



Cooperating Partners:



FINSCOPE ZAMBIA

2020 SURVEY PROVINCIAL REPORT



EASTERN PROVINCE

REGISTERED OFFICES

Head Office

Bank Square, Cairo Road
P. O. Box 30080, Lusaka, 10101, Zambia
Tel: (+260)211399300
E-mail: info@boz.zm
Website: www.boz.zm

Regional Office

Buteko Avenue,
P.O. Box 71511, Ndola, Zambia
Tel: (+260)212399600
E-mail: info@boz.zm
Website: www.boz.zm



Bank of Zambia



TABLE OF CONTENTS

FOREWORD	i
----------	---

LIST OF FIGURES	ii
-----------------	----

LIST OF TABLES	v
----------------	---

ACRONYMS AND ABBREVIATIONS	vi
----------------------------	----

DEFINITIONS	vii
-------------	-----

1.0 EXECUTIVE SUMMARY	1
------------------------------	----------

2.0 SURVEY BACKGROUND AND METHODOLOGY	3
2.1 Survey Background	3
2.2 Survey and Instrument Design	3
2.3 Sampling Frame	3
2.4 Sample Design and Implementation	4
2.5 Fieldwork	4

3.0 DEMOGRAPHIC COMPOSITION	5
3.1 Adult Population	5
3.2 Main Livelihood and Income Generating Activities	6
3.3 Average and Median Income by Main Income Generating Activities	6
3.4 Distribution of Adults by Progress Out of Poverty Index (PPI)	7

4.0 FINANCIAL INCLUSION	10
4.1 Defining Financial Inclusion	10
4.2 Developments in Financial Inclusion	11
4.3 Formal and Informal Financial Inclusion	13
4.4 Financial Access Strand	15

5.0 UPTAKE OF FORMAL FINANCIAL SERVICES	19
5.1 Levels of Formal Financial Services	19
5.2 Perceived Barriers to Usage of Formal Financial Services	25

6.0 USE OF INFORMAL FINANCIAL SERVICES	28
6.1 Uptake of Informal Financial Products/Services	28
6.2 Barriers to Usage of Informal Savings Services	35

7.0. FINANCIAL CAPABILITIES	36
7.1 Financial Sufficiency and Decision Making	36
7.2 Cash-flow Management	40
7.3 Risk Management	44
7.4 Assets and Asset Building	47
7.5 Investment	48
7.6 House Occupancy Status	49
7.7 Strategies to Meet Future Needs When Old and Cannot Work	50

8.0 ACCESS TO FINANCIAL SERVICES	52
8.1 Physical Access to Points of Service	52
8.2 Eligibility to Access Services	52

9.0 FINANCIAL PRODUCTS AND SERVICES USED BY ADULTS	54
9.1 Electronic Payment Services	54
9.2 Adults Buying Goods and Services on Credit	56
9.3 Remittances	57
9.4 Savings	59
9.5 Credit Services	62
9.6 Insurance Services	67
9.7 Pension Services	68
9.8 Landscape of Access	70

10.0 FINANCIAL HEALTH	72
10.1 Financial Health Status	72
10.2 Self-Reported Financial Status	74

11.0 FINANCIAL LITERACY	77
11.1 Financial Literacy by Rural-Urban Segmentation and Sex	77
11.2 Financial Literacy by Age	77
11.3 Financial Literacy by Level Education	78
11.4 Financial Literacy by Progress Out of Poverty Index	78

12.0 CLIMATE CHANGE	79
12.1 Climate Change Experience	79
12.2 Hardship due to Climate Change by Rural/Urban Segmentation	79
12.3 Types of Hardship Experienced due to Climate Change	80
12.4 Coping Strategies to the Effects of Climate Change	80

13.0 COVID-19 PANDEMIC	81
13.1 Effects of Covid-19 Pandemic on the Adult Population	81
13.2 Coping Mechanisms against Effects of the COVID – 19 Pandemic	81

14.0 CONCLUSION AND RECOMMENDATIONS	82
--	-----------

15.0 APPENDICES	84
------------------------	-----------



FOREWORD

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

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



The FinScope 2020 Survey was the first to be managed and conducted by a local project team. It was also the first time a report was being produced for each province. Survey findings showed that financial inclusion in Eastern Province stood at 63.2 percent, driven mainly by uptake of savings and digital financial services. This level was, however, lower than the national level of 69.4 percent. Further, a huge disparity was observed in the level of financial inclusion between urban areas (86.9 percent) and rural areas (56.9 percent), indicating that there is more work required to increase financial inclusion and bridge the urban-rural gap.

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

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

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

Dr. Denny Kalyalya
GOVERNOR

LIST OF FIGURES

Figure 1:	Rural-Urban Distribution of Adults (Percent)	5
Figure 2:	Distribution of Adults by Age (Percent)	5
Figure 3:	Distribution of Adults by Sex (Percent)	6
Figure 4:	Distribution of Adults by Education (Percent)	6
Figure 5:	Main Income Generating Activities (Percent)	6
Figure 6:	PPI Quintile Distribution of Adults (Percent)	8
Figure 7:	Relationship between Livelihoods and PPI (Percent)	8
Figure 8:	Components of Financial Inclusion	11
Figure 9:	Developments in Financial Inclusion (Percent)	11
Figure 10:	Financially Included Adults (Percent)	12
Figure 11:	Financial Inclusion by Rural/Urban Segmentation (Percent)	12
Figure 12:	Financial Inclusion by Sex (Percent)	13
Figure 13:	Financial Inclusion by Level of Education (Percent)	13
Figure 14:	Formal and Informal Inclusion (Percent)	14
Figure 15:	Profile of Adults Who Used Formal and Informal Financial Services (Percent)	15
Figure 16:	Overlap in Formal and Informal Inclusion (Percent)	16
Figure 17:	Financial Access Strands by Sex (Percent)	16
Figure 18:	Financial Access Strands by Age (Percent)	16
Figure 19:	Financial Access Strands by Rural-Urban Segmentation (Percent)	17
Figure 20:	Financial Access Strands by Main Source of Income (Percent)	17
Figure 21:	Financial Access Strands by PPI Quintile (Percent)	18
Figure 22:	Overlap in Usage of Commercial Bank and Formal Other (Percent)	19
Figure 23:	Adults Who Had/Used Non-Bank Formal Financial Services (Percent)	20
Figure 24:	Comparing the Profile of Adults Who Used Commercial Bank Services with the Total Adult Population (Percent)	21
Figure 25:	Comparing the Profile of Adults Who Used Microfinance Services with the Total Adult Population (Percent)	22
Figure 26:	Comparing the Profile of Adults Who Used Insurance Services with the Total Adult Population (Percent)	23
Figure 27:	Comparing the Profile of Adults Who Used Pension Services with the Total Adult Population (Percent)	24
Figure 28:	Comparing the Profile of Adults Who Used Mobile Money Services with the Total Adult Population (Percent)	25
Figure 29:	Use of Informal Financial Products/ Services (Percent)	28
Figure 30:	Profile of Adults Who Used Informal Savings Services (Percent)	29
Figure 31:	Profile of Adults Who Used Informal Credit Services (Percent)	30
Figure 32:	Profile of Adults Who Used Informal Remittance Services (Percent)	31

Figure 33:	Comparing the Profile of Adults who Belonged to a Chilimba with the Total Adult Population (Percent)	32
Figure 34:	Comparing the Profile of Adults Who Belonged to a Savings Group with the Total Adult Population (Percent)	33
Figure 35:	Comparing the Profile of Adults Who Belonged to a Village Bank with the Total Adult Population (Percent)	34
Figure 36:	Comparing the Profile of Adults Who Used Kaloba with the Total Adult Population (Percent)	35
Figure 37:	Adults Who Had Money of Their Own (Percent)	36
Figure 38:	Profile of Adults Who Hade Money of Their Own to Use as They Wished (Percent)	37
Figure 39:	Adults Involved in Financial Decision-Making (Percent)	38
Figure 40:	Adults Who Kept Track of the Money They Received and Spent (Percent)	39
Figure 41:	Adults Who Had Someone to Turn to for Financial Advice (Percent)	40
Figure 42:	Major Life Events Considered Most Costly (Percent)	41
Figure 43:	Adults Who Struggled to Keep Up with Regular Expenses (Percent)	43
Figure 44:	Adults Who Kept a Record of Their Money (Percent)	44
Figure 45:	Adults Who Struggled to Manage Unexpected Expenses (Percent)	45
Figure 46:	Adults Who Made Provision for Unexpected Expenses (Percent)	46
Figure 47:	Adults Investing to Ensure They Have Money in the Future (percent)	49
Figure 48:	Adults Able to Provide Valid Documentation (Percent)	53
Figure 49:	Usage of Electronic Payment Channels for Purchase of Goods and Services (Percent)	54
Figure 50:	Profile of Adults Using Electronic Payment Channels for Purchase of Goods and Services (Percent)	55
Figure 51:	Usage of Electronic Payment Channels for Paying Bills (Percent)	56
Figure 52:	Adults Who Purchased Goods and Services on Credit in the 12 Months Prior to the Survey (Percent)	57
Figure 53:	Adults Who Sent or Received Money (Percent)	58
Figure 54:	Definition of Savings (Percent)	59
Figure 55:	Adults Who Saved (Percent)	60
Figure 56:	Criteria for Choosing a Savings Mechanism (Percent)	61
Figure 57:	Types of Saving Mechanisms Used by Savers (Percent)	61
Figure 58:	Average Savings by Savers (Kwacha)	62
Figure 59:	Adults Who Borrowed in the 12 Months Period Prior to the Survey (Percent)	63
Figure 60:	Adults Who Did Not Borrow in the 12-Month Period Prior to the Survey (Percent)	64
Figure 61:	Most Important Criteria for Choosing a Lender (Percent)	65
Figure 62:	Lenders Used by Adults Who Borrowed in the 12 Month Period Prior to the Survey (Percent)	65
Figure 63:	Adults Who Missed Loan Repayments (Percent)	66
Figure 64:	Reasons for Missing Loan Repayments (Percent)	67
Figure 65:	Awareness of CRB (Percent)	68

Figure 66:	Adults Who Used Insurance Services Compared with National Levels (Percent)	69
Figure 67:	Type of Insurance Products Held by Adults (Percent)	69
Figure 68:	Adults Who Contributed to Pension Schemes (Percent)	70
Figure 69:	Profile of Adults Who Contributed to Pension Schemes (Percent)	71
Figure 70:	Landscape of Access (Percent)	71
Figure 71:	Financial Health Status (Percent)	72
Figure 72:	Financial Health by Sex and Rural-Urban Segmentation (Percent)	72
Figure 73:	Financial Health by PPI (Percent)	73
Figure 74:	Financial Health by Source of Livelihood (Percent)	73
Figure 75:	Financial Health by Age (Percent)	73
Figure 76:	Financial Health by Level of Education (Percent)	74
Figure 77:	Perception of Financial Status by Rural/Urban Segmentation and Sex (Percent)	74
Figure 78:	Perception of Financial Status by Progress Out of Poverty Index (Percent)	75
Figure 79:	Perception of Financial Status by Source of Livelihood (Percent)	75
Figure 80:	Perception of Financial Status by Age (Percent)	76
Figure 81:	Perception of Financial Status by Level of Education (Percent)	76
Figure 82:	Financial Literacy by Rural-Urban Segmentation and Sex (Percent)	77
Figure 83:	Financial Literacy by Age (Percent)	77
Figure 84:	Financial Literacy by Level of Education (Percent)	78
Figure 85:	Financial Literacy by Progress Out of Poverty Index (Percent)	78
Figure 86:	Adults Who Experienced Climate Change Effects (Percent)	79
Figure 87:	Adults Who Experienced Hardship due to Climate Change (Percent)	79
Figure 88:	Types of Hardship Experienced due to Climate Change (Percent)	80
Figure 89:	Coping Strategies for the Effects of Climate Change (Percent)	80
Figure 90:	Effects of COVID-19 Pandemic on the Adult Population (Percent)	81
Figure 91:	Coping Mechanisms to the Effects of COVID – 19 Pandemic (Percent)	81

LIST OF TABLES

Table 1: Summary of Top Line Findings	1
Table 2: Allocation of Clusters and Households by Region	4
Table 3: Income by Main Income Generating Activity (ZMW)	7
Table 4: Frequency of Receiving Main Income (Percent)	7
Table 5: Average Income of Adults by PPI Quintile (ZMW)	8
Table 6: Levels of Access/Use of Non-Bank Formal Financial Services (Percent)	20
Table 7: Barriers to Usage of Commercial Bank Services (Percent)	26
Table 8: Barriers to Usage of Microfinance Services (Percent)	26
Table 9: Barriers to Usage of Capital Market Products (Percent)	26
Table 10: Barriers to Usage of Insurance Services (Percent)	27
Table 11: Barriers to Usage of Pension Services (Percent)	27
Table 12: Barriers to Usage of Mobile Money Services (Percent)	27
Table 13: Barriers to Usage of Informal Savings Services (Percent)	35
Table 14: Income by Main Income Generating Activity and PPI Quintile	41
Table 15: Adults with a Child/Dependant Sent Home due to Lack of School Fees (Percent)	42
Table 16: Strategies to Cope with Unexpected Expenses (Percent)	47
Table 17: Asset Ownership and Connectivity of Adults (Percent)	48
Table 18: House Occupancy Status (Percent)	50
Table 19: Strategies to Meet Future Needs When Old and Cannot Work (Percent)	51
Table 20: Adults Able to Access Service Points within 30 Minutes (Percent)	52
Table 21: Adults with Documentation to Prove Identity and/or Residence (Percent)	53
Table 22: Remittances (Percent)	58
Table 23: Main Drivers of Saving (Percent)	60
Table 24: Drivers of Borrowing (Percent)	65

ACRONYMS AND ABBREVIATIONS

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

DEFINITIONS

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

Formally included	Individuals primarily using formal financial products/services provided by institutions that are regulated by any of the three financial sector regulators. This is not exclusive usage, as these individuals may also use informal products/services.
Informal products/services	Financial products/services provided by financial service providers that are not formally regulated.
Informally included	Individuals who are not using any formal financial products/services but who use one or more financial products/services offered by an informal provider.
Insurance	Payment of a premium for risk of an event happening, where pay-out is made if, or when the event occurs.
Investment	The act of allocating money with the expectation of earning an income or profit in the future. An investment can be an asset, shares, collective investment schemes and bonds (among others) which is expected to increase in value over time.
Kaloba	Informal credit that is provided by moneylenders.
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 and well-being of the population. Addressing financial inclusion is therefore important as a means of uplifting the livelihoods of the poor and vulnerable societies, particularly in rural areas. In this regard, the National Financial Inclusion Strategy (NFIS) 2017 – 2022 targets were to increase the level of financial inclusion to 80 percent and the level of formal financial inclusion to 70 percent.

The objectives of the FinScope 2020 Survey provincial report included providing information for:

- 1) Assessing the financial landscape;
- 2) Measuring the level of financial inclusion in the province; and
- 3) Identifying the gaps and barriers in the financial sector as well as stimulating innovations in product design and digital financial services.

The response rate for the survey in Eastern Province was 97.9 percent from a sample of adults aged 16 years and above in 1,395 households. The survey results indicated that the level of financial inclusion was 63.2 percent out of a population of 670,573 adults.

TABLE 1: SUMMARY OF TOP LINE FINDINGS

Description	Eastern Province	National
Total population in Eastern Province ¹ (million)	2.1	17.9
Total adult population (million)	1.1	9.5
Adults living in rural areas (%)	79.3	52.6
Adults living in urban areas (%)	20.7	47.4
Male adults (%)	46.2	47.5
Female adults (%)	53.8	52.5
Level of financial inclusion (%)	63.2	69.4
Financial inclusion amongst males (%)	63.8	71.2
Financial inclusion amongst females (%)	62.6	67.9
Financial inclusion in urban areas (%)	86.9	84.4
Financial inclusion in rural areas (%)	56.9	55.9
Formal financial inclusion (%)	47.1	61.3
Informal financial inclusion (%)	35.8	32.3
Adults financially healthy (%)	15.4	13.6
Adults financially literate (%)	23.3	23.6
Adults who experienced climate change effects (%)	70.1	65.8

The landscape of access for types of financial services showed that most adults used savings products and electronic payment channels, with an uptake of 49.5 percent and 34.3 percent, respectively. Generally, there was low access to pension services and insurance services at 4.6 percent and 3.5 percent, respectively.

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

The following were identified as the main barriers to the use of formal financial services by the adult population in Eastern 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 enhanced financial inclusiveness.

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

2.0 SURVEY BACKGROUND AND METHODOLOGY

2.1 Survey Background

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

The Bank of Zambia, in collaboration with the Zambia Statistics Agency (ZamStats) and other financial sector stakeholders² successfully conducted the FinScope Zambia 2020 Survey in September - October 2020.

2.2 Survey and Instrument Design

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

- Demographics;
- Wealth of households;
- Earning and spending of money;
- Planning, cash-flow and risk management;
- Financial literacy;
- Financial health;
- Savings and investments;
- Borrowing;
- Pensions and insurance;
- Capital Markets;
- Climate Change and impact of 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 wards. Each ward was then subdivided into smaller areas called Census Supervisory Areas

²Financial Sector Deepening Zambia; Rural Finance Expansion Programme; German Sparkassenstiftung for International Cooperation; Ministry of Finance and National Planning; United Nations Capital Development Fund and FinMark Trust.

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

2.4 Sample Design and Implementation

The FinScope 2020 Survey used a stratified cluster sample design. Three (3) sampling stages were used as follows:

- Selection of Clusters – 93 EAs were selected using the probability proportional to population size approach.
- Selection of households – 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.
- Selection of household member – One adult usual household member aged 16 years or older was selected from each household, resulting in a sample of 1,395 adults for the Province (Table 2).

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

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

Where

n_d is the sample size in the domain;

n is the sample size;

D is the number of domains;

N_d is the total number of households in domain d;

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

θ_d is the proportion of households in domain; and

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

TABLE 2: ALLOCATION OF CLUSTERS AND HOUSEHOLDS

Domain / Stratum	Allocation of EA			Allocation of households		
	Urban	Rural	Total	Urban	Rural	Total
Eastern	78	15	93	1,170	990	1,395

2.5 Fieldwork

Fieldwork was carried out from September to October 2020 over a period of 4 weeks by 35 data collectors. A total of 1,468 face-to-face interviews were conducted representing a 97.9 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 Eastern Province as well as their income generating activities. Demographics and livelihoods are important for understanding the potential financial landscape. This information is the basis for product design and marketing, strategies and/or policy interventions to expand financial inclusion.

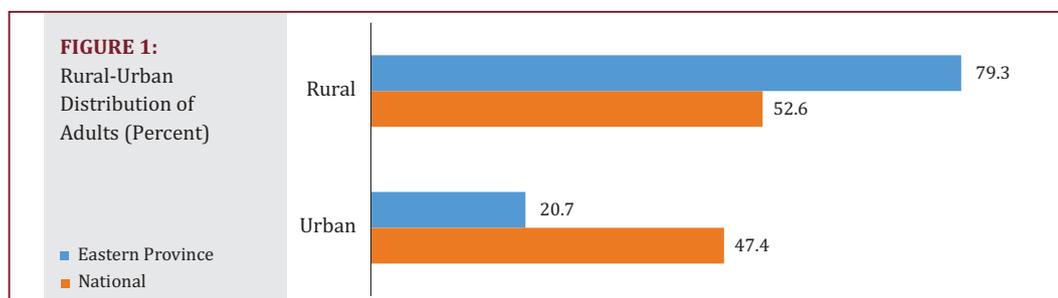
3.1 Adult Population

The adult population in the Province was estimated at 1,061,034 about 11 percent of the national adult population of 9.5 million. A summary of the demographic characteristics of this population showed that most adults were:

- Rural-based;
- Of age 35 years or younger; and
- Females.

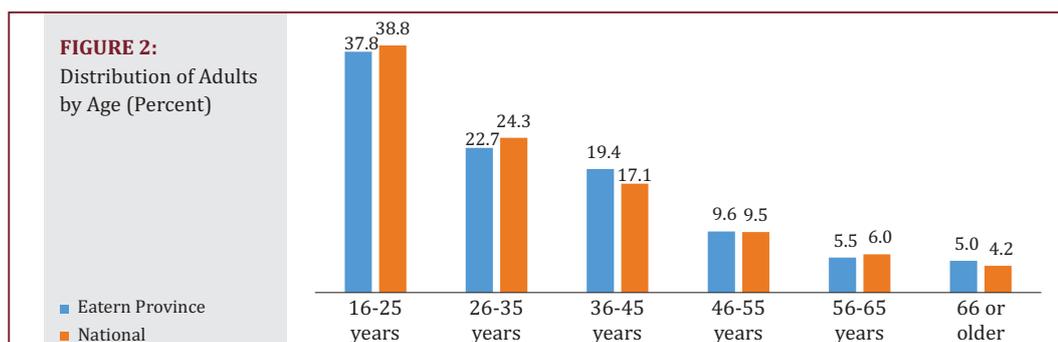
3.1.1 Rural-Urban Distribution of Adults

The percentage of adults residing in rural areas was 79.3 percent compared to 20.7 percent in urban areas. It is therefore important to consider this aspect in the development of strategies to increase financial inclusion in Eastern Province (Figure 1).



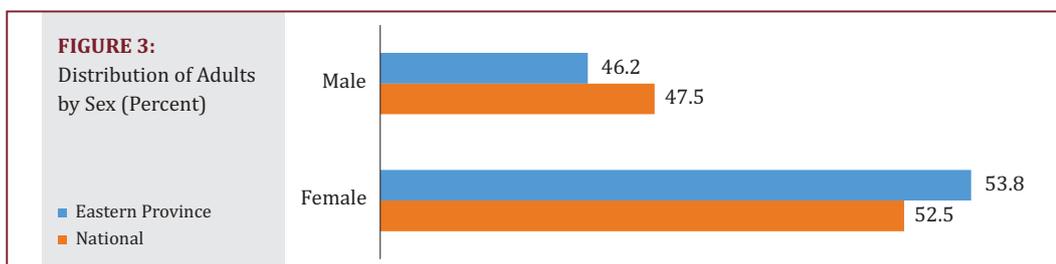
3.1.2 Distribution of Adults by Age

Figure 2 shows that 60.5 percent of the adult population was largely youthful, of age 35 years or younger.



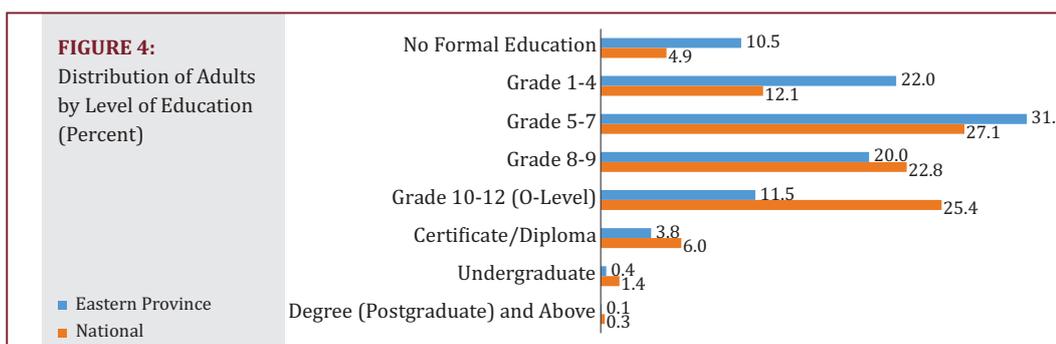
3.1.3 Distribution of Adults by Sex

Figure 3 shows that there were more females than males in Eastern Province.



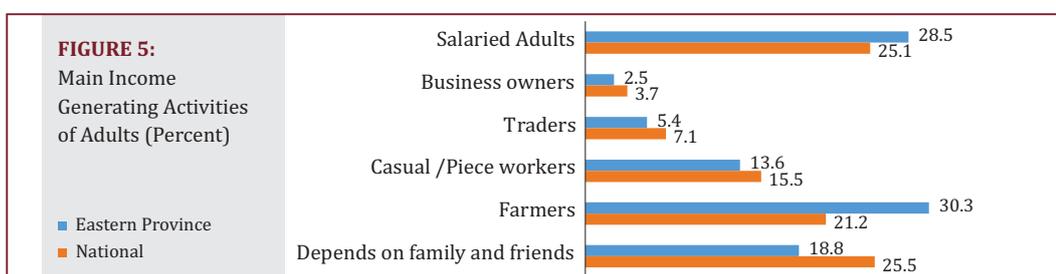
3.1.4 Distribution of Adults by Education

The Survey showed that most adults (31.7 percent) had achieved grade 5 - 7 level of primary education while only 0.5 percent had completed an undergraduate and postgraduate degree (Figure 4).



3.2 Main Livelihood and Income Generating Activities

Figure 5 shows that most adults relied on farming (30.3 percent) and salaried work (28.5 percent) for income generation.



3.3 Average and Median Income by Main Income Generating Activities

The average monthly incomes for all income generating activities in the Province were lower than the national levels (Table 3).

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

	Eastern		National	
	Average monthly income	Median monthly income	Average monthly income	Median monthly income
Salaried Adults	1,374.61	500.00	2,359.94	1,139.09
Business owners	902.77	700.00	1,564.59	1,000.00
Traders	1,634.40	1,112.48	1,698.17	935.13
Casual /Piece workers	473.31	307.38	661.13	496.91
Farmers	432.32	300.00	745.97	400.00
Depends on family and friends	532.55	436.90	762.30	400.00

3.3.1 Frequency of Receiving Main Income

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

- Monthly for salaried workers;
- Daily and occasionally for business owners; and
- Seasonally for farmers.

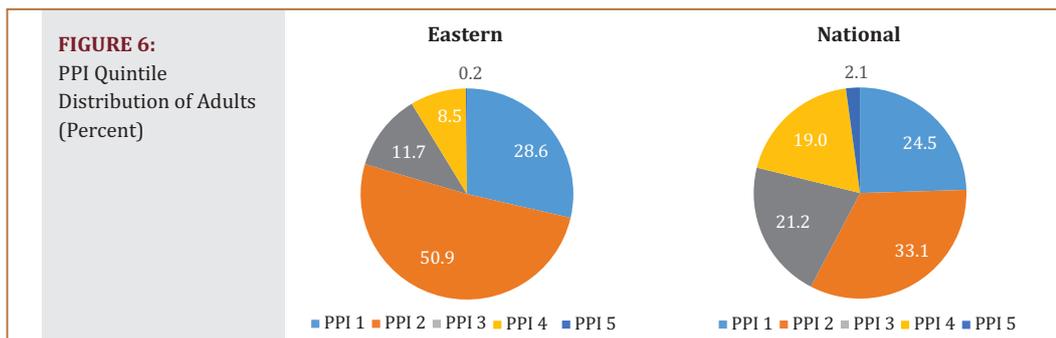
TABLE 4: FREQUENCY OF RECEIVING MAIN INCOME (PERCENT)

Frequency	Salaried Adults	Business owners	Traders	Casual/ Piece workers	Farmers	Depends on family and friends
Daily	7.7	33.0	18.7	12.1	7.7	5.9
Weekly	10.6	17.9	10.8	12.6	7.8	11.4
More than once a month but not weekly	2.1	4.3	9.4	3.8	2.8	4.6
Monthly	39.8	4.3	21.5	23.9	13.0	21.6
Every 2 months	1.3	-	1.2	0.6	4.1	2.3
Annually	11.7	-	3.6	1.5	18.0	4.7
Seasonally	15.4	6.9	1.8	9.8	25.6	16.7
Occasionally	11.3	29.8	27.6	18.3	19.1	29.8
Upon completion of job	-	3.9	2.5	17.3	1.7	-

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) quintiles (intervals).

According to the Survey, the highest percentage of adults were in the low income quintiles of PPI 2 (50.9 percent) and PPI 1 (28.6 percent), representing the poor segments of society. The percentage of adults in the middle and high income segments was 11.7 percent (PPI 3) and 8.5 percent (PPI 4). There were no adults in the highest income quintile of PPI 5 (Figure 6).



3.4.1 Income of Adults by PPI Quintile

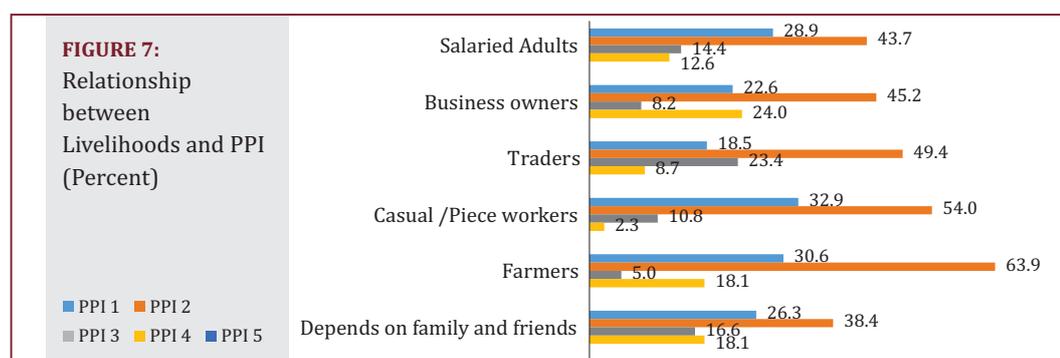
The average incomes per month for all quintiles in the Province were lower than the national averages with the exception of PPI 3 (Table 5).

TABLE 5: AVERAGE INCOME BY PPI QUINTILE (ZMW)

Income quintile	Eastern		National	
	Mean	Median	Mean	Median
PPI 1	399.85	250.00	540.00	300.00
PPI 2	585.29	350.00	820.31	462.58
PPI 3	1,702.91	1,000.00	1,690.19	1,000.00
PPI 4	2,823.85	2,000.00	2,896.85	1,500.00

3.4.2 Relationship between Livelihoods and PPI (Percent)

The Survey showed that most adults were in the low income quintile of PPI 2 for all the income source categories (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 businesses³.

The benefits of financial inclusion include the ability to:

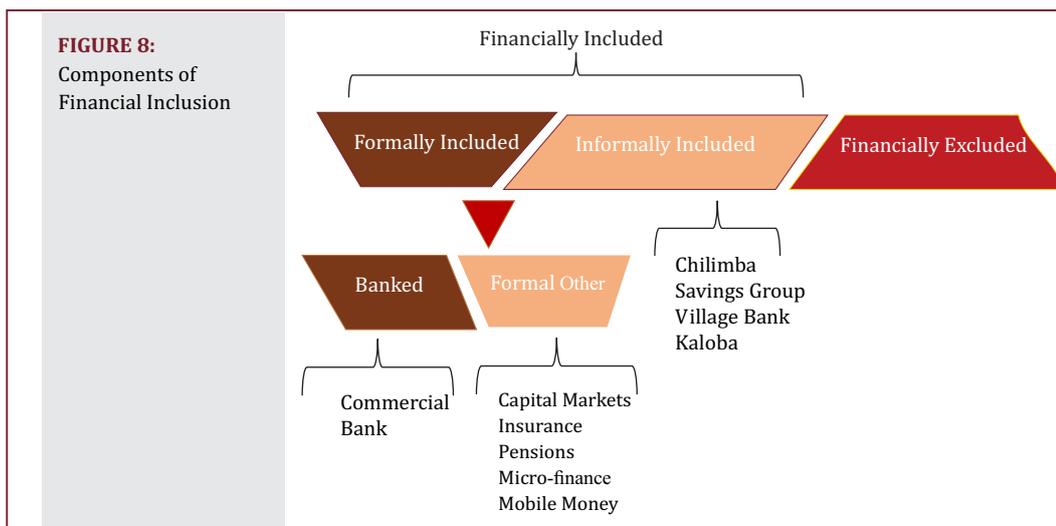
- Make day-to-day transactions, such as sending and receiving money with ease;
- Safeguard savings, which can help households and enterprises to manage cash flow spikes, smoothen consumption and build working capital;
- Access credit to finance micro, small and medium enterprises (MSMEs), helping owners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

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

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

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

³National Financial Inclusion Strategy 2017 - 2022

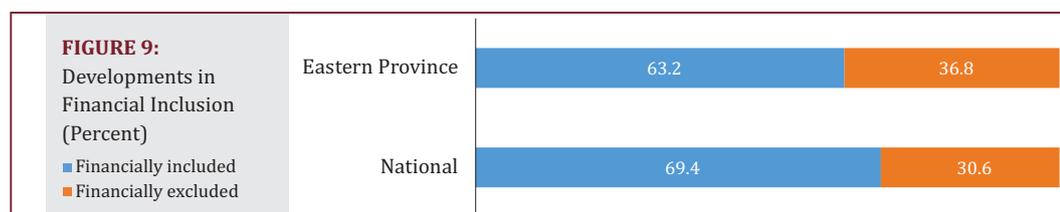


4.2 Developments in Financial Inclusion

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

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

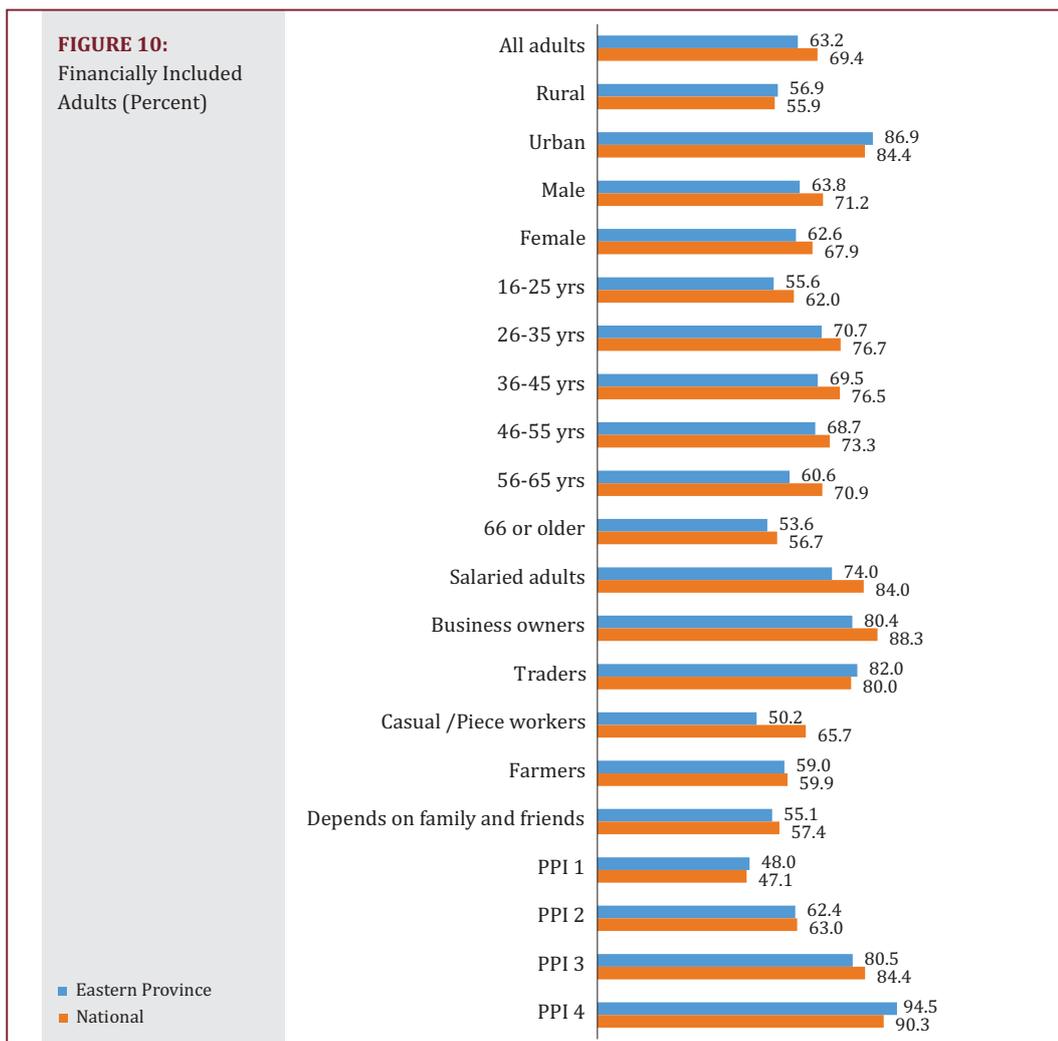
The Survey showed that 63.2 percent (670,573) of adults in the Province were financially included, while 36.8 percent were financially excluded (Figure 9).



4.2.1 Financial Inclusion amongst Adults

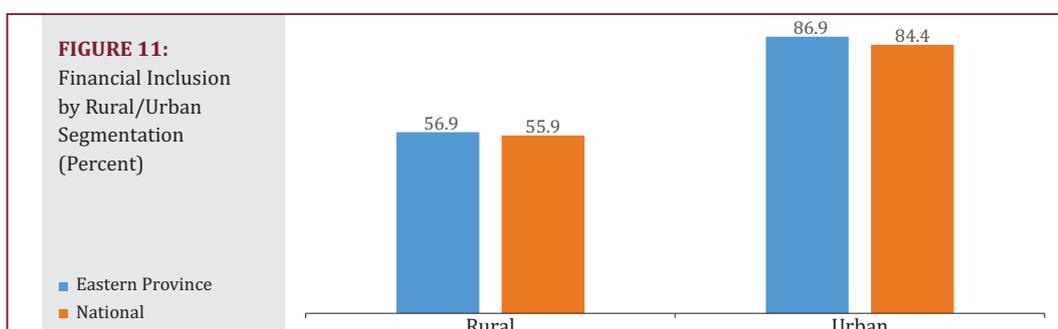
Figure 10 shows that the level of financial inclusion was highest amongst:

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



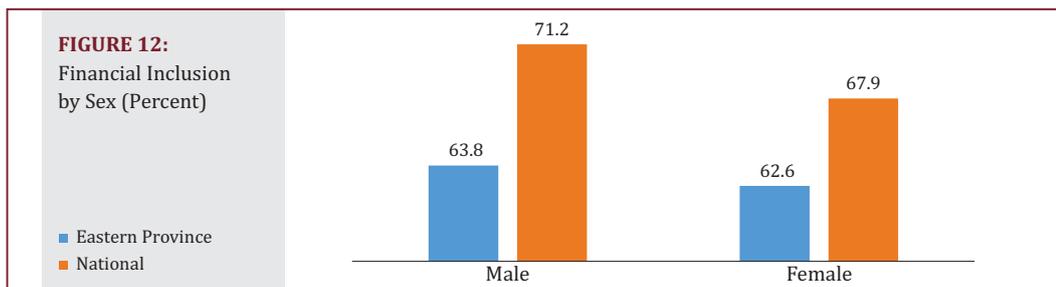
4.2.2 Financial Inclusion by Rural/Urban Segmentation

The Survey showed that financial inclusion was higher in urban areas (86.9 percent) than in rural areas (56.9 percent). Further, the levels of financial inclusion for both rural and urban areas in Eastern Province were higher than the national levels (Figure 11).



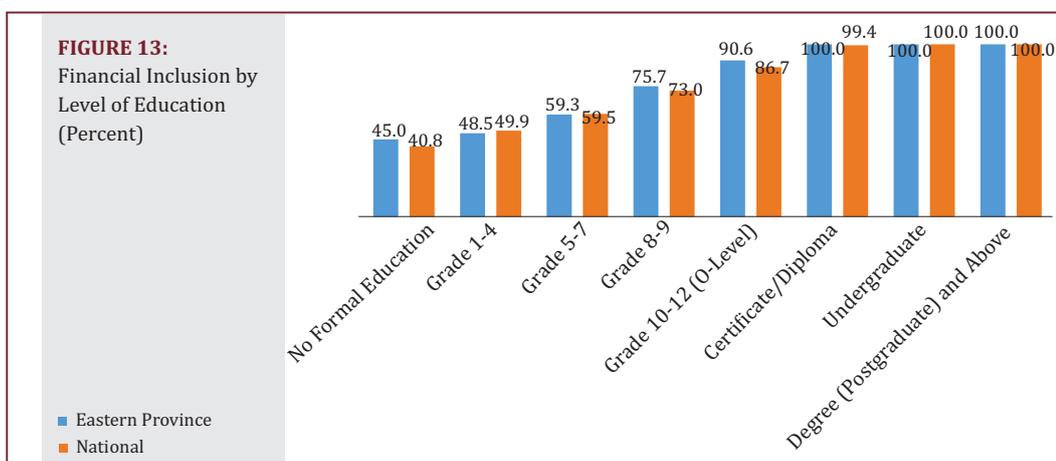
4.2.3 Financial Inclusion by Sex

Figure 12 shows that the level of financial inclusion amongst males (63.8 percent) was higher than females (62.6 percent).



4.2.4 Financial Inclusion by Level of Education

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



4.3 Formal and Informal Financial Inclusion

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

Formal financial inclusion amongst adults was 47.1 percent compared to informal inclusion which stood at 35.8 percent (Figure 14).

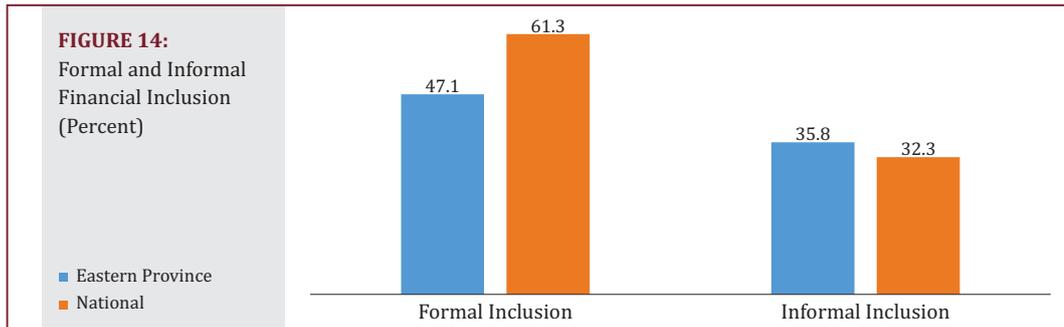


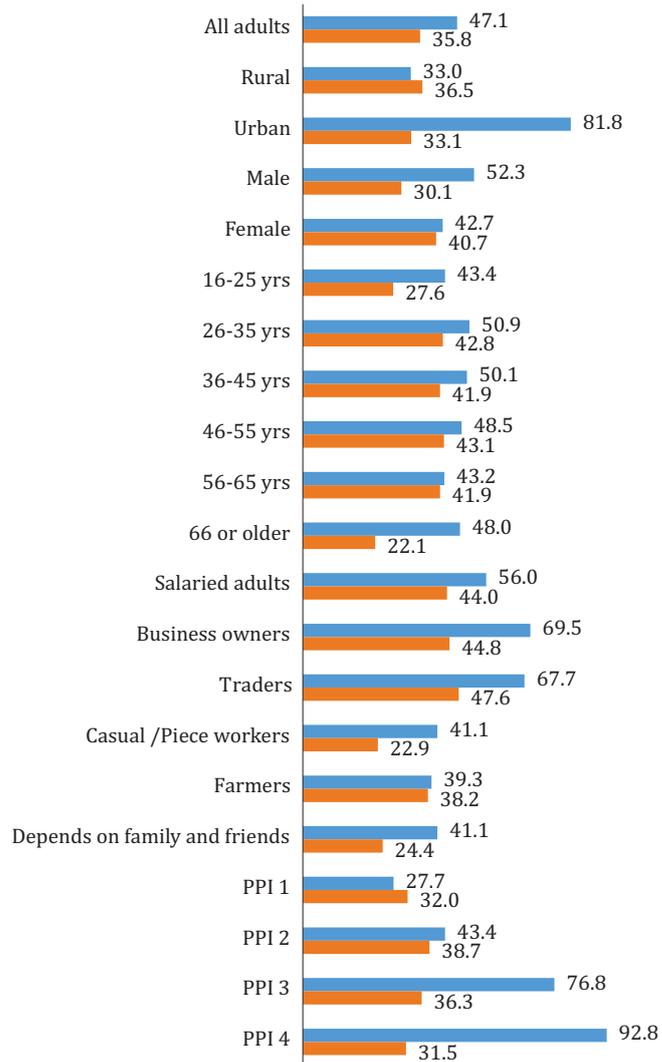
Figure 15 shows that formal inclusion was highest amongst:

- Males;
- Adults in urban areas;
- Adults of age 26 – 45 years;
- Business owners; and
- Households in the high-income quintile of PPI 4.

Informal inclusion was highest amongst:

- Females;
- Adults in rural areas;
- Adults of age 26 – 35 years and 46 – 55 years;
- Traders; and
- Households in the low-income quintile of PPI 2.

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



4.4 Financial Access Strand

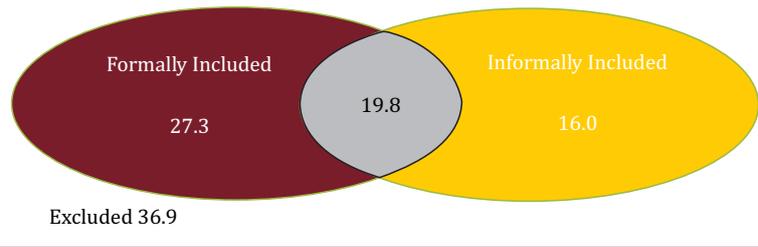
The financial access strands are useful in comparing levels of financial inclusion over time or between different population segments. In Zambia, adults are grouped into four (4) financial access strands. Those who:

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

4.4.1 Overlap in Formal and Informal Inclusion

The Survey showed that 27.3 percent of adults used only formal financial products/services, while 16 percent used only informal financial products/services. In addition, 19.8 percent of adults used both formal and informal financial products/services. The percentage of financially excluded adults at 36.9 percent was higher than the national level at 30.6 percent (Figure 16).

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

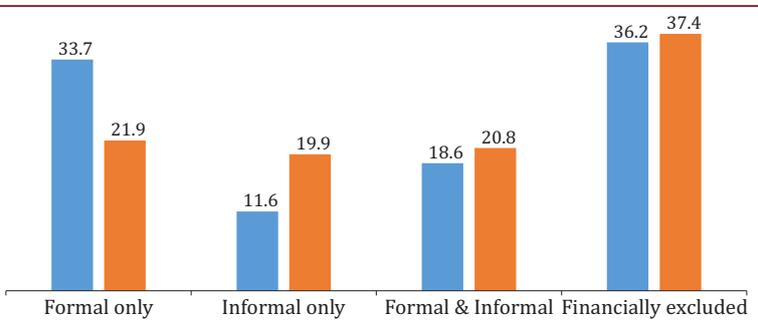


4.4.2 Financial Access Strands by Sex

Analysis of access strands by sex showed that more males used formal financial services only, while more females used informal financial services. The percentage of adults using both formal and informal financial services and those financially excluded was highest amongst females (Figure 17).

FIGURE 17:
Financial Access Strands by Sex (Percent)

■ Male
■ Female

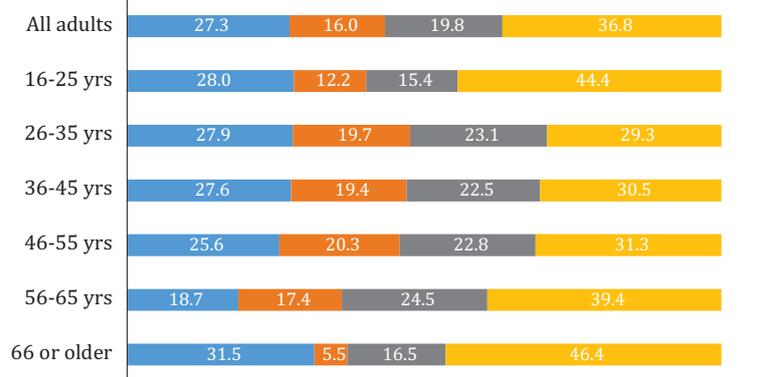


4.4.3 Financial Access Strands by Age

The highest percentage of adults that used only formal financial products/services was in the age group 66 years or older and were also the most financially excluded. The percentage of adults that used only informal financial products/services was highest in the age group 26 - 55 years (Figure 18).

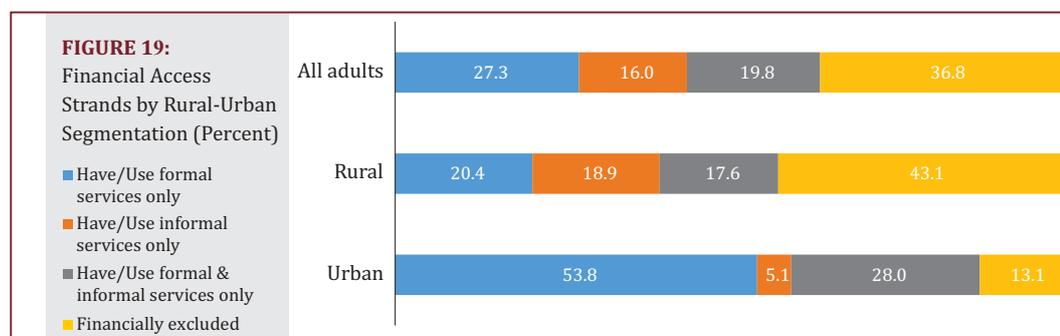
FIGURE 18:
Financial Access Strands by Age (Percent)

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



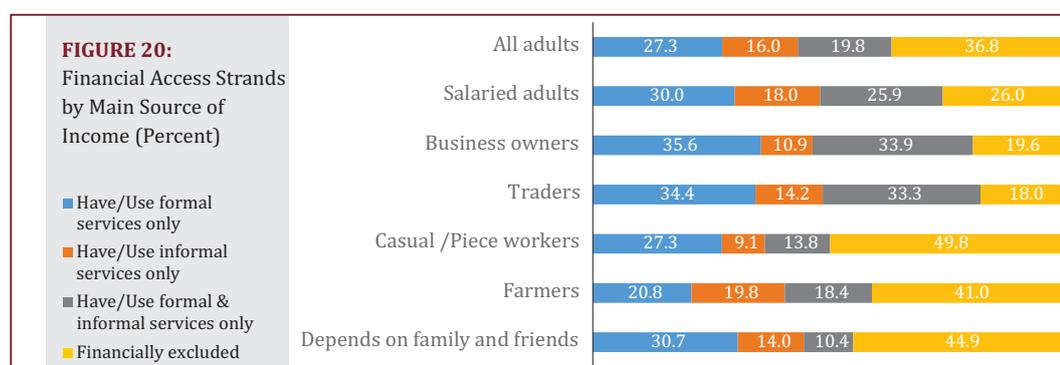
4.4.4 Financial Access Strands by Rural-Urban Distribution

The percentage of adults who used only formal financial products/services was higher in urban areas than in rural areas. The use of only informal financial services was highest amongst adults in the rural areas. Further, there were more financially excluded adults in rural areas than in urban areas (Figure 19).



4.4.5 Financial Access Strands by Main Source of Income

Financial access strands by main income source showed that the highest percentage of adults who used only formal financial services was amongst business owners and traders, while most farmers used informal financial services. The most financially excluded adults were casual/piece workers (Figure 20).

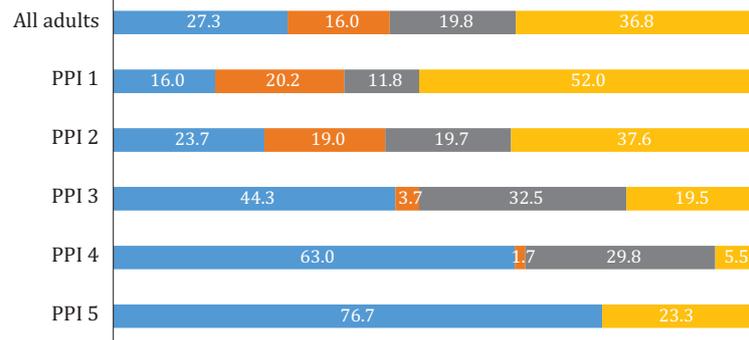


4.4.6 Financial Access Strands by PPI Quintile

Figure 21 shows that the highest percentage of adults who used formal financial services only were in the high income quintile of PPI 4. Further most adults who used informal financial services only and those financially excluded were in the lowest income quintile of 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

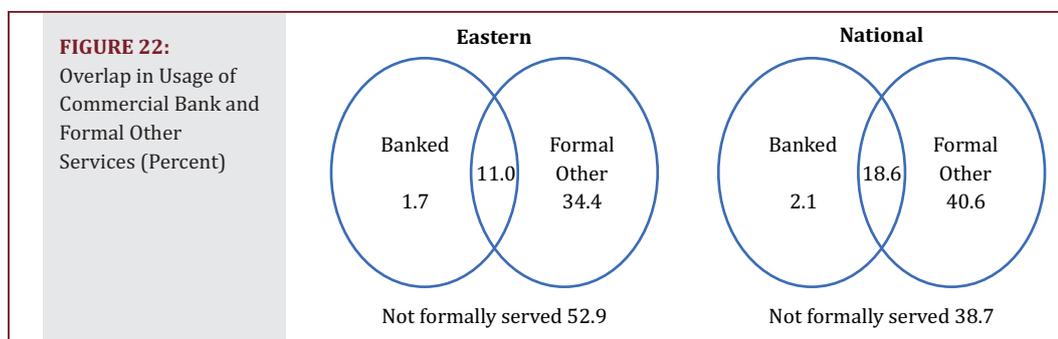
This section provides details of products/services used by the formally included adult population, which stood at 47.1 percent.

5.1 Levels of Formal Financial Services

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

- Bank of Zambia (for commercial banks, micro-finance service providers, and payment service providers⁴);
- 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 financial institutions defined as “formal other”. The Survey showed that 12.7 percent of adults were banked and of these 1.7 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 11 percent, while 34.4 percent used “formal other” only. The percentage of adults who did not use products/services from formal financial service providers or commercial banks was 52.9 percent (Figure 22).



Mobile money was the most widely used non-bank service at 45 percent. Capital market services and micro-finance were the least utilised at less than 1.5 percent (Table 6).

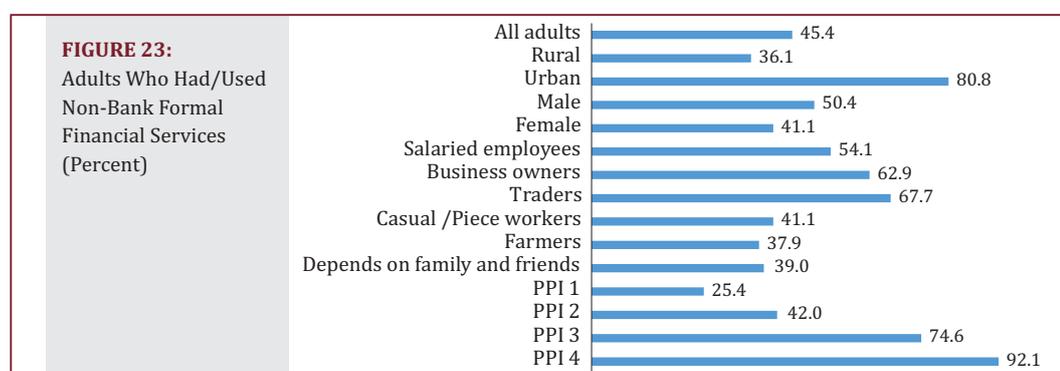
⁴Payment Service Providers include mobile money and money transfer service providers.

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

	Eastern	National
Adults	45.4	59.2
Mobile money	45.0	58.4
Money transfer ⁶	23.1	0.6
Pensions	4.6	8.2
Insurance	3.5	6.3
Micro finance	1.3	2.1
Capital markets	0.1	0.6

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

- Adults in urban areas;
- Males;
- Traders; and
- Households in the high-income quintile of PPI 4.



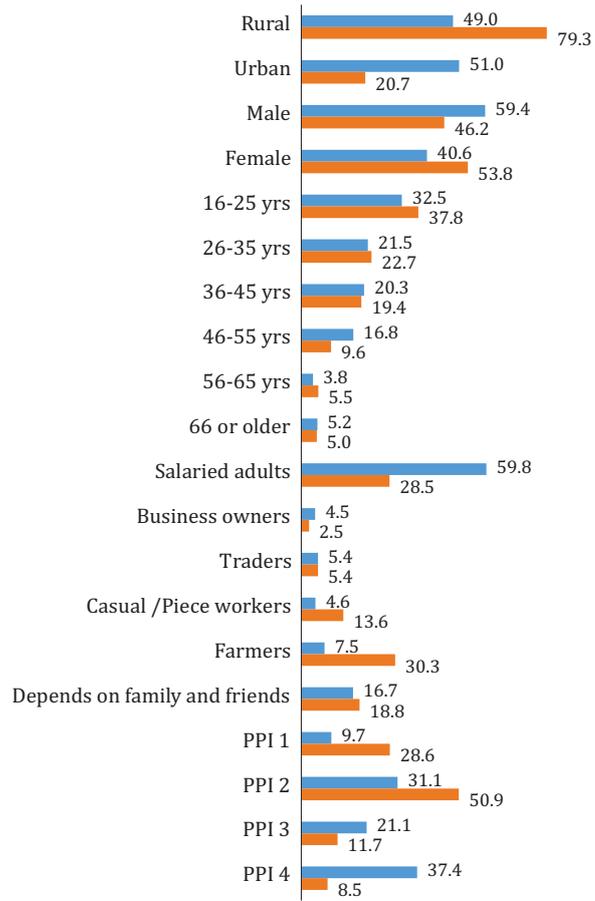
5.1.1 Uptake of Commercial Bank Services

The uptake of commercial bank services was 12.7 percent. Figure 24 shows that these adults were mostly:

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

⁵Use 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)

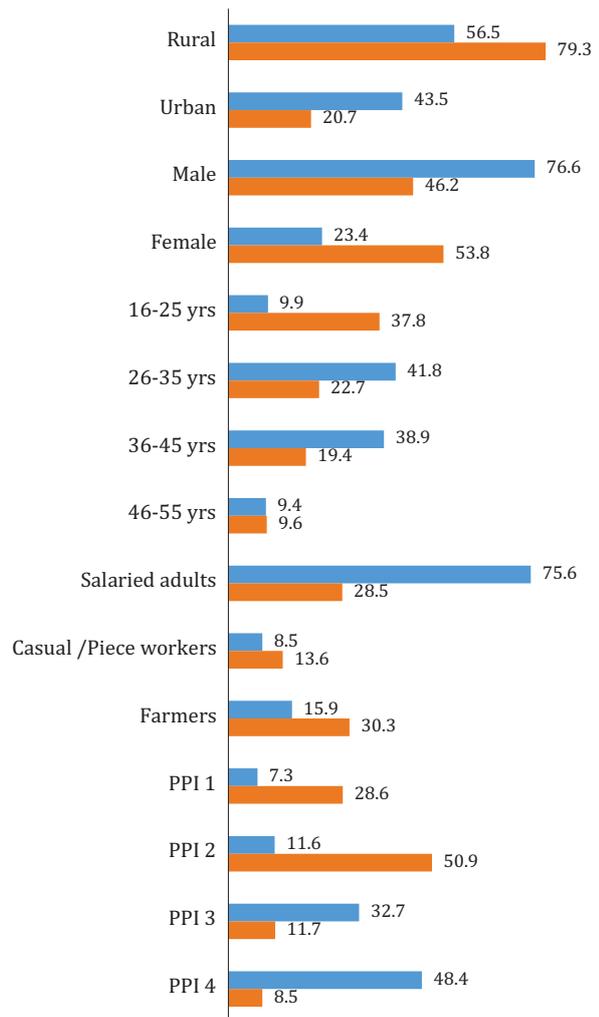


5.1.2 Uptake of Microfinance Services

The uptake of microfinance services stood at 1.3 percent of the total adult population. Figure 25 shows that these adults were most likely to be:

- Rural based;
- Males;
- Of age 26 - 35 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)

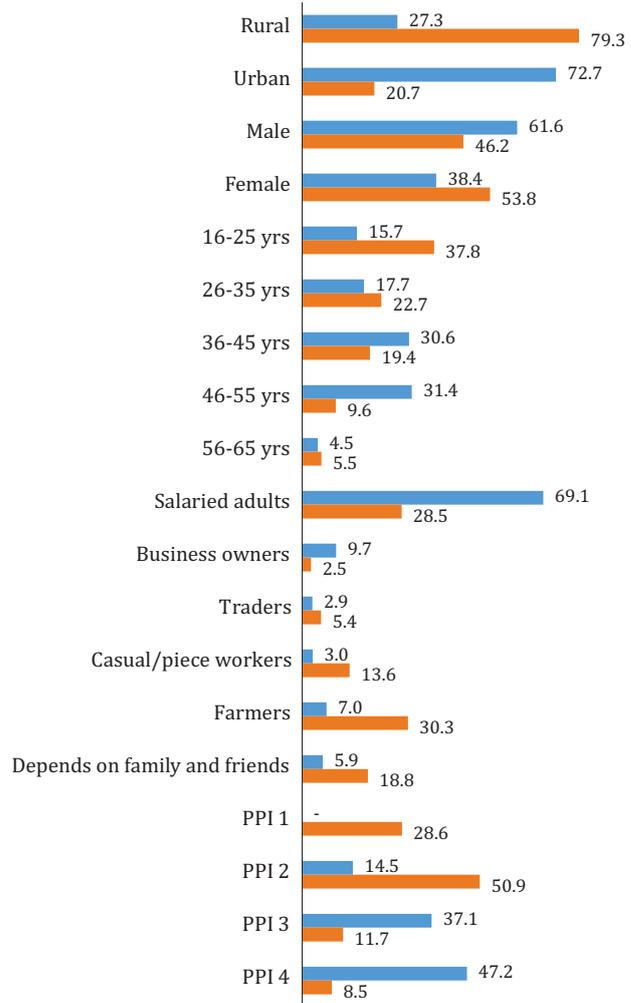


5.1.3 Uptake of Insurance Services

The uptake of insurance services stood at 3.5 percent of the adult population. Figure 26 shows that these adults were most likely to be:

- Urban based;
- Male;
- Of age 36 - 55 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)

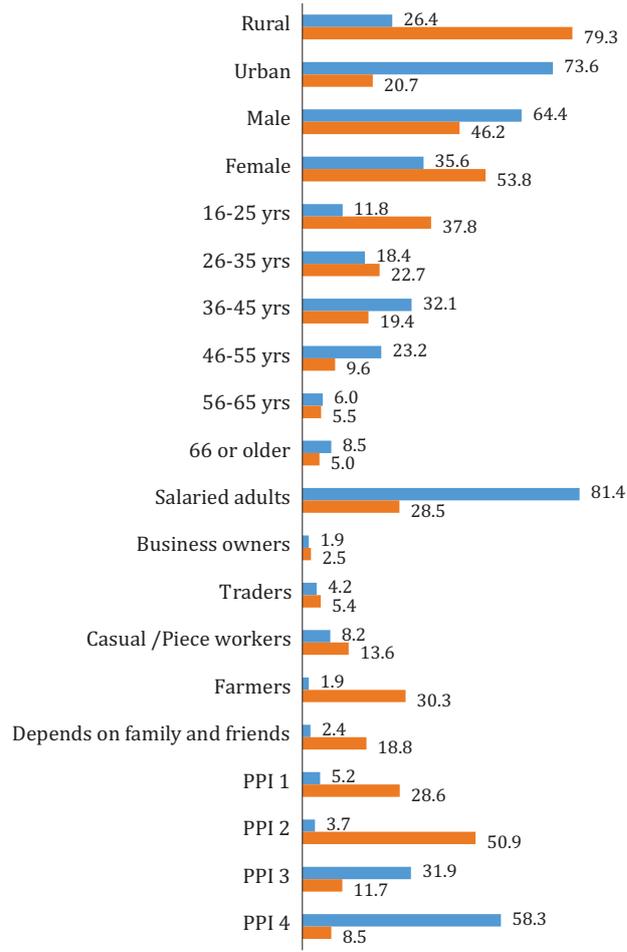


5.1.4 Uptake of Pension Services

The uptake of pension services stood at 4.6 percent of the adult population. Figure 27 shows that 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 27:
Comparing the Profile of Adults Who Used Pension Services with the Total Adult Population (Percent)

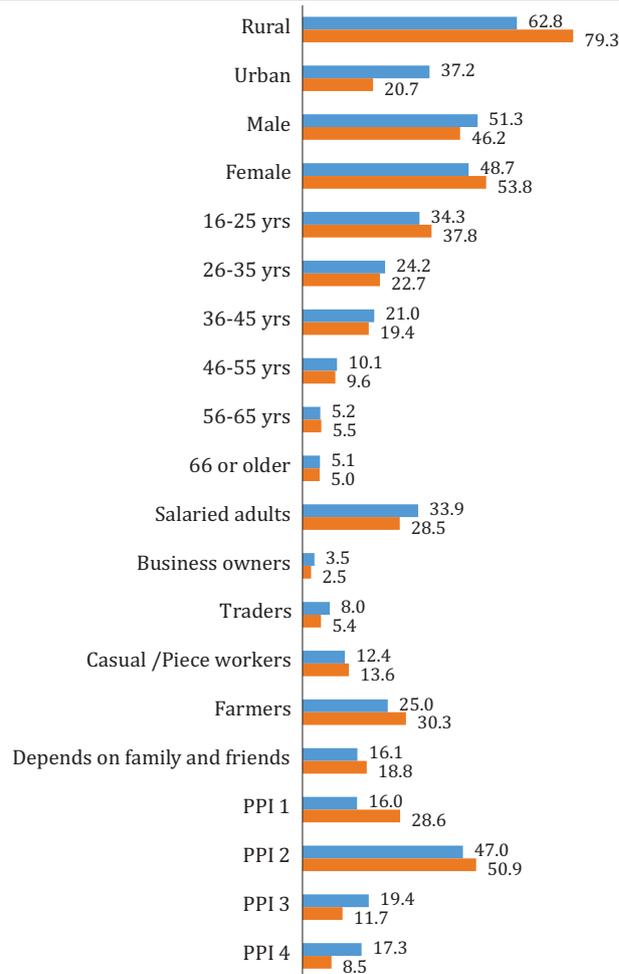


5.1.5 Uptake of Mobile Money Services

The uptake of mobile money services stood at 45 percent. Figure 28 shows that these adults were most likely to be:

- Rural based;
- Male;
- 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)



5.1.6 Uptake of Capital Market Products

The uptake of capital market products stood at 0.1 percent. This level of uptake was too low to allow for a meaningful disaggregated analysis by demographic characteristics.

5.2 Perceived Barriers to Usage of Formal Financial Services

Demographic factors play a major role in determining access to formal financial services. Most financially excluded adults in the province were female, resided in rural areas, in the age group 16 – 25 years and 56 – 65 years, had attained grade 1 – 4 level of primary education, farmers and from households in the lowest income quintile of PPI 1.

5.2.1 Barriers to Usage of Commercial Banks Services

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

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

Barriers	Eastern	National
Insufficient money to justify account opening	38.8	37.5
Cannot maintain the minimum balance	9.8	10.9
Bank service charges are too high	7.1	7.9
Banks are too far away	19.8	18.7
Does not understand benefits of having a bank account	7.7	6.6
Does not have the documentation required	1.7	4.7
Can get the same services elsewhere in the community	1.6	2.1
Bank products are complicated	2.3	2.1
Do not know how to open a bank account	4.9	4
Banks do not provide the products or services I need	0.6	0.9
Do not trust banks	2.1	1.6

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 use of MFI services and lack of understanding of the benefits of microfinance.

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

Barriers	Eastern	National
Insufficient money to justify it	35.6	32.6
Does not understand benefits of having an account	22.0	19.8
Cannot maintain the minimum balance	8.7	8.2
Does not trust them	1.9	3.4
They are too far away	16.0	16.1
Service charges are too high	4.7	5.1
They do not provide the products or services I need	2.1	2.4
Can get the same services elsewhere in the community	2.7	1.9
Does not have the documentation required	1.0	3.7
Does not know how to open an account	3.5	3.0
Hours are not convenient	0.3	0.4

5.2.3 Barriers to Usage of Capital Market Products

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

- Lack of awareness on how the markets work; and
- Lack of money to invest.

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

Barriers	Eastern	National
Do not have money to invest	15.1	26.9
Do not know how it works	38.2	26.2
I have never heard of it	16.9	21.9
Do not know the benefits of investing	12.2	10.7
I am scared to lose my money	3.6	3.9
Do not know where the product is offered	4.9	4.8
Do not trust the companies that provide the services	2.0	1.4

5.2.4 *Barriers to Usage of Insurance Services*

The main barrier to uptake of insurance services was lack of awareness (Table 10).

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

Barriers	Eastern	National
Cannot afford it	10.7	24.9
Never heard of insurance	59.8	40.9
Does not know the benefits of insurance	13.2	10.8
Does not know how it works	8.1	12.5
Don't need it – protect self in other ways	3.2	2.9
Do not know how/where to get it	1.9	4.0
Insurance companies don't want to pay-out claims	0.3	1.2
Do not trust the insurance companies	2.0	1.5
Does not want to think about bad things happening	0.4	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)

Pension barriers	Eastern	National
Not employed / don't have a job (both formal and informal)	58.1	66.6
I don't have money to contribute to a pension scheme	9.8	12.2
Never thought about it	8.7	5.5
Don't know how to get it	4	2.1
Don't know pension services	6.4	2.7
Have other ways of getting money when old	0.2	1.2
Don't know where to get it	1.5	0.8

5.2.6 *Barriers to Usage of Mobile Money Services*

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

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

Barriers	Eastern	National
I do not have a mobile phone	34.2	39.5
Do not need it – do not make any transactions	13.1	11.2
Do not know how to get it	9.1	6.6
Using it is difficult	4	2.6
Transaction fees are high	1.5	1.2
Do not have required documents	3.7	4.7
Don't understand the service/what you can use it for	2.3	2.3
Do not trust that my money is safe on mobile money account	4.8	2.8
No point of service / agent nearby	4.5	4.9
Do not know what it is	3.4	5.2
Mobile money does not provide any advantage	0.3	0.7
Registration is too complicated	0.5	0.6
No one among my friends or family use it	0.2	0.7
My spouse, family, in-laws do not approve of me using it	0.4	0.3

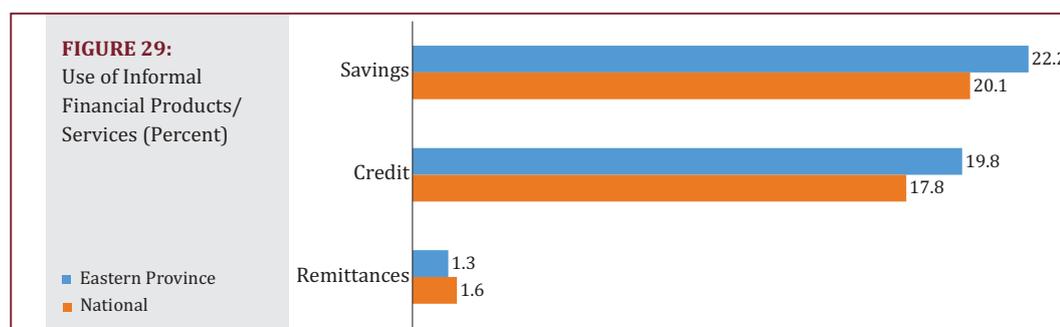
6.0 USE OF INFORMAL FINANCIAL SERVICES

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

The uptake of informal financial products/services was 35.8 percent.

6.1 Uptake of Informal Financial Products/Services

Informal savings services had the highest uptake at 22.2 percent followed by credit at 19.8 percent (Figure 29).

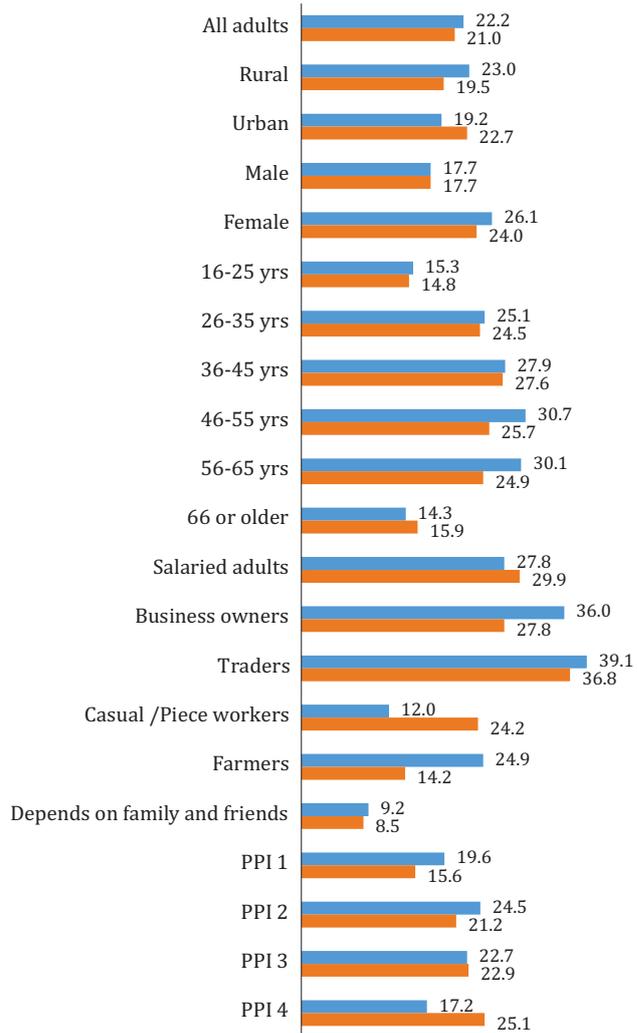


6.1.1 Informal Savings Services

Figure 30 shows that the percentage of adults who used informal savings services stood at 22.2 percent. These services included village banking and other savings mechanisms such as keeping money with employers, other community groups and churches. The uptake of informal saving services was mostly amongst:

- Those in rural areas;
- Females;
- Adults of age 46 – 65 years;
- Traders; and
- Households in the low income quintile of PPI 2.

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



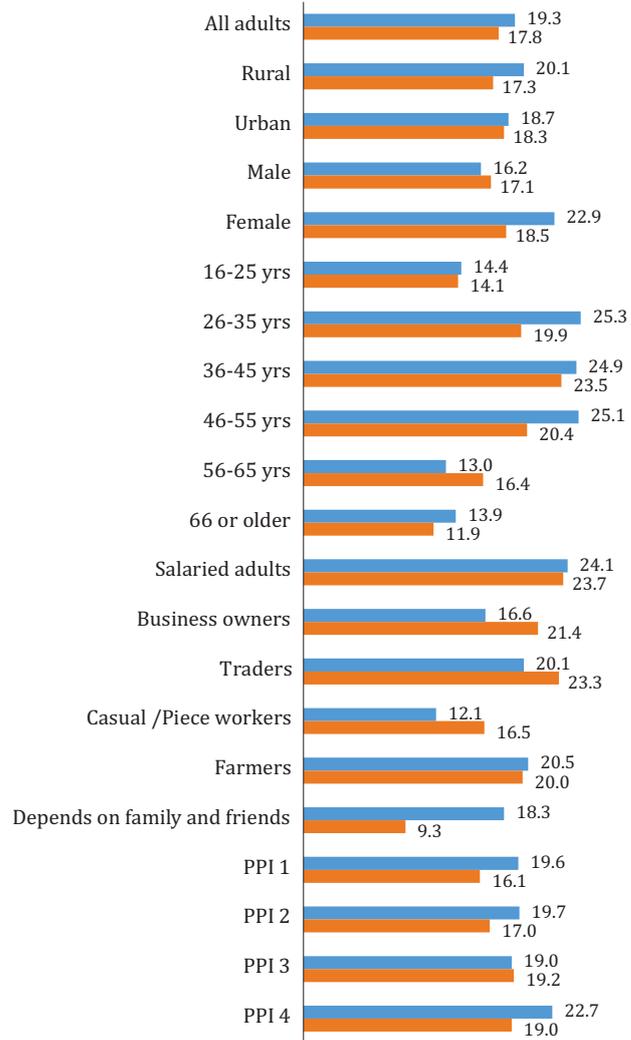
6.1.2 Informal Credit Services

The percentage of adults that had accessed informal credit services was 19.8 percent (Figure 31). These included borrowing from village banks, savings groups, kaloba and other informal sources of credit.

Uptake of informal credit services was highest amongst:

- Adults in rural areas;
- Females;
- Those of age 26 – 55 years;
- Salaried employees; and
- Households in the high income quintile of PPI 4.

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

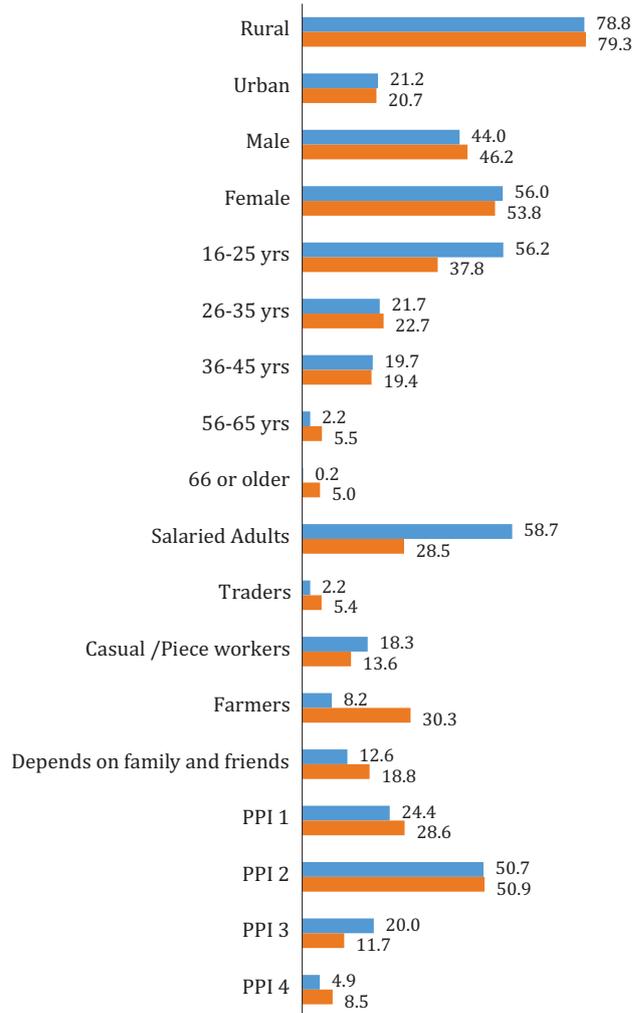


6.1.3 Informal Remittance Services

Adults that used informal money transfer services were 1.3 percent of the adult population. Figure 32 shows that usage of informal remittances services was highest amongst:

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

FIGURE 32:
Adults Who Used
Informal Remittance
Services (Percent)



6.1.4 Informal Credit and Community Savings Groups

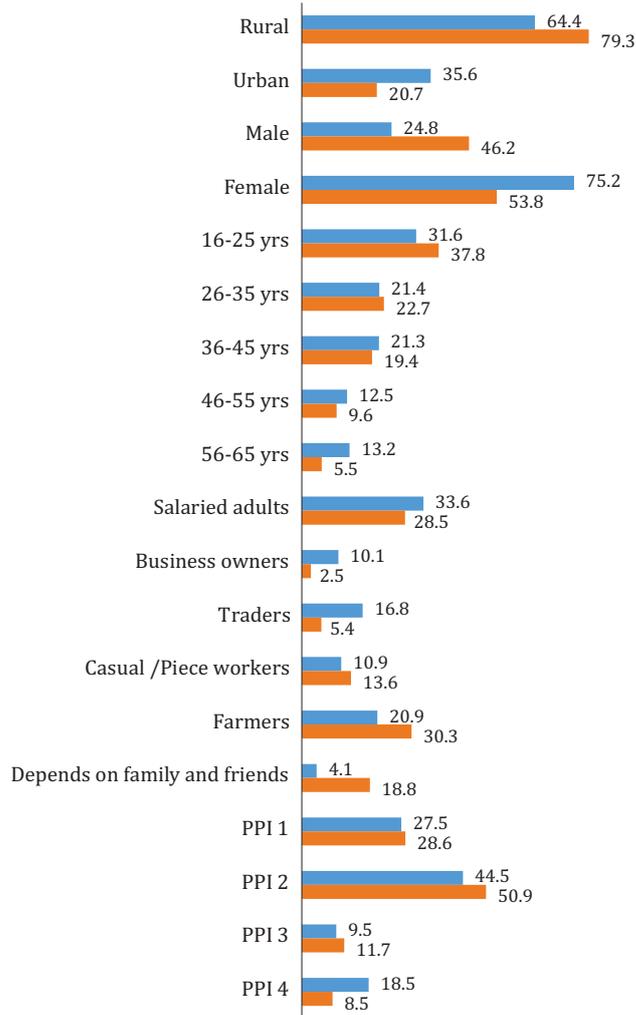
The sections below provide an analysis of the demographic profile of adults that accessed informal credit and belonged to community savings groups. The Survey indicated that 13.2 percent of the adult population in the Province belonged to a Chilimba, Savings Group or Village Bank. In addition, 3.5 percent obtained credit through informal credit called Kaloba.

6.1.4.1 Chilimba

Chilimba refers to an informal rotating savings scheme in which a group of people agree to make regular fixed cash contributions, which go to each member, in a pre-determined order and period. The total adult population that belonged to a Chilimba was 3.3 percent. Figure 33 shows that these adults were most likely to be:

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

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



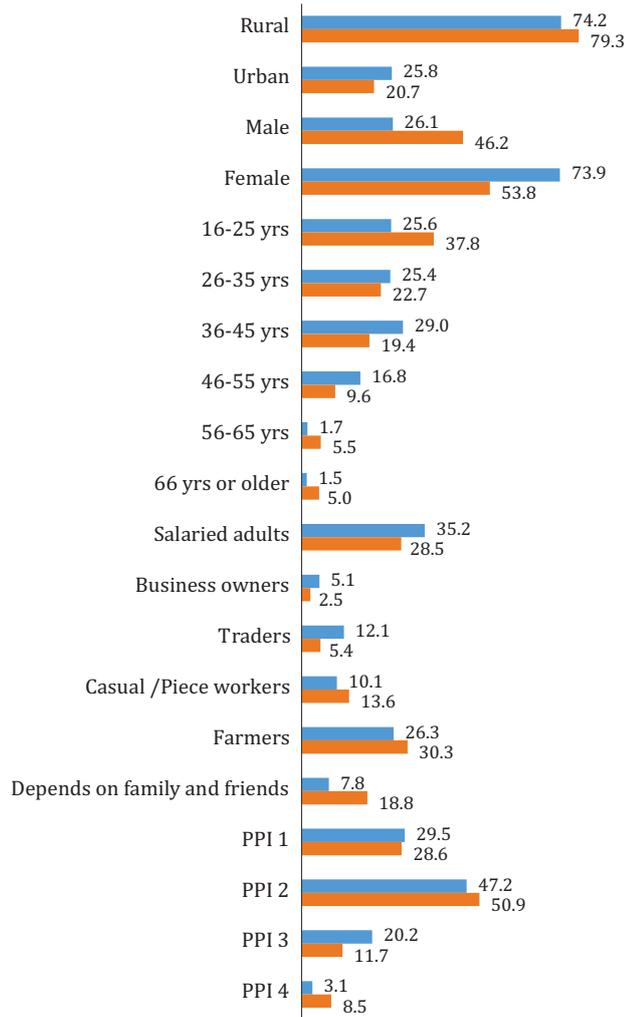
6.1.4.2 Savings Groups

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 7.3 percent of adults belonged to SGs. Figure 34 shows that these adults were most likely to be:

- Rural-based;
- Females;
- Of age 36 -45 years;
- Salaried employees; and
- From 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)

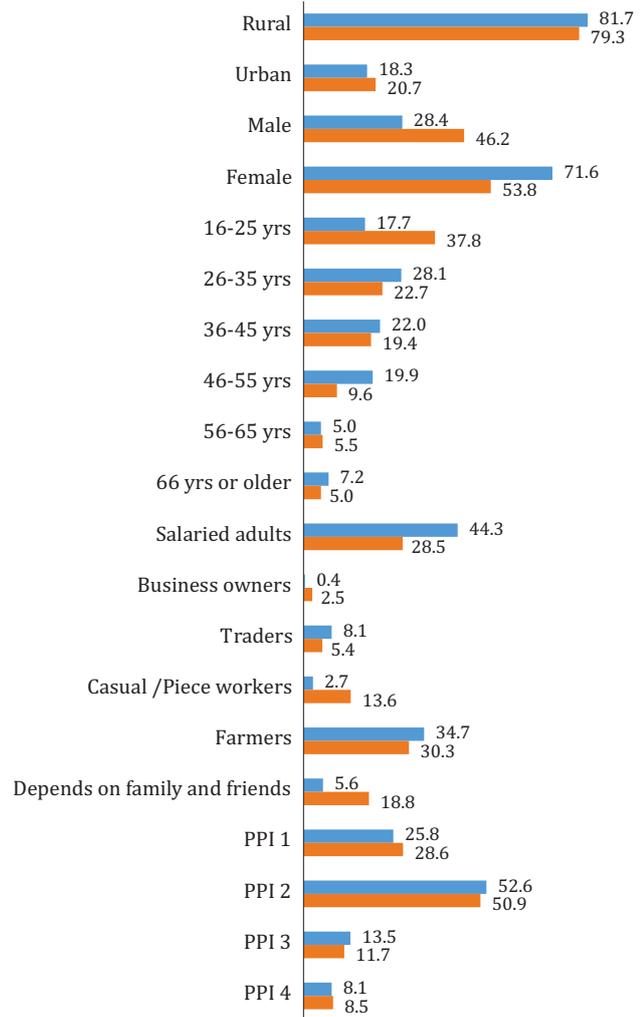


6.1.4.3 Village Bank

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 4.7 percent of adults belonged to a village bank. Figure 35 shows that these adults were more likely to be:

- Rural-based;
- Females;
- 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)

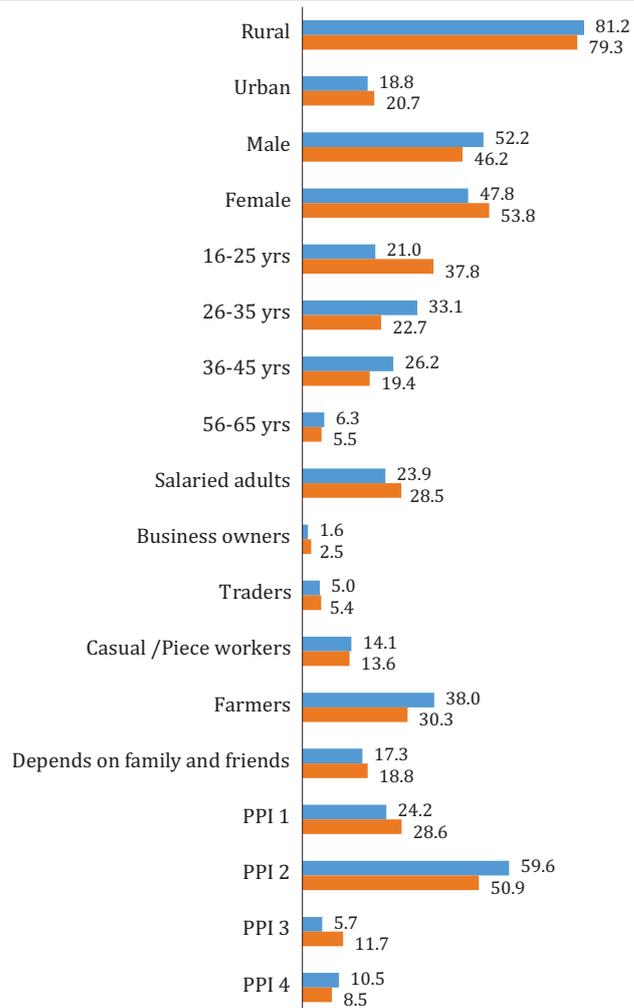


6.1.4.4 Kaloba

Kaloba is informal credit provided by moneylenders and was used by 3.5 percent of the adult population. Figure 36 shows that these adults were more likely to be:

- Rural based;
- Males;
- Of age 26 -35 years;
- Farmers; 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 Savings Services

The Survey indicated that the main barrier to accessing informal savings services was lack of

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

Perceived Barrier	Chilimba	Savings Group	Village Bank
Do not have any money to save	32.0	29.9	30.4
Do not have enough money to save	23.9	29.7	30.1
There are no such groups in the community	8.6	12.4	10.7
Do not trust them	8.5	5.0	6.1
I see no benefits	10.2	8.4	7.7
I save money on my mobile phone	5.0	4.6	4.9

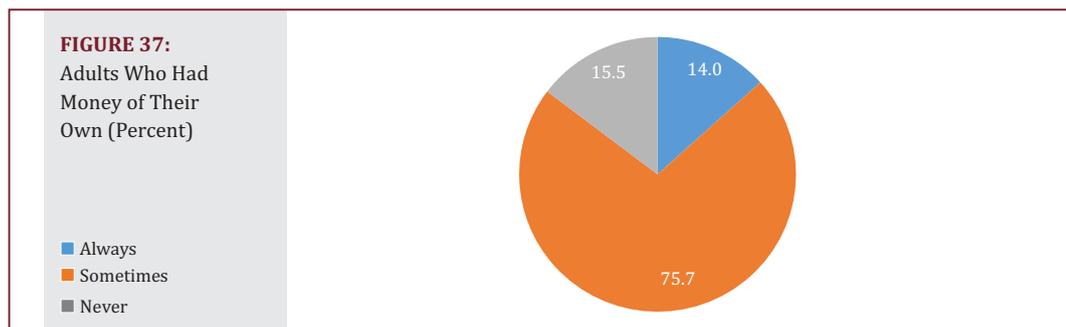
7.0 FINANCIAL CAPABILITIES

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

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

7.1 Financial Sufficiency and Decision Making

Figure 37 shows that only 14.0 percent of adults indicated that they always had money of their own to use as they wished while 75.7 percent had money occasionally. Further, 15.5 percent of adults never had money of their own to spend as they wished.



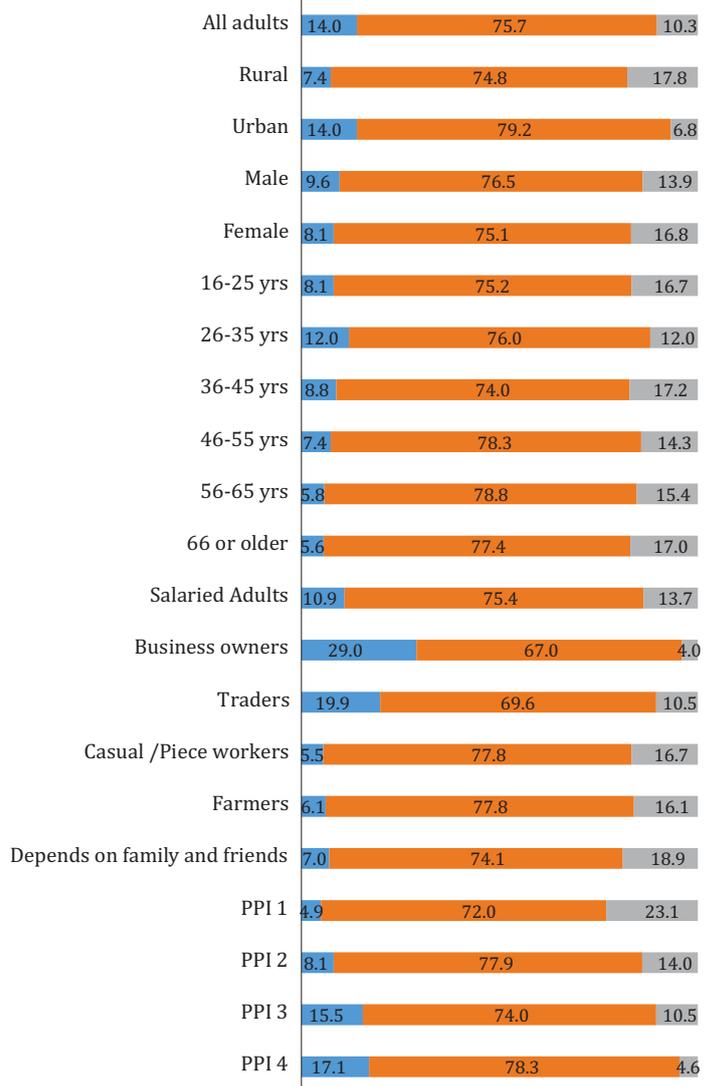
7.1.1 Adults with Money of Their Own to Use as They Wish

Figure 38 shows that 14.0 percent of adults always had money of their own to use and these were mostly amongst;

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

The survey further showed that generally over 70 percent of adults across all segments of the population occasionally had money of their own to use.

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

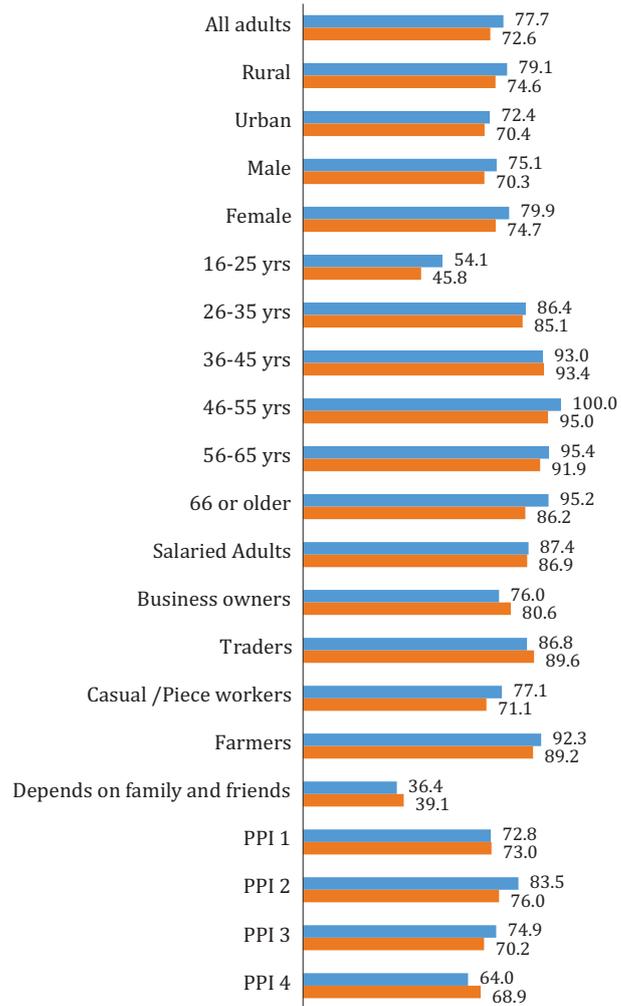


7.1.2 Adults Involved in Financial Decision Making

The Survey showed that 77.7 percent of adults were involved in household financial decision-making (Figure 39). These were mostly amongst:

- Rural based adults;
- Females;
- Adults of age 46 – 55 years old;
- Farmers; and
- Households in the low income quintile of PPI 2.

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

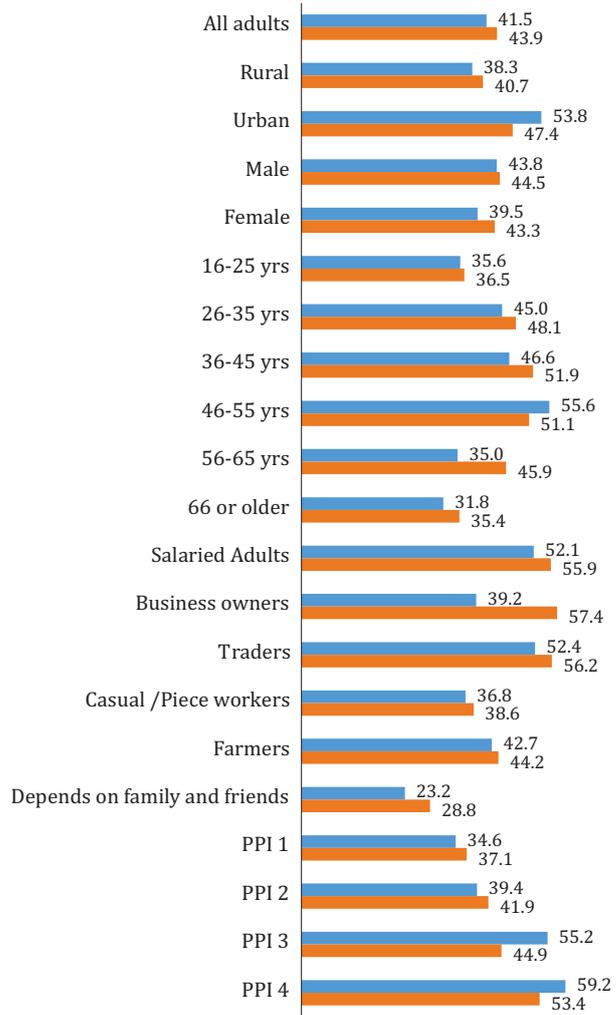


7.1.3 Adults Who Kept Track of the Money They Received and Spent

Figure 40 shows that 41.5 percent of the adults were able to keep track of the money they received and spent. These were mostly amongst:

- Urban based adults;
- Males;
- Adults of age 46 – 55 years;
- Salaried employees and traders; and
- Households in the high-income quintile of PPI 4.

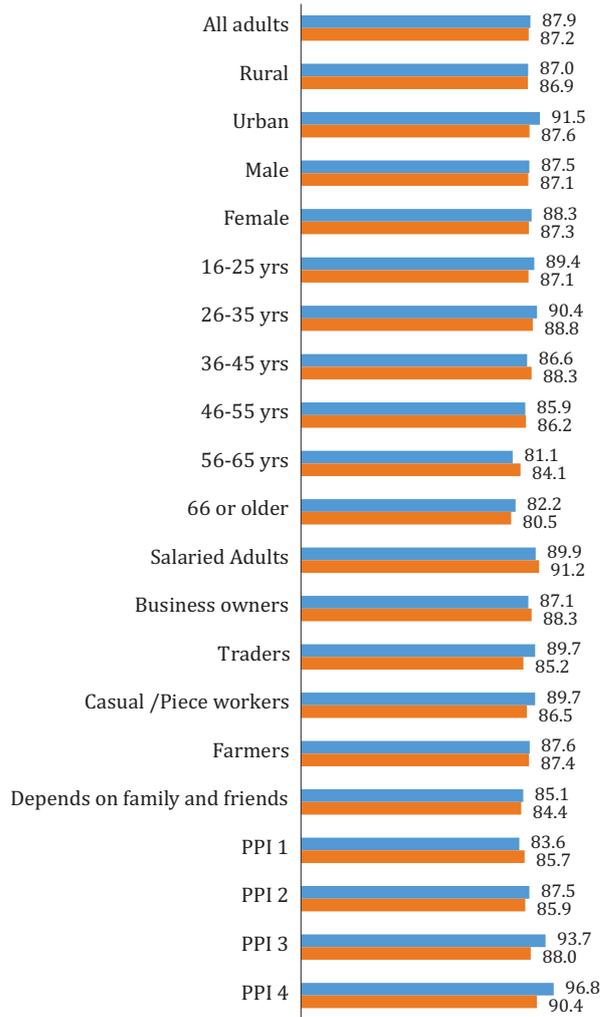
FIGURE 40:
Adults Who Kept Track
of the Money They
Received and Spent
(Percent)



7.1.4 Adults Who Had Someone to Consult for Financial Advice

The Survey showed that 87.9 percent of adults had somewhere/someone to consult for financial advice. Further Figure 41 illustrates that generally, more than 80 percent of adults had access to financial advice across all segments 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 K28.00 and K14.00 per day compared to K44.51 and K17.91 at national level. Adults in rural areas had a higher average and median income per day than those in urban areas.

Further, the Survey indicated that salaried workers and adults from the high-income quintile of PPI 4 had the highest average and median income per day, while those dependent on family and friends and from PPI 1 had the lowest average and median income per day.

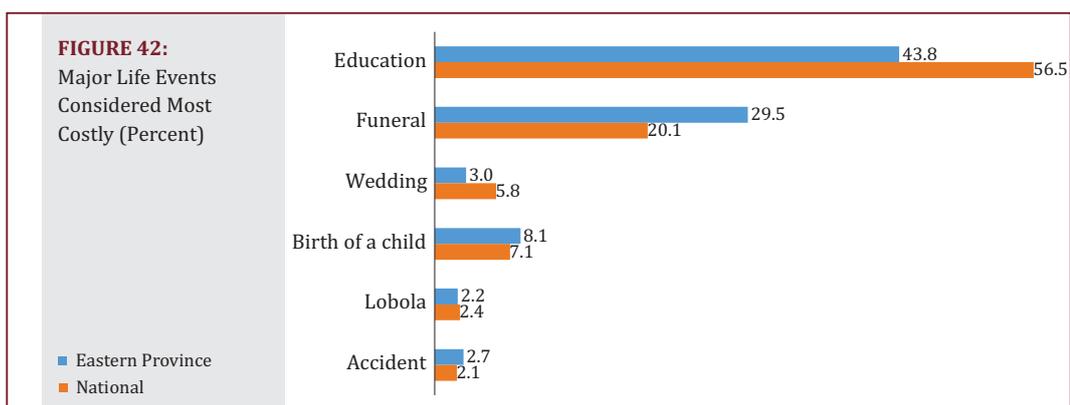
TABLE 14: INCOME BY MAIN INCOME GENERATING ACTIVITY AND PPI QUINTILE

	Kwacha				USD			
	Average		Median		Average		Median	
	Eastern	National	Eastern	National	Eastern	National	Eastern	National
All Adults	28.00	44.51	14.00	17.91	1.40	2.40	0.70	0.96
Rural	28.00	25.79	14.00	13.33	1.40	1.39	0.70	0.72
Urban	19.00	67.12	10.00	33.94	1.00	3.62	0.50	1.82
Salaried workers	65.00	78.66	35.00	37.97	3.40	4.24	1.80	2.05
Business owners	28.00	52.15	14.00	33.33	1.40	2.81	0.70	1.80
Traders	46.00	56.61	17.00	31.17	2.40	3.05	0.90	1.68
Casual /Piece workers	30.00	22.04	23.00	16.56	1.60	1.19	1.20	0.89
Farmers	54.00	24.87	37.00	13.33	2.80	1.34	1.90	0.72
Depends on family and friends	16.00	25.41	10.00	14.67	0.80	1.37	0.50	0.79
PPI 1	13.00	18.03	8.00	10.00	0.70	0.97	0.40	0.54
PPI 2	19.00	27.34	12.00	15.42	1.00	1.47	0.60	0.83
PPI 3	57.00	56.34	33.00	33.33	2.90	3.04	1.70	1.80
PPI 4	94.00	96.23	67.00	50.00	4.90	5.18	3.40	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).



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

- Urban based;
- Business owners; and
- From households in the high income quintile of PPI 4.

Further, 37.5 percent of adults had a child/dependant sent home at least once during the year (Table 15). These adults were mostly:

- Rural based;
- Salaried adults; and
- From households in the low and middle income quintiles of PPI 2 and PPI 3.

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

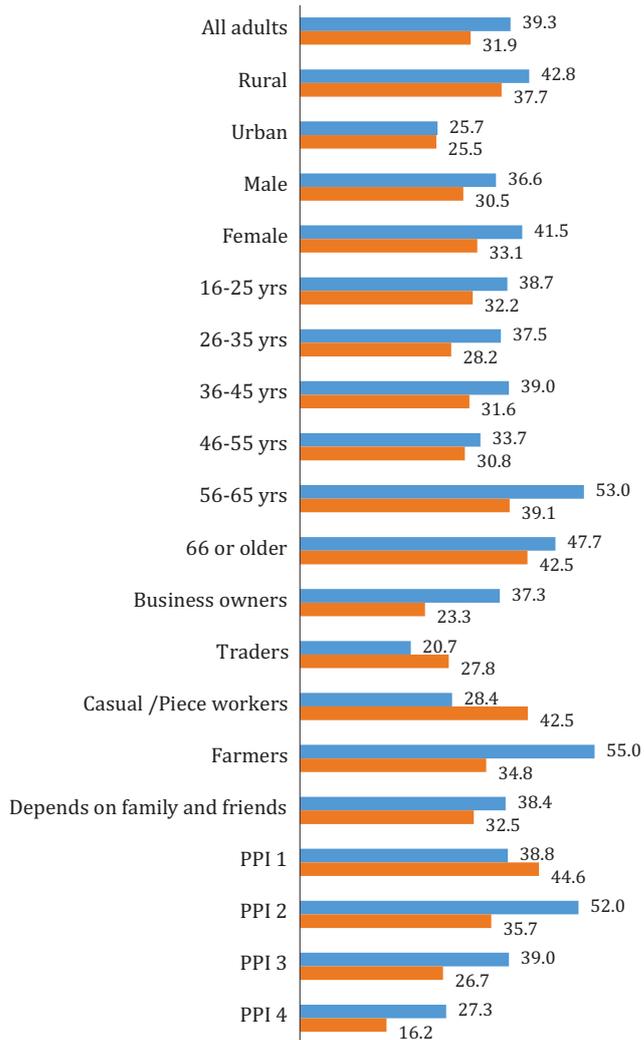
	Eastern		National	
	At least once a month	At least once a year	At least once a month	At least once a year
All Adults	62.5	37.5	57.4	42.6
Rural	60.4	39.6	58.1	41.9
Urban	76.7	23.3	56.7	43.3
Male	62.5	37.5	57.1	42.9
Female	62.6	37.4	57.7	42.3
Salaried Adults	41.3	58.7	53.0	47.0
Business owners	88.6	11.4	54.7	45.3
Traders	63.6	36.4	47.7	52.3
Casual /Piece workers	65.1	34.9	60.3	39.7
Farmers	82.1	17.9	57.4	42.6
Depends on family and friends	52.2	47.8	63.9	36.1
PPI 1	63.9	36.1	61.4	38.6
PPI 2	59.0	41.0	57.3	42.7
PPI 3	59.2	40.8	52.9	47.1
PPI 4	90.2	9.8	56.4	43.6

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

The Survey revealed that 39.3 percent of adults struggled to manage regular expenses. Figure 43 shows that these adults were mostly amongst:

- Rural based adults;
- Females;
- Adults of age 56 - 65 years;
- Farmers; and
- Households in the low-income quintile of PPI 2.

FIGURE 43:
Adults Who Fell Behind/Struggled to Keep Up with Regular Expenses (Percent)

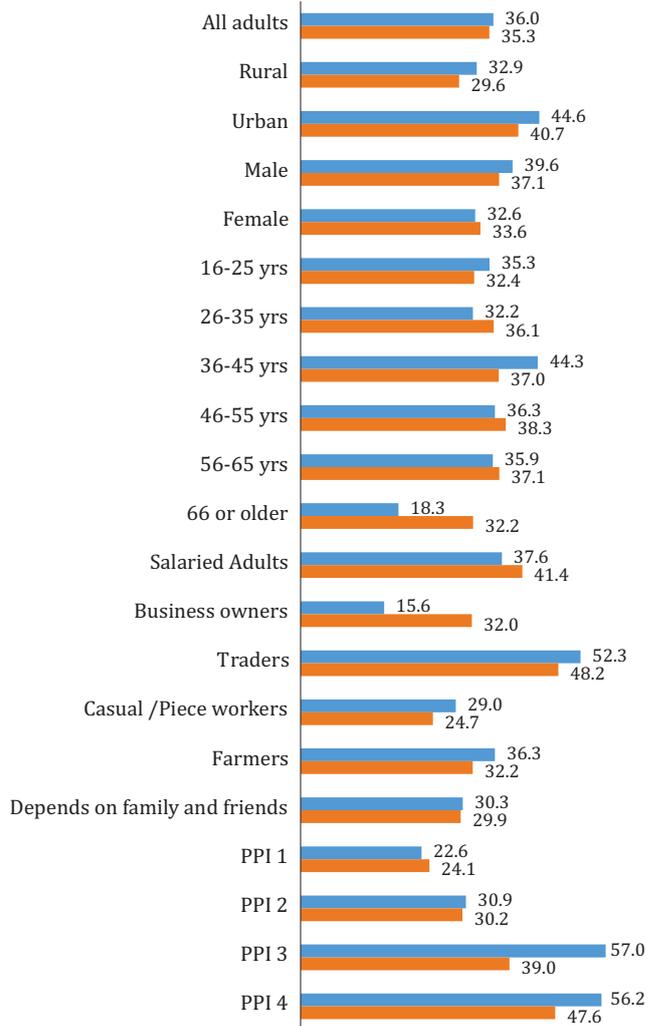


7.2.4 Adults Who Kept a Record of Their Money

Figure 44 illustrates that 36.0 percent of the adults kept a record of their money (receipts and expenses). These were mostly amongst:

- Urban based adults;
- Males;
- Adults of age 36 – 45 years;
- Traders; and
- Households in the middle- and high-income quintiles of PPI 3 and PPI 4.

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



7.3 Risk Management

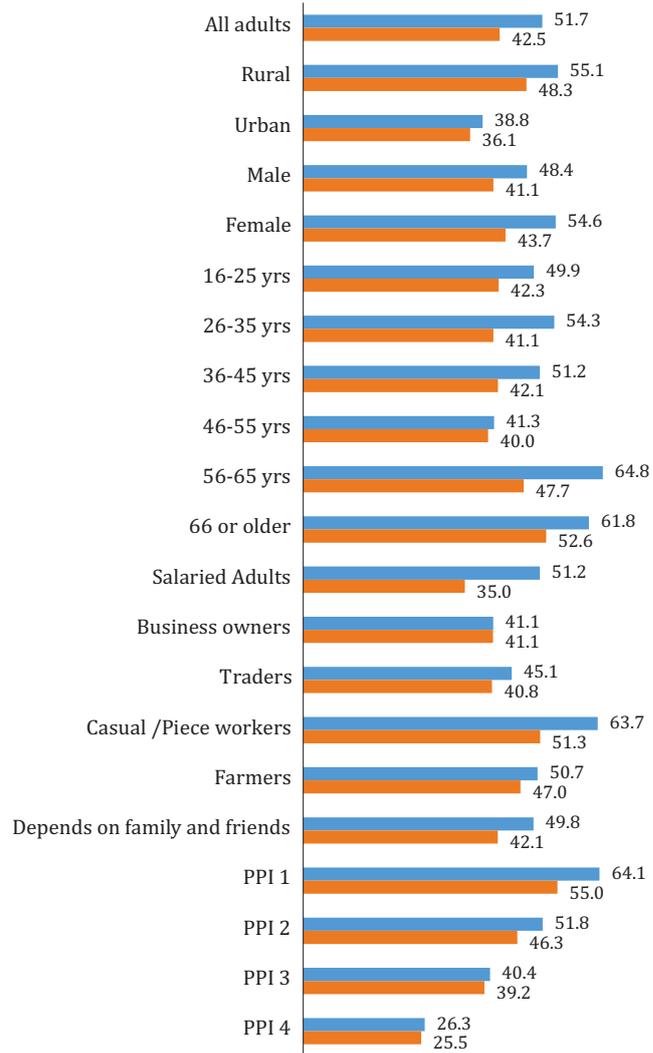
Risk management is the process of managing potential risks to minimize the negative impact they may have. In the survey, it refers to the ability of the adult population to meet unexpected financial events that current income cannot support.

7.3.1 Adults Who Struggled to Manage Unexpected Expenses

Figure 45 shows that 51.7 percent of adults struggled to manage unexpected expenses. These were mostly amongst:

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

FIGURE 45:
Adults Who Fell Behind/Struggled to Manage Unexpected Expenses (Percent)

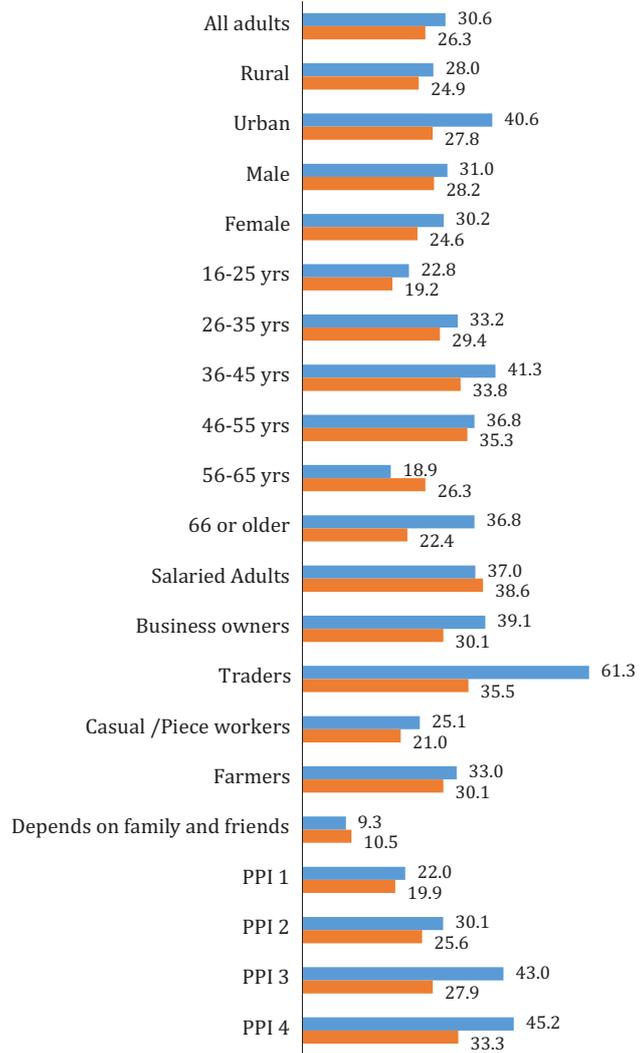


7.3.2 Adults Who Made Provision for Unexpected Expenses

The Survey showed that 30.6 percent of adults were able to make provision for unexpected expenses (Figure 46). This was mostly amongst:

- Urban based adults;
- Adults of age 36 – 45 years;
- Traders; and
- 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 53.6 percent of adults relied on gifts from family and friends as well as expense cutbacks to cope with unexpected expenses while 35.8 percent relied on savings and 10.5 percent on borrowings (Table 16).

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

	Savings		Borrowed		Rely on gifts & expenses cut back	
	Eastern	National	Eastern	National	Eastern	National
Adults	35.8	28.3	10.5	9.0	53.6	62.7
Rural	32.4	27.3	11.8	9.1	55.8	63.6
Urban	48.8	29.4	5.8	9.0	45.4	61.6
Male	38.4	29.7	9.6	9.0	51.9	61.2
Female	33.6	27.0	11.3	9.1	55.1	63.9
Salaried Adults	53.8	45.2	8.9	11.4	37.3	43.4
Business owners	45.1	33.2	6.9	10.1	48.0	56.7
Traders	43.8	33.5	3.9	8.1	52.3	58.5
Casual /Piece workers	25.4	24.9	18.9	11.1	55.6	64.0
Farmers	36.7	29.8	13.4	9.5	50.0	60.7
Depends on family and friends	10.9	10.2	4.8	4.8	84.3	84.9
PPI 1	26.5	23.6	11.6	8.8	61.8	67.6
PPI 2	33.6	26.3	11.7	9.5	54.8	64.2
PPI 3	51.9	30.5	6.1	8.6	42.0	60.8
PPI 4	58.1	34.1	5.9	8.7	36.0	57.1

7.4 Assets and Asset Building

Asset ownership is important for income generation, risk mitigation, collateral and hedging against inflation. Individuals can achieve potential savings using assets. In the case of business owners, traders and farmers, asset ownership helps to create value and facilitates the running of their businesses.

The Survey showed that 44.9 percent of adults reported that one household members owned the current dwelling. This was highest amongst:

- Adults in rural areas;
- Females;
- Those dependent on family and friends; and
- Households in the low-income quintile of PPI 2.

Further, 53.1 percent of adults owned a mobile phone, while 44.6 percent owned agricultural land. With regard to ICT, 10.8 percent indicated that they had access to the internet (Table 17).

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

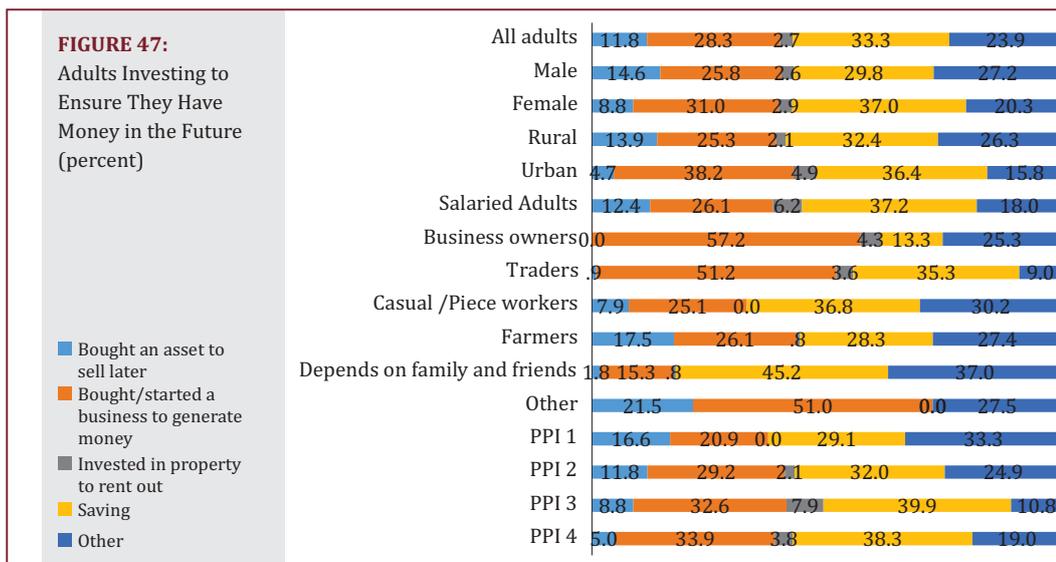
	Own Current house		Member of household owns the house		Personally own (any/another) House		Personally own Agriculture land (for crop and livestock)		Personally own a mobile phone		Have access to a computer		Have access to the internet	
Adults	39.8	25.6	44.9	41.5	45.2	30.3	44.6	23.9	53.1	61.6	5.0	6.7	10.8	21.9
Male	51.5	32.2	32.6	34.6	56.7	36.5	50.5	26.7	63.1	65.9	5.6	8.7	13.8	25.7
Female	29.8	19.6	55.3	47.7	35.3	24.7	39.7	21.4	44.6	57.7	4.4	4.9	8.3	18.5
Rural	45.1	35.4	45.5	47.3	50.4	40.9	51.0	37.1	45.9	48.9	2.6	3.7	3.9	7.6
Urban	19.4	14.3	42.3	34.9	24.9	18.0	20.2	8.7	80.9	76.1	15.2	10.4	37.5	38.3
Salaried Adults	47.6	27.4	37.3	27.5	56.9	33.4	51.7	24.8	60.2	76.7	8.6	8.2	16.8	33.5
Business owners	44.2	20.1	32.5	33.0	51.6	26.5	43.3	14.7	74.0	79.2	15.1	10.4	20.3	35.0
Traders	30.3	29.3	37.5	36.2	35.8	34.8	27.6	23.5	69.8	73.4	2.2	7.0	18.8	25.4
Casual /Piece workers	39.7	20.9	40.0	44.2	44.5	24.6	42.9	17.9	49.5	58.5	2.8	5.8	6.2	18.2
Farmers	53.3	48.6	39.4	40.3	57.5	55.0	62.5	51.8	48.1	49.7	1.8	2.1	1.4	4.3
Depends on family and friends	8.0	6.2	72.5	58.4	9.7	8.0	10.9	5.3	45.4	51.6	6.2	9.2	16.4	24.1
PPI 1	39.8	35.9	44.9	51.9	45.2	40.6	44.6	38.1	53.1	38.6	5.0	1.8	10.8	2.6
PPI 2	40.1	32.3	51.5	43.3	43.1	37.3	47.9	31.3	35.0	52.9	1.0	2.9	1.0	7.3
PPI 3	46.5	15.4	42.4	37.5	52.5	19.5	50.3	11.9	51.3	75.6	2.5	11.1	4.1	32.0
PPI 4	29.7	13.9	38.1	31.5	32.8	18.7	30.3	8.0	74.2	87.6	15.5	16.0	32.1	55.8
PPI 5	14.1	7.4	47.0	23.8	26.6	13.5	20.5	6.8	94.7	88.9	24.7	13.3	53.4	66.7

7.5 Investment

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

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

Figure 47 shows that most adults would save or start a business to ensure they had money in future. The percentage of adults who indicated that they would save to generate future income was highest amongst females, urban dwellers, those dependent on family and friends and those in PPI 3. Further, adults who indicated that they would start a business were mostly amongst females, urban dwellers, business owners and those in PPI 4.



7.6 House Occupancy Status

The Survey showed that 5.6 percent of adults lived in a house that was provided rent free (Table 18). These were mostly amongst:

- Adults in urban areas;
- Females;
- Adults dependent on family and friends; and
- Households in the high income quintile of PPI 4.

On the other hand, 6.6 percent of adults lived in a rented house. These were mostly amongst:

- Adults in urban areas;
- Males;
- Business owners, and
- Households in the high income quintile of PPI 4.

TABLE 18: HOUSE OCCUPANCY STATUS (PERCENT)

	Eastern		National	
	You/your household rent this house	House provided rent free	You/your household rent this house	House provided rent free
All adults	6.6	5.6	20.4	10.6
Rural	2.0	4.2	4.1	10.6
Urban	24.5	11.0	38.6	10.6
Male	7.5	4.9	20.4	11.0
Female	5.9	6.2	20.5	10.3
Salaried Adults	7.0	5.9	30.3	13.1
Business owners	21.9	1.4	30.5	14.5
Traders	18.9	7.2	23.6	9.2
Casual /Piece workers	11.6	6.5	21.4	12.0
Farmers	.7	2.5	3.0	5.9
Depends on family and friends	6.9	9.5	22.7	10.9
PPI 1	0.8	2.7	3.1	7.0
PPI 2	3.9	4.3	11.4	10.8
PPI 3	21.2	10.0	32.9	12.5
PPI 4	22.5	15.0	40.6	12.6

7.7 Strategies to Meet Future Needs When Old and Cannot Work

The Survey indicated that 29.8 percent of adults considered farming as a means of ensuring that they had money when old and unable to work. Other common strategies included starting own business (12.9), relying on children (11.8 percent) and savings (11.8 percent). The least common strategies included shares (0.2 percent) and pension (0.5 percent). Further 22.9 percent of adults indicated that they had no plans/did not know how they were going to ensure they had money when old and unable to work (Table 19).

Most adults in rural areas were more likely to go into farming while those in urban areas considered savings as a means of ensuring they had money when old and unable to work. Both males and females were more likely to consider farming.

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

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

	Eastern Province									
	Savings	Children	Land/property	Own business	Rental income	Shares	Farming/agriculture/ livestock	Pension	Don't know/have no plans	Other
All adults	11.8	11.8	5.1	12.9	2.7	0.2	29.8	0.5	22.9	2.4
Rural	9.4	11.3	5.3	11.1	2.0	0.2	34.9	0.3	23.2	2.2
Urban	21.2	13.5	4.6	19.9	5.2	-	9.9	0.9	21.7	3.1
Male	13.1	9.0	6.1	12.7	2.5	0.4	33.4	0.1	20.5	2.2
Female	10.7	14.2	4.3	13.1	2.8	-	26.7	0.7	25.0	2.5
Salaried Adults	21.3	14.4	5.7	10.8	2.4	0.6	29.4	0.7	14.2	0.4
Business owners	2.3	12.4	4.7	22.1	-	-	17.8	-	32.3	8.5
Traders	11.5	8.8	2.2	25.1	11.3	-	28.0	2.9	7.1	3.0
Casual /Piece workers	7.2	10.3	5.3	20.5	2.2	-	21.4	-	30.3	2.8
Farmers	8.2	13.3	6.4	8.3	1.9	-	42.9	-	16.6	2.4
Depends on family and friends	8.1	6.2	2.9	14.0	2.6	-	18.0	0.6	43.6	4.0
PPI 1	8.2	10.7	4.4	10.6	1.1	0.6	35.1	0.3	27.4	1.4
PPI 2	10.2	13.2	5.7	11.4	2.5	-	31.4	0.3	22.3	2.9
PPI 3	15.8	11.8	3.4	19.1	5.6	-	21.4	0.1	21.9	0.9
PPI 4	26.5	7.3	6.4	21.5	4.8	-	14.0	2.3	12.8	4.5

8.0 ACCESS TO FINANCIAL SERVICES

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 32.9 percent of adults were able to reach at least one access point within 30 minutes by motor vehicle, 24.6 percent by bicycle and 16.7 percent on foot.

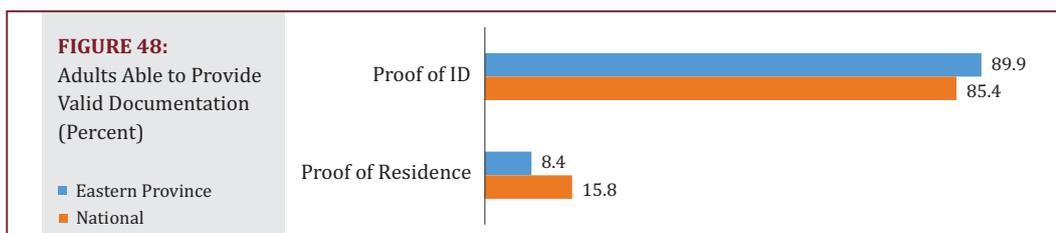
In terms of proximity, schools were much closer to the population followed by health centres and mobile money agents. The Survey showed that 85.3 percent of adults were able to reach the nearest school within 30 minutes by motor vehicles, 78.1 percent by bicycle and 58.4 percent on foot. In addition, access to health centres by adults within a 30-minute reach by motor vehicle was 75.9 percent, 59 percent by bicycle and 35.6 percent on foot. Access to mobile money agents by adults within a 30-minute reach was 58.2 percent by motor vehicle, 46.3 percent by bicycle and 34.5 percent on foot (Table 20).

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

Access Point	Mode of Travel		
	Motor Vehicle	Bicycle	Foot
All access points	32.9	24.6	16.7
School	85.3	78.1	58.4
Health Centre	75.9	59.0	35.6
Mobile money agent	58.2	46.3	34.5
Supermarket	31.8	21.6	14.2
Filling station	31.4	18.8	11.2
Bank agent	28.1	20.7	14.8
Bank branch or ATM	27.1	17.1	10.7
Post Office	24.8	15.3	9.2
Microfinance institution	15.0	9.4	5.5
Insurance company	14.1	9.7	5.5
Building society	13.2	7.8	4.7
Capital Markets Operator	7.9	5.0	3.5

8.2 Eligibility to Access Services

The Survey indicated that 89.9 percent of adults in the Province had proof of identification (ID). However, only 8.4 percent had proof of residential address compared to the national level of 15.8 percent (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 residence.

Table 21 shows that 89.1 percent of adults had a National Registration Card (NRC). Generally, the percentage of adults that possessed various KYC documentation such as a passport, driver's licence, payslip, lease agreement, Taxpayer Identification number (T-PIN) and electricity/water bill was very low at less than 6 percent of the population (Table 21).

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

Type of Document	Eastern			National
	Rural	Urban	Overall	
National registration card	89.4	88.1	89.1	85.4
Tax identification form in your name	2.6	18.0	5.8	8.9
Subscription (e.g. satellite TV) in your name	2.4	16.4	5.3	10.7
Electricity/water bill in your name	1.6	14.4	4.2	6.5
Driver's licence	1.3	13.0	3.7	6.8
Title deed in your name	2.5	8.3	3.7	6.2
Payslip from employer	1.3	11.5	3.4	6.4
Insurance policy in your name	1.5	7.5	2.8	3.4
Passport	1.3	7.7	2.6	5.3
Lease or rental agreement in your name	0.9	8.6	2.5	4.2
Telephone/Zamtel bill in your name	0.4	3.4	1.0	2.8

9.0 FINANCIAL PRODUCTS AND SERVICES USED BY ADULTS

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

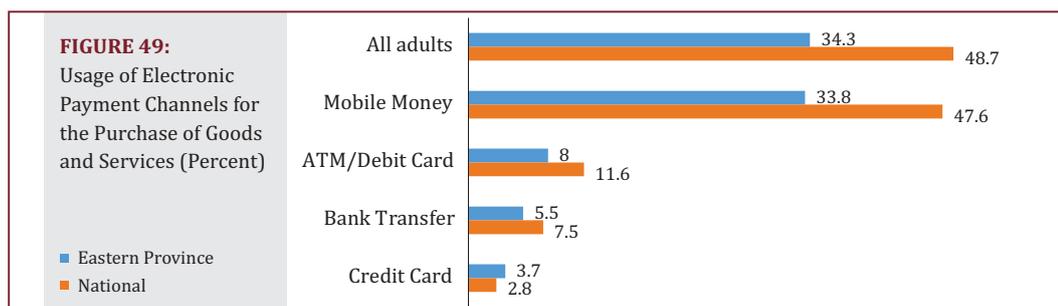
- 1) Electronic Payment Channels;
- 2) Credit;
- 3) Remittances;
- 4) Savings and investments;
- 5) Insurance; and
- 6) Pensions.

9.1 Electronic Payment Services

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

9.1.1 Purchasing Good and Services

The Survey indicated that 34.3 percent of adults in Eastern Province used electronic payment channels to purchase goods and services compared to 48.7 percent at national level. Amongst these payment methods, mobile money was the most widely used at 33.8 percent, while credit cards had the least usage at 3.7 percent (Figure 49).

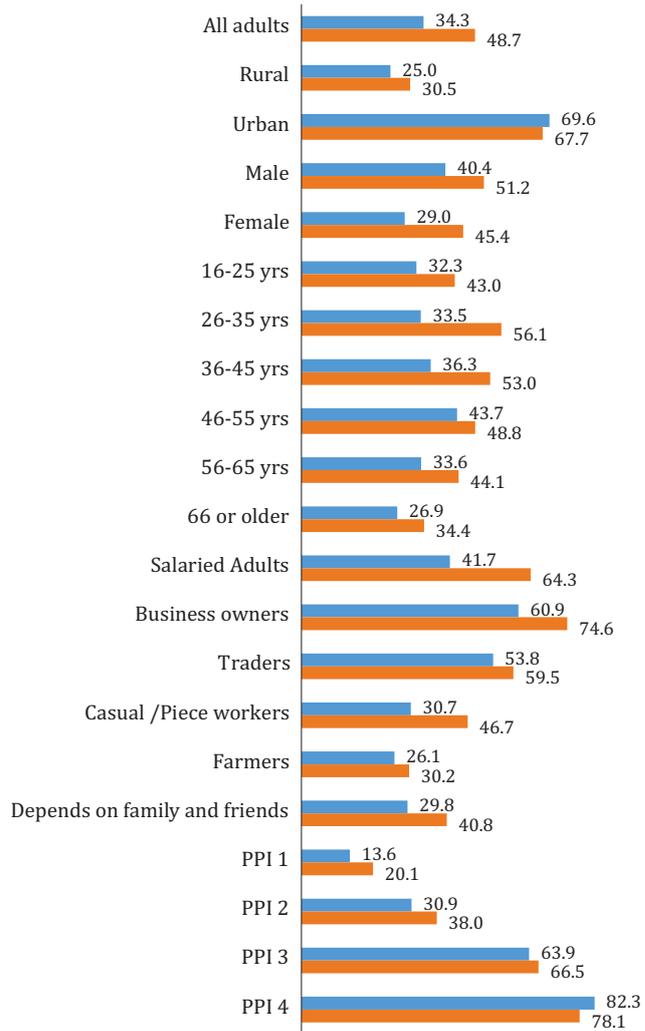


9.1.2 Adults Using Electronic Payment Channels for Purchase of Goods and Services (Percent)

Figure 50 shows that adults who used electronic payment methods were mostly amongst:

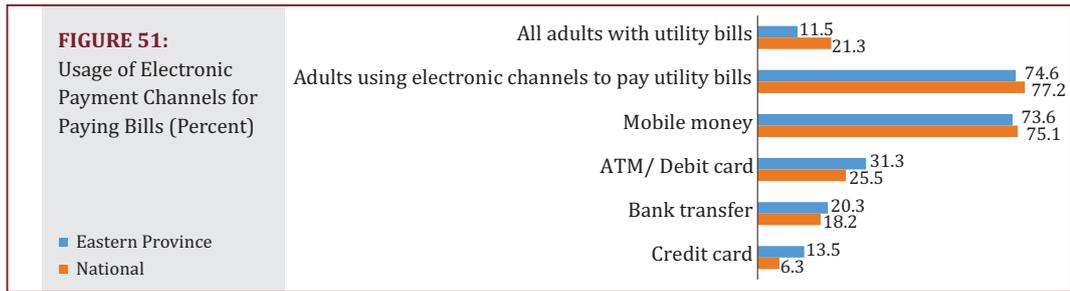
- Those in urban areas;
- Males;
- Of age 46 – 55 years;
- Business owners; and
- Households in the high-income quintile of PPI 4.

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



9.1.3 Bill Payments

In the 12 months prior to the survey 11.5 percent of adults stated that they had utility bills to pay. Of these, 74.6 percent used electronic payment channels. Mobile money was the most widely used channel for bill payments at 73.6 percent, while credit card was the least utilised (Figure 51).

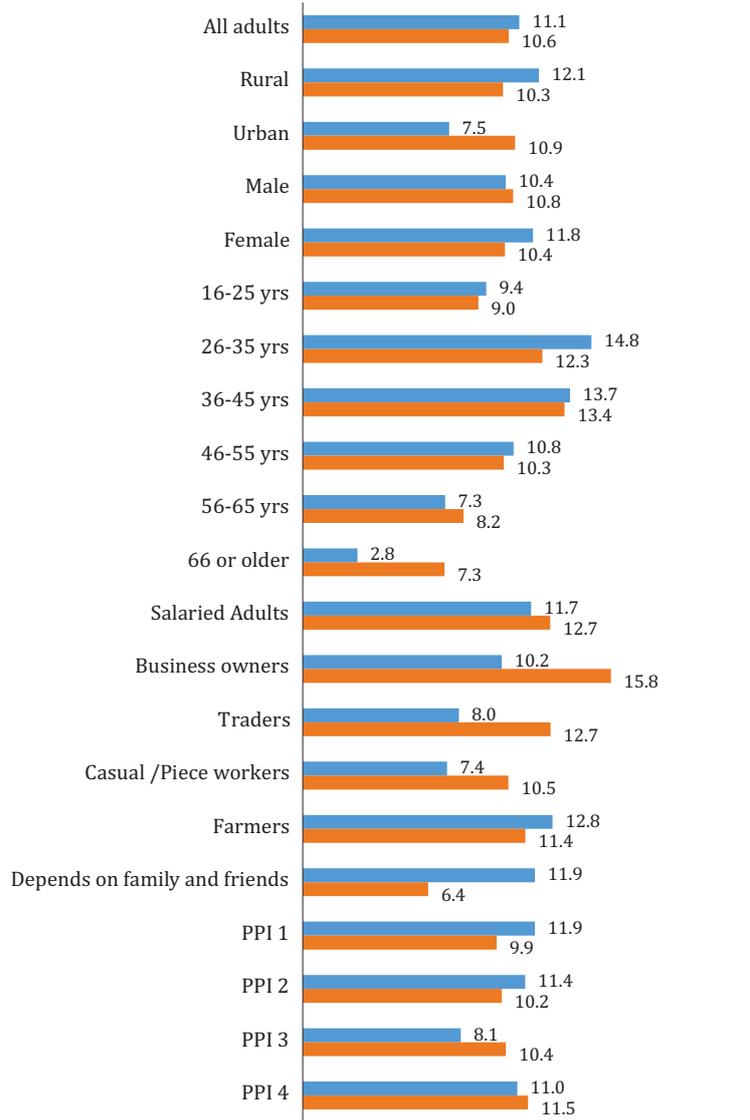


9.2 Adults Buying Goods and Services on Credit

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

- Those in rural areas;
- Females;
- Adults of age 26 – 35 years;
- Farmers;
- Households in the income quintiles of PPI 1, PPI 2 and PPI 4.

FIGURE 52:
Adults Who Purchased
Goods and Services on
Credit in the 12 Months
Prior to the Survey
(Percent)

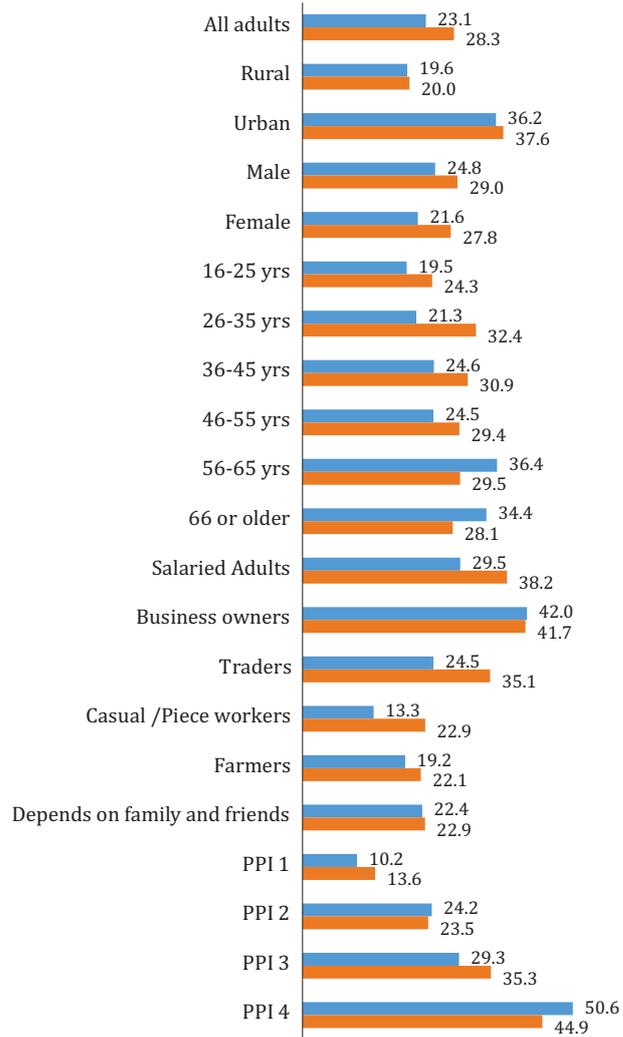


9.3 Remittances

During the 12-months period prior to the Survey, 23.1 percent of adults sent or received money from someone (Figure 53). These were mostly amongst:

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

FIGURE 53:
Adults Who Sent or Received Money (Percent)



The Survey showed that mobile money was the most widely used channel for sending (50.7 percent) and receiving (70.2 percent) money (Table 22).

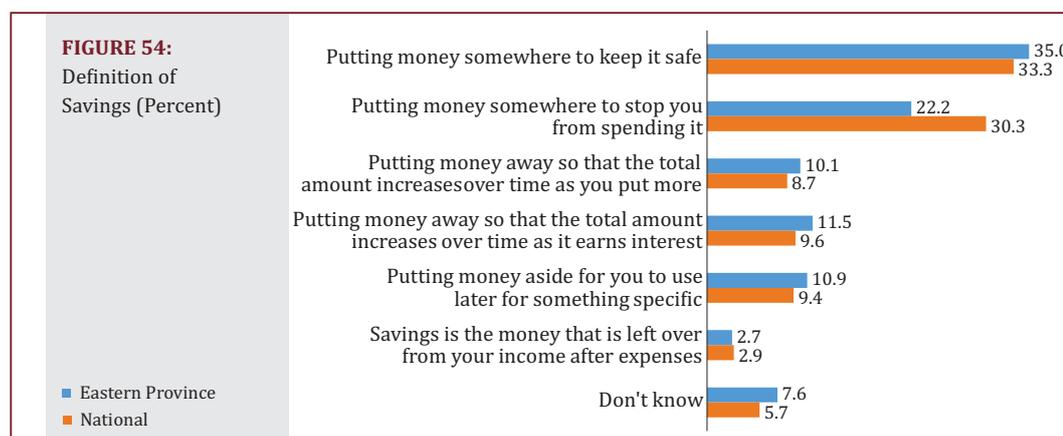
TABLE 22: REMITTANCES (PERCENT)

Channels used to send money	Senders	
	Eastern Province	National
Mobile money	50.7	56.8
Friends/Family	2.4	2.7
Cell Topup	2.1	3.0
Bank transfer/Pay into bank account	1.4	2.7
Channels used to receive money	Receivers	
Mobile money	70.2	88.4
Friends/Family	16.2	7.4
Bank transfer/Pay into bank account	1.7	5.1
Cell Topup	6.3	5.0
Western Union/Money gram/Swift cash	0.4	1.5

9.4 Savings

9.4.1 Definition of Savings

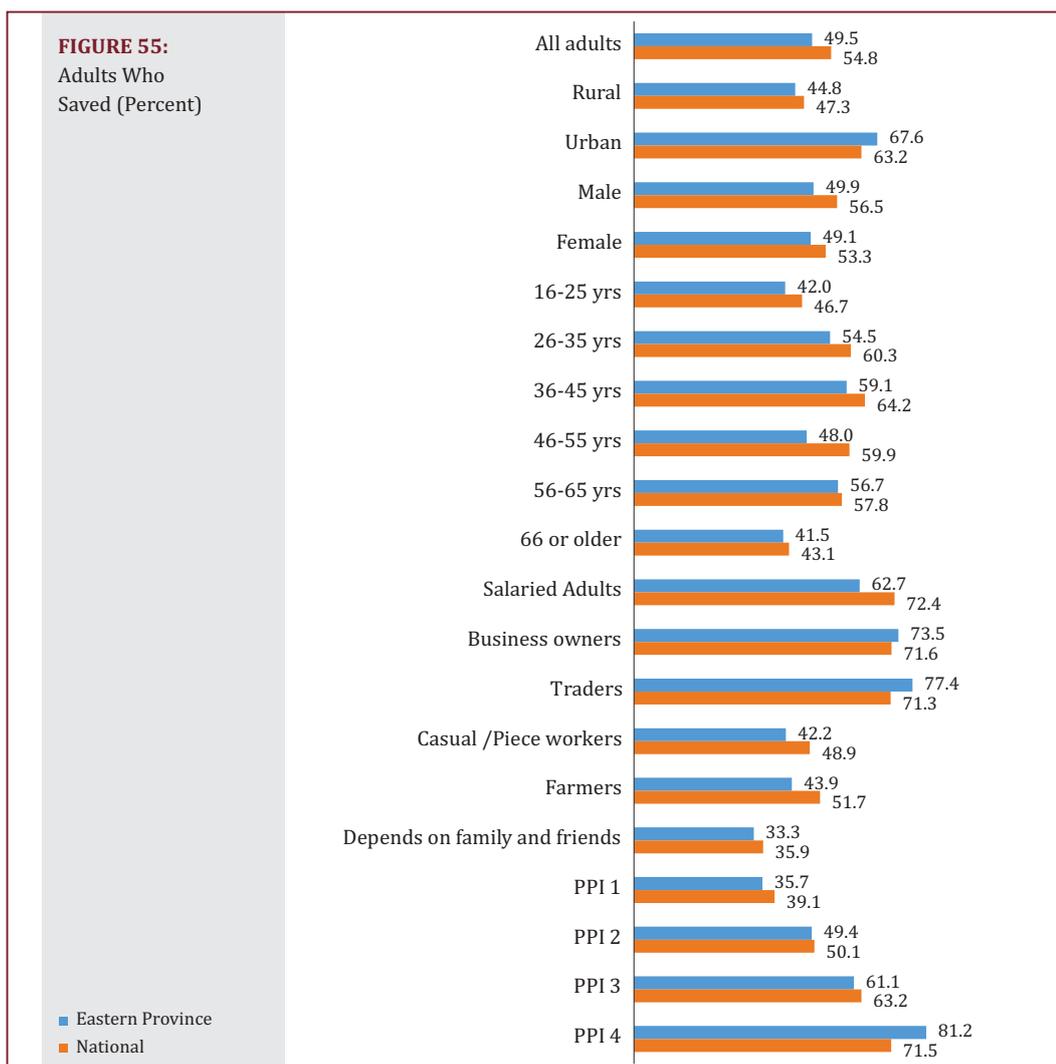
Figure 54 shows that most adults defined saving as “putting money somewhere to keep it safe” (35 percent) and “keeping money somewhere to avoid spending” it (22.2 percent).



9.4.2 Adults Who Saved

Figure 55 shows that 49.5 percent of adults indicated that they saved. These were highest amongst:

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



9.4.3 Drivers of Saving

The findings summarised in Table 23 indicated that most adults saved for farming expenses such as purchases of seed and fertilizers.

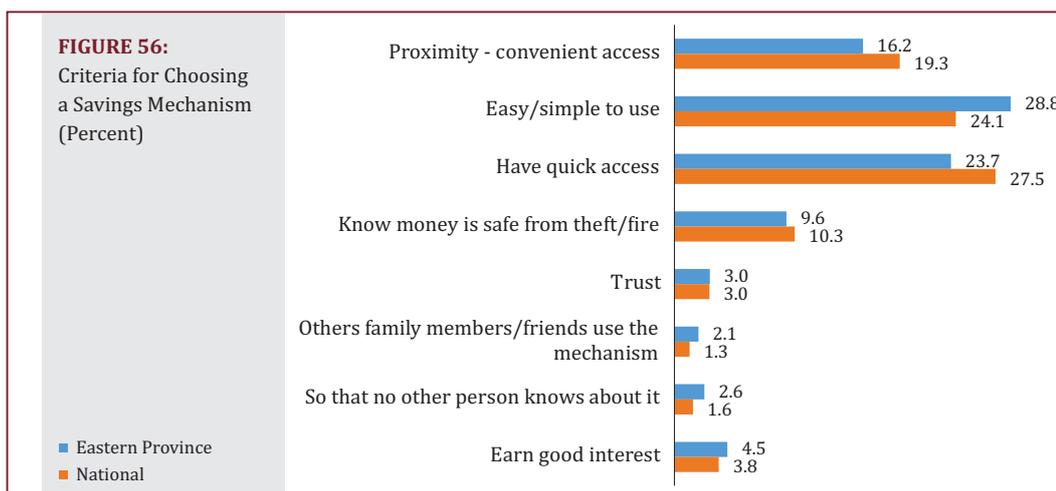
TABLE 23: MAIN DRIVERS OF SAVINGS (PERCENT)

Purpose	Driver	Adults
Cash-Flow Management	Farming expenses such as seeds or fertilizer	92.2
	Living expenses for when you do not have money	74.5
Risk Management	Business expenses such as additional stock	50.3
	Education or school fees	24.3
Investing	Medical expenses	37.8
Assets and Productive Activities	Buying land	17.2
	Buying business equipment such as a printer or sewing machine etc.	13.3
	Starting or expanding business	4.6

9.4.4 Criteria for Choosing Savings Mechanism

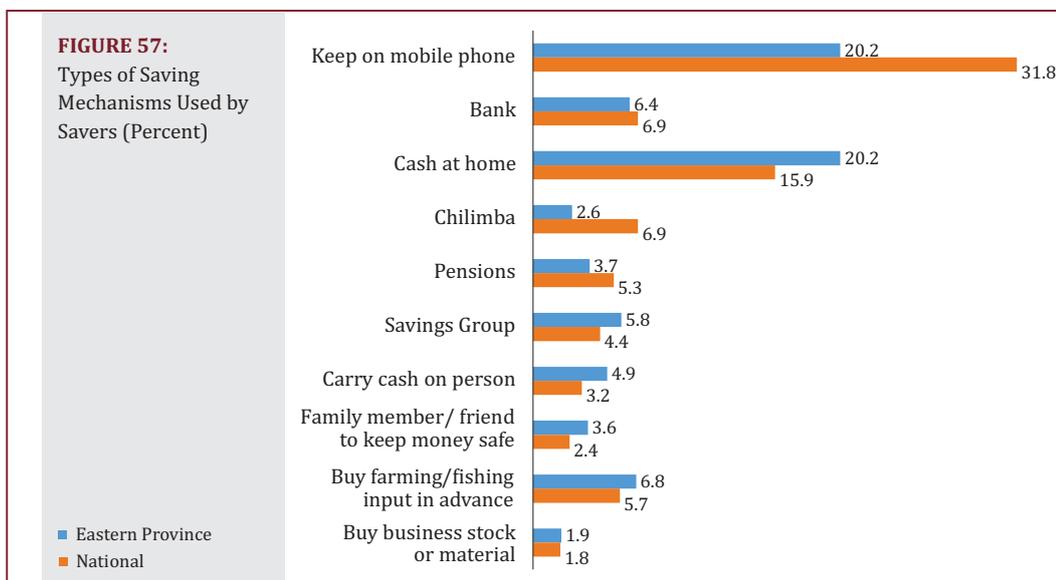
Figure 56 shows that the most important criteria for choosing savings mechanism were:

- Ease of use;
- Quick access; and
- Proximity.



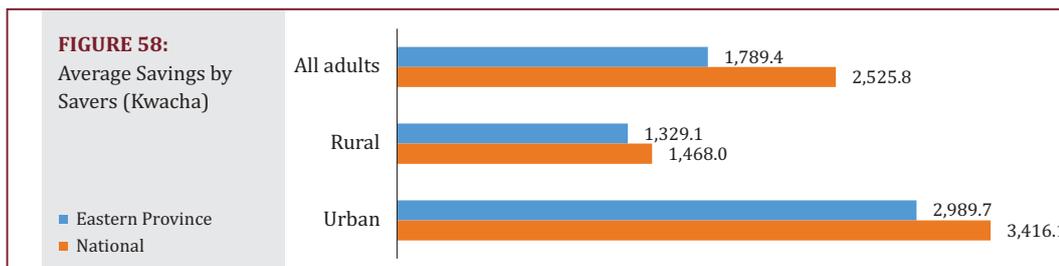
9.4.1 Types of Saving Mechanisms

Figure 57 shows that most adults saved money using mobile money service (20.2 percent) and at home (20.2 percent). Only 6.4 percent of adults saved at a commercial bank.



9.4.2 Average Savings

Figure 58 shows that the average amount of money saved by adults was K1,789.39. Adults in urban areas saved twice as much as those in rural areas.



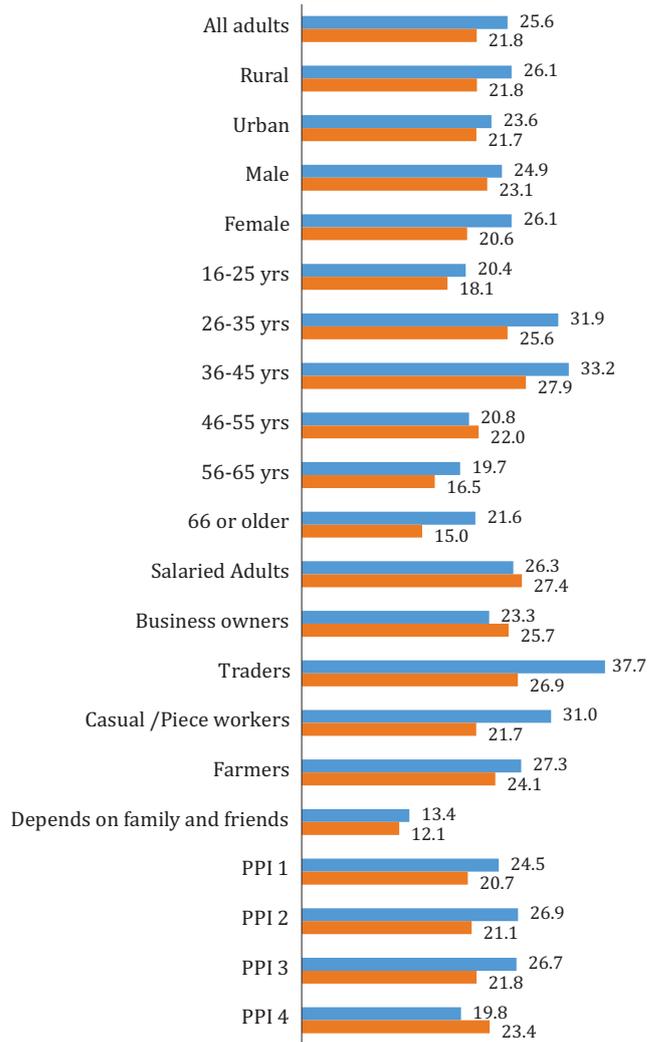
9.5 Credit Services

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

During the 12 months period prior to the Survey, 25.6 percent of adults accessed credit (Figure 59). These were highest amongst:

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

FIGURE 59:
Adults Who Borrowed
in the 12 Months
Period Prior to the
Survey (Percent)

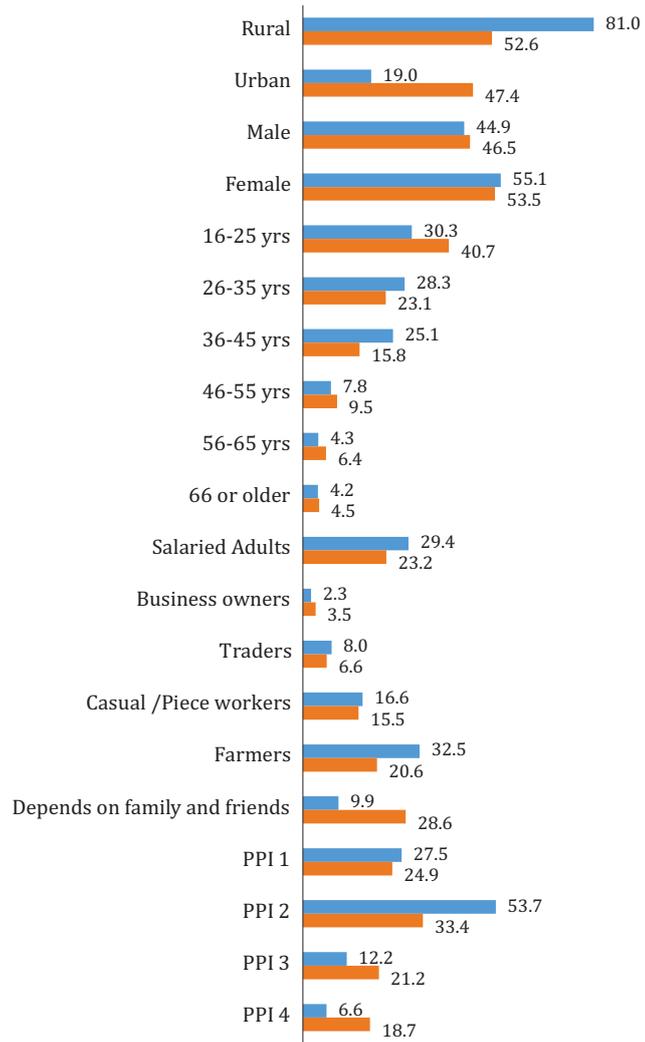


9.5.2 Adults Who Did Not Borrow in the 12 Month Prior to the Survey

As illustrated in Figure 60, adults who did not borrow were more likely to be:

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

FIGURE 60:
Adults Who Did Not
Borrow in the 12-Month
Period Prior to the
Survey (Percent)



9.5.3 Drivers of Borrowing

Table 24 illustrates that 82.8 percent of adults borrowed to pay for farming expenses, while 82 percent borrowed to cater for living expenses.

TABLE 24: DRIVERS OF SAVINGS (PERCENT)

Purpose	Drivers	Adults
Cash-Flow Management	Farming expenses such as seeds or fertilizer	82.8
	Living expenses for when you do not have money	82.0
	Business expenses such as additional stock	48.2
	Education or school fees	15.6
Risk Management	Medical expenses	14.6
Investing Assets and Productive Activities	Buying land	9.6
	Starting or expanding business	6.3
	Buying business equipment such as a printer or sewing machine etc.	1.4
	Buying a bicycle, motorcycle, car, truck or other means of transport for personal use	1.4

9.5.4 Criteria for Choosing a Lender

The most important criterion for choosing a lender was simplicity of use (Figure 61).

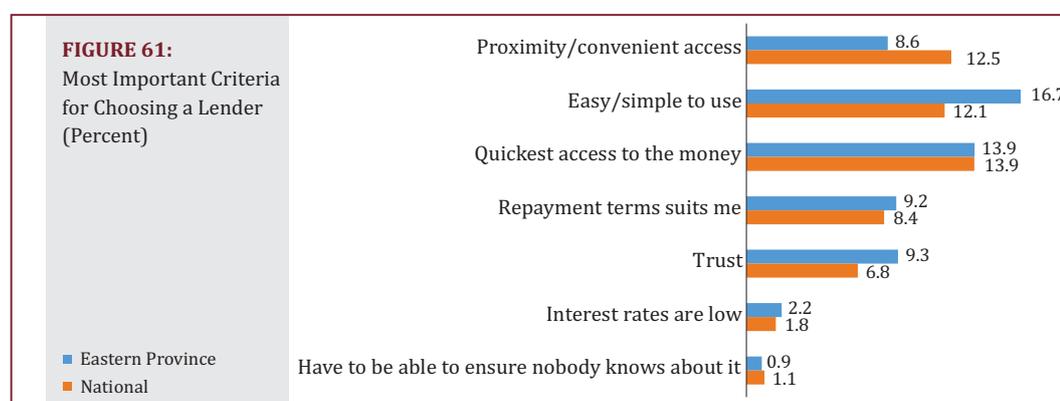
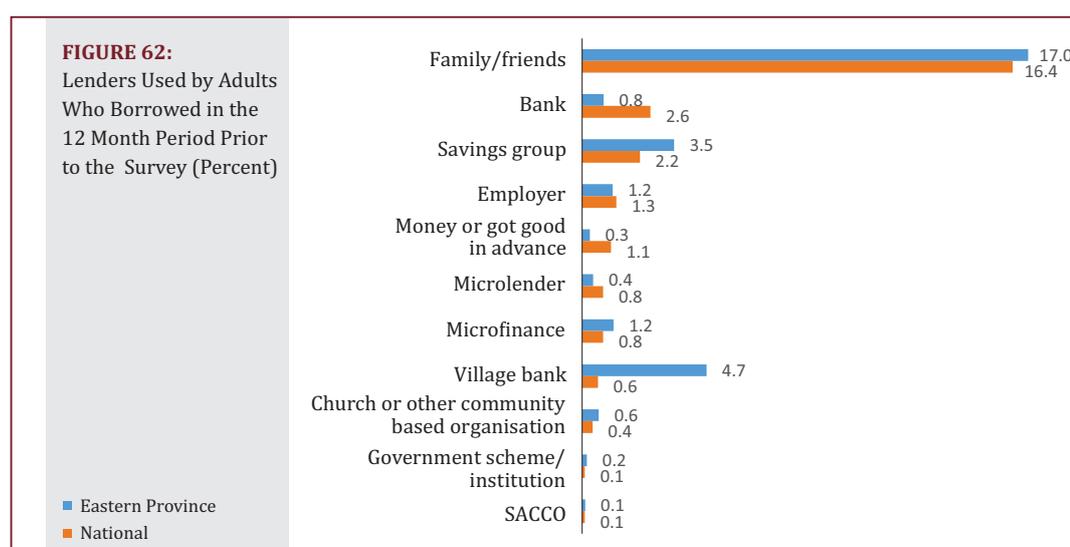


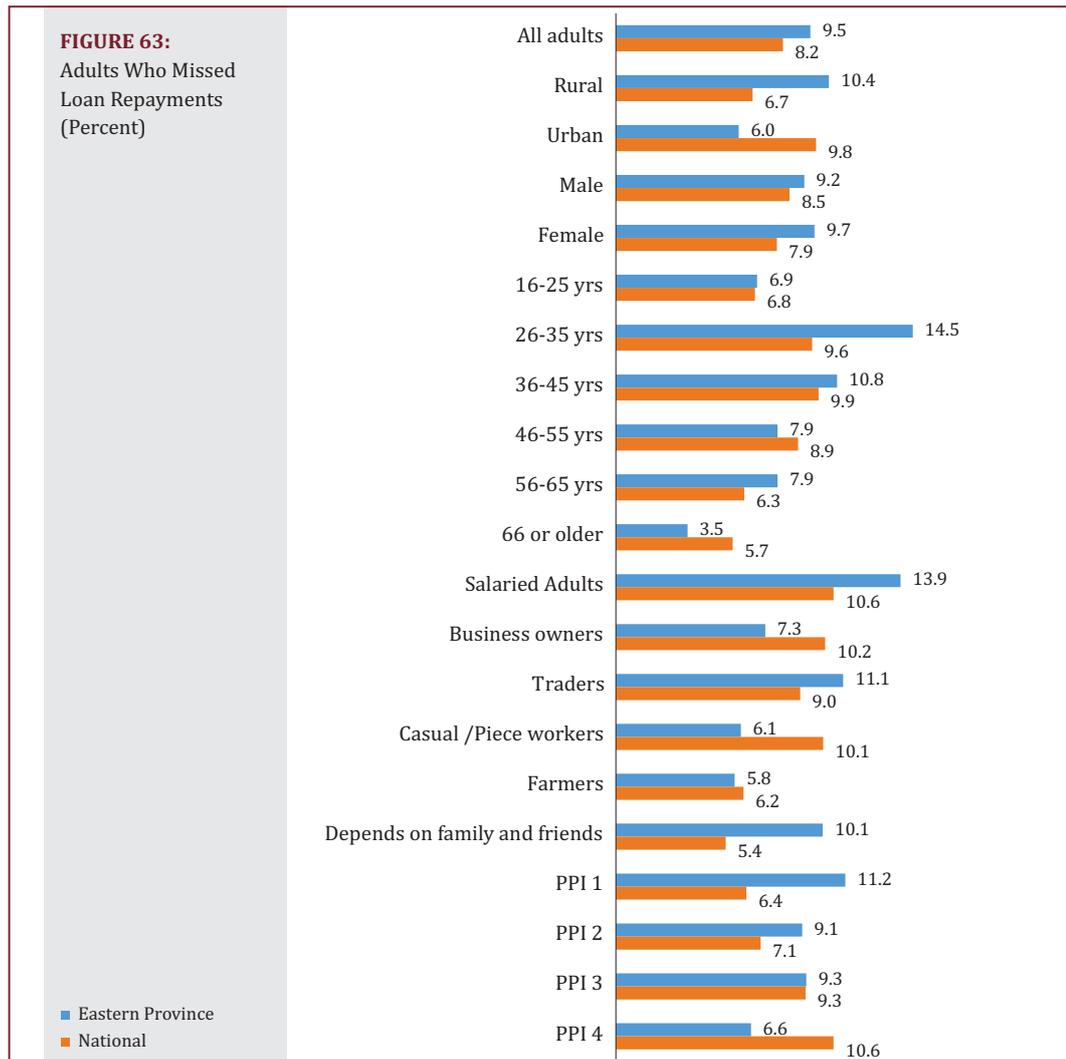
Figure 62 shows that 17 percent of adults borrowed from family/friends, while less than one percent borrowed from commercial banks.



9.5.3 Adults who Missed Loan Repayments

The survey showed that 9.5 percent of adults who borrowed from formal financial service providers missed at least one loan repayment (Figure 63). These were mostly amongst:

- Adults in rural areas;
- Adults of age 26 – 35 years;
- Salaried employees; and
- Households in the lowest quintile of PPI 1.



9.5.4 Reasons for Missing Loan Repayments

Figure 64 shows that most adults who missed loan repayments indicated that they did not have money.



9.5.7 Adults Denied Loans by Formal FSPs

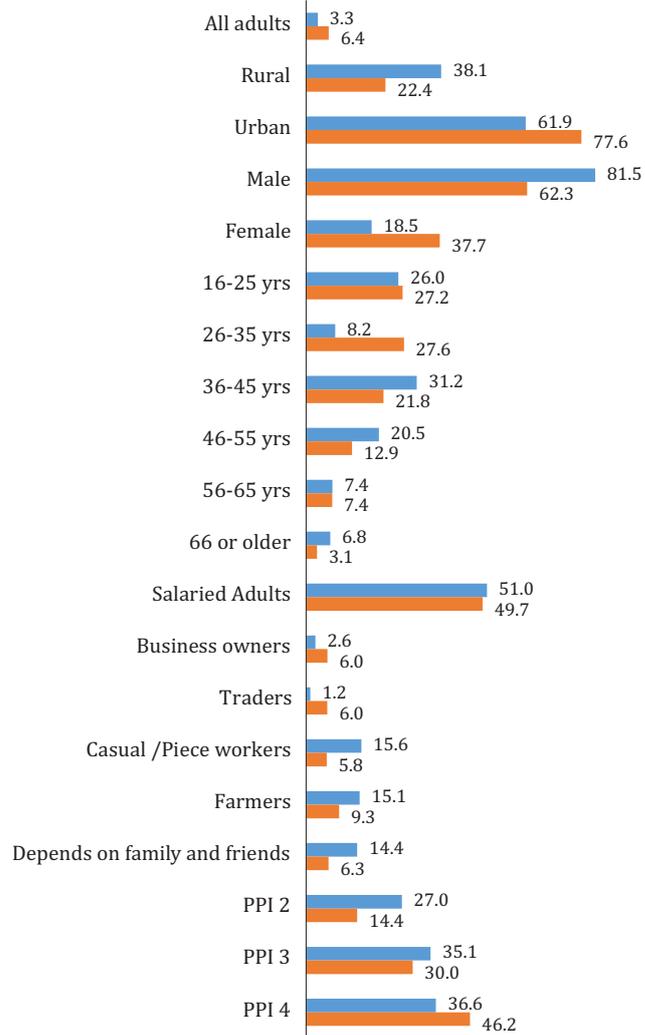
The percentage of adults whose loan applications were not approved by commercial banks was 30.4 percent. The main reason for the rejection of loan applications from commercial banks was low income.

9.6 Credit Reference Bureau

The Survey indicated that only 3.3 percent of adults in the Province were aware of the CRB. Figure 65 shows that these adults were mostly amongst:

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

FIGURE 65:
Awareness of CRB
(Percent)



9.7 Insurance Services

The Survey indicated that 3.5 percent of adults in the Province used insurance services compared with 6.3 percent at national level. Figure 66 shows that these were mostly:

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

FIGURE 66:
Adults Who Used
Insurance Services
Compared with
National Levels
(Percent)

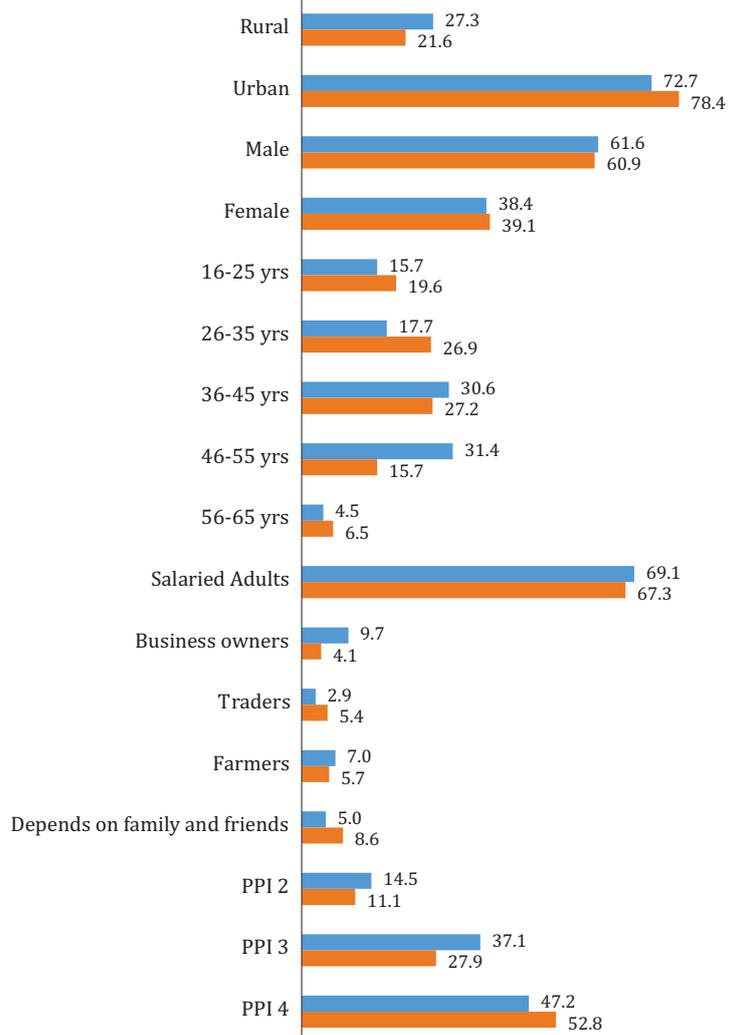
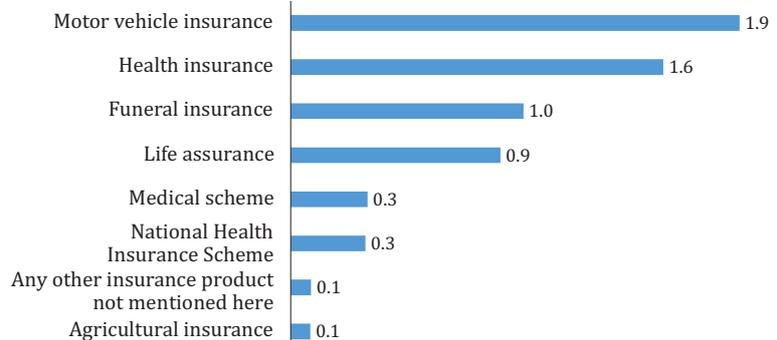


Figure 67 illustrates that use of insurance services in the Province was very low at less than two percent for each of the product categories.

FIGURE 67:
Type of Insurance
Products Held by
Adults (Percent)



9.8 Pension Services

The Survey showed that 47 percent of adults in the Province contributed to a pension scheme. Figure 68 shows that most adults contributed to both public and private pension schemes.

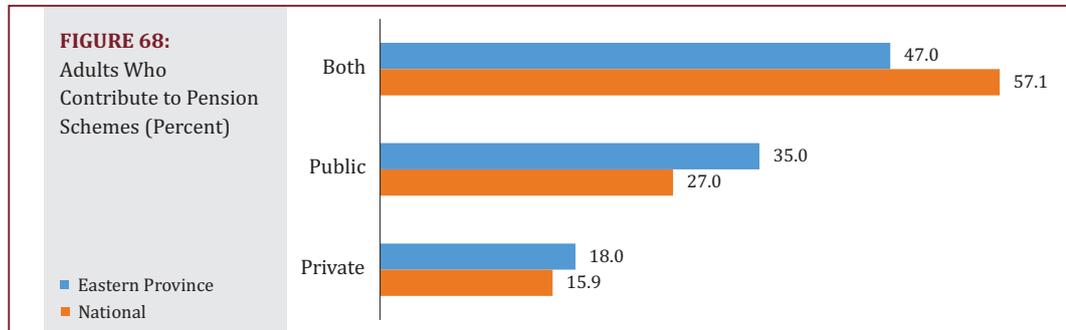
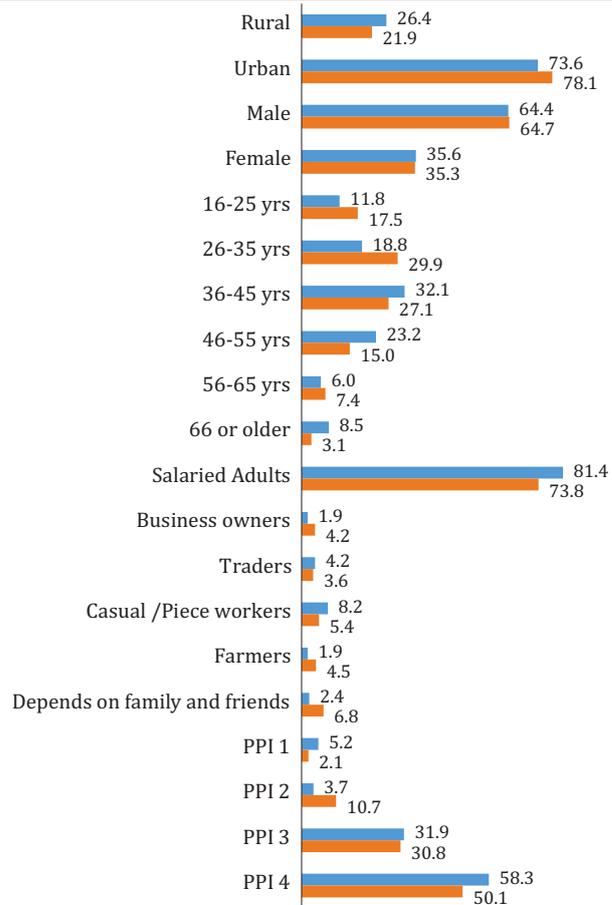


Figure 69 shows that adults who contributed to a pension scheme were most likely to be:

- Urban based;
- Males;
- In the age group 36 – 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)

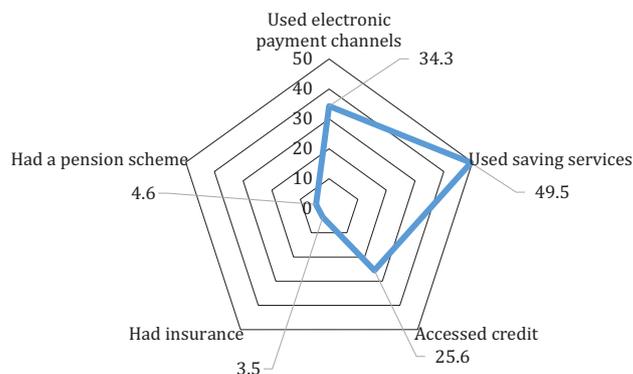


9.9 Landscape of Access

The landscape of access provides a summary of the types of financial products/services used by most adults in the Province (Figure 70):

- Electronic payment methods (34.3 percent);
- Savings (49.5 percent);
- Credit (25.6 percent);
- Insurance (3.5 percent); and
- Pension (4.6 percent).

FIGURE 70:
Landscape of Access
(Percent)



10.0 FINANCIAL HEALTH

Financial health is the ability to manage expenses, prepare for and recover from financial shocks, have minimal debt, and to build wealth. This measure helps us assess whether increases in 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.

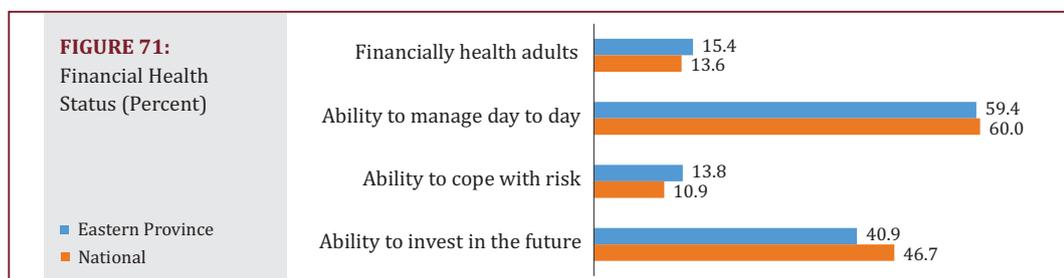
Financial health is measured by a multidimensional score made up of three dimensions:

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 dimensions.

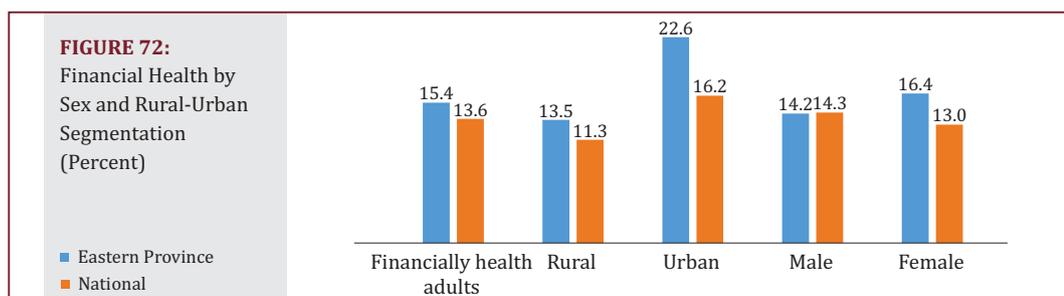
10.1 Financial Health Status

The Survey indicated that 15.4 percent of adults in the Province were financially healthy compared to 13.6 percent at national level (Figure 71).



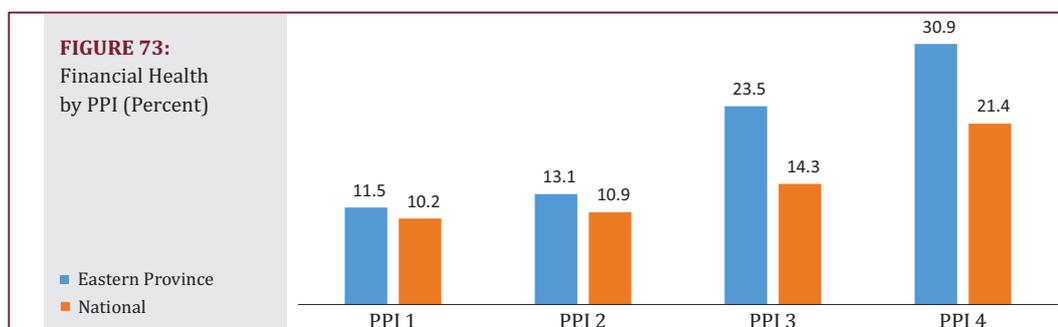
10.1.1 Financial Health by Sex and Rural/Urban Segmentation

The level of financial health was higher among adults in urban areas (22.6 percent) than in rural areas (13.5 percent). Further, females were more financially healthy than males (Figure 72).



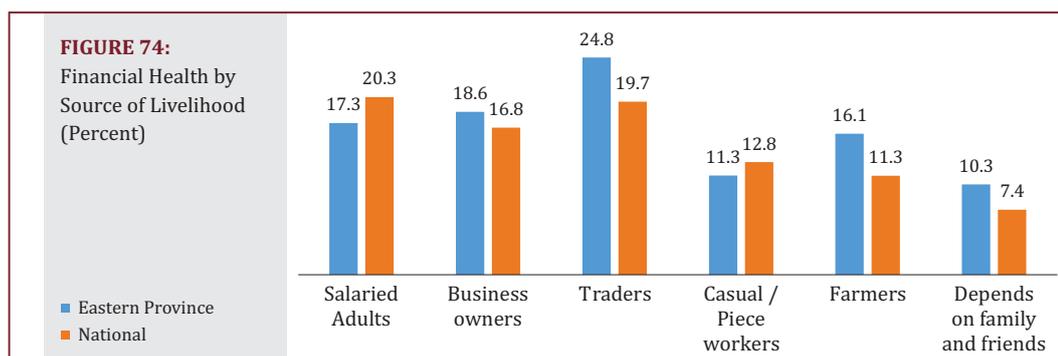
10.1.2 Financial Health by the Progress Out of Poverty Index (PPI)

Adults who were most financially healthy were from households in the high-income quintile of PPI 4, while the least financially healthy were from PPI 1. Further, the levels of financial health in the Province were above the national levels for all PPI quintiles (Figure 73).



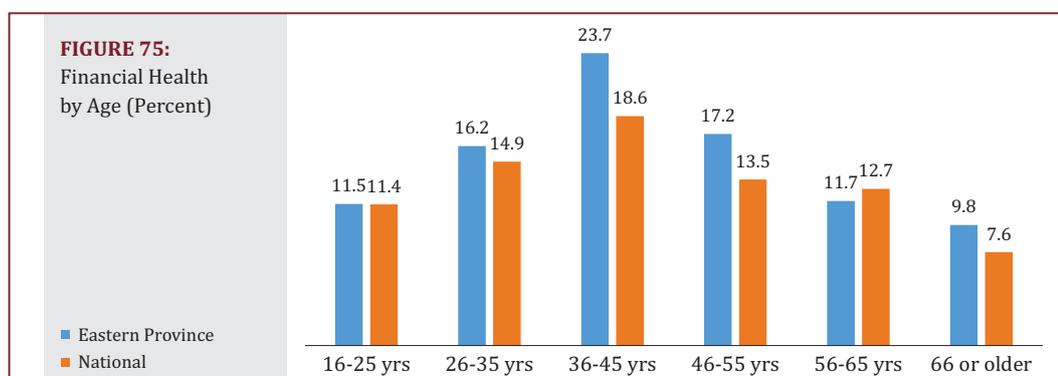
10.1.3 Financial Health and Source of Livelihood

With regard to the source of livelihood, traders were the most financially healthy, while those dependent on family and friends were the least financially healthy (Figure 74).



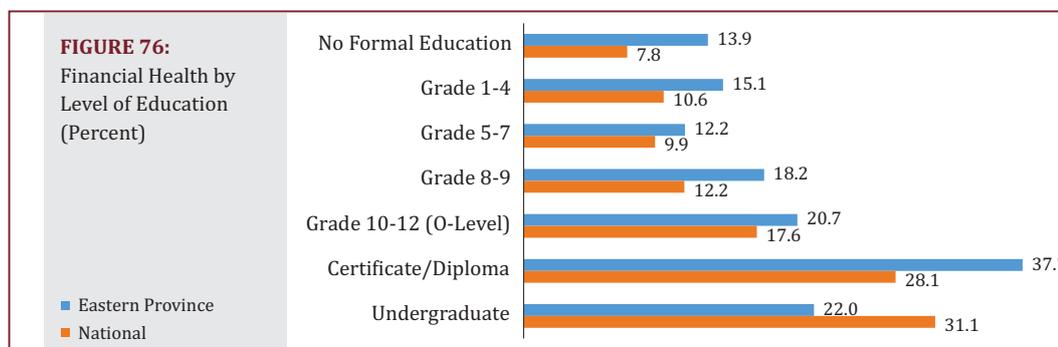
10.1.4 Financial Health by Age

Adults in the age group 36 - 45 years were the most financially healthy, while those of age 66 years or older had the least level of financial health (Figure 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 primary education were the least financially healthy (Figure 76).



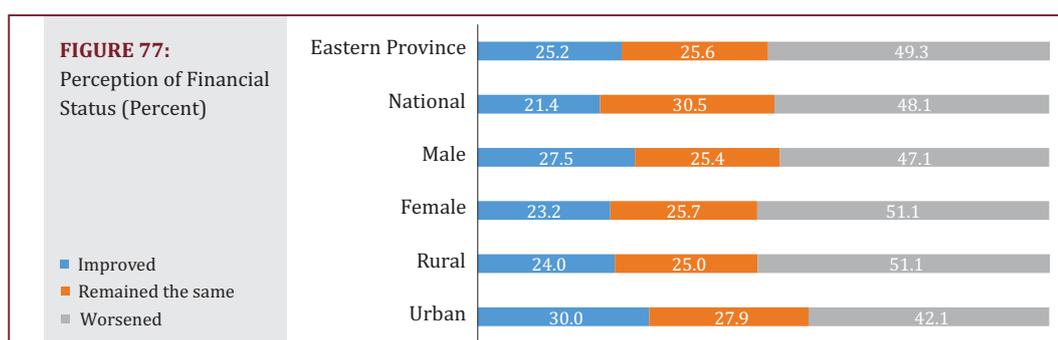
10.2 Self-Reported Financial Status

10.2.1 Financial Status Perception by Rural/Urban Segmentation and Sex

With respect to self-reported financial status, 49.3 percent of adults indicated that their financial status had worsened in the last 12 months prior to the survey. Adults who reported that their financial status had remained the same were 25.6 percent while 25.2 percent reported that their financial status had improved (Figures 77).

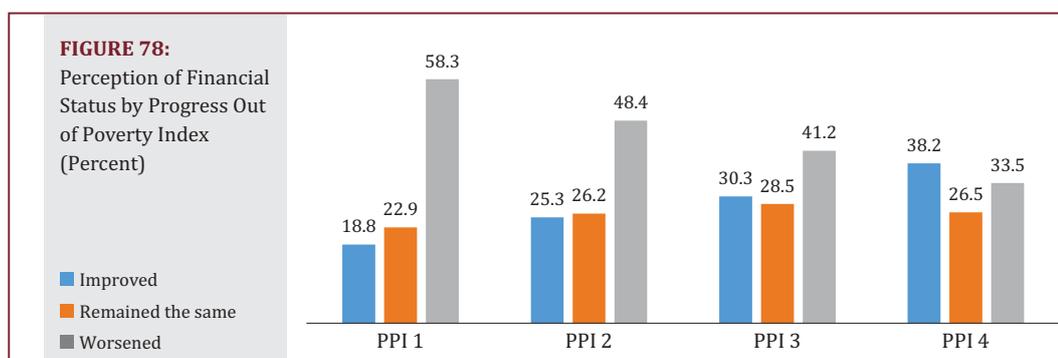
In terms of regional distribution, the highest percentage of adults who reported that their financial status had worsened over the last twelve months were in rural areas. There were more adults in urban areas who reported that their financial status had either remained the same or improved than in rural areas.

The findings further showed that more females than males reported that their financial status had worsened, while more males perceived that their financial status had improved.



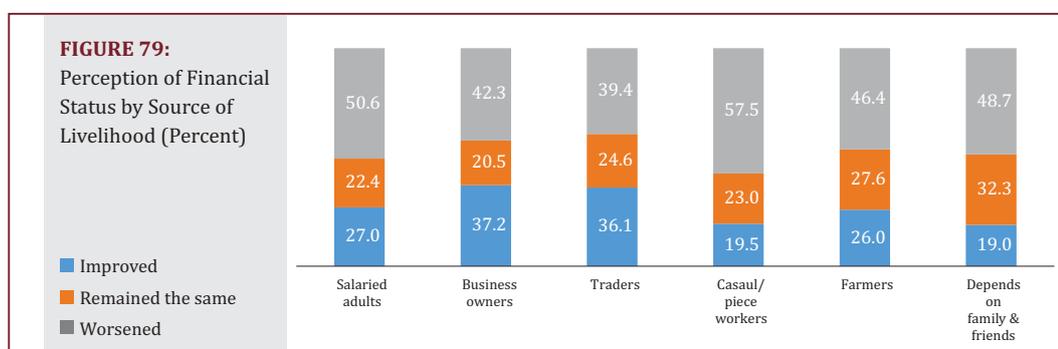
10.2.2 Financial Status Perception by Progress Out of Poverty Index

Figure 78 shows that most adults who perceived that their financial status had worsened were in the lowest income quintile of PPI 1, while those who perceived that their financial status had improved were in the high-income quintile of PPI 4. The highest percentage of adults who perceived that their financial status had remained the same were in the middle income quintile of PPI 3.



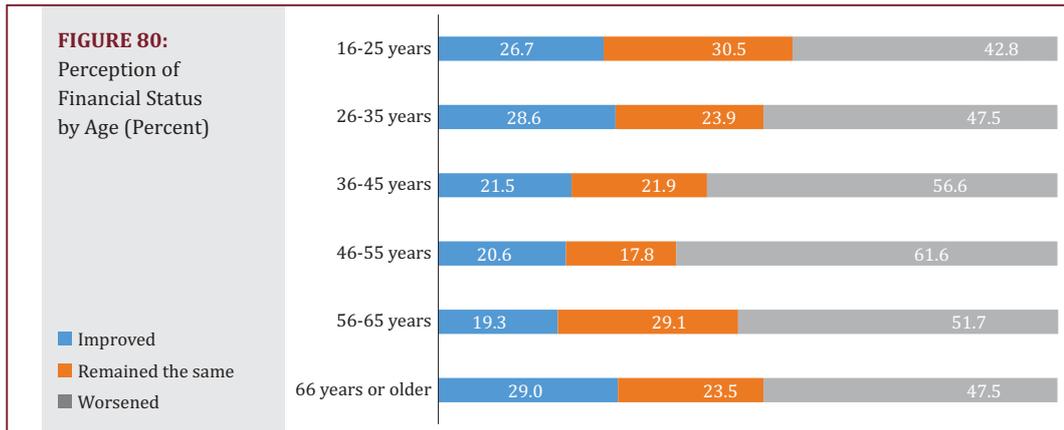
10.2.3 Financial Status Perception by Source of Livelihood

Figure 79 shows that the highest percentage of adults who perceived that their financial status had worsened were casual/piece workers, while those who perceived that their financial status had improved were business owners. The highest percentage of adults who perceived that their financial status had remained the same were those dependent on family and friends.



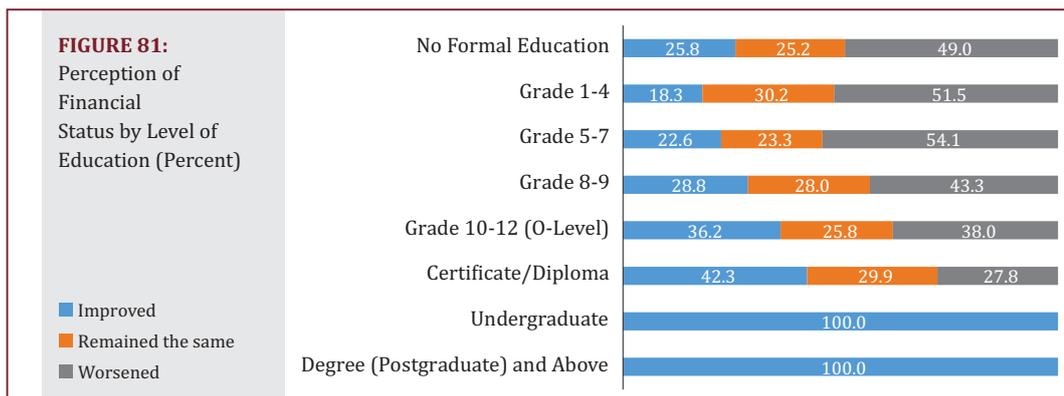
10.2.4 Financial Status Perception by Age

Figure 80 shows that the highest percentage of adults who perceived that their financial status had worsened were in the age group 46 – 55 years, while those who perceived that their financial status had improved were mostly in the age groups 26 – 36 years and 66 years or older. The highest percentage of adults who perceived that their financial status had remained the same were in the age group 16 - 25 years old.



10.2.5 Financial Status Perception by Level of Education

As shown in Figure 81 all adults with undergraduate degree or higher level of education perceived that their financial status had improved. Most adults who had attained certificate/diploma level of education perceived that their financial status had remained the same. The highest percentage of adults who perceived that their financial status had worsened had attained Grade 5 - 7 primary level of education.

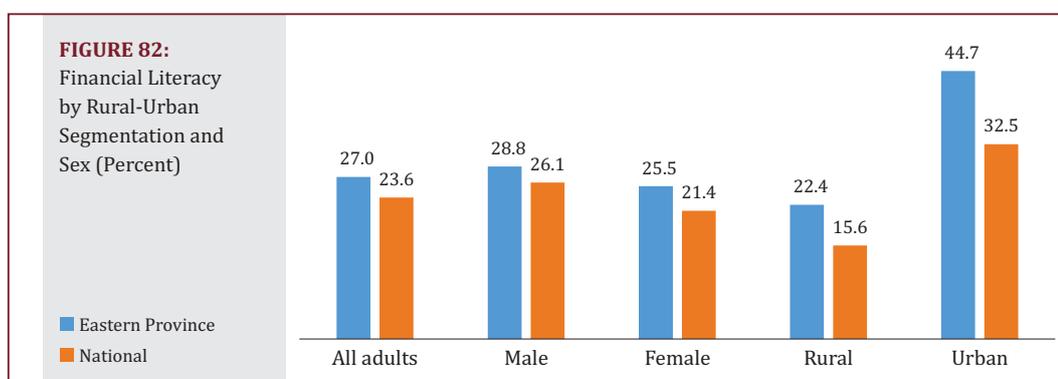


11.0 FINANCIAL LITERACY

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

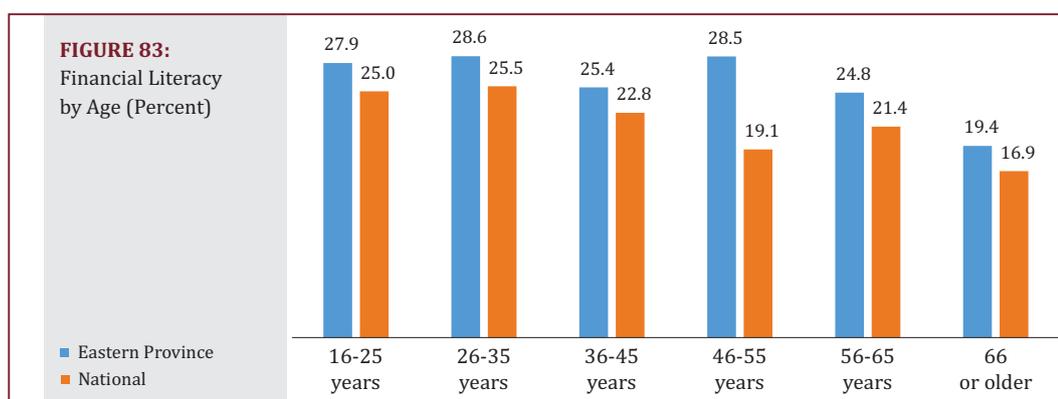
11.1 Financial Literacy by Rural-Urban Segmentation and Sex

The Survey indicated that 27.0 percent of the adult population in Eastern Province were financially literate compared to 23.6 percent at national level. These were mostly urban based adults. Further a higher percentage of males were financially literate compared to females (Figure 82).



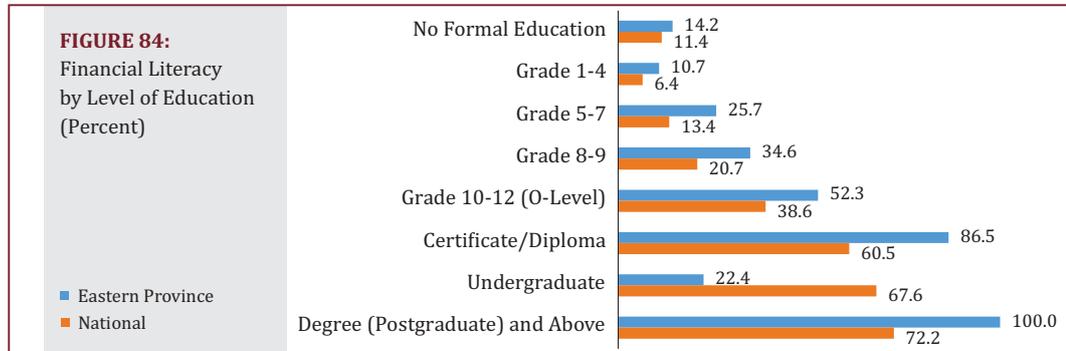
11.2 Financial Literacy by Age

The highest level of financial literacy was amongst adults in the age groups 16 – 35 years and 46 – 55 years, while the least financially literate adults were in the age group 66 years or older (Figure 83).



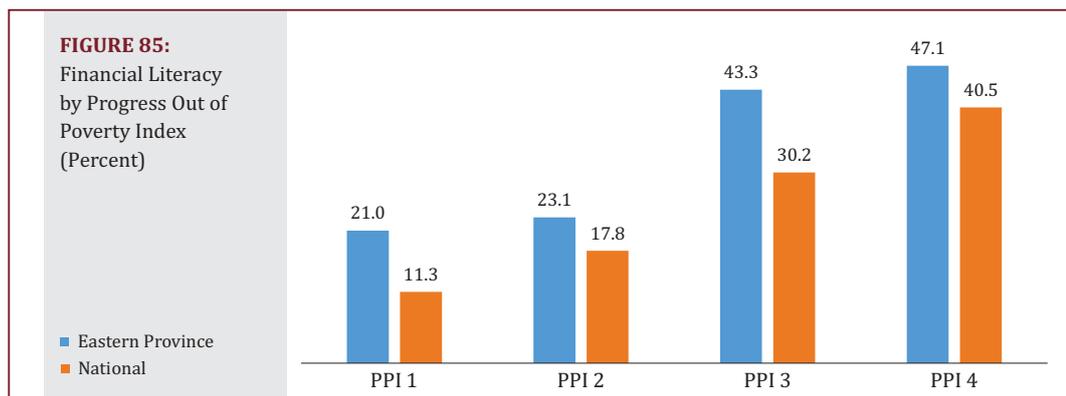
11.3 Financial Literacy by Level Education

Financial literacy was highest among adults who had attained postgraduate degree or higher level of education while adults with Grade 1-4 level of primary education were the least financially literate(Figure 84).



11.4 Financial Literacy by Progress Out of Poverty Index

Adults in the high income quintile of PP1 4 were the most financially literate, while adults from the lowest income quintile of PPI 1 were the least financially literate (Figure 85).

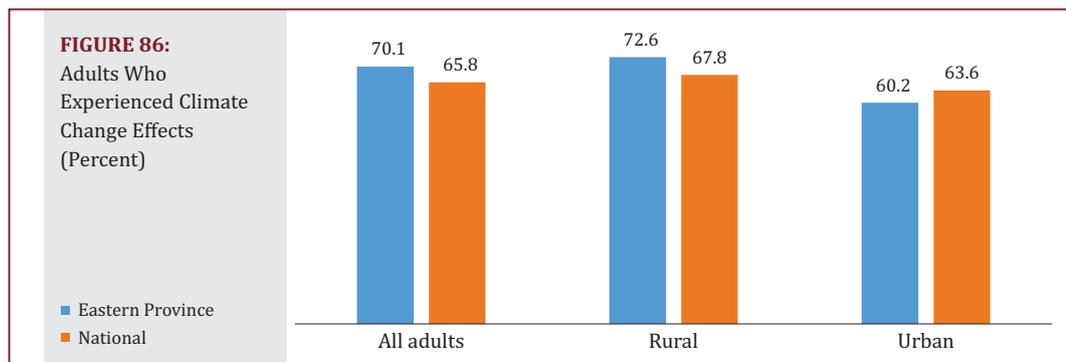


12.0 CLIMATE CHANGE

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

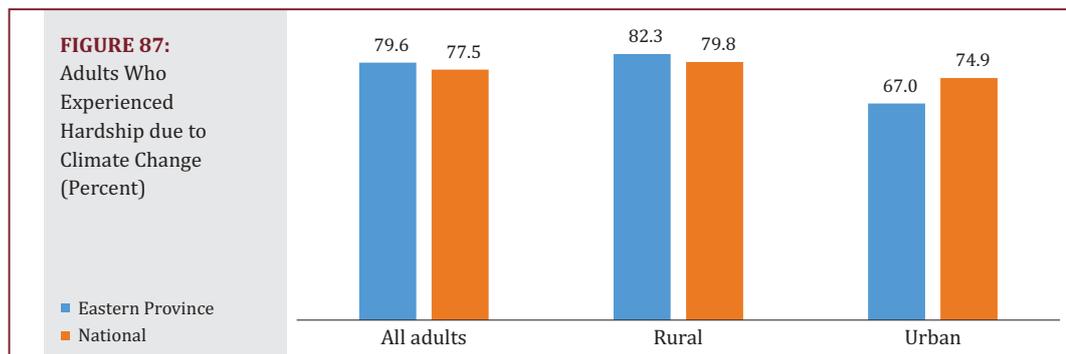
12.1 Climate Change Experience

Figure 86 shows that 70.1 percent of adults in the Province experienced effects of climate change. A higher percentage of adults in rural areas experienced climate change effects than those in urban areas.



12.2 Hardship due to Climate Change by Rural/Urban Segmentation

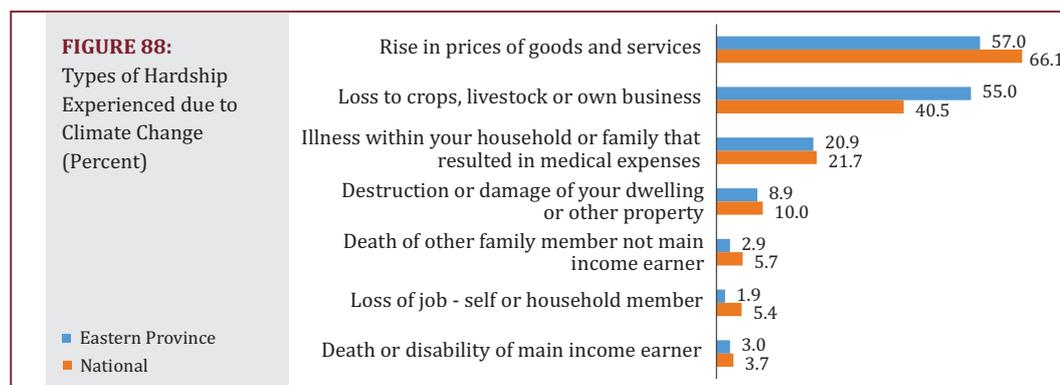
The Survey indicated that 79.6 percent of adults in the Province experienced hardships due to climate change and most of these resided in rural areas (Figure 87).



12.3 Types of Hardship Experienced due to Climate Change

As illustrated in Figure 88, the main types of hardships experienced due to climate change were:

- The rise in prices of goods and services; and
- The loss of crops/livestock/own business.

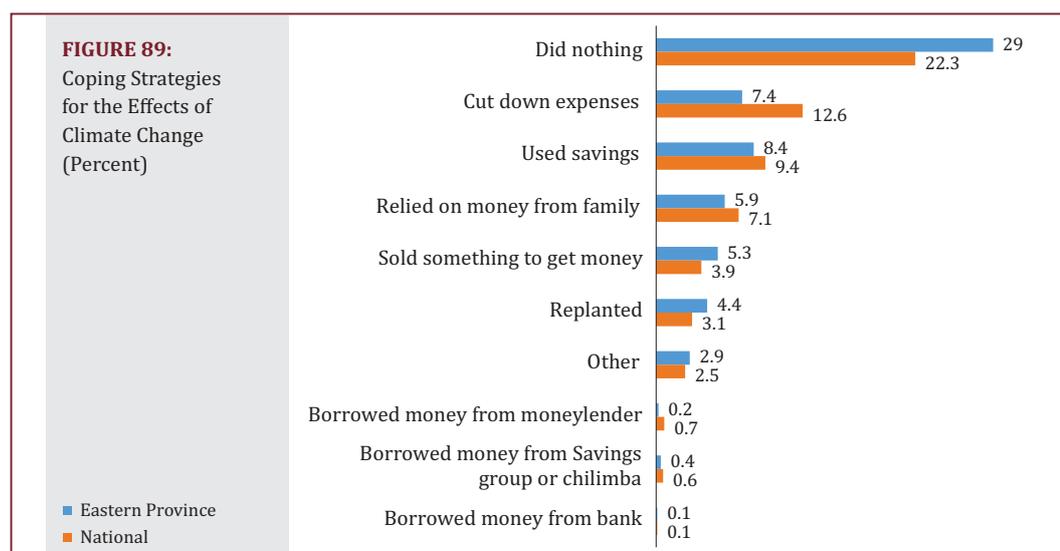


12.4 Coping Strategies to the Effects of Climate Change

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

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

However, 29 percent of adults had no coping strategies against the effects of climate change (Figure 89)

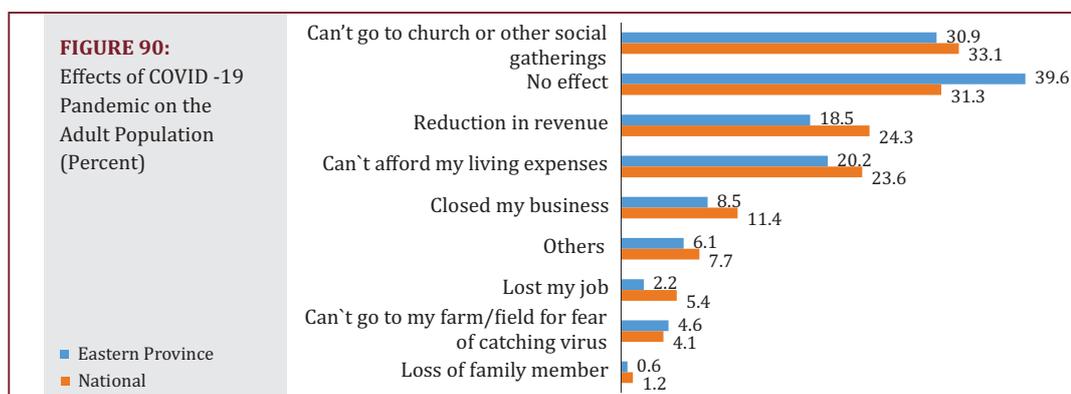


13.0 COVID-19 PANDEMIC

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, public events, loss of lives, closure of schools and businesses. This had a negative economic and social impact on the population.

13.1 Effects of Covid-19 Pandemic on the Adult Population

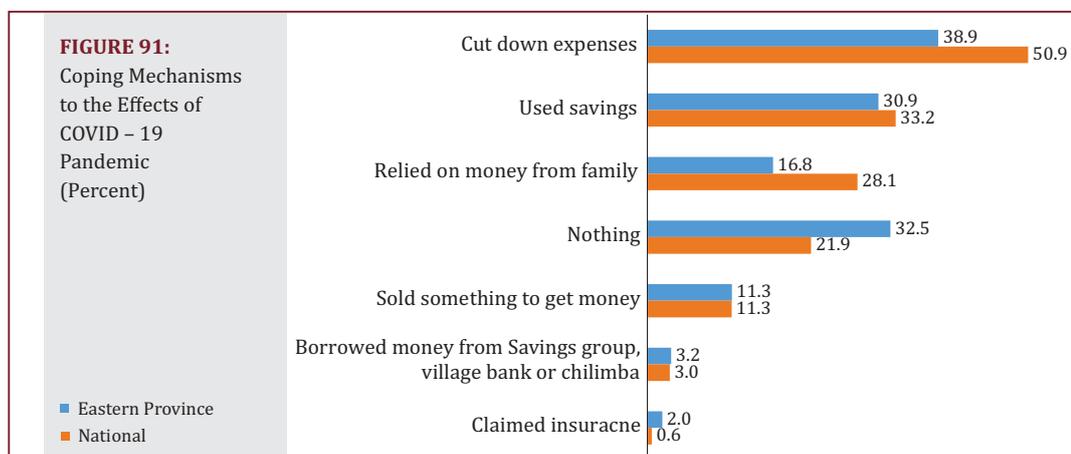
The main effects of the COVID – 19 pandemic reported by adults in the Province were restriction on church attendance or other social gatherings, failure to meet living expenses, as well as reduction in revenue. However, 39.6 percent of adults reported that the pandemic had no effect on their lives (Figure 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; and
- Use of savings.



14.0 CONCLUSION AND RECOMMENDATIONS

The FinScope 2020 Survey showed that financial inclusion in Eastern Province stood at 63.2 percent compared to 69.4 percent at national level.

The Survey also showed that 47.1 percent of adults had or used formal financial services compared to 61.3 percent at national level. The level of formal inclusion was higher amongst males (52.3 percent) and in urban areas (81.8 percent) compared to females (42.7 percent) and in rural areas (43.8 percent). The main driver of financial inclusion was savings services (49.5 percent) followed by the uptake of digital financial services (34.3 percent).

The percentage of adults who were financially healthy at 15.4 percent was higher than the national level of 13.6 percent and females were more financially healthy than males.

In terms of financial literacy, the Survey showed that 27 percent of the adult population was financially literate compared to the national average of 23.6 percent. These adults were mostly in urban areas and males.

With regard to climate change, 70.1 percent of adults in the Province experienced the effects of climate change compared to 65.8 percent at national level. This was mostly amongst those from rural areas. The main types of hardship experienced due to climate change were the rise in prices of goods and services and the loss of crops/livestock/own business.

The main effects of the COVID-19 pandemic were the restriction on attending church and social gatherings (30.9 percent) and failure to afford living expenses (20.2) percent. Cutting down expenses was the most employed coping mechanism against the effects of the COVID -19 pandemic.

It is important to note that 79.5 percent of adults in the Province were in the low income quintiles of PPI 1 and PPI 2 and the main income generating activity was subsistence farming. Therefore, a more coordinated approach by the Government and financial sector stakeholders in the Province is required to facilitate implementation of appropriate policies and interventions to improve the economic welfare and access to financial services. Financial inclusion can contribute to helping the most vulnerable communities to build resilience as well as mitigate losses caused by climate change.

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

1. 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;
2. Rural finance initiatives to empower productive capacity of poor communities, particularly farmers and the SME sector;

3. Development of infrastructure to support implementation of widespread digital systems and financial access points at affordable pricing across the country;
4. Development of strategic partnerships to facilitate financial education and awareness campaigns on various financial products and services, including insurance and capital markets, as well as on the usage of digital financial services;
5. Promotion of innovation, FinTech and targeted design of products/services leveraging on digital platforms;
6. Coordinated fraud and cyber security awareness programs by financial service providers, regulators and other stakeholders;
7. Collaboration of private sector and the Government to improve widespread access of affordable mobile phones, which was the main barrier to usage of digital financial services;
8. Collection of financial sector data and conducting research studies for greater understanding of behavioural patterns to facilitate evidence based policies/strategies/initiatives for increasing financial inclusion; and
9. Implementation of sustainable green finance policies/strategies to mitigate and adapt to the risks of climate change.

15.0 APPENDICES

Appendix I: Addendum

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

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





Cooperating Partners:

