

Financial Inclusion

STATISTICS CONFERENCE

Highlights of the FinAccess Counties Report

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BACKGROUND

- The main objective of Fin Access Surveys is to monitor developments and progress in the financial sector for policy makers and industry players to gain a better understanding of the inclusivity and overall dynamics of Kenya's financial landscape.
- Fin Access Household sample surveys have been carried out in Kenya in 2006, 2009, 2013, 2016, 2018 and in 2021.
- These surveys mainly focus on four dimensions namely; Access, Usage, Quality and Impact of Financial and related products and services.
- The scope of the 2021 Survey was expanded to the county level so as to provide first hand information on challenges and opportunities across all the forty-seven (47) counties in terms of financial inclusion.
- The 2021 FinAccess Survey was conducted between June and September 2021 as a Joint collaborative effort of the KNBS, the CBK, the FSD and other key stakeholders. A basic report of top line survey findings was launched on December 15, 2021.

METHODOLOGY AND RESPONSE RATES

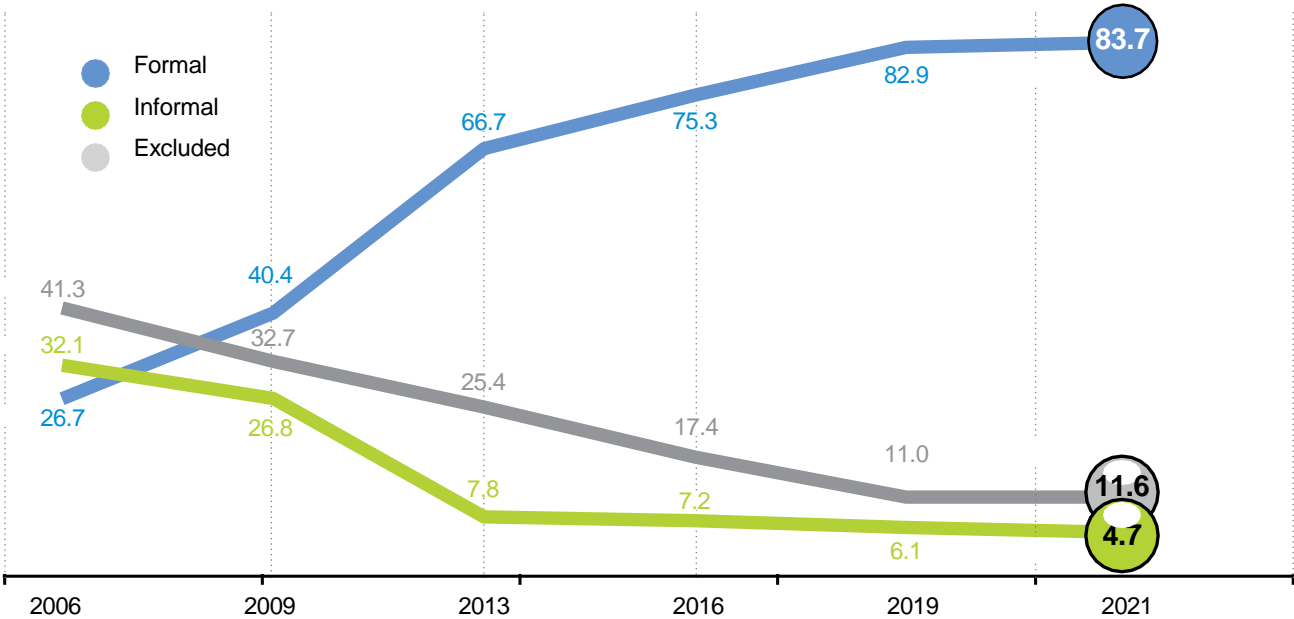
- The Survey sample was designed to provide estimates at the national, rural/urban and across all the forty-seven (47) counties.
- A random and scientifically selected sample of over 25,000 households was drawn from the 2019 Kenya Population and Housing Census using a Multi-Stage Stratified Cluster Sampling Method.
- The Survey targeted persons aged 16 years and above living within conventional households in Kenya at the time of data collection
- An 85.6 per cent response rate was achieved.

2021 FINACCESS SURVEY NATIONAL FINDINGS

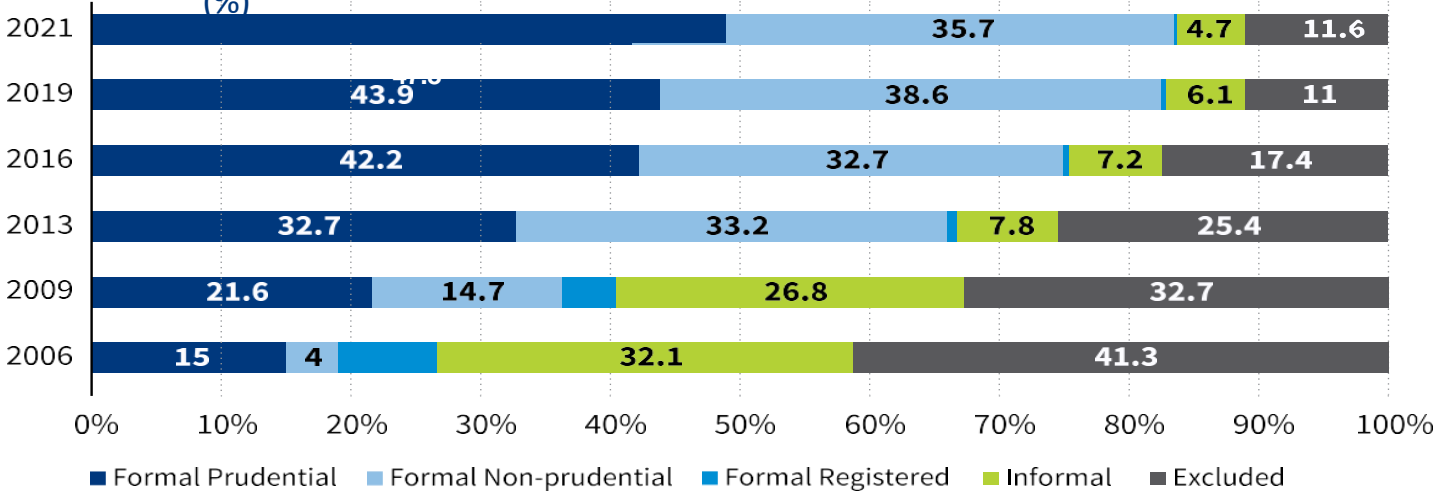
- Access to formal financial services providers rose to **83.7 %** in 2021 but those accessing informal providers declined further.
- The excluded population was **11.6%** in 2021.
- Overall, Citizens with Access to financial products and services Whether formal or informal was **88.4%**

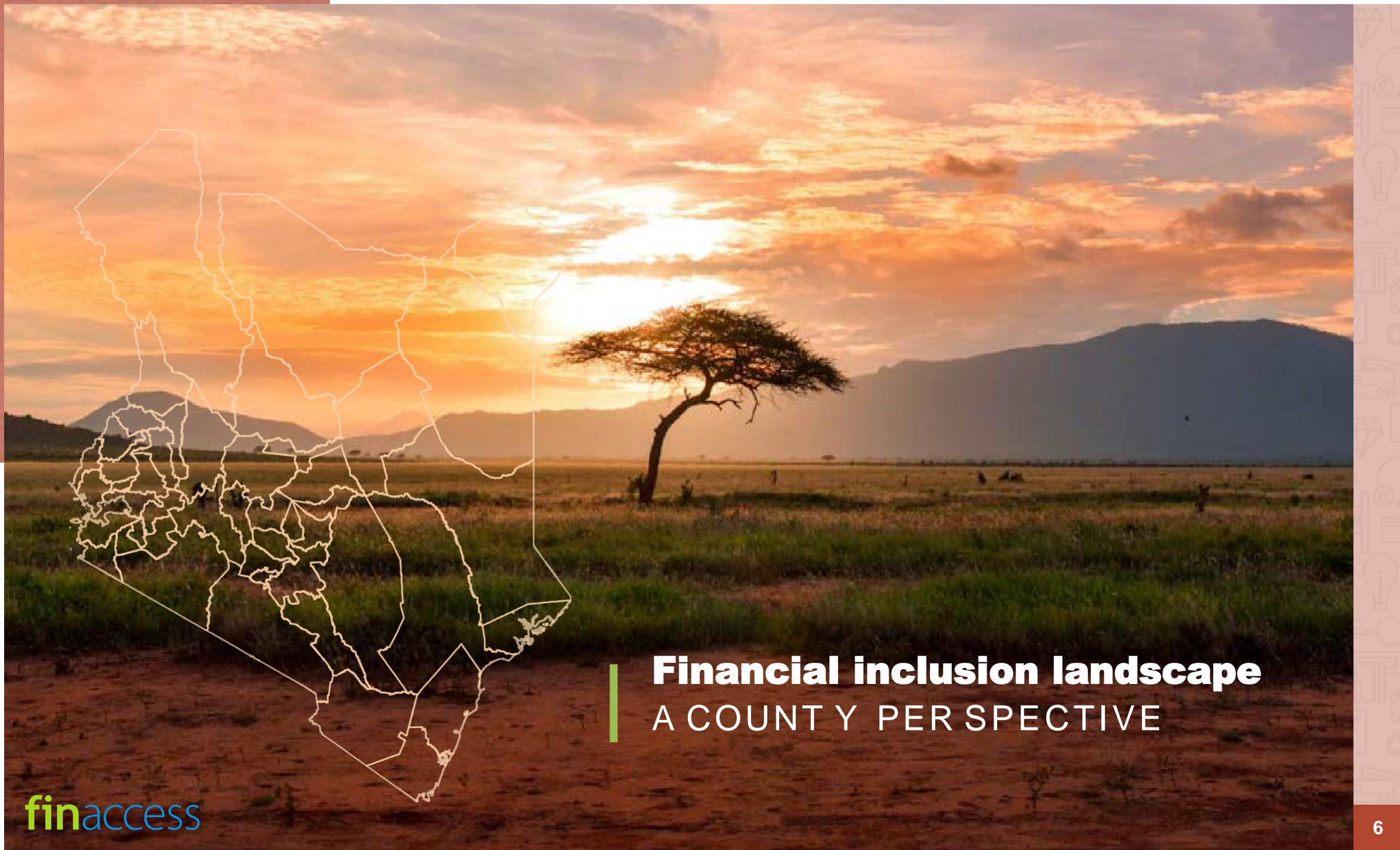
Source: 2021 FinAccess Survey
website: finaccess.knbs.or.ke

Overall financial access 2006-2021 (%)



Access by category 2006-2021 (%)





Financial inclusion landscape

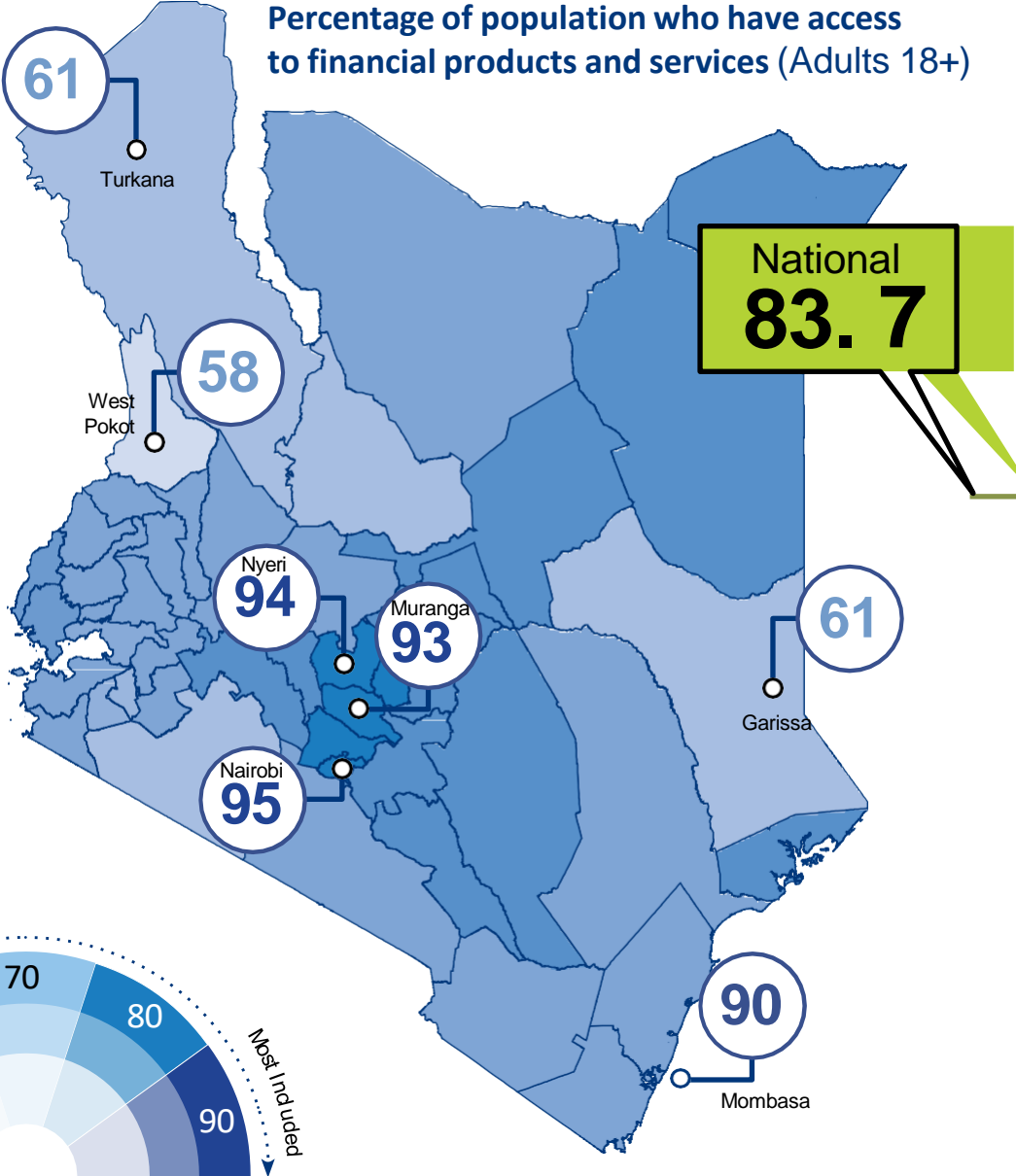
A COUNTY PERSPECTIVE

Why county level information....

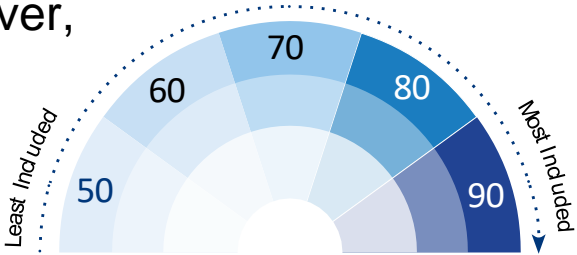
- With the new constitutional dispensation, planning at the county level, requires disaggregated data to inform the county development agenda.
- The county report seeks to provide disaggregated data that presents a better understanding of county level indicators of financial inclusion.

FORMAL ACCESS

- High inclusion nationally (83.7%) masks inequalities in access counties
- Highest Nairobi, Nyeri, Muranga, Kirinyaga and Kiambu at over 90%
- Lowest West Pokot (57.7), Turkana (60.3) and Garissa(60.7)
- High exclusion almost quarter of adult population in Kwale, Tana River, Narok, Garissa



| | |
|--------------|------|
| Nairobi | 95.0 |
| Nyeri | 93.8 |
| Murang'a | 92.8 |
| Kirinyaga | 92.2 |
| Kiambu | 91.8 |
| Mombasa | 89.8 |
| Machakos | 89.6 |
| T/ Nzoia | 89.3 |
| Kajiado | 88.7 |
| Kisumu | 88.2 |
| Isiolo | 87.8 |
| Nakuru | 87.8 |
| Embu | 87.7 |
| U/ Gishu | 87.6 |
| Makueni | 87.5 |
| Wajir | 86.5 |
| Kericho | 85.8 |
| T/ Nithi | 84.5 |
| Lamu | 84.2 |
| Mandera | 83.8 |
| Siaya | 83.8 |
| Laikipia | 83.4 |
| Taita Taveta | 82.0 |
| Homa Bay | 81.8 |
| Nyandarua | 81.1 |
| Kisii | 81.1 |
| Meru | 81.0 |
| Kitui | 80.4 |
| Kakamega | 79.5 |
| Nandi | 79.3 |
| Vihiga | 79.0 |
| Bomet | 78.6 |
| Marsabit | 78.4 |
| Busia | 78.2 |
| Nyamira | 76.8 |
| Migori | 75.5 |
| Baringo | 74.9 |
| Kilifi | 74.4 |
| Bungoma | 73.9 |
| E/ Marakwet | 73.8 |
| Kwale | 72.9 |
| Tana River | 71.3 |
| Samburu | 68.6 |
| Narok | 68.6 |
| Garissa | 64.9 |
| Turkana | 60.7 |
| West Pokot | 60.3 |
| | 57.7 |

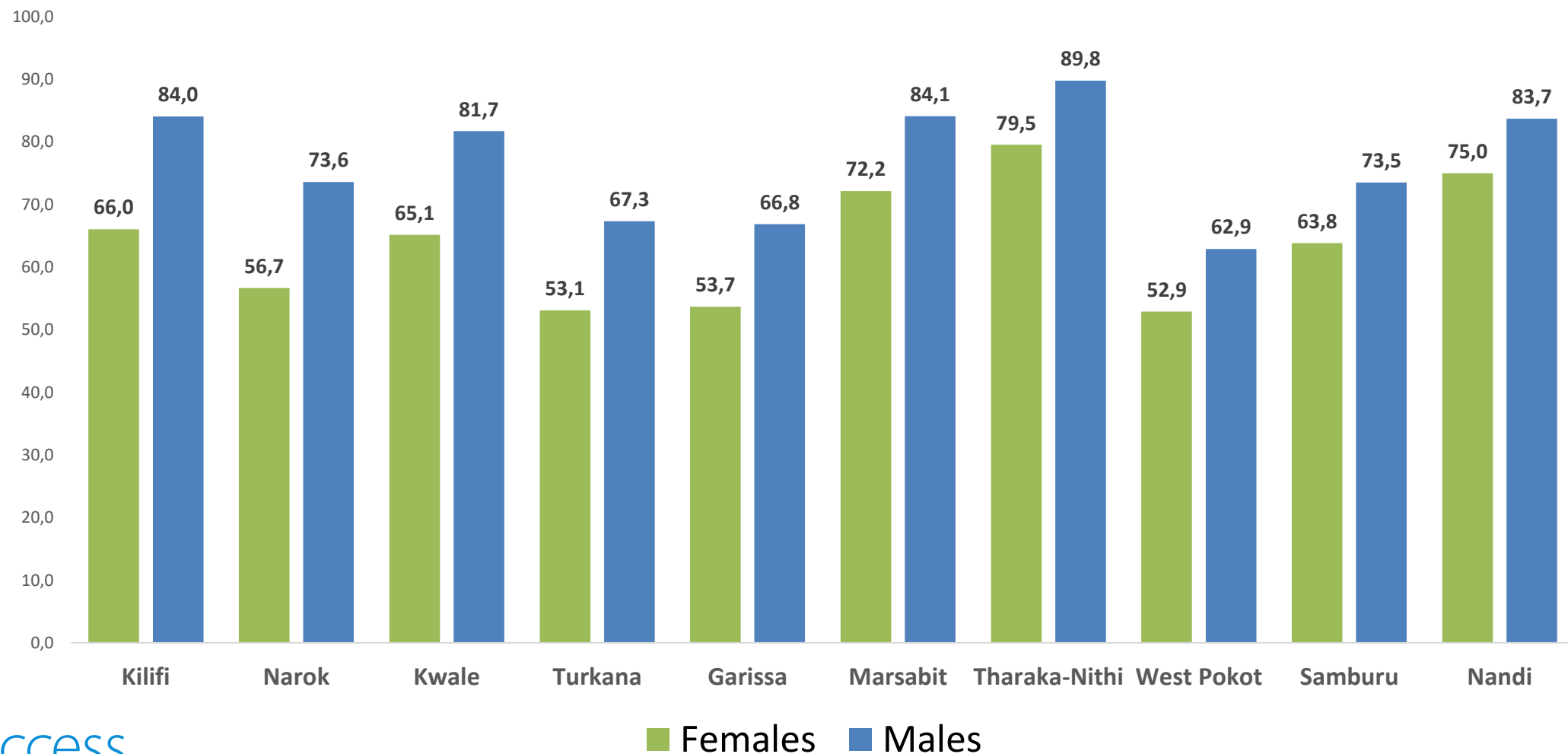


Source: 2021 FinAccess Survey
website: finaccess.knbs.or.ke

Gender disparities in access to formal financial products and services

- However, gaps exist in access to formal financial services for women
- Differences between men and women were highest in Kilifi, Narok and Kwale counties at 18, 17 and 16 percentage points, respectively.
- Implies, in some counties a significant proportion of women rely on informal products and services, or are excluded.

Top 10 counties with highest gap in Formal Access between men than women (% Formally included)



INFORMAL ACCESS

Top 10: Counties with highest access to informal financial services (% Adults 18+)

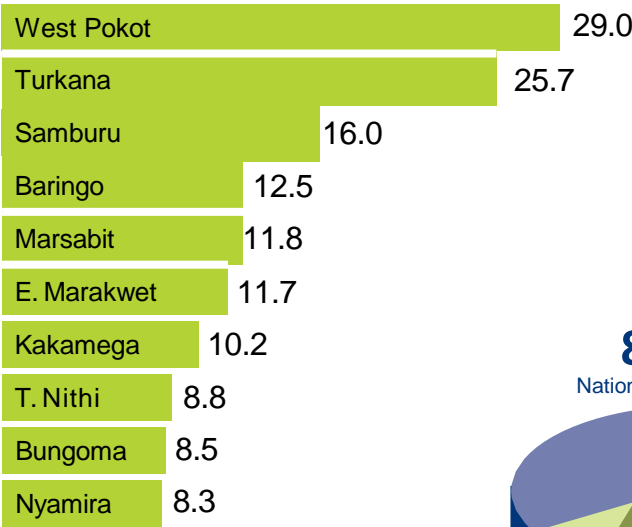


4.7%

National informal

Comprises of savings groups (Chamas), Family and friends, Shopkeeper and others

2021



EXCLUDED

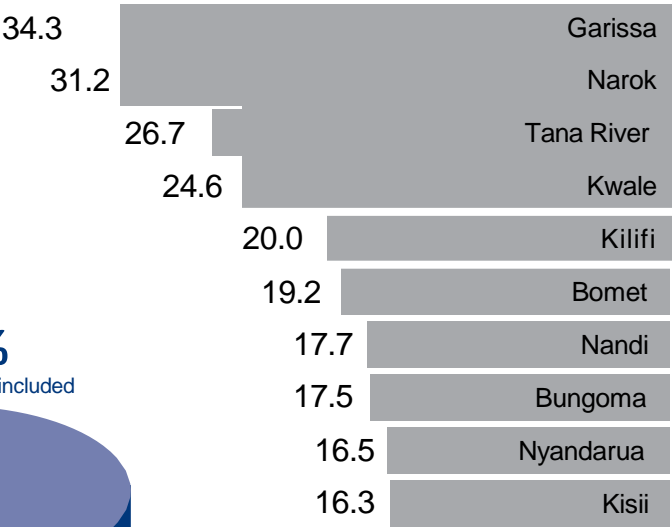
Top 10: Counties with high population that are excluded from financial services (% Adults 18+)



11.6%

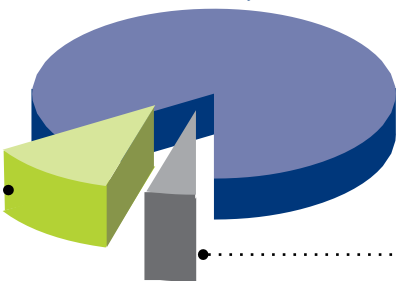
National excluded

Do not have access to either formal or informal financial products or services



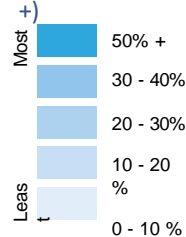
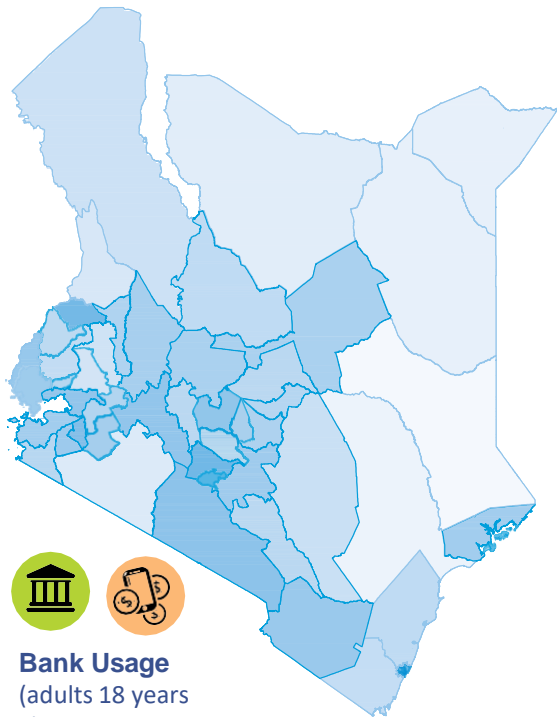
83.7%

National formally included

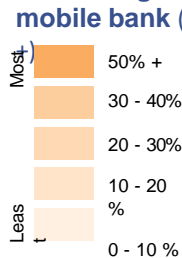
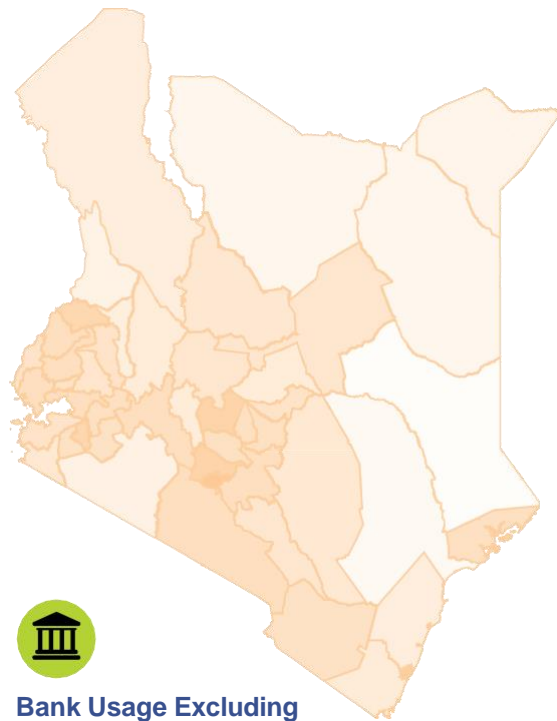


USAGE

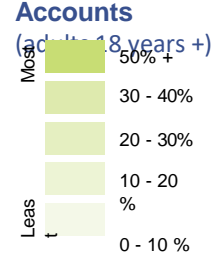
- Depicts differentials in bank (including mobile money) usage.
- National average is **44.1%**
- Usage ranges from a high of **71.6%** in Nairobi **City county** to a low of **3.8%** in Garissa county.



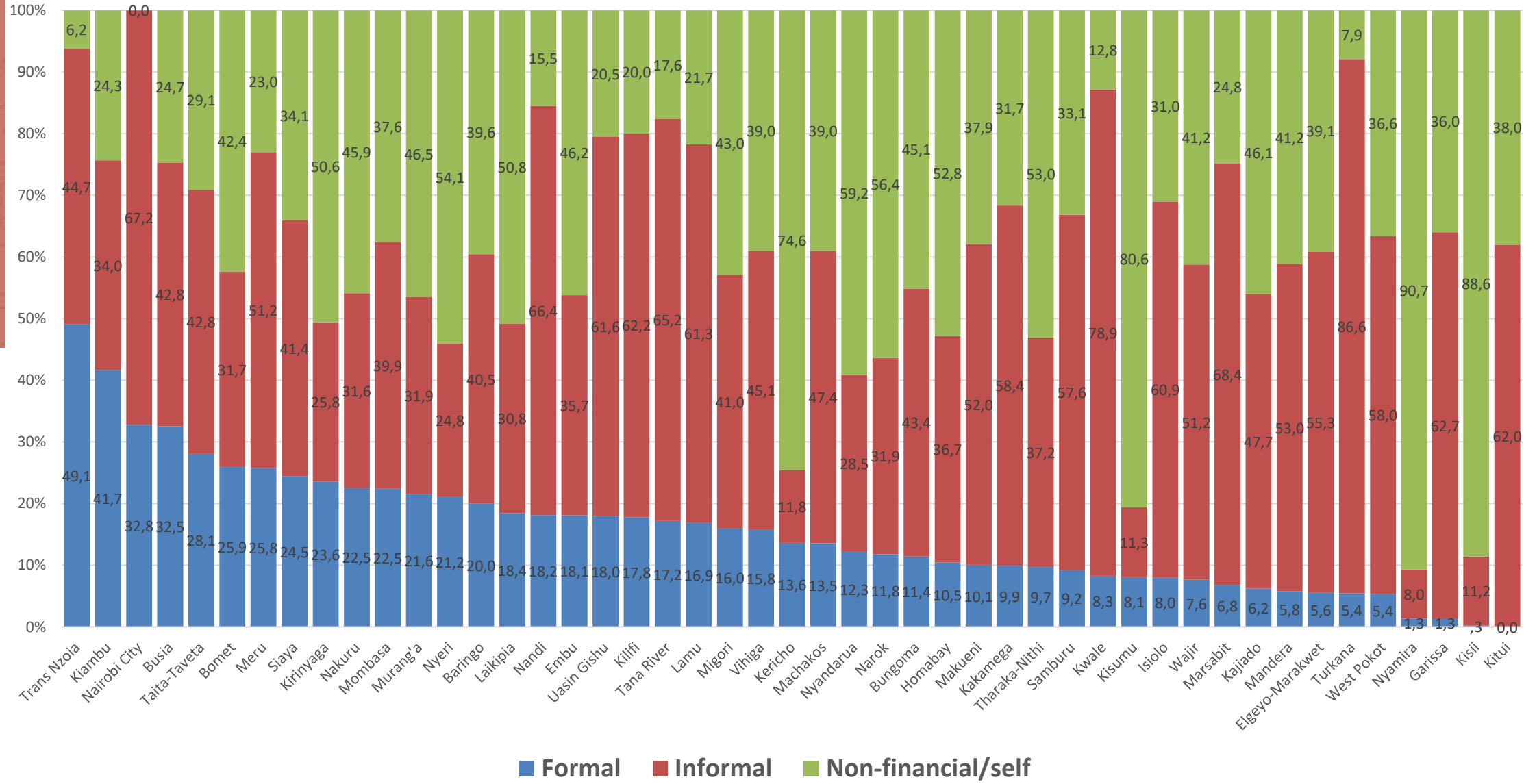
- Differentials in bank usage.
- National average is **23.8%**
- Usage ranges from a high of **44.6%** in Nairobi to a low of **0.7%** in Garissa county.



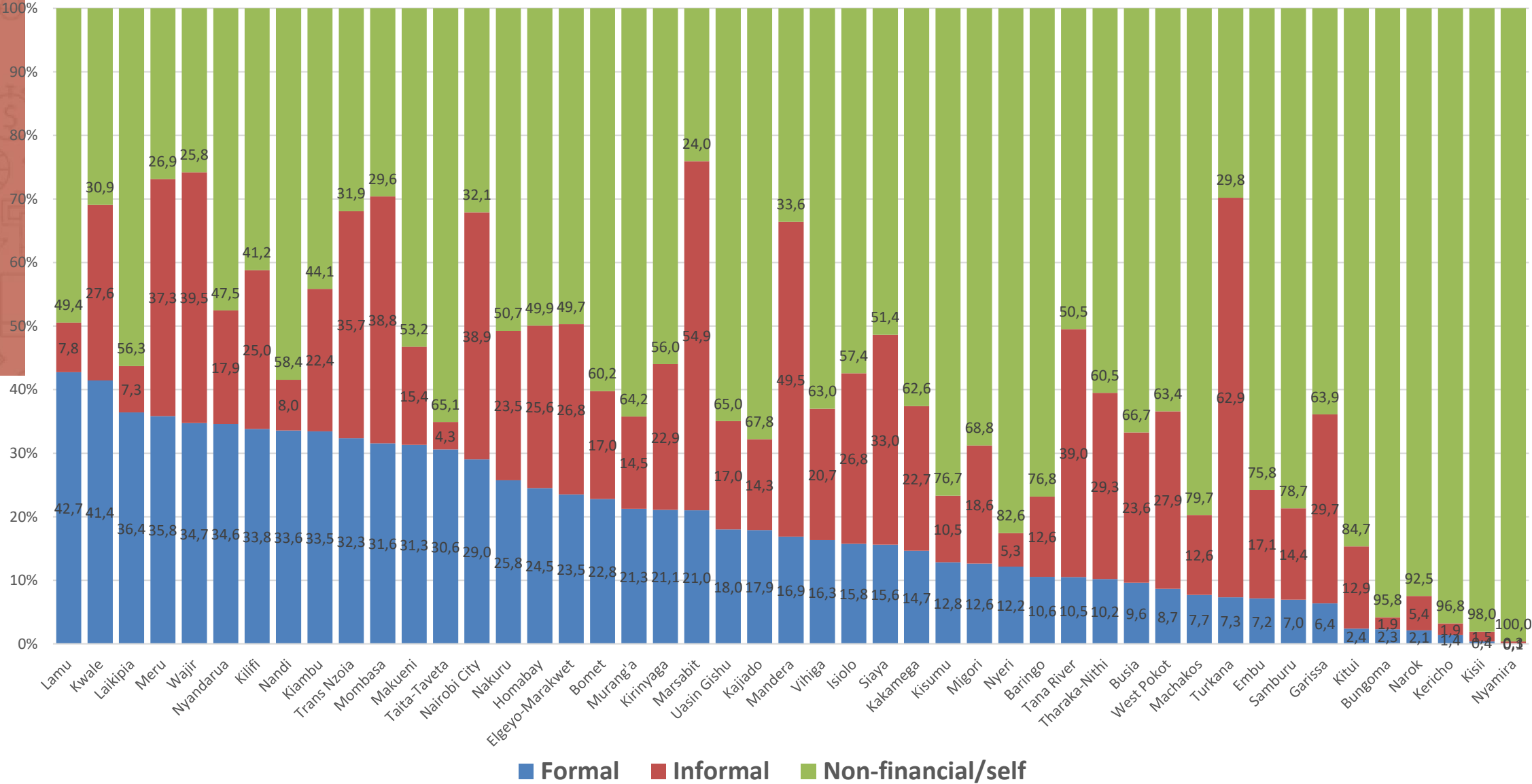
- Differentials in mobile money usage.
- National average is **81.4%**
- Usage ranges from a high of **93.9%** in Nairobi to a low of **54.5%** in West Pokot county.



USAGE: Main source of finance for farmers (main source of livelihood)

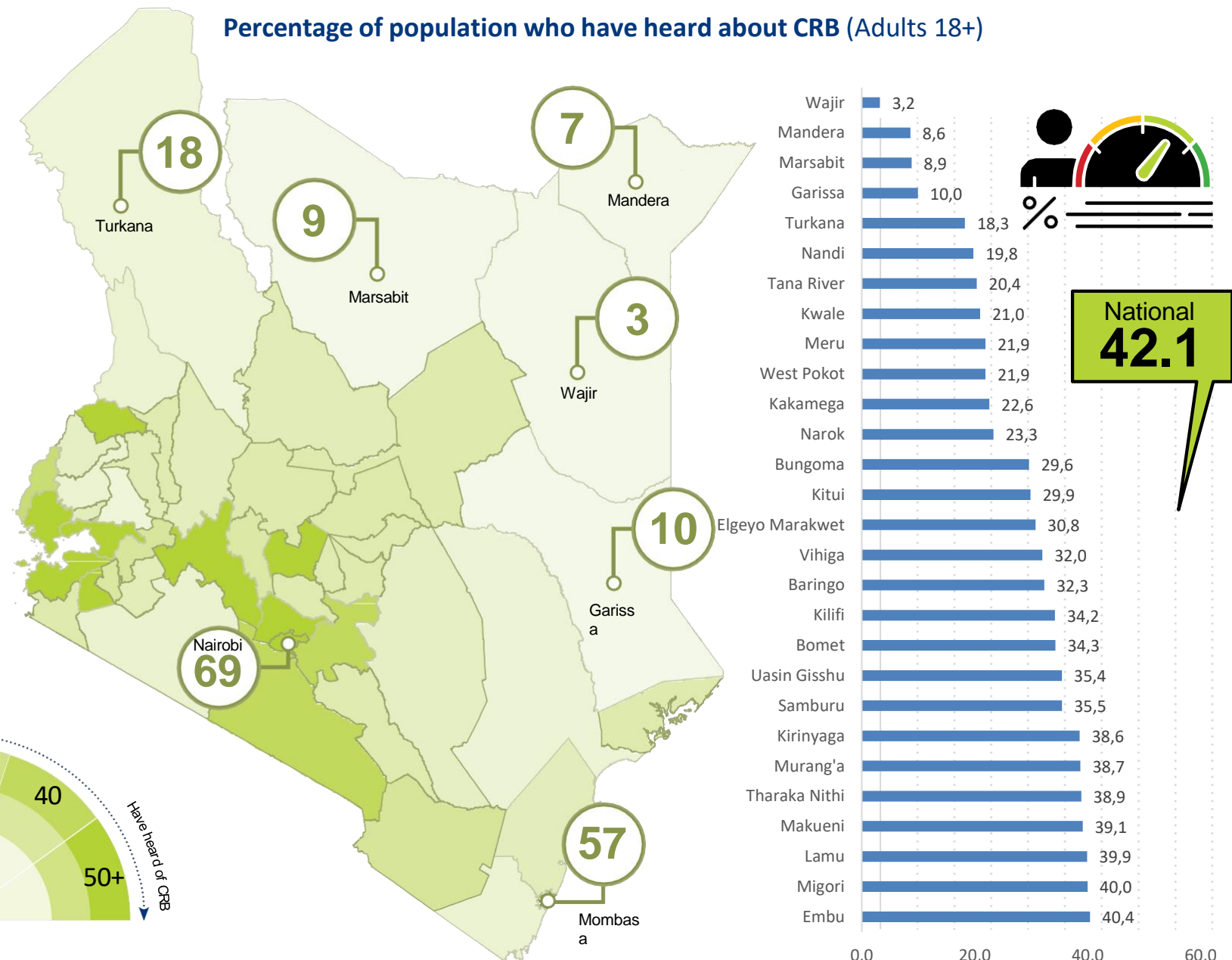


USAGE: Main Source of Financing for MSEs (main source of livelihood)



QUALITY

- Awareness of CRB ranges from a high of **69%** in **Nairobi** to a low of **3%** in Wajir.
- Awareness of CRB in **28 counties** depicted is below the national average of **42.1%**.

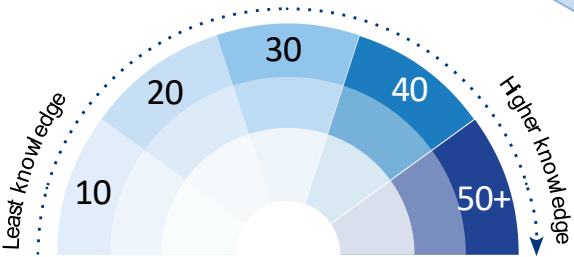
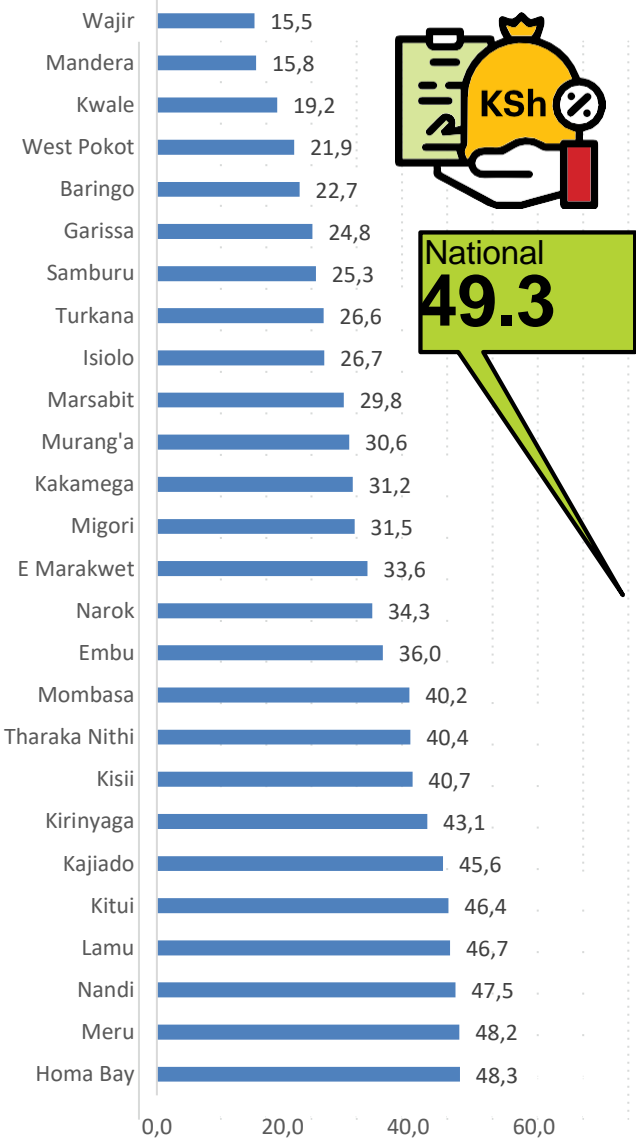
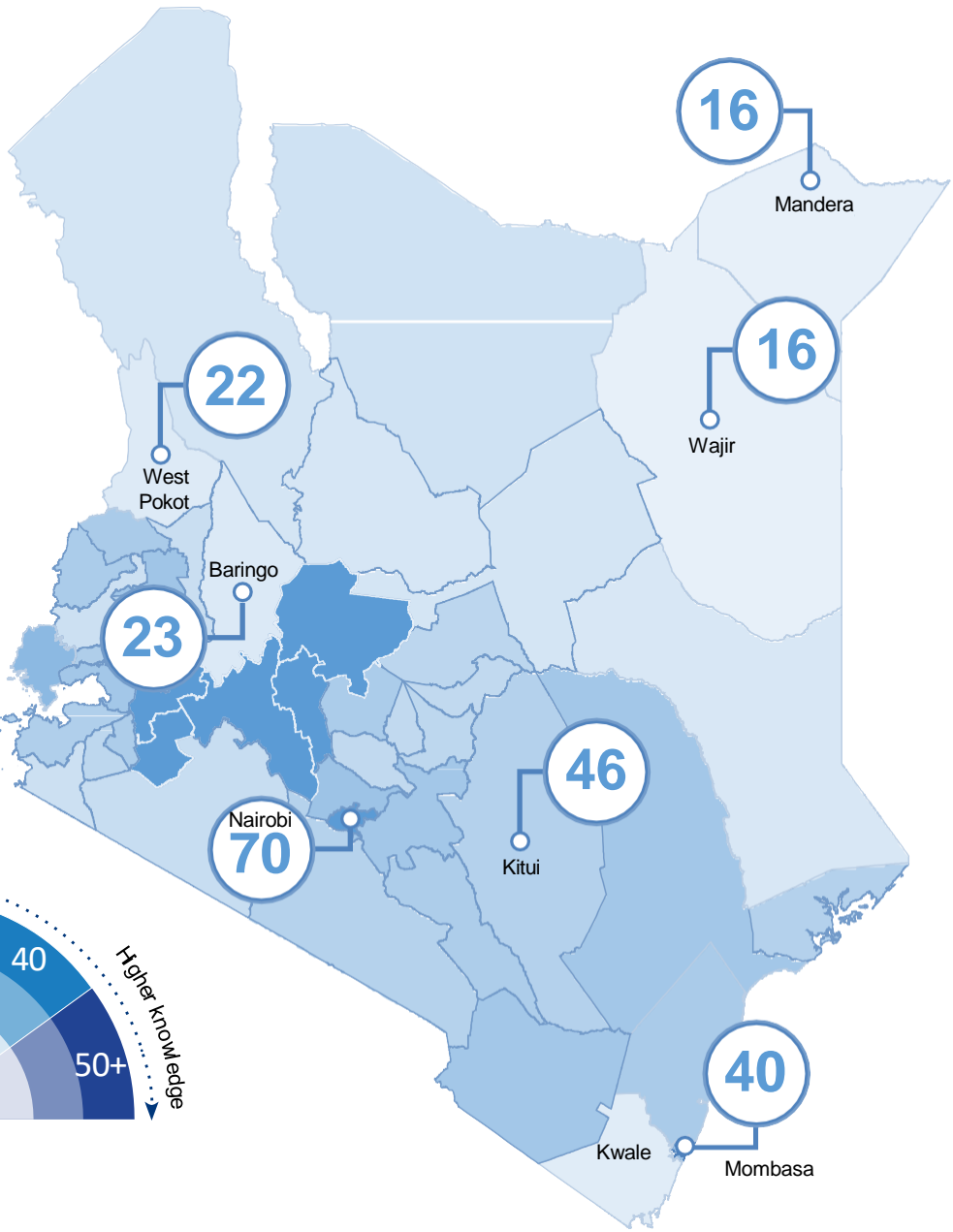


Source: 2021 FinAccess Survey
website: finaccess.knbs.or.ke

QUALITY- Continued

Percentage of population who know about the cost of borrowing (Adults 18+)

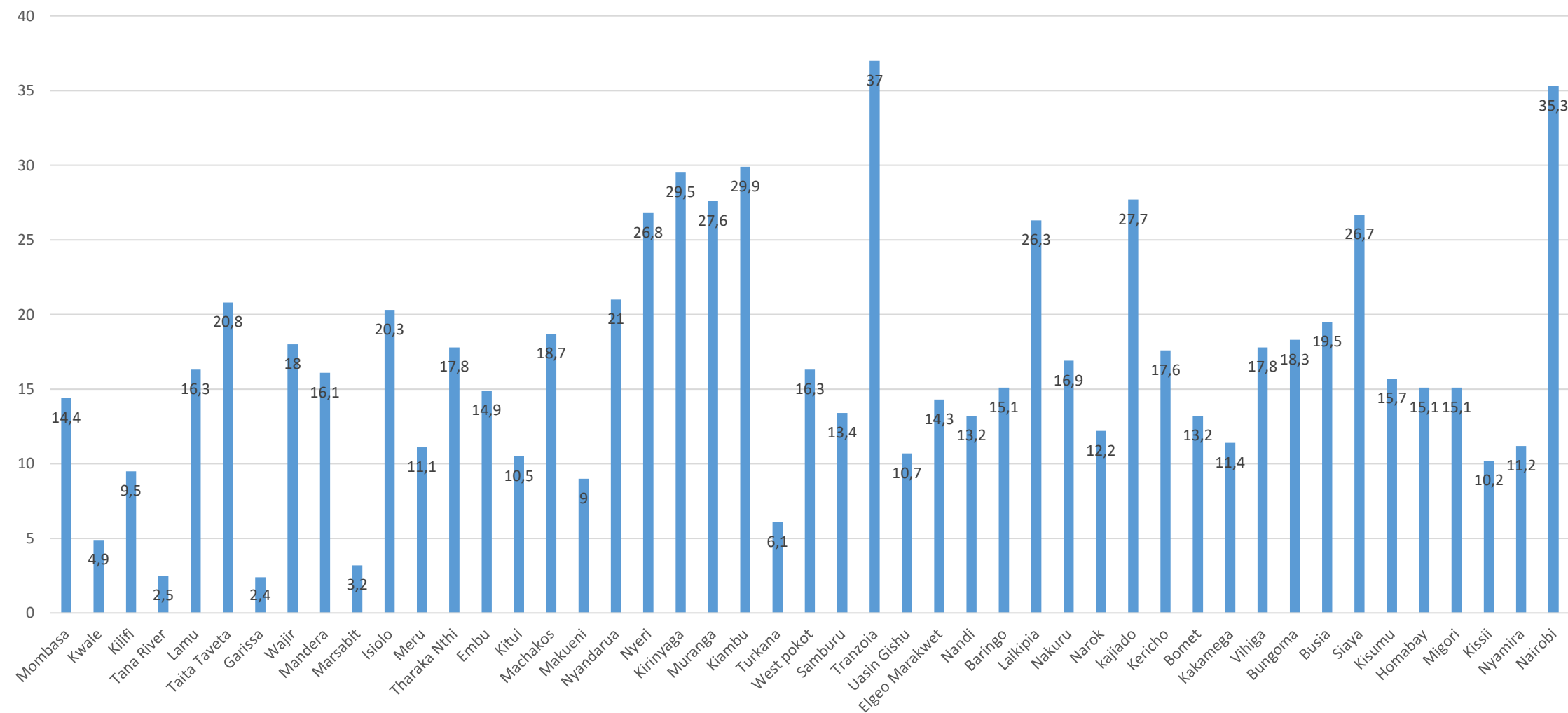
- Awareness of cost of borrowing ranges from a high of **70%** in **Nairobi** and **Bomet** counties, to below **16%** in **Wajir** and **Mandera** Counties.
- Awareness of cost of borrowing in **26 counties** is below the national average of **49.3%**.



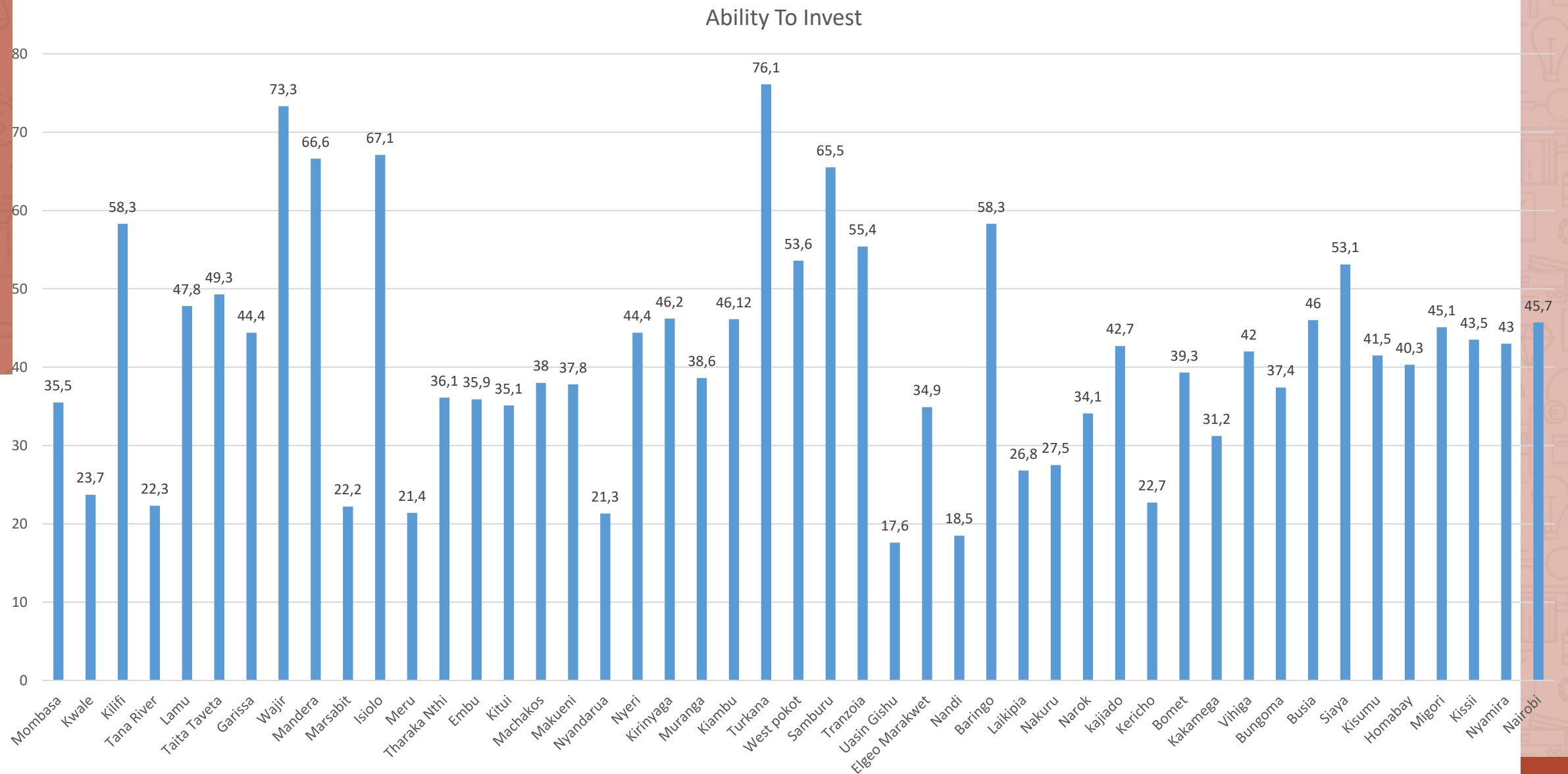
Source: 2021 FinAccess Survey
website: finaccess.knbs.or.ke

IMPACT: FINANCIAL HEALTH

Financial Health



IMPACT : ABILITY TO INVEST

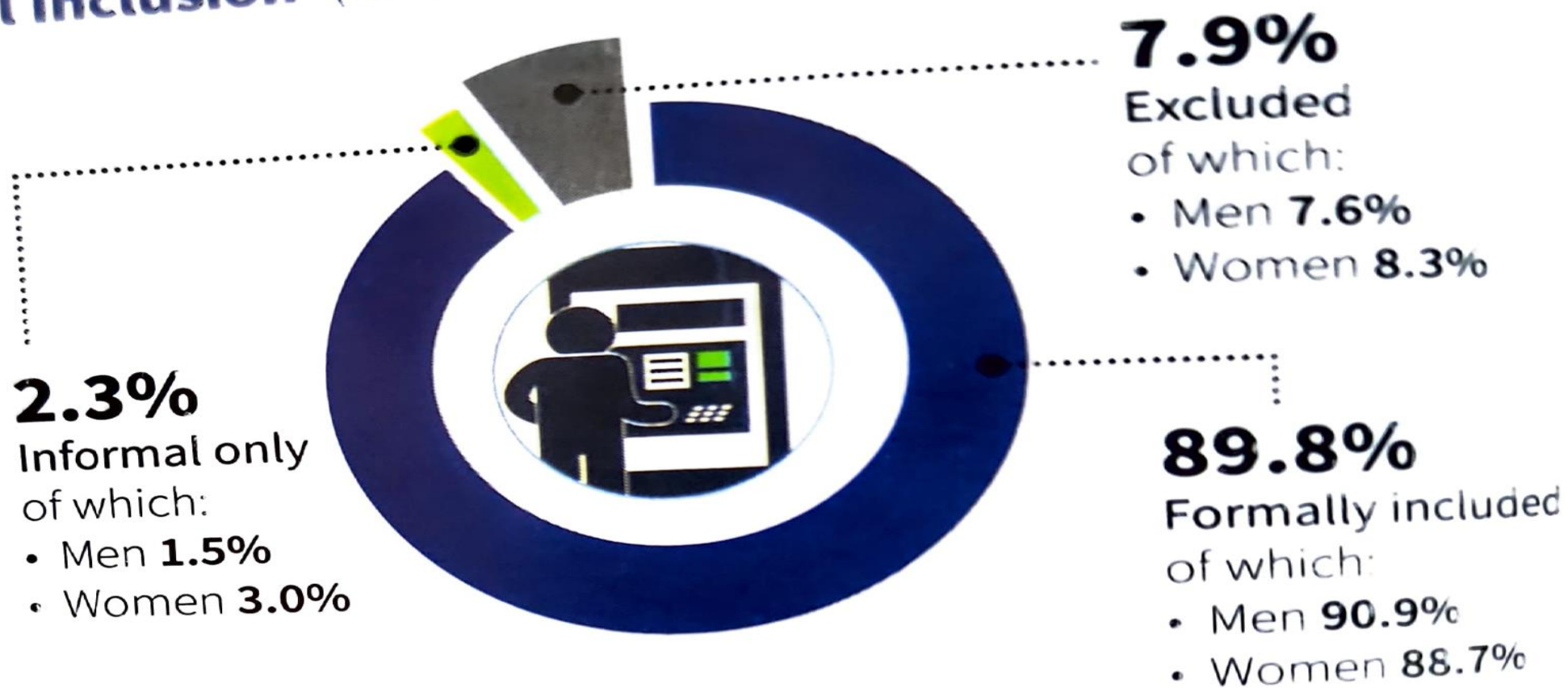


MOMBASA COUNTY- CASE

MOMBASA COUNTY: ACCESS

B. Access to Financial Services and Products

Financial Inclusion (adults 18 years +)



Source: 2021 FinAccess Household survey

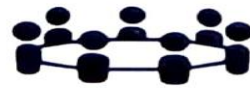
MOMBASA COUNTY: USAGE



C. Usage of Financial Services and Products



56.1%
Bank usage
(Overall)



9.3%
SACCO



3.8%
Microfinance



33.2%
Mobile bank
accounts



88.6%
Mobile
Money



22.8%
Pension



35.0%
Bank (excluding
mobile money)



34.8%
Insurance



3.4%
Capital
Markets

MOMBASA COUNTY: QUALITY

Financial Literacy (%)

Proportion of adults (18+) engaged in Betting **17.8**

Knowledge of Cost of Borrowing **40.2**

Heard of CRB Report **56.6**

Debt Distress (%)

Default on a Loan **65.5**

Source of Financial Advise (%)

Friends / family **62.9**

Respondent's personal experience **32.5**

Challenges Faced by Farmers in 2021 (%)

Lack of finance / Capital **11.2**

Finding customers **38.2**

Accessing farm inputs (seeds etc.) **0.0**

Small land sizes **34.5**

High labor costs **6.0**

Getting paid for Products sold on credit **24.2**

Drought **24.0**

Pests and diseases **34.5**

Getting products to Market/poor infrastructure **0.0**

Unscrupulous middlemen **0.0**

Lack of storage facilities **0.0**

MOMBASA COUNTY: IMPACT

Financial Health (%)

Financially Healthy Adults **14.4**

Ability to Invest (%) **35.5**

Saving For Old Age **54.5**

Set Money Aside For Future **28.8**

Set Money Aside For Productivity **35.0**

Manage Day To Day (%) **36.2**

Never went without food **38.4**

No trouble making money last **36.6**

Plan for allocating money **44.5**

Coping with Risks (%) **24.0**

Could Raise Lump Sum In 3 Days **15.4**

Regularly Kept Money Aside For Emergencies **32.6**

Never Went Without Medicine **42.7**

Main Life Goal (%)

Putting food on the table **14.0**

Educating yourself or your Family **26.9**

Starting/improving your Business/farm/ add livestock **10.9**

Buying land/ building a house / Improving your house **5.4**

Health (yourself or family/Others) **19.3**

Getting a job/developing your Career **22.3**

CONCLUSION ON THE COUNTY INDICATORS

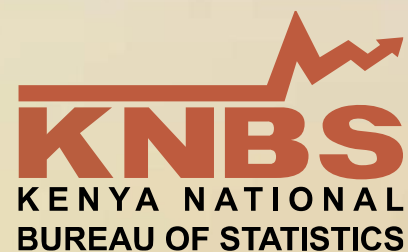
- Evidenced disparities in Financial Inclusion across counties.
- The gap between the highest and the lowest financially included counties is significant.



- Policies and programmes to bridge the disparities are key to enabling financial inclusion across the counties.
- County level information will Inform consumer education; product development; policy and regulatory actions.



Central Bank of Kenya



fsd
Kenya

Thank you