

# FINANCIAL INCLUSION *insights*

APPLIED RESEARCH FOR  digital financial inclusion

## KENYA

### **QUICKSIGHTS REPORT FII TRACKER SURVEY**

Conducted September 2014

December 2014



## THE KENYA FII TRACKER SURVEY - DETAILS

### Survey summary

- Annual, nationally representative survey (N=2,995) of Kenyan adults aged 15+
- Face-to-face interviews lasting, on average, 64 minutes
- Second survey (wave 2) conducted from 9/10/2014 to 9/30/2014
- Tracks trends and market developments in DFS based on the information gathered in the first survey, conducted from 9/12/2013 to 10/1/2013

### Data collected

- Basic demographics
- Poverty measurement (Grameen Progress Out of Poverty Index)
- Access/use of mobile devices
- Access/use of mobile money
- Access/use of formal financial services (e.g., bank accounts)
- Access/use of semi-formal and informal financial services (e.g., SACCO, cooperatives, self-help groups)
- Financial literacy and preparedness
- Technical literacy

**KENYA**

## Survey Demographics

Demographic	% of Survey (N=2,995)
Male	49%
Female	51%
Urban	36%
Rural	64%
Above the \$2.50/day poverty line	49%
Below the \$2.50/day poverty line	51%
Ages 15-24	36%
Ages 25-34	26%
Ages 35-44	16%
Ages 45-54	11%
Ages 55+	11%

*Figures are weighted to reflect national census data demographics.*

*Source: InterMedia Kenya FII Tracker survey (N=2,995, 15+), September 2014.*

## NOTABLE STATISTICS

- **Sixty-five percent of Kenyan adults have a financial services account either through a bank, mobile money service or a nonbank financial institution (NBFI), with an additional 10 percent accessing financial services through someone else's account.**
  - Sixty-three percent of Kenyans have a mobile money account, while an additional 10 percent have access to mobile money through someone else's account; in line with 2013.
  - Twenty-eight percent of Kenyans have bank accounts. Of those who have active bank accounts, 96 percent have access to digital services, either through ATMs/credit cards, mobile/internet or cash transfer capabilities.
  - Ten percent of Kenyans have accounts with NBFIs such as Savings and Credit Cooperative Organizations (SACCOs), microfinance institutions (MFIs), cooperatives or Post Office banks.
- **Socio-economic and demographic gaps persist, despite some positive growth in certain segments.**
  - Among women, 54 percent have active mobile money accounts registered in their names compared with 61 percent of men.
  - In 2014, the gap between those above and below the poverty line remains high with 74 percent among those well-off reporting active registered mobile money accounts compared with 42 percent of the below-the-poverty-line segment.
  - The gap between urban and rural users' mobile-money account adoption also persists, with a 70 percent to 51 percent gap, respectively, in line with the previous year.

## KENYA

## NOTABLE STATISTICS (cont.)

- **Nearly all Kenyans know at least one service provider; fewer (68 percent) understand the services.** It appears those who understand the concept of mobile money are more likely to use the services.
- **Safaricom M-PESA remains the dominant mobile money provider with 99 percent of active mobile-money account holders using the services.** While Airtel Money saw a slim increase in its market share, the provider is far from catching up with the market leader.
- **Person-to-person transfers remain the main trigger for opening a mobile money account, with 42 percent having opened an account to receive money and 21 percent to send.** In addition to this P2P use, mobile money accounts are used most frequently for deposits, withdrawals and airtime top-ups.
- **Use of mobile money services beyond basic cash transfers is picking up:** A fifth of active mobile money account holder use their accounts to save/set aside money, and 17 percent, each, pay bills and make inter-account transfers.
- **Now over a quarter of active mobile-money account holders report using any value-added services: Almost twice as many as in 2013:** Twenty-six percent of active account holders report using M-Shwari and 15 percent use Lipa na M-PESA compared with 15 percent and four percent, respectively, in 2013.

*\* Mobile money users can use more than one service provider.*

## KENYA

### Nearly four in five Kenyans have access to financial accounts mostly via mobile money or banks; about three in five are active account holders

#### **Bank and mobile-money (MM) account access and use: 2013 vs. 2014\***

(Shown: Percentage of Kenyan adults who fall into each category, 2013 (W1) N=3,000, 2014 (W2) N=2,995)



\*Differences in waves are not significant at the 95% confidence level for access to a bank account, bank account holders, MM account holders and active MM account holders. Categories are not mutually exclusive.

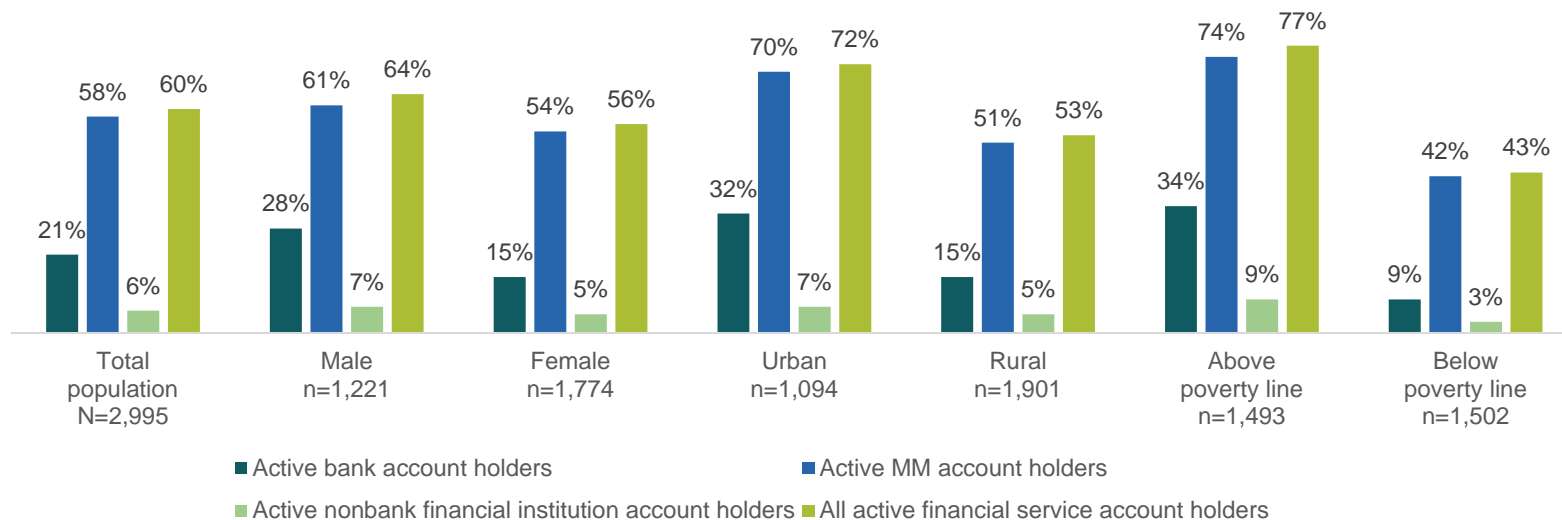
Source: InterMedia Kenya FII Tracker surveys Wave 1 (N=3,000, 15+), September-October, 2013, and Wave 2 (N=2,995, 15+), September 2014.

## KENYA

### Mobile money activity surpasses that of banks and nonbanks, especially for urban dwellers and those above the poverty line

#### Financial inclusion measures by key demographic groups

(Shown: Percentage of each subgroup)



*Account categories are not mutually exclusive.*

*Source: InterMedia Kenya FII Tracker survey (N=2,995, 15+), September 2014.*

## KENYA

### Three in 10 have digital stored-value accounts; but digital accounts are not typically used to access advanced financial services

Main FSP Indicator	%	Base n	Base Definition
Adults (15+) who have active digital stored-value accounts	59	2,995	All adults
Poor adults (15+) who have active digital stored-value accounts	43	1,502	All poor
Rural women (15+ ) who have active digital stored-value accounts	47	1,068	All rural females
Adults (15+) who have active digital stored-value accounts and use them to access other financial services (beyond basic wallet, P2P, and bill pay)	26	2,995	All adults
Poor adults (15+) who have active digital stored-value accounts and use them to access other financial services (beyond basic wallet, P2P, and bill pay)	13	1,502	All poor
Rural women (15+) who have active digital stored-value accounts and use them to access other financial services (beyond basic wallet, P2P, and bill pay)	13	1,068	All rural females

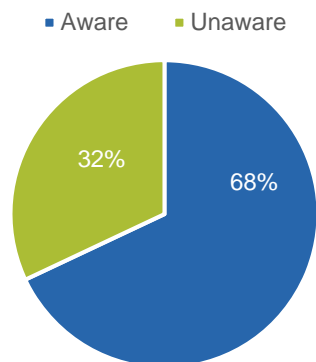
*Digital stored-value accounts = accounts in which a monetary value is represented in a digital electronic format and can be retrieved/ transferred by the account owner remotely. For this particular study, DSVAs include a bank account or NBFi account with digital access (a card, online access or a mobile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

*Source: InterMedia Kenya FII Tracker survey (N=2,995, 15+), September 2014.*



## More Kenyans know about mobile money brands than about the concept of mobile money (MM)

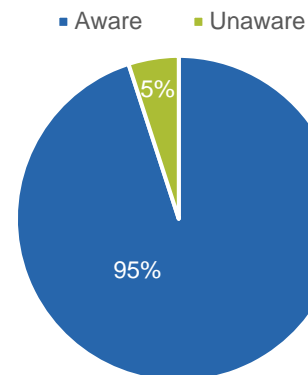
### Concept awareness (Recognize concept of MM)



#### Among those aware

- 100% are aware of at least one mobile money provider
- 84% have used mobile money
- 75% have registered mobile money accounts

### Brand awareness (Recognize at least one MM provider)



#### Among those aware

- 71% are aware of the concept of mobile money
- 76% have used mobile money
- 66% have registered mobile money accounts

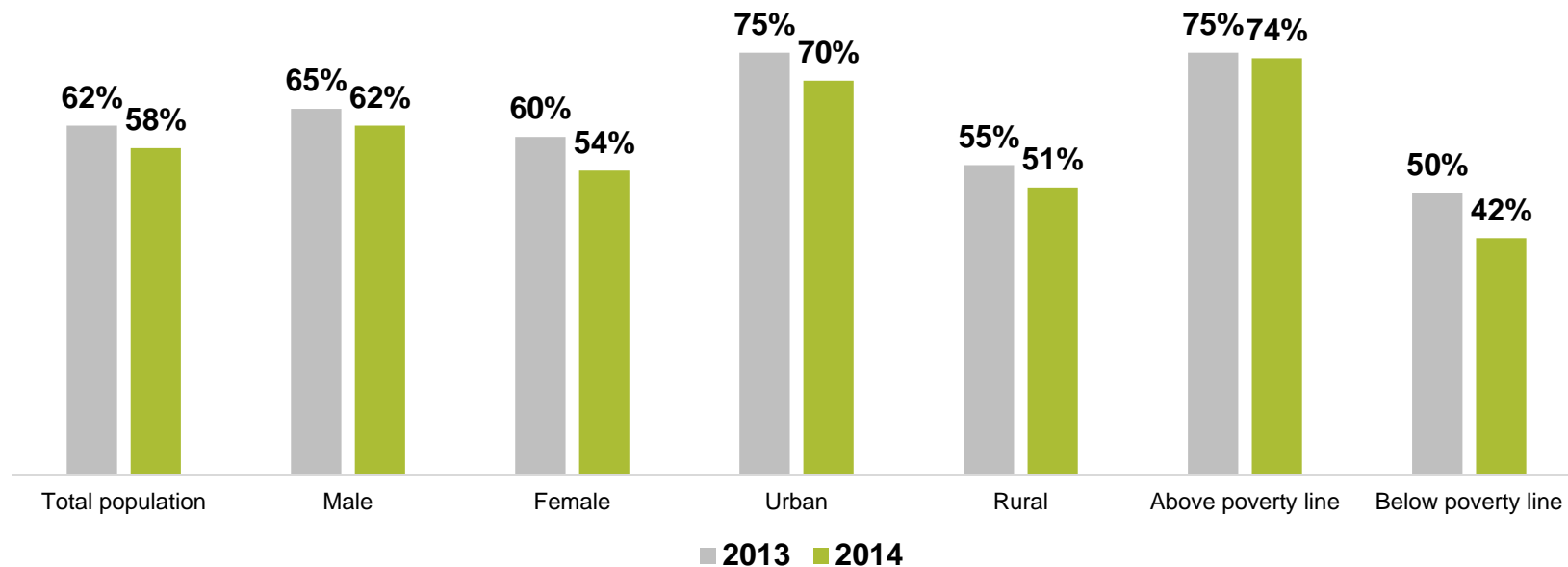
Those who understand the concept of mobile money are more likely to be users than those who know provider brands.

## KENYA

### Over half of Kenyan adults have active registered mobile money accounts, including vulnerable populations

#### Demographic trends for active registered mobile money account use\*

(Shown: Percentage of Kenyan adults who fall into each category, W1 N=3,000, W2 N=2,995)



*\*Differences in waves are not significant at the 95% confidence level for access to a bank account, bank account holders, MM account holders and active MM account holders. Categories are not mutually exclusive.*

*Source: InterMedia Kenya FII Tracker surveys Wave 1 (N=3,000, 15+), September-October, 2013, and Wave 2 (N=2,995, 15+), September 2014.*

## KENYA

### Radio and television remain the top initial exposure channels for mobile money; family and friends remain important in promoting services

*“From which source of information did you first learn about this mobile money service?”*

Rank	Top 5 initial sources (percentage of active mobile money account holders)	% 2013 (W 1) (n=1,999)	% 2014 (W 2) (n=1,859)
①	Radio	74	68
②	Television	25	31
③	Family and/or friends	12	18
④	Billboards	8	13
⑤	Field agents/promoters of mobile money	5	6

*Categories are not mutually exclusive.*

*Source: InterMedia Kenya FII Tracker surveys Wave 1 (N=3,000, 15+), September-October, 2013, and Wave 2 (N=2,995, 15+), September 2014.*

## Kenyans still open mobile money (MM) accounts mostly for person-to-person transfers; saving/storing money has less appeal

Rank	Top reasons for starting to use an MM account (percentage of active account holders n=1,859)	%	Rank	Top uses for MM accounts (percentage of active account holders n=1,859)	%
①	I had to receive money from another person	42	①	Deposit money	90
②	I had to send money to another person	21	②	Withdraw money	87
③	I wanted a safe place to keep/store our money	8	③	Buy airtime top-ups	68
④	I wanted to start saving money with a mobile money account	6	④	Receive money from other people for regular support/allowances, or emergencies	54
⑤	A person I know tried it and recommended it to me	3	⑤	Receive money from other people for other reasons or no particular reason	43
⑥	Most of my friends/family members are already using the services	2	⑥	Send money to other people for other reasons or no particular reason	38

*Question allowed for multiple responses.*

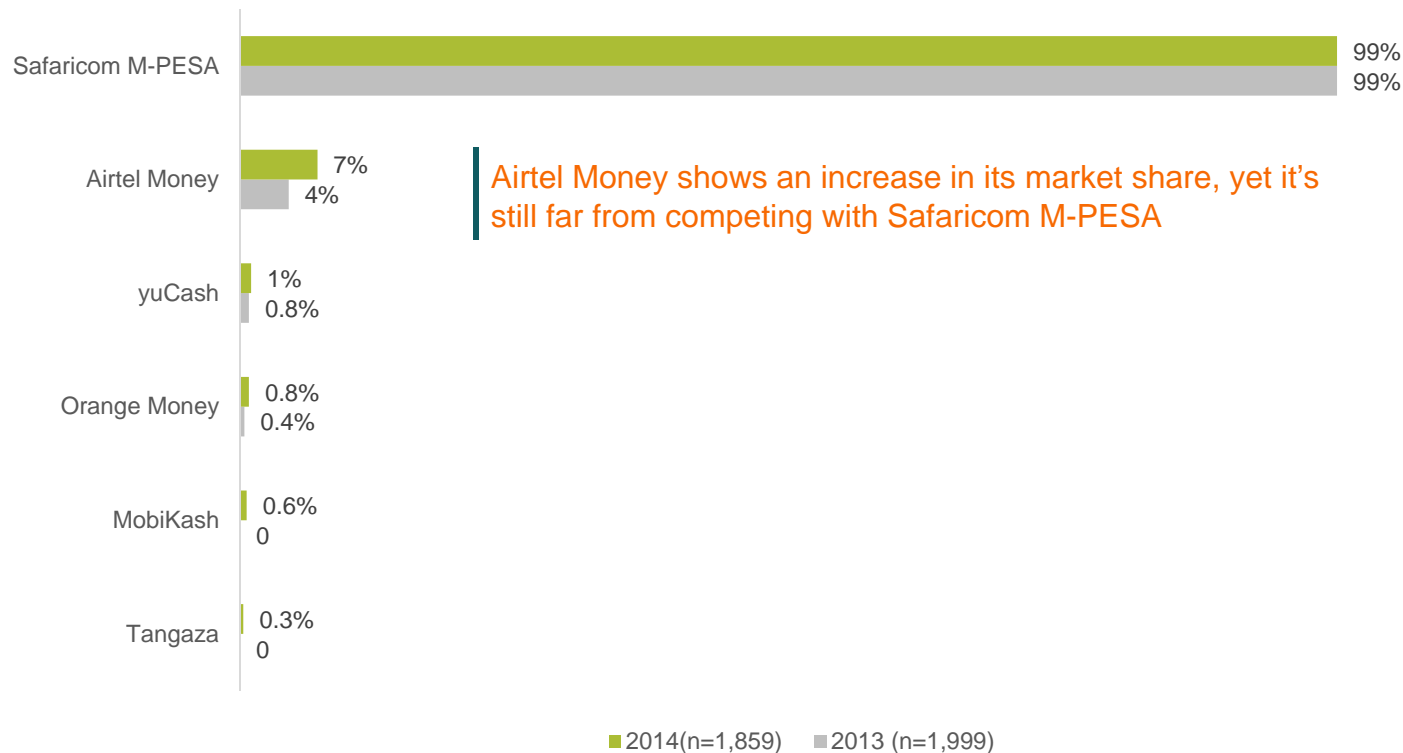
*Source: InterMedia Kenya FII Tracker survey (N=2,995, 15+), September 2014.*

## KENYA

### Safaricom M-PESA continues to dominate the market, in line with 2013

#### Active mobile money provider account holdings

(Shown: Percentage of active mobile-money account holders who report using specific providers, by wave)



*Active MM account holders can have accounts with more than one provider.*

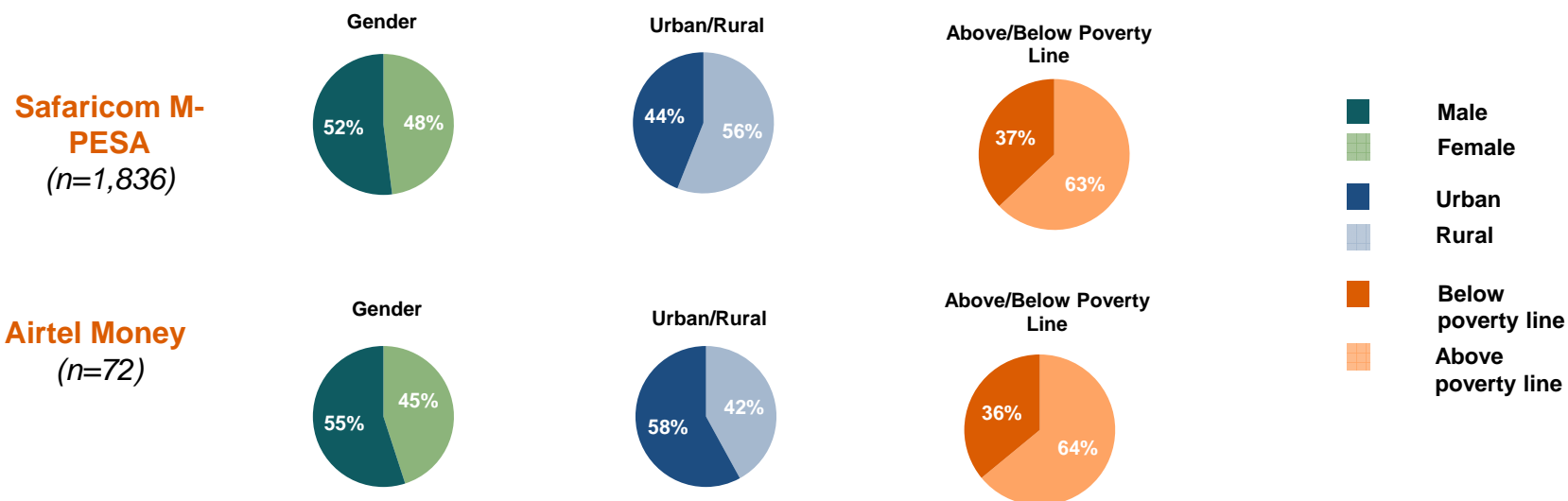
*Source: InterMedia Kenya FII Tracker surveys Wave 1 (N=3,000, 15+), September-October, 2013, and Wave 2 (N=2,995, 15+), September 2014.*

## KENYA

### Airtel Money has more urbanites; Safaricom M-PESA has more rural active account holders

#### Demographic trends for active mobile money account use, by provider

(Shown: Percentage of active account holders for each provider)



Active MM account holders can have accounts with more than one provider.

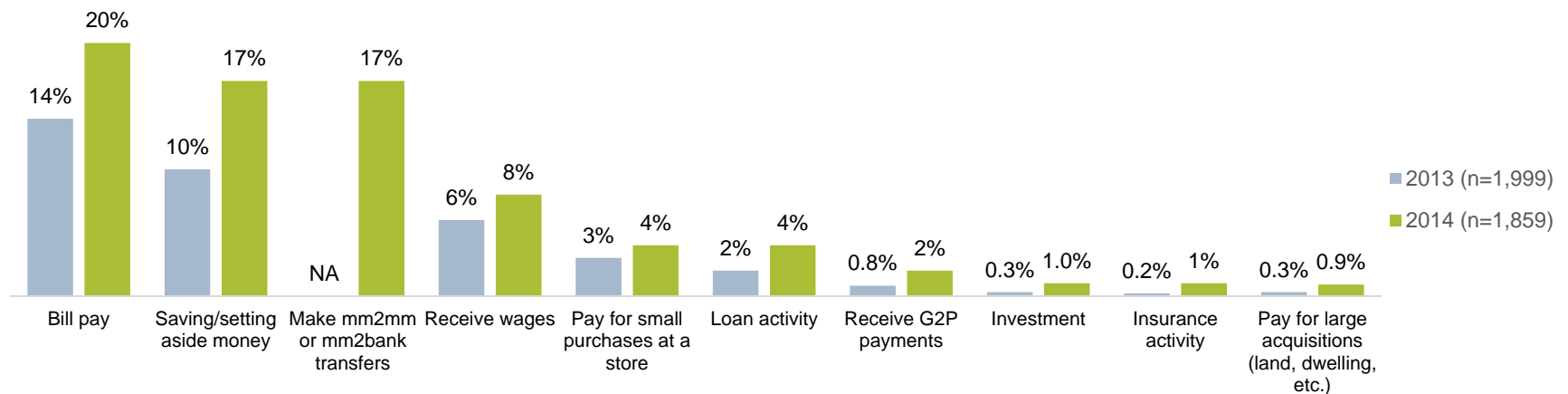
Source: InterMedia Kenya FII Tracker survey (N=2,995, 15+), September 2014.

## KENYA

### Bill pay, savings and inter-account transfers are the most common advanced uses for mobile money, followed by receiving wages and paying for small purchases

#### Advanced mobile money (MM) account uses\*

(Shown: Percentage of active mobile-money account holders n=1,859)



\*Due to the changes in the questionnaire between Waves 1 and 2, some data points are not directly comparable.

*Question allowed for multiple responses.*

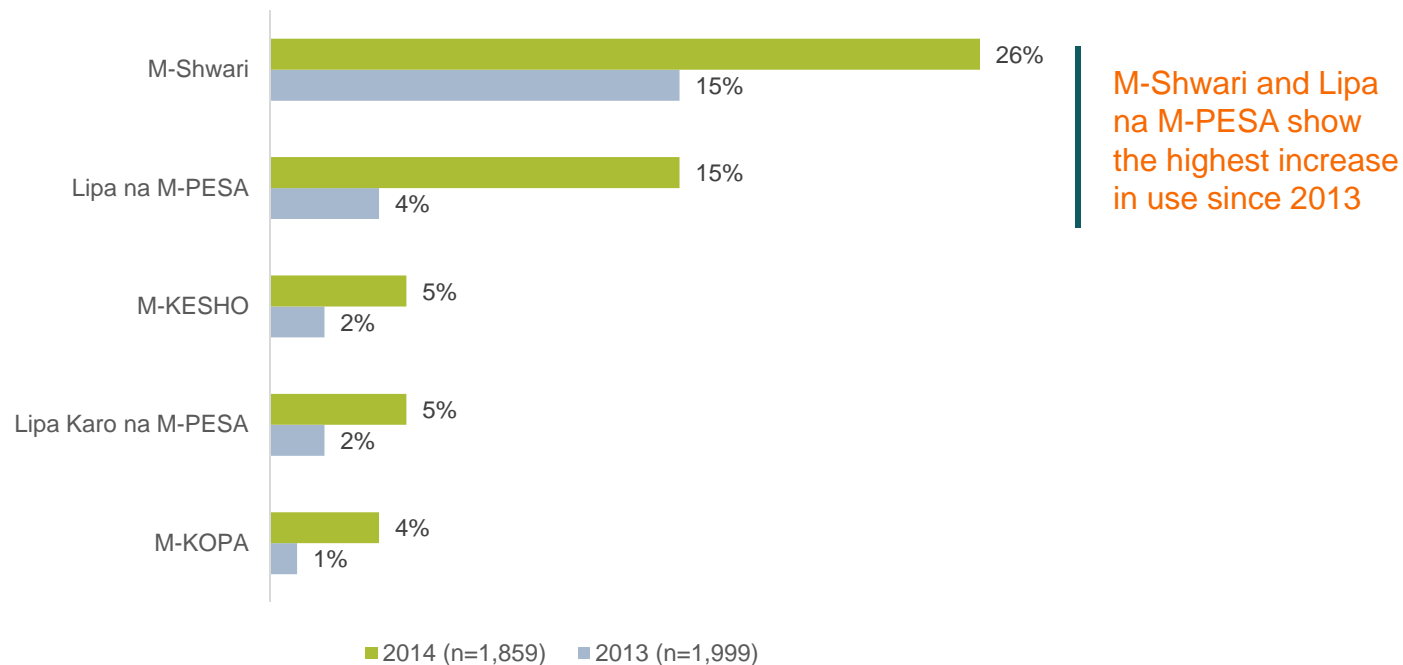
*Source: InterMedia Kenya FII Tracker surveys Wave 1 (N=3,000, 15+), September-October, 2013, and Wave 2 (N=2,995, 15+), September 2014.*

## KENYA

### M-Shwari and Lipa na M-PESA enjoy an increase in their user base since 2013; other value-added services are also attracting users

#### Use of value-added services

(Shown: Percentage of active mobile money account holders who use each VAS)



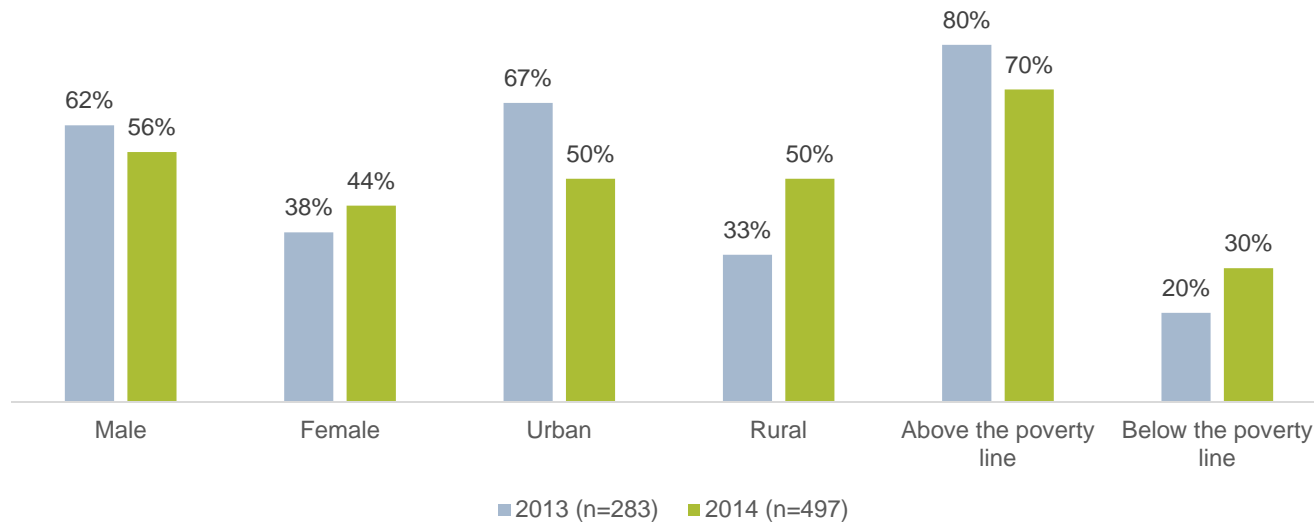
Source: InterMedia Kenya FII Tracker surveys Wave 1 (N=3,000, 15+), September-October, 2013, and Wave 2 (N=2,995, 15+), September 2014.



## M-Shwari user demographics are changing to include more vulnerable populations: rural users of mobile money and those below the poverty line

### M-Shwari user demographics

(Shown: Percentage of M-Shwari users who fall into each category, n=497)



Source: InterMedia Kenya FII Tracker surveys Wave 1 (N=3,000, 15+), September-October, 2013, and Wave 2 (N=2,995, 15+), September 2014.

## KENYA

### More than half of active bank account holders engage in advanced financial activities, including savings and bill pay

	Top uses for active bank accounts (n=666)	%
Basic Uses	Withdraw money	97
	Deposit money	92
	P2P transfers	36
Advanced Uses	Save/set aside money	47
	Bill pay	44
	Receive wages	34
	Make MM2MM / MM2Bank transfer	25
	Loan activity	19
	Buy airtime top-up	16

- The most common bank account uses still mainly involve withdrawing and depositing
- Saving money and bill pay are the most common advanced uses
- More than a third of active account holders receive their salaries via direct deposit to their bank accounts

*Question allowed for multiple responses.*

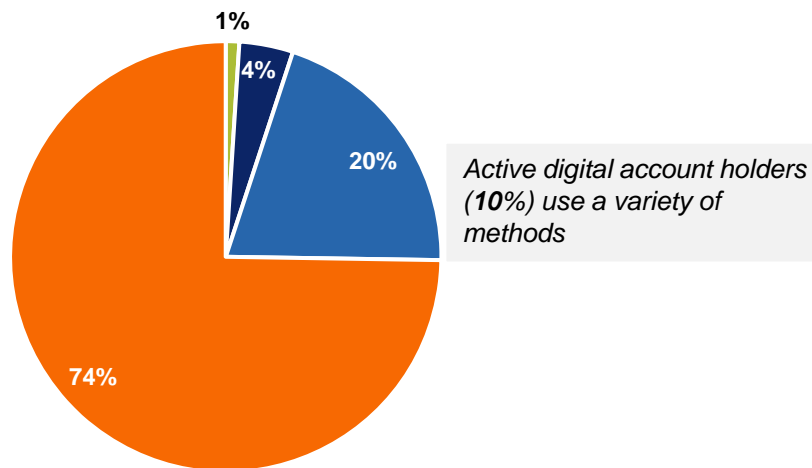
*Source: InterMedia Kenya FII Tracker survey (N=2,995, 15+), September 2014.*

## KENYA

### A quarter of adult Kenyans can access a bank account via digital means; 20 percent are active digital bank account holders

#### Digital bank account access\*

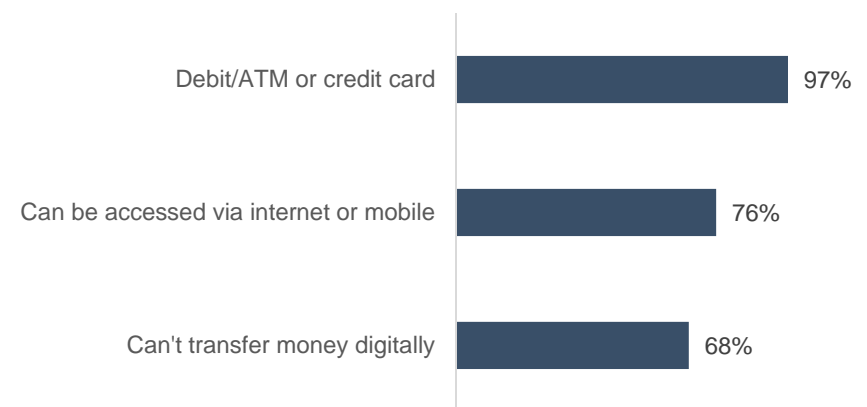
(Total population, N=2,995)



- Digital bank account users, not registered
- Lapsed digital bank account holders
- Active digital bank account holders
- Do not have digital access to a bank account

#### Method of access

(Shown: Active digital bank account holders, n=636)



Digital bank accounts offer at least one of the following options: debit/ATM or credit cards, internet or mobile access, or a digital money transfer capability.

\*Question allowed for multiple responses.

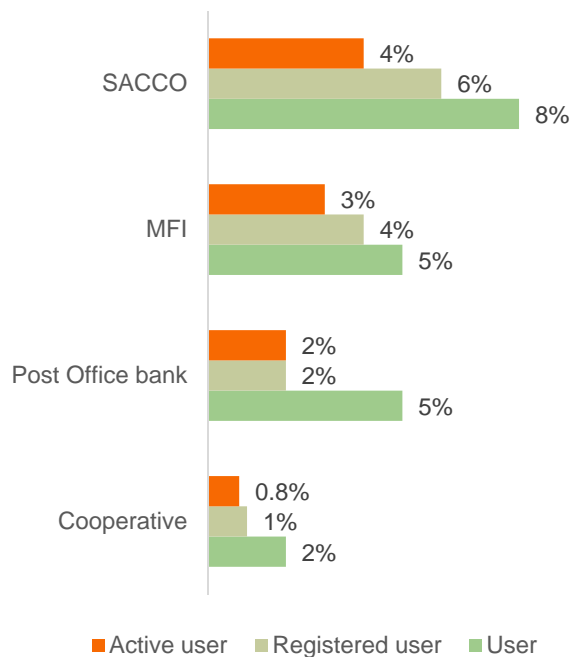
Source: InterMedia Kenya FII Tracker survey (N=2,995, 15+), September 2014.

## KENYA

### Fewer use nonbank financial institutions compared with banks and mobile money, mostly for basic purposes, saving and loans

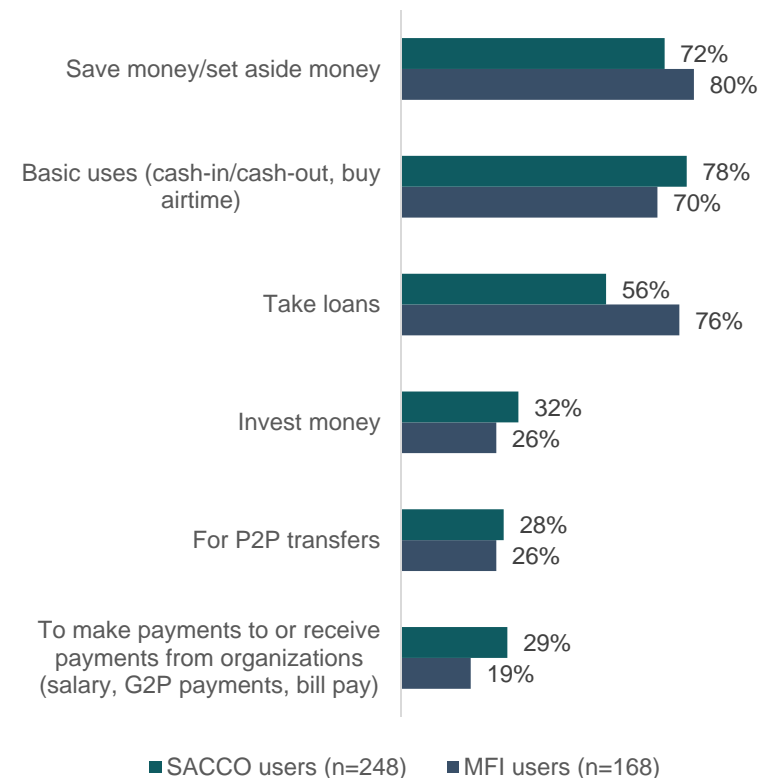
#### Financial institution usage

(Percentage of nonbank financial institution account holders among the total population N=2,995)



#### How nonbank financial institutions are used

(Shown: Percentage of nonbank financial institution users)



\*All differences are statistically significant at the 95% confidence interval.

Question allowed for multiple responses.

Source: InterMedia Kenya FII Tracker survey (N=3,001, 15+), September 2014.

## GLOSSARY OF TERMS

- **Access** – Access to a bank account or mobile money account means a respondent can use bank/mobile money services either via their own account or via an account of another person.
- **Active account holder** – An individual who has a registered DFS account and has used it in the last 90 days.
- **Active user** – An individual who has used any DFS for any type of transaction in the past 90 days via his/her own account or somebody else's account.
- **Adults with DFS Access** – Adults who either own a DFS account or have access to someone else's account.
- **Below the poverty line** - In this particular study, adults living on less than \$2.50 per day, as classified by the Grameen PPI.
- **Digital financial services (DFS)** – Financial services that are provided through an electronic platform (mobile phones, electronic cards, the internet, etc.). **For this particular study, digital financial services include bank services and mobile money services.**
- **Digital stored-value account (DSVA)** – 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.
- **Grameen Progress out of Poverty Index (PPI)** – A poverty measurement tool from the Grameen Foundation wherein a set of country-specific questions are used to compute the likelihood that a household is living below the poverty line.
- **Lapsed registered/non-registered user** – An individual who has used a DFS on their own or somebody else's account, but has not done so in the last 90 days.
- **Mobile money (MM)** – A service in which a mobile phone is used to access financial services.
- **Registered active user** – A person with a registered DFS account that has used it in the last 90 days.
- **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.

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