

FinScope Ghana 2010

Launch Presentation

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FinScope Ghana 2010



REPUBLIC OF GHANA
Ministry of Finance and
Economic Planning



FinScope Ghana 2010 objectives



-
- To determine levels of access to financial services nationally, urban-rural, and provincial
 - To describe the current landscape of access
 - To identify barriers to financial inclusion
 - To facilitate debate around the demand for financial services and barriers to access
 - To stimulate financial sector intervention:
 - By policy makers and regulators to address barriers to access
 - By financial services providers to develop innovative products and services to meet the demand
 - To serve as a benchmark to assess the impact of interventions over time

Survey Methodology



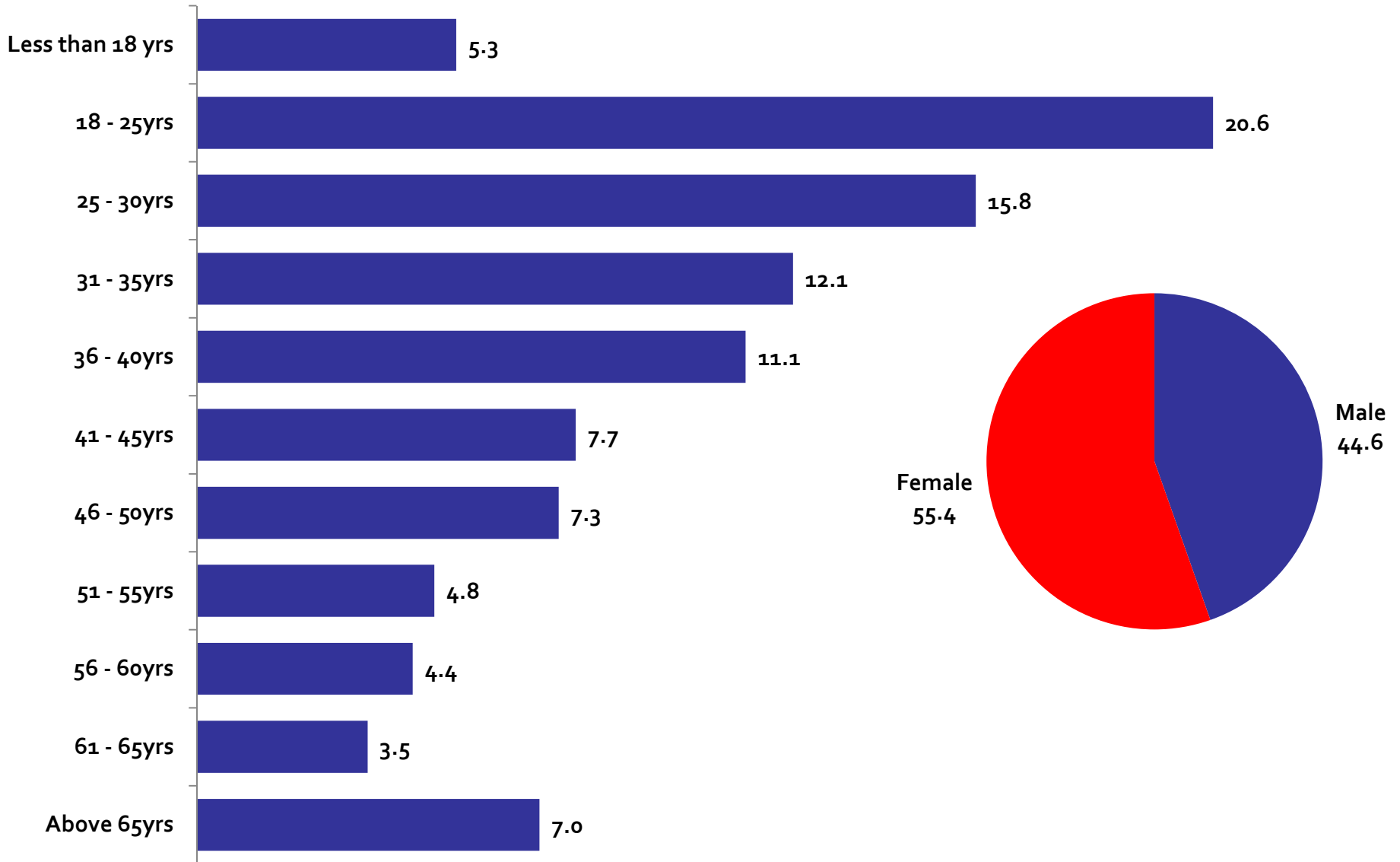
- **Sample by Ghana Statistical Service**
- **Multistage random sampling procedure**
 - Geographical (enumerator areas)
 - Household
 - Individuals (15 years and older)
- **Sample representative at:**
 - National
 - Urban-rural
 - Regional level
- **Total sample achieved of 3,643**

Realities of People's Lives: Financial inclusion in context

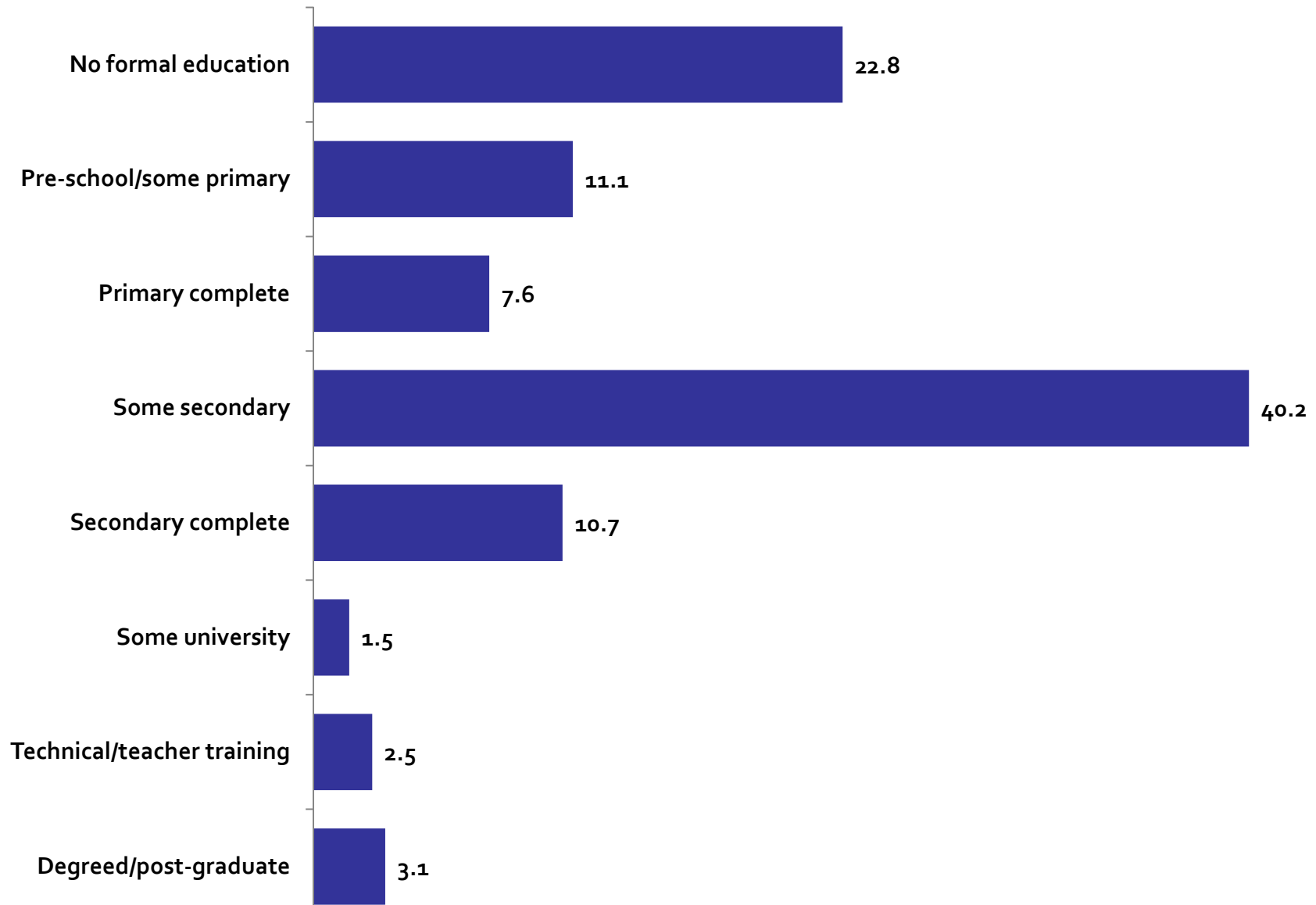


Making financial markets work for the poor

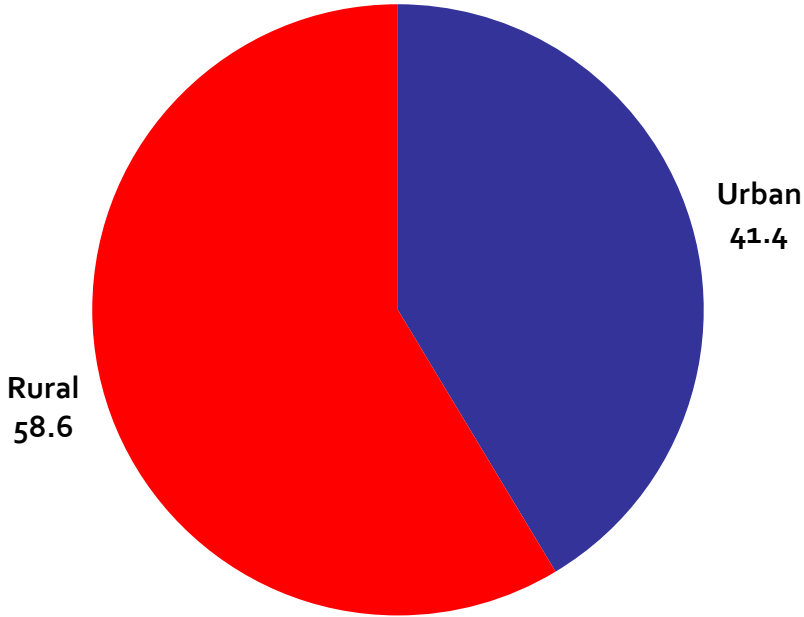
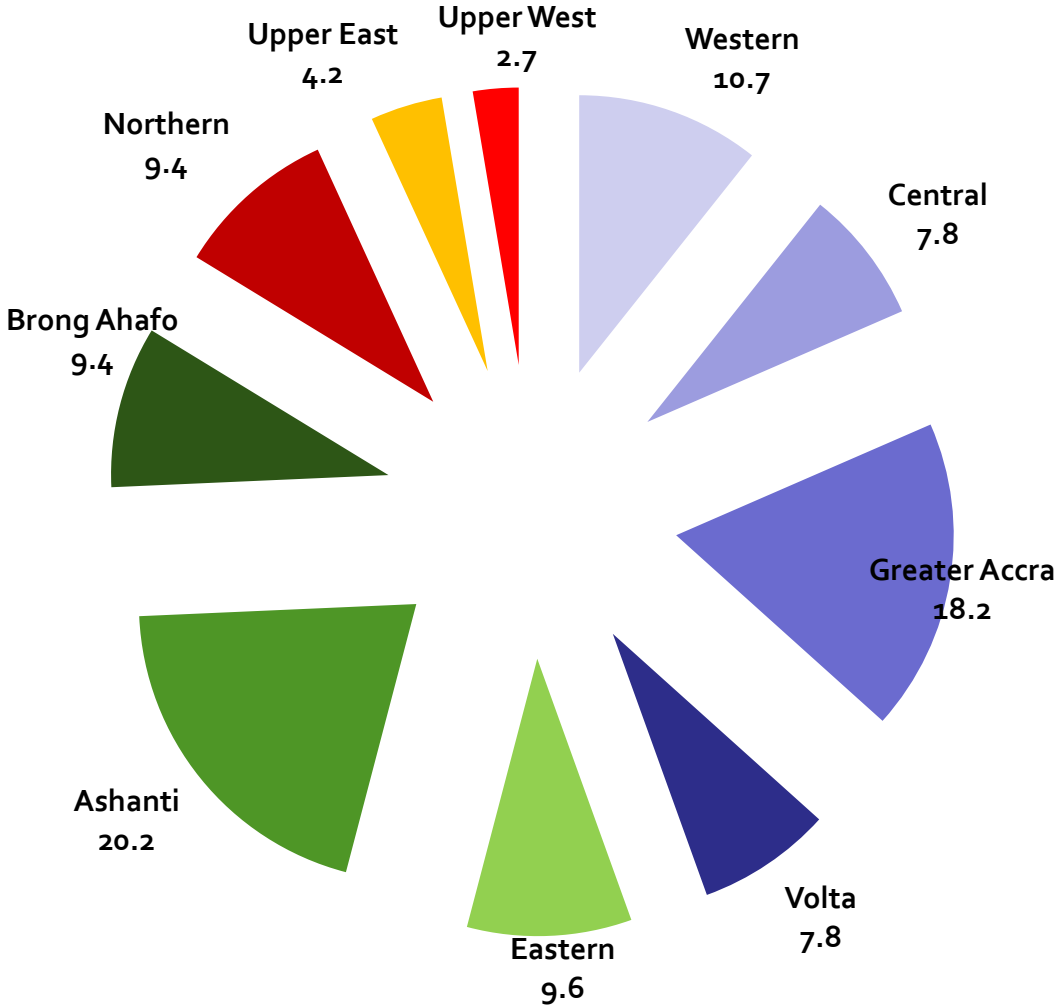
Age and Gender



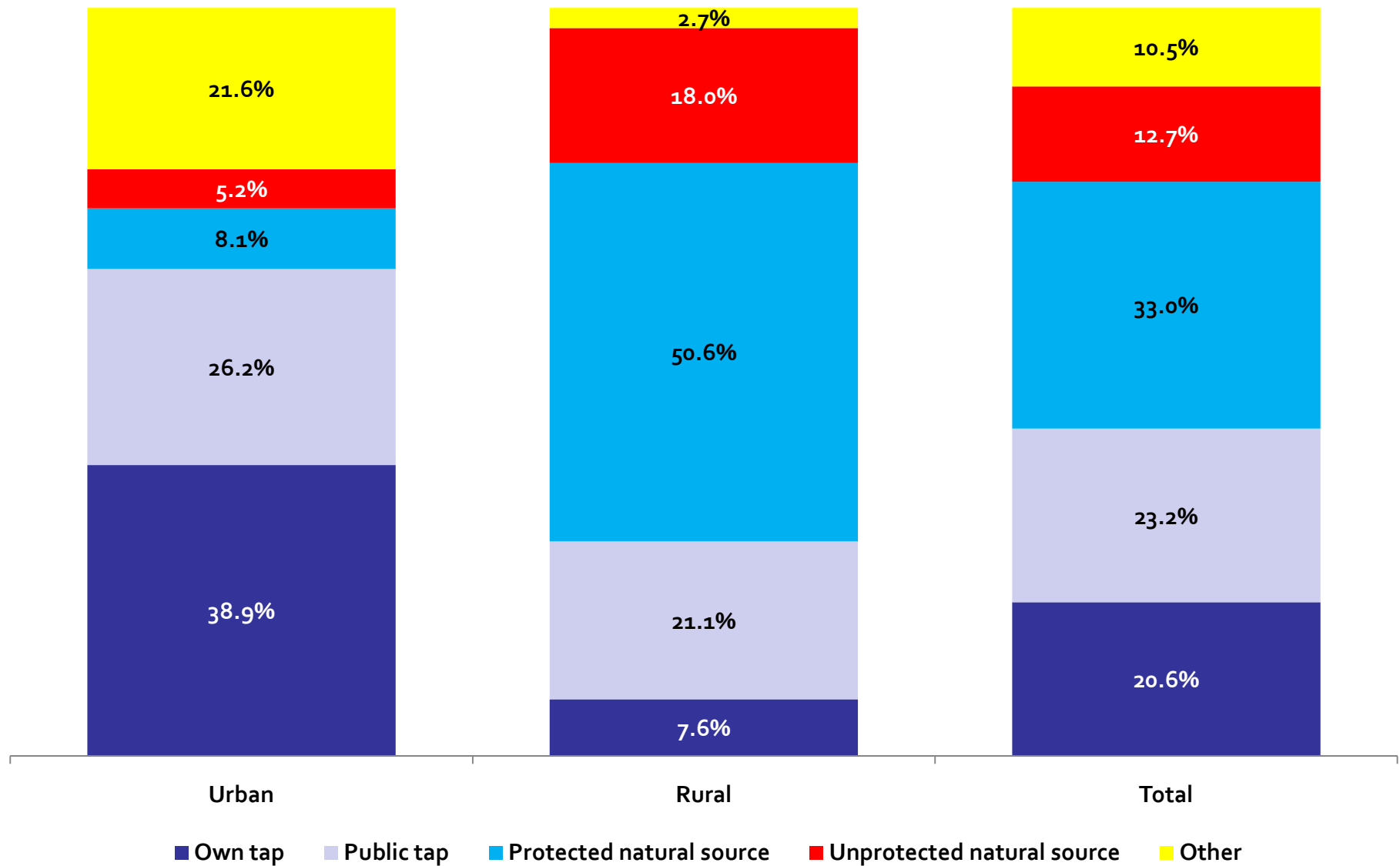
Highest Level of Education



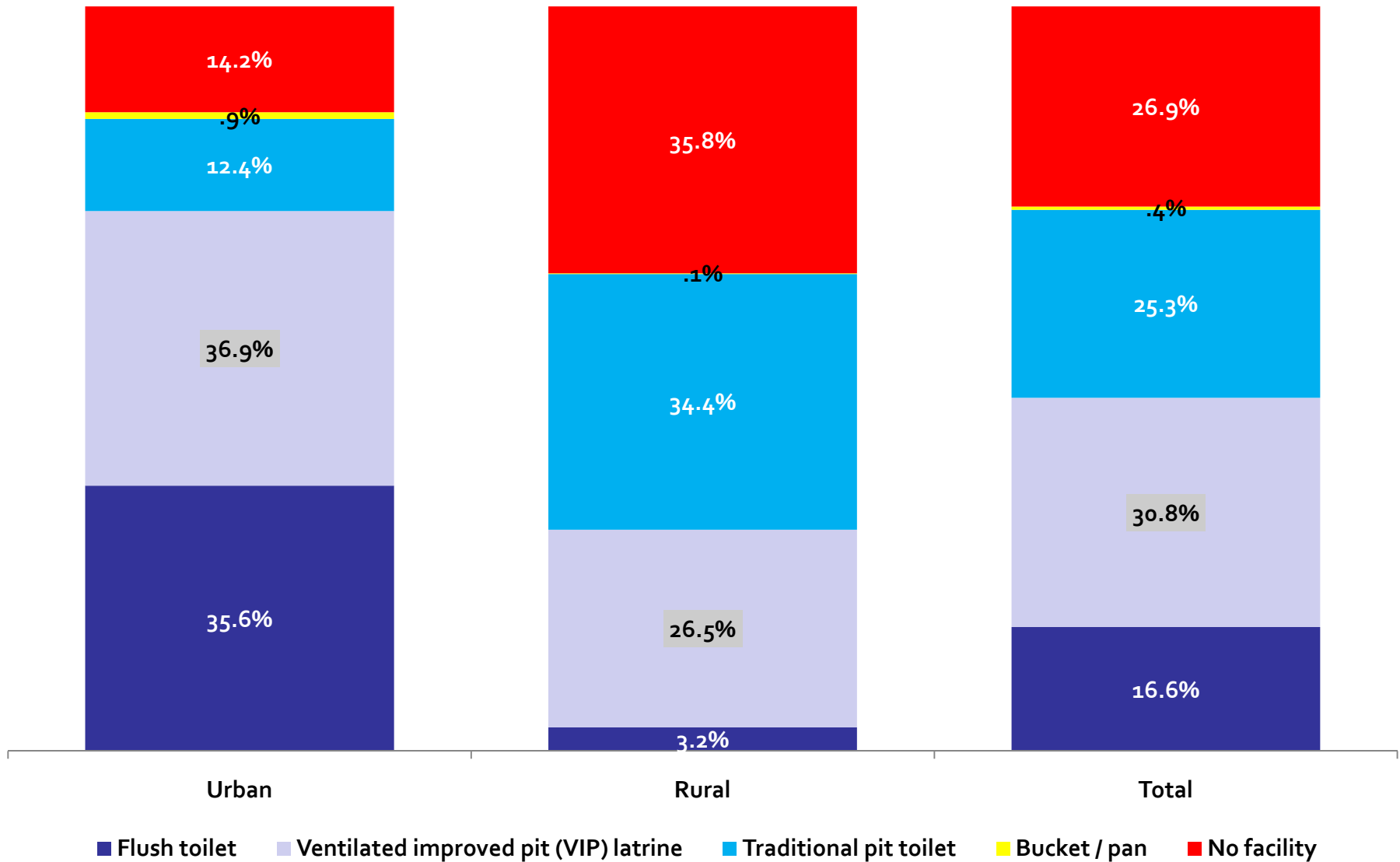
Geographical Distribution



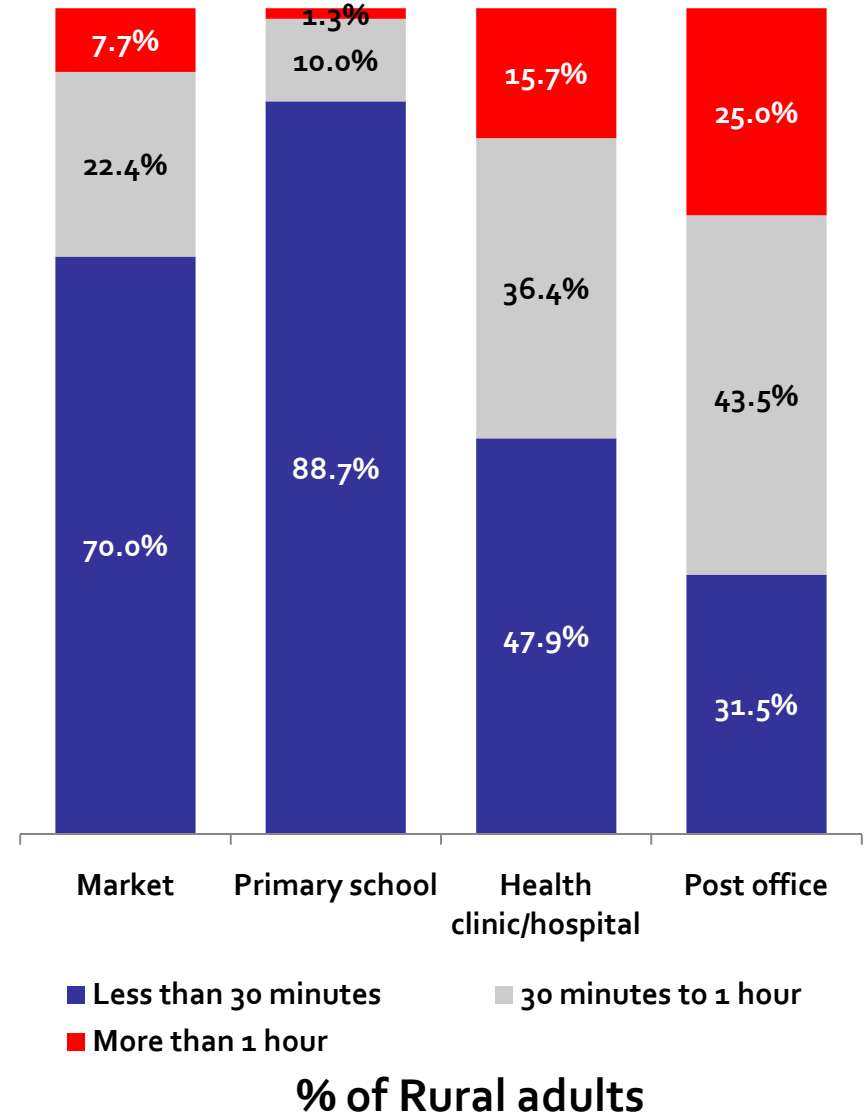
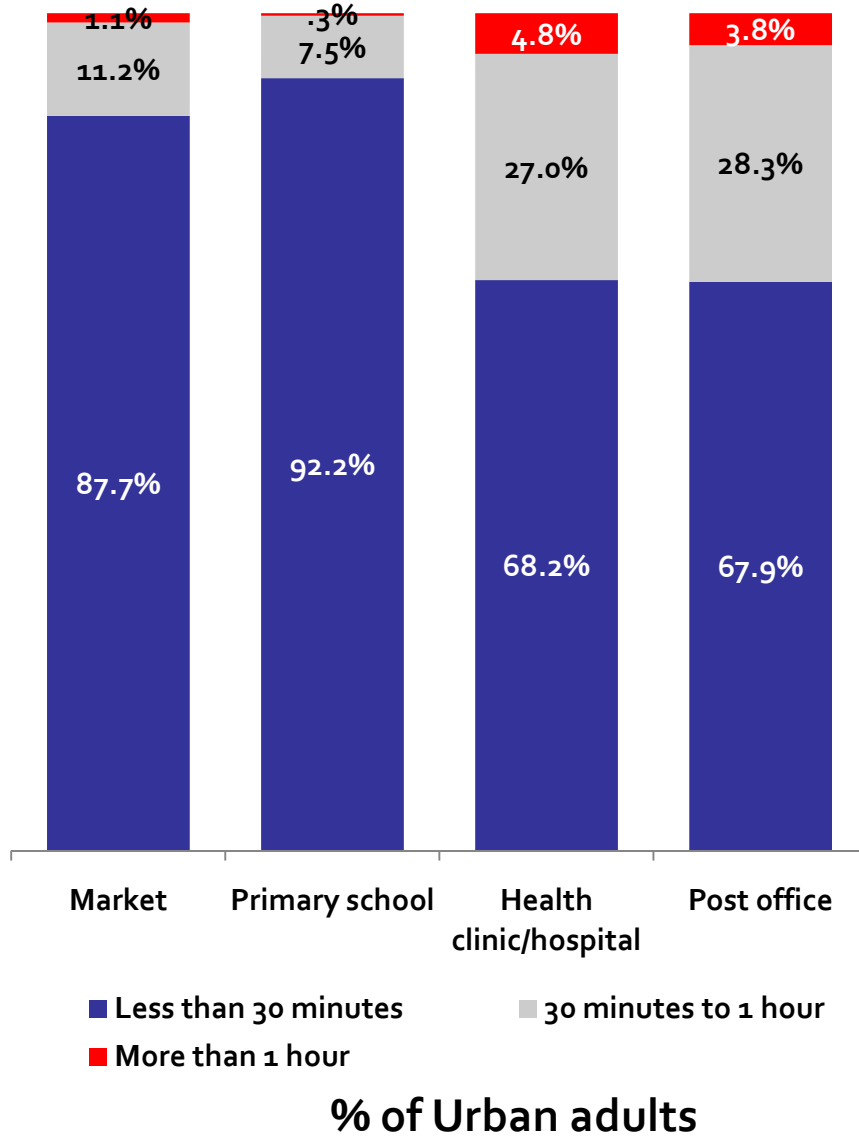
80% of adults have to fetch water ...



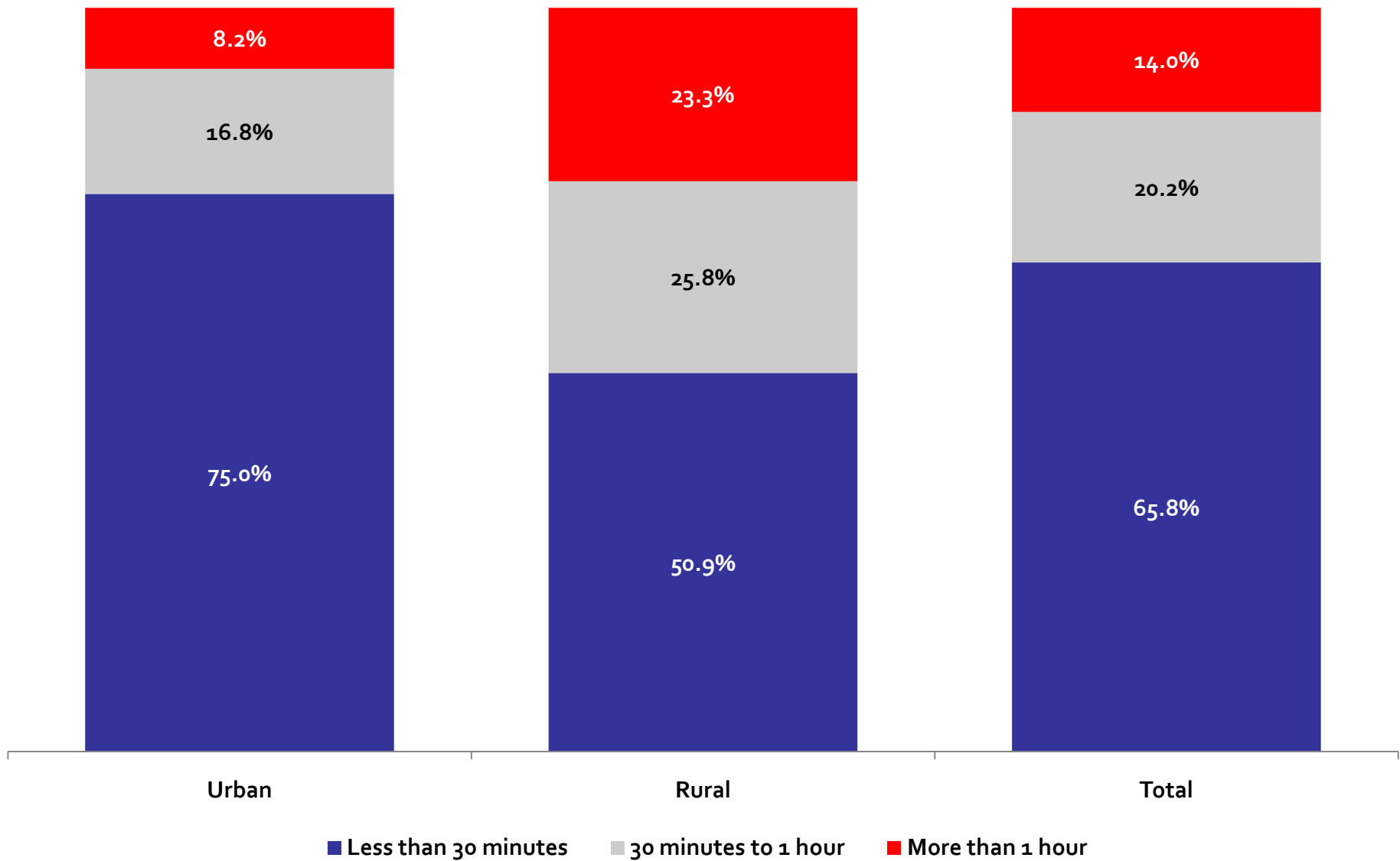
Almost 30% of adults have no sanitation facilities



Access to Facilities



Distance to Banks (Those who use banks)

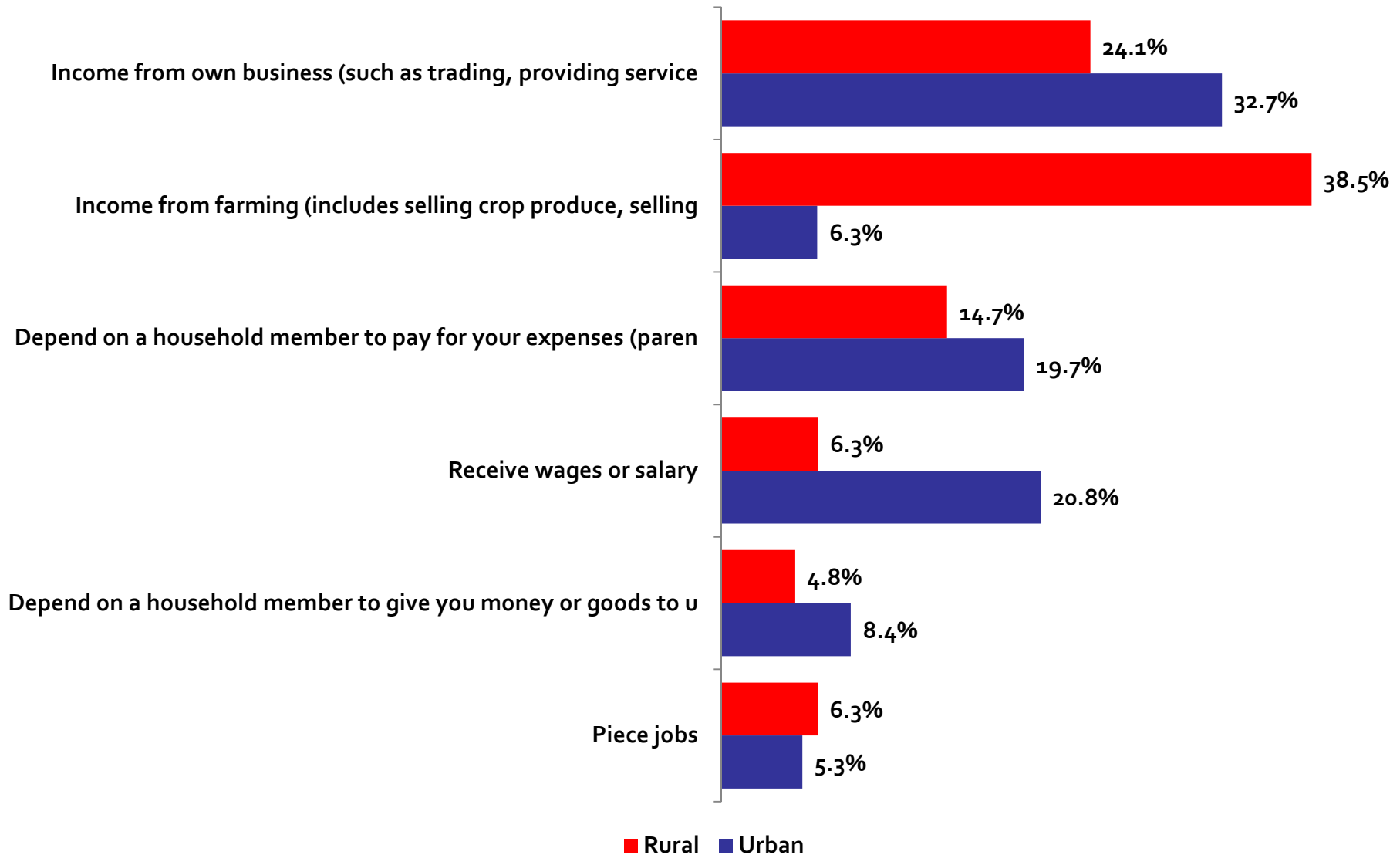


Income Generation



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Income generation activities (% of total adult population)



Financial Inclusion



Financial inclusion estimates and indicators calculated for individuals 18 years and older only

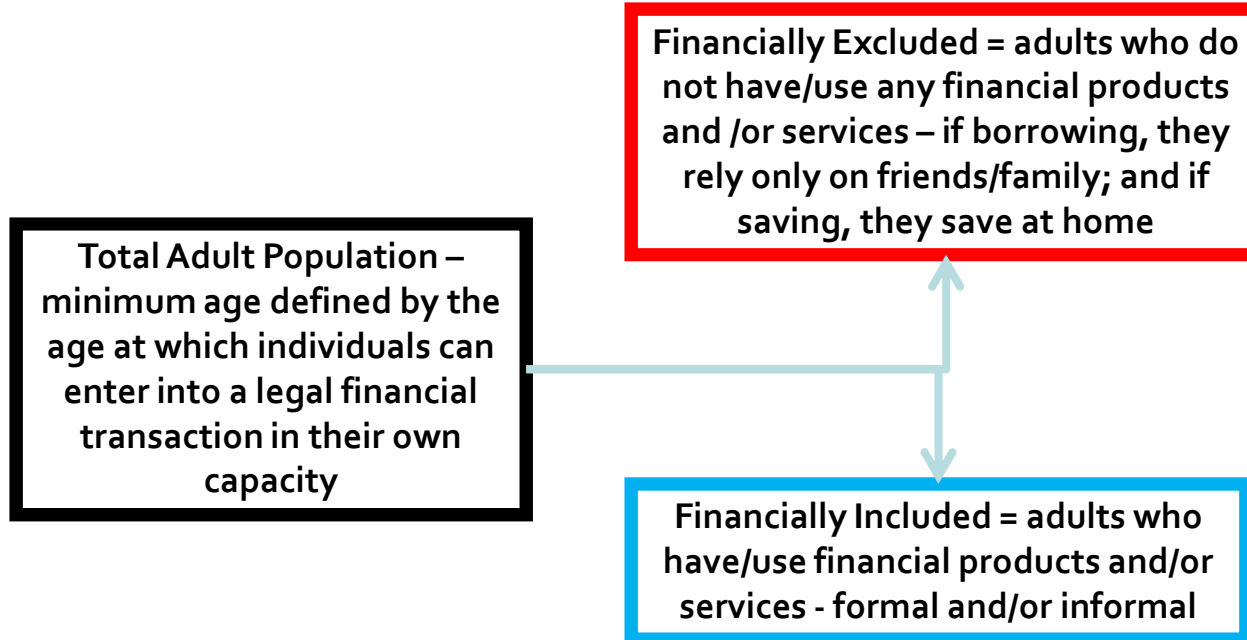


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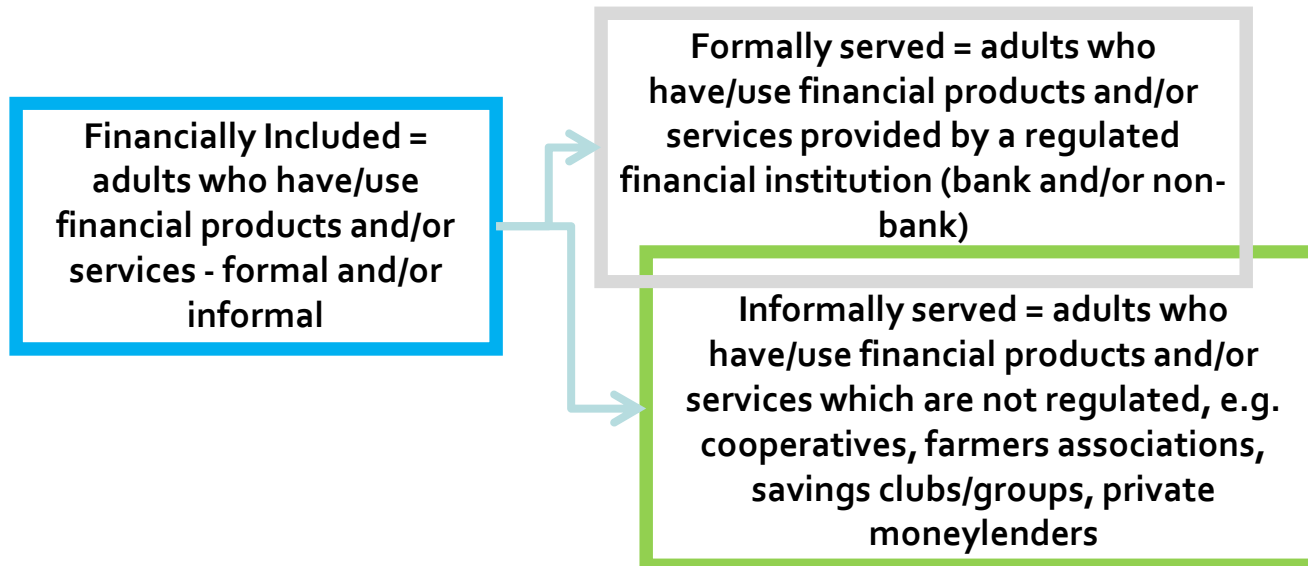
Defining Financial Inclusion



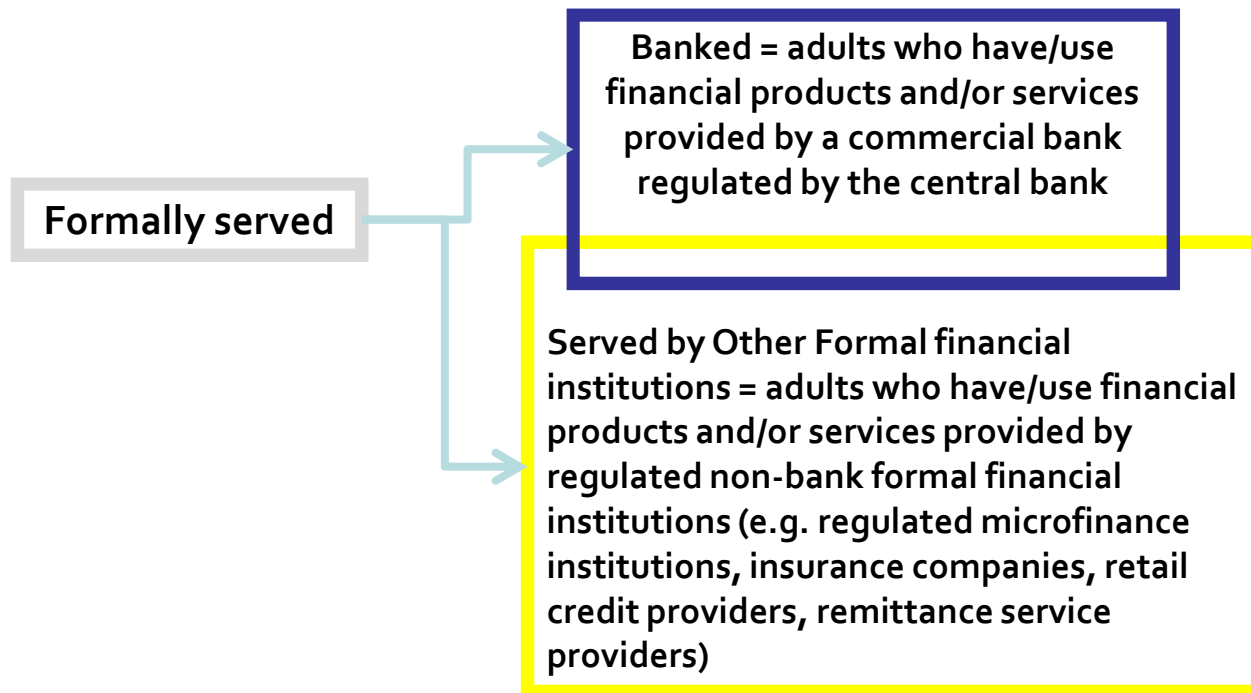
The FinScope methodology uses financial product usage to segment the adult population



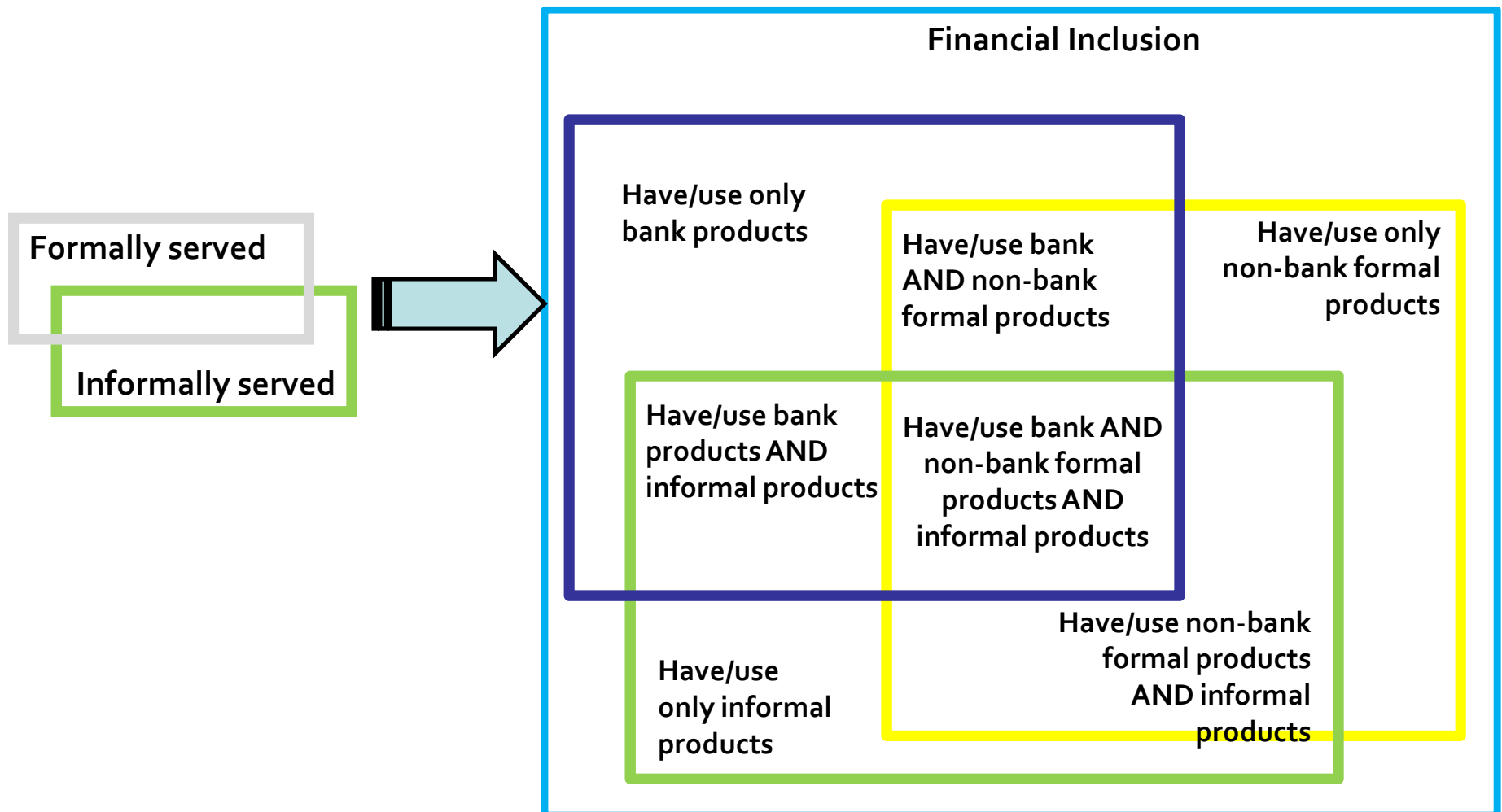
Defining Financial Inclusion



Defining Financial Inclusion

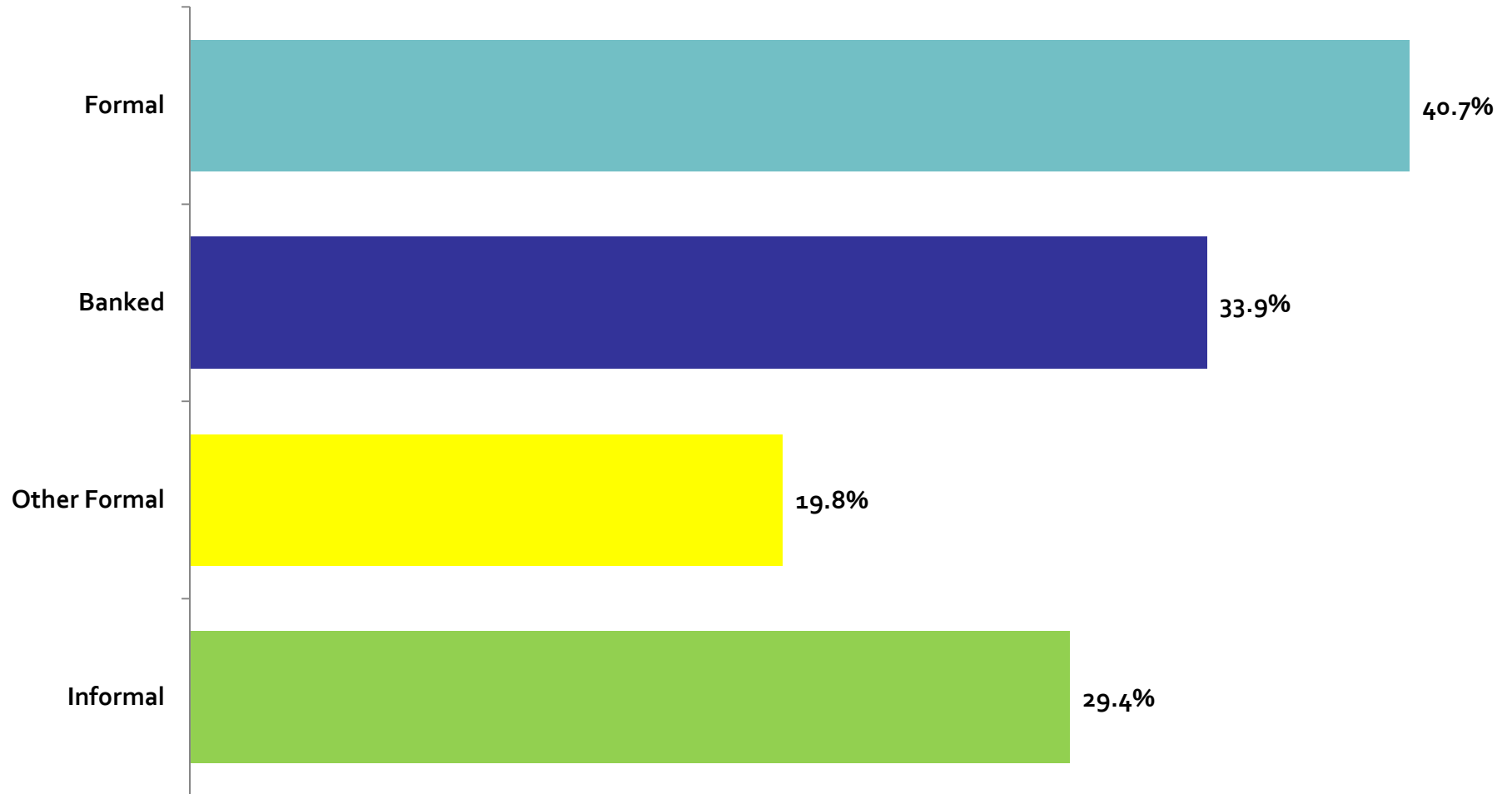


Defining Financial Inclusion



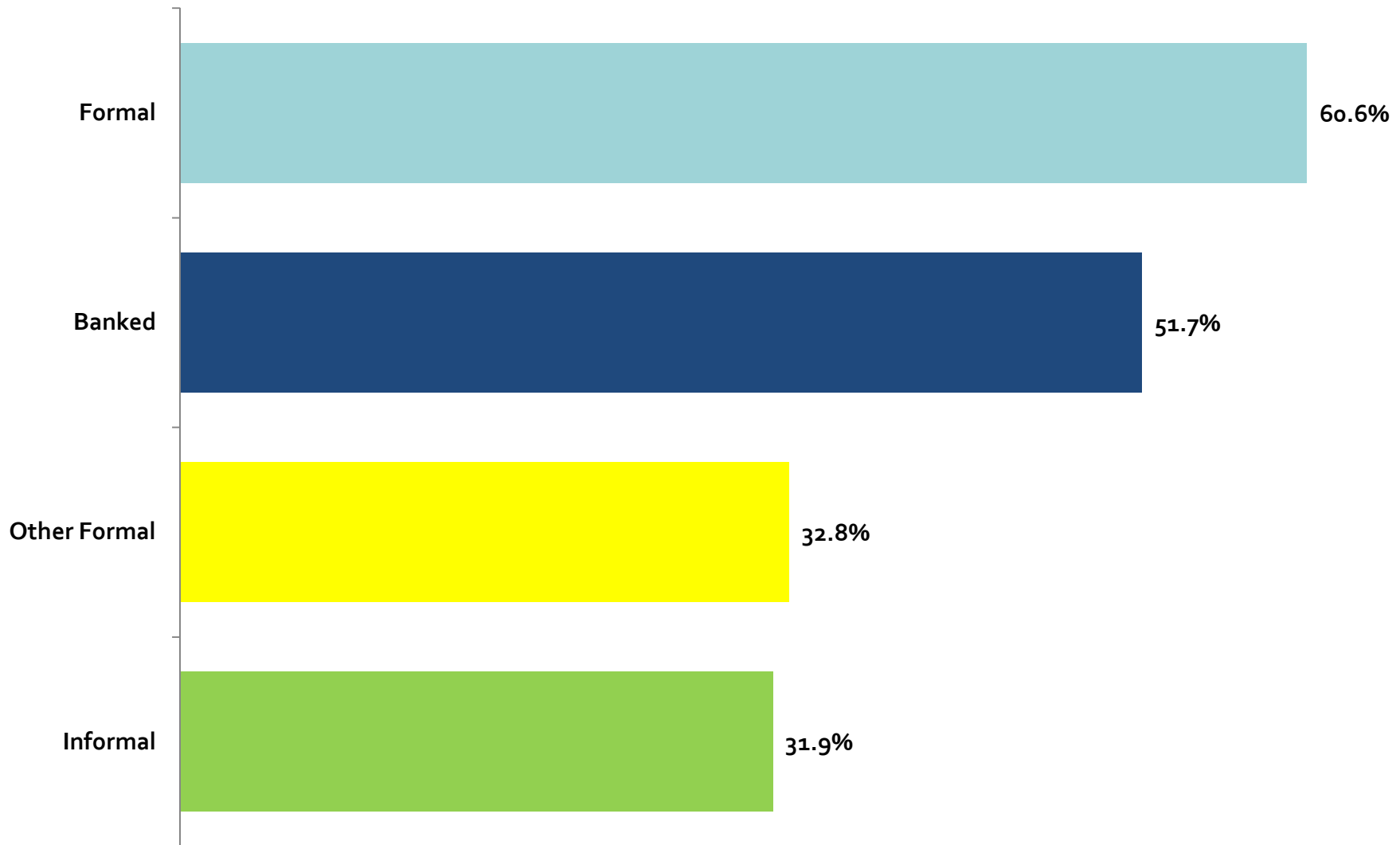
% Usage of Financial Products

Total adult population

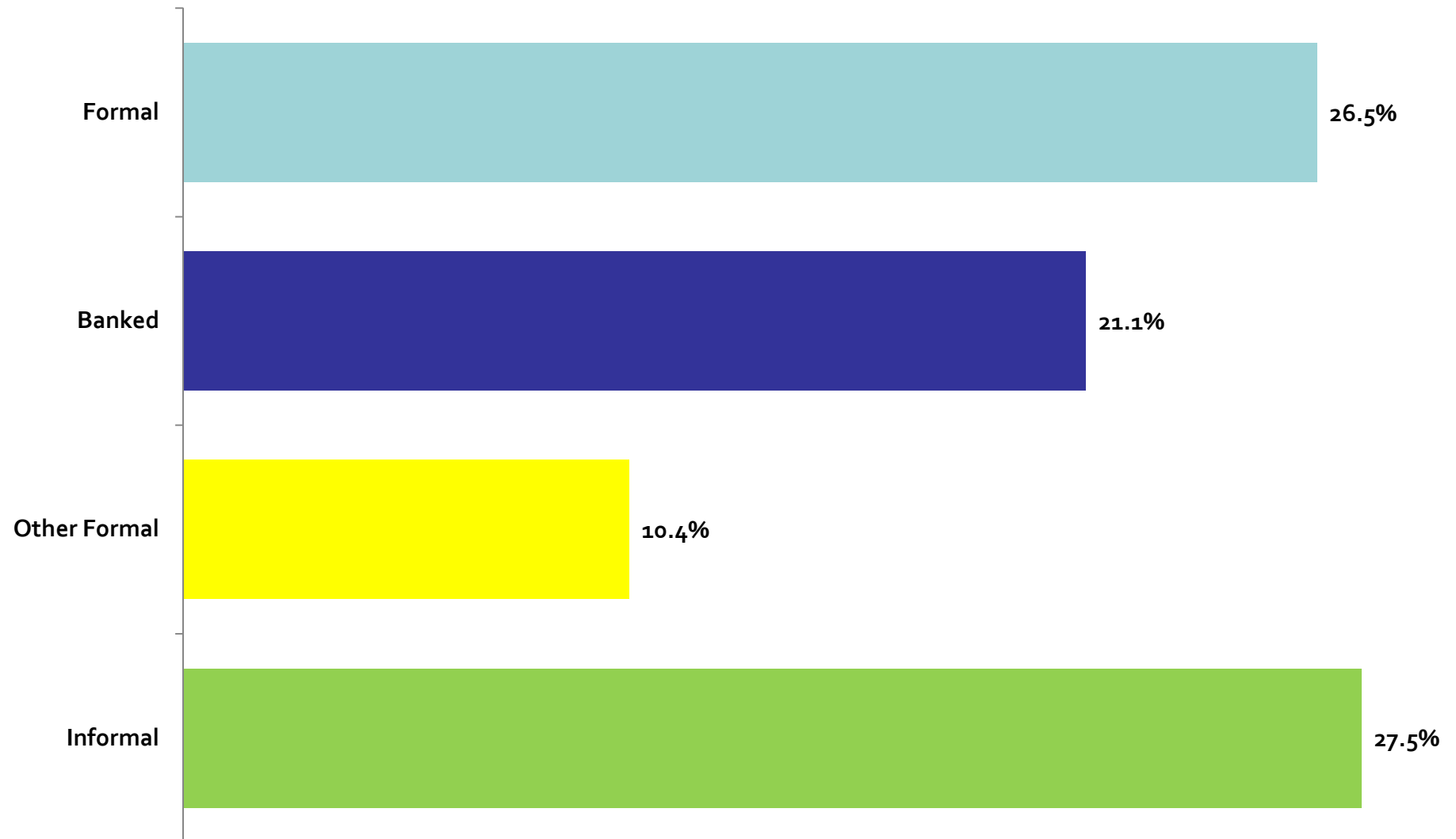


Usage of Financial Products

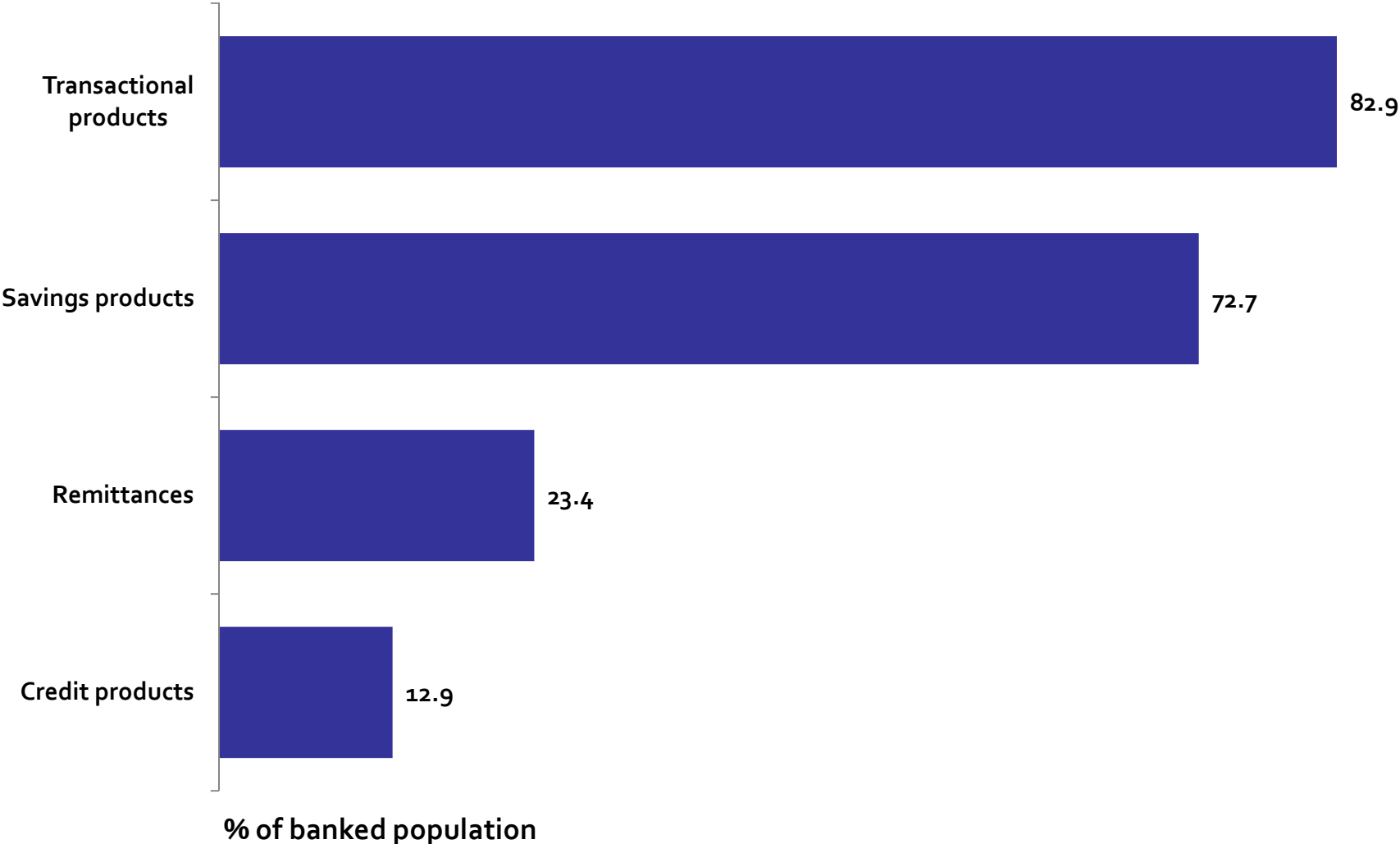
% of urban adult population



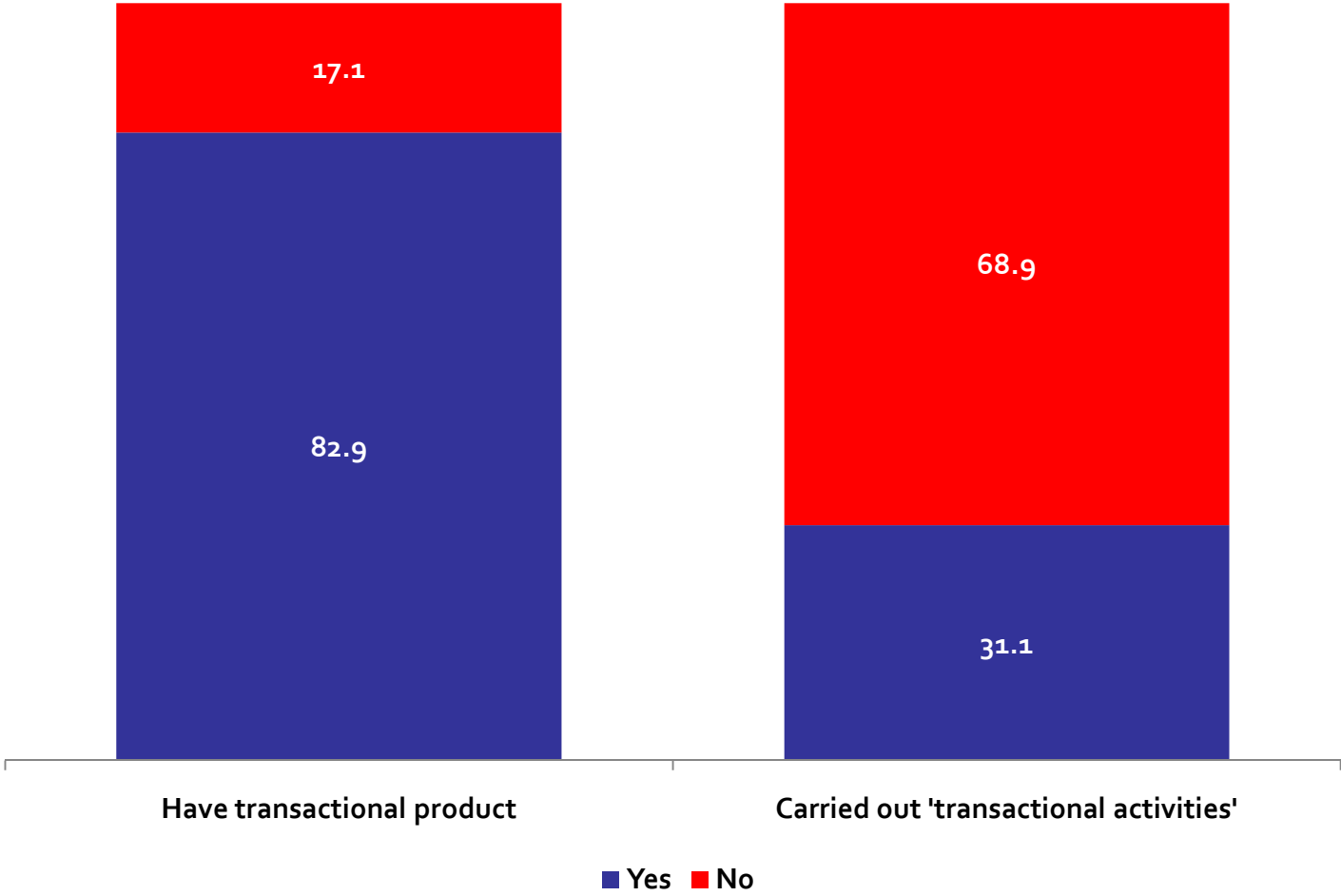
Usage of Financial Products % of rural adult population



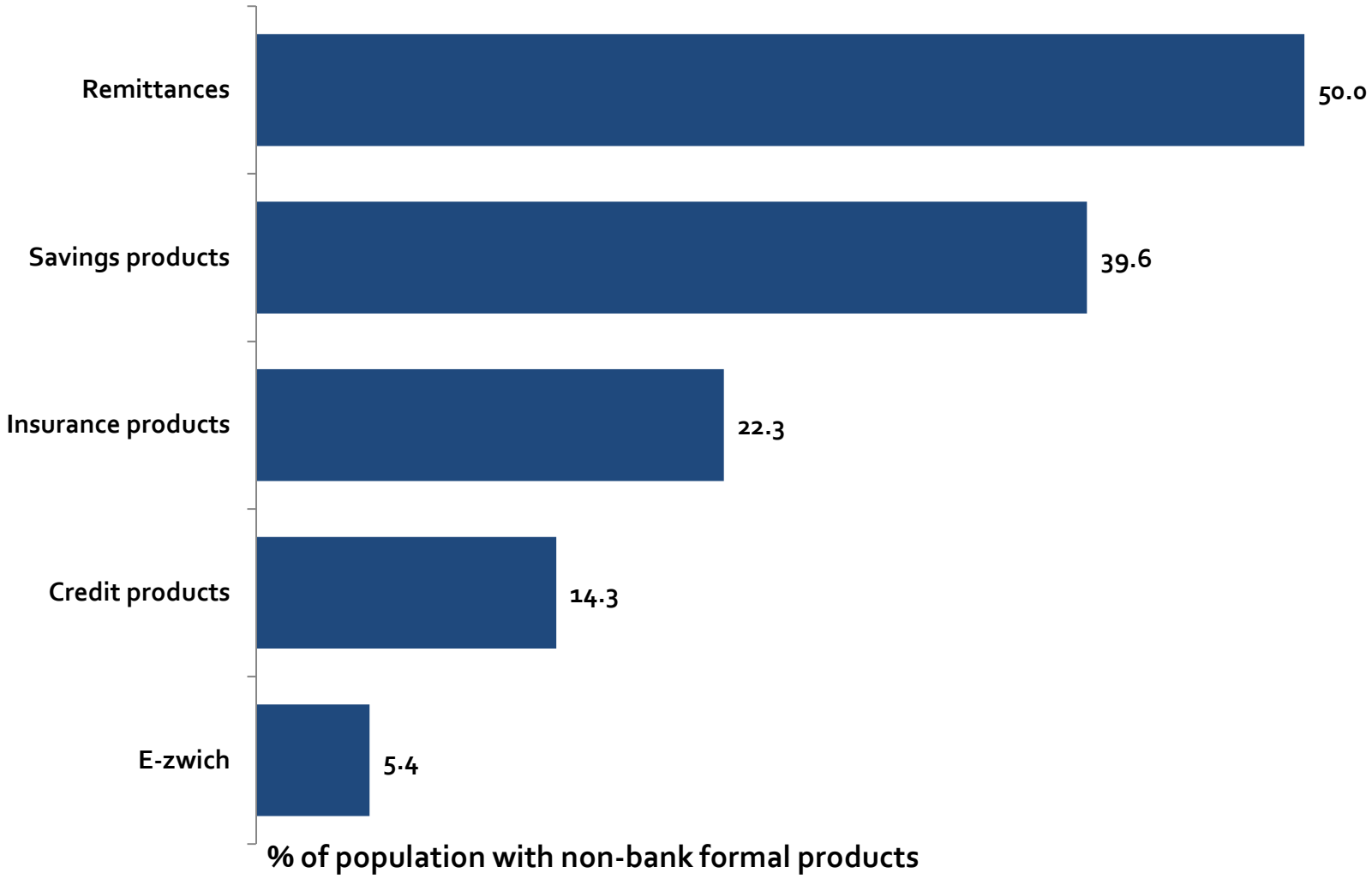
What is driving 'banking'?



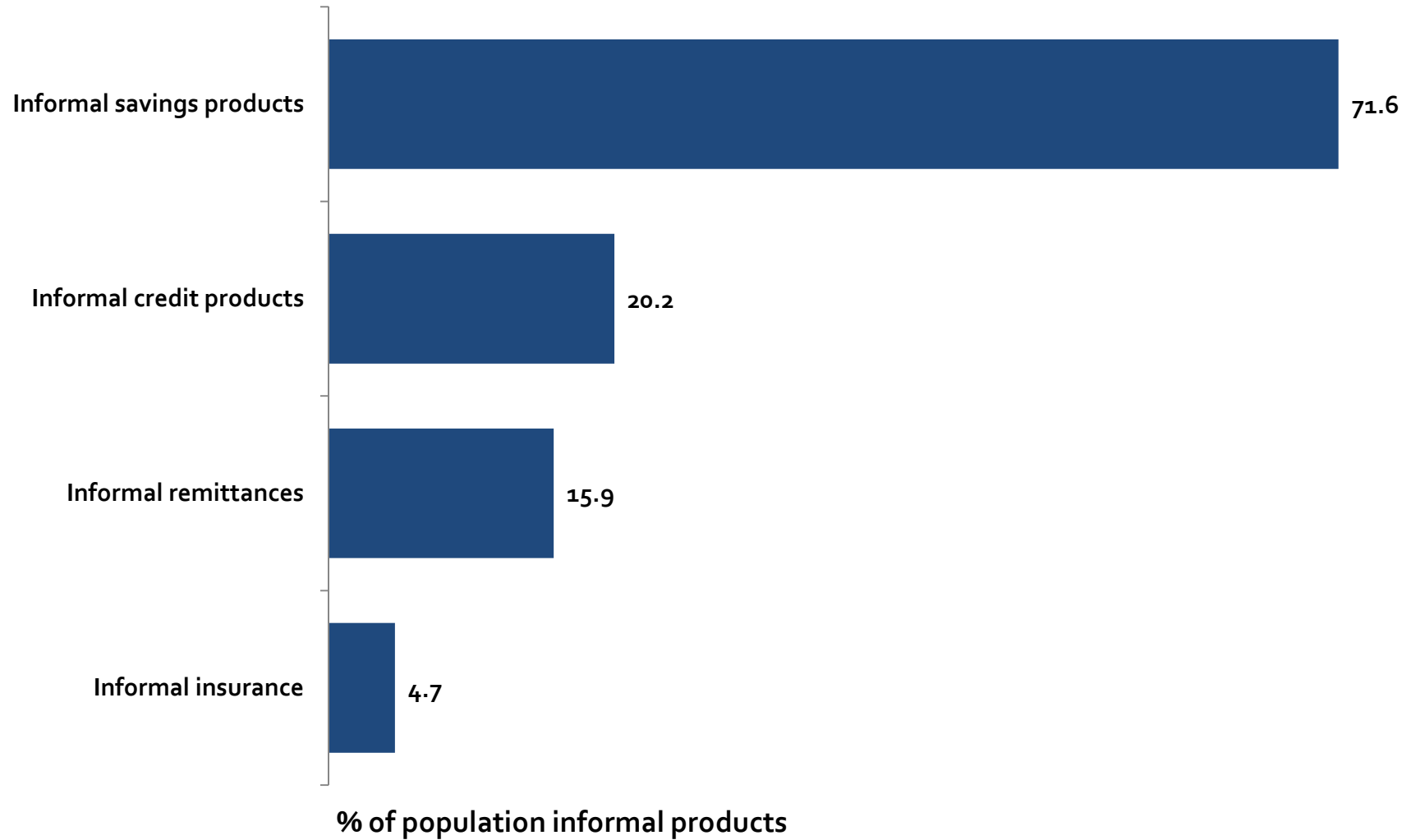
The banked population – product 'fit'



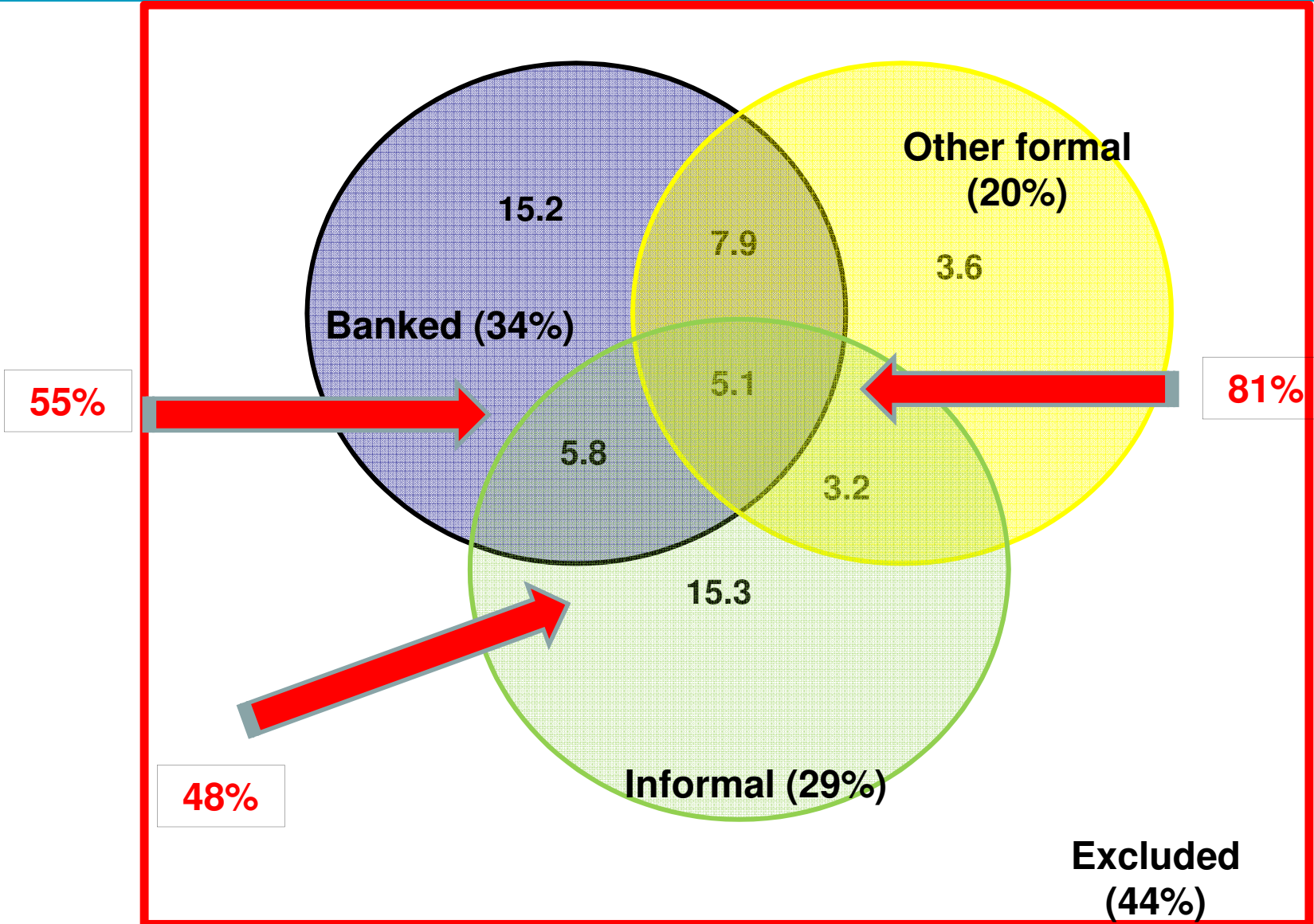
What is driving 'Other Formal'?



What is driving 'informal'?



Overlaps in Product Usage (% of total adult population)

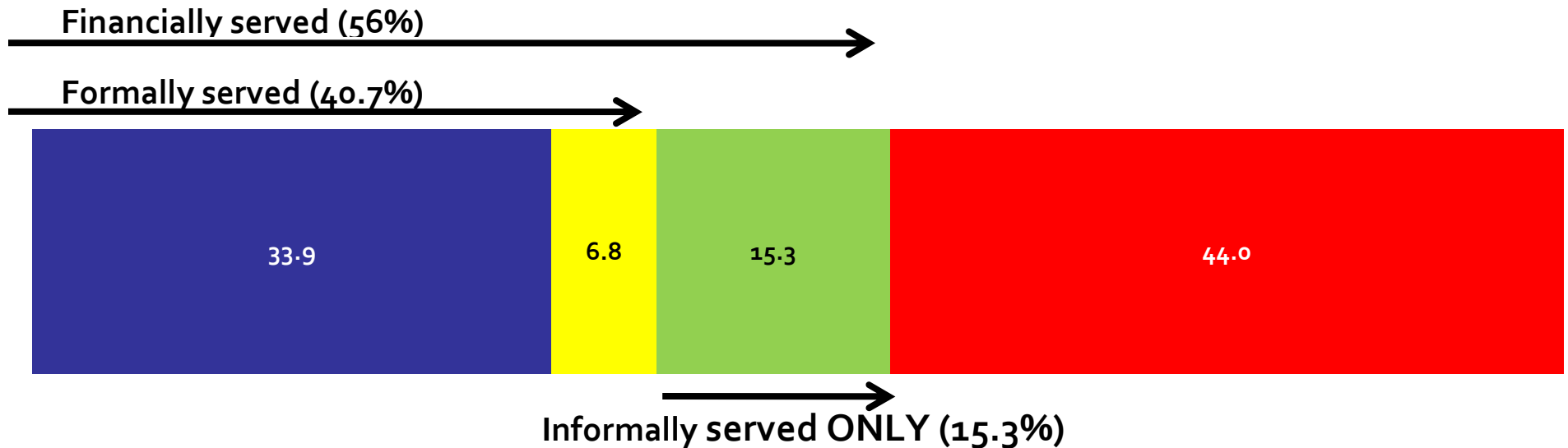


Financial Access Strand



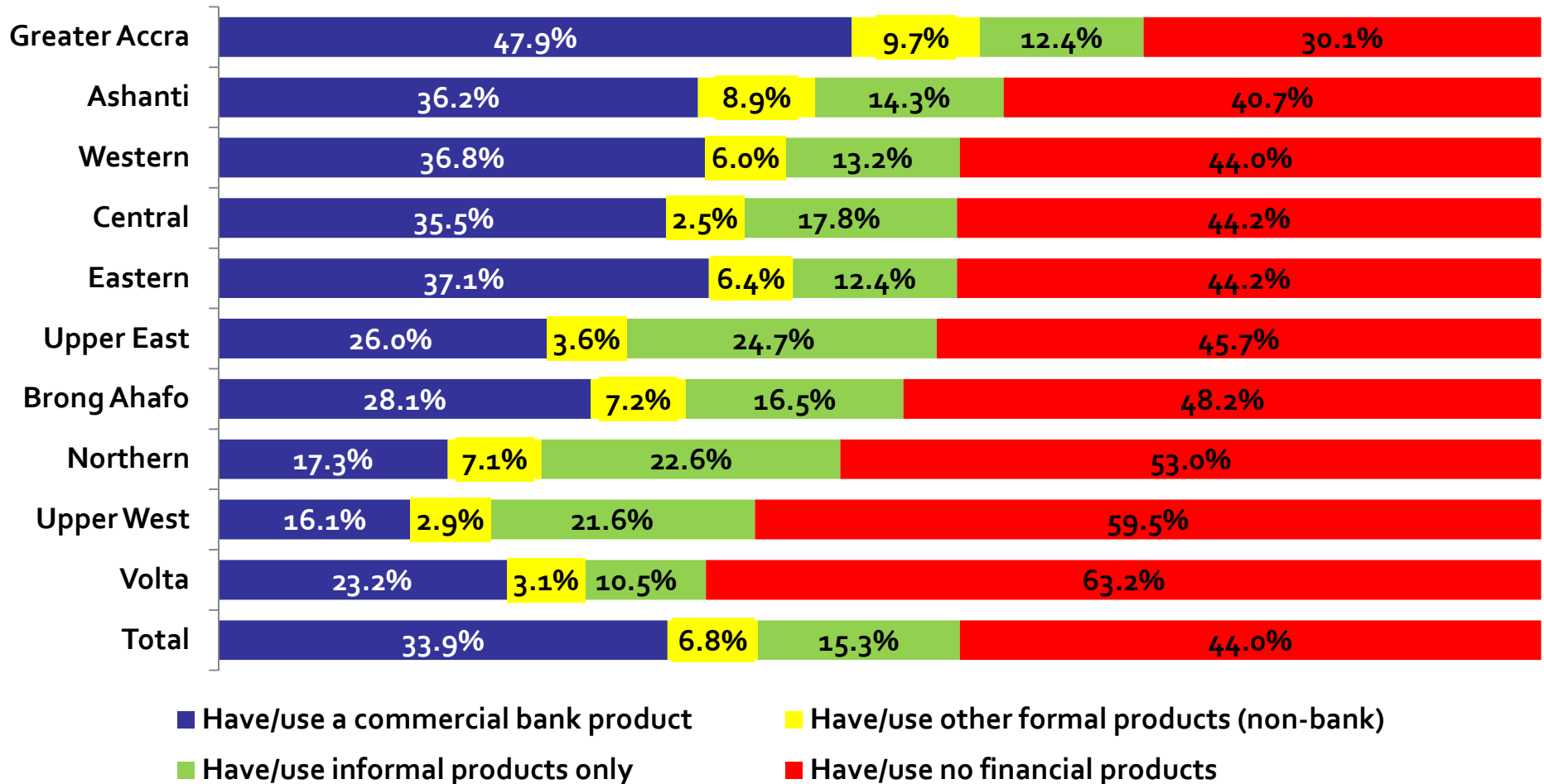
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Access Strand – Ghana 2010

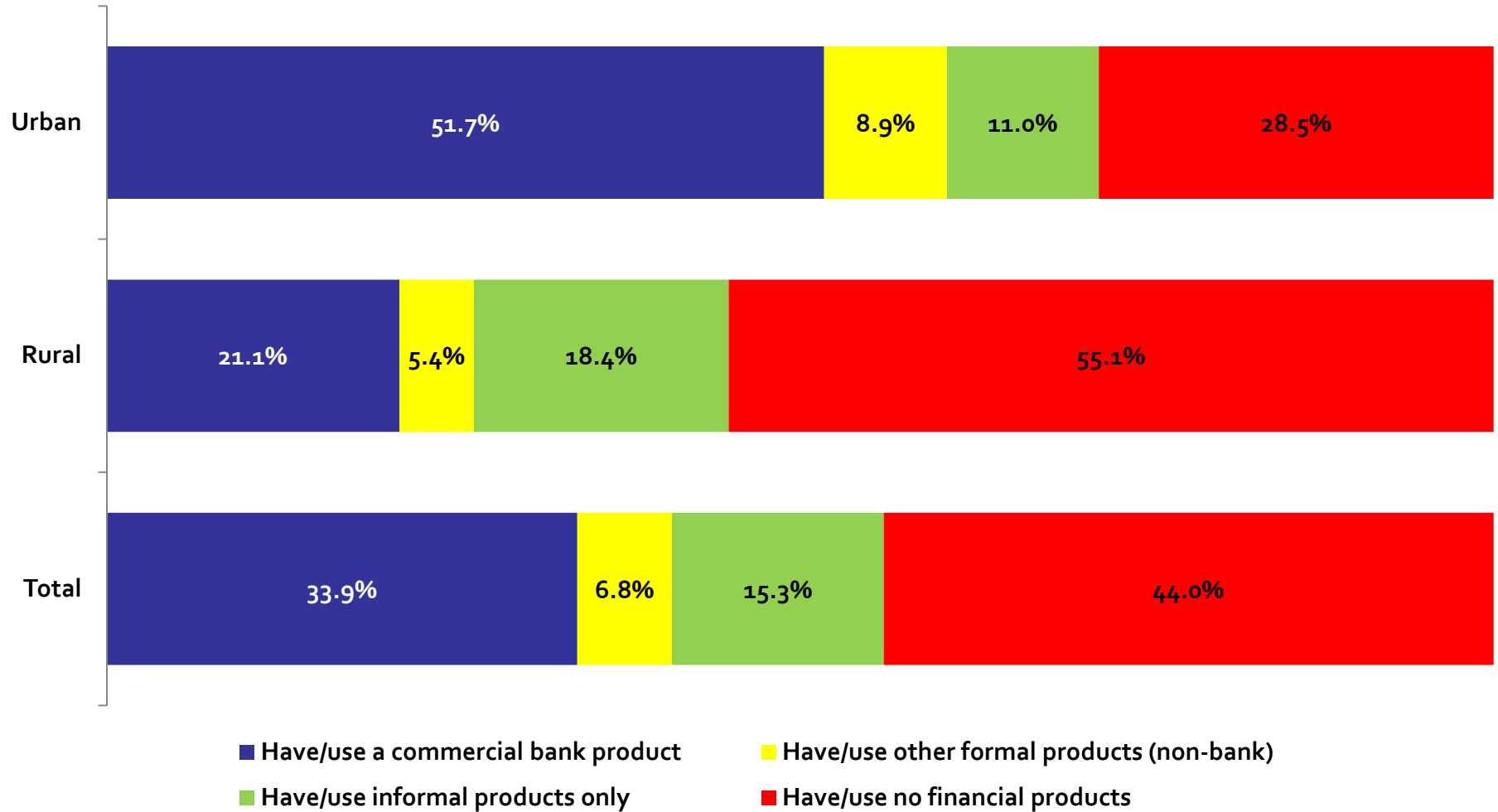


- Have/use a commercial bank product
- Have/use other formal products (non-bank) but have/use no commercial bank products
- Have/use informal products only
- Have/use no financial products

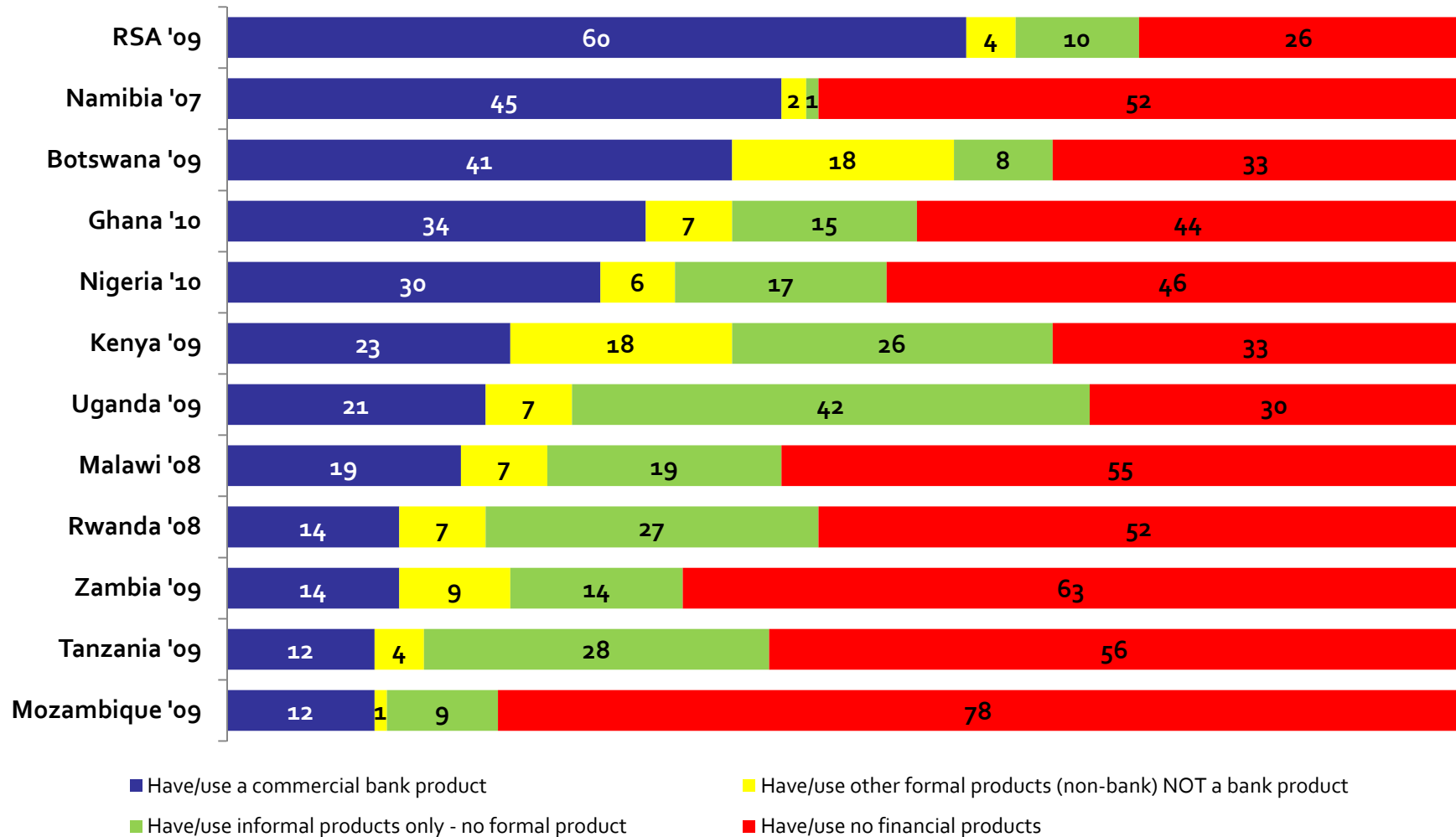
Comparing Access by Region



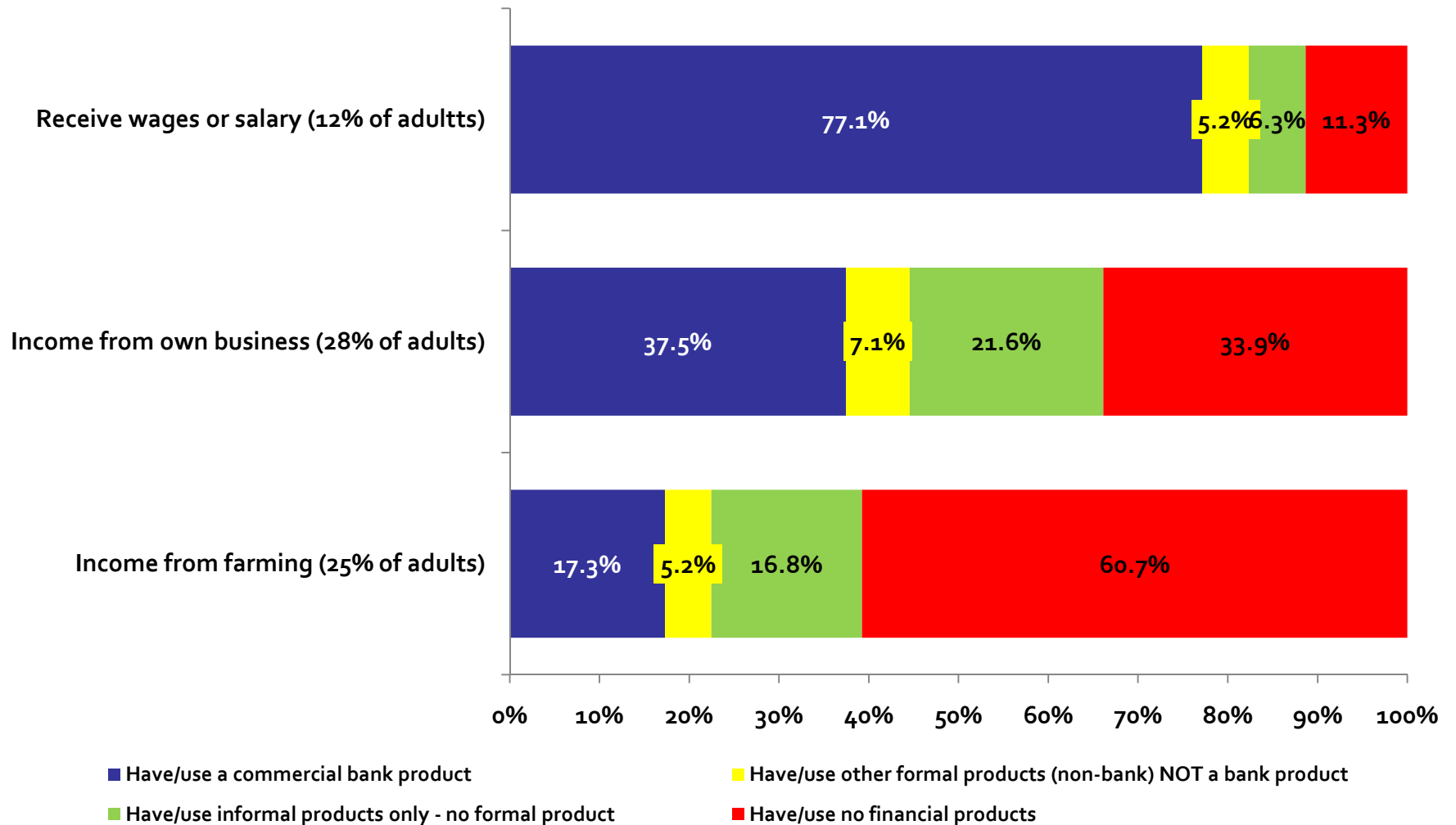
Comparing Access - Urban-Rural



Comparing Access across Countries



Comparing Access – Income generating activities



Landscape of Financial Access



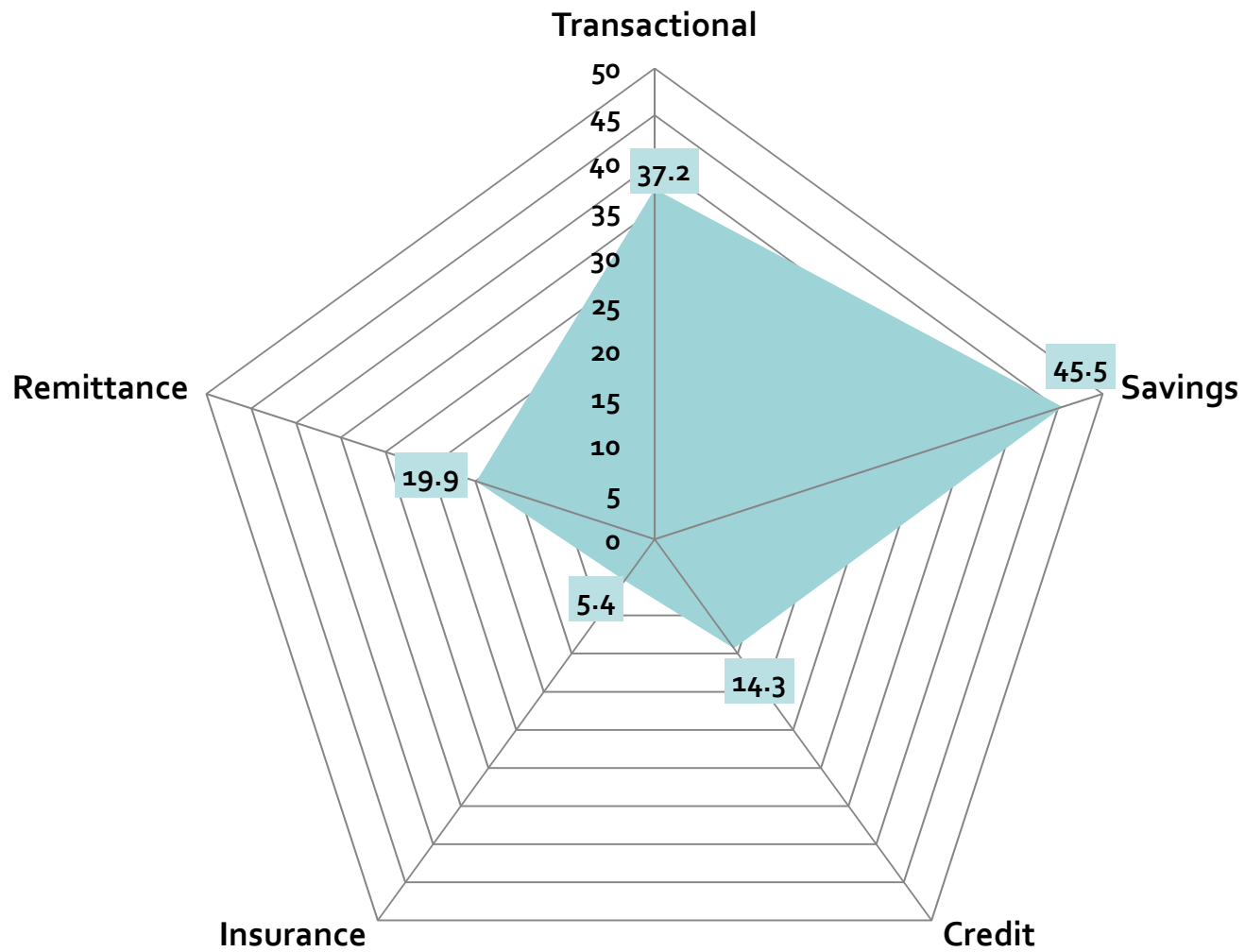
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Landscape of Access



- **The FinScope Landscape of Access describes the percentage of the adult population:**
 - who have/use TRANSACTIONAL products formal or informal
 - who have/use CREDIT products - formal or informal
 - who have/use SAVINGS products - formal or informal
 - who have/use INSURANCE products - formal or informal
 - who use REMITTANCE products – formal or informal

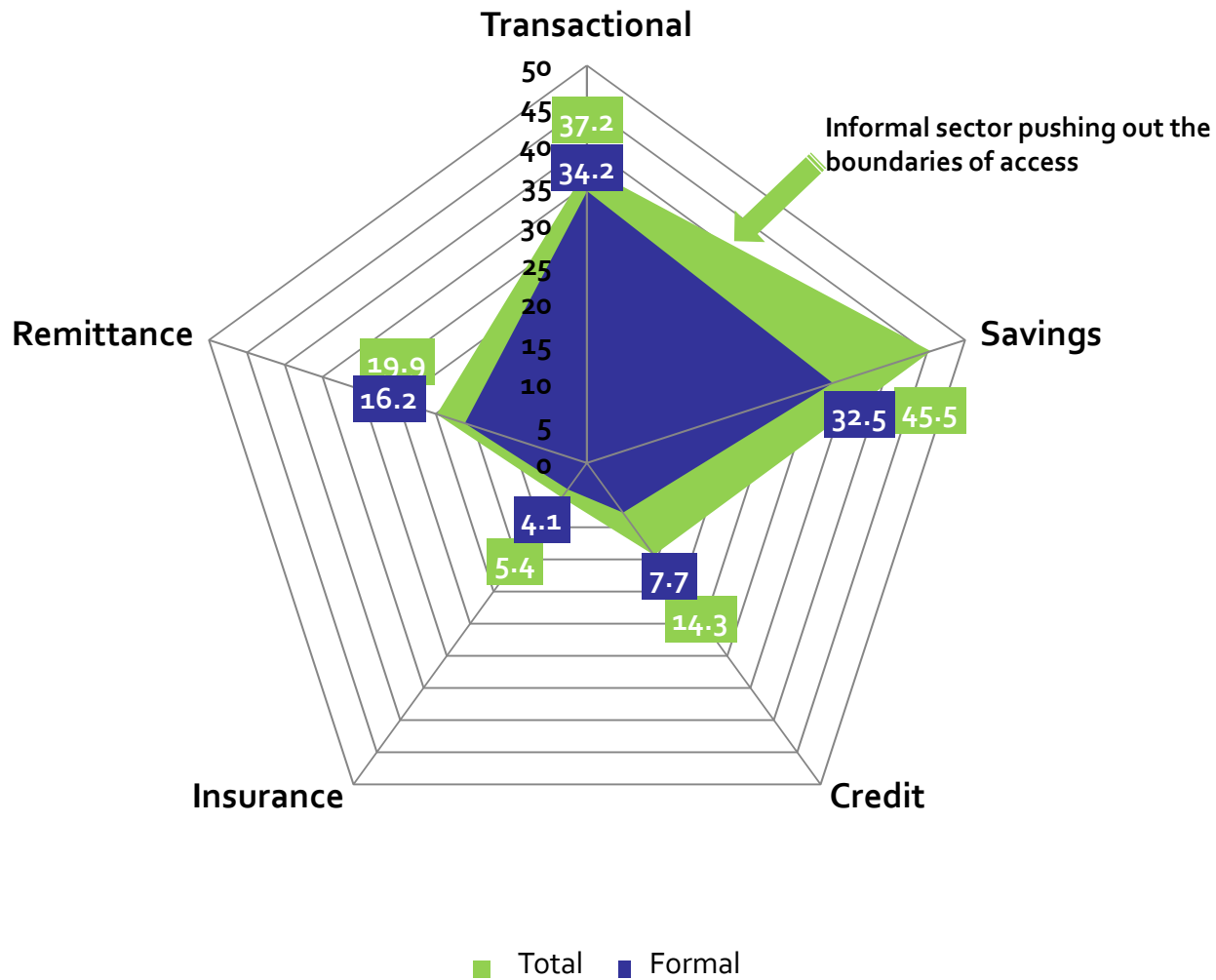
Landscape of Access – Ghana 2010



Role of the Informal sector



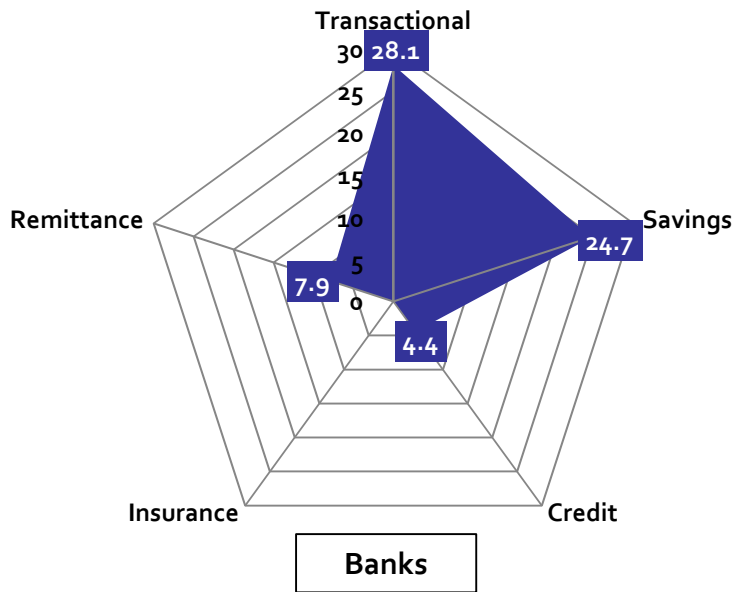
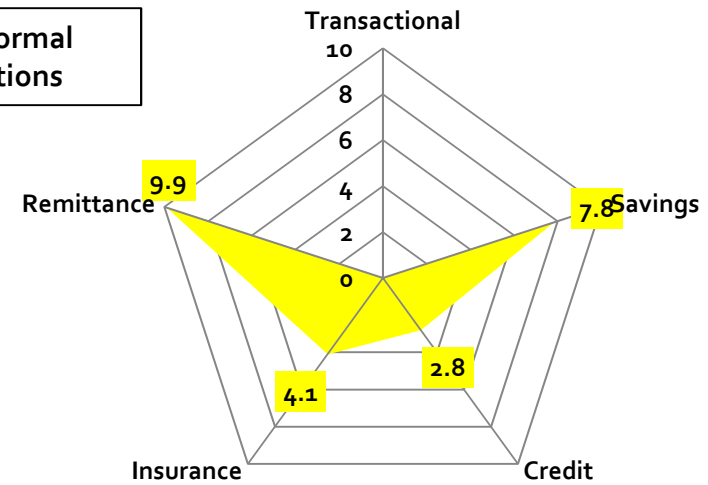
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Roles of the Different Sectors

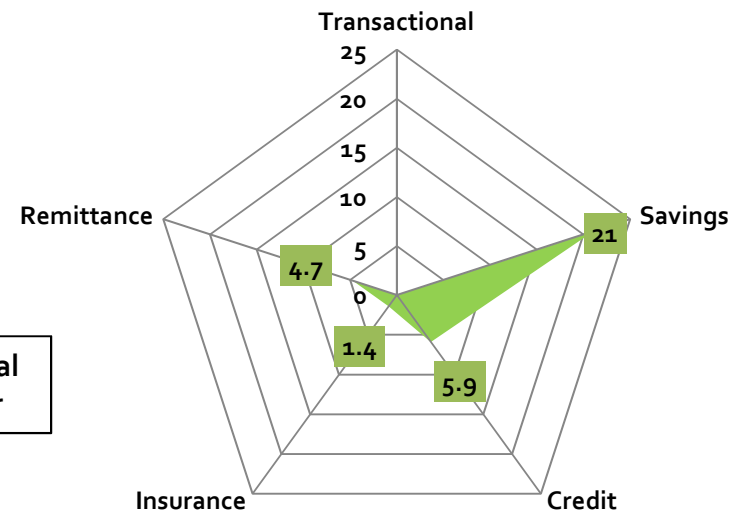


Other formal institutions



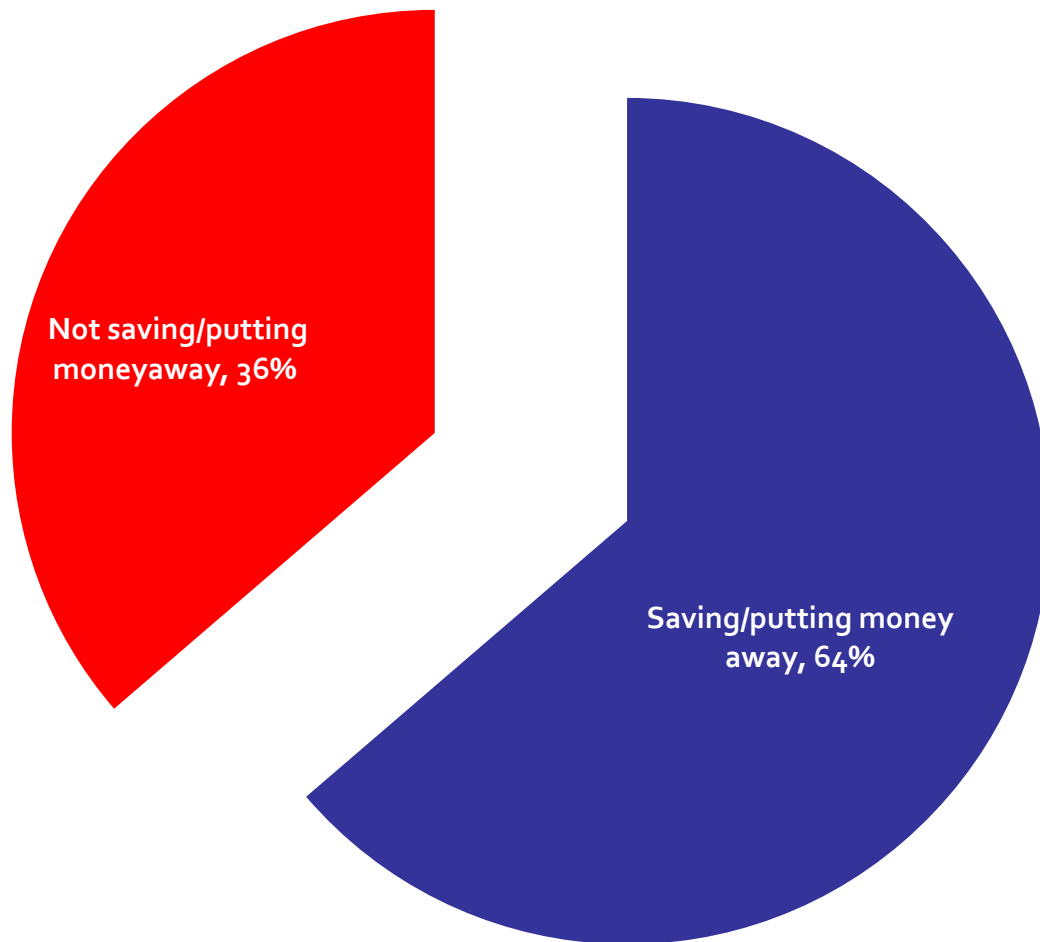
Banks

Informal sector



Financial Behaviour: Saving

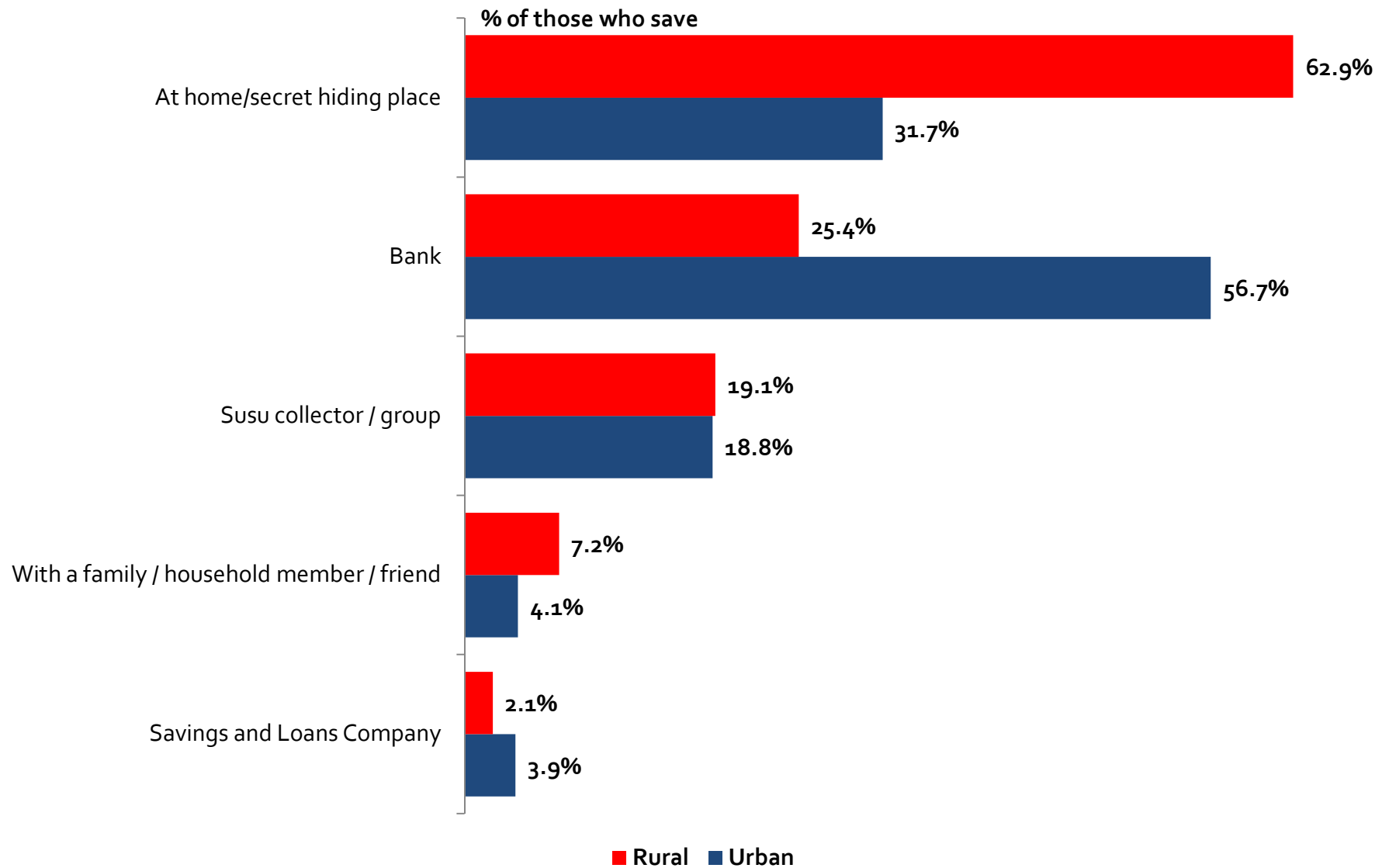
Claimed savings



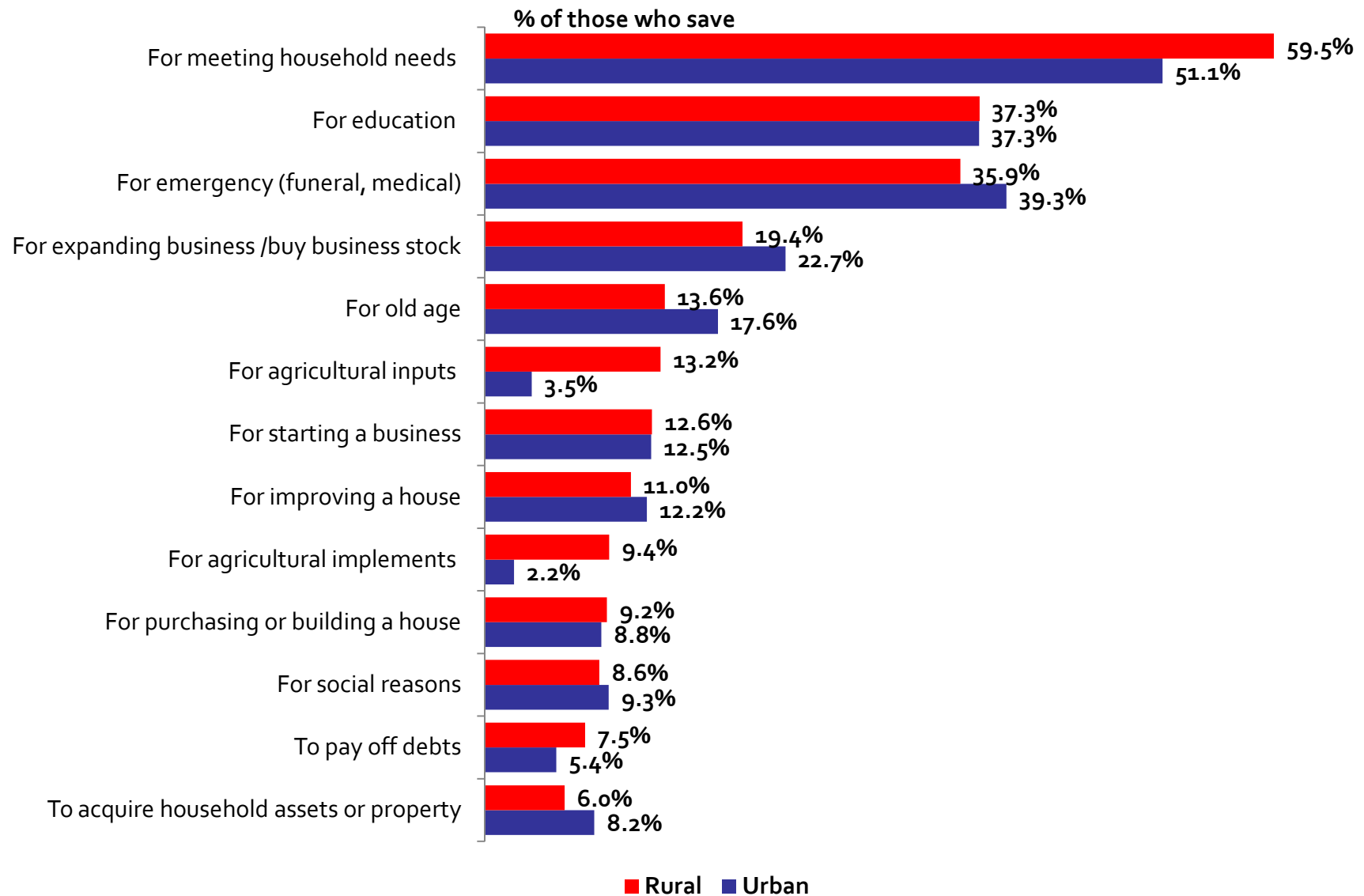
- no difference between male and female
- no difference between urban & rural

- 45.5% have savings products
- 32.5% have FORMAL savings products
- 21% have INFORMAL savings products

Saving mechanisms – Rural vs. Urban

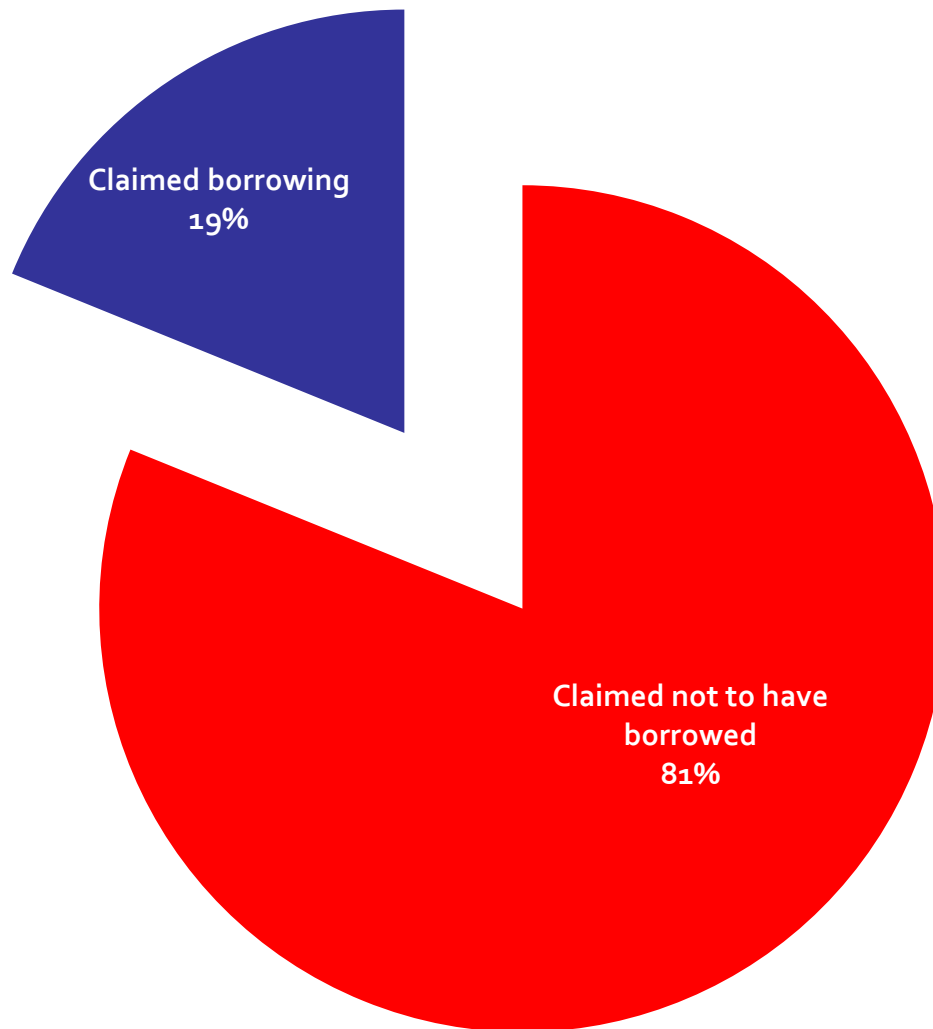


Reasons for saving



Financial Behaviour: Borrowing

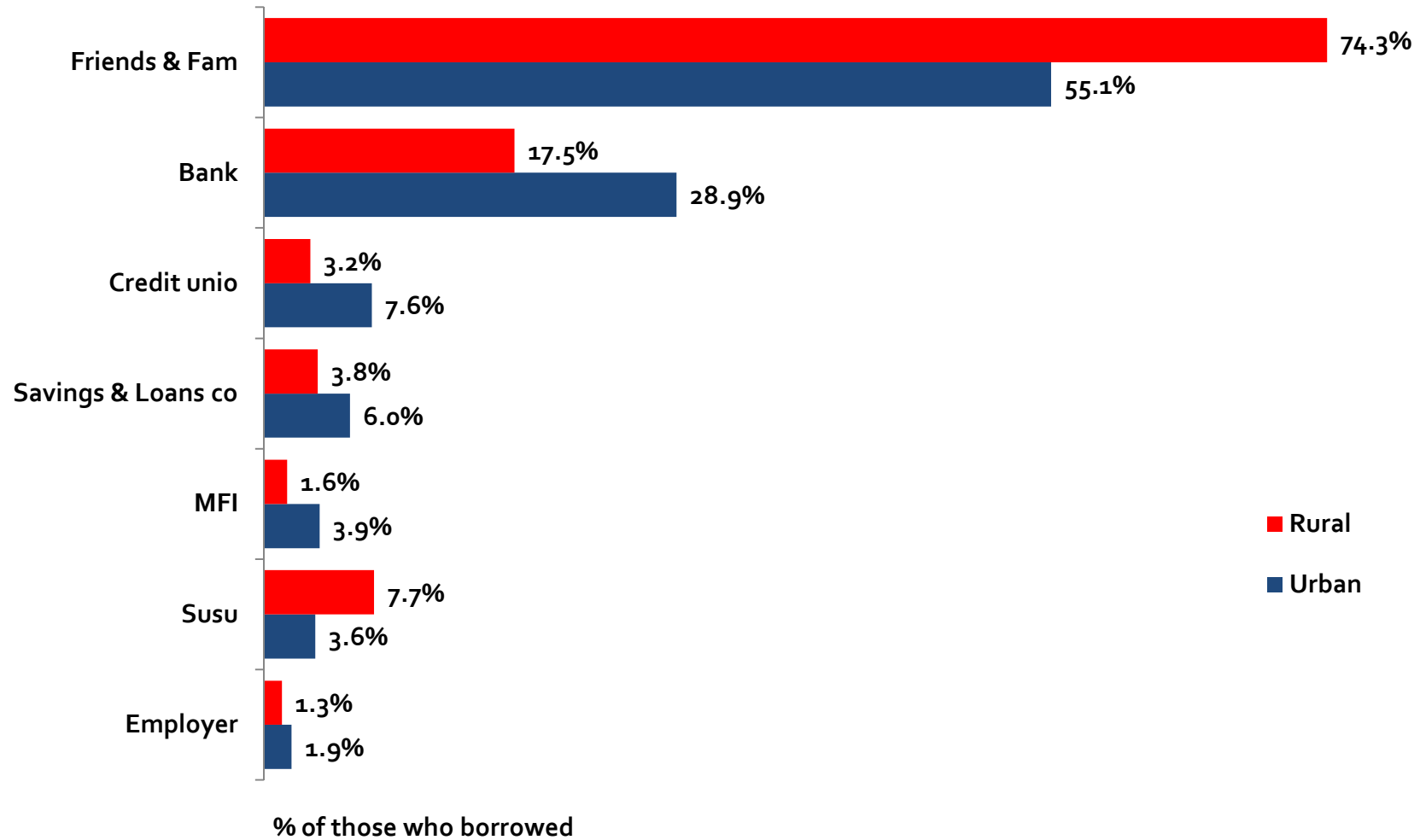
Claimed borrowing



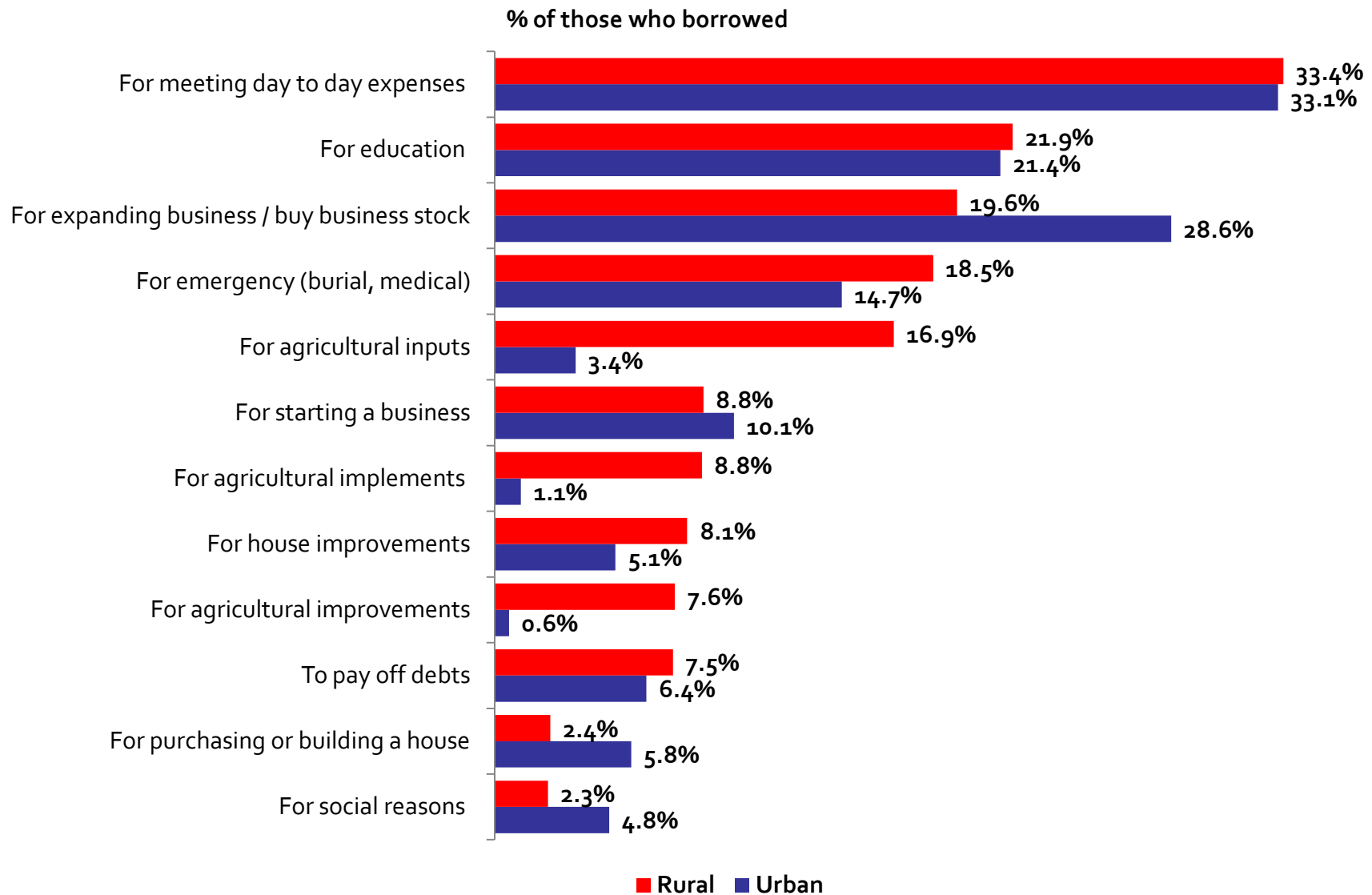
- no difference between male and female
- no difference between urban & rural

- 14.3% have CREDIT products
- 7.7% have FORMAL credit products
- 8% have INFORMAL credit products

Borrowing sources

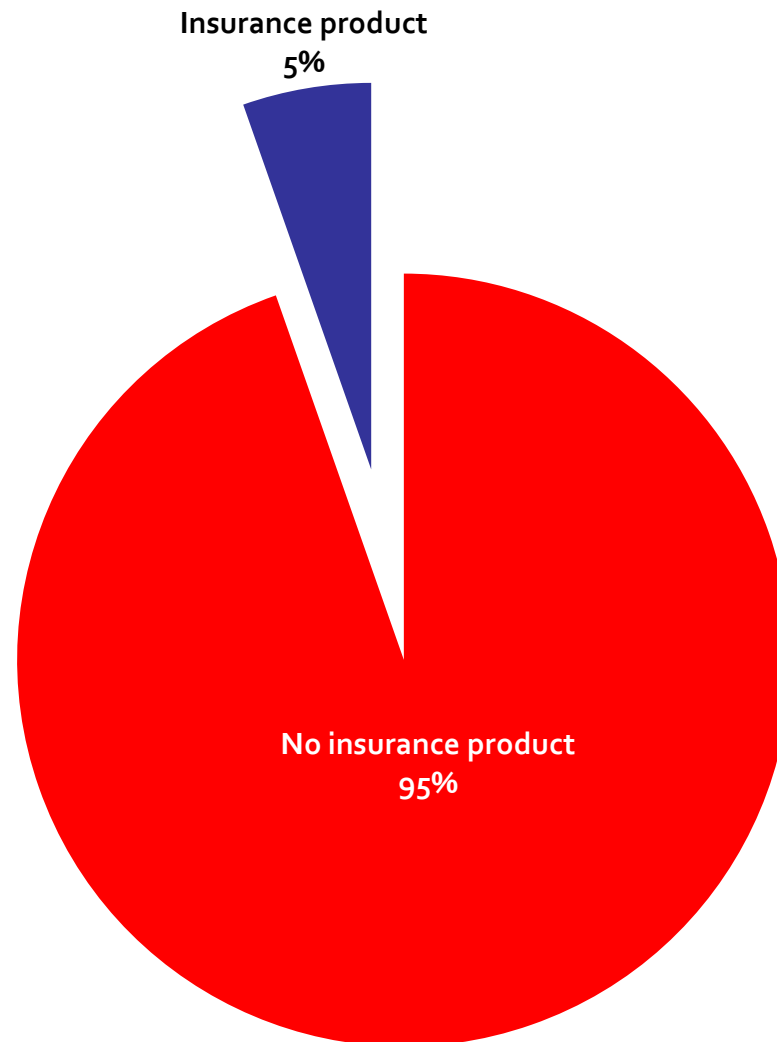


Reasons for borrowing



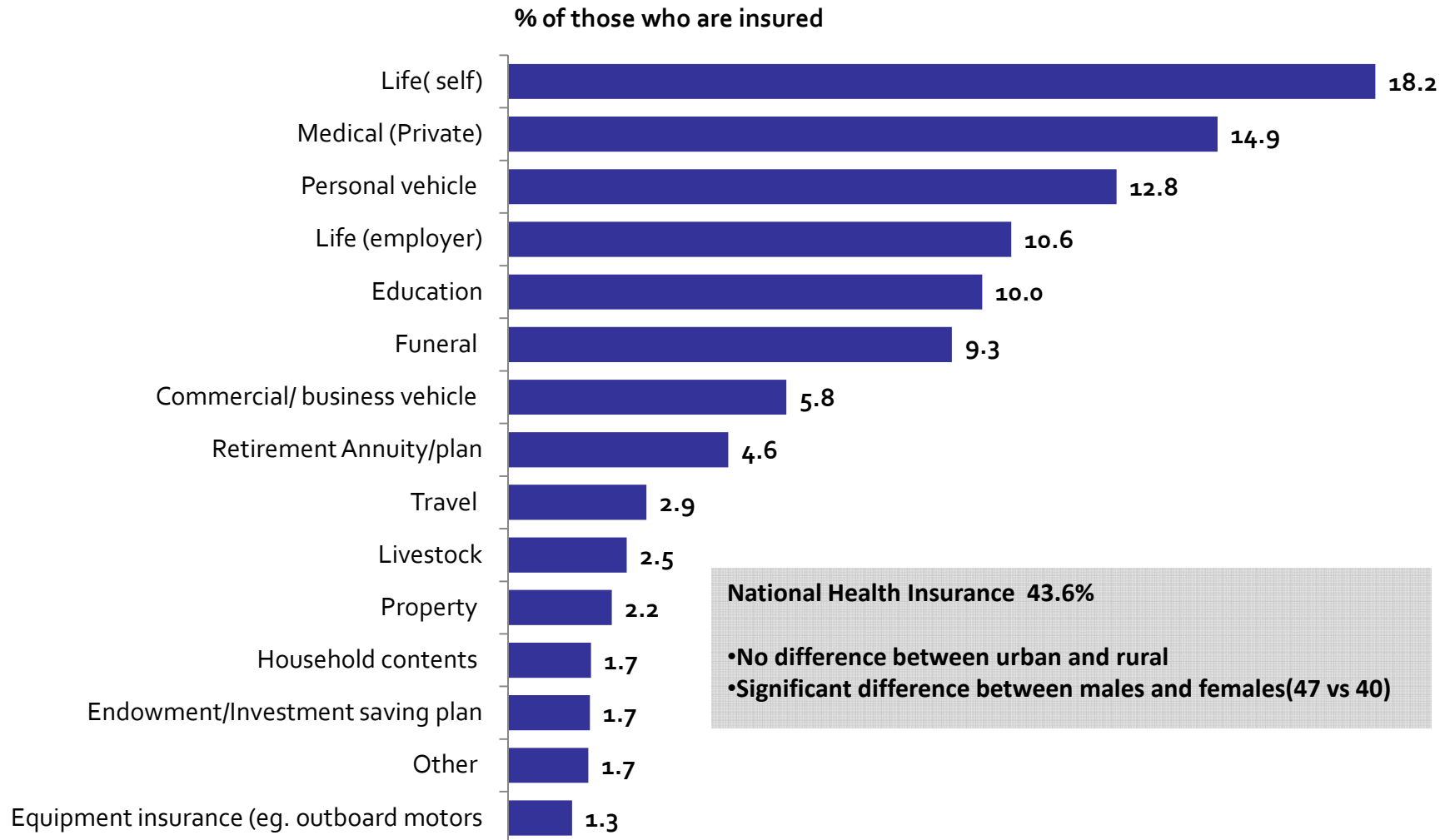
Financial Behaviour: Risk Mitigation

Risks and risk mitigation (% of adults)



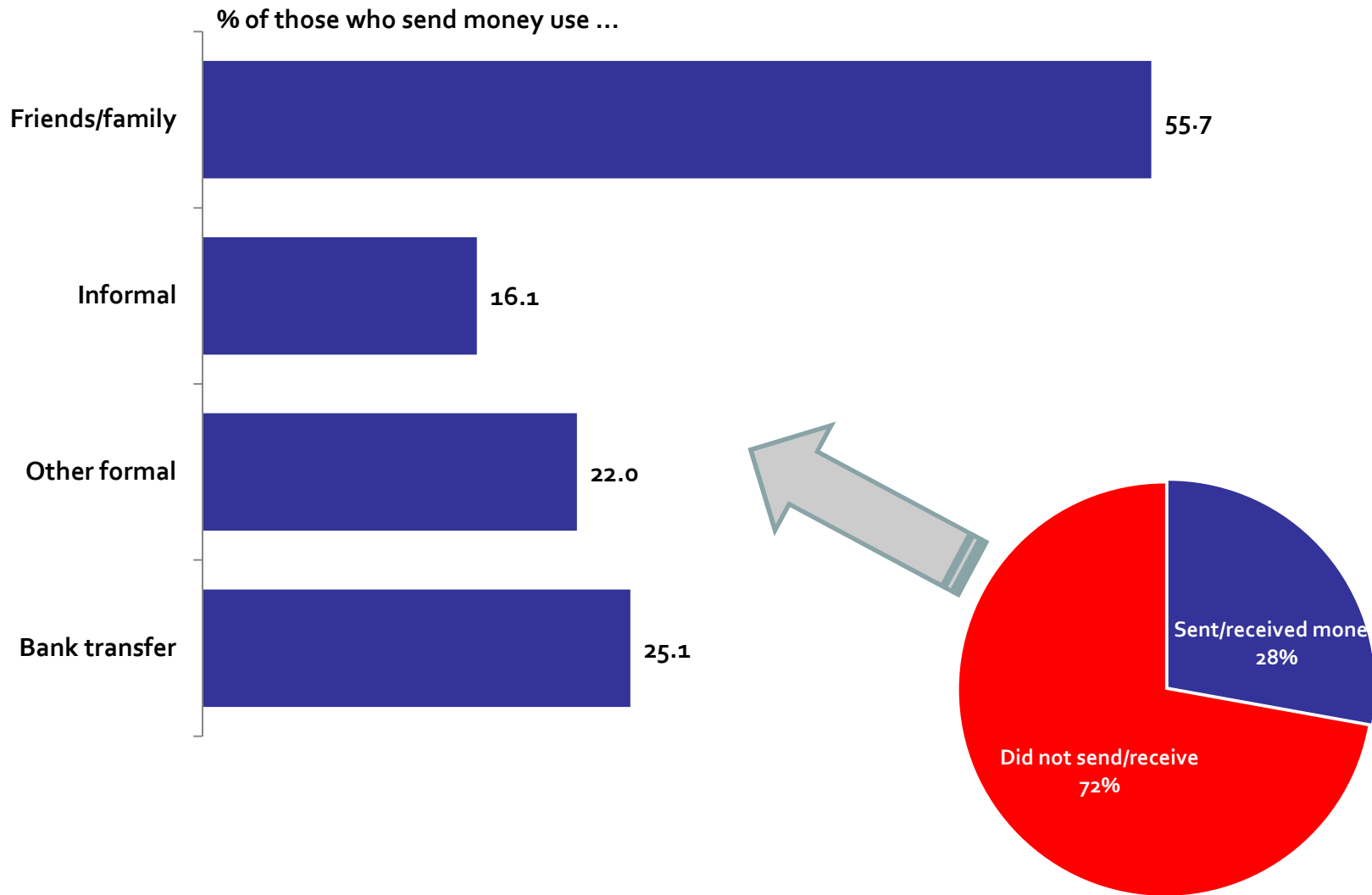
- MAIN PERCEIVED RISKS**
- Illness in household/family
 - Loss of business
 - Drought/Access to water (rural)/
 - Theft (urban)
- COPING MECHANISMS**
- Borrow from family/friends
 - Savings
 - Cut sown on household expenses
 - Sell assets/crop/livestock

Insurance products



Financial Behaviour: Remittances

Remittances

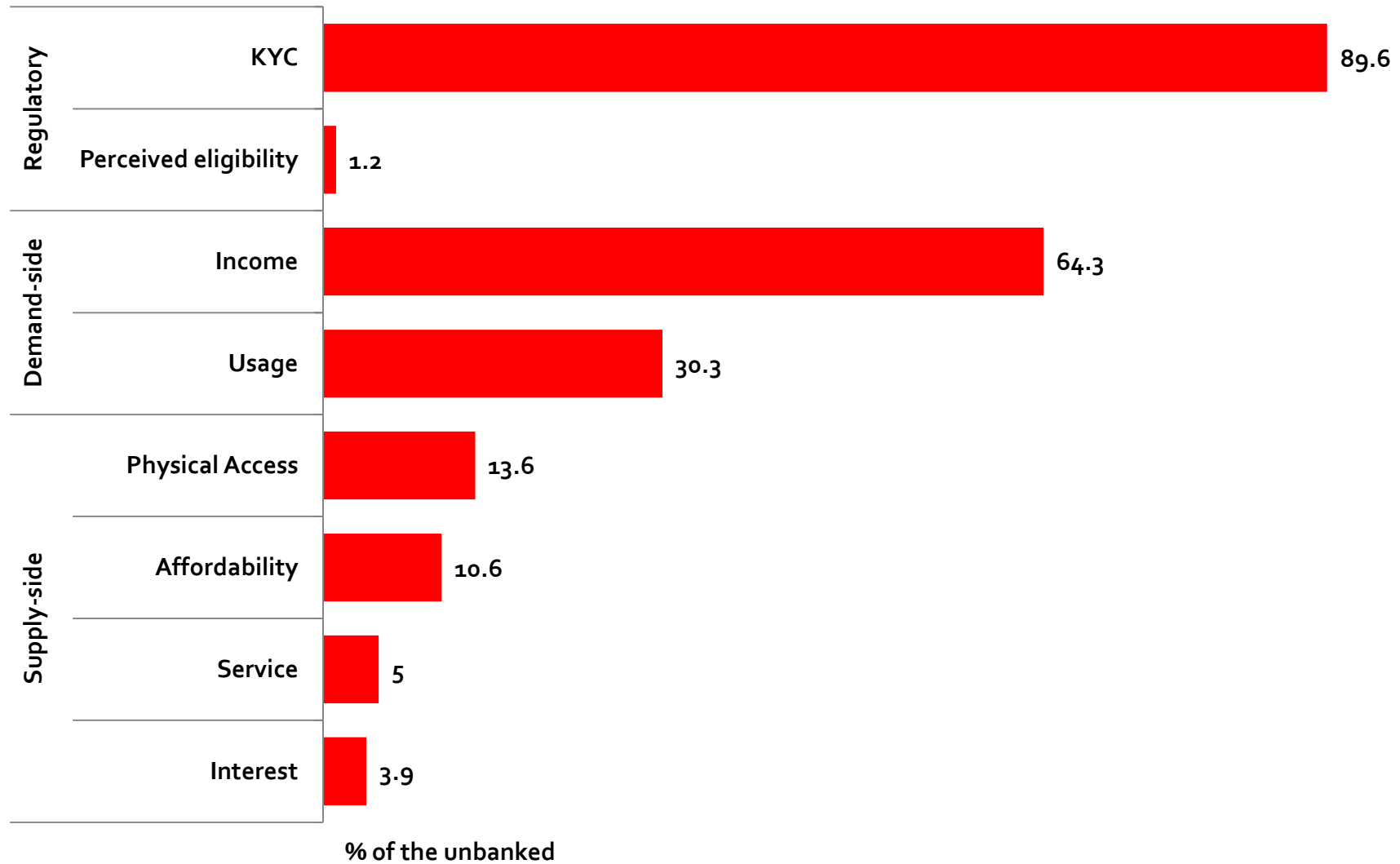




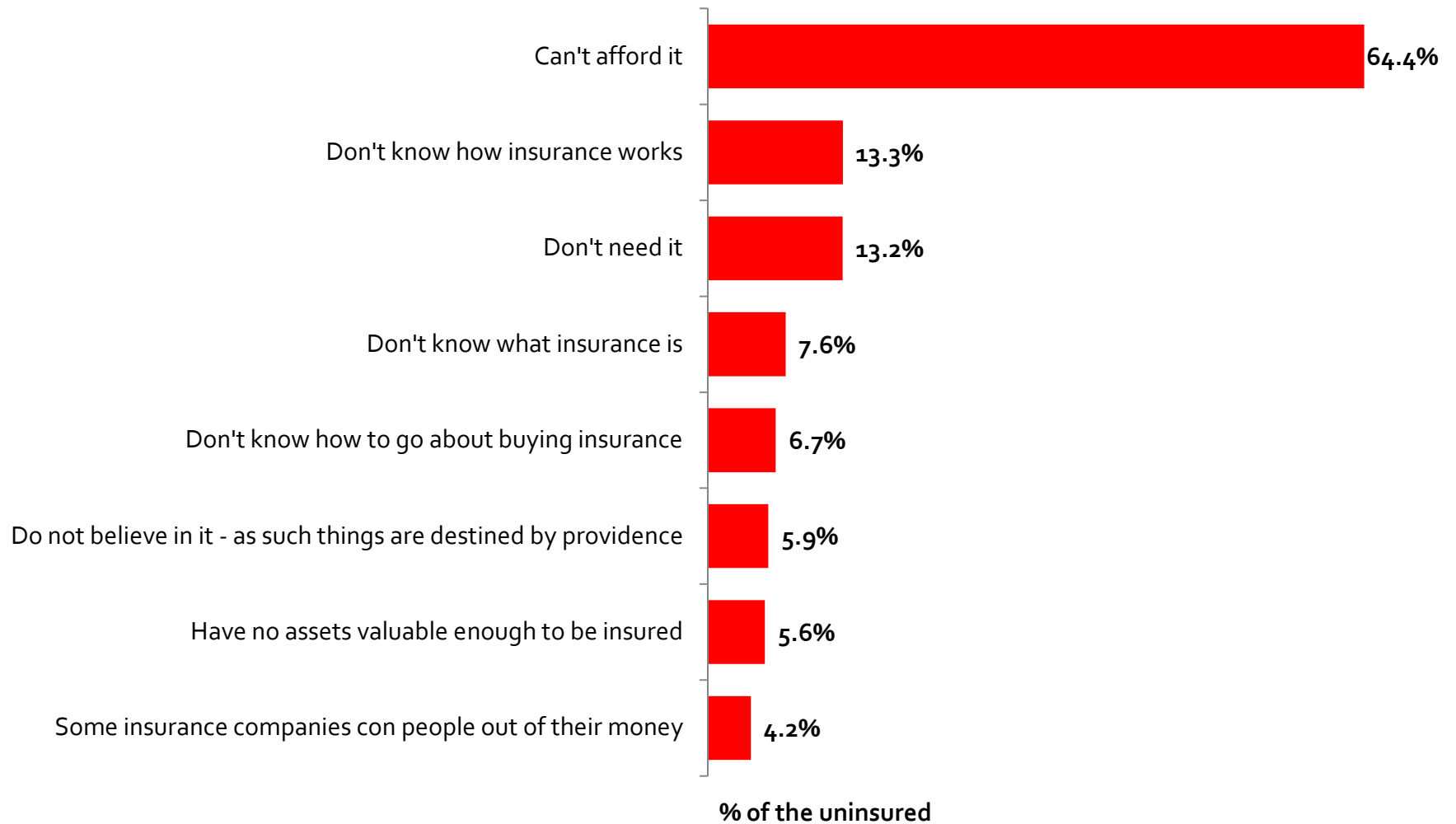
Barriers to Financial Inclusion

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Barriers to Banking



Barriers to Insurance



Key Take-Outs



- **Financial inclusion inextricably linked to people's livelihoods**
 - **The priority they give to usage of financial products and services must be viewed in the context of the realities of their lives:**
 - Coping with lack of basic amenities, especially in rural areas
 - Income in small amounts, irregular, inconsistent
 - Striving to make ends meet
 - **Impact of these realities:**
 - More than half of those who save, one in three of those who borrow, do so to meet daily needs
 - Most of the financial excluded cite income-related reasons as barriers
 - **Addressing basic needs would be the priority of most of the excluded. Whether or not a financial product or service would improve their lives might be something they have ever thought about.**

Key Take-Outs



- High level financial inclusion – 56% of individuals 18 years and older – 7,5 million
- High level of formal inclusion – 41% of individuals 18 years and older – 5,5 million
- High level of banking – 34% of individuals 18 years and older - 4,5million
 - Appropriate Bank Products??
- High level of usage of “other formal” products – 20% of individuals 18 years and older - 2,7 million
 - Remittance products drive “other formal” rather than microfinance
- Informal sector plays an important role – 30% of individuals 18 years and older use informal products – 4 million
- Insurance penetration low – 5% of individuals 18 years and older -700000
- **BUT NHI membership high – 45% of individuals 18 years and older – 6 million**
 - NHI - a successful social intervention with financial benefits
- **Barriers to inclusion:**
 - Geographical access not perceived as main barrier to access
 - Personal income perceived as most significant barrier
 - Financial Literacy identified throughout as underlying barrier

Thank you