

# FINANCIAL INCLUSION *insights*

APPLIED RESEARCH FOR  digital financial inclusion

## 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.

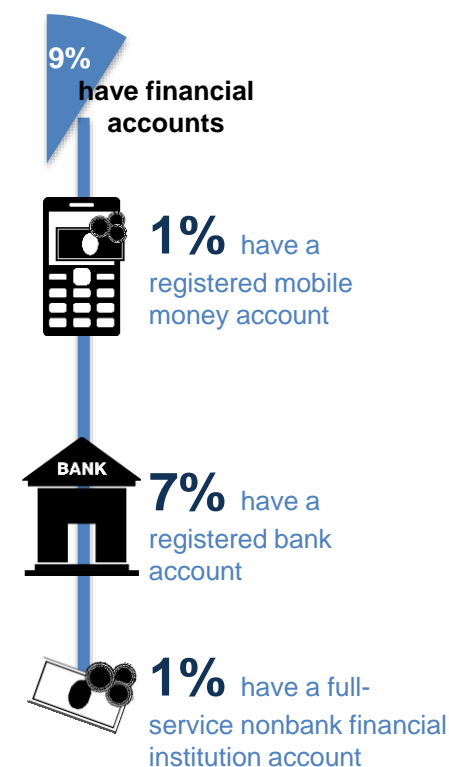
## PAKISTAN

### 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 NBFIs 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)



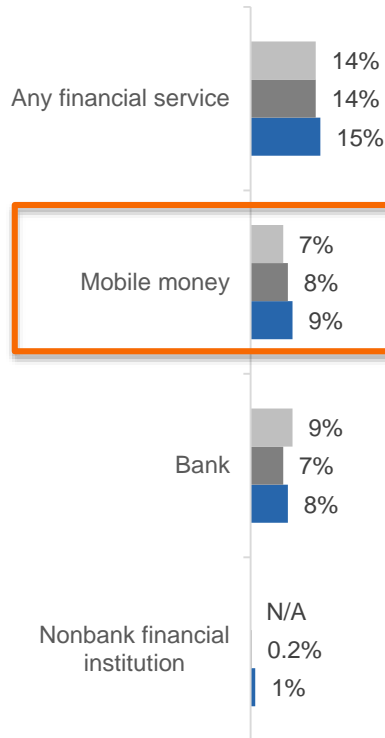
\*Overlap representing those who have multiple kinds of financial accounts is not shown.

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

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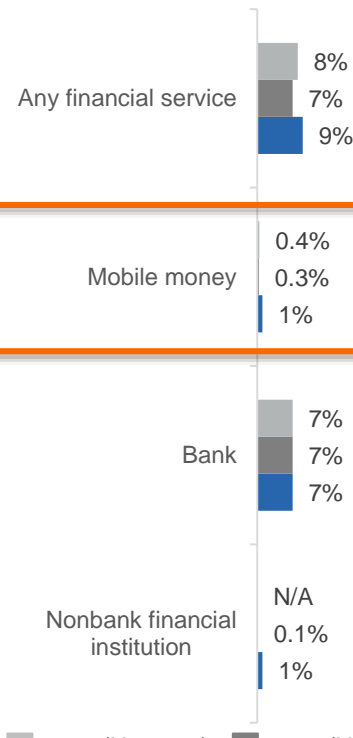
### At-a-glance: There is slow and steady growth across almost all financial services indicators

#### Financial account access

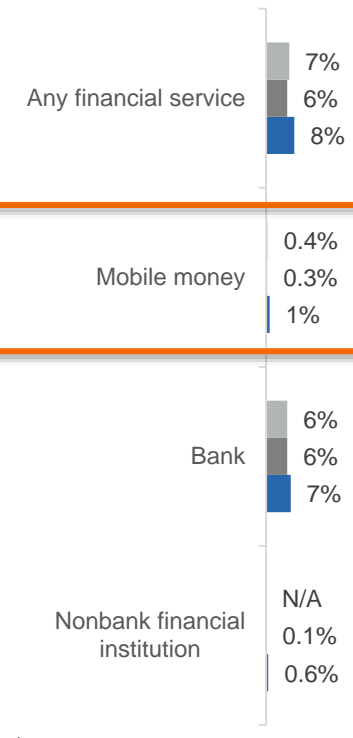


#### Registered financial service users

(Shown: Percentage of Pakistani adults for each year)



#### Active account holders



■ 2013 (N=6,000) ■ 2014 (N=6,000) ■ 2015 (N=6,000)

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.

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## 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

## PAKISTAN

### Survey demographics

	% of survey
<b>Gender</b>	
Male	53%
Female	47%
<b>Geography</b>	
Urban	34%
Rural	66%
<b>Income</b>	
Above the \$2.50/day poverty line	50%
Below the \$2.50/day poverty line	50%

	% of survey
<b>Age</b>	
15-24	28%
25-34	29%
35-44	17%
45-54	15%
55+	11%
<b>Aptitude</b>	
Basic literacy	65%
Basic numeracy	95%

Figures are weighted to reflect national census data demographics.

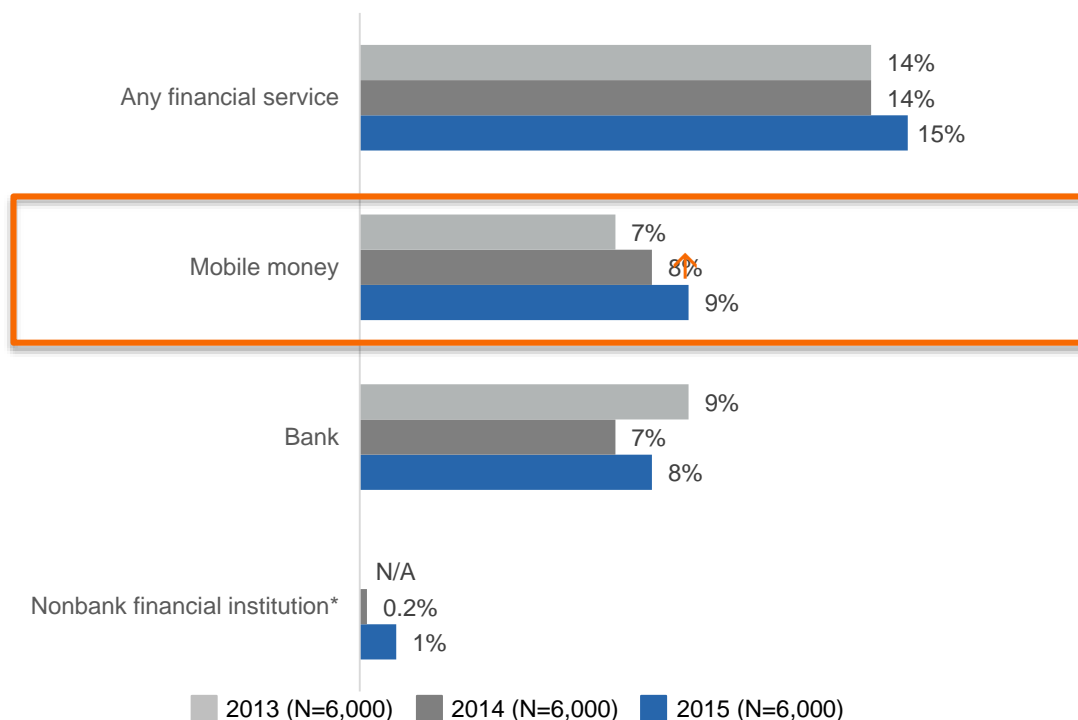
Source: InterMedia Pakistan FII Tracker surveys Wave 3 (N=6,000, 15+), September-October 2015.

## PAKISTAN

### 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)



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

Types of accounts are not mutually exclusive.

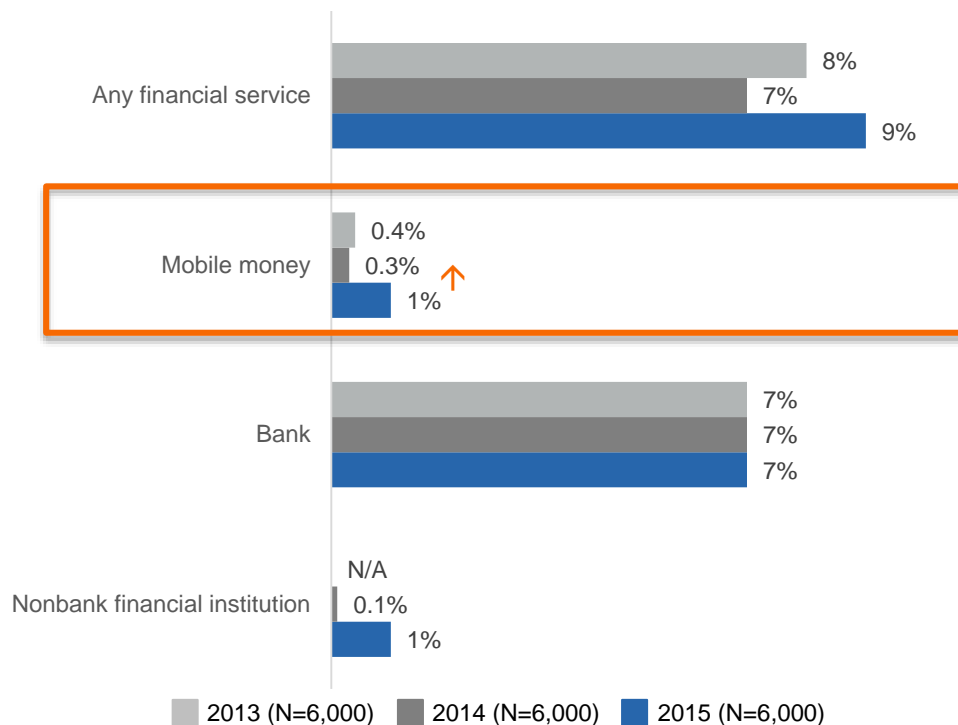
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## PAKISTAN

### 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)



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.

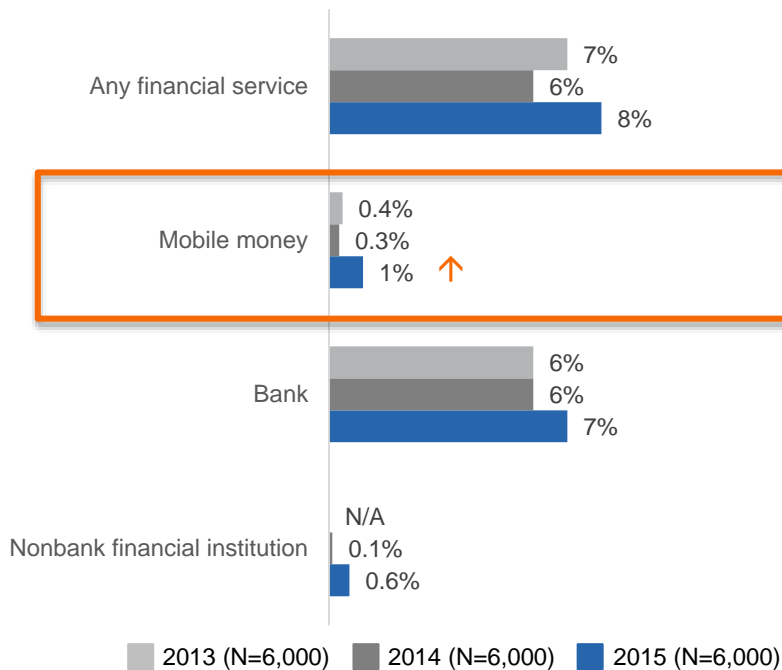


## PAKISTAN

### Most account holders are active users of their financial services, mobile money account holders are the most active

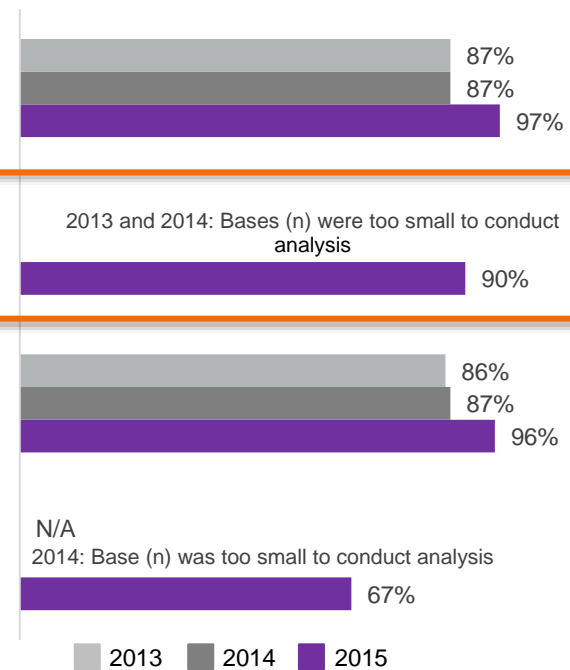
#### Active\* financial account holders

(Shown: Percentage of Pakistani adults)



#### Active\* financial account holders

(Shown: Percentage of registered users for each type of account, by year)



\*A registered DFS account used in the last 90 days. 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.

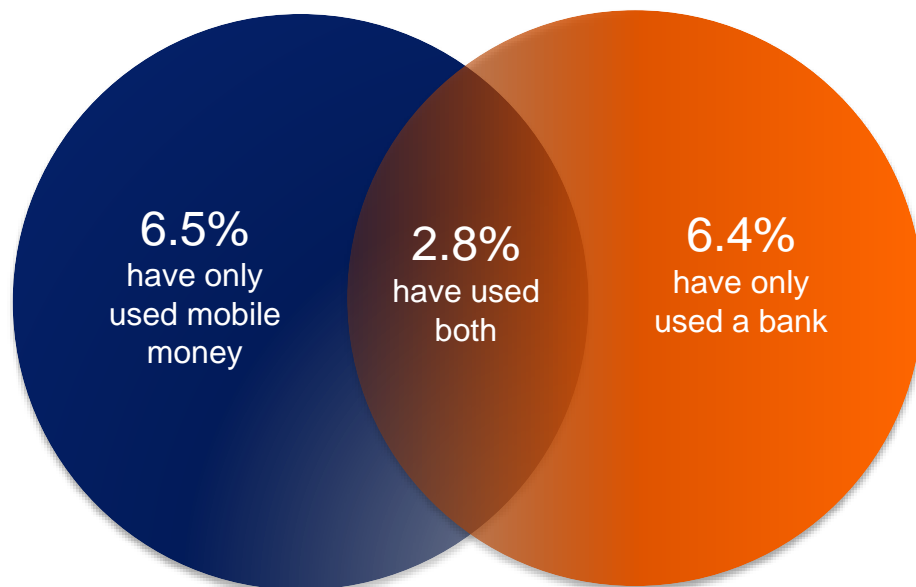
## PAKISTAN

### More adults are now using both bank and mobile money services rather than just one of the services

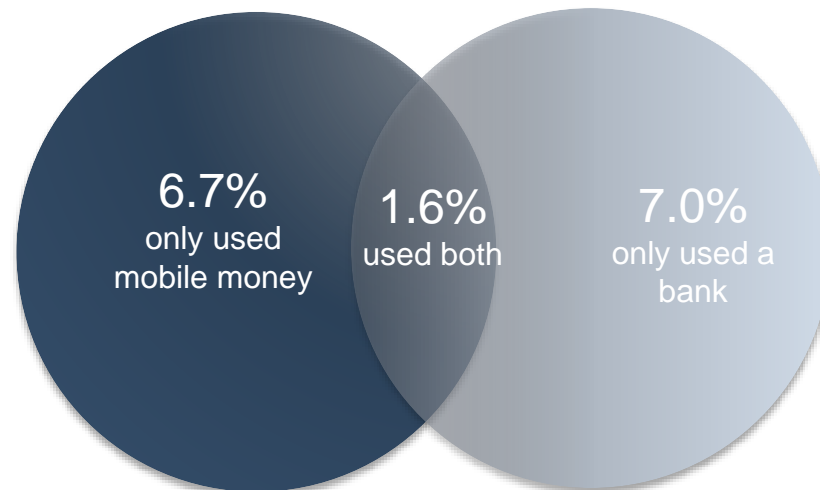
#### Overlap in bank and mobile money users (registered or over-the-counter use)

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

2015



2014



Percentages shown in this slide include credit-only bank accounts and bank services.

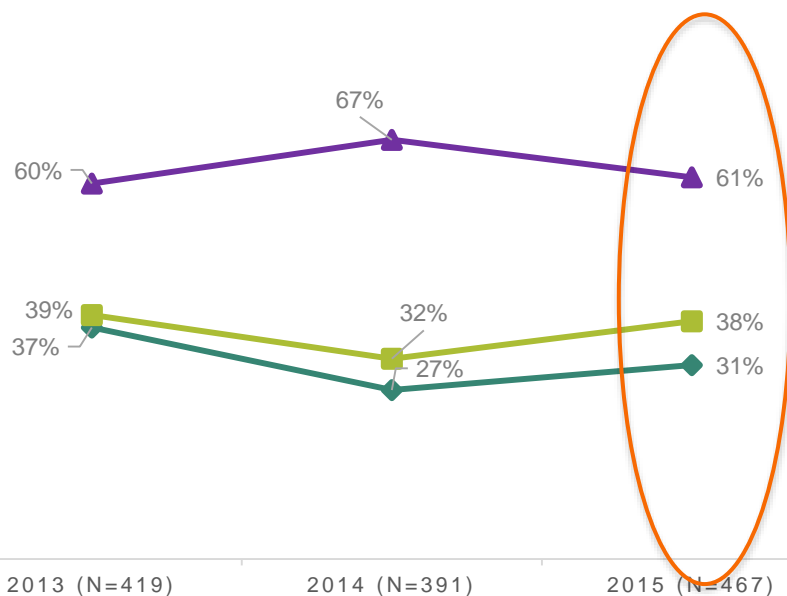
Source: InterMedia Pakistan FII Tracker surveys Wave 2 (N=6,000, 15+), September-December 2014; Wave 3 (N=6,000, 15+), September-October 2015.

## PAKISTAN

### More consumers are also utilizing advanced mobile money services, vs. previous years

#### Bank uses, by type

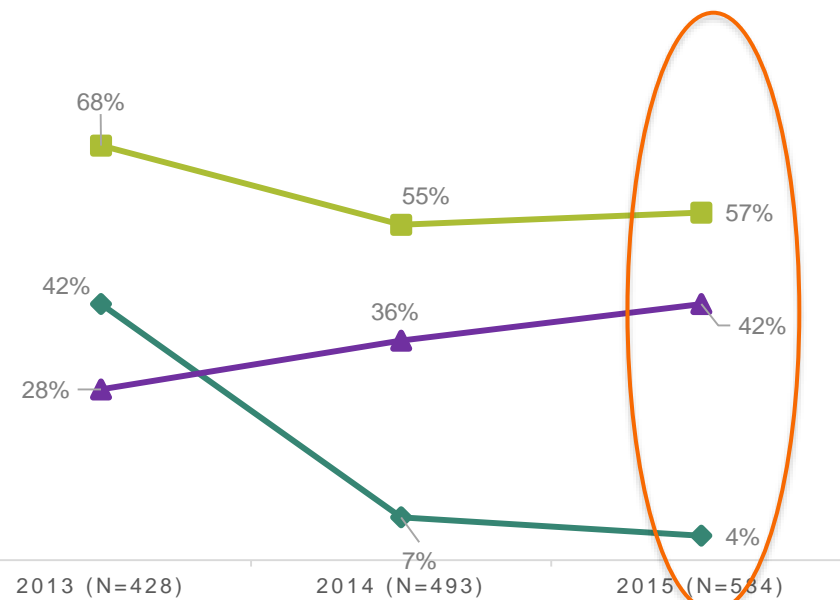
(Shown: Percentage of active bank account holders)



- ◆ Basic activities only (CICO and account management)
- Basic activities OR P2P only
- ▲ At least one advanced activity (i.e., bill pay, loan activities)

#### Mobile money uses, by type

(Shown: Percentage of all mobile money users)



- ◆ Basic activities only (CICO and account management)
- Basic activities OR P2P only
- ▲ At least one advanced activity (i.e., bill pay, loan activities)

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

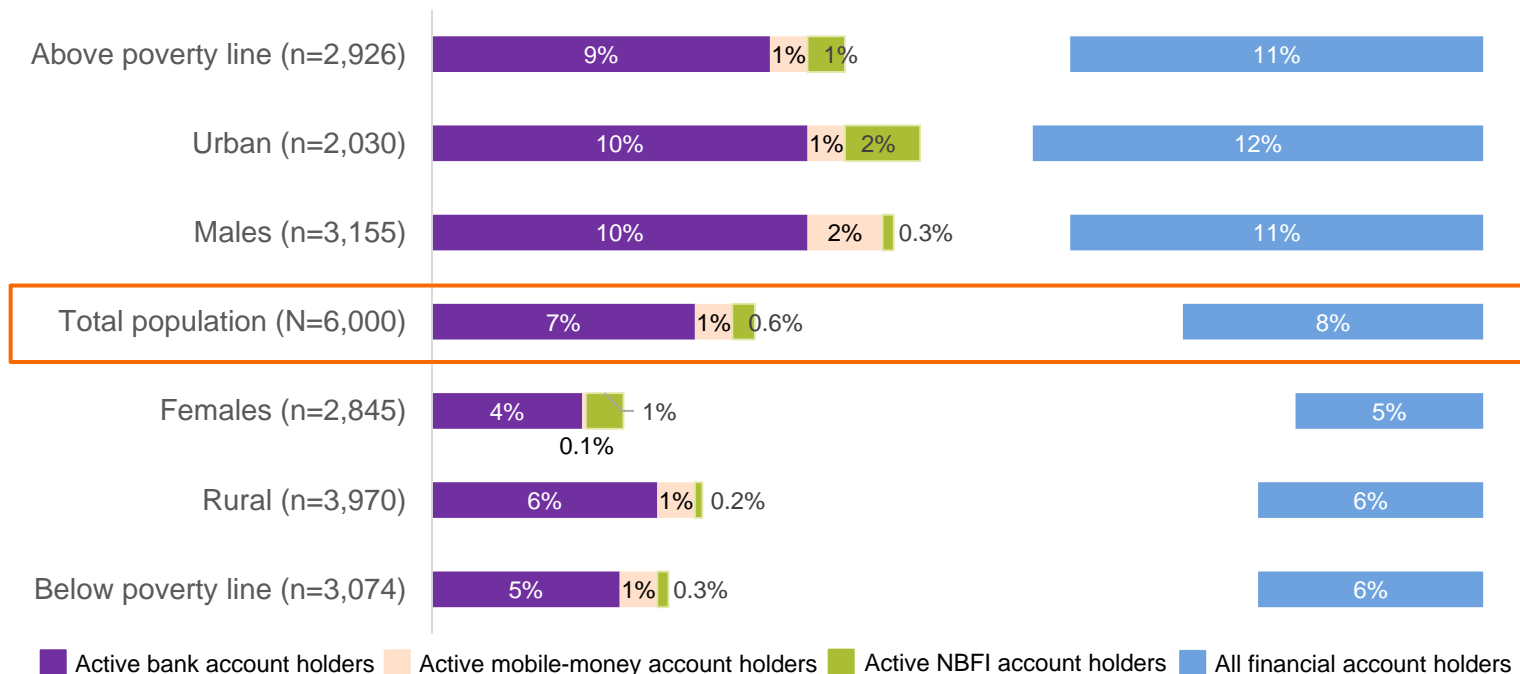
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## PAKISTAN

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

#### 2015: Active account usage by demographic

(Shown: Percentage of each subgroup)



Types of accounts are not mutually exclusive.

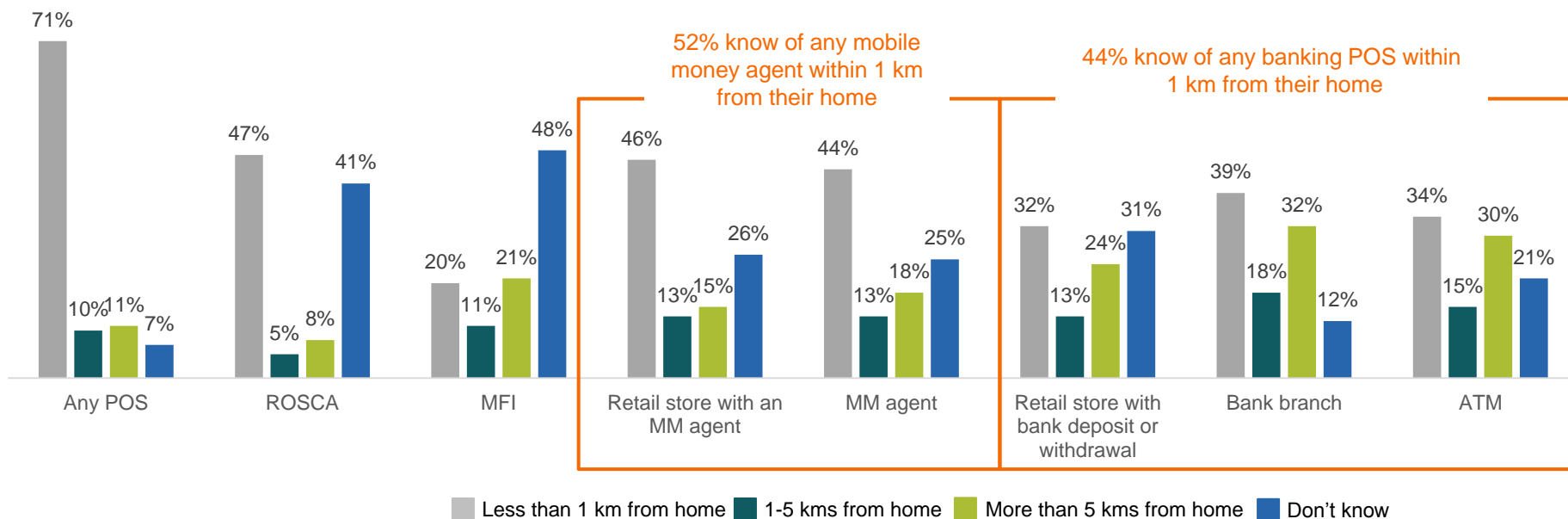
Source: InterMedia Pakistan FII Tracker survey Wave 3 (N=6,000, 15+), September-October 2015.

## PAKISTAN

### 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)

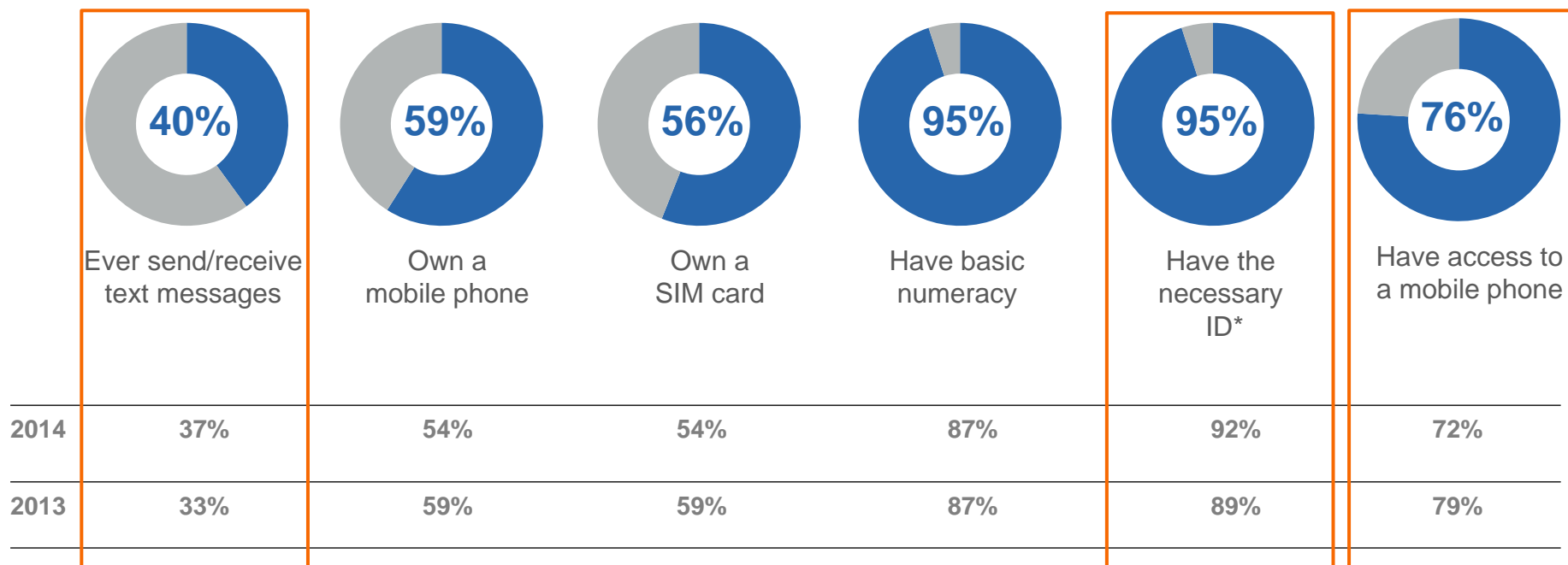


## PAKISTAN

### 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)



\*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.

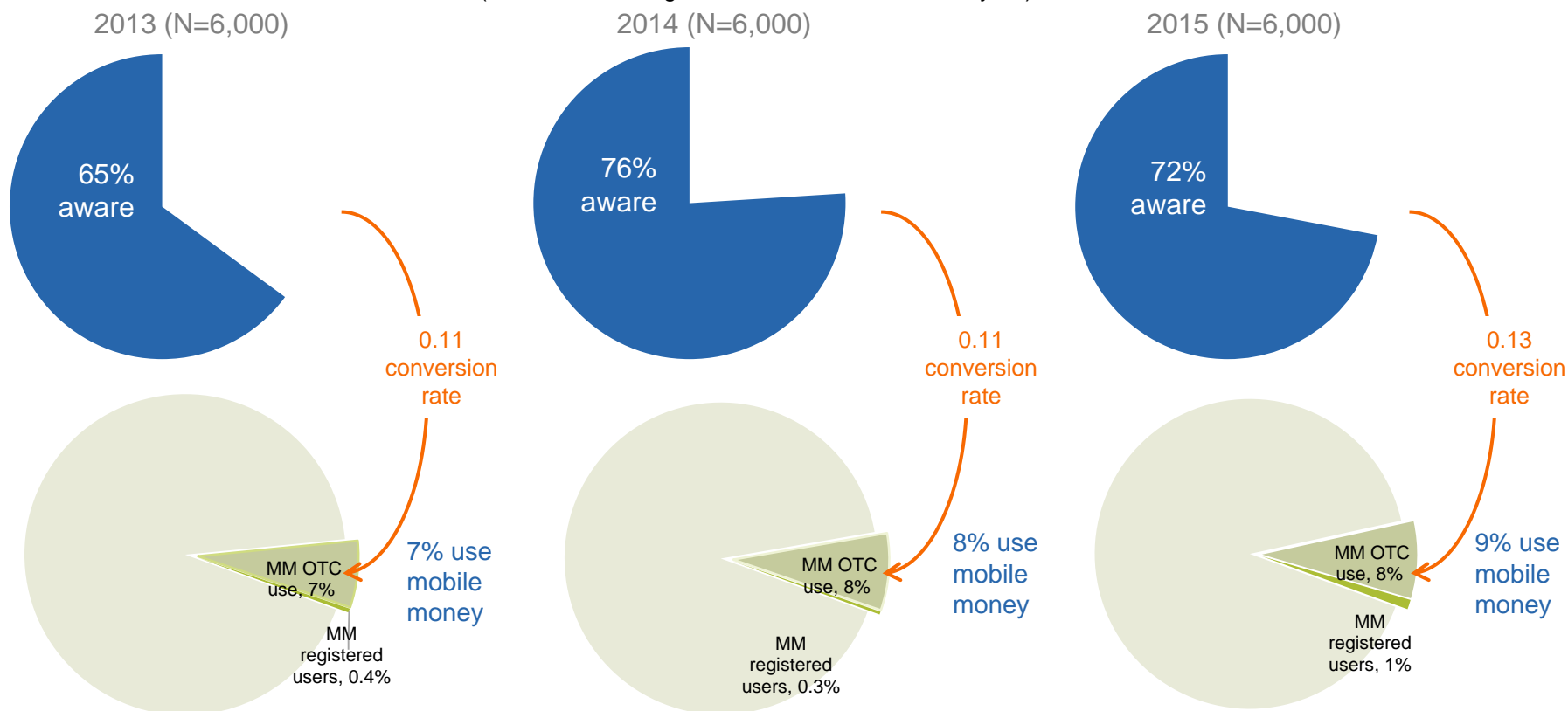
Source: InterMedia Pakistan FII Tracker surveys Wave 1 (N=6,000, 15+), November 2013-January 2014; Wave 2 (N=6,000, 15+), September-December 2014; Wave 3 (N=6,000, 15+), September-October 2015.

## PAKISTAN

### 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

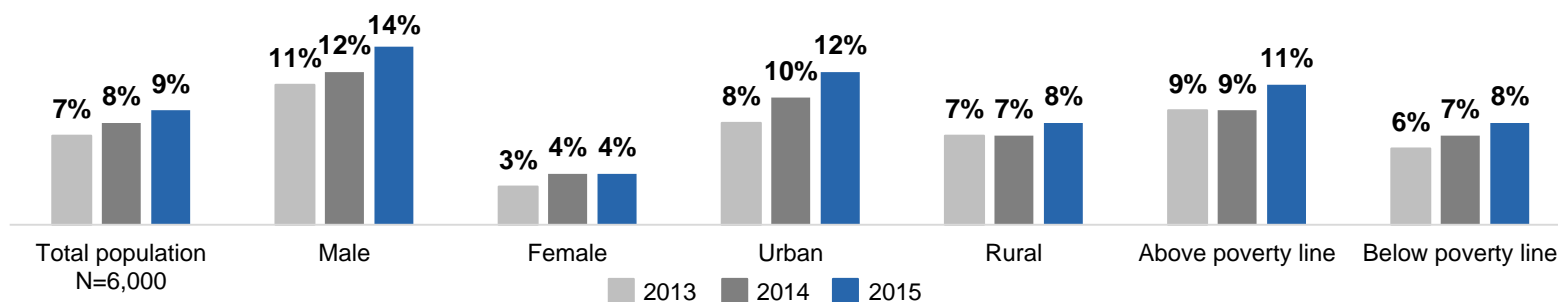
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## PAKISTAN

### 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.



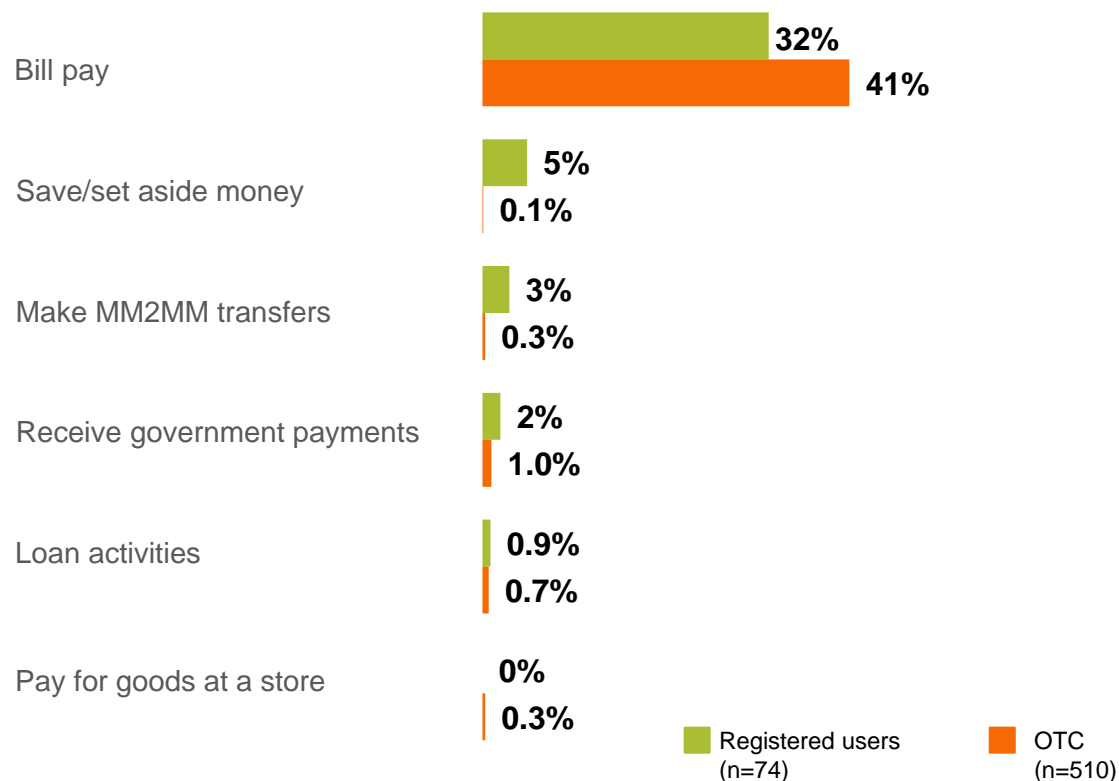
## PAKISTAN

### 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)

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



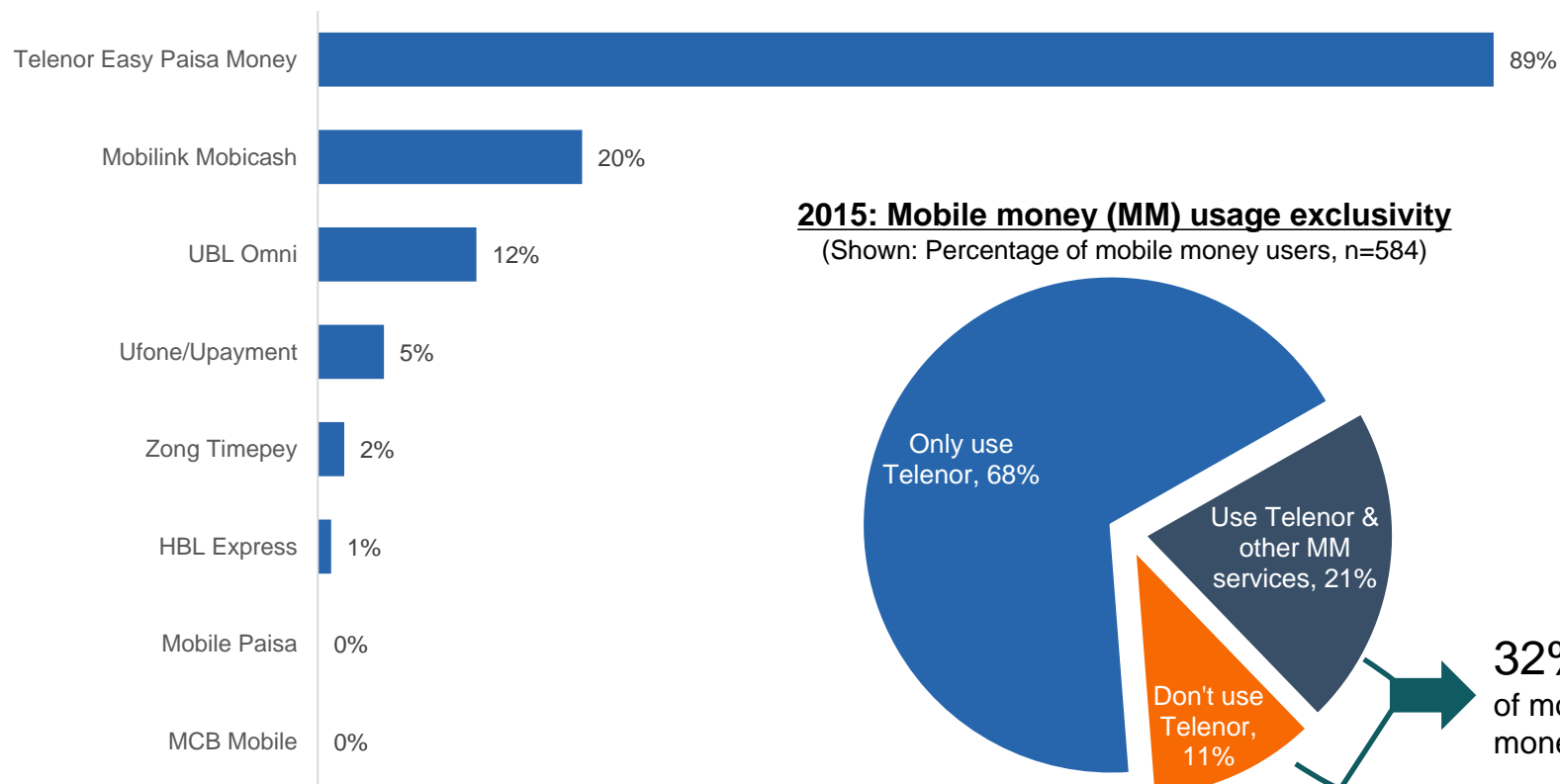
Question allowed for multiple responses.

Source: InterMedia Pakistan FII Tracker survey Wave 3 (N=6,000, 15+), September-October 2015.

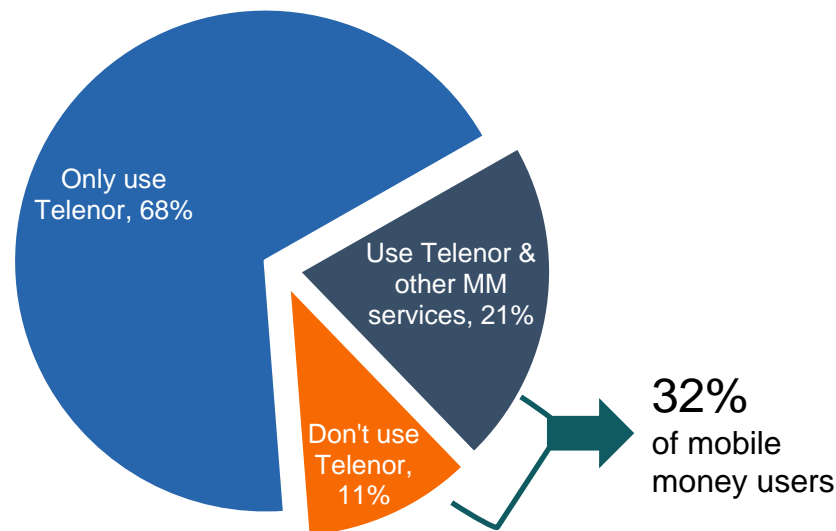
## PAKISTAN

### 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)



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



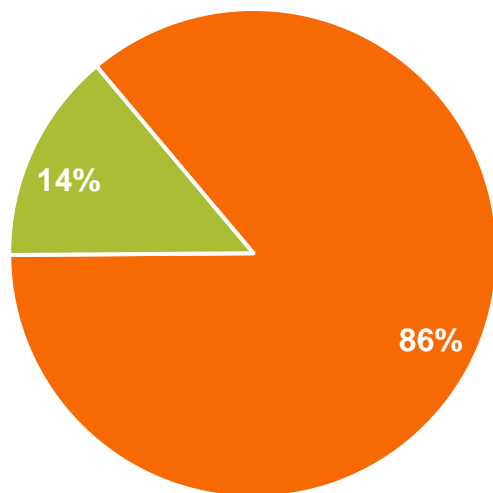
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## PAKISTAN

### 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)



Registered OTC

#### Reason for not signing up for mobile money

(Shown: Percentage of OTC users, n=510)

Reason	%
I don't need to, I don't make any transactions	27
I can have all the services I need through an agent	16
I never have money to make a transaction	13
Using an account is difficult	8
Fees for using such an account are too high	8
I don't see any advantages to registration	7
I don't understand the purpose of an account	6

## PAKISTAN

### Awareness and use of mobile money value-added services is low; Telenor Easy Pay is the most widely known and used service

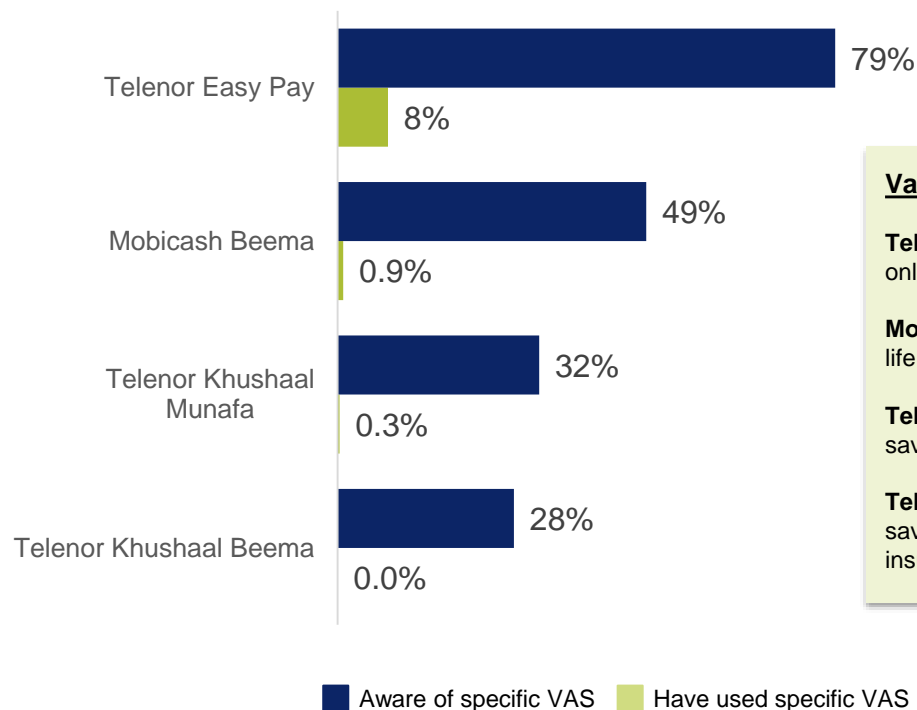
#### Awareness, use of different mobile money value-added services (VAS)

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

**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

Question allowed for multiple responses.

Source: InterMedia Pakistan FII Tracker survey Wave 3 (N=6,000, 15+), September-October 2015.

## PAKISTAN

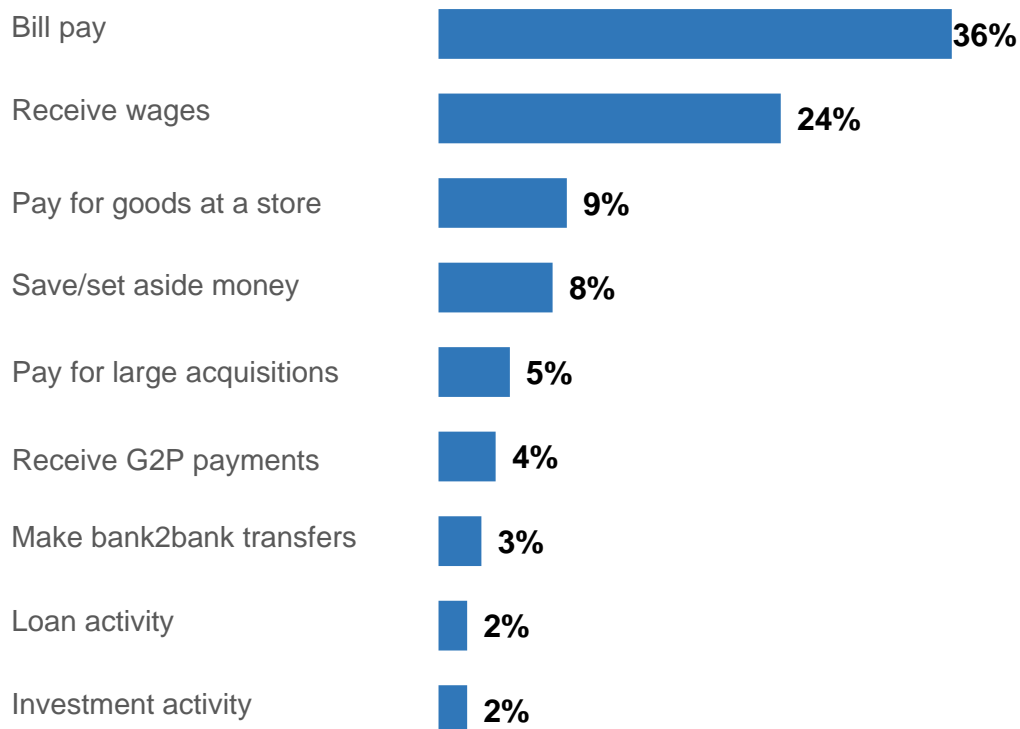
### Active bank account holders utilize their accounts for an array of advanced functions

#### 2015: Advanced bank account uses

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

# 61%

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



Question allowed for multiple responses.

Source: InterMedia Pakistan FII Tracker survey Wave 3 (N=6,000, 15+), September-October 2015.

## PAKISTAN

### Active digital stored-value account ownership increased between 2014 and 2015, but use of these accounts for beyond-basic services did not change

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

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.

For more information, contact:

Nat Kretchun, FII Asia Lead

[KretchunN@InterMedia.org](mailto:KretchunN@InterMedia.org)

Caldwell Bishop, Research Manager

[BishopC@InterMedia.org](mailto:BishopC@InterMedia.org)

Colin Sollitt, Research Manager

[SollittC@InterMedia.org](mailto:SollittC@InterMedia.org)

Imran Khan, FII Pakistan Manager

[KhanI@InterMedia.org](mailto:KhanI@InterMedia.org)



[www.finclusion.org](http://www.finclusion.org) | Twitter: @finclusion\_FII

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**Headquarters**  
Washington, D.C.  
Tel: +1.202.434.9310

**InterMedia Africa**  
Nairobi, Kenya  
Tel: +254.720.109183