TANZANIA

QUICKSIGHTS REPORT
FIFTH ANNUAL FII TRACKER SURVEY

Conducted July-August 2017

June 2018
# UNDERSTANDING FINANCIAL INCLUSION

<table>
<thead>
<tr>
<th>What is financial inclusion?</th>
<th>How is it measured?</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
<td>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.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>How is it created?</th>
<th>What institutions and services do not count?</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
<td>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.</td>
</tr>
</tbody>
</table>
KEY DEFINITIONS

Access to a bank – Counts individuals who use a full-service bank account either registered in their name or held by someone else.

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

Access & trial – Counts individuals who have a bank account registered in their name or use a bank account that is registered to someone else, or have ever used a mobile money service, or a full-service NBFI.

Active registered user – An individual who has an account registered in their name with a full-service financial institution and has used it in the last 90 days.

Advanced user – An active registered user who has ever used their account for saving, borrowing, insurance, investment, paying bills or receiving wages or government benefits. Buying airtime top-ups is considered an advanced use of a bank account or NBFI account but not a mobile money account.

Airtime – Minutes of talk time available on a mobile phone. Airtime top-up (adding minutes) is a basic mobile money activity, but is considered an advanced bank or NBFI activity.

Basic use – 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 in 2005 purchasing power parity U.S. Dollars, as classified by the Poverty Probability Index.

Confidence interval (95%) – The range of values within which the observed value of a statistic will be found in 95 out of 100 repeat measurements.

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.

Credit-only nonbank financial institutions – Financial institutions that only disburse loans to their customers and are therefore not considered full service.

Customer journey – A series of progressive stages through which individuals become more active users of more sophisticated financial services.

Digital financial inclusion – Counts individuals who have an account in their name with a full-service financial institution that offers digital services (e.g., online account access, debit/ATM card, credit card, electronic cash transfers).

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

Digital stored-value account – A mobile money account or a full-service bank or NBFI account that offers digital services.

Financial inclusion – Individuals who hold an account with an institution that provides a full suite of financial services and comes under some form of government regulation.

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.

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 that allows a mobile phone to be used for storing and transferring money, and potentially accessing other 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 (MFIs), cooperatives, Post Office (Savings) Banks and savings and credit cooperatives (SACCOs), etc.

Nutrition – 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.

Poverty Probability Index (PPI) – A measurement tool wherein a set of country-specific survey questions are used to compute the likelihood that an individual’s income is below a specific threshold.

Registered user – Counts individuals who have a financial account registered in their name or registered jointly in their and someone else’s name.

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

Unregistered/over-the-counter (OTC) user – An individual who has used a financial service 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.

Value-added services – These are non-core financial services that go beyond the standard services provided by financial institutions.
ABOUT THE SURVEY

• Fifth survey (Wave 5) conducted from July 8, 2017, to August 28, 2017. Surveys measure national trends on key indicators of financial inclusion since 2013.
• Target population: Adults aged 15+ residing in households.
• Sampling frame: List of wards from the 2012 Housing and Human Population Census.
• Sample design: Stratified multistage sample of 3,080 adults designed by InterMedia in collaboration with the Kyela Research Agency:
  o Stratification by urban/rural within each region;
  o First stage: Selection of 154 wards (104 rural and 50 urban);
  o Second stage: Selection of two villages per ward;
  o Third stage: Selection of 10 households per village;
  o Fourth stage: Selection of one adult member per household using an automated Kish grid administered on handheld tablet computers.
• Face-to-face interviews administered at the household using handheld tablet computers.
• Sampling weights align the demographic characteristics of the sample with the 2016 national population projections produced by the Tanzania National Bureau of Statistics.
• Weighted data used to generate representative statistics at the national level, and for urban and rural populations separately. Weighted percentages are reported together with unweighted respondent counts.
• Achieved sample size: N=3,060.

2017: National demographics
(Shown: Percentage of Tanzania adults, N=3,060)

<table>
<thead>
<tr>
<th>Demographic characteristics</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>48</td>
</tr>
<tr>
<td>Female</td>
<td>52</td>
</tr>
<tr>
<td>Urban</td>
<td>34</td>
</tr>
<tr>
<td>Rural</td>
<td>66</td>
</tr>
<tr>
<td>Above the $2.50/day poverty line</td>
<td>23</td>
</tr>
<tr>
<td>Below the $2.50/day poverty line</td>
<td>77</td>
</tr>
<tr>
<td>Age: 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>13</td>
</tr>
<tr>
<td>Basic literacy</td>
<td>81</td>
</tr>
<tr>
<td>Basic numeracy</td>
<td>94</td>
</tr>
</tbody>
</table>

In 2017, the Government of Tanzania and the Bank of Tanzania (BOT) continued to vigorously promote greater access to formal financial services through the implementation of the National Financial Inclusion Framework (NFIF) 2014-2016, the enforcement of new and existing laws and regulations, and the establishment of new public-private partnerships.

• The Bank of Tanzania achieved its target under the NFIF for geographic access to financial points of service. In 2016, BOT set a new financial inclusion goal of 70 percent of the population living within five kilometers of a financial access point by 2017. FII 2017 data shows 74 percent of adults lived within five kilometers of a point-of-service (POS).

• Private investment was promoted through amendments to the Electronic and Postal Communications Act and the 2017 Finance Bill that allowed regional investment in the initial public offerings (IPOs) of Tanzanian telecom companies, opening investment opportunities to all East Africans. Greater investment should promote growth in access to financial services delivered via mobile networks.

Increased efforts to issue national electronic IDs to Tanzanian citizens followed the suspension of officials from the national electronic-identification-card project over suspected corruption. Expanded registration and ID issuance should have a positive impact on new financial account registration, given that IDs are required to open an account.

Strong economic growth created a positive outlook for the expansion of financial inclusion. The economy has enjoyed high growth, averaging 6-7 percent, for a decade as a result of infrastructure development and growing consumption. In 2017, economic growth slowed somewhat after the inflation rate rose to 6.5%.

• Innovations in digital financial services are expanding in Tanzania. A year after interoperability was fully operational, more Tanzanians now transact across different networks at no extra cost. A GSMA report shows that in the first six months of interoperability, 6 percent of Vodacom customers had sent or received a P2P transfer directly to or from a Tigo Pesa or Airtel money account. Airtel reported the total value of interoperable transactions was about $16 million, with a 10 percent increase in transactions every month.

• New partnerships are enabling electronic payment platforms such as the new electronic infrastructure for payments established by the Tanzania Postal Corporation in partnership with ICT integration firm Maxcom Africa. This initiative allows more Tanzanians to pay taxes and other bills electronically in their local post offices and facilitate revenue collection.

• Tanzania’s financial service providers continued to improve their retail payment platforms.
  o Ecobank Tanzania, in partnership with Visa and MasterCard, launched two digital retail payment solutions, mVisa and Masterpass QR, in September 2017. The products allow consumers to access their accounts and make merchant and P2P payments through a smartphone, using Ecobank’s mobile application.
  o In September 2017, Halotel, in partnership with FINCA Microfinance Bank, launched Halo Yak, a savings product that allows customers to save money on their phones.
NOTABLE STATISTICS

- In 2017, **56% of Tanzania’s adult population was financially included via a registered account** with a full-service financial institution. Financial inclusion is driven by mobile money; 55% of adults had mobile money accounts, versus 9% who had separate bank accounts, and 3% who had NBFI accounts.
  - The mobile money market in Tanzania is in a consolidation phase: after strong growth driven by marketing and customer promotions in 2014-2015, access did not change significantly from 2015-2017.
  - Registered users decreased in 2015-2016 because of the cancellation of unregistered SIM cards, widespread deactivations of “fake” phones, and new taxes that raised mobile money transaction costs. Many of the former registered users switched to over-the-counter (OTC) mobile money use. Most of these individuals remained OTC users in 2017, accounting for 13% of adults.
  - While registered users of mobile money increased by 2 percentage points, from 53% of adults in 2016 to 55% in 2017, this change falls within the survey margin of error, and is, therefore, not statistically significant. The registered user indicator remained 6 percentage points below its 2015 peak of 61% of adults.
  - Active registered users of mobile money (on a 90-day basis) were 42% of the population in 2017. This indicator is 11 percentage points below the 2015 peak of 53%, which reflects the switch to OTC by former registered users.
  - The advanced user group grew by 4% of the adult population as more registered users progressed on the customer journey to adopt advanced services, such as savings, credit, bill pay and merchant pay.
- Digital credit is growing, and **9% of adults have** taken a loan using their mobile phone. Just over half of this group (53%) reported late repayment of their loans. The most commonly reported outcomes of late repayment were an extra fee or rollover fee, and/or a reduction in future loan limits. Few respondents reported more serious consequences, such as confiscation of property or legal action against them.

ACCESS & TRIAL OF FINANCIAL SERVICES

- In 2017, almost two-thirds (64%) of the adult population accessed a formal financial service. While this indicator has not increased significantly since 2015, access is still 14 percentage points greater than its 2013 level.
- Growth in access to formal financial services was driven by mobile money. The proportion of adults with bank access decreased by 14 percentage points below its high point in 2014, following the expiry of aggressive marketing and promotion campaigns.
- The population that accessed NBFI remained relatively small and statistically unchanged compared to 2014.

Source: InterMedia Tanzania FII Tracker surveys, Wave 1 (N=2,997, 15+), September-October 2013; Wave 2 (N=3,000, 15+), September 2014; Wave 3 (N=3,001, 15+), September 2015; Wave 4 (N=3,029, 15+), August 2016; Wave 5 (N=3,060, 15+), July-August 2017.
REGISTERED USERS (FINANCIAL INCLUSION)

- After dropping by 8 percentage points from 2015 to 2016 because of phone and SIM card deactivations and new taxes that raised transaction costs, the proportion of registered mobile money users in the adult population was statistically unchanged from 2016 to 2017.
- Relative to registered mobile money users, a small proportion of adults were registered users of banks and NBFIs. The registered user indicators for banks and NBFIs did not change significantly from 2016 to 2017.

Registered users
(Shown: Percentage of Tanzania adults, by year)

Aggressive marketing, promotions and incentives helped spur the 23 percentage-point increase in registered mobile money users from 2014 to 2015, before dropping in 2016. Registered users consolidated at a lower level from 2016 to 2017.

Source: InterMedia Tanzania FII Tracker surveys, Wave 1 (N=2,997, 15+), September-October 2013; Wave 2 (N=3,000, 15+), September 2014; Wave 3 (N=3,001, 15+), September 2015; Wave 4 (N=3,029, 15+), August 2016; Wave 5 (N=3,060, 15+), July-August 2017.
ACTIVE REGISTERED USERS

• In 2017, over two in five adults were active registered users, having performed at least one financial transaction within the past 90 days using a mobile money, NBFI and/or bank account.

• Mobile money is the financial service of choice; nearly all active users used a registered mobile money account in the 90 days prior to the survey, either solely or in addition to a bank and/or an NBFI account.

9% of adults were inactive users of mobile money (had an account but did not use it in the last 90 days).

5% held dormant (never used) accounts.

Source: InterMedia Tanzania FII Tracker surveys, Wave 1 (N=2,997, 15+), September-October 2013; Wave 2 (N=3,000, 15+), September 2014; Wave 3 (N=3,001, 15+), September 2015; Wave 4 (N=3,029, 15+), August 2016; Wave 5 (N=3,060, 15+), July-August 2017.
ADVANCED USERS

- Advanced users (active in the 90 days before the survey and used their account to perform an advanced financial activity) grew strongly from 2016 to 2017, rebounding to the 2015 level of 29% of adults.

- Advanced users of mobile money used their accounts primarily for saving and bill payment. The expanding uptake of mobile credit services also contributed to growth in the size of advanced user group.

Advanced active registered users
(Shown: Percentage of Tanzania adults, by year)

*2013 definition of advanced users is not comparable with later years
Source: InterMedia Tanzania FII Tracker surveys, Wave 2 (N=3,000, 15+), September 2014; Wave 3 (N=3,001, 15+), September 2015; Wave 4 (N=3,029, 15+), August 2016; Wave 5 (N=3,060, 15+), July-August 2017.

13 percentage-point gender gap between 34% of men versus 21% of women who are advanced mobile money users.
In 2017, over half of adults were financially included through an account with a full-service digital financial institution offering digital services. Almost all were mobile money account holders.

Digital financial services are typically delivered through mobile phones in Tanzania. Therefore, ownership of a personal mobile phone is a key enabler of progress on the customer journey to advanced use of a registered account. In 2017, 64% of adults owned a mobile phone, mainly feature phones and basic phones.

Tanzania’s population shows high capacity for using mobile technology. In 2017, 64% of adults owned a mobile phone, 19% used a borrowed phone, and 74% were able to send and receive text messages – the key proxy indicator of ability to use digital financial services (DFS) unassisted.

The percentage of the adult population with the ID necessary for registering an account by complying with know your customer (KYC) laws fell from 83% in 2016, to 79% in 2017, amid challenges surrounding the rollout of national identity cards.

SIM card ownership rebounded to 71% after deactivations due to enforcement of registration requirements in 2016.

*Source: InterMedia Tanzania FII Tracker surveys, Wave 2 (N=3,000, 15+), September 2014; Wave 3 (N=3,001, 15+), September 2015; Wave 4 (N=3,029, 15+), August 2016; Wave 5 (N=3,060, 15+), July-August 2017.*
GEOGRAPHICAL ACCESS TO FINANCIAL SERVICES

- Financial (mainly mobile money) points of service are widespread in Tanzania; nearly two-thirds (64%) of adults knew of a financial service access point within one kilometer of their household, and 74% knew of one within five kilometers.
- Less than a quarter (22%) of adults knew of a bank branch within a five-kilometer radius of a bank branch or an ATM (21%).
- Nearly half of adults (49%) did not know the distance from their homes to the nearest banking agent, and 57% did not know the distance to a microfinance institution (MFI).

2017: Proximity to points-of-service (POS) for financial institutions
(Shown: Percentage of Tanzania adults, N=3,060)

74% of adults knew of a point of service within five kilometers of their household.

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. The customer journey theory of change posits that advancement on the journey leads to gains in human welfare.

Understanding how individuals and 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 best meet their needs.

Five major segments of the population on the customer journey are described below. Each group is mutually exclusive of the others. The population shifts between these groups as more individuals make progress on the customer journey.

<table>
<thead>
<tr>
<th>Nonusers</th>
<th>Unregistered users</th>
<th>Registered inactive users</th>
<th>Active basic users</th>
<th>Advanced users</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financially excluded (no registered account)</td>
<td>Financially included (registered account holders)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Nonusers** are adults who have no access to or have never used a full-service financial institution. Nonusers have not started the customer journey.

**Unregistered users** are adults who do not have an account registered in their name but use a bank, mobile money, and/or NBFI service via another person’s account, especially over-the-counter mobile money services accessed via an agent.

**Registered inactive users** are adults who have a bank, mobile money, or NBFI account registered in their name but have not used it in the last 90 days.

**Active basic users** are adults who used their registered bank, NBFI, or mobile money account to transfer money to another person, deposit or withdraw cash, and/or check their balance in the previous 90 days ONLY. Buying airtime using mobile money is also a basic use case.

**Advanced users** are adults who have used their registered bank, NBFI, or mobile money account in the previous 90 days and have ever used their account for saving, borrowing, investment, insurance, bill payment, merchant payment, receiving wages, and/or receiving government payments.
CUSTOMER JOURNEY TREND

Since 2014, mobile money has driven a 4 percentage-point decline in the proportion of nonusers of formal financial services, from 40% in 2014 to 36% in 2017. Unregistered users, nearly all of whom access mobile money over the counter (OTC) at agent locations, were 12% of the population in 2017, up from 5% in 2015 – the result of former active basic users turning back to OTC use after legal and regulatory actions in 2016. Registered inactive users have increased steadily since 2014 as adoption of registered accounts outpaced relevant use cases for some users. The proportion of adults who are active basic users is trending downward and the advanced user group is growing with increased adoption of advanced use cases, such as saving or securely storing money using a registered mobile money account.

Source: InterMedia Tanzania FII Tracker surveys, Wave 2 (N=3,000, 15+), September 2014; Wave 3 (N=3,001, 15+), September 2015; Wave 4 (N=3,029, 15+), August 2016; Wave 5 (N=3,060, 15+), July-August 2017.
NONUSERS, BY DEMOGRAPHIC GROUP

- In 2017, one-third (36%) of adults had never accessed a formal financial service. Nonusers are most prevalent among women, rural residents, and the below-poverty demographic.
- All demographics have adopted mobile money in large numbers; a majority of all groups have used mobile money either over the counter or via a registered account.

**UNREGISTERED USERS, BY DEMOGRAPHIC GROUP**

- Over-the-counter (OTC) users of mobile money (at agent locations) accounted for nearly all unregistered users. There are few users of other institutions, particularly banks, via an account registered to someone else. Users of someone else's NBFI account is somewhat less rare, possibly due to greater acceptance of account sharing at these institutions.
- In 2017, OTC users formed approximately equal proportions of both the male and female demographics. OTC users were more common among rural and below-poverty adults than among urban and above-poverty groups.

### 2017: Unregistered users, by demographic and service type

(Shown: Percentage of each demographic group who are unregistered users of each type of institution)

*Fewer than 50 observations*

*Source: InterMedia Tanzania FII Tracker survey, Wave 5 (N=3,060, 15+), July-August 2017.*

<table>
<thead>
<tr>
<th>Demographic Group</th>
<th>Total Population (N=3,060)</th>
<th>Females (n=1,891)</th>
<th>Males (n=1,169)</th>
<th>Rural (n=2,070)</th>
<th>Urban (n=990)</th>
<th>Below poverty line (n=2,392)</th>
<th>Above poverty line (n=668)</th>
<th>Younger than 35 (n=1,680)</th>
<th>35 years and older (n=1,380)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bank</td>
<td>Mobile money</td>
<td>NBFI</td>
<td>Bank</td>
<td>Mobile money</td>
<td>NBFI</td>
<td>Bank</td>
<td>Mobile money</td>
<td>NBFI</td>
</tr>
<tr>
<td>Total population</td>
<td>0.9*</td>
<td>13</td>
<td>2</td>
<td>0.7*</td>
<td>13</td>
<td>3</td>
<td>0.8*</td>
<td>14</td>
<td>1*</td>
</tr>
<tr>
<td>(N=3,060)</td>
<td></td>
<td></td>
<td></td>
<td>(n=1,891)</td>
<td></td>
<td>(n=1,169)</td>
<td>(n=2,070)</td>
<td></td>
<td>(n=990)</td>
</tr>
</tbody>
</table>

* F<sub>finclusion.org</sub>
OVER-THE-COUNTER (OTC) MOBILE MONEY USERS

- OTC users nearly tripled in 2015-2016 because of legal and regulatory actions that led former registered users into the OTC market. The proportion of OTC users in the adult population stabilized in 2017.
- A small majority of OTC users were female. OTC users tend to be younger, rural, and have incomes below the poverty line.

Source: InterMedia Tanzania FII Tracker surveys, Wave 1 (N=2,997, 15+), September-October 2013; Wave 2 (N=3,000, 15+), September 2014; Wave 3 (N=3,001, 15+), September 2015; Wave 4 (N=3,029, 15+), August 2016; Wave 5 (N=3,060, 15+), July-August 2017.
In 2017, 9% of adults were registered mobile money users who did not use their account in the 90 days before the survey. There was little variation in the prevalence of inactive users across demographic groups. This finding suggests that the rapid increase in mobile money accounts with new SIM card registrations has not been accompanied by a clear use case for a significant portion of the population.

Registered inactive bank users were less common, and were mainly found among male, urban, and above-poverty adults.

ACTIVE BASIC USERS, BY DEMOGRAPHIC GROUP

- Active users of financial services for basic activities only – cash-in/cash-out, person-to-person transfers – were nearly all mobile money users. Bank and NBFI accounts tend to be used for advanced activities such as saving and credit.
- Active basic users of mobile money were evenly distributed across demographic groups, albeit slightly more prevalent among women and urban residents.
- There was no income gap among active basic users of mobile money, demonstrating that transfers are a use case that cuts across income groups.

2017: Active basic users of mobile money accounts, by demographic
(Shown: Percentage of each demographic group who are active basic users of mobile money accounts)

ADVANCED USERS, BY DEMOGRAPHIC GROUP

- In 2017, 27% of adults were advanced mobile money users, compared to 6% who were bank users and 2% who were NBFI users.
- Advanced users are most prevalent in the relatively privileged demographic groups – male, urban, and above-poverty.
- Rural, and below-poverty adults are the large majority of the population but have been slower to adopt advanced services than their urban and above-poverty counterparts.

2017: Advanced users, by demographic
(Shown: Percentage of each demographic group who are advanced users of each type of institution)

*Fewer than 50 observations

MOBILE MONEY VALUE-ADDED PRODUCTS TREND

- The rapid uptake of value-added services continued in 2017. Lipa kwa M-Pesa is the most popular service, followed by a similar payment product from Tigo.
- M-Pawa users did not grow significantly as a proportion of the population, and 2016-2017 showed a decline in users of the credit product Timiza Wakala Loans.

Access and active use of mobile money value-added products
(Shown: Percentage of Tanzania adults, by year)

*Fewer than 50 observations

ADVANCED USER 90-DAY ACCOUNT ACTIVITIES

- Saving money was the top activity undertaken by advanced users across all financial institutions. More advanced users saved through mobile money accounts than they did with banks or NBFIs.
- Apart from saving, advanced mobile money users also used the services to pay bills (34%), pay for goods and services (9%), obtain loans (9%) and receive wages (8%).

2017: Advanced users’ account activities in last 90 days, by activity and institution
(Shown: Percentage of advanced users, n=854)

- **Save/set aside money**: 43% (Bank), 13% (Mobile money), 7% (NBFIs)
- **Bill pay**: 34% (Bank), 8% (Mobile money), 2% (NBFIs)
- **Receive wages**: 2% (Bank), 8% (Mobile money), 5% (NBFIs)
- **Loan activity**: 9% (Bank), 2% (Mobile money), 5% (NBFIs)
- **Pay for goods/services**: 8% (Bank), 9% (Mobile money), 2% (NBFIs)
- **Make investment/buy shares**: 3% (Bank), 4% (Mobile money), 2% (NBFIs)
- **Receive welfare/pension/benefit**: 7% (Bank), 9% (Mobile money), 3% (NBFIs)

*Fewer than 50 observations

MOBILE CREDIT USERS

- Mobile credit is relatively new and unexplored by a majority of adults in Tanzania. In 2017, nearly one in 10 adults had ever taken a loan using a mobile phone.
- Among mobile credit users, 53% reported late repayment of their loan for various reasons; 39% reported lack of money and 29% said the repayment period was too short.
- Unexpected fees were reported by 22% of mobile credit users, and 21% did not understand the costs or fees.

2017: Mobile credit access
(Shown: Percentage of Tanzania adults, N=3,060)

- 91% of adults did not use mobile credit
- 9% of adults used mobile credit

2017: Negative experiences with mobile credit
(Shown: Percentage of Tanzania mobile credit users, n=251)

- Didn't have money to repay on time: 39%
- Repayment period is too short: 29%
- Charged fees I didn't expect: 22%
- Didn't understand the costs or fees: 21%
- Cost is too high: 19%
- Unexpected withdrawal: 15%
- Didn't have money to repay at all: 13%
- Couldn't access account or network: 12%
- Difficulty contacting customer care: 11%

*Fewer than 50 observations

REPAYMENT PROBLEMS OF MOBILE CREDIT USERS

- In 2017, 53% of those who obtained mobile credit did not repay their loan on time. Among those who obtained mobile credit and were late to repay, 58% experienced an extra fee or a rollover fee, and 46% had their future loan limits reduced.
- Similarly, 23% of users who obtained mobile credit and did not pay their loan on time reported being denied access to future loans with the same lender, and 20% were blacklisted at the credit bureau.


*Fewer than 50 observations
## Key Indicators Summary

<table>
<thead>
<tr>
<th>Key Indicators</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adults (15+) who have active digital stored-value accounts</td>
<td>Base n</td>
<td>%</td>
<td>Base n</td>
<td>%</td>
</tr>
<tr>
<td></td>
<td>3,000</td>
<td>35% (+/- 2.8%)</td>
<td>3,001</td>
<td>54% (+/- 2.8%)</td>
</tr>
<tr>
<td>Poor adults (15+) who have active digital stored-value accounts</td>
<td>2,633</td>
<td>32% (+/- 2.8%)</td>
<td>2,484</td>
<td>49% (+/- 3.0%)</td>
</tr>
<tr>
<td>Poor women (15+) who have active digital stored-value accounts</td>
<td>1,389</td>
<td>29% (+/- 3.4%)</td>
<td>1,288</td>
<td>46% (+/- 3.6%)</td>
</tr>
<tr>
<td>Rural women (15+) who have active digital stored-value accounts</td>
<td>1,049</td>
<td>25% (+/ - 3.6%)</td>
<td>995</td>
<td>38% (+/- 4.2%)</td>
</tr>
<tr>
<td>Adults (15+) who actively use digital stored-value accounts and have accessed at least one advanced financial service (beyond basic wallet &amp; P2P)</td>
<td>3,000</td>
<td>24% (+/- 2.4%)</td>
<td>3,001</td>
<td>29% (+/- 2.6%)</td>
</tr>
<tr>
<td>Poor adults (15+) who actively use digital stored-value accounts and have accessed at least one advanced financial service (beyond basic wallet &amp; P2P)</td>
<td>2,633</td>
<td>21% (+/- 2.3%)</td>
<td>2,484</td>
<td>24% (+/- 2.6%)</td>
</tr>
<tr>
<td>Poor women (15+) who actively use digital stored-value accounts and have accessed at least one advanced financial service (beyond basic wallet &amp; P2P)</td>
<td>1,389</td>
<td>18% (+/- 2.6%)</td>
<td>1,288</td>
<td>22% (+/- 3.3%)</td>
</tr>
<tr>
<td>Rural women (15+) who actively use digital stored-value accounts and have accessed at least one advanced financial service (beyond basic wallet &amp; P2P)</td>
<td>1,049</td>
<td>15% (+/- 2.6%)</td>
<td>995</td>
<td>13% (+/- 3.0%)</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/transfered 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+), September 2014; Wave 3 (N=3,001, 15+), September 2015; Wave 4 (N=3,029, 15+), August 2016; Wave 5 (N=3,060, 15+), July-August 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 conducts regular survey and qualitative research in Bangladesh, India, Indonesia, Kenya, Nigeria, Pakistan, Tanzania and Uganda to:

- Track access to and demand for financial services generally, and the uptake and use of DFS specifically;
- Measure adoption and use of DFS among key target groups (females, BOP, rural, unbanked, 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 to support product and service development and delivery, based on rigorous FII data.

The FII program is managed by InterMedia. Visit the FII Resource Center to learn more: www.finclusion.org.
For more information, contact:
David Musiime, Senior Research Manager, Africa  MusiimeD@InterMedia.org
Samuel Schueth, Director of Research  SchuethS@InterMedia.org