



Cooperating Partners:



FINSCOPE ZAMBIA

2020 SURVEY PROVINCIAL REPORT



WESTERN PROVINCE

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Bank of Zambia



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FOREWORD

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

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



The FinScope 2020 Survey was the first to be managed and conducted by a local project team. It was also the first time that a detailed report was produced for each province. Survey findings showed that Western Province had the lowest level of financial inclusion amongst all provinces at 40.7 percent compared with the national level of 69.4 percent. This was mainly driven by increased uptake of digital financial services. A huge disparity was observed in the level of financial inclusion for urban (65.0 percent) and rural (37.2 percent) areas. Similar to the national pattern, financial inclusion for males (44.3 percent) was higher than females (38.1 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 (DSIK), 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 Western Province.

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

Dr. Denny Kalyalya

GOVERNOR

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ACRONYMS AND ABBREVIATIONS

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

DEFINITIONS

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

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

1.0 EXECUTIVE SUMMARY

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

The objectives of the FinScope 2020 Survey provincial report were to:

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

A Survey response rate of 97.6 percent was achieved in Western Province from a sample of adults aged 16 years and above in 1,170 households. The survey results indicated that financial inclusion was 40.7 percent out of a population of 466,570 adults.

TABLE 1: SUMMARY OF TOP LINE FINDINGS

Description	Western Province	National
Total population in Western Province ¹ (million)	1.1	17.9
Total adult population (million)	0.5	9.5
Adults living in rural areas (%)	87.6	52.6
Adults living in urban areas (%)	12.4	47.4
Male adults (%)	41.7	47.5
Female adults (%)	58.3	52.5
Level of financial inclusion (%)	40.7	69.4
Financial inclusion amongst males (%)	44.3	71.2
Financial inclusion amongst females (%)	38.1	67.9
Financial inclusion in urban areas (%)	65.0	84.4
Financial inclusion in rural areas (%)	37.2	55.9
Formal financial inclusion (%)	30.6	61.3
Informal financial inclusion (%)	22.6	32.3
Adults financially healthy (%)	10.8	13.6
Adults financially literate (%)	11.3	23.6
Adults who experienced climate change effects (%)	72.9	65.8

The landscape of access for types of financial services showed that most adults used savings and electronic payment channels for the purchase of goods and services, with an uptake of 31.6 percent and 23.1 percent, respectively. However, there was low access to credit, pension and insurance services at 19.6 percent, 2.7 percent and 2.4 percent, respectively.

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

The following were identified as the main barriers to the use of formal financial services by most adults in Western 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 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 stakeholders² 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;
- Getting and spending 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 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 of the Republic of Zambia (CPH) conducted in 2010 and updated to accommodate the changes in districts and constituencies that occurred between 2010 and 2019. The Province was sub-divided into districts; each district into constituencies; and each constituency into

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

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

2.4 Sample Design and Implementation

The FinScope Survey used a stratified cluster sample design with three (3) sampling stages as follows.

- i. Selection of clusters - All the households in the sampled 78 EAs were selected using the probability proportional to population size approach.
- ii. Selection of households - All the households in 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 aged 16 years or older was selected from each household, resulting in a sample of 1,170 adults for the province (Table 2).

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

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

Where

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

TABLE 2: ALLOCATION OF CLUSTERS AND HOUSEHOLDS

Domain / Stratum	Allocation of EA			Allocation of households		
	Urban	Rural	Total	Urban	Rural	Total
Werstern	65	13	78	975	195	1,170

2.5 Fieldwork

Fieldwork was carried out from September to October 2020 over a period of 4 weeks by 27 data collectors. A total of 1,142 face-to-face interviews were conducted representing a 97.6 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 Western Province as well as their income generating activities. Demographics and livelihoods are important for understanding the potential financial landscape. This information is the basis for product design and marketing, strategies and/or policy interventions to expand financial inclusion.

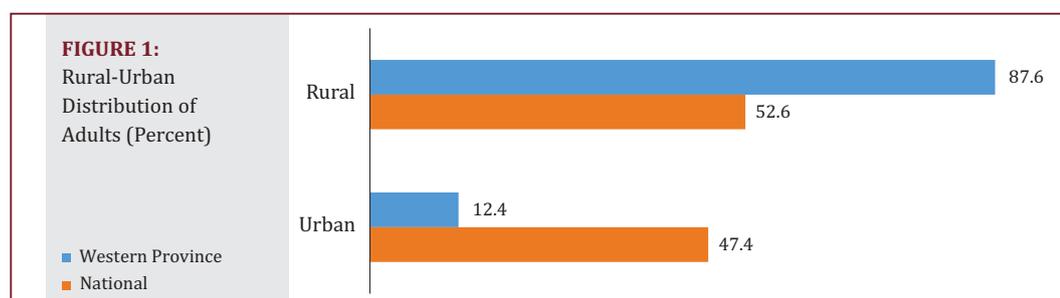
3.1 Adult Population

In 2020, the adult population in the Province was estimated at 466,570 against a national adult population of 9.5 million. A summary of the demographic characteristics of this population showed that most adults were:

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

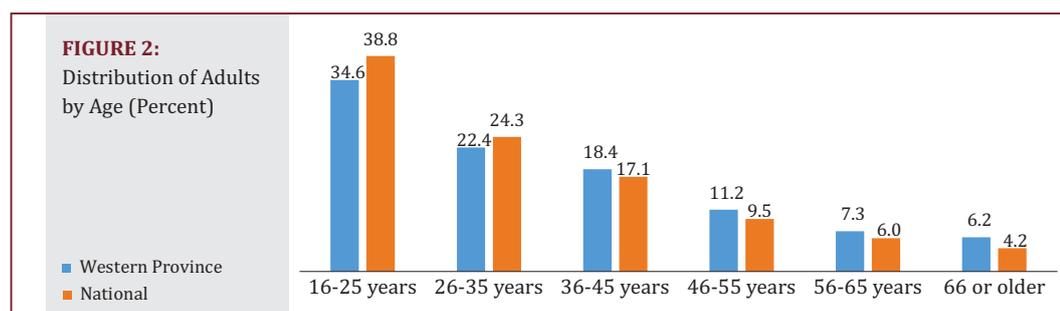
3.1.1 Rural-Urban Distribution of Adults

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



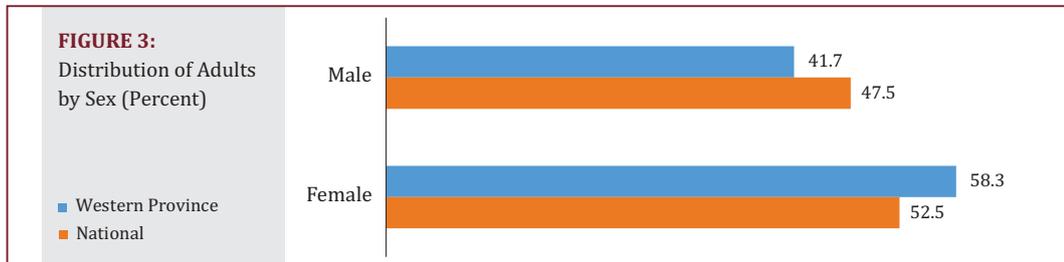
3.1.2 Distribution of Adults by Age

The adult population was largely youthful, of age 35 years or younger, at 57 percent (265,945). In addition, the percentage of adults older than 36 years was higher than the national levels for all age groups (Figure 2).



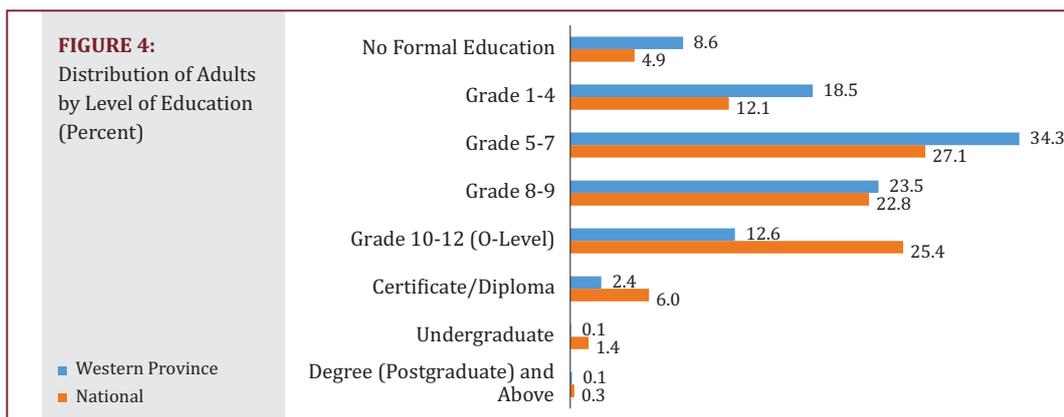
3.1.3 Distribution of Adults by Sex

Figure 3 shows that 58.3 percent (272,010) of adults were females while 41.7 percent (193,627) were males. The percentage of females in the province was higher than the national level of 52.5 percent (Figure 3).



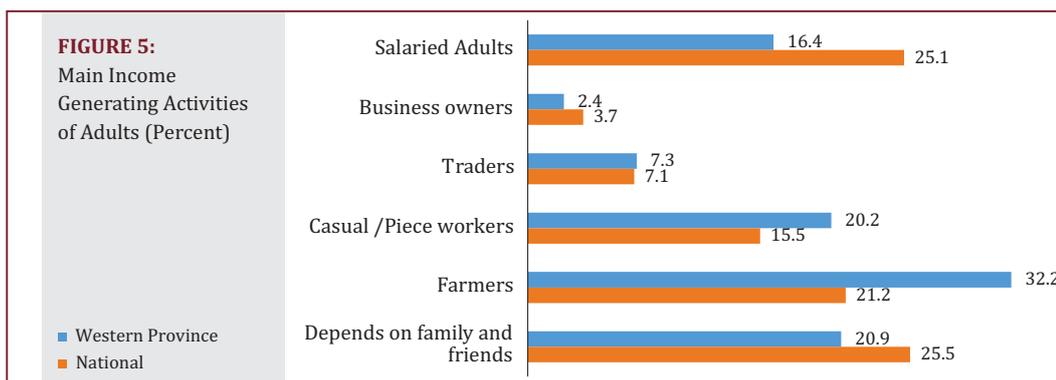
3.1.4 Distribution of Adults by Level of Education

Education levels have substantial influence on the uptake of financial products/services. The Survey showed that 34.3 percent of adults had attained grade 5 - 7 level of primary education while 12.6 percent had achieved grade 10-12 level of secondary education. Only 0.1 percent of the adult population had completed an undergraduate degree (Figure 4).



3.2 Main Livelihood and Income Generating Activities

The main income generating activity undertaken by most adults in Western Province was farming at 32.2 percent. This was followed by casual/piece workers and those who depended on family and friends at 20.2 percent and 20.9 percent, respectively (Figure 5).



3.3 Average and Median Income by Main Income Generating Activities

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

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

	Luapula		National	
	Average monthly income	Median monthly income	Average monthly income	Median monthly income
Salaried Adults	2,359.94	1,139.09	1,251.16	800.00
Business owners	1,564.59	1,000.00	252.55	100.00
Traders	1,698.17	935.13	254.84	225.55
Casual /Piece workers	661.13	496.91	268.73	202.79
Farmers	745.97	400.00	387.31	387.58
Depends on family and friends	762.30	440.00	253.25	212.20

3.3.1 Frequency of Receiving Main Income

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

- Monthly for salaried workers;
- Daily and weekly for business owners;
- Seasonally for Farmers; and
- Occasionally for those who were dependent on family and friends.

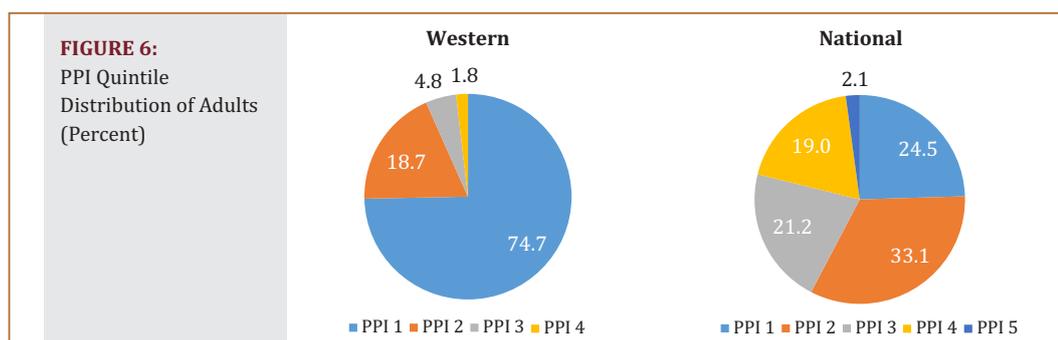
TABLE 4: FREQUENCY OF RECEIVING MAIN INCOME (PERCENT)

Frequency	Salaried Adults	Business owners	Traders	Casual/ Piece workers	Farmers	Depends on family and friends
Daily	12.2	17.3	16.7	4.3	2.4	1.3
Weekly	9.6	31.4	14.4	6.6	6.6	1.1
More than once a month but not weekly	2.9	11.3	6.0	5.3	1.9	2.4
Monthly	35.3	10.3	8.7	13.0	6.2	10.8
Every 2 months	1.0	-	4.7	1.7	0.5	5.3
Annually	3.7	-	-	0.4	4.4	1.7
Seasonally	27.5	-	21.2	14.9	59.2	14.8
Occasionally	4.3	29.5	24.8	27.7	18.0	52.9
Upon completion of job	0.9	-	0.7	25.8	-	1.3

3.4 Distribution of Adults by Progress Out of Poverty Index (PPI)

The Progress out of Poverty Index (PPI) is used to estimate household poverty levels in this report. It is a quantitative tool based on a set of ten questions standardised and consistent with the circumstances of a country. The PPI scores were segmented into five (5) intervals (quintiles).

According to the Survey, most adults were in PPI 1 (74.7 percent) and PPI 2 (18.7 percent), representing the poor segments of society. Only 4.8 percent of adults were in the middle income quintile of PPI 3, while 1.8 percent were in the high income quintile of PPI 4. There were no adults in PPI 5.



3.4.1 Average Income by PPI

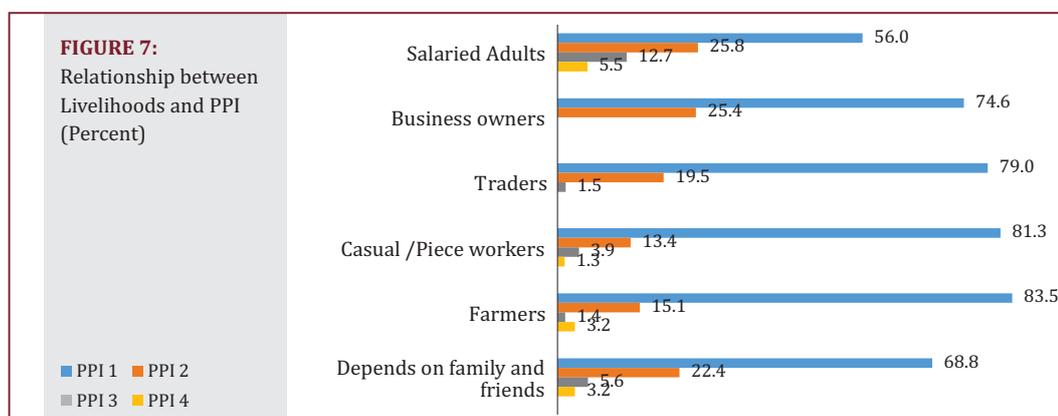
Table 5 shows that the average income per month was highest amongst adults in PPI 4 while the median income was highest amongst those in PPI 3.

TABLE 5: AVERAGE INCOME BY PPI QUINTILE (ZMW)

Income quintile	Western		National	
	Mean	Median	Mean	Median
PPI 1	334.35	202.79	540.80	300.00
PPI 2	834.91	387.58	820.31	462.58
PPI 3	1,391.20	800.00	1,690.19	1,000.00
PPI 4	1,737.04	543.28	2,886.85	1,500.00

3.4.2 Relationship between Livelihoods and PPI (Percent)

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





4.0 FINANCIAL INCLUSION

4.1 Defining Financial Inclusion

Financial inclusion is defined as access to, and informed usage of a broad range of quality and affordable savings, credit, payment, insurance, and investment products and services that meet the needs of individuals and businesses³.

The benefits of financial inclusion include the ability to:

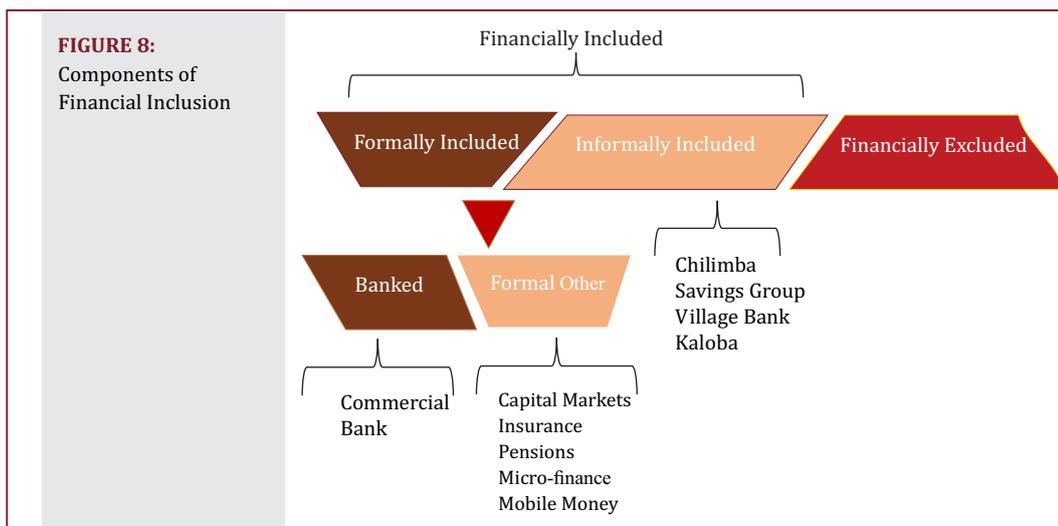
- Make day-to-day transactions, such as sending and receiving money with ease;
- Safeguard savings, which can help households and enterprises to manage cash flow spikes, smoothen consumption and build working capital;
- Access credit to finance micro, small and medium enterprises (MSMEs), helping owners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

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

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

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

³National Financial Inclusion Strategy 2017 - 2022

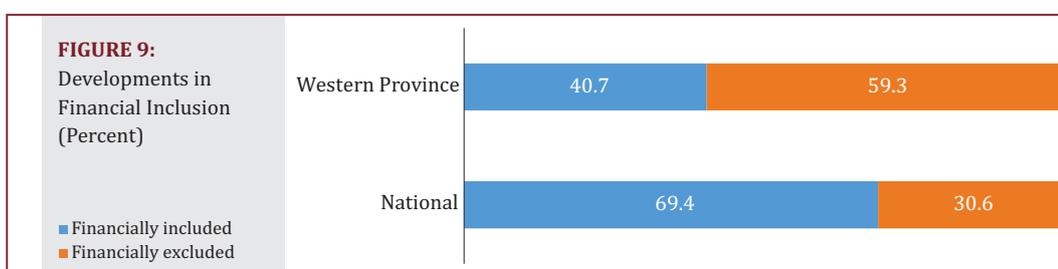


4.2 Developments in Financial Inclusion

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

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

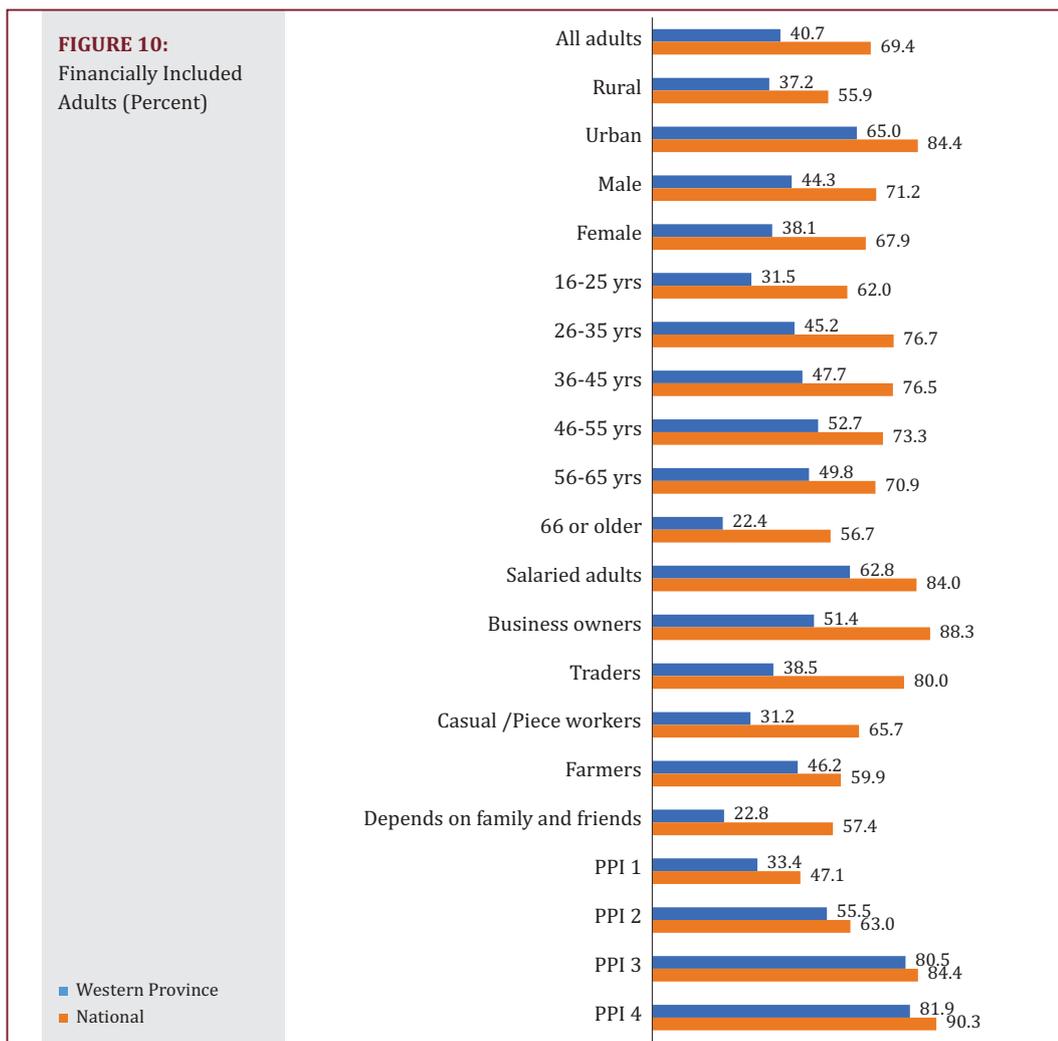
The Survey showed that 40.7 percent (189,894) of adults in the Province were financially included, while 59.3 percent (276,676) were financially excluded (Figure 9).



4.2.1 Financial Inclusion amongst Adults

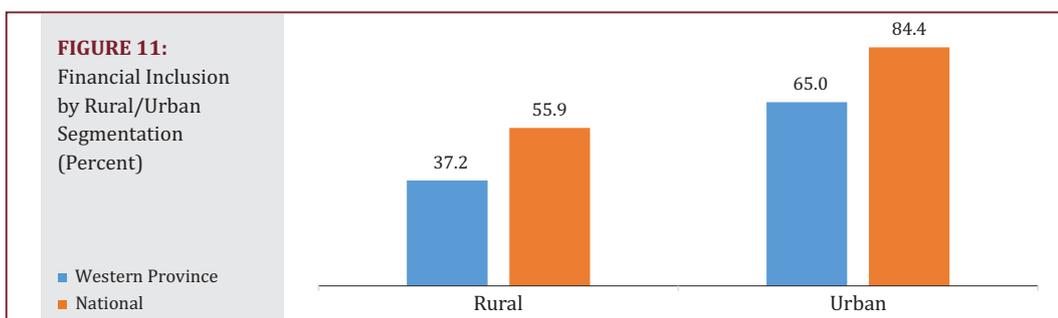
Figure 10 shows that the level of financial inclusion in the province was highest amongst:

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



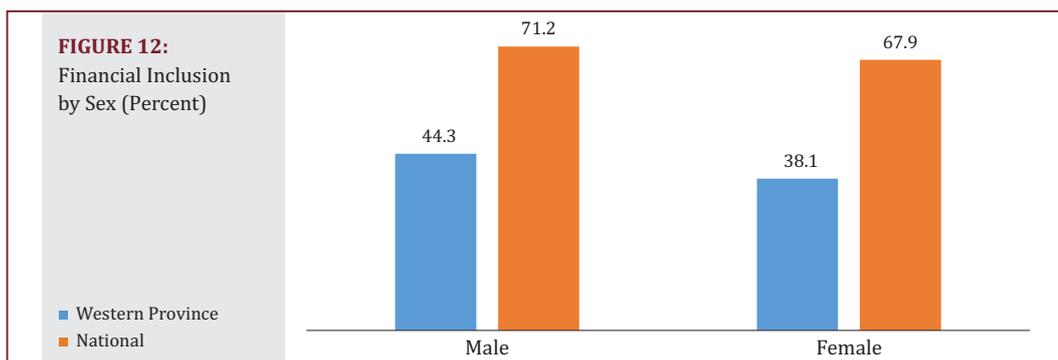
4.2.2 Financial Inclusion by Rural/Urban Segmentation

Figure 11 shows that financial inclusion in urban areas (65.0 percent) was higher than in rural areas (37.2 percent). This was despite 87.6 percent of the adult population residing in rural areas.



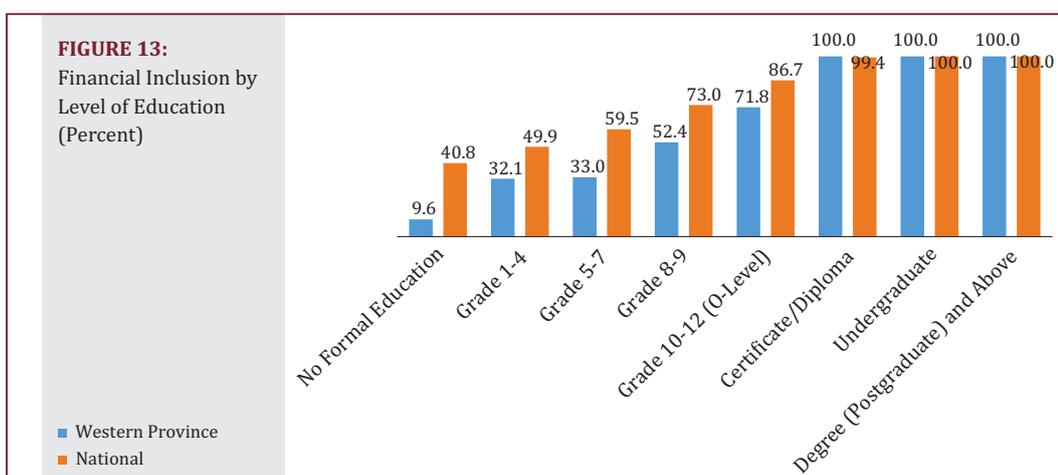
4.2.3 Financial Inclusion by Sex

The level of financial inclusion among males (44.3 percent) was higher than females at 38.1 percent (Figure 12).



4.2.4 Financial Inclusion by Level of Education

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



4.3 Formal and Informal Financial Inclusion

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

Formal financial inclusion amongst adults was 30.6 percent while informal inclusion stood at 22.6 percent (Figure 14).

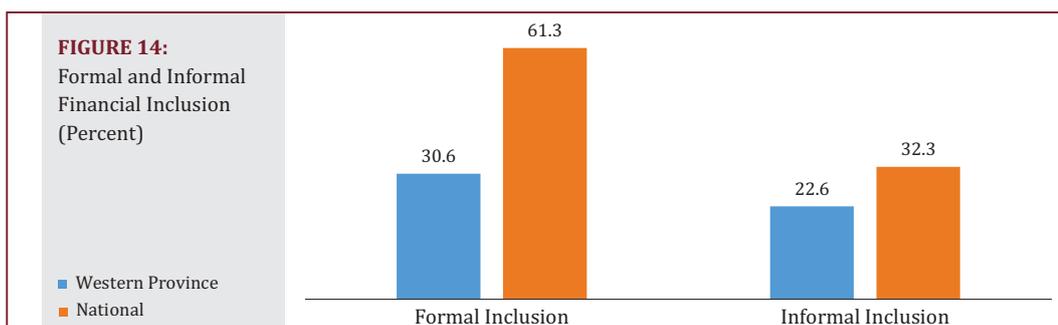
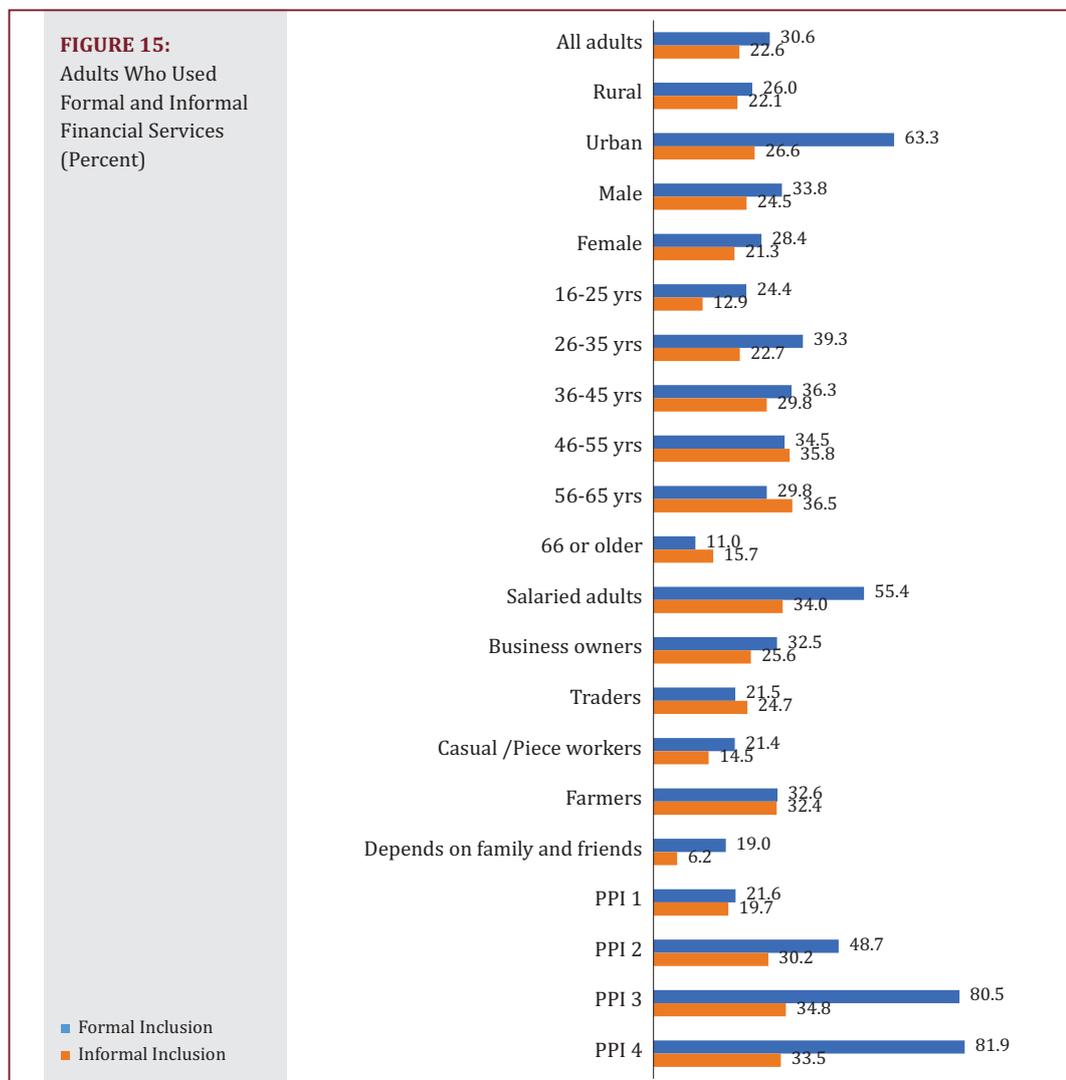


Figure 15 shows that formal inclusion was highest amongst:

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

Informal inclusion was highest amongst

- Adults in urban areas;
- Males;
- Adults of age 56 – 65 years;
- Salaried workers; and
- Households in the middle-income quintile of PPI 3.



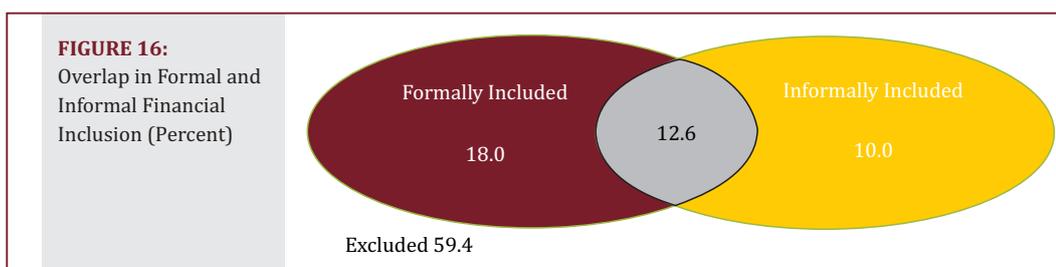
4.4 Financial Access Strands

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

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

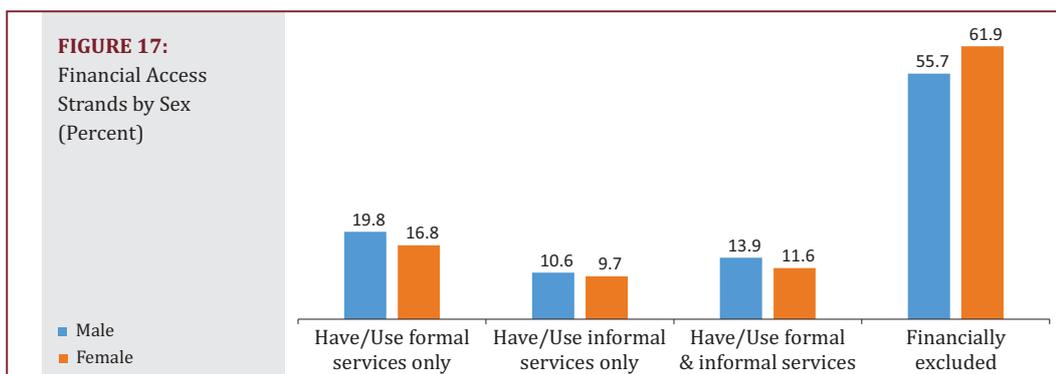
4.4.1 Overlap in Formal and Informal Inclusion

The percentage of adults who used only formal financial products/services was 18.0 percent, while those who used only informal financial products/services was 10.0 percent. In addition, 12.6 percent of adults used both formal and informal financial products/services. The proportion of financially excluded adults at 59.4 percent was higher than the national level of 30.6 percent (Figure 16).



4.4.2 Financial Access Strands by Sex

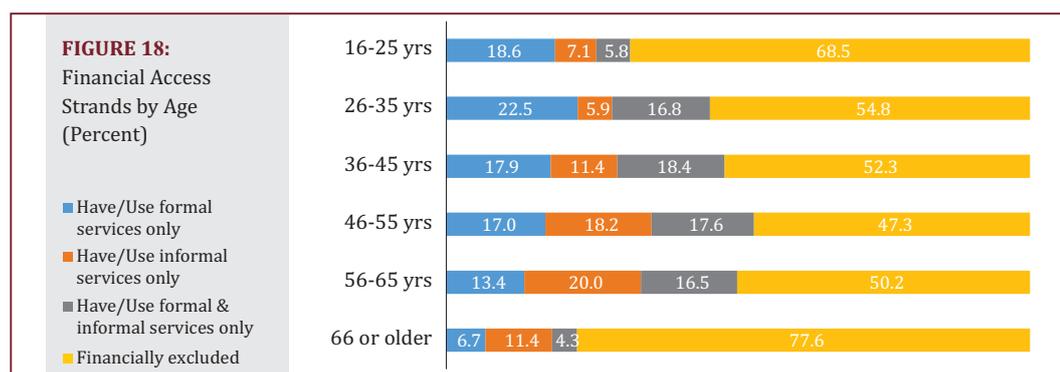
The analysis of access strands by sex showed that a higher percentage of males used financial services than females. In contrast, more females were financially excluded than males (Figure 17).



4.4.3 Financial Access Strands by Age

The highest percentage of adults that used only formal financial products/services were in the age group 26 – 35 years. Adults who used both formal and informal financial products/services were mostly in the age group 36 - 55 years.

The percentage of adults who used informal financial services only was highest in the age group 56 – 65 years, while the most financially excluded adults were in the age group 66 years or older (Figure 18).



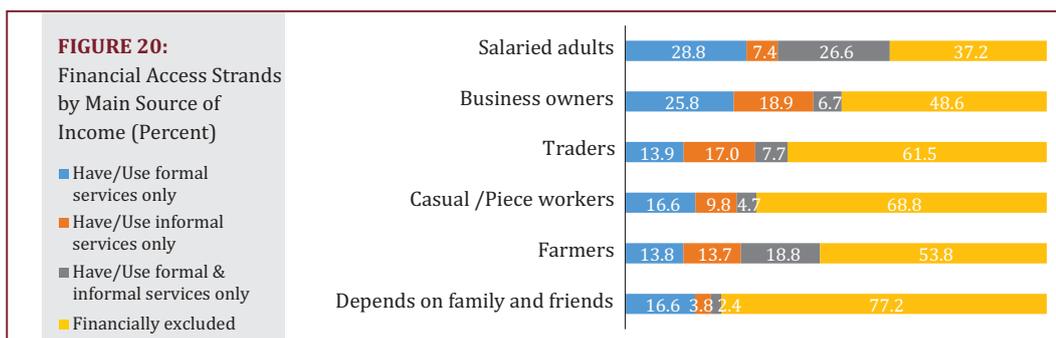
4.4.4 Financial Access Strands by Rural-Urban Distribution

The percentage of adults who used only formal financial products/services was higher in urban areas than in rural areas. However, adults who used only informal services and those who were financially excluded mostly resided in rural areas.



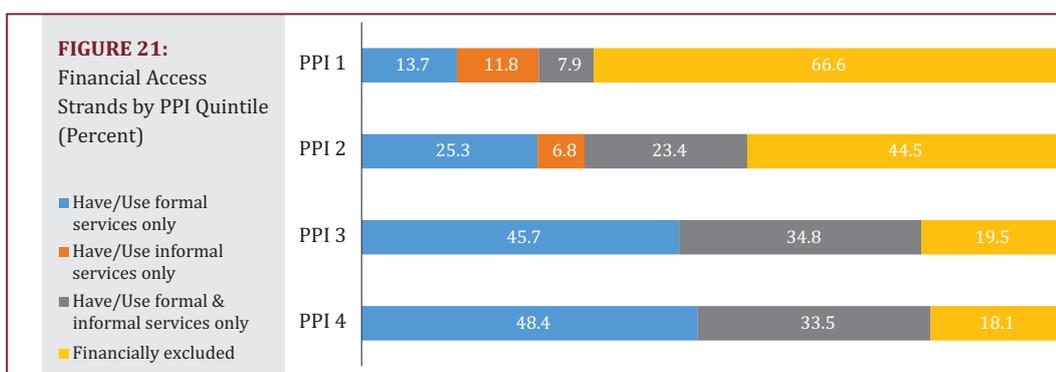
4.4.5 Financial Access Strands by Main Source of Income

Financial access strands by main source of income showed that most salaried workers used only formal financial services. Access to informal financial services only was highest amongst business owners while those that depended on family and friends were the most financially excluded (Figure 20).



4.4.6 Financial Access Strands by PPI Quintile

Figure 21 shows that the highest percentage of adults who used only formal financial services was in PPI 4 while those who used formal and informal financial services were in PPI 3. Most adults who used informal financial services and those who were most financially excluded were in PPI 1.





5.0 UPTAKE OF FORMAL FINANCIAL SERVICES

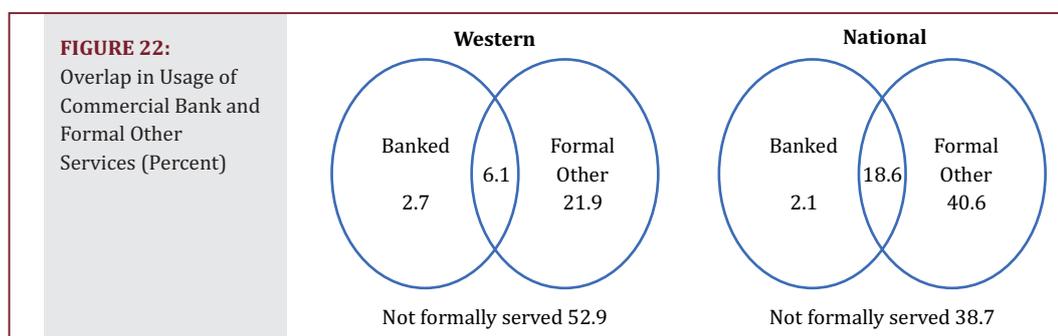
This section provides details of products/services used by the formally included adult population, which stood at 30.6 percent.

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 (commercial banks, micro-finance service providers, and payment service providers⁴);
- Pension and Insurance Authority (pensions and insurance providers); and
- Securities and Exchange Commission (capital markets).

Formal financial services are provided by two main types of institutions, commercial banks and non-bank service providers defined as ‘formal other’. The Survey showed that 8.8 percent of adults were banked while 28.0 percent used ‘formal other’ services. Of those who were banked, 2.7 percent used only products/services provided by commercial banks. The percentage of adults who used products/services provided by both commercial banks and formal other was 6.1 percent. Further, 52.9 percent of the adult population did not use formal financial products/services (Figure 22).



Mobile money was the most widely used non-bank service at 27.5 percent. Capital market services, money transfer and micro-finance were the least utilised at less than one percent (Table 6).

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

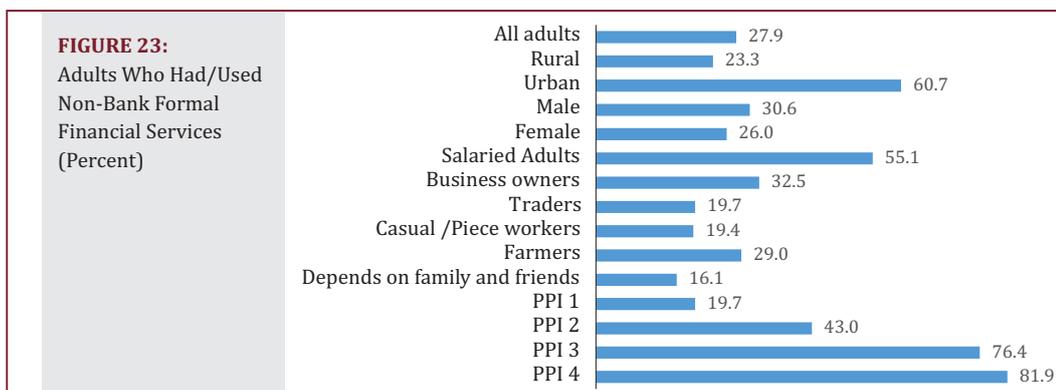
	Western	National
Adults	27.9	59.2
Mobile money	27.5	58.4
Pensions	2.7	8.2
Insurance	2.4	6.3
Micro finance	0.5	2.1
Money transfer	0.2	0.6
Capital markets	0.1	0.6

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

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

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

- Urban based adults;
- Males;
- Salaried workers; and
- Adults from households in the high-income quintile of PPI 4.

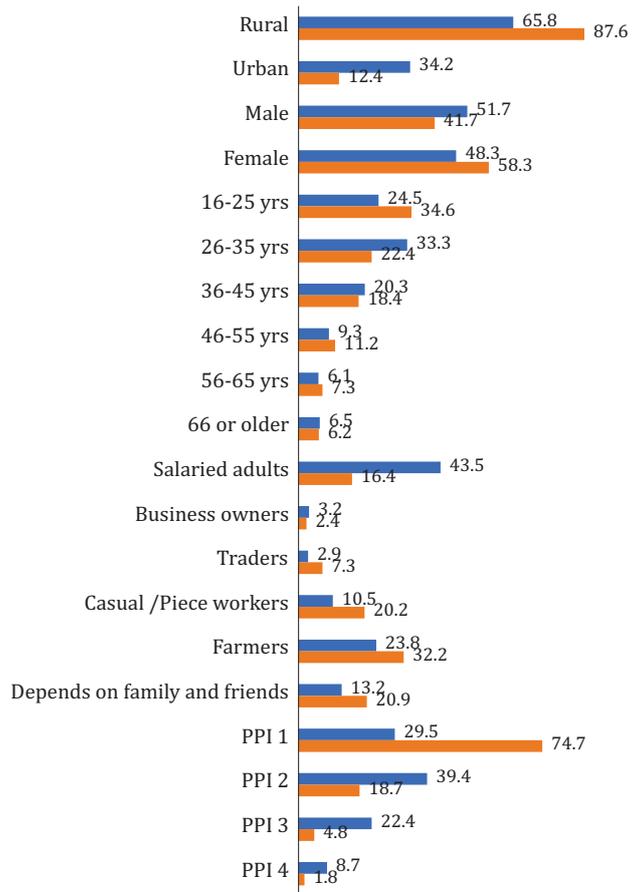


5.1.1 Uptake of Commercial Bank Services

The uptake of commercial bank services in the Province was 12.7 percent. Figure 24 shows that these adults were most likely to be:

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

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



5.1.2 Uptake of Microfinance Services

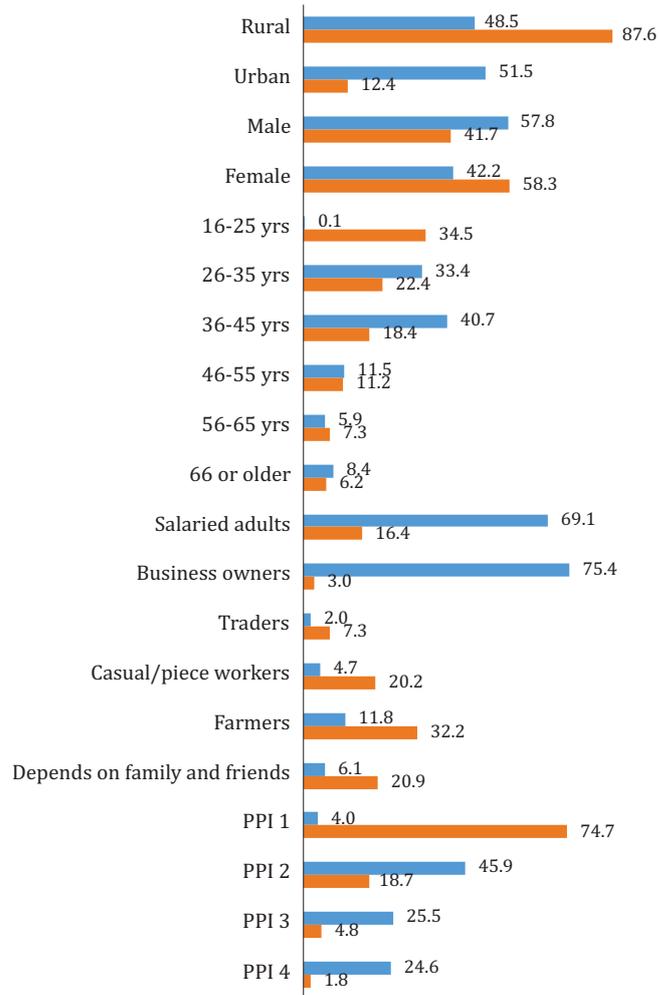
The uptake of microfinance services stood at 0.5 percent of the total adult population. This level of uptake was too low to allow for a meaningful disaggregated analysis by demographic characteristics.

5.1.3 Uptake of Insurance Services

The uptake of insurance services stood at 2.4 percent of the adult population compared to 8.2 percent at national level. As illustrated in Figure 25, these adults were most likely to be:

- Urban based;
- Male;
- Of age 36 - 45 years;
- Business owners; and
- From households in the low-income quintile of PPI 2.

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

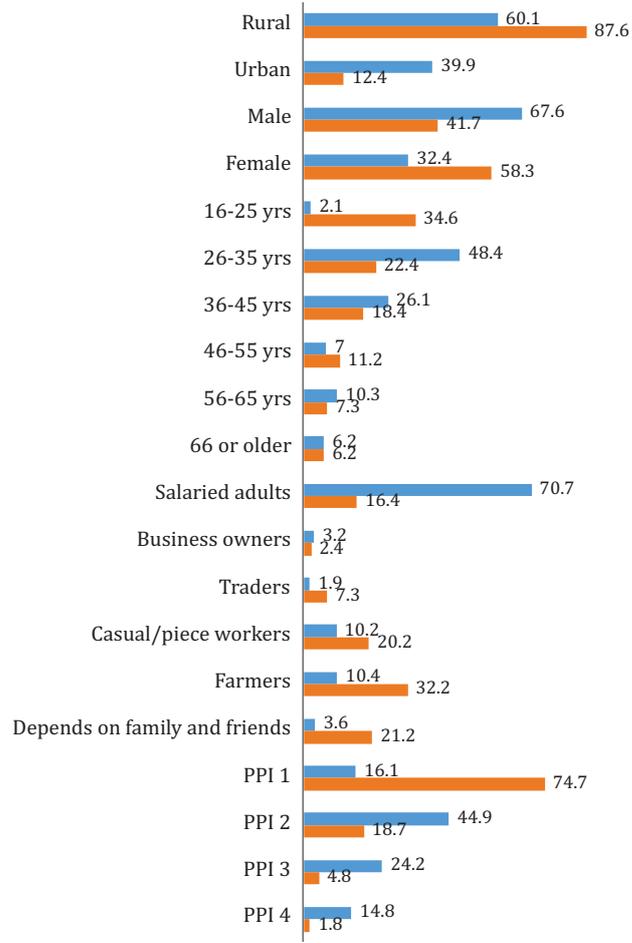


5.1.4 Uptake of Pension Services

The uptake of pension services stood at 2.7 percent of the adult population compared to 6.3 percent at national level. Figure 26 illustrates that these adults were most likely to be:

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

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

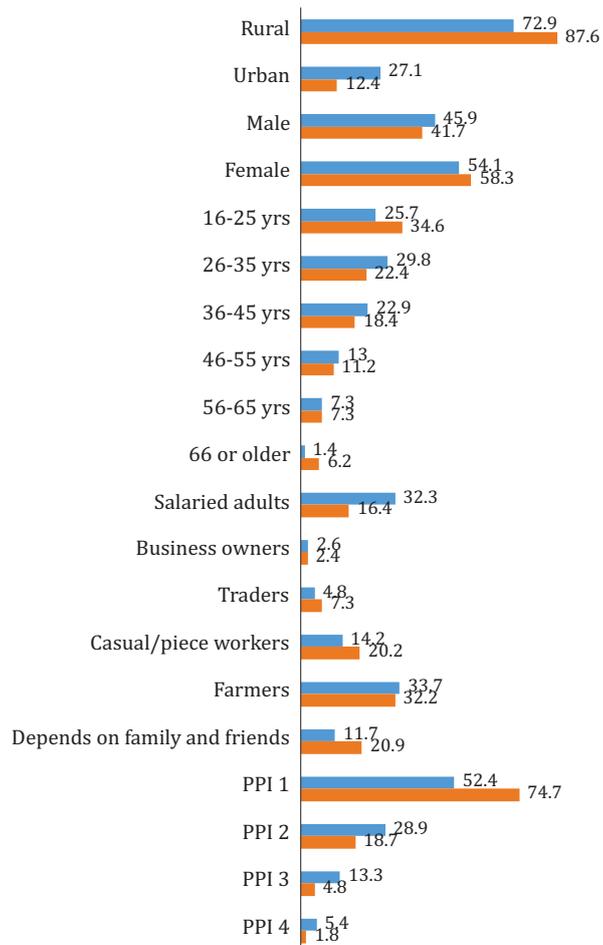


5.1.5 Uptake of Mobile Money Services

The uptake of mobile money services stood at 27.5 percent. Figure 27 illustrates that these adults were most likely to be:

- Rural based;
- Female;
- Of age 26 - 35 years;
- Farmers; and
- From households in the lowest income quintile of PPI 1.

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



5.2 Perceived Barriers to Usage of Formal Financial Services

Demographic factors play a major role in determining access to formal financial services. Most financially excluded adults in the province were female, resided in rural areas, in the age group 66 years or older; those who depended on family and friends and from households in the lowest income quintile of PPI 1.

5.2.1 Barriers to Usage of Commercial Banks Services

As illustrated in Table 7, the two main factors that inhibited the use of commercial bank products/services in the Province were:

- Distance of banks from the community; and
- Insufficient money to justify opening of an account.

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

Barriers	Western	National
Insufficient money to justify it	28.0	37.5
Cannot maintain the minimum balance	5.7	10.9
Bank service charges are too high	2.8	7.9
Banks are too far away	31.8	18.7
Does not understand benefits of having a bank account	13.4	6.6
Does not have the documentation required	7.1	4.7
Can get the same services elsewhere in the community	1.8	2.1
Bank products are complicated	1.9	2.1
Do not know how to open a bank account	4.8	4.0
Banks do not provide the products or services I need	0.4	0.9
Do not trust banks	1.0	1.6

5.2.2 Barriers to Usage of Microfinance Services

As illustrates in Table 8 the main barriers reported by most adults who did not use microfinance services were:

- Insufficient money;
- lack of understanding of the benefits of using microfinance services; and
- The distance of the MFIs from the community.

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

Barriers	Western	National
Insufficient money to justify it	23.2	32.6
Does not understand benefits of having an account	29.5	19.8
Cannot maintain the minimum balance	3.4	8.2
Does not trust them	0.4	3.4
They are too far away	26.4	16.1
Service charges are too high	2.1	5.1
They do not provide the products or services I need	1.4	2.4
Can get the same services elsewhere in the community	1.6	1.9
Does not have the documentation required	7.4	3.7
Does not know how to open an account	3.9	3.0
Hours are not convenient	0.0	0.4

5.2.3 Barriers to Usage of Capital Market Products

As illustrated in Table 9 the main barriers to uptake of capital market products/services were:

- Lack of understanding about how capital markets work;
- Lack of awareness on how capital markets work; and
- Lack of money to invest.

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

Barriers	Western	National
Do not have money to invest	11.2	26.9
Do not know how it works	37.4	26.2
I have never heard of it	33.2	21.9
Do not know the benefits of investing	8.3	10.7
I am scared to lose my money	0.5	3.9
Do not know where the product is offered	3.6	4.8
Do not trust the companies that provide the services	1.9	1.4

5.2.4 *Barriers to Usage of Insurance Services*

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

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

Barriers	Western	National
Cannot afford it	7.7	24.9
Never heard of insurance	75.1	40.9
Does not know the benefits of insurance	4.6	10.8
Does not know how it works	8.0	12.5
Don't need it – protect self in other ways	0.5	2.9
Do not know how/where to get it	2.7	4.0
Insurance companies don't want to pay-out claims	0.4	1.2
Do not trust the insurance companies	0.3	1.5
Does not want to think about bad things happening	0.5	1.0

5.2.5 *Barriers to Usage of Pension Services*

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

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

Pension barriers	Western	National
Not employed / don't have a job (both formal and informal)	72.3	66.6
I don't have money to contribute to a pension scheme	4	12.2
Never thought about it	2	5.5
Don't know how to get it	10.1	2.1
Don't know pension services	4.6	2.7
Have other ways of getting money when old	0	1.2
Don't know where to get it	0	0.8

5.2.6 *Barriers to Usage of Mobile Money Services*

The lack of ownership of a mobile phone at 37.8 percent was the main factor that prevented higher usage of mobile money products/services (Table 12).

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

Barriers	Western	National
I do not have a mobile phone	37.8	39.5
Do not need it – do not make any transactions	7	11.2
Do not know how to get it	11.5	6.6
Using it is difficult	1.4	2.6
Transaction fees are high	0.3	1.2
Do not have required documents	1.9	4.7
Don't understand the service/what you can use it for	2.7	2.3
Do not trust that my money is safe on mobile money account	3.3	2.8
No point of service / agent nearby	14.2	4.9
Do not know what it is	3.2	5.2
Mobile money does not provide any advantage	1.6	0.7
Registration is too complicated	1.3	0.6
No one among my friends or family use it	4.1	0.7
My spouse, family, in-laws do not approve of me using it	0.1	0.3

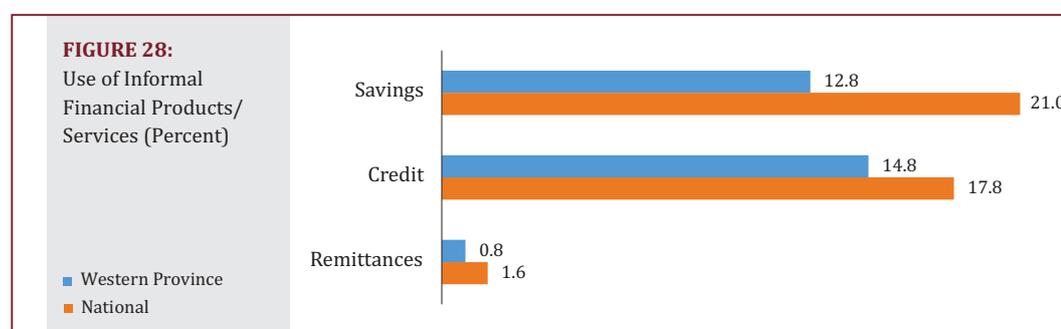
6.0 USE OF INFORMAL FINANCIAL SERVICES

This section provides survey findings on access and usage of informal products/services. These are financial 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 in the province was 22.6 percent (105,445).

6.1 Uptake of Informal Financial Products/Services

Informal credit products/services had the highest uptake of 14.8 percent followed by savings at 12.8 percent (Figure 28).

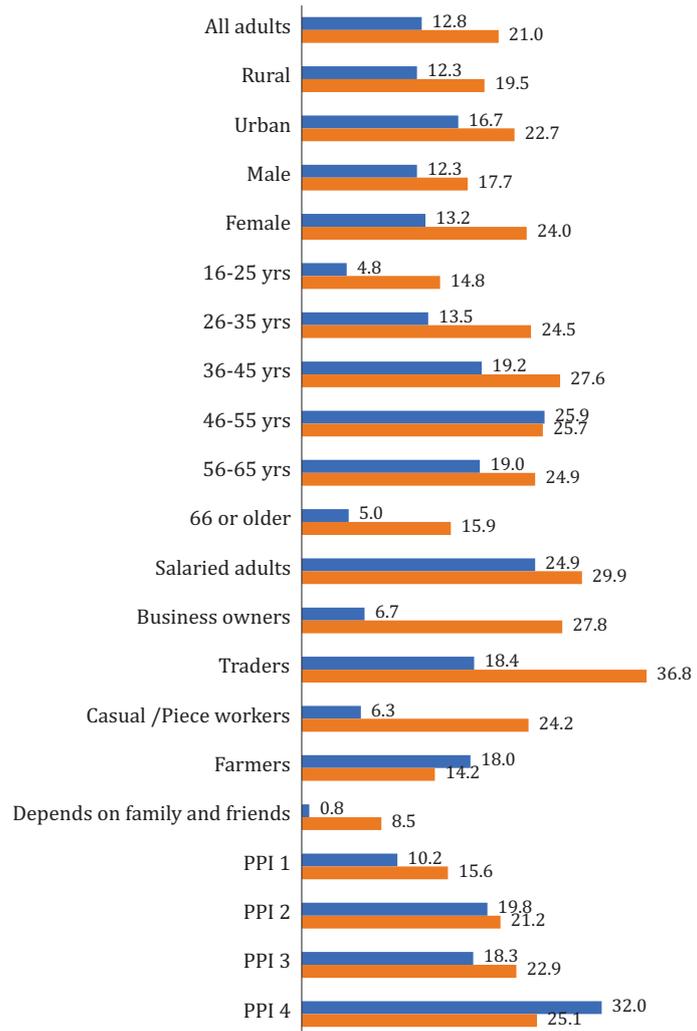


6.1.1 Informal Savings Services

The use of informal savings products/services stood at 12.8 percent and was lower than the national level of 21.0 percent (Figure 29). The products/services included village banking and other savings mechanisms such as keeping money with employers, other community groups and churches. The uptake of informal saving products/services was mostly amongst:

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

FIGURE 29:
Adults Who Used
Informal Savings
Services (Percent)

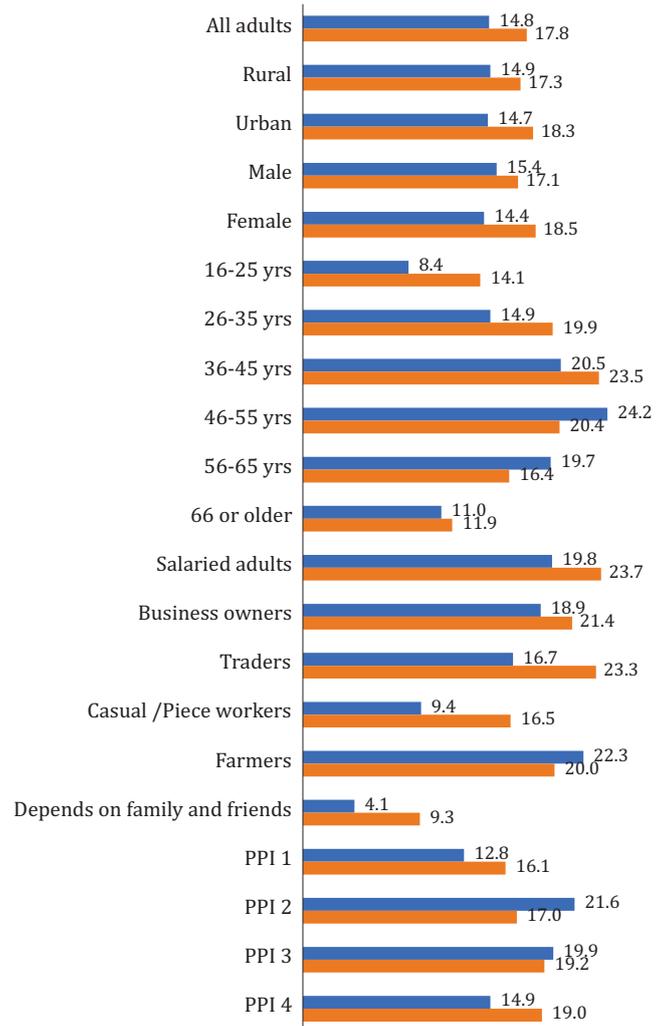


6.1.2 Informal Credit Services

Informal credit products/services were accessed by 14.8 percent of adults from both rural and urban areas (Figure 30). These services included borrowing from village banks, savings groups, kaloba and other informal sources of credit. Uptake of informal credit products/services was highest amongst:

- Males;
- Of age 46 – 55 years;
- Farmers; and
- Households in the low-income quintile of PPI 2.

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



■ Western Province
■ National

6.1.3 Informal Credit and Community Savings Groups

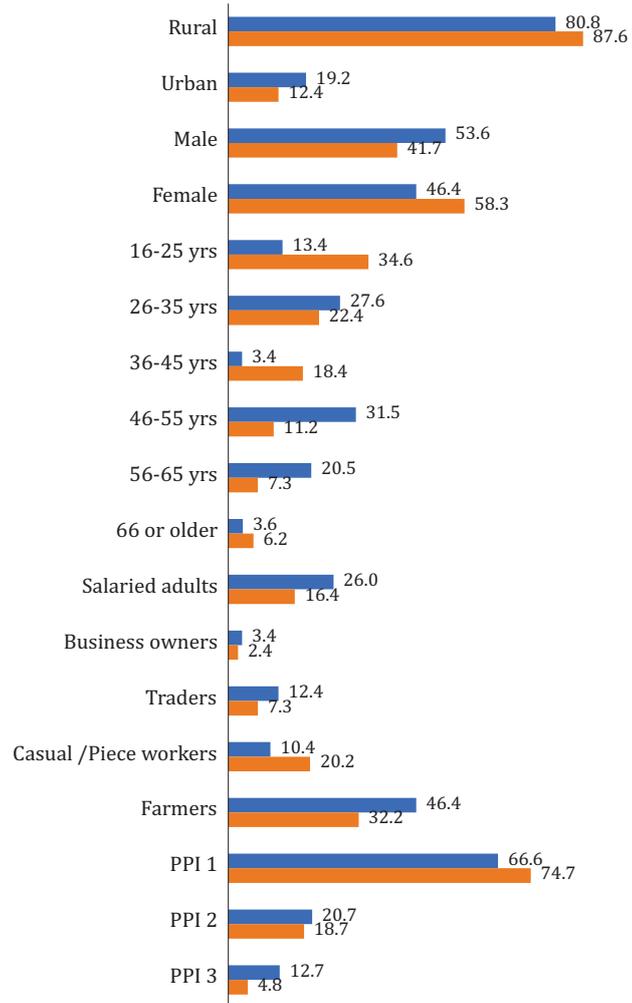
The sections below provides an analysis of the demographic profile of adults that accessed informal credit and belonged to community savings groups. The Survey indicated that 8.6 percent of the adult population belonged to a Chilimba, Savings Group and Village Bank. In addition, 2.1 percent used informal credit called Kaloba.

6.1.4.1 Chilimba

Chilimba refers to an informal rotating savings scheme in which a group of people agree to make regular fixed cash contributions, which go to each member, in a pre-determined order and period. The survey showed that 2.6 percent of the adult population belonged to a Chilimba . As illustrated in Figure 31,these adults were most likely to be:

- Rural based;
- Male;
- Of age 46 - 55 years;
- Farmers; and
- From households in the lowest-income quintile of PPI 1.

FIGURE 31:
Comparing the Profile of Adults Who Belonged to a Chilimba with the Total Adult Population (Percent)



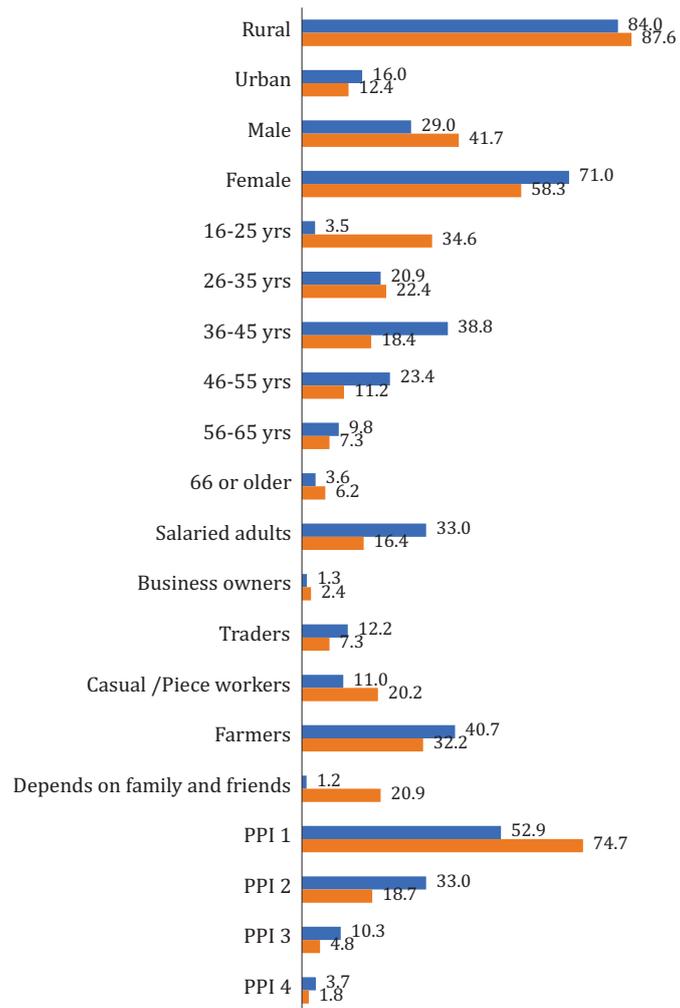
6.1.4.2 Savings Groups

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

The Survey showed that 5.7 percent of adults belonged to SGs. Figure 32 shows that these adults were more likely to be:

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

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

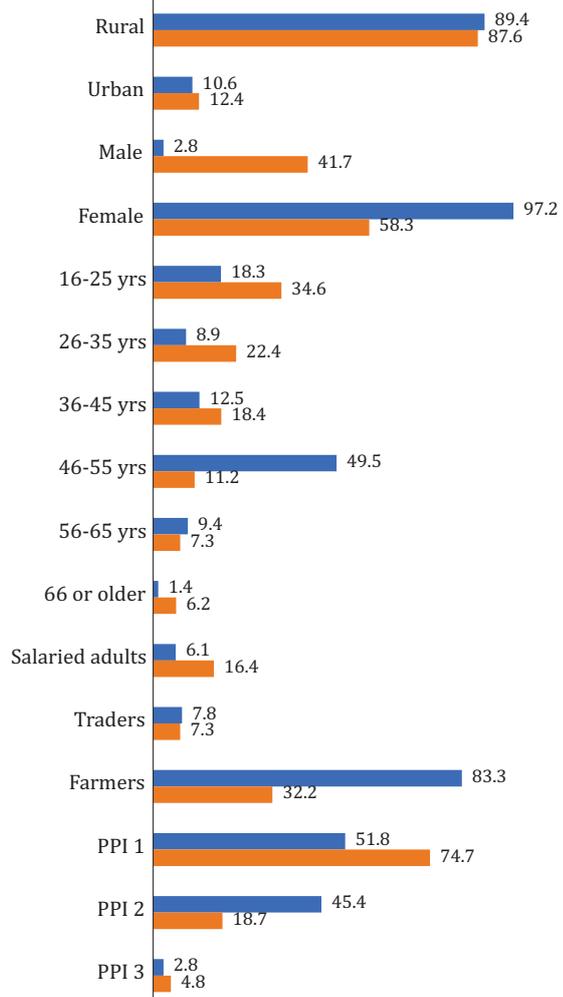


6.1.4.3 Village Bank

A village bank is a group of mostly low-income entrepreneurs who come together to share and guarantee one another's loans. The Survey indicated that 1.2 percent of adults belonged to a village bank. As illustrated in Figure 33, these adults were more likely to be:

- Rural-based;
- Female;
- Of age 46 - 55 years;
- Farmers; and
- From households in the lowest-income quintile of PPI 1.

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

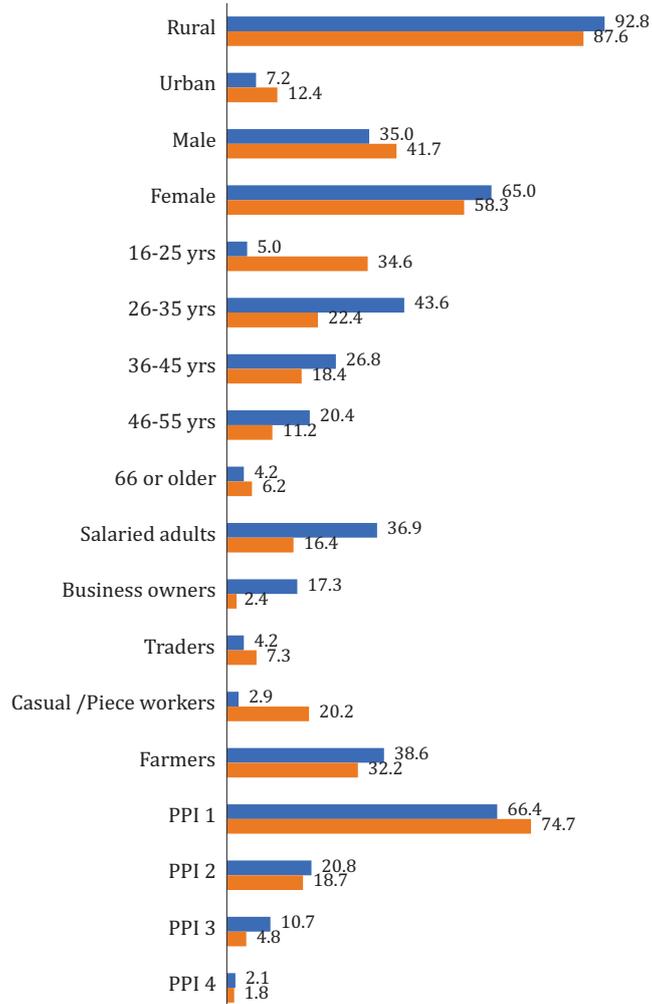


6.1.4.4 Kaloba

Kaloba is informal credit provided by moneylenders and was used by 2.1 percent of the adult population. Figure 34 shows that adults who used Kaloba were more likely to be:

- Rural-based;
- Female;
- Of age 26 -35 years;
- Farmers; and
- From households in the lowest-income quintile of PPI 1.

FIGURE 34:
Comparing the Profile
of Adults Who Used
Kaloba with the Total
Adult Population
(Percent)



6.2 Barriers to Usage of Informal Saving Services

The Survey results indicated that the main barrier to accessing informal savings services was that the groups did not exist in the community (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	20.4	21.8	17.6
Do not have enough money to save	13.1	15.8	16.1
There are no such groups in the community	52.3	49.3	53
Do not trust them	3.9	2.9	2.3
I see no benefits	4.7	4.7	4.8
I save money on my mobile phone	1.6	1.9	2

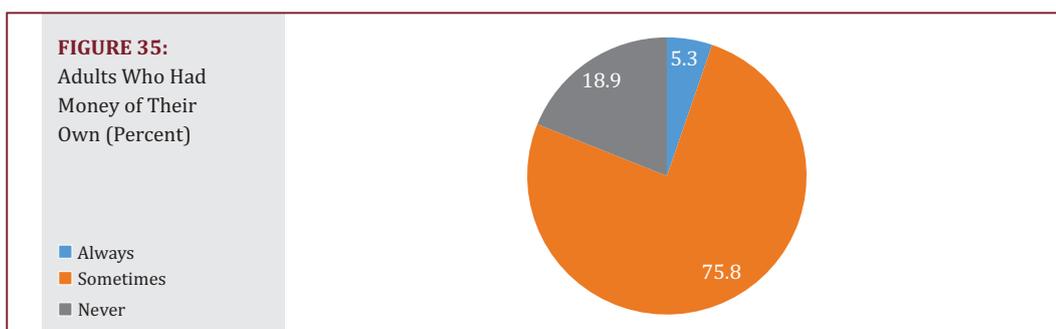
7.0 FINANCIAL CAPABILITIES

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

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

7.1 Financial Sufficiency and Decision Making

Figure 37 shows that only 5.3 percent of adults indicated that they always had money of their own to use as they wished while 75.8 percent had money occasionally. Further, 18.9 percent of adults never had money of their own to spend as they wished (Figure 35).



7.1.1 Adults with Money of Their Own to Use as they Wished

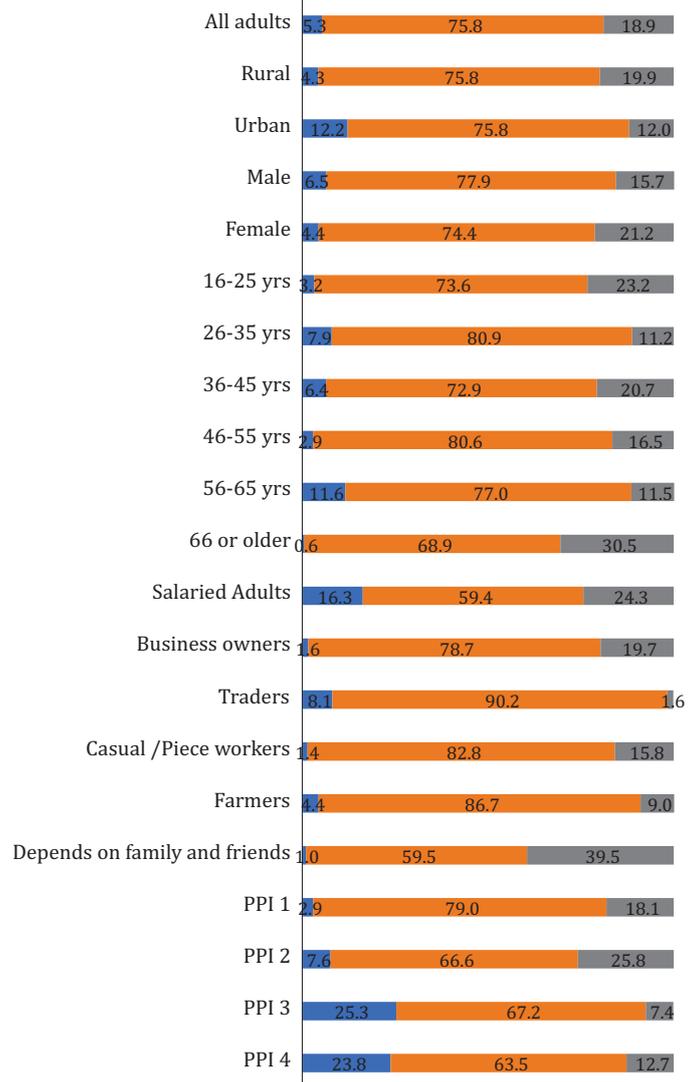
Figure 36 shows that 5.3 percent of adults always had money of their own to use and these were mainly amongst;

- Urban based adults;
- Males;
- Adults of age 56 – 65 years;
- Salaried workers; and
- Households in the middle-income quintile of PPI 3.

Adults who occasionally had money of their own to use were highest amongst;

- Males;
- The age groups 26 – 35 and 46 – 55 years;
- Traders; and
- Households in lowest-income quintile of PPI 1.

FIGURE 36:
Adults Who Had
Money of Their Own to
Use as They Wished
(Percent)



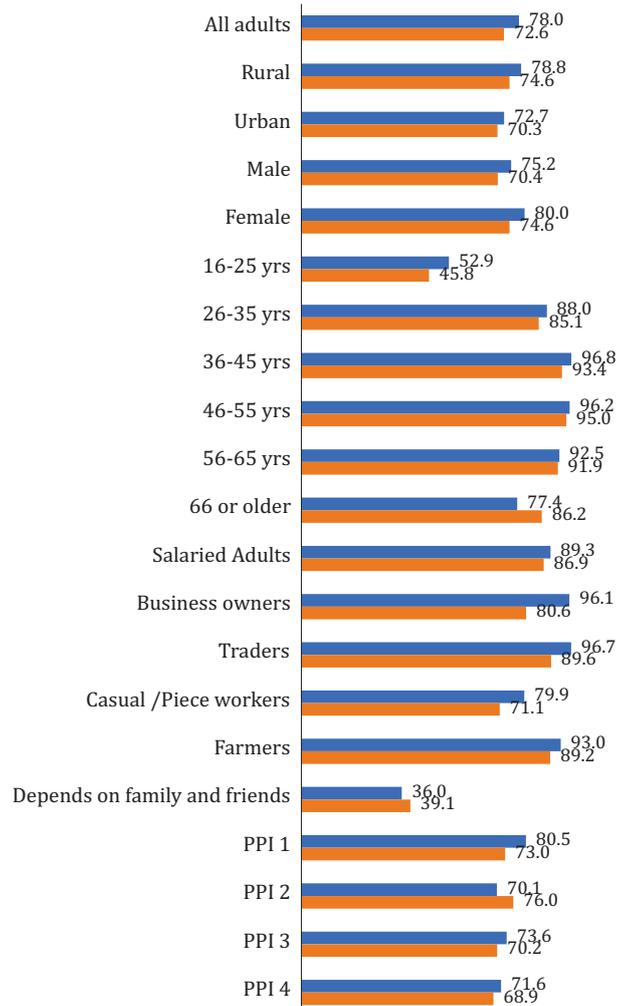
7.1.2 Adults Involved in Financial Decision Making

The Survey showed that 78 percent of adults were involved in household financial decision-making. These adults were highest amongst:

- Those in rural areas;
- Females;
- The age group 36 – 55 years ;
- Business owners and traders; and
- Households in the lowest income quintile of PPI 1.

FIGURE 37:

Adults Involved in
Financial
Decision-Making
(Percent)

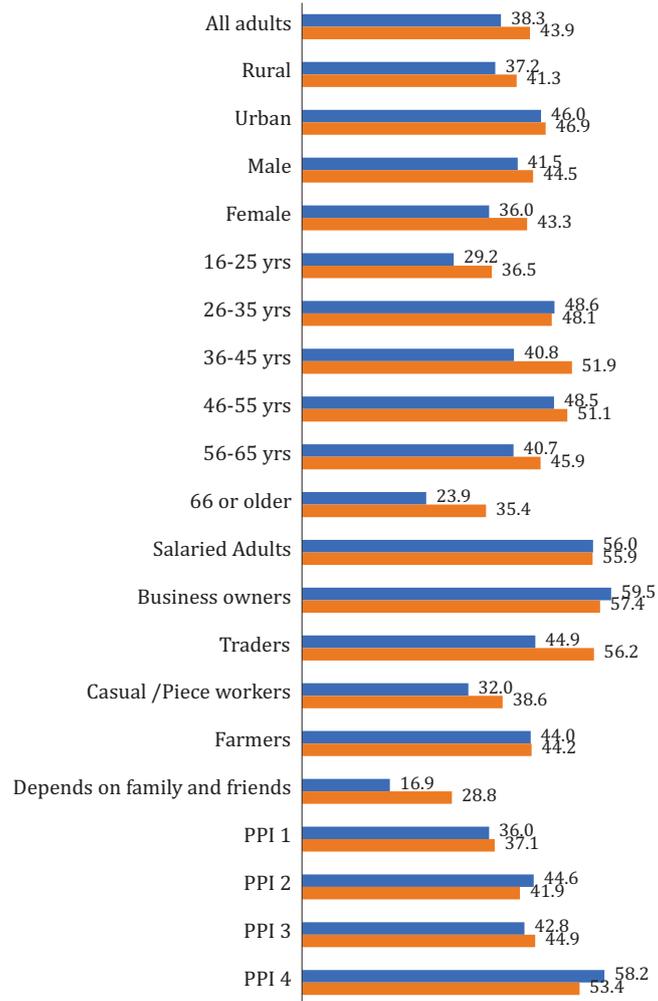


7.1.3 Adults Who Kept Track of the Money They Received and Spent

Figure 38 shows that 38.3 percent of adults were able to keep track of the money they received and spent. These were highest amongst:

- Those in urban areas;
- Males;
- Adults of age 26 – 35 and 46 – 55 years;
- Business owners; and
- Households in the high-income quintile of PPI 4.

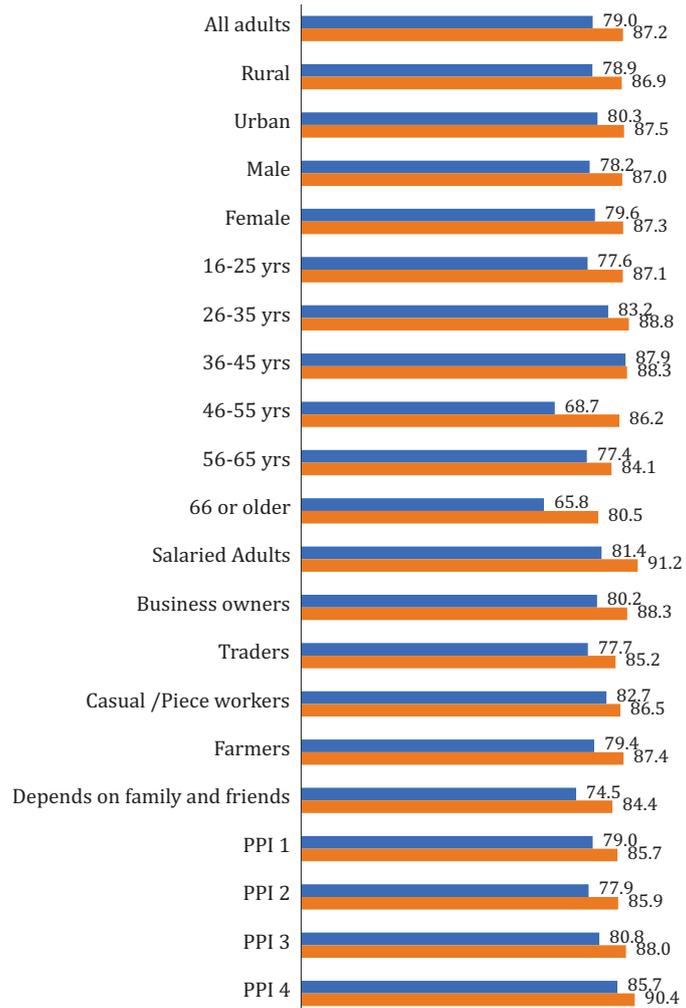
FIGURE 38:
Adults Who Kept Track
of the Money They
Received and Spent
(Percent)



7.1.4 Adults Who Had Someone to Turn to for Financial Advice

Figure 39 illustrates that generally, more than 60.0 percent of adults had access to financial advice across all segments of the population.

FIGURE 39:
Adults Who Had
Someone to Turn to
for Financial Advice
(Percent)



7.2 Cash-flow Management

Table 14 shows that the average and median income of adults in the Province was less than half of the national levels at K16.88 and K8.33 per day, respectively. Further, adults in urban areas had a higher average income per day (K39.18) than those in rural areas (K13.73).

The Survey indicated that salaried employees and adults from the high-income quintile of PPI 4 had the highest average income per day while business owners had the lowest average income.

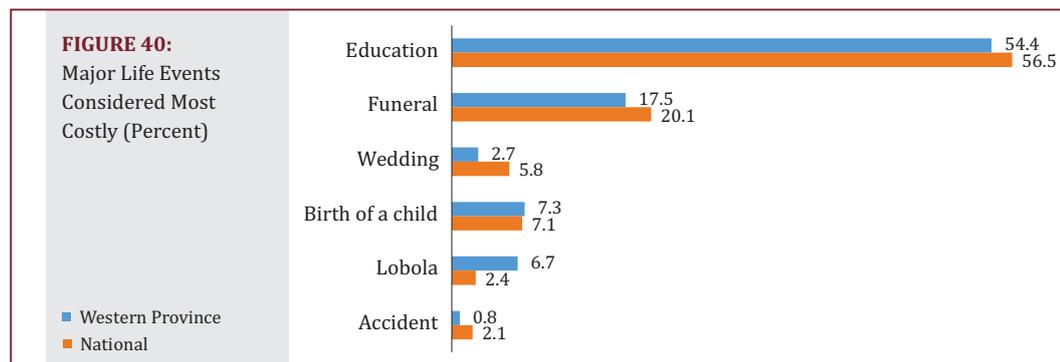
TABLE 14: INCOME BY MAIN INCOME GENERATING ACTIVITY AND PPI QUINTILE

	Kwacha				USD			
	Average		Median		Average		Median	
	Western	National	Western	National	Western	National	Western	National
All Adults	16.88	44.51	8.33	17.91	0.91	2.40	0.45	0.97
Rural	13.73	25.79	7.07	13.33	0.74	1.39	0.38	0.72
Urban	39.18	67.12	18.11	33.94	2.11	3.62	0.98	1.83
Male	19.92	49.76	10.00	21.76	1.07	2.68	0.54	1.17
Female	14.54	39.54	7.52	16.67	0.78	2.13	0.41	0.90
Salaried workers	41.71	78.66	26.67	37.97	2.25	4.24	1.44	2.05
Business owners	8.42	52.15	3.33	33.33	0.45	2.81	0.18	1.80
Traders	8.49	56.61	7.52	31.17	0.46	3.05	0.41	1.68
Casual /Piece workers	8.96	22.04	6.76	16.56	0.48	1.19	0.36	0.89
Farmers	12.91	24.87	12.92	13.33	0.70	1.34	0.70	0.72
Depends on family and friends	8.44	25.41	7.07	14.67	0.45	1.37	0.38	0.79
PPI 1	11.14	18.03	6.76	10.00	0.60	0.97	0.36	0.54
PPI 2	27.83	27.34	12.92	15.42	1.50	1.47	0.70	0.83
PPI 3	46.37	56.34	26.67	33.33	2.50	3.04	1.44	1.80
PPI 4	57.90	96.23	18.11	50.00	3.12	5.18	0.98	2.69

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

7.2.1 Major Life Events Considered Most Costly

The most expensive major life event reported by adults in the Survey was education (Figure 40).



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

In the six (6) months prior to the Survey, 67.2 percent of adults had a dependant/child/ they supported sent home due to non-payment of school fees, at least once a month. These adults were mostly amongst:

- Females;
- Casual/Piece workers; and
- Households in the middle-income quintile of PPI 3.

Further, 32.8 percent of adults had a child/dependant sent home at least once during the year. These adults were mostly:

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

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

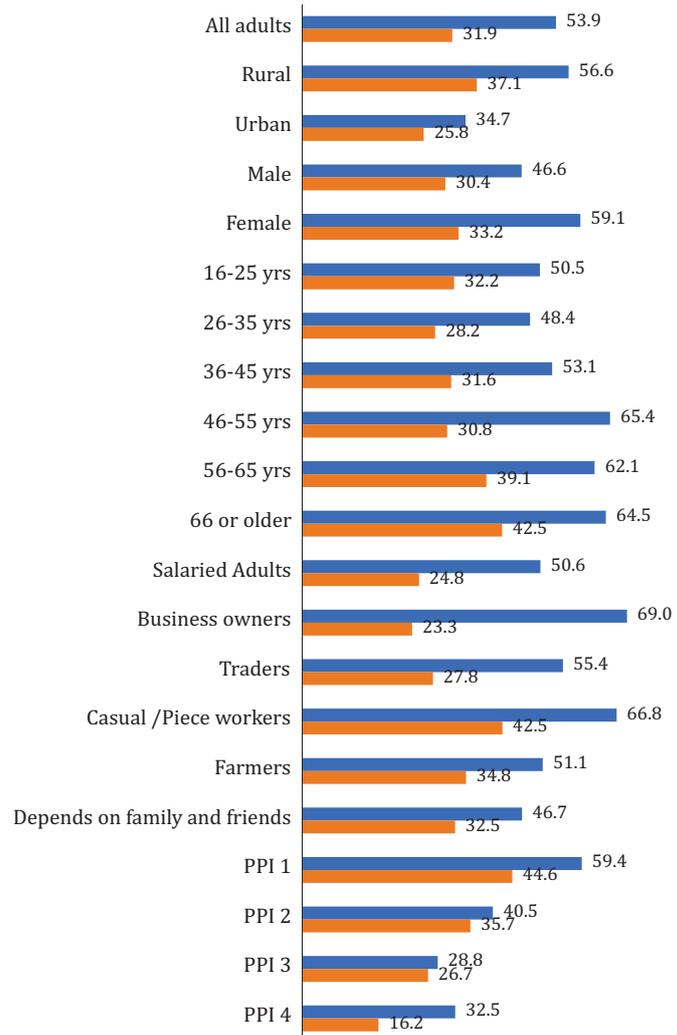
	Western		National	
	At least once a month	At least once a year	At least once a month	At least once a year
All Adults	67.2	32.8	57.4	42.6
Rural	66.9	33.1	58.1	41.9
Urban	67.4	32.6	56.7	43.3
Male	66.3	33.7	57.1	42.9
Female	73.2	26.8	57.7	42.3
Salaried Adults	69.7	30.3	53.0	47.0
Business owners	-	100.0	54.7	45.3
Traders	33.4	66.6	47.7	52.3
Casual /Piece workers	82.9	17.1	60.3	39.7
Farmers	65.8	34.2	57.4	42.6
Depends on family and friends	73.0	27.0	63.9	36.1
PPI 1	65.5	34.5	61.4	38.6
PPI 2	73.2	26.8	57.3	42.7
PPI 3	79.1	20.9	52.9	47.1
PPI 4	51.9	48.1	56.4	43.6

7.2.3 Adults Who Struggled to Keep Up with Regular Expenses

The Survey revealed that 53.9 percent of adults struggled to manage regular expenses (Figure 41). This was mostly amongst:

- Rural based adults;
- Females;
- Adults of age 46-55 years;
- Business owners; and
- Households in the lowest-income quintile of PPI 1.

FIGURE 41:
Adults Who
Struggled to
Keep Up with Regular
Expenses (Percent)

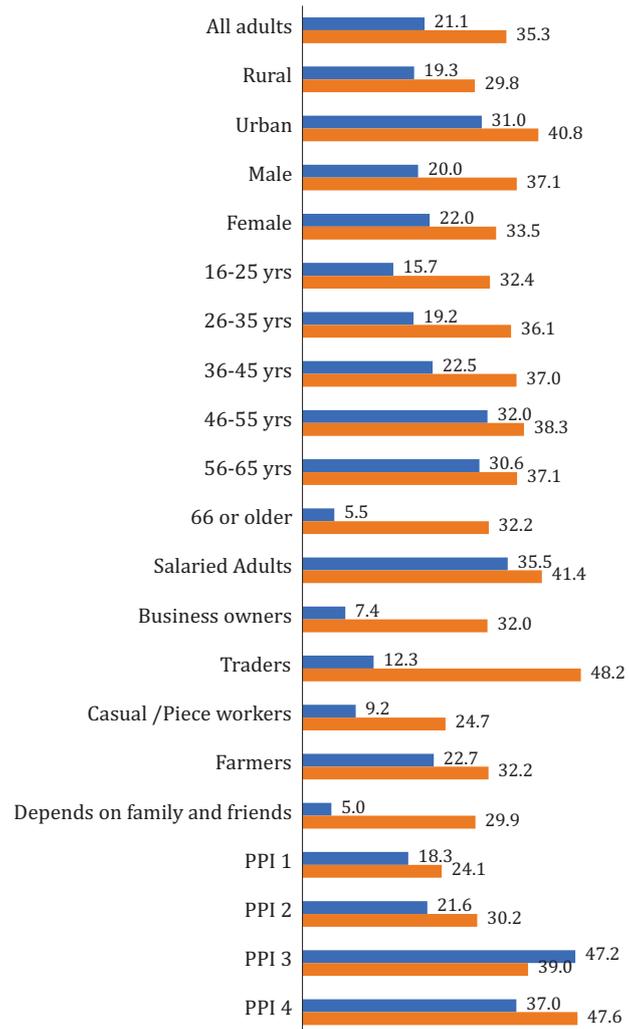


7.2.4 Adults Who Kept a Record of Their Money

Figure 42 illustrates that 21.1 percent of the adult population kept a record of their money (receipts and expenses). These were mostly amongst:

- Urban based adults;
- Females;
- Adults of age 46 – 55 years;
- Salaried adults; and
- Households in the middle-income quintile of PPI 3.

FIGURE 42:
Adults Who Kept a
Record of Their
Money (Percent)



7.3 Risk Management

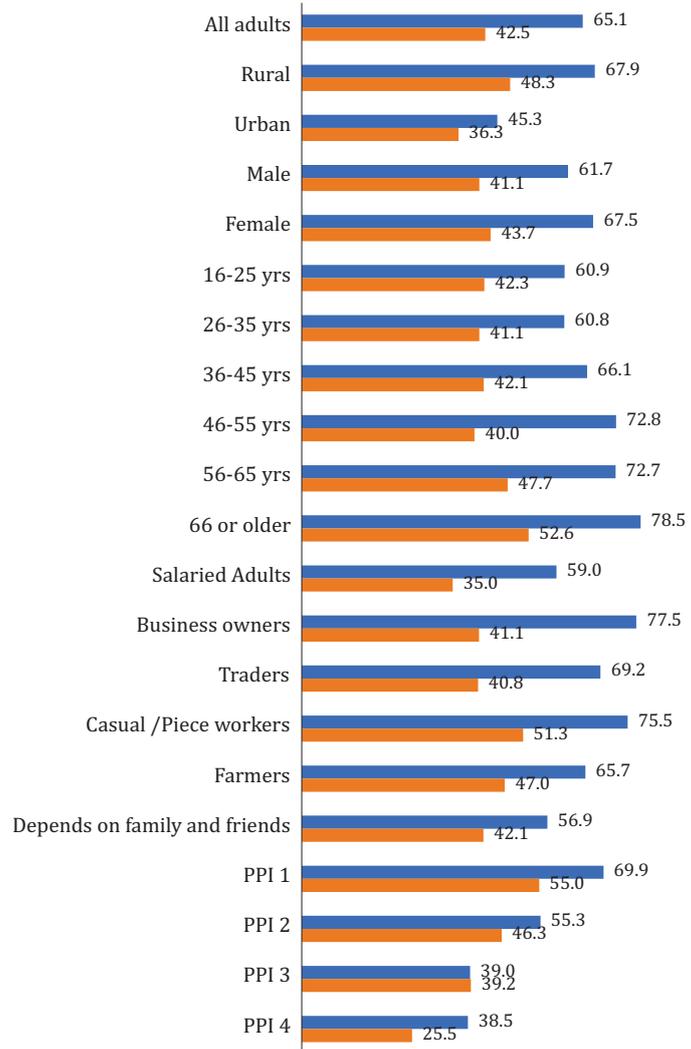
Risk management is the process of managing potential risks to minimize the negative impact they may have. In the survey, it refers to the ability of the adult population to meet unexpected financial events that current income cannot support.

7.3.1 Adults Who Struggled to Manage Unexpected Expenses

Figure 43 shows that 65.1 percent of adults struggled to manage unexpected expenses in the 12 months prior to the Survey. These were mostly among:

- Adults in rural areas;
- Females;
- Adults of age 66 years or older;
- Business owners; and
- Households in the lowest income quintile of PPI 1.

FIGURE 43:
Adults Who
Struggled to
Manage Unexpected
Expenses (Percent)

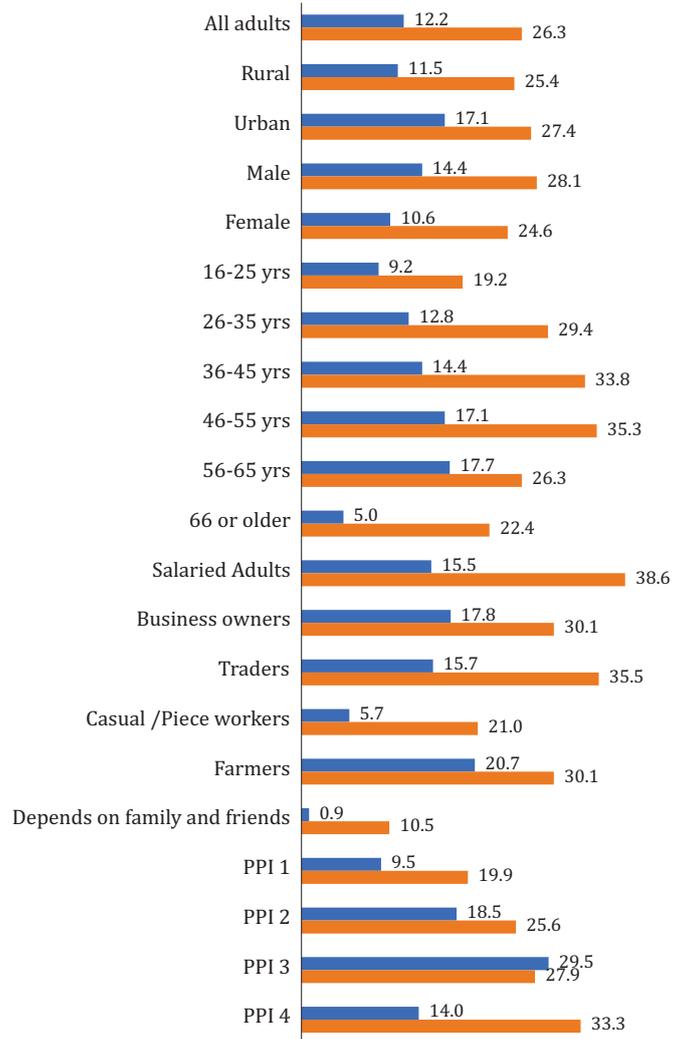


7.3.2 Adults Who Made Provision for Unexpected Expenses

The Survey results showed that 12.2 percent of adults were able to make provision for unexpected expenses (Figure 44). These were mostly amongst:

- Urban based adults;
- Males;
- Adults of age 46 – 65 years;
- Farmers; and
- Households in the middle income quintile of PPI 3.

FIGURE 44:
Adults Who Made
Provision for
Unexpected Expenses
(Percent)



7.3.3 Strategies to Cope with Unexpected Expenses

The Survey showed that 77.4 percent of adults relied on gifts from family and friends as well as expense cutbacks to cope with unexpected expenses while, 17.3 percent relied on savings and 5.3 percent on borrowing. 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	
	Western	National	Western	National	Western	National
Adults	17.3	28.3	5.3	9.0	77.4	62.7
Rural	19.4	27.3	4.9	9.1	75.7	63.6
Urban	15.8	29.4	5.6	9.0	78.5	61.6
Male	15.4	29.7	5.6	9.0	79.0	61.2
Female	31.1	27.0	3.2	9.1	65.7	63.9
Salaried Adults	34.7	45.2	3.2	11.4	62.1	43.4
Business owners	5.9	33.2	6.1	10.1	88.0	56.7
Traders	16.6	33.5	13.1	8.1	70.3	58.5
Casual /Piece workers	15.2	24.9	4.2	11.1	80.6	64.0
Farmers	18.9	29.8	8.9	9.5	72.2	60.7
Depends on family and friends	5.0	10.2	0.0	4.8	95.0	84.9
PPI 1	13.2	23.6	5.8	8.8	81.0	67.6
PPI 2	23.4	26.3	5.2	9.5	71.4	64.2
PPI 3	43.3	30.5	0.0	8.6	56.7	60.8
PPI 4	53.8	34.1	1.5	8.7	44.7	57.1

7.4 Assets and Asset Building

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

The Survey showed that 51.1 percent of adults reported that one household member owned the current dwelling. This was mainly amongst:

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

Further, 43.1 percent of adults owned a mobile phone while 40.5 percent owned agricultural land. With regard to ICT, 6.7 percent indicated that they had access to the internet (Table 17).

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

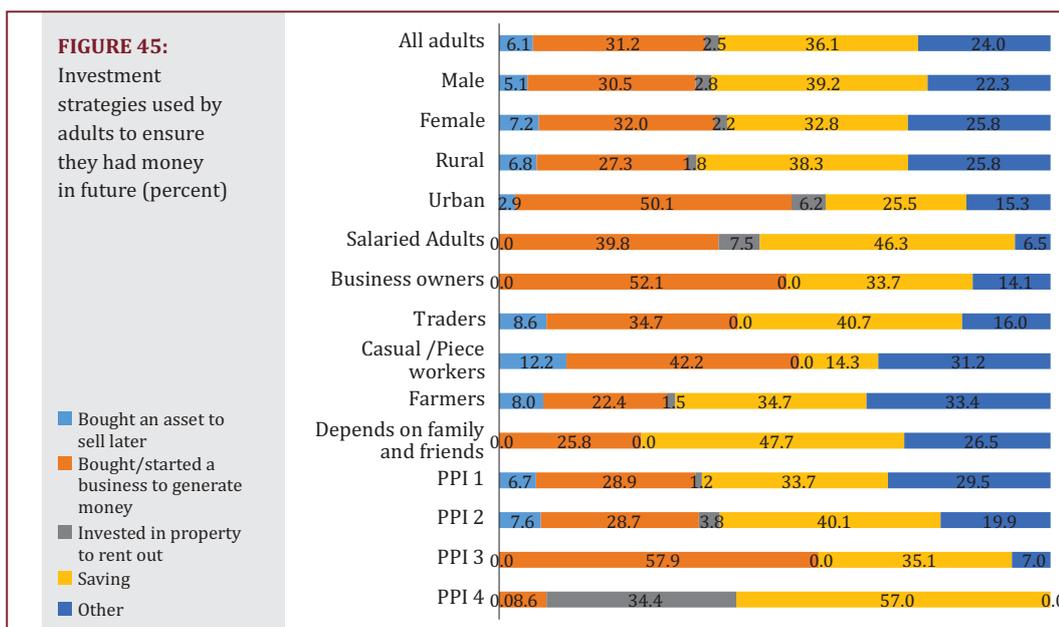
	Own Current house	Member of household owns the house	Personally own (any/another) House	Personally own Agriculture land (for crop and livestock)	Personally own a mobile phone	Have access to a computer	Have access to the internet
Adults	37.7	51.1	45.8	40.5	43.1	2.0	6.7
Male	51.3	37.4	57.1	42.8	51.2	3.3	7.7
Female	28.0	60.8	37.7	38.8	37.3	1.1	6.1
Rural	39.6	51.7	48.2	43.1	39.3	1.7	3.8
Urban	24.6	46.7	29.0	21.8	70.2	4.5	27.2
Salaried Adults	42.5	44.0	47.4	38.1	70.1	5.1	21.3
Business owners	20.7	61.3	37.1	47.1	36.3	0.0	1.6
Traders	38.7	53.5	50.2	47.4	43.8	0.0	3.5
Casual /Piece workers	39.9	44.8	46.4	37.9	41.3	1.6	5.9
Farmers	52.3	40.5	62.6	60.6	43.5	0.0	1.8
Depends on family and friends	10.9	78.5	17.2	11.0	24.1	4.2	5.6
PPI 1	40.1	51.9	47.2	42.4	38.1	.9	2.2
PPI 2	33.4	50.0	43.9	37.4	48.3	4.8	11.5
PPI 3	19.4	45.9	34.0	27.2	87.2	7.8	34.3
PPI 4	34.6	42.9	38.4	27.5	75.8	2.6	68.7

7.5 Investment

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

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

Figure 45 shows that most adults would start a business or save to ensure they had money in future. The percentage of adults who indicated that they would save to generate future income was highest amongst males, rural dwellers, those who depended on family/friends and those in PPI 4. Further, adults who indicated that they would start a business were mostly amongst females, urban dwellers, business owners and those in PPI 3.



7.6 House Occupancy Status

The Survey showed that 6.2 percent of adults lived in a house that was provided rent free (Table 18). These adults were mostly amongst:

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

On the other hand, 3.0 percent of adults lived in a rented a house. These were predominantly among:

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

TABLE 18: HOUSE OCCUPANCY STATUS (PERCENT)

	Western		National	
	You/your household rent this house	House provided rent free	You/your household rent this house	House provided rent free
All adults	3.0	6.2	20.4	10.6
Rural	1.0	5.3	4.1	10.6
Urban	16.8	11.9	38.6	10.6
Male	2.5	6.0	20.4	11.0
Female	3.3	6.3	20.5	10.3
Salaried Adults	7.0	5.3	30.3	13.1
Business owners	5.6	12.4	30.5	14.5
Traders	1.1	6.8	23.6	9.2
Casual /Piece workers	4.6	8.0	21.4	12.0
Farmers	0.3	4.1	3.0	5.9
Depends on family and friends	2.5	7.6	22.7	10.9
PPI 1	0.8	5.3	3.1	7.0
PPI 2	5.4	8.9	11.4	10.8
PPI 3	20.0	11.5	32.9	12.5
PPI 4	22.6	0.0	40.6	12.6

7.7 Strategies to Meet Future Needs When Old and Cannot Work

The Survey indicated that 26.3 percent of adults considered farming as a means of ensuring that they had money when they were old and unable to work.

Other common strategies included starting own business (13.9), relying on children (8.1 percent) and savings (5.9 percent). The least common strategies included rental income (0.5 percent) and pension (0.5 percent). Further, 37.0 percent of adults indicated that they had no strategies to meet future needs when they were old and unable to work (Table 19).

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

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

	Western Province								
	Savings	Children	Land/property	Own business	Rental income	Farming/agriculture/ livestock	Pension	Don't know/have no plans	Other specify
All adults	5.9	8.1	4.4	13.9	0.5	26.3	0.5	37.0	3.5
Rural	5.5	8.4	3.7	11.9	0.1	28.6	0.4	37.8	3.6
Urban	8.6	6.2	9.4	27.4	3.7	10.2	1.0	31.2	2.2
Male	8.0	6.2	4.1	14.9	0.7	26.1	0.8	36.6	2.7
Female	4.4	9.4	4.6	13.2	0.5	26.5	0.2	37.2	4.0
Salaried Adults	12.9	4.9	3.2	18.5	2.3	26.1	1.5	29.5	1.2
Business owners	3.7	7.6	5.6	17.0	0.0	33.2	0.0	28.1	4.8
Traders	4.2	17.4	5.0	21.1	0.0	18.4	0.0	32.2	1.6
Casual /Piece workers	4.8	8.1	6.1	19.1	0.0	28.0	0.0	30.6	3.3
Farmers	7.0	8.0	5.0	8.6	0.2	31.3	0.3	34.4	5.2
Depends on family and friends	.9	7.6	2.4	10.6	0.0	20.0	0.4	55.4	2.8
PPI 1	4.3	9.3	3.5	11.4	0.1	27.2	0.3	39.7	4.2
PPI 2	11.5	4.0	7.2	17.2	0.6	28.0	0.3	29.5	1.7
PPI 3	8.4	8.2	8.6	33.8	4.0	6.6	1.6	28.9	0.0
PPI 4	6.9	0.0	3.4	28.7	7.2	23.8	6.9	22.1	1.0
PPI 5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0

8.0 ACCESS TO FINANCIAL SERVICES

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

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

8.1 Physical Access to Points of Service

The Survey showed that 18.4 percent of adults were able to reach at least one access point within 30 minutes by motor vehicle, 13.8 percent by bicycle and 8.5 percent on foot.

In terms of proximity, schools were much closer to the population followed by health centres. The Survey showed that 59.7 percent of adults were able to reach the nearest school within 30 minutes by motor vehicle, 53.8 percent by bicycle and 34.9 percent on foot. Access to health centres by adults within a 30-minute reach was 52.3 percent by motor vehicle, 40.5 percent by bicycle and 24.8 percent on foot (Table 20).

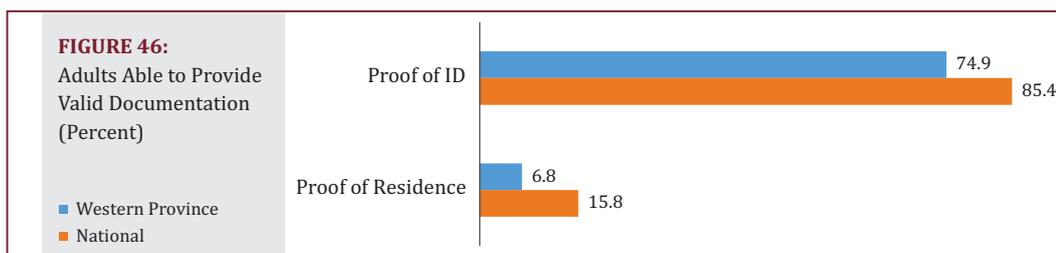
TABLE 20: ADULTS ABLE TO ACCESS SERVICE POINTS WITHIN 30 MINUTES (PERCENT)

Access Point	Mode of Travel		
	Foot	Bicycle	Road
All access points	8.5	13.8	18.4
Filling station	3.4	9.5	16.1
Supermarket	5.6	10.2	14.6
School	34.9	53.8	59.7
Health Centre	24.8	40.5	52.3
Post Office	4.7	9.6	15.8
Bank branch or ATM	4.0	9.6	13.9
Microfinance institution	1.0	1.7	3.1
Building society	0.3	1.3	2.8
Insurance company	0.5	1.4	2.8
Mobile money agent	18.4	24.6	33.5
Bank agent	6.5	9.5	14.6
Capital Markets Operator (stockbroker, fund manager)	0.2	0.2	1.0

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

8.2 Eligibility to Access Financial Services

The Survey indicated that 74.9 percent of adults in the province had proof of identification (ID) while only 6.8 percent had proof of residential address (Figure 46).



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

Table 21 shows that apart from the National Registration Card (NRC), generally, the percentage of adults that possessed various KYC documentation such as a passport, driver's licence, payslip, lease agreement, Tax Payer Identification Number (T-PIN), electricity/water bill was very low, at less than 4 percent of the adult population.

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

Type of Document	Western			National
	Rural	Urban	Overall	
National registration card	73.30	81.53	74.33	
Driver's licence	1.14	9.71	2.21	73.30
Passport	1.06	7.40	1.85	1.14
Payslip from employer	1.73	7.82	2.49	1.06
Lease or rental agreement in your name	1.34	5.55	1.86	1.73
Subscription (e.g. satellite TV) in your name	2.22	10.74	3.28	1.34
Tax identification form in your name	1.81	10.87	2.94	2.22
Electricity/water bill in your name	0.98	12.74	2.44	1.81
Insurance policy in your name	1.23	7.60	2.02	0.98
Telephone/Zamtel bill in your name	1.04	8.49	1.97	1.23
Title deed in your name	1.62	8.65	2.50	1.04

9.0 FINANCIAL PRODUCTS AND SERVICES USED BY ADULTS

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

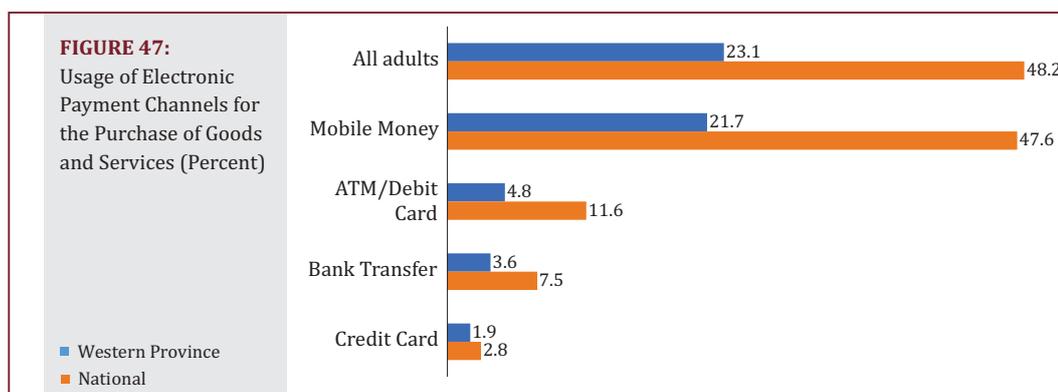
- 1) Electronic Payment Channels;
- 2) Credit;
- 3) Remittances;
- 4) Savings and investments;
- 5) Insurance; and
- 6) Pensions.

9.1 Electronic Payment Services

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

9.1.1 Purchasing Good and Services through Electronic Channels

The survey indicated that 23.1 percent of the adult population in Western Province used electronic payment channels to purchase goods and services. Amongst these payment methods, mobile money was the most widely used at 21.7 percent, while credit cards had the least usage at 1.9 percent (Figure 47).

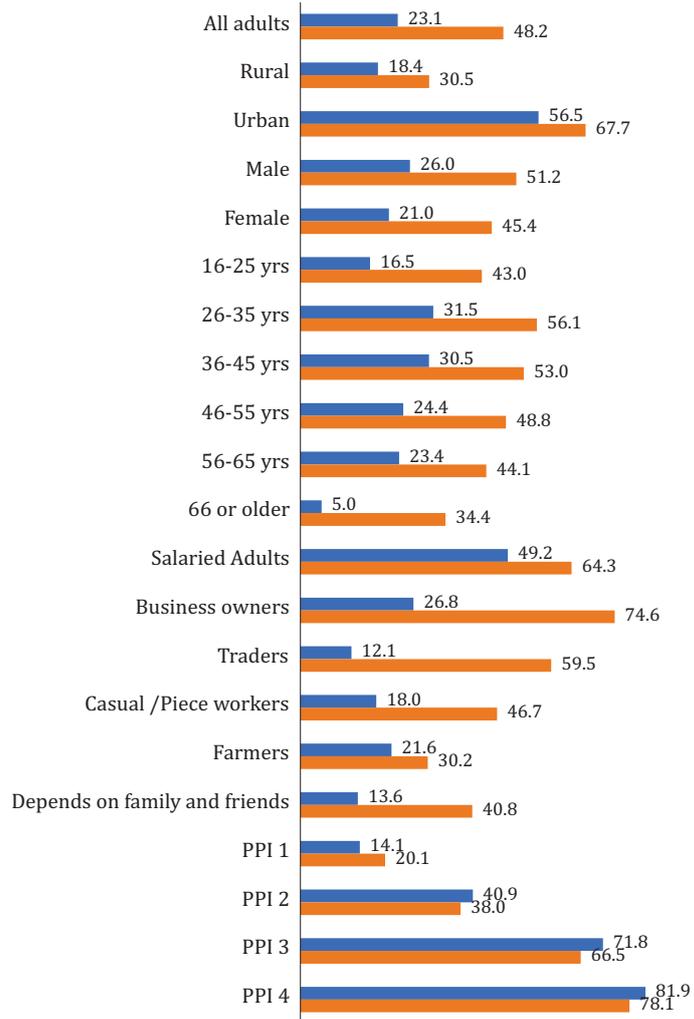


9.1.2 Adults Using Electronic Payment Channels for Purchase of Goods and Services (Percent)

Figure 48 shows that the highest percentage of adults who used electronic payment methods were amongst:

- Those in urban areas;
- Males;
- Of age 26 - 35 years;
- Salaried employees; and
- Households in the high-income quintile of PPI 4.

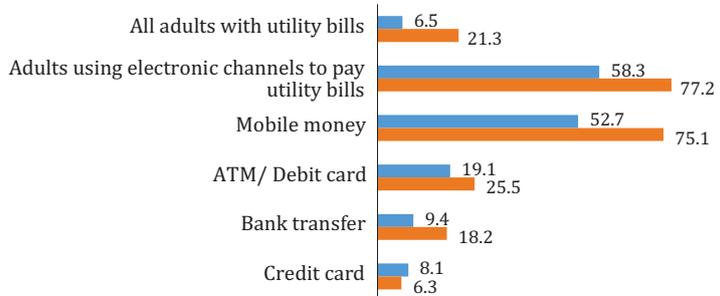
FIGURE 48:
Adults Using
Electronic Payment
Channels for the
Purchase of Goods and
Services (Percent)



9.1.3 Bill Payments

In the 12 months prior to the survey 6.5 percent of adults stated that they had utility bills to pay. Of these, 58.3 percent used electronic payment channels. Mobile money was the most widely used channel for bill payments while the credit card was the least utilised (Figure 49).

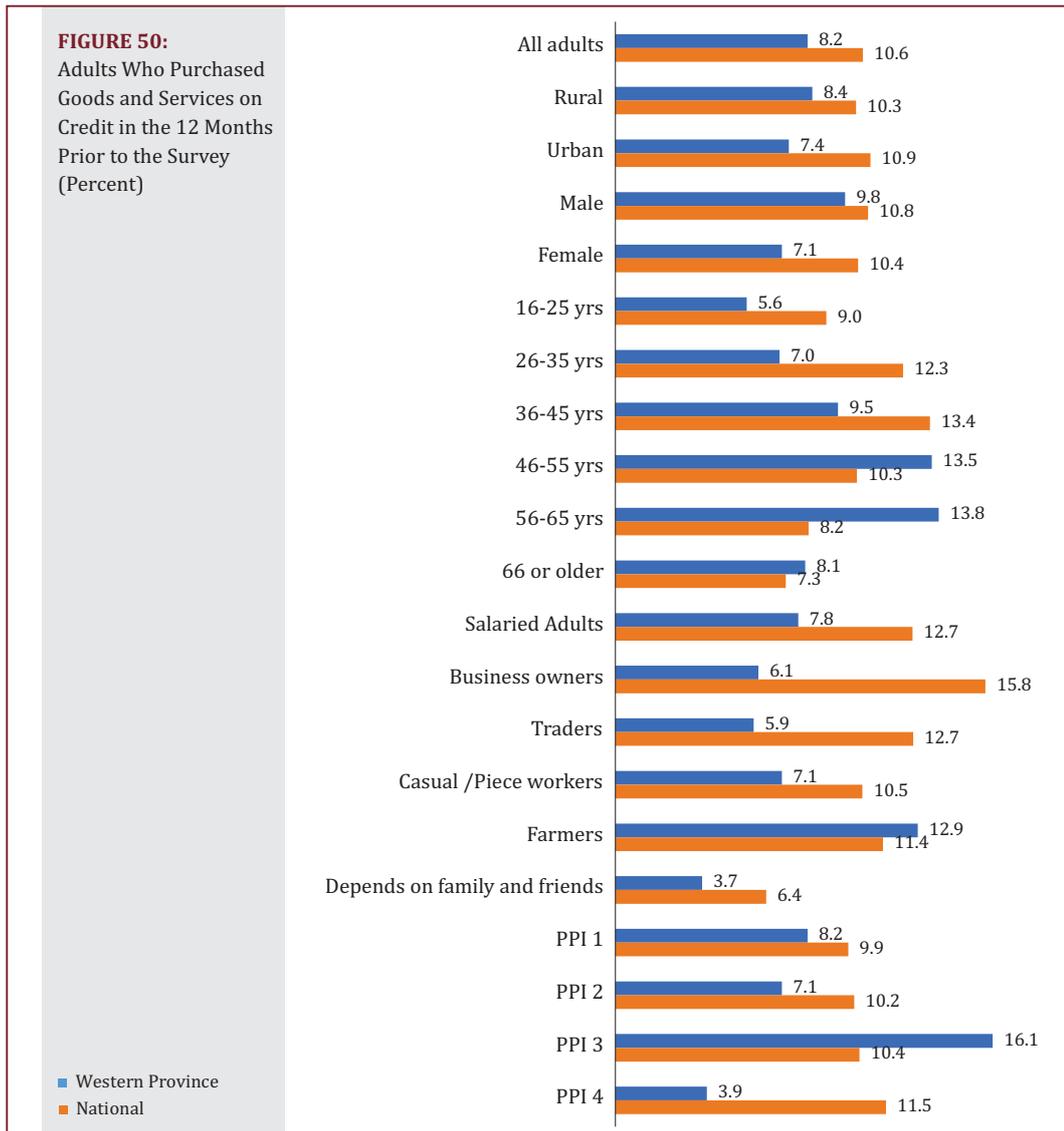
FIGURE 49:
Usage of Electronic
Payment Channels for
Paying Bills (Percent)



9.2 Adults Buying Goods and Services on Credit

Figure 50 shows that 8.2 percent of adults bought goods and services on credit in the 12 months period prior to the Survey. These adults were mostly among:

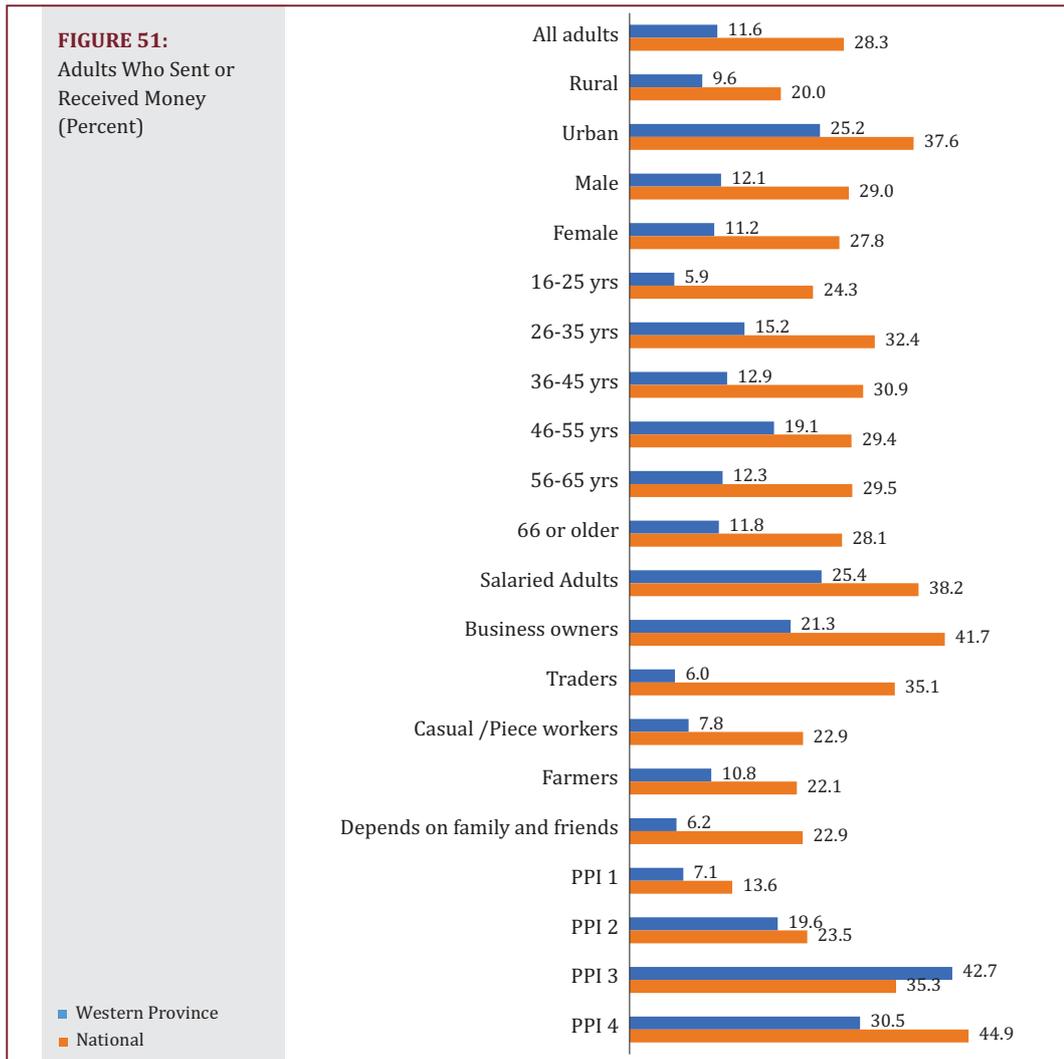
- Males;
- Rural based adults;
- Adults of age 46 – 65 years;
- Farmers; and
- Households in the middle-income quintiles of PPI 3.



9.3 Remittances

During the 12-months period prior to the Survey, 11.6 percent of adults sent or received money from someone (Figure 51). This was mostly amongst:

- Adults in urban areas;
- Adults of age 46 – 55 years;
- Salaried workers; and
- Households in the middle-income quintile of PPI 3.



The Survey showed that mobile money was the most widely used channel for sending (62.5 percent) and receiving (66.5 percent) money (Table 22).

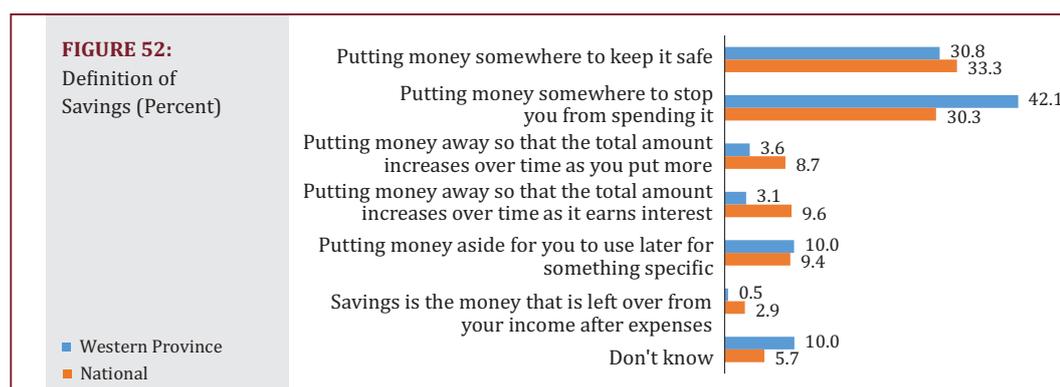
TABLE 22: REMITTANCES (PERCENT)

Channels used to send money	Senders	
	Western	National
Western Union/Money gram/Swift cash	2.0	0.8
Mobile money	62.5	56.8
Bus/Taxi	0.6	0.5
Friends/Family	5.1	2.7
Channels used to receive money	Receivers	
Bank transfer/Pay into bank account	2.6	5.1
Post Office	0.9	0.4
Western Union/Money gram/Swift cash	0.6	1.5
Mobile money	66.5	88.4
Friends/Family	12.7	7.4

9.4 Savings

9.4.1 Definition of Savings

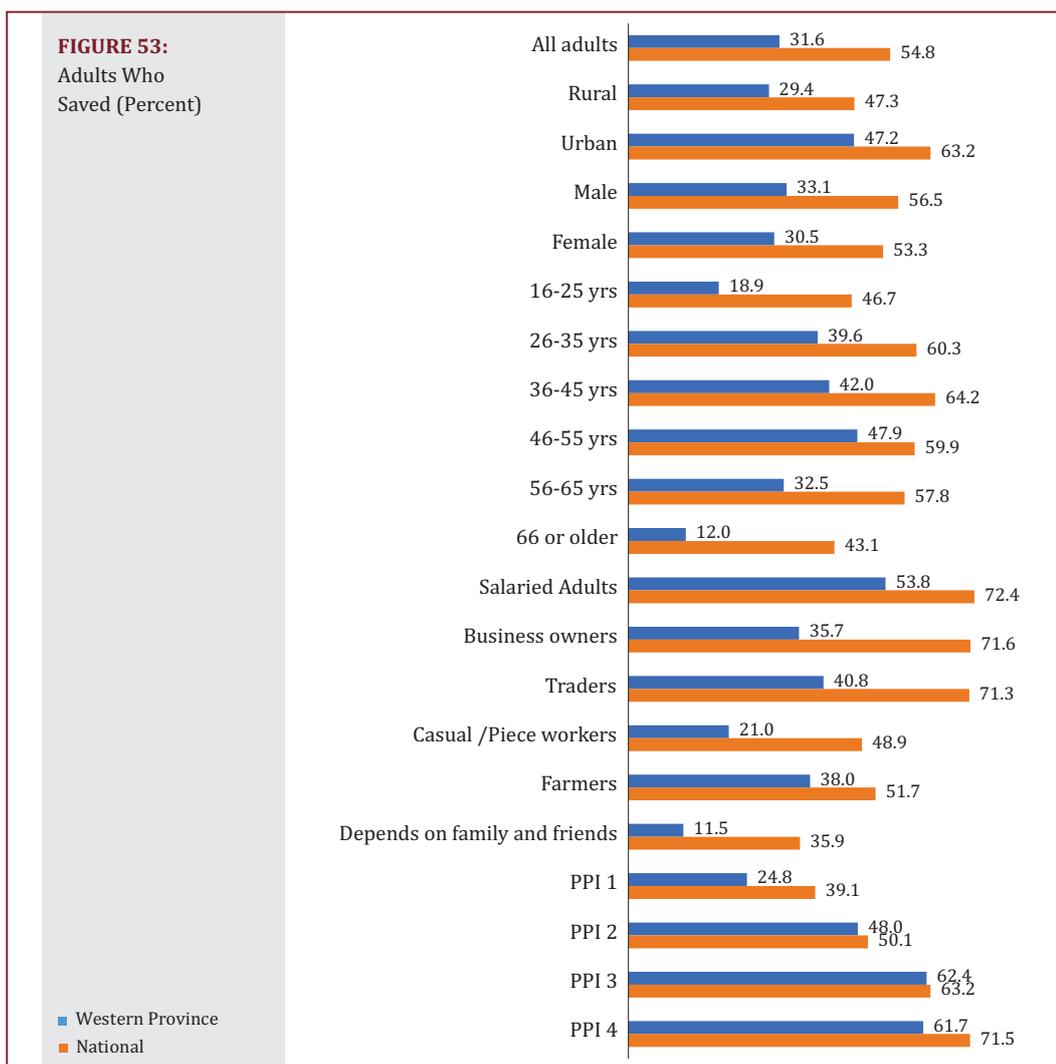
Figure 52 shows that most adults defined saving as “keeping money somewhere to avoid spending it” (42.1 percent) and “putting money somewhere to keep it safe” (30.8 percent).



9.4.2 Adults Who Saved

Figure 53 shows that 31.6 percent of adults indicated that they saved. These were highest amongst:

- Adults in urban areas;
- Males;
- In the age group 46 – 55 years;
- Salaried Workers; and
- Households in the middle and high income quintiles of PPI 3 and PPI 4.



9.4.3 Drivers of Savings

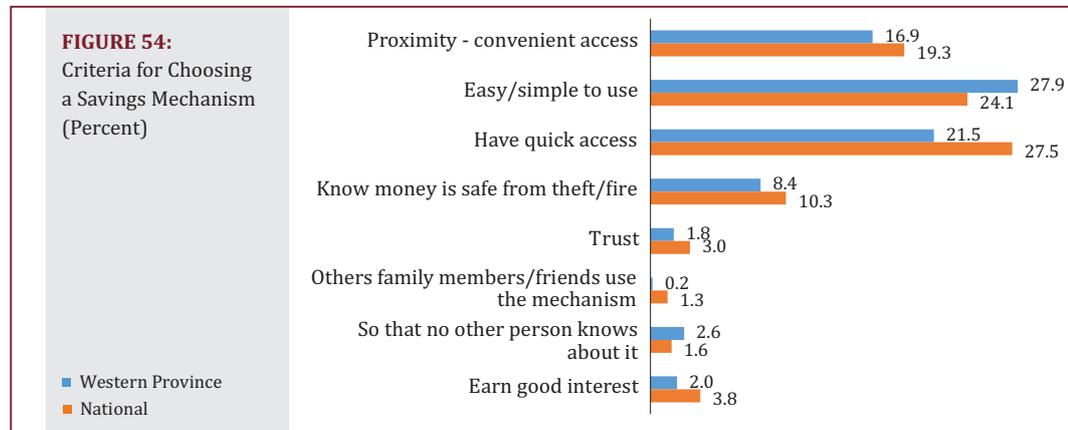
The findings summarised in Table 23 indicate that most adults saved in order to smoothen cash-flow. This was mainly for living and farming expenses.

TABLE 23: MAIN DRIVERS OF SAVINGS (PERCENT)

Purpose	Drivers	Savers
Cash-Flow Management	Living expenses for when you do not have money	66.1
Management	Education or school fees	33.0
	Farming expenses such as seeds or fertilizer	64.9
	Business expenses such as additional stock	23.1
Risk Management	Medical expenses	50.5
Investing	Buying business equipment such as a printer or sewing machine etc.	11.3
Assets and Productive Activities	Starting or expanding business	10.5
	Buying land	31.6

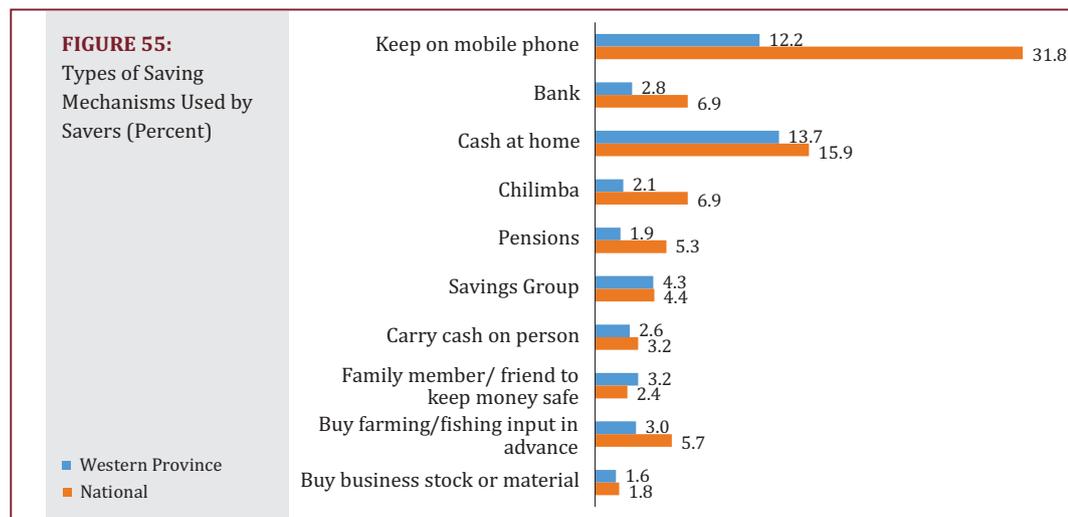
9.4.4 Criteria for Choosing a Savings Mechanism

Figure 54 illustrates that the most important criteria for choosing a savings mechanism were ease of use (27.9 percent) quick access (21.5 percent) and proximity (16.9 percent).



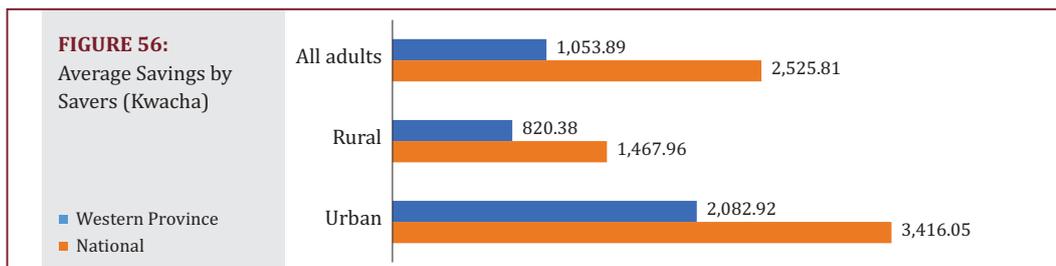
9.4.5 Types of Saving Mechanisms

Figure 55 illustrates that most adults (13.7 percent) saved money at home while 12.2 percent used mobile money services. Only 2.8 percent of adults saved at a commercial bank.



9.4.6 Average Savings

Figure 56 shows that the average amount of money saved was K1,053.89. Adults in urban areas saved more than twice as much as those in rural areas.



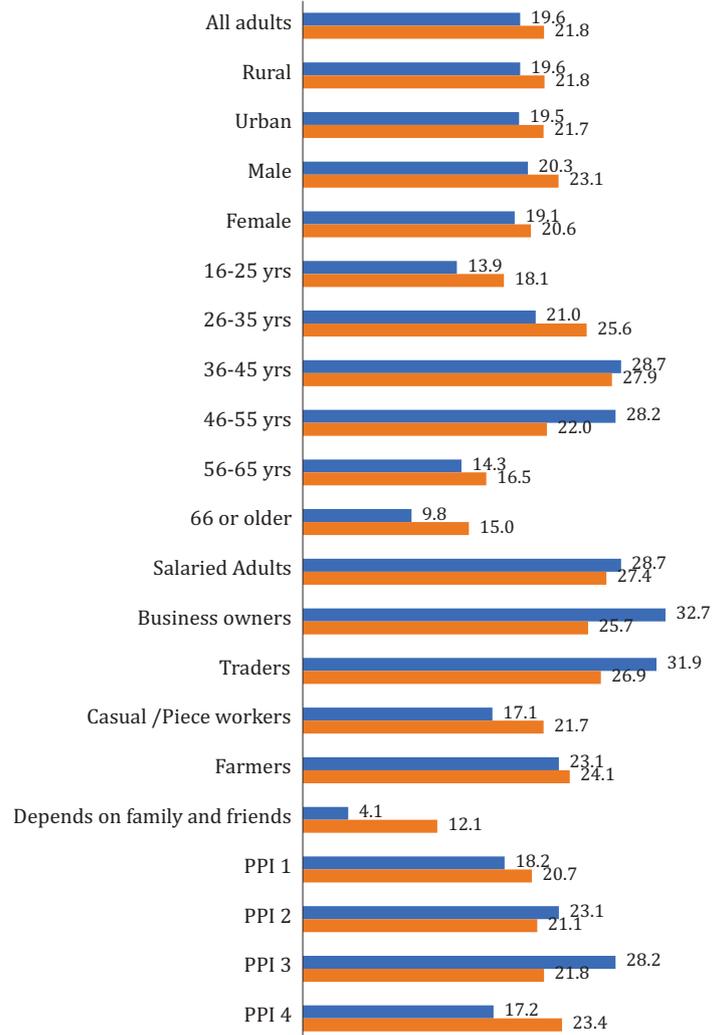
9.5 Credit Services

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

During the 12 months period prior to the Survey, 25.6 percent of adults accessed credit from both formal and informal sources (Figure 57). These were highest amongst:

- Males;
- Adults of age 36 – 55 years;
- Traders and business owners; and
- Households in the middle-income quintile of PPI 3.

FIGURE 57:
Adults Who Borrowed
in the 12 Months
Period Prior to the
Survey (Percent)

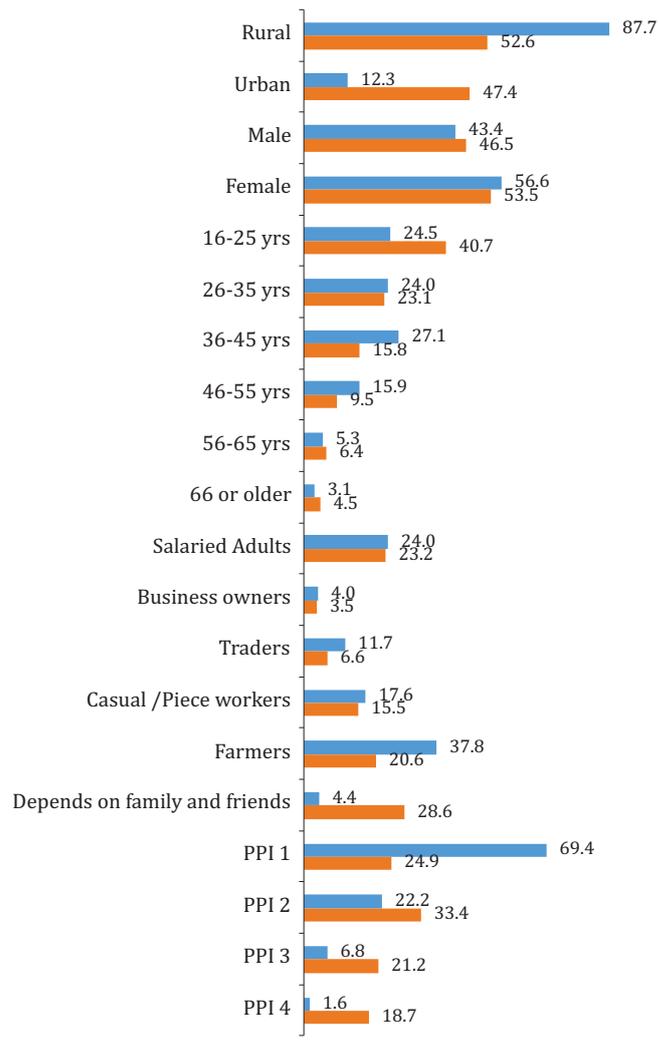


9.5.2 Adults Who Did Not Borrow in the 12 Month Prior to the Survey

As illustrated in Figure 58, adults who did not borrow were more likely to be:

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

FIGURE 58:
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 78.1 percent of adults mostly borrowed to pay for living expenses when they did not have money while 60.5 percent borrowed to cater for farming expenses such as seeds or fertiliser .

TABLE 24: DRIVERS OF BORROWING (PERCENT)

Purpose	Drivers	Adults
Cash-Flow Management	Living expenses for when you do not have money	78.1
	Education or school fees	20.6
	Farming expenses such as seeds or fertilizer	60.5
	Business expenses such as additional stock	37.4
Risk Management	Medical expenses	4.3
	Buying business equipment such as a printer or sewing machine etc.	12.0
Investing	Starting or expanding business	4.3
Assets and Productive Activities	Buying land	19.4

9.5.4 Criteria for Choosing a Lender

The most important criteria for choosing a lender were ease of use and quick access to money (Figure 59).

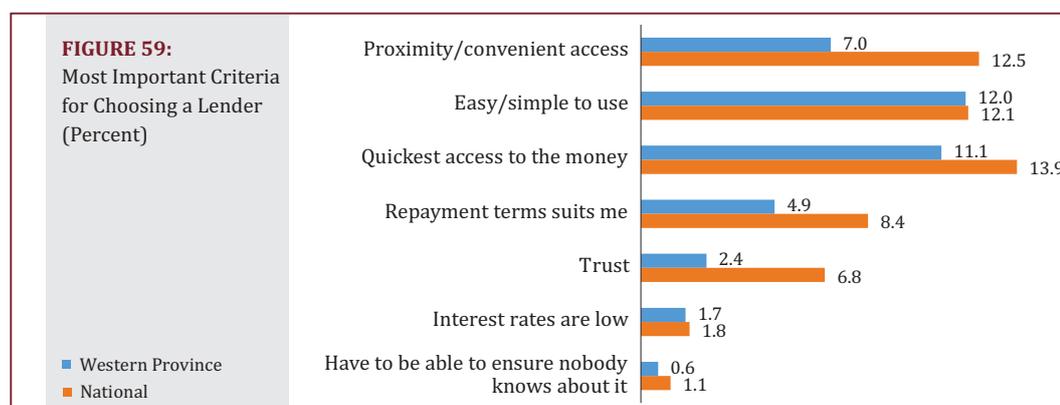
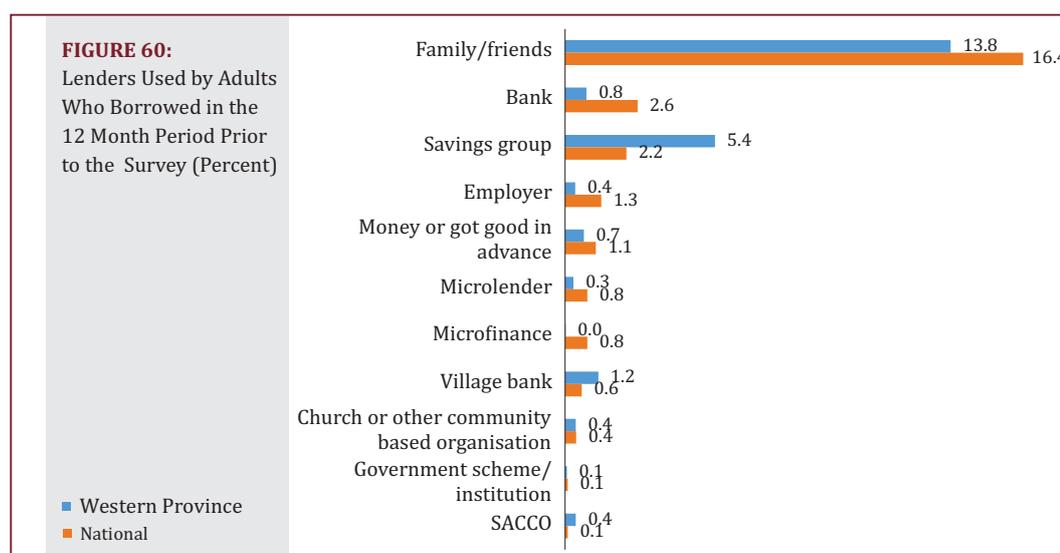


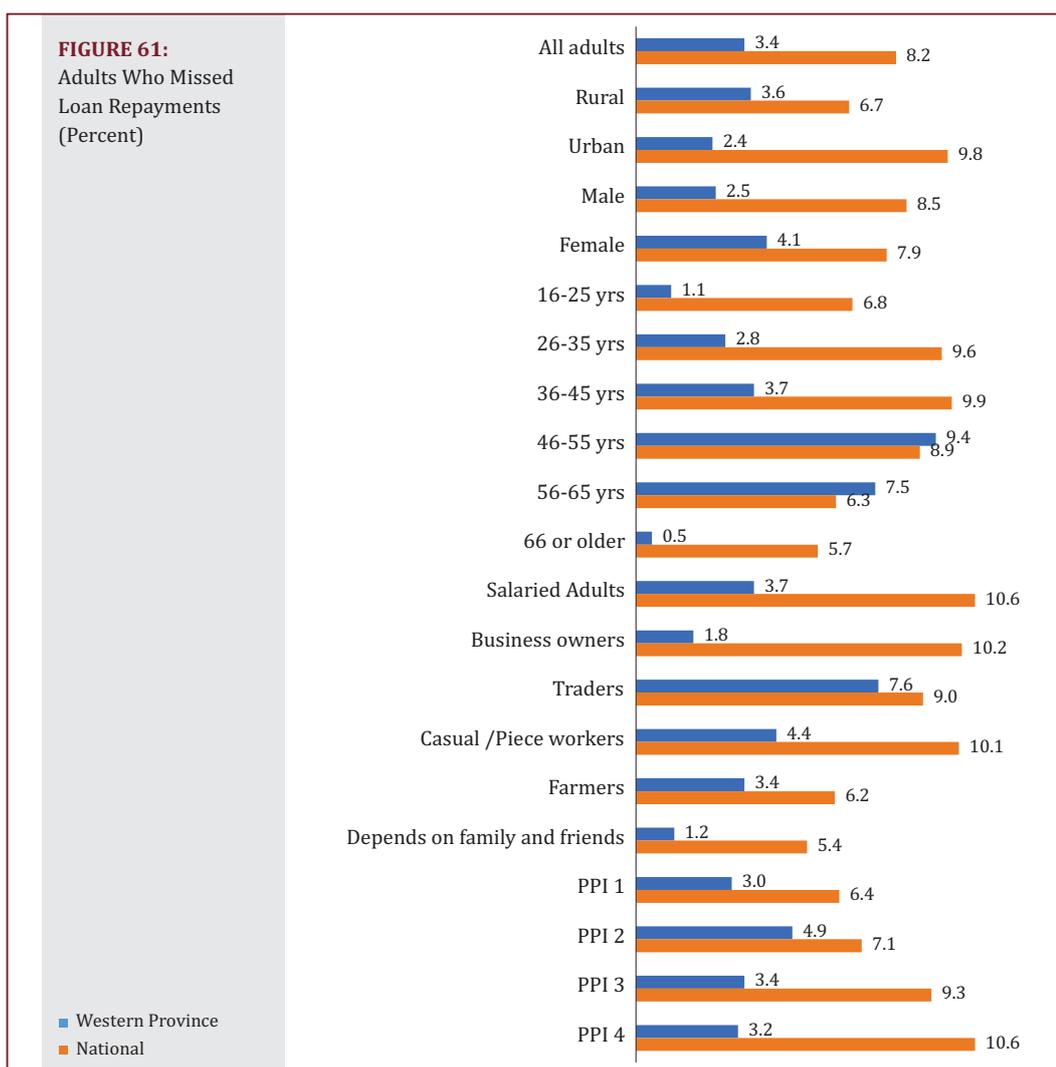
Figure 60 shows that 13.8 percent of adults preferred to borrow from family/friends while less than one percent borrowed from commercial banks.



9.5.5 Adults who Missed Loan Repayments

The survey showed that 3.4 percent of adults who borrowed from formal financial service providers missed at least one loan repayment (Figure 61). These were mostly amongst:

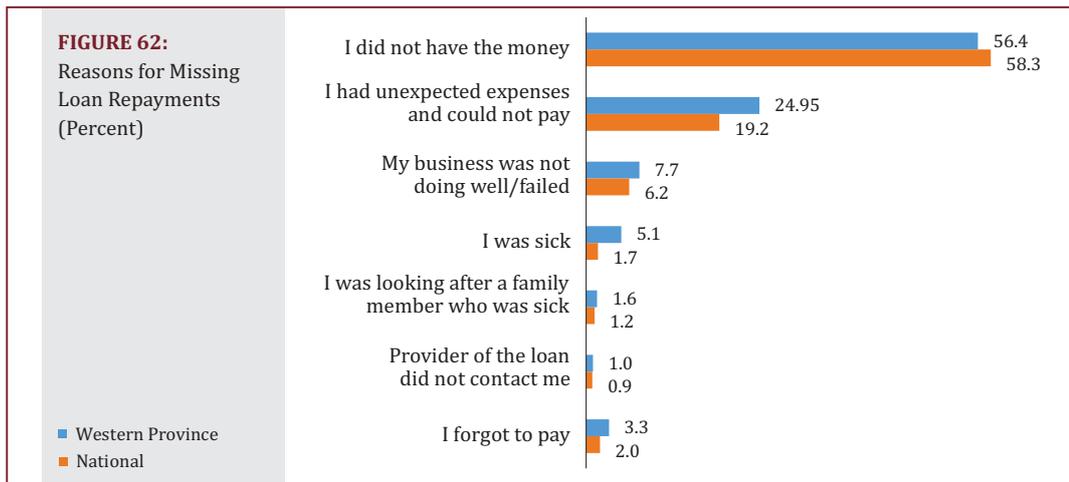
- Rural based adults;
- Females;
- Adults of age 46 - 55 years;
- Traders; and
- Households in the low income quintile of PPI 2.



9.5.6 Reasons for Missing Loan Repayments

As illustrated in Figure 62, most adults missed loan repayments for the following reasons:

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

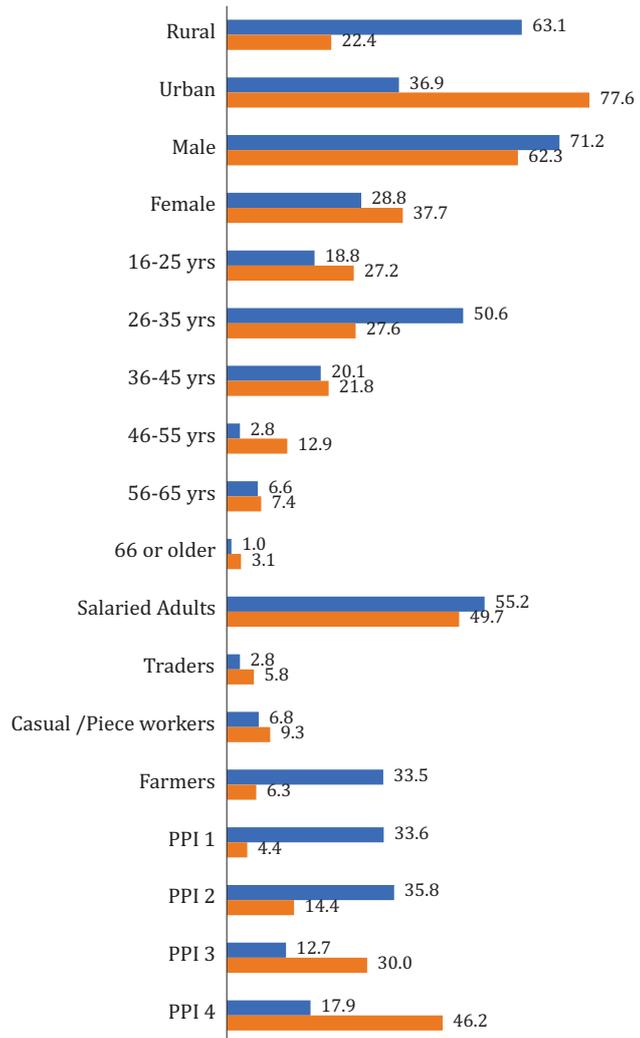


9.5.7 Credit Reference Bureau

The Survey indicated that only 1.7 percent of adults in the province were aware of the CRB. Figure 63 shows that these adults were more likely to be:

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

FIGURE 63:
Awareness of CRB
(Percent)



9.6 Insurance Services

The Survey indicated that 2.4 percent of adults in the Province used insurance services. As shown in Figure 64, these adults were mostly:

- Urban based;
- Male;
- Of age 36 – 45 years;
- Salaried employees; and
- From households in the low-income quintile of PPI 2.

FIGURE 64:
Adults Who Used
Insurance Services
Compared to National
Levels (Percent)

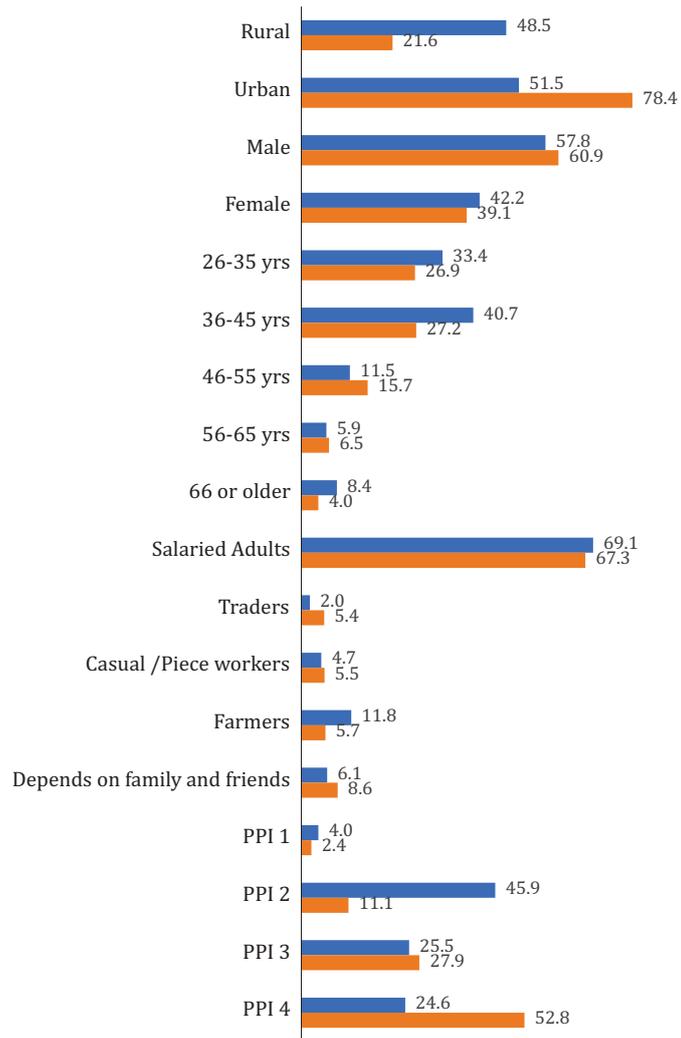
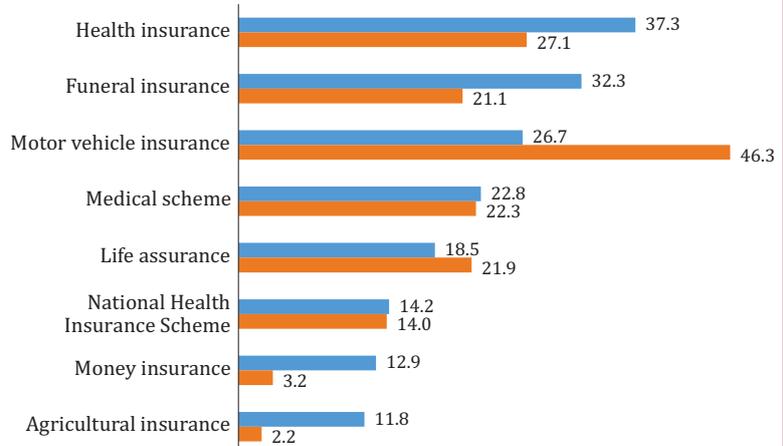


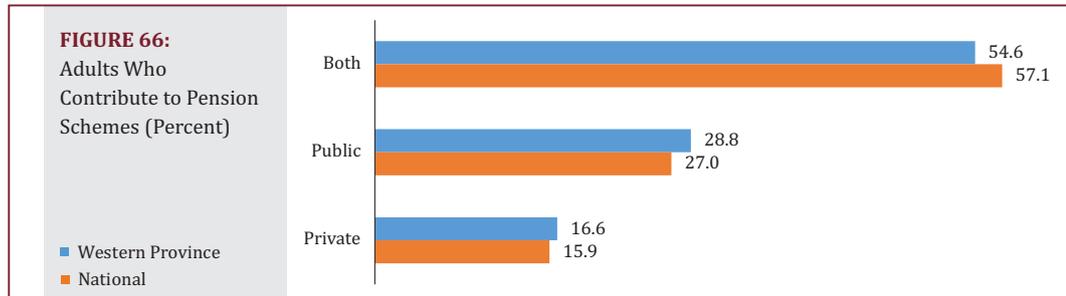
Figure 65 shows that the most widely used insurance service was health insurance at 37.3 percent. This was followed by funeral and motor vehicle insurance at 32.3 percent and 26.7 percent, respectively.

FIGURE 65:
Type of Insurance
Services Used by
Adults (Percent)



9.7 Pension Services

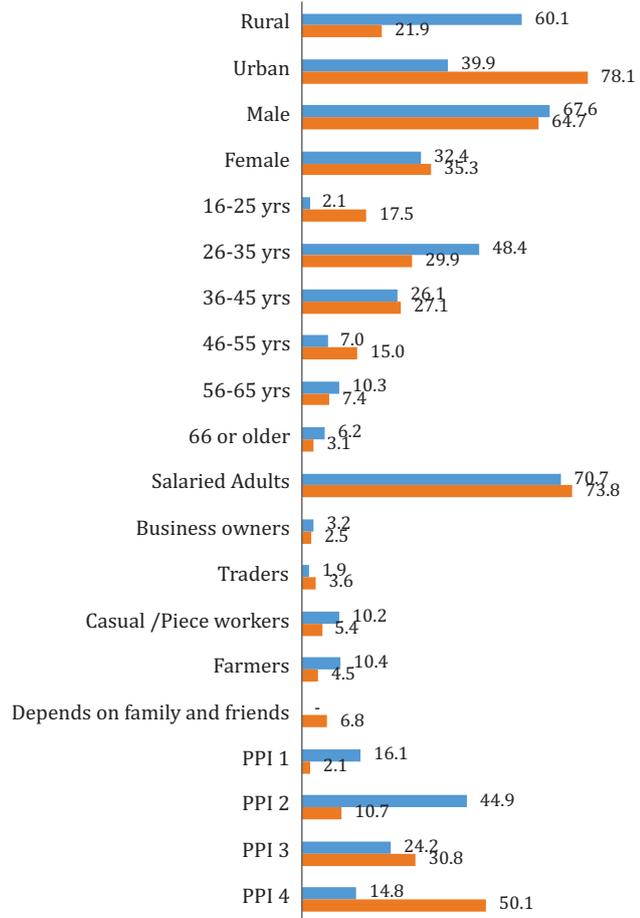
The Survey showed that 2.7 percent of adults in the province contributed to a pension scheme. Figure 66 shows that most adults contributed to both public and private pension schemes.



The Survey indicated that adults who contributed to a pension scheme (Figure 67) were most likely to be:

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

FIGURE 67:
Profile of Adults Who
Contributed to Pension
Schemes (Percent)

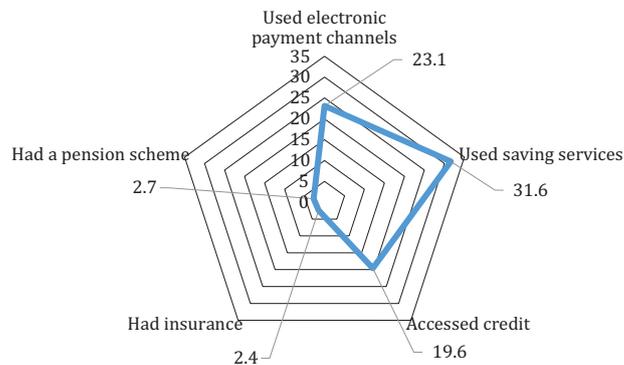


9.8 Landscape of Access

The landscape of access provides a summary of the types of financial products/services used by adults in the Province (Figure 68):

- Savings (31.6 percent);
- Electronic payment methods (23.1 percent);
- Credit (19.6 percent);
- Pension (2.7 percent); and
- Insurance (2.4 percent).

FIGURE 68:
Landscape of Access
(Percent)



10.0 FINANCIAL HEALTH

Financial health is the ability to manage expenses, prepare for and recover from financial shocks, have minimal debt, and build wealth. This measure helps us assess whether increases in financial inclusion are enabling households to have better financial health. It also provides the Government and financial stakeholders with information that can help devise measures for economic recovery.

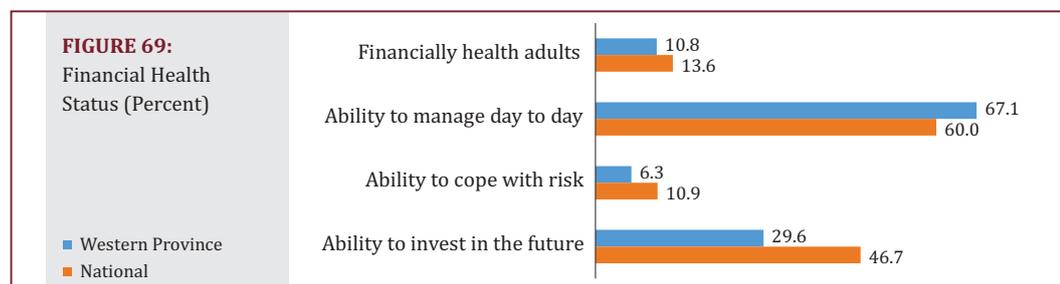
Financial health is measured by a multidimensional score made up of three dimensions:

1. Ability to manage everyday finances;
2. Ability to cope with risk; and
3. Ability to invest in 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.

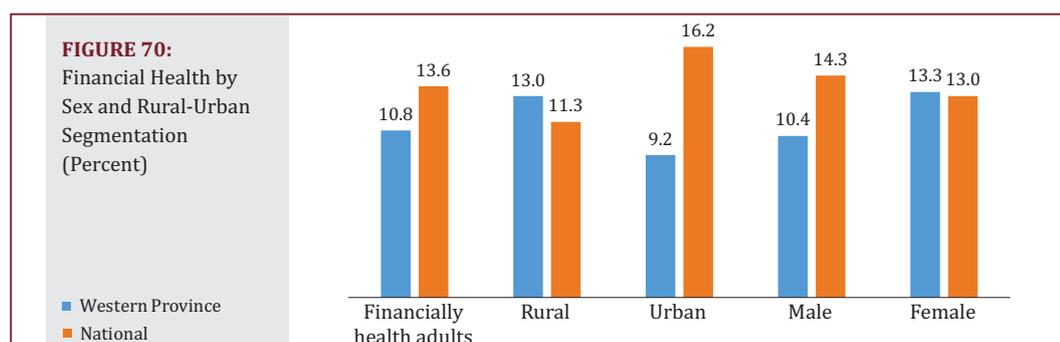
10.1 Financial Health

The Survey indicated that 10.8 percent of adults in the Province were financially healthy compared with 13.6 percent at national level (Figure 69).



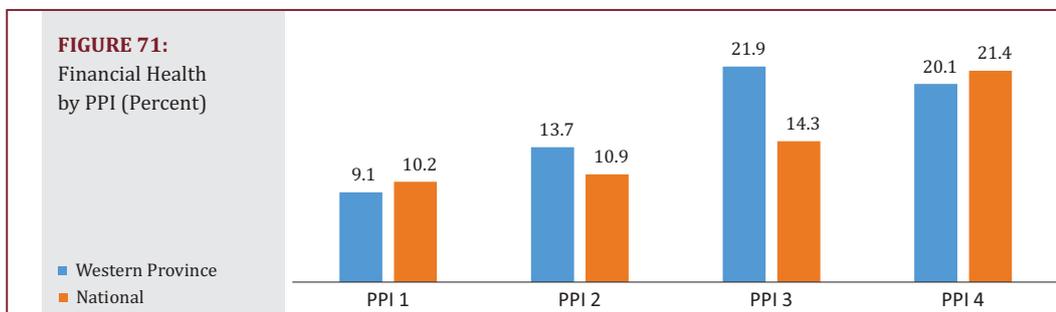
10.1.1 Financial Health by Sex and Rural/Urban Segmentation

The level of financial health was higher among adults in rural areas (13 percent) than those in urban areas (9.2 percent). Further, females were more financially healthy than males (Figure 70).



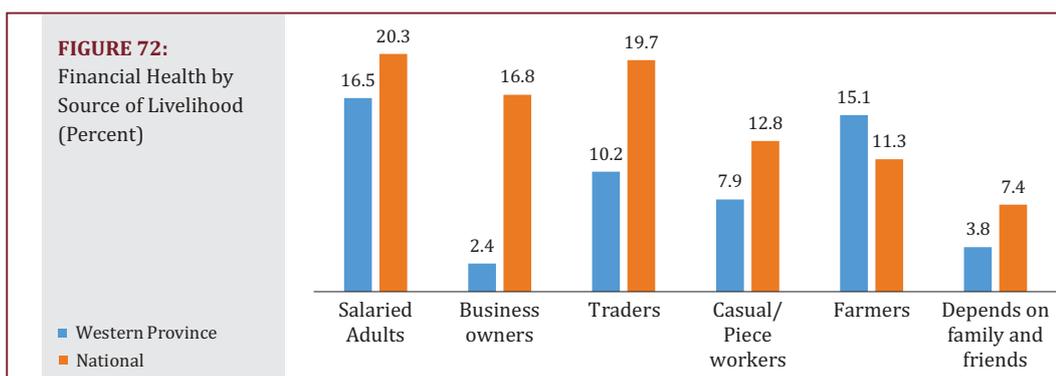
10.1.2 Financial Health by Progress out of Poverty Index (PPI)

The most financially healthy adults were from households in the middle- income quintile of PPI 3, while the least financially healthy were from the lowest income quintile of PPI 1 (Figure 71).



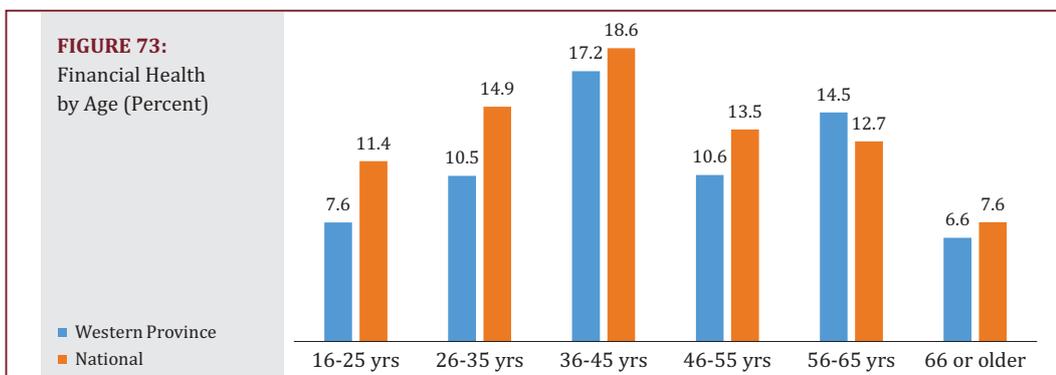
10.1.3 Financial Health and Source of Livelihood

With regard to the source of livelihood, salaried workers were the most financially healthy in the Province while business owners were the least financially healthy (Figure 72).



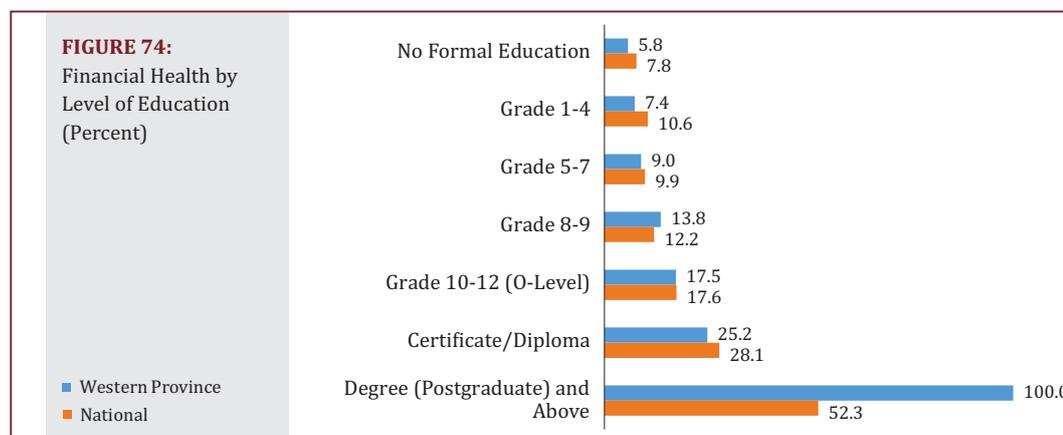
10.1.4 Financial Health by Age

Adults in the age group 36 - 45 years were the most financially healthy while those of age 66 years or older had the least level of financial health (Figure 73).



10.1.5 Financial Health by Level of Education

All adults that had postgraduate level of education were financially healthy. Adults with Grade 1 - 4 primary level of education were the least financially healthy at 7.4 percent (Figure 74).



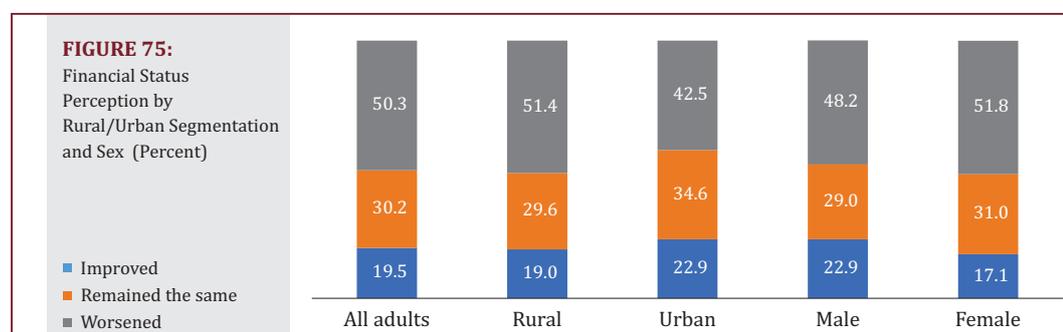
10.2 Self-Reported Financial Status

10.2.1 Financial Status Perception by Rural/Urban Segmentation and Sex

With respect to self-reported financial status, 50.3 percent of adults indicated that their financial status had worsened in the 12 months prior to the survey. Only 19.5 percent of the adults reported that their financial status had improved, while 30.2 percent reported that their financial status had remained the same (Figure 75).

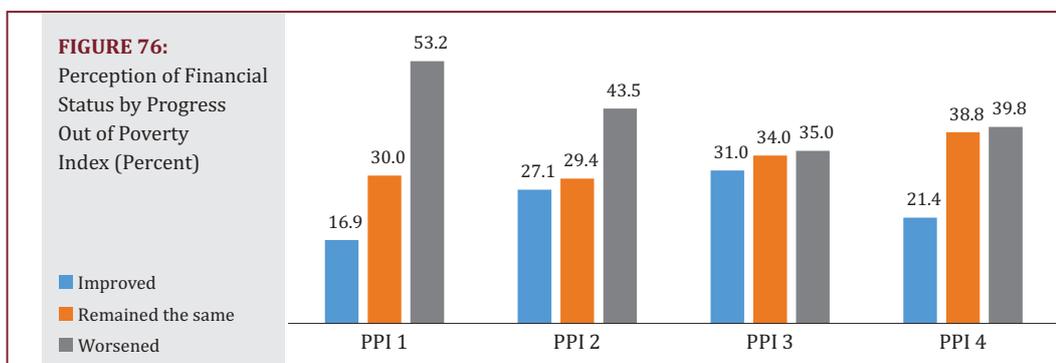
In terms of regional distribution, 51.4 percent of adults in rural areas indicated that their financial status had worsened in the twelve months prior to the Survey compared with 42.5 percent in urban areas. In contrast, there were more adults in urban areas who reported that their financial status had either remained the same or improved than in rural areas.

The findings further showed that more females (51.8 percent) perceived that their financial status had worsened than males (48.2 percent). In contrast, more males than females perceived that their financial status had improved.



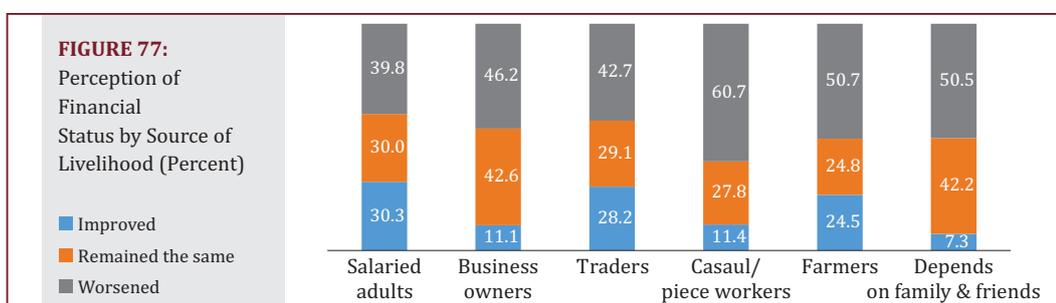
10.2.2 Financial Status Perception by Progress Out of Poverty Index

Figure 76 shows that the highest percentage of adults who perceived that their financial status had worsened were in the lowest income quintile of PPI 1 while those who perceived that their financial status had improved were in the middle income quintile of PPI 3. Further, the highest percentage of adults who perceived that their financial status had remained the same were in PPI 4.



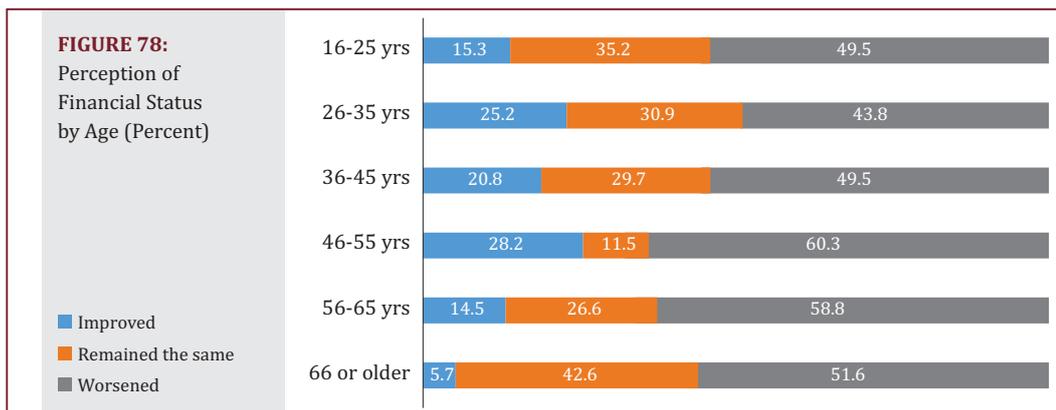
10.2.3 Financial Status Perception by Source of Livelihood

Figure 77 shows that the highest percentage of adults who perceived that their financial status had worsened were casual/ piece workers. For those who perceived that their financial status had remained the same, most were business owners. Further, the highest percentage of adults who perceived that their financial status had improved were salaried workers.



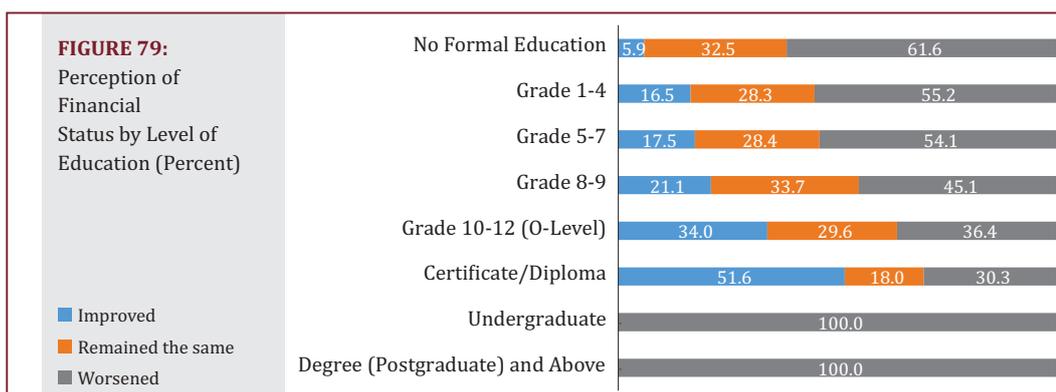
10.2.4 Financial Status Perception by Age

Figure 78 shows that the highest percentage of adults who perceived that their financial status had worsened or improved were in the age group 46 - 55 years. Adults who perceived that their financial status had remained the same were mostly in the age group 66 years or older.



10.2.5 Financial Status Perception by Level of Education

As shown in Figure 79, all adults who had attained undergraduate and postgraduate degree level of education perceived that their financial status had worsened. Most adults who had attained certificate/diploma levels of education perceived that their financial status had improved. The highest percentage of adults who had achieved Grade 8 - 9 level of secondary education perceived that their financial status had remained the same (Figure 79).

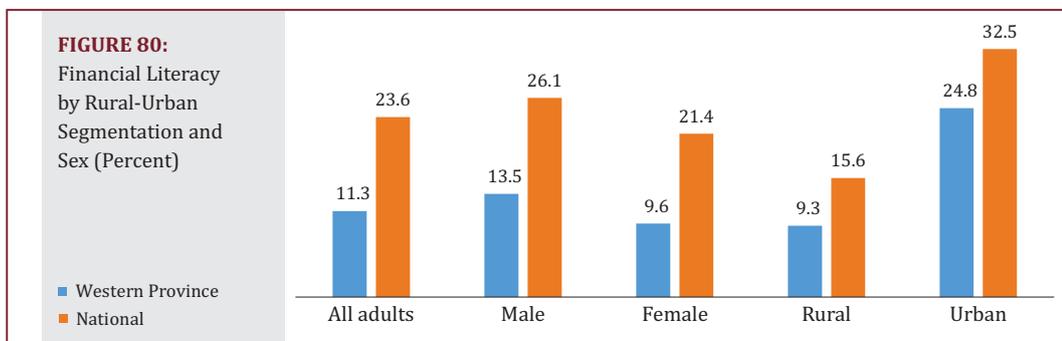


11.0 FINANCIAL LITERACY

Financial literacy represents the ability to understand personal finance. It refers to awareness and knowledge of key financial concepts required for managing personal finances. In 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.

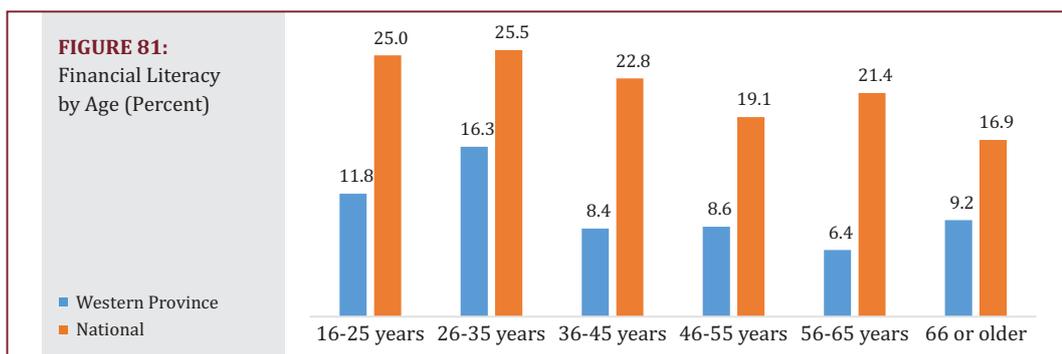
11.1 Financial Literacy by Rural-Urban Segmentation and Sex

Results from the Survey indicated that 11.3 percent of the adult population in Western Province was financially literate compared to 23.6 percent at national level. These were mostly urban-based and male (Figure 80).



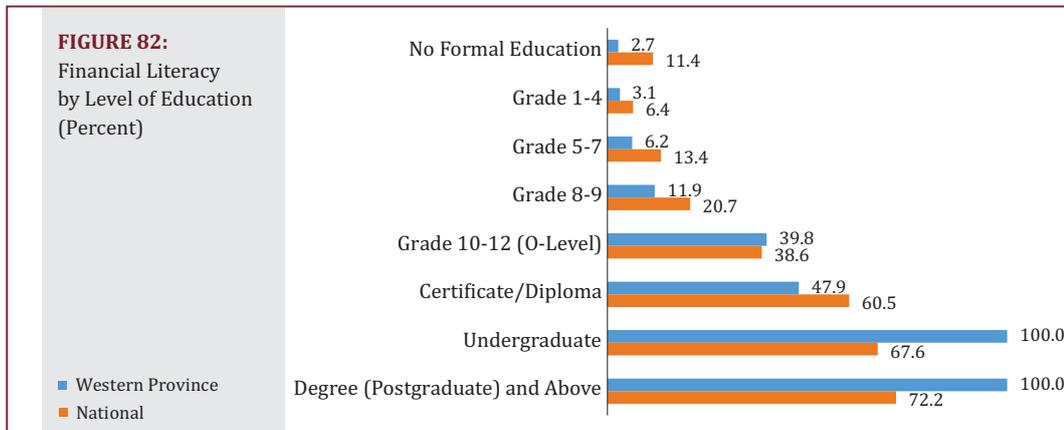
11.2 Financial Literacy by Age

The highest level of financial literacy was amongst adults in the age group 26 – 35 years, while the least financially literate were in the age group 56-65 years (Figure 81).



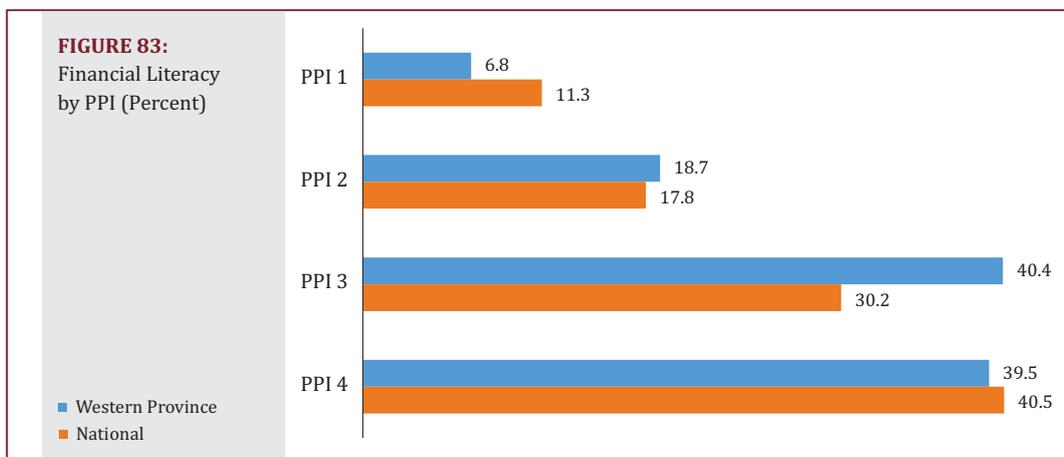
11.3 Financial Literacy by Level of Education

Financial literacy was highest amongst adults who had attained undergraduate and postgraduate degree level of education (Figure 82).



11.4 Financial Literacy by Progress Out of Poverty Index

Adults in the middle-income and high-income quintiles of PPI 3 and PPI 4 were the most financially literate, while adults from the lowest income quintile of PPI 1 were the least financially literate (Figure 87).

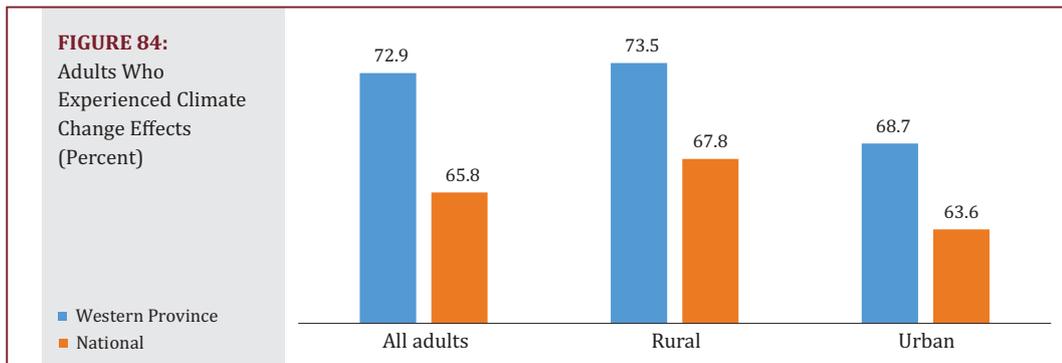


12.0 CLIMATE CHANGE

Climate change refers to the long-term shift in typical weather patterns such as temperature and rainfall, which affect the climate in a region. It is different from weather, which can change from day to day, or from year to year. Effects of climate change include more frequent and intense droughts, heat waves, rainstorms, rising sea levels and melting glaciers. Climate change can have negative impacts on wildlife, agriculture, water resources, landscapes, human health, ecosystems, energy and infrastructure. The effects of climate change also pose challenges to poverty reduction, food security and sustainable management of natural resources.

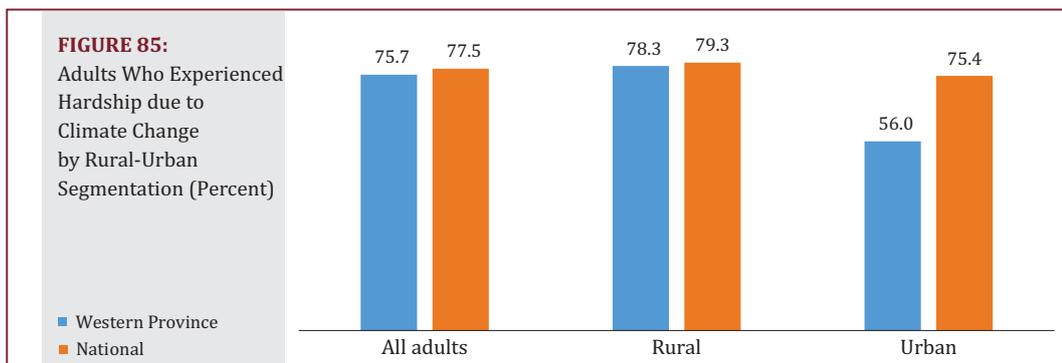
12.1 Climate Change Experience

Figure 84 shows that 72.9 percent of adults in the Province experienced effects of climate change. A higher percentage of adults in rural areas experienced climate change effects than those in urban areas.



12.2 Hardships due to Climate Change by Rural/Urban Segmentation

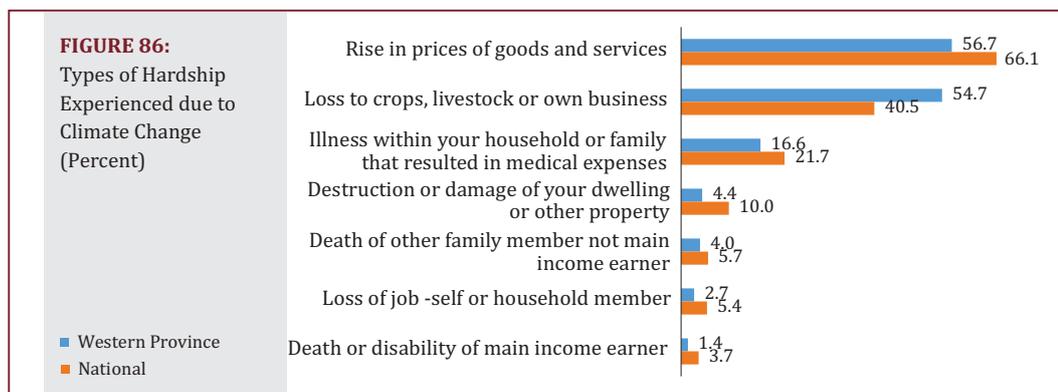
The Survey indicated that 75.7 percent of adults in the province experienced hardships due to climate change and most of these resided in rural areas (Figure 85).



12.3 Types of Hardship Experienced due to Climate Change

As illustrated in Figure 86, the main types of hardships experienced due to climate change were:

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

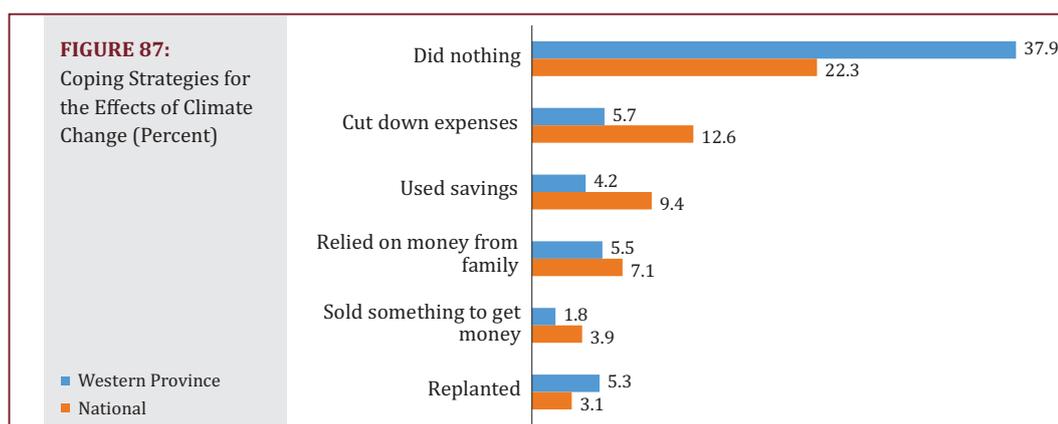


12.4 Coping Strategies for the Effects of Climate Change

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

- Cutting down expenses;
- Obtaining money from family and friends; and
- Replanted the crop.

However, 37.9 percent of adults had no coping against the effects of climate change (Figure 87).

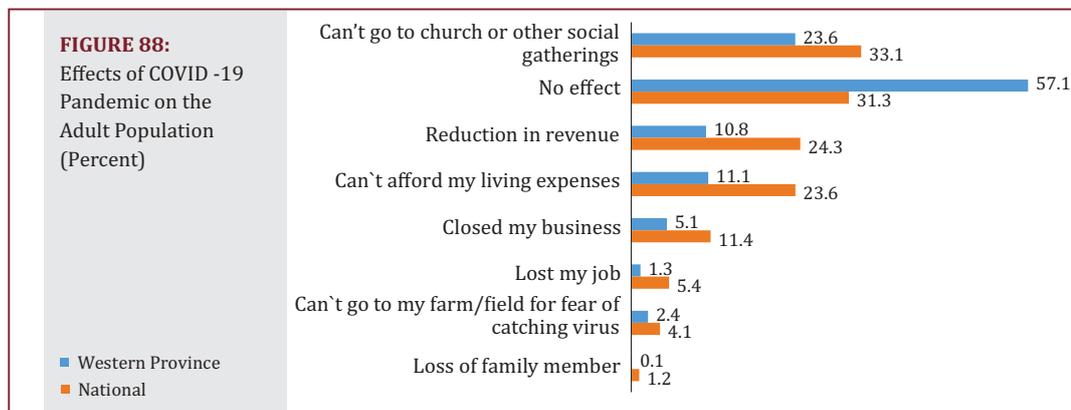


13.0 COVID-19 PANDEMIC

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

13.1 Effects of COVID-19 Pandemic on the Adult Population

The main effects of the COVID – 19 pandemic reported by adults in the Province were failure to meet living expenses, restriction on church attendance or other social gatherings and reduction in revenue. However, 57.1 percent of adults reported that the Pandemic had no effect on their lives (Figure 88).



13.2 Coping Mechanisms against Effects of the COVID – 19 Pandemic

Figure 89 shows that most adults in the Province employed the following coping mechanisms against effects of the COVID – 19 Pandemic:

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



14.0 CONCLUSION AND RECOMMENDATIONS

The FinScope 2020 Survey showed that Western Province had the lowest level of financial inclusion amongst all Provinces at 40.7 percent compared with 69.4 percent at national level.

The Survey also indicated that 30.6 percent of adults had or used formal financial services compared with 61.3 percent at national level. The level of formal inclusion was higher among males and in urban areas than females and in rural areas. The uptake of DFS was also the lowest among all the provinces.

The uptake of pension and insurance services was lower than the national level of 8.2 percent and 6.3 percent as more than seventy percent of the population had never heard of insurance and were unemployed. Therefore, more is required to raise the productive capacity and level of financial literacy among adults in Western Province.

The percentage of adults who were financially healthy, at 10.8 percent was lower than the estimate at national level of 13.6 percent. This was attributed to less adults having the ability to cope with risk and invest for the future.

In terms of financial literacy, the Survey showed that 11.0 percent of the population was financially literate, less than half the national average of 23.6 percent. These adults were mostly male and urban-based.

With regard to climate change, 72.9 percent of adults in the Province experienced effects of climate change compared to 65.8 percent at national level. This was mostly amongst those from rural areas. The main types of hardship experienced due to climate change were the rise in prices of goods and services and the loss of crops/livestock/own business.

The main effects of the COVID-19 pandemic were failure to afford living expenses (11.1 percent) and restriction on attending church or other social gatherings (26.3 percent). Cutting down expenses was the most employed coping mechanism against the effects of the COVID -19 pandemic. However, 57.1 percent of adults reported that they did not experience any hardship because of the pandemic.

It is important to note that 93.4 percent of adults in the Province were in the low income quintiles of PPI 1 and PPI 2 and the main income generating activity was subsistence farming. Therefore, a more coordinated approach by the Government and financial sector stakeholders in the Province is required to facilitate implementation of appropriate policies and interventions to improve the economic welfare and access to financial services. Financial inclusion can contribute to helping the most vulnerable communities to build resilience as well as mitigate losses caused by climate change and the impact of the COVID -19 pandemic.

The following recommendations would provide greater momentum to achieving financial inclusion in the province:

1. Rural finance initiatives to empower productive capacity of poor communities, particularly farmers and the SME sector;
2. 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;
3. Development of infrastructure to support implementation of widespread digital systems and financial access points at affordable pricing across the country;

4. 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;
5. 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;
6. Promotion of innovation, FinTech and targeted design of affordable products/services leveraging on digital platforms;
7. Coordinated cyber security awareness programs by financial service providers, regulators and other stakeholders;
8. Collection of financial sector data and conducting research studies for greater understanding of behavioural patterns to facilitate evidence based policies/strategies/initiatives for increasing financial inclusion; and
9. Implementation of sustainable green finance policies/strategies to mitigate the risks of climate change.

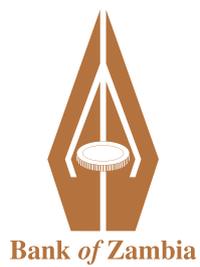
15.0 APPENDICES

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 85	Figure 97
Adults who Experienced Hardships due to Climate Change - Urban (%)	75.4	74.9		
Financial Literacy - Rural (%)	16.2	15.6	Figure 80	Figure 92
Financial Literacy - Urban (%)	31.9	32.5		
Financial Health - Rural (%)	11.7	11.3	Figure 70	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 56	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:

