

FINANCIAL INCLUSION **insights**

APPLIED RESEARCH FOR  digital financial inclusion

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DIGITAL PATHWAYS TO FINANCIAL INCLUSION 2014 SURVEY REPORT

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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 [Kenya](#), [Tanzania](#), [Uganda](#), [Nigeria](#), [India](#), [Pakistan](#), [Bangladesh](#) and [Indonesia](#) 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.

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CONTENTS

1. Executive Summary	4
2. Changes to the Ugandan Financial Inclusion Ecosystem in 2013-2014	10
3. Uganda Country Context and Consumer Profile	14
4. Ugandans' Mobile Phone Use	21
5. Ugandans' Financial Behaviors	27
6. Uptake and Use of Mobile Financial Services	40
7. Demand-side Perspective: Mobile Money Users and Prospective Users	51
8. Use of Banking Services in Uganda	61
9. Uptake and Use of Nonbank Financial Services	66
10. Special Topics: The Gender Story	69
11. Special Topics: Cross-country Indicators	74
12. Methodology and Research Description	76

EXECUTIVE SUMMARY

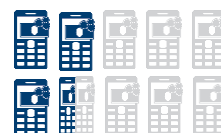
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Nearly 40 percent of Ugandan adults are financially included



38% of adult Ugandans
are financially included

- Inclusion is driven primarily by mobile money services.
- Three-quarters of registered bank users also have a mobile money account.
- The use of nonbank financial institutions (NBFI) and informal services is not common, although some might be under-reporting out of fear of fraud or taxation.



33%
have registered mobile money
accounts



14%
have bank accounts



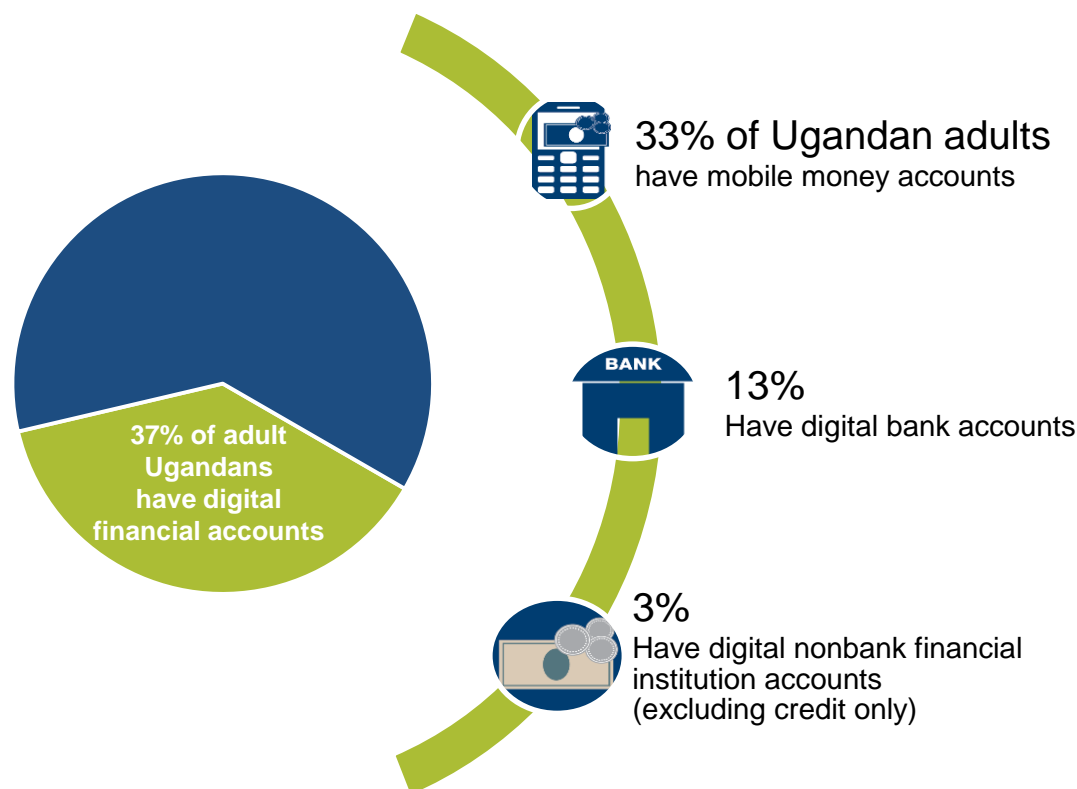
5%
have nonbank financial
institution accounts (excluding
credit only)

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

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Thirty-seven percent of Ugandans have digital access to their financial accounts

- Mobile money accounts are by far the most common form of digital financial accounts.
- Banks are second: 93 percent of bank account holders (13 percent of the population) can access their accounts digitally through an ATM card, mobile apps, or online.
- Only 7 percent have accounts at nonbanking financial institutions, but 36 percent of them can access their accounts digitally.



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

Source: InterMedia Uganda FII Tracker surveys Wave 2 (N=3,001, 15+) June-July, 2014.

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Nearly half of Ugandans have access to financial accounts through a bank or mobile money services, static with 2013. Mobile money access surpasses banks, and now almost a third have MM accounts

Bank and mobile-money (MM) account access and use: 2013 vs. 2014*

(Shown: Percentage of Ugandan adults who fall into each category, 2013 (W1) N=3,000, 2014 (W2) N=3,001)



*Differences in waves are not significant at the 95% confidence level for access to a bank account, bank account holders, MM account holders and active MM account holders. Categories are not mutually exclusive.

Source: InterMedia Uganda FII Tracker surveys Wave 1 (N=3,000, 15+), September-December, 2013, and Wave 2 (N=3,001, 15+) June-July, 2014.

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Scaling of digital financial services in Uganda depends on the success in overcoming market challenges

CHALLENGES

- **High poverty rates:** 68% of Ugandans live below the poverty line, 46 percent struggle to afford basic necessities.
- **High incidence of rural residences:** 75% reside in rural/remote areas and are engaged in agricultural activities with unstable incomes.
- **Limited literacy and numeracy skills:** 36% lack basic literacy, 60% have a primary education or less.
- **Insufficient preparedness for digital services:** 65% have mobile phones, but many require assistance with SMS and advanced services. Less than half have a KYC-approved ID.
- **Insufficient comfort using digital financial services on their own:** Strong agent dependence among registered and unregistered mobile money users.

POSSIBLE ACTIONS

- The pricing structure of digital financial services should be considered one of the many competing demands for Ugandans' limited income, and tendency to fall short each month.
- Promotional messages around digital financial services (DFS) has an opportunity to highlight the ways DFS help users reduce their expenses related to money management as a way to engage consumers.
- DFS providers can consider the ROI on enhancing face-to-face technical support through their agent networks to educate "uncomfortable" users on basic and advanced services, and create a sense of security, as these are major barriers and consumers like personal assistance.
- DFS agents will need to teach text messaging and other advanced mobile phone uses to educate their customers so that they may better interact with accounts.

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A number of existing market features create positive context for advancing digital financial services in Uganda

OPPORTUNITIES

- **Demand for advanced financial services:** 64% of Ugandans save money, 33% borrow and 35% invest. Most save, borrow and invest using informal instruments.
- **Latent demand for insurance products:** 53% of Ugandans have an emergency fund, 39% have a financial plan in case of a financial shock. Yet only 3% have insurance.
- **High rates of P2P activities:** 29% of adults receive remittances. P2P transfers are the key driver and one of the top uses of DFS.
- **Youths are ready to be DFS change agents:** Ugandan youth (15-34 yo) are more likely to have better education and be advanced users of DFS but have no stable job.
- **Agricultural value chains create a space for DFS promotion:** 63% of Ugandans work in agriculture, some are active users of DFS with the power to promote DFS to their clients, buyers and suppliers.

POSSIBLE ACTIONS

- DFS advancement can benefit from tailored financial products aimed at those who already save, borrow and invest.
- Affordable, easy-to-buy and easy-to-use insurance products accompanied by an education about their value can stimulate uptake of DFS.
- Sliding P2P transfer tariffs and financial incentives based on frequency can stimulate more BOPs to use DFS to send/receive money.
- Young people can be recruited as mobile money agents and educators, which will help solve their unemployment issues in addition to expanding agent networks to remote areas.
- Agricultural and other value chains can be used for person-to-person promotion of DFS if users in power (active users who are buyers or distributors) are incentivized to request DFS as their transactional channel. Such users can receive discounts or bonuses for adding users.

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**CHANGES TO THE UGANDAN
FINANCIAL INCLUSION ECOSYSTEM IN
2013-2014**

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Government's initiatives aim to create more favorable and responsible digital financial space

- **Seventy percent of Ugandans are to be financially included by 2017.**
 - In 2014, the Bank of Uganda (BoU) committed to incorporating 70 percent of Uganda's adults in the formal financial system by 2017. While pursuing this goal, BoU will aim to increase the level of financial literacy, fast track the regulatory framework for agent banking, and support the use of innovative technologies based on mobile money platforms.
- **Registration for national IDs is in advanced stages.**
 - All Ugandans are expected to have national IDs by early 2015.
- **Biometric ID initiatives are underway.**
 - The directorate of Citizenship and Immigration Control has started the process of procuring electronic passports (e-passports) to replace the non-digital passports. The government will start issuing biometric IDs by November 2015.
- **Mobile Money Guidelines are in place to guide responsible service provision and provide customer protection.**
 - In October 2013, the Bank of Uganda issued Mobile Money Guidelines to customers, mobile-money service providers, licensed institutions, mobile money agents and other parties involved in the provision of mobile money services in Uganda. The guidelines contain clauses regarding various "roles" or stakeholders, as well as consumer protection, interoperability and anti-money laundering, and KYC guidelines.

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Increasing competition among telcos led to more innovative product offerings, but the market keeps fighting fraud and increasing fees

- **Increase in the number of institutions offering mobile money services.**
 - Since 2013, Smart Telecom joined the Uganda market and is due to unveil mobile money services. WorldRemit launched its mobile money services in partnership with MTN Mobile Money. Bank of Africa unveiled a mobile banking platform.
- **Continuous upgrades and innovations in value-added products and services.**
 - Uganda Telecom upgraded its mobile money platform to make M-Sente more competitive.
 - MTN Uganda introduced mobile money for its roaming customers.
 - Airtel Uganda introduced a group savings product for Village Savings and Loan Associations to help them store their money as mobile money.
 - MTN Uganda deployed the Ericsson Converged Wallet Solution, connecting across MTNs vast operations in several countries.
- **Increase in mobile money transaction fees in response to increased taxes.**
 - MTN hiked mobile money withdrawal fees following the introduction of a 10-percent tax on mobile money withdrawals.
- **Increasing cases of fraud.**
 - Mobile money fraud in Uganda is reported to be manifesting itself in some of the following ways: fake currency, reversing “erroneous” transactions, facilitation fees for winners of prize draws, PIN appropriation, and SIM replacement. There have been widespread media reports about customers losing a considerable amount of money in double charges and unsolicited messages.

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Banks are eager to compete with telcos for customers in the digital space












- **Networking between banks has increased.**
 - Centenary Bank joined the East Africa Interswitch network, which made a substantial contribution to the integration of the electronic system across the industry in Uganda.
- **Banks established more partnerships with telcos to improve services:**
 - Centenary Bank & MTN partnered on a mobile money ATM cash-out service. Centenary Bank ATMs across the country can be used by MTN mobile money customers to cash out.
 - Innovations in mobile money value-added products and services by banks.
- **Mobile wallet is a reality.**
 - Bank of Africa (Uganda) introduced a mobile wallet that enables account and non account holders to transact, send and receive money using their mobile phones and ATMs.
- **Banks partner with informal financial groups to capitalize on existing financial behaviors.**
 - Airtel Uganda's group saving product for Village, Saving and Loan Associations (savings stored as mobile money) can be linked to bank accounts at financial institutions to allow access to interest bearing savings and credit.

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**CONTEXT: THE DEMAND-SIDE
CONSUMER**

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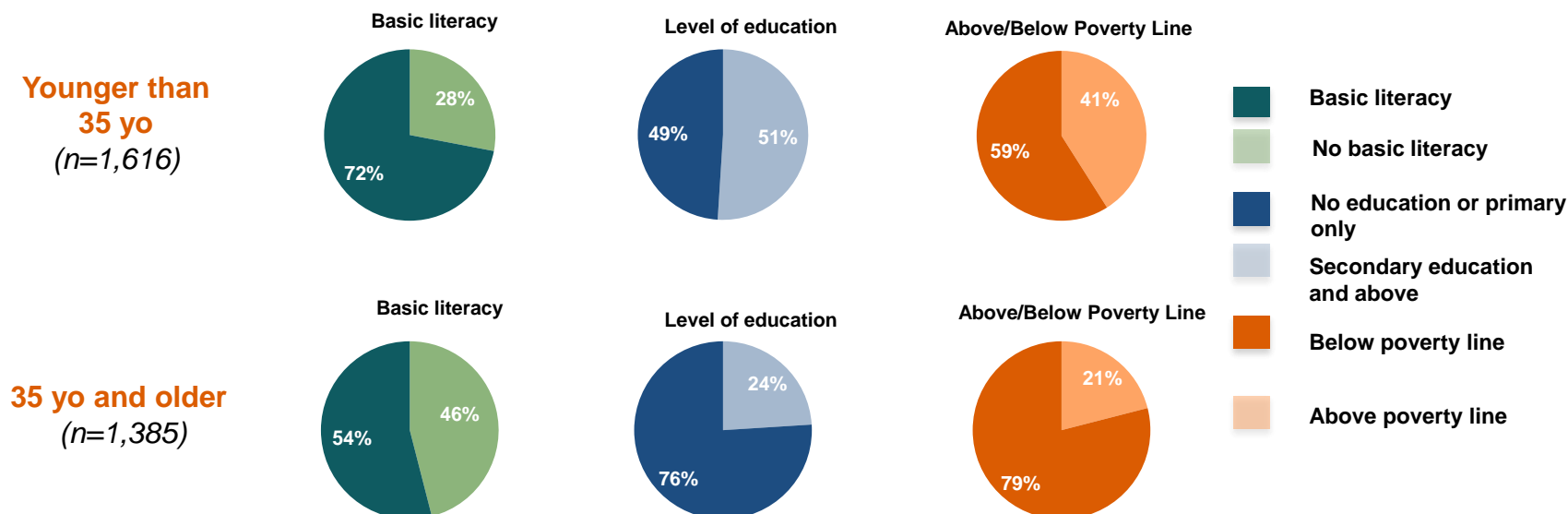
The Ugandan population is young, primarily rural, and largely lives under the poverty line

Demographic		% of Survey (N=3,001)
	Male	47%
	Female	53%
	Urban	25%
	Rural	75%
	Above the \$2.50/day poverty line	32%
	Below the \$2.50/day poverty line	68%
	Ages 15-24	34%
	Ages 25-34	23%
	Ages 35-44	15%
	Ages 45-54	10%
	Ages 55+	17%

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Younger adults are better educated and better-off than older individuals

Demographic characteristics of Ugandan adults below 35 years old and those 35 and older

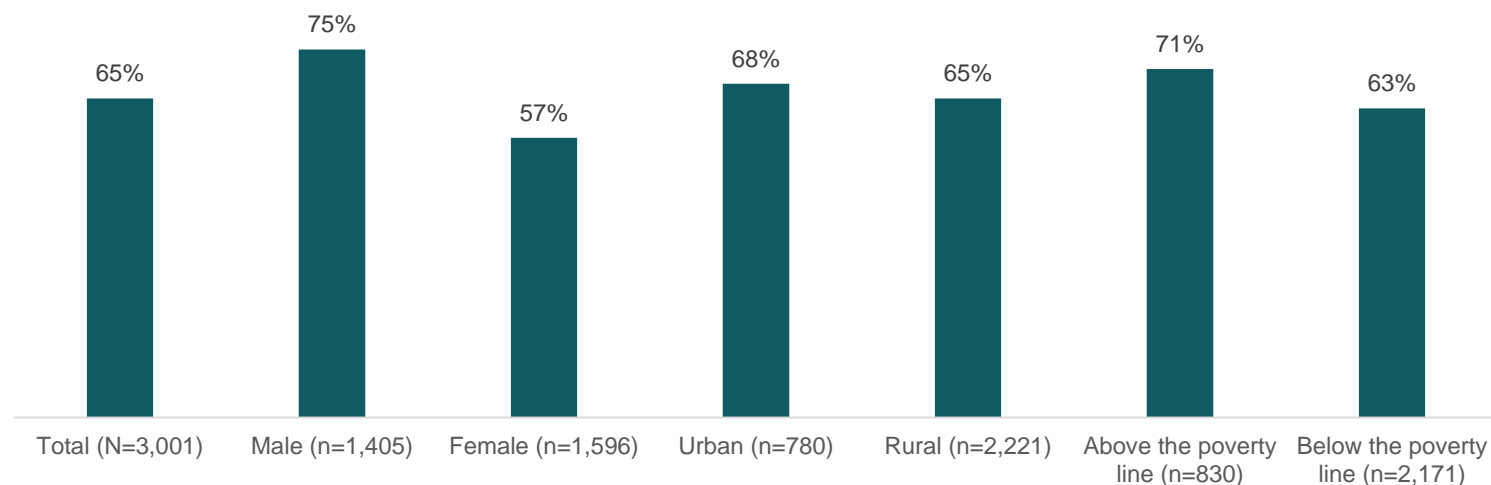


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Two-thirds are employed. Though a gender gap exists, more than half of women have jobs

Employment demographics

(Shown: Percentage of each demographic group who have a job with regular pay, occasional pay, or self-employment)

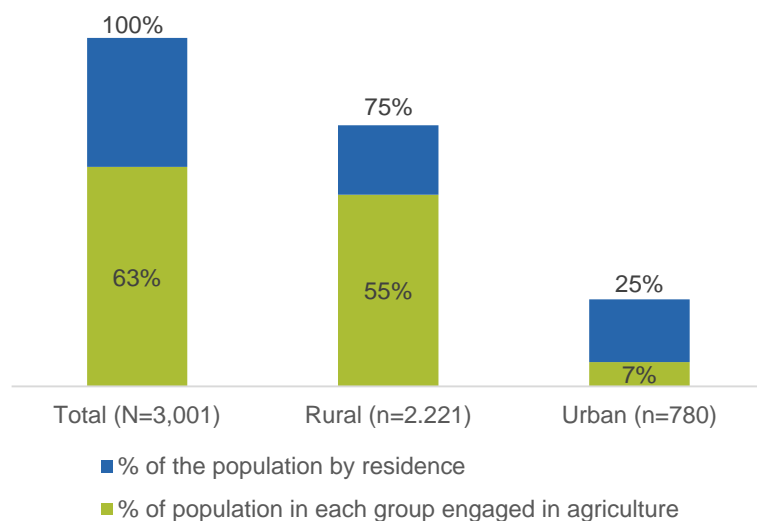


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Two thirds are engaged in agriculture through a regular job or subsistence farming; the percentages vary by urban/rural status

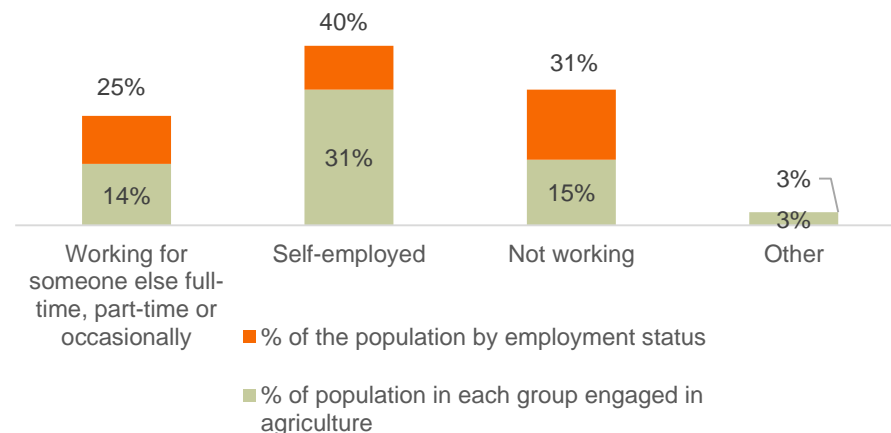
Ugandan adults working in agriculture by urban/rural status

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



Ugandan adults working in agriculture by their self-reported employment status

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

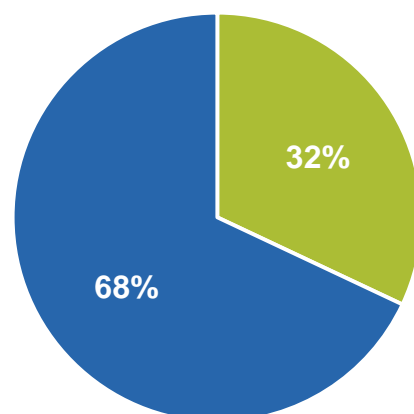


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Most live below the poverty line and cannot cover their basic necessities

Poverty status

(Shown: Total population, N=3,001)



- Above the poverty line
- Below the poverty line

Among those below the poverty line, 68 percent do not have money for food or clothes

Poor household's self-reported purchasing power

(Shown: Ugandans living below the poverty line (n=2,171))

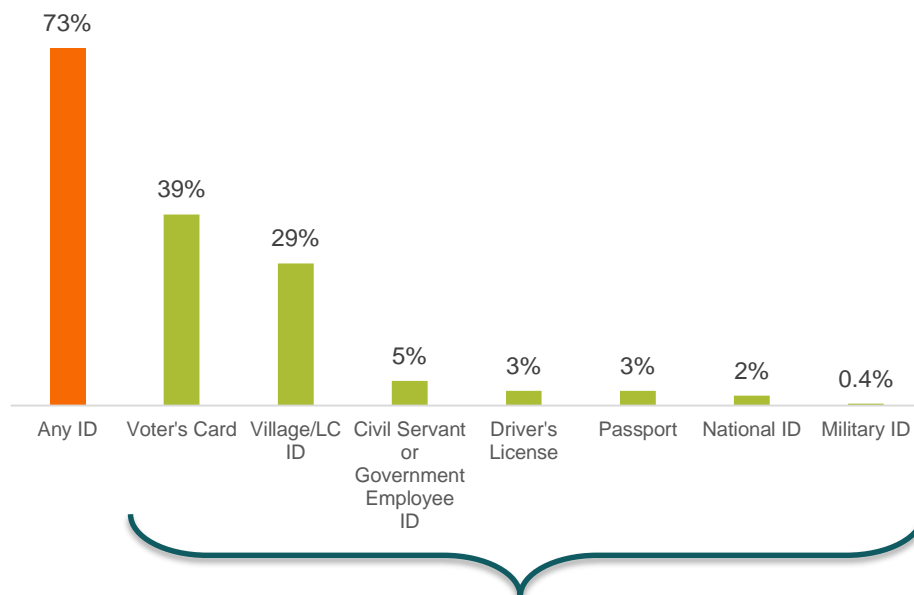


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Its common to have some sort of identification, but few have an ID required to register for a financial account

Type of identification reported by Ugandan adults

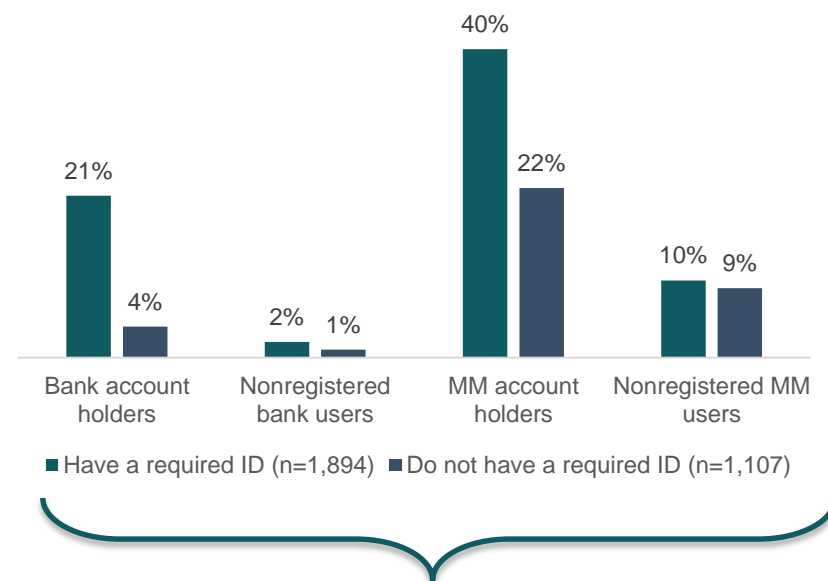
(Shown: Percentage of Ugandan adults who reports each type of ID)



Lack of ID hampers access to financial services: At least one of these types of IDs is required to open a bank or mobile money (MM) account.

Bank and MM account ownership and sharing by ownership of required ID

(Shown: Percentage of Ugandans by ID ownership)



Some account holders, including those aged 15-18, use accounts registered for them by their parents or employers.

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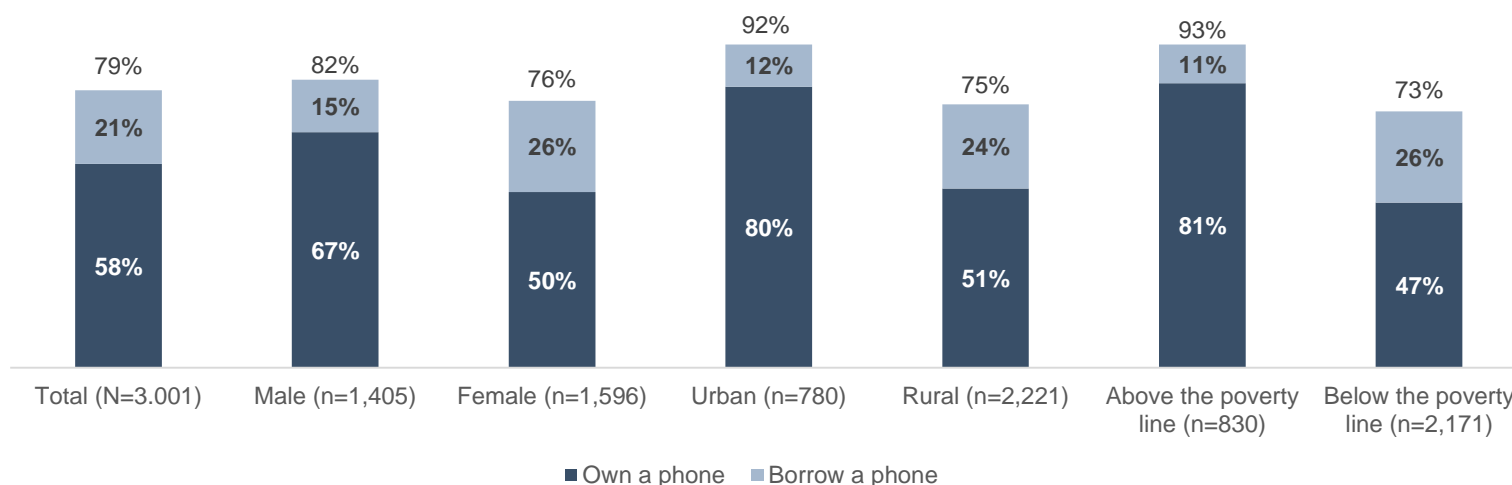
UGANDANS' MOBILE PHONE USE

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Most use a mobile phone, even though some have to borrow a phone. Women, the poor and rural residents lag in usage overall, as well as ownership

Mobile phone ownership and access by demographic group

(Shown: Percentage of each demographic group who owns a mobile phone)

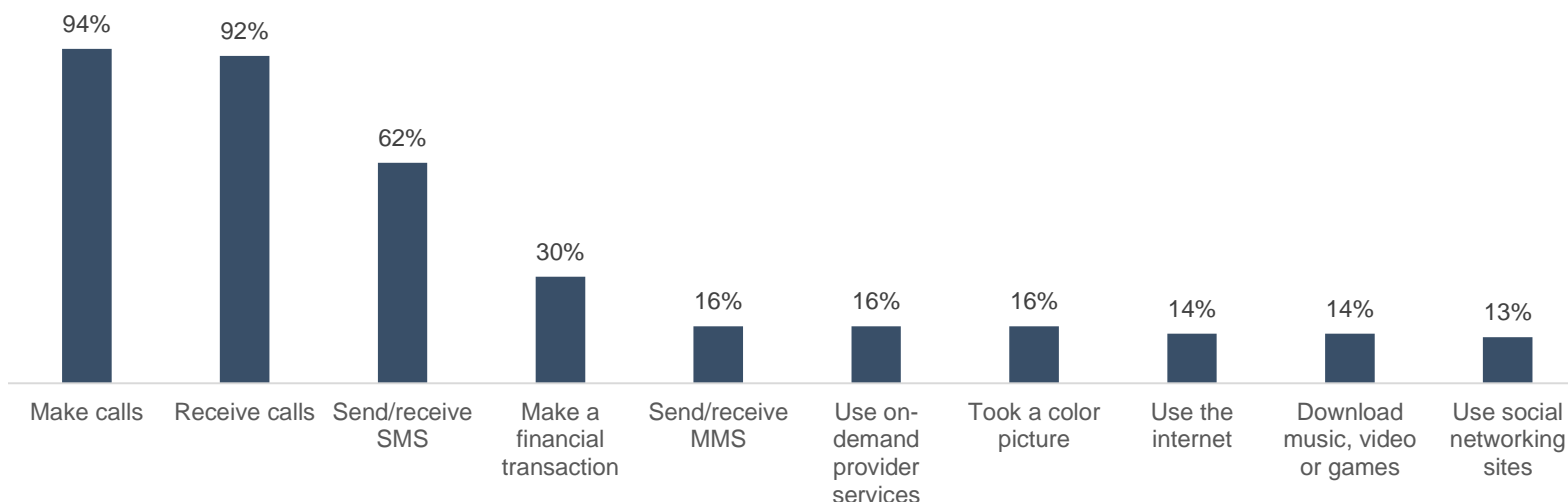


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After calls and SMS, financial transactions are the leading type of mobile phone use

Mobile phone uses

(Shown: Percentage of Ugandan adults with access to mobile phones who ever performed a given activity, n=2,322)

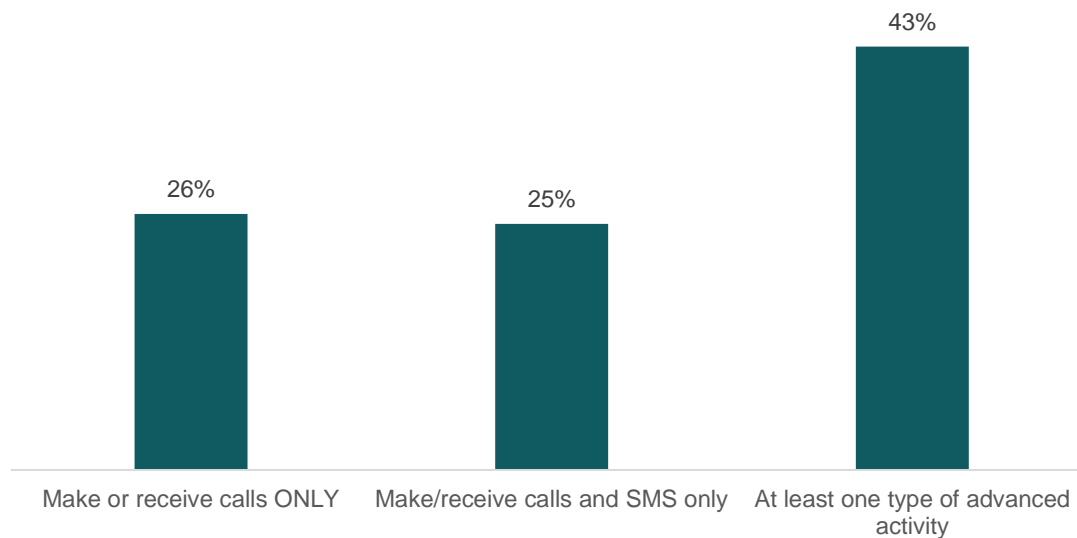


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Overall, four-in-ten mobile phone users are doing something other than calling, SMS with their device

Types of mobile phone uses

(Shown: Percentage of Ugandan adults with access to mobile phones who ever performed a given activity, n=2,322)

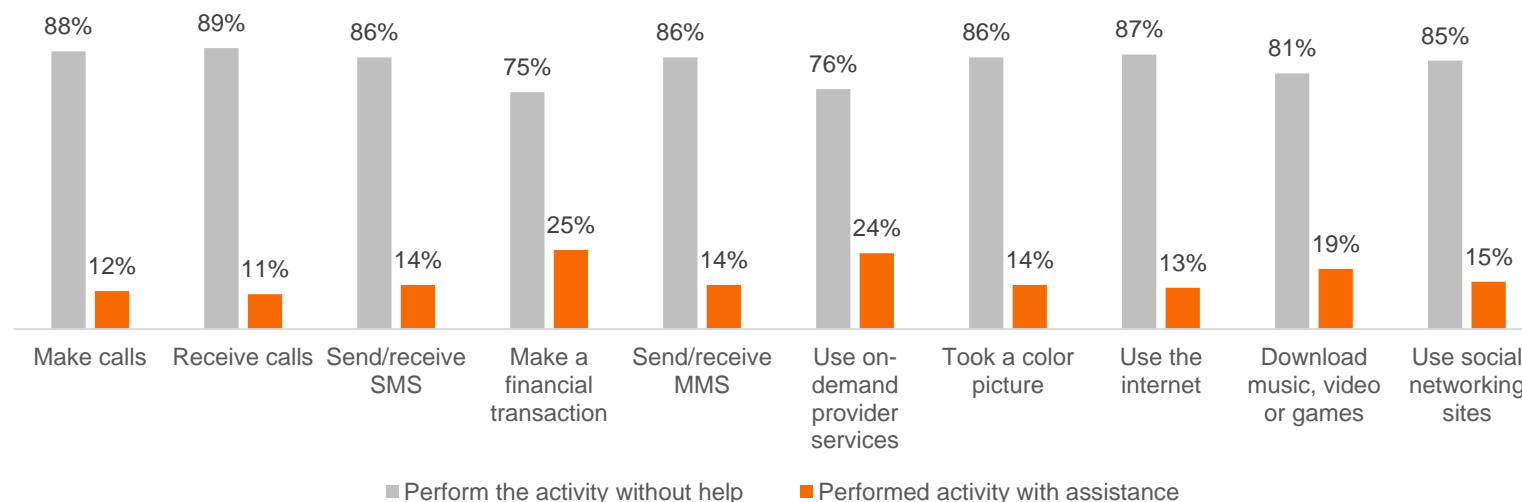


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The majority of mobile phone users do not require assistance; even for such complex activities as on-demand services and financial transactions

Mobile phone uses with and without assistance

(Shown: Percentage of those who ever performed a specific activity)



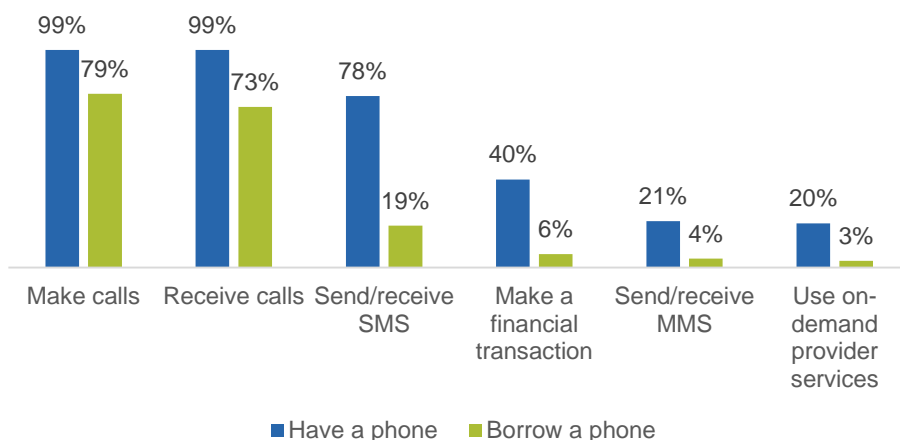
Source: InterMedia Uganda FII Tracker surveys Wave 2 (N=3,001, 15+) June-July, 2014.

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Mobile phone ownership stimulates use: Those who have personal mobile phones tend to use them more frequently and for more advanced activities

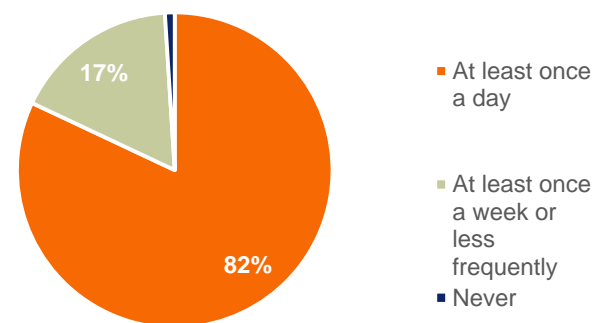
Mobile phone uses by mobile phone ownership

(Shown: Percentage of Ugandan adults who ever performed a given activity)

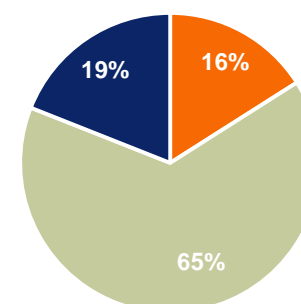


Frequency of mobile phone use by mobile phone ownership

Have a phone (n=1,709)



Borrow a phone (n=613)



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UGANDANS' FINANCIAL BEHAVIOR

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Debt, expenses leave many in a precarious position, unprepared for financial shocks or unexpected expenses

61% have debts that exceed their savings

44% are unable to earn more than they spend each month

81% had no money left over last month after paying all expenses

47% do not have an emergency fund to cover unplanned expenses

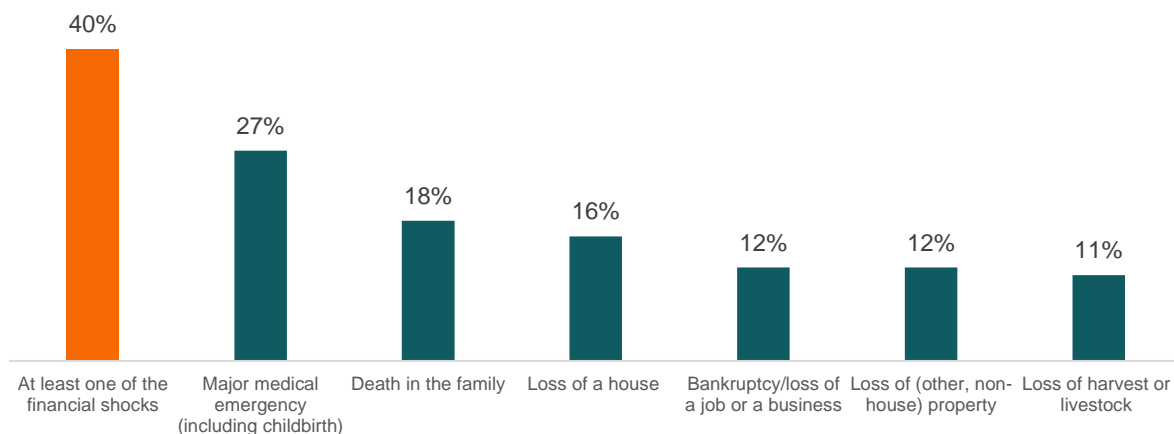
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Fewer than half have a plan for any types of emergencies or financial shocks

- Fifty-three percent have some money for emergency expenses (an emergency fund) at least sometimes, but only 11 percent always have the money available.
- Forty percent have a plan to manage unexpected expenses/financial shocks.
- Less than one in 10 Ugandans has a living will.
- Only 3 percent of adults have any type of insurance.

Does your family have a plan to manage the unexpected expenses/financial shocks, which might result from the following?

(Shown: All adults, N=3,001)

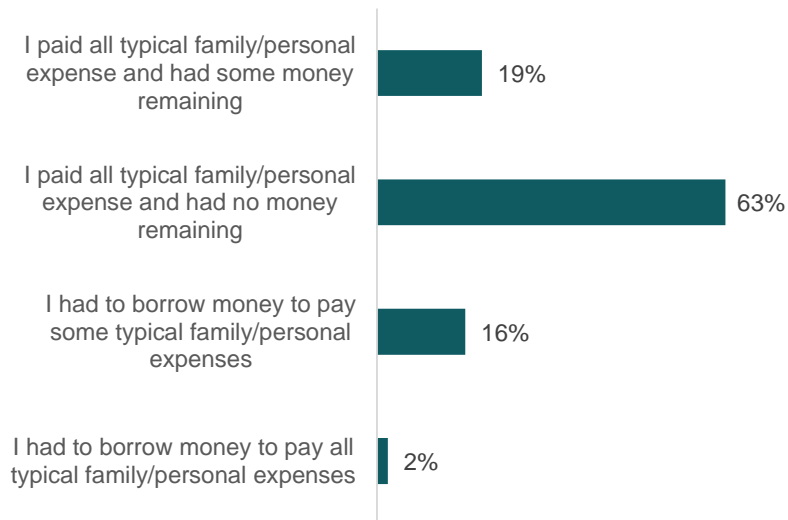


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Spending often exceeds income, and few have any left over each month after expenses

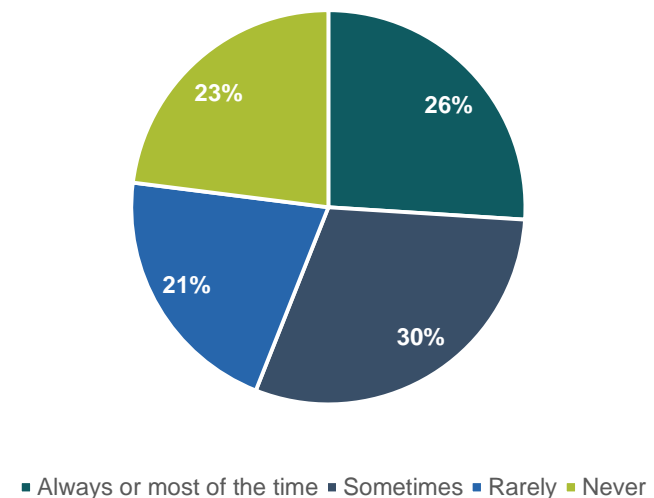
Which of the following statements describes your financial situation last month?

(Total population, N=3,001)



How often does the following apply to you: I spend less money than I make each month?

(Total population, N=3,001)

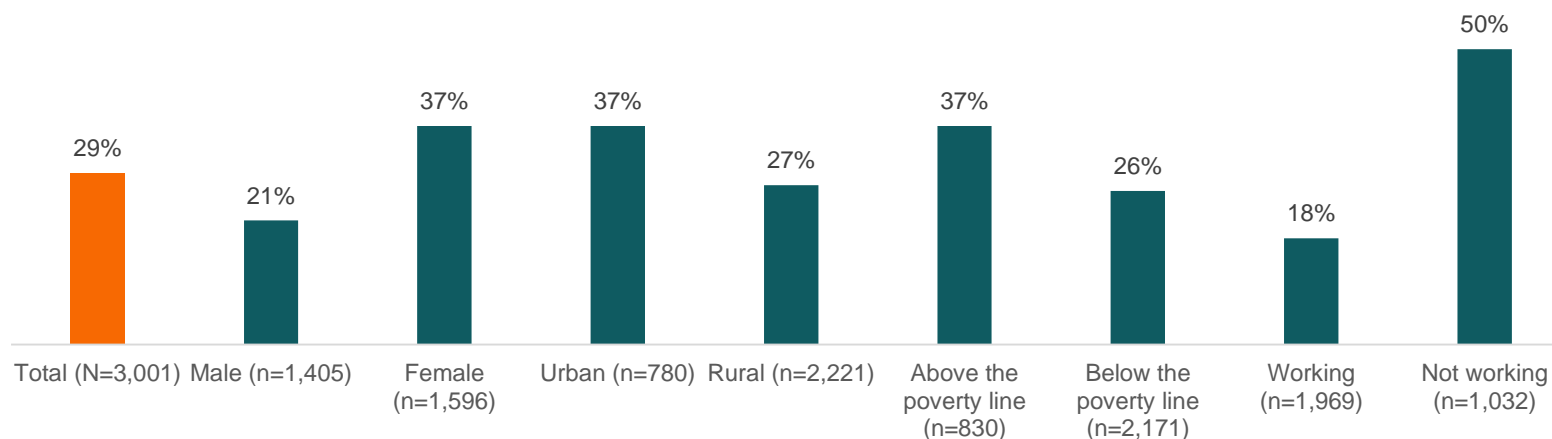


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Twenty-nine percent of Ugandans receive remittances from immediate family members or other relatives and friends

Remittance recipients, by demographics

(Shown: Percentage of each demographic group who receive remittances)



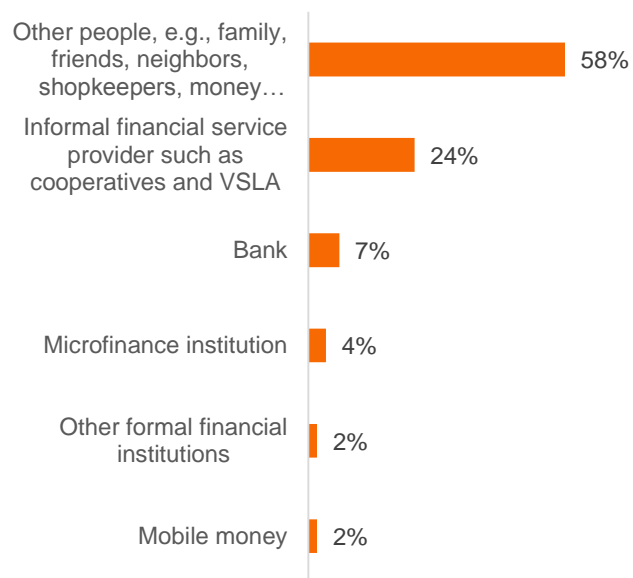
Those living in urban areas and those above the poverty line are more likely to report remittances likely because urban dwellers and the well-off are within reach of several different remittance channels (cash, mobile money or a bank). They also are more likely to have a network of people who have money as opposed to rural residents and the poor, whose social networks are similarly rural and poor.

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Loans are typically for essentials, or providing for the future, and consumers rely more on informal sources, including family and friends

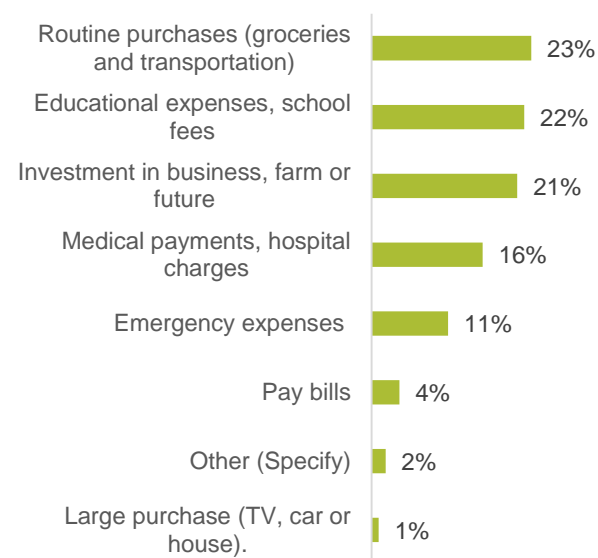
Where do you borrow from?

(Shown: Percentage of adults who take loans, n=1,224)



How do you spend borrowed money?

(Shown: Percentage of adults who take loans, n=1,224)

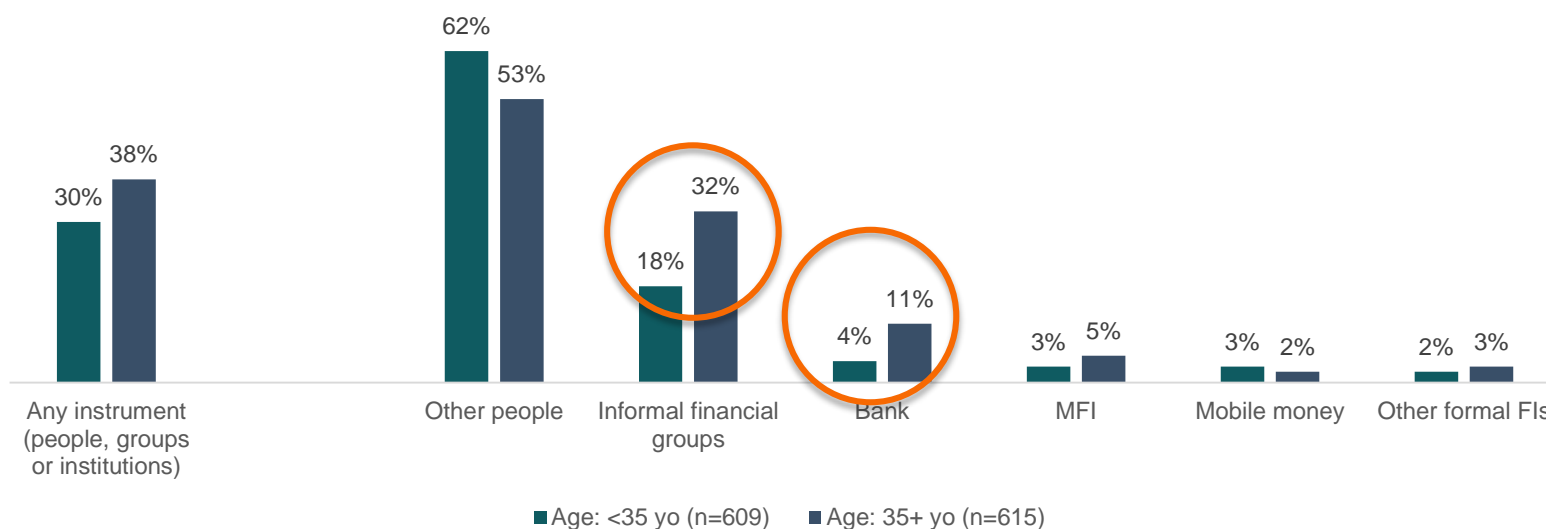


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Ugandans start borrowing at a young age. The older the adults, the more likely they are to borrow from formal and informal financial groups as opposed to borrowing from other people

Where do you borrow from?

(Shown: Percentage of adults who take loans, by age group)



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Borrowers tend to be aware of loan terms, and most repay on time or early. Yet close to half of the market needs a repayment extension

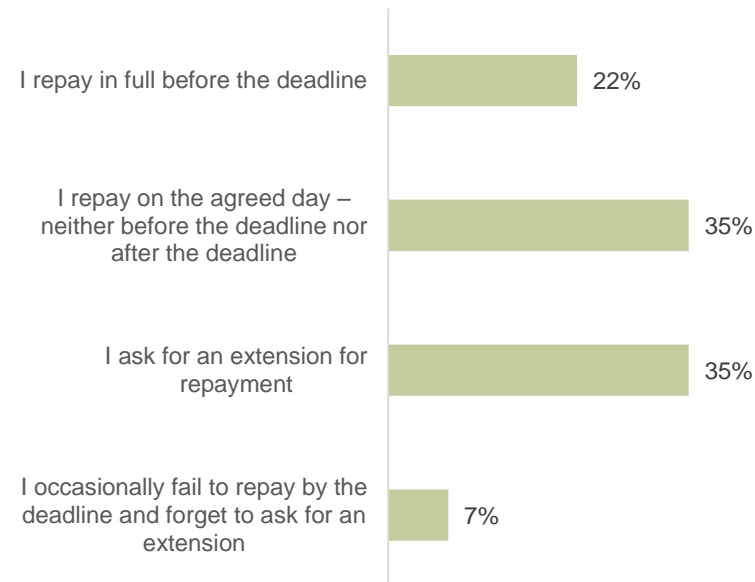
Do you know what interest rate you pay on a loan from this institution?

(Shown: Percentage of adults who take loans from each type of lender)

	Yes	No
Bank (n=92)	79%	21%
Informal financial service provider such as cooperatives and VSLA (n=314)	82%	18%
Microfinance institution (n=51)	73%	27%
Other formal financial institutions (n=30)	66%	34%
Mobile money (n=25)	62%	38%
Other people, e.g., family, friends, neighbors, shopkeepers, money guards, etc. (n=690)	50%	50%

How do you usually repay your loans?

(Shown: Percentage of adults who take loans, n=1,224)

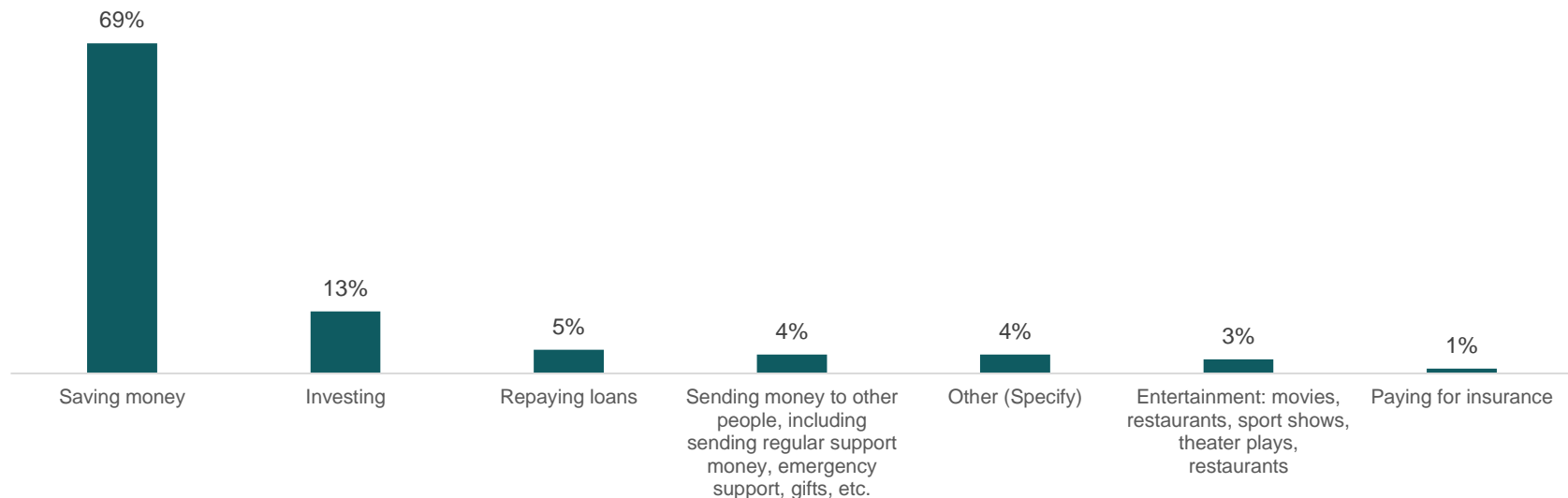


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When there is money left over at the end of the month, consumers opt to save

After paying your and your family's typical expenses, what was the largest expense for which you used leftover money last month?

(Shown: Percentage of adults who had leftover money "last month," n=551)

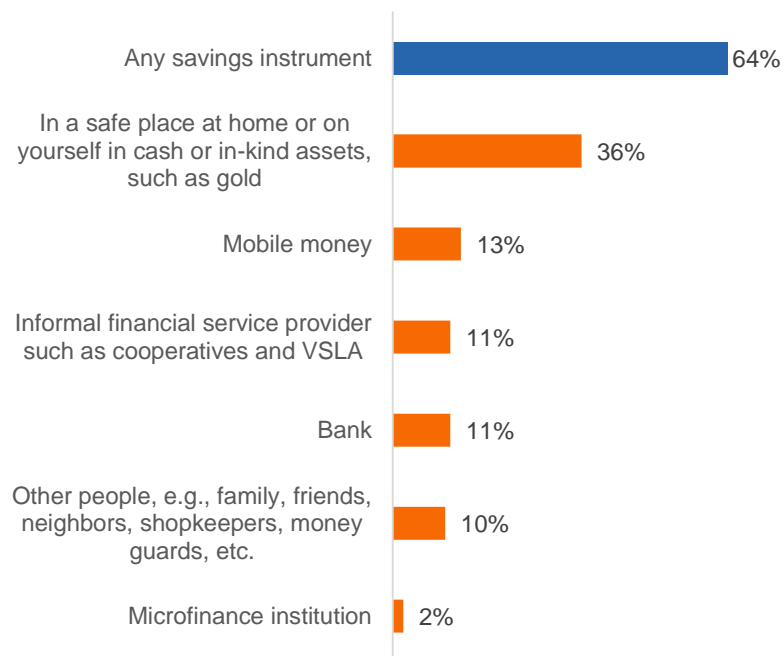


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Consumers save either to prepare for the future, or take care of the needs of the present

Where do you save money?

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



Why do you save money?*

(Shown: Percentage of adults who save, n=1,848)



*The question allowed for multiple responses

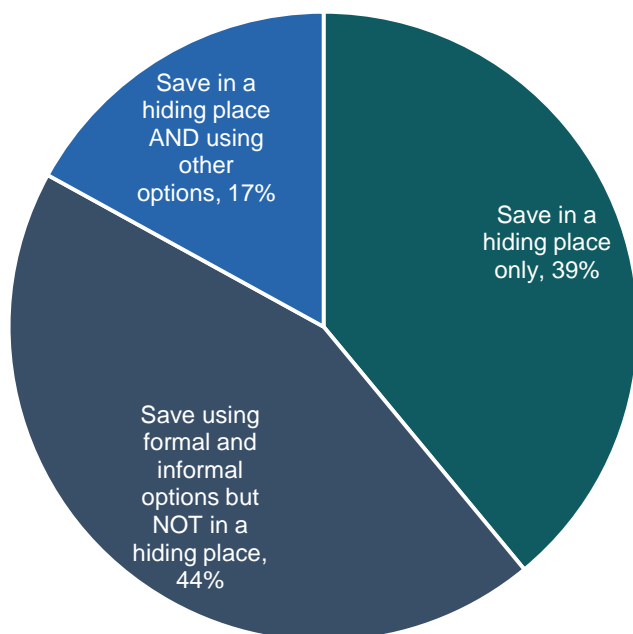
Source: InterMedia Uganda FII Tracker surveys Wave 2 (N=3,001, 15+) June-July, 2014.

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It's nearly as common for someone to hide their money as it is for them to save it in a formal or informal institution. Even mobile money users will hide savings

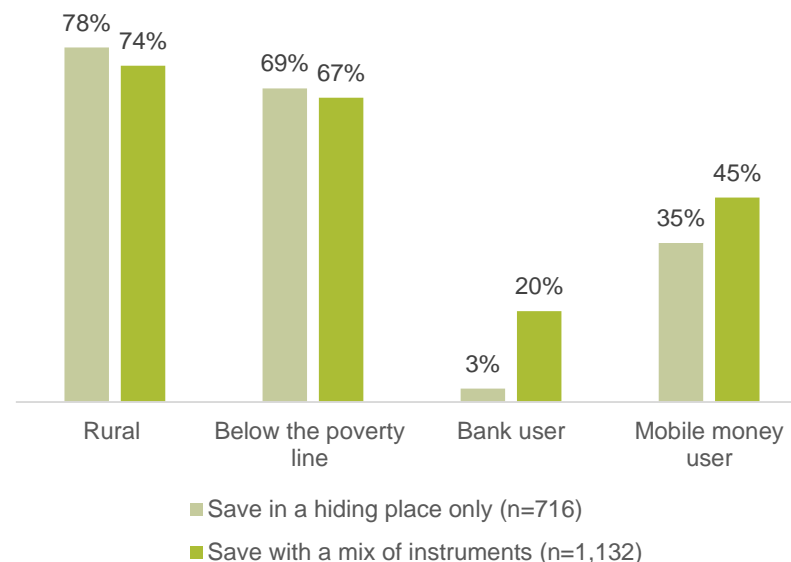
Where do you save money?

(Shown: Percentage of adults who save, n=1,848)



Where do you save money?

(Shown: Percentage of adults who save with a specific instrument)



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Access to multiple substitute options means that consumers do not have to rely upon formal financial institutions for savings and borrowing

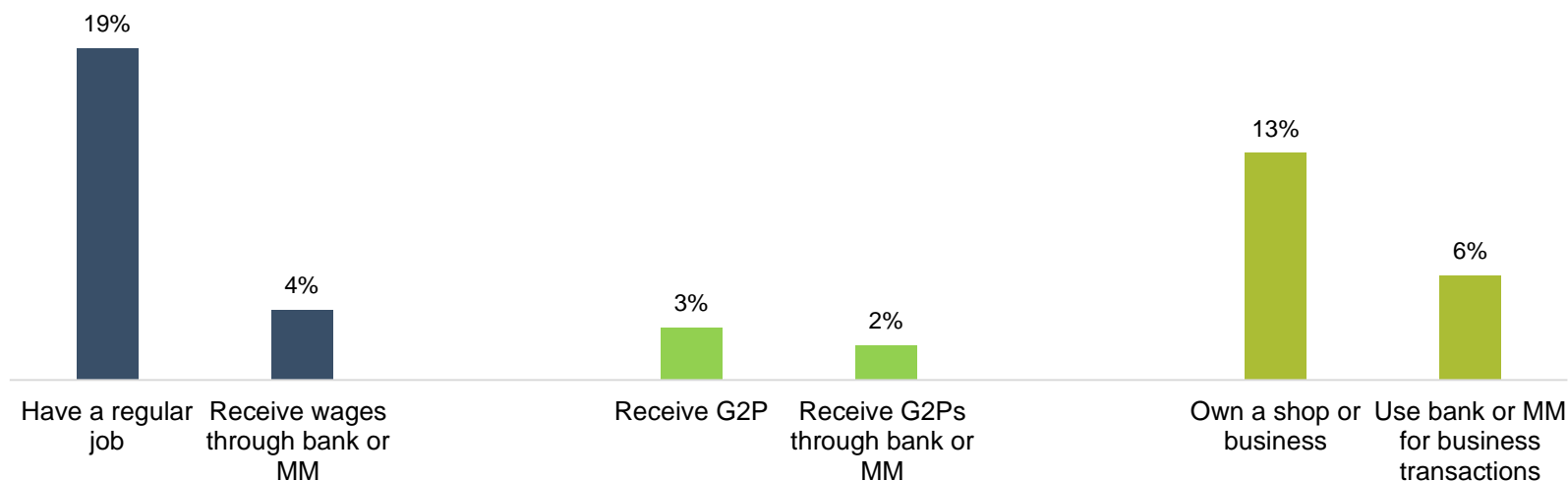
Rank	Top-five reasons Ugandans do not save with formal FIs (n=2,405, those who do not save with FI)	%	Rank	Top-five reasons Ugandans do not borrow from formal FIs (n=1,056, those who do not borrow from FI)	%
①	I can save using other means	31	①	I can borrow through other means	32
②	I do not have enough money to save	25	②	The amount I need is too small to use a formal FI	13
③	The amount I am saving is too small to use a formal FI	14	③	I prefer to rely on people, not formal FIs, for borrowing	11
④	I have difficulty understanding how to use formal FIs for savings	5	④	Interest rate is too high	7
⑤	There is no formal financial institution close to where I live	4	⑤	Fees for using this service are too high	7

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Ugandans are still relying heavily on cash; less than half of wages and business payments are disbursed through mobile money (MM) or banks

Adults receiving payments vs. adults receiving payments via their digital accounts

(Shown: All adults, N=3,001)



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UPTAKE AND USE OF MOBILE FINANCIAL SERVICES

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Most know of mobile money services and can name providers; even still, use lags

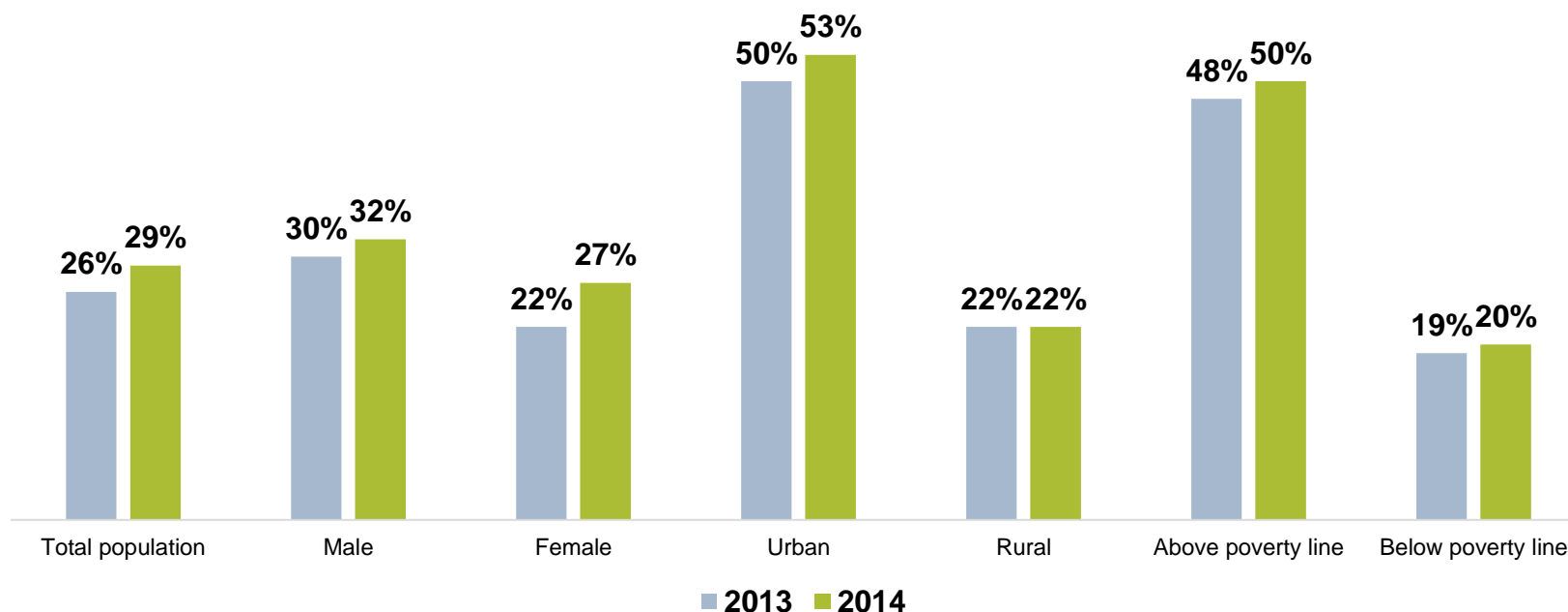
	2013	2014
Mobile money concept awareness	Not asked	91%
Mobile money provider awareness	90%	91%
Mobile money users	43%	43%
Mobile money registered users	29%	33%
Mobile money assisted/shared use	14%	10%

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More consumers above the poverty line and in urban areas, as well as women, now have active registered mobile money accounts

Demographic trends for active registered mobile money account use*

(Shown: Percentage of Ugandan adults who fall into each category, W1 N=3,000, W2 N=3,001)



**Differences in waves are not significant at the 95% confidence level for access to a bank account, bank account holders, MM account holders and active MM account holders. Categories are not mutually exclusive.*

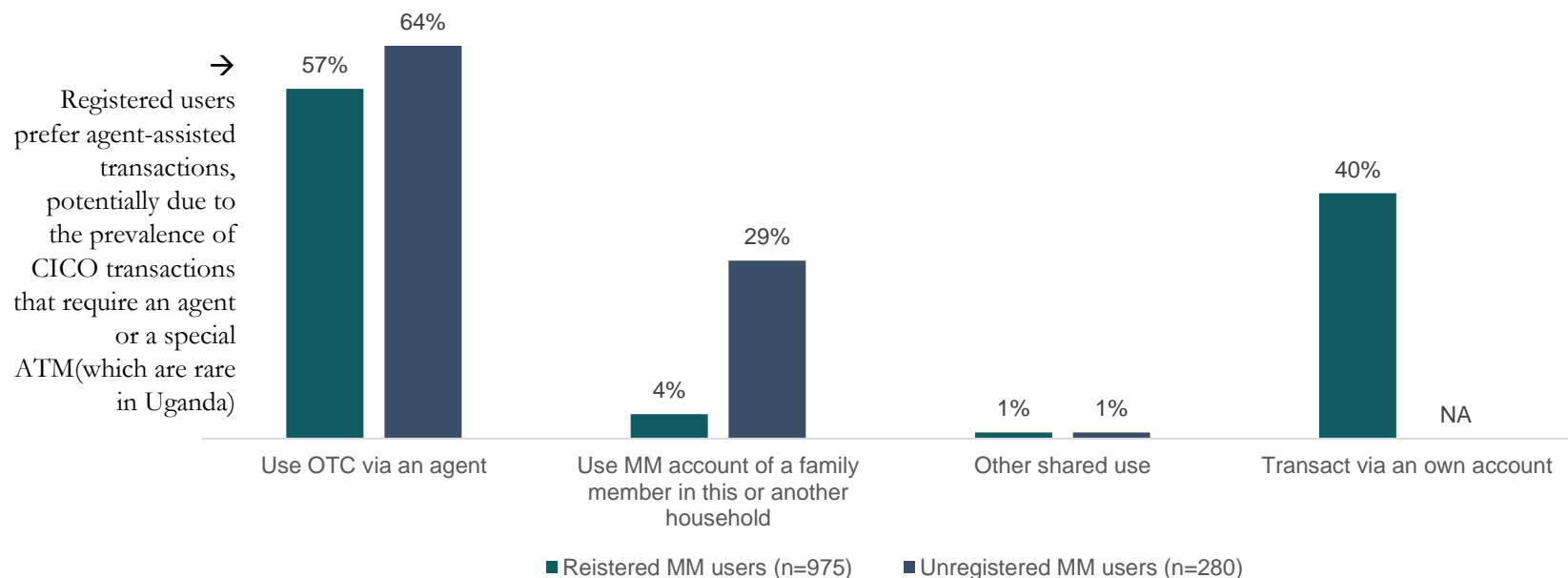
Source: InterMedia Uganda FII Tracker surveys Wave 1 (N=3,000, 15+), September-December, 2013, and Wave 2 (N=3,001, 15+) June-July, 2014.

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Consumers prefer agent-assisted mobile money transactions regardless whether users have their own account or not

Preferred way to use mobile money services

(Percentage of registered and unregistered users who chose each method)



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Ugandans open mobile money (MM) accounts for person-to-person transfers; P2Ps are a top use along with deposits, withdrawals and airtime top-ups

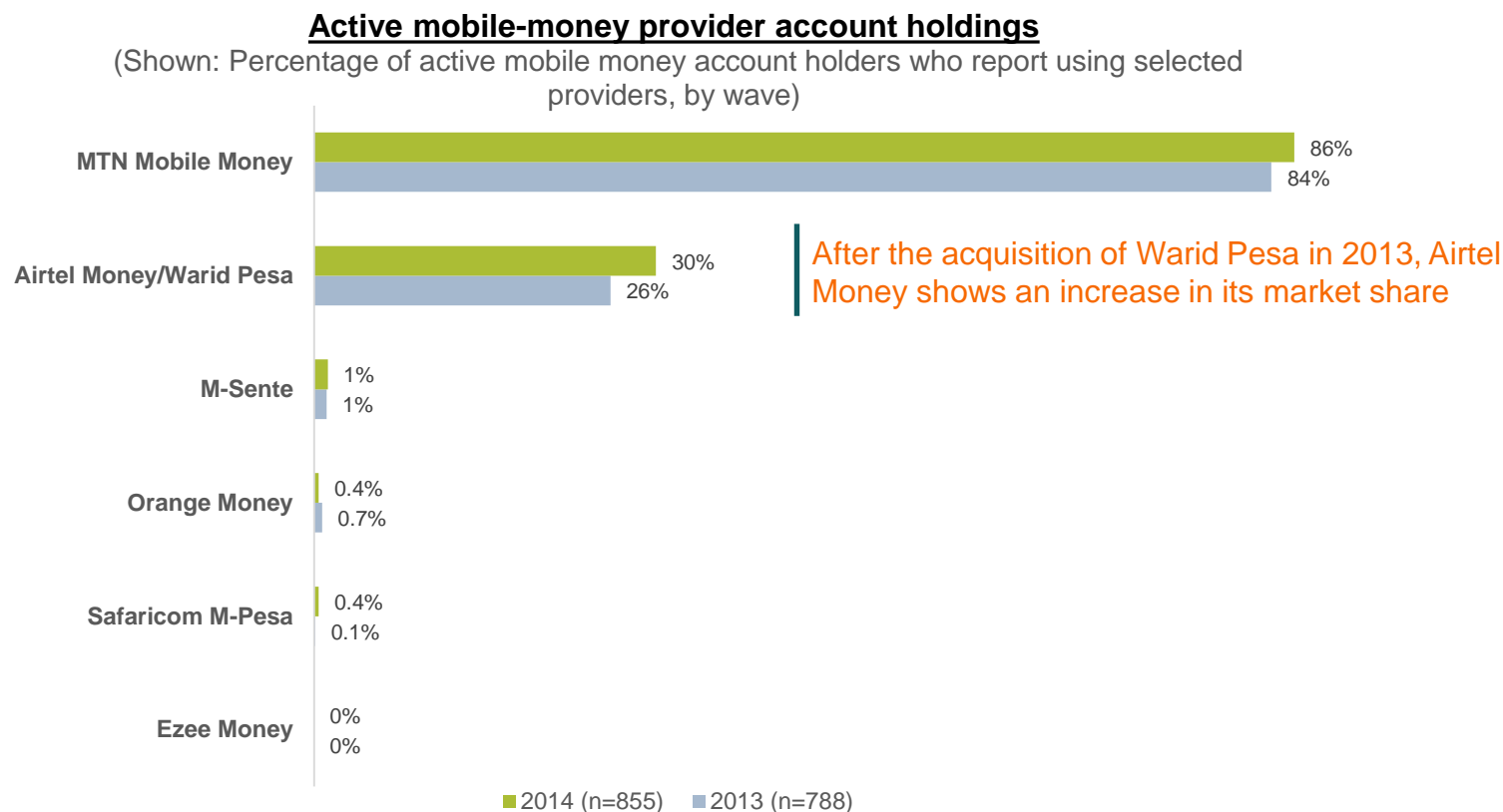
Rank	Top reasons for starting to use an MM account (percentage of active account holders n=855)	%	Rank	Top uses for MM accounts (percentage of active account holders n=855)	%
①	I had to receive money from another person	52	①	Withdraw money	96
②	I had to send money to another person	20	②	Deposit money	78
③	I wanted to start saving money with an m-money account	6	③	Receive money from other people for regular support/allowances, or emergencies	55
④	I wanted a safe place to keep/store our money	5	④	Buy airtime top-ups	53
⑤	Most of my friends/family members are already using the services	3	⑤	Send money to other people for regular support/allowances, or emergencies	44
⑥	Somebody/another person requested that I sign up for an account	3	⑥	Receive money from other people for other reasons or no particular reason	40

Question allowed for multiple responses

Source: InterMedia Uganda FII Tracker survey (N=3,001, 15+), June-July 2014.

UGANDA

MTN mobile money is the dominant market player, in line with 2013



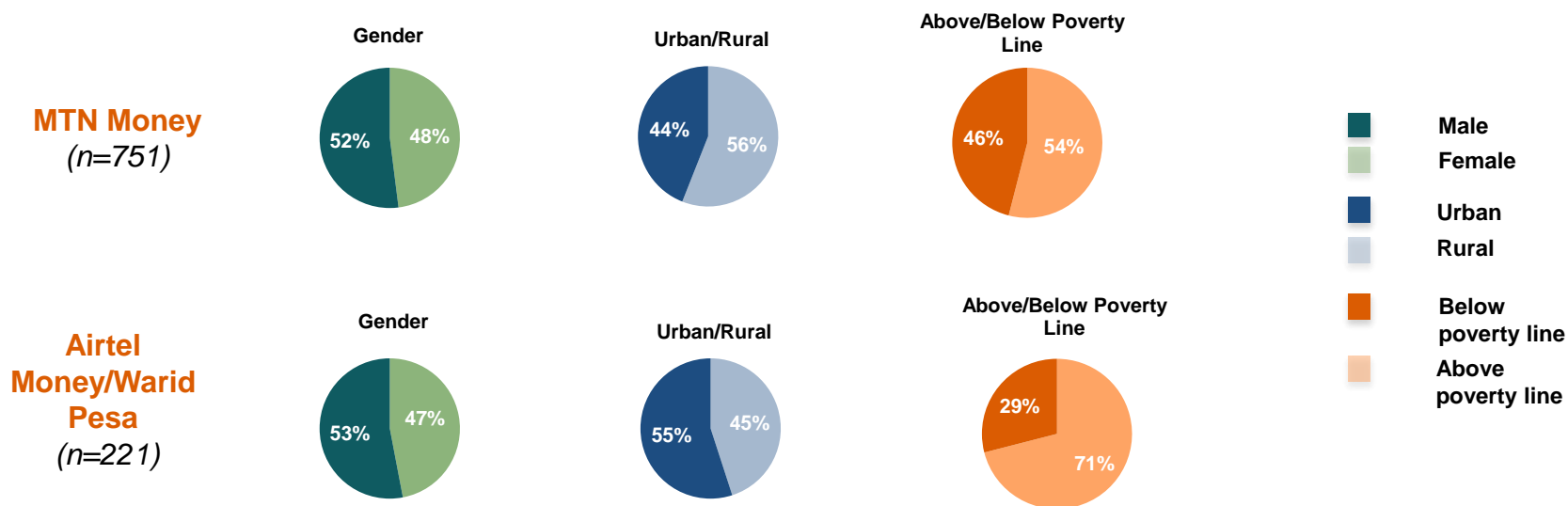
Active MM account holders can have accounts with more than one provider.

Source: InterMedia Uganda FII Tracker surveys Wave 1 (N=3,000, 15+), September-December, 2013, and Wave 2 (N=3,001, 15+) June-July, 2014.

UGANDA

Airtel Money/Warid Pesa has higher use rates among those living above the poverty line and urbanites; MTN Money has more rural and below the poverty line users

Demographic trends for mobile money account use, by provider



Active MM account holders can have accounts with more than one provider.

Source: InterMedia Uganda FII Tracker survey (N=3,001, 15+), June-July 2014.

UGANDA

There are three factors that are most likely to predict the use of digital financial services:

1. Demographics



2. Financial knowledge and behavior



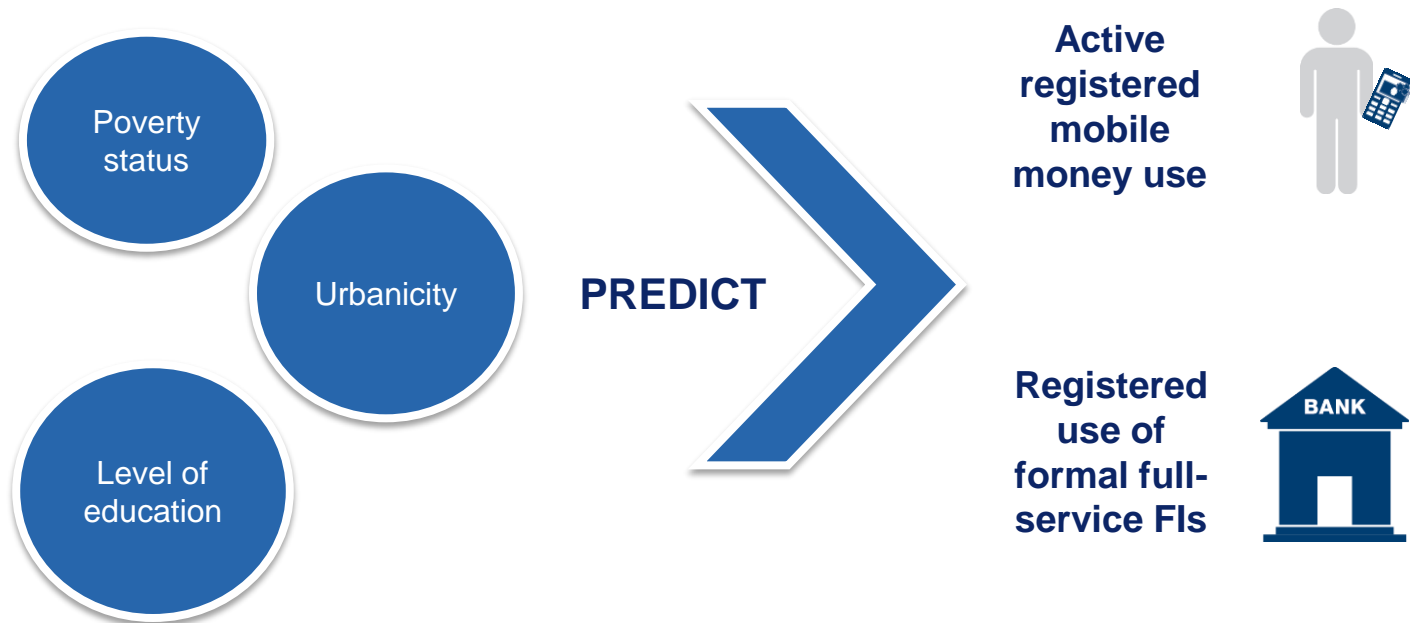
3. Technical comfort



Technical comfort is defined as a combination of skills necessary to conduct activities on a mobile phone and confidence to conduct such activities independently (without other people's assistance).

UGANDA

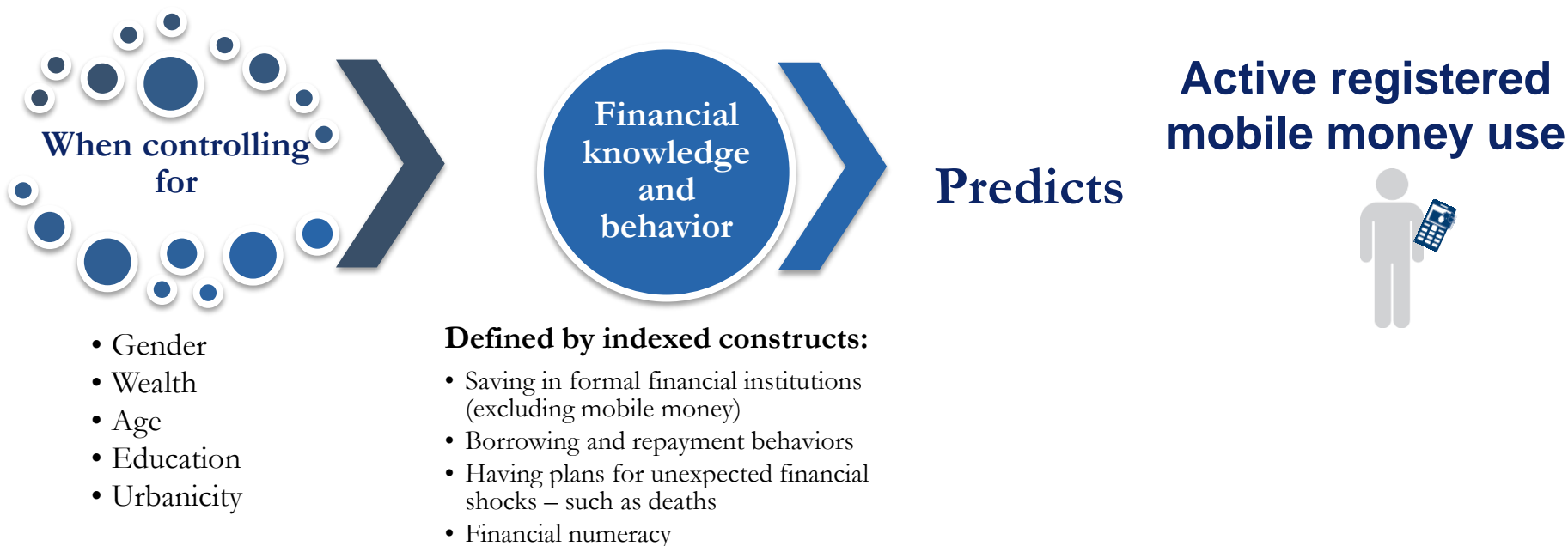
Education, poverty status and geography are the strongest predictors of bank, mobile money usage



The higher the income, level of education and likelihood a person is to reside in an urban area the higher the likelihood they will be active bank or mobile money account holders. For rural users, then, additional education and understanding of the financial benefits of DFS can serve as stimuli for uptake and use.

UGANDA

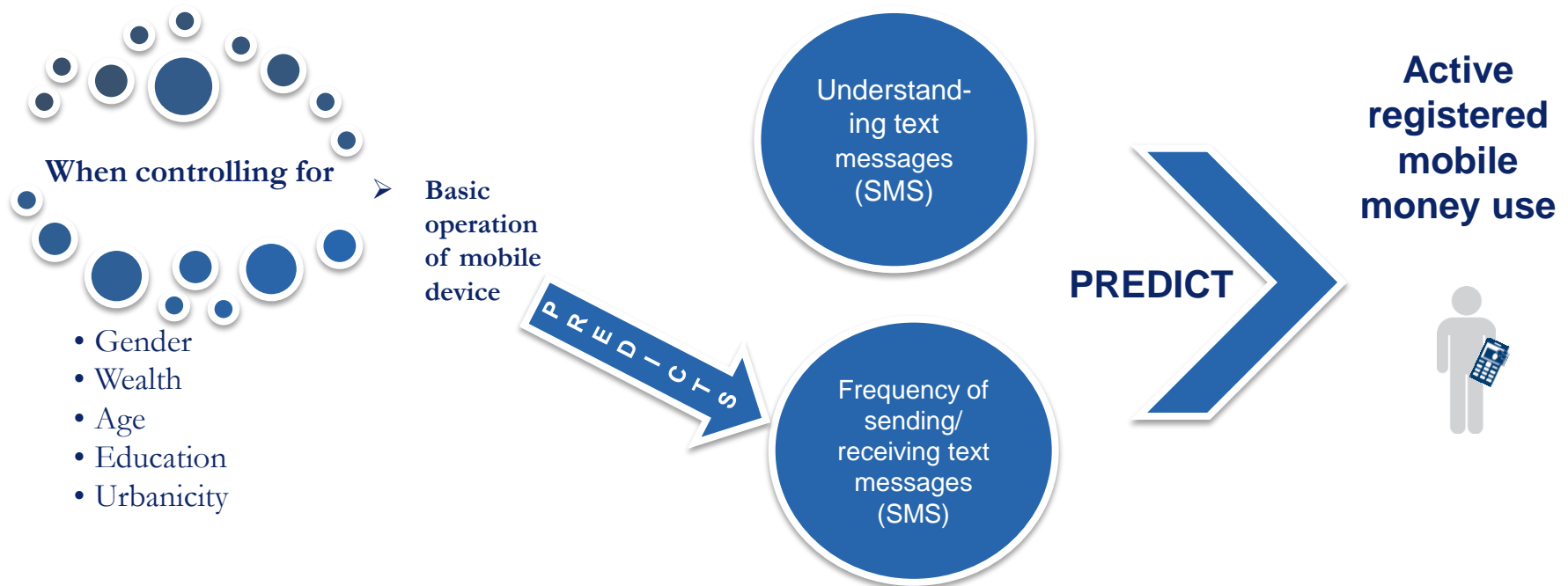
Higher levels of financial knowledge and responsible financial behavior predict registered mobile money use



Both basic financial literacy and responsible financial behaviors are positively correlated with mobile money account registration, suggesting that more financially savvy Ugandans may see mobile money accounts as a useful financial tool. Greater financial literacy could remove some barriers to

UGANDA

Technical skills, especially as related to text messaging are a strong predictor of active use of mobile money



- Technical literacy, particularly as it relates to the ability to comfortably use text-based mobile phone features, is positively correlated with active registered mobile money use.
- While lack of technical skills is a barrier to uptake and registration, lack of knowledge on how to send/receive SMS is a barrier to advancing use.
- Reducing the difficulties of using mobile phones beyond simple calling might help advance mobile money use among existing consumers, and stimulate uptake and registration for the services.

UGANDA

DEMAND-SIDE PERSPECTIVE: MOBILE MONEY USERS AND PROSPECTIVE USERS

UGANDA

There are six groups of consumers based on their registration and type of use or nonuse

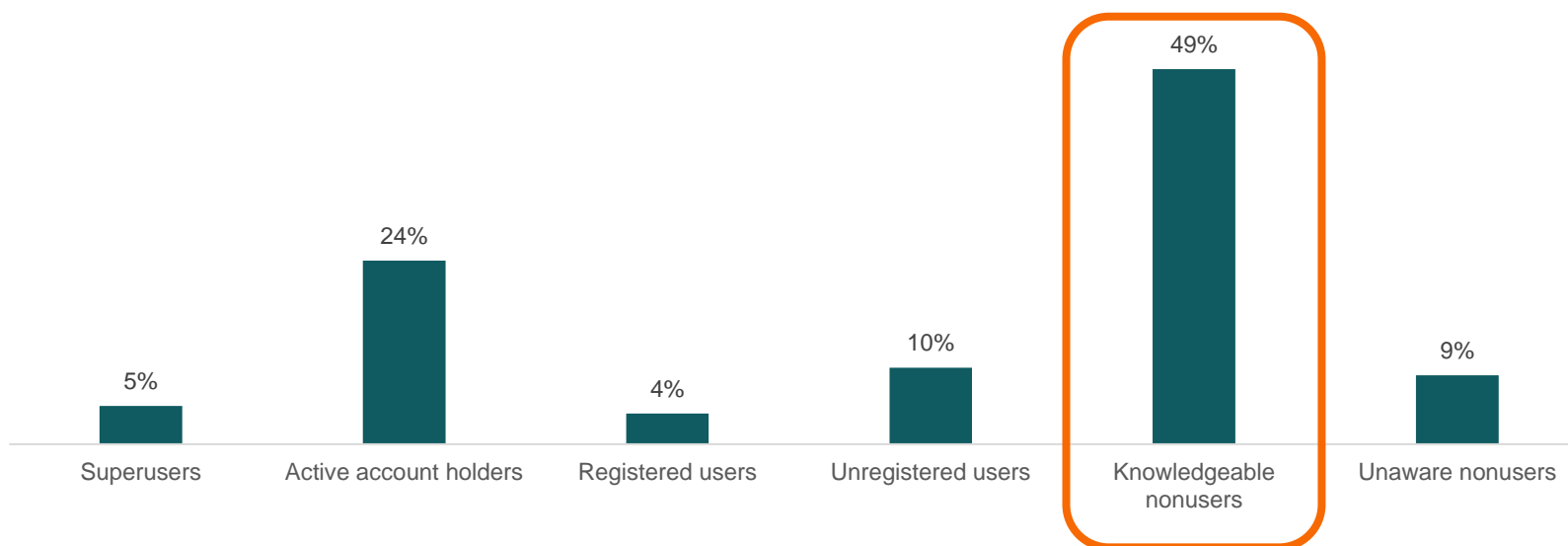
<p><u>Unaware nonusers</u></p> <ul style="list-style-type: none"> do not use mobile money cannot name any provider of the services 	<p><u>Knowledgeable nonusers</u></p> <ul style="list-style-type: none"> do not use mobile money can recall at least one provider of the services
<p><u>Registered users</u></p> <ul style="list-style-type: none"> use mobile money have an account registered in their name 	<p><u>Unregistered users</u></p> <ul style="list-style-type: none"> use mobile money services through somebody else's account, including through an agent's account (OTC services), or the accounts of their friends, relatives, neighbors, or other people
<p><u>Active account holders</u></p> <ul style="list-style-type: none"> have a mobile money account registered in their names used this account for at least one transaction in the 90 days prior to the survey 	<p><u>Superusers</u></p> <ul style="list-style-type: none"> have a mobile money account registered in their names use this account at least once a week make at least one beyond-basic-wallet transaction (excluding CICO, airtime top-ups and P2P)

UGANDA

“Knowledgeable nonusers” of mobile money constitute the largest proportion of Ugandan adults compared with other segments of users and nonusers of the services

Segments of mobile money users and nonusers*

(Shown: Percentage of Ugandan adults who fall into each category, N=3,001)



**The groups are not mutually exclusive*

Source: InterMedia Uganda FII Tracker surveys Wave 2 (N=3,001, 15+) June-July, 2014.

UGANDA

Remoteness, extreme poverty, poor education and the lack of mobile phones are the key differentiating factors across segments

	Superuser (n=154)	Active registered user (n=855)	Registered inactive user (n=120)	Unregistered user (n=280)	Knowledgeable nonuser (n=1,445)	Unaware nonuser (n=311)
% men	63	51	54	52	45	38
% women	37	49	46	48	55	62
% urban	58	45	39	28	14	7
% rural	42	55	61	72	86	93
% younger than 35 years old	59	62	58	61	57	38
% 35 years old and older	41	38	42	39	43	62
% living above the poverty line	75	55	55	37	21	6
% living below the poverty line	25	45	45	63	79	94
% with basic literacy	96	88	82	74	55	17
% with at least secondary education	82	65	51	50	27	6
% who has a mobile phone	100	96	94	60	41	9

UGANDA

Superusers show the most sophistication in their financial behaviors and unaware nonusers are the least engaged in financial activities

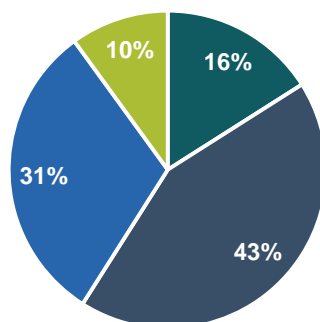
	Superuser (n=154)	Active registered user (n=855)	Registered inactive user (n=120)	Unregistered user (n=280)	Knowledgeable nonuser (n=1,445)	Unaware nonuser (n=311)
% have a job (regular, self-employed or occasional assignments)	77	74	77	72	63	38
% have a bank account	46	32	25	13	5	0.6
% have an account with semi-formal FIs	17	13	9	7	5	2
% have loans	29	25	27	29	20	14
% save	93	83	78	65	56	32
% have emergency fund	52	43	40	42	32	23
% have one of the following: insurance or investment	64	52	45	38	29	15

UGANDA

Active account holders: Use the services very frequently but mostly for a mix of basic services and P2P

When was the last time you used your mobile money account?

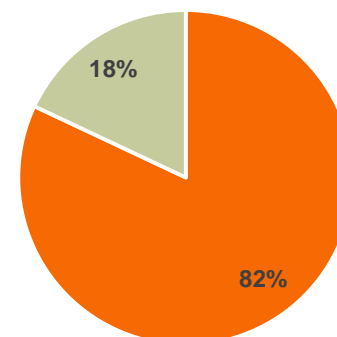
(Shown: Percentage of active MM account holders, n=855)



- Yesterday
- In the past 7 days
- In the past 30 days
- In the past 90 days

Types of users among active mobile money account holders

(Shown: Percentage of active MM account holders, n=855)



- Users of a mix of basic services and P2P
- Superusers

Active mobile money account holders have a registered account and use it for at least one activity of any kind every 90 days.

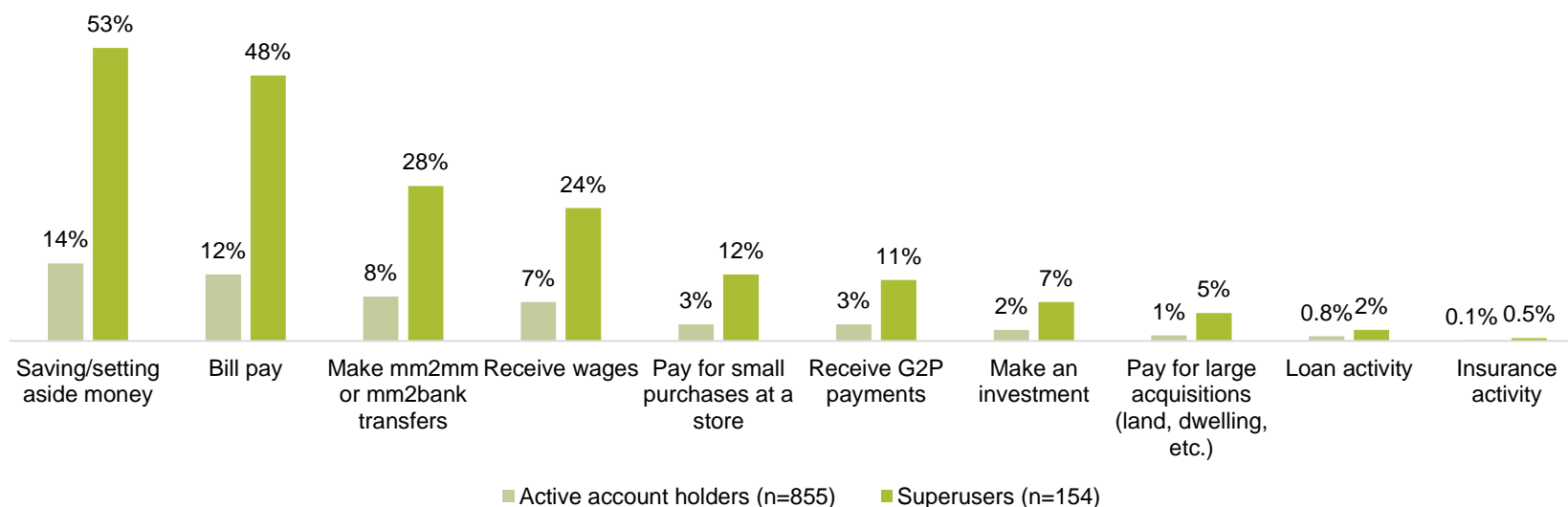
Superusers use mobile money accounts at least once a week and use at least one beyond-basic activity (excluding deposits, withdrawals, airtime top-ups and P2P transfers).

UGANDA

Superusers: Four times more likely than active account holders to use their mobile money accounts for almost all advanced financial activities

Advanced mobile money account uses

(Shown: Percentage of active account holders and superusers who ever performed each activity on a mobile money account)



Question allowed for multiple responses.

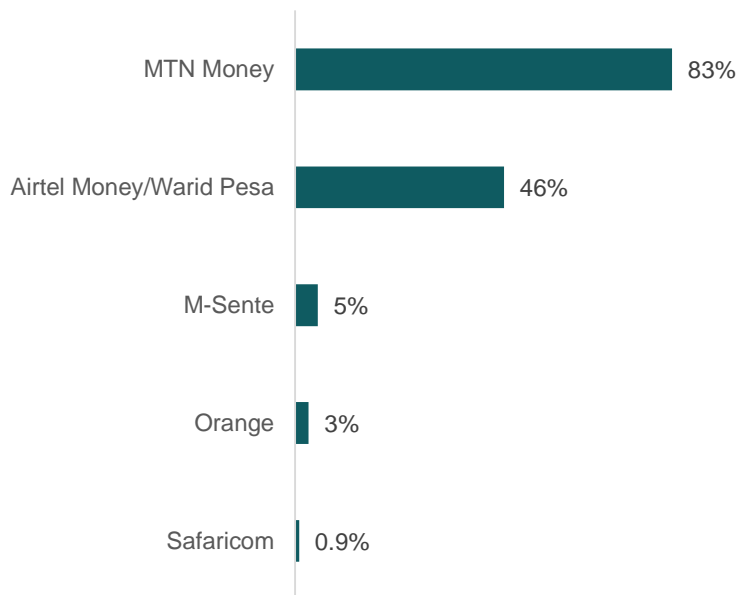
Source: InterMedia Uganda FII Tracker surveys Wave 1 (N=3,000, 15+), September-December, 2013, and Wave 2 (N=3,001, 15+) June-July, 2014.

UGANDA

Superusers: Started using mobile money in the past three years. A slim majority have more than one account, mostly with MTN Money and Airtel Money/Warid Pesa

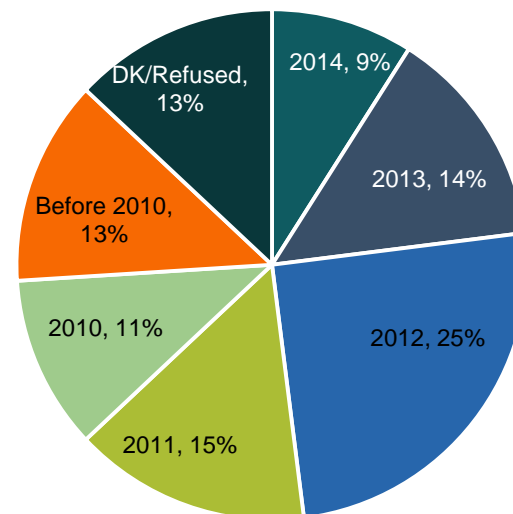
Do you have an account with this provider?

(Shown: Superusers of mobile money accounts, n=154)



When did you start using mobile money?

(Shown: Superusers of mobile money accounts, n=154)



UGANDA

Knowledgeable nonusers and unregistered users: The lack of money and the lack of POS/mobile money agencies in close proximity are the two common barriers slowing down mobile money uptake and registration

Rank	Top-five reasons aware nonusers never start using MM (n=1,445)	%	Rank	Top-five reasons unregistered users never sign up for an MM account (n=280)	%
①	I never have money to make transactions with this service	33%	①	I never have money to make transactions with this service	10%
②	I do not need this service, I never make any transactions	19%	②	There is no POS/agent close to where I live	10%
③	There is no POS/agent close to where I live	7%	③	I do not see any additional advantage to registration	8%
④	I do not know how to open an account	5%	④	Registration fees are too high	6%
⑤	I don't understand MM, I don't know what I can use it for	5%	⑤	I do not have a state ID or other required documents	5%

UGANDA

Stakeholders can use existing advanced users to promote uptake and more effective use among prospective customers

Change agents

Superusers

- 18% of superusers hold part-time/irregular jobs or are looking for a job; about a third of them reside in rural areas. If working as mobile money agents, these users can be useful in recruiting and educating prospective customers

Active account holders

- A quarter of active account holders are either buyers of agricultural produce or suppliers of products and services to farmers. They have the power to request a change of payment delivery channel to DFS

Registered users

- Just over two in five are married and might be in a position to educate their spouses/parents/children on the advantages of registration



Prospective customers

Unregistered users & knowledgeable nonusers

- Require an agent close to where they live
- Require education on mobile money services and on how to use them
- Require some education on digital literacy, text-based applications in particular
- Might be responsive to stimulation from buyers and suppliers, as about three-quarters in each group are at the bottom of the agricultural chain
- Might be responsive to stimulation from family members
- Might be responsive to promotions addressing their pain points, e.g., high risks of saving money in a hiding place

Unaware nonusers

- Require the most effort to be included
- The approach will have to include a financial investment to increase the rate of phone access
- Also require basic education to increase the rate of literacy

UGANDA

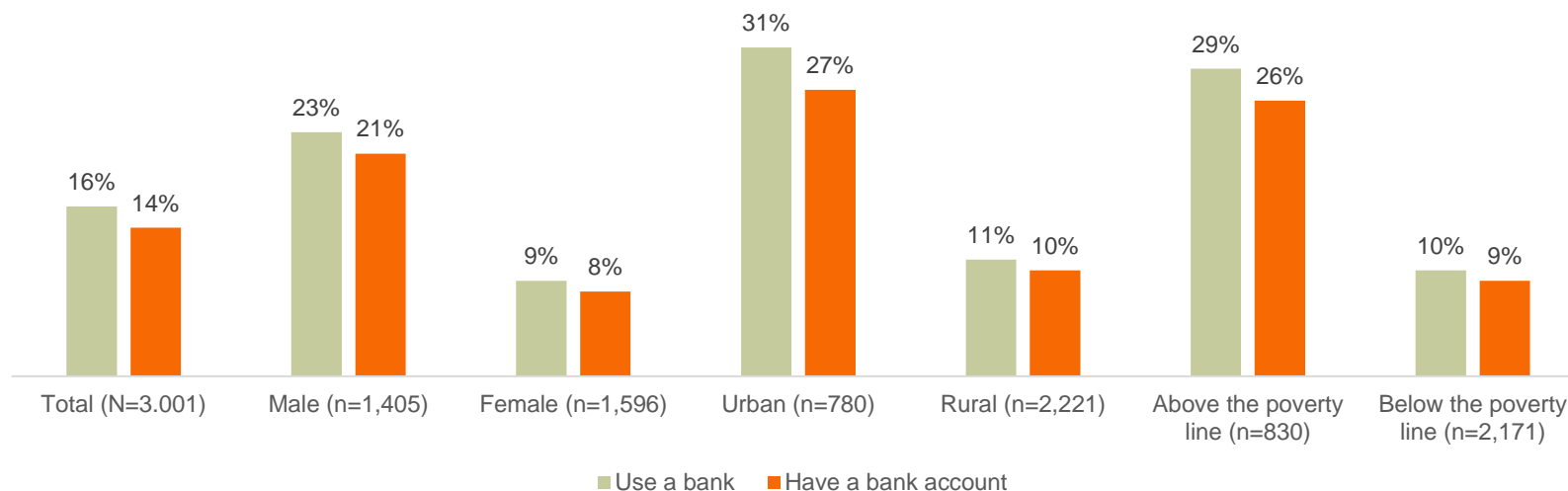
USE OF BANKING SERVICES IN UGANDA

UGANDA

Bank usage is not widespread; banking services, not surprisingly, appeal mostly to men, higher income individuals and urbanites

Demographic trends for access to and registered use of bank accounts

(Shown: Percentage of Ugandan adults who fall into each category, N=3,001)



UGANDA

At least a quarter of active bank account holders engage in advanced financial activities; bill pay is the most common advanced service

	Top uses for Active Bank accounts (n=328)	%
Basic Uses	Withdraw money	97
	Deposit money	90
	P2P transfers	26
Advanced Uses	Bill pay	33
	Save/set aside money	23
	Receive wages	23
	Loan activity	12
	Receive G2P payments	10
	Make MM2MM / MM2Bank transfer	9

Bank accounts are more likely than mobile money accounts to be used for receiving money from organizations (wages and government benefits) and for loan activities

Question allowed for multiple responses

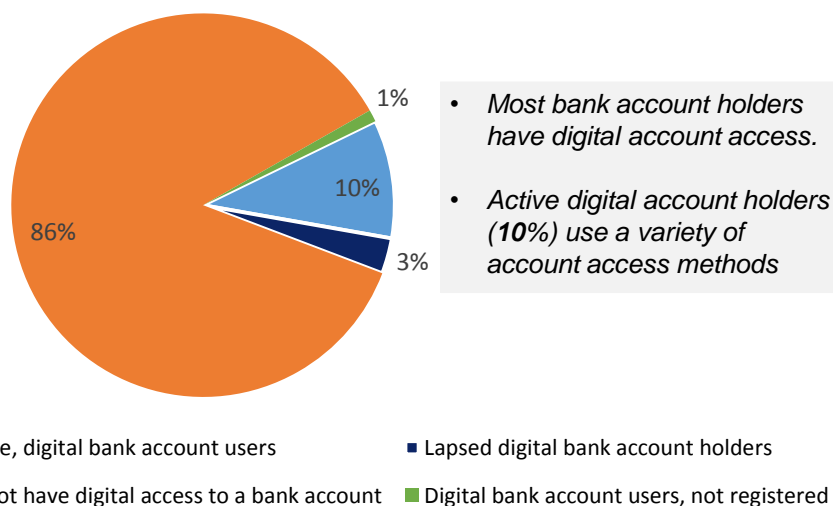
Source: InterMedia Uganda FII Tracker survey (N=3,001, 15+), June-July 2014.

UGANDA

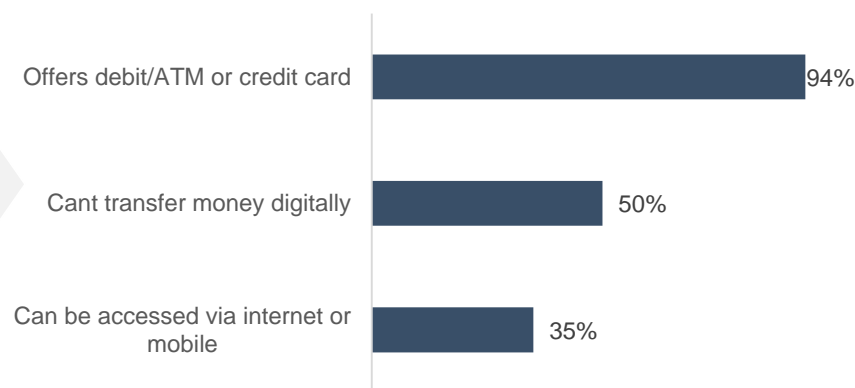
The population overall feels they do not have access to a digital accounts

Digital bank account access*

(Total population, N=3,001)

**Method of access**

(Shown: Active digital bank account holders, n=307)

**Question allowed for multiple responses.*

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

Source: InterMedia Uganda FII Tracker surveys Wave 2 (N=3,001, 15+) June-July, 2014.

UGANDA

There's a lack of perceived need to open a bank account, and potentially an insufficient understanding of bank services. Many think they do not have the money required

Rank	Top five reasons Ugandans do not have a bank account (n=2,567, those who do not have a bank account)	%
①	I do not have any money	52
②	I do not have money to make transactions with such account	15
③	There are no banks close to where I live	5
④	I do not know what it is	5
⑤	I do not need one, I do not make any transactions	4

UGANDA

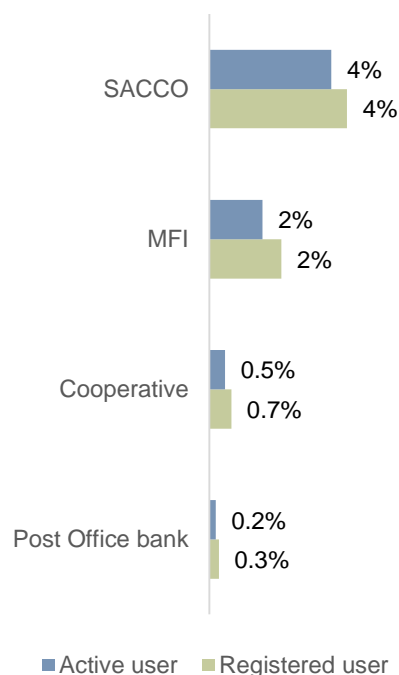
UPTAKE AND USE OF NONBANK FINANCIAL SERVICES

UGANDA

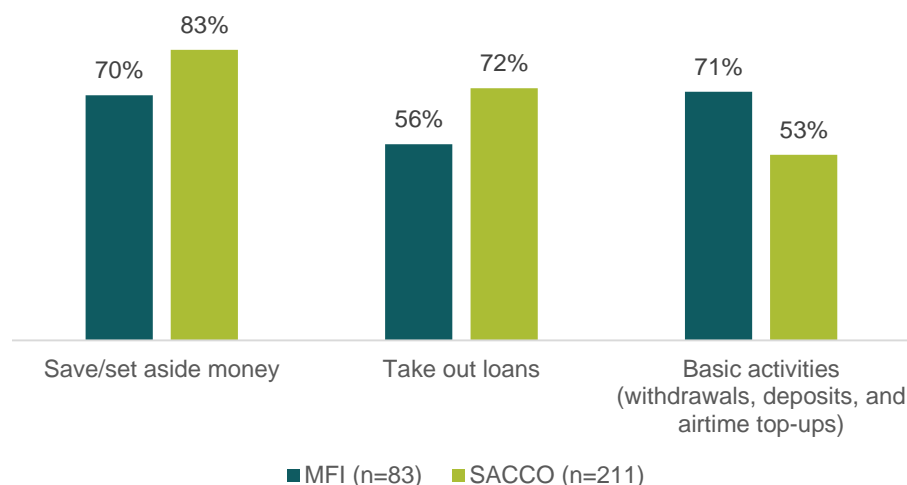
There's relatively low usage of nonbank financial institutions (NBFI); but they are used in a variety of ways, including savings and loans

Financial institution usage

(Percentage of NBFI account holders among the total population N=3,001)



How NBFIs are used*



- SACCOs are more likely to be used for savings and loans.
- MFIs are utilized more for basic activities.

**All differences are statistically significant at the 95% confidence interval.*

Question allowed for multiple responses

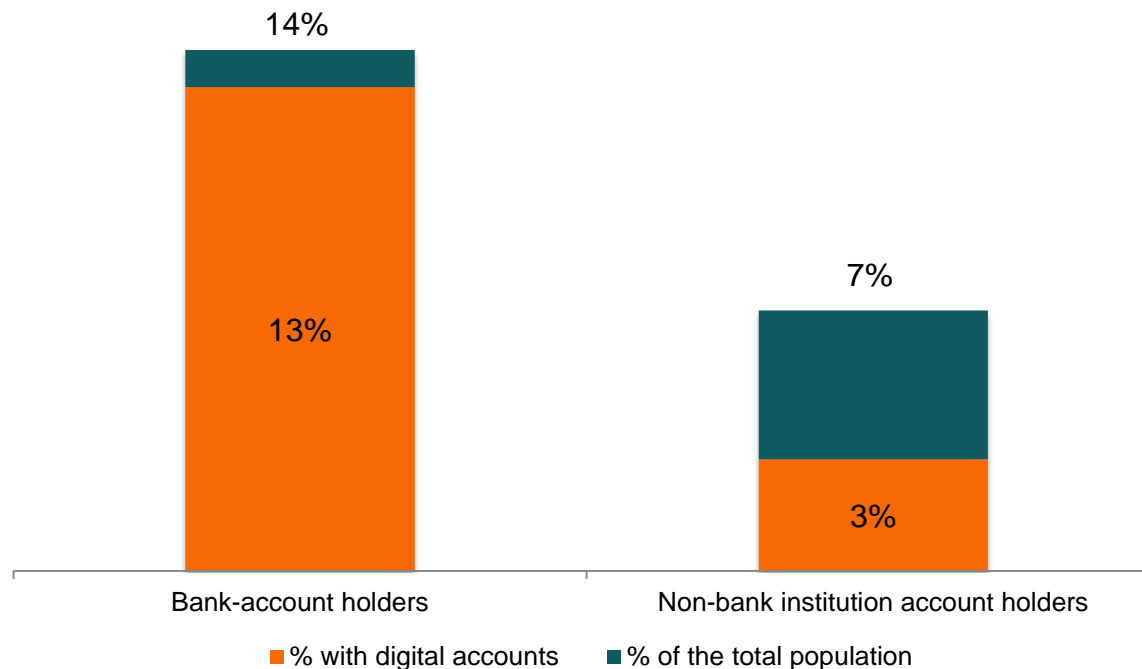
Source: InterMedia Uganda FII Tracker survey (N=3,001, 15+), June-July 2014.

UGANDA

Digital access is common for non-bank account holders, though not at the same level as bank.

Account holders and digital access

(Shown: All adults, N=3001)



UGANDA

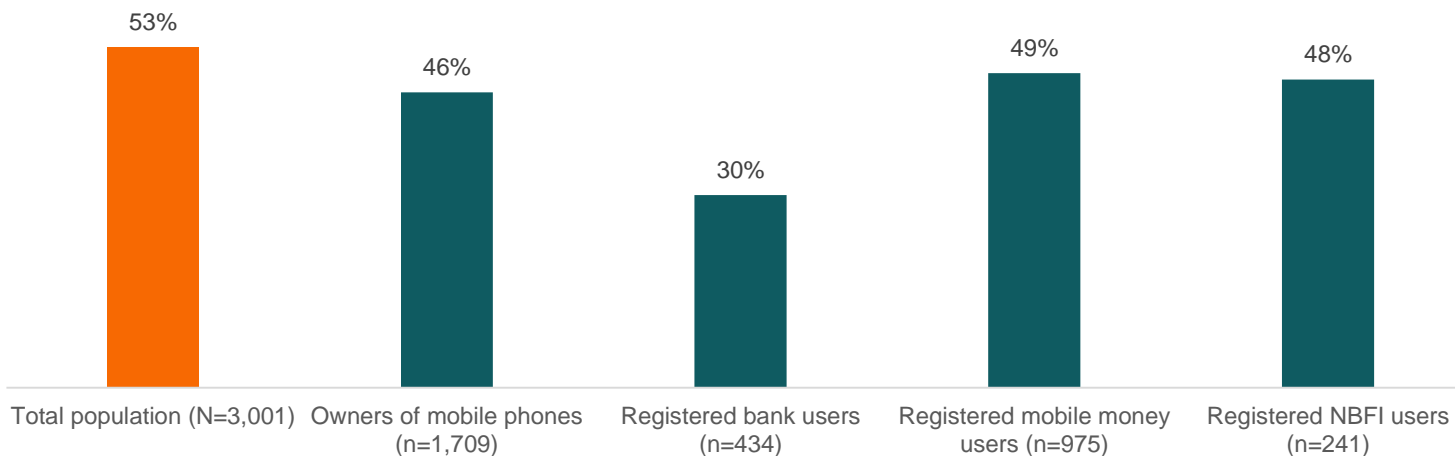
SPECIAL TOPICS: THE GENDER STORY

UGANDA

Gender gap in mobile phone access and use is rather small: Women constitute close to half of mobile phone owners and registered users of DFS, except for banks

Percentage of females among users of mobile phones and DFS

(Shown: Percentage of females in each category)

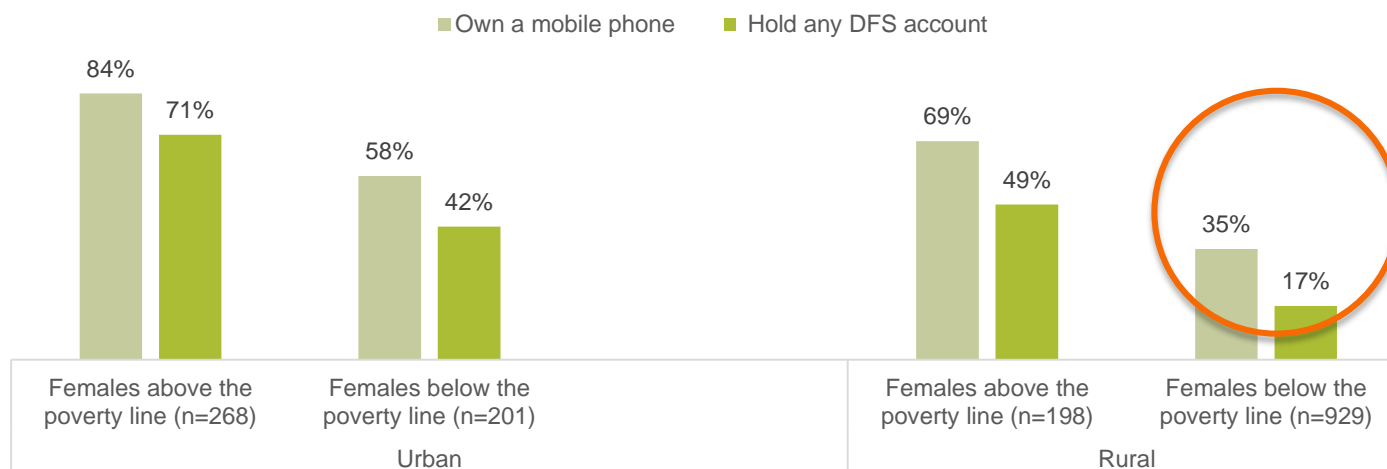


UGANDA

Gender disparities are pronounced in the use of technology, as well as DFS access and ownership, only when other demographics are considered

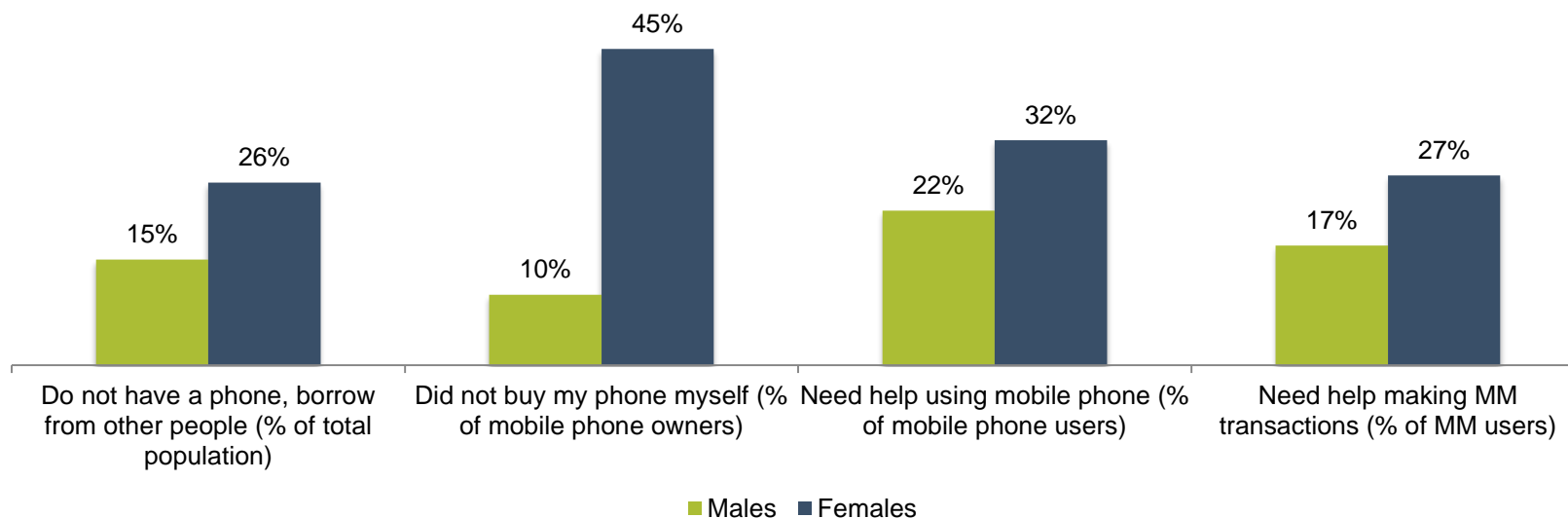
- Poor rural women are 31 percent of the population but only 17 percent of DFS account holders.
- Ownership of technology and DFS accounts among poor rural women is very low even when compared with poor urban women and rural women who live above the poverty line.
- For comparison, among poor rural men, 54 percent have a mobile phone and 29 percent hold a DFS account.

Percentage of women who own mobile phones and DFS accounts, by poverty and urban/rural status



UGANDA

Fewer women than men purchase or own mobile phones



- More women than men use mobile phones that belong to other people.
- More women than men ask other people for help when using mobile phones and making mobile money (MM) transactions.

Question allowed for multiple responses.

Source: InterMedia Uganda FII Tracker survey (N=3,001, 15+) June-July, 2014.

UGANDA

Men are the key enablers for women using mobile technology and financial services; but these men are not always husbands

- Family, husbands specifically, do not appear to create a barrier to women's access to financial services. When asked about the main reasons they do not have a bank account or a mobile money account, only one and five women, respectively, said their husbands did not allow them to open one.
- The majority of women (up to 71 percent depending on the context) turn to men if they need help using their own mobile phones or financial accounts, or if they need help using a phone or a financial account that belongs to somebody else
- However, who that man is highly depends on the specific context and the activities that need to be performed:
 - When a woman needs to borrow a mobile phone or use another person's bank account, the help of a husband is the first choice followed by either a child or a parent.
 - For assistance with mobile money services, women first turn to a mobile money agent, followed by a child. Less than one in 10 seeks the help of a husband.
 - The difference in the husbands' involvement with mobile money services supports anecdotal evidence that women might be using mobile money accounts to hide money from their family members, including their husbands.

SPECIAL TOPICS: CROSS-COUNTRY INDICATORS

UGANDA

CROSS-COUNTRY INDICATORS	Wave 2 (%)	Wave 2 (Base n)
% of adults (15+) access to digital financial services	46%	3,001
% of adults (15+) with a registered digital stored-value accounts	37%	3,001
% of adults (15+) with active digital stored-value accounts	33%	3,001
% of adults (15+) below the poverty line (<\$2/day) with active digital stored-value accounts	22%	2,171
% of males (15+) with active digital stored-value accounts	37%	1,405
% of females (15+) with active digital stored-value accounts	30%	1,596
% of rural males (15+) with active digital stored-value accounts	28%	1,094
% of rural females (15+) with active digital stored-value accounts	22%	1,127
% of adults (15+) who actively use at least one digital financial service beyond basic wallet, P2P and bill pay payments	10%	3,001
% of adults (15+) below the poverty line (<\$2/day) who actively use at least one digital financial service beyond basic wallet, P2P and bill pay payments	5%	2,171
% of males (15+) who actively use at least one digital financial service beyond basic wallet, person-to-person (P2P) and bill pay payments	13%	1,405
% of females (15+) who actively use at least one digital financial service beyond basic wallet, P2P and bill pay payments	7%	1,596
% of rural males (15+) who actively use at least one digital financial service beyond basic wallet, P2P and bill pay payments	10%	1,094
% of rural females (15+) who actively use at least one digital financial service beyond basic wallet, P2P and bill pay payments	5%	1,127
% of adults (15+) who use mobile money (OTC or their own account)	43%	3,001

*Differences in waves are not significant at the 95% confidence level for access to a bank account, bank account holders, MM account holders and active MM account holders. Categories are not mutually exclusive.

Source: InterMedia Uganda FII Tracker surveys Wave 1 (N=3,000, 15+), September-December, 2013, and Wave 2 (N=3,001, 15+) June-July, 2014.

METHODOLOGY AND RESEARCH DESCRIPTION

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THE UGANDA FII TRACKER SURVEY - DETAILS

Survey summary

- Annual, nationally representative survey (N=3,001) of Ugandan adults aged 15+
- Face-to-face interviews lasting, on average, 58 minutes
- Second survey (wave 2) conducted from 6/14/2014 to 7/25/2014
- Tracks trends and market developments in DFS based on the information gathered in the first survey, conducted from 9/19/2013 to 12/15/2013

Data collected

- Basic demographics
- Poverty measurement (Grameen Progress Out of Poverty Index)
- Access/use of mobile devices
- Access/use of mobile money
- Access/use of formal financial services (e.g., bank accounts)
- Access/use of semi-formal and informal financial services (e.g., SACCO, cooperatives, self-help groups)
- Financial literacy and preparedness
- Technical literacy

SAMPLING APPROACH

Working with Uganda National Bureau of Statistics (UBOS)

- InterMedia and UBOS agreed on a sample of 3,001 that was nationally representative of adults (15+ older).*

Sampling Frame

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

Sampling Enumeration Areas (EAs)

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

Sampling Start-Points, Households and Respondents

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

UGANDA

GLOSSARY

- **Access to an account**—An individual is said to have access to an account if he/she has used either mobile money or bank services, at least once, either via their own account or via an account of another person.
- **Account holder**—An individual who has a registered bank or mobile money digital account.
- **Active account holder**—An individual who has a registered digital account and has used it in the last 90 days.
- **Agent**—A person or business contracted by a DFS provider to provide services to customers using their own bank or mobile money account.
- **Bank/banking services**—All services offered by a bank through a branch, ATM, kiosk, business correspondent, or other delivery channel.
- **Banked**—An individual with a registered account at a formal financial institution. For this particular study, the banked are all individuals with their own bank accounts.
- **Digital account**—A financial account that can be accessed through digital means such as an ATM/debit card or via the internet or mobile phone.
- **Digital financial services (DFS)** — All bank and mobile money services.
- **Financial inclusion**—For the purposes of this study, those with a bank, nonbank financial institution or registered mobile money account that offer a range of financial services beyond credit are considered financially included.
- **Grameen Progress out of Poverty Index (PPI)** —A poverty measurement tool from the Grameen Foundation wherein a set of country-specific questions are used to compute the likelihood that a household is living below the poverty line.
- **Household** – For the purposes of this study, a household is defined as a group of people who fulfill any two of the following requirements: sleep under one roof, eat from one pot, or have one common decision-maker.
- **Mobile money services**—Mobile money services include 1) nonbank semi-closed mobile money accounts/wallets and 2) full service mobile money bank accounts that allow for cash withdrawals. Semi-closed mobile wallets are *not* considered to be bank accounts, while full- service mobile money bank accounts are considered bank accounts
- **Poor/below poverty line**— “Poor” adults, or those living below the poverty line, are defined as those living on less than \$2.50 per day (at 2005 purchasing power parity), as classified by the Grameen Progress out of Poverty Index (PPI).
- **SIM card**—A removable micro-card that contains a subscriber identity module that securely stores the electronic codes used to verify subscribers’ identities on mobile phones and computers.
- **Technical comfort** – A combination of skills necessary to conduct activities on a mobile phone and confidence to conduct such activities independently, without other people’s assistance
- **Unbanked**—Individuals without a registered bank account.
- **Urban/rural**—Urban and rural persons are defined according to their residence in urban or rural areas. The population in the survey was divided between towns and villages, which were classified as such based on the size of each of their populations. Towns are urban areas, villages are rural.

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