

Cooperating Partners:



# FINSCOPE ZAMBIA

## 2020 SURVEY PROVINCIAL REPORT



SOUTHERN PROVINCE



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**Bank of Zambia**





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# FOREWORD

The Government of the Republic 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) also adopted financial inclusion as the second pillar in its 2020 – 2023 Strategic Plan.

To assess the level of financial inclusion and the extent of financial service delivery, the BoZ collaborated with other financial sector stakeholders in the implementation of the FinScope 2020 Survey, during the period 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 to 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 that a detailed report was produced for each province. Survey findings from Southern Province indicated that financial inclusion stood at 65.3 percent, driven mainly by uptake of digital financial services. This level of inclusion 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 (85.8 percent) and rural (56.1 percent) areas. Similar to the national pattern, financial inclusion for males (67.3 percent) was higher than females (63.4 percent), indicating that there is more work required to increase financial inclusion and bridge the gender, urban-rural gaps.

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 of financial services, facilitate higher economic activity, and improve the economic welfare of the people in Southern 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 and 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, interest as well as 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 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) targets of 2022 were to increase the overall 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 Reports were to:

- 1) Assess the financial landscape;
- 2) Measure the level of financial inclusion in each 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 97.4 percent was achieved in Southern Province from a sample of adults of age 16 years and above in 1,335 households. The survey results indicated that the level of financial inclusion was 65.3 percent out of a population of 1,079,153 adults.

TABLE 1: SUMMARY OF TOP LINE FINDINGS

Description	Southern	National
Total population <sup>1</sup> (million)	2.1	17.9
Total adult <sup>2</sup> population (million)	1.1	9.5
Adults living in rural areas (%)	69.3	52.6
Adults living in urban areas (%)	30.7	47.4
Male adults (%)	47.3	47.5
Female adults (%)	52.7	52.5
Level of financial inclusion (%)	65.3	69.4
Financial inclusion amongst males (%)	67.3	71.2
Financial inclusion amongst females (%)	63.4	67.9
Financial inclusion in urban areas (%)	85.8	84.4
Financial inclusion in rural areas (%)	56.1	55.9
Formal financial inclusion (%)	57.5	61.3
Informal financial inclusion (%)	28.7	32.3
Adults financially healthy (%)	14.5	13.6
Adults financially literate (%)	18.8	23.6
Adults who experienced climate change effects (%)	78.3	65.8

The landscape of access for types of financial services showed that most adults used savings products and electronic payment channels for the purchase of goods and services, with an uptake of 50.9 percent and 43.6 percent, respectively.

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

<sup>2</sup>Adult refers to those of age 16 years and above for purposes of this survey

However, there was low access to credit as well as pension and insurance services at 21.0 percent, 8.3 percent and 6.6 percent, respectively.

The following were identified as the main barriers to the use of formal financial services by most of the adult population in Southern 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. 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;
2. Promotion of innovation, Financial Technology (FinTech) and targeted design of affordable products/services leveraging on digital platforms;
3. Coordinated fraud and cyber security awareness programs by financial service providers, regulators and other stakeholders;
4. Rural finance initiatives to empower productive capacity of poor communities, particularly farmers and the Small and Medium Enterprise (SME) sector;
5. 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;
6. 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;
7. 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;
8. Development of infrastructure to support implementation of widespread digital systems and financial access points at affordable pricing across the country; 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 use and 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<sup>3</sup> successfully conducted the FinScope Zambia 2020 Survey in September - October 2020.

### 2.2 Survey and Instrument Design

The Finscope 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 the 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

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<sup>3</sup>Financial 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.

wards. Each ward was then sub-divided into smaller areas called Census Supervisory Areas (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 sample design. Three (3) sampling stages were used as follows:

- i. Selection of clusters – 89 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 of age 16 years or older was selected from each household, resulting in a sample of 1,335 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;
- $\theta_d$  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
Southern	27	62	89	405	930	1,335

## 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 1,300 face-to-face interviews were conducted representing a 97.4 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 Southern 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.

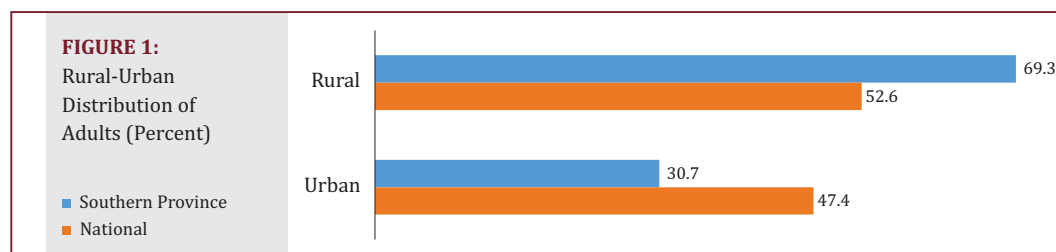
### 3.1 Adult Population

The adult population was estimated at 1,079,153, in Southern Province about 11.6 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;
- Of age 35 years or younger; and
- Female.

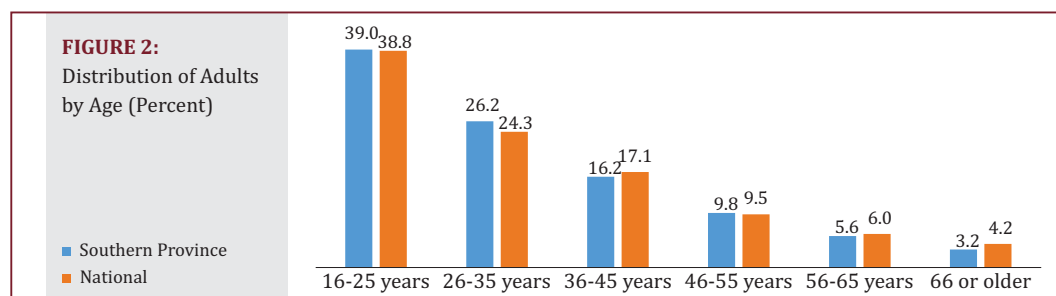
#### 3.1.1 Rural-Urban Distribution of Adults

The Survey showed that 69.3 percent of adults resided in rural areas compared with 30.7 percent in urban areas. It is therefore important to consider this aspect in the development of strategies to increase financial inclusion in Southern Province (Figure 1).



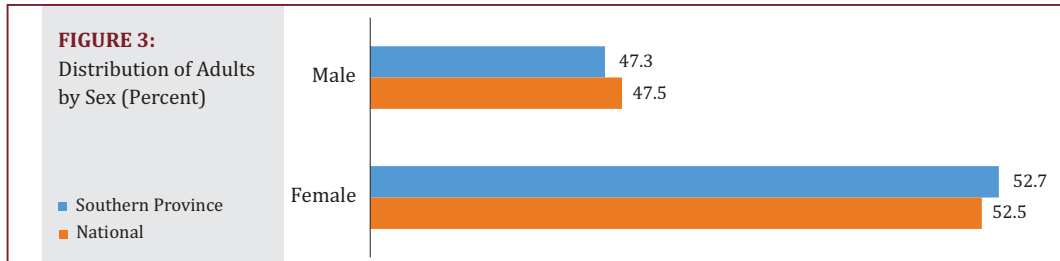
#### 3.1.2 Distribution of Adults by Age

The adult population was mostly youthful, of age 35 years or younger, at 65.2 percent (Figure 2).



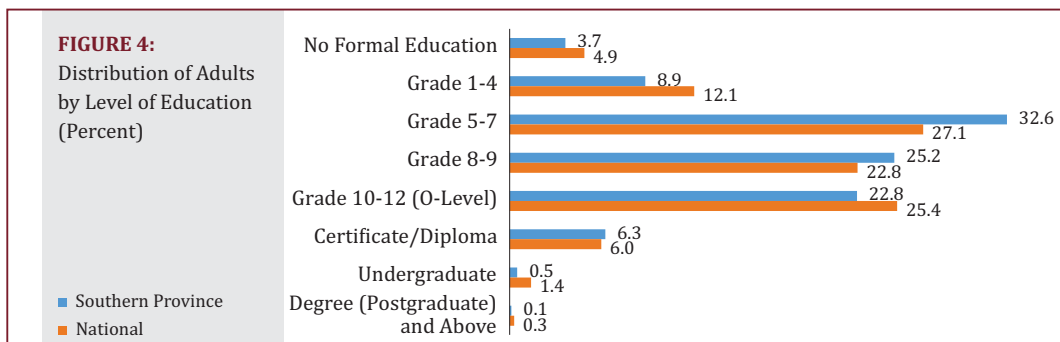
### 3.1.3 Distribution of Adults by Sex

Figure 3 shows that 47.3 percent (510,439) of adults were males while 52.7 percent (568,713) were females. This distribution of adults by sex in the Province was similar to the pattern at national level (Figure 3).



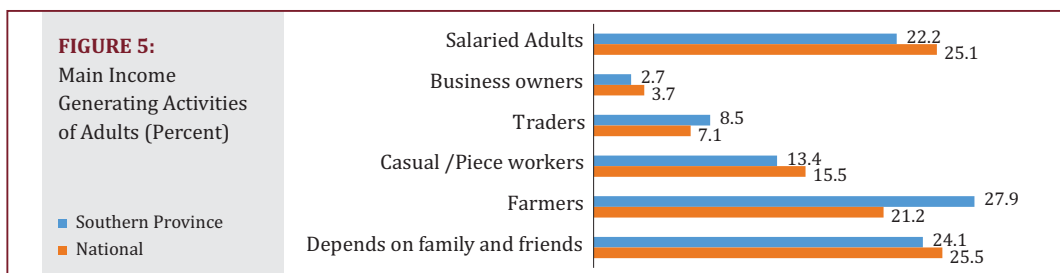
### 3.1.4 Distribution of Adults by Level of Education

Education levels have substantial influence on the uptake of financial products/services. The Survey showed that 32.6 percent of adults had achieved grade 5-7 level of primary education while 22.8 percent had attained Grade 10 - 12 level of secondary education. Only 0.5 percent of the adult population had completed an undergraduate degree or higher level of education (Figure 4).



## 3.2 Main Livelihood and Income Generating Activities

Figure 5 illustrates that most adults relied on farming (27.9 percent) and salaried work (22.2 percent) as their main income generating activity.



### 3.3 Average and Median Income by Main Source of Income

Table 3 shows that salaried workers had the highest average and median income among all income generating activities.

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

Income generating activity	Southern		National	
	Average	Median	Average	Median
Salaried adults	2,788.37	1,500.00	2,359.94	1,139.09
Business owners	1,116.82	1,000.00	1,564.59	1,000.00
Traders	1,015.15	568.99	1,698.17	935.13
Casual /Piece workers	735.44	537.41	661.13	496.91
Farmers	1,074.10	989.61	745.97	400.00
Depends on family and friends	423.84	321.43	762.30	440.00

#### 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 business owners;
- Seasonally for farmers; and
- Occasionally for those dependent on family and friends.

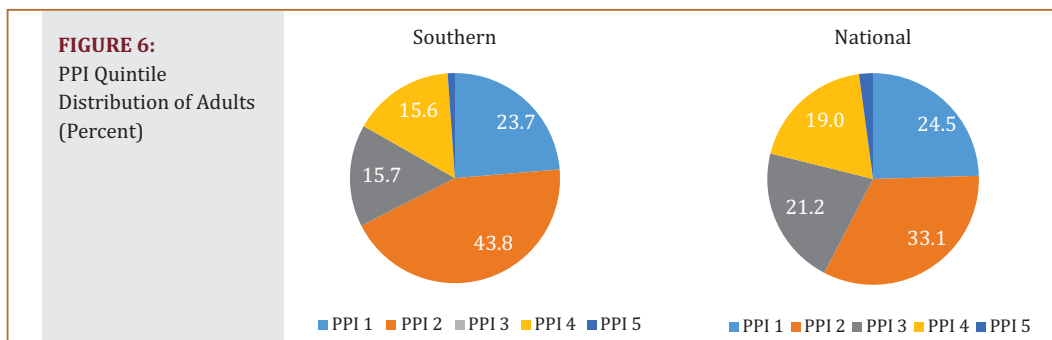
TABLE 4: FREQUENCY OF RECEIVING MAIN INCOME (PERCENT)

Frequency	Salaried Adults	Business owners	Traders	Casual /Piece workers	Farmers	Depends on family and friends
Daily	9.8	40.4	23.4	6.3	8.1	0.6
Weekly	9.2	12.1	15.1	18.4	12.2	4.4
More than once a month but not weekly	3.8	1.7	6.4	4.2	3.7	5.2
Monthly	58.5	11.0	14.1	15.2	9.4	33.4
Every 2 months	1.8	-	3.8	4.3	3.6	6.3
Annually	2.9	-	2.2	1.9	8.4	-
Seasonally	11.3	3.5	9.5	6.7	22.2	1.6
Occasionally - no particular schedule	2.2	18.4	24.3	22.4	30.3	41.4
Upon completion of job	0.4	8.8	1.2	20.7	2.0	4.0

### 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, most adults were in PPI 2 (43.8 percent) and PPI 1 (23.7 percent), representing the poor segments of society. The percentage of adults in PPI 3 and PPI 4 stood at 15.7 percent and 15.6 percent, respectively. Only 1.1 percent of adults were in the highest-income quintile of PPI 5 (Figure 6). The number of adults in PPI 5 was too small to allow for a more detailed analysis.



### 3.4.1 Income of Adults by PPI

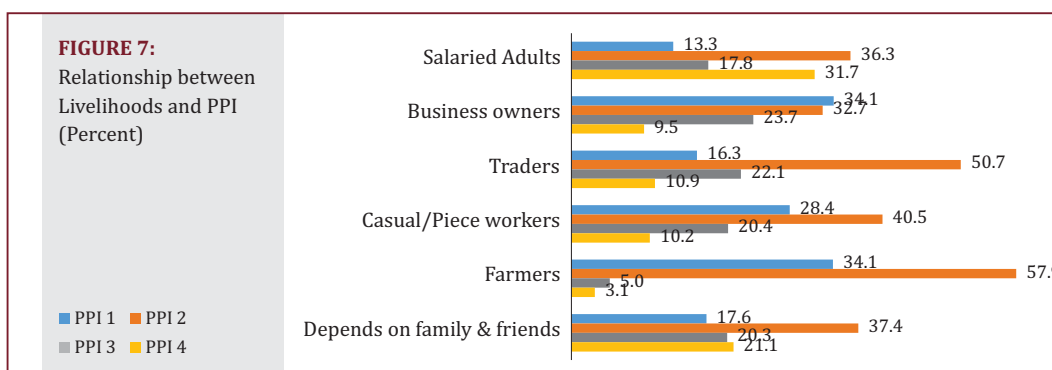
The average income per month was highest for adults in the high income quintile of PPI 4 and above the national average (Table 5).

TABLE 5: AVERAGE INCOME BY PPI QUINTILE (ZMW)

	Southern		National	
	Mean	Median	Mean	Median
PPI 1	683.85	537.41	540.80	300.00
PPI 2	946.69	500.00	820.31	462.58
PPI 3	1,458.75	989.61	1,690.19	1,000.00
PPI 4	3,706.58	1,500.00	2,886.85	1,500.00

### 3.4.2 Relationship between Livelihoods and PPI (Percent)

The Survey showed that most adults across all income source categories (livelihoods) were in the low income quintile of PPI 2 (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 investment in assets;
- Plan and pay for recurring expenditures such as utility bills; and
- Manage expenses related to unexpected events such as medical emergencies, death or natural disasters through insurance, investment and pension products/services.

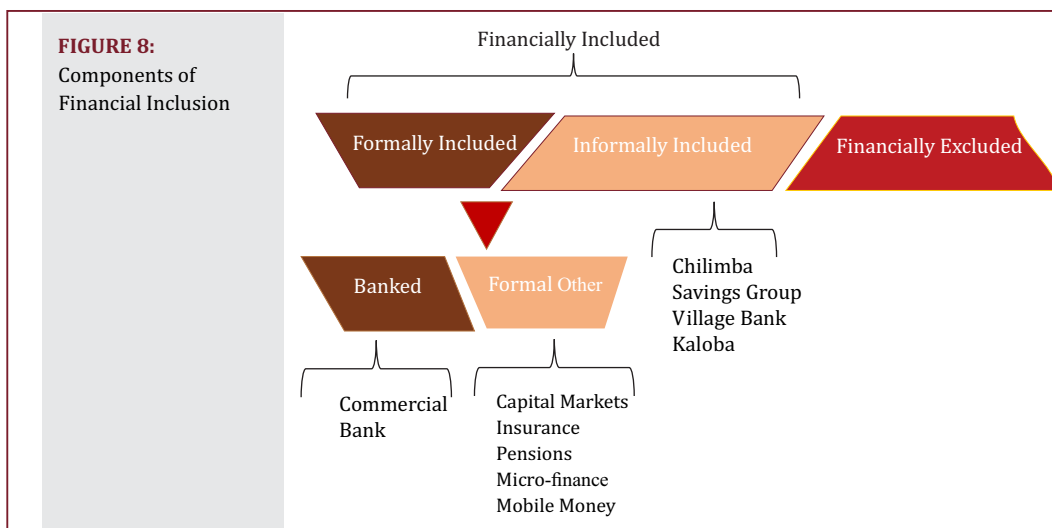
The ultimate goal of financial inclusion is to improve the welfare of citizens by reducing financial vulnerability and increasing the potential for their participation in economic activities. The FinScope Survey methodology segments the adult population into those who are “financially included” and “financially 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.

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<sup>4</sup>National Financial Inclusion Strategy 2017 - 2022

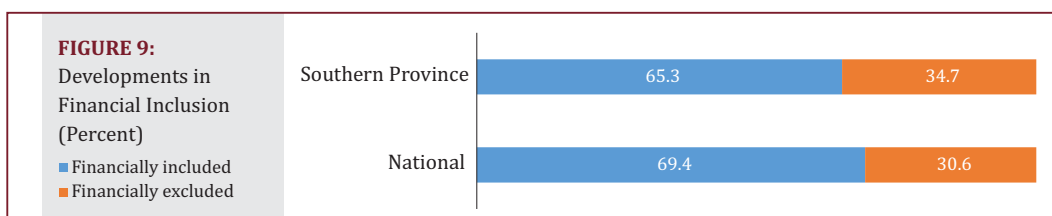


## 4.2 Developments in Financial Inclusion

For the purpose of this Survey, the level of financial inclusion is segmented as follows:

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

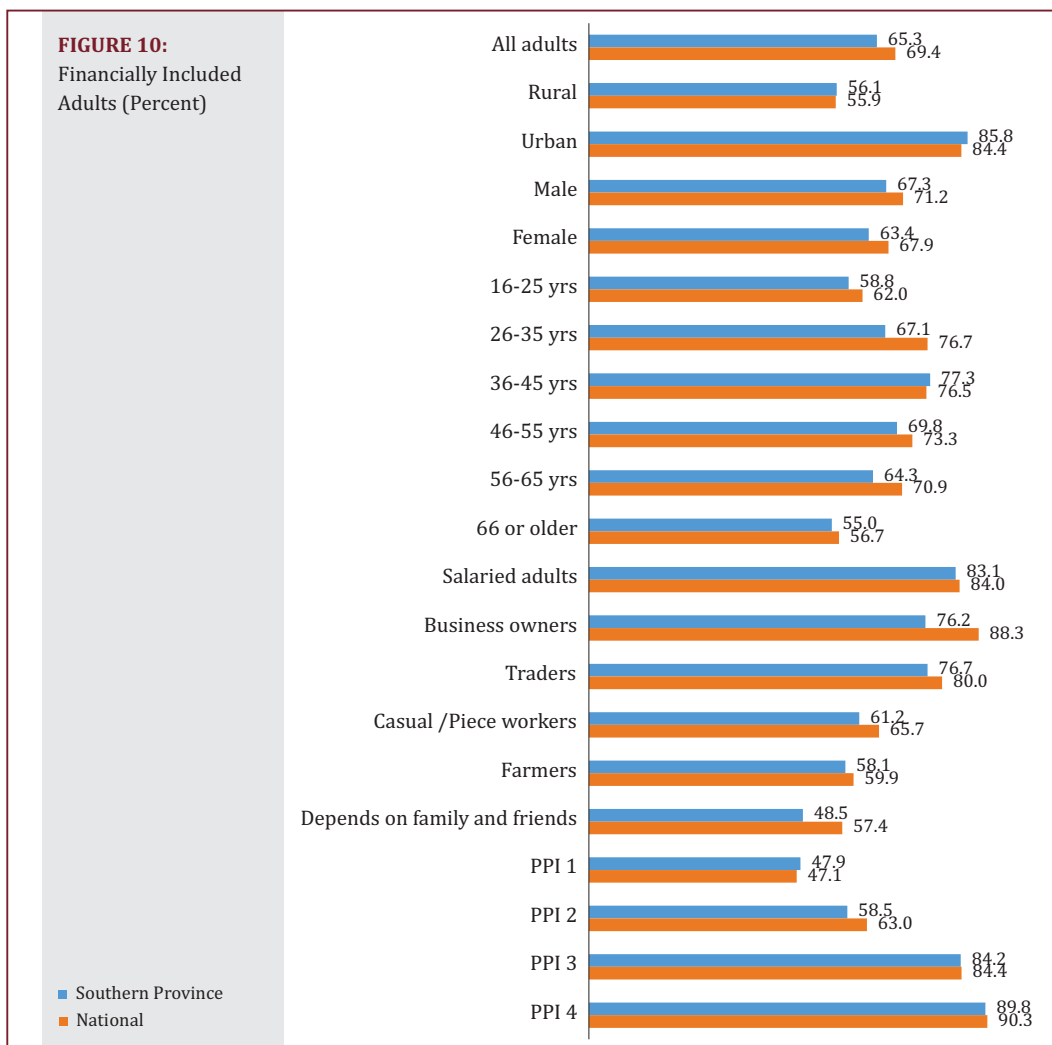
The Survey showed that 65.3 percent (704,687) of adults in the Province were financially included while 34.7 percent (374,466) were financially excluded (Figure 9).



### 4.2.1 Financial Inclusion amongst Adults

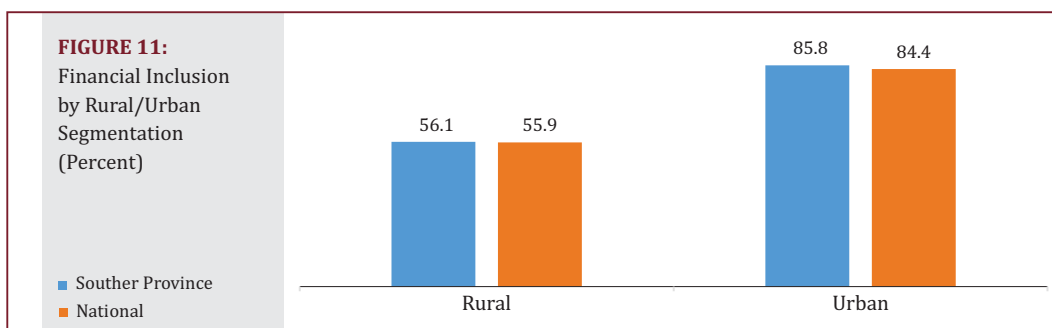
Figure 10 shows that the level of financial inclusion in the Province was highest amongst:

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



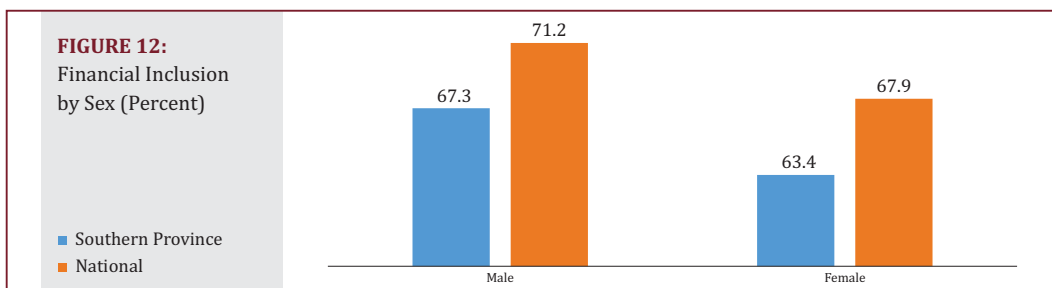
#### 4.2.2 Financial Inclusion by Rural/Urban Segmentation

The Survey showed that financial inclusion was higher in urban areas (85.8 percent) than in rural areas at 56.1 percent (Figure 11).



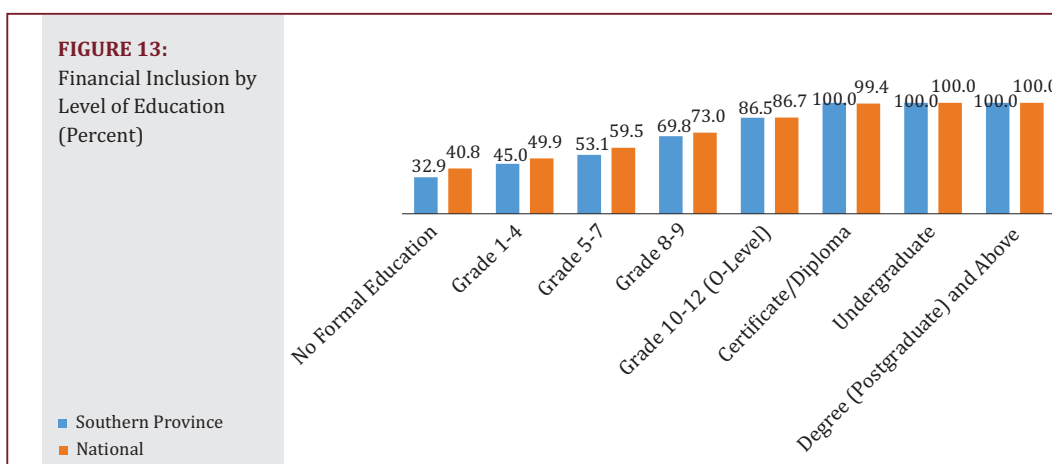
### 4.2.3 Financial Inclusion by Sex

The level of financial inclusion among males at 67.3 percent was higher than females at 63.4 percent (Figure 12).



### 4.2.4 Financial Inclusion by Level of Education

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



## 4.3 Formal and Informal Financial Inclusion

Formal financial inclusion relates to the percentage of 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 percentage of adults who use financial services provided by a service provider that is not regulated.

Formal financial inclusion amongst adults was 57.5 percent while informal inclusion stood at 28.7 percent (Figure 14).

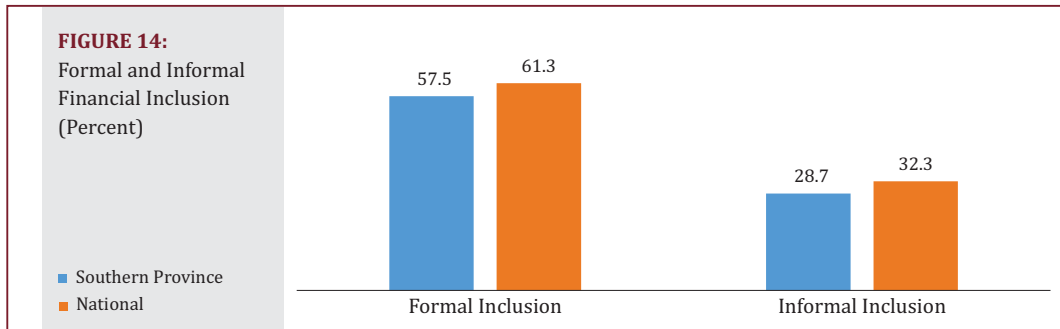


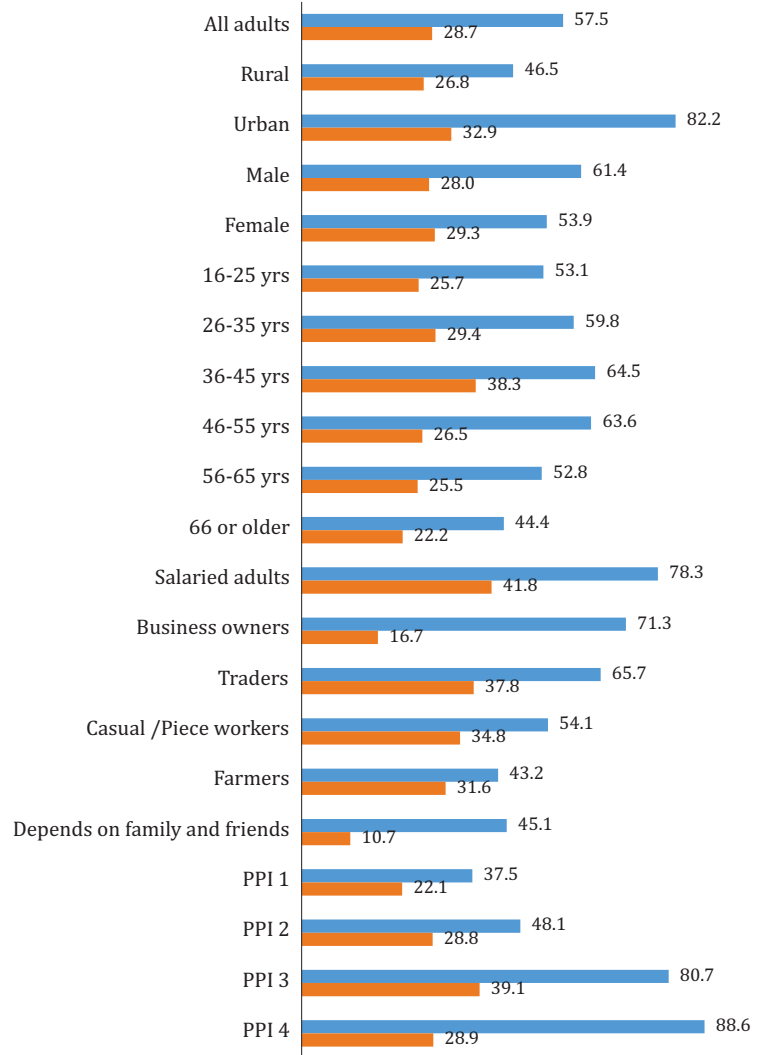
Figure 15 shows that formal financial inclusion was highest amongst:

- Adults in urban areas;
- Males;
- Adults of age 36 – 55 years;
- Salaried employees; and
- Households in the high income quintile of PPI 4.

Informal inclusion was highest amongst:

- Urban based adults;
- Females;
- Adults of age 36 – 45 years;
- Salaried employees; and
- Households in the middle-income quintile of PPI 3.

**FIGURE 15:**  
Adults Who Used  
Formal and Informal  
Financial Services  
(Percent)



## 4.4 Financial Access Strands

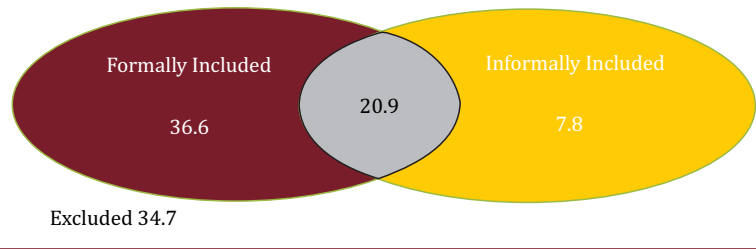
Financial access strands are useful in comparing levels of financial inclusion over time or between different population segments. Adults were grouped into four (4) financial access strands. Those who:

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 36.6 percent of adults used only formal financial products/services while 7.8 percent used only informal financial products/services. In addition, 20.9 percent of adults used both formal and informal financial products/services. The percentage of financially excluded adults at 34.7 percent was higher than the national level of 30.6 percent (Figure 16).

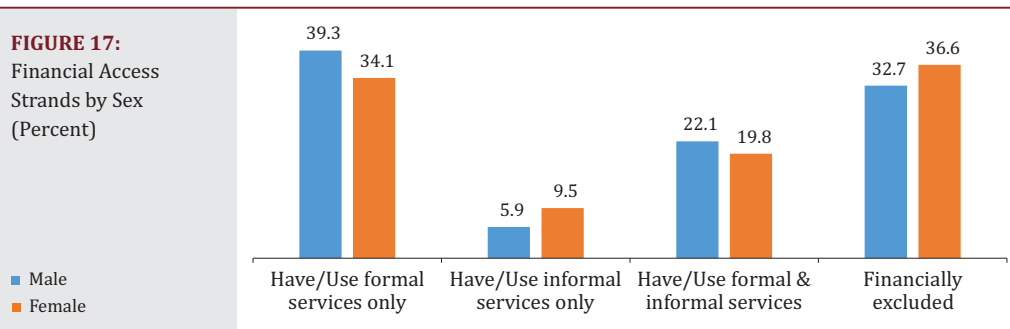
**FIGURE 16:**  
Overlap in Formal and Informal Financial Inclusion (Percent)



#### 4.4.2 Financial Access Strands by Sex

The analysis of access strands by sex showed that most males (39.3 percent) used only formal financial services. The use of only informal financial services was higher for females than males. Further, a higher percentage of males used both formal and informal financial services at 21.1 percent compared with 19.8 percent for females (Figure 17).

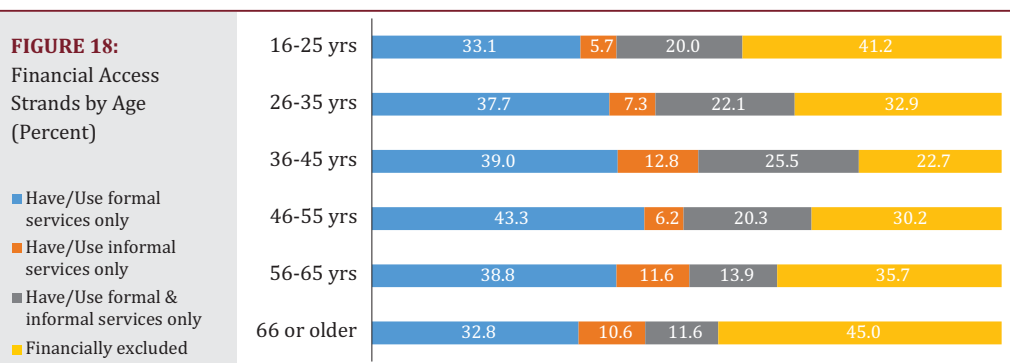
**FIGURE 17:**  
Financial Access Strands by Sex (Percent)



#### 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 46 - 55 years. Most adults who used both formal and informal financial products/services were in the age group 36 - 45 years. Further, the percentage of adults who used informal financial services only was also highest in the age group 36 - 45 years, while the most financially excluded adults were in the age group 66 years or older (Figure 18).

**FIGURE 18:**  
Financial Access Strands by Age (Percent)

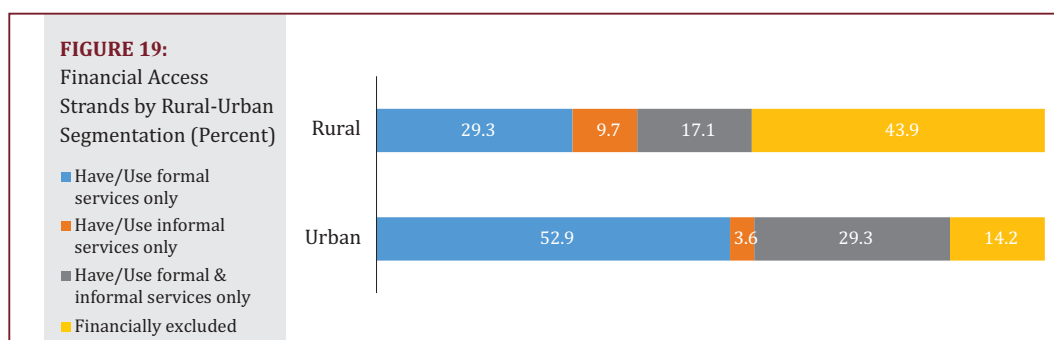




#### 4.4.4 Financial Access Strands by Rural-Urban Distribution

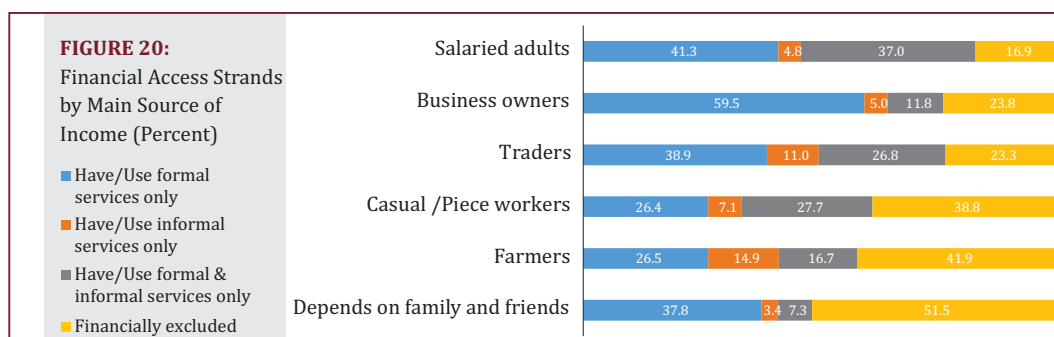
The percentage of adults who used only formal as well as both formal and informal financial products/services was higher in urban areas than in rural area.

However, the use of only informal financial services and adults most financially excluded were higher in the rural areas than in urban areas (Figure 19).



#### 4.4.5 Financial Access Strands by Main Source of Income

The highest percentage of business owners used only formal financial services while most farmers used only informal services. The percentage of adults who used both formal and informal financial services was highest among salaried workers while most dependants were financially excluded (Figure 20).

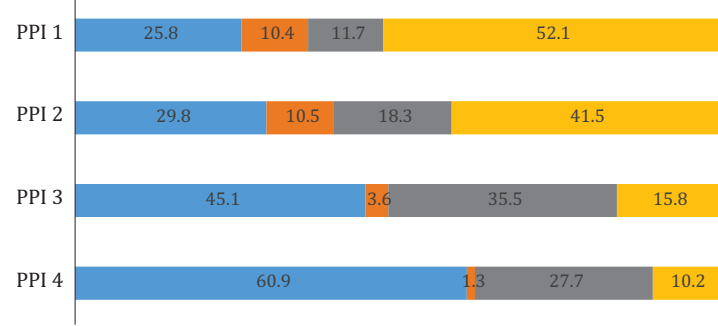


#### 4.4.6 Financial Access Strands by PPI Quintile

Figure 21 shows that the percentage of adults who used only formal financial services was highest in the income quintile PPI 4. The use of both formal and informal financial services was highest among adults in the middle-income quintile of PPI 3 while the most financially excluded adults were in PPI 1.

**FIGURE 21:**  
Financial Access  
Strands by PPI Quintile  
(Percent)

- Have/Use formal services only
- Have/Use informal services only
- Have/Use formal & informal services only
- Financially excluded



## 5.0 UPTAKE OF FORMAL FINANCIAL SERVICES

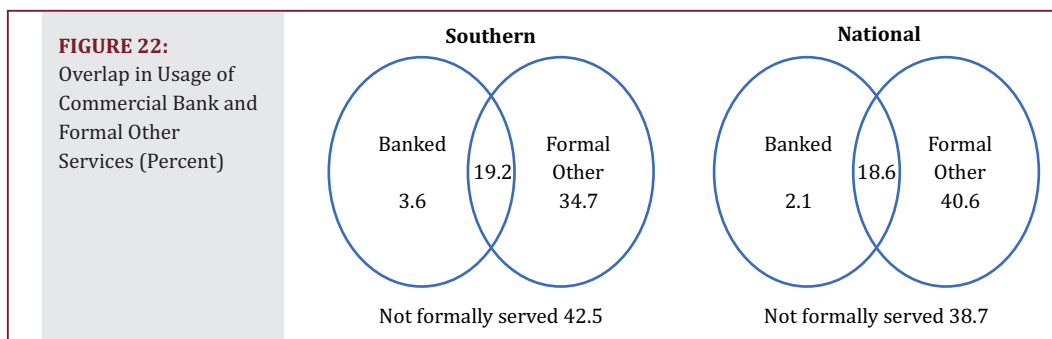
This section highlights details of products/services used by the formally included adult population in Southern province, which stood at 57.5 percent.

### 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<sup>5</sup>);
- 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 22.8 percent of adults were banked while 53.9 percent used “formal other” services. Of those who were banked, 3.6 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 19.2 percent. Further, 42.5 percent of the adult population did not use formal financial products /services (Figure 22).



The most widely used non-bank financial service was mobile money at 52.5 percent. Money transfer and capital market services were the least utilised at 0.4 percent and 0.5 percent, respectively. This profile was consistent with the national level of access for non-bank formal financial services (Table 6).

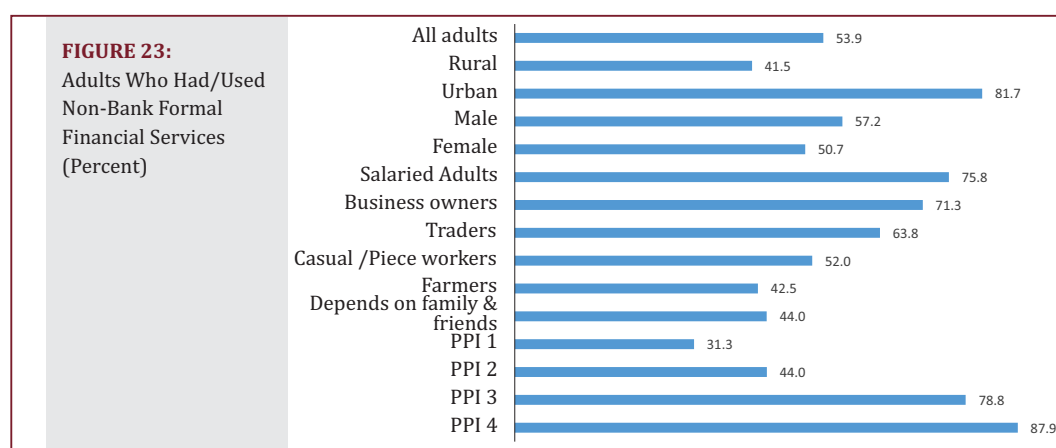
<sup>5</sup>Payment Service Providers include mobile money and money transfer service providers.

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

	Southern Province	National
Adults	53.9	59.2
Mobile money	52.5	58.4
Pensions	8.3	8.2
Insurance	6.6	6.3
Micro finance	1.6	2.1
Money transfer <sup>6</sup>	0.4	0.6
Capital markets	0.5	0.6

The usage of non-bank formal financial products/services was highest amongst adults in urban areas. These were mostly amongst:

- Males;
- Salaried employees; and
- Households in the high-income quintile of PPI 4.



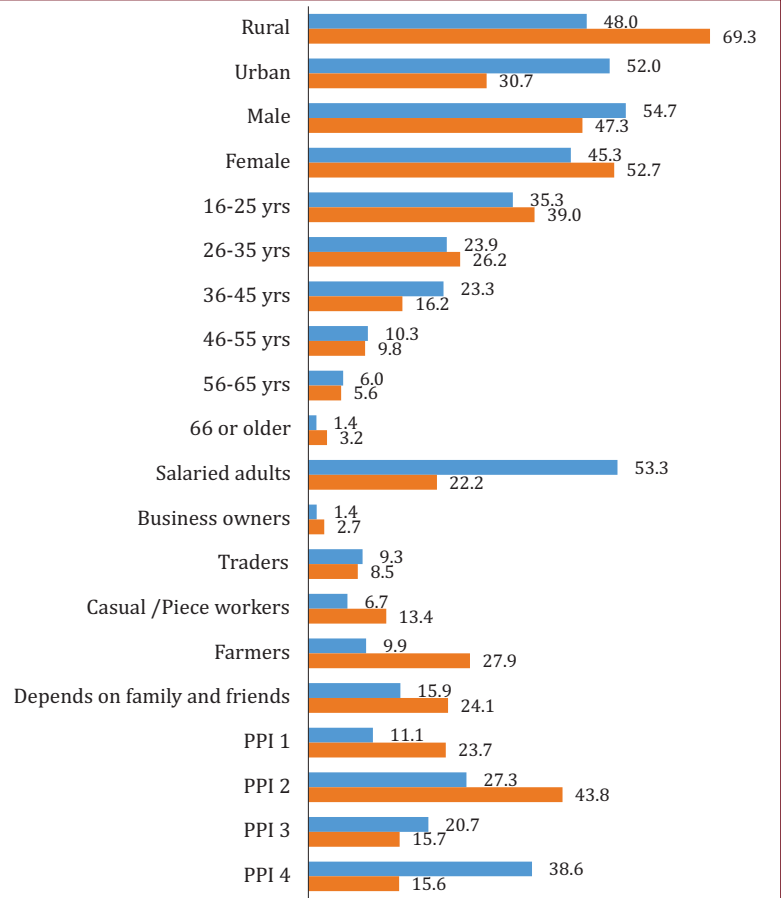
### 5.1.1 Uptake of Commercial Bank Services

The uptake of commercial bank services in the Province was 22.8 percent. Figure 24 shows that these adults were more likely to be:

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

<sup>6</sup>Use 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)

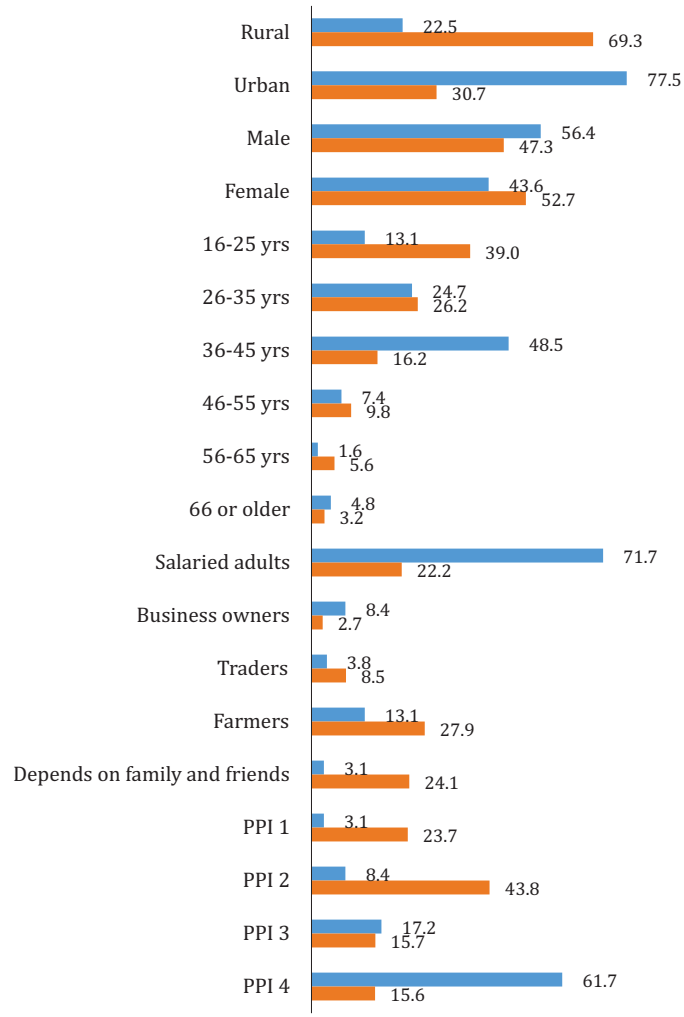


### 5.1.2 Uptake of Microfinance Services

The uptake of microfinance services stood at 1.6 percent of the adult population. Figure 25 illustrates that these were most likely to be:

- Urban based;
- Male;
- 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)

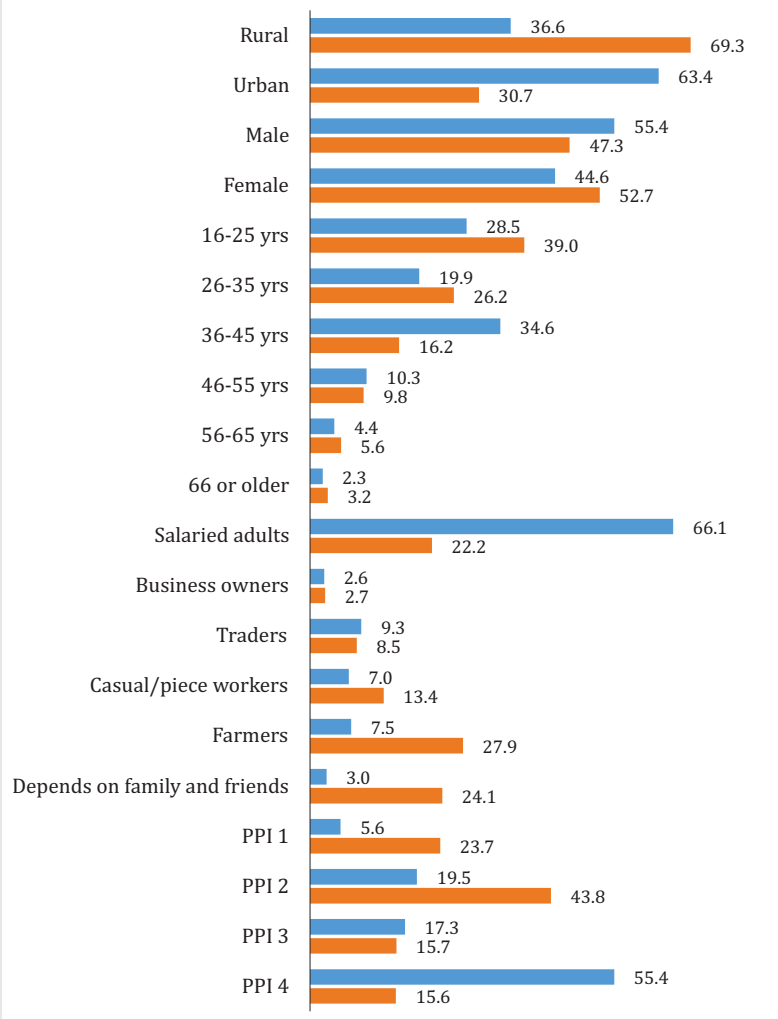


### 5.1.3 Uptake of Insurance Services

The uptake of insurance services stood at 6.6 percent of the adult population, above the national level of 6.3 percent. As illustrated in Figure 26, these adults were most likely to be:

- Urban based;
- Male;
- 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)

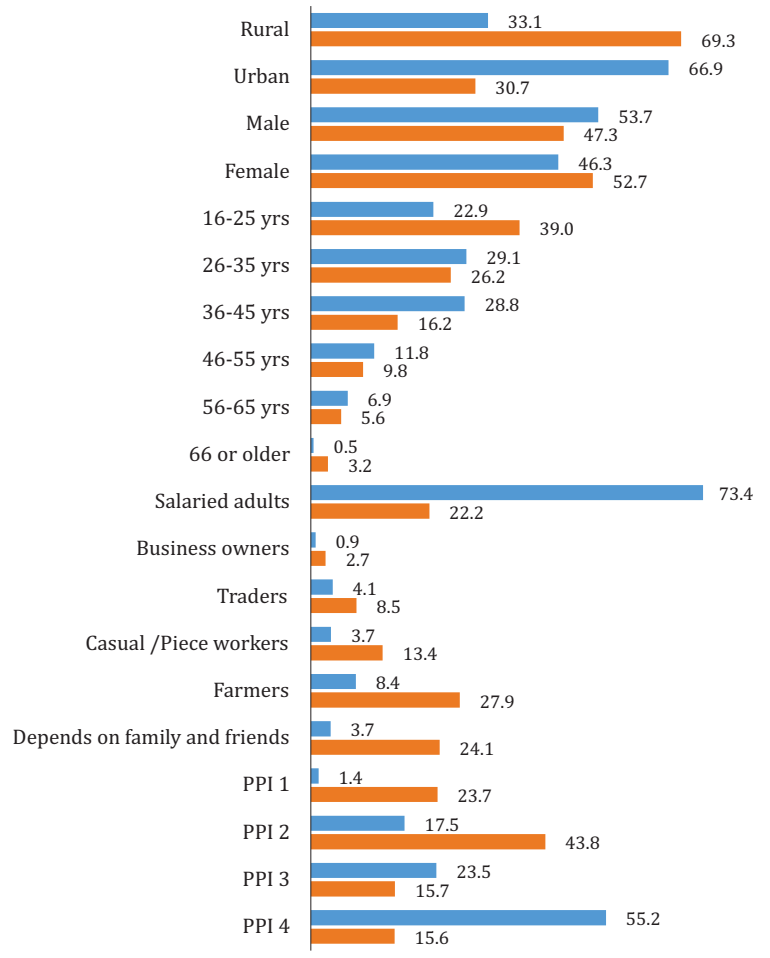


#### 5.1.4 Uptake of Pension Services

The uptake of pension services stood at 8.3 percent of the adult population and was slightly above the national level of 8.2 percent. Figure 27 illustrates that these adults were most likely to be:

- Urban based;
- Male;
- In the age group 26 - 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)



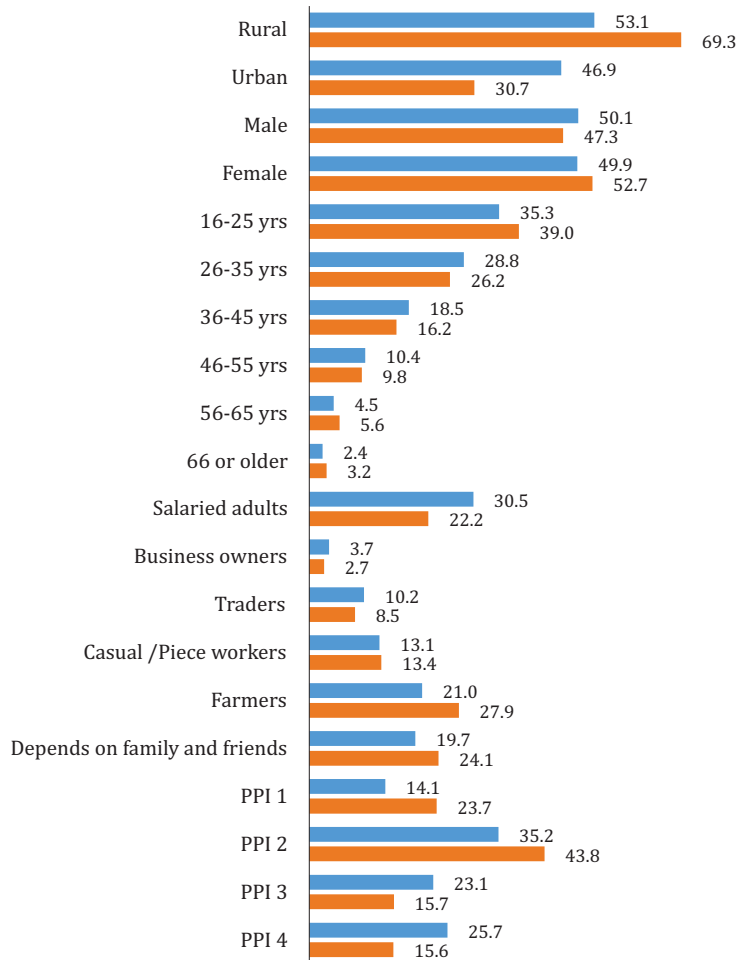
### 5.1.5 Uptake of Mobile Money Services

The uptake of mobile money services stood at 52.5 percent. Figure 28 shows that adults who used mobile money were more likely to be:

- Rural based;
- Of age 16 - 25 years;
- Salaried employees; 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)



## 5.2 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 services in the province were female, from rural areas, of age 66 or older, farmers, and from households in the low-income quintiles of PPI 1 and PPI 2.

### 5.2.1 Barriers to Usage of Commercial Bank Products/Services

As illustrated in Table 7, the two main factors that inhibited the use of commercial bank services in the Province 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 SERVICES (PERCENT)

Barriers	Southern	National
Insufficient or no money to justify opening an account	34.6	37.3
Banks are too far away	22.6	18.7
Bank service charges are too high	9.9	8.0
Cannot maintain the minimum balance	9.3	10.9
Does not have the documentation required	7.0	4.8
Does not understand benefits of having a bank account	4.9	6.6
Does not know how to open a bank account	4.2	4.0
Can get the same services elsewhere in the community	2.2	2.1
Does not trust banks	1.5	1.5
Bank products are complicated	1.2	2.0

### 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 to justify opening an account; and
- Long distance to the nearest microfinance access point.

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

Barrier	Southern	National
Insufficient or no money to justify opening an account	33.0	33.1
They are too far away	20.3	16.3
Does not understand benefits of using them	15.9	20.2
Cannot maintain the minimum balance	7.0	8.3
Service charges are too high	6.1	5.1
Does not have the documentation required	5.2	3.8
Does not know how to open an account	3.8	3.1
Does not trust them	3.8	3.4
Can get the same services elsewhere in the community	1.9	1.9
They do not provide the products or services I need	1.0	2.4

### 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 money to invest;
- 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)

Barrier	Southern	National
Do not have money to invest	32.3	26.6
Do not know how it works	22.4	26.2
I have never heard of it	20.9	21.8
Do not know the benefits of investing	9.0	10.9
Do not know where the product is offered	7.3	4.9
I am scared to lose my money	2.7	4.0
Do not trust the companies that provide the products	1.2	1.4

#### 5.2.4 *Barriers to Usage of Insurance Services*

Most adults who did not use insurance services indicated that they had never heard about it and could not afford it (Table 10).

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

Barrier	Southern	National
Never heard of it until now	44.4	40.9
Cannot afford it	26.0	24.9
Does not know how it works	9.9	12.5
Does not know the benefits of insurance	9.2	10.8
Does not know how to get it/where to get it	4.4	4.1
Does not trust it or the companies that provide	1.4	1.5
Protect myself in other ways	1.4	2.8
They don't want to pay out when you claim	1.3	1.2
Does not want to think about bad things happening	1.0	1.0

#### 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)

Barrier	Southern	National
Not employed/Don't have a job	62.7	66.5
I don't have money to contribute to a pension scheme	9.7	12.2
Have never thought about it	8.2	5.6
Don't know what pensions are	8.0	2.7
Have other ways of getting money when I am old	1.9	1.2

#### 5.2.6 *Barriers to Usage of Mobile Money Services*

Lack of ownership of a mobile phone was the main factor that prevented the higher usage of mobile money services (Table 12).

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

Barrier	Southern	National
I do not have a mobile phone	33.8	39.4
I do not know how to get it	10.9	6.6
I do not need it, I do not make any transactions	9.6	11.1
I do not know what it is	6.7	3.0
There is no point-of-service/agent close to where I live	6.1	5.0
Using it is difficult	4.5	2.6
I do not have the required documents	3.7	4.6
Fees for using this service are too high	2.3	1.3
I do not trust that my money is safe on a mobile money account	1.4	2.9
Mobile money does not provide anything better/any advantage over the financials	1.0	0.7
No one among my friends or family use this service	1.0	0.7

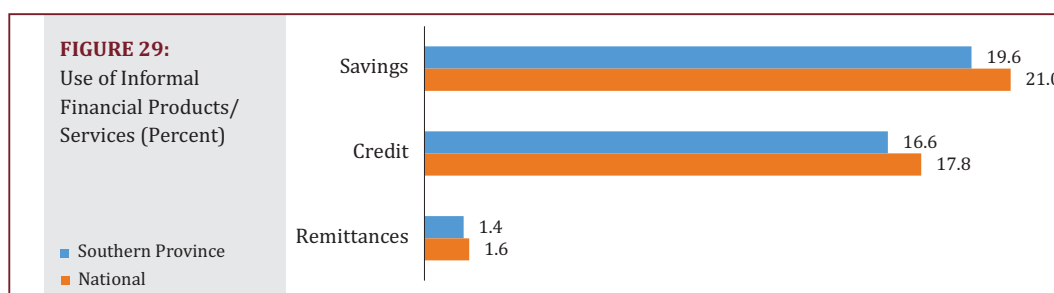
## 6.0 USE OF INFORMAL FINANCIAL SERVICES

This section provides survey findings on access and usage of informal products/services. These are products/services provided by entities that are not formally regulated such as 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 28.7 percent (309,717).

### 6.1 Uptake of Informal Financial Products/Services

Figure 29 illustrates that informal savings had the highest uptake of 19.6 percent followed by credit at 16.6 percent.



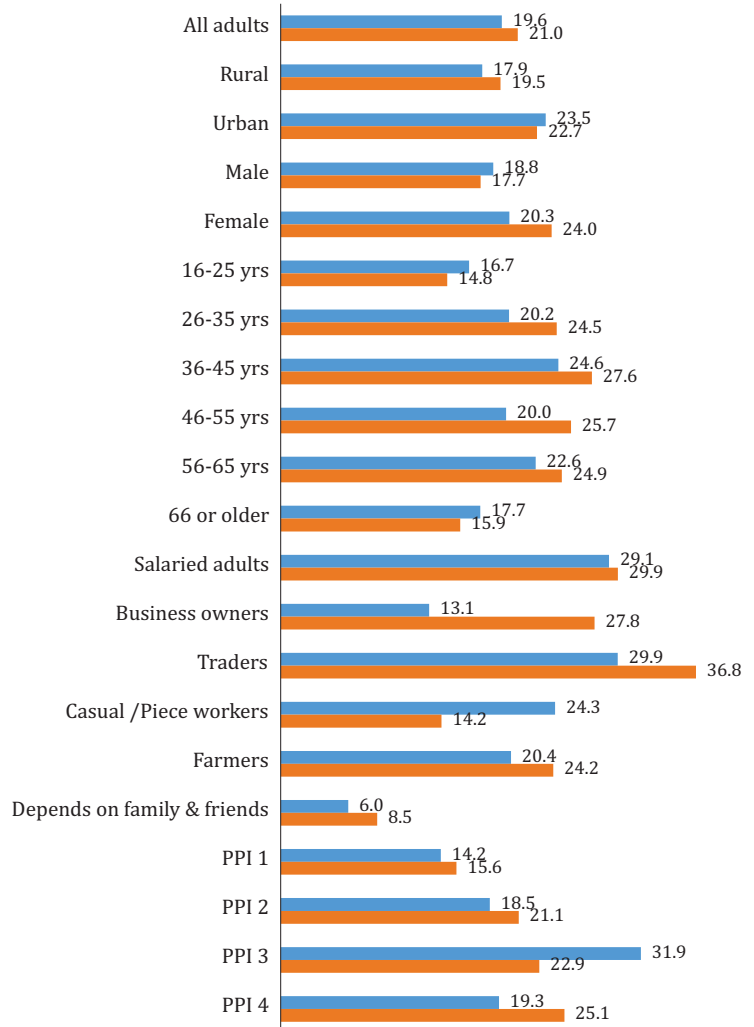
#### 6.1.1 Informal Savings Services

The Survey showed that 19.6 percent of adults used informal savings services. These services included village banking and other savings mechanisms such as keeping money with employers, community groups and churches.

As illustrated in Figure 30, adults who used informal savings services were mostly amongst:

- Those in urban areas;
- Females;
- Those of age 36 – 45 years;
- Traders and salaried workers; and
- Households in the middle-income quintile of PPI 3.

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

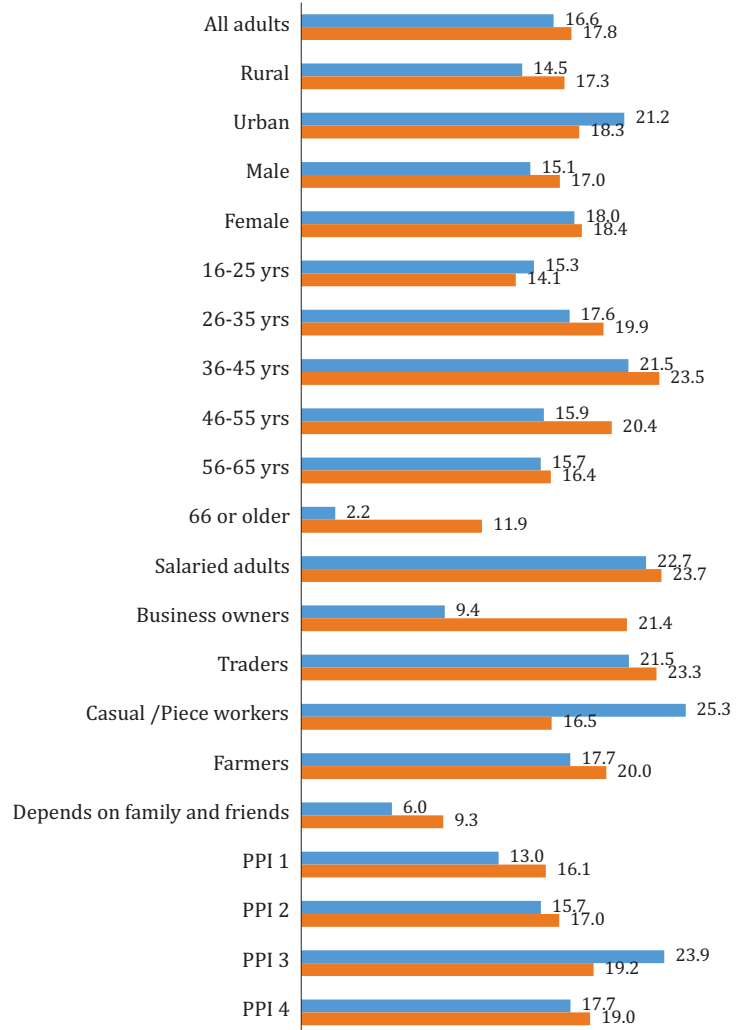


### 6.1.2 Informal Credit Services

Informal credit products/services were accessed by 16.6 percent of adults (Figure 31). These services included borrowing from village banks, savings group, kaloba and other informal sources of credit. Uptake of informal credit products/services was highest amongst:

- Adults in urban areas;
- Females;
- Those of age 36 – 45 years;
- Casual/piece workers; and
- Households in the middle income quintile of PPI 3.

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

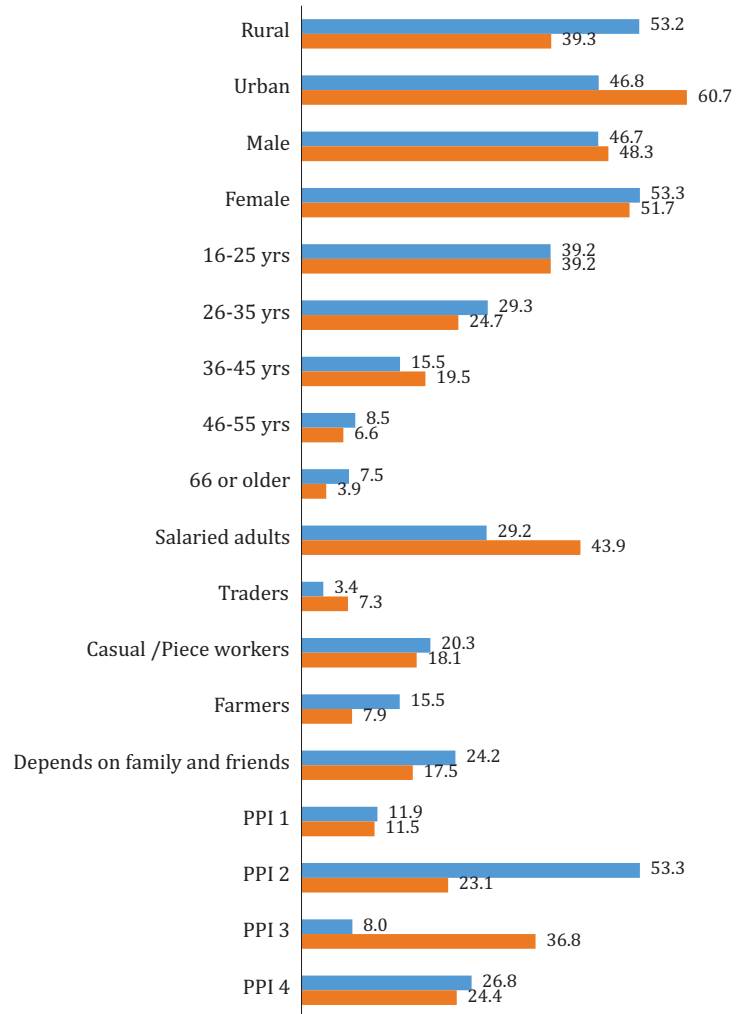


### 6.1.3 Informal Remittance Services

Adults that used informal money transfer services accounted for 1.4 percent of the adult population. As illustrated in Figure 32, the usage of these services was mostly by:

- Rural based adults;
- Females;
- Adults of age 16 – 25 years;
- Salaried employees; and
- Households in the low-income quintile of PPI 2.

**FIGURE 32:**  
Comparing the Profile  
of Adults Who Used  
Informal Remittance  
Services with the Total  
Adult Population  
(Percent)



#### 6.1.4 Informal Credit and Community Savings Groups

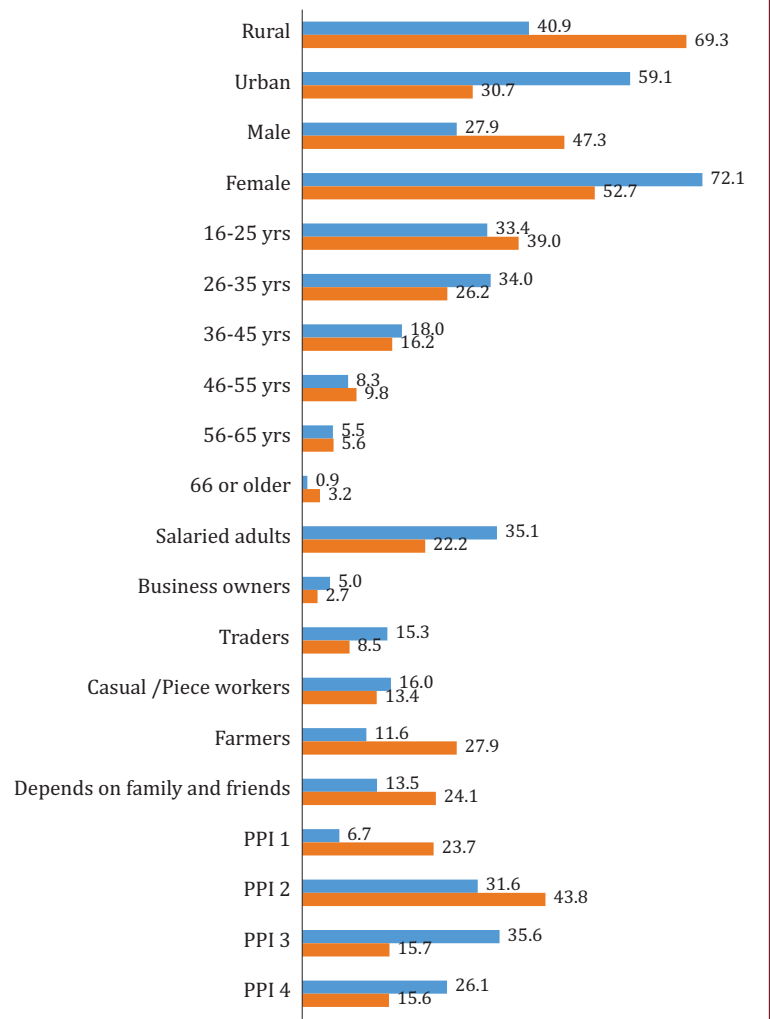
This section provides an analysis of the demographic profile of adults that accessed informal credit and belonged to community savings groups. The Survey indicated that 12.2 percent of the adult population in the Province belonged to a Chilimba, Savings Group or Village Bank. In addition, 2.6 percent used 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 Survey showed that 5.7 percent of adults belonged to a Chilimba. As illustrated in Figure 33, these adults were most likely to be:

- Urban based;
- Female;
- Of age 26 -35 years;
- Salaried employees; and
- From households in the middle-income quintile of PPI 3.

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



#### 6.1.4.2 Savings Groups

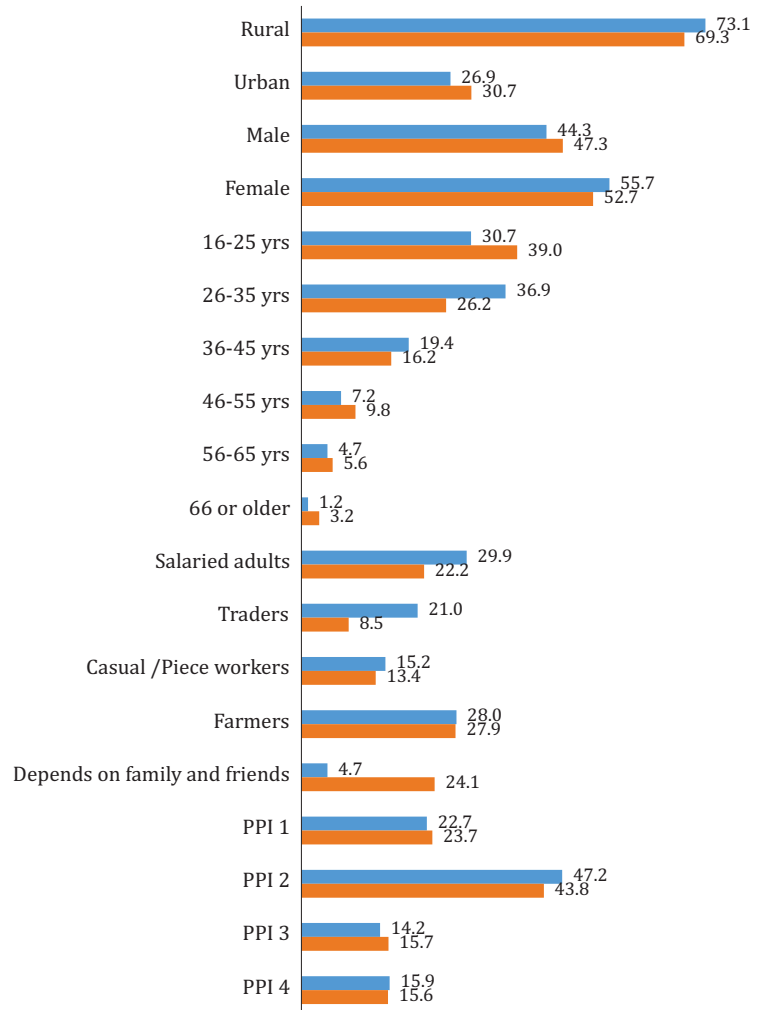
Savings Groups (SGs) are closed self-selected user groups that pool savings which are shared out at the end of a savings cycle (usually 12 months). The savings are also used to offer credit within the group at an agreed interest rate. The interest earned is shared by members of the group in proportion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

The Survey showed that 6.1 percent of adults belonged to SGs. As illustrated in Figure 34, these were most likely to be:

- Rural-based;
- Female;
- Of age 26-35 years;
- Salaried employees; and
- Households in the low income quintile of PPI 2.



**FIGURE 34:**  
Comparing the Profile  
of Adults Who  
Belonged to a Savings  
Group with the Total  
Adult Population  
(Percent)

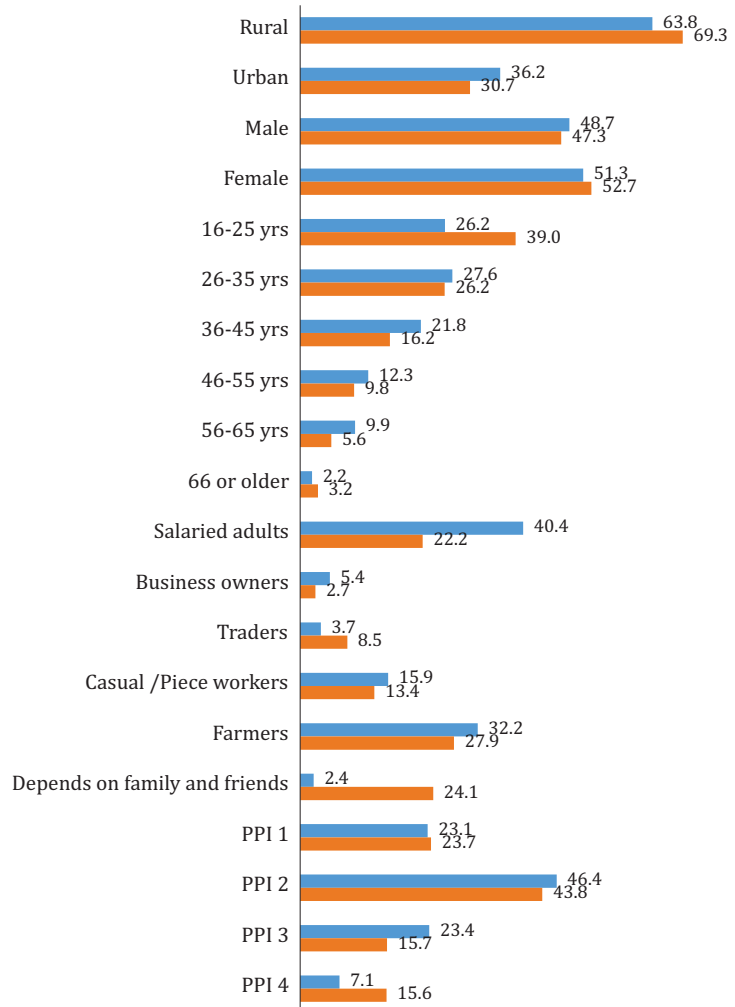


### 6.1.4.3 Village Bank

A village bank is a group of mostly low-income entrepreneurs who come together to share and guarantee one another's loans. The Survey indicated that 2.9 percent of adults belonged to a village bank. Figure 35 showed that these were more likely to be:

- Rural-based;
- Female;
- Of age 26 - 35 years;
- Salaried employees; and
- From households in the low-income quintile of PPI 2.

**FIGURE 35:**  
Comparing the Profile  
of Adults Who  
Belonged to a Village  
Bank with the Total  
Adult Population  
(Percent)

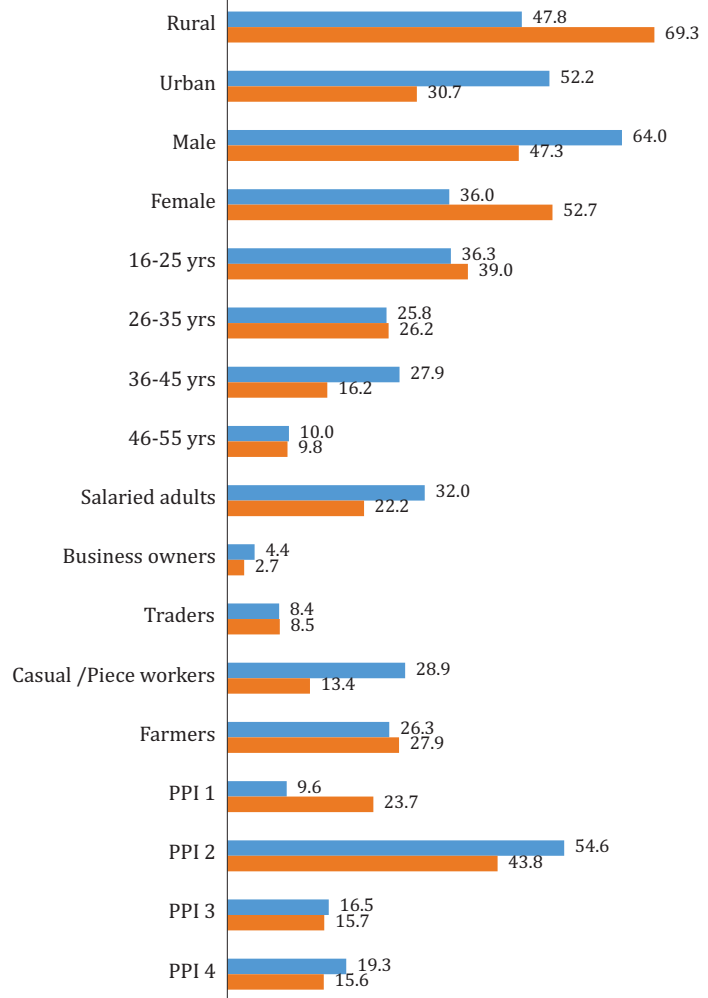


#### 6.1.4.4 Kaloba

Kaloba is informal credit provided by money-lenders and was used by 2.6 percent of the adult population. As illustrated in Figure 36, adults using Kaloba were more likely to be:

- Urban-based;
- Male;
- Of age 16 - 25 years;
- Salaried employees; and
- From households in the low income quintile of PPI 2.

**FIGURE 36:**  
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 services such as the Chilimba, Savings Group and Village bank was lack of money to save (Table 13).

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

Perceived Barrier	Chilimba	Savings Group	Village Bank
Do not have any money to save	35.4	31.1	31.3
There are no such groups in the community	16.2	20.1	21.9
Do not have enough money to save	12.9	15.8	15.2
I see no benefits	11.7	10.1	7.9
Do not trust them	6.7	6.8	8.1
I save money on my mobile phone	6.1	6.4	5.9

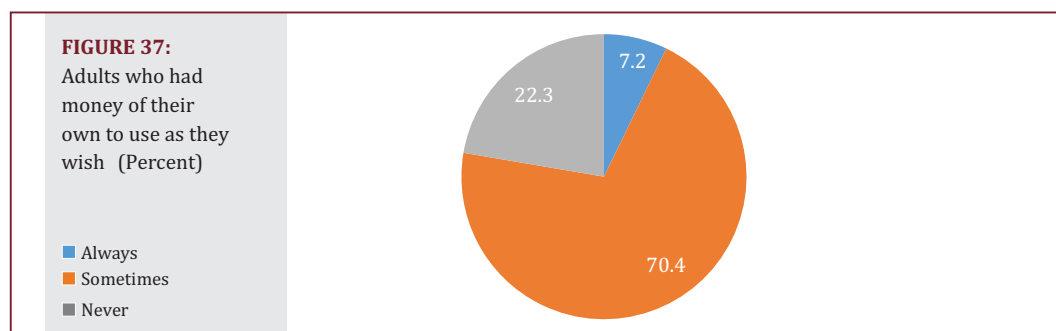
## 7.0 FINANCIAL CAPABILITY

Financial services are required 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 37 illustrates that only 7.2 percent of adults indicated that they always had money of their own to use as they wished while 70.4 percent had money occasionally. Further 22.3 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

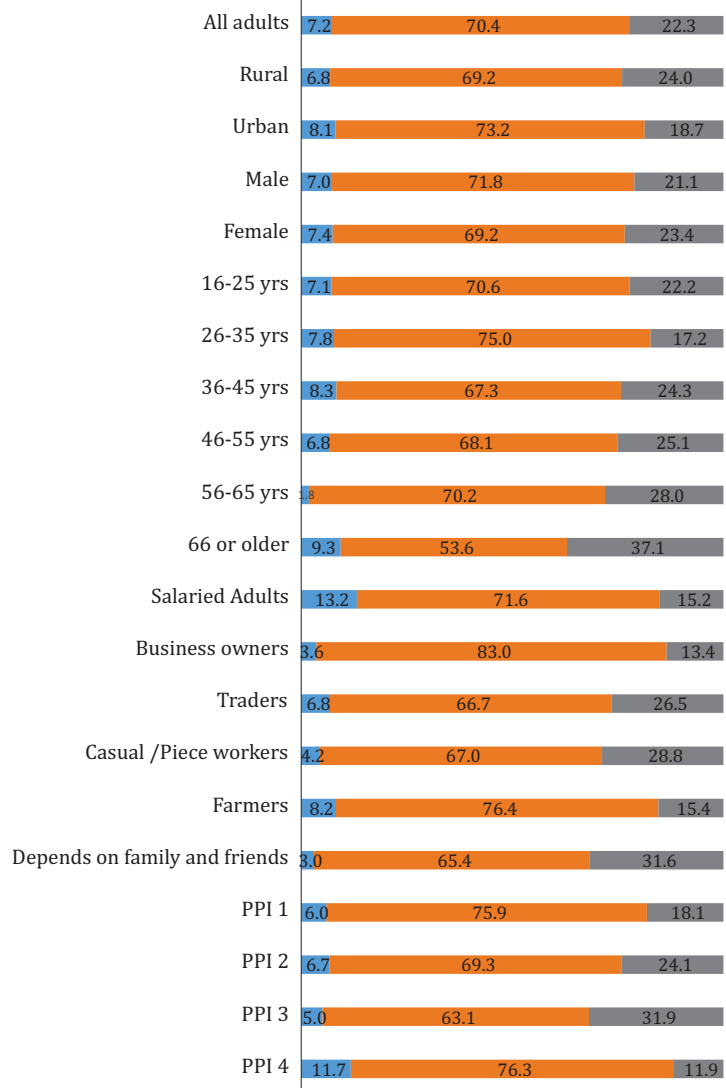
Figure 38 shows that adults who always had money of their own to use were mostly amongst:

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

The percentage of adults who occasionally had money of their own to use was highest amongst:

- Those in urban areas;
- Males;
- Those of age 26 – 35 years;
- Business owners; and
- Households in the high income quintile of PPI 4 and PPI 1.

**FIGURE 38:**  
Adults Who Had  
Money of Their Own to  
Use as They Wished  
(Percent)

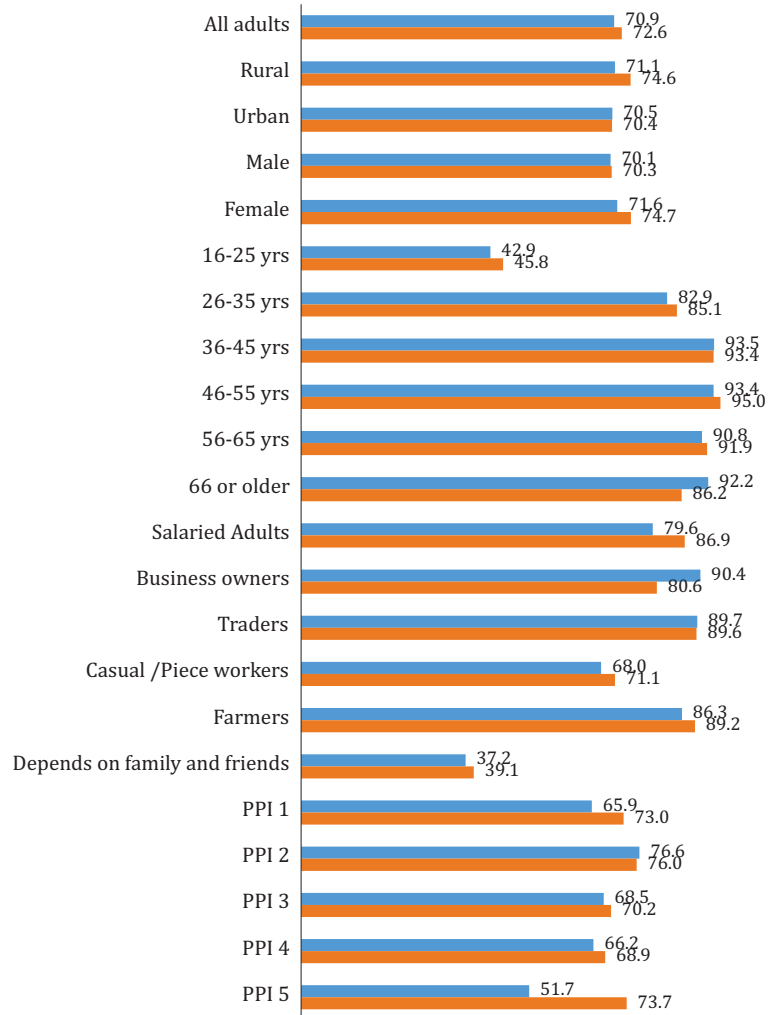


### 7.1.2 Adults Involved in Financial Decision Making

Figure 39 shows that 70.9 percent of adults were involved in household financial decision-making. These were highest amongst:

- Females;
- Adults in the age group 36 – 55 years;
- Business owners; and
- Households in the low-income quintile of PPI 2.

**FIGURE 39:**  
Adults Involved in  
Financial  
Decision-Making  
(Percent)

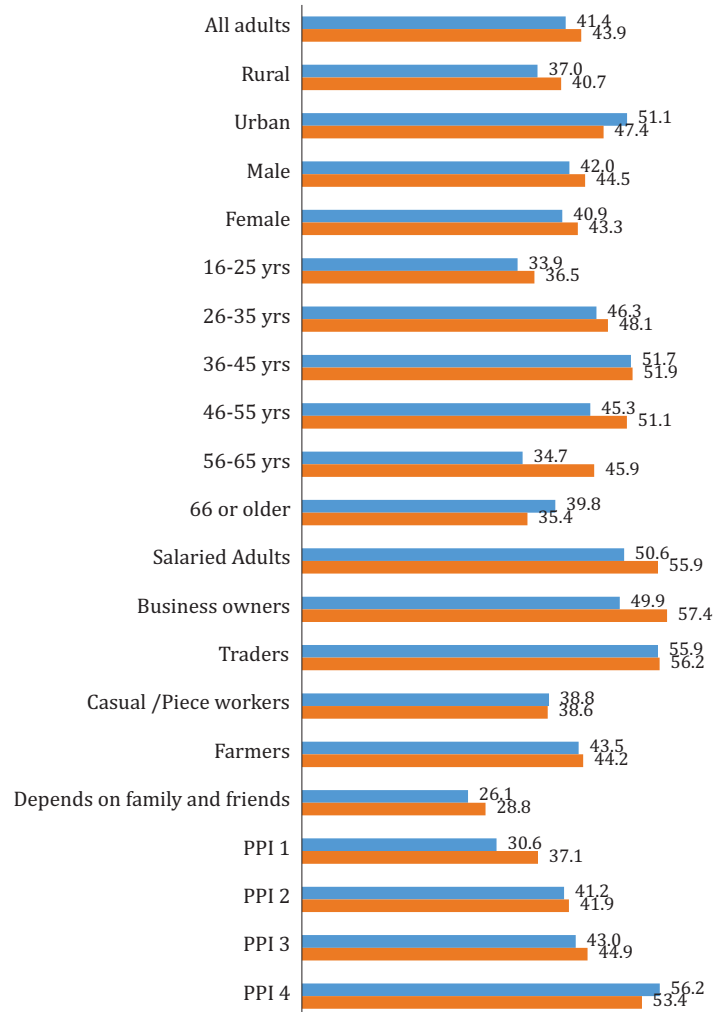


### 7.1.3 Adults Who Kept Track of the Money they Received and Spent

The survey indicated that 41.4 percent of the adult population was able to keep track of the money they received and spent (Figure 40). These were mostly amongst:

- Urban based adults;
- Males;
- In the age group 36 – 45 years;
- Traders; and
- Households in the high-income quintile of PPI 4.

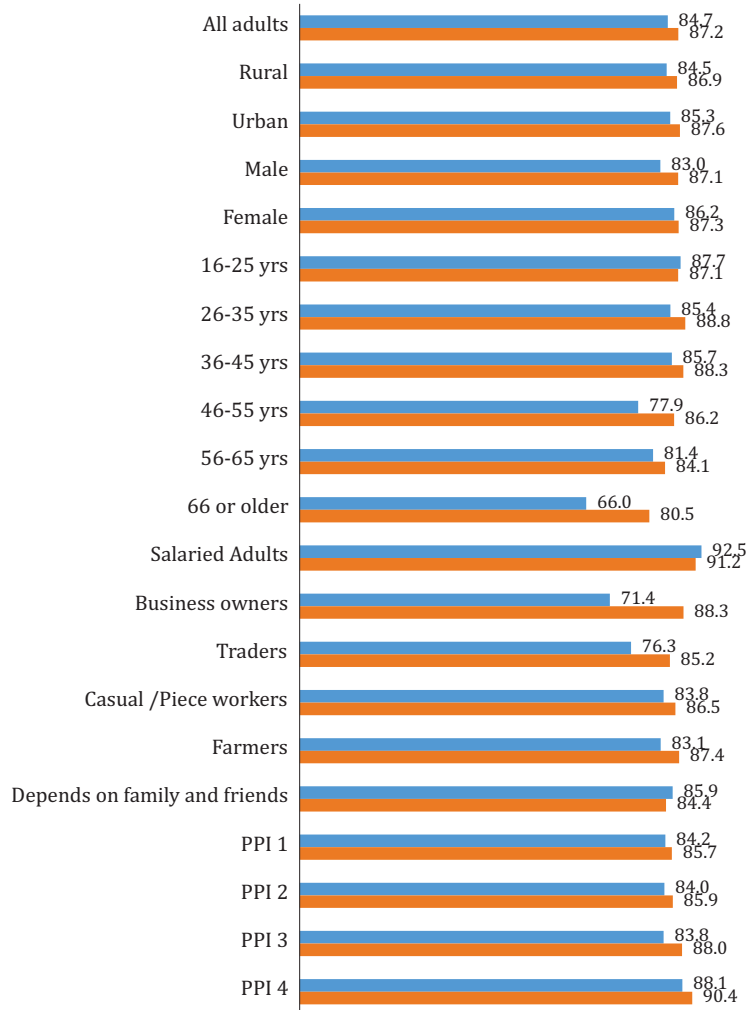
**FIGURE 40:**  
Adults Who Kept Track  
of the Money They  
Received and Spent  
(Percent)



#### 7.1.4 Adults Who Had Access to Financial Advice

Figure 41 illustrates that generally, more than 70 percent of adults had access to financial advice across all demographic characteristics of the population.

**FIGURE 41:**  
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 K46.49 and K20.00 per day compared with K44.51 and K17.91, respectively at national level. Adults in urban areas earned more than twice as much as those in rural areas.

Further, the Survey indicated that salaried employees and adults in PPI 4 had the highest average and median income per day while those dependent on family and friends had the lowest income levels.



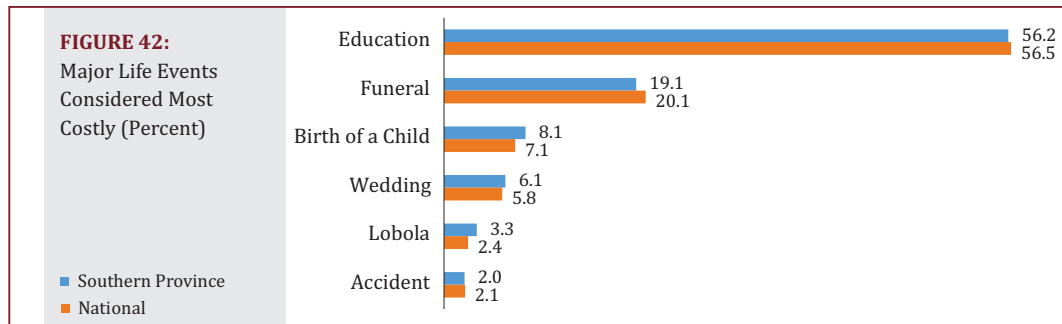
TABLE 14: INCOME BY SOURCE OF INCOME GENERATING ACTIVITY AND PPI QUINTILE

	Kwacha				USD			
	Average		Median		Average		Median	
	Southern	National	Southern	National	Southern	National	Southern	National
All Adults	46.49	44.51	20.00	17.91	2.51	2.40	1.08	0.96
Rural	31.71	25.79	17.91	13.33	1.71	1.39	0.97	0.72
Urban	81.26	67.12	33.33	33.94	4.38	3.62	1.80	1.83
Salaried Adults	92.95	78.66	50.00	37.97	5.01	4.24	2.69	2.05
Business owners	37.23	52.15	33.33	33.33	2.01	2.81	1.80	1.80
Traders	33.84	56.61	18.97	31.17	1.82	3.05	1.02	1.68
Casual /Piece workers	24.51	22.04	17.91	16.56	1.32	1.19	0.97	0.89
Farmers	35.80	24.87	32.99	13.33	1.93	1.34	1.78	0.72
Depends on family and friends	14.13	25.41	10.71	14.67	0.76	1.37	0.58	0.79
PPI 1	22.80	18.03	17.91	10.00	1.23	0.97	0.97	0.54
PPI 2	31.59	27.34	16.67	15.42	1.70	1.47	0.90	0.83
PPI 3	49.39	56.34	32.99	33.33	2.66	3.04	1.78	1.80
PPI 4	123.55	96.23	50.00	50.00	6.66	5.18	2.69	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

The most expensive major life events reported by adults in the Survey were education and funerals (Figure 42). This was similar to the perception at national level.



### 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, 56.8 percent of adults had a dependant/child they supported sent home due to non-payment of school fees, at least once a month (Table 15). These adults were mostly:

- Urban based;
- Female;
- Casual/piece workers; and
- From households in the middle-income quintile of PPI 3.

Further, 43.2 percent of adults had a child/dependant sent home at least once during the year. These adults were mostly:

- Rural based;
- Male;
- Business owners; and
- From households in the lowest and high-income quintiles of PPI 1 and PPI 4.

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

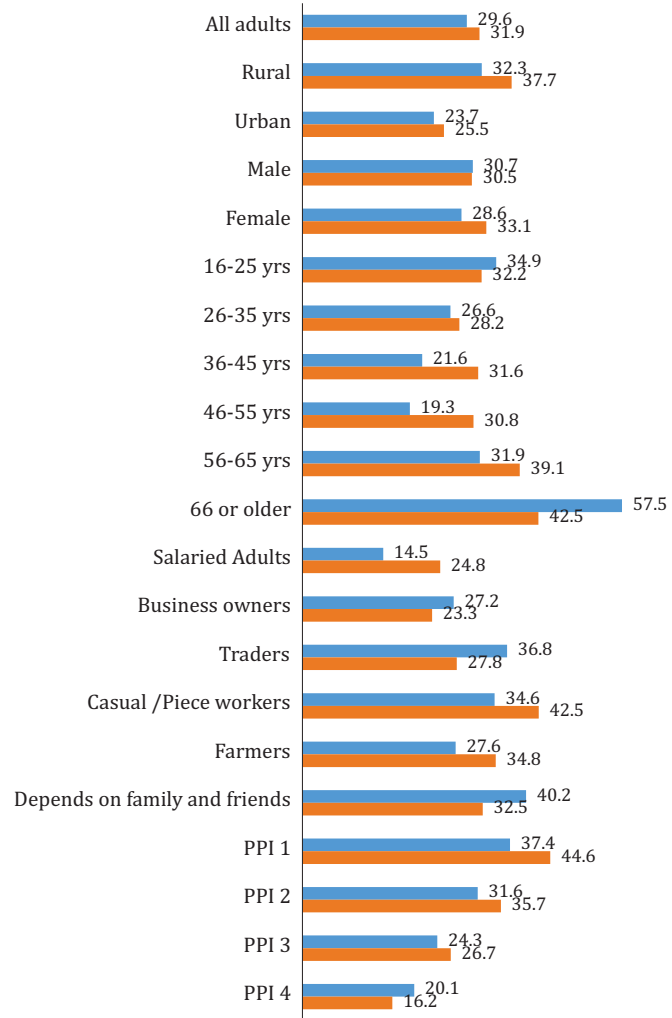
	Southern		National	
	At least once a month	At least once a year but not every month	At least once a month	At least once a year
All adults	56.8	43.2	57.4	42.6
Rural	56.2	43.8	57.1	42.9
Urban	57.3	42.7	57.7	42.3
Male	56.4	43.6	58.1	41.9
Female	57.6	42.4	56.7	43.3
Salaried Adults	70.5	29.5	53.0	47.0
Business owners	37.8	62.2	54.7	45.3
Traders	48.1	51.9	47.7	52.3
Casual /Piece workers	71.7	28.3	60.3	39.7
Farmers	48.4	51.6	57.4	42.6
Depends on family and friends	47.7	52.3	63.9	36.1
PPI 1	47.2	52.8	61.4	38.6
PPI 2	60.3	39.7	57.3	42.7
PPI 3	67.5	32.5	52.9	47.1
PPI 4	47.3	52.7	56.4	43.6

### 7.2.3 Adults Who Struggled to Keep Up with Regular Expenses

The Survey revealed that 29.6 percent of adults struggled to manage regular expenses (Figure 43). This was mostly amongst:

- Adults in rural areas;
- Males;
- Adults of age 66 years or older;
- Those dependent on family and friends; and
- Households in the lowest income quintile of PPI 1.

**FIGURE 43:**  
Adults Who  
Struggled to  
Keep Up with Regular  
Expenses (Percent)

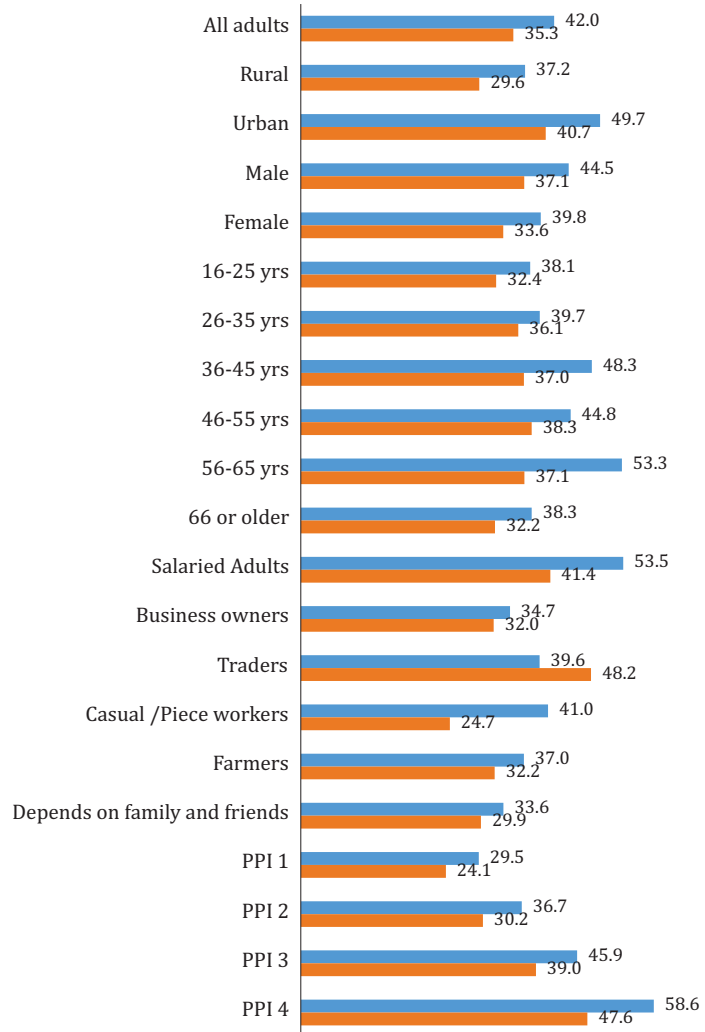


#### 7.2.4 Adults Who Kept a Record of Their Money

Figure 44 illustrates that 42.0 percent of the adult population kept a record of their money (receipts and expenses). These were mostly amongst:

- Adults in urban areas;
- Males;
- Adults of age 56 – 65 years;
- Salaried employees; and
- Households in the high-income quintile of PPI 4.

**FIGURE 44:**  
Adults Who Kept a  
Record of Their  
Money (Percent)



### 7.3 Risk Management

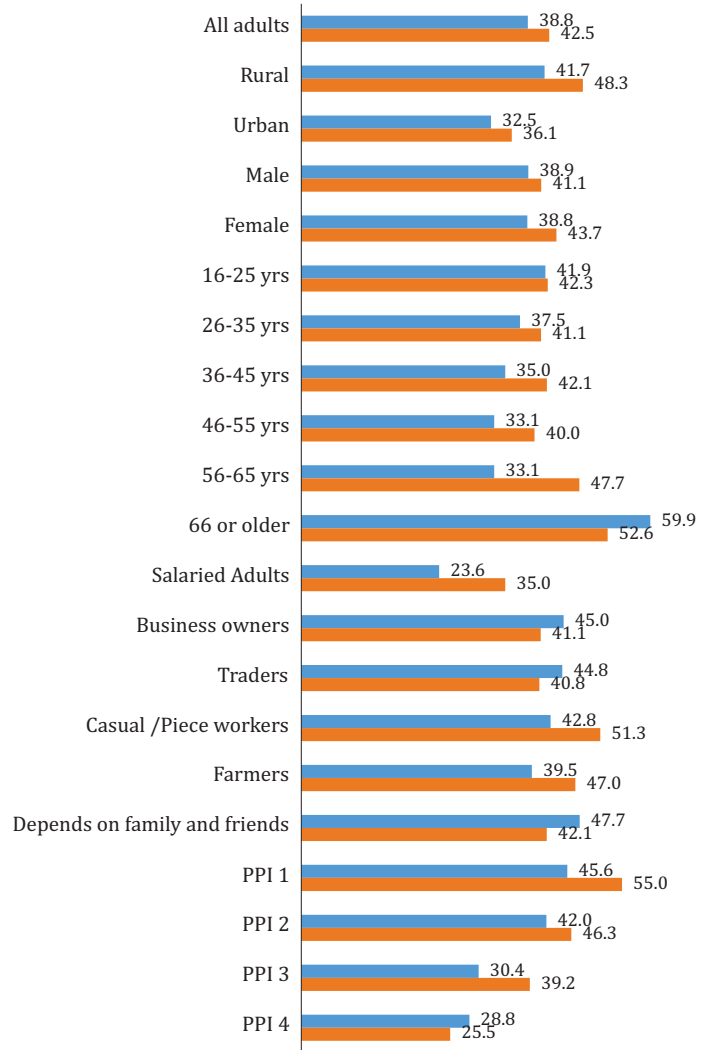
Risk management is the process of managing potential risks to minimize the negative impact they may have. In the survey, it refers to the ability of the adult population to meet unexpected financial events that current income cannot support.

#### 7.3.1 Adults Who Struggled to Manage Unexpected Expenses

Figure 45 shows that 38.8 percent of adults struggled to manage unexpected expenses. These were highest amongst:

- Adults in rural areas;
- Those of age 66 years or older;
- Adults who depended on family and friends; and
- Households in the lowest-income quintile of PPI 1.

**FIGURE 45:**  
Adults Who  
Struggled to  
Manage Unexpected  
Expenses (Percent)

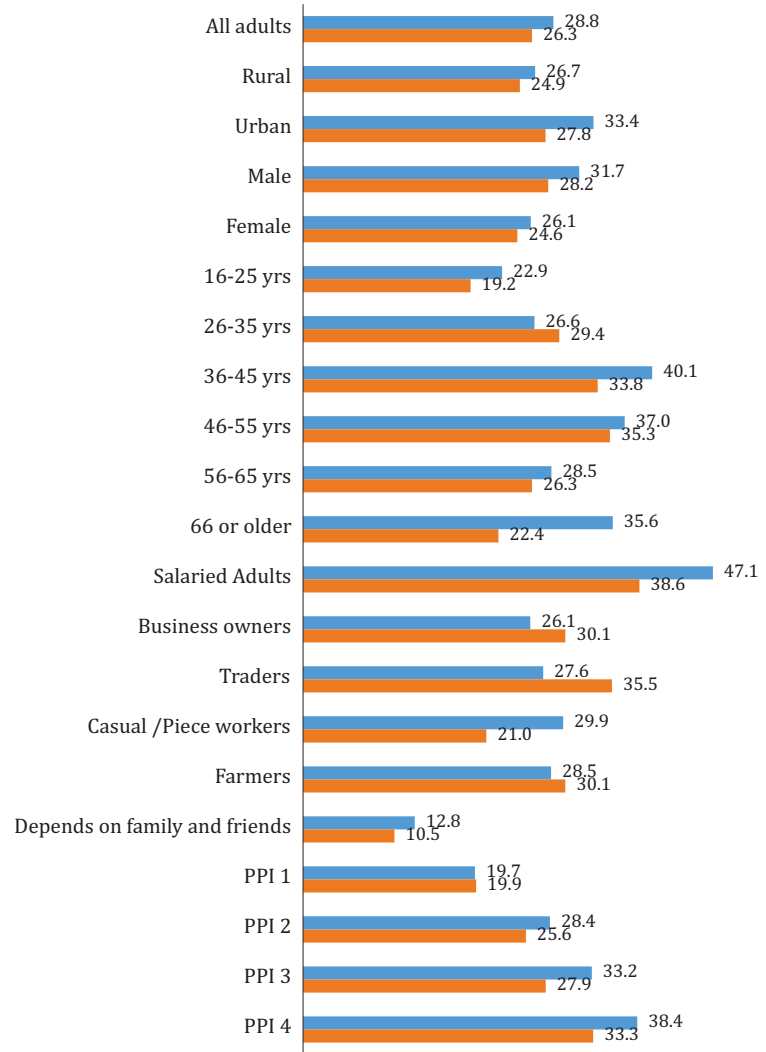


### 7.3.2 Adults Who Made Provision for Unexpected Expenses

The Survey showed that 28.8 percent of adults were able to make provision for unexpected expenses (Figure 46). This was mostly amongst:

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

**FIGURE 46:**  
Adults Who Made  
Provision for  
Unexpected Expenses  
(Percent)



### 7.3.3 Strategies to Cope with Unexpected Expenses

The Survey showed that 69.5 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 7.4 percent on credit.

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

	Savings		Borrowed		Rely on gifts & expenses cut back	
	Southern	National	Southern	National	Southern	National
Adults	23.1	28.3	7.4	9.0	69.5	62.7
Rural	19.3	27.3	7.2	9.1	73.6	63.6
Urban	31.3	29.4	7.9	9.0	60.8	61.6
Male	23.7	29.7	7.1	9.0	69.2	61.2
Female	22.5	27.0	7.7	9.1	69.9	63.9
Salaried Adults	37.2	45.2	10.4	11.4	52.4	43.4
Business owners	27.1	33.2	20.1	10.1	52.8	56.7
Traders	31.2	33.5	3.2	8.1	65.6	58.5
Casual /Piece workers	15.2	24.9	10.1	11.1	74.7	64.0
Farmers	23.1	29.8	5.1	9.5	71.8	60.7
Depends on family and friends	11.1	10.2	4.9	4.8	84.1	84.9
PPI 1	14.2	23.6	7.3	8.8	78.5	67.6
PPI 2	22.4	26.3	6.3	9.5	71.3	64.2
PPI 3	29.3	30.5	6.5	8.6	64.1	60.8
PPI 4	31.6	34.1	11.5	8.7	57.0	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 43.0 percent of adults reported that at least one household member owned the current dwelling (Table 17). This was mainly amongst:

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

Further, 59.7 percent of adults owned a mobile phone while 24.4 percent owned agricultural land. With regard to ICT, 16.7 percent indicated that they had access to internet.

TABLE 17: ASSET OWNERSHIP AND CONNECTIVITY TO ICT (PERCENT)

	Respondent Own Current house	Any Member of household owns the	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	30.9	43.0	36.7	24.4	59.7	6.6	16.7
Rural	37.5	47.5	44.2	32.9	52.7	3.7	7.3
Urban	16.6	33.3	20.3	5.9	74.8	13.5	37.2
Male	42.1	34.1	47.0	31.6	66.6	7.1	17.8
Female	21.0	50.9	27.6	18.1	53.5	6.3	15.8
Salaried Adults	27.3	23.9	34.4	25.0	78.1	9.0	32.6
Business owners	39.5	30.3	48.3	21.2	80.2	12.9	12.7
Traders	47.3	30.4	57.1	31.1	65.8	7.0	20.6
Casual /Piece workers	30.2	50.5	35.7	19.4	56.9	7.5	13.7
Farmers	49.0	38.1	56.3	42.7	57.4	2.7	4.1
Depends on family and friends	6.7	67.6	8.1	3.7	40.6	8.2	17.9
PPI 1	35.2	51.8	39.7	31.3	48.8	3.5	1.6
PPI 2	37.4	43.8	44.6	31.8	50.6	3.1	6.6
PPI 3	24.1	37.3	30.3	14.7	76.5	9.4	25.8
PPI 4	14.9	33.5	18.6	6.0	83.0	20.1	53.5

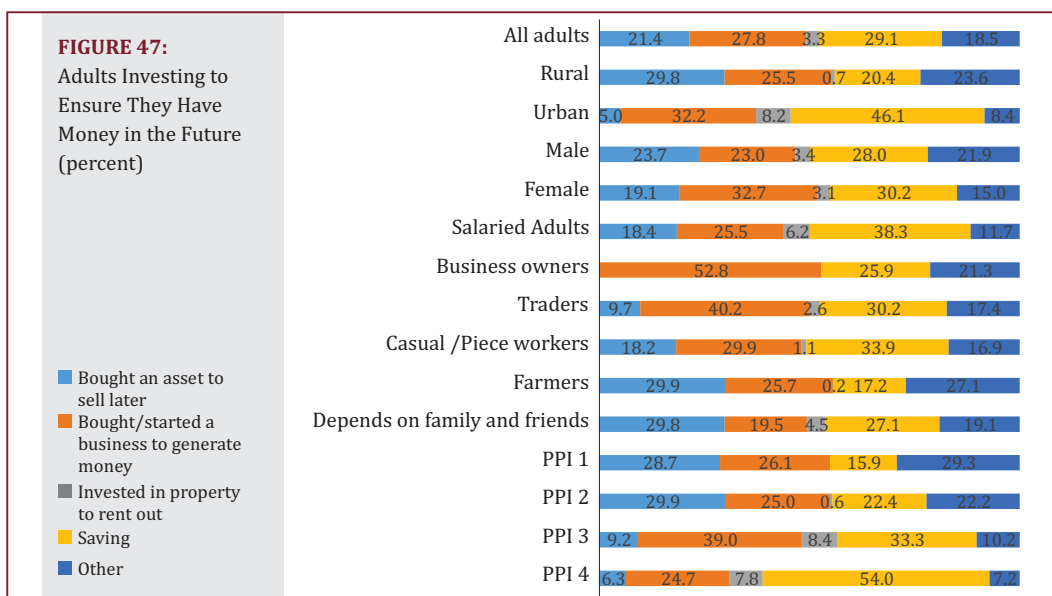
## 7.5 Investment

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 lease out.

Adults who were urban based, females, salaried employees and those in PPI 4 were more likely to save to generate future income. Those who were more likely to buy or start a business to generate future income were business owners, adults in PPI 3, urban based and females (Figure 47).





## 7.6 House Occupancy Status

The Survey showed that 10.8 percent of adults lived in a house that was provided rent free (Table 18). These adults were mostly:

- Rural based;
- Females;
- Salaried employees; and
- From households in middle-income quintile of PPI 3.

On the other hand, 14.1 percent of adults lived in a rented house. Those who lived in a rented house were mostly:

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

TABLE 18: HOUSE OCCUPANCY STATUS (PERCENT)

	Southern		National	
	Household member rents the house	House provided rent free	Household member rents this house	House provided rent free
All adults	14.1	10.8	20.4	10.6
Rural	3.0	11.3	4.1	10.6
Urban	38.4	9.6	38.6	10.6
Male	13.2	10.0	20.4	11.0
Female	14.9	11.5	20.5	10.3
Salaried Adults	29.1	18.1	30.3	13.1
Business owners	15.8	6.9	30.5	14.5
Traders	17.0	4.7	23.6	9.2
Casual /Piece workers	8.6	10.7	21.4	12.0
Farmers	4.7	7.6	3.0	5.9
Depends on family and friends	13.8	10.9	22.7	10.9
PPI 1	1.2	10.7	3.1	7.0
PPI 2	7.2	10.4	11.4	10.8
PPI 3	22.0	15.4	32.9	12.5
PPI 4	42.0	8.0	40.6	12.6

### 7.7 Strategies to Meet Future Needs When Old and Cannot Work

The Survey indicated that 32.8 percent of adults considered farming as a means of ensuring that they would meet future needs when old and unable to work. Other strategies included starting a business (14.1 percent) and savings (13.0 percent). The least employed strategy was buying shares (0.1 percent).

Most males and adults in both rural and urban areas considered farming as a means of ensuring that they would meet future needs when old and unable to work. On the other hand, most females and adults in rural areas would own a business.

Adults in the low income quintiles of PPI 1 and PPI 2 were more likely to engage in farming while those in the high income quintile of PPI 4 were more likely to start a business (Table 19).

<sup>7</sup>This 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)

	Southern Province										
	Savings	Children	Land/property	Own business	Rental income	Shares	Farming/agriculture/ livestock	Pension	Insurance policy	Don't know/have no plans	Other specify
All adults	13.0	7.1	6.0	14.1	2.3	0.1	32.8	1.6	0.4	19.9	2.7
Rural	14.7	6.9	5.8	14.9	1.8	0.1	32.7	1.2	0.3	18.9	2.6
Urban	11.5	7.3	6.2	13.3	2.8	0.1	32.8	1.9	0.4	20.8	2.7
Male	10.8	7.7	3.3	11.0	1.1	-	42.6	0.4	-	19.8	3.4
Female	17.9	5.9	12.0	20.6	5.1	0.4	11.3	4.3	1.1	20.3	1.1
Salaried Adults	26.2	8.6	6.4	14.0	4.1	0.3	22.4	3.9	0.7	12.1	1.2
Business owners	10.0	3.5	7.2	20.6	0.0	-	11.2	6.3	-	41.1	0.0
Traders	10.1	7.5	3.1	18.5	7.2	0.7	29.5	0.0	0.4	20.1	2.9
Casual /Piece workers	10.1	4.1	10.0	13.8	0.6	-	41.0	0.5	1.2	16.8	1.8
Farmers	6.6	8.4	4.3	8.6	0.0	-	54.2	0.0	-	14.7	3.1
Depends on family and friends	11.4	6.6	4.4	18.8	1.9	-	18.7	1.3	-	32.7	4.4
PPI 1	9.0	5.2	3.9	11.8	0.0	-	47.6	0.0	-	19.9	2.7
PPI 2	12.8	7.7	2.8	11.1	1.4	-	39.9	.6	-	20.7	3.0
PPI 3	12.0	11.9	13.5	13.8	4.8	-	18.0	1.5	2.0	19.6	3.1
PPI 4	20.7	4.1	9.5	24.9	6.1	0.7	8.9	6.3	0.2	17.1	1.4

## 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 35.7 percent of adults were able to reach at least one access point within 30 minutes by motor vehicle, 26.1 percent by bicycle and 17.4 percent on foot.

In terms of proximity, schools were closest to the population followed by health centres and mobile money agents. The Survey showed that 82.9 percent of adults were able to reach the nearest school within 30 minutes by motor vehicle, 72.0 percent by bicycle and 51.1 percent on foot. Access to health centres by adults within a 30-minute radius was 71.3 percent by motor vehicle, 56.2 percent by bicycle and 38.1 percent on foot. For mobile money agents, 58.0 percent were able to reach by motor vehicle, 46.4 percent by bicycle and 35.7 percent on foot (Table 20).

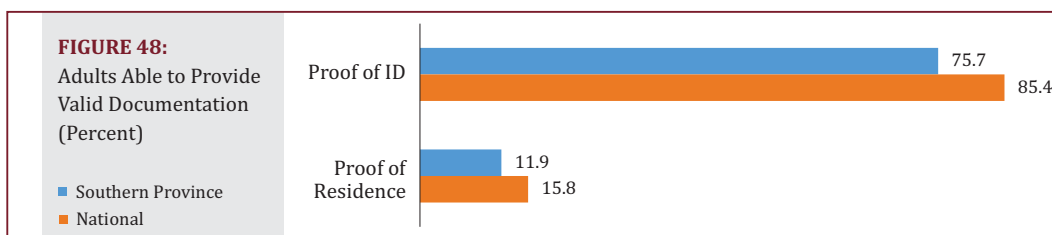
TABLE 20: ADULTS ABLE TO ACCESS SERVICE POINTS WITHIN 30 MINUTES (PERCENT)

Access Point	Mode of Travel		
	Foot	Bicycle	Motor Vehicle
All adults	17.4	26.1	35.7
Bank branch/ATM	13.0	22.0	34.2
Microfinance institution	6.9	11.7	19.9
Bank agent	20.0	26.1	36.2
Mobile money agent	35.7	46.4	58.0
Building society	6.8	13.3	18.9
Insurance company	6.4	12.9	18.4
Capital markets operator	3.2	5.1	9.5
Post office	11.6	19.1	31.7
School	51.1	72.0	82.9
Health centre	38.1	56.2	71.3
Filling station	12.5	20.5	34.2
Supermarket	15.1	25.0	35.9

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

### 8.2 Eligibility to Access Services

The Survey indicated that 75.7 percent of adults in the province had proof of identification (ID) while only 11.9 percent had proof of residential address (Figure 48).



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 residential address.

Table 21 shows that apart from the National Registration Card (NRC), generally, 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), electricity/water bill was low at less than 9 percent of the population.

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

Type of Document	Southern			National
	Rural	Urban	Overall	
National registration card	72.6	86.3	76.9	85.4
Driver's license	0.7	11.0	3.9	6.8
Passport	0.9	10.0	3.7	5.3
Payslip from employer	5.6	12.1	7.6	6.4
Lease or rental agreement	1.6	8.4	3.7	4.2
Subscription (e.g., satellite TV)	2.7	18.1	7.6	10.7
Tax identification	4.3	18.1	8.6	8.9
Electricity/water bill	1.4	15.5	5.8	6.5
Insurance policy	1.7	5.4	2.9	3.4
Telephone/Zamtel bill	0.9	2.8	1.5	2.8
Title deed	4.5	8.9	5.9	6.2

## 9.0 FINANCIAL PRODUCTS AND SERVICES USED BY ADULTS

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

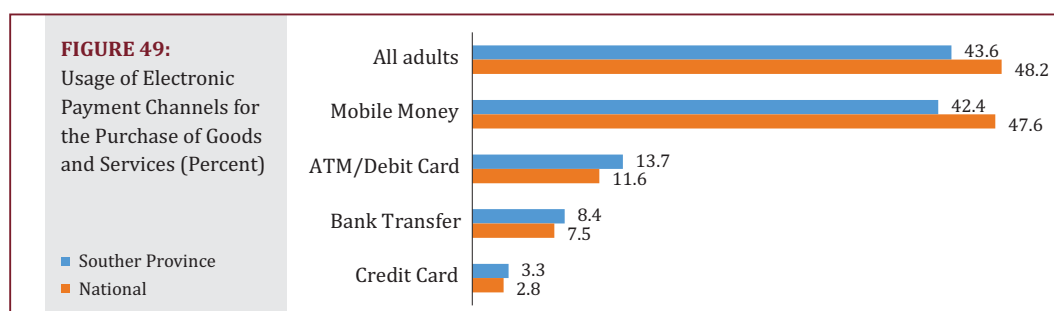
- 1) Electronic Payment Channels;
- 2) Credit;
- 3) Remittances;
- 4) Savings;
- 5) Insurance; and
- 6) Pensions.

### 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 43.6 percent of the adult population in Southern Province used electronic payment channels to purchase goods and services. Amongst these payment methods, mobile money was the most widely used at 42.4 percent, while credit cards had the least usage at 3.3 percent (Figure 49).

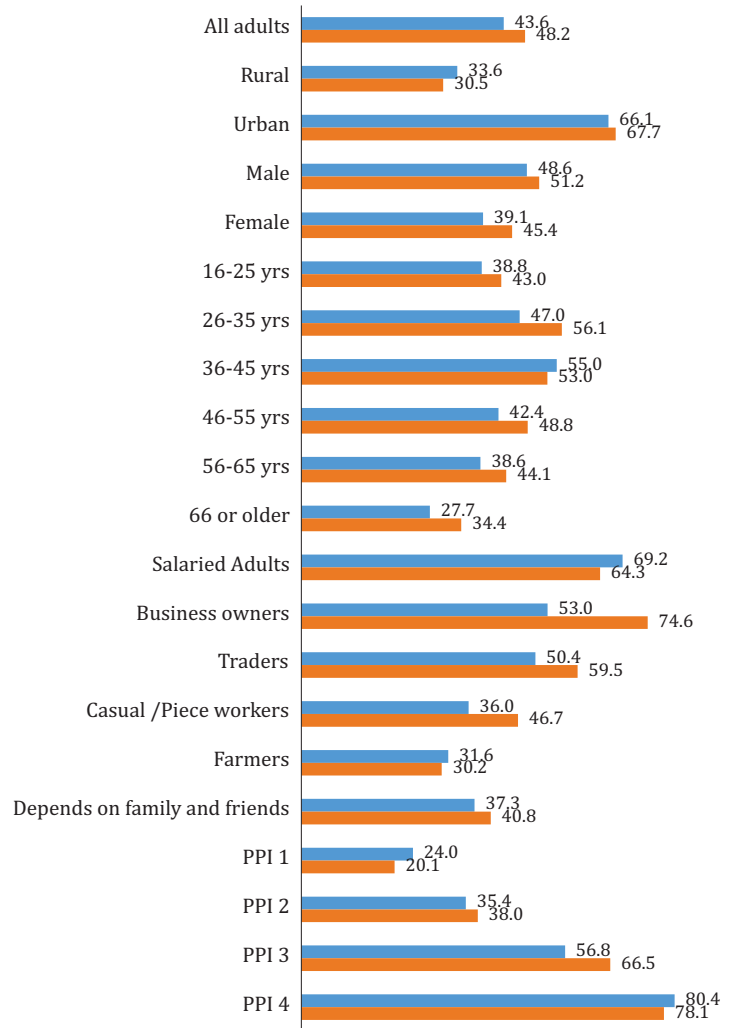


#### 9.1.2 Adults Using Electronic Payment Channels for Purchase of Goods and Services (Percent)

Figure 50 shows the characteristics of adults who used electronic payment methods to purchase goods and services. 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.

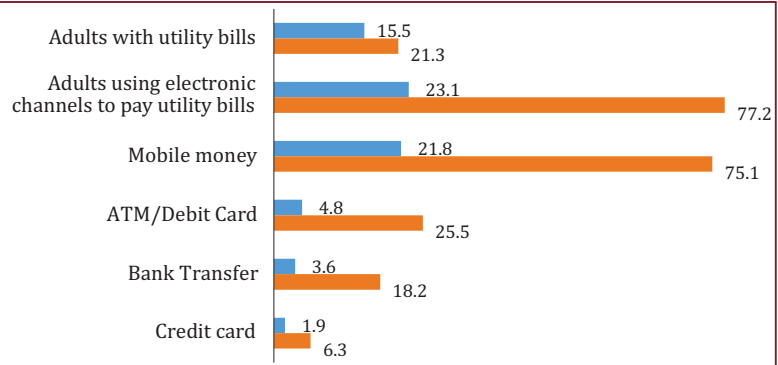
**FIGURE 50:**  
Adults Using  
Electronic Payment  
Channels for the  
Purchase of Goods and  
Services (Percent)



### 9.1.3 Bill Payments

In the 12 months prior to the survey 15.5 percent of adults stated that they had utility bills to pay. Of these, 23.1 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 51).

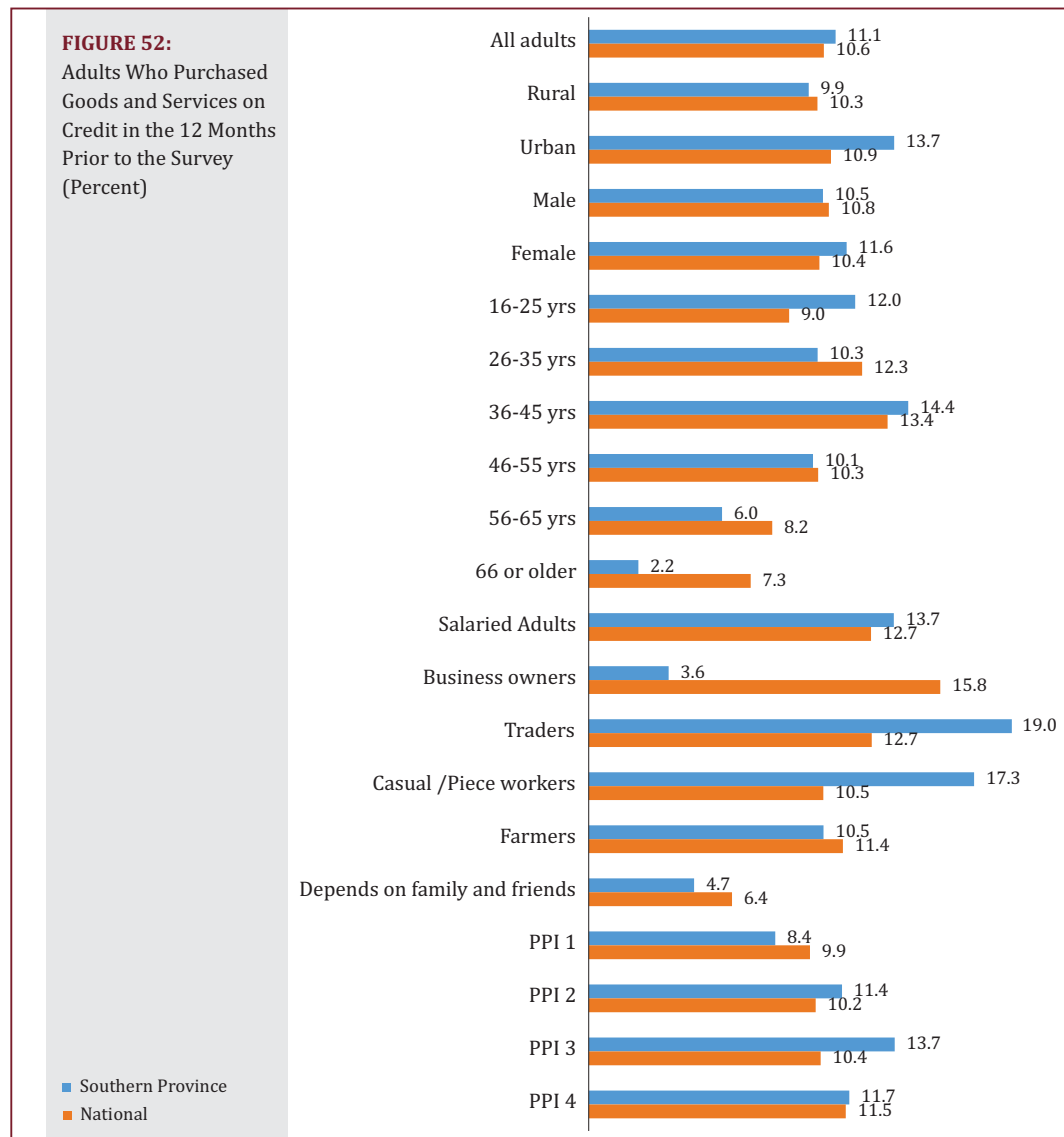
**FIGURE 51:**  
Usage of Electronic  
Payment Channels for  
Paying Bills (Percent)



## 9.2 Adults Buying Goods and Services on Credit

Figure 52 shows that 11.1 percent of adults bought goods and services on credit in the 12 months prior to the Survey. These were mostly among:

- Adults in urban areas;
- Females;
- The age group 36 – 45 years;
- Traders; and
- Households in the middle-income quintile of PPI 3.

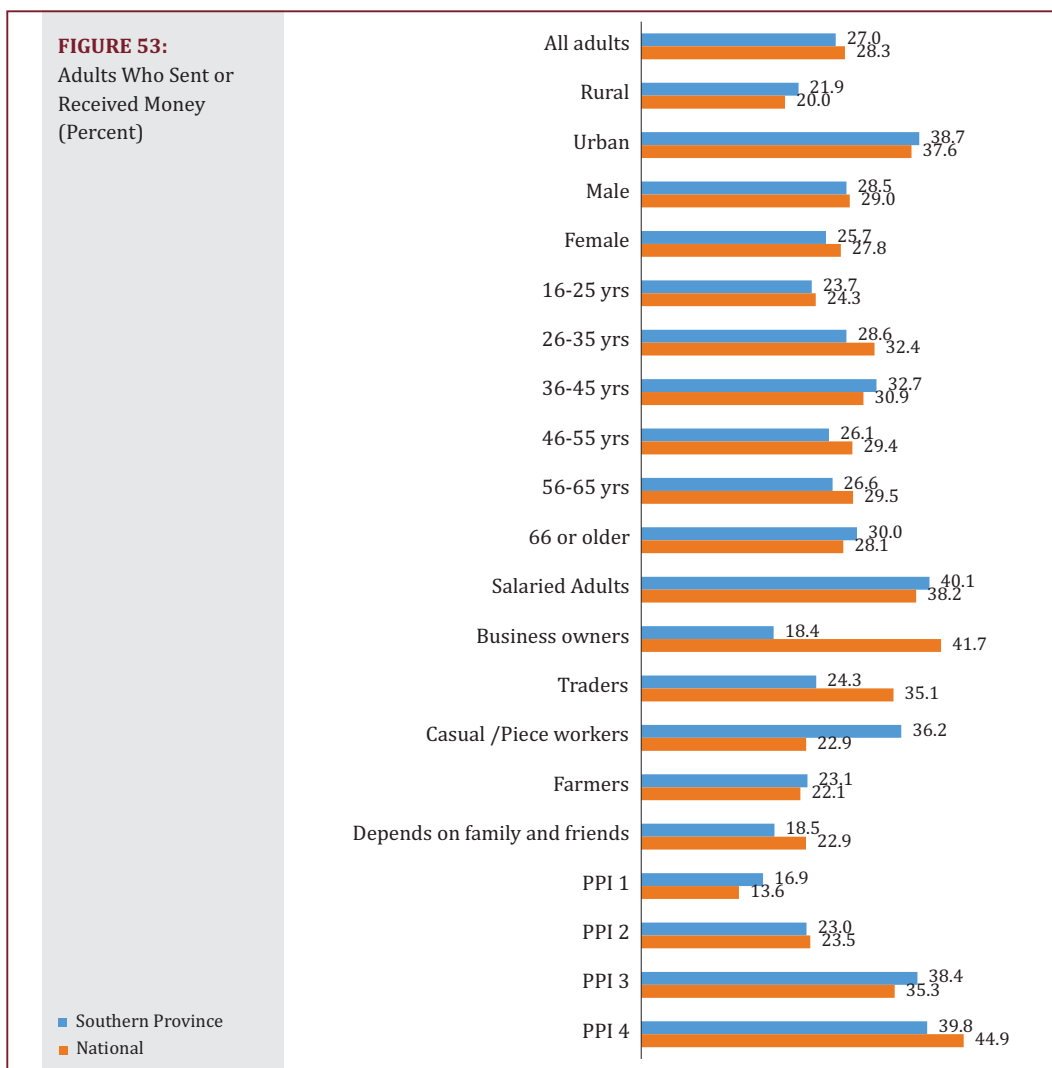




### 9.3 Remittances

During the 12-months period prior to the Survey, 27 percent of adults sent or received money from someone (Figure 53). These activities were mostly observed amongst:

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



The Survey results showed that mobile money was the most widely used channel for sending (52.3 percent) and receiving (77 percent) money (Table 22).

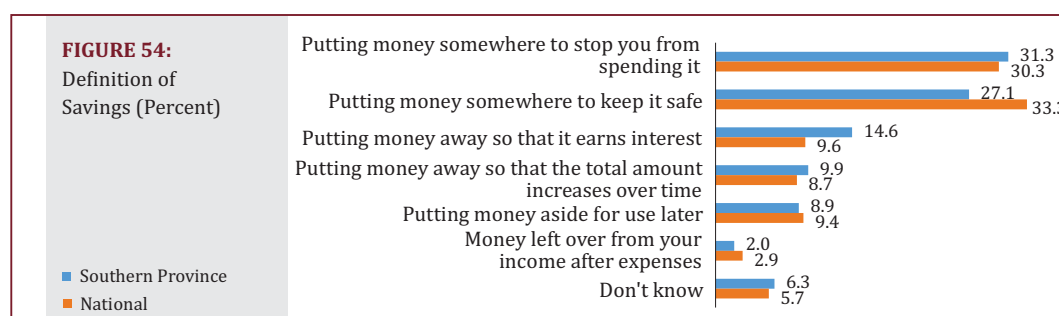
TABLE 22: REMITTANCES (PERCENT)

Channels used to send money	Senders	
	Southern Province	National
Mobile money	52.3	56.8
Bank transfer/Pay into bank account	4.1	2.7
Friends or family takes it there	3.2	2.0
Bus/taxi driver	1.4	0.5
Channels used to receive money	Receivers	
Mobile money	77.0	88.4
Bank transfer/Pay into bank account	6.1	5.1
Friends or family	4.9	7.4
Bus/taxi driver	1.7	0.5
Western Union/Money gram/Swift cash	1.4	1.5

## 9.4 Savings

### 9.4.1 Definition of Savings

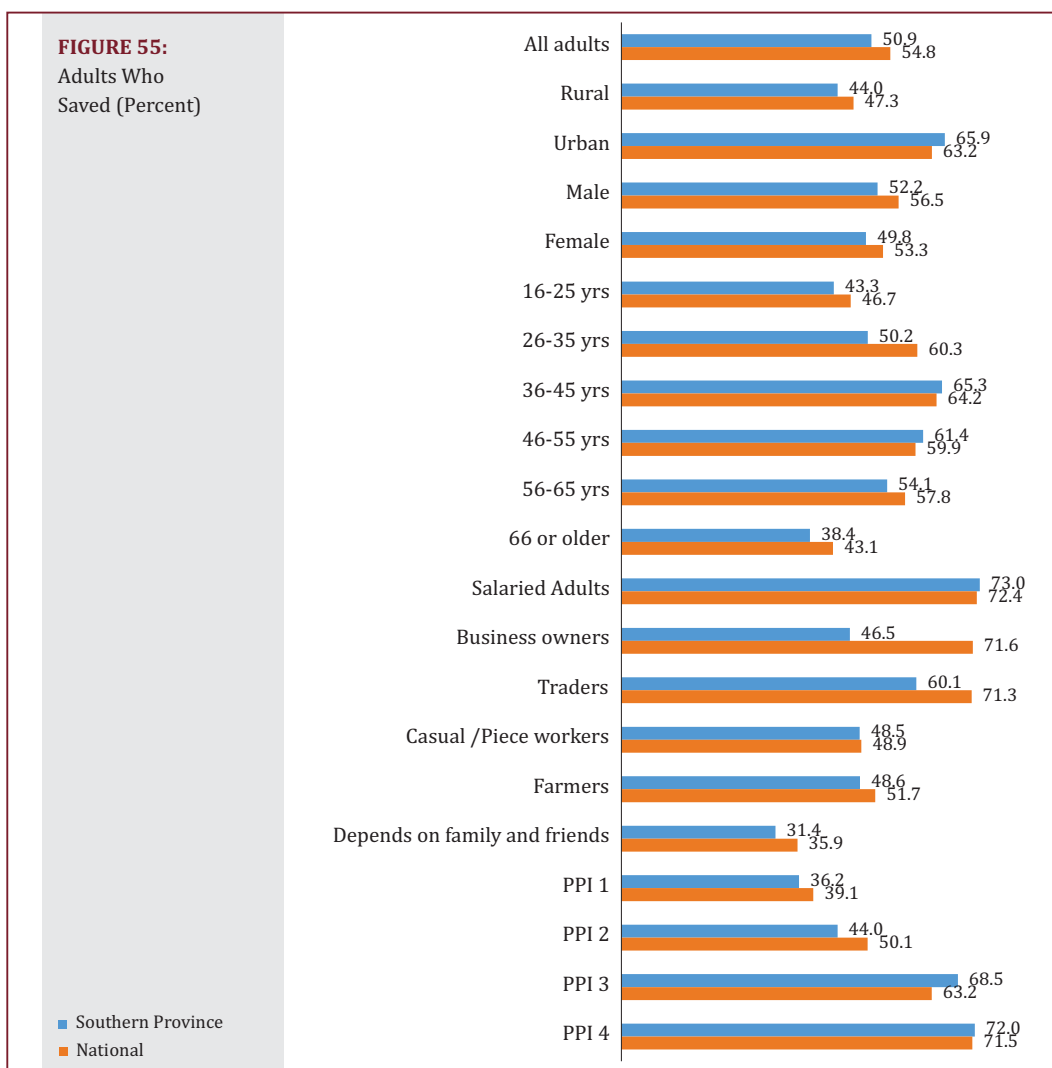
Figure 54 shows that most adults (31.3 percent) defined saving as “keeping money somewhere to avoid spending it” while 27.1 percent indicated that saving meant “putting money somewhere to keep it safe”.



### 9.4.2 Adults Who Saved

Figure 55 shows that 50.9 percent of adults indicated that they saved. These were highest amongst:

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



### 9.4.3 Drivers of Saving

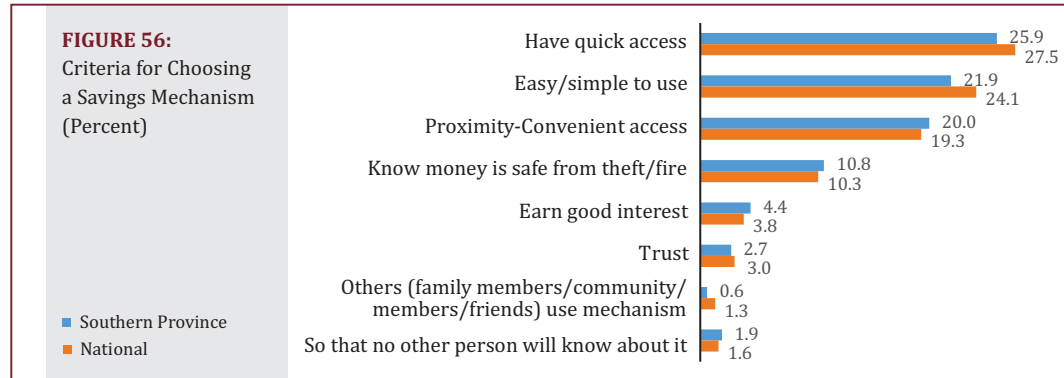
The findings summarised in Table 23 indicate that most adults saved in order to smoothen cash-flow. This was mainly for living and farming expenses.

TABLE 23: MAIN DRIVERS OF SAVINGS (PERCENT)

Purpose	Drivers	Savers
Cash-Flow Management	Living expenses for when you do not have money	75.6
	Education or school fees	19.7
	Farming expenses such as seeds or fertilizer	66.2
	Business expenses such as additional stock	39.6
Risk Management	Medical expenses	50.9
	Funeral expenses	10.8
Investing Assets and Productive Activities	Buying business equipment such as a printer or sewing machine etc.	6.9
	Buying a bicycle, motorcycle, car, truck or other means of transport for personal use	0.9
	Starting or expanding business	17.1
	Buying land	19.5

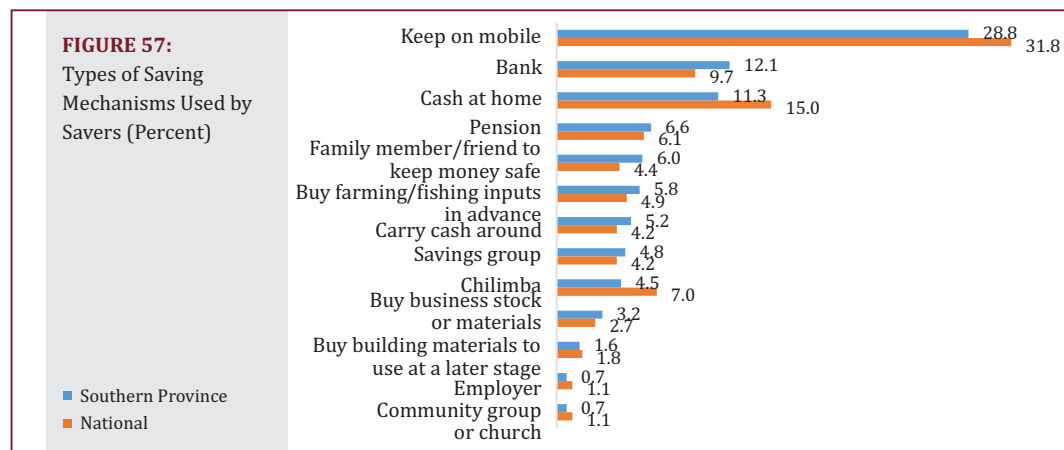
#### 9.4.4 Criteria for Choosing a Saving Mechanism

The most important criteria for choosing saving mechanisms as illustrated in Figure 56 were quick access (25.9 percent), ease of use (21.9 percent) and proximity (20.0 percent).



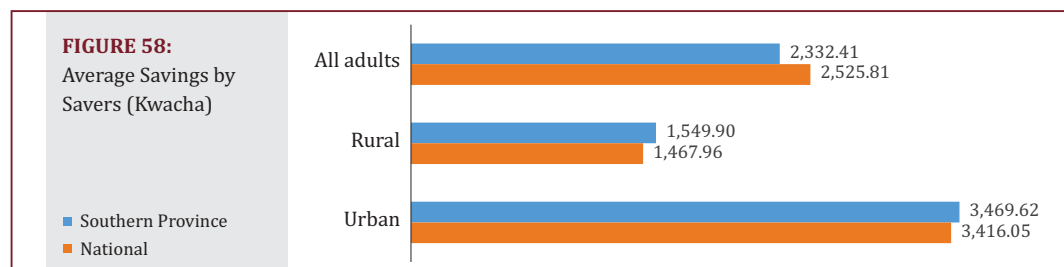
#### 9.4.5 Types of Saving Mechanisms

Figure 57 illustrates that 28.8 percent of adults saved using mobile money services while 12.1 percent saved at a commercial bank and 11.3 percent kept cash at home.



#### 9.4.6 Average Savings

Figure 58 shows that the average amount of money saved by adults was K2,332.41. Adults in urban areas saved twice as much as those in rural areas.

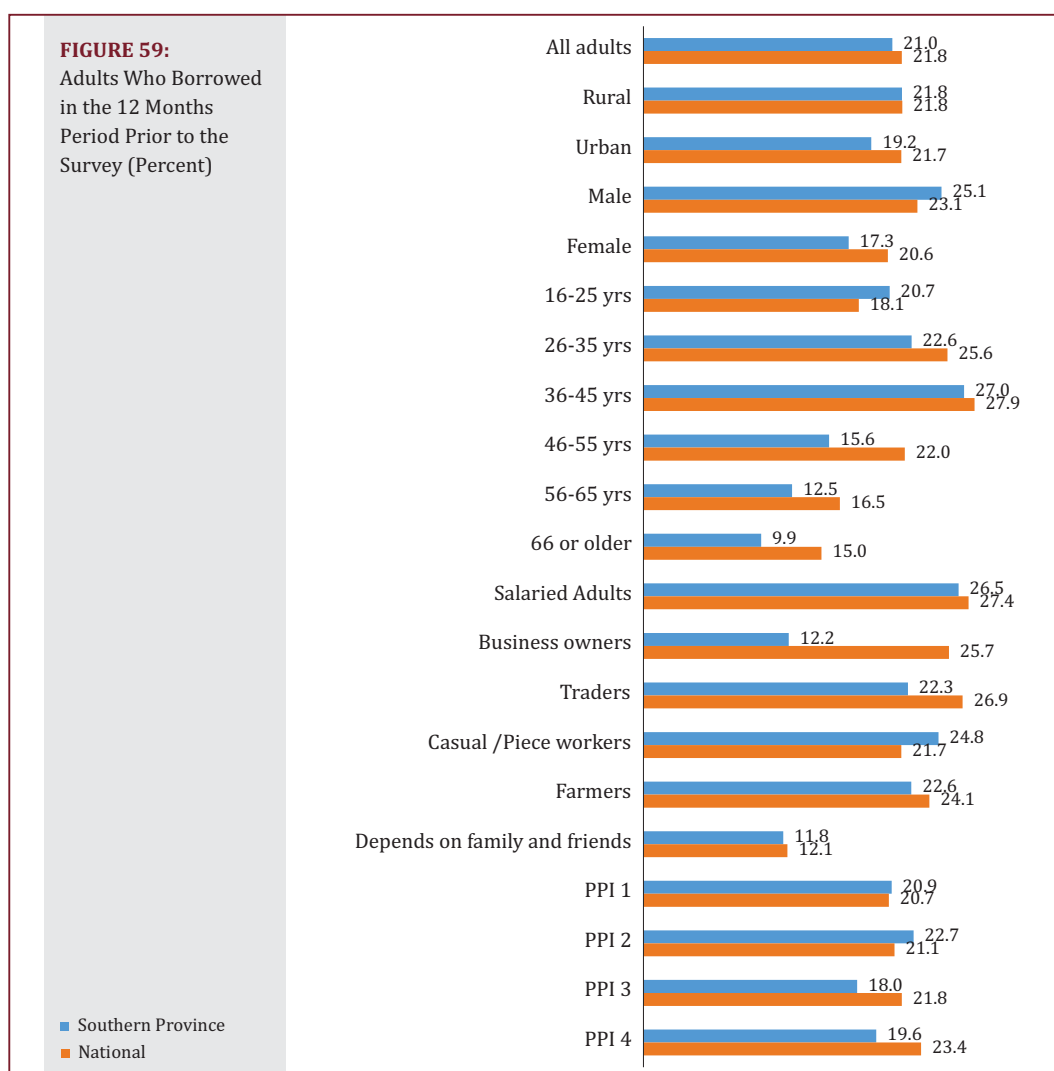


## 9.5 Credit Services

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

Figure 59 shows that 21.0 percent of adults accessed credit from both formal and informal sources in the 12 months prior to the Survey. These were highest amongst:

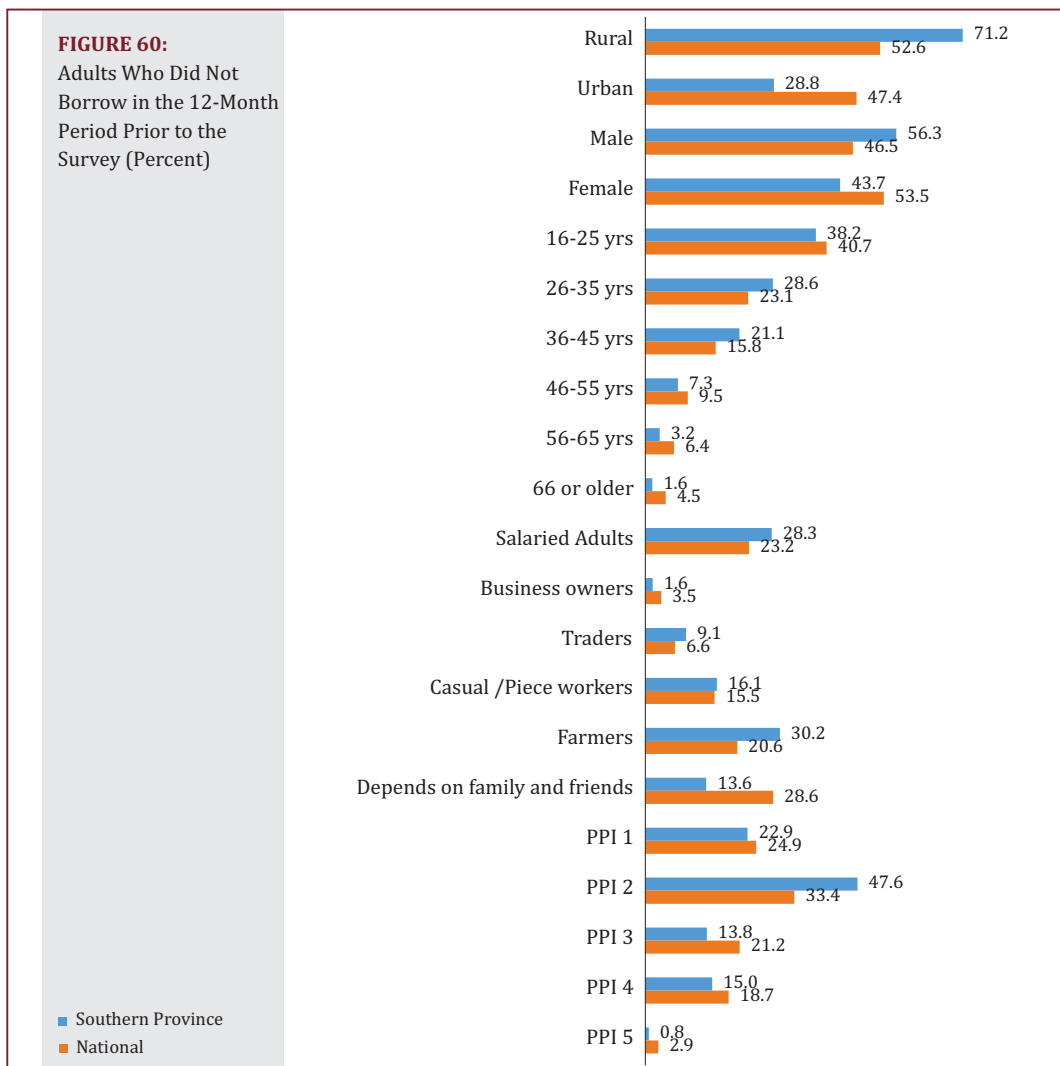
- Rural based adults;
- Males;
- Adults of age 36 – 45 years;
- Salaried workers; and
- Households in the low-income quintile of PPI 2.



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

In the 12 months prior to the survey, 79.0 percent of adults did not borrow. Figure 60 shows that these were more likely to be:

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



### 9.5.3 Drivers of Borrowing

Table 24 indicates that 84.3 percent of adults borrowed to cater for living expenses while 55.5 percent borrowed to cater for business expenses.

TABLE 24: DRIVERS OF BORROWING (PERCENT)

Purpose	Driver	Adults
Cash-Flow Management	Living expenses for when you do not have money	84.3
	Education or school fees	13.5
	Farming expenses such as seeds or fertilizer	50.9
	Business expenses such as additional stock	55.5
Risk Management	Funeral expenses	2.9
	Medical expenses	12.3
Investing	Buying business equipment such as a printer or sewing machine etc.	3.6
Assets and Productive Activities	Starting or expanding business	10.2
	Buying land	13.4

### 9.5.4 Criteria for Choosing a Lender

The most important criteria for choosing a lender were proximity followed by quick access and ease of use (Figure 61).

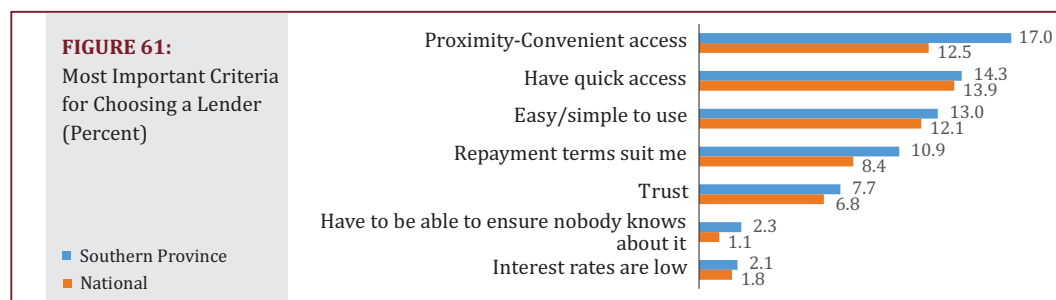
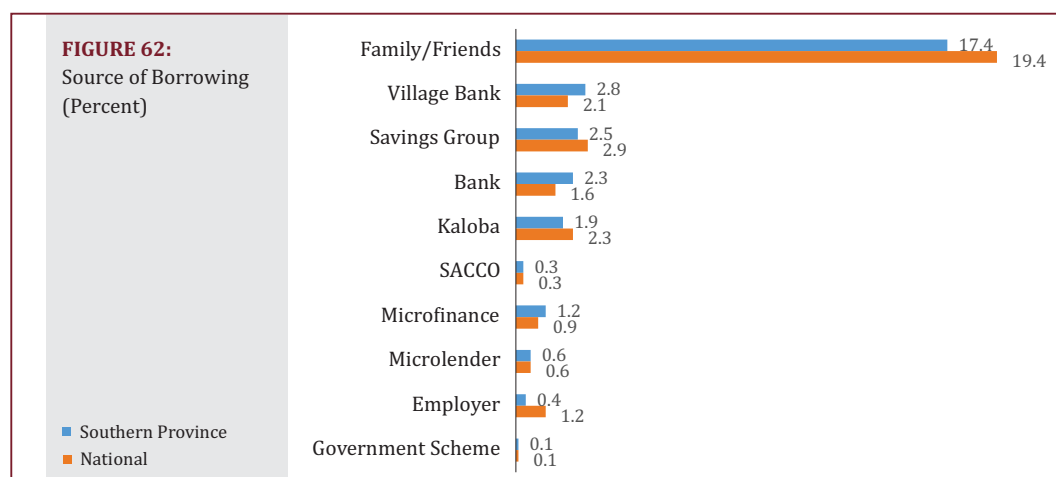


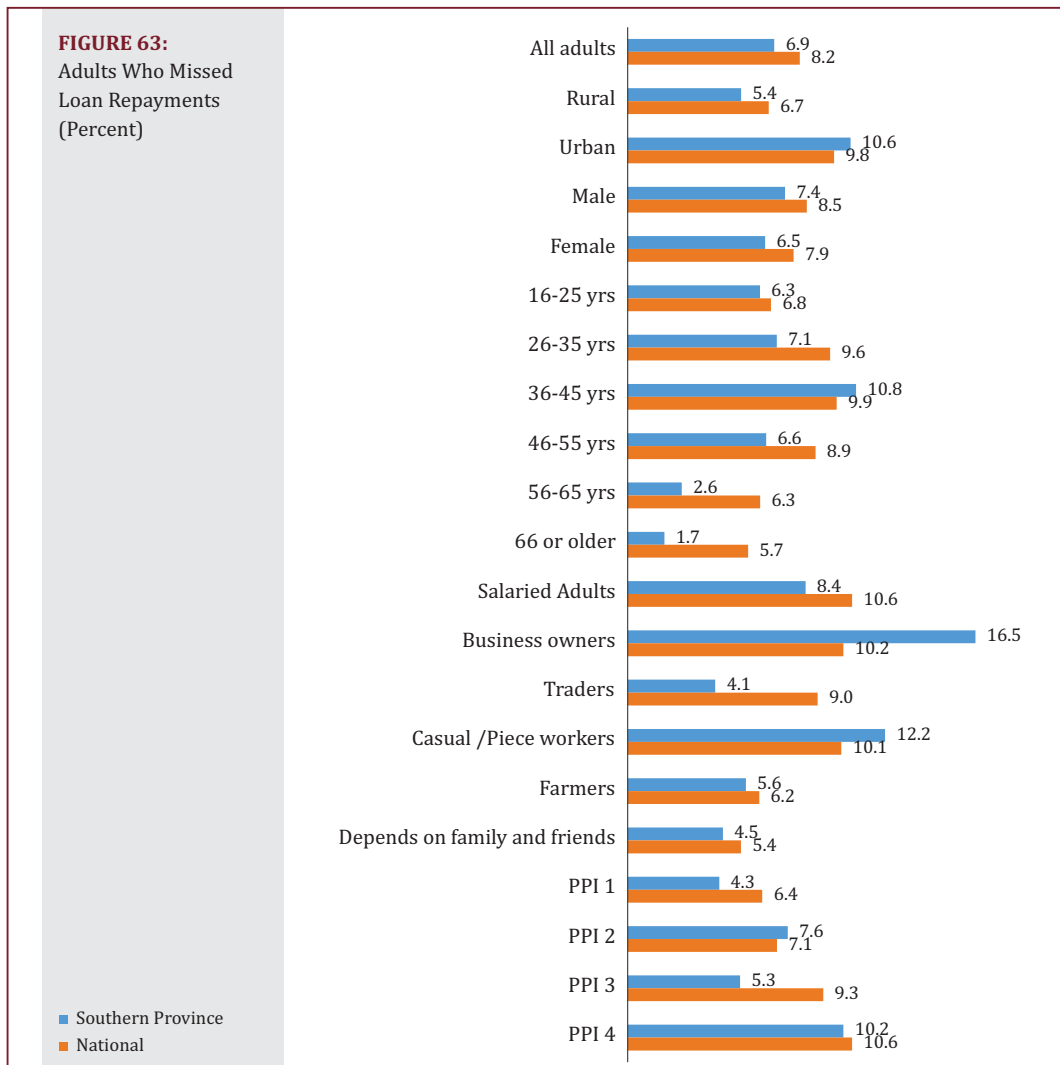
Figure 62 shows that 17.4 percent of adults preferred to borrow from family and friends. Less than 2 percent of adults borrowed from formal sources.



### 9.5.5 Adults who Missed Loan Repayments

The survey showed that out of those who borrowed from formal financial service providers, 6.9 percent missed at least one loan repayment when it was due (Figure 63). These adults were mostly amongst:

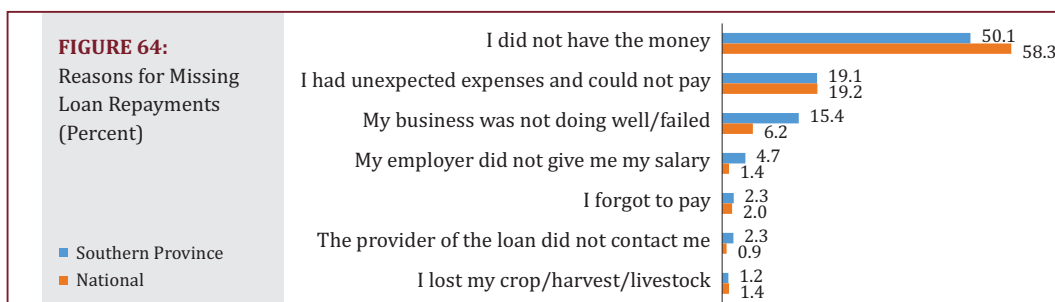
- Those in urban areas;
- Males;
- Of age 36 - 45 years;
- Business owners; and
- Households in the high-income quintile of PPI 4.



### 9.5.6 Reasons for Missing Loan Repayments

Figure 64 shows that most adults missed loan repayments due to lack of money.





### 9.5.7 Adults Denied Loans by Formal FSPs

The survey showed that 24.9 percent of adults who applied for loans from formal FSPs were unsuccessful. The highest percentage of those denied loans was from microfinance institutions due to incorrect documentation and lack of collateral (Table 15).

TABLE 25: ADULTS DENIED LOANS BY FORMAL FSPS AND THE MAIN REASON FOR DENIAL

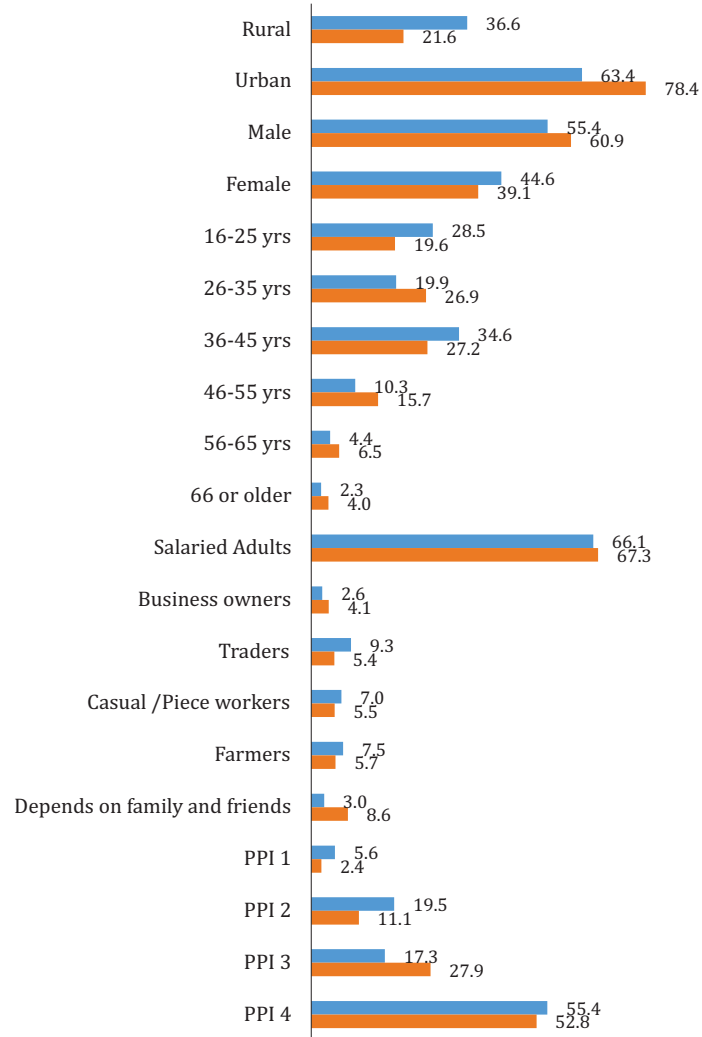
	Percentage of adults denied access	Main reason for being denied access
All adults	24.9	Low income
Commercial banks	20.6	Lack of collateral
		No credit history
Microfinance institutions	36.4	Lack of collateral
		No correct documentation
Micro-lenders	5.9	No specific reason

### 9.5.8 Awareness of the Credit Reference Bureau (CRB)

Figure 65 shows that most adults who were aware of the CRB were more likely to be:

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

**FIGURE 65:**  
Adults who were  
Aware of the CRB  
(Percent)



## 9.6 Insurance Services

The Survey indicated that 6.6 percent of adults in the Province used insurance services compared with 6.3 percent at national level. Figure 66 illustrates that these were mostly:

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

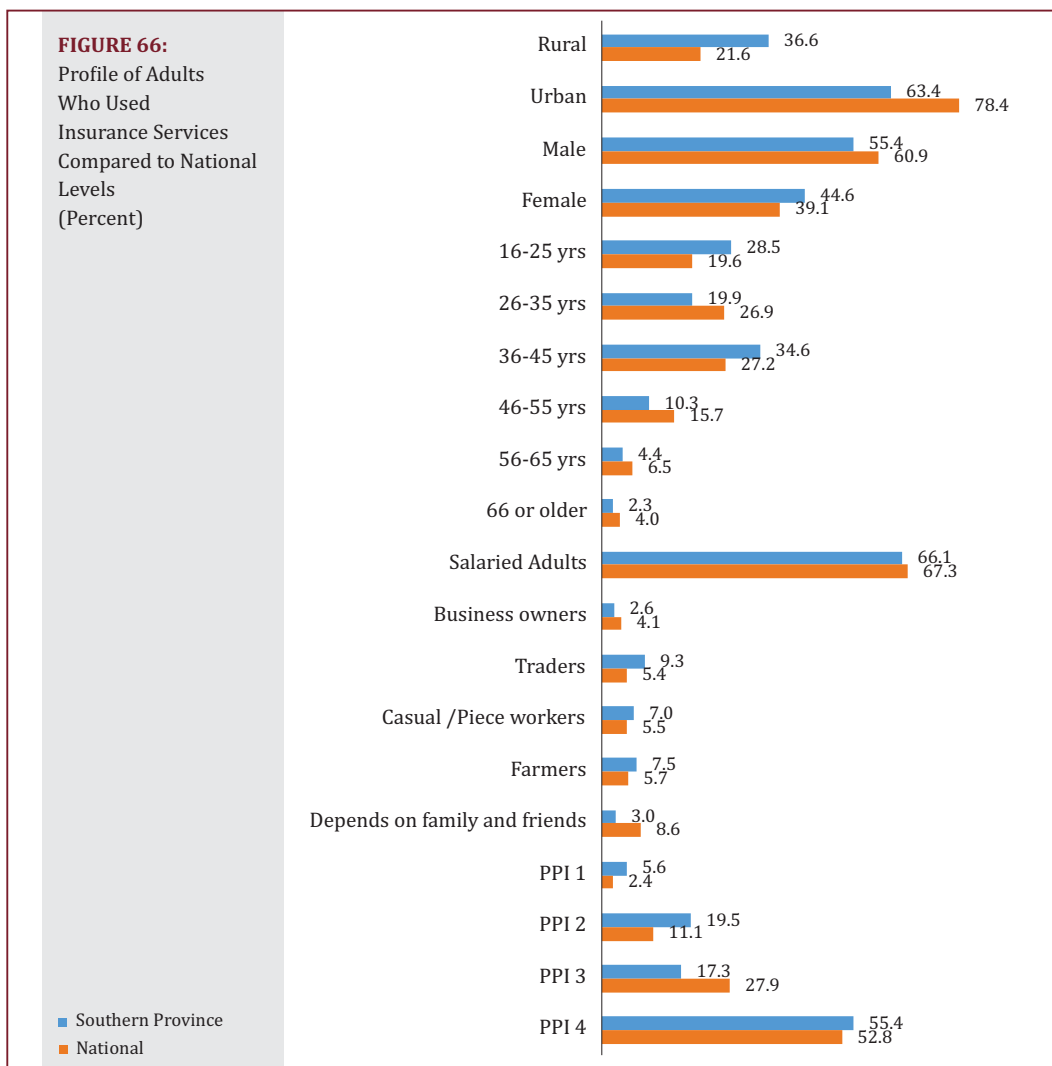
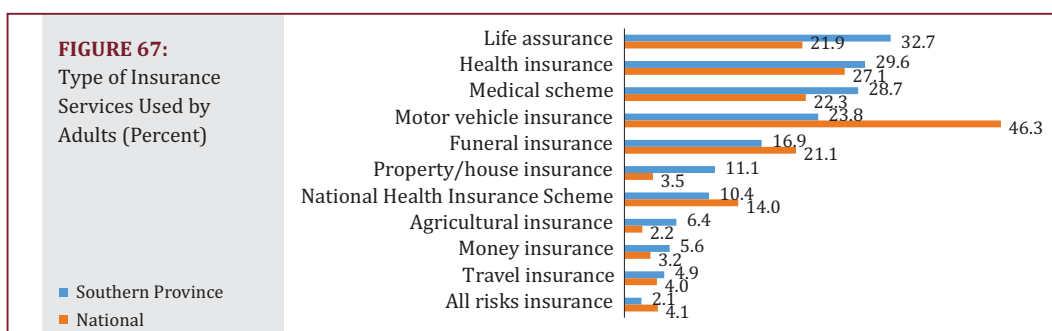


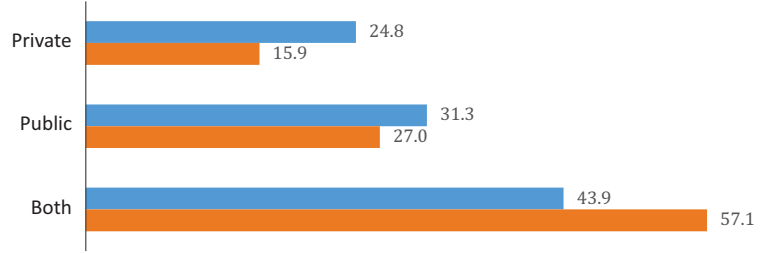
Figure 67 illustrates that the most widely used insurance service was life assurance. This was followed by health, medical and motor vehicle insurance.



## 9.7 Pension Services

The Survey revealed that 8.3 percent of adults contributed to a pension scheme compared with 8.2 percent at national level. Figure 68 shows that the highest percentage was for adults who contributed to both public and private pension schemes.

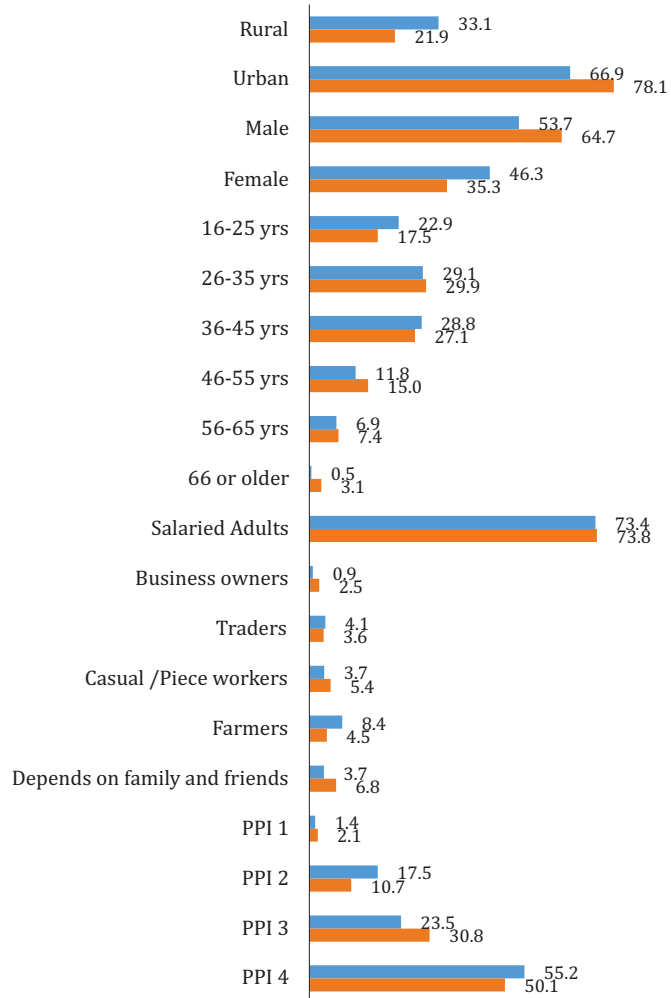
**FIGURE 68:**  
Adults Who  
Contribute to Pension  
Schemes (Percent)



The Survey indicated that adults who contributed to a pension scheme (Figure 69) were most likely to be:

- Urban based;
- Male;
- Of age 26 – 45 years;
- Salaried employees; and
- From households in the high-income quintile of PPI 4.

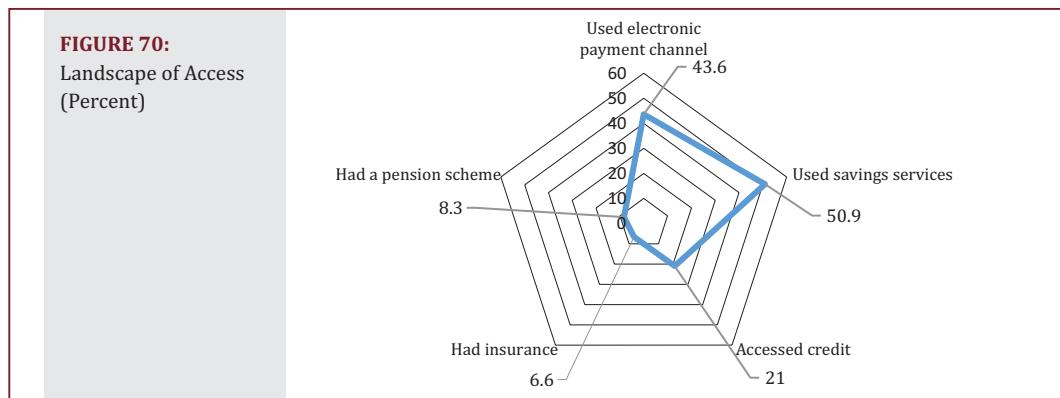
**FIGURE 69:**  
Profile of Adults Who  
Contributed to Pension  
Schemes (Percent)



## 9.8 Landscape of Access

Figure 70 illustrates the landscape of access to financial products/services by adults in the Province as follows:

- Savings (50.9 percent);
- Electronic payment methods (43.6 percent);
- Credit (21.0 percent);
- Pension (8.3 percent); and
- Insurance (6.6 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.

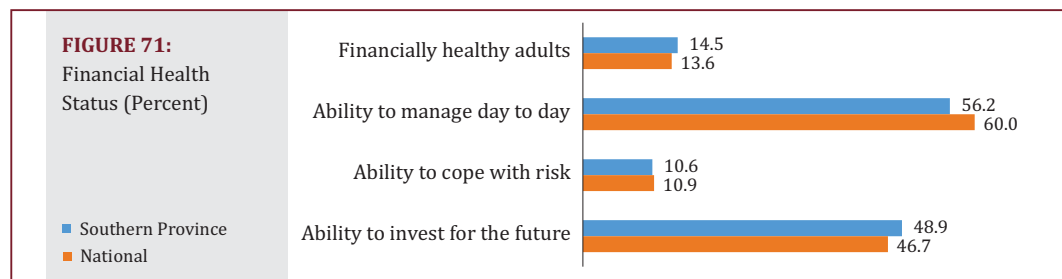
Financial health is measured by a multi-dimensional score made up of three dimensions:

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.

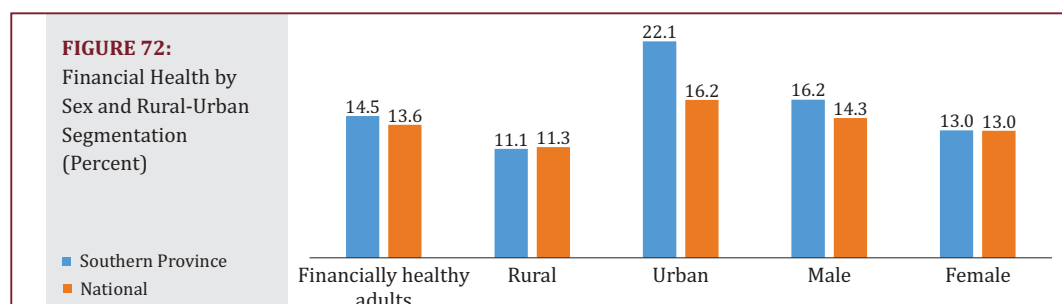
### 10.1 Financial Health Status

The Survey indicated that only 14.5 percent of adults in the Province were financially healthy compared to 13.6 percent at national level (Figure 71). This was mainly attributed to more people in the province having the ability to invest in the future.



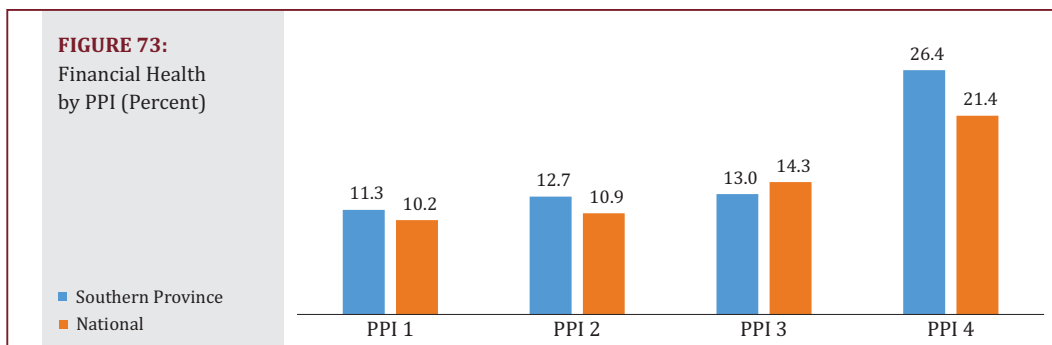
#### 10.1.1 Financial Health by Sex and Rural/Urban Segmentation

Figure 72 shows that males (16.2 percent) and adults in urban areas (22.1 percent) were more financially healthy compared with females (13.0 percent) and those in rural areas (11.1 percent).



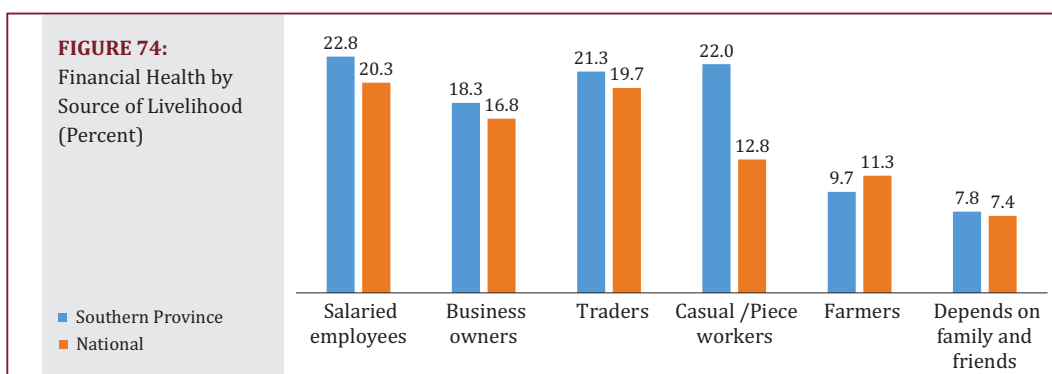
### 10.1.2 Financial Health by the Progress Out of Poverty Index (PPI)

The most financially healthy adults 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 73).



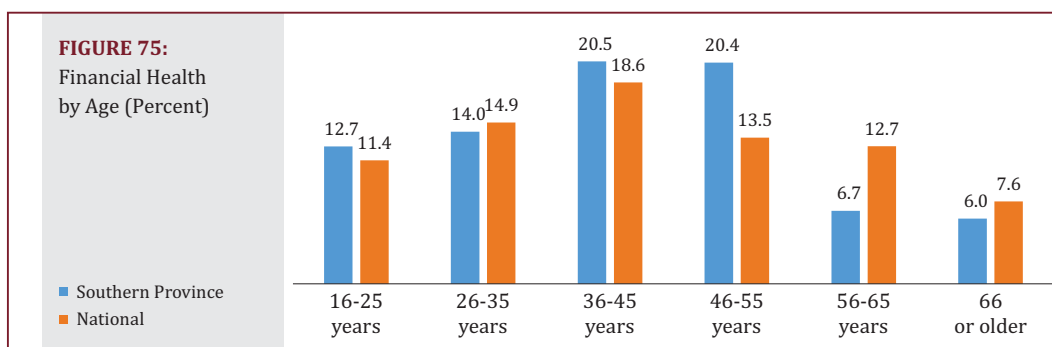
### 10.1.3 Financial Health by Source of Livelihood

With regard to the source of livelihood, salaried employees and casual/ piece workers were the most financially healthy in the Province while those who depended on family and friends recorded the least level of financial health (Figure 74).



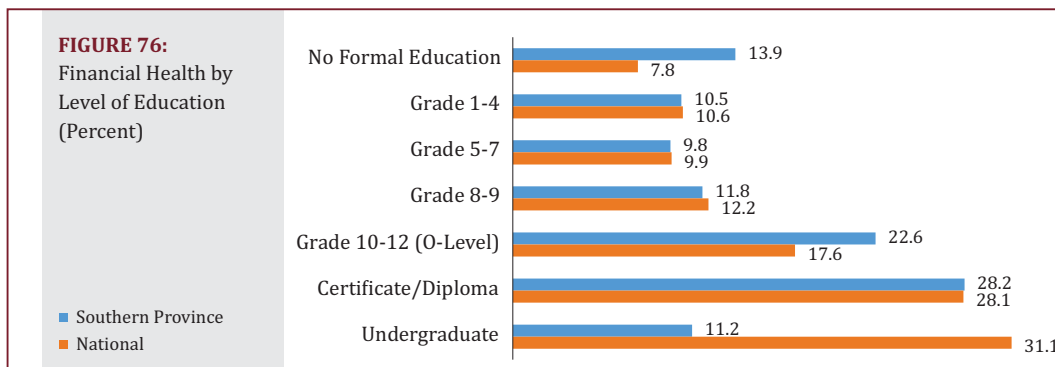
### 10.1.4 Financial Health by Age

Adults in the age group 36 - 55 years were the most financially healthy, while those of age 66 years or older had the least level of financial health (Figure 75).



### 10.1.5 Financial Health by Level of Education

Financial health was highest amongst adults with certificate/diploma level of education. Adults with grade 5 -7 level of education were the least financially healthy (Figure 76).



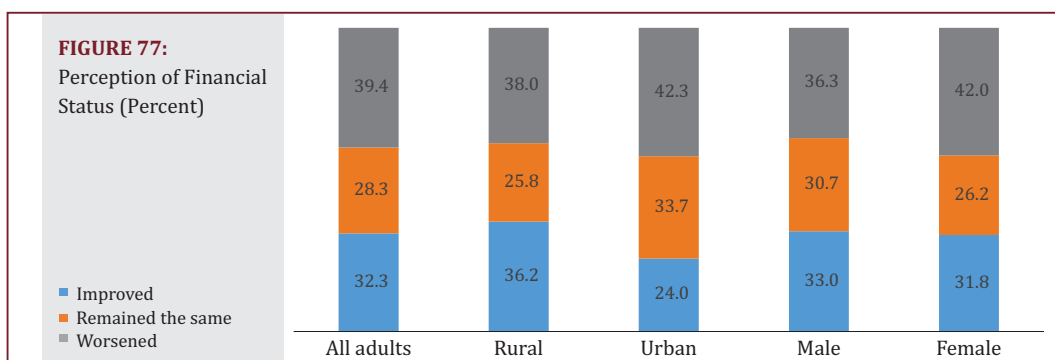
## 10.2 Self-Reported Financial Status

### 10.2.1 Financial Status Perception by Rural/Urban Segmentation and Sex

With respect to self-reported financial status, 39.4 percent of adults indicated that their financial status had worsened in the last 12 months prior to the survey. About 32.3 percent of the adults reported that their financial status had improved while 28.3 percent reported that their financial status had remained the same (Figure 77).

In terms of regional distribution, a higher percentage of adults in urban areas stated that their financial status had either worsened or remained the same compared to those in rural areas. However, a higher percentage of adults in rural areas reported that their financial status had improved compared to those in urban areas.

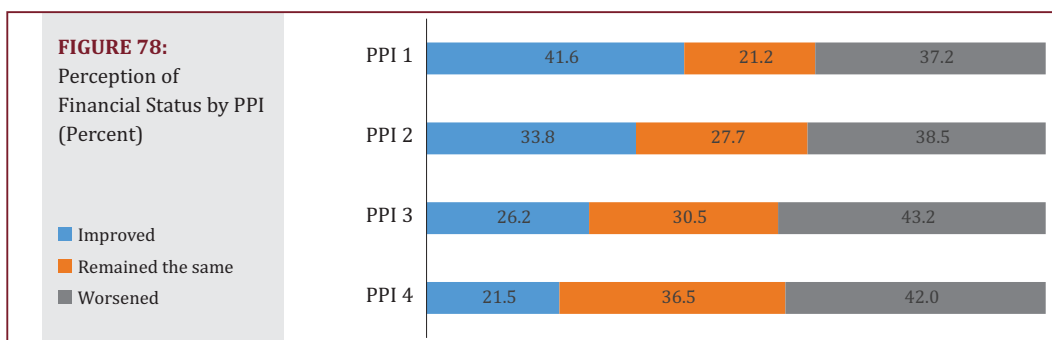
Further, a higher percentage of females perceived that their financial status had worsened compared to males. In contrast, a higher percentage of males felt their financial status had either improved or remained the same.





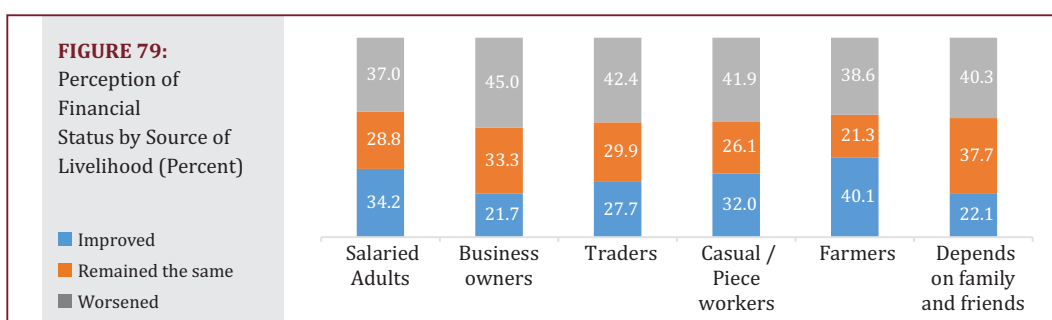
### 10.2.2 Financial Status Perception and Progress Out of Poverty Index

The highest percentage of adults who perceived that their financial status had worsened were in PPI 3. For those who perceived that their financial status had remained the same, most were in PPI 4. Adults who perceived that their financial status had improved were mostly in PPI 1 (Figure 78).



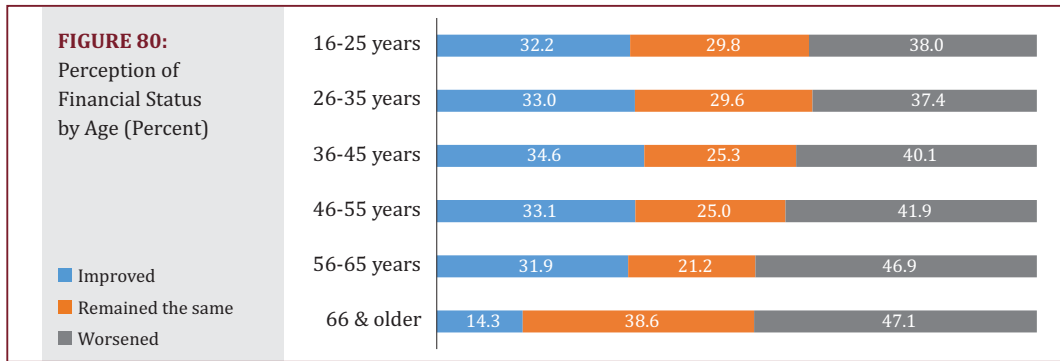
### 10.2.3 Financial Status Perception by Source of Livelihood

Most adults across all income categories except farmers perceived that their financial status had worsened. Most farmers perceived that their financial status had improved while adults who perceived that their financial status had remained the same were mostly those dependent on family and friends (Figure 79).



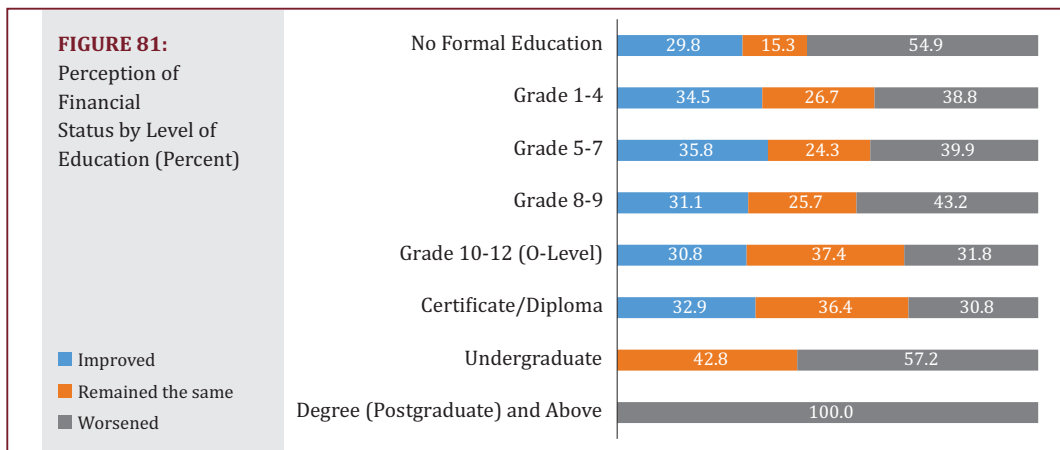
### 10.2.4 Financial Status Perception by Age

Figure 80 shows that the highest percentage of adults who perceived that their financial status had worsened were of age 56 - 66 years or older. The percentage of adults who perceived that their financial status had remained the same was highest in the aged group 66 years or older while those who perceived that their financial status had improved were in the age group 36 - 45 years.



### 10.2.5 Financial Status Perception by Level of Education

As shown in Figure 81, all adults with postgraduate degree level of education perceived that their financial status had worsened. In contrast, most adults with Grade 10 - 12 secondary and certificate/diploma levels of education perceived that their financial status had remained the same. Adults with Grade 5 - 7 primary level of education perceived that their financial status had improved.

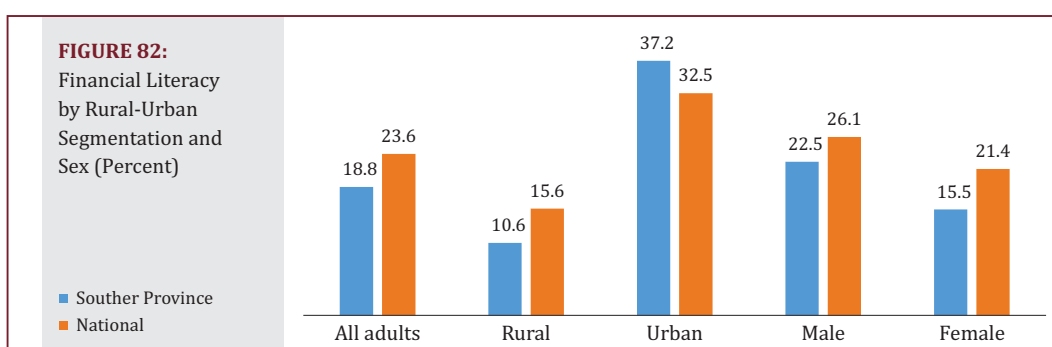


## 11.0 FINANCIAL LITERACY

Financial literacy refers to awareness and knowledge of key financial concepts required for managing personal finances. In this 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.

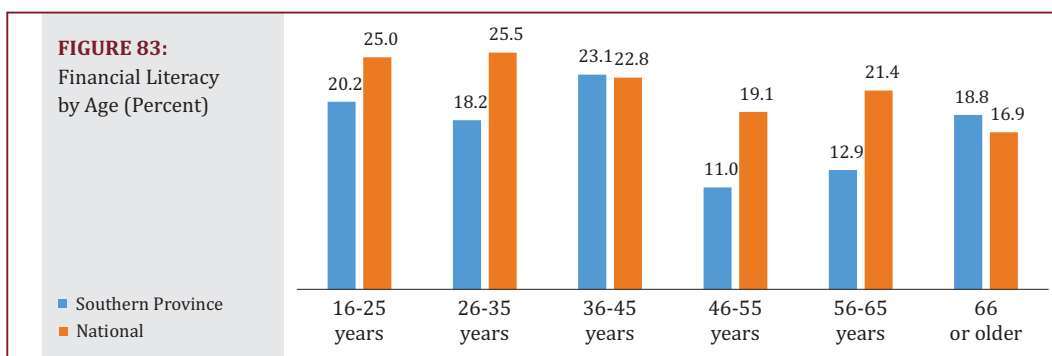
### 11.1 Financial Literacy by Rural-Urban Segmentation and Sex

Figure 82 shows that 18.8 percent of the adult population in Southern Province was financially literate. These were mostly urban-based and male.



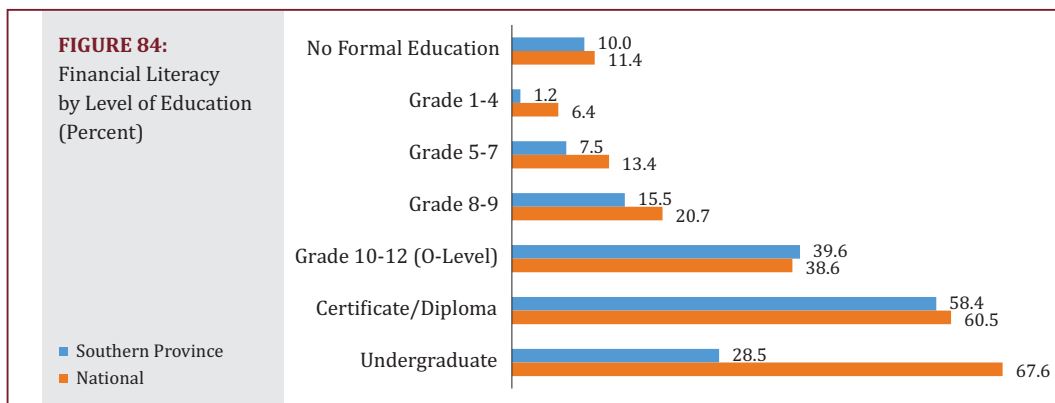
### 11.2 Financial Literacy by Age

The highest level of financial literacy was amongst adults in the age group 36 – 45 years, while the least financially literate adults were in the age group 46 - 55 years (Figure 83).



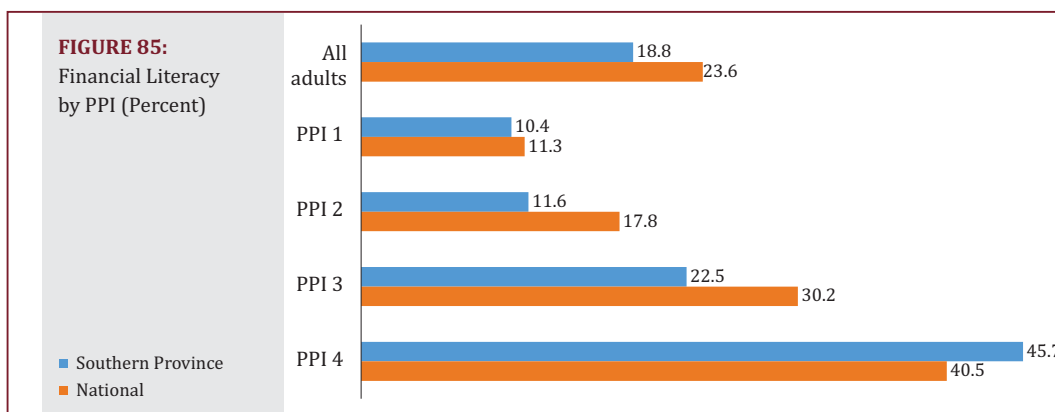
### 11.3 Financial Literacy by Level of Education

Financial literacy was highest amongst adults with certificate/diploma level of education and lowest amongst adults with Grade 1 - 4 level of education (Figure 84).



### 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 85).

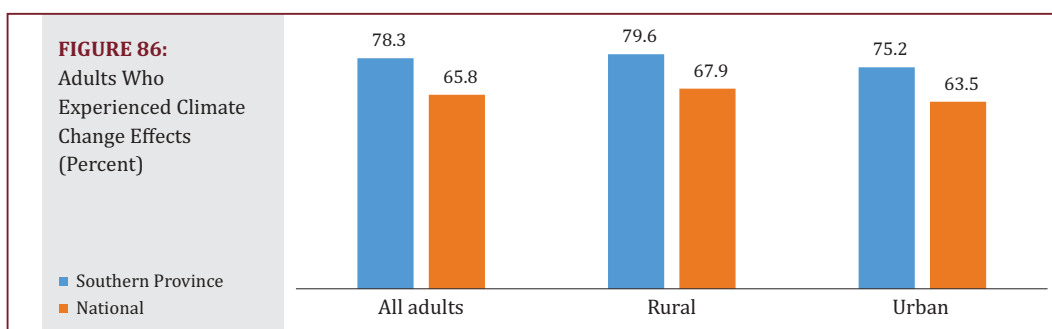


## 12.0 CLIMATE CHANGE

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 pose challenges to Zambia's efforts to reduce poverty, food insecurity and ensure sustainable management of natural resources.

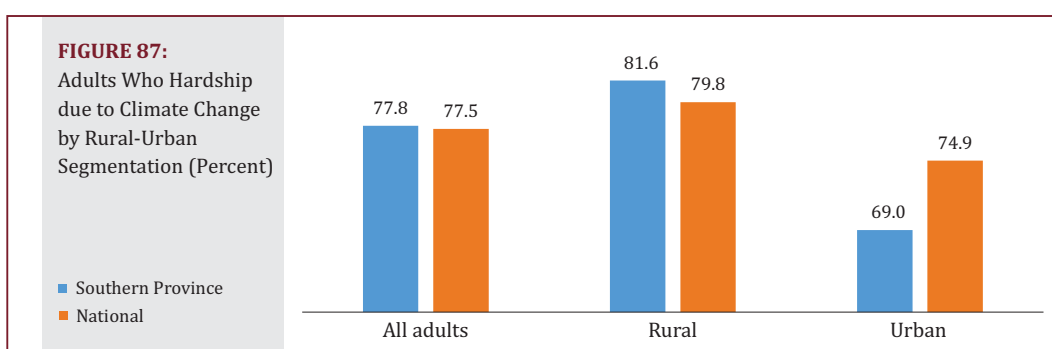
### 12.1 Climate Change Experience

Figure 86 illustrates that 78.3 percent of adults in the Province experienced effects of climate change. Further, a higher percentage of adults in rural areas experienced climate change effects than those in urban areas.



### 12.2 Hardship due to Climate Change

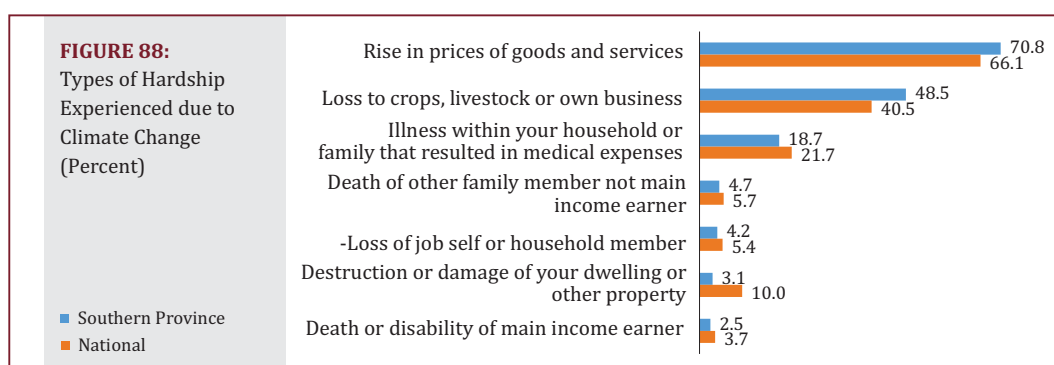
The Survey indicated that 77.8 percent of adults in the Province experienced hardships due to climate change. Further, a higher percentage of adults in rural areas experienced hardships than those in urban areas (Figure 87).



### 12.3 Types of Hardships Experienced due to Climate Change

Figure 88 illustrates that the main types of hardships experienced due to climate change were:

- High prices of goods and services;
- Loss of crops/livestock/own business; and
- Illness that resulted in medical expenses.

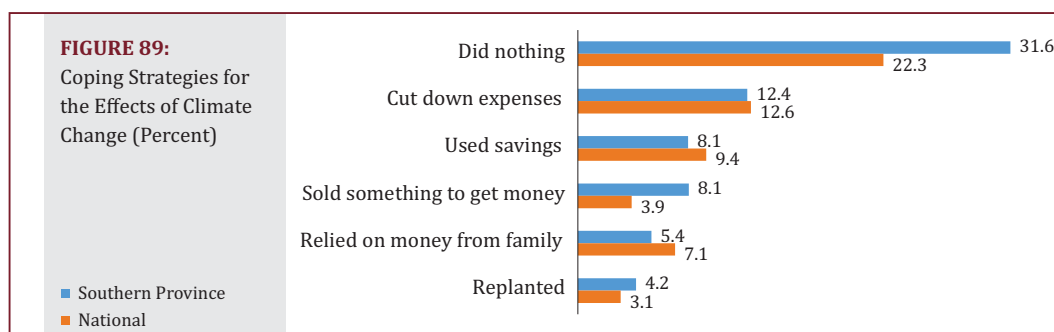


### 12.4 Coping Strategies for the Effects of Climate Change

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

- Cutting down expenses;
- Use of savings; and
- Sold something to get money.

However, 31.6 percent of adults had no coping strategies for the effects of climate change (Figure 89).

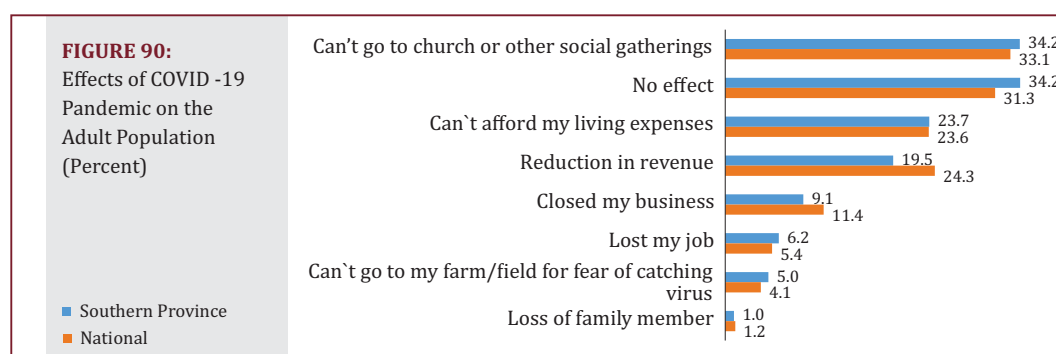


## 13.0 COVID-19 PANDEMIC

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 and 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 the restriction on church attendance or other social gatherings, failure to meet living expenses and reduction in revenue. However, 34.2 percent of adults reported that the pandemic had no effect on their lives (Figure 90).

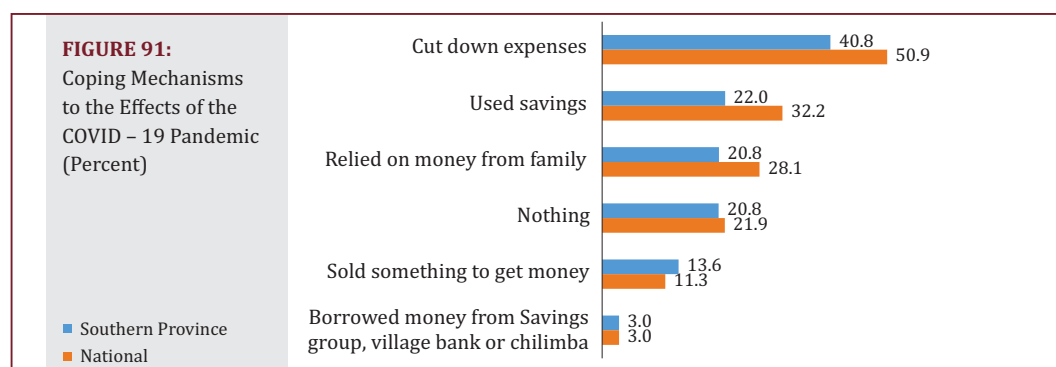


### 13.2 Coping Mechanisms against Effects of the COVID – 19 Pandemic

Figure 91 shows that most adults in the Province employed the following coping mechanisms against effects of the COVID – 19 pandemic:

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

However, 20.8 percent of adults had no coping mechanisms against the effects of the Covid - 19 Pandemic.



## 14.0 CONCLUSION AND RECOMMENDATIONS

The FinScope 2020 Survey showed that 65.3 percent of adults in Southern Province were financially included compared with 69.4 percent at national level.

Further 57.5 percent of adults had or used formal financial services compared with 61.3 percent at national level. The level of formal inclusion was higher for males (61.4 percent) and in urban areas (82.2 percent) than for females (29.3 percent) and in rural areas (26.8 percent). This was despite 69.3 percent of adults residing in rural areas. Most females used informal services and were also more likely to be financially excluded.

The uptake of banking, insurance and pension services was above the national level of 20.8 percent, 6.3 percent and 8.2 percent, respectively. This notwithstanding, more is required to raise awareness and develop appropriate products that suit the needs of the people in Southern Province.

The percentage of adults who were financially healthy, at 14.5 percent was above the national level of 13.6 percent on account of a higher percentage of adults in the Province having the ability to invest for the future. In terms of financial literacy, the Survey showed that 18.8 percent of the population was financially literate compared with 23.6 at national level. These adults were mostly male and urban-based. The low levels of financial literacy and financial health indicate the need for concerted efforts by Government and the private sector to improve economic activity and financial capabilities of the people in Southern Province.

With regard to climate change, 78.3 percent of adults in the Province experienced effects of climate change compared with 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.

Most adults indicated that the main effects of the COVID-19 pandemic were the restriction on church attendance or other social gatherings, failure to meet living expenses and reduction in revenue. Cutting down expenses was the most employed coping mechanism against the effects of the COVID -19 pandemic.

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. Therefore, a more coordinated approach by the Government and financial sector stakeholders in the Province is required to facilitate provision of appropriate interventions and improved access to financial services.

The following recommendations could provide greater momentum to achieving financial inclusion in the Province:

1. 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;
2. Promotion of innovation, FinTech and targeted design of products/services leveraging on digital platforms;
3. Coordinated fraud and cyber security awareness programs by financial service providers, regulators and other stakeholders;
4. Rural finance initiatives to empower productive capacity of poor communities, particularly farmers and the SME sector;



5. 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;
6. 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;
7. 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;
8. Development of infrastructure to support implementation of widespread digital systems and financial access points at affordable pricing across the country; and
9. Implementation of sustainable green finance policies/strategies to mitigate and adapt to the risks of climate change.

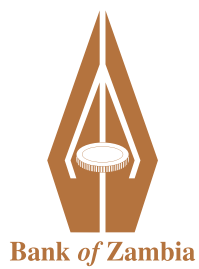
## 15.0 APPENDICES

### 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 87	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 72	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 58	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:

