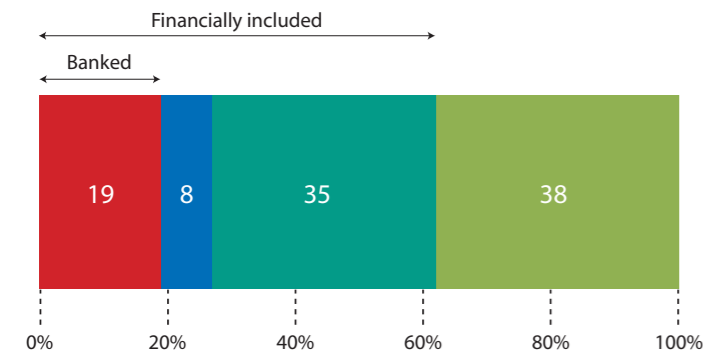


The Financial Access Strand

The diagram illustrates financial access in its broadest sense and assumes all adults in Kenya (aged 18 and over) fall into one of four broad segments. The categories are exclusive, and someone who is classified in the formal product group may also use informal products.

- Those who use formal products in a regulated financial institution eg a deposit account or insurance policy. All holders of accounts with Postbank are also regarded as banked.
- Those who use products from institutions that operate as formal entities but without regulation by monetary authorities eg SACCO (Savings and Credit Co-operative Society) savings account.
- Those who use informal products from informal groups and associations, eg participation in a ROSCA (Rotating Savings and Credit Associations).
- Those who are financially excluded and do not use any financial products; people in this category are 'unbanked'.

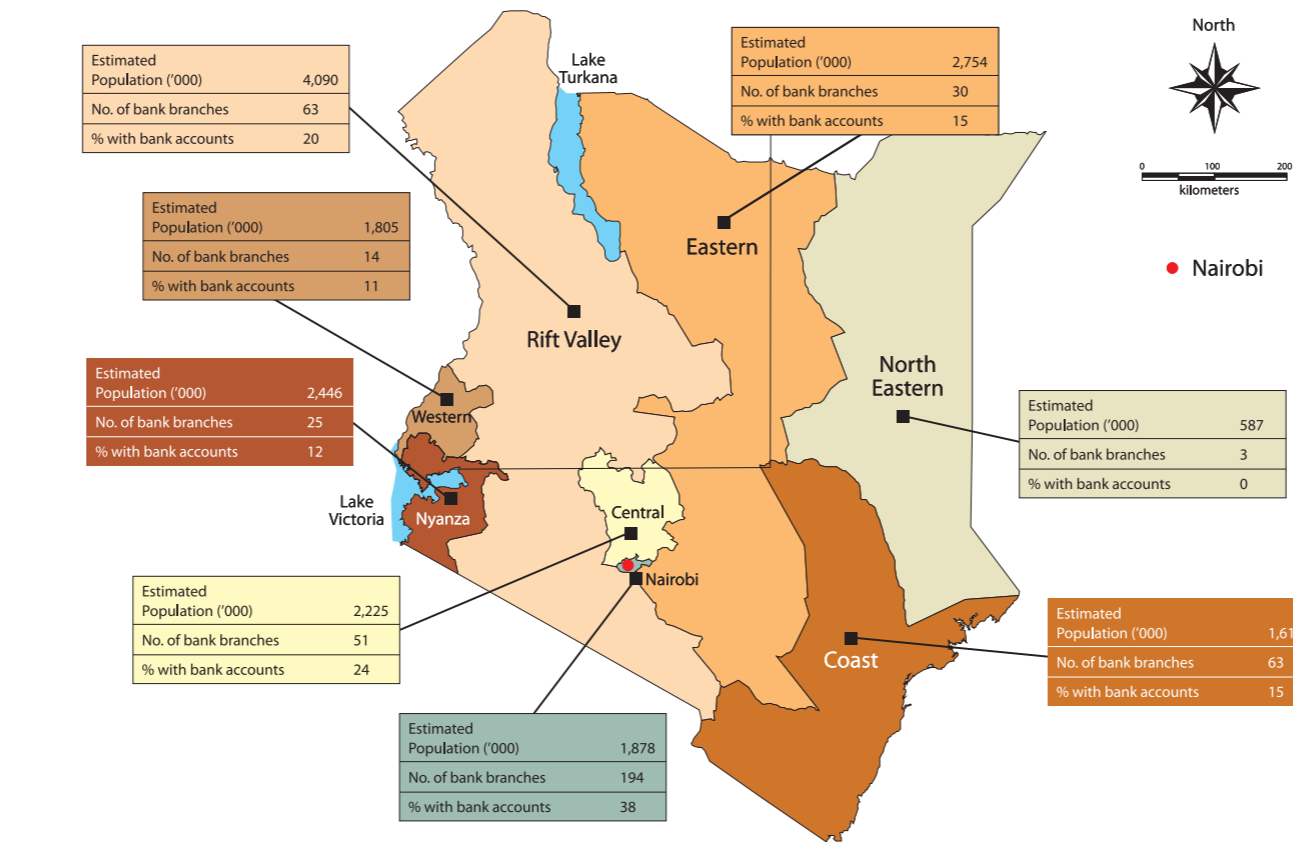


Type of financial products used

- Formal - regulated banks, building societies or Postbank
- Formal other - SACCOs and MFIs (microfinance institutions)
- Informal - ASCA (Accumulating Savings and Credit Associations) and ROSCAs
- Unbanked - no formal or informal financial products used



Bank account usage by province



Financial access by main source of income

Half the people in the banked category work for a wage in a large establishment or run their own business. Most of the unbanked either produce food crops or depend on transfers.

	Banked*	Financially included but no formal services	Unbanked
Waged, large establishment	28%	5%	3%
Waged, small establishment	12%	5%	5%
Waged, domestic	1%	2%	6%
Agric wage, fulltime	1%	2%	3%
Agric wage, seasonal	2%	6%	6%
Agriculture, cash crops	6%	10%	4%
Agriculture, other produced	11%	27%	20%
Business	24%	18%	17%
Transfers	8%	11%	20%
Not specified/not categorised	1%	5%	4%

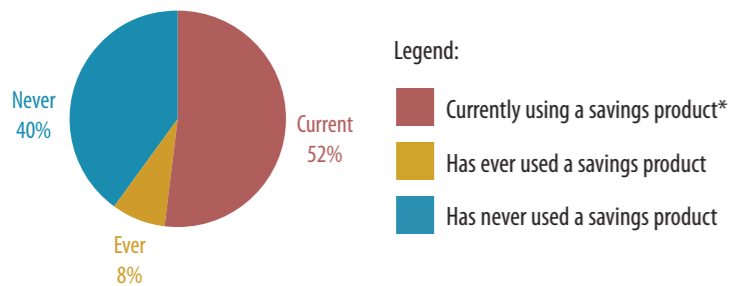
* percentages are column percentages

Characteristics of the banked

	Characteristic	% with this characteristic
Gender	Male	61
	Female	39
Age	18-24	11
	25-34	34
	35-44	22
	45-54	17
	55+	15
Education	None	4
	Up to primary	24
	Secondary +	72
Mobile phone access	Own a phone	69
	Via family/friend	15
	No access	16

Usage of savings products

Many people save using formal and informal methods.



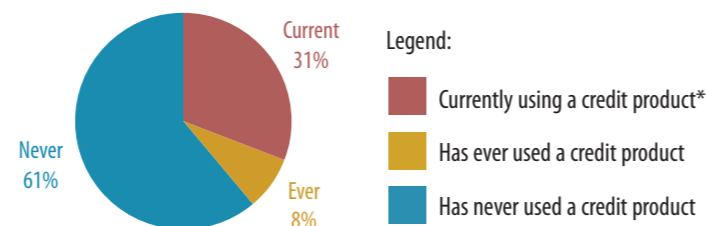
* this excludes those who only save by giving money to a family member or friend for safekeeping, or at home in a secret place

Top 5 reasons for saving

Meeting household needs	57%
For education (self, children or siblings)	18%
For emergency (e.g. funeral, medical)	16%
Personal items (e.g. clothes, shoes, travel)	12%
Agricultural inputs	8%

Usage of credit products

Excluding family/friends (a popular source of loans), the next most common creditor is the local shopkeeper.

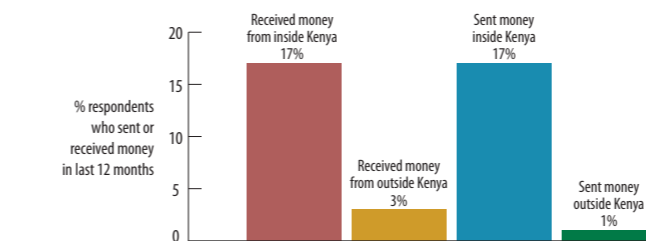


* this excludes the 5% of respondents who only borrow from family or friends

Sources of credit

Loan from shop/supplier	74%
Loan from a SACCO	13%
Personal loan/business loan from a bank	6%
Loan from an ASCA	6%
Loan from a microfinance institution	3%
Loan from a government institution e.g. Joint Loans Board or HELB	3%
Loan from an employer	3%
Loan/credit from buyer of harvest (e.g. tobacco, vegetables)	3%

Usage of money transfer services



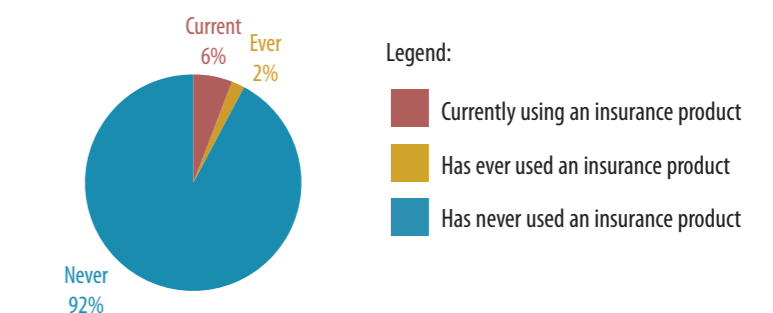
Methods of money transfer used

The most popular methods for sending or receiving money within Kenya are informal methods - with a family/friend or using a bus/matatu company. The most popular ways of international money transfers are formal money transfer services such as Western Union, or directly into a bank account.

Means of transfer	Local Money Transfers %	Intern'l Money Transfers %
Sent with family/friend	58	36
Using money transfer services	9	66
Through bus or matatu company	27	27
Post Office money order	24	20
Directly into bank account	11	29
By cheque	4	8
Paid into someone else's account, who then passed it on	3	8

Usage of insurance products

Usage of insurance is low at 6%. The common types of insurance policies in use are medical (39%) and motor (31%).



Perceptions about low usage of insurance products*

People can't afford it	69%
People don't know about insurance or how it works	32%
People don't know how to go about buying cover	19%
Some insurance companies con people out of their money	19%
People don't know how to find out where to buy it from	16%
People don't see the need for it	15%

* multiple responses were spontaneously mentioned by interviewees



Mobile phone usage

Own phone	27%	63%	52%	19%
Via family/friend	27%	20%	23%	29%
No access	45%	16%	24%	52%
	National	Nairobi	Urban	Rural
	All	All	All	All

Mobile phones are an example of a technology that has completely changed the way Kenyans communicate. A new range of mobile-based services are now being provided, and new methods of building customer loyalty with cards are also increasingly popular. Investigating the use of these technologies gives an indication of potential uptake for the delivery of financial services in new ways.

Usage of technology related services (by all respondents)

Usage of sambaza mobile phone credit transfers	21%	55%
Have loaded airtime credit at a supermarket till	4%	15%
Send text/sms messages	29%	61%
Buy services on mobile phone eg dial tones	8%	23%
Usage of ATM cards	8%	24%
Usage of supermarket loyalty cards	2%	9%
Have heard of doing banking on cell phone	25%	51%
	National	Nairobi

Technology

Educational level

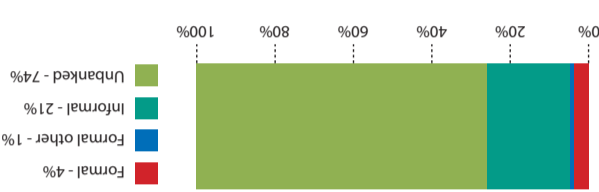
None	7%
Up to primary	50%
Secondary	44%

Although most 16- and 17-year olds are single, 9% are married/living with partner or divorced.

Marital status

Single	89%
Divorced	1%
Married/Living with partner	8%

Young people who try to make their own living often do so by working in agriculture (35% do so).



Access strand for the youth

Many young people under 18 are in employment but cannot legally operate an account without a guardian's consent. The FinAccess study also interviewed a number of 16- and 17-year olds to understand their circumstances.

Youth

Services offered by group

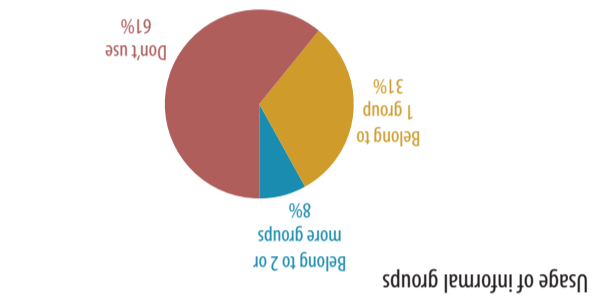
Give one member all monies collected in one round	56%
Raise money for other emergencies	26%
Raise money for funerals	24%
Lend money to members when they need it	23%

Most informal groups form for social reasons, and the most common service available is the merry-go-round, when the collected monies of the members are distributed to a single member in turn.

Common services offered by groups respondents belong to

Gender	Male	42%
Female	Female	58%
Age	18-24	16%
25-34	25-34	31%
35-44	35-44	22%
45-54	45-54	14%
55+	55+	17%
Education	None	12%
Up to primary	Up to primary	51%
Secondary +	Secondary +	36%

Characteristics of respondents who use informal groups



Usage of informal groups. Informal groups. Many people use rotating savings and credit associations (ROSCAs or chamas) in order to save money. Groups differ widely in their operations and the services they offer their members. More women than men use

Informal groups

Objectives of the FinAccess study

FinAccess was funded to meet the following objectives:

- To measure access and demand for financial services in a nationally representative survey, not focusing only on the poor. This will help to develop a sense of the market continuum, and increase understanding of the zones of transition, eg between the currently banked and the bankable
- To contribute to the development of a comprehensive understanding of the landscape of financial service in Kenya by making the results widely available to stakeholders and service providers
- To encourage institutions to develop new markets to target emerging groups of clients profitably
- To provide a benchmark measure of effective access to financial services that can be monitored over time and be used to evaluate the effect of various public initiatives to deepen access

Methodology

In order to ensure a national fully representative survey of the financial behaviour of the entire adult population of Kenya, the Kenya Central Bureau of Statistics (CBS) was consulted to draw a sample from their national framework of 62,000 census enumeration areas. For this survey, 442 clusters were selected for the sample.

In order to ensure random selection of respondents, the selection process was divided into three stages:

- random selection of the cluster
- random selection of 10 households within each cluster
- random selection of the individual within the household

A sample size of 4,214 was achieved. The field work was conducted in August and September 2006.

Survey findings were weighted by CBS to national population estimates.

The FinAccess survey was supported by the **Financial Access Partnership**, with representation from the following organisations:



This brochure only highlights the key findings from the survey. Interested organisations with further analysis or interpretation requirements should contact: finaccess@fsdkenya.org
For more information visit www.fsdkenya.org/finaccess



Results of a national survey on access to financial services in Kenya 2007