

Measuring demand for financial services in Kenya



FINANCIAL ACCESS SURVEYS

Highlights of the 2006 & 2009 National Surveys

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Outline:

- Background
- Objectives
- Survey methodology
- Measurement definitions
- Results from the surveys
- Relevance to policy



Background - FinAccess:



- Started in International Year of Micro-credit, 2005
- Access challenge known but no reliable data
- Consensus among stakeholders on need to measure access to & demand for financial services
- Approach based on South Africa's FinScope model
- Scoping mission and establishment of Financial Access Partnership (FAP)

Objectives:



- Provide information on main barriers to access to **policy** makers, and options for **reforms**
- Provide a solid empirical basis to **track progress**
- Provide information about **market opportunities** to the private sector
- Provide data for academic **research** into impact of access to financial services on growth and poverty reduction

Survey methodology:



- Samples based on National Sample Survey and Evaluation Program (NASSEP IV) – developed from 1999 pop. census
- NASSEP IV has 1,800 clusters – 1260 rural, 540 urban; & 62,000 enumeration areas (EAs) developed during the census using probability proportional-to-size method
- Adopted cluster stratified probability sampling used
- First level – cluster selection to ensure representative at national, provincial & urbanization levels (rural/urban)
- Second – households selection within each cluster
- Third – individuals selected using KISH grid 16+ years

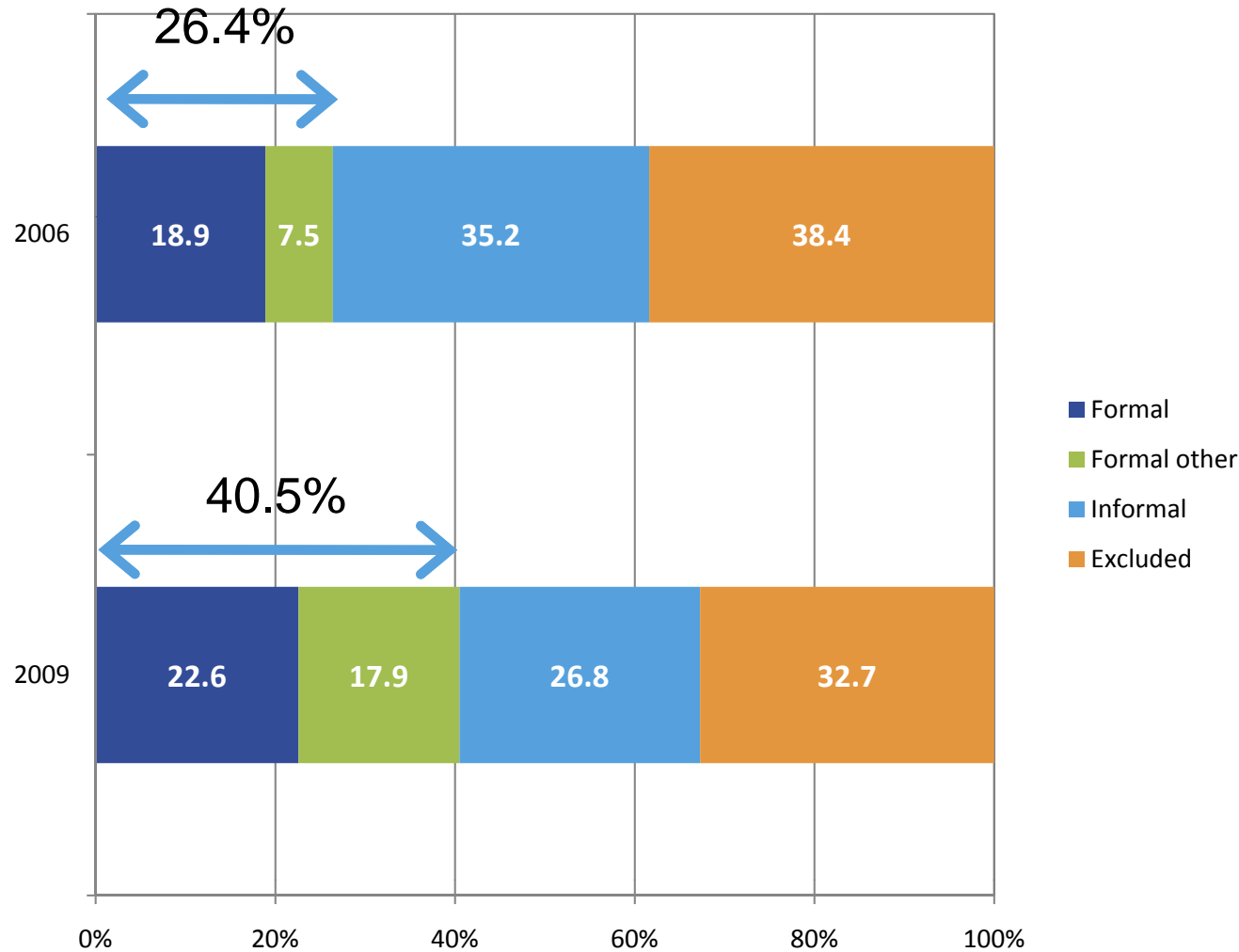


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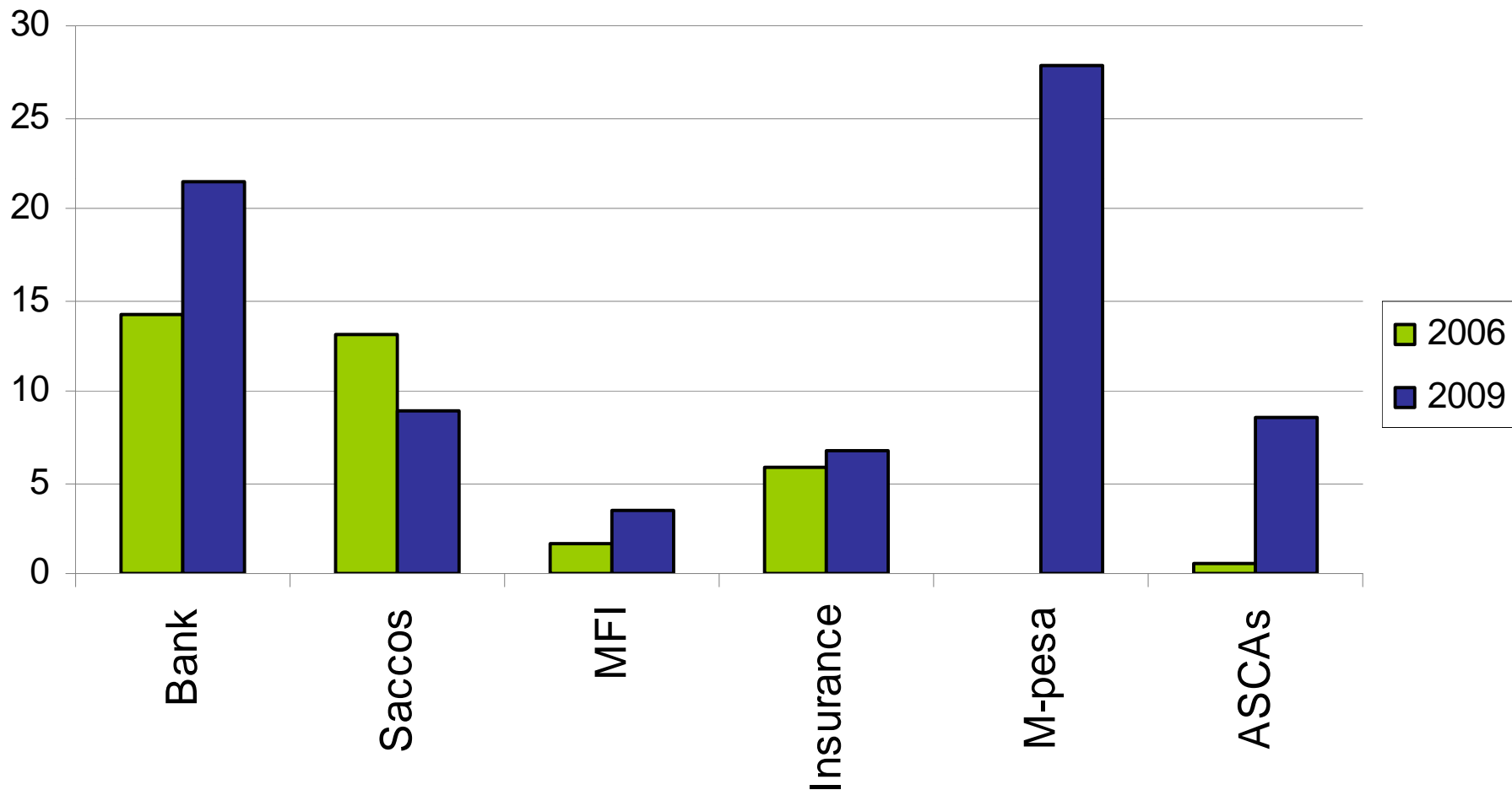
Measurement definitions:

- Financial Access Strands - based on formalization levels;
 - **Formal** – Use of bank, Postbank or insurance product
 - **Formal other** – Use services from non-bank financial institutions (NBFIs), e.g., SACCOs & microfinance institutions (MFIs)
 - **Informal** – Use informal financial services providers, e.g., rotating savings & credit associations (RoSCAS), accumulating savings & credit associations (ASCAs), groups/individuals other than family/friends
 - **Excluded** – Use no formal, formal other or informal

Headline findings: the access strand



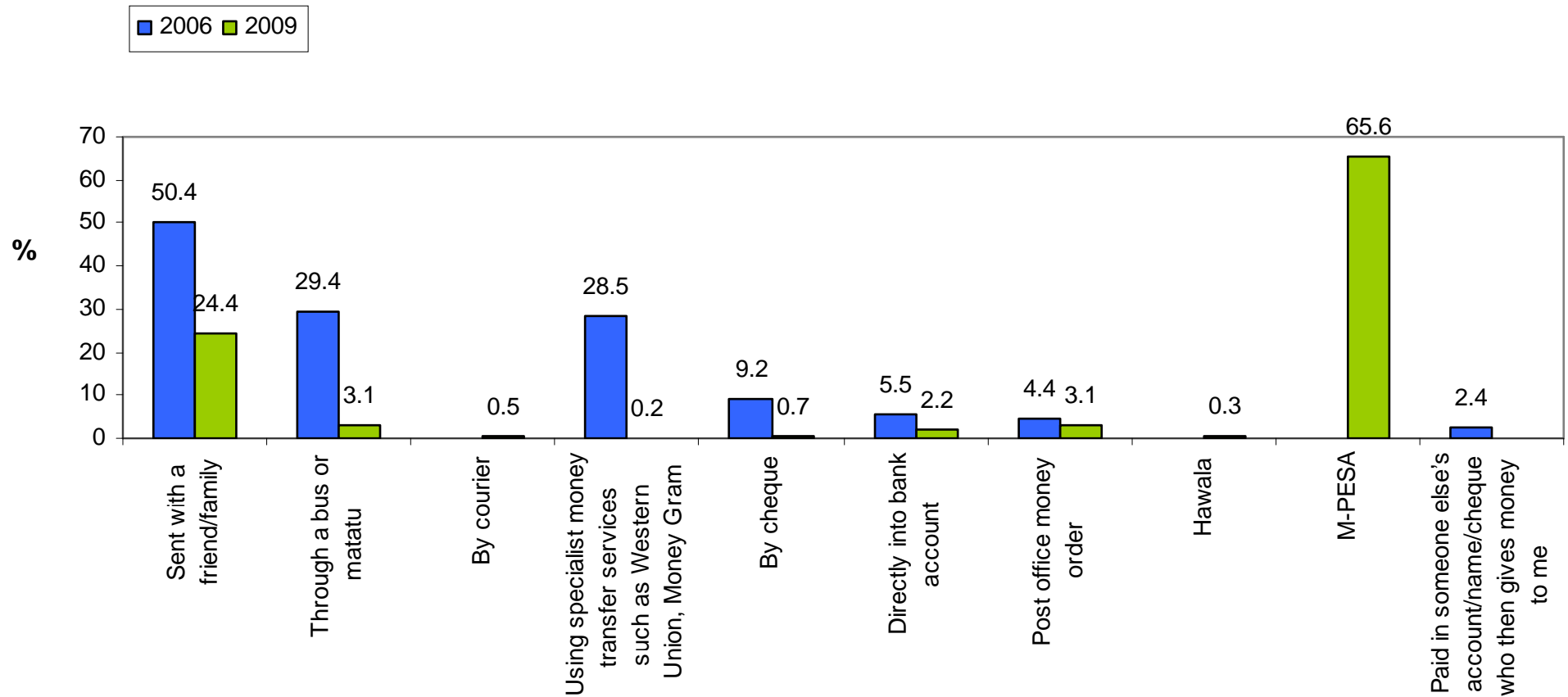
What type of institutions are increasing inclusion?



Looking a little deeper...



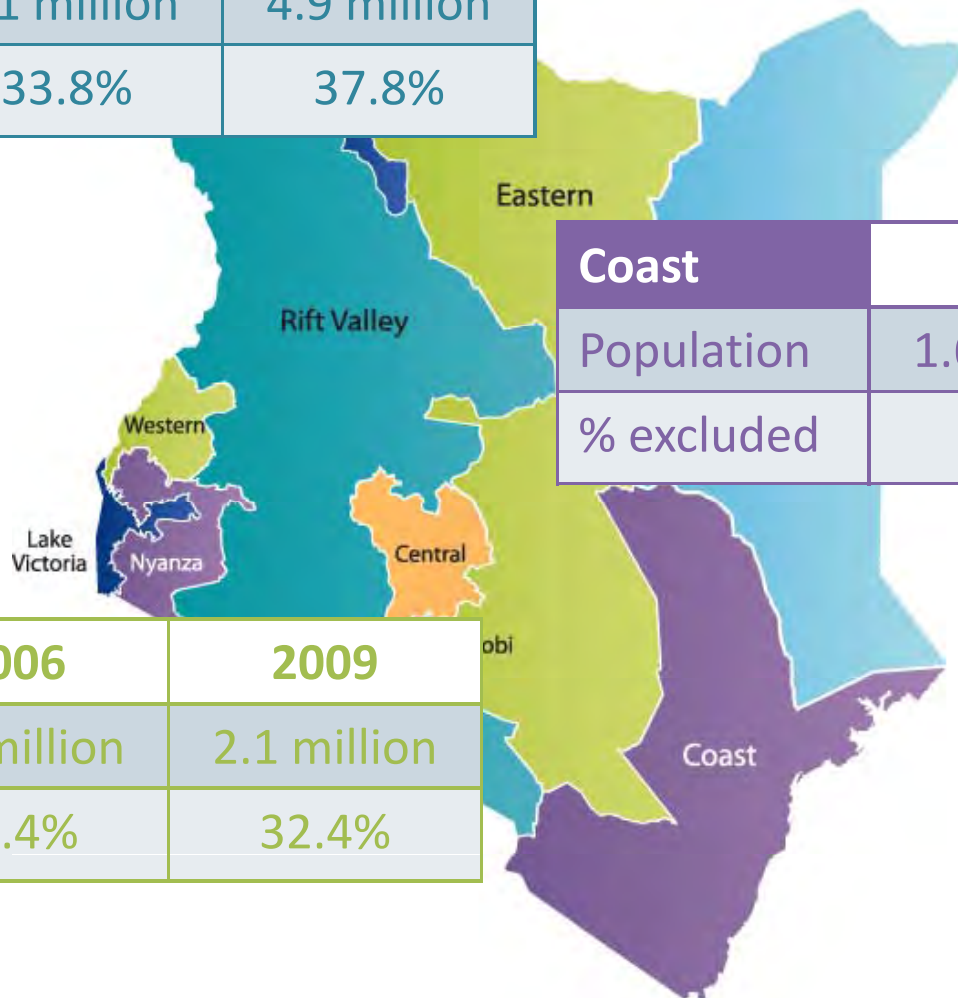
Remittances Sending Channels - In-country, 2006 and 2009



Developments have been uneven...



Rift Valley	2006	2009
Population	4.1 million	4.9 million
% excluded	33.8%	37.8%



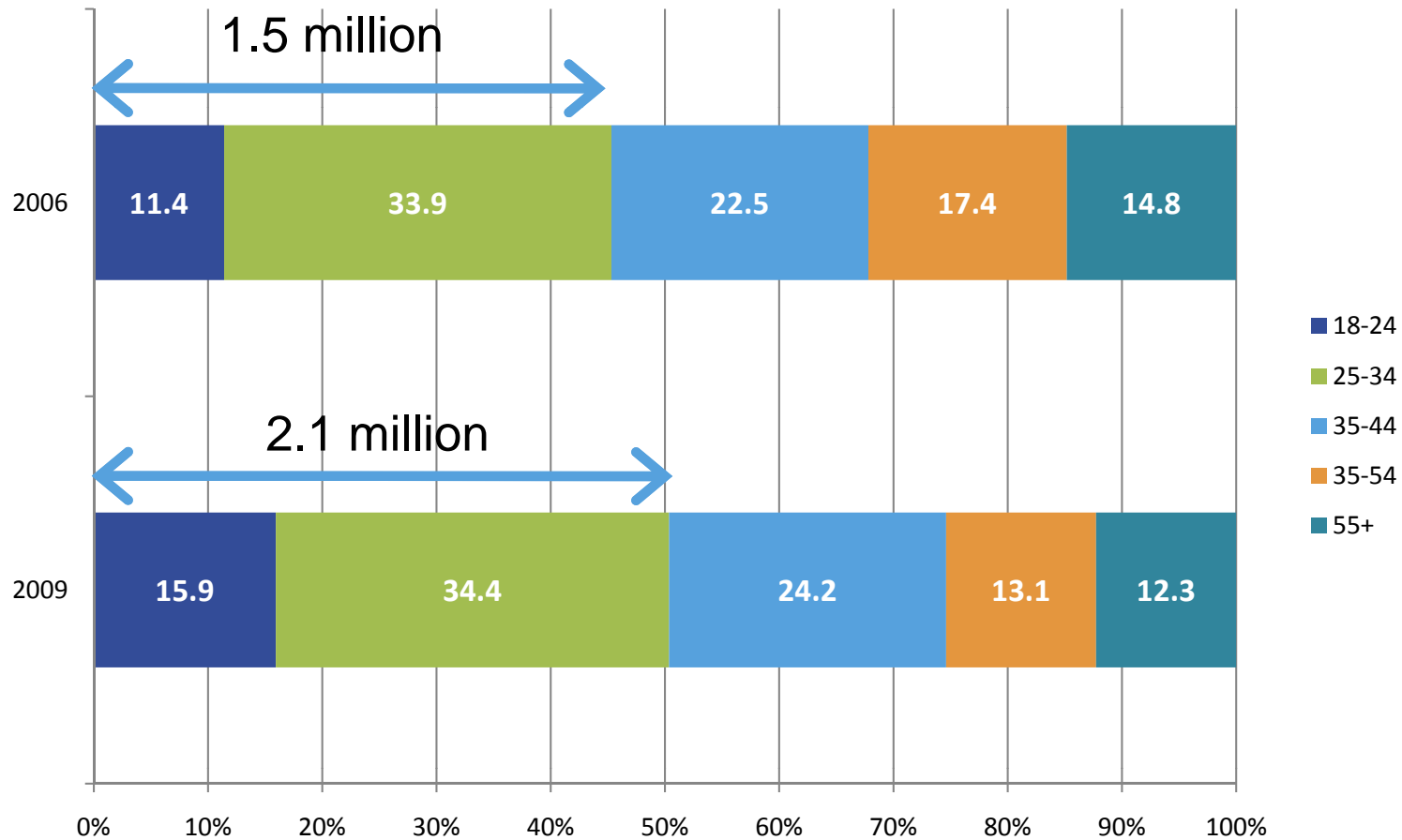
Coast	2006	2009
Population	1.6 million	1.7 million
% excluded	70.6%	38.1%

Western	2006	2009
Population	1.8 million	2.1 million
% excluded	50.4%	32.4%

Who are the newly included? Age



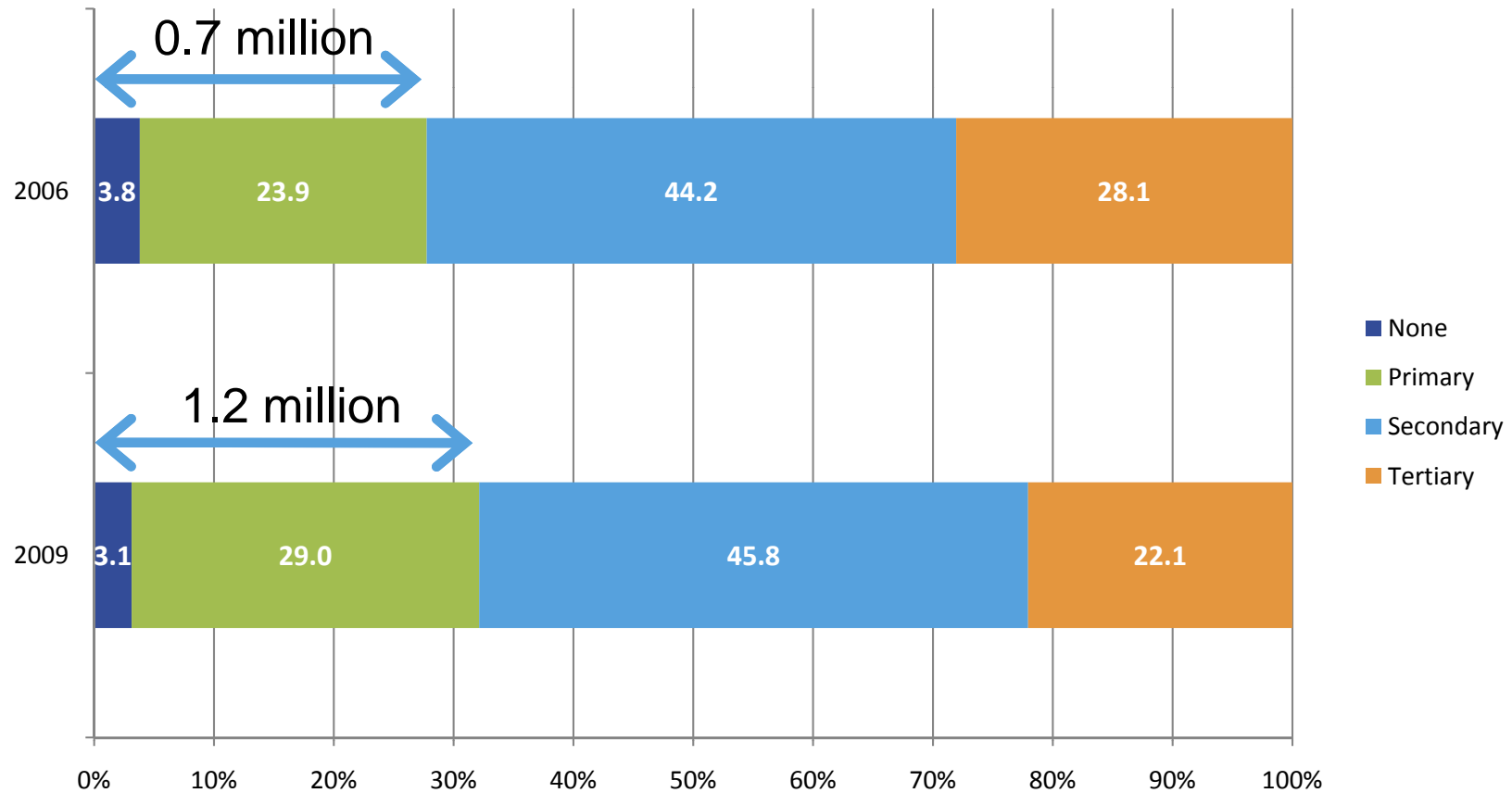
Formally included - by age



Who are the newly included? Education



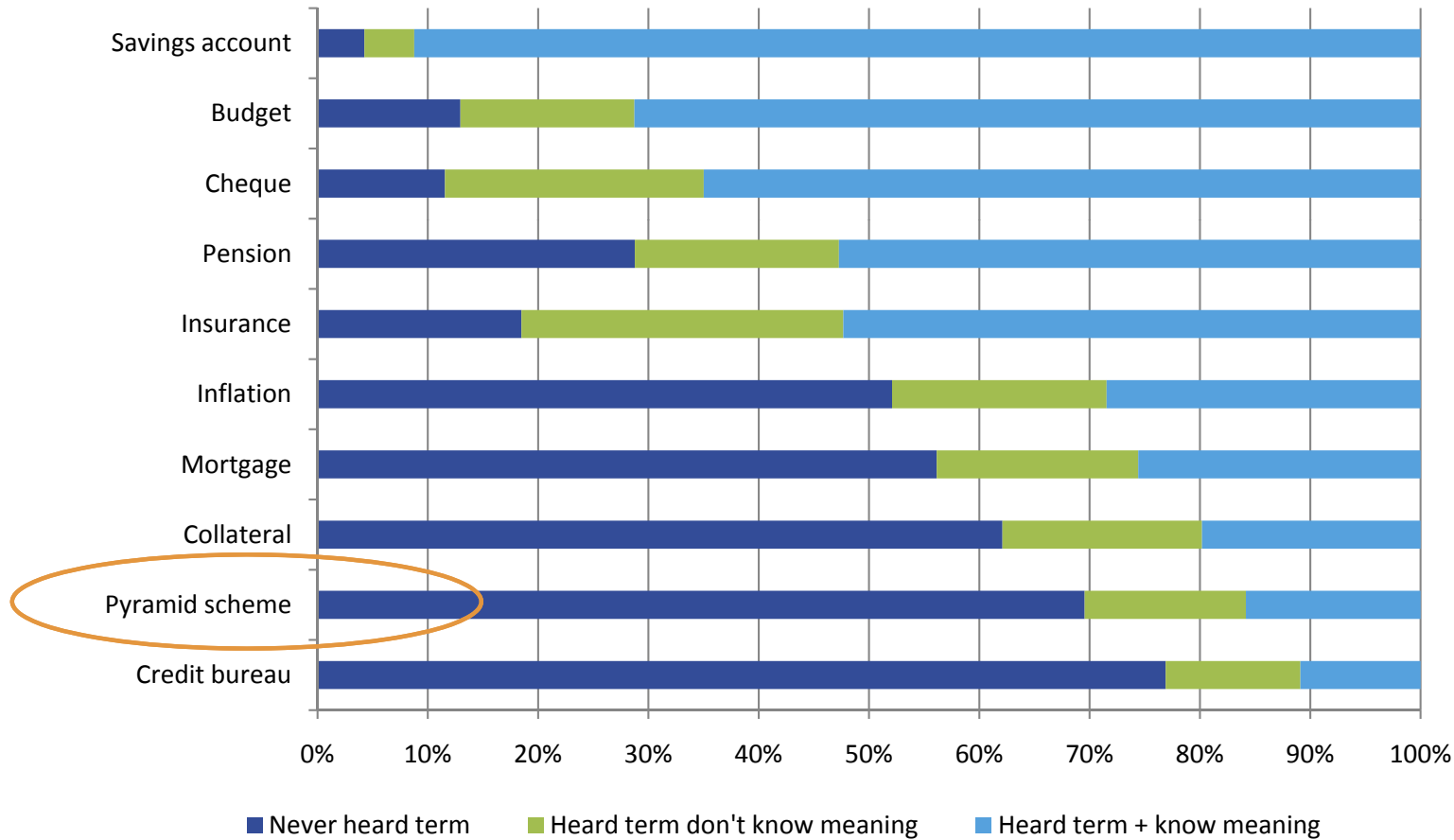
Formally included - by education



Does financial literacy matter?



Knowledge of financial terms



Polycymaking: FinAccess achievements



- Raised public awareness of the scale of financial exclusion
- Provides hard facts for policy documents
- Informed key Vision 2030 document - financial sector is one of the pillars
- Provided a benchmark to track progress
- Established the success of pro-market reforms in increasing access
- Key polycymaking institution has taken lead role in implementing FinAccess

Deepening FinAccess's impact on policy



- Key concern: current level of usage is restricted to top-line
- Detailed findings from FinAccess currently rarely finds its way into policy
 - *Challenges are:*
 - Policy formulation often under time limitations
 - Some capacity constraints in relation to data analysis
- Addressing through:
 - More intensive analysis going on CBK and wider FAP
 - Engaging other experts to deepen the analysis
 - Sustained targeted programme of dissemination (beyond the national launch workshop)



www.fsdkenya.org/finaccess

www.centralbank.go.ke



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