

FINANCIAL INCLUSION **insights**

APPLIED RESEARCH FOR  digital financial inclusion

TANZANIA

QUICKSIGHTS REPORT FII TRACKER SURVEY WAVE 1

JULY 2014

THE FINANCIAL INCLUSION INSIGHTS (FII) PROGRAM

The FII research program responds to the need for timely, demand-side data and practical insights on the use of mobile money and other digital financial services (DFS), and the potential for their expanded use among the poor.

The program covers eight countries in Africa and Asia at different stages of DFS development. Research was launched in fall 2013.

FII is operated by global research group InterMedia and sponsored by the Financial Services for the Poor initiative of the Bill & Melinda Gates Foundation. All FII data and research is publicly available through the FII portal: www.finclusion.org.

QuickSights reports provide initial findings from each FII research project. These reports feed into subsequent Wave Reports which synthesize the results from all projects conducted during a wave of research in a given FII country.

All data and materials resulting from the FII program are the property of the Bill & Melinda 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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TANZANIA FII TRACKER SURVEY HIGHLIGHTS

- Forty percent of Tanzanian adults are active users of either bank or mobile money accounts. Thirty-two percent are only active mobile money account users, 2 percent are only active bank account users and 6 percent are both.
- There is a pronounced gender gap in access to formal financial services. Forty-five percent of adult men compared with 35 percent of adult women are either active bank or active mobile money account users. The gap between urban and rural residents, as well as between those living above and below the poverty line, is higher.
- Saving and safe storage are the leading reasons given for starting to use a bank account. However, the majority use the services for P2P transactions.
- Currently, the mobile money market is dominated by Vodacom M-Pesa. Tigo Pesa and Airtel Money are second and third most popular providers, respectively, and are fast expanding their subscribership. With increasing market competition, Tanzanians might soon demonstrate demand for P2P transfers across mobile provider networks.
- The demographics of Vodacom M-Pesa's customer base is reflective of the general population demographics with rural users making up 61 percent of active account holders. This contrasts with Tigo Pesa's customer base, which is 68 percent urban.
- Agents have an essential role in supporting mobile money users with most of their transactional and informational needs. However, agents can also be a cause of frustration, especially when they are rude, absent or experience a shortage of e-float or cash to help with a transaction.

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THE TANZANIA FII TRACKER SURVEY

Survey summary

- A national survey (N=2,997) representative of Tanzanian individuals aged 15+ living in the 30 regions of Tanzania (based on the 2012 census), once a year
- Face-to-face interviews lasting on average 44 minutes
- First survey (Wave 1) conducted from 11/21/2013 to 3/21/2014
- Provides baseline measurements; subsequent annual surveys will measure trends and track market developments in DFS

Data collected

- **Core data on:**
 - Basic demographics
 - Poverty measurement - Grameen Progress out of Poverty Index (PPI)
 - Access/use of mobile devices
 - Access/use of mobile money (MM)
 - Access/use of formal financial services (e.g., bank accounts)
 - Level of satisfaction with financial service providers and products
- **Additional data on:**
 - Mobile money adoption influencers
 - Interoperable mobile money services
 - Technical issues in mobile money use

Two key terms are used in this study:

- **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.**
- **Active account holder** – An individual who has a registered DFS account and has used it in the last 90 days.

These definitions are aligned with the metrics used by the Financial Services for the Poor initiative at the Bill & Melinda Gates Foundation to track global developments in financial inclusion.

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Survey Sample Demographics

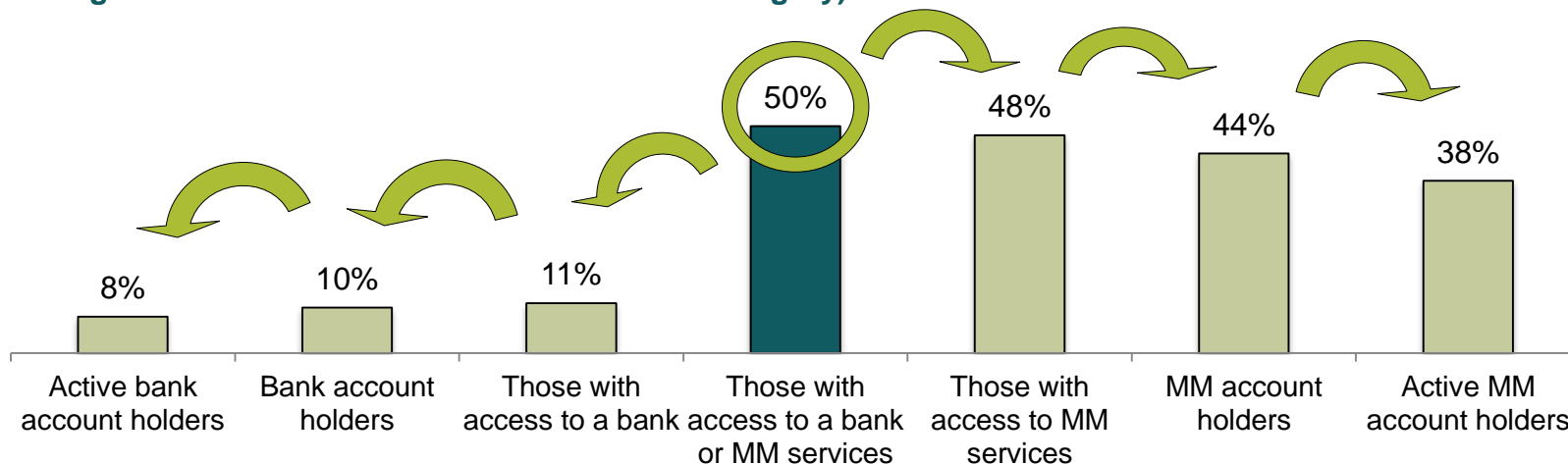
Demographic	% of Sample (N=2,997)
Male	49%
Female	51%
Urban	30%
Rural	70%
Above the poverty line	15%
Below the poverty line	85%
Ages 15-24	30%
Ages 25-34	28%
Ages 35-44	18%
Ages 45-54	11%
Ages 55+	13%

Source: InterMedia Tanzania FII Tracker survey (N=2,997, 15+) November 2013 – March 2014

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Tanzania's financial service sector: General overview

(Percentage of Tanzanian adults who fall into each category)



Key takeaways:

- Half of Tanzanian adults have access to financial services through either a bank or mobile money account, or both
- Of the 50 percent with access to mobile money or a bank, 48 percent use mobile money while only 10 percent have bank accounts.
- Both unregistered and inactive mobile money account use are low.

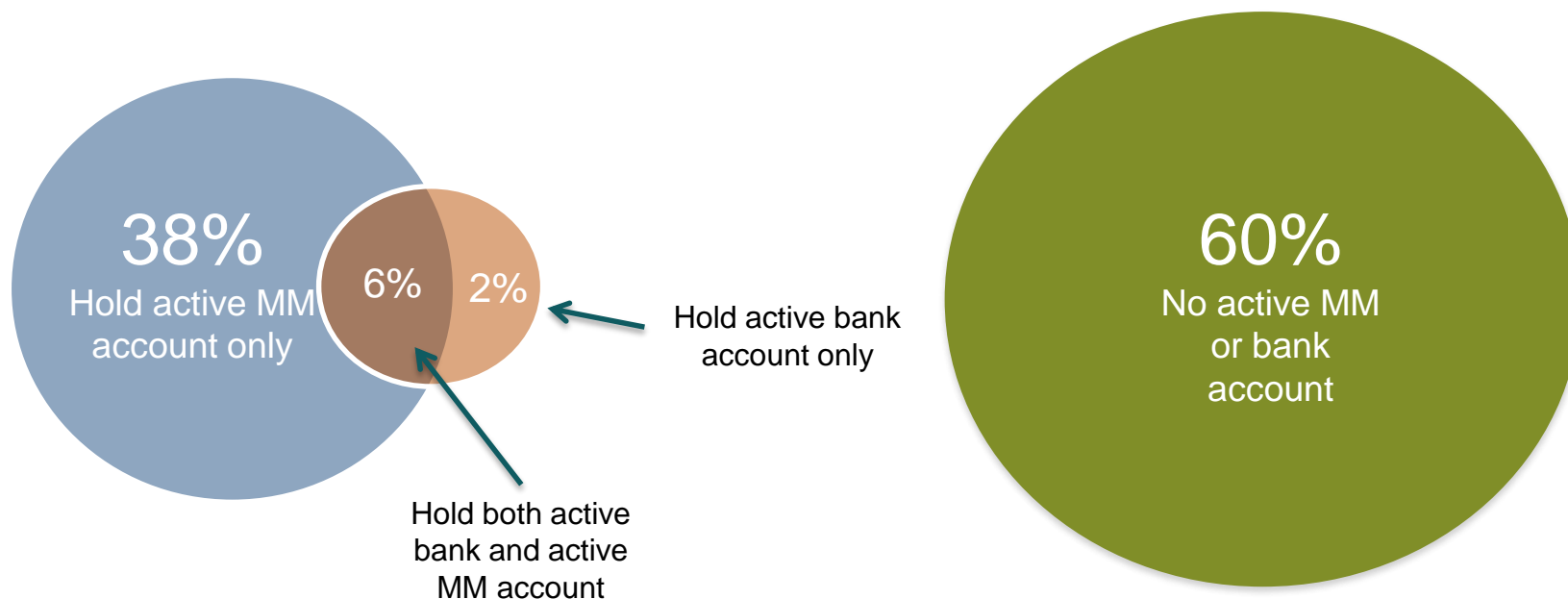
Access to a bank account or mobile money account means a respondent can use bank/mobile money services either via their own account or via an account of another person. Active account holders are those with a registered mobile money and/or bank account who have used that account in the last 90 days. Dormant accounts are those that have been registered but have never been used.

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Mobile money and bank account ownership

Key takeaways:

- Over a third of Tanzanian adults are active MM account holders.
- Mobile money account ownership is almost five times larger than bank account ownership
- Three in five Tanzanian adults are neither active bank nor mobile money account holders

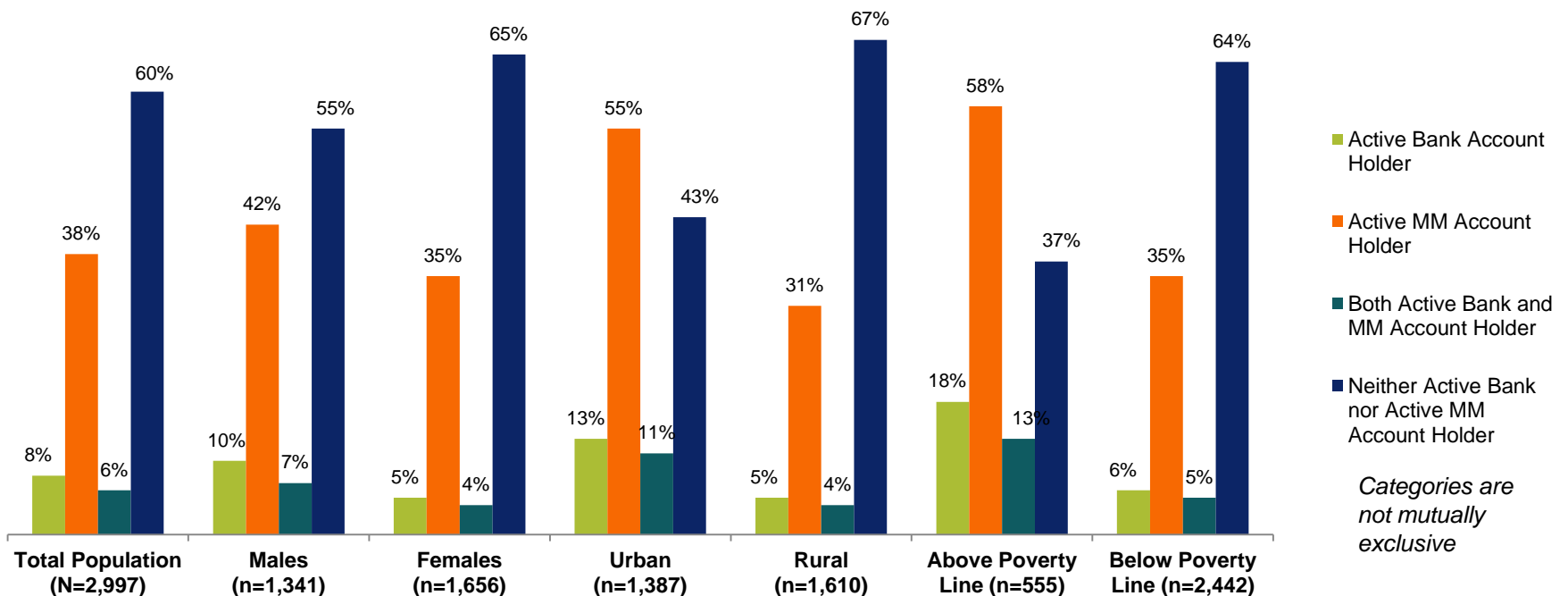


Active account holder = an individual who has a registered digital financial services account (specifically, a mobile money account and/or a bank account) and has used this type of account in the last 90 days

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Financial inclusion measures by key demographic groups

Percent of Tanzanian adults, who are users or nonusers of banks and mobile money, by key demographics

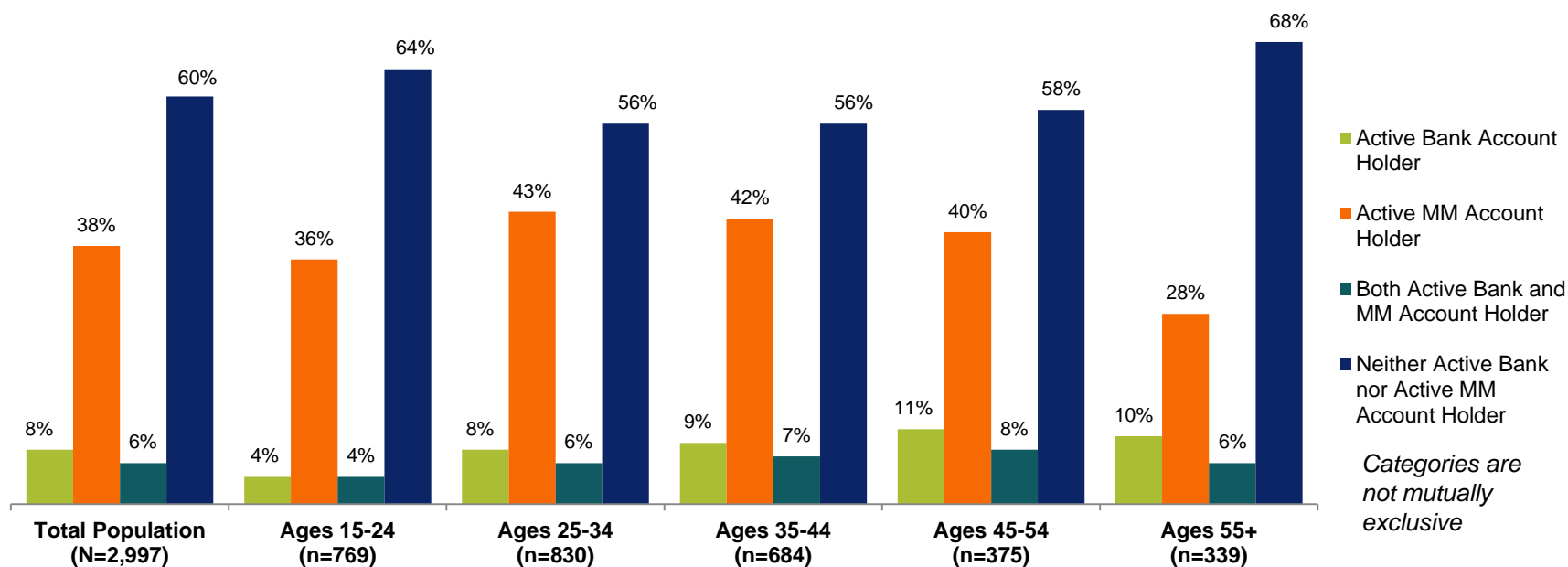


Source: InterMedia Tanzania FII Tracker survey (N=2,997, 15+) November 2013 – March 2014

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Financial inclusion measures by age groups

Percent of Tanzanian adults, who are users or nonusers of banks and mobile money, by key demographics



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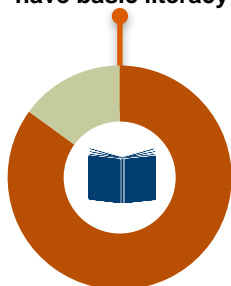
Literacy, numeracy rates higher among active DFS users

Literacy

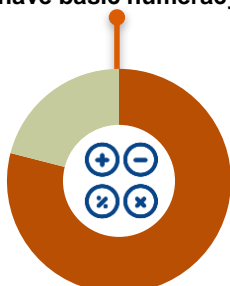
Numeracy

National average
(n=2,997)

85%
of Tanzanian **ADULTS**
have basic literacy

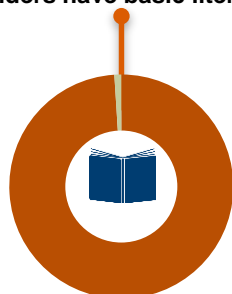


79%
of Tanzanian **ADULTS**
have basic numeracy

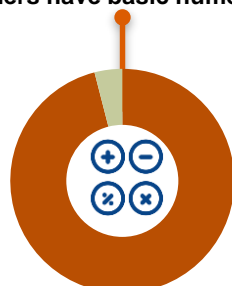


Active BANK account holders
(n=271)

99%
of active **BANK** account
holders have basic literacy

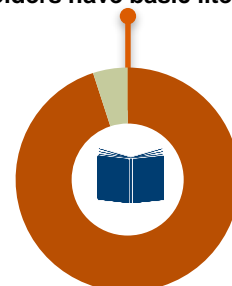


96 %
of active **BANK** account
holders have basic numeracy

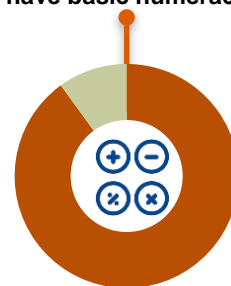


Active MM account holders
(n=1,095)

95%
of active **MM** account
holders have basic literacy



90%
of active **MM** account holders
have basic numeracy



Key takeaways:

Overall, the Tanzanian population has high rates of basic numeracy and literacy.

Active bank account holders are significantly more likely than the general population to have basic literacy/numeracy skills.

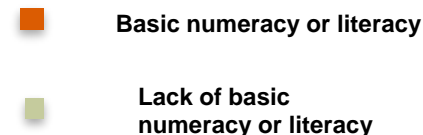
Active mobile money account users are more likely to be literate or numerate than the national average.

This suggests neither literacy or numeracy are barriers to mobile money uptake.

Definitions:

Basic literacy – the ability of an individual to read and understand a short, simple statement with little or no help from another person during the survey.

Basic numeracy – the ability to apply simple mathematical concepts by correctly answering at least two out of three simple arithmetic questions in the survey.



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Mobile money awareness and triggers for use

Radio is the top source for information on mobile money services with eight in 10 listing radio first; three in 10 mentioned billboards and television.

At this point, neither transactional nor field agents play an important role in serving as key sources of information about mobile money services.

Rank	Top 5 initial sources <i>(n=1,095, active MM account holders)</i>	%
①	Radio	81
②	Billboards	35
③	Television	34
④	Family and/or friends	15
⑤	Field registration agents	5

Only 12% of active mobile money account holders said a personal recommendation prompted their use of mobile money

Rank	Top 5 recommendations <i>(n=138, those who started using MM because of a personal recommendation)</i>	%
①	Family member in the respondent's household	37
②	Classmate, childhood friend, friend of the family	23
③	Family member in another household	10
④	Mobile money agent	9
⑤	A neighbor	5

Question for top 5 sources: "From which source of information did you first learn about this mobile money service?" (asked for all services heard about)

Question for top 5 recommendations: "Whose recommendation convinced you to start using m-money?"

Both questions allowed multiple responses.

Source: InterMedia Tanzania FII Tracker survey (N=2,997, 15+) November 2013 – March 2014

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Bank and mobile money account use is driven by two key reasons: savings and P2P transactions

Top five reasons why people start using bank and mobile money accounts

Rank	Top reasons for starting to use a BANK account (n=271, active bank account holders)	%	Top reasons for starting to use an MM account (n=1,095, active MM account holders)	%
①	I wanted to start saving money with a bank	51	I had to receive money from another person	42
②	I wanted a safe place to store my money	32	I had to send money to another person	19
③	I had to receive money from another person	17	I wanted a safe place to store my money	15
④	I had to receive money from an organization/government agency (e.g., a pension or unemployment payment)	14	I wanted to start saving money with mobile money	10
⑤	I had to send money to another person	10	I saw a billboard/poster/TV/radio advertisement that convinced me	3

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Bank account vs. mobile money account use

Despite the intent to save, few active account holders do so. The top reasons for using bank and mobile money accounts are almost the same: basic cash-in/cash-out, followed by airtime top-ups and P2P transfers.

Percent of active bank and MM account holders, who use their accounts for selected activities

Rank	Top uses for active BANK account holders (n=271)	%	Top uses for active MM account holders (n=1,095)	%
①	Withdraw money	97	Withdraw money	97
②	Deposit money	86	Deposit money	75
③	Receive money from other people for regular support, receive allowances	20	Buy airtime top-ups	51
④	Receive wages for primary job	17	Receive money from other people for emergencies	31
⑤	Buy airtime top-ups	15	Receive money from other people for regular support, receive allowances	25

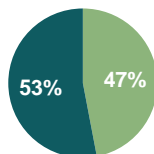
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Mobile money uses by demographics

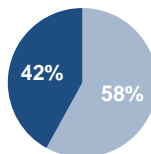
Top three uses with demographic breakdown
(Percentage of active mobile money account holders, n=1,095)

1 97%
Withdraw money
(n=1,050)

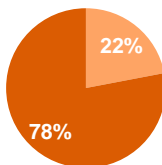
Gender



Urban/Rural

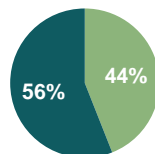


Above/Below Poverty Line

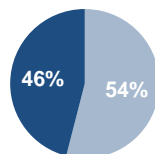


2 75%
Deposit money
(n=850)

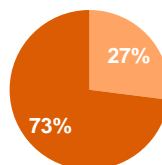
Gender



Urban/Rural

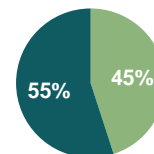


Above/Below Poverty Line

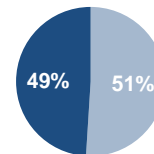


3 51%
Buy airtime top-ups
(n=575)

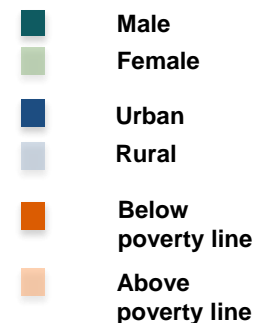
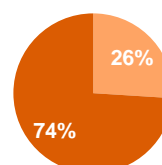
Gender



Urban/Rural



Above/Below Poverty Line



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Transaction time and costs*

On average, mobile money agent transactions tend to be almost three times faster than bank transactions, have lower error rates (1:7) but are more expensive.

		Bank account transaction (n=271, active account holders)	MM agent transaction (n=1,095, active account holders)
Time spent (min.)	Median time spent	20	7
	Range of time spent	1-180	1-135
Customer transaction cost (USD)	Median cost	0.3	0.8
	Range of costs**	0 - \$1.8	0 - \$3
Effectiveness	Failed transactions (%)	7%	1%

Analysis of time and money spent showed that there was no significant variation by gender, urban/rural and above/below the poverty line.

*Transaction time includes both transportation time and time required to conduct the transaction. Transaction cost includes both transportation costs and the cost of conducting the transaction, such as transaction fees.

** The top 5% of recalled fees were excluded for both bank and mobile money transactions to exclude potential outliers and those confusing a fee with the actual transfer amount.

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Uptake of services is low for services that go beyond “basic” wallet

Rank	Top 5 uses beyond money transfer among active mobile money account holders (n=1,095)	%
①	Pay a utility bill	8
②	Save money	5
③	Pay a school fee	2
④	Receive wages	2
⑤	Pay a medical bill	1

Rank	Percent of active mobile money account holders who have difficulty performing MM transactions (n=1,095)	%
①	Sending money	17
②	Withdrawing money	17
③	Buying airtime	13
④	Any agent transactions	12
⑤	Check balance	11

Source: InterMedia Tanzania FII Tracker survey (n=1,095,15+) November 2013 – March 2014

Key takeaways:

- Mobile money users are more focused on using mobile money for sending and receiving funds. They still do not consider mobile money a solution to their broader financial transaction needs, such as paying bills or fees, receiving transfers from government agencies and employees, etc.
- Low uptake of value-added services might be due to a lack of awareness of such services, as shown in the FII Tanzania focus group study (<http://finclusion.org/wp-content/uploads/2014/04/FII-Tanzania-Wave-One-Consumer-Voices-QuickSights-Report.pdf>).

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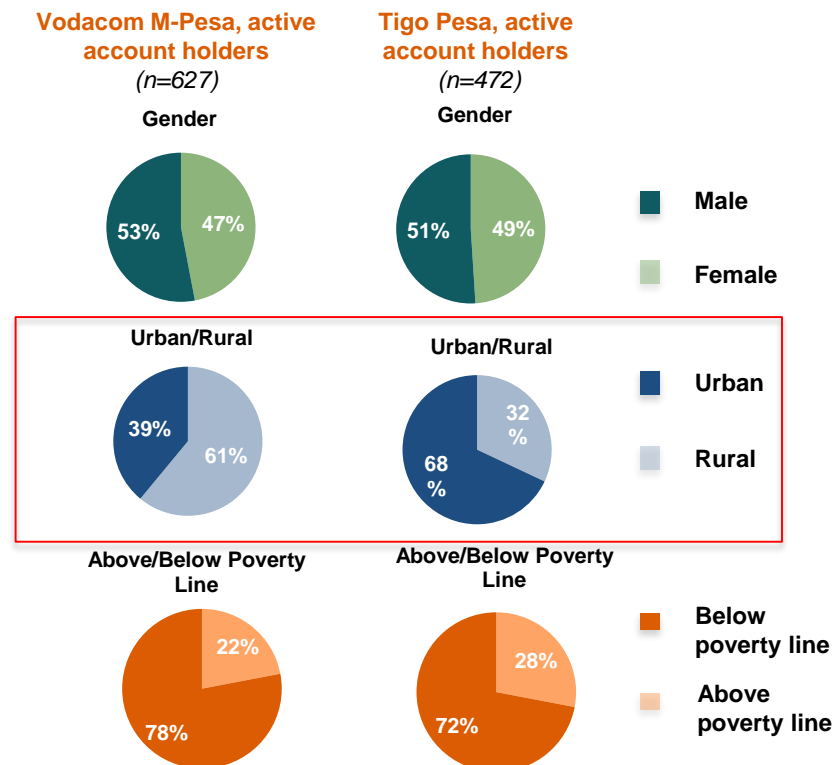
Tanzania's Mobile Money Market

Vodacom maintains a dominant position with seven in 10 active account holders using M-Pesa. Tigo Pesa and Airtel Money are in second and third place, respectively.

MM Provider *	% of active MM account holders of these services (n=1,095)
Vodacom M-Pesa	68
Tigo Pesa	27
Airtel Money	22
Ezy Pesa	1

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

Vodacom M-Pesa customers are mostly rural, while Tigo Pesa serves mostly urban dwellers. Both providers have similar customer profiles by gender and poverty levels.



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Interoperable mobile money services

With increasing competition, a need for P2P transfers across different mobile money providers may be emerging.

Percentage of active mobile money account holders who needed to do the following activities in the last 90 days

Rank	Top 5 most frequently mentioned interoperability needs (n=1,095)	% of active MM users
1	Receive money to their mobile money account from an account of another person who used a different mobile money provider	16
2	Send money from their mobile money account to an account of another person who used a different m-money provider	14
3	Pay a bill or a fee from their mobile money account to a mobile money account of an organization that used a different mobile money provider	3
4	Transfer money between their mobile money account and their bank/MFI account	3
5	Transfer money between their mobile money account and their chama (savings group) account	3

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Six in 10 mobile money users identified mobile money agents as key to successful transactions

Agents are also the point of contact when customers need help.

When a mobile money transaction goes wrong, who in your opinion should take responsibility for resolving a problem?

Top 5 choices (n=1,095, active mobile money account holders)	%
Mobile money agent	59
Mobile money provider	34
Me	5

When you experienced a problem [you mentioned above], did you ask a mobile money agent for help?

Percent who asked or did not ask an agent for help (n=393), active MM account holders who experienced a problem)	%
Yes	97
No	3

Key takeaways:

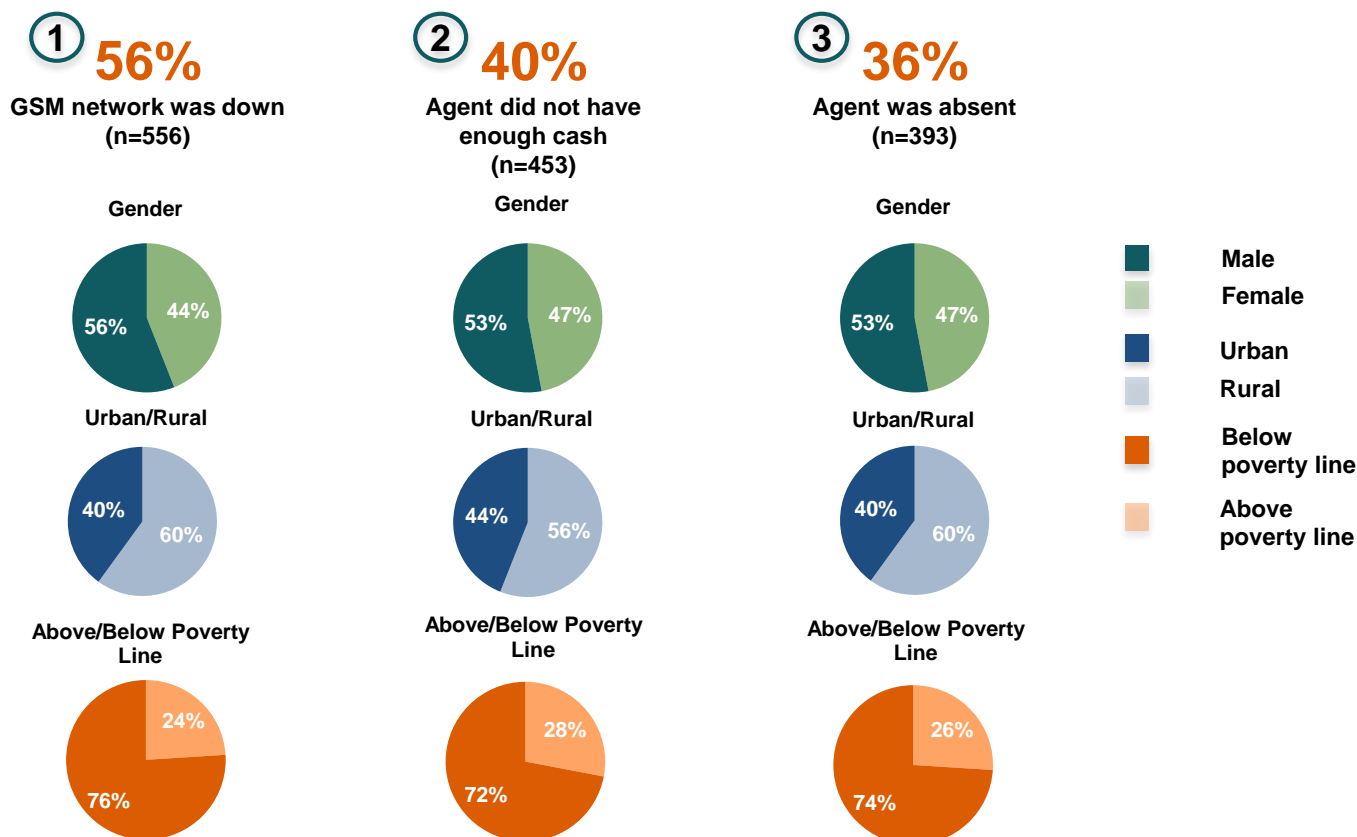
- Mobile money users see agents as more than transaction operatives. They are also the mobile money providers' customer service representatives and are key to the successful completion of transactions.
- Most active mobile money account holders turn to agents when issues arise, such as a forgotten PIN or transaction errors (i.e., money sent to wrong number or failed transfers).
- Mobile money users have an expectation that agents should be able to resolve any and all issues.
- Six in 10 mobile money users (60 percent) perceive agents to be friendly, but only four in 10 agents were considered helpful (37 percent).

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Six in 10 active mobile money account holders experienced network problems during transactions

Top three agent issues by demographic group

(Percentage of active mobile money account holders (n=1,095))

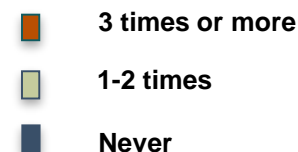
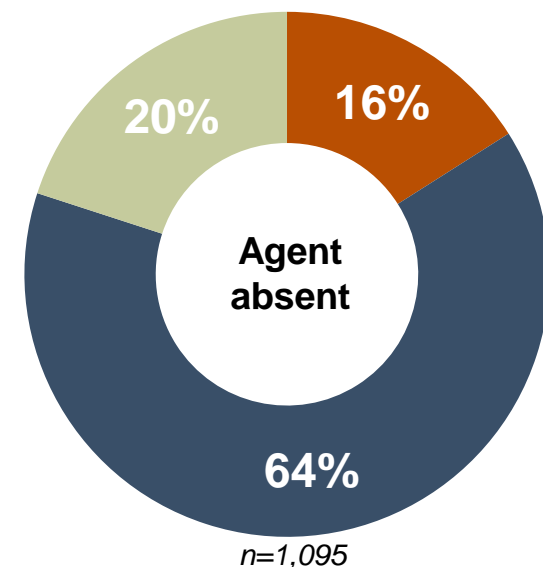
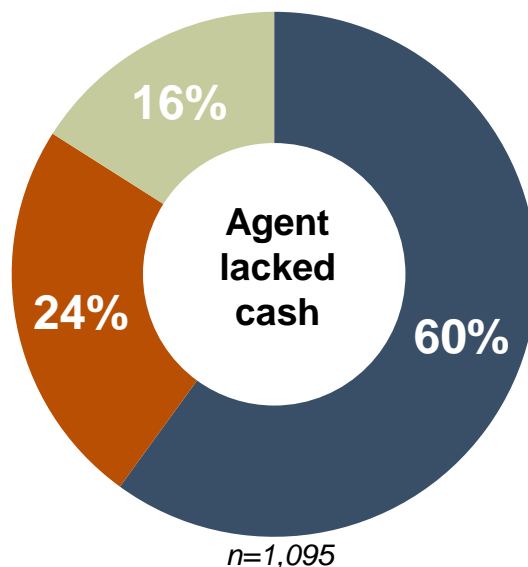
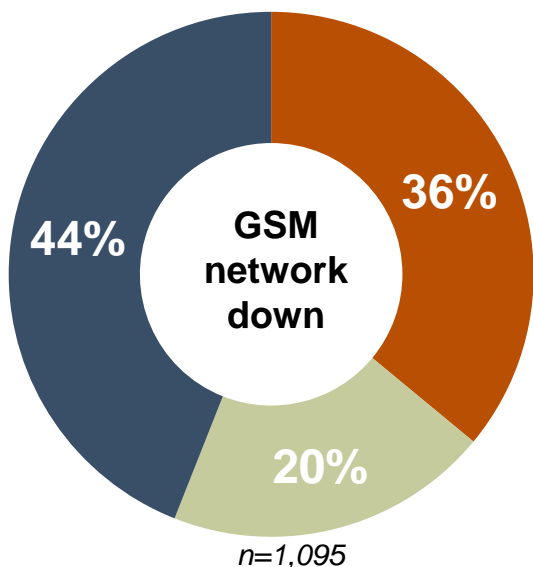


Source: InterMedia Tanzania FII Tracker survey (N=2,997,15+) November 2013 – March 2014

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Mobile money account holders experience network problems more than any other issue

Number of times active mobile money account holders experienced this issue in the last six months



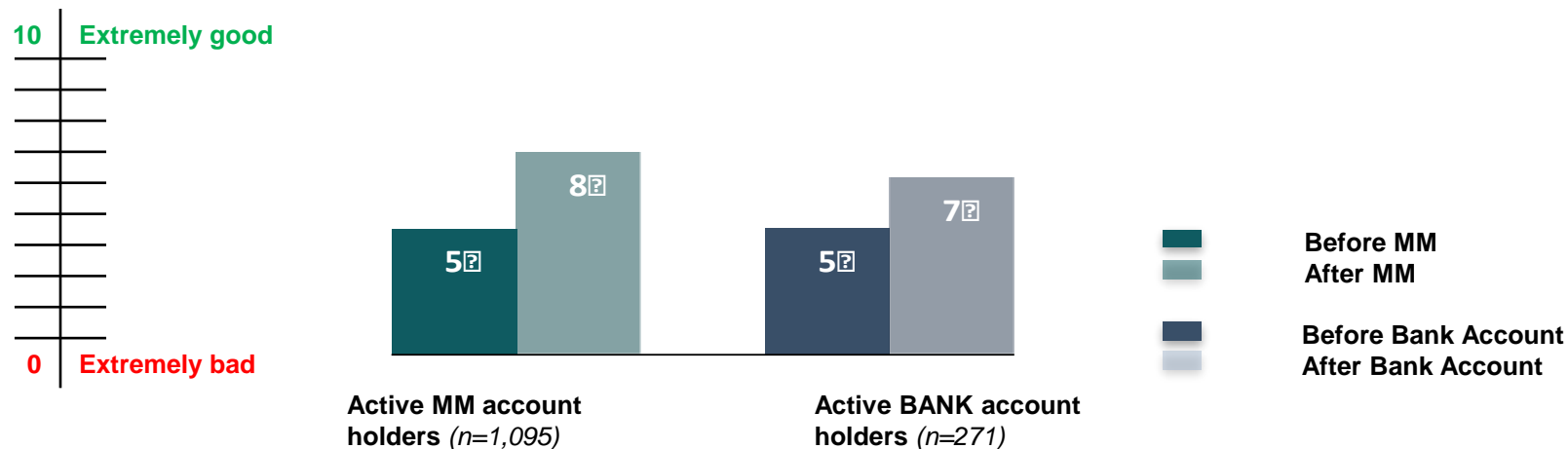
Source: InterMedia Tanzania FII Tracker survey (n=1,095, 15+) November 2013 – March 2014

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Satisfaction with available financial options

After Tanzanians obtain mobile money or bank accounts, their perceptions of the range of financial service options available to them greatly improved.

Average before-and-after ratings for range of available financial services options among active mobile money and bank account holders



Analysis showed that there was no significant variation by gender, urban/rural and above/below the poverty line.

SAMPLING APPROACH

Working with Tanzania National Bureau of Statistics (TNBS)

- InterMedia and TNBS agreed on a sample of 2,997 that was nationally representative of adults (15+).

Sampling Frame

- TNBS's sampling frame of all EAs, by district, was used to draw the sample of the required EAs for the survey.

Sampling Enumeration Areas (EAs)

- TNBS drew the sample of the required number of EAs by region based on the 2012 census.
- A sample of 300 EAs was drawn from urban and rural strata using systematic probability proportional to population size method (using numbers of households rather than people).
- Ten interviews were conducted per EA.

Sampling Start-Points, Households and Respondents

- One start-point within each EA was chosen by randomly selecting from a list of local landmarks identified by village elders.
- Households (see Glossary) were selected using a random route walk, standardized skip pattern and process for substitution.
- One respondent per household was selected using the Kish grid method and relevant consent for eligible respondents under 18 years of age was obtained.

GLOSSARY OF TERMS

- **Active account holder** – An individual who has a registered digital financial service account (DFS, see definition below) 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.
- **Agent** – A person or business contracted by a DFS provider to provide services to DFS customers using their own bank or mobile money account.
- **Banked** – An individual with a registered account at a formal financial institution. For this particular study, “banked” are all individuals with their own bank accounts.
- **Basic literacy** – The ability of an individual to read and understand a short, simple statement with no or minimal help from another person.
- **Basic numeracy** – The ability to apply simple mathematical concepts. In this survey, basic numeracy refers to the ability of an individual to correctly answer at least two out of three simple arithmetic questions.
- **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** – 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, without him/her physically present at a branch of a financial institution providing the account. For this particular study, DSVAs include a bank card (debit or credit) and a mobile money account.

GLOSSARY OF TERMS (cont.)

- **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.
- **Households** – All those who satisfy at least two of the following three conditions: (1) share the same food pot, (2) share the same roof or (3) have a common decision maker.
- **Interoperability** – The ability of users of different digital financial services (e.g., Safaricom M-PESA and Airtel Money) to transact directly with each other without the use of intermediary organizations.
- **Lapsed registered/non-registered user** – An individual who has used a DFS on his/her own or somebody else's account, but has not done so in the last 90 days.
- **Mobile money** – 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.
- **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 as prescribed by the National Bureau of Statistics.

*<http://www.centerforfinancialinclusion.org/publications-a-resources/financial-inclusion-glossary>

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