



# FinScope Swaziland 2011

## Launch Topline Findings

15 July 2011



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Making financial markets work for the poor



# Presentation Scope



Survey objectives

Understanding people's lives  
(financial inclusion in context)

Defining financial inclusion

Swaziland financial inclusion

Savings and savings products

Borrowing and credit products

Insurance and insurance products

Remittance and remitting channels

Conclusions



# FinScope Swaziland2011 Objectives



- 
- To determine levels of access to financial services nationally, urban rural, and regionally
  - To describe the current landscape of access
  - To identifies 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



# Sampling and Methodology



- Sample by Central Statistical Office from MICS survey
- Multistage random sampling procedure
  - Geographical (365 enumerator areas)
  - Household (10 Households selected)
  - Individuals (18 years and older)
- Sample representative at:
  - National
  - Urban-rural
  - Regional level
- Total sample achieved of 3,632 (Response rate 99.5%)



# Census and FinScope Comparison



	Population Census %	FinScope Survey %
Population (18+)	535 546	533 628
<b>Gender</b>		
Male	45.3	37.1
Female	54.7	62.9
<b>Age</b>		
18 - 19	8.8	7.1
20 - 29	36.3	34.6
30 - 44	28.9	28.2
45 - 59	15.4	16.3
60 +	10.5	13.9



# Census and FinScope Comparison



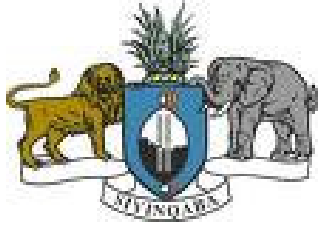
	Population Census %	FinScope Survey %
<b>Region</b>		
Hhohho	28.3	21.5
Manzini	32.8	33.7
Shiselweni	19.2	22.2
Lubombo	19.7	22.5
<b>Residence</b>		
Urban	27.3	31.2
Rural	72.7	68.8



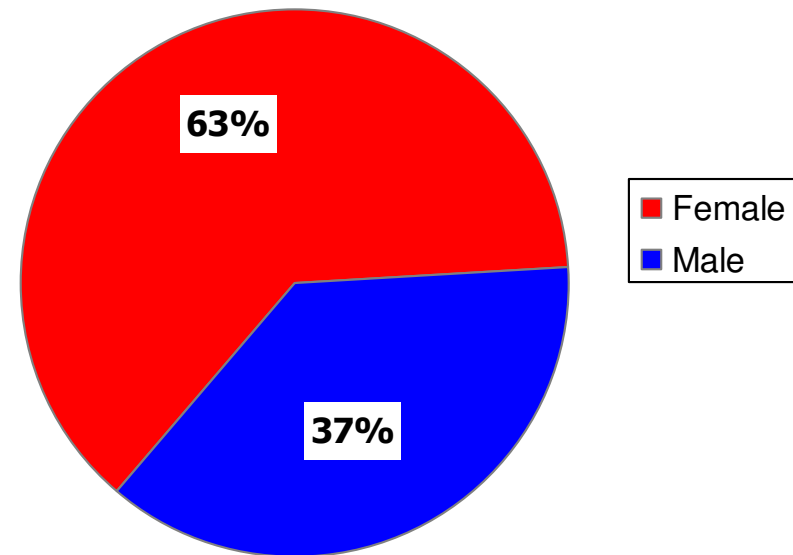
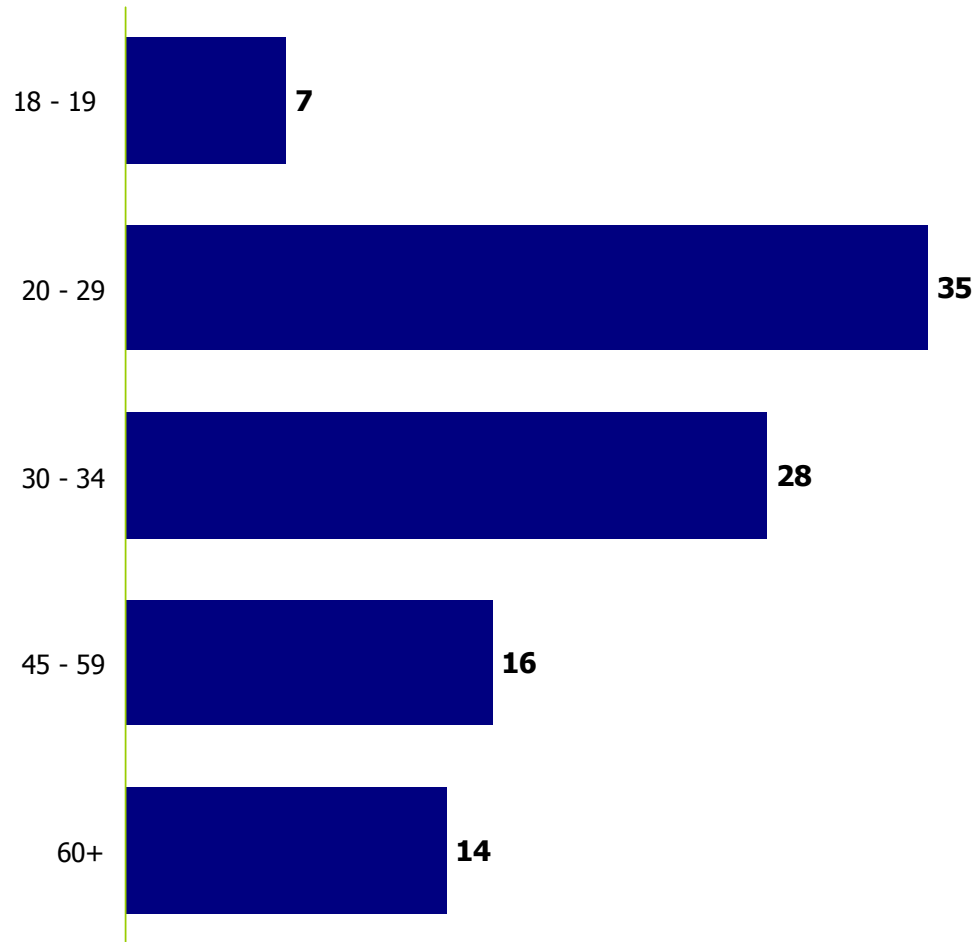
# Understanding People's Lives

Realities of People's Lives:  
Financial inclusion in context

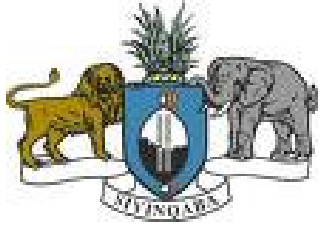




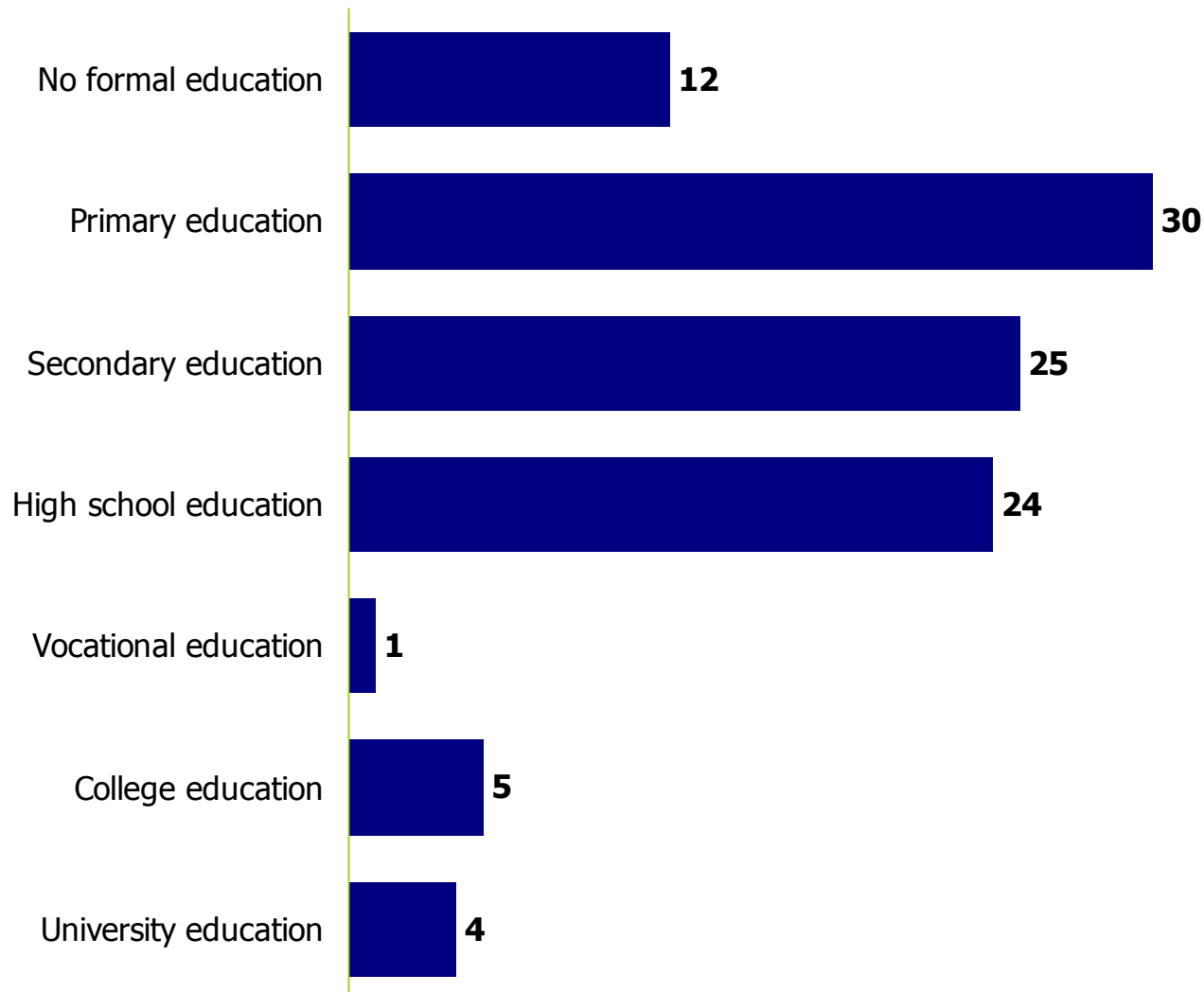
# Age and Gender

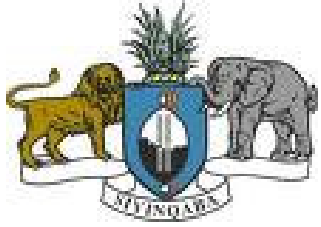




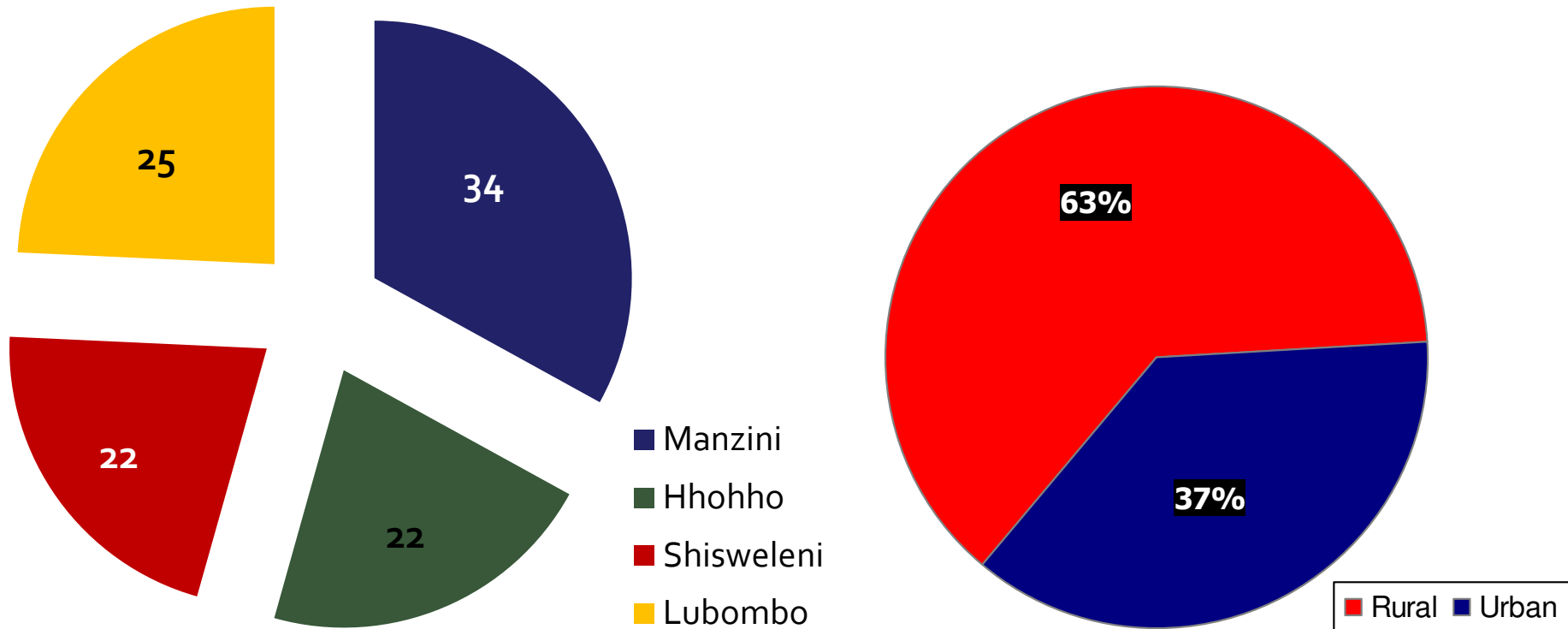


# Highest level of Education





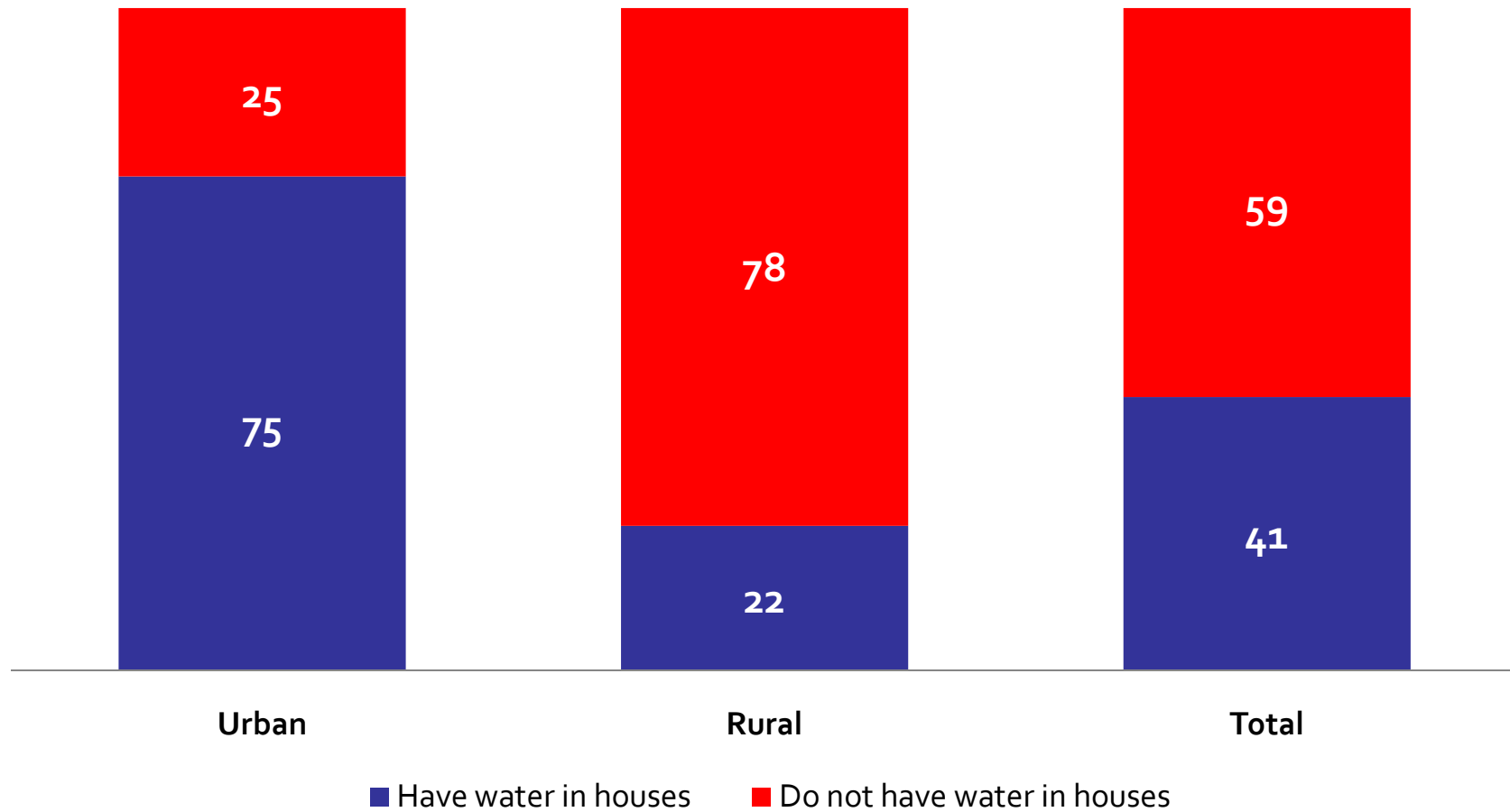
# Geographical distribution





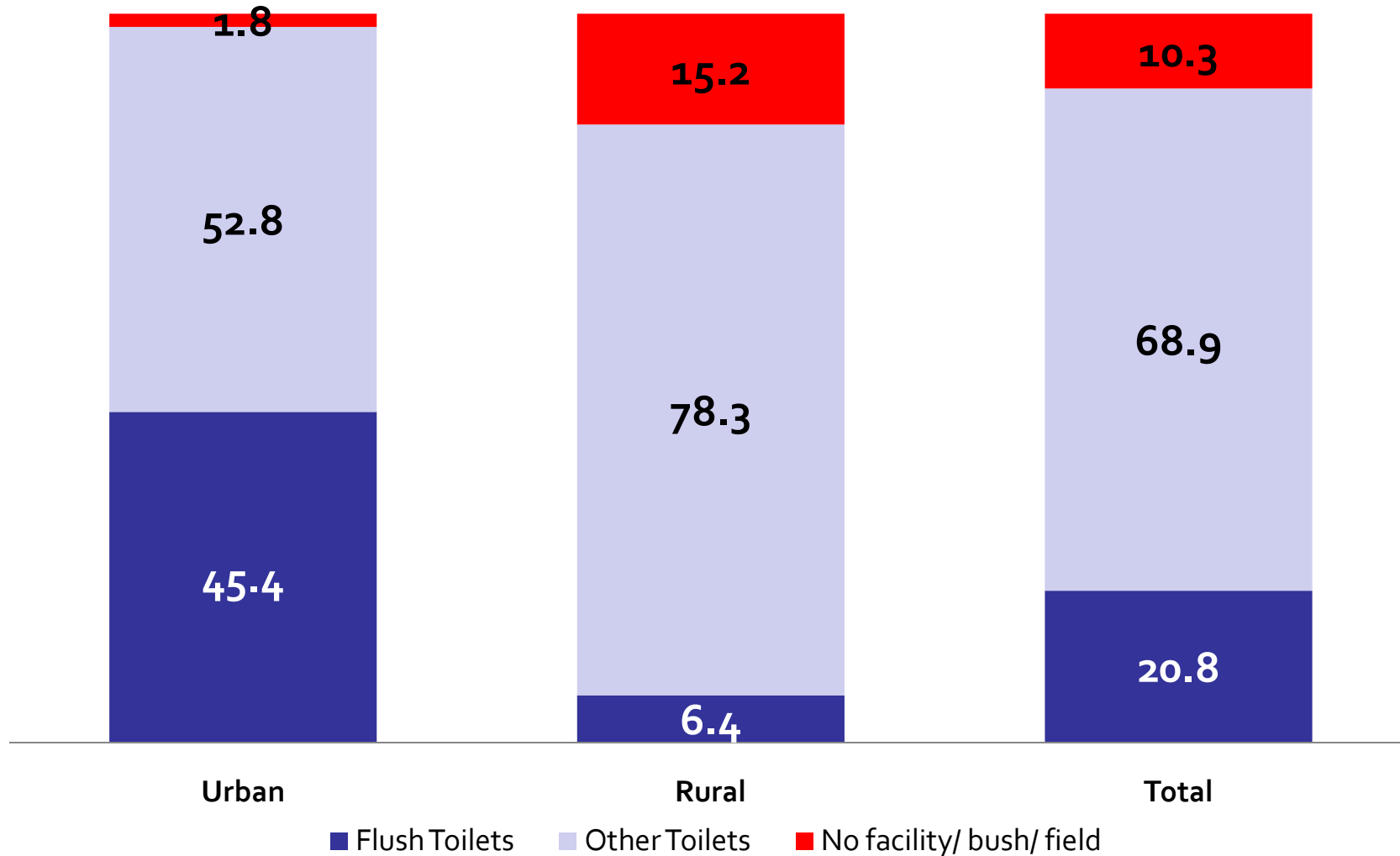
# Source of Drinking Water

## 1 in 2 don't have in-house water





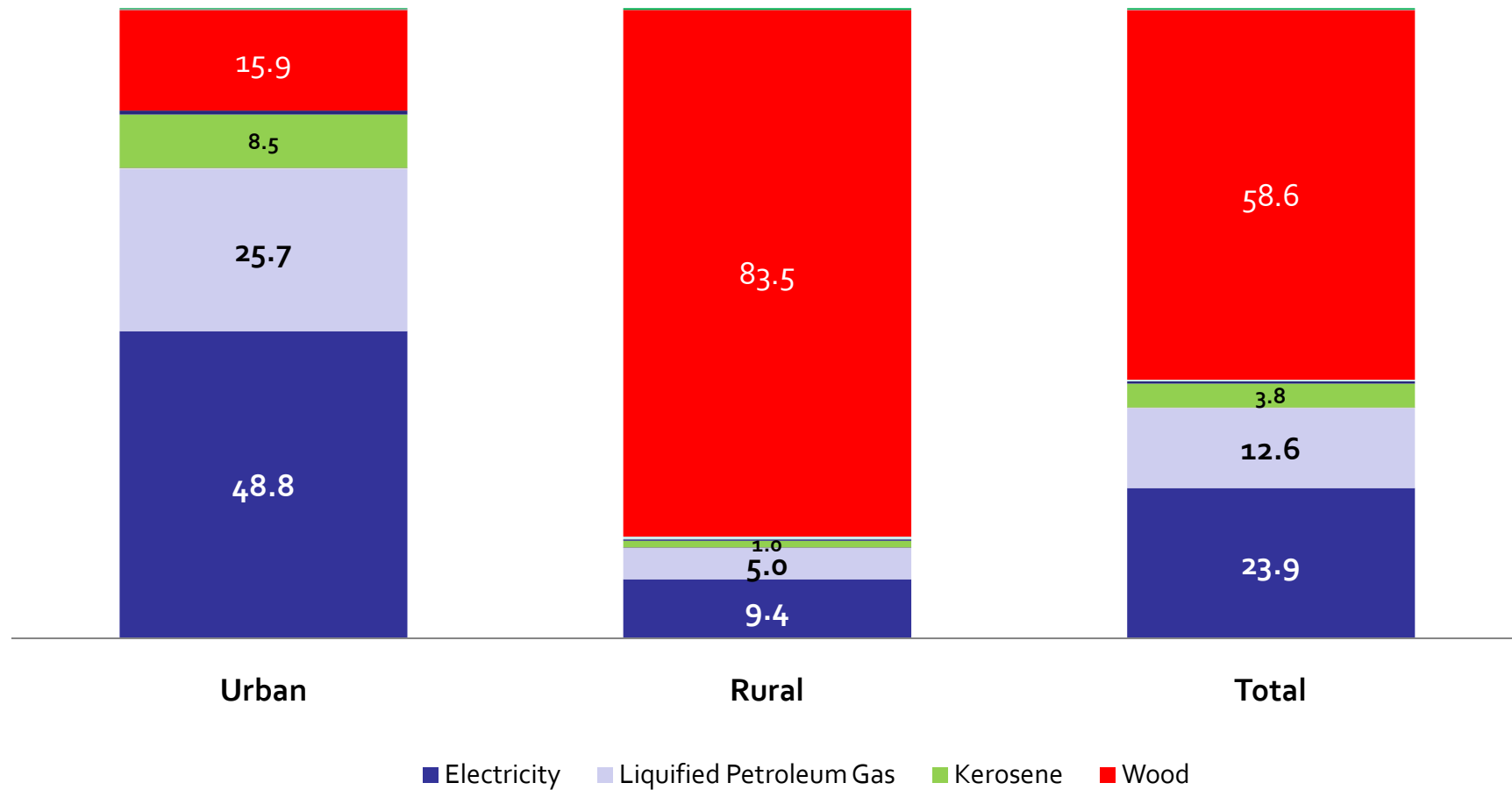
# Access to Sanitation

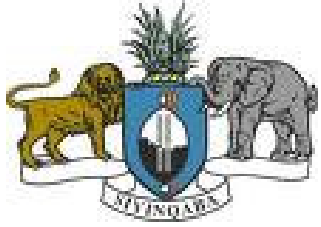




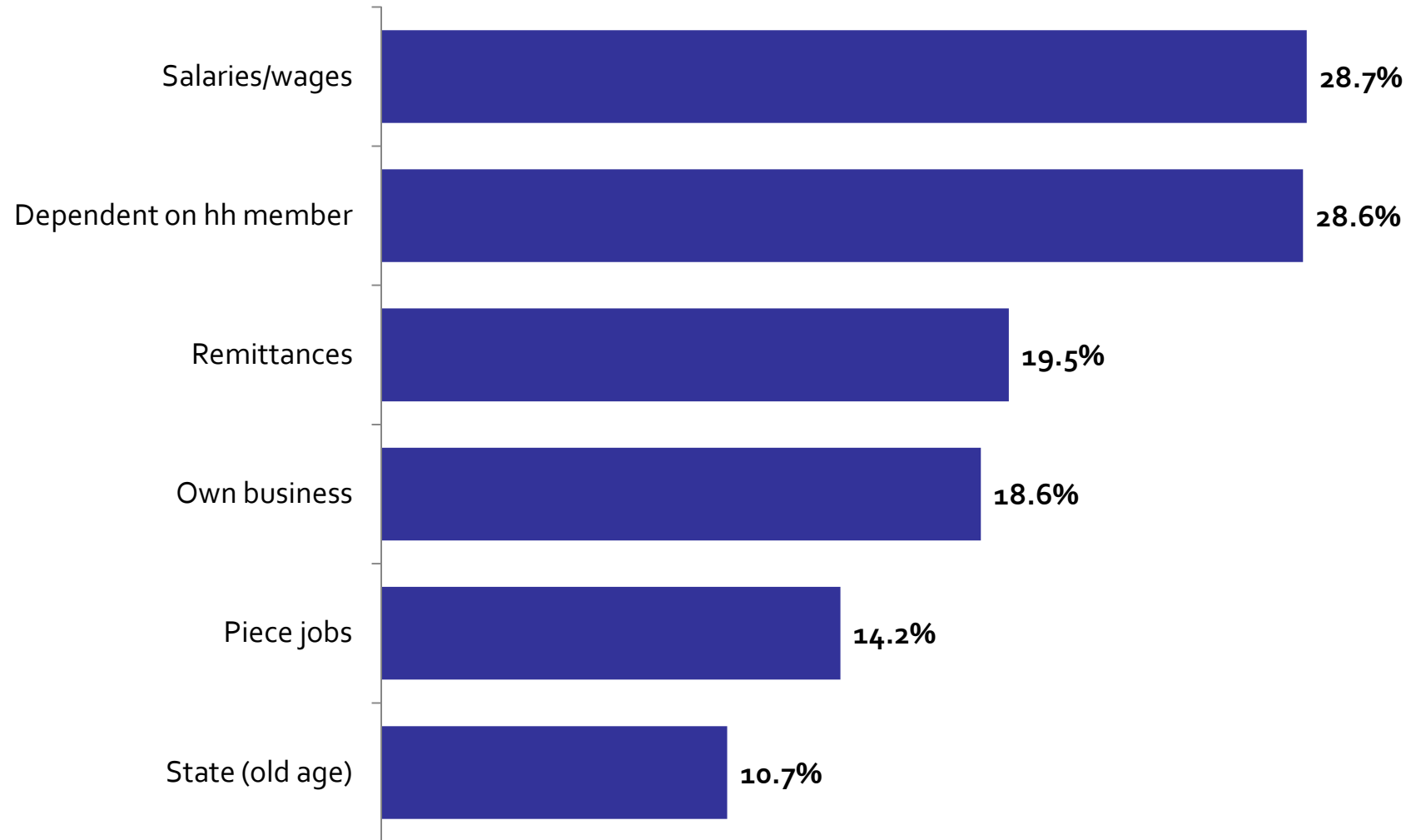
# Source of Energy for Cooking

## 3 in 5 fetch wood





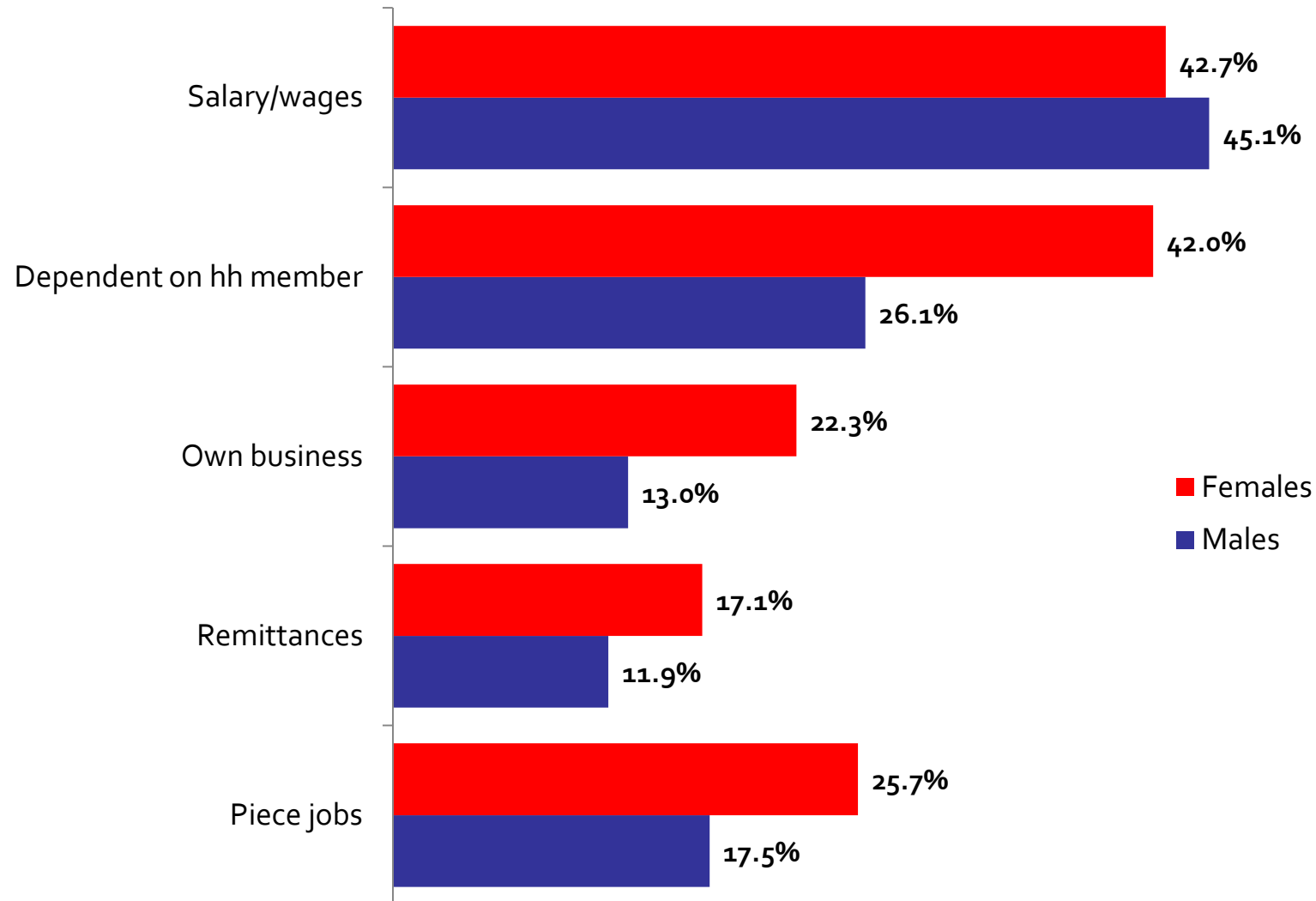
# Income Generation Activities

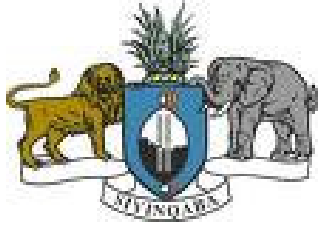




# Source of income – Gender split

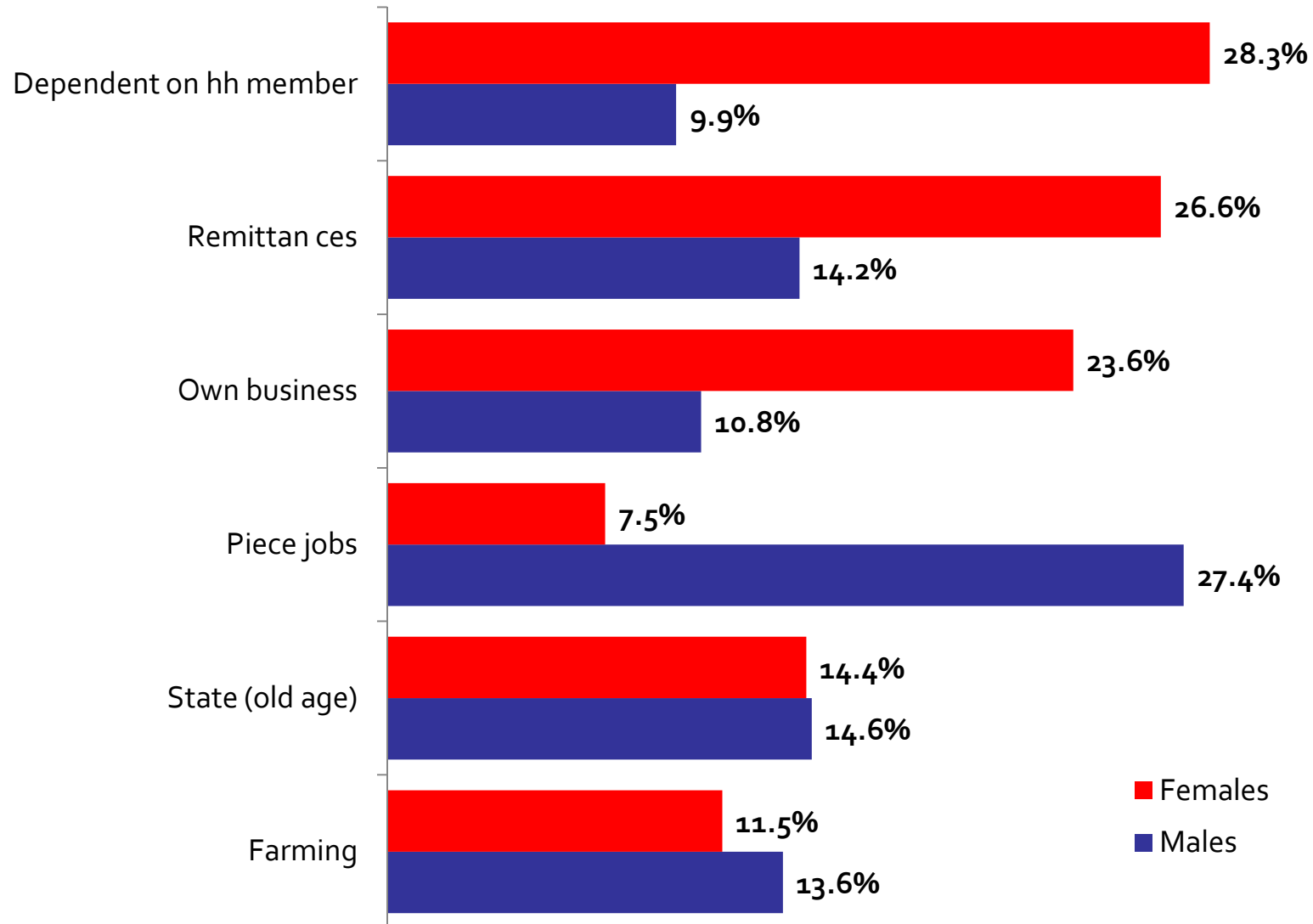
## Urban population



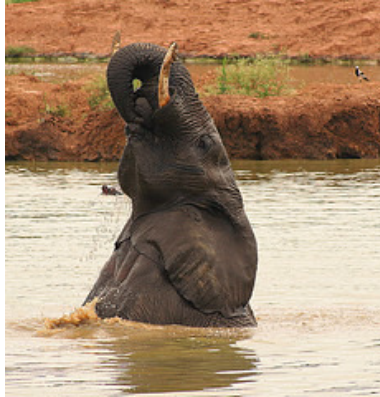
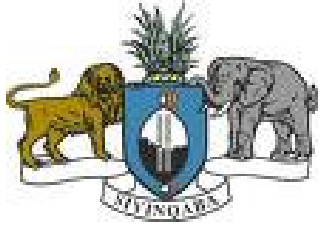


# Source of income – Gender split

## Rural population







## Defining Financial Inclusion

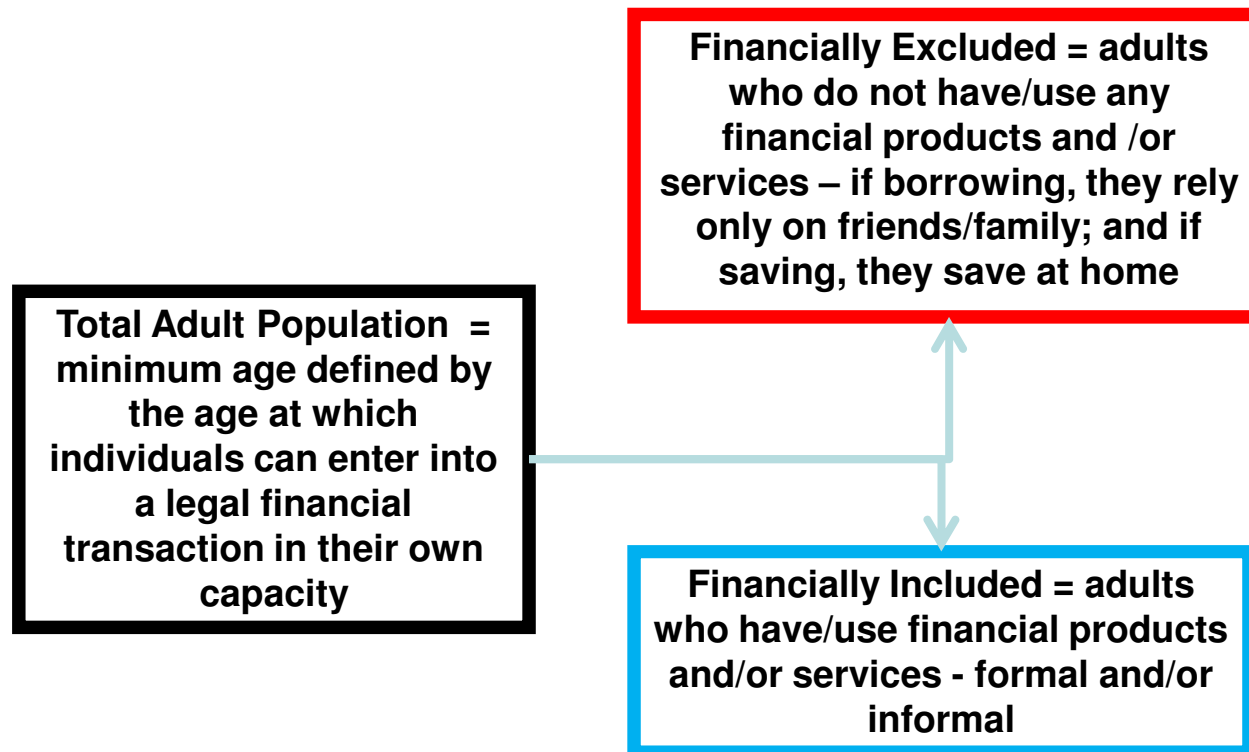




# Defining Financial Inclusion

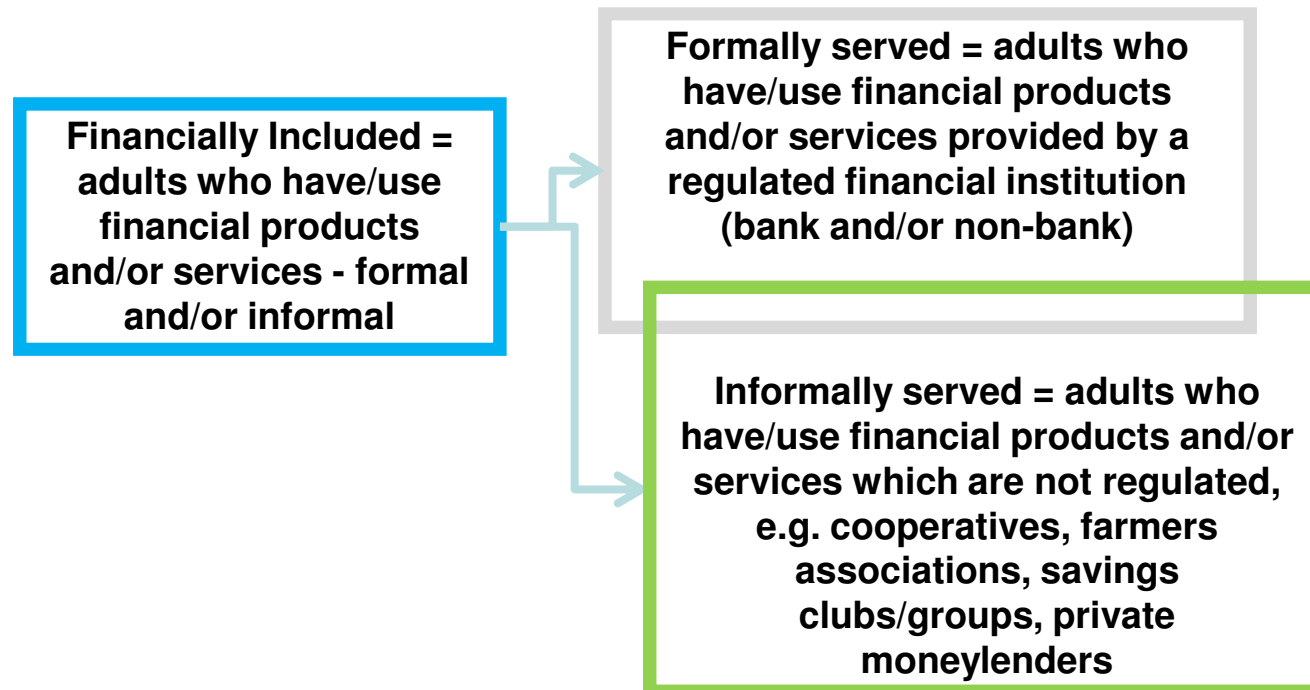


The FinScope methodology uses financial product **USAGE** to segment the adult population



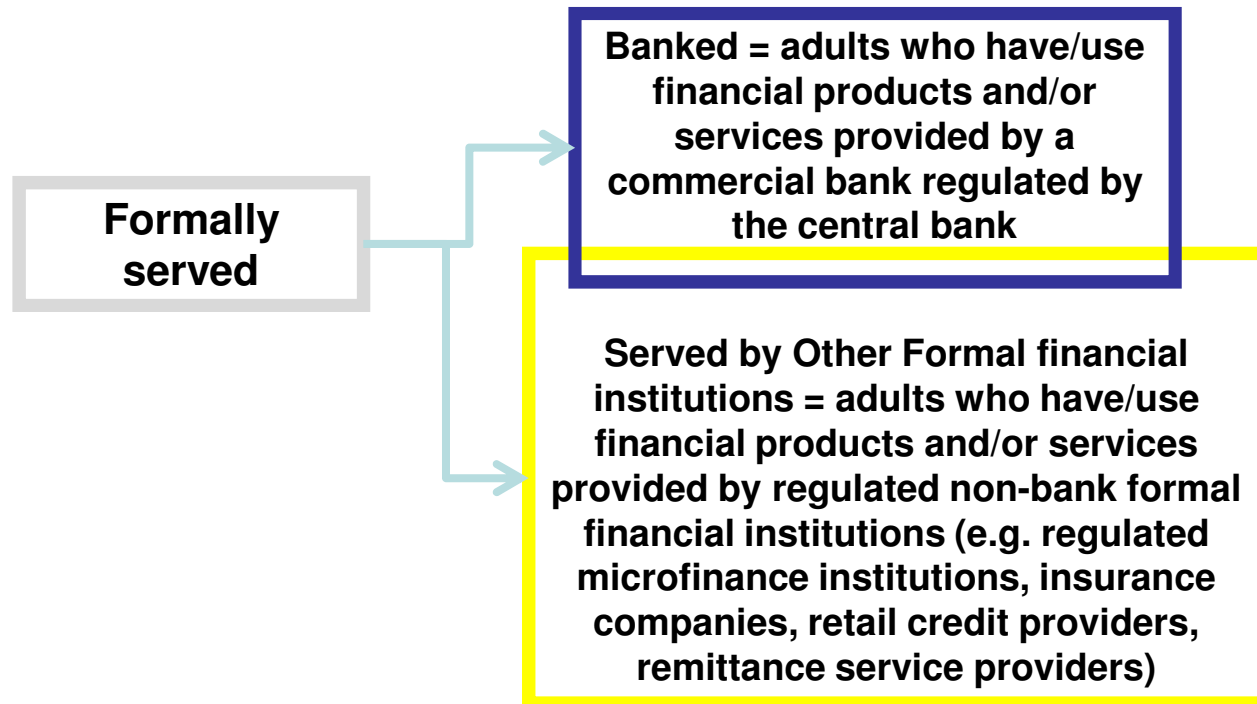


# Defining Financial Inclusion



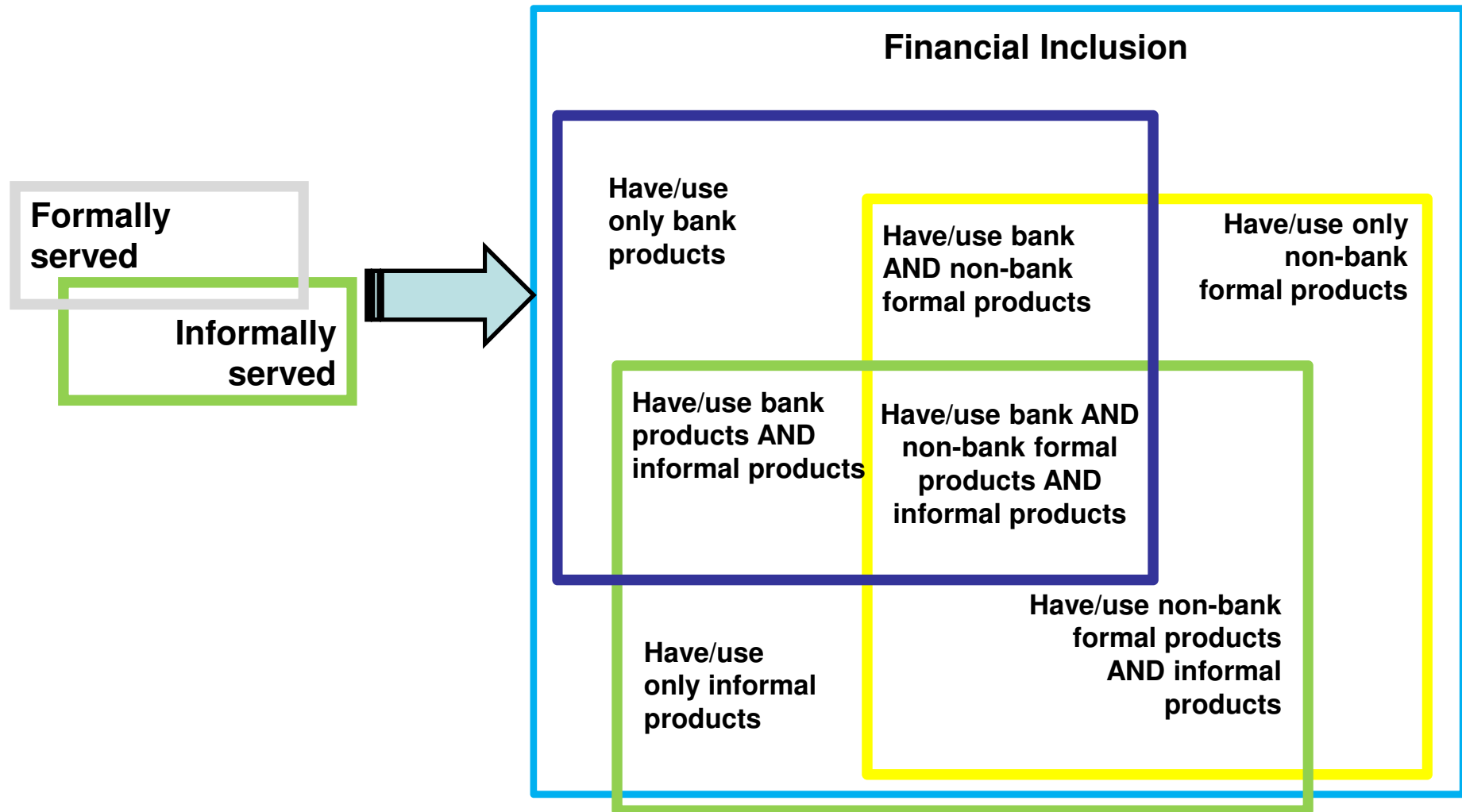


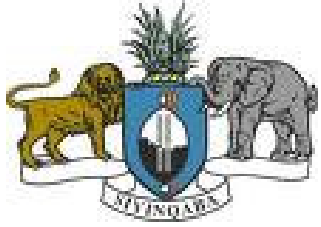
# Defining Financial Inclusion





# Defining Financial Inclusion



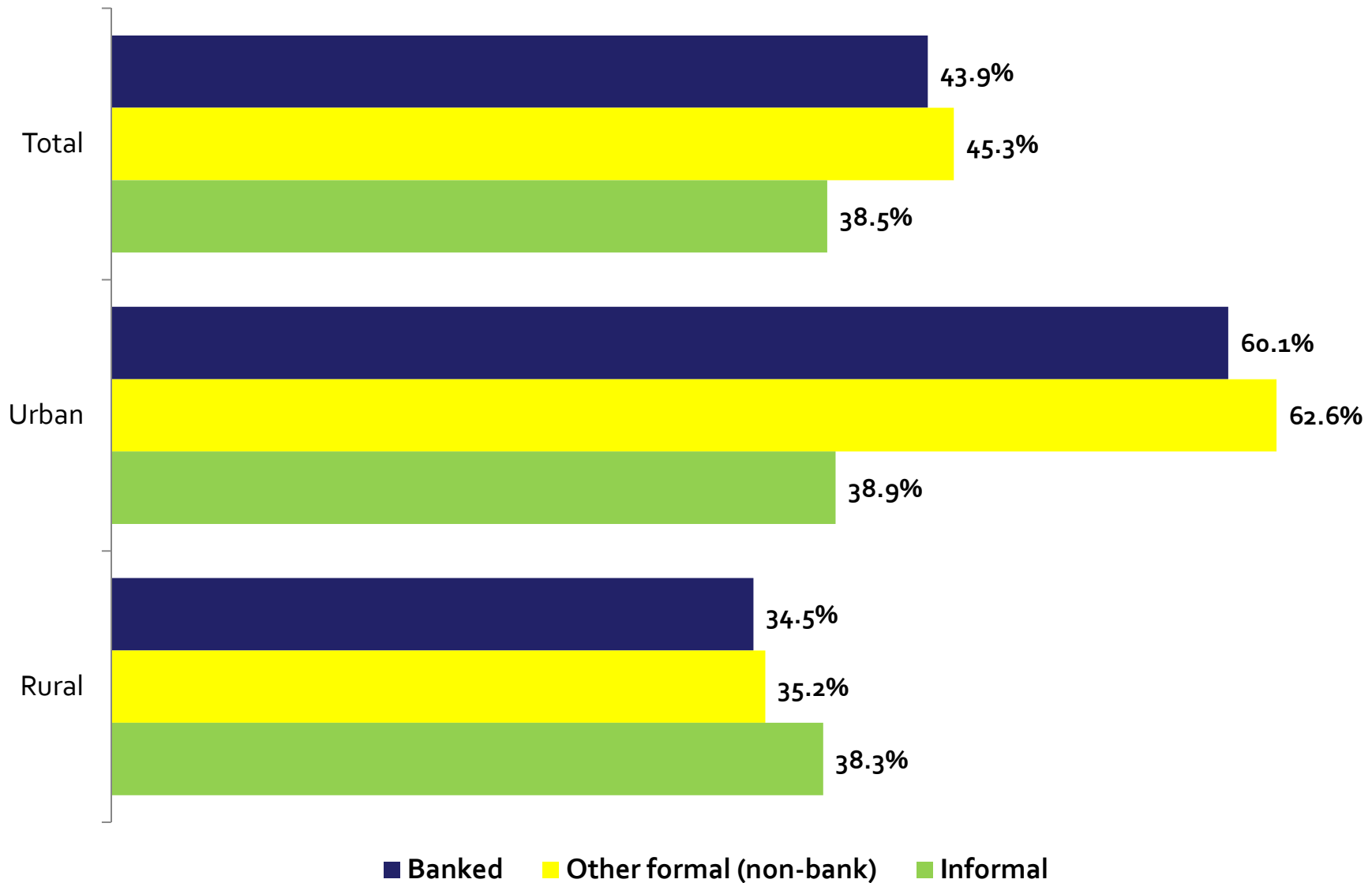


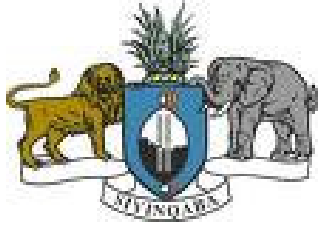
## Financial Inclusion in Swaziland





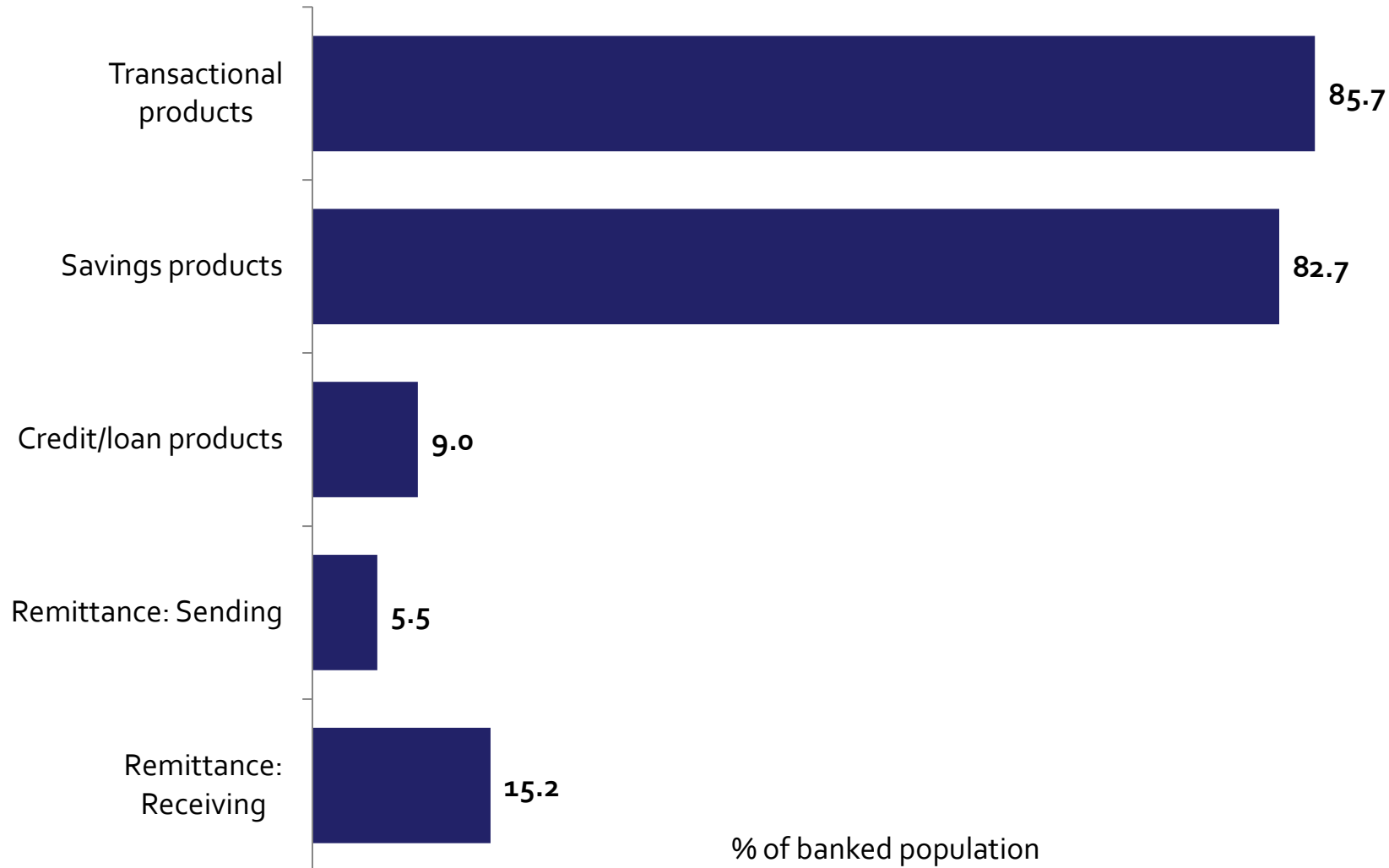
# Inclusion Overview



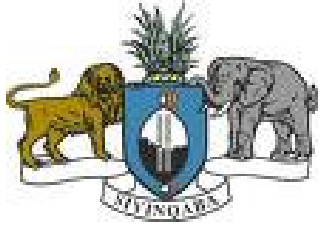


# What drives banking?

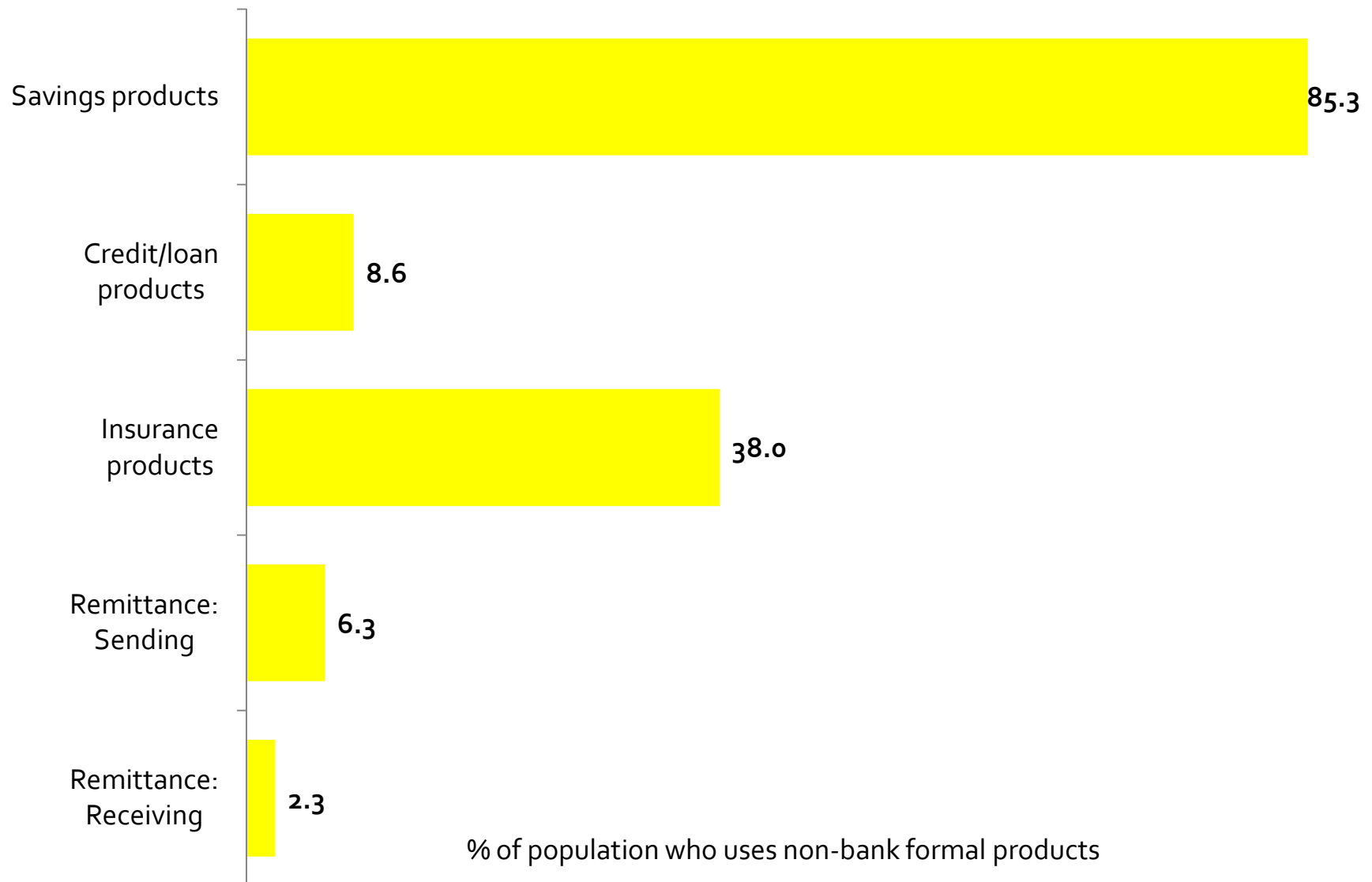
## Banked population

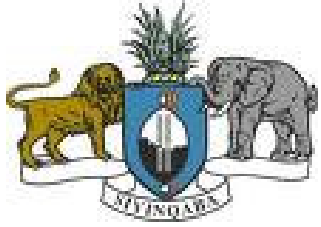




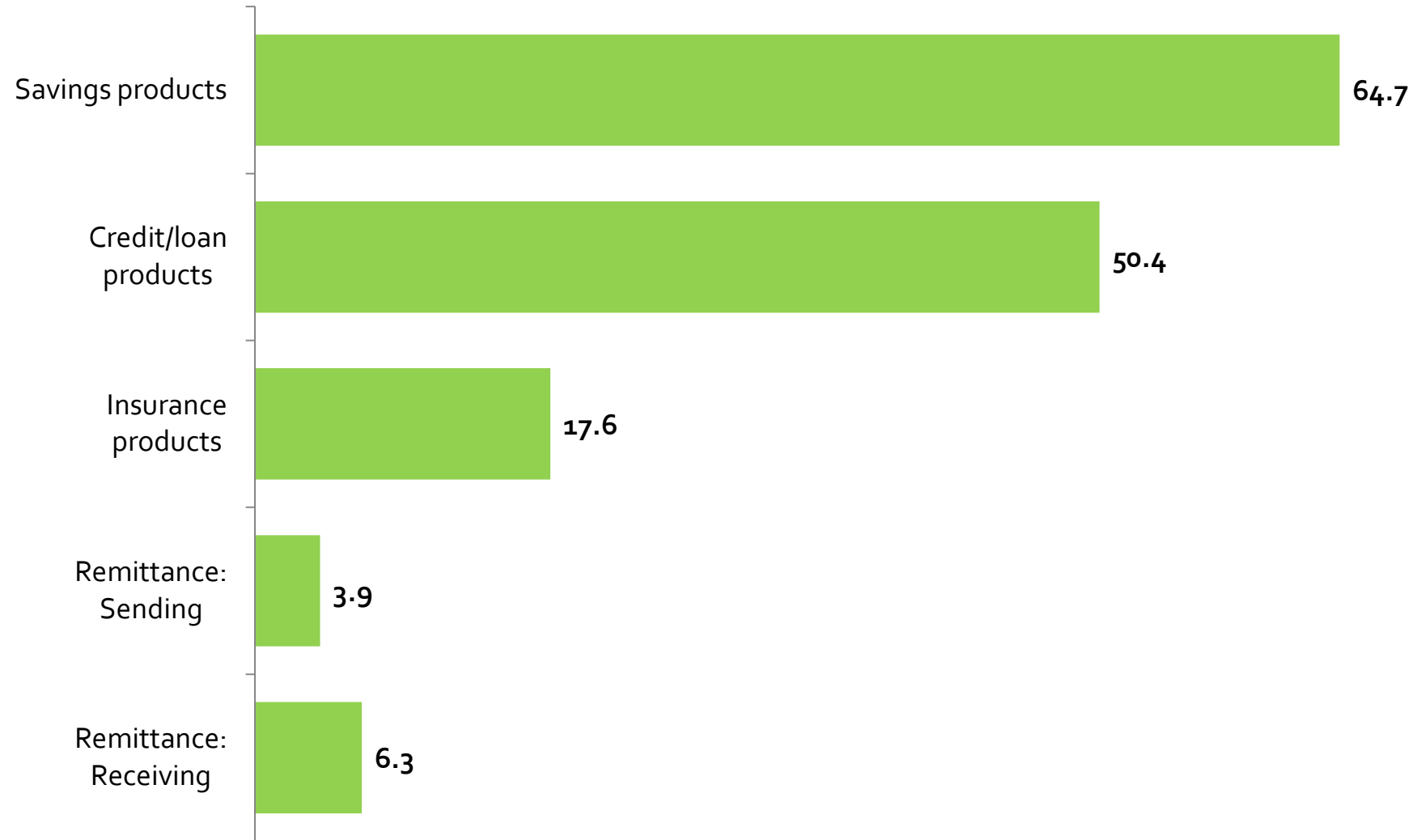


# What drives non-bank formal product usage?





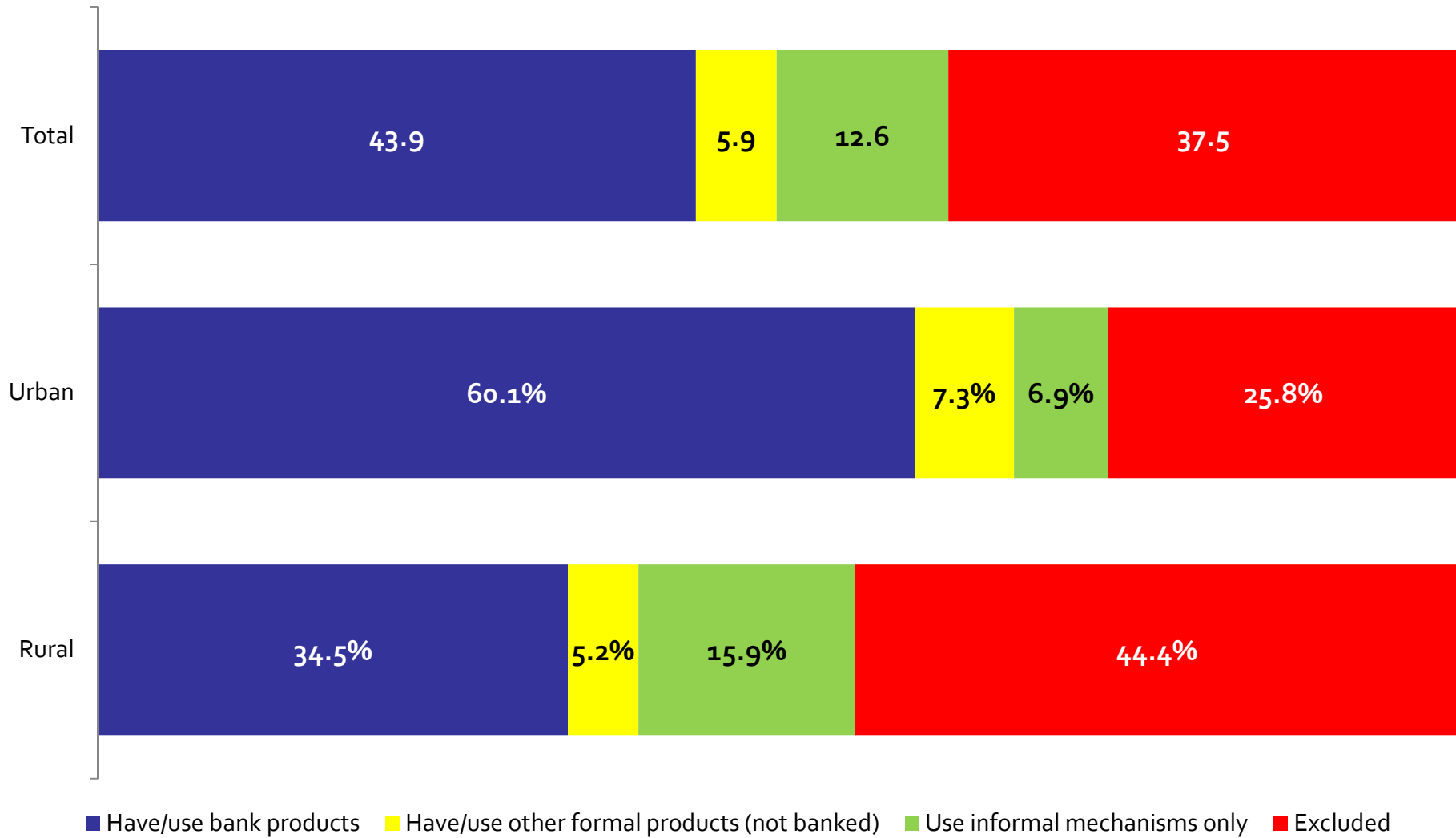
# What drives informal activities?



% of population who uses informal activities

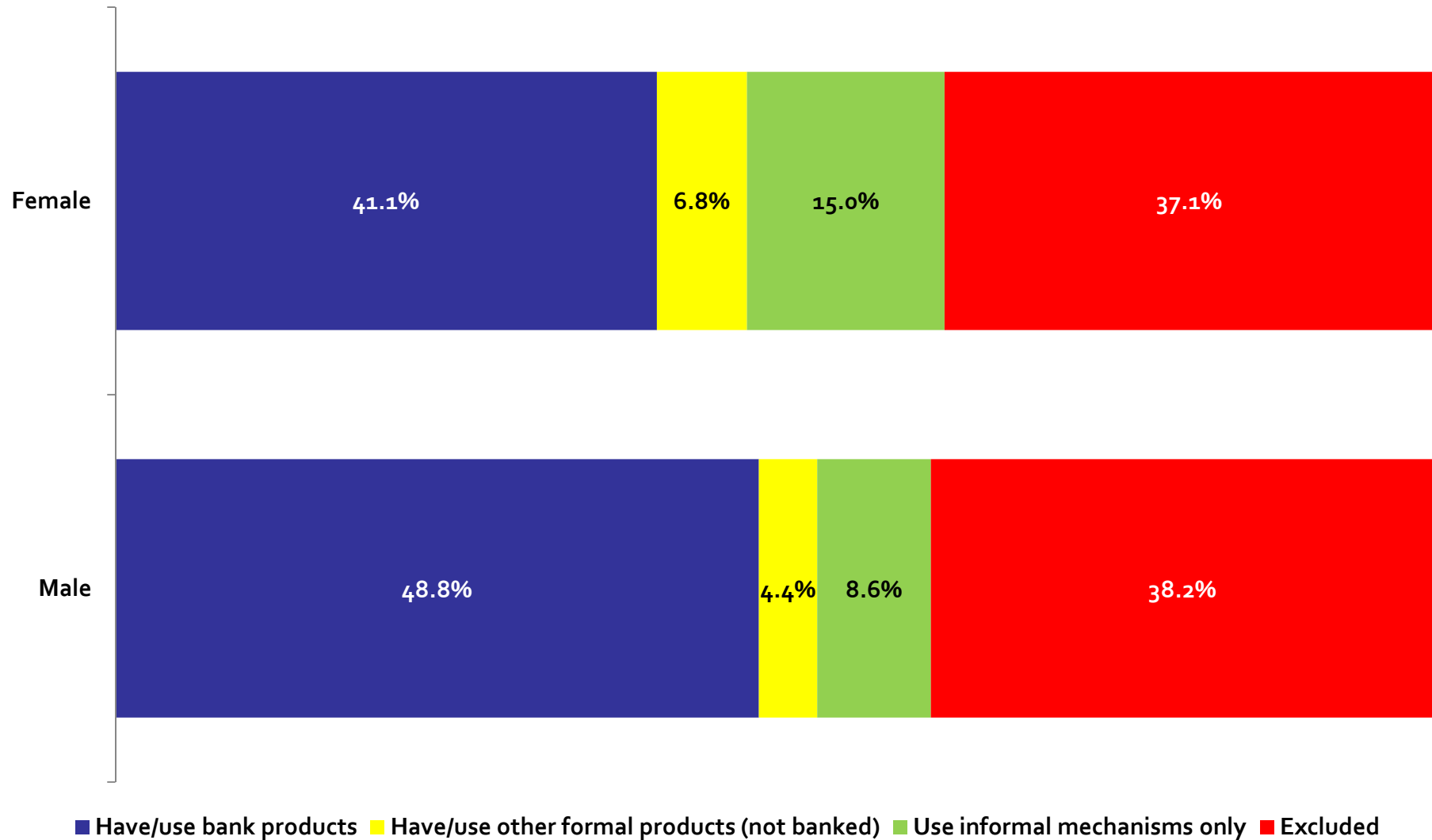


# Access Strand Swaziland 2011



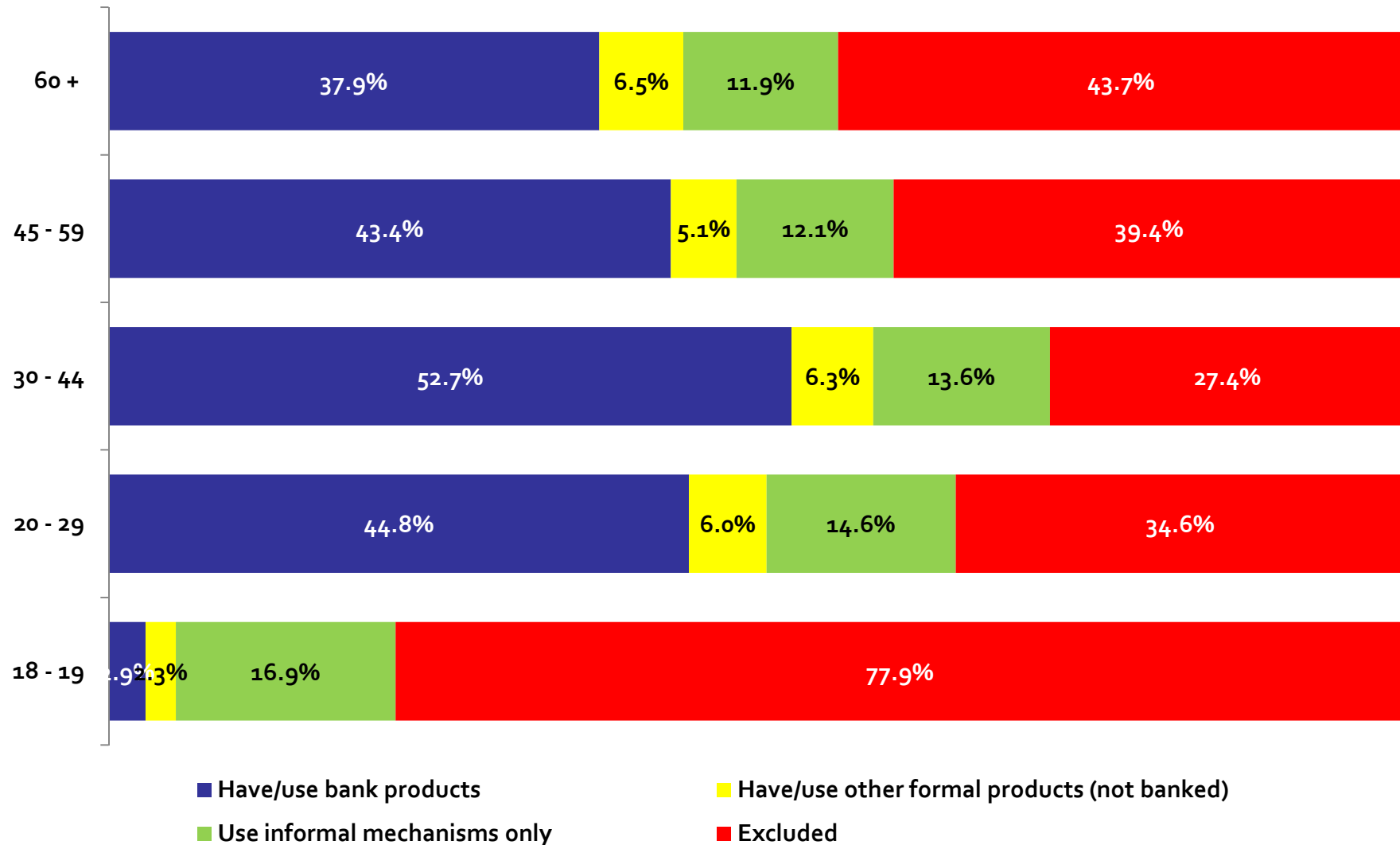


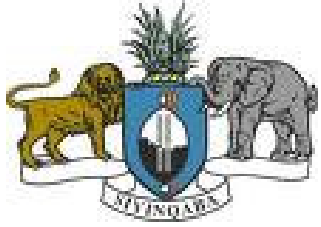
# Access Strand Swaziland 2011



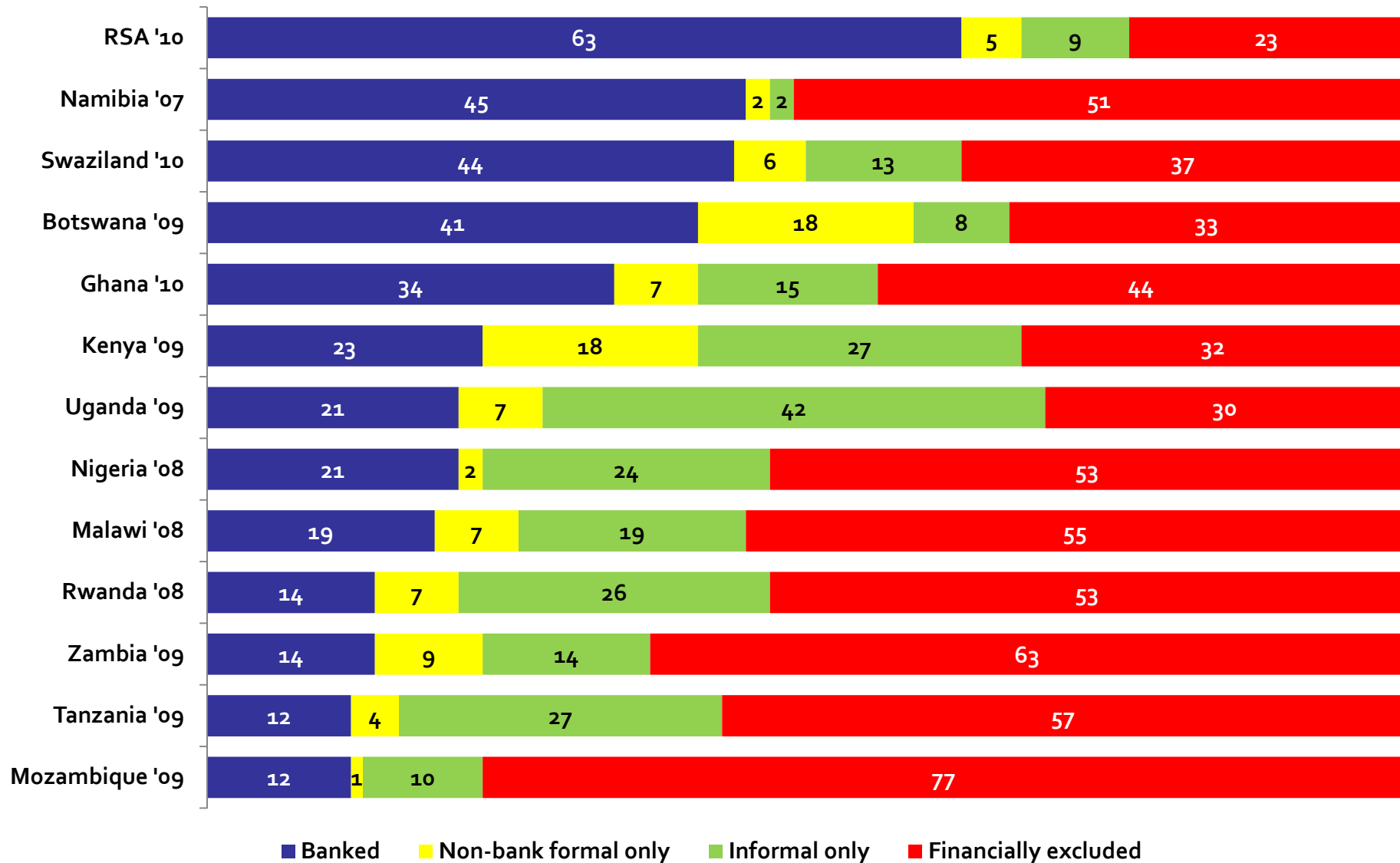


# Access Strand Swaziland 2011



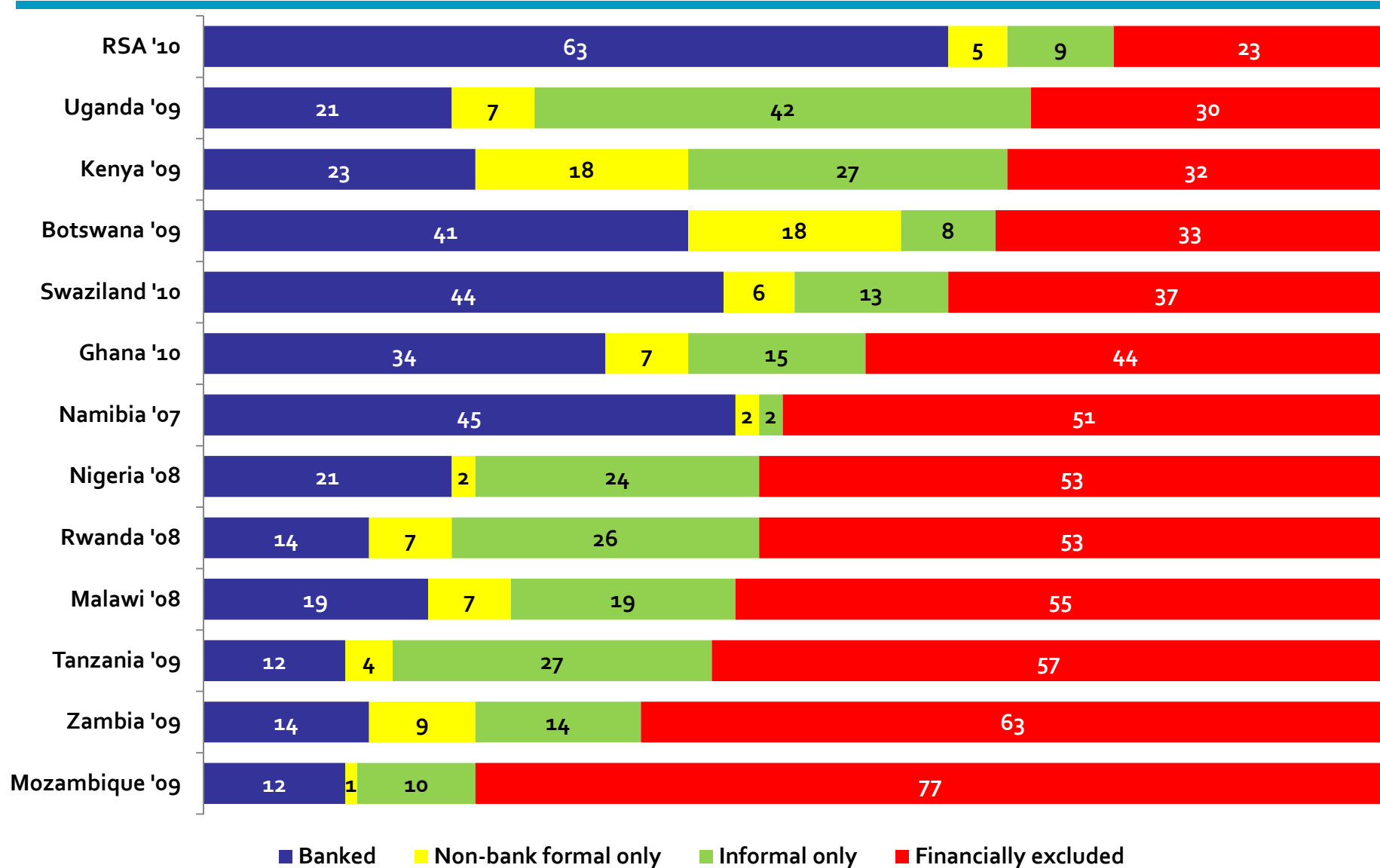


# Comparing Access across Countries



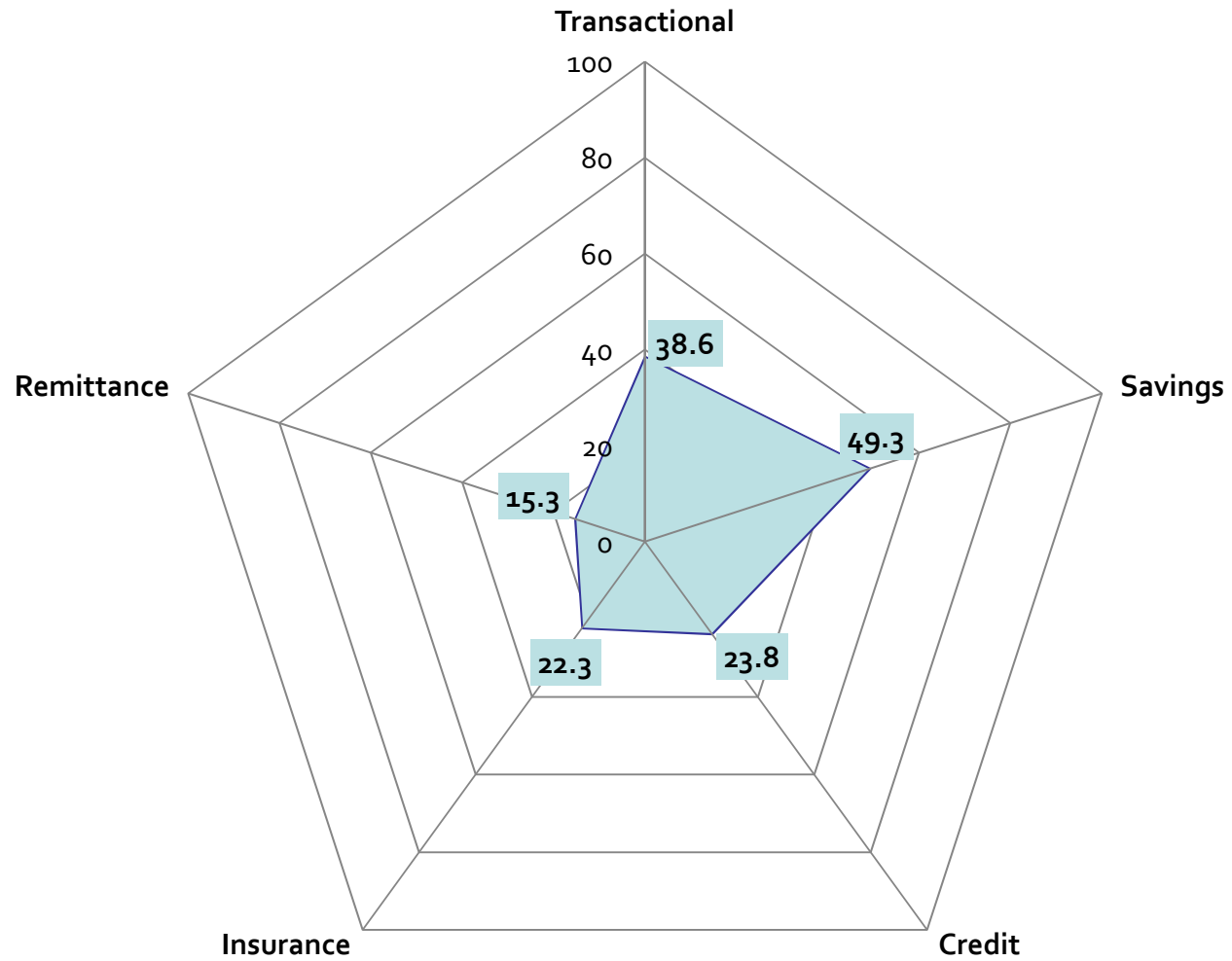


# Comparing Access across Countries





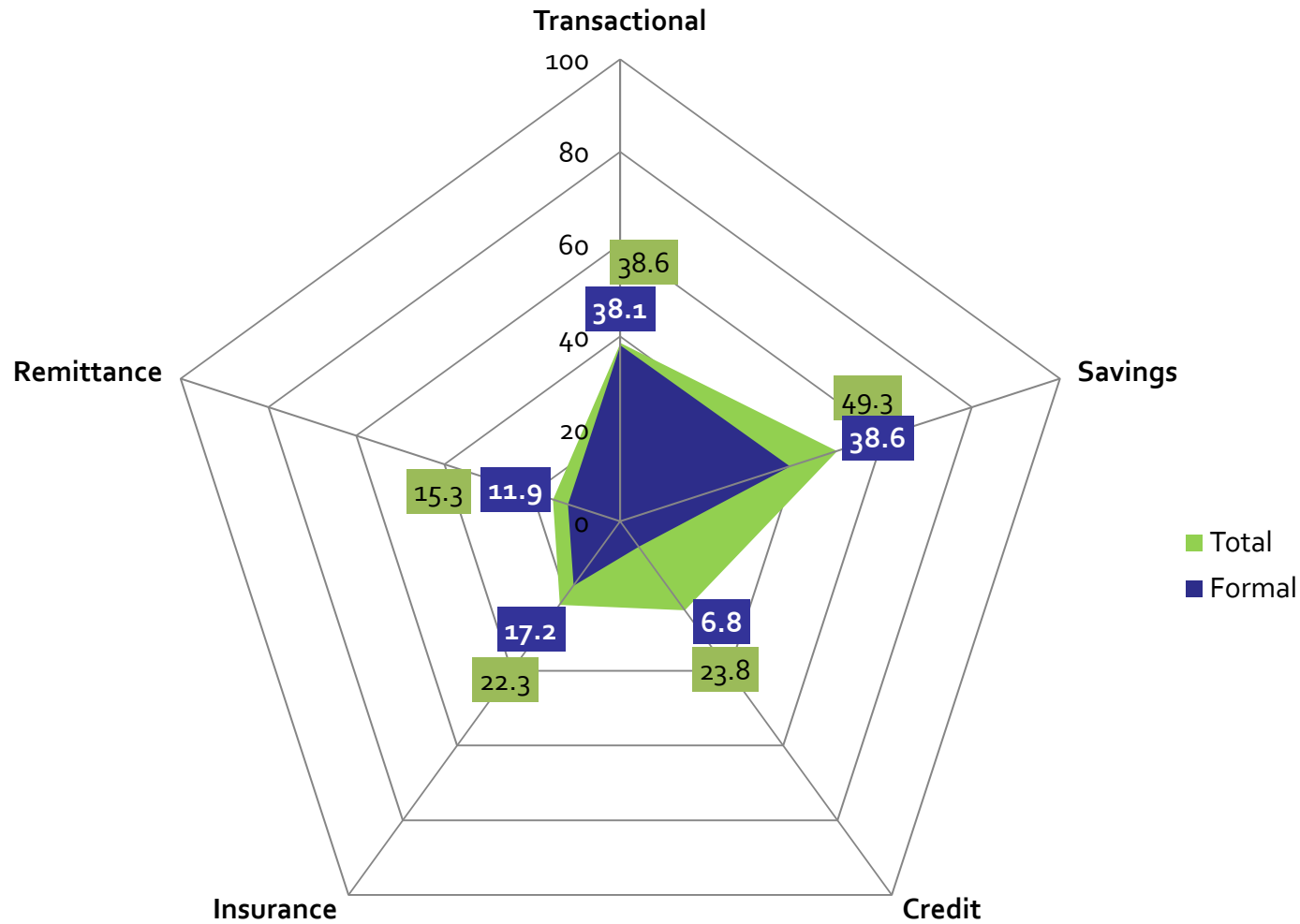
# Landscape of Access Swaziland 2011







# Landscape of Access



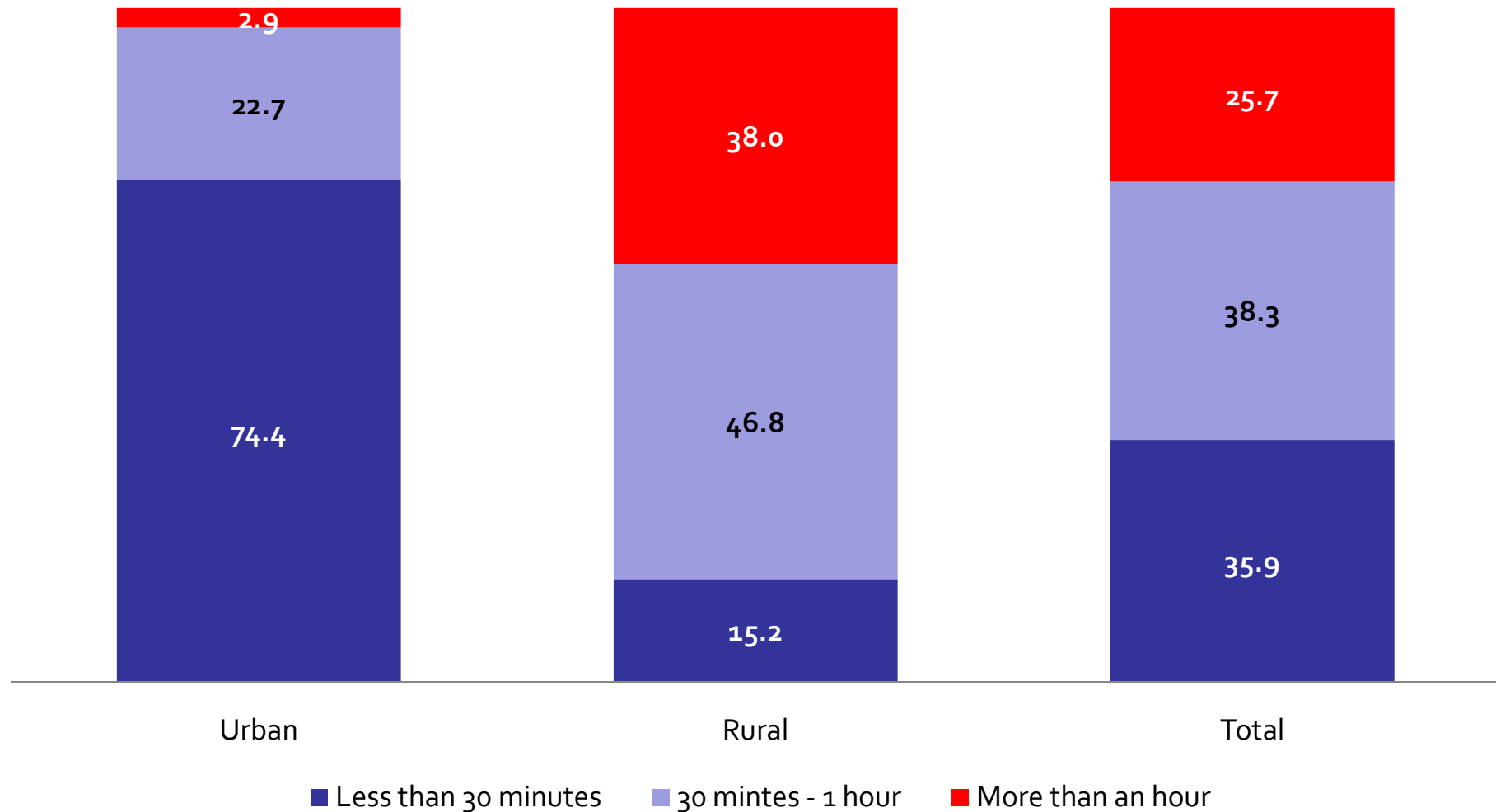


## Banking in Swaziland





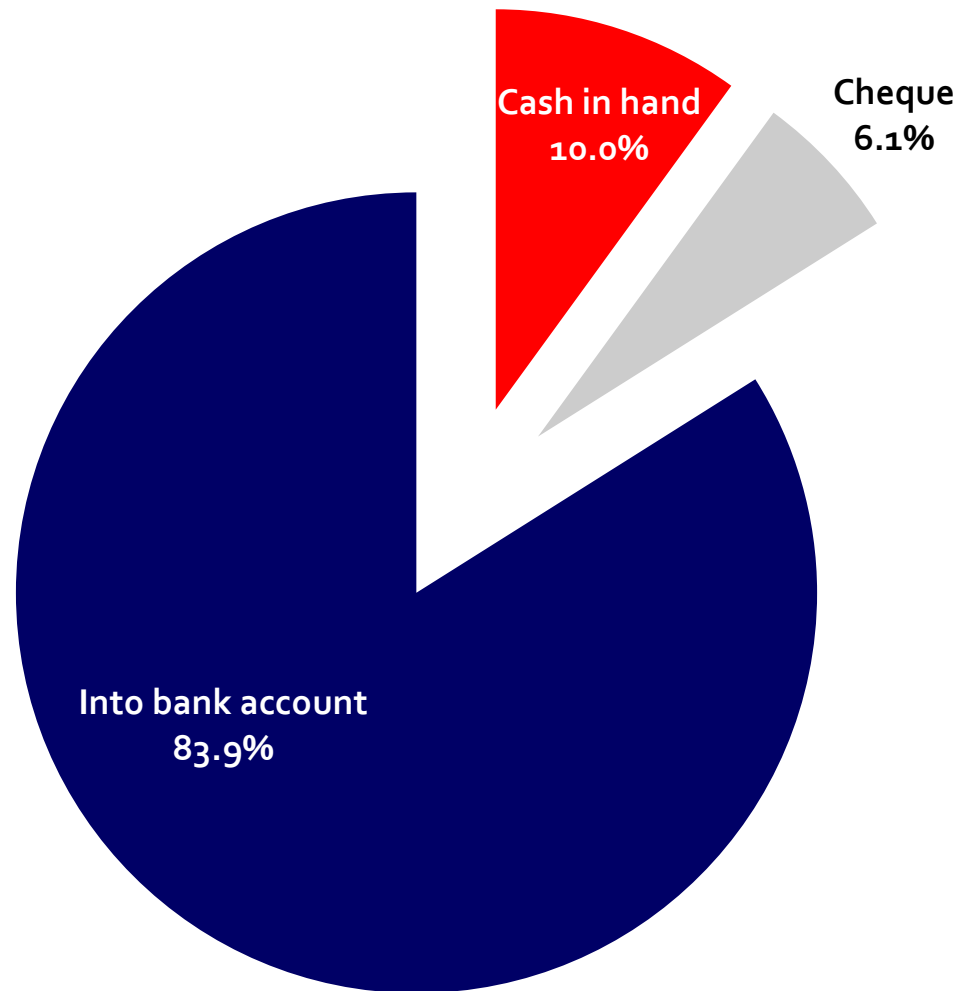
# Distance to Banks



# Salaries and wages from public sector

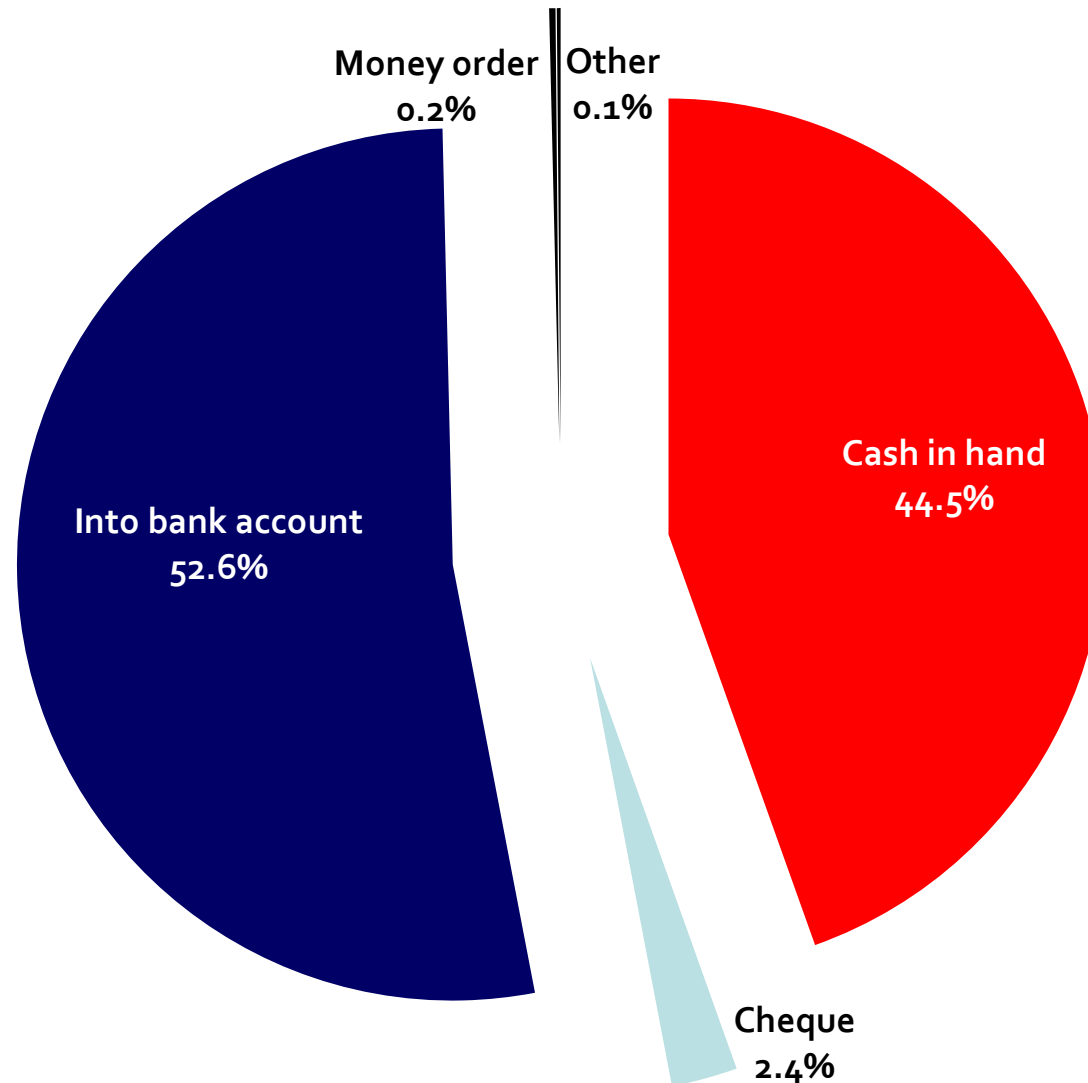
## How are salaries received?

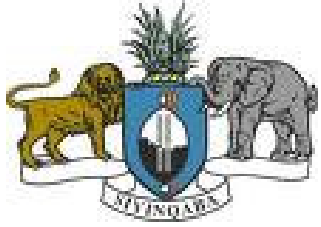
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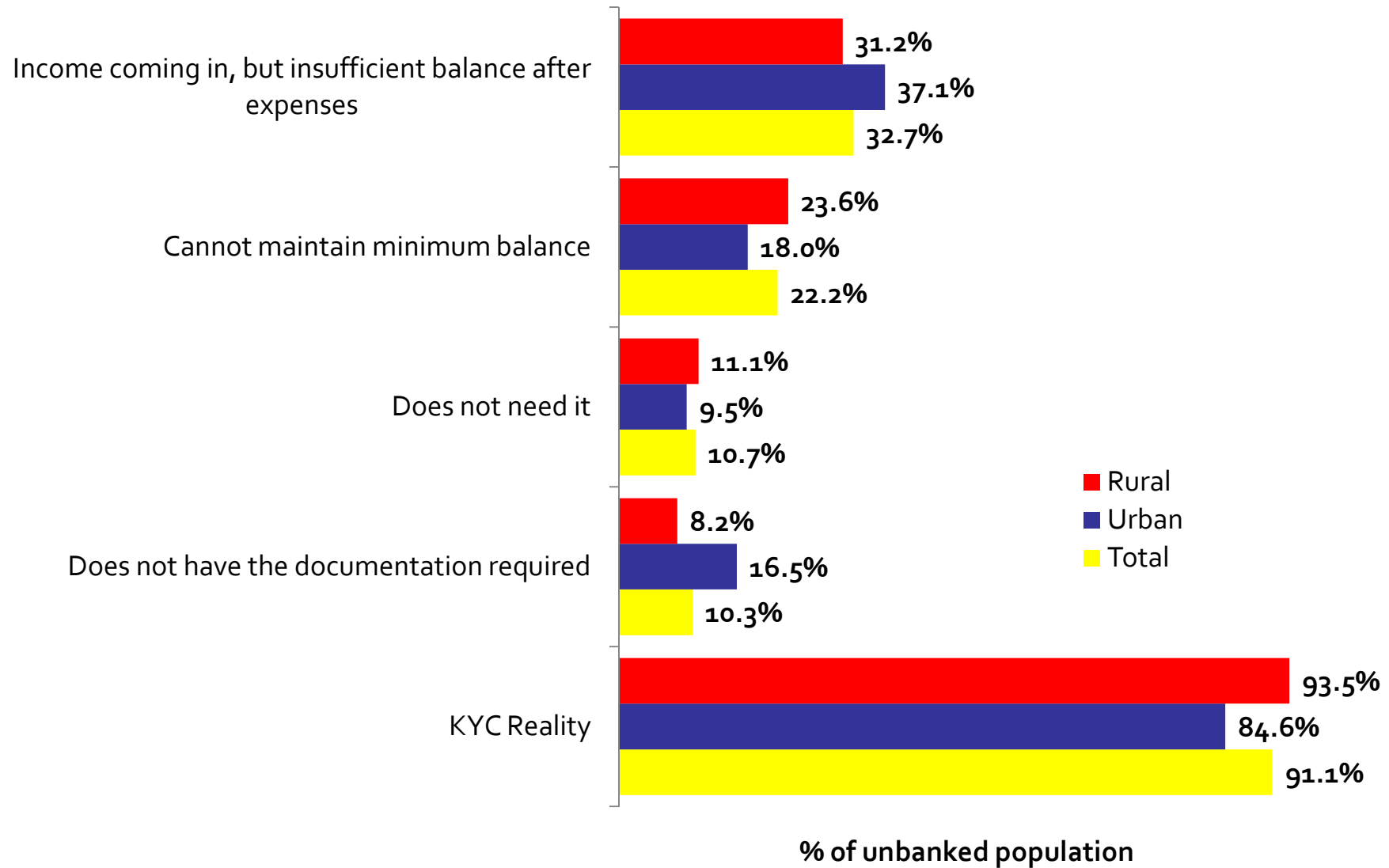
# Salaries and wages from private sector

## How are salaries received?



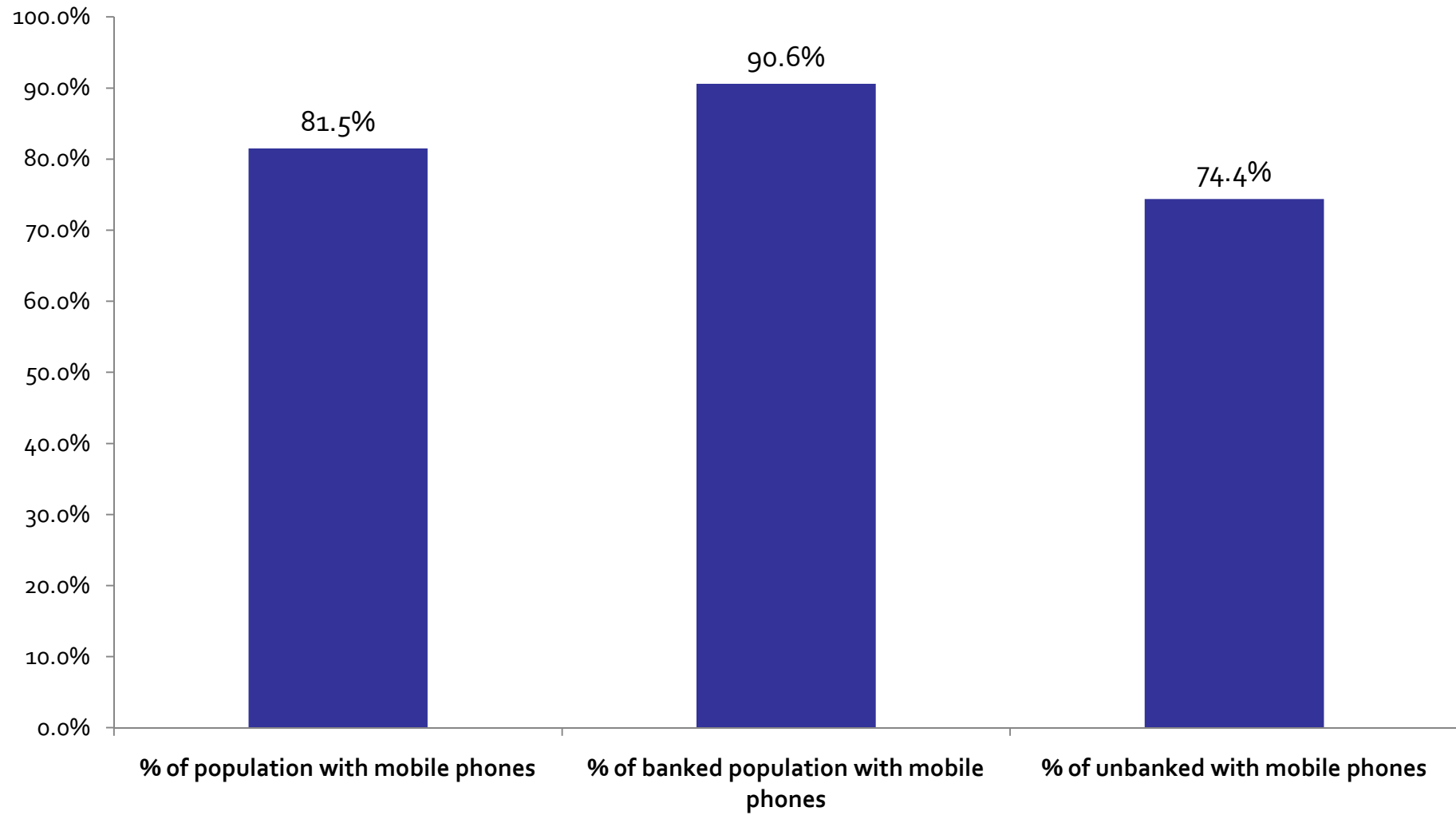


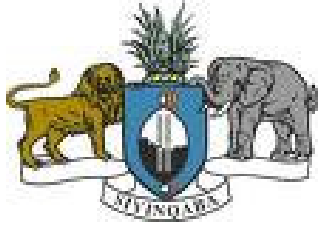
# Barriers to banking



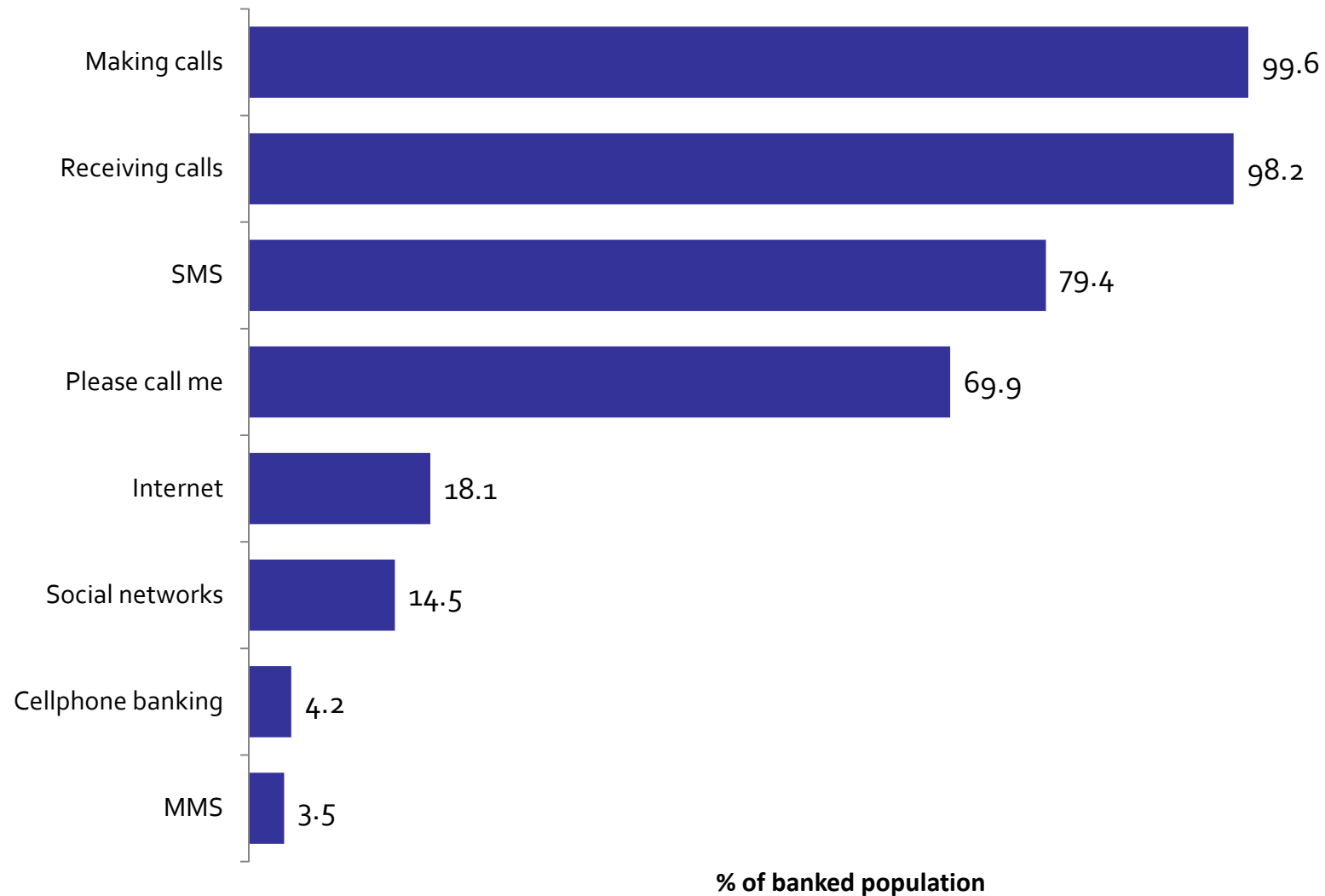


# Mobile Phones Usage

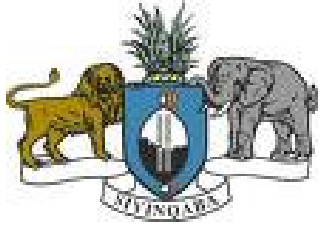




# Mobile phone service usage: Banked population

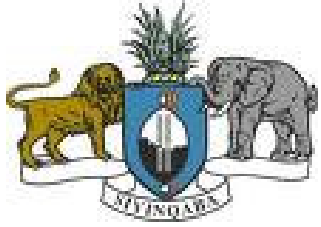






## Savings and Saving products

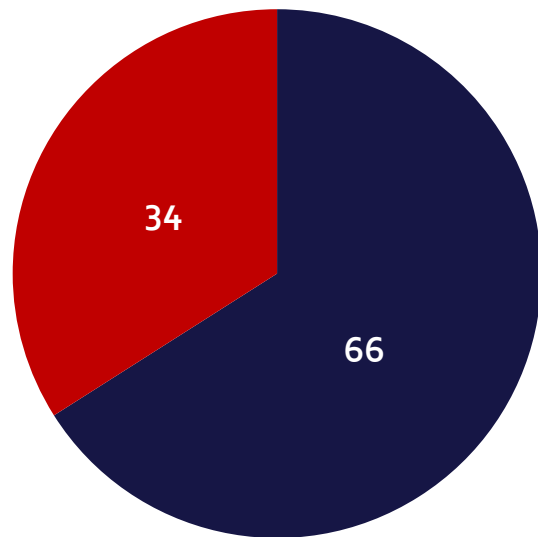




# Savings Overview

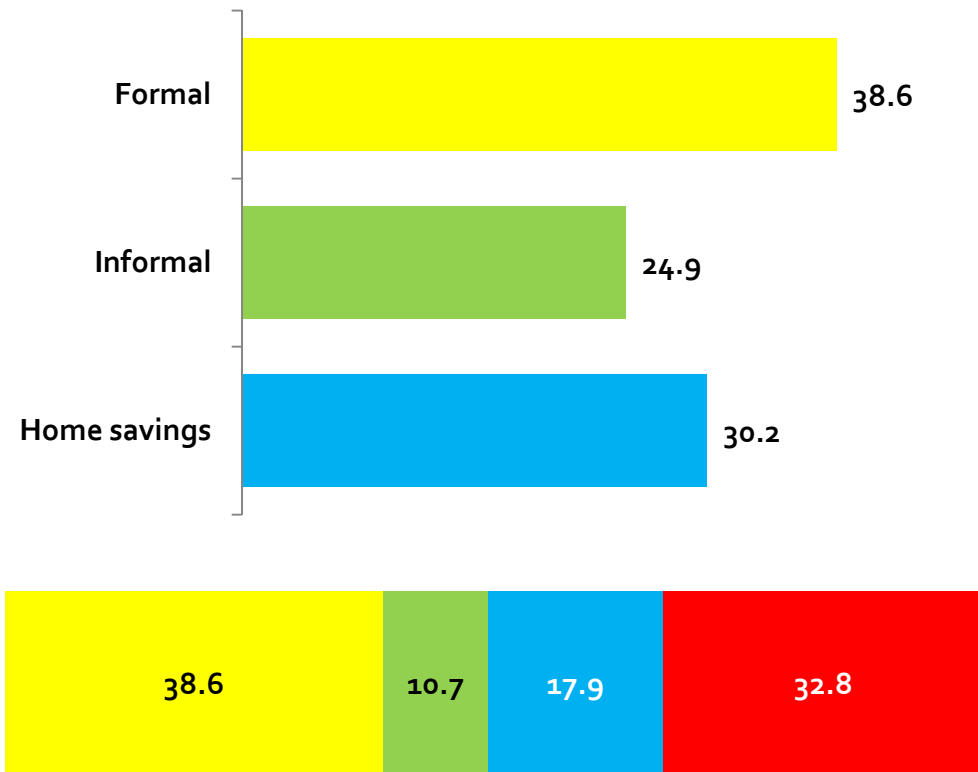


### Claimed ability to save



■ Yes ■ No

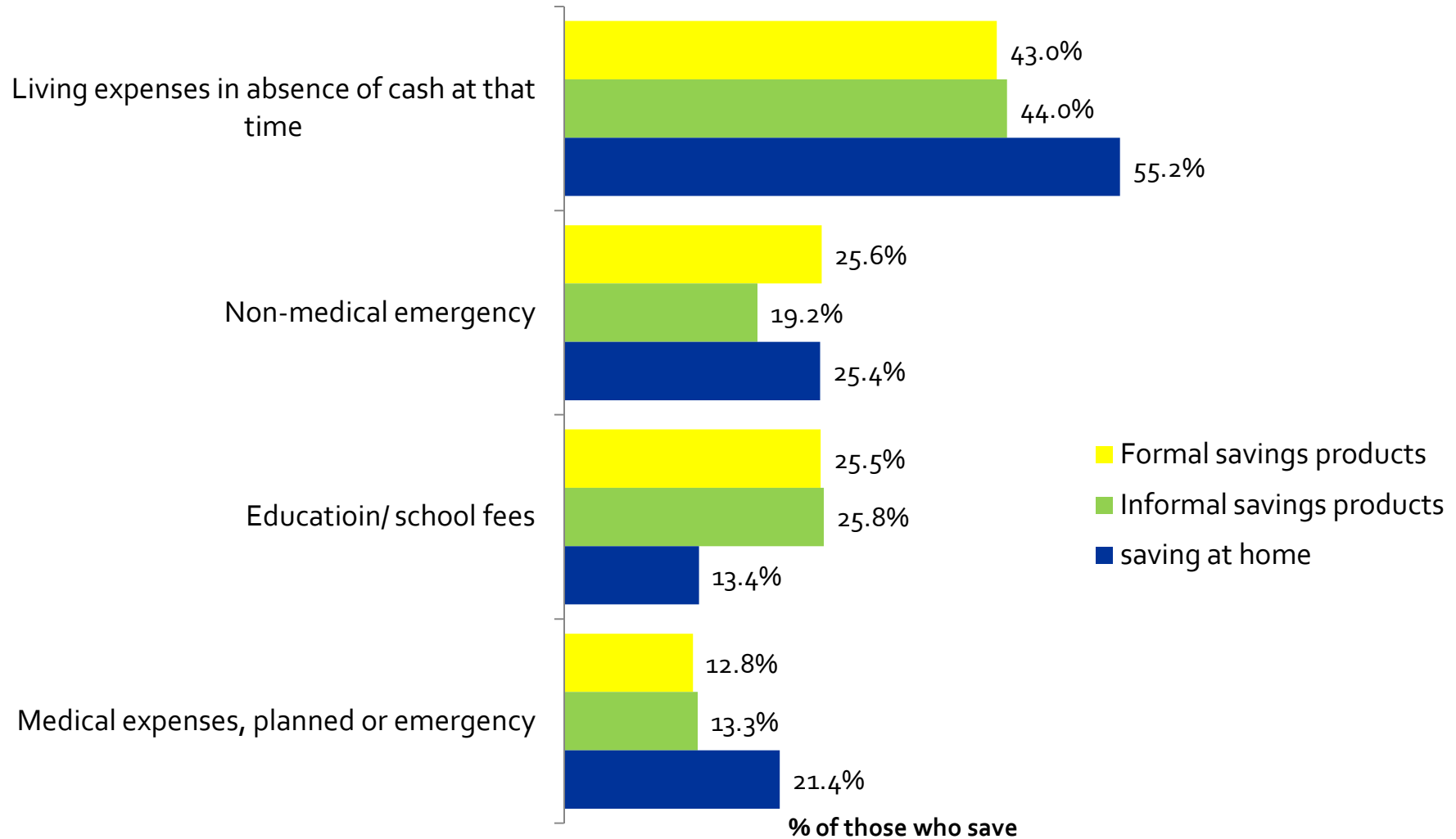
### Savings products (% of adults)



■ Formal products  
■ Informal products only  
■ Saving at home/with hh member only  
■ So savings product/mechanism



# Reasons for Savings





## Borrowing and Credit Products

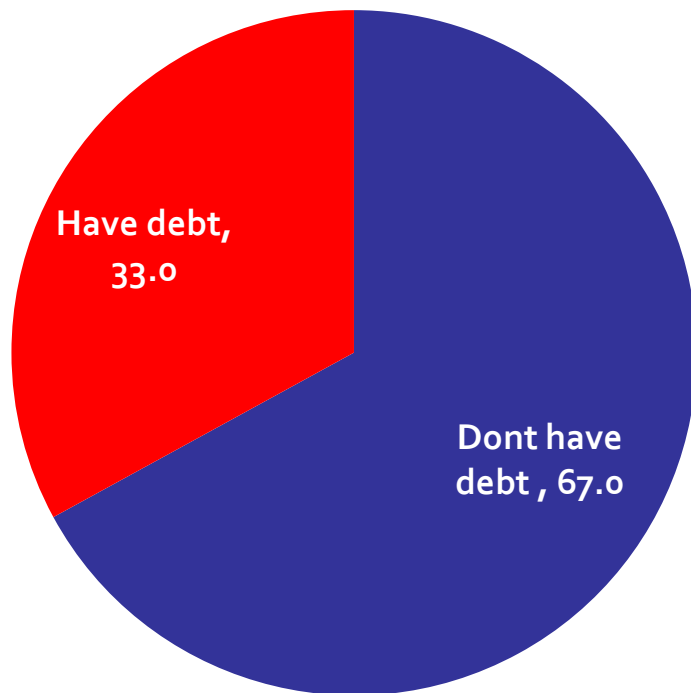




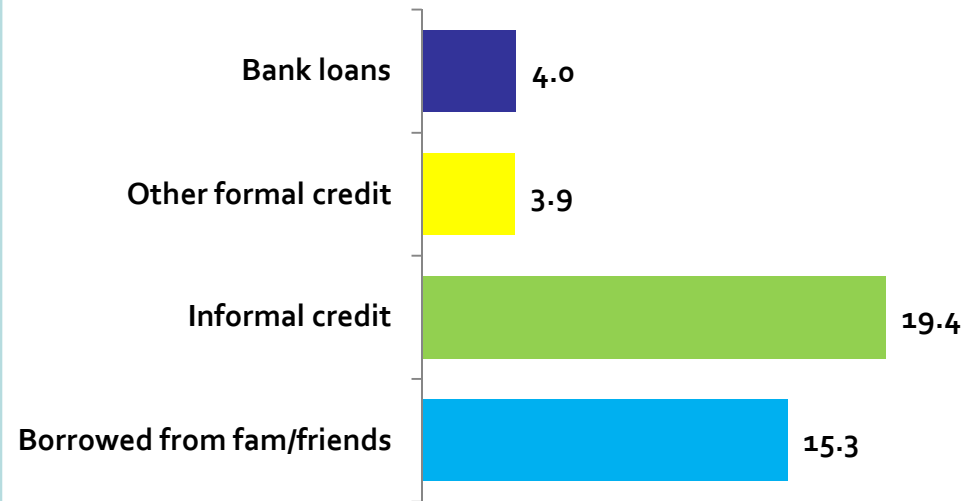
# Credit Overview



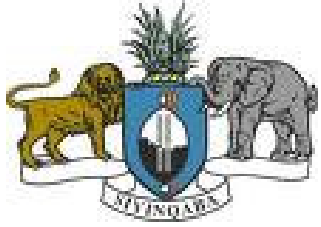
### Credit Products



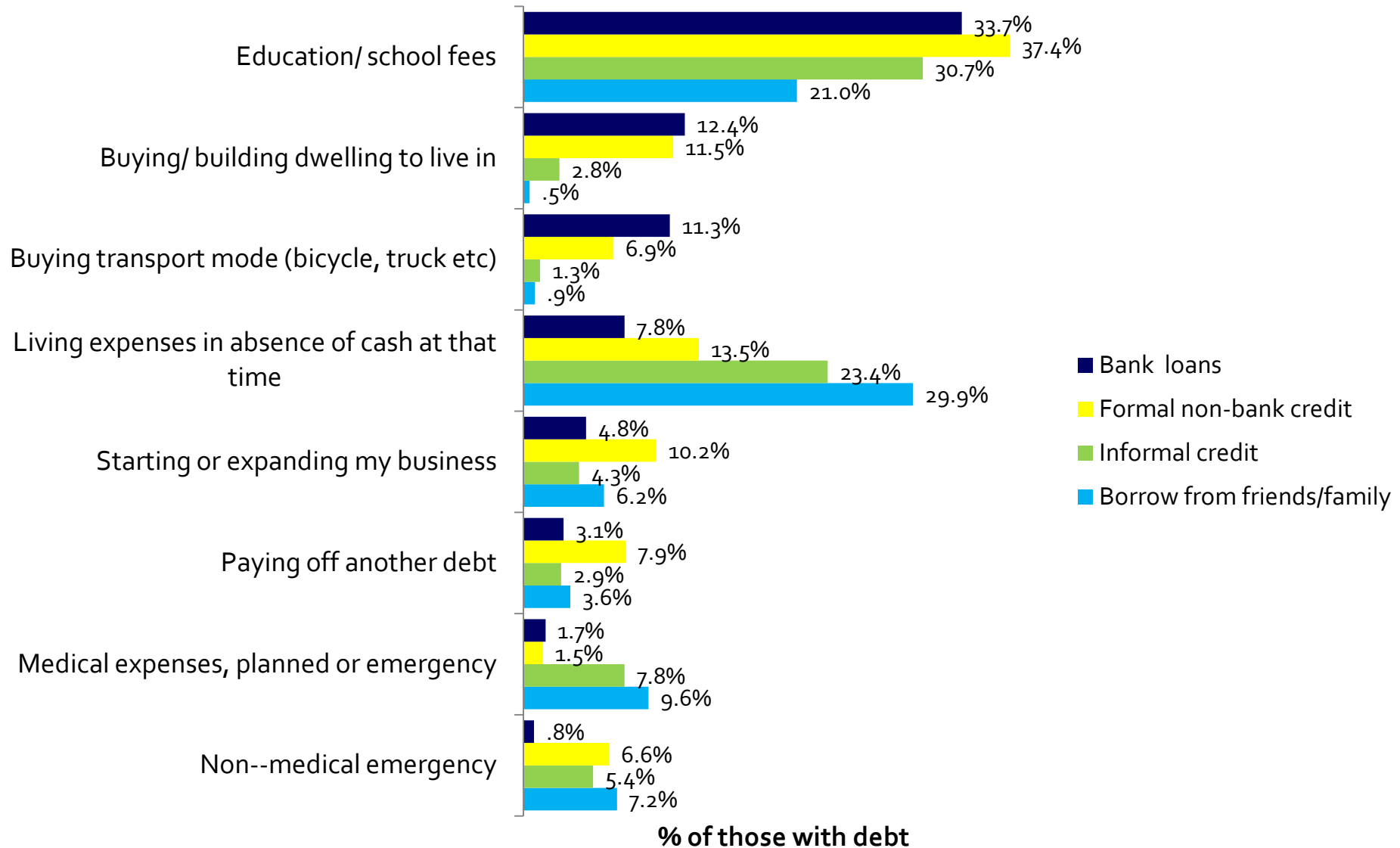
### Credit products (% of adults)



- Bank products
- Other formal products only
- Informal products only
- Borrow from fam/friends only
- No credit product/mechanism

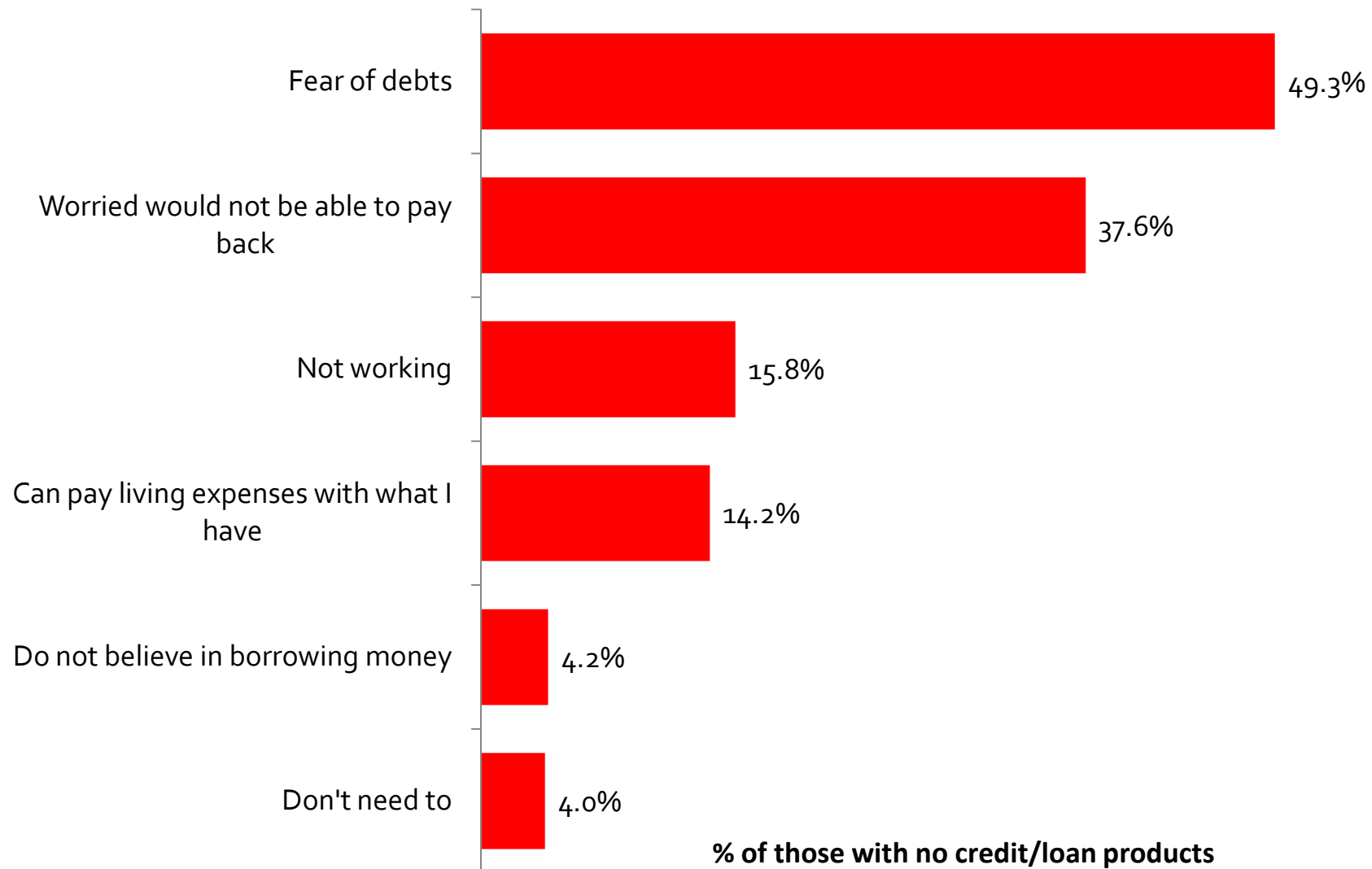


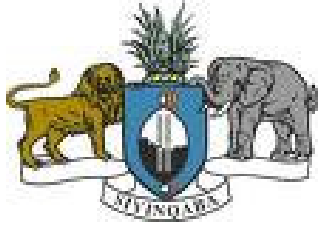
# Reasons for Borrowing





# Barriers to Borrowing

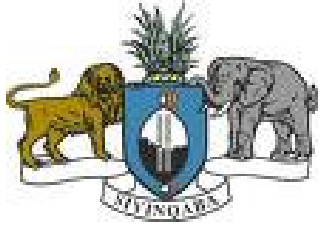




## Insurance and Insurance Products



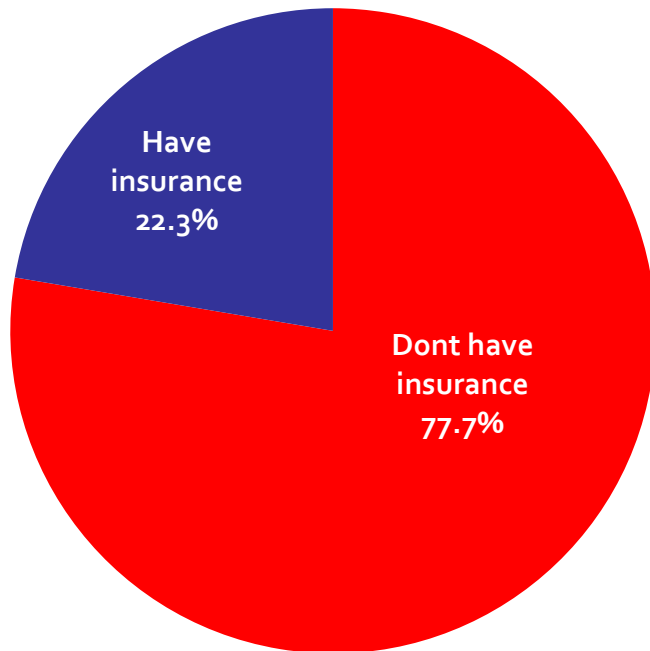




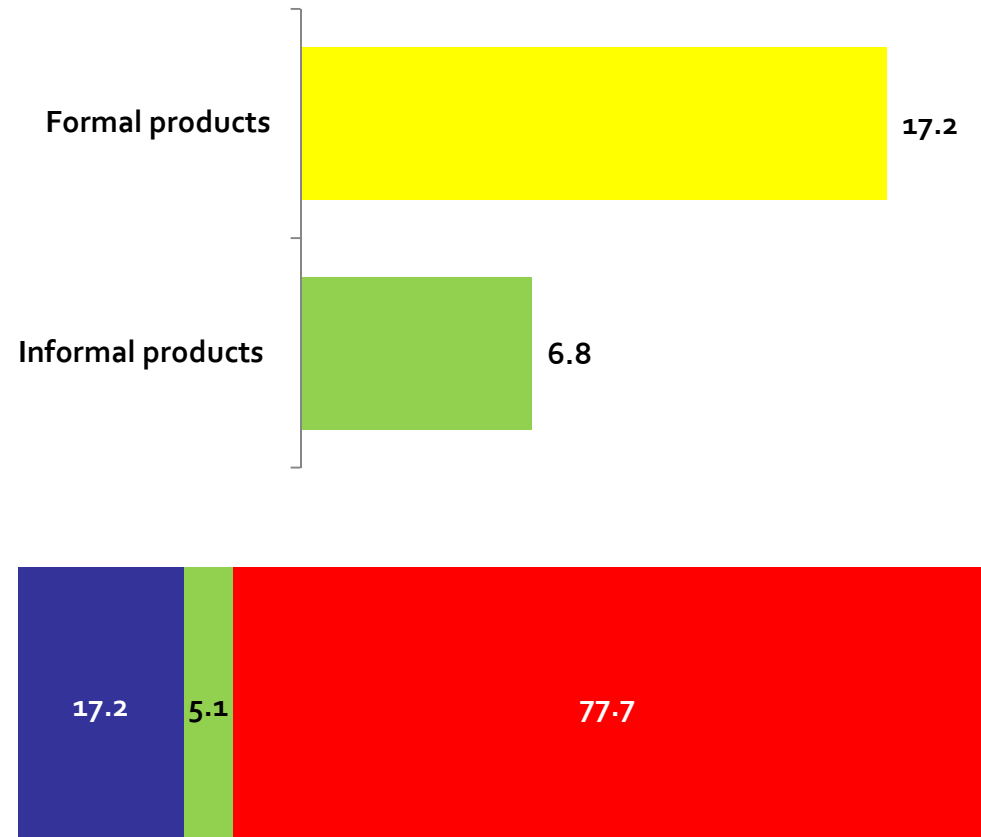
# Insurance Overview



### Insurance Products



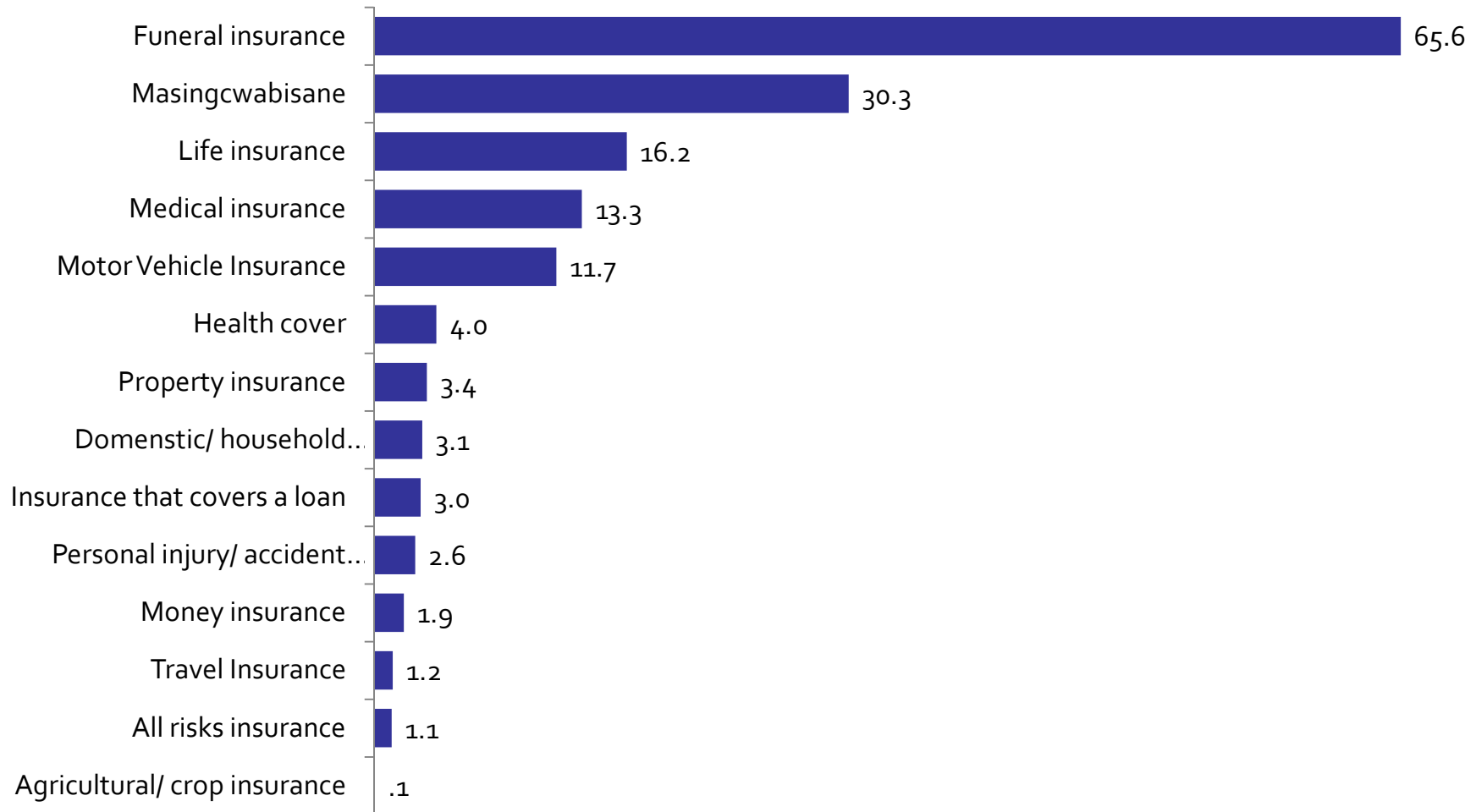
### Insurance products (% of adults)



- Formal products
- Informal products only
- No insurance coverage



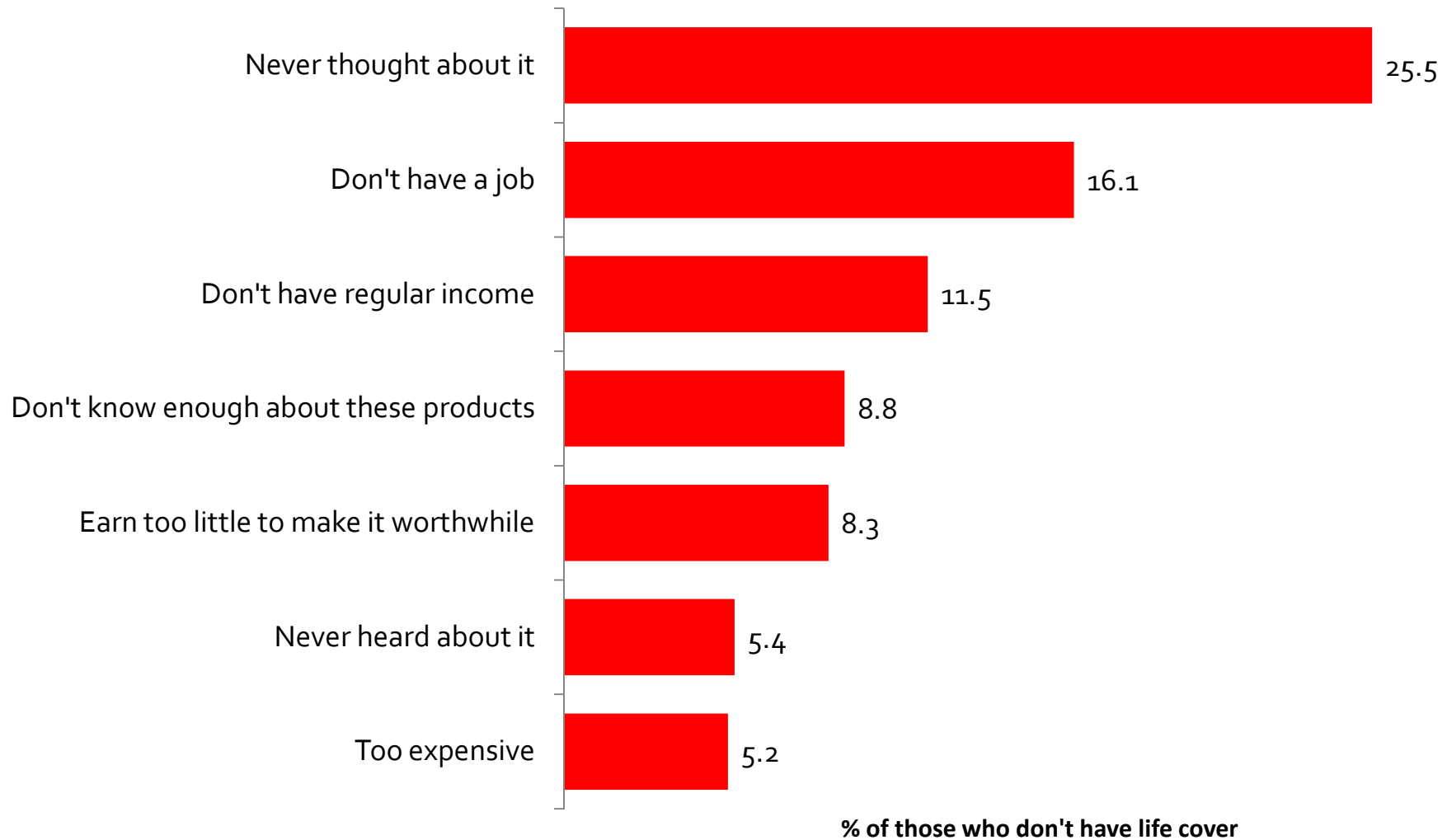
# Insurance Products



**% of those with insurance (formal or informal)**

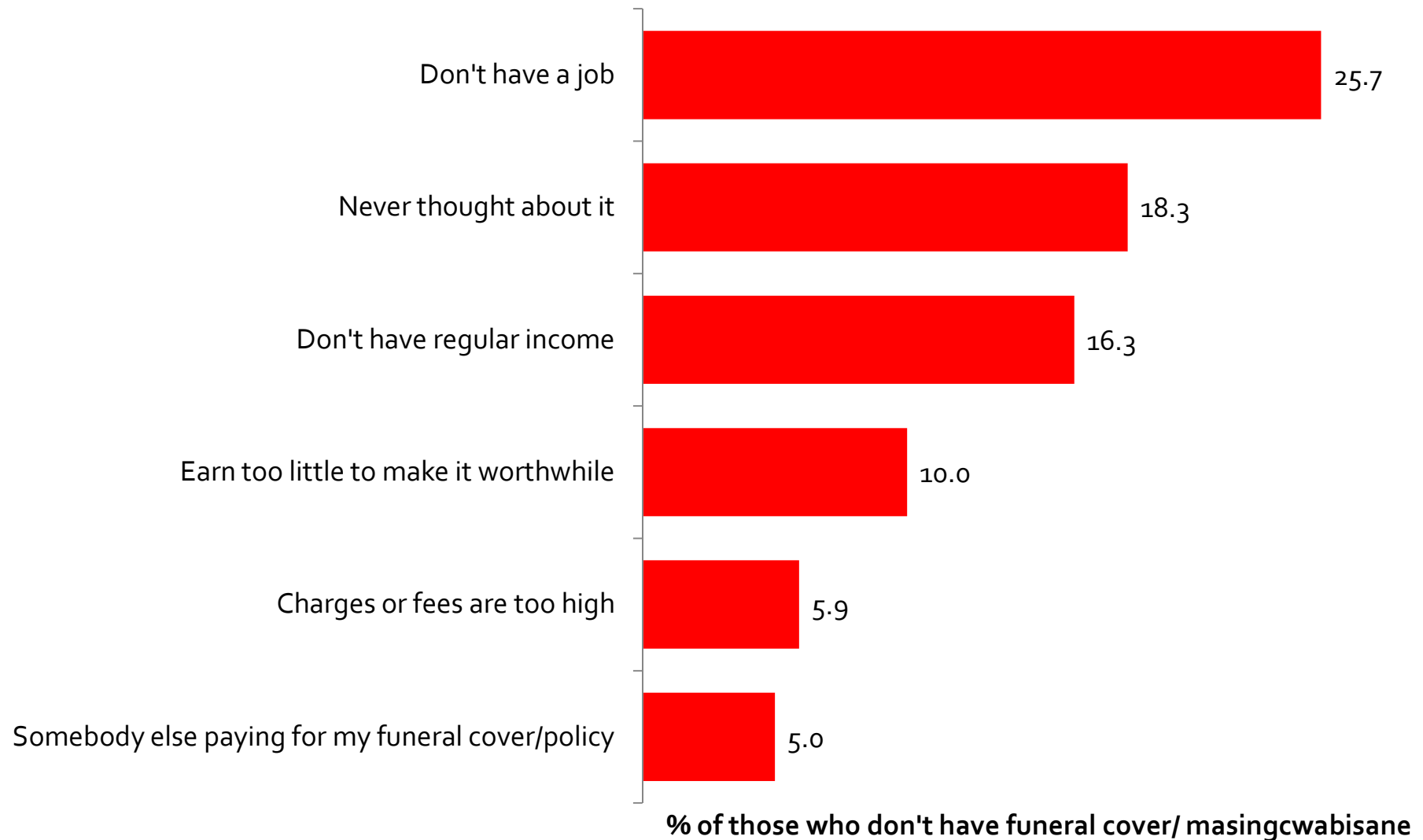


# Barriers to Insurance: Life cover





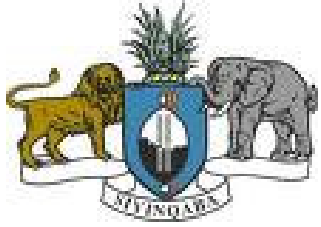
# Barriers to Insurance: Funeral cover/Burial societies



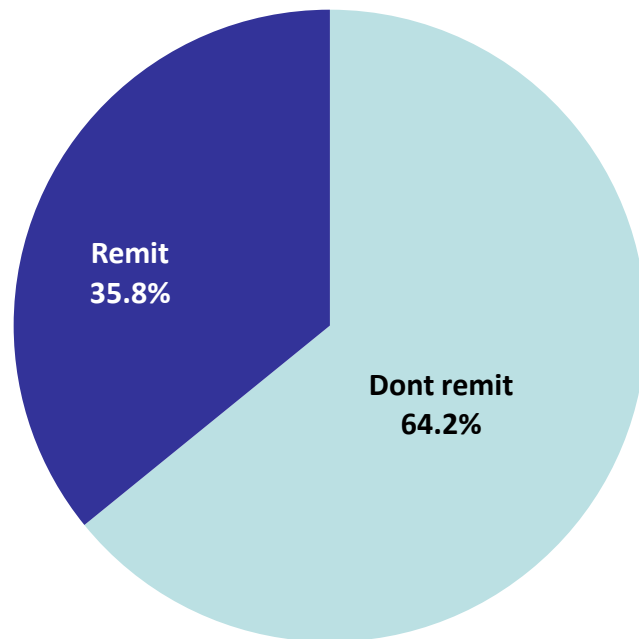


## Remittance and Remittance Channels



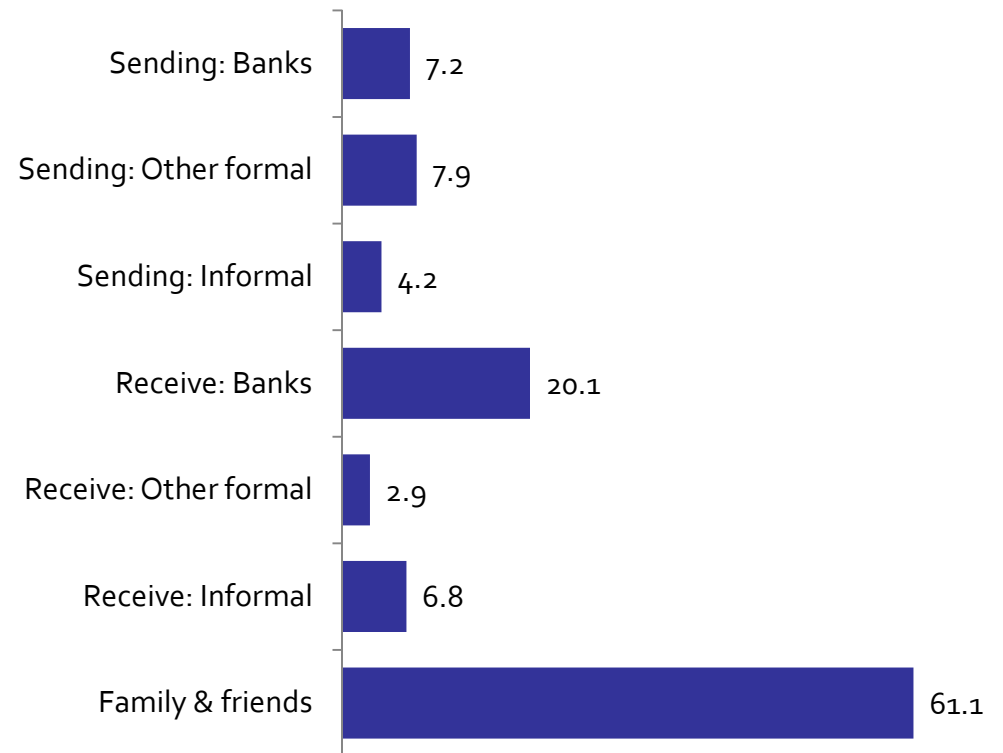


# Remittance Overview



The total amount of remittance money sent by the individuals just before the fieldwork is E93 million (or approximately US\$13.2 million).

## Remittance products of those who remit





In conclusion ....



# Conclusions

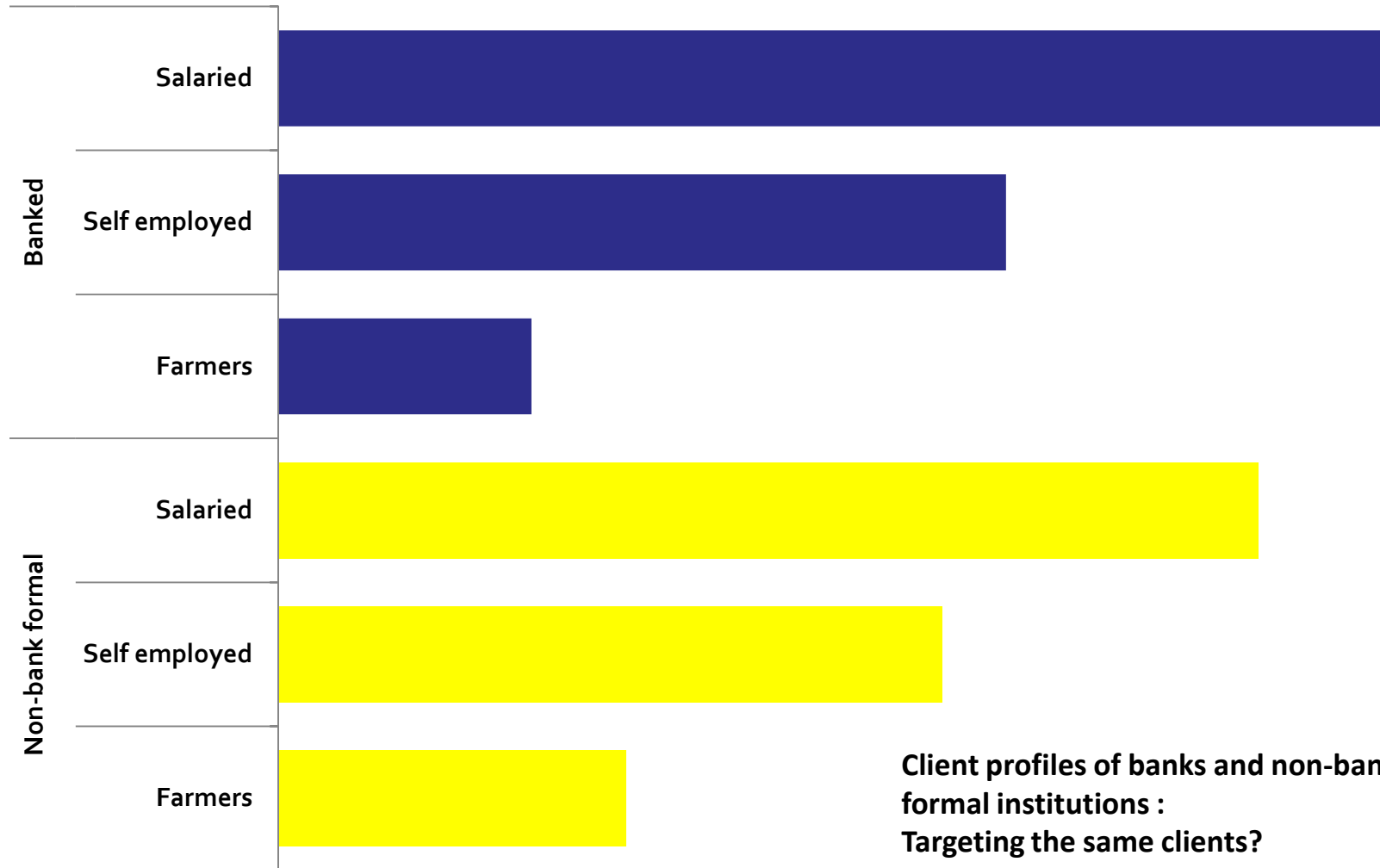
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- Overall Swaziland has good inclusion levels – 62.5%
- Formal inclusion is high – 49.8%
  - Banked – 43.9%
  - Non-bank formal – 45.3%
- **BUT**
  - Target – “safe” market
    - Banks &
    - Other non-bank formal institutions (MFI’s, Building Societies)



# Conclusions



**Client profiles of banks and non-bank formal institutions :  
Targeting the same clients?**

# Conclusions

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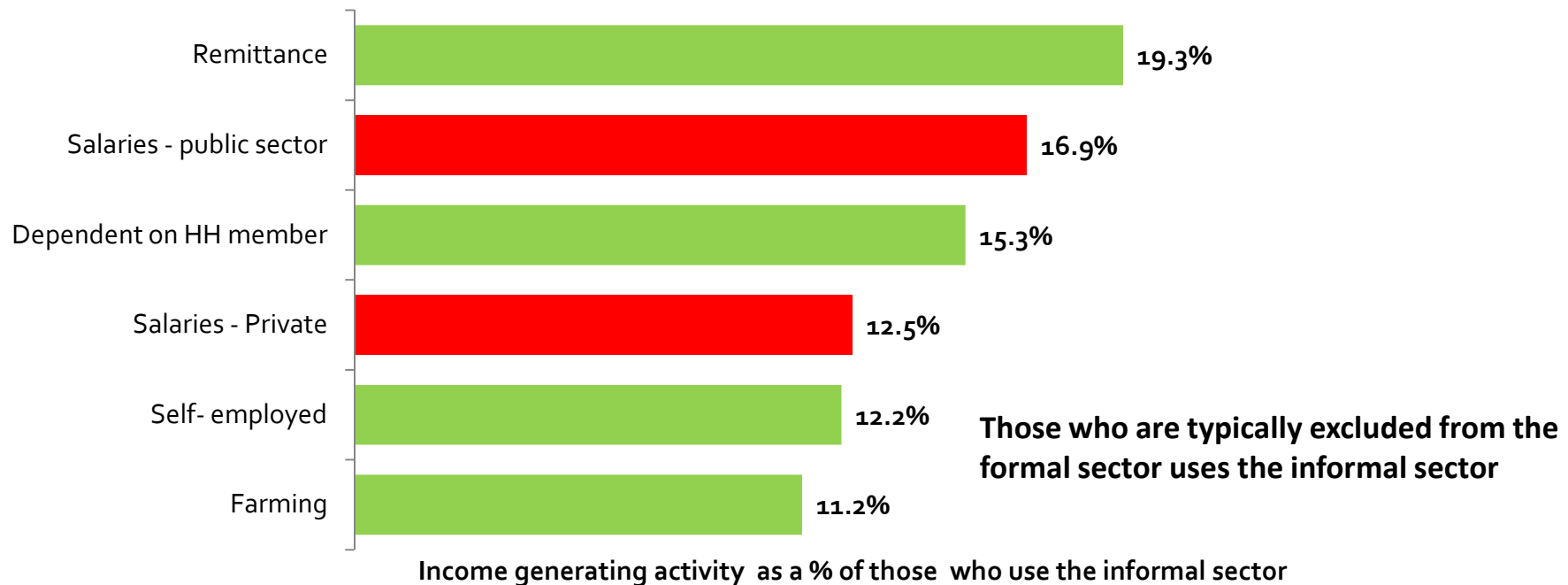


- **Biggest barrier to inclusion apart from income:**
  - Financial literacy
  - Strategies have to address this
    - Product knowledge is not the only solution
      - Financial understanding
      - Financial behaviour

# Conclusions



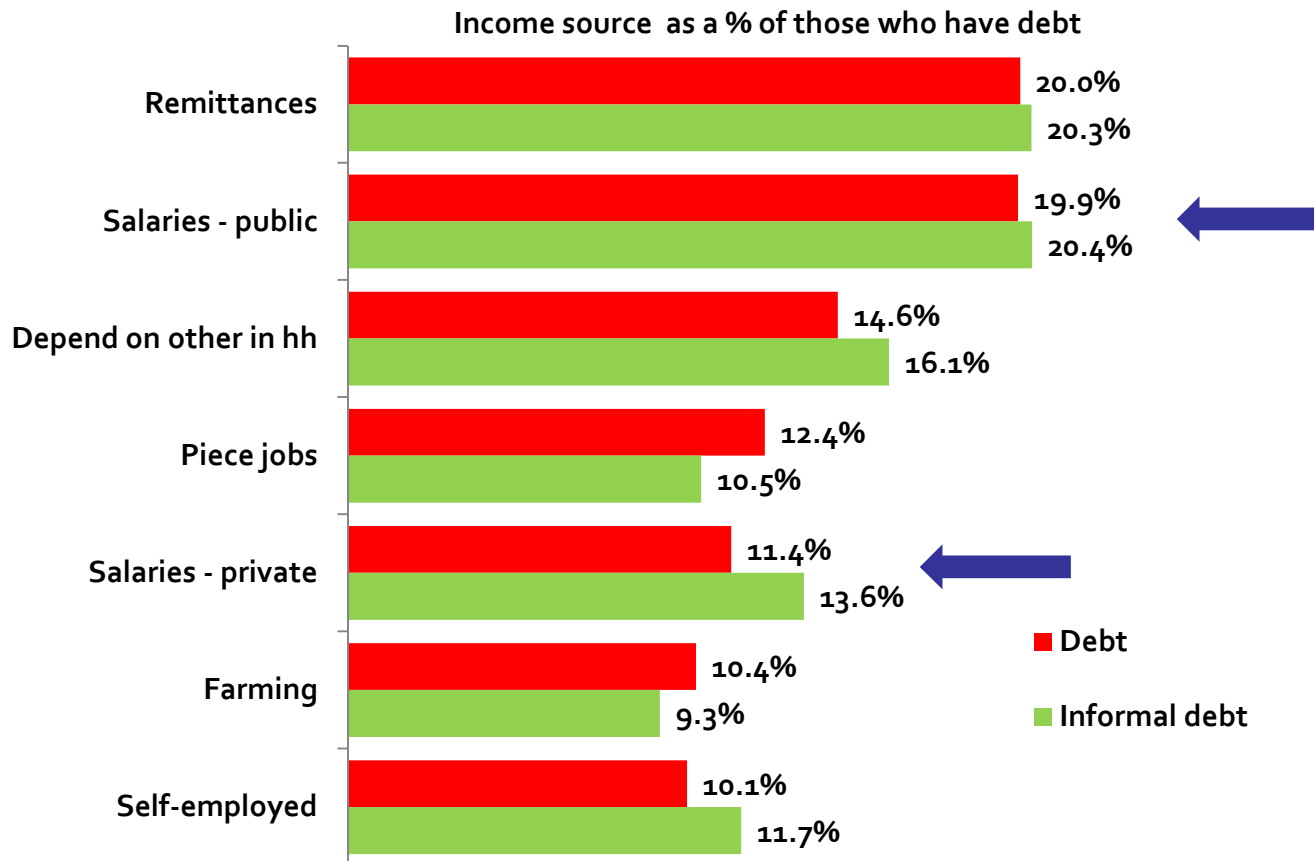
- **Informal sector serves 38.5% of the adult population**
  - 64.5% of the informally served – use it for savings
  - 50.4% for credit
  - Informal credit increases access to credit from 7% to 24%
- **Should we regulate??**



# Conclusions



- Credit
  - 33% has debt



# Conclusions

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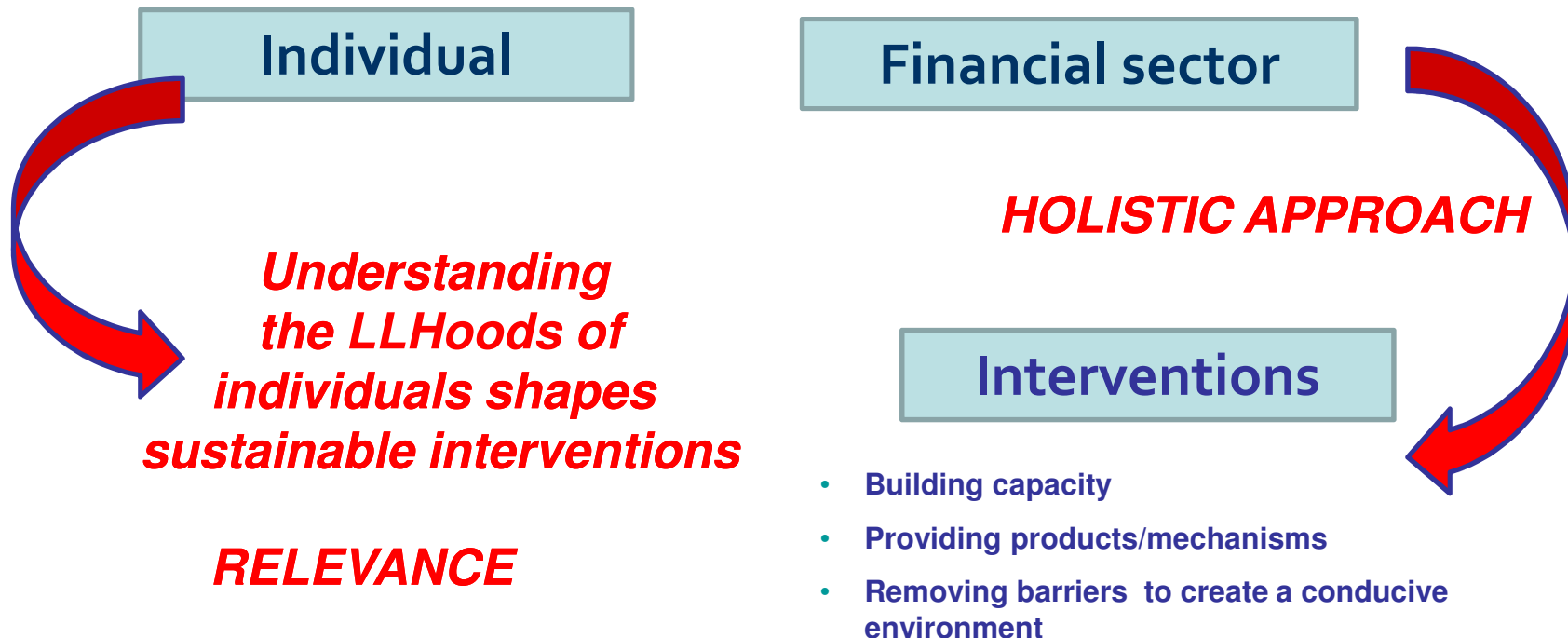
## Functionality of inclusion?

- **Regulatory barriers**
  - KYC: unbanked 91.1% don't comply
  - BUT of the **banked 65.8% don't comply**
    - Do we have functional access??
- **Savings – need quick access; small amounts**
  - Savings products not targeted at this population
  - Usage of transactional/savings facilities – not real savings products
- **Insurance**
  - 3 in 5 – funeral cover

# Conclusions



- Has to start serving NEED
- We have to change the model
  - Reality of small inconsistent incomes
  - Compliance
  - Financial literacy





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Thank You