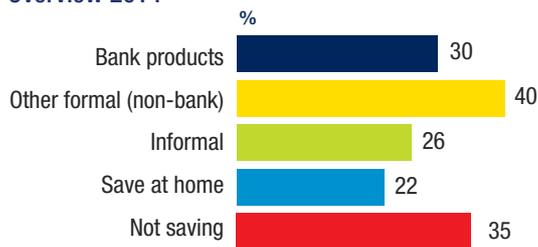


## Savings and investments

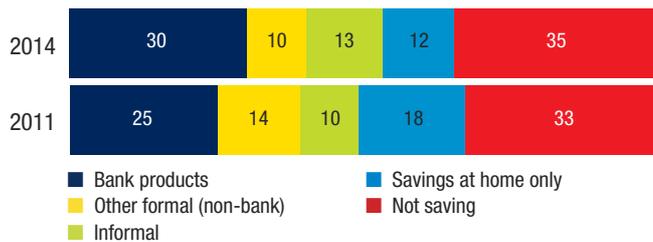
### Overview 2011



### Overview 2014



### Savings Strand overview



In constructing this strand, the overlaps in savings product/services usage are removed:

- 35% of adults in Swaziland do not save [= increased, 33% in 2011]
- 12% keep all their savings at home, i.e. they do not have/use formal or informal savings products or mechanisms [= decreased significantly, 18% in 2011]
- 13% only rely on informal mechanisms such as savings groups (they might also save at home, but they do not have/use any formal savings products) [= increased, 10% in 2011]
- 10% have/use other formal non-bank savings products (they might also have/use informal savings mechanisms and/or save at home, but they do not have/use savings products from a commercial bank) [=decreased, 14% in 2011]
- 30% have/use savings products from a commercial bank (they might also have/use other formal and/or informal mechanisms, and/or save at home) [= increased, 25% in 2011]

#### 65% of adults save

(mainly at home/secret place)

##### Drivers

Swazis mainly save:

- To cover living expenses (56%)
- Medical expenses (26%)
- Other emergencies (22%)

#### 35% of adults do not save

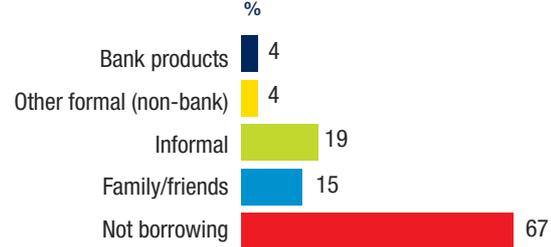
Swazis do not save money mainly due to lack of means:

- No money left after living expenses (67%)
- Don't have a job (36%)

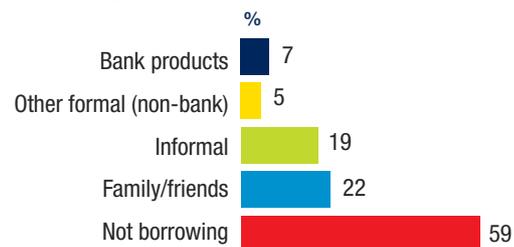
##### Barriers

## Borrowing and credit

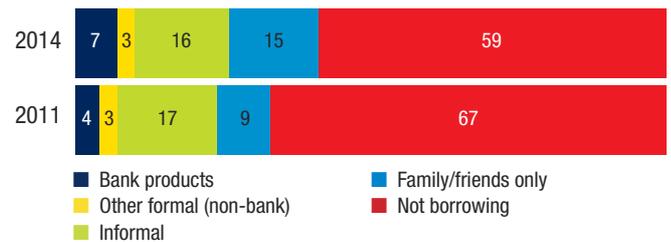
### Overview 2011



### Overview 2014



### Credit Strand overview



In constructing this strand, the overlaps in credit/loan product/services usage are removed:

- 59% of adults in Swaziland claimed that they did not borrow or took goods on credit in the past 12 months [= decreased, 67% in 2011]
- 15% only rely on friends and family, i.e. they do not have/use any credit products (neither formal nor informal) [= increased, 9% in 2011]
- 16% rely on informal mechanisms such as ROSCAs (they might also borrow from friends and family, but they do not have any formal credit products) [= unchanged, 17% in 2011]
- 3% have/use formal non-bank credit products (they might also have/use informal mechanisms, but they do not have/use credit products from a commercial bank) [=unchanged, 3% in 2011]
- 7% have/use credit/loan products from a commercial bank (they might also have/use other formal and/or informal mechanisms, or borrow from friends and family) [=increased, 4% in 2011]

#### 41% of adults borrow

(mainly from informal sources, family and friends)

##### Drivers

Similar to the reasons for savings, Swazis mainly borrow to pay for:

- Living expenses (31%)
- Education/school fees (20%)

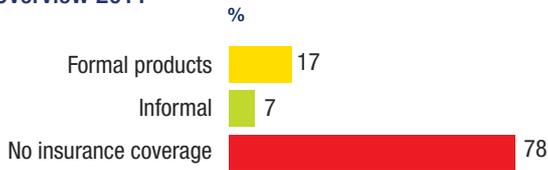
#### 59% of adults do not borrow

Swazis do not borrow mainly due to:

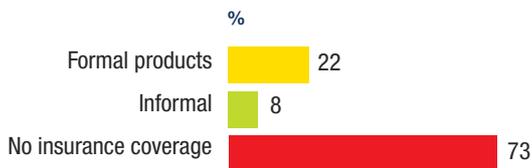
- Fear of debts (43%)
- Inability to pay back money (37%)

# Insurance and risk management

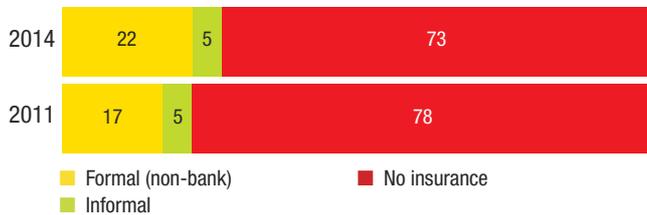
## Overview 2011



## Overview 2014



## Insurance Strand



- 27% of adults in Swaziland do not have any kind of financial product covering risk
- Insurance is driven by funeral insurance with 24% of Swazis having some form of funeral insurance (19% formally and a further 5% informally)

10% of individuals are from households that experienced 1 or more deaths in the past year prior to the survey

### 27% of adults have insurance

#### Drivers

Product uptake is driven by:

- Funeral insurance 19%
- Masingcwabisane 8%
- Life insurance 4%
- Medical insurance 4%
- Motor vehicle insurance 4%

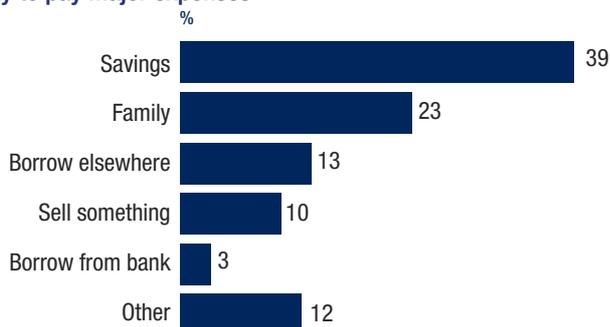
### 73% of adults do not have insurance

#### Barriers

Main barriers to the uptake of insurance relate to:

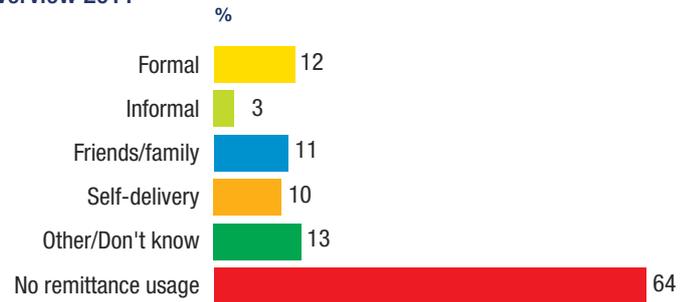
- Lack of awareness/knowledge (don't know/never thought/heard about it)
- Affordability (job/income)
- Other ways to protect against future problems

## Main way to pay major expenses

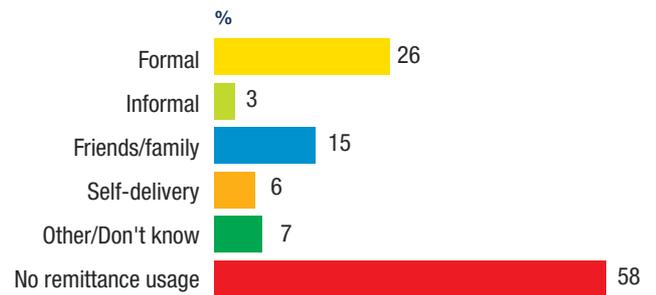


# Remittances

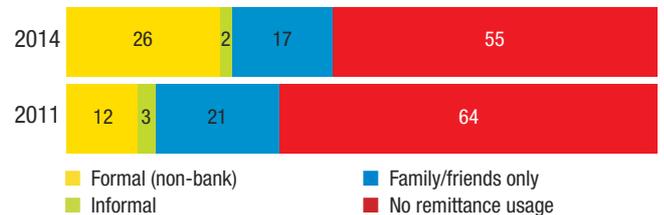
## Overview 2011



## Overview 2014



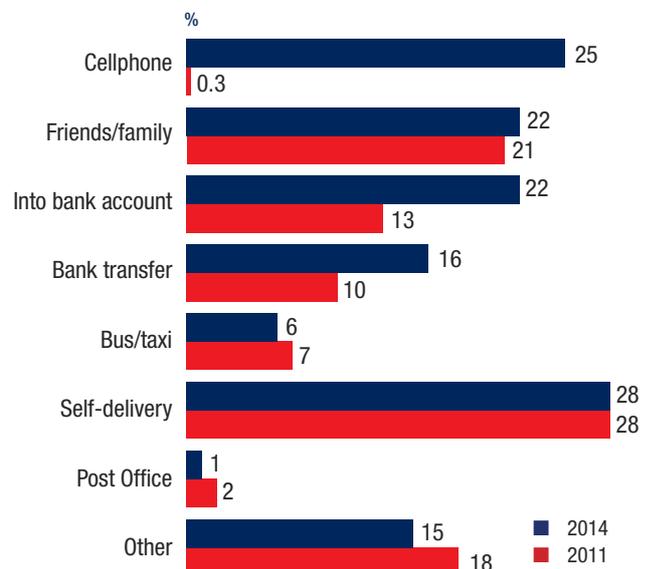
## Remittances Strand



## Incidence of remittances

- 45% (increased from 36% in 2011) of adults in Swaziland either sent or received money to or from family members, parents, and children usually on a monthly basis

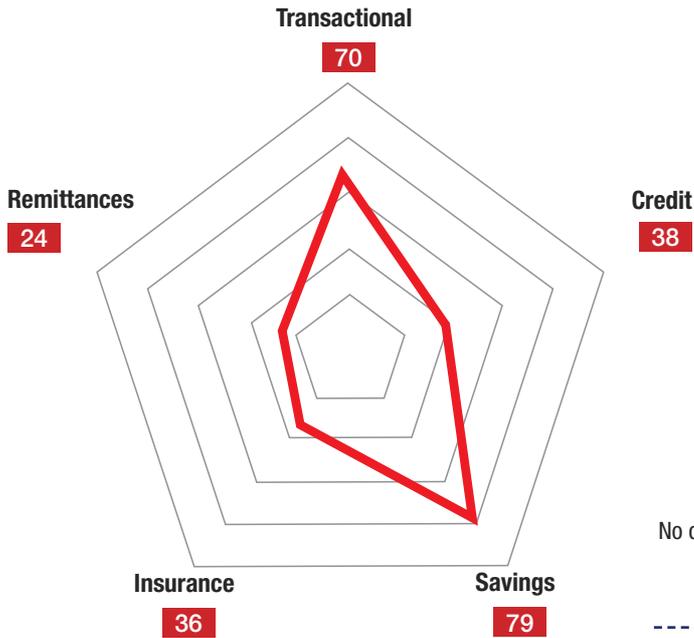
## Payment channels use to send and receive money



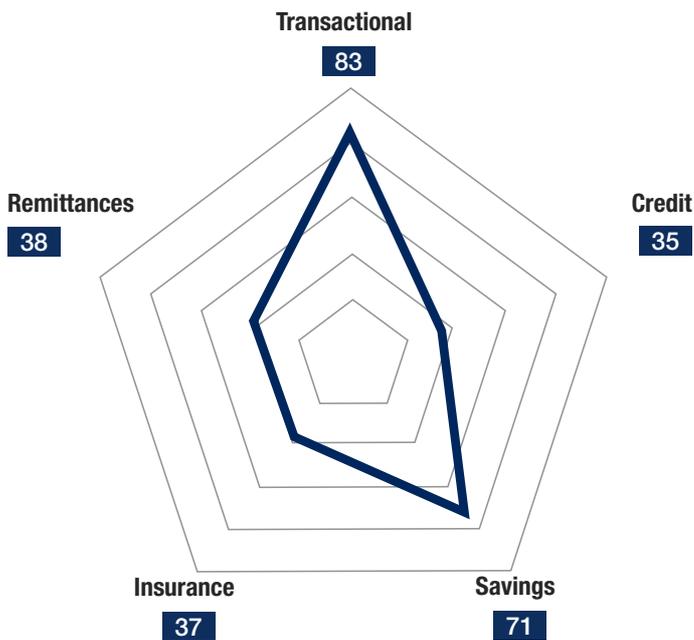
## Landscape of Access

The Landscape of Access is used to illustrate the extent to which financially included individuals have/use financial products/services (excluding those borrowing from family/friends and those who save at home/hiding in secret place).

2011

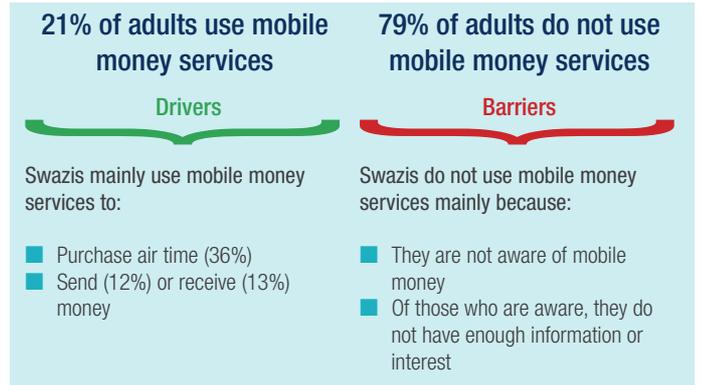


2014



## Mobile money

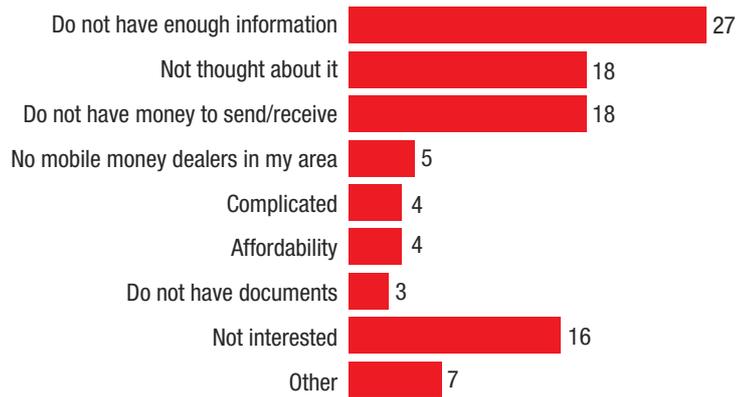
- About 96% of adults in Swaziland have access to cellphones
- 83% know about mobile money, but only 21% (117 000) actually use it. This compares to roughly 200 000 registered and an active (past 30 days) user base of 70 000



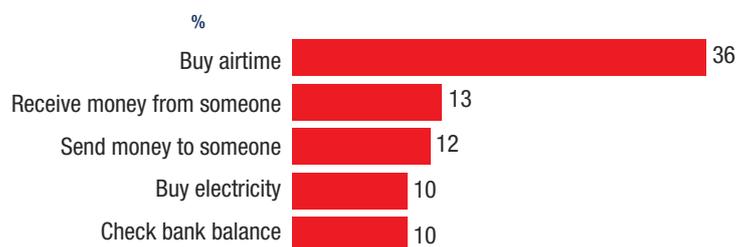
### Mobile money awareness, use and reasons for not using



■ 62% of Swazis are aware of mobile money but do not use it



### Mobile money user transactions



## Summary

- Improvements in access to infrastructure:
  - Access to piped water increased from 41% in 2011 to 49% in 2014
  - Access to electricity (for cooking or lighting) increased from 49% to 64%
  - 66% of households are involved in farming
- 1 in 3 adults are dependent on someone else for money
- Financial inclusion increased by 10 percentage points from 63% (2011) to 73% (2014) mainly due to the increase in the formally served
- The challenge for financial inclusion is presented by people living in rural areas, informal earners and those who depend on others
- Swazis are more likely to save (65%) than to borrow money (41%), despite low levels of income with 68% earning SZL2 000 or less per month (1 USD = SZL11)
- Low income means vulnerability to financial shocks and limited demands for financial services
- Swazis save and borrow for similar reasons: living expenses, farming and medical expenses
- Remittances: those who do remit increased by 9 percentage points from 36% to 45% (led by banking and mobile money). Those remitting using formal channels increased from 12% in 2011 to 26% in 2014
- Although 83% know about mobile money, only 21% actually use it
- Insurance cover for non-funeral events and risks are low with reliance on savings or family when such financial difficulties take place

### Key reasons for financial exclusion:

- Lack of income and affordability of financial products/services
- Lack of awareness of financial products (especially insurance and mobile money)

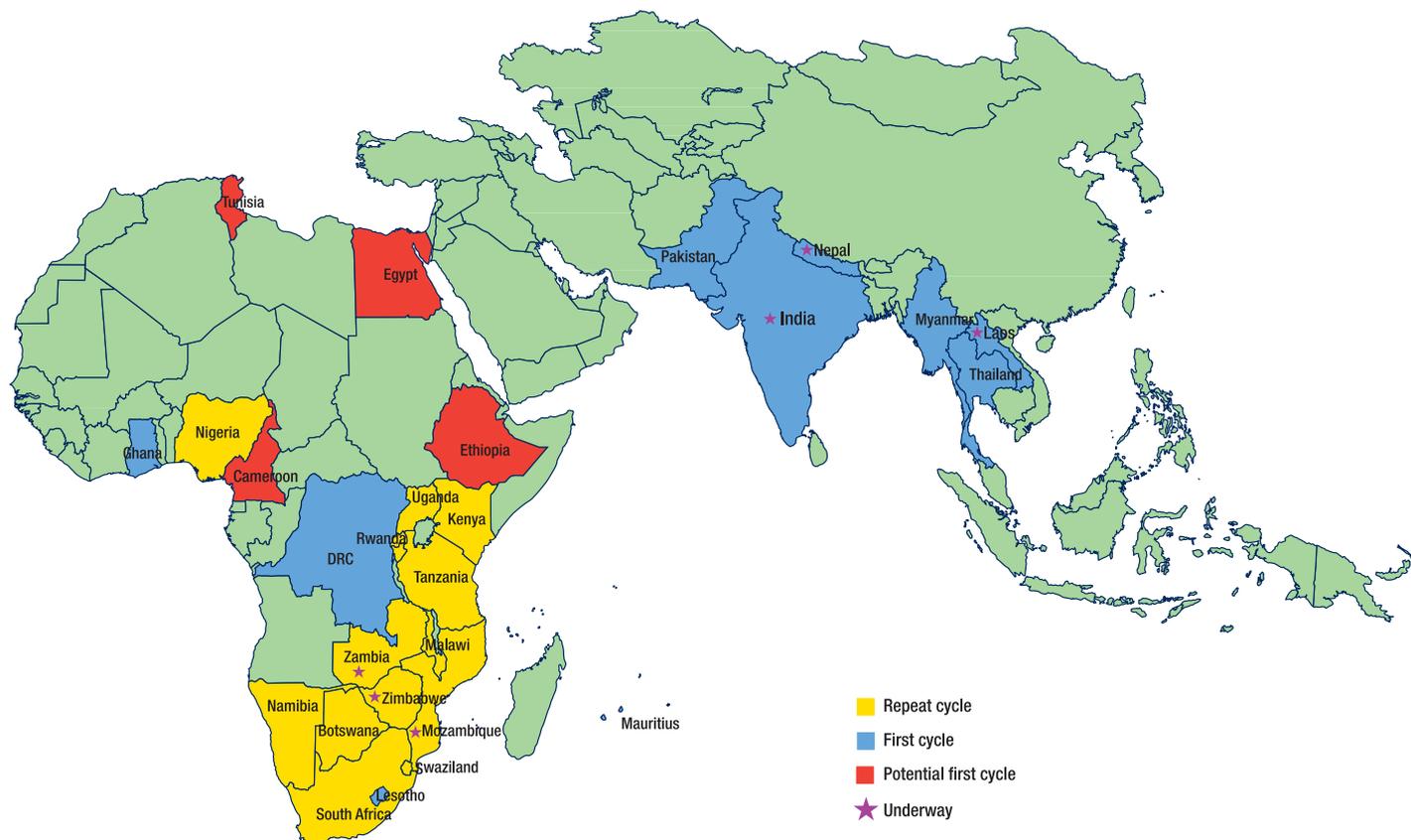
FinScope Swaziland 2014 showed that there have been a number of improvements compared to 2011, including the following:

Category	Changes (2011 to 2014)	Drivers	Barriers
Banking	Increased by 10 percentage points From 44% to 54%	To keep money safe	Affordability: Low/insufficient income
Savings and investments	Decreased by 2 percentage points From 67% to 65% (mainly due to decrease in those who save at home)	Saving for living expenses and medical	Affordability: Low/insufficient income
Borrowing and credit	Increased by 8 percentage points From 33% to 41%	Borrowing for living expenses, developmental purposes (farming, business, education and medical)	Fear of indebtedness/inability to pay it back
Insurance and risk management	Increased from 22% to 27%	Mainly life, medical and motor insurance Illness = main risk and most costly	Lack of awareness/knowledge Affordability

## FinScope footprint

FinScope Consumer Surveys have been completed in 19 countries. This allows for cross-country comparison and sharing of findings which are key in assisting on-going growth and strengthening the development of financial markets. Surveys are currently underway in 6 countries – 3 in SADC and 3 in Asia.

FinScope Swaziland 2014 contains a wealth of data based on a nationally representative sample of the adult population of Swaziland.



## Contact

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[www.finscope.co.za](http://www.finscope.co.za)

FinMark Trust, an independent trust based in Johannesburg, South Africa, was established in 2002, and is funded primarily by UKaid from the Department for International Development (DFID) through its Southern Africa office. FinMark Trust's purpose is 'Making financial markets work for the poor, by promoting financial inclusion and regional financial integration'. This is done by promoting and supporting financial inclusion, regional financial integration, as well as institutional and organisational development, in order to increase access to financial services for the un-served and under-served. In order to achieve this, FinMark Trust commissions research to identify the systemic constraints that prevent financial markets from reaching out to these consumers and by advocating for change on the basis of research findings. Thus, FinMark Trust developed the FinScope tool, including both the FinScope MSME Survey and the FinScope Consumer Survey.