TANZANIA

WAVE 5 REPORT
FIFTH ANNUAL FII TRACKER SURVEY

Conducted July-August 2017

June 2018
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.
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.
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.
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.
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FINANCIAL INCLUSION OVERVIEW
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.
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:
  - Stratification by urban/rural within each region;
  - First stage: Selection of 154 wards (104 rural and 50 urban);
  - Second stage: Selection of two villages per ward;
  - Third stage: Selection of 10 households per village;
  - 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>

COUNTRY CONTEXT

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.
  - 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.
  - In September 2017, Halotel, in partnership with FINCA Microfinance Bank, launched Halo Yako, 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.
  
  o **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.
  
  o 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.
  
  o 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.
  
  o 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.
  
  o **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.

*Source: InterMedia Tanzania FII Tracker survey, Wave 5 (N=3,060, 15+), July-August 2017.*
**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 NBFIs remained relatively small and statistically unchanged compared to 2014.

**Access & trial**

(Shown: Percentage of Tanzania adults, by year)

- Mobile money is by far the most popular financial service in Tanzania.
- Only 1% of the population accessed bank and/or NBFi services but did not also access mobile money.

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)

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.
Financial inclusion in Tanzania shows persistent gender, locality, and income gaps; a smaller proportion of adults in the female, rural, and below-poverty demographics are financially included compared to the male, urban, and above-poverty groups.

The biggest drops in financial inclusion from 2015 to 2016 took place among female, rural, and below-poverty adults. Financial inclusion rebounded in these groups from 2016 to 2017, but remained below 2015 levels.

The urban demographic – where the market was most overheated by promotions and incentives for registering mobile money accounts – shows a statistically significant downtrend from 2015 to 2017.

Registered users, by demographic group
(Shown: Percentage of each demographic group who are registered users, by year)

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.

6 percentage-point rebound in financial inclusion among women from 2016 to 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.

Active registered users
(Shown: Percentage of Tanzania 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 (N=2,997)</td>
<td>2%</td>
<td>16%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>2014 (N=3,000)</td>
<td>2%</td>
<td>16%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>2015 (N=3,001)</td>
<td>2%</td>
<td>16%</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>2016 (N=3,029)</td>
<td>2%</td>
<td>16%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>2017 (N=3,060)</td>
<td>2%</td>
<td>16%</td>
<td>6%</td>
<td>5%</td>
</tr>
</tbody>
</table>

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.
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.
**READINESS TO ADOPT DIGITAL FINANCIAL SERVICES**

- 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.

**2017: Key indicators of readiness to adopt digital financial services**

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

- **Necessary ID**: 79%
- **Mobile phone access (own/borrow)**: 83%
- **Own a SIM card**: 71%
- **Ability to send and receive text messages**: 74%
- **Financial literacy**: 22%
- **Basic numeracy**: 94%

<table>
<thead>
<tr>
<th>Year</th>
<th>Necessary ID</th>
<th>Mobile phone access (own/borrow)</th>
<th>Own a SIM card</th>
<th>Ability to send and receive text messages</th>
<th>Financial literacy</th>
<th>Basic numeracy</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>83%</td>
<td>88%</td>
<td>67%</td>
<td>66%</td>
<td>19%</td>
<td>95%</td>
</tr>
<tr>
<td>2015</td>
<td>91%</td>
<td>96%</td>
<td>79%</td>
<td>78%</td>
<td>NA</td>
<td>96%</td>
</tr>
<tr>
<td>2014</td>
<td>61%</td>
<td>89%</td>
<td>64%</td>
<td>61%</td>
<td>NA</td>
<td>93%</td>
</tr>
</tbody>
</table>

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.
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.

**Source:** InterMedia Tanzania FII Tracker survey, Wave 5 (N=3,060, 15+), July-August 2017.
Women, rural residents, and adults with incomes below the poverty line are disadvantaged in taking up digital financial services by a lower prevalence of phone ownership relative to the male, urban, and above-poverty demographics.

Lack of money was the most commonly cited reason for not owning a mobile phone (71%). About half of adults (46%) reported having had a mobile phone previously, but had not replaced it.

2017: Mobile phone ownership, by demographic
(Shown: Percentage of each demographic group who are phone owners)

<table>
<thead>
<tr>
<th>Demographic</th>
<th>Total Population (N=3,060)</th>
<th>Female (n=1,891)</th>
<th>Male (n=1,169)</th>
<th>Rural (n=2,070)</th>
<th>Urban (n=990)</th>
<th>Below Poverty (n=2,392)</th>
<th>Above Poverty (n=668)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total population</td>
<td>6</td>
<td>57</td>
<td>72</td>
<td>58</td>
<td>75</td>
<td>59</td>
<td>81</td>
</tr>
</tbody>
</table>

2017: Top reasons for not owning a mobile phone
(Shown: Percentage of Tanzania adults who do not own a mobile phone reporting somewhat/strongly agree, n=1,115)

- Don’t have enough money to buy a mobile phone: 71%
- Had a phone but it’s lost/broken/stopped working: 46%
- Don’t know how to use mobile phone: 24%
- Don’t need to have my own phone: 22%
- Not allowed to use a phone: 18%
- No mobile phone network where I live: 14%

MOBILE PHONE USE

• Many adults in Tanzania rely on others for assistance using mobile phones. While the large majority (81%) reported using a mobile phone to call someone, only 69% reported “complete ability” to make or receive a call.
• Both unregistered and registered users rely on agents or other people to assist them with transactions; 52% have used a phone to make a financial transaction, but only 42% report having complete or some ability to perform such a transaction.

CUSTOMER JOURNEY

- NONUSERS
- UNREGISTERED USERS
- REGISTERED INACTIVE USERS
- ACTIVE BASIC USERS
- ADVANCED USERS
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><strong>Nonusers</strong> are adults who have no access to or have never used a full-service financial institution. Nonusers have not started the customer journey.</td>
<td><strong>Unregistered users</strong> 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.</td>
<td><strong>Registered inactive users</strong> 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.</td>
<td><strong>Active basic users</strong> 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.</td>
<td><strong>Advanced users</strong> 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.</td>
</tr>
</tbody>
</table>
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.

Change over time in each segment of the customer journey for all financial institutions
(Shown: Percentage of Tanzania adults, by year)

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.
CUSTOMER JOURNEY TREND, BY GENDER

- The customer journey in Tanzania is gendered such that women have consistently outnumbered men in the first two, financially excluded segments.

- Women were most affected by legal and regulatory actions in 2016, causing them to fall back from the advanced, to the unregistered user group.

- While men have consistently outnumbered women among advanced users, the growth of this group in 2016-2017 was driven by female adoption of advanced services, such as mobile credit.

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.
### CUSTOMER JOURNEY TREND, BY POVERTY STATUS

- In 2017, about 3 in 4 adults (77%) in Tanzania lived below the $2.50/day poverty line. Over half (55%) of the above-poverty population are advanced users. Only 4% of the population was above the poverty line and a nonuser in 2017.

- In 2016, the Tanzania PPI methodology was revised, and 7% more of the population rose above the $2.50/day poverty line compared to 2015. Most of the population affected by this change were advanced users. The remaining below-poverty advanced users, especially the women among them, were the worst affected by legal and regulatory actions in 2016 that pushed them into the unregistered user group. In 2016-2017 the advanced user group rebounded, driven by the progress of mainly female users with below-poverty incomes.

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#### Change over time in each segment of the customer journey, by above/below $2.50 (2005 PPP USD) poverty line

(Shown: Percentage of Tanzania adults, by year and by poverty status)

<table>
<thead>
<tr>
<th>Year</th>
<th>Above poverty</th>
<th>Below poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>37</td>
<td>34</td>
</tr>
<tr>
<td>2015</td>
<td>34</td>
<td>34</td>
</tr>
<tr>
<td>2016</td>
<td>32</td>
<td>34</td>
</tr>
<tr>
<td>2017</td>
<td>37</td>
<td>34</td>
</tr>
</tbody>
</table>

*Fewer than 50 observations

**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.
CUSTOMER JOURNEY TREND, BY LOCALE

- Two-thirds of Tanzania’s population (66%) live in rural areas, and rural adults outnumber urbanites among nonusers and the other customer journey segments, except advanced users. Rural residents showed renewed progress on the customer journey from 2016 to 2017; 3% of the adult population were rural residents who left the nonuser group.

- Rural adults – mainly women with below-poverty incomes – were the source of the growth of the advanced user group in 2017, after legal and regulatory actions in 2016 temporarily set them back on the customer journey.

Change over time in each segment of the customer journey, by urban/rural locale
(Shown: Percentage of Tanzania adults, by year and by locale)

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.

*Fewer than 50 observations
DEMOGRAPHICS OF EACH CUSTOMER SEGMENT

- In each successive customer journey segment, there is a decrease in the percentage of female, rural, and below-poverty adults, and an increase in the percentage of men, urbanites, and above-poverty adults. The female majority in the active basic user segment is the exception to this overall finding, suggesting that women face particular barriers that constrain them from joining the advanced user group. The large majority of advanced users are men; only 40% are women.
- Below-poverty adults are the majority in every segment of the customer journey, demonstrating the value of mobile money services for the population as a whole.

### 2017: Demographic groups, by customer journey segment

(Shown: Percentage of Tanzania adults in each segment)

<table>
<thead>
<tr>
<th>DEMOGRAPHICS</th>
<th>NONUSERS (n=1,135)</th>
<th>UNREGISTERED USERS (n=366)</th>
<th>REGISTERED INACTIVE USERS (n=289)</th>
<th>ACTIVE BASIC USERS (n=416)</th>
<th>ADVANCED USERS (n=854)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>39%</td>
<td>46%</td>
<td>50%</td>
<td>45%</td>
<td>60%</td>
</tr>
<tr>
<td>Female</td>
<td>61%</td>
<td>54%</td>
<td>50%</td>
<td>55%</td>
<td>40%</td>
</tr>
<tr>
<td>Above poverty</td>
<td>11%</td>
<td>16%</td>
<td>17%*</td>
<td>22%</td>
<td>43%</td>
</tr>
<tr>
<td>Below poverty</td>
<td>89%</td>
<td>84%</td>
<td>83%</td>
<td>78%</td>
<td>57%</td>
</tr>
<tr>
<td>Rural</td>
<td>79%</td>
<td>74%</td>
<td>67%</td>
<td>62%</td>
<td>49%</td>
</tr>
<tr>
<td>Urban</td>
<td>21%</td>
<td>26%</td>
<td>33%</td>
<td>38%</td>
<td>51%</td>
</tr>
</tbody>
</table>

*Fewer than 50 observations

AGE GROUP SEGMENTATION

- Adults under 35 years of age are 59% of the population, and the majority in all five customer journey segments, except active basic users. The members of the 15-24 age group are least likely to meet key readiness conditions for progress on the customer journey, such as phone ownership, and are, therefore, overrepresented in the first two, financially excluded segments.
- Nevertheless, 62% of advanced users were under 35, suggesting that this age group is the most likely to progress on the customer journey when they overcome constraints to account registration.

2017: Age groups, by customer journey segment
(Shown: Percentage of Tanzania adults in each group in each segment)

*Fewer than 50 observations

EDUCATION SEGMENTATION

- Education is not a significant barrier to financial inclusion in Tanzania. Overall, educational attainment is low: 11% of adults have no formal education, another 61% have only primary education, and only 25% have secondary education. Like the population as a whole, the majority of adults in all user segments have only primary education.

- Education is correlated with progress on the customer journey; nonusers form the least educated segment, while advanced users are the most educated.

**2017: Education levels, by customer journey segment**
(Shown: Percentage of Tanzania adults in each group in each segment)

- **Nonusers** (n=1,135)
  - No formal education: 16%
  - Primary education: 62%
  - Secondary education: 22%

- **Unregistered users** (n=366)
  - No formal education: 1%
  - Primary education: 25%
  - Secondary education: 67%
  - Higher education: 8%

- **Registered inactive users** (n=289)
  - No formal education: 1%
  - Primary education: 25%
  - Secondary education: 67%

- **Active basic users** (n=416)
  - No formal education: 24%
  - Primary education: 67%
  - Secondary education: 5%

- **Advanced users** (n=854)
  - No formal education: 8%
  - Primary education: 38%
  - Secondary education: 52%
  - Higher education: 2%

*Fewer than 50 observations

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

Readiness increases with progress on the customer journey. Nonusers have the lowest prevalence of all four readiness indicators. Half of nonusers lack the ability to text – the key proxy for necessary skill with mobile technology. Like nonusers, unregistered users are less likely than the last three, financially included segments to have the identification necessary to comply with know your customer (KYC) rules for account registration. The financially included segments each display similar levels of readiness, though advanced users have the highest readiness indicators. Nevertheless, only 28% of advanced users were financially literate.

2017: Readiness to adopt digital financial services, by customer journey segment
(Shown: Percentage of Tanzania adults in each segment)

FINANCIAL HEALTH SEGMENTATION

- Overall, individuals’ financial health increases as they progress along the customer journey. Yet, the majority of adults in all segments have incomes below the $2.50/day poverty line and struggle to keep up with regular and unexpected expenses.
- In 2017, advanced users were more financially healthy than any other segment. Still, only 45% paid bills on time and in full; 25% had enough money for living expenses and 18% had emergency funds to cover unplanned expenses.

2017: Financial health, by customer journey segment
(Shown: Percentage of Tanzania adults in each segment reporting somewhat/strongly agree)

12% of all adults reported they had an emergency fund to cover unplanned expenses.


*Fewer than 50 observations
FINANCIAL CAPACITY SEGMENTATION

- Financial capacity is lowest among nonusers and highest among advanced users, but there is little difference between each of the three intermediate segments. This finding suggests that financial access, rather than registered use of a financial account, plays a key role in financial capacity in Tanzania.

- Advanced users were also the most optimistic (56%) about future income growth and the majority of this group (53%) were relied upon by friends and family for financial assistance. The use of a mobile money account to assist friends and family by transferring funds is a key driver of progress on the customer journey.

2017: Financial capacity, by customer journey segment
(Shown: Percentage of Tanzania adults in each segment reporting somewhat/strongly agree)

- **Friends & family rely on me to help with their finances**
- **Confident my income will grow in the future**
- **Have the skills & knowledge to manage my finances well**

---

45% of all adults reported they “often” or “almost always” follow through with their budget plans.

WOMEN’S ECONOMIC EMPOWERMENT SEGMENTATION

- Financial inclusion is positively correlated with influence on final decisions on household spending and deciding what financial services to use; more women in the last three, financially included segments reported this type of empowerment than did women in the first two, financially excluded segments.

- Voice and autonomy over personal spending have a weaker relationship to financial inclusion than the other two empowerment indicators. Over half of the women in all segments reported high likelihood of voicing disagreement with spending decisions, and larger majorities in every group reported making the final decision on how they spend or save their money.

INCOME SEGMENTATION

- Self-employment is the most common source of income for all customer journey segments, though adults in the latter three, financially included segments were more likely to be self-employed than those in the first two, financially excluded segments.
- A quarter of nonusers engaged in irregular or seasonal work, the highest proportion across all segments.
- The advanced user group has the lowest proportion of irregular or seasonal workers, and the highest proportion of salaried workers (21%).

70% of all adults had income from employment.


*Fewer than 50 observations
SAVING SEGMENTATION

- Saving is the key use case that differentiates advanced users from the other groups. While mobile money savings products that pay interest via linked bank services are available, most saving behavior consists of safekeeping by leaving cash in the form of e-money.
- Mobile money provides unregistered users with an option for secure, short-term money storage by waiting to visit an agent to cash-out the transfers they receive.
- With the exception of advanced users, all other groups most frequently save in cash or other assets. More active basic users should progress to the advanced user group as mobile money continues to displace cash saving.

2017: Saving behavior, by customer journey segment
(Shown: Percentage of Tanzania adults in each segment)

- 63% of all adults saved.

BORROWING SEGMENTATION

- Progress on the customer journey is associated with a higher likelihood of borrowing; a smaller proportion of nonusers than advanced users borrowed money in the 12 months prior to the survey.
- Approximately equal proportions of each segment reported borrowing to pay for emergency expenses and for daily expenses. Advanced users were the most likely to borrow for business purposes.
- In 2017, 9% of adults reported accessing digital credit via a mobile phone. Additional uptake of this service should drive progress on the customer journey.

2017: Borrowing in the last 12 months, by customer journey segment
(Shown: Percentage of Tanzania adults in each segment)

- **42%** of all adults took a loan in the 12 months prior to the survey.

*Fewer than 50 observations

INSURANCE AND INVESTMENT SEGMENTATION

- Insurance – mainly health coverage – is most prevalent among advanced users, particularly those covered via employment in the formal sector. Yet only 33% of advanced users, and less than a quarter of adults in the other segments, had insurance. Further development of the insurance market is a clear potential growth area for DFS.

- As self-employment is the most common source of income, more adults invest in their own businesses than in other assets across all segments. DFS for business investment is a driver of progress on the customer journey.

2017: Insurance and investment behavior, by customer journey segment
(Shown: Percentage of Tanzania adults in each segment)

34% of all adults invested, mainly in their own businesses.
23% of all adults had insurance.

*Fewer than 50 observations

INFORMAL FINANCIAL ACTIVITIES SEGMENTATION

• The use of informal saving and lending groups increased with progress on the customer journey, showing that informal services complement formal financial services – the latter does not replace the former for a significant portion of adults in Tanzania. Nonusers are typically unserved by both formal and informal institutions.

• Across all segments, more adults saved than borrowed through informal groups, and investment through these arrangements is rare.

NONUSERS
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.

### 2017: Nonusers, by demographic group

(Shown: Percentage of each demographic group who are nonusers)

<table>
<thead>
<tr>
<th>Demographic Group</th>
<th>Nonusers (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total population (N=3,060)</td>
<td>36</td>
</tr>
<tr>
<td>Female (n=1,891)</td>
<td>42</td>
</tr>
<tr>
<td>Male (n=1,169)</td>
<td>29</td>
</tr>
<tr>
<td>Rural (n=2,070)</td>
<td>43</td>
</tr>
<tr>
<td>Urban (n=990)</td>
<td>23</td>
</tr>
<tr>
<td>Below poverty (n=2,392)</td>
<td>42</td>
</tr>
<tr>
<td>Above poverty (n=668)</td>
<td>17</td>
</tr>
<tr>
<td>Younger than 35 (n=1,680)</td>
<td>36</td>
</tr>
<tr>
<td>35 years and older (n=1,380)</td>
<td>37</td>
</tr>
</tbody>
</table>

BARRIERS TO ACCESS AND REGISTRATION

- Perceived lack of money was the most reported reason for not registering a bank account and not using mobile money. Banks are perceived as particularly expensive; 71% of nonusers cited lack of money, and 47% said high fees discouraged them from account registration.
- The preference for cash among 39% of mobile money nonusers is not highly correlated with understanding the utility of the service or other reasons for not using mobile money, which suggests that this attitude may be a persistent barrier to adoption.

2017: Top reasons for not registering a bank account
(Shown: Percentage of bank nonusers reporting somewhat/strongly agree, n=2,757)

- Lack of money to use the account: 71%
- No banks nearby: 49%
- Fees and expenses for owning an account are too high: 47%
- Lack of official identification or other required documents: 43%
- Do not need one or have never thought of using one: 30%

2017: Top reasons for not using mobile money
(Shown: Percentage of mobile money nonusers reporting somewhat/strongly agree, n=1,181)

- Don’t have enough money to make transactions: 58%
- Prefer to use cash: 39%
- Don’t have the required ID or other documents: 39%
- Don’t know what mobile money is used for: 36%

NONUSER SAVING BEHAVIOR

- Nonusers’ inability to access formal financial services leaves them with few options for saving their money. In 2017, 43% of nonusers reported to have cash savings in a hiding place at home, which exposes them to the risk of losing their savings to fire or theft.

48% of nonusers saved – primarily through cash.

Very few nonusers reported borrowing money.

### 2017: Nonuser methods of saving
(Shown: Percentage of nonusers, n=1,149)

<table>
<thead>
<tr>
<th>Method</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>At home, in cash</td>
<td>43</td>
</tr>
<tr>
<td>Agricultural inputs or livestock</td>
<td>6</td>
</tr>
<tr>
<td>Other people/collectors</td>
<td>5</td>
</tr>
</tbody>
</table>

NONUSER ECONOMIC EMPOWERMENT, BY GENDER

- Both male and female advanced users were more likely to report higher levels of influence, voice and autonomy over financial decisions than were nonusers. Gender gaps within both groups leave women less empowered economically than men in both stages of the customer journey.
- The gender gap in influence on final household spending decisions is smaller among nonusers than advanced users, which suggests that progress on the customer journey has empowered more men than women in Tanzania.

Female advanced users had higher empowerment indicators than male nonusers, but were less empowered than male advanced users.

UNREGISTERED USERS

- NON USERS
- UNREGISTERED USERS
- REGISTERED INACTIVE USERS
- ACTIVE BASIC USERS
- ADVANCED USERS
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

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.
ATTITUDES AND EXPERIENCES WITH MOBILE MONEY

- OTC and registered users had similar experiences with mobile money agents; the agent experience does not appear to have significant influence on consumer preferences for OTC or registered use. The most frequent negative experiences both groups reported were system or network problems, agent absenteeism and lack of agent cash or e-float.

- Forty-three percent of unregistered mobile money users cited the lack of official identification as the reason for not registering an account, and 39% reported that a family member or a friend has an account they can use.

2017: Experiences with mobile money agents, by user type
(Shown: Percentage of user group reporting somewhat/strongly agree)

- Shared my personal information
- Dismissive of women
- Didn’t know how to perform transaction
- Didn’t give all cash that was owed
- Not secure location/suspicious people
- Overcharged my transaction
- Poor service
- Not enough cash/e-float
- Absent agent
- System/mobile network down

2017: Top reasons for not registering a mobile money account
(Shown: Percentage of unregistered users reporting somewhat/strongly agree, n=381)

- Don't use products/services that require an account
- Don't have the required identification
- Family member/friend already has an account I can use

*Fewer than 50 observations

UNREGISTERED USER SAVING BEHAVIOR

- Unregistered users save through a variety of methods. Cash dominates; just above half of unregistered users (53%) saved with cash at home.
- Mobile money is the second most-often reported method of saving after cash; 17% saved via receiving a transfer and waiting to cash out with a mobile money agent. Storing money is better enabled by a registered mobile money account, and should lead to account registration for unregistered users who meet preconditions, such as obtaining the necessary identification.

2017: Methods of saving
(Shown: Percentage of unregistered users, n=366)

<table>
<thead>
<tr>
<th>Method</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>At home, in cash</td>
<td>53%</td>
</tr>
<tr>
<td>Mobile money</td>
<td>17%</td>
</tr>
<tr>
<td>Agricultural inputs or livestock</td>
<td>10%</td>
</tr>
<tr>
<td>Other people/collectors</td>
<td>8%</td>
</tr>
</tbody>
</table>

*Savers*

*Fewer than 50 observations

UNREGISTERED USER ECONOMIC EMPOWERMENT, BY GENDER

- Gender gaps in the advanced user group are narrower on only two of the four indicators — decision making on personal money and choice of financial services. The gender gap on voicing disagreement is wider among advanced users (10 percentage points) than among unregistered users (4 points). Household spending decisions are more likely to be made by men in both user groups; the 16 percentage-point gender gap among unregistered users is paralleled by a 15 percentage-point gap among advanced users.

- These findings suggest that progress on the customer journey in Tanzania empowers women with greater personal autonomy, but has less effect on bargaining power at the household level.

2017: Influence, voice and autonomy on personal and household financial decision
(Shown: Percentage of Tanzania adults in each group, by gender)

<table>
<thead>
<tr>
<th></th>
<th>Unregistered user</th>
<th>Advanced user</th>
</tr>
</thead>
<tbody>
<tr>
<td>I have most/almost all influence on final decisions on household spending</td>
<td>45</td>
<td>60</td>
</tr>
<tr>
<td>Somewhat/very likely to voice disagreement with spending decision</td>
<td>60</td>
<td>62</td>
</tr>
<tr>
<td>Somewhat/very involved in deciding what financial services to use</td>
<td>72</td>
<td>86</td>
</tr>
<tr>
<td>I make the final decision on how my money is spent or saved (somewhat/strongly agree)</td>
<td>73</td>
<td>74</td>
</tr>
</tbody>
</table>

Male (Unregistered user n=130, Advanced user n=425)  Female (Unregistered user n=236, Advanced user n=429)

REGISTERED INACTIVE USERS
REGISTERED INACTIVE USERS, BY DEMOGRAPHIC GROUP

• 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.

2017: Inactive users of registered financial accounts, by demographic and service type
(Shown: Percentage of each demographic group who are registered inactive users of each type of institution)

*Fewer than 50 observations

ACTIVE BASIC USERS

NONUSERS → UNREGISTERED USERS → REGISTERED INACTIVE USERS → ACTIVE BASIC USERS → ADVANCED USERS
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)

ACTIVE BASIC USER ECONOMIC EMPOWERMENT, BY GENDER

The active basic user group has approximately the same level of economic empowerment as advanced users on most indicators and, while gender gaps persist, they are narrower between active basic users than advanced users. Approximately the same proportion of women in the active basic and advanced user groups reported strong influence on final decisions on household spending, and the gender gap between active basic users smaller than the gap between male and female advanced users on this indicator. The narrower gap on this indicator is due to the 40% of female active basic users who identify themselves as the main income earner in the household, which is higher than in any other segment.

2017: Influence, voice and autonomy on personal and household financial decision
(Shown: Percentage of Tanzania adults in each group, by gender)

ADVANCED USERS

NONUSERS -> UNREGISTERED USERS -> REGISTERED INACTIVE USERS -> ACTIVE BASIC USERS -> ADVANCED USERS
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
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)


*Fewer than 50 observations
ADVANCED USER FINANCIAL BEHAVIORS

- The majority of advanced users (65%) saved with mobile money accounts. Cash, however, remains an important method of saving – nearly half (49%) of advanced users also saved/kept cash at home.
- A small proportion of advanced users borrowed money, and mobile money was the preferred borrowing method (9%).

*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

USE OF MOBILE MONEY VALUE ADDED PRODUCTS

- Mobile money value-added services achieve high rates of customer retention; most advanced users who access value-added services become active users.
- The merchant and bill pay service, Lipa kwa M-Pesa leads the other value-added services in access and active use, followed by the mobile money/bank service, Lipa kwa Tigo Pesa.

2017: Access and active use of mobile money value-added products
(Shown: Percentage of advanced users, n=854)

- Lipa kwa M-Pesa: merchant and bill payments tool.
- Lipa kwa Tigo Pesa: integrated mobile money and mobile banking wallet service.
- M-Pawa: savings account and credit provider.
- Airtel Money Chap Chap: mobile money product for bill pay and online shopping.

*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)

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%

53% of mobile credit users were late repaying their loans.

*Fewer than 50 observations

MOBILE CREDIT USERS, BY DEMOGRAPHIC GROUP

- Mobile credit users are more prevalent in the male, and above-poverty demographic groups than among women and below-poverty adults. Only 6% of women have taken a loan using their mobile phone, which is half of the proportion of men.
- In comparison to the demographic distribution of advanced users overall (Slide 55), there are small gaps in the prevalence of mobile credit adoption between urban versus rural adults. This finding suggests that rural adoption will drive significant growth.

2017: Mobile credit users, by demographic
(Shown: Percentage of each demographic group who are mobile credit users)

USES AND ADVANTAGES OF MOBILE CREDIT

- Over 40% of mobile credit users reported that this method of borrowing was advantageous because of privacy, convenience, speed of delivery, and even the amount of credit available. Among the top five advantages, trust was reported by the fewest respondents.
- Reflecting the novelty of mobile credit in Tanzania, it was used most often to purchase airtime and for meeting day-to-day needs. Meeting business needs was not a top use case, suggesting that a large market has yet to be addressed.

2017: Top advantages of mobile credit
(Shown: Percentage of Tanzania adults who have ever taken a loan using a mobile phone, n=251)

<table>
<thead>
<tr>
<th>Advantage</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Privacy of loans</td>
<td>48</td>
</tr>
<tr>
<td>Convenience</td>
<td>44</td>
</tr>
<tr>
<td>Speed of getting the loan</td>
<td>43</td>
</tr>
<tr>
<td>Size of loan</td>
<td>43</td>
</tr>
<tr>
<td>Trust in provider</td>
<td>40</td>
</tr>
</tbody>
</table>

2017: Top uses of mobile credit
(Shown: Percentage of Tanzania adults who have ever taken a loan using a mobile phone, n=251)

<table>
<thead>
<tr>
<th>Use</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>To purchase airtime</td>
<td>65</td>
</tr>
<tr>
<td>For meeting day-to-day needs</td>
<td>35</td>
</tr>
<tr>
<td>Just to try it out</td>
<td>30</td>
</tr>
<tr>
<td>For medical needs or emergency</td>
<td>14*</td>
</tr>
</tbody>
</table>

*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

<table>
<thead>
<tr>
<th>Key Indicators</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>Base Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adults (15+) who have active digital stored-value accounts</td>
<td>35% (+/− 2.8%)</td>
<td>54% (+/− 2.8%)</td>
<td>41% (+/− 2.1%)</td>
<td>43% (+/− 1.9%)</td>
<td>All adults</td>
</tr>
<tr>
<td>Poor adults (15+) who have active digital stored-value accounts</td>
<td>32% (+/− 2.8%)</td>
<td>49% (+/− 3.0%)</td>
<td>33% (+/− 2.4%)</td>
<td>35% (+/− 2.0%)</td>
<td>All poor</td>
</tr>
<tr>
<td>Poor women (15+) who have active digital stored-value accounts</td>
<td>29% (+/− 3.4%)</td>
<td>46% (+/− 3.6%)</td>
<td>27% (+/− 2.8%)</td>
<td>30% (+/− 2.5%)</td>
<td>All poor females</td>
</tr>
<tr>
<td>Rural women (15+) who have active digital stored-value accounts</td>
<td>25% (+/− 3.6%)</td>
<td>38% (+/− 4.2%)</td>
<td>22% (+/− 3.3%)</td>
<td>27% (+/− 2.8%)</td>
<td>All rural females</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>24% (+/− 2.4%)</td>
<td>29% (+/− 2.6%)</td>
<td>24% (+/− 1.8%)</td>
<td>29% (+/− 1.9%)</td>
<td>All adults</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>21% (+/− 2.3%)</td>
<td>24% (+/− 2.6%)</td>
<td>17% (+/− 1.8%)</td>
<td>21% (+/− 1.8%)</td>
<td>All poor</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>18% (+/− 2.6%)</td>
<td>22% (+/− 3.3%)</td>
<td>12% (+/− 1.7%)</td>
<td>16% (+/− 1.9%)</td>
<td>All poor females</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>15% (+/− 2.6%)</td>
<td>13% (+/− 3.0%)</td>
<td>8% (+/− 1.9%)</td>
<td>14% (+/− 2.3%)</td>
<td>All rural females</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 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.
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