PAKISTAN

QUICKSIGHTS REPORT
FII TRACKER SURVEY
Conducted September-October 2015

December 2015
KEY DEFINITIONS

• **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.

• **Credit-only nonbank financial institutions** – Financial institutions that only offer loan disbursement services to their customers.

• **Digital financial services (DFS)** – Financial services 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.**

• **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.

• **Financially included** – Individuals who have registered for a financial service account with a full-service financial institution.

• **Full-service nonbank financial institutions** – Financial institutions that offer customers at least one of the following services: savings, money transfers, insurance or investments.

• **Mobile money (MM)** – A service in which a mobile phone is used to access financial services.

• **Mobile-money value-added services** – Individually branded service products offered by mobile money providers in addition to or along with their basic mobile money 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.
Notable statistics

- Access to and use of financial services has grown slowly but steadily.
  - Growth in financial services use is confined to mobile money and nonbank financial institutions (NBFIs) – use grew by 1 percent each.
  - Bank accounts remain the primary means of formal financial account ownership, but growth for banks remained static.

- Mobile money users are becoming more active and using more advanced mobile money functions.
  - Registered mobile money users vs. bank or NBFI registered users, are most likely to be active users (used in the previous 90 days).
  - Use of advanced mobile money services, such as bill pay, is now more prevalent (37 percent in 2014 vs. 47 percent in 2015) among mobile money users.

- Awareness and use of mobile-money value-added services are in their infancy.
  - Few adults (8 percent) are aware of these value-added services, such as Telenor's Khushaal Beema, a savings product that offers insurance.
  - Less than 1 percent of Pakistani adults use these services; the most widely used service is Telenor Easy Pay, an online payment platform (0.6 percent of adults).

2015: Registered financial services users*
(Shown: Percentage of Pakistani adults, N=6,000)

*Overlap representing those who have multiple kinds of financial accounts is not shown.

Source: InterMedia Pakistan FII Tracker surveys Wave 2 (N=6,000, 15+) September-December 2014; Wave 3 (N=6,000, 15+), September-October 2015.
At-a-glance: There is slow and steady growth across almost all financial services indicators

**Financial account access**

- **Any financial service**
  - 2013: 14%
  - 2014: 14%
  - 2015: 15%

- **Mobile money**
  - 2013: 7%
  - 2014: 8%
  - 2015: 9%

- **Bank**
  - 2013: 9%
  - 2014: 7%
  - 2015: 8%

- **Nonbank financial institution**
  - 2013: N/A
  - 2014: 0.2%
  - 2015: 1%

**Registered financial service users**

(Shown: Percentage of Pakistani adults for each year)

- **Any financial service**
  - 2013: 8%
  - 2014: 7%
  - 2015: 9%

- **Mobile money**
  - 2013: 0.4%
  - 2014: 0.3%
  - 2015: 1%

- **Bank**
  - 2013: 7%
  - 2014: 7%
  - 2015: 7%

- **Nonbank financial institution**
  - 2013: N/A
  - 2014: 0.1%
  - 2015: 1%

**Active account holders**

- **Any financial service**
  - 2013: 6%
  - 2014: 7%
  - 2015: 8%

- **Mobile money**
  - 2013: 0.4%
  - 2014: 0.3%
  - 2015: 1%

- **Bank**
  - 2013: 6%
  - 2014: 6%
  - 2015: 7%

- **Nonbank financial institution**
  - 2013: N/A
  - 2014: 0.1%
  - 2015: 0.6%

Types of account ownership are not mutually exclusive.

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.
FII Pakistan Tracker Survey details

Survey Summary

• Annual, nationally representative survey (N=6,000) of Pakistani adults aged 15+
• Face-to-face interviews lasting, on average, 44 minutes
• Third survey (wave 3) conducted from 9/03/2015 to 10/30/2015
• Tracks trends and market developments in DFS based on the information gathered in the first survey, conducted in 2013, and second survey conducted in 2014

Data Collection

• Basic demographics and 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., MFIs, cooperatives, village savings groups)
• Financial literacy and preparedness
• General financial behaviors
Survey demographics

<table>
<thead>
<tr>
<th>Gender</th>
<th>% of survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>53%</td>
</tr>
<tr>
<td>Female</td>
<td>47%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Geography</th>
<th>% of survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban</td>
<td>34%</td>
</tr>
<tr>
<td>Rural</td>
<td>66%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Income</th>
<th>% of survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above the $2.50/day poverty line</td>
<td>50%</td>
</tr>
<tr>
<td>Below the $2.50/day poverty line</td>
<td>50%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age</th>
<th>% of survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>15-24</td>
<td>28%</td>
</tr>
<tr>
<td>25-34</td>
<td>29%</td>
</tr>
<tr>
<td>35-44</td>
<td>17%</td>
</tr>
<tr>
<td>45-54</td>
<td>15%</td>
</tr>
<tr>
<td>55+</td>
<td>11%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Aptitude</th>
<th>% of survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic literacy</td>
<td>65%</td>
</tr>
<tr>
<td>Basic numeracy</td>
<td>95%</td>
</tr>
</tbody>
</table>

Figures are weighted to reflect national census data demographics.

Source: InterMedia Pakistan FII Tracker surveys Wave 3 (N=6,000, 15+), September-October 2015.
Steady increases in mobile money and nonbank financial institution use spurred small growth in the overall use of financial services

Access to financial services
(Shown: Percentage of Pakistani adults for each year)

- Mobile money: 7% (2013), 8% (2014), 9% (2015)
- Bank: 7% (2013), 8% (2014), 9% (2015)
- Nonbank financial institution*: 0.2% (2013), 1% (2014), N/A (2015)

*NBFIs include post office accounts, committees and microfinance institutions.

Types of accounts are not mutually exclusive.

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.
Minor increases across most services yielded a two-percent increase in registered financial service accounts

**Registered financial service users**
(Shown: Percentage of Pakistani adults for each year)

- Any financial service: 7% in 2013, 9% in 2014, 8% in 2015
- Mobile money: 0.4% in 2013, 0.3% in 2014, 1% in 2015
- Bank: 7% in 2013, 2014, 2015
- Nonbank financial institution: N/A in 2013, 0.1% in 2014, 1% in 2015

Sources:
- 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.

Types of accounts are not mutually exclusive.
Most account holders are active users of their financial services, mobile money account holders are the most active

<table>
<thead>
<tr>
<th></th>
<th>2013 (N=6,000)</th>
<th>2014 (N=6,000)</th>
<th>2015 (N=6,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Any financial service</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank</td>
<td>6%</td>
<td>6%</td>
<td>7%</td>
</tr>
<tr>
<td>Mobile money</td>
<td>0.4%</td>
<td>0.3%</td>
<td>1%</td>
</tr>
<tr>
<td>Nonbank financial institution</td>
<td>N/A</td>
<td>0.1%</td>
<td>0.6%</td>
</tr>
</tbody>
</table>

Active* financial account holders
(Shown: Percentage of Pakistani adults)

Active* financial account holders
(Shown: Percentage of registered users for each type of account, by year)

2013 and 2014: Bases (n) were too small to conduct analysis

2014: Base (n) was too small to conduct analysis

*N/A

Source: InterMedia Pakistan FIL 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.

*A registered DFS account used in the last 90 days. Types of accounts are not mutually exclusive.
More adults are now using both bank and mobile money services rather than just one of the services

Overlap in bank and mobile money users (registered or over-the-counter use)
(Shown: Percentage of Pakistani adults, N=6,000)

2015

- 6.5% have only used mobile money
- 2.8% have used both
- 6.4% have only used a bank

2014

- 6.7% only used mobile money
- 1.6% used both
- 7.0% only used a bank

Percentages shown in this slide include credit-only bank accounts and bank services.
Source: InterMedia Pakistan FII Tracker surveys Wave 2 (N=6,000, 15+), September-December 2014; Wave 3 (N=6,000, 15+), September-October 2015.
More consumers are also utilizing advanced mobile money services, vs. previous years

**Bank uses, by type**
(Shown: Percentage of active bank account holders)

**Mobile money uses, by type**
(Shown: Percentage of all mobile money users)

Due to the changes in the questionnaire some data points may not be directly comparable across years.

*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.*
There are disparities in active use by poverty level, urban/rural and gender

### 2015: Active account usage by demographic
(Shown: Percentage of each subgroup)

<table>
<thead>
<tr>
<th>Category</th>
<th>Active bank account holders</th>
<th>Active mobile-money account holders</th>
<th>Active NBFI account holders</th>
<th>All financial account holders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above poverty line (n=2,926)</td>
<td>9%</td>
<td>1%</td>
<td>1%</td>
<td>11%</td>
</tr>
<tr>
<td>Urban (n=2,030)</td>
<td>10%</td>
<td>1%</td>
<td>2%</td>
<td>12%</td>
</tr>
<tr>
<td>Males (n=3,155)</td>
<td>10%</td>
<td>2%</td>
<td>0.3%</td>
<td>11%</td>
</tr>
<tr>
<td>Total population (N=6,000)</td>
<td>7%</td>
<td>1%</td>
<td>0.6%</td>
<td>8%</td>
</tr>
<tr>
<td>Females (n=2,845)</td>
<td>4%</td>
<td>0.1%</td>
<td>1%</td>
<td>5%</td>
</tr>
<tr>
<td>Rural (n=3,970)</td>
<td>6%</td>
<td>1%</td>
<td>0.2%</td>
<td>6%</td>
</tr>
<tr>
<td>Below poverty line (n=3,074)</td>
<td>5%</td>
<td>1%</td>
<td>0.3%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Types of accounts are not mutually exclusive.

Source: InterMedia Pakistan FII Tracker survey Wave 3 (N=6,000, 15+), September-October 2015.
More adults know of a mobile money (MM) agent within 1 km of where they live than they do any banking point-of-service (POS)

2015: Proximity to points-of-service (POS) for financial institutions
(Shown: Percentage of Pakistani adults N=6,000)

Source: InterMedia Pakistan FII Tracker survey Wave 3 (N=6,000, 15+), September-October 2015.
Lack of mobile phone competency is a key challenge to overcome in preparing Pakistanis for digital financial services use

2015: Key indicators of preparedness for digital financial services
(Shown: Percentage of Pakistani adults, N=6,000)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ever send/receive text messages</td>
<td>33%</td>
<td>37%</td>
<td>40%</td>
</tr>
<tr>
<td>Own a mobile phone</td>
<td>59%</td>
<td>54%</td>
<td>59%</td>
</tr>
<tr>
<td>Own a SIM card</td>
<td>59%</td>
<td>54%</td>
<td>56%</td>
</tr>
<tr>
<td>Have basic numeracy</td>
<td>87%</td>
<td>87%</td>
<td>95%</td>
</tr>
<tr>
<td>Have the necessary ID*</td>
<td>89%</td>
<td>92%</td>
<td>95%</td>
</tr>
<tr>
<td>Have access to a mobile phone</td>
<td>79%</td>
<td>72%</td>
<td>76%</td>
</tr>
</tbody>
</table>

*Identification documents (ID) necessary for registering a mobile money or a bank account include any form of ID that provides an individual’s CNIC, Passport, NICOP, POC, or ARC number and their residential address, nationality and date of birth.

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.
Awareness of mobile money providers remains high; it has not yet translated into widespread use

Conversion from awareness of mobile money providers* to mobile money use
(Shown: Percentage of Pakistani adults for each year)

*Awareness of at least one mobile money provider

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.
Marginal growth in mobile money use was seen across almost all demographics

Demographic trends for mobile money use
(Shown: Percentage of adults to ever use mobile money who fall into each category)

*Categories are not mutually exclusive.

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.
**Registered and over-the-counter (OTC) mobile money users primarily use the services to pay bills**

### 2015: Advanced mobile money account uses

(Shown: Percentage of registered and unregistered mobile money users)

<table>
<thead>
<tr>
<th>Service</th>
<th>Registered users (n=74)</th>
<th>OTC (n=510)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bill pay</td>
<td>32%</td>
<td>41%</td>
</tr>
<tr>
<td>Save/set aside money</td>
<td>5%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Make MM2MM transfers</td>
<td>3%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Receive government payments</td>
<td>2%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Loan activities</td>
<td>0.9%</td>
<td>0.7%</td>
</tr>
<tr>
<td>Pay for goods at a store</td>
<td>0%</td>
<td>0.3%</td>
</tr>
</tbody>
</table>

47% of users have used at least one advanced mobile money function

Question allowed for multiple responses.

*Source: InterMedia Pakistan FII Tracker survey Wave 3 (N=6,000, 15+), September-October 2015.*
Several providers have a presence in the market, with one-third using a provider other than market leader Telenor.

**2015: Mobile money usage by provider**
(Shown: Percentage of mobile money users, n=584)

- Telenor Easy Paisa Money: 89%
- Mobilink Mobicash: 20%
- UBL Omni: 12%
- Ufone/Upayment: 5%
- Zong Timepey: 2%
- HBL Express: 1%
- Mobile Paisa: 0%
- MCB Mobile: 0%

**2015: Mobile money (MM) usage exclusivity**
(Shown: Percentage of mobile money users, n=584)

- Only use Telenor: 68%
- Use Telenor & other MM services: 21%
- Don't use Telenor: 11%
- 32% of mobile money users

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.
Over-the-counter (OTC) users continue to make up the majority of mobile money users; lack of a perceived need is an obstacle to registered use

2015: Mobile money use: registered vs. OTC
(Shown: Percentage of mobile money users, n=584)

<table>
<thead>
<tr>
<th>Reason for not signing up for mobile money</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>I don’t need to, I don’t make any transactions</td>
<td>27</td>
</tr>
<tr>
<td>I can have all the services I need through an agent</td>
<td>16</td>
</tr>
<tr>
<td>I never have money to make a transaction</td>
<td>13</td>
</tr>
<tr>
<td>Using an account is difficult</td>
<td>8</td>
</tr>
<tr>
<td>Fees for using such an account are too high</td>
<td>8</td>
</tr>
<tr>
<td>I don’t see any advantages to registration</td>
<td>7</td>
</tr>
<tr>
<td>I don’t understand the purpose of an account</td>
<td>6</td>
</tr>
</tbody>
</table>

Source: InterMedia Pakistan FII Tracker survey Wave 3 (N=6,000, 15+), September-October 2015.
Awareness and use of mobile money value-added services is low; Telenor Easy Pay is the most widely known and used service

8% are aware of at least one VAS

0.7% have used at least one VAS

0.5% are active users of at least one VAS

**Value-added services**

- **Telenor Easy Pay**: online payment platform
- **Mobicash Beema**: life insurance product
- **Telenor Khushaal Munafa**: savings product
- **Telenor Khushaal Beema**: savings product that offers insurance

**Awareness, use of different mobile money value-added services (VAS)**

(Shown: Percentage of those aware of VAS, n=455)

- **Telenor Easy Pay**: 79%
- **Mobicash Beema**: 49%
- **Telenor Khushaal Munafa**: 32%
- **Telenor Khushaal Beema**: 28%

Source: InterMedia Pakistan FII Tracker survey Wave 3 (N=6,000, 15+), September-October 2015.
Active bank account holders utilize their accounts for an array of advanced functions

2015: Advanced bank account uses
(Shown: Percentage of active bank account holders, n=467)

- Bill pay: 36%
- Receive wages: 24%
- Pay for goods at a store: 9%
- Save/set aside money: 8%
- Pay for large acquisitions: 5%
- Receive G2P payments: 4%
- Make bank2bank transfers: 3%
- Loan activity: 2%
- Investment activity: 2%

61% of active registered users have used at least one advanced function through their accounts.

Source: InterMedia Pakistan FII Tracker survey Wave 3 (N=6,000, 15+), September-October 2015.
Active digital stored-value account ownership increased between 2014 and 2015, but use of these accounts for beyond-basic services did not change

<table>
<thead>
<tr>
<th>Main FSP Indicator</th>
<th>2014</th>
<th>2015</th>
<th>Base Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult (15+) who have active digital stored-value accounts</td>
<td>6%</td>
<td>8%</td>
<td>All adults</td>
</tr>
<tr>
<td></td>
<td>6,000</td>
<td>6,000</td>
<td></td>
</tr>
<tr>
<td>Poor adults (15+) who have active digital stored-value accounts</td>
<td>4%</td>
<td>5%</td>
<td>All poor</td>
</tr>
<tr>
<td></td>
<td>3,102</td>
<td>3,074</td>
<td></td>
</tr>
<tr>
<td>Rural women (15+) who have active digital stored-value accounts</td>
<td>2%</td>
<td>3%</td>
<td>All rural females</td>
</tr>
<tr>
<td></td>
<td>1,760</td>
<td>1,745</td>
<td></td>
</tr>
<tr>
<td>Adults (15+) who have active digital stored-value accounts and use them to access</td>
<td>4%</td>
<td>3%</td>
<td>All adults</td>
</tr>
<tr>
<td>other financial services (beyond basic wallet, P2P)*</td>
<td>6,000</td>
<td>6,000</td>
<td></td>
</tr>
<tr>
<td>Poor adults (15+) who have active digital stored-value accounts and use them to</td>
<td>3%</td>
<td>2%</td>
<td>All poor</td>
</tr>
<tr>
<td>access other financial services (beyond basic wallet, P2P)</td>
<td>3,102</td>
<td>3,074</td>
<td></td>
</tr>
<tr>
<td>Rural women (15+) who have active digital stored-value accounts and use them to</td>
<td>0.9%</td>
<td>0.7%</td>
<td>All rural females</td>
</tr>
<tr>
<td>access other financial services (beyond basic wallet, P2P)</td>
<td>1,760</td>
<td>1,745</td>
<td></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.

Source: InterMedia Pakistan FII Tracker surveys Wave 2 (N=6,000, 15+), September-December 2014; Wave 3 (N=6,000, 15+), September-October 2015.
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