PAKISTAN

QUICKSIGHTS REPORT
FIFTH ANNUAL FII TRACKER SURVEY

Conducted September - October 2017

June 2018
UNDERSTANDING FINANCIAL INCLUSION

What is financial inclusion?
Financial inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way (The World Bank). Financially included individuals are those who have an account in their name with a full-service financial institution.

How is it measured?
We measure financial inclusion as the percentage of adults (15+ years old) who report having at least one account in their name with an institution that offers a full suite of financial services, and comes under some form of government regulation.

How is it created?
Financial inclusion is created through the uptake and use of individual accounts with institutions that offer a full suite of financial services – savings, credit, money transfers, insurance and investment. Full-service financial institutions include banks, mobile money service providers, and nonbank financial institutions, such as deposit-taking microfinance institutions (MFIs) and financial cooperatives.

What institutions and services do not count?
Individuals who own accounts with institutions that are not full service, such as credit-only microfinance institutions (MFIs), are not considered financially included. Individuals who do not have their own full-service account or use someone else’s account are not considered financially included. Individuals who only use services such as money guards, savings collectors, and digital recharge cards that are not attached to a bank or MFI account are also considered financially excluded.
KEY DEFINITIONS

Access to a bank – Counts individuals who use a full-service bank account either registered in their name or held by someone else.

Access to mobile money or an NBFI – Counts individuals who have ever used a mobile money service or a full-service NBFI.

Access & trial – Counts individuals who have a bank account registered in their name or use a bank account that is registered to someone else, or have ever used a mobile money service, or have ever used a full-service NBFI.

Active registered user – An individual who has an account registered in their name with a full-service financial institution and has used it in the last 90 days.

Advanced user – An active registered user who has ever used their account for saving, borrowing, insurance, investment, paying bills or receiving wages or government benefits. Buying airtime top-ups is considered an advanced use of a bank account or NBFI account but not a mobile money account.

Airtime – Minutes of talk time available on a mobile phone. Airtime top-up (adding minutes) is a basic mobile money activity, but is considered an advanced bank or NBFI activity.

Basic use – Cash-in (deposit) or cash-out (withdraw), transfer money to another individual, or conduct account maintenance.

Below the poverty line – In this particular study, adults living on less than 2.50 per day in 2005 purchasing power parity U.S. Dollars, as classified by the Poverty Probability Index.

Confidence interval (95%) – The range of values within which the observed value of a statistic will be found in 95 out of 100 repeat measurements.

Cooperative – Typically, a business or other professional organization that is owned and run jointly by its members, who share profits or benefits. Cooperatives may release some of the profits/assumes as loans to its members.

Credit-only nonbank financial institutions – Financial institutions that only disburse loans to their customers and are therefore not considered full service.

Customer journey – A series of progressive stages through which individuals become more active users of more sophisticated financial services.

Digital financial inclusion – Counts individuals who have an account in their name with a full-service financial institution that offers digital services (e.g., online account access, debit/ATM card, credit card, electronic cash transfers).

Digital financial services (DFS) – Financial services provided through an electronic platform (e.g., mobile phones, debit or credit electronic cards, internet).

Digital stored-value account – A mobile money account or a full-service bank or NBFI account that offers digital services.

Financial inclusion – Individuals who hold an account with an institution that provides a full suite of financial services and comes under some form of government regulation.

Financial literacy – Basic knowledge of four fundamental concepts in financial decision-making (interest rates, interest compounding, inflation, and risk diversification) as measured by the Standard and Poor’s Rating Service’s Global Financial Literacy Survey.

Full-service financial institutions – Financial institutions that offer loans to their customers and at least one of the following additional services: savings, money transfers, insurance, or investments.

Microfinance institution (MFI) – An organization that offers financial services to low-income populations. Almost all give loans to their members, and many offer insurance, deposit and other services.

Mobile money (MM) – A service that allows a mobile phone to be used for storing and transferring money, and potentially accessing other financial services.

Nonbank financial institution (NBFI) – A financial organization that is not formally licensed as a bank or a mobile money provider, but whose activities are regulated, at least to some extent, by the central bank within the country. Such financial institutions include microfinance institutions (MFIs), cooperatives, Post Office (Savings) Banks and savings and credit cooperatives (SACCOs), etc.

Numeracy - The ability to use basic math skills, including counting, addition, division, multiplication and computing short- and long-term interest rates.

Post Office (Savings) Bank – A bank that offers savings and money transfers and has branches at local post offices.

Poverty Probability Index (PPI) – A measurement tool wherein a set of country-specific survey questions are used to compute the likelihood that an individual’s income is below a specific threshold.

Registered user – Counts individuals who have a financial account registered in their name or registered jointly in their name and someone else’s name.

Savings and credit cooperative (SACCO) – A self-help group owned and managed by its members. Its main purpose is to build up funds through regular contributions by each member, with the aim of providing affordable credit and collective investments.

Unregistered/over-the-counter (OTC) user – An individual who has used a financial service through someone else’s account, including a mobile money agent’s account or the account of a family member or a neighbor.

Urban/rural – Urban and rural persons are defined according to their residence in urban or rural areas as prescribed by the national bureau of statistics.

Value-added services – These are non-core financial services that go beyond the standard services provided by financial institutions.
ABOUT THE SURVEY

- Target population: Adults aged 15+ residing in households.
- Sampling frame: List of all villages and urban census.
- Sample design: Stratified multistage cluster sample of 6,000 adults designed by InterMedia in collaboration with the Pakistan Institute of Public Opinion (PIPO):
  - Stratification by urban/rural within each province;
  - First stage: Random selection of villages and urban census;
  - Second stage: Selection of one block per sampled village and urban circle;
  - Third stage: Selection of 10 households per sampled block;
  - Fourth stage: Selection of one adult member per household using the Kish grid.
- Face-to-face interviews administered at the household using pen and paper. Average interview time was 47 minutes.
- Sampling weights align the demographic characteristics of the sample with the 2017 national population projections provided by PIPO.
- Weighted data used to generate representative statistics at the national level, and for urban and rural populations separately. Weighted percentages are reported together with unweighted respondent counts.

### 2017: National demographics
(Shown: Percentage of Pakistan adults, N=6,000)

<table>
<thead>
<tr>
<th>Demographic characteristics</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>52</td>
</tr>
<tr>
<td>Female</td>
<td>48</td>
</tr>
<tr>
<td>Urban</td>
<td>35</td>
</tr>
<tr>
<td>Rural</td>
<td>65</td>
</tr>
<tr>
<td>Above the $2.50/day poverty line</td>
<td>48</td>
</tr>
<tr>
<td>Below the $2.50/day poverty line</td>
<td>52</td>
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<tr>
<td>Age: 15-24</td>
<td>34</td>
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<tr>
<td>25-34</td>
<td>24</td>
</tr>
<tr>
<td>35-44</td>
<td>16</td>
</tr>
<tr>
<td>45-54</td>
<td>16</td>
</tr>
<tr>
<td>55+</td>
<td>9</td>
</tr>
<tr>
<td>Basic literacy</td>
<td>63</td>
</tr>
<tr>
<td>Basic numeracy</td>
<td>99</td>
</tr>
</tbody>
</table>

Source: InterMedia Pakistan FII Tracker survey, Wave 5 (N=6,000, 15+), September-October 2017.
COUNTRY CONTEXT

In 2017, Pakistan’s central bank, the State Bank of Pakistan (SBP), continued to prioritize financial inclusion as a key element of its national development program and the 2015 National Financial Inclusion Strategy. The World Bank also supported these financial inclusion efforts through an ongoing partnership program.

SBP and its partners continued to focus on digital financial services (DFS) as a means to expand financial inclusion. The SBP’s 2017 published National Telecoms Policy aims to address existing gaps and improve avenues for innovation and market entry by non-telecom providers.

The enforcement of SBP’s regulations on the use of biometric verification for all over-the-counter (OTC) transactions contributed to an increase in registered users of mobile money by making OTC transactions more difficult. Included in the July 2016 revision to branchless banking regulations, biometric verification for OTC transactions is expected to increase compliance with the SBP’s Know Your Customer (KYC), Anti Money Laundering (AML) and Combating Financing of Terrorism (CFT) guidelines.

• SBP launched the Asaan Remittance Account in December 2017. These accounts have a simplified one-page application form with basic information. The account is designed to facilitate P2P transfers of home remittances. The maximum credit balance limit is PKR 2 million ($17,200), and a cash withdrawal limit as well as fund transfer limit of PKR 50,000 ($430) per day.

• SBP plans to launch the Asaan Mobile Account scheme, which will allow anyone with a basic mobile phone to open a mobile money account using a USSD code. The Asaan scheme is expected to facilitate conversions from OTC to mobile wallets.

The Government of Pakistan took new measures to address the limited mobile internet connectivity. According to a 2016 GSMA report, Pakistan ranks low on infrastructure, affordability, consumer readiness and content, relative to its neighbors.

• In April 2017, the Government of Pakistan launched a $130 million Financial Inclusion and Infrastructure Project focused on improving access to digital payments and advancing access to credit for small- and medium-sized enterprises.

• In an effort to expand the supply of telecom financial services and facilitate branchless banking, in April 2017, the Pakistan Telecommunications Authority (PTA) began offering licenses to Third Party Service Providers (TPSP) for the operation of telecom financial service applications.

A large and persistent gender gap in economic participation works against financial inclusion, particularly the lack of women-owned physical capital, as well as social norms that limit women’s economic empowerment.

Financial service providers are testing new digital products on the market.

• The Pakistan Post and Karandaaz Pakistan are partnering to digitize the Pakistan Post’s money order services.

• The National Bank of Pakistan (NBP), a state-owned commercial bank, and Karandaaz are partnering to support DFS through the implementation of an Application Programming Interface (API) management platform. API will enable the NBP to automate and digitize government-to-person (G2P) and person-to-government (P2G) transactions.

• MasterCard is collaborating with Pakistan’s NADRA Technologies to enable electronic payments using national ID cards. This functionality will allow citizens to conduct financial transactions, receive government payments, and send and receive remittances using their unique 13-digit national identification card number.
Pakistan achieved real gains in financial inclusion in 2017. Financial inclusion increased by 5 percentage points, from 9% of adults in 2016 to 14% in 2017. This gain was the first statistically significant change in the proportion of adults who are registered users of full-service financial accounts that the FII program has recorded in five years of annual surveys in Pakistan.

- Both banks and mobile money drove the gain in financial inclusion. Access and trial users of mobile money grew 4 percentage points, from 9% of adults who accessed mobile money services in 2016 to 13% in 2017. Registered users of mobile money also increased by 3 percentage points, from less than 1% of the population in 2016 to 4% in 2017.
- In 2017, 11% of the adult population had a registered full-service bank account, up from 9% in 2016 and 7% in 2015.
- Full-service nonbank financial institution (NBFI) account users are nearly undetectable using nationally representative survey methods; less than 1% of the adult population had a registered NBFI account in 2017.

The gender gap remains an enormous barrier to women’s financial inclusion and economic empowerment; 20% of men are financially included compared to only 7% of women. Men also have much higher readiness for adopting digital financial services:

- The gender gap in access to a mobile phone is 13 percentage points: 84% of men versus 71% of women have access.
- The proportion of men with SIM card ownership is double that of women: 78% of men versus 39% of women own a SIM card.
- Text messaging – a key indicator of capability to use digital financial services – is twice as prevalent among men: 68% of men versus 34% of women have ever sent or received a text message.

Active users (past 90 days) of a registered financial account increased 5 percentage points, from 8% in 2016 to 13% in 2017. This gain was driven by both banks and mobile money. Nearly all of those who became registered mobile money users in the year between the 2016 and 2017 surveys used their accounts actively.

Advanced users increased from 7% of adults in 2016 to 10% in 2017. Saving, bill pay, receiving wages, and receiving government benefits were the main activities of advanced users.

Source: InterMedia Pakistan FII Tracker survey, Wave 5 (N=6,000, 15+), September-October 2017.
ACCESS & TRIAL OF FINANCIAL SERVICES

• In 2017, one in five adults (21%) reported ever using a full-service financial institution, up from 16% in 2016. Mobile money was accessed by 13% of adults, 11% accessed banks, and 2% used a nonbank financial institution.

• Access to both mobile money and NBFIIs showed statistically significant gains from 2016 to 2017. Bank access was up significantly in 2017 compared to 2015.

Source: InterMedia Pakistan FII Tracker surveys, Wave 1 (N=6,000, 15+), November 2013-January 2014; Wave 2 (N=6,000, 15+), September-December 2014; Wave 3 (N=6,000, 15+), September-October 2015; Wave 4 (N=6,000, 15+), September-October 2016; Wave 5 (N=6,000, 15+), September-October 2017.

*Fewer than 50 observations
**REGISTERED USERS (FINANCIAL INCLUSION)**

- Financial inclusion increased significantly from 2016 to 2017; the proportion of registered users among the adult population increased from 9% to 14%. New registered users of both banks and mobile money drove this growth.
- Mobile money registered users increased by 3%, and registered bank users by 4% of the adult population compared to 2015.

*Fewer than 50 observations*

Source: InterMedia Pakistan FII Tracker surveys, Wave 1 (N=6,000, 15+), November 2013-January 2014; Wave 2 (N=6,000, 15+), September-December 2014; Wave 3 (N=6,000, 15+), September-October 2015; Wave 4 (N=6,000, 15+), September-October 2016; Wave 5 (N=6,000, 15+), September-October 2017.
ACTIVE REGISTERED USERS

- In 2017, 13% of adults were active users of registered full-service financial accounts, meaning they used their accounts in the 90 days prior to the survey.
- Nearly all active users had either a traditional bank account or a mobile money account, 10% and 3% of adults, respectively. There was little overlap between the two groups of active users in 2017.

*Fewer than 50 observations

Source: InterMedia Pakistan FII Tracker surveys, Wave 1 (N=6,000, 15+), November 2013-January 2014; Wave 2 (N=6,000, 15+), September-December 2014; Wave 3 (N=6,000, 15+), September-October 2015; Wave 4 (N=6,000, 15+), September-October 2016; Wave 5 (N=6,000, 15+), September-October 2017.
ADVANCED USERS

- Active registered users who accessed advanced services, including savings, credit, insurance, and investment, increased from 7% in 2016 to 10% in 2017. The majority of advanced users are bank account holders (8% of adults).
- Advanced mobile money users showed a statistically significant increase, albeit from a very low base. The use of mobile money to pay bills was a significant driver of advanced user growth.
- In 2017, advanced users of NBFI accounts remained too small a fraction of the population to be reliably measured using nationally representative survey methods.

Advanced active registered users
(Shown: Percentage of Pakistan adults, by year*)

*2013 definition of advanced users is not comparable with later years
Source: InterMedia Pakistan FII Tracker surveys, Wave 2 (N=6,000, 15+), September-December 2014; Wave 3 (N=6,000, 15+), September-October 2015; Wave 4 (N=6,000, 15+), September-October 2016; Wave 5 (N=6,000, 15+), September-October 2017.

Despite the growth in advanced users, only one in 10 adults was an active user who used their account for an advanced activity.
DIGITAL FINANCIAL INCLUSION

- More than one in 10 adults (13%) were financially included via a digitally enabled account. Three-quarters of the digitally included population (10% of adults) held a bank account with digital features.
- Boosting mobile phone ownership could lead to greater digital financial inclusion. Six in 10 adults owned a phone. Basic phones are the most common type of phone, followed by smartphones and feature phones.

2017: Digital financial inclusion, by service type
(Shown: Percentage of Pakistan adults, N=6,000)

- Mobile money: 4%
- Bank: 10%
- NBFI: 0.5%

2017: Mobile phone ownership
(Shown: Percentage of Pakistan adults, N=6,000)

- Basic phone: 38%
- Feature phone: 12%
- Smartphone: 17%
- Any mobile phone: 60%

*Fewer than 50 observations

Source: InterMedia Pakistan FII Tracker survey, Wave 5 (N=6,000, 15+), September-October 2017.
Pakistan’s readiness indicators show great potential for the growth of digital financial services; four of seven key indicators are satisfied by more than 75% of the population – ID, phone access, basic numeracy, and mobile money awareness.

Financial literacy remains a challenge; 14% of adults were financially literate in 2017, demonstrating knowledge of fundamental concepts of interest rates, interest compounding, inflation, and risk diversification.

While lower than the other key indicators, in 2017, 7% more of the adult population reported owning SIM cards compared to 2016. Ability to send and receive text messages – a key proxy for ability to use a mobile money account – increased dramatically over the past year.

2017: Key indicators of readiness to adopt digital financial services
(Shown: Percentage of Pakistan adults, N=6,000)

<table>
<thead>
<tr>
<th>Year</th>
<th>Necessary ID*</th>
<th>Mobile phone access (own/borrow)</th>
<th>Own a SIM card</th>
<th>Ability to send and receive text messages</th>
<th>Financial literacy</th>
<th>Basic numeracy</th>
<th>Mobile money awareness</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>95%</td>
<td>77%</td>
<td>52%</td>
<td>44%</td>
<td>16%</td>
<td>95%</td>
<td>76%</td>
</tr>
<tr>
<td>2015</td>
<td>95%</td>
<td>76%</td>
<td>56%</td>
<td>40%</td>
<td>NA</td>
<td>95%</td>
<td>72%</td>
</tr>
<tr>
<td>2014</td>
<td>92%</td>
<td>72%</td>
<td>54%</td>
<td>37%</td>
<td>NA</td>
<td>87%</td>
<td>76%</td>
</tr>
</tbody>
</table>

*Requirements for ID changed in 2017, so data may not be comparable to previous years.

Source: InterMedia Pakistan FII Tracker surveys, Wave 2 (N=6,000, 15+), September-December 2014; Wave 3 (N=6,000, 15+), September-October 2015; Wave 4 (N=6,000, 15+), September-October 2016; Wave 5 (N=6,000, 15+), September-October 2017.
GEOGRAPHICAL ACCESS TO FINANCIAL SERVICES

- Proximity to a financial service access point is not a significant barrier to financial inclusion. Three in four adults knew of a point-of-service (POS) within one kilometer of their home, and 85% knew of a POS within five kilometers.
- The POS most frequently mentioned within one kilometer of an individual’s home was a retail store or kiosk with mobile money services (57%), followed by informal rotating credit and savings associations (ROSCAs) (56%).
- Regional analysis indicates that the province of Balochistan significantly lags behind other regions in terms of access.

2017: Proximity to points-of-service (POS) for financial institutions
(Shown: Percentage of Pakistan adults, N=6,000)

Source: InterMedia Pakistan FII Tracker survey, Wave 5 (N=6,000, 15+), September-October 2017.
Financial inclusion may be conceived as a process through which an individual’s needs are met by advancing step-by-step towards increasingly active engagement with a growing range of financial services. The customer journey theory of change posits that advancement on the journey leads to gains in human welfare.

Understanding how individuals and groups advance on the customer journey is useful for developing strategies and interventions to assist more individuals to become users of the financial services that best meet their needs.

Five major segments of the population on the customer journey are described below. Each group is mutually exclusive of the others. The population shifts between these groups as more individuals make progress on the customer journey.

### CUSTOMER JOURNEY THEORY OF CHANGE

- **Nonusers** are adults who have no access to or have never used a full-service financial institution. Nonusers have not started the customer journey.

- **Unregistered users** are adults who do not have an account registered in their name but use a bank, mobile money, and/or NBFI service via another person’s account, especially over-the-counter mobile money services accessed via an agent.

- **Registered inactive users** are adults who have a bank, mobile money, or NBFI account registered in their name but have not used it in the last 90 days.

- **Active basic users** are adults who used their registered bank, NBFI, or mobile money account to transfer money to another person, deposit or withdraw cash, and/or check their balance in the previous 90 days ONLY. Buying airtime using mobile money is also a basic use case.

- **Advanced users** are adults who have used their registered bank, NBFI, or mobile money account in the previous 90 days and have ever used their account for saving, borrowing, investment, insurance, bill payment, merchant payment, receiving wages, and/or receiving government payments.

<table>
<thead>
<tr>
<th>NONUSERS</th>
<th>UNREGISTERED USERS</th>
<th>REGISTERED INACTIVE USERS</th>
<th>ACTIVE BASIC USERS</th>
<th>ADVANCED USERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financially excluded (no registered account)</td>
<td>Financially included (registered account holders)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The proportion of **nonusers** of full-service financial institutions has been slowly, but steadily, decreasing since 2014 as more adults (mainly men) progressed on the customer journey. Nearly all **unregistered users** used mobile money over-the-counter via agents. This group, however, has not grown significantly as a portion of the population since 2014. Rather, in 2017, financial inclusion was boosted by newly registered users of mobile money. **Active basic users** were mainly bank account holders who used their accounts only for cash management. While **advanced users** were mainly bank account holders, a growing proportion used mobile money for bill pay.

**CUSTOMER JOURNEY TREND**

Change over time in each segment of the customer journey for all financial institutions
(Shown: Percentage of Pakistan adults, by year)

*Fewer than 50 observations*

*Source: InterMedia Pakistan FII Tracker surveys, Wave 2 (N=6,000, 15+), September-December 2014; Wave 3 (N=6,000, 15+), September-October 2015; Wave 4 (N=6,000, 15+), September-October 2016; Wave 5 (N=6,000, 15+), September-October 2017.*
NONUSERS, BY DEMOGRAPHIC GROUP

- Nonusers were more common among women, rural residents, and adults who live below the $2.50/day poverty line than among their male, urban, and above-poverty counterparts.
- Nonusers had nearly equal prevalence in the under-35 and 35+ age groups.
- Reaching the national objective of universal financial inclusion will require a focus on women’s economic empowerment to promote their progress to later stages of the customer journey.

Source: InterMedia Pakistan FII Tracker survey, Wave 5 (N=6,000, 15+), September-October 2017.
UNREGISTERED USERS, BY DEMOGRAPHIC GROUP

- Unregistered users of financial services were predominantly over-the-counter (OTC) users of mobile money. There was a very small proportion of unregistered NBFI users, and, statistically, zero unregistered bank users.
- OTC users of mobile money were more common among men than women, which reflects women’s overall low levels of economic participation.
- OTC mobile money users were slightly more common in the urban and above-poverty demographics than in the rural and below-poverty groups.

2017: Unregistered users, by demographic and service type
(Shown: Percentage of each demographic group who are unregistered users of each type of institution)

* Fewer than 50 observations

Source: InterMedia Pakistan FII Tracker survey, Wave 5 (N=6,000, 15+), September-October 2017.
OVER-THE-COUNTER (OTC) MOBILE MONEY USERS

- Nine percent of adults were OTC mobile money users in 2017. Between 2013 and 2017, the proportion of OTC mobile money users was statistically unchanged.
- The majority of OTC users were men, residents of rural areas, younger than 35 and those living above the poverty line.

Unregistered (OTC) mobile money users
(Shown: Percentage of Pakistan adults, by year)

Source: InterMedia Pakistan FII Tracker surveys, Wave 1 (N=6,000, 15+), November 2013-January 2014; Wave 2 (N=6,000, 15+), September-December 2014; Wave 3 (N=6,000, 15+), September-October 2015; Wave 4 (N=6,000, 15+), September-October 2016; Wave 5 (N=6,000, 15+), September-October 2017.
ACTIVE BASIC USERS, BY DEMOGRAPHIC GROUP

A very small proportion of adults used a bank or mobile account (2% and 1%, respectively) for basic activities, person-to-person transfers and cash management only. Nearly all active account holders used their accounts for advanced activities, and, therefore, are included in the advanced user group instead of the active basic group shown here.

### 2017: Active basic users of registered financial accounts, by demographic

(Shown: Percentage of each demographic group who are active basic users of each type of institution)

<table>
<thead>
<tr>
<th>Demographic Group</th>
<th>Total Population (N=6,000)</th>
<th>Females (n=2,866)</th>
<th>Males (n=3,134)</th>
<th>Rural (n=4,010)</th>
<th>Urban (n=1,990)</th>
<th>Below poverty line (n=3,201)</th>
<th>Above poverty line (n=2,799)</th>
<th>Younger than 35 (n=2,934)</th>
<th>35 years and older (n=3,066)</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Bank</td>
<td>Mobile money</td>
<td>Bank</td>
<td>Mobile money</td>
<td>Bank</td>
<td>Mobile money</td>
<td>Bank</td>
<td>Mobile money</td>
<td>Bank</td>
</tr>
<tr>
<td>Total population</td>
<td>2</td>
<td>1</td>
<td>1*</td>
<td>0</td>
<td>2</td>
<td>1*</td>
<td>2</td>
<td>1*</td>
<td>2</td>
</tr>
<tr>
<td>Females</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>1*</td>
<td>2</td>
<td>1*</td>
<td>2</td>
<td>1*</td>
<td>2</td>
</tr>
<tr>
<td>Males</td>
<td>2*</td>
<td>0</td>
<td>2*</td>
<td>0</td>
<td>2*</td>
<td>0</td>
<td>2*</td>
<td>0</td>
<td>2*</td>
</tr>
<tr>
<td>Rural</td>
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<td>2</td>
<td>1*</td>
<td>2</td>
<td>1*</td>
<td>2</td>
</tr>
<tr>
<td>Urban</td>
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<td>2</td>
<td>1*</td>
<td>2</td>
<td>1*</td>
<td>2</td>
<td>1*</td>
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<td>Below poverty line</td>
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<td>Above poverty line</td>
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<tr>
<td>Younger than 35</td>
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<td>1*</td>
<td>1*</td>
<td>1*</td>
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<td>35 years and older</td>
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<td>1*</td>
<td>2</td>
<td>1*</td>
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<td>1*</td>
<td>2</td>
<td>1*</td>
<td>2</td>
</tr>
</tbody>
</table>

*Fewer than 50 observations

Source: InterMedia Pakistan FII Tracker survey, Wave 5 (N=6,000, 15+), September-October 2017.
ADVANCED USERS, BY DEMOGRAPHIC GROUP

- Only 10% of Pakistan’s adult population progressed to the advanced user stage of the customer journey in 2017. The large majority (81%) of advanced users were bank account holders.
- Advanced bank users were more common among men, urban residents, and those with above-poverty incomes compared to the female, rural, and below-poverty demographic groups.

2017: Advanced users, by demographic and service type
(Shown: Percentage of each demographic group who are unregistered users of each type of institution)

*Fewer than 50 observations

Source: InterMedia Pakistan FII Tracker survey, Wave 5 (N=6,000, 15+), September-October 2017.
ADVANCED USER 90-DAY ACCOUNT ACTIVITIES

• The 90-day account activities of advanced users were distributed almost evenly across several use cases – bill pay, receiving wages, and saving. Banks were most often used for advanced activities, but 15% of advanced users also used mobile money for bill pay.

• Loan activity was negligible, which suggests that digital credit products could meet demand that is being unserved currently by traditional banking products.

2017: Advanced users’ account activities in last 90 days, by activity and institution
(Shown: Percentage of advanced users, n=615)

*Fewer than 50 observations

Source: InterMedia Pakistan FII Tracker survey, Wave 5 (N=6,000, 15+), September-October 2017.
The majority of mobile money users were unregistered: 71% were OTC users and 29% were registered users.

Lack of capability to use mobile money without assistance is an important driver of OTC use; fear of making a mistake while sending money was the most commonly mentioned reason for not registering an account.

Expanding the number of registered users may require new marketing or awareness campaigns to address lack of knowledge among OTC users; over one-third (34%) lacked information regarding fees for using a registered account, and 33% didn’t know they could register their own account.

One in five (22%) OTC users said they did not register accounts because they do not trust mobile money companies.

2017: Registered vs. OTC mobile money users
(Shown: Percentage of mobile money users, n=741)

Source: InterMedia Pakistan FII Tracker survey, Wave 5 (N=6,000, 15+), September-October 2017.
MOBILE MONEY PROVIDERS

- Telenor Easypaisa and Mobilink JazzCash were the mobile money services most often used by the adult population. Among adults who accessed these services, 75% used Easypaisa, and 54% used JazzCash in 2017.
- While Telenor has the largest market share, JazzCash more than doubled its share of mobile money users, from 24% in 2016 to 54% in 2017.
- The use of multiple services is common. Only 39% used Easypaisa services exclusively, whereas 36% used a combination of Easypaisa along with another mobile money service.

Mobile money access, by provider
(Shown: Percentage of access/trial users of mobile money, by year)

2017: Mobile money (MM) usage exclusivity
(Shown: Percentage of mobile money users, n=741)

*Fewer than 50 observations

Source: InterMedia Pakistan FII Tracker surveys, Wave 3 (N=6,000, 15+), September-October 2015; Wave 4 (N=6,000, 15+), September-October 2016; Wave 5 (N=6,000, 15+), September-October 2017.
## Key Indicators Summary

<table>
<thead>
<tr>
<th>Key Indicators</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>Base Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adults (15+) who have active digital stored-value accounts</td>
<td>6% (+/- 0.9%)</td>
<td>8% (+/- 1.1%)</td>
<td>8% (+/- 1.2%)</td>
<td>12% (+/- 1.3%)</td>
<td>All adults</td>
</tr>
<tr>
<td>Poor adults (15+) who have active digital stored-value accounts</td>
<td>4% (+/- 0.9%)</td>
<td>5% (+/- 1.2%)</td>
<td>4% (+/- 1.0%)</td>
<td>8% (+/- 1.5%)</td>
<td>All poor</td>
</tr>
<tr>
<td>Poor women (15+) who have active digital stored-value accounts</td>
<td>1%* (+/- 0.7%)</td>
<td>3%* (+/- 1.1%)</td>
<td>2%* (+/- 1.2%)</td>
<td>5%* (+/- 1.9%)</td>
<td>All poor females</td>
</tr>
<tr>
<td>Rural women (15+) who have active digital stored-value accounts</td>
<td>2%* (+/- 0.9%)</td>
<td>3% (+/- 1.2%)</td>
<td>3% (+/- 1.4%)</td>
<td>5% (+/- 1.7%)</td>
<td>All rural females</td>
</tr>
<tr>
<td>Adults (15+) who actively use digital stored-value accounts and have accessed at least one advanced financial service (beyond basic wallet &amp; P2P)</td>
<td>5% (+/- 0.9%)</td>
<td>6% (+/- 0.9%)</td>
<td>6% (+/- 1.1%)</td>
<td>9% (+/- 1.2%)</td>
<td>All adults</td>
</tr>
<tr>
<td>Poor adults (15+) who actively use digital stored-value accounts and have accessed at least one advanced financial service (beyond basic wallet &amp; P2P)</td>
<td>3% (+/- 0.8%)</td>
<td>4% (+/- 1.0%)</td>
<td>3% (+/- 0.7%)</td>
<td>6% (+/- 1.1%)</td>
<td>All poor</td>
</tr>
<tr>
<td>Poor women (15+) who actively use digital stored-value accounts and have accessed at least one advanced financial service (beyond basic wallet &amp; P2P)</td>
<td>1%* (+/- 0.7%)</td>
<td>1%* (+/- 0.6%)</td>
<td>0.9% (+/- 0.6%)</td>
<td>3% (+/- 1.7%)</td>
<td>All poor females</td>
</tr>
<tr>
<td>Rural women (15+) who actively use digital stored-value accounts and have accessed at least one advanced financial service (beyond basic wallet &amp; P2P)</td>
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<td>2% (+/- 1.2%)</td>
<td>4% (+/- 1.6%)</td>
<td>All rural females</td>
</tr>
</tbody>
</table>

Digital stored-value accounts: accounts in which a monetary value is represented in a digital electronic format and can be retrieved/ transferred by the account owner remotely. For this particular study, DSVAs include a bank account or NBFI account with digital access (a card, online access or a mobile phone application) and a mobile money account.

*Fewer than 50 observations  **2013 definition of advanced users is not comparable with later years

Source: InterMedia Pakistan FII Tracker surveys, Wave 2 (N=6,000, 15+), September-December 2014; Wave 3 (N=6,000, 15+), September-October 2015; Wave 4 (N=6,000, 15+), September-October 2016; Wave 5 (N=6,000, 15+), September-October 2017.
PUTTING THE USER FRONT AND CENTER

The Financial Inclusion Insights (FII) program responds to the need identified by multiple stakeholders for timely, demand-side data and practical insights into digital financial services (DFS), including mobile money, and the potential for their expanded use among the poor.

The FII team conducts regular survey and qualitative research in Bangladesh, India, Indonesia, Kenya, Nigeria, Pakistan, Tanzania and Uganda to:
• Track access to and demand for financial services generally, and the uptake and use of DFS specifically;
• Measure adoption and use of DFS among key target groups (females, BOP, rural, unbanked, etc.);
• Identify drivers and barriers to further adoption of DFS;
• Evaluate the agent experience and the performance of mobile money agents; and
• Produce actionable, forward-looking insights to support product and service development and delivery, based on rigorous FII data.

The FII program is managed by InterMedia. Visit the FII Resource Center to learn more: www.finclusion.org.
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