

FINANCIAL INCLUSION **insights**

APPLIED RESEARCH FOR  digital financial inclusion

TANZANIA

QUICKSIGHTS REPORT FII TRACKER SURVEY

Conducted August – October 2014

December 2014



THE TANZANIA FII TRACKER SURVEY - DETAILS

Survey summary

- Annual, nationally representative survey (N=3,000) of Tanzanian adults aged 15+
- Face-to-face interviews lasting, on average, 68 minutes
- Second survey (wave 2) conducted from August to October 2014
- Tracks trends and market developments in DFS based on the information gathered in the first survey, conducted November 2013 – March 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., SACCO, cooperatives, self-help groups)
- Financial literacy and preparedness
- Technical literacy

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Survey Demographics

Demographic	% of Survey (N=3,000)
Male	48
Female	52
Urban	34
Rural	66
Above the \$2.50/day poverty line	13
Below the \$2.50/day poverty line	87
Ages 15-24	28
Ages 25-34	30
Ages 35-44	18
Ages 45-54	11
Ages 55+	13

Figures are weighted to reflect national census data demographics.

Source: InterMedia Tanzania FII Tracker survey (N=3,000, 15+), August - October 2014.

NOTABLE STATISTICS

- **More than half of Tanzanian adults (53 percent) have an account either through a bank, mobile money service or a nonbank financial institution (NBFI).**
 - Thirty-eight percent of Tanzanians have a mobile money account; 34 percent use them actively.
 - Twenty-one percent of Tanzanians have bank accounts; 16 percent use their accounts actively. Of those who have active bank accounts, 36 percent have access to digital services with their accounts, either through ATMs/credit cards, mobile/internet or cash transfer capabilities.
 - Eight percent of Tanzanians have accounts with NBFIs such as Savings and Credit Cooperative Organizations (SACCOs), microfinance institutions (MFIs), cooperatives or Post Office banks.
 - Nine percent of Tanzanian adults access financial services through somebody else's account or use such services without an account (through an agent or bank teller).
- **Socio-economic and demographic gaps persist, especially by urban/rural and poverty status.**
 - In 2014, 53 percent of Tanzanians living above the poverty line have active registered mobile money accounts compared with 31 percent of the below-the-poverty-line segment.
 - The gap in mobile-money account ownership between urban and rural residents is also wide at 45 percent and 28 percent of the respective groups, in line with the previous year.
 - The gender gap is diminishing: Thirty-seven percent of males and 30 percent of females have an active registered mobile money account in 2014.

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NOTABLE STATISTICS (cont.)

- **Eighty-seven percent of Tanzanian adults can name at least one mobile money service provider; however, only 73 percent understand the concept of a mobile money service.** There is no difference in the rate of service adoption by awareness of the concept versus awareness of mobile money providers.
- **Vodacom M-Pesa holds the largest share of the market: 72 percent of active mobile-money account holders.*** Tigo Pesa is a close second with 42 percent of active account holders. Creative customer service and marketing campaigns helped Tigo increase its market share by more than 50 percent from 28 percent of active account holders in 2013.
- **Person-to-person transfers remain the main trigger for opening a mobile money account and one of the top five uses for such account.** In addition, Tanzanian adults turn to mobile money services because they want to safely store their funds; some also follow word-of-mouth recommendations or media promotions.
- **Savings is the second most common use beyond basic cash transfers after bill pay: 10 percent and 20 percent of active mobile-money account holders report they save and pay bills using their accounts.**
- **Three months after its launch, 3 percent of Tanzanian adults and 9 percent of active mobile money account holders report using M-Pawa.**

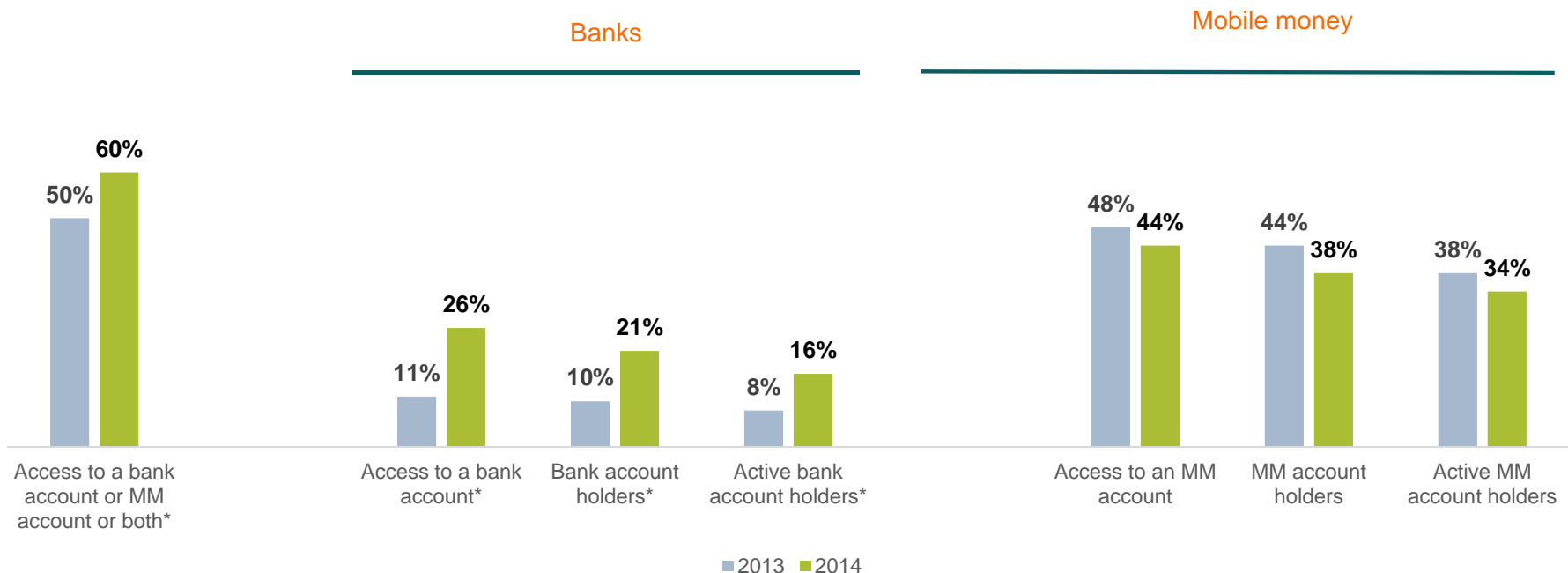
** Mobile money users can use more than one service provider.*

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Three in five Tanzanians now have access to financial accounts; due more bank account access; Mobile money account access is still the most common

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

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



*Differences in waves are 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.

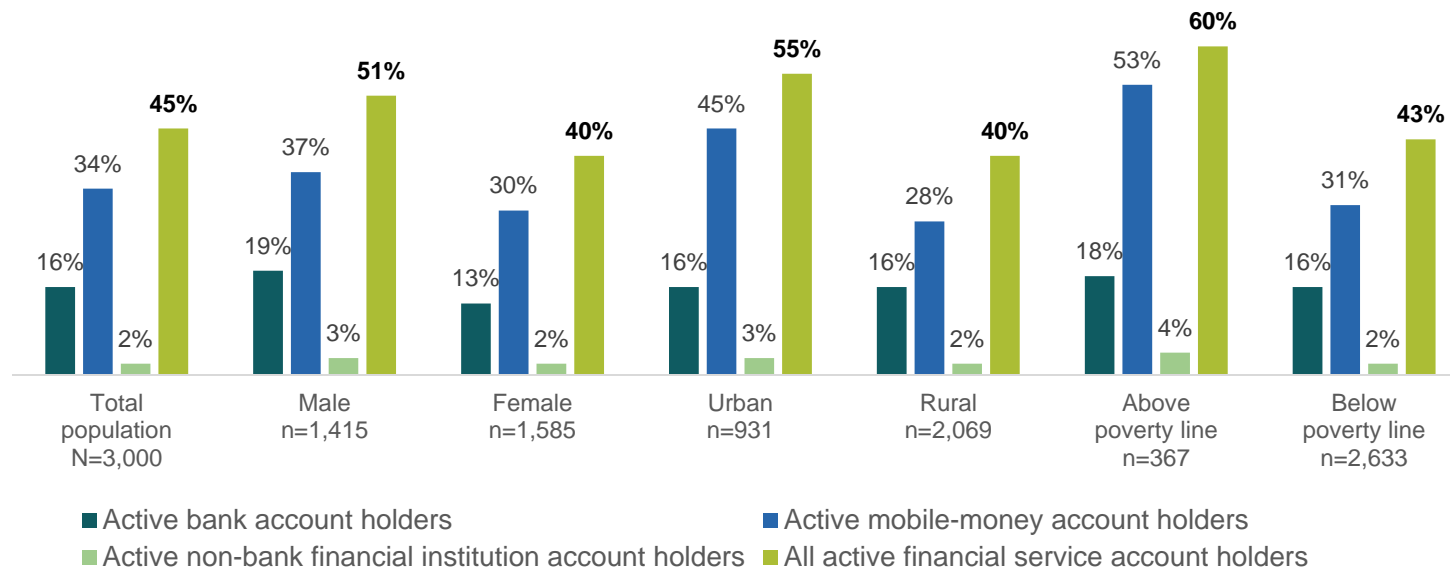
Source: InterMedia Tanzania FII Tracker surveys Wave 1 (N=2,997, 15+), November 2013 – March 2014, and Wave 2 (N=3,000, 15+), August-October, 2014.

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Men, urban dwellers and those above the poverty line are more likely to have active accounts compared with their counterparts

Financial inclusion measures by key demographic groups

(Shown: Percentage of each subgroup)



Mobile money surpasses other account types for all demographic groups, but there's less of a divide among women, rural and lower-income consumers

Account categories are not mutually exclusive.

Source: InterMedia Tanzania FII Tracker survey (N=3,000, 15+), August - October 2014.

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A third of adult Tanzanians have digital stored-value accounts; few use them as an access channel for other financial services

Main FSP Indicator	%	Base n	Base Definition
Adults (15+) who have active digital stored-value accounts	35	3,000	All adults
Poor adults (15+) who have active digital stored-value accounts	32	2,633	All poor
Rural women (15+) who have active digital stored-value accounts	25	1,049	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)	6	3,000	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)	5	2,633	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)	4	1,049	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 NBEI account with digital access (a card, online access or a mobile phone application) and a mobile money account.

Source: InterMedia Tanzania FII Tracker survey (N=3,000, 15+), August – October 2014.

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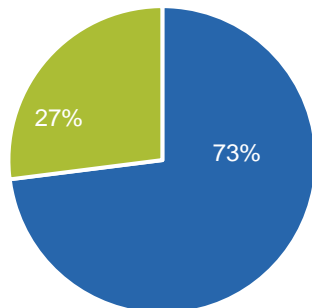
Most are aware of mobile money (MM); awareness of provider brands is somewhat higher than awareness of the concept

Concept awareness

(Recognize concept of MM)

(Shown: All Tanzanians, N=3000)

■ Aware ■ Unaware



Among those aware

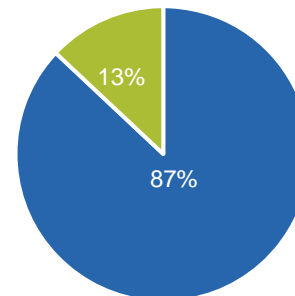
- 95% are aware of at least one mobile money provider
- 56% have used mobile money
- 49% have registered mobile money accounts

Brand awareness

(Recognize at least one MM provider)

(Shown: All Tanzanians, N=3000)

■ Aware ■ Unaware



Among those aware

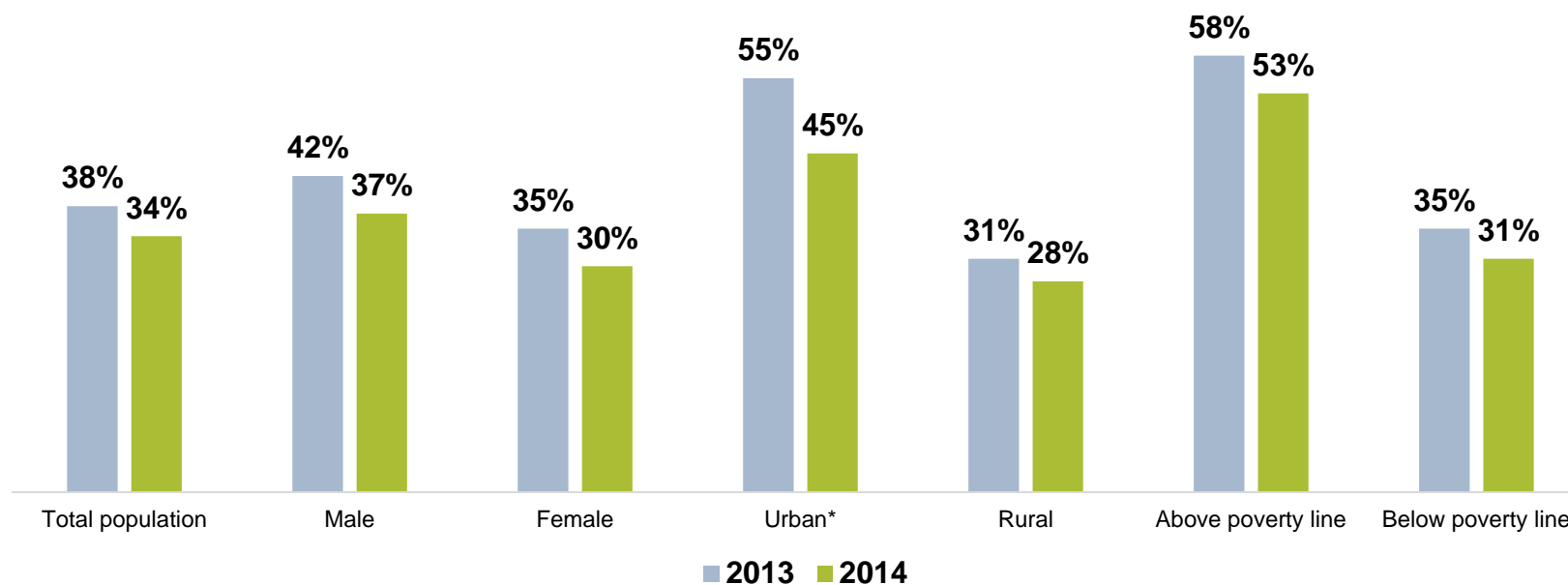
- 80% are aware of the concept of mobile money
- 51% have used mobile money
- 43% have registered mobile money accounts

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About a third have an active registered mobile money account including underserved groups; it's more common for urban, higher income consumers

Demographic trends for active registered mobile-money account use*

(Shown: Percentage of Tanzanian adults who fall into each category, W1 N=2,997, W2 N=3,000)



*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 Tanzania FII Tracker surveys Wave 1 (N=2,997, 15+), November 2013 – March 2014, and Wave 2 (N=3,000, 15+) August-October, 2014.

Consumers mostly first learn about mobile money from radio, billboards and television; word of mouth and agents are less pronounced for first learning

“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=1,095)	% 2014 (W 2) (n=996)
①	Radio	81	79
②	Billboards	35	30
③	Television	34	36
④	Family and/or friends	15	15
⑤	Field agents/promoters of mobile money	5	2

Categories are not mutually exclusive.

Source: InterMedia Tanzania FII Tracker surveys Wave 1 (N=2,997, 15+), November 2013 – March 2014, and Wave 2 (N=3,000, 15+) August-October, 2014.

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Tanzanians open mobile money (MM) accounts for person-to-person transfers; P2Ps are a top ongoing use as are deposits, withdrawals and airtime top-ups

Rank	Top reasons for starting to use an MM account (percentage of active account holders n=996)	%	Rank	Top uses for MM accounts (percentage of active account holders n=996)	%
①	I had to receive money from another person	34	①	Withdraw money	93
②	I had to send money to another person	21	②	Deposit money	73
③	I wanted to start saving money with a mobile money account	7	③	Buy airtime top-ups	56
④	I wanted a safe place to keep/store our money	7	④	Receive money from other people for regular support or emergencies	47
⑤	I saw other people using it and wanted to try it myself	4	⑤	Send money to other people for regular support/allowances, or emergencies	40
⑥	I saw media advertisement that convinced me	3	⑥	Receive money from other people for other reasons or no particular reason	24

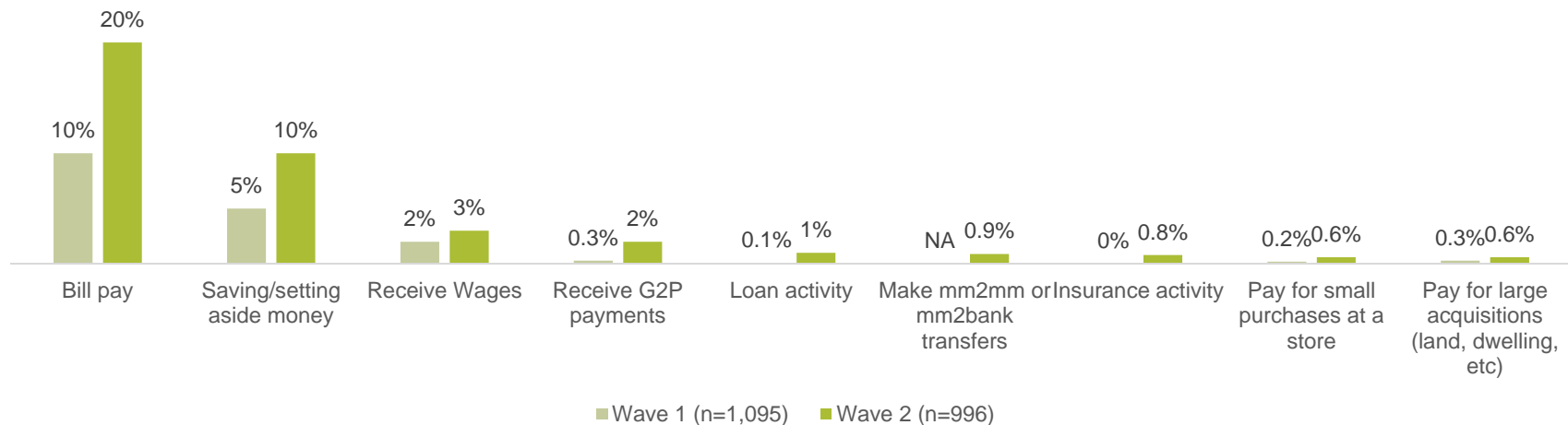
Question allowed for multiple responses

Source: InterMedia Tanzania FII Tracker survey (N=3,000, 15+), August - October 2014.

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Savings and bill pay are the more common advanced uses followed by receiving wages and government (G2P) payments

Advanced mobile money uses
(Shown: Active mobile money account holders)



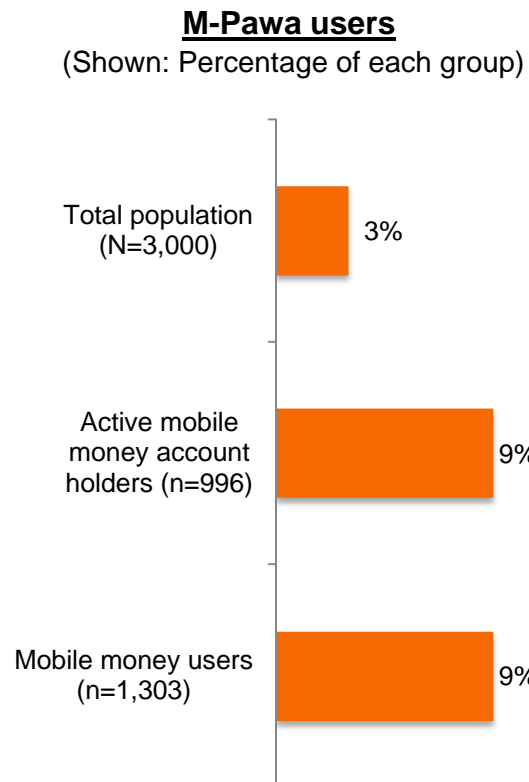
*Due to the changes in the questionnaire between Waves 1 and 2, some data points are not directly comparable.

Question allowed for multiple responses.

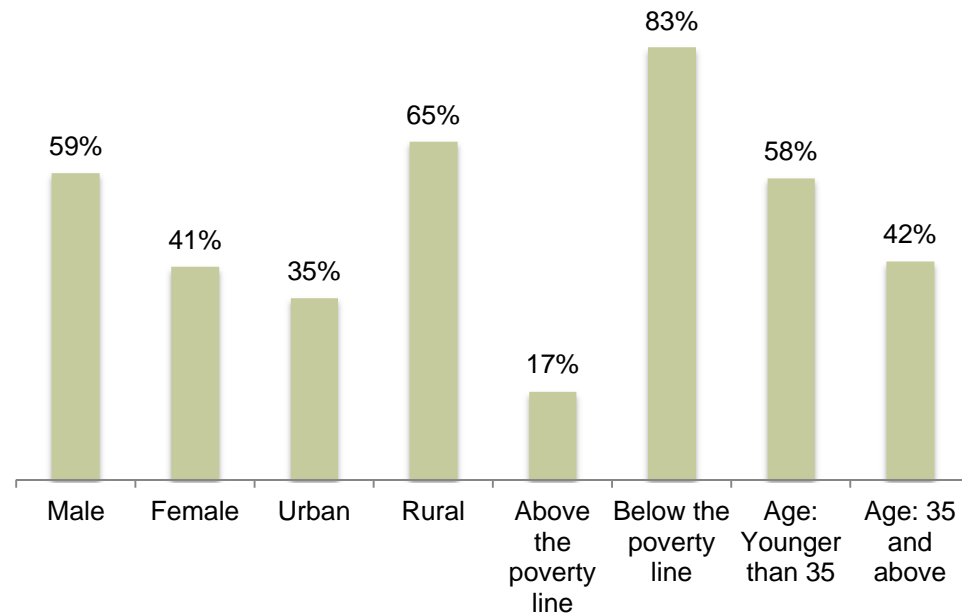
Source: InterMedia Tanzania FII Tracker surveys Wave 1 (N=2,997, 15+), November 2013 – March 2014, and Wave 2 (N=3,000, 15+) August-October, 2014.

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Three months after launch, 3 percent of Tanzanians have tried M-Pawa; users are mostly men, rural and live above the poverty line



Demographics of M-Pawa users
(Shown: Percentage of M-Pawa users (n=80))

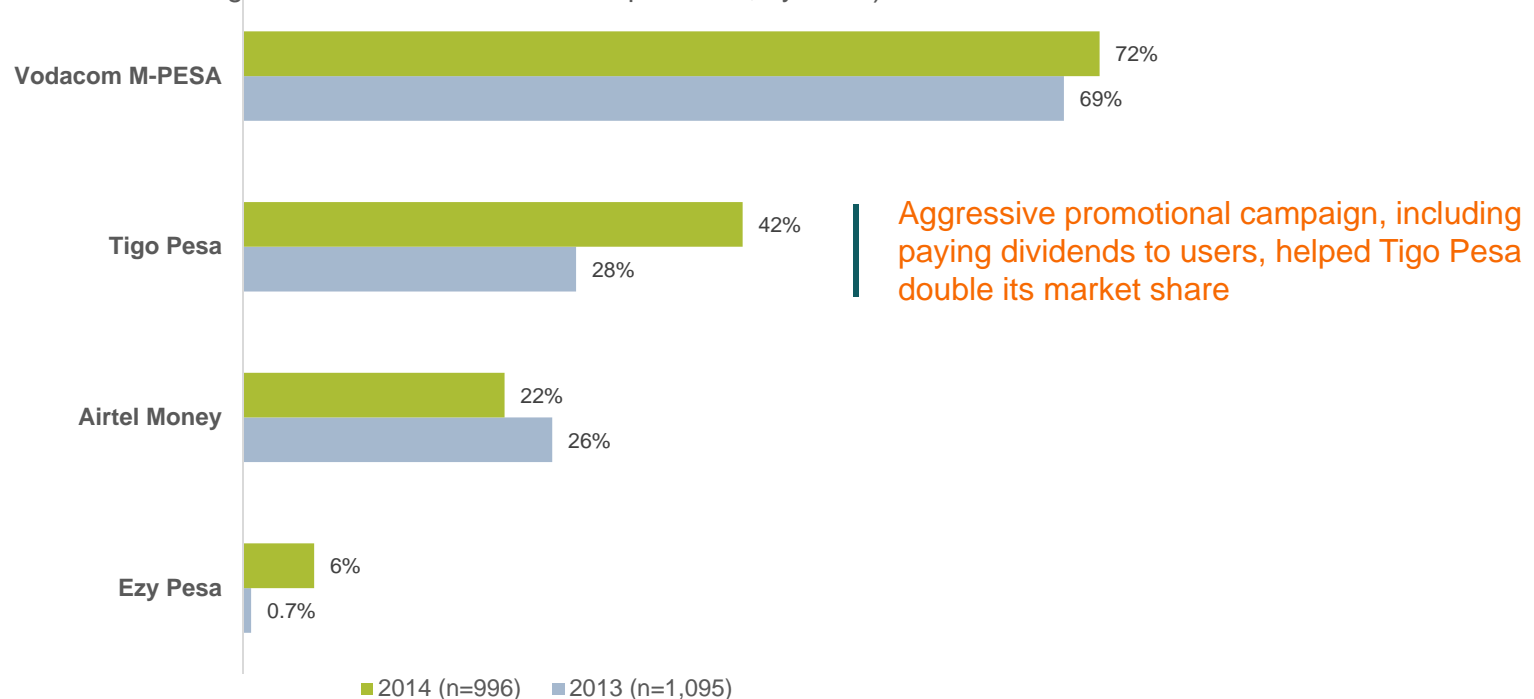


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Vodacom M-PESA is the leading market player, in line with 2013. Tigo Pesa is catching up

Active mobile money provider account holdings

(Shown: Percentage of active mobile money account holders who report a registered account with selected providers, by wave)



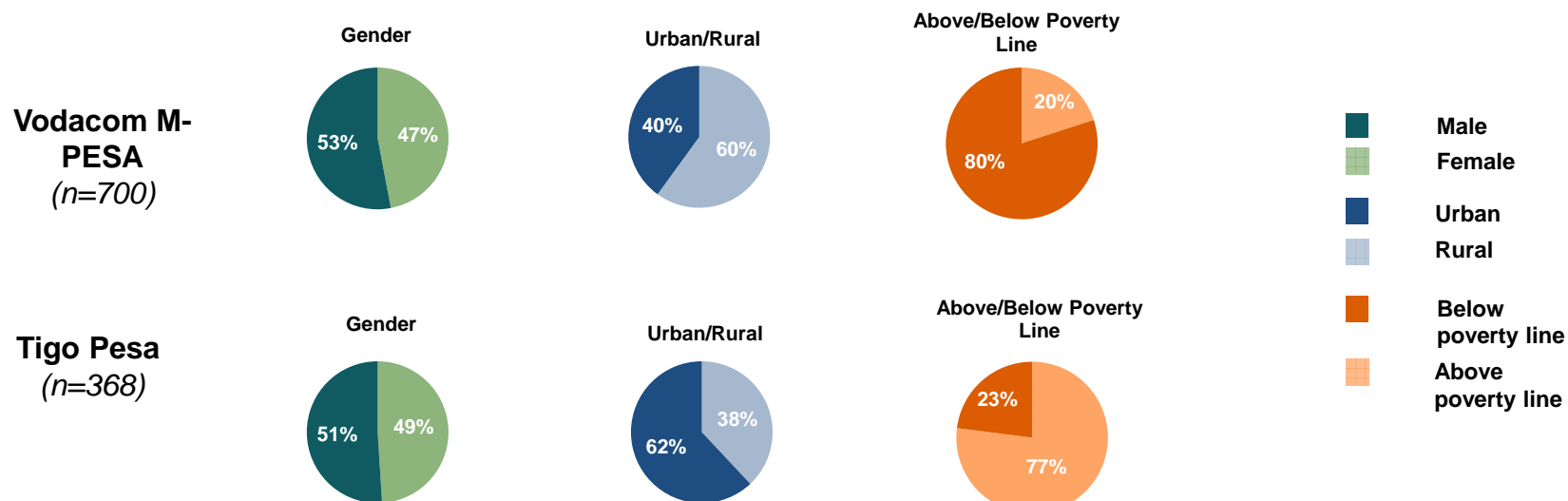
Active mobile-money account holders can have accounts with more than one provider.

Source: InterMedia Tanzania FII Tracker surveys Wave 1 (N=2,997, 15+), November 2013 – March 2014, and Wave 2 (N=3,000, 15+) August-October 2014.

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Tigo Pesa has more urban users; Vodacom M-PESA has more rural users

Demographic trends for active mobile-money account users, by provider



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

Source: InterMedia Tanzania FII Tracker survey (N=3,000, 15+), August - October 2014.

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Less than a fifth of active bank account holders engage in any advanced financial activities; bill pay is the most common advanced use

	Top uses for Active Bank account holders (n=483)	%
Basic Uses	Withdraw money	38
	Deposit money	37
	P2P transfers	11
Advanced Uses	Bill pay	14
	Receive wages	5
	Receive G2P payments	4
	Make MM2MM / MM2Bank transfer	4
	Save/set aside money	3
	Loan activity	2

Advanced bank account use is limited to bill pay. Very few engage in any other financial activities.

Question allowed for multiple responses

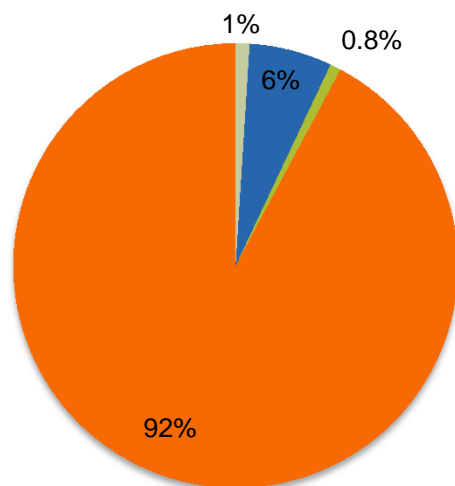
Source: InterMedia Tanzania FII Tracker survey (N=3,000, 15+), August – October 2014.

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Eight percent of adult Tanzanians can access a bank account via digital means; six percent are active holders of a digital bank account

Digital bank account access*

(Total population, N=3,001)



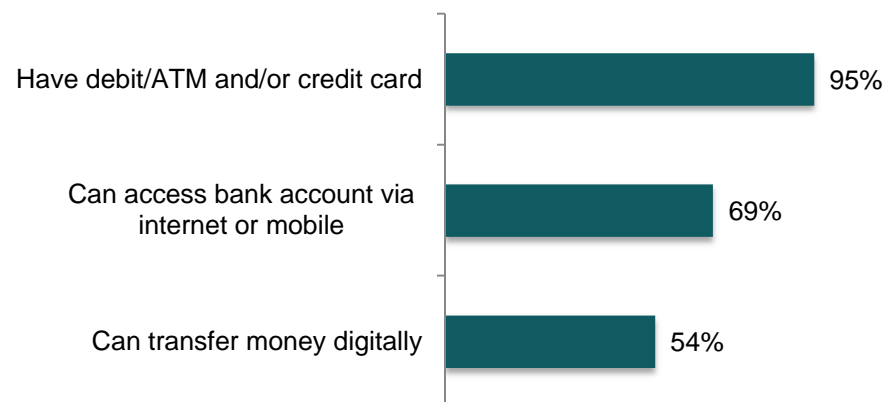
- Lapsed digital bank account holders
- Digital account users, not registered

Active digital account holders (6%) use a variety of methods

- Active digital account holders
- Do not have digital access to a bank account

Method of access

(Shown: Active digital bank account holders, n=177)



*Question allowed for multiple responses.

* 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.

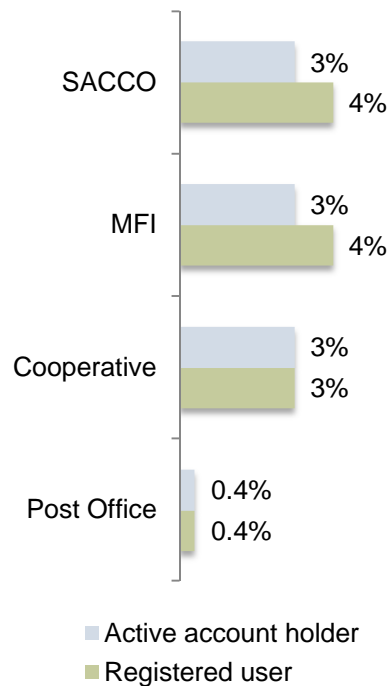
Source: InterMedia Tanzania FII Tracker survey (N=3,001, 15+), August - October 2014.

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Few have accounts with nonbank financial institutions; they use them mostly to save and borrow money

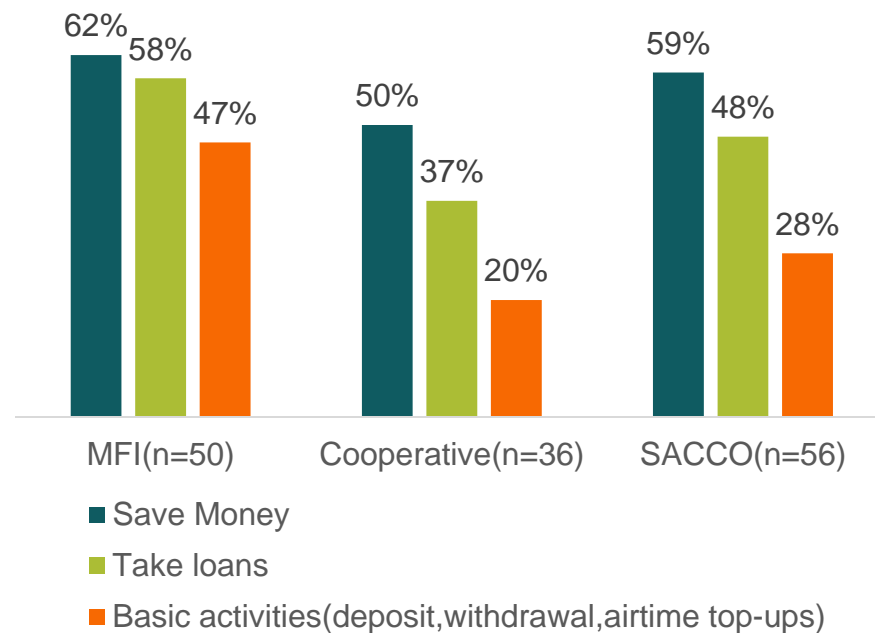
Financial institution usage

(Shown: Percentage of nonbank financial institution account holders among the total population (N=3,000))



How nonbank financial institutions are used

(Shown: Percentage of registered users for each institution)

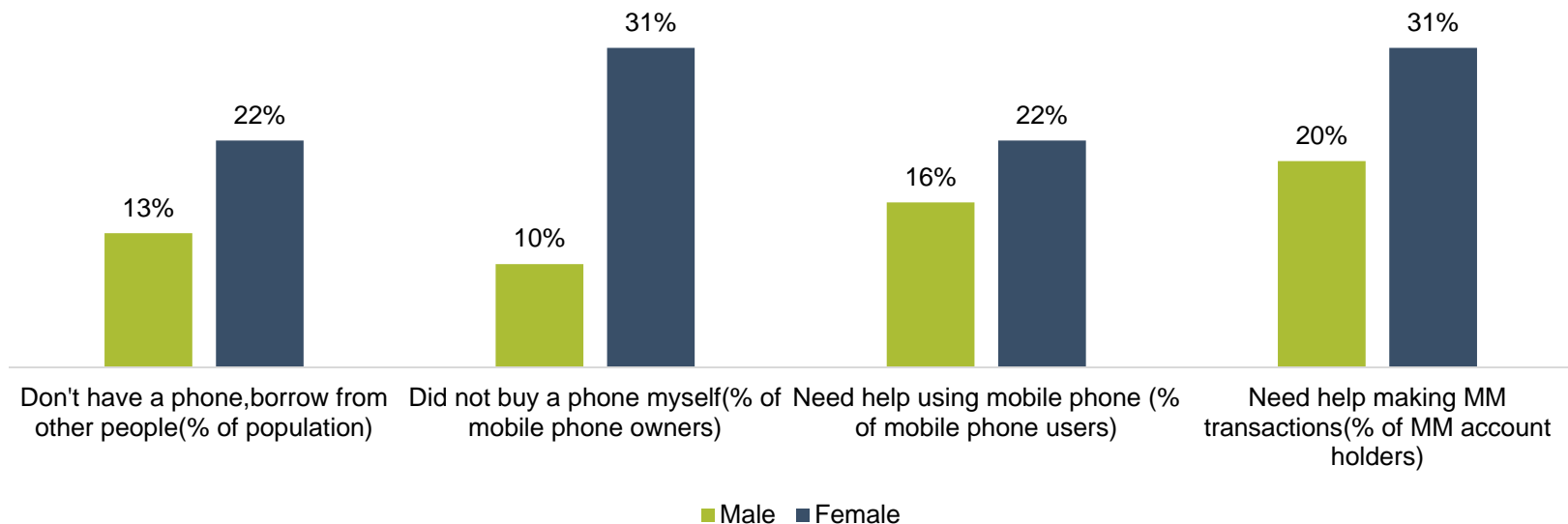


Question allowed for multiple responses

Source: InterMedia Tanzania FII Tracker survey (N=3,000, 15+), August - October 2014.

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Fewer women than men can engage in activities with digital equipment and activities on their own



- More women than men use mobile phones that belong to other people.
- More women than men ask other people for help when using mobile phones and making mobile money transactions.

Question allowed for multiple responses

Source: InterMedia Tanzania FII Tracker survey (N=3,000, 15+), August - October 2014.

GLOSSARY

- **Access to an account**—An individual is said to have access to an account if he/she has used either mobile money or bank services, at least once, either via their own account or via an account of another person.
- **Account holder**—An individual who has a registered bank or mobile money digital account.
- **Active account holder**—An individual who has a registered digital account and has used it in the last 90 days.
- **Agent**—A person or business contracted by a DFS provider to provide services to customers using their own bank or mobile money account.
- **Bank/banking services**—All services offered by a bank through a branch, ATM, kiosk, business correspondent, or other delivery channel.
- **Banked**—An individual with a registered account at a formal financial institution. For this particular study, the banked are all individuals with their own bank accounts.
- **Digital account**—A financial account that can be accessed through digital means such as an ATM/debit card or via the internet or mobile phone.
- **Digital financial services (DFS)** — All bank and mobile money services.
- **Financial inclusion**—For the purposes of this study, those with a bank, nonbank financial institution or registered mobile money account that offer a range of financial services beyond credit are considered financially included.
- **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.
- **Mobile money services**—Mobile money services include 1) nonbank semi-closed mobile money accounts/wallets and 2) full service mobile money bank accounts that allow for cash withdrawals. Semi-closed mobile wallets are *not* considered to be bank accounts, while full- service mobile money bank accounts are considered bank accounts
- **Poor/below poverty line**— “Poor” adults, or those living below the poverty line, are defined as those living on less than \$2.50 per day (at 2005 purchasing power parity), as classified by the Grameen Progress out of Poverty Index (PPI).
 - **SIM card**—A removable micro-card that contains a subscriber identity module that securely stores the electronic codes used to verify subscribers’ identities on mobile phones and computers.
 - **Unbanked**—Individuals without a registered bank account.
 - **Urban/rural**—Urban and rural persons are defined according to their residence in urban or rural areas. The population in the survey was divided between towns and villages, which were classified as such based on the size of each of their populations. Towns are urban areas, villages are rural.

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