

FinScope Consumer Survey Kingdom of Cambodia 2015



Topline findings July 2016

1. Overview

2. Understanding people's lives
3. Financial capability
4. Financial inclusion overview
5. Banking and MFIs
6. Savings and investments
7. Borrowing and credit
8. Insurance and risk management
9. Remittances and mobile money
10. Financial Inclusion Priorities

Partnering for a common purpose



Making Access Possible (MAP) is a diagnostic and programmatic framework to support expanding access to financial services. The MAP methodology and process has been developed jointly by:



At country level, the core MAP partners, collaborate with other donors to ensure an inclusive, holistic process. In addition to the above MAP members, to formalise the MAP Cambodia process, there is a technical committee comprising the following additional members:



FinMark Trust and FinScope



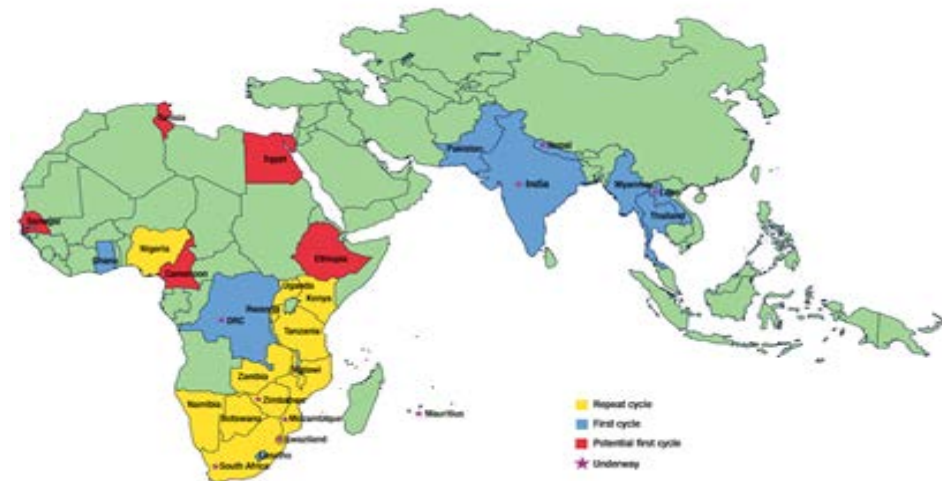
- FinMark Trust is an independent trust with the purpose of “Making financial markets work for the poor” across Africa and now in Asia in order to increase access to financial services for the unserved and underserved that ultimately lead to the development of inclusive financial systems that can benefit all people
- FinScope is a representative study of the usage of and access to financial services. The FinScope survey is used to better understand money matters, with an emphasis on the market needs and attitudes to both informal and formal financial offerings and usage. The FinScope survey further sheds light on consumers and behaviour by exploring individuals’ interactions with the financial sector as a whole

Where:

18 African countries; Pakistan, Thailand, Myanmar, Nepal, Laos and Cambodia and currently finalising in India.

Objective:

To measure and profile levels of access to and use of financial services by all adults, across income ranges and other demographics, in order to inform stakeholders and develop policy.

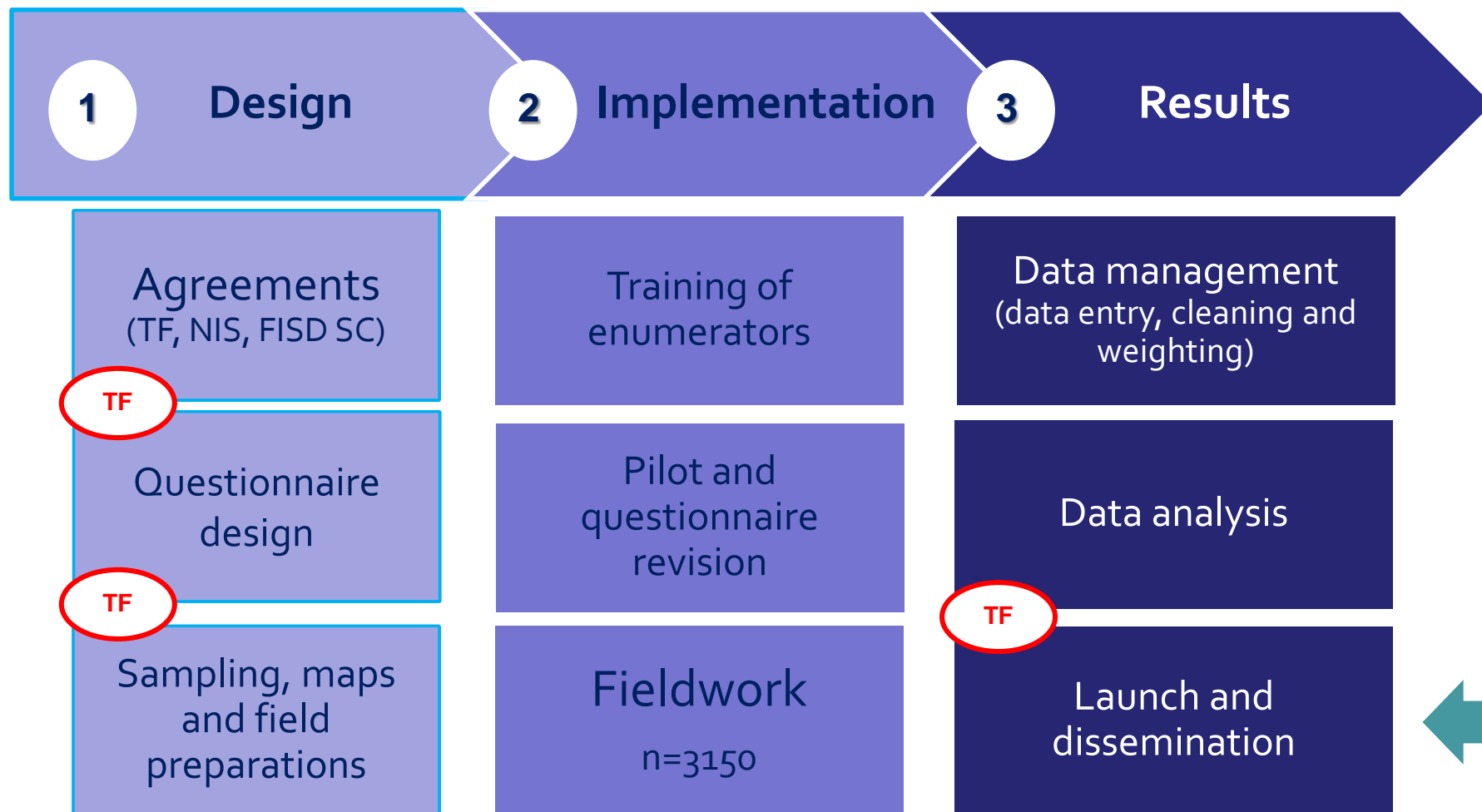


Objectives of FinScope Cambodia 2015



- 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 create a benchmark/baseline for financial inclusion in Cambodia (2015) to which provide an assessment of changes and factors in the future (including possible impacts of future interventions to enhance access)

Research process



Methodology - overview

Respondent profile

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



Sample and methodology

- Sample drawn by **NIS**; representative on national, urban/rural, and regional level
- Comprehensive **LISTING in 315 Villages** – listing **32 052** eligible households
- **3 150** Face-to-face pen and paper interviews \pm 75 min.
- Fieldwork conducted by National Institute of Statistics (November 2015 – January 2016)

Quality control and data validation

- **Quality control / field checks** conducted by the National Institute of Statistics and FinMark Trust
- Data validation against census data and Cambodia Intercensal Population Survey 2013
- Weighting of the data conducted National Institute of Statistics

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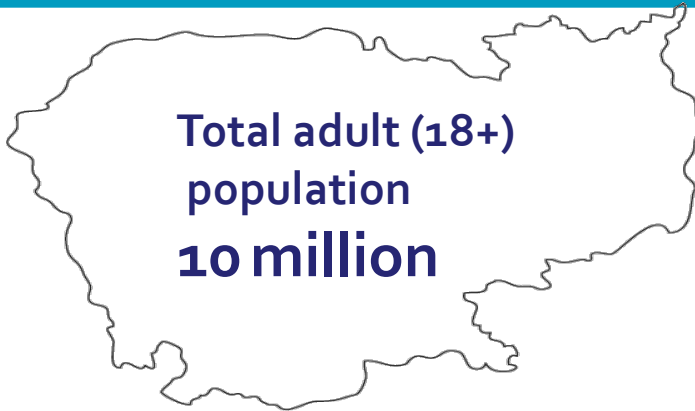
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Understanding people's lives: Demographics



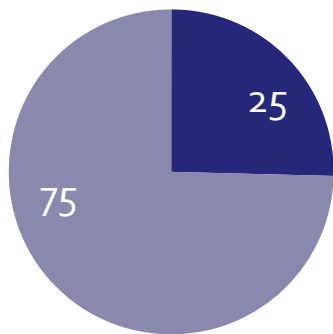
- **75%** reside in rural areas
- **42%** are 30 years of age or younger
- **56%** have primary education or less
- **13%** have no formal education

Urban/rural

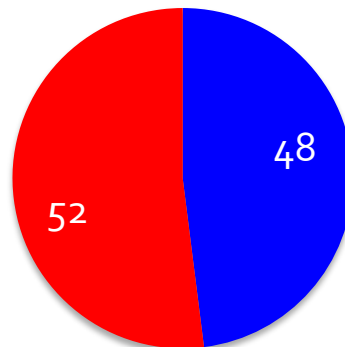
Gender

Age

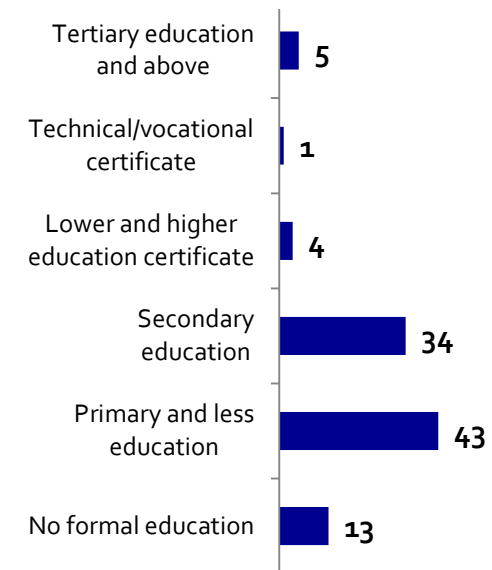
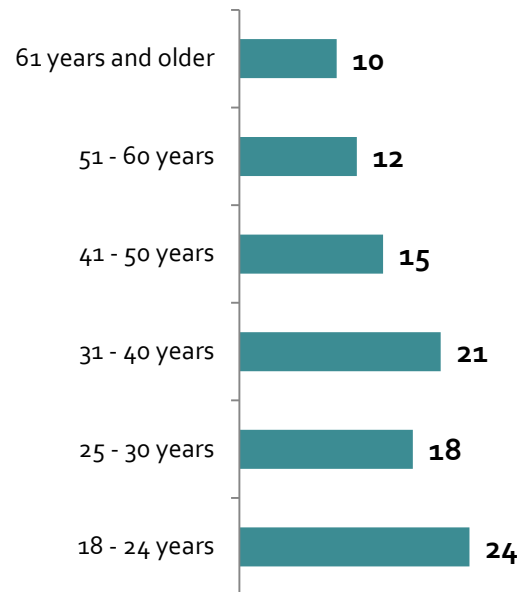
Education



■ Urban
■ Rural



■ Male
■ Female

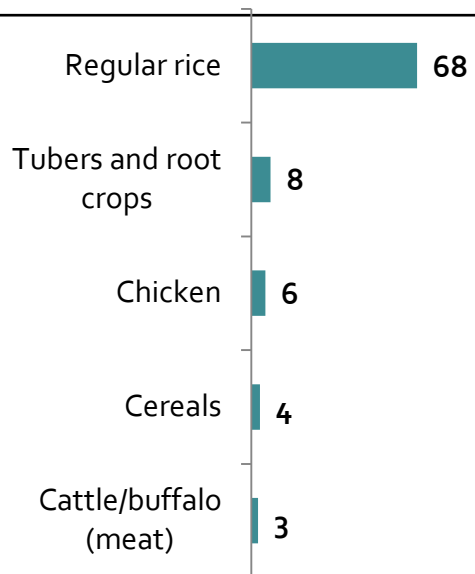


Understanding people's lives: Income / livelihoods

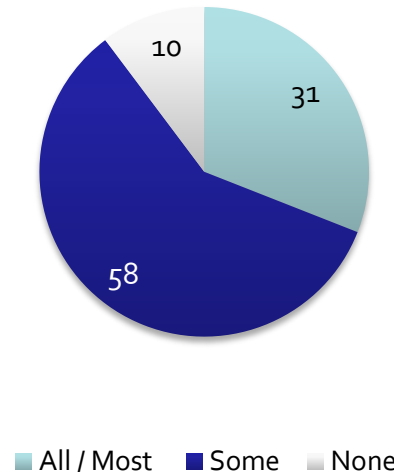


- Farming in Cambodia is important with **58%** of households being involved in farming – split by region as Plain (**52%**), Tonle Sap (**66%**), Coastal (**52%**) and Plateau and mountainous (**68%**)
- **41%** of farmer households are subsistence and **59%** both consume and sell their produce
- About **31%** of farmers claim **most or all of their household eating needs** are met by what they farm
- Regular rice (**68%**) and tuber crops (**8%**) are the most income generating crops and buffalo or cattle (**10%**) as the most income generating livestock
- Drought and natural disasters and product spoilage (**60%**) are the main problems for farmers

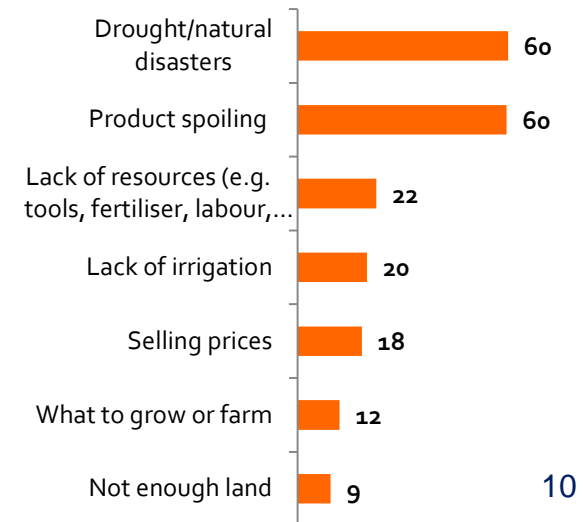
Main income crops



Household needs met by farming



Farming problems experienced



Understanding people's lives: Agriculture

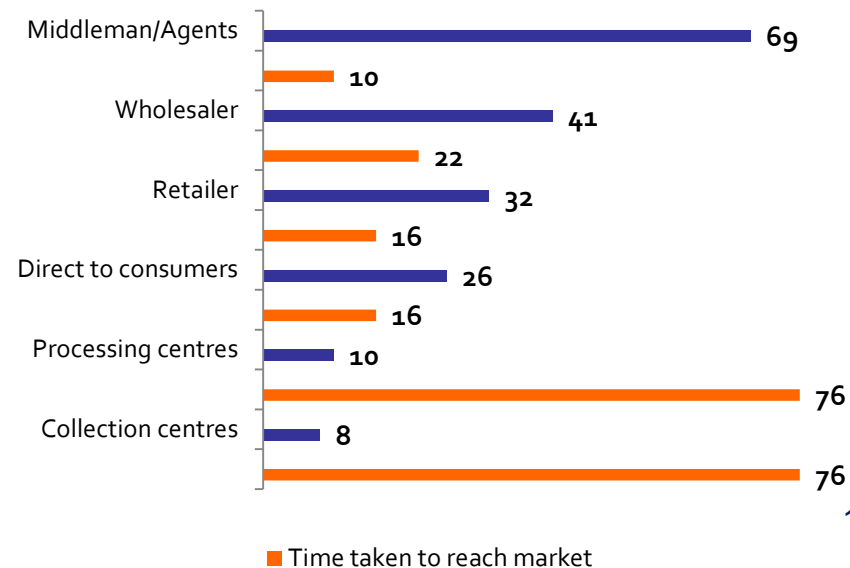


- **58%** of households are involved in farming – of these, **95%** farm on their own land and **10%** farm on someone else's land while **1%** is paid to work on someone's land
- **Half** of farmer households do not buy an inputs for their farming, yet **38%** use money from other sources of income, only **6%** get loan from MFI
- **5%** of farmers used their land to secure someone else's collateral with about 4 people contributing to the loan
- Closer markets are more popular amongst those farmers selling their produce

Source of farming inputs



Market for those selling crops/produce



Understanding people's lives: Income / livelihoods

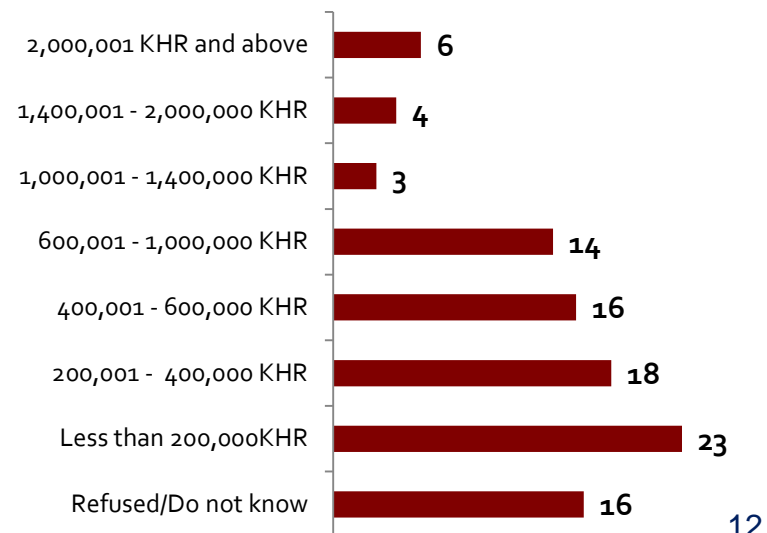


- **One third** of the adults claim farming / farming activities as a main source of income
- Formal sector i.e. public and private sector as well as formal self employment provides main income for **24%** of adults
- The informal economy provides the main source of income for **25%** of adults and 10% are dependents relying on remittances and assistance
- **41%** of adults personally earn 400,000 KHR (~\$100) or less per month with **over half** of these adults earning less than 200,000 KHR (~\$50) per month

Income Source Most Relied On

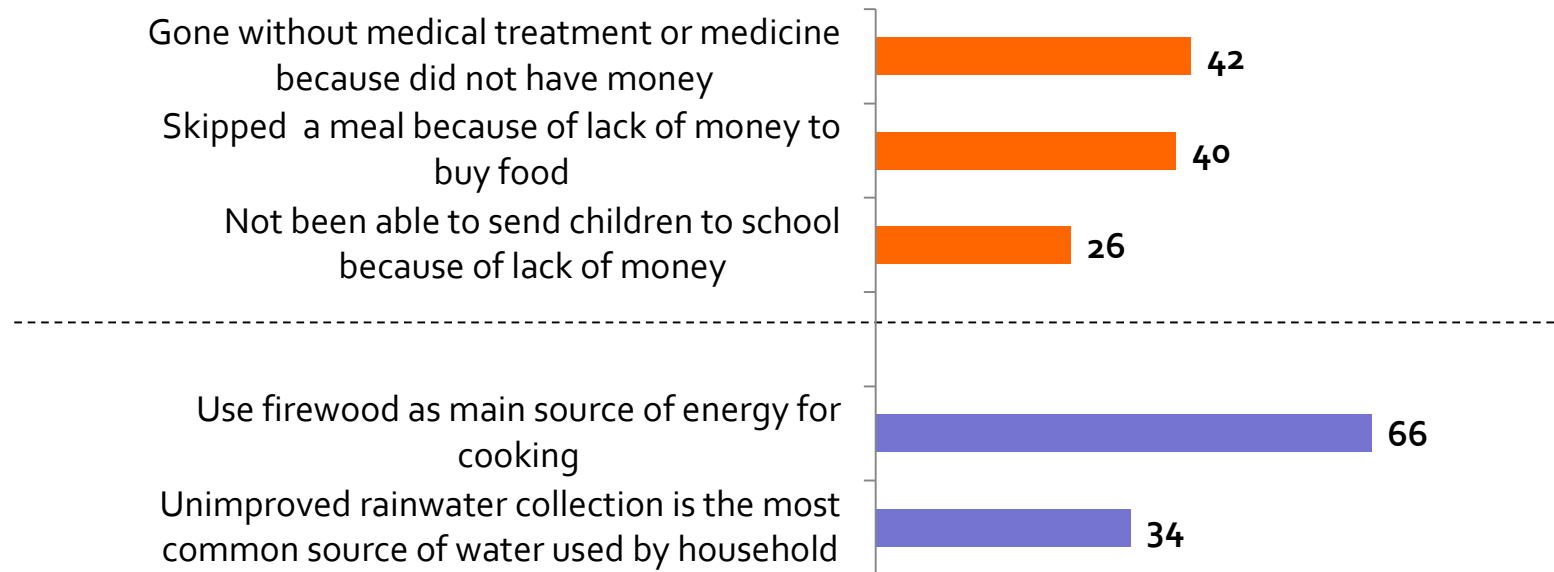


Personal monthly income



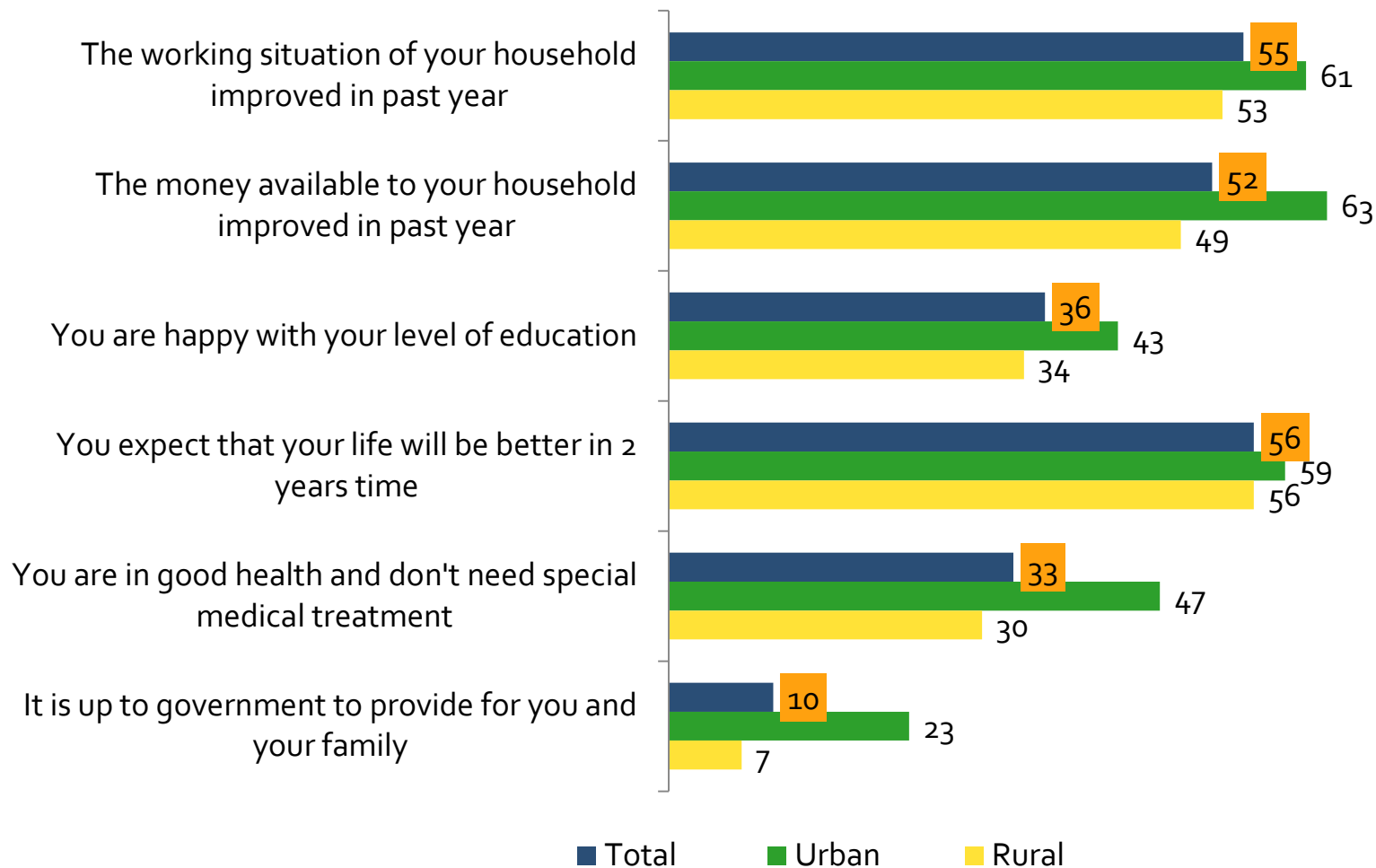
1USD = 4,000KHR

Daily realities - contextualising the drive for greater financial inclusion



- The poverty indicators above show that medical costs are a challenge with two in five adults going without treatment
- About two out of three adults reside in households that use firewood as the main source of energy for cooking
- When adults occupy their time in getting basic amenities, they seldom concern themselves with getting financial services

Understanding people's lives: Perception of life (household level)



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



70%

Motorcycle

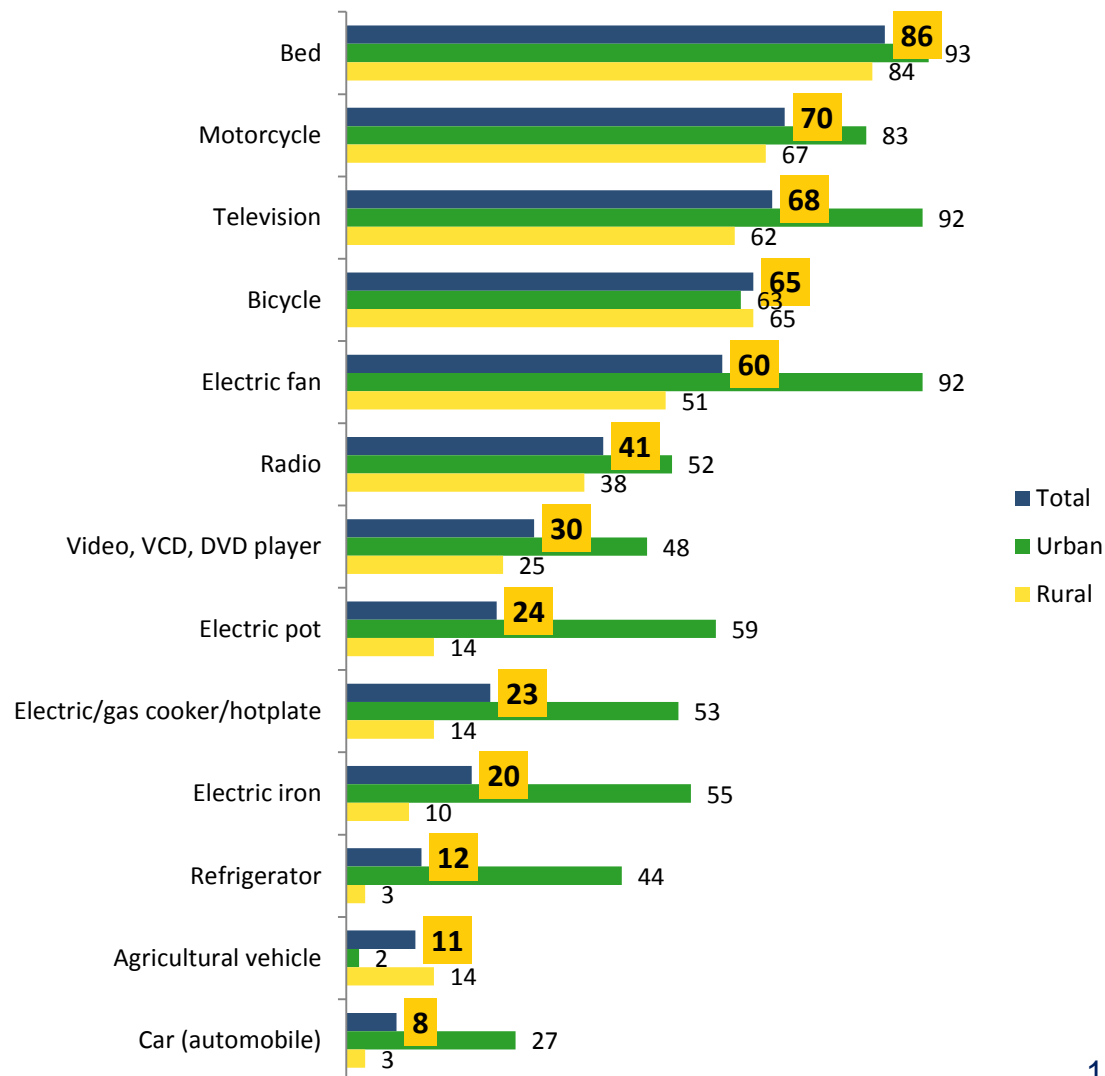


68%



41%

Radio



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



2015



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

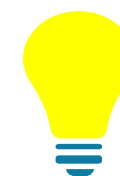
Total: 28%

Urban 74% : Rural 16%

Number of households with access toilet facilities (by type)

Total: 71%

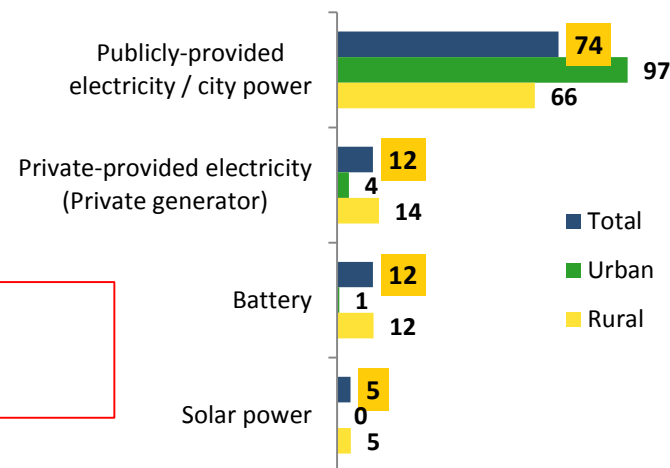
Urban 94% : Rural 65%



Number of household with electricity connection

Total: 81%

Urban 99% : Rural 76%



Alternative energy usage in rural areas

Understanding people's lives: Infrastructure accessibility



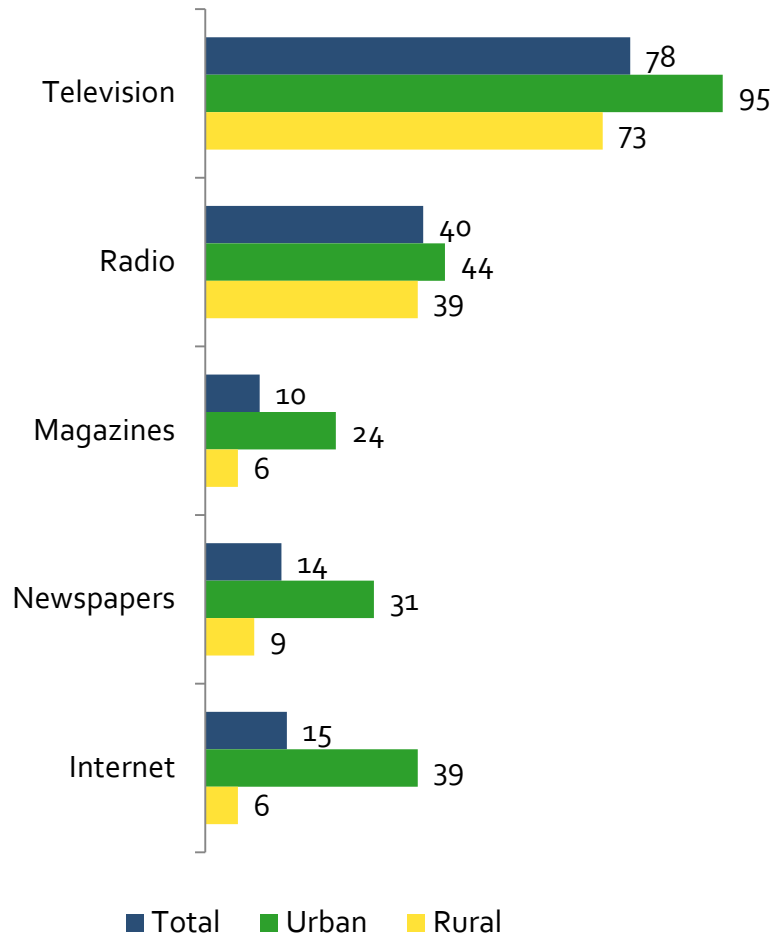
Percentage of people going to or aware of destination and take 30 minutes or less to get to destination

		Adults using or aware of destination	Take 30 minutes or less				
			Total	Urban	Rural		
P R O X I M I T Y	 Nearest	1	Grocery store	99%	97%	99%	96%
	2	Public transport / Bus stop	96%	68%	92%	59%	
	3	Market	99%	67%	98%	56%	
	4	Mobile money agent	96%	56%	94%	42%	
	5	Bank branch/ATM	98%	47%	92%	31%	
	6	MFI	98%	49%	93%	33%	
	7	Post office	81%	37%	68%	25%	
	Furthest						

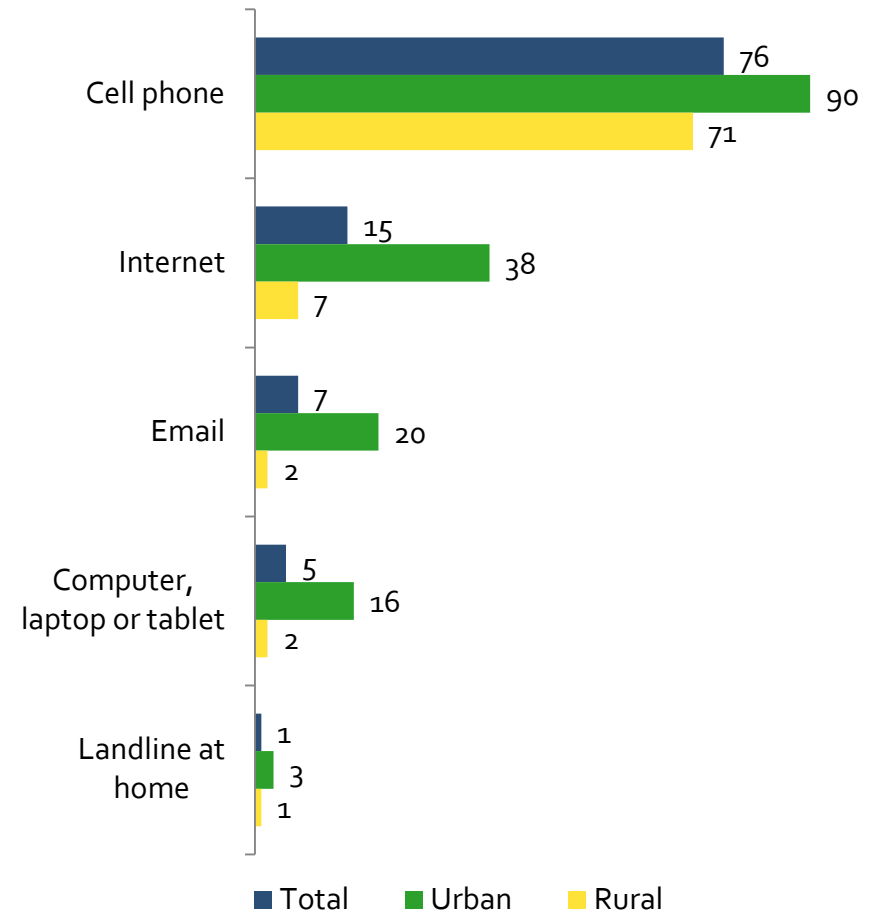
Understanding people's lives: Communication and technology access/usage



Media access in past month



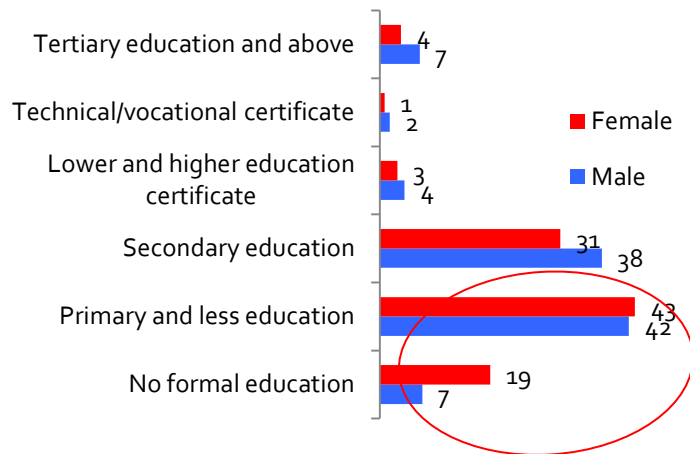
Usage of communication device



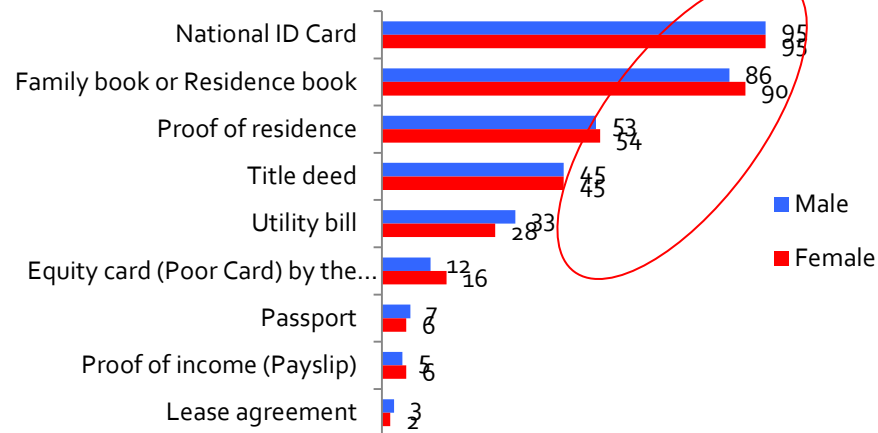
Understanding people's lives: Gender Analysis



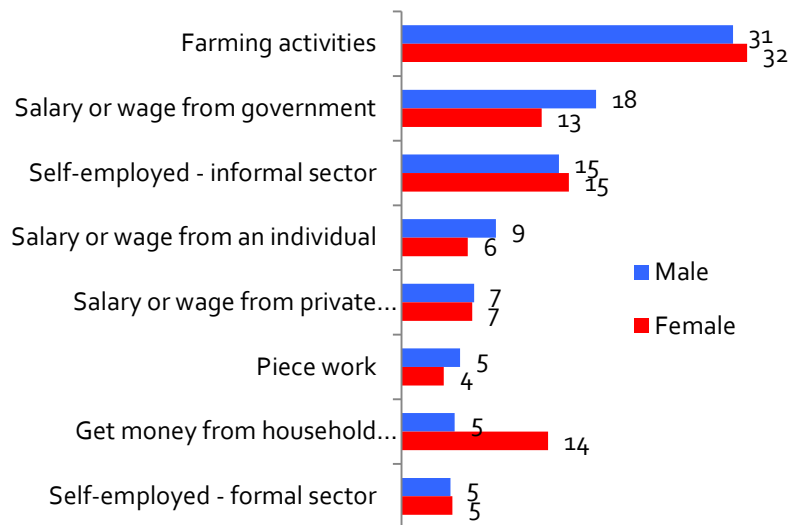
Education



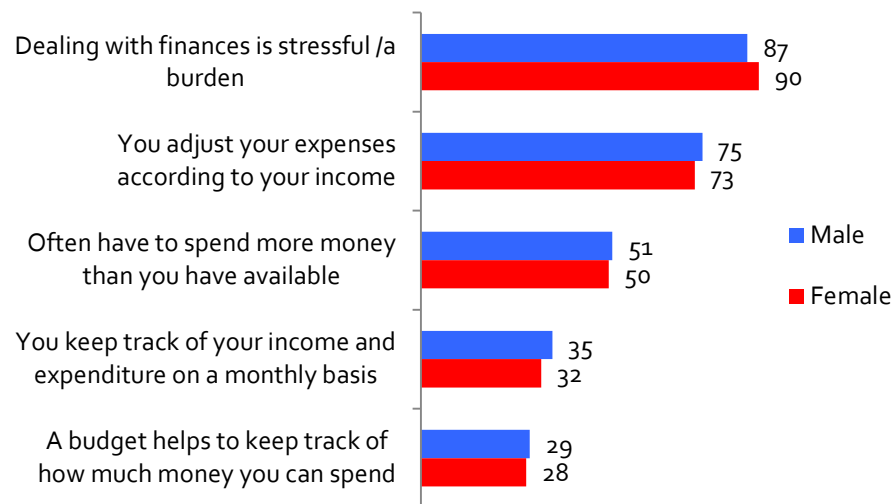
Documentation



Main income source



Perception on money matters



Summary



- Population profile:
 - There are more males with higher levels of education than females
 - About three out of four adults reside in the rural areas
- Access to infrastructure:
 - Access to piped running water is lower in rural areas
 - Most households have an electricity connection
 - Accessibility to common formal financial service destinations such as banks or ATM and MFIs are lower in rural areas taking most adults more than 30 minutes to reach
- Farming remains the most important source of income with over half the adult population dependent on income from farming activities

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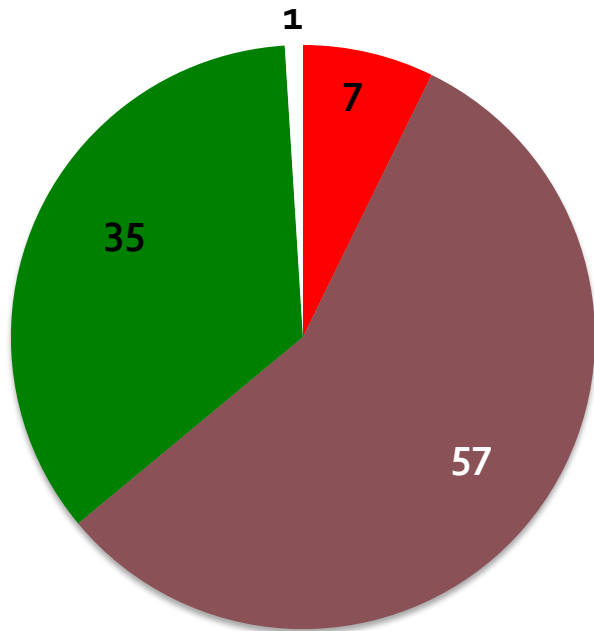


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Financial capability: Managing money

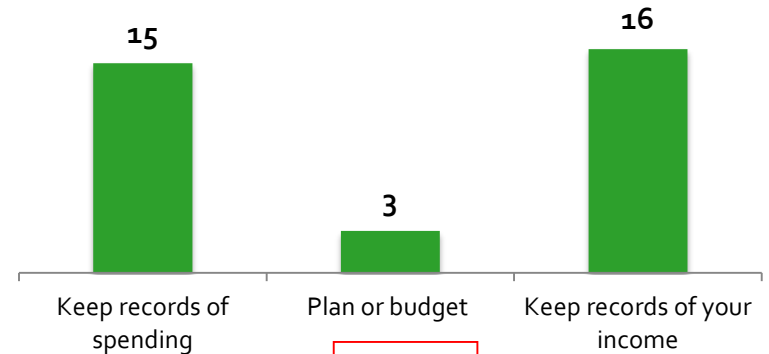


Difficulty with keeping up with financial commitments %

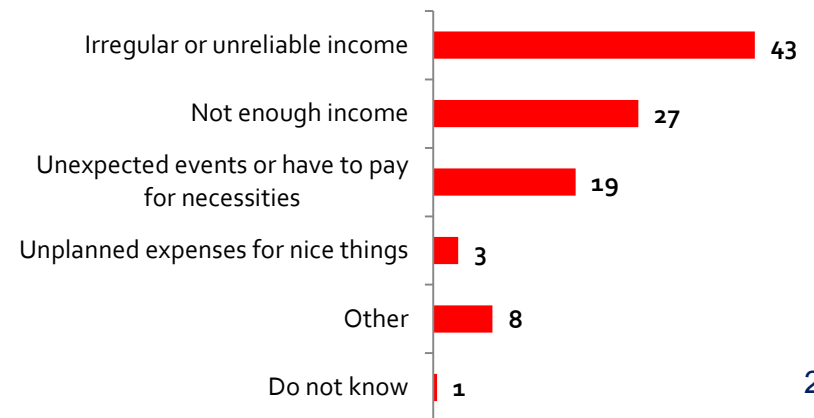


■ Easy
 ■ Difficult
 ■ Very difficult
 N/A

Planning and tracking % agreeing with statement



97%

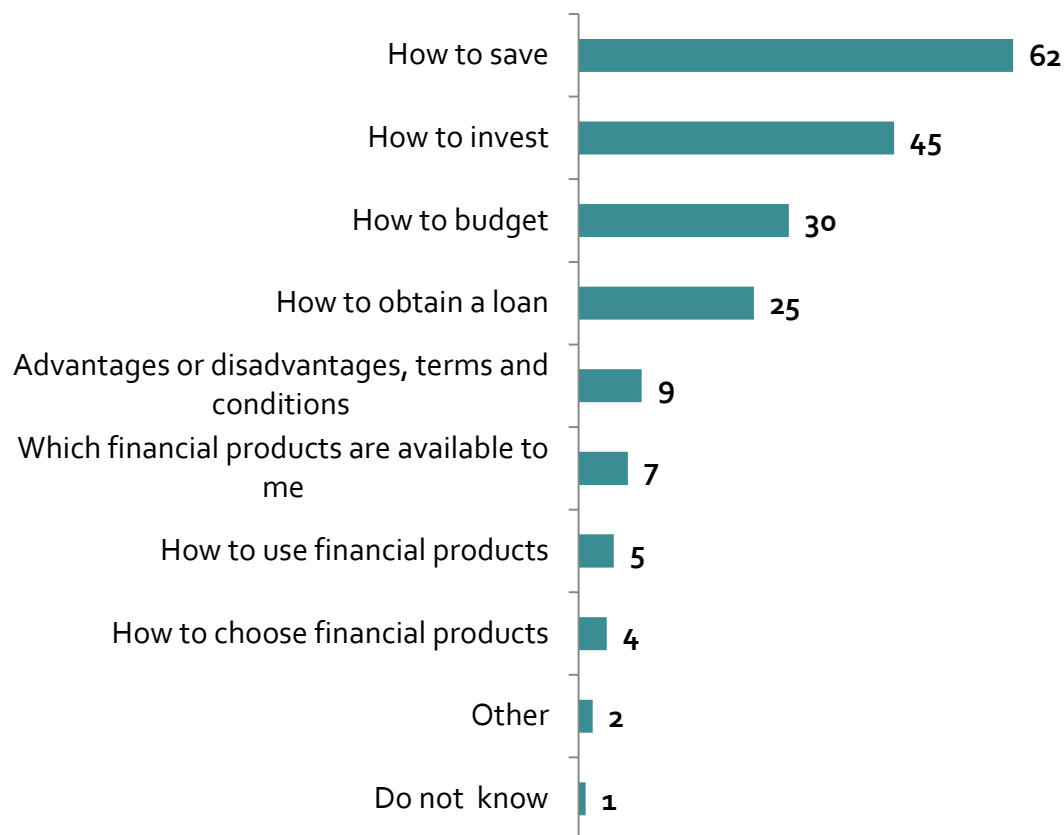


Financial capability: Accessing information



- *14% of adults felt they needed more information about managing money*

Desired financial education

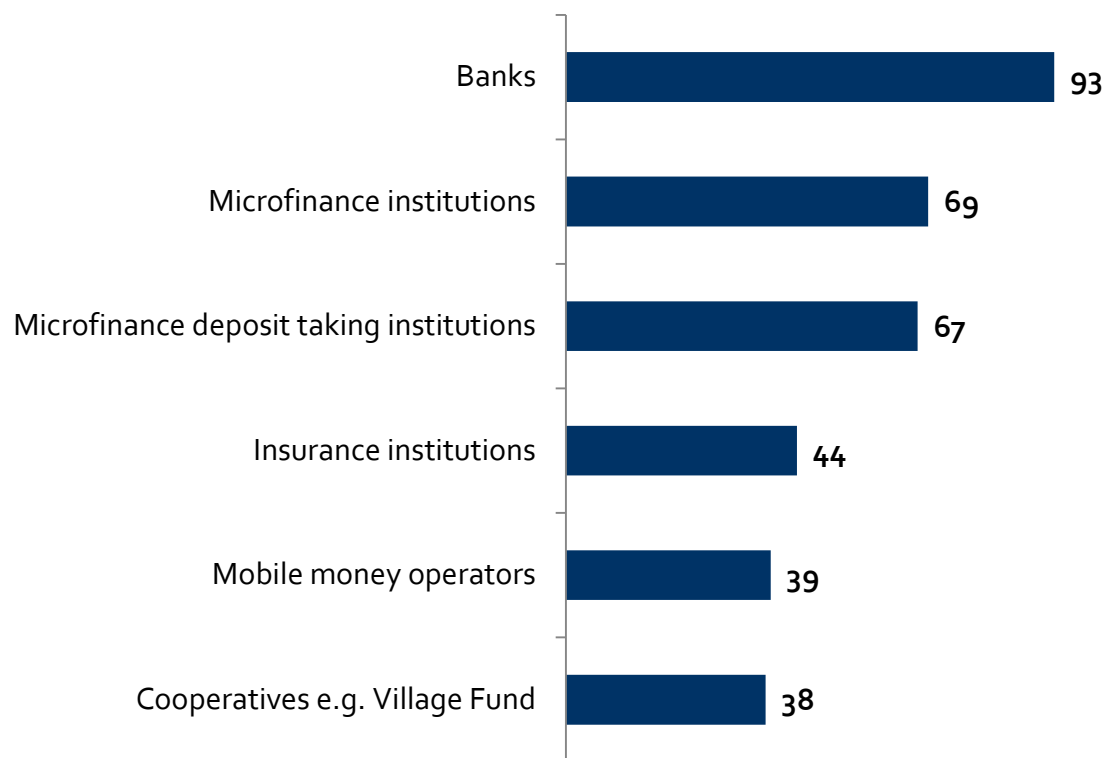


Financial capability: Trust and factors considered to open account



- *Level of trust is high in the banks and MFI institutions*

Level of trust with financial institutions



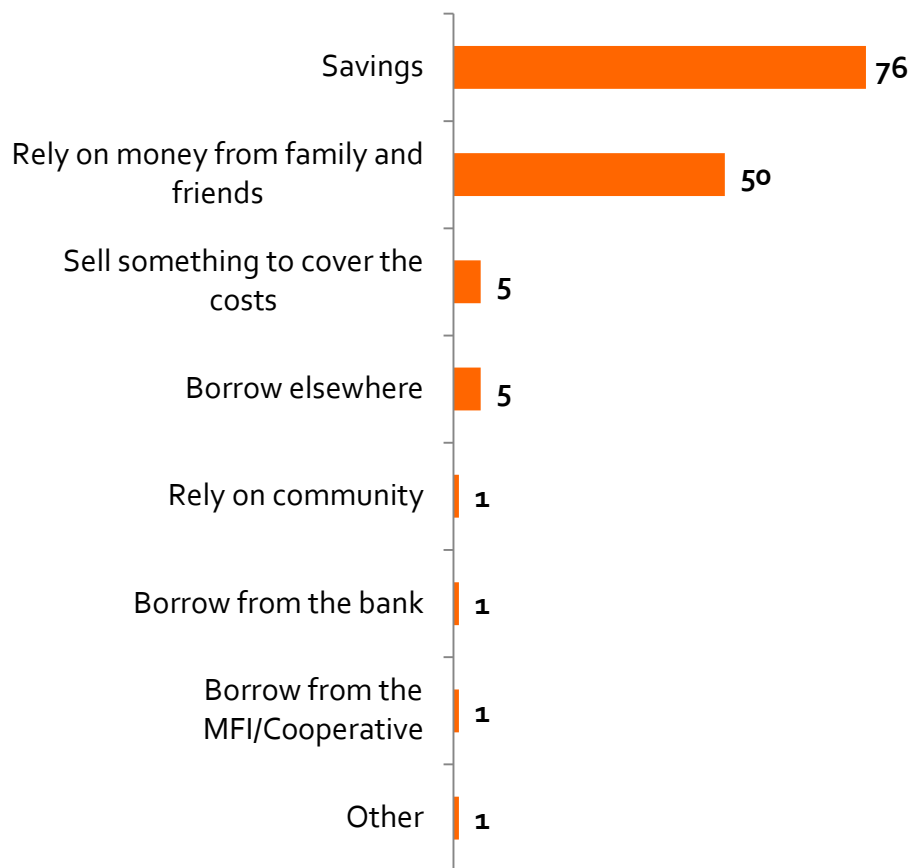
Financial capability:

Planning for major future events and decision making



- *8 million (81%) adults experienced a major event in the past 12 months*

Mechanism for paying for planned major expense



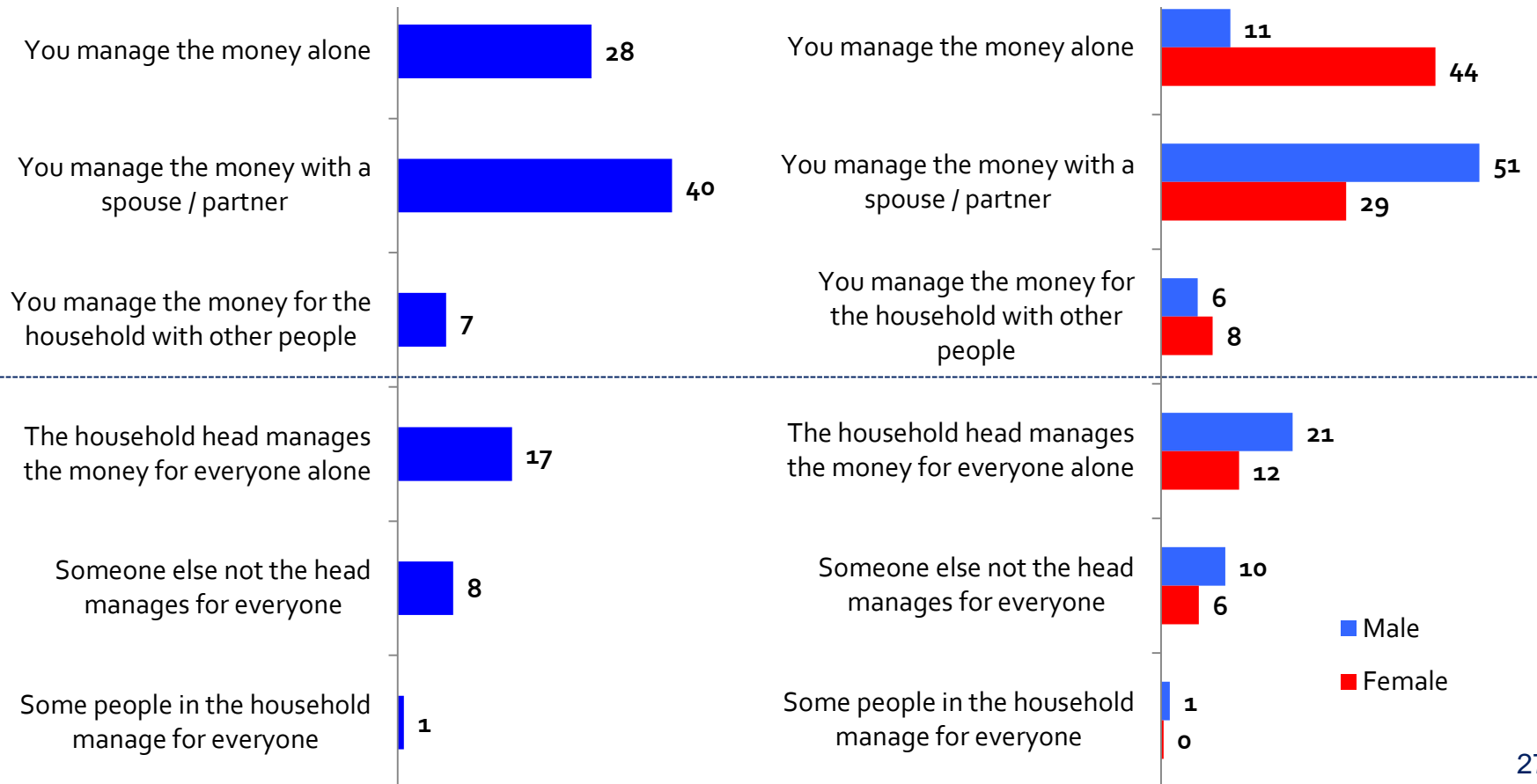
Financial capability: Decision making



- 75% of adults are involved in the day-to-day money management

Total

Gender split

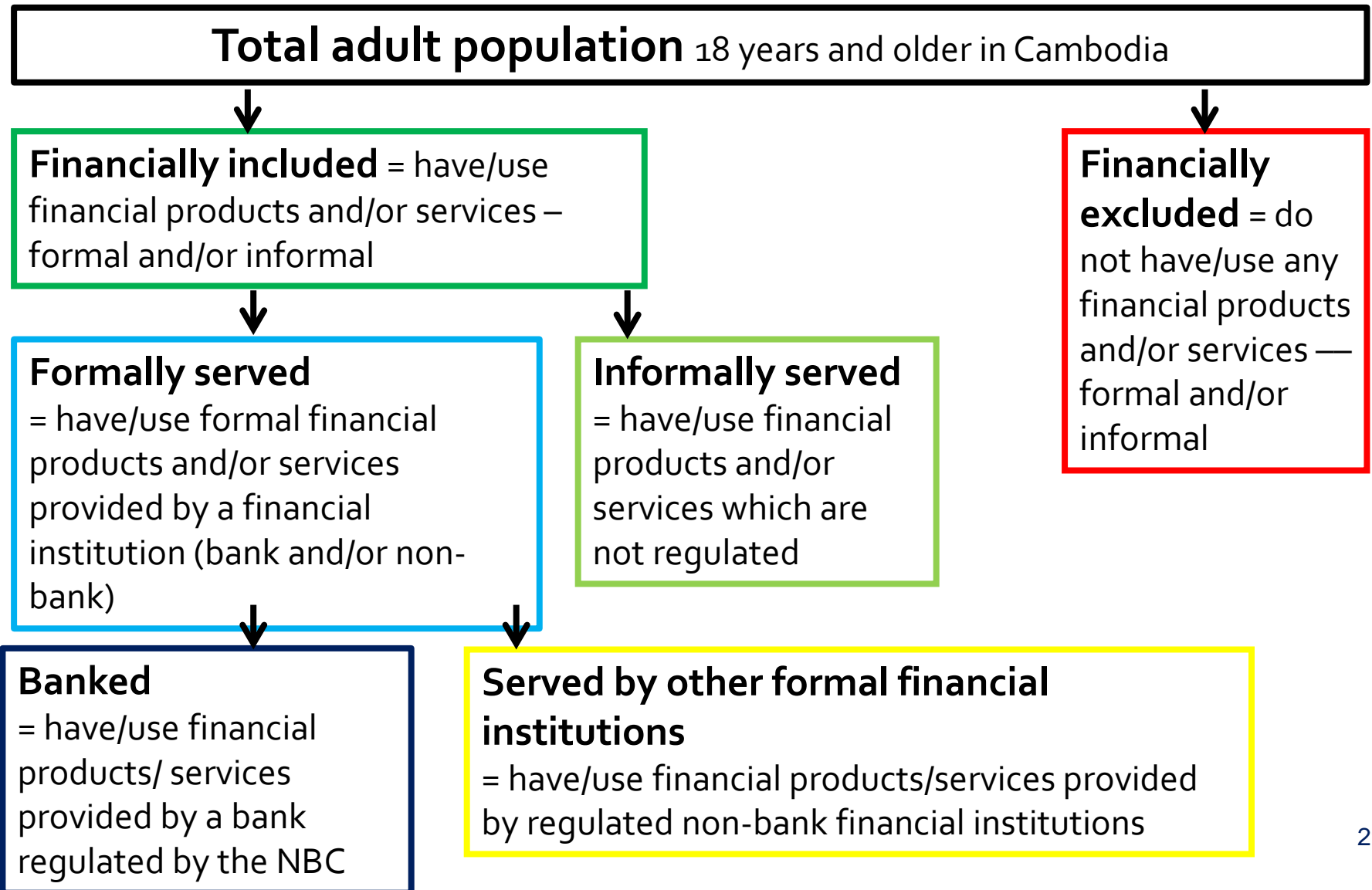


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Defining financial inclusion

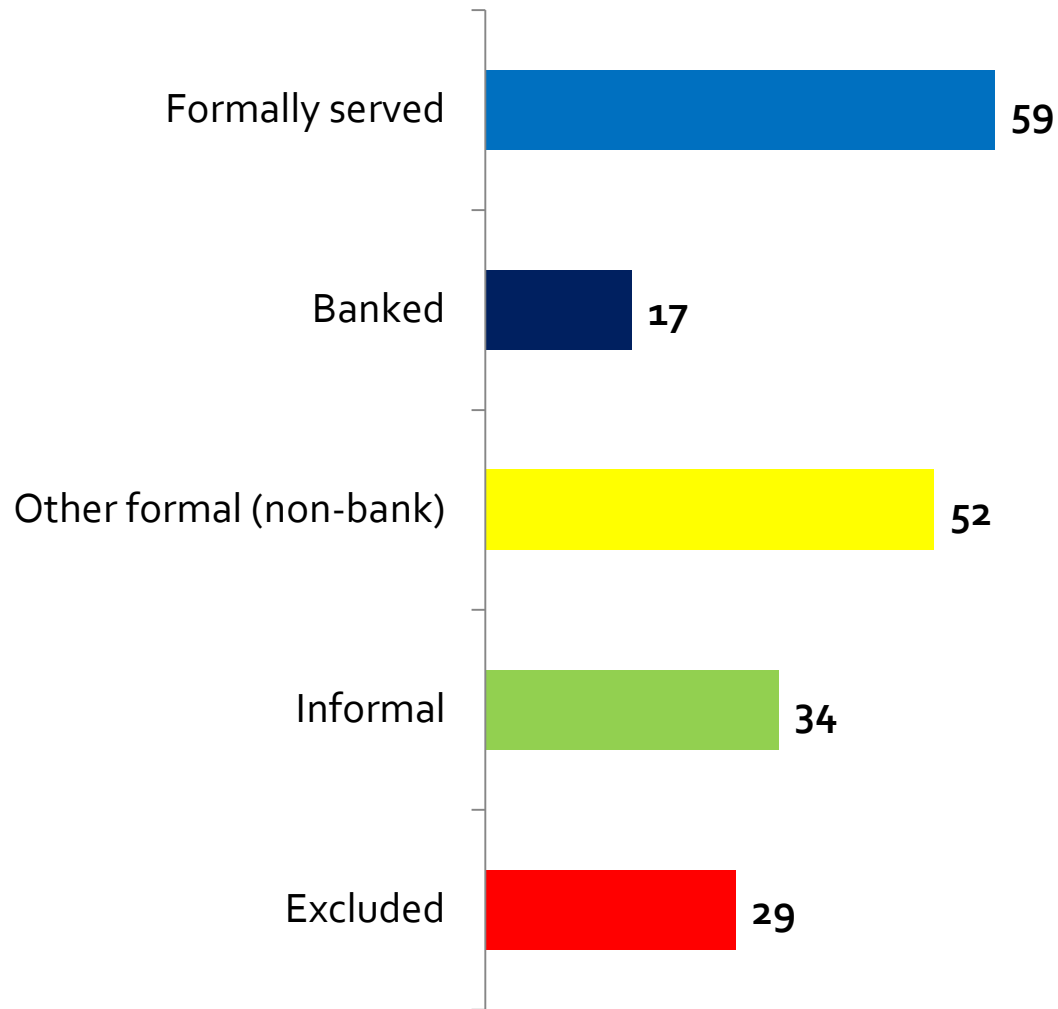


Analytical framework: Classification of variables



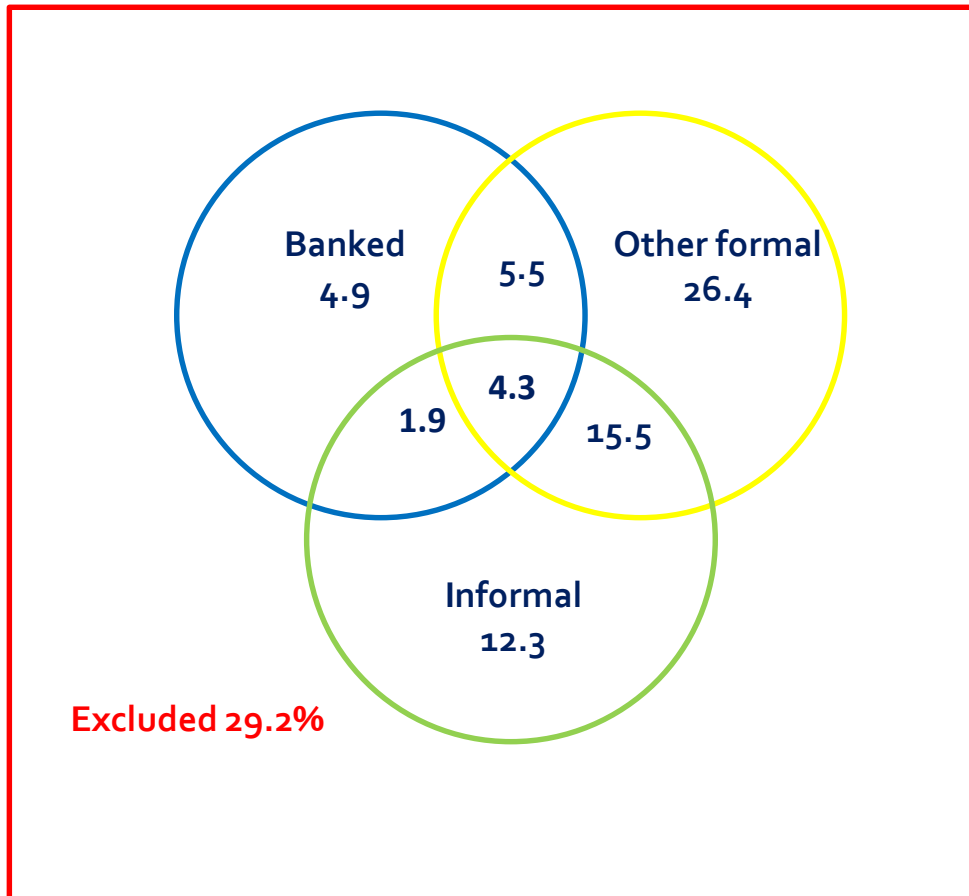
- Savings and credit union classified as **formal**
- Cooperative classified as **formal**
- Postal Savings institution classified as **formal**
- Saving in gold or jewelry classified as **informal**
- Village Development Fund (VDF) , Poverty reduction funds and Women's Union fund are **formal** if provided by registered rural credit operators, otherwise **informal**
- Pawn shops were classified under **formal**

Financial inclusion: Overview



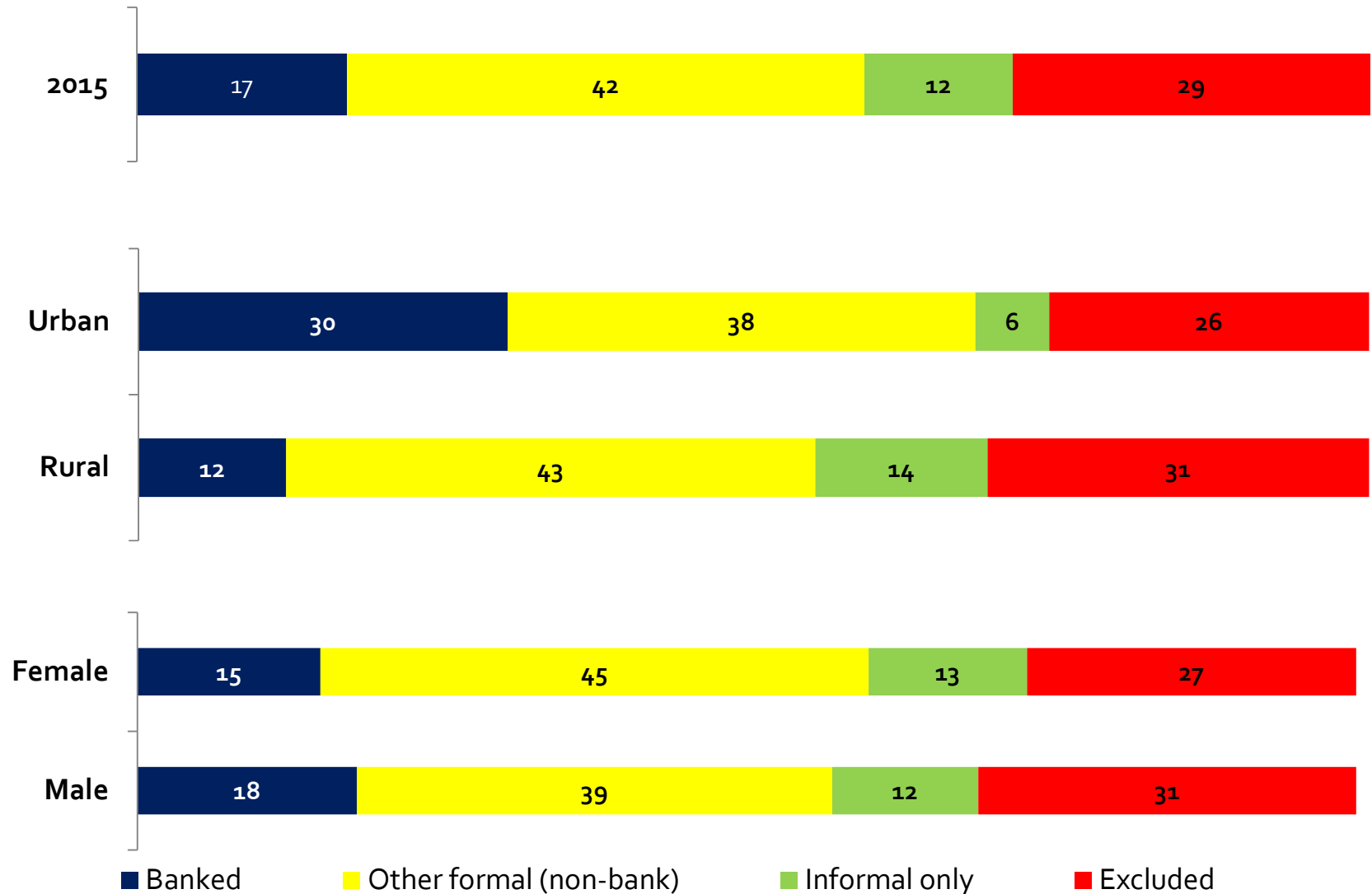
Overlaps:

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

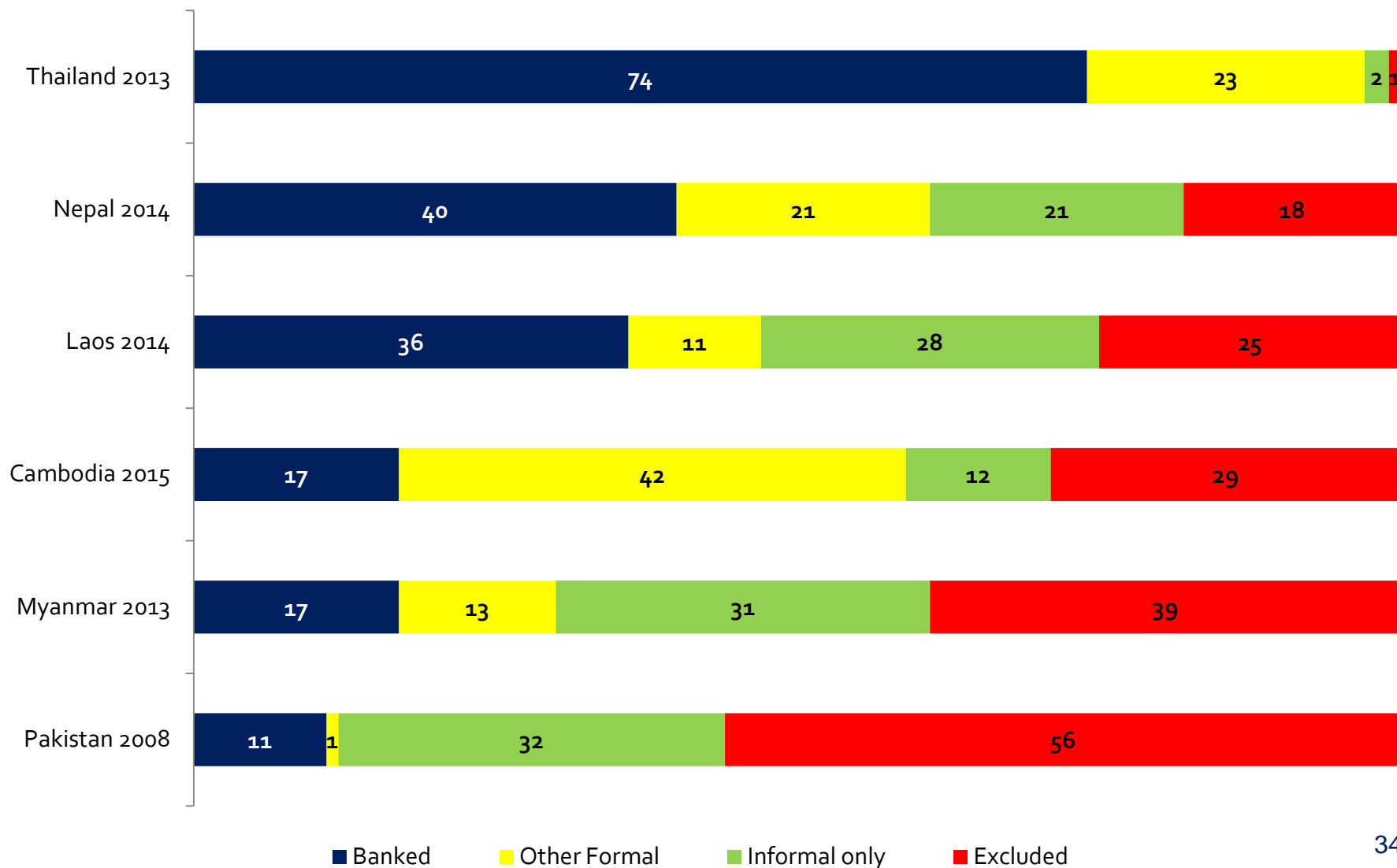


- **5%** of adults rely exclusively on banking services yet **26%** rely exclusively on other formal mechanisms
- **22%** use a combination of banked, and/or other formal and/or informal mechanisms to manage their financial needs, thus indicating that their needs are not fully met by the formal sector alone
- **12%** of the adult population **ONLY** rely on informal mechanisms such as rotating savings and credit groups, solidarity systems to save or borrow money or cover risk

Financial inclusion: Financial Access Strand 2015



Financial Consumer Access Strand (ranked by banked)



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Banking and MFI penetration:

How many adults are banked and using MFIs?



	Banked 2015	MFI 2015
Number adults using product in Cambodia	1 650 806 (17%)	2 359 554 (24%)
Number of adults not using product in Cambodia	8 290 234 (83%)	7 581 486 (76%)
Total adult population	9 941 040	9 941 040

Banking:

What products / services are driving the banked?



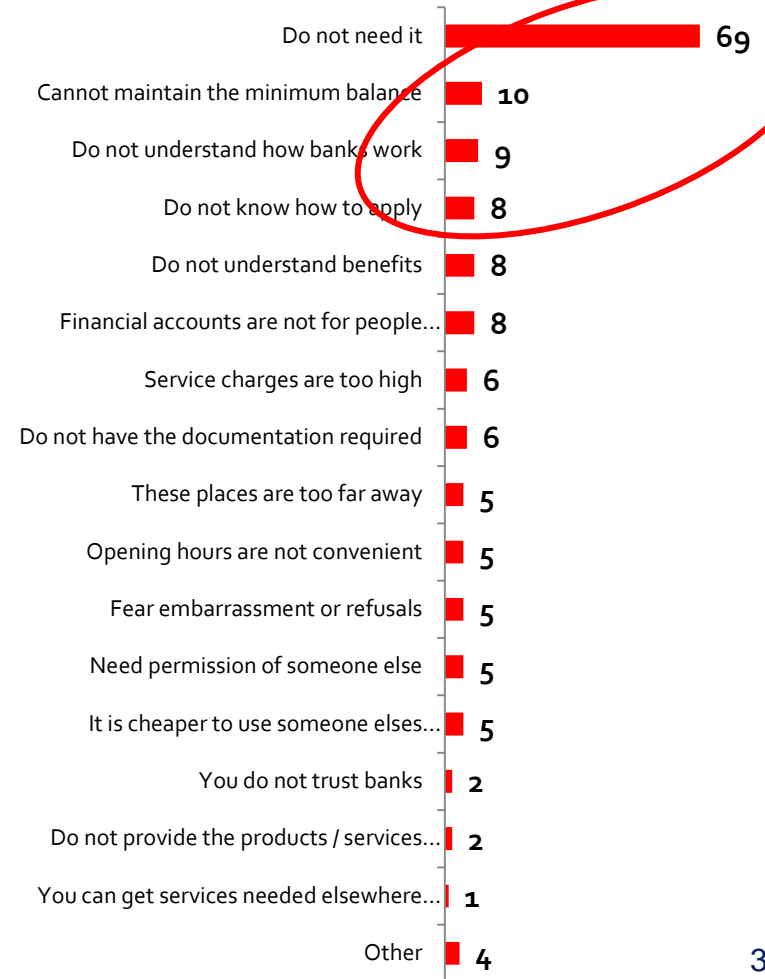
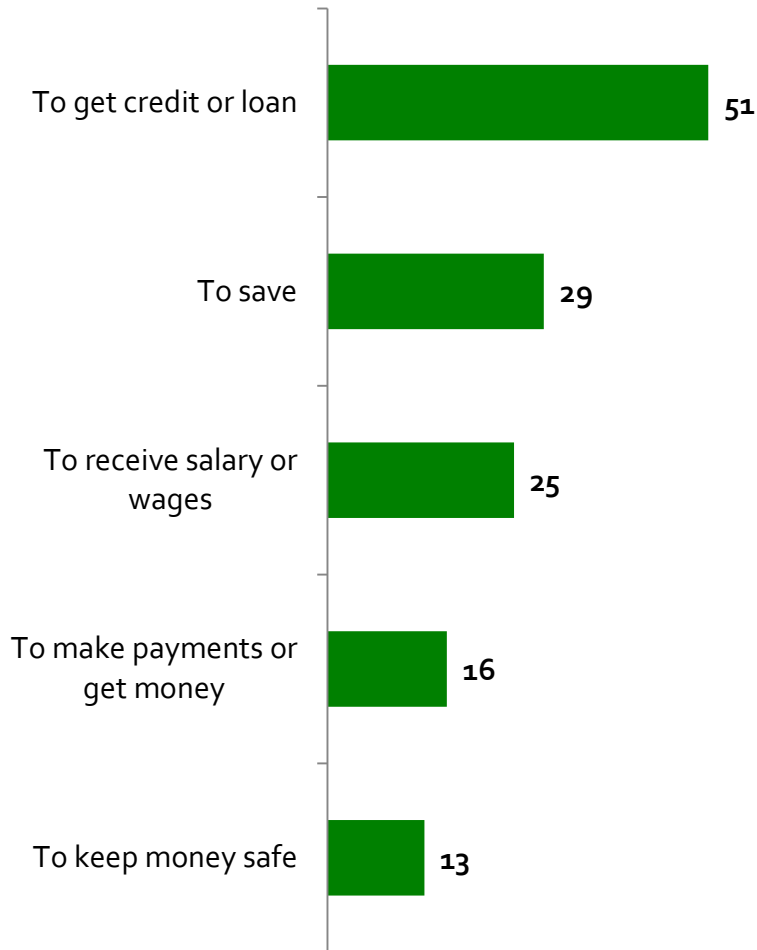
Banking products/usage (of those currently banked)	%	Approximate number
Savings book / account	38	634 000
Debit card / ATM	37	608 000
Personal loan account	25	410 000
Home loan	1	19 250
Credit card	1	13 638
Foreign currency account	0.4	6 900
Fix term deposit / Special savings	0.4	5 800

Banking: Drivers and barriers



17% of adults are banked in 2015

83% of adults are not banked in 2015



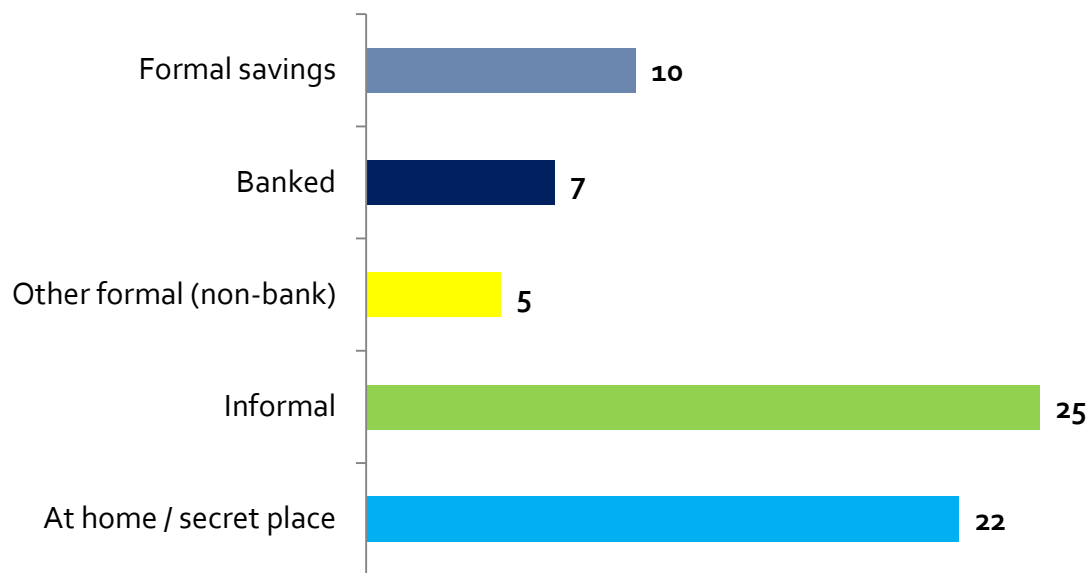
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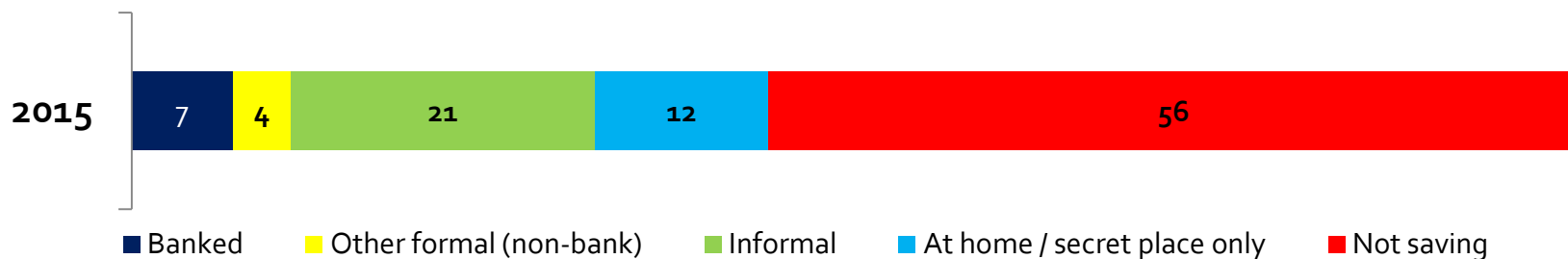
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Savings and investments:

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



Savings Strand



Savings and investments:

What products drive savings/investments in 2015



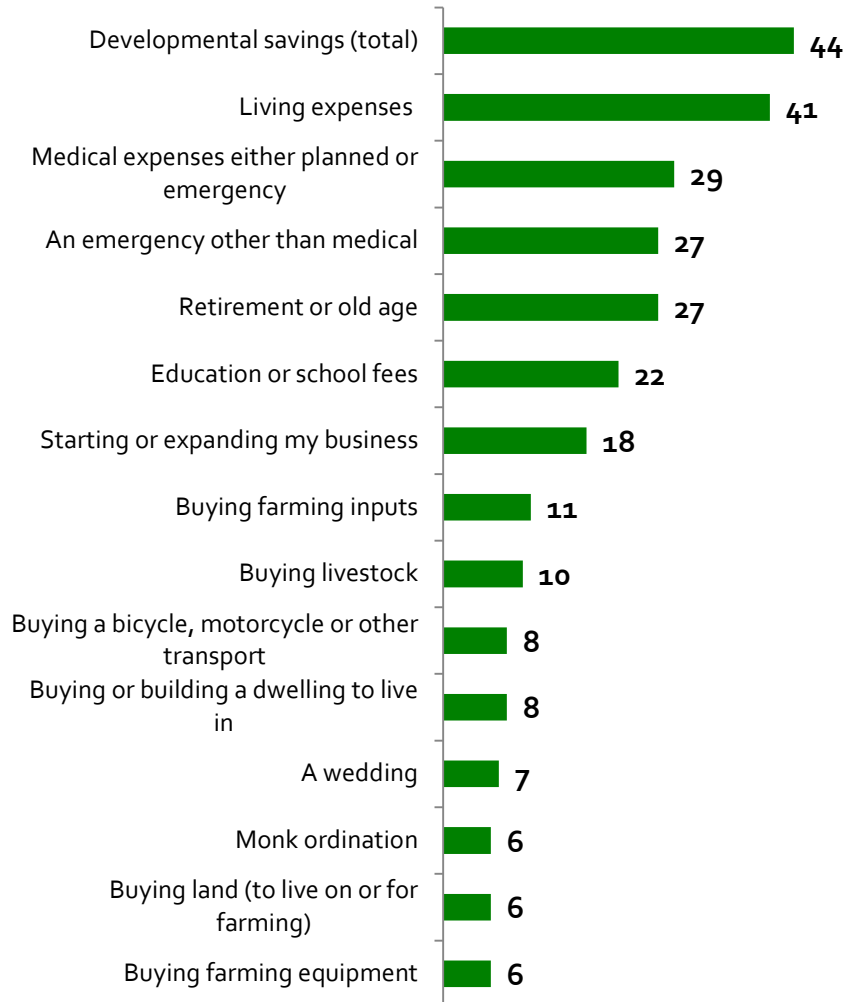
Saving mechanisms (of those currently saving/investing)	%	Approximate number
Savings in a secret place or at home	51%	2,2 million
Savings through cattle or livestock	31%	1,3 million
Saving through jewellery or gold	21%	890 000
Savings at bank (all savings products at bank)	15%	642 000
Savings at MFI (all savings products at MFI)	9%	360 000
Saving in land or property	7%	300 000
Savings with a savings group	5%	216 000
Savings with Village Development Fund or Village Bank	2%	70 000
Investing mechanisms (of those currently savings/investing)		
Buying livestock to sell later at a profit	15%	650 000
Gold or valuable jewelry	13%	560 000
Investment into own business	6%	250 000
Vacant land	5%	200 000

Savings and investments:

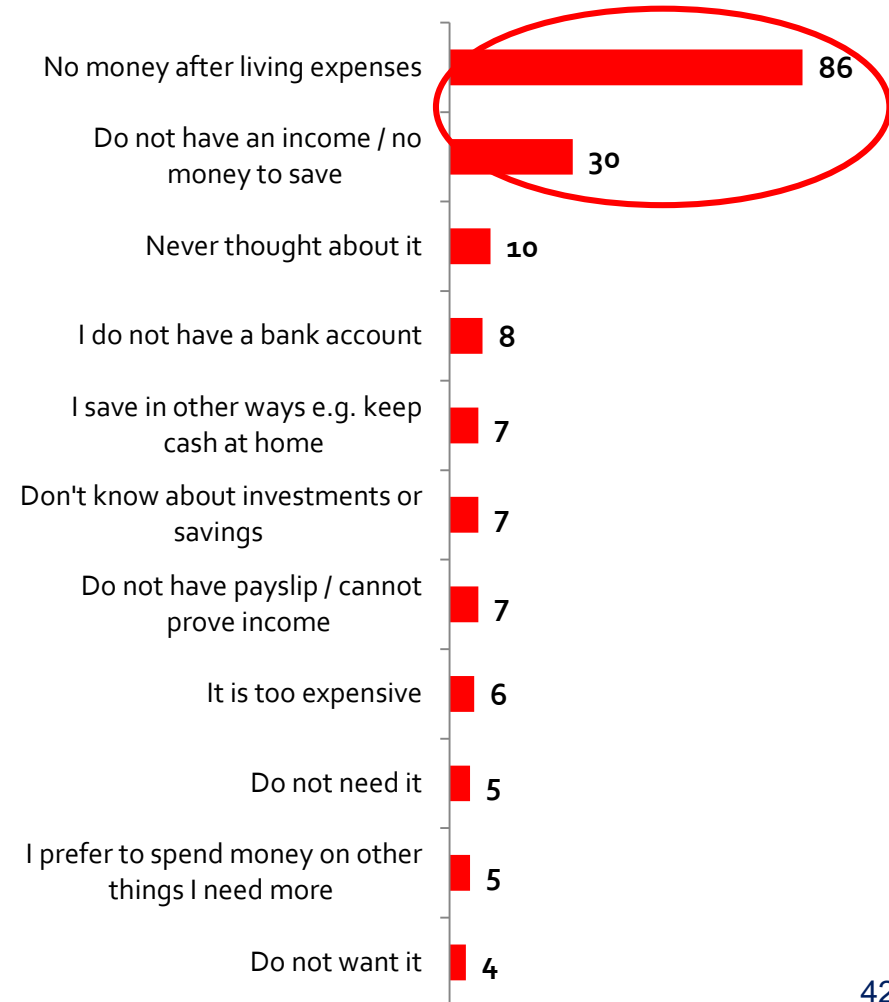
Adults save mainly for developmental reasons



44% of adults save



56% of adults do not save

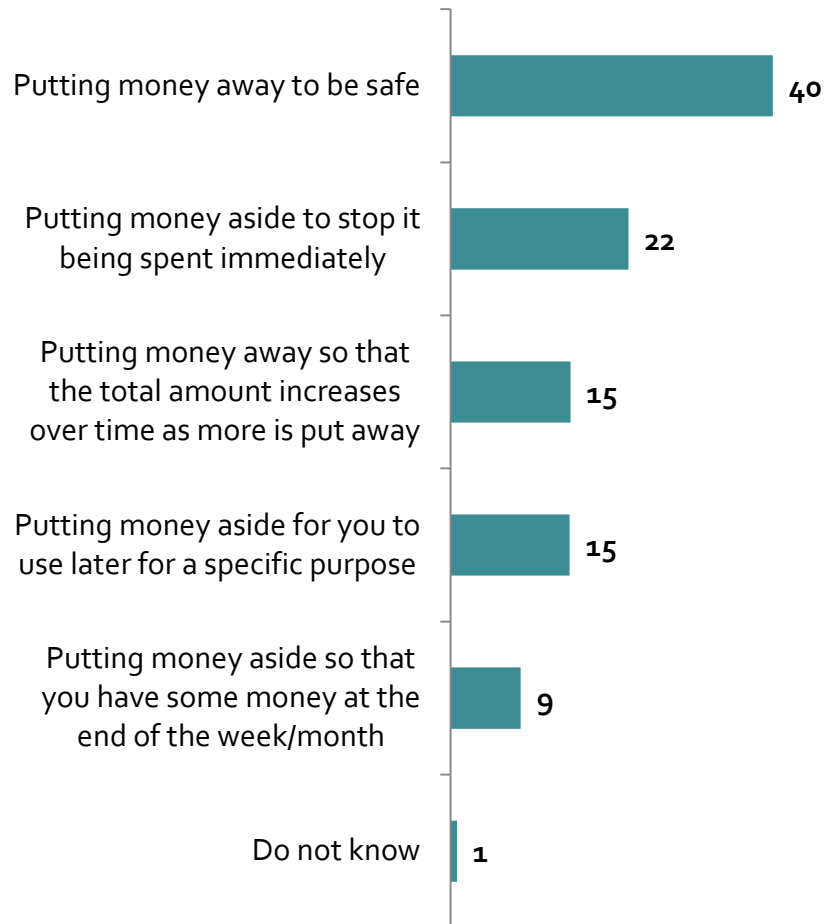


Savings and investments:

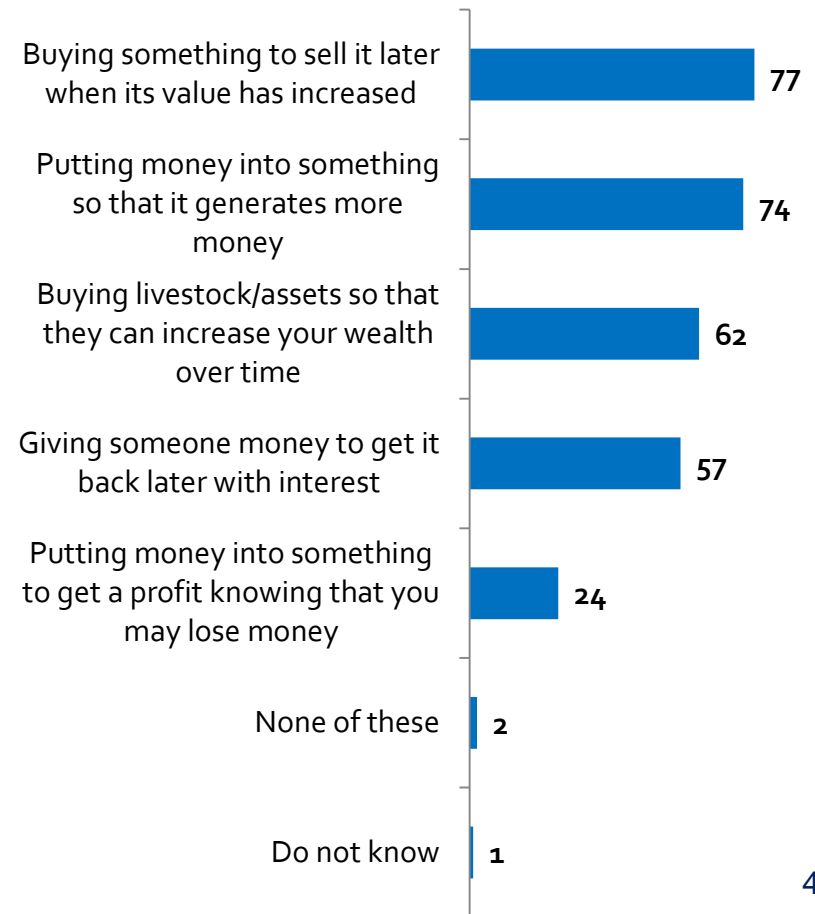
Perceptions and meaning



Most accurate definition of saving



Statement defining investment

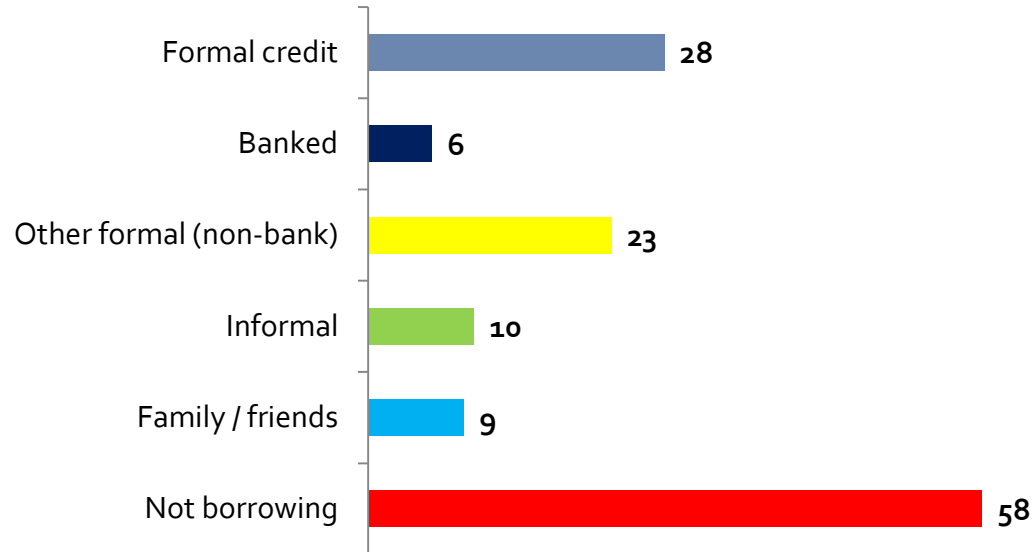


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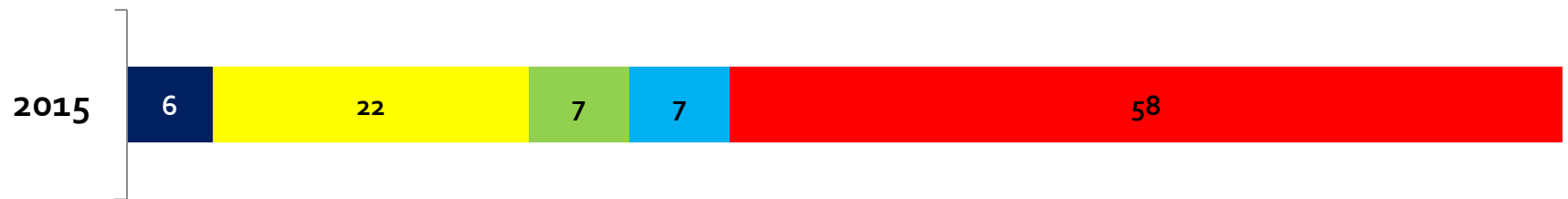


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Borrowing and credit: Overview



Credit Strand



■ Banked ■ Other formal (non-bank) ■ Informal ■ Family / friends only ■ Not borrowing

Borrowing and credit: Overview



Borrowing and credit: Rural adults access more credit



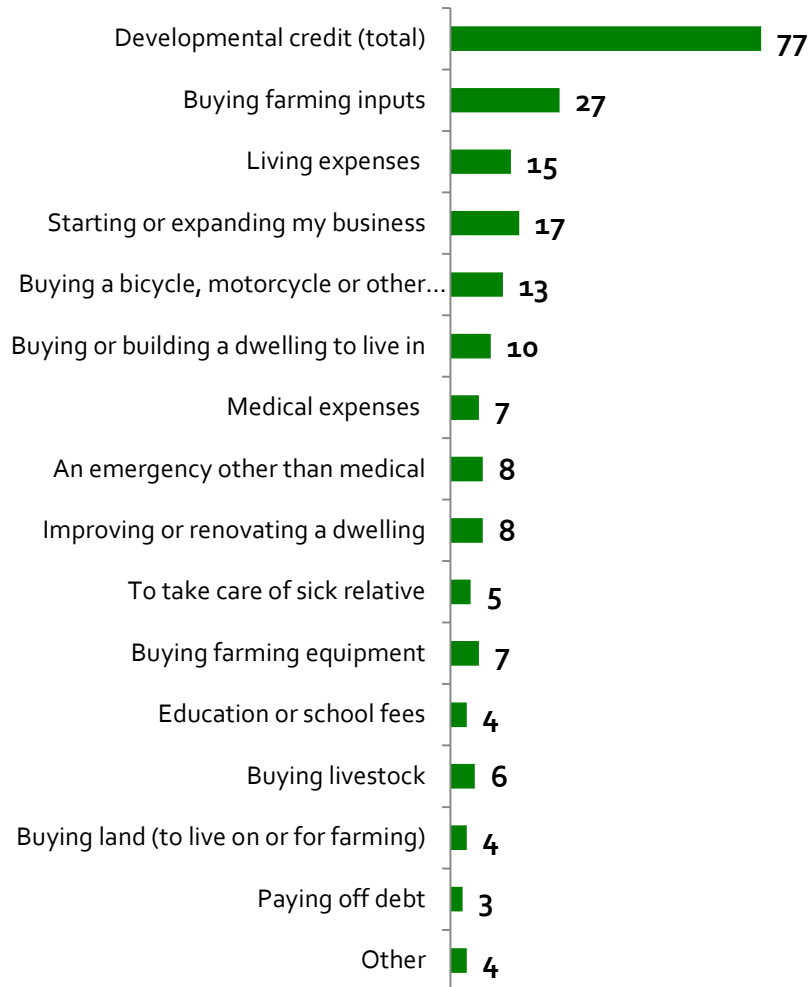
Borrowing mechanism (of those currently borrowing)	Total %	Frequency	Urban	Rural
Borrow from MFI	54%	2 250 000	47%	55%
Borrow from friends/family	22%	915 000	17%	23%
Borrow from money lender	14%	592 000	13%	15%
Borrow from bank (all credit products from bank)	14%	563 000	26%	10%
Got goods in advance from shop/store	4%	180 000	-	5%
Borrowing from Village Development Fund or Poverty Reduction Fund or Women's Union Fund or Village bank	2%	92 000	1%	3%
Borrow from savings group	1%	46 000	-	1%
Borrow from Savings and Credit Union	1%	35 000	1%	1%
Borrow for government scheme or institution	1%	29 000	-	1%
Borrow from other mechanisms	2%	84 000	2%	2%

Borrowing and credit:

Adults mainly borrow for developmental reasons



42% have borrowing/credit products



58% do not borrow

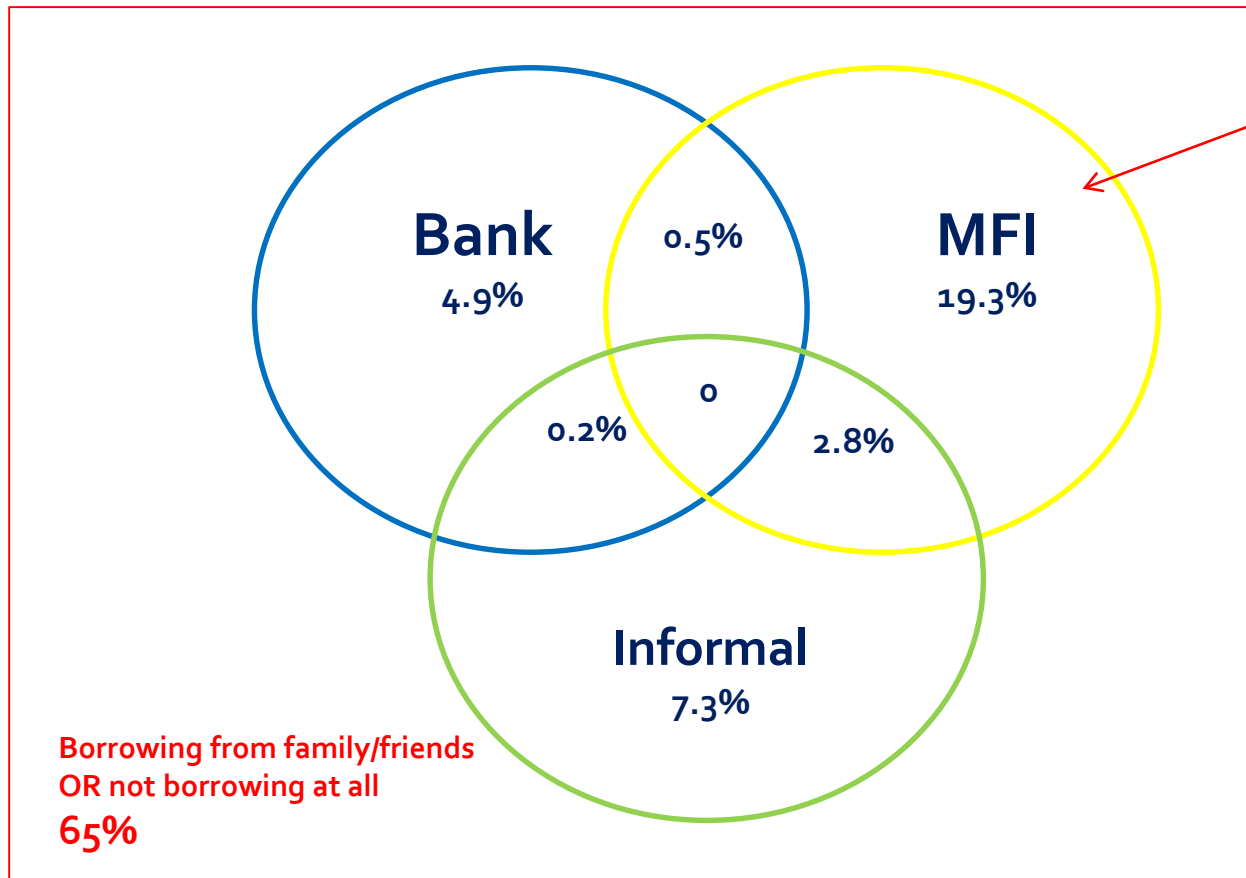


Borrowing and credit:

Access to multiple lending sources (by category)



When excluding those borrowing from family/friends those borrowing from different categories are only 3.6% (354,000)



Most borrowers are in the MFI category

Borrowing and credit:

Debt-Income Ratio



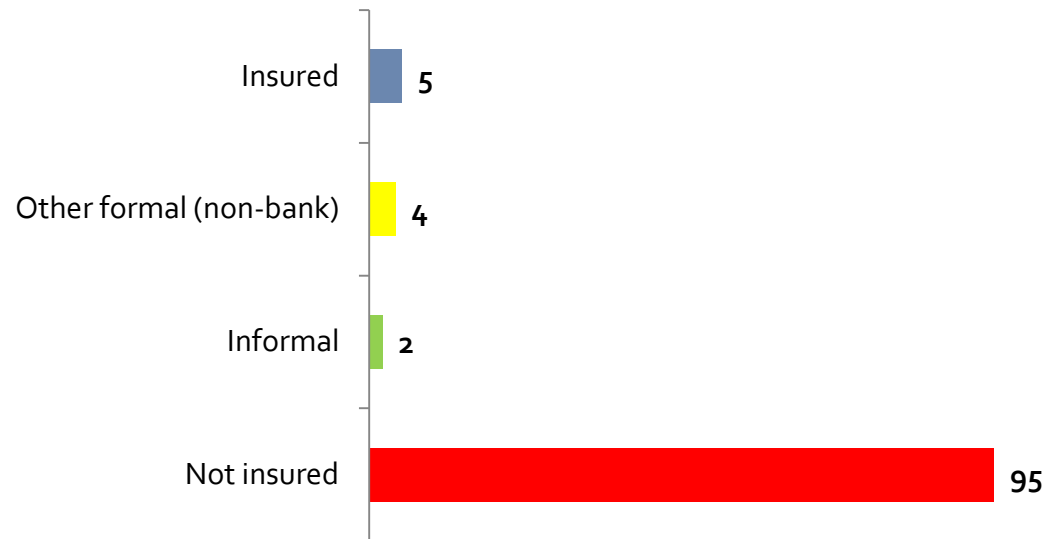
	Average Income	Median Debt	Average Debt	Median Income	Average Debt-Income Ratio	Median Debt-Income Ratio
Salaried	1,253,459.98	620,000.00	11,347,726.78	4,000,000.00	9.05	6.45
Informal	575,730.36	480,000.00	7,854,549.68	2,000,000.00	13.64	4.17
Farmers	444,598.62	300,000.00	4,613,819.48	2,420,000.00	10.38	8.07
Self employed	2,291,966.62	800,000.00	14,230,408.01	5,450,000.00	6.21	6.81

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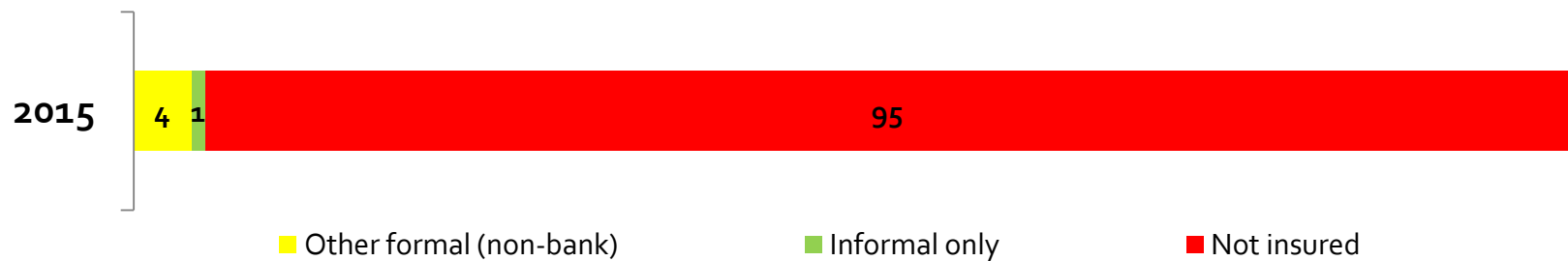


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Insurance and risk management: Overview



Insurance Strand



Insurance and risk management:

Drivers and barriers



5% of adults have insurance

Of those insured uptake of insurance products is driven by:

- Funeral fund 32%
- Solidarity system 27%
- Medical aid / health fund 26%
- Life assurance 15%
- Personal injury 12%
- Motor vehicle insurance 4%

95% of adults do not have any kind of financial product covering risk

Main barrier to the uptake of insurance:

- Have not heard of insurance 39%
- Claim they do not need insurance 36%
- Have never thought of it 23%
- Cannot afford it 13%
- Do not know how insurance works 8%
- Do not know how to get it 6%

Of those without insurance (95%):

****LITERACY****

- 94% have not heard of a solidarity system or village funeral fund
- 80% are not aware of medical insurance or a health fund
- 68% are not aware of motor vehicle insurance
- 55% are not aware of life assurance

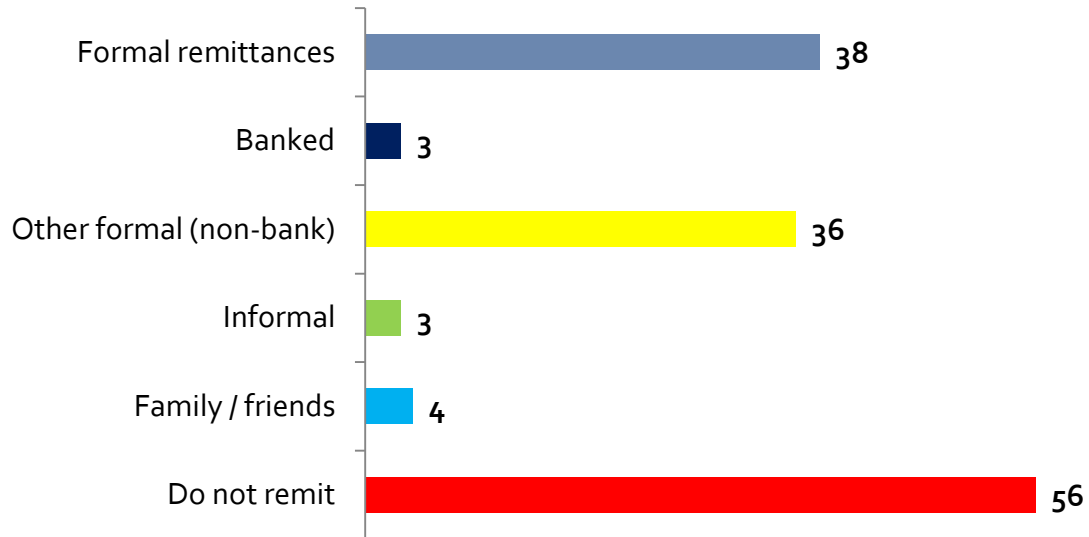
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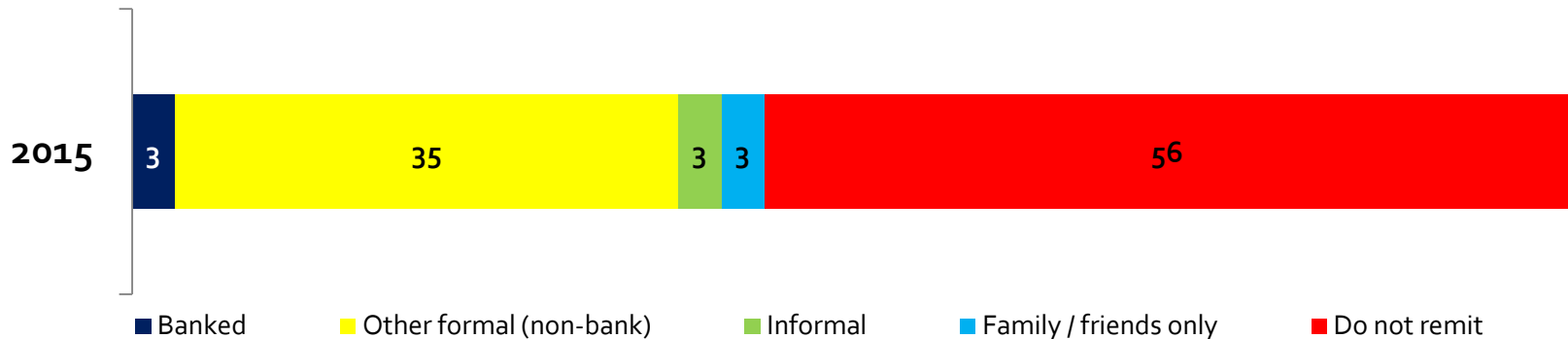
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Remittances:

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



Remittances Strand



Remittances and Mobile money



- **33%** of adults received money and **22%** sent money in the last 12 months
- More females receiving money (36%) than males (31%)
- **36%** of adults use mobile money yet only **3%** claimed to be registered suggesting usage is weakly linked to ownership

Of those who use mobile money services (**3,6 million**):

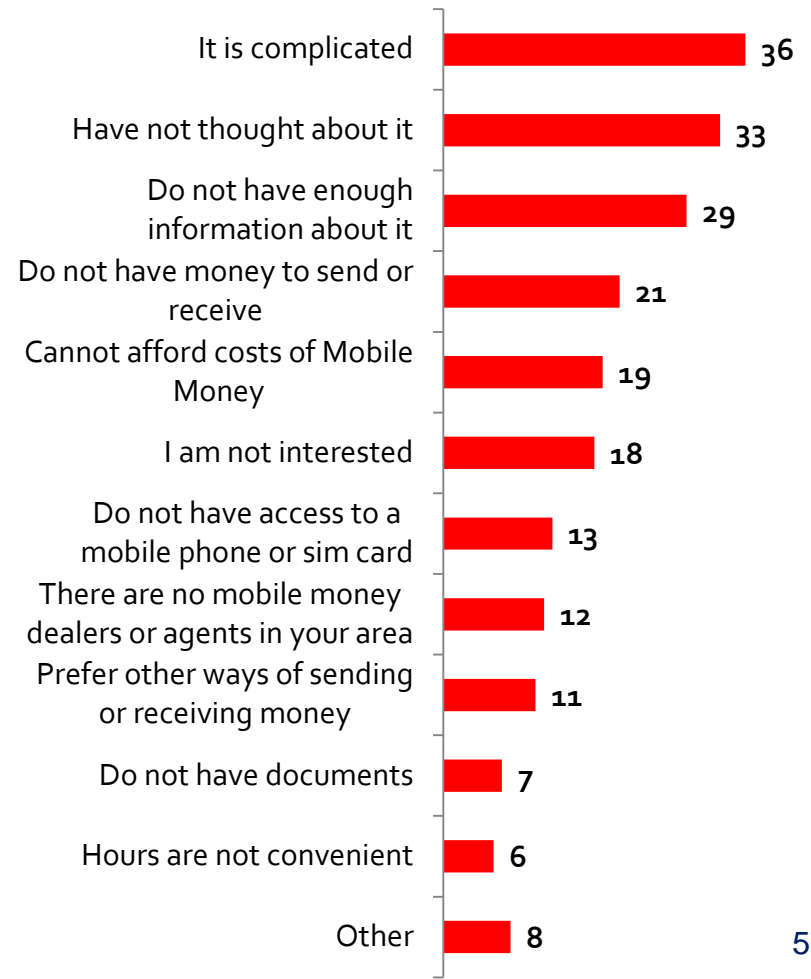
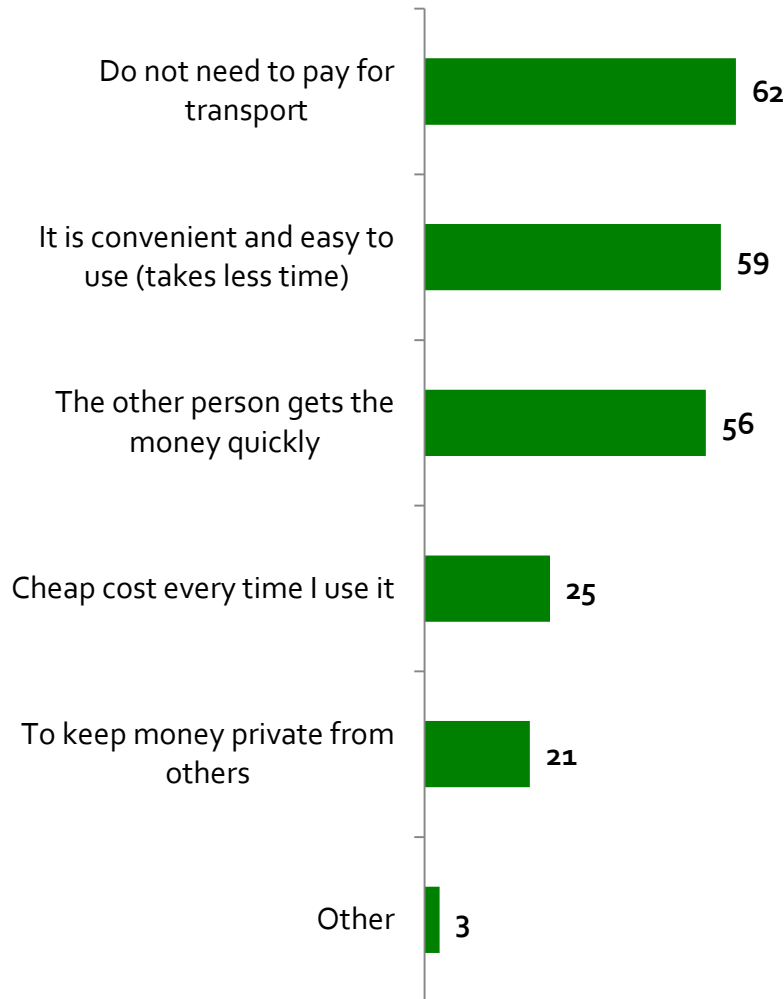
- **98%** use it to remit
- Only **4%** transact through mobile money (pay utility bills, buy airtime, etc.)

Mobile Money: Drivers and barriers



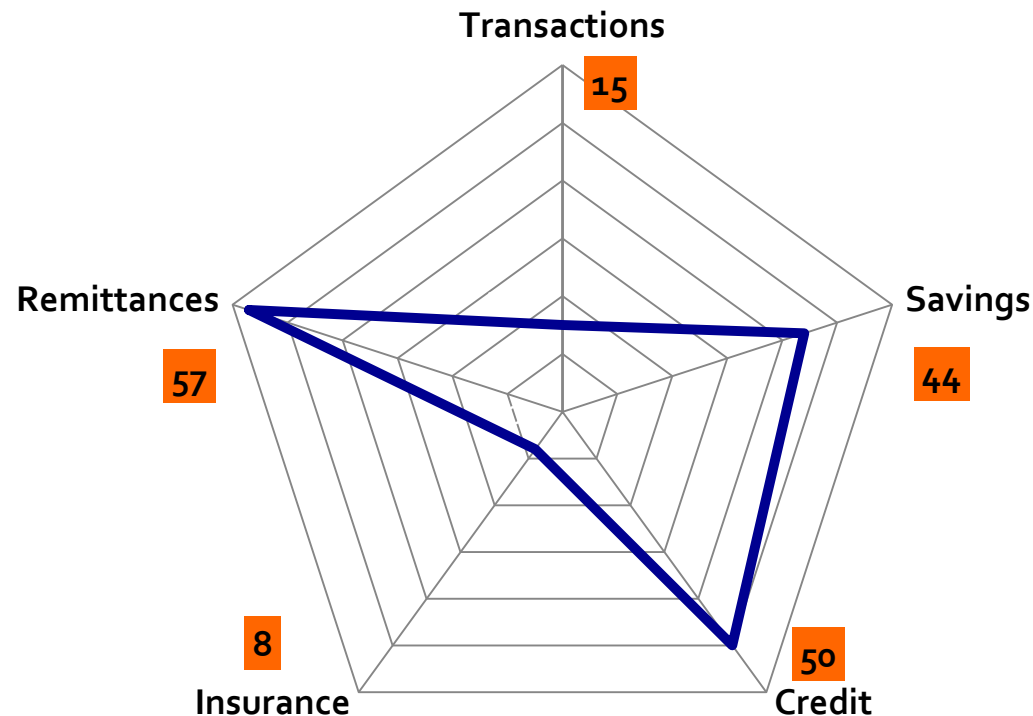
36% use Mobile Money Services

64% do not use Mobile Money Services



Financial inclusion: Landscape of Access

(of those with any financial product)



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)

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