Overview

Kenya's Vision 2030 envisages "Improved access and deepening of financial services and products for households and small businesses". Towards this, FinAccess Household Surveys provide an important tool to track progress made in the financial inclusion landscape across four dimensions: access, usage, quality and impact. The surveys are conducted every 2-3 years by the Central Bank of Kenya in in collaboration with the Kenya National Bureau of Statistics (KNBS) and Financial Sector Deepening Trust (FSD) Kenya with support from other public and private sector players

The 2021 FinAccess Survey, the 6th edition, is unique in many ways. It is the first to collect data at both national and county levels. It was also conducted during the evolving COVID-19 pandemic, and reflects some of the impacts of this crisis at household level. In addition, the survey includes new metrics on consumer protection, disability and green finance and provides time series data on recently introduced frameworks (FinNeeds and FinHealth) which capture not just access to and use of finance, but also the outcome of financial inclusion on people's financial lives.

Methodology

- The 2021 FinAccess Household Survey used a cross-sectional survey design at household level and targeted individuals aged 16 years and above living within conventional households in Kenya.
- Survey sample was drawn from Kenya Household Master Sample Frame (K-HMSF) developed from the 2019 Kenya Population and Housing Census to provide estimates at national level and across all the forty-seven (47) counties.
- The minimum sample size for integrated surveys was computed for each of the survey domains, yielding 1,700 Enumeration Areas or Clusters and 30,600 households. The collected data was weighted and adjusted for non-responses, resulting in a representative data at the national and county level.
- From the sample, 25,724 were eligible for interviews at the time of data collection, where 22,024 recorded successful interviews. The overall response rate was 85.6 percent, with rural dwelling response rate at 88.6 percent and urban at 80.5 percent.

FINANCIAL ACCESS

Figure 1:
Overall Access 2006-2021 (%)

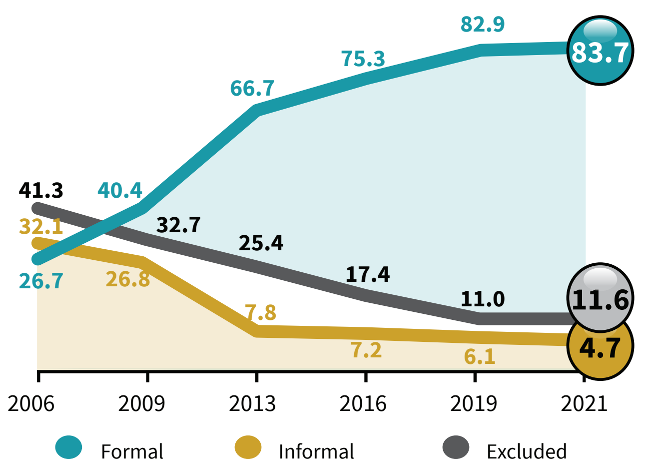
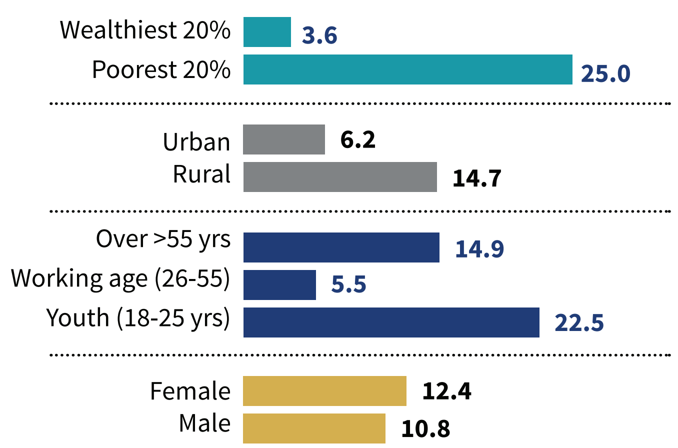


Figure 2:
Financially excluded by demographic, 2021

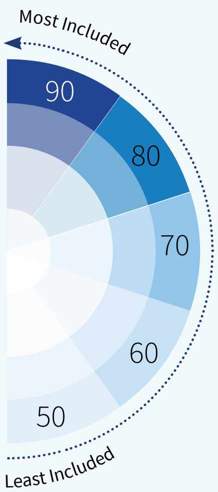


Despite the impact of the COVID-19 pandemic, formal access has risen marginally between 2019 and 2021 from 83% to 84%. Exclusion has also risen slightly from 11% to 12% in 2021. The highest levels of exclusion are among youth below 25 years, the poorest wealth groups and rural residents. Forty percent of excluded youth use financial services through the accounts of others, and 26% do not have IDs. This may partly explain the substantial rise in the number of excluded youth from 0.9m in 2019 to 1.6m in 2021.

ACCESS & USAGE

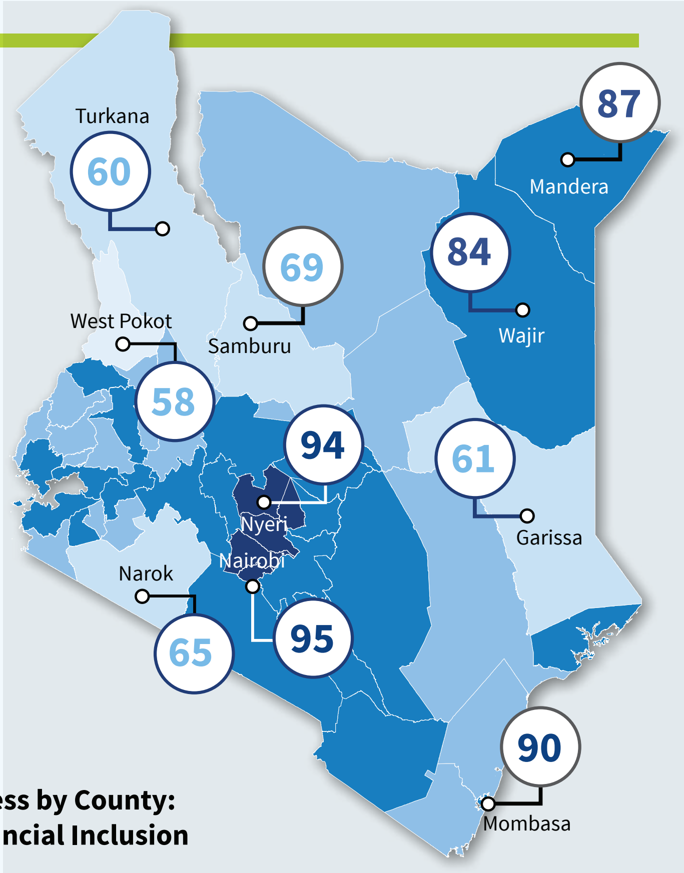
ACCESS BY COUNTY

FinAccess 2021, sampled for the first time at county level, highlights the substantial differences in formal access across the country. The highest levels of formal inclusion (over 90%) were in central Kenya; while the lowest levels (less than 65%) were in West Pokot, Turkana, Garissa and Narok. Arid and semi arid lands generally had lower levels of inclusion than counties in central Kenya, with the exception of Wajir (84%) and Mandera(87%) had higher levels of formal inclusion compared with similar semi-arid and arid areas.



Inclusion: Top 5		%
01	Nairobi	95.0
02	Nyeri	93.8
03	Murang'a	92.8
04	Kirinyaga	92.2
05	Kiambu	91.8

Inclusion: Bottom 5		%
01	West Pokot	57.7
02	Turkana	60.3
03	Garissa	60.7
04	Narok	64.9
05	Samburu	68.6



Access by County: Financial Inclusion

2021 Numbers at a glance

84% Formally included

81% Mobile money accounts users

44% Bank users (Incl. Mobile Banking)

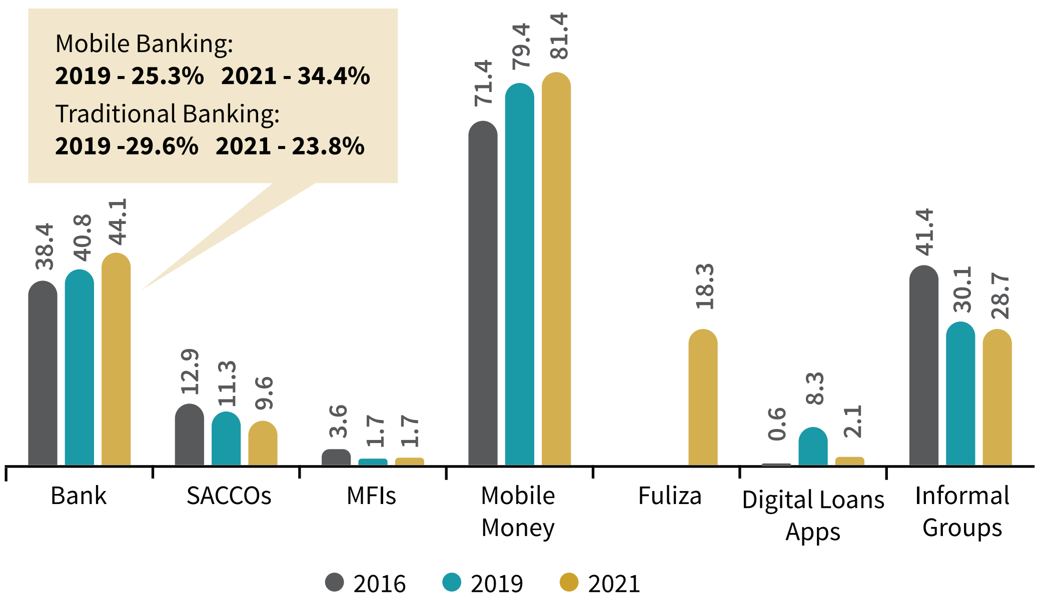
25% Mobile bank accounts users

21% National Hospital Insurance Fund

18% Mobile Money Loan e.g *Fuliza*

17% Financially healthy

Figure 3:
Trends in usage by provider type



Uptake of accounts continued to rise between 2016 and 2021 driven by digital technology. The exception was digital loan apps, where usage declined substantially. Usage also declined for more traditional providers including SACCOs, MFIs and informal groups, highlighting a potential opportunity to increase usage of these important services through adoption of technology.

USAGE & QUALITY

TRENDS IN PRODUCT USAGE

Figure 4:
Use of Financial solutions over time

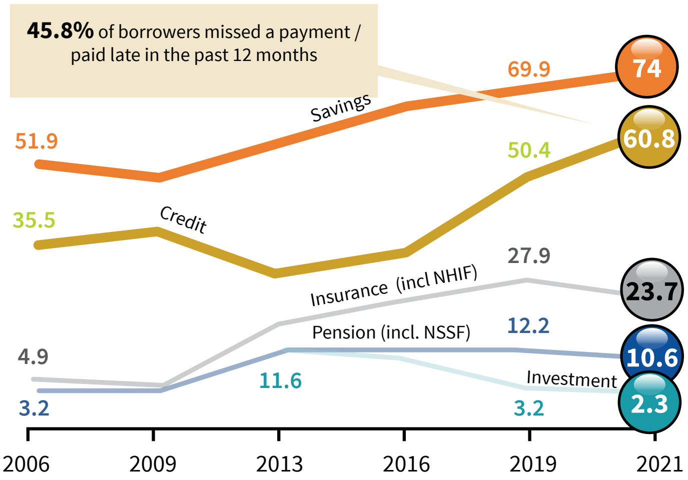


Figure 5:
Cash vs non-cash transactions (2021)

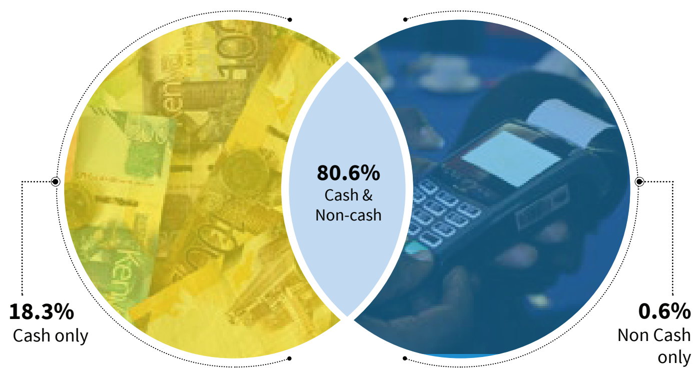
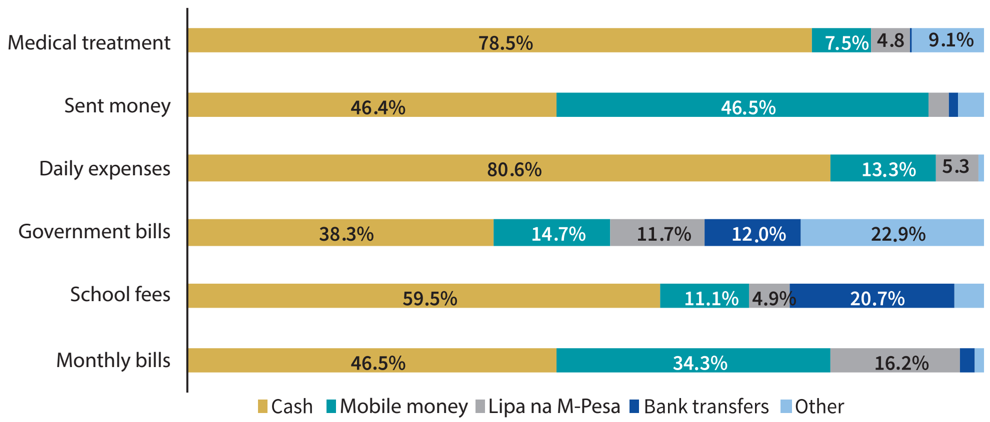
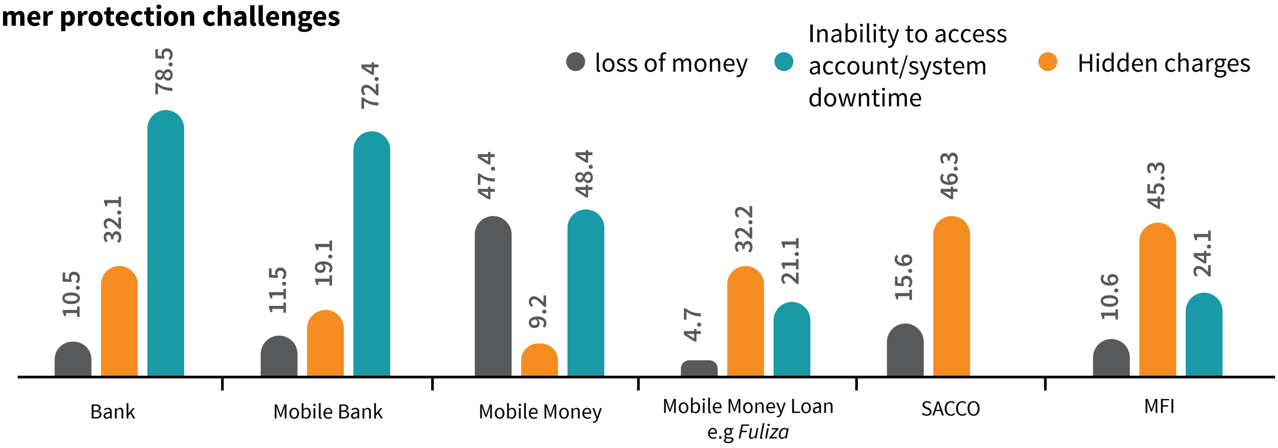


Figure 6:
Most frequent payment modes



Usage of both savings and credit has risen between 2019 and 2021. Usage of insurance has reduced, driven by a steep decline in use of the National Hospital Insurance Fund (NHIF). Meanwhile, payments are becoming increasingly digitized, with the majority using mobile money as well as cash. This varies by type of payment, with cash still dominant for daily expenses and medical bills; mobile money increasingly used for monthly bill payments and remittances and; bank transfers playing an important role in school fee payments.

Figure 7:
Consumer protection challenges



Reports of consumer protection challenges have been rising, with increased use of financial services. Inability to access Inability to access ones account due to **system downtime**, ATM not working etc. is a major challenge especially for users of banks and mobile banks. **Lack of transparency** (hidden charges) is particularly prevalent for users of SACCOs, MFIs and digital loan apps. **Loss of money is a major issue for mobile money users, mainly through phone fraud.** Nearly half of mobile money users (47.4%) lost money in the past 12 months mainly through phone fraud, with 25% reporting that they had still not recovered their funds.

IMPACT

TRENDS IN FINANCIAL NEEDS AND FINANCIAL HEALTH

FinAccess 2021 measures the extent to which finance helps people to meet their financial needs (meeting goals, managing risks and managing day to day). While the incidence of needs across the population did not change significantly between 2019 and 2021, **the percentage of the population experiencing a shock nearly doubled.** The main shock experienced was increased cost of living (54%).

Figure 8:
Incidence of experiencing financial needs

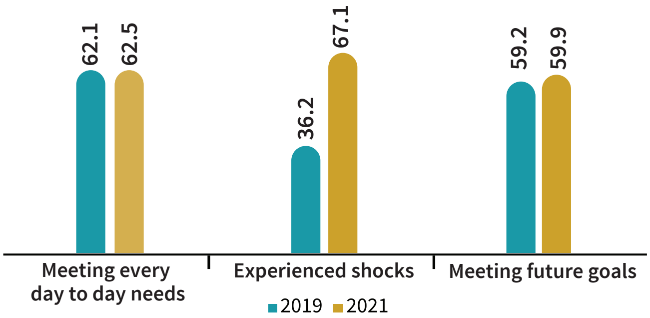


Figure 9:
Main shocks experienced in 2021

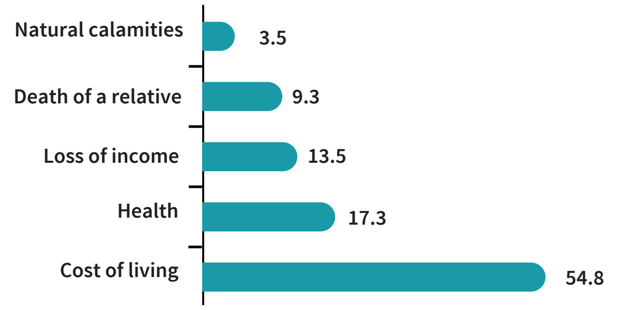
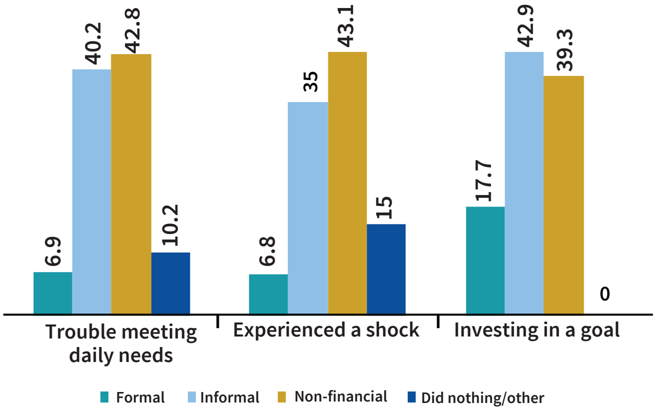
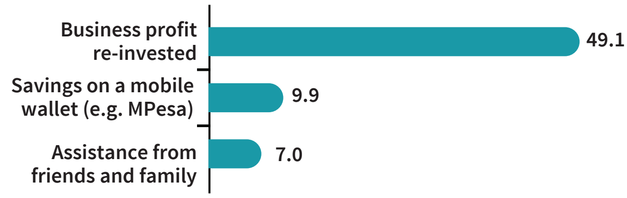


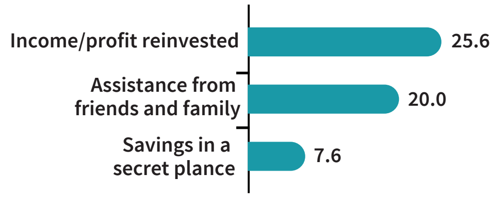
Figure 10:
(a) Role of finance in meeting needs



(b) Top sources of finance for business



(c) Top sources of finance for farming



Informal finance played a key role in addressing all financial needs along with non-financial strategies such as finding more work and cutting back on expenses. Nearly a fifth of the population turned to formal finance to invest in goals, but formal services played a minimal role in addressing other financial needs. Business owners and farmers mainly relied on reinvested income to finance their operations, with assistance from friends and family also playing an important role. Savings on a mobile money wallet was the second most important source of finance for businesses.

Figure 11: **Vulnerability indicators**

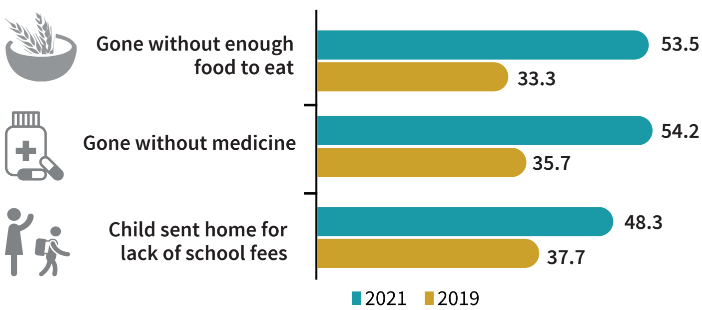
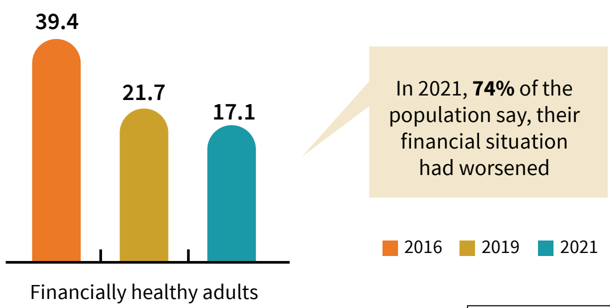


Figure 12: **Financial health Index**



There are indications of increasing vulnerability across the population between 2019 and 2021, with a rise in the proportion of households reporting that they sometimes or often missed meals, went without healthcare when needed and had children sent home from school for lack of fees. **Since 2016, Financial health has steadily declined** across the population reflecting the multiple shocks affecting households during this period (elections, drought, COVID-19 etc.). As a result, individuals are increasingly pessimistic, with 74% reporting that their financial situation has worsened.

SCAN FOR DATA VISUALISATIONS