



Cooperating Partners:



# FINSCOPE ZAMBIA

## 2020 SURVEY PROVINCIAL REPORT



MUCHINGA PROVINCE



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**Bank of Zambia**





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# FOREWORD

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

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



The FinScope 2020 Survey was the first to be managed and conducted by a local project team. It was also the first time that a detailed report has been produced for each province. Survey findings from Muchinga Province indicated that financial inclusion stood at 62.9 percent, driven mainly by uptake of digital financial services. This level of inclusion was, however, lower than the national level of 69.4 percent. Further, a huge disparity was observed in the level of financial inclusion between urban (75.8 percent) and rural areas (57.4 percent) despite 70 percent of the population living in rural areas. Similar to the national pattern, financial inclusion for males (68.6 percent) was higher than females (57.6 percent), indicating that there is more work required to increase financial inclusion and bridge the gender and urban-rural gaps.

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

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

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

A handwritten signature in dark ink, appearing to read 'Denny Kalyalya', written in a cursive style.

Dr. Denny Kalyalya

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# ACRONYMS AND ABBREVIATIONS

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

# DEFINITIONS

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

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

## 1.0 EXECUTIVE SUMMARY

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

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

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

A survey response rate of 99.3 percent was achieved in Muchinga Province from a sample of adults of age 16 years and above in 1,110 households. The survey results indicated that the level of financial inclusion was 62.9 percent out of a population of 614,782 adults.

TABLE 1: SUMMARY OF TOP LINE FINDINGS

Description	Muchinga Province	National
Total population <sup>1</sup> (million)	1.1	17.9
Total adult <sup>2</sup> population (million)	0.61	9.5
Adults living in rural areas (%)	70.0	52.6
Adults living in urban areas (%)	30.0	47.4
Male adults (%)	48.4	47.5
Female adults (%)	51.6	52.5
Level of financial inclusion (%)	62.9	69.4
Financial inclusion amongst males (%)	68.6	71.2
Financial inclusion amongst females (%)	57.6	67.9
Financial inclusion in urban areas (%)	75.8	84.4
Financial inclusion in rural areas (%)	57.4	55.9
Formal financial inclusion (%)	47.5	61.3
Informal financial inclusion (%)	35.5	32.3
Adults financially healthy (%)	8.3	13.6
Adults financially literate (%)	24.6	23.6
Adults who experienced climate change effects (%)	63.1	65.8

The landscape of access for types of financial services showed that most adults used savings products and electronic payment channels, with an uptake of 50.2 percent and 39.2 percent, respectively. Generally, there was low access to credit as well as usage of pension and insurance services at 17.5 percent, 5.6 percent and 5.6 percent, respectively.

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

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

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

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

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

## **Recommendations**

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

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

## 2.0 SURVEY BACKGROUND AND METHODOLOGY

### 2.1 Survey Background

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

The Bank of Zambia, in collaboration with the Zambia Statistics Agency (ZamStats) and other financial sector stakeholders<sup>3</sup> successfully conducted the FinScope Zambia 2020 Survey during the period September - October 2020.

### 2.2 Survey and Instrument Design

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

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

### 2.3 Sampling Frame

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

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

wards. Each ward was then 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 – 74 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 1,110 adults for the Province (Table 2).

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

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

Where

- $n_d$  is the sample size in the domain;
- $n$  is the sample size;
- $D$  is the number of domains;
- $N_d$  is the total number of households in domain  $d$ ;
- $N$  is the total number of households in Zambia, as per the 2010 Census of Population and Housing;
- $\theta_d$  is the proportion of households in domain; and
- $I$  is the Kish allocation index denoting the relative importance assigned to estimates at the national or subgroups that cut across domains.

TABLE 2: ALLOCATION OF CLUSTERS AND HOUSEHOLDS

Domain / Stratum	Allocation of EA			Allocation of households		
	Urban	Rural	Total	Urban	Rural	Total
Muchinga	15	59	74	225	885	1,110

## 2.5 Fieldwork

Fieldwork was carried out from September to October 2020 over a period of 4 weeks by 26 data collectors. A total of 1,102 face-to-face interviews were conducted representing a 99.3 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 Muchinga 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.

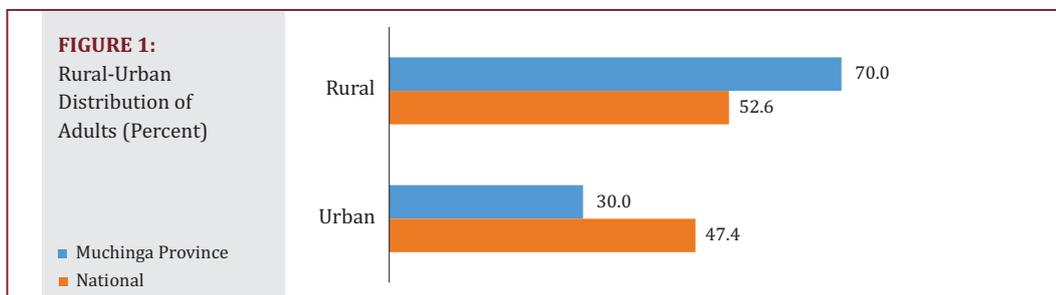
### 3.1 Adult Population

The adult population was estimated at 614,782 in Muchinga Province, about six percent of the total national adult population of 9.5 million. A summary of the demographic characteristics of this population showed that most adults were:

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

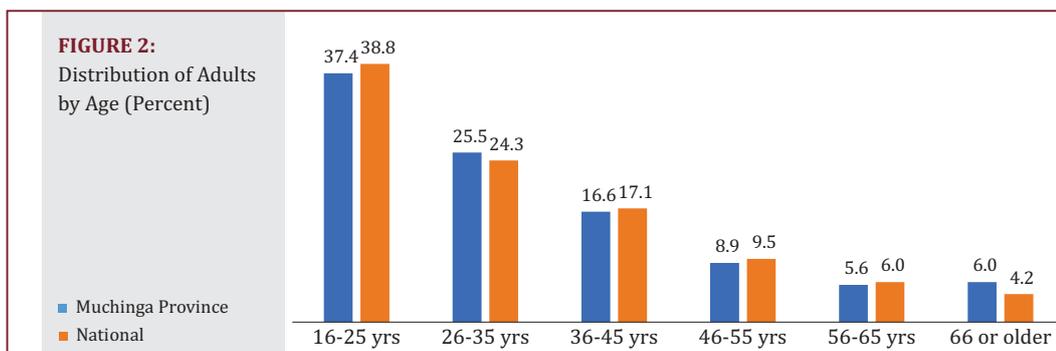
#### 3.1.1 Rural-Urban Distribution of Adults

The Survey showed that 70.0 percent of adults resided in rural areas compared with 30.0 percent in urban areas. It is therefore important to consider this aspect in the development of strategies to increase financial inclusion in Muchinga Province (Figure 1).



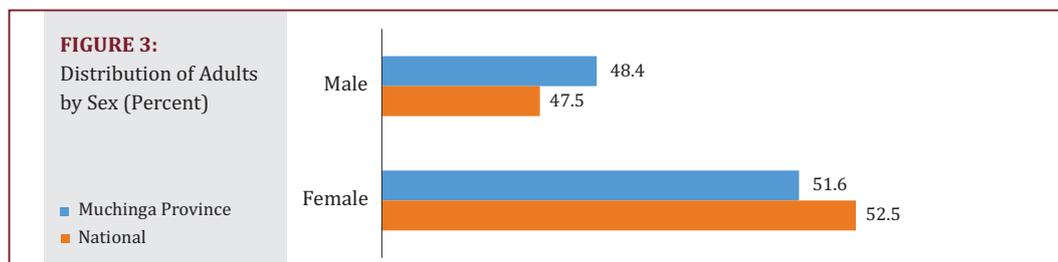
#### 3.1.2 Distribution of Adults by Age

Figure 2 shows that the adult population was mostly youthful, of age 35 years or younger, at 62.9 percent (386,698).



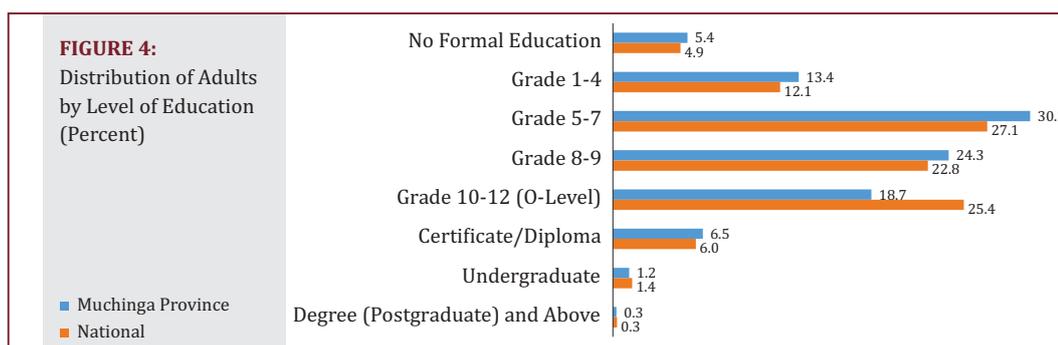
### 3.1.3 Distribution of Adults by Sex

Figure 3 shows that 48.4 percent (297,555) of adults were males while 51.6 percent (317,228) were females. This distribution of adults by sex in the Province was similar to the pattern at national level (Figure 3).



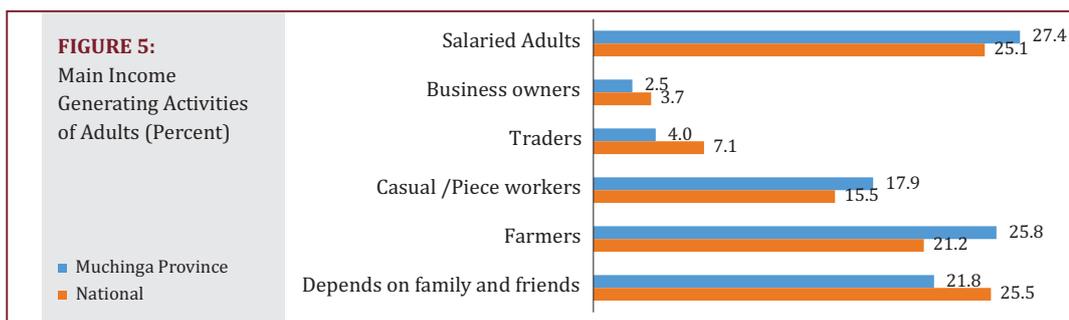
### 3.1.4 Distribution of Adults by Level of Education

The Survey showed that most adults (30.2 percent) had achieved grade 5 - 7 level of primary education while only 1.2 percent had completed an undergraduate degree (Figure 4).



## 3.2 Main Livelihood and Income Generating Activities

Figure 5 illustrates that the main income generating activities undertaken by most adults in the Province were salaried work (27.4 percent) and farming (25.8 percent).



### 3.3 Average and Median Income by Main Income Generating Activities

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

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

Income generating activity	Muchinga		National	
	Average	Median	Average	Median
Salaried Adults	1,875.82	700.00	2,359.94	1,139.09
Business owners	1,280.09	800.00	1,564.59	1,000.00
Traders	1,258.80	965.00	1,698.17	935.13
Casual /Piece workers	513.06	366.19	661.13	496.91
Farmers	426.66	250.00	745.97	400.00
Depends on family and friends	486.77	380.00	762.30	440.00

#### 3.3.1 Frequency of Receiving Main Income

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

- Monthly for dependents on family and friends;
- Daily for business owners;
- Seasonally for farmers ; and
- Occasionally for traders.

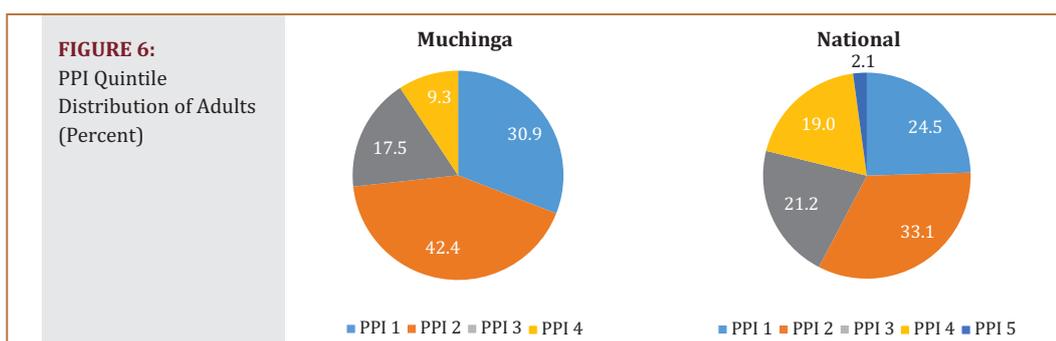
TABLE 4: FREQUENCY OF RECEIVING MAIN INCOME (PERCENT)

Frequency	Salaried Adults	Business owners	Traders	Casual/ Piece workers	Farmers	Depends on family and friends
Daily	4.9	32.9	13.7	9.7	4.6	3.5
Weekly	5.9	28.1	4.9	12.6	8.3	4.5
More than once a month but not weekly	1.8	-	7.0	3.5	3.6	6.5
Monthly	31.6	16.5	14.1	15.6	6.2	35.0
Every 2 months	1.9	-	-	0.9	3.1	6.1
Annually	12.8	-	3.2	2.7	22.2	0.5
Seasonally	35.6	11.5	4.5	14.0	43.3	9.9
Occasionally	4.0	10.9	52.6	26.7	8.2	31.5
Upon completion of job	1.4	-	-	14.2	0.2	1.4

### 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 low income quintiles of PPI 2 (42.4 percent) and PPI 1 (30.9 percent), representing the poor segments of society. The percentage of adults in the middle and high income quintiles of PPI 3 and PPI 4 stood at 17.5 percent and 9.3 percent, respectively. There were no households in the highest income quintile, PPI 5 (Figure 6).



#### 3.4.1 Income of Adults by PPI Quintile

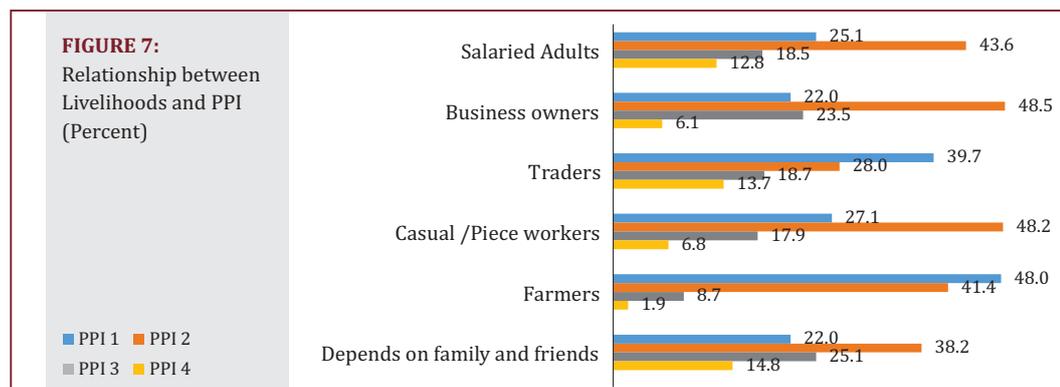
The average and median incomes per month for all quintiles in the Province were lower than the national level with the exception of PPI 4 (Table 5).

TABLE 5: AVERAGE AND MEDIAN INCOME BY PPI QUINTILE (ZMW)

Income quintile	Muchinga		National	
	Mean	Median	Mean	Median
PPI 1	402.70	250.00	540.80	300.00
PPI 2	630.59	366.19	820.31	462.58
PPI 3	1,276.28	562.43	1,690.19	1,000.00
PPI 4	4,296.94	2,000.00	2,886.85	1,500.00

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

The Survey showed that most business owners, casual workers, salaried adults and those dependent on family and friends were in the low income quintiles of PPI 2 (Figure 7).





## 4.0 FINANCIAL INCLUSION

### 4.1 Defining Financial Inclusion

Financial inclusion is defined as access to, and informed usage of a broad range of quality and affordable savings, credit, payment, insurance, and investment products and services that meet the needs of individuals and businesses<sup>4</sup>.

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.

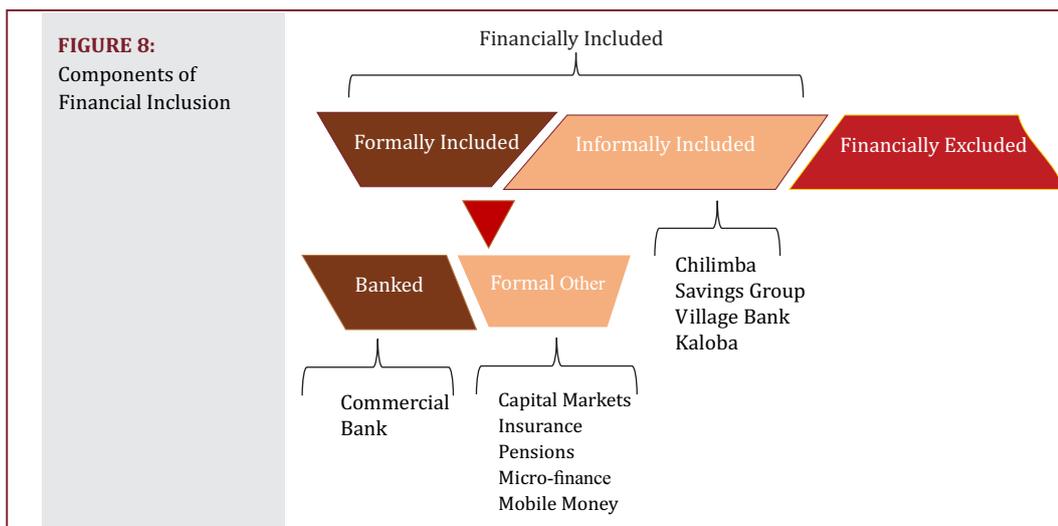
The ultimate goal of financial inclusion is to improve the welfare of citizens by reducing financial vulnerability and increasing potential for their participation in economic activities. The FinScope Survey methodology segments the adult population into those who are “financially included” and “financially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

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

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

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

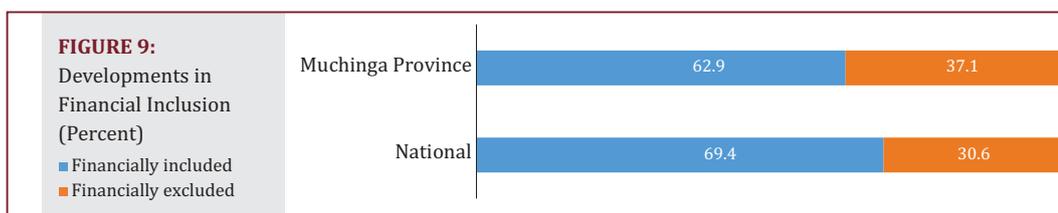


## 4.2 Developments in Financial Inclusion

For the 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.

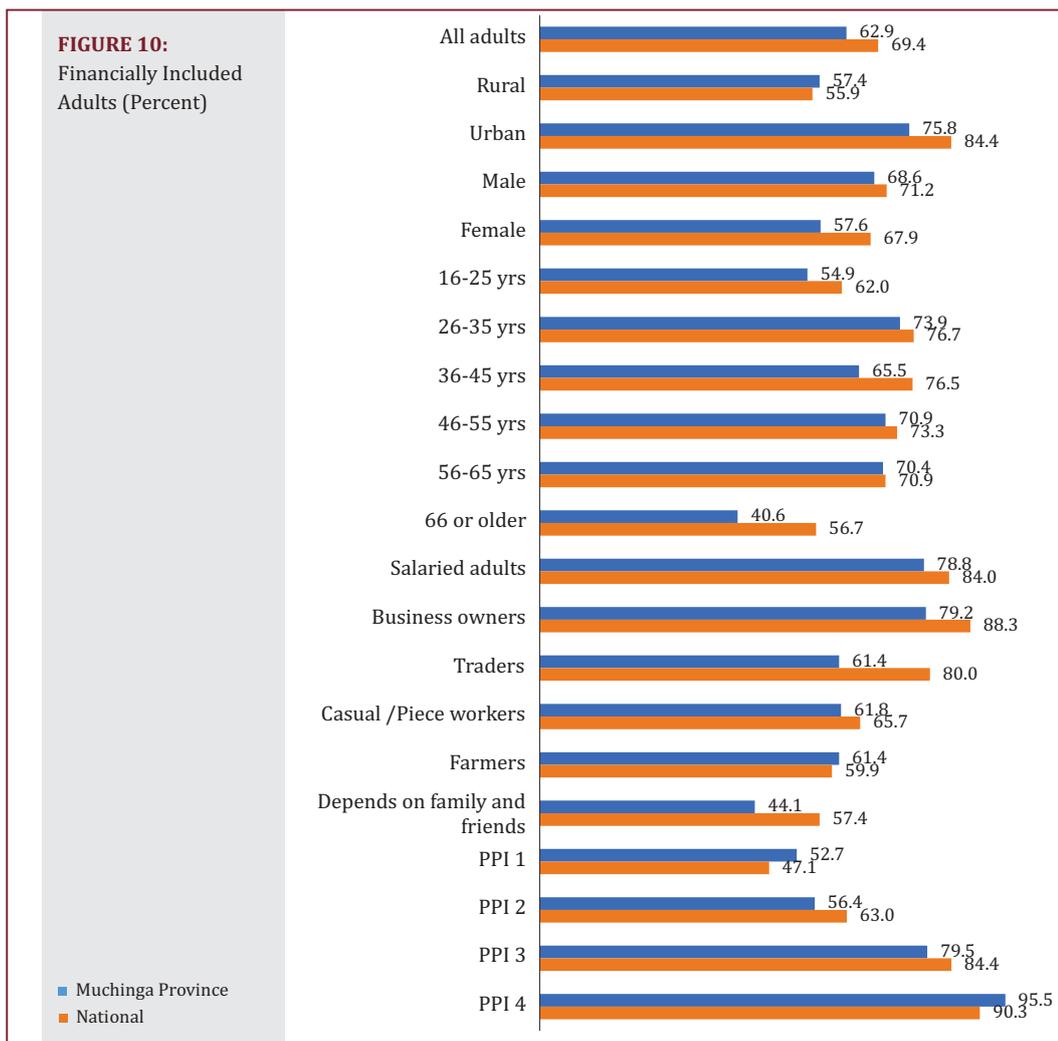
The Survey showed that 62.9 percent (386,698) of adults in the Province were financially included while 37.1 percent (228,084) were financially excluded (Figure 9).



### 4.2.1 Financial Inclusion amongst Adults

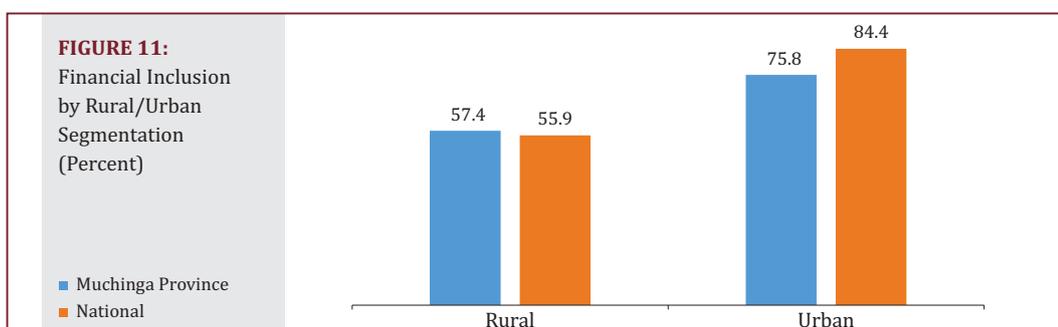
Figure 10 shows that the level of financial inclusion in the Province was highest amongst:

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



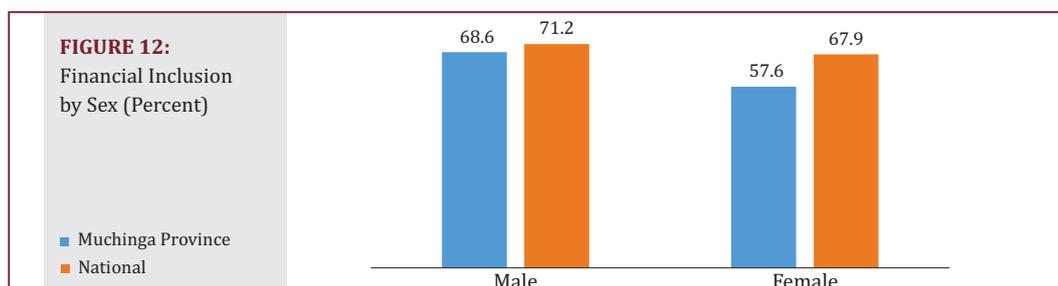
#### 4.2.2 Financial Inclusion by Rural/Urban Segmentation

Figure 11 shows that financial inclusion was higher in urban areas (75.8 percent) than in rural areas (57.4 percent).



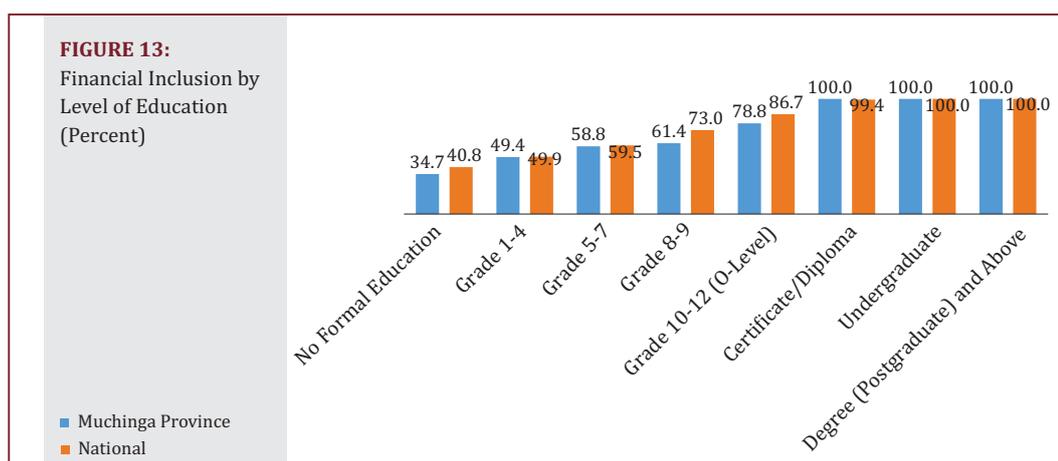
### 4.2.3 Financial Inclusion by Sex

Figure 12 shows that the level of financial inclusion was higher among males (68.6 percent) than females (57.6 percent).



### 4.2.4 Financial Inclusion by Level of Education

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



## 4.3 Formal and Informal Financial Inclusion

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

Formal financial inclusion amongst adults in Muchinga was 47.5 percent while informal inclusion stood at 35.2 percent (Figure 14).

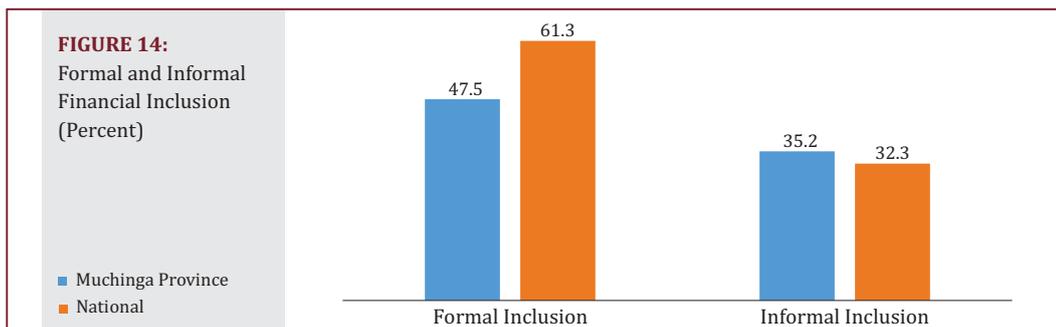


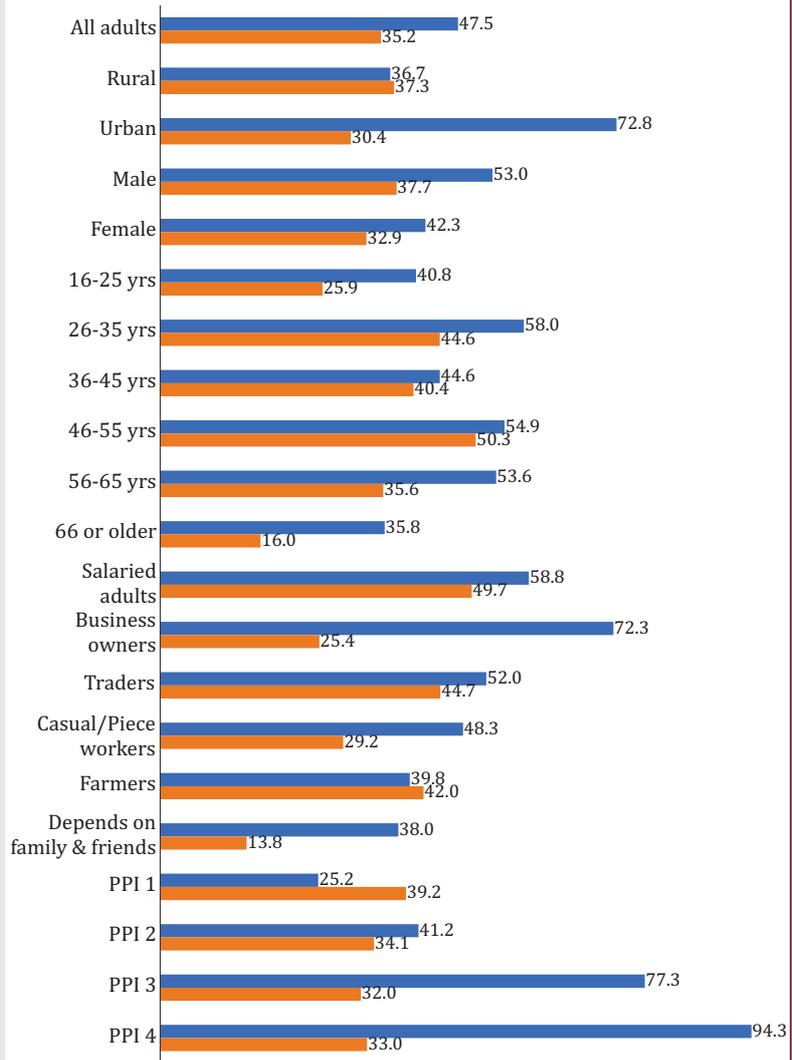
Figure 15 shows that formal financial inclusion was highest amongst:

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

Informal financial inclusion was highest amongst:

- Males;
- Adults of age 46 – 55 years;
- Salaried adults; and
- Households in the lowest income quintile of PPI 1.

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



## 4.4 Financial Access Strand

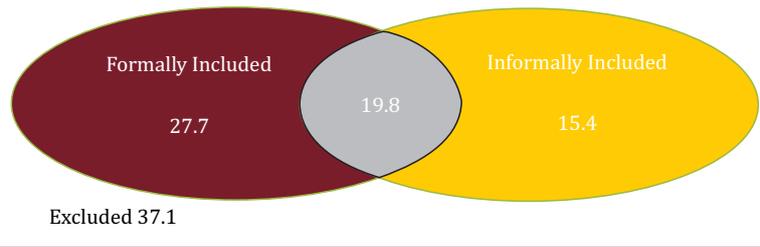
Financial access strands are useful in comparing levels of financial inclusion over time or between different population segments. Adults were grouped into four (4) financial access strands. Those who:

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

Figure 16 shows that 27.7 percent of adults used only formal financial products/services while 15.4 percent used only informal financial products/services. In addition, 19.8 percent of adults used both formal and informal financial products/services. The percentage of financially excluded adults at 37.1 percent was higher than the national level of 30.6 percent (Figure 16).

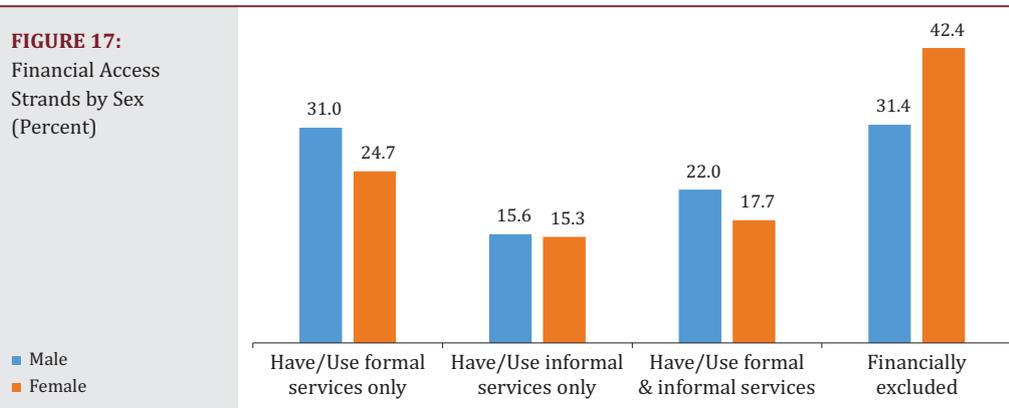
**FIGURE 16:**  
Overlap in Formal and Informal Financial Inclusion (Percent)



#### 4.4.2 Financial Access Strands by Sex

Figure 17 shows that a higher percentage of males used formal only as well as formal and informal financial services than females. In contrast, financial exclusion was highest amongst females.

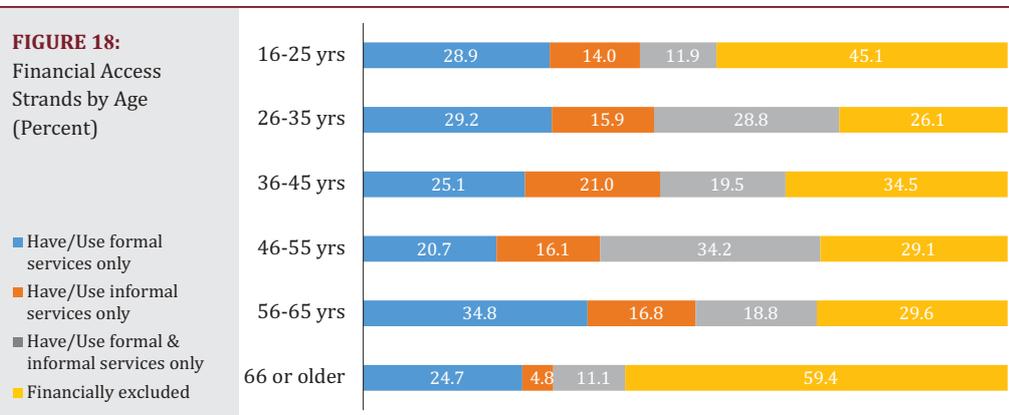
**FIGURE 17:**  
Financial Access Strands by Sex (Percent)



#### 4.4.3 Financial Access Strands by Age

The highest percentage of adults that used only formal financial services were in the age group 56 - 65 years while most adults who used both formal and informal financial services were in the age group 46 - 55 years. The percentage of adults who used informal financial services only was highest in the age group 36 - 45 years while the most financially excluded were of age 66 years or older (Figure 18).

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



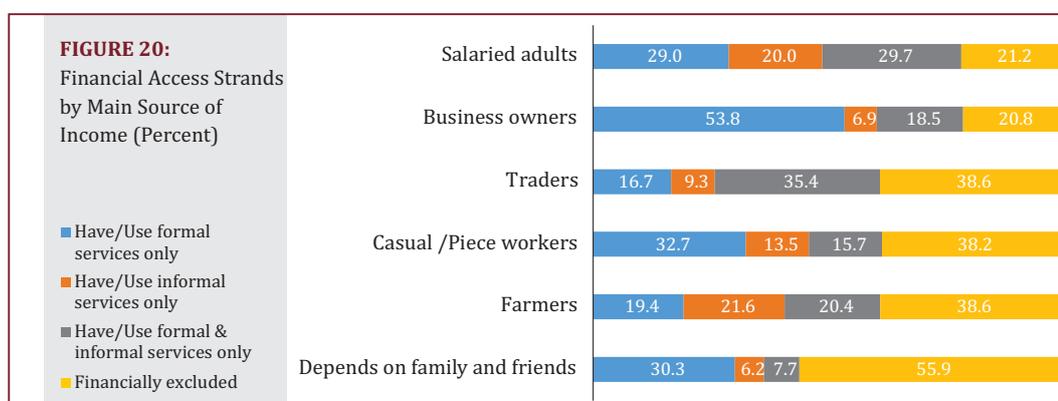
#### 4.4.4 Financial Access Strands by Rural-Urban Distribution

The percentage of adults who used only formal as well as both formal and informal financial services was higher in urban than rural areas. In contrast, most adults who used only informal financial services and those who were financially excluded resided in rural areas (Figure 19).



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

Financial access strands by main source of income showed that the highest percentage of adults who used only formal financial services were business owners. The highest percentage of traders used both formal and informal financial services. Further, the highest percentage of adults who used informal financial services only were farmers. The most financially excluded adults depended on family and friends for their livelihood (Figure 20).



#### 4.4.6 Financial Access Strands by PPI Quintile

The Survey showed that the highest percentage of adults who used only formal (62.5 percent) as well as both formal and informal (31.8 percent) financial services were in PPI 4. The percentage of adults who used only informal financial services and those who were financially excluded was highest in PPI 1 (Figure 21).

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

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



## 5.0 UPTAKE OF FORMAL FINANCIAL SERVICES

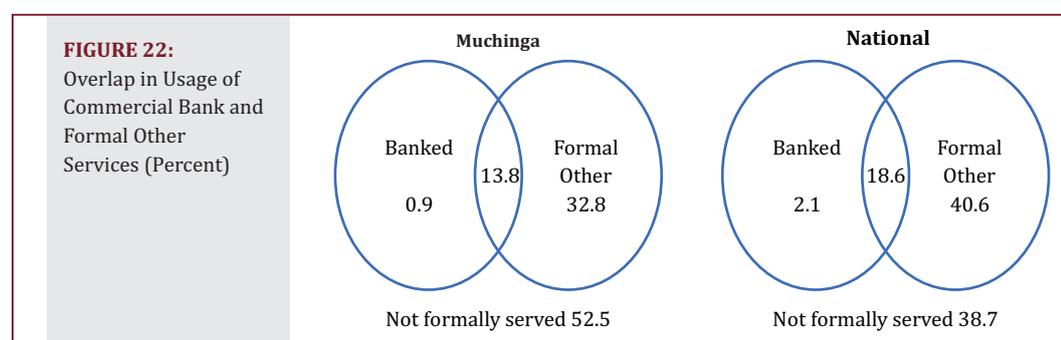
This section provides details of products/services used by the formally included adult population, which stood at 47.5 percent.

### 5.1 Levels of Formal Financial Services

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

- Bank of Zambia (for commercial banks, micro-finance service providers, and payment service providers<sup>5</sup>);
- Pension and Insurance Authority (pensions and insurance providers); and
- Securities and Exchange Commission (capital markets).

Formal financial services are provided by two main types of institutions, commercial banks and non-bank service providers defined as “formal other”. The Survey showed that 14.7 percent of adults were banked while 46.6 percent used 'formal other' services. Of those who were banked, 0.9 percent used only products/services provided by commercial banks. The percentage of adults who used products/services provided by both commercial banks and “formal other” was 13.8 percent. Further, 52.5 percent of the adult population did not use formal financial products/services (Figure 22).



The most widely used non-bank financial service was mobile money at 45.7 percent, which was lower than the national level of 58.4 percent. The capital market was the least utilised at 0.5 percent (Table 6).

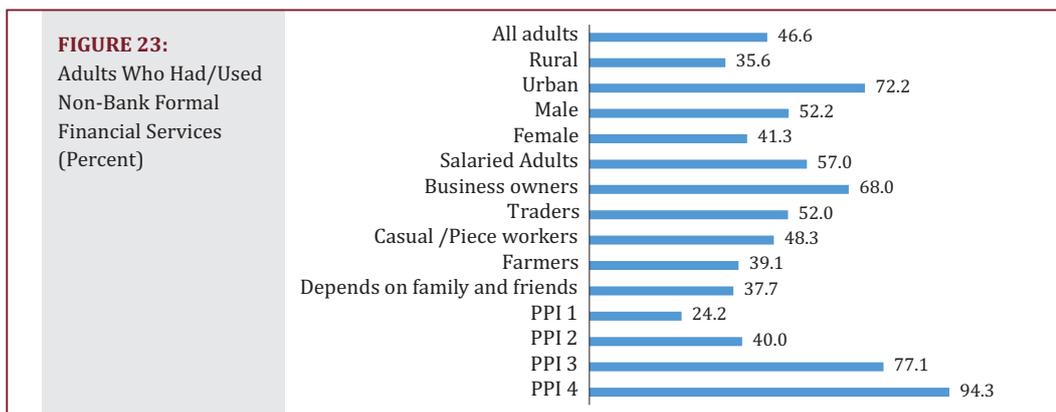
TABLE 6: LEVELS OF ACCESS/USAGE OF NON-BANK FORMAL FINANCIAL SERVICES (PERCENT)

	Muchinga Province	National
All adults	46.6	59.2
Mobile money	45.7	58.4
Pensions	5.6	8.2
Insurance	5.6	6.3
Micro finance	2.2	2.1
Money transfer	15.0	0.6
Capital markets	0.5	0.6

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

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

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



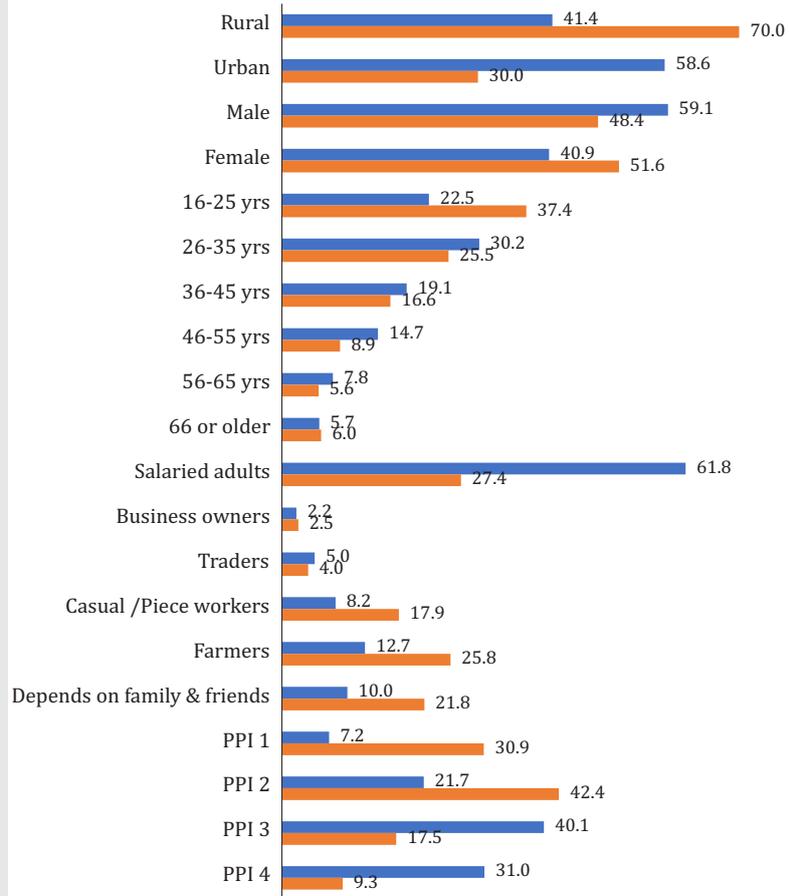
### 5.1.1 Uptake of Commercial Bank Services

Figure 24 shows that 14.7 percent of adults in the Province used commercial bank services. These adults were more likely to be:

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

<sup>6</sup>Use of services such as Western Union, Money gram and Swift Cash

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

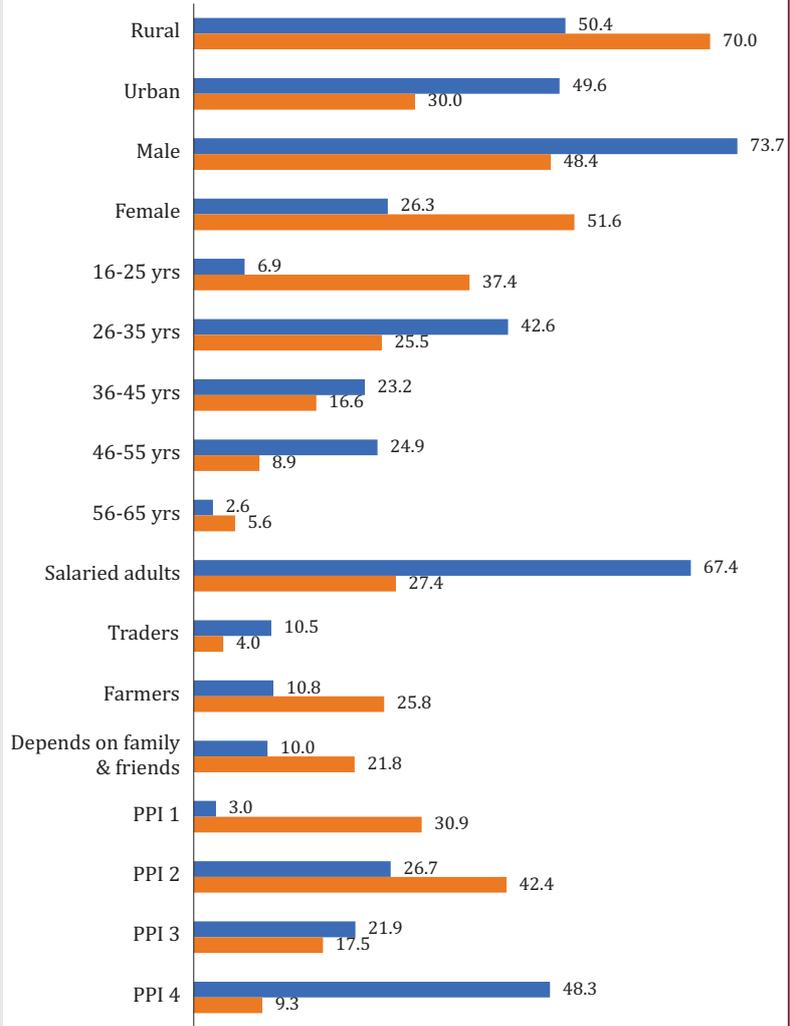


### 5.1.2 Uptake of Microfinance Services

The uptake of microfinance services amongst adults was 2.2 percent. Figure 25 illustrates that these were most likely to be:

- 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)

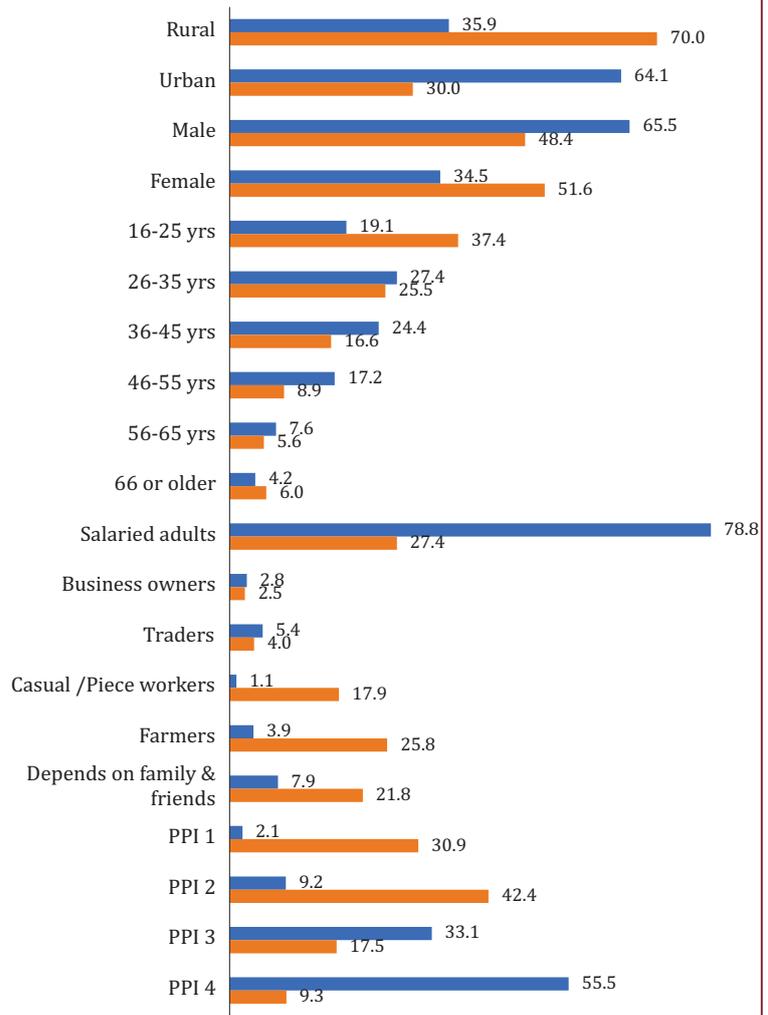


### 5.1.3 Uptake of Insurance Services

The uptake of insurance services in the Province stood at 5.6 percent of the adult population. As illustrated in Figure 26, these adults were more likely to be:

- 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)

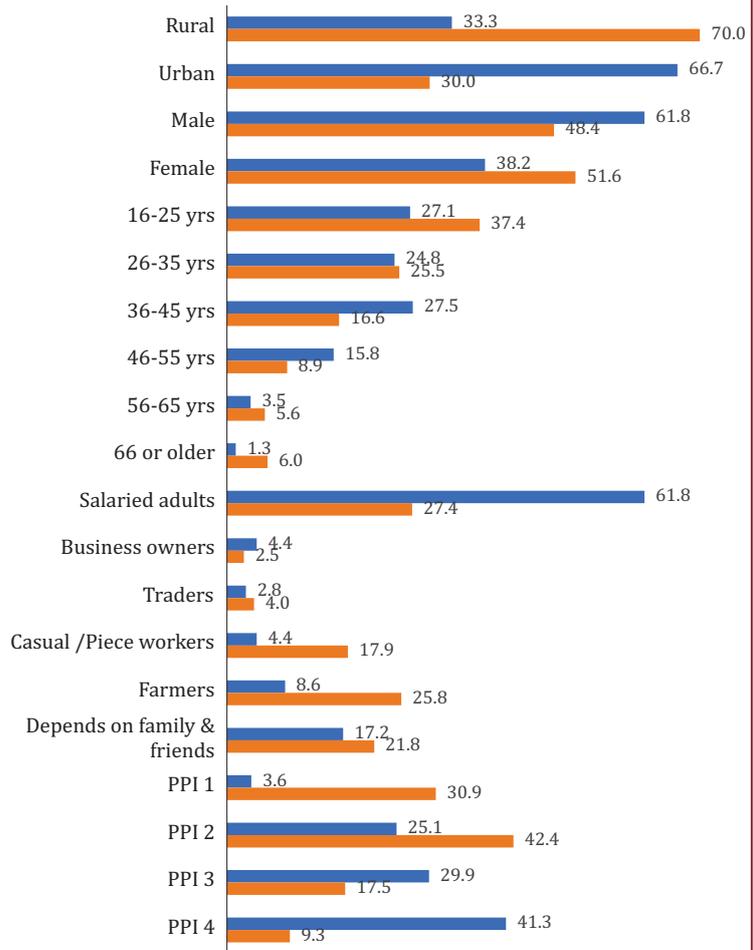


#### 5.1.4 Uptake of Pension Services

The uptake of pension services stood at 5.6 percent of the adult population . Figure 27 illustrates that these adults were most likely to be:

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

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

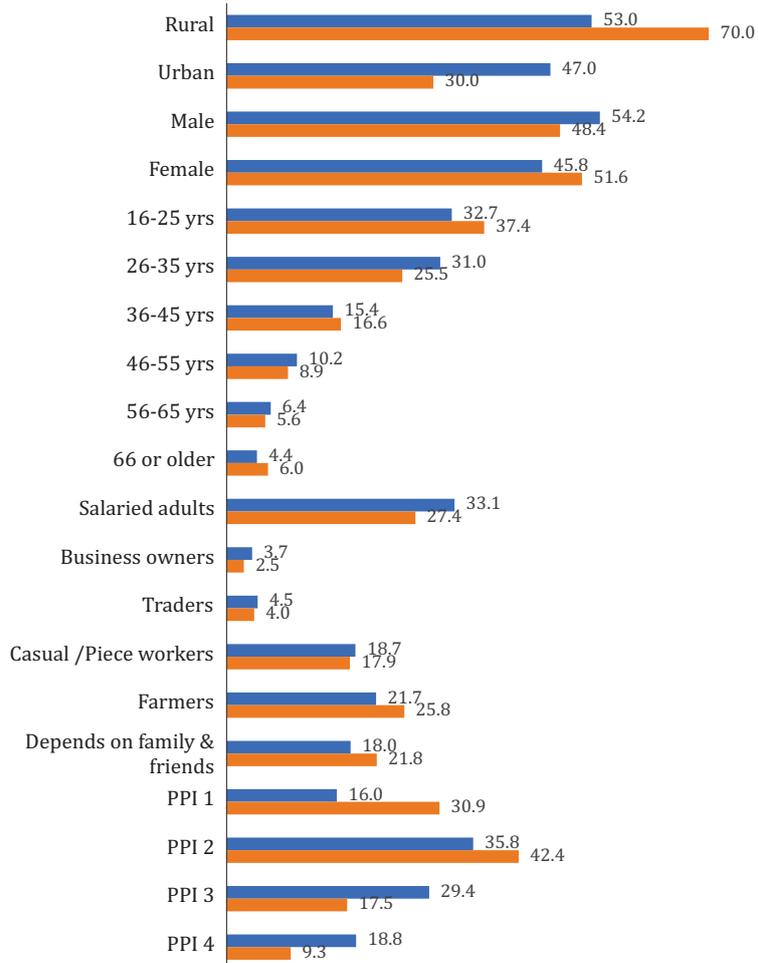


### 5.1.5 Uptake of Mobile Money Services

The uptake of mobile money services stood at 45.7 percent. Figure 28 shows that these adults were more likely to be:

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

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



### 5.1.6 Uptake of Capital Market Products/Services

The uptake of capital market products/services stood at 0.5 percent. This level of uptake was too low to allow for a meaningful disaggregated analysis by demographic characteristics.

## 5.2 Perceived Barriers to Usage of Formal Financial Services

Demographic factors play a major role in determining access to formal financial services. Most adults who were not accessing formal financial services in the Province were rural based, female, of age 16 – 25 years, dependent on family and friends for income and from households in the low income quintile of PPI 2.

### 5.2.1 Barriers to Usage of Commercial Bank Services

As illustrated in Table 7, the two main factors that inhibited the use of commercial banks' services in the Province were:

- Long distance to the nearest commercial bank; and
- Insufficient money to justify opening of an account.

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

Barriers	Muchinga	National
Banks are too far away	32.5	18.7
Insufficient money to justify opening an account	26.7	37.5
Does not have the documentation required	8.9	4.7
Does not understand benefits of having a bank account	7.4	6.6
Bank service charges are too high	7.0	7.9
Cannot maintain the minimum balance	5.1	10.9
Do not know how to open a bank account	4.8	4.0
Bank products are complicated	1.8	2.1
Do not trust banks	1.5	1.6
Can get the same services elsewhere in the community	1.0	2.1
Need permission of someone else to open it	0.5	0.9

### 5.2.2 Barriers to Usage of Microfinance Services

As illustrated in Table 8, the main barriers reported by most adults who did not use microfinance services were long distance to MFI access points and insufficient money to justify opening an account.

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

Barrier	Muchinga	National
They are too far away	33.8	16.3
Insufficient money to justify opening an account	21.2	33.1
Does not understand benefits of using them	15.4	20.2
Does not have the documentation required	8.6	3.8
Service charges are too high	5.1	5.1
Cannot maintain the minimum balance	5.0	8.3
Does not know how to open an account	3.4	3.1
Does not trust them	2.9	3.4
They do not provide the products or services I need	1.5	2.4
Can get the same services elsewhere in the community	1.0	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 awareness on how the markets work;
- Lack of knowledge about the existence of capital markets; and
- Lack of awareness about the benefits of investing in capital markets.

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

Barrier	Muchinga	National
Do not know how it works	37.9	26.2
I have never heard of it	18.4	21.8
Do not know the benefits of investing	17.9	10.9
Do not have money to invest	9.5	26.6
Do not know where the product is offered	8.6	4.9
I am scared to lose my money	3.5	4
Do not trust the companies that provide the products	1.3	1.4

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

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

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

Barrier	Muchinga	National
Never heard of it until now	52.4	40.9
Cannot afford it	15.4	24.9
Does not know how it works	11.6	12.5
Does not know the benefits of insurance	10.7	10.8
Does not know how to get it/where to get it	4.8	4.1
Does not trust it or the companies that provide	1.5	1.5
They don't want to pay out when you claim	1.4	1.2
Does not want to think about bad things happening	1.0	1.0

#### 5.2.5 *Barriers to Usage of Pension Services*

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

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

Barrier	Muchinga	National
Not employed	63.5	66.5
I don't have money to contribute to a pension scheme	11.5	12.2
Have never thought about it	8.9	5.6
Don't know what pensions are	5.5	2.7
Don't know how to get it	1.6	2.1
Have other ways of getting money when I'm old	1.0	1.2
Don't know where to get it	0.8	0.8

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

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

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

Barrier	Muchinga	National
I do not have a mobile phone	44.3	39.4
I do not know how to get it	9.3	6.6
There is no point-of-service/agent close to where I live	8.6	5.0
I do not need it, I do not make any transactions	5.8	11.1
I do not have the required documents	5.4	4.6
Using it is difficult	4.7	2.6
I do not trust that my money is safe on a mobile money account	2.7	2.9
I do not know what it is	2.4	3.0
Fees for using this service are too high	1.7	1.3
I do not understand this service; I do not know what I can use it for	1.1	2.2
My spouse, family, in-laws do not approve of me having a mobile money account	1.0	0.3

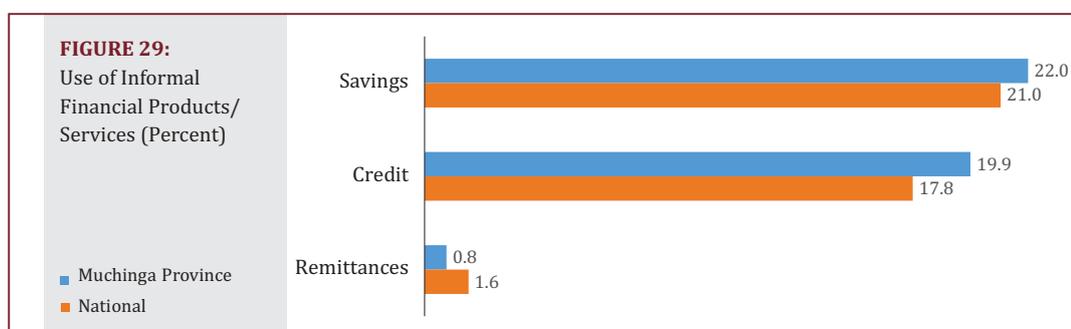
## 6.0 USE OF INFORMAL FINANCIAL SERVICES

This section provides the 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 35.2 percent (216,403).

### 6.1 Uptake of Informal Financial Products/Services

Figure 29 shows that most adults used informal savings and credit services (Figure 29).

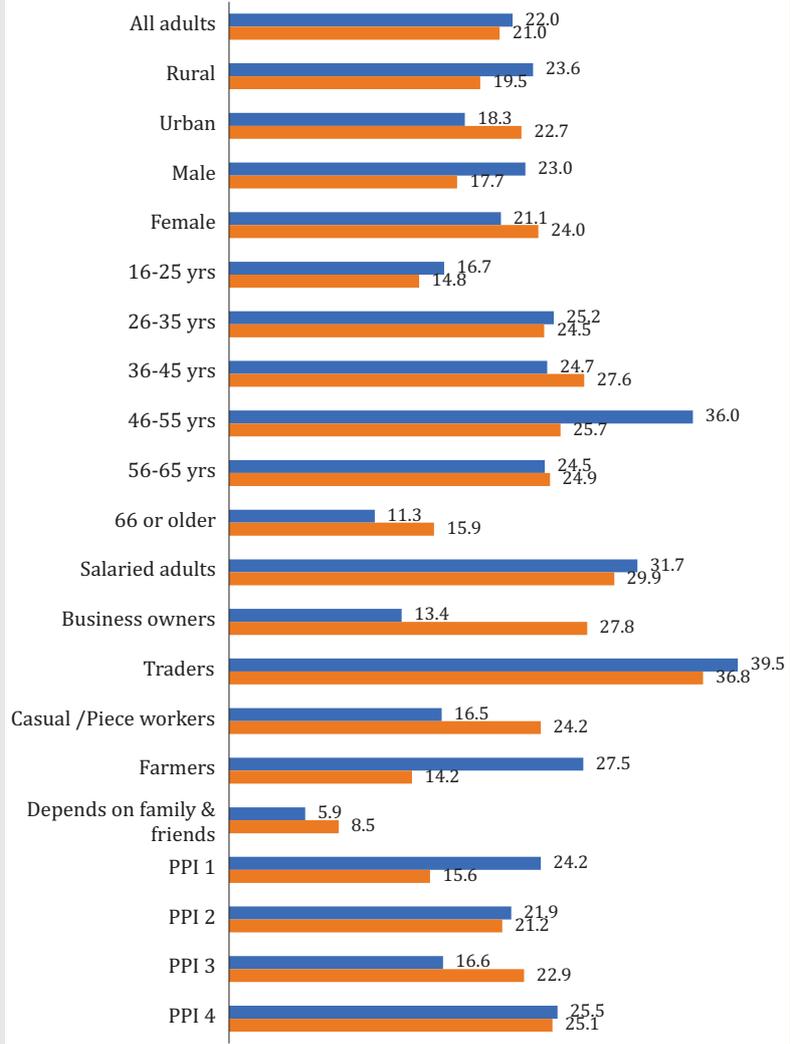


#### 6.1.1 Informal Savings Services

The Survey showed that 22.0 percent of adults used informal savings services (Figure 30). These services included village banking and other savings mechanisms such as keeping money with employers, community groups and churches. The uptake of informal savings services was mostly amongst:

- Rural based adults;
- Males;
- Adults of age 46 – 55 years;
- Traders; and
- Households in the high income quintile of PPI 4.

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

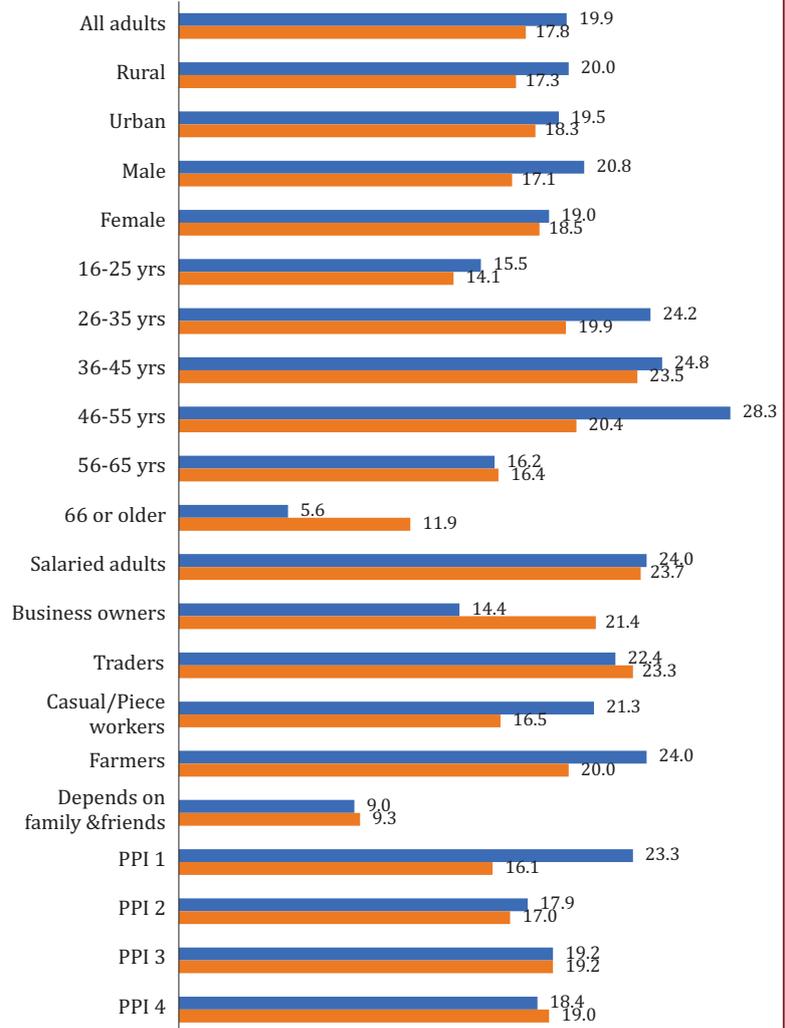


### 6.1.2 Informal Credit Services

Figure 31 shows that 19.9 percent of adults accessed informal credit services. 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:

- Males;
- Those of age 46 – 55 years;
- Salaried employees and farmers; and
- Adults from households in the lowest income quintile of PPI 1.

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



### **6.1.3 Informal Credit and Community Savings Groups**

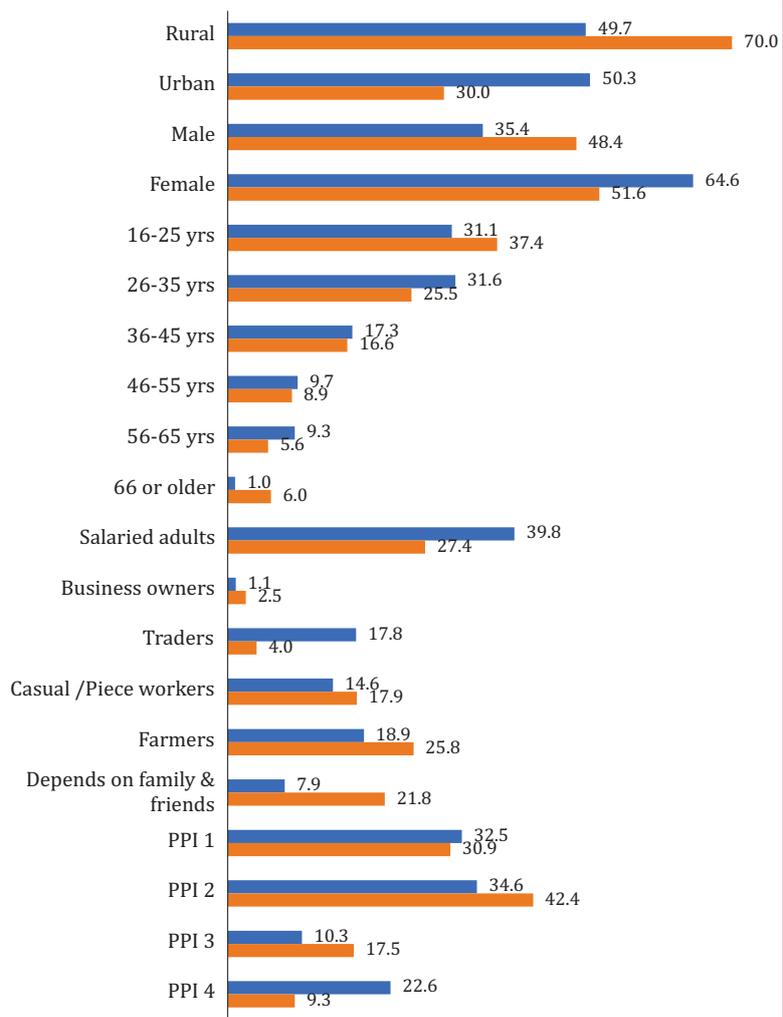
This section provides an analysis of the demographic profile of adults that accessed informal credit and belonged to community savings groups. The Survey indicated that 10.3 percent of the adult population in the Province belonged to a Chilimba, Savings Group or Village Bank. In addition, 3.3 percent obtained informal credit called Kaloba.

#### **6.1.3.1 Chilimba**

Chilimba refers to an informal rotating savings scheme in which a group of people agree to make regular fixed cash contributions, which go to each member, in a pre-determined order and frequency. The Survey showed that 5.4 percent of adults belonged to a Chilimba. Figure 32 shows that these adults were most likely to be:

- Urban based;
- Female;
- In the age group 16 – 35 years;
- Salaried employees; and
- From households in the low income quintile of PPI 2.

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



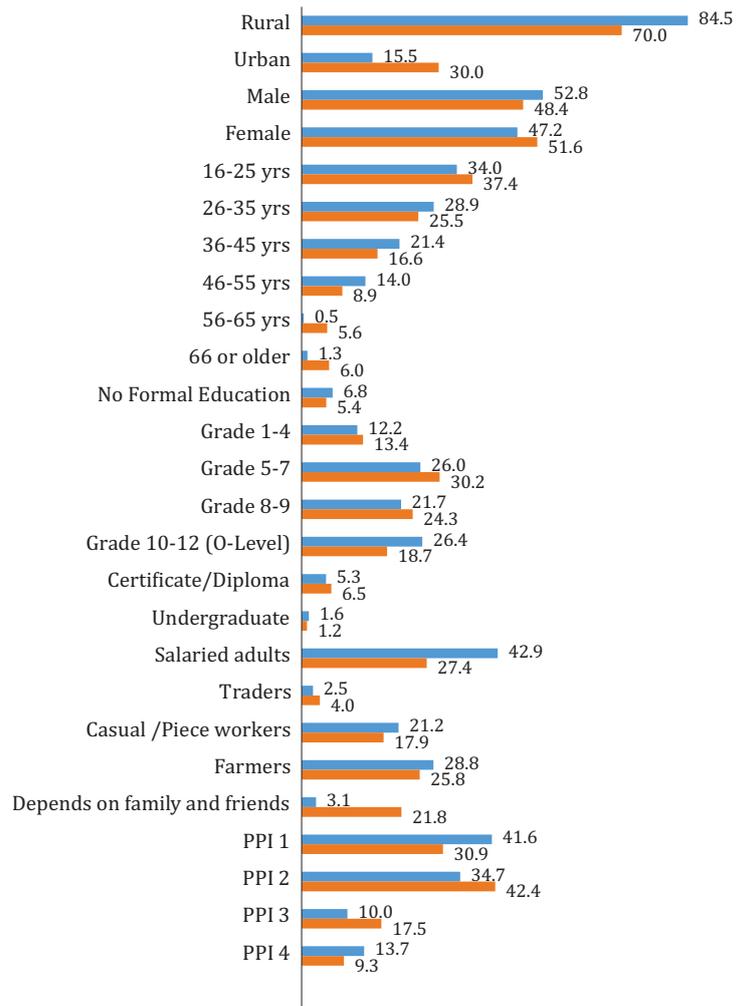
### 6.1.3.2 Savings Groups

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

The Survey showed that 4.8 percent of adults belonged to SGs. As illustrated in Figure 33, these were most likely to be:

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

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

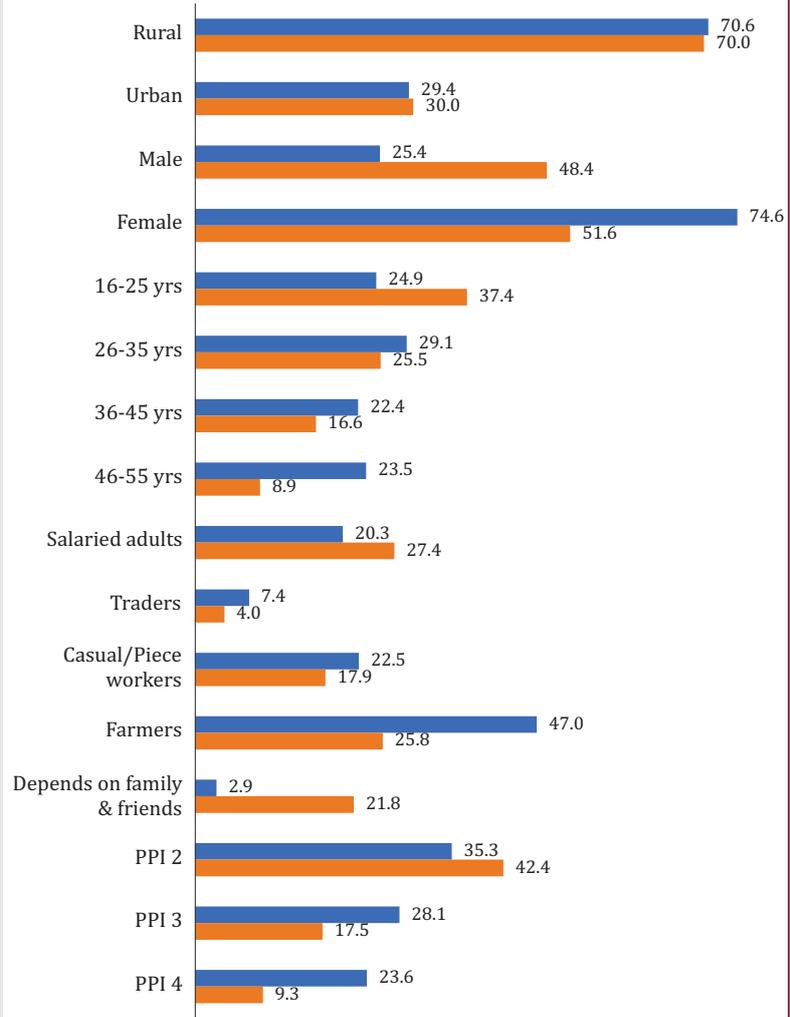


### 6.1.3.3 Village Bank

A village bank is a group of mostly low-income entrepreneurs who come together to share and guarantee one another's loans. The Survey indicated that 1.8 percent of adults belonged to a village bank. Figure 34 showed that these adults were more likely to be:

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

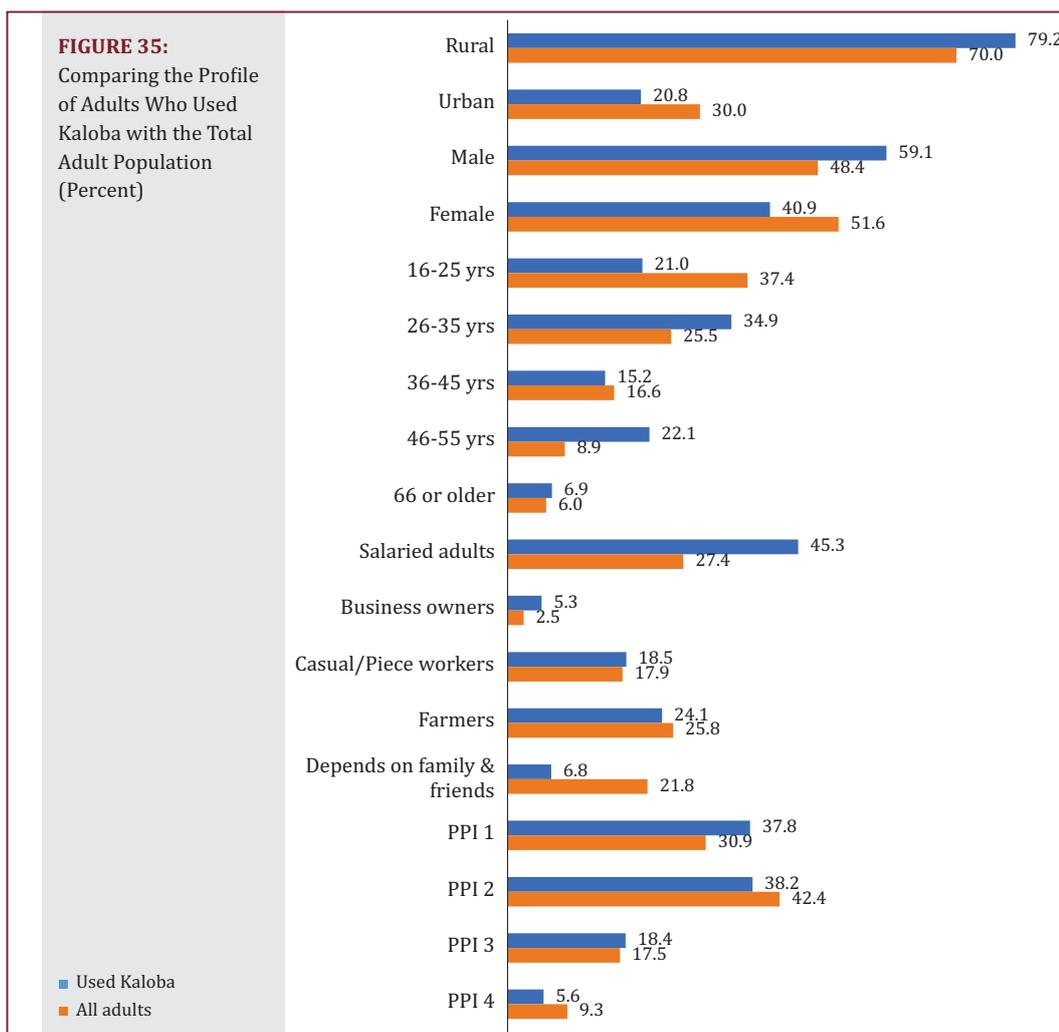
**FIGURE 34:**  
Comparing the Profile  
of Adults Who  
Belonged to a Village  
Bank with the Total  
Adult Population  
(Percent)



#### 6.1.3.4 Kaloba

Kaloba is informal credit provided by money-lenders and was used by 3.3 percent of the adult population. Figure 35 shows that adults who used Kaloba were more likely to be:

- Rural based;
- Male;
- Of age 26 -35 years;
- Salaried employees; and
- From households in the low income quintiles of PPI 1 and PPI 2.



## 6.2 Barriers to Usage of Informal Savings Services

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

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

Perceived Barrier	Chilimba	Savings Group	Village Bank
Do not have any money to save	24.1	20.8	18.7
Do not have enough money to save	20.2	23.9	22.8
I save money on my mobile phone	7.7	6.7	7.0
Do not trust them	10.5	11.9	11.2
I see no benefits	7.3	7.4	7.2
There are no such groups in the community	22.3	23.1	28.0

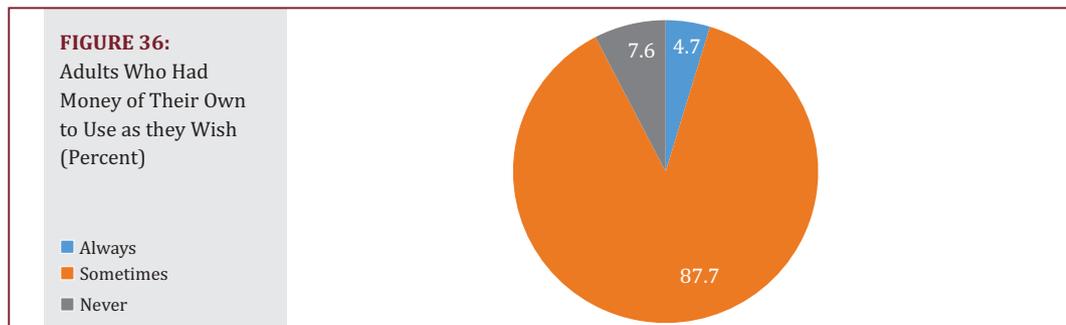
## 7.0 FINANCIAL CAPABILITY

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

Figure 36 shows that only 4.7 percent of adults indicated that they always had money of their own to use as they wished while 87.7 percent had money occasionally. Further, 7.6 percent of adults never had money of their own to spend as they wished.



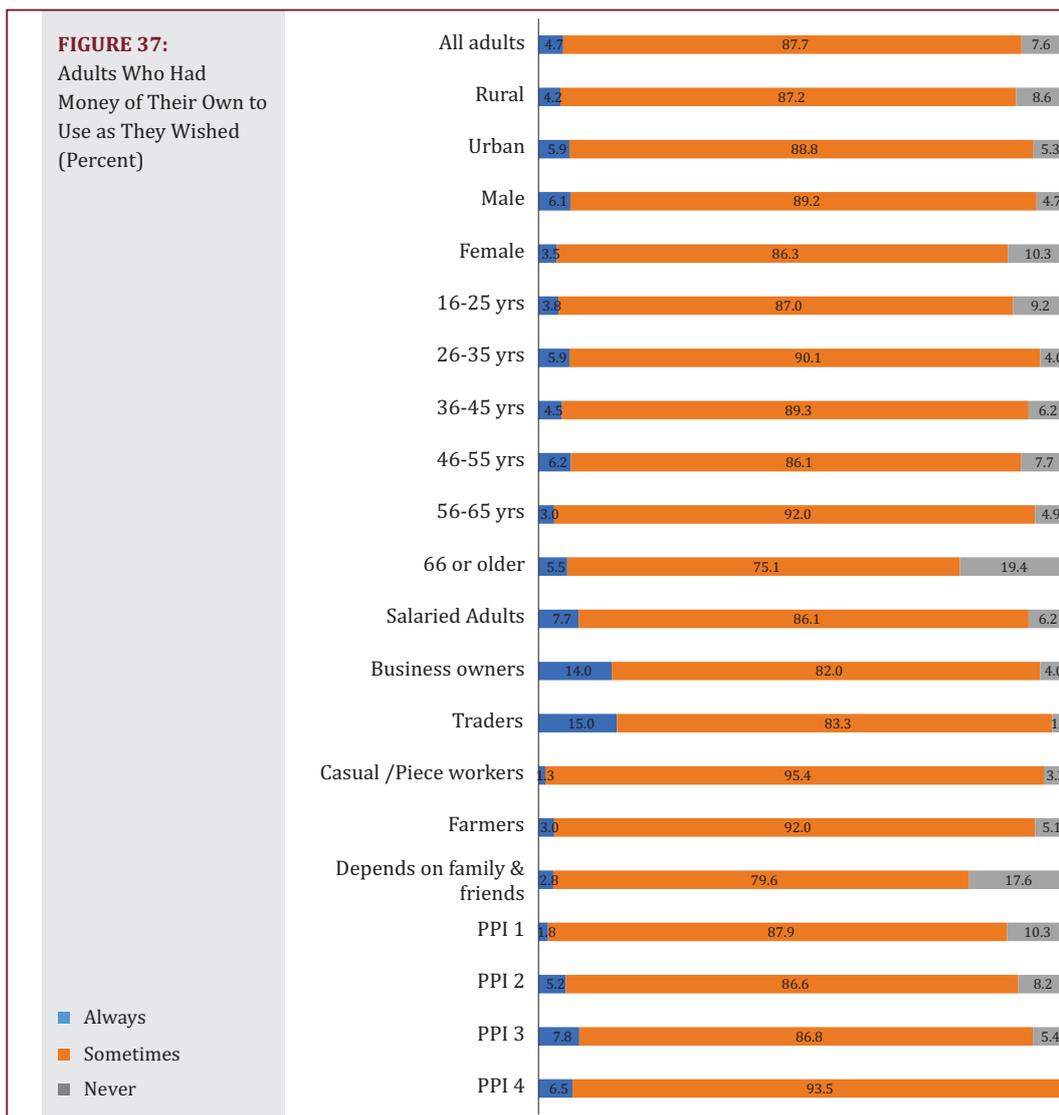
#### 7.1.1 Adults with Money of Their Own to Use as They Wish

Figure 37 illustrates that 4.7 percent of adults always had money of their own to use as they wished. These were mostly amongst;

- Adults in urban areas;
- Males;
- Those of age 26 - 35 years and 46 - 55 years;
- Traders; and
- Households in the middle income quintile of PPI 3.

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

- Those in urban areas;
- Males;
- Those in the age group 56 - 65 years;
- Casual/piece workers; and
- Households in high income quintile of PPI 4.

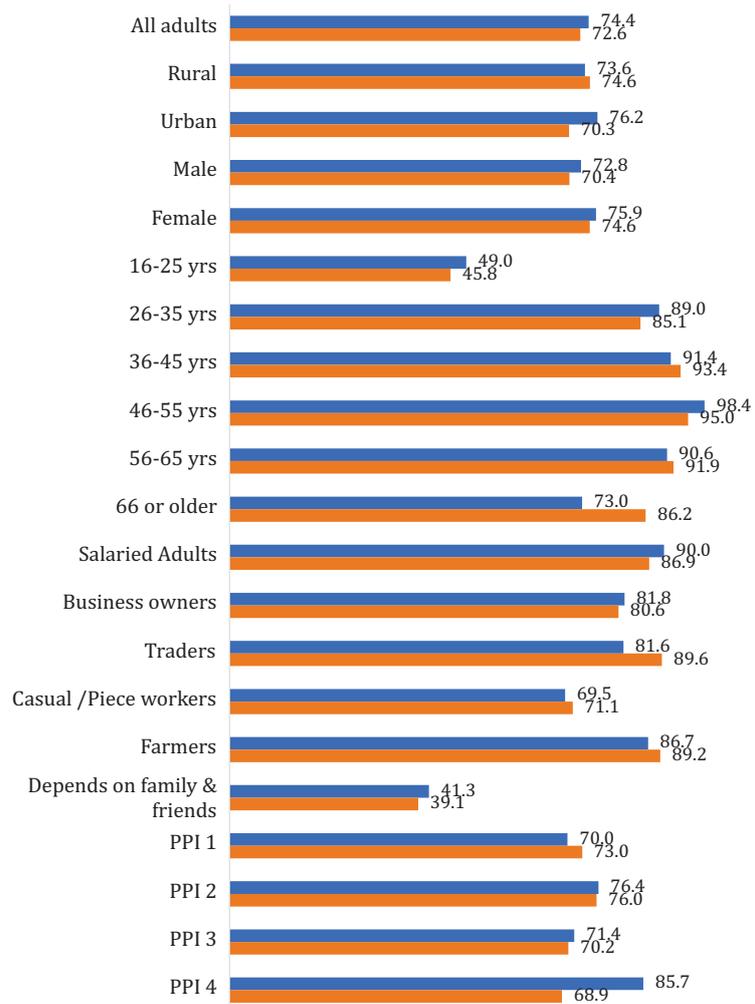


### 7.1.2 Adults Involved in Financial Decision Making

Figure 38 shows that 74.4 percent of adults were involved in household financial decision-making. These adults were mostly amongst:

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

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

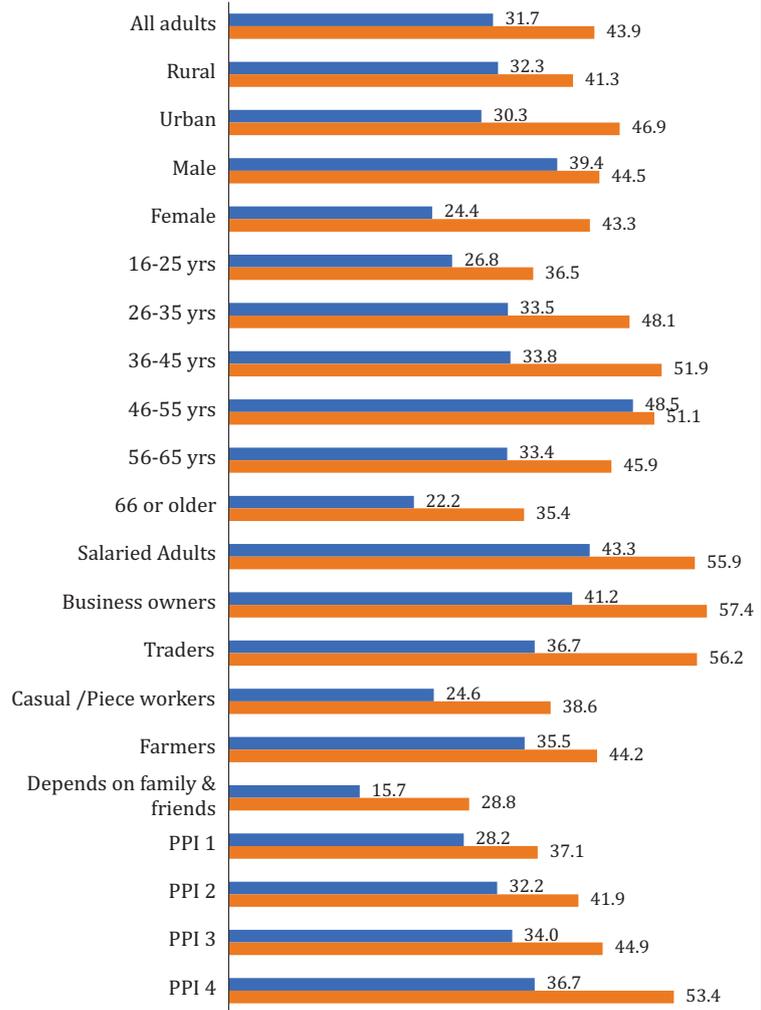


### 7.1.3 Adults Who Kept Track of the Money They Received and Spent

Figure 39 shows that 31.7 percent of adults were able to keep track of the money they received and spent. These were mostly amongst:

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

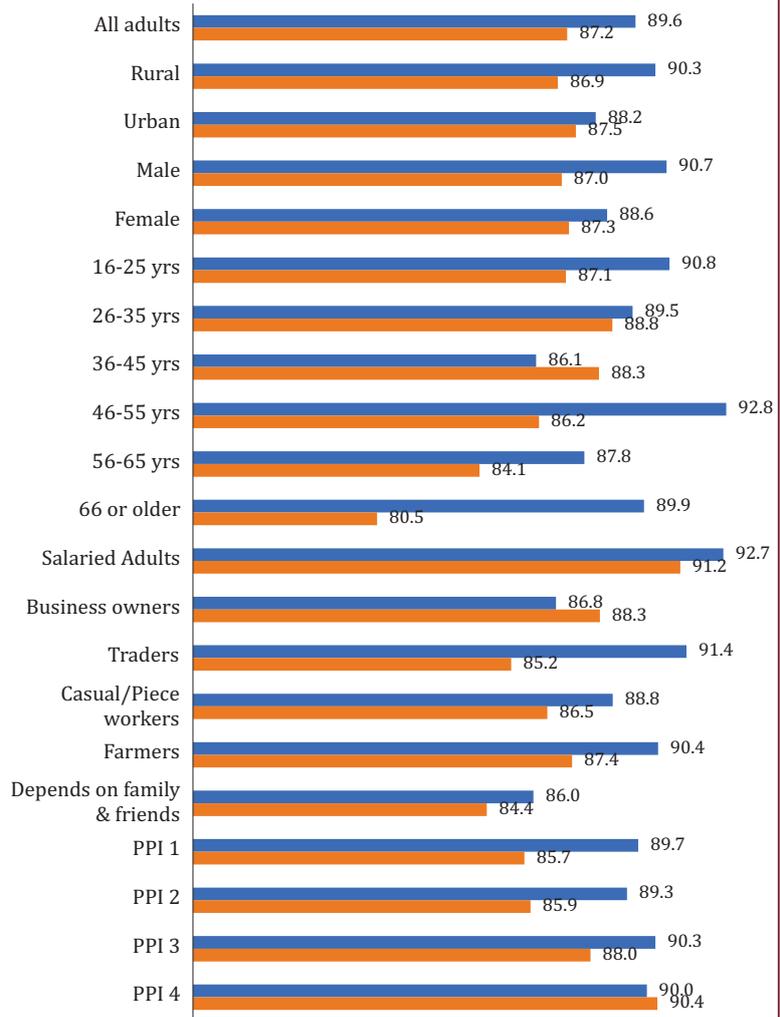
**FIGURE 39:**  
Adults Who Kept Track  
of the Money They  
Received and Spent  
(Percent)



#### 7.1.4 Adults Who Had Someone to Turn to for Financial Advice

The percentage of adults who indicated that they had somewhere/someone to consult with when they needed financial advice was 89.6 percent. Figure 41 illustrates that generally, over 80 percent of adults had access to financial advice across all demographic characteristics (Figure 40).

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



## 7.2 Cash-flow Management

Table 14 shows that the average and median income for adults in the Province was K32.48 and K12.21 per day compared with K44.51 and K17.91 respectively. Adults in urban areas had a higher average income per day (K66.04) than those in rural areas (K19.39).

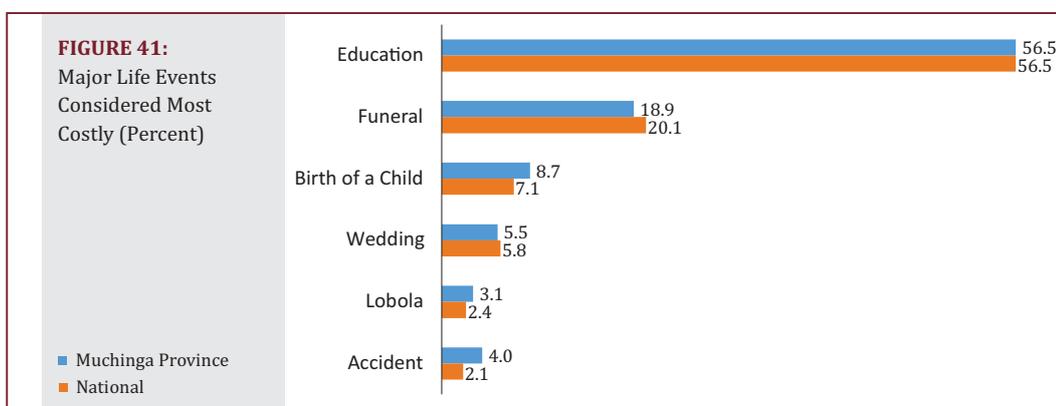
Salaried workers and those from PPI 4 had the highest average income while traders had the highest median income per day. Farmers and those in PPI 1 had the lowest average and median income.

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

	Kwacha				USD			
	Average		Median		Average		Median	
	Muchinga	National	Muchinga	National	Muchinga	National	Muchinga	National
All Adults	32.48	44.51	12.21	17.91	1.75	2.40	0.66	0.97
Rural	19.39	25.79	11.11	13.33	1.04	1.39	0.60	0.72
Urban	66.04	67.12	19.58	33.94	3.56	3.62	1.06	1.83
Male	42.40	49.76	13.89	21.76	2.28	2.68	0.75	1.17
Female	22.40	39.54	12.21	16.67	1.21	2.13	0.66	0.90
Salaried workers	62.53	78.66	23.33	37.97	3.37	4.24	1.26	2.05
Business owners	42.67	52.15	26.67	33.33	2.30	2.81	1.44	1.80
Traders	41.96	56.61	32.17	31.17	2.26	3.05	1.73	1.68
Casual /Piece workers	17.10	22.04	12.21	16.56	0.92	1.19	0.66	0.89
Farmers	14.22	24.87	8.33	13.33	0.77	1.34	0.45	0.72
Depends on family and friends	16.23	25.41	12.67	14.67	0.87	1.37	0.68	0.79
PPI 1	13.42	18.03	8.33	10.00	0.72	0.97	0.45	0.54
PPI 2	21.02	27.34	12.21	15.42	1.13	1.47	0.66	0.83
PPI 3	42.54	56.34	18.75	33.33	2.29	3.04	1.01	1.80
PPI 4	143.23	96.23	66.67	50.00	7.72	5.18	3.59	2.69

### 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 41). 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, 71.2 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 amongst:

- Those in rural areas;
- Male;
- Traders; and
- Households in the high income quintile of PPI 4.

Further, 28.8 percent of adults had a child/dependant sent home at least once during the year. These adults were mostly amongst:

- Those in urban areas;
- Female;
- Business owners; and
- Households in the middle income quintile of PPI 3.

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

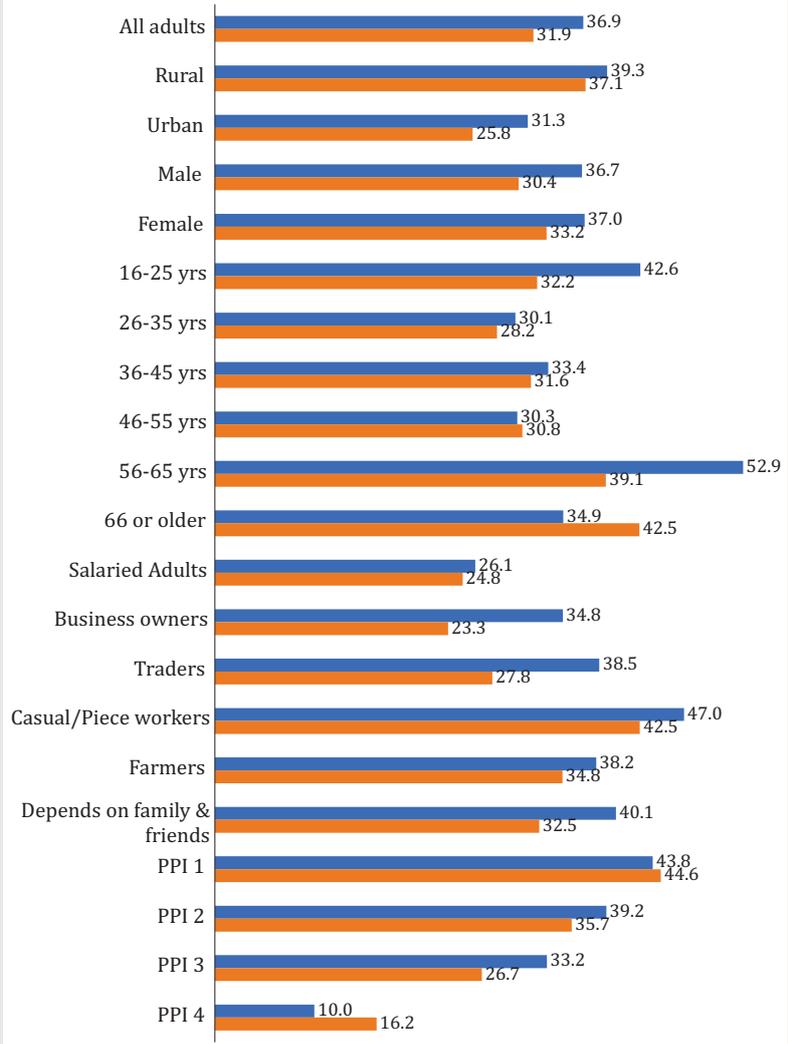
	Muchinga		National	
	At least once a month	At least once a year	At least once a month	At least once a year
All Adults	71.2	28.8	57.4	42.6
Rural	73.3	26.7	58.1	41.9
Urban	65.0	35.0	56.7	43.3
Male	72.3	27.7	57.1	42.9
Female	70.3	29.7	57.7	42.3
Salaried Adults	66.0	34.0	53.0	47.0
Business owners	57.9	42.1	54.7	45.3
Traders	100.0	0.0	47.7	52.3
Casual /Piece workers	69.0	31.0	60.3	39.7
Farmers	76.6	23.4	57.4	42.6
Depends on family and friends	72.8	27.2	63.9	36.1
PPI 1	77.2	22.8	61.4	38.6
PPI 2	65.1	34.9	57.3	42.7
PPI 3	64.0	36.0	52.9	47.1
PPI 4	90.3	9.7	56.4	43.6

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

The Survey revealed that 36.9 percent of adults struggled to manage regular expenses (Figure 42). This was mostly amongst:

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

**FIGURE 42:**  
Adults Who  
Struggled to  
Keep Up with Regular  
Expenses (Percent)

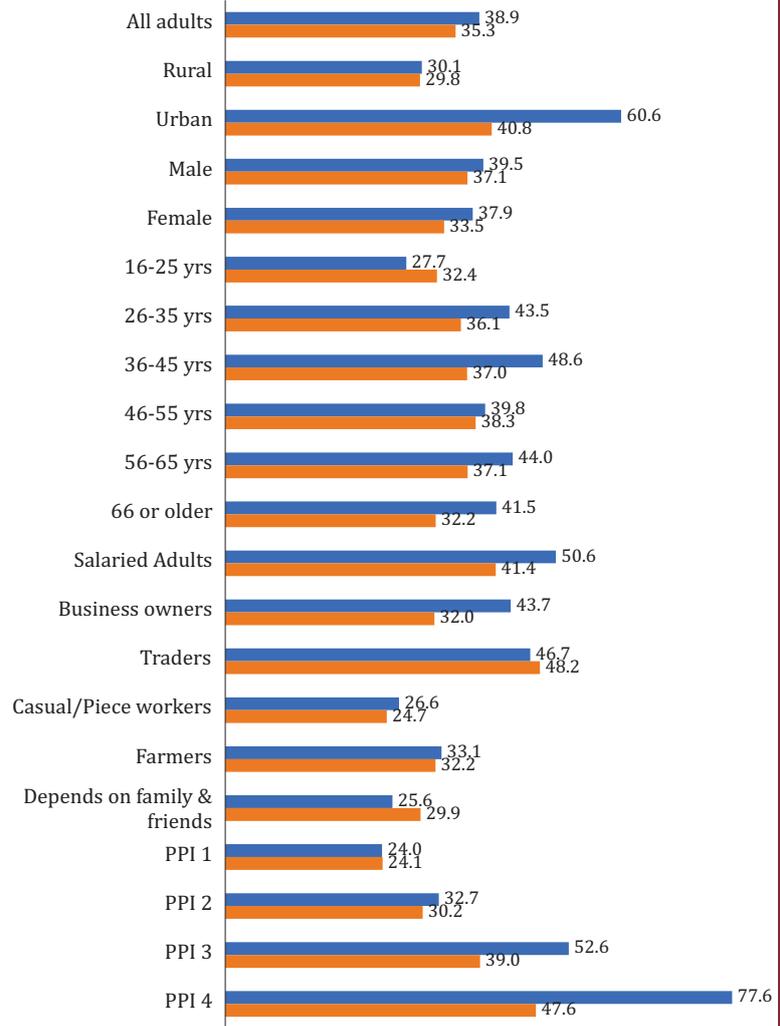


#### 7.2.4 Adults Who Kept a Record of Their Money

Figure 43 illustrates that 38.9 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 36 – 45 years;
- Salaried employees; and
- Households in the high income quintile of PPI 4.

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



### 7.3 Risk Management

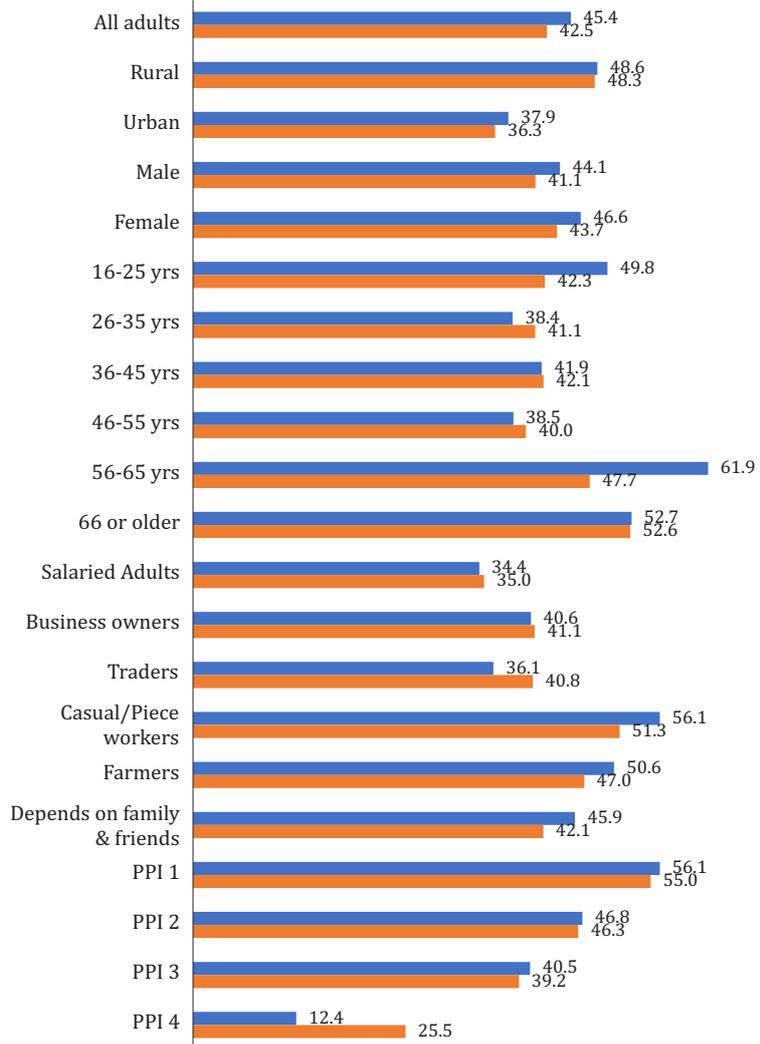
Risk management is the process of managing potential risks to minimize the negative impact they may have. In the survey, it refers to the ability of the adult population to meet unexpected financial events that current income cannot support.

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

Figure 44 shows that 45.4 percent of adults struggled to manage unexpected expenses in the 12 months prior to the survey. These were mostly amongst:

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

**FIGURE 44:**  
Adults Who  
Struggled to  
Manage Unexpected  
Expenses (Percent)

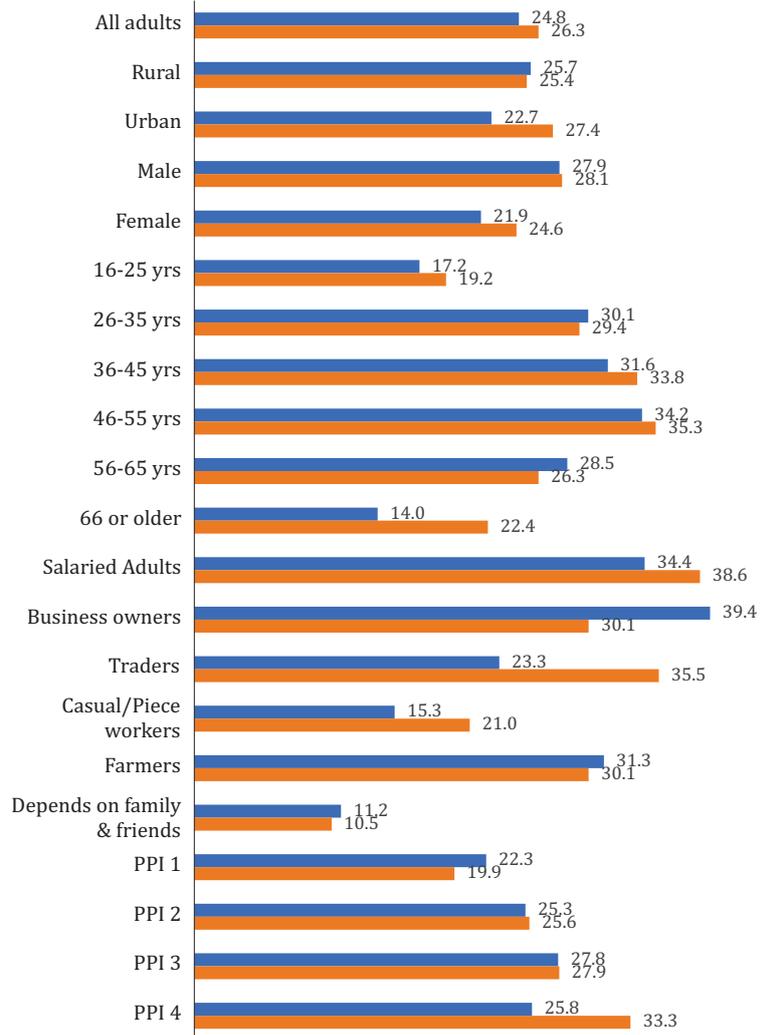


### 7.3.2 Adults Who Made Provision for Unexpected Expenses

The Survey showed that 24.8 percent of adults were able to make provision for unexpected expenses (Figure 45). This was mostly amongst:

- Rural based adults;
- Males;
- Adults of age 46 – 55 years;
- Business owners; and
- Households in the middle income quintiles of PPI 3.

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



### 7.3.3 Strategies to Cope with Unexpected Expenses

The Survey showed that 58.4 percent of adults relied on gifts from family and friends as well as expense cutbacks to cope with unexpected expenses while 29.9 percent relied on savings and 11.8 percent on credit.

The demographic characteristics of these adults are indicated in Table 16.

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

	Savings		Borrowed		Rely on gifts & expenses cut back	
	Muchinga	National	Muchinga	National	Muchinga	National
Adults	29.9	28.3	11.8	9.0	58.4	62.7
Rural	28.3	27.3	11.7	9.1	60.0	63.6
Urban	33.4	29.4	12.0	9.0	54.6	61.6
Male	32.6	29.7	13.2	9.0	54.3	61.2
Female	27.3	27.0	10.5	9.1	62.2	63.9
Salaried Adults	52.5	45.2	13.0	11.4	34.6	43.4
Business owners	37.6	33.2	2.4	10.1	60.0	56.7
Traders	32.2	33.5	7.7	8.1	60.1	58.5
Casual /Piece workers	21.6	24.9	18.3	11.1	60.1	64.0
Farmers	26.9	29.8	12.9	9.5	60.2	60.7
Depends on family and friends	9.0	10.2	5.8	4.8	85.2	84.9
PPI 1	22.5	23.6	11.9	8.8	65.6	67.6
PPI 2	30.9	26.3	10.4	9.5	58.6	64.2
PPI 3	31.5	30.5	15.2	8.6	53.3	60.8
PPI 4	46.5	34.1	10.9	8.7	42.6	57.1

## 7.4 Assets and Asset Building

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

The Survey showed that 48.0 percent of adults reported that at least one household member owned the current dwelling. This was mostly amongst:

- Rural based adults;
- Females;
- Those who depended on family and friends; and
- Households in the lowest income quintile of PPI 1.

Further, 52.2 percent of adults owned a mobile phone while 36.7 percent owned agricultural land. With regard to ICT, 16.7 percent indicated that they had access to the internet (Table 17).

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	28.8	48.0	34.9	36.7	52.2	7.5	16.7
Rural	33.1	51.4	38.4	43.2	44.3	3.9	8.5
Urban	18.7	40.0	26.6	21.7	70.6	16.7	35.9
Male	37.3	40.5	43.5	42.7	58.4	11.5	20.4
Female	20.7	55.0	26.7	31.2	46.3	3.8	13.2
Salaried Adults	35.9	35.2	42.1	41.3	64.2	5.3	21.5
Business owners	28.1	39.2	28.1	20.5	69.8	13.6	19.7
Traders	29.9	52.3	29.9	27.5	56.6	17.8	23.6
Casual /Piece workers	19.7	47.8	25.7	25.2	53.0	14.3	19.7
Farmers	48.1	45.7	54.6	62.8	48.2	2.8	5.6
Depends on family and friends	4.1	68.2	11.5	13.2	38.2	7.4	19.6
PPI 1	30.4	59.1	38.3	47.0	34.8	1.5	3.1
PPI 2	35.6	44.5	39.9	38.7	49.2	4.4	8.2
PPI 3	16.8	48.8	23.3	22.9	70.7	21.9	39.9
PPI 4	14.6	25.5	21.9	19.7	88.8	19.5	57.4

## 7.5 Investments

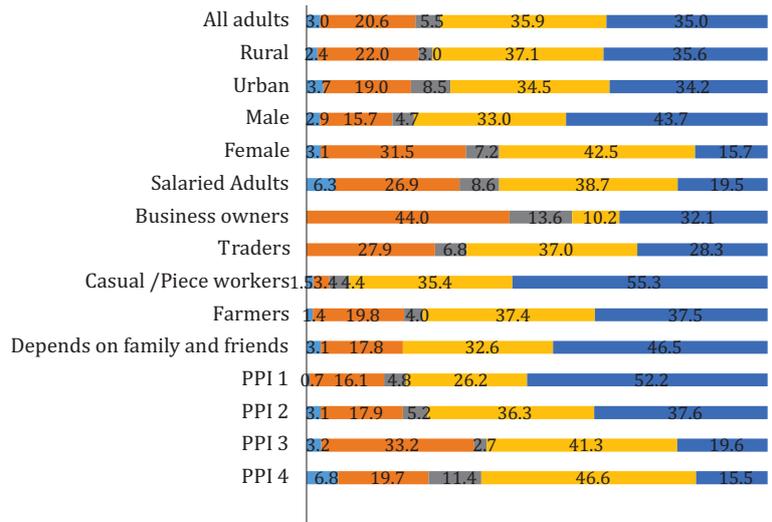
The Survey indicated that the following investment strategies were used to ensure people had money for the things they wanted in the future:

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

Figure 46 showed that most adults would 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 females, rural dwellers, salaried workers and those in the high income quintile of PPI 4.

**FIGURE 46:**  
Investment Strategies  
used by adults to  
Ensure They Had  
Money in the Future  
(percent)

- Bought an asset to sell later
- Bought/started a business to generate money
- Invested in property to rent out
- Saving
- Other



## 7.6 House Occupancy Status

The Survey showed that 9.1 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:

- Females;
- Casual/piece workers; and
- Households in the high income quintile of PPI 4.

On the other hand, 12.2 percent of adults lived in a rented house. Those who lived in a rented house were mostly amongst:

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

TABLE 18: HOUSE OCCUPANCY STATUS (PERCENT)

	Muchinga		National	
	You/your household rent this house	House provided rent free	You/your household rent this house	House provided rent free
All adults	12.2	9.1	20.4	10.6
Rural	4.1	9.1	4.1	10.6
Urban	31.3	9.1	38.6	10.6
Male	11.7	8.3	20.4	11.0
Female	12.8	9.7	20.5	10.3
Salaried Adults	16.4	11.7	30.3	13.1
Business owners	27.0	5.7	30.5	14.5
Traders	6.7	11.1	23.6	9.2
Casual /Piece workers	16.3	13.8	21.4	12.0
Farmers	1.1	4.3	3.0	5.9
Depends on family and friends	15.8	7.0	22.7	10.9
PPI 1	1.8	6.8	3.1	7.0
PPI 2	7.0	10.0	11.4	10.8
PPI 3	25.0	9.0	32.9	12.5
PPI 4	47.2	12.7	40.6	12.6

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

The Survey indicated that 21.0 percent of adults considered farming as a means of ensuring that they had money when they were old and unable to work. Most of these adults were in rural areas, males and from the lowest income quintile of PPI 1. Other common strategies included dependence on children (20.0 percent), starting own business (18.0 percent) and savings (15.6 percent). The least common strategies were rental income and pension (Table 19).

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

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

	Muchinga Province							
	Savings	Children	Land/property	Own business	Rental income	Farming/agriculture/ livestock	Pension	Don't know/have no plans
All adults	15.6	20.0	8.3	18.0	2.9	21.0	1.0	10.3
Rural	14.2	21.8	7.8	15.8	1.6	24.8	1.0	10.6
Urban	18.7	16.0	9.5	23.3	6.0	12.1	1.0	9.7
Male	16.3	16.4	10.6	18.8	3.0	23.0	1.2	7.7
Female	14.9	23.4	6.1	17.3	2.8	19.1	.8	12.8
Salaried Adults	24.3	22.0	11.7	14.8	4.5	17.8	1.0	3.5
Business owners	2.3	16.7	13.1	31.1	0.0	4.6	0.0	9.5
Traders	10.8	11.1	0.0	29.6	0.0	28.3	0.0	17.1
Casual /Piece workers	17.4	20.6	6.9	18.6	1.7	12.3	.8	16.3
Farmers	11.2	18.0	6.5	15.0	2.1	40.1	0.0	5.5
Depends on family and friends	10.4	21.1	7.7	21.9	3.9	10.7	2.7	18.4
PPI 1	12.2	20.9	7.9	17.4	.7	26.5	.4	11.7
PPI 2	13.8	21.5	8.8	16.3	3.3	20.3	.7	11.8
PPI 3	18.1	18.3	9.5	20.9	2.8	17.1	2.1	6.8
PPI 4	30.0	13.5	4.4	22.8	8.4	13.2	1.8	5.9

## 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 physical proximity represents perceived access to a service point within 30 minutes.

### 8.1 Physical Access to Points of Service

The Survey showed that 33.8 percent of adults were able to reach at least one access point within 30 minutes by motor vehicle, 28.1 percent by bicycle and 19.2 percent on foot.

In terms of proximity, schools were closest to the population followed by health centres and mobile money agents. The Survey showed that 84.7 percent of adults were able to reach the nearest school within 30 minutes by motor vehicle, 77.3 percent by bicycle and 56.4 percent on foot. Access to health centres by adults within a 30-minute reach was 71.2 percent by motor vehicle, 57 percent by bicycle and 37.9 percent on foot. For mobile money agents, 55.8 percent were able to reach by motor vehicle, 46.6 percent by bicycle and 33.8 percent on foot (Table 20).

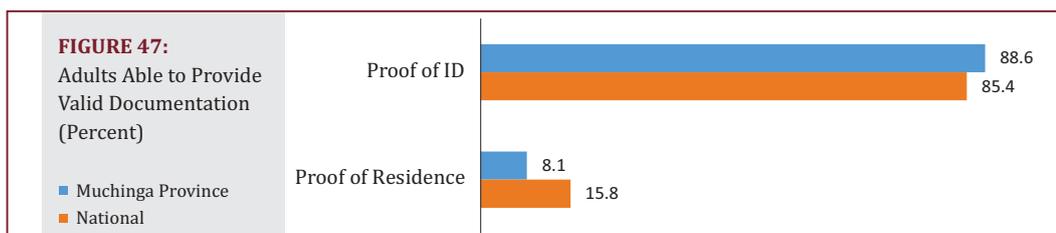
TABLE 20: ADULTS ABLE TO ACCESS SERVICE POINTS WITHIN 30 MINUTES (PERCENT)

Access Point	Mode of Travel		
	Foot	Bicycle	Motor vehicle
All adults	19.2	28.1	33.8
Bank branch or ATM	15.8	25.0	29.4
Microfinance institution	9.3	14.8	16.0
Bank agent	15.8	23.7	29.3
Mobile money agent	33.8	46.6	55.8
Building society	6.8	10.6	13.7
Insurance company	8.5	13.6	16.9
Capital Markets Operator	4.3	6.1	7.6
Post Office	11.0	20.1	26.3
School	56.4	77.3	84.7
Health Centre	37.9	57.0	71.2
Filling station	13.0	21.0	31.0
Supermarket	16.3	24.7	29.2

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

### 8.2 Eligibility to Access Services

The Survey indicated that 88.6 percent of adults in the Province had proof of identification (ID) above the national average of 85.4 percent while, only 8.1 percent had proof of residential address (Figure 47).



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

Table 21 shows that apart from the National Registration Card (NRC), generally, the percentage of adults that possessed various KYC documentation such as a passport, driver's licence, payslip, lease agreement, Tax Payer Identification number (T-PIN), electricity/water bill were low, at less than 6 percent of adults.

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

Type of Document	Muchinga			National
	Rural	Urban	Overall	
National registration card	87.7	89.9	88.3	85.4
Driver's licence	3.3	9.4	5.1	6.8
Passport	1.0	7.6	2.9	5.3
Payslip from employer	3.2	7.9	4.6	6.4
Lease or rental agreement in your name	0.6	2.4	1.1	4.2
Subscription (e.g. satellite TV) in your name	1.6	13.7	5.2	10.7
Tax identification form in your name	1.7	8.8	3.9	8.9
Electricity/water bill in your name	1.9	7.1	3.4	6.5
Insurance policy in your name	1.1	5.6	2.5	3.4
Telephone/Zamtel bill in your name	1.2	4.9	2.4	2.8
Title deed in your name	4.3	7.0	5.1	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:

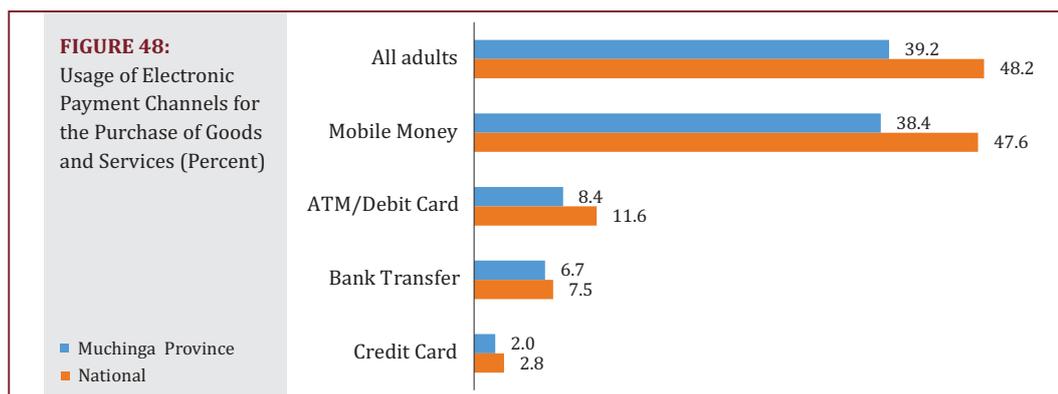
- 1) Electronic Payment Channels;
- 2) Credit;
- 3) Remittances;
- 4) Savings;
- 5) Insurance; and
- 6) Pensions.

### 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

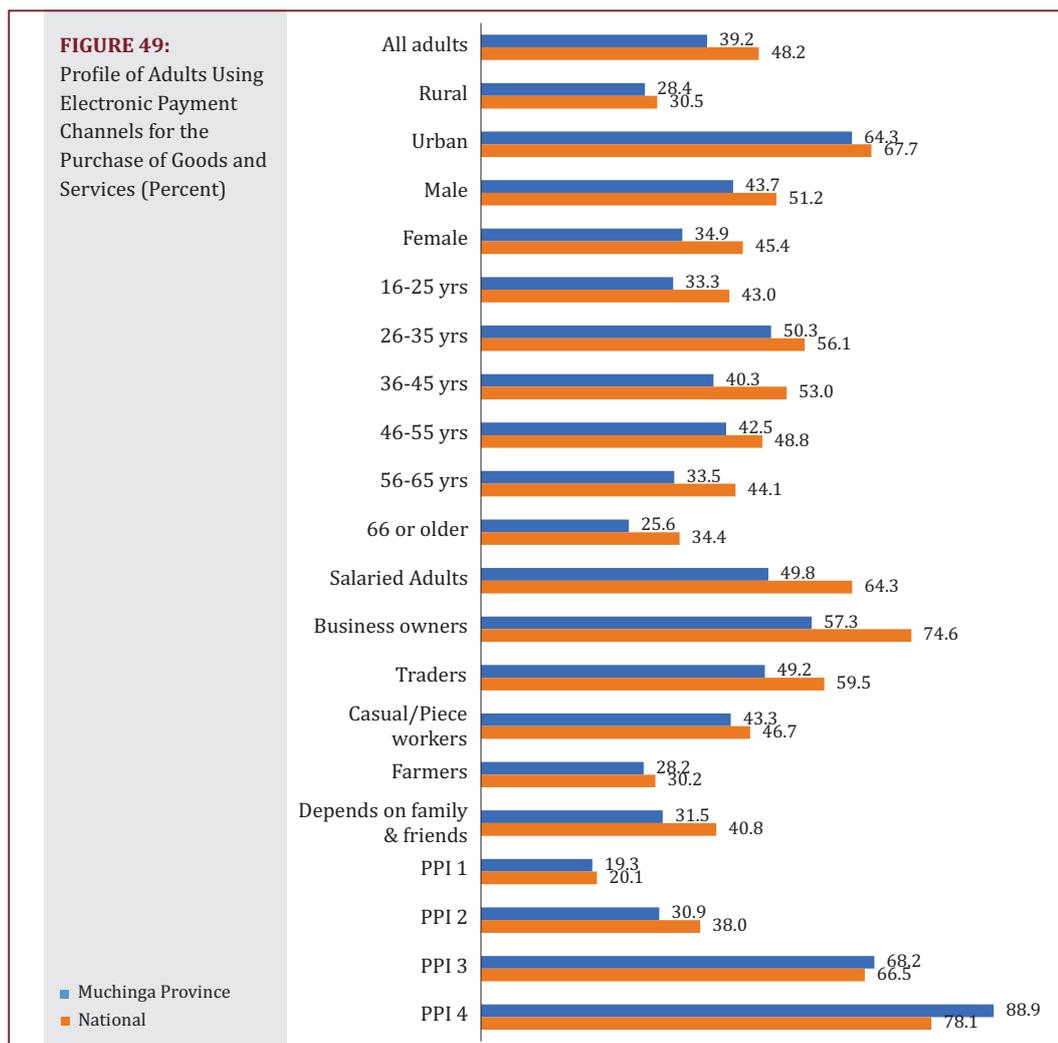
The survey indicated that 39.2 percent of the adult population in Muchinga Province used electronic payment channels to purchase goods and services. Amongst these payment methods, mobile money was the most widely used at 38.4 percent, while credit cards had the least usage at 2.0 percent (Figure 48).



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

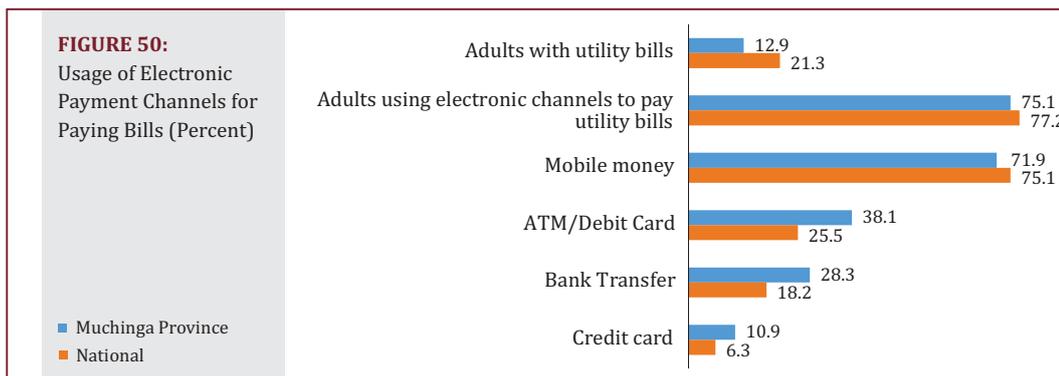
Figure 49 shows that adults who used electronic payment methods were mostly amongst:

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



### 9.1.3 Bill Payments

In the 12 months prior to the survey, 12.9 percent of adults stated they had utility bills to pay. Of these, 75.1 percent used electronic payment channels. Mobile money was the most widely used channel for bill payments at 71.9 percent. The least utilised electronic payment channel for bill payments was the credit card (Figure 50).

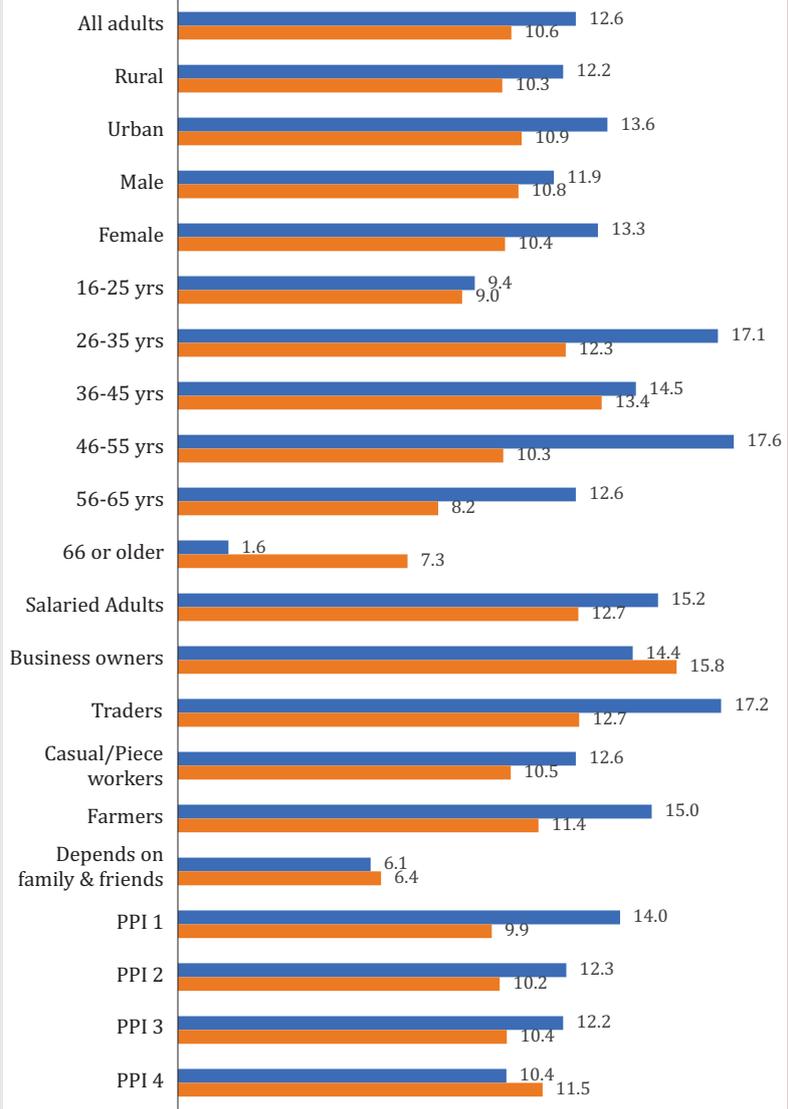


## 9.2 Adults Buying Goods and Services on Credit

Figure 51 shows that 12.6 percent of adults bought goods and services on credit in the 12 months prior to the Survey. These were mostly amongst:

- Urban based adults;
- Females;
- Adults of age 26 - 35 years and 46 - 55 year;
- Traders;
- Households in the lowest income quintile of PPI 1.

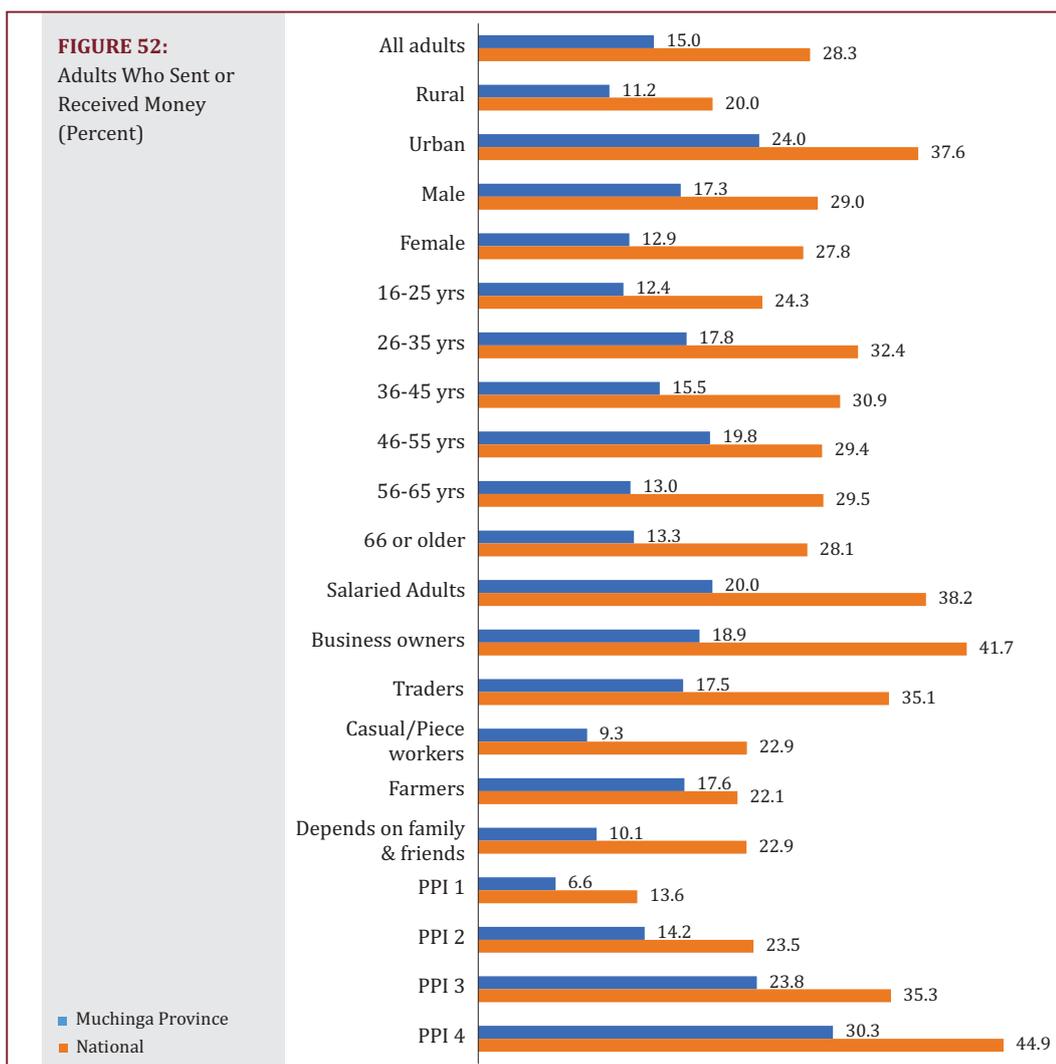
**FIGURE 51:**  
Adults Who Purchased  
Goods and Services on  
Credit in the 12 Months  
Prior to the Survey  
(Percent)



### 9.3 Remittances

In the 12-months period prior to the Survey, 15.0 percent of adults sent or received money from someone (Figure 52). These activities were mostly observed amongst:

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



The Survey results showed that mobile money was the most widely used channel for sending (59.2 percent) and receiving (83.6 percent) money. Channels such as bus or taxi drivers were the least utilised methods for sending or receiving money (Table 22).

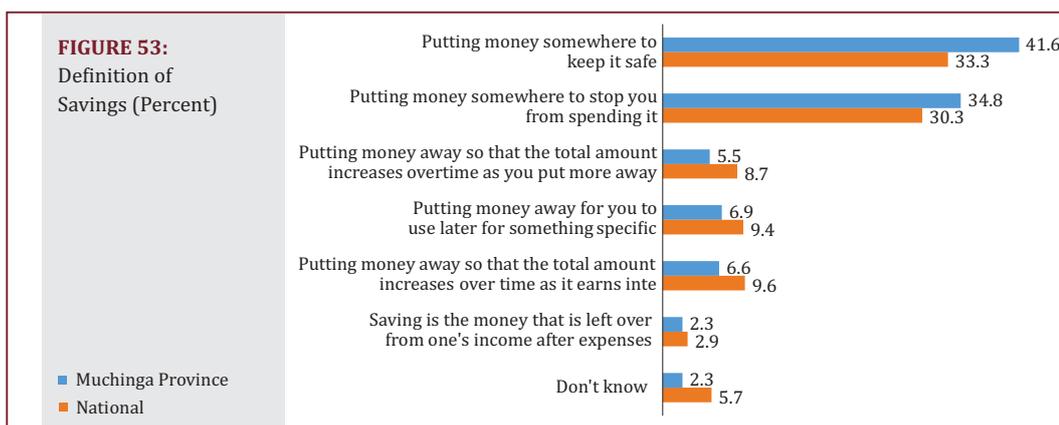
TABLE 22: REMITTANCES (PERCENT)

Channels used to send money	Senders	
	Muchinga Province	National
Mobile money	59.2	56.8
Bank transfer/Pay into bank account	4.9	2.7
Friends or family takes it there	0.4	2.0
Bus/taxi driver takes it there	1.7	0.5
Western Union/Money gram/Swift cash	1.7	0.8
Channels used to receive money	Receivers	
Post Office	1.3	0.4
Mobile money	83.6	88.4
Bank transfer/Pay into bank account	7.1	5.1
Friends or family takes it there	8.0	7.4
Bus/taxi driver takes it there	0.9	0.5
Western Union/Money gram/Swift cash	1.1	1.5

## 9.4 Savings

### 9.4.1 Definition of Saving

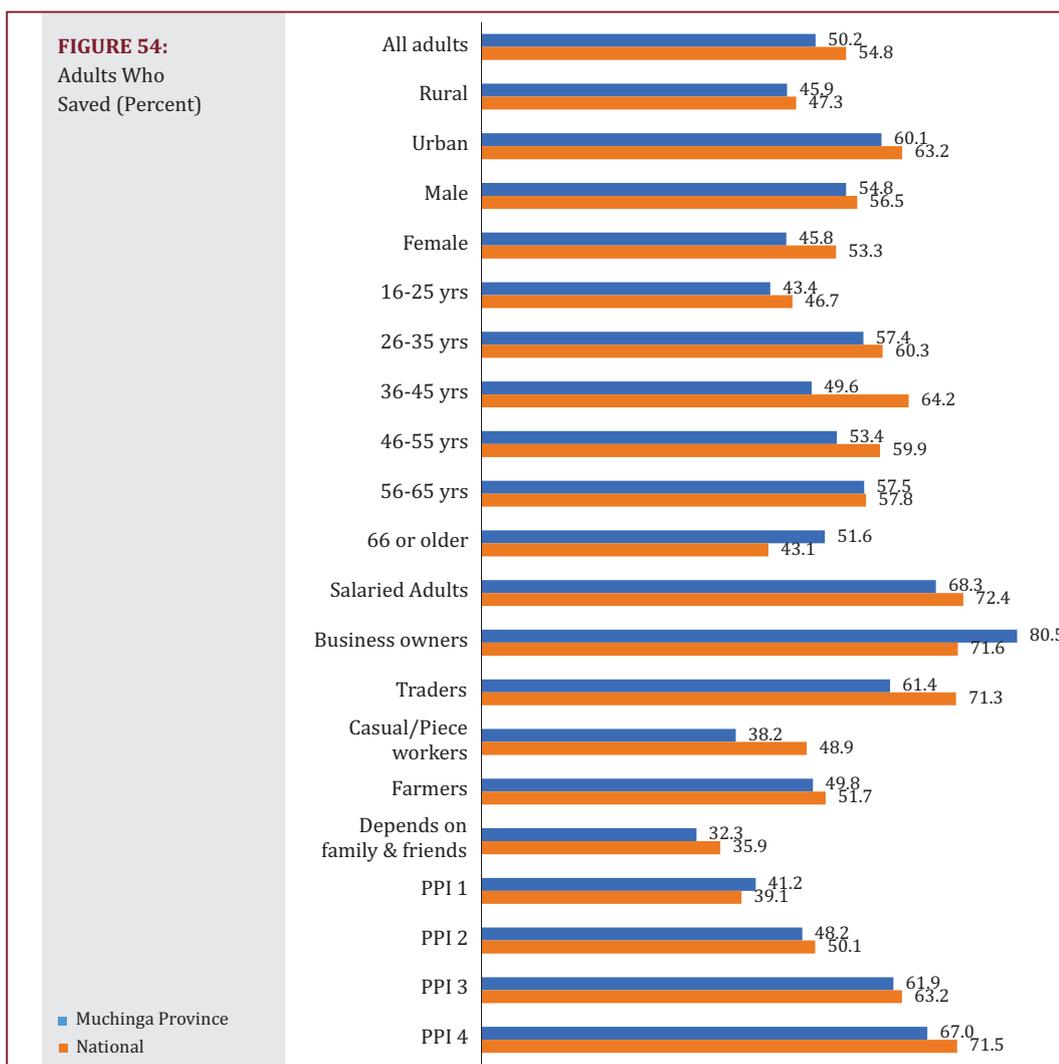
Figure 53 shows that most adults (41.6 percent) defined saving as “putting money somewhere to keep it safe” while 34.8 percent indicated that saving meant “keeping money somewhere to avoid spending it.”



### 9.4.2 Adults Who Saved

Figure 54 shows that 50.2 percent of adults indicated that they saved. These were mostly amongst:

- Adults in urban areas;
- Males;
- The age groups 26 – 35 and 56 – 65 years;
- Business owners; and
- Households in the high income quintile of PPI 4.



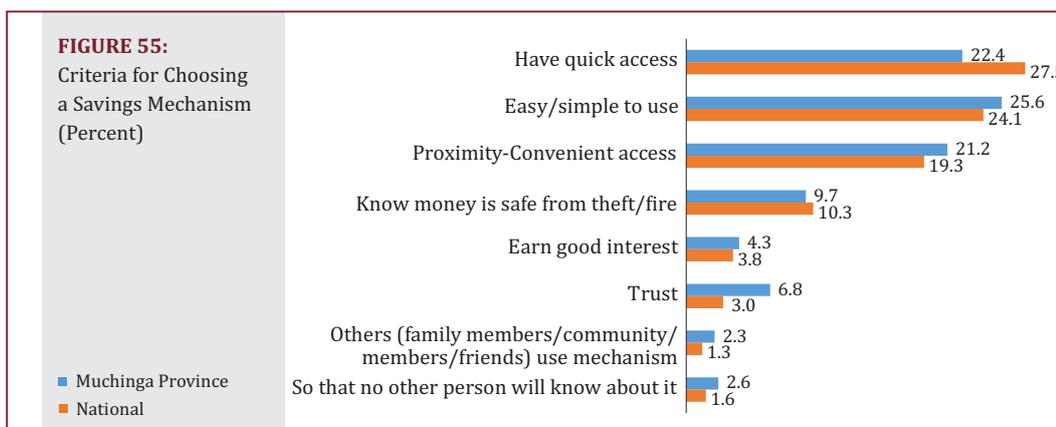
### 9.4.3 Drivers of Saving

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

TABLE 23: MAIN DRIVERS OF SAVINGS (PERCENT)

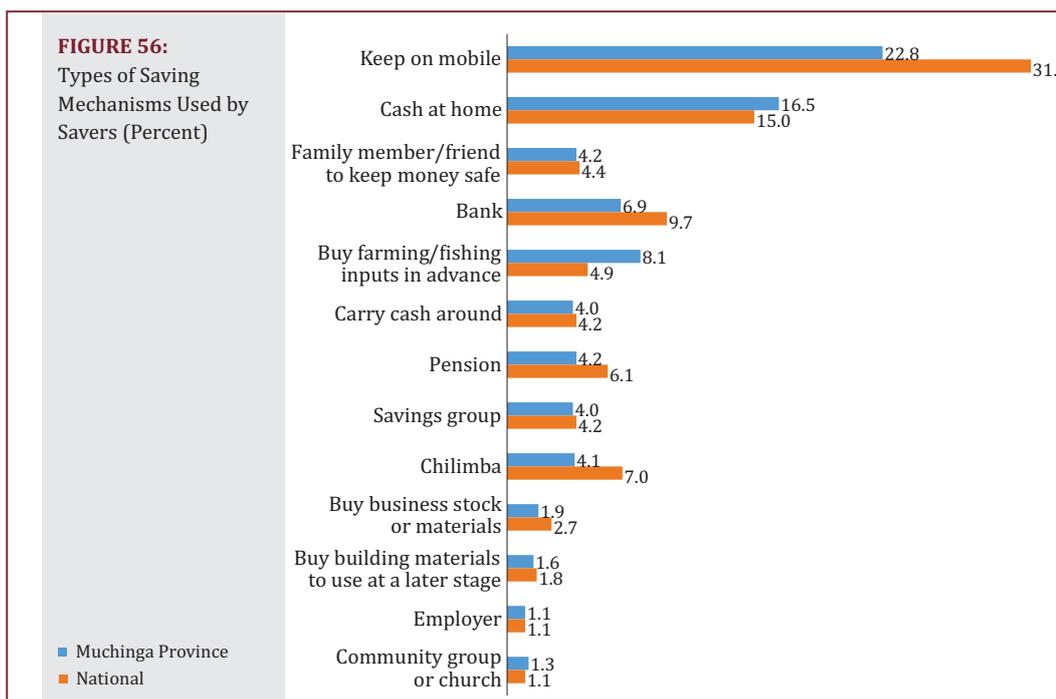
Purpose	Drivers	Savers	
		Muchinga Province	National
Cash-Flow Management	Living expenses for when you do not have money	79.8	78.3
	Education or school fees	18.7	19.5
	Farming expenses such as seeds or fertilizer	80.2	82.1
	Business expenses such as additional stock	37.8	46.1
Risk Management	Medical expenses	16.2	39.4
	Funeral expenses	28.1	12.2
Investing Assets and Productive Activities	Buying business equipment such as a printer or sewing machine etc.	6.0	7.7
	Starting or expanding business	9.4	14.9
	Buying land	30.5	12.6

Figure 55 shows that the most important criteria for choosing saving mechanisms were ease of use (25.6 percent), quick access (22.4 percent), and proximity (21.2 percent).



#### 9.4.4 Types of Saving Mechanisms

Figure 56 illustrates that 22.8 percent of adults used mobile money services to save while 16.5 percent kept cash at home. Only 6.9 percent of adults saved at a commercial bank.

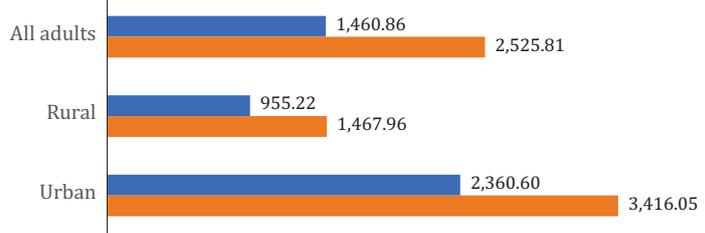


#### 9.4.5 Average Savings

Figure 57 shows that the average amount of money saved by adults was K1,460.86. Adults in urban areas saved twice as much (K2,360.60) as those in rural areas at K955.22 (Figure 58).

**FIGURE 57:**  
Average Savings by  
Savers (Kwacha)

■ Muchinga Province  
■ National



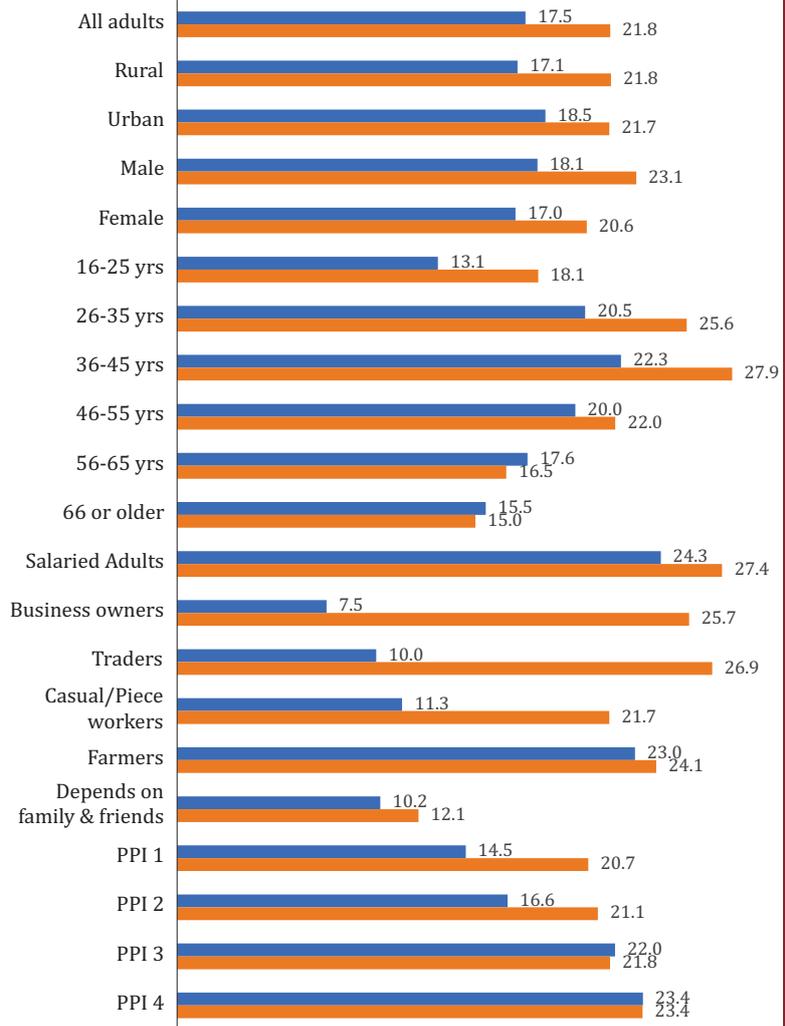
## 9.5 Credit Services

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

In the 12 months period prior to the Survey, 17.5 percent of adults accessed credit from both formal and informal sources (Figure 58). These were mostly amongst:

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

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

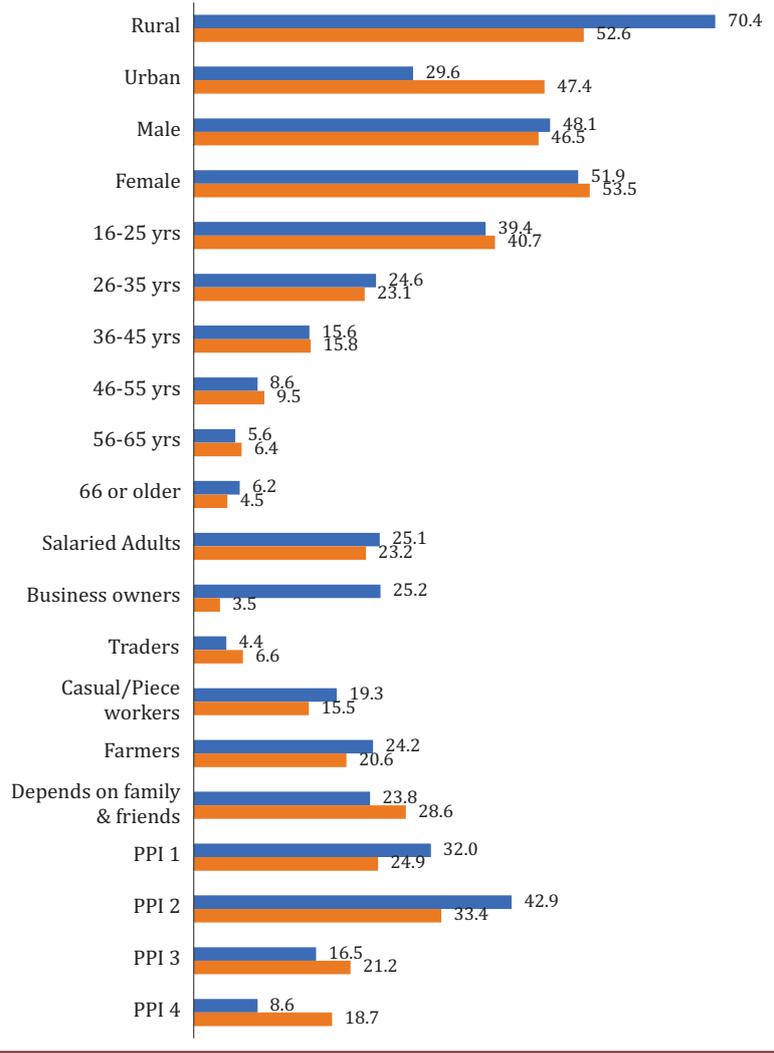


### 9.5.2 Adults Who Did Not Borrow in the 12 Month Prior to the Survey

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

- Rural based adults;
- Females;
- In the age group 16 – 25 years;
- Salaried employees and business owners; and
- From households in the low income quintile of PPI 2.

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



### 9.5.3 Drivers of Borrowing

Table 24 indicates that 80.9 of adults borrowed to cater for living expenses while 72.1 percent borrowed to pay for farming expenses.

TABLE 24: DRIVERS OF BORROWING (PERCENT)

Purpose	Drivers	Muchinga	National
Cash-Flow Management	Living expenses for when you do not have money	80.9	83.2
	Education or school fees	14.5	13.9
	Farming expenses such as seeds or fertilizer	72.1	75.6
	Business expenses such as additional stock	39.9	46.6
	Funeral expenses	5.9	3.9
Risk Management	Medical expenses	17.1	8.9
	Buying business equipment such as a printer or sewing machine etc.	3.2	6.1
Investing Assets and Productive Activities	Buying a bicycle, motorcycle, car, truck or other means of transport for personal use	5.4	1.0
	Starting or expanding business	13.1	12.6
	Buying land	13.3	9.6

### 9.5.4 Criteria for Choosing a Lender

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

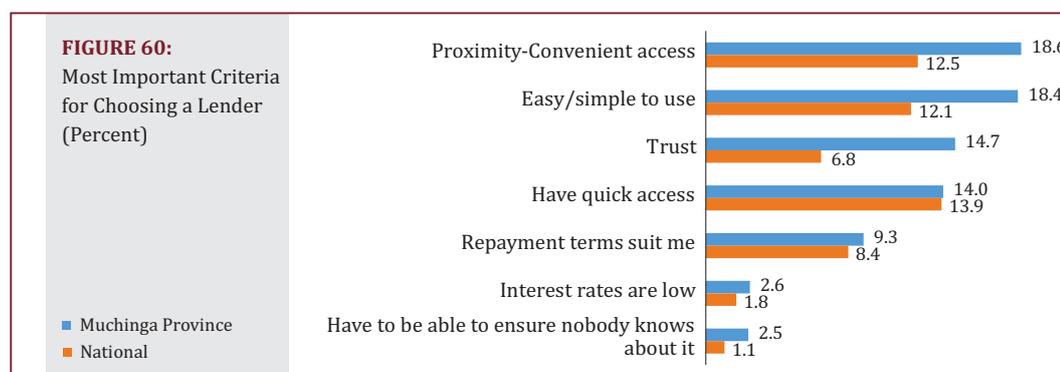
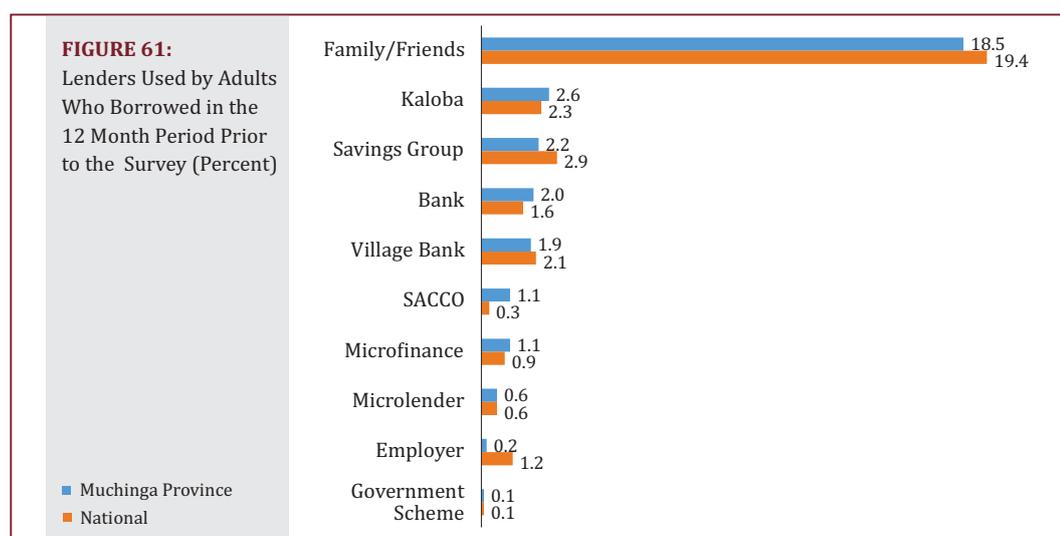


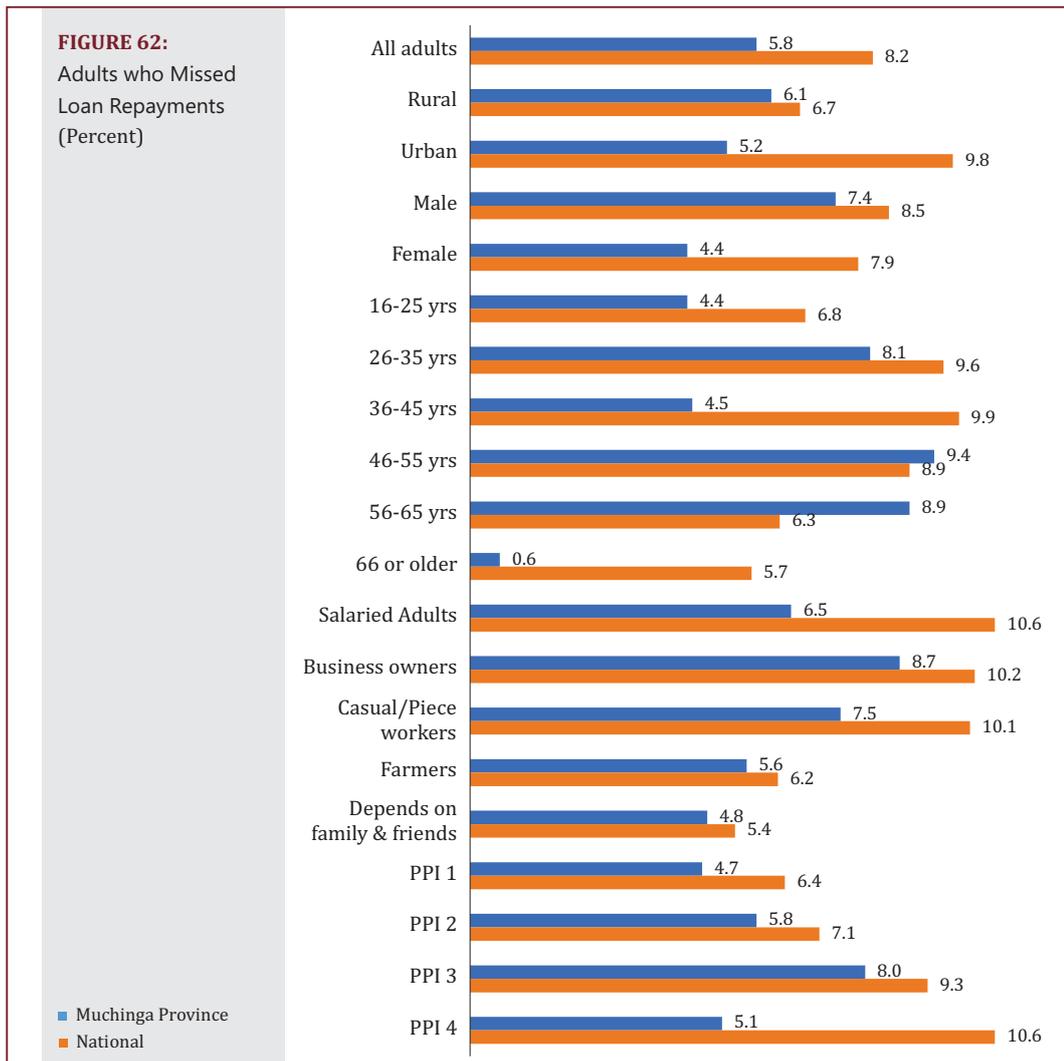
Figure 61 shows that 18.5 percent of adults preferred to borrow from family and friends while 2 percent or less borrowed from formal sources such as commercial banks, microfinance institutions and micro-lenders.



### 9.5.5 Adults who Missed Loan Repayments

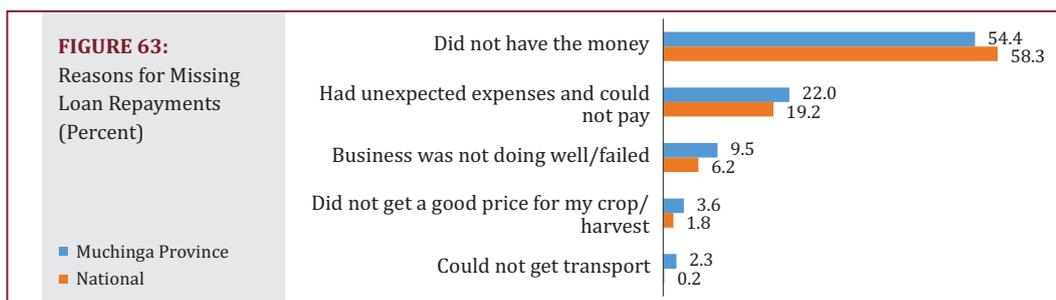
The survey showed that 5.8 percent of adults who borrowed from formal FSPs, missed at least one loan repayment (Figure 62). These were mostly amongst:

- Rural based adults;
- Males;
- Adults of age 46 – 55 years;
- Business owners; and
- Households in the middle income quintile of PPI 3.



### 9.5.6 Reasons for Missing Loan Repayments

As illustrated in Figure 63, most adults (54.4 percent) missed loan repayments because they did not have money to make the repayment.



### 9.5.7 Adults Denied Loans by Formal FSPs

The survey showed that 8.2 percent of adults who applied for loans from formal FSPs were unsuccessful. The highest percentage of those denied loans were from microfinance institutions (Table 25).

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

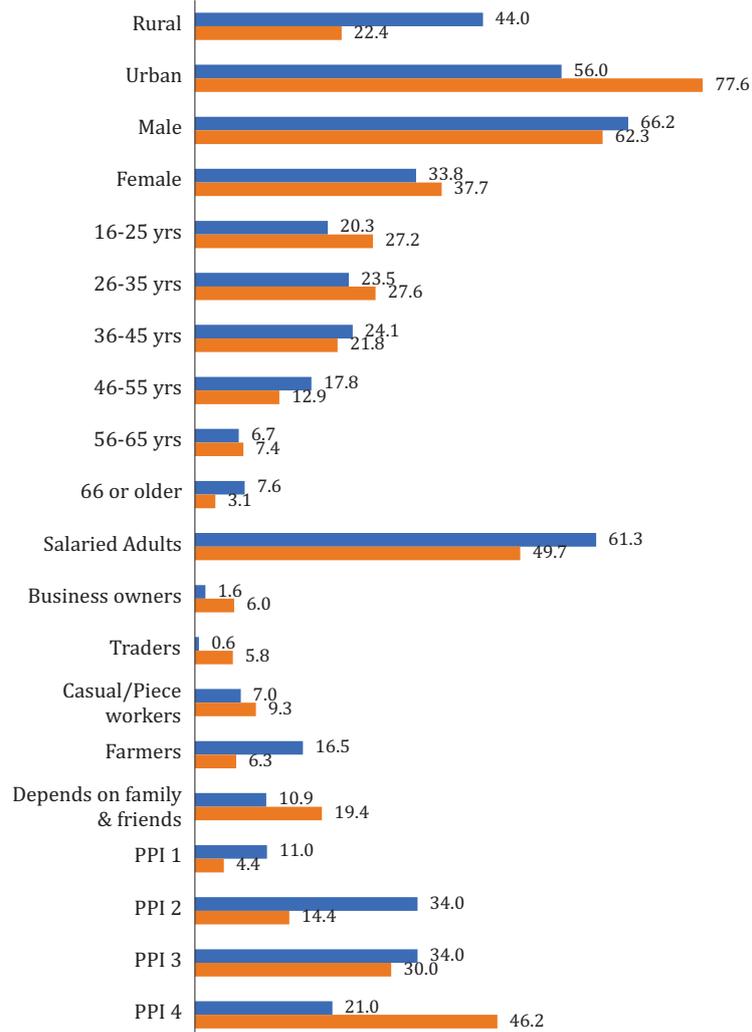
	Denied access to loans (Percent)	Main reason
All adults	8.2	Low income
Commercial banks	3.2	Lack of collateral
		Too much debt
Microfinance institutions	12.5	Lack of collateral
		No specific reason
Micro-lenders	10.2	

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

The Survey indicated that only 7.2 percent of adults in the Province were aware of the Credit Reference Bureau. Figure 64 illustrates that these were more likely to be:

- Urban based;
- Male;
- Of age 26 – 45 years;
- Salaried employees; and
- From households in the low and middle income quintiles of PPI 2 and PPI 3.

**FIGURE 64:**  
Adults who were  
Aware of the CRB  
(Percent)



## 9.6 Insurance Services

The Survey indicated that only 5.6 percent of adults in the Province used insurance services compared to 6.3 percent at national level. As shown in Figure 65, these adults were mostly:

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

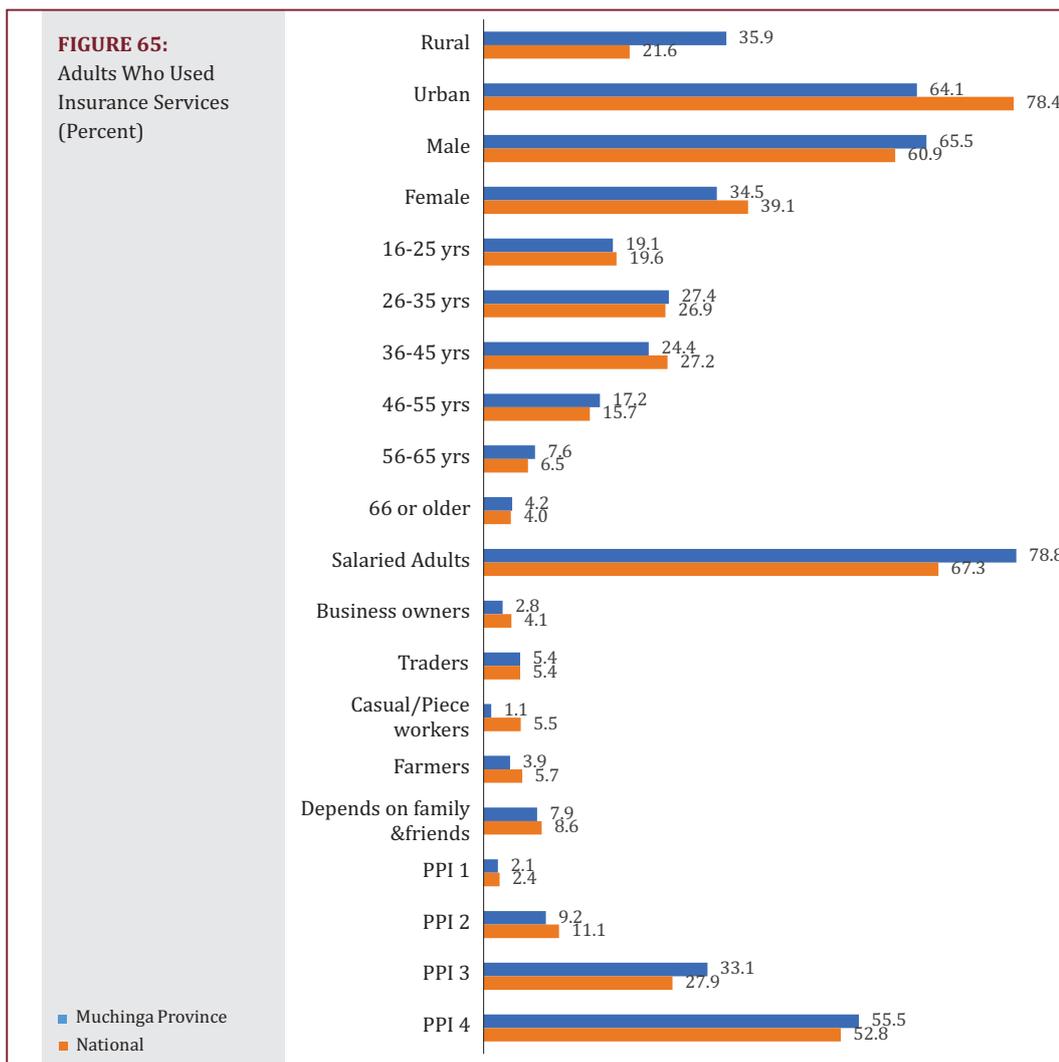
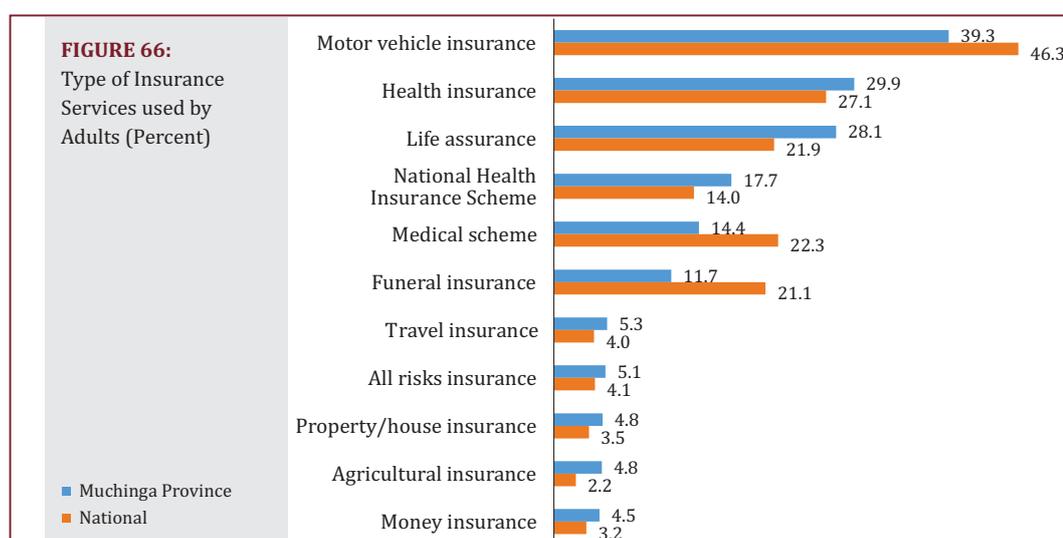
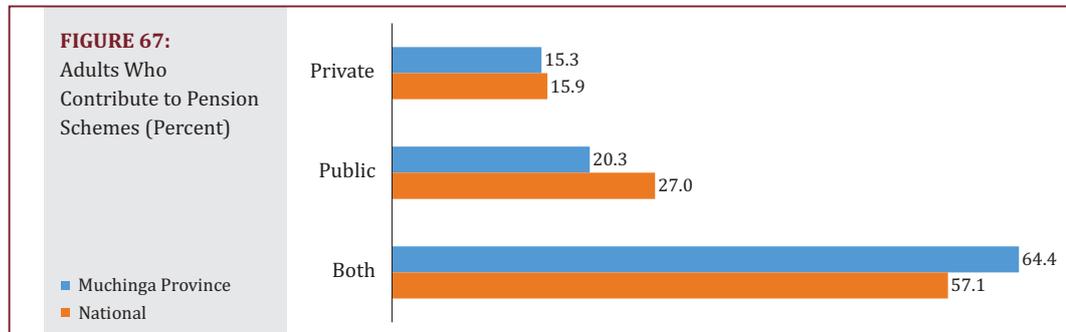


Figure 66 illustrates that the most widely used insurance service was motor vehicle insurance at 39.3 percent. This was followed by health insurance and life assurance at 29.9 percent and 28.1 percent, respectively.



## 9.7 Pension Services

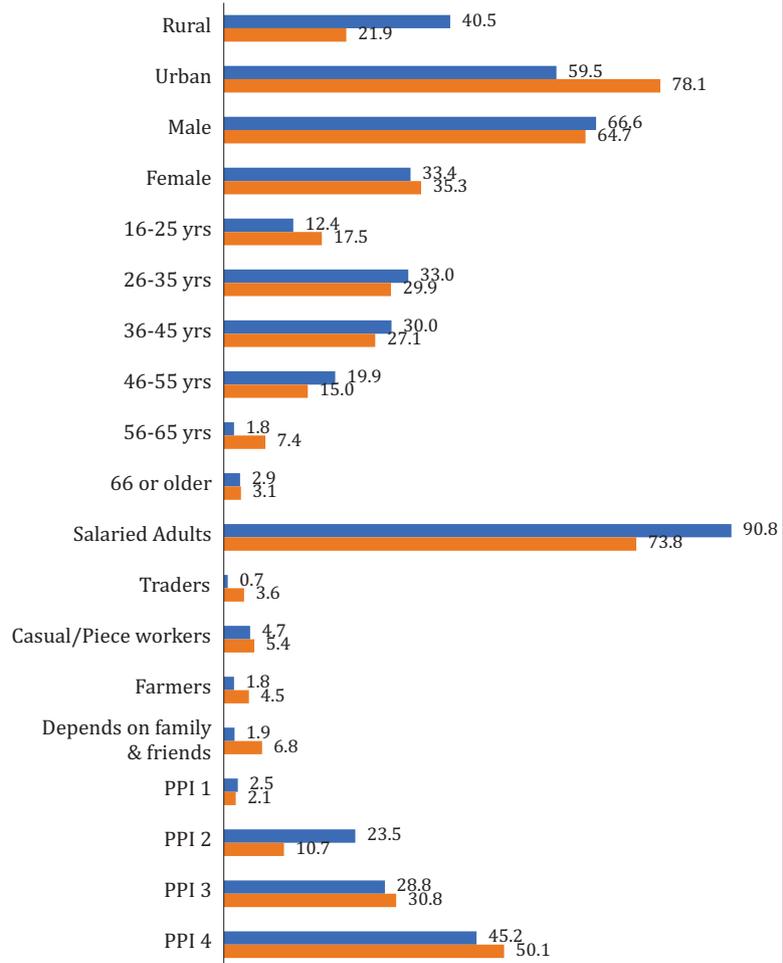
The Survey revealed that 5.6 of adults in the Province contributed to a pension scheme compared with 8.2 percent at national level. Figure 67 shows that most adults contributed to both public and private pension schemes.



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

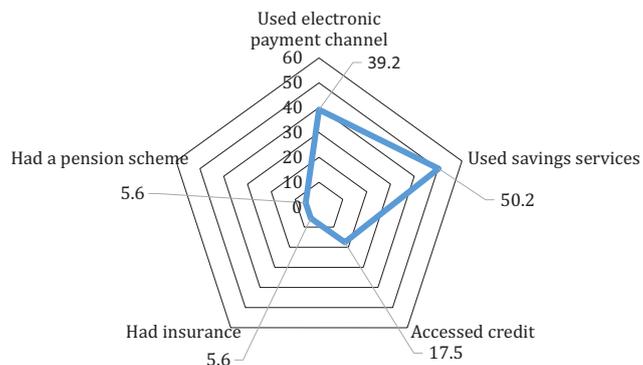


## 9.8 Landscape of Access

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

- Savings (50.2 percent)
- Electronic payment methods (39.2 percent);
- Credit (17.5 percent);
- Insurance (5.6 percent); and
- Pension (5.6 percent).

**FIGURE 69:**  
Landscape of Access  
(Percent)



## 10.0 FINANCIAL HEALTH

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

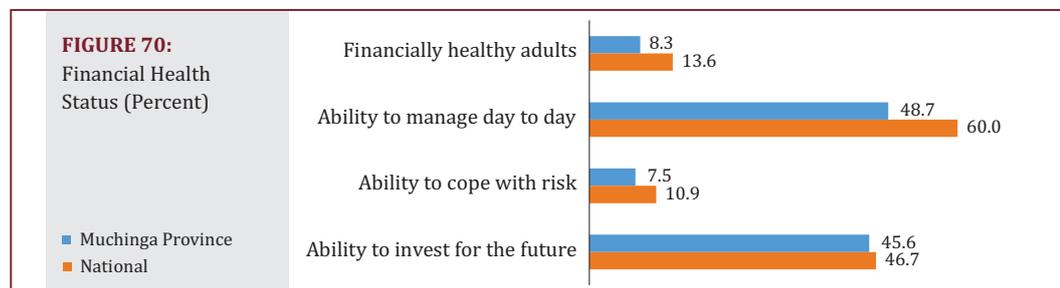
Financial health is measured by a multidimensional score made up of three dimensions:

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.

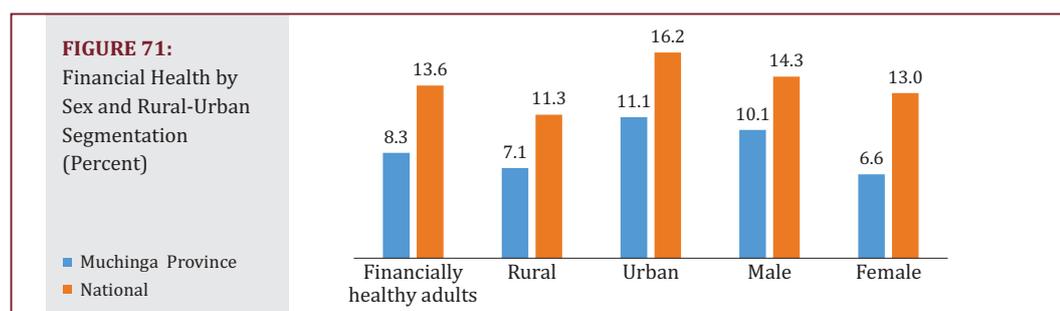
### 10.1 Financial Health

The Survey indicated that the level of financial health in the Province was low, at 8.3 percent compared to the national level of 13.6 percent (Figure 70).



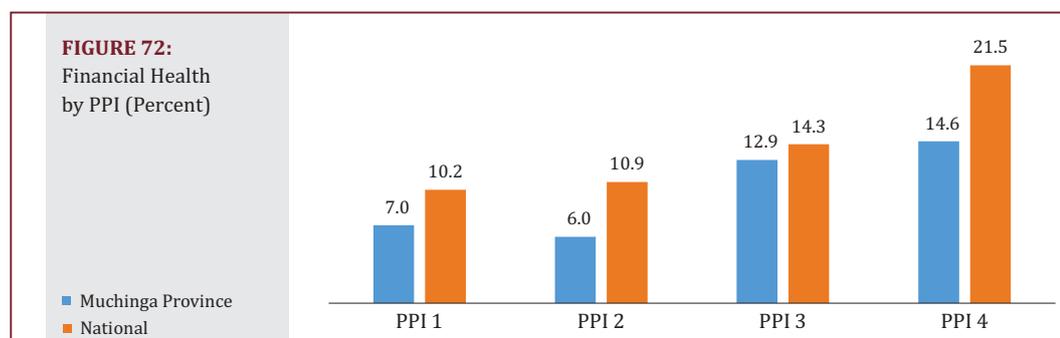
#### 10.1.1 Financial Health by Sex and Rural/Urban Segmentation

The level of financial health was higher among adults in urban areas (11.1 percent) than those in rural areas (7.1 percent). Further, males were more financially healthy than females (Figure 71).



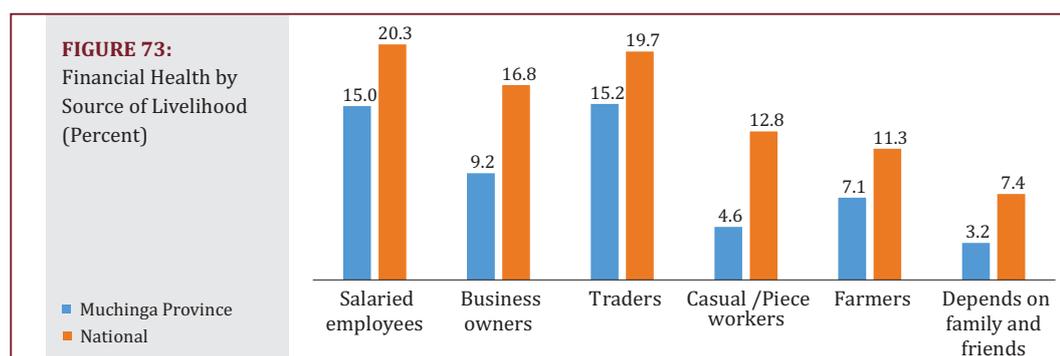
### 10.1.2 Financial Health by Progress Out of Poverty Index (PPI)

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 72).



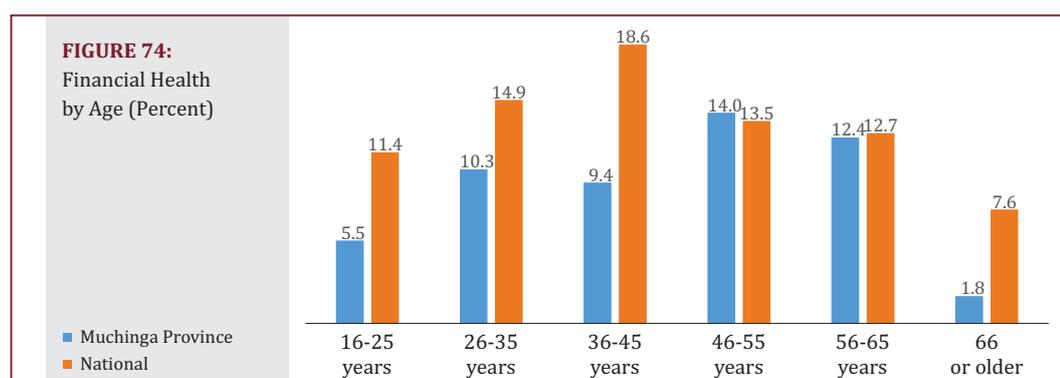
### 10.1.3 Financial Health by Source of Livelihood

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



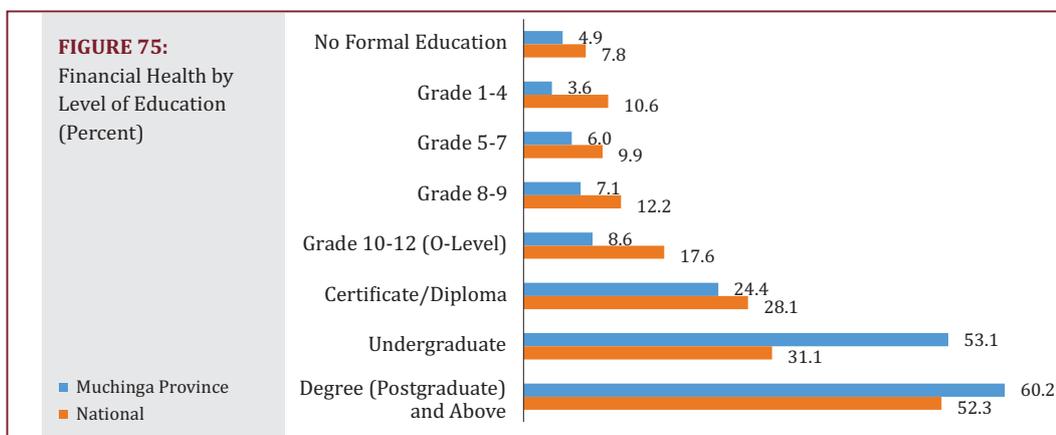
### 10.1.4 Financial Health by Age

Adults in the age group 46 - 55 years were the most financially healthy while those of age 66 years or older had the least level of financial health (Figure 74).



### 10.1.5 Financial Health by Level of Education

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



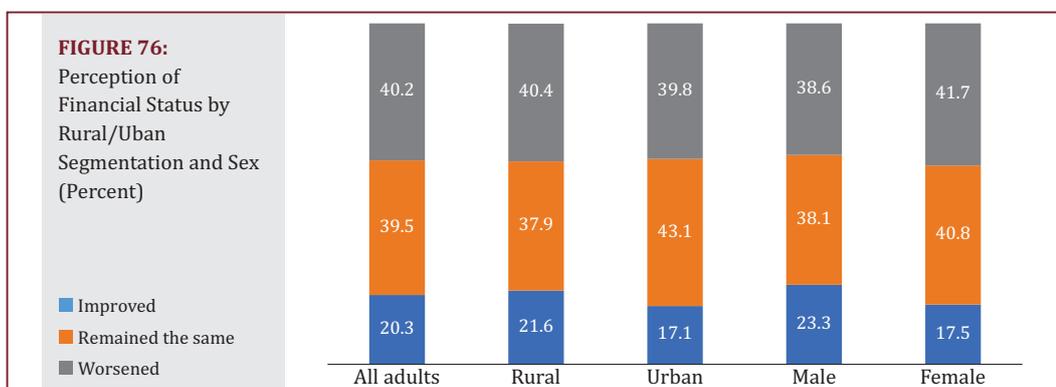
## 10.2 Self-Reported Financial Status

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

With respect to self-reported financial status, 40.2 percent of adults indicated that their financial status had worsened in the 12 months prior to the survey. Further, 39.5 percent reported that their financial status had remained the same. In contrast, 20.3 percent of adults indicated that their financial status had improved(Figure 76).

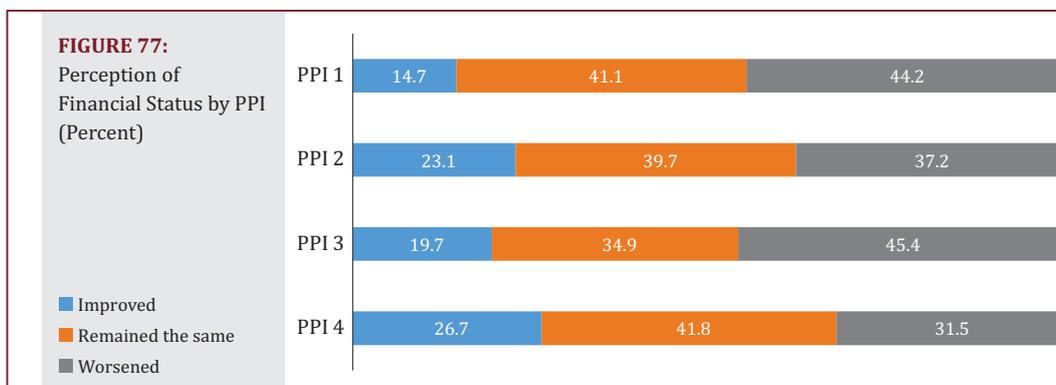
In terms of regional distribution, 40.4 percent of adults in rural areas indicated that their financial status had worsened compared with 39.8 percent in urban areas. There were more adults in urban areas (43.1 percent) who reported that their financial status had remained the same compared with rural areas (37.9 percent). However, only 21.6 percent of adults in rural areas reported that their financial status had improved compared with 17.1 percent in urban areas.

The findings further showed that more females perceived that their financial status had worsened or remained the same compared with males. In contrast, more males (23.3 percent) perceived that their financial status had improved compared with females at 17.5 percent.



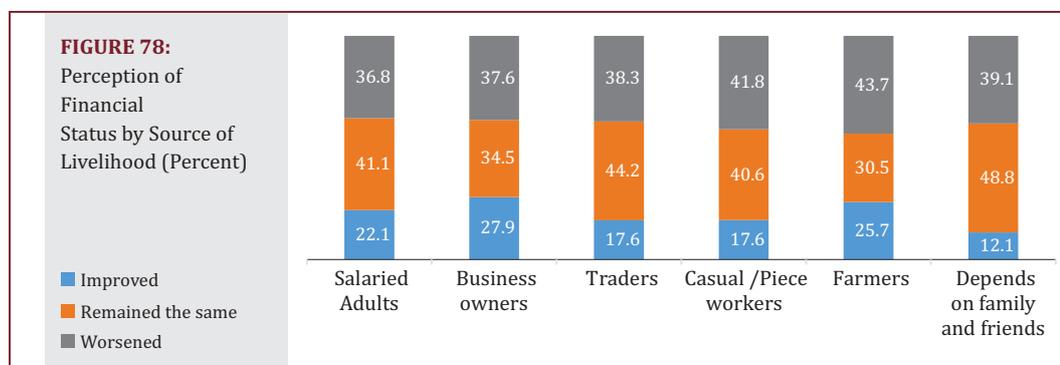
### 10.2.2 Financial Status Perception by Progress Out of Poverty Index

Figure 77 shows that the highest percentage of adults who perceived that their financial status had worsened were in the middle income quintile of PPI 3. Further, the highest percentage of adults who perceived that their financial status had remained the same or improved were mostly in the high income quintile of PPI 4.



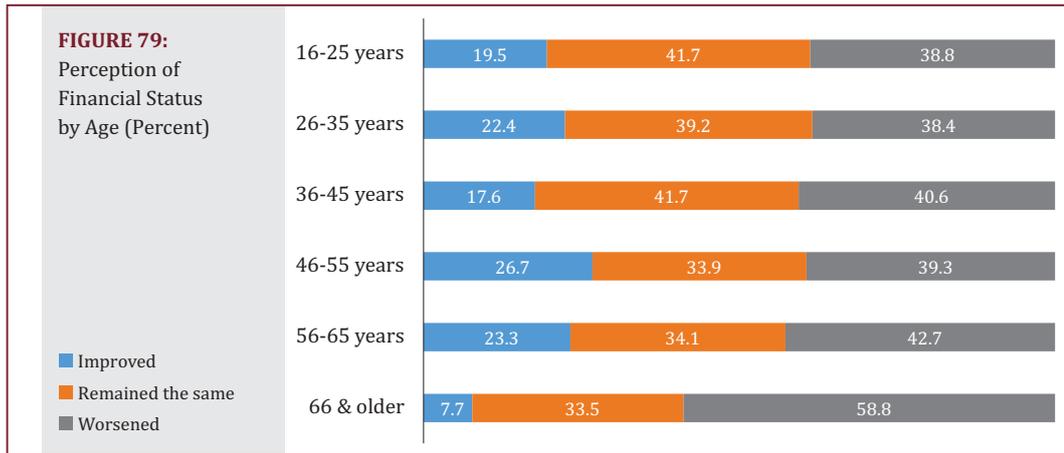
### 10.2.3 Financial Status Perception by Source of Livelihood

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



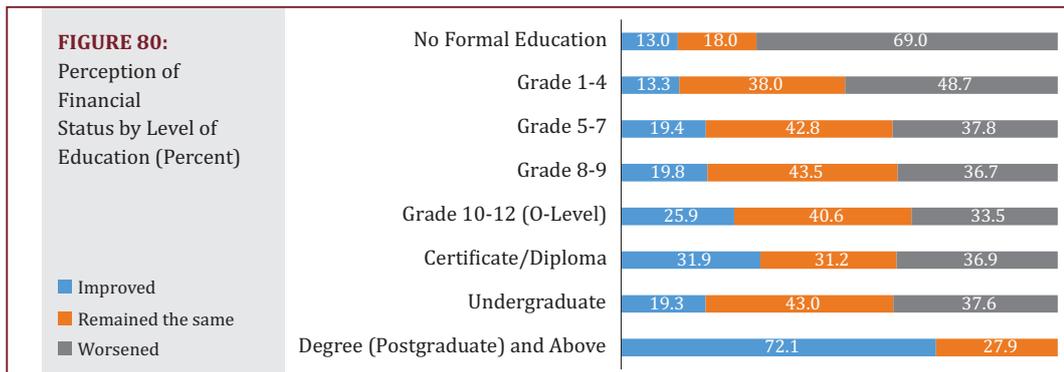
### 10.2.4 Financial Status Perception by Age

Figure 79 shows that the highest percentage of adults who perceived that their financial status had worsened were in the age group 66 year or older. For those who perceived that their financial status had remained the same, most were in the age groups 16-25 years and 36-46 years. Further, the highest percentage of adults who perceived that their financial status had improved was in the age group 46-55 years.



### 10.2.5 Financial Status Perception by Level of Education

As illustrated in Figure 80, the highest percentage of adults who perceived that their financial status had worsened was amongst those with no formal education or had achieved Grade 1-4 level of education. For those who perceived that their financial status had remained the same, most had achieved Grade 8-9 and undergraduate degree level of education. Further, the highest percentage of adults who perceived that their financial status had improved were amongst those with postgraduate degrees.

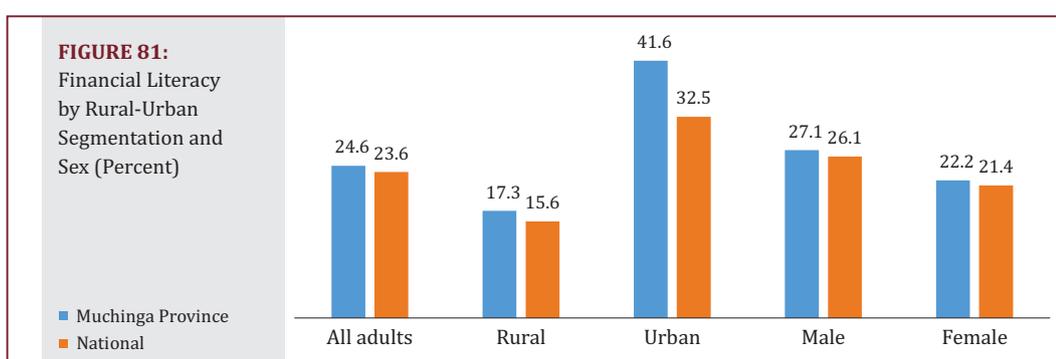


## 11.0 FINANCIAL LITERACY

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.

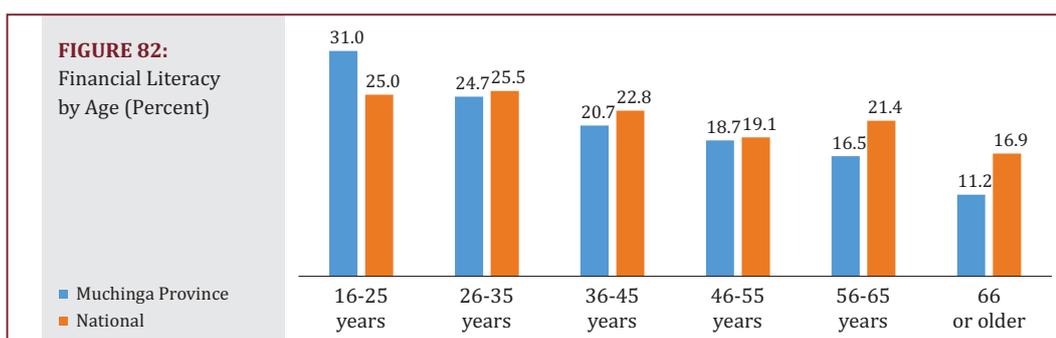
### 11.1 Financial Literacy by Rural-Urban Segmentation and Sex

Results from the Survey indicated that 24.6 percent of the adult population in Muchinga Province was financially literate. These were mostly urban-based and males (Figure 81).



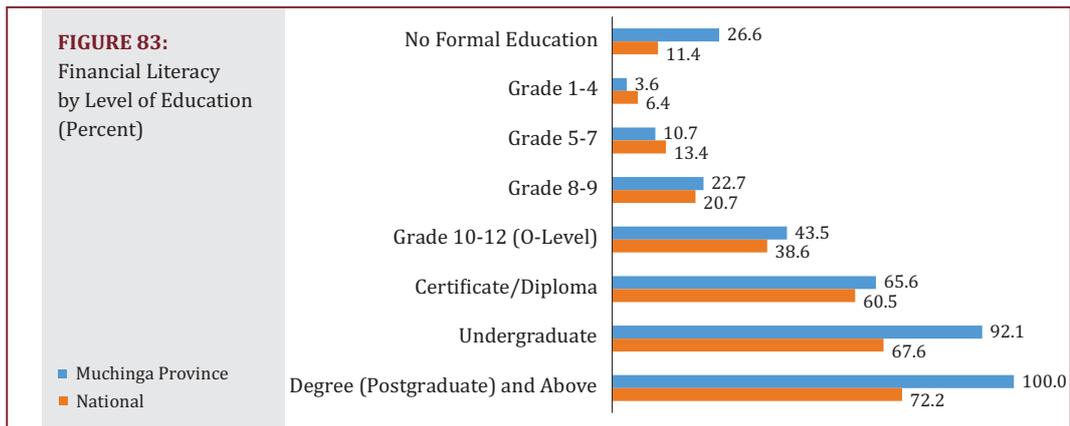
### 11.2 Financial Literacy by Age

The highest level of financial literacy was amongst adults in the age group 16 - 25 years, while the least financially literate adults were in the age group 66 years or older (Figure 82).



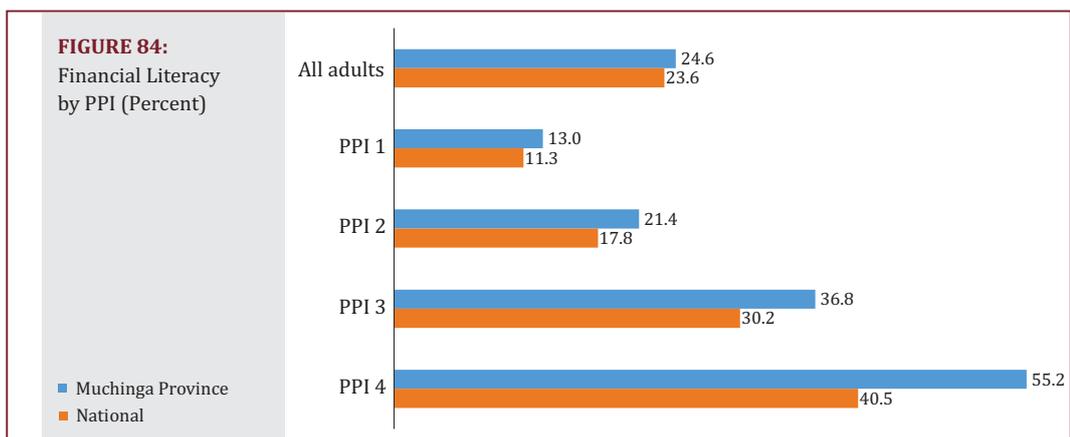
### 11.3 Financial Literacy by Level Education

Financial literacy was highest amongst adults who had achieved post-graduate degree while the least literate were those with Grade 1 – 4 level of primary education (Figure 83).



### 11.4 Financial Literacy by Progress Out of Poverty Index

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

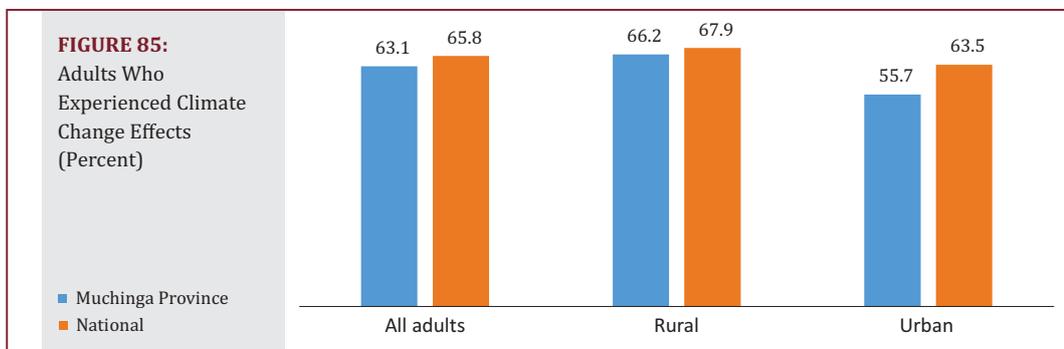


## 12.0 CLIMATE CHANGE

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

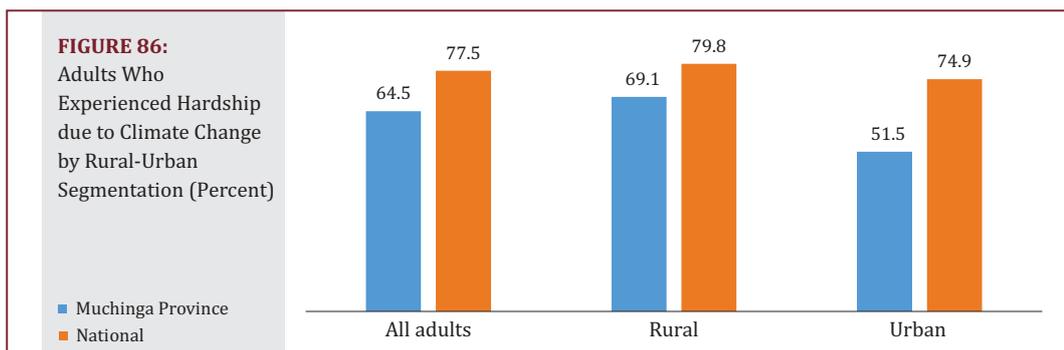
### 12.1 Climate Change Experience

Figure 85 illustrates that 63.1 percent of adults in the Province experienced effects of climate change. A higher percentage of adults in rural areas experienced climate change effects compared with those in urban areas.



### 12.2 Adults who Experienced Hardship due to Climate Change

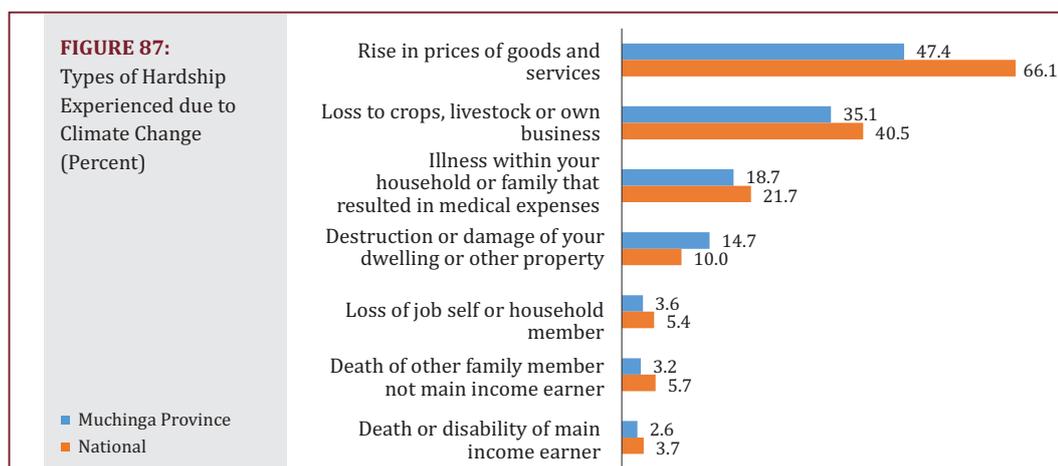
The Survey findings indicated that 64.5 percent of adults in the Province experienced hardships due to climate change and most of these resided in rural areas (Figure 86).



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

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

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

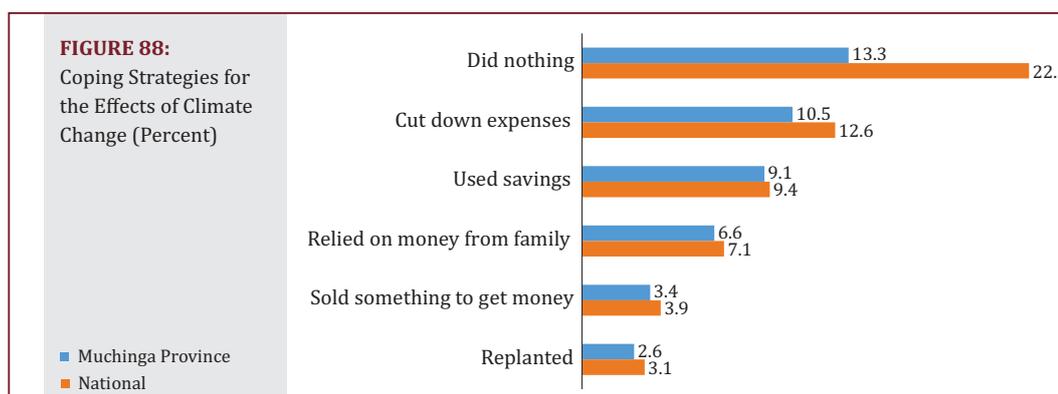


### 12.4 Coping Strategies for the Effects of Climate Change

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

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

However, 13.3 percent of adults had no coping strategies for the effects of climate change (Figure 88).

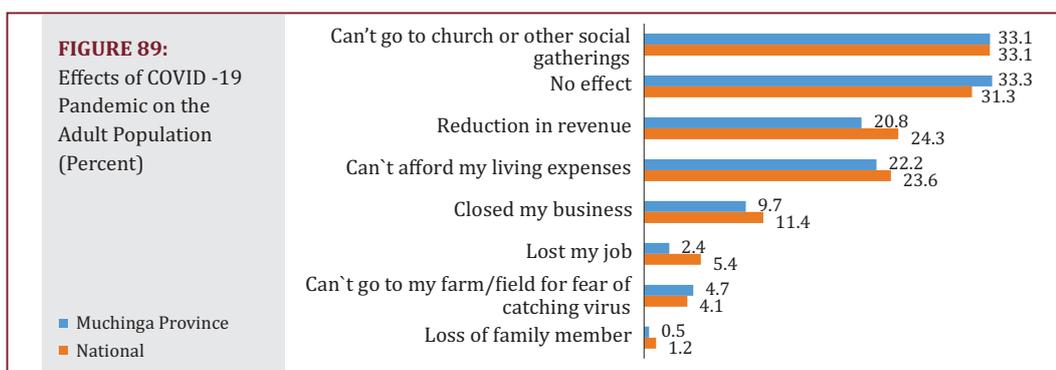


## 13.0 COVID-19 PANDEMIC

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

### 13.1 Effects of Covid-19 Pandemic on the Adult Population

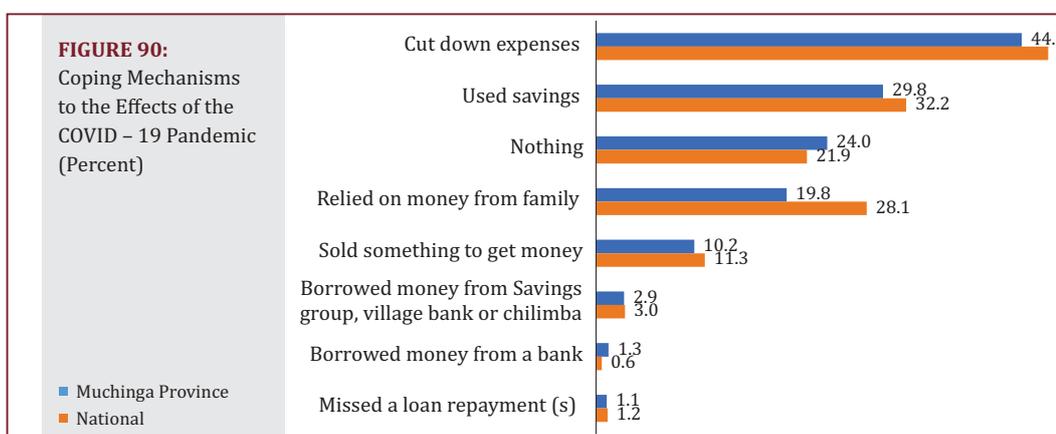
The main effects of the COVID – 19 pandemic reported by adults in the Province were the prevention of church attendance and other social gatherings (33.1 percent) and failure to afford living expenses (22.2 percent). The other significant effect of the Pandemic was the reduction in revenue at 20.8 percent. However, 33.3 percent of adults reported that the Pandemic had no effect on their lives (Figure 89).



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

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

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



## 14.0 CONCLUSION AND RECOMMENDATIONS

The FinScope 2020 Survey showed that Muchinga Province had one of the lowest levels of financial inclusion at 62.9 percent compared with 69.4 percent at national level.

The Survey also showed that less than fifty percent (47.5 percent) of adults used formal financial services compared with 61.3 percent at national level. Most of these adults were males and those who resided in urban areas. In contrast, adults who resided in rural areas used informal financial services and were more likely to be financially excluded.

The uptake of insurance and pension services was lower than the national level. In this regard, more is required to sensitise and increase uptake which was lower than six percent of the adult population.

The percentage of adults who were financially healthy at 8.3 percent, was 5.3 percentage points lower than the national level of 13.6 percent. This was attributed to less people having the ability to manage day to day needs and invest in the future, when compared with national data. Survey findings showed that about a quarter of the adult population was financially literate (24.6 percent) compared with 23.6 at national level. These were mostly in urban areas and amongst males. These findings show that more effort is required to raise the level of financial health and financial literacy, economic activity and financial capabilities of the adult population.

With regard to climate change, 63.1 percent of adults in the Province experienced effects of climate change, mostly amongst those from rural areas. The main types of hardship experienced due to climate change were the rise in prices of goods and services and the loss of crops/livestock/own business.

Most adults in the Province reported that the main effects of the COVID-19 pandemic were the restriction on attending church and social gatherings, followed by a reduction in revenues and failure to afford living expenses. Subsequently, the most utilized coping mechanism against the impact of the COVID -19 pandemic was cutting down expenses.

Financial inclusion can contribute to helping the most vulnerable communities to build resilience as well as mitigate against the impact of the COVID -19 pandemic and losses caused by climate change. Therefore, a more coordinated approach by the Government and financial sector stakeholders in the Province is required to facilitate provision of appropriate interventions and improved access to appropriate 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 affordable products/services leveraging on digital platforms;
3. Coordinated fraud and cyber security awareness programs by financial service providers, regulators and other stakeholders;
4. Rural finance initiatives to empower productive capacity of poor communities, particularly farmers and the SME sector;
5. Collaboration between Government, donors and stakeholders to support SMEs development targeting, capacity building (basic business skills, financial education) and financial support such as credit guarantee schemes to empower productive activities particularly by the youth and women, hence contributing to economic growth and poverty reduction;

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

## 15.0 APPENDICES

### Appendix I: Addendum

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

Description	Initial estimate in main report	Revised estimate	Affected charts in provincial report	Affected charts in main report
Income Per Main Income Generating Activity - Mean for Salaried adults (ZMW)	2,381.00	2,359.94	Table 3	Table 6
Income Per Main Income Generating Activity - Mean for Business owners (ZMW)	1,547.00	1,564.59		
Income Per Main Income Generating Activity - Mean for Casual/Piece workers (ZMW)	670.00	661.13		
Income Per Main Income Generating Activity - Mean for Farmers (ZMW)	752.00	745.97		
Income Per Main Income Generating Activity - Mean for those Dependent on family and friends (ZMW)	769.00	762.30		
Income Per Main Income Generating Activity - Median for Salaried adults (ZMW)	1,050.00	1,139.09		
Income Per Main Income Generating Activity - Median for Casual/Piece workers (ZMW)	400.00	496.91		
Income Per Main Income Generating Activity - Median for Farmers (ZMW)	350.00	400.00		
Income Per Main Income Generating Activity - Median for those Dependent on family and friends (ZMW)	375.00	440.00		
Income Per PPI Quintile - Mean for PPI 1 (ZMW)	551.00	540.80	Table 5	Table 8
Income Per PPI Quintile - Mean for PPI 2 (ZMW)	826.00	820.31		
Income Per PPI Quintile - Mean for PPI 3 (ZMW)	1,722.00	1,690.19		
Income Per PPI Quintile - Mean for PPI 4 (ZMW)	2,879.00	2,886.85		
Income Per PPI Quintile - Mean for PPI 5 (ZMW)	2,892.00	2,739.88		
Income Per PPI Quintile - Median for PPI 1 (ZMW)	288.00	300		
Income Per PPI Quintile - Median for PPI 2 (ZMW)	400.00	462.58		
Income Per PPI Quintile - Median for PPI 5 (ZMW)	1,900.00	1,500.00		
Income Per Main Income Generating Activity and PPI Quintile - Average for Rural (ZMW)	27.00	25.79	Table 14	Table 17
Adults who Experienced Hardships due to Climate Change - Rural (%)	79.3	79.8	Figure 86	Figure 97
Adults who Experienced Hardships due to Climate Change - Urban (%)	75.4	74.9		
Financial Literacy - Rural (%)	16.2	15.6	Figure 81	Figure 92
Financial Literacy - Urban (%)	31.9	32.5		
Financial Health - Rural (%)	11.7	11.3	Figure 71	Figure 83
Financial Health - Urban (%)	15.8	16.2		
Financial Health - Male (%)	14.2	14.3		
Financial Health - Female (%)	13.1	13.0		
Average savings by savers - All Adults (ZMW)	3,191.80	2,525.81	Figure 57	Figure 63
Average savings by savers - Rural (ZMW)	1,654.70	1,467.96		
Average savings by savers - Urban (ZMW)	4,604.10	3,416.05		
Usage of Electronic Payment Channels for Purchasing Goods and Services - All Adults (%)	48.7	48.2	Figure 48	Figure 55









Cooperating Partners:

