



Cooperating Partners:



FINSCOPE ZAMBIA

2020 SURVEY PROVINCIAL REPORT



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Bank of Zambia



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FOREWORD

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

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



The FinScope 2020 Survey was the first to be managed and conducted by a local project team. It was also the first time that a detailed report was produced for each province. Survey findings showed that Lusaka Province had the highest level of financial inclusion amongst all the provinces at 87.4 percent, driven mainly by the uptake of mobile money services. This level of inclusion was also above the national level of 69.4 percent and the NFIS 2022 target of 80 percent. Further, female and rural inclusion exceeded the NFIS 2022 targets of 80 percent and 75 percent, respectively.

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

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

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

Dr. Denny Kalyalya
GOVERNOR

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ACRONYMS AND ABBREVIATIONS

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

DEFINITIONS

Access strand	A measurement of financial access across the formal and informal institutional provider groups.
Adult	A person of age 16 years and above for the purposes of this survey.
Banked	Individuals using one or more financial products/services supplied by commercial banks.
Chilimba	This is an informal savings activity practised in Zambia, involving a group of people who agree to make regular, fixed cash contributions which go to each member, in a pre-determined order.
Credit	Obtaining funds or goods by a borrower from a lender with the promise of repayments of principal and in most cases, interest as well as arrangement charges at an agreed future date or period.
Demand-side barriers	Characteristics inherent to individuals that prevent them from accessing financial products/services, such as perceived insufficient income, low levels of financial literacy, long distance to access points and lack of trust in financial institutions.
Financial access landscape	A measurement of usage of both formal and informal financial products/services across the main categories of financial services: savings, credit, payments, insurance and investments.
Financial health	The ability to manage expenses, prepare for and recover from financial shocks, have minimal debt, and ability to build wealth for the future.
Financial inclusion	Access to and informed usage of a broad range of quality and affordable savings, credit, payments, insurance and investment products and services that meet the needs of individuals and businesses (formal or informal).
Financial literacy	Represents the ability to understand personal finance. It refers to awareness and knowledge of key financial concepts required for managing personal finances.
Financial Services Provider	A formal financial institution regulated by either the Bank of Zambia, Pensions and Insurance Authority or Securities and Exchange Commission.
Financially excluded	Individuals who are not using any formal or informal financial product/service.
Financially served	Individuals using one or more formal and/or informal financial products/services.
Financial Technology (FinTech)	Fintech short for Financial Technology refers to the combination of technology and finance to enhance traditional methods of delivering financial services.
Formal other	Financial products/services provided by formal financial institutions other than commercial banks (e.g., capital markets operators, formal payment service providers, insurance companies and microfinance institutions).
Formally included	Individuals using formal financial products/services provided by institutions that are regulated by any of the three financial services 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) target of 2022 was to increase the level of financial inclusion to 80 percent and the level of formal financial inclusion to 70 percent.

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

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

A survey response rate of 97.2 percent was achieved in Lusaka Province from a sample of adults of age 16 years and above in 1,590 households. The survey results indicated that the level of financial inclusion was 87.4 percent out of a population of 1,838,908 adults.

TABLE 1: SUMMARY OF TOP LINE FINDINGS

Description	Lusaka Province	National
Total population ¹ (million)	3.7	17.9
Total adult population (million)	1.84	9.5
Adults living in rural areas (%)	12.4	52.6
Adults living in urban areas (%)	87.6	47.4
Male adults (%)	50.0	47.5
Female adults (%)	50.0	52.5
Level of financial inclusion (%)	87.4	69.4
Financial inclusion amongst males (%)	89.4	71.2
Financial inclusion amongst females (%)	85.4	67.9
Financial inclusion in urban areas (%)	89.0	84.4
Financial inclusion in rural areas (%)	76.3	55.9
Formal financial inclusion (%)	84.2	61.3
Informal financial inclusion (%)	39.0	32.3
Adults financially healthy (%)	17.8	13.6
Adults financially literate (%)	25.9	23.6
Adults who experienced climate change effects (%)	72.4	65.8

The landscape of access for types of financial services showed that most adults used savings products and electronic payment channels, with an uptake of 69.3 percent and 68.6 percent, respectively. However, there was low access to credit, pension and insurance services at 23.9 percent, 13.4 percent and 8.3 percent, respectively.

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

The following were identified as the main barriers to the use of formal financial services by the adult population in Lusaka 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 improving the financial capabilities and inclusion of marginalised adults.

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 and 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 stakeholders² successfully conducted the FinScope Zambia 2020 Survey in September - October 2020.

2.2 Survey and Instrument Design

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

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

2.3 Sampling Frame

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

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

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 – 106 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 1,590 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
Lusaka	85	21	106	1,275	315	1,590

2.5 Fieldwork

Fieldwork was carried out from September to October 2020 over a period of 4 weeks by 36 data collectors. A total of 1,545 face-to-face interviews were conducted representing a 97.2 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 Lusaka Province as well as their income generating activities. Demographics and livelihoods are important for understanding the potential financial landscape. This information can be used for product design, marketing, strategies and policy interventions to expand financial inclusion.

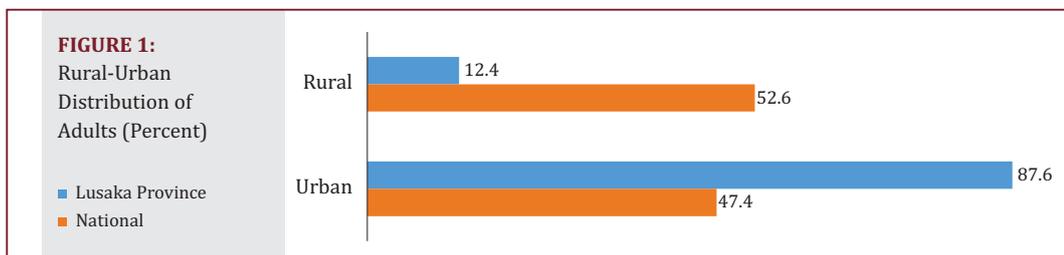
3.1 Adult Population

The adult population was estimated at 1,838,908 in Lusaka, about twenty percent of the total national adult population of 9.5 million. A summary of the demographic characteristics of this population showed that most adults were:

- Predominantly urban-based;
- Of age 35 years or younger; and
- Equally distributed between males and females.

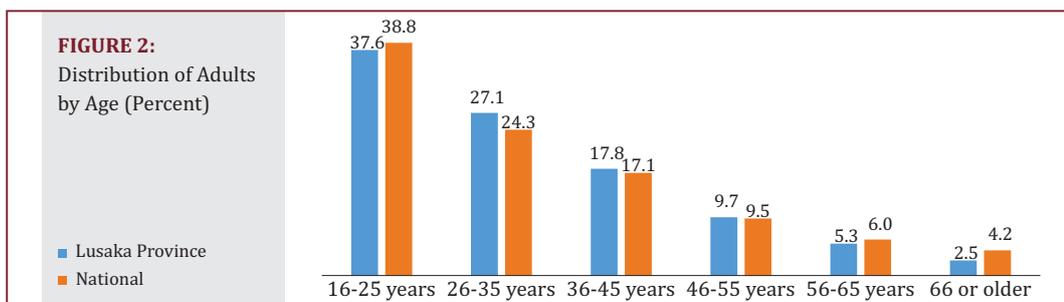
3.1.1 Rural-Urban Distribution of Adults

The Survey showed that 87.6 percent of adults resided in urban areas compared with 12.4 percent in rural areas. It is therefore important to consider this aspect in the development of strategies to increase financial inclusion in Lusaka Province (Figure 1).



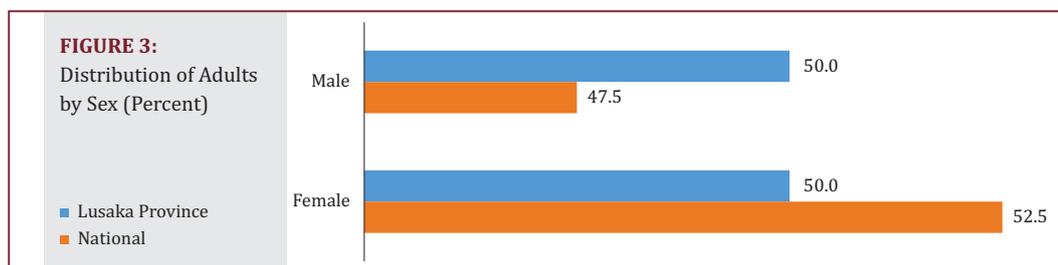
3.1.2 Distribution of Adults by Age

The adult population was largely youthful, of age 35 years or younger, at 64.7 percent (1,189,774). In addition, the percentage of adults in the age group 26 – 35 years was higher than the national level (Figure 2).



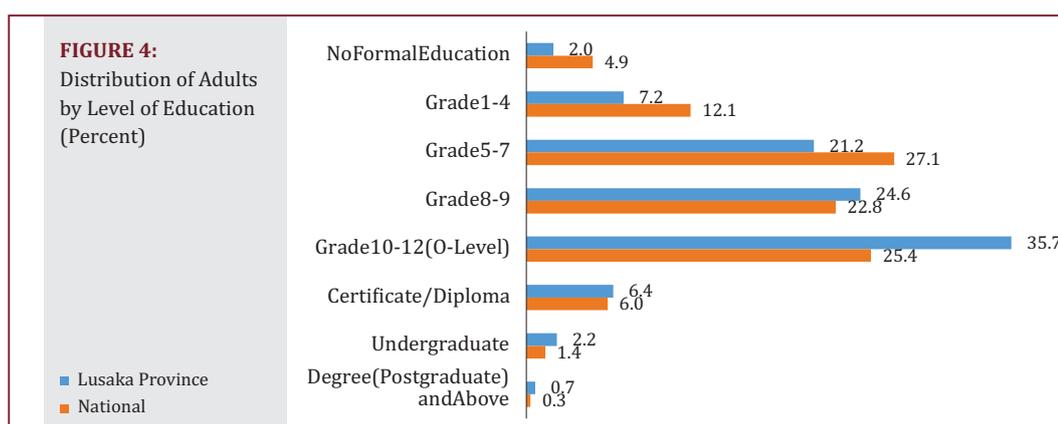
3.1.3 Distribution of Adults by Sex

The percentage of males and females was the same at 50 percent of the total adult population in Lusaka Province. However, at national level there were more females than males (Figure 3).



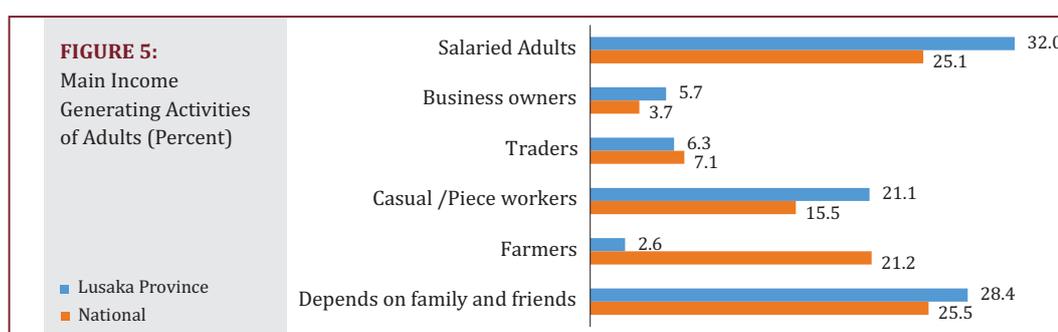
3.1.4 Distribution of Adults by Level of Education

Education levels have substantial influence on the uptake of financial products/services. The Survey showed that 35.7 percent of adults had achieved grade 10 - 12 level of secondary education while 21.2 percent had achieved Grade 5-7 level of primary education. Only 2.2 percent of the adult population had completed an undergraduate degree (Figure 4).



3.2 Main Livelihood and Income Generating Activities

The main income generating activity undertaken by most adults was salaried work (32 percent). Further, 28.4 percent of adults relied on family and friends for income to sustain their livelihood while 21.1 percent relied on casual or piece work (Figure 5).



3.3 Average and Median Income by Main Source of Income

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

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

Source of Income	Lusaka		National	
	Average	Median	Average	Median
Salaried Adults	2,797.44	1,600.00	2,359.94	1,139.09
Business owners	1,343.97	1,500.00	1,564.59	1,000.00
Traders	3,264.03	2,000.00	1,698.17	935.13
Casual /Piece workers	901.36	800.00	661.13	496.91
Farmers	1,816.05	682.84	745.97	400.00
Depends on family and friends	914.09	1,000.00	762.30	440.00

3.3.1 Frequency of Receiving Main Income

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

- Monthly for salaried workers;
- Daily for business owners;
- Annual for farmers ; and
- Occasionally for casual/piece workers, farmers and those who depended on family and friends.

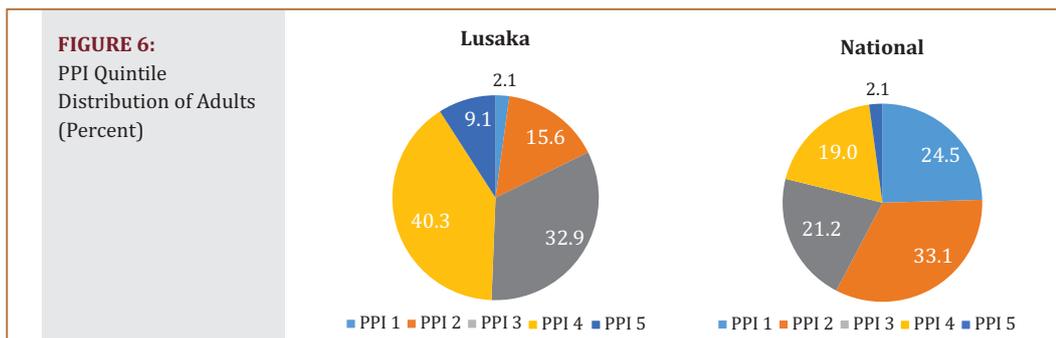
TABLE 4: FREQUENCY OF RECEIVING MAIN INCOME (PERCENT)

Frequency	Salaried Adults	Business owners	Traders	Casual/ Piece workers	Farmers	Depends on family and friends
Daily	17.9	36.5	24.7	11.4	22.9	5.6
Weekly	8.3	20.5	9.4	15.1	14.4	9.6
More than once a month but not weekly	1.9	1.9	9.0	7.0	1.5	3.4
Monthly	63.1	21.9	25.1	25.5	5.3	48.8
Every 2 months	0.3	-	1.0	2.2	1.9	0.8
Annually	0.8	-	2.2	2.5	22.0	0.9
Seasonally	1.2	-	11.3	0.9	6.2	1.3
Occasionally	5.0	17.6	12.8	24.8	24.2	24.5
Upon completion of job	1.4	1.6	4.4	10.7	-	-

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 the high income quintile of PPI 4 (40.3 percent) followed by those in the middle income quintile of PPI 3 (32.9 percent). The percentage of adults in the low-income quintiles of PPI 2 and PPI 1 stood at 15.6 percent and 2.1 percent, respectively. Only 9.1 percent of the adult population was from households in the highest income quintile, PPI 5 (Figure 6).



3.4.1 Average Income of Adults by PPI

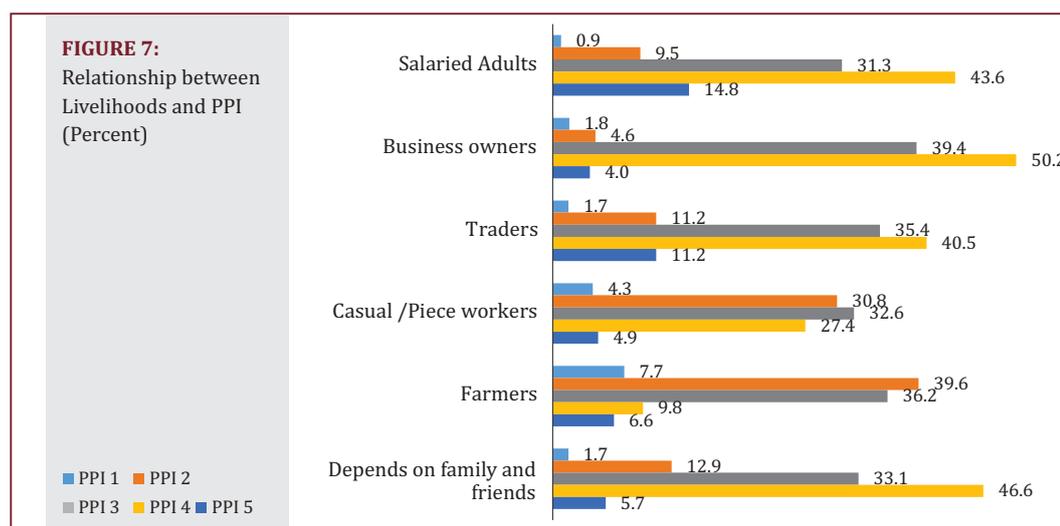
The average incomes per month for all PPI quantiles in the Province were lower than the national average with the exception of PPI 1 (Table 5).

TABLE 5: AVERAGE INCOME BY PPI QUINTILE (ZMW)

Income quintile	Lusaka		National	
	Mean	Median	Mean	Median
PPI 1	1,045.98	700.00	540.80	300.00
PPI 2	732.70	561.58	820.31	462.58
PPI 3	1,473.93	1,000.00	1,690.19	1,000.00
PPI 4	2,517.70	1,500.00	2,886.85	1,500.00
PPI 5	2,639.72	1,700.00	2,739.88	1,500.00

3.4.2 Relationship between Livelihoods and PPI (Percent)

The Surveyed showed that most business owners, salaried workers, adults dependent on family or friends and traders were in PPI 4 (Figure 7).





4.0 FINANCIAL INCLUSION

4.1 Defining Financial Inclusion

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

The benefits of financial inclusion include the ability to:

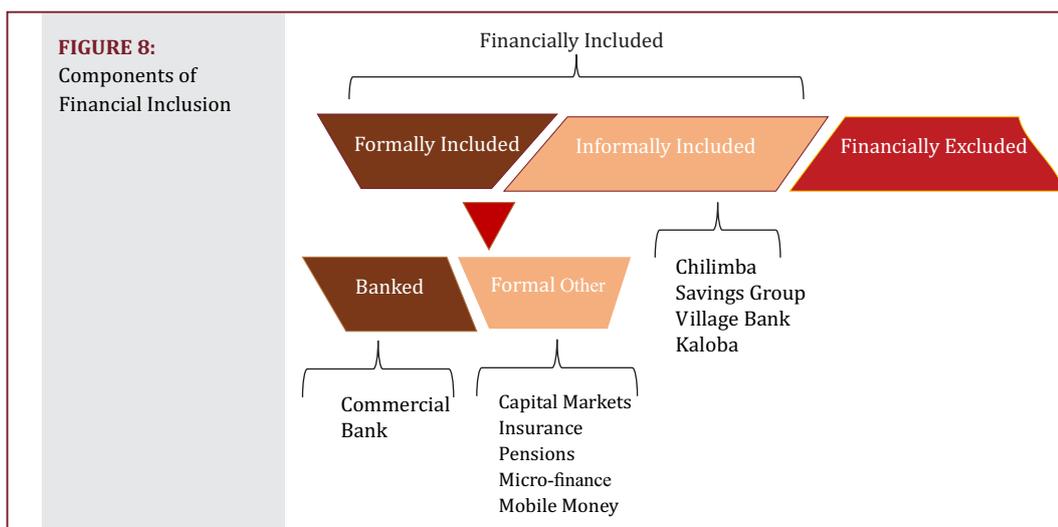
- Make day-to-day transactions, such as sending and receiving money with ease;
- Safeguard savings, which can help households and enterprises to manage cash flow spikes, smoothen consumption and build working capital;
- Access credit to finance micro, small and medium enterprises (MSMEs), helping owners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

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

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

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

³National Financial Inclusion Strategy 2017 - 2022

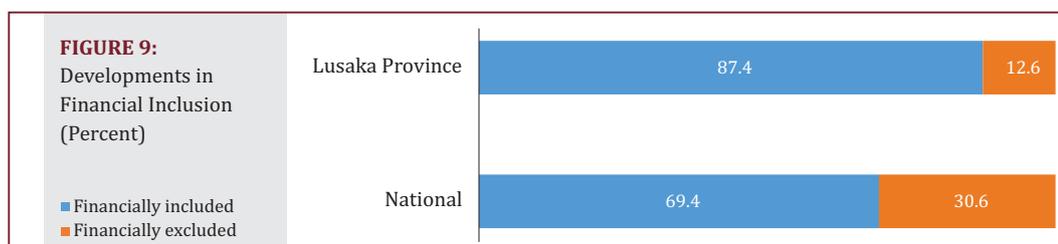


4.2 Developments in Financial Inclusion

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

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

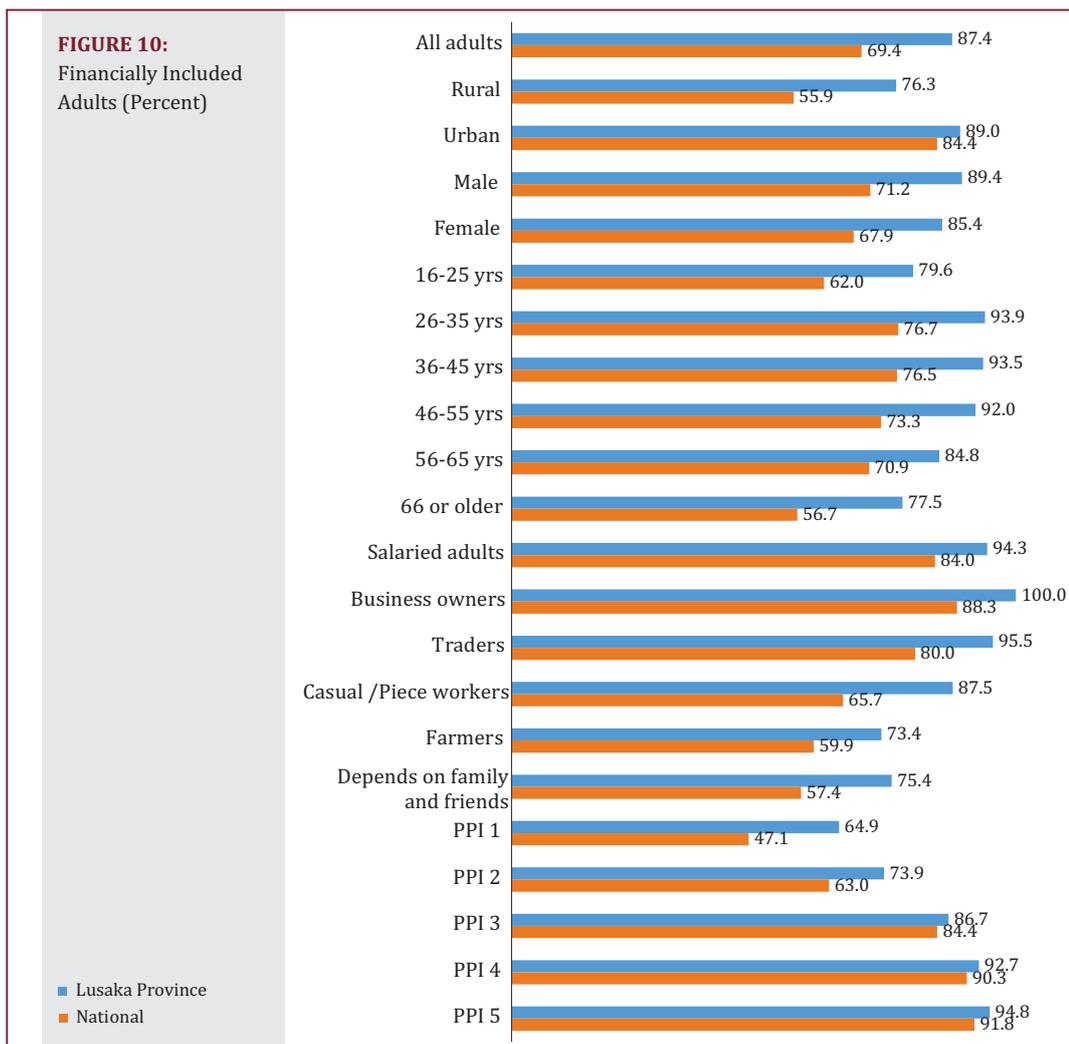
The Survey showed that 87.4 percent (1,607,206) of adults in the Province were financially included whereas 12.6 percent (231,702) were financially excluded (Figure 9).



4.2.1 Financial Inclusion amongst Adults

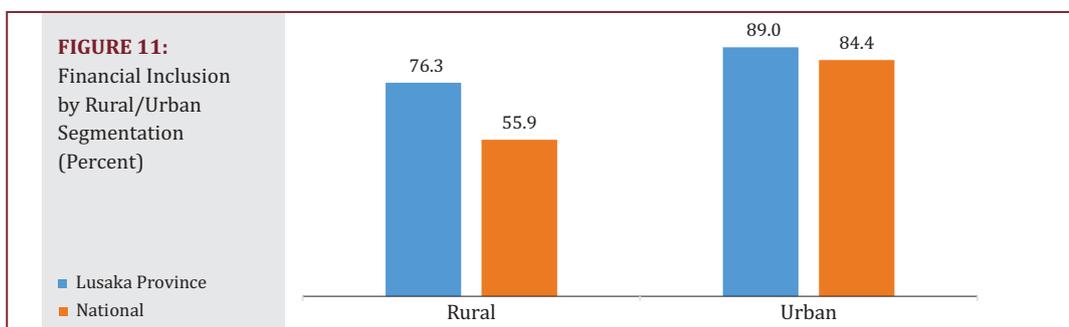
Figure 10 shows that the level of financial inclusion was highest amongst:

- Adults in urban areas;
- Males;
- Adults in the age group 26 – 45 years;
- Business owners; and
- Households in the highest income quintile of PPI 5.



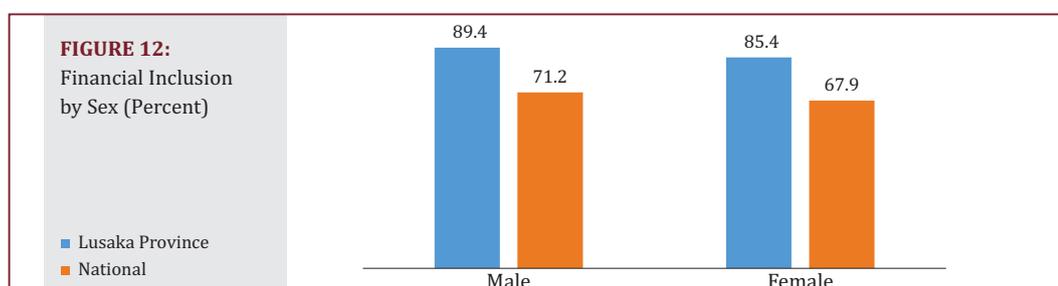
4.2.2 Financial Inclusion by Rural/Urban Segmentation

Figure 11 shows that financial inclusion was higher in urban areas at 89.0 percent than rural areas at 76.3 percent. The levels of financial inclusion for both urban and rural areas in Lusaka Province also exceeded the national levels.



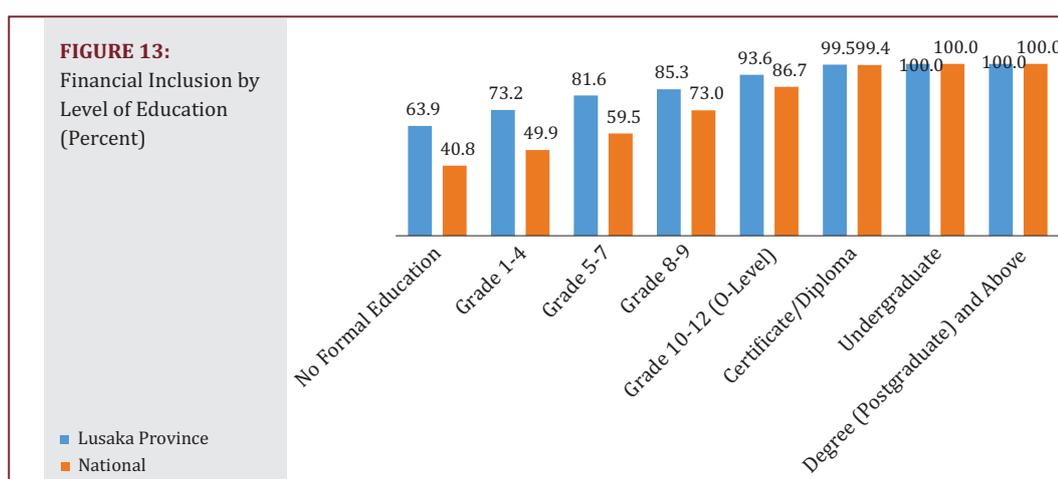
4.2.3 Financial Inclusion by Sex

Figure 12 illustrates that the level of financial inclusion amongst males (89.4 percent) was higher than females (85.4 percent). This notwithstanding, female inclusion was above the NFIS 2022 target of 80 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 higher levels of education such as undergraduate or postgraduate degree were all financially included while those with low levels of education had 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 a service provider that is regulated or officially supervised. 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 84.2 percent while informal inclusion stood at 39 percent (Figure 14).

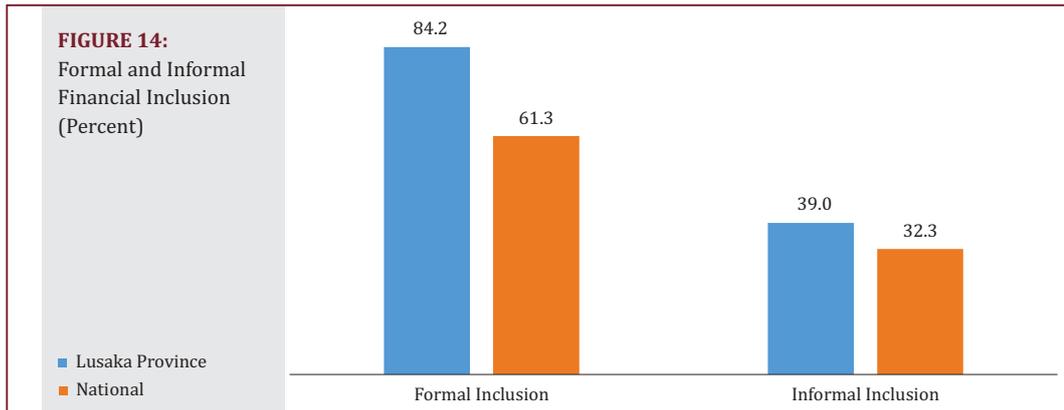


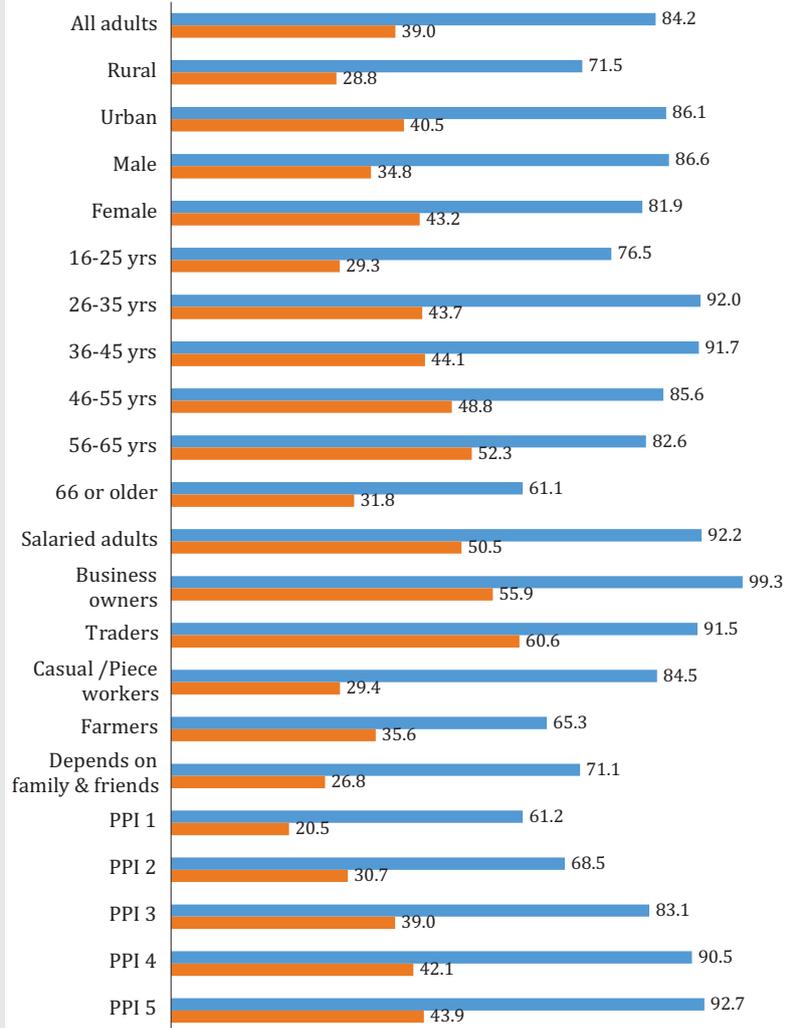
Figure 15 shows that formal financial inclusion was highest amongst:

- Urban based adults;
- Males;
- Adults in the age group 26 – 45 years;
- Business owners; and
- Adults from households in the highest income quintile of PPI 5.

Informal financial inclusion was highest amongst:

- Urban based adults;
- Females;
- Adults of age 56 – 65 years;
- Traders; and
- Adults from households in the highest income quintile of PPI 5.

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



4.4 Financial Access Strand

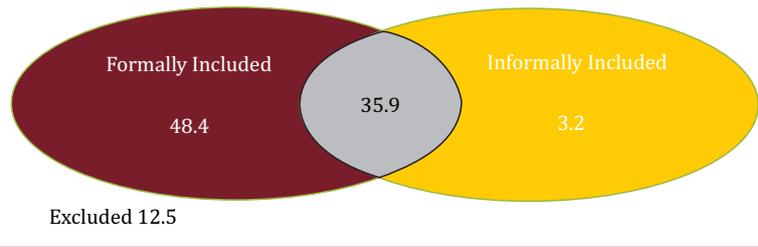
Financial access strands are useful in comparing levels of financial inclusion over time or between different population segments. Adults were grouped into four (4) financial access strands. Those who:

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

4.4.1 *Overlap in Formal and Informal Inclusion*

The Survey showed that 48.4 percent of adults used only formal financial products/services while 3.2 percent used only informal financial products/services. In addition, 35.9 percent of adults used formal and informal financial products/services. The percentage of financially excluded adults at 12.5 percent was lower than the national level of 30.6 percent (Figure 16).

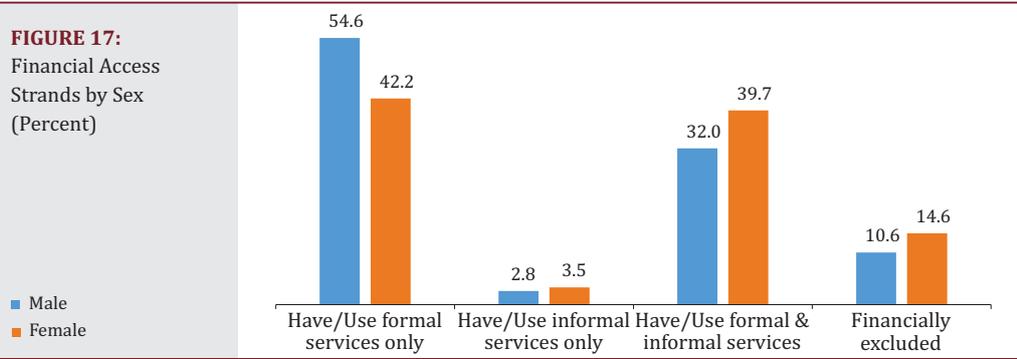
FIGURE 16:
Overlap in Formal and Informal Financial Inclusion (Percent)



4.4.2 Financial Access Strands by Sex

Analysis of access strands by sex showed that more males (54.6 percent) used only formal financial services compared with their female counterparts (42.2 percent). In contrast, more females (39.7 percent) used both formal and informal financial products/services than males at 32 percent (Figure 17).

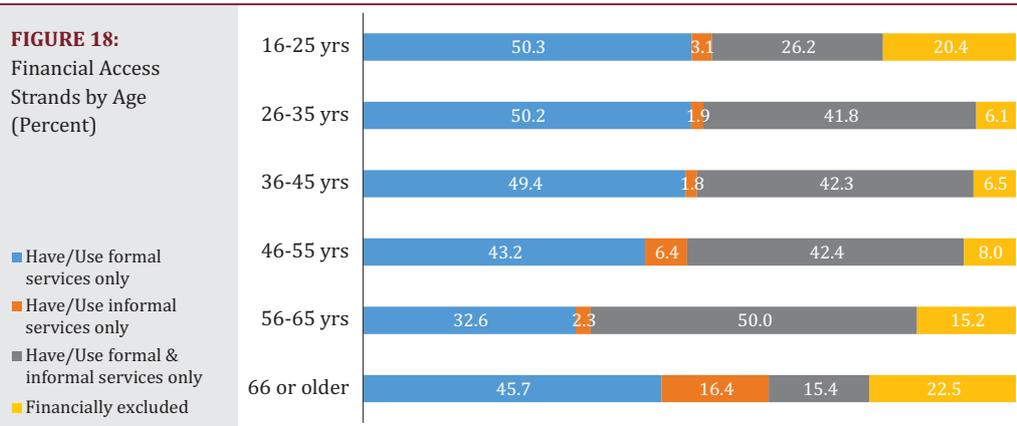
FIGURE 17:
Financial Access Strands by Sex (Percent)



4.4.3 Financial Access Strands by Age

The highest percentage of adults that used formal financial products/services only were of age 16 - 35 years. Adults who used both formal and informal financial products/services were mostly in the age group 56 - 65 years. The percentage of only informally included adults was highest in the age group 66 years or older which also had the most financially excluded adults (Figure 18).

FIGURE 18:
Financial Access Strands by Age (Percent)



4.4.4 Financial Access Strands by Rural-Urban Distribution

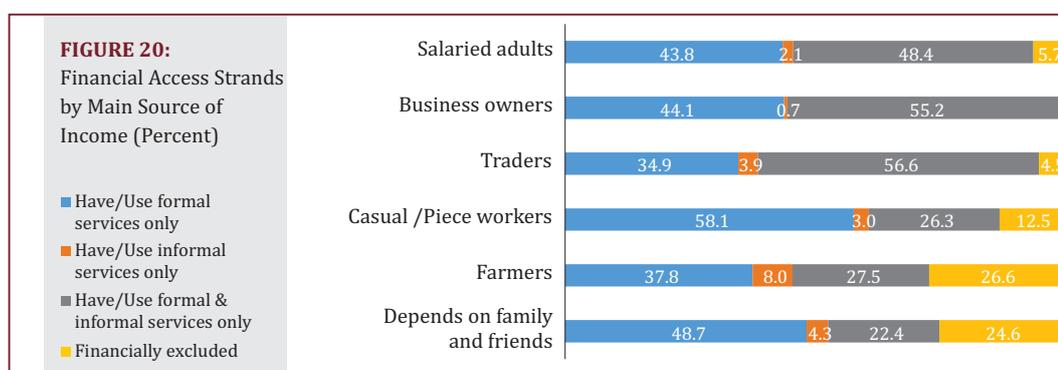
The percentage of adults who used only formal financial products/services was slightly higher in urban areas at 48.5 percent compared with rural areas at 47.5 percent. Similarly, the percentage of adults who used both formal and informal financial products/services was higher in urban areas (37.5 percent) compared with rural areas (24.0 percent).

In contrast, most adults who used only informal financial services (4.8 percent) and those who were financially excluded (23.7 percent) resided in the 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 most traders, business owners and salaried workers used both formal and informal financial products/services. Most casual/piece workers, those dependent on family and friends as well as farmers used only formal financial services (Figure 20).

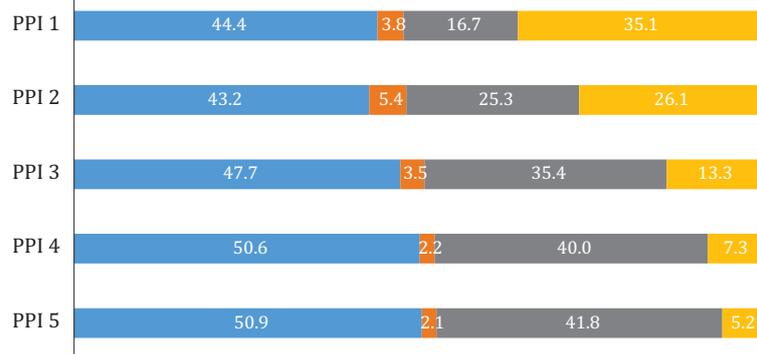


4.4.6 Financial Access Strands by PPI Quintile

Figure 21 shows that the percentage of adults who used only formal financial services as well as both formal and informal financial services was highest in the income quintile of PPI 5. The income quintile with the most financially excluded adults was PPI 1.

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

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



5.0 UPTAKE OF FORMAL FINANCIAL SERVICES

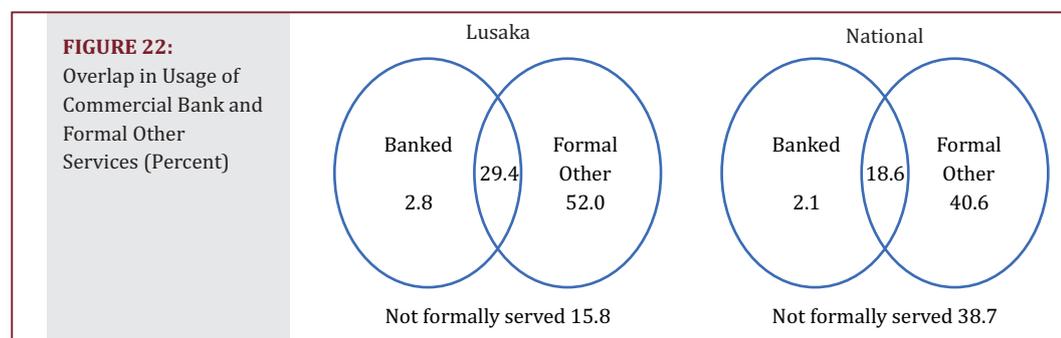
This section provides details of products/services used by the formally included adult population, which stood at 84.2 percent.

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 providers³);
- Pensions and Insurance Authority (pensions and insurance providers); and
- Securities and Exchange Commission (capital markets).

Formal financial services are provided by two main types of institutions, commercial banks and non-bank financial service providers defined as “formal other”. The Survey showed that 32.2 percent of adults were banked while 81.4 percent used “formal other” products/services. Of those who were banked, 2.8 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 29.4 percent. About sixteen 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 80.9 percent while capital markets were the least utilised at 1.6 percent (Table 6).

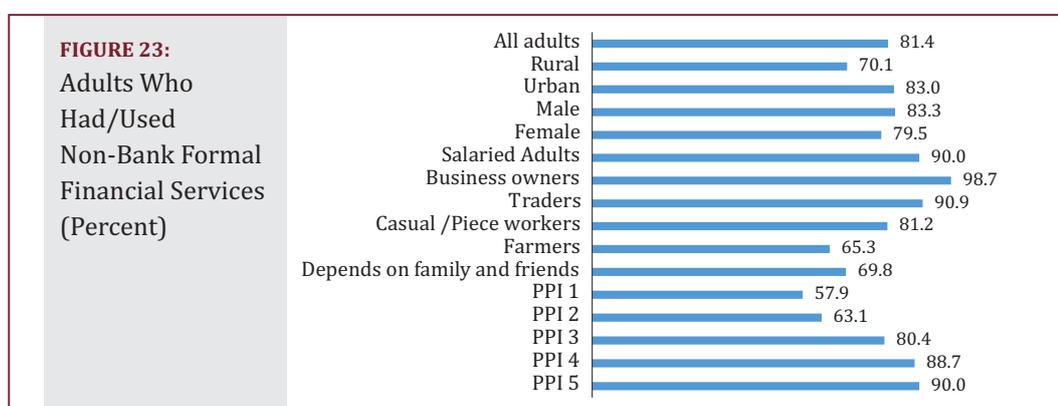
³Payment Service Providers include mobile money and money transfer service providers.

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

	Lusaka	National
Adults	81.4	59.2
Mobile money	80.9	58.4
Pensions	13.4	8.2
Insurance	8.3	6.3
Micro finance	3.1	2.1
Money transfer ⁴	41.2	0.6
Capital markets	1.6	0.6

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

- Urban based adults;
- Males;
- Business owners; and
- Adults from households in the highest income quintile of PPI 5.



5.1.1 Uptake of Commercial Bank Services

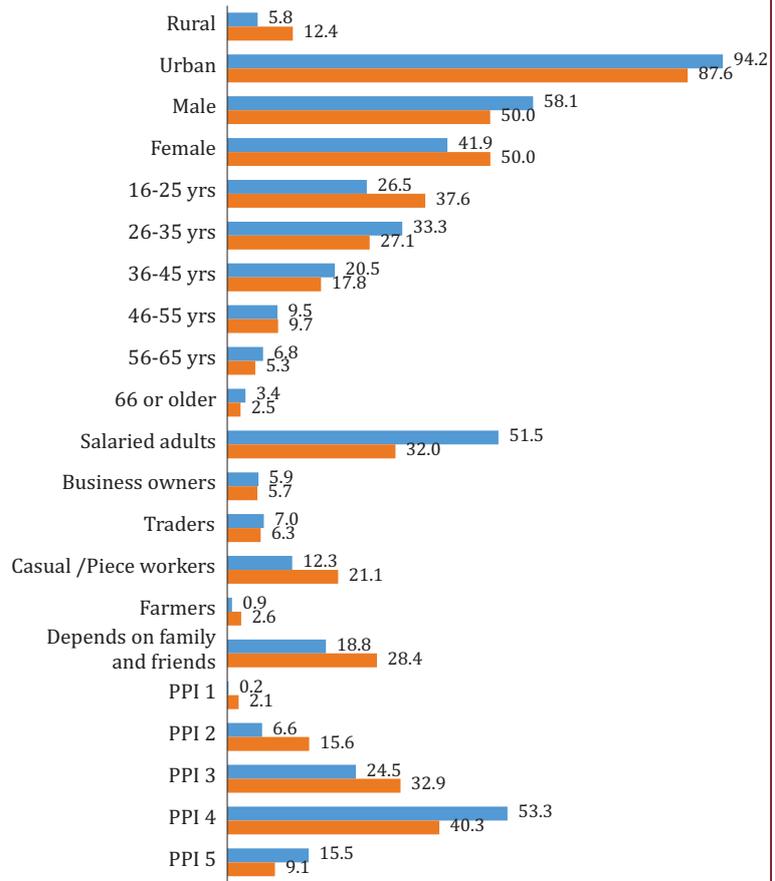
The Survey showed that 32.2 percent of adults used commercial bank services in the Province. Of these adults, 94.2 percent were based in urban areas and 5.8 percent in rural areas (Figure 24).

The profile of adults who mostly used commercial bank products/services was as follows:

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

⁴Use of services such as Western Union, Money gram and Swift Cash

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

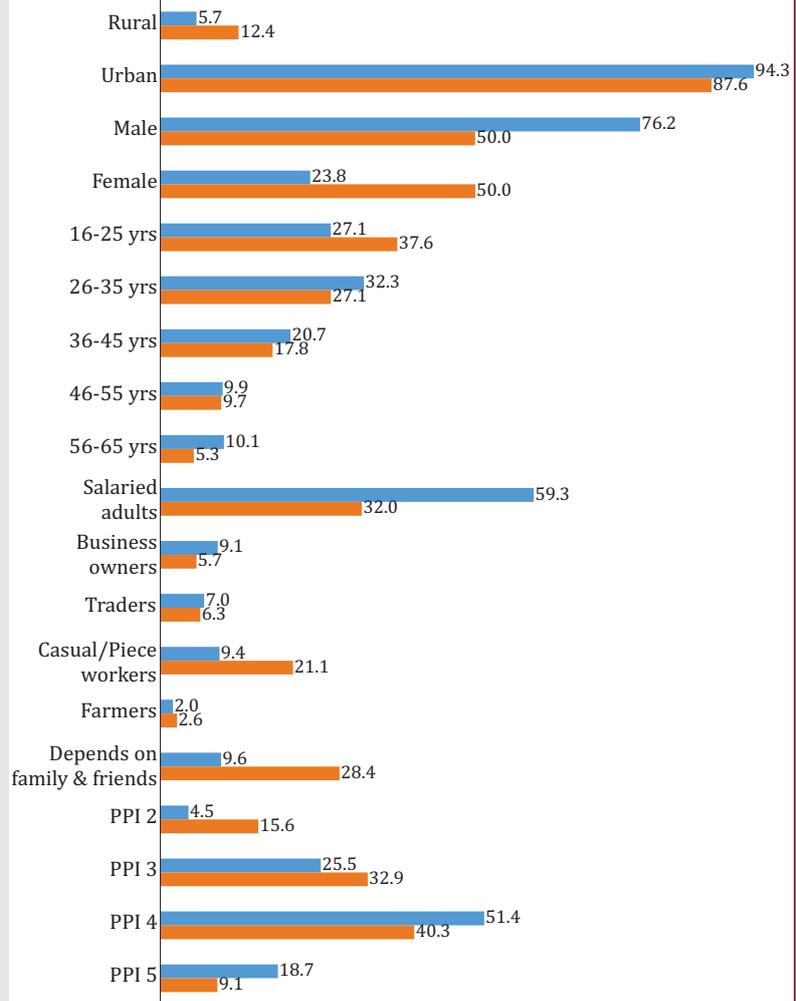


5.1.2 Uptake of Microfinance Services

The uptake of microfinance services stood at 3.1 percent of the total adult population. Figure 25 illustrates that these were most likely to be:

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

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

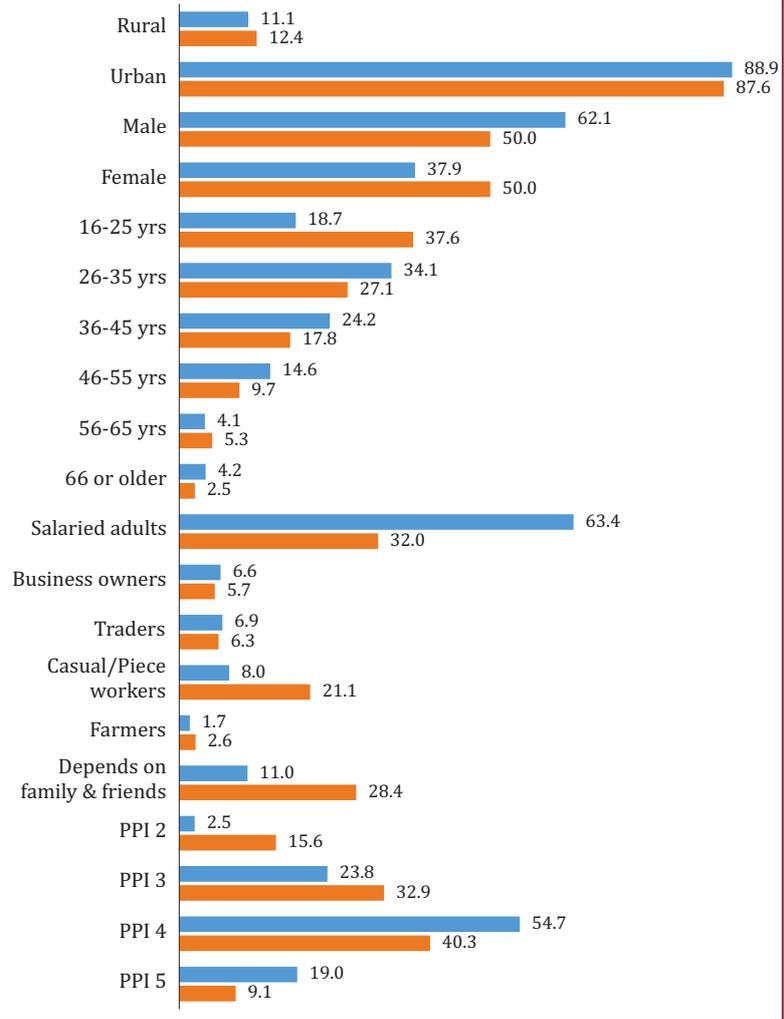


5.1.3 Uptake of Insurance Services

The uptake of insurance services stood at 8.3 percent of the adult population. As illustrated in Figure 26, these adults were most likely to be:

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

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

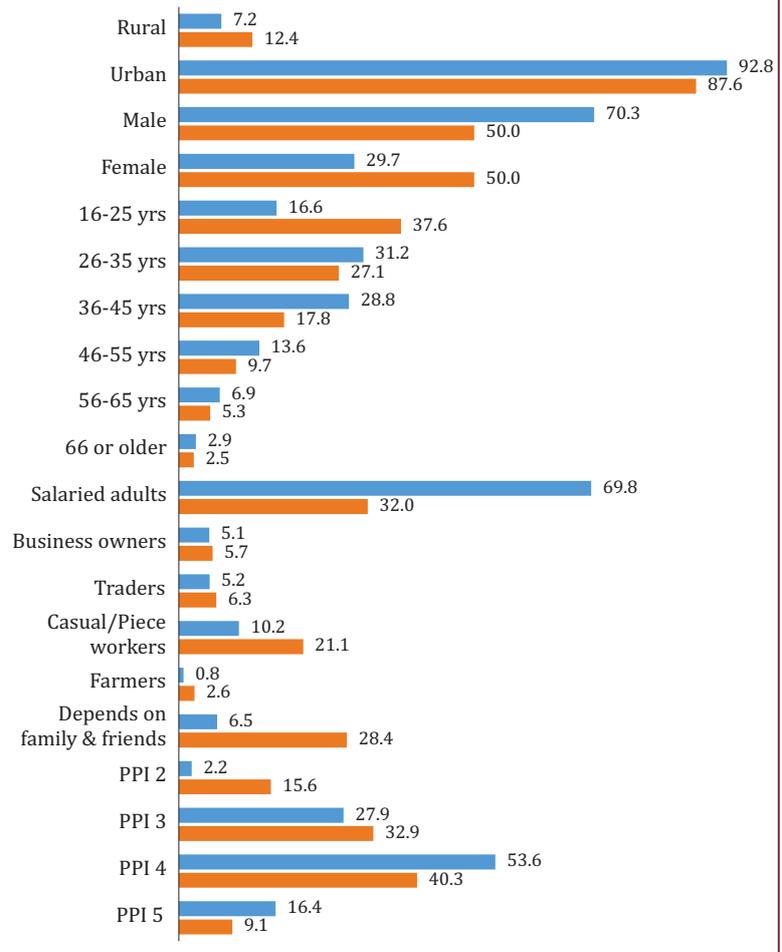


5.1.4 Uptake of Pension Services

The uptake of pension services stood at 13.4 percent of the adult population. As illustrated in Figure 27, these were most likely to be:

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

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

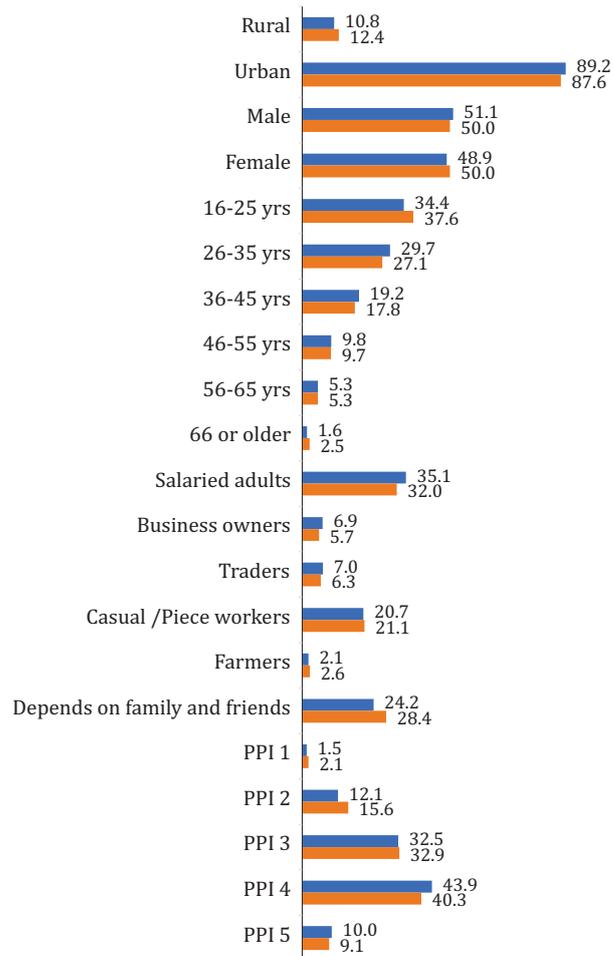


5.1.5 Uptake of Mobile Money Services

The uptake of mobile money services stood at 80.9 percent. Figure 28 shows that these adults were most 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 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

5.2.1 Barriers to Usage of Commercial Banks Services

According to the Survey (Table 7), the two main factors that inhibited the use of commercial bank services in the Province were:

- Insufficient money to justify opening of an account; and
- Lack of money to maintain the minimum balance.

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

Barriers	Lusaka	National
Insufficient money to justify opening an account	38.5	37.5
Cannot maintain the minimum balance	18.3	10.9
Bank service charges are too high	11.6	7.9
Does not understand benefits of having a bank account	6.7	6.6
Banks are too far away	5.3	18.7
Does not have the documentation required	5.2	4.7
Do not know how to open a bank account	2.6	4.0
Need permission of someone else to open it	2.2	0.9
Bank products are complicated	2.1	2.1
Can get the same services elsewhere in the community	2.0	2.1
Do not trust banks	1.1	1.6

5.2.2 Barriers to Usage of Microfinance Services

As illustrated in Table 8, the main barriers reported by most adults who did not use microfinance products/services were:

- Insufficient money to justify the opening of an account; and
- Lack of understanding of the benefits of using MFI services.

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

Barrier	Lusaka	National
Insufficient money to justify opening an account	30.1	33.1
Does not understand benefits of using them	26.5	20.2
Cannot maintain the minimum balance	12.7	8.3
Service charges are too high	7.1	5.1
Does not trust them	4.4	3.4
They are too far away	3.5	16.3
They do not provide the products or services I need	3.5	2.4
Does not have the documentation required	3.1	3.8
Does not know how to open an account	2.3	3.1
Can get the same services elsewhere in the community	2.1	1.9

5.2.3 Barriers to Usage of Capital Market Products

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

- Lack of money to invest;
- Lack of knowledge about the existence of capital markets; and
- Lack of knowledge on how the capital markets work.

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

Barrier	Lusaka	National
Do not have money to invest	32.3	26.6
I have never heard of it	22.9	21.8
Do not know how it works	19.0	26.2
Do not know the benefits of investing	9.5	10.9
I am scared to lose my money	4.1	4.0
Do not know where the product is offered	3.8	4.9
Do not trust the companies that provide the products	1.7	1.4

5.2.4 Barriers to Usage of Insurance Products/Services

Table 10 illustrates that the main barriers to uptake of insurance products/services were:

- Lack of money to buy insurance;
- Lack of knowledge about the existence of insurance services;
- Lack of knowledge about how it works; and
- Lack of knowledge about the benefits of insurance

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

Barrier	Lusaka	National
Cannot afford it	43.5	24.9
Never heard of it until now	15.7	40.9
Does not know how it works	14.6	12.5
Does not know the benefits of insurance	13.5	10.8
Does not know how to get it/where to get it	4.8	4.1
Don't need it – protect self in other ways	3.1	2.8
Does not trust it or the companies that provide	1.2	1.5
They don't want to pay out when you claim	1.2	1.2
Does not want to think about bad things happening	1.6	1.0

5.2.5 Barriers to Usage of Pension Services

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

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

Barrier	Lusaka	National
Not employed	65.8	66.5
I don't have money to contribute to a pension scheme	15.7	12.2
Have never thought about it	4.4	5.6
Don't know what pensions are	2.0	2.7
Don't know how to get it	1.8	2.1
Have other ways of getting money when I'm old	1.4	1.2
Don't know where to get it	0.5	0.8

5.2.6 Barriers to Usage of Mobile Money Services

Most adults reported that the main barrier to usage of mobile money services was not having a mobile phone (Table 12).

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

Barrier	Lusaka	National
I do not have a mobile phone	35.0	39.4
I do not have the required documents	10.5	4.6
I do not need it, I do not make any transactions	6.6	11.1
I do not trust that my money is safe on a mobile money account	4.6	2.9
I do not know what it is	3.0	3.0
I do not understand this service; I do not know what I can use it for	2.1	2.2
Using it is difficult	1.7	2.6
I do not know how to get it	1.1	6.6
Mobile money does not provide anything better/any advantage over the financial	0.9	0.7
My spouse, family, in-laws do not approve of me having a mobile money account	0.4	0.3
Fees for using this service are too high	0.2	1.3
There is no point-of-service/agent close to where I live	0.1	5.0
No one among my friends or family use this service	0.1	0.7
It is against my religion	0.1	-

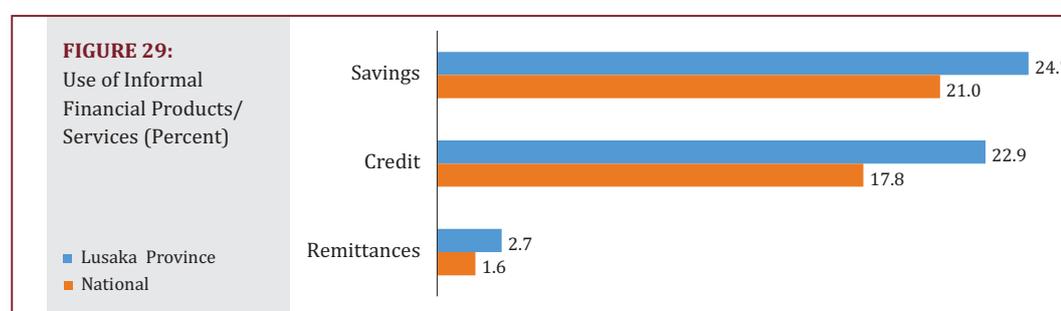
6.0 USE OF INFORMAL FINANCIAL SERVICES

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 39.0 percent.

6.1 Uptake of Informal Financial Products/Services

Informal savings products/services had the highest uptake of 24.7 percent followed by informal credit at 22.9 percent (Figure 29).

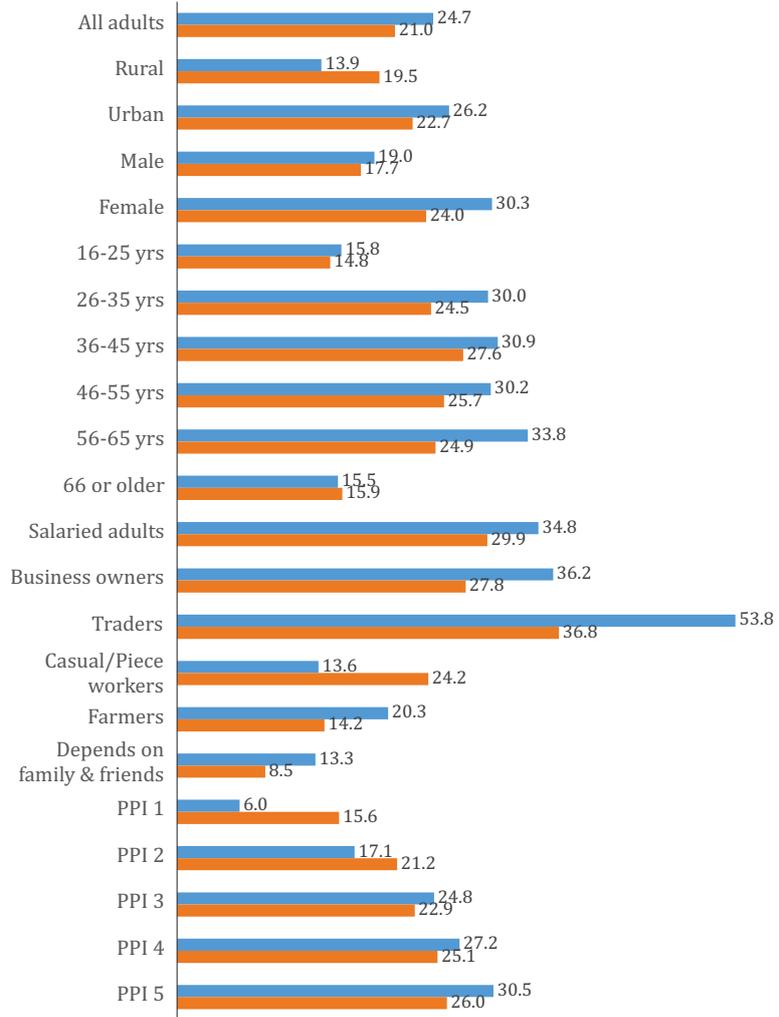


6.1.1 Informal Savings Products/Services

The Survey showed that 24.7 percent of adults used informal savings products/services compared with 21.0 percent at national level. These products/services included village banking and other savings mechanisms such as keeping money with employers, community groups and churches. As illustrated in Figure 30, the uptake of informal savings products/services was highest amongst:

- Urban based adults;
- Females;
- Adults of age 56 – 65 years;
- Traders; and
- Households in the highest income quintile of PPI 5.

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

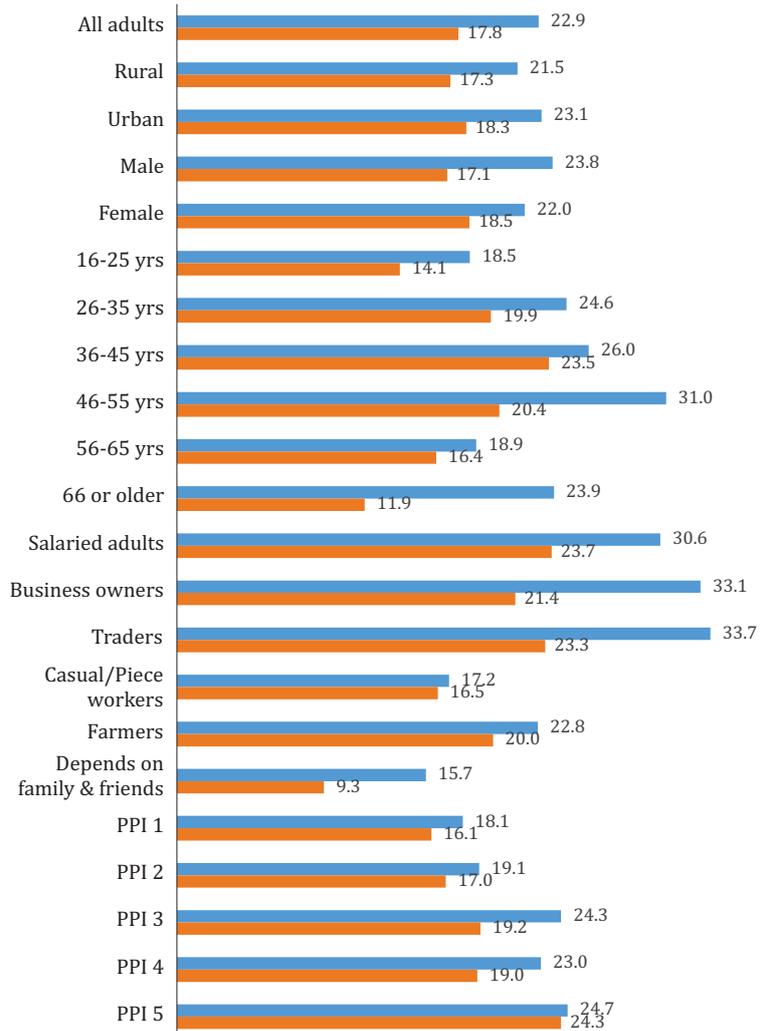


6.1.2 Informal Credit Products/Services

Informal credit products/services were accessed by 22.9 percent of adults (Figure 31). These services included borrowing from village banks, savings groups, chilimba, kaloba and other informal sources of credit. Uptake of informal credit products/services was highest amongst:

- Adults in urban areas;
- Males;
- Those of age 46 – 55 years;
- Business owners and traders; and
- Households in the middle and highest income quintiles of PPI 3 and PPI 5.

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

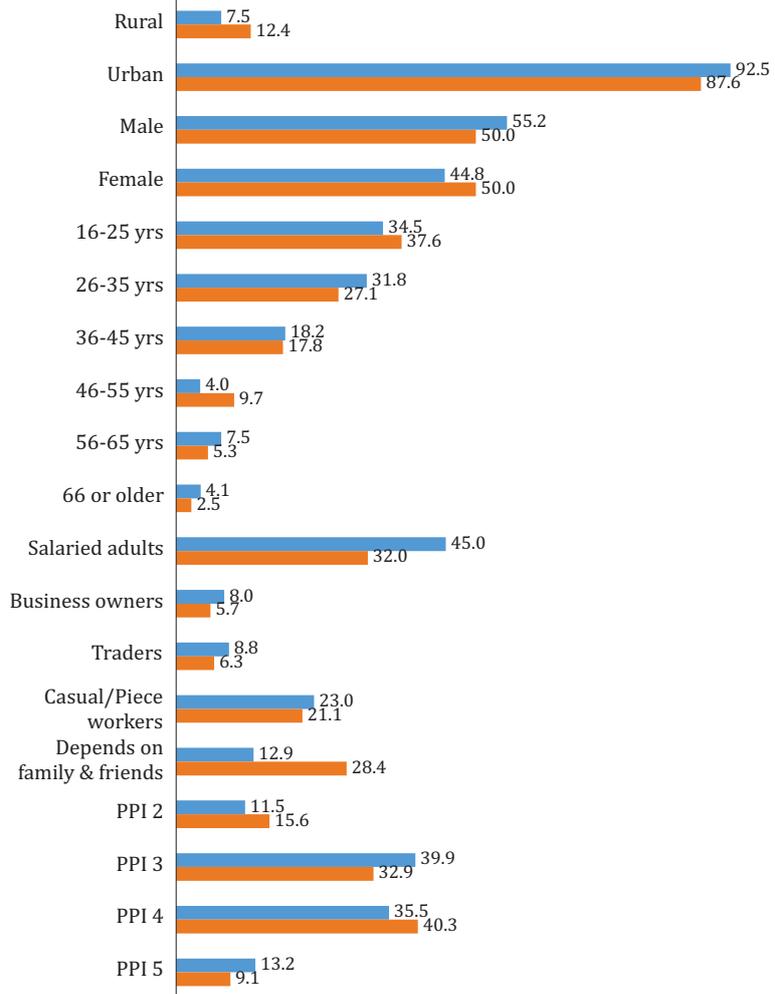


6.1.3 Informal Remittance Services

Adults that used informal money transfer services accounted for 2.7 percent of the adult population in the Province. As shown in Figure 32, the usage of these services was mostly by:

- Urban based adults;
- Males;
- Adults of age 16-25 years;
- Salaried employees; and
- Households in the middle income quintile of PPI 3.

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



6.1.4 Informal Credit and Community Savings Groups

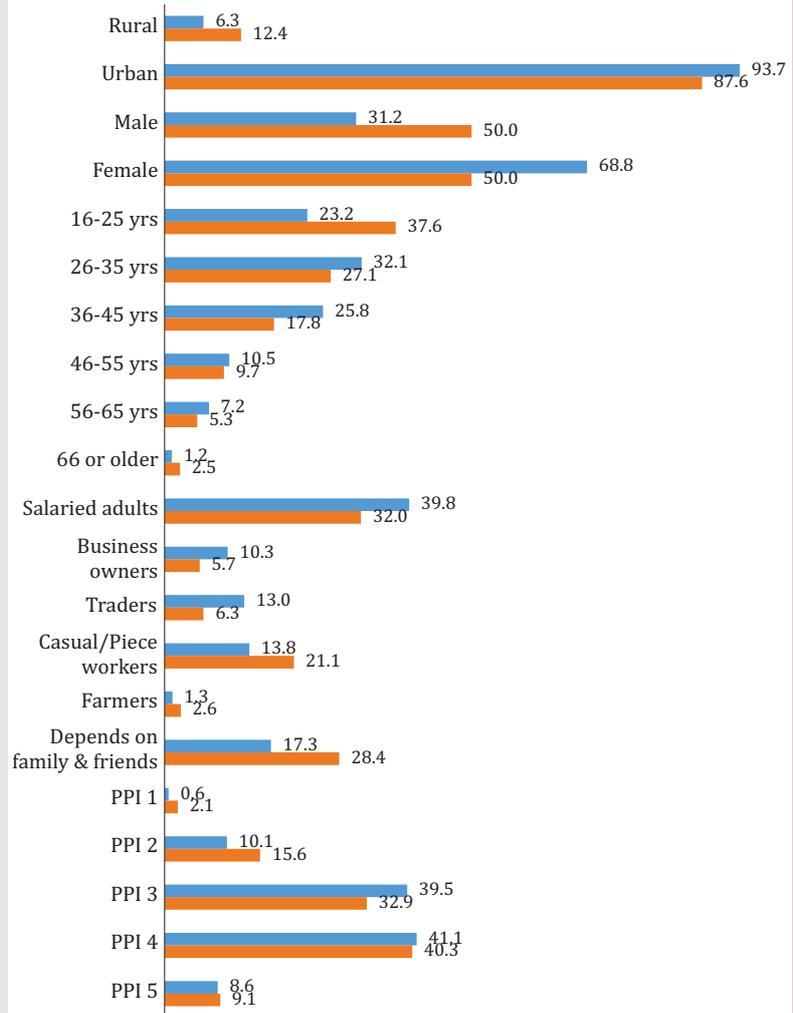
The Survey indicated that 14.6 percent of the adult population in the Province belonged to a Chilimba, Savings Group or Village Bank. In addition, 3.3 percent used informal credit called Kaloba. The sections below provide the demographic profile of adults that belonged to these community savings groups and accessed credit from Kaloba.

6.1.4.1 Chilimba

Chilimba refers to an informal rotating savings scheme in which a group of people agree to make regular fixed cash contributions, which go to each member, in a pre-determined order and period. The total adult population that belonged to a Chilimba was 15.8 percent. Figure 33 illustrates that these adults were most likely to be:

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

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



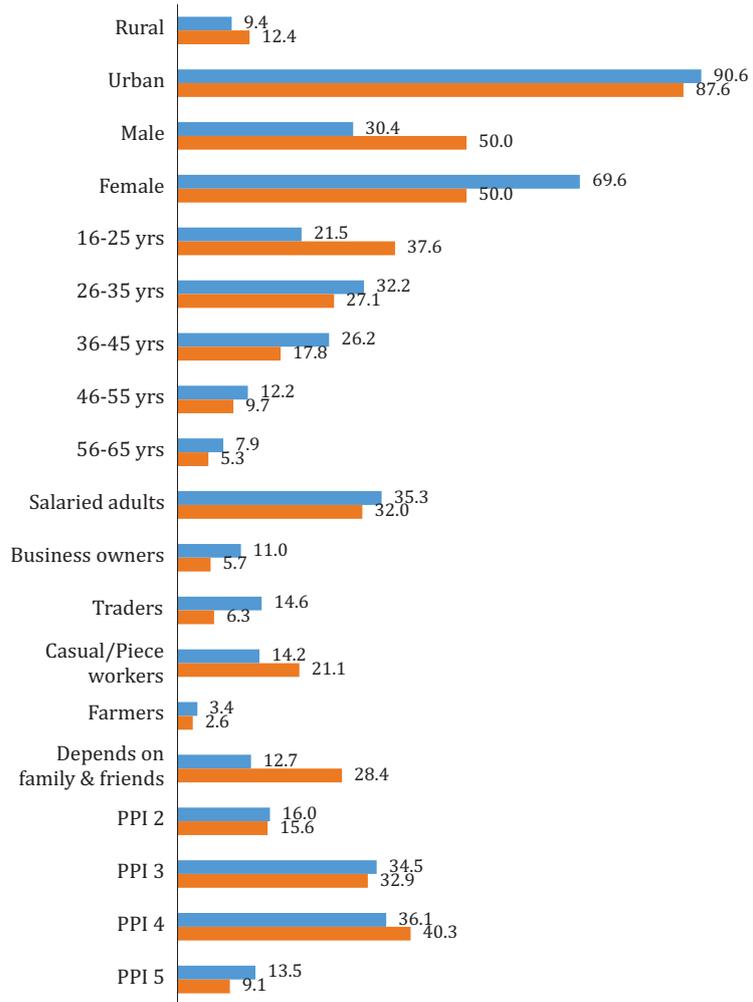
6.1.4.2 Savings Groups

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

The Survey showed that 2.9 percent of adults belonged to SGs. Figure 34 illustrates that these adults were most likely to be:

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

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

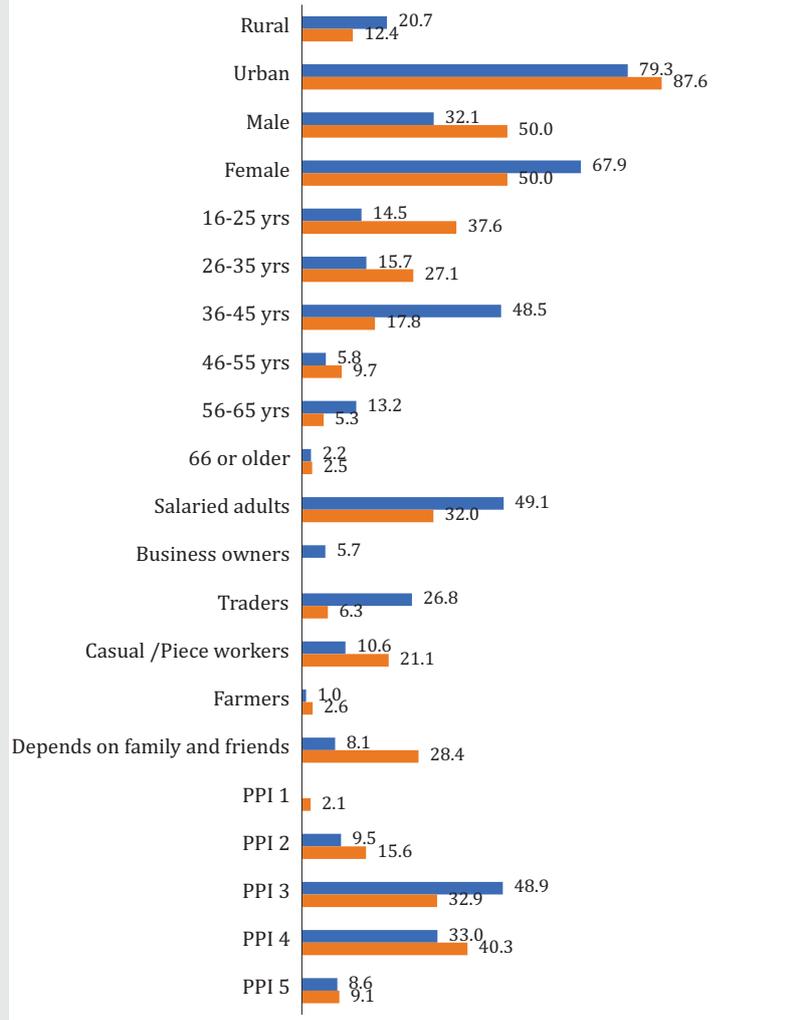


6.1.4.3 Village Bank

A village bank is a group of mostly low-income entrepreneurs who come together to share and guarantee one another's loans. The Survey indicated that 1.6 percent of adults belonged to a village bank. Figure 35 illustrates that these adults were most likely to be:

- Urban based;
- Females;
- Of age 36-45 years;
- Salaried workers; and
- From households in the middle income quintile of PPI 3.

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

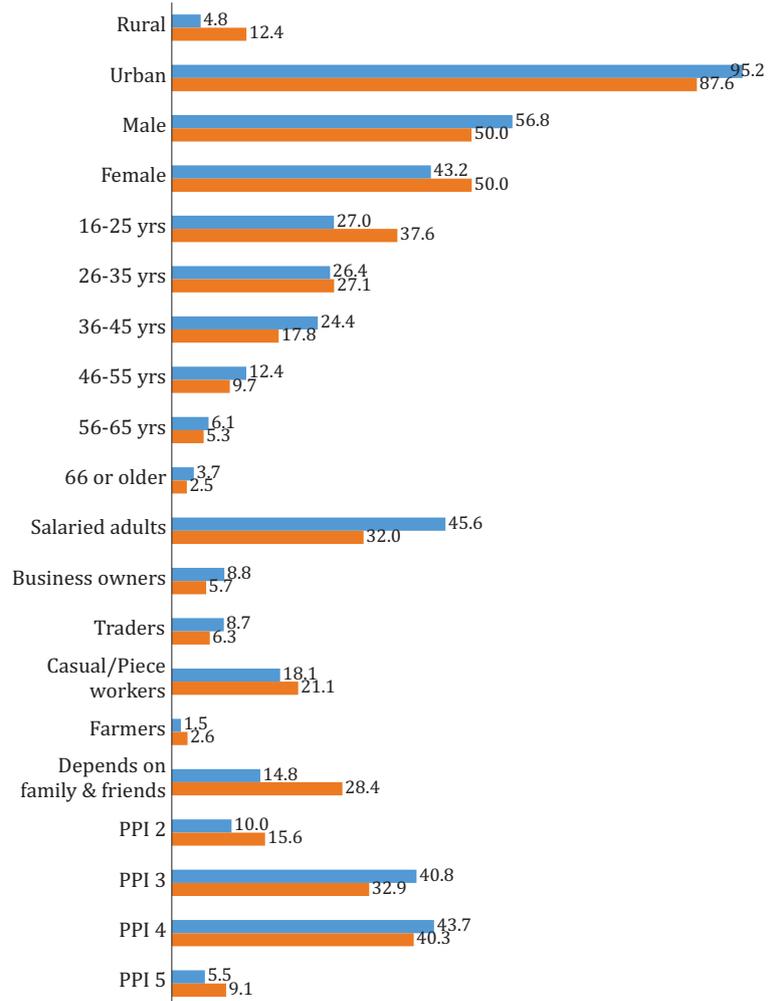


6.1.4.4 Kaloba

Kaloba is informal credit provided by money-lenders and was used by 5.2 percent of the adult population. Figure 36 shows that adults who used Kaloba 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 36:
Comparing the Profile of Adults Who Used Kaloba with the Total Adult Population (Percent)



6.2 Barriers to Usage of Informal Saving Services

The Survey indicated that the main barrier to accessing informal services such as the Chilimba, Savings Group and Village bank was lack of money to save (Table 13).

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

Perceived Barrier	Chilimba	Savings Group	Village Bank
Do not have any money to save	29.3	27.8	25.0
Do not have enough money to save	24.3	27.0	28.3
I save money on my mobile phone	12.8	12.0	12.2
Do not trust them	11.2	9.5	9.3
I see no benefits	9.3	9.8	9.5
There are no such groups in the community	2.2	3.5	5.0

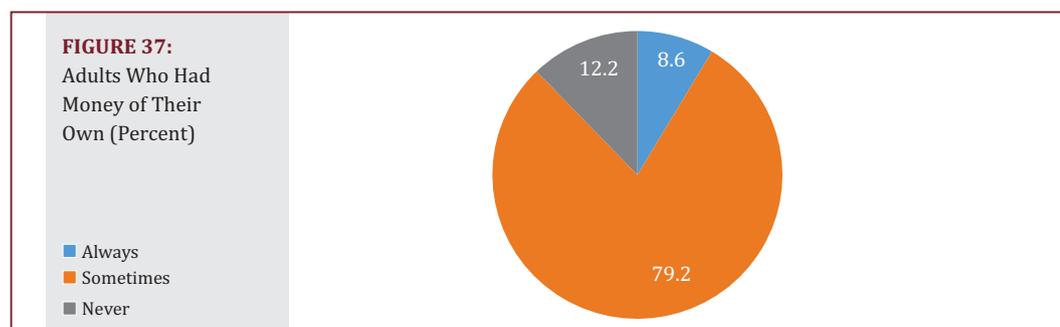
7.0 FINANCIAL CAPABILITY

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

As illustrated in Figure 37, only 8.6 percent of adults indicated that they always had money of their own to use as they wished while 79.2 percent had money occasionally. The percentage of adults who never had money of their own to spend as they wished was 12.2 percent.



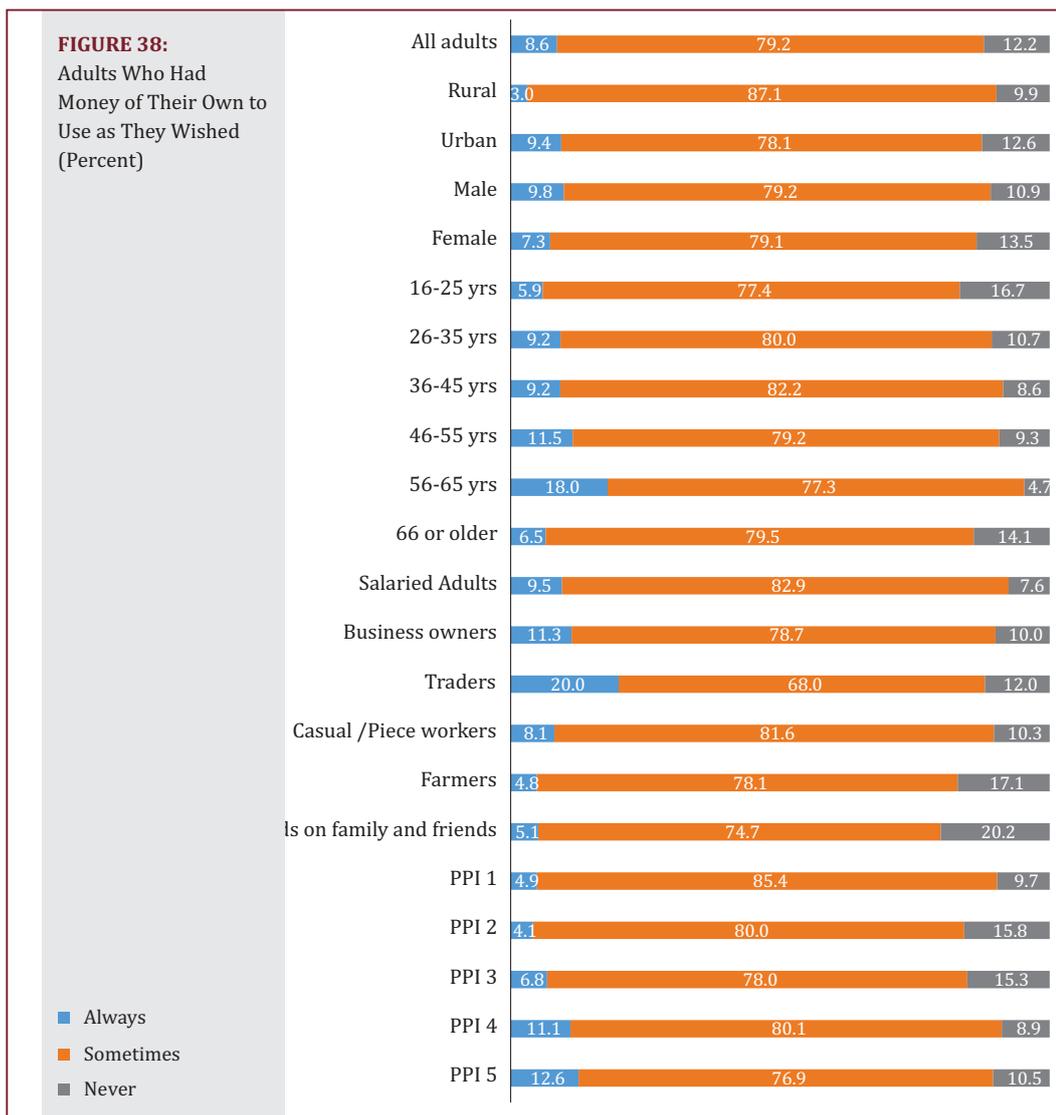
7.1.1 Adults Who Had Money of Their Own to Use as They Wish

As illustrated in Figure 38, adults who always had money of their own to use were more likely to be;

- Urban based;
- Males;
- Of age 56 – 65 years;
- Traders; and
- From households in the highest income quintile of PPI 5.

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

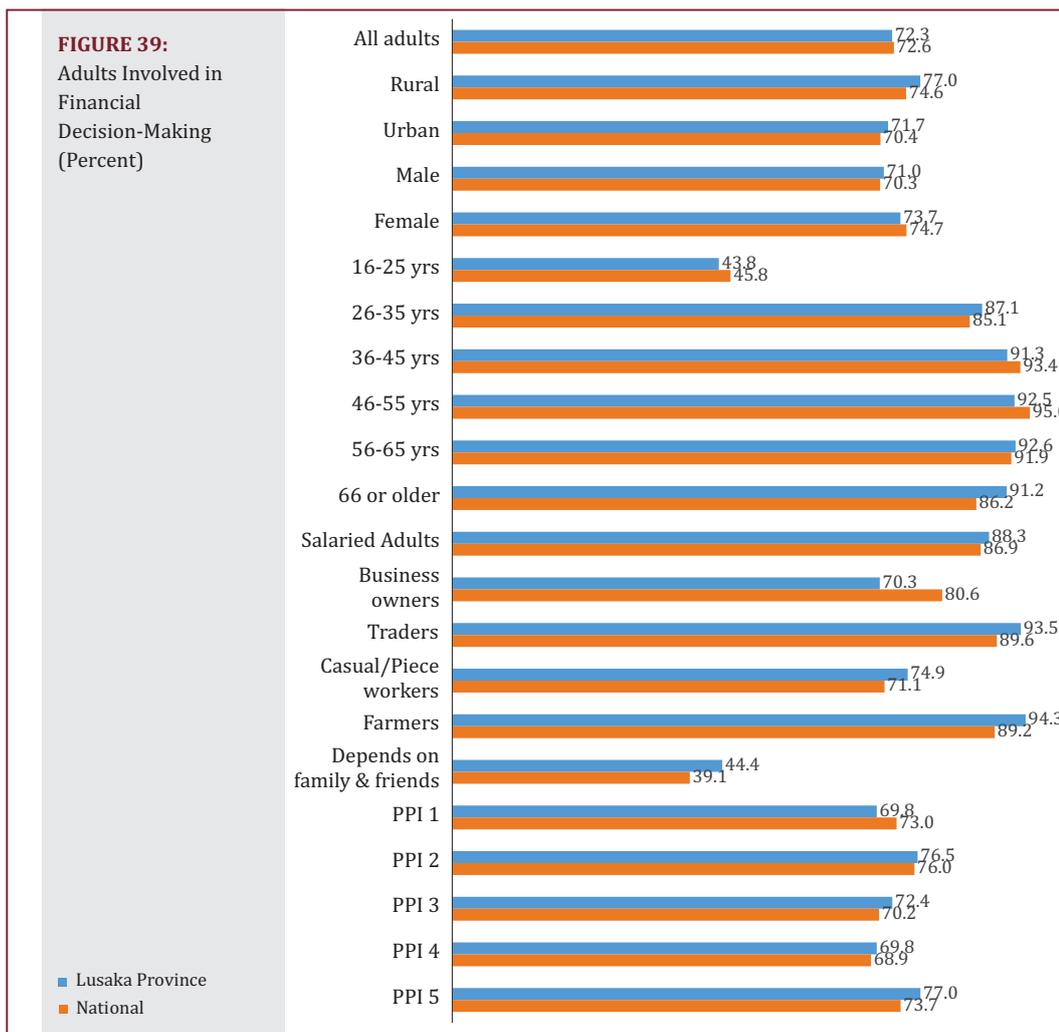
- Those in rural areas;
- The age group 36 – 45 years;
- Salaried adults; and
- Households in lowest income quintile of PPI 1.



7.1.2 Adults Involved in Financial Decision Making

The Survey showed that 72.3 percent of adults were involved in household financial decision-making (Figure 39). These were highest amongst:

- Rural based adults;
- Females;
- Adults of age 46 – 65 years;
- Farmers; and
- Households in the highest income quintile of PPI 5.

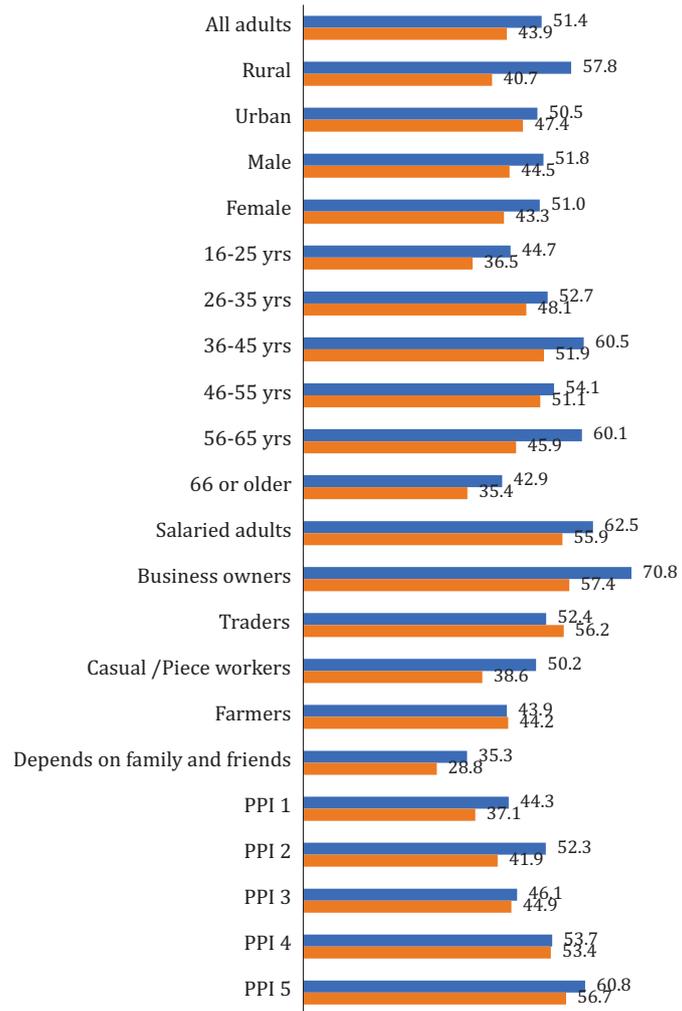


7.1.3 Adults Who Kept Track of the Money they Received and Spent

The Survey indicated that 51.4 percent of the adult population were able to keep track of the money they received and spent (Figure 40). These were more likely to be:

- Rural based adults;
- In the age groups 36 – 45 years and 56 – 65 years;
- Business owners; and
- Households in the highest income quintile of PPI 5.

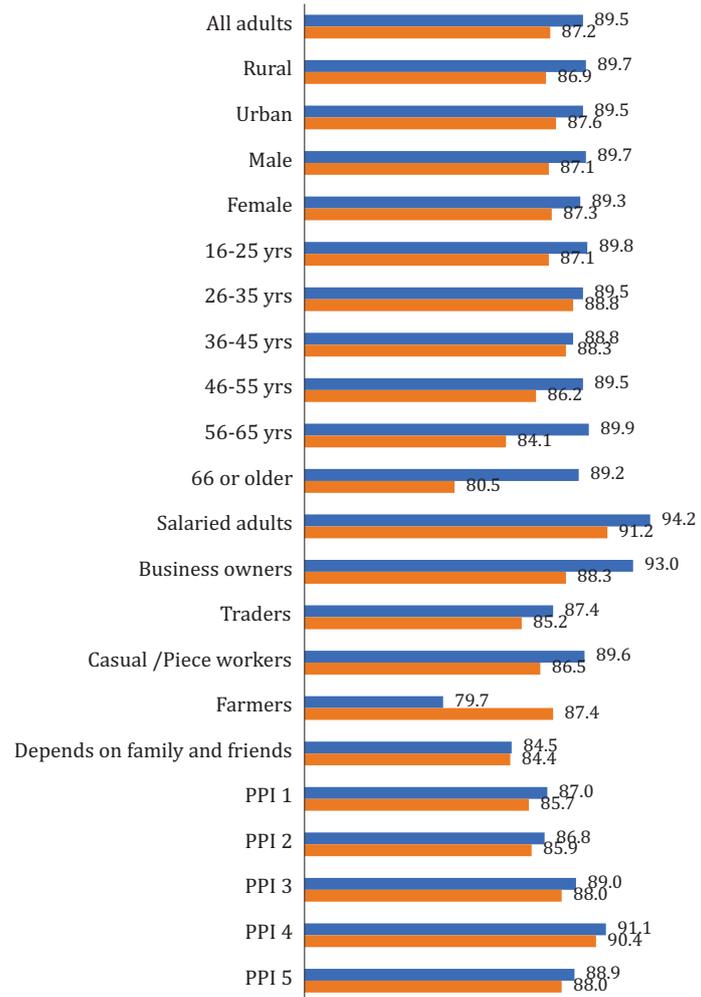
FIGURE 40:
Adults Who Kept Track
of the Money They
Received and Spent
(Percent)



7.1.4 Adults Who Had Someone to Turn to for Financial Advice

Figure 41 illustrates that generally, over 80 percent of adults had access to financial advice across all segments of the population.

FIGURE 41:
Adults Who Had
Someone to Turn to
for Financial Advice
(Percent)



7.2 Cash-flow Management

Table 14 shows that the average and median income of adults in the Province was K61.98 and K33.94 per day compared with K44.52 and K18.72, respectively at national level. Adults in urban areas earned more than twice as much average income than those in rural areas. Further, the Survey indicated that traders and adults from PPI 5 had the highest median income per day.

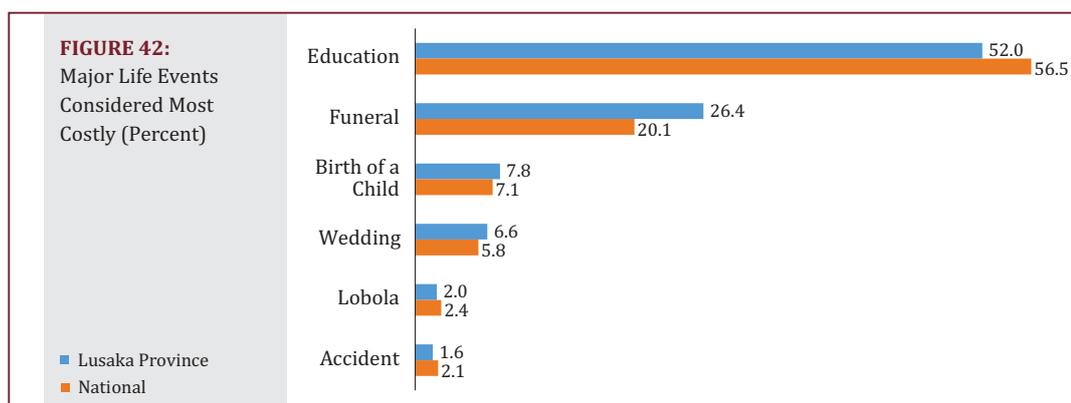
TABLE 14: INCOME BY SOURCE OF INCOME GENERATING ACTIVITY AND PPI QUINTILE

	Kwacha				USD			
	Average		Median		Average		Median	
	Lusaka	National	Lusaka	National	Lusaka	National	Lusaka	National
All Adults	61.98	44.51	33.94	17.91	3.34	2.40	1.83	0.96
Rural	32.28	25.79	18.72	13.33	1.74	1.39	1.01	0.72
Urban	66.85	67.12	34.87	33.94	3.60	3.62	1.88	1.83
Salaried workers	93.25	78.66	53.33	37.97	5.02	4.24	2.87	2.05
Business owners	44.80	52.15	50.00	33.33	2.41	2.81	2.69	1.80
Traders	108.80	56.61	66.67	31.17	5.86	3.05	3.59	1.68
Casual /Piece workers	30.05	22.04	26.67	16.56	1.62	1.19	1.44	0.89
Farmers	60.53	24.87	22.76	13.33	3.26	1.34	1.23	0.72
Depends on family and friends	30.47	25.41	33.33	14.67	1.64	1.37	1.80	0.79
PPI 1	34.87	18.03	23.33	10.00	1.88	0.97	1.26	0.54
PPI 2	24.42	27.34	18.72	15.42	1.32	1.47	1.01	0.83
PPI 3	49.13	56.34	33.33	33.33	2.65	3.04	1.80	1.80
PPI 4	83.92	96.23	50.00	50.00	4.52	5.18	2.69	2.69
PPI 5	87.99	91.33	56.67	50.00	4.74	4.92	3.05	2.69

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

7.2.1 Major Life Events Considered Most Costly

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



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

In the six (6) months prior to the Survey, 58.5 percent of adults had a dependant/child they supported sent home due to non-payment of school fees, at least once a month (Table 15). These adults were mostly:

- Urban based;
- Female;
- Business owners; and
- From households in the highest income quintile of PPI 5.

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

- Rural based;
- Male;
- Salaried employees; and
- From households in the low income quintile of PPI 2.

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

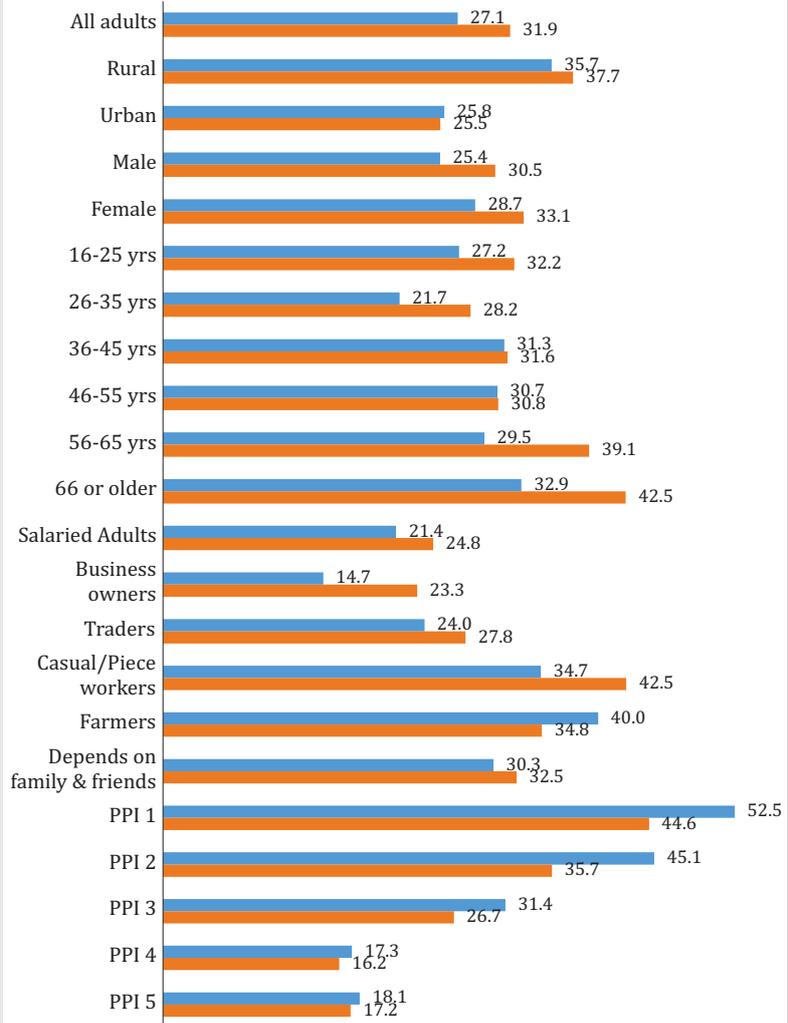
	Lusaka		National	
	At least once a month	At least once a year	At least once a month	At least once a year
All Adults	58.5	41.5	57.4	42.6
Male	57.2	42.8	57.1	42.9
Female	59.6	40.4	57.7	42.3
Rural	40.8	59.2	58.1	41.9
Urban	59.8	40.2	56.7	43.3
Salaried Adults	47.2	52.8	53.0	47.0
Business owners	74.5	25.5	54.7	45.3
Traders	62.8	37.2	47.7	52.3
Casual /Piece workers	52.8	47.2	60.3	39.7
Farmers	62.0	38.0	57.4	42.6
Depends on family and friends	68.8	31.2	63.9	36.1
PPI 1	51.4	48.6	61.4	38.6
PPI 2	50.3	49.7	57.3	42.7
PPI 3	62.2	37.8	52.9	47.1
PPI 4	57.7	42.3	56.4	43.6
PPI 5	64.3	35.7	59.8	40.2

7.2.3 Adults Who Fell Behind/Struggled to Keep Up with Regular Expenses

The Survey revealed that 27.1 percent of adults had fallen behind or struggled to manage regular expenses (Figure 43). This was mostly amongst:

- Rural based adults;
- Females;
- Adults of age 66 years or older;
- Farmers; and
- Households in the lowest income quintile of PPI 1.

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

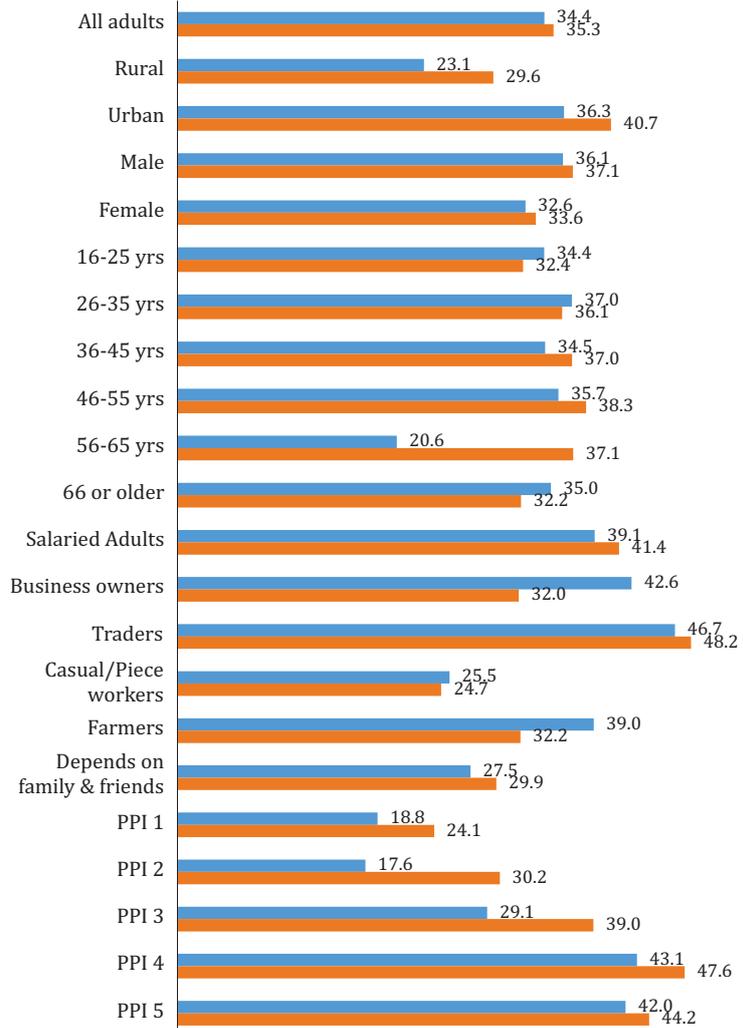


7.2.4 Adults Who Kept a Record of Their Money

Figure 44 illustrates that 34.4 percent of the adult population kept a record of their money (receipts and expenses). These were mostly amongst:

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

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



7.3 Risk Management

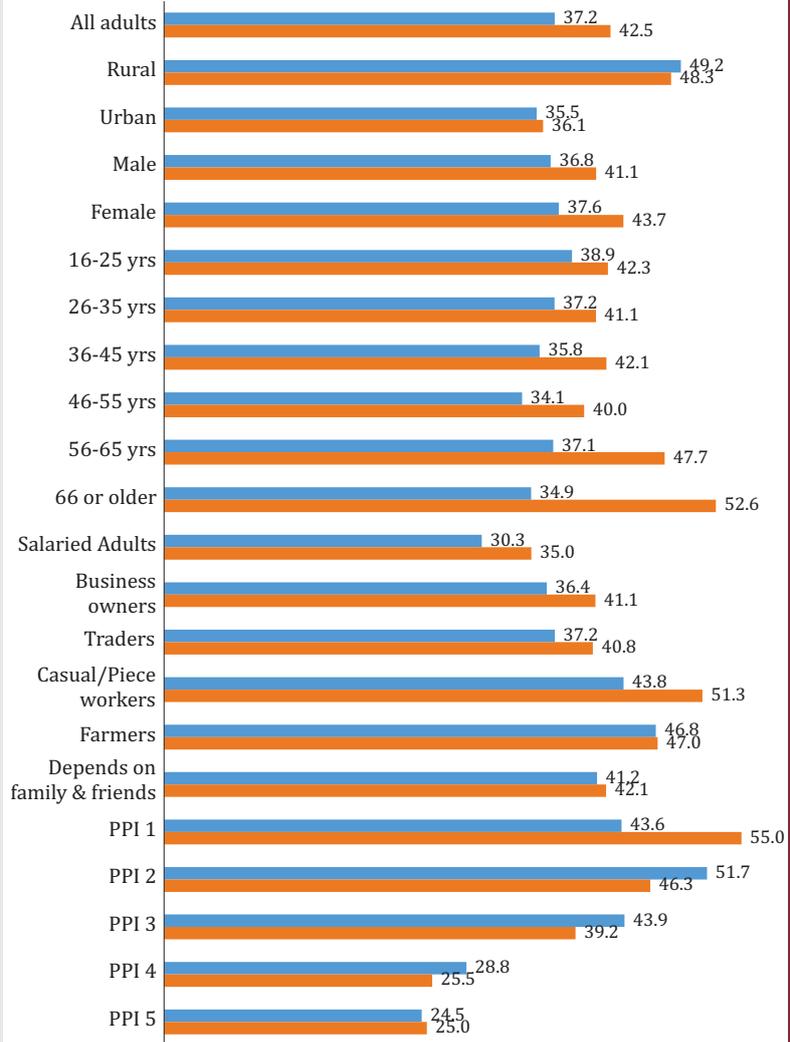
Risk management is the process of managing potential risks to minimize the negative impact they may have. In the survey it refers to the ability of the adult population to meet unexpected financial events that current income cannot support.

7.3.1 Adults Who Fell Behind/Struggled to Manage Unexpected Expenses

12 months prior to the survey, 37.2 percent of adults fell behind or struggled to manage unexpected expenses (Figure 45). These were highest amongst:

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

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

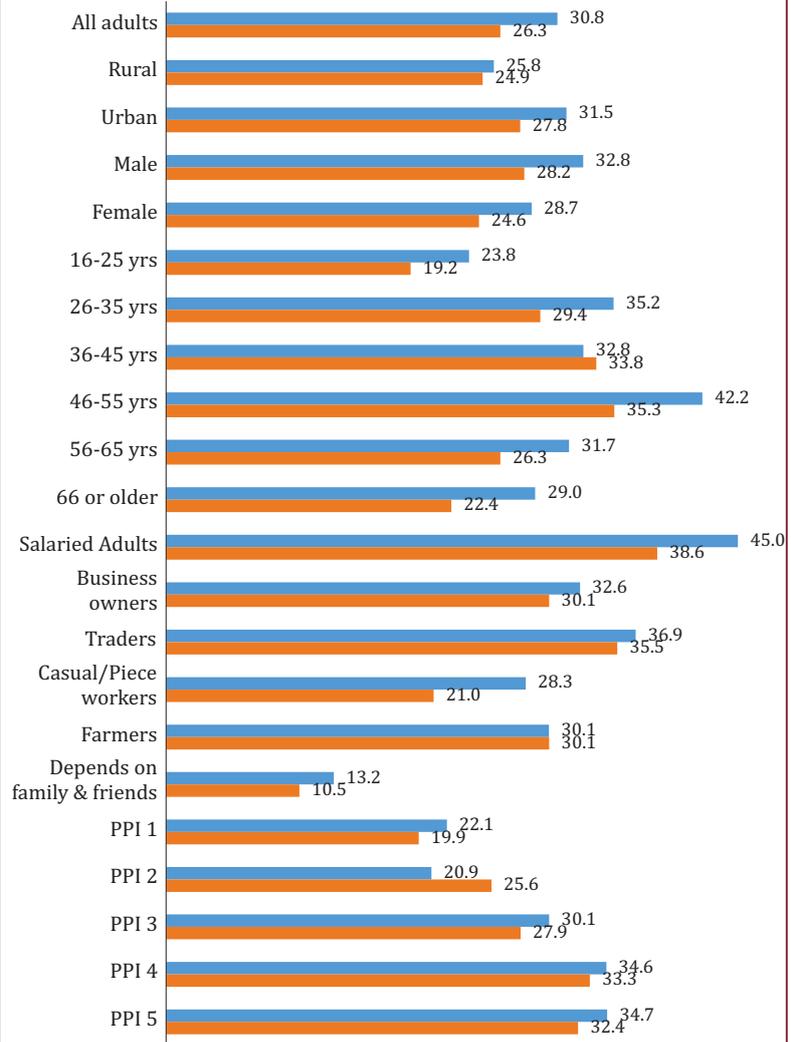


7.3.2 Adults Who Made Provision for Unexpected Expenses

The Survey showed that 30.8 percent of adults were able to make provision for unexpected expenses. Figure 46 shows that these were mostly among:

- Urban based adults;
- Males;
- Adults of age 46 – 55 years;
- Salaried adults; and
- Households in the high income quintiles of PPI 4 and PPI 5.

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



7.3.3 Strategies to Cope with Unexpected Expenses

The Survey showed that 60.3 percent of adults relied on gifts from family and friends as well as expense cutbacks to cope with unexpected expenses while 29.1 percent relied on savings and 10.6 percent on credit.

Females (61.9 percent) were more likely to rely on gifts and expense cutbacks compared with their male counterparts (58.7 percent). Further, the least coping strategy for both males and females was borrowing at 10.1 percent and 11.0 percent, respectively (Table 16).

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

	Savings		Borrowed		Rely on gifts & expenses cut back	
	Lusaka	National	Lusaka	National	Lusaka	National
Adults	29.1	28.3	10.6	9.0	60.3	62.7
Rural	24.1	27.3	8.7	9.1	67.2	63.6
Urban	29.8	29.4	10.9	9.0	59.3	61.6
Male	31.2	29.7	10.1	9.0	58.7	61.2
Female	27.1	27.0	11.0	9.1	61.9	63.9
Salaried Adults	44.1	45.2	12.4	11.4	43.4	43.4
Business owners	30.0	33.2	15.5	10.1	54.5	56.7
Traders	28.8	33.5	9.1	8.1	62.1	58.5
Casual /Piece workers	32.0	24.9	12.7	11.1	55.3	64.0
Farmers	25.8	29.8	5.6	9.5	68.6	60.7
Depends on family and friends	10.9	10.2	5.8	4.8	83.3	84.9
PPI 1	17.2	23.6	17.8	8.8	65.0	67.6
PPI 2	19.1	26.3	15.9	9.5	65.0	64.2
PPI 3	29.1	30.5	9.7	8.6	61.1	60.8
PPI 4	30.8	34.1	8.4	8.7	60.8	57.1
PPI 5	41.1	37.5	12.9	12.3	46.0	50.2

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 25.0 percent of adults reported that at least one household member owned the current dwelling. This was more likely to be:

- Rural based adults;
- Females;
- Adults who depended on family and friends; and
- Households in the low income quintile of PPI 2.

Further, Table 17 showed that 79.8 percent of adults owned a mobile phone while 7.0 percent owned agriculture land. With regard to ICT, 39.4 percent of adults indicated that they had access to the internet.

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

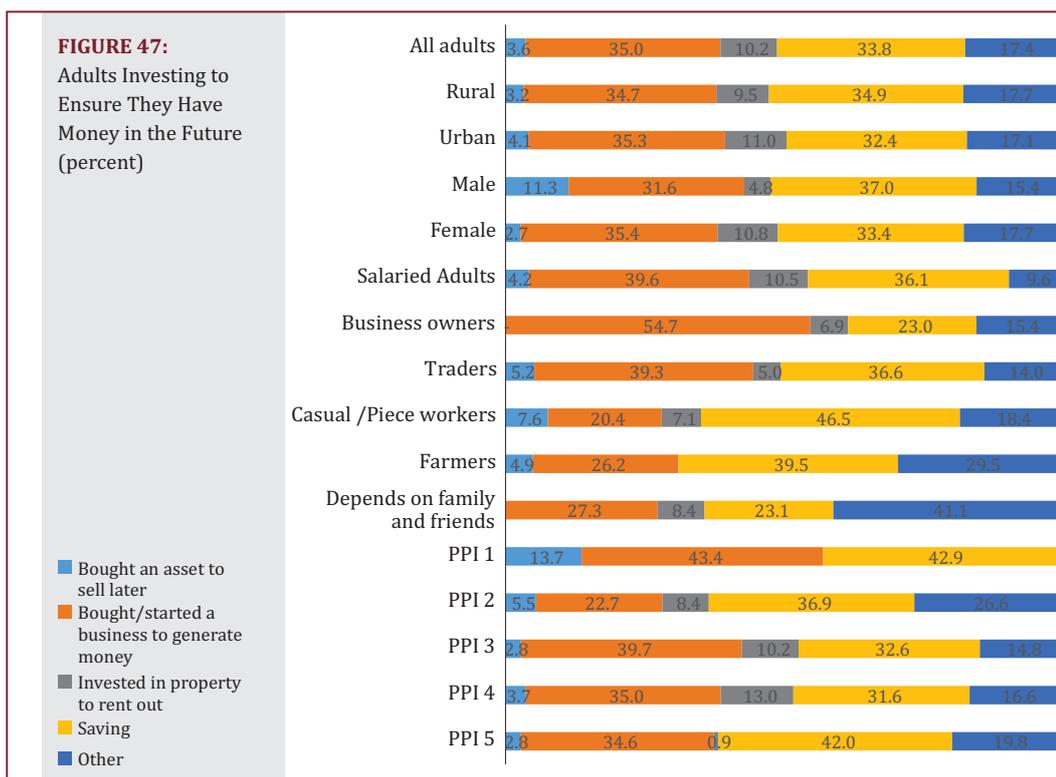
	Own Current house	Member of household owns the house	Personally own (any/another) House	Personally own Agriculture land (for crop and livestock)	Personally own a mobile phone	Have access to a computer	Have access to the internet
Adults	12.0	25.0	15.6	7.0	79.8	8.4	39.4
Rural	26.1	27.1	29.5	23.9	72.8	5.7	17.5
Urban	10.0	24.7	13.6	4.6	80.8	8.8	42.6
Male	13.7	23.9	18.4	8.6	80.8	11.1	44.9
Female	10.4	26.0	12.8	5.4	78.9	5.9	34.0
Salaried Adults	15.5	14.2	22.0	10.7	94.2	9.0	47.4
Business owners	5.5	22.2	10.7	1.8	87.0	10.4	59.4
Traders	11.8	23.4	14.7	10.9	88.2	12.5	40.9
Casual /Piece workers	7.3	29.6	8.4	3.4	75.1	4.9	31.2
Farmers	43.3	28.8	52.2	50.8	66.8	0.0	5.9
Depends on family and friends	6.1	35.2	7.1	1.2	65.3	10.8	37.4
PPI 1	27.5	26.4	27.5	24.2	70.4	0.0	4.9
PPI 2	17.4	55.9	5.4	2.9	61.6	9.8	27.4
PPI 3	9.4	35.3	48.5	17.2	86.4	17.9	38.8
PPI 4	12.3	42.7	18.3	10.9	73.3	8.1	32.5
PPI 5	7.7	55.1	24.4	31.4	49.8	0.0	2.7

7.5 Investments

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

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

Figure 47 showed that most adults would either 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 males, rural dwellers, casual/piece workers and those in PPI 1 and PPI 5. Further, adults who indicated that they would start a business were mostly amongst females, urban dwellers, business owners and those in PPI 1.



7.6 House Occupancy Status

The Survey showed that 14.8 percent of adults lived in a house that was provided rent free (Table 18). The highest percentages of adults who lived rent free were amongst:

- Adults in rural areas;
- Males;
- Business owners; and
- Households in the lowest income quintile of PPI 1.

On the other hand, 46.9 percent of adults lived in a rented house. Those who lived in a rented house were mostly amongst:

- Adults in urban areas;
- Females;
- Salaried adults; and
- Households in the highest income quintile of PPI 5.

TABLE 18: HOUSE OCCUPANCY STATUS (PERCENT)

	Lusaka		National	
	You/your household rent this house	House provided rent free	You/your household rent this house	House provided rent free
All adults	46.9	14.8	20.4	10.6
Rural	12.4	33.8	4.1	10.6
Urban	51.8	12.1	38.6	10.6
Male	45.4	15.7	20.4	11.0
Female	48.3	13.8	20.5	10.3
Salaried Adults	57.0	12.3	30.3	13.1
Business owners	47.2	22.8	30.5	14.5
Traders	52.6	12.1	23.6	9.2
Casual /Piece workers	42.0	20.0	21.4	12.0
Farmers	16.2	9.7	3.0	5.9
Depends on family and friends	44.7	12.5	22.7	10.9
PPI 1	20.2	25.9	3.1	7.0
PPI 2	34.5	21.5	11.4	10.8
PPI 3	49.5	14.8	32.9	12.5
PPI 4	47.6	11.8	40.6	12.6
PPI 5	60.8	13.8	55.5	12.7

7.7 Strategies to Meet Future Needs When Old and Cannot Work

The Survey indicated that 25.7 percent of adults considered owning a business as a means of ensuring that they would meet future needs when they were old and unable to work. Other common strategies included savings (19.4 percent) and buying land/property (12.3 percent). The least common strategies were investing in shares (0.1 percent) and insurance (0.3 percent). Further, 17.4 percent of adults indicated that they had no plans on how to secure future needs when old and unable to work were.

Adults in urban areas, males, traders and those in PPI 5 were more likely to start a business 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)

	Lusaka Province										
	Savings	Children	Land/property	Own business	Rental income	Shares	Farming/agriculture/ livestock	Pension	Insurance policy	Don't know/have no plans	Other specify
All adults	19.4	6.5	12.3	25.7	6.4	0.1	5.7	1.7	0.3	17.4	4.5
Rural	18.9	6.8	7.5	15.4	3.9	-	17.2	2.9	-	23.3	4.1
Urban	19.5	6.4	13.0	27.2	6.7	0.2	4.1	1.5	0.4	16.5	4.6
Male	20.9	6.5	11.5	28.3	5.5	0.2	6.3	2.0	0.2	15.7	2.9
Female	18.0	6.4	13.1	23.1	7.3	0.1	5.1	1.3	0.4	19.0	6.1
Salaried Adults	22.6	5.4	14.9	27.1	5.9	-	7.2	4.0	0.1	10.9	1.8
Business owners	17.4	10.7	17.0	28.5	8.6	-	2.9	0.6	-	11.8	2.6
Traders	23.3	4.9	7.0	34.5	5.2	-	3.4	0.0	3.2	14.2	4.2
Casual /Piece workers	20.5	5.1	10.9	28.1	5.6	0.5	4.2	0.5	0.3	21.6	2.5
Farmers	7.8	15.6	0.0	15.5	2.6	-	33.3	2.3	-	20.5	2.4
Depends on family and friends	16.4	6.8	11.4	22.9	4.2	0.2	4.1	0.4	-	23.9	9.8
PPI 1	8.6	10.2	15.4	12.2	31.7	-	2.9	2.3	-	12.8	3.9
PPI 2	24.1	2.4	10.3	3.7	8.5	-	12.9	0.0	-	30.4	7.7
PPI 3	18.3	11.5	6.3	17.3	6.7	0.3	10.3	0.0	-	23.7	3.5
PPI 4	15.3	6.1	15.0	25.7	6.9	0.0	4.5	1.2	0.2	22.8	5.4
PPI 5	21.3	5.5	13.4	30.1	6.1	0.3	4.5	1.9	0.5	31.7	-

8.0 ACCESS TO FINANCIAL SERVICE

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

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

8.1 Physical Access to Points of Service

The Survey showed that 61.3 percent of adults were able to reach at least one access point within 30 minutes by motor vehicle, 49.4 percent by bicycle and 37.4 percent on foot.

In terms of proximity, mobile money agents were closest to the population followed by schools and health centres. The Survey showed that 94.9 percent of adults were able to reach the nearest mobile money agent within 30 minutes by motor vehicle, 92.3 percent by bicycle and 90.2 percent on foot. The percentage of adults who were able to reach the nearest school within 30-minutes was 93.3 percent by motor vehicle, 87.4 percent by bicycle and 76.1 percent on foot, . For health centres, 90.2 percent were able to reach by motor vehicle, 79.4 percent by bicycle and 58.9 percent on foot (Table 20).

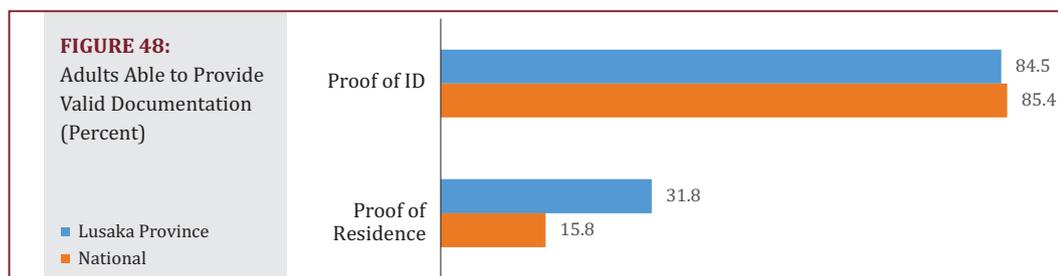
TABLE 20: ADULTS ABLE TO ACCESS SERVICE POINTS WITHIN 30 MINUTES (PERCENT)

Access Point	Mode of Travel		
	Foot	Bicycle	Motor vehicle
All adults	37.4	49.4	61.3
Bank branch or ATM	34.9	55.0	70.5
Microfinance institution	9.6	17.9	30.3
Bank agent	54.6	64.9	73.2
Mobile money agent	90.2	92.3	94.9
Building society	3.9	14.0	36.4
Insurance company	8.3	19.8	38.8
Capital markets operator	6.7	13.0	21.5
Post office	14.3	31.4	51.9
School	76.1	87.4	93.3
Health centre	58.9	79.4	90.2
Filling station	53.7	71.1	82.6
Supermarket	50.1	70.2	82.5

Generally, access to financial service points such as microfinance institutions and insurance companies was much lower than access to schools, health centres, post offices, filling stations and supermarkets.

8.2 Eligibility to Access Services

The Survey indicated that 84.5 percent of adults in the province had proof of identification (ID) while only 31.8 percent had proof of residential address (Figure 48).



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

Table 21 shows that apart from the National Registration Card (NRC), generally, the percentage of adults that possessed various KYC documentation such as a passport, driver's licence, payslip, lease agreement, TaxPayer Identification Number (T-PIN), electricity/water bill was low, at less than 20 percent.

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

Type of Document	Lusaka			National
	Rural	Urban	Overall	
National registration card	88.6	83.5	84.1	85.4
Driver's licence	7.1	12.7	12.0	6.8
Passport	5.5	10.6	10.0	5.3
Payslip from employer	6.0	11.2	10.6	6.4
Lease or rental agreement in your name	0.6	9.6	8.5	4.2
Subscription (e.g., satellite TV) in your name	8.6	22.8	21.0	10.7
Tax identification form in your name	8.7	15.2	14.4	8.9
Electricity/water bill in your name	3.8	12.4	11.3	6.5
Insurance policy in your name	6.1	4.8	4.9	3.4
Telephone/Zamtel bill in your name	0.4	8.9	7.8	2.8
Title deed in your name	5.3	8.5	8.1	6.2

9.0 FINANCIAL PRODUCTS AND SERVICES USED BY ADULTS

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

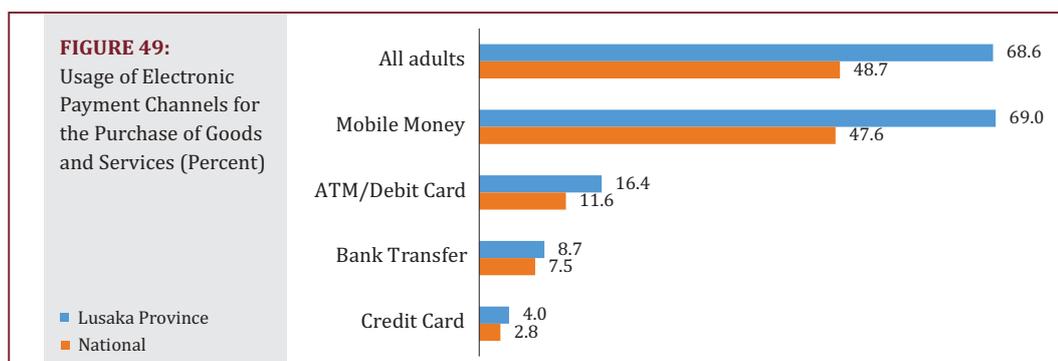
- 1) Electronic Payment Channels;
- 2) Credit;
- 3) Remittances;
- 4) Savings;
- 5) Insurance; and
- 6) Pensions.

9.1 Electronic Payment Services

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

9.1.1 Purchasing Good and Services

The survey indicated that 68.6 percent of the adult population in Lusaka Province used electronic payment channels to purchase goods and services. Amongst these payment methods, mobile money was the most widely used at 69.0 percent, while credit cards had the least usage at 4.0 percent (Figure 49).

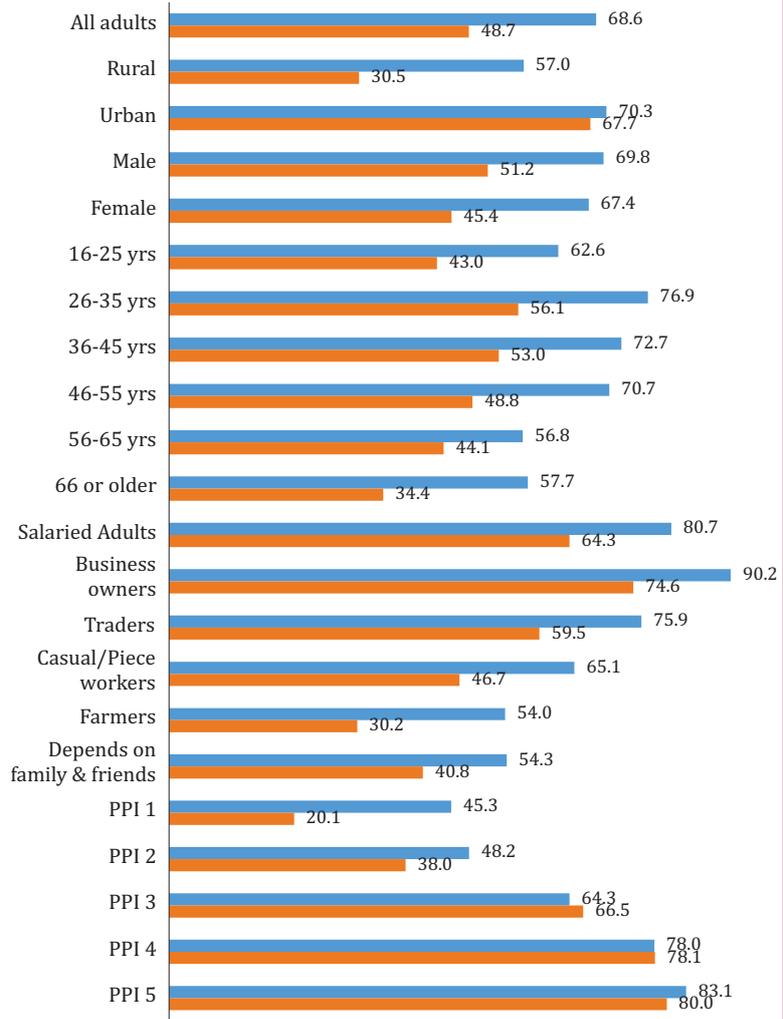


9.1.2 Adults Using Electronic Payment Channels for Purchase of Goods and Services (Percent)

Figure 50 shows that adults who used electronic payment methods to purchase goods and services were mostly among:

- Those in urban areas;
- Males;
- The age group 26 – 35 years;
- Business owners; and
- Households in the highest income quintile of PPI 5.

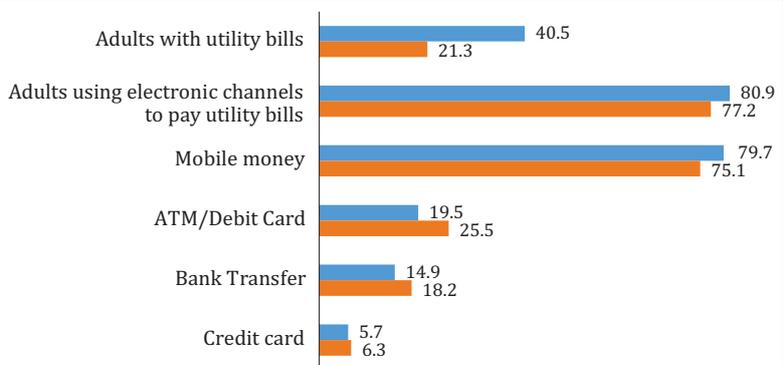
FIGURE 50:
Profile of Adults Using Electronic Payment Channels for the Purchase of Goods and Services (Percent)



9.1.3 Bill Payments

In the 12 months prior to the survey, 40.5 percent of adults stated that they had utility bills to pay. Of these, 80.9 percent used electronic payment channels. Mobile money was the most widely used channel for bill payments while the credit card was the least utilised (Figure 51).

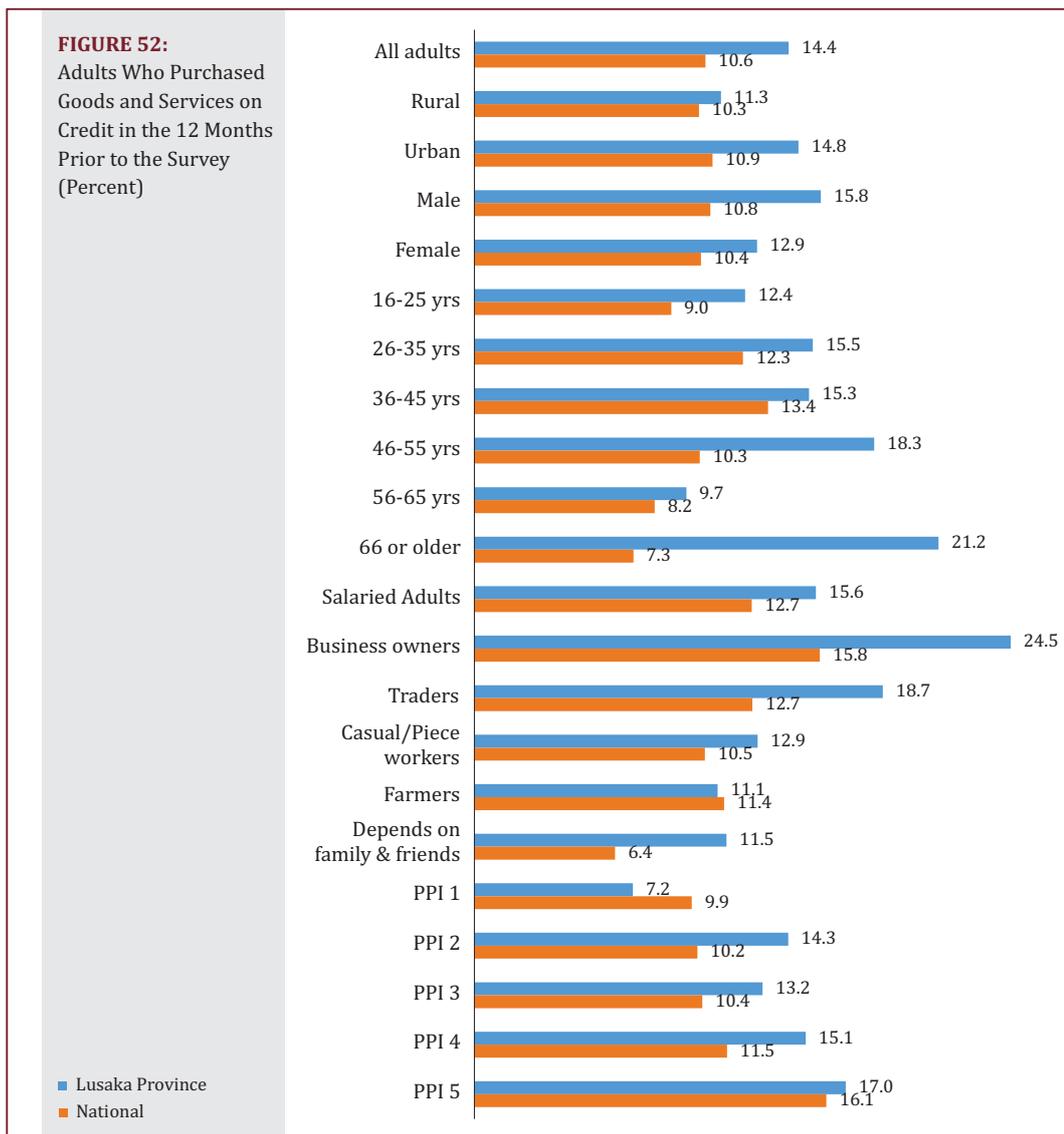
FIGURE 51:
Usage of Electronic Payment Channels for Paying Bills (Percent)



9.2 Adults Buying Goods and Services on Credit

The Survey indicated that 14.4 percent of adults bought goods and services on credit in the 12 months prior to the Survey (Figure 52). These were mostly amongst:

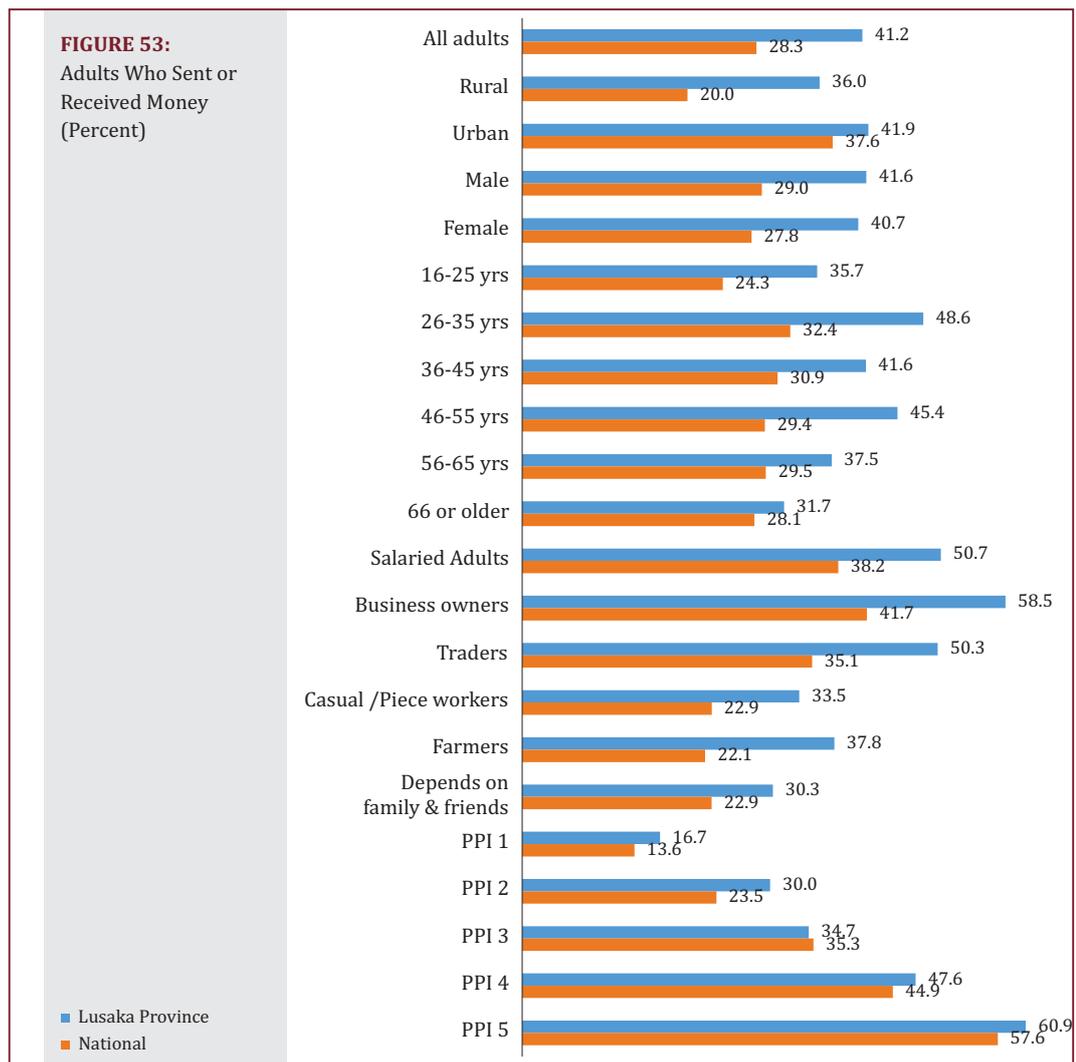
- Urban based adults;
- Males;
- Adults of age 66 years or older;
- Business owners;
- Households in the highest income quintile of PPI 5.



9.3 Remittances

During the 12-months period prior to the Survey, 41.2 percent of adults sent /or received money from someone (Figure 53). These activities were largely observed amongst the following:

- Adults in urban areas;
- Males;
- Adults of age 26 – 35 years;
- Business owners; and
- Households in the highest income quintile of PPI 5.



Mobile money was the most widely used channel for sending and receiving money at 65.6 percent and 79.8 percent, respectively. Remittances made through informal channels such as friends and family and bus/taxi driver were the least utilised methods (Table 22).

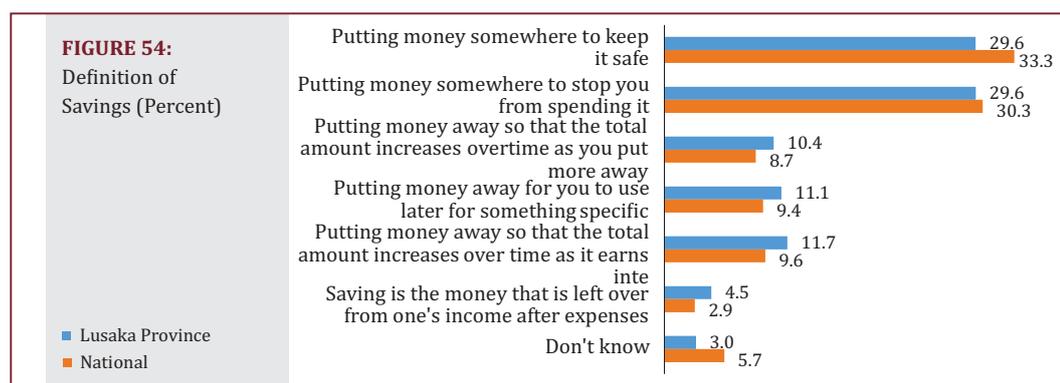
TABLE 22: REMITTANCES (PERCENT)

Channels used to send money	Senders	
	Lusaka Province	National
Post Office	0.2	0.2
Mobile money	65.6	56.8
Bank transfer/Pay into bank account	3.3	2.7
Friends or family takes it there	1.6	2.0
Bus/taxi driver takes it there	0.6	0.5
Western Union/Money gram/Swift cash	1.4	0.8
Channels used to receive money	Receivers	
Post Office	0.2	0.4
Mobile money	79.8	88.4
Bank transfer/Pay into bank account	4.6	5.1
Friends or family takes it there	4.1	7.4
Bus/taxi driver takes it there	0.1	0.5
Western Union/Money gram/Swift cash	1.8	1.5

9.4 Savings

9.4.1 Definition of Savings

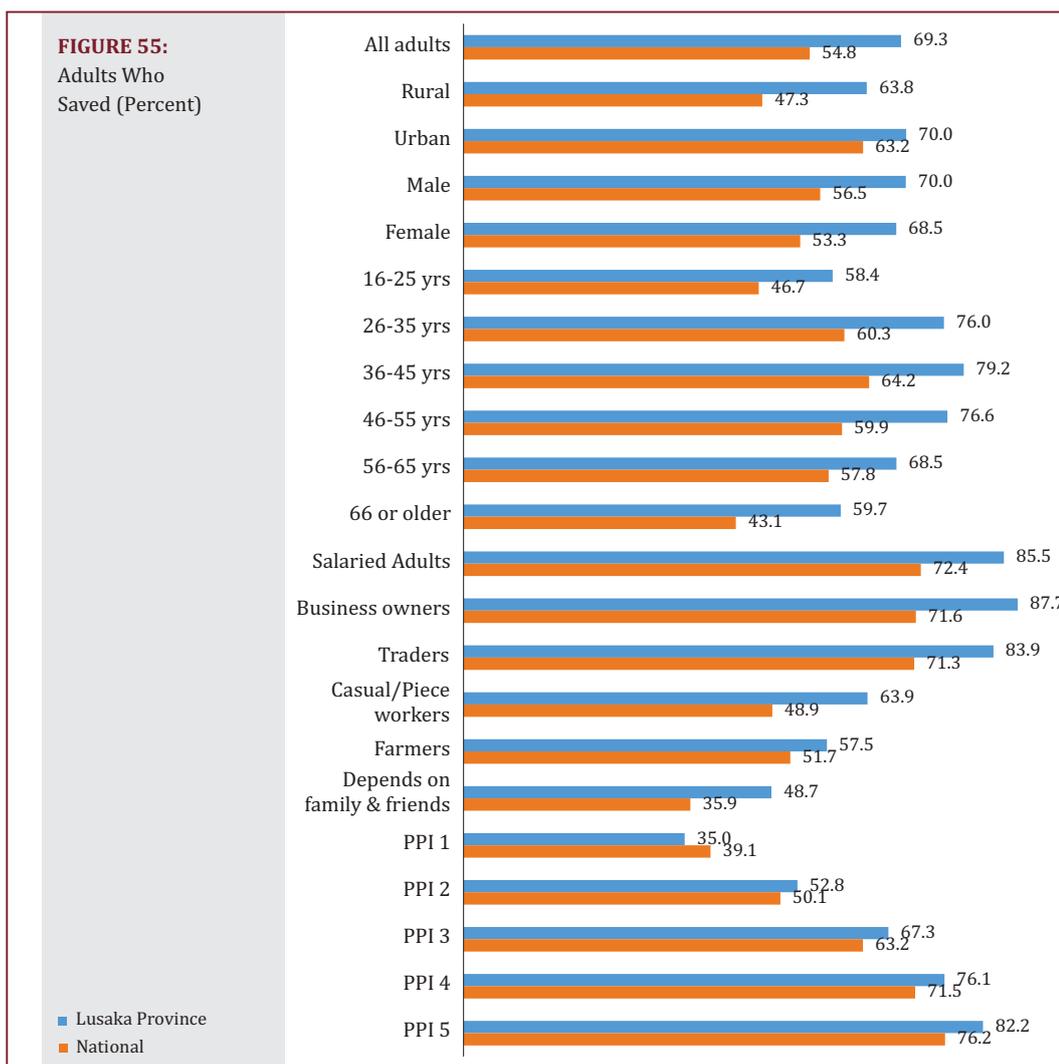
Figure 54 shows that most adults defined saving as “putting money somewhere to keep it safe” and “keeping money somewhere to avoid spending”.



9.4.2 Adults Who Saved

Figure 55 shows that 69.3 percent of adults indicated that they saved. These were highest amongst:

- Adults in urban areas;
- Males;
- Adults in the age group 36 – 45 years;
- Business owners; and
- Households in the highest income quintile of PPI 5.



9.4.3 Drivers of Saving

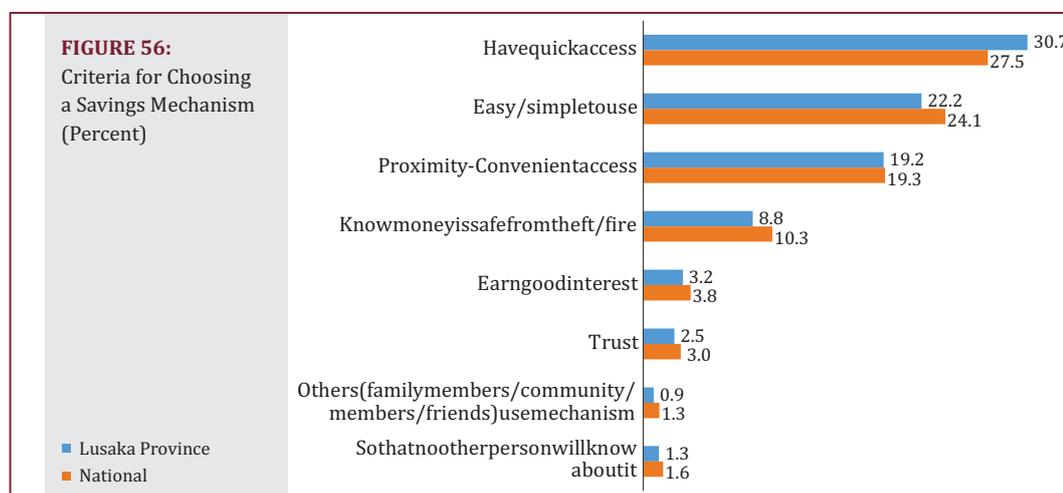
The findings summarised in Table 23 indicate that most adults saved in order to smoothen cash-flow mainly for living and farming expenses.

TABLE 23: MAIN DRIVERS OF SAVINGS (PERCENT)

Purpose	Drivers	Savers
Cash-Flow Management	Living expenses for when you do not have money	81.3
	Education or school fees	16.8
	Farming expenses such as seeds or fertilizer	91.4
	Business expenses such as additional stock	45.2
Risk Management	Medical expenses	33.0
	Funeral expenses	10.3
Investing	Buying business equipment such as a printer or sewing machine etc.	12.2
Assets and Productive Activities	Buying a bicycle, motorcycle, car, truck or other means of transport for personal use	2.1
	Starting or expanding business	18.8
	Buying land	3.0

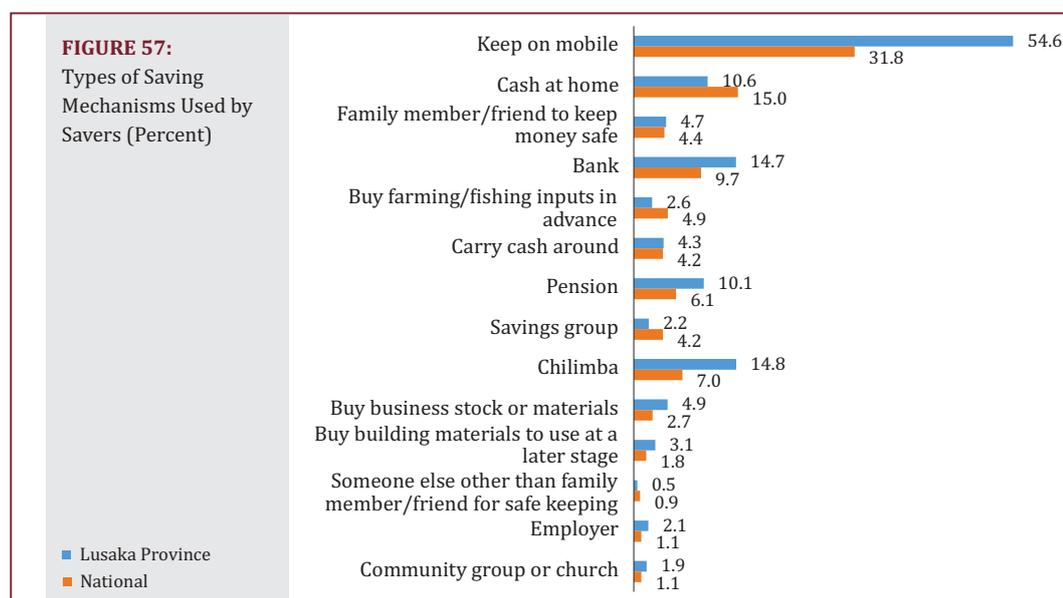
9.4.4 Criteria for Choosing a Savings Mechanism

Figure 56 illustrates that the most important criteria for choosing a savings mechanism was quick access (30.7 percent). This was followed by ease of use (22.2 percent) and proximity (19.2 percent).



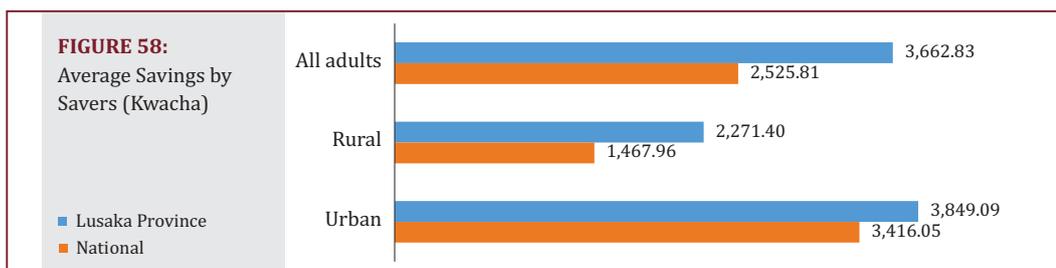
9.4.5 Types of Saving Mechanisms

Figure 57 illustrates that most adults (54.6 percent) used mobile money services to save. This was followed by keeping money in a Chilimba (14.8 percent). Further, 14.7 percent of adults saved at a commercial bank.



9.4.6 Average Savings

Figure 58 shows that the average amount of money saved by adults was K3,662.83. Adults in urban areas saved much more (K3,849.09) than those in rural areas (K2,271.40).

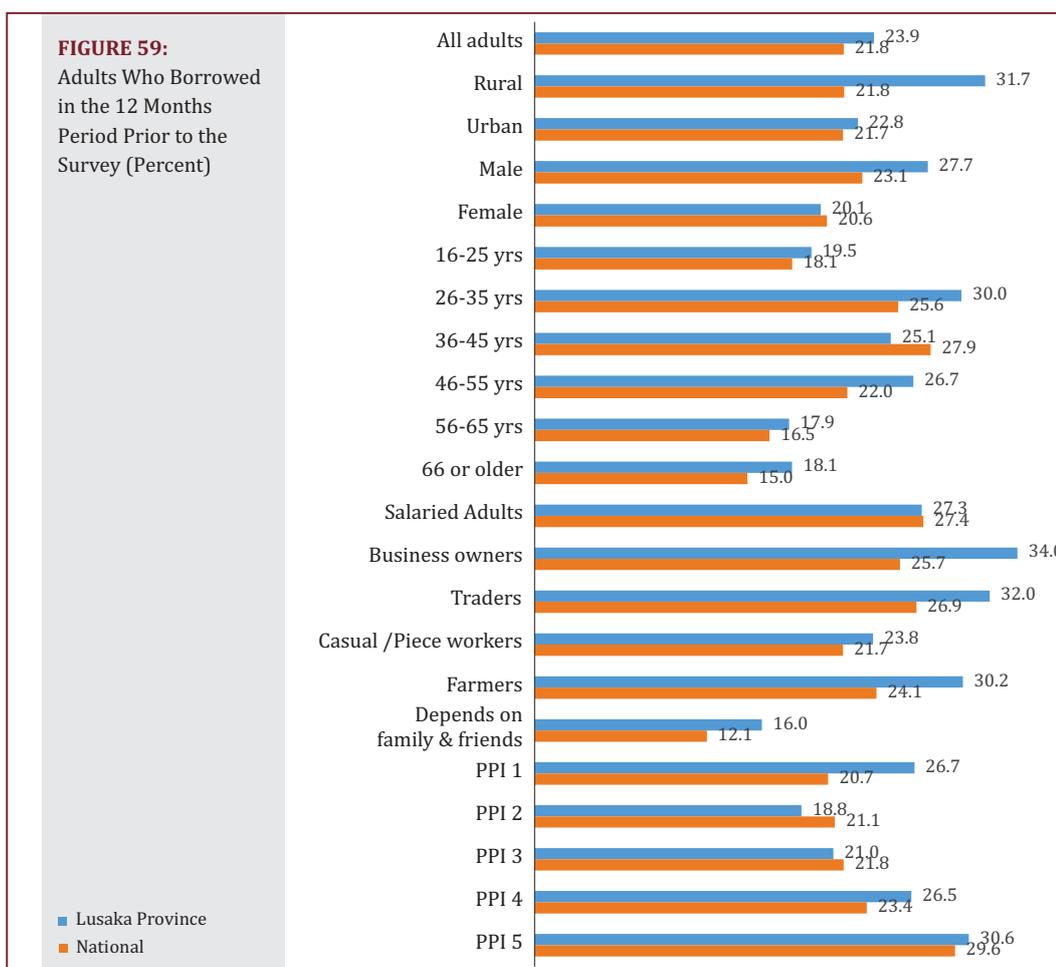


9.5 Credit Services

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

During the 12 months period prior to the Survey, 23.9 percent of adults accessed credit from formal and informal FSPs (Figure 59). These were highest amongst:

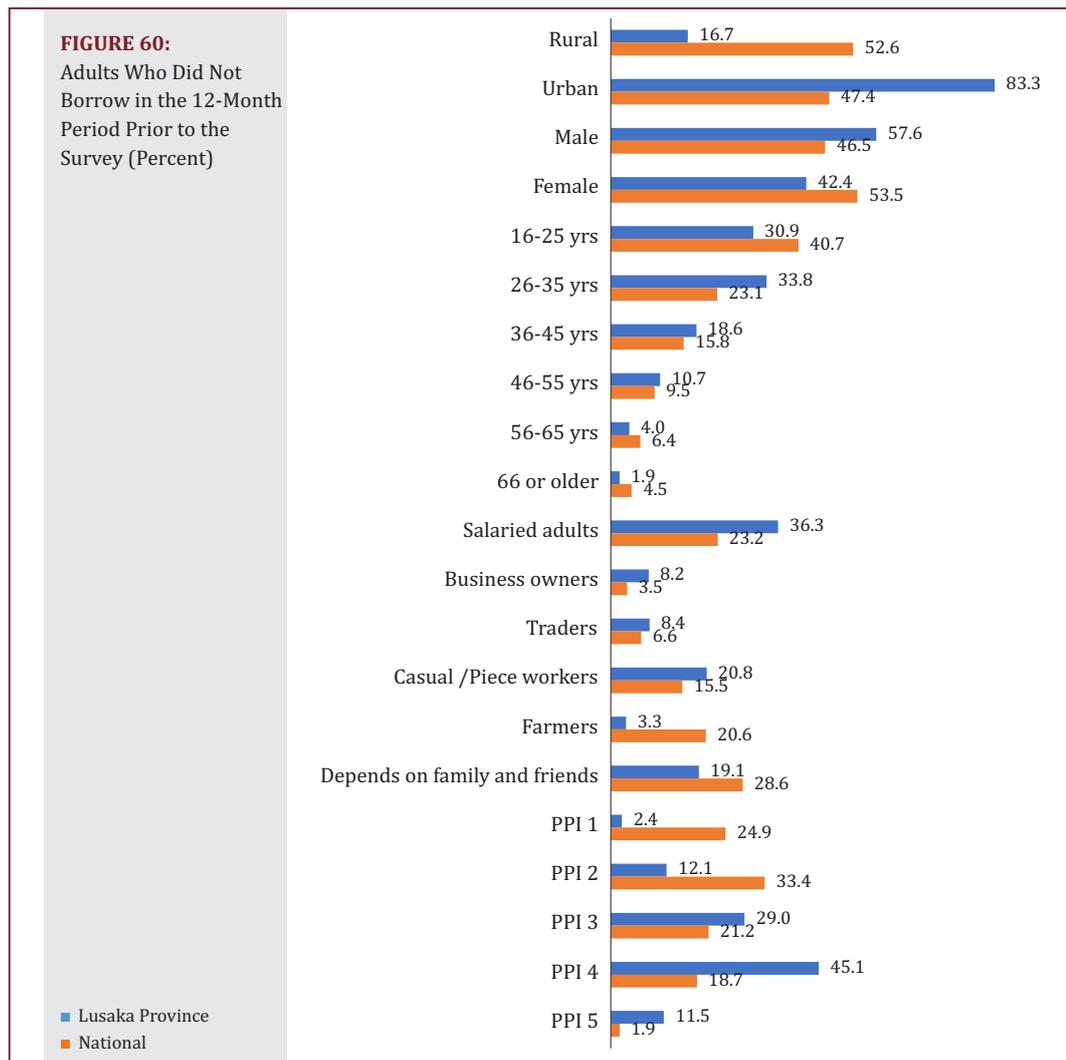
- Rural based adults;
- Males;
- Adults of age 26 – 35 years;
- Business owners; and
- Households in the highest income quintile of PPI 5.



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

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

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



9.5.3 Drivers of Borrowing

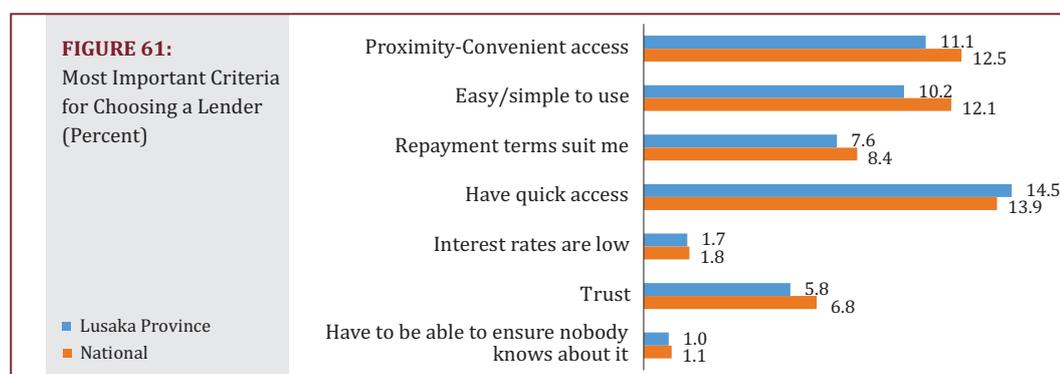
Table 24 indicates that 90.1 percent of adults borrowed to cater for farming expenses while 86.5 percent borrowed to pay for living expenses.

TABLE 24: DRIVERS OF BORROWING (PERCENT)

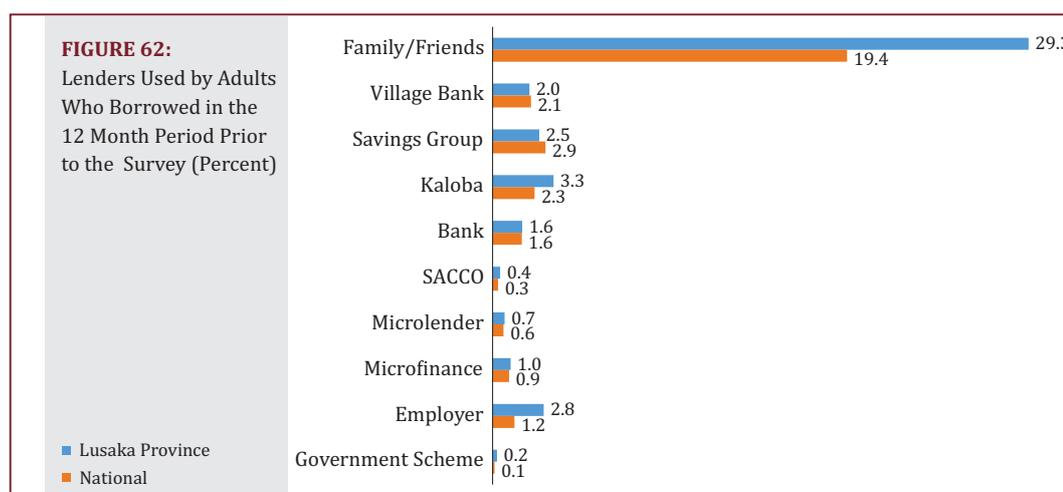
Purpose	Drivers	Adults
Cash-Flow Management	Living expenses for when you do not have money	86.5
	Education or school fees	11.0
	Farming expenses such as seeds or fertilizer	90.1
	Business expenses such as additional stock	39.6
	Funeral expenses	4.2
Risk Management	Medical expenses	6.9
	Buying business equipment such as a printer or sewing machine etc.	9.3
Investing	Buying a bicycle, motorcycle, car, truck or other means of transport for personal use	-
Productive Activities	Starting or expanding business	12.8
	Buying land	11.7

9.5.4 Criteria for Choosing a Lender

The most important criteria for choosing a lender were quick access to the money followed by proximity (Figure 61).



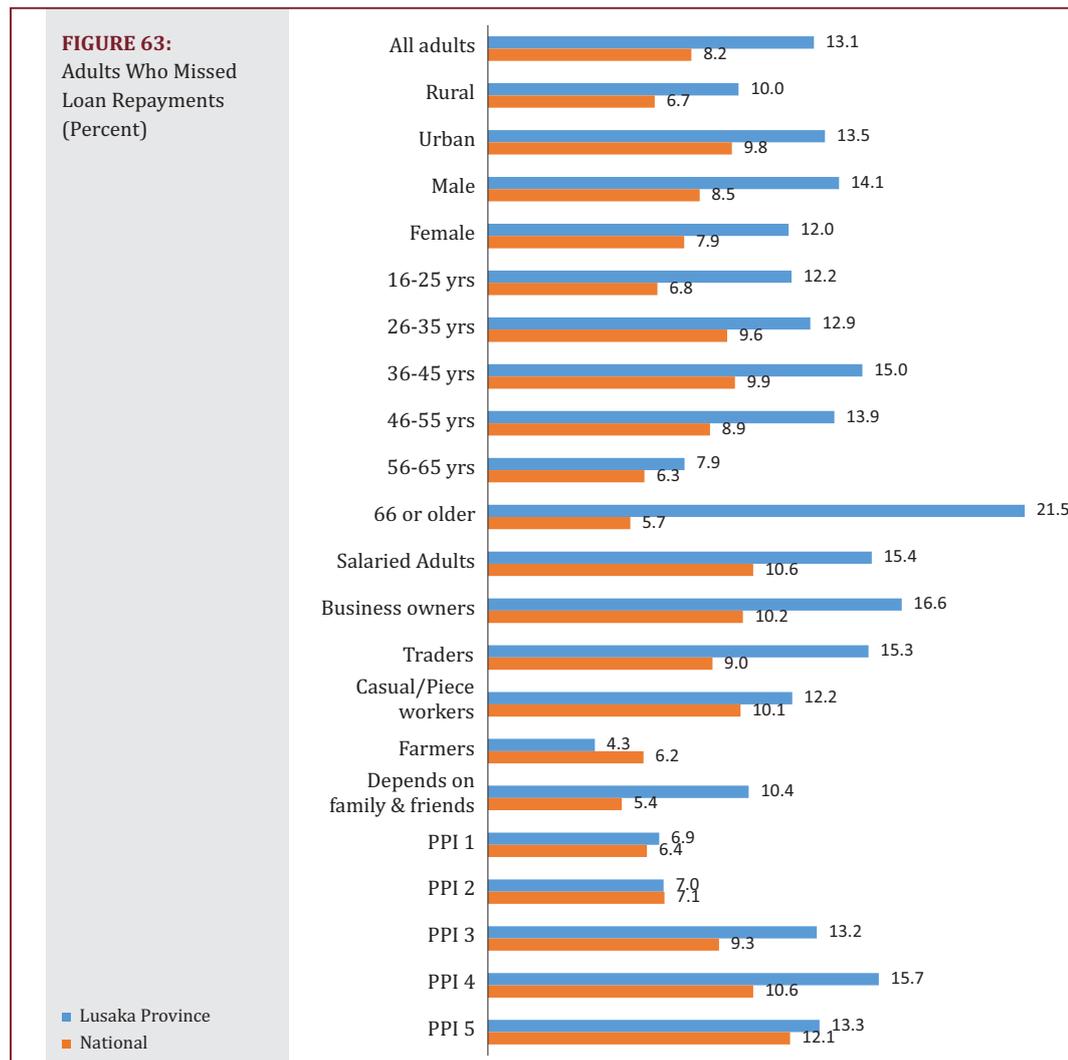
The survey showed that 29.3 percent of adults preferred to borrow from family/friends while only 1.6 percent borrowed from commercial banks (Figure 62).



9.5.5 Adults who Missed Loan Repayments

The survey showed that out of those who borrowed, 13.1 percent missed at least one loan repayment when it was due (Figure 63). These adults were mostly amongst:

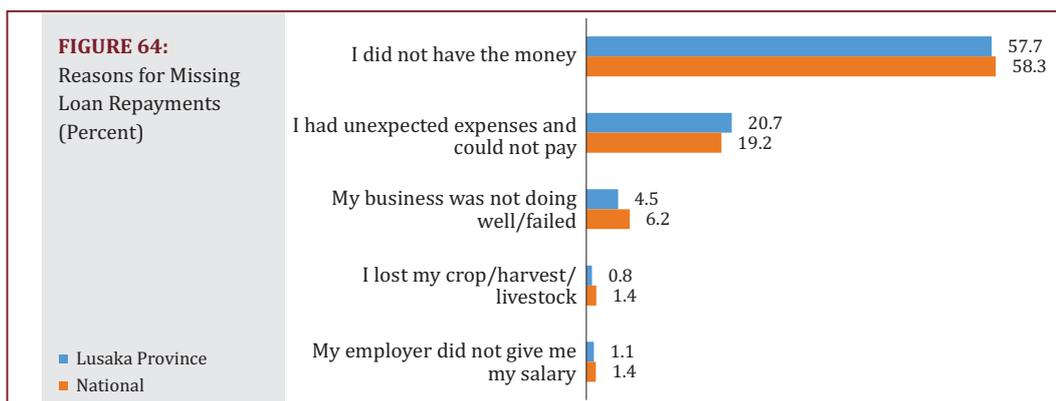
- Those in urban areas;
- Males;
- Those of age 66 years or older;
- Business owners; and
- Households in the high income quintile of PPI 4.



9.5.6 Reasons for Missing Loan Repayments

As illustrated in Figure 64, most adults missed loan repayments because:

- They did not have money to meet the repayment; and
- Had other unexpected expenses.



9.5.7 Adults Denied Loans by Formal FSPs

Table 25 shows that 25.2 percent of adults who applied for loans from formal FSPs were unsuccessful. The highest percentage of those denied loans was from microfinance institutions.

TABLE 25: ADULTS DENIED LOANS BY FORMAL FSPS

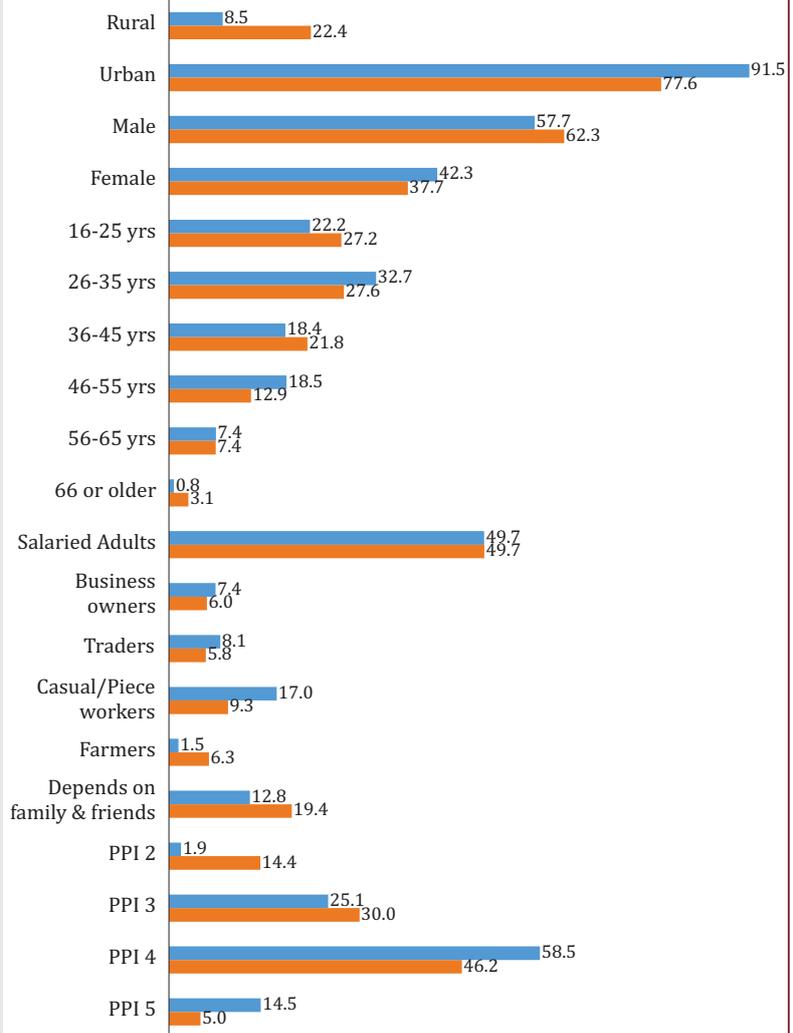
	Percentage of adults denied access	Main reason for being denied access
All adults	25.2	Low income
Commercial banks	31.8	Lack of collateral
		No credit history
Microfinance institutions	32.3	Lack of collateral
		No correct documentation
Micro-lenders	9.1	No specific reason

9.5.8 Awareness of the Credit Reference Bureau (CRB)

Table 25 shows that only 8.5 percent of adults in the Province were aware of the Credit Reference Bureau. Figure 65 shows that adults who were aware of the CRB were more likely to be:

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

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



9.6 Insurance Services

The Survey indicated that only 8.3 percent of adults in the Province used insurance services compared to 6.3 percent at national level. Figure 66 shows that these adults were mostly:

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

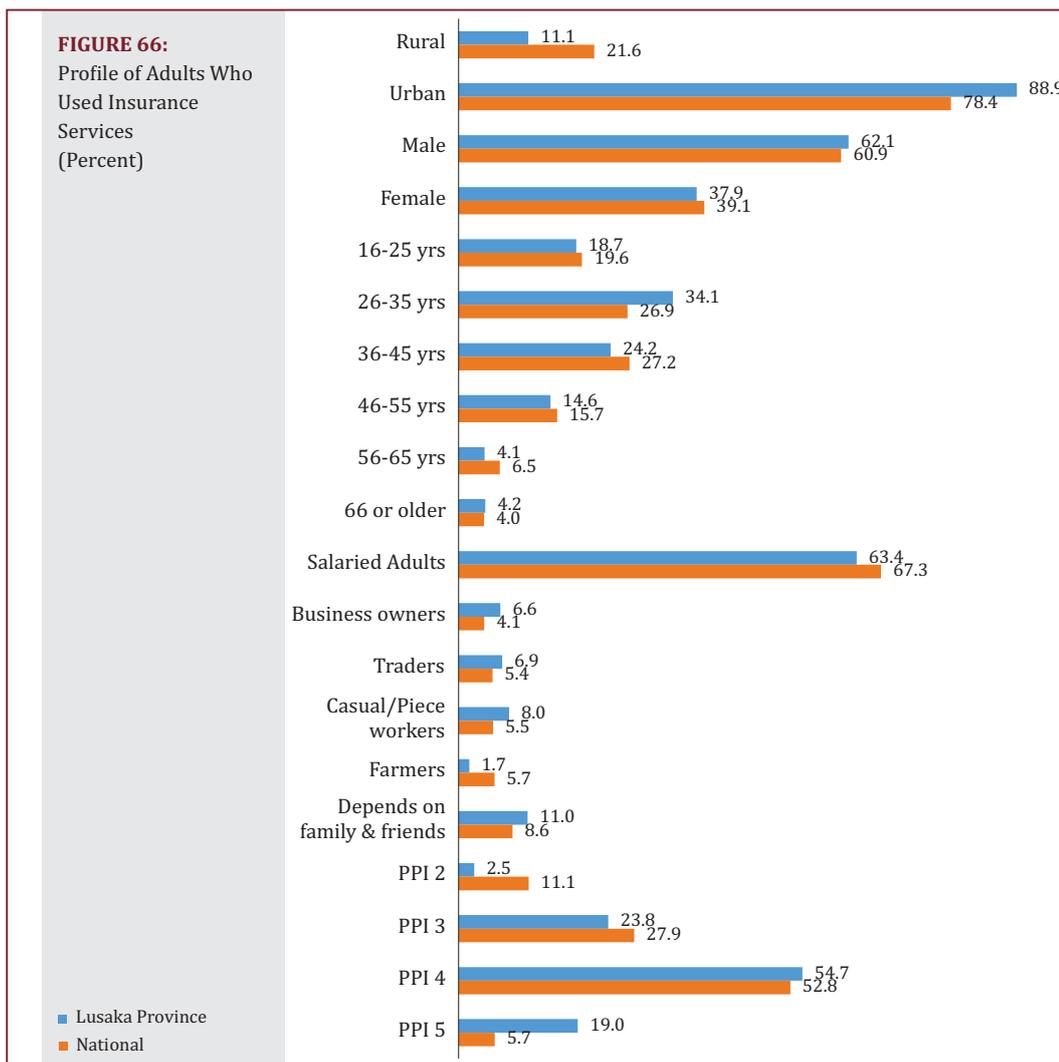
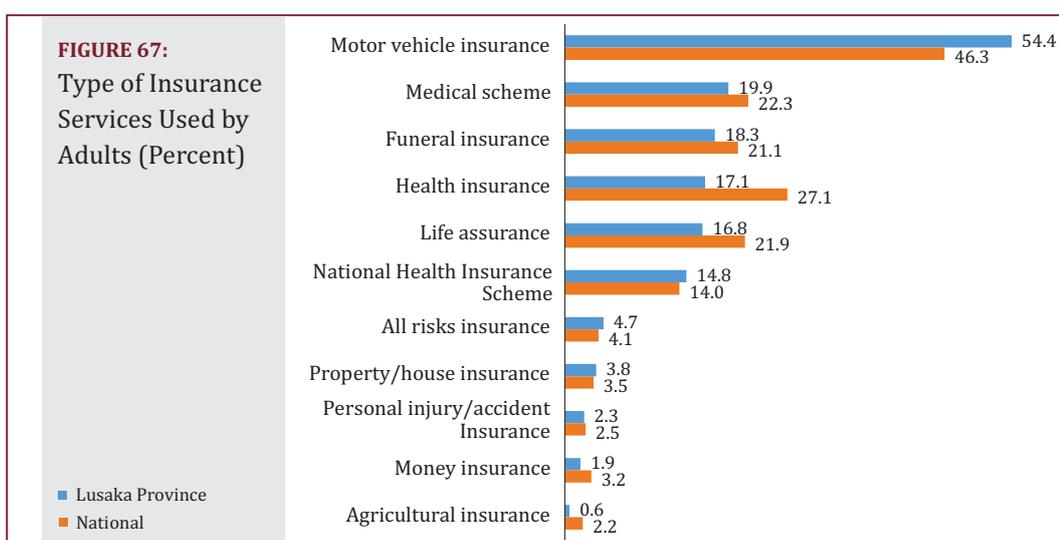
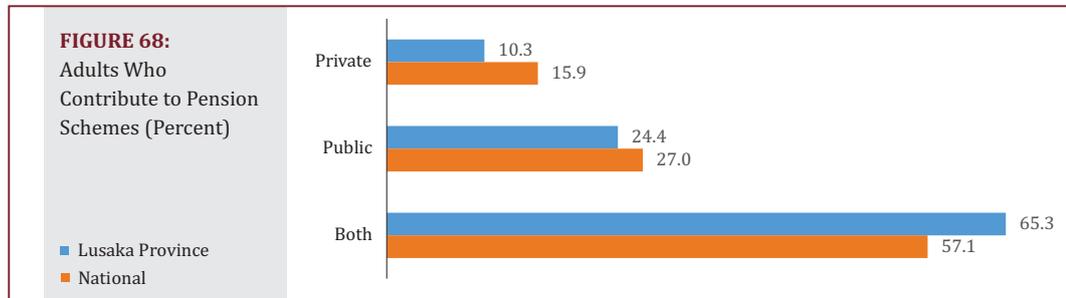


Figure 67 illustrates that the most widely used insurance service was motor vehicle insurance at 54.4 percent. This was followed by medical insurance and funeral insurance at 19.9 percent and 18.3 percent, respectively.



9.7 Pension Services

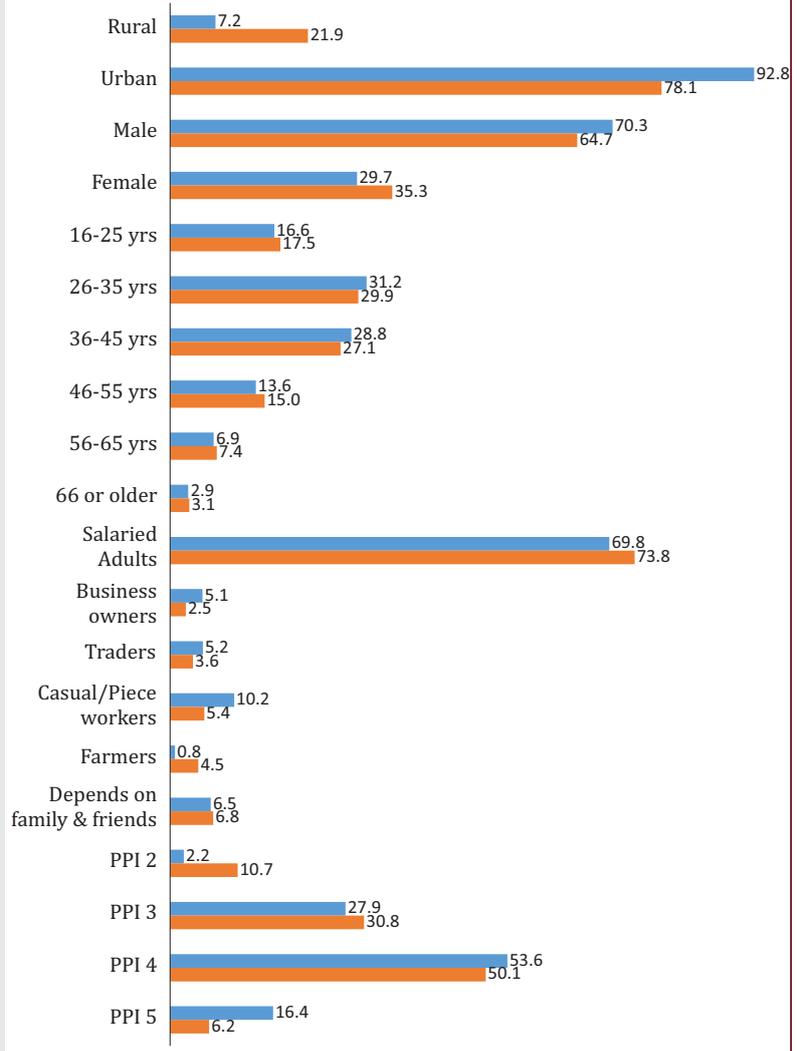
The Survey revealed that 13.4 percent of adults in the Province contributed to a pension scheme compared with 8.2 percent at national level. Figure 68 shows that the highest percentage of adults contributed to both public and private pension schemes (65.3 percent).



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

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

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

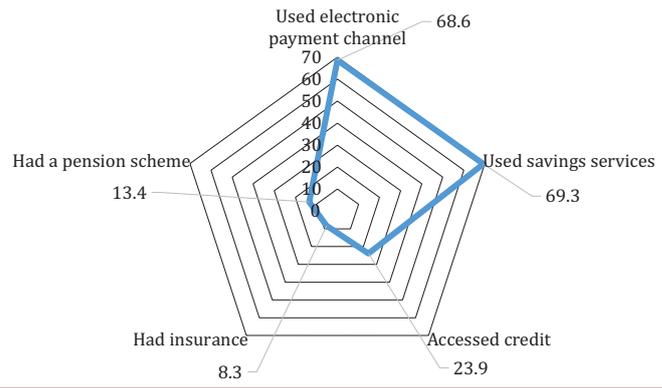


9.8 Landscape of Access

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

- Savings (69.3 percent);
- Electronic payment methods (68.6 percent);
- Credit (23.9 percent);
- Pension (13.4 percent); and
- Insurance (8.3 percent).

FIGURE 70:
Landscape of Access
(Percent)



10.0 FINANCIAL HEALTH

Financial health is the ability to manage expenses, prepare for and recover from financial shocks, have minimal debt, and 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.

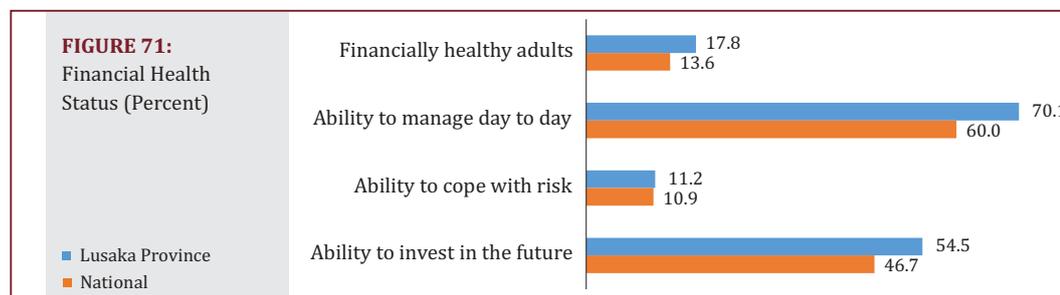
Financial health is measured by a multidimensional score made up of three dimensions:

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

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

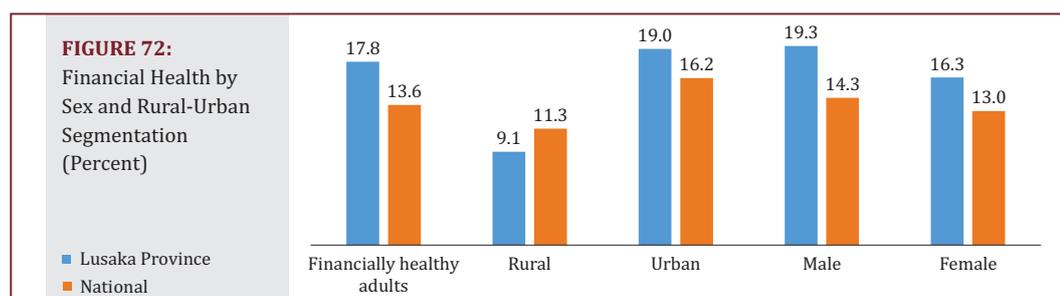
10.1 Financial Health Status

The Survey indicated that 17.8 percent of adults in the Province were financially healthy and this was higher than the national level of 13.6 percent (Figure 71).



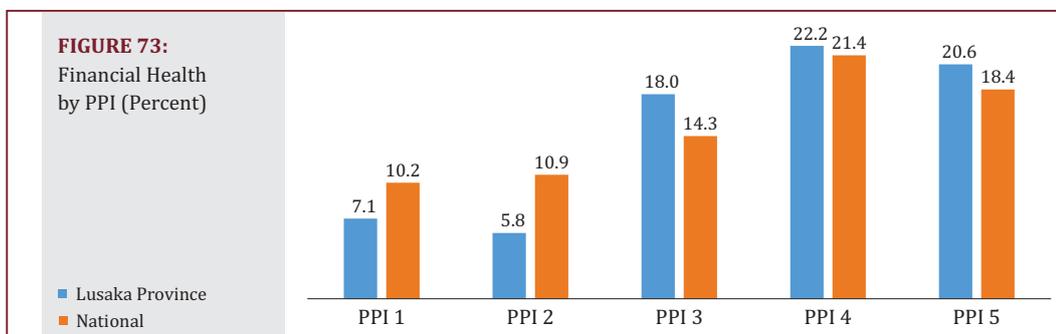
10.1.1 Financial Health by Sex and Rural/Urban Segmentation

Adults in urban areas were more financially healthy at 19.0 percent compared with those residing in rural areas at 9.1 percent. Further, males were more financially healthy than females (Figure 72).



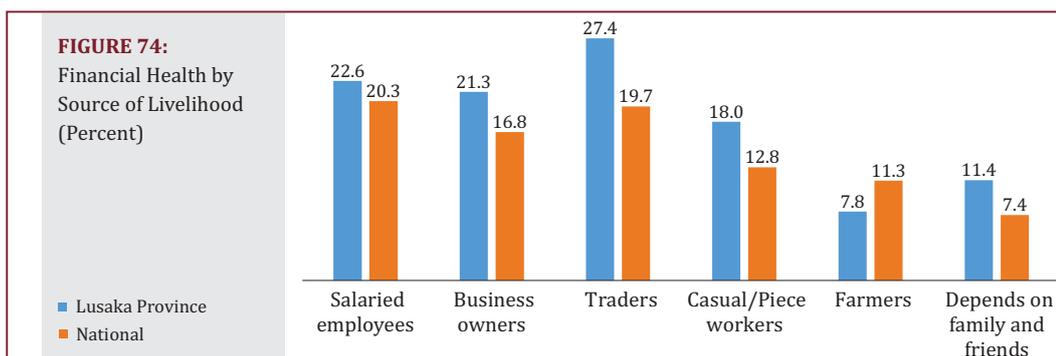
10.1.2 Financial Health by Progress Out of Poverty Index (PPI)

The most financially healthy adults were from households in the high income quintile of PPI 4, while the least financially healthy were from the low income quintile of PPI 2 (Figure 73).



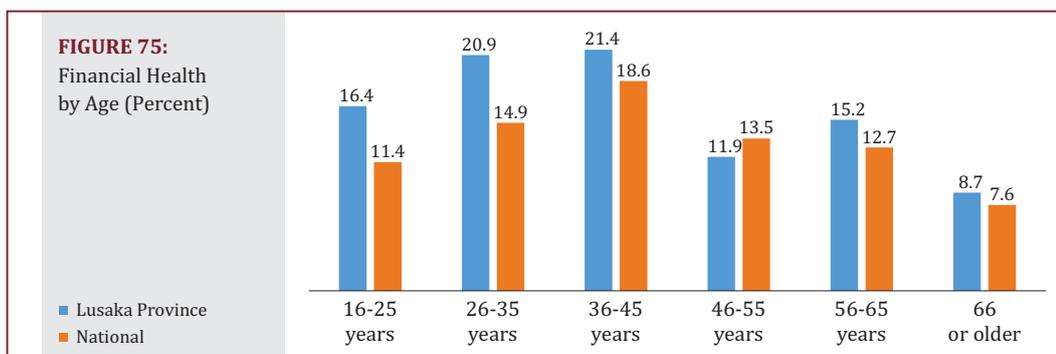
10.1.3 Financial Health by Source of Livelihood

With regard to the source of livelihood, traders were the most financially healthy in the Province at 27.4 percent, followed by salaried employees at 22.6 percent. Farmers were the least financially healthy at 7.8 percent (Figure 74).



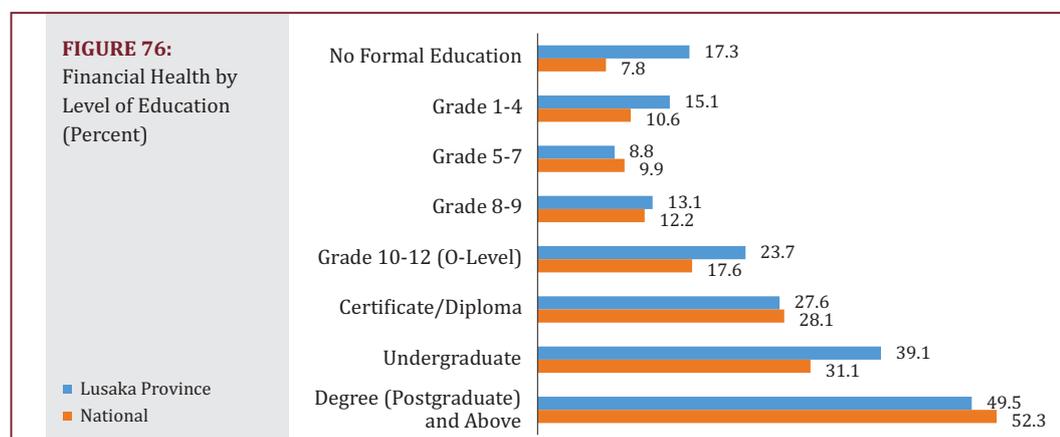
10.1.4 Financial Health by Age

Adults in the age group 36 - 45 years were the most financially healthy while those of age 66 years or older had the least level of financial health (Figure 75).



10.1.5 Financial Health by Level of Education

The level of financial health generally improved with the progression in the level of education and was consistent with the national pattern. Financial health was highest amongst adults with undergraduate degrees and higher levels of education. In contrast, adults with Grade 5 – 7 level of education were the least financially healthy (Figure 76).



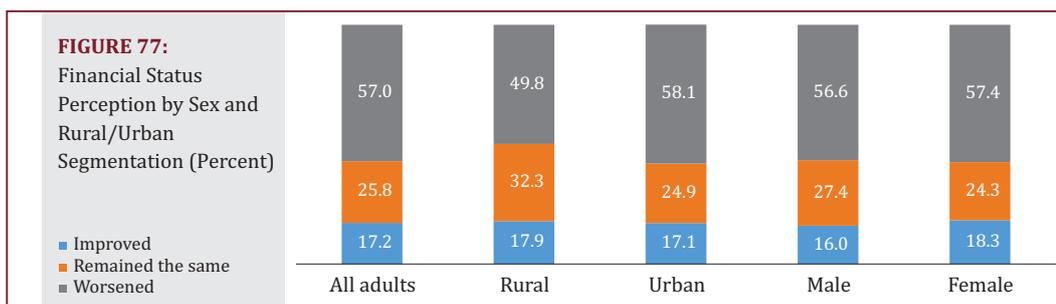
10.2 Self-Reported Financial Status

10.2.1 Financial Status Perception by Rural/Urban Segmentation and Sex

With respect to self-reported financial status, 57.0 percent of adults indicated that their financial status had worsened in the 12 months prior to the survey. Only 17.2 percent of the adults reported that their financial status had improved, while 25.8 percent reported that their financial status had remained the same (Figure 77).

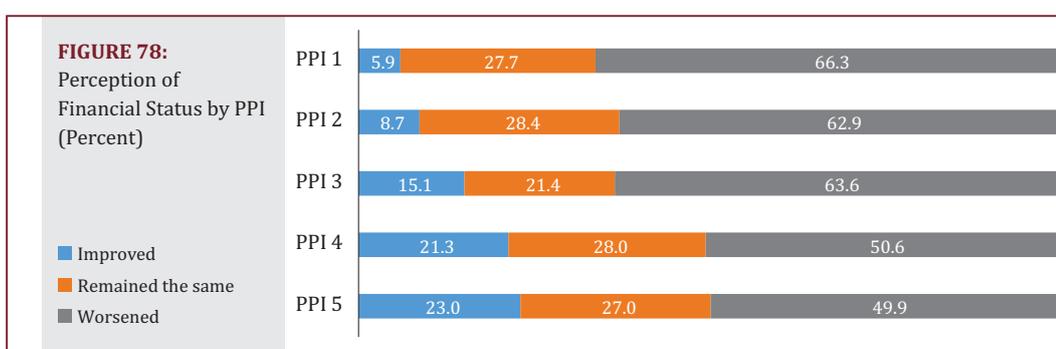
In terms of regional distribution, 58.1 percent of adults in urban areas indicated that their financial status had worsened over the 12 months prior to the survey compared with 49.8 percent in rural areas. Further, there were more adults in rural areas (32.3 percent) who reported that their financial status had remained the same compared with urban areas (24.9 percent). The survey also showed that the percentage of adults who perceived that their financial status had improved was almost the same for both rural and urban areas at 17.9 percent and 17.1 percent, respectively.

The findings further showed that out of those who perceived that their financial status had worsened, most were females (57.4 percent). For those who felt that their financial status had remained the same, most were amongst males (27.4 percent). Further, those who perceived that their financial status had improved were mostly female.



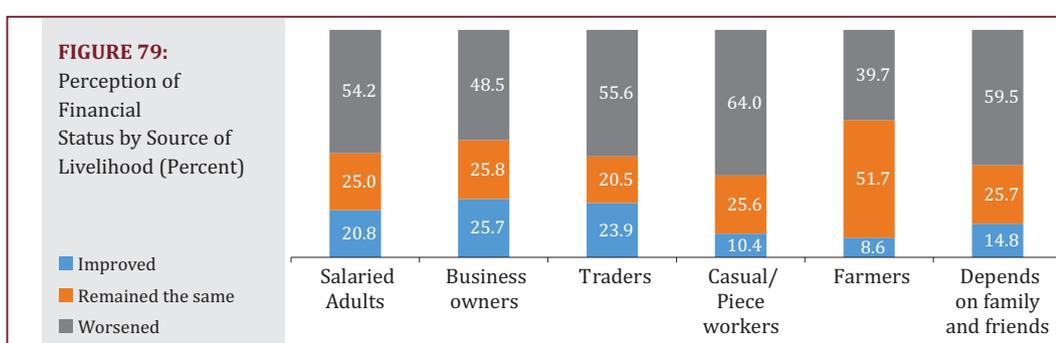
10.2.2 Financial Status Perception by Progress out of Poverty Index

In the 12 months prior to the survey, most adults across all income quintiles perceived that their financial status had worsened with the highest percentage being amongst those in PPI 1. However, the highest percentage of adults who perceived that their financial status had improved were in PPI 5 while those that reported that their financial status had remained the same were in PPI 2 and PPI 4 (Figure 78).



10.2.3 Financial Status Perception by Source of Livelihood

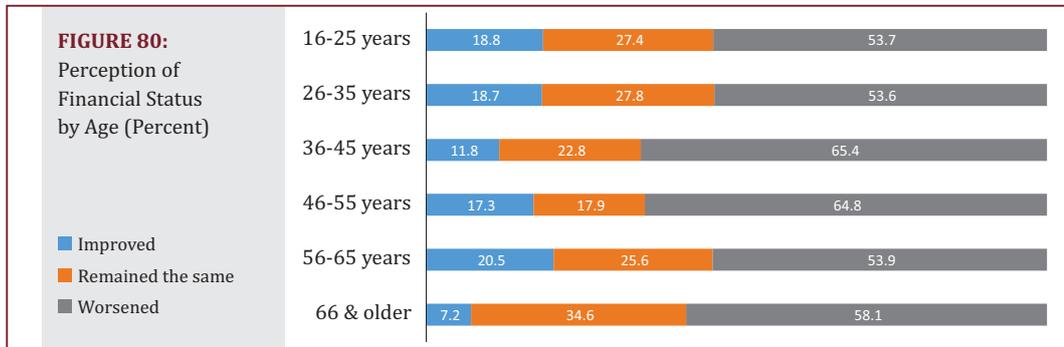
Most adults in all income source categories, except farmers, perceived that their financial status had worsened with the highest being casual/piece workers at 64.0 percent. Most farmers (51.7 percent) perceived that their financial status had remained the same (Figure 79). Further, the highest percentage of business owners perceived that their financial status had improved.



10.2.4 Financial Status Perception by Age

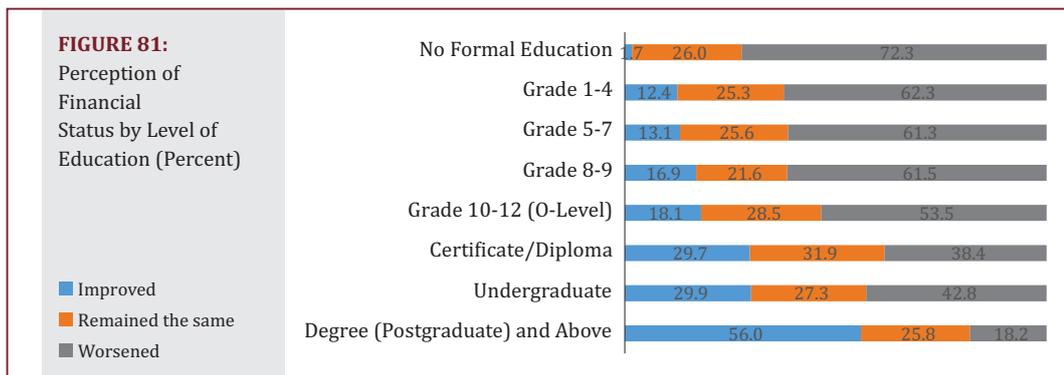
In the 12 months prior to the Survey, most adults in all the age-groups perceived that their financial status had worsened, with the highest percentage being amongst those in the age

group 36 - 45 years. The percentage of adults who perceived that their financial status had remained the same was highest in the age group 66 years or older while those who perceived that their financial status had improved were mostly in the age group 56 - 65 years (Figure 80).



10.2.5 Financial Status Perception by Level of Education

The highest percentage of adults who perceived that their financial status had worsened were those with no formal education. For those who perceived that their financial status had improved, most had achieved postgraduate level of education. Further the highest percentage of adults who perceived that their financial status had remained the same had achieved Certificate/Diploma level of education.

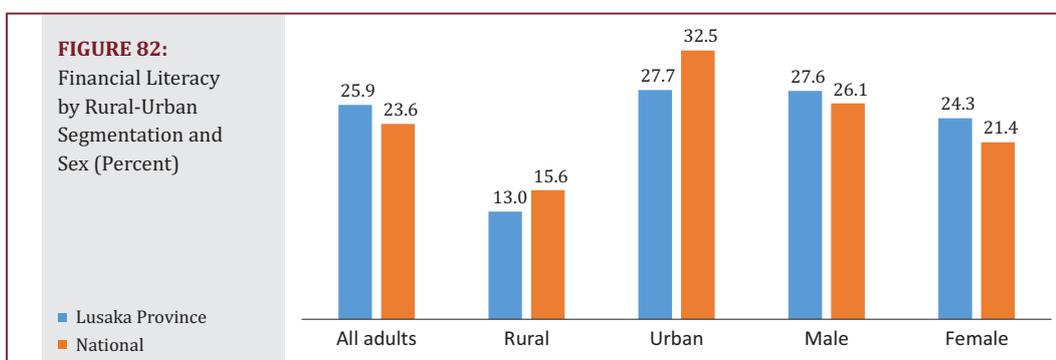


11.0 FINANCIAL LITERACY

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.

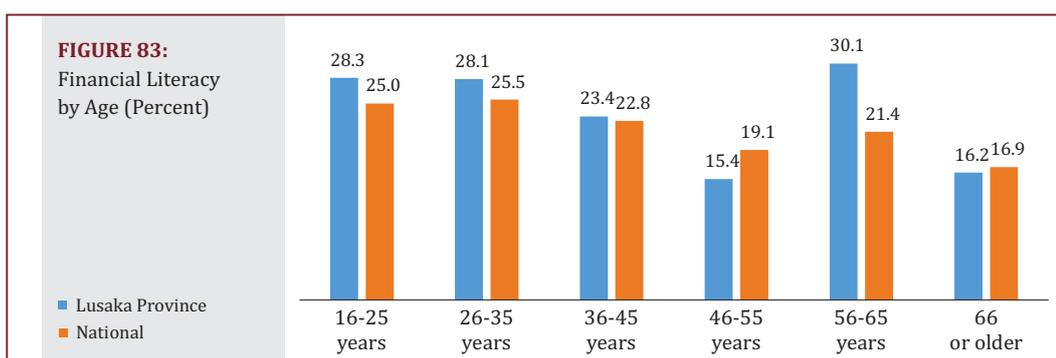
11.1 Financial Literacy by Rural-Urban Segmentation and Sex

Results from the Survey indicated that 25.9 percent of the adult population in Lusaka Province was financially literate. This was higher than the national level of 23.6 percent and mostly amongst urban-based adults and males (Figure 82).



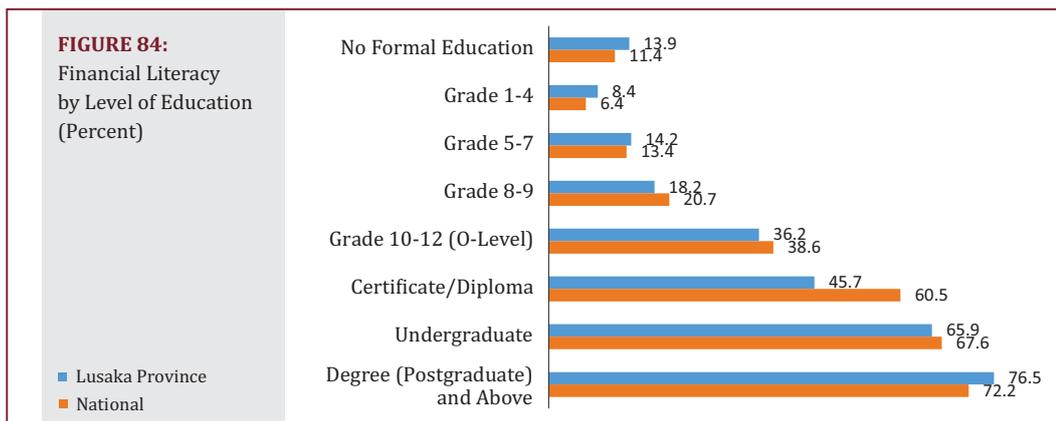
11.2 Financial Literacy by Age

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 46 - 55 years (Figure 83).



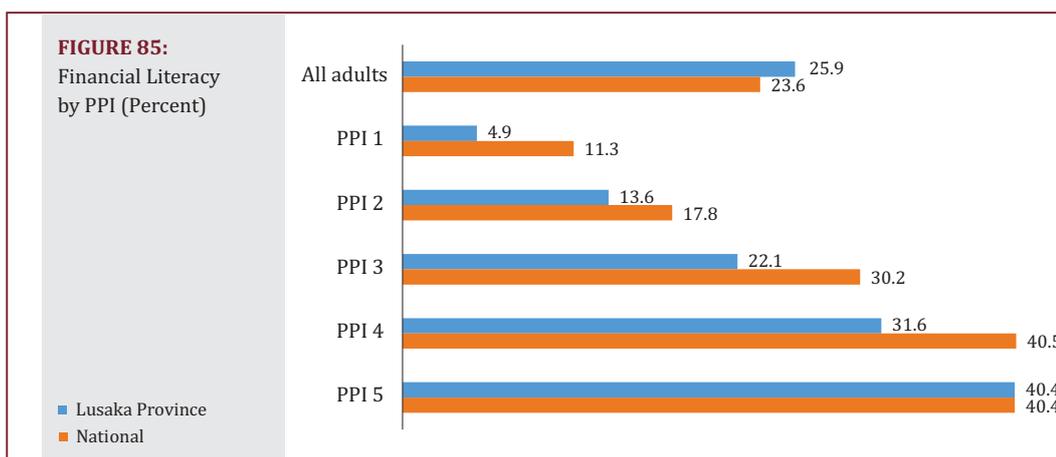
11.3 Financial Literacy by Level Education

Financial literacy was highest among adults who had achieved a postgraduate degree and higher level of education (Figure 84).



11.4 Financial Literacy by Progress Out of Poverty Index

Adults in the high income quintile PPI 4 and highest income quintile PPI 5 were the most financially literate while those from the lowest income quintile of PPI 1 were the least financially literate (Figure 85).

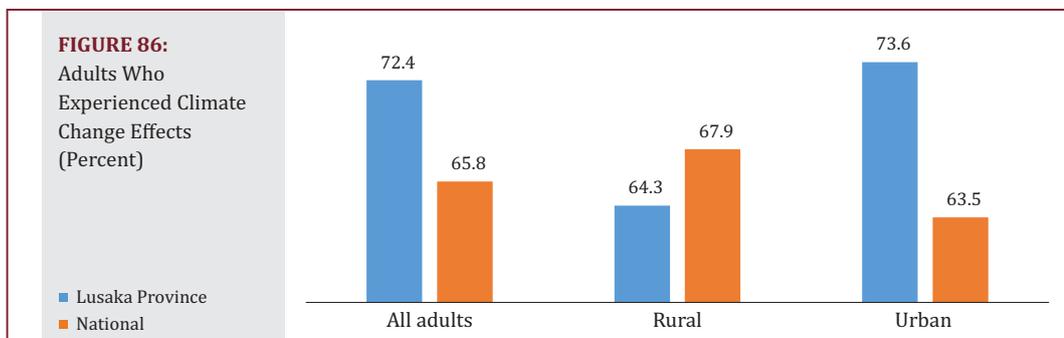


12.0 CLIMATE CHANGE

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

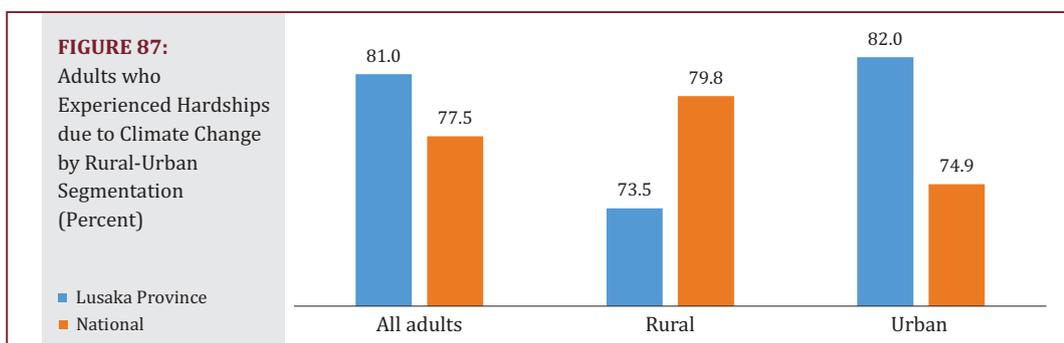
12.1 Climate Change Experience

Figure 86 illustrates that 72.4 percent of adults in the Province experienced effects of climate change. Further, a higher percentage of adults in urban areas (73.6 percent) experienced climate change effects than those in rural areas (64.3 percent).



12.2 Adults who Experienced Hardship due to Climate Change

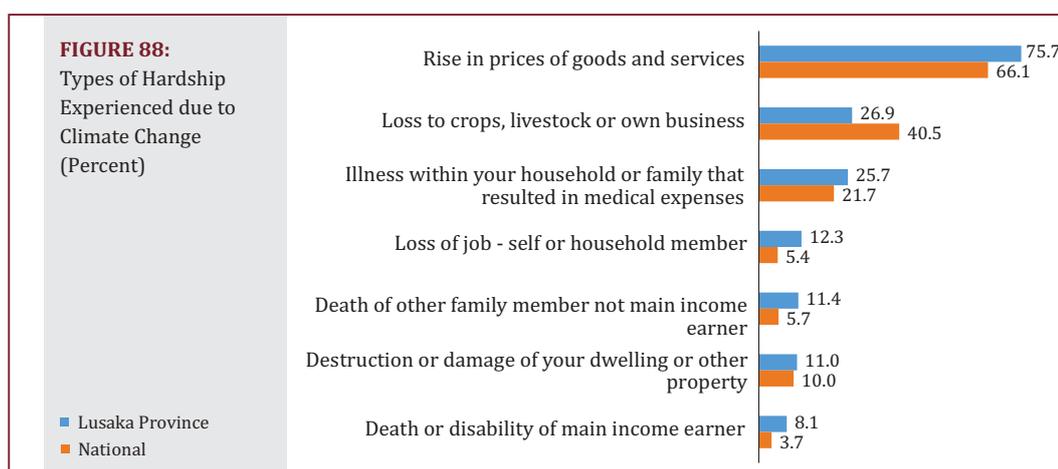
The Survey indicated that 81.0 percent of adults in the Province experienced hardships due to climate change. Further, a higher percentage of adults in urban areas experienced hardships compared with those in rural areas (Figure 87).



12.3 Types of Hardship Experienced due to Climate Change

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

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

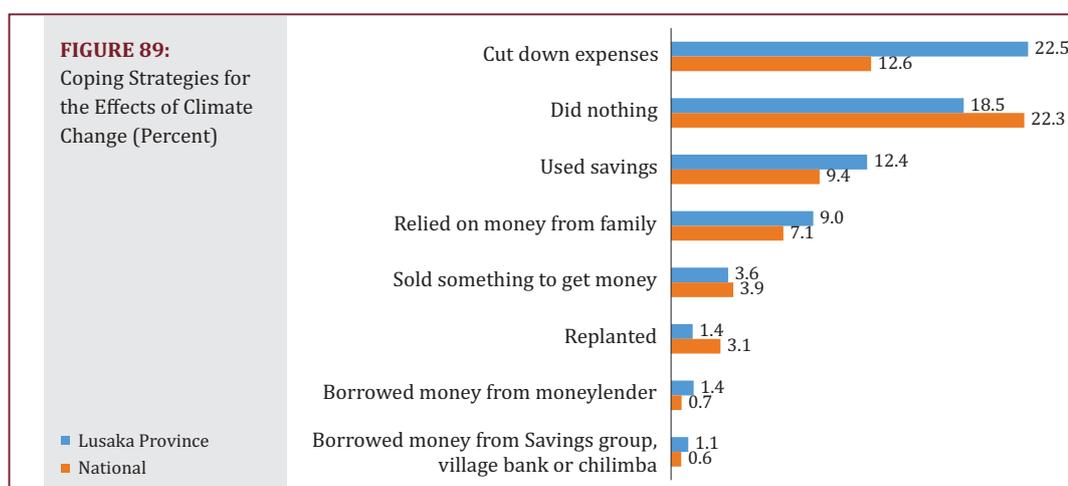


12.4 Coping Strategies for the Effects of Climate Change

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

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

However, 18.5 percent of adults had no coping strategies for the effects of climate change (Figure 89).

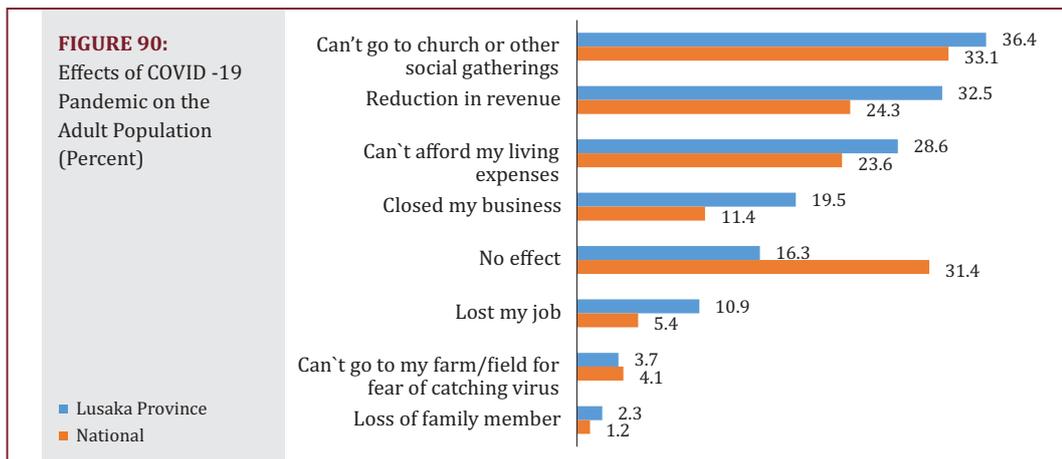


13.0 COVID-19 PANDEMIC

The Coronavirus Disease (COVID-19) is an infectious disease caused by acute respiratory syndrome (SARS-Cov-2) virus. It is mainly spread from an infected person's nose or mouth when they cough, sneeze, speak or breath. First reported in November 2019, the COVID-19 pandemic resulted in a global economic slowdown due to restrictions on trade, travel, 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 most adults in the Province were prevention of church attendance and other social gatherings (36.4 percent), as well as the reduction in revenue (32.5 percent). However, 16.3 percent of adults reported that the Pandemic had no effect on their lives (Figure 90).

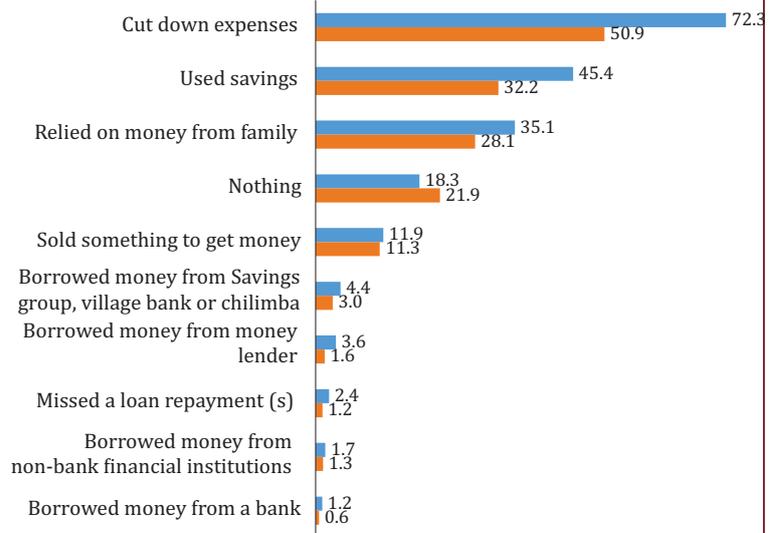


13.2 Coping Mechanisms against Effects of the COVID – 19 Pandemic

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

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

FIGURE 91:
Coping Mechanisms
to the Effects of the
COVID – 19 Pandemic
(Percent)



14.0 CONCLUSION AND RECOMMENDATIONS

The FinScope 2020 Survey showed that Lusaka Province had the highest level of financial inclusion (87.4 percent) among all provinces. This was above the national level of 69.4 percent and the NFIS 2022 target of 80 percent.

The Survey also showed that 84.2 percent of adults had or used formal financial services. This was higher than the national level of 61.3 percent. However, access to formal financial services was slightly more for males (86.6 percent) than for females (81.9 percent). Further formal inclusion was higher in urban areas at 86.1 percent compared with 76.3 percent in rural areas. This notwithstanding, these levels of financial inclusion were above the NFIS targets of 80 percent for females and 75 percent for rural areas.

Despite the uptake of insurance and pension services being above the national level, more is required to sensitise and increase uptake which was lower than 10 percent of the adult population.

In terms of financial literacy, the Survey showed that about a quarter of the adult population was financially literate (25.9 percent) against 23.6 at national level. These were mostly female and urban-based.

The percentage of adults who were financially healthy at 17.8 percent was also higher than the estimate at national level of 13.6 percent. This was attributed to 70 percent of these adults having the ability to manage day to day needs and over 55 percent of adults being able to invest in the future. However, more effort is required to increase financial literacy and the ability of adults to cope with risk.

With regard to climate change, 72.4 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 urban 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 impact of the COVID-19 pandemic was the restriction on attending church and social gatherings and a reduction in revenues and failure to afford living expenses. Cutting down expenses was the most employed coping mechanism by over 70 percent of the adults.

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 rural areas is required to facilitate provision of appropriate interventions and improved access to affordable financial services.

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

1. Development of strategic partnerships to facilitate financial education and awareness campaigns on various financial products and services, including insurance and capital markets, as well as on the usage of digital financial services;
2. Promotion of innovation, FinTech and targeted design of products/services leveraging on digital platforms;
3. Coordinated fraud and cyber security awareness programs by financial service providers, regulators and other stakeholders;

4. Rural finance initiatives to empower productive capacity of poor communities, particularly farmers and the SME sector;
5. Collaboration between Government, donors and stakeholders to support SMEs development targeting, capacity building (basic business skills, financial education) and financial support such as credit guarantee schemes to empower productive activities particularly by the youth and women, hence contributing to economic growth and poverty reduction;
6. Collaboration of private sector and the Government to improve widespread access of affordable mobile phones, which was the main barrier to usage of digital financial services;
7. Collection of financial sector data and conducting research studies for greater understanding of behavioural patterns to facilitate evidence-based policies/strategies/initiatives for increasing financial inclusion;
8. Development of infrastructure to support implementation of widespread digital systems and financial access points at affordable pricing across the country; and
9. Implementation of sustainable green finance policies/strategies to mitigate and adapt to the risks of climate change.

15.0 APPENDICES

Appendix I: Addendum

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

Description	Initial estimate in main report	Revised estimate	Affected charts in provincial report	Affected charts in main report
Income Per Main Income Generating Activity - Mean for Salaried adults (ZMW)	2,381.00	2,359.94	Table 3	Table 6
Income Per Main Income Generating Activity - Mean for Business owners (ZMW)	1,547.00	1,564.59		
Income Per Main Income Generating Activity - Mean for Casual/Piece workers (ZMW)	670.00	661.13		
Income Per Main Income Generating Activity - Mean for Farmers (ZMW)	752.00	745.97		
Income Per Main Income Generating Activity - Mean for those Dependent on family and friends (ZMW)	769.00	762.30		
Income Per Main Income Generating Activity - Median for Salaried adults (ZMW)	1,050.00	1,139.09		
Income Per Main Income Generating Activity - Median for Casual/Piece workers (ZMW)	400.00	496.91		
Income Per Main Income Generating Activity - Median for Farmers (ZMW)	350.00	400.00		
Income Per Main Income Generating Activity - Median for those Dependent on family and friends (ZMW)	375.00	440.00		
Income Per PPI Quintile - Mean for PPI 1 (ZMW)	551.00	540.80	Table 5	Table 8
Income Per PPI Quintile - Mean for PPI 2 (ZMW)	826.00	820.31		
Income Per PPI Quintile - Mean for PPI 3 (ZMW)	1,722.00	1,690.19		
Income Per PPI Quintile - Mean for PPI 4 (ZMW)	2,879.00	2,886.85		
Income Per PPI Quintile - Mean for PPI 5 (ZMW)	2,892.00	2,739.88		
Income Per PPI Quintile - Median for PPI 1 (ZMW)	288.00	300		
Income Per PPI Quintile - Median for PPI 2 (ZMW)	400.00	462.58		
Income Per PPI Quintile - Median for PPI 5 (ZMW)	1,900.00	1,500.00		
Income Per Main Income Generating Activity and PPI Quintile - Average for Rural (ZMW)	27.00	25.79	Table 14	Table 17
Adults who Experienced Hardships due to Climate Change - Rural (%)	79.3	79.8	Figure 87	Figure 97
Adults who Experienced Hardships due to Climate Change - Urban (%)	75.4	74.9		
Financial Literacy - Rural (%)	16.2	15.6	Figure 82	Figure 92
Financial Literacy - Urban (%)	31.9	32.5		
Financial Health - Rural (%)	11.7	11.3	Figure 72	Figure 83
Financial Health - Urban (%)	15.8	16.2		
Financial Health - Male (%)	14.2	14.3		
Financial Health - Female (%)	13.1	13.0		
Average savings by savers - All Adults (ZMW)	3,191.80	2,525.81	Figure 58	Figure 63
Average savings by savers - Rural (ZMW)	1,654.70	1,467.96		
Average savings by savers - Urban (ZMW)	4,604.10	3,416.05		
Usage of Electronic Payment Channels for Purchasing Goods and Services - All Adults (%)	48.7	48.2	Figure 49	Figure 55





Cooperating Partners:

