

FINANCIAL INCLUSION *insights*

APPLIED RESEARCH FOR  digital financial inclusion

TANZANIA

QUICKSIGHTS REPORT FII TRACKER SURVEY

Conducted September-October 2015

December 2015

TANZANIA

GLOSSARY

- **Access** – Access to a bank, NBFIs or mobile money account; those with access have used the services either via their own account or via the account of another person.
- **Active account holder** – An individual who has a registered financial services account and has used it in the last 90 days.
- **Advanced use** – The use of an account for services other than basic or P2P services. (For the purposes of this study, in the case of mobile money, airtime top-ups are not considered an advanced use.)
- **Basic use** – The use of an account to cash-in (deposit) or cash-out (withdraw), or conduct account maintenance.
- **DFS access** – Access to a DFS account through one's own account or 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.
- **Cooperative** – Typically, a business or other professional organization that is owned and run jointly by its members, who share the profits or benefits. Cooperatives can release some of the profits/funds as loans to its members.
- **Digital financial services (DFS)** – Financial services that are provided through an electronic platform (mobile phones, electronic cards, the internet, etc.).
- **Financial inclusion** – For the purposes of this report, financial inclusion is defined as having an account with an institution that provides a full suite of financial services and comes under some form of government regulation. Services include: savings, money transfers, insurance or investment.
- **Full-service financial institution** – Financial institutions that offer its customers at least one of the following services: savings, money transfers, insurance or investment.
- **Informal financial institutions** – Financial institutions or services that do not offer accounts or a full suite of services. These vary from highly informal services such as money guards (individuals who keep money for others) to established community savings groups or collectives.
- **Microfinance institution (MFI)** – An organization that offers financial services to low-income populations. Almost all give loans to their members, and many offer insurance, deposit and other services.
- **Mobile money (MM)** – A service in which a mobile phone is used to access financial services.

GLOSSARY

- **Nonbank financial institution (NBFI)** – A financial organization that is not formally licensed as a bank or a mobile money provider, but whose activities are regulated, at least to some extent, by the central bank within the respective country. Such financial institutions include microfinance institutions (MFI), cooperatives, Post Office Savings Banks and village-level, semi-formal savings groups.
- **Post Office (Savings) Bank** – A government-run bank that operates through local post offices.
- **P2P transaction** – The use of an account to send or receive money to or from other individuals.
- **Registered account holder** – An individual who has a full-service bank, NBFI or mobile money account in their own name that offers more than just credit services.
- **Savings and credit cooperative (SACCO)** – A unique member driven, self-help group, which is owned and managed by its members who have a common bond (e.g., work for the same employer, belong to the same church, live in the same village, etc.). All members contribute to the SACCO fund, which can be used for group investment or a part of which can be given to members as loans.
- **Unregistered/OTC user** – An individual who has ever used a bank, NBFI or mobile money services through someone else's account, including a mobile money agent's account or the account of a family member or neighbor.
- **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.
- **Village level semi-formal savings group** – a savings group, often tied to initial or ongoing support from an NGO, that requires members to regularly contribute to a group-managed fund and disburses loans based on pre-determined requirements and loan terms.

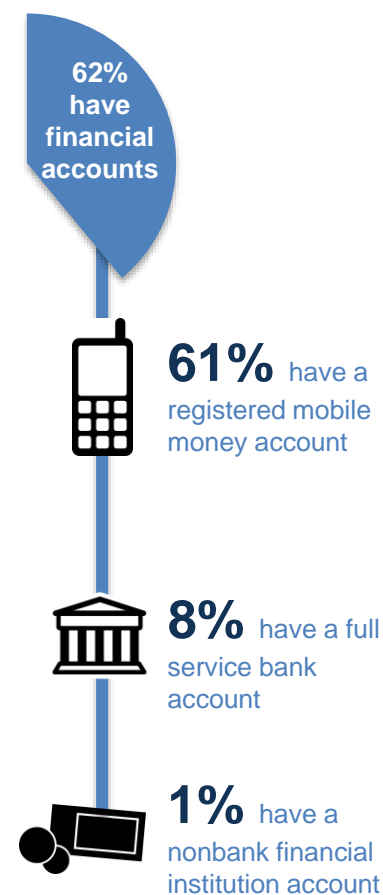
TANZANIA

Notable statistics

- **Greater mobile money access and an increased number of accounts provide more Tanzanians with access to finance.**
 - Nearly two-thirds of Tanzanian adults now have a registered financial account (vs. 50% in 2014).
 - Growth in mobile money access and account ownership drove this increase. Six in 10 have registered accounts (61%), up from 44% in 2013.
 - Promotional activities by Tigo Pesa, Vodacom M-Pesa and Airtel Mobile Money are proving effective as mobile money is quickly becoming the main, and almost sole, pillar of financial inclusion. Usage has far surpassed that of banks and nonbank financial services.
 - Nearly all (95%) of Tanzanians know of at least one mobile money provider, and for every five people who know of mobile money, three use it.
 - Most of mobile money use is through a registered account. Unregistered use declined vs. previous waves.
- **Mobile money use extends to impoverished groups.**
 - Mobile money access and account ownership extend to those groups often overlooked—women, lower income and those in rural regions of the country. Rural Tanzanians and those living below the poverty level show particularly high increases in access and use vs. 2013.
- **Bank account access, usage declines after a temporary increase in 2014.**
 - 2014 surveying detected a significant increase in bank account access and ownership due to heavy marketing campaigns by banks. Rural, women and lower income groups were key targets of these campaigns.
 - 2015 surveying showed bank account access and ownership retreated back to the 2013 stance, with the most notable attrition from among rural, lower income groups previously targeted. This decline occurred as mobile money usage increased among the same consumer groups.

2015: Registered users of financial services*

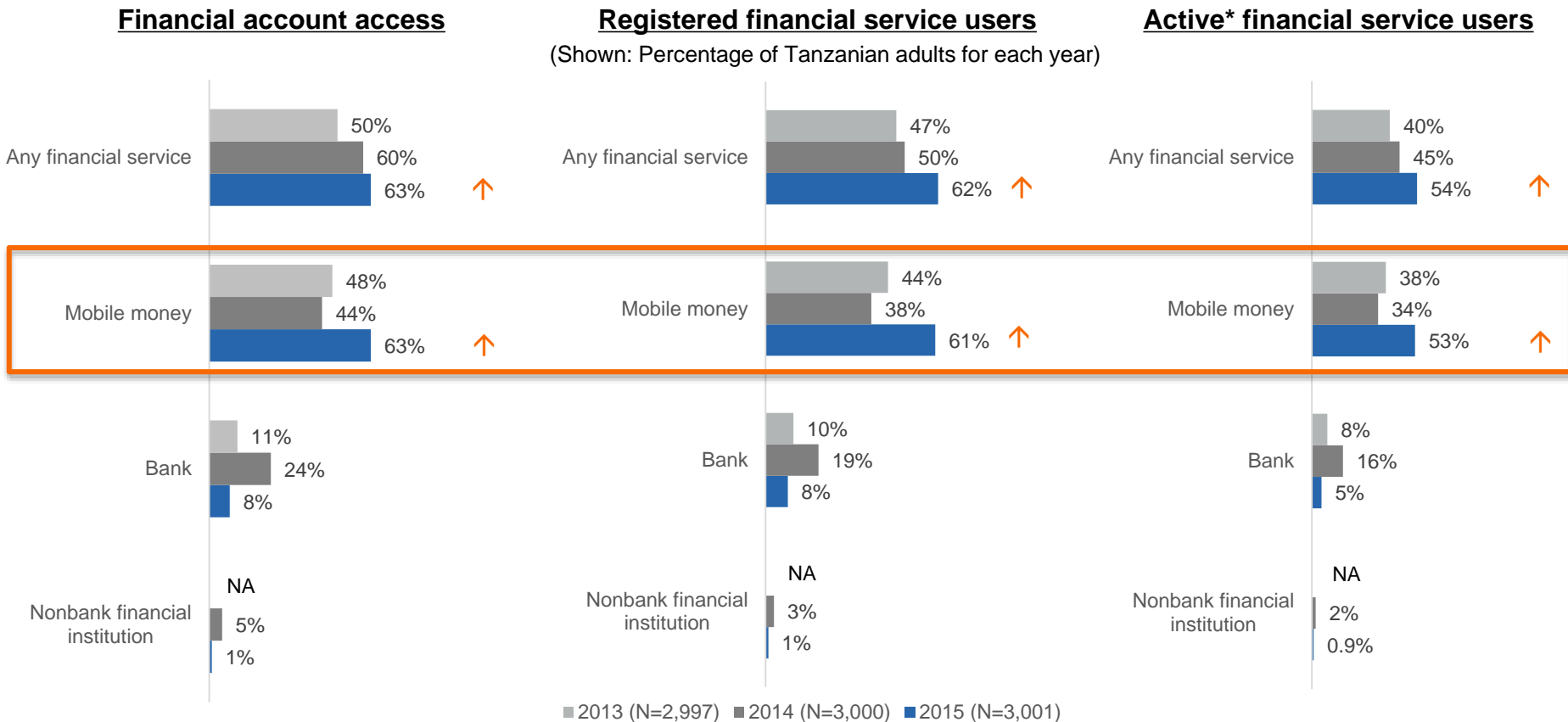
(Shown: Percentage of Tanzanian adults, N=3,001)



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

TANZANIA

Market overview: Access to and use of financial services grew vs. 2013; new increases are due to mobile money



Types of account ownership are not mutually exclusive. *A registered account used in the last 90 days.

Source: InterMedia Tanzania FII Tracker surveys Wave 1 (N=2,997, 15+), November 2013-March 2014; Wave 2 (N=3,000, 15+), August-October 2014; Wave 3 (N=3,001, 15+), September-October 2015.

TANZANIA

FII Tanzania Tracker Survey details

Survey Summary

- Annual, nationally representative survey (N=3,001) of Tanzanian adults aged 15+
- Face-to-face interviews lasting, on average, 73 minutes
- Third survey (wave 3) conducted from Sept. 1 to Oct. 24, 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., SACCO, cooperatives, self-help groups)
- Financial literacy and preparedness
- General financial behaviors

TANZANIA

Survey demographics

% of survey	
Gender	
Male	49%
Female	51%
Geography	
Urban	29%
Rural	71%
Income	
Above the \$2.50/day poverty line	17%
Below the \$2.50/day poverty line	83%

% of survey	
Age	
15-24	24%
25-34	29%
35-44	22%
45-54	13%
55+	11%
Aptitude	
Basic literacy	84%
Basic numeracy	96%

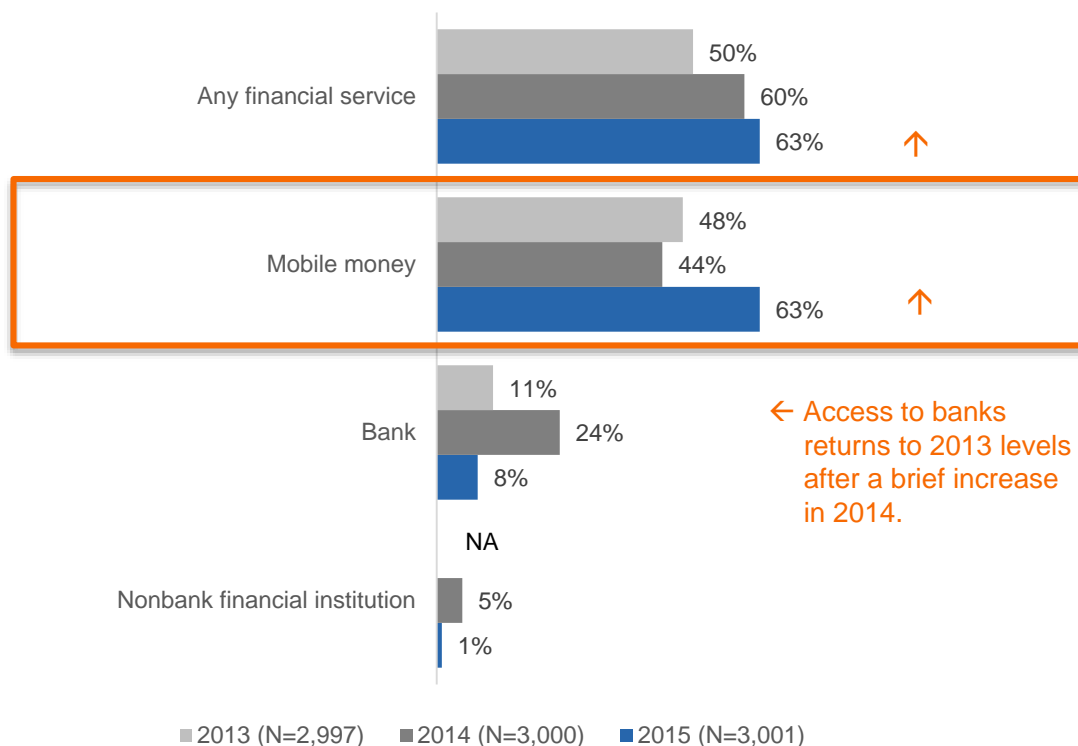
Figures are weighted to reflect national census data demographics.

Source: InterMedia Tanzania FII Tracker survey (N=3,001, 15+), September-October 2015.

TANZANIA

A majority of Tanzanians now have access to mobile money, an increase of almost 50 percent vs. 2014

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



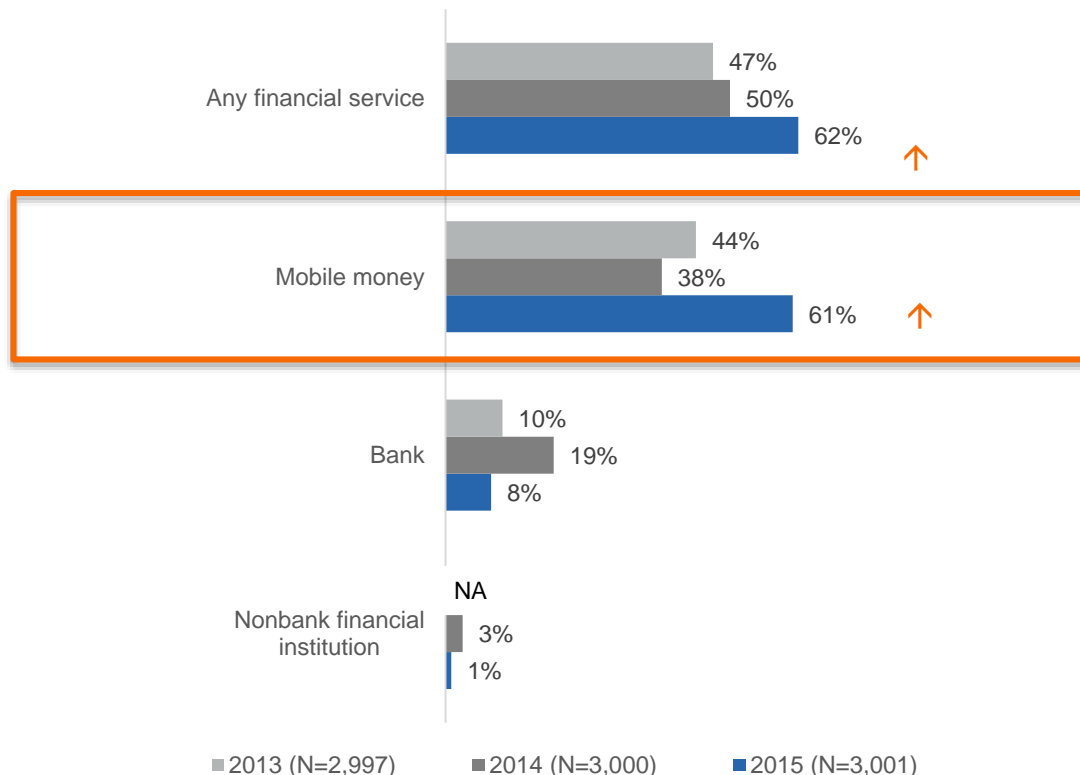
Types of accounts are not mutually exclusive.

Source: InterMedia Tanzania FII Tracker surveys Wave 1 (N=2,997, 15+), November 2013-March 2014; Wave 2 (N=3,000 15+), August-October 2014; Wave 3 (N=3,001, 15+), September-October 2015.

TANZANIA

More Tanzanian adults now have registered financial accounts; registered usage grew nearly 20 percent since 2013 due to mobile money registration

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



Types of accounts are not mutually exclusive.

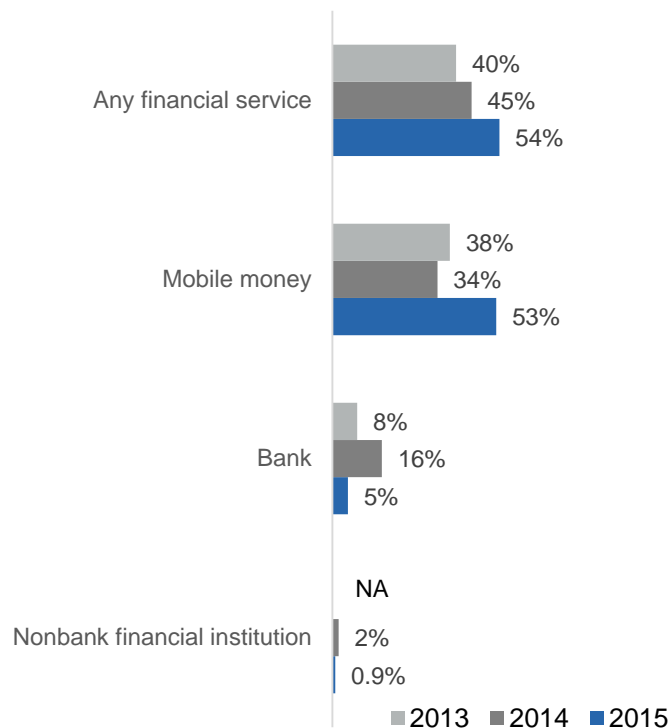
Source: InterMedia Tanzania FII Tracker surveys Wave 1 (N=2,997, 15+), November 2013-March 2014; Wave 2 (N=3,000 15+), August-October 2014; Wave 3 (N=3,001, 15+), September-October 2015.

TANZANIA

More than half of Tanzanian adults now have an active registered financial account, driven by growth in mobile money accounts

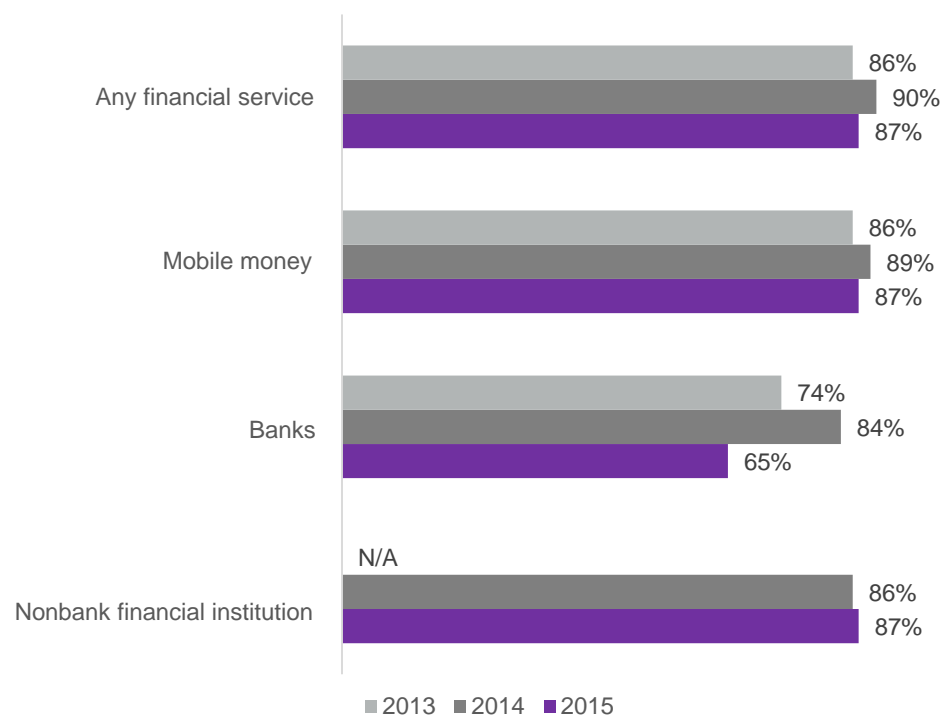
Active financial account holders

(Shown: Percentage of Tanzanian adults)



Active financial account holders

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



Types of accounts are not mutually exclusive.

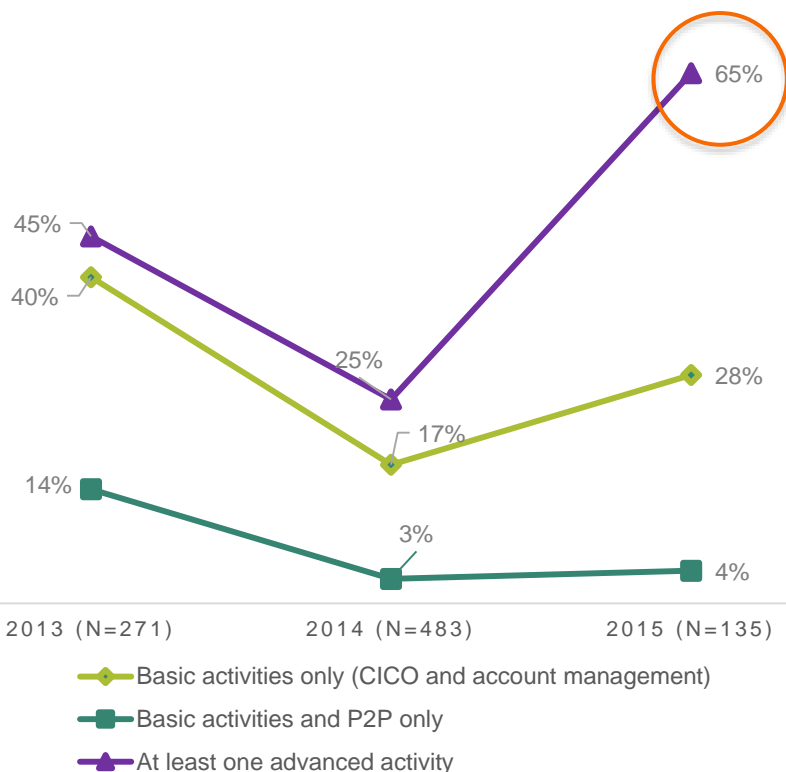
Source: InterMedia Tanzania FII Tracker surveys Wave 1 (N=2,997, 15+), November 2013-March 2014; Wave 2 (N=3,000 15+), August-October 2014; Wave 3 (N=3,001, 15+), September-October 2015.

TANZANIA

More active account holders are using advanced functions vs. 2013, 2014

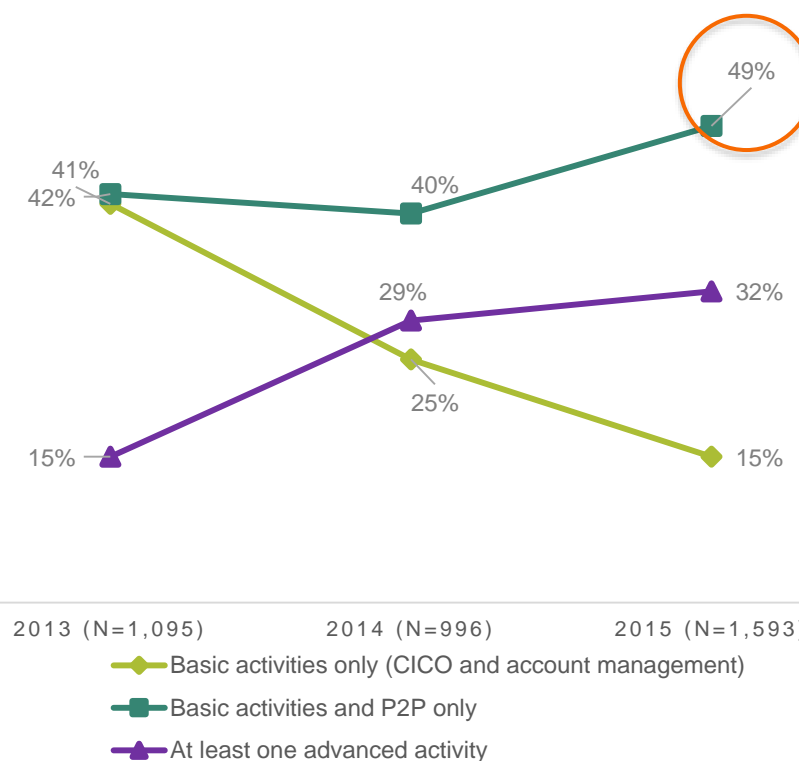
Bank uses, by type

(Shown: Percentage of active bank account holders)



Mobile money uses, by type

(Shown: Percentage of active mobile money account holders)



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

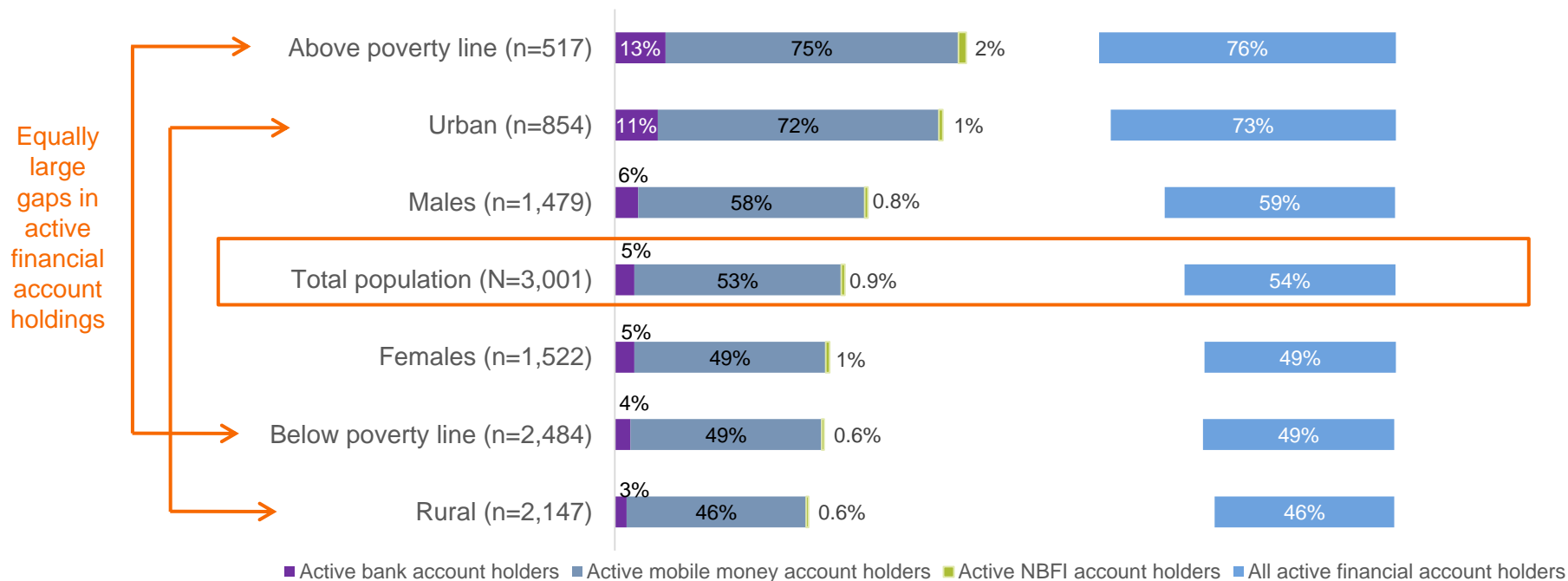
Source: InterMedia Tanzania FII Tracker surveys Wave 1 (N=2,997, 15+), November 2013-March 2014; Wave 2 (N=3,000, 15+), August-October 2014; Wave 3 (N=3,001, 15+), September-October 2015.

TANZANIA

There are income, urbanicity and gender disparities in active account use; income and urbanicity divides are greater than the gender gap

2015: Active account usage by demographic

(Shown: Percentage of each subgroup)



Types of accounts are not mutually exclusive.

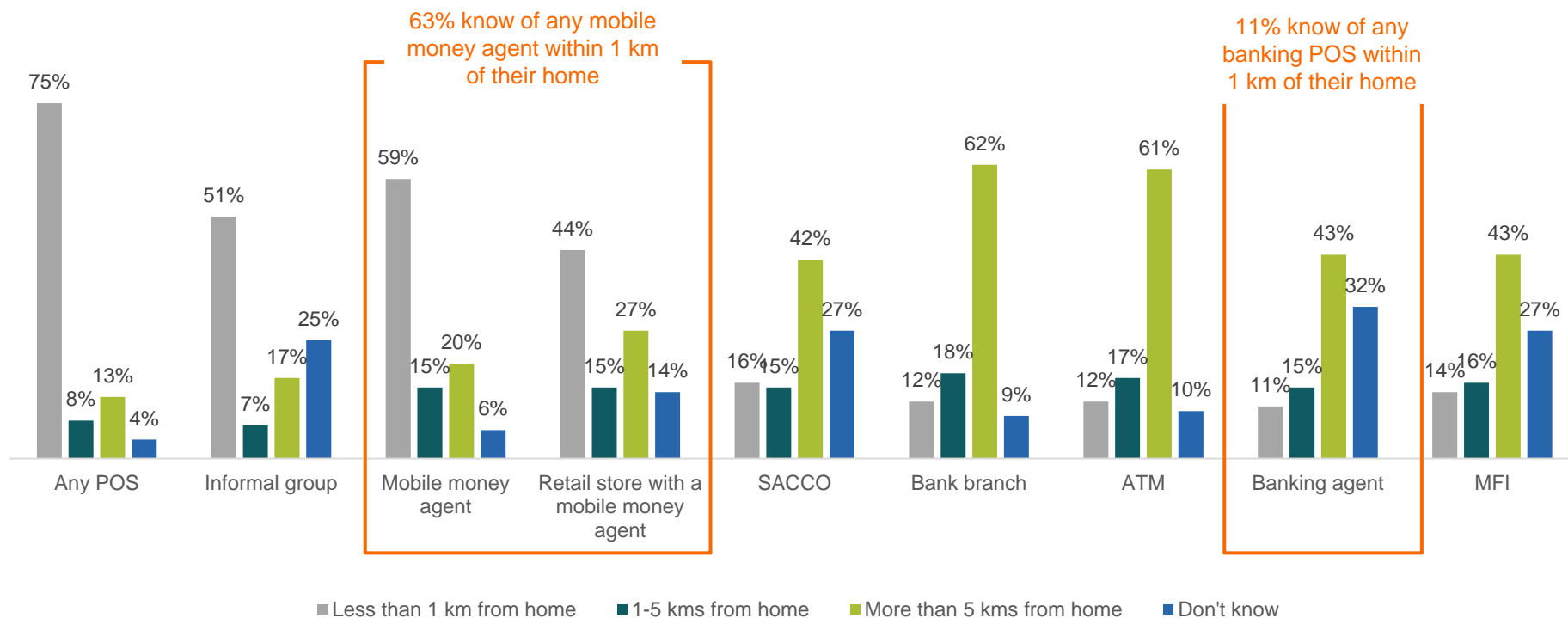
Source: InterMedia Tanzania FII Tracker survey Wave 3 (N=3,001, 15+), September-October 2015.

TANZANIA

Nearly two-thirds of adults know a mobile money agent within 1 km of where they live; banks, SACCOs, MFIs and ATMs are farther away

2015: Proximity to points-of-service (POS) for financial institutions

(Shown: Percentage of Tanzanian adults N=3,001)



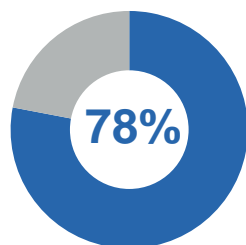
Source: InterMedia Tanzania FII Tracker survey Wave 3 (N=3,001, 15+), September-October 2015.

TANZANIA

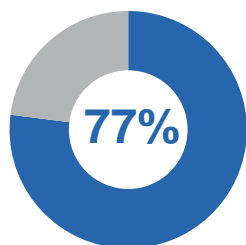
More now have the necessary ID for opening a financial account; lack of equipment and skills remains a challenge

2015: Key indicators of preparedness for digital financial services

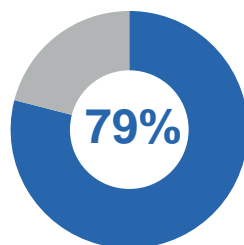
(Shown: Percentage of Tanzanian adults, N=3,001)



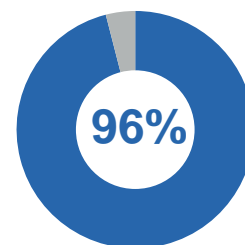
Ever send/receive text messages



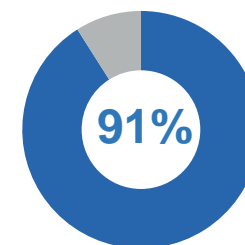
Own a mobile phone



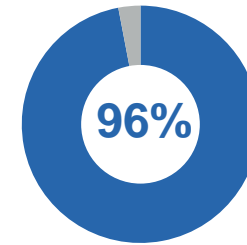
Own a SIM card



Have basic numeracy



Have the necessary ID*



Have access to a mobile phone

2014	61%	72%	64%	93%	61%	89%
2013	NA	67%	70%	79%	66%	87%

*Identification documents (ID) necessary for registering a mobile money or a bank account include one of the following: a National ID, passport, voter's card, driver's license, company or government ID, or village/LC ID.

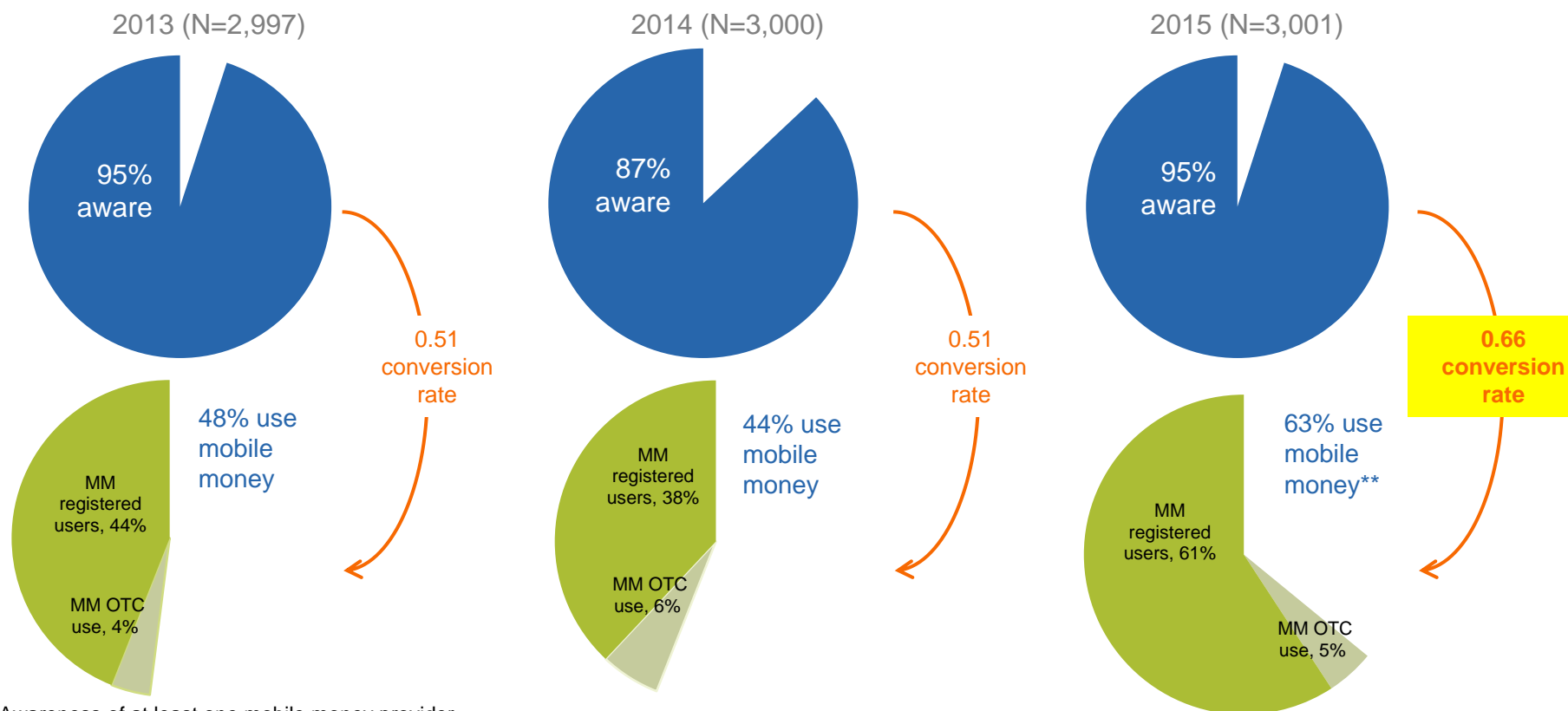
Source: InterMedia Tanzania FII Tracker surveys Wave 1 (N=2,997, 15+), November 2013-March 2014; Wave 2 (N=3,000, 15+), August-October, 2014; Wave 3 (N=3,001, 15+), September-October 2015.

TANZANIA

Most Tanzanians know of a mobile money provider; awareness is more likely to lead to usage and accounts vs. 2014

Conversion from awareness of mobile money providers* to mobile money use

(Shown: Percentage of Tanzanian adults for each year)



*Awareness of at least one mobile money provider.

** Reflects overlap between registered use and OTC. Three percent of adults have a registered account but use OTC.

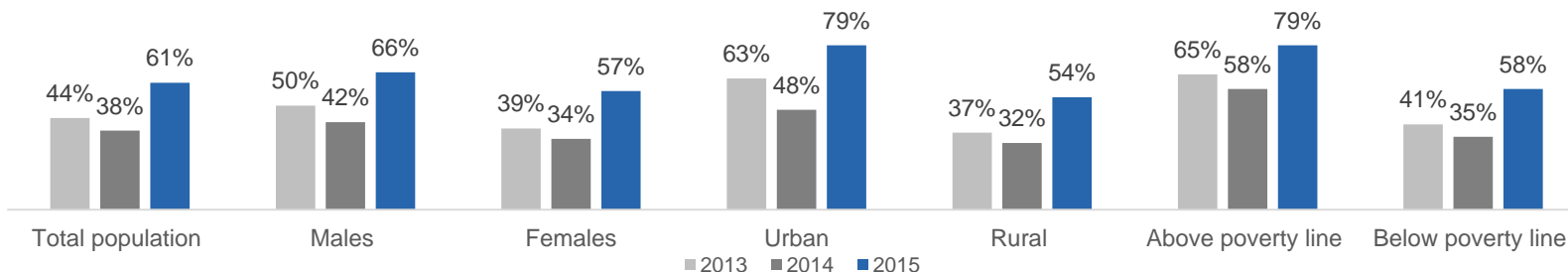
Source: InterMedia Tanzania FII Tracker surveys Wave 1 (N=2,997, 15+), November 2013-March 2014; Wave 2 (N=3,000, 15+), August-October 2014; Wave 3 (N=3,001, 15+), September-October 2015.

TANZANIA

Growth in mobile money account ownership and use includes rural, lower income groups and women

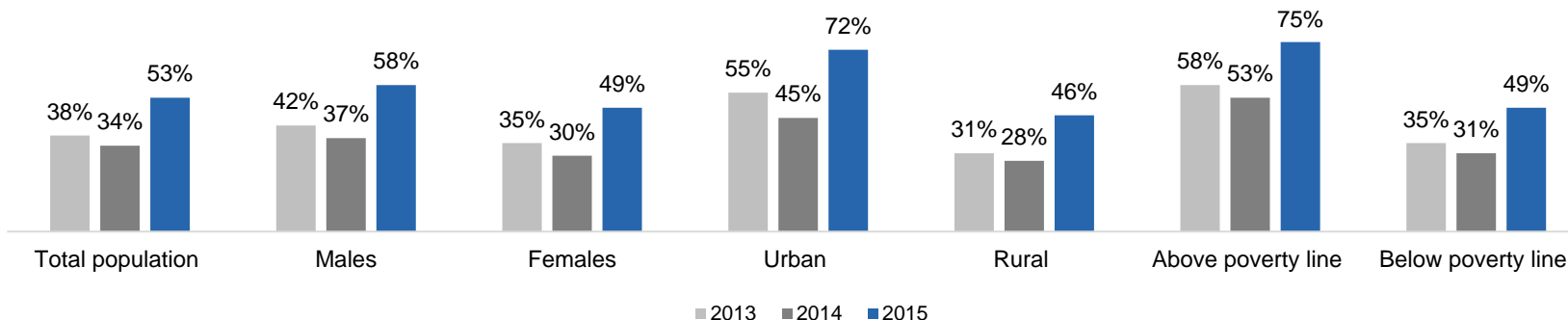
Demographic trends for **all** registered mobile money account use

(Shown: Percentage of Tanzanian adults who fall into each category*)



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

(Shown: Percentage of Tanzanian adults who fall into each category*)



*Categories are not mutually exclusive.

Source: InterMedia Tanzania FII Tracker surveys Wave 1 (N=2,997, 15+), November 2013-March 2014; Wave 2 (N=3,000 15+), August-October 2014; Wave 3 (N=3,001, 15+), September-October 2015.

TANZANIA

Three-quarters of active registered users use advanced mobile money functions, mostly for paying bills and savings

2015: Advanced mobile money account uses

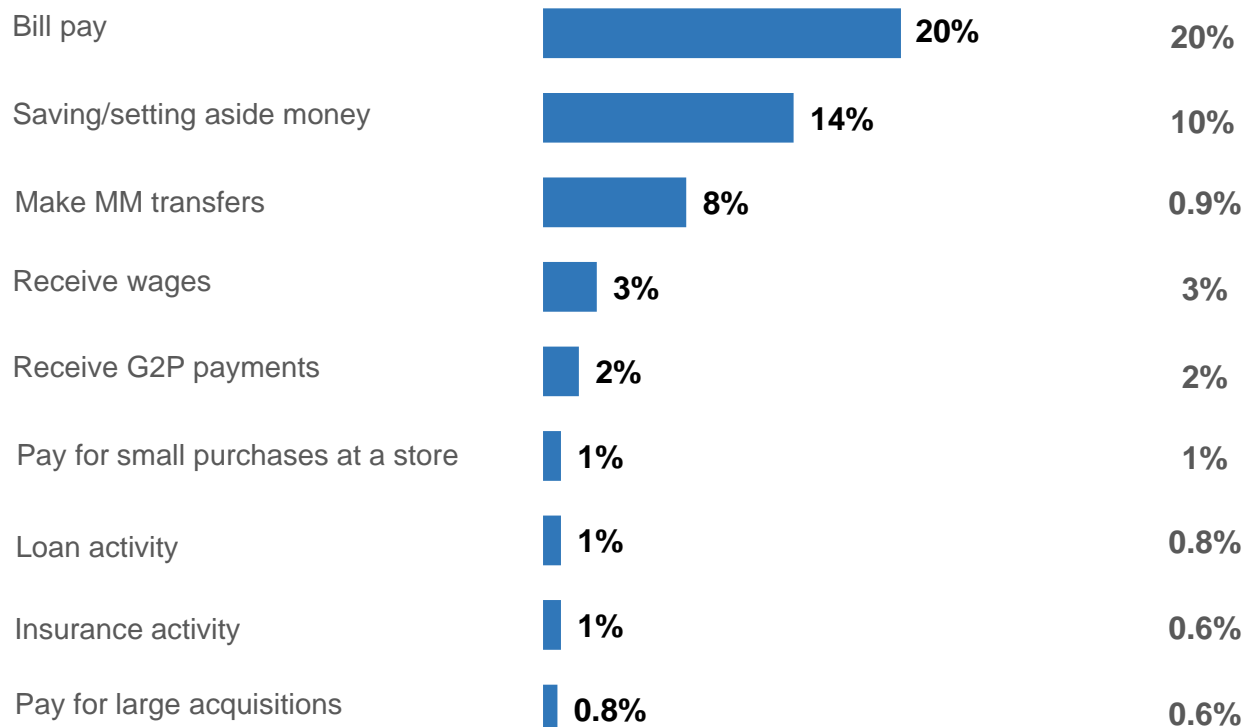
(Shown: Percentage of active mobile money account holders, n=914)

2014
(n=996)

32%

of active registered users have used at least one advanced mobile money function*

(vs. 29% in 2014 and 15% in 2013)



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

Question allowed for multiple responses. *If airtime top-ups are included in advanced functions, the percentage jumps to 72%.

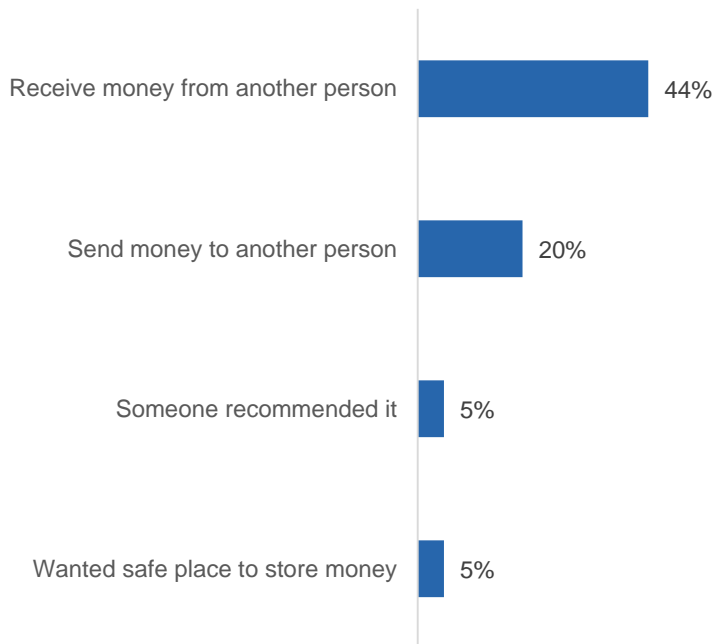
Source: InterMedia Tanzania FII Tracker surveys Wave 2 (N=3,000, 15+), August-October, 2014 and Wave 3 (N=3,001, 15+), September-October 2015.

TANZANIA

Most mobile money users are drawn to the service as a remittance channel; P2P transfers and CICO drive continued use

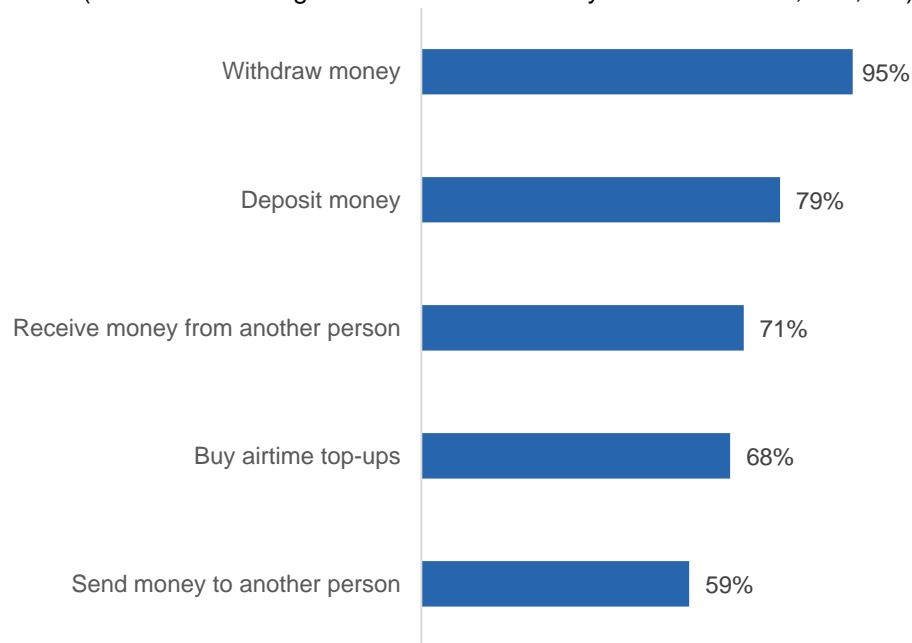
2015: Top reasons active account holders start to use mobile money (MM)

(Shown: Percentage of active mobile money account holders, n=1,593)



2015: Top uses of mobile money services among active account holders

(Shown: Percentage of active mobile money account holders, n=1,593)



Question allowed for multiple responses.

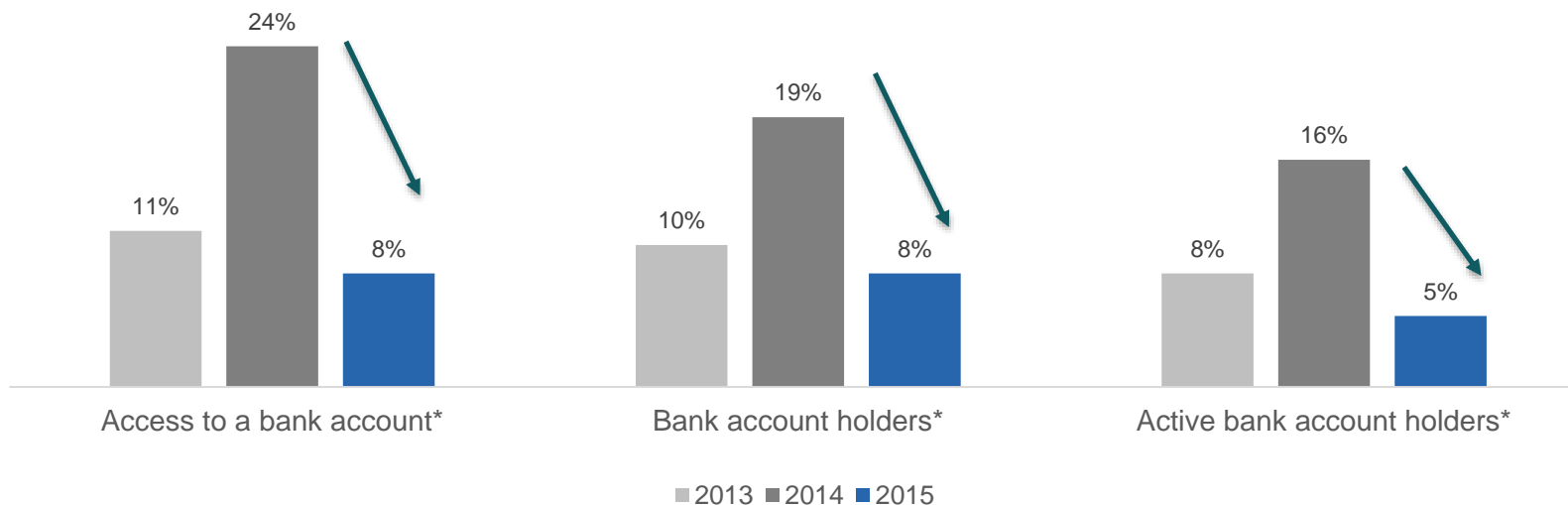
Source: InterMedia Tanzania FII Tracker survey Wave 3 (N=3,001, 15+), September-October 2015.

TANZANIA

Bank account access, ownership and active use retreats after a 2014 surge

Bank account access and use: 2013- 2015*

(Shown: Percentage of Tanzanian adults who fall into each category, 2013 (W1) N=2,997; 2014 (W2) N=3,000; 2015 (W3) N=3,001)



*Categories are not mutually exclusive.

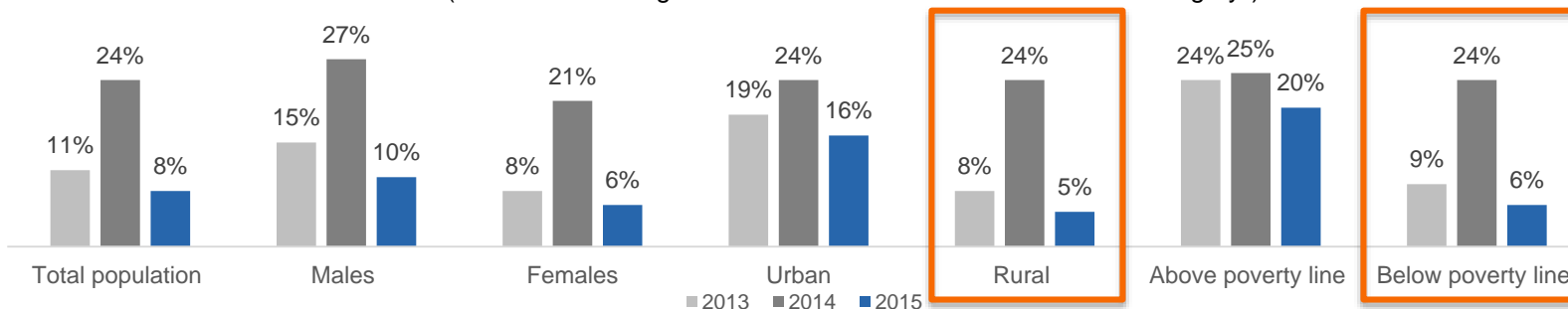
Source: InterMedia Tanzania FII Tracker surveys Wave 1 (N=2,997, 15+), November 2013-March 2014; Wave 2 (N=3,000, 15+), August-October 2014; Wave 3 (N=3,001, 15+), September-October 2015.

TANZANIA

Bank account access, ownership fell most sharply for rural, lower income groups who conversely showed a rise in mobile money use

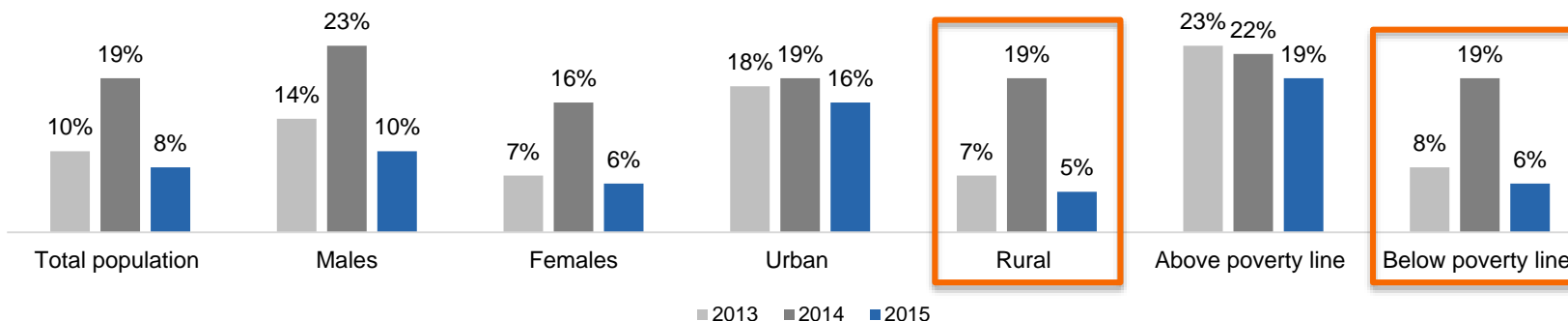
Demographic trends for access to bank accounts

(Shown: Percentage of Tanzanian adults who fall into each category*)



Demographic trends for bank account holders

(Shown: Percentage of Tanzanian adults who fall into each category*)



*Categories are not mutually exclusive.

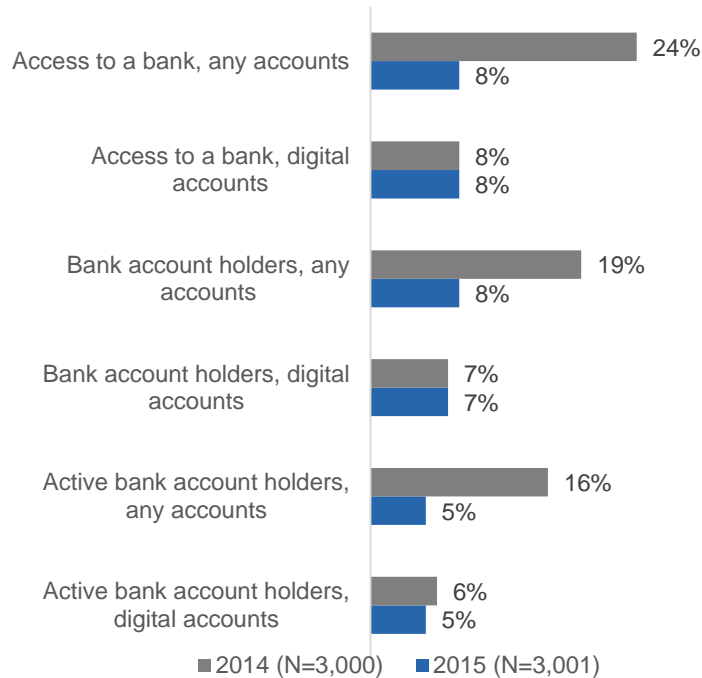
Source: InterMedia Tanzania FII Tracker surveys Wave 1 (N=2,997, 15+), November 2013-March 2014; Wave 2 (N=3,000 15+), August-October 2014; Wave 3 (N=3,001, 15+), September-October 2015.

TANZANIA

The retrenchment in bank account access and usage includes digital accounts

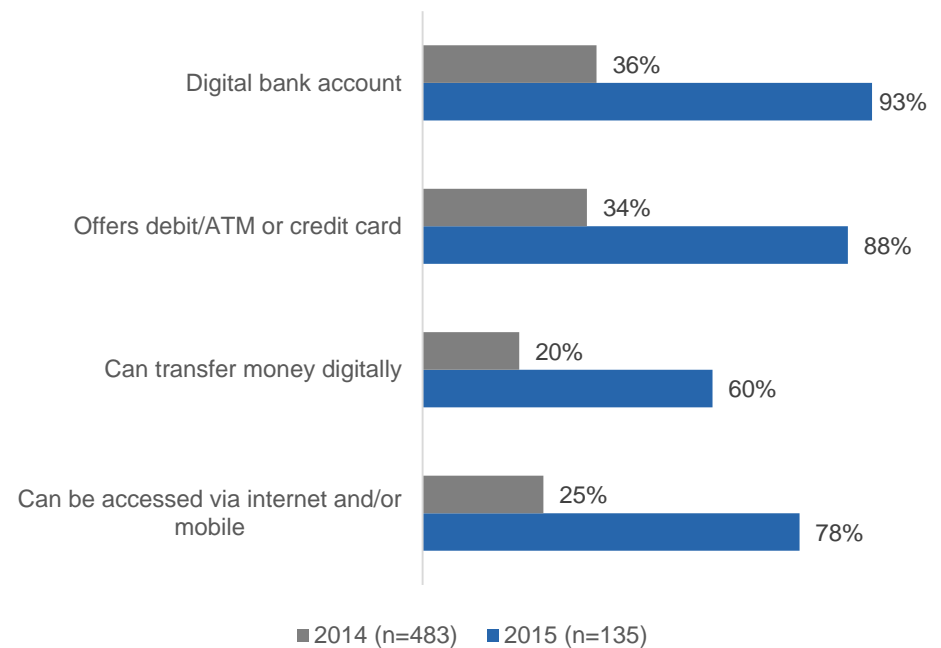
Digital bank account access and usage

(Shown: Percentage of Tanzanian adults)



Digital access among active bank account holders

(Shown: Percentage of active bank account holders)



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

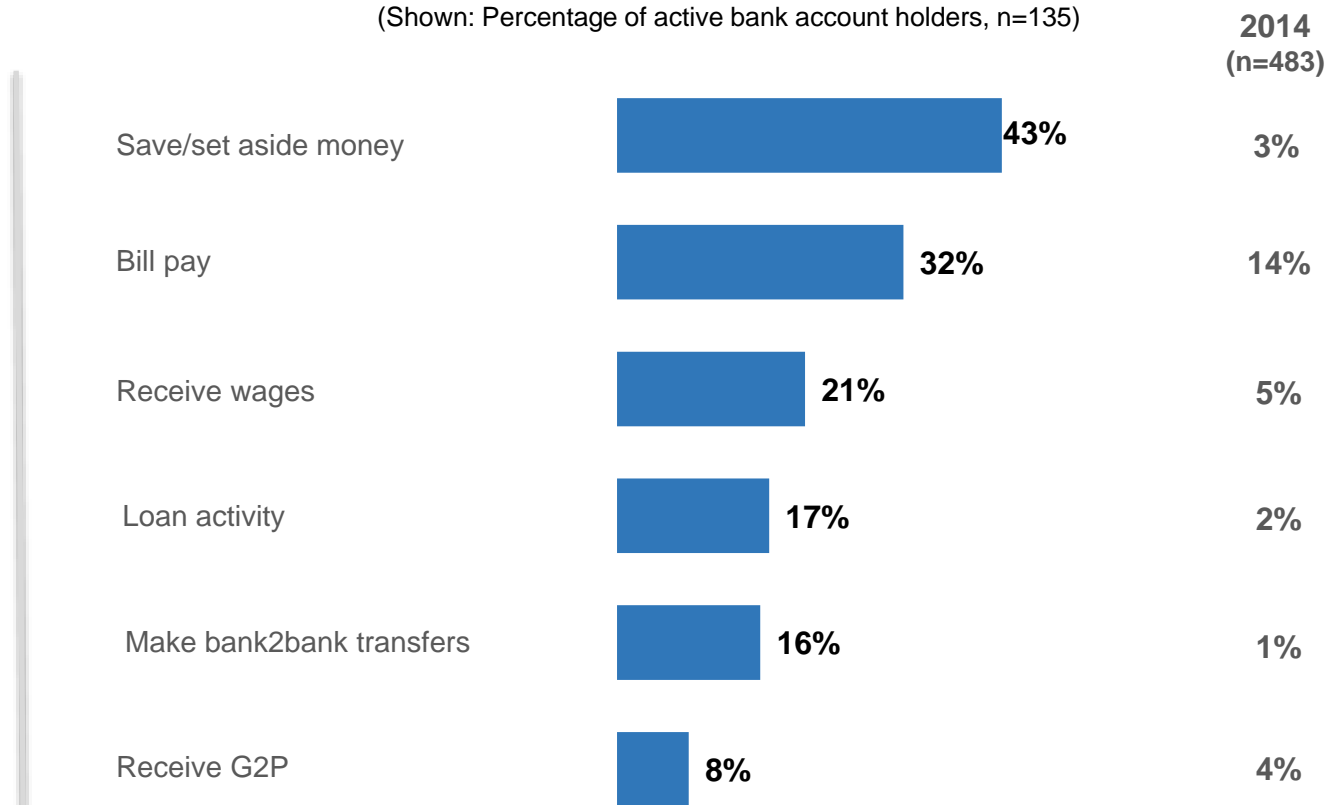
Source: InterMedia Tanzania FII Tracker surveys Wave 2 (N=3,000 15+), August-October 2014; Wave 3 (N=3,001, 15+), September-October 2015.

TANZANIA

More active bank account holders now use advanced services; savings, bill pay and payroll dominate advanced use

65%
of active registered bank users have used at least one advanced banking function
(vs. 25% in 2014 and 45% in 2013)

Top advanced bank account uses
(Shown: Percentage of active bank account holders, n=135)



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

Question allowed for multiple responses.

Source: InterMedia Tanzania FII Tracker surveys Wave 2 (N=3,000, 15+), August-October 2014; Wave 3 (N=3,001, 15+), September-October 2015.

TANZANIA

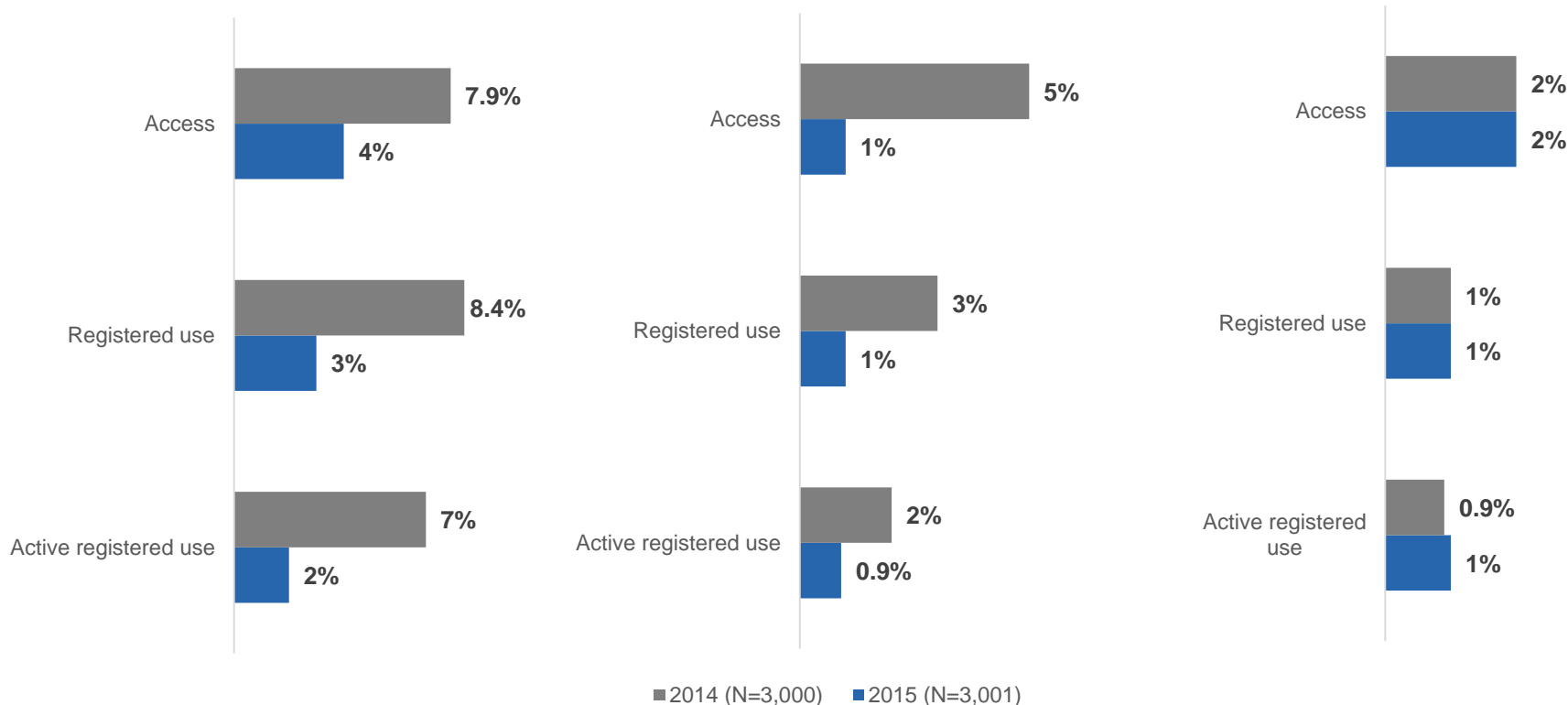
Most nonbank financial institutions (NBFIs) offer their customers at least one other service aside from credit

All NBFIs

Full-service NBFIs

Credit-only NBFIs

(Shown: Percentage of Tanzanian adults for each year)



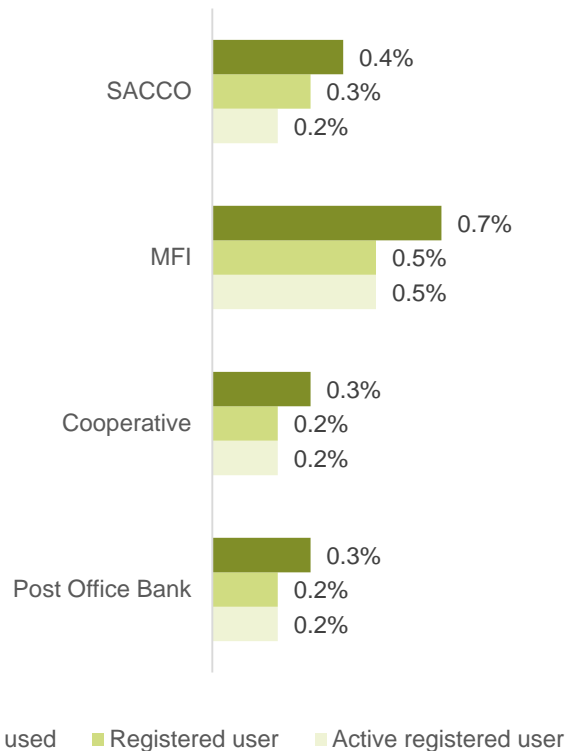
Source: InterMedia Tanzania FII Tracker surveys Wave 2 (N=3,000 15+), August-October 2014; Wave 3 (N=3,001, 15+), September-October 2015.

TANZANIA

Nonbank financial institutions' contribution to financial access is negligible

2015: Nonbank financial institution usage

(Shown: Percentage of Tanzanian adults, N=3,001)



Question allowed for multiple responses.

Source: InterMedia Tanzania FII Tracker survey Wave 3 (N=3,001, 15+), September-October 2015.

TANZANIA

More than half have digital stored-value accounts; many now use them as an access channel for other financial services

Main FSP Indicator	2014	2015	Base Definition
	%	%	
	Base n	Base n	
Adults (15+) who have active digital stored-value accounts	35%	54%	All adults
	3,000	3,001	
Poor adults (15+) who have active digital stored-value accounts	32%	49%	All poor
	2,633	2,484	
Rural women (15+) who have active digital stored-value accounts	25%	38%	All rural females
	1,049	995	
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%	13%	All adults
	3,000	3,001	
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%	10%	All poor
	2,633	2,484	
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)	3%	5%	All rural females
	1,049	995	

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 Tanzania FII Tracker surveys Wave 2 (N=3,000 15+), August-October 2014; Wave 3 (N=3,001, 15+), September-October 2015.

For more information, contact:

Ron Cohn, FII Program Lead

CohnR@InterMedia.org

Charles Wanga, Research Manager, Africa

WangaC@InterMedia.org



www.finclusion.org | Twitter: @finclusion_FII

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.



Headquarters
Washington, D.C.
Tel: +1.202.434.9310

InterMedia Africa
Nairobi, Kenya
Tel: +254.720.109183