



Collaborating with Multiple Stakeholders to Measure Financial Inclusion-the Case for Zambia

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Strategic Policy Formulation

- Financial Sector Development Plan
2004-2009
- Bank of Zambia Strategic Objective
- Vision 2030

Financial Sector Development Plan

- National Policy Plan to guide the development of the financial sector – Phase I 2004 to 2009 Phase II to 2012
- Background to FSDP
 1. IMF/WORLD BANK Poverty Reduction Facility Paper
 2. Financial Sector Assessment Program FSAP 2002

Key Weakness From FSAP 2002

1. Low Financial Intermediation
2. Lack of Financial Services in Rural Areas
3. High bank Charges & Account Opening Requirements
4. Poor Credit Culture
5. Multiple and conflicting Roles of Government
6. Lack of Long term funds
7. Weak Regulatory Framework for Non-Bank Institutions
8. Lack of Knowledge of financial services and products

High Level Objective of FSDP

- Project is expect to contribute Zambia becoming a middle income country by the year 2030
- Goal Calls for Policies that accelerate & sustain economic growth and which enable poor to participate in and benefit from growth process.
- Broad based wealth and job creation through citizenry participation and technology advancement.
- Develop a dynamic and inclusive financial sector that supports all aspects of the economy.
- Provide for financial literacy programs

KEY STAKEHOLDERS

Ministry of
Finance

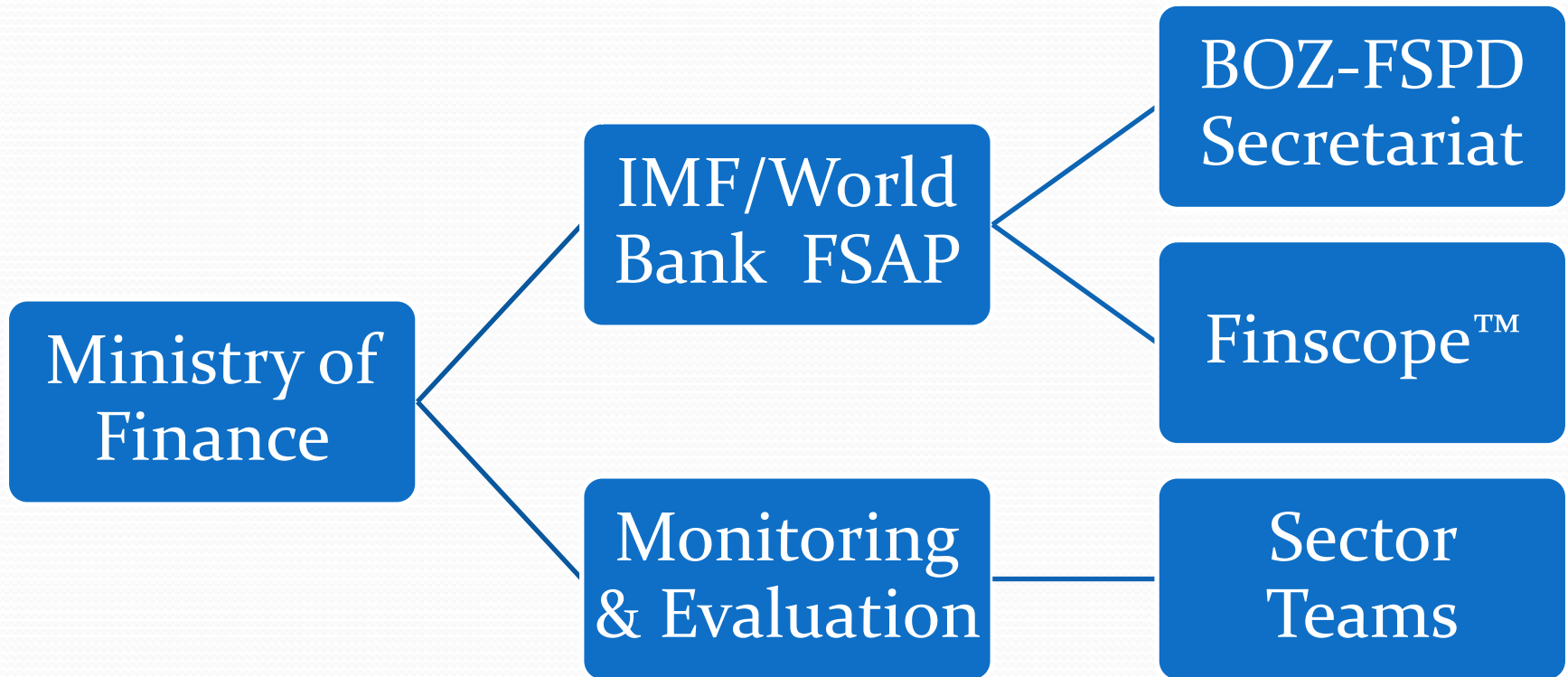


Bank of
Zambia



FinMark
Trust

Collaborative Structure



Ministry of Finance

Overall custodian of the coordination of the various activities under the Financial Sector Dev. Plan. Provides; funding and platform for reporting achievements.

Also established structures such as sector specific committees on banking and insurance.

Bank of Zambia

- Overall coordinating role for financial sector issues.
- Houses Secretariat for FSDP
- Sources consultancy in relevant areas such as legal, banking and insurance consultancy including Finscope.

FinMark Trust

- A partner to provide technical expertise in provision of survey data on the state and extent of financial inclusiveness in Zambia from both demand and supply side.

Survey Methodology

1. Area Based Sampling Frame
 - Zambia has 9 provinces and 72 districts
2. Enumerator Areas (EA's) constituted primary sampling units.
3. Sample robust enough to ensure findings could be generalised

Reporting Domain Representing Sample

National Population of Adults 16+

Urban and Rural Population of Adults 16+


Adult Population 16+ for each of the 9 provinces

Sample Description

- Sample consisted of 400 Enumerator Areas
- Selected 10 households from EA's selected at random
- 1 individual 16+ selected at random from each EA for face to face interview
- 4000 face to face interviews completed

Socio- Demographic Data

Population	2007 Projections	Comment
	12,160,000	Census due 2010
Labour Force/Unemployment	4,902,000 (2006)	Refers to 12 years and above
Unemployment	14%	
Poverty Poor	64% (2006)	% of total Population
Extremely Poor	51%	
Moderately Poor	13 – 14% (2006)	% of total Population
Geographical Area	750,000 Sq Km	



Finscope definition of
Financially Excluded – *Individuals
who use no financial products
(neither “formal” nor “informal” to
manage their financial lives*

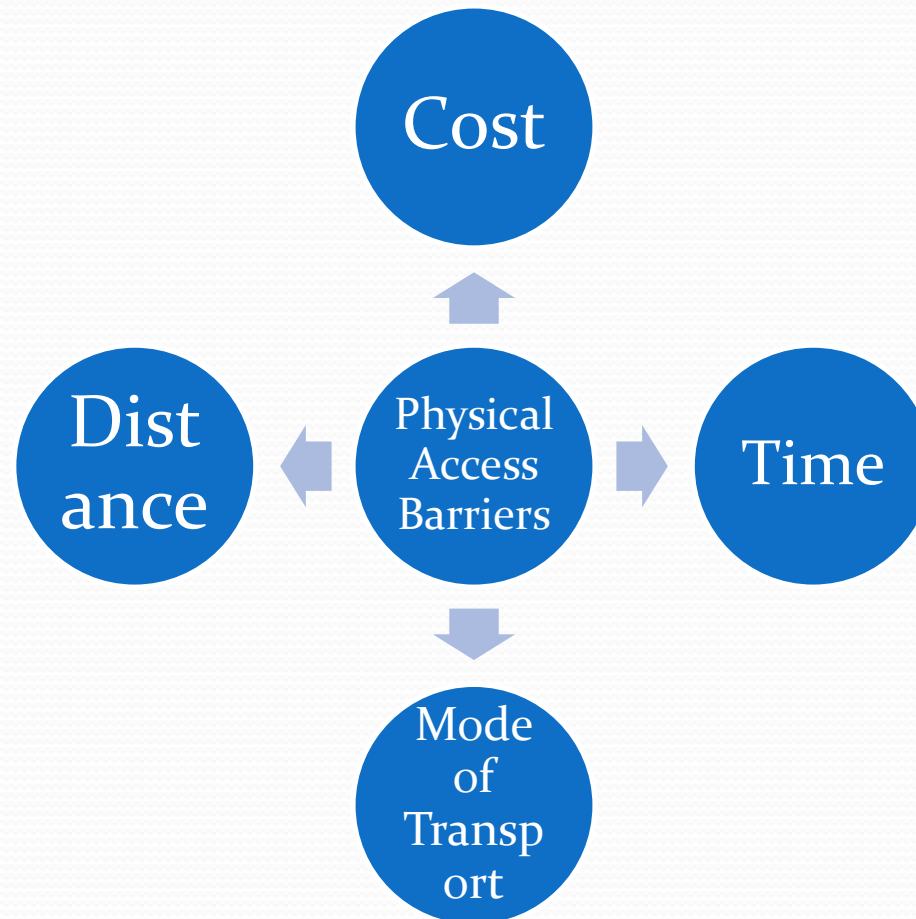
Who is excluded by Gender & Occupation

GENDER	
Female	51%
Male	48%
OCCUPATION	
Self -employed	33%
Salaried	11%
Housewife/Student/Pensioner/Other	32
Unemployed	24

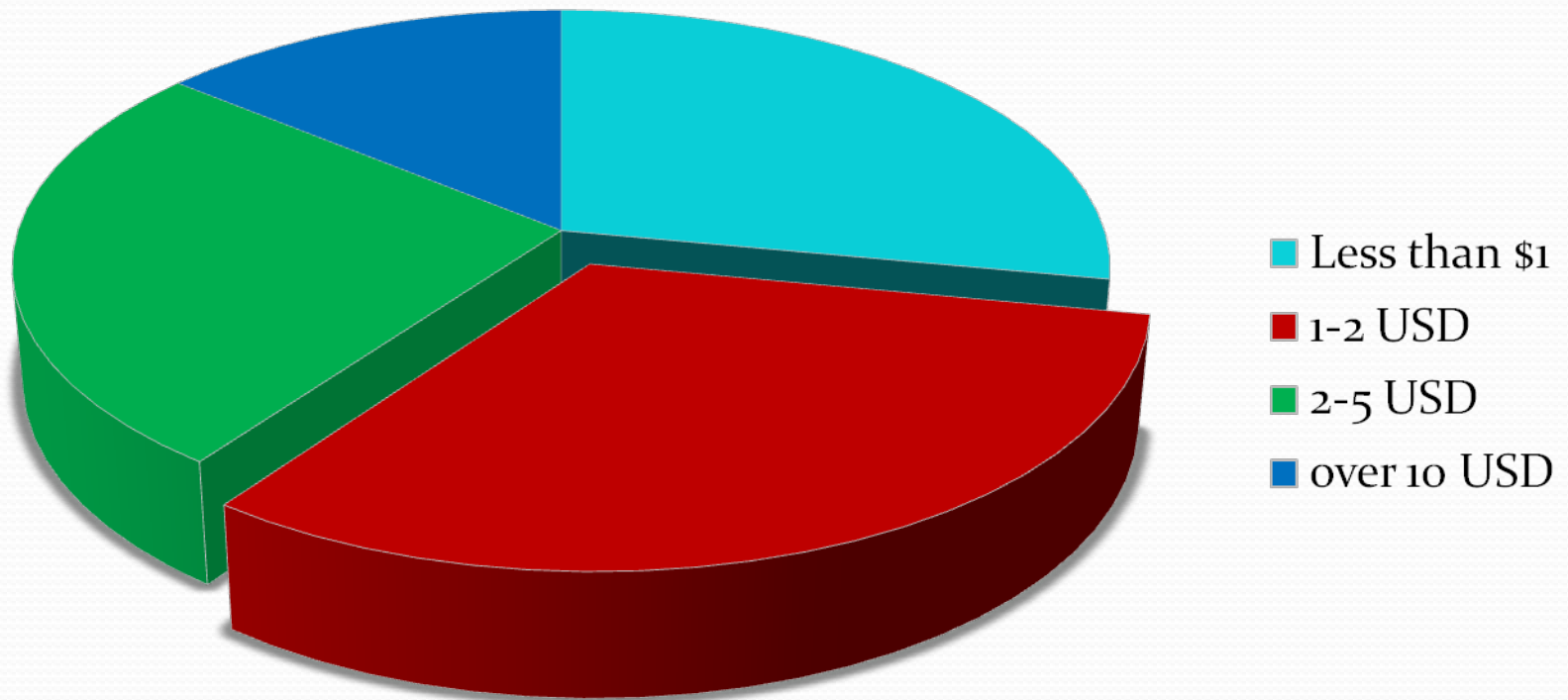
Financially Excluded by Education

EDUCATION	%
No Formal Education	13
Primary Education	36
Secondary Education	47
Tertiary	4

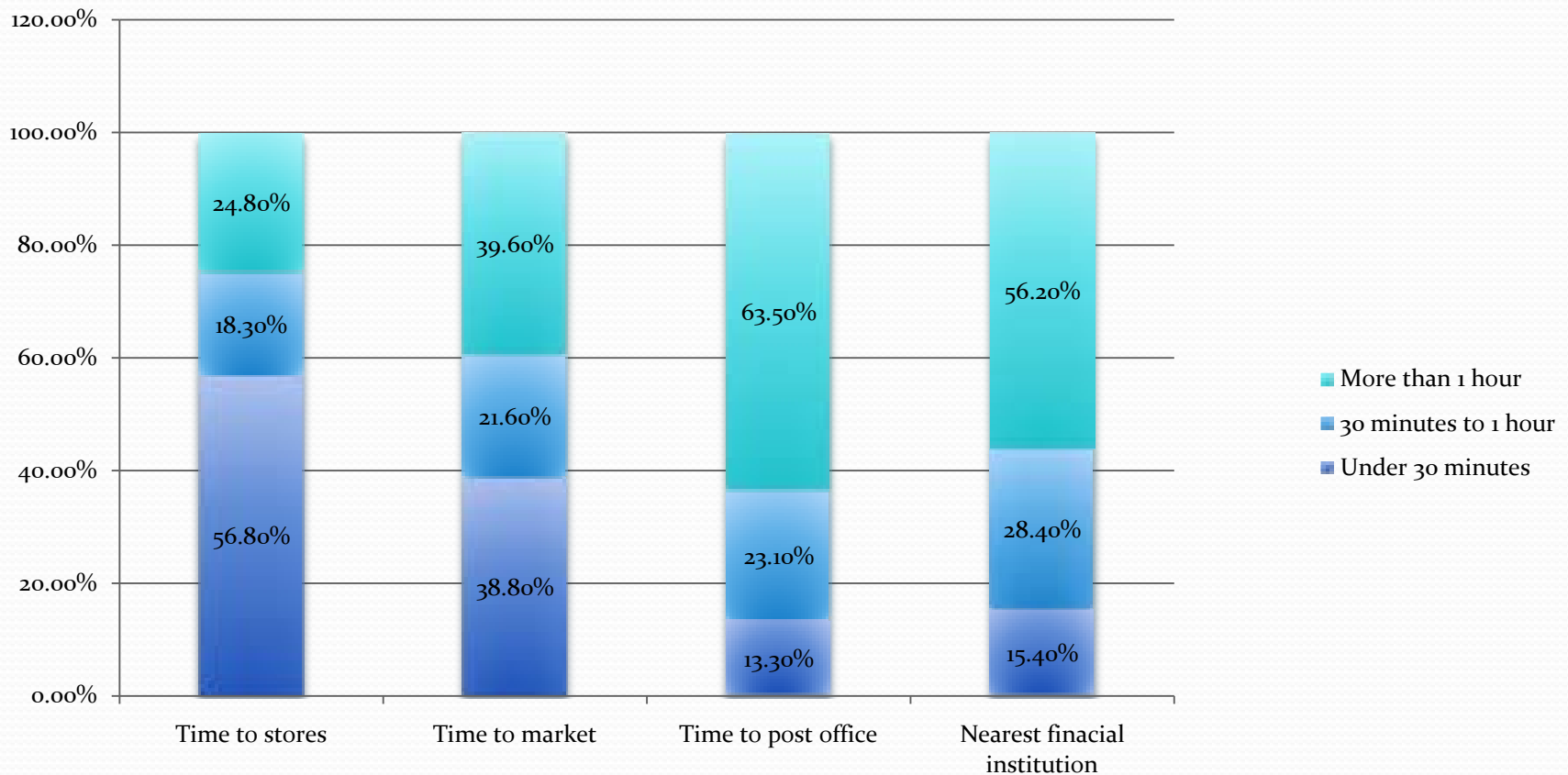
Access Physical Barriers



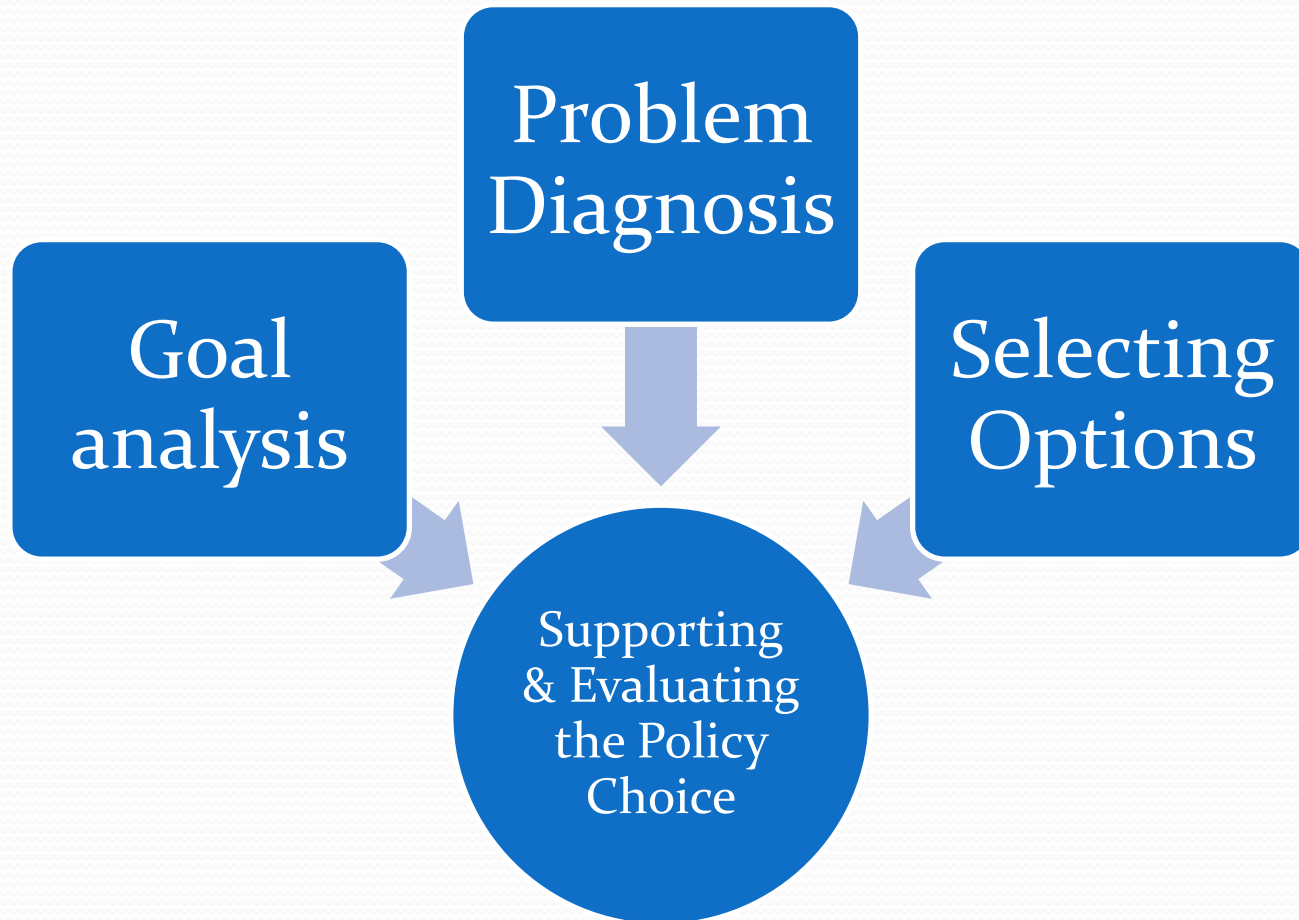
Cost to Banking Service



Access to facilities – Rural :Finscope 2009



Policy Analysis Framework



Problem Diagnosis

- Low access to financial services
- High cost of financial services
- Poor disclosure obligations
- Poor credit culture
- Weaknesses in the regulatory environment for the non-bank sector

Key Players MoF, IMF/World Bank, BoZ, Finscope,
Central Statistical Office

Goal Analysis

What needs to be achieved?

1. Increased Access
2. Improve intermediation
3. Enhance disclosure
4. Reduce Non Performing Portfolio
5. Enhance confidence in financial sector

Key Players BOZ, SEC, PIA, CRB, USAID

Policy Response

1. Establishment of The Credit Reference Bureau
2. Publication of Bank Charges in Print Media
3. Micro finance regulations
4. Reduction of statutory reserve ratio
5. Draft Layman's Bill on Deposit Protection
6. Draft Concept paper on regulations for branchless banking

Key Challenges to Policy Formulation

1. Lack of current socio- demographical data to inform policy (national census due this year)
2. Low literacy levels resulting in;
 - Slow information absorption rate
 - Slow adaptation to information communication technology
3. High poverty levels resulting in low disposable income

Acknowledgements

- Republic of Zambia, Central Statistical Office
- Finscope™ Zambia 2005
- IMF/WORLD Bank Financial Sector Assessment Report 2003 – Zambia



Thank you

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