



FinScope Consumer Survey Highlights

Demand for
financial services



Togo 2016

Partnering for a common purpose

Making Access Possible (MAP) is a diagnostic and programmatic framework to support expanding access to financial services for individuals and micro- and small- businesses. The MAP methodology and process has been developed jointly by the United Nations Capital Development Fund (UNCDF), FinMark Trust and Cenfri to foster inclusive financial sector growth. At country level, the core MAP partners collaborate with Government, other key stakeholders and donors to ensure an inclusive and holistic process.

Making Access Possible (MAP) is aimed at developing a programmatic framework for inclusive finance in Togo. It is the result of a partnership between by UNCDF, United Nations Development Programme (UNDP), the European Union (EU), FinMark Trust, Cenfri, the Ministry of the Grassroots Development, Handicrafts, Youth and Youth employment (DBAJEJ), the Ministry of Economy and Finances (MEF), the Ministry of Social affairs, Women promotion and Literacy (MASPFA), the Ministry of Trade, Industry and Private sector and Tourism Promotion

(MCIPSPT), the Ministry of Agriculture, Livestocks and Hydraulic (MAEH), the Central Bank of Western African Countries (BCEAO), the National Institute of Statistics and Economic and Demographic Studies (INSEED), the Consumer Association of Togo, the Professional Association of Decentralized Financial System (APSPD-TOGO)

The FinScope survey is dynamic and the content is evaluated by a number of stakeholders including the private sector, NGOs and Government to ensure that the most relevant consumer data is collected.

Besides UNCDF, the FinScope process was financially supported by:

**Ministry of
the Grassroots
Development,
Handicrafts,
Youth and Youth
employment**

**Ministry of
Economy and
Finances**



*Empowered lives.
Resilient nations.*



The cover symbol

Through the MAP programme, we hope to effect real change at country level and see the impact of financial inclusion on broader national growth and development. The cover graphic features a rose and the currency symbol for Communauté Financière Africaine (BCEAO) of which Togo belongs.



Introduction

The Government of Togo recognises the role played by the financial sector in facilitating economic growth through enhanced access to financial services. In order to strengthen policies that will generate sustainable and inclusive growth and development, the Government of Togo is implementing the MAP programme to help identify and create a roadmap that ultimately secures the realisation of this vision.

The baseline survey will provide credible benchmarks on level of financial inclusion and guide targeted and focused financial inclusion strategies using empirical evidence. FinScope Togo will also act as a national good for use across private, public sectors, academic backgrounds in order to ensure the lives of the Togolese people are enhanced.

Published November 2016

Methodology

- The scope of the survey is the population aged 15 years and older (considered to be the adult population), estimated at 4.1 million out of a total population of 6.8 million in 2016 according to INSEED.
- A nationally representative individual-based sample at regional and urban/rural level
- Sampling frame and data weighting conducted by INSEED
- 5 197 face-to-face interviews conducted by INSEED (March-April 2016)

Survey objectives

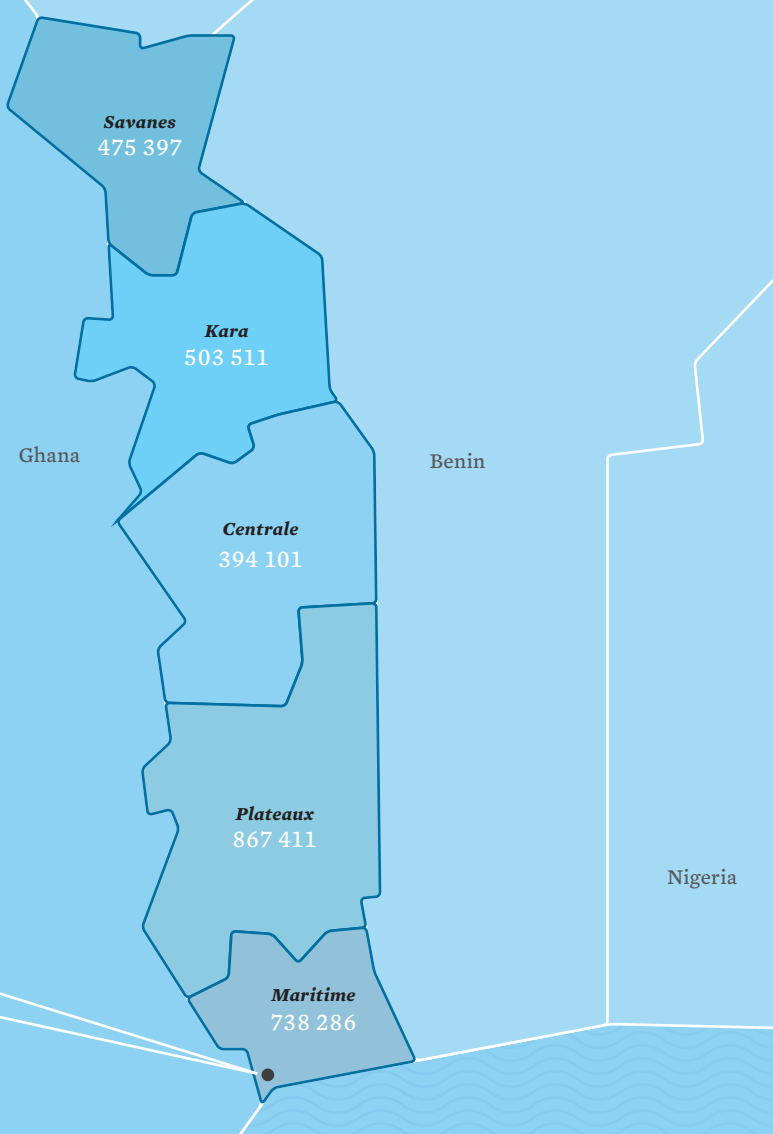
The objective of the FinScope survey on the demand for financial services in Togo was to understand the adult population in terms of:

- Livelihoods and how they generate their income
- Their needs and demands
- Their financial perceptions, attitudes, and behaviours
- Their demographic and geographic distribution
- Current levels of access to, and utilisation of, financial services and products

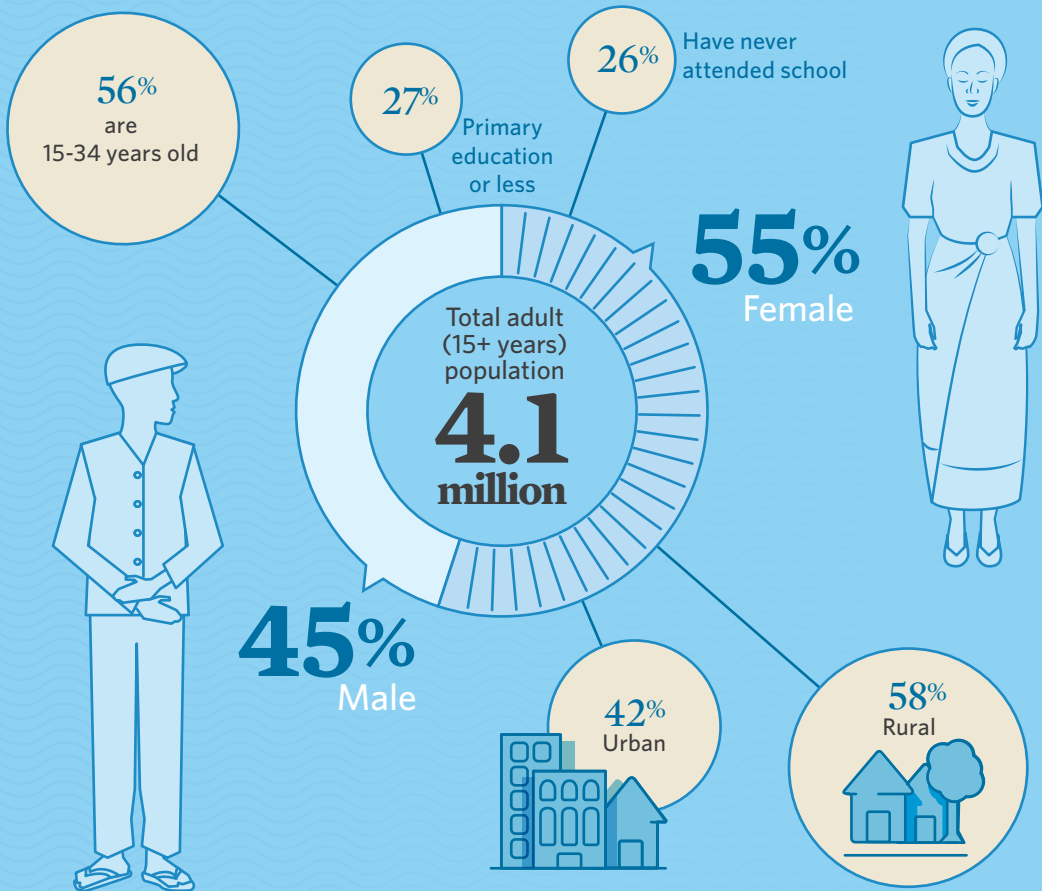
DISTRIBUTION OF THE
POPULATION OF 15 YEARS
AND ABOVE BY REGION

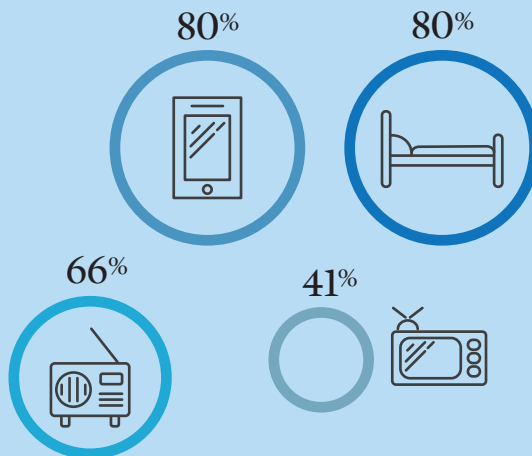
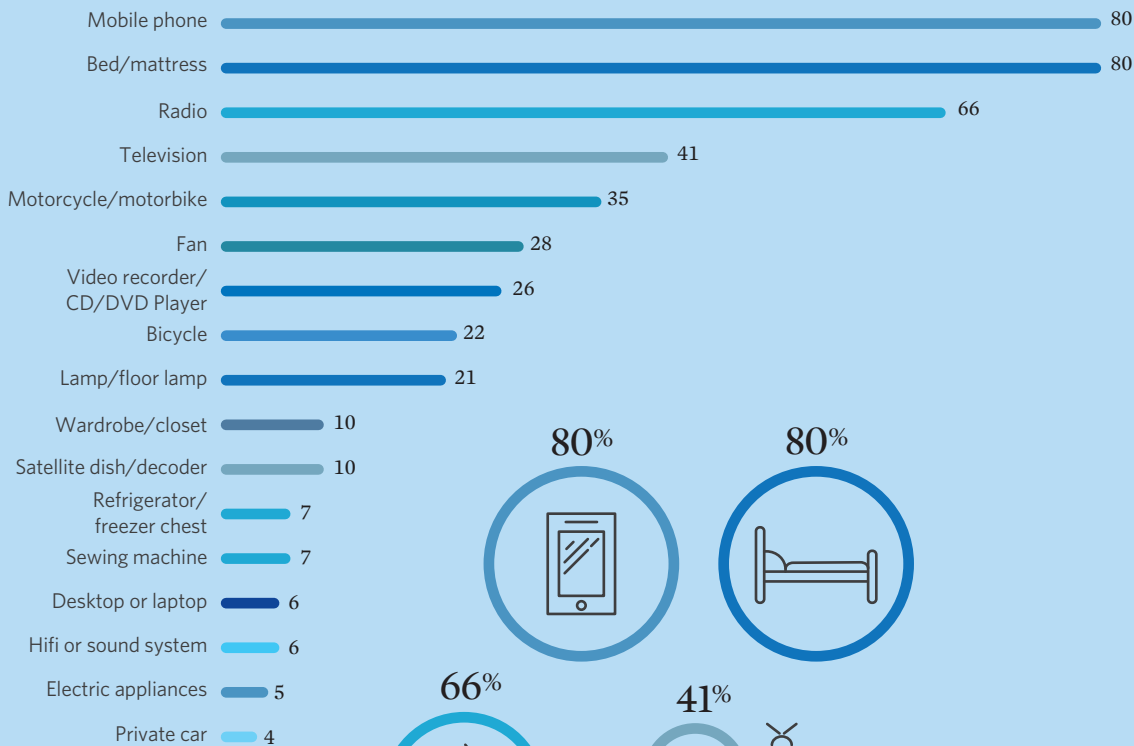
TOGO

TOTAL ADULT POPULATION
4 102 357

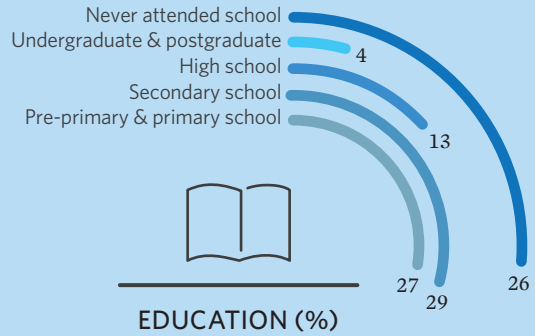
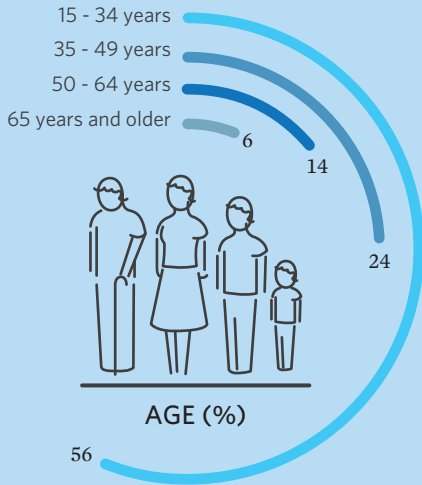


● CAPITAL CITY
Lomé
1 123 651



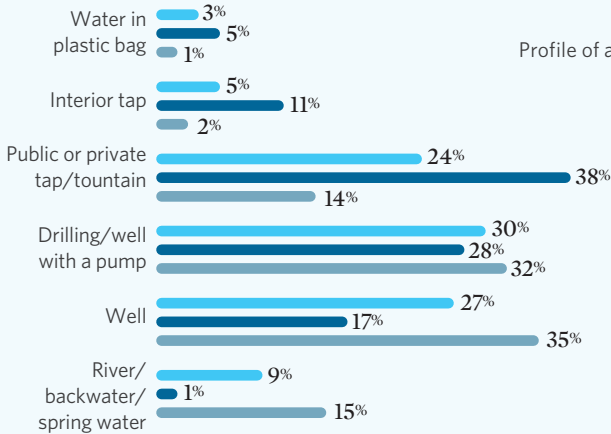


HOUSEHOLD OWNERSHIP
OF ASSETS (%)





Profile of adults from households with access to water



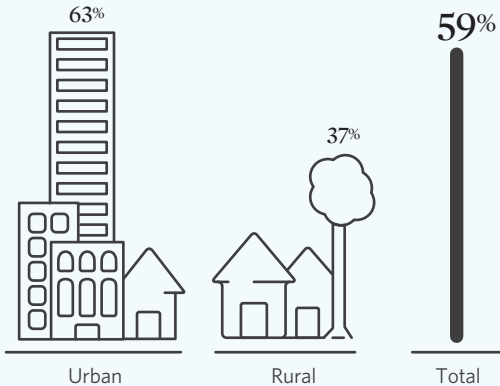
Total



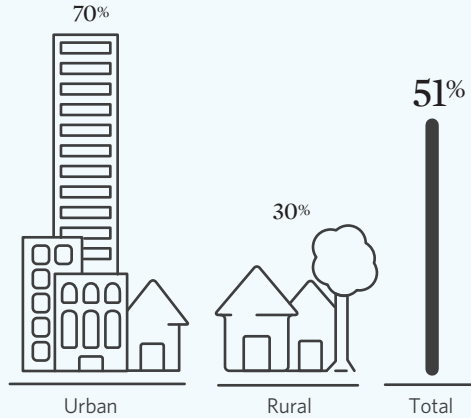
Urban



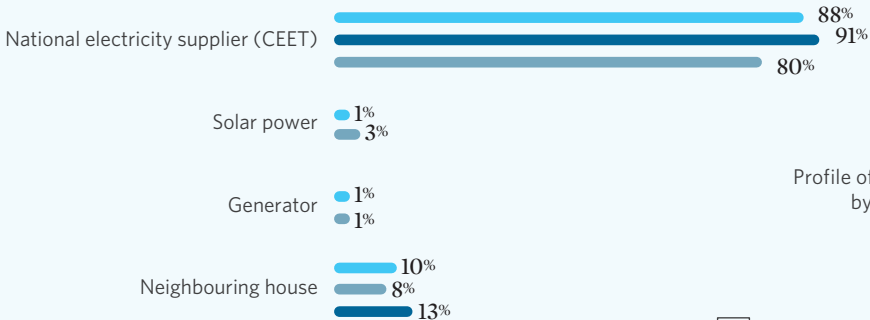
Rural



Profile of adults from households with access to toilet facilities



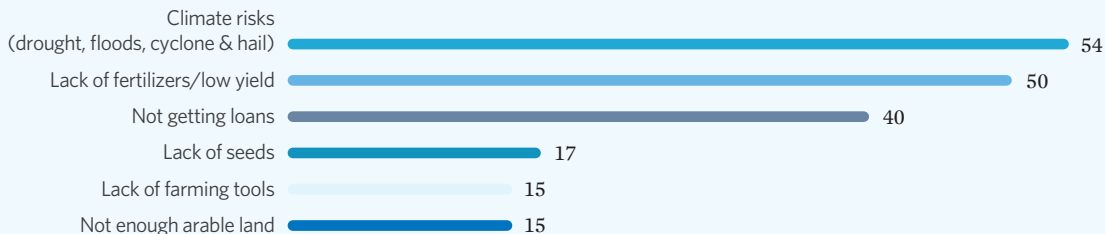
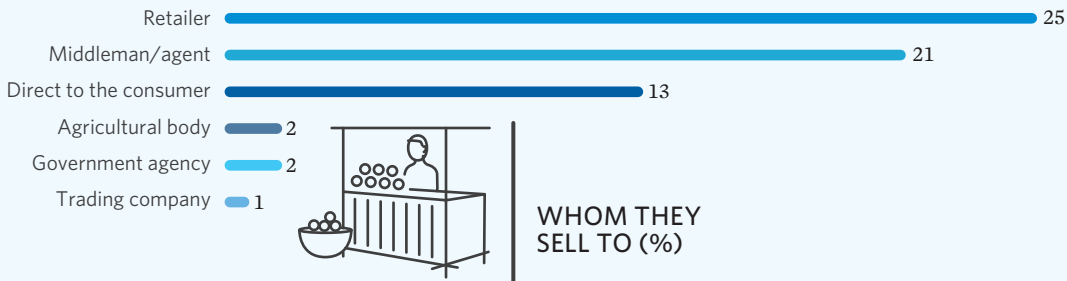
Profile of adults from households with electricity connection



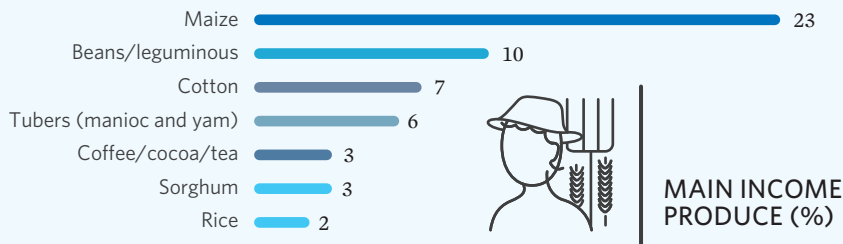
Profile of adults using electricity by source of supply



Agriculture



FARMING PROBLEMS EXPERIENCED (%)



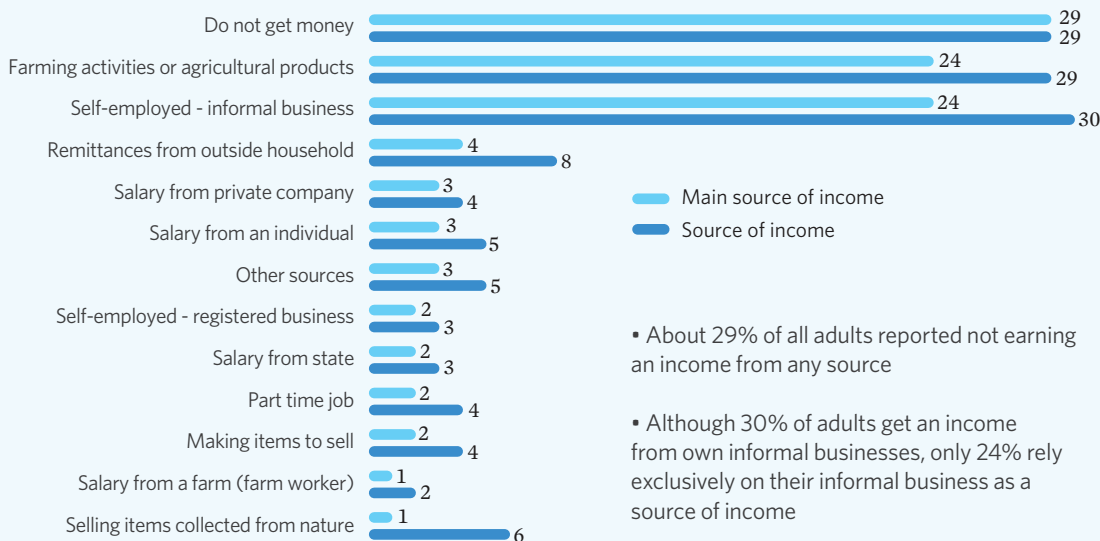
- Farming in Togo is important with 55% of households being involved in farming – split by region as Plateaux (30%), Maritime (21%), Savanes (19%),

Kara (17%) and Centrale (12%)

- About 32% of farmer households are subsistence and 66% both consume and sell their produce

- About 17% of farmers claim to have a title deed or official documentation to show that they own the land

Sources of income for Togolese adults



■ Main source of income
■ Source of income

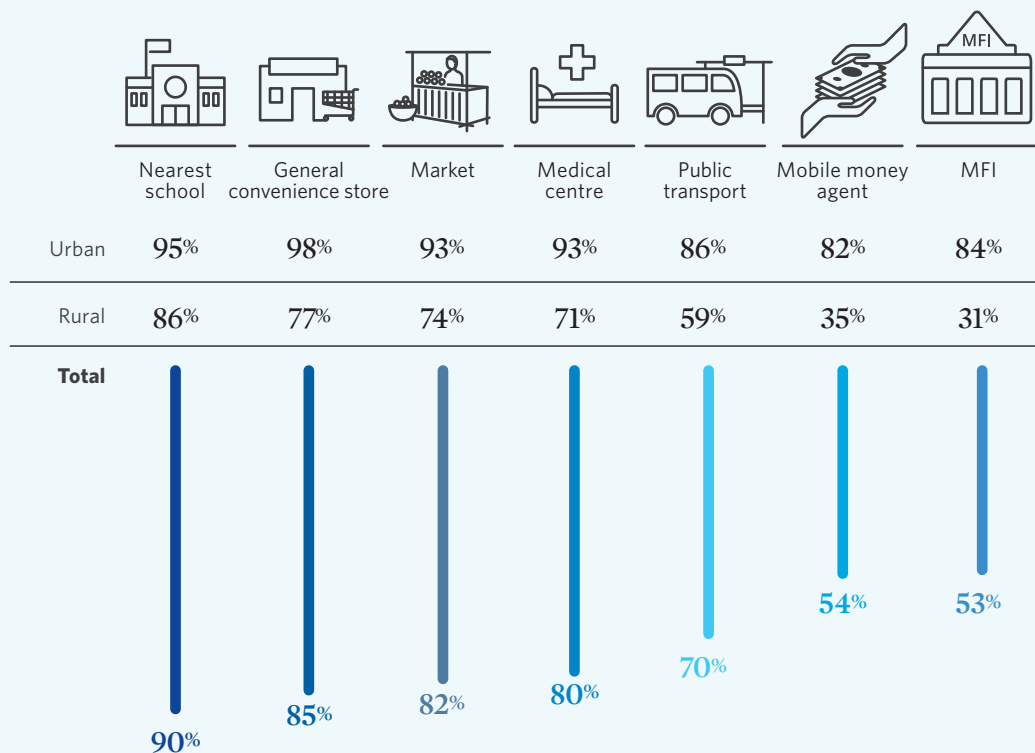
- About 29% of all adults reported not earning an income from any source

- Although 30% of adults get an income from own informal businesses, only 24% rely exclusively on their informal business as a source of income

- The leading main sources of income in Togo are farming related activities (24%), informal business (24%) and remittances (4%)

INCOME SOURCES MOST RELIED ON (%)

Percentage of adults who access the point within 30 minutes or less





Work place

Bank branch

ATM

55%

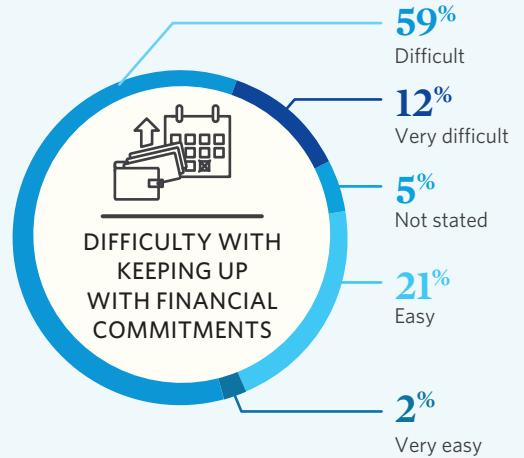
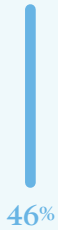
75%

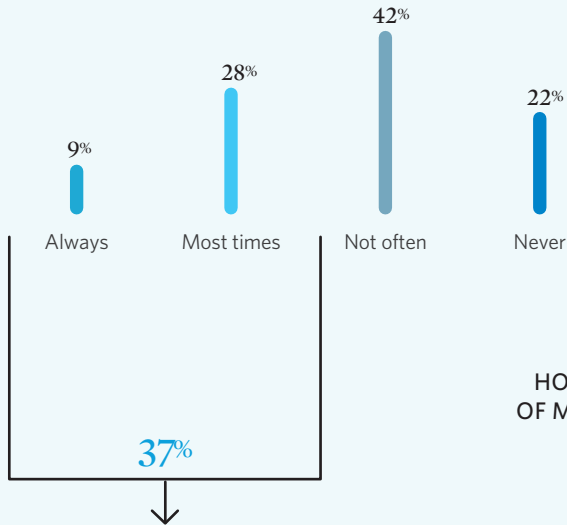
66%

42%

12%

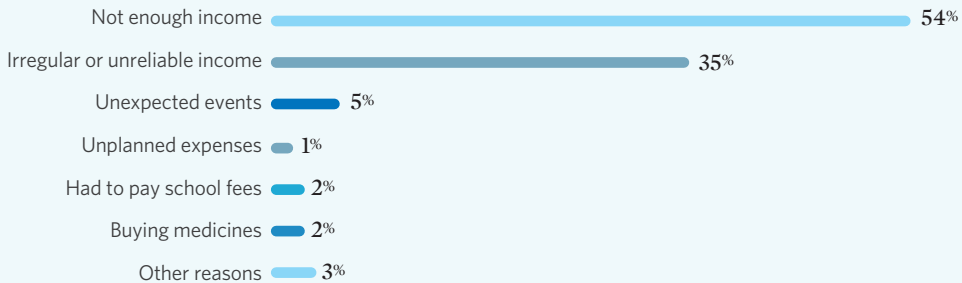
11%

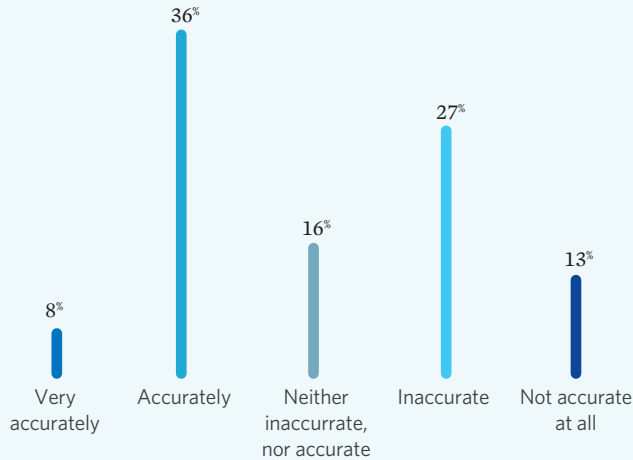




HOW OFTEN DO YOU RUN OUT OF MONEY FOR FOOD AND OTHER IMPORTANT THINGS?

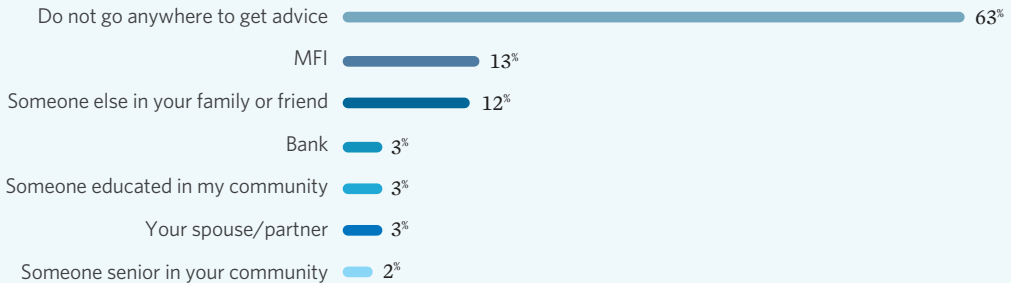
Reasons for running out of money



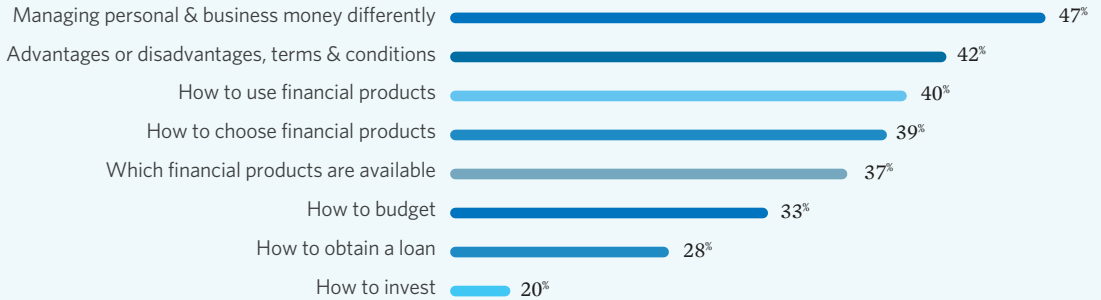


HOW ACCURATELY
CAN YOU CALCULATE
HOW MUCH YOU SPENT?

Where do you usually go to get financial advice?

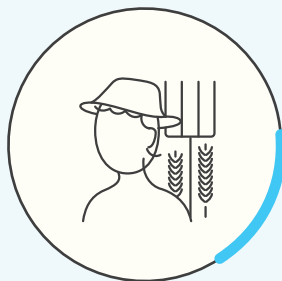


Desired financial education

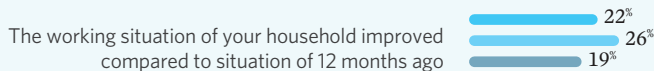
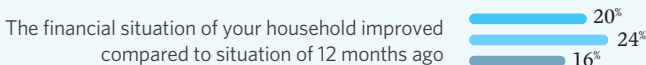
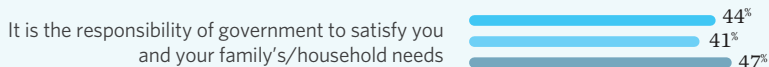


A good **53%** of adults felt they needed more information about managing money

Togolese adults are upbeat about the outlook on life as most expect life to take a positive turn in the coming 2 years



About **17%** of farming households agreed that their financial situation has improved in the past 12 months



Total

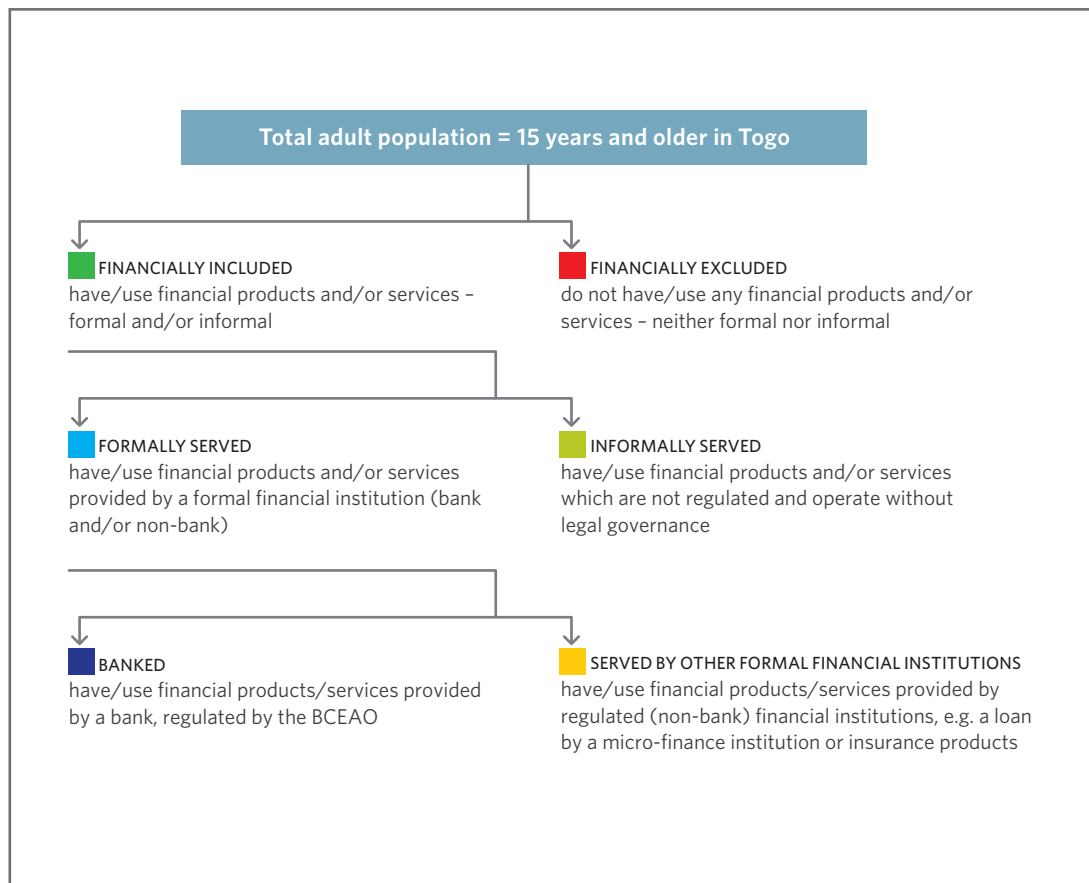


Urban

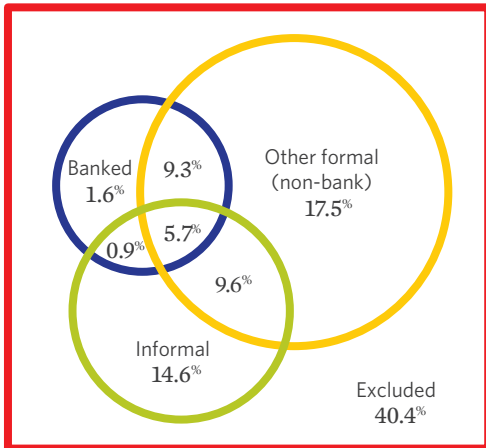


Rural

Defining financial inclusion by category



'Formal' is a category classifying products or services as regulated or supervised by a formal institution or any other formal regulator/agency. This is also synonymous to 'other formal' or 'other formal (non-bank)' to differentiate it from the banked which are mostly commercial and development banks.

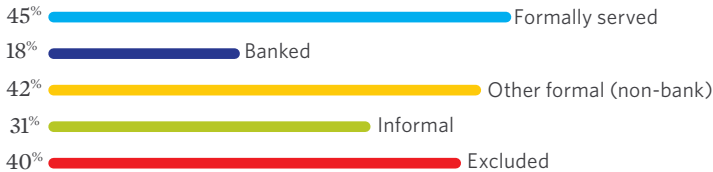


Note: Due to rounding off numbers of 'Banked' and 'Other formal (non-bank)' the 'Excluded' population is 40.4%

Overlaps

"Consumers generally use a combination of financial products and services to meet their financial needs"

- 2% of adults rely exclusively on banking services yet 18% rely exclusively on other formal mechanisms
- 26% use a combination of banked, and/or other formal (non-bank) and/or informal mechanisms to manage their financial needs, thus indicating that their needs are not fully met by the formal sector alone
- 15% of the adult population ONLY rely on informal mechanisms such as informal savings and credit groups to save or borrow money or cover risk



- 45% of adults are formally served, including both banked and other formal (non-bank) products/services

- 18% of adults are banked
- 42% of adults have/use other formal (non-bank) products/services

- 31% of adults have/use informal mechanisms for managing their finances
- 40% of adults are financially excluded

Overall Financial Access Strand

In constructing this strand, the overlaps in financial product/services usage are removed, resulting in the following segments:

- Financially excluded adults, i.e. they do not use any financial products/services - neither

formal nor informal - to manage their financial lives (40%)

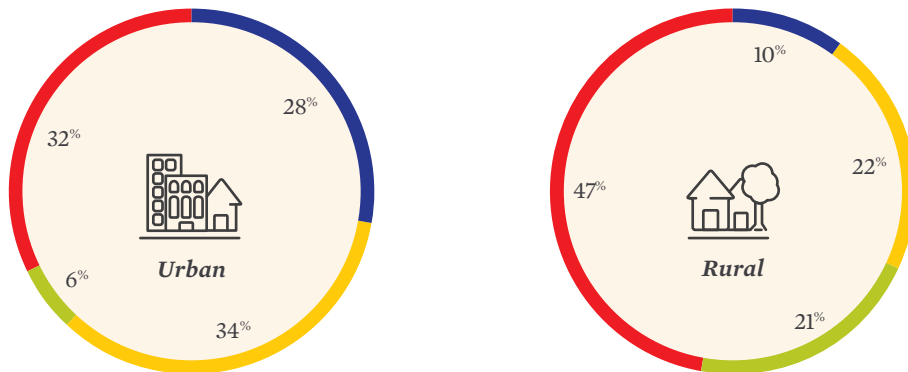
- Adults who have/use informal mechanisms only but no formal products/services (15%)
- Adults who have/use other formal (non-bank) products/

services but NO commercial bank products (27%) - they might also have/use informal mechanisms

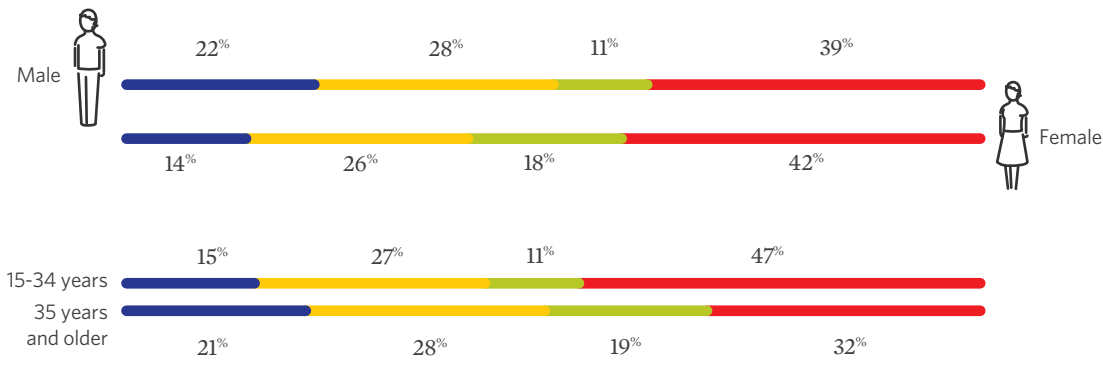
- Adults who have/use commercial bank products/services (18%) - they might also have/use other formal (non-bank) and/or informal mechanisms

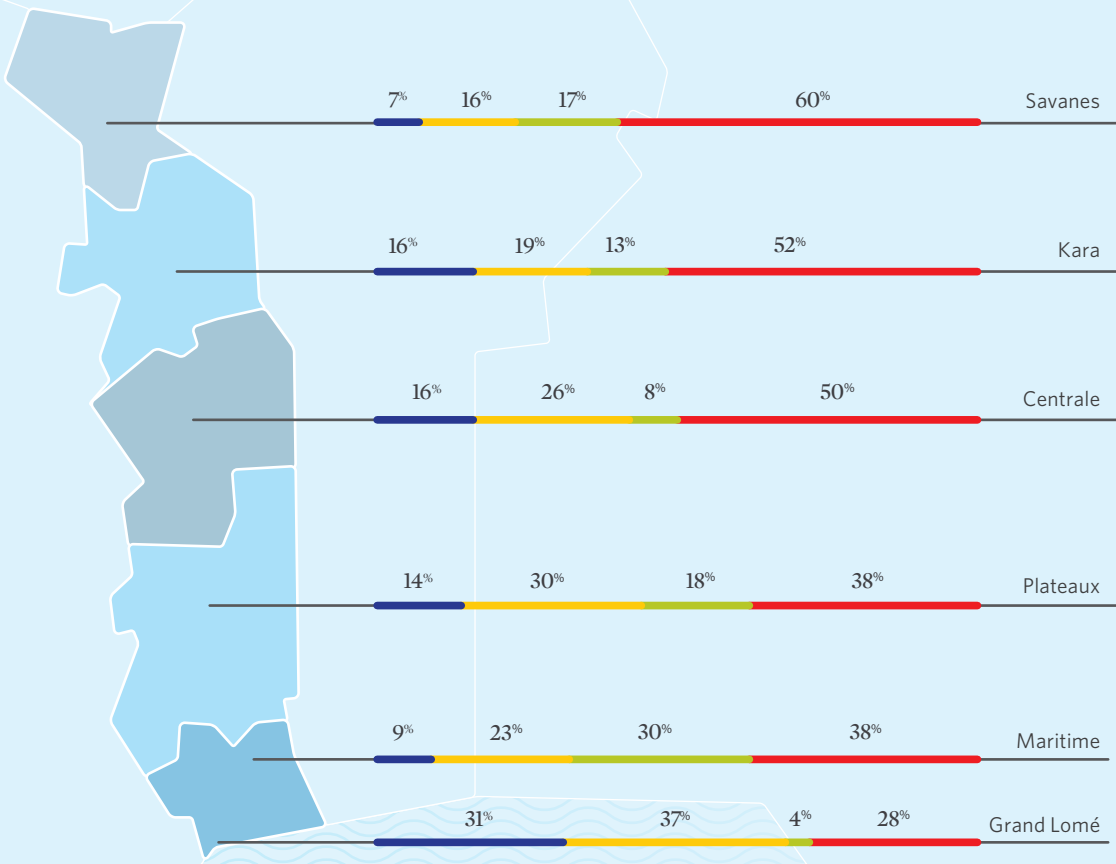


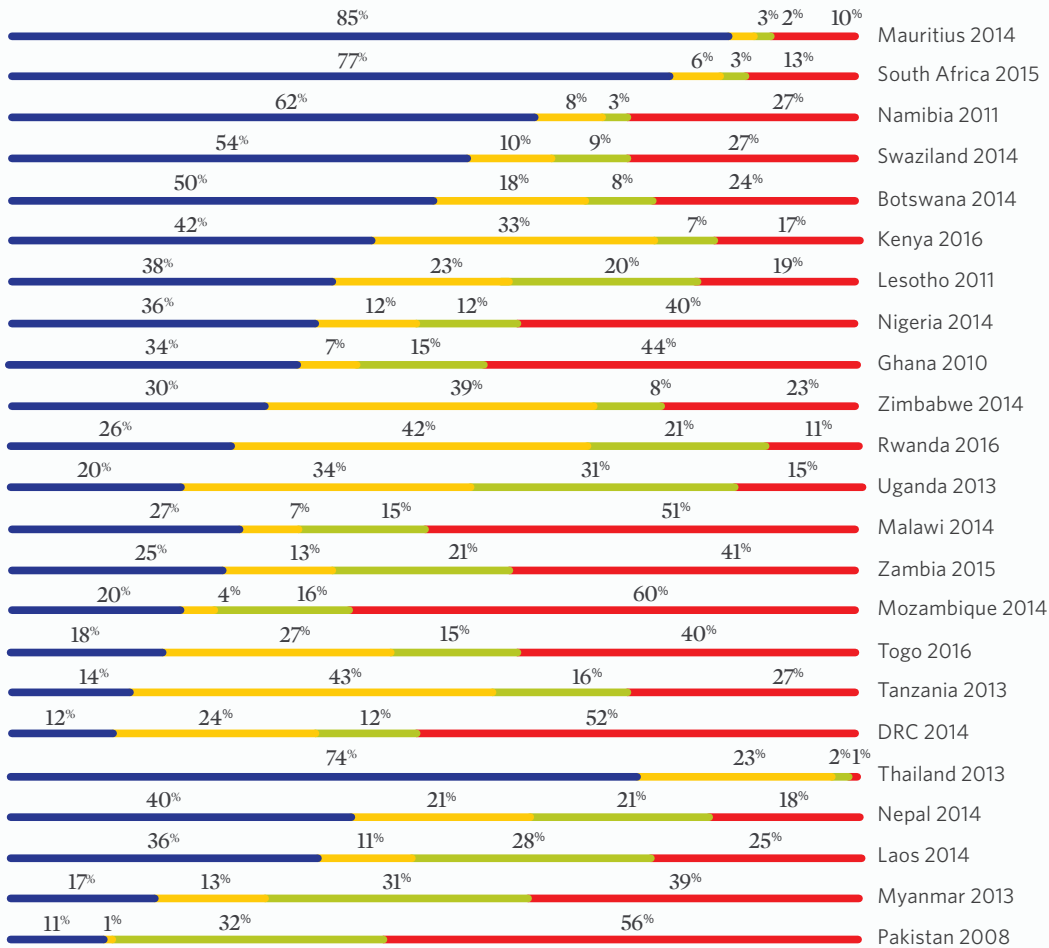
Access Strand by Location



Access Strand by Gender





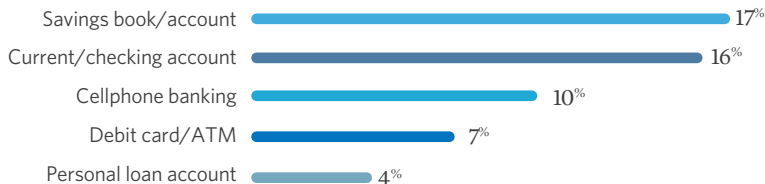


What products/services are driving the banked?

About 18% of Togolese adults have a bank account

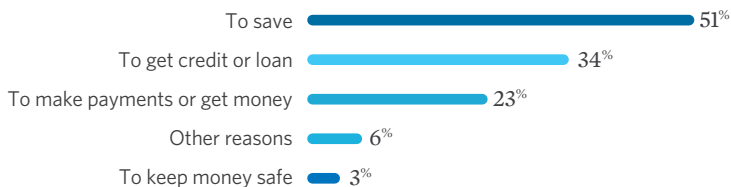


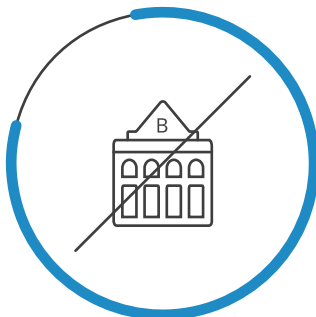
BANKING PRODUCTS/USAGE (OF THOSE CURRENTLY BANKED) (%)



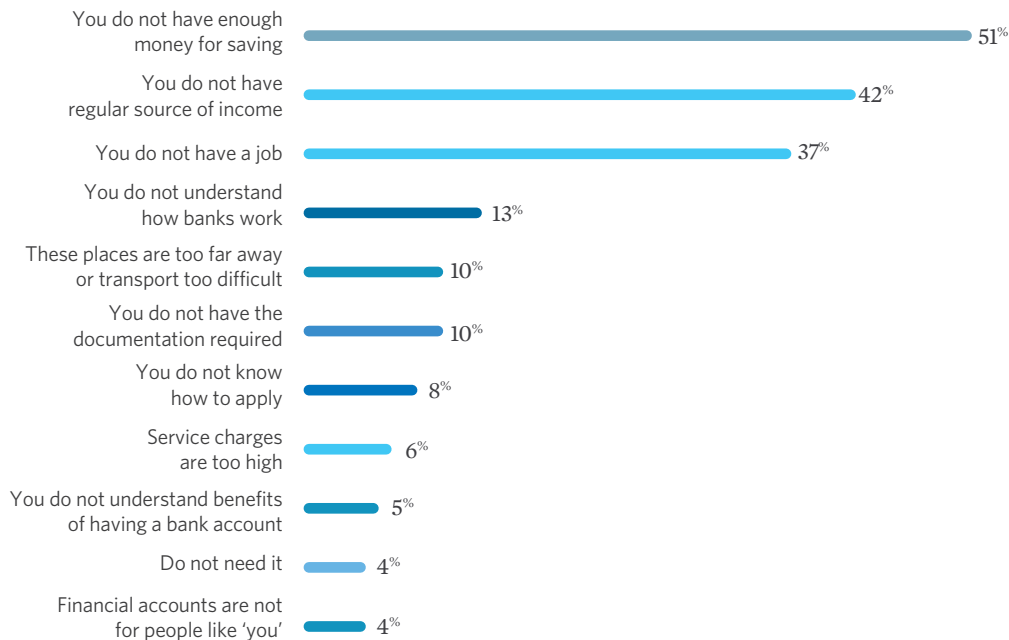
Drivers

Of the 18% of adults that are banked, they use bank accounts to:



Barriers

82% of adults are not banked
in 2016

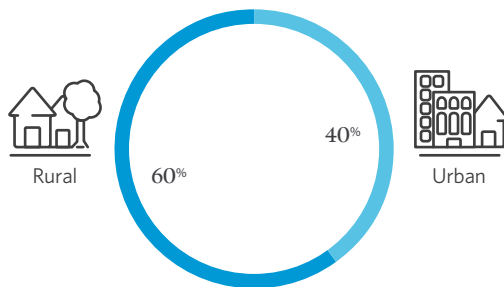
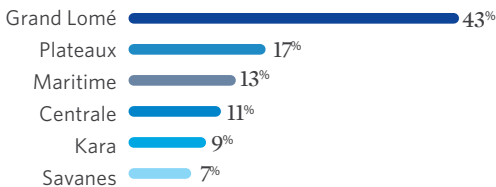


MICROFINANCE INSTITUTIONS USERS

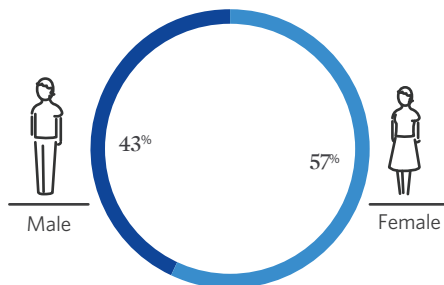
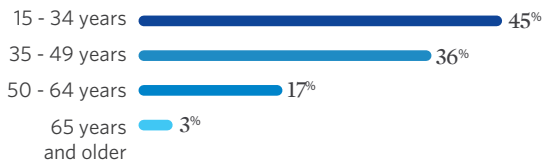
Use of financial services from MFIs only

- About 17% of Togolese adults are currently using Microfinance institutions
- Of these MFI users, 78% use MFIs to save whilst 17% are borrowing from MFIs

MFI users by regions

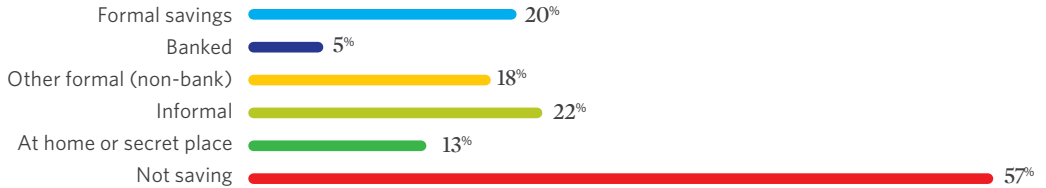


MFI users by age



Savings and investments

Informal is mainly driven by livestock



Savings Strand

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

- 57% of Togolese were not saving at the time of the survey
- 8% keep all their savings at home, i.e. they do not have/ use formal or informal savings products or mechanisms

- 15% rely on informal mechanisms such as savings groups (they might also save at home, but they do not have/use any formal savings products)
- About 15% have/use other formal (non-bank) savings products (they might also have/use informal savings mechanisms, but they do not

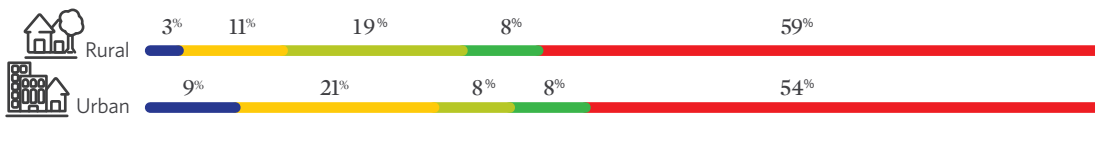
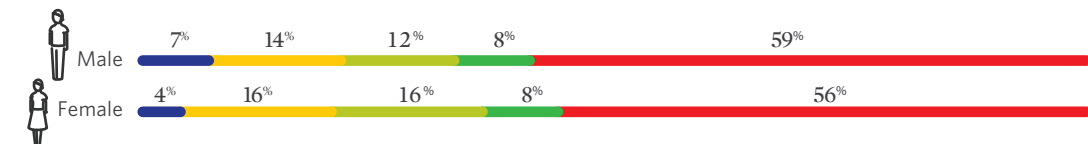
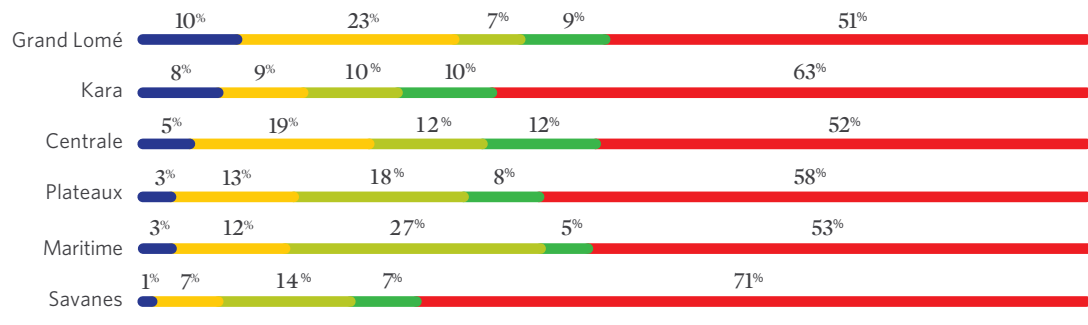
have/use savings products from a commercial bank)

- Only 5 % have/use savings products from a commercial bank (they might also have/ use other formal (non-bank) and/ or informal mechanisms, or save at home)



Savings and investments

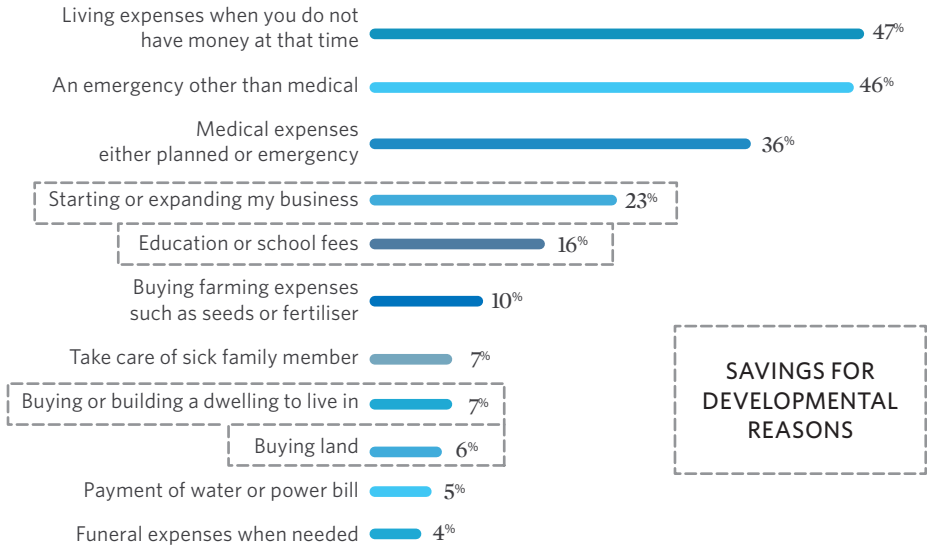
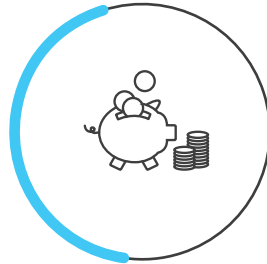
Grand Lomé adults save more with banks and other formal (non-bank) institutions while Centrale save more informally



Main drivers for saving

based on the **43%**
of adults who save

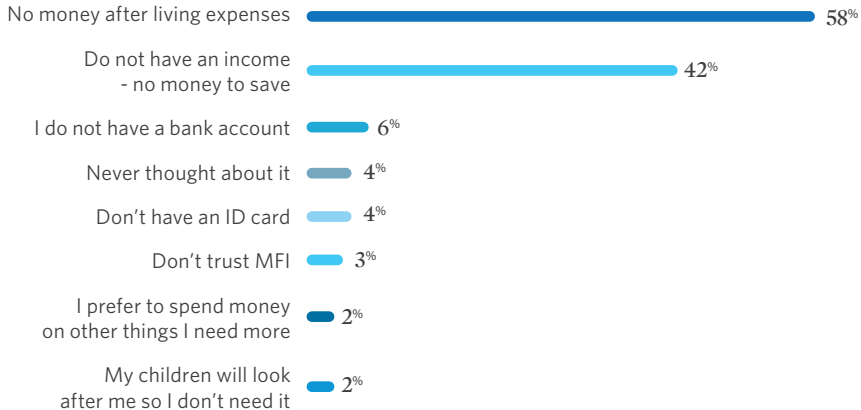
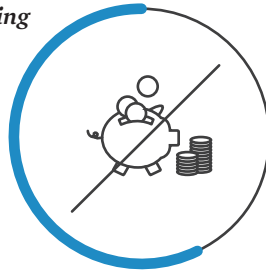
Adults save mainly for
developmental reasons



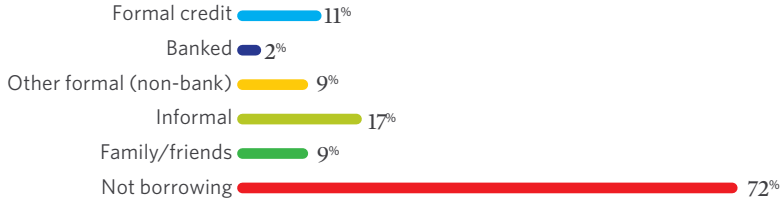
**SAVINGS FOR
DEVELOPMENTAL
REASONS**

Main barriers for not saving

based on the **57%**
of adults who do not save



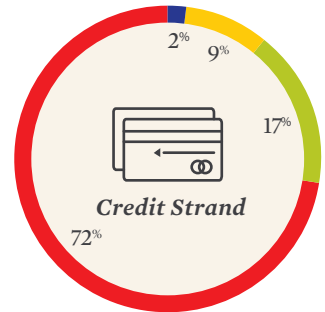
Borrowing and credit



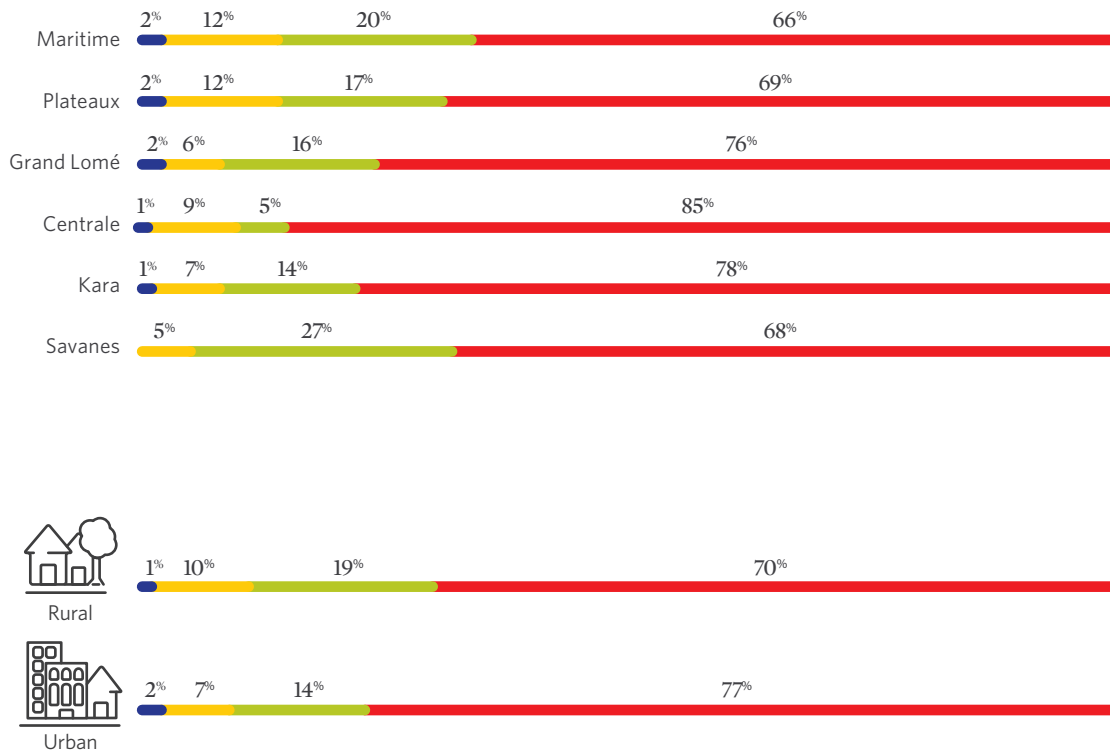
In constructing this strand, the overlaps in financial product/services usage are removed

- 72% claimed not to borrow at the time of the survey, neither from friends/family nor from formal/informal financial services providers
- 17% rely on informal mechanisms such as informal money-lenders (they do not have any formal financial credit/loan products, but they might also borrow from friends and family)

- 9% have/use credit/loan products from other formal (non-bank) institutions, but do not have credit/loan products from a bank (they could also use informal credit/loan products and/or borrow from friends and family)
- 2% of adults have/use credit/loan products from a commercial bank (however, they could also have other credit/loan products and/or borrow from friends and family but the defining characteristics are that they borrow from a bank)



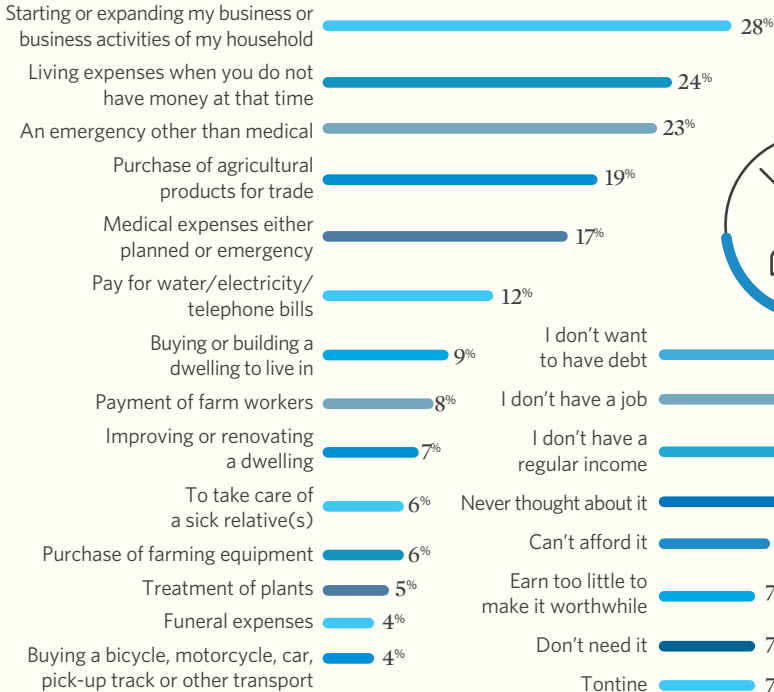
Borrowing and credit



Drivers and barriers to accessing credit



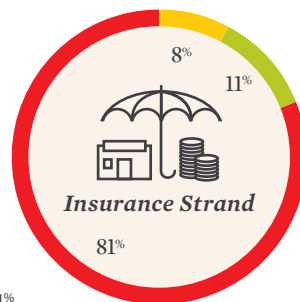
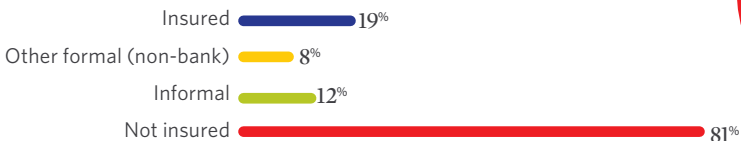
27% have borrowing/credit products



73% do not borrow



Insurance and risk management



Drivers and barriers

19% of adults have insurance

Of those insured uptake of insurance products is driven by:

Medical aid / health fund	67%
Accident/travel insurance	60%
Motor vehicle insurance	49%
Life assurance	45%
Pension fund	35%
Professional or working insurance	12%

81% of adults do not have any kind of financial product covering risk

Main barriers to the uptake of insurance:

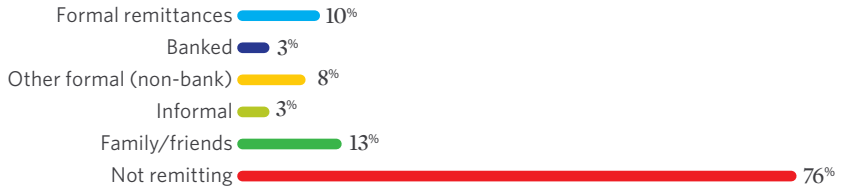
Do not have regular income	50%
Do not understand how insurance works	31%
I earn too little to make it worthwhile	26%
Do not know enough about insurance	13%
Have not heard of insurance	8%
Insurance is not meant for people like me	6%

Of those without insurance (81%):

- 50% have not heard of health/medical insurance
- 43% are not aware of accident/travel insurance
- 37% are not aware of motor vehicle insurance
- 28% are not aware of pension funds

Remittances

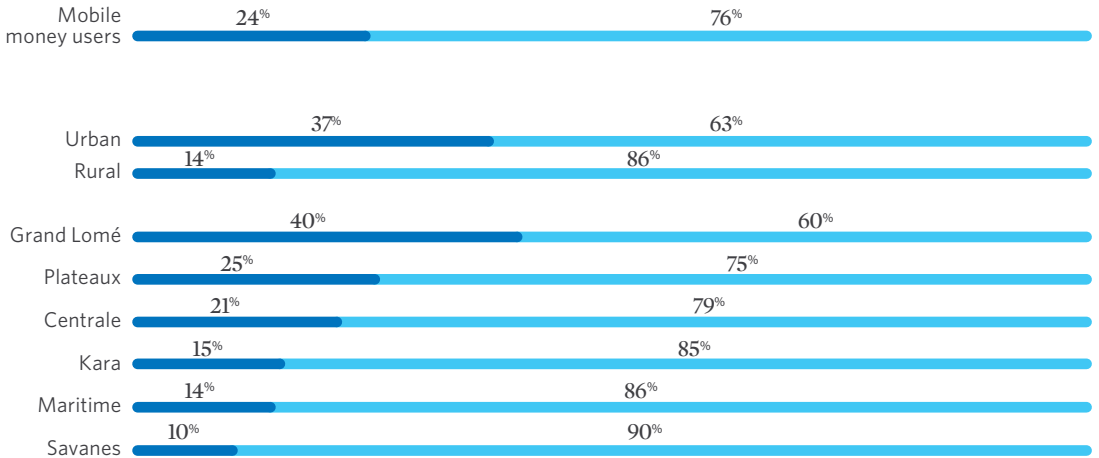
Overview of those that claimed to remit in the past 12 months



Remittances and Mobile money

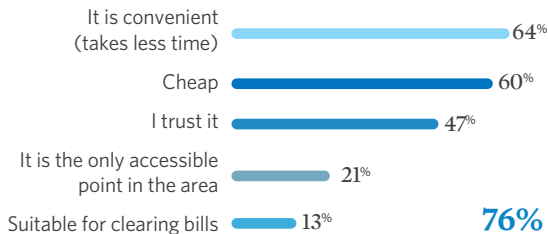
- Around 24% of adults are registered mobile money users
- Of those using mobile money, 62% are using it to send money and 74% are using it to receive money

Mobile money users



Drivers and barriers

24% use Mobile Money Services

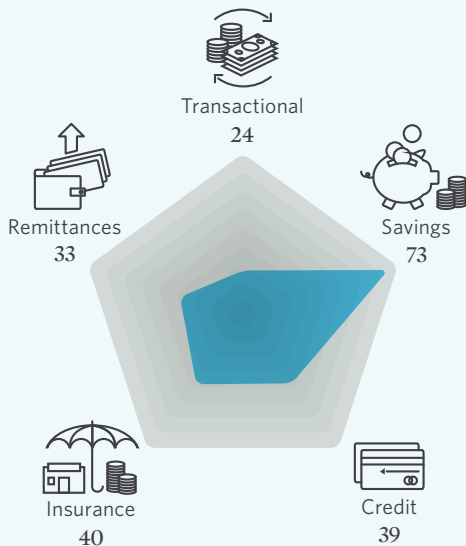


76% do not use Mobile Money Services



LANDSCAPE OF ACCESS

(percentage of those who have a financial account)



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 secret place)

KEY FINDINGS

The study FinScope Togo 2016, revealed how the Togolese 15 years and older manage their finances and elements that influence their access to financial services. The study also identified the role of formal and informal financial sectors in the financial environment of Togo. From this study, the following conclusions are drawn:

1. Almost 60% of the population 15 years and over have access to financial services. However there are disparities and levers that should act to enable a broader inclusion of the population. It therefore appears that:

- 45% of 15 years and over are served formally including banks and other non-bank formal products and services;
- 18% of 15 years and over are served by banks;
- 42% of 15 years and over use other formal (non-bank) products and services;
- 31% of 15 years and older use of non-formal only mechanisms to manage their finances;
- 40% of 15 years and over are financially excluded.

2. The credit is not used so widely in Togo. Note that 27% of Togolese have access to credit. Nearly 17% of Togolese adults make use of informal providers.

3. The consumer education and financial literacy are real issues in Togo - mainly in the area of insurance, where most adults are not financially knowledgeable. In addition,

- About 53% of them indicated a need for financial education, mainly seeking information on how to manage their own finances separate from those of their business activity;
- An additional 63% of them do not seek financial advice somewhere and are trapped by lack of information;
- About 71% reported facing financial difficulties to meet their financial obligations.

4. Currently, only 24% of 15 years and over are registered as mobile money users making it another financial inclusion lever.

5. Subscription of insurance is low at 19%. The main barriers to subscribe to insurance are issues related to the provision of information (for those without insurance):

- 50% have not heard of the health insurance/medical;
- 43% are not aware of the accident/travel insurance;
- 28% are not aware of pension funds.

6. A total of 17% of 15 years and over have access to microfinance products mainly for savings and 22% have confidence in MFI credit facilities. Note that of the 17%, about 57% are women and 60% live in rural areas.

7. Approximately 24% of 15 years and over make use of money transfer mechanisms - mainly through family and friends.

Recommendations

The priorities of financial inclusion for Togo should therefore ensure that the lives of the Togolese people is improved. To this end it should:

- Find innovative products tailored to the needs of those who are excluded.
- Promoting access to credit to provide opportunities to finance the means of production or opportunities to start a business or to buy agricultural equipment.
- Build on the mobile money lessons learned in the countries of East Africa where M-Pesa was a successful product in enhancing financial inclusion.
- Acting on the levers identified and work on the barriers for a more complete inclusion serving the grassroots
- Need for a National Financial Literacy strategy and programme to address issues related to consumer empowerment, consumer protection, financial knowledge and encourage good financial behaviour and practices.

Terminology

FAS = Financial Access Strand - a financial inclusion indicator that profiles adults (denoting 15 years and older for Togo) depending on whether they have/ own financial products in their names.

Financial Inclusion = Reported at national level, the proportion of adults in Togo who have access to, own and use financial products/services to meet their financial needs inclusive of formal and informal products/services available.

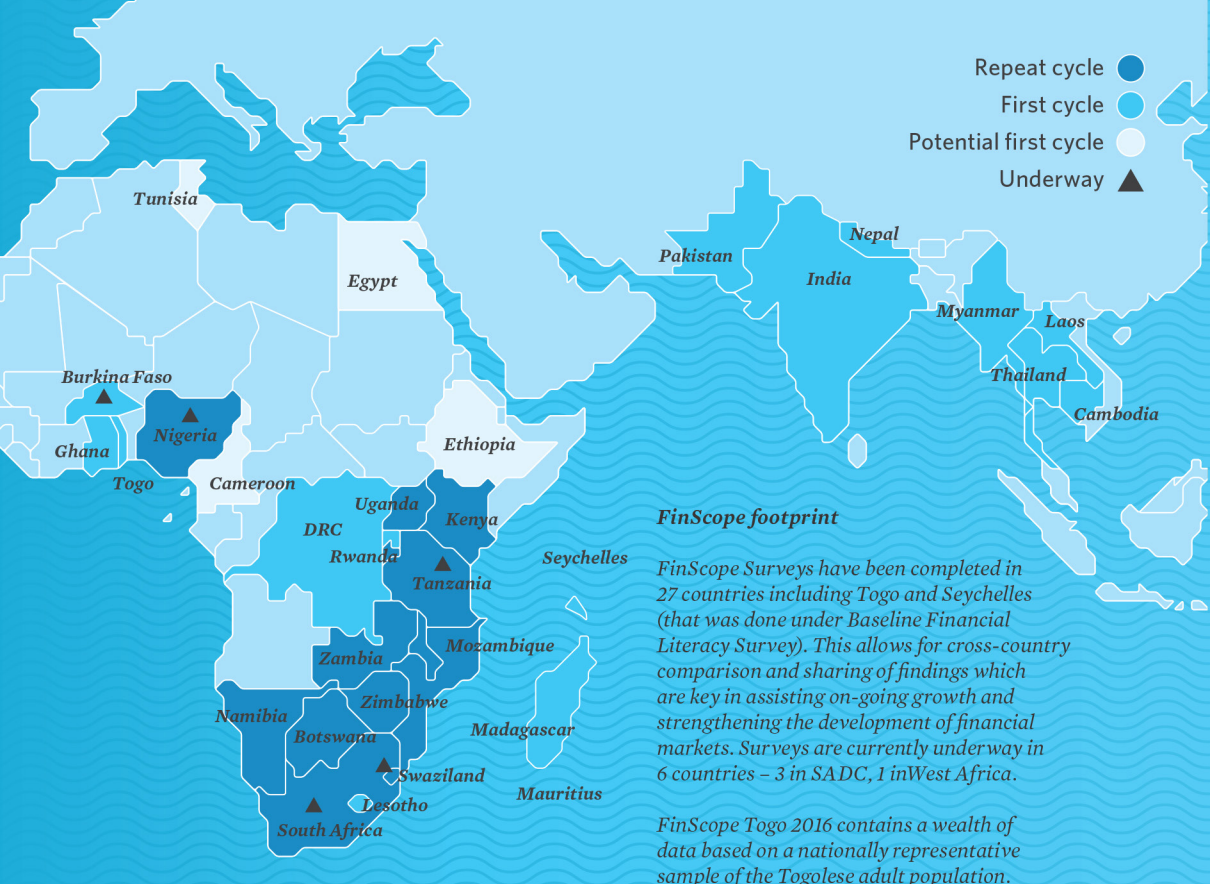
Banked = the adult population that have/use banking products (provided only by banking institutions regulated by Central Bank of West African States - BCEAO) to meet their financial needs, such as transactional, saving, credit, etc. Simply stated, it means that the individual has a bank account in their name to enjoy the products/ services (such as credit, insurance, transactions) from a bank in his/her capacity.

Other formal (non-bank) = denotes all other financial services providers regulated under the Togolese jurisdiction including but not limited to; Banking Commission of the West Africa Economic and Monetary Union (WAEMU), and other regulators. Insurance cover (e.g. medical, accident, agricultural insurance) provided by insurance companies is an example of financial

services provided by regulated providers excluding insurance provided by banking institutions.

Informal = The adult population (15 years and older) that have/use unregulated financial services to meet their financial services. Such services includes credit from community members, credit from a cooperative, savings in properties, savings in livestock, savings in gold/ jewellery, savings in informal savings groups, remitting through bus / taxi, etc.

Financial capability = The combination of knowledge, skills, attitudes and ultimately behaviours that translate into sound financial decisions and appropriate use of financial services.



FinScope footprint

FinScope Surveys have been completed in 27 countries including Togo and Seychelles (that was done under Baseline Financial Literacy Survey). 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 6 countries – 3 in SADC, 1 in West Africa.

FinScope Togo 2016 contains a wealth of data based on a nationally representative sample of the Togolese adult population.

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