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2024 FinAccess Household Survey: Key Findings

Central Bank of Kenya

KNBS
KENYA NATIONAL BUREAU OF STATISTICS

fsd Kenya

Collaborating Partners

Central Bank of Kenya

KNBS
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afi

CAPITAL
MARKETS AUTHORITY
Promoting the Integrity and Growth of the Capital Markets

RBA
Retirement Benefits Authority

KDIC
Kenya Deposit
Insurance
Corporation

Insurance
Regulato
Authority
Bima Bora wa Taifa
IRA

KMRC

EQUITY

Safaricom

THE SACCO SOCIETIES REGULATORY AUTHORITY
SASRA
SECURING SACCO FUNDS

UN WOMEN

WOMEN COUNT

IFAD
Investing in rural people

Presentation Flow

Introduction

Summary and Conclusions

Key Findings

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Introduction

Survey Methodology, Sample and Demographics

Introduction

Why FinAccess?

Financial Access (FinAccess) surveys were first undertaken in 2006

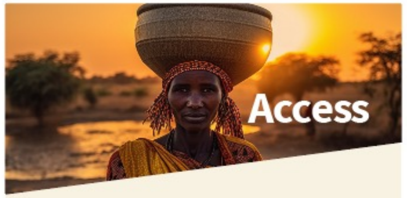
Subsequent surveys: 2009, 2013, 2016, 2019 and 2021

- Provides indicators for tracking progress in the financial sector
- Provides improved measures of financial inclusion from the demand side

- Enables inter-country and inter-county comparisons
- Provides high quality, timely and reliable data to stakeholders
- Supports evidence - based decisions, strategies and policies to strengthen inclusive finance

Survey Methodology

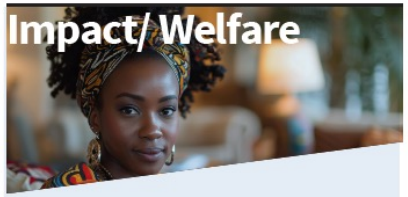
- The 2024 FinAccess Survey is a cross-sectional study conducted countrywide measure financial inclusion from four dimensions:



Active accounts in own name (last 12 months)

Actual use of an account (own/ someone else last 12 months)

Appropriateness and relevance



Likely outcomes/ welfare gain

- Targeted persons aged 16 years and above living within conventional households in Kenya at the time of data collection

- Interviewees selected randomly

Survey Sample

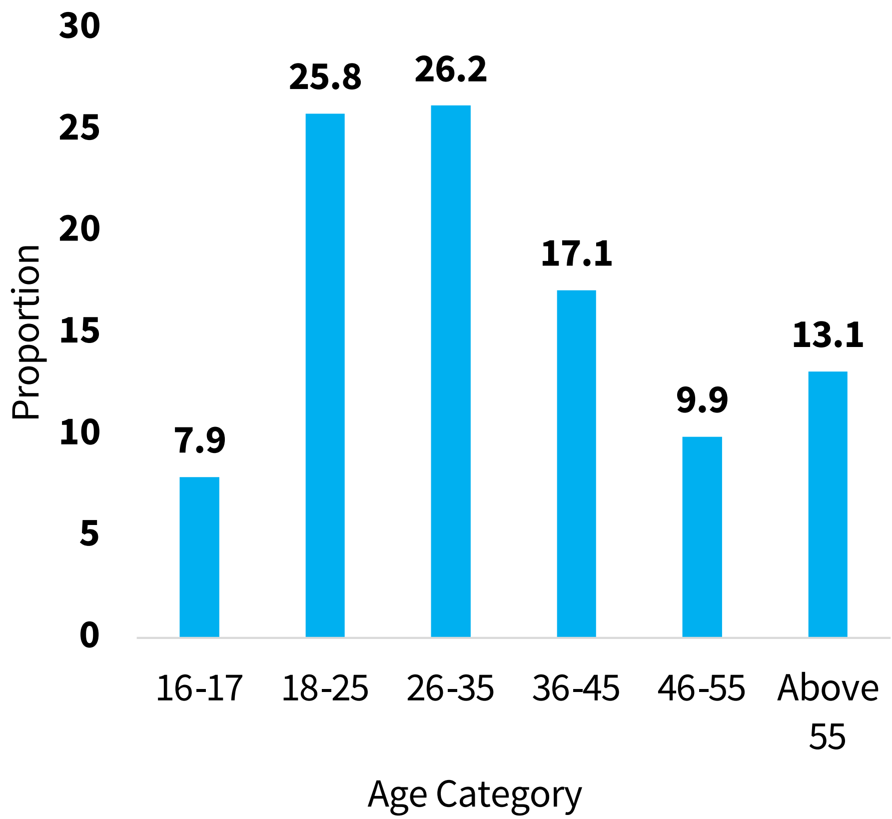
- Study domains used: **50** i.e. National; Rural, Urban; and *47* Counties
- Sample size: **28,275 households drawn from 1,885 Enumeration Areas (EAs)**
- Used the newly created Kenya Household Master Sample Frame (K-HMSF) based on the 2019 Kenya Population and Housing Census data
- Overall response rate: **84.6 percent**

Survey Demographics

Response rates

RESULTS	RESIDENCE		
	RURAL	URBAN	TOTAL
Households Selected	17,355	10,920	28,275
Eligible Households	15,464	9,220	24,684
Households Interviewed	13,549	7,322	20,871
Response Rate (%)	87.6	79.4	84.6

Age Distribution



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Survey Demographics

Population by Sex (18+ Years)

Male

48.5%

of the respond-
ents were male
aged 18 years +

Female

51.5%

of the respond-
ents were female
aged 18 years +

Population by Residence

59.3%
of the respondents
were rural dwellers

40.7% of the
respondents were
urban dwellers

Survey Administration

- The survey was rolled out between July and mid October using Computer Aided Personal Interview (CAPI) through face-to-face interviews;

    ✓ in English, and translations in several local languages,

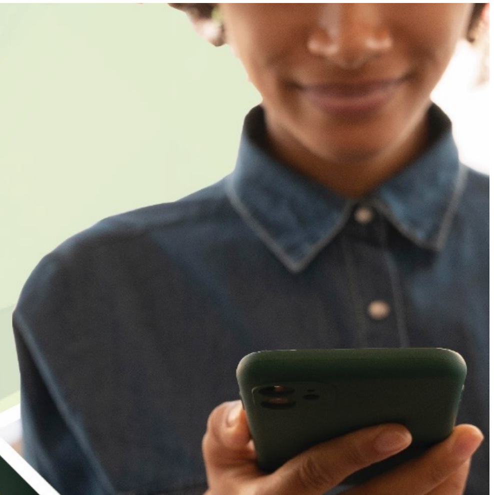
    ✓ with Kiswahili being the most preferred interview language

- KNBS cleaned and weighted the data to Kenya's national population,

    ✓ *representing those aged 16+ years*

Key Findings

ACCESS | USAGE | QUALITY | IMPACT



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Access Dimensions

Expanding Access

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Expanding Access

Financial access dimension is measured through a ranking of financial products and services registered in **one's own name** in the **last 12 months** in the following order:

i. ***Formal*** – Combines financial products and services from

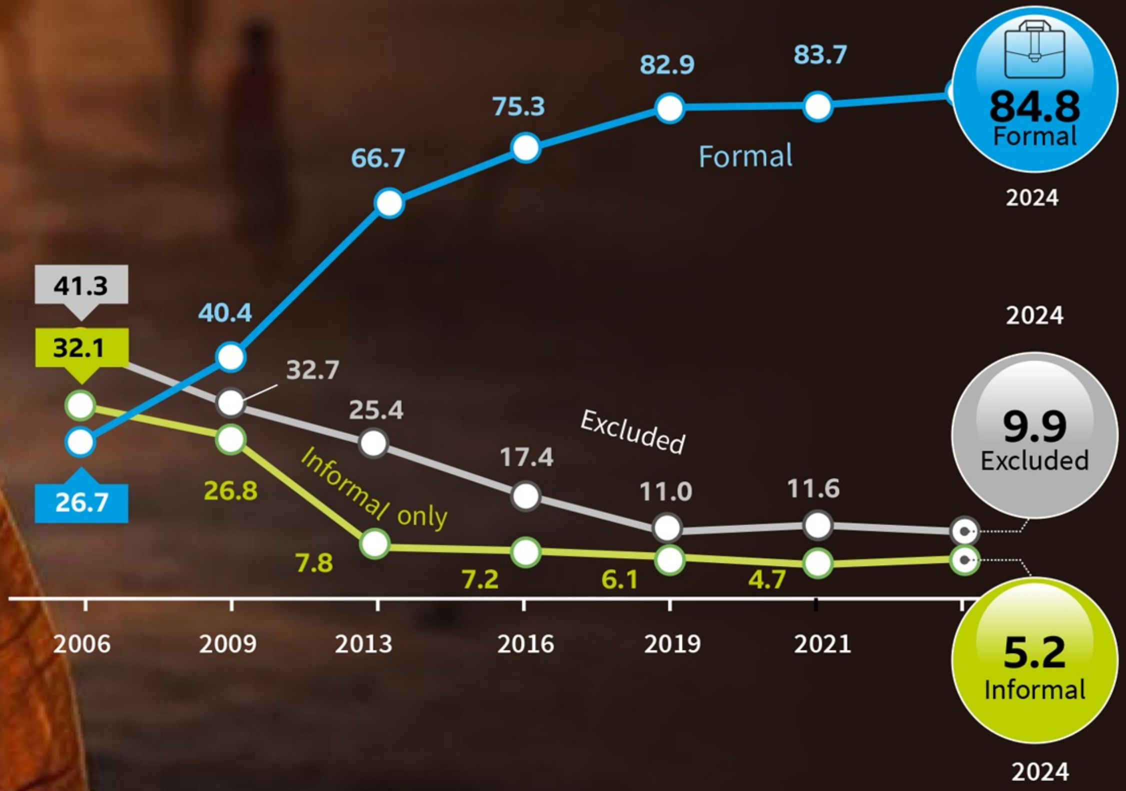
- Prudentially regulated/supervised FSPs e.g. Commercial Bank/Mobile bank/money, mobile money overdraft facilities e.g. fuliza, boostika
- FSPs subject to non-prudential regulation/supervision (oversight) by government ministries/departments with focused legislations e.g. NSSF, NHIF
- Legally registered legal persons or FSPs operating under some form of government oversight e.g. Hire Purchase, HELB, Hustler Fund

ii. ***Informal*** – FSPs not subject to registration/regulation but enjoy a relatively well-defined organizational structure e.g. chamas

iii. ***Excluded*** – Products drawn from social networks or other excluded form e.g. secret hiding, friends, family

Category	2024	Percentage Change
Formal Access	84.8	1.1 ▲
Informal only	5.2	0.5 ▲
Excluded	9.9	1.7 ▼

Overall Financial Access 2006 to 2024 (percent)



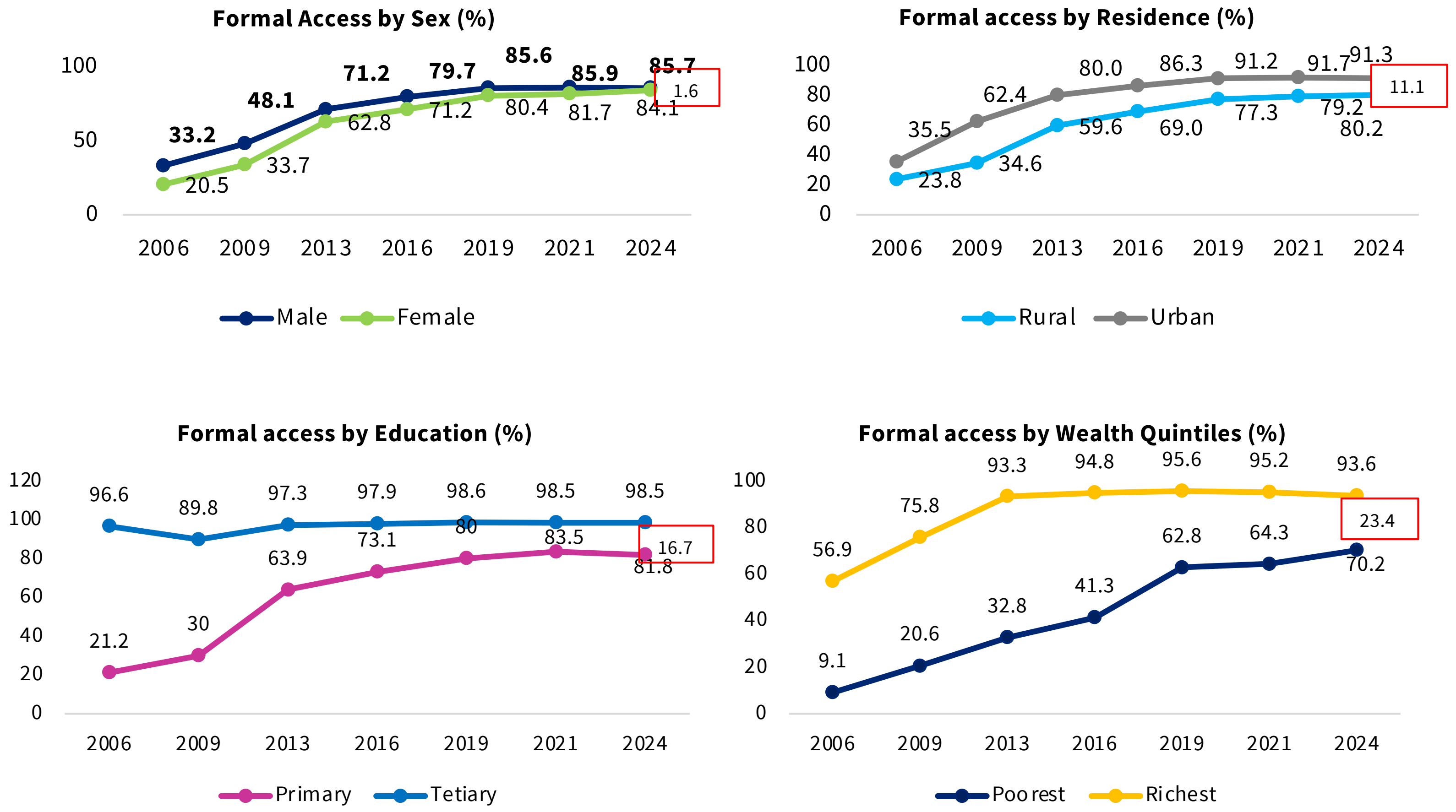
The growth rate of mobile money uptake rising at a deceasing rate…. consistent with supply side data

Slow Growth of Mobile Money Uptake

Survey Year	Uptake (Percent)	Change in Percentage Point
2006	Base year	Base year
2009	**27.9**	**27.9**
2013	**61.6**	**33.7**
2016	**71.4**	**9.8**
2019	**79.4**	**8.0**
2021	**81.4**	**2.0**
2024	**82.3**	**0.9**

Increasing parity between male and female access (4.2 percent in 2021 to 1.6 percent in 2024) and by residence (12.5 percent in 2021 to 11.1 percent in 2024)

Formal Access by Demographics (Percent)



C2: CBK - Official

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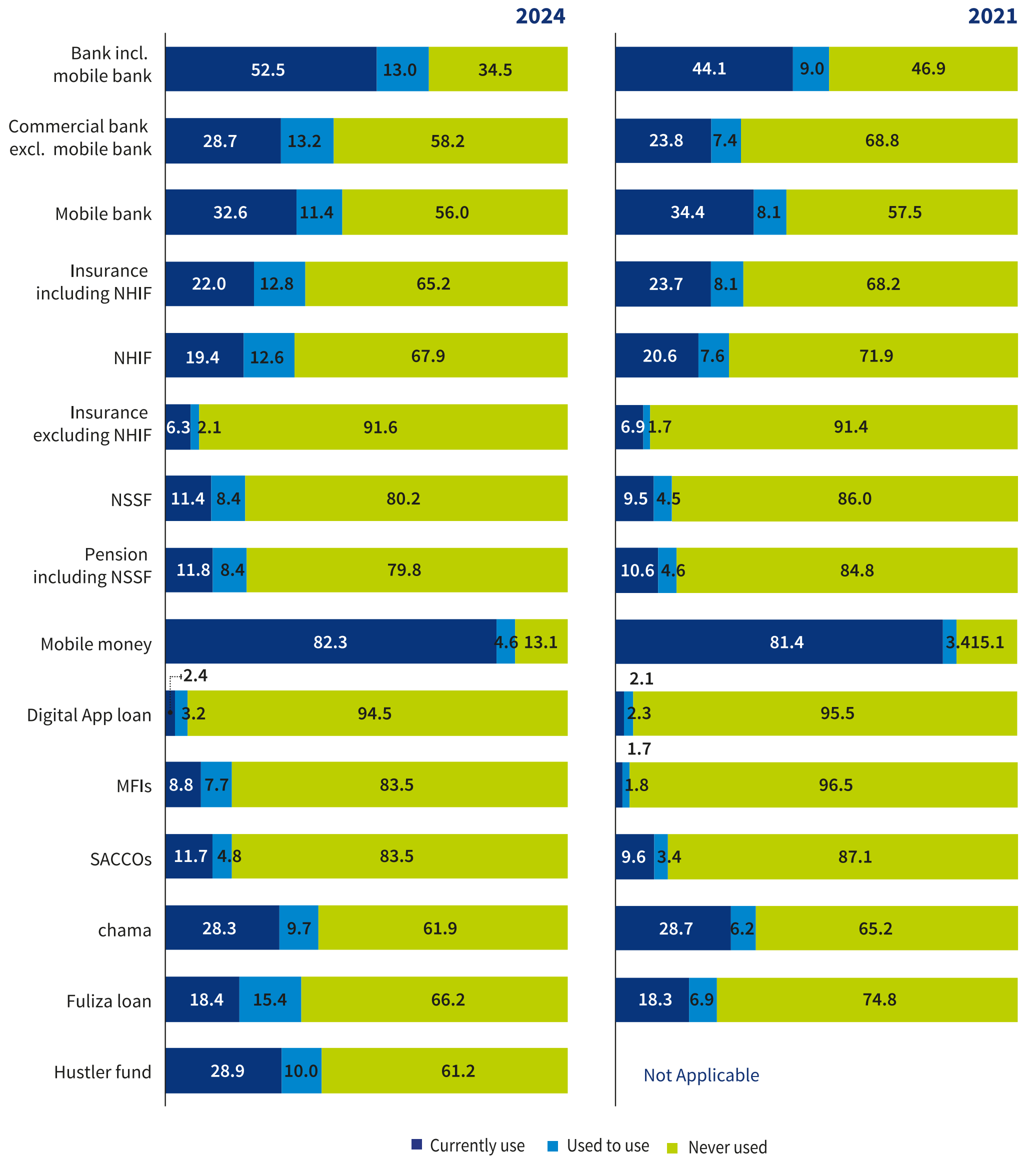
Access by Products (%)

- Individuals who indicated *Used to use financial services/products, but not currently using them,* increased in 2024 .
- *Reasons given include loss of income and cost of financial services.*
- Individuals who indicated *Never used any financial product/services* cited affordability, relevance and awareness the main reasons.
- *For mobile money, main reasons were lack of a phone and ineligibility due to lack of ID*



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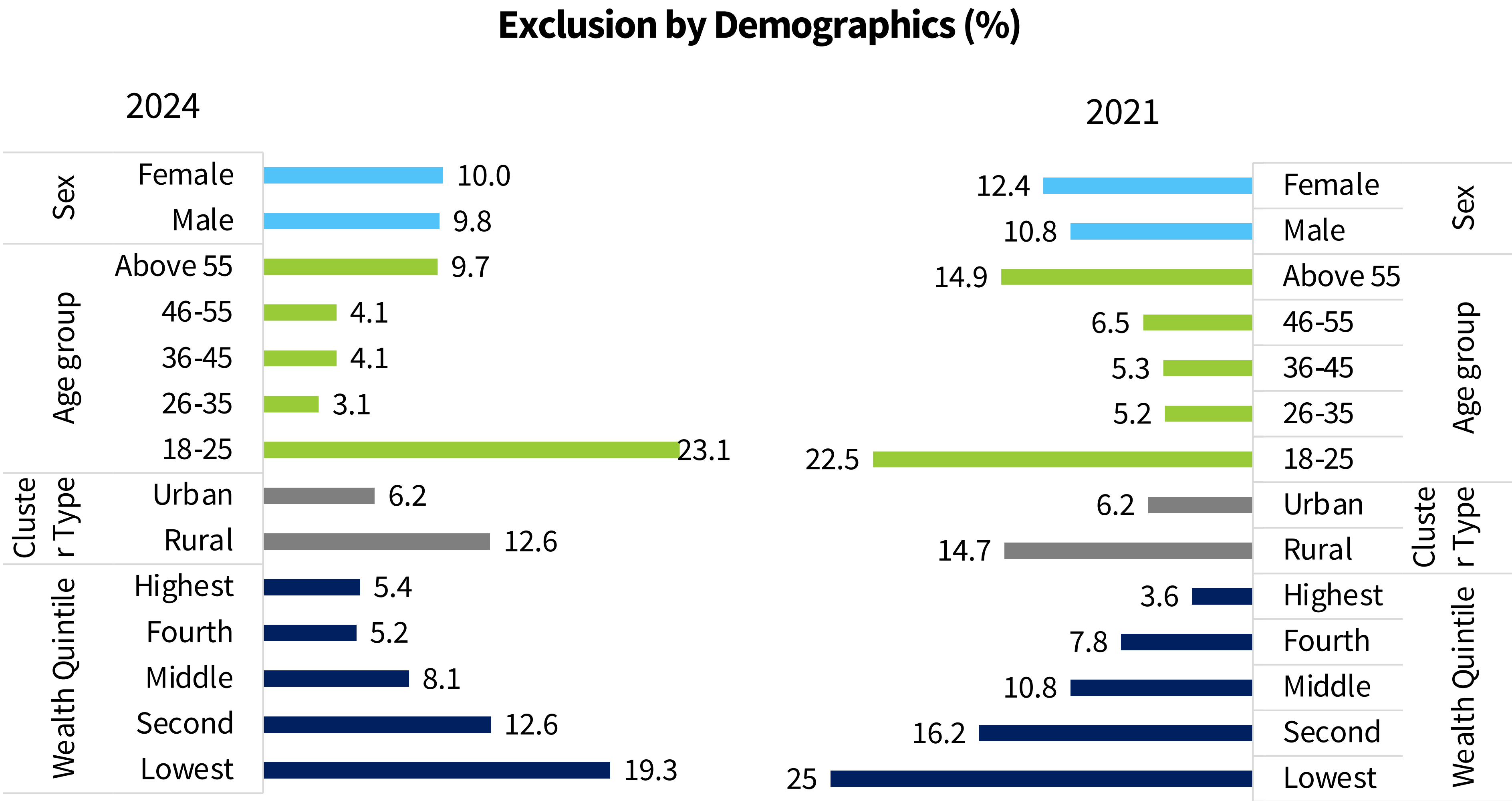
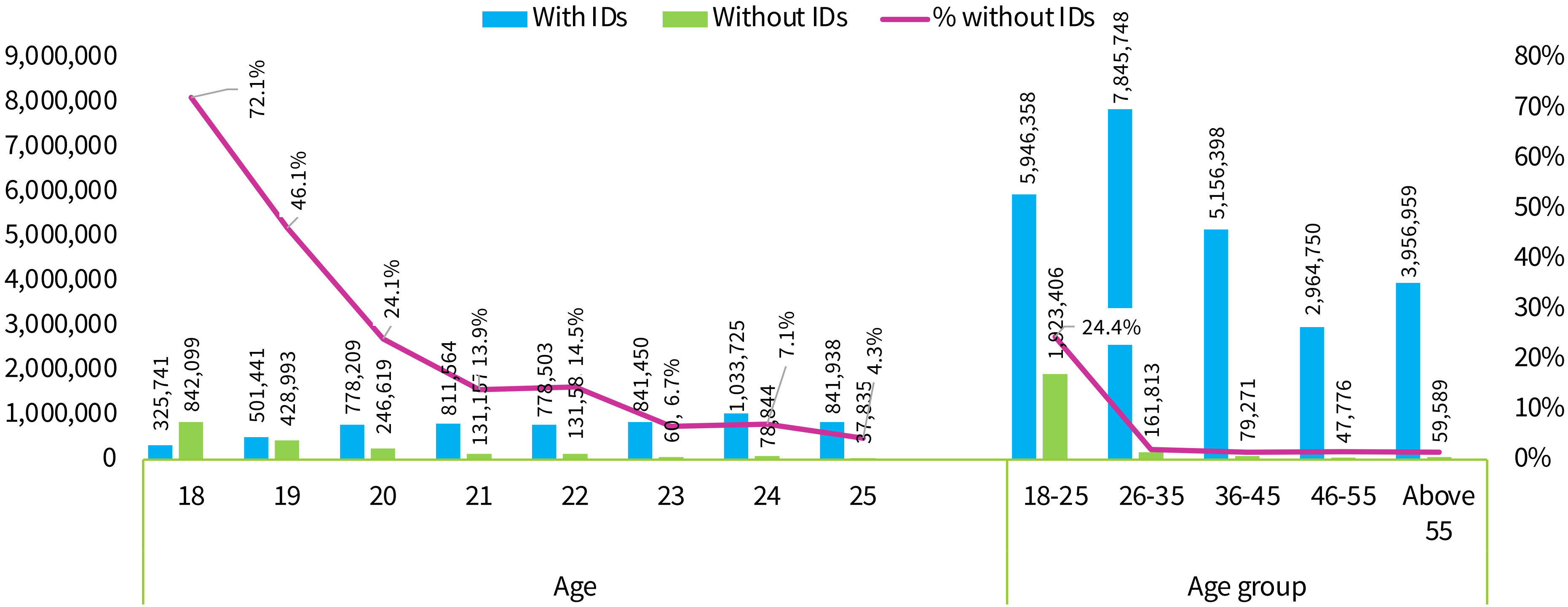
- Youths and elderly (above 55 years) accounted for the highest exclusion rate in 2021 and 2024.



Analysis of Exclusion and Eligibility by Age (%)



Exclusion Category	Residence		Phone ownership		ID	
Age group	**Rural**	**Urban**	**No**	**Yes**	**No**	**Yes**
18-25	45.6	19.6	36.5%	28.6%	47.2%	18.0%
26-35	7.0	1.9	6.5%	2.4%	1.7%	7.1%
36-45	5.5	2.2	6.1%	1.6%	0.8%	6.9%
46-55	3.6	0.8	3.1%	1.3%	0.7%	3.7%
Above 55	12.4	1.5	12.8%	1.1%	1.1%	12.8%
Overall	**74.0%**	25.9%	**64.1%**	35.9%	**51.5%**	48.5%

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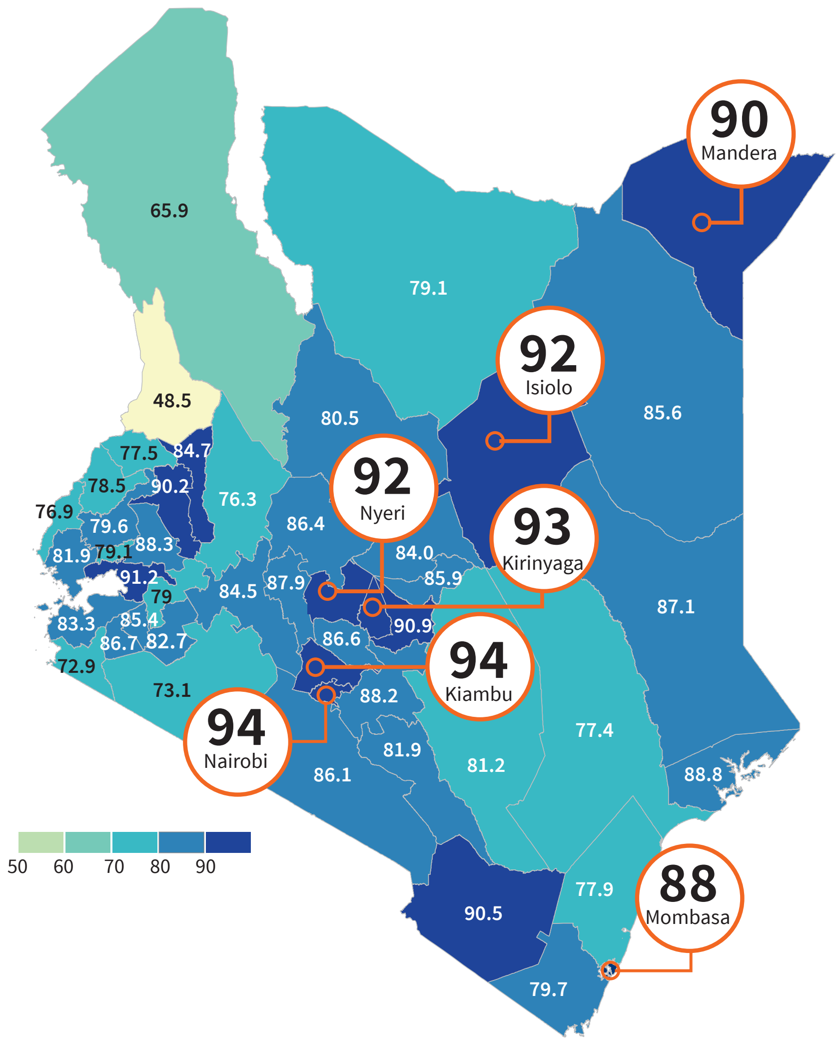
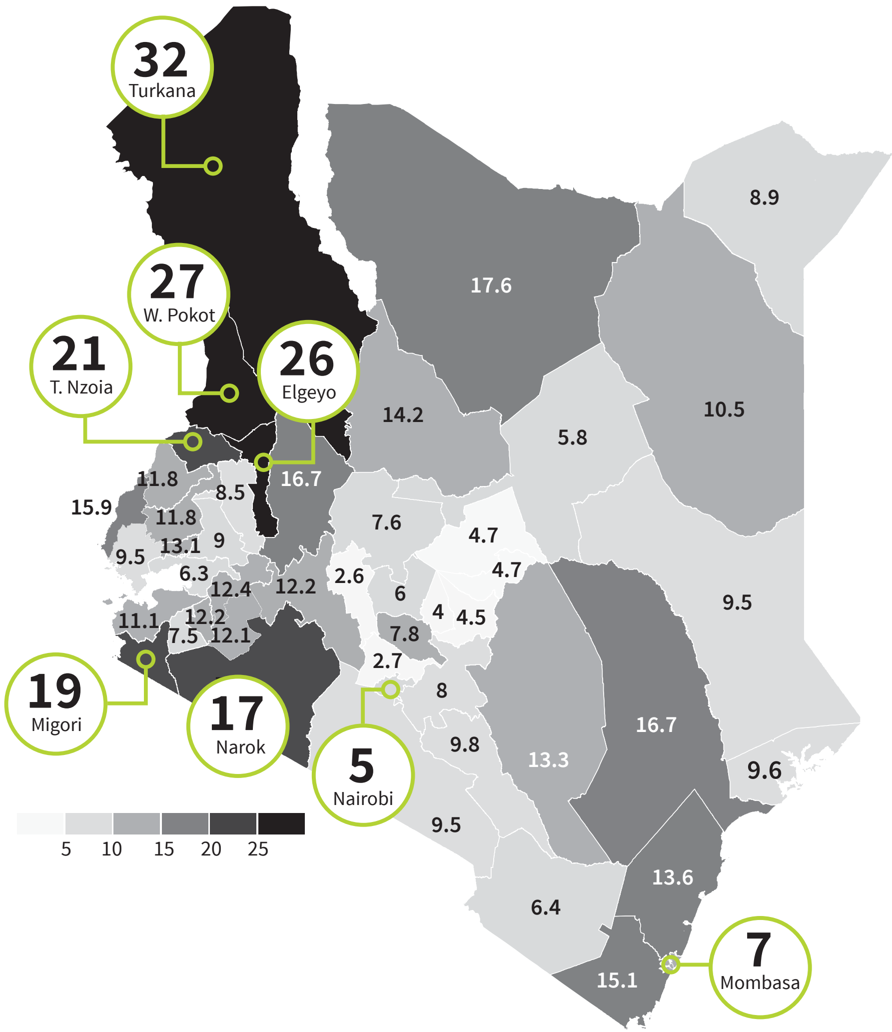
Access by County

Formal Inclusion by county



Exclusion by county



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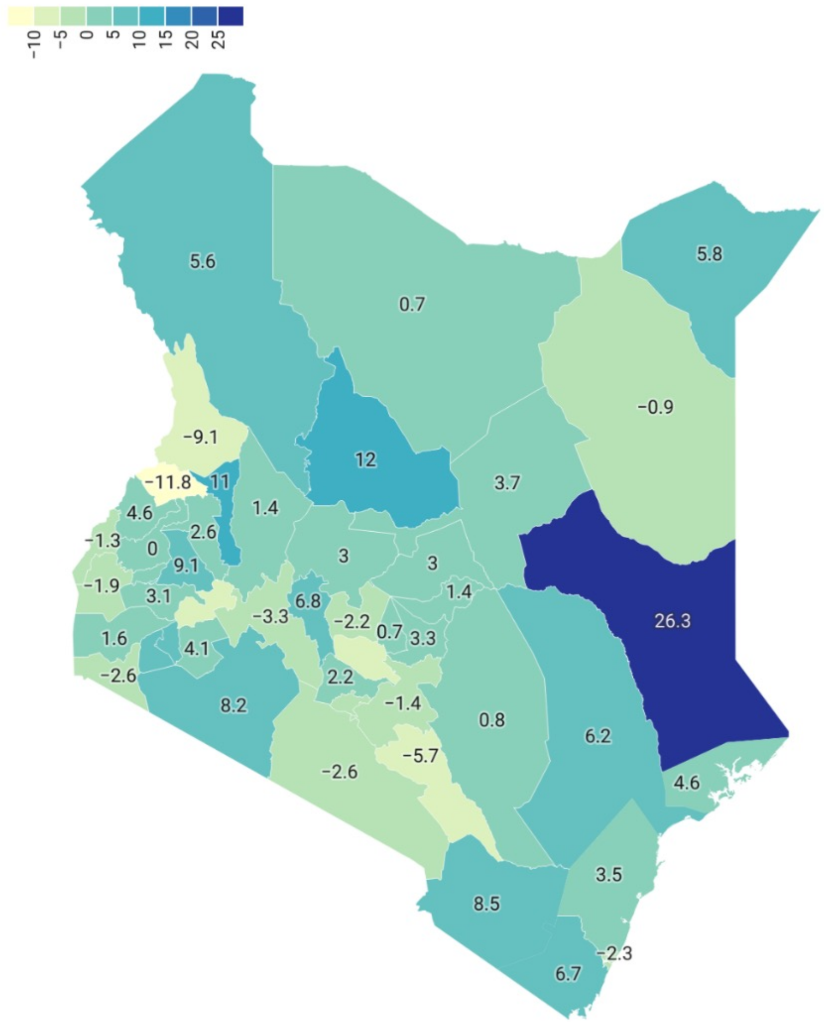
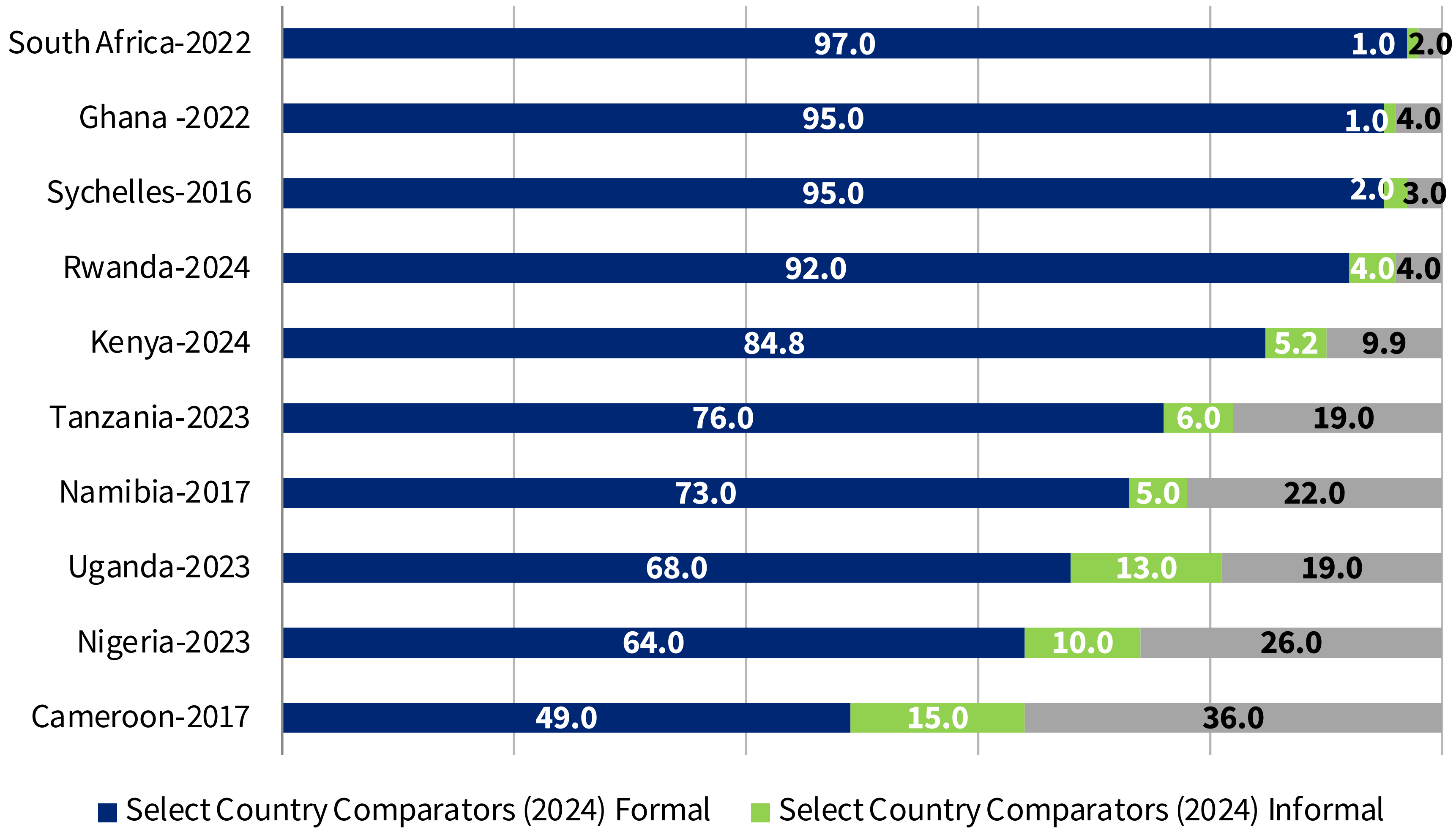
Change in Financial Inclusion by County

County	2021	2024	Change
Garissa	60.8	87.1	**26.3**
Samburu	68.5	80.5	**12.0**
Elgeyo-	73.7	84.7	**11.0**
Nandi	79.2	88.3	**9.1**
Taita-Taveta	82.0	90.5	**8.5**
Nyamira	76.9	85.4	**8.5**
Narok	64.9	73.1	**8.2**
Nyandarua	81.1	87.9	**6.8**
Kwale	**73.0**	**79.7**	**6.7**
Tana River	71.2	77.4	**6.2**
Mandera	83.9	89.7	**5.8**
Turkana	60.3	65.9	**5.6**
Kisii	81.1	86.7	**5.6**
Lamu	84.2	88.8	**4.6**
Bungoma	73.9	78.5	**4.6**
Bomet	78.6	82.7	**4.1**
Isiolo	87.8	91.5	**3.7**
Kilifi	74.4	77.9	**3.5**
Embu	87.6	90.9	**3.3**
Kisumu	**88.1**	**91.2**	**3.1**
Meru	81.0	84.0	**3.0**
Laikipia	83.4	86.4	**3.0**
Uasin Gishu	87.6	90.2	**2.6**
Kiambu	91.8	94	**2.2**



County	2021	2024	Change
Homabay	81.7	83.3	**1.6**
T-Nithi	84.5	85.9	**1.4**
Baringo	74.9	76.3	**1.4**
Kitui	80.4	81.2	**0.8**
Kirinyaga	92.1	92.8	**0.7**
Marsabit	78.4	79.1	**0.7**
Vihiga	**79.1**	**79.1**	**0**
Kakamega	79.6	79.6	**0**
Wajir	86.5	85.6	**-0.9**
Nairobi City	95	93.7	**-1.3**
Busia	78.2	76.9	**-1.3**
Machakos	89.6	88.2	**-1.4**
Siaya	83.8	81.9	**-1.9**
Nyeri	93.8	91.6	**-2.2**
Mombasa	89.9	87.6	**-2.3**
Migori	75.5	72.9	**-2.6**
Kajiado	88.7	86.1	**-2.6**
Nakuru	87.8	84.5	**-3.3**
Makueni	87.6	81.9	**-5.7**
Murang'a	92.8	86.6	**-6.2**
Kericho	**85.8**	**79.0**	**-6.8**
West Pokot	57.6	48.5	**-9.1**
Trans Nzoia	89.3	77.5	**-11.8**

Financial Inclusion Country Comparison



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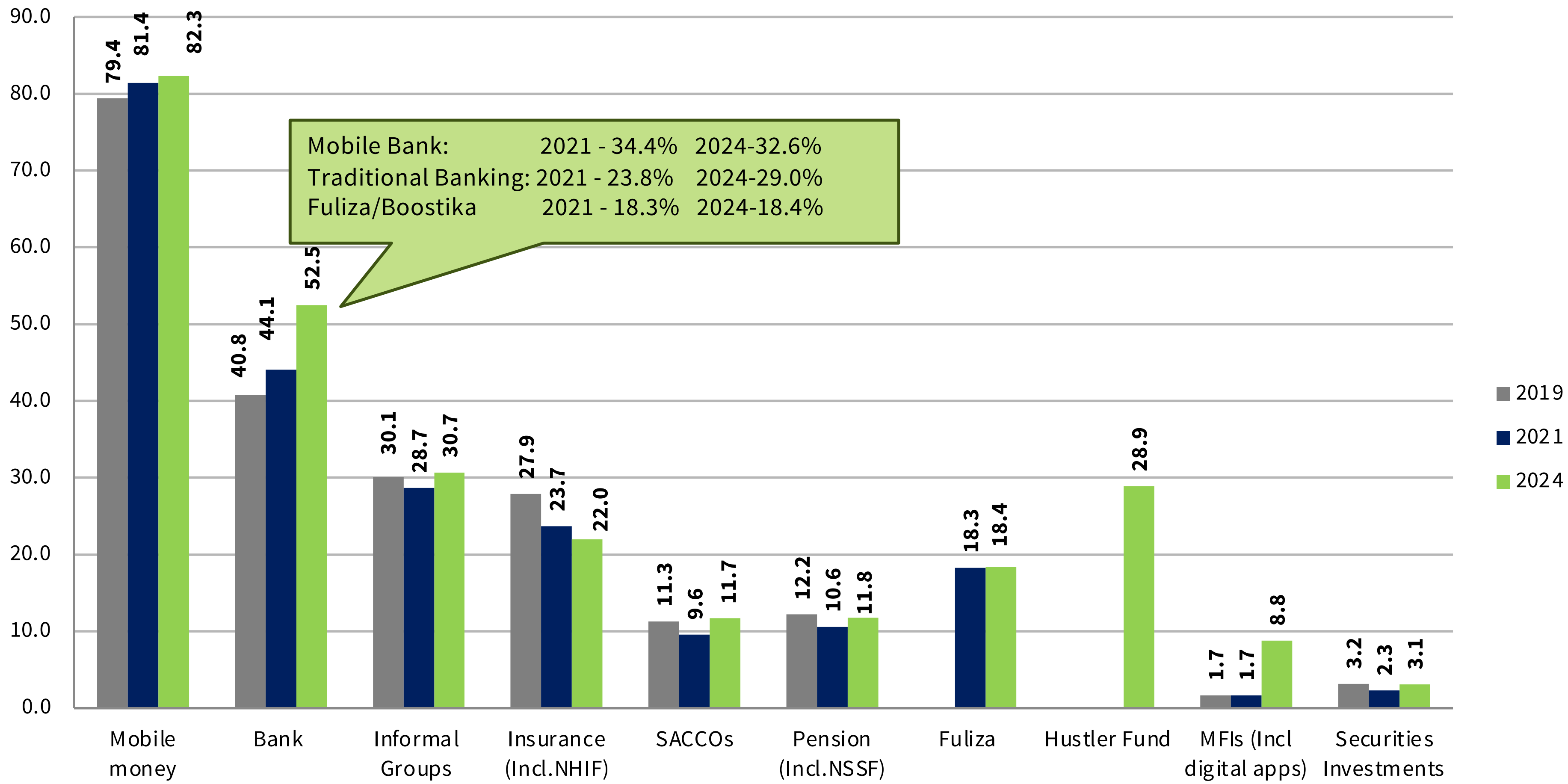
Usage Dimension

Deepening Usage: Providers, Services and Products

- Usage dimension measures;
  - How frequently people use financial providers, services or products
  - How long (duration) people take using these financial providers, services and products
  - Reasons for use or non-use of certain providers, services or products
- Analysis of usage covers key demographic indicators - age, sex, education, residence, wealth quintiles and County
- Usage share NOT additive due to multiple use of providers and products

- Mobile money remains dominant, but bank usage has risen to 52.5% in 2024 Microfinance institutions (MFIs) including digital credit providers, increased from 1.7% in 2021 to 8.8% in 2024.

Usage of Financial Services and Products by Providers (Percent)



C2: CBK - Official

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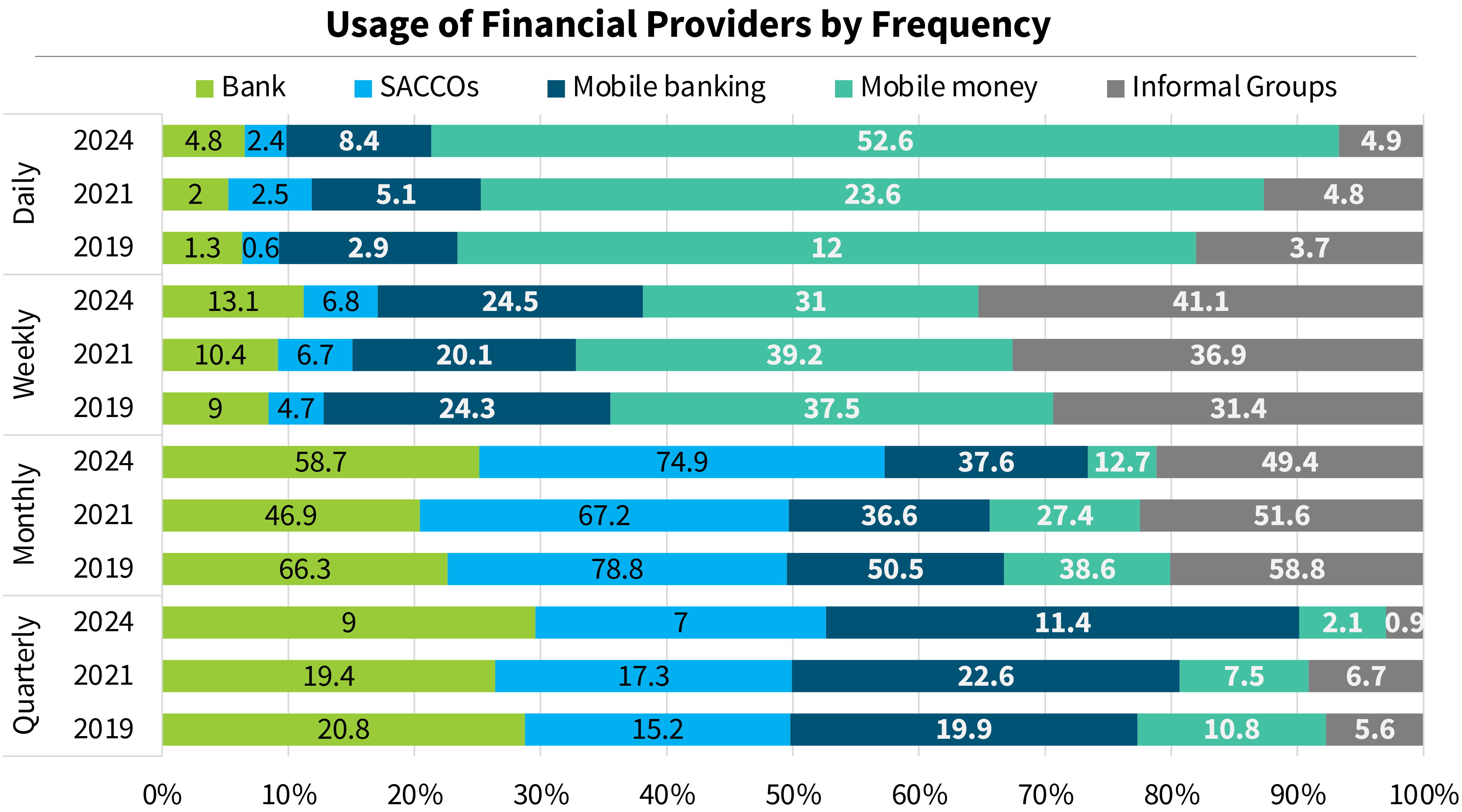
- Significant increase in mobile money and mobile banking reflects high digitalization of government, businesses and households' transactions

- Increase in weekly usage of informal groups may indicate short-term borrowing from social networks to smoothen consumption.



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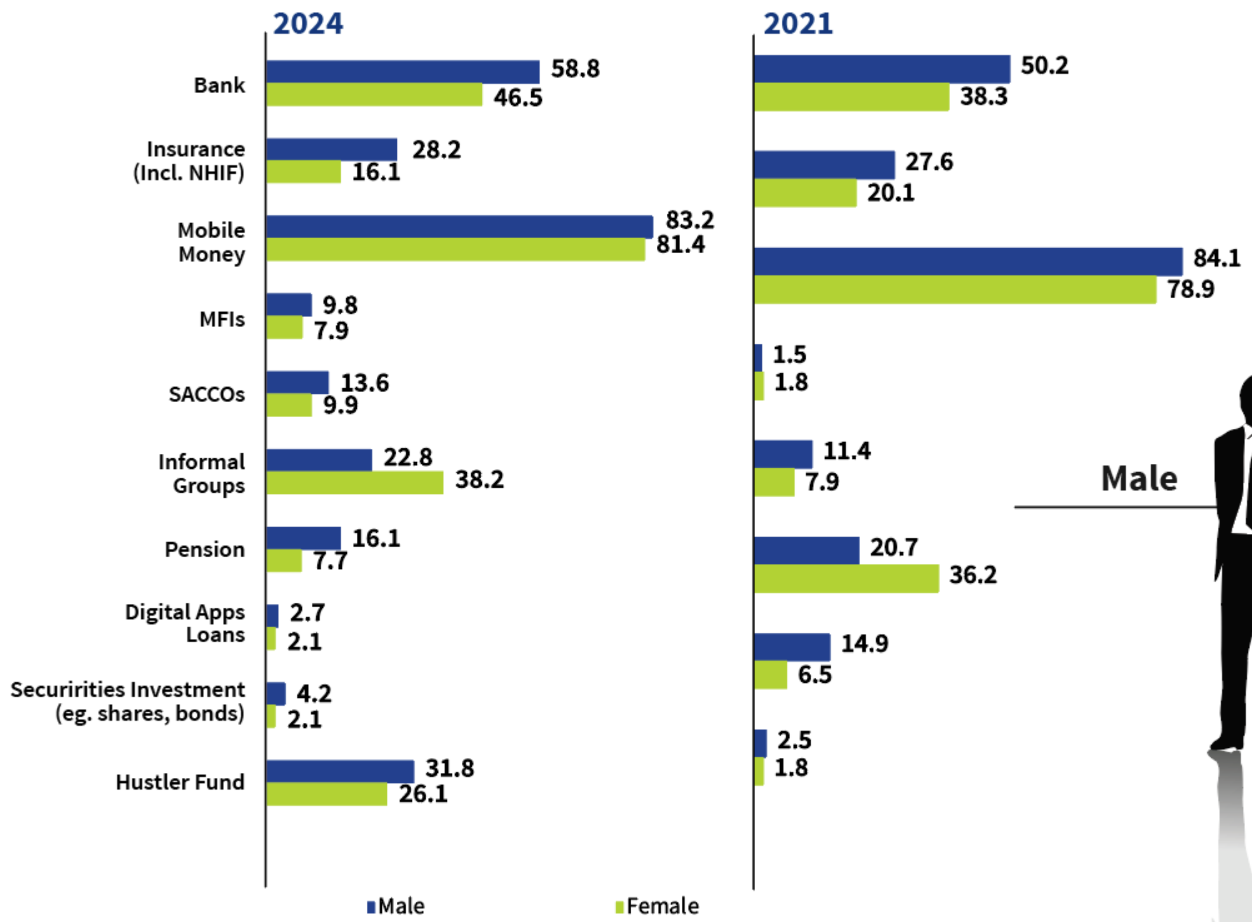
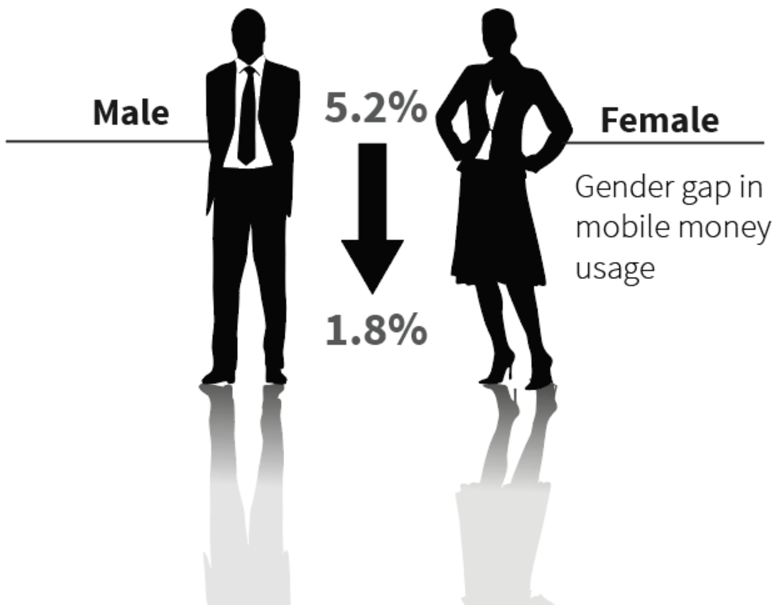
Mobile money usage continues to drive narrowing gap between male and females.

Female gender still outnumber male use of informal services/products

Usage of Financial Providers and Products by Sex



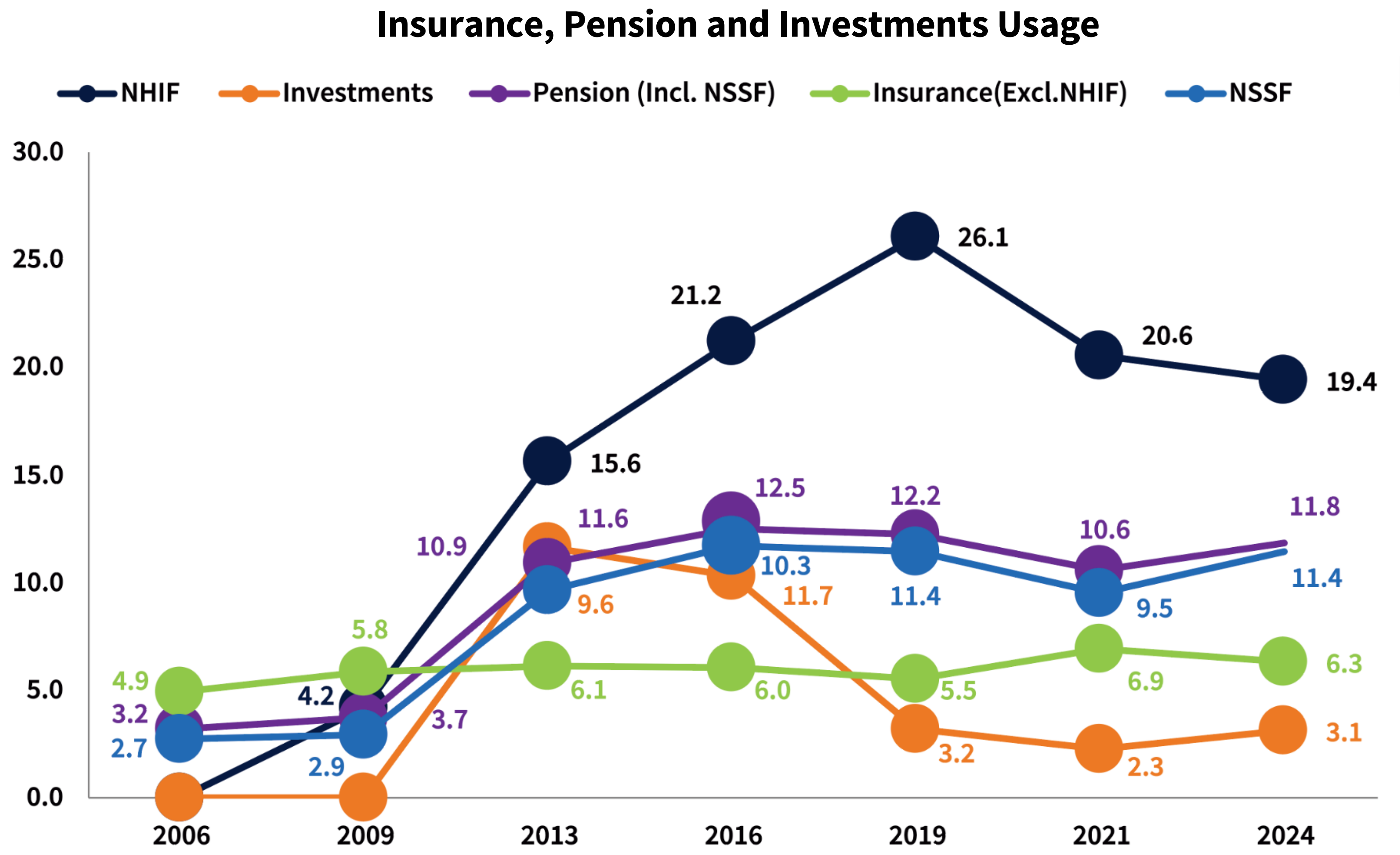


- Traditional bank (brick & mortar)Usage increased in 2024 but mobile bank declined across all demographics

Traditional versus Mobile Bank Usage Over time by Demographics

- Investment in securities recorded improvement, reflecting impact of digital innovations such Dhow CSD and Dosikaa, and better returns in the market

  Increase in NSSF uptake reflect lifting of court injunction on the NSSF Act 2013 implementation
  Insurance and NHIF performance declined in 2024, decline in NHIF reflecting transition to SHIF



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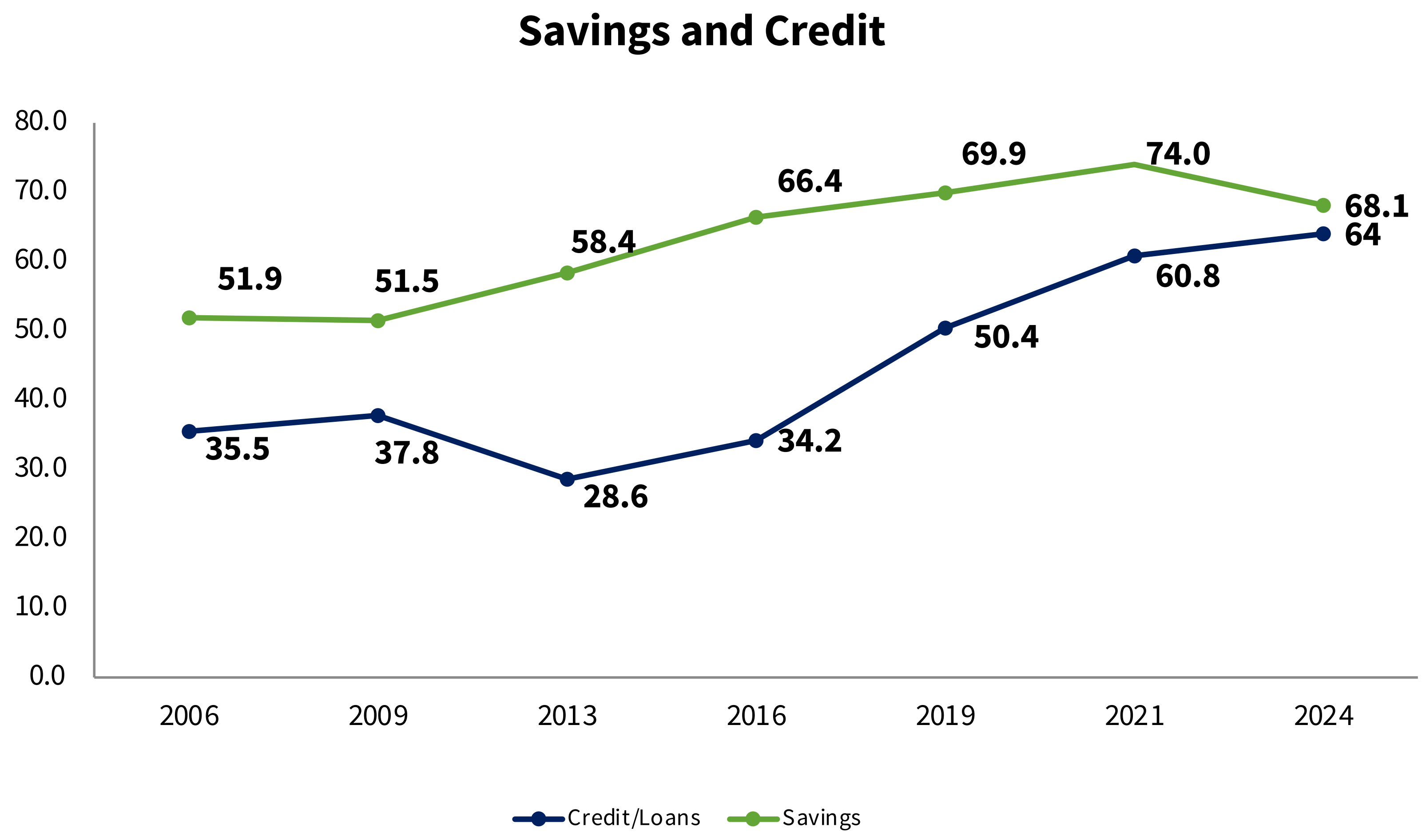
- Credit uptake maintained upward trajectory in 2024 on uptake of digital loans including hustler fund, BUT Savings declined, an indication that households focused more on day-to-day transactions.



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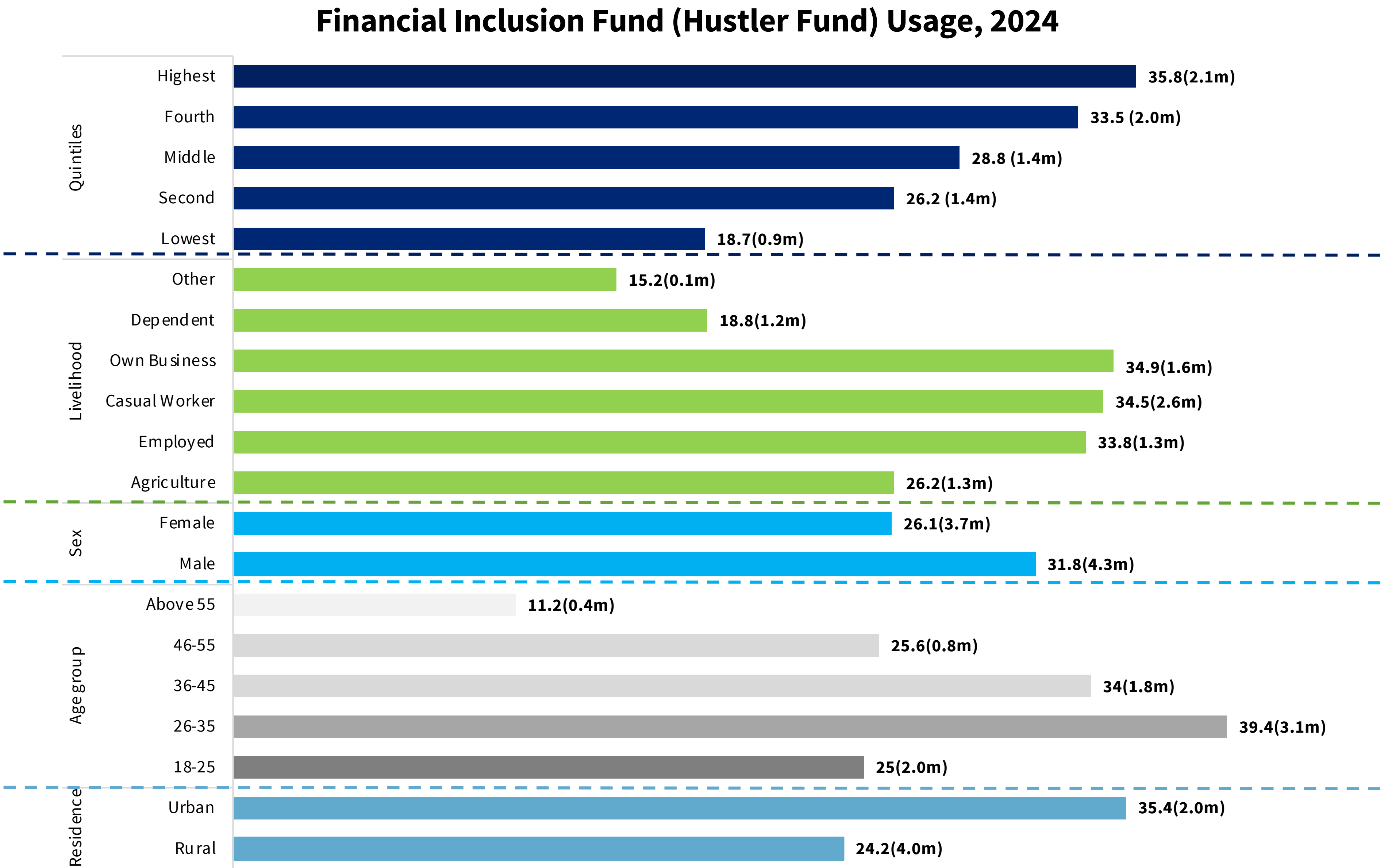
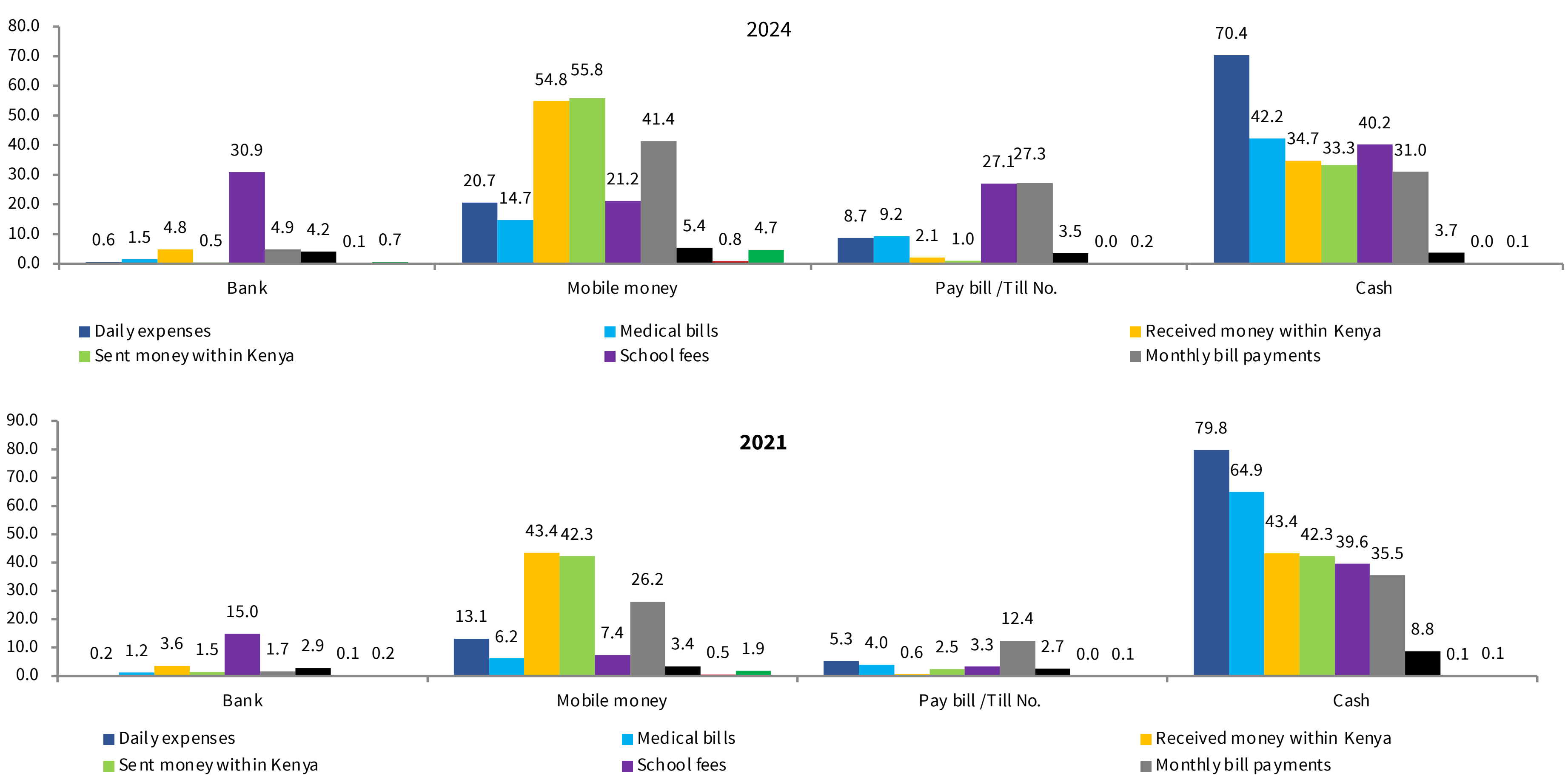
- Hustler Fund recorded a 28.9% (8.1 million) usage in 2024. Business people and casual workers dominated current usage



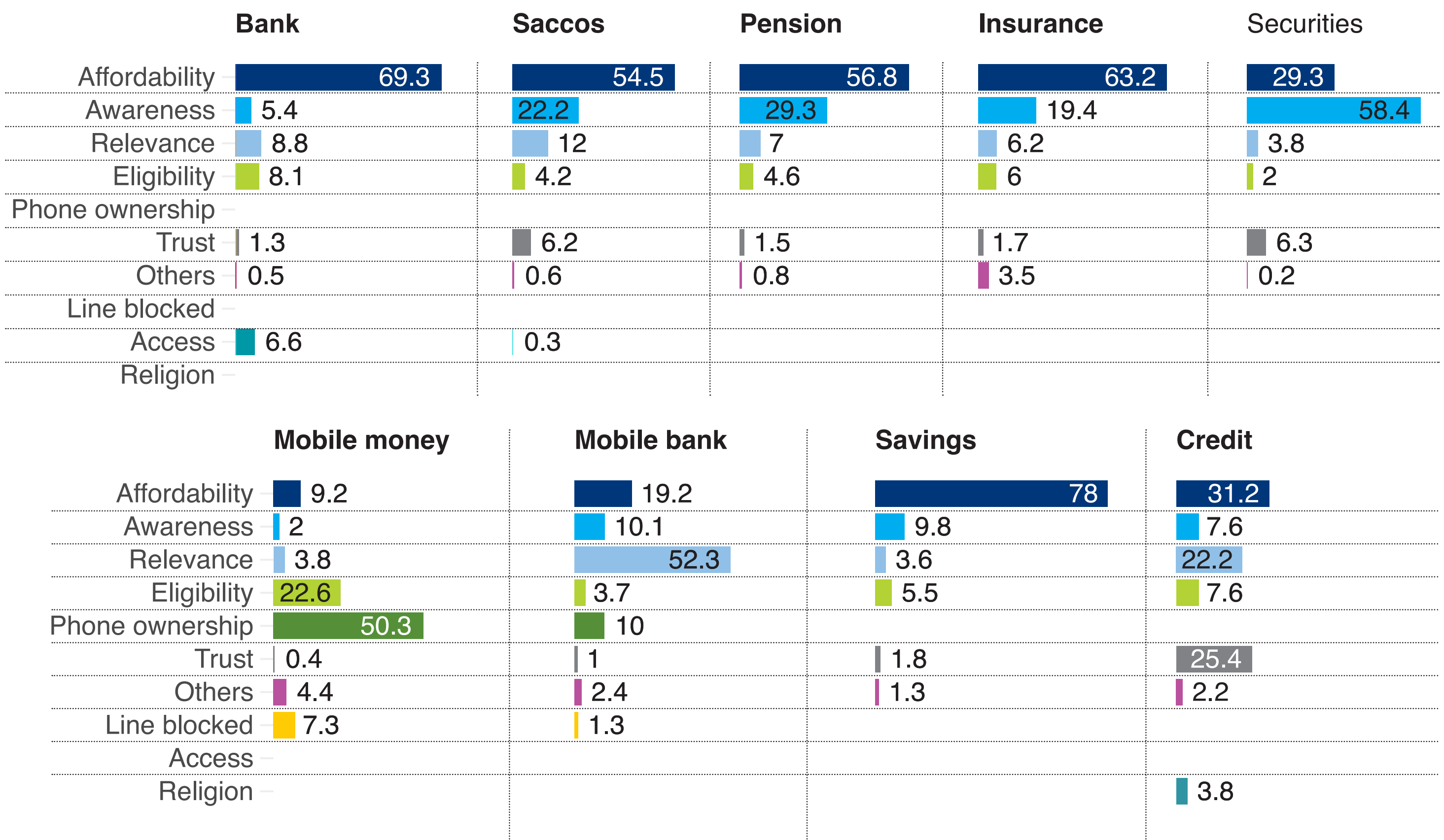
- Relative to 2021, most Kenyans used both cash and non-cash across all types of transactions in 2024.
- Exclusive use of cash declined across all types of transactions while mobile money increased in 2024.

Mode of payment for transaction settlement



- Affordability is the leading barrier to financial product usage, especially for savings (78.0%), banks (69.3%), and insurance (63.2%).
- Awareness gaps hinder securities (58.4%) and pensions (29.3%), while issues of relevance affect mobile banking (52.3%) and credit (22.2%).
- Phone ownership (50.3%) and eligibility (22.6%) emerged as the main barriers for mobile money usage.

Barriers to financial services adoption



Quality Dimension

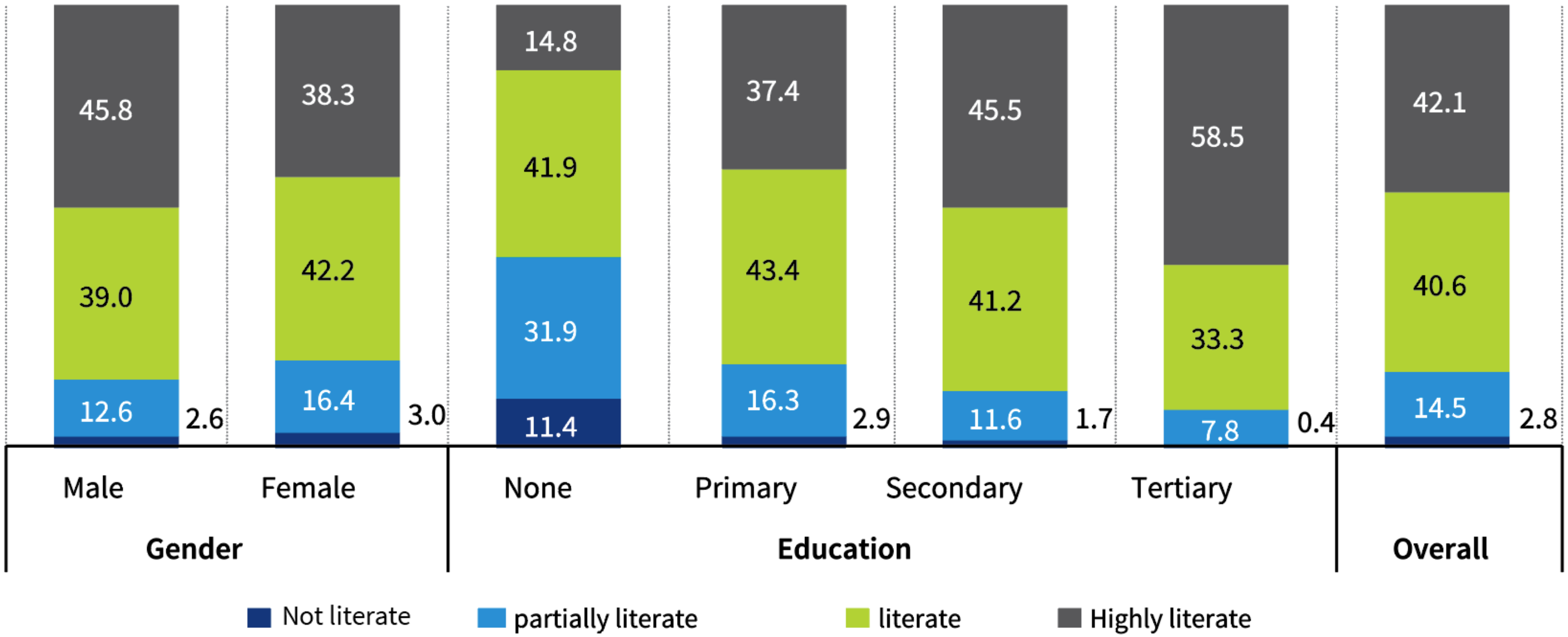
Enhancing the Quality of Financial Services and Products Over time

Theme: "Addressing quality concerns in the era of financial digitalisation and misinformation"

- The objective is to measure whether the financial products and services match clients' needs, the range of options available to customers, and clients' awareness and understanding of financial products by focussing on financial literacy and consumer protection concerns.

Financial Literacy Measurement

Measured against three components of financial literacy (Interest rate computation, changes in purchasing power (Inflation) and risk diversification in investment) 42.1 percent of the adult population were found to be highly financially literate, 40.6 percent were financially literate while 14.5 percent were partially literate.



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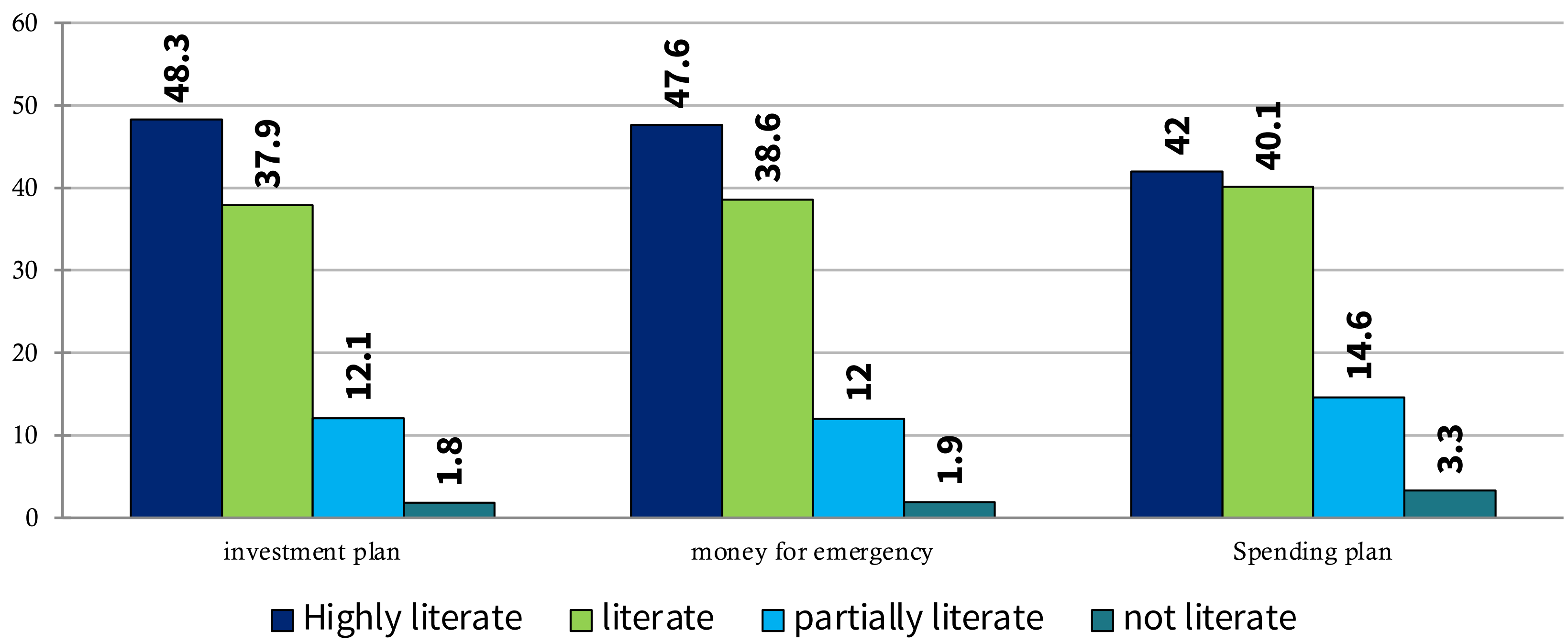
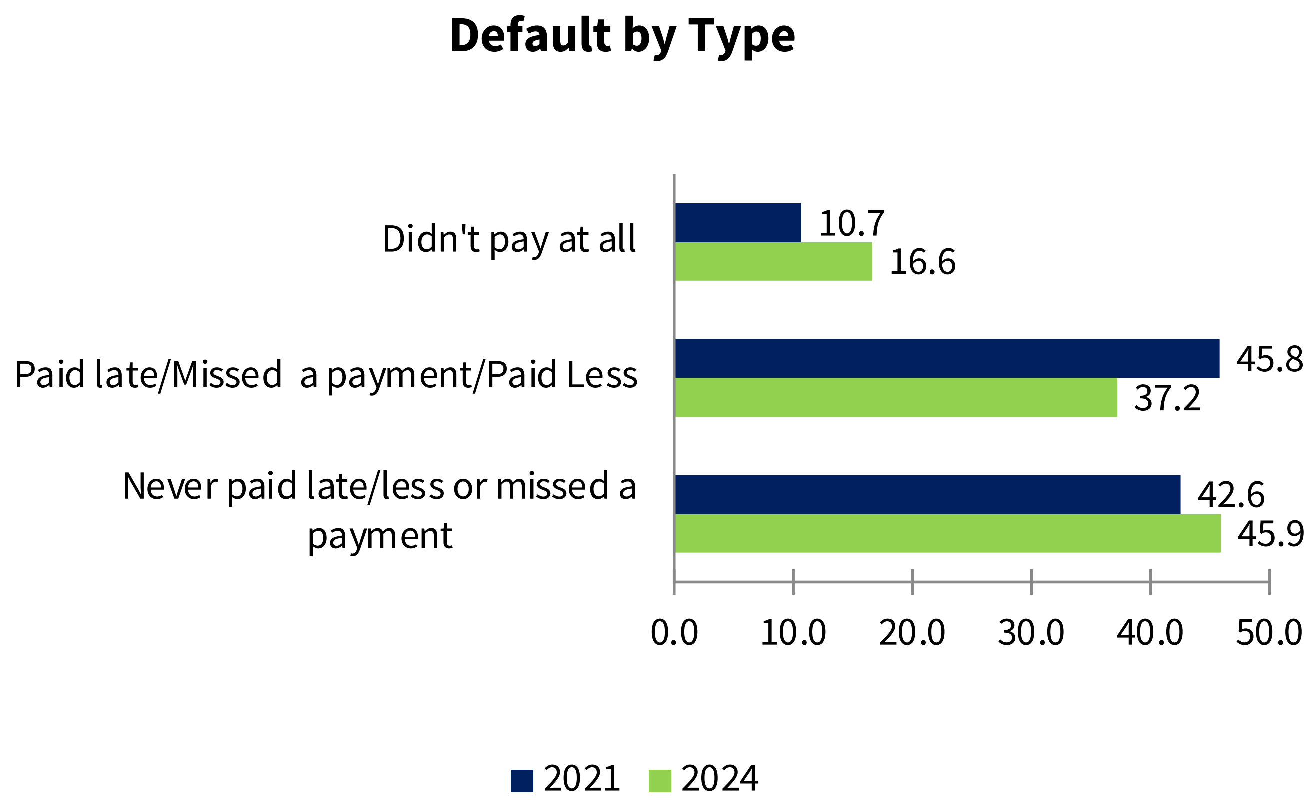
Capability Index

- Financially literate individuals were found to make better financial decisions compared to individuals who are not financially literate.

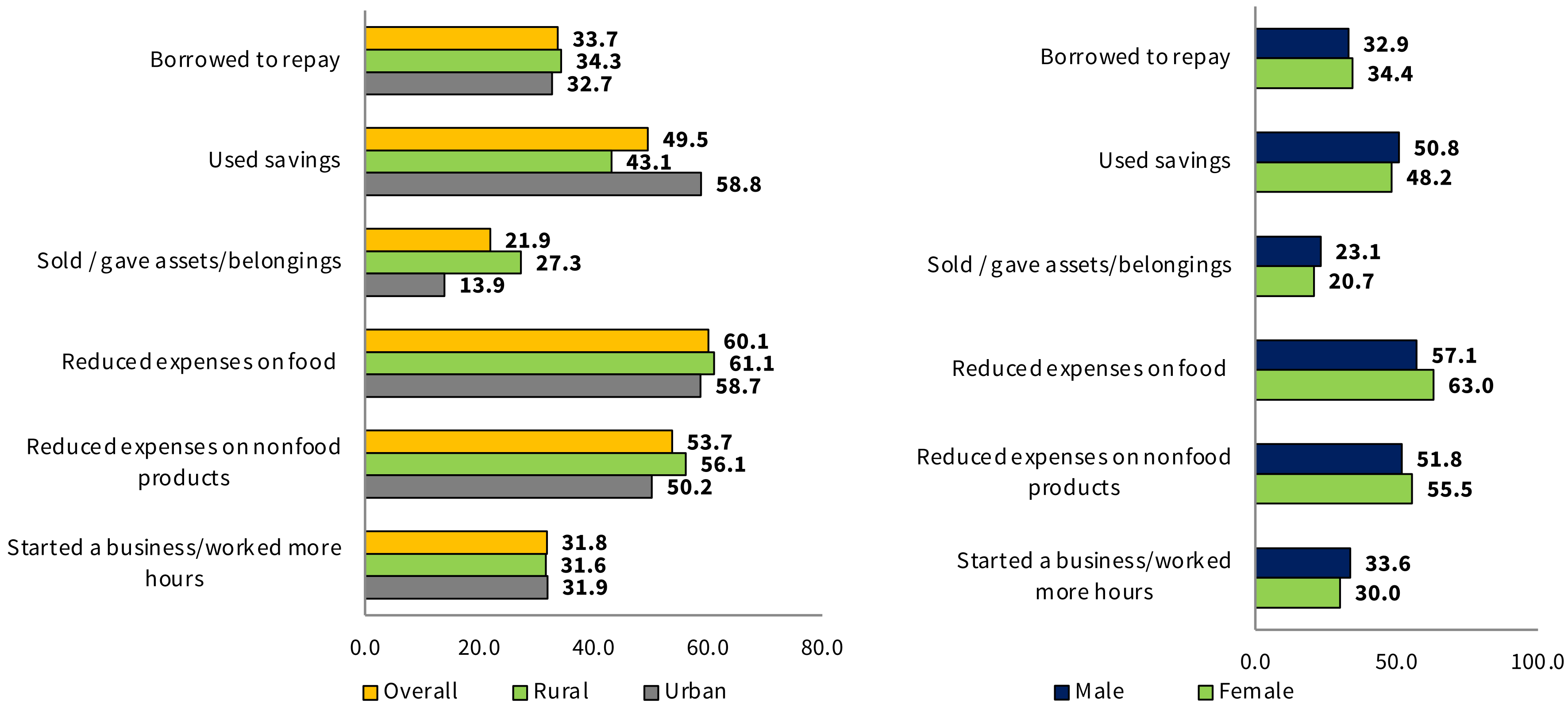


Debt distress is a major challenge affecting consumers in 2024, with 16.6 percent of borrowers completely defaulting (did not pay at all) on their loans compared to 10.7% in 2021.



Indebted households were forced to either cut down on other expenses (food and non-food), ran down savings, look for additional work/business or take another loan to resolve their indebtedness in 2024

Strategies Employed to Repay Debt



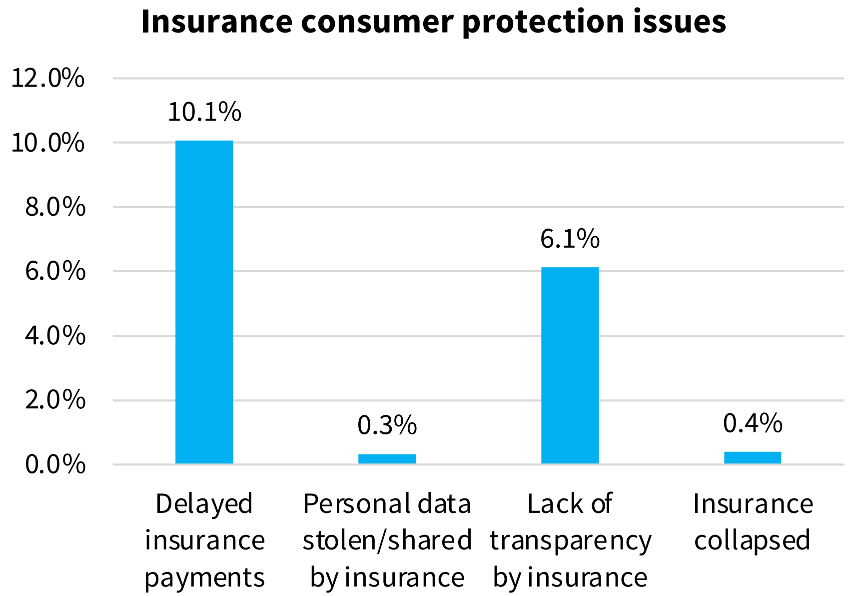
Consumer Protection in the Financial Sector

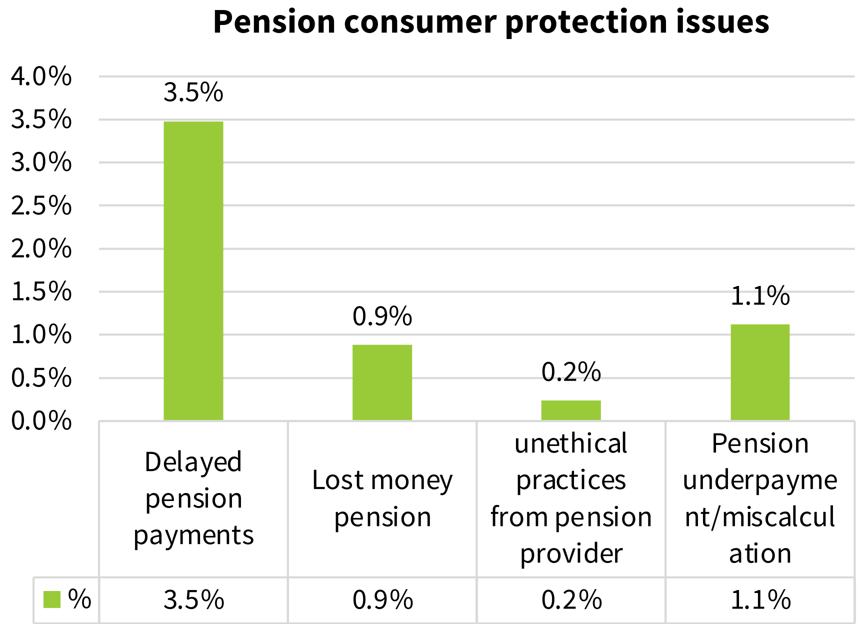
•System downtime is a major consumer issue among MFI users (47.8%), digital apps (22.5%), mobile money (21.1%), banks (11%) and hire purchase (10.3%).
•Unethical practices are also persistent among the digital credit providers (DCPs).

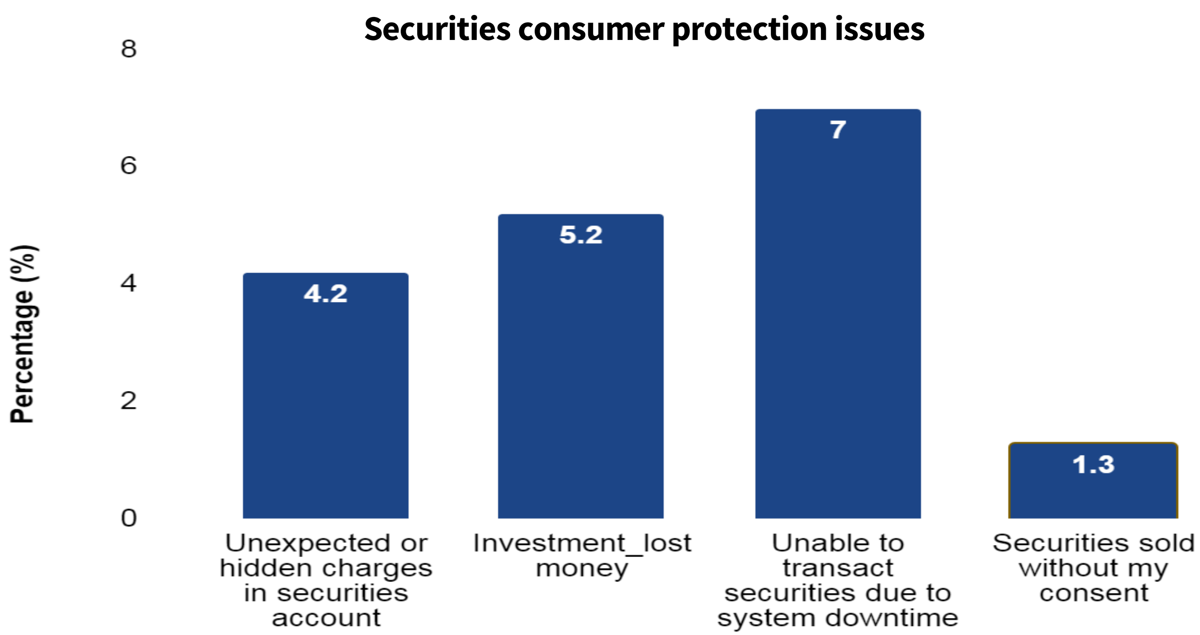
Issues by Service Providers (%)

Issues	Bank	Sacco	MFI Traditional	Digital Apps	Hire Purchase	Mobile Money	Mobile Bank	Securities
Unexpected or hidden charges account	4.6	4.9	49.4	22.3	9.5	3	1.9	2.8
Unethical Practices	1	1.5	62.7	34.9	15.6	N/A	1.5	0.6
System downtime	11	0.8	47.8	22.5	10.3	21.1	5.6	4.4
Money Lost	1.5	2.2	17.5	6.4	2.5	9.8	0.6	4.4

Service Provider


Insurance consumer protection issues
12.0%
10.0%
8.0%
6.0%
4.0%
2.0%
0.0%
10.1%
0.3%
6.1%
0.4%
Delayed insurance payments
Personal data stolen/shared by insurance
Lack of transparency by insurance
Insurance collapsed

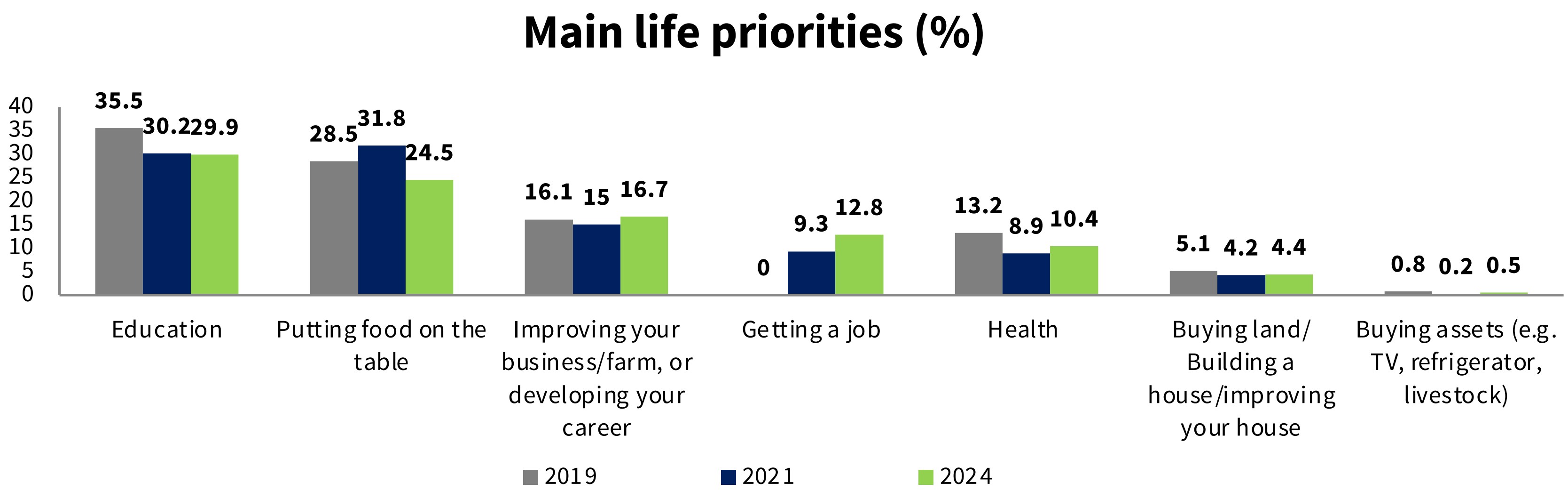

Pension consumer protection issues
4.0%
3.5%
3.0%
2.5%
2.0%
1.5%
1.0%
0.5%
0.0%
3.5%
0.9%
0.2%
1.1%
Delayed pension payments
Lost money pension
unethical practices from pension provider
Pension underpayment/miscalculation
%
3.5%
0.9%
0.2%
1.1%

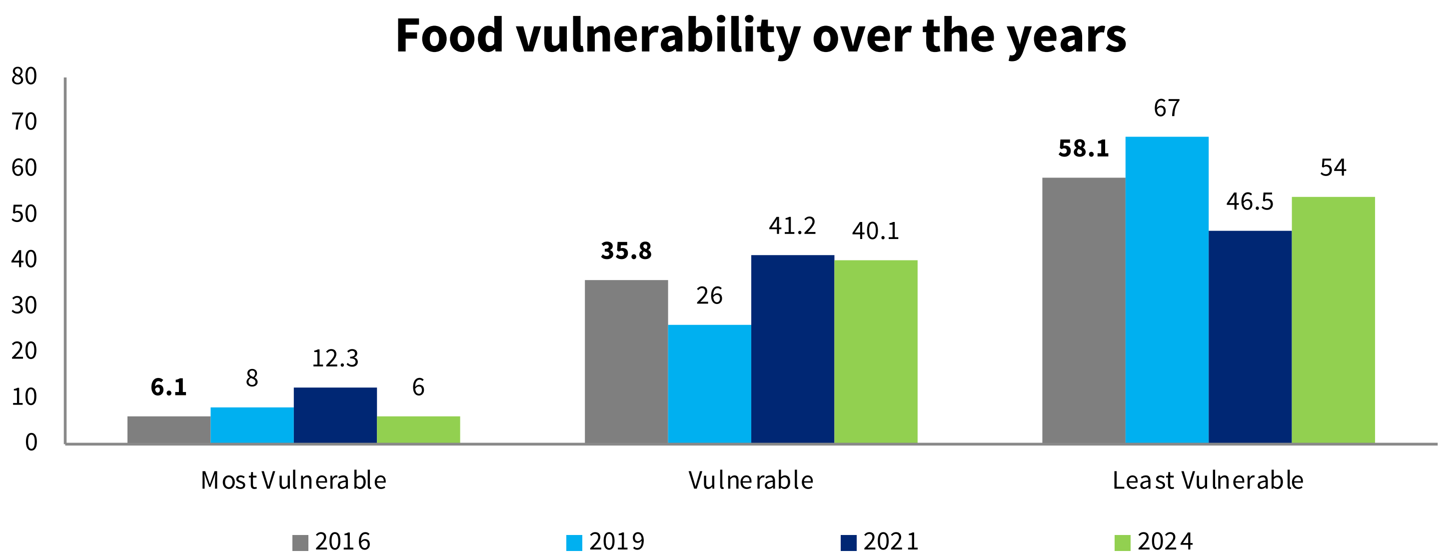

Securities consumer protection issues
Percentage (%)
8
6
4
2
0
4.2
5.2
7
1.3
Unexpected or hidden charges in securities account
Investment_lost money
Unable to transact securities due to system downtime
Securities sold without my consent

Impact Dimension

Dividends of Inclusive Finance for enhanced Sustainable Financial Health

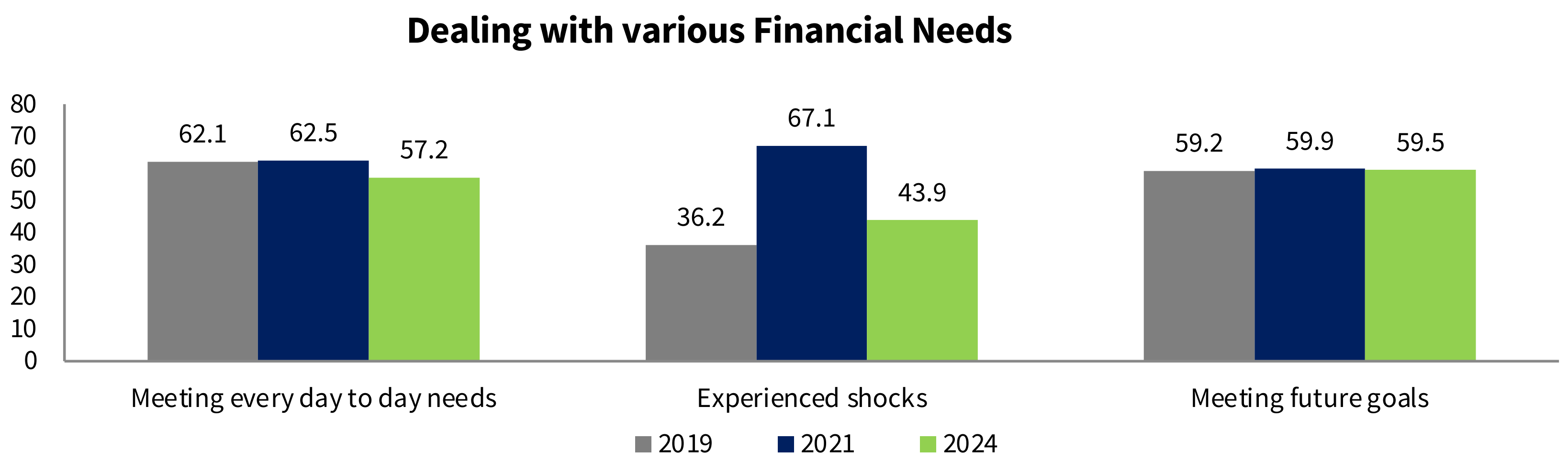
Education overtook putting food on the table as the main life priority for Kenyans. This could be partly explained by the decline in the overall food vulnerability in 2024

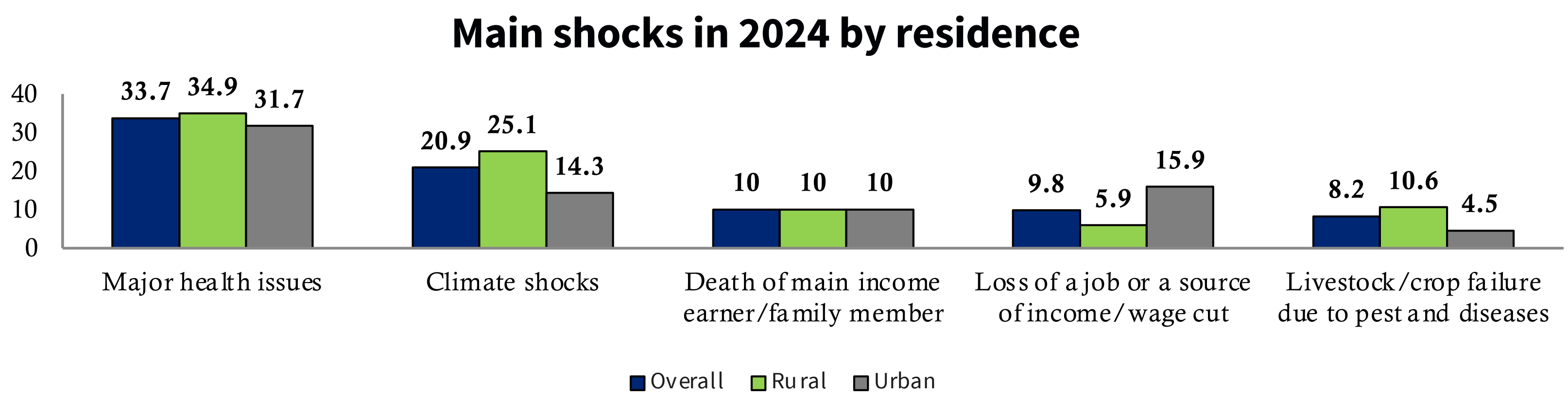




- Individuals are now better able to deal with liquidity challenges as they prioritize day to day needs over meeting future goals

- The population experiencing shocks decreased in 2024 from 67.1 in 2021 to 44.4. Health and loss of income were the main shocks





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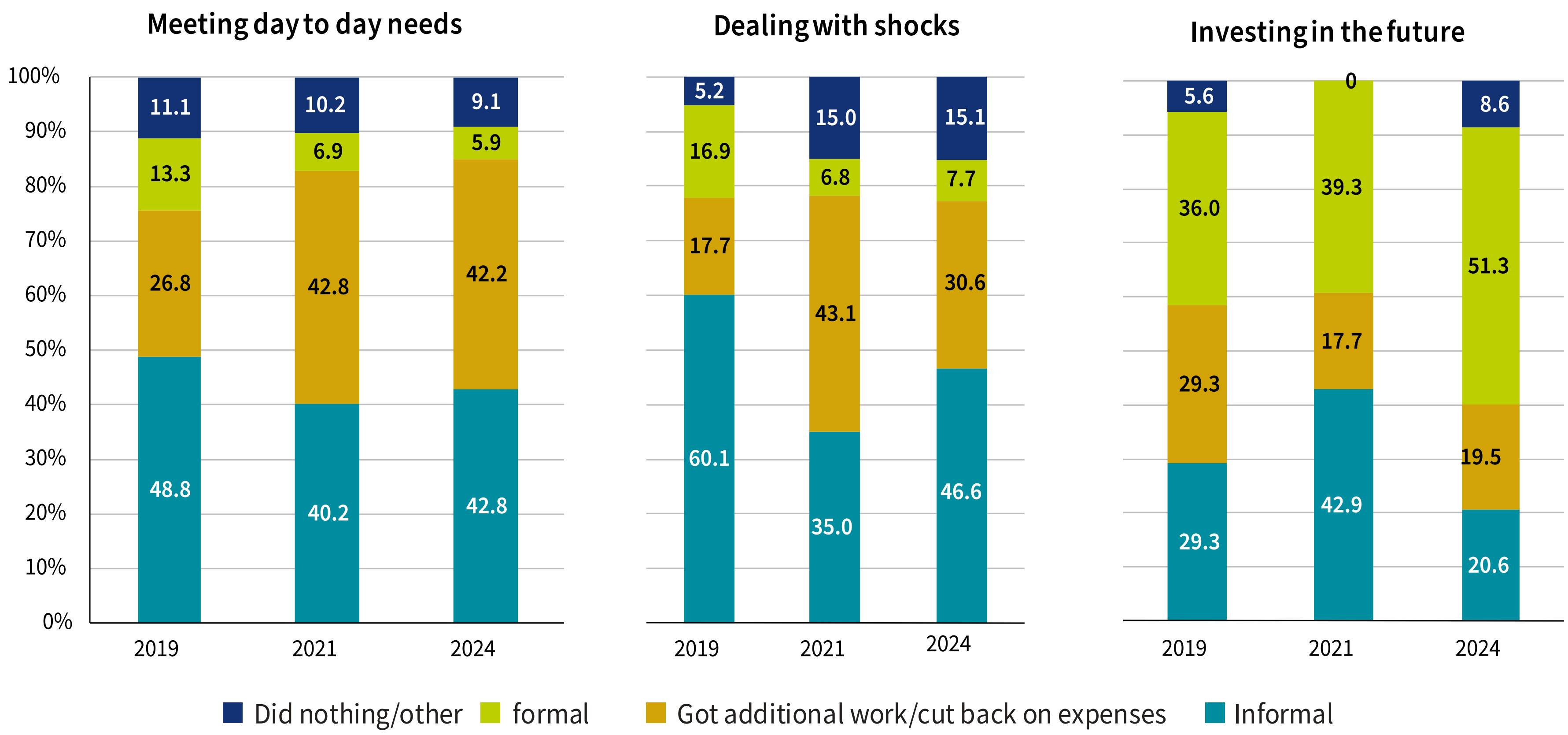
Reliance on informal financial solutions for meeting day to day needs and dealing with shocks increased in 2024, even as individuals took up additional jobs towards investing in the future.



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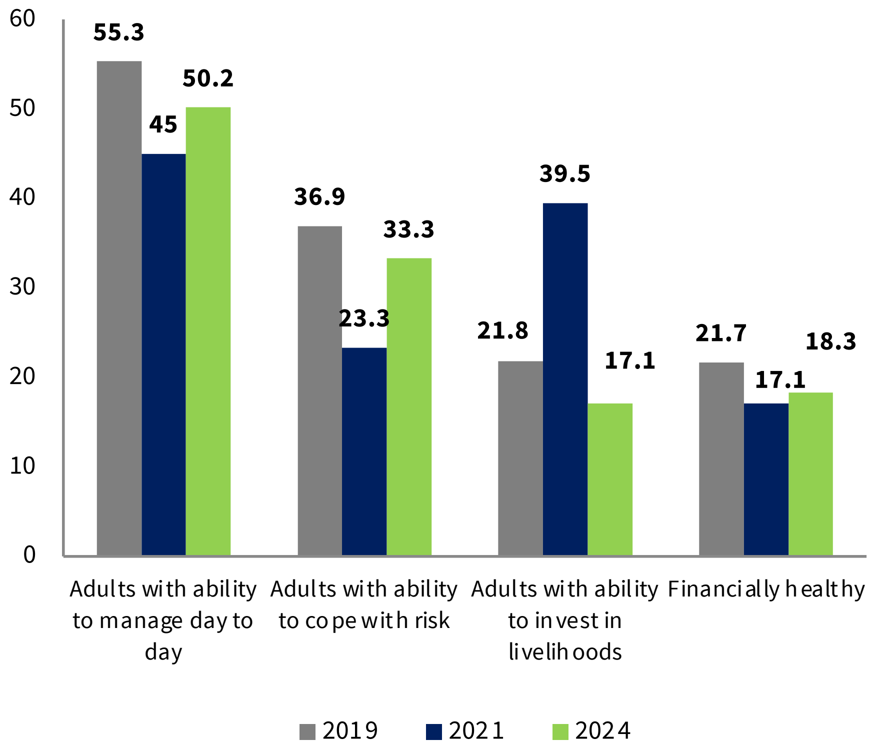
- Financial health index improved to 18.3 percent in 2024, from 17.1 % in 2021. Ability to manage day to day needs and coping with risks increased while the ability to invest in the future has declined in 2024.

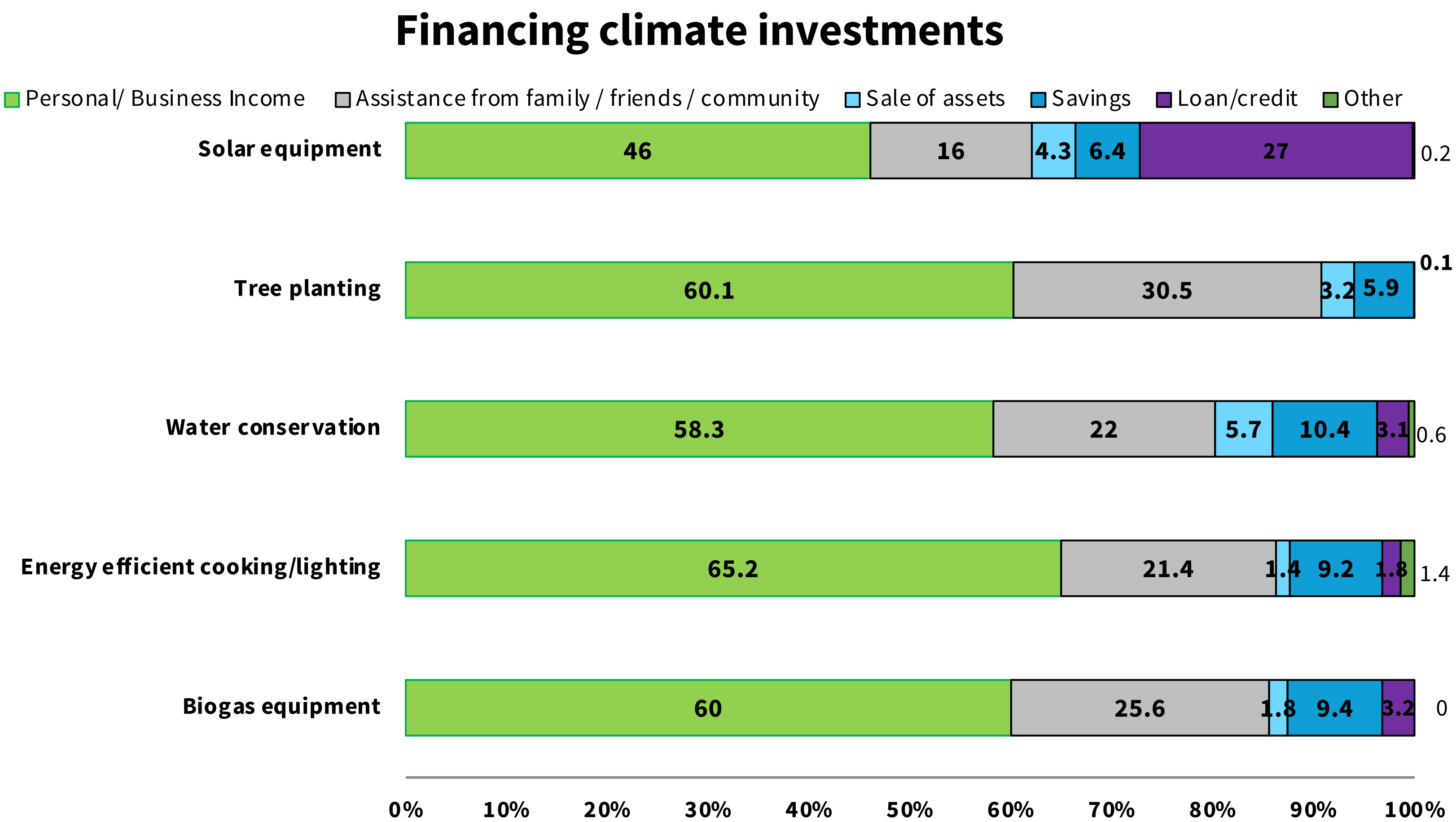
Financial Health Index (%)



	2016	2019	2021	2024
Ability to manage day to day	**63**	**55.3**	**45.0**	**50.2**
Manage: no trouble making money last	41.8	28	28.9	**42.6**
Manage: plan for allocating money	73.5	62.3	62.2	**57.1**
Manage: never went without food	58.1	66.6	46.5	**53.9**
Ability to cope with risks	**52.4**	**36.9**	**23.3**	**33.3**
Risk: never went without medicine	64.6	64.1	45.8	**56.3**
Risk: could raise lumpsum in 3 days	36.8	19.5	21.6	**24.9**
Risk: kept money aside for future	56.4	41.4	35	**33.2**
Ability to invest in livelihoods and the future	**46.5**	**21.8**	**39.5**	**17.1**
Invest: set money aside for future	55.7	33.4	38.1	**43.8**
Invest:money aside for productivity	39.6	17.4	32.4	**14.4**
Invest: saving for old age	43.7	22.5	58.1	**15.1**
Financially healthy adults	**39.4**	**21.7**	**17.1**	**18.3**

Investment in Green Products

- Investment in green averaged 34.95, with solar-powered equipment and tree planting at 18.8%, respectively.
- Green investment mainly funded from personal/ business income and social networks

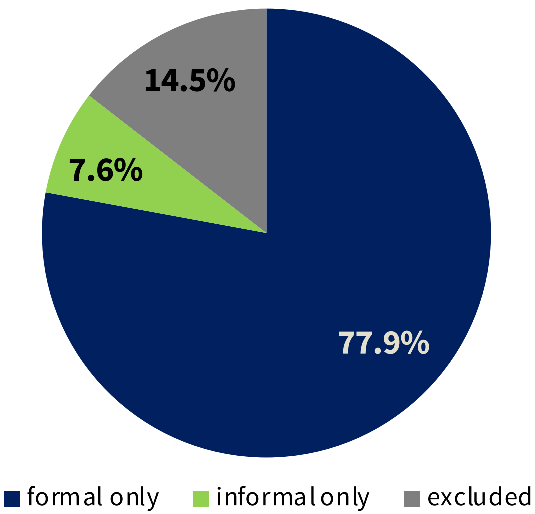


finaccess

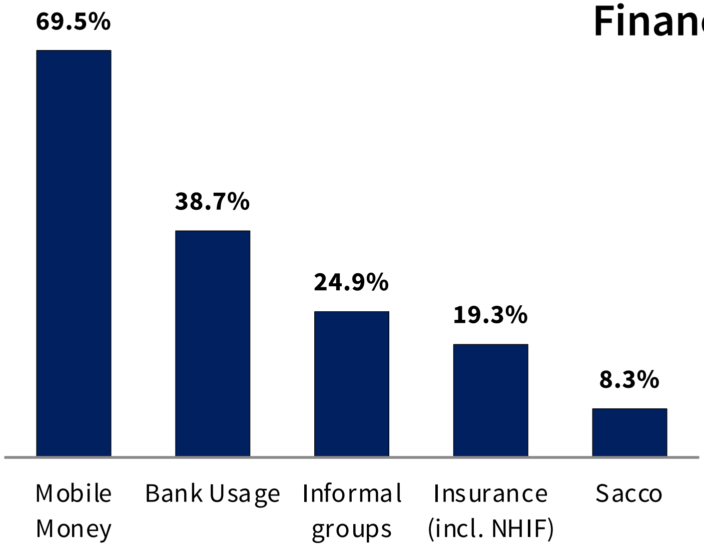
Financial Inclusion for PWDs

- Financial inclusion for persons with disabilities (PWDs) averaged 77.9 percent which is lower than 84.8 percent national average.
- Mobile money usage among PWDs averaged 69.5%
- Only 7 percent of PWDs were found to be financially healthy.

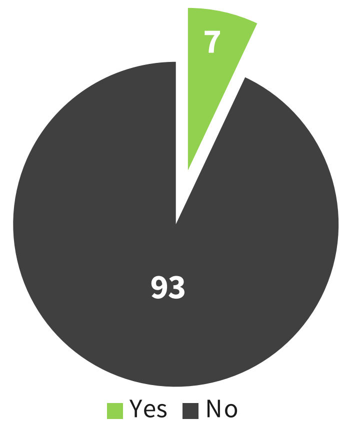
PWD s Formal Inclusion 2024



PWDs Usage 2024



Financial Health among PWDs



Conclusions

- Traditional Bank usage increase reflects bank networks, government social transfers and investment in government securities.
- Persistent exclusion rate, though declining, calls for policy attention
- Youths in rural areas most excluded, citing to lack of identification documents.
- Mobile money remains a key driver of financial inclusion in Kenya, though declining.
- Affordability, awareness and eligibility are key barriers of access and usage of financial services, hence need for appropriate measures
- Gaps in financial literacy are evident, yet critical for financial capability.
- Financial inclusion for Persons With Disabilities (PWDs) lags below the national average.

Thank You!