

# FINANCIAL INCLUSION *insights*

APPLIED RESEARCH FOR  digital financial inclusion

## PAKISTAN

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

Conducted September-December 2014

January 2015



## THE PAKISTAN FII TRACKER SURVEY - DETAILS

### Survey summary

- Annual, nationally representative survey (N=6,000) of Pakistani individuals aged 15+
- Face-to-face interviews lasting on average 42 minutes
- Second survey (year 2) conducted from September to December 2014
- Tracks trends and market developments in DFS based on the information gathered in the first survey, conducted November 2013 to January 2014

### 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., committees, hawlas/hundis, cooperatives, self-help groups)
- Financial literacy and preparedness
- Technical literacy

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## Survey demographics

Demographic	% of Survey (N=6,000)
Male	53
Female	47
Urban	33
Rural	67
Above the \$2.50/day poverty line	49
Below the \$2.50/day poverty line	51
Ages 15-24	28
Ages 25-34	29
Ages 35-44	17
Ages 45-54	16
Ages 55+	10

Figures are weighted to reflect national census data demographics.

Source: InterMedia Pakistan FII Tracker survey (N=6,001 15+) September-December 2014.

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### NOTABLE STATISTICS

- **Banks drive account ownership at financial institutions; nonbank financial institutions (NBFI) usage is at a lower rate.**
  - Nearly one-fifth (18%) of Pakistani adults have accessed financial services through a bank, NBFI or mobile money provider.
  - Seven percent have exclusively used banks or mobile money; 2% have exclusively used NBFIs.
  - Nine percent have used banks and the vast majority (94%) of those to have used banks are account holders. Three-fourths (73%) are active account holders.
  - More men, urban and above the poverty line individuals are active bank account users than are their counterparts.
- **Unregistered OTC use of mobile money is on par with bank use.**
  - As many people use OTC as have bank accounts.
  - OTC use is only slightly more common in either urban or above the poverty line populations than it is with their counterparts. Similar to active bank account users, a large gender gap exists in OTC use of mobile money.
- **Women, people in rural areas, and those living below the poverty line are particularly marginalized in Pakistan's financial inclusion space.**
  - Those who have registered, full-service accounts with any of the various financial services providers are predominantly male, urban or living above the poverty line.
  - Pakistanis in urban areas or living above the poverty line have registered accounts at financial services providers at twice the rate of their counterparts.
  - Men are three times more likely than women to have a registered account with a financial services provider.

## NOTABLE STATISTICS

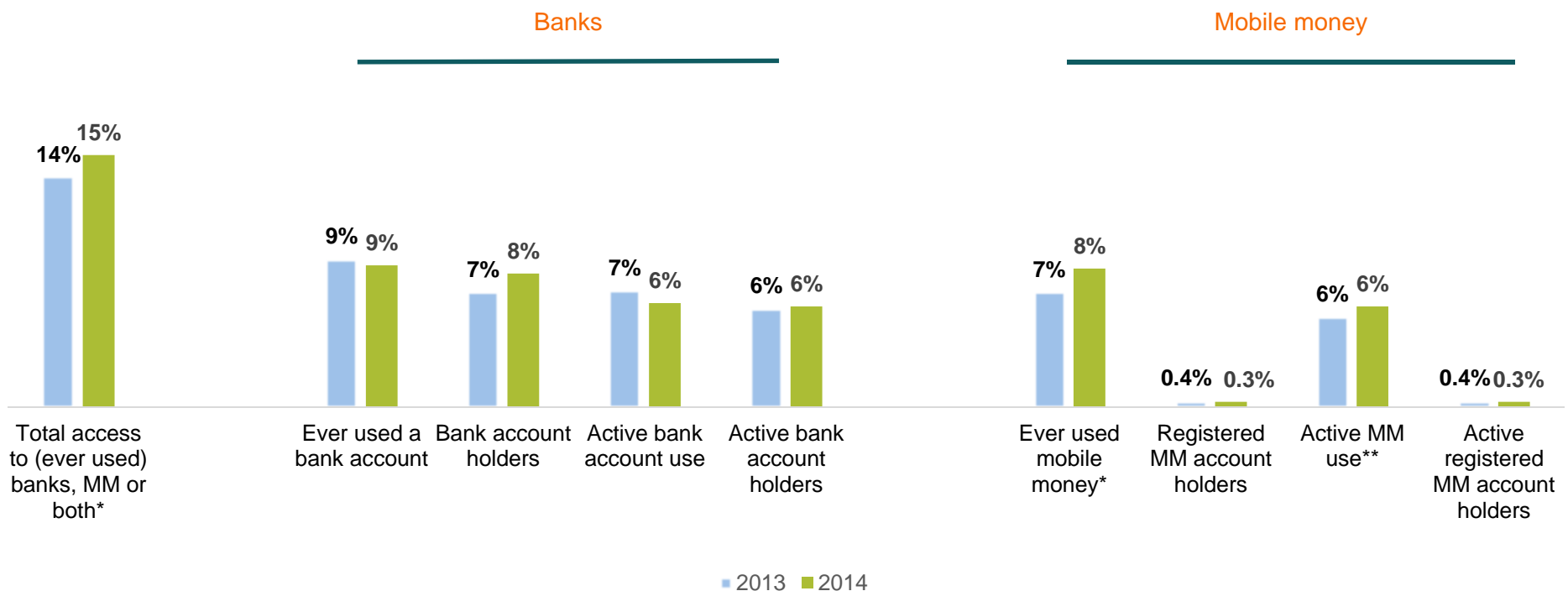
- **Paying bills remains one of the top uses of OTC mobile money; loan activities have seen a significant jump while savings and government-to-person (G2P) transfers have begun to emerge.**
  - Use of OTC mobile money for loan activities has increased from 2% in 2013 to 12% in 2014.
  - G2P transfers and savings are both at 2% in 2014; they were less than 1% in 2013.
  
- **Digital access to financial services accounts is contained to 14%; bank and mobile money are on par as providers.**
  - Six percent of bank account users have digital access to a bank account.
  - Mobile money, by definition, provides digital access to financial services; 7 percent of the population exclusively uses mobile money.

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### Bank account use and over-the-counter (OTC) mobile money transactions are leading the push toward financial inclusion

#### Bank and mobile money account access and use

(Shown: Percentage of Pakistani adults, N=6,000)



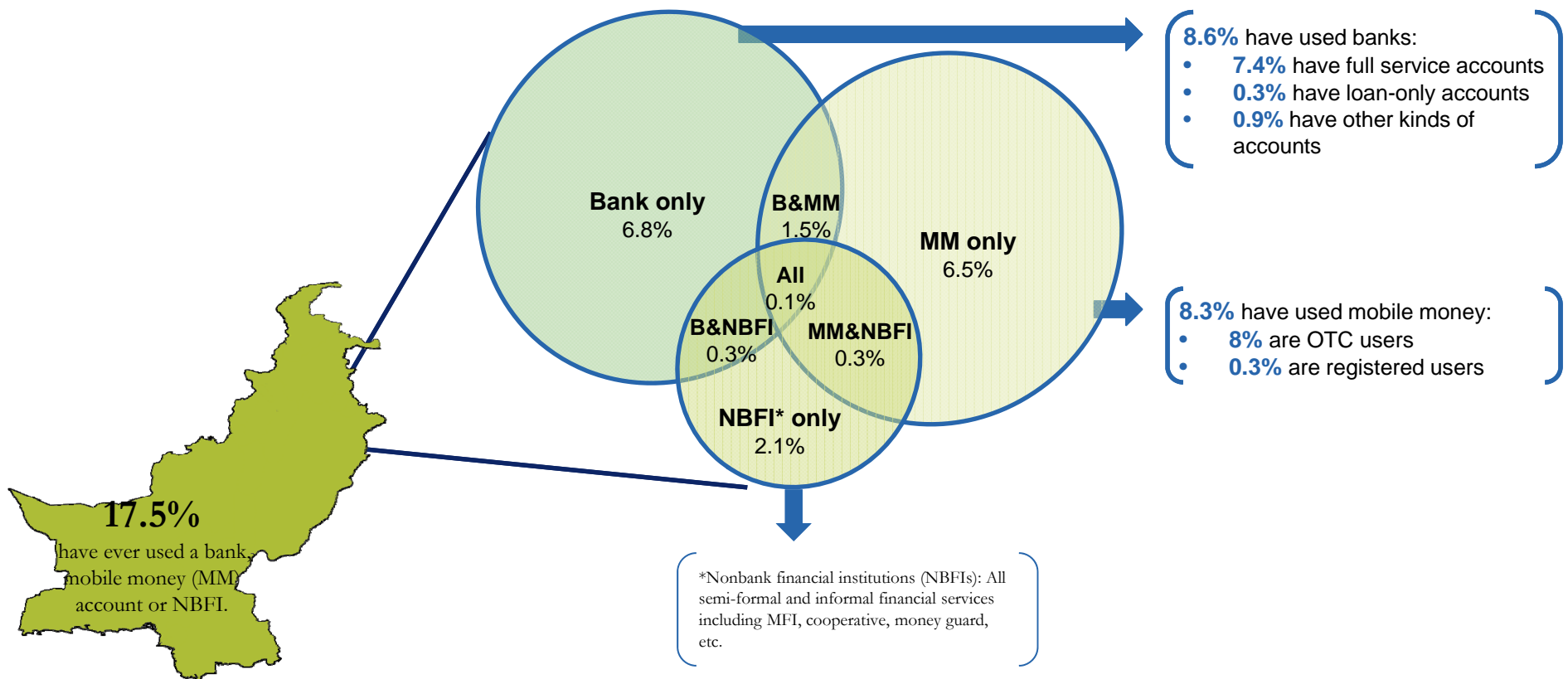
\* Indicates a significant increase between the two waves of surveys using the Z-test at a 95% confidence level. \*\*Both OTC and registered use.

Source: InterMedia Pakistan FII Tracker survey (N=6,000, 15+) Year 1: November 2013-January 2014; Year 2: September-December 2014.

## Three distinct modes of access to financial services are available

### Access to financial services by type of financial institution

(Shown: Percentage of adult Pakistanis, N=6,000)



Due to rounding, numbers in the diagram add up to 17.6% rather than 17.5%.

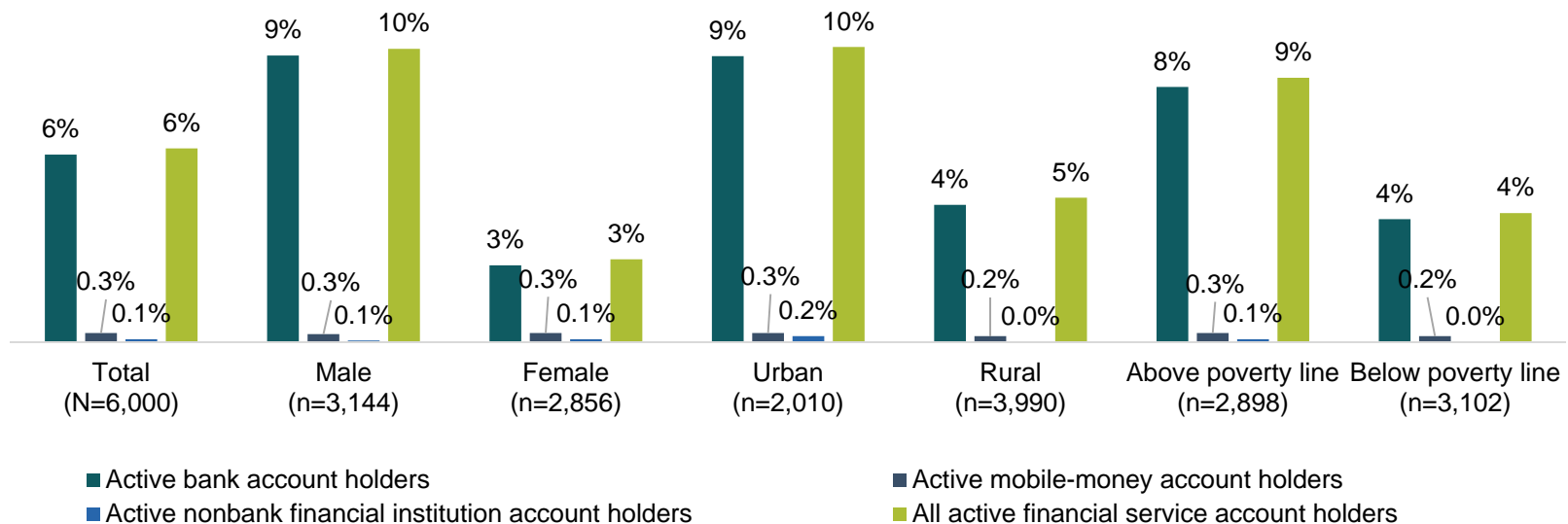
Source: InterMedia Pakistan FII Tracker survey (N=6,000, 15+) September-December 2014.

## PAKISTAN

### Men, urban dwellers and those above the poverty line are more likely to have an active financial service account than their counterparts

#### Financial inclusion measures by key demographic groups

(Shown: Percentage of each subgroup)



Categories are not mutually exclusive.

Source: InterMedia Pakistan FII Tracker survey (N=6,000, 15+) September-December 2014.



## PAKISTAN

### Just over one in 20 Pakistani adults have active digital stored-value accounts; rural females and those below the poverty line are underrepresented

Main FSP Indicator	%	Base n	Base Definition
Adults (15+) who have active digital stored-value accounts	6	6,000	All adults
Poor adults (15+) who have active digital stored-value accounts	4	3,102	All poor
Rural women (15+ ) who have active digital stored-value accounts	2	1,760	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)	4	6,000	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)	2	3,102	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)	0.9	1,760	All rural females

Source: InterMedia Pakistan FII Tracker survey (N=6,000, 15+) September-December 2014.

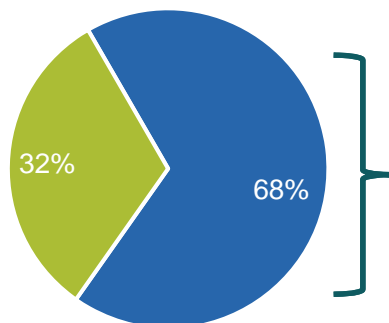
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### More than two-thirds of Pakistanis know of mobile money, even more are aware of mobile money (MM) brand names

#### Concept awareness

(Recognize concept of MM)

(Shown: Percentage of Pakistani adults, N=6,000)



■ Aware ■ Unaware

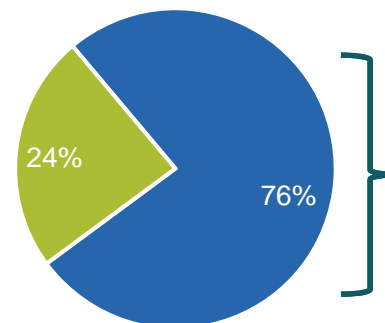
#### Among those concept-aware

- 98% are aware of at least one mobile money provider
- 12% have used mobile money
- 0.4% have registered mobile money accounts

#### Brand awareness

(Recognize at least one MM provider)

(Shown: Percentage of Pakistani adults, N=6,000)



■ Aware ■ Unaware

#### Among those brand-aware

- 88% are aware of the concept of mobile money
- 11% have used mobile money
- 0.4% have registered mobile money accounts

Categories are not mutually exclusive.

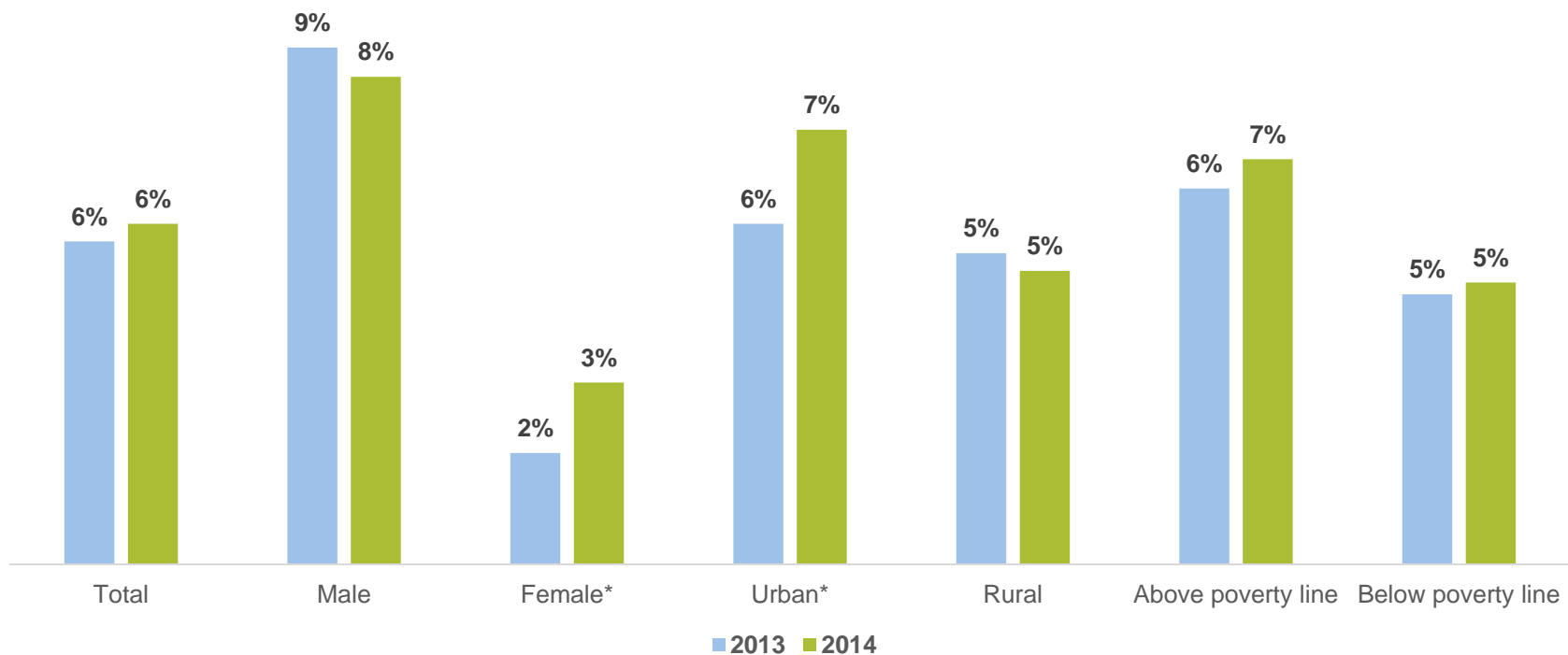
Source: InterMedia Pakistan FII Tracker survey (N=6,000, 15+) September-December 2014.

## PAKISTAN

### Active use of mobile money remains relatively static across demographic groups

#### Demographic trends for active over-the-counter use of mobile money

(Shown: Pakistani adults who fall into each category; Y1: N=6,000, Y2: N=6,000)



\* Indicates a significant increase between the two waves of surveys using the Z-test at a 95% confidence level.

Source: InterMedia Pakistan FII Tracker survey (N=6,000, 15+) Year 1: November 2013-January 2014; Year 2: September-December 2014.

## Friends and family, billboards are increasingly common ways for individuals to learn about mobile money services

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

Rank	Top 6 initial sources (percentage of active OTC users)	% 2013 (Year 1) (n=327)	% 2014 (Year 2) (n=344)
①	Television	74	79
②	Billboard	14	35
③	Family and/or friends	26	37
④	Newspapers or magazines	7	10
⑤	Radio	3	6
⑥	Transactional mobile money agents	3	4

Question allowed multiple responses.

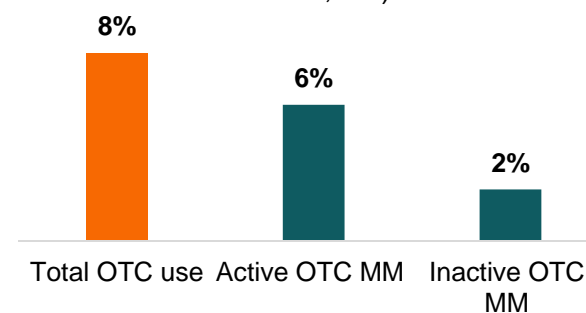
Source: InterMedia Pakistan FII Tracker survey (N=6,000, 15+) Year 1: November 2013-January 2014; Year 2: September-December 2014.

## Lapsed OTC users are more likely to hold bank accounts or fall below the poverty line than are active OTC users

### Demographics of non-registered or OTC mobile money users

	% Active OTC (n=344)	% Inactive OTC (n=130)
Male	75	85
Female	25	15
Urban	43	35
Rural	57	65
Above poverty line	57	44
Below poverty line	43	56
Registered bank account holder	17	21

**OTC mobile money use**  
(Shown: Percentage of Pakistani adults, N=6,000)



Once individuals begin paying their bills through mobile money agents (OTC), it is likely that they will continue to do so on at least a monthly basis. This may help explain the gap between active and lapsed or inactive OTC use.

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### People begin using mobile money for person-to-person transfers and continue using the services for this purpose, followed by paying bills and loan activity

Rank	Top reasons for starting to use MM (percentage of adults to ever use MM n=493)	%	Rank	Top uses for MM (percentage of adults to ever use MM n=493)	%
①	I had to receive money from another person	48	①	Person-to-person (P2P) transfers	60
②	I had to send money to another person	35	②	Pay bills	22
③	I had to send money to an organization/government agency	9	③	Loan activities	11
④	I had to receive money from an organization/government agency	3	④	Withdraw money	9
⑤	I wanted to start saving money with a mobile money account	1	⑤	Deposit money	7
⑥	Most my friends/family members are already using it	1	⑥	Make purchases at a grocery store or retail store	2

Savings emerges as a reason to open an account (requires registered account)

Question allowed multiple responses.

Source: InterMedia Pakistan FII Tracker survey (N=6,000, 15+) September-December 2014.

## Little incentive exists to sign up for accounts given P2P transfers are available over-the-counter

Rank	Top reasons for not signing up for a mobile money (MM) account (percentage of non-registered (OTC) MM users, n=474)	%
①	I can have all the services through an agent, I do not need an account	31
②	I do not need to, I do not make any transactions	15
③	I do not understand the purpose of this account, I don't know	12
④	I never have money to make a transaction with such account	11
⑤	Using such account is difficult	8
⑥	There is no point-of-service/agent close to where I live	6

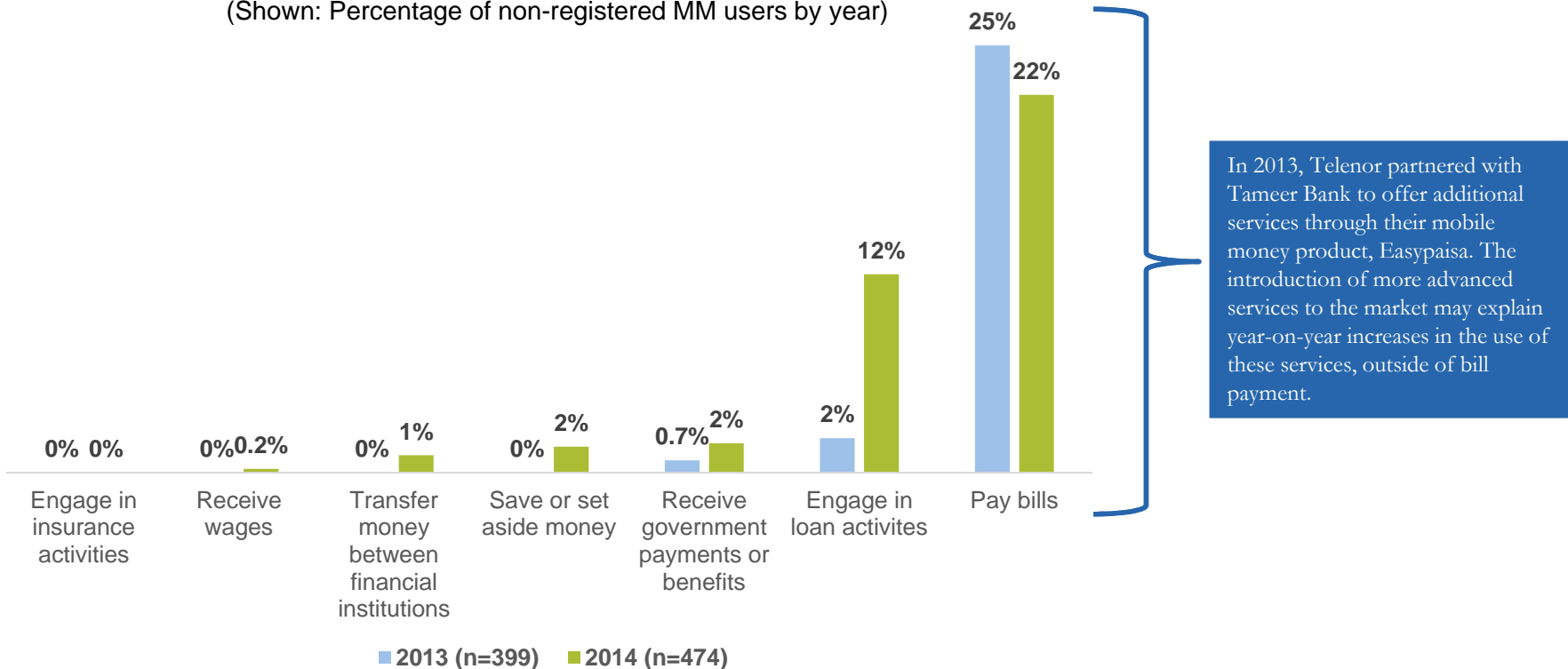
Question allowed multiple responses.

Source: InterMedia Pakistan FII Tracker survey (N=6,000, 15+) September-December 2014.

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### OTC use of mobile money services has diversified in the past year; along with paying bills, it is now used for loans, G2P streams, and savings

**Advanced OTC mobile money (MM) uses**  
(Shown: Percentage of non-registered MM users by year)



Question allowed multiple responses.

Source: InterMedia Pakistan FII Tracker survey (N=6,000, 15+) Year 1: November 2013-January 2014; Year 2: September-December 2014.



## Two-thirds of active bank account holders have used their accounts to engage in one or more advanced uses

	Top uses for Active Bank accounts (n=391)	%	
Basic Uses	Withdraw money	93	<ul style="list-style-type: none"> <li>• 96% have engaged in at least one basic function</li> <li>• 77% have engaged in two or more</li> </ul>
	Deposit money	77	
	P2P transfers	17	
	Buy airtime	1	
Advanced Uses	Receive wages	42	<p>→ 99% have engaged in at least one of either the advanced or basic uses</p> <ul style="list-style-type: none"> <li>• 66% have engaged in at least one advanced function</li> <li>• 28% have engaged in two or more</li> </ul>
	Bill pay	19	
	Save/set aside money	14	
	Pay for goods at a store/shop	14	
	Receive G2P payments	9	
	Loan activity	6	
	Insurance activity	6	
	Make Bank2Bank / Bank2FI/ Bank to MM transfer	5	
	Pay large acquisitions	5	
	Investment	2	

Questions allowed multiple responses.

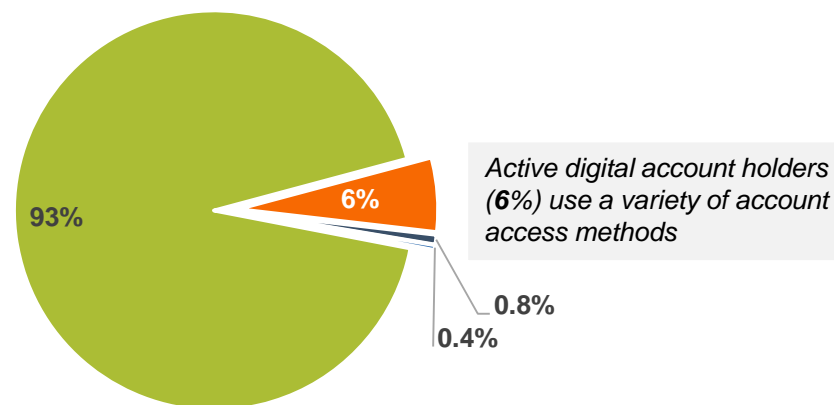
Source: InterMedia Pakistan FII Tracker survey (N=6,000, 15+) September-December 2014.

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### Few Pakistanis have bank accounts, but of those that do, the majority can access the accounts digitally

#### Digital bank account access

(Percentage of Pakistani adults, N=6,000)

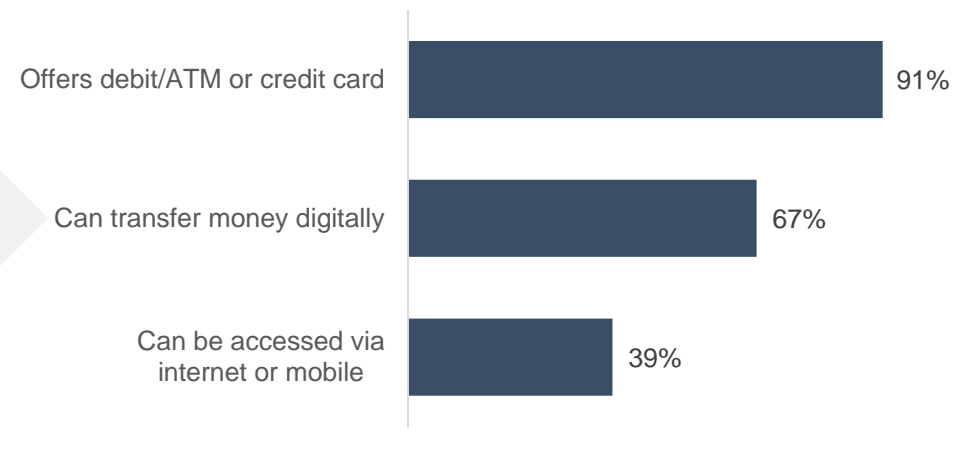


- Active digital bank account users
- Lapsed digital bank account users
- Digital bank account users, not registered
- Have not accessed a bank account digitally

84% of bank account holders have digital access to their bank accounts.

#### Method of access

(Shown: Active digital bank account\* holders, n=385)



\* 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.

Questions allowed multiple responses.

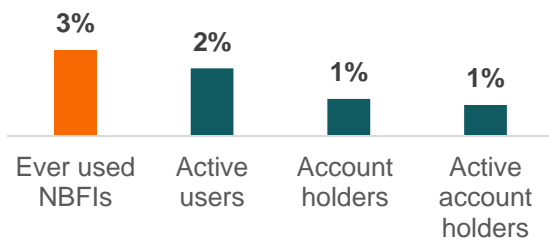
Source: InterMedia Pakistan FII Tracker survey (N=6,000, 15+) September-December 2014.

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### Users of nonbank financial institutions' services rarely use more than one type of NBFi

#### Access to and use of NBFIs

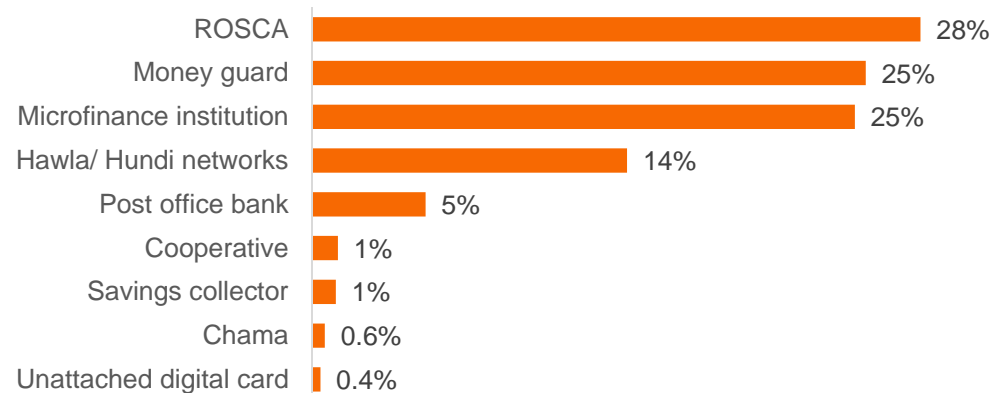
(Shown: Percentage of Pakistani adults, N=6,000)



Use of nonbank financial institutions is extremely siloed. Less than 1 percent of NBFi users have used more than one form of nonbank financial institution.

#### Use of specific NBFIs

(Shown: Percentage of adults to ever use an NBFi, n=184)



## 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)** – An account in which funds or monetary value are represented in a digital electronic format and can be retrieved/transferred by the owner of the account remotely. For this particular study, DSVAs include a bank card (debit or credit) and a mobile money account.
- **Financial inclusion** – A state in which all people who are able to use them have access to a full suite of quality financial services, provided at affordable prices, in a convenient manner, and with dignity for the clients.
- **Financially included** – An adult who owns or has access to digital financial services.
- **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.
- **Services beyond basic wallet** – DFS transactions that go beyond simple deposits, withdrawals or money transfers.
- **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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The Financial Inclusion Insights program is operated by InterMedia and supported by the Bill & Melinda Gates Foundation. All data and materials resulting from the program are the property of the Gates Foundation, but the findings and conclusions within are those of the authors and do not necessarily reflect positions or policies of the foundation.



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