



# 2019 FinAccess Household Survey

## Key Findings

---



CENTRAL BANK OF KENYA



# Presentation Flow

---



Key Findings



Summary



Questions & Answers

# Key findings

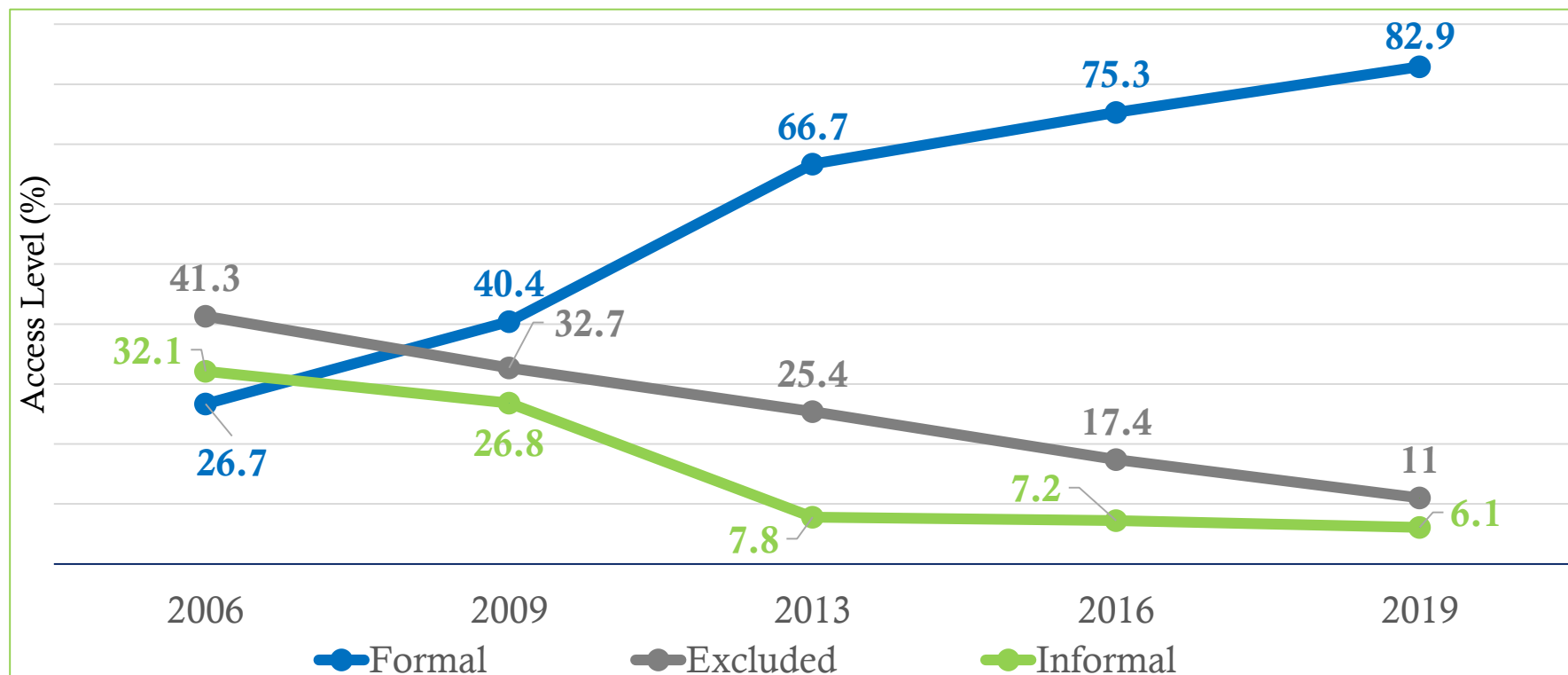
---

Access | Usage | Quality | Impact

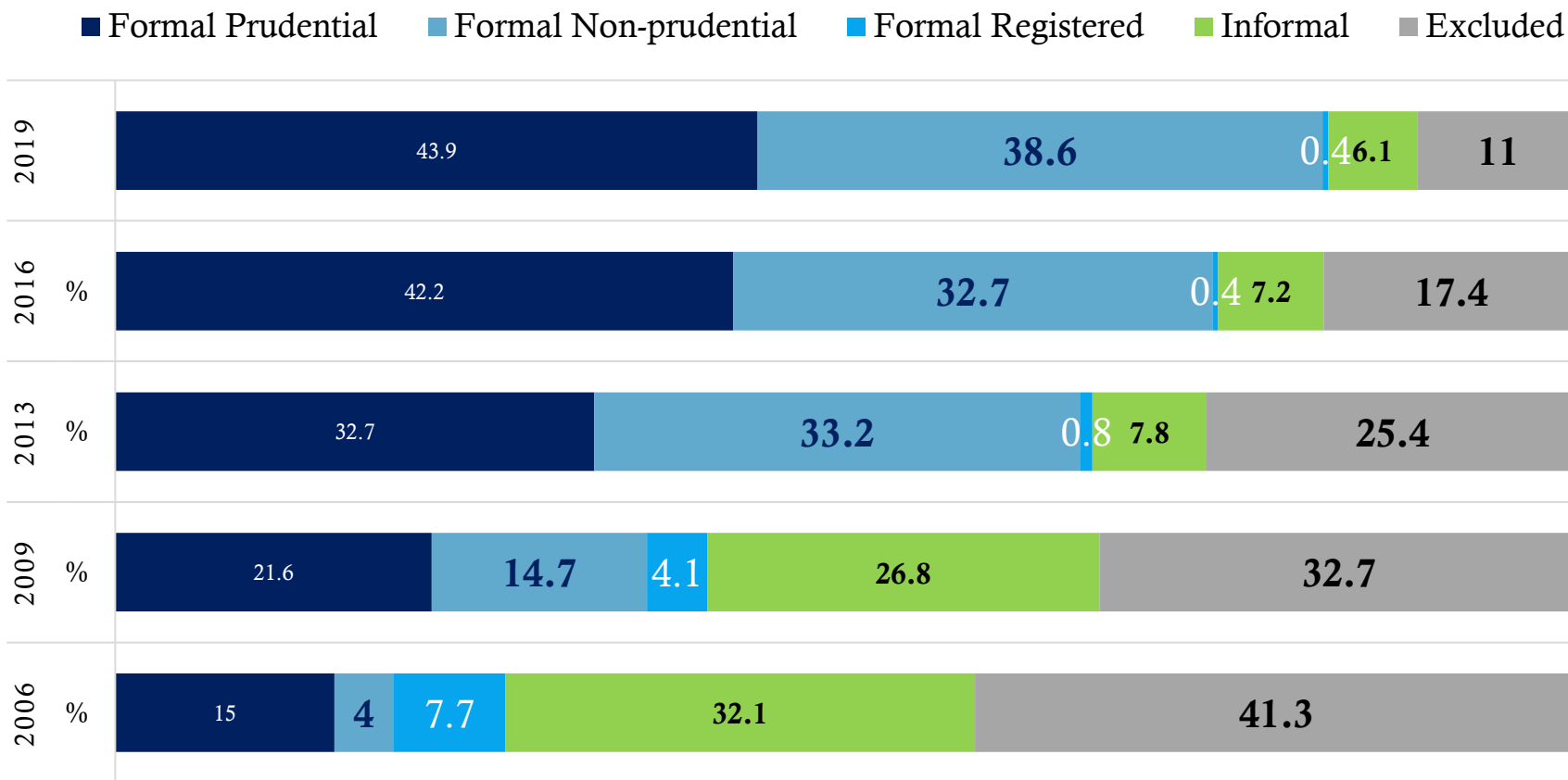
# Expanding Access

# Financial Access Journey: 2006 - 2019

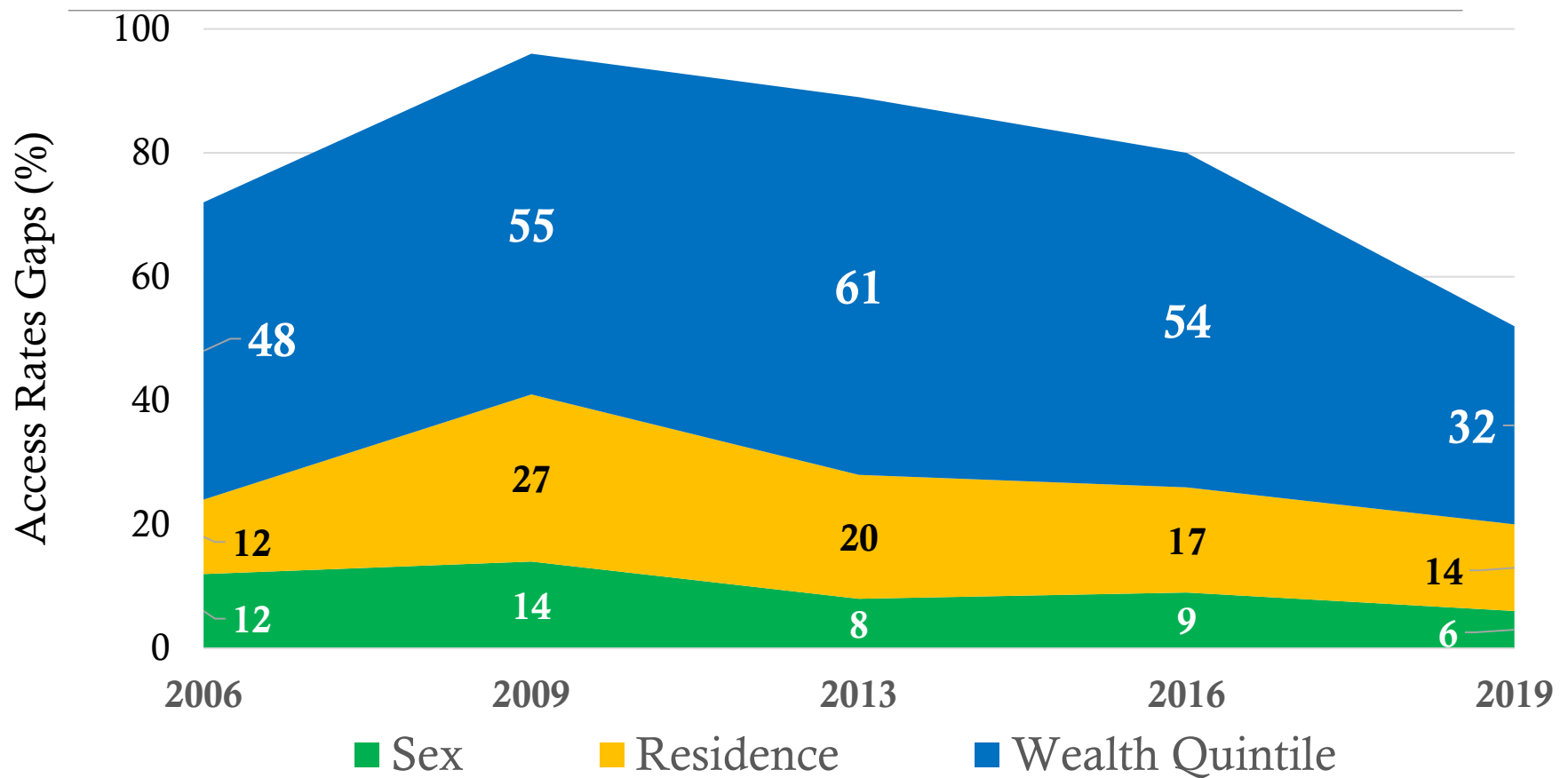
Access to formal financial services and products has expanded significantly among Kenyans...



# More Kenyans now access formal financial services and products...



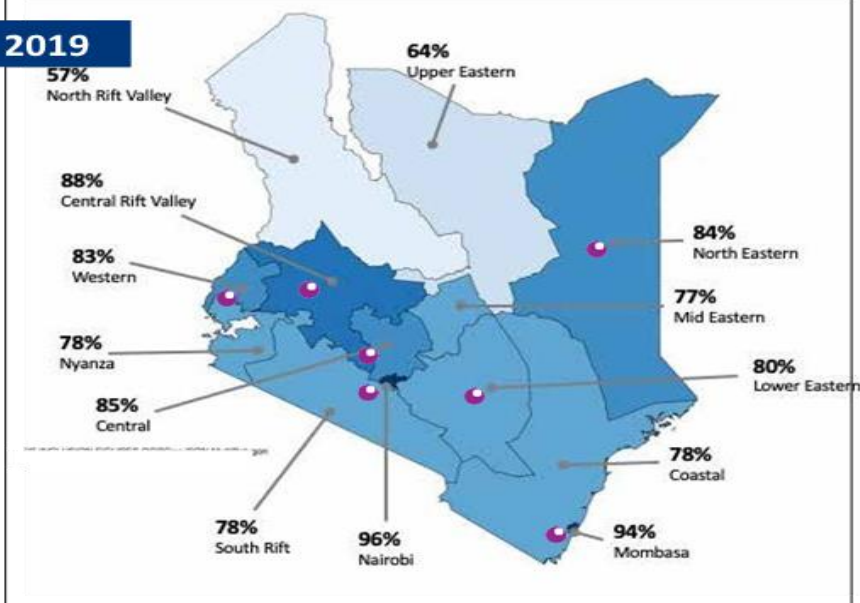
# Access gaps still exist, but narrowing...



# Financial inclusion gaps narrowing, but...

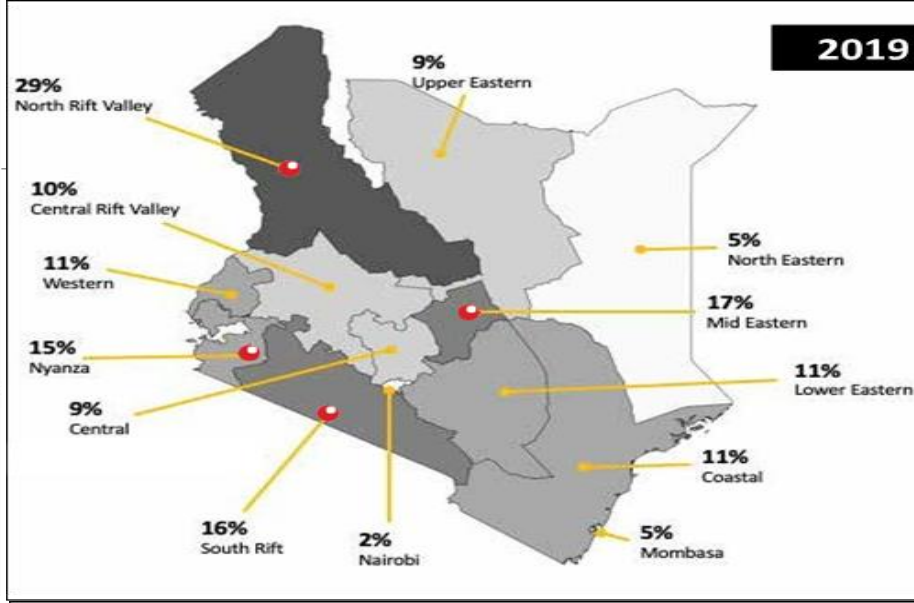
## Formal inclusion

2019

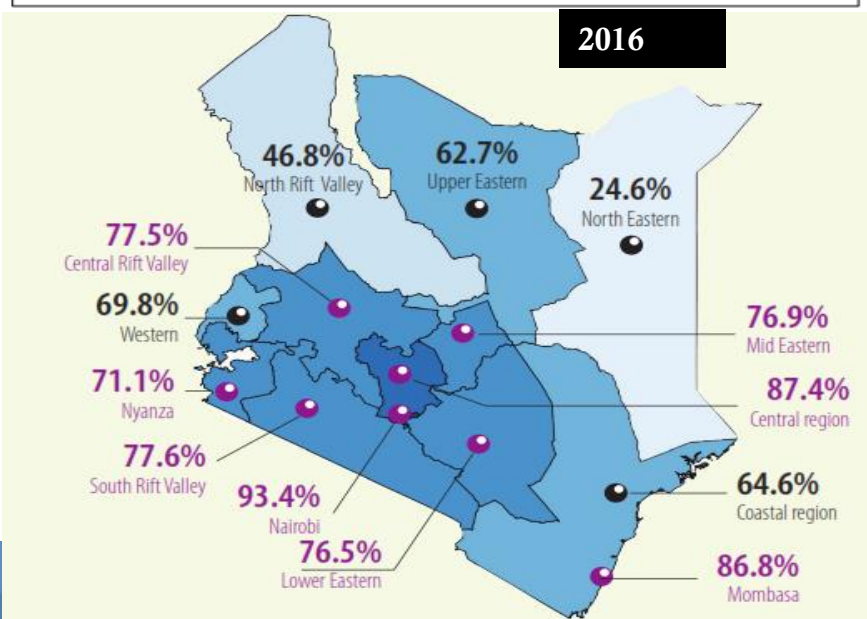


## Exclusion rate

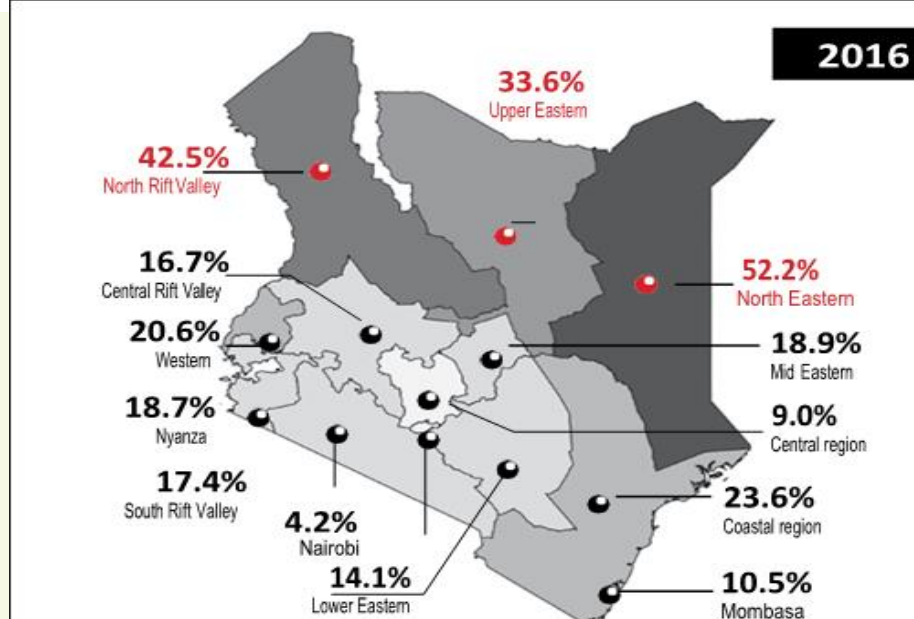
2019



2016

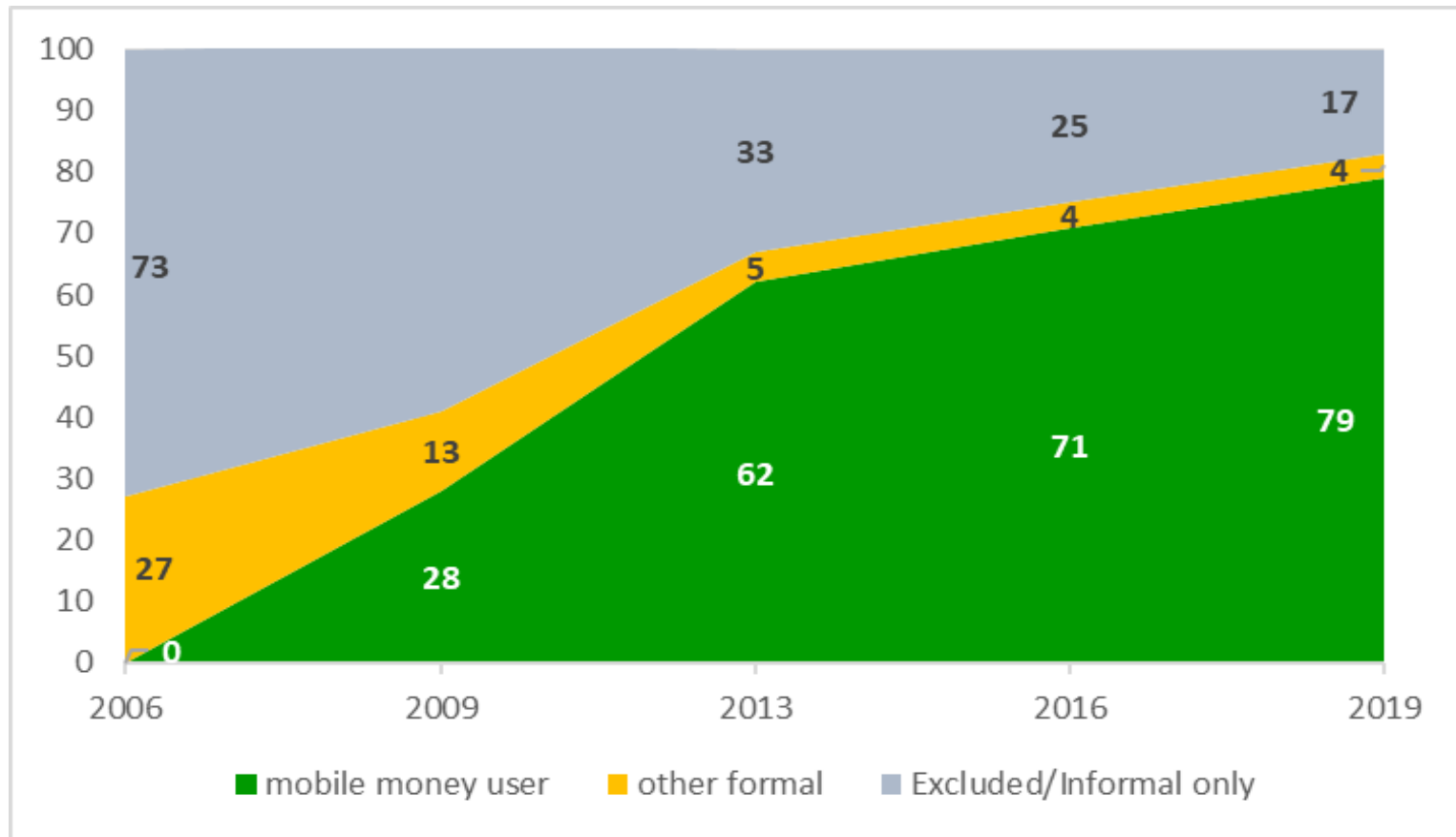


2016

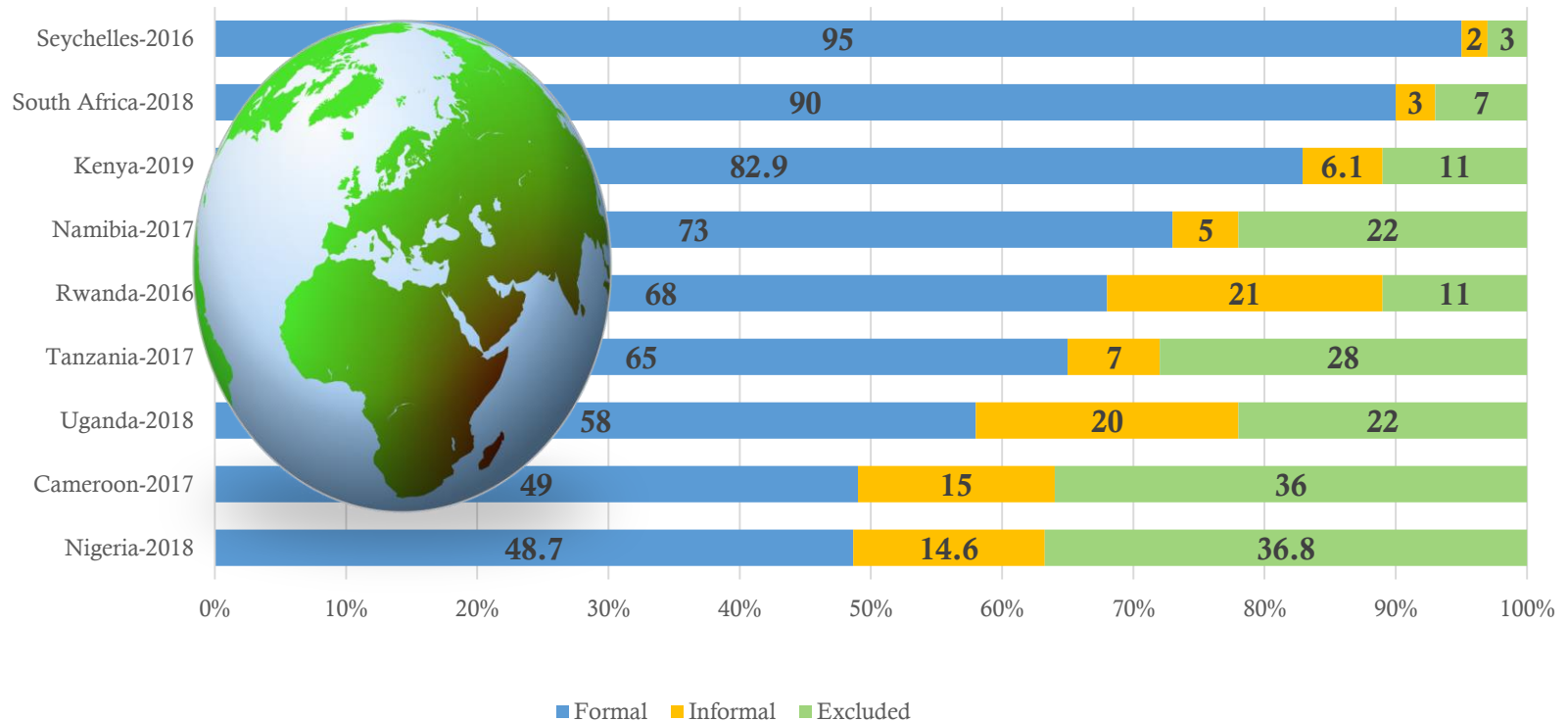




# Mobile money is the story behind expanding financial inclusion...

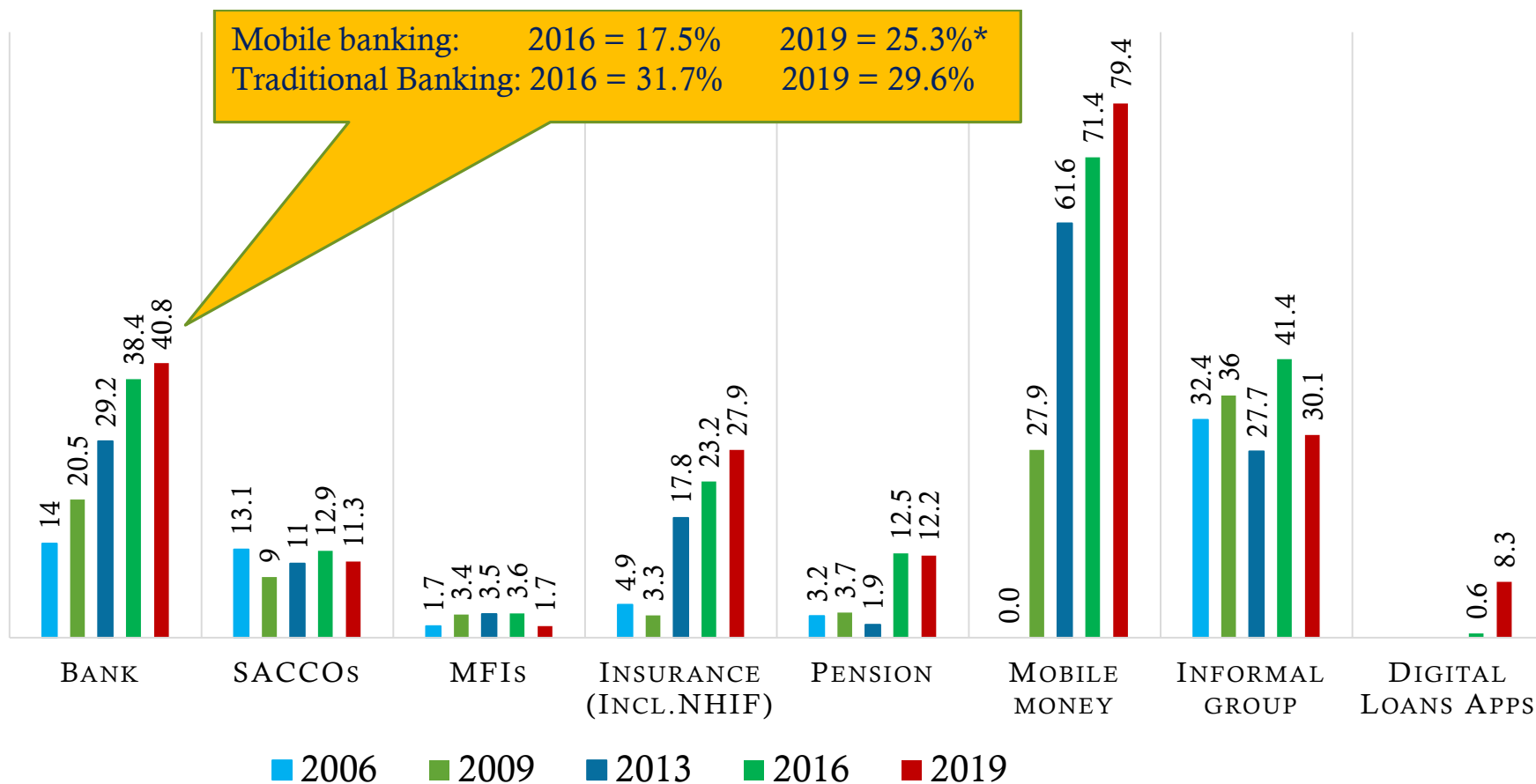


# Kenya's financial inclusion ranks higher across the continent...

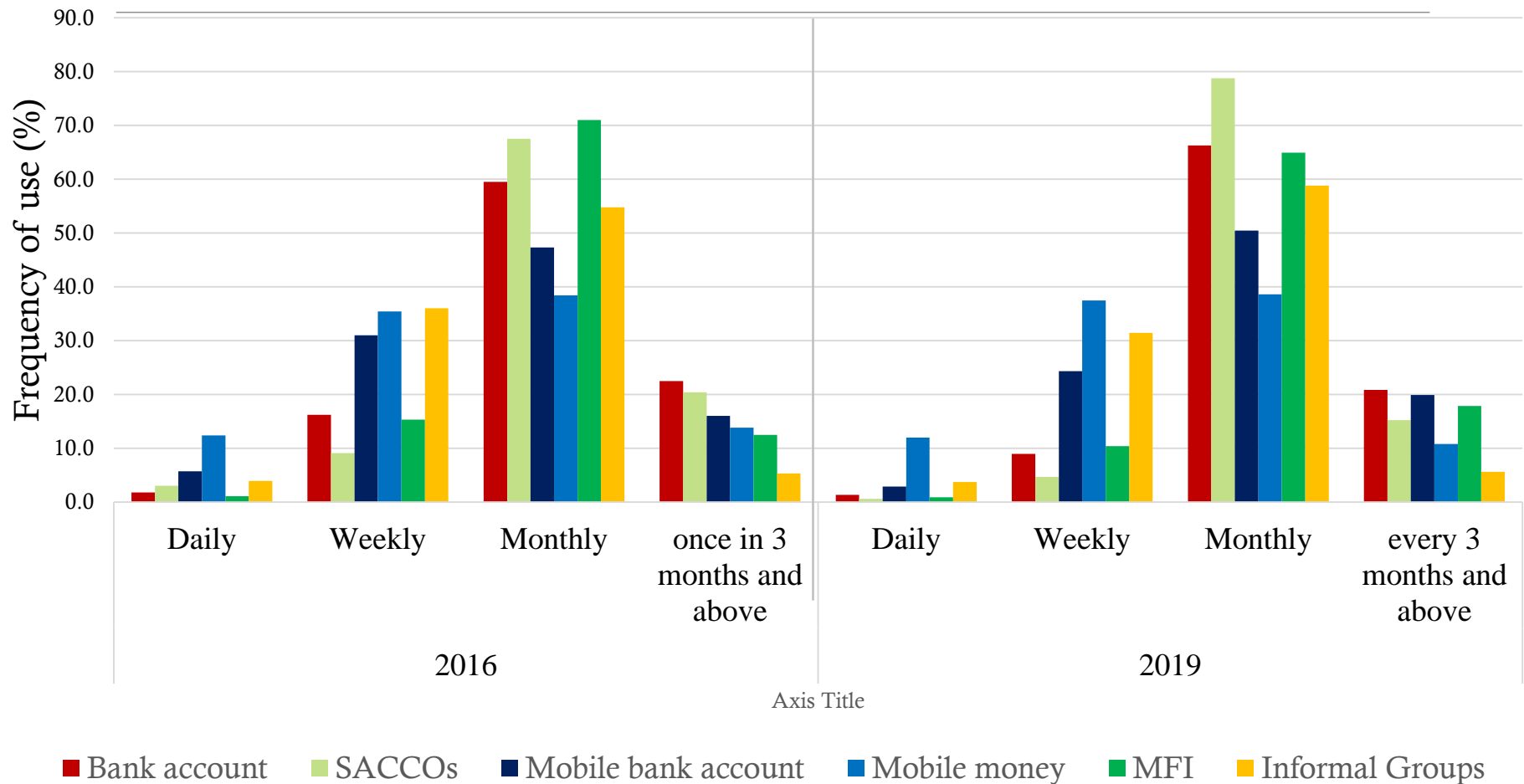


# Deepening Usage

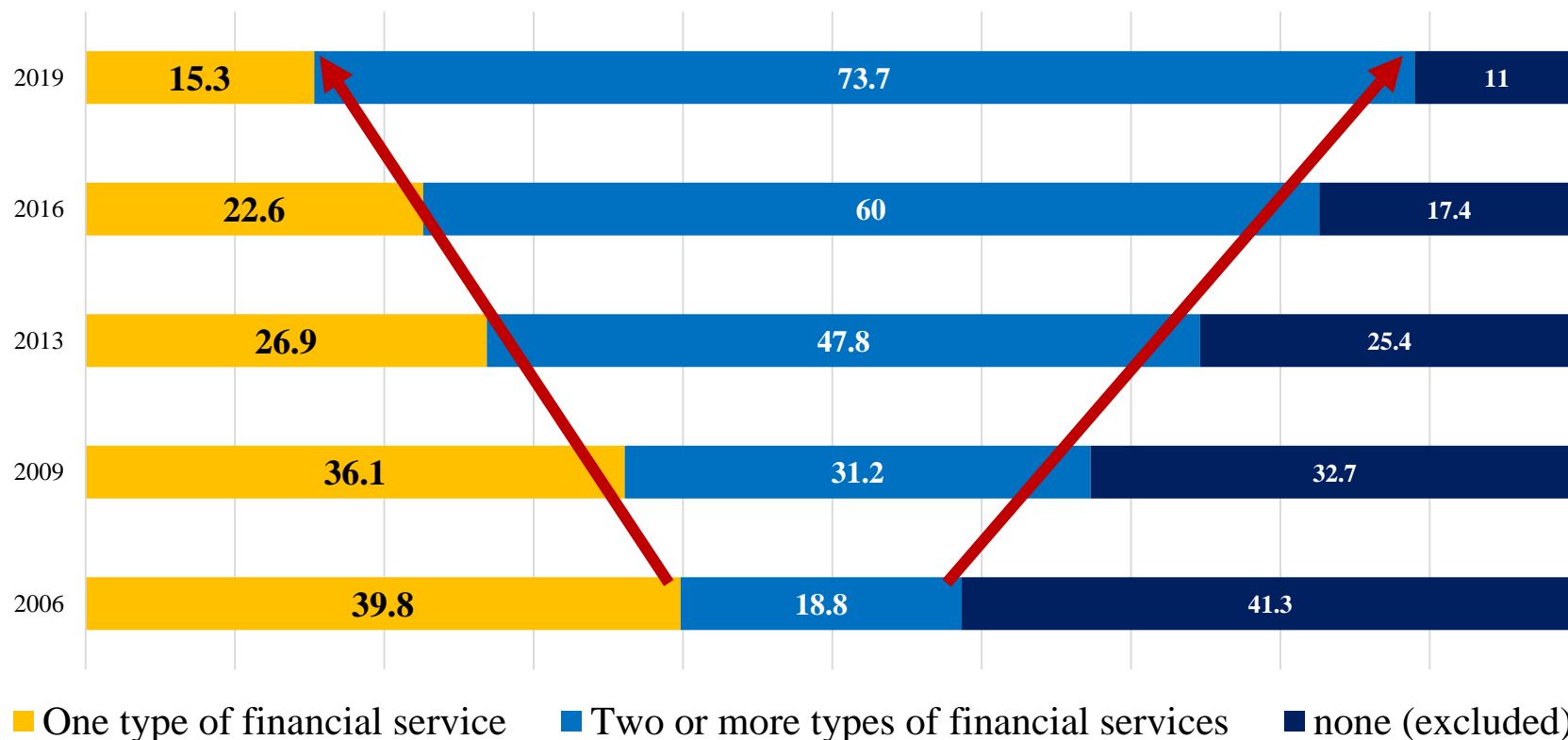
# More Kenyans use a wide menu of financial services and products...



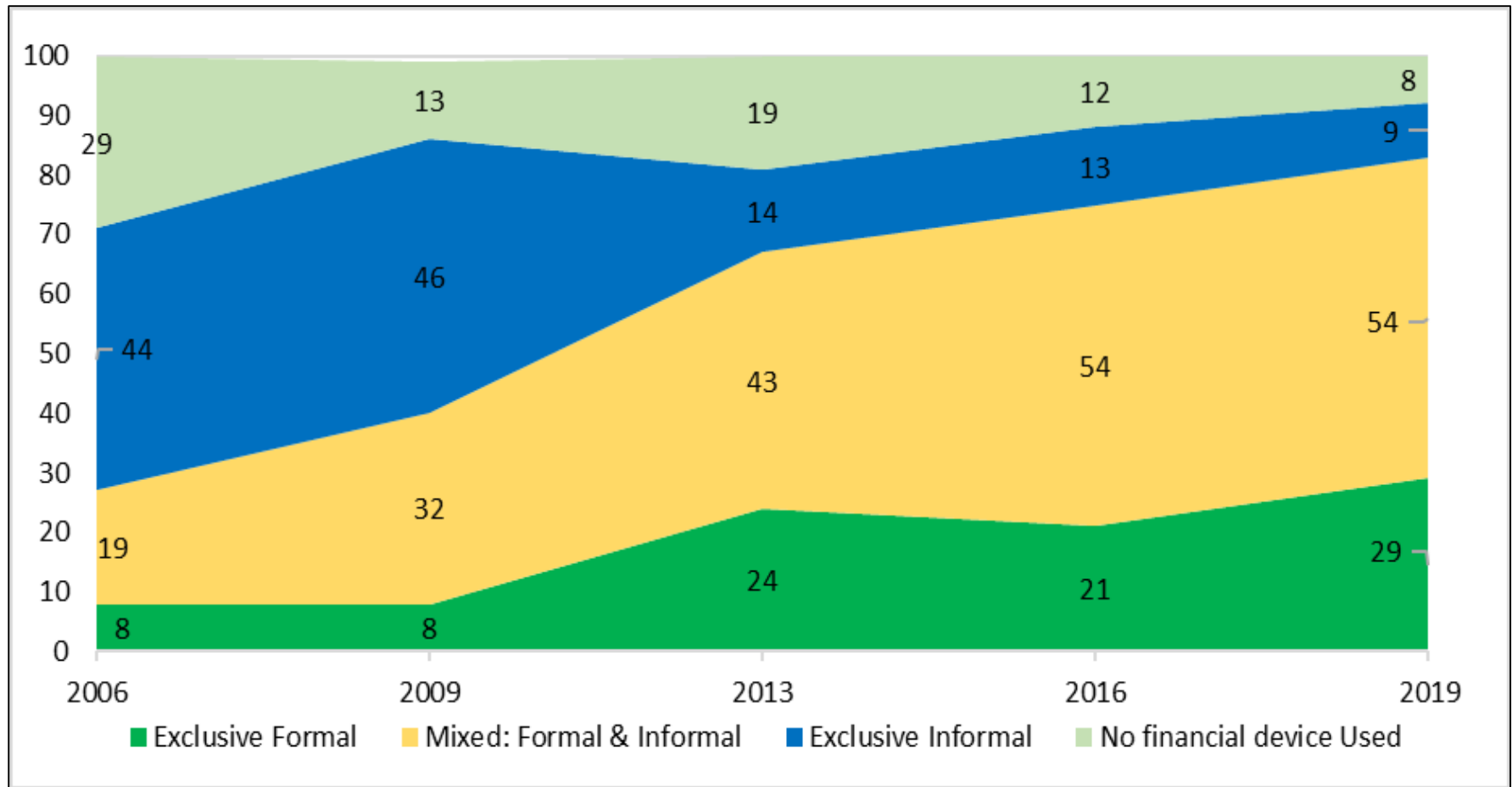
# Digitalization raising transactions frequency...



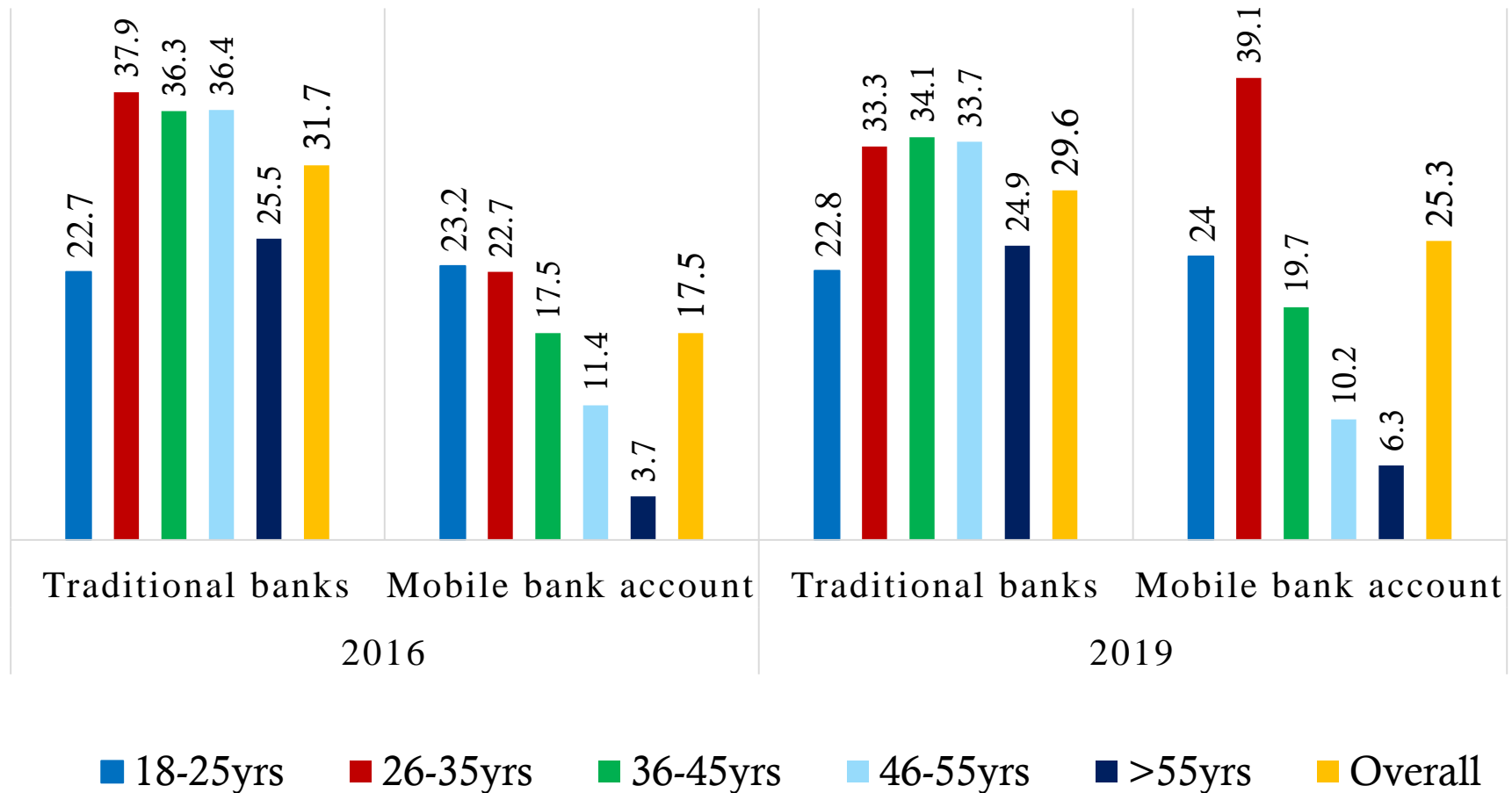
# More is preferred to less...



More adults use a mix of formal and informal services and products to meet their growing and complex needs...

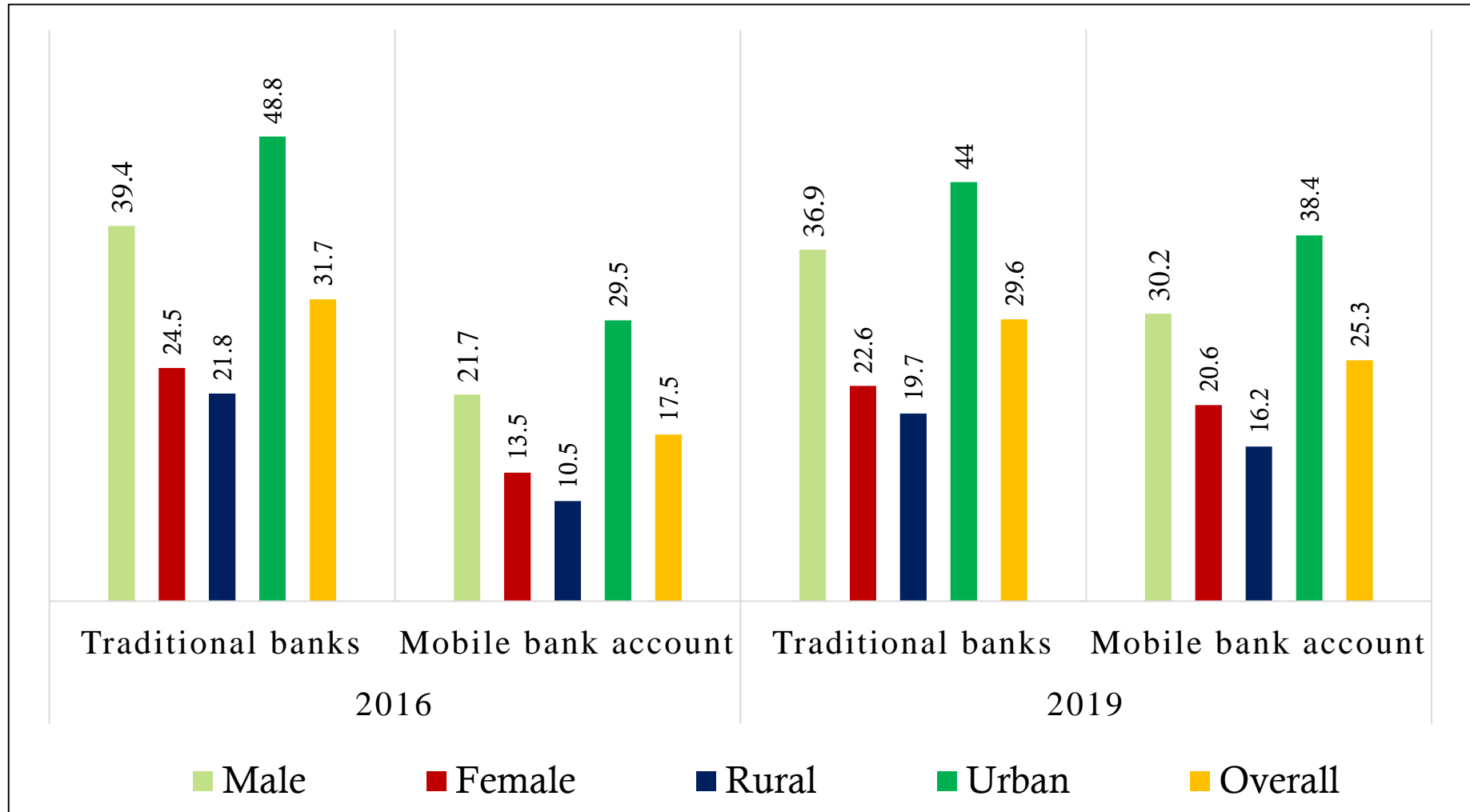


# Young people driving mobile banking. What is the future of traditional banking?...



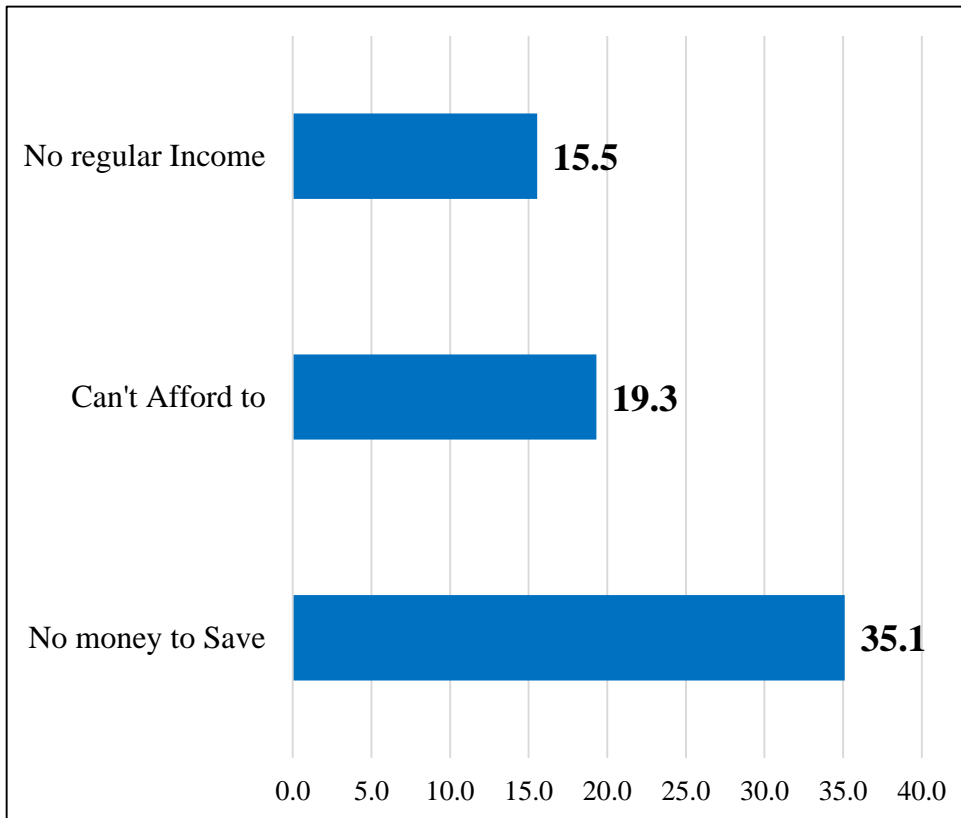


# Mobile banking usage dominates traditional banking...

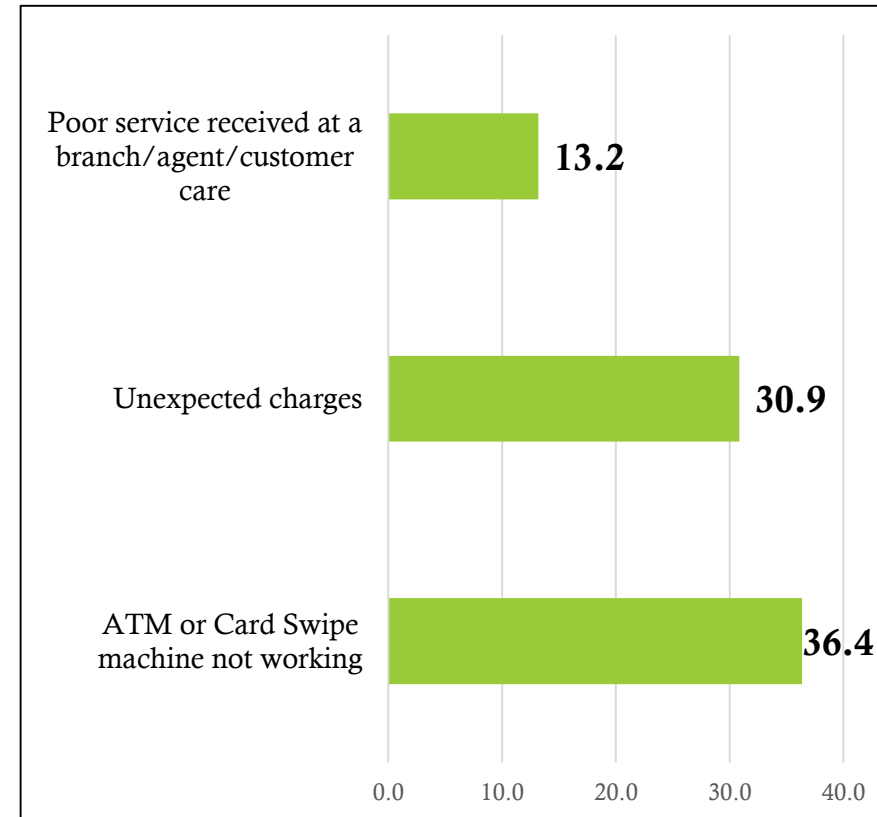


# Challenges and reasons for non-use of bank account vary...

**Top reasons for non-use of a bank account**

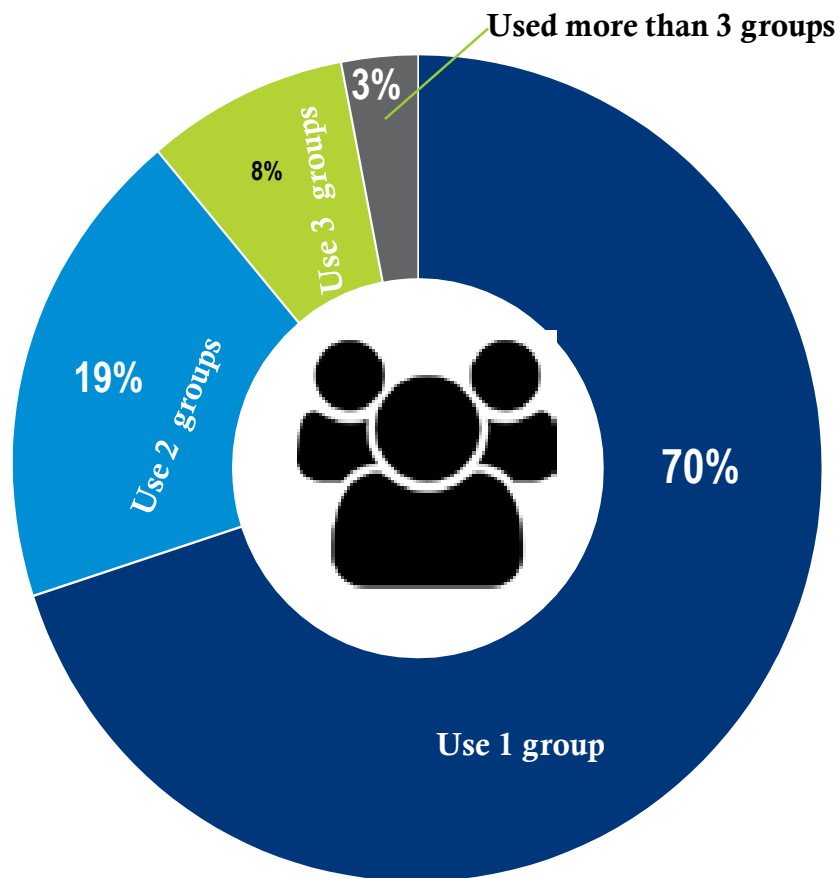


**Top challenges cited in bank account usage (%)**



# Use of Informal Groups still strong – but challenges abound...

## Informal Groups Usage by number

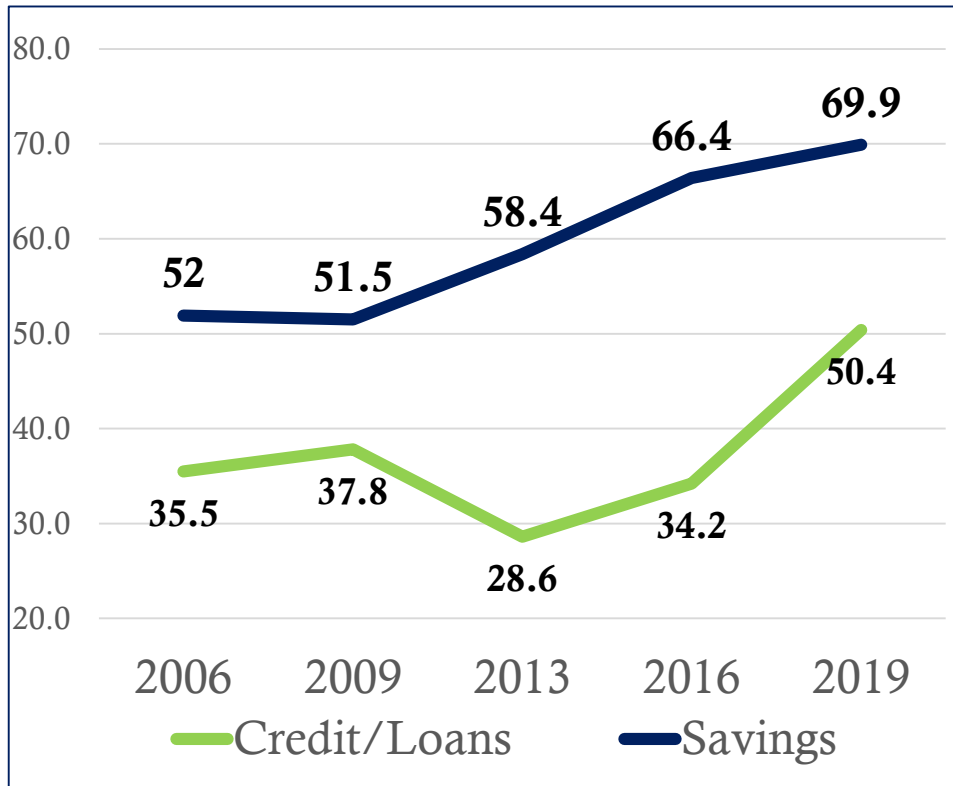


## Top challenges in informal Groups Usage (%)

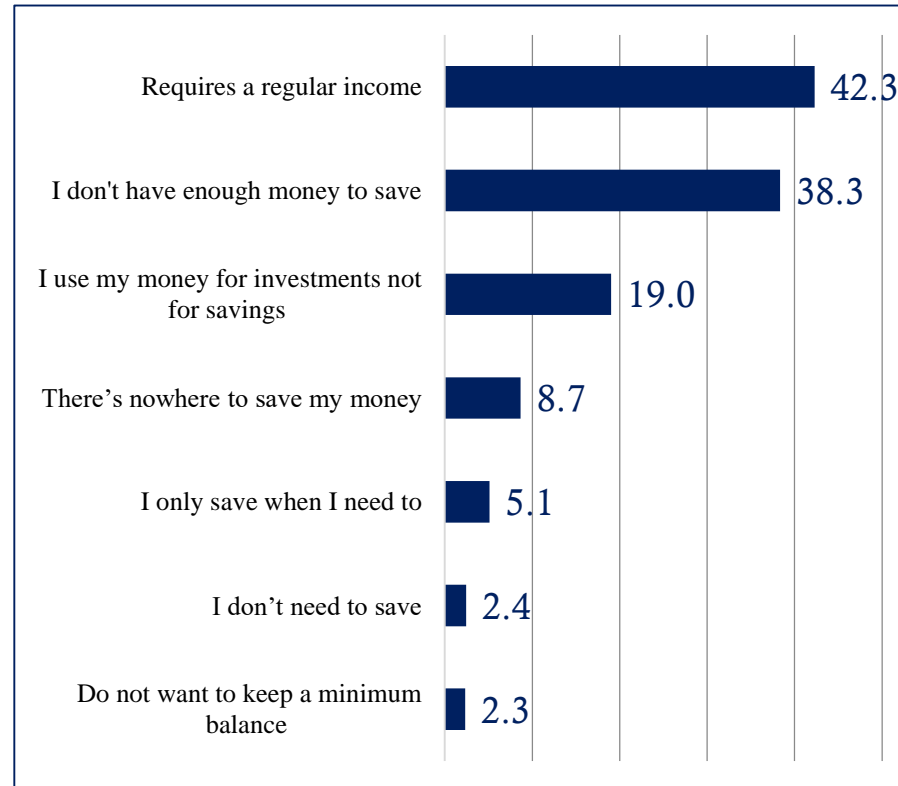
Challenges	2016	2019	Change
Dishonesty or default by members	12.0	48.7	36.7
Theft or fraud by a committee member	6.2	25.6	19.4
Theft or fraud by a non-group member	3.7	7.4	3.8
Bad investment of funds	2.9	5.1	2.2

# Savings moderated but Credit uptake picked up from 2013...mainly digital

## Savings and Credit Uptake (%)



## Top Reasons for not saving (%)



# Cost/affordability and preference influence product/service use...

## Key Reasons for non-use of a financial provider/product (%)

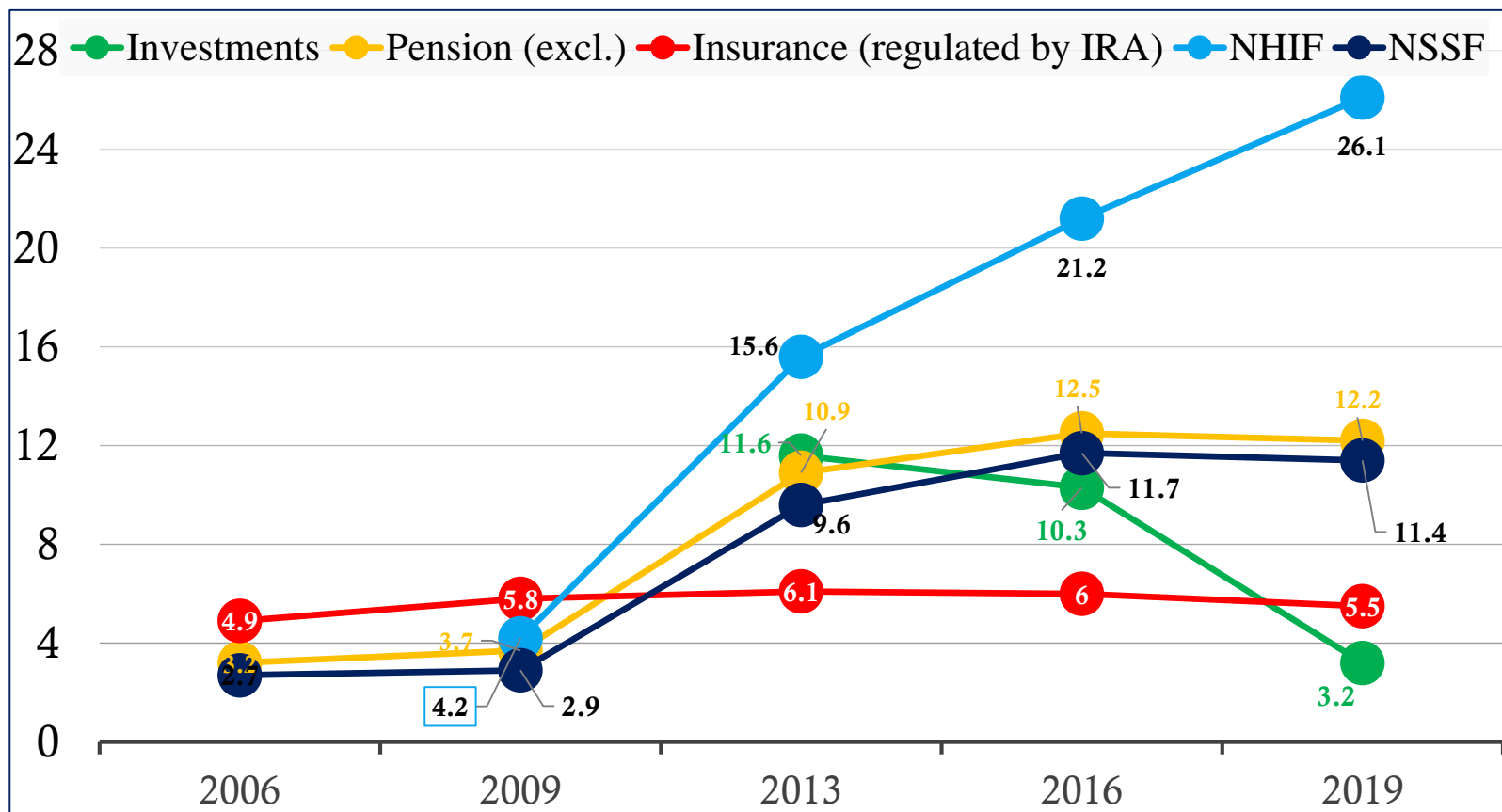
	Banks	Sacco	Mobile Money	Mobile banking
Financial situation/ affordability	76.7	9.9	0.5	1.1
Service charges	1.3	1.2	37.7	13.7
Convenience/Service quality	2.0	6.3	1.0	0.7
Risk of use		1.2	1.6	2.2
Preference	11.5	27.5	21.4	64.3
Eligibility & Identification requirements	3.2	2.8	16.4	5.3
Literacy	2.1	3.4	0.6	3.1
Trust	0.7	15.1		
Account/ device			18.3	5.7

	N/A	0 - 20%
	21 - 49%	50% and above

# Use of insurance, pension and investments products vary overtime...

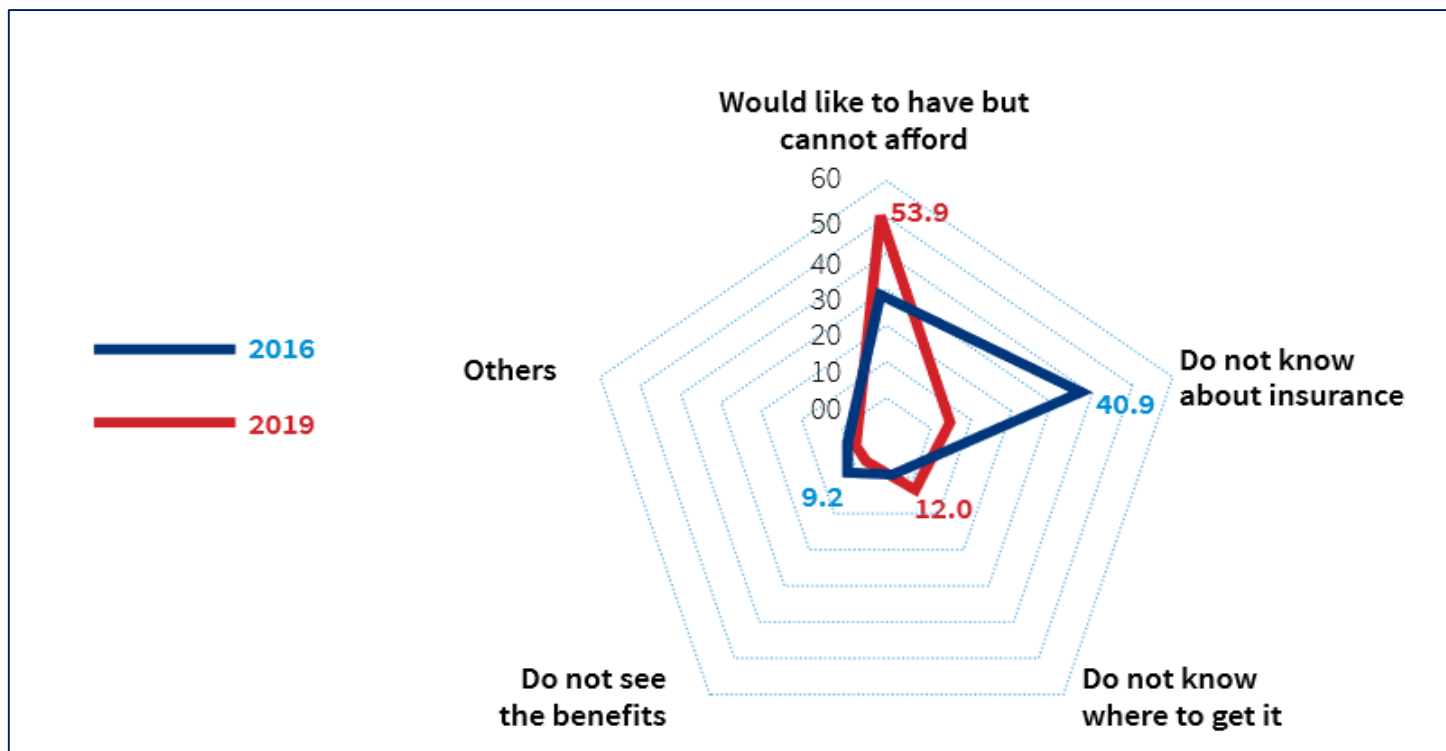
## Use of Insurance, pension and investments providers (%)



- Reasons vary for these trends

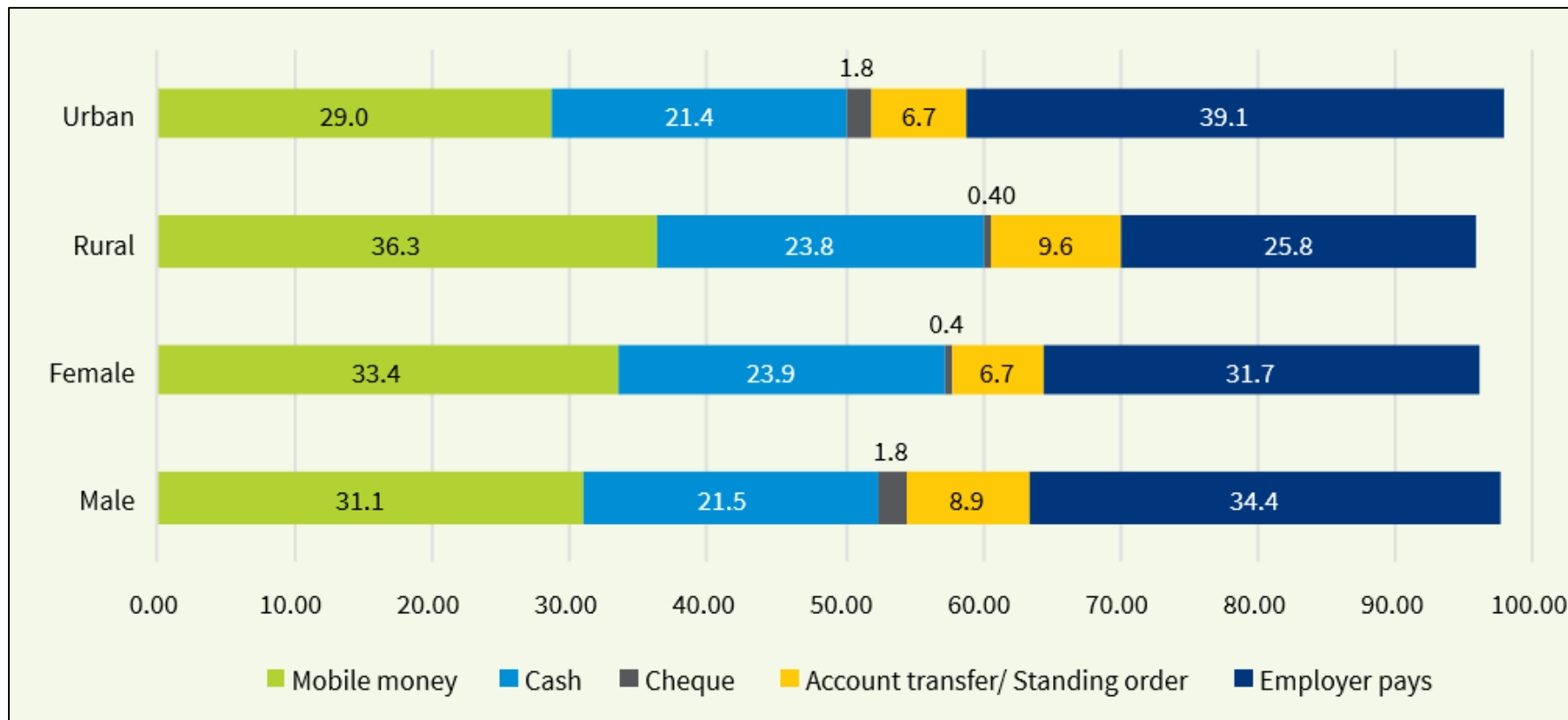
# Use of insurance mainly influenced by ability to pay policy premiums...

## Top Reasons for lack of Insurance policy (%)



# Mobile money device increasingly driving insurance policy premiums payment channels...

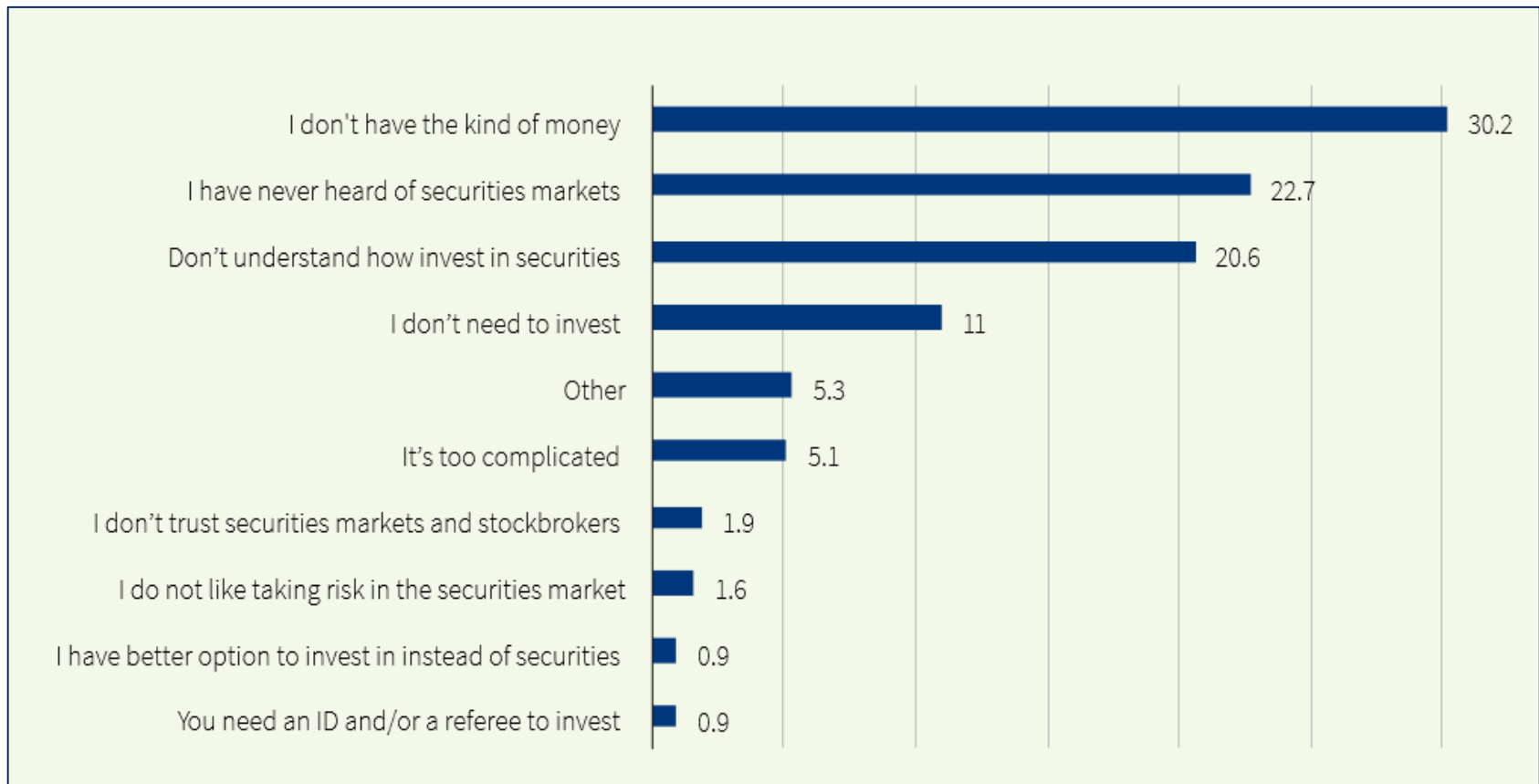
Channels for Paying Insurance policy premiums (%)





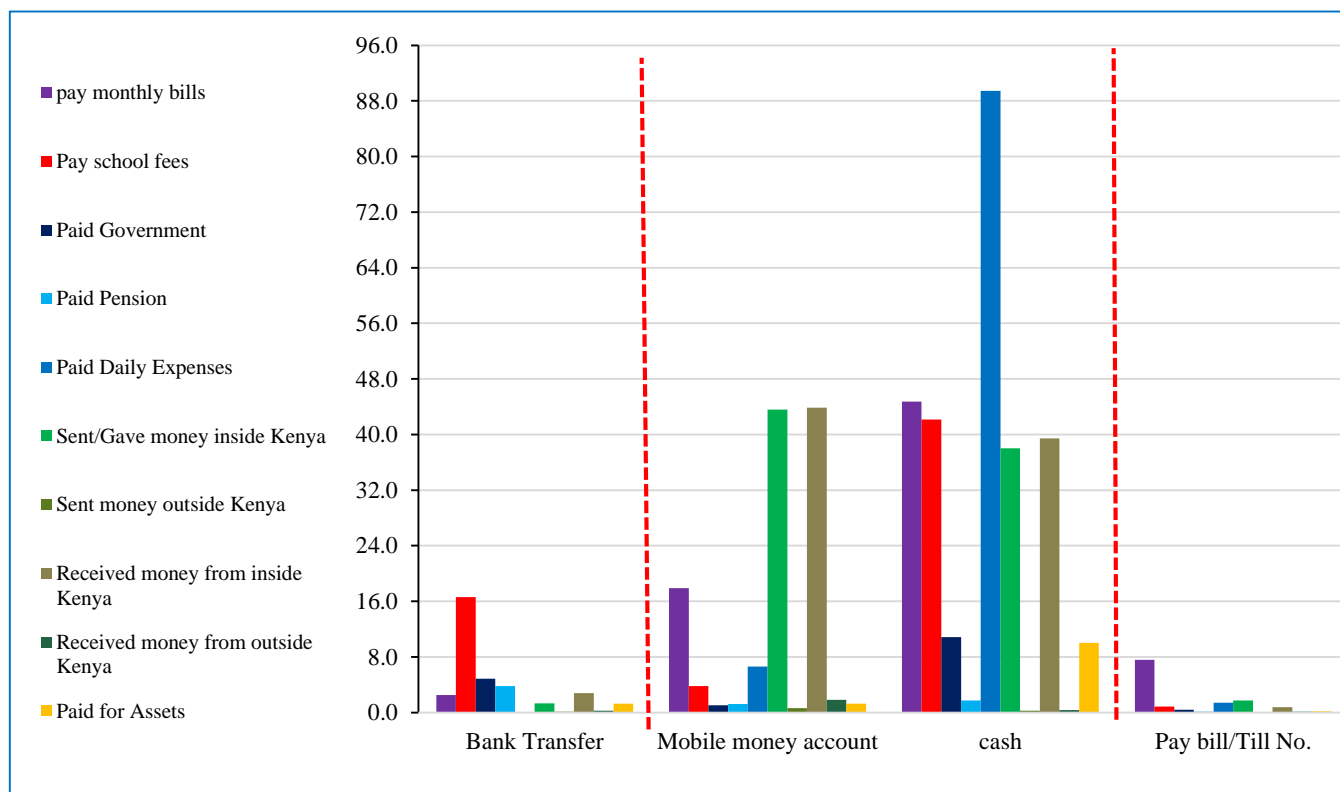
# Lack of investible funds and little knowledge are inhibitors to investment in securities...

## Top Reasons for not investing in securities (%)



# Despite rapid digitalization, Cash still remains the most dominant mode of making payments...

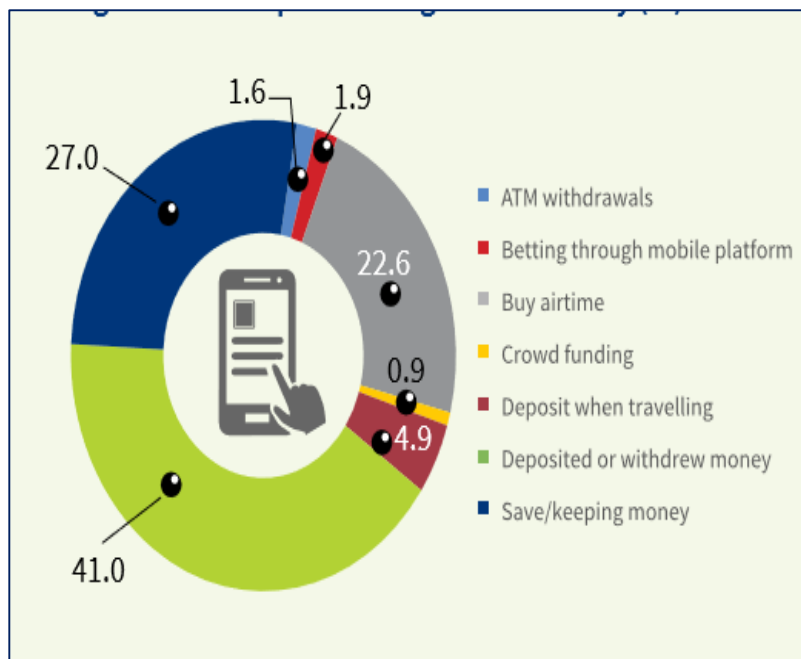
## Cash dominates all other transaction devices (%)



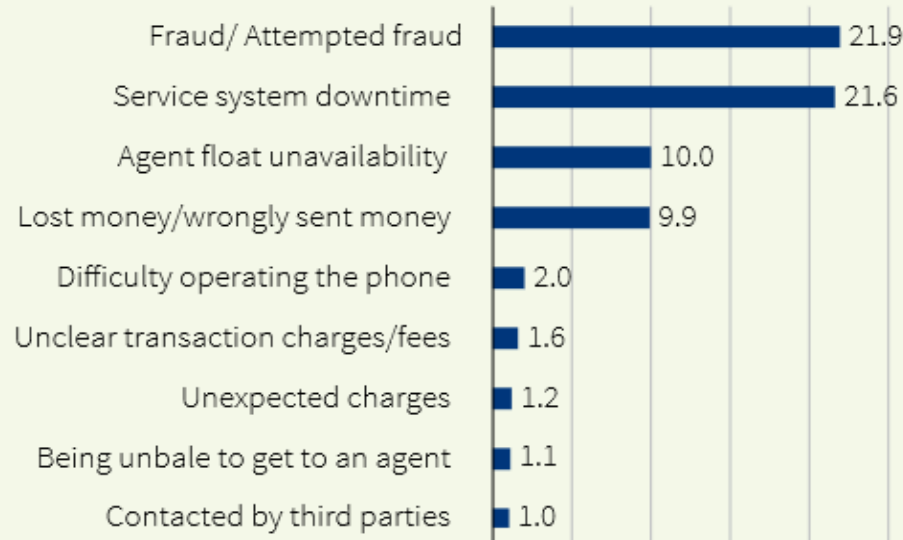
- Cash used widely for daily expenses, monthly bills payments, fee payments, remittances, and purchase of assets

# Mobile money usage quite widespread amid emerging challenges...

## Purpose of having mobile money



## Challenges in using mobile money

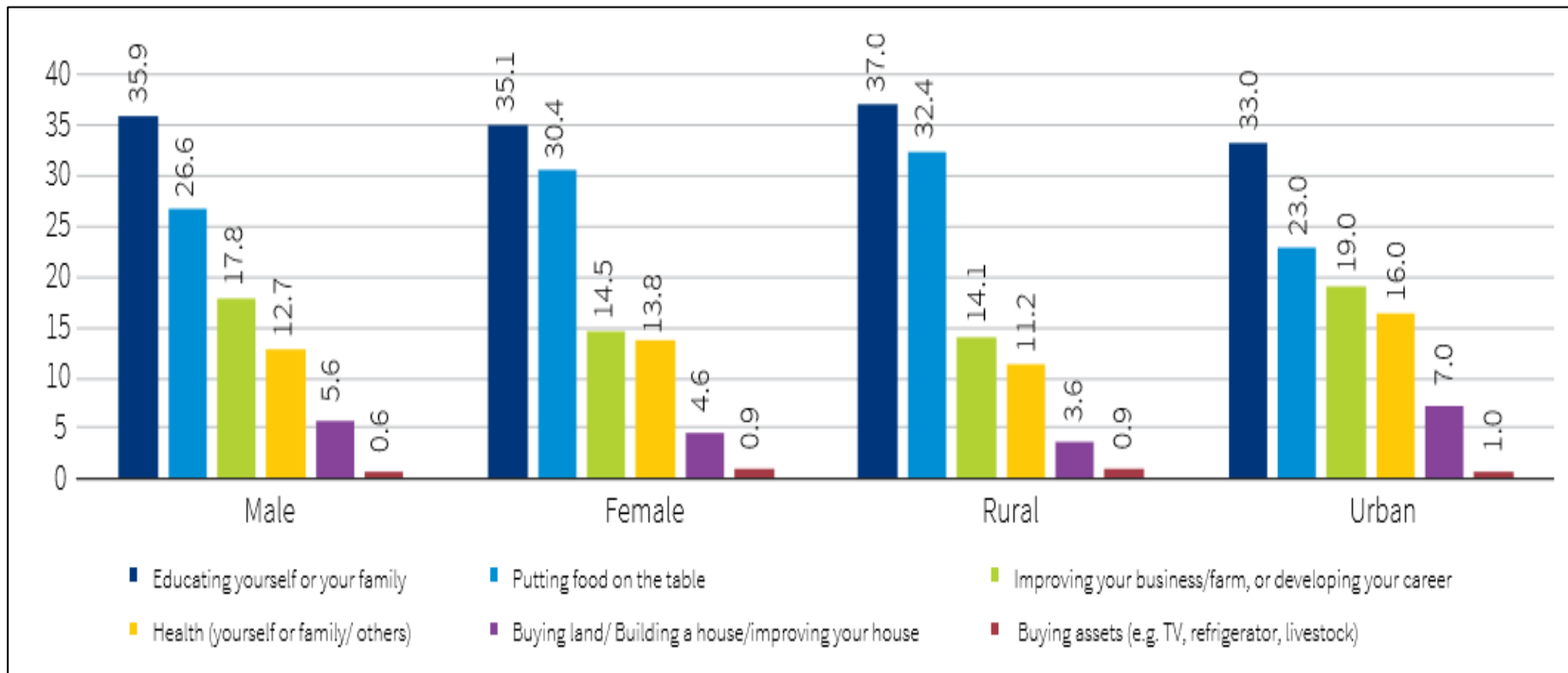


# Relevance: Goals, Needs and Financial Solutions

---

# Major priority goal among Kenyans is education and putting food on the table...

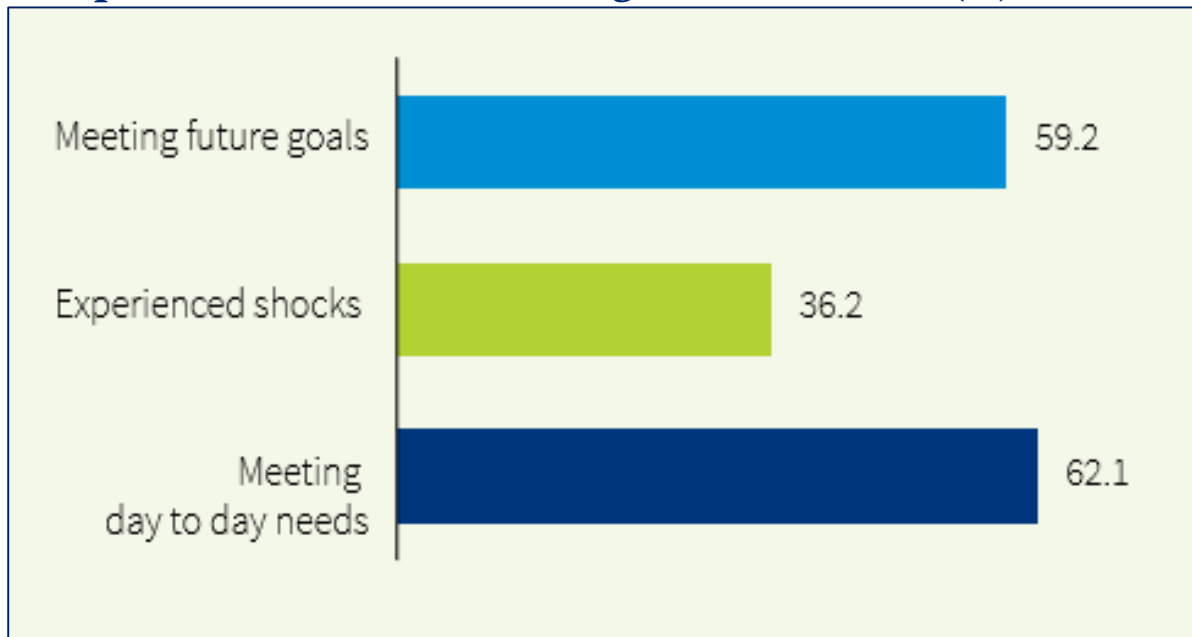
**Major priority goal by sex and residence (%)**



# More Kenyans are faced with financial needs towards investment goals, managing shocks and meeting day-to-day expenses...

---

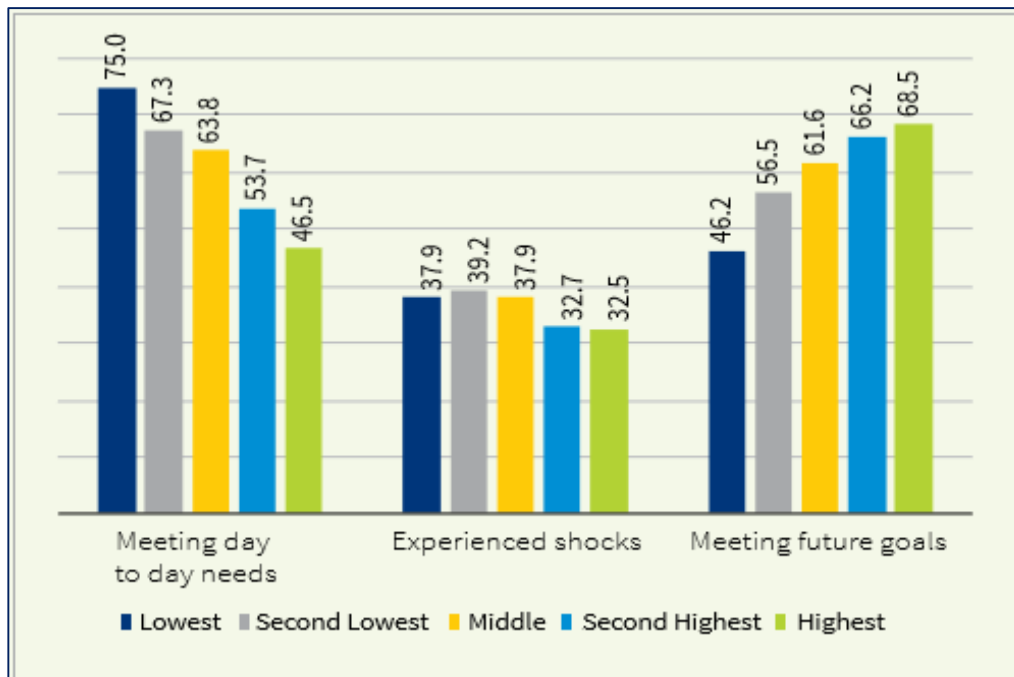
**Proportion of adults mentioning a financial need (%)**



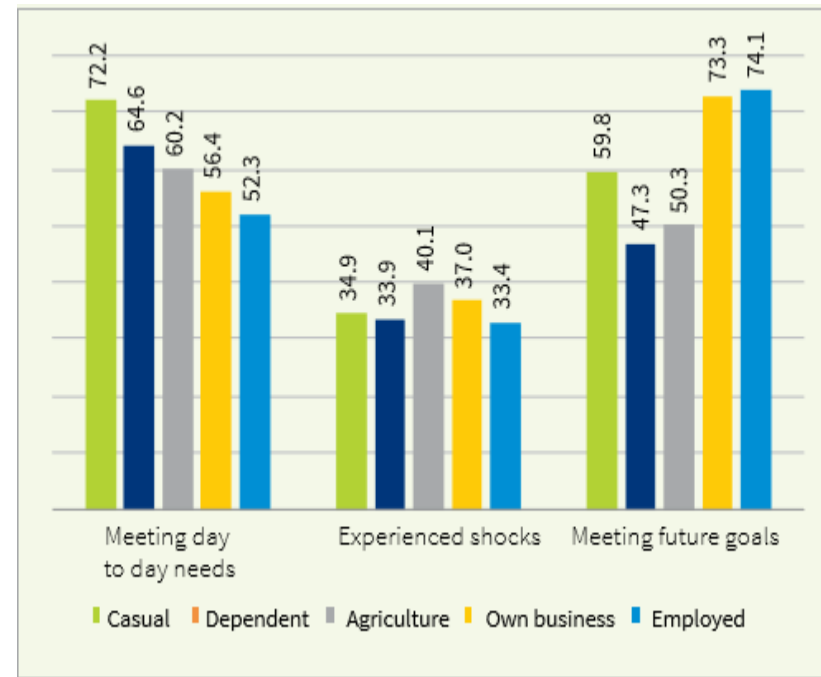
- Consumers choose financial services and products based on their needs, which are reflected in their use of available solutions either formal and/or informal

# Kenyans' socio-economic status and livelihood resilience largely influenced by how they meet their needs...

## Needs by wealth quintiles (%)

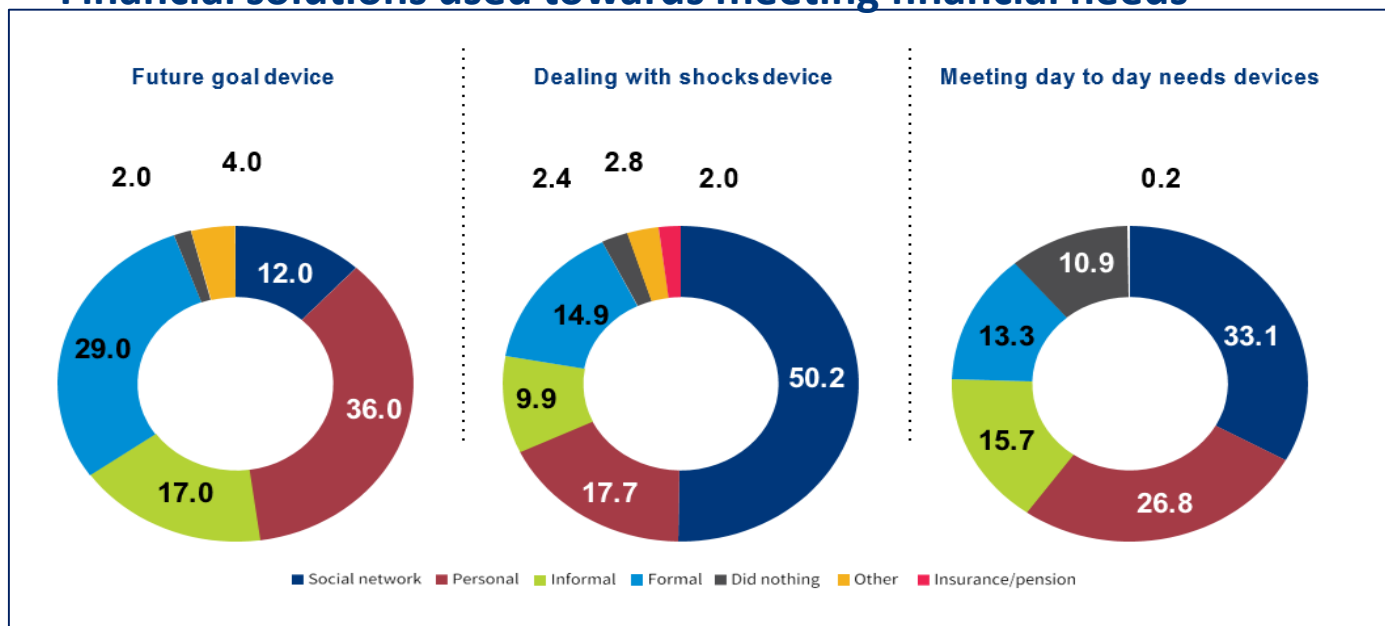


## Needs by livelihood sources (%)



# Financial solutions vary with the need...

## Financial solutions used towards meeting financial needs



### NOTES

**Social networks =**

Borrow from friends and family

**Personal =**

Sell assets/livestock/poultry, get additional work, cut back on expenses

**Formal =**

Use savings or borrow from formal institutions such as banks/MFIs/ SACCOs, excluding insurance

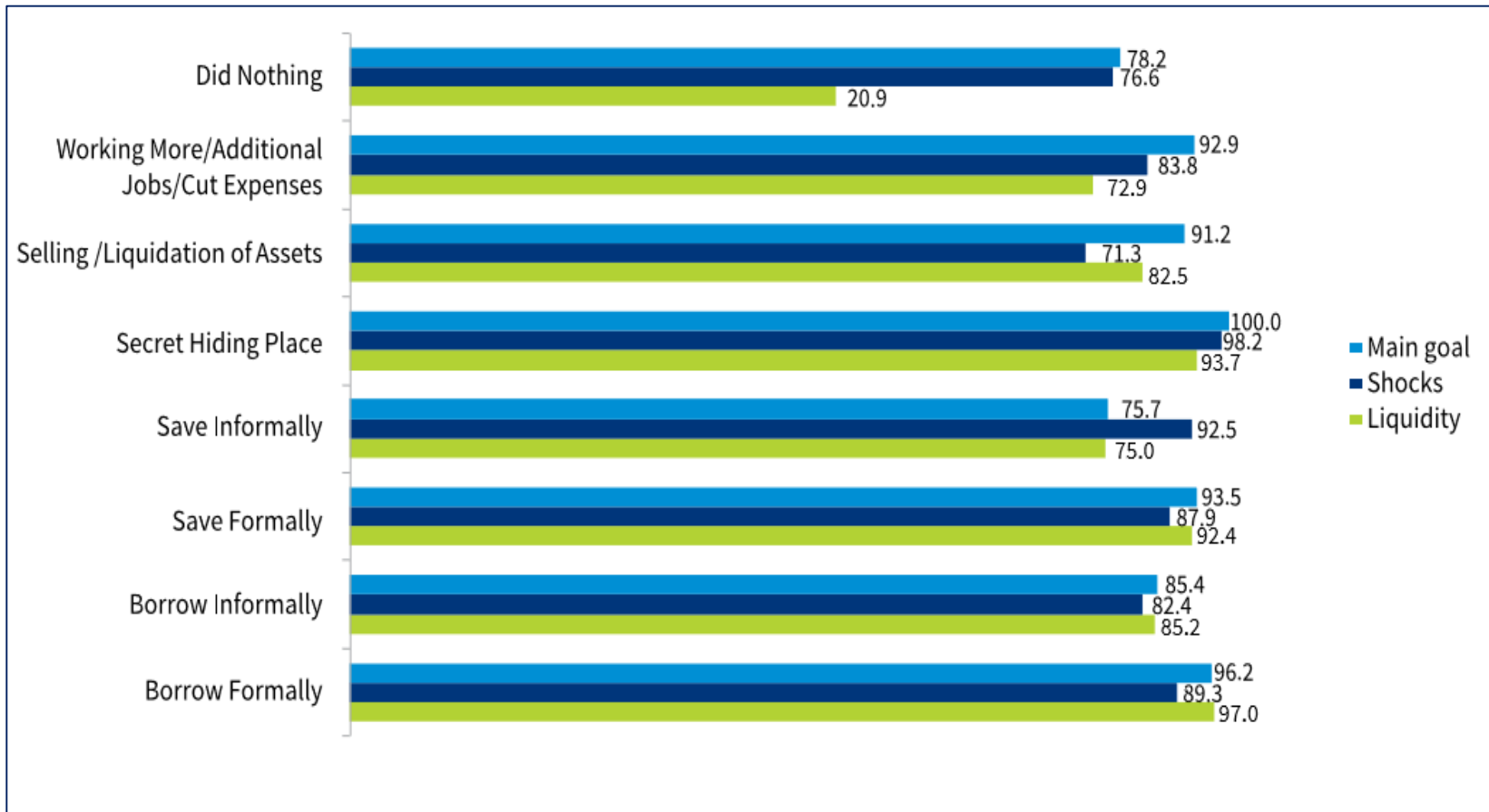
**Informal =**

Borrow or savings from informal providers such as shylocks, Chama, employers, shopkeeper, secret hiding place



# Both financial and non-financial solutions are used widely in addressing a financial need...

## Effectiveness on the use of selected solutions (%)

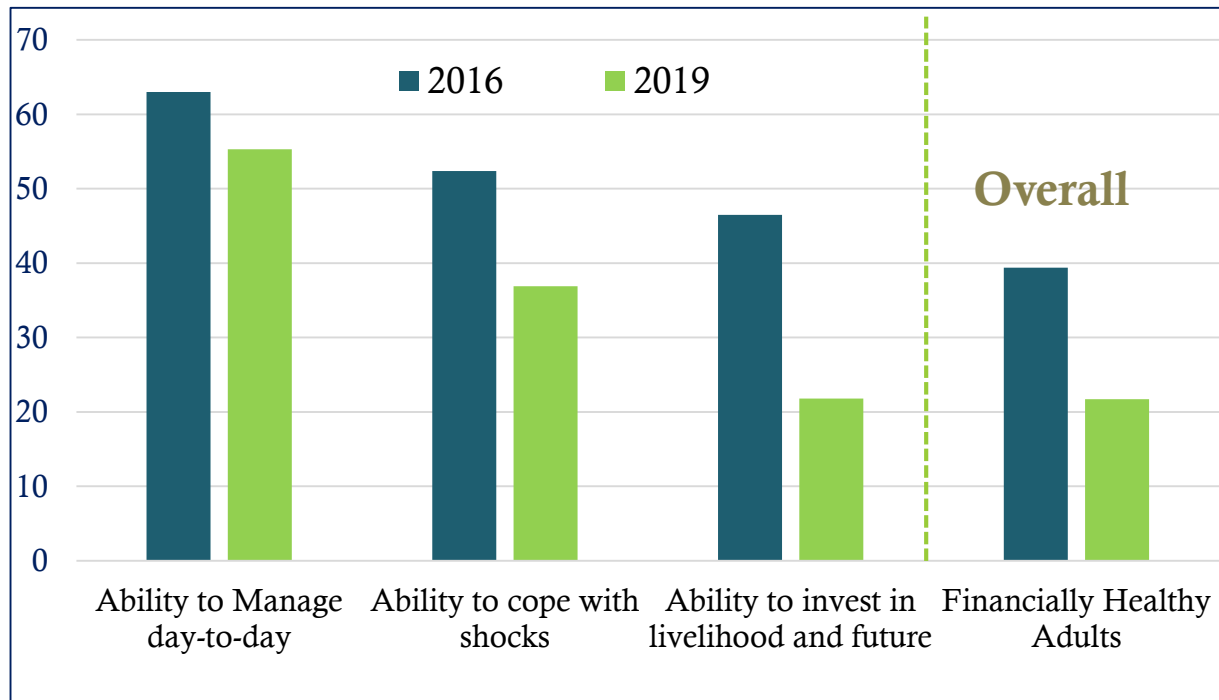


---

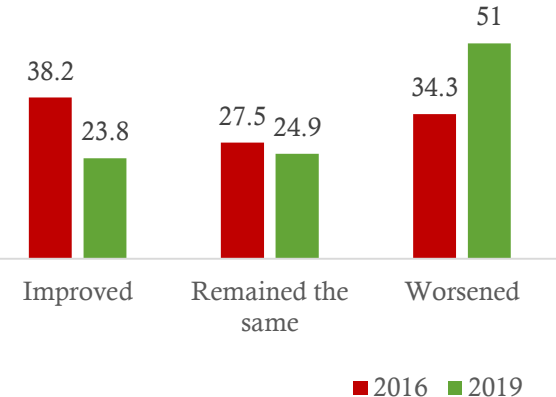
# **Financial Health and Livelihoods**

# Financial health worsened in 2019 ....

## Financial Health Dimensions (%)

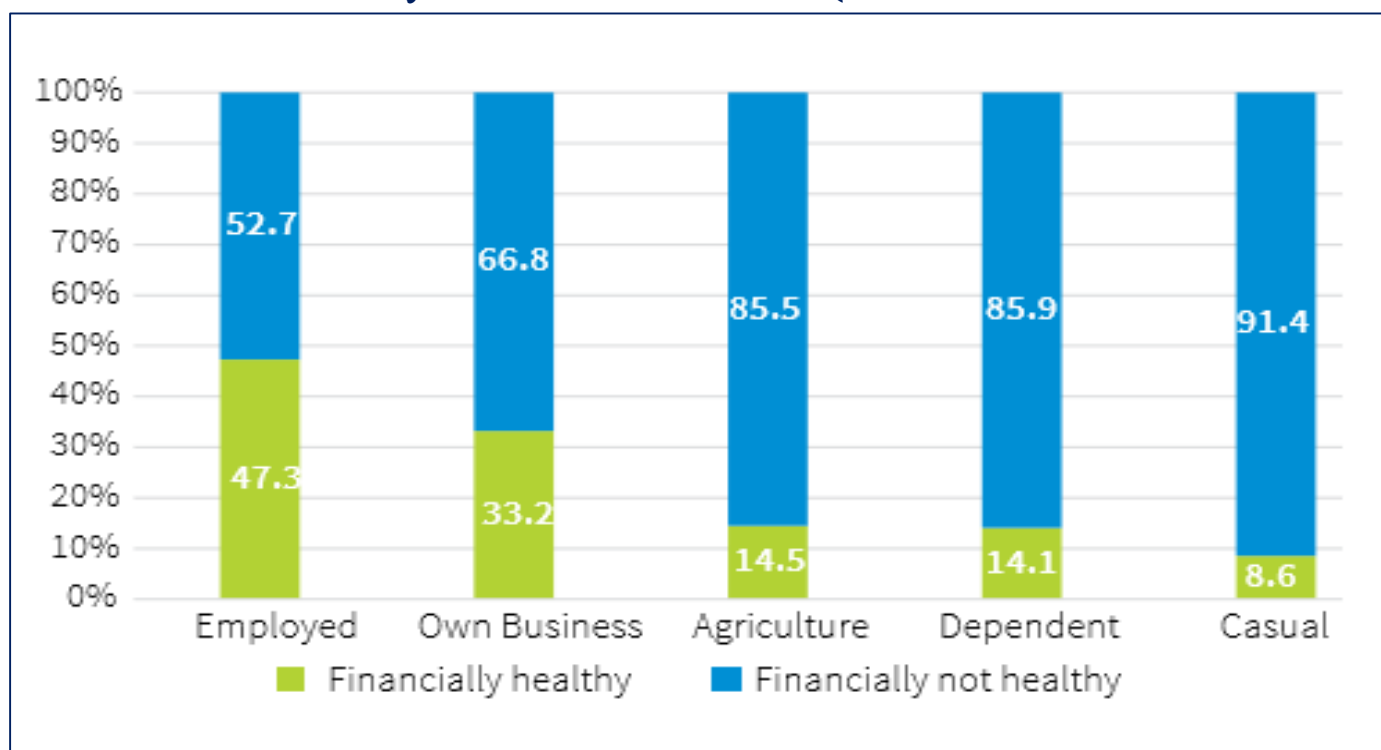


## Financial Status (%)



# Being in formal employment and or running business impacts financial health...

**Financial health by livelihood in 2019 (%)**

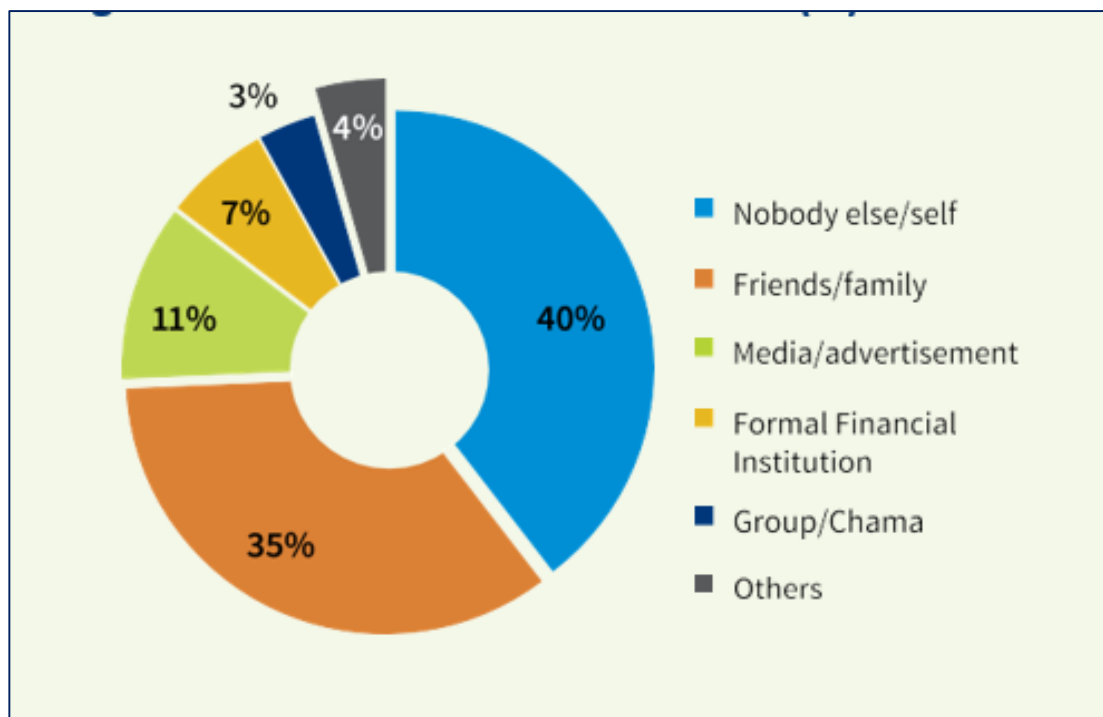


# **Perceptions on Consumer Protection and Financial Literacy**

---

# Financial advice gaps exist...

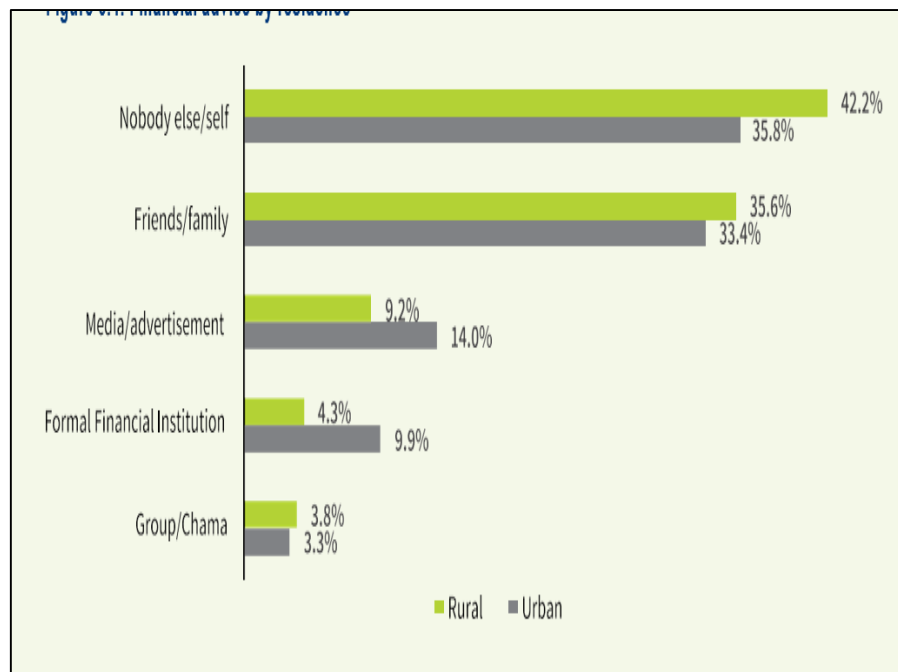
Sources of financial advice (%)



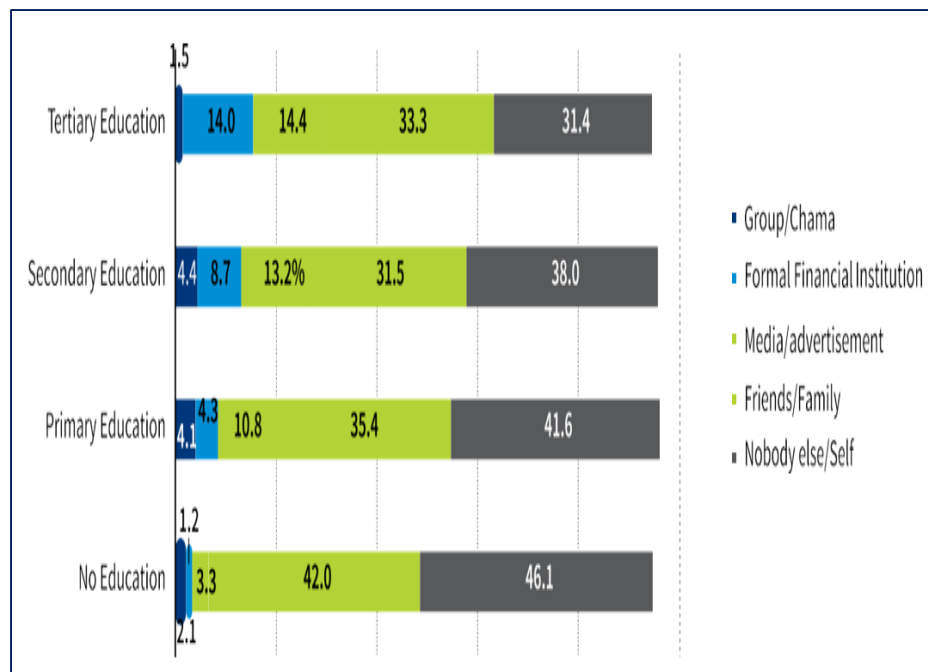
- respondents relying on their own knowledge was 39.6% compared to 34.7% who relied on family and friends for financial advice...huge opportunity for financial advisors!

# Formal education greatly impacts choice of financial advice ...

Sources of financial advice by Residence (%)



Sources of financial advice by Education (%)

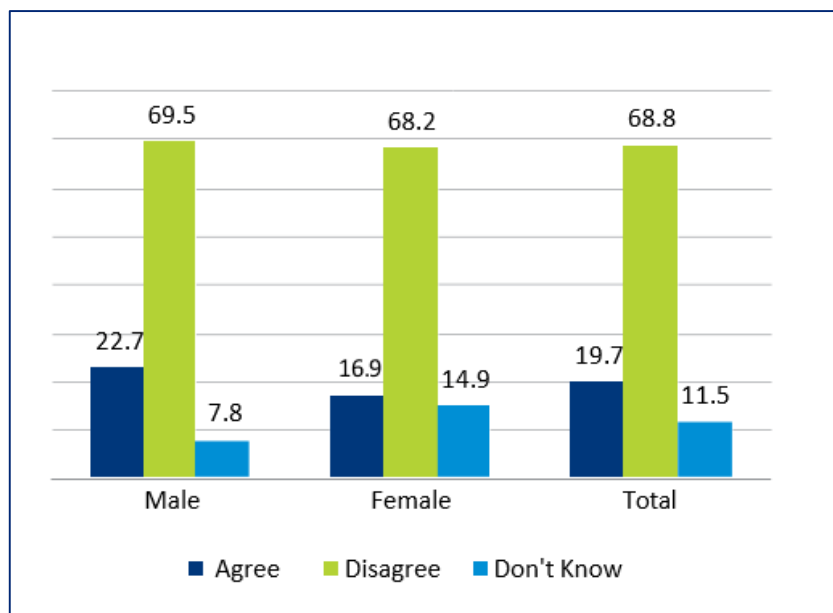


- Group/Chama
- Formal Financial Institution
- Media/advertisement
- Friends/Family
- Nobody else/Self

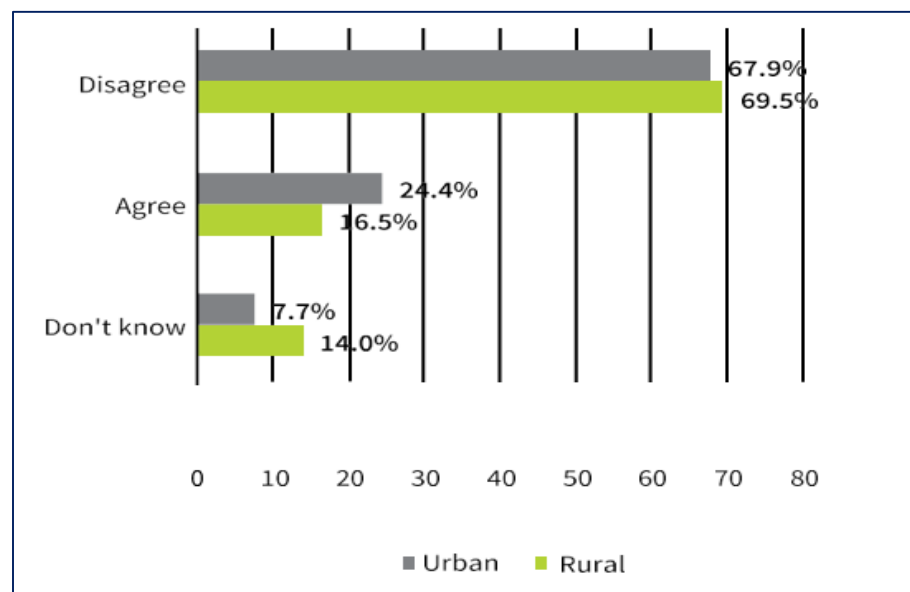
# About 70% of Kenyans perceive betting not to be a good source of income, but 20% have a positive view

...

Perception on Betting/Gambling (%)



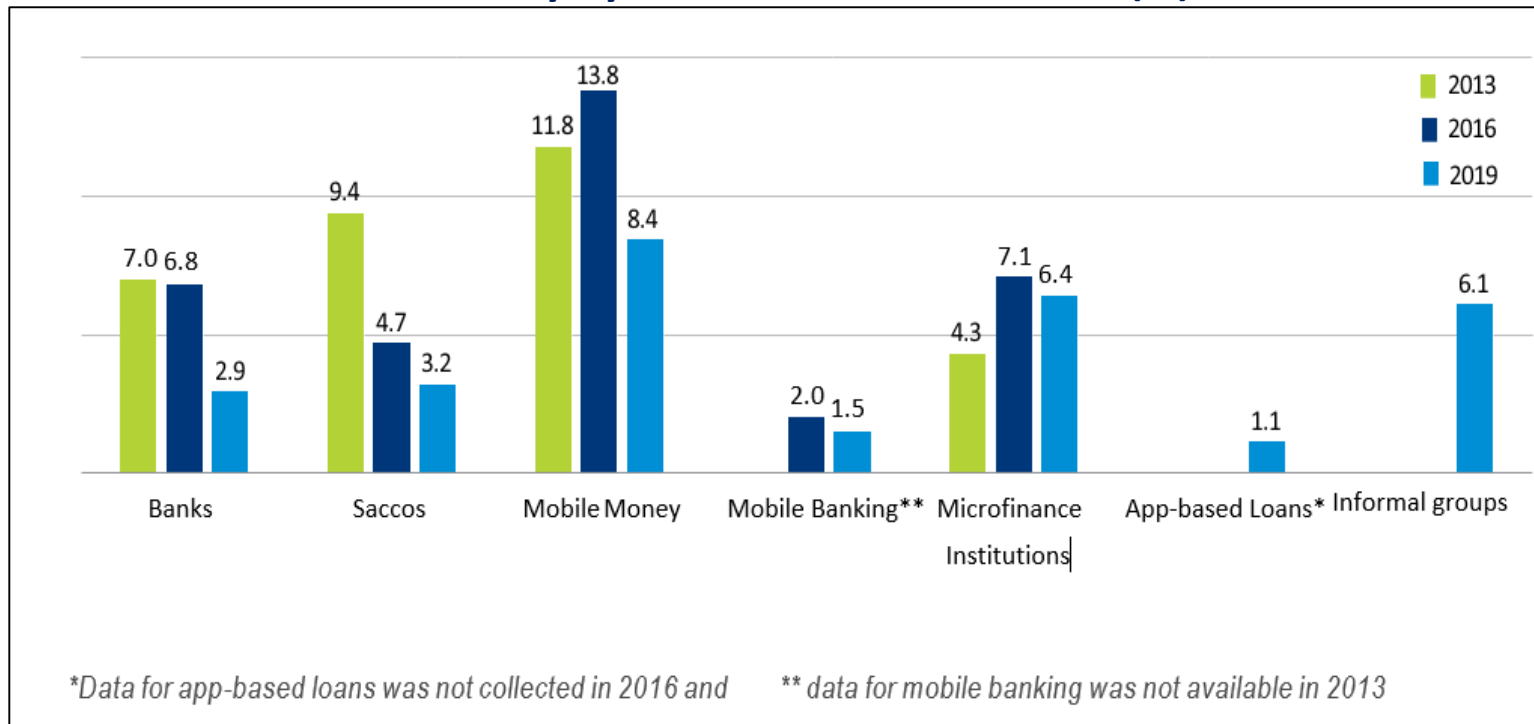
Perception on Betting/Gambling as a good Source of Income (%)





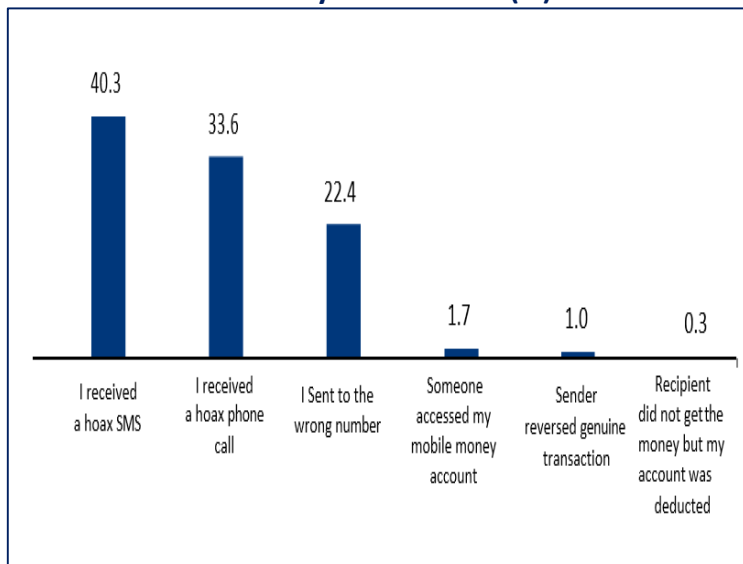
# Easing Consumer Protection Concerns....

## Consumers loss of money by institutions: 2016 - 2019 (%)

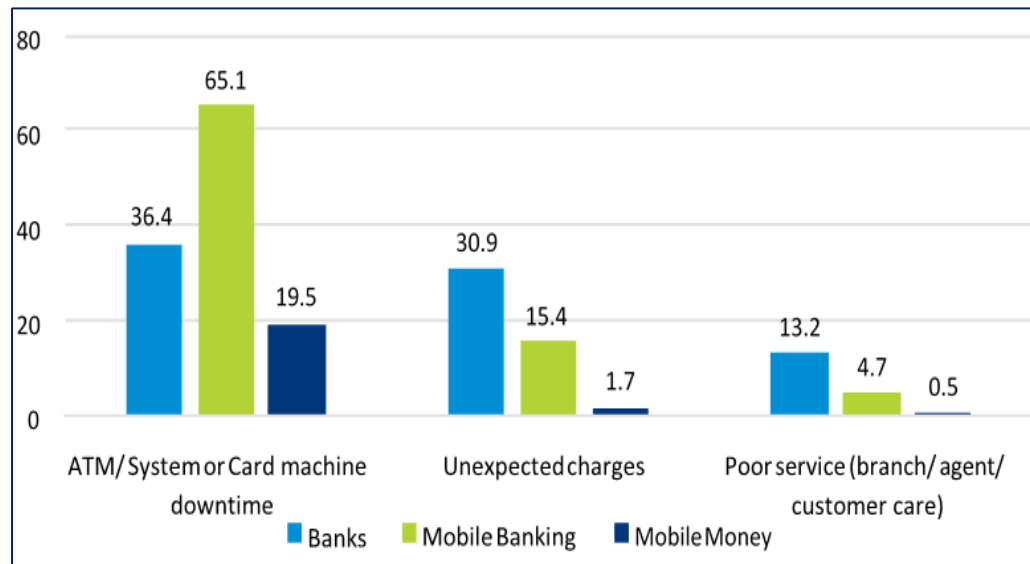


# Consumer Protection Concerns....

Loss via Mobile money: 2016 - 2019 (%)



Challenges experienced on financial services used (%)



# Summary and Conclusions

---

- Digital transformation via mobile banking and digital apps space raises cyber security, credit risk and consumer protection concerns.
- Cash is still the dominant mode of payment for agriculture and business
- Majority of Kenyans feel that their financial status has worsened, implying reduced ability to use financial services and products to manage their daily needs, cope with shocks and achieve future goals.
- Promotion of financial literacy is important in addressing emerging consumer protection concerns.
- Fraud accounted for the highest incidences of loss of money on mobile money platforms, thus becoming a source of new emerging risks.

---

# Questions & Answers