

# FinScope Consumer Survey Zimbabwe 2014



**Launch Presentation**  
**16 February 2014**

## 1. Overview

2. Understanding people's lives: Have people's lives changed?
3. Financial capability
4. **Financial inclusion overview:** Access Strands, total product uptake, Landscape of Access – what has changed since 2011?
5. **Banking:** Has it increased?
6. **Savings and investments:** Do people manage to save/invest?
7. **Borrowing and credit:** Has the usage in credit increased?
8. **Insurance and risk management:** Did medical insurance retain its importance?
9. **Remittances:** Who is sending/receiving money?
10. **Mobile money**
11. **Financial Inclusion Priorities**

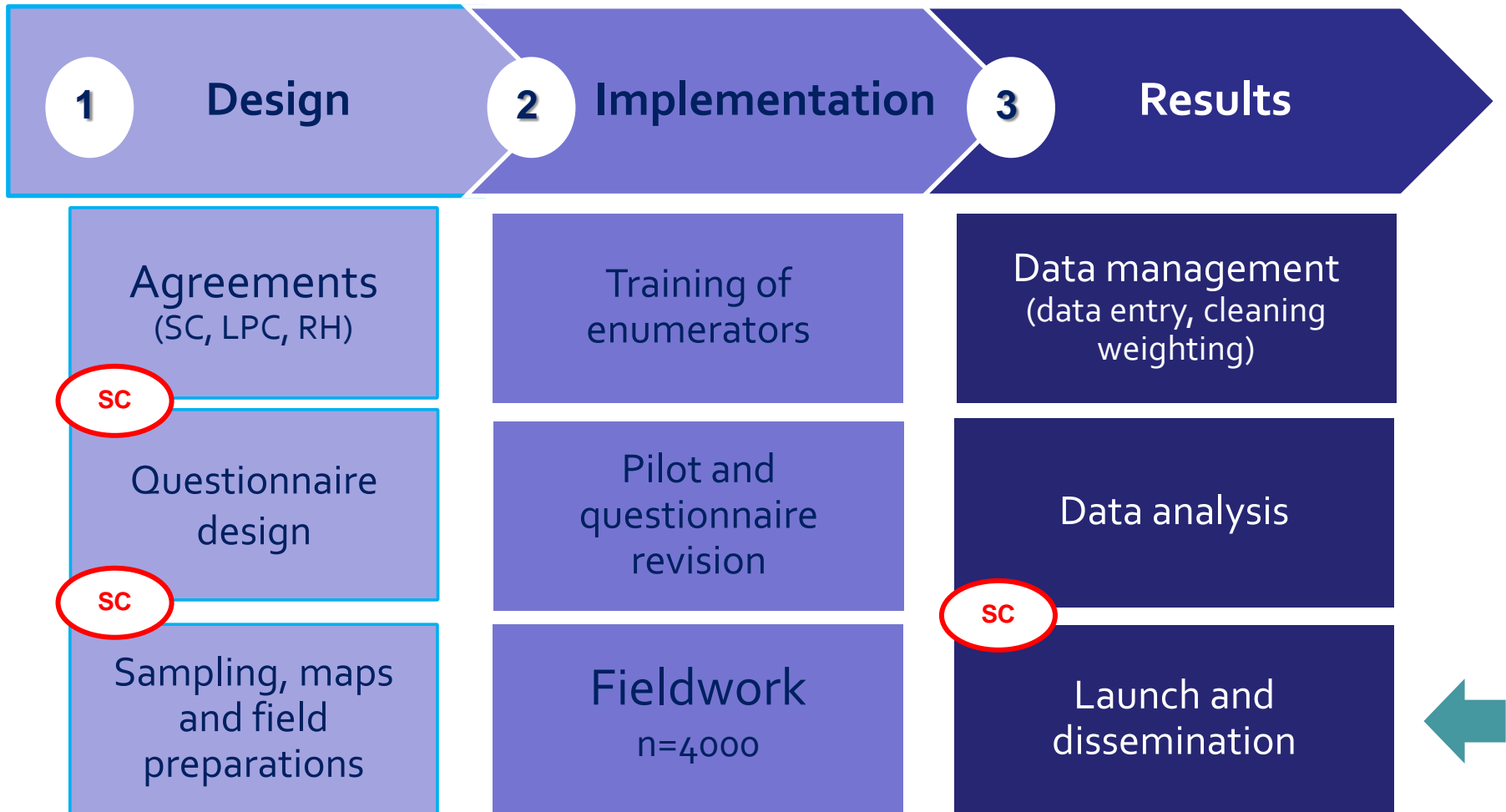


# Objectives of FinScope Zimbabwe 2014



- To describe the **levels of financial inclusion** (i.e. levels of access to 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 financial access
- To **stimulate evidence-based** dialogue that will ultimately lead to **effective** public and private sector interventions that will increase and deepen financial inclusion
- To **compare** survey results with the first FinScope Consumer Survey in Zimbabwe (2011) and to provide an assessment of changes and factors thereof (including possible impacts of previous interventions to enhance access)

# Research process



# Methodology - overview

## Respondent profile

- Universe: **Adult population in Zimbabwe**
- Residents of Zimbabwe who are **18 years and older**



## Sample and methodology

- Sample drawn by **ZIMSTAT**, Representative on national, urban/rural, and provincial level
- Comprehensive **LISTING** in **667** EAs – listing **59369** eligible households
- **4 000** Face-to-face pen and paper interviews  $\pm$  75 min.
- Fieldwork conducted by Research Continental (July 2014 – September 2014)

## Quality control and data validation

- **Quality control / field checks** conducted by the Research House, FinMark Trust, ZIMSTAT and Africa Corporate Advisors
- Data validation against census data and FS Zimbabwe 2011
- Weighting of the data conducted ZIMSTAT



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## 2. Understanding people's lives: Have people's lives changed?

## 3. Financial capability

## 4. Financial inclusion overview: Access Strands, total product uptake, Landscape of Access – what has changed since 2011?

## 5. Banking: Has it increased?

## 6. Savings and investments: Do people manage to save/invest?

## 7. Borrowing and credit: Has the usage in credit increased?

## 8. Insurance and risk management: Did medical insurance

## 9. Remittances: Who is sending/receiving money?

## 10. Mobile money

## 11. Financial Inclusion Priorities

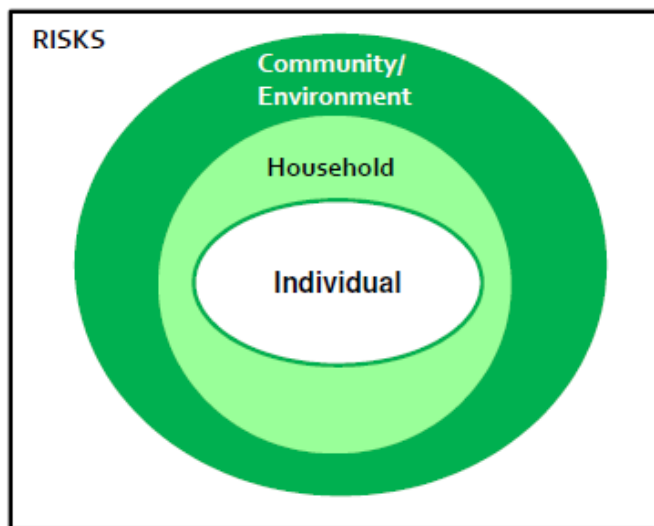


# Determinants of financial inclusion

## Understanding people's lives

Characteristics and socio-economic information of individuals, households, and communities in Zimbabwe, including:

- Age, gender, geographical distribution, education, sources of income, personal monthly income, infrastructure accessibility, services, decision making and financial advice, housing, agriculture, etc.



*What they have*

- Income generating activities
- Role of money  
(Financial activities/tasks)
- Coping strategies

*What they do with what they have*





# Understanding people's lives: Demographics

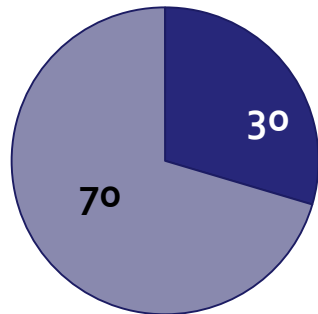


Total adult (18+) population  
**7 million**



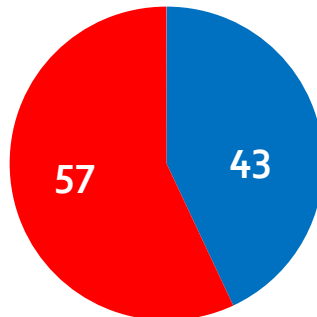
- **70%** reside in rural areas
- **33%** are under 30 years of age
- **38%** have primary education or less
- **3%** have no education

## Urban/rural



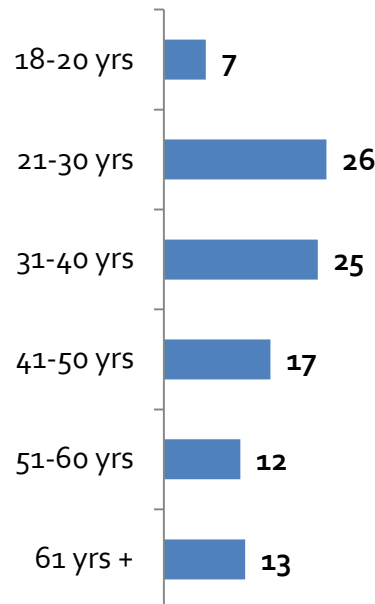
■ Urban ■ Rural

## Gender

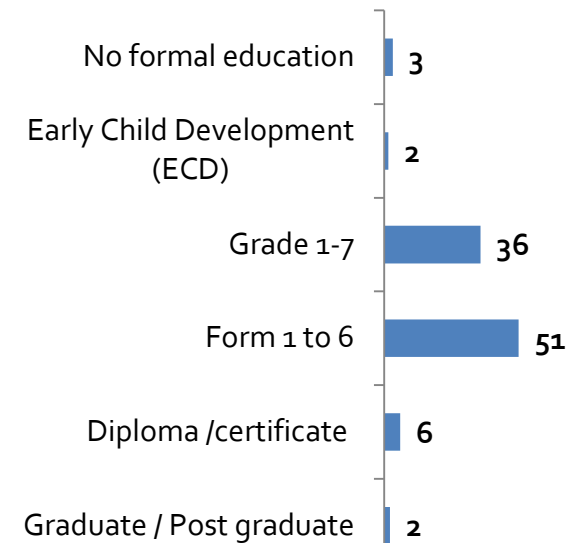


■ Male ■ Female

## Age



## Education





# Understanding people's lives: Access to Infrastructure (household level)

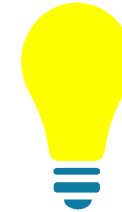


2011



Number of individuals in households with access to piped running water  
(inside dwelling or yard/plot)

**Total: 35 %**  
Urban 82% : Rural 13%



Number of individuals with electricity  
(for cooking)

**Total: 29 %**  
Urban 81% : Rural 4%

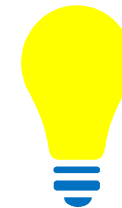


2014



Number of individuals with access to piped running water  
(inside dwelling or yard/plot)

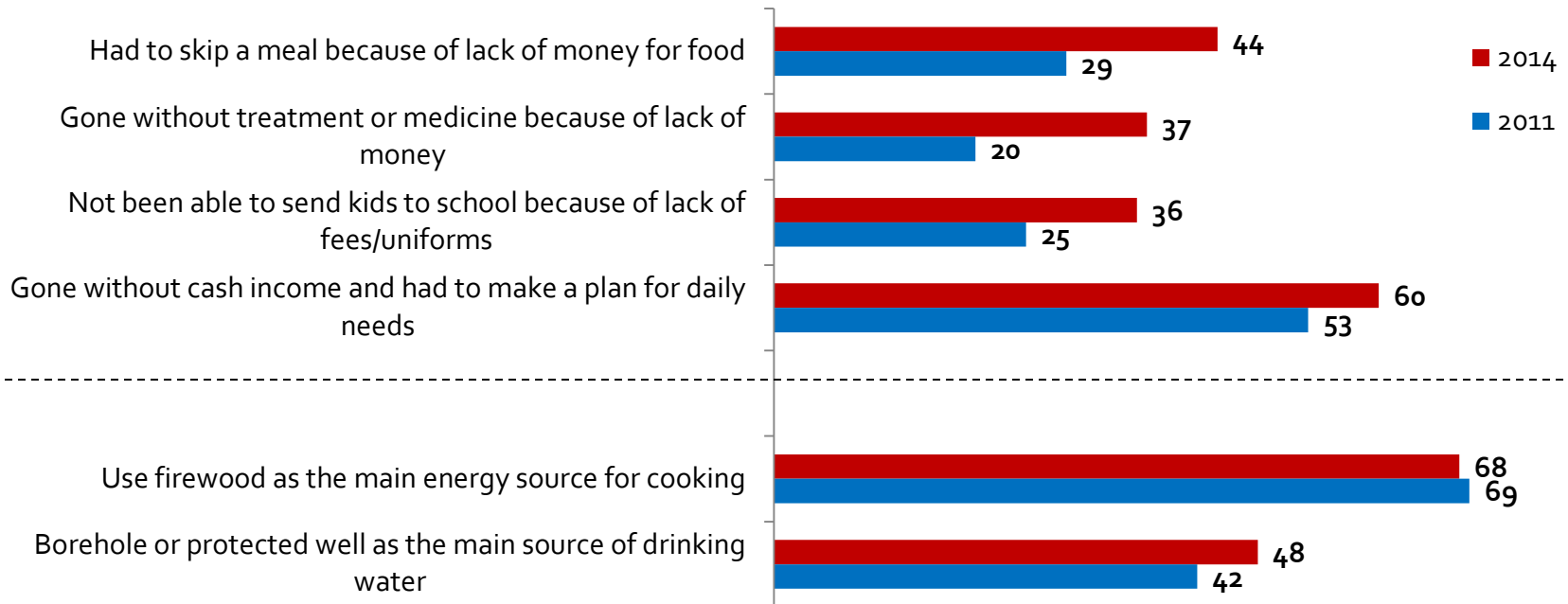
**Total: 29 %**  
Urban 68% : Rural 10%



Number of individuals with electricity  
(for cooking)

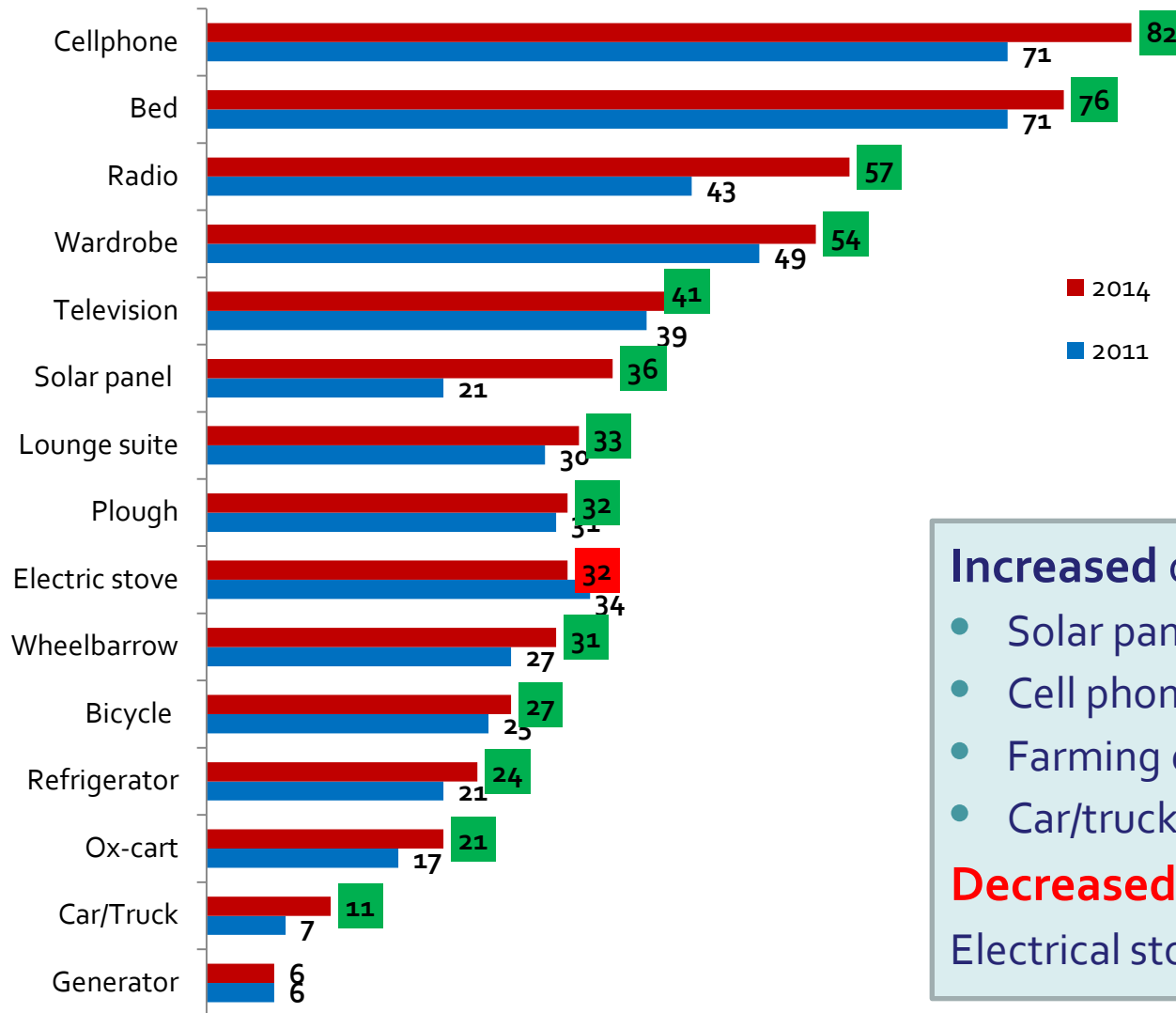
**Total: 29 %**  
Urban 75% : Rural 7%

# Daily realities - contextualising the drive for greater financial inclusion



- Increase in borehole or protected well as the main source of drinking water in 2014 with 48%
- 68% reside in households that use firewood as the main source of energy for cooking

# Understanding people's lives: Ownership of assets (household level)



## Increased ownership in:

- Solar panels
- Cell phone
- Farming equipment
- Car/truck

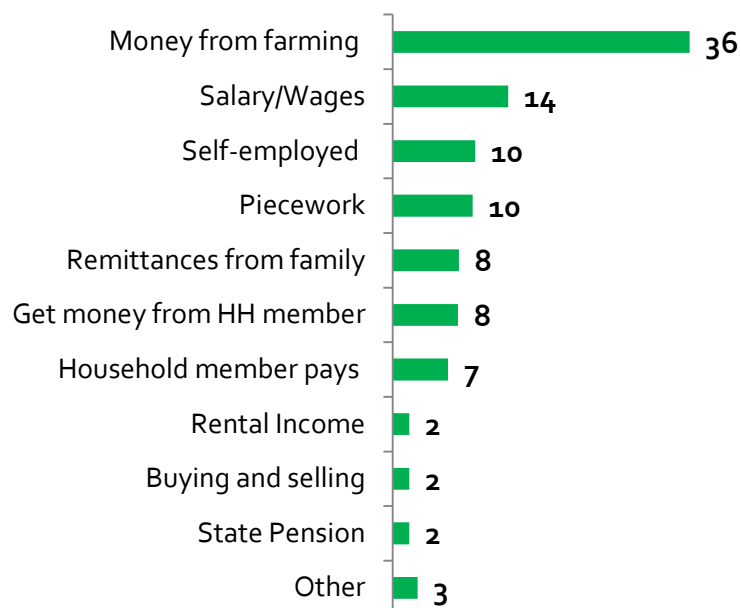
**Decreased** ownership in:  
Electrical stove

# Understanding people's lives: Income / livelihoods

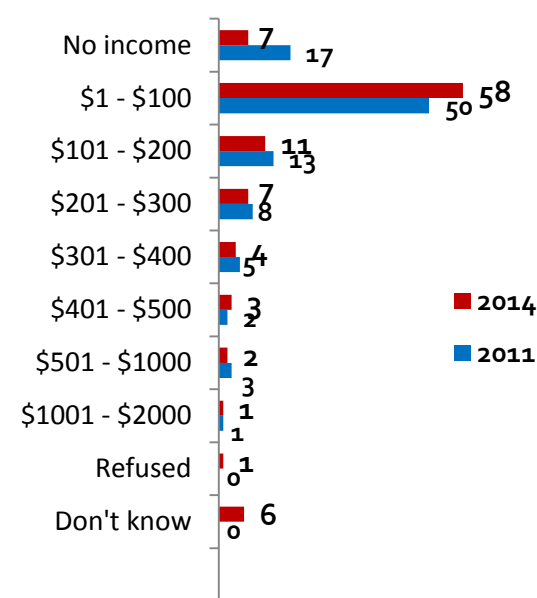


- **66%** of households are involved in farming – **28%** of them farm mostly for selling their produce; with maize, tobacco, and vegetables bringing the most income
- **50%** of the adults claim farming as a source of income with **36%** claiming it to be their main source of income
- **65%** of adults personally earn \$100 or less per month (including 'no income')

### Income Source Most Relied On



### Personal monthly income



# Infrastructure accessibility



Percentage of people who go to destination and take 30 minutes or less to get to destination

		Adults visiting destination	Take 30 minutes or less	Main mode of travel	
P R O X I M I T Y	Nearest ↑				
	1	Public transport/ Bus stop	92%	78%	90% walk
	2	Mobile money agent	44%	73%	90% walk
	3	Nearest school	68%	69%	64% walk
	4	ATM machine	9%	69%	56% Kombi
	5	Post office	9%	67%	52% walk 34% Kombi
	Furthest ↓				
	6	Bank branch	17%	63%	25% walk 56% Kombi

# Summary



- More changes in the population profile between 2011 and 2014:
  - Decrease in the urban population from 35% to 30%
  - Increase in male population from 40% to 43%
- Improvements in education: percentage of people with no education decreased from **7% to 3%** in 2014
- Adults with no income has decreased, although the majority earn USD 100 or less
- Changes in access to infrastructure:
  - Access to **running water** has decreased by 6 percentage points in 2014 mainly in urban areas
  - Accessibility to common destinations is mainly by walking and public transport
- Farming remains the most important source of income with half the adult population dependent on income from farming activities

# Contents



1. Overview
2. Understanding people's lives: Have people's lives changed?
- 3. Financial capability**
4. Financial inclusion overview: Access Strands, total product uptake, Landscape of Access – what has changed since 2011?
5. Banking: Has it increased?
6. Savings and investments: Do people manage to save/invest?
7. Borrowing and credit: Has the usage in credit increased?
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# Dimensions of financial capability



## Managing money

Keeping track: Focuses on an individual's ability to monitor his/her financial situation.

- Do people plan/budget how to spend their money? Keep to the plan? Keep records of your spending?

Making ends meet: Focuses on an individual's ability to cope financially. It looks at whether people are able to make their money last until the end of the month while covering essential items and financial commitments.

- How often do people run out of money
- How easy/difficult is it to keep up with financial commitments?

## Planning ahead

Deals with an individual's state of preparedness for future events or risks (planned and unplanned).

- Unexpected events – coping mechanisms
- Expected events – how do people plan to pay for it?
- Strategies for meeting expenses in old age?

## Choosing and using products

Incorporates how people have chosen or would go about choosing products or mechanisms that enable them to meet financial goals or objectives.

- Which factors do people take into account when selecting a financial institution/specific product?

## Accessing information

Explores how well an individual is informed about financial matters, how aware they are of information channels, and the steps they take to stay informed.

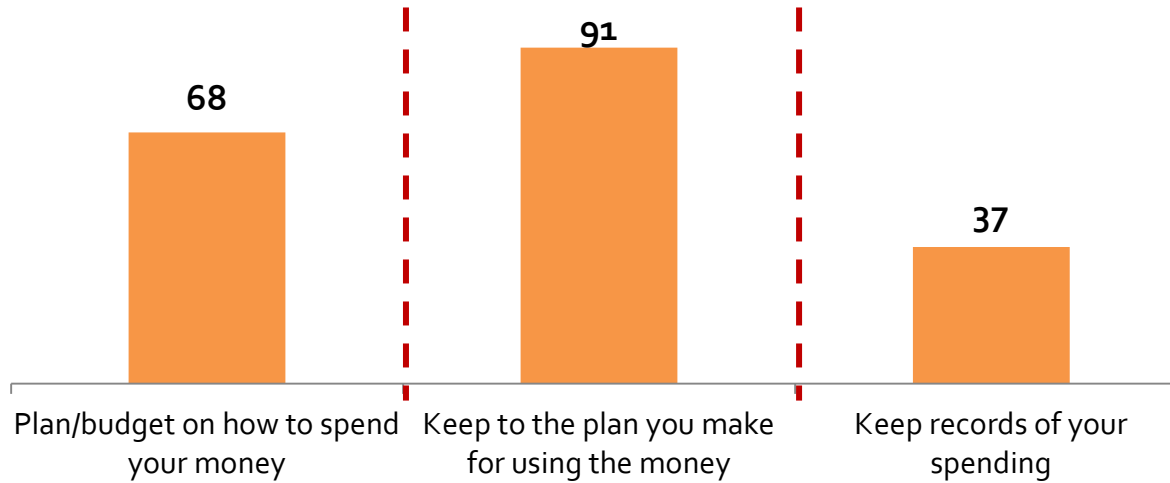
- Where do people usually get financial advice?

# Financial capability

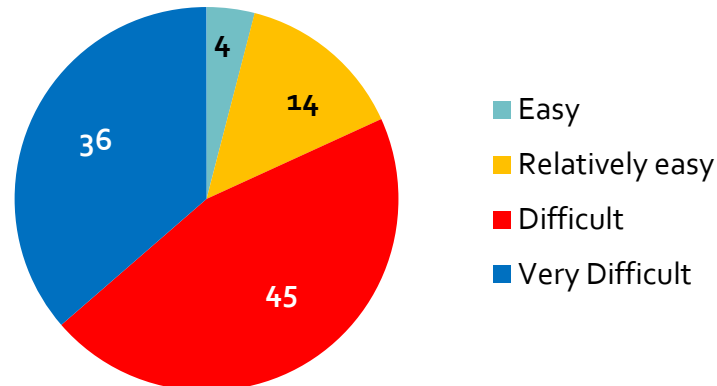
## – *Managing money*



### Planning and tracking



### Difficulty with keeping up with financial commitments

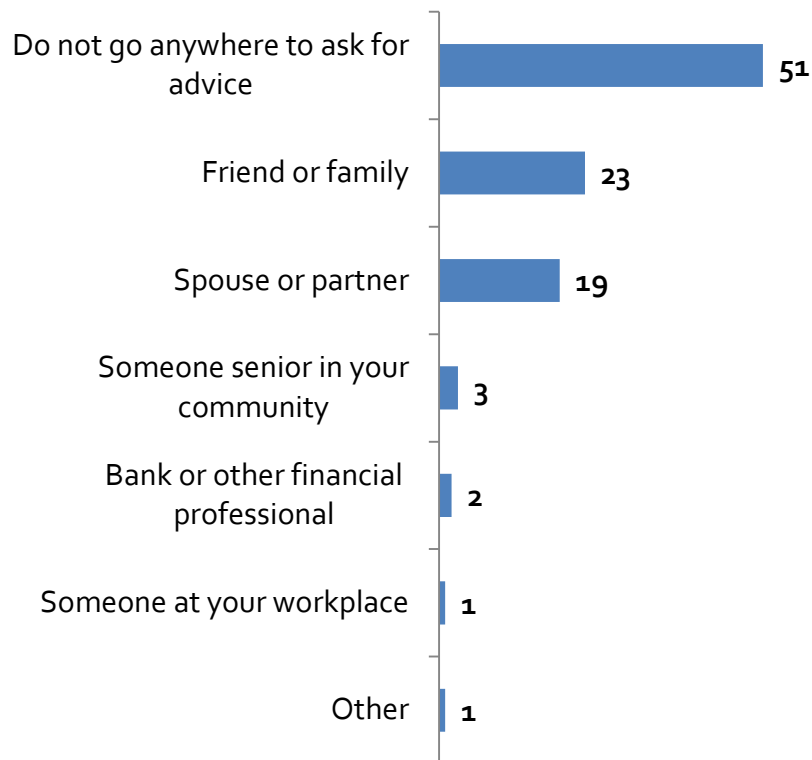


# Financial capability- *Accessing information*

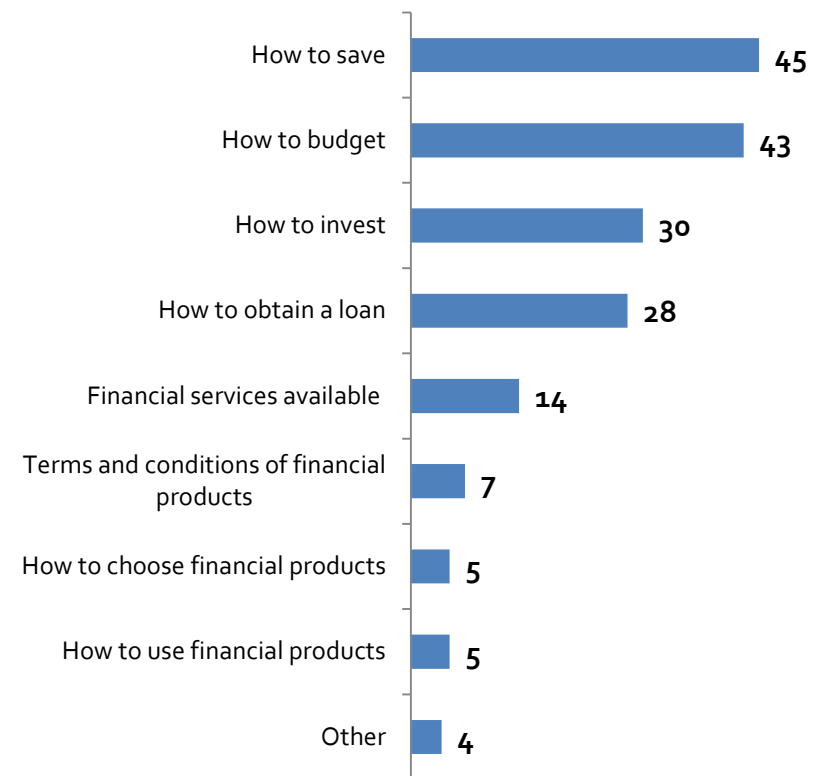


***99.7% of adult Zimbabweans felt they needed more information about managing money***

## Source of financial advice



## Desired financial education



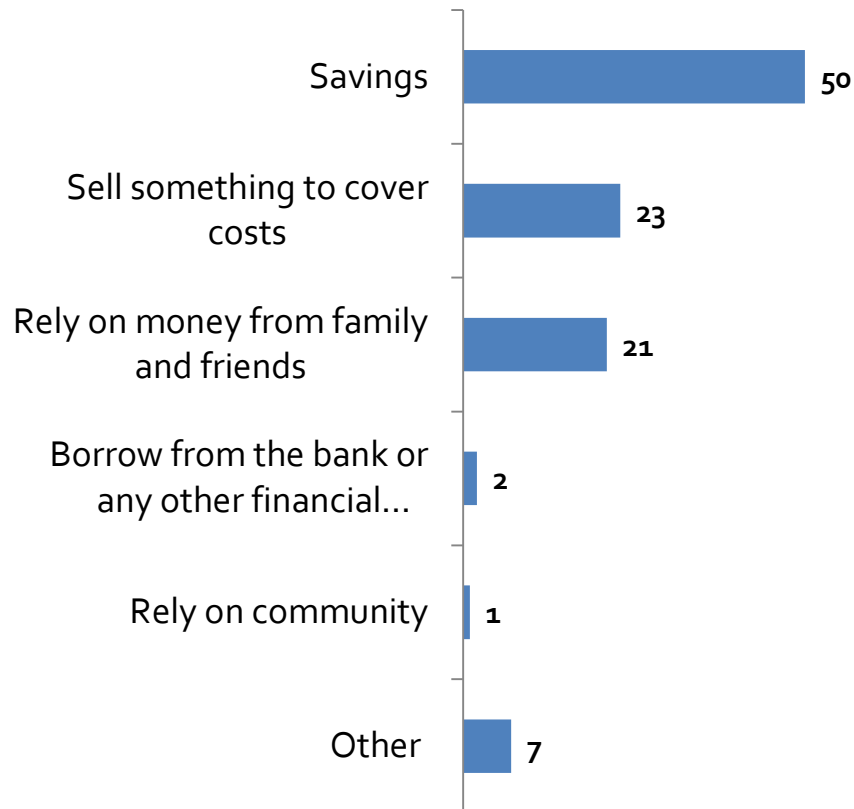
# Financial capability

## - Planning for major future events and decision making

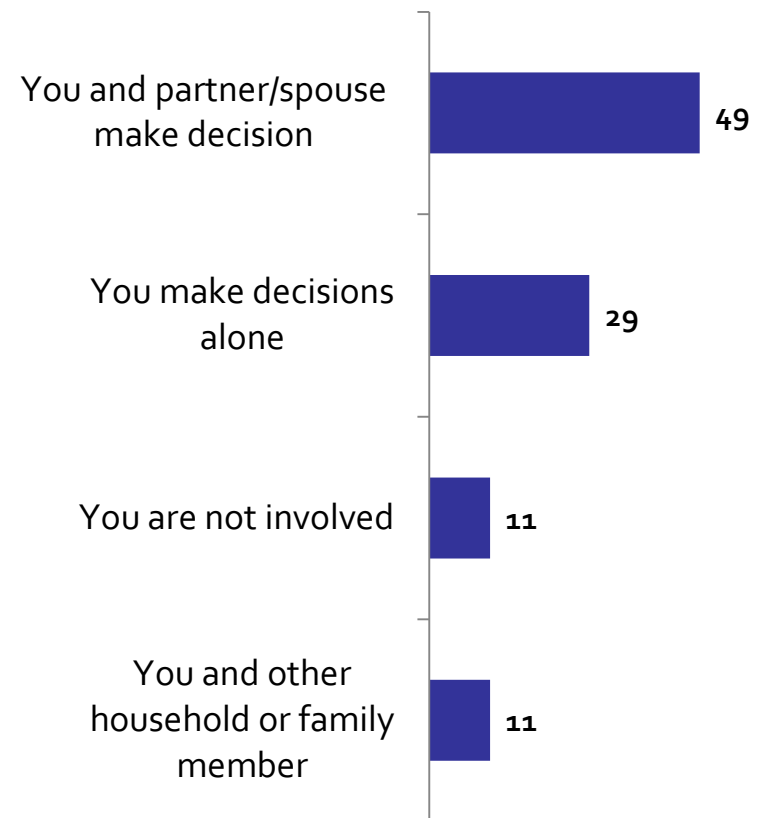


- **4.1 mil (59%) adults expect a major event in the next 12 months**

### Mechanism for paying for planned major expense



### Responsibility for financial decision making

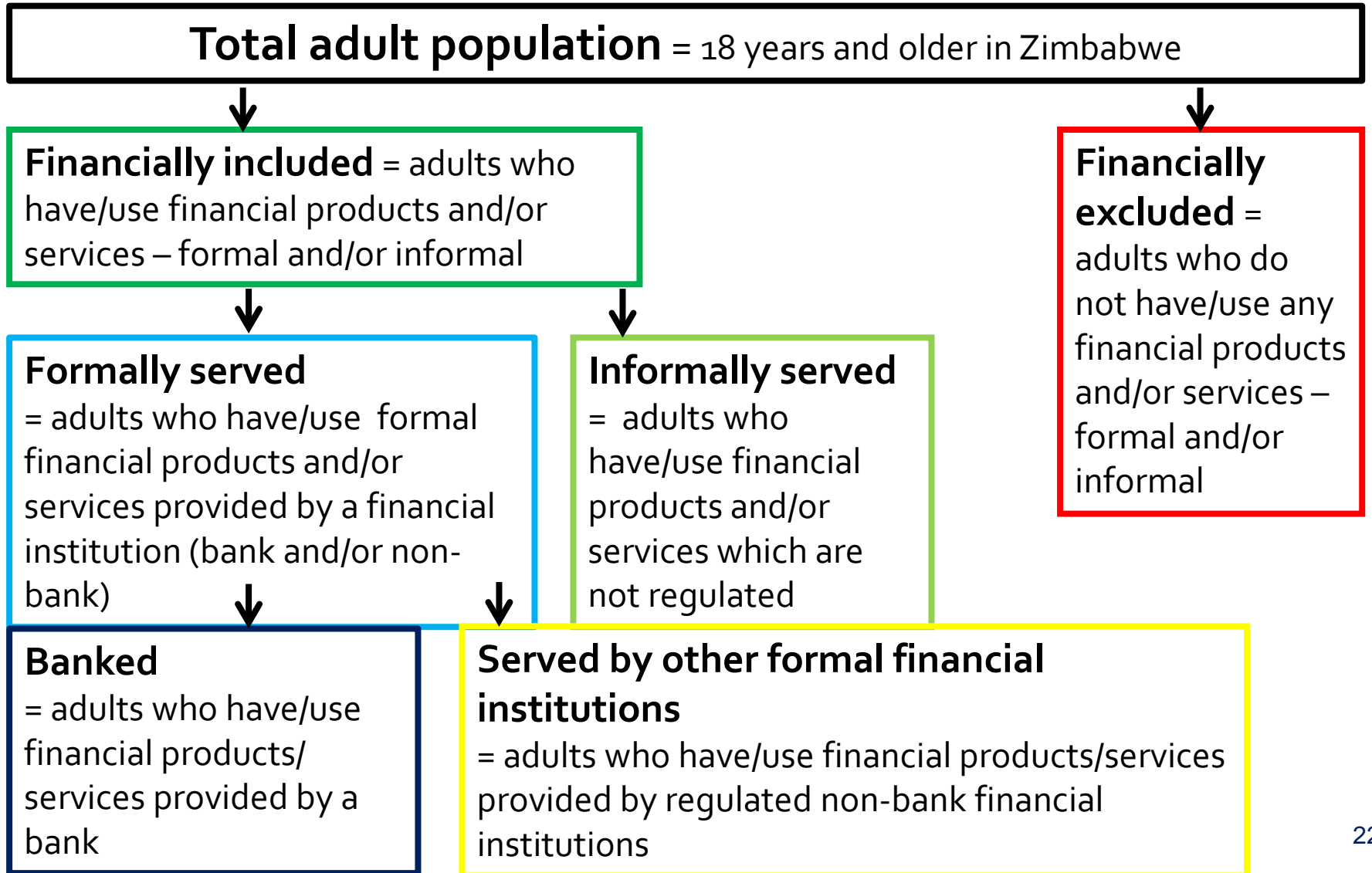


# Contents

1. Overview
2. Understanding people's lives: Have people's lives changed?
3. Financial capability
- 4. Financial inclusion overview: Access Strands, total product uptake, Landscape of Access – what has changed since 2011?**
5. Banking: Has it increased?
6. Savings and investments: Do people manage to save/invest?
7. Borrowing and credit: Has the usage in credit increased?
8. Insurance and risk management: Did medical insurance retain its importance?
9. Remittances: Who is sending/receiving money?
10. Mobile money
11. Financial Inclusion Priorities



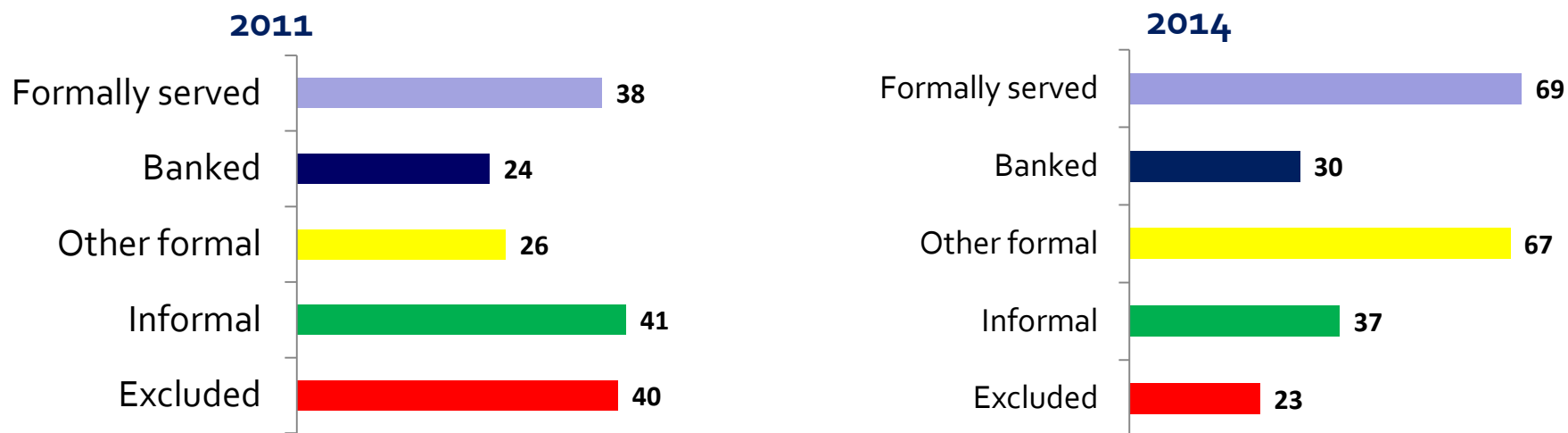
# Defining financial inclusion



# Financial inclusion:



*"More people have been brought into banking/formal inclusion in 2014"*

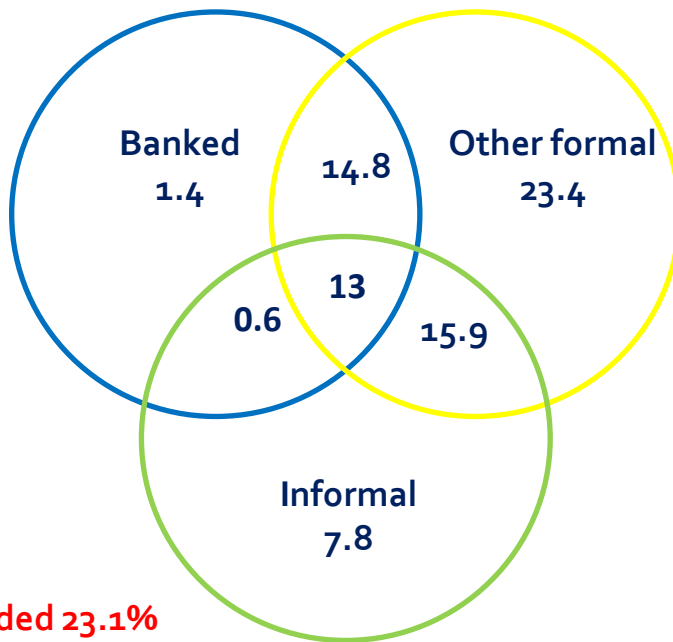


- **Banking** is up by **6** percentage points and continues to be mainly driven by the uptake of transactional products
- Uptake of **other formal** non-bank products is up by **41** percentage points and is largely driven by mobile money services and remittances
- Uptake of **informal** financial products/mechanisms is down by **4** percentage points
- **Financial exclusion** has been decreased by **17** percentage points



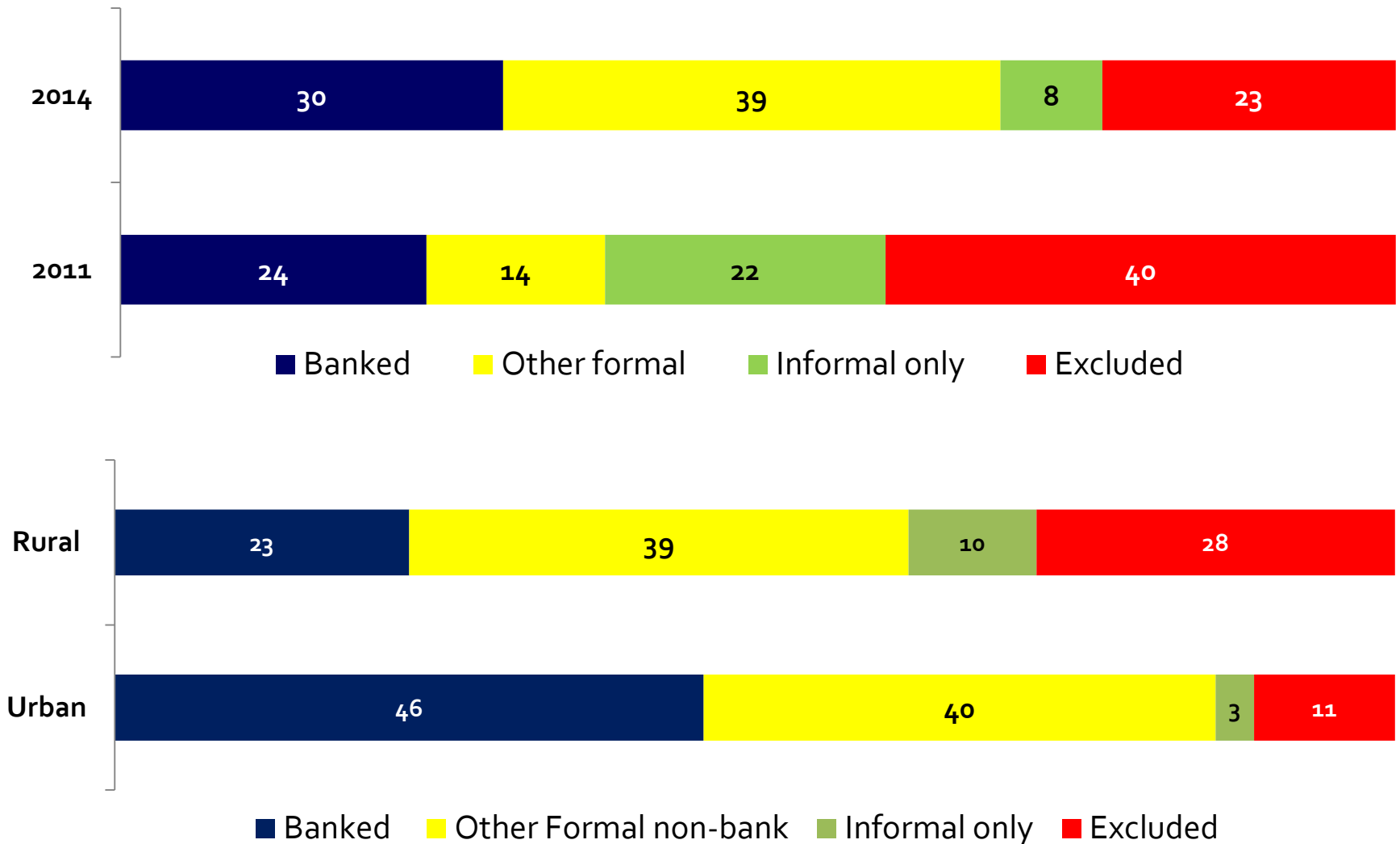
# Overlaps:

*"Consumers generally use a combination of financial products and services to meet their financial needs"*

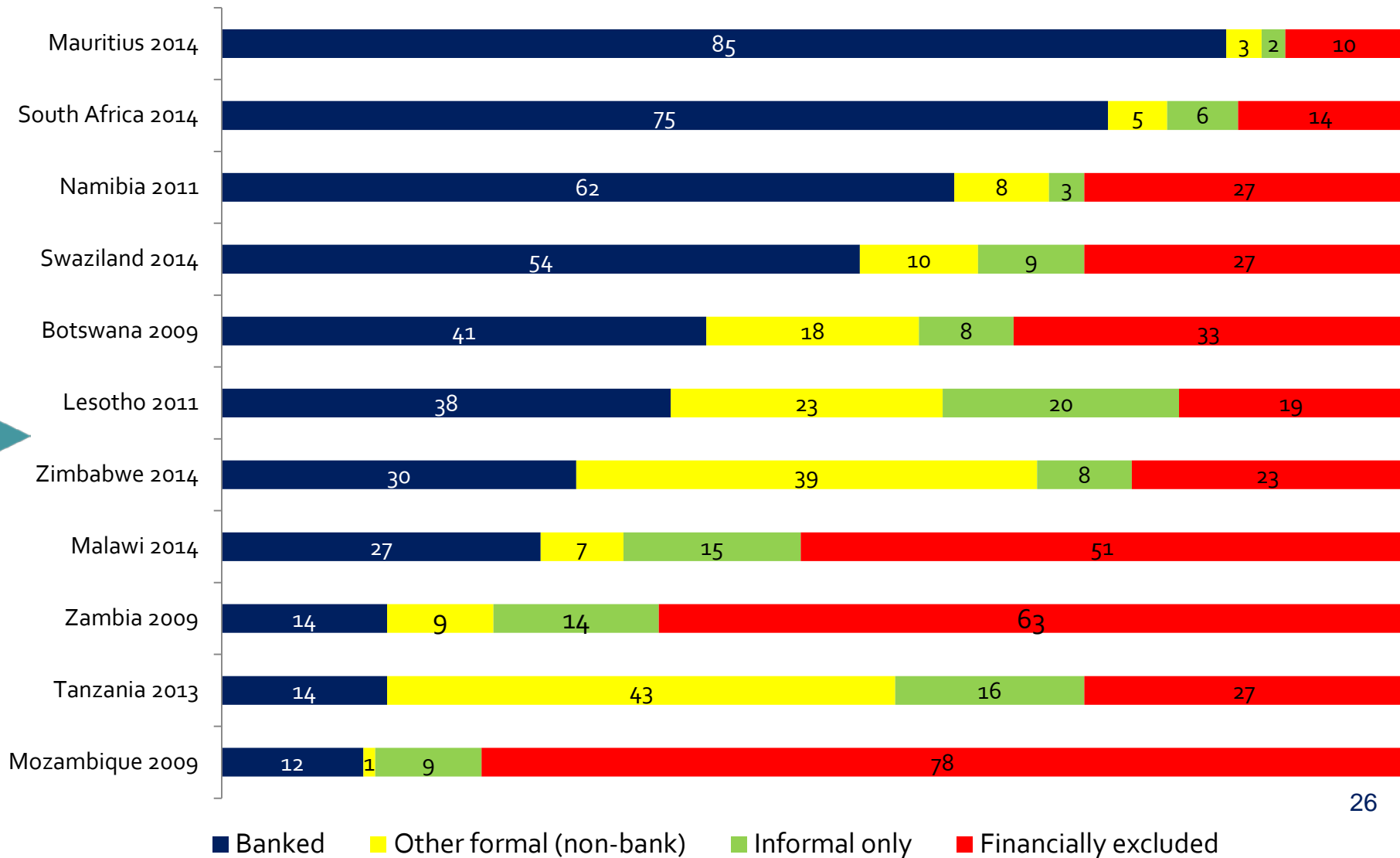


- **1%** of adults rely exclusively on banking services yet **23%** rely exclusively on other formal mechanisms
- **30%** use a combination of other formal and informal mechanisms to manage their financial needs, thus indicating that their needs are not fully met by the formal sector alone
- **8%** of the adult population **ONLY** rely on informal mechanisms such as savings groups (Mukando), Chimbado or Burial Societies to save or borrow money or cover risk

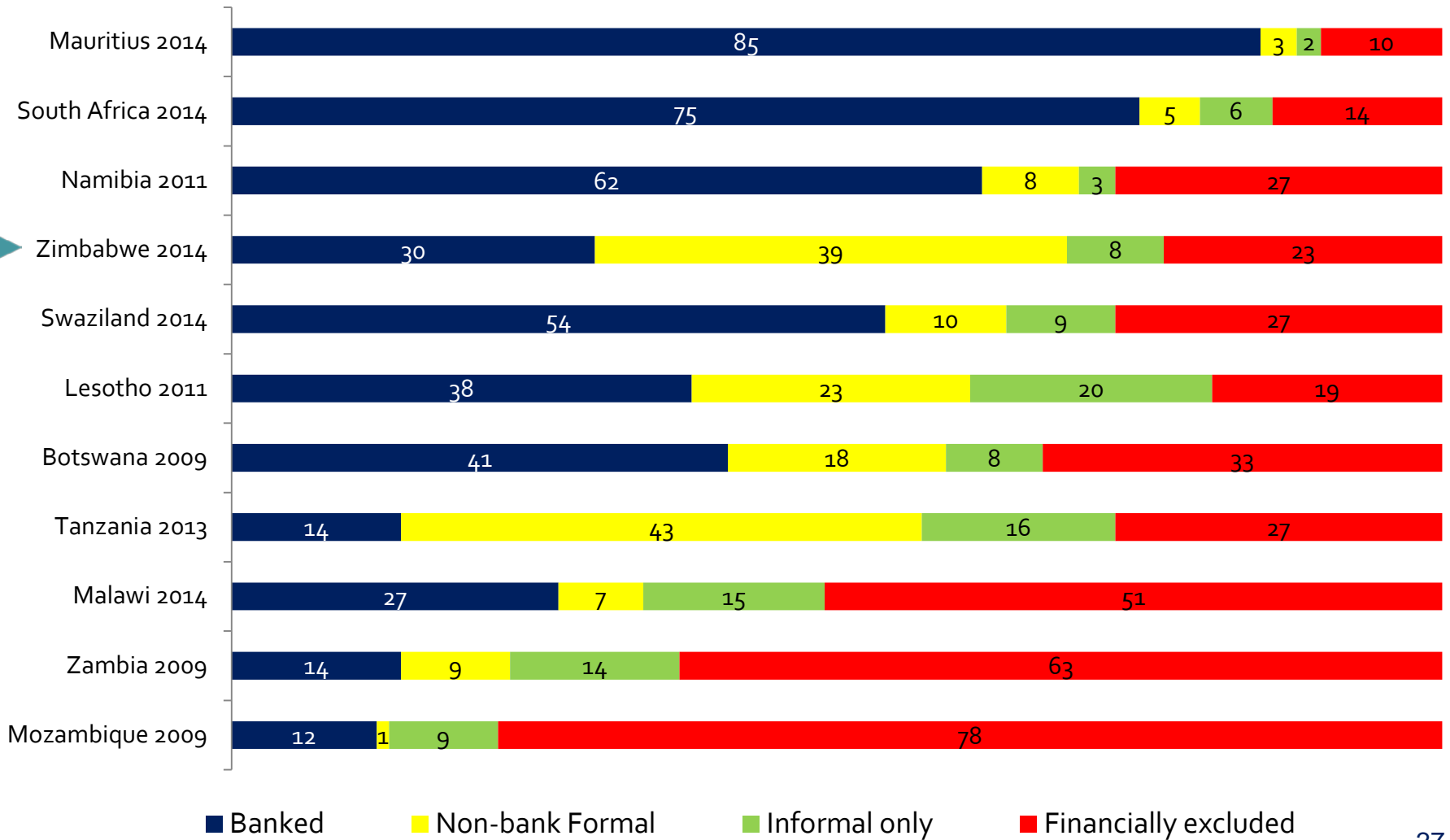
# Financial inclusion: Financial Access Strand 2014



# Financial inclusion (Consumer Access Strand)



# Financial inclusion (Consumer Access Strand) Ranked by formally included



# Contents



1. Overview
2. Understanding people's lives: Have people's lives changed?
3. Financial capability
4. Financial inclusion overview: Access Strands, total product uptake, Landscape of Access – what has changed since 2011?
- 5. Banking: Has it increased?**
6. Savings and investments: Do people manage to save/invest?
7. Borrowing and credit: Has the usage in credit increased?
8. Insurance and risk management: Did medical insurance retain?
9. Remittances: Who is sending/receiving money?
10. Mobile money
11. Financial Inclusion Priorities



# Banking:

How many adults are banked?



	2011	2014
No. of banked adults in Zimbabwe	1.45 mil (24%)	↑ 2.08 mil (30%)
No. of unbanked adults in Zimbabwe	4.53 mil (76%)	↓ 4.89 mil (70%)
Total adult population	5.98 mil	6.99 mil

# Banking:

## Where is the growth?



Banking products/usage	2011	2014
ATM/Cashpoint	660 000	960 000
Savings account	884 000	834 000
Income through bank account	598 000	933 000
Cellphone banking	40 000	560 000
Online/card payments	51 000	180 000
Current/cheque account	87 000	156 000

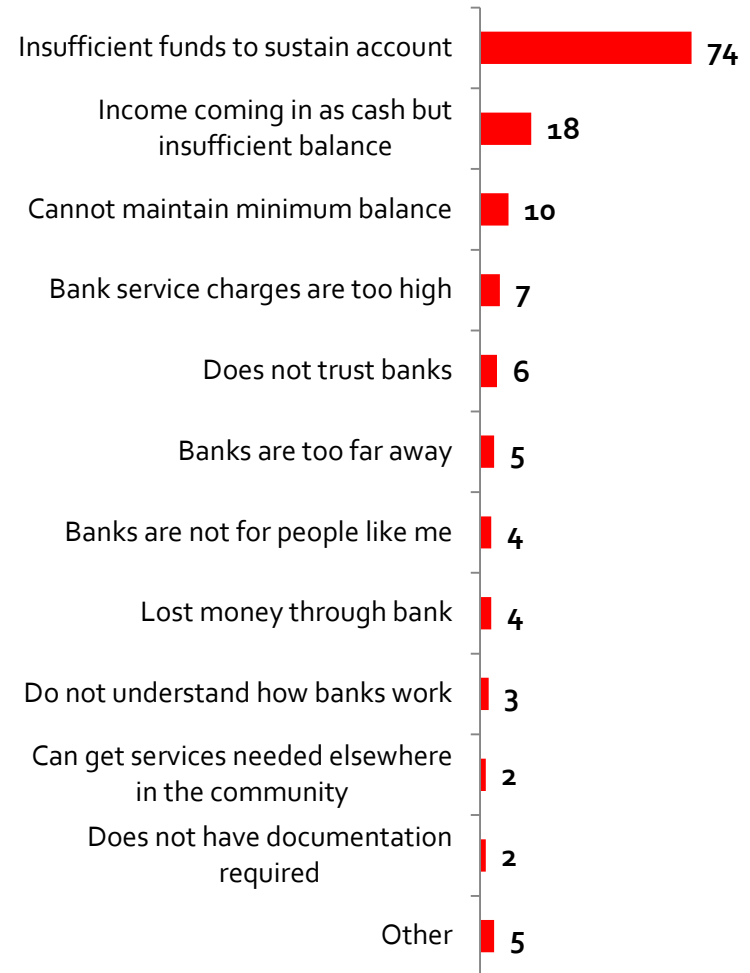
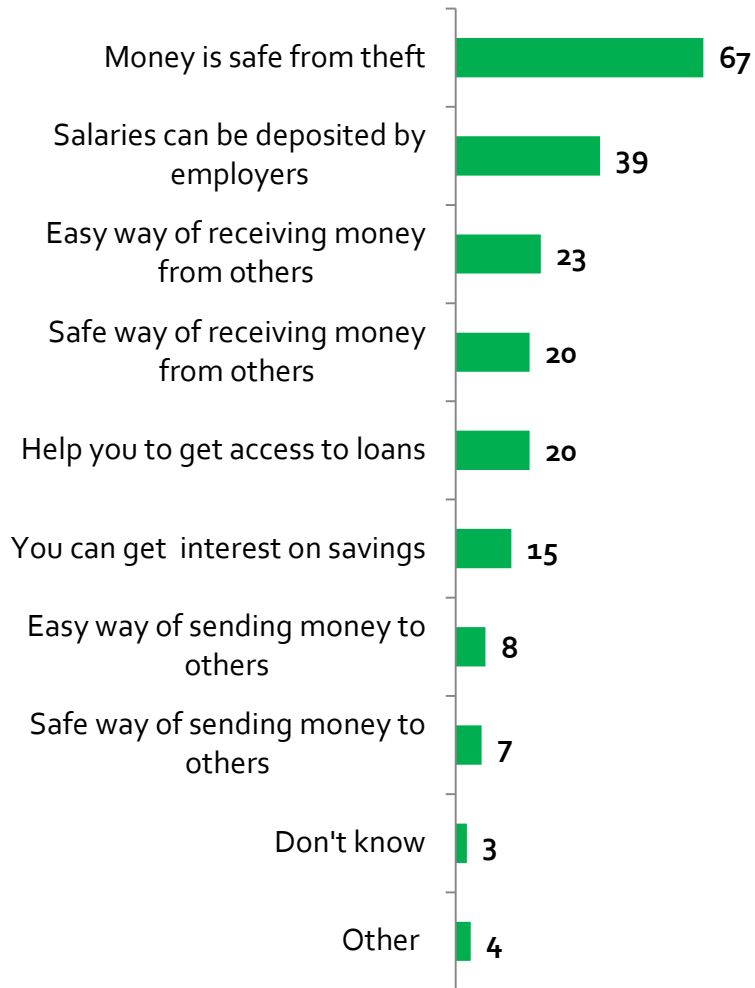


# Banking: Drivers and barriers



**30% of adults are banked in 2014**

**70% of adults are not banked in 2014**



# Contents

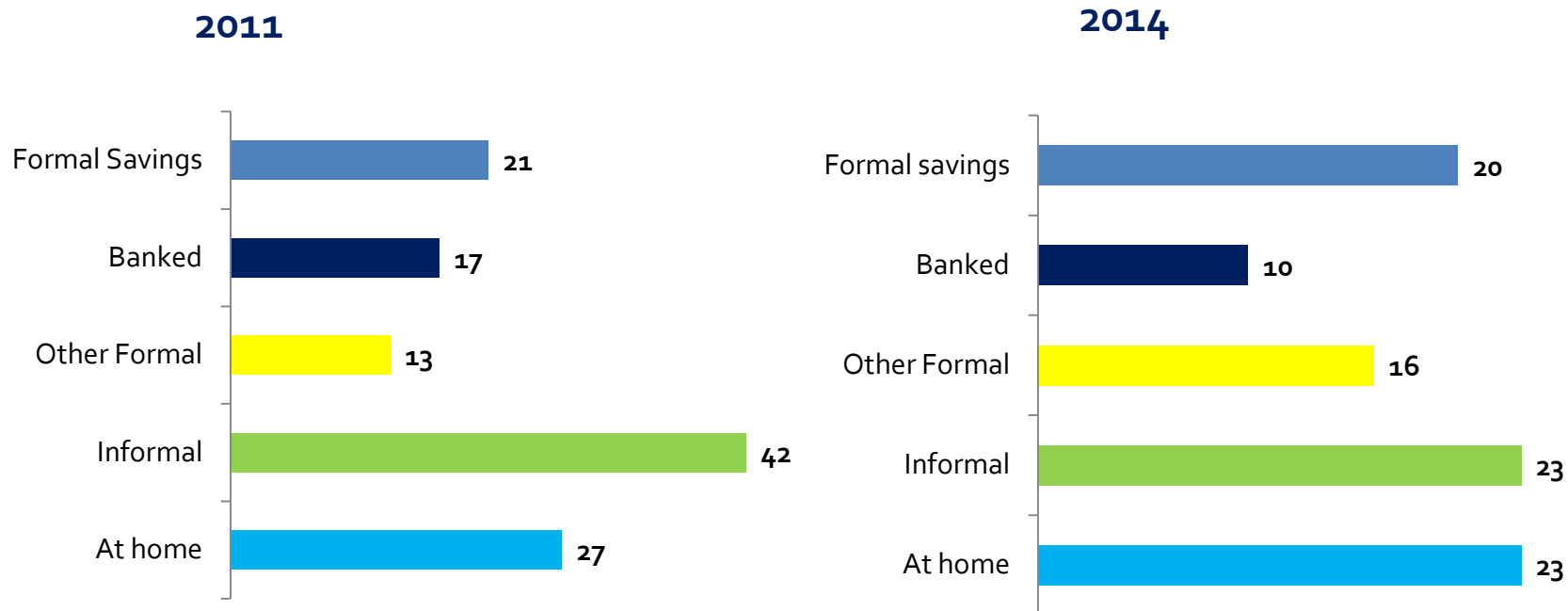


1. Overview
2. Understanding people's lives: Have people's lives changed?
3. Financial capability
4. Financial inclusion overview: Access Strands, total product uptake, Landscape of Access – what has changed since 2011?
5. Banking: Has it increased?
- 6. Savings and investments: Do people manage to save/invest?**
7. Borrowing and credit: Has the usage in credit increased?
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10. Mobile money
11. Financial Inclusion Priorities

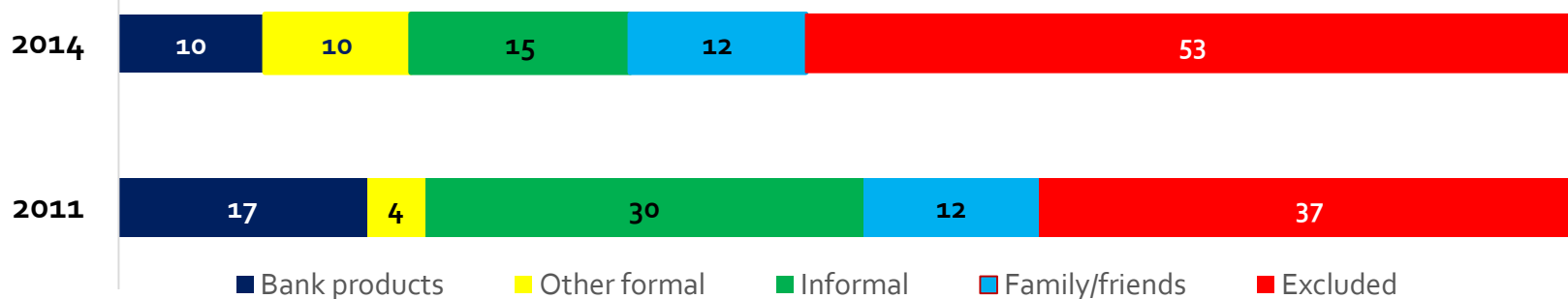


# Savings and investments:

Overview – Other formal growth is driven by pensions and mobile money savings



## Savings Strand



# Savings and investments:

Where is the change (also in absolute numbers)?



Saving mechanisms	2011	2014
Savings at bank (all savings products at bank)	17%	10%
Savings through investing in cattle or livestock	20%	15%
Savings with a membership organisation (Mukando)	12%	11%
Saving through investing in your own business	7%	5%
Savings in a secret place or at home	24%	21%
Investing mechanisms	2011	2014
Unit trusts	23557	2728
Treasury bills and government bonds	2964	18129
Shares	49902	12864
Buying something to sell later at a profit	10%	4%

## Notable increases:

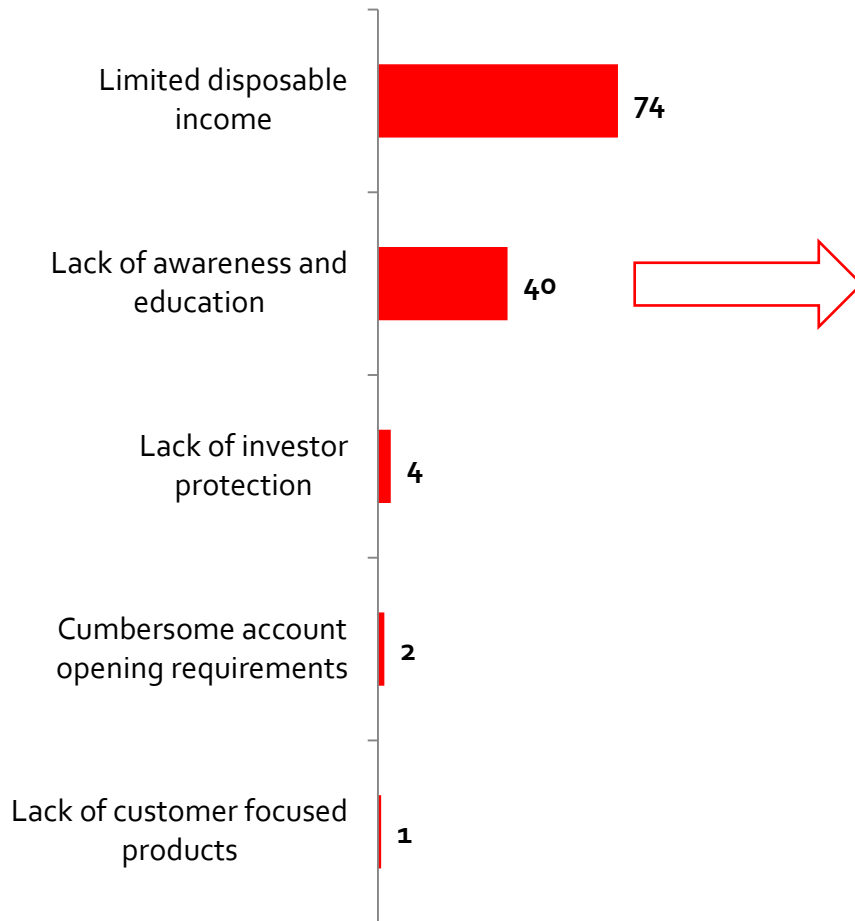
- Increase in adults with pension of **12% (734 000 )** in 2014 from **9% (623 000)** in 2011
- Mobile money savers **390 000 (6%)**

# Savings and investments:

## Why are people not using formal investment products?

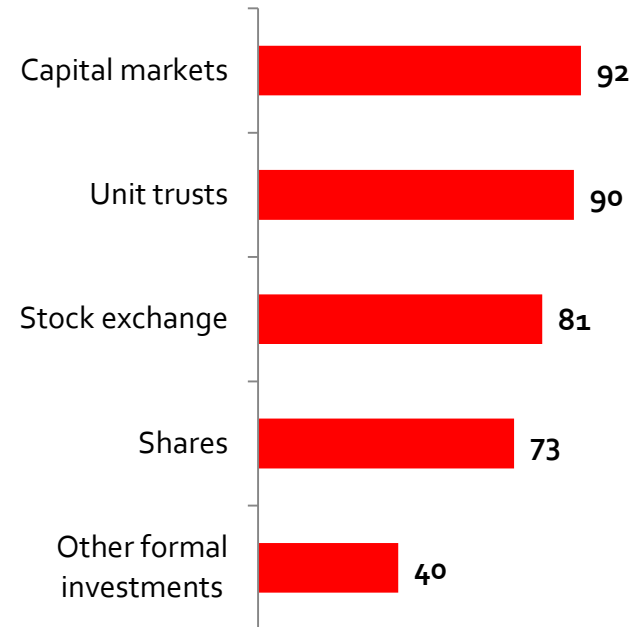


**99%** do not invest formal products



Formal investments are commonly driven by an acute awareness of their benefits (financial education)

Not aware of investment terms

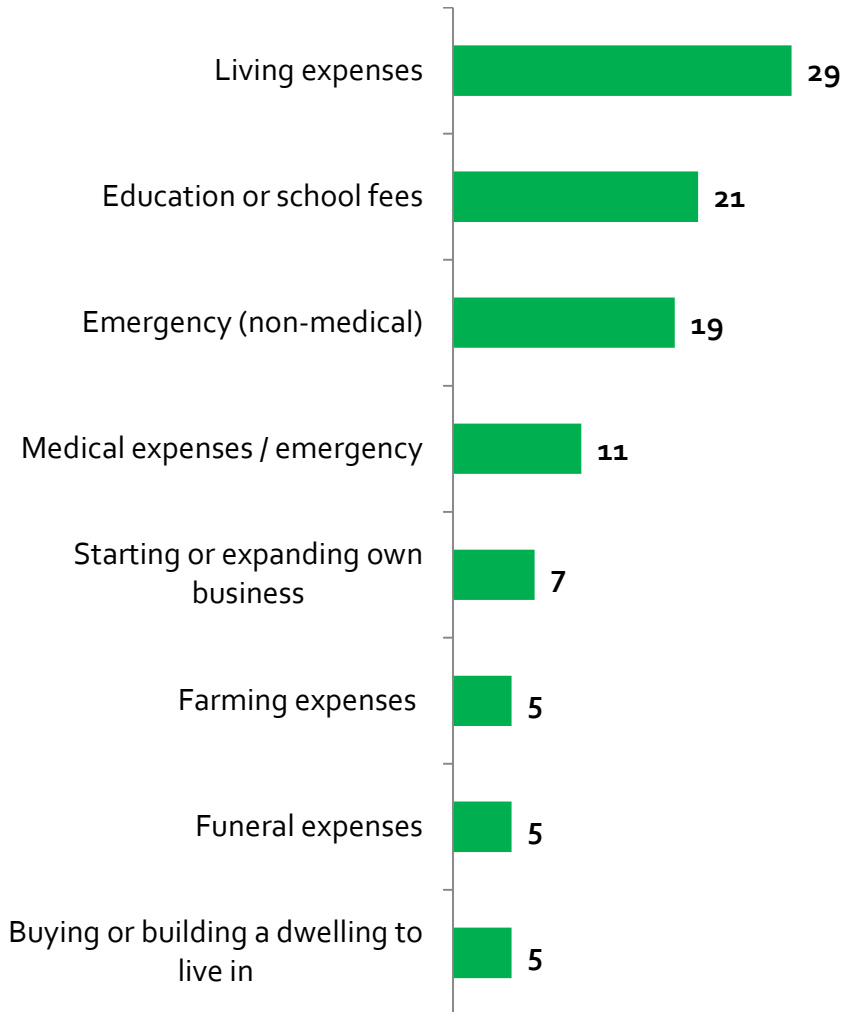


# Savings and investments:

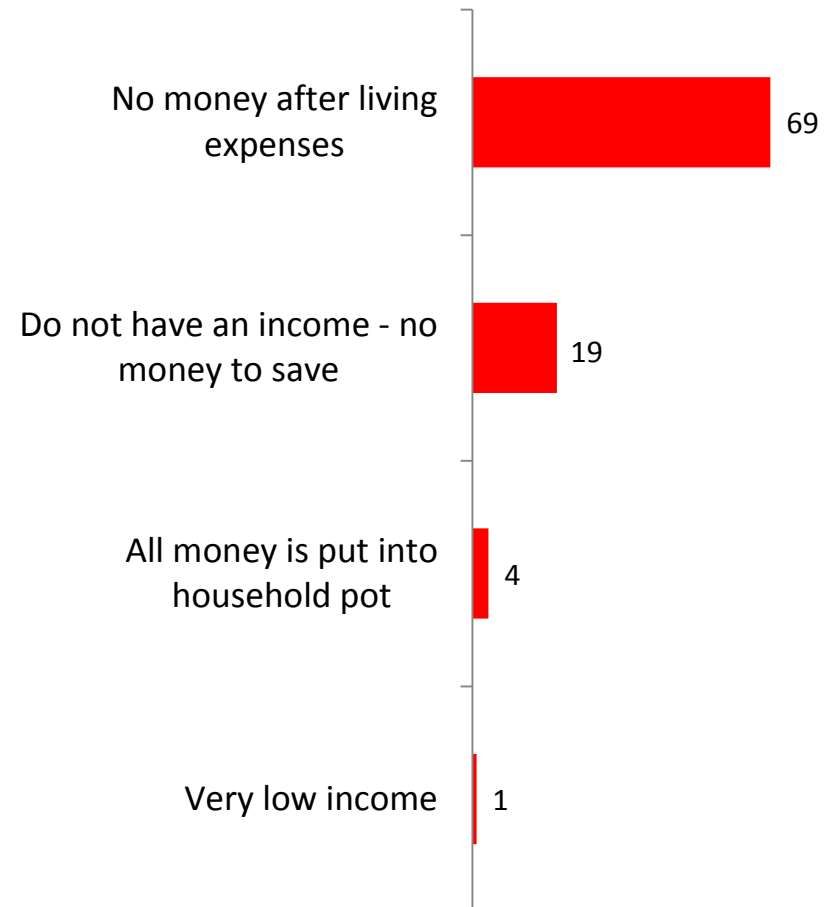
Adults who save mainly for developmental reasons (38%) in 2014



47% of adults save



53% of adults do not save



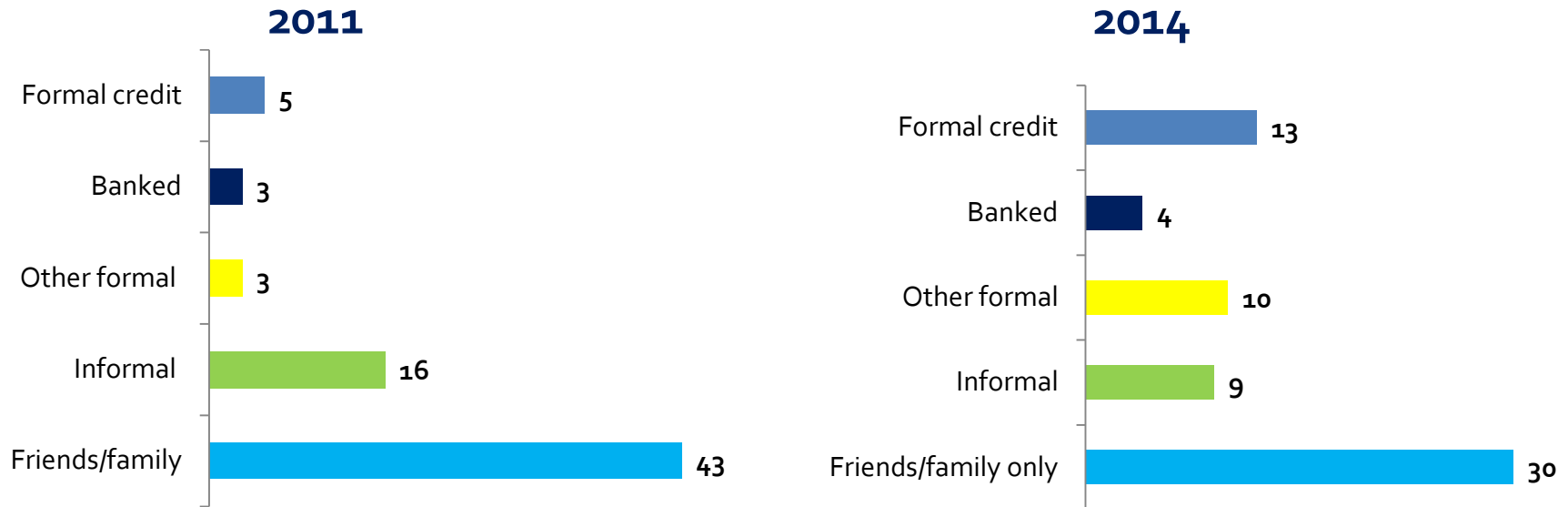
# Contents



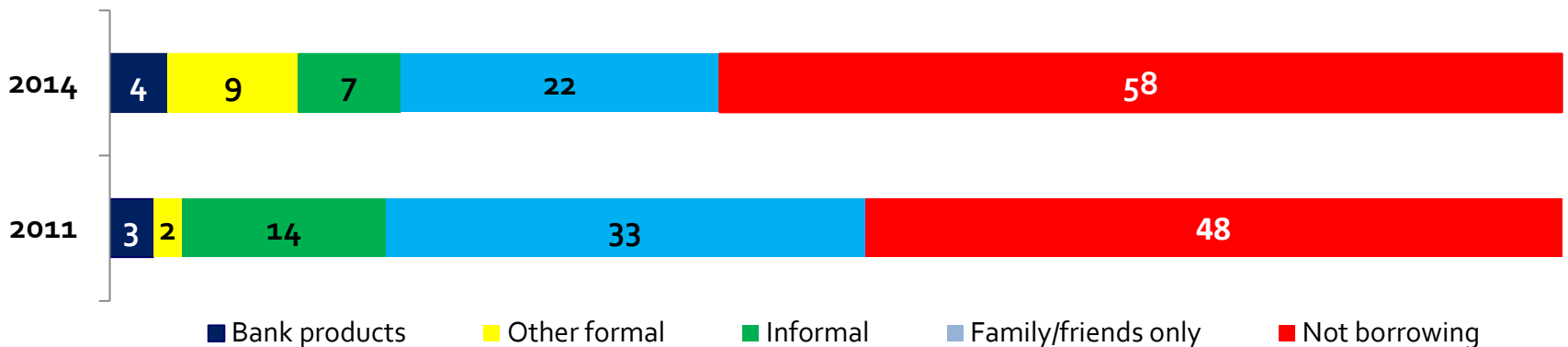
1. Overview
2. Understanding people's lives: Have people's lives changed?
3. Financial capability
4. Financial inclusion overview: Access Strands, total product uptake, Landscape of Access – what has changed since 2011?
5. Banking: Has it increased?
6. Savings and investments: Do people manage to save/invest?
- 7. Borrowing and credit: Has the usage in credit increased?**
8. Insurance and risk management: Did medical insurance retain?
9. Remittances: Who is sending/receiving money?
10. Mobile money
11. Financial Inclusion Priorities



# Borrowing and credit: Overview



## Credit Strand



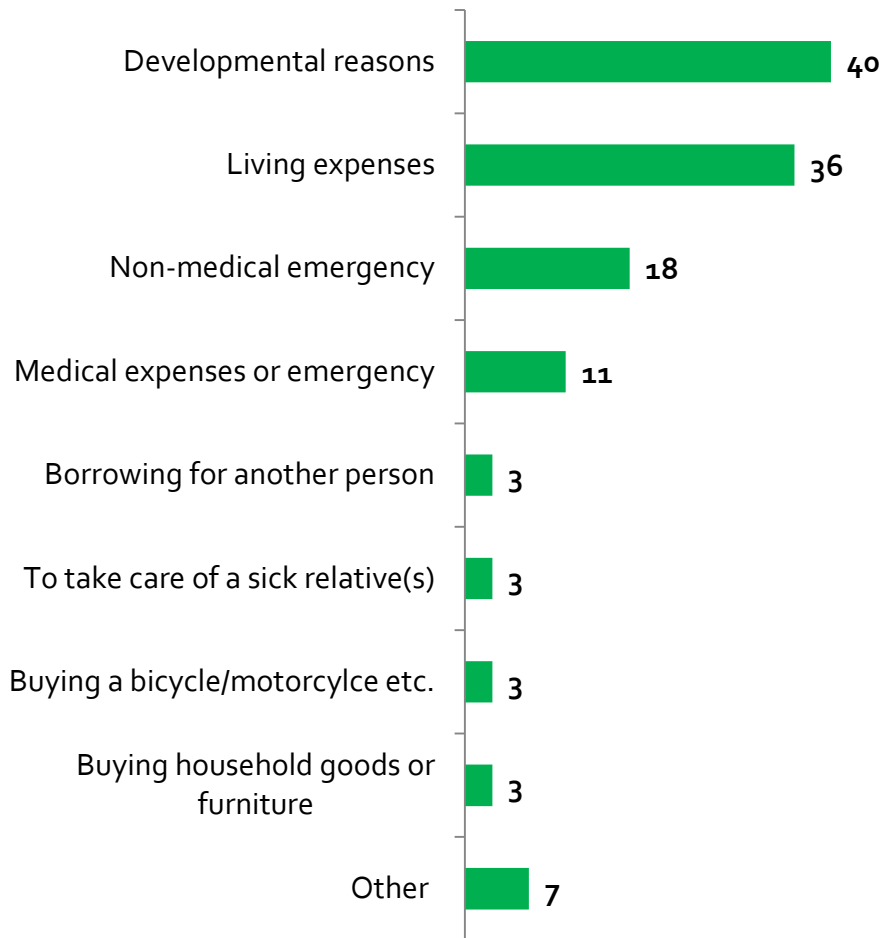


# Borrowing and credit:

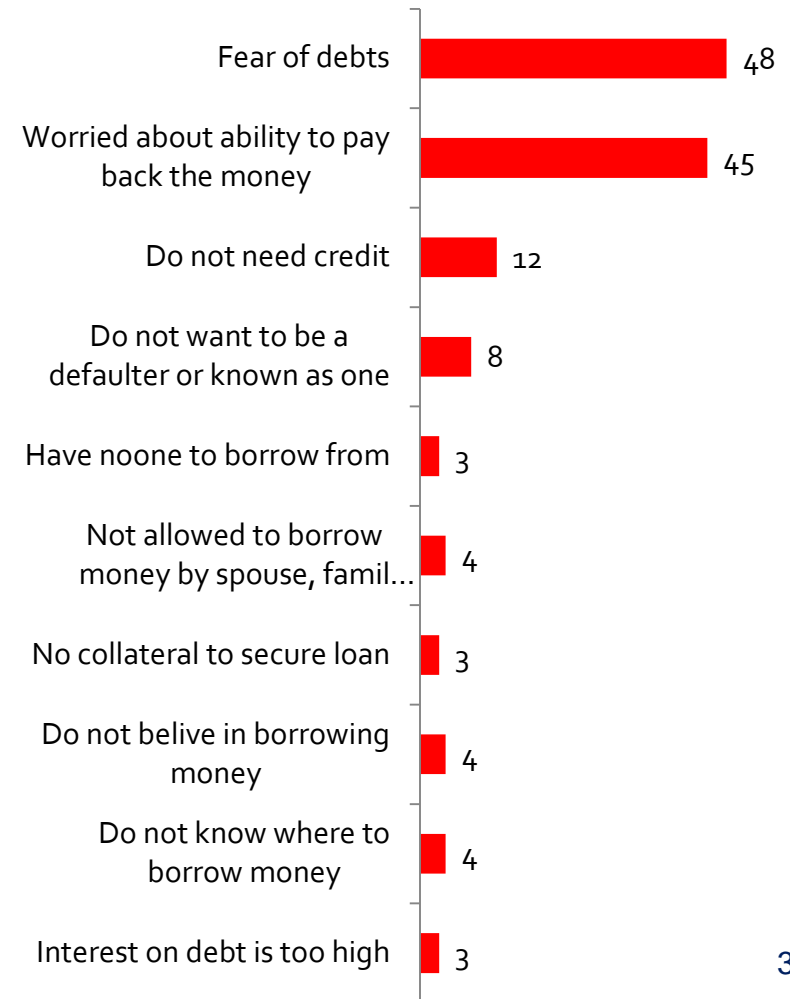
## Drivers and barriers



**42%** have borrowing/credit products



**58%** do not borrow



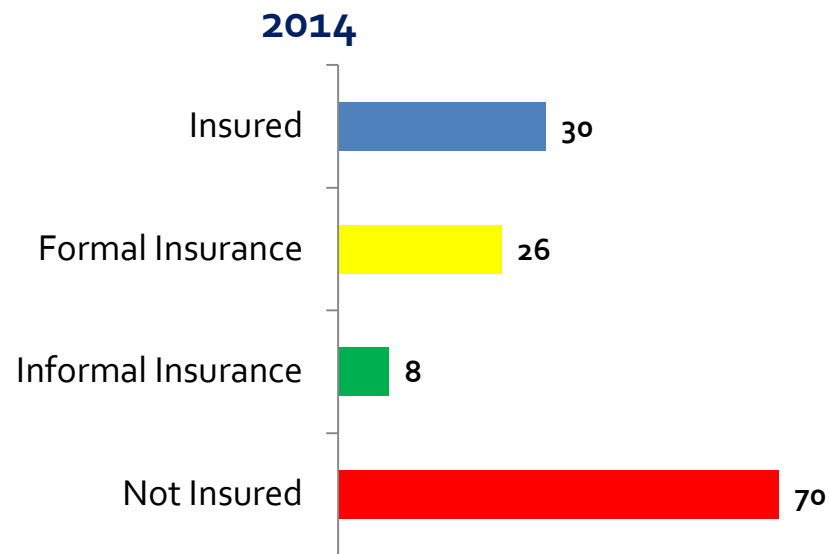
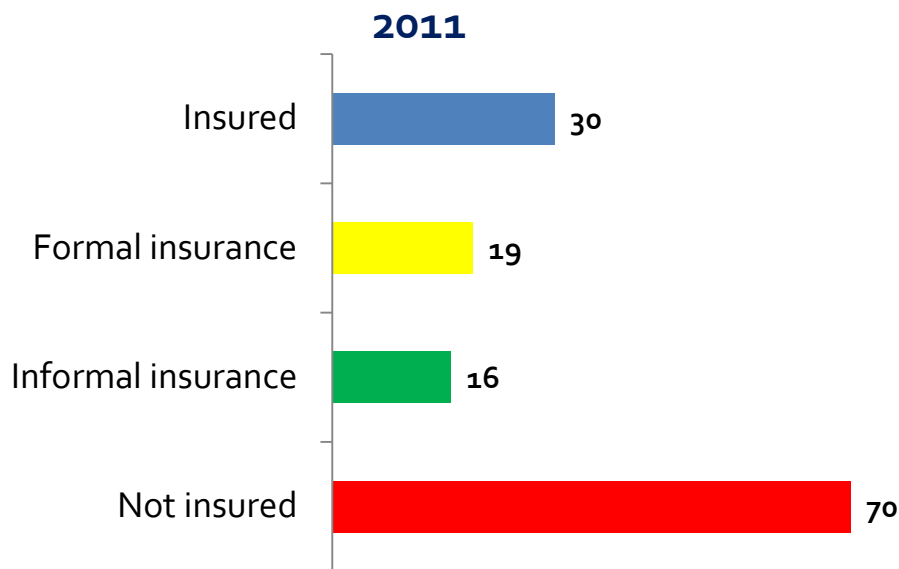
# Contents



1. Overview
2. Understanding people's lives: Have people's lives changed?
3. Financial capability
4. Financial inclusion overview: Access Strands, total product uptake, Landscape of Access – what has changed since 2011?
5. Banking: Has it increased?
6. Savings and investments: Do people manage to save/invest?
7. Borrowing and credit: Has the usage in credit increased?
- 8. Insurance and risk management: Did medical insurance retain its importance?**
9. Remittance: Who is sending/receiving money?
10. Mobile money
11. Financial Inclusion Priorities

# Insurance and risk management:

*'Insurance sector in Zimbabwe continues to be driven by funeral insurance/cover and medical aid*



**30%** of adults have insurance

**Of those insured uptake of insurance products is driven by:**

- Funeral cover/insurance 82%
- Medical aid (constant) 30%

**70%** of adults do not have any kind of financial product covering risk

**Main barrier to the uptake of insurance:**

- Claim they cannot afford it / it is perceived too expensive (68% of the time)
- Claim they do not need insurance (30%)
- They do not know how insurance works (10%)

**\*\*LITERACY\*\***

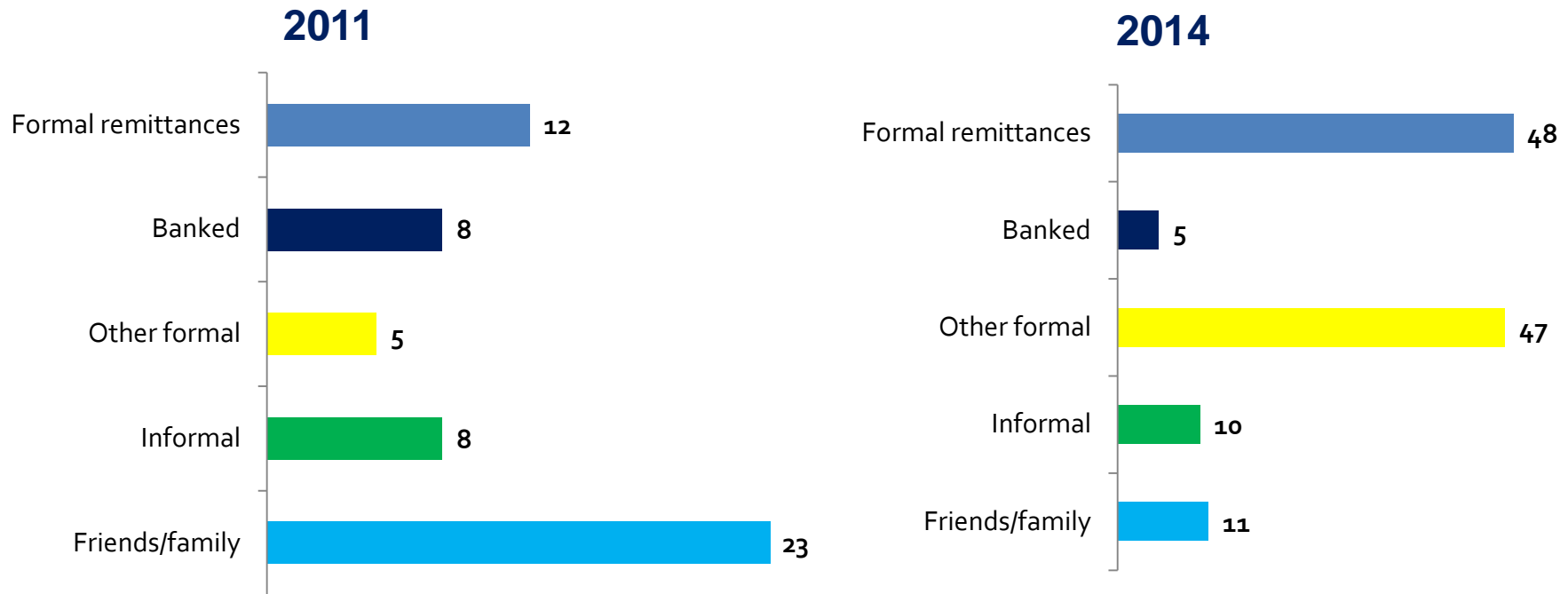
# Contents



1. Overview
2. Understanding people's lives: Have people's lives changed?
3. Financial capability
4. Financial inclusion overview: Access Strands, total product uptake, Landscape of Access – what has changed since 2011?
5. Banking: Has it increased?
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- 9. Remittances: Who is sending/receiving money?**
10. Mobile money
11. Financial Inclusion Priorities

# Remittances:

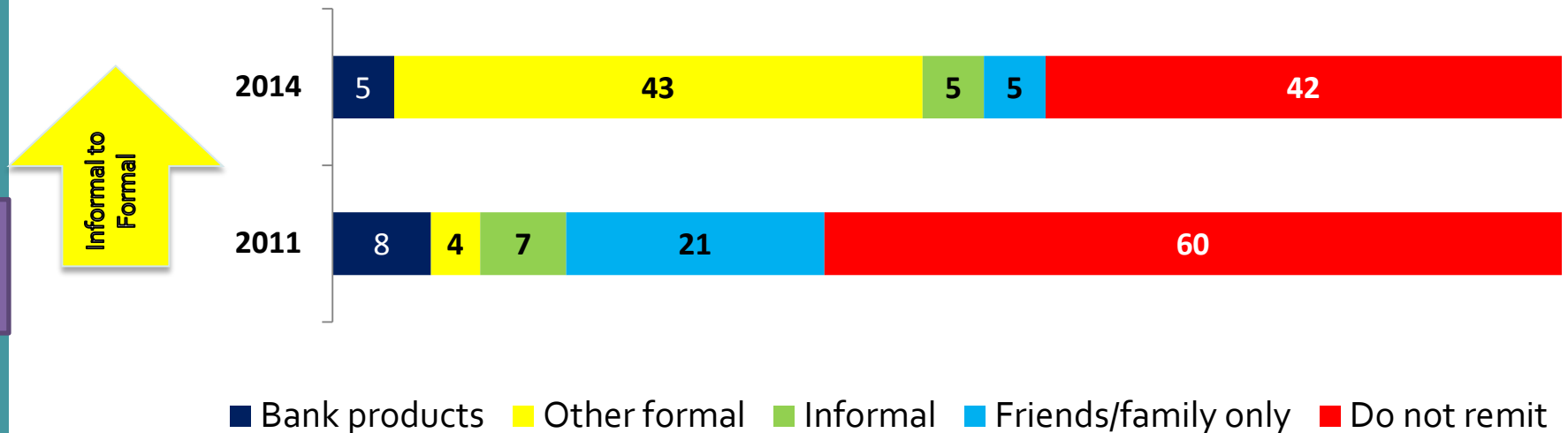
Overview of those that claimed to remit in the past 12 months



The composition of people remitting has significantly changed owing to mobile money services. People previously remitting through the bank, informally and through friends and family have *started* to use *to* mobile money remittance services.

# Remittances

- There has been significant changes in the level of adults remitting in Zimbabwe since 2011
- Other formal products uptake such as Moneygram, Western Union and Mukuru have increased in 2014
- Mobile money services is a big remittance tool growing the number of adults with other formal products



1. Overview
2. Understanding people's lives: Have people's lives changed?
3. Financial capability
4. Financial inclusion overview: Access Strands, total product uptake, Landscape of Access – what has changed since 2011?
5. Banking: Has it increased?
6. Savings and investments: Do people manage to save?
7. Borrowing and credit: Has the usage in credit increased?
8. Insurance and risk management: Did medical insurance remain its importance?
9. Remittance: Who is sending/receiving money?

## **10. Mobile money**

11. Financial Inclusion Priorities

# Mobile money



**91%** (6.7 million) know about mobile money, but only **45%** (3,15 million) are registered and **only 3%** (90 thousand) using another person's mobile account



Of those who are registered (3,15 mil):

- 80% use it to remit
- 46% transact through mobile money (pay utility bills, buy airtime, etc.)

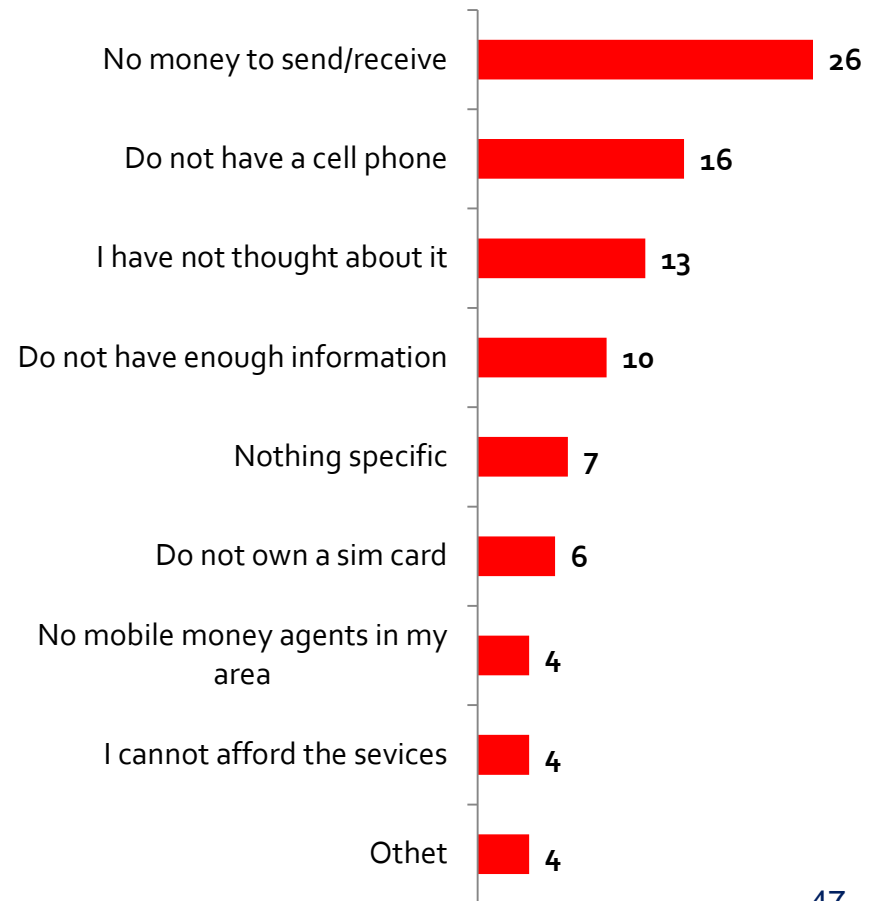
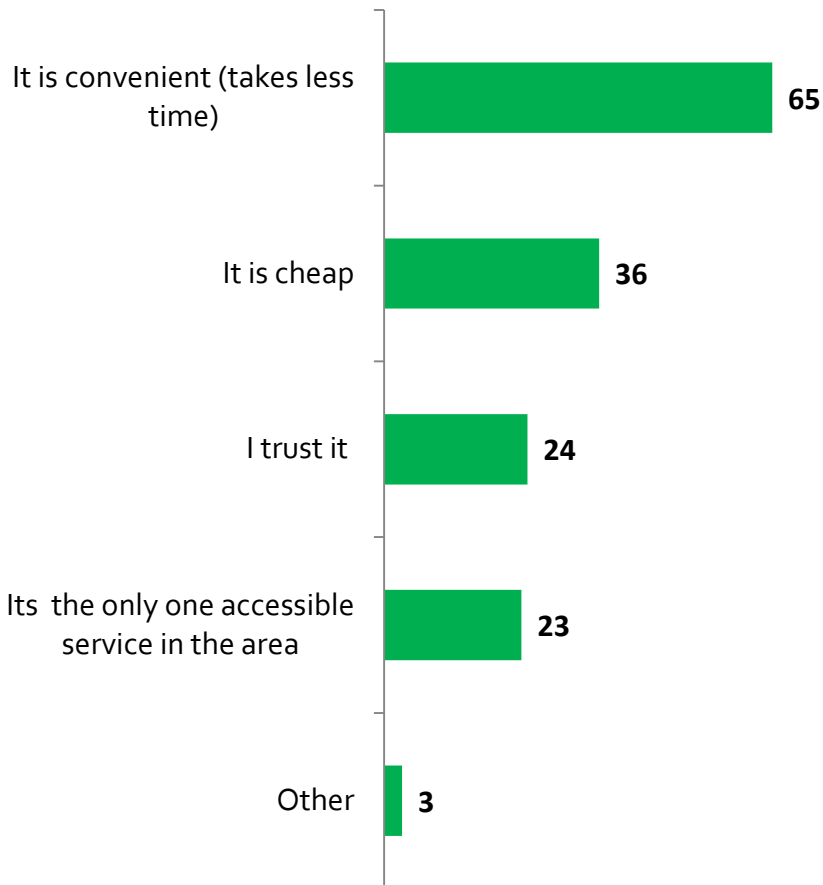


# Mobile Money: Drivers and barriers



**45%** use Mobile Money Services

**55%** do not use Mobile money



# Banking vs. Mobile Money

A comparison



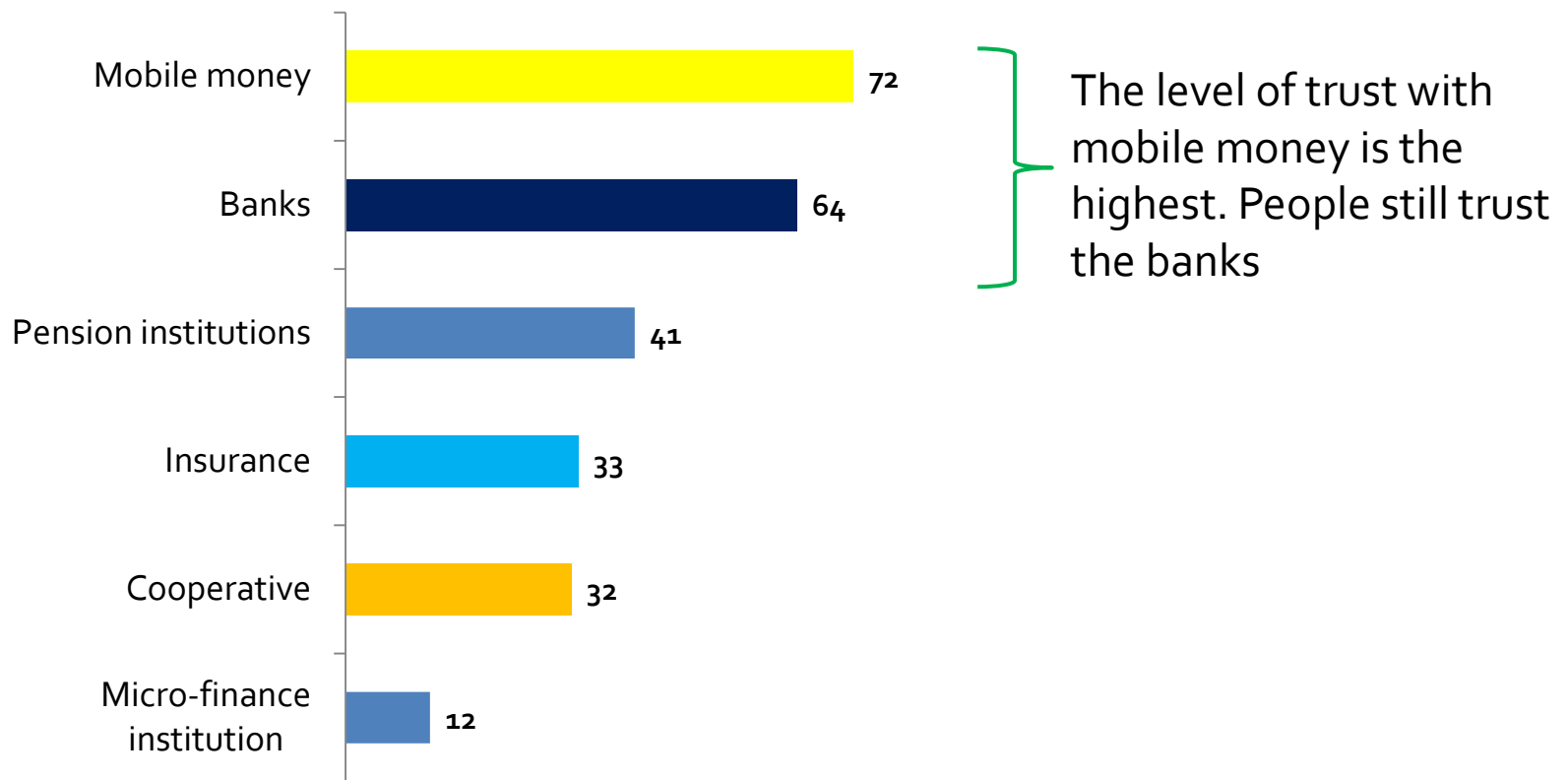
	Banking	Mobile Money
Transactional	81%	31%
Remittance services	18%	80%
Savings products	33%	9%
Credit products	12%	0.4%
No. of adults with a product in Zimbabwe	30%	45%

# Level of trust with financial institution

## A comparison



Could trust be a limiting factor to financial inclusion?



# Contents



1. Overview
2. Understanding people's lives: Have people's lives changed?
3. Financial capability
4. Financial inclusion overview: Access Strands, total product uptake, Landscape of Access – what has changed since 2011?
5. Banking: Has it increased?
6. Savings and investments: Do people manage to save/invest?
7. Borrowing and credit: Has the usage in credit increased?
8. Insurance and risk management: Did medical insurance retain its importance?
9. Remittances: Who is sending/receiving money?
10. Mobile money

## **11. Financial Inclusion Priorities**

# Financial Inclusion Priorities



1. Continued enabling regulatory environment
2. Mobile money – helping consumers understand the product beyond remittances
3. Increased remittances as a channel to support vulnerable dependents – do we need to continue a diaspora strategy?
4. Insurance to better manage impact of risks - insurance is driven by funeral cover and non-funeral insurance by salaried workers . Innovative funeral products that extend cover to other non-funeral risks
5. Deepening bank reach to better meet needs – how can an increase in banking translate into savings?
6. Reduce credit costs and educate about good credit for developmental purposes
7. Consumer education and financial literacy are real issues in Zimbabwe – interaction with securities and insurance is encumbered are largely financial illiteracy

# Thank you

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