



Cooperating Partners:



FINSCOPE ZAMBIA

2020 SURVEY PROVINCIAL REPORT



LUAPULA PROVINCE

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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 of Adults by Main Income Generating Activities	7
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 Strands	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	53

9.0	FINANCIAL PRODUCTS AND SERVICES USED BY ADULTS	54
9.1	Electronic Payments	54
9.2	Adults Buying Goods and Services on Credit	56
9.3	Remittances	57
9.4	Savings	58
9.5	Credit Services	61
9.6	Insurance Services	67
9.7	Pension services	69
9.8	Landscape of access	70

10.0	FINANCIAL HEALTH	71
10.1	Financial Health Status	71
10.2	Self-Reported Financial Status	73

11.0	FINANCIAL LITERACY	76
11.1	Financial Literacy by Rural-Urban Segmentation and Sex	76
11.2	Financial Literacy by Age	76
11.3	Financial Literacy by Level of Education	77
11.4	Financial Literacy by Progress Out of Poverty Index	77

12.0	CLIMATE CHANGE	78
12.1	Climate Change Experience	78
12.2	Adults Who Experienced Hardship due to Climate Change	78
12.3	Types of Hardship Experienced due to Climate Change	79
12.4	Coping Strategies to the Effects of Climate Change	79

13.0	COVID-19 PANDEMIC	80
13.1	Effects of Covid-19 Pandemic on the Adult Population	80
13.2	Coping Mechanisms against Effects of the COVID – 19 Pandemic	80

14.0	CONCLUSION AND RECOMMENDATIONS	81
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APPENDIX		83
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FOREWORD

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

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



The FinScope 2020 Survey was the first to be managed and conducted by a local project team. It was also the first time a report was being produced for each province. Survey findings from Luapula Province indicated that financial inclusion stood at 58.5 percent compared to the national level of 69.4 percent. This was the second lowest level of financial inclusion amongst all Provinces. The level of financial inclusion in urban areas was higher than rural areas although 75.6 percent of adults resided in rural areas. Unlike the pattern at national level Luapula Province had more financially included females (60.1 percent) than males (56.9 percent).

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 Luapula Province.

A handwritten signature in dark ink, appearing to read 'Denny Kalyalya'.

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 Level of Education (Percent)	6
Figure 5:	Main Income Generating Activities of Adults (Percent)	7
Figure 6:	PPI Quintile Distribution of Adults	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 Financial Inclusion (Percent)	14
Figure 15:	Adults Who Used Formal and Informal Financial Services (Percent)	15
Figure 16:	Overlap in Formal and Informal Financial 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 Services (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:	Adults Who Used Informal Savings Services (Percent)	29
Figure 31:	Adults Who Used Informal Credit Services (Percent)	30

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

Figure 61:	Lenders Used by Adults Who Borrowed in the 12-Month Period Prior to the Survey (Percent)	64
Figure 62:	Adults Who Missed Loan Repayments (Percent)	65
Figure 63:	Reasons for Missing Loan Repayments (Percent)	66
Figure 64:	Awareness of CRB (Percent)	67
Figure 65:	Adults Who Used Insurance Services Compared to National Levels(Percent)	68
Figure 66:	Type of Insurance Products Held by Adults (Percent)	68
Figure 67:	Adults Who Contribute to Pension Schemes (Percent)	69
Figure 68:	Profile of Adults Who Contributed to Pension Schemes (Percent)	70
Figure 69:	Landscape of Access (Percent)	70
Figure 70:	Financial Health Status (Percent)	71
Figure 71:	Financial Health by Sex and Rural/Urban Segmentation (Percent)	71
Figure 72:	Financial Health by PPI (Percent)	72
Figure 73:	Financial Health by Source of Livelihood (Percent)	72
Figure 74:	Financial Health by Age (Percent)	72
Figure 75:	Financial Health by Level of Education (Percent)	73
Figure 76:	Perception of Financial Status by Sex and Rural/Urban Segmentation (Percent)	74
Figure 77:	Perception of Financial Status by PPI (Percent)	74
Figure 78:	Perception of Financial Status by Source of Livelihood (Percent)	75
Figure 79:	Perception of Financial Status by Age (Percent)	75
Figure 80:	Perception of Financial Status by Level of Education (Percent)	75
Figure 81:	Financial Literacy by Rural/Urban Segmentation and Sex (Percent)	76
Figure 82:	Financial Literacy by Age (Percent)	76
Figure 83:	Financial Literacy by Level of Education (Percent)	77
Figure 84:	Financial Literacy by PPI (Percent)	77
Figure 85:	Adults Who Experienced Climate Change Effects (Percent)	78
Figure 86:	Adults Who Experienced Hardship due to Climate Change by Rural/Urban Segmentation (Percent)	78
Figure 87:	Types of Hardship Experienced due to Climate Change (Percent)	79
Figure 88:	Coping Strategies to the Effects of Climate Change (Percent)	79
Figure 89:	Effects of COVID -19 Pandemic on the Adult Population (Percent)	80
Figure 90:	Coping Mechanisms to the effects of COVID – 19 Pandemic (Percent)	80

LIST OF TABLES

Table 1:	Summary of Top Line Findings	1
Table 2:	Allocation of Clusters and Households	4
Table 3:	Income by Main Income Generating Activity (ZMW)	7
Table 4:	Frequency of Receiving Main Income (Percent)	7
Table 5:	Average and Median Income by PPI Quintile (ZWK)	8
Table 6:	Levels of Access/Usage of Non-Bank Formal Financial Services (Percent)	20
Table 7:	Barriers to Usage of Commercial Bank Products/Services (Percent)	26
Table 8:	Barriers to Usage of Microfinance Products/Services (Percent)	26
Table 9:	Barriers to Usage of Capital Market Products (Percent)	26
Table 10:	Barriers to Usage of Insurance Products (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 Saving Services (Percent)	35
Table 14:	Income by Source of Income Generating Activity and PPI Quintile	41
Table 15:	Adults with a Child/Dependant Sent Home for 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 Savings	59
Table 24:	Drivers of Borrowing	64
Table 25:	Adults Denied Loans by Formal FSPs and the Main Reasons for Denial	66

ACRONYMS AND ABBREVIATIONS

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

DEFINITIONS

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

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

1.0 EXECUTIVE SUMMARY

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

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

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

A survey response rate of 99.7 percent was achieved in Luapula Province from a sample of adults of age 16 years and above in 1,245 households. The survey results indicated that the level of financial inclusion was 58.5 percent out of a population of 647,734 adults.

TABLE 1: SUMMARY OF TOP LINE FINDINGS

Description	Luapula	National
Total population ¹ (million)	1.3	17.9
Total adult ² population (million)	0.6	9.5
Adults living in rural areas (%)	75.7	52.6
Adults living in urban areas (%)	24.3	47.4
Male adults (%)	47.4	47.5
Female adults (%)	52.6	52.5
Level of financial inclusion (%)	58.5	69.4
Financial inclusion amongst males (%)	56.9	71.2
Financial inclusion amongst females (%)	60.1	67.9
Financial inclusion in urban areas (%)	77.3	84.4
Financial inclusion in rural areas (%)	52.5	55.9
Formal financial inclusion (%)	48.4	61.3
Informal financial inclusion (%)	29.2	32.3
Adults financially healthy (%)	12.4	13.6
Adults financially literate (%)	15.3	23.6
Adults who experienced climate change effects (%)	64.4	65.8

The landscape of access for types of financial services showed that most adults used savings products and electronic payment channels for the purchase of goods and services, with an uptake of 49.2 percent and 33.2 percent, respectively.

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

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

However, there was low access to credit as well as usage of pension and insurance services at 20.1 percent, 4.6 percent and 4.1 percent, respectively.

The following were identified as the main barriers to the use of formal financial services by most of the adult population in Luapula Province:

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

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

Recommendations

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

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

2.0 SURVEY BACKGROUND AND METHODOLOGY

2.1 Survey Background

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

The Bank of Zambia, in collaboration with the Zambia Statistics Agency (ZamStats) and other financial sector stakeholders³ successfully conducted the FinScope Zambia 2020 Survey during the period 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

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

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

2.4 Sample Design and Implementation

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

- i. Selection of Clusters – 83 EAs were selected using the probability proportional to population size approach.
- ii. 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.
- iii. Selection of household member – One adult usual household member of age 16 years or older was selected from each household, resulting in a sample of 1,245 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
Luapula	17	66	83	255	990	1,245

2.5 Fieldwork

Fieldwork was carried out from September to October 2020 over a period of 4 weeks by 30 data collectors. A total of 1,241 face-to-face interviews were conducted representing a 99.7 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 Luapula Province as well as their income generating activities. Demographics and livelihoods are important for understanding the potential financial landscape. This information can be for product design, marketing, strategies and policy interventions to expand financial inclusion.

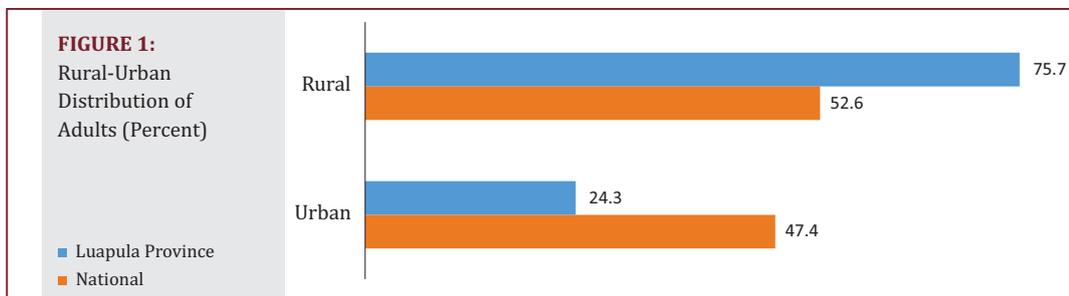
3.1 Adult Population

The adult population was estimated at 647,734, in Luapula Province about 7 percent of the national adult population of 9.5 million. A summary of the demographic characteristics of this population showed that most adults were:

- Predominantly rural-based;
- Of age 35 years or younger; and
- Female.

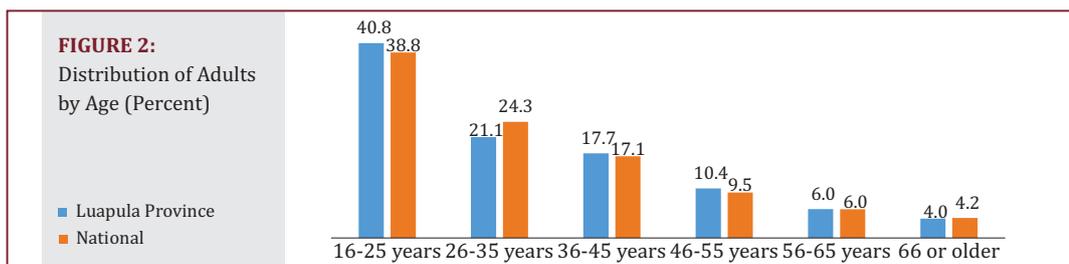
3.1.1 Rural-Urban Distribution of Adults

The Survey showed that 75.7 percent of adults resided in rural areas compared with 24.3 percent in urban areas. It is therefore important to consider this aspect in the development of strategies to increase financial inclusion in Luapula Province (Figure 1).



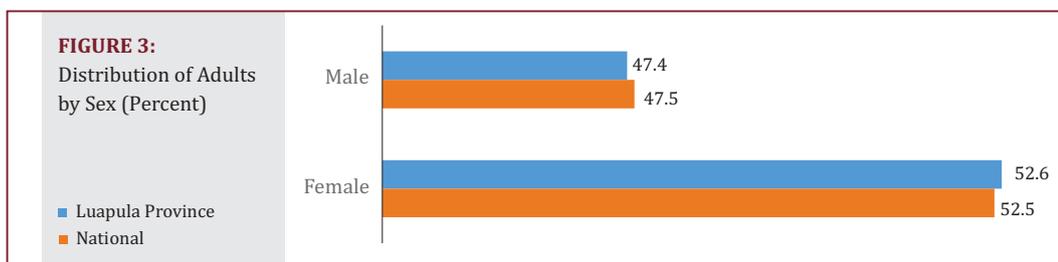
3.1.2 Distribution of Adults by Age

The adult population was mostly youthful, of age 35 years or younger, at 61.9 percent (400,947). In addition, the percentage of adults in the age groups: 16 – 25 years and 36 – 55 years was higher than the national levels (Figure 2).



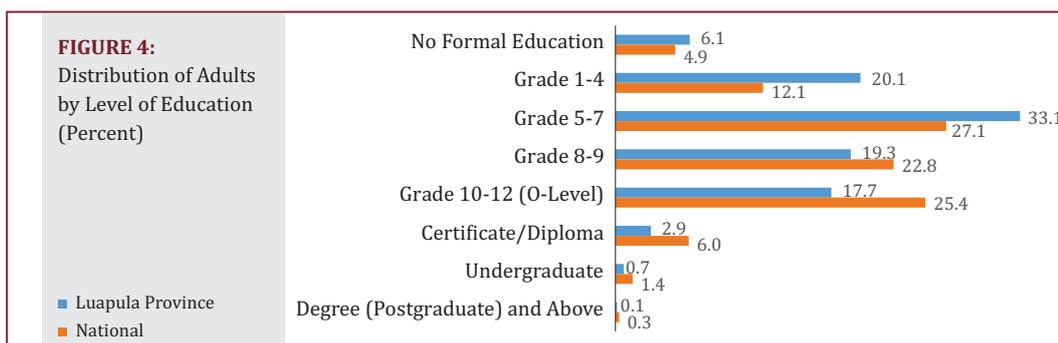
3.1.3 Distribution of Adults by Sex

Figure 3 shows that 47.4 percent (307,674) of adults were males while 52.6 percent (340,708) were females. This distribution of adults by sex in the Province was similar to the pattern at national level (Figure 3).



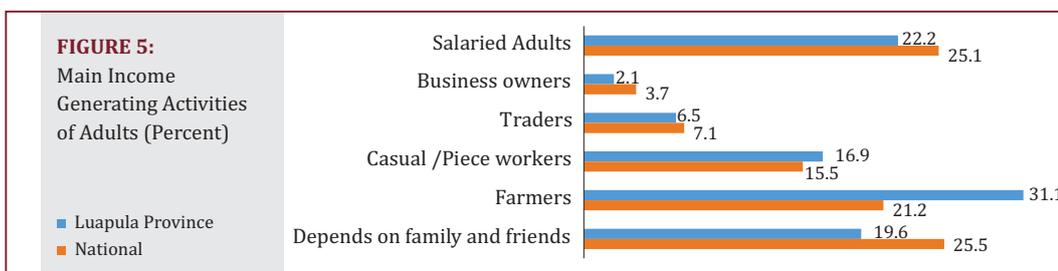
3.1.4 Distribution of Adults by Level of Education

Education levels have substantial influence on the uptake of financial products/services. The Survey showed that 33.1 percent of adults had achieved grade 5 - 7 level of primary education. For secondary level of education, 17.7 percent of adults had completed grades 10 – 12. Only 2.9 percent had completed a certificate or diploma at undergraduate level (Figure 4).



3.2 Main Livelihood and Income Generating Activities

Figure 5 illustrates that most adults relied on farming (31.1 percent) as well as salaried work (22.2 percent) for income generation.



3.3 Average and Median Income by Main Income Generating Activities

The average and median monthly incomes in the Province were generally lower than the national level (Table 3).

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

Income generating activity	Luapula		National	
	Average	Median	Average	Median
Salaried adults	1,634.36	1,164.40	2,359.94	1,139.09
Business owners	665.16	528.97	1,564.59	1,000.00
Traders	803.69	500.00	1,698.17	935.13
Casual /Piece workers	274.90	200.00	661.13	496.91
Farmers	532.90	350.00	745.97	400.00
Depends on family and friends	440.23	250.00	762.30	440.00

3.3.1 Frequency of Receiving Main Income

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

- Monthly for salaried workers;
- Daily for business owners;
- Seasonally for farmers ; and
- Occasionally for those dependent on family and friends.

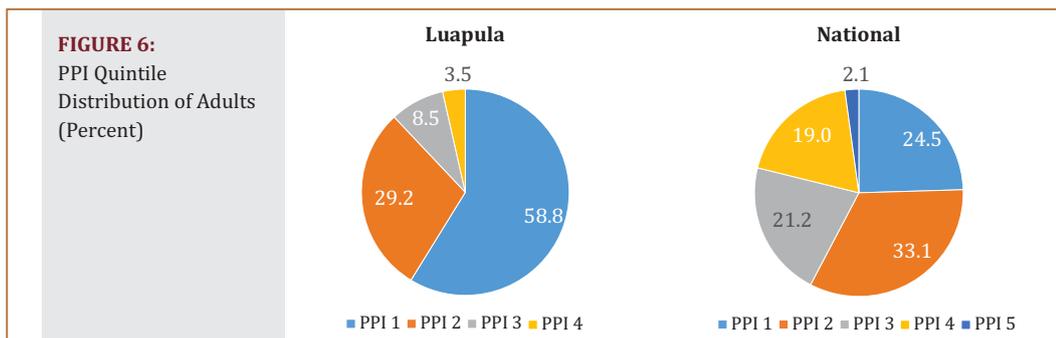
TABLE 4: FREQUENCY OF RECEIVING MAIN INCOME (PERCENT)

Frequency	Salaried Adults	Business owners	Traders	Casual /Piece workers	Farmers	Depends on family and friends
Daily	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 - no particular schedule	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) intervals (quintiles).

According to the Survey, most adults were in PPI 1 (58.8 percent) and PPI 2 (29.2 percent), representing the low-income segment of society. Only 8.5 percent and 3.5 percent of adults were in the middle and high income quintiles of PPI 3 and PPI 4, respectively. There were no adults in PPI 5 (Figure 6).



3.4.1 Income of Adults by PPI

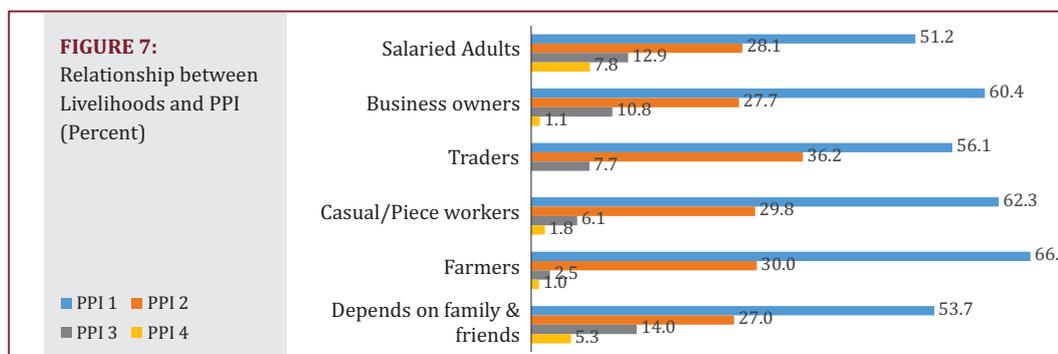
The monthly average income per month for adults in PPI 1 and PPI 2 was lower than the national level while that of adults in PPI 3 and PPI 4 was higher than the national level (Table 5).

TABLE 5: AVERAGE INCOME BY PPI QUINTILE (ZMW)

	Luapula		National	
	Mean	Median	Mean	Median
PPI 1	535.14	300.00	540.80	300.00
PPI 2	663.97	300.00	820.31	462.58
PPI 3	1,884.90	500.00	1,690.19	1,000.00
PPI 4	3,123.41	2,000.00	2,886.85	1,500.00

3.4.2 Relationship between Livelihoods and PPI (Percent)

The Survey showed that most adults across all income source categories (livelihoods) were in the lowest income quintile of PPI 1 (Figure 7).





4.0 FINANCIAL INCLUSION

4.1 Defining Financial Inclusion

Financial inclusion is defined as access to, and informed usage of a broad range of quality and affordable savings, credit, payment, insurance, and investment products and services that meet the needs of individuals and businesses⁴.

The benefits of financial inclusion include the ability to:

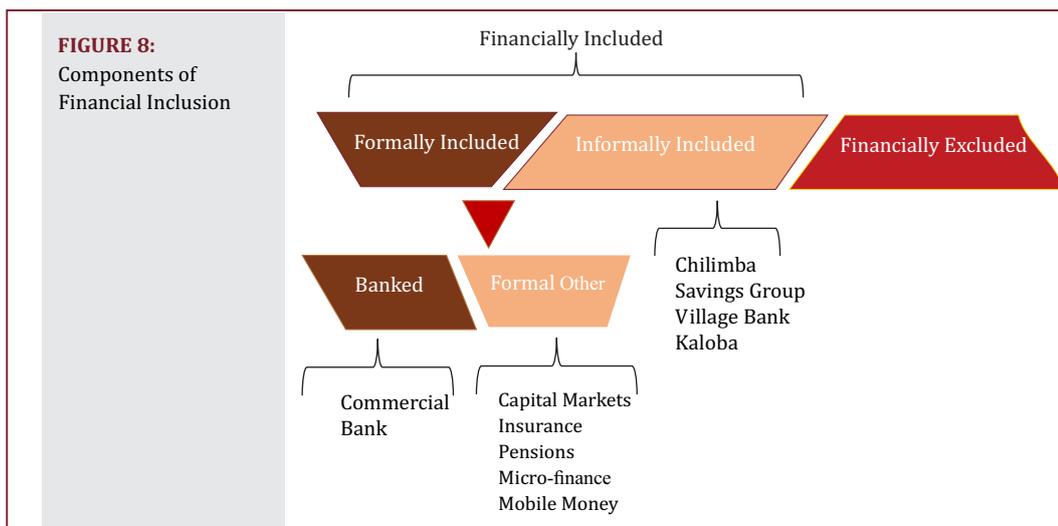
- Make day-to-day transactions, such as sending and receiving money with ease;
- Safeguard savings, which can help households and enterprises to manage cash flow spikes, smoothen consumption and build working capital;
- Access credit to finance micro, small and medium enterprises (MSMEs), helping owners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

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

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

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

⁴National Financial Inclusion Strategy 2017 - 2022

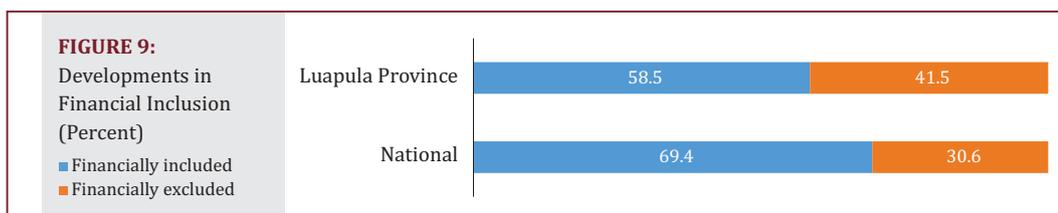


4.2 Developments in Financial Inclusion

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

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

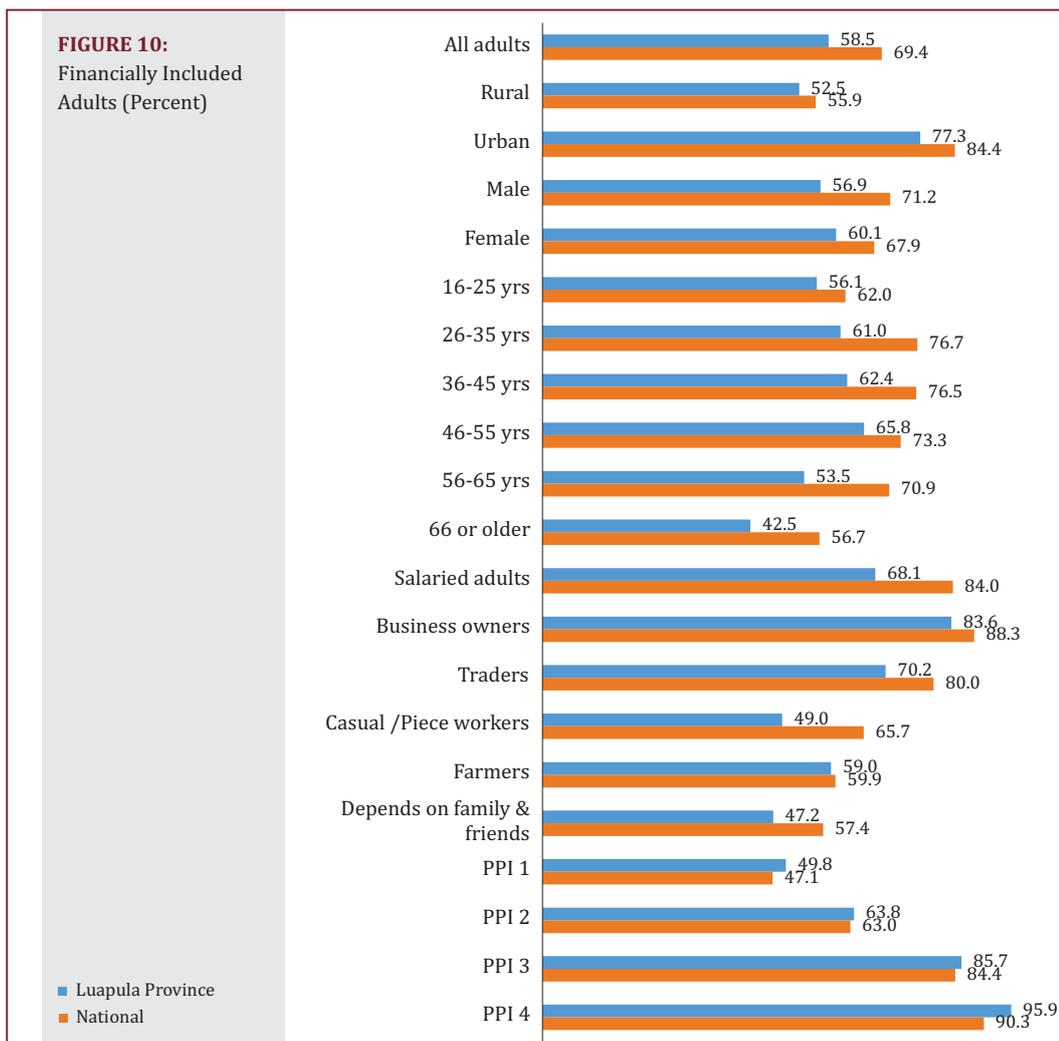
The Survey showed that 58.5 percent (378,924) of adults in the Province were financially included while 41.5 percent (268,809) were excluded (Figure 9).



4.2.1 Financial Inclusion amongst Adults

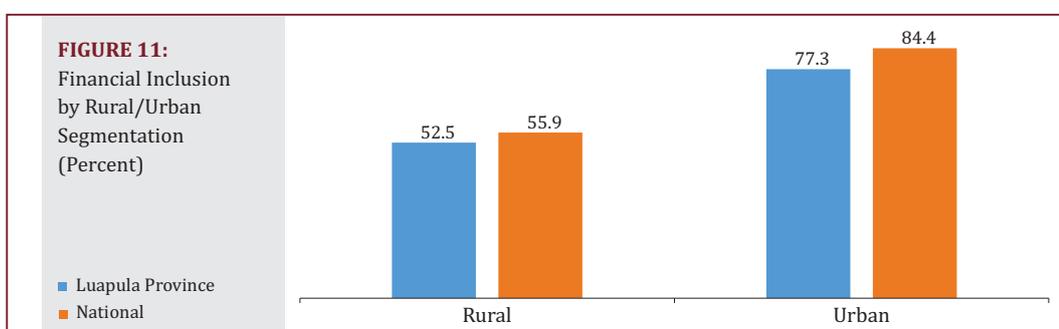
Figure 10 shows that the level of financial inclusion in the Province was highest amongst:

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



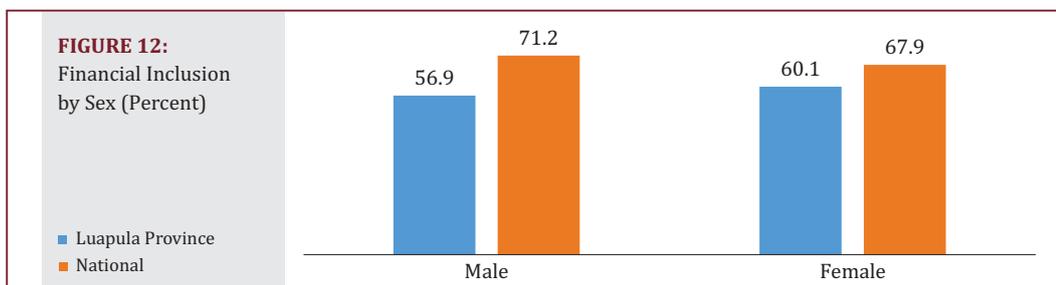
4.2.2 Financial Inclusion by Rural/Urban Segmentation

The Survey showed that financial inclusion was higher in urban areas (77.3 percent) than in rural areas (52.5 percent). Further, the level of financial inclusion for both urban and rural areas in Luapula Province was lower than the national level (Figure 11).



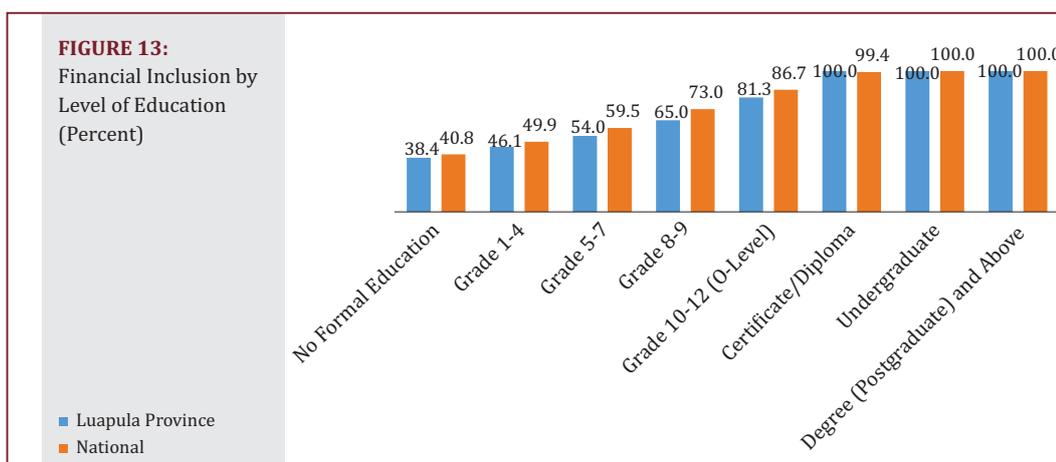
4.2.3 Financial Inclusion by Sex

Figure 12 shows that the level of financial inclusion amongst females (60.1 percent) was higher than that of males (56.9 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 tertiary 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 financial inclusion relates to the percentage of adults who have or use financial products/services provided by FSPs that are regulated or supervised by any of the three financial sector regulators, BoZ, PIA or SEC. Informal financial inclusion on the other hand refers to the percentage of adults who use financial services provided by a service provider that is not regulated.

Formal financial inclusion amongst adults was 48.4 percent while informal inclusion stood at 29.2 percent (Figure 14).

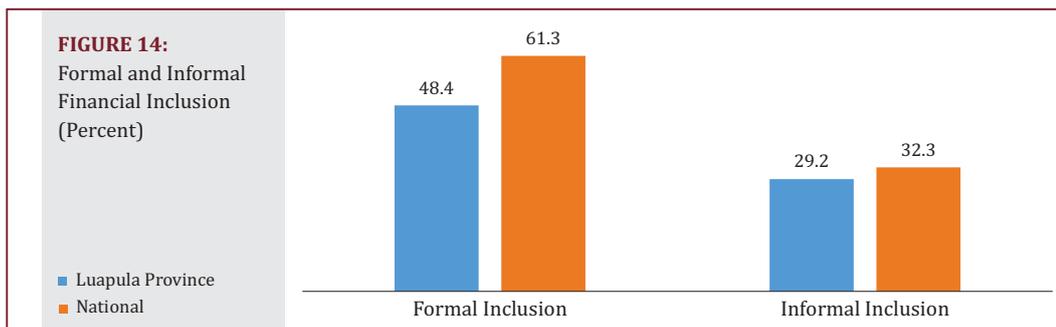


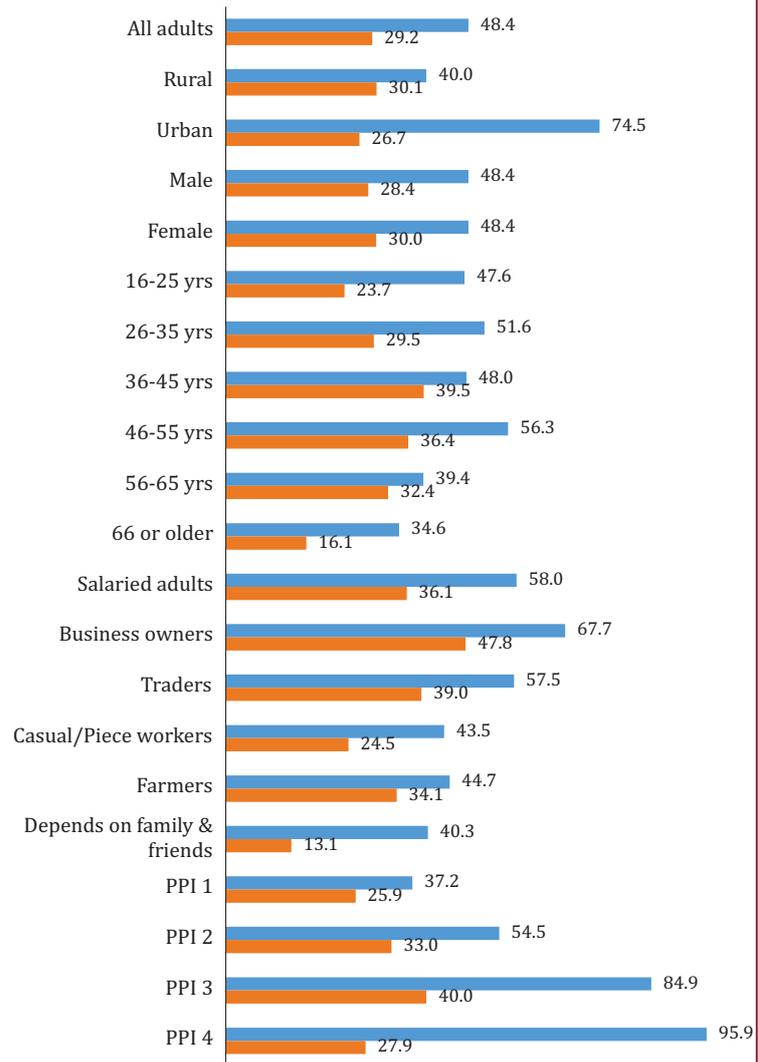
Figure 15 shows that formal financial inclusion was highest amongst:

- Adults in urban areas;
- The age group 46 – 55 years;
- Business owners; and
- Households in the high income quintile of PPI 4

Informal inclusion was highest amongst:

- Adults in rural areas;
- Females;
- Adults of age 36 – 45 years;
- Business owners; and
- Households in the middle income quintile of PPI 3.

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



4.4 Financial Access Strands

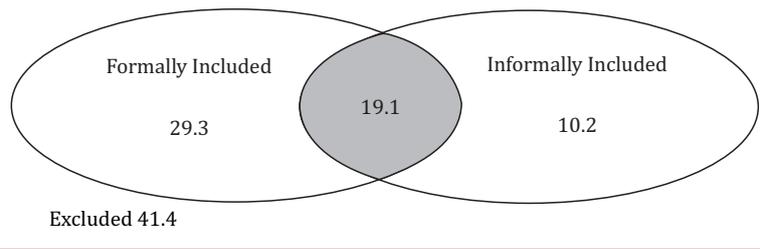
Financial access strands are useful in comparing levels of financial inclusion over time or between different population segments. Adults were grouped into four (4) financial access strands. Those who:

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

4.4.1 Overlap in Formal and Informal Financial Inclusion

Figure 16 shows that 29.3 percent of adults used only formal financial products/services while 10.2 percent used only informal financial products/services. In addition, 19.1 percent of adults used both formal and informal financial products/services. The percentage of financially excluded adults at 41.4 percent was higher than the national level of 30.6 percent (Figure 16).

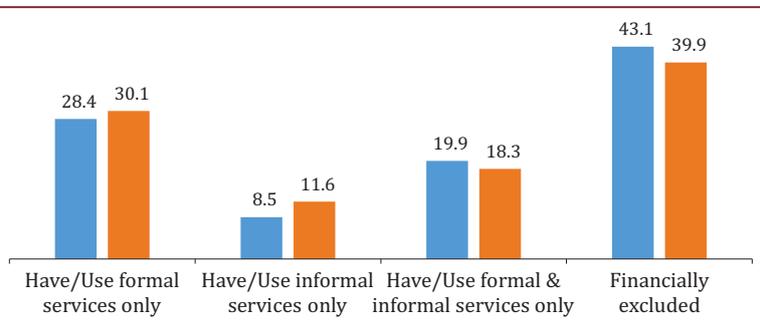
FIGURE 16:
Overlap in Formal and Informal Financial Inclusion (Percent)



4.4.2 Financial Access Strands by Sex

Figure 17 shows that the percentage of females who used formal financial services only and informal financial services only was higher than that of males. In contrast, a higher percentage of males used both formal and informal financial services and were more likely to be financially excluded.

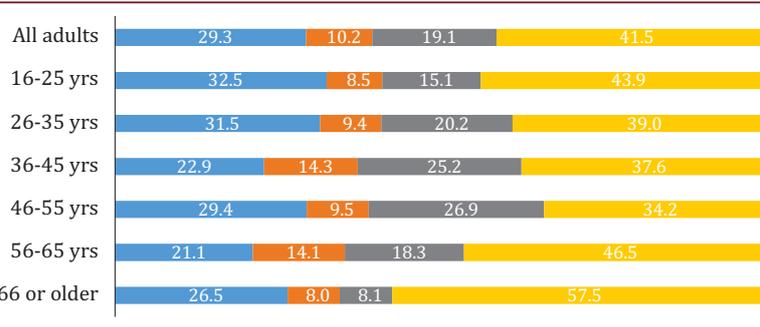
FIGURE 17:
Financial Access Strands by Sex (Percent)



4.4.3 Financial Access Strands by Age

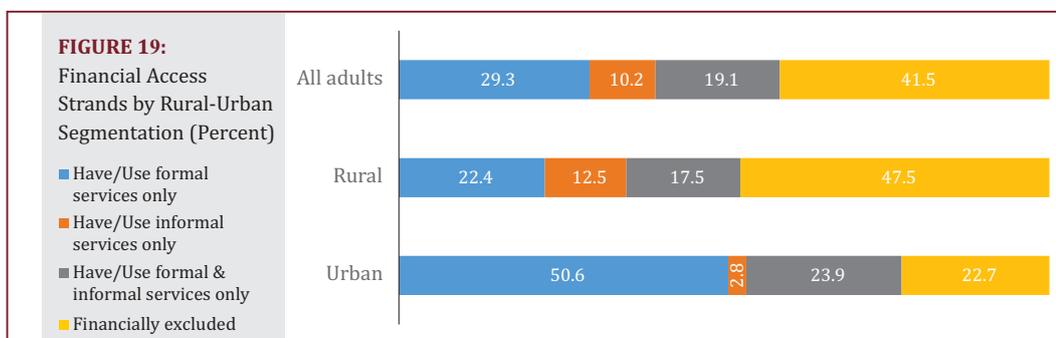
The highest percentage of adults who used only formal financial products/services were in the age group 16 - 25 years while adults who used both formal and informal financial products/services were in the age group 46 - 55 years. The percentage of adults who used informal financial services only was highest in the age group 36 - 45 years. Further, the most financially excluded adults were in the age group 66 years or older (Figure 18).

FIGURE 18:
Financial Access Strands by Age (Percent)



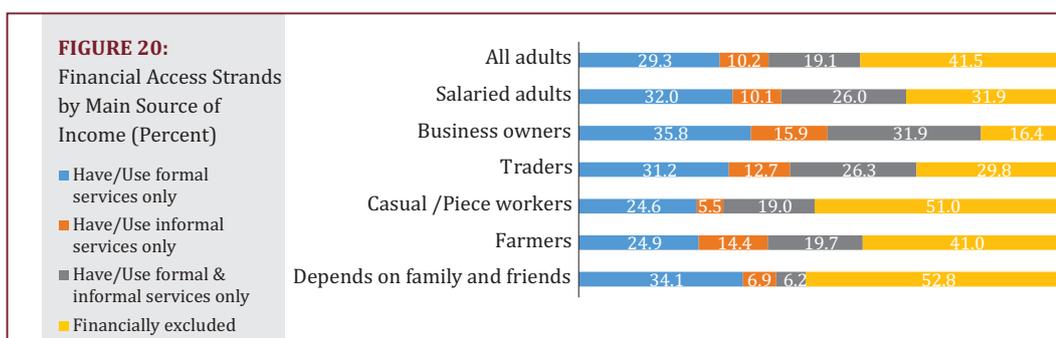
4.4.4 Financial Access Strands by Rural-Urban Segmentation

The percentage of adults who used only formal as well as both formal and informal financial products/services was highest in urban areas. However, adults who used only informal financial services and those who were financially excluded mostly resided in rural areas (Figure 19).



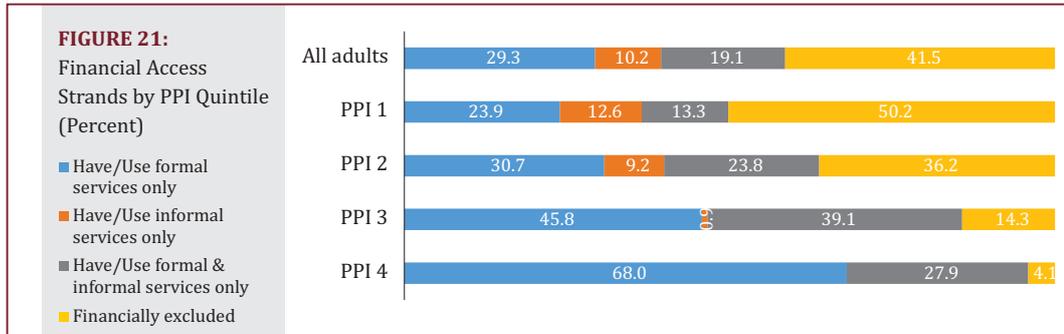
4.4.5 Financial Access Strands by Main Source of Income

Financial access strands by main source of income showed that the highest percentage of adults who used only formal and both formal and informal financial services was amongst business owners. Similarly, the highest percentage of adults who used informal financial services only was amongst business owners. On the other hand, the most financially excluded adults were those who depended on family and friends for their livelihood (Figure 20).



4.4.6 Financial Access Strands by PPI Quintile

The percentage of adults who used only formal financial services was highest in PPI 4. The use of both formal and informal financial services was highest amongst adults in the middle-income quintile of PPI 3. Further, the highest percentage of adults who used informal financial services only and those financially excluded was in PPI 1 (Figure 21).



5.0 UPTAKE OF FORMAL FINANCIAL SERVICES

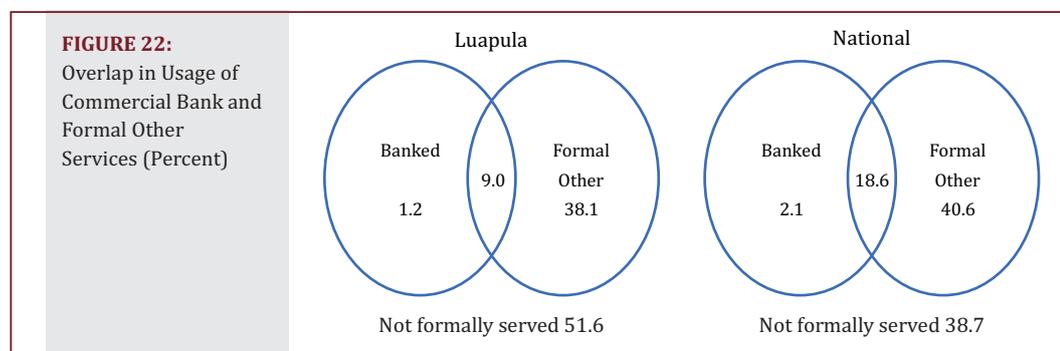
This section highlights details of products/services used by the formally included adult population in Luapula province, which stood at 48.4 percent.

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 providers⁵);
- Pension and Insurance Authority (pensions and insurance providers); and
- Securities and Exchange Commission (capital markets).

Formal financial services are provided by two main types of institutions; commercial banks and non-bank service providers defined as “formal other”. The Survey showed that 10.2 percent of adults were banked while 47.1 percent used “formal other” services. Of those who were banked, 1.2 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 9.0 percent. In contrast, 51.6 percent of the adult population did not use formal financial products/services (Figure 22).



The most widely used non-bank financial service was mobile money at 46.8 percent, which was lower than the national level of 58.4 percent. Capital markets and money transfer services were the least utilised at 0.1 percent and 0.4 percent, respectively. This profile was consistent with the national level of access for non-bank formal financial services (Table 6).

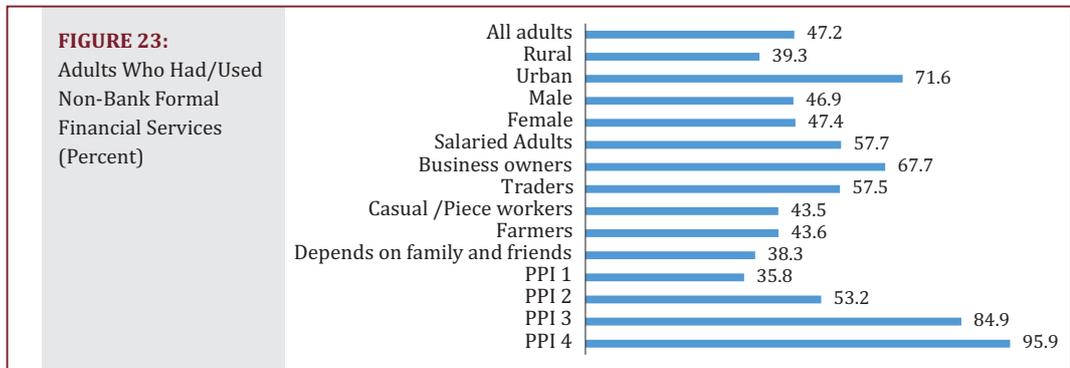
⁵Payment Service Providers include mobile money and money transfer service providers.

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

	Luapula Province	National
Adults	47.2	59.2
Mobile money	46.8	58.4
Pensions	4.6	8.2
Insurance	4.1	6.3
Micro finance	1.6	2.1
Money transfer ⁶	0.4	0.6
Capital markets	0.1	0.6

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

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



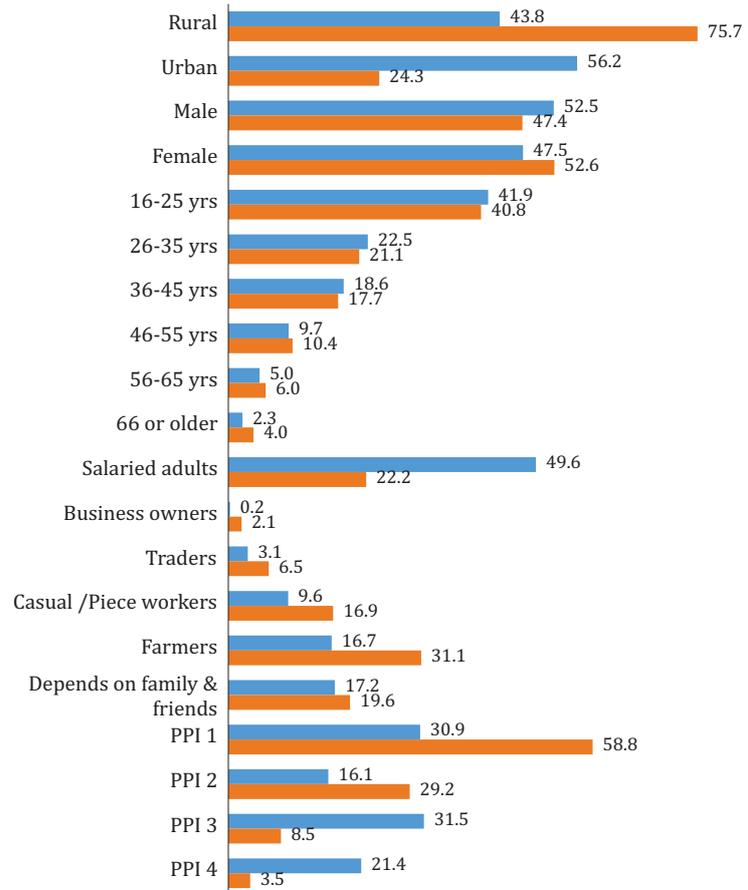
5.1.1 Uptake of Commercial Bank Services

The Survey showed that 30.1 percent of adults in the Province used commercial bank services. Figure 24 illustrates that these adults were more likely to be:

- Urban based;
- Male;
- Of age 16 - 25 years;
- Salaried employees; and
- From households in the middle-income quintile of PPI 3.

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

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

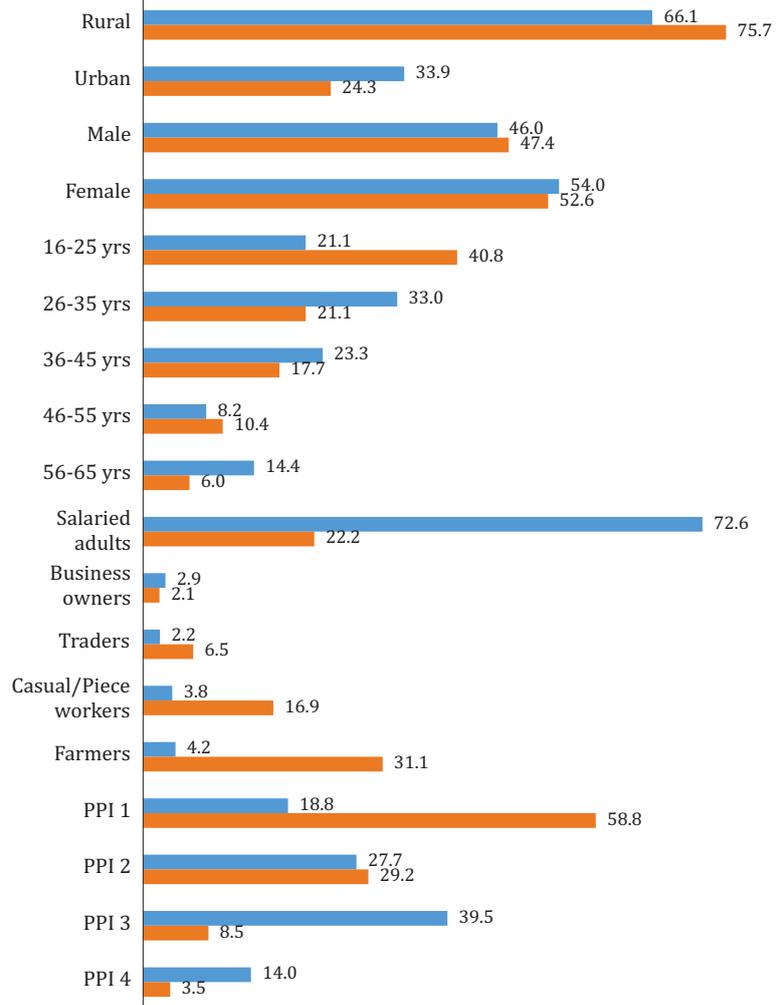


5.1.2 Uptake of Microfinance Services

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

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

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

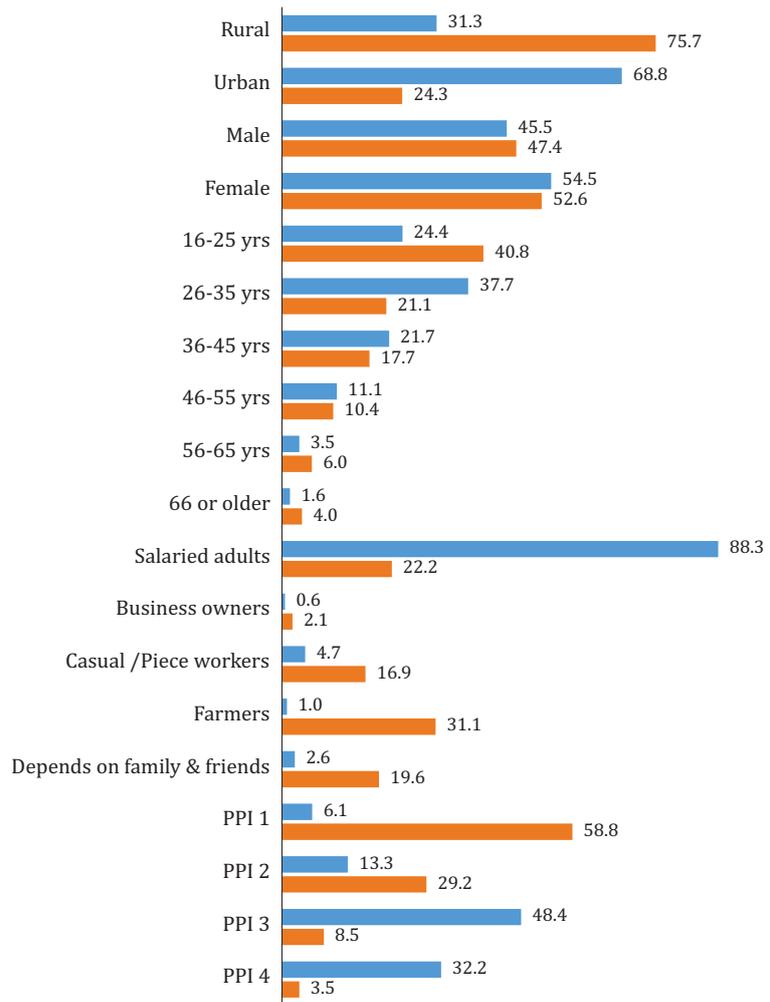


5.1.3 Uptake of Insurance Services

The uptake of insurance services in the Province stood at 4.1 percent of the adult population compared to 8.2 percent at national level. As illustrated in Figure 26, these adults were more likely to be:

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

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

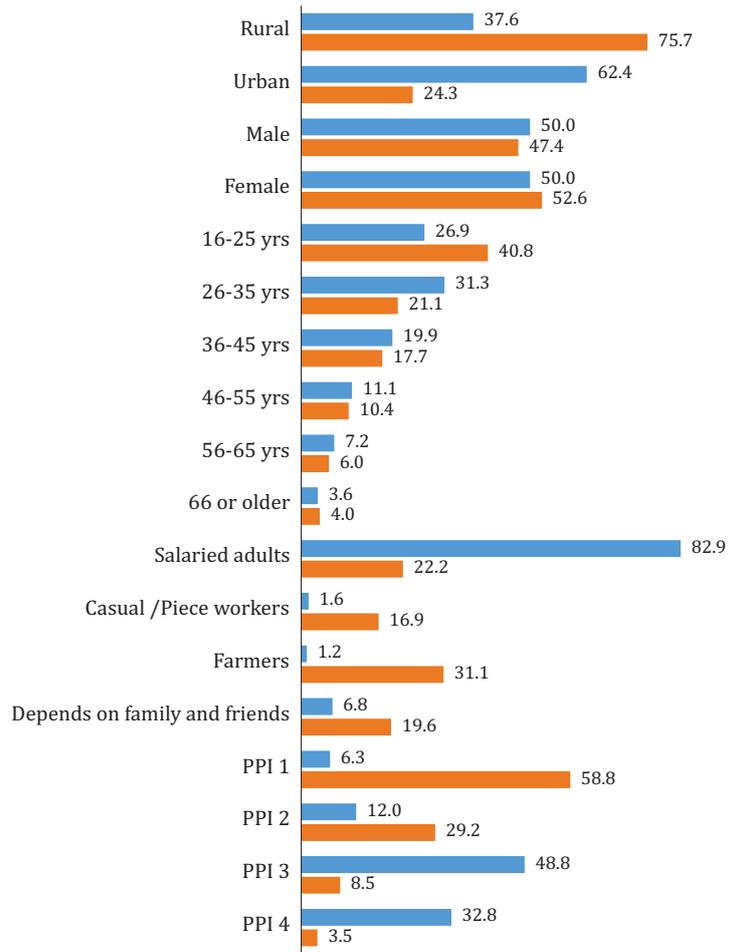


5.1.4 Uptake of Pension Services

The uptake of pension services stood at 4.6 percent of the adult population compared to 6.3 percent at national level. As shown in Figure 27, these adults were more likely to be:

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

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

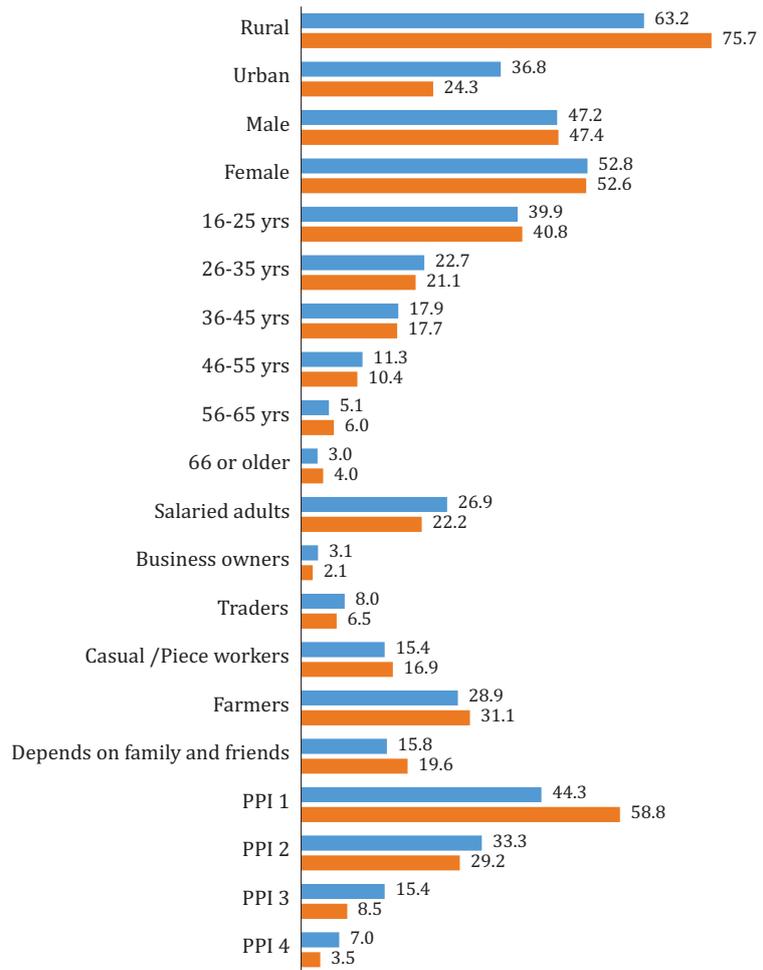


5.1.5 Uptake of Mobile Money Services

The uptake of mobile money services stood at 46.8 percent. Figure 28 shows that these adults were most likely to be:

- Rural based;
- Female;
- Of age 16 - 25 years;
- Farmers; and
- From households in the lowest income quintile of PPI 1.

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



5.2 Perceived Barriers to Usage of Formal Financial Services

Demographic factors play a major role in determining access to formal financial services. Most adults who were not accessing formal financial products/services in the Province were female, from rural areas, of age 66 or older, farmers, and from households in the low-income quintiles of PPI 1 and PPI 2.

5.2.1 Barriers to Usage of Commercial Bank Services

As illustrated in Table 7, the main factor that inhibited the use of commercial bank services in the Province was insufficient money to justify opening of an account.

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

Barriers	Luapula	National
Insufficient money to justify it opening an account	53.0	37.5
Banks are too far away	18.8	18.7
Do not know how to open a bank account	6.3	4.0
Cannot maintain the minimum balance	5.7	10.9
Does not understand benefits of having a bank account	5.2	6.6
Bank service charges are too high	3.2	7.9
Can get the same services elsewhere in the community	2.6	2.1
Does not have the documentation required	1.8	4.7
Bank products are complicated	1.7	2.1
Do not trust banks	0.8	1.6
Banks do not provide the products or services I need	0.3	0.9
Need permission of someone else to open it	0.1	0.9
Fell intimidated by the bank environment/Does not feel comfortable in a bank	0.0	0.6

5.2.2 Barriers to Usage of Microfinance Services

As illustrated in Table 8, the main barrier reported by most adults who did not use microfinance services was insufficient money to justify opening an account.

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

Barriers	Luapula	National
Insufficient money to justify opening an account	51.8	32.6
They are too far away	18.9	16.1
Does not understand benefits of having an account	9.5	19.8
Does not know how to open an account	6.5	3.0
Cannot maintain the minimum balance	4.2	8.2
Service charges are too high	3.0	5.1
Does not have the documentation required	1.8	3.7
Does not trust them	1.5	3.4
They do not provide the products or services I need	1.2	2.4
Can get the same services elsewhere in the community	0.7	1.9
Hours are not convenient	0.1	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 money to invest; and
- Lack of awareness on how capital markets work.

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

Barriers	Luapula	National
Do not have money to invest	41.5	26.9
Do not know how it works	30.1	26.2
I have never heard of it	17.2	21.9
Do not know the benefits of investing	5.0	10.7
I am scared to lose my money	2.8	3.9
Do not know where the product is offered	2.2	4.8
Do not trust the companies that provide the services	1.3	1.4

5.2.4 Barriers to Usage of Insurance Products/Services

Most adults who did not use insurance products/services indicated that they had never heard about insurance (Table 10).

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

Barriers	Luapula	National
Never heard of insurance	54.2	40.9
Cannot afford it	16.5	24.9
Does not know how it works	13.3	12.5
Does not know the benefits of insurance	8.5	10.8
Do not know how/where to get it	3.8	4.0
Don't need it – protect self in other ways	1.8	2.9
Do not trust the insurance companies	0.8	1.5
Insurance companies don't want to pay-out claims	0.5	1.2
Does not want to think about bad things happening	0.2	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	Luapula	National
Not employed / don't have a job (both formal and informal)	68.5	66.6
I don't have money to contribute to a pension scheme	14.8	12.2
Never thought about it	4.9	5.5
Don't know how to get it	2.9	2.1
Don't know pension services	1.3	2.7
Don't know where to get it	1.1	0.8
Have other ways of getting money when old	0.5	1.2

5.2.6 Barriers to Usage of Mobile Money Services

The main barrier to uptake of mobile money services was not having a mobile phone (Table 12).

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

Barriers	Luapula	National
I do not have a mobile phone	47.7	39.5
Do not need it – do not make any transactions	11.1	11.2
Do not know how to get it	5.6	6.6
No point of service / agent nearby	3.3	4.9
Don't understand the service/what you can use it for	2.9	2.3
Do not know what it is	2.6	5.2
Do not have required documents	2.3	4.7
Transaction fees are high	1.6	1.2
Do not trust that my money is safe on mobile money account	1.4	2.8
Using it is difficult	1.4	2.6
Registration is too complicated	0.8	0.6
No one among my friends or family use it	0.8	0.7
Mobile money does not provide any advantage	0.5	0.7

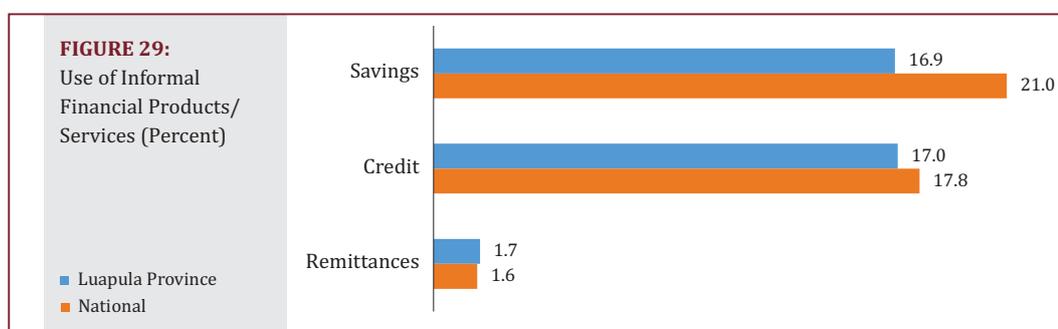
6.0 USE OF INFORMAL FINANCIAL SERVICES

This section provides survey findings on access and usage of informal products/services. These are products/services provided by entities that are not formally regulated such as savings clubs (Chilimba), savings groups, village banks, Savings and Credit Cooperatives (SACCOs) and informal money lenders (Kaloba).

The uptake of informal financial products/services by adults in the Province was 29.2 percent (191,081).

6.1 Uptake of Informal Financial Products/Services

Figure 29 shows that most adults used informal credit and savings products.

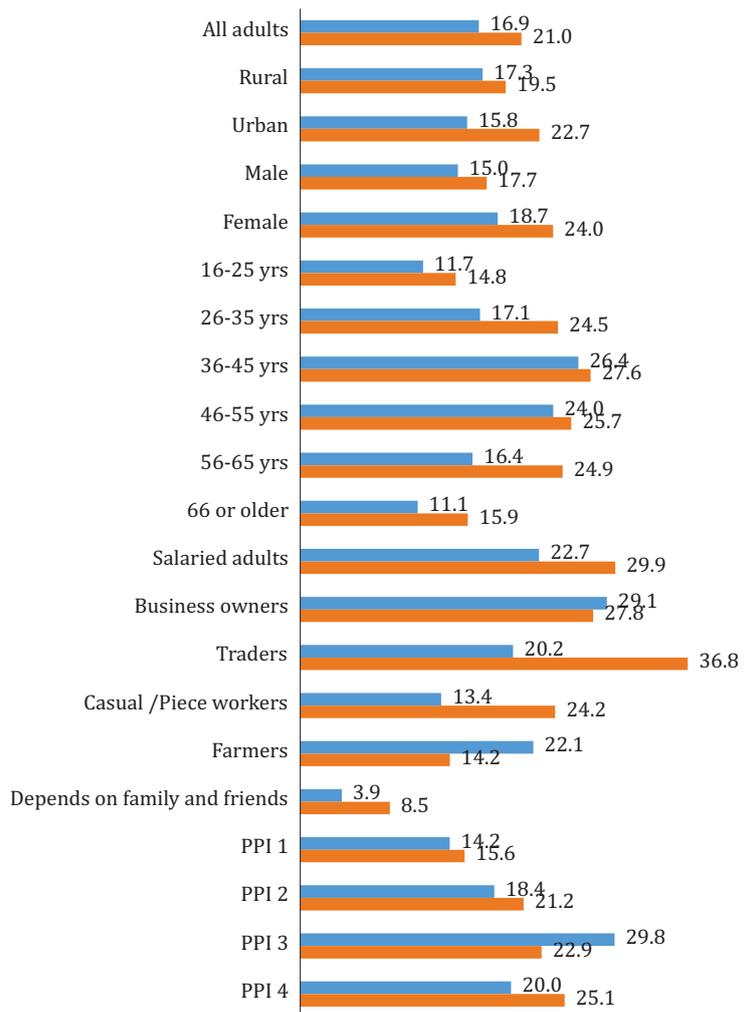


6.1.1 Informal Savings Products/Services

Figure 30 shows that 16.9 percent of adults used informal savings products/services. These products/services included village banking and other savings mechanisms such as keeping money with employers, community groups and churches. The uptake of informal savings products/services was mostly amongst (Figure 30):

- Rural based adults;
- Females;
- Those of age 36 – 45 years;
- Business owners; and
- Households in the middle-income quintile of PPI 3.

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

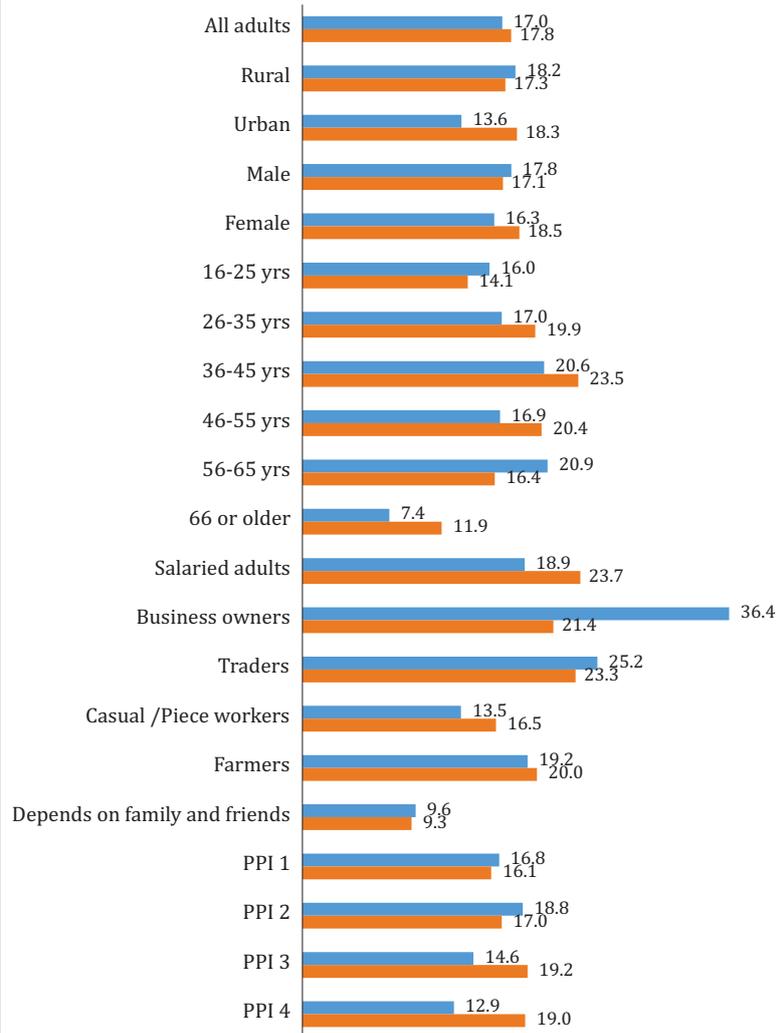


6.1.2 Informal Credit Products Services

Figure 31 shows that 17.0 percent of adults accessed informal credit services. These services included borrowing from village banks, savings groups, kaloba and other informal sources of credit. Uptake of informal credit products/services was highest amongst:

- Adults in rural areas;
- Males;
- Those in the age groups 36 -45 and 56 – 65 years;
- Business owners; and
- Households in the lower income quintile of PPI 2.

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



6.1.3 Informal Credit and Community Savings Groups

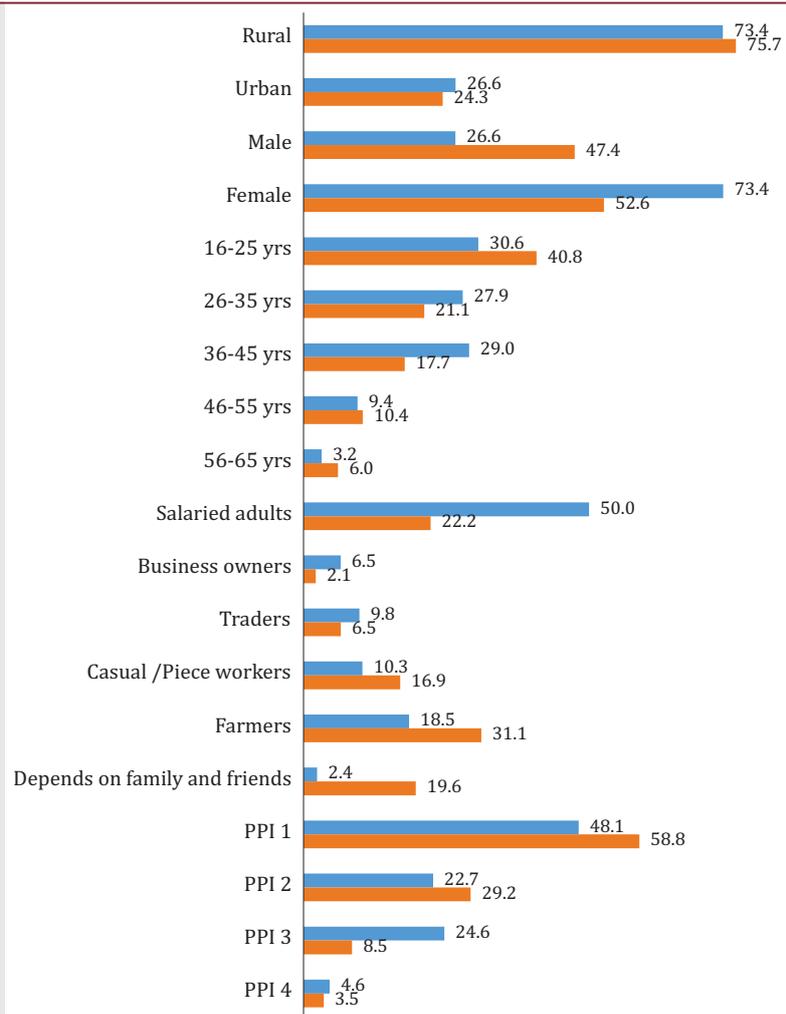
This section provides an analysis of the demographic profile of adults that accessed informal credit and belonged to community savings groups. The Survey indicated that 10.4 percent of the adult population in the Province belonged to a Chilimba, Savings Group or Village Bank. In addition, 2.9 percent obtained informal credit called Kaloba.

6.1.3.1 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 frequency. The total adult population that belonged to a Chilimba was 3.7 percent. Figure 32 shows that these adults were more likely to be:

- Rural based;
- Female;
- Of age 16 -25 years;
- Salaried employees; and
- From households in the lowest income quintile of PPI 1.

FIGURE 32:
Comparing the Profile of Adults Who Belonged to a Chilimba with the Total Adult Population (Percent)



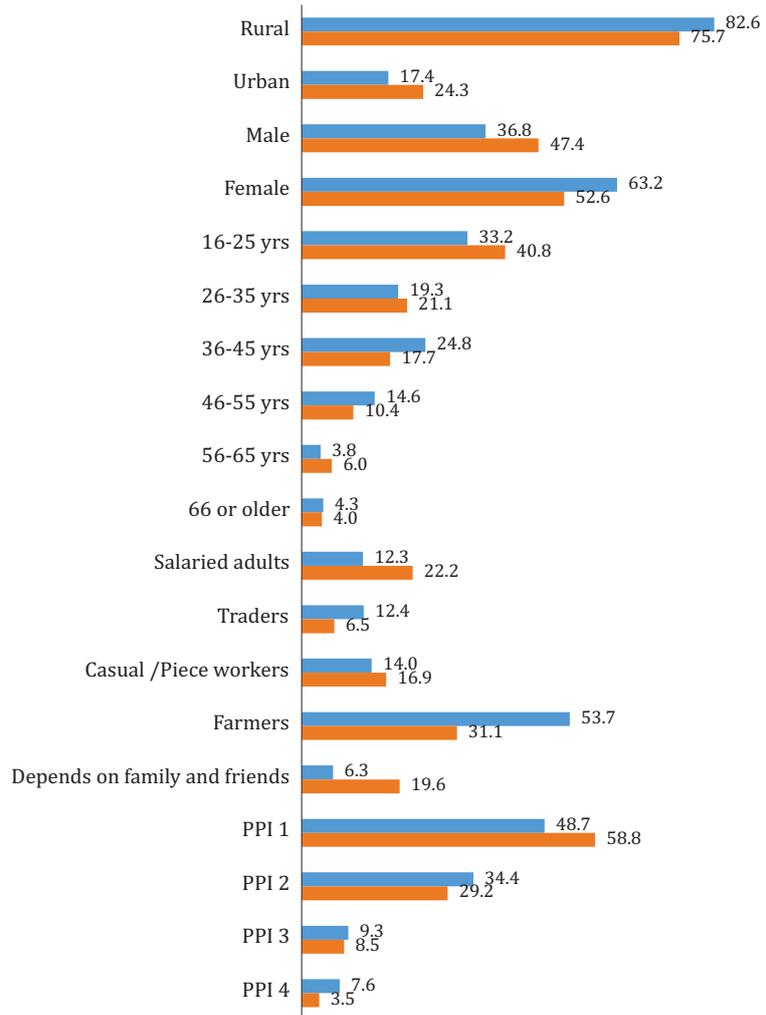
6.1.3.2 Savings Groups

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 4.6 percent of adults belonged to SGs. As illustrated in Figure 33, these were more likely to be:

- Rural-based;
- Female;
- Of age 16-25 years;
- Farmers; and
- From households in the lowest income quintile of PPI 1.

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

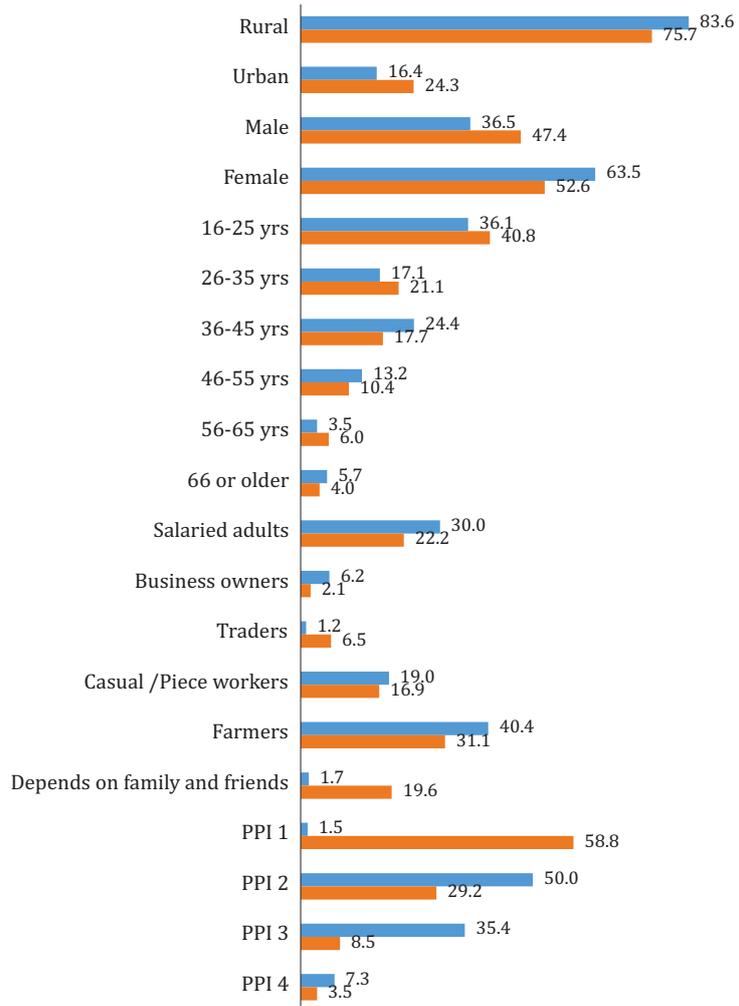


6.1.3.3 Village Bank

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 4.2 percent of adults belonged to a village bank. Figure 34 illustrates that these adults were more likely to be:

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

FIGURE 34:
Comparing the Profile
of Adults Who
Belonged to a Village
Bank with the Total
Adult Population
(Percent)

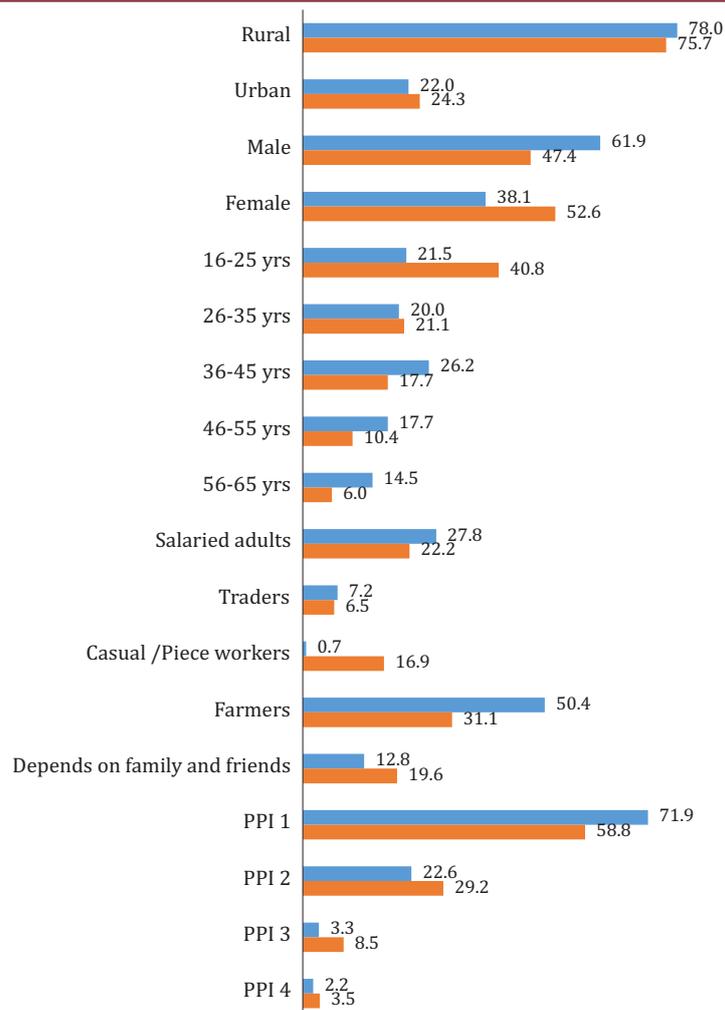


6.1.3.4 Kaloba

Kaloba is informal credit provided by money-lenders and was used by 2.9 percent of the adult population . Figure 35 shows that adults who used Kaloba were more likely to be:

- Rural-based;
- Male;
- Of age 36 - 45 years;
- Farmers; and
- From households in the lowest income quintile of PPI 1.

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



6.2 Barriers to Usage of Informal Saving Services

The Survey indicated that the main barrier to accessing informal services from community saving groups was lack of money to save (Table 13).

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

Perceived Barrier	Chilimba	Savings Group	Village Bank
Do not have any money to save	35.3	33.2	32.5
Do not have enough money to save	24.6	28.9	28.9
There are no such groups in the community	16.4	15.6	16.5
I see no benefits	7.2	6.6	6.2
Do not trust them	4.6	3.8	4.6
I save money on my mobile phone	5.1	4.9	4.8

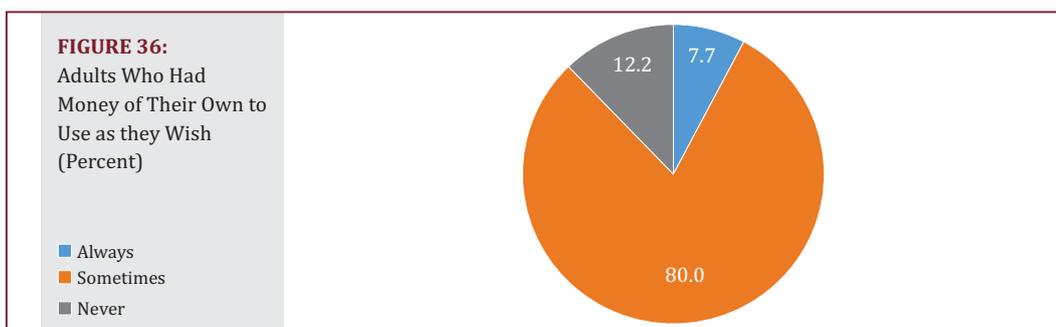
7.0 FINANCIAL CAPABILITY

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

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

7.1 Financial Sufficiency and Decision Making

Figure 36 shows that only 7.7 percent of adults indicated that they always had money of their own to use as they wished while 80.0 percent had money occasionally. Further, 12.2 percent of adults never had money of their own to spend as they wished.



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

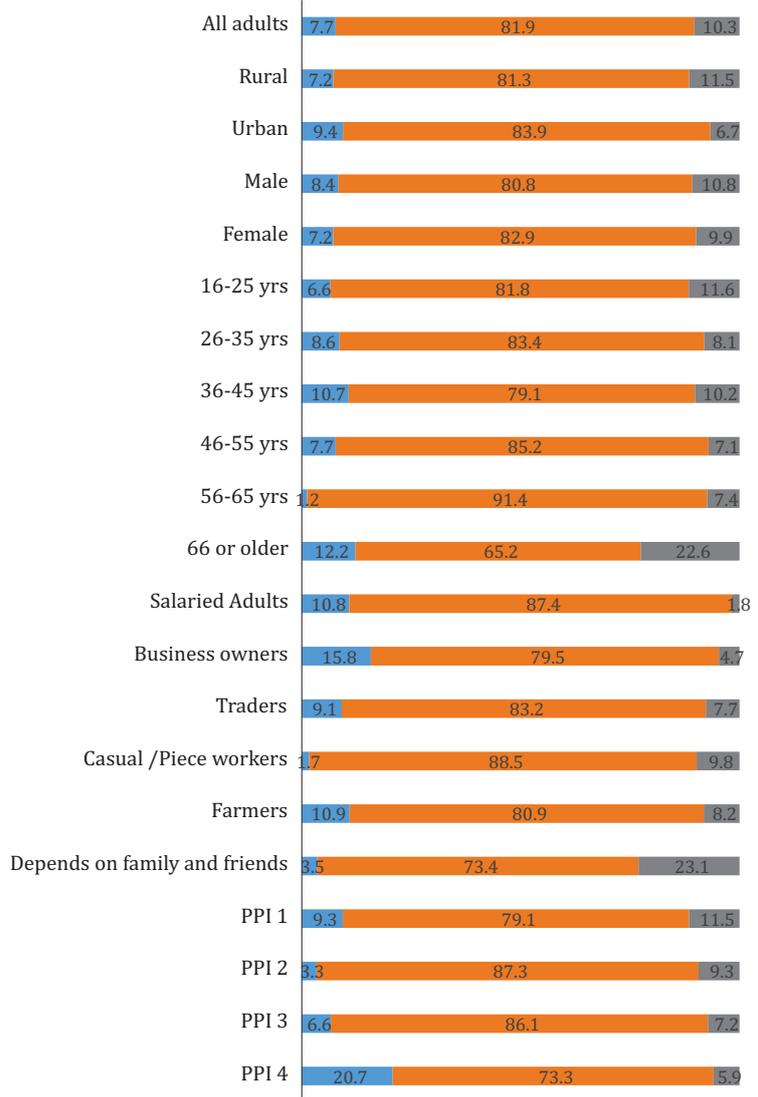
Figure 37 illustrates that 7.7 percent of adults always had money of their own to use as they wished. These adults were mostly amongst:

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

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

- Those in urban areas;
- Females;
- Of age 56 – 65 years;
- Casual/piece workers; and
- Households in the low income quintile of PPI 2.

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

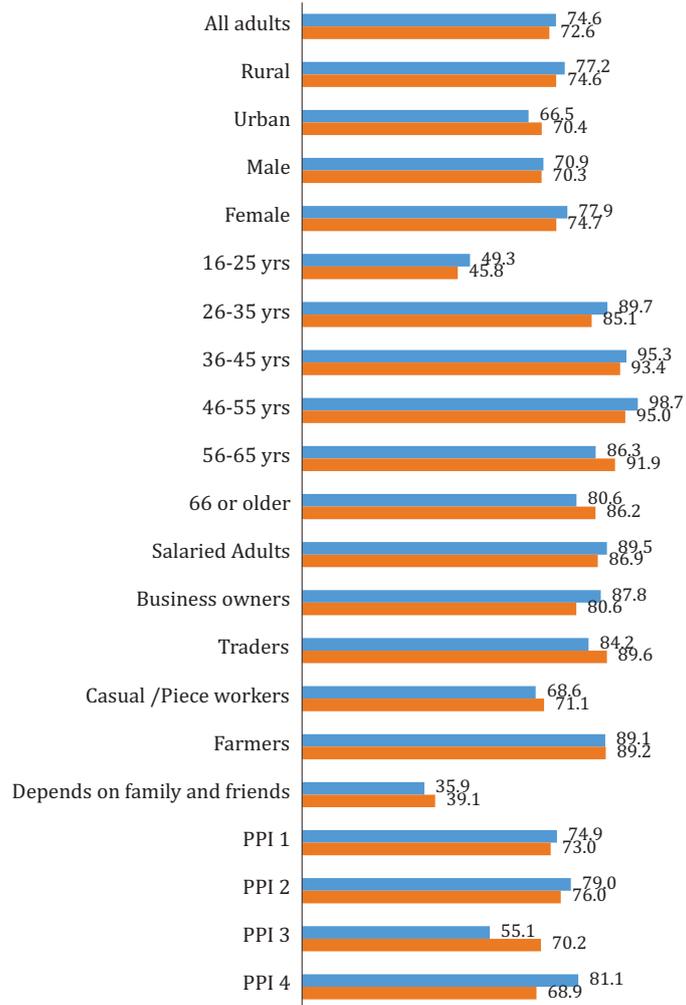


7.1.2 Adults Involved in Financial Decision Making

Figure 38 shows that 74.6 percent of adults were involved in household financial decision-making. These were highest amongst:

- Rural based adults;
- Females;
- Adults of age 46 – 55 years;
- Business owners;
- Salaried employees; and
- Households in the high-income quintile of PPI 4.

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

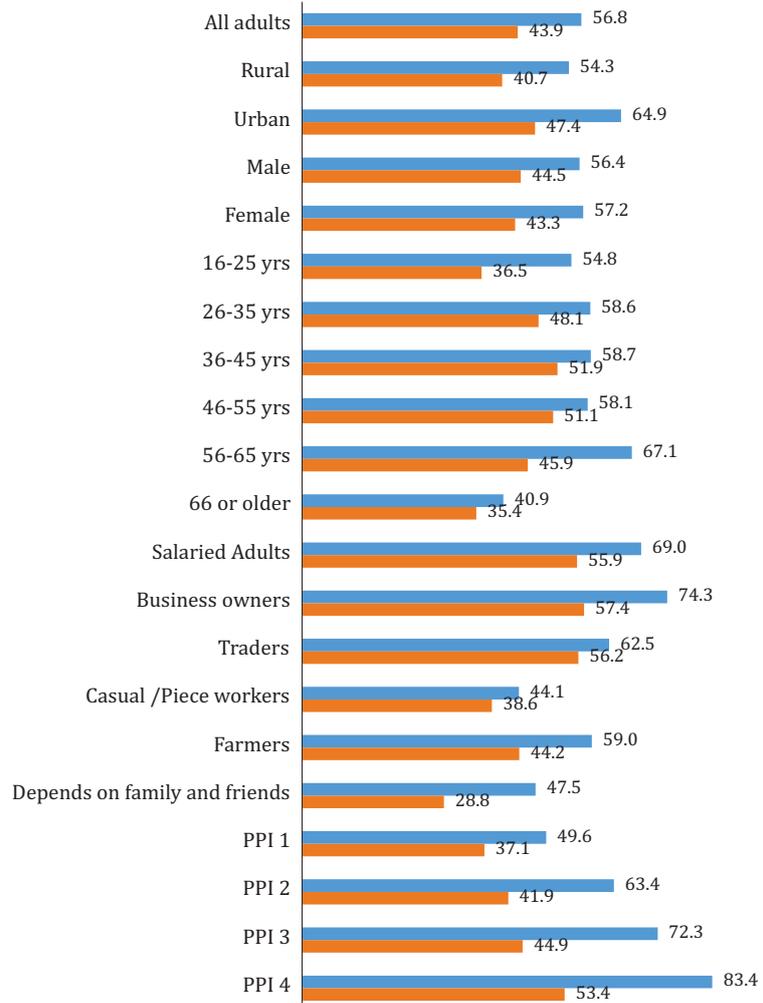


7.1.3 Adults Who Kept Track of the Money They Received and Spent

Figure 39 shows that 56.8 percent of adults were able to keep track of the money they received and spent. These were mostly amongst:

- Urban based adults;
- Females;
- The age group 56 – 65 years;
- Business owners; and
- Households in the high-income quintile of PPI 4.

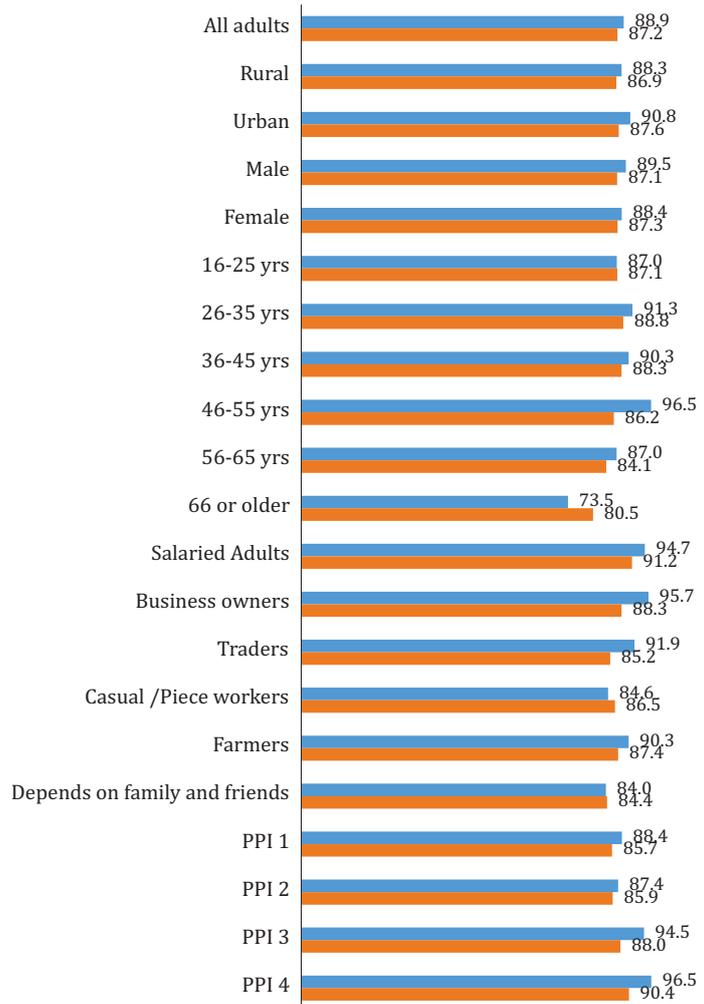
FIGURE 39:
Adults Who Kept Track
of the Money They
Received and Spent
(Percent)



7.1.4 Adults Who Had Access to Financial Advice

Figure 40 illustrates that generally, above 80 percent of adults had access to financial advice across all demographic characteristics.

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



7.2 Cash-flow Management

Table 14 shows that the average and median income of adults in the Province was K25.70 and K10.00 per day compared with K44.51 and K17.91, respectively at national level. Adults in urban areas had a higher average income per day (K43.35) than those in rural areas (K20.49).

Further, the Survey indicated that salaried employees and adults from the high-income quintile of PPI 4 had the highest average and median income per day while casual piece workers had the lowest income levels.

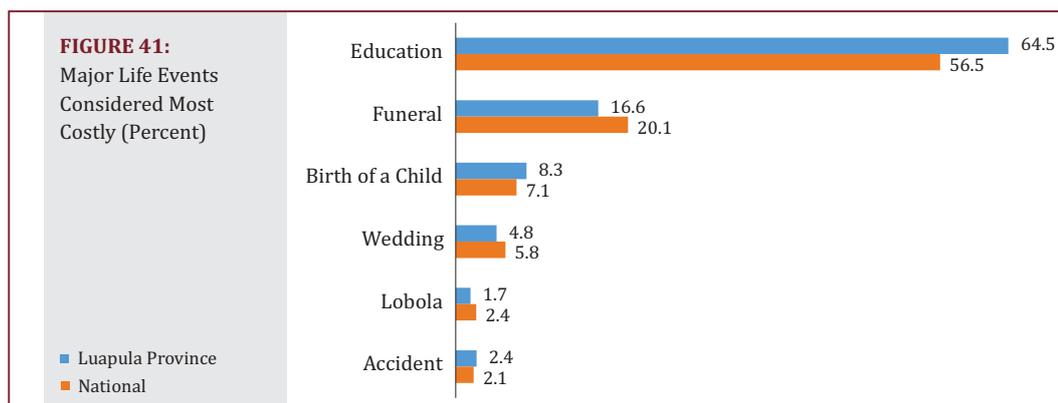
TABLE 14: INCOME BY MAIN INCOME GENERATING ACTIVITY AND PPI QUINTILE

	Kwacha				USD			
	Average		Median		Average		Median	
	Luapula	National	Luapula	National	Luapula	National	Luapula	National
All Adults	25.70	44.51	10.00	17.91	1.38	2.40	0.54	0.97
Rural	20.50	25.79	8.91	13.33	1.10	1.39	0.48	0.72
Urban	43.35	67.12	16.67	33.94	2.34	3.62	0.90	1.83
Male	27.61	49.76	13.06	21.76	1.49	2.68	0.70	1.17
Female	23.98	39.54	10.00	16.67	1.29	2.13	0.54	0.90
Salaried Adults	54.48	78.66	38.81	37.97	2.94	4.24	2.09	2.05
Business owners	22.17	52.15	17.63	33.33	1.19	2.81	0.95	1.80
Traders	26.79	56.61	16.67	31.17	1.44	3.05	0.90	1.68
Casual /Piece workers	9.16	22.04	6.67	16.56	0.49	1.19	0.36	0.89
Farmers	17.76	24.87	11.67	13.33	0.96	1.34	0.63	0.72
Depends on family and friends	14.67	25.41	8.33	14.67	0.79	1.37	0.45	0.79
PPI 1	17.84	18.03	10.00	10.00	0.96	0.97	0.54	0.54
PPI 2	22.13	27.34	10.00	15.42	1.19	1.47	0.54	0.83
PPI 3	62.83	56.34	16.67	33.33	3.39	3.04	0.90	1.80
PPI 4	104.11	96.23	66.67	50.00	5.61	5.18	3.59	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 event reported by adults in the Survey was education (Figure 41).



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, 70.0 percent of adults had a dependant/child they supported sent home due to non-payment of school fees, at least once a month (Table 2). These adults were mostly:

- Rural based;
- Male;
- Salaried workers; and
- Households in the high-income quintile of PPI 4.

Further, 30.0 percent of adults had a child/dependant sent home at least once during the year. These adults were mostly:

- Urban based;
- Female;
- Business owners; and
- Households in the middle-income quintile in PPI 3.

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

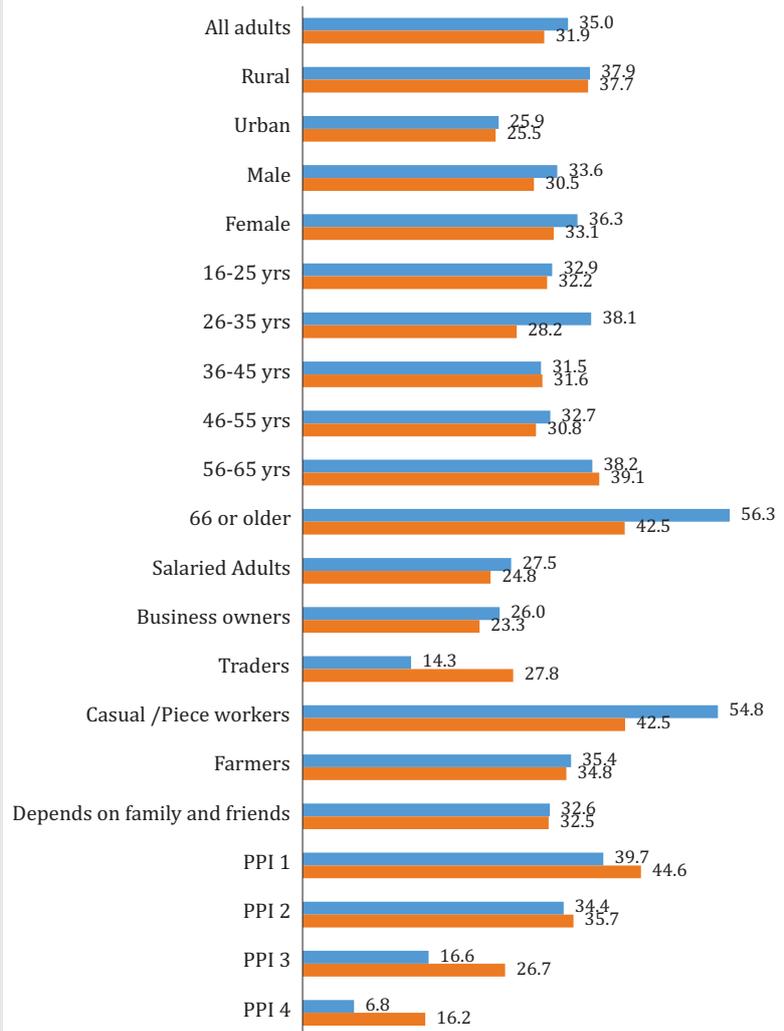
	Luapula		National	
	At least once a month	At least once a year but not every month	At least once a month	At least once a year
All adults	70.0	30.0	57.4	42.6
Rural	72.0	28.0	58.1	41.9
Urban	62.1	37.9	56.7	43.3
Male	71.9	28.1	57.1	42.9
Female	67.9	32.1	57.7	42.3
Salaried Adults	75.9	24.1	53.0	47.0
Business owners	-	100.0	54.7	45.3
Traders	47.7	52.3	47.7	52.3
Casual /Piece workers	70.7	29.3	60.3	39.7
Farmers	69.1	30.9	57.4	42.6
Depends on family and friends	74.2	25.8	63.9	36.1
PPI 1	72.5	27.5	61.4	38.6
PPI 2	67.3	32.7	57.3	42.7
PPI 3	39.1	60.9	52.9	47.1
PPI 4	85.4	14.6	56.4	43.6

7.2.3 Adults Who Struggled to Keep Up with Regular Expenses

The Survey revealed that 35.0 percent of adults had struggled to manage regular expenses (Figure 42). This was mostly amongst:

- Adults in rural areas;
- Females;
- Adults of age 66 years or older;
- Casual/piece workers; and
- Households in the lowest income quintile of PPI 1.

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

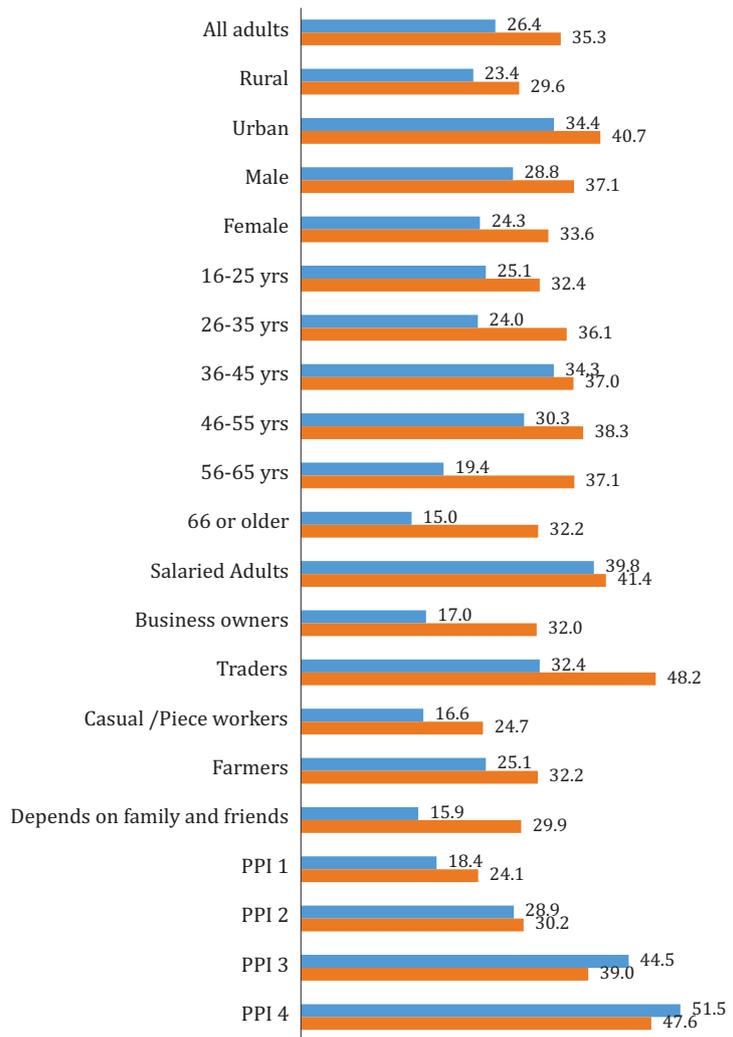


7.2.4 Adults Who Kept a Record of Their Money

Figure 43 illustrates that only 26.4 percent of the adult population kept a record of their money (receipts and expenses). These were mostly amongst:

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

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



7.3 Risk Management

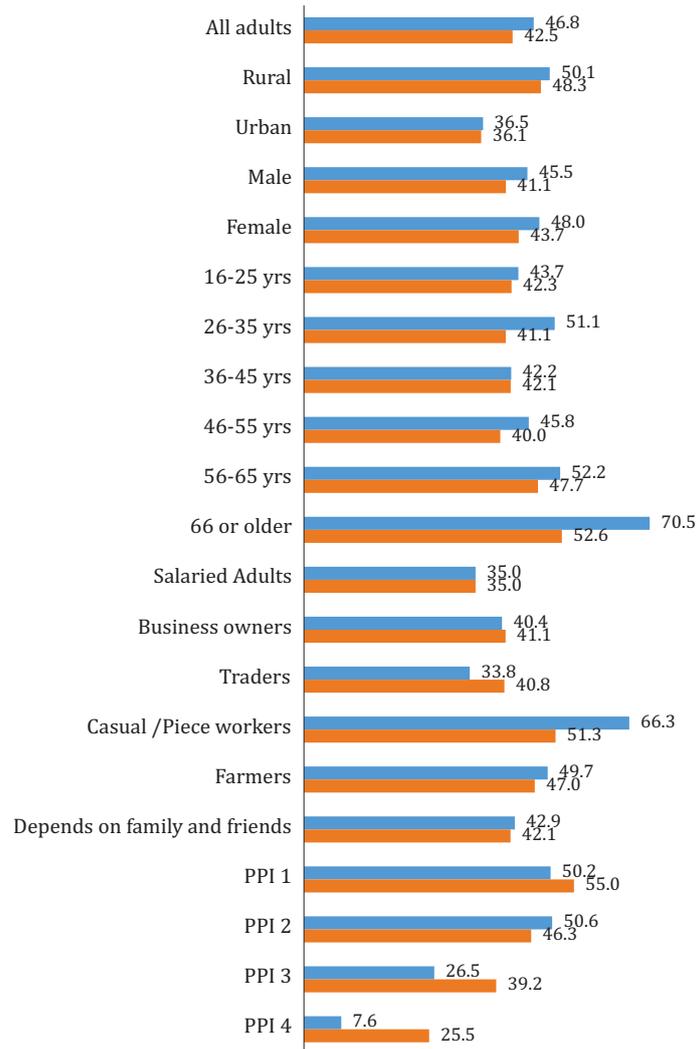
Risk management is the process of managing potential risks to minimize the negative impact they may have. In the survey, it refers to the ability of the adult population to meet unexpected financial events that current income cannot support.

7.3.1 Adults Who Struggled to Manage Unexpected Expenses

Figure 44 shows that 46.8 percent of adults struggled to manage unexpected expenses in the 12 months prior to the survey. These were highest amongst:

- Adults in rural areas;
- Females;
- Adults of age 66 years or older;
- Casual/piece workers; and
- Households in the low-income quintiles of PPI 1 and PPI 2.

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

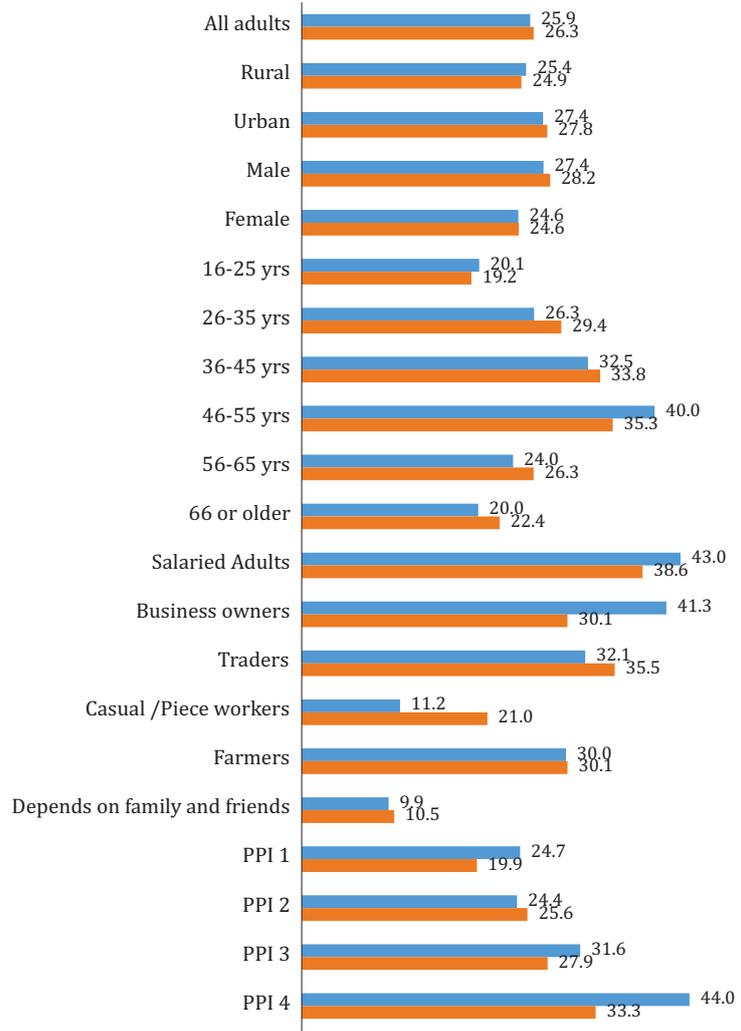


7.3.2 Adults Who Made Provision for Unexpected Expenses

The Survey showed that 25.9 percent of adults were able to make provision for unexpected expenses (Figure 45). This was mostly amongst:

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

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



7.3.3 Strategies to Cope with Unexpected Expenses

The Survey showed that 58.2 percent of adults relied on gifts and expense cutbacks to cope with unexpected expenses while 34.6 percent relied on savings and 7.2 percent on borrowings. The demographic characteristics of these adults are indicated in Table 16.

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

	Savings		Borrowed		Rely on gifts & expenses cut back	
	Luapula	National	Luapula	National	Luapula	National
Adults	34.6	28.3	7.2	9.0	58.2	62.7
Rural	35.3	26.5	6.8	9.2	57.9	64.3
Urban	32.3	30.3	8.8	8.9	58.9	60.8
Male	34.2	29.7	6.9	9.0	58.8	61.2
Female	34.9	27.0	7.5	9.1	57.6	63.9
Salaried Adults	50.1	45.2	10.9	11.4	38.9	43.4
Business owners	64.6	33.2	10.0	10.1	25.3	56.7
Traders	33.7	33.5	6.1	8.1	60.1	58.5
Casual /Piece workers	39.9	24.9	5.7	11.1	54.4	64.0
Farmers	35.7	29.8	9.5	9.5	54.8	60.7
Depends on family and friends	9.0	10.2	1.4	4.8	89.5	84.9
PPI 1	34.4	23.6	7.1	8.8	58.5	67.6
PPI 2	34.5	26.3	6.3	9.5	59.1	64.2
PPI 3	32.8	30.5	8.5	8.6	58.7	60.8
PPI 4	42.5	34.1	14.4	8.7	43.1	57.1

7.4 Assets and Asset Building

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

The Survey showed that 44.9 percent of adults reported that at least one household member owned the current dwelling (Table 17). This was mostly amongst:

- Adults in rural areas;
- Females;
- Adults who depended on family and friends; and
- Households in the middle-income quintile of PPI 3.

Further, 43.5 percent of adults owned a mobile phone while 29.5 percent owned agricultural land. With regard to ICT, 10.3 percent indicated that they had access to the internet.

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

	Own Current house	Member of household owns the house	Personally own (any/another) House	Personally own Agriculture land	Personally own a mobile phone	Have access to a computer	Have access to the internet
Adults	35.3	44.9	39.5	29.5	43.5	6.3	10.3
Rural	39.6	46.3	44.6	34.5	38.4	5.1	5.3
Urban	21.7	40.6	23.6	13.9	59.7	10.4	26.1
Male	39.9	39.0	43.9	29.2	47.6	8.7	12.5
Female	31.1	50.2	35.6	29.9	39.9	4.2	8.4
Salaried Adults	47.7	26.7	49.7	36.2	54.0	6.6	19.1
Business owners	28.1	54.1	28.1	21.0	34.9	1.1	1.1
Traders	42.2	40.4	48.5	42.2	60.2	14.0	11.9
Casual /Piece workers	28.8	56.3	34.1	23.6	37.9	6.4	11.0
Farmers	45.3	37.1	51.0	40.2	44.3	4.1	2.9
Depends on family and friends	10.1	67.6	12.3	7.8	32.2	7.8	12.6
PPI 1	36.1	50.8	39.8	29.8	34.9	3.9	2.8
PPI 2	38.7	34.3	43.5	33.8	45.7	4.5	7.1
PPI 3	23.9	51.0	32.4	17.9	73.8	27.3	47.5
PPI 4	19.9	21.4	19.9	17.4	96.1	24.3	71.8

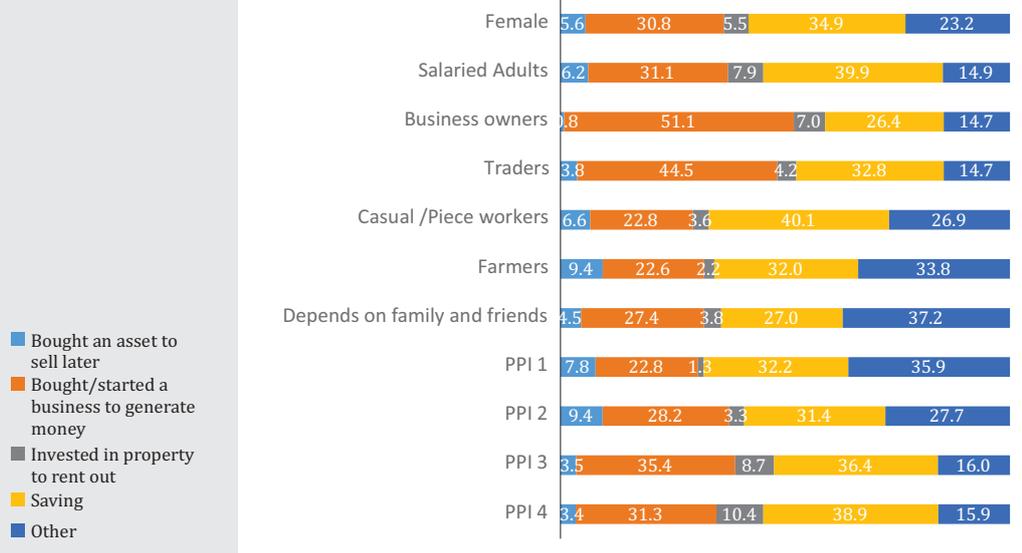
7.5 Investment

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

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

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

FIGURE 46:
Investment Strategies
Used by Adults to
Ensure They Had
Money in Future
(percent)



7.6 House Occupancy Status

The Survey showed that 6.9 percent of adults lived in a house that was provided rent-free (Table 18). These were highest amongst:

- Adults in urban areas;
- Males;
- Farmers; and
- Households in the low-income quintile of PPI 2.

On the other hand, 12.1 percent of adults lived in a rented house. These were mostly amongst:

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

TABLE 18: HOUSE OCCUPANCY STATUS (PERCENT)

	Luapula		National	
	Household member rents the house	House provided rent free ⁷	Household member rents this house	House provided rent free
All adults	12.1	6.9	20.4	10.6
Rural	6.7	6.7	4.1	10.6
Urban	29.5	7.5	38.6	10.6
Male	12.5	8.3	20.4	11.0
Female	11.8	5.6	20.5	10.3
Salaried Adults	20.1	3.6	30.3	13.1
Business owners	8.8	7.6	30.5	14.5
Traders	12.7	4.7	23.6	9.2
Casual /Piece workers	8.4	5.9	21.4	12.0
Farmers	7.7	9.9	3.0	5.9
Depends on family and friends	14.0	7.7	22.7	10.9
PPI 1	7.1	5.8	3.1	7.0
PPI 2	15.4	10.1	11.4	10.8
PPI 3	20.0	2.7	32.9	12.5
PPI 4	50.9	6.4	40.6	12.6

7.7 Strategies to Meet Future Needs When Old and Cannot Work

The Survey indicated that 20.2 percent of adults considered dependence on their children to meet future needs when old and unable to work. Most of these adults were in rural areas, female, traders and in PPI 1. Other strategies included starting own business (18.8 percent) and farming (18.1 percent). The least employed strategies were buying shares, pension and insurance. However, 14.4 percent of adults indicated that they had no plans to ensure they had money when old and unable to work (Table 19).

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

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

	Luapula Province									
	Savings	Children	Land/property	Own business	Rental income	Shares	Farming/agriculture/ livestock	Pension	Don't know/have no plans	Other specify
All adults	14.4	20.2	7.7	18.8	2.4	0.1	18.1	1.8	14.4	2.2
Rural	15.6	22.4	6.5	16.8	1.6	0.1	20.5	0.9	13.4	2.2
Urban	10.4	13.2	11.3	25.0	5.2	0.0	10.7	4.8	17.3	2.0
Male	16.4	17.5	9.6	14.8	2.1	0.2	20.3	1.4	15.8	1.9
Female	12.6	22.6	6.0	22.3	2.7	0.0	16.2	2.1	13.1	2.4
Salaried Adults	26.1	13.4	10.5	18.9	5.1	0.0	17.1	4.3	3.6	0.9
Business owners	15.7	4.1	15.9	37.0	1.4	0.0	7.2	0.0	15.2	3.6
Traders	3.7	35.7	1.7	22.8	0.4	0.0	22.0	0.0	13.3	0.5
Casual /Piece workers	17.4	13.6	10.5	23.9	1.7	0.0	15.1	0.8	13.6	3.5
Farmers	12.3	27.4	9.4	11.7	1.8	0.0	26.4	0.0	9.9	1.0
Depends on family and friends	6.4	17.3	1.0	23.1	1.7	0.4	8.4	3.4	33.9	4.3
PPI 1	13.4	22.6	8.4	18.3	1.2	0.0	18.2	0.5	15.2	2.3
PPI 2	16.0	19.9	4.9	21.3	2.1	0.0	19.9	1.2	12.3	2.3
PPI 3	16.9	10.0	11.7	14.5	6.8	1.0	15.8	3.6	18.0	1.8
PPI 4	10.4	7.9	10.0	14.3	15.7	0.0	7.2	24.9	9.5	0.0

8.0 ACCESS TO FINANCIAL SERVICE

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

For the purposes of this Survey, access in this chapter refers to physical proximity to a financial access point and eligibility criteria for the uptake of financial services. It is therefore important to note that physical proximity represents perceived access to a service point within 30 minutes.

8.1 Physical Access to Points of Service

The Survey showed that 40.7 percent of adults were able to reach at least one access point within 30 minutes by motor vehicle, 30.3 percent by bicycle and 21.3 percent on foot.

In terms of proximity, schools were closest to the population followed by health centres and mobile money agents. The Survey showed that 91.2 percent of adults were able to reach the nearest school within 30 minutes by motor vehicle, 83.3 percent by bicycle and 72.2 percent on foot. Access to health centres by adults within a 30-minute reach was 84.7 percent by motor vehicle, 70.2 percent by bicycle and 51.0 percent on foot. For mobile money agents, 76.7 percent were able to reach by motor vehicle, 67.6 percent by bicycle and 56.1 percent on foot (Table 20).

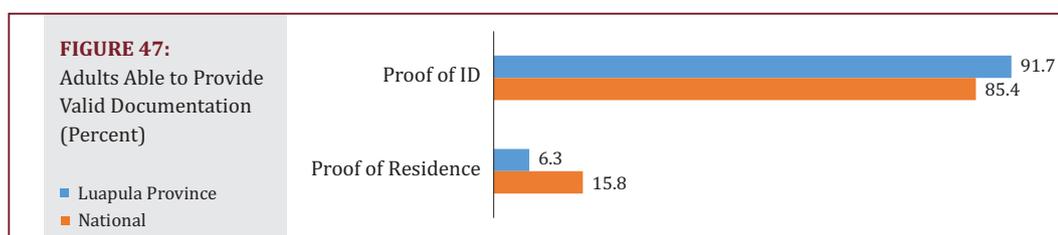
TABLE 20: ADULTS ABLE TO ACCESS SERVICE POINTS WITHIN 30 MINUTES (PERCENT)

Access Point	Mode of Travel		
	Foot	Bicycle	Motor vehicle
All adults	21.3	30.3	40.7
Bank branch/ATM	11.6	23.0	35.5
Microfinance institution	4.6	11.0	18.7
Bank agent	15.4	23.2	34.2
Mobile money agent	56.1	67.6	76.7
Building society	3.9	8.4	16.9
Insurance company	4.8	11.0	19.0
Capital Markets Operator	2.8	4.1	10.8
Post Office	10.5	21.9	35.6
School	72.2	83.3	91.2
Health Centre	51.0	70.2	84.7
Filling station	10.4	21.4	37.6
Supermarket	14.9	25.3	36.6

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

8.2 Eligibility to Access Services

The Survey indicated that 91.7 percent of adults in the Province had proof of identification (ID) compared with a national average of 85.4 percent while only 6.3 percent had proof of residential address (Figure 47).



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

Table 21 shows that apart from 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, Tax Payer Identification number (T-PIN), electricity/water bill and Pay-TV subscription was very low, at less than 9 percent of the adult population.

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

Type of Document	Luapula			National
	Rural	Urban	Overall	
National registration card	91.6	92.2	88.6	85.4
Driver's license	1.0	10.1	7.1	6.8
Passport	1.0	7.1	5.5	5.3
Payslip from employer	1.9	7.1	6.0	6.4
Lease or rental agreement	0.7	3.7	0.6	4.2
Subscription (e.g. satellite TV)	2.1	10.0	8.6	10.7
Tax identification	2.7	10.0	8.7	8.9
Electricity/water bill	1.8	5.8	3.8	6.5
Insurance policy	1.3	4.7	6.1	3.4
Telephone/Zamtel bill	0.7	1.7	0.4	2.8
Title deed	1.6	4.3	5.3	6.2

9.0 FINANCIAL PRODUCTS AND SERVICES USED BY ADULTS

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

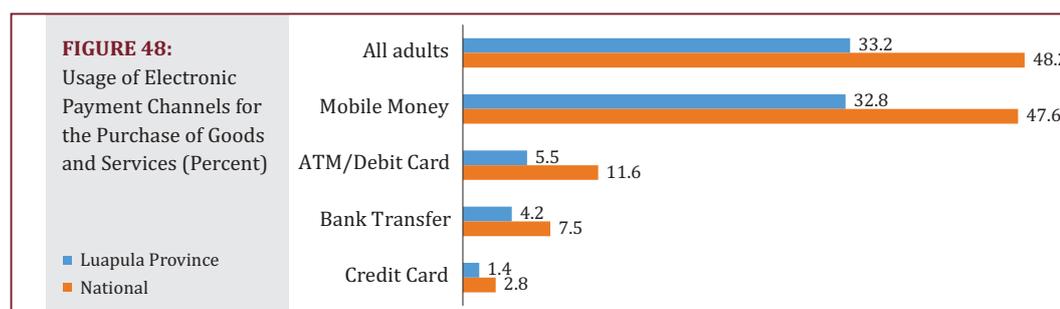
- 1) Electronic Payment Channels;
- 2) Credit;
- 3) Remittances;
- 4) Savings and investments;
- 5) Insurance; and
- 6) Pensions.

9.1 Electronic Payment Services

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

9.1.1 Purchasing Goods and Services

The survey indicated that 33.2 percent of the adult population in Luapula Province used electronic payment channels to purchase goods and services. Amongst these payment methods, most adults used mobile money at 32.8 percent, while credit cards were the least used at 1.4 percent (Figure 48).

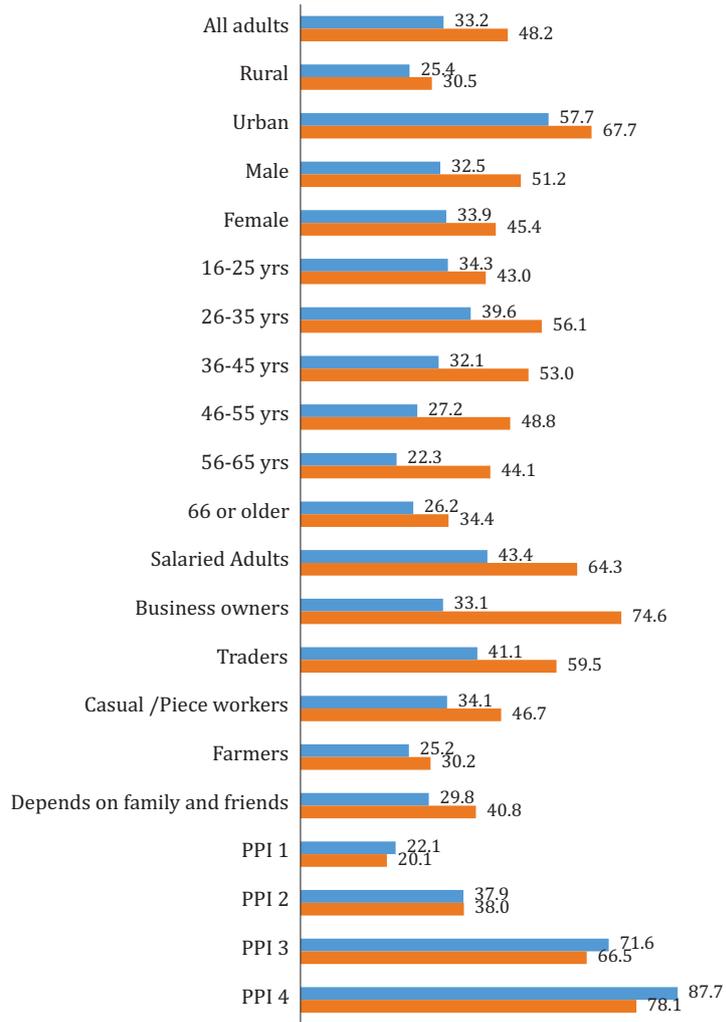


9.1.2 Adults Using Electronic Payment Channels for Purchase of Goods and Services (Percent)

Figure 49 shows that adults who mostly used electronic payment methods to purchase goods and services were amongst:

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

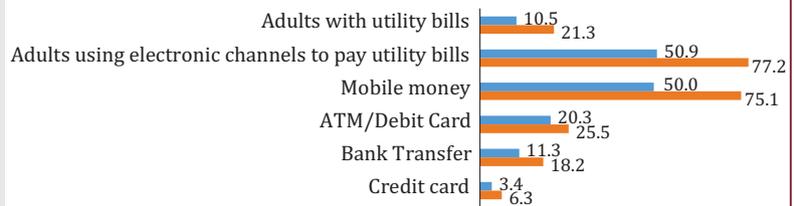
FIGURE 49:
Profile of Adults Using
Electronic Payment
Channels for the
Purchase of Goods and
Services (Percent)



9.1.3 Bill Payments

In the 12 months prior to the survey, 10.5 percent of adults stated that they had utility bills to pay and 50.9 percent of these used electronic payment channels. Mobile money was the most widely used channel for bill payments while the credit card was the least utilised channel (Figure 50).

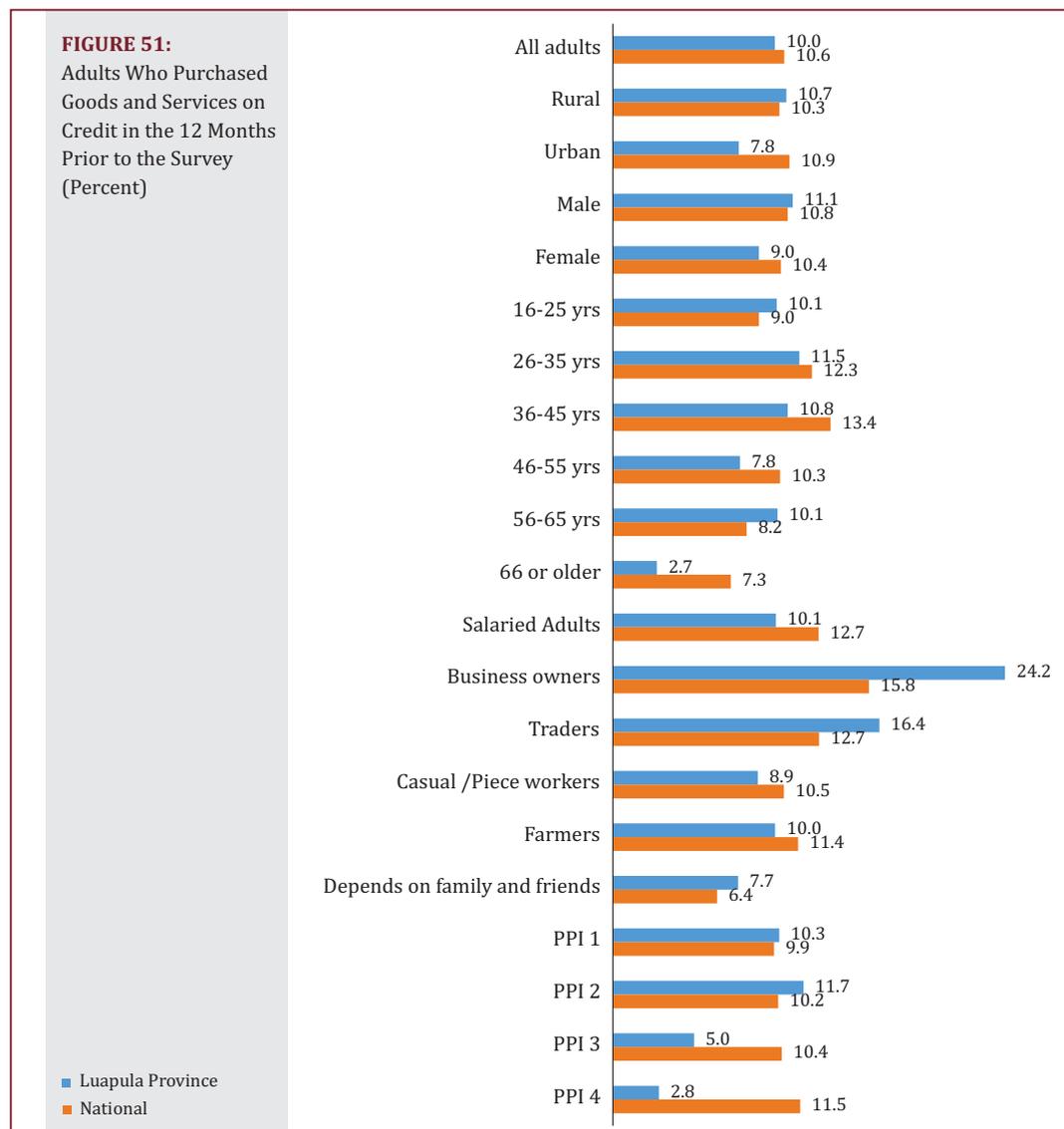
FIGURE 50:
Usage of Electronic
Payment Channels for
Paying Bills (Percent)



9.2 Adults Buying Goods and Services on Credit

Figure 51 shows that 10.0 percent of adults bought goods and services on credit in the 12 months prior to the Survey. These were mostly amongst:

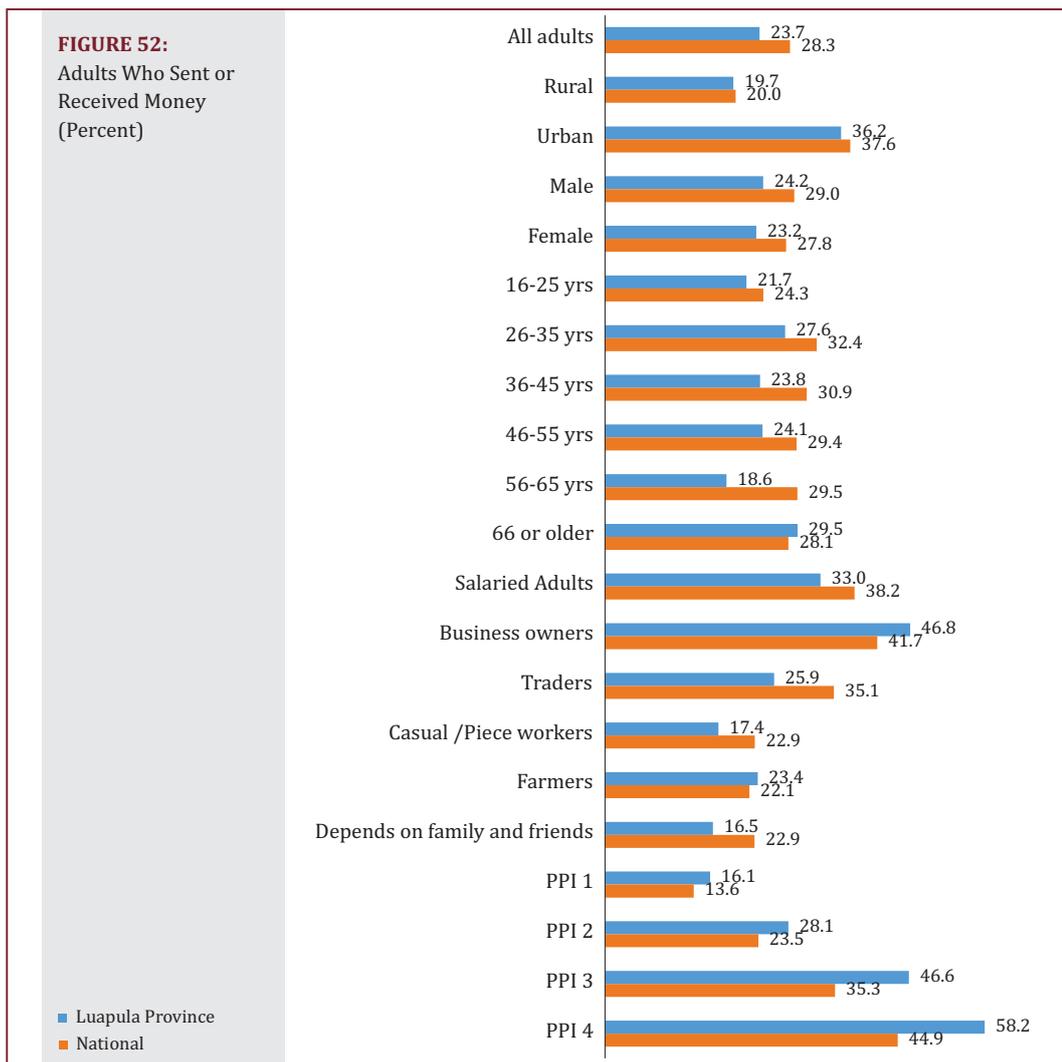
- Adults in rural areas;
- Males;
- Adults of age 26 – 45 years;
- Business owners; and
- Households in the low-income quintile of PPI 2.



9.3 Remittances

In the 12-months period prior to the Survey, 23.7 percent of adults sent or received money from someone (Figure 52). These were mostly amongst:

- Adults in urban areas;
- Males;
- Adults of age 66 years or older;
- Business owners; and
- Households in the high-income quintile of PPI 4.



Mobile money was the most widely used channel for sending (49.9 percent) and receiving (74.0 percent) money. Channels such as bus or taxi drivers were the least utilised methods for sending or receiving money (Table 22).

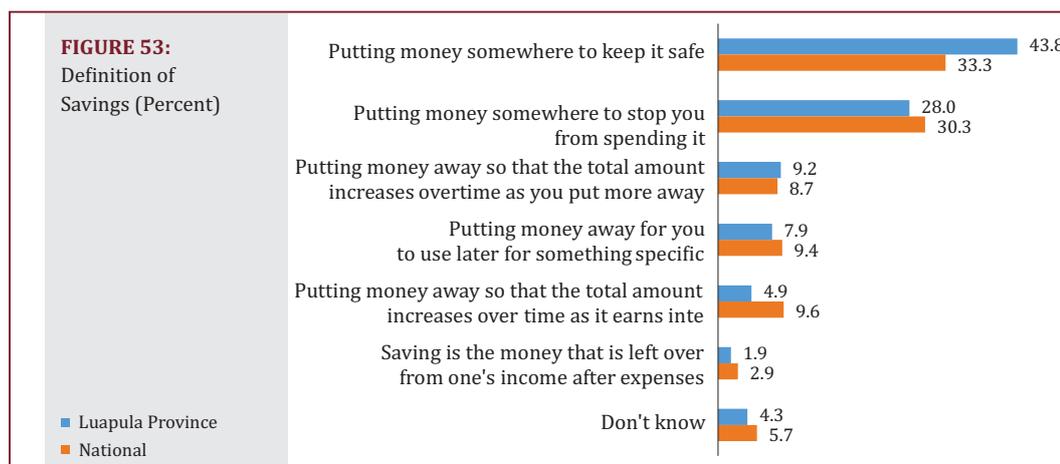
TABLE 22: REMITTANCES (PERCENT)

	Senders	
	Luapula Province	National
Channels used to send money		
Mobile money	49.9	56.8
Bank transfer/Pay into bank account	1.6	2.7
Friends or family takes it there	4.3	2.0
Western Union/Money gram/Swift cash	0.2	0.8
Channels used to receive money		
Post Office		
Post Office	1.9	0.4
Mobile money	74.0	88.4
Bank transfer/Pay into bank account	2.8	5.1
Friends or family	8.5	7.4
Bus/taxi driver	0.6	0.5
Western Union/Money gram/Swift cash	0.7	1.5

9.4 Savings

9.4.1 Definition of Savings

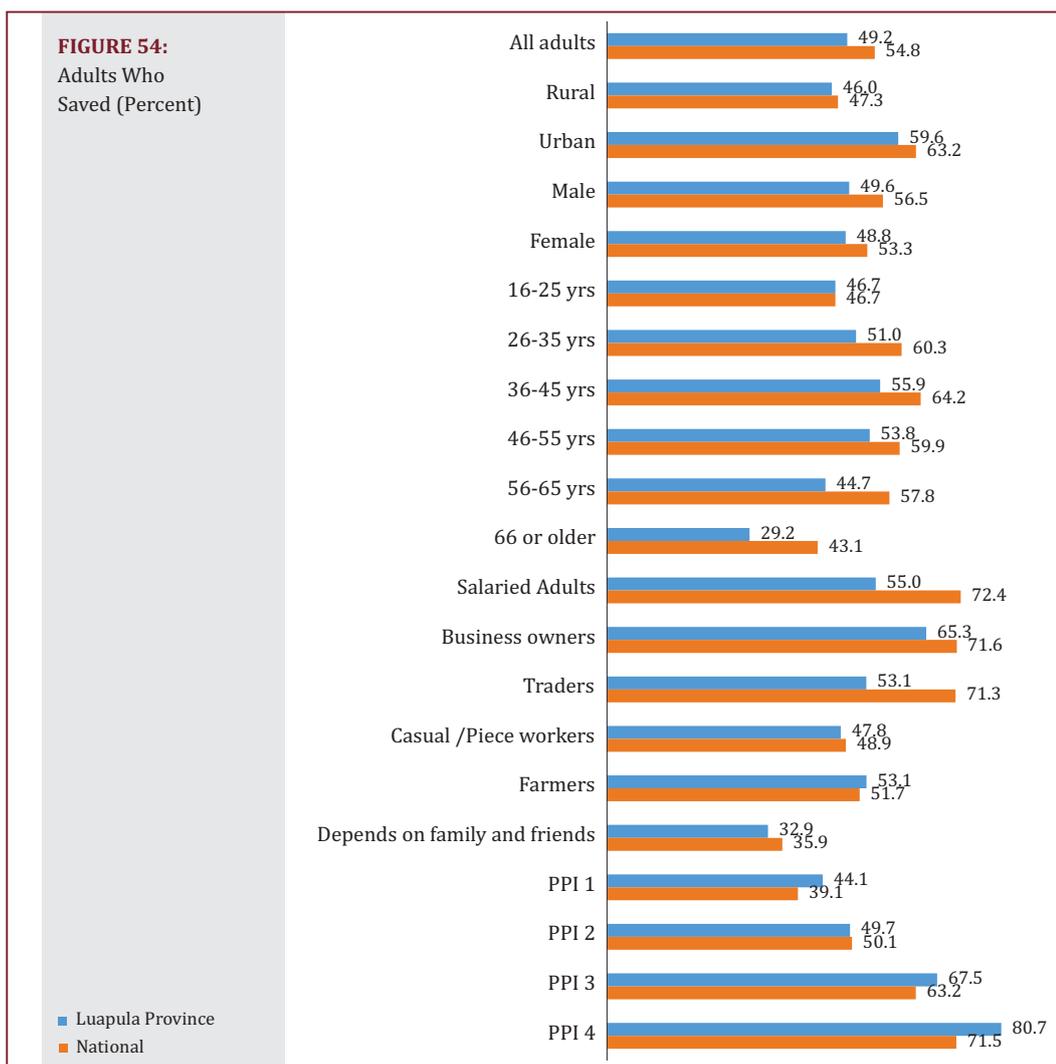
Figure 53 shows that most adults (43.8 percent) defined saving as, “putting money somewhere to keep it safe” while 28.0 percent indicated that saving meant “keeping money somewhere to avoid spending it”.



9.4.2 Adults Who Saved

Figure 54 shows that 49.2 percent of adults indicated that they saved. These were highest amongst:

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



9.4.3 Drivers of Savings

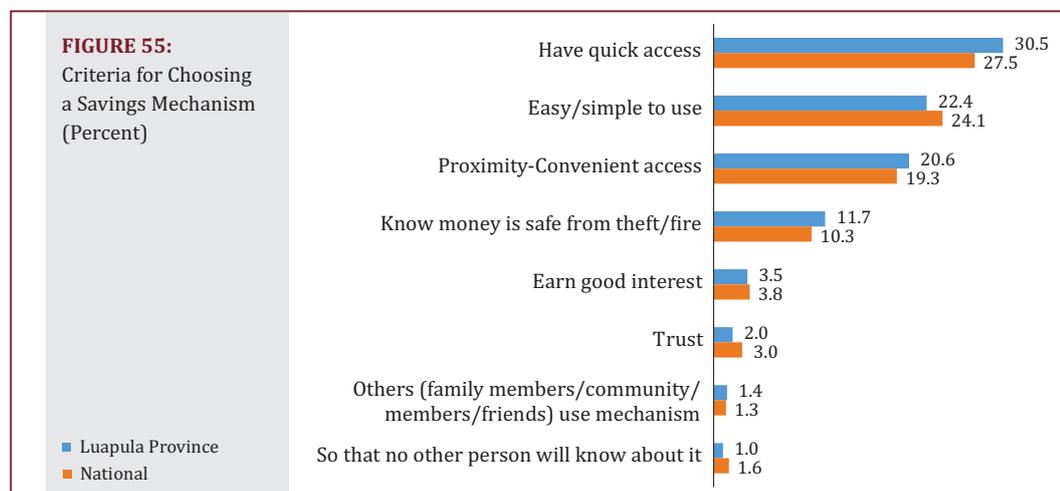
The findings summarised in Table 23 indicate that most adults saved in order to smoothen cash-flow mainly for living and farming expenses.

TABLE 23: MAIN DRIVERS OF SAVING (PERCENT)

Purpose	Drivers	Adults
Cash-Flow Management	Living expenses for when you do not have money	76.6
	Education or school fees	21.5
	Farming expenses such as seeds or fertilizer	65.7
	Business expenses such as additional stock	55.1
Risk Management	Medical expenses	39.6
	Funeral expenses	17.6
Investing	Buying business equipment such as a printer or sewing machine etc.	2.2
Assets and Productive Activities	Buying a bicycle, motorcycle, car, truck or other means of transport for personal use	0.6
	Starting or expanding business	8.6

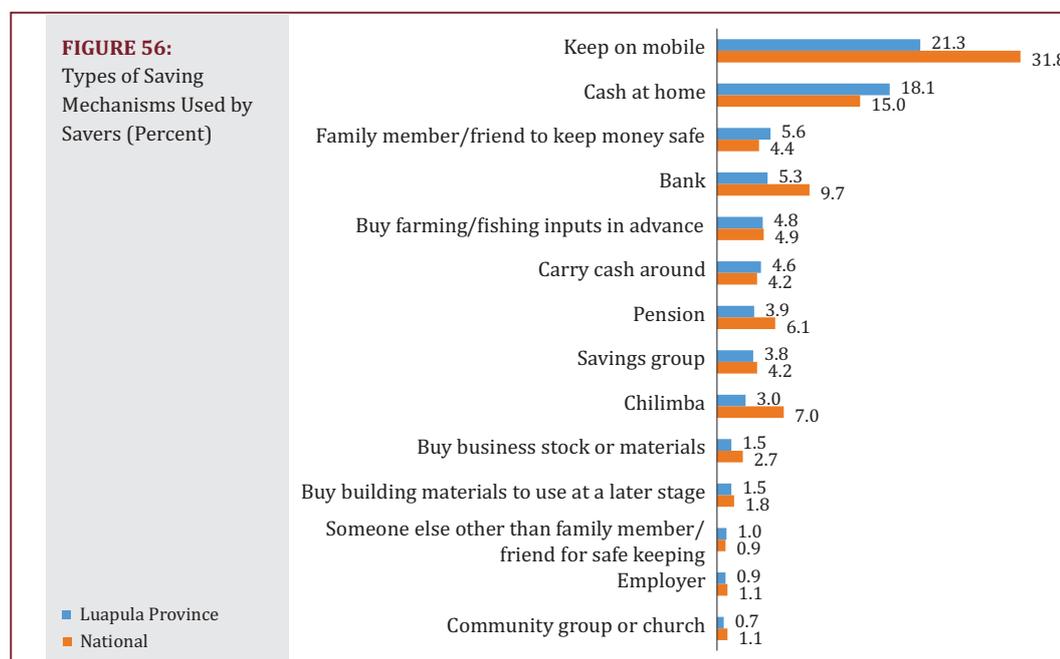
9.4.4 Criteria for Choosing a Saving Mechanism

Figure 55 shows that the most important criteria for choosing saving mechanisms were quick access (30.5 percent), followed by ease of use (22.4 percent) and proximity (20.6 percent).



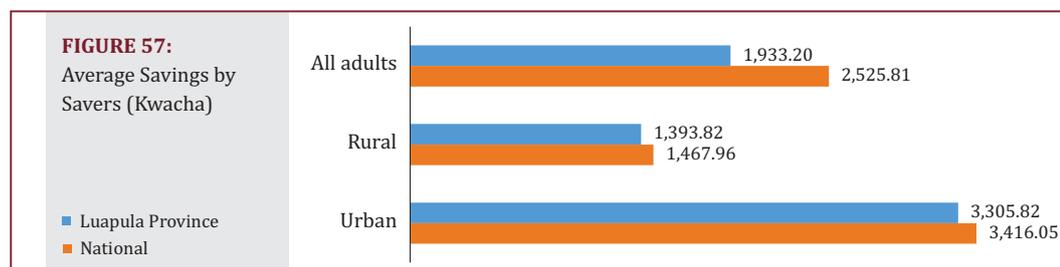
9.4.5 Types of Saving Mechanisms

Figure 56 illustrates that 21.3 percent of adults used mobile money services to save while 18.1 percent kept cash at home. Further, only 5.3 percent of adults saved with commercial banks.



9.4.6 Average Savings

Figure 57 shows that the average amount of money saved by adults was K1,933.20. Adults in urban areas saved more than twice as much as those in rural areas.



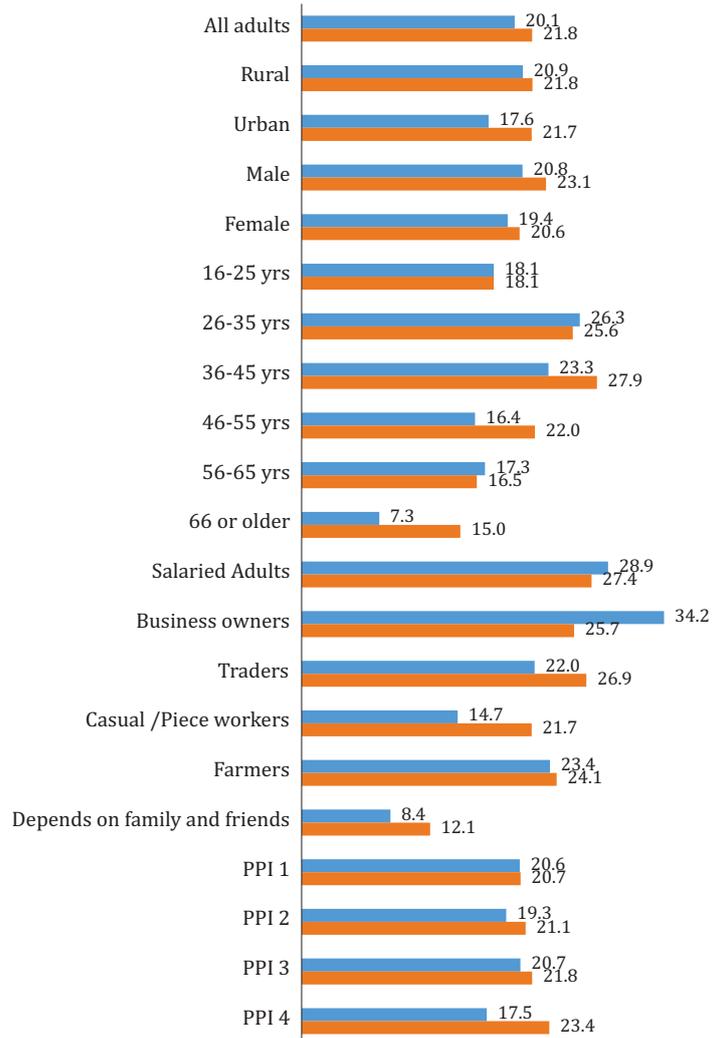
9.5 Credit Services

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

In the 12 months period prior to the Survey, 20.1 percent of adults accessed credit from both formal and informal sources (Figure 58). These were highest amongst:

- Rural based adults;
- Males;
- Adults of age 26 – 35 years;
- Business owners; and
- Households in the lowest and middle-income quintiles of PPI 1 and PPI 3, respectively.

FIGURE 58:
Adults Who Borrowed
in the 12 Months
Period Prior to the
Survey (Percent)

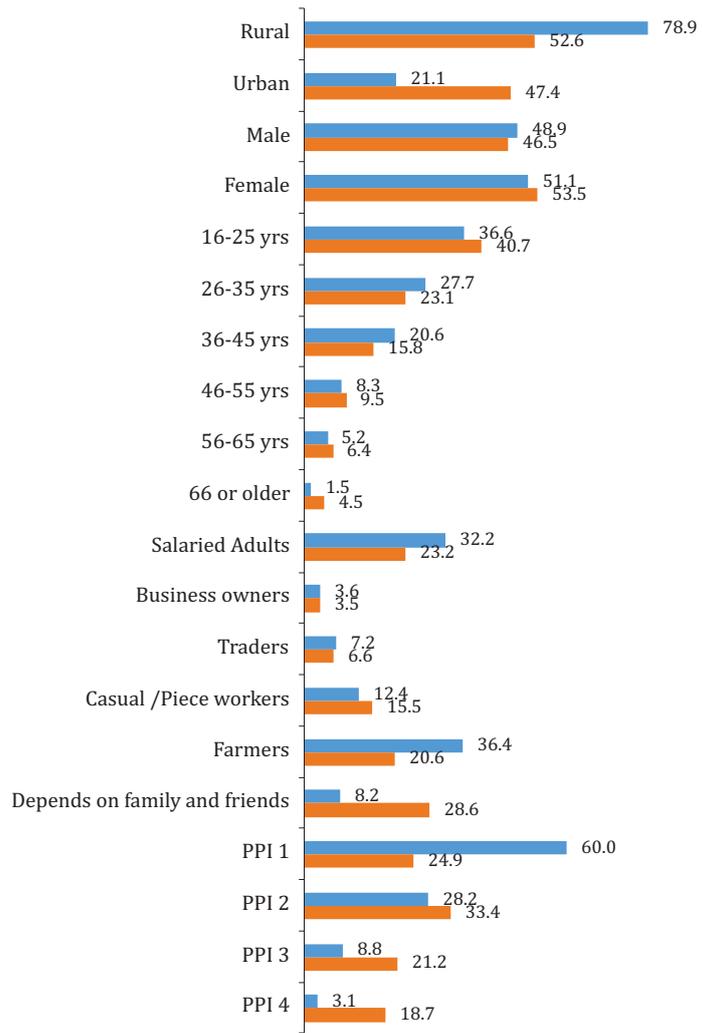


9.5.2 Adults Who Did Not Borrow in the 12 Month Prior to the Survey

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

- Rural based;
- Females;
- Of age 16 – 25 years;
- Salaried workers; and
- From households in the lowest income quintile of PPI 1.

FIGURE 59:
Adults Who Did Not
Borrow in the 12-Month
Period Prior to the
Survey (Percent)



9.5.3 Drivers of Borrowing

Table 24 indicates that 81.2 percent of adults borrowed to cater for farming expenses while 81.0 percent borrowed to pay for living expenses.

TABLE 24: DRIVERS OF BORROWING (PERCENT)

Purpose	Driver	Adults
Cash-Flow Management	Living expenses for when you do not have money	81.0
	Education or school fees	16.4
	Farming expenses such as seeds or fertilizer	81.2
	Business expenses such as additional stock	53.6
Risk Management	Funeral expenses	4.8
	Medical expenses	9.1
Investing	Buying business equipment such as a printer or sewing machine etc.	4.1
Assets and Productive Activities	Starting or expanding business	8.7
	Buying land	10.4

9.5.4 Criteria for Choosing a Lender

The most important criteria for choosing a lender were proximity and ease of use (Figure 60).

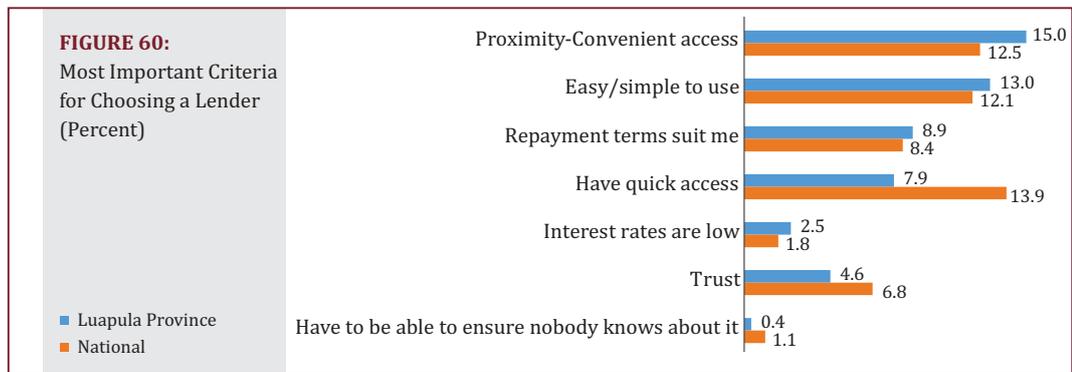
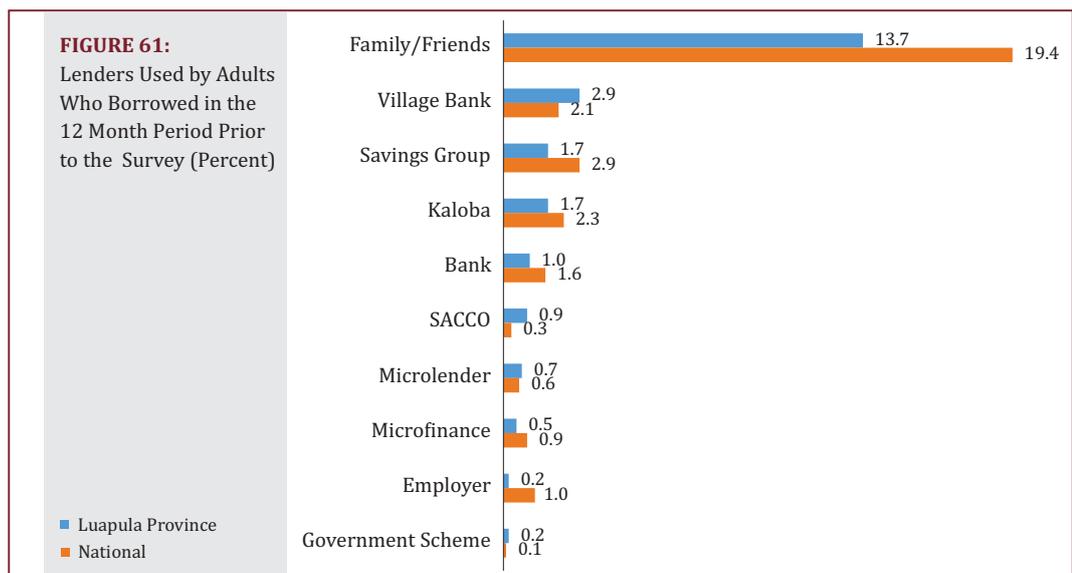


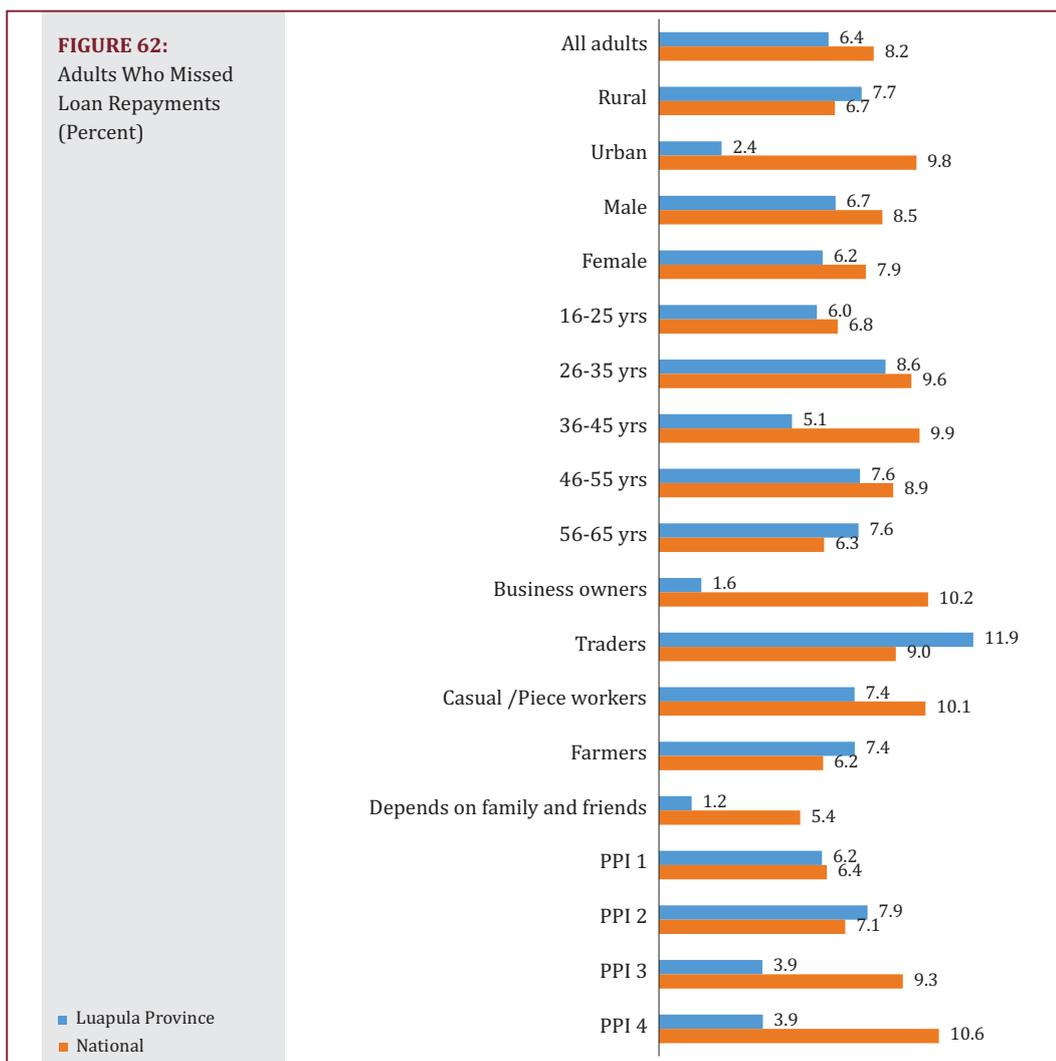
Figure 61 shows that 13.7 percent of adults preferred to borrow from family and friends. Only one percent of adults borrowed from commercial banks.



9.5.5 Adults who Missed Loan Repayments

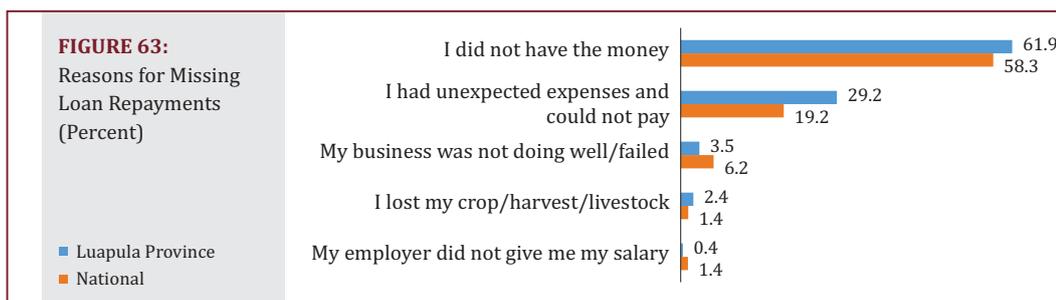
The Survey showed that 6.4 percent of the adults who borrowed from formal FSPs missed at least one loan repayment (Figure 62). These were mostly amongst:

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



9.5.6 Reasons for Missing Loan Repayments

As illustrated in Figure 63, most adults (61.9 percent) missed loan repayments because they did not have money to make the repayment.



9.5.7 Adults Denied Loans by Formal FSPs

The survey showed that 33.6 percent of adults who applied for loans from formal FSPs were unsuccessful. The highest percentage of those denied loans was from micro-lenders (Table 25).

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

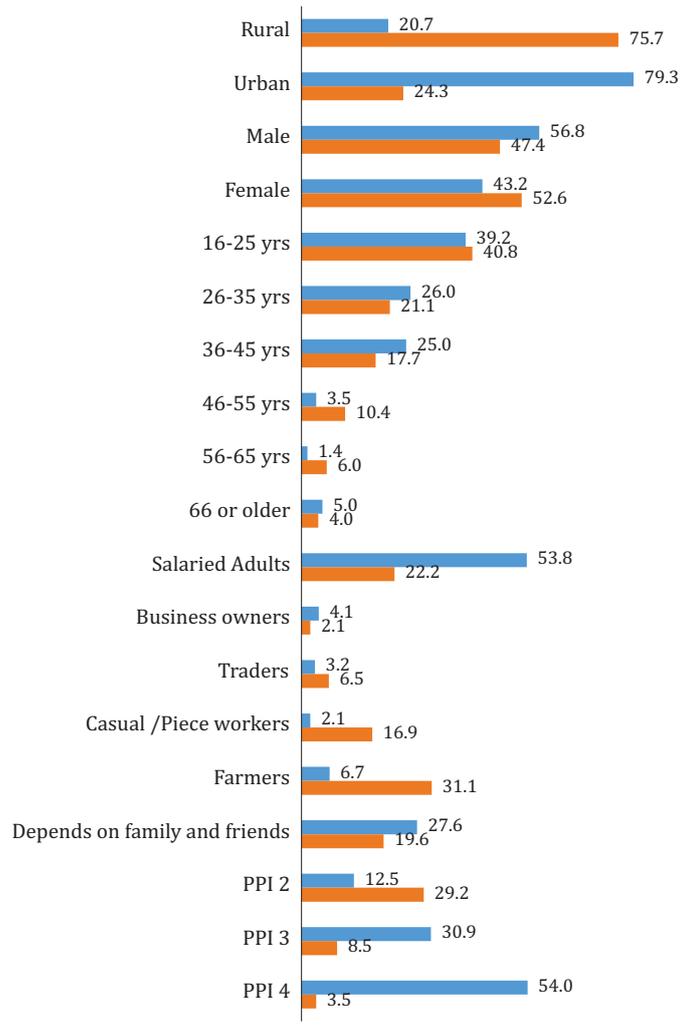
	Adults denied access to loans (Percent)	Main reason
All adults	33.6	Low income
Commercial banks	18.3	Lack of collateral
		No credit history
Microfinance institutions	44.6	Lack of collateral
		No correct documentation
Micro-lenders	59.7	No specific reason

9.5.8 Awareness of the Credit Reference Bureau (CRB)

The Survey indicated that only 4.3 percent of adults in the Province were aware of the Credit Reference Bureau. Figure 64 illustrates that these adults were more likely to be:

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

FIGURE 64:
Adults Aware
of the CRB (Percent)



9.6 Insurance Services

The Survey indicated that 4.1 percent of adults in the Province used insurance services. As shown in Figure 65, these adults were more likely to be:

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

FIGURE 65:
Adults Who Used
Insurance Services
Compared to National
Levels (Percent)

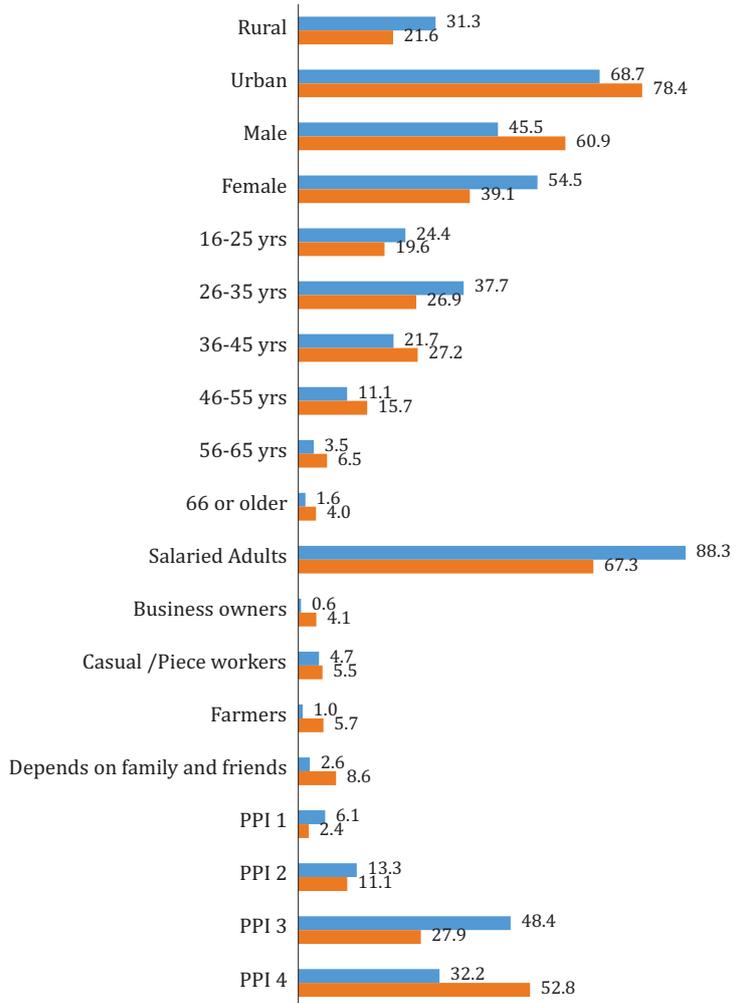
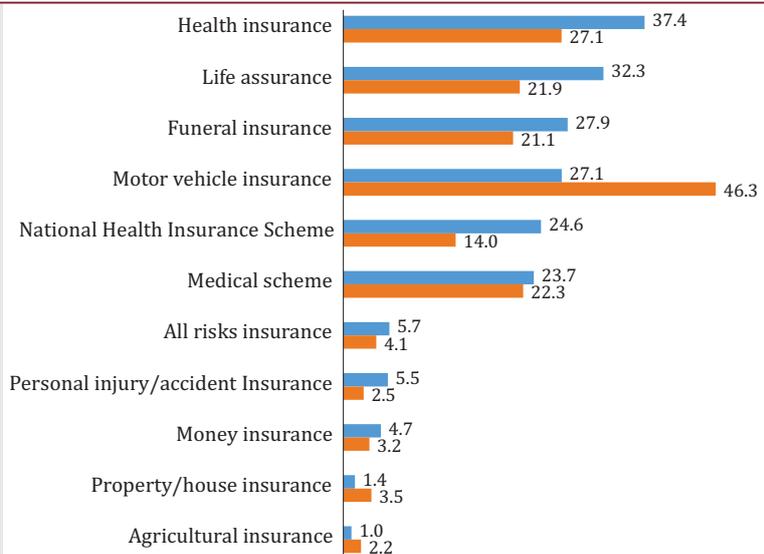


Figure 66 illustrates that the most widely used insurance service was health insurance at 37.4 percent. This was followed by life assurance (32.3 percent), funeral (27.9 percent) and motor vehicle insurance (27.1 percent).

FIGURE 66:
Type of Insurance
Services Used by
Adults (Percent)



9.7 Pension Services

The Survey revealed that 4.6 percent of adults contributed to a pension scheme compared with 8.2 percent at national level. Figure 67 shows that most adults contributed to both public and private pension schemes.

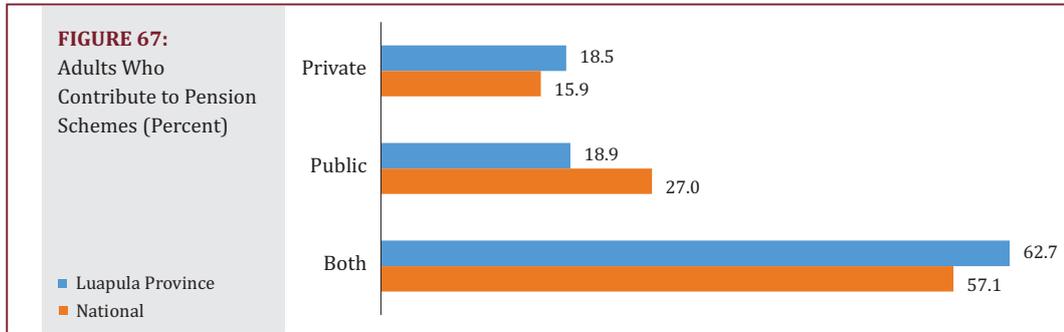
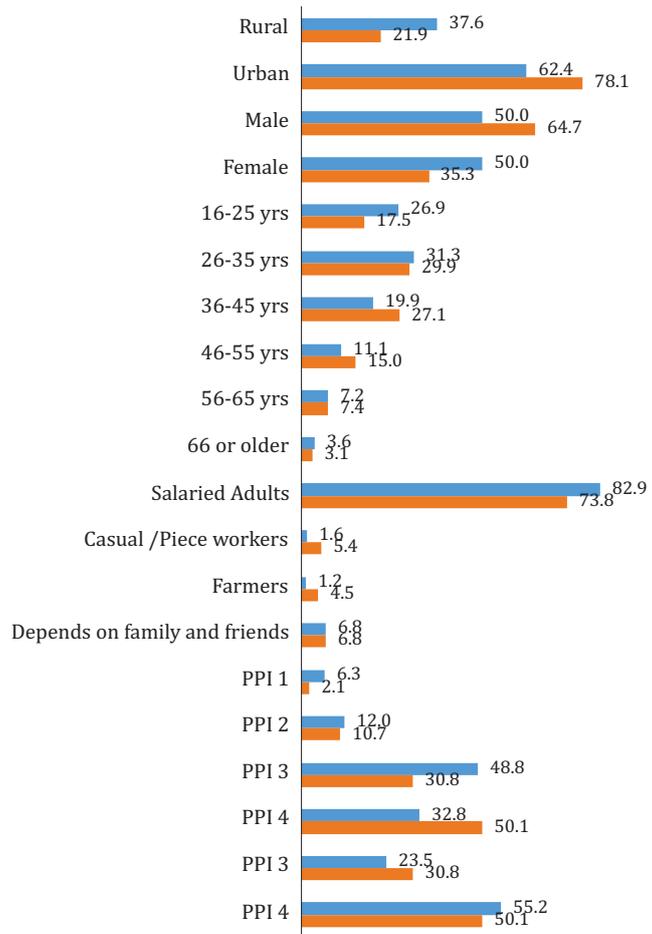


Figure 68 illustrates that adults who contributed to a pension scheme were more likely to be:

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

FIGURE 68:
Profile of Adults Who
Contributed to Pension
Schemes (Percent)

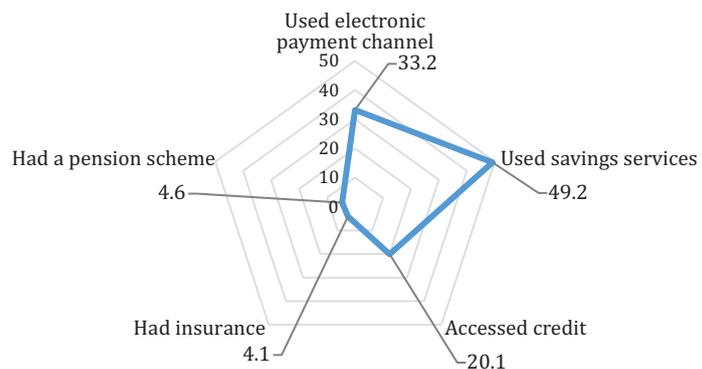


9.8 Landscape of Access

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

- Savings (49.2 percent);
- Electronic payment methods (33.2 percent);
- Credit (20.1 percent);
- Pension (4.6 percent); and
- Insurance (4.1 percent).

FIGURE 69:
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 build wealth. This measure helps us assess whether higher levels of financial inclusion are enabling households to have better financial health. It also provides the Government and financial stakeholders with information that can help devise measures for economic recovery.

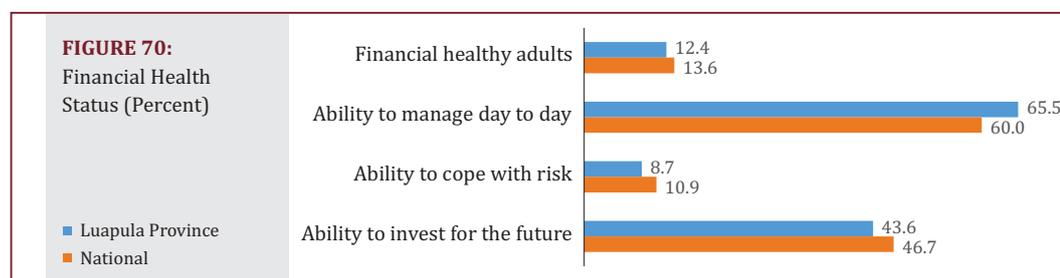
Financial health is measured by a multi-dimensional score made up of three dimensions:

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

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

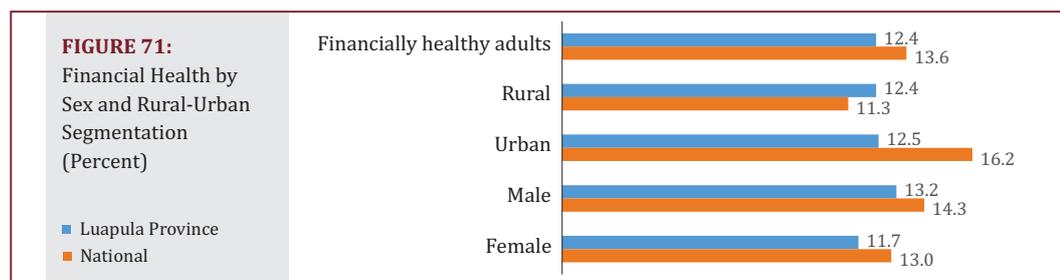
10.1 Financial Health Status

The Survey indicated that the level of financial health in the Province was low, at 12.4 percent compared with 13.6 percent at national level (Figure 70).



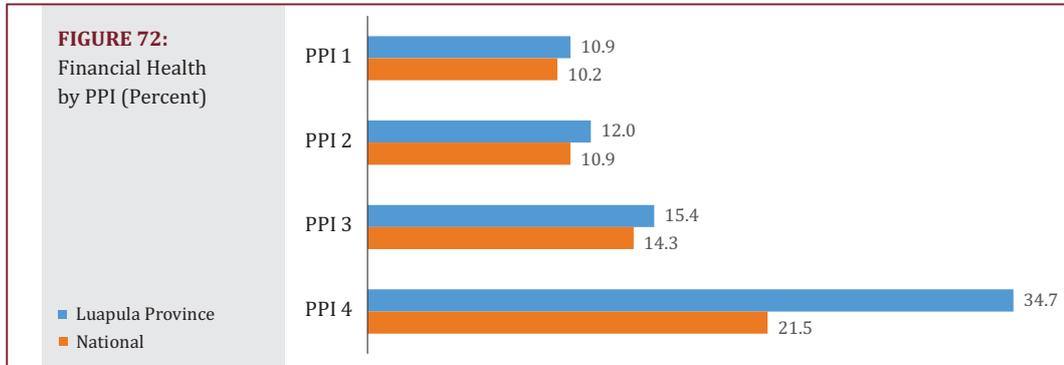
10.1.1 Financial Health by Sex and Rural/Urban Segmentation

The level of financial health was nearly the same for adults in rural (12.4 percent) and urban (12.5 percent) areas. Further, males were more financially healthy at 13.2 percent than females at 11.7 percent (Figure 71).



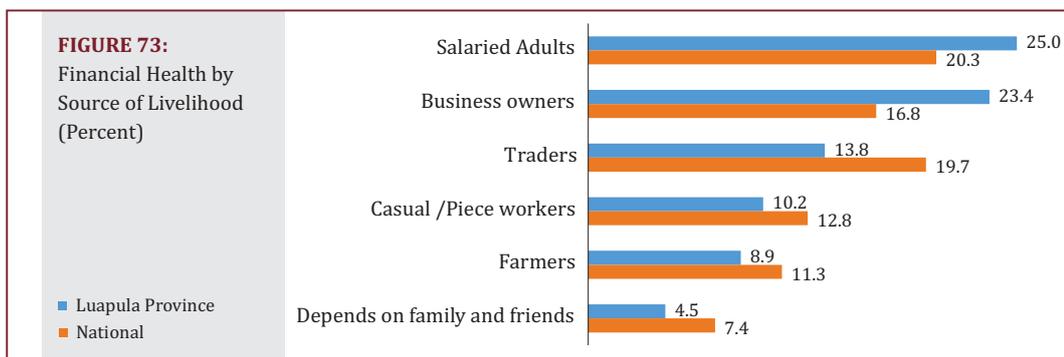
10.1.2 Financial Health by the Progress Out of Poverty Index (PPI)

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



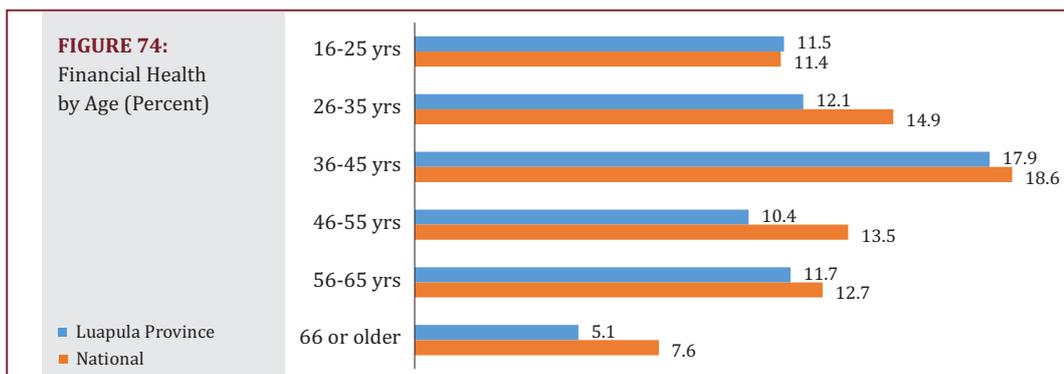
10.1.3 Financial Health by Source of Livelihood

With regard to the source of livelihood, salaried workers were the most financially healthy in the Province at 25.0 percent, while those who depended on family and friends recorded the least level of financial health at 4.5 percent (Figure 73).



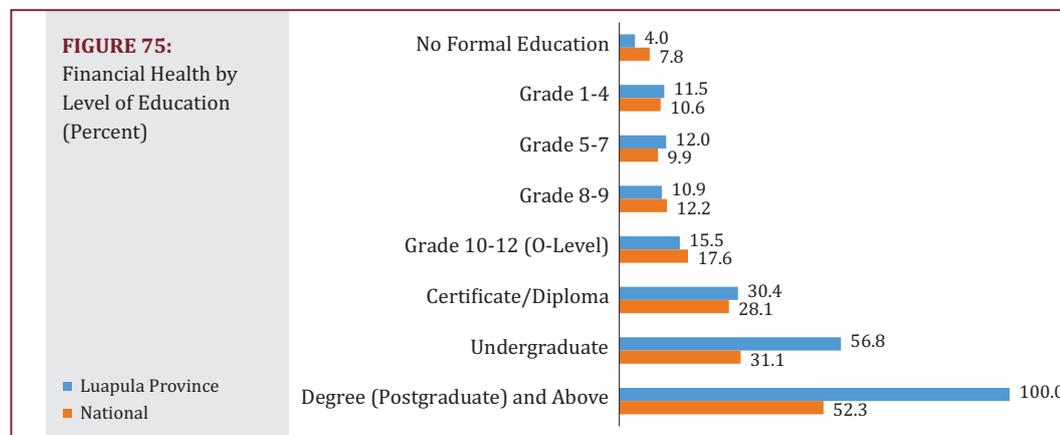
10.1.4 Financial Health by Age

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



10.1.5 Financial Health by Level of Education

The level of financial health in the Province generally improved with the progression in the level of education and was consistent with the national pattern (Figure 75).



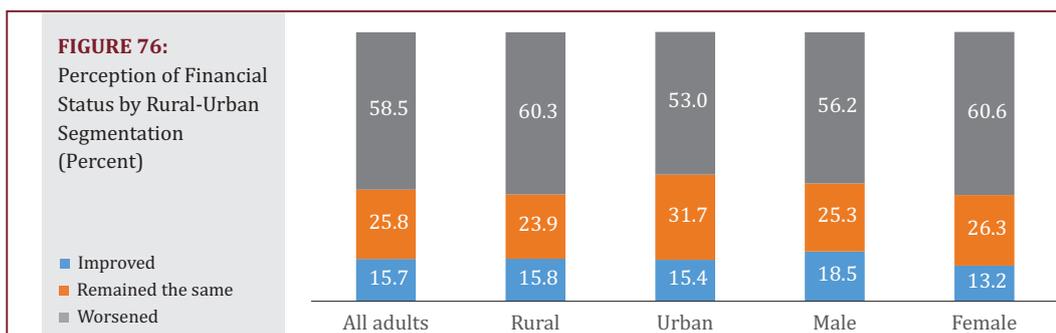
10.2 Self-Reported Financial Status

10.2.1 Financial Status Perception by Rural/Urban Segmentation and Sex

With respect to self-reported financial status, 58.5 percent of adults indicated that their financial status had worsened in the 12 months prior to the Survey. Further, 25.8 percent reported that their financial status had remained the same. Only 15.7 percent of the adults reported that their financial status had improved.

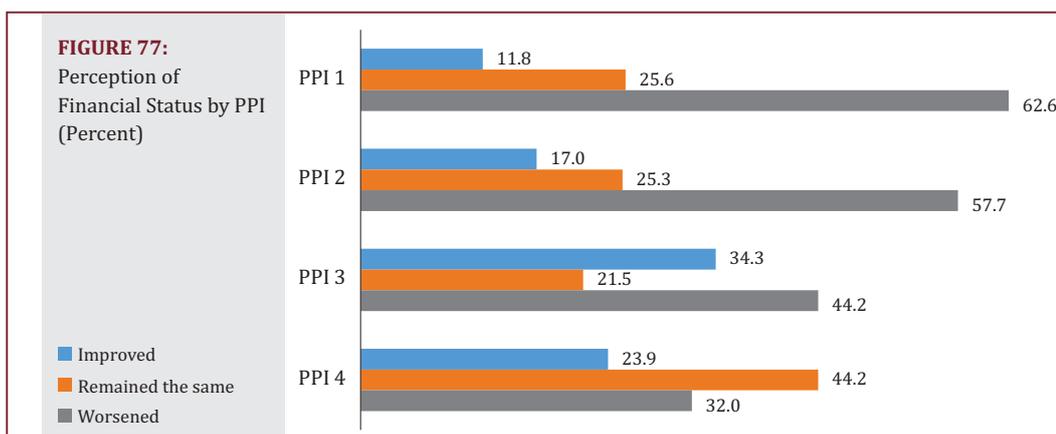
In terms of regional distribution a higher percentage of adults in rural areas perceived that their financial status had worsened compared to those in urban areas. In contrast, there were more adults in urban areas who reported that their financial status had remained the same than in rural areas.

The findings further showed that more females perceived that their financial status had either worsened or remained the same compared to males. In contrast, more males than females perceived that their financial status had improved (Figure 76).



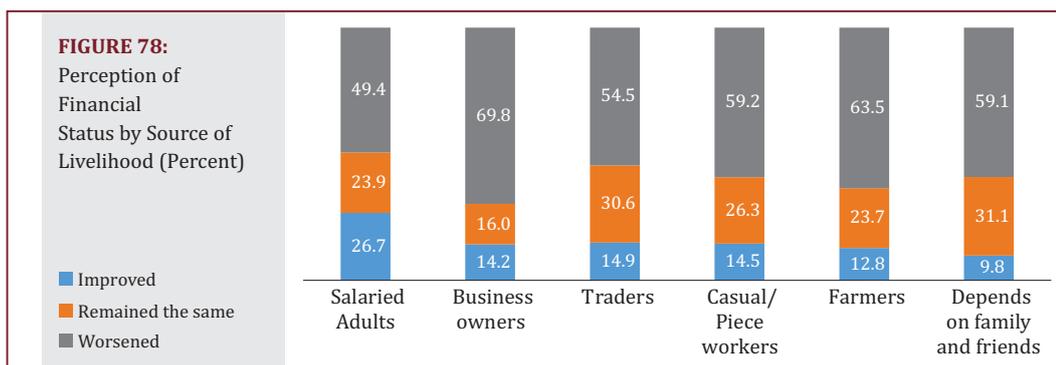
10.2.2 Financial Status Perception and Progress Out of Poverty Index

Figure 77 shows that the highest percentage of adults who perceived that their financial status had worsened were in PPI 1 while those who perceived that their financial status had remained the same were in PPI 4. Further, adults who perceived that their financial status had improved were mostly in PPI 3.



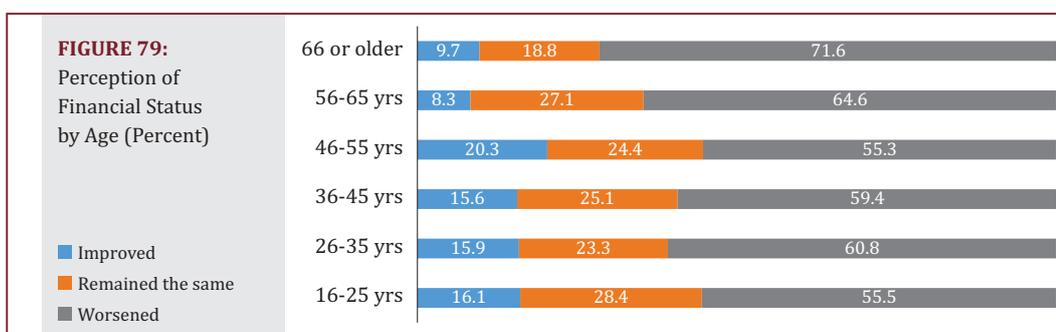
10.2.3 Financial Status Perception by Source of Livelihood

Figure 78 shows that the highest percentage of adults who perceived that their financial status had worsened were amongst business owners. The highest percentage of adults who perceived that their financial status had remained the same, were mostly amongst traders and those who were dependent on family and friends. Further, the highest percentage of adults who perceived that their financial status had improved were amongst salaried employees.



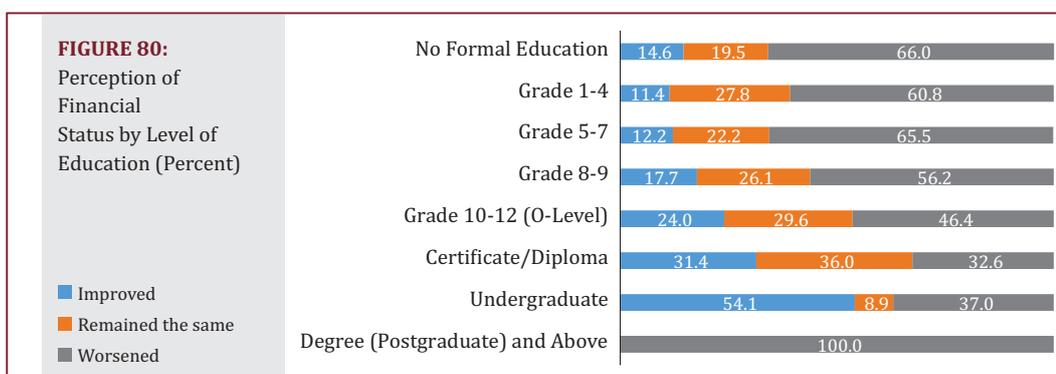
10.2.4 Financial Status Perception by Age

Figure 79 shows that the highest percentage of adults who perceived that their financial status had worsened were in the age group 66 years or older. For those who perceived that their financial status remained the same, most were in the age group 16 - 25 years. Further, the highest percentage of adults who perceived that their financial status had improved was in the age group 46 - 55 years.



10.2.5 Financial Status Perception by Level of Education

As illustrated in Figure 80, the highest percentage of adults who perceived that their financial status had worsened was amongst postgraduate degree holders or higher. For those who perceived that their financial status had remained the same, the highest percentage had achieved certificate/diploma level of education. Further, the highest percentage of adults who perceived that their financial status had improved was amongst those who had achieved undergraduate degree level of education.

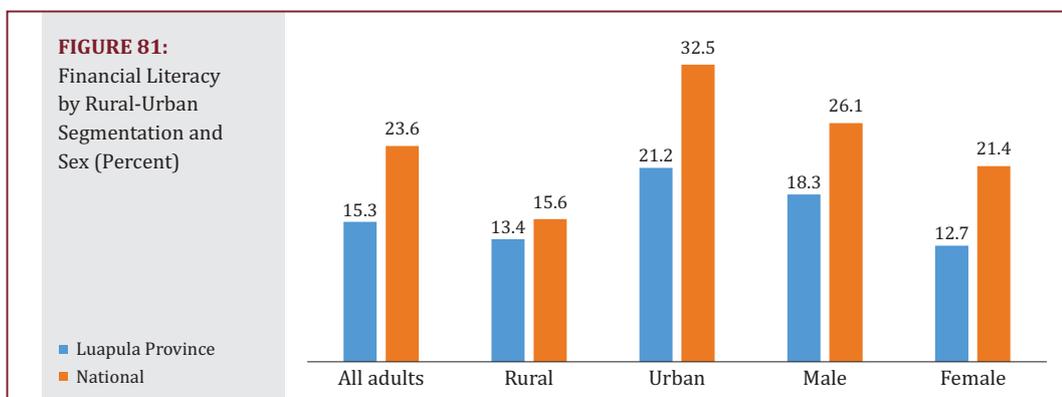


11.0 FINANCIAL LITERACY

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

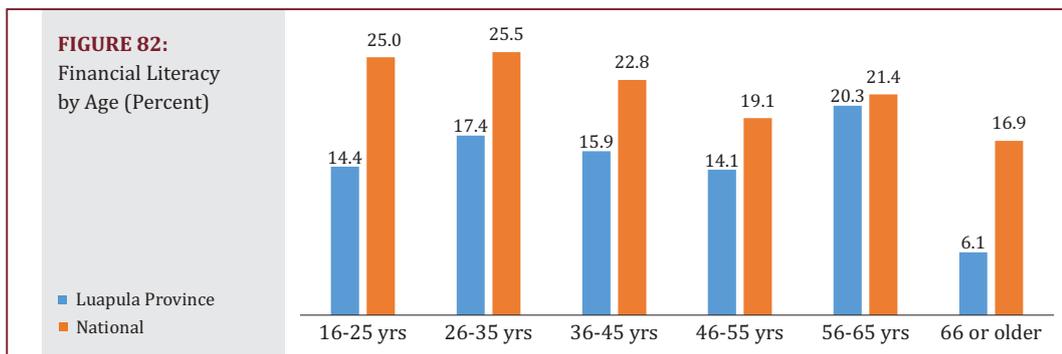
11.1 Financial Literacy by Rural-Urban Segmentation and Sex

Results of the Survey indicated that 15.3 percent of the adult population in Luapula Province was financially literate compared with 23.6 percent at national level. These adults were mostly amongst those in urban areas and males (Figure 81).



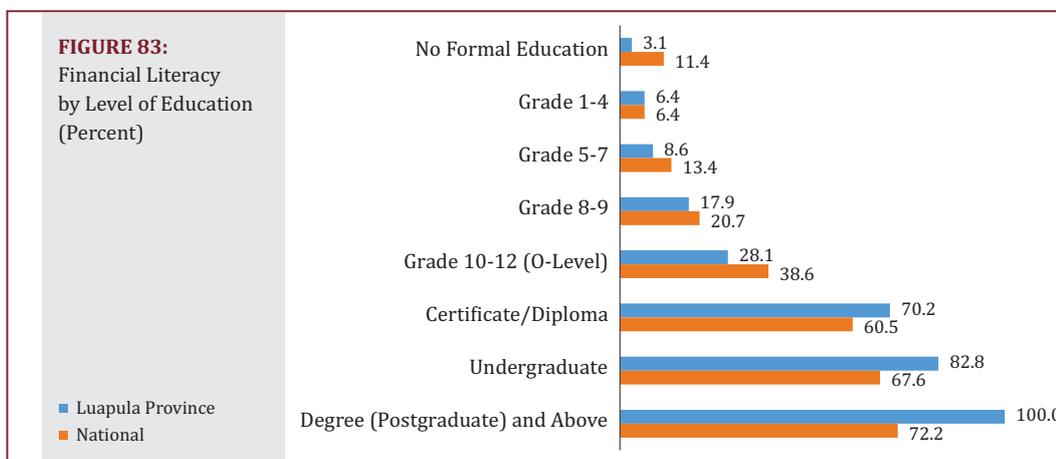
11.2 Financial Literacy by Age

The highest level of financial literacy was amongst adults in the age group 56 – 65 years, while the least financially literate adults were in the age group 66 years or older (Figure 82).



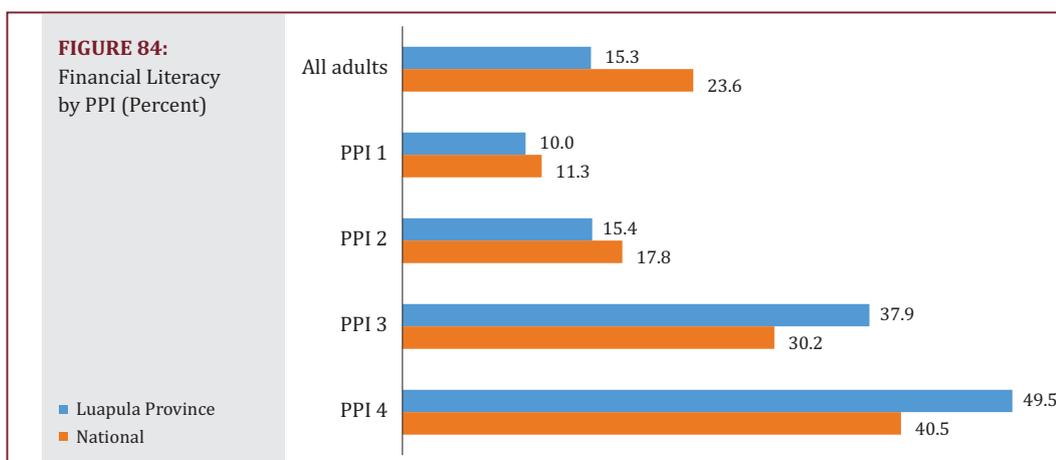
11.3 Financial Literacy by Level of Education

Financial literacy was highest amongst adults who had achieved post-graduate degree level of education (Figure 83).



11.4 Financial Literacy by Progress Out of Poverty Index

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

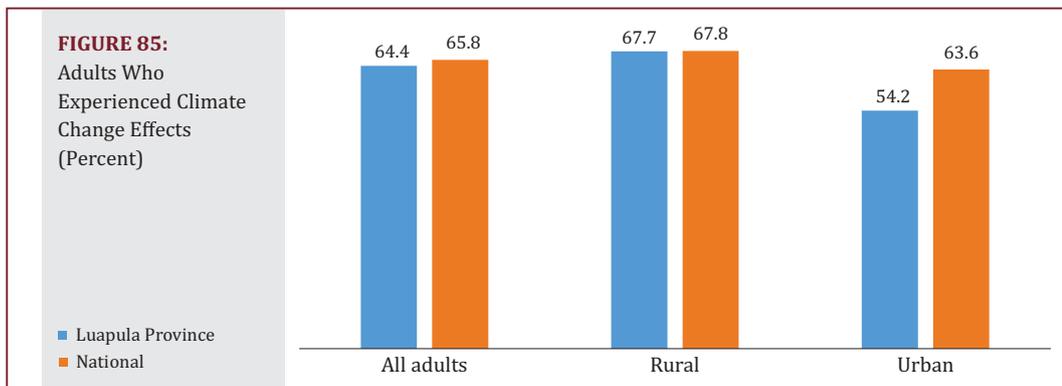


12.0 CLIMATE CHANGE

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

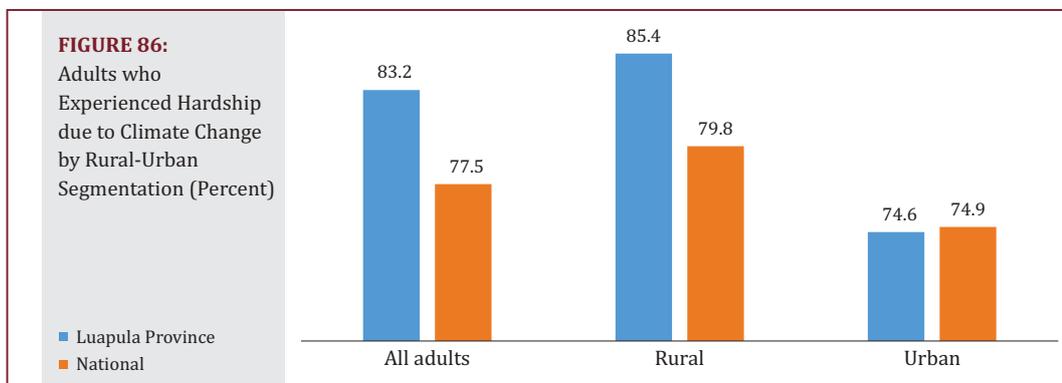
12.1 Climate Change Experience

Figure 85 illustrates that 64.4 percent of adults in the Province experienced effects of climate change. Further, a higher percentage of adults in rural areas experienced climate change effects than those in urban areas.



12.2 Adults who Experienced Hardship due to Climate Change

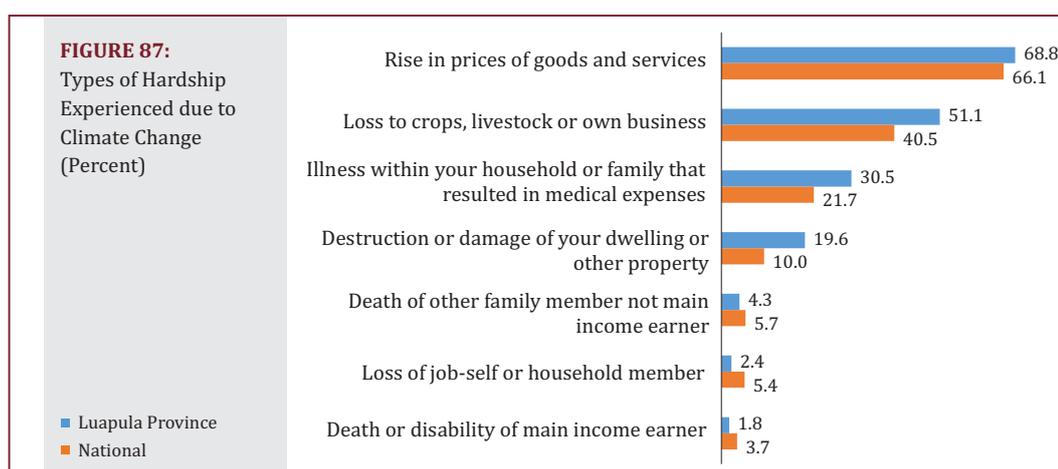
The findings indicated that 83.2 percent of adults in the Province experienced hardships due to climate change and most of these resided in rural areas (Figure 86).



12.3 Types of Hardships Experienced due to Climate Change

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

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

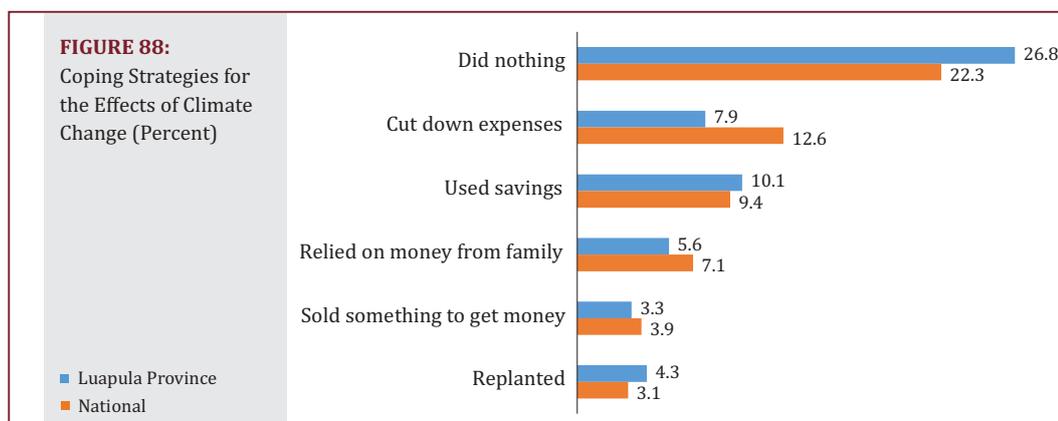


12.4 Coping Strategies for the Effects of Climate Change

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

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

However, 26.8 percent of adults had no coping strategies for the effects of climate change (Figure 88).

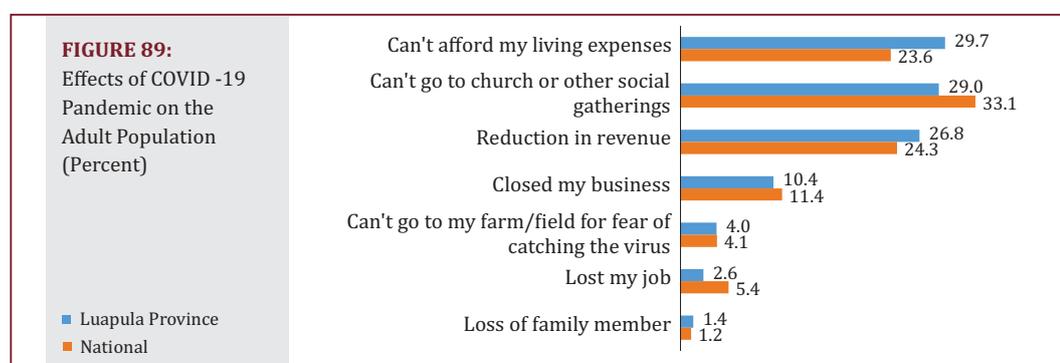


13.0 COVID-19 PANDEMIC

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

13.1 Effects of Covid-19 Pandemic on the Adult Population

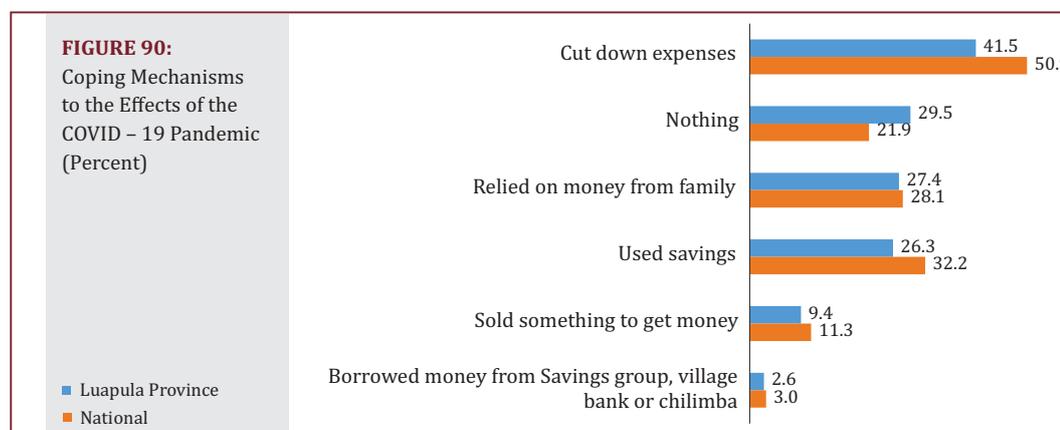
The main effects of the COVID – 19 pandemic reported by adults in the Province were failure to meet living expenses, restriction on church attendance or other social gatherings and reduction in revenue (Figure 89).



13.2 Coping Mechanisms against Effects of the COVID – 19 Pandemic

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

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



14.0 CONCLUSION AND RECOMMENDATIONS

The FinScope 2020 Survey showed that Luapula Province had the second lowest levels of financial inclusion amongst all provinces at 58.5 percent compared with 69.4 percent at national level.

The Survey also indicated that less than 50.0 percent (48.4 percent) of adults had or used formal financial services compared with 61.3 percent at national level. Further, the level of formal inclusion was the same for males and females but higher in urban areas (74.5 percent) compared with rural areas (40 percent).

The uptake of pension and insurance services was lower than the national level of 8.2 percent and 6.3 percent as more than half of the population had never heard of insurance and were unemployed. Therefore, more is required to raise awareness and the productive capacity in Luapula Province.

The percentage of adults who were financially healthy, at 12.4 percent was lower than the estimate at national level of 13.6 percent. This was attributed to less adults having the ability to cope with risk and invest for the future. Similarly, financial literacy (15.3 percent) was lower than the national level (23.6 percent). Therefore, more effort is required to raise the level of economic activity, financial literacy and financial health in the Province.

With regard to climate change, 64.4 percent of adults in the Province experienced effects of climate change compared with 65.8 percent at national level. This was mostly amongst those from rural areas. The main types of hardship experienced due to climate change were the rise in prices of goods and services and the loss of crops/livestock/own business.

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

Financial inclusion can contribute to helping the most vulnerable communities to build resilience as well as mitigate losses caused by climate change and the impact of the COVID -19 pandemic. Therefore, a more coordinated approach by the Government and financial sector stakeholders in the Province is required to facilitate provision of appropriate interventions and improved access to financial services.

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

1. Development of strategic partnerships to facilitate financial education and awareness campaigns on various financial products and services, including insurance and capital markets, as well as on the usage of digital financial services;
2. Promotion of innovation, FinTech and targeted design of affordable products/services leveraging on digital platforms;
3. Coordinated fraud and cyber security awareness programs by financial service providers, regulators and other stakeholders;
4. Rural finance initiatives to empower productive capacity of poor communities, particularly farmers and the SME sector;
5. Collaboration between Government, donors and stakeholders to support SMEs development targeting, capacity building (basic business skills, financial education) and financial support such as credit guarantee schemes to empower productive activities particularly by the youth and women, hence contributing to economic growth and poverty reduction;

6. Collaboration of private sector and the Government to improve widespread access of affordable mobile phones, which was the main barrier to usage of digital financial services;
7. Collection of financial sector data and conducting research studies for greater understanding of behavioural patterns to facilitate evidence-based policies/strategies/initiatives for increasing financial inclusion;
8. Development of infrastructure to support implementation of widespread digital systems and financial access points at affordable pricing across the country; and
9. Implementation of sustainable green finance policies/strategies to mitigate 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 81	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 50	Figure 55





Cooperating Partners:

