

# FinScope Consumer Survey Zimbabwe 2014



Republic of Zimbabwe



Making financial markets work for the poor

## Introduction

The Government of Zimbabwe recognises the role played by the financial sector in facilitating economic growth. In order to develop policies that generates sustainable and inclusive growth and development, the Government requires evidence-based information on the financial sector and levels of financial inclusion. To achieve this goal, FinMark Trust in collaboration with relevant stakeholders embarked on a repeat FinScope survey which was conducted by Research Continental-Fonkom between July and September 2014. The FinScope Consumer Survey 2014 is a follow-up to the first survey in 2011.

The FinScope survey is a research tool which was developed by FinMark Trust. It is a nationally representative survey of how adult individuals source their incomes, and how they manage their financial lives. It also provides insight into attitudes and perceptions regarding financial products and services. The FinScope surveys in Zimbabwe (FinScope Consumer Survey 2011 and FinScope MSME Survey 2012) not only enabled the assessment of the landscape of financial access but also provided a benchmark for repeat surveys that will enable impact of access-related policy initiatives to be assessed. This brochure summarises the findings of the FinScope Consumer Survey 2014 and, as such, will help address the information needs that would enable the public and private sectors as well as other stakeholders to develop and monitor evidence-based policies and regulations which will help extend the reach of financial services in Zimbabwe.

## Objectives

The survey, by design, is intended to involve a range of stakeholders, thereby enriching the data through a process of cross-cutting learning and sharing of information. The objectives of the FinScope survey include the following:

- 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 Zimbabwe (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 Zimbabwe is designed to involve a range of stakeholders engaging in a comprehensive consultation process. This process has enriched the survey and the shared results have contributed meaningfully to members who have a common interest in financial inclusion. The FinScope Consumer Survey is an important component of the Making Access Possible (MAP) methodology as it is the demand tool that assists in determining the levels of financial access in a country. MAP is a diagnostic and programmatic framework to support expanding access to financial services for individuals and micro- and small businesses.

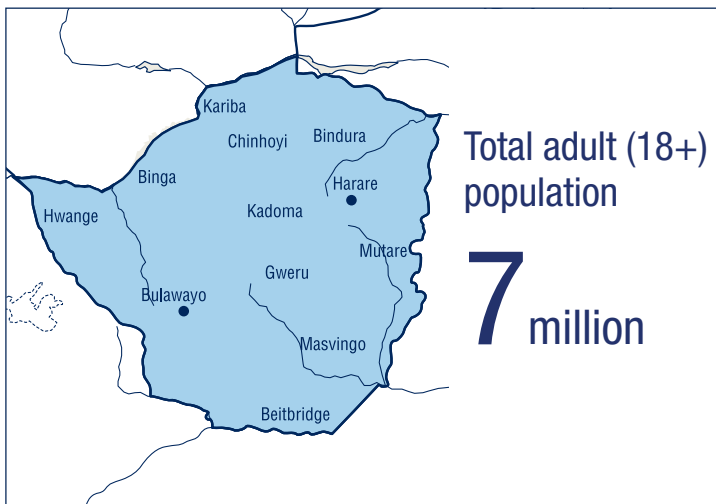
## Partnering for a common purpose

A Steering Committee chaired by the Ministry of Finance and Economic Development (MFED) was set up which comprised representatives from the MFED, FinMark Trust, the Reserve Bank of Zimbabwe, Insurance and Pensions Commission, Bankers Association of Zimbabwe, Consumer Council of Zimbabwe, Zimbabwe National Statistics Agency (ZIMSTAT), Securities and Exchange Commission of Zimbabwe, Ministry of Small and Medium Enterprises and Cooperative Development, Africa Corporate Advisors (local project coordinator) and the Research Continental-Fonkom (research house).

## Methodology

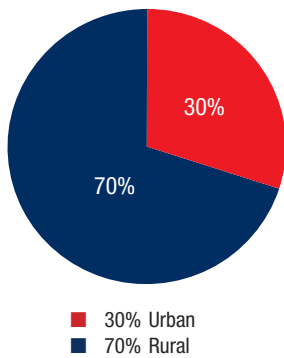
A total of 4 000 face-to-face interviews were conducted by Research Continental-Fonkom. The sampling frame, quality control and weighting of the data was conducted by ZIMSTAT. The sample is a nationally representative individual-based sample of Zimbabweans aged 18 years and older.

## Understanding the lives of adult Zimbabweans

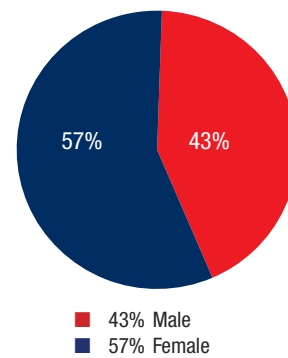


- 70%** reside in rural areas
- 33%** are under the age of 30 years
- 38%** have primary education or less
- 66%** of households are involved in farming with almost half them farming for consumption (45%)
- 36%** rely on money from farming. Farming is the main source of income for Zimbabweans
- 76%** of the adult population earn US\$200 per month or less (including 7% who do not have an income at all)

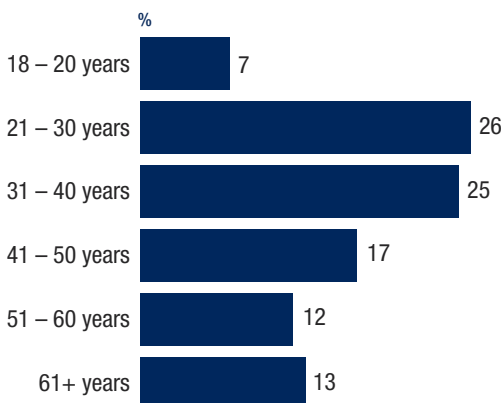
Urban/rural



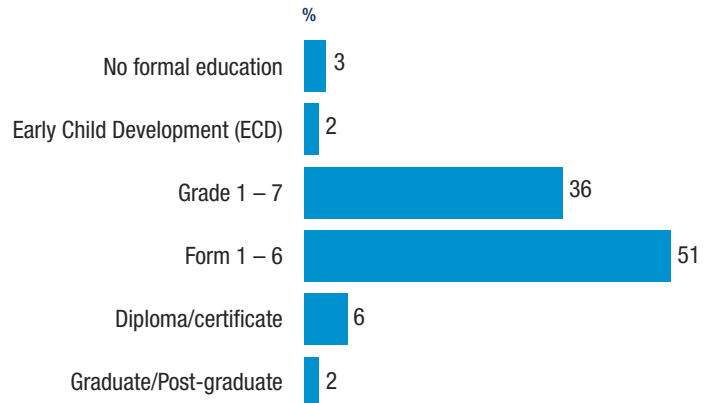
Gender



Age



Education



# Understanding the lives of adult Zimbabweans

## Access to basic amenities



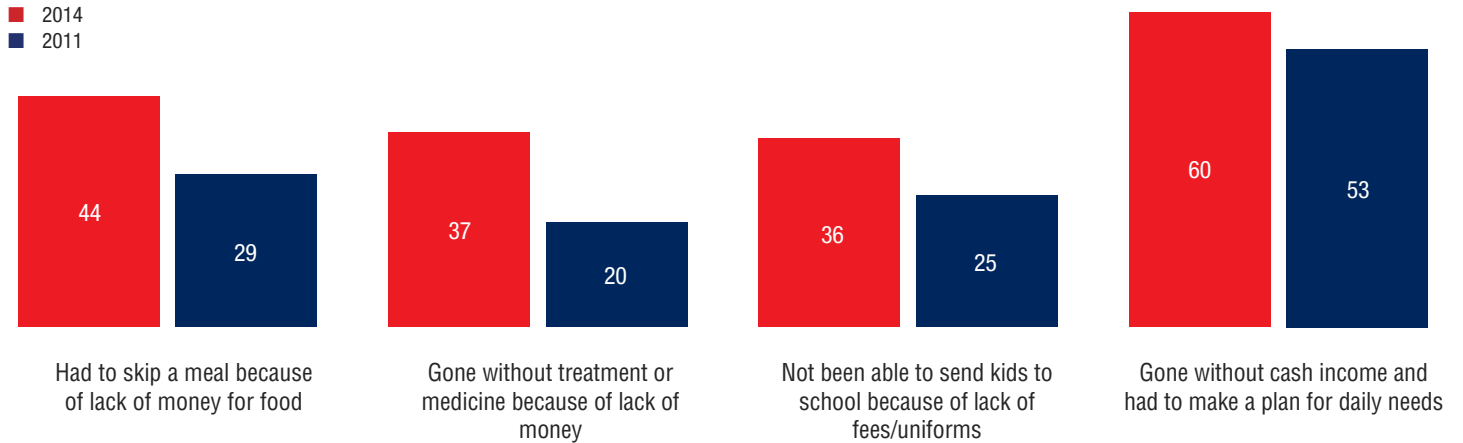
Number of individuals with access to piped running water (inside dwelling compound)



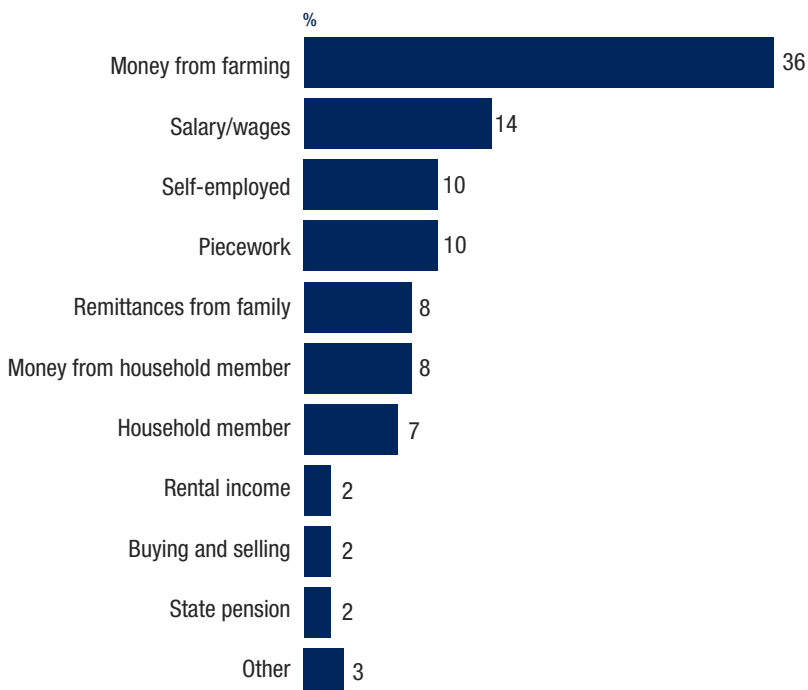
Number of individuals with electricity (for cooking)



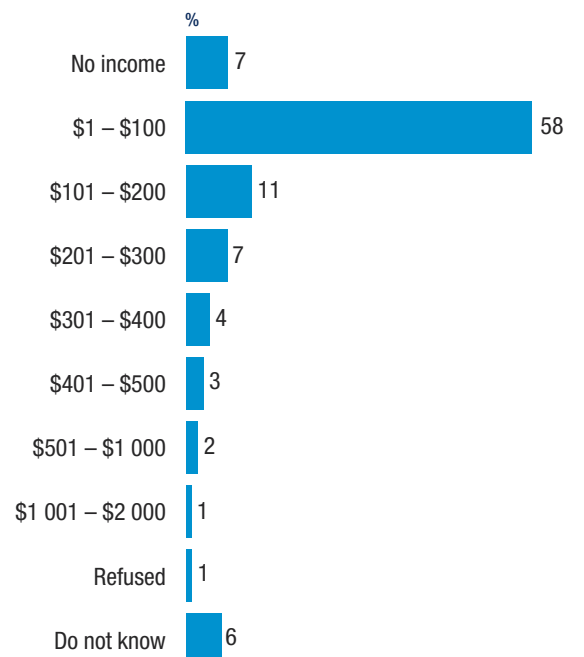
## Poverty indicators [%]



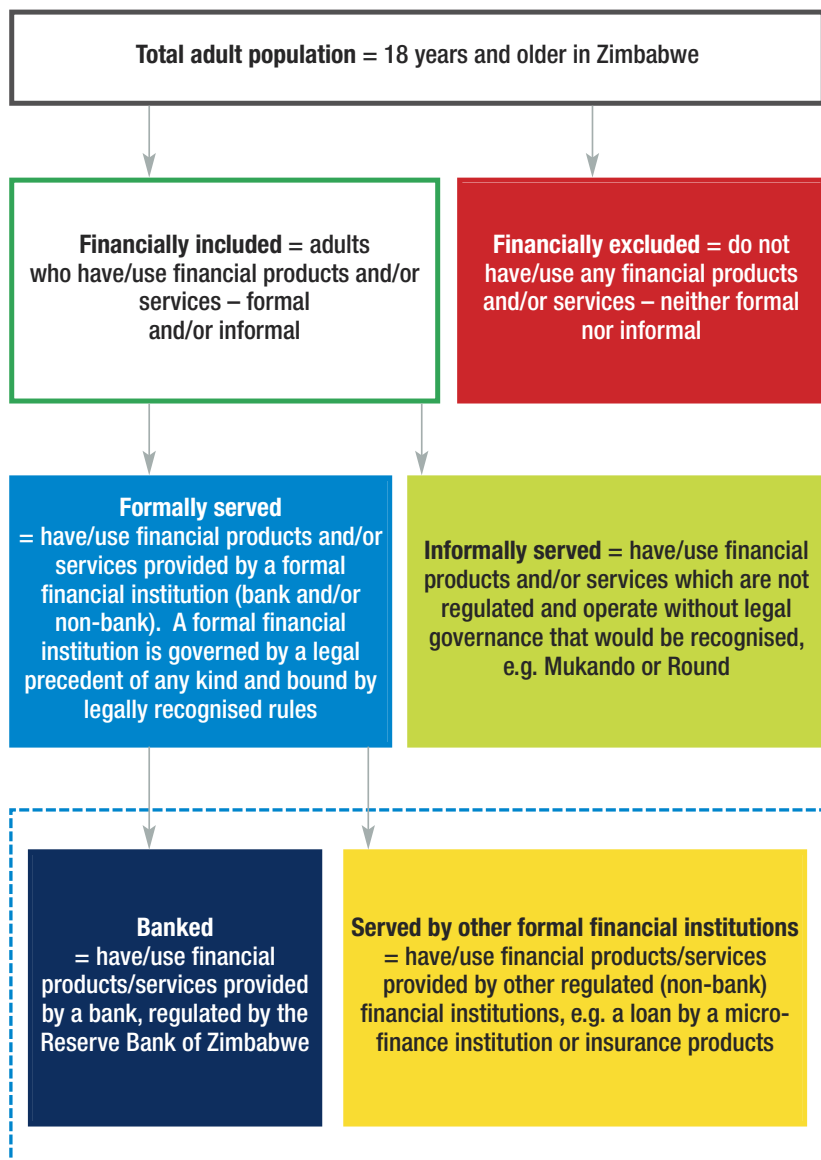
## Main source of income



## Personal monthly income [%]



## Analytical framework

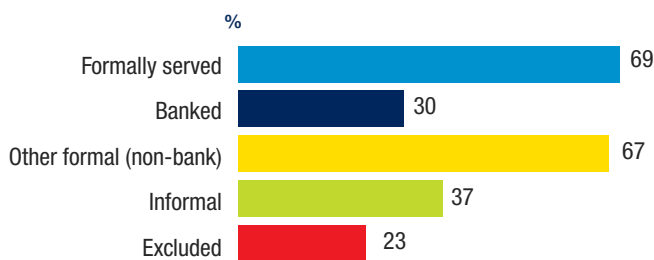


## Overview

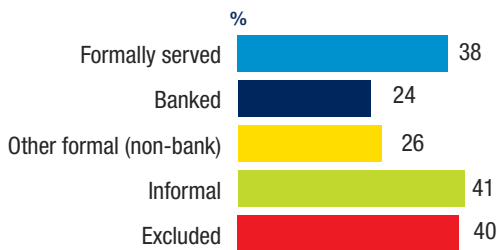
The legal age at which an individual in Zimbabwe can open a bank account is 18 years, therefore the adult population is defined as all individuals aged 18 years and older:

- 69% of adults are formally served, including both banked and other formal bank products/services [increased considerably, 38% in 2011]
- 30% of adults are banked [increase from 24% in 2011]
- 67% of adults have/use other formal non-bank products/services [huge increase, 26% in 2011]
- 37% of adults have/use informal mechanisms for managing their finances [decreased, 41% in 2011]
- 23% of adults are financially excluded [decreased significantly, 40% in 2011]

2014



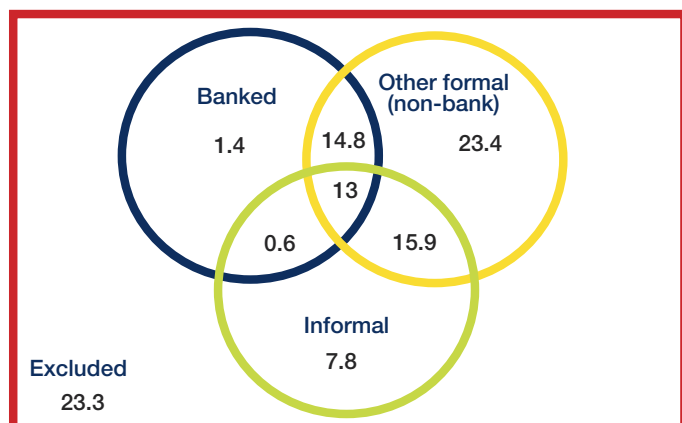
2011



## Overlaps in 2014

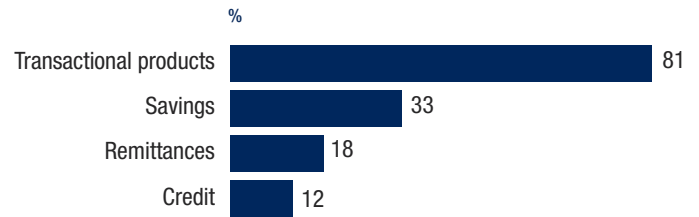
Consumers generally use a combination of financial products and services to meet their financial needs – someone could have a bank account and also belong to a burial society.

- 1% of adults rely exclusively on banking services yet 23% rely exclusively on other formal products
- 30% use a combination of 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) or Chimbado to save or borrow money



## Drivers in 2014

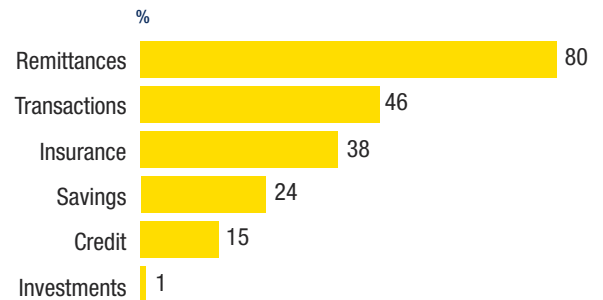
### What drives banking?



Banking in Zimbabwe is mainly driven by transactional and savings products.

- 81% of banked adults have/use transactional products
- 33% have/use savings products
- 18% have/use banking products for remittance purposes
- 12% use banking credit products

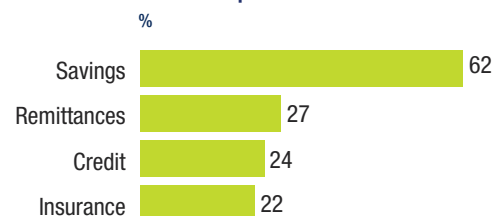
### What drives the use of other formal (non-banking) products?



The use of other formal (non-banking products) is mainly driven by remittances (mainly mobile money) and insurance products

- 80% of adults use other formal (non-banking products) to remit
- 46% use other formal products for transactional purposes
- 38% of adults who use other formal products have insurance products
- 24% have/use savings products
- 15% use other formal products for credit purposes
- Less than 1% use other formal investment products

### What drives the use of informal products?



Zimbabweans use informal mechanisms mainly for savings, remittance, insurance, and borrowing (credit):

- 62% of adults who use informal mechanisms belong to savings groups
- 27% use informal remittance mechanisms
- 24% use informal mechanisms to borrow money (credit)
- 22% use informal mechanisms for insurance purposes

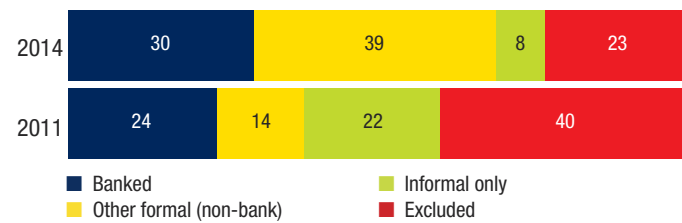
## Access Strand

The FinScope approach uses the Access Strand to understand financial inclusion. In constructing this strand, the overlaps in financial product/service usage are removed, resulting in the following segments:

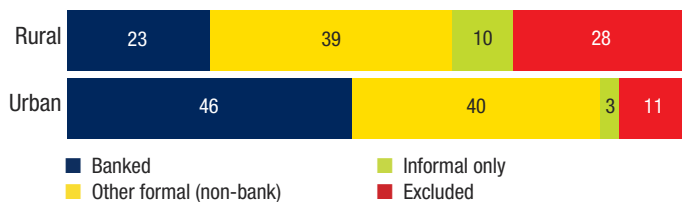
- 23% of Zimbabweans are financially excluded (i.e. do not use financial products – neither formal nor informal – to manage their financial lives)
- 8% rely only on informal financial products or services
- 30% have/use bank products/services
- 39% have/use other formal non-bank products/services but not commercial banking products

Significant reduction in 2014 those that rely only on informal mechanisms comparing to 2011

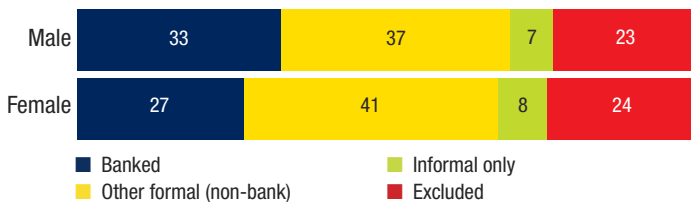
### Overall Access Strand



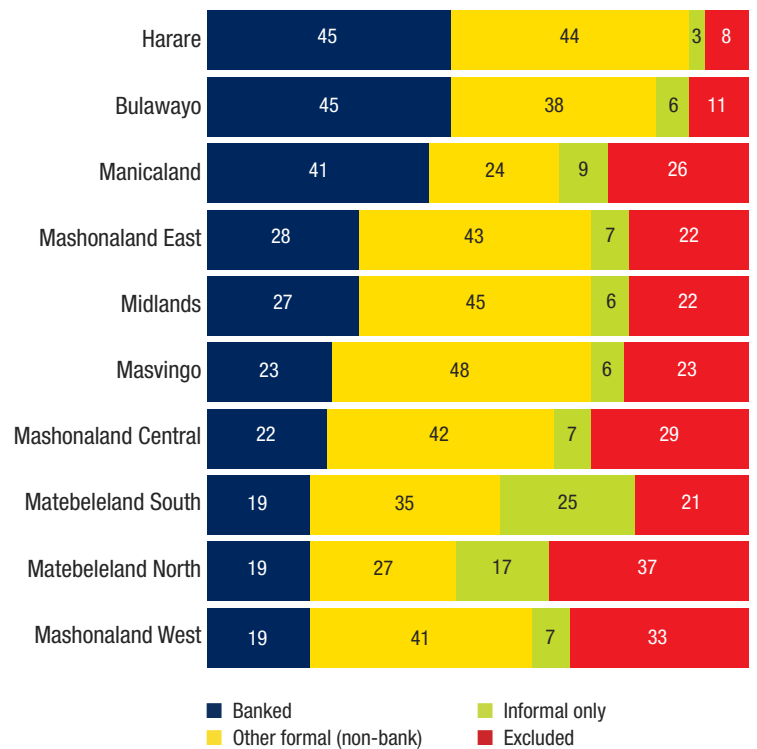
### Access Strand by location in 2014



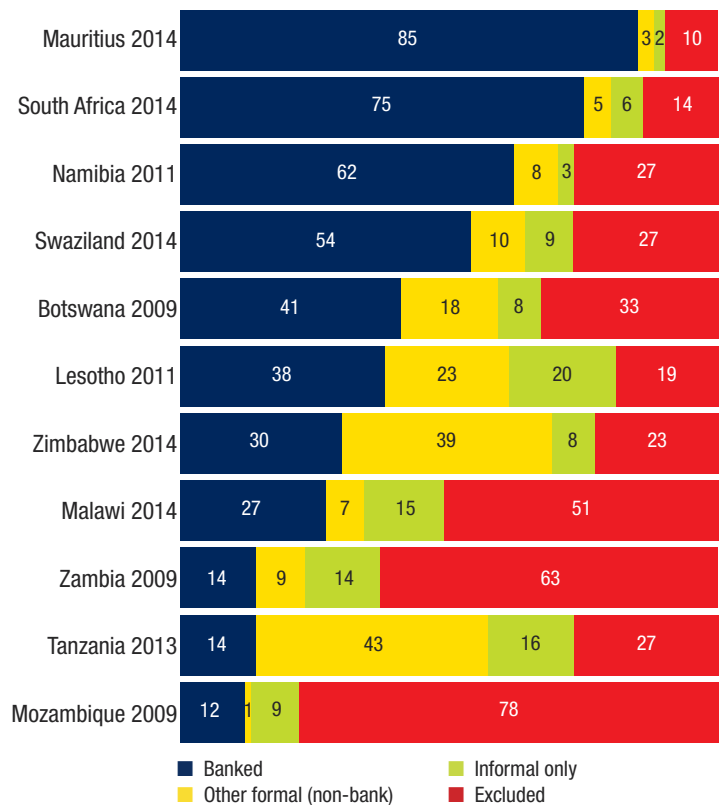
### Access Strand by gender



### Access Strand by province in 2014



### Access Strand across the SADC region



### Key findings

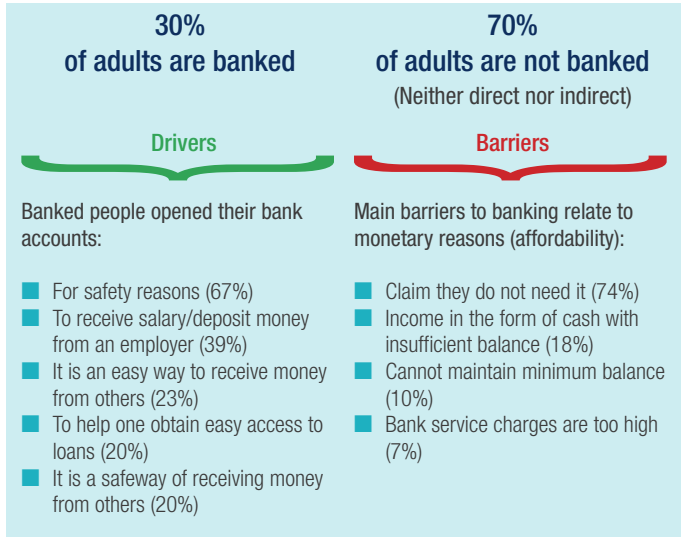
Comparing the Access Strand by location, gender and the SADC region reveals that levels of financial inclusion (including product uptake of both formal and informal products/services) are higher:

- Among adults residing in urban areas (89%) compared to adults residing in rural areas (72%)
- Among the adults in provinces of Harare (92%) and Bulawayo (89%)
- In SADC, Mauritius (90%) compared to Zimbabwe (77%)

# Banking

## Banking status

- The banked population has increased since 2011; from 24% (1.45 million) in 2011 to 30% (about 2.08 million) in 2014
- Banking is largely driven by transactional products/services



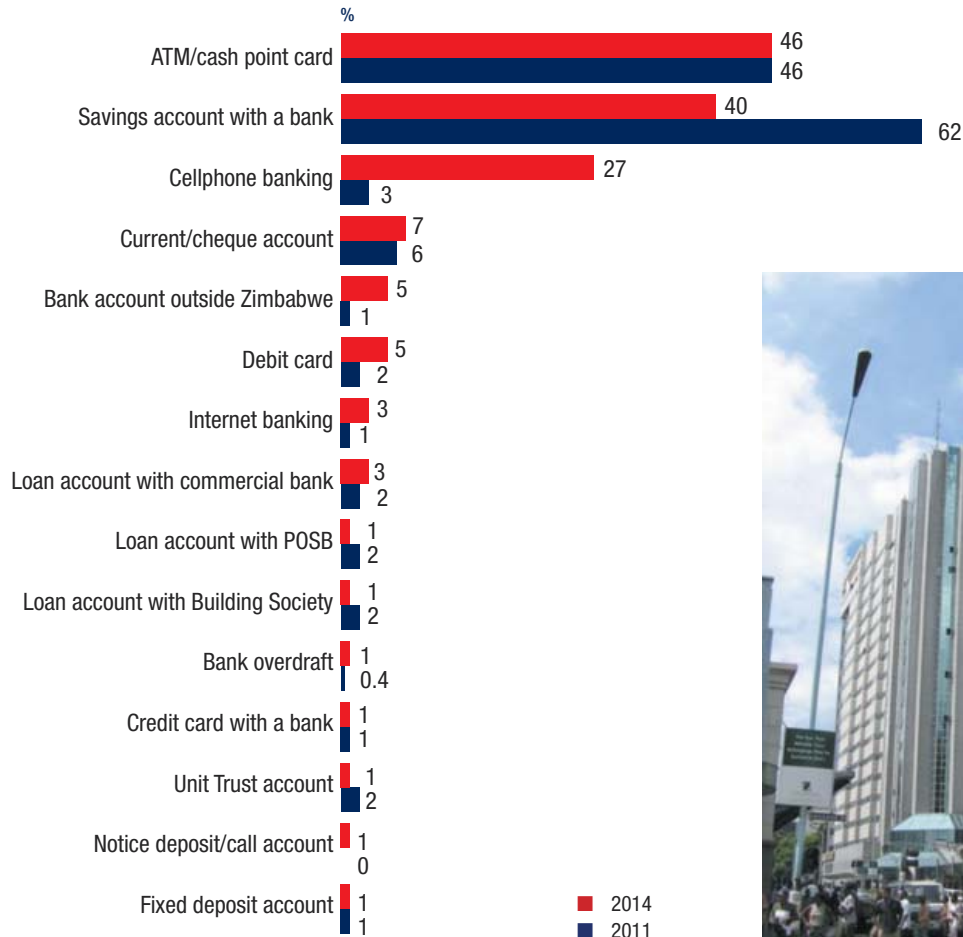
## How many adults (18 years or older) are banked?

	2011	%	2014	%
No. of banked adults in Zimbabwe	1.5 mil	24	2.08 mil	30
No. of unbanked adults in Zimbabwe	4.53 mil	76	4.91 mil	70
Total adult population size	5.98 mil	100	6.99 mil	100

Looking at the total numbers, uptake of products increased mainly:

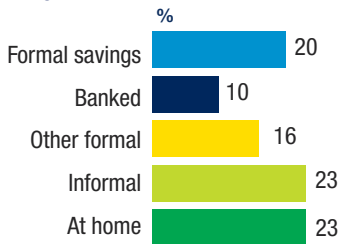
- Cellphone banking has increased: 40 000 in 2011 to 560 000 in 2014
- Debit card ownership: 21 000 in 2011 to 115 000 in 2014
- ATM/Cash point cards: 660 000 cardholders in 2011 to 960 000 cardholders in 2014

## Banking: Where is the growth in 2014?

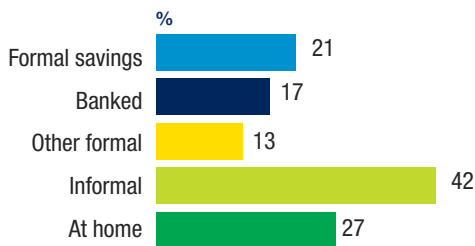


## Savings and investments

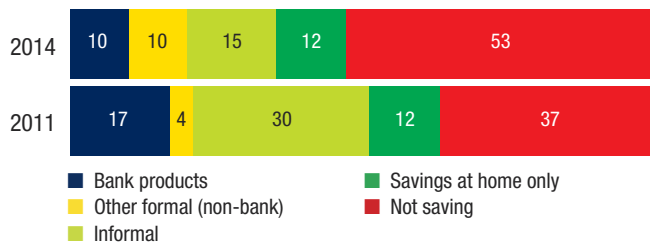
### Overview 2014



### Overview 2011



### Savings Strand



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

- 53% of adults in Zimbabwe do not save [decreased significantly, 37% in 2011]
- 12% keep all their savings at home, i.e. they do not have/use formal or informal savings products or mechanisms [constant, 12% in 2011]
- 15% 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) [decreased, 30% 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) [increased, 4% in 2011]
- 10% have/use savings products from a commercial bank (they might also have/use other formal and/or informal mechanisms, and/or save at home) [decreased, 17% in 2011]

#### 47% of adults save (mainly saving informally)

##### Drivers

- To cover living expenses (35%)
- Education or school fees (21%)
- Emergencies (non-medical) (19%)

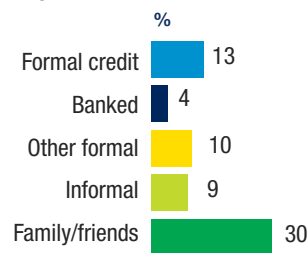
#### 53% of adults do not save (mainly due to lack of income)

##### Barriers

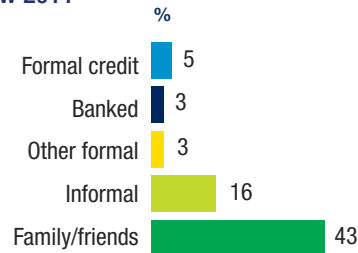
- No money left after living expenses (69%)
- Do not have an income – no money to save (19%)

## Borrowing and credit

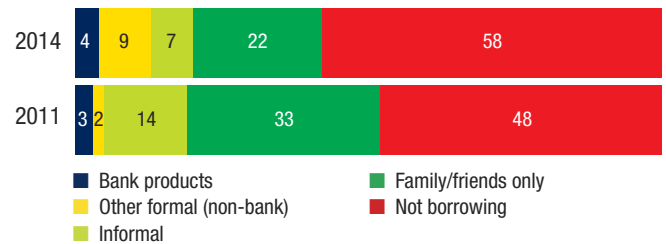
### Overview 2014



### Overview 2011



### Credit Strand



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

- 58% of adults in Zimbabwe claimed that they did not borrow or took goods on credit in the past 12 months [increased, 48% in 2011]
- 22% only rely on friends and family, i.e. they do not have/use any credit products (neither formal nor informal) [decreased, 33% in 2011]
- 7% rely on informal mechanisms such as Mukando or Round (they might also borrow from friends and family, but they do not have any formal credit products) [decreased, 14% in 2011]
- 9% have/use other formal non-bank credit products (they might also have/use informal credit mechanisms and/or rely on friends and family, but they do not have/use savings products from a commercial bank) [increased, 2% in 2011]
- 4% have/use credit products from a commercial bank (they might also have/use other formal and/or informal mechanisms, and/or borrow from friends/family) [increased, 3% in 2011]

#### 42% of adults borrow (mainly from friends and family)

##### Drivers

- Developmental loans\* (40%)
- Living expenses (21%)
- Pay off another debt (10%)

#### 58% of adults do not borrow (psychological barriers)

##### Barriers

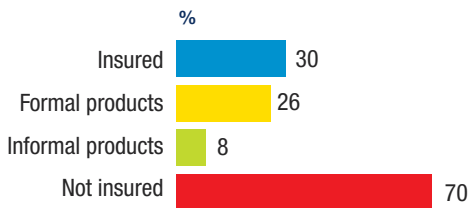
- Fear of debt (39%)
- Worried about defaulting (35%)

\*Development loans include, loans to buy, build, renovate property/house, start business, education

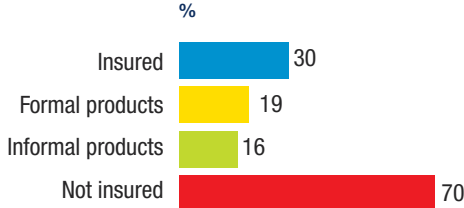


# Insurance and risk management

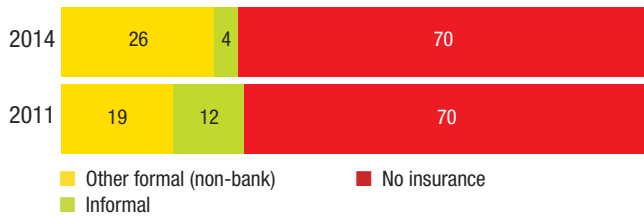
## Overview 2014



## Overview 2011



## Insurance Strand



- 30% of adults in Zimbabwe have some kind of financial product covering risk
- Insurance sector in Zimbabwe continues to be driven by funeral insurance/cover and medical aid

### 30% of adults have insurance

**Drivers**

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

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

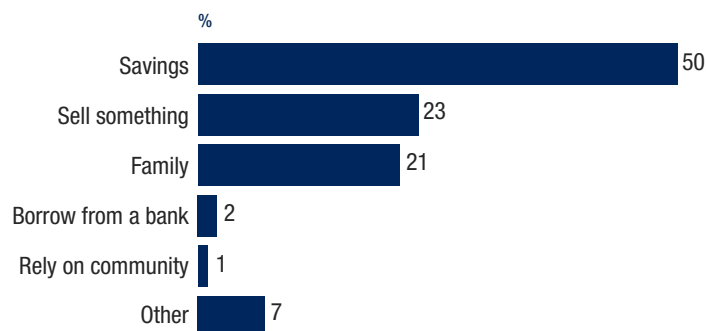
### 70% of adults do not have insurance

**Barriers**

Main barriers to the uptake of insurance:

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

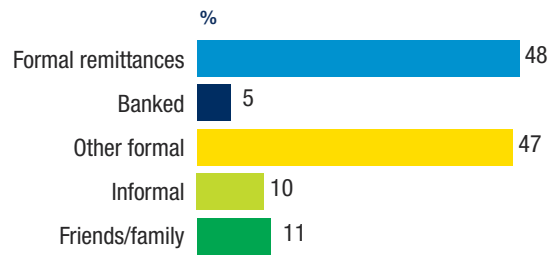
## Mechanisms for paying for planned major expenses



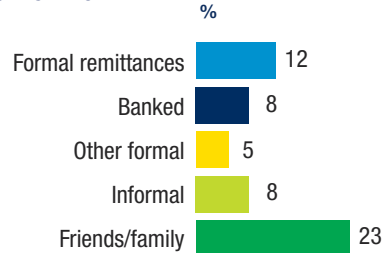
- 59% of adults expect a major event in the next 12 months

# Remittances

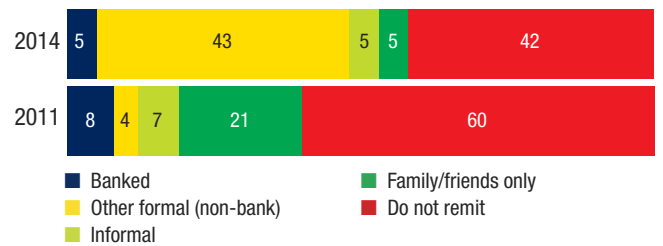
## Overview 2014



## Overview 2011



## Remittances Strand



## Increase in formal remittance due to:

- Mobile money usage
- Use of other formal tools such as Mukuru and Western Union

## Incidence of remittances

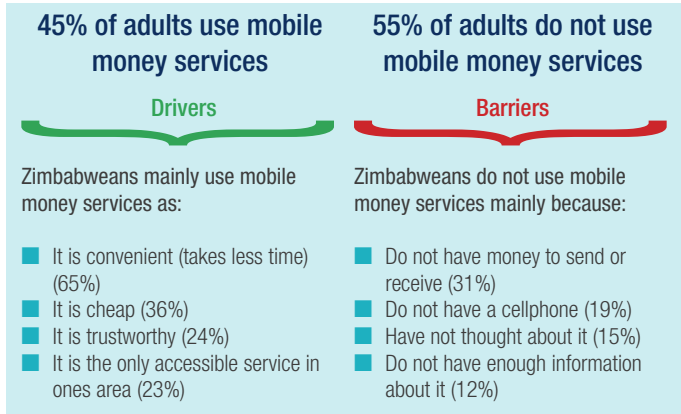
- 58% of adults claimed to remit in 2014
  - 47% used other formal remittance channels mainly mobile money and other cross-border channels such as Moneygram, Mukuru, Western Union, etc.
  - 11% sent/received money through family/friends
  - 10% used informal mechanisms such as bus/taxi drivers to send or receive money
  - Only 5% sent or received money through the bank

## Mobile money

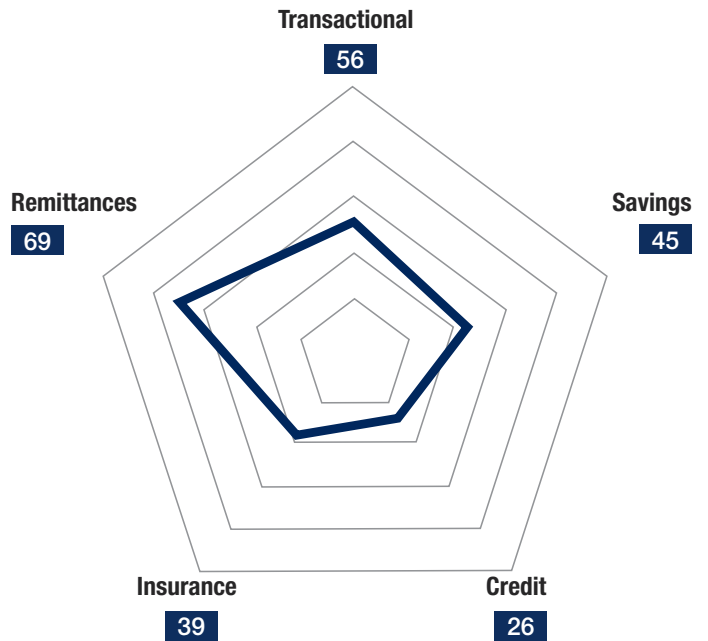
- 91% (6.7 million) know about mobile money but only 45% (3.15 million) are registered and only 3% (90 000) used another person's mobile account
- Of those who are registered (3.15 million): 91% use it to remit; 52% transact through mobile money (pay utility bills, buy airtime, etc.)

## Landscape of Access

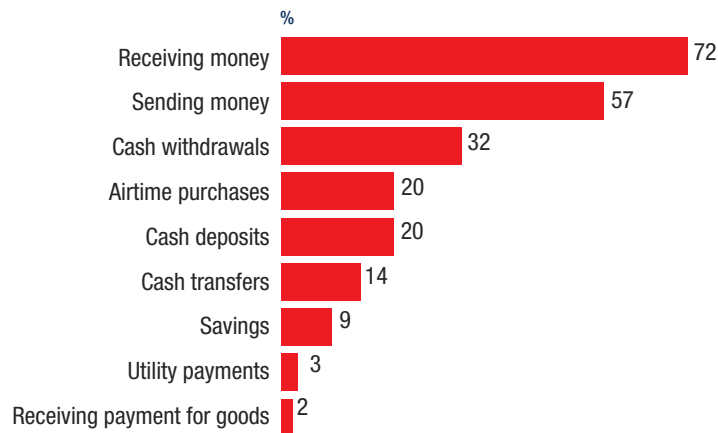
The Landscape of Access is used to illustrate the extent to which financially included individuals have/use financial products/services (excluding those borrowing from family/friends and those who save at home/hiding in a secret place).



2014



### Mobile money user activities



## 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
- Changes in access to infrastructure:
  - Access to piped water has decreased in 2014
  - Access to mobile money high in 2014
- Farming remains the most important source of income with maize, tobacco and vegetables being the highest income earners
- Financial inclusion increased by 17 percentage points from 60% in 2011 to 77% in 2014 mainly due to increase in formally served (largely mobile money)
- Savings and credit products are still largely driven by the banks; transactional products are still strong
- The major barriers to banking include the costs of products which are comparatively high
- Accessibility to banking infrastructure still a barrier in rural areas where 70% of adults live
- The study revealed that 99% of adults do not invest in formal products such as securities. The lack of income (74%) and awareness (40%) contributed to barriers in the uptake of these products
- Consumer education and financial literacy are real issues in Zimbabwe which require more study and focus to inform a way forward for positive impact on financial inclusion priorities
- Zimbabweans are more likely to save (47%) than to borrow (42%) despite economic hardships and low levels of income (65% earning \$100 or less per month)
- Zimbabweans save and borrow for living expenses, education or school fees and emergencies.

### Key reasons for financial exclusion:

- Financial literacy and customer education to enable consumers to see the value of financial products in their financial lives by understanding how they work
- Unemployment remains a key constraint to people being financially included
- Low income levels and affordability of financial products/services
- Financial exclusion is particularly higher in the rural areas possibly due to limited accessibility to banks and formal salaried employment opportunities

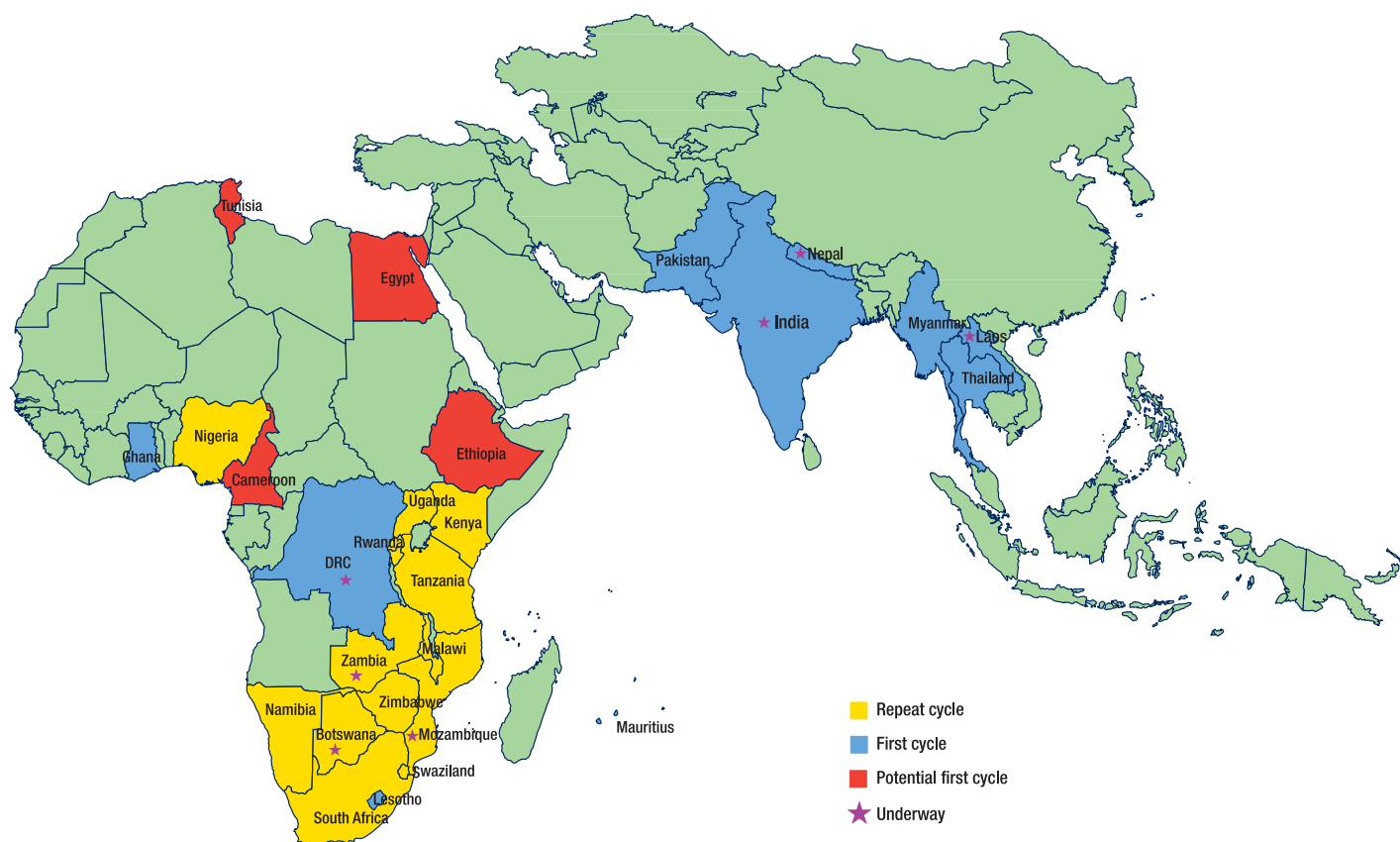


Hardship experienced = due to a lack of money	Reasons for saving	Reasons for borrowing
44% had to skip a meal [28% in 2011]	35% Living expenses	21% Living expenses
36% had not been able to send their children to school [24% in 2011]	21% Education expenses/school fees	26% Education expenses/school fees
37% had to go without medical treatment or medicine [20% in 2011]	11% Medical expenses/treatment	10% Medical expenses

## FinScope footprint

FinScope Consumer Surveys have been completed in 20 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 5 countries – 2 in SADC and 3 in Asia.

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



## Contact

For further information about FinScope Zimbabwe 2014, please contact:



Mr Obert Maposa  
obertm@finmark.org.za

Tel: +27 11 315 9197  
Fax +27 86 518 3579

Dr Kingstone Mutsonziwa  
kingstonem@finmark.org.za

[www.finmark.org.za](http://www.finmark.org.za)  
[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.