



Insights from FinAccess 2021

Governor's Meeting with CEOs of the Financial Sector

10th March 2023, Kenya School of Monetary Studies





Introduction

- Financial inclusion is a key pillar in developing a globally vibrant and competitive financial services sector.
- An inclusive financial sector underpins the achievement of Kenya's Vision 2030 including our fast growing digital economy.
- Financial inclusion is also central to improving household welfare and achieving Kenya's aspirations under the sustainable development goals.

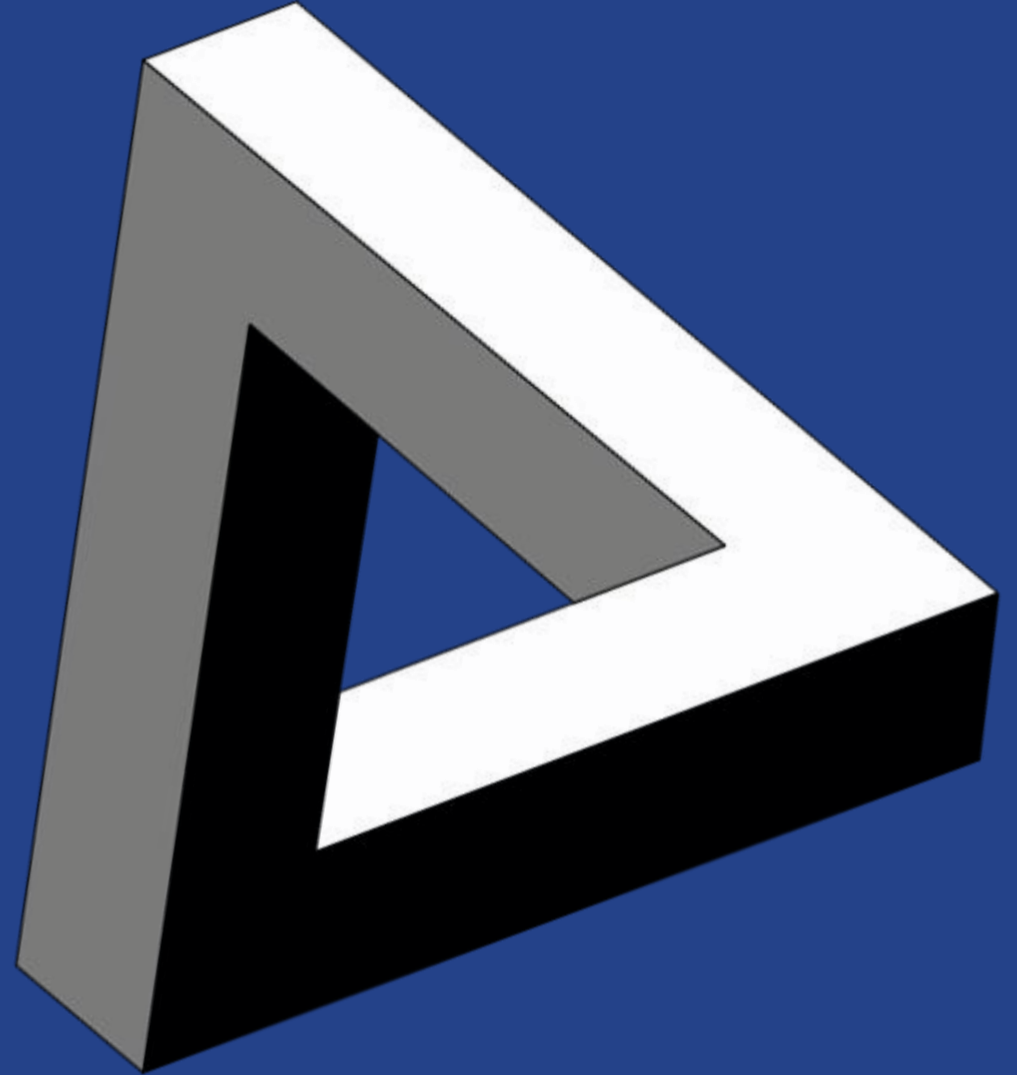


Objectives of the survey:

1. Provide nationally representative data to track progress towards financial inclusion
2. Understand drivers of financial behaviour (formal and informal)
3. Identify challenges and opportunities for deepening financial inclusion
4. Inform evidence-based policy and business development

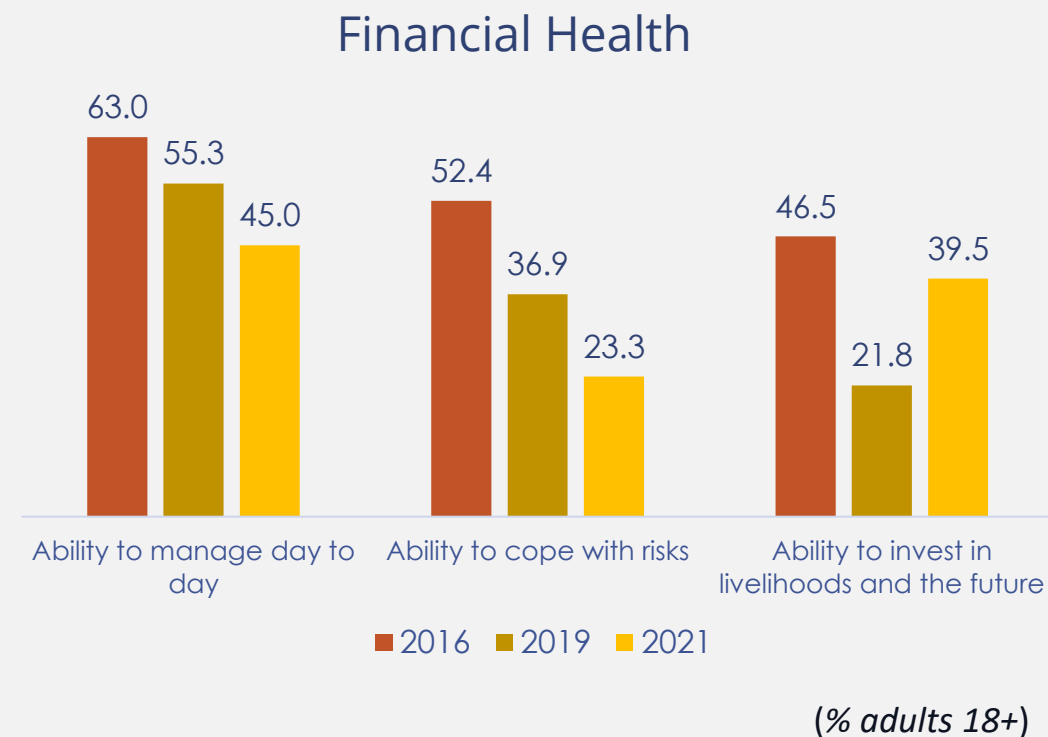
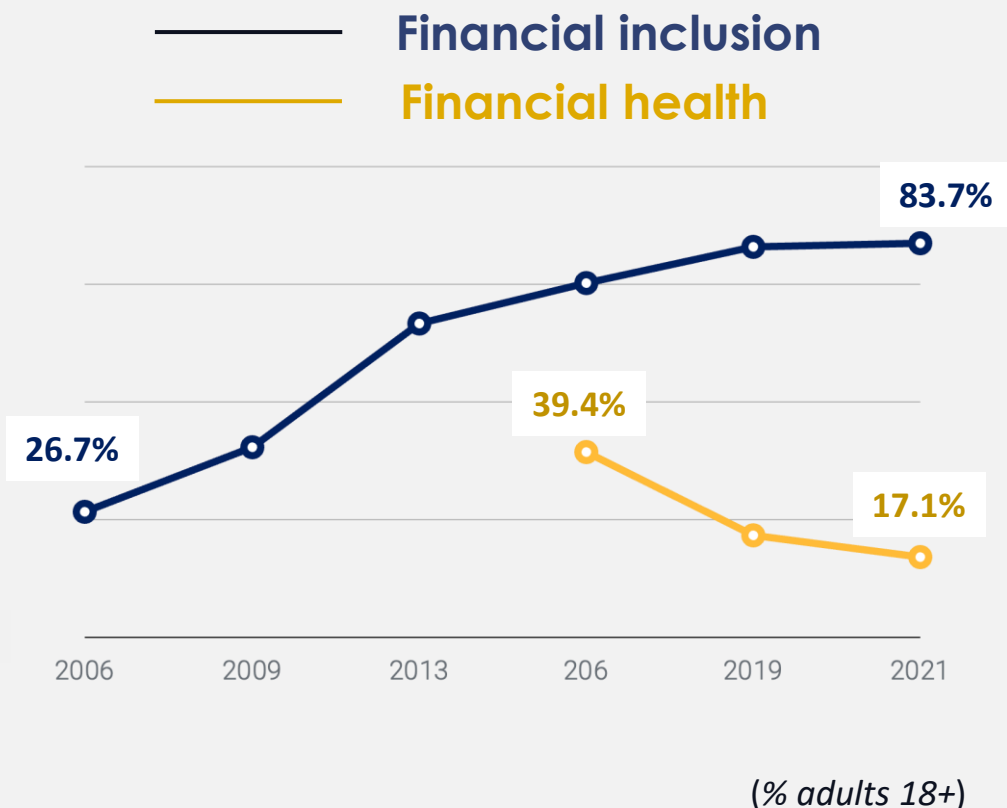
Paradoxes

in Kenya's financial sector...



IMPACT:

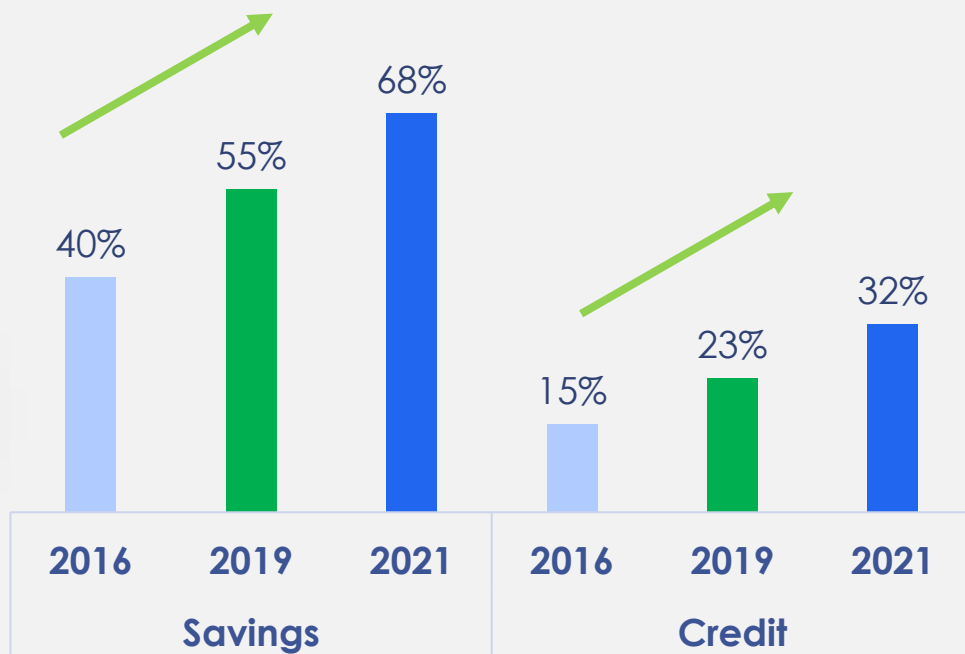
Rise in formal inclusion; BUT decline in financial health



RELEVANCE:

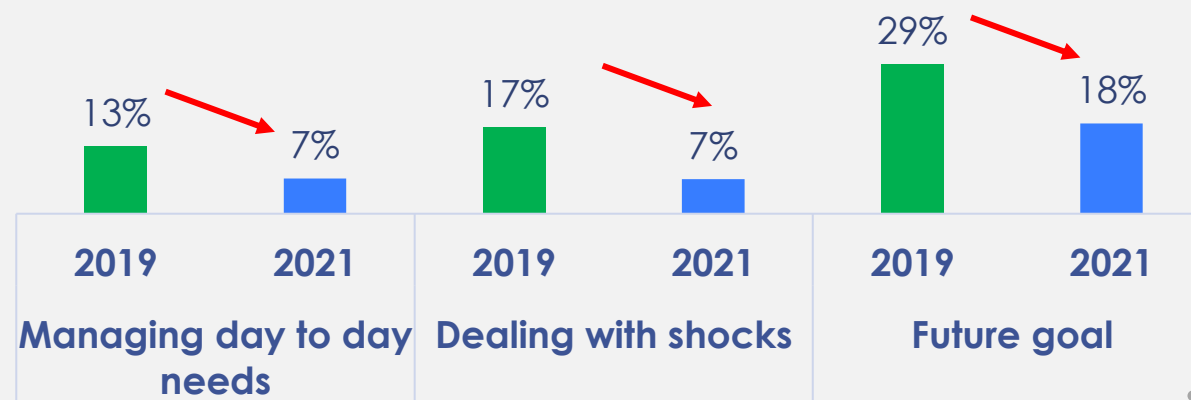
Growth in formal usage; BUT decline in meeting people's needs

% of the population using formal accounts



(% adults 18+)

Use of formal solutions to bridge liquidity, manage shocks and invest in goals

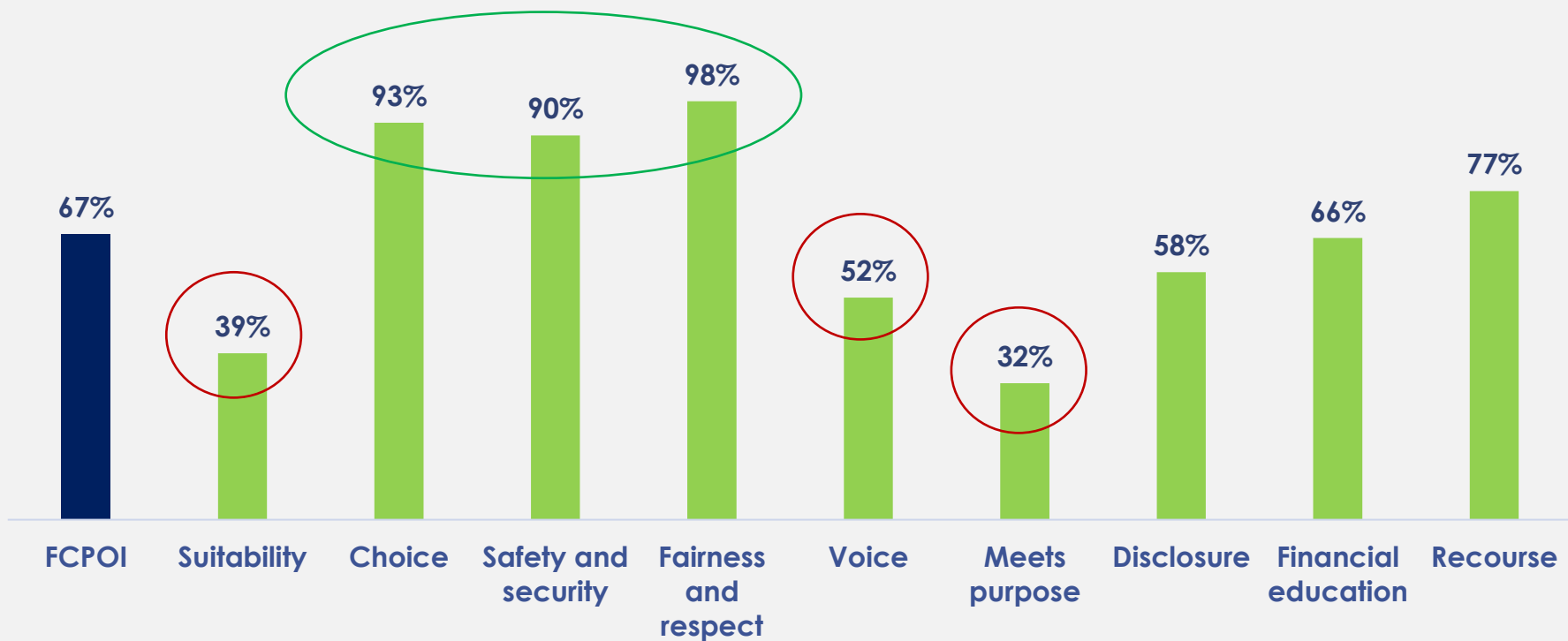


(% adults 18+ who have a financial need)

QUALITY:

Formal services are strong in many aspects; BUT still have far to go

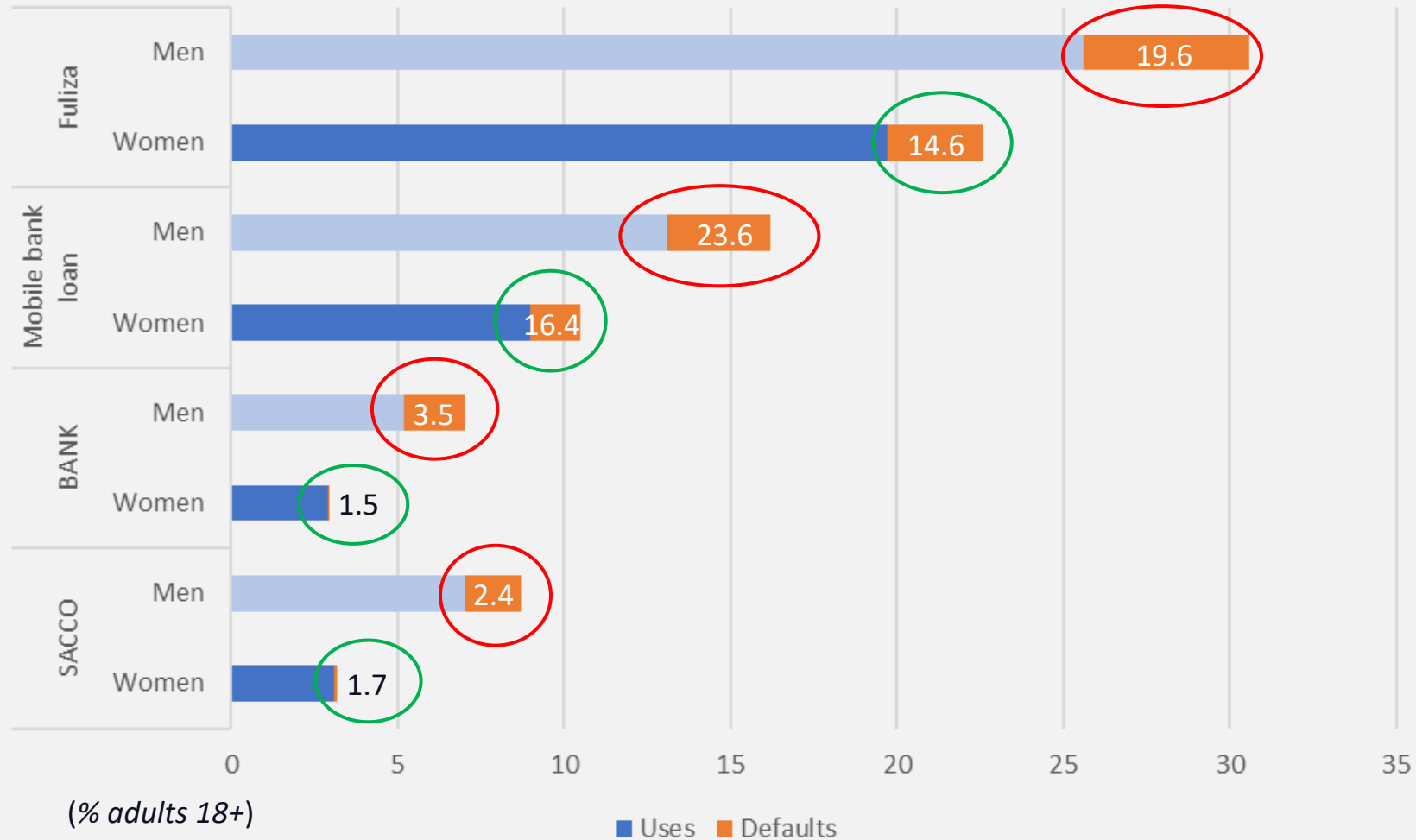
Kenya financial consumer protection outcomes index (FCPOI), 2021



GENDER:

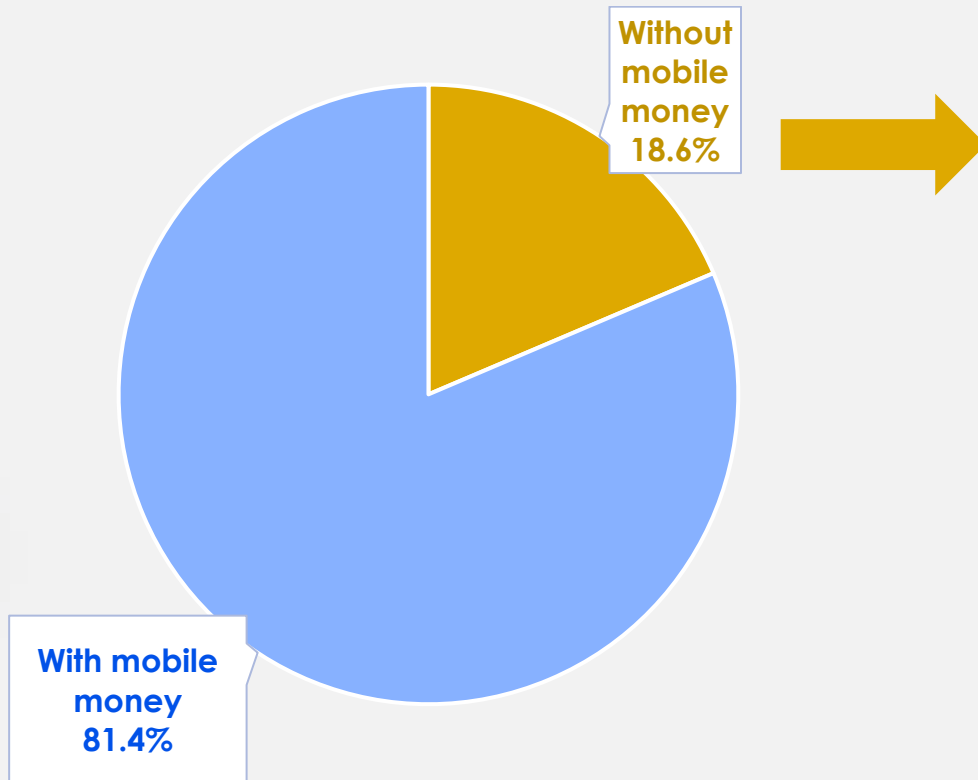
Women are less risky borrowers; BUT men have more formal credit

Proportion of defaulters by users of different credit sources (male, female)

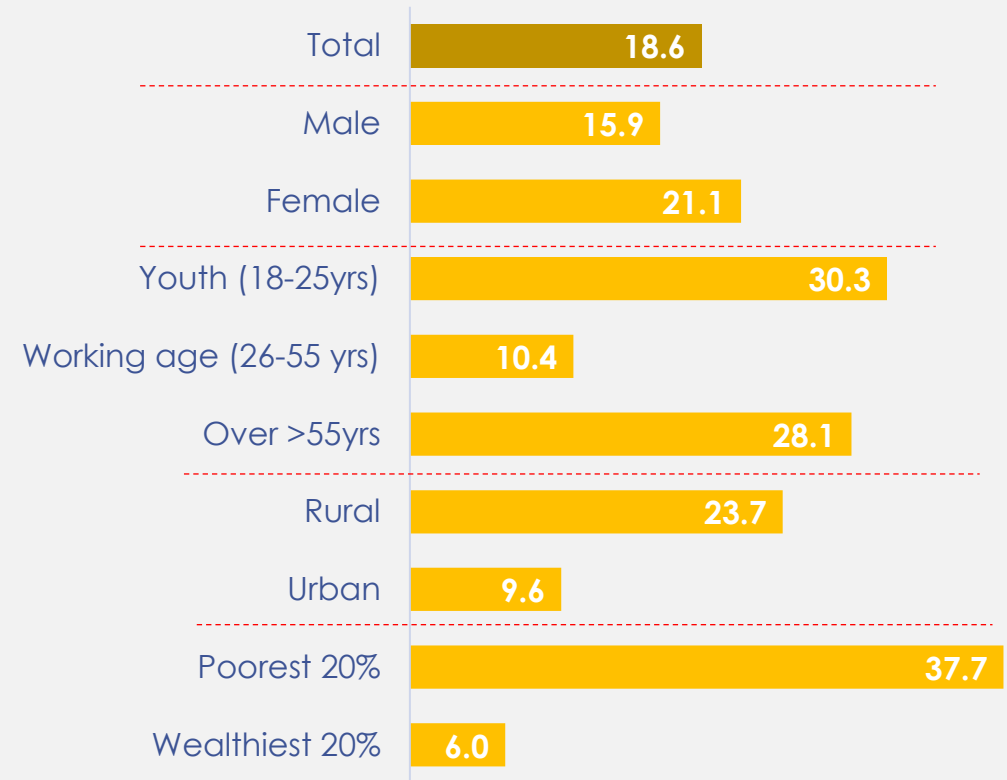


DIGITAL DIVIDE:

Rise in inclusion for those *with* mobile money;
BUT deepening exclusion for those *without*



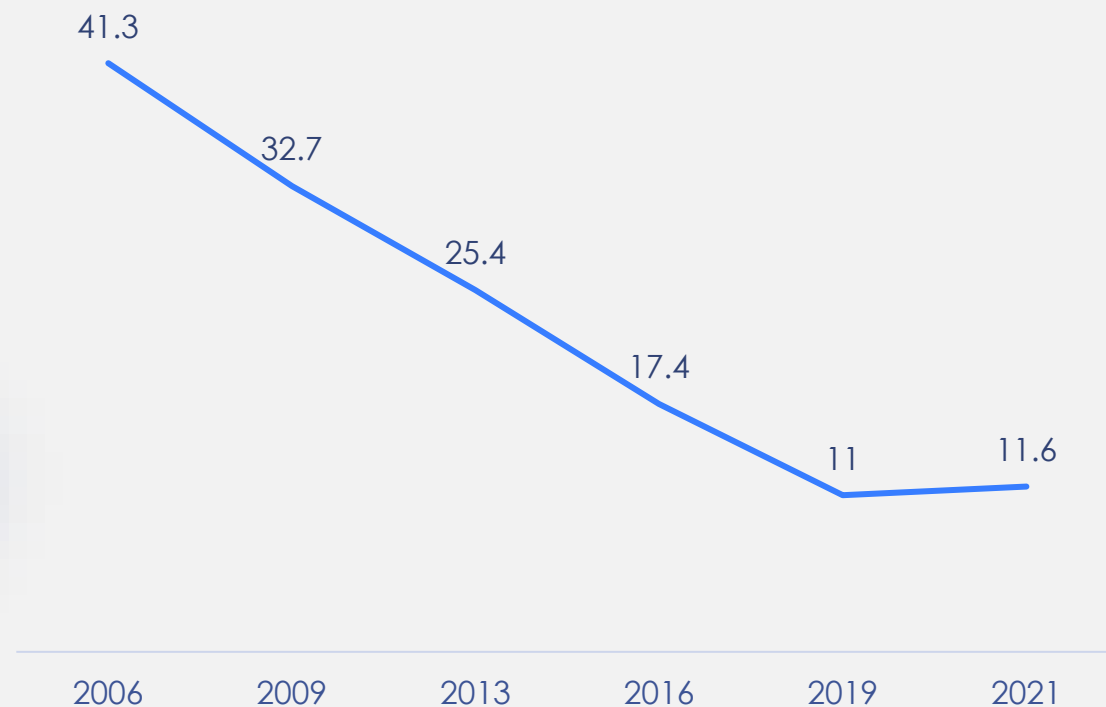
% adults (18+) without a mobile money account



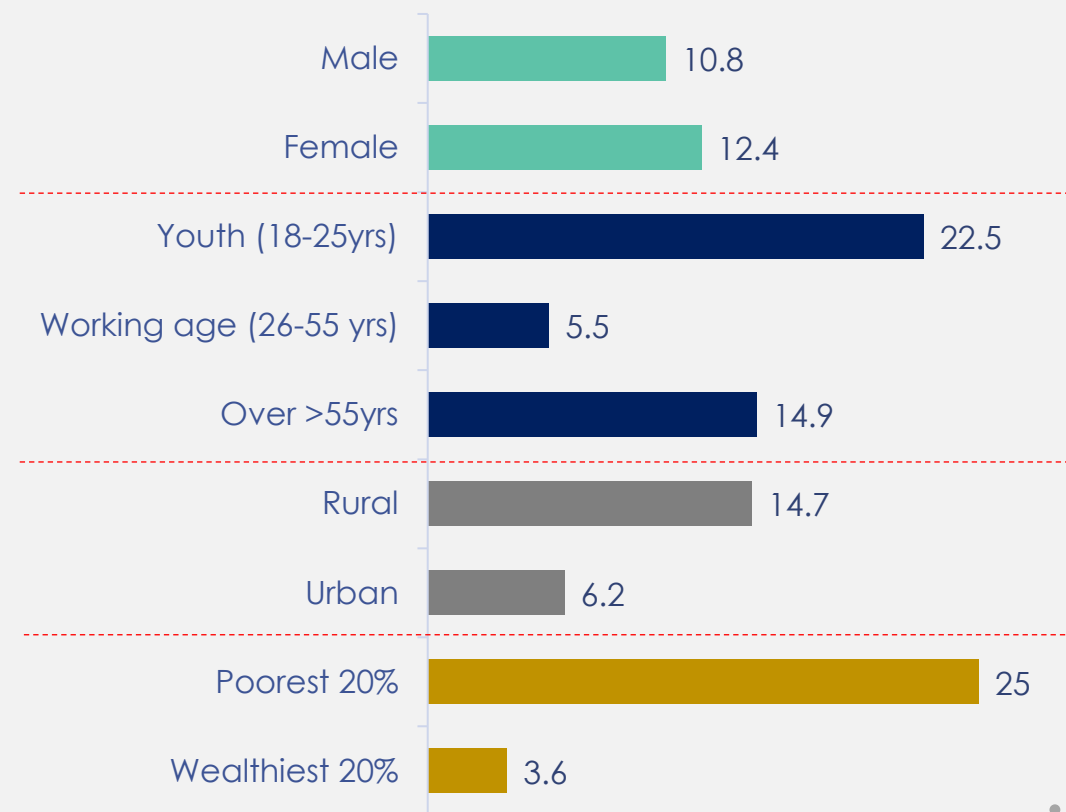
INEQUALITY:

Financial exclusion is declining; BUT large gaps still remain

Formal exclusion (% adults 18+)



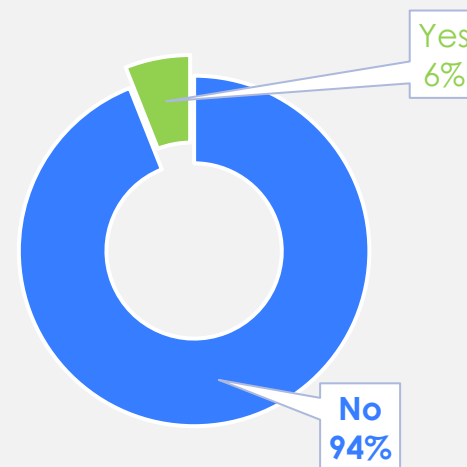
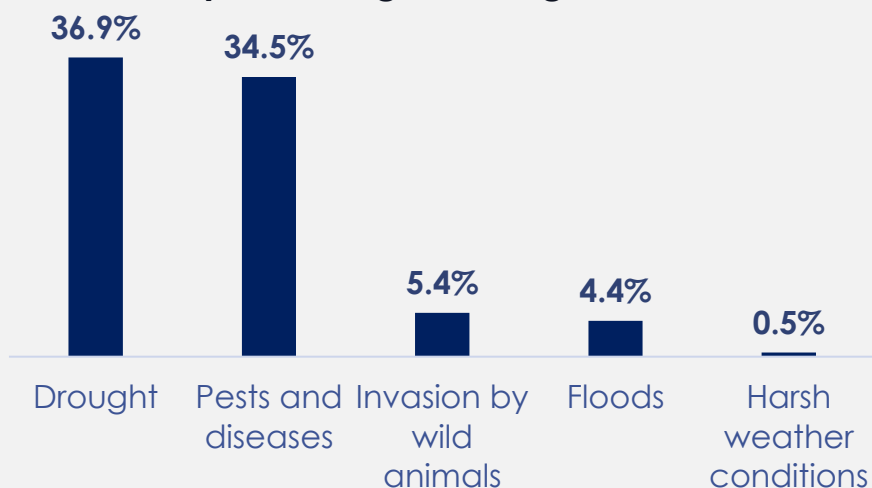
Financially excluded by demographics



CLIMATE:

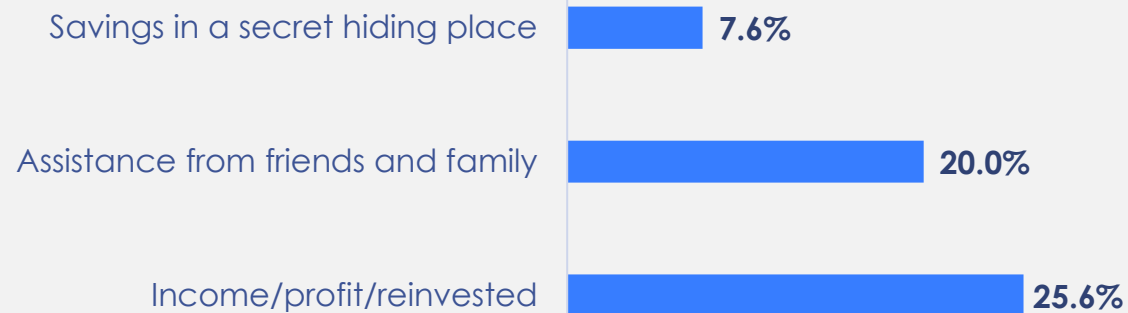
Climate risks growing; BUT few farmers (able to) invest in resilience

Top challenges facing farmers



Yes, invested in green related equipment, e.g. irrigation, water-powered or solar powered equipment

Top sources of finance for farmers



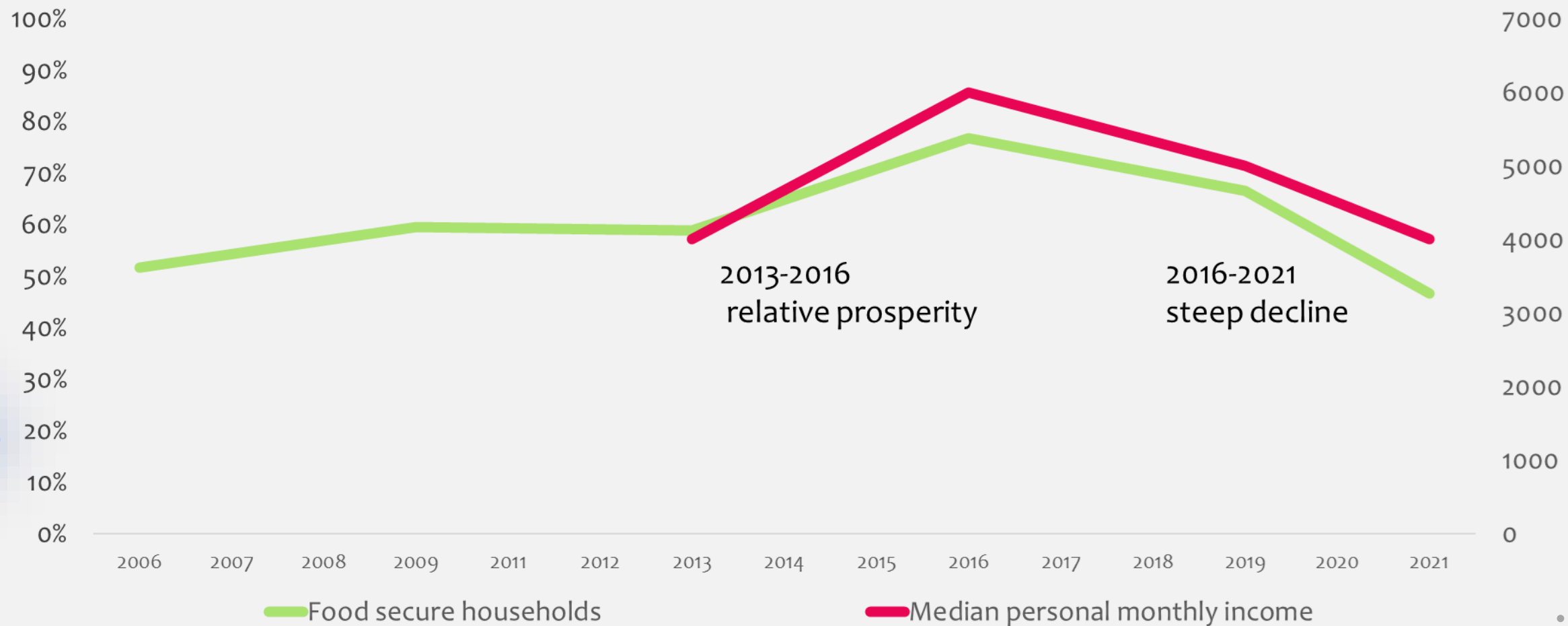
Financial inclusion implications for the increasingly challenging context for economic opportunities



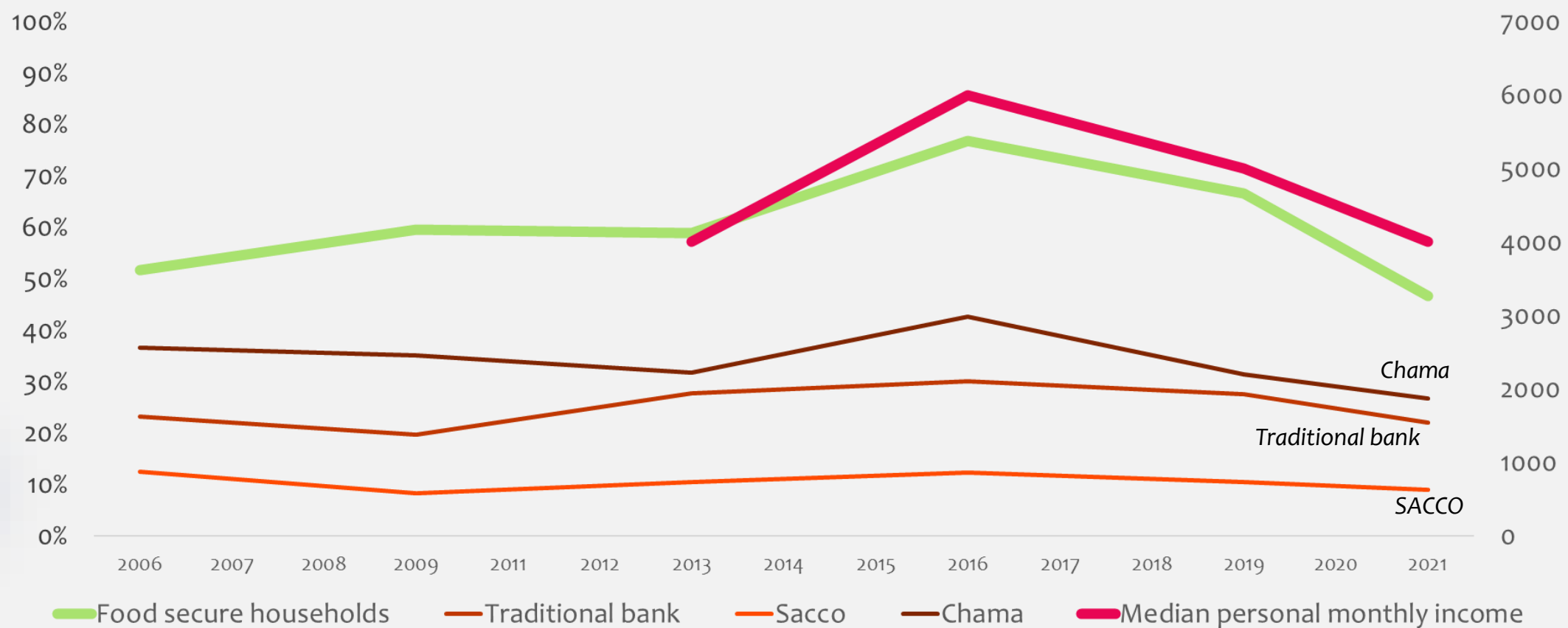
Kenyans face an increasingly challenging context

FSD Kenya Creating value through inclusive finance

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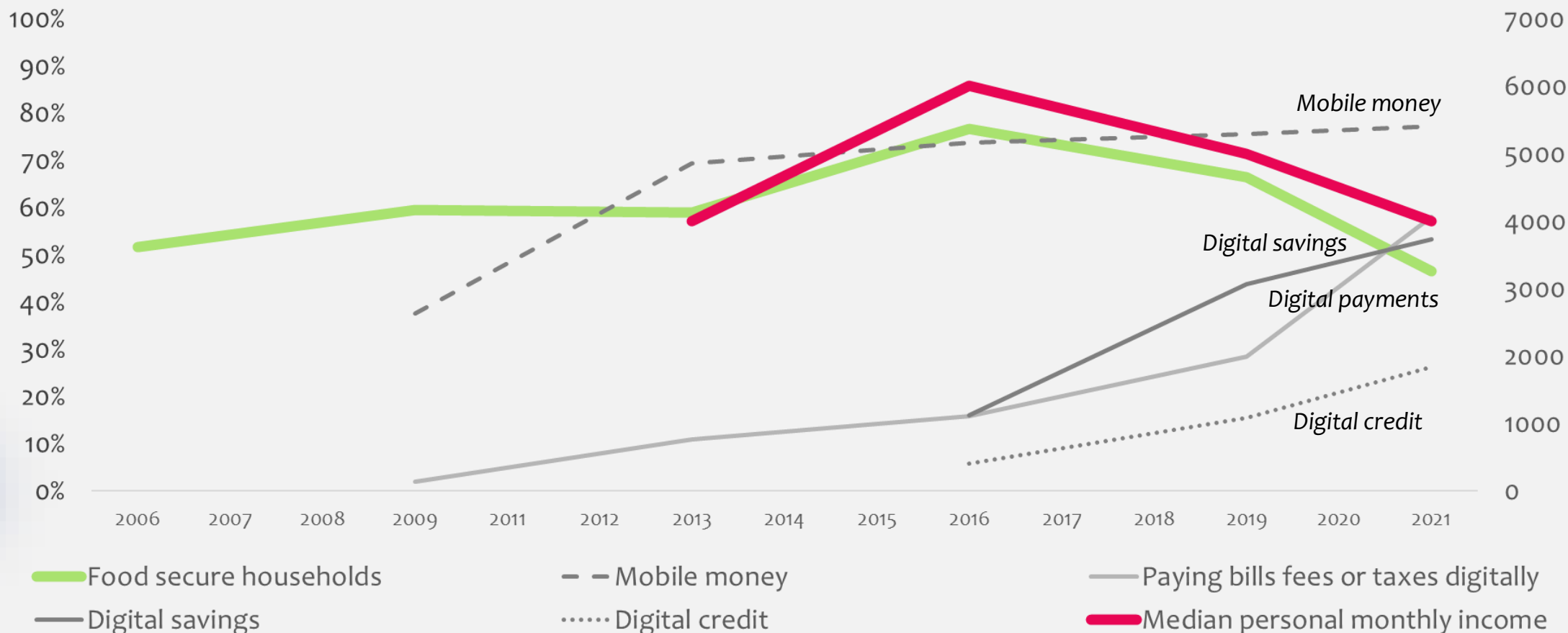
Traditional financial services have bigger impacts on growth for users, but are harder to access



Riding on mobile money rails, digital finance has supported resilience in increasingly challenging times; but is it helping people to grow?

FSD Kenya Creating value through inclusive finance

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Peris has faced extraordinary challenges; as a single mother living on casual income, digital finance has helped her to manage day to day



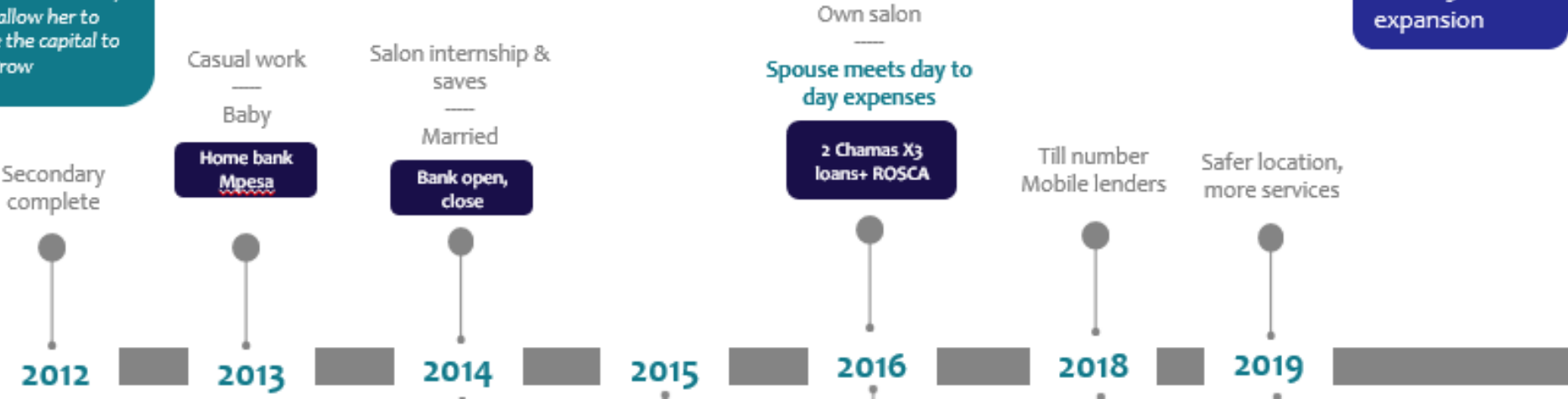
Cynthia has used her chamas to start her own salon business and enable it grow- why is she depending on informal?

Education, social support and obligations determine the livelihood trajectory

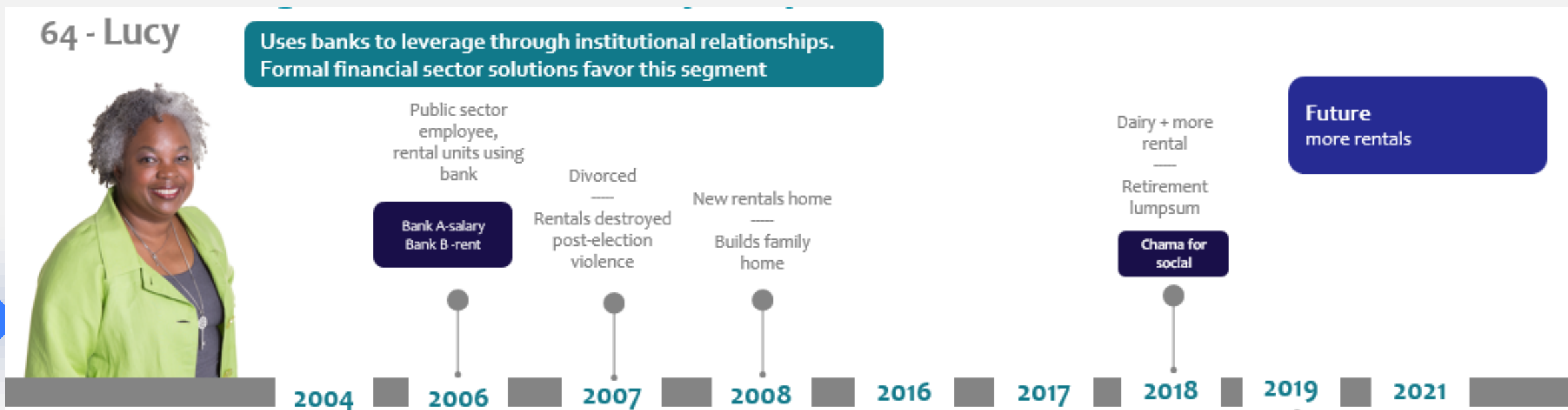
28 - Cynthia



Cynthia's higher education, and supportive spouse set her on a path to business; chama's allow her to accumulate the capital to grow



- Lucy, a public sector employee, has used her bank accounts to invest
- in rentals and secure her old age



How can finance help a wider set of segments not just to survive, but to grow and thrive?

Urban Casual Workers
(4.6M)



369 Bn
KSh

Urban Micro Firms
(1.3M)



194 Bn
KSh

Small Firms
(1.1M)



256 Bn
KSh

Private sector employees
(1M)



351 Bn
KSh

Public sector employees
(0.9M)



334 Bn
KSh

Bank Account

47%

Till No.

16%

Smartphone

61%

Business Permit

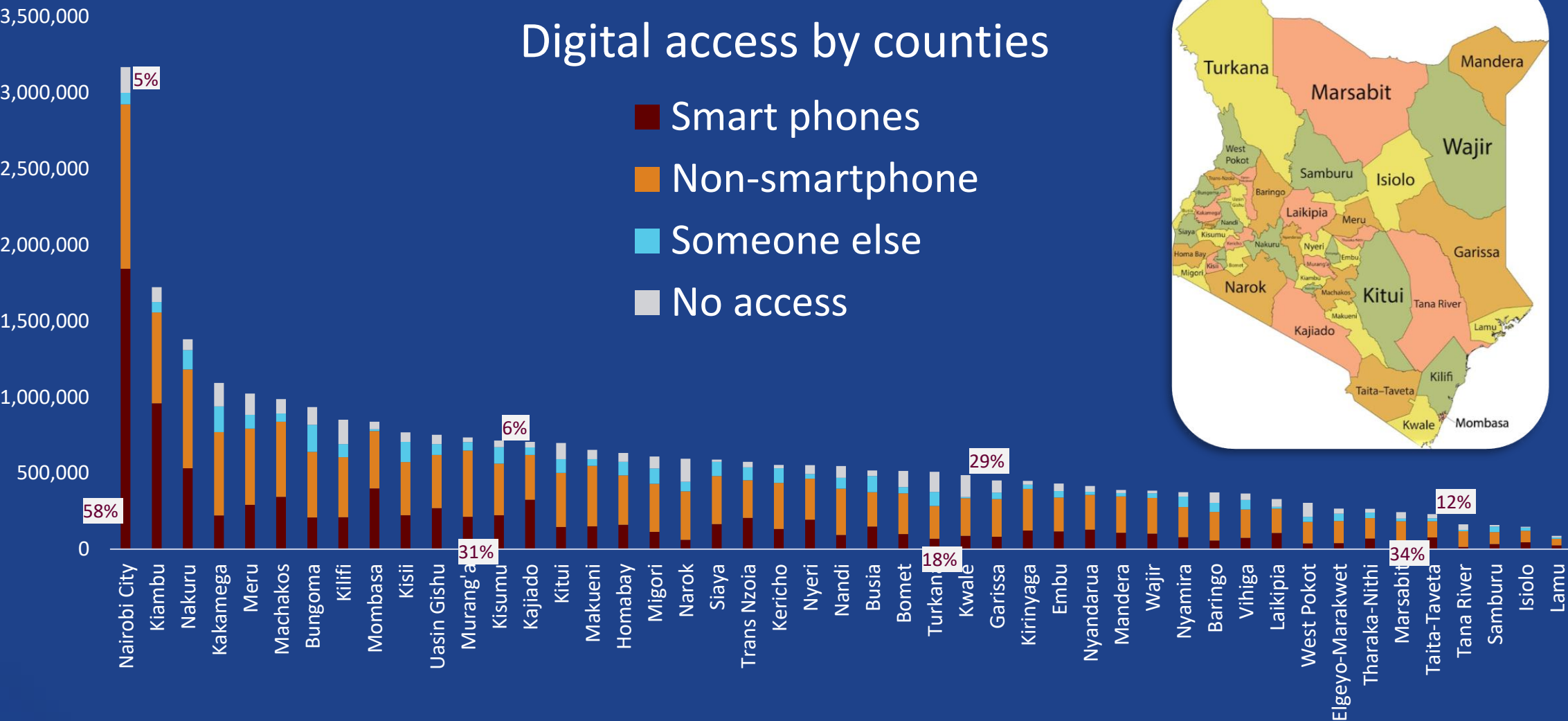
30%



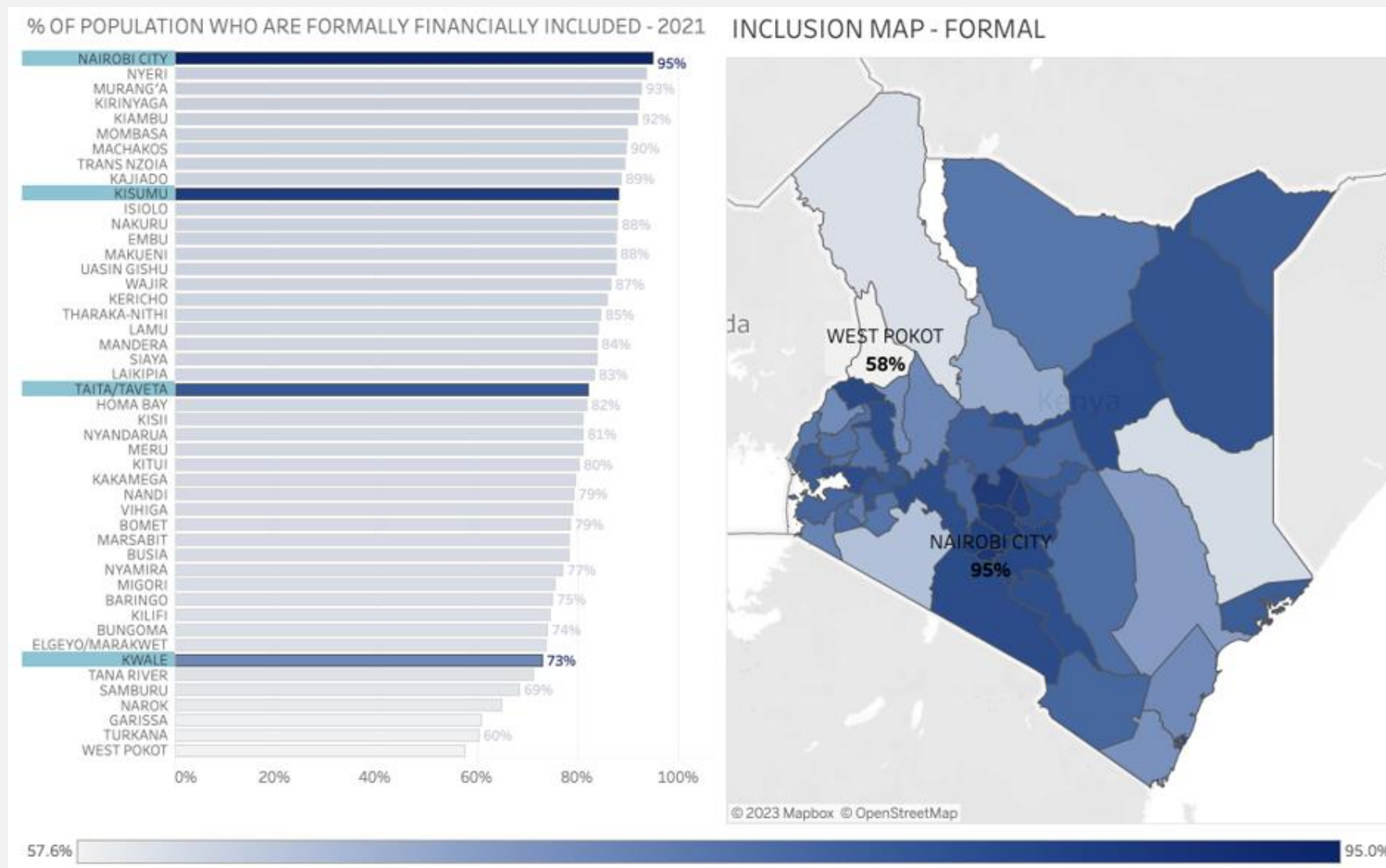
FinAccess County: Opening up a new world for data exploration



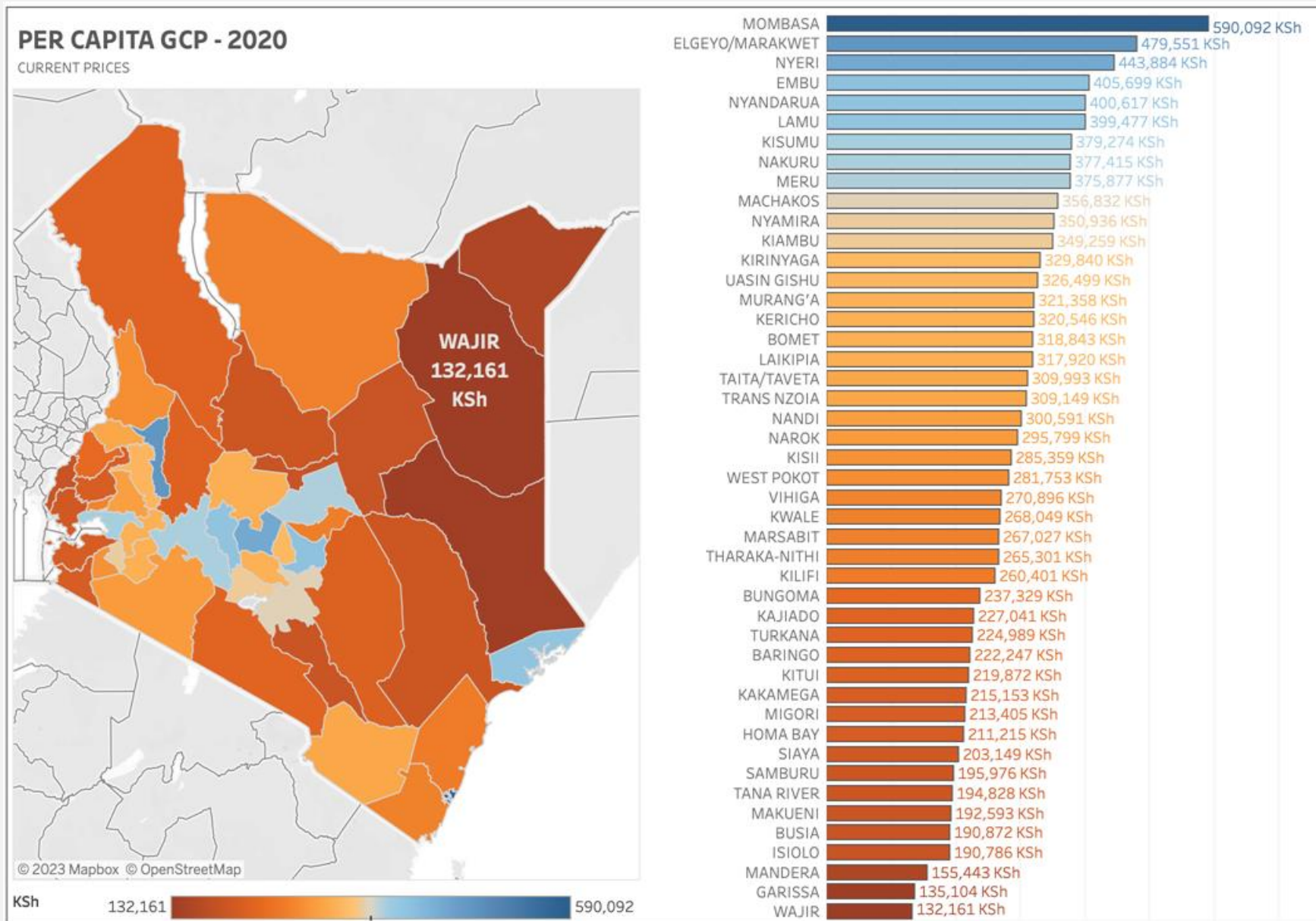
Counties vary widely in population, geography, digital access, etc.



Financial access varies across the country

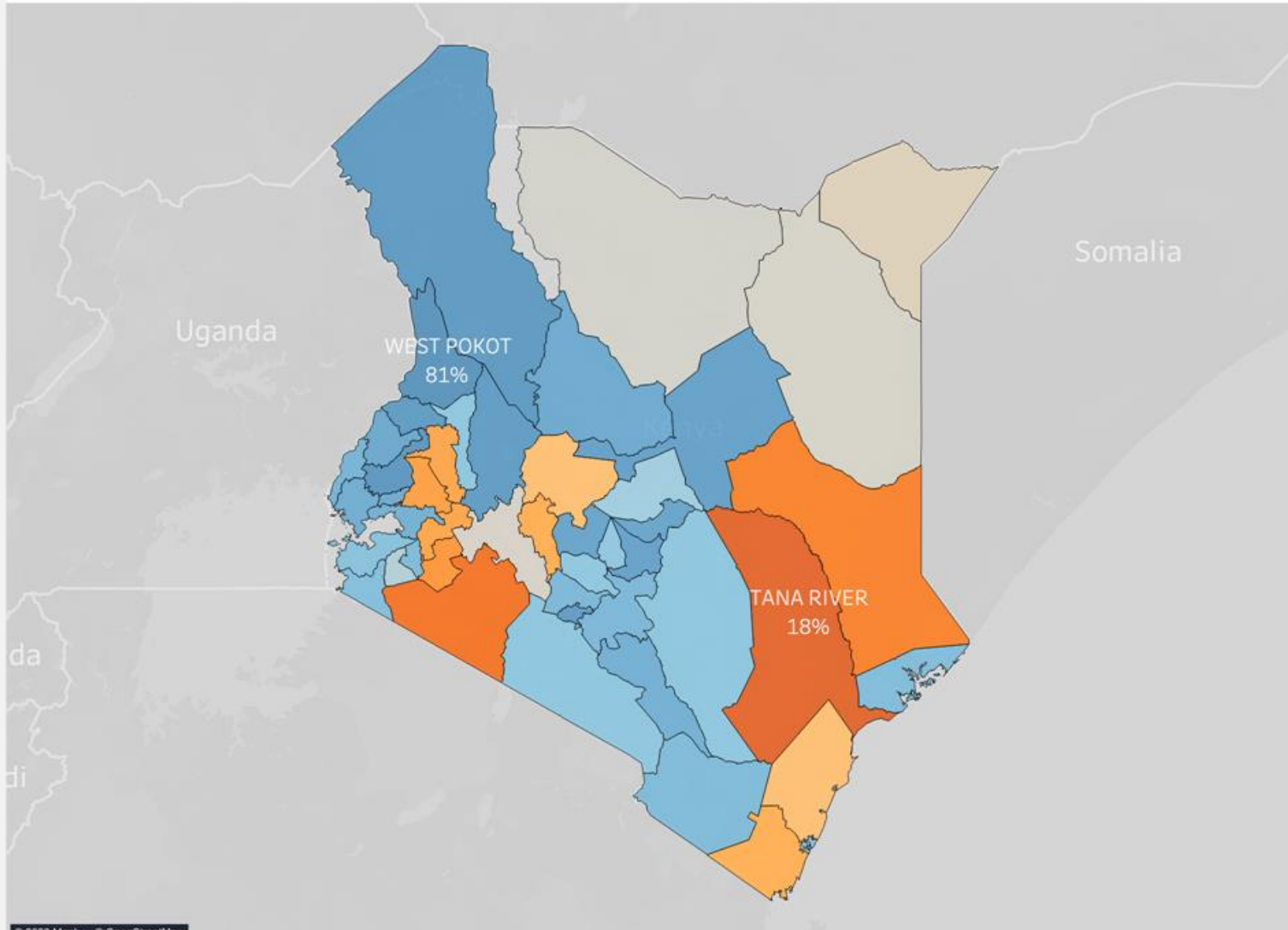


...and so does economic opportunity



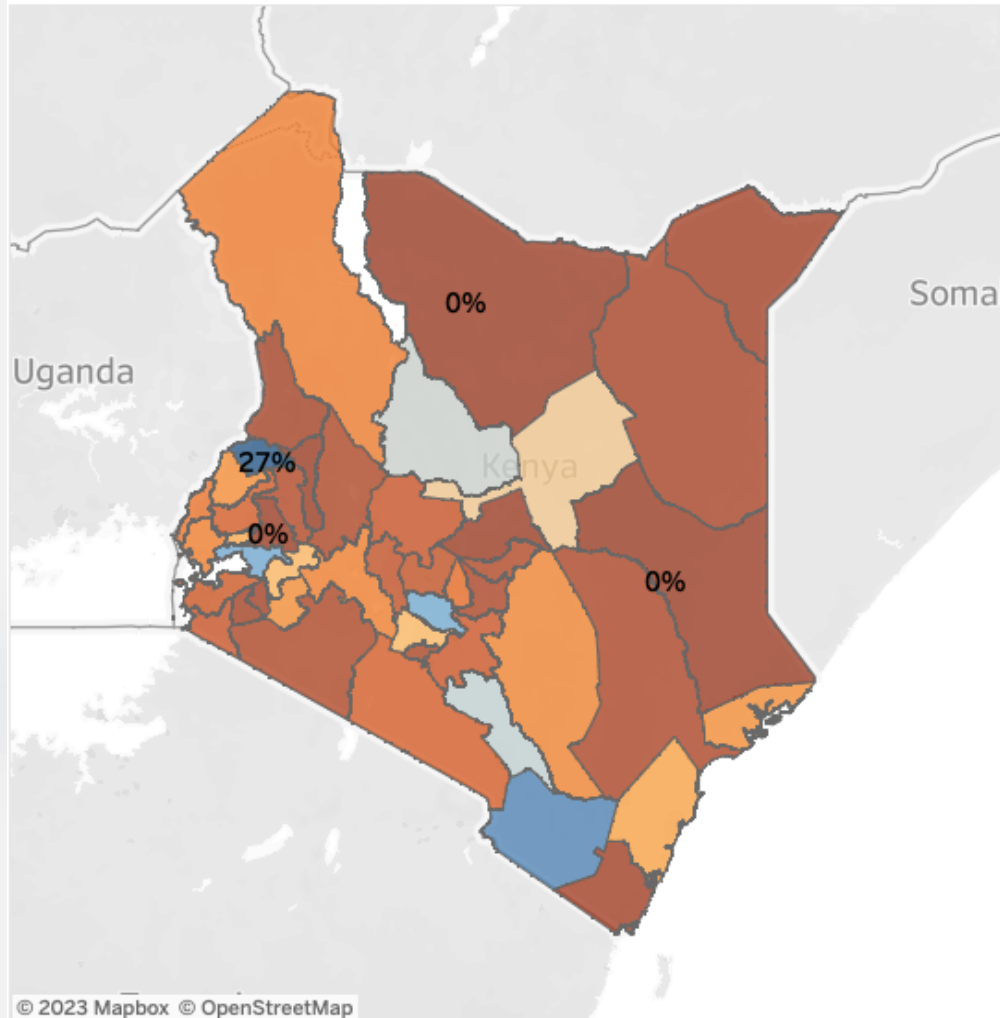
How is access and opportunity driving the use of credit ?

% OF ADULTS USING AT LEAST ONE CREDIT PRODUCT BY COUNTY
2021

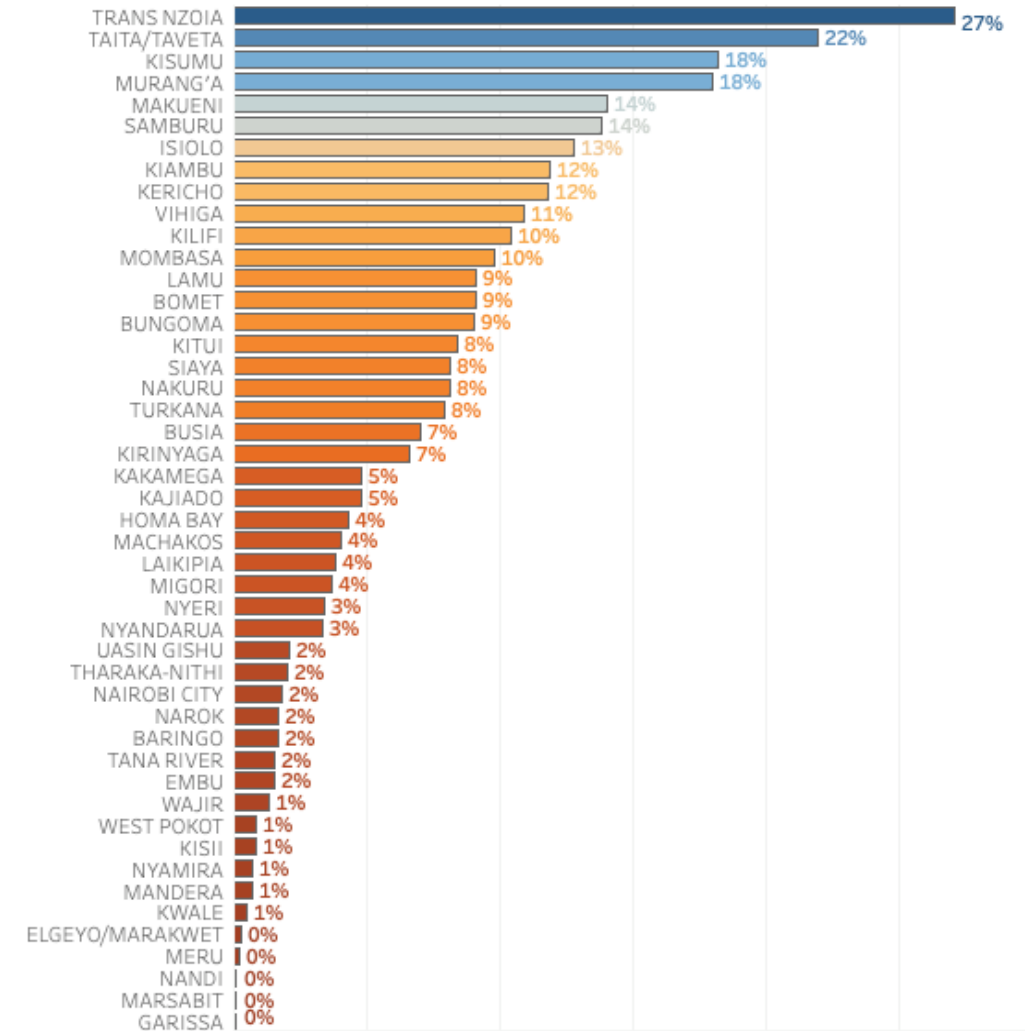


... and what is driving digital payments?

% OF POPULATION USING PAY BILL / TILL NUMBER FOR DAILY EXPENSES - 2021



% OF POPULATION USING PAY BILL / TILL NUMBER FOR DAILY EXPENSES - 2021



Looking deeper into Kenya's 47 counties can unveil some surprising insights... and even uncover new opportunities for financial providers...

Taita Taveta

County Statistics: Numbers at glance

0.3 Total population in
Millions (2019 KPHC)

32.3 Poverty headcount
(% below poverty line)

5 Number of Commercial
Banks in 2021

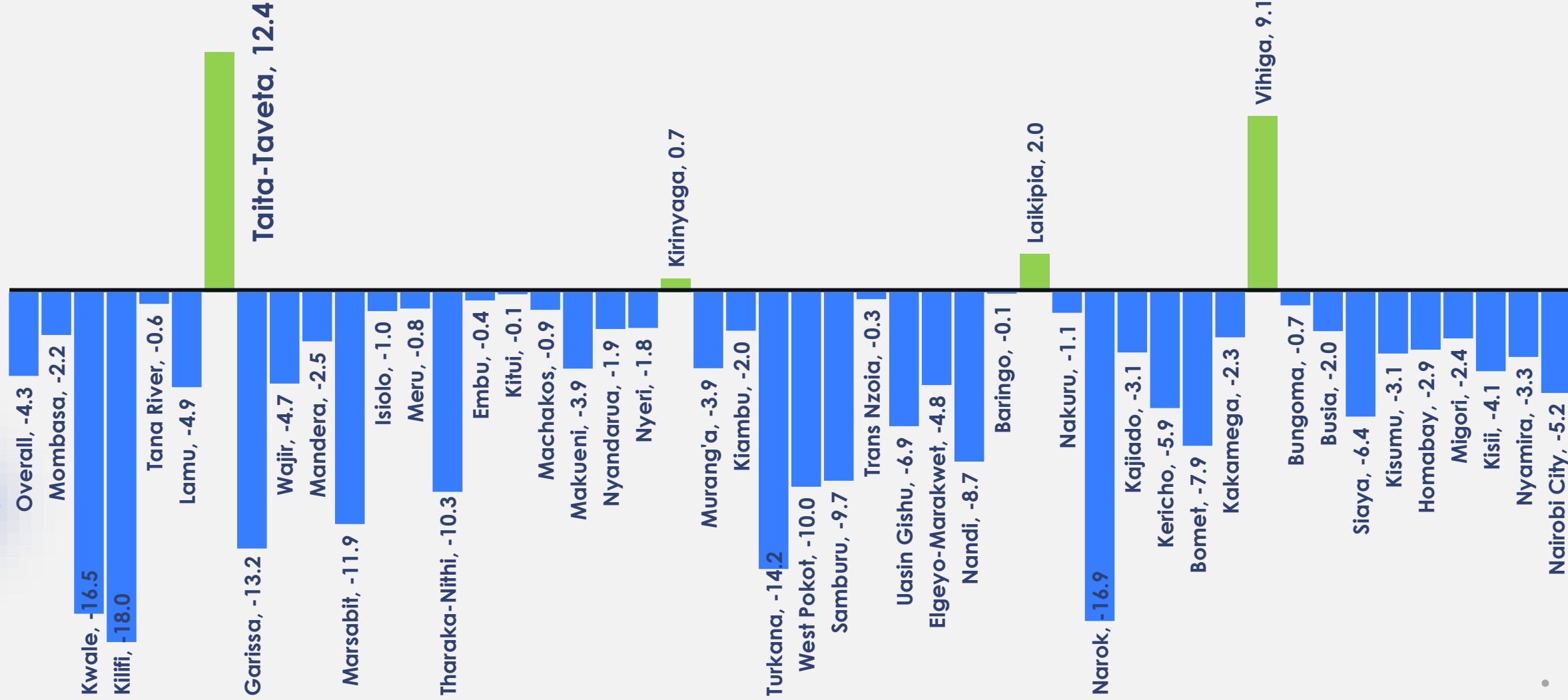
11 Number of Commercial
Bank Branches in 2021

2.1 Number of mobile money
agents in 2021 ('000)

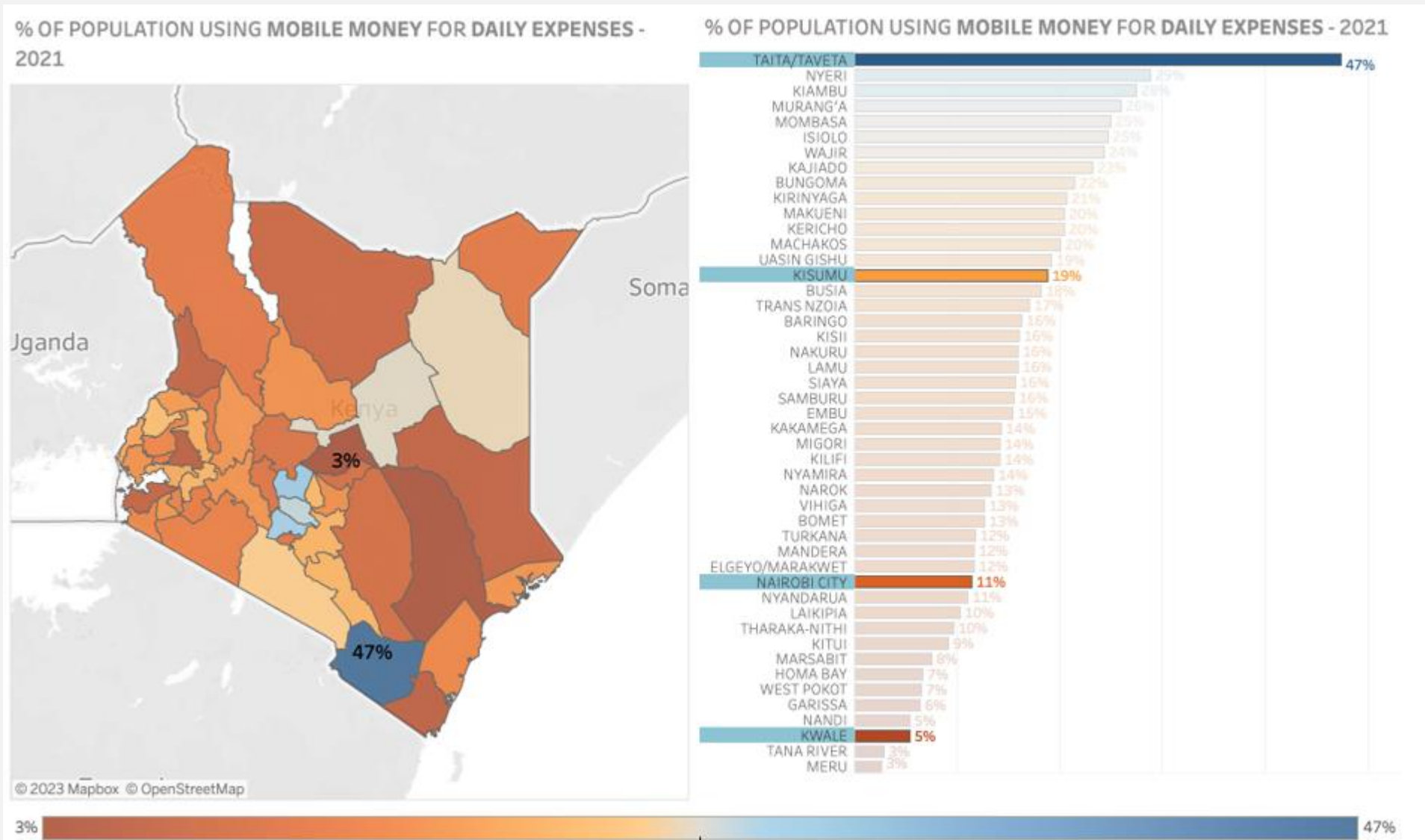
3 Number of Deposit Taking
SACCO branches in 2021



Taita Taveta has some surprises in store: the gender gap in favour of women is the highest in the country...

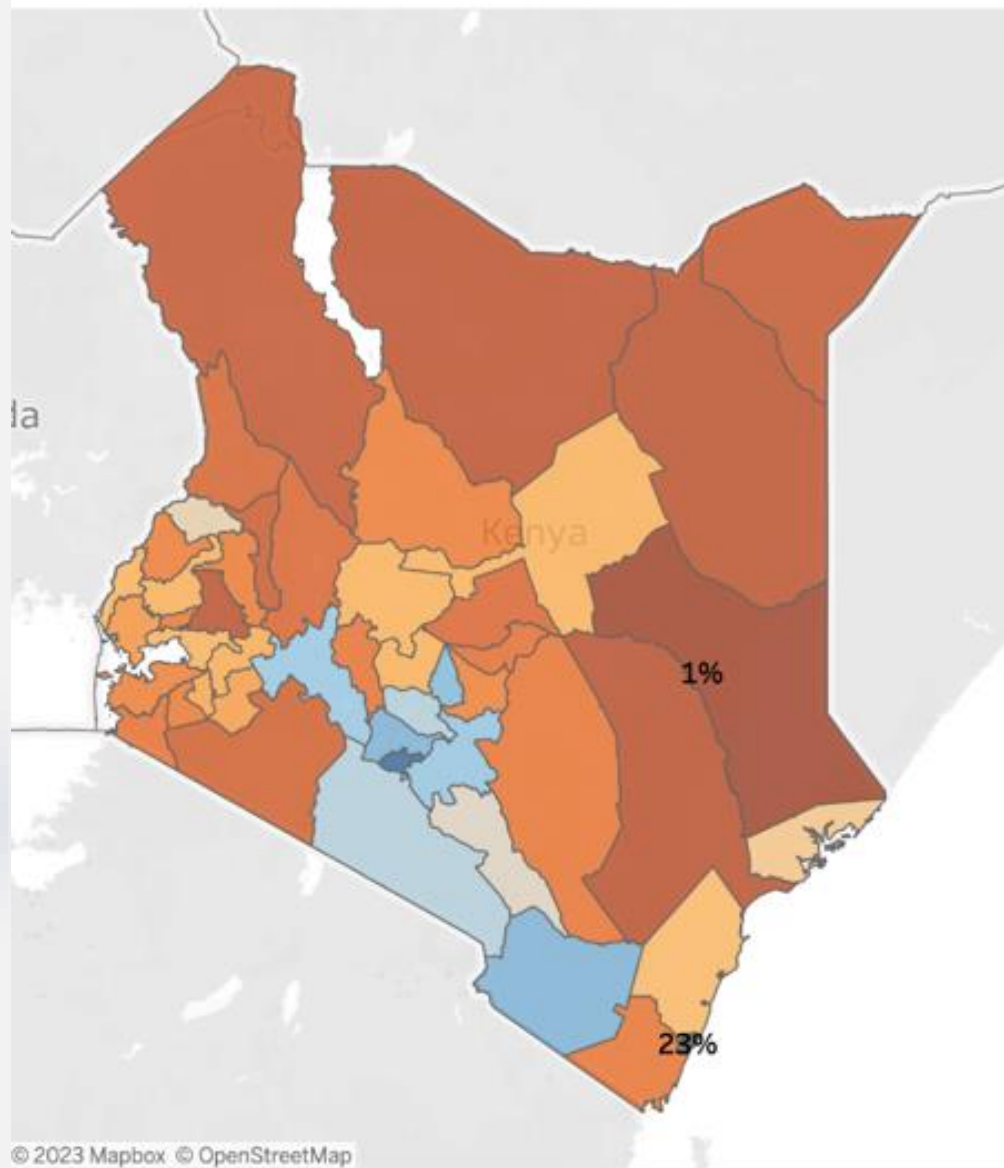


...and compared with other counties, people in Taita Taveta have the highest levels of usage of mobile money to pay for daily goods and services



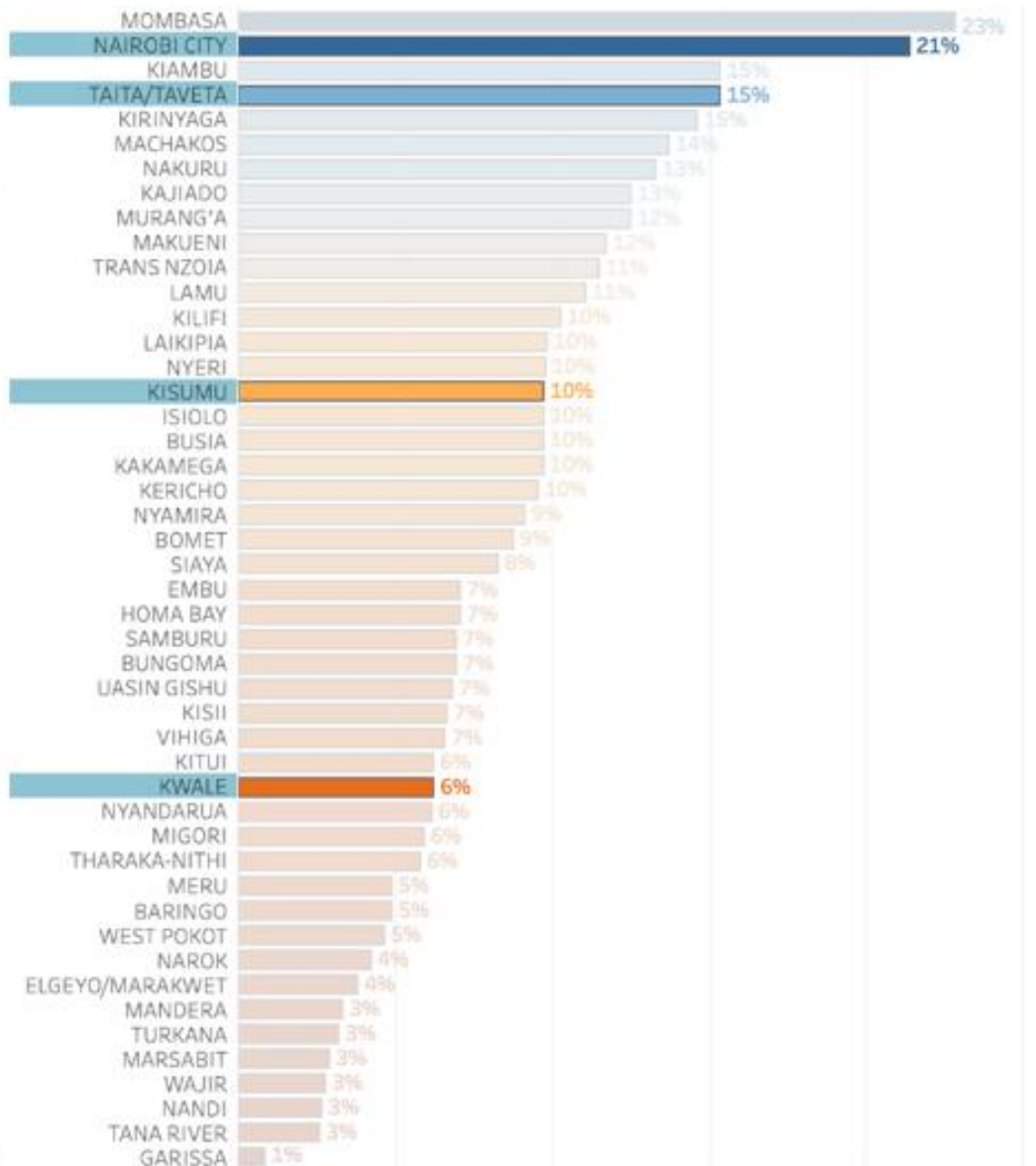
.... as well as the fourth highest uptake of pensions....why?

PENSION - 2021



© 2023 Mapbox © OpenStreetMap

PENSION - 2021





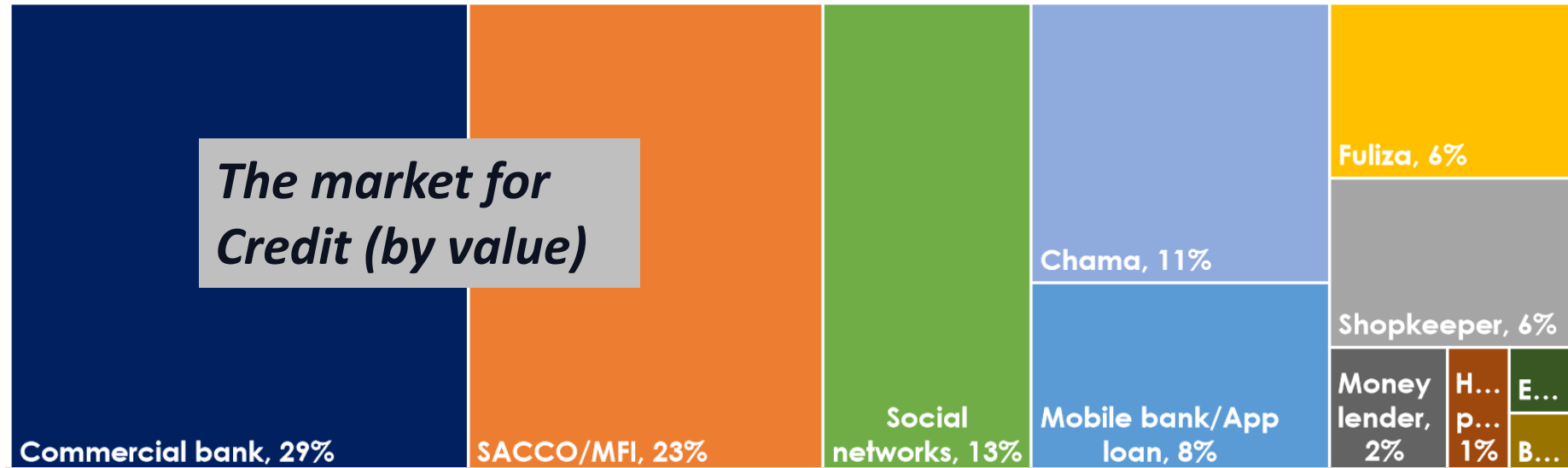
Where do we take these insights?



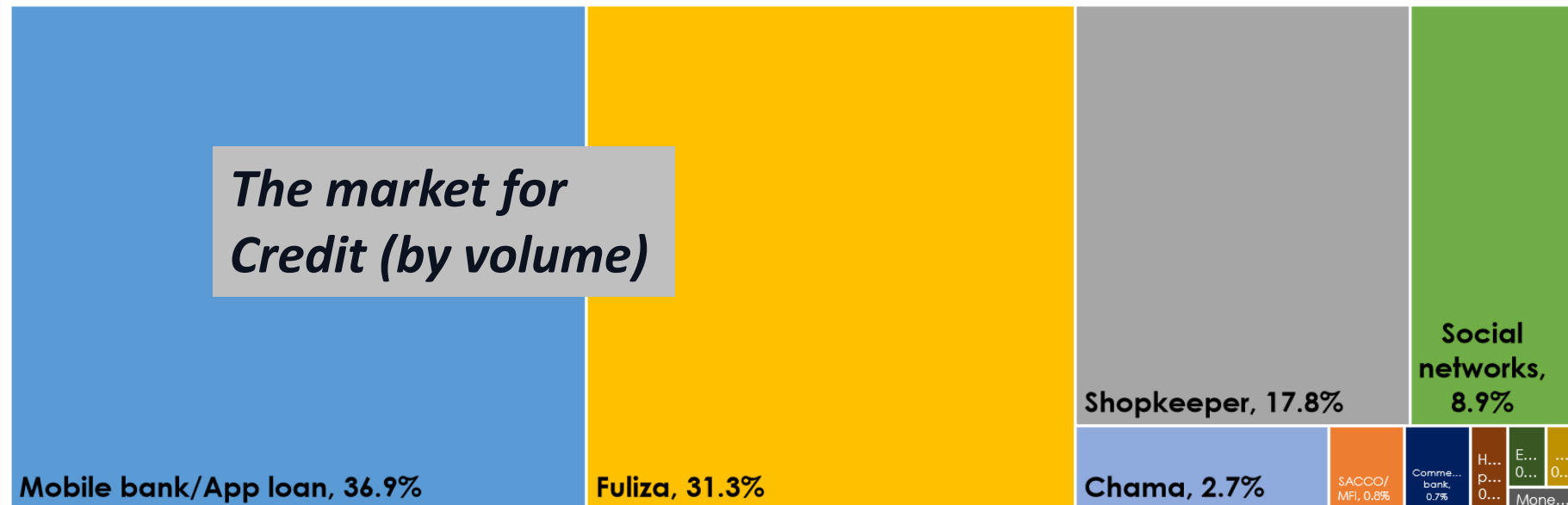
FinAccess provides a birdseye view of the market; and granular detail on the behaviour, preferences and needs of consumers, helping FSPs understand where they fit in...

Base: All Kenyan adults with loans in 2021

Total yearly value of loans disbursed by lender (2021)



Total yearly volume of loans disbursed by lender



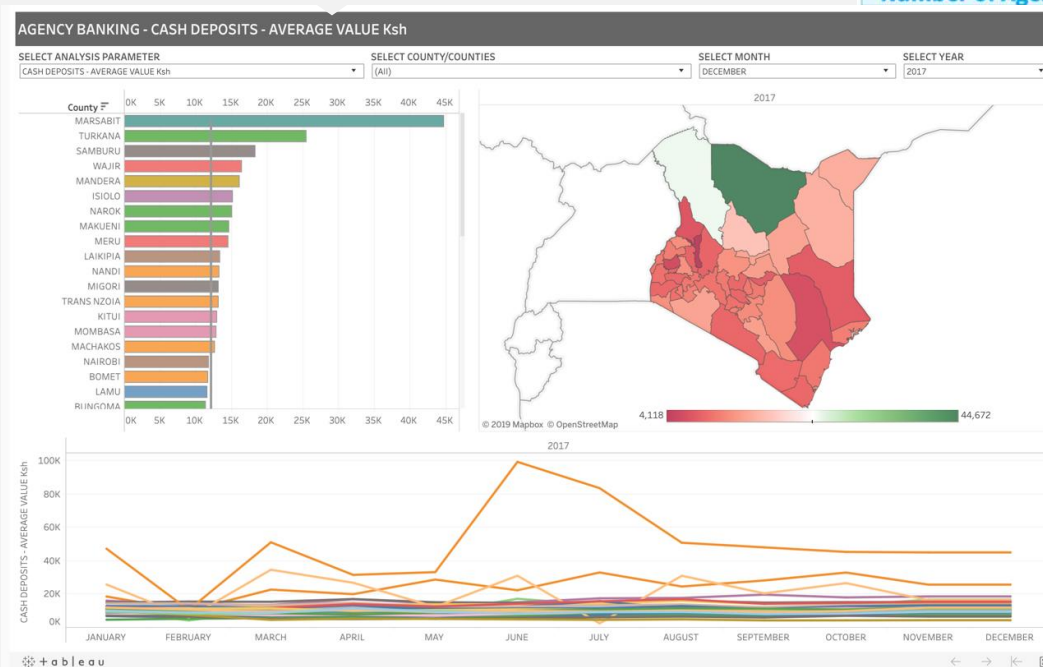
Supply side data shows interesting patterns in the flow of transactions; especially if we disaggregate (e.g. by county or sex) , and visualise this data so the insights pop out

Sample from the annual BSD report

Released annually

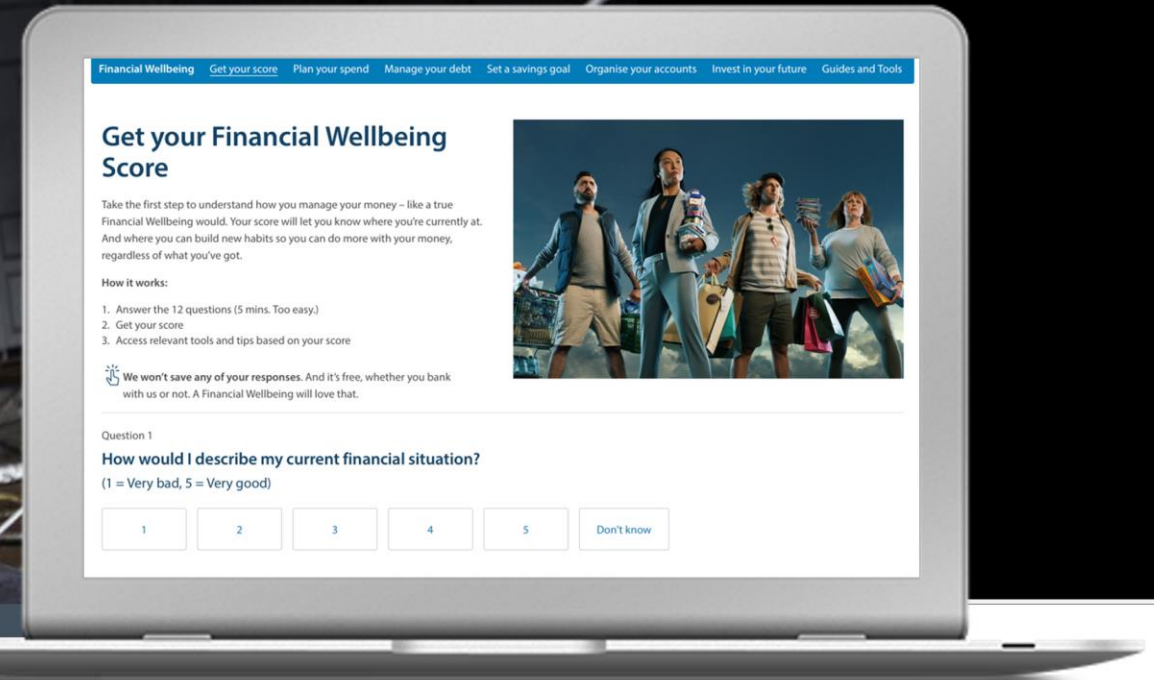
Aggregated at annual and national level

| Table 9(a): Type of Transactions | Number of Transactions | | | |
|---|------------------------|--------------------|--------------|------------------------|
| | 2015 | 2016 | % Change | Cumulative (2010-2016) |
| Cash Deposits | 36,395,378 | 56,056,750 | 54.0% | 153,081,202 |
| Cash Withdrawals | 26,821,097 | 33,280,161 | 24.1% | 116,806,548 |
| Payment of Bills | 341,754 | 1,283,300 | 275.5% | 2,192,042 |
| Payment of Retirement and Social Benefits | 206,647 | 2,029,458 | 882.1% | 3,206,093 |
| Transfer of Funds | 15,220 | 15,490 | 1.8% | 36,704 |
| Account balance enquiries | 15,666,352 | 11,338,113 | -27.6% | 45,132,437 |
| Mini statement requests | 81,820 | 117,889 | 44.1% | 337,601 |
| Collection of loan applications forms | 396 | 75 | -81.1% | 77 |
| Collection of account opening application forms | 87,183 | 71,217 | -18.3% | 1,591,671 |
| Collection of debit and credit card application forms | 1,508 | 1,006 | -33.3% | 118,064 |
| Collection of debit and credit cards | 2,856 | - | -100% | 60,580 |
| Total | 79,620,211 | 104,193,459 | 30.9% | 322,563,019 |
| Number of Agents | 40,592 | 53,833 | 32.6% | |

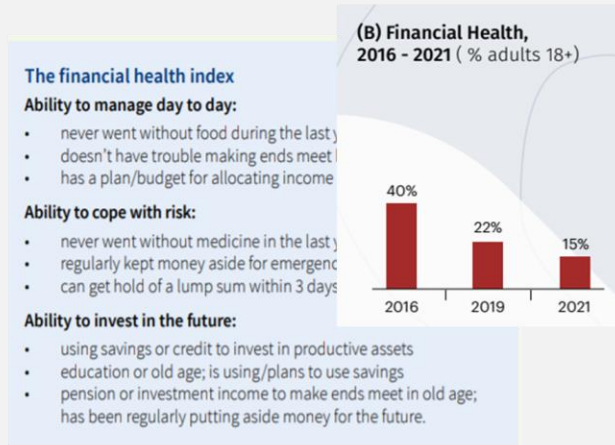


Prototype Agency Banking Dashboard

Disaggregated by month and county
we see more insights

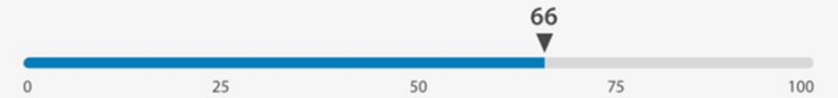


Bringing them both together can inspire innovations that are transformational



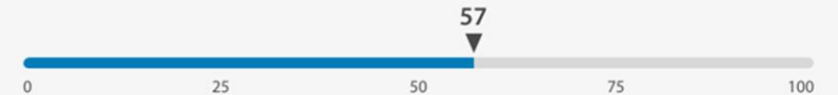
Your score

[Save your score as a PDF](#)



Average score

in your age group 35-49



Age group benchmarks of financial wellbeing are from the ANZ Roy Morgan Financial Wellbeing Dataset, compiled based on 80,000 survey respondents over the last 5 years. For more information about ANZ's research into levels of adult financial literacy and wellbeing, [click here](#).

finaccess

Serving Kenyans better requires us to:

- Make **creative** use of a wider range of data
- And work in **partnership**

