TANZANIA

WAVE 4 REPORT
FII TRACKER SURVEY

Conducted August - September 2016

April 2017
PUTTING THE USER FRONT AND CENTER

The Financial Inclusion Insights (FII) program responds to the need identified by multiple stakeholders for timely demand-side data and practical insights into digital financial services (DFS), including mobile money, and the potential for their expanded use among the poor.

The FII team implements nationally representative population surveys and qualitative research studies in Bangladesh, India, Indonesia, Kenya, Nigeria, Pakistan, Tanzania and Uganda to:

• Track access to and demand for financial services, especially DFS;
• Measure adoption and use of DFS among key underserved groups (females, poor, rural, etc.);
• Identify drivers and barriers to further adoption of DFS;
• Evaluate the agent experience and the performance of mobile money agents; and
• Produce actionable, forward-looking insights based on rigorous data to support product and service development and delivery.

The FII program is managed by InterMedia. Visit the FII Resource Center to learn more: www.finclusion.org.
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EXECUTIVE SUMMARY
What is financial inclusion?

Financial inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way (The World Bank). Financially included individuals are those who have an account in their name with a full-service financial institution.

How is it measured?

We measure financial inclusion as the percentage of adults (15+ years old) who report having at least one account in their name with an institution that offers a full suite of financial services, and comes under some form of government regulation.

How is it created?

Financial inclusion is created through the uptake and use of individual accounts with institutions that offer a full suite of financial services – savings, credit, money transfers, insurance and investment. Full-service financial institutions include banks, mobile money service providers, and nonbank financial institutions, such as deposit-taking microfinance institutions (MFIs) and financial cooperatives.

What institutions and services do not count?

Individuals who own accounts with institutions that are not full service, such as credit-only microfinance institutions (MFIs), are not considered financially included. Individuals who do not have their own full-service account or use someone else’s account are not considered financially included. Individuals who only use services such as money guards, savings collectors, and digital recharge cards that are not attached to a bank or MFI account are also considered financially excluded.
# Survey Demographics

<table>
<thead>
<tr>
<th>Gender</th>
<th>Adult population (+15)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>48%</td>
</tr>
<tr>
<td>Female</td>
<td>52%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Geography</th>
<th>Adult population (+15)</th>
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</thead>
<tbody>
<tr>
<td>Urban</td>
<td>34%</td>
</tr>
<tr>
<td>Rural</td>
<td>66%</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Age</th>
<th>Adult population (+15)</th>
</tr>
</thead>
<tbody>
<tr>
<td>15-24</td>
<td>34%</td>
</tr>
<tr>
<td>25-34</td>
<td>25%</td>
</tr>
<tr>
<td>35-44</td>
<td>17%</td>
</tr>
<tr>
<td>45-54</td>
<td>11%</td>
</tr>
<tr>
<td>55+</td>
<td>12%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Aptitude</th>
<th>Adult population (+15)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic literacy</td>
<td>80%</td>
</tr>
<tr>
<td>Basic numeracy</td>
<td>95%</td>
</tr>
</tbody>
</table>

COUNTRY CONTEXT

In 2016, vigorous enforcement of laws and regulations, including the deactivation of counterfeit phones, new and stronger know-your-customer (KYC) requirements, and excise and value-added taxes on fees associated with financial transactions, coincided with a decline in mobile phone ownership, registered mobile money accounts, and active mobile money accounts, compared to 2015. Many of these indicators are nevertheless significantly higher compared to 2014.

Phone ownership: In June 2016, the Tanzania Communications Regulatory Authority (TCRA) placed a ban on counterfeit mobile phones and began to switch off all “fake” phones that did not meet the equipment standards specified in the 2014 Electronic and Postal Communication Act. According to the BBC, as of mid-June 2016, 630,000 phones had been shut down, with over 1.2 million additional deactivations expected to follow. This may be the main reason for the decline in phone access and ownership in 2016.

Deactivation of SIM cards: In July 2016, the TCRA required mobile phone companies to deactivate all improperly registered SIM cards or face steep fines. The TCRA required all consumers to register their SIM cards, using their official identification documents, through a recognized agent. The ban on improperly registered SIM cards included SIM cards sold to subscribers without registering their official identity documents or requiring them to fill out registration forms, and SIM cards that were not fully registered in compliance with regulations.

Value-added tax (VAT) on financial transactions: In the 2016/2017 budget year, the government of Tanzania imposed new taxes on fees associated with most financial services, including mobile money. These new taxes included an 18-percent value-added tax (VAT) on bank fees and commissions, as well as a 10-percent excise tax for sending and withdrawing money through mobile money transfers. The new taxes may account for the drop in use among users below the poverty line. Those below the poverty line who are using mobile money only for cash-in cash-out (CICO) and P2P transfers would be the first to be affected by the new taxes.

Telecom’s IPO requirements: In mid-2016, the Tanzanian National Assembly passed the Finance Bill, which requires all Mobile Network Operators (MNO) to list their companies on the Dar es Salaam Stock Exchange within six months. This bill followed a similar request made by the Electronic and Postal Communication Act of 2010. As of Jan. 4, 2017, three main MNOs – Vodacom, Tigo and Airtel – submitted their IPO proposals for review. The smaller and newer MNOs missed the deadline, exposing themselves to possible government penalties up to the revocation of their licenses. The potential cancellation of Zantel’s license could impose serious hardships on Zanzibarians, who are serviced almost exclusively by this provider. The newer MNOs do not yet have a stable customer base.

New financial inclusion initiatives: A number of government policies are aimed at reducing the barriers to uptake and use of financial services, including, but not limited to, improving financial literacy, increasing the geographic distribution and coverage of mobile money providers, and cracking down on uncompetitive pricing practices by digital and financial service providers. Since 2008, the Bank of Tanzania (BOT) has promoted an enabling policy environment for the expansion of financial inclusion, which has supported a steady increase in the number of Tanzanians with access to financial services.

New financial inclusion target: The Bank of Tanzania set a new target for the country’s financially included population under the National Financial Inclusion Framework (NFIF, 2014/2017) strategy document. The new target set a financial inclusion goal of 80 percent of Tanzanian adults using a financial access point by 2017, and 70 percent of the population living within 5 kilometers of a financial access point by 2017. The progress on reaching the 2017 target is yet to be reported. The target was revised after the country showed outstanding performance and surpassed its original goal of enabling 50 percent of adults to access formal financial services by 2016. Rather this target was reached in 2014, much earlier than expected. The increase in Tanzanians’ access to formal financial services is mainly driven by the increase in use of mobile money accounts.
COUNTRY CONTEXT (CONT.)

**Interoperability:** Through the Bank of Tanzania’s (BOT) leadership, the country has become the global leader in interoperability of mobile money services. Tanzania is the first country in the world to have implemented full interoperability of mobile money services, using standard industry practices. Interoperability allows customers to conveniently transact from mobile wallet to mobile wallet and across networks at no extra cost. The four major MNOs, Airtel, Tigo, Vodacom and Zantel, became interoperable in February 2016. (Halotel and SMART have not joined as of yet.) While there are no extra charges for transacting across providers, the taxes on transaction fees recently introduced by the government still apply. The government has used interoperability as a way to help address the inconsistencies in mobile money services and prices across various geographic areas, and as a tool to achieve its broader goals of financial inclusion and stability within the financial sector.

**Financial literacy campaign:** The BOT established the National Financial Education Framework 2016-2020 to provide communities with financial education programs to promote sound financial decision-making among rural communities, the poor and youth. This initiative supports financial education awareness and training, and financial education curriculum development for students (plans are underway for launching the new curriculum).
Fewer Tanzanians are financially included in 2016 (54 percent) vs. 2015 (62 percent) due to a decline in ownership and active use of mobile money accounts.

- In 2016, mobile money account ownership declined to 53 percent vs. 61 percent in 2015. Active use of mobile money accounts also decreased to 40 percent vs. 53 percent in 2015.
- These declines were a direct result of the government’s decision to deactivate counterfeit phones and unregistered SIM cards. Phone ownership declined to 62 percent (vs. 77% in 2015). The BBC reported that 630,000 counterfeit mobile phones were disconnected as of mid-June 2016, and deactivations may affect about 2 million people.
- The groups affected the most by the drop in phone ownership were those younger than 35, those living below the poverty line, and mostly rural residents, although some urbanites were also affected. Most of the individuals in these groups owned basic mobile phones, and most had just one phone per household. Once the phones were disconnected, financial constraints prevented them from replacing their phones.
- It is important to note that access to mobile money services remained stable—mainly because “disconnected users” were able to switch from registered to OTC use. This switch was made possible because mobile money use in Tanzania remains very basic—focusing on CICO and P2P transfers—only 19 percent use advanced services.

The use of banks remained stable but low in comparison to mobile money. Most bank and NBFI users also use mobile money; moreover, many use mobile money accounts more actively than banks and NBFIs.

- NBFI account ownership modestly increased to 3 percent vs. 1 percent in 2015, reflecting an increase in account registration with full-service NBFIs.
- Access to bank accounts remained at 8 percent year-on-year, most likely due to the fact that Tanzanians do not see the value in paying high fees for bank transactions. They tend to stick to informal financial networks that provide accessible financial services at relatively lower rates.
- Active bank account use among registered account holders increased by seven points, now at 72 percent vs. 65 percent in 2015.

There are still gaps in access to and use of financial services by gender, poverty status and urbanicity.

- The gender gap in mobile phone ownership decreased somewhat in 2016, but not because more females own phones—rather fewer males own phones due to the deactivation of counterfeit phones.

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

Source: InterMedia Tanzania FII Tracker survey Wave 4 (N=3,029, 15+), August-September 2016.
FINANCIAL AND DIGITAL INCLUSION

• Just over half of Tanzanian adults are financially included; the same proportion can access their accounts digitally.
• Mobile money is the main driver of financial and digital inclusion. NBFIs are behind mobile money and banks; only 3% of adults own a full-service NBFI account and only 1% of NBFI account owners are digitally included.

Source: InterMedia Tanzania FII Tracker survey Wave 4 (N=3,029, 15+), August-September 2016.
• Just under two-thirds of adults have access to any financial service. Registered users of bank accounts remained stable as a proportion of the population. NBFI access and registered account ownership increased slightly.
• The deactivation of counterfeit phones and SIM cards may have precipitated a decline in mobile money account ownership in 2016 relative to 2015, as registered mobile money users turned back to over-the-counter services.

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; Wave 4 (N=3,029, 15+), August-September 2016.
ACTIVE USE AND ADVANCED USE AT A GLANCE

- Active use of financial accounts declined mainly due to the crackdown on counterfeit phones and illegal SIM cards, which significantly reduced the use of basic mobile phones.
- Even though registered and active use of mobile money dropped significantly vs. 2015, advanced active use did not – it increased slightly. This suggests that people who lost their registered mobile money accounts and stopped using their accounts actively were not advanced users of the services, but used mobile money only for CICO and P2P transfers.

![Bar chart showing active registered users and advanced active registered users by year and financial service type.](chart.png)

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; Wave 4 (N=3,029, 15+), August-September 2016.
CUSTOMER JOURNEY

- PRECONDITIONS
- ACCESS & TRIAL
- REGISTRATION
- ACTIVE USE
- ADVANCED ACTIVE USE
Financial inclusion may be conceived as a process through which an individual’s needs are met by advancing step-by-step towards increasingly active engagement with a growing range of financial services.

Understanding how different demographic groups advance on the customer journey is useful for developing strategies and interventions to assist more individuals to become users of the financial services that meet their needs.

Five major stages in the customer journey are described in the figure below. The registration stage is where the FII program counts an individual as financially included, but the journey begins before, and extends after, registration.

**CUSTOMER JOURNEY**

- **Preconditions** are the set of skills and resources necessary to progress on the customer journey for a specific type of financial account. Different preconditions are required to start the customer journey for different types of financial accounts.
- **Access & trial** is the use of a full-service bank or NBFI account, or a mobile money account, registered in the individual’s name or in someone else’s name, including over-the-counter transactions completed via mobile money agents.
- **Registration** of a full-service bank, mobile money, or NBFI account is the point in the customer journey where individuals are counted as financially included.
- **Active use** means that an individual has used his/her registered account to transfer money, save, or borrow within the previous 90 days.
- **Advanced active use** includes saving, borrowing, bill payment, merchant payment, receiving wages, and/or receiving government payments using a financial account registered in the user’s name within the previous 90 days.
PATHWAYS TOWARD FINANCIAL INCLUSION

- Mobile money is the key pillar of financial inclusion in Tanzania, and it has a relatively high conversion rate from the trial stage through active use. However, the number of adults who convert from active to advanced use is lower, possibly because advanced use comes with higher fees and different (more stringent) know your customer (KYC) requirements.

- Bank customers are mostly upper- and upper-middle class Tanzanians who can afford to pay high fees and meet KYC entry standards. Once in, however, customers do not have to be vetted again to use advanced financial products. Their transition from trial to advanced use is smooth, and banks enjoy high customer-retention rates at every stage of the customer journey.

- In Tanzania, NBFIs are commonly established to provide an alternative to banks and mobile money services, particularly for the more vulnerable populations. The use of full-service NBFIs, however, is proportionally small.

(Percentage of Tanzanian adults, N=3,029)

Source: InterMedia Tanzania FII Tracker survey Wave 4 (N=3,029, 15+), August-September 2016.
THE MOBILE MONEY CUSTOMER JOURNEY

• Nearly nine in 10 Tanzanians who tried mobile money services advanced along the customer journey to registered use. Similarly, about three-fourths of registered users advanced to active use. However, less than half of active users progressed to advanced active use.

• The mobile money customer journey suggests that Tanzanians recognize the value of mobile money as a transactional tool and it fits well with the way they transact on a daily basis. However, Tanzanians do not use mobile money providers’ advanced value-added products possibly because of (a) low awareness of the products; (b) low product accessibility, including prohibitive pricing; (c) low perceived relevance of value-added products and a subsequent lack of interest in using them, or (d) the availability of more attractive/accessible products on the market.

Source: InterMedia Tanzania FII Tracker survey Wave 4 (N=3,029, 15+), August-September 2016.
THE BANKING CUSTOMER JOURNEY

- Eighty-eight percent of adults who tried banking services, advanced to registered use of banks; seven in 10 registered users used their accounts actively; eight in 10 active registered users progressed to advanced active use. Banks enjoyed high rates of customer conversion at each stage in the journey.

- Currently, banks are used almost exclusively by those in the upper- and upper-middle classes who reside in urban areas. Based on the 2016 FII data, Tanzanians open a bank account because they have a need for advanced services, such as savings, borrowing and investment. These customers appreciate the benefits of having a bank account and it is likely they will continue to use banks.

- Tanzanians living below the poverty line and the less educated perceive banks as financial institutions for the rich; hence, even when they have access to banks (in rural or urban areas), they choose to use mobile money, NBFIs or informal financial tools. To expand their customer pool and include underserved populations, banks could offer packaged promotions (e.g., transactional and advanced products together) to stimulate trial and registration, and educate potential users in the basics of financial decision-making to help increase their financial literacy.

2016: Conversion rate for each step in the banking customer journey
(Shown: Percentage of Tanzanian adults)

- ACCESS & TRIAL 8%**
- REGISTRATION 7%**
- ACTIVE USE 5%**
- ADVANCED ACTIVE USE 4%**

*Proportion that progressed to the next stage in the journey
**Proportion of the total population (n=3,029) at each stage in the journey

Source: InterMedia Tanzania FII Tracker survey Wave 4 (N=3,029, 15+), August-September 2016.
THE NBFI CUSTOMER JOURNEY

• Full-service NBFs are uncommon in Tanzania, which might explain the limited uptake of these services. In 2016, only 4% of adults reported accessing full-service NBFs; eight in 10 adults progressed to registration and seven in 10 moved to active use.

• Historically, NBFs served as an alternative to banks for those rural, poor, and less educated. NBFs were also important for females, who used them not only for financial support but also as a place to learn through interactions with older females.

• Only 50% of active NBFI users progressed to advanced active use. Regulators should create a better ecosystem to promote financial inclusion for females, especially those below the poverty line, by using available technologies, including mobile money and digital NBFI services.

2016: Conversion rate for each step in the NBFI customer journey
(Shown: Percentage of Tanzanian adults)

Source: InterMedia Tanzania FII Tracker survey Wave 4 (N=3,029, 15+), August-September 2016.
PRECONDITIONS FOR FINANCIAL INCLUSION

- Certain resources and skills are preconditions for advancing on the customer journey.
- While some of the following preconditions are necessary to access a financial account, others are not strictly necessary but enable a consumer to register a financial account and use it in a meaningful manner to reap the benefits of financial inclusion.

Source: InterMedia Ugandan FII Tracker survey Wave 4 (N=3,000, 15+), July-August 2016
PRECONDITIONS: KEY INDICATOR TRENDS

- Except for basic numeracy, most of the other indicators of preparedness that are tracked by the FII program have significantly declined vs. 2015.
- The mobile phone access indicator is down to 2013/2014 levels due to the deactivation of counterfeit phones and SIM cards following regulatory enforcement by the Tanzanian government.

### 2016: Key indicators of preparedness for digital financial services

(Shown: Percentage of Tanzanian adults, N=3,029)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have the necessary ID*</td>
<td>91%</td>
<td>61%</td>
<td>66%</td>
</tr>
<tr>
<td>Mobile phone access</td>
<td>96%</td>
<td>89%</td>
<td>87%</td>
</tr>
<tr>
<td>Own a SIM card</td>
<td>79%</td>
<td>64%</td>
<td>70%</td>
</tr>
<tr>
<td>Mobile money awareness</td>
<td>95%</td>
<td>87%</td>
<td>95%</td>
</tr>
<tr>
<td>Financial literacy</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Have basic numeracy</td>
<td>96%</td>
<td>93%</td>
<td>79%</td>
</tr>
<tr>
<td>Ability to send a text message</td>
<td>78%</td>
<td>61%</td>
<td>NA</td>
</tr>
</tbody>
</table>

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; Wave 4 (N=3,029, 15+), August-September 2016.
GEOGRAPHICAL ACCESS

- Three in five adults know of a mobile money (MM) agent within 1 kilometer of where they live; most other mobile money agents are either too far away to use or unknown to potential users.
- Apart from mobile money agents, the proximity of bank POS dropped vs. 2015. One of the main reasons for the drop is the closure of bank branches with the banking sector consolidation that started in the first quarter of 2016 with a high profile merger of Berkley's Africa Limited Bank and the National Bank of Commerce Tanzania.

2016: Proximity to points-of-service (POS) for financial institutions
(Shown: Percentage of Tanzanian adults, N=3,029)

A total of 63% of adults know of an MM kiosk or agent within 1 km of their homes

An informal group is the closest financial POS after individual and store-based MM agents

Source: InterMedia Tanzania FII Tracker survey Wave 4 (N=3,029, 15+), August-September 2016.
AWARENESS OF MOBILE MONEY

- Ninety-four percent of adults (regardless of their gender or poverty status) can name at least one mobile money provider.
- Close to a fifth of those who are unaware of mobile money are both illiterate and do not have access to a mobile phone. To engage this unaware population, providers will have to employ creative incentive plans such as reward points, as well as find creative ways to reach those with literacy impediments – possibly through marketing materials that use imagery, and door-to-door outreach.

2016: Awareness by poverty level

- 99% of adults living above $2.5/day poverty line are aware
- 93% of adults living below $2.5/day poverty line are aware

2016: Awareness by gender

- 97% of males are aware
- 91% of females are aware

2016: Unaware of mobile money

- 17% Lack basic literacy
- 3% Lack basic numeracy
- 17% Have no access to a phone

Source: InterMedia Source: InterMedia Tanzania Fil 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; Wave 4 (N=3,029, 15+), August-September 2016.
Across demographic groups, financial literacy rates in Tanzania are very low, despite the high rates of basic numeracy. This is partly because, until the launch of mobile money, the Tanzanian financial system was serving only a small group of well-off and well-educated adults through banks.

The increase in access to mobile money since 2013 provides opportunities for Tanzanians to improve their livelihoods, but also comes with risks associated with easier access to credit. To address this, the Bank of Tanzania (in collaboration with Financial Sector Deepening Trust) launched a national financial literacy program in 2016 to help adults learn how to utilize new mobile-based financial tools effectively.

New to the FII survey in 2016, the financial literacy indicator uses a combination of survey items that measure basic knowledge of four fundamental concepts in financial decision-making (interest rates, interest compounding, inflation, and risk diversification) following the Standard and Poor’s Rating Service’s Global Financial Literacy Survey methodology.

2016: Numeracy and financial literacy, by demographic
(Shown: Percentage of Tanzanian adults in each category)

<table>
<thead>
<tr>
<th>Category</th>
<th>Numeracy</th>
<th>Financial literacy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above poverty</td>
<td>98</td>
<td>99</td>
</tr>
<tr>
<td>Below poverty</td>
<td>22</td>
<td>95</td>
</tr>
<tr>
<td>Male</td>
<td>23</td>
<td>99</td>
</tr>
<tr>
<td>Female</td>
<td>18</td>
<td>98</td>
</tr>
<tr>
<td>Urban</td>
<td>16</td>
<td>94</td>
</tr>
<tr>
<td>Rural</td>
<td>17</td>
<td>94</td>
</tr>
</tbody>
</table>

Source: InterMedia Tanzania FII Tracker survey Wave 4 (N=3,029, 15+), August-September 2016.
FINANCIAL ACCOUNT REGISTRATION AND PRECONDITIONS

- Mobile money account registration is not possible without a phone, and text messaging is essential to operating a registered account. Financial literacy is, however, not a key requirement for registration. Financial literacy helps users understand the importance of basic and advanced financial services, but without the basic equipment and technical skills, financial literacy has little impact.

Source: InterMedia Tanzania FII Tracker survey Wave 4 (N=3,029, 15+), August-September 2016.
GENDER AND PRECONDITIONS

- In 2016, mobile phone access, SIM ownership and the ability to send or receive texts – the key skills and resources necessary to register and use digital financial accounts – declined among men and women, but remained higher among men.
- Men tend to make transactions on their own behalf and on the behalf of females in their households. Supporting women to become independent users of financial tools through policy and mobile skills development is crucial to increasing financial inclusion among women.

Source: InterMedia Tanzania Fil 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; Wave 4 (N=3,029, 15+), August-September 2016.
MOBILE PHONE OWNERSHIP

- Deactivation of counterfeit phones resulted in a 15-percentage-point decrease in general mobile phone ownership in 2016 versus 2015.
- Those uniquely affected by this were adults who owned only basic phones. While feature phone ownership inched up, the increase was not sufficient to compensate for the loss of basic mobile phones.

Type of mobile phone owned
(Shown: Percentage of Tanzanian adults, by year)

Source: InterMedia Tanzania FII Tracker surveys Wave 3 (N=3,001, 15+), September-October 2015; Wave 4 (N=3,029, 15+), August-September 2016.
DECREASE IN BASIC PHONE OWNERSHIP

- The following table shows the change in basic mobile phone ownership by demographic, after the deactivation of “fake” phones and unregistered SIM cards.
- The three groups with the biggest declines in basic phone use were young, rural females above the poverty line, older, rural males above the poverty line and young, rural males below the poverty line.

<table>
<thead>
<tr>
<th>Change in basic mobile phone ownership (Shown: Percentage of Tanzanian adults, by year)</th>
<th>Urban</th>
<th>Rural</th>
<th>Urban</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td>Males 15-34 above the poverty line</td>
<td>39%</td>
<td>25%</td>
<td>-14%</td>
<td>48%</td>
</tr>
<tr>
<td>Males 15-34 below the poverty line</td>
<td>41%</td>
<td>22%</td>
<td>-19%</td>
<td>40%</td>
</tr>
<tr>
<td>Males 35+ above the poverty line</td>
<td>55%</td>
<td>45%</td>
<td>-10%</td>
<td>53%</td>
</tr>
<tr>
<td>Males 35+ below the poverty line</td>
<td>43%</td>
<td>34%</td>
<td>-9%</td>
<td>47%</td>
</tr>
<tr>
<td>Females 15-34 above the poverty line</td>
<td>37%</td>
<td>21%</td>
<td>-16%</td>
<td>42%</td>
</tr>
<tr>
<td>Females 15-34 below the poverty line</td>
<td>44%</td>
<td>22%</td>
<td>-22%</td>
<td>30%</td>
</tr>
<tr>
<td>Females 35+ above the poverty line</td>
<td>51%</td>
<td>38%</td>
<td>-13%</td>
<td>61%</td>
</tr>
<tr>
<td>Females 35+ below the poverty line</td>
<td>39%</td>
<td>26%</td>
<td>-13%</td>
<td>41%</td>
</tr>
</tbody>
</table>

Source: InterMedia Tanzania FII Tracker surveys Wave 3 (N=3,001, 15+), September-October 2015; Wave 4 (N=3,029, 15+), August-September 2016.
PHONES AND MOBILE MONEY DEREGISTRATION

- The groups that showed the largest decreases in basic mobile phone ownership also showed a decline in ownership of registered mobile money accounts. Based on this observation, we can arrive at two important conclusions:

  1. Mobile phones, even basic models, are critical to expanding and sustaining the use of mobile money; the addition or subtraction of phones to/from the marketplace will be reflected in the registered use of mobile money.

  2. Since so much of mobile money activity still reflects the use of basic services, registered users, who lost their phones, were able to switch to over-the-counter (OTC) use and continue using the services.

Registered mobile money users
(Shown: Percentage of Tanzanian adults, by age group and year)

OTC mobile money users
(Shown: Percentage of Tanzanian adults, by age group and year)

Source: InterMedia Tanzania FII Tracker surveys Wave 3 (N=3,001, 15+), September-October 2015; Wave 4 (N=3,029, 15+), August-September 2016.
ACCESS & TRIAL

PRECONDITIONS

ACCESS & TRIAL

REGISTRATION

ACTIVE USE

ADVANCED ACTIVE USE

TANZANIA
ACCESS AND TRIAL OF FINANCIAL SERVICES

- In East Africa, Tanzania is the second leading country in the rate of access to full-service financial accounts (either their own or one belonging to someone else), after Kenya. Mobile money is the most commonly used service.
- In 2016, the proportion of the population who said they had their own bank account or use someone else's account remained stable. The proportion who had ever used mobile money was also unchanged from 2015. Although use of NBFIs inched up in 2016, the increase was not large enough to change the overall portion of the adult population who have access to financial accounts.

### Access to Financial Services

(Shown: Percentage of Tanzanian adults, by year)

<table>
<thead>
<tr>
<th>Year</th>
<th>Nonbank Financial Institution</th>
<th>Bank</th>
<th>Mobile Money</th>
<th>NBFi, Bank, and/or Mobile Money</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>11 (N=2,997)</td>
<td>8</td>
<td>48</td>
<td>50 (N=3,029)</td>
</tr>
<tr>
<td>2014</td>
<td>5 (N=3,000)</td>
<td>8</td>
<td>44</td>
<td>60 (N=3,029)</td>
</tr>
<tr>
<td>2015</td>
<td>1 (N=3,001)</td>
<td>8</td>
<td>63</td>
<td>63 (N=3,029)</td>
</tr>
<tr>
<td>2016</td>
<td>4 (N=3,029)</td>
<td>8</td>
<td>61</td>
<td>63 (N=3,029)</td>
</tr>
</tbody>
</table>

62% of adults have access to at least one type of financial service

Source: InterMedia 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; Wave 4 (N=3,029, 15+), August-September 2016.
OTC USE

- Over-the-counter (OTC) mobile money use increased significantly in 2016, mainly due to deactivated counterfeit phones. Registered users who were not able to replace their phones turned to mobile money agents to complete transactions, mostly P2P transfers. The key groups to switch to OTC use were both males and females younger than 35 in rural and urban areas.
- OTC users are disproportionately likely to be women, but otherwise OTC user demographics are approximately equal to the overall population.

2016: OTC users of any financial service, by demographic
(Shown: Percentage of Tanzanian adults who access any financial service over the counter, n=424)

- **Women**: 61%
- **Men**: 39%
- **Below $2.5/day poverty line**: 80%
- **Above $2.5/day poverty line**: 20%
- **Rural**: 73%
- **Urban**: 27%
- **Younger than 35 years old**: 67%
- **35 and older**: 33%

Source: InterMedia Tanzania FII Tracker surveys Wave 1 (N=2,297, 15+), November 2013-March 2014; Wave 2 (N=3,000, 15+), August-October 2014; Wave 3 (N=3,001, 15+), September-October 2015; Wave 4 (N=3,029, 15+), August-September 2016.
MOBILE MONEY, BANK AND NBFI ACCESS

- Eighty-five percent of adults who have used mobile money (MM) accounts use mobile money services exclusively; the remaining 15% also used either a bank, NBFI or both.
- Nearly all adults who used banks and NBFIs also used mobile money services. Mobile money increasingly caters to the needs of most customers, including demand for some advanced services.

2016: Users with access to each type of financial service
(Shown: Percentage of Tanzanian adults, by type of financial service)

- 85% of those who have used mobile money have only used MM services.
- 8% of those who have used mobile money have also used a bank.
- 6% of those who have used a bank have only used bank services.
- 4% of those who have used an NBFI have only used NBFI services.
- 15% of those who have used an NBFI have also used mobile money services.

Source: InterMedia Tanzania FII Tracker survey Wave 4 (N=3,029, 15+), August-September 2016.
CONVERSION FROM MM AWARENESS TO USE

- Despite the decrease in mobile money (MM) use in 2016, the conversion rate from mobile money provider awareness to use remains high, with more than three in five of those who are aware using the services.
- In 2016, the proportion of those using mobile money agents to transact almost tripled due to the deactivation of counterfeit phones and SIM cards. The increase in OTC use hampers scaling up of advanced services because mobile money agents can only enable CICO and P2P types of transactions, while advanced use, which is essential to progressing along the customer journey, requires a registered 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; Wave 4 (N=3,029, 15+), August-September 2016.
ACCESS TO FINANCIAL SERVICES

- Over half of the population below the poverty line, women, and those in rural areas have used at least one financial service, though at lower rates than the total population.

Source: InterMedia Tanzania FII Tracker survey Wave 4 (N=3,029, 15+), August-September 2016.
REGISTERED FINANCIAL ACCOUNT OWNERSHIP

- Over the past three years, registered financial account ownership has been subject to change along with changes in market conditions. In 2015, uptake of registered mobile money accounts increased significantly, following large-scale promotional activities by mobile money provider Tigo.
- In 2016 there was a substantial decline in the proportion of the population that owned registered mobile money accounts amid the expiry of promotions and the deactivation of counterfeit phones and SIM cards.

2016: Registered financial account owners, by demographic
(Shown: Percentage of Tanzanian adults who have registered financial accounts)

- 65% Male
- 44% Female
- 76% Above $2.5/day poverty line
- 47% Below $2.5/day poverty line
- 43% Rural
- 75% Urban

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; Wave 4 (N=3,029, 15+), August-September 2016.
CONVERSION FROM REGISTRATION TO ACTIVE USE

- Across all financial accounts, about eight in 10 registered users were active in 2016. New registrations may be driven by incentives and promotions and newly registered users may explore financial tools through test transactions, after which they may not become active users.

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; Wave 4 (N=3,029, 15+), August-September 2016.
The top reason for not having a registered bank account is the perception that “I never have money to make a transaction with this service.” The top reason for not registering a mobile money account is the lack of a state ID or other document; this reason was expressed by more women than men.

**2016: Reasons for not registering a bank account**
(Shown: Percentage of Tanzanian adults who do not have a registered account, by gender)

- I never have money to make transactions with this service: 61% Male, 65% Female
- I do not know how to open one: 5% Male, 5% Female
- I do not know what it is: 4% Male, 4% Female
- I never thought of using a bank: 3% Male, 1% Female
- There are no banks close to where I live: 3 Male, 1 Female

**2016: Reasons for not registering a mobile money (MM) account**
(Shown: Percentage of Tanzanian adults who have ever used MM and do not have a registered MM account, by gender)

- I do not have a state ID or other required documents: 23% Male, 16% Female
- I never have money to make a transaction with such an account: 15% Male, 10% Female
- There is no POS or an agent where I live: 8% Male, 4% Female
- Someone in my family already has an account: 8% Male, 5% Female
- Using such an account is difficult, I do not know how to use on my own: 6% Male, 3% Female

Questions allowed for multiple responses

Source: InterMedia Tanzania FII Tracker survey Wave 4 (N=3,029, 15+), August-September 2016.
THE USE OF FULL-SERVICE NONBANK FINANCIAL INSTITUTIONS (NBFIs) IN TANZANIA IS NEGIGIBLE, MAINLY BECAUSE MOST NBFIs WERE ORIGINALLY ESTABLISHED TO PROVIDE ADULTS WITH ALTERNATIVE OPTIONS FOR BORROWING MONEY, AND THEY HAVE CONTINUED TO FOCUS ON LENDING. THERE ARE FEW FULL-SERVICE NBFIs AND THEIR LIMITED RANGE OF FINANCIAL SERVICES PRODUCTS CANNOT COMPETE WITH MOBILE MONEY IN QUALITY OR PRICE.

Source: InterMedia Tanzania FII Tracker survey Wave 4 (N=3,029, 15+), August-September 2016.
ACTIVE USE

- Preconditions
- Access & Trial
- Registration
- Advanced Active Use
ACTIVE USE

- While mobile money is at the core of financial inclusion in Tanzania, more than two in five active users do not utilize the full range of financial products. They turn to mobile money for cash-in-cash-out (CICO) and person-to-person (P2P) transfers.

- It appears, however, there are some (albeit very few) advanced users who fully engage with digital transactions (i.e., 4% of active mobile money users receive money through digital transfers and then pay bills and make purchases digitally. While a small population, this more sophisticated use of digital financial services could be explored to understand what motivates such users.

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; Wave 4 (N=3,029, 15+), August-September 2016.
REGISTERED ACTIVE USE

- Aside from mobile money, active use of other financial services has remained very low among both females and males. Active users of NBFI and banks rely heavily on mobile money.

2016: Active use of financial accounts, by gender
(Shown: Percentage of Tanzanian adults, by gender)

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; Wave 4 (N=3,029, 15+), August-September 2016.
ADVANCED ACTIVE USE

PRECONDITIONS  ACCESS & TRIAL  REGISTRATION  ACTIVE USE

ADVANCED ACTIVE USE
Twenty percent of Tanzanian adults actively use their registered accounts and have ever used at least one advanced service. Nearly all of those who have ever used advanced services use them actively; 17% percent of Tanzanian adults are users of advanced services on a 90-day basis, and 13% are advanced users on a 30-day basis.

**Advanced active registered use**

*Individuals who have used their accounts in the past 90 days for advanced financial services

**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; Wave 4 (N=3,029, 15+), August-September 2016.
SPECIAL TOPIC: FINANCIAL LIVES
USE OF FINANCIAL ACTIVITIES

- Tanzanian adults have very active financial lives; 72% of adults reported they saved, borrowed, invested or bought insurance in 2016, and 16% engaged in three or more of these transactions. Currently, most of these transactions are conducted in cash; hence, there is an opportunity for effective financial tools.

- In 2016, Tanzania took austerity measures to cut spending, fight corruption and reduce illegal government payments. The measure also included the transfer of funds of state-owned enterprises from commercial banks to the central bank. Experts believe that the measure led to a serious shortage of cash circulation in the market. The cash-crunch might be the main reason for the stagnation or decline of financial activities observed in FII data in 2016.

**Financial activities of Tanzanian adults**

(Shown: Percentage of Tanzanian adults, by year)

- **Save money (ever)**
  - 2014: 8%
  - 2015: 17%
  - 2016: 17%

- **Borrow money (ever)**
  - 2014: 12%
  - 2015: 33%
  - 2016: 35%

- **Have insurance (ever)**
  - 2014: 37%
  - 2015: 48%
  - 2016: 50%

- **Invest (ever)**
  - 2014: 26%
  - 2015: 34%
  - 2016: 31%

72% either saved, borrowed, invested or bought insurance in 2016

Source: InterMedia Tanzania FII Tracker surveys Wave 2 (N=3,000, 15+), August-October 2014; Wave 3 (N=3,001, 15+), September-October 2015; Wave 4 (N=3,029, 15+), August-September 2016.
SOURCES OF INCOME FOR TANZANIAN ADULTS

- Seventy percent of Tanzanian adults say they have an income; 20% report they have more than one job.
- As in many African countries, the formal job market is rather small; just over one in 10 Tanzanian adults report a regular salary. The remainder of those who work are seasonal workers or self-employed, working in the informal economy.
- Agriculture is the largest economic sector, employing three in five adults.

Source: InterMedia Tanzania FII Tracker survey Wave 4 (N=3,029, 15+), August-September 2016.
INCOME, SAVINGS AND DEBT

- Over the past three years, the informal job market provided the most income-generating opportunities for Tanzanians.
- About 6% of households improved their income-expense balance vs. 2015, but four in five adults still reported having more debt than savings.

Financial state of Tanzanian households
(Shown: Percentage of Tanzanian adults, by 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; Wave 4 (N=3,029, 15+), August-September 2016.
INCOME UNCERTAINTY

- Nearly half of respondents are the household breadwinners.
- Only 14% of the breadwinners report stable income through a regular salary; the remainder either do not have any income or rely on seasonal/occasional jobs. The financial stability of the main income earner defines the financial stability of the dependents.

2016: Main income-earner in the household
(Shown: Percentage of Tanzanian adults, N=3,029)

- Someone else, 51%
- Respondent, 49%

2016: Income-generating activities of main income-earners
(Shown: Percentage of main income-earners, n=1,445)

- Employed full- or part-time with a regular salary, 14%
- Seasonal workers or self-employed, 72%
- Do not have an income in the past 12 months, 14%

Source: InterMedia Tanzania FII Tracker survey Wave 4 (N=3,029, 15+), August-September 2016.
BUDGETING BEHAVIORS

- The challenges in generating an income are evident from Tanzanians’ budgeting behaviors. Less than half of adults report budgeting their incomes “at least sometimes” and only a slim majority stick to their budgets.
- Three in five adults budget one day at a time because they can only be certain of that day’s income.

Source: InterMedia Tanzania FII Tracker survey Wave 4 (N=3,029, 15+), August-September 2016.
ECONOMIC VULNERABILITY

- The demographic groups that are the most economically vulnerable are rural, poor and uneducated.
- Unsurprisingly, males and females are equally likely to be vulnerable as most households include both; the wife of a vulnerable male, for example, is likely to be vulnerable as well.
- The most common forms of vulnerability are foregoing medical help or food.

<table>
<thead>
<tr>
<th>Form of economic vulnerability</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gone without medical help</td>
<td>55%</td>
</tr>
<tr>
<td>Gone without food to eat</td>
<td>54%</td>
</tr>
<tr>
<td>Missed an important family event (i.e., funeral, wedding, etc.)</td>
<td>47%</td>
</tr>
<tr>
<td>Gone without fertilizers for the farm</td>
<td>44%</td>
</tr>
<tr>
<td>Gone without cooking fuel</td>
<td>29%</td>
</tr>
<tr>
<td>Had to close down business temporarily or completely</td>
<td>29%</td>
</tr>
<tr>
<td>Gone without help from a veterinarian</td>
<td>22%</td>
</tr>
<tr>
<td>Couldn’t pay school fees</td>
<td>11%</td>
</tr>
</tbody>
</table>

Source: InterMedia Tanzania FII Tracker survey Wave 4 (N=3,029, 15+), August-September 2016.
ECONOMIC VULNERABILITY AND FINANCIAL INCLUSION

- The proportion of economically vulnerable adults is essentially unchanged vs. 2015 (69%).
- Yet, more Tanzanian adults report they have a financial plan for unexpected events (21% in 2015) and manage to pay their bills on time (17% in 2015).

### 2016: Financial responsibility, vulnerability
(Shown: Percentage of Tanzanian adults, n=3,029)

<table>
<thead>
<tr>
<th></th>
<th>Financially included (n=1,611)</th>
<th>Financially excluded (n=1,418)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regularly experience some form of economic vulnerability (i.e., can’t afford food, medical expenses)</td>
<td>68%</td>
<td>71%</td>
</tr>
<tr>
<td>Have a financial plan for unexpected events</td>
<td>31%</td>
<td>21%</td>
</tr>
<tr>
<td>Able to pay bills on time</td>
<td>32%</td>
<td>13%</td>
</tr>
</tbody>
</table>

Question allowed for multiple responses.
Source: InterMedia Tanzania FII Tracker survey Wave 4 (N=3,029, 15+), August-September 2016.
FINANCIAL INCLUSION AND COPING WITH SHOCKS

- Financially included households are not immune from experiencing a financial crisis. However, financial inclusion is associated with better preparedness in times of crisis and economic vulnerability.

- More financially included households, regardless of their poverty status, reported having a financial plan to help them cope with unexpected events (e.g., a financial emergency) compared with their financially excluded counterparts.

2016: The role of financial inclusion in economic vulnerability and crisis preparedness
(Shown: Percentage of Tanzanian adults by financial inclusion, poverty levels)

Source: InterMedia Tanzania FII Tracker survey Wave 4 (N=3,029, 15+), August-September 2016.
The data suggest that, for the past three years, Tanzanians have been shifting away from saving and borrowing through formal and semi-formal financial tools, which means they either do not fully trust the formal financial sector or cannot access/afford formal financial services.

At the same time, informal tools are becoming increasingly attractive as they can be tailored to an individual’s financial circumstances.

Formal and semi-formal financial tools include banks, mobile money, MFIs, SACCOs and digital cards.

Informal financial tools include village savings and loan associations (VSLAs); ROSCAs, sometimes called merry-go-rounds; assets and in-kind goods; other people; and safe places to keep money.

Source: InterMedia Tanzania FII Tracker surveys Wave 2 (N=3,000, 15+), August-October 2014; Wave 3 (N=3,001, 15+), September-October 2015; Wave 4 (N=3,029, 15+), August-September 2016.
KEY INDICATORS SUMMARY
## KEY INDICATORS SUMMARY

<table>
<thead>
<tr>
<th>Main Indicator</th>
<th>Year</th>
<th>Base Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adults who have active digital stored-value accounts</td>
<td>40%</td>
<td>35%</td>
</tr>
<tr>
<td>Poor adults who have active digital stored-value accounts</td>
<td>27%</td>
<td>32%</td>
</tr>
<tr>
<td>Poor women who have active digital stored-value accounts</td>
<td>23%</td>
<td>29%</td>
</tr>
<tr>
<td>Rural women who have active digital stored-value accounts</td>
<td>26%</td>
<td>25%</td>
</tr>
<tr>
<td>Adults who have active digital stored-value accounts and used advanced financial services (beyond basic wallet &amp; P2P)</td>
<td>4%</td>
<td>12%</td>
</tr>
<tr>
<td>Poor adults who have active digital stored-value accounts and used advanced financial services (beyond basic wallet &amp; P2P)</td>
<td>2%</td>
<td>10%</td>
</tr>
<tr>
<td>Poor women who have active digital stored-value accounts and used advanced financial services (beyond basic wallet &amp; P2P)</td>
<td>2%</td>
<td>8%</td>
</tr>
<tr>
<td>Rural women who have active digital stored-value accounts and used advanced financial services (beyond basic wallet &amp; P2P)</td>
<td>2%</td>
<td>7%</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 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; Wave 4 (N=3,029, 15+), August-September 2016.
METHODOLOGY & RESEARCH DESCRIPTION
FII TANZANIA TRACKER SURVEY DETAILS

SURVEY SUMMARY

• Annual, nationally representative survey (N=3,029) of Tanzanian adults aged 15+
• Face-to-face interviews lasting, on average, 107 minutes
• Fourth survey (Wave 4) conducted from Aug. 1 to Sept. 19, 2016
• Tracks trends and market developments in DFS based on the information gathered in the first survey, conducted in 2013, the second survey, conducted in 2014, and the third survey conducted in 2015.

DATA COLLECTION

• Basic demographics and poverty measurement (Grameen Progress Out of Poverty Index). A new set of questions from the Grameen Foundation was compared with previous years.
• 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, SACCOs, cooperatives, self-help groups)
• Financial literacy and preparedness
• General financial behaviors

Source: InterMedia Tanzania FII Tracker survey Wave 4 (N=3,029, 15+), August-September 2016.
GLOSSARY

Access to mobile money or NBFI – Counts individuals who have ever used a mobile money service or a full-service NBFI account.

Access to bank – Counts individuals who have a full service bank account registered in their name or report use of a full service bank account that belongs to someone else.

Active registered user – An individual who has an account registered in their name and has used it in the last 90 days.

Advanced active registered user – An active registered user who has ever used at least one advanced financial service.

Advanced DFS use – Advanced use of digital financial services includes activities other than basic cash-in, cash-out and person-to-person transfers, such as savings, bill pay, investment, and insurance.

Adults with DFS access – Adults (15+) who either own a DFS account or have access to someone else’s account.

Basic use – The use of an account to cash-in (deposit) or cash-out (withdraw), transfer money to another individual, or conduct account maintenance.

Below the poverty line – In this particular study, adults living on less than $2.50 per day, as classified by the Progress out of Poverty Index.

Benevolent cooperative – Typically, a business or other professional organization that is owned and run jointly by its members, who share profits or benefits. Cooperatives may release some of the profits/funds as loans to its members.

Customer journey – An illustration of progressive stages through which consumers become more active users of more sophisticated financial services.

Credit-only nonbank financial institutions – Financial institutions that only disburse loans to their customers.

Digital financial services (DFS) – Financial services provided through an electronic platform (e.g., mobile phones, debit or credit electronic cards, internet).

Dormant account – Financial accounts that were registered but never used.

Financial inclusion – Individuals who have 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. Institutions that only offer loans to consumers, such as some MFIs, are not considered to be full-service institutions.

Financial literacy – Basic knowledge of four fundamental concepts in financial decision-making (interest rates, interest compounding, inflation, and risk diversification) as measured by the Standard and Poor’s Rating Service’s Global Financial Literacy Survey.

Full-service financial institutions – Financial institutions that offer loans to their customers and at least one of the following additional services: savings, money transfers, insurance, or investments.

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 a specific income threshold.

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.

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 country. Such financial institutions include microfinance institutions (MFI), cooperatives, Post Office (Savings) Banks and savings and credit cooperatives (SACCOs).

Numeracy – The ability to use basic math skills, including counting, addition, division, multiplication and computing short- and long-term interest rates.

Post Office (Savings) Bank – A bank that offers savings and money transfers and has branches at local post offices.

Registered user – Counts individuals who have a financial account registered in their name.

Savings and credit cooperative (SACCO) – A unique member-driven, self-help group owned and managed by its members, who have a common bond. Its main purpose is to build up funds through regular contributions by each member, with the aim of providing affordable credit and collective investments for its members.

Unregistered/over-the-counter (OTC) user – An individual who has used DFS through someone else’s account, including a mobile money agent’s account or the account of a family member or a 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.
For more information, contact:
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Samuel Schueth, Director of Research SchuethS@InterMedia.org