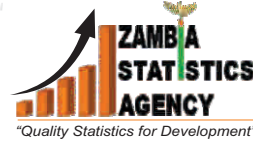


Cooperating Partners:



FINSCOPE ZAMBIA

2020 SURVEY PROVINCIAL REPORT



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Bank of Zambia



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FOREWORD

The Government of Zambia has acknowledged the importance of financial inclusion as an enabler of economic development. In this regard, a comprehensive National Financial Inclusion Strategy (NFIS) 2017 – 2022 was developed to accelerate progress towards an inclusive, stable and competitive financial sector. The Bank of Zambia (BoZ) has also included financial inclusion as the second pillar in its 2020 – 2023 Strategic Plan.

To assess the level and landscape of financial inclusion, the BoZ collaborated with other financial sector stakeholders in the implementation of the FinScope 2020 Survey, during September - October 2020. This Survey is an important research tool developed by FinMark Trust to provide credible national information on the demand, access, use of and behaviour towards financial services by the adult population. It also enables policy makers and financial service providers to develop a more targeted response to the gaps and barriers that have been identified regarding access and usage of financial services.



The FinScope 2020 Survey was the first to be managed and conducted by a local project team. It was also the first time a report has been produced for each province. Survey findings showed that financial inclusion in North-Western Province stood at 63.7 percent, driven mainly by uptake of savings and digital financial services. This level was, however, lower than the national level of 69.4 percent. Further, a huge disparity was observed in the level of financial inclusion between urban areas (82.8 percent) and rural areas (53.3 percent), indicating that there is more work required to increase financial inclusion and bridge the urban-rural gap.

As coordinators of this Survey, the BoZ wishes to thank Financial Sector Deepening Zambia (FSDZ), Rural Finance Expansion Programme (RuFEP), German Sparkassenstiftung for International Cooperation, Ministry of Finance and National Planning (MoFNP), and the United Nations Capital Development Fund (UNCDF) for the financial support and participation in the study.

The Zambia Statistics Agency (ZamStats) is also acknowledged for providing technical expertise, structures for data collection, and ensuring that the Survey was undertaken in accordance with best international practice. Special thanks are extended to FinMark Trust for their technical advice, as well as the Pensions and Insurance Authority (PIA), Securities and Exchange Commission (SEC), Bankers Association of Zambia (BAZ) and Association of Microfinance Institutions of Zambia (AMIZ), for providing technical and logistical support.

We encourage all stakeholders to use the survey information to develop innovative interventions, strategies, and customer centric products to overcome the barriers that have been identified and improve financial service delivery. This will result in greater outreach, facilitate higher economic activity and improve the economic welfare of the people in North-Western Province.

Dr. Denny Kalyalya

GOVERNOR

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ACRONYMS AND ABBREVIATIONS

ATM	Automated Teller Machine
BoZ	Bank of Zambia
CAPI	Computer Assisted Personal Interview
CRB	Credit Reference Bureau
EA	Enumeration Area
FAS	Financial Access Strand
FSDZ	Financial Sector Deepening Zambia
FSP	Financial Services Provider
GRZ	Government of the Republic of Zambia
ZMW	Kwacha (Zambian currency)
KYC	Know Your Customer
MFI	Microfinance Institution
MoFNP	Ministry of Finance and National Planning
NFIS	National Financial Inclusion Strategy
NRC	National Registration Card
PIA	Pensions and Insurance Authority
PoS	Point of Sale
PPI	Progress out of Poverty Index
PSU	Primary Sampling Unit
ROSCA	Rotating Savings and Credit Association
SACCO	Savings and Credit Cooperative
SEC	Securities and Exchange Commission
RUFEP	Rural Finance Expansion Programme
UNCDF	United Nations Capital Development Fund
ZAMSTATS	Zambia Statistics Agency

DEFINITIONS

Access strand	A measurement of financial access across the formal-informal institutional provider groups.
Adult	A person of age 16 years and above for the purposes of this survey.
Banked	Individuals using one or more financial products/services supplied by commercial banks.
Chilimba	This is an informal savings activity practised in Zambia, involving a group of people who agree to make regular, fixed cash contributions which go to each member, in a pre-determined order.
Credit	Obtaining funds or goods by a borrower from a lender with the promise of repayments of principal and, in most cases, with interest and arrangement charges at an agreed future date or period.
Demand-side barriers	Characteristics inherent to individuals that prevent them from accessing financial products/services, such as perceived insufficient income, low levels of financial literacy, long distance to access points and lack of trust in financial institutions.
Financial access landscape	A measurement of usage of both formal and informal financial products/services across the main categories of financial services: savings, credit, payments, insurance and investments.
Financial health	The ability to manage expenses, prepare for and recover from financial shocks, have minimal debt, and ability to build wealth for the future.
Financial inclusion	Access to and informed usage of a broad range of quality and affordable savings, credit, payments, insurance and investment products and services that meet the needs of individuals and businesses (formal or informal).
Financial literacy	Represents the ability to understand personal finance. It refers to awareness and knowledge of key financial concepts required for managing personal finances.
Financial Services Provider	A formal financial institution regulated by either the Bank of Zambia, Pensions and Insurance Authority or Securities and Exchange Commission.
Financially excluded	Individuals who are not using any formal or informal financial product/service.
Financially served	Individuals using one or more formal and/or informal financial products/services.
Financial Technology (FinTech)	Fintech short for Financial Technology refers to the combination of technology and finance to enhance traditional methods of delivering financial services.
Formal other	Financial products/services provided by formal financial institutions other than commercial banks (e.g., capital markets operators, formal payment service providers, insurance companies and microfinance institutions)
Formally included	Individuals primarily using formal financial products/services provided by institutions that are regulated by any of the three financial sector regulators. This is not exclusive usage, as these individuals may also use informal products/services.
Informal products/services	Financial products/services provided by financial service providers that are not formally regulated.

Informally included	Individuals who are not using any formal financial products/services but who use one or more financial products/services offered by an informal provider.
Insurance	Payment of a premium for risk of an event happening, where pay-out is made if, or when the event occurs.
Investment	The act of allocating money with the expectation of earning an income or profit in the future. An investment can be an asset, shares, collective investment schemes and bonds (among others) which is expected to increase in value over time.
Kaloba	Informal credit that is provided by money-lenders.
Pension	A fund into which a sum of money is added during an employee's employment years. Once the person retires from work, he/she receives regular (monthly) payments from this fund.
Pension Scheme	A type of organised saving plan for retirement and it is not an insurance contract.
Remittances	The sending and receiving of money between a sender in one place and a receiver in another place using formal or informal means.
Saving	Putting money aside today for future use.
Savings Group	A closed self-selected user group that pools savings which are shared out at the end of the savings cycle (usually 12 months). The savings are also used to offer credit within the group at an agreed interest rate and the interest earned is then shared by the members in proportion with their respective savings.
Supply-side barriers	Factors inherent to financial service providers that prevent individuals or businesses from accessing their services such as proximity and cost of products/services.
Transfers	The use of cash or electronic means (such as cheques, credit cards, debit cards, mobile money, electronic funds transfer) to send or receive payments.
Village bank	A group of entrepreneurs (usually, low-income) who come together to share and guarantee one another's loans, outside the formal financial sector.

1.0 EXECUTIVE SUMMARY

The vision for financial inclusion in Zambia is to have all citizens enabled with access and usage of a wide range of affordable financial products and services that meet their needs. This is expected to facilitate income-generating activities, build financial security and ultimately enhance the quality of life and well-being of the population. Addressing financial inclusion is therefore important as a means of uplifting the livelihoods of the poor and vulnerable societies, particularly in rural areas. In this regard, the National Financial Inclusion Strategy (NFIS) 2017 – 2022 targets were to increase the level of financial inclusion to 80 percent and the level of formal financial inclusion to 70 percent.

The objectives of the FinScope 2020 Survey Provincial Report were to:

- 1) Assess the financial landscape;
- 2) Measure the level of financial inclusion in the province; and
- 3) Identify the gaps and barriers in the financial sector as well as stimulate innovations in product design and digital financial services.

A survey response rate of 96.5 percent was achieved in North-Western Province from a sample of adults aged 16 years and above in 1,080 households. The survey results indicated that the level of financial inclusion was 63.7 percent out of a population of 491,842 adults.

TABLE 1: SUMMARY OF TOP LINE FINDINGS

Description	North-Western	National
Total population ¹ (million)	1.0	17.9
Total adult ² population (million)	0.5	9.5
Adults living in rural areas (%)	64.6	52.6
Adults living in urban areas (%)	35.4	47.4
Male adults (%)	47.5	47.5
Female adults (%)	52.5	52.5
Level of financial inclusion (%)	63.7	69.4
Financial inclusion amongst males (%)	64.5	71.2
Financial inclusion amongst females (%)	63.0	67.9
Financial inclusion in urban areas (%)	82.8	84.4
Financial inclusion in rural areas (%)	53.3	55.9
Formal financial inclusion (%)	56.1	61.3
Informal financial inclusion (%)	26.3	32.3
Adults financially healthy (%)	14.7	13.6
Adults financially literate (%)	26.1	23.6
Adults who experienced climate change effects (%)	61.4	65.8

The landscape of access for types of financial services showed that most adults used electronic payment channels and savings services, with an uptake of 45.2 percent and 51.7 percent, respectively. Generally, there was low access to credit services, pension and insurance services at 21.2 percent, 8.0 percent and 5.1 percent, respectively.

¹Population and Demographic Projections 2011 – 2035, Zambia Statistics Agency (formerly Central Statistics Office of Zambia), July 2013

²Adult refers to those aged 16 years and above for purposes of this survey

The following were identified as the main barriers to the use of formal financial services by the adult population in North-Western province:

- Insufficient money to open and maintain accounts at commercial banks and microfinance institutions;
- Lack of money and knowledge about how capital markets work;
- Lack of awareness about insurance products and services;
- Unemployment for the low uptake of pension services; and
- Low levels of financial literacy.

These barriers call for a more coordinated approach by the government, regulators, Financial Services Providers (FSPs) and other financial sector stakeholders to develop strategies and interventions that would lead to higher levels of financial inclusion.

Recommendations

Implementation of the following recommendations could spur actions that would contribute to addressing the identified barriers and lead to the achievement of a more inclusive financial sector in the province:

1. Rural finance initiatives to empower productive capacity of poor communities, particularly farmers and the Small and Medium Enterprise (SME) sector;
2. Collaboration between Government, donors and stakeholders to support SMEs development targeting, capacity building (basic business skills, financial education) and financial support such as credit guarantee schemes to empower productive activities particularly by the youth and women, hence contributing to economic growth and poverty reduction;
3. Development of infrastructure to support implementation of widespread digital systems and financial access points at affordable pricing across the country;
4. Development of strategic partnerships to facilitate financial education and awareness campaigns on various financial products and services, including insurance and capital markets, as well as on the usage of digital financial services;
5. Promotion of innovation, Financial Technology (FinTech) and targeted design of products/services leveraging on digital platforms;
6. Coordinated fraud and cyber security awareness programs by financial service providers, regulators and other stakeholders;
7. Collaboration of private sector and the Government to improve widespread access of affordable mobile phones, which was the main barrier to usage of digital financial services;
8. Collection of financial sector data and conducting research studies for greater understanding of behavioural patterns to facilitate evidence-based policies/strategies/initiatives for increasing financial inclusion; and
9. Implementation of sustainable green finance policies/strategies to mitigate and adapt to the risks of climate change.

2.0 SURVEY BACKGROUND AND METHODOLOGY

2.1 Survey Background

The Financial Scoping (FinScope) Survey is a research tool developed by FinMark Trust to address the need for credible financial sector information. The survey aims to provide stakeholders and regulators in the financial sector with strategic information regarding market opportunities and the financial services that different segments of society need. This would enable providers to extend their reach and broaden the range of services they offer. Implementing FinScope surveys over time further provides the opportunity to assess how financial inclusion in a country has evolved.

The Bank of Zambia, in collaboration with the Zambia Statistics Agency (ZamStats) and other financial sector stakeholders successfully conducted the FinScope Zambia 2020 Survey in September - October 2020.

2.2 Survey and Instrument Design

The FinScope 2020 Survey was designed to provide reliable estimates for key indicators at national and provincial level by sex, age, as well as urban and rural domains for each of the 10 provinces. The questionnaire covered the following areas:

- Demographics;
- Wealth of households;
- Earning and spending of money;
- Planning, cash-flow and risk management;
- Financial literacy;
- Financial health;
- Savings and investments;
- Borrowing;
- Pensions and insurance;
- Capital Markets;
- Climate Change and impact of COVID -19 Pandemic;
- Payment systems – transfers;
- Informal saving mechanisms; and
- Access to infrastructure.

2.3 Sampling Frame

The sampling frame used for the FinScope 2020 Survey was based on the Census of Population and Housing (CPH) of the Republic of Zambia conducted in 2010 and updated to accommodate the changes in districts and constituencies that occurred between 2010 and 2019. The Province was subdivided into districts; each district into constituencies; and each constituency into wards. Each ward was then subdivided into smaller areas called Census Supervisory Areas

³Financial Sector Deepening Zambia; Rural Finance Expansion Programme; German Sparkassenstiftung for International Cooperation; Ministry of Finance and National Planning; United Nations Capital Development Fund and FinMark Trust.

(CSAs). In turn, the CSAs were subdivided into Enumeration Areas (EAs) which have a census map delineating boundaries, with identification information and a measure of size (i.e., the number of households enumerated in the 2010 CPH). This list of EAs was used as the sampling frame for the Survey.

2.4 Sample Design and Implementation

The FinScope Survey is a stratified cluster survey that divides the population into homogeneous segments from which the sample is drawn. Three (3) sampling stages were used as follows:

- i. Selection of clusters – 72 EAs were selected using the probability proportional to population size approach.
- ii. Household listing – All the households in the sampled EAs served as the sampling frame for the selection of 15 households per cluster, using the linear systematic sampling method.
- iii. Selection of household member – One adult usual household member aged 16 years or older was selected from each household, resulting in a sample of 1,080 adults for the Province (Table 2).

The Survey adopted the modified Kish Optimal Square Root allocation method. This method oversamples undersized domains (provinces) and moderates the oversized ones to have reasonable provincial estimates, given the variations in the sizes of the provinces. The modified Kish allocation formula is given by:

$$n_d = n \frac{\sqrt{\frac{1-I}{D^2} + I[\theta_d^2]}}{\sum \sqrt{\frac{1-I}{D^2} + I[\theta_d^2]}}$$

Where

n_d is the sample size in the domain;

n is the sample size;

D is the number of domains;

N_d is the total number of households in domain d ;

N is the total number of households in Zambia, as per the 2010 Census of Population and Housing;

θ_d is the proportion of households in domain; and

I is the Kish allocation index denoting the relative importance assigned to estimates at the national or subgroups that cut across domains.

TABLE 2: ALLOCATION OF CLUSTERS AND HOUSEHOLDS

Domain / Stratum	Allocation of EA			Allocation of households		
	Urban	Rural	Total	Urban	Rural	Total
North-Western	18	54	72	270	810	1,080

2.5 Fieldwork

Fieldwork was carried out from September to October 2020 over a period of 4 weeks by 30 data collectors. A total of 1,054 face-to-face interviews were conducted representing a 96.5 percent response rate. Data was captured electronically using Computer Assisted Personal Interviews (CAPI).

3.0 DEMOGRAPHIC COMPOSITION

This section highlights key demographics of the adult population in North-Western Province as well as their income generating activities. Demographics and livelihoods are important for understanding the potential financial landscape. This information can be used for product design, marketing, strategies and policy interventions to expand financial inclusion.

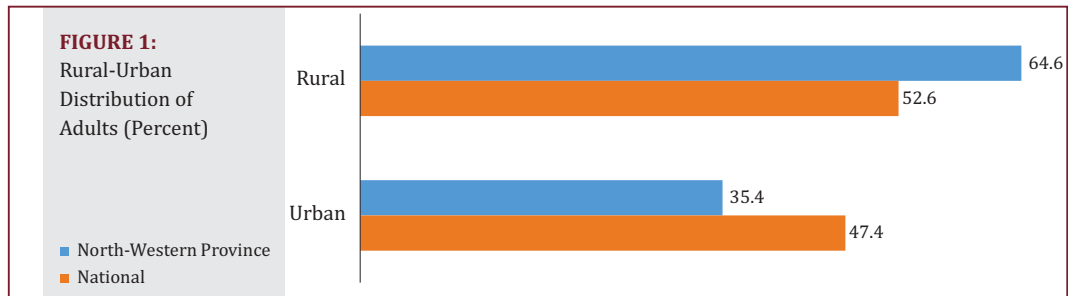
3.1 Adult Population

The adult population in the Province was estimated at 491,842, about five percent of the total national adult population of 9.5 million. A summary of the demographic characteristics of this population showed that most adults were:

- Predominantly rural based;
- Adults of age 35 years or younger; and
- Females.

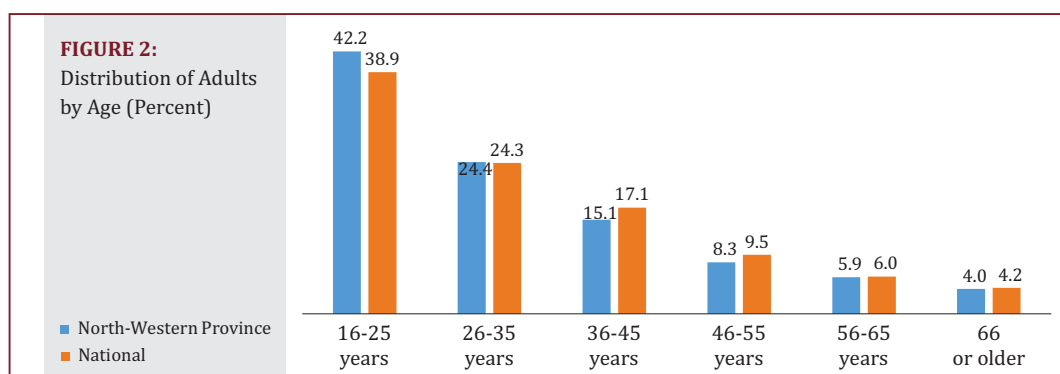
3.1.1 Rural-Urban Distribution of Adults

The percentage of adults residing in rural areas was 64.6 percent compared to 35.4 percent in urban areas. It is therefore important to consider this aspect in the development of strategies to increase financial inclusion in North-Western Province (Figure 1).



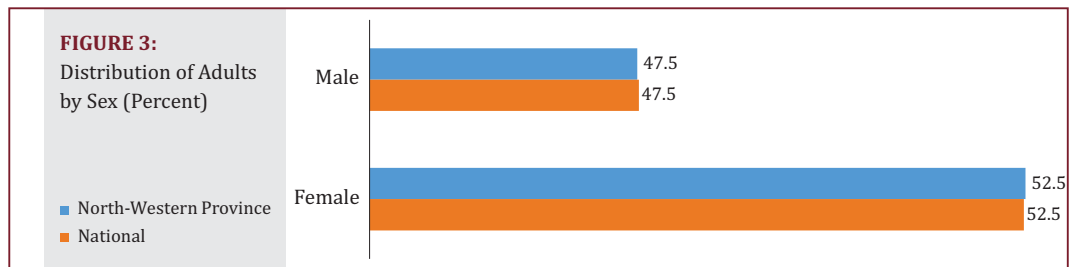
3.1.2 Distribution of Adults by Age

Figure 2 shows that 66.6 percent of the adult population was largely youthful, of age 35 years or younger.



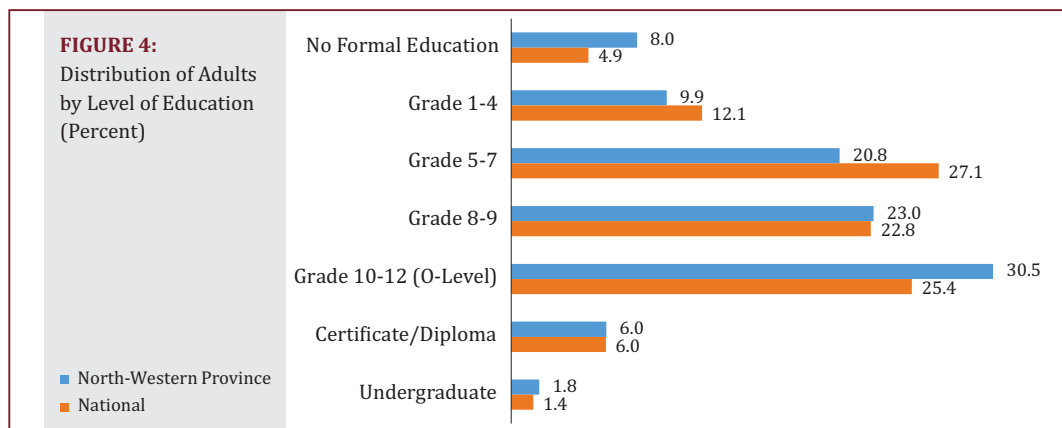
3.1.3 Distribution of Adults by Sex

Figure 3 shows that there were more females than males in North-Western Province.



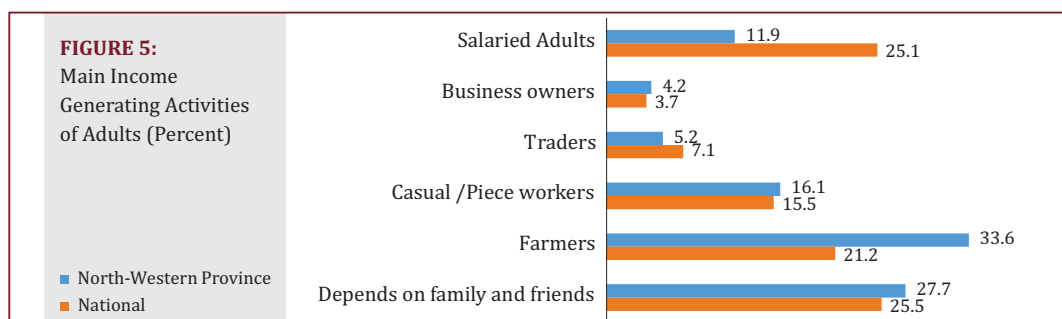
3.1.4 Distribution of Adults by Education

The Survey showed that most adults (30.5 percent) had achieved grade 10 - 12 level of secondary education while only 1.8 percent had completed an undergraduate degree (Figure 4).



3.2 Main Livelihood and Income Generating Activities

Figure 5 shows that most adults relied on farming (33.6 percent) as well as family and friends (27.7 percent) for their livelihood.



3.3 Average and Median Income by Main Income Generating Activities

Table 3 shows that business owners had the highest average and median incomes which were also above the national levels.

TABLE 3: INCOME BY MAIN INCOME GENERATING ACTIVITY (ZMW)

Income generating activity	North-Western		National	
	Average monthly income	Median monthly income	Average monthly income	Median monthly income
Salaried adults	3,789.59	4,028.45	2,359.94	1,139.09
Business owners	4,074.10	3,079.96	1,564.59	1,000.00
Traders	2,141.67	1,523.61	1,698.17	935.13
Casual /Piece workers	658.78	660.14	661.13	496.91
Farmers	615.45	599.91	745.97	400.00
Depends on family and friends	726.26	887.73	762.30	400.00

3.3.1 Frequency of Receiving Main Income

As illustrated in Table 4, the frequency of receiving income by most adults was as follows:

- Monthly for salaried workers;
- Daily for traders;
- Seasonally for farmers; and
- Weekly for Business owners.

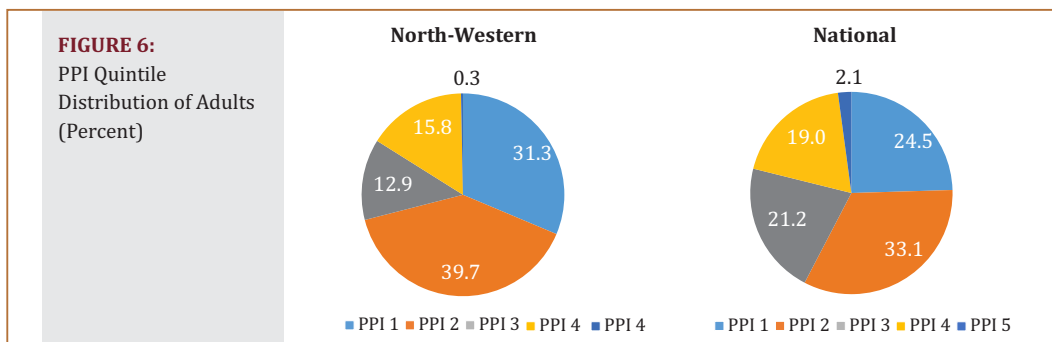
TABLE 4: FREQUENCY OF RECEIVING MAIN INCOME (PERCENT)

Frequency	Salaried Adults	Business owners	Traders	Casual /Piece workers	Farmers	Depends on family and friends
Daily	15.4	35.3	58.5	12.2	2.2	3.0
Weekly	3.4	31.2	5.8	8.2	7.9	1.0
More than once a month but not weekly	1.3	9.1	-	3.1	2.3	9.4
Monthly	66.1	16.9	17.2	23.1	7.2	41.5
Every 2 months	0.9	-	3.3	2.9	1.3	3.6
Annually	5.5	-	6.1	9.2	23.3	2.4
Seasonally	4.5	0.7	9.1	8.9	45.3	6.7
Occasionally - no particular schedule	2.6	6.8	-	20.7	9.8	32.3
Upon completion of job	-	-	-	10.8	0.3	-

3.4 Distribution of Adults by Progress out of Poverty Index (PPI)

The Progress out of Poverty Index (PPI) is used to estimate household poverty levels in this report. It is a quantitative tool based on a set of ten questions standardised and consistent with the circumstances of a country. The PPI scores were segmented into five (5) intervals (quintiles).

According to the Survey, the highest percentage of adults were in PPI 2 (39.7 percent) and PPI 1 (31.3 percent), representing the poor segments of society. The percentage of adults in the middle (PPI 3) and high-income (PPI 4) quintiles was 12.9 percent and 15.8 percent, respectively. Only 0.3 percent of adults were in the highest income quintile of PPI 5. This number of adults in PPI 5 was too small to allow for a meaningful analysis of the Survey findings.



3.4.1 Income of Adults by PPI Quintile

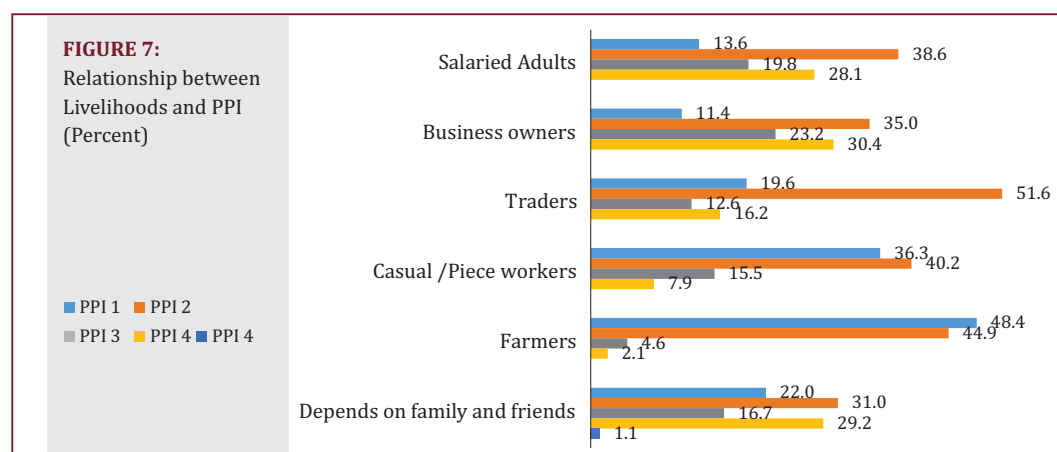
The average and median incomes per month for each quintile in the Province was higher than the national levels (Table 5).

TABLE 5: AVERAGE INCOME BY PPI QUINTILE (ZMW)

	North-Western		National	
	Mean	Median	Mean	Median
PPI 1	565.49	350.00	540.00	300.00
PPI 2	917.46	500.00	820.31	462.58
PPI 3	2,715.41	1,269.70	1,690.19	1,000.00
PPI 4	3,751.23	1,700.00	2,886.85	1,500.00

3.4.2 Relationship between Livelihoods and PPI (Percent)

The Survey showed that most salaried adults, business owners, traders, casual piece workers and those dependent on family and friends were in the low-income quintile of PPI 2 while most farmers were in PPI 1 (Figure 7).





4.0 FINANCIAL INCLUSION

4.1 Defining Financial Inclusion

Financial inclusion is defined as access to, and informed usage of a broad range of quality and affordable savings, credit, payment, insurance, and investment products and services that meet the needs of individuals and businesses.

The benefits of financial inclusion include the ability to:

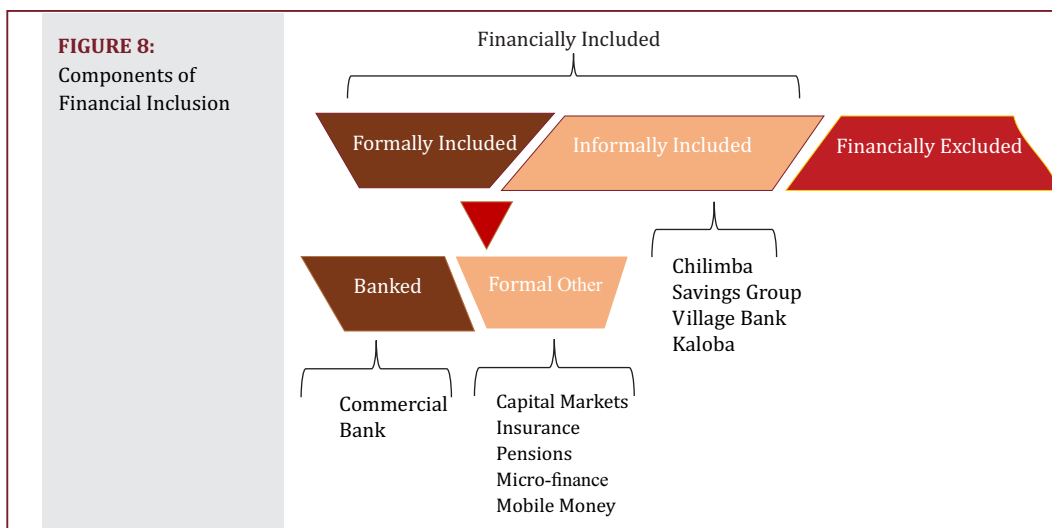
- Make day-to-day transactions, such as sending and receiving money with ease;
- Safeguard savings, which can help households and enterprises to manage cash flow spikes, smoothen consumption and build working capital;
- Access credit to finance micro, small and medium enterprises (MSMEs), helping owners increase productivity and invest in assets;
- Plan and pay for recurring expenditures such as utility bills; and
- Manage expenses related to unexpected events such as medical emergencies, death, theft or natural disasters through insurance, investment and pension products/services.

The ultimate goal of financial inclusion is to improve the welfare of citizens by reducing financial vulnerability and increasing potential for participation in economic activities. The FinScope Survey methodology segments the adult population into those who are “financially included” and “financially excluded”. Financially included people can either be formally or informally included.

Formal financial inclusion relates to the use of financial products/services offered by regulated Financial Service Providers (FSPs). The formally included population can be segmented into the “banked” and the “formal other”. The banked population comprises individuals using financial services offered by commercial banks. The “Formal other” use financial services supplied by formal FSPs, such as microfinance institutions (MFIs), payment service providers, insurance, pension companies and capital markets operators.

Informal financial inclusion, on the other hand, is the use of informal financial products/services that are provided by entities that are not regulated by a financial sector regulator. Informal products/services include saving with an employer, membership in a savings group or borrowing from an informal moneylender/Kaloba. These concepts are graphically depicted in Figure 8.

⁴National Financial Inclusion Strategy 2017 - 2022

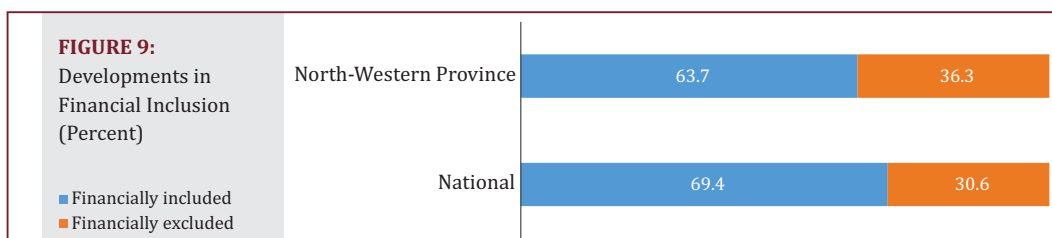


4.2 Developments in Financial Inclusion

For the purposes of this Survey financial inclusion is segmented as follows:

- Adults who have or use financial products/services to manage their financial lives – financially included adults; and
- Adults who do not use financial products/services to manage their financial lives – financially excluded adults.

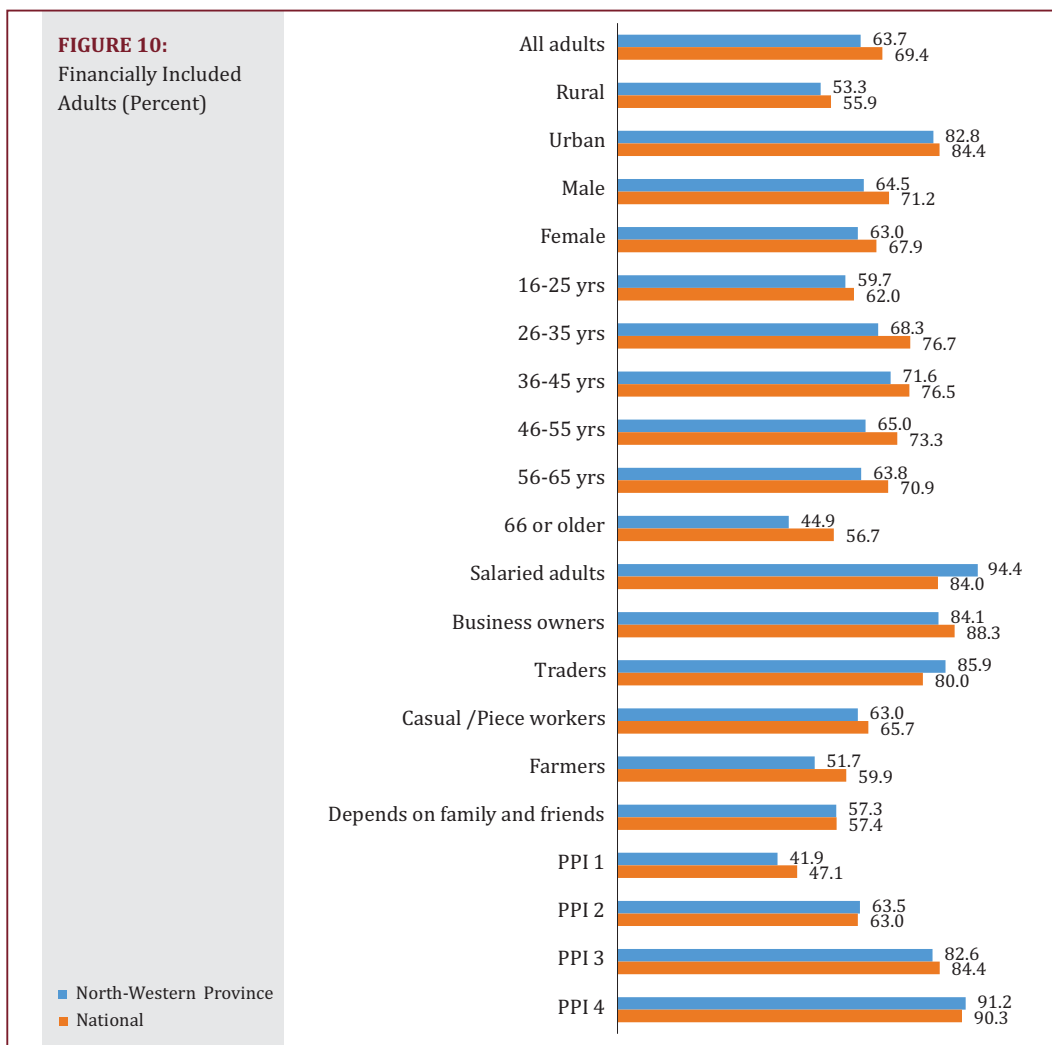
The Survey showed that 63.7 percent (313,303) of adults in the Province were financially included while 36.3 percent were financially excluded (Figure 9).



4.2.1 Financial Inclusion amongst Adults

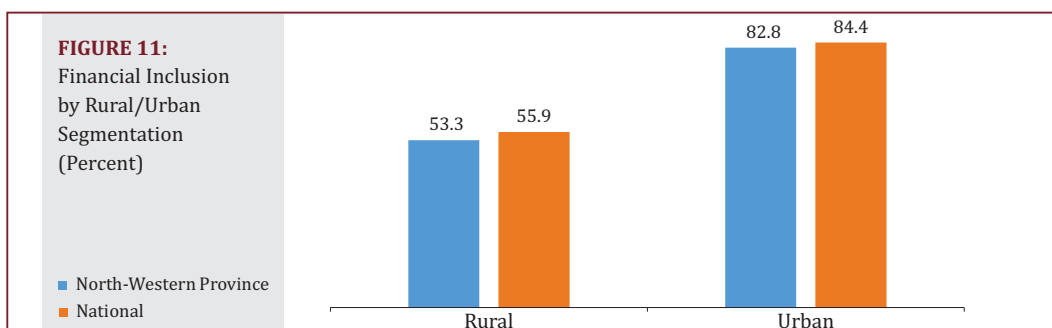
Figure 10 shows that the level of financial inclusion was highest amongst:

- Urban based adults;
- Males;
- Adults of age 36 – 45 years;
- Salaried workers; and
- Households in the high-income quintile of PPI 4.



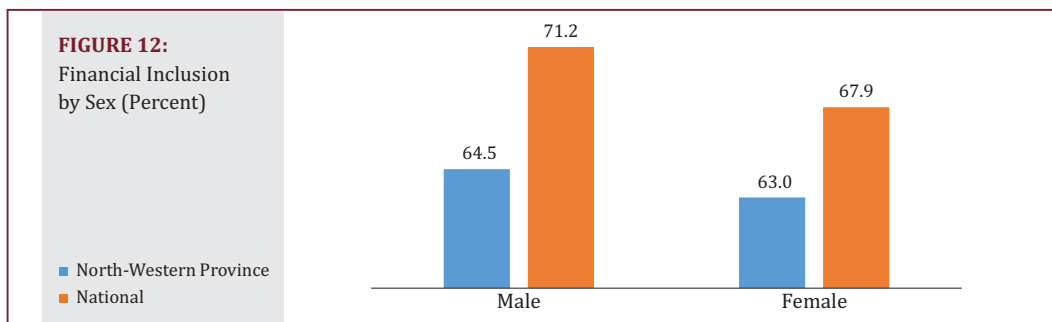
4.2.2 Financial Inclusion by Rural/Urban Segmentation

The Survey showed that financial inclusion was higher in urban areas (82.8 percent) than in rural areas (53.3 percent). Further, the level of financial inclusion for both urban and rural areas was lower than the national level (Figure 11).



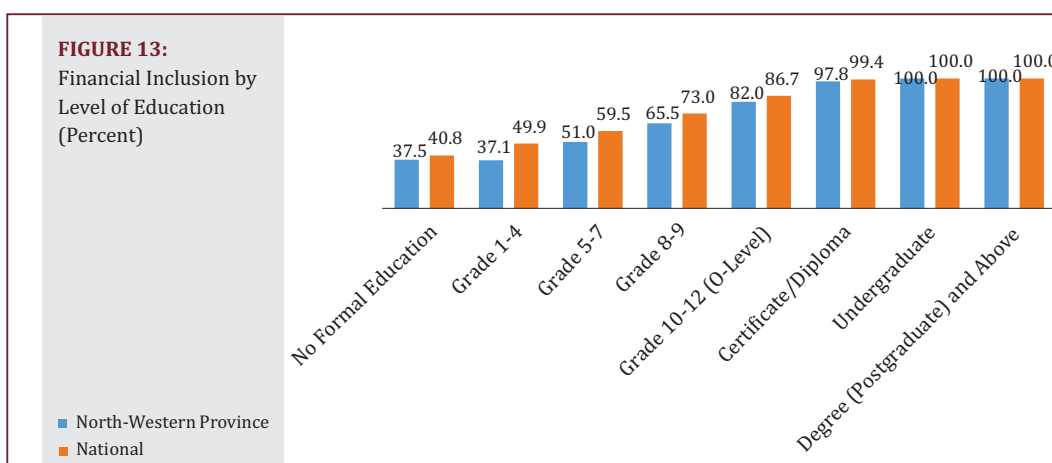
4.2.3 Financial Inclusion by Sex

Figure 12 shows that the level of financial inclusion amongst males (64.5 percent) was higher than females (63.0 percent).



4.2.4 Financial Inclusion by Level of Education

The FinScope 2020 Survey data showed a positive correlation between the level of education and financial inclusion. Adults who had achieved undergraduate or higher level of education were all financially included while those with low levels of education showed the least levels of inclusion (Figure 13).



4.3 Formal and Informal Financial Inclusion

Formal financial inclusion relates to adults who have or use financial products/services provided by FSPs that are regulated or supervised by any of the three financial sector regulators, BoZ, PIA or SEC. Informal financial inclusion on the other hand refers to the proportion of adults who use financial services provided by a service provider that is not regulated.

Formal financial inclusion amongst adults was 56.1 percent compared to informal inclusion which stood at 26.3 percent (Figure 14).

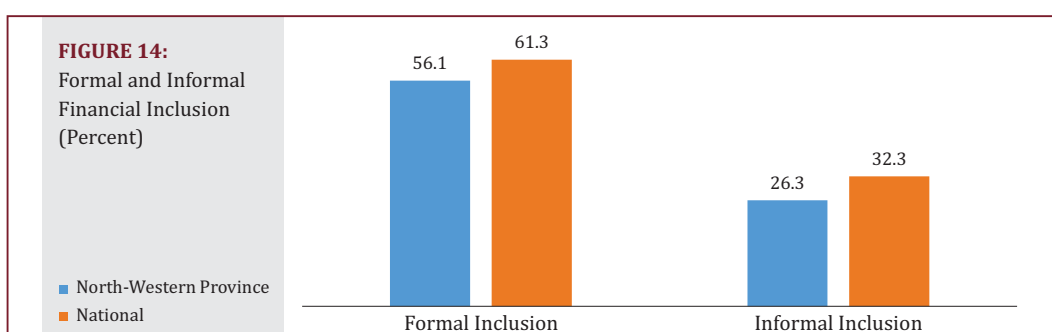
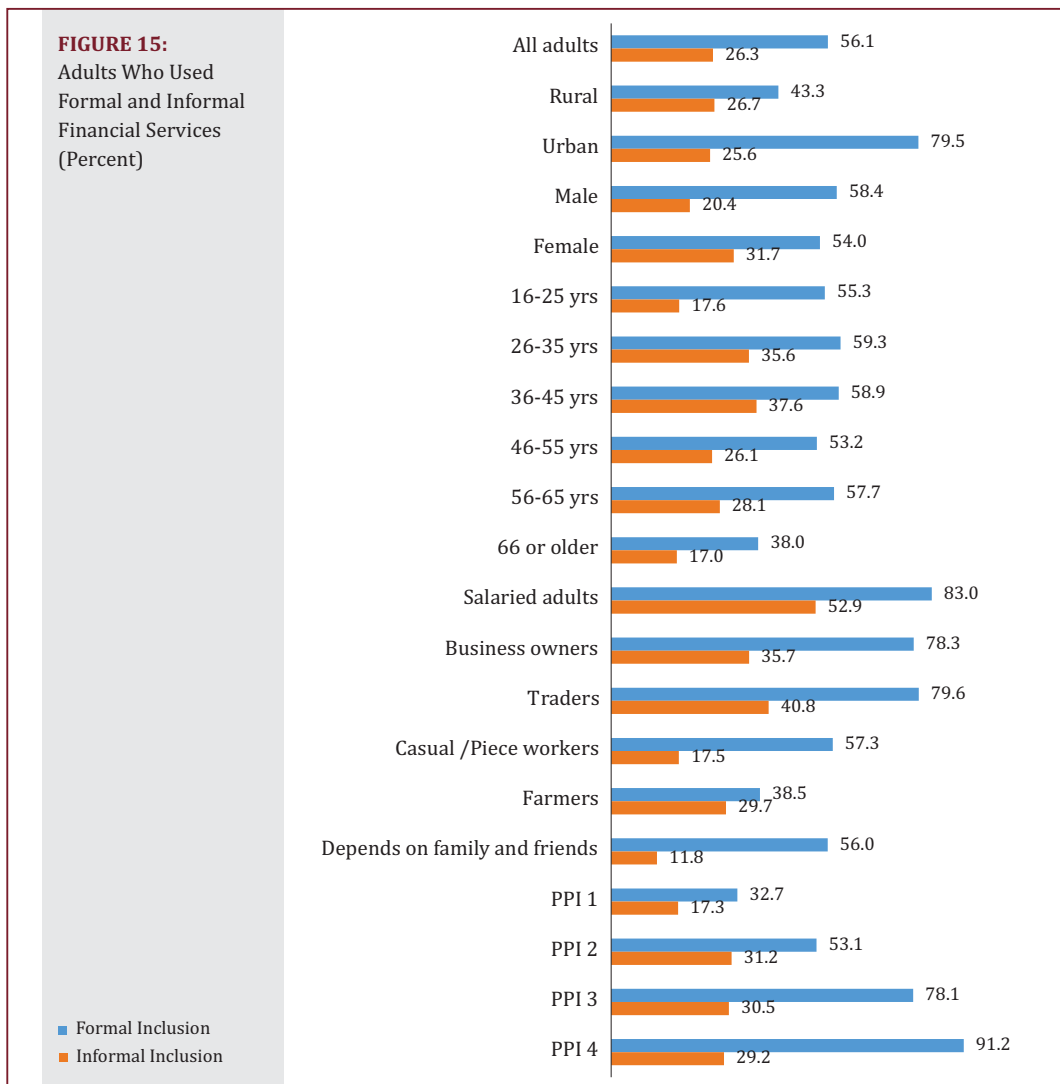


Figure 15 shows that formal financial inclusion was highest amongst:

- Urban based adults;
- Males;
- Adults of age 26 – 45 years;
- Salaried workers; and
- Households in the high-income quintile of PPI 4.

Informal inclusion was highest amongst:

- Rural based adults;
- Females;
- Adults aged 36 – 45 years;
- Salaried workers; and
- Households in the low and middle-income quintiles of PPI 2 and PPI 3.



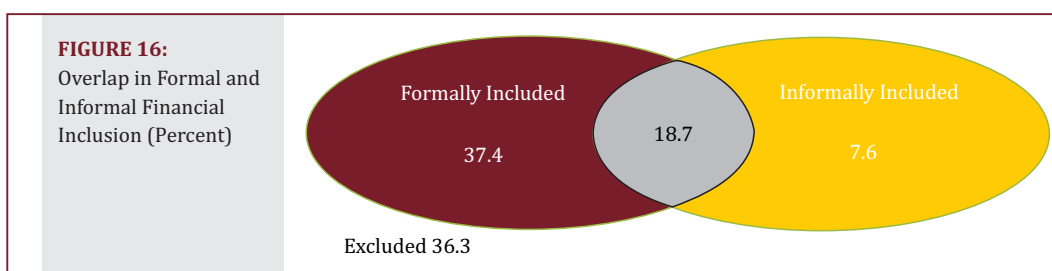
4.4 Financial Access Strands

The financial access strands are useful in comparing levels of financial inclusion over time or between different population segments. In Zambia, adults are grouped into four (4) financial access strands. Those who:

1. Have or use only formal financial products/services;
2. Have or use only informal financial products/services;
3. Have or use both formal and informal financial products/services; and
4. Do not have or use any financial products/services to manage their financial lives.

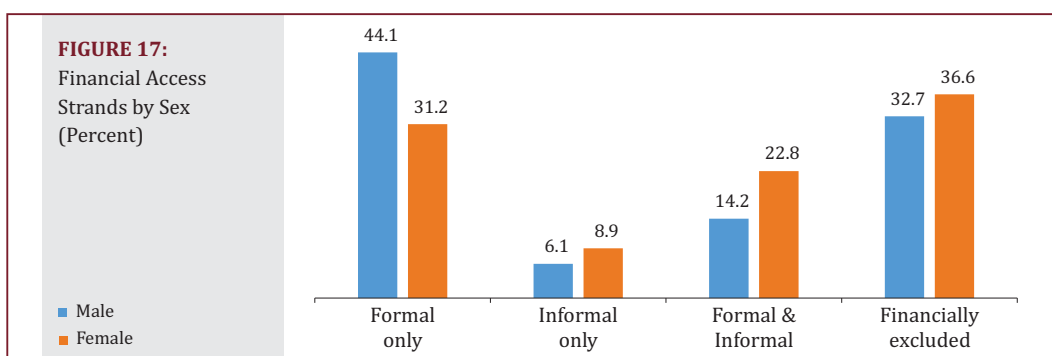
4.4.1 Overlap in Formal and Informal Inclusion

The Survey showed that 37.4 percent of adults used only formal financial products/services, while 7.6 percent used only informal financial products/services. In addition, 18.7 percent of adults used both formal and informal financial products/services. The percentage of financially excluded adults at 36.3 percent was higher than the national level of 30.6 percent (Figure 16).



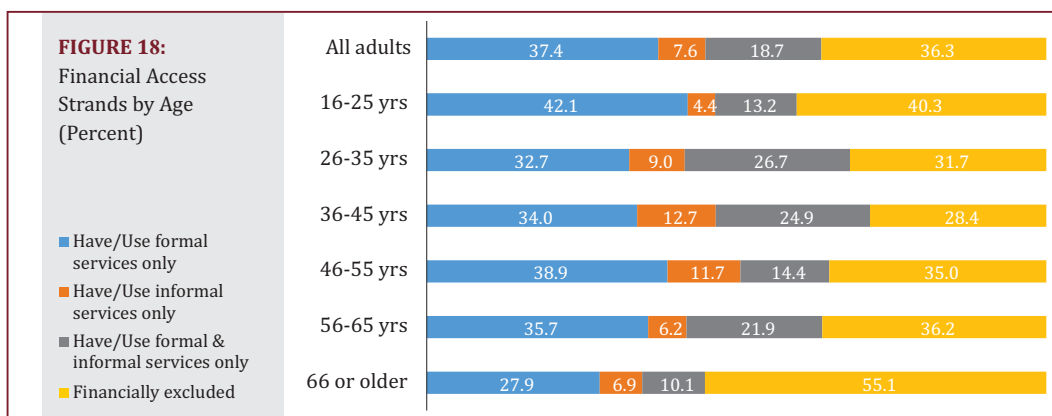
4.4.2 Financial Access Strands by Sex

Analysis of access strands by sex showed that more males than females used only formal financial services, while more females used informal and a combination of formal and informal financial services. (Figure 17).



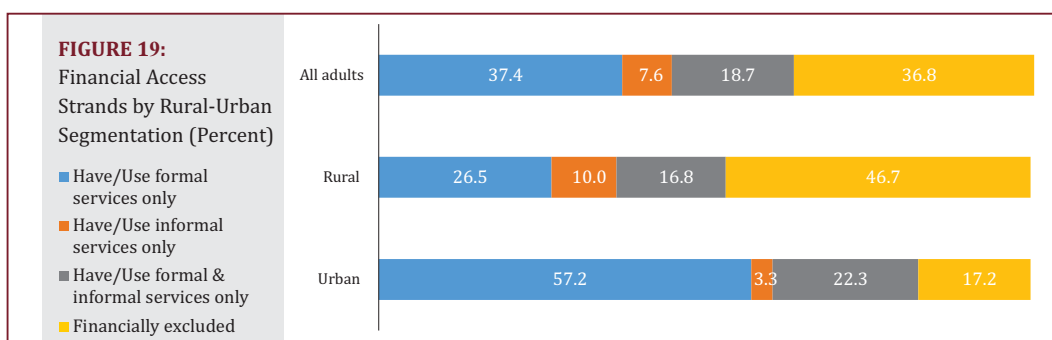
4.4.3 Financial Access Strands by Age

The highest percentage of adults that used only formal financial products/services were in the age group 16 - 25 years, while those who used only informal financial services were mostly in the age group 36 - 45 years. The most financially excluded adults were in the age group 66 years or older (Figure 18).



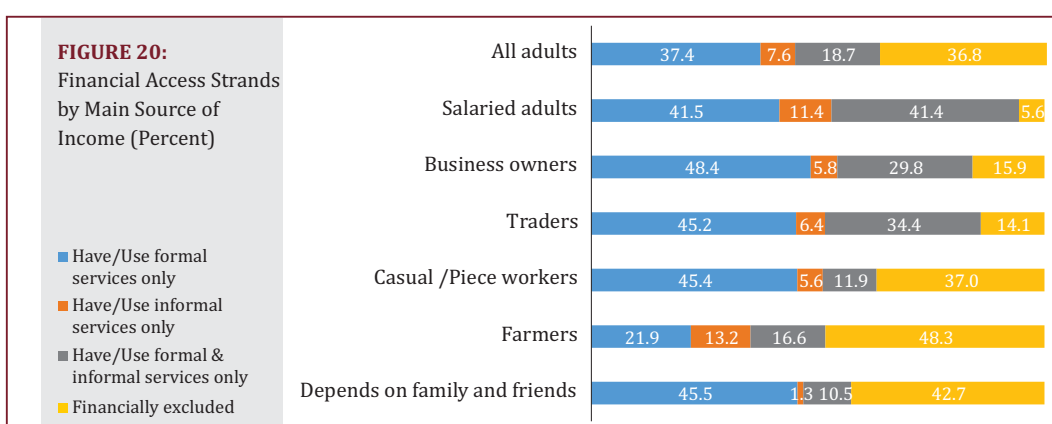
4.4.4 Financial Access Strands by Rural-Urban Distribution

The percentage of adults who used only formal financial products/services was higher in urban areas than in rural areas. There were more adults who used only informal financial services and were financially excluded in rural areas than in urban areas (Figure 19).



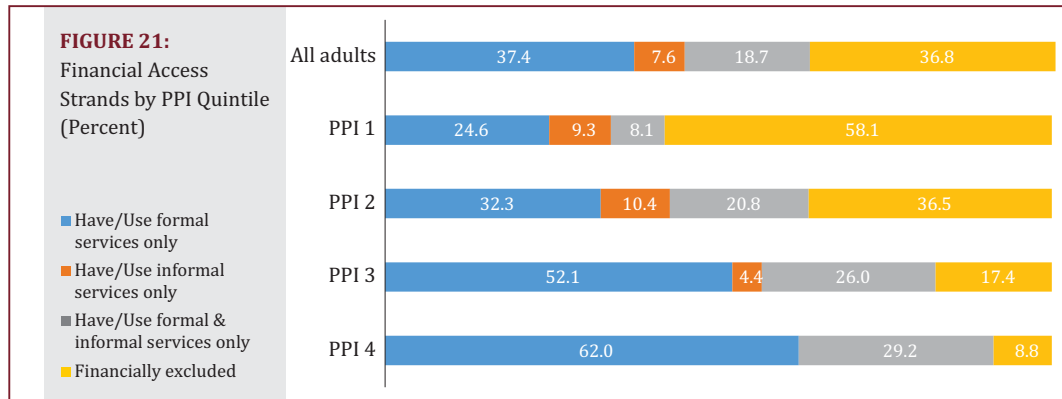
4.4.5 Financial Access Strands by Main Source of Income

Financial access strands by main source of income showed that the highest percentage of adults who used only formal financial services was amongst business owners while those who used only informal financial services were mostly farmers.



4.4.6 Financial Access Strands by PPI Quintile

Figure 21 shows that the highest percentage of adults who used only formal financial services was in PPI 4 while those who used only informal financial services were mostly in PPI 2. The most financially excluded adults were in PPI 1.





5.0 UPTAKE OF FORMAL FINANCIAL SERVICES

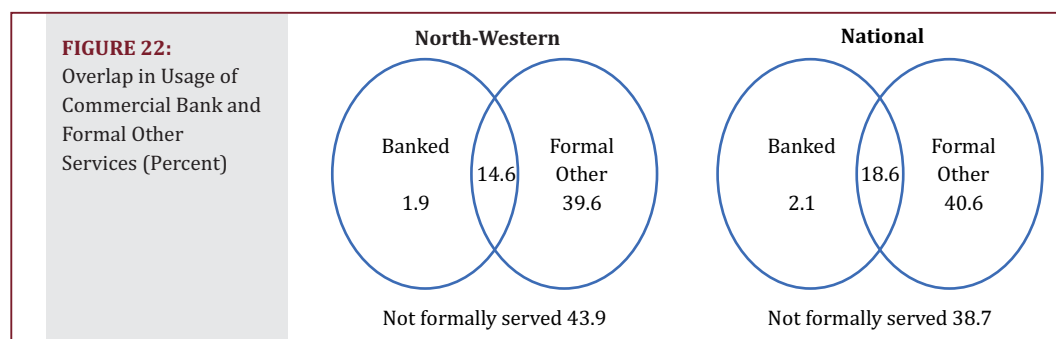
This section highlights details of products/services used by the formally included adult population in North-Western province, which stood at 56.1 percent.

5.1 Levels of Formal Financial Services

Formal financial services relate to products and services offered by institutions which are regulated by the following:

- Bank of Zambia (for commercial banks, micro-finance service providers, and payment service providers);
- Pension and Insurance Authority (pensions and insurance providers); and
- Securities and Exchange Commission (capital markets).

Formal financial services are provided by two main types of institutions; commercial banks and non-bank service providers defined as “formal other”. The Survey showed that 16.5 percent of adults were banked and of these, 1.9 percent used only products/services provided by commercial banks. The percentage of adults who used products/services provided by both commercial banks and “formal other” was 14.6 percent, while 39.6 percent used formal other products/services only. Further 43.9 percent of the adult population did not use products/services from formal financial service providers (Figure 22).



Mobile money was the most widely used non-bank service at 53.6 percent. Capital market services and money transfer services were the least utilised at less than one percent (Table 6).

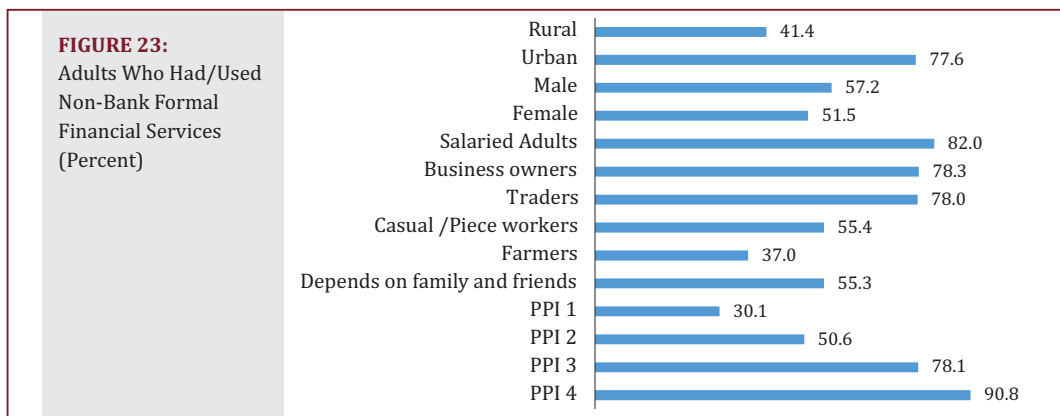
⁵Payment Service Providers include mobile money and money transfer service providers.

TABLE 6: LEVELS OF ACCESS/USAGE OF NON-BANK FORMAL FINANCIAL SERVICES (PERCENT)

	North-Western Province	National
Adults	47.2	59.2
Mobile money	53.6	58.4
Pensions	8.0	8.2
Insurance	5.1	6.3
Micro finance	3.0	2.1
Money transfer ⁶	0.7	0.6
Capital markets	0.2	0.6

Figure 23 shows that the uptake of non-bank formal products/services was highest amongst:

- Urban based adults
- Males
- Salaried workers; and
- Households in the high-income quintile of PPI 4.



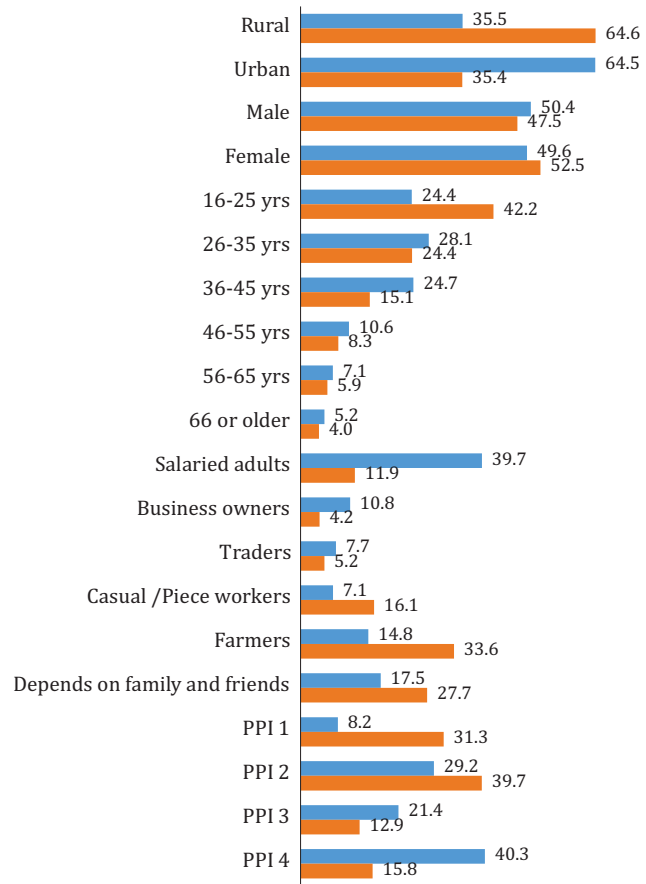
5.1.1 Uptake of Commercial Bank Services

The uptake of commercial bank services in the Province was 14.6 percent. Figure 24 shows that these adults were most likely to be:

- Urban based;
- In the age group 26 - 35 years;
- Salaried employees; and
- From households in the high-income quintile of PPI 4.

⁶Use of services such as Western Union, Money gram and Swift Cash

FIGURE 24:
Comparing the Profile
of Adults Who Used
Commercial Bank
Services with the
Total Adult Population
(Percent)

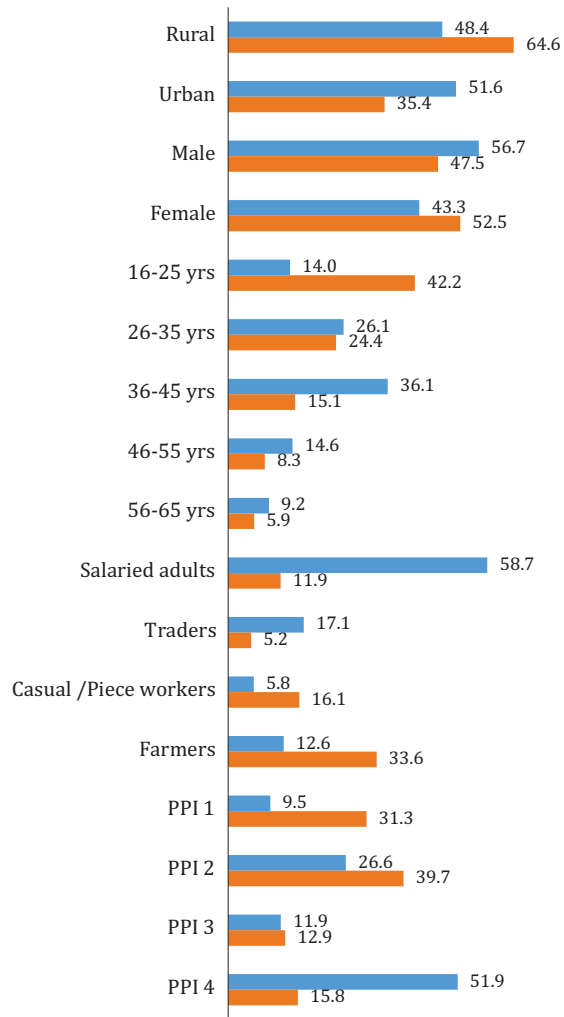


5.1.2 Uptake of Microfinance Services

The uptake of microfinance services stood at 3.0 percent of the total adult population. Figure 25 shows that these adults were most likely to be:

- Urban based;
- Males;
- Of age 36 - 45 years;
- Salaried employees; and
- From households in the high-income quintile of PPI 4.

FIGURE 25:
Comparing the Profile of Adults Who Used Microfinance Services with the Total Adult Population (Percent)

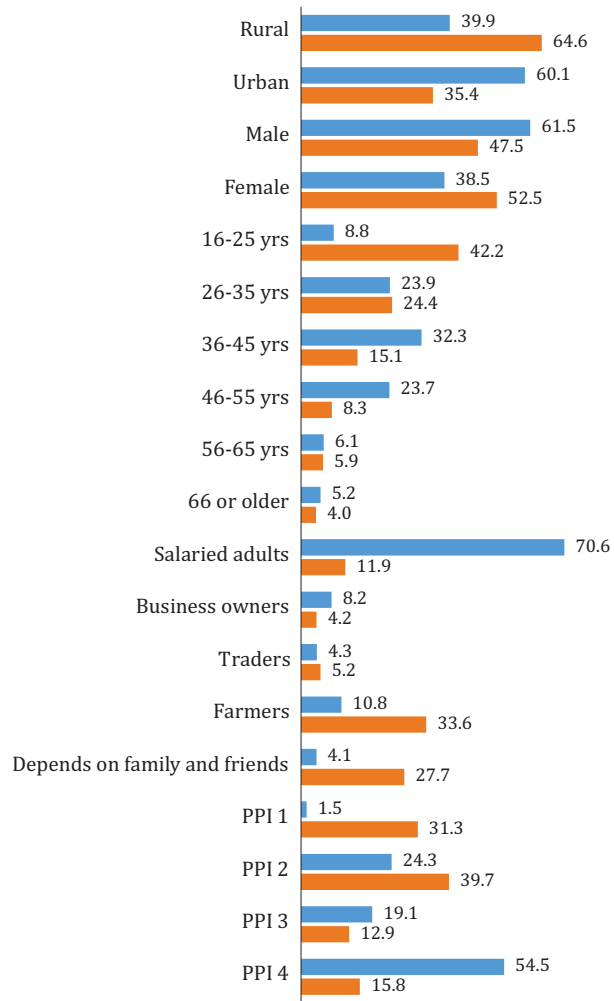


5.1.3 Uptake of Insurance Services

The uptake of insurance services stood at 5.1 percent of the adult population. As illustrated in Figure 26, these adults were most likely to be:

- Urban based;
- Males;
- Of age 36 - 45 years;
- Salaried employees; and
- From households in the high-income quintile of PPI 4.

FIGURE 26:
Comparing the Profile of Adults Who Used Insurance Services with the Total Adult Population (Percent)

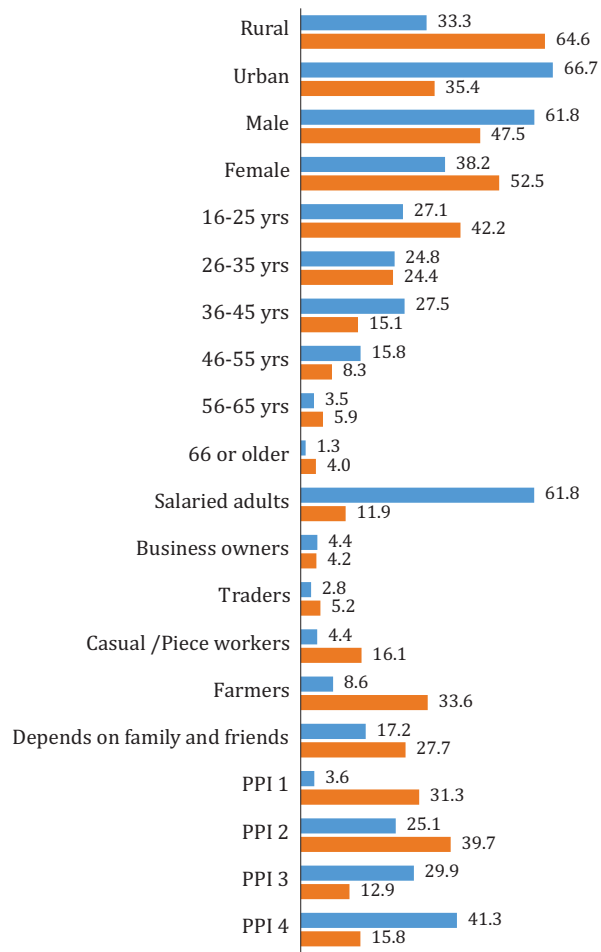


5.1.4 Uptake of Pension Services

The uptake of pension services was at 8.0 percent of the adult population. Figure 27 shows that these adults were most likely to be:

- Urban based;
- Males;
- In the age groups 16 - 25 and 36 – 45 years;
- Salaried employees; and
- From households in the high-income quintile of PPI 4.

FIGURE 27:
Comparing the Profile
of Adults Who Used
Pension Services with
the Total Adult
Population (Percent)

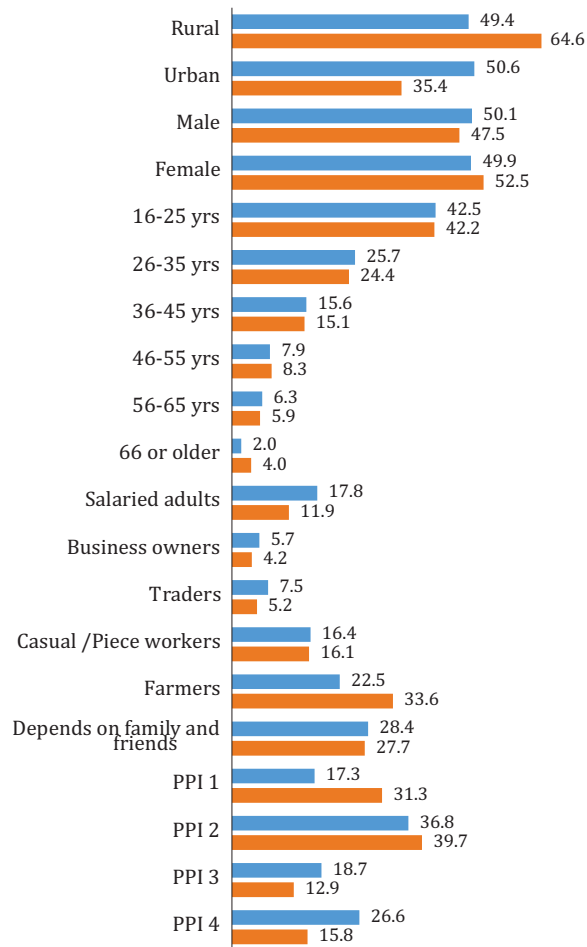


5.1.5 Uptake of Mobile Money Services

The uptake of mobile money services stood at 53.6 percent. Figure 28 shows that these adults were most likely to be:

- Urban based;
- Of age 16 - 25 years;
- Dependent on family and friends; and
- From households in the low-income quintile of PPI 2.

FIGURE 28:
Comparing the Profile of Adults Who Used Mobile Money Services with the Total Adult Population (Percent)



5.1.6 Uptake of Capital Market and Money Transfer Products/Services

The uptake of capital market and money transfer products/services was at 0.2 percent and 0.7 percent, respectively. These levels of uptake were too low to allow for a meaningful disaggregated analysis by demographic characteristics.

5.2 Perceived Barriers to Usage of Formal Financial Services

Demographic factors play a major role in determining access to formal financial services. Most adults who were not using formal financial products/services in the province were female, from rural areas, of age 66 years or older, farmers and from households in the lowest income quintile of PPI 1.

5.2.1 Barriers to Usage of Commercial Bank Services

As illustrated in Table 7, the two main factors that inhibited the use of commercial bank services were insufficient money to justify opening of an account and long distance to the nearest commercial bank.

TABLE 7: BARRIERS TO USAGE OF COMMERCIAL BANK PRODUCTS/SERVICES (PERCENT)

Barriers	North-Western	National
Insufficient money to justify it	41.20	37.50
Cannot maintain the minimum balance	6.20	10.90
Bank service charges are too high	4.80	7.90
Banks are too far away	24.00	18.70
Does not understand benefits of having a bank account	2.20	6.60
Does not have the documentation required	6.60	4.70
Can get the same services elsewhere in the community	1.50	2.10
Bank products are complicated	1.40	2.10
Do not know how to open a bank account	6.20	4.00
Banks do not provide the products or services I need	1.70	0.90
Do not trust banks	1.50	1.60

5.2.2 Barriers to Usage of Microfinance Services

As illustrated in Table 8, the main barriers reported by most adults who did not use microfinance services were insufficient money and long distance to the nearest microfinance access point.

TABLE 8: BARRIERS TO USAGE OF MICROFINANCE PRODUCTS/SERVICES (PERCENT)

Barriers	North-Western	National
Insufficient money to justify it	40.7	32.6
Does not understand benefits of having an account	11.6	19.8
Cannot maintain the minimum balance	3.5	8.2
Does not trust them	1.8	3.4
They are too far away	24.6	16.1
Service charges are too high	2.9	5.1
They do not provide the products or services I need	0.9	2.4
Can get the same services elsewhere in the community	2.2	1.9
Does not have the documentation required	6.4	3.7
Does not know how to open an account	2.3	3.0
Hours are not convenient	0.7	0.4

5.2.3 Barriers to Usage of Capital Market Products

Table 9 illustrates that the main barriers to uptake of capital market products were:

- Lack of awareness on how capital markets work; and
- Lack of knowledge about the existence of capital markets.

TABLE 9: BARRIERS TO USAGE OF CAPITAL MARKET PRODUCTS (PERCENT)

Barriers	North-Western	National
Do not have money to invest	20.7	26.9
Do not know how it works	37.0	26.2
I have never heard of it	25.7	21.9
Do not know the benefits of investing	5.8	10.7
I am scared to lose my money	1.8	3.9
Do not know where the product is offered	7.6	4.8
Do not trust the companies that provide the services	0.2	1.4

5.2.4 Barriers to Usage of Insurance Services

Table 10 shows that the main barriers to uptake of insurance services were:

- Lack of awareness about insurance; and
- Inability to afford insurance.

TABLE 10: BARRIERS TO USAGE OF INSURANCE PRODUCTS/SERVICES (PERCENT)

Barriers	North-Western	National
Cannot afford it	18.5	24.9
Never heard of insurance	42.9	40.9
Does not know the benefits of insurance	11.3	10.8
Does not know how it works	16.5	12.5
Don't need it – protect self in other ways	2.3	2.9
Do not know how/where to get it	5.3	4.0
Insurance companies don't want to pay-out claims	1.6	1.2

5.2.5 Barriers to Usage of Pension Services

The main barrier to usage of pension services was unemployment (Table 11).

TABLE 11: BARRIERS TO USAGE OF PENSION SERVICES (PERCENT)

Pension barriers	North-Western	National
Not employed / don't have a job (both formal and informal)	69.9	66.6
I don't have money to contribute to a pension scheme	8.7	12.2
Never thought about it	4.4	5.5
Don't know how to get it	1.8	2.1
Don't know pension services	2.4	2.7
Have other ways of getting money when old	2.2	1.2
Don't know where to get it	0.2	0.8

5.2.6 Barriers to Usage of Mobile Money Services

Table 12 shows that lack of mobile phones was the main barrier to uptake of mobile money services.

TABLE 12: BARRIERS TO USAGE OF MOBILE MONEY PRODUCTS/SERVICES (PERCENT)

Barriers	North-Western	National
I do not have a mobile phone	38.0	39.5
Do not need it – do not make any transactions	9.4	11.2
Do not know how to get it	3.6	6.6
Using it is difficult	2.4	2.6
Transaction fees are high	0.7	1.2
Do not have required documents	9.8	4.7
Don't understand the service/what you can use it for	0.7	2.3
Do not trust that my money is safe on mobile money account	1.5	2.8
No point of service / agent nearby	5.9	4.9
Do not know what it is	0.9	5.2
Mobile money does not provide any advantage	1.4	0.7
Registration is too complicated	0.9	0.6
No one among my friends or family use it	0.7	0.7
My spouse, family, in-laws do not approve of me using it	0.1	0.3

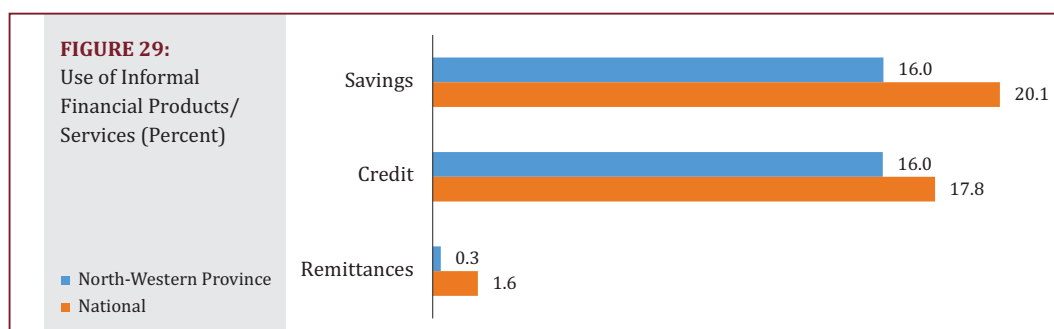
6.0 USE OF INFORMAL FINANCIAL SERVICES

This section provides survey findings on access and usage of informal products/services. These are products/services provided by entities that are not regulated by any of the three financial sector regulators (BoZ, SEC and PIA). Examples of these products/services include savings clubs (Chilimba), savings groups, village banks, Savings and Credit Cooperatives (SACCOs) and informal money lenders (Kaloba).

The uptake of informal financial products/services by adults in the Province was 26.3 percent

6.1 Uptake of Informal Financial Products/Services

The uptake of informal savings and credit services was the same (16 percent) while remittances were the least utilised at 0.3 percent (Figure 29).

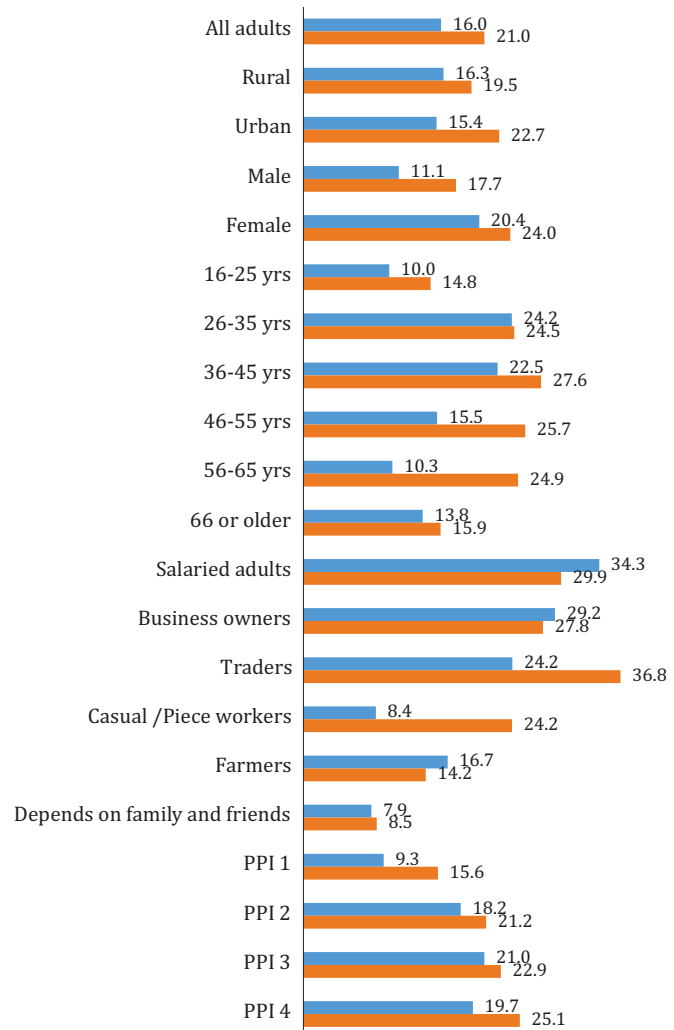


6.1.1 Informal Savings Services

Figure 30 shows that the percentage of adults who used informal savings services stood at 16.0 percent. These services included village banking and other savings mechanisms such as keeping money with employers, community groups and churches. The uptake of informal savings services was mostly amongst:

- Females;
- Those of age 26 – 35 years;
- Salaried workers; and
- Households in the middle-income quintile of PPI 3.

FIGURE 30:
Adults Who Used
Informal Savings
Services (Percent)



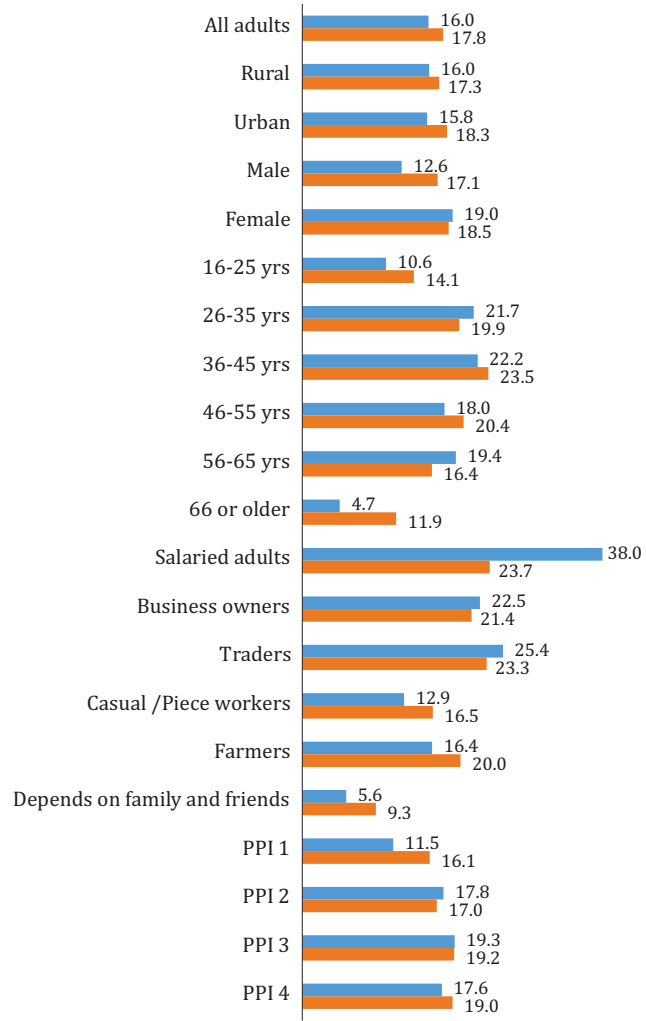
6.1.2 Informal Credit Services

Figure 31 shows that the percentage of adults that had accessed informal credit services was 16.0 percent. These included borrowing from village banks, savings groups, kaloba and other informal sources of credit.

Uptake of informal credit services was highest amongst:

- Females;
- Those of age 26 – 45 years;
- Salaried workers; and
- Households in the middle-income quintile of PPI 3.

FIGURE 31:
Adults Who Used
Informal Credit
Services (Percent)



6.1.3 Informal Remittance Services

Adults that used informal money transfer services were 0.3 percent of the population. This uptake was too low to allow for a meaningful analysis by demographic characteristics.

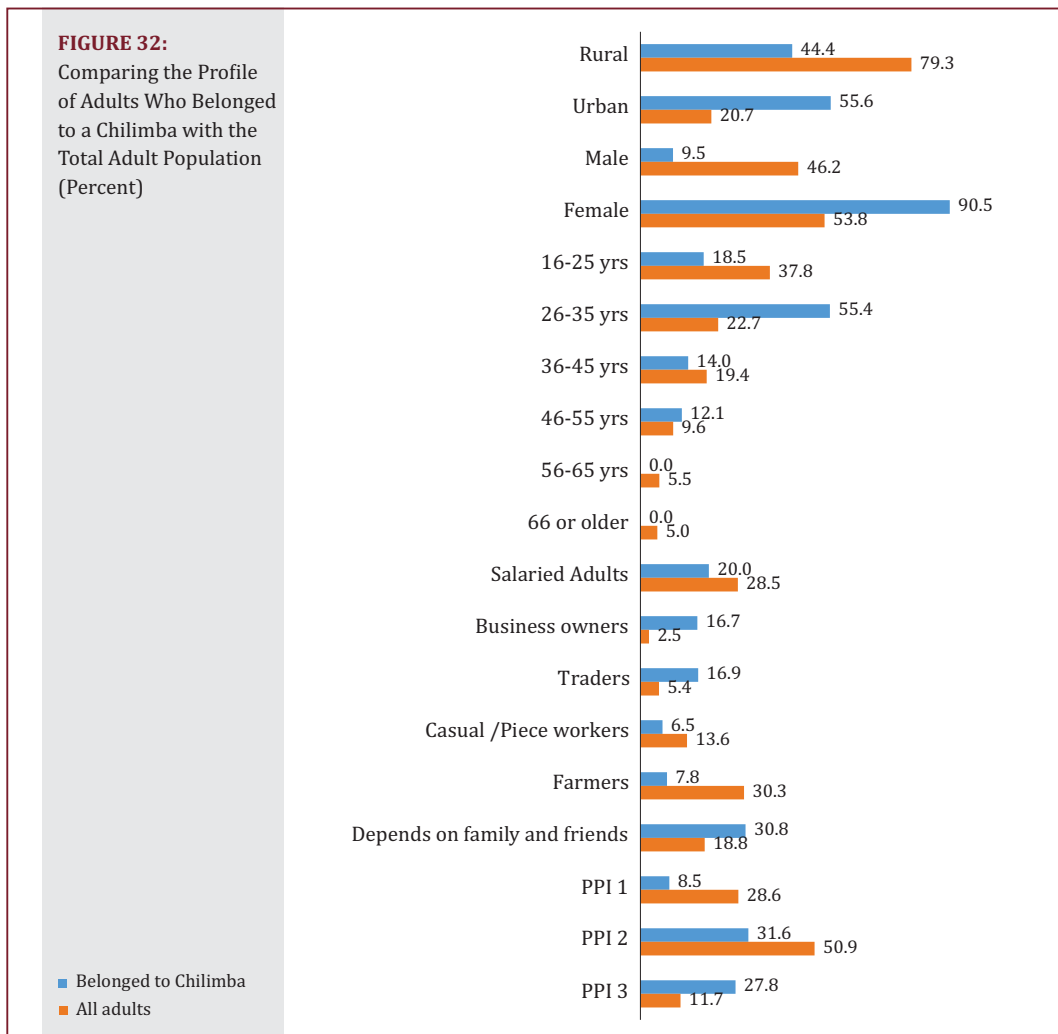
6.1.4 Informal Credit and Community Savings Groups

The sections below provide an analysis of the demographic profile of adults that accessed informal credit and belonged to community savings groups. The Survey indicated that 6.4 percent of adults in the Province belonged to a Chilimba, Savings Group or Village Bank. In addition, 3.5 percent obtained credit through informal credit called Kaloba.

6.1.4.1 Chilimba

Chilimba refers to an informal rotating savings scheme in which a group of people agree to make regular fixed cash contributions, which go to each member, in a pre-determined order and period. The total adult population that belonged to a Chilimba was 4.2 percent. Figure 32 shows that these adults were most likely to be:

- Urban based;
- Females;
- Of age 26 -35 years;
- Dependent on family and friends; and
- From households in the low-income quintile of PPI 2.



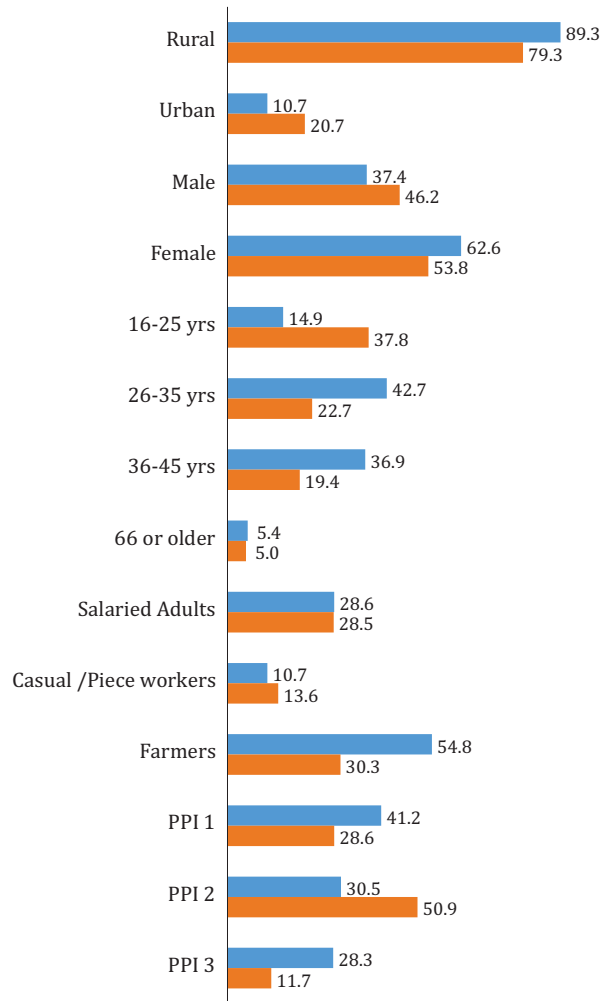
6.1.4.2 Savings Groups

Savings Groups (SGs) are closed self-selected user groups that pool savings which are shared out at the end of a savings cycle (usually 12 months). The savings are also used to offer credit within the group at an agreed interest rate. The interest earned is shared by members of the group in proportion to their respective savings.

The Survey showed that 1.2 percent of adults belonged to SGs. Figure 33 shows that these adults were more likely to be:

- Rural based;
- Females;
- Of age 26 -35 years;
- Farmers; and
- From households in the lowest income quintile of PPI 1.

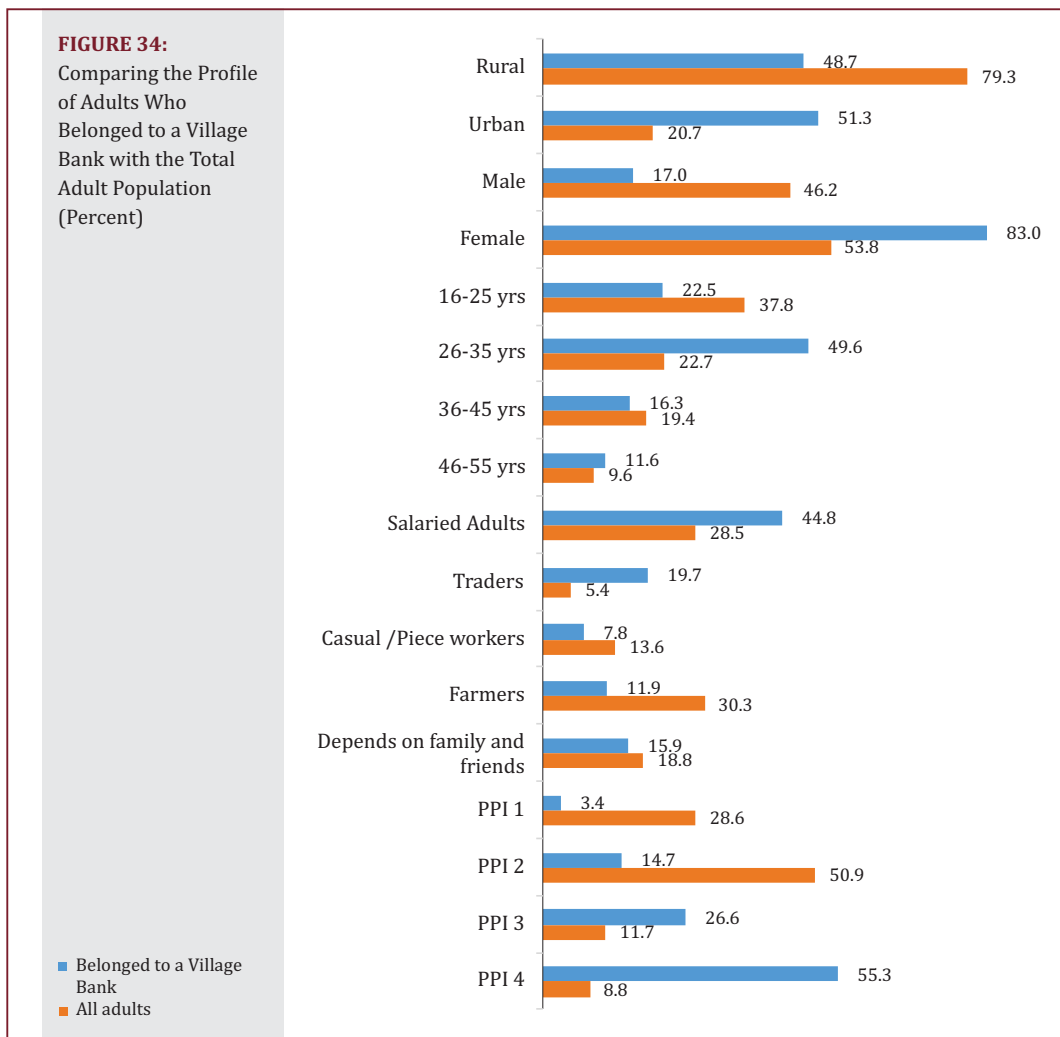
FIGURE 33:
Comparing the Profile
of Adults Who
Belonged to a Savings
Group with the Total
Adult Population
(Percent)



6.1.4.3 Village Bank

A village bank is a group of mostly low-income entrepreneurs who come together to share and guarantee one another's loans. The Survey showed that 2 percent of adults belonged to a village bank. Figure 34 shows that these were more likely to be:

- Urban-based;
- Females;
- Of age 26 - 35 years;
- Salaried workers; and
- From households in the high-income quintile of PPI 4.

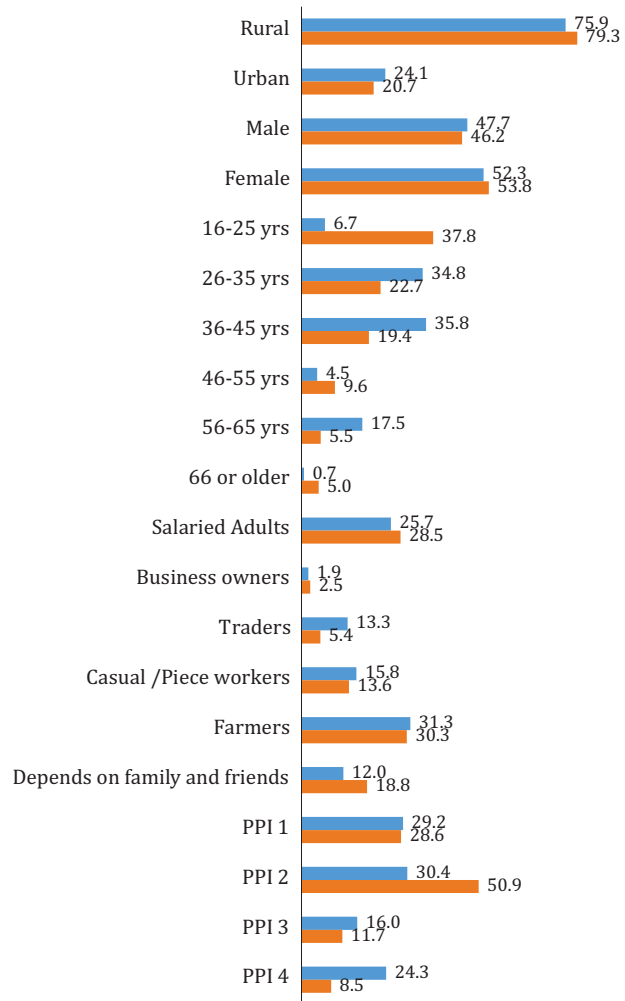


6.1.4.4 Kaloba

Kaloba is informal credit provided by moneylenders. According to the Survey 3.5 percent of adults used Kaloba. Figure 35 shows that these adults were more likely to be:

- Rural based;
- Females;
- Of age 36 - 45 years;
- Farmers; and
- From households in the low-income quintile of PPI 2.

FIGURE 35:
Comparing the Profile
of Adults Who Used
Kaloba with the Total
Adult Population
(Percent)



6.2 Barriers to Usage of Informal Saving Services

The Survey indicated that the main barrier to accessing informal savings services was the non-existence of such groups in the community (Table 13).

TABLE 13: BARRIERS TO USAGE OF INFORMAL SAVING SERVICES (PERCENT)

Perceived Barrier	Chilimba	Savings Group	Village Bank
There are no such groups in the community	36.5	37.8	38.9
Do not have any money to save	24.4	23.2	24.7
Do not have enough money to save	13.6	15.2	12.4
I save money on my mobile phone	4.8	4.5	4.7
Do not trust them	8.4	7.3	6.7
I see no benefits	3.9	4.3	4.7

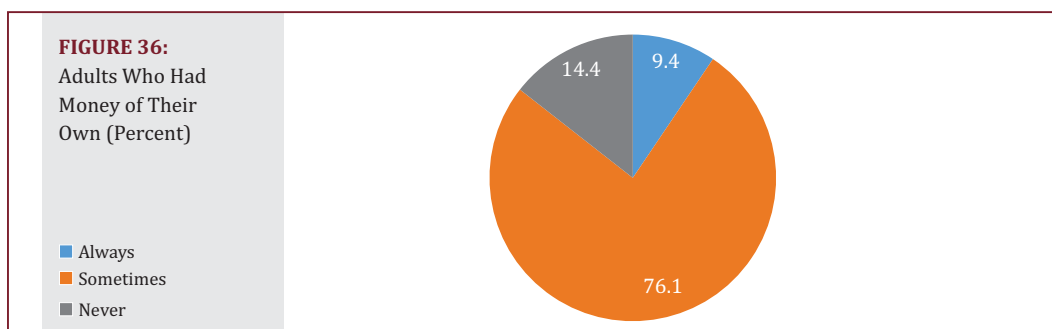
7.0 FINANCIAL CAPABILITY

Financial services are needed for cash flow management, risk management, asset building and productive investment. The Survey explored the following dimensions of financial capabilities:

- Financial sufficiency;
- Financial decision making;
- Financial management; and
- Financial advice.

7.1 Financial Sufficiency and Decision Making

Figure 36 shows that only 9.4 percent of adults indicated that they always had money of their own to use as they wished, while 76.1 percent had money occasionally. Further, 14.4 percent of adults never had money of their own to spend as they wished.



7.1.1 Adults with Money of Their Own to Use as They Wish

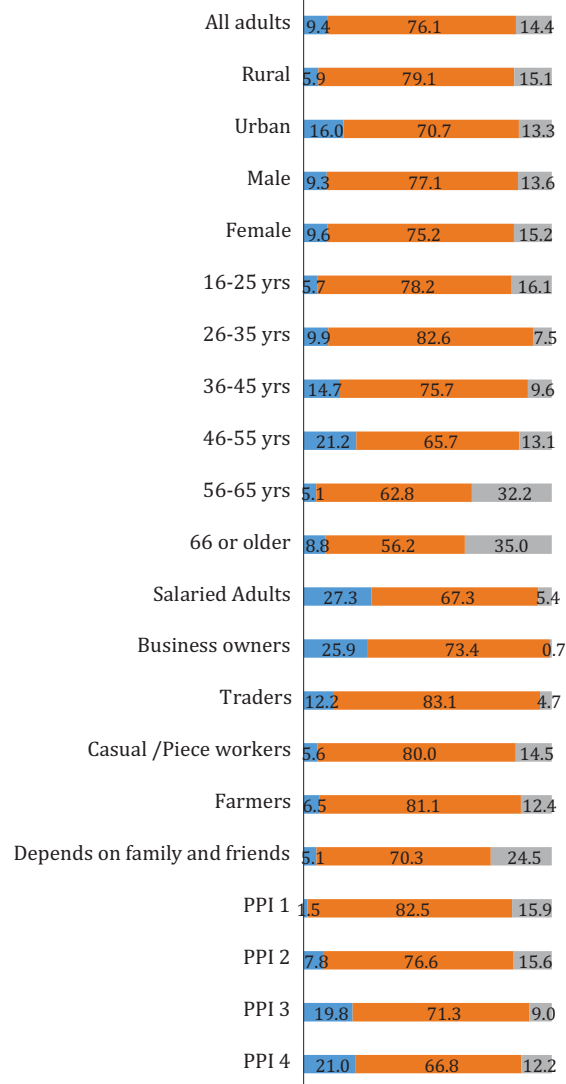
Figure 37 shows that 9.4 percent of adults always had money of their own to use as they wished. These were mostly amongst:

- Adults in urban areas;
- Adults of age 46 – 55 years;
- Salaried workers; and
- Households in the high-income quintile of PPI 4.

The Survey further showed that the percentage of adults who occasionally had money of their own was highest amongst:

- Those in rural areas;
- Males;
- The age group 26 – 35 years;
- Traders; and
- Households in the lowest income quintile of PPI 1.

FIGURE 37:
Adults Who Had
Money of Their Own to
Use as They Wished
(Percent)

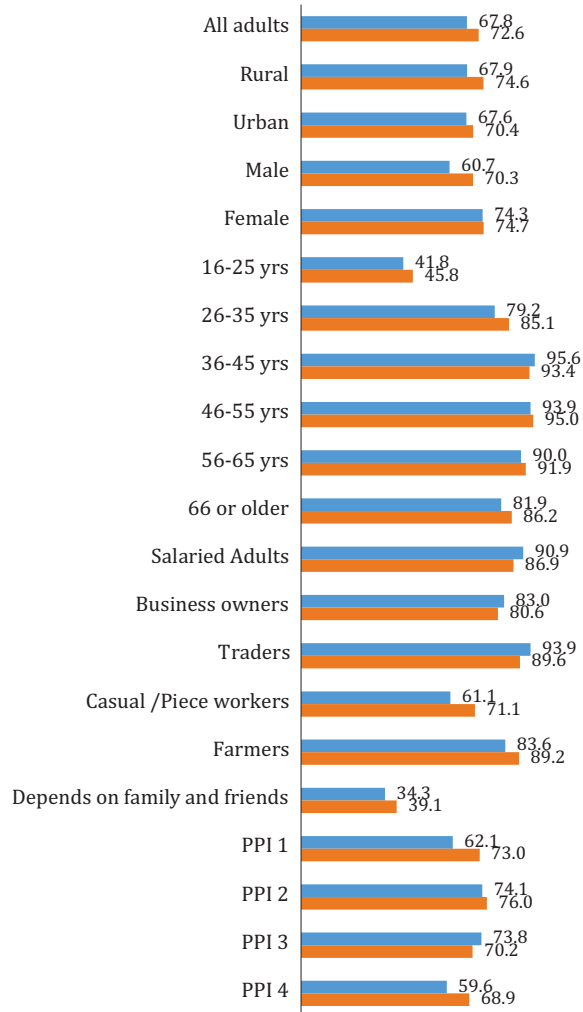


7.1.2 Adults Involved in Financial Decision Making

The Survey showed that 67.8 percent of adults were involved in household financial decision-making (Figure 38). These were mostly amongst:

- Females;
- Adults of age 36 – 45 years;
- Traders; and
- Households from the low and middle-income quintiles of PPI 2 and PPI 3.

FIGURE 38:
Adults Involved in
Financial
Decision-Making
(Percent)

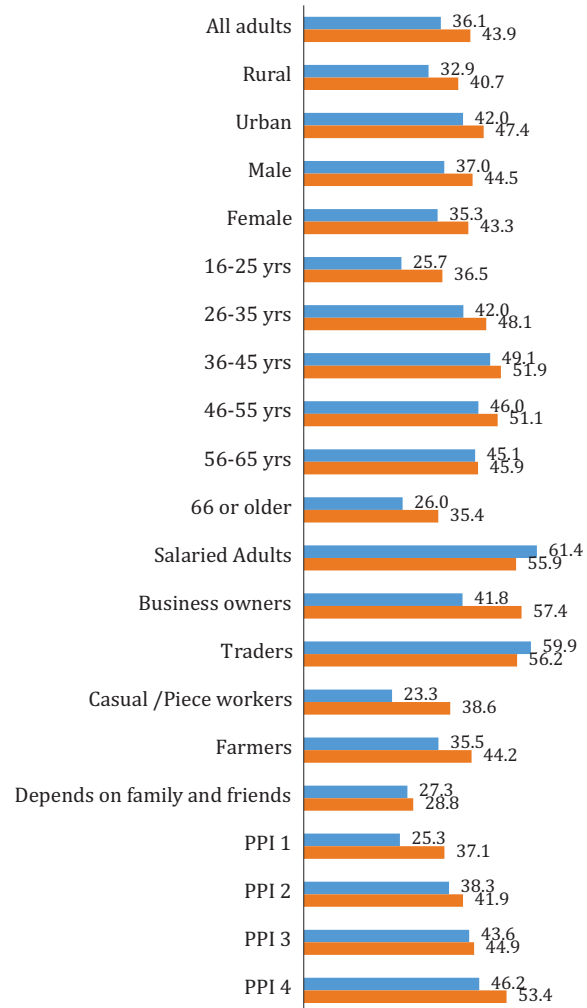


7.1.3 Adults Who Kept Track of the Money They Received and Spent

Figure 39 shows that 36.1 percent of adults kept track of the money they received and spent. These were mostly amongst:

- Adults in urban areas;
- Males;
- In the age group 36 – 45 years;
- Salaried workers; and
- Households in the high-income quintile of PPI 4.

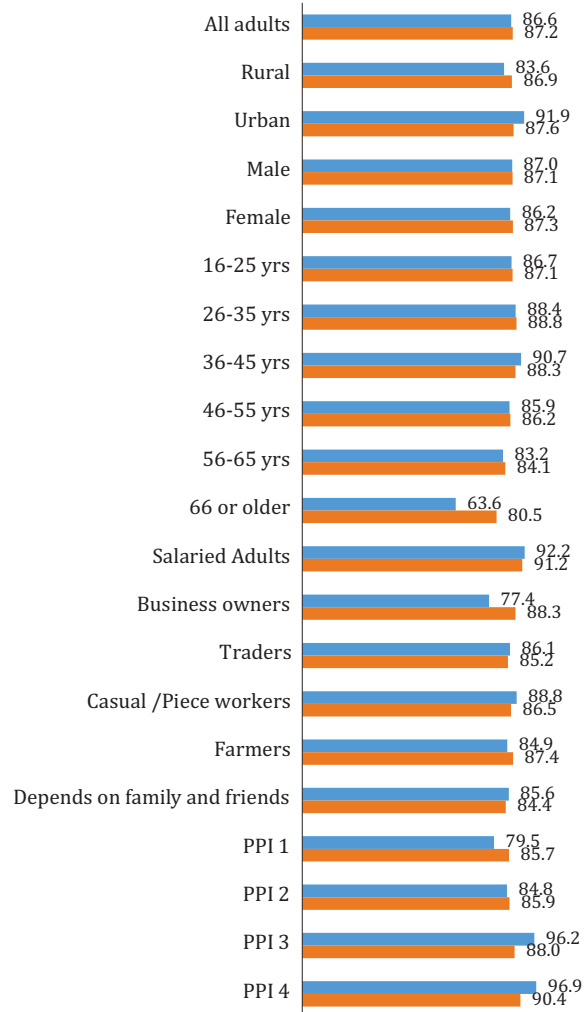
FIGURE 39:
Adults Who Kept Track
of the Money They
Received and Spent
(Percent)



7.1.4 Adults Who Had Someone to turn to for Financial Advice

The Survey showed that 86.6 percent of adults had somewhere/someone to consult with when they needed financial advice. Figure 40 illustrates that more than 76 percent of adults had access to financial advice across all segments of the population except those of age 66 and above.

FIGURE 40:
Adults Who Had
Someone to Turn to
for Financial Advice
(Percent)



7.2 Cash-flow Management

Table 14 shows that the average and median income of adults in the Province was K46.70 and K19.76 per day compared to K44.51 and K17.91 respectively at national level. Adults in urban areas had a higher average and median income per day than those in rural areas.

In terms of income generating activities, business owners had the highest average incomes while salaried employees had the highest median incomes. Further, adults from households in PPI 4 had the highest average and median incomes.

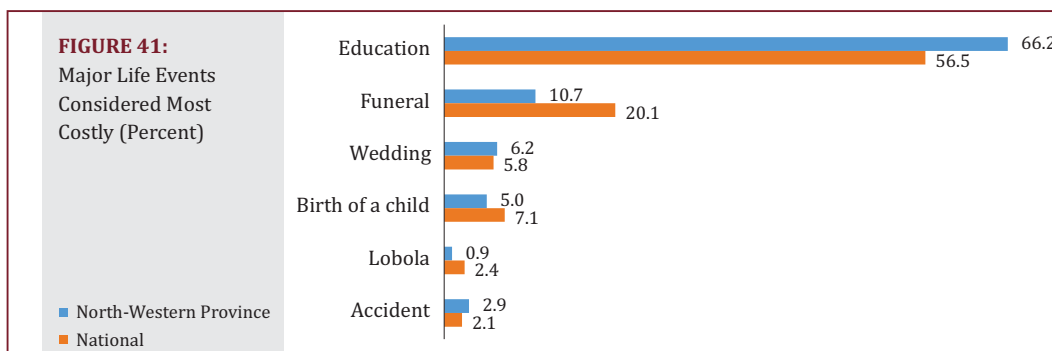
TABLE 14: INCOME BY MAIN INCOME GENERATING ACTIVITY AND PPI QUINTILE

	Kwacha				USD			
	Average		Median		Average		Median	
	North-Western	National	North-Western	National	North-Western	National	North-Western	National
All Adults	46.70	44.51	19.76	17.91	2.41	2.40	1.02	0.96
Rural	29.91	25.79	13.33	13.33	1.54	1.39	0.69	0.72
Urban	81.84	67.12	33.33	33.94	4.22	3.62	1.72	1.83
Salaried Adults	126.32	78.66	66.67	37.97	6.52	4.24	3.44	2.05
Business owners	135.80	52.15	50.00	33.33	7.01	2.81	2.58	1.80
Traders	71.39	56.61	52.87	31.17	3.68	3.05	2.73	1.68
Casual /Piece workers	21.96	22.04	10.69	16.56	1.13	1.19	0.55	0.89
Farmers	20.52	24.87	16.67	13.33	1.06	1.34	0.86	0.72
Depends on family and friends	24.21	25.41	12.59	14.67	1.25	1.37	0.65	0.79
PPI 1	18.85	18.03	11.67	10.00	0.97	0.97	0.60	0.54
PPI 2	30.58	27.34	16.67	15.42	1.58	1.47	0.86	0.83
PPI 3	90.51	56.34	42.32	33.33	4.67	3.04	2.18	1.80
PPI 4	125.04	96.23	56.67	50.00	6.45	5.18	2.92	2.69

*Based on the exchange rate as at mid-August 2020 of K18.56 to USD

7.2.1 Major Life Events Considered Most Costly

Figure 41 shows that the most expensive major life event reported by adults was education.



7.2.2 Adults with a Child/Dependant Sent Home due to Lack of School Fees

In the six (6) months prior to the Survey, 56.5 percent of adults had a child/dependant they supported sent home due to non-payment of school fees, at least once a month. These adults were mostly:

- Male;
- In urban areas;
- Business owners; and
- From households in the high-income quintile of PPI 4.

Further, 43.5 percent of adults had a child/dependant sent home at least once during the year (Table 15). These adults were mostly:

- Female;
- In rural areas;
- Salaried workers and farmers; and
- From households in the low-income quintile of PPI 2.

TABLE 15: ADULTS WITH A CHILD/DEPENDANT SENT HOME DUE TO LACK OF SCHOOL FEES (PERCENT)

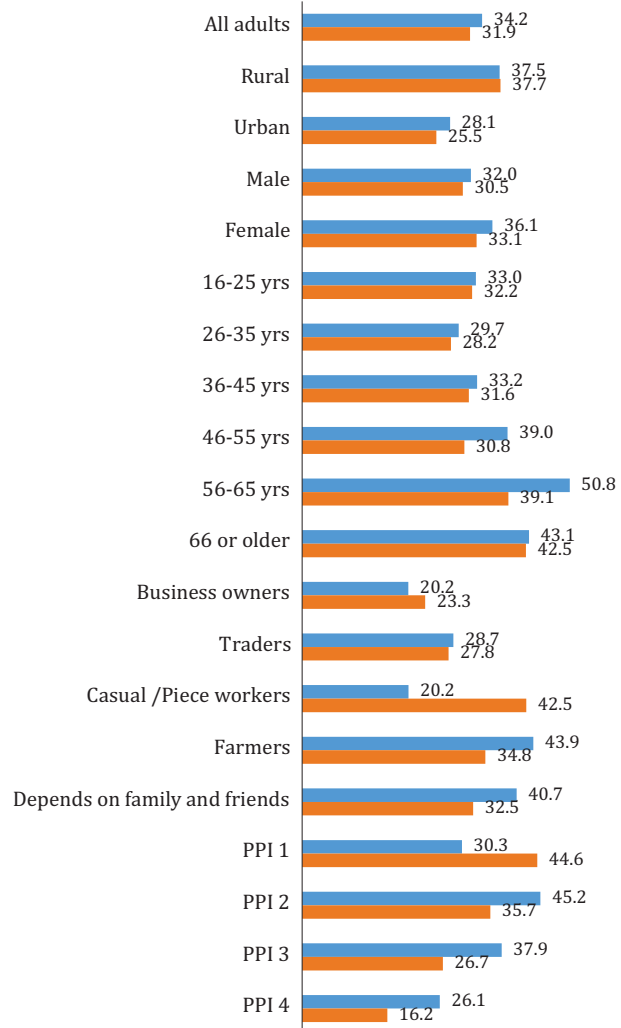
	North-Western		National	
	At least once a month	At least once a year but not every month	At least once a month	At least once a year
All adults	56.5	43.5	57.4	42.6
Male	57.9	42.1	57.1	42.9
Female	55.3	44.7	57.7	42.3
Rural	50.7	49.3	58.1	41.9
Urban	79.3	20.7	56.7	43.3
Salaried Adults	52.7	47.3	53.0	47.0
Business owners	73.6	26.4	54.7	45.3
Traders	70.3	29.7	47.7	52.3
Casual /Piece workers	54.0	46.0	60.3	39.7
Farmers	53.0	47.0	57.4	42.6
Depends on family and friends	61.1	38.9	63.9	36.1
PPI 1	55.2	44.8	61.4	38.6
PPI 2	51.5	48.5	57.3	42.7
PPI 3	66.8	33.2	52.9	47.1
PPI 4	72.7	27.3	56.4	43.6

7.2.3 Adults Who Struggled to Keep Up with Regular Expenses

The Survey revealed that 34.2 percent of adults struggled to manage regular expenses. Figure 42 shows that these adults were mostly amongst:

- Those in rural areas;
- Females;
- The age group 56 - 65 years;
- Farmers; and
- Households in the low-income quintile of PPI 2.

FIGURE 42:
Adults Who Fell Behind/Struggled to Keep Up with Regular Expenses (Percent)

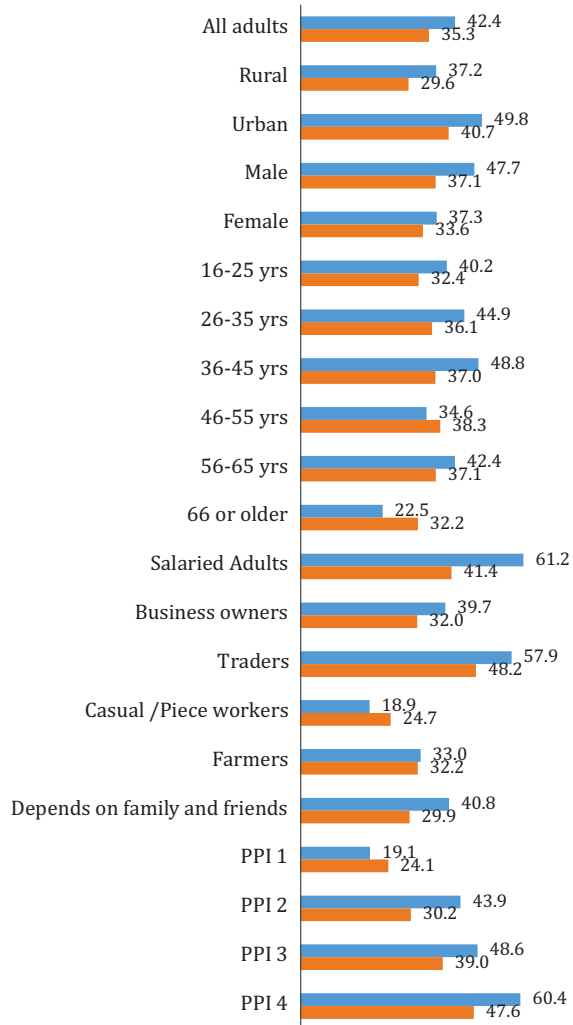


7.2.4 Adults Who Kept a Record of Their Money

Figure 43 illustrates that 42.4 percent of the adult population kept a record of their money (receipts and expenses). These were highest amongst:

- Adults in urban areas;
- Males;
- Adults of age 36 – 45 years;
- Salaried employees; and
- Households in the high-income quintile of PPI 4.

FIGURE 43:
Adults Who Kept a
Record of Their
Money (Percent)



7.3 Risk Management

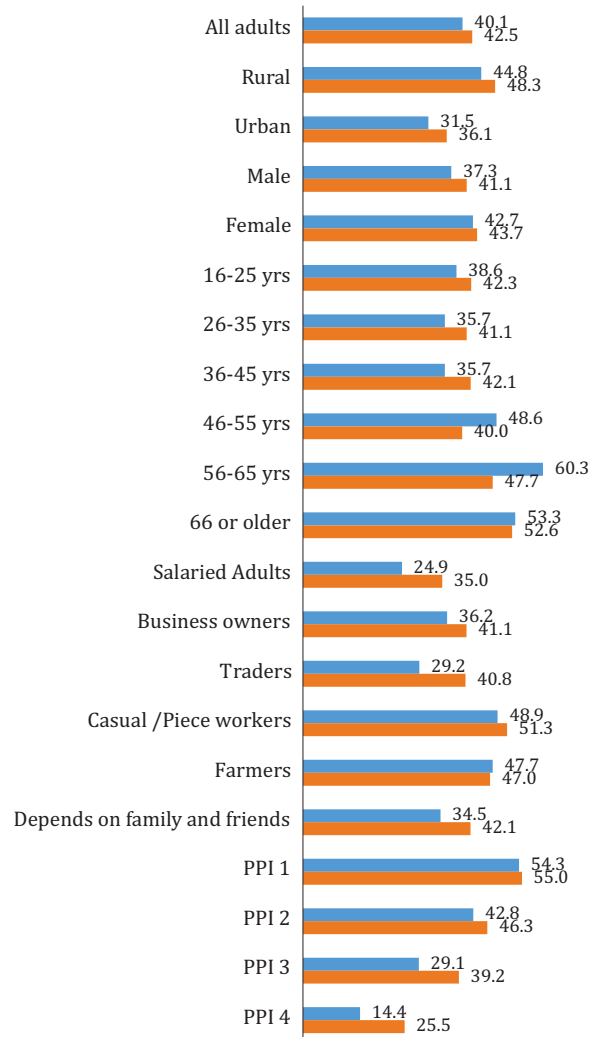
Risk management is the process of managing potential risks to minimize the negative impact they may have. In the survey, it refers to the ability of the adult population to meet unexpected financial events that current income cannot support.

7.3.1 Adults Who Struggled to Manage Unexpected Expenses

Figure 44 shows that 40.1 percent of adults struggled to manage unexpected expenses in the 12 months prior to the survey. These were highest amongst:

- Adults in rural areas;
- Females;
- Adults of age 56 – 65 years;
- Casual/piece workers; and
- Households in the lowest-income quintile of PPI 1.

FIGURE 44:
Adults Who Fell Behind/Struggled to Manage Unexpected Expenses (Percent)

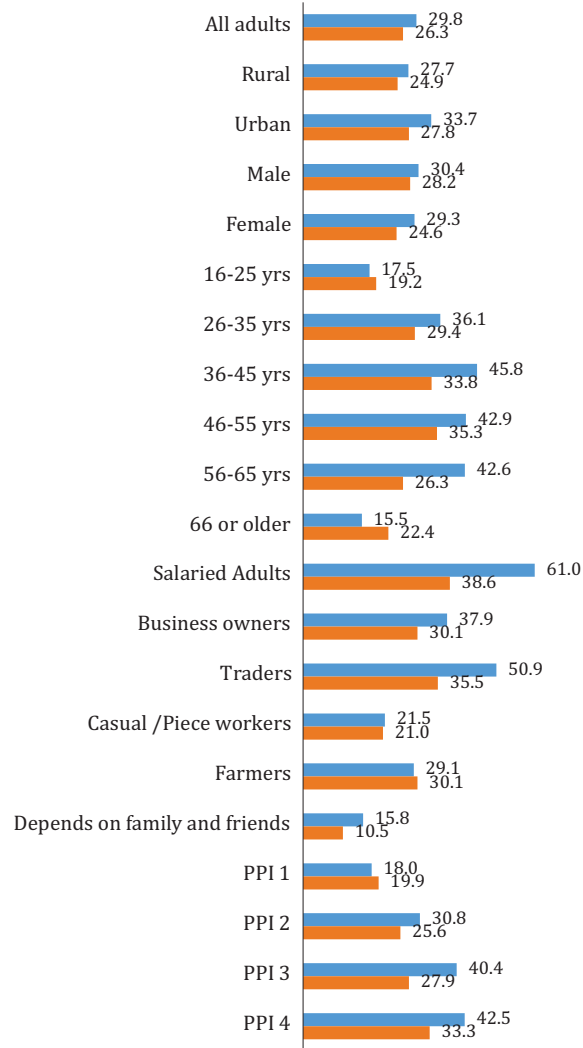


7.3.2 Adults Who Made Provision for Unexpected Expenses

The Survey showed that 29.8 percent of adults were able to make provision for unexpected expenses (Figure 45). This was mostly amongst:

- Adults in urban areas;
- Males;
- Adults of age 36 – 45 years;
- Salaried employees; and
- Households in the high-income quintile of PPI 4.

FIGURE 45:
Adults Who Made
Provision for
Unexpected Expenses
(Percent)



7.3.3 Strategies to Cope with Unexpected Expenses

The Survey showed that 71.3 percent of adults relied on gifts from family and friends as well as expense cutbacks to cope with unexpected expenses while 23.1 percent relied on savings and 5.6 percent on borrowing (Table 16).

TABLE 16: STRATEGIES TO COPE WITH UNEXPECTED EXPENSES (PERCENT)

	Savings		Borrowed		Rely on gifts & expenses cut back	
	North-Western	National	North-Western	National	North-Western	National
Adults	23.1	28.3	5.6	9.0	71.3	62.7
Male	21.1	29.7	4.8	9.0	74.1	61.2
Female	24.9	27.0	6.3	9.1	68.8	63.9
Rural	20.7	26.5	5.8	9.2	73.5	64.3
Urban	27.4	30.3	5.2	8.9	67.4	60.8
Salaried Adults	55.8	45.2	6.6	11.4	37.6	43.4
Business owners	45.3	33.2	3.1	10.1	51.7	56.7
Traders	34.6	33.5	18.3	8.1	47.1	58.5
Casual /Piece workers	15.8	24.9	7.1	11.1	77.1	64.0
Farmers	23.9	29.8	4.8	9.5	71.3	60.7
Depends on family and friends	6.5	10.2	3.1	4.8	90.4	84.9
PPI 1	15.1	23.6	2.5	8.8	82.4	67.6
PPI 2	26.6	26.3	6.4	9.5	67.1	64.2
PPI 3	32.0	30.5	5.1	8.6	62.9	60.8
PPI 4	23.1	34.1	10.2	8.7	66.8	57.1

7.4 Assets and Asset Building

Asset ownership is important for income generation, saving, risk mitigation, collateral and hedging against inflation. In the case of business owners, traders and farmers, asset ownership helps to create value and could facilitate the efficient running of their businesses.

The Survey showed that 46.7 percent of adults reported that at least one household member owned the current dwelling (Table 17). This was highest amongst:

- Females
- Adults in rural areas;
- Adults dependent on family and friends; and
- Households in the lowest-income quintile of PPI 1.

Further, 56.3 percent of adults owned a mobile phone while 31 percent owned agricultural land. Regarding ICT, 22.2 percent indicated that they had access to the internet.

TABLE 17: ASSET OWNERSHIP AND CONNECTIVITY OF ADULTS (PERCENT)

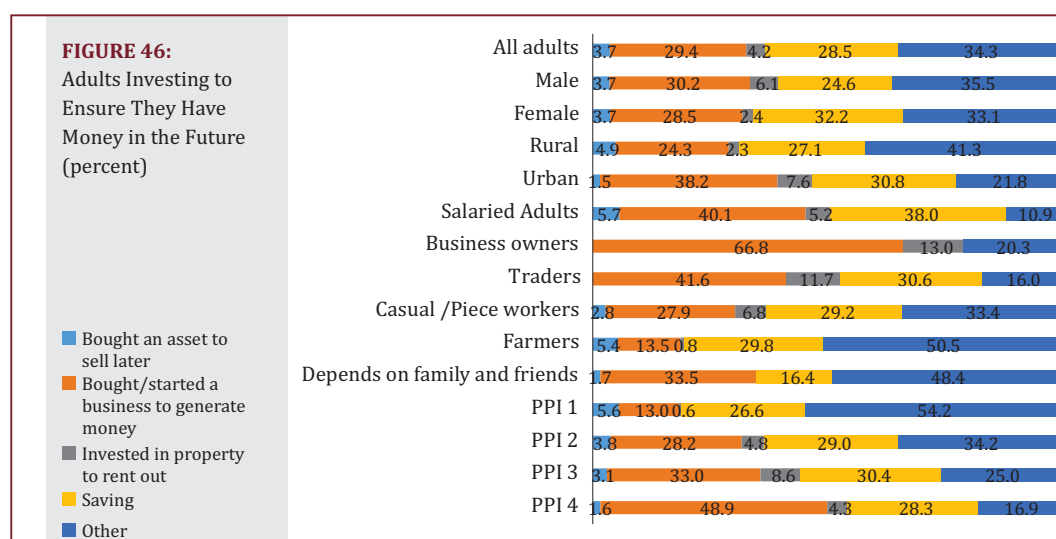
	Own Current house	Member of household owns the house	Personally own (any/another) House	Personally own Agriculture land	Personally own a mobile phone	Have access to a computer	Have access to the internet
Adults	33.7	46.7	39.0	31.0	56.3	7.4	22.2
Male	44.8	36.9	48.4	32.9	60.0	10.1	28.5
Female	23.6	55.7	30.5	29.3	52.9	5.1	16.5
Rural	36.2	49.0	42.5	36.1	45.6	4.4	12.6
Urban	29.2	42.5	32.6	21.7	75.8	13.5	39.7
Salaried Adults	40.2	20.6	49.7	36.7	81.9	10.4	49.4
Business owners	49.4	26.4	50.8	43.6	73.6	11.3	32.3
Traders	37.1	43.5	50.2	36.4	74.9	9.1	27.5
Casual /Piece workers	26.0	56.5	29.5	20.3	49.4	8.6	17.1
Farmers	52.8	42.2	60.7	48.8	45.1	2.2	6.9
Depends on family and friends	9.4	61.7	10.2	10.4	56.5	11.8	29.7
PPI 1	37.1	54.8	43.7	36.2	34.9	2.9	5.8
PPI 2	40.8	38.6	45.8	36.9	53.7	3.5	14.0
PPI 3	26.7	45.6	32.9	21.7	82.0	17.0	39.8
PPI 4	15.6	51.3	18.7	14.0	83.0	21.1	59.8

7.5 Investment

The Survey indicated that the following investment strategies were used to ensure people had money for the things they wanted in the future:

- Saving;
- Buying/starting a business;
- Buying an asset to sell later; and
- Investing in property to rent out.

Figure 46 shows that most adults would save or start a business to ensure they had money in future. The percentage of adults who indicated that they would save to generate future income was highest amongst females, urban dwellers, salaried workers and those in PPI 3. Further, adults who indicated that they would start a business were mostly amongst males, urban dwellers, business owners and those in PPI 4.



7.6 House Occupancy Status

The Survey showed that 7.6 percent of adults lived in a house that was provided rent free (Table 18). These were mostly amongst:

- Adults in rural areas;
- Males;
- Salaried workers; and
- Households in the middle-income quintile of PPI 3.

On the other hand, 9.4 percent of adults lived in a rented house. These were mostly amongst:

- Adults in urban areas;
- Females;
- Salaried employees, and
- Households in the high-income quintile of PPI 4.

TABLE 18: HOUSE OCCUPANCY STATUS (PERCENT)

	North-Western Province		National	
	Household member rents the house	House provided rent free ⁷	Household member rents this house	House provided rent free
All adults	9.4	7.6	20.4	10.6
Male	6.5	9.1	20.4	11.0
Female	12.0	6.2	20.5	10.3
Rural	3.1	8.6	4.1	10.6
Urban	20.9	5.7	38.6	10.6
Salaried Adults	21.1	15.2	30.3	13.1
Business owners	18.3	3.0	30.5	14.5
Traders	10.6	6.5	23.6	9.2
Casual /Piece workers	6.0	8.2	21.4	12.0
Farmers	0.5	2.5	3.0	5.9
Depends on family and friends	14.3	11.4	22.7	10.9
PPI 1	0.7	5.0	3.1	7.0
PPI 2	6.6	9.7	11.4	10.8
PPI 3	16.8	10.2	32.9	12.5
PPI 4	27.7	4.9	40.6	12.6

7.7 Strategies to Meet Future Needs When Old and Cannot Work

The Survey indicated that 22.7 percent of adults considered farming as a means of ensuring that they would meet future needs when old and unable to work. Other common strategies included dependence on children (20.7 percent) and starting a business (14.2 percent). The least employed strategy was buying shares (0.1 percent). Further, 18.5 percent of adults indicated that they had no plans/did not know how they were going to ensure they had money when old and unable to work.

Most adults in rural areas, females and households in the low income quintile of PPI 1 considered farming as a means of ensuring that they had money when old and unable to work (Table 19).

⁷This means the housing unit is provided free by the employer/friend or relative of any member of the household

TABLE 19: STRATEGIES TO MEET FUTURE NEEDS WHEN OLD AND CANNOT WORK (PERCENT)

	North-Western Province									
	Savings	Children	Land/property	Own business	Rental income	Shares	Farming/agriculture/ livestock	Pension	Don't know/have no plans	Other specify
All adults	9.7	20.7	7.6	14.2	2.0	0.1	22.7	1.6	18.5	3.1
Male	11.1	19.0	7.5	13.8	2.1	-	22.0	0.7	19.4	4.5
Female	8.5	22.2	7.7	14.5	1.9	0.1	23.3	2.4	17.6	1.9
Rural	8.4	22.4	7.3	13.4	1.5	0.1	23.9	1.1	18.3	3.5
Urban	12.2	17.5	8.1	15.5	2.8	-	20.3	2.4	18.8	2.4
Salaried Adults	18.6	20.9	5.8	15.2	2.7	-	19.1	6.1	11.6	-
Business owners	18.1	19.3	16.6	5.1	6.5	-	14.8	2.8	11.9	4.8
Traders	12.4	21.6	0.0	28.5	-	-	25.8	-	10.7	1.1
Casual /Piece workers	8.0	18.7	9.6	13.6	0.3	0.3	24.5	1.2	16.7	7.1
Farmers	8.0	27.9	6.5	10.7	1.6	-	30.9	0.2	11.0	3.1
Depends on family and friends	7.3	13.1	8.7	16.8	1.6	-	14.9	1.8	34.0	1.6
PPI 1	5.7	22.8	4.8	13.6	2.5	0.2	28.4	0.2	17.5	4.5
PPI 2	10.3	21.7	8.8	13.9	0.3	-	22.5	0.8	19.6	2.3
PPI 3	14.3	18.8	6.1	13.9	4.7	-	17.9	3.7	15.6	5.0
PPI 4	11.6	15.8	11.6	16.0	2.7	-	16.1	4.6	20.4	1.1



8.0 ACCESS TO FINANCIAL SERVICE

There are various dimensions to access such as, physical access to points of service, eligibility to take up services offered, suitability, affordability and awareness of services, which makes it a complex concept to measure.

For the purposes of this Survey, access in this chapter refers to physical proximity to a financial access point and the ability to take up financial services. It is therefore important to note that findings on physical proximity represent perceived access to a service point within 30 minutes.

8.1 Physical Access to Points of Service

The Survey showed that 36.8 percent of adults were able to reach at least one access point within 30 minutes by motor vehicle, 32.9 percent by bicycle and 22.9 percent on foot.

In terms of proximity, schools were much closer to the population followed by health centres and mobile money agents. The Survey showed that 81.1 percent of adults were able to reach the nearest school within 30 minutes by motor vehicle, 77.5 percent by bicycle and 62.8 percent on foot. In addition, access to health centres by adults within a 30-minute reach by motor vehicle was 76.6 percent, 71.3 percent by bicycle and 51.8 percent on foot. Access to mobile money agents by adults within a 30-minute reach was 62.6 percent by motor vehicle, 58.0 percent by bicycle and 47.7 percent on foot (Table 20).

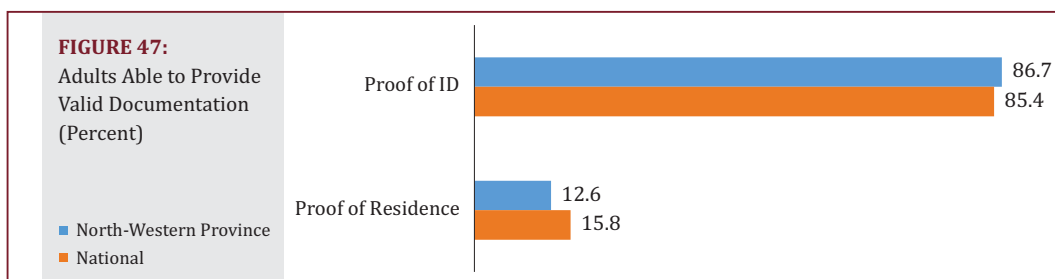
TABLE 20: ADULTS ABLE TO ACCESS SERVICE POINTS WITHIN 30 MINUTES (PERCENT)

	Mode of Travel		
	Foot	Bicycle	Road
All access points	22.9	32.9	36.8
Filling station	17.5	33.3	39.5
Supermarket	15.9	26.9	33.1
School	62.8	77.5	81.1
Health Centre	51.8	71.3	76.6
Post Office	15.7	30.2	35.2
Bank branch or ATM	20.9	31.2	35.4
Microfinance institution	11.0	18.3	20.5
Building society	9.3	15.8	18.9
Insurance company	7.6	14.3	17.2
Mobile money agent	47.7	58.0	62.6
Bank agent	19.2	28.7	33.0
Capital Markets Operator (stockbroker, fund manager)	3.8	5.9	6.2

Generally, financial service points were further from the population than social facilities such as schools and health centres.

8.2 Eligibility to Access Services

The Survey indicated that 86.7 percent of adults in the province had proof of identification (ID) compared to a national average of 85.4 percent. However, only 12.6 percent had proof of residential address compared to the national average of 15.8 percent (Figure 47).



The Survey revealed that the main constraint in meeting full KYC requirements for opening an account with a formal financial service provider was failure to provide proof of residence.

Table 21 shows that 87.0 percent of adults in the Province had a National Registration Card (NRC). The percentage of adults that possessed various KYC documentation such as a passport, driver's licence, payslip, lease agreement, Tax Payer Identification number (T-PIN), and electricity/water bill was very low at less than 10 percent of the population.

TABLE 21: ADULTS WITH DOCUMENTATION TO PROVE IDENTITY AND/OR RESIDENCE (PERCENT)

Type of Document	North-Western Province			National
	Rural	Urban	Overall	
National registration card	87.6	85.9	87.0	85.4
Driver's license	3.1	11.6	6.1	6.8
Passport	0.3	7.1	2.7	5.3
Payslip from employer	3.7	10.3	6.0	6.4
Lease or rental agreement	1.3	6.0	3.0	4.2
Subscription (e.g. satellite TV)	3.6	20.9	9.7	10.7
Tax identification	3.6	13.8	7.2	8.9
Electricity/water bill	2.2	16.4	7.2	6.5
Insurance policy	2.1	5.5	3.3	3.4
Telephone/Zamtel bill	0.6	0.6	0.6	2.8
Title deed	1.6	7.2	3.6	6.2

9.0 FINANCIAL PRODUCTS AND SERVICES USED BY ADULTS

The use of financial services amongst adults was grouped into six main categories:

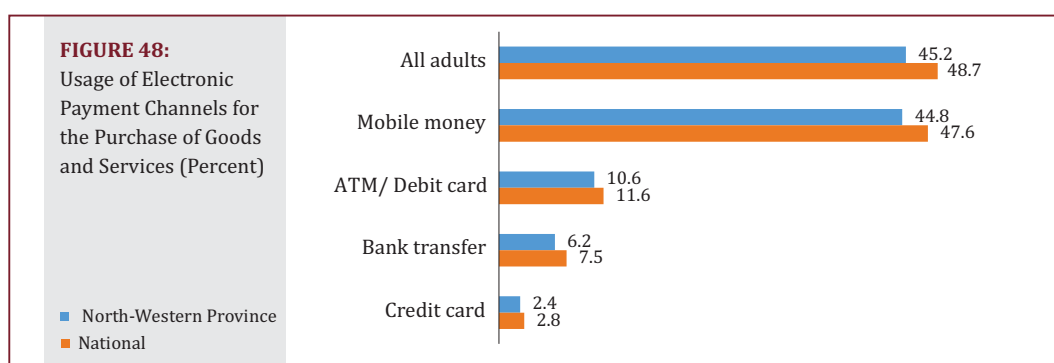
- 1) Electronic Payment Channels;
- 2) Credit;
- 3) Remittances;
- 4) Savings and investments;
- 5) Insurance; and
- 6) Pensions.

9.1 Electronic Payment Services

The use of electronic payment platforms has gained prominence in the recent years for the purchase of goods and services, to make bill payments and conduct money transfers. This has been partly driven by efforts of the Government and other stakeholders to promote a cash-lite society and enable the delivery of financial services to rural and remote areas through digital financial platforms. In addition, the Covid-19 pandemic has provided greater impetus for usage of digital financial services to facilitate contactless financial transactions hence reducing the spread of the disease.

9.1.1 Purchasing Goods and Services

The survey indicated that 45.2 percent of the adult population in North-Western Province used electronic payment channels to purchase goods and services compared to 48.7 percent at national level. Amongst these payment methods, mobile money was the most widely used at 44.8 percent, while credit cards had the least usage at 2.4 percent (Figure 48).

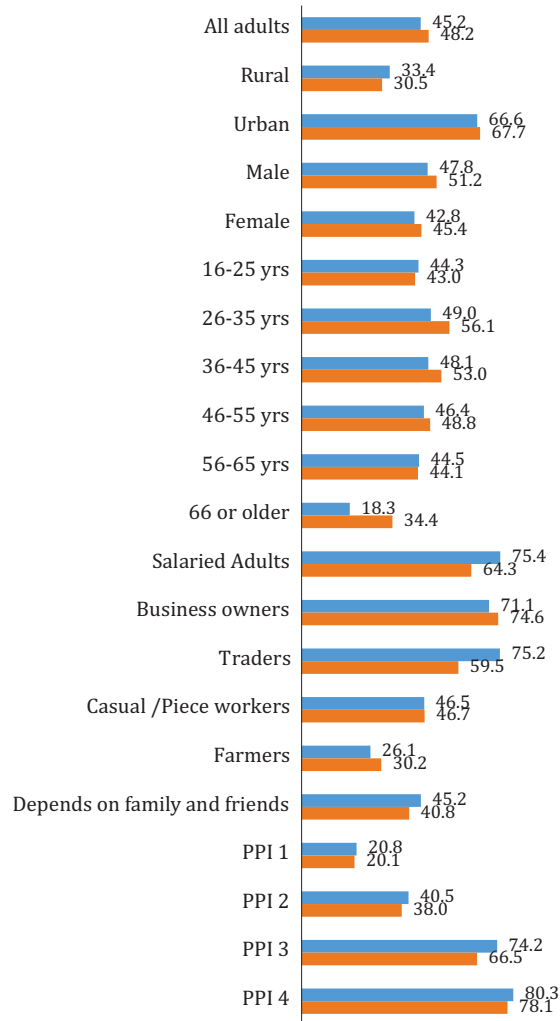


9.1.2 Adults Using Electronic Payment Channels for Purchase of Goods and Services (Percent)

Figure 49 shows that adults who used electronic payment methods were mostly amongst:

- Those in urban areas;
- Males;
- In the age group 26 – 45 years;
- Salaried employees and traders; and
- Households in the high-income quintile of PPI 4.

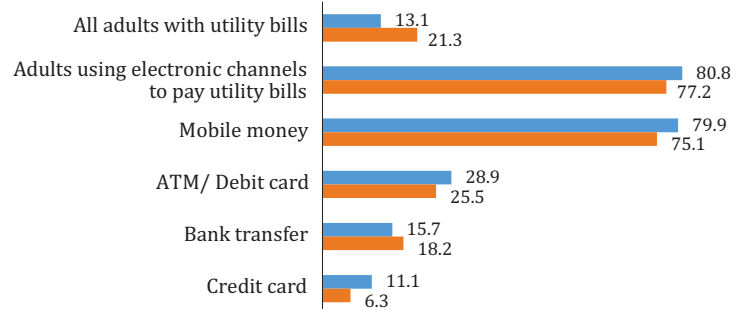
FIGURE 49:
Profile of Adults Using
Electronic Payment
Channels for the
Purchase of Goods and
Services (Percent)



9.1.3 Bill Payments

In the 12 months prior to the survey, 13.1 percent of adults stated that they had utility bills to pay. Of these, 80.8 percent used electronic payment channels. Mobile money was the most widely used channel for bill payments while the credit card was the least utilised (Figure 50).

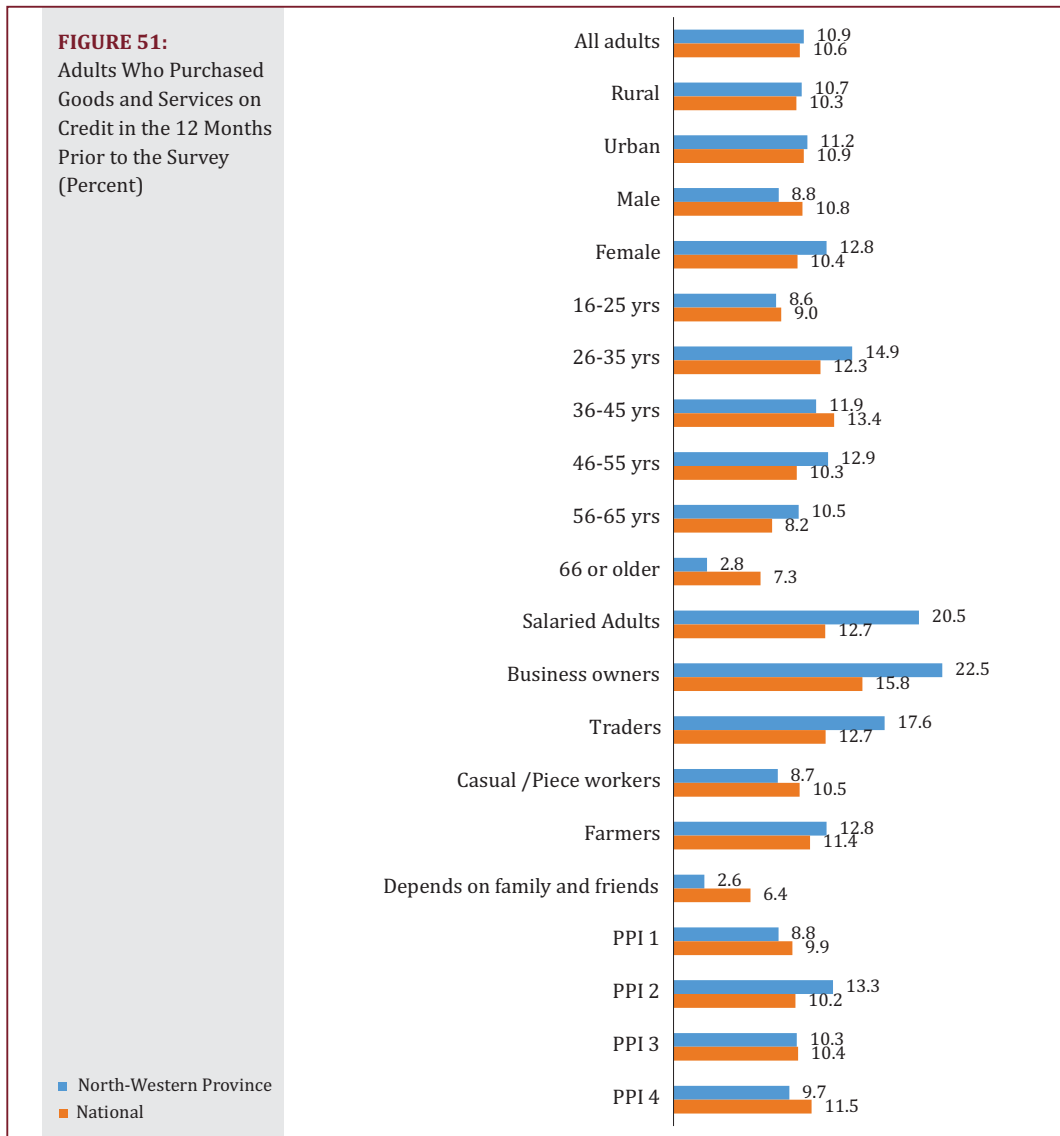
FIGURE 50:
Usage of Electronic
Payment Channels for
Paying Bills (Percent)



9.2 Adults Buying Goods and Services on Credit

Figure 51 shows that 10.9 percent of adults bought goods and services on credit in the 12 months period prior to the Survey. These adults were mostly amongst:

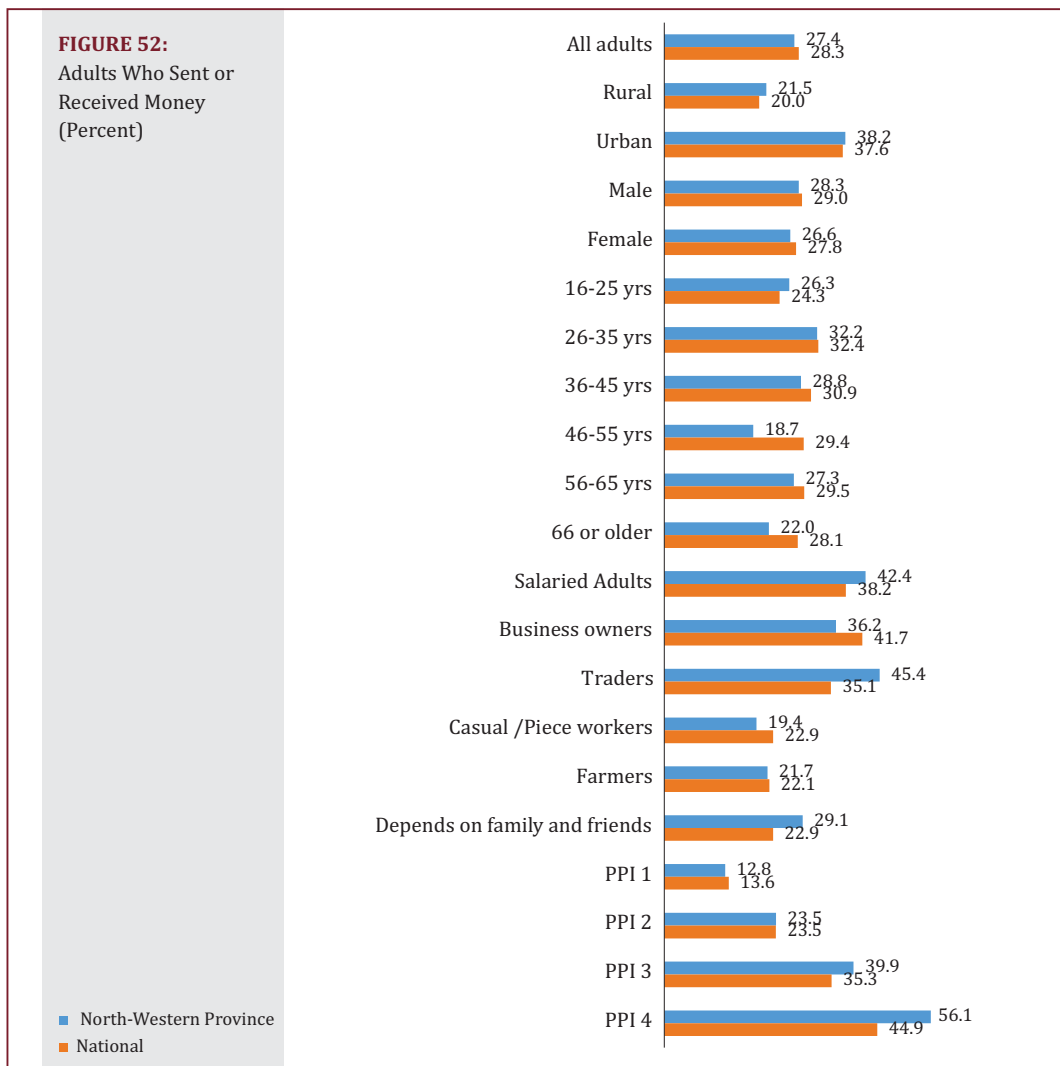
- Females;
- Adults of age 26 – 35 years;
- Business owners; and
- Households in the low-income quintile of PPI 2.



9.3 Remittances

During the 12-months period prior to the Survey, 27.4 percent of adults sent or received money from someone (Figure 52). This was mostly amongst:

- Adults in urban areas;
- Males;
- Adults of age 26 - 35 years old;
- Traders; and
- Households in the high-income quintile of PPI 4.



The Survey showed that mobile money was the most widely used channel for sending (60.4 percent) and receiving (80.7 percent) money (Table 22).

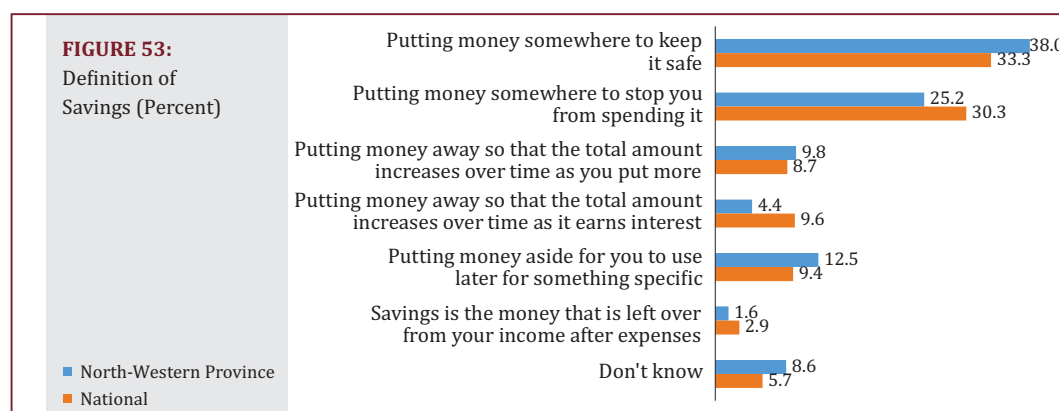
TABLE 22: REMITTANCES (PERCENT)

	Senders	
	North-Western	National
Channels used to send money		
Mobile money	60.4	56.8
Friends or family takes it there	3.7	2.0
Bank transfer/Pay into bank account	1.4	2.7
Western Union/Money gram/Swift cash	0.9	0.8
Channels used to receive money	Receivers	
Mobile money	80.7	88.4
Friends or family	10.8	7.4
Bank transfer/Pay into bank account	4.3	5.1
Post Office	1.4	0.4
Mobile phone Top-up	1.2	5.0
Western Union/Money gram/Swift cash	1.1	1.5
Bus/taxi driver	0.3	0.5

9.4 Savings

9.4.1 Definition of Savings

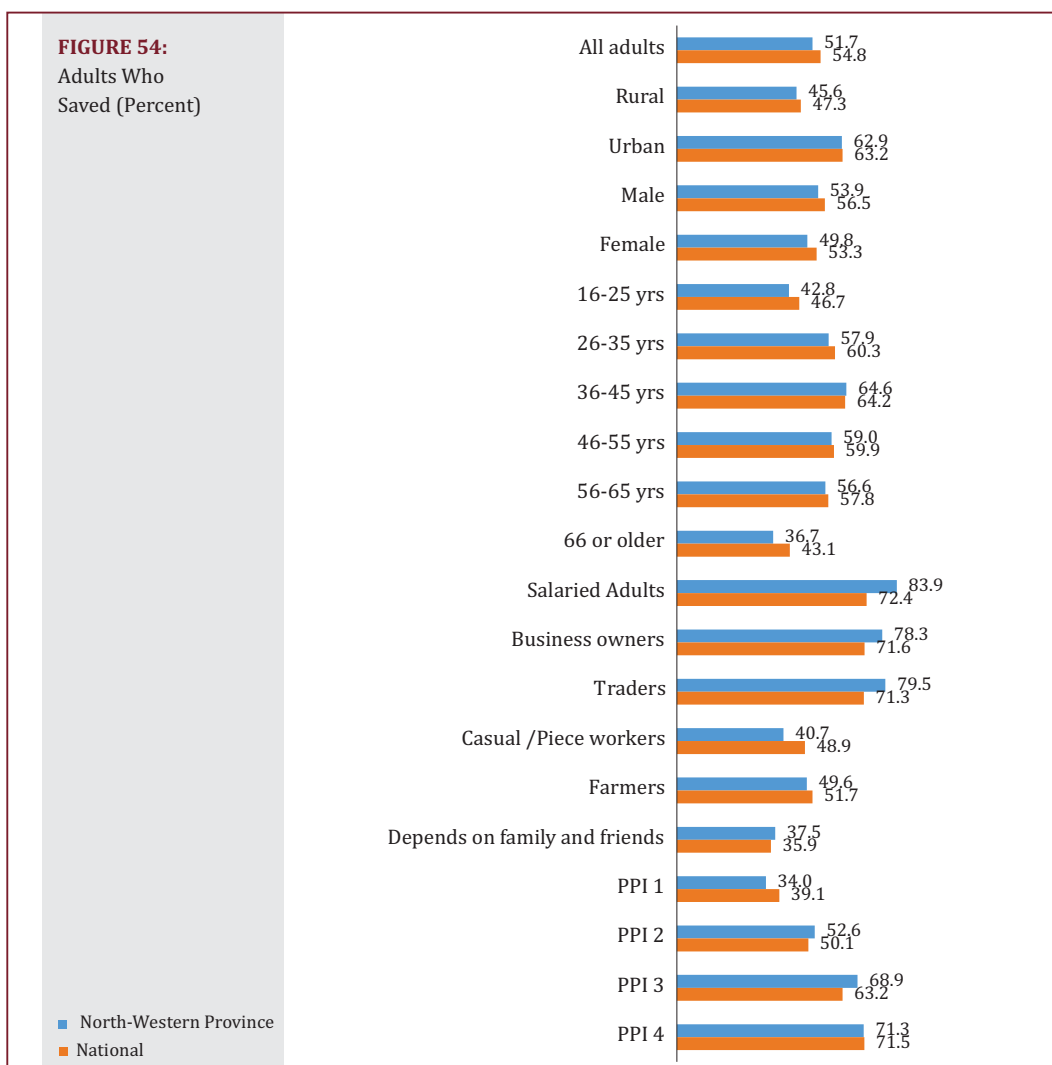
Figure 53 shows that most adults defined saving as “putting money somewhere to keep it safe” (38.0 percent) and “keeping money somewhere to avoid spending it” (25.2 percent).



9.4.2 Adults Who Saved

Figure 54 shows that 51.7 percent of adults indicated that they saved. These were highest amongst:

- Adults in urban areas;
- Males;
- Adults of age 36 - 45 years;
- Salaried employees; and
- Households in the high-income quintile of PPI 4.



9.4.3 Drivers of Savings Behaviour

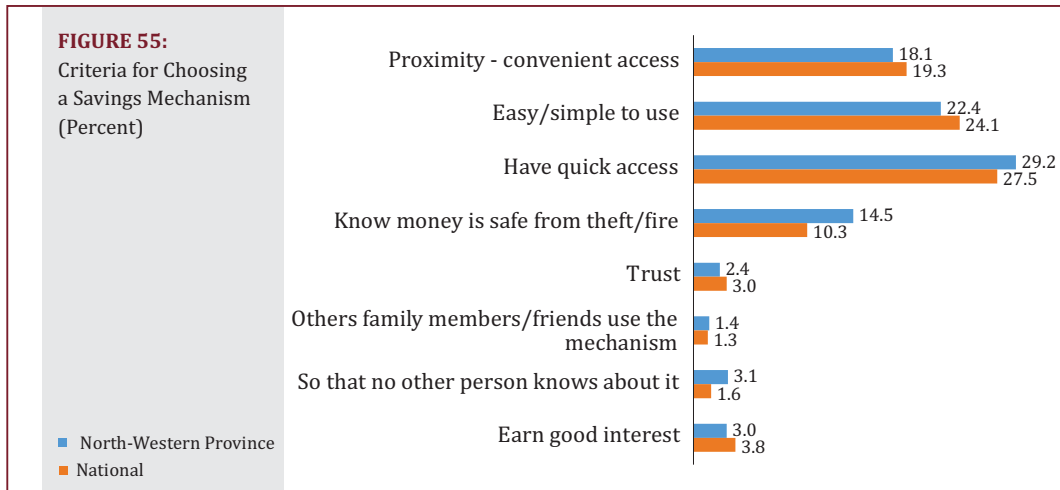
The findings summarised in Table 23 indicate that most adults saved to smoothen cash-flow. This was mainly for living and farming expenses.

TABLE 23: MAIN DRIVERS OF SAVINGS (PERCENT)

Purpose	Drivers	Savers
Cash-Flow Management	Living expenses for when you do not have money	82.8
	Education or school fees	16.9
	Farming expenses such as seeds or fertilizer	77.1
	Business expenses such as additional stock	56.6
Risk Management	Medical expenses	32.9
	Funeral expenses	13.0
Investing Assets and Productive Activities	Buying business equipment such as a printer or sewing machine etc.	3.0
	Buying a bicycle, motorcycle, car, truck or other means of transport for personal use	1.7
	Starting or expanding business	21.1
	Buying land	3.1

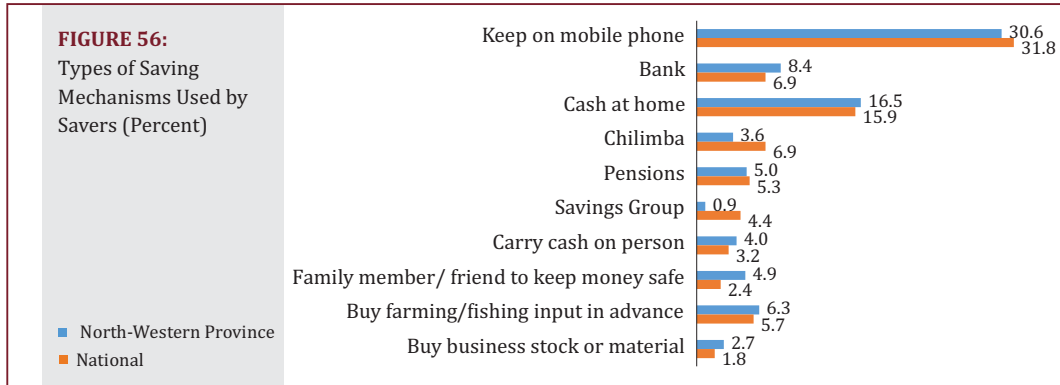
9.4.4 Criteria for Choosing Savings Mechanism

Figure 55 shows that the most important criteria for choosing savings mechanism were quick access, ease of use and proximity.



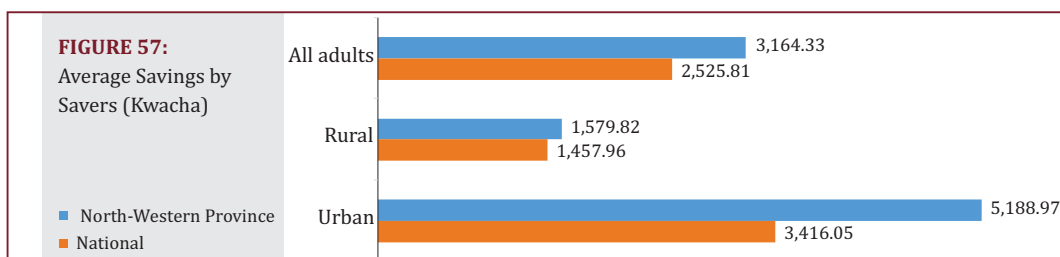
9.4.5 Types of Saving Mechanisms

Figure 56 shows that most adults saved money on the mobile phone (30.6 percent), while 16.5 percent saved money at home. Only 8.4 percent of adults saved money at commercial banks.



9.4.6 Average Savings

Figure 57 shows that the average amount of money saved by adults was K3,164.33 compared to K2,525.81 at national level. Adults in urban areas saved more than three times as much as those in rural areas.

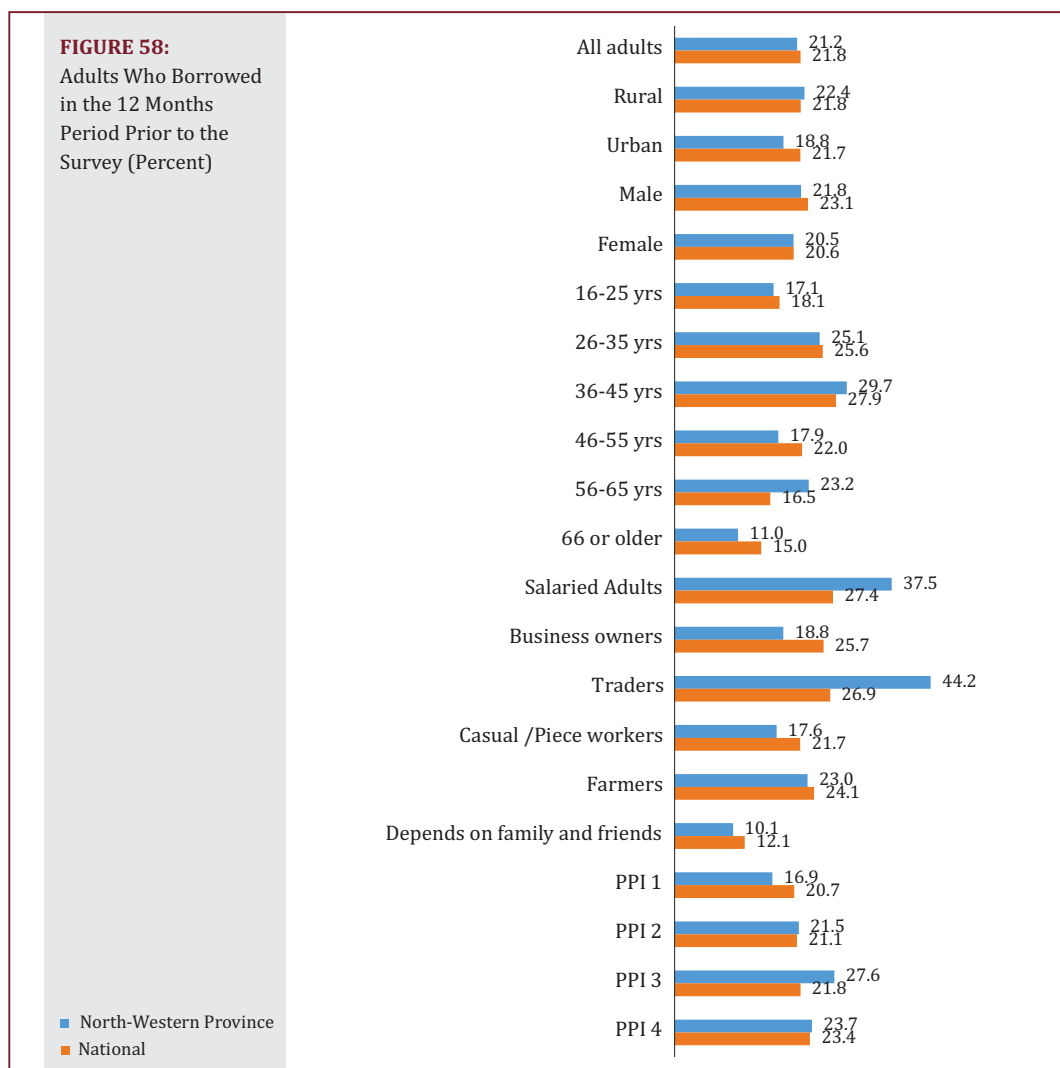


9.5 Credit Services

9.5.1 Adults Who Borrowed in the 12 Months Period Prior to the Survey

During the 12 months period prior to the Survey, 21.2 percent of adults accessed credit (Figure 58). These were highest amongst:

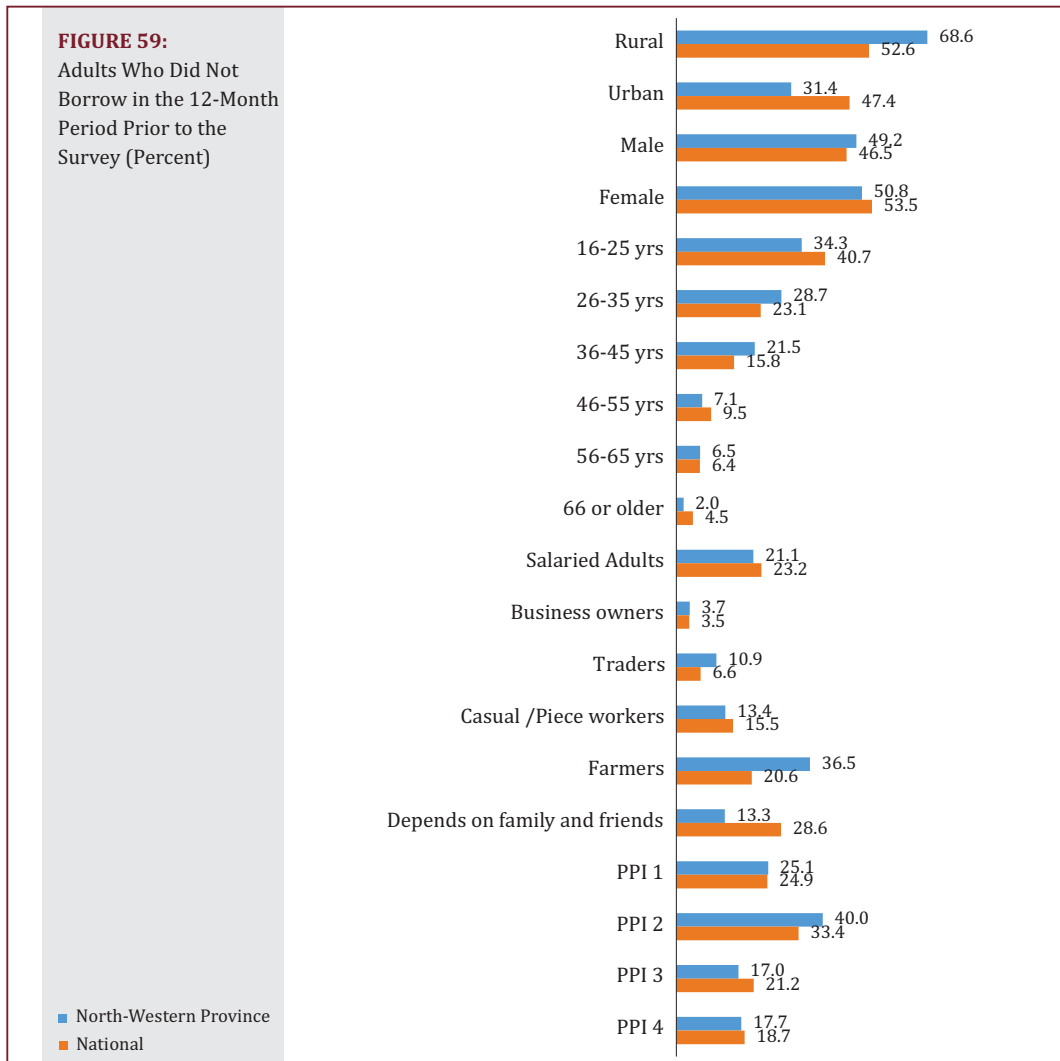
- Rural based adults;
- Males;
- Adults of age 36 – 45 years;
- Traders; and
- Households in the middle-income quintile of PPI 3.



9.5.2 Adults Who Did Not Borrow in the 12 Month Prior to the Survey

As illustrated in Figure 59, adults who did not borrow were more likely to be:

- Rural based;
- Females;
- Of age 16 – 25 years;
- Farmers; and
- From households in the low-income quintile of PPI 2.



9.5.3 Drivers of Borrowing

Table 24 indicates that 77 percent of adults mostly borrowed to pay for living expenses when they did not have money, while 73.4 percent borrowed to pay for farming expenses.

TABLE 24: DRIVERS OF BORROWING (PERCENT)

Purpose	Driver	North-Western
Cash-Flow Management	Living expenses for when you do not have money	77.5
	Education or school fees	20.0
	Farming expenses such as seeds or fertilizer	73.4
	Business expenses such as additional stock	41.1
	Production, processing or marketing cost	5.7
Risk Management	Funeral expenses	2.7
	Medical expenses	5.7
Investing	Buying business equipment such as a printer or sewing machine etc.	12.3
Assets and Productive Activities	Starting or expanding business	29.4
	Buying land	5.3

9.5.4 Criteria for Choosing a Lender

Figure 60 shows that the most important criteria for choosing a lender were access and proximity.

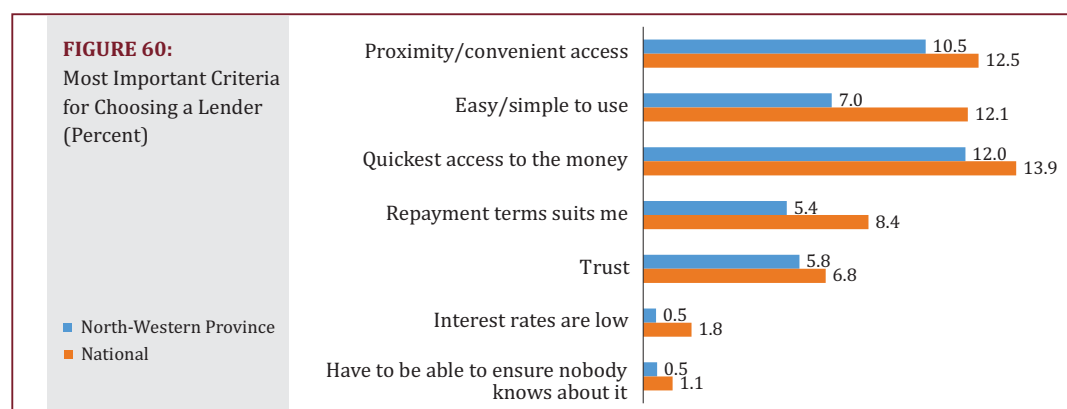
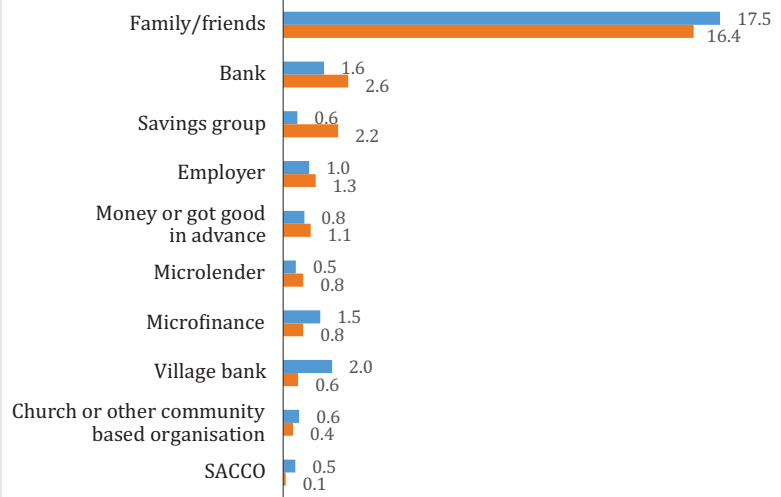


Figure 61 shows that 17.5 percent of adults preferred to borrow from family/friends while less than 2 percent borrowed from commercial banks.

FIGURE 61:
Lenders Used by Adults
Who Borrowed in the
12 Month Period Prior
to the Survey (Percent)

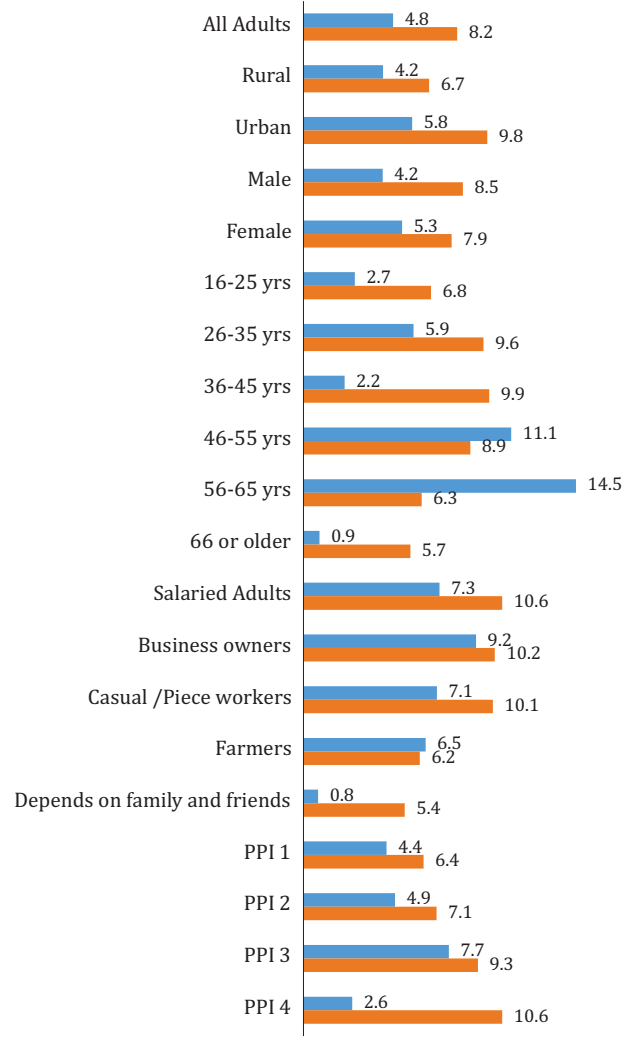


9.5.5 Adults who Missed Loan Repayments

The survey showed that 4.8 percent of adults who borrowed from formal FSPs missed at least one loan repayment. Figure 62 shows that these adults were mostly amongst:

- Those in urban areas;
- Females;
- Adults of age 56 - 65 years;
- Business owners; and
- Households in the middle income quintile of PPI 3.

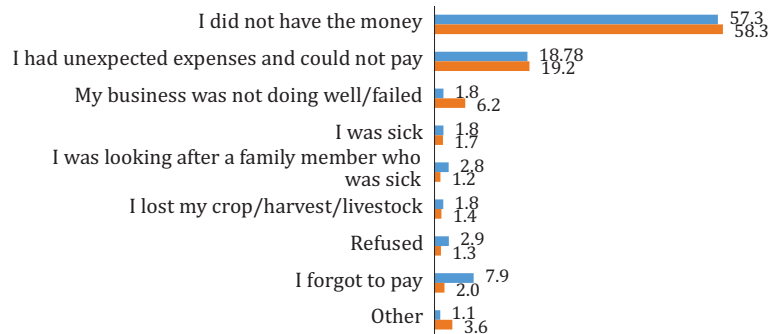
FIGURE 62:
Adults Who Missed
Loan Repayments
(Percent)



9.5.6 Reasons for Missing Loan Repayments

As illustrated in Figure 63, most adults missed loan repayments due to not having money to meet the repayment.

FIGURE 63:
Reasons for Missing
Loan Repayments
(Percent)



9.5.7 Adults Denied Loans by Formal FSPs

The Survey showed that 3.1 percent of adults who applied for loans from formal FSPs were unsuccessful. These adults indicated that they did not know why their loan applications were unsuccessful (Table 25).

TABLE 25: ADULTS DENIED LOANS BY FORMAL FSPS AND THE MAINS REASONS FOR DENIAL(PERCENT)

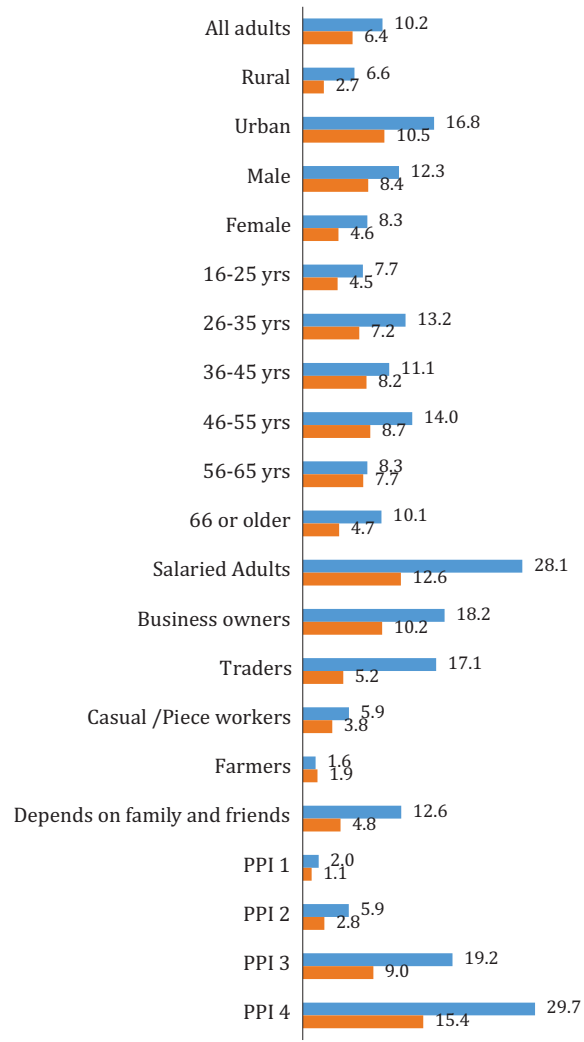
	Proportion of adults denied access	Main reason for being denied access
All adults	3.1	Did not know
Commercial banks	7.7	Did not know

9.5.8 Credit Reference Bureau (CRB)

The Survey indicated that 10.2 percent of adults in the Province were aware of the CRB. Figure 64 shows that these adults were most likely to be:

- Urban based;
- Males;
- In the age groups 26 – 35 and 46 – 55 years;
- Salaried employees; and
- Households in the high-income quintile of PPI 4.

FIGURE 64:
Awareness of CRB
(Percent)



9.6 Insurance Services

The Survey indicated that 5.1 percent of adults in the Province used insurance services compared with 6.3 percent at national level. Figure 65 shows that these adults were mostly:

- Urban based;
- Males;
- In the age group 36 - 45 years;
- Salaried employees; and
- From households in the high-income quintile of PPI 4.

FIGURE 65:
Adults Who Used
Insurance Services
compared with
National Levels
(Percent)

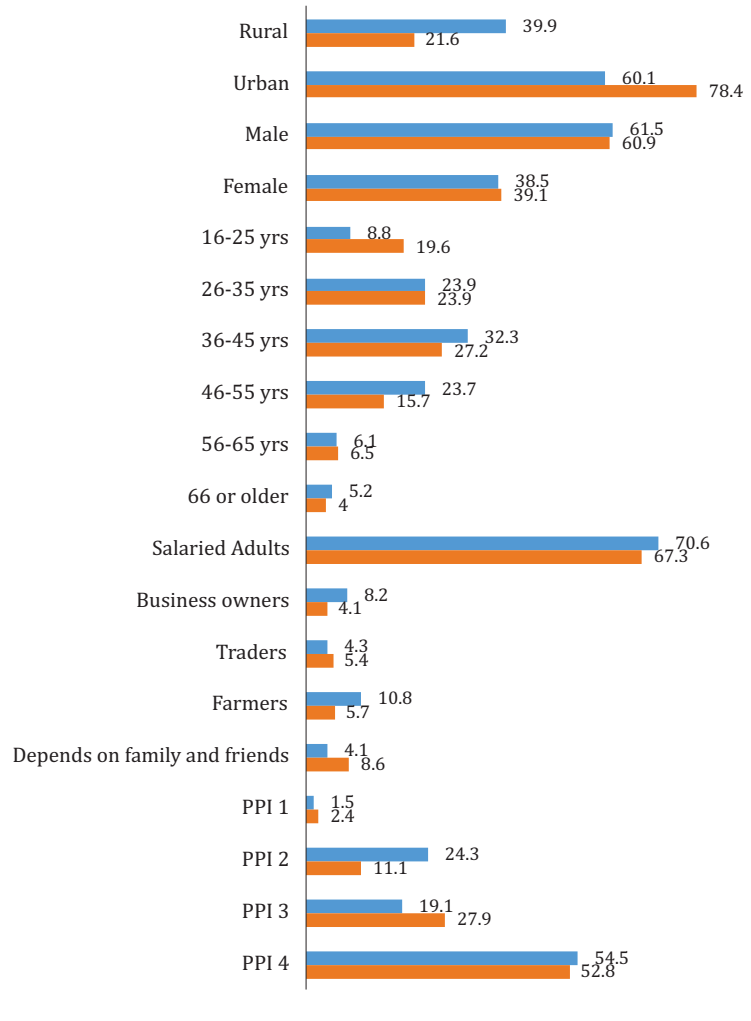
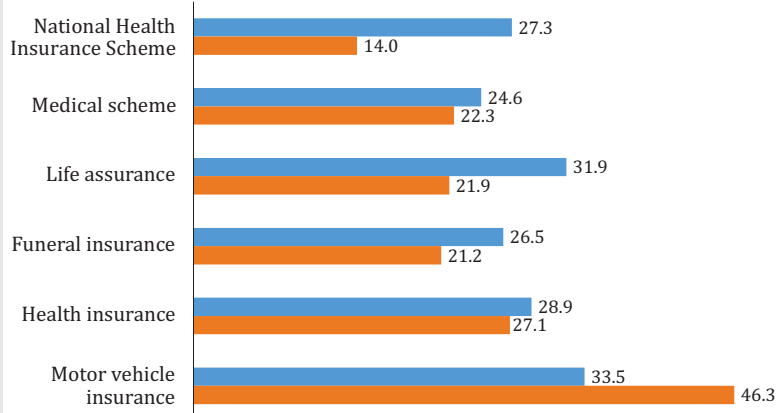


Figure 66 illustrates that the most widely used insurance service was motor vehicle insurance followed by life assurance and health insurance.

FIGURE 66:
Type of Insurance
Products Held by
Adults (Percent)



9.7 Pension Services

The Survey revealed that 8.0 percent of adults in the Province contributed to a pension scheme. Figure 67 shows that most adults contributed to both public and private pension schemes.

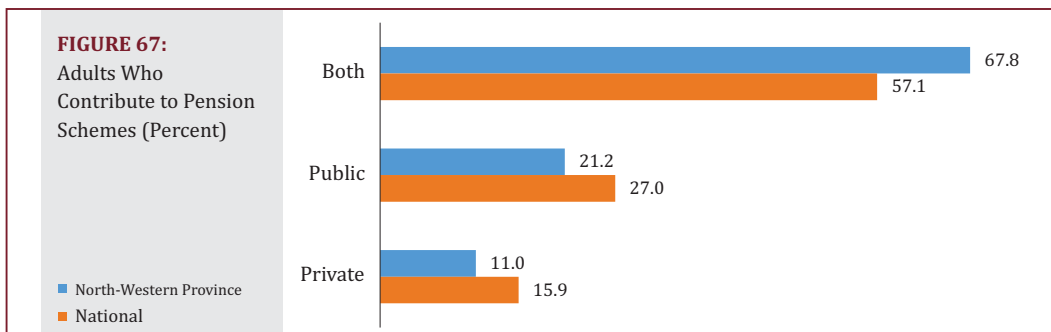
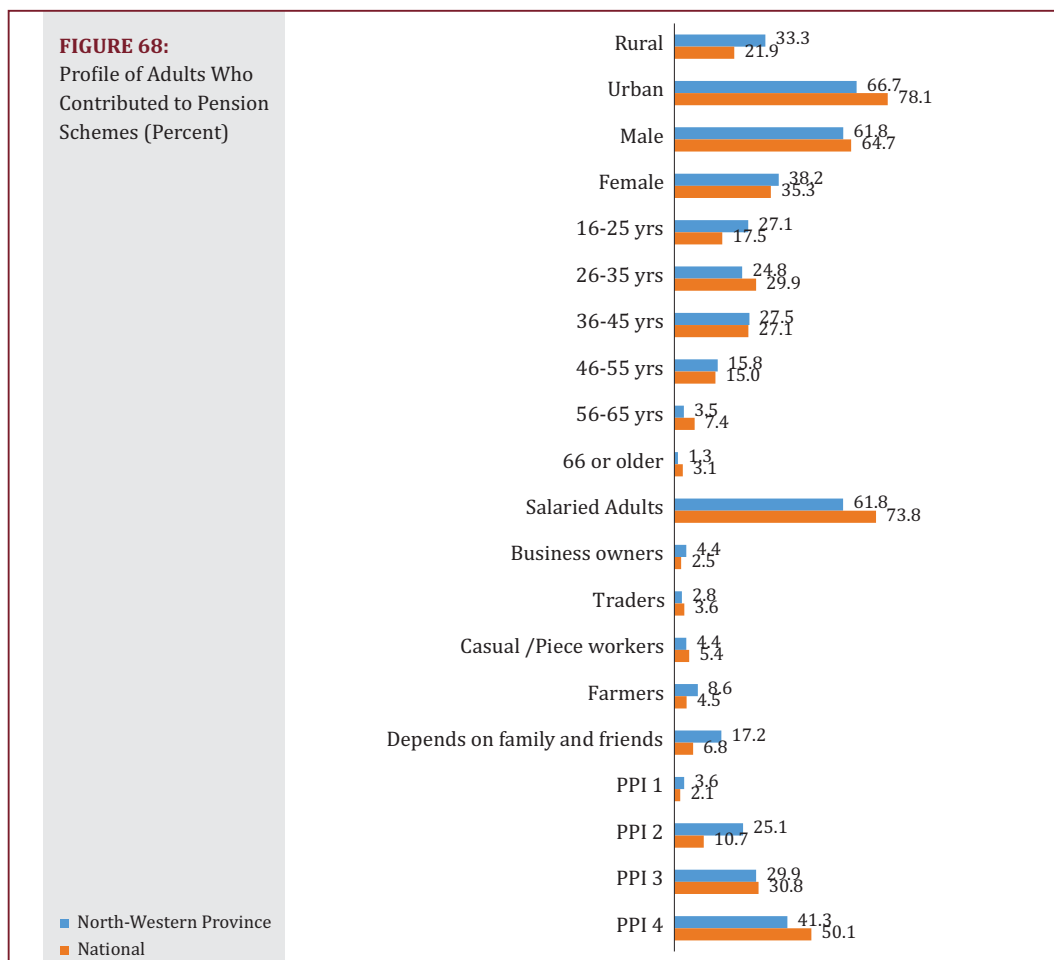


Figure 68 shows that adults who contributed to a pension scheme were most likely to be:

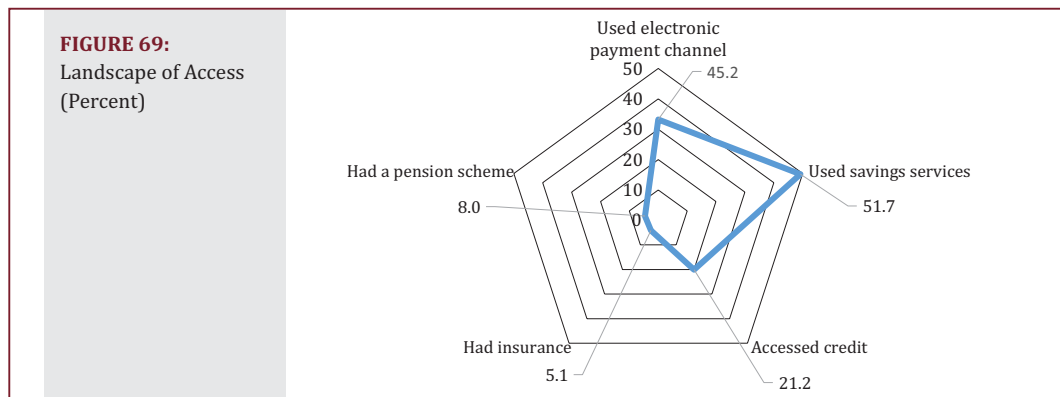
- Urban based;
- Males;
- Of age 16 – 25 and 36- 45 years;
- Salaried employees; and
- From households in the high-income quintile of PPI 4.



9.8 Landscape of Access

The landscape of access provides a summary of the types of financial products/services used by adults in the Province (Figure 69):

- Savings (51.7 percent);
- Electronic payment methods (45.2 percent);
- Credit (21.2 percent);
- Pension (8 percent); and
- Insurance (5.1 percent).



10.0 FINANCIAL HEALTH

Financial health is the ability to manage expenses, prepare for and recover from financial shocks, have minimal debt, and build wealth. This measure helps us assess whether higher levels of financial inclusion are enabling households to have better financial health. It also provides the Government and financial stakeholders with information that can help devise measures for economic recovery.

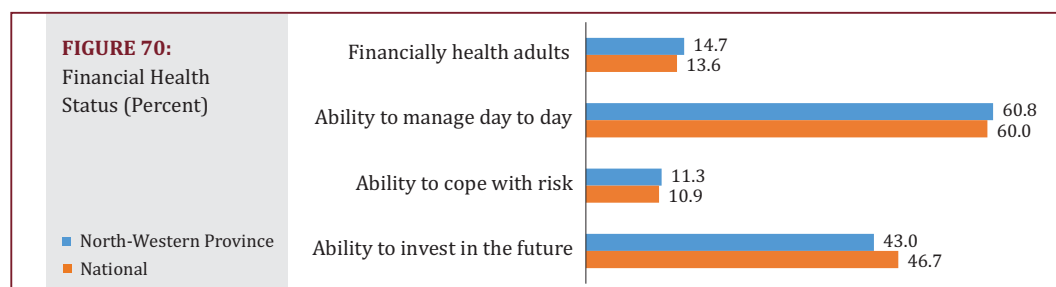
Financial health is measured by a multi-dimensional score made up of three dimensions:

1. Ability to manage everyday finances;
2. Ability to cope with risk; and
3. Ability to invest for the future.

The financial health status of the adult population was estimated by summing up equally weighted scores from 11 survey questions mapped to the three dimensions. An individual was financially healthy if they satisfied six out of the 11 questions.

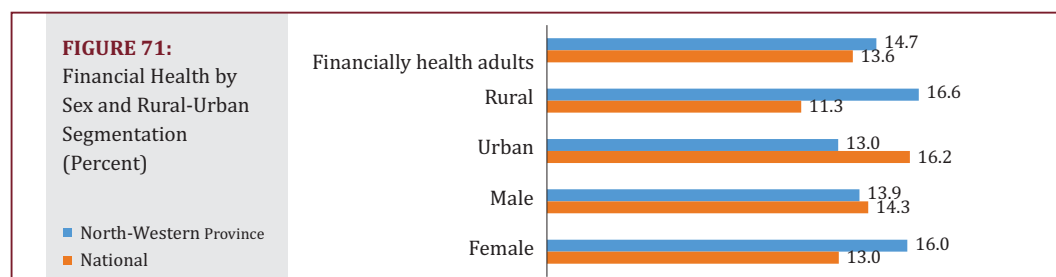
10.1 Financial Health Status

The Survey indicated that 14.7 percent of adults in the Province were financially healthy compared to 13.6 percent at national level (Figure 70).



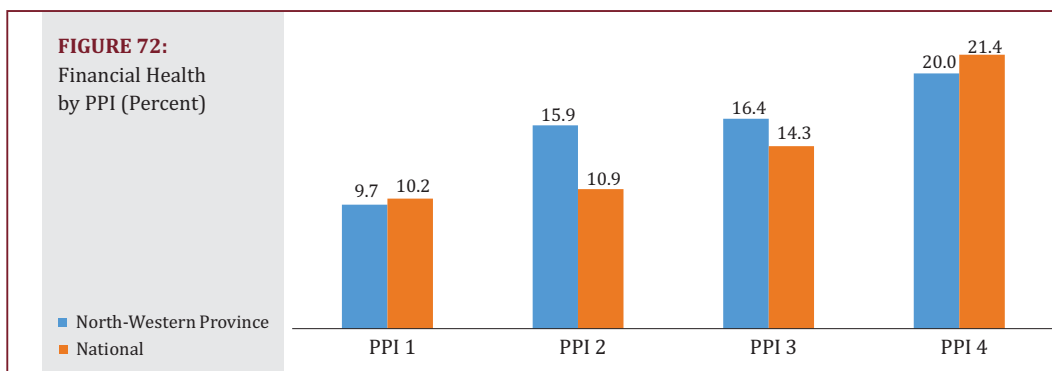
10.1.1 Financial Health by Sex and Rural/Urban Segmentation

The level of financial health was higher among adults in rural areas (16.6 percent) compared to those in urban areas (13 percent). Further, females were more financially healthy than males (Figure 71).



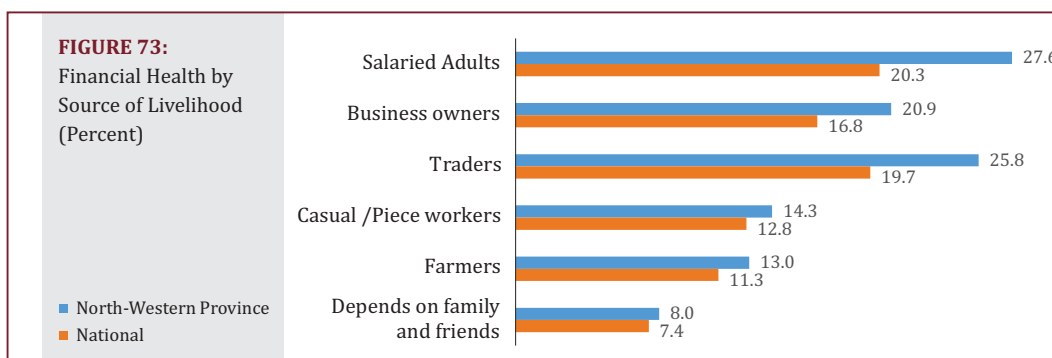
10.1.2 Financial Health by the Progress Out of Poverty Index (PPI)

Adults who were most financially healthy were from households in the high- income quintile of PPI 4, while the least financially healthy were from the lowest income quintile of PPI 1 (Figure 72).



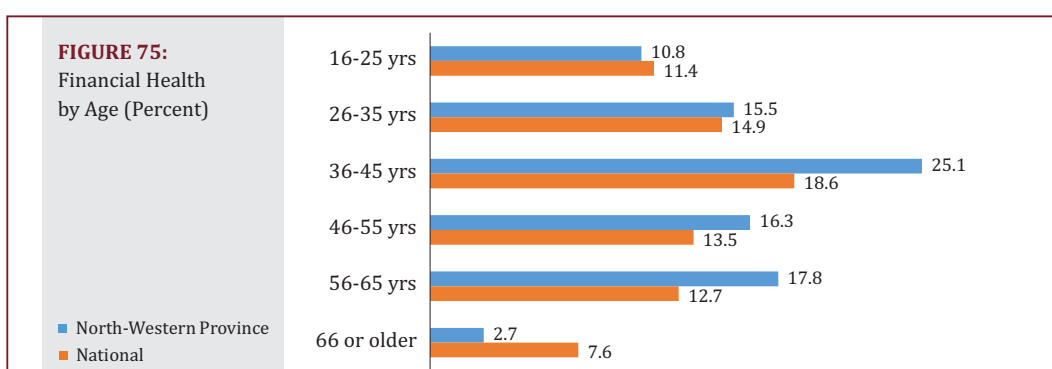
10.1.3 Financial Health and Source of Livelihood

With regard to the source of livelihood, salaried workers were the most financially healthy in the Province, while those who depended on family and friends were the least financially health (Figure 73).



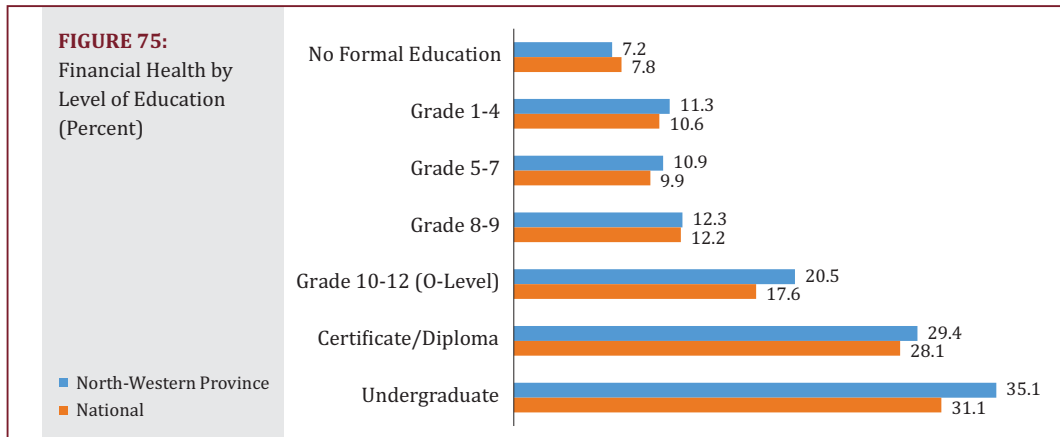
10.1.4 Financial Health by Age

Adults in the age group 36 - 45 years were the most financially healthy, while those of age 66 years or older had the least level of financial health (Figure 74).



10.1.5 Financial Health by Level of Education

The level of financial health generally improved with the progression in the level of education and was consistent with the national pattern. Financial health was highest amongst adults with undergraduate level of education and lowest among adults with Grade 5-7 level of primary education (Figure 75).



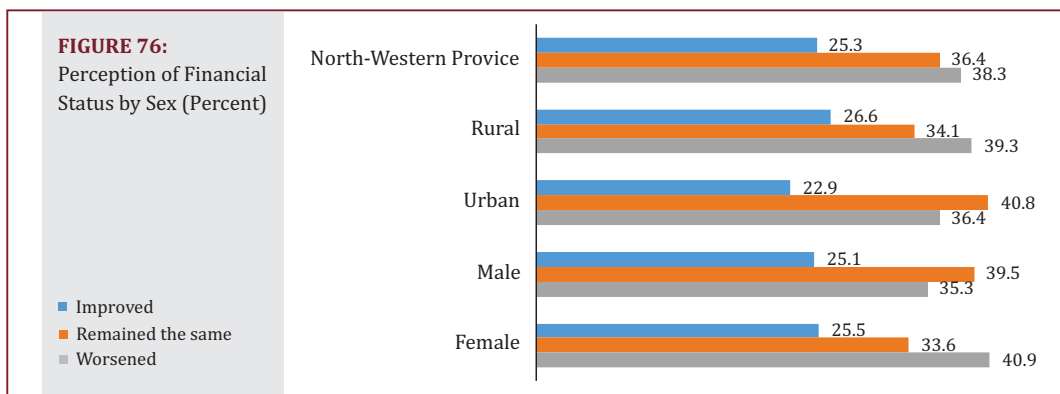
10.2 Self-Reported Financial Status

10.2.1 Financial Status Perception by Rural/Urban Segmentation and Sex

With respect to self-reported financial status, 38.3 percent of adults indicated that their financial status had worsened in the 12 months prior to the survey. However, 25.3 percent of adults reported that their financial status had improved while 36.4 percent perceived that their financial status had remained the same.

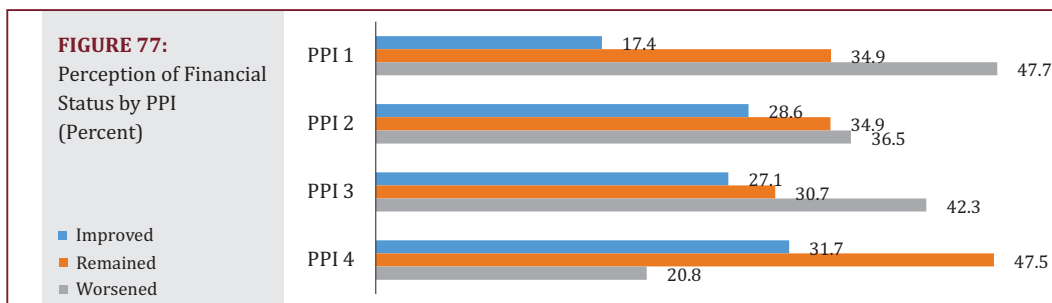
In terms of regional distribution, there were more adults who perceived that their financial status had either worsened or improved in rural areas compared to urban areas.

The findings further showed that the percentage of adults who perceived that their financial status had improved was almost the same for both males and females. There were more females than males who perceived that their financial status had worsened, while most males perceived that their financial status had remained the same (Figure 76).



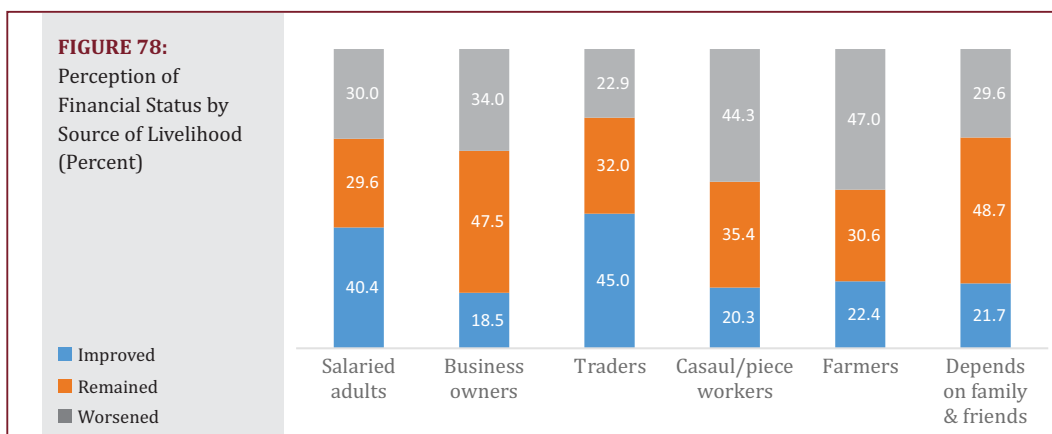
10.2.2 Financial Status Perception and Progress Out of Poverty Index

Figure 77 shows that, most adults who perceived that their financial status had improved or had remained the same were in the high-income quintile of PPI 4 while those who perceived that their financial status had worsened were in the lowest income quintile of PPI 1.



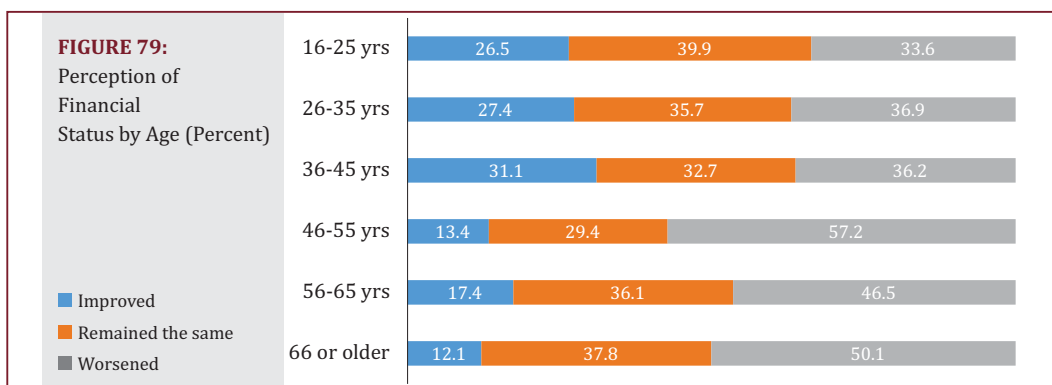
10.2.3 Financial Status Perception by Source of Livelihood

Figure 78 shows that the highest percentage of adults who perceived that their financial status had worsened were farmers while those who perceived that their financial status had improved were traders. The highest percentage of adults who perceived that their financial status had remained the same were business owners and those dependent on family and friends.



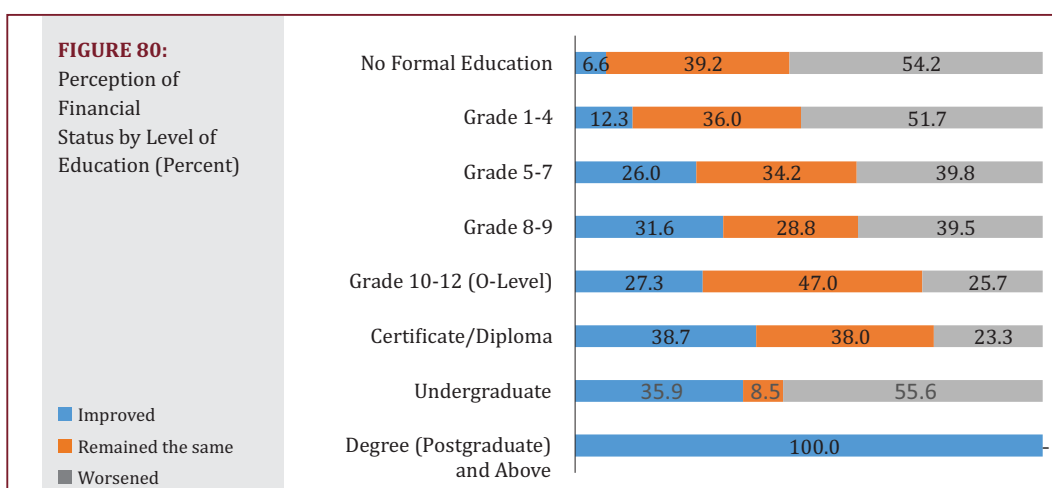
10.2.4 Financial Status Perception by Age

Figure 79 shows that the highest percentage of adults who perceived that their financial status had worsened were in the age group 46-55 years and older. Adults who perceived that their financial status had improved were mostly in the age group 36 - 45 years old. The highest percentage of adults who perceived that their financial status had remained the same were in the age group 16 - 25 years old.



10.2.5 Financial Status Perception by Level of Education

As shown in Figure 80, all adults with postgraduate degree level of education perceived that their financial status had improved. Most adults who had attained Grade 10 – 12 level of education perceived that their financial status had remained the same. Further most adults who had attained undergraduate level of education perceived that their financial status had worsened.

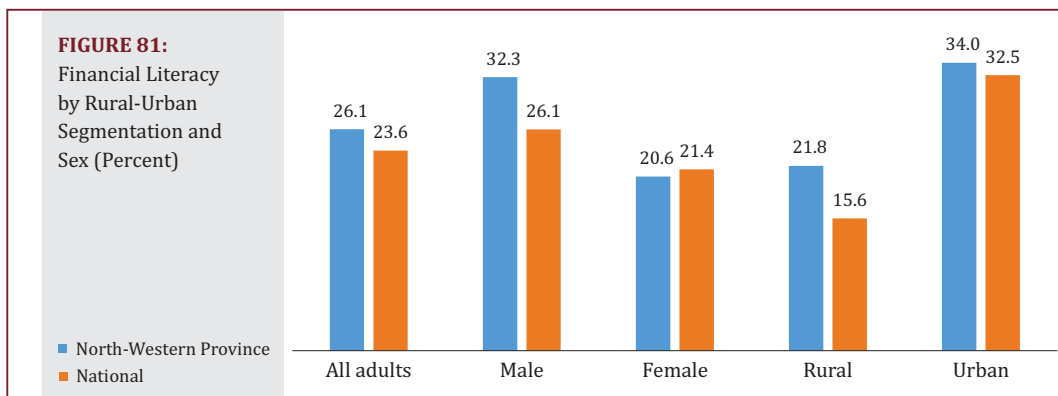


11.0 FINANCIAL LITERACY

Financial literacy refers to awareness and knowledge of key financial concepts required for managing personal finances. In the Survey, financial literacy was measured by assessing the ability to understand and effectively apply various financial skills and concepts, including personal financial management and budgeting.

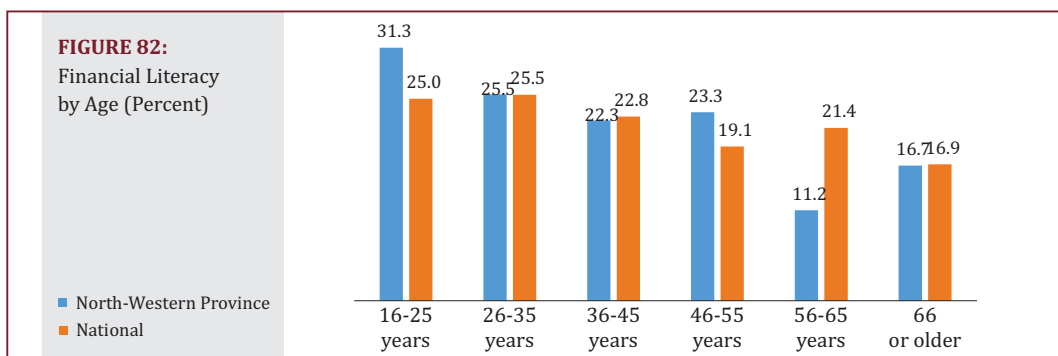
11.1 Financial Literacy by Rural-Urban Segmentation and Sex

Results from the Survey indicated that 26.1 percent of the adult population in North-Western Province was financially literate compared to 23.6 percent at national level. These were mostly urban based adults and males (Figure 81).



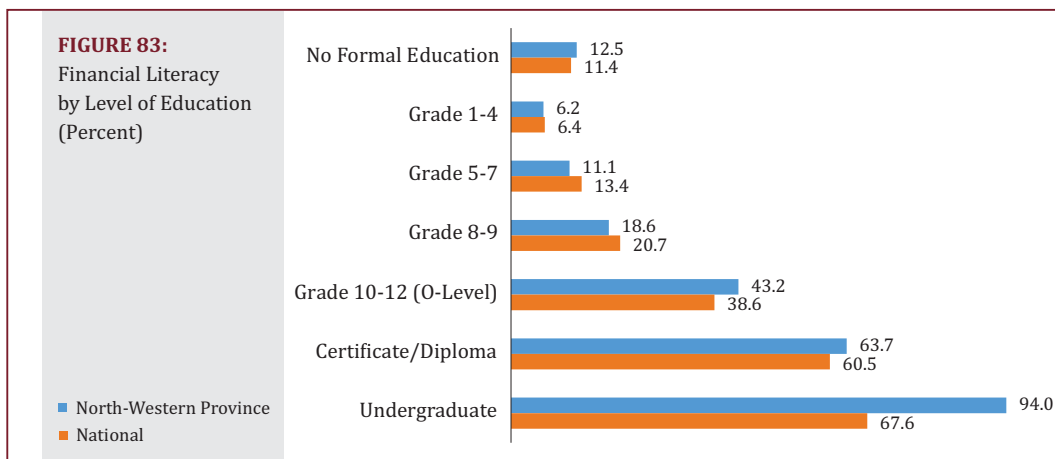
11.2 Financial Literacy by Age

The highest level of financial literacy was amongst adults in the age group 16 – 25 years, while the least financially literate adults were in the age group 56 - 65 years (Figure 82).



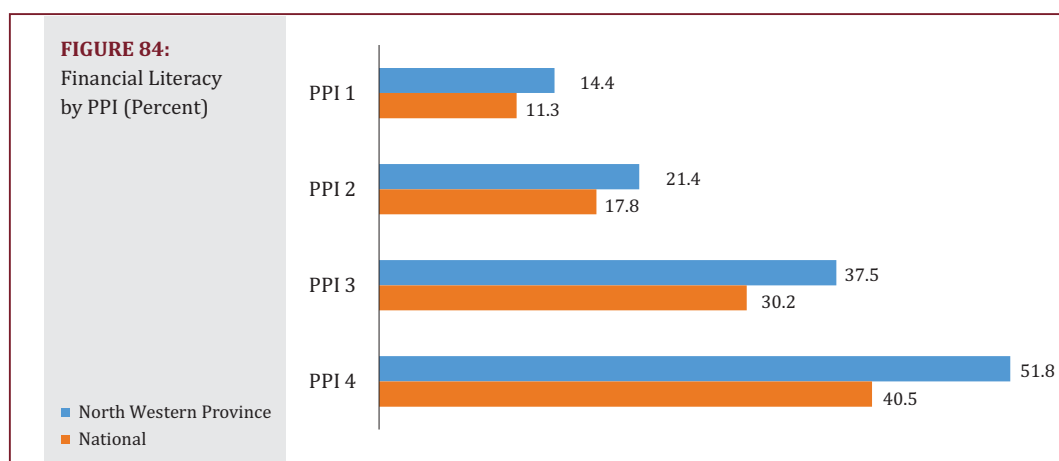
11.3 Financial Literacy by Level Education

Financial literacy was highest amongst adults who had attained undergraduate degree level of education (Figure 83).



11.4 Financial Literacy by Progress Out of Poverty Index

Adults in the high-income quintile of PPI 4 were the most financially literate while those from the lowest income quintile of PPI 1 were the least financially literate (Figure 84).

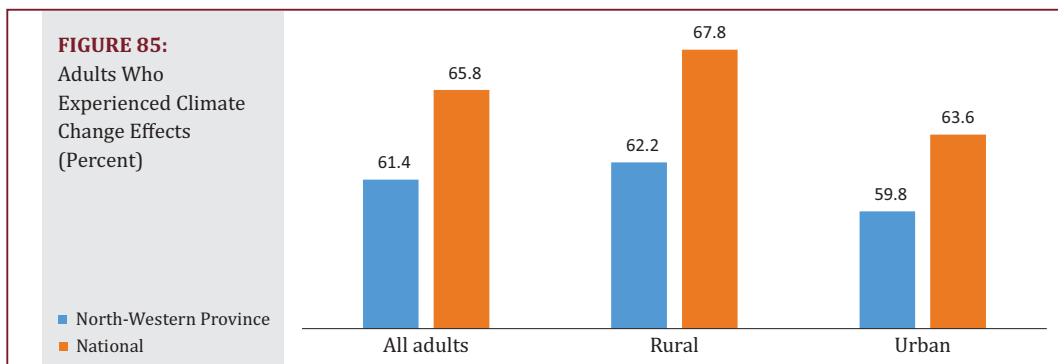


12.0 CLIMATE CHANGE

Climate change refers to long-term shifts in temperatures and weather patterns, resulting in more frequent extreme weather conditions such as droughts, heat waves and rainstorms. Climate change can have negative impacts on wildlife, agriculture, water resources, landscapes, human health, ecosystems, energy and infrastructure. The effects of climate change also pose challenges to Zambia's efforts to reduce poverty, food insecurity and ensure sustainable management of natural resources.

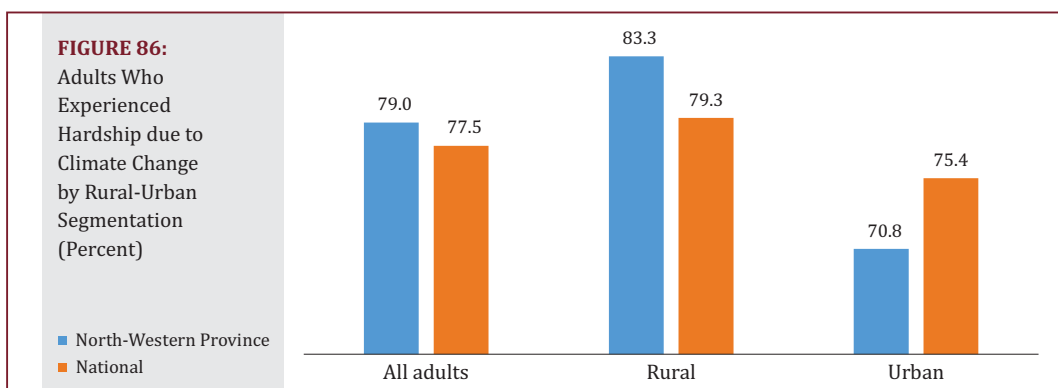
12.1 Climate Change Experience

Figure 85 shows that 61.4 percent of adults in the Province experienced effects of climate change compared to 65.8 percent at national level. A higher percentage of adults in rural areas experienced climate change effects than those in urban areas.



12.2 Hardship due to Climate Change by Rural/Urban Segmentation

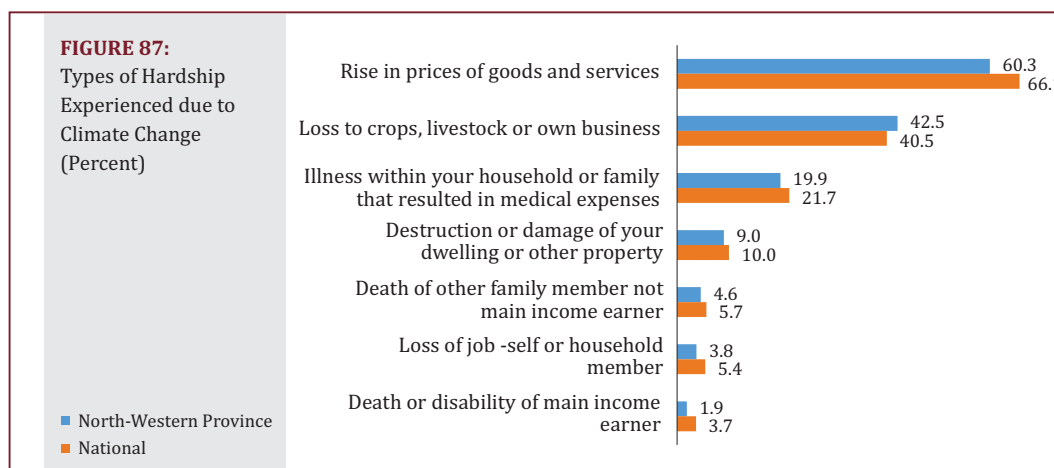
The Survey indicated that 79 percent of adults in the Province experienced hardships due to climate change and most of these resided in rural areas (Figure 86).



12.3 Types of Hardships Experienced due to Climate Change

As illustrated in Figure 87, the main types of hardships experienced due to climate change were:

- High prices of goods and services; and
- Loss of crops/livestock/own business.

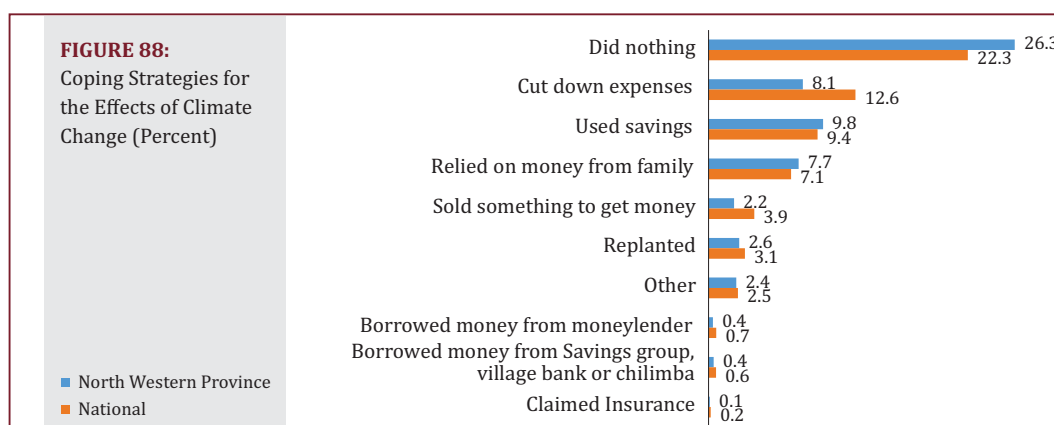


12.4 Coping Strategies for the Effects of Climate Change

The Survey showed that most adults who had coping strategies against the effects of climate change employed the following:

- Use of savings
- Cutting down expenses; and
- Obtaining money from family and friends.

However, 26.3 percent of adults had no coping strategies against the effects of climate change (Figure 88).



13.0 COVID-19 PANDEMIC

The Coronavirus Disease (COVID-19) is an infectious disease caused by acute respiratory syndrome (SARS-Cov-2) virus. It is mainly spread from an infected person's nose or mouth when they cough, sneeze, speak or breath. First reported in November 2019, the COVID-19 pandemic resulted in a global economic slowdown due to restrictions on trade, travel, public events, loss of lives, closure of schools and businesses. This had a negative economic and social impact on the population.

13.1 Effects of Covid-19 Pandemic on the Adult Population

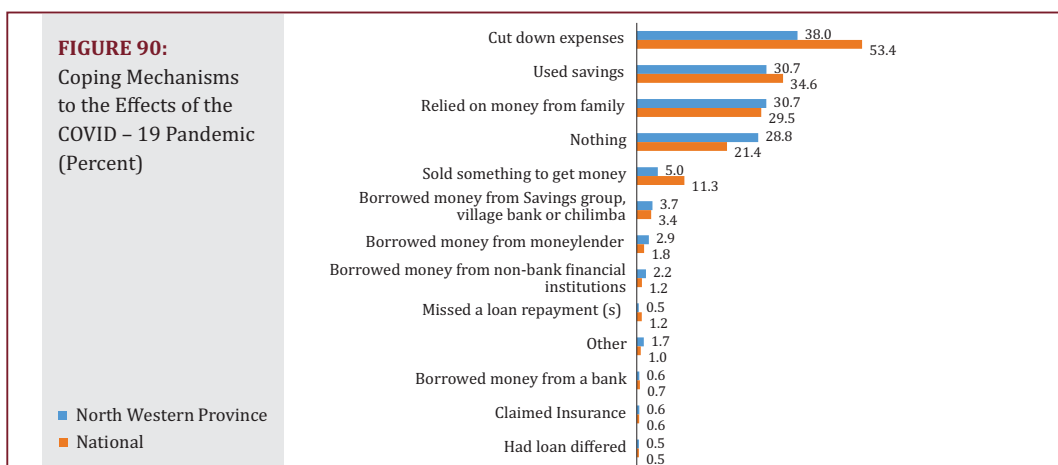
The main effects of the COVID – 19 Pandemic reported by adults in the Province were restriction on church attendance or other social gatherings, failure to meet living expenses, as well as reduction in revenue. However, 39.8 percent of adults reported that the Pandemic had no effect on their lives (Figure 89).



13.2 Coping Mechanisms against Effects of the COVID – 19 Pandemic

Figure 90 shows that most adults in the Province employed the following coping mechanisms against effects of the COVID – 19 Pandemic:

- Cutting down expenses,
- Reliance on money from family and friends; and
- Use of savings.



14.0 CONCLUSION AND RECOMMENDATIONS

The FinScope 2020 Survey showed that financial inclusion in North-Western Province was recorded at 63.7 percent compared to 69.4 percent at national level.

The Survey also indicated that 56.1 percent of adults used formal financial services compared to 61.3 percent at national level. Further, the level of formal inclusion was higher among males (58.4 percent) and in urban areas (79.5 percent) than females (54.0 percent) and in rural areas (43.3 percent). Access to savings and digital financial services were the main drivers of financial inclusion in the province.

The percentage of adults who were financially healthy at 14.7 percent was higher than the national level of 13.6 percent. This was attributed to more adults having the ability to manage expenses on a daily basis and to cope with risk.

In terms of financial literacy, the Survey showed that 26.1 percent of the population was financially literate against 23.6 percent at national level. These adults were mostly male and urban-based.

With regard to climate change, 61.4 percent of adults in the Province experienced effects of climate change compared to 65.8 percent at national level. This was mostly amongst those from rural areas. The main types of hardship experienced due to climate change were the rise in prices of goods and services and the loss of crops/livestock/own business.

The main effects of the COVID-19 pandemic were restriction on attending church or other social gatherings and failure to afford living expenses. Cutting down expenses was the most employed coping mechanism against the effects of the COVID -19 pandemic.

It is important to note that 71 percent of adults in the Province were in the low income quintiles of PPI 1 and PPI 2 and the main income generating activity was subsistence farming. Therefore, a more coordinated approach by the Government and financial sector stakeholders in the Province is required to facilitate implementation of appropriate policies and interventions to improve the economic welfare and access to financial services. Financial inclusion can contribute to helping the most vulnerable communities to build resilience as well as mitigate losses caused by climate change and the impact of the COVID -19 pandemic.

The following recommendations would provide greater momentum to raising/increasing financial inclusion in the Province:

1. Rural finance initiatives to empower productive capacity of poor communities, particularly farmers and the Small and Medium Enterprise (SME) sector;
2. Collaboration between Government, donors and stakeholders to support SMEs development targeting, capacity building (basic business skills, financial education) and financial support such as credit guarantee schemes to empower productive activities particularly by the youth and women, hence contributing to economic growth and poverty reduction;
3. Development of infrastructure to support implementation of widespread digital systems and financial access points at affordable pricing across the country;
4. Development of strategic partnerships to facilitate financial education and awareness campaigns on various financial products and services, including insurance and capital markets, as well as on the usage of digital financial services;

5. Promotion of innovation, Financial Technology (FinTech) and targeted design of products/services leveraging on digital platforms;
6. Coordinated fraud and cyber security awareness programs by financial service providers, regulators and other stakeholders;
7. Collaboration of private sector and the Government to improve widespread access of affordable mobile phones, which was the main barrier to usage of digital financial services;
8. Collection of financial sector data and conducting research studies for greater understanding of behavioural patterns to facilitate evidence-based policies/strategies/initiatives for increasing financial inclusion; and
9. Implementation of sustainable green finance policies/strategies to mitigate and adapt to the risks of climate change. sustainable green finance policies/strategies to mitigate the risks of climate change.

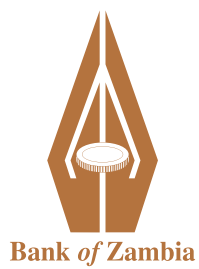
15.0 APPENDICES

Appendix I: Addendum

Following further cleaning of the FinScope 2020 dataset by the Project Team, there were revisions made to estimates for some indicators at national level as tabulated below.

Description	Initial estimate in main report	Revised estimate	Affected charts in provincial report	Affected charts in main report
Income Per Main Income Generating Activity - Mean for Salaried adults (ZMW)	2,381.00	2,359.94	Table 3	Table 6
Income Per Main Income Generating Activity - Mean for Business owners (ZMW)	1,547.00	1,564.59		
Income Per Main Income Generating Activity - Mean for Casual/Piece workers (ZMW)	670.00	661.13		
Income Per Main Income Generating Activity - Mean for Farmers (ZMW)	752.00	745.97		
Income Per Main Income Generating Activity - Mean for those Dependent on family and friends (ZMW)	769.00	762.30		
Income Per Main Income Generating Activity - Median for Salaried adults (ZMW)	1,050.00	1,139.09		
Income Per Main Income Generating Activity - Median for Casual/Piece workers (ZMW)	400.00	496.91		
Income Per Main Income Generating Activity - Median for Farmers (ZMW)	350.00	400.00		
Income Per Main Income Generating Activity - Median for those Dependent on family and friends (ZMW)	375.00	440.00		
Income Per PPI Quintile - Mean for PPI 1 (ZMW)	551.00	540.80	Table 5	Table 8
Income Per PPI Quintile - Mean for PPI 2 (ZMW)	826.00	820.31		
Income Per PPI Quintile - Mean for PPI 3 (ZMW)	1,722.00	1,690.19		
Income Per PPI Quintile - Mean for PPI 4 (ZMW)	2,879.00	2,886.85		
Income Per PPI Quintile - Mean for PPI 5 (ZMW)	2,892.00	2,739.88		
Income Per PPI Quintile - Median for PPI 1 (ZMW)	288.00	300		
Income Per PPI Quintile - Median for PPI 2 (ZMW)	400.00	462.58		
Income Per PPI Quintile - Median for PPI 5 (ZMW)	1,900.00	1,500.00		
Income Per Main Income Generating Activity and PPI Quintile - Average for Rural (ZMW)	27.00	25.79	Table 14	Table 17
Adults who Experienced Hardships due to Climate Change - Rural (%)	79.3	79.8	Figure 86	Figure 97
Adults who Experienced Hardships due to Climate Change - Urban (%)	75.4	74.9		
Financial Literacy - Rural (%)	16.2	15.6	Figure 82	Figure 92
Financial Literacy - Urban (%)	31.9	32.5		
Financial Health - Rural (%)	11.7	11.3	Figure 71	Figure 83
Financial Health - Urban (%)	15.8	16.2		
Financial Health - Male (%)	14.2	14.3		
Financial Health - Female (%)	13.1	13.0		
Average savings by savers - All Adults (ZMW)	3,191.80	2,525.81	Figure 57	Figure 63
Average savings by savers - Rural (ZMW)	1,654.70	1,467.96		
Average savings by savers - Urban (ZMW)	4,604.10	3,416.05		
Usage of Electronic Payment Channels for Purchasing Goods and Services - All Adults (%)	48.7	48.2	Figure 49	Figure 55





Cooperating Partners:

