

# 2021 FinAccess Household Survey

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Welcome

## FinAccess deep-dives

Christine Hougaard | 10 November 2022

*“Is financial consumer protection achieving its purpose?”*  
Proof of concept for a FinAccess Kenya financial consumer protection outcomes index



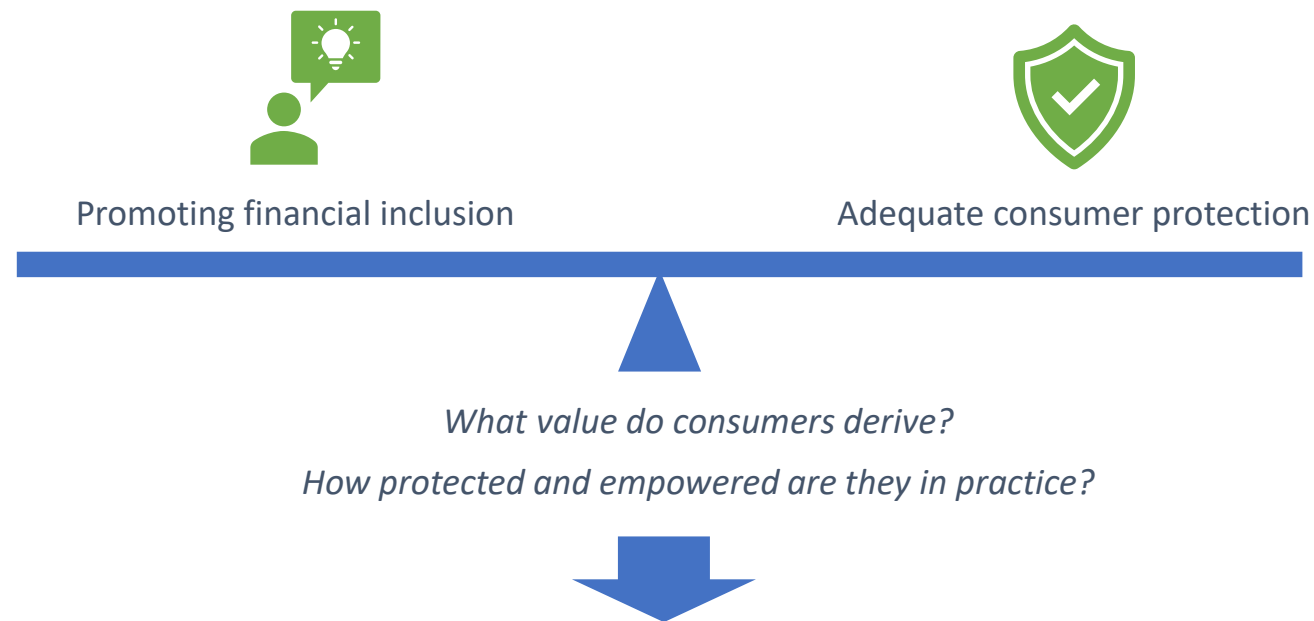
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# Taking the consumer pulse on a tricky balancing act



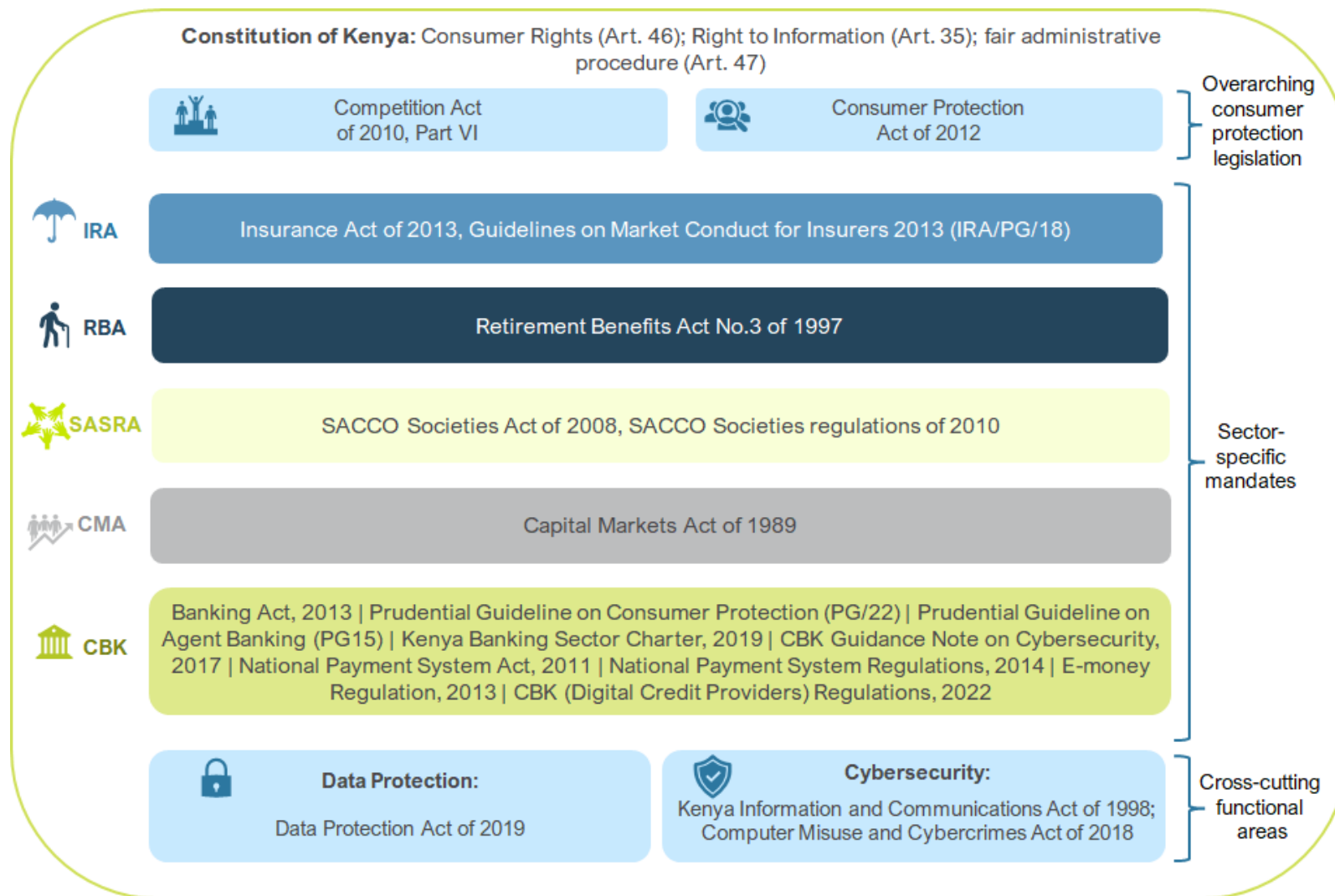
A FinAccess **Financial Consumer Protection Outcomes Index (FCPOI)** to track the overall effectiveness of financial consumer protection across the financial sector from the consumer point of view

“...you know how these banks rate us in CRB either negatively or positively? There should be a way the public can also rate the different financial products on their performance to help those seeking the same services in future make informed decisions.”

-Male Youth, Focus group discussions 2022

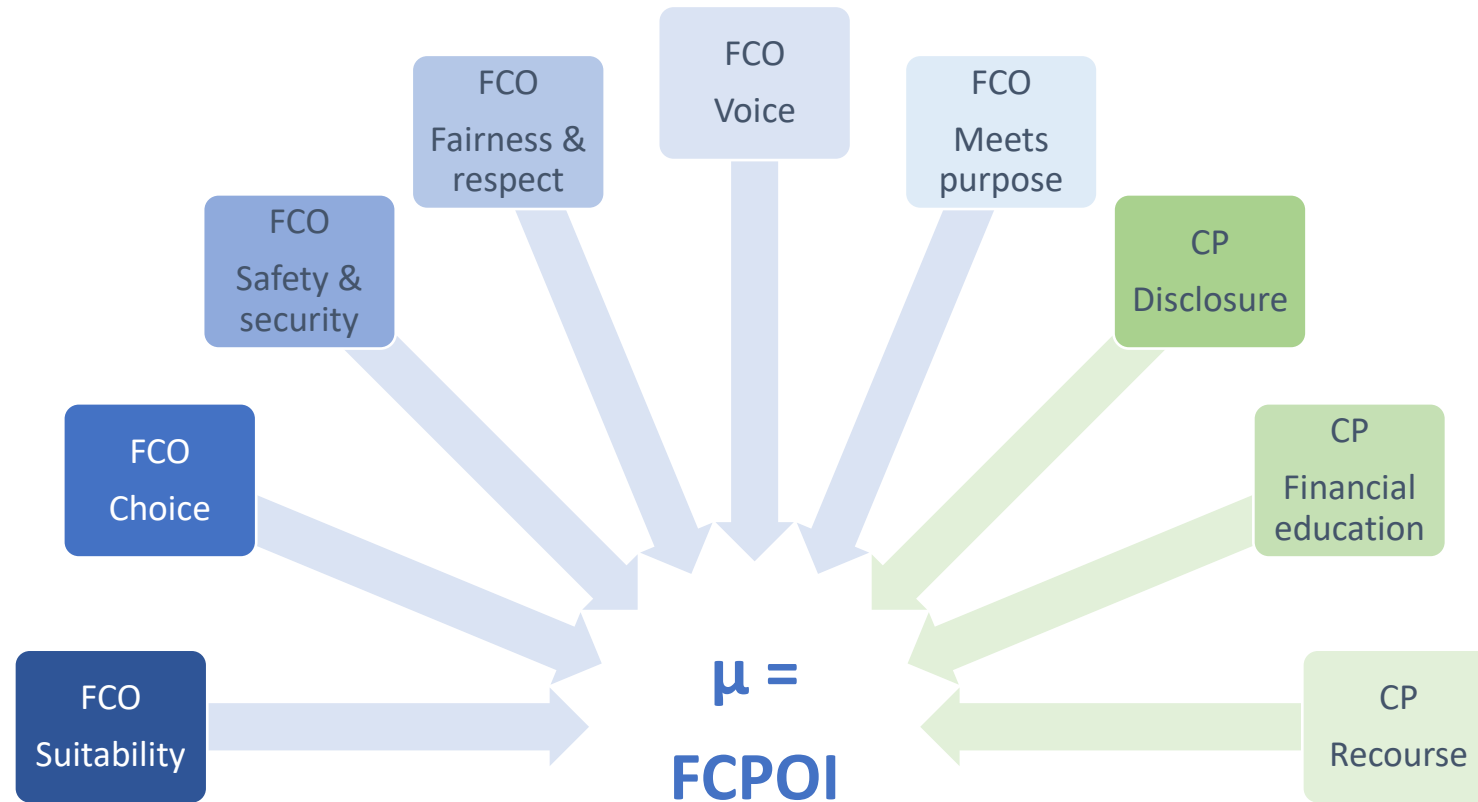
# A broad-ranging framework

But what do consumers themselves think?



# Principles used for the FCPOI

The FCPOI is the average score across 9 key principles which manifest at the consumer level: 6 fair consumer outcomes and three additional directly customer-facing market conduct principles



# FCPOI methodology overview

Developed over three levels

## 3 FCPOI

The FCPOI is calculated as a single index to measure the overall state of financial consumer protection across the nine principles

Differences between groups are standardised as gap relative total population score

## 2 Principles

Out of the sub-indicators, a single weighted average score is allocated for each of the 9 core principles

## 1 Sub-indicators

Relevant sub-indicators are defined and scored for each principle, based on the FinAccess structure, expressed as positive score percentages

# FCPOI methodology overview

Developed over three levels

## Example of sub-indicators: Suitability

- Percentage of individuals without a bank account which is due to price or functionality
- Percentage of individuals without insurance which is due to price or functionality (do not see the benefit)
- Percentage of individuals without a SACCO account which is due to price or functionality
- Percentage of individuals without a MM account which is due to price or functionality
- Percentage of individuals who do not use mobile banking which is due to price or functionality
- Percentage of individuals who do not save due to the existence of too many fees/charges/too expensive, the requirement of a minimum balance or the requirement of a regular income

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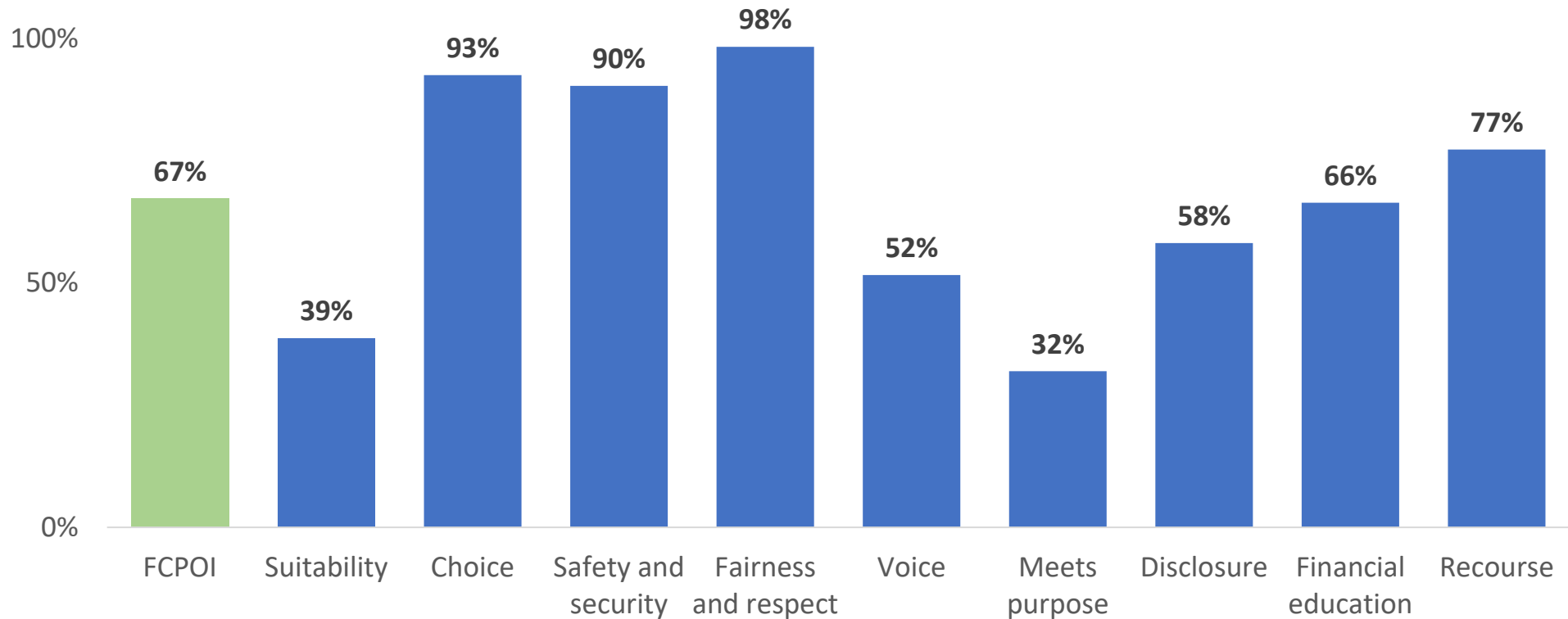
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# Findings

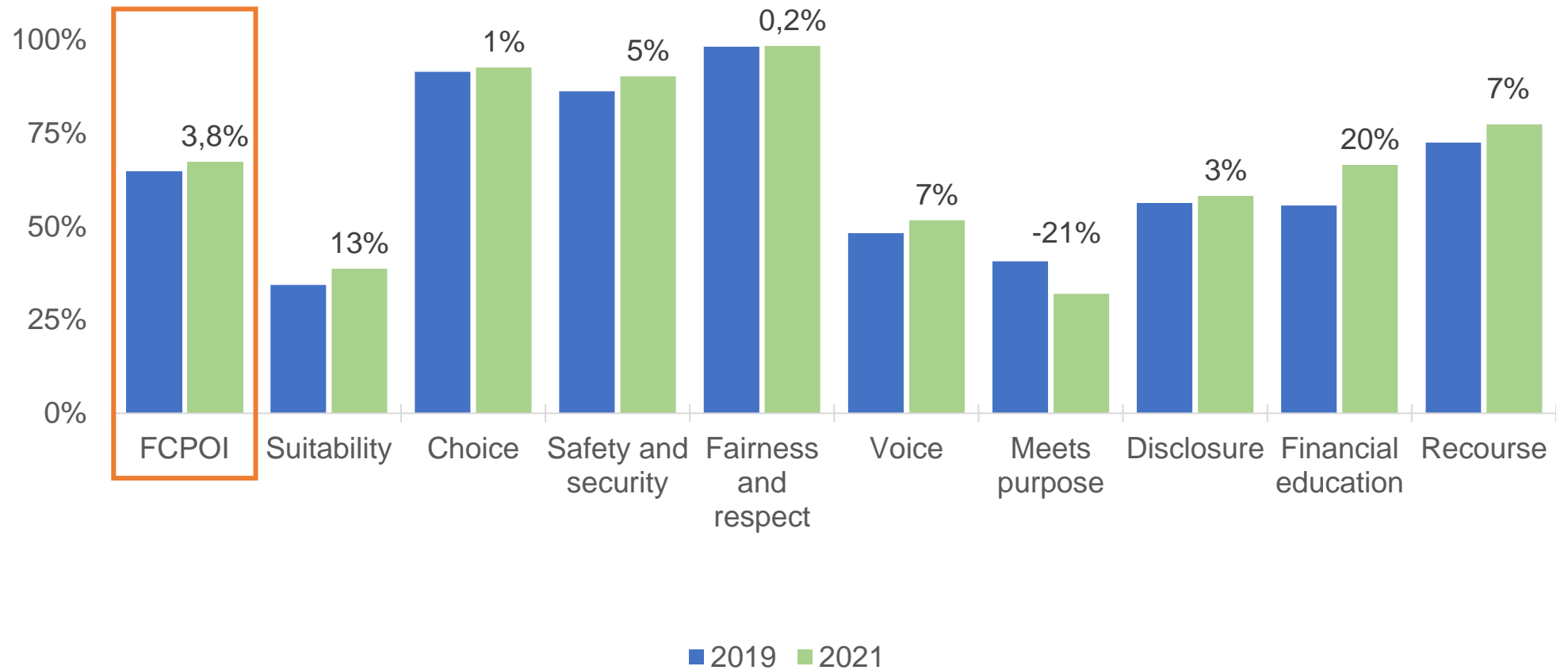
# Baseline score of 67%

Good “verdict” overall, but red flags on some indicators



# Progress over time

Positive trend in all indicators bar meet purpose

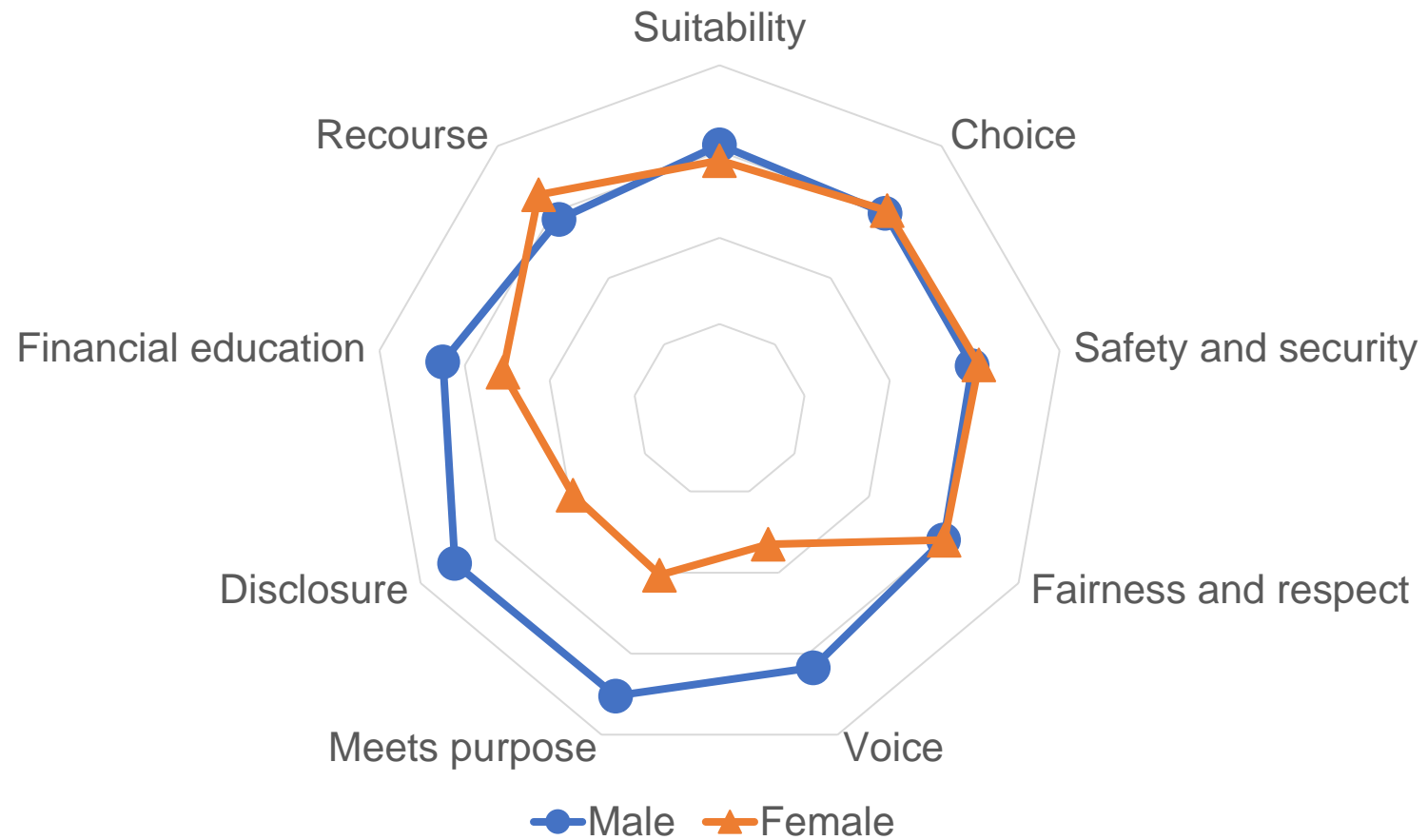


# A closer look

FCPOI comparisons across sub-groups

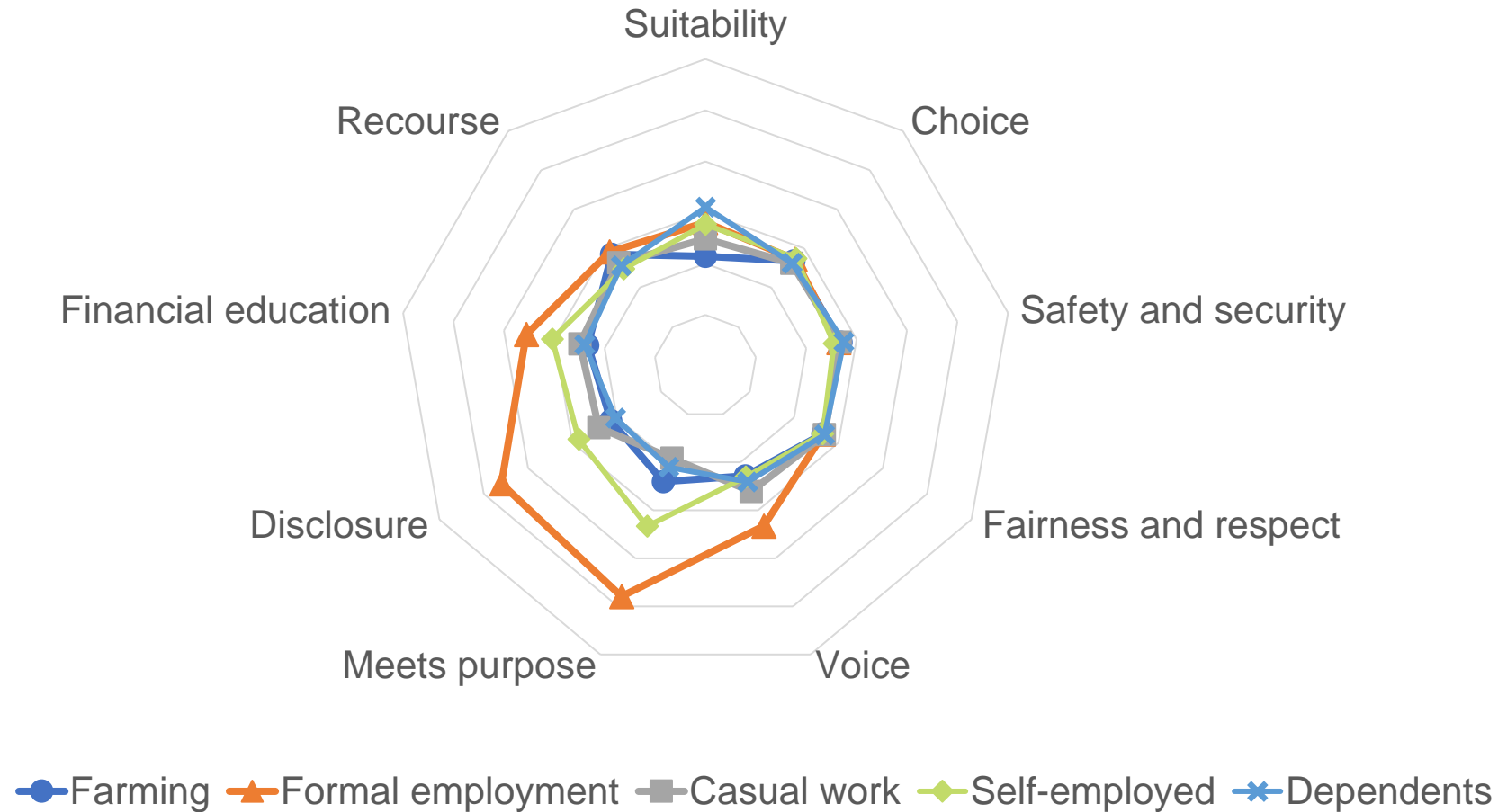
# Gender

Women at a relative disadvantage



# Livelihood types

Formal employment matters for FCP outcomes





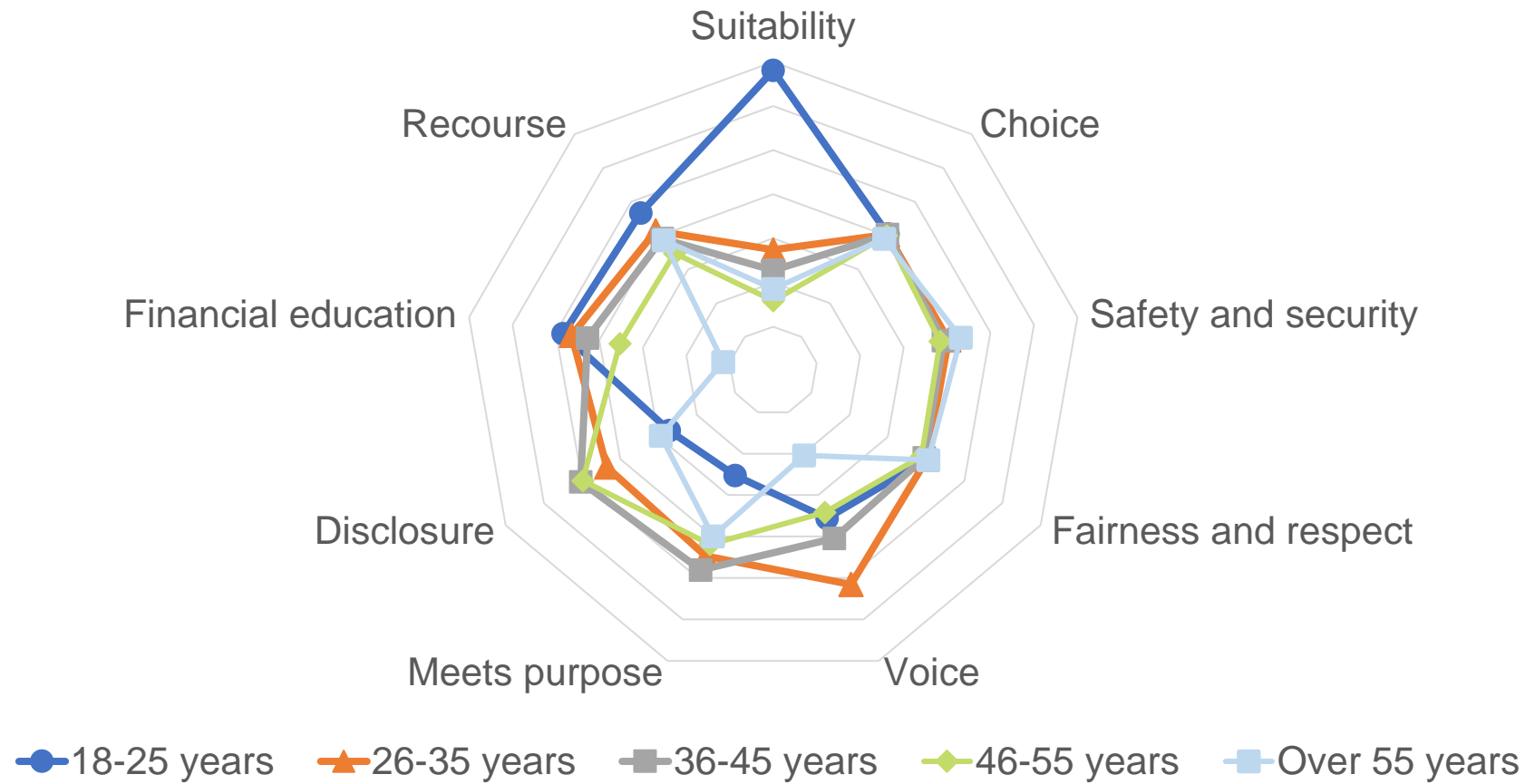
# Income level

Lower-income households worse off – especially in financial education, disclosure and meets purpose



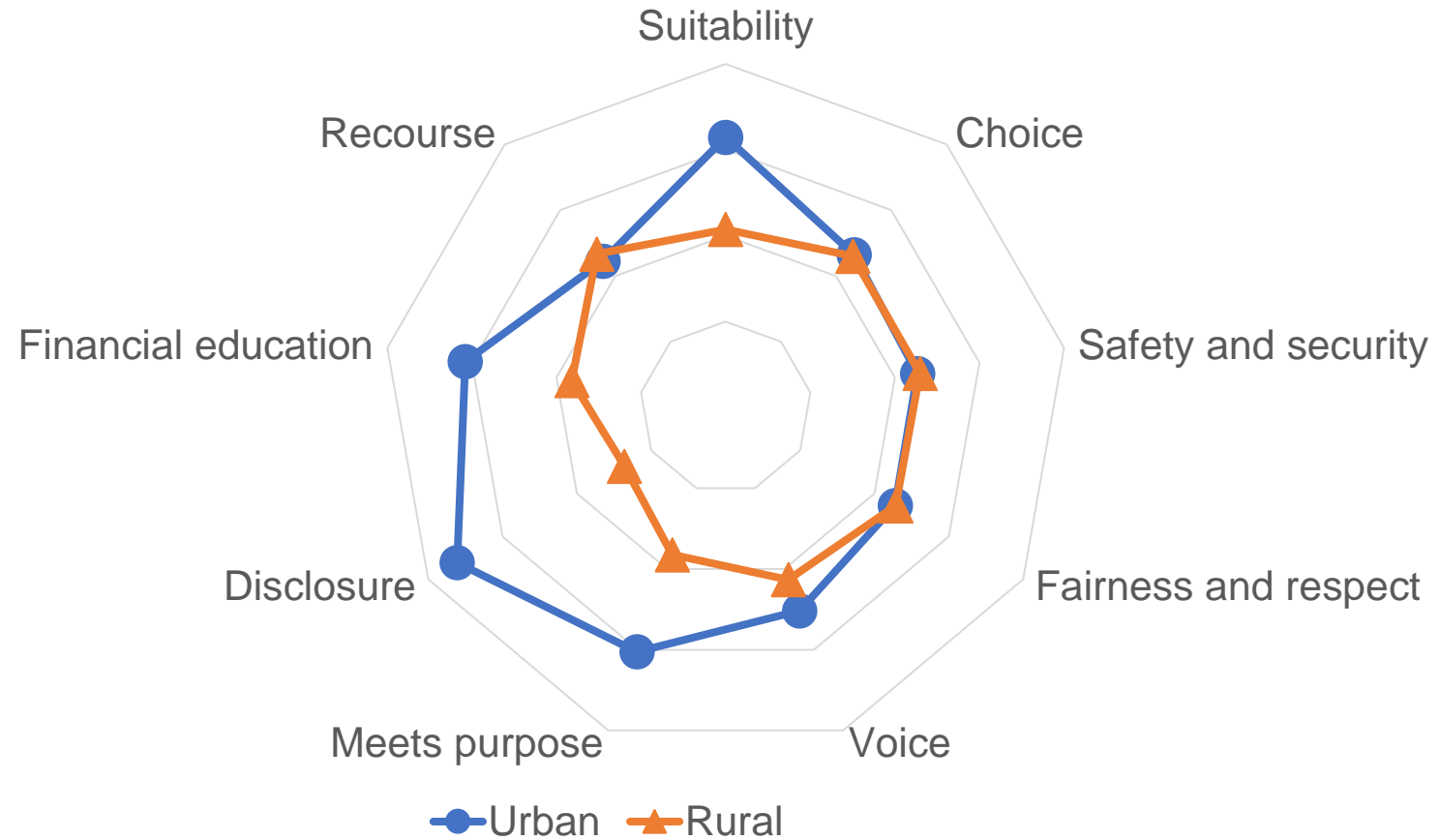
# Age differences

Young adults score highest; oldest cohort lags particularly on financial education and ability to voice concerns with service provision



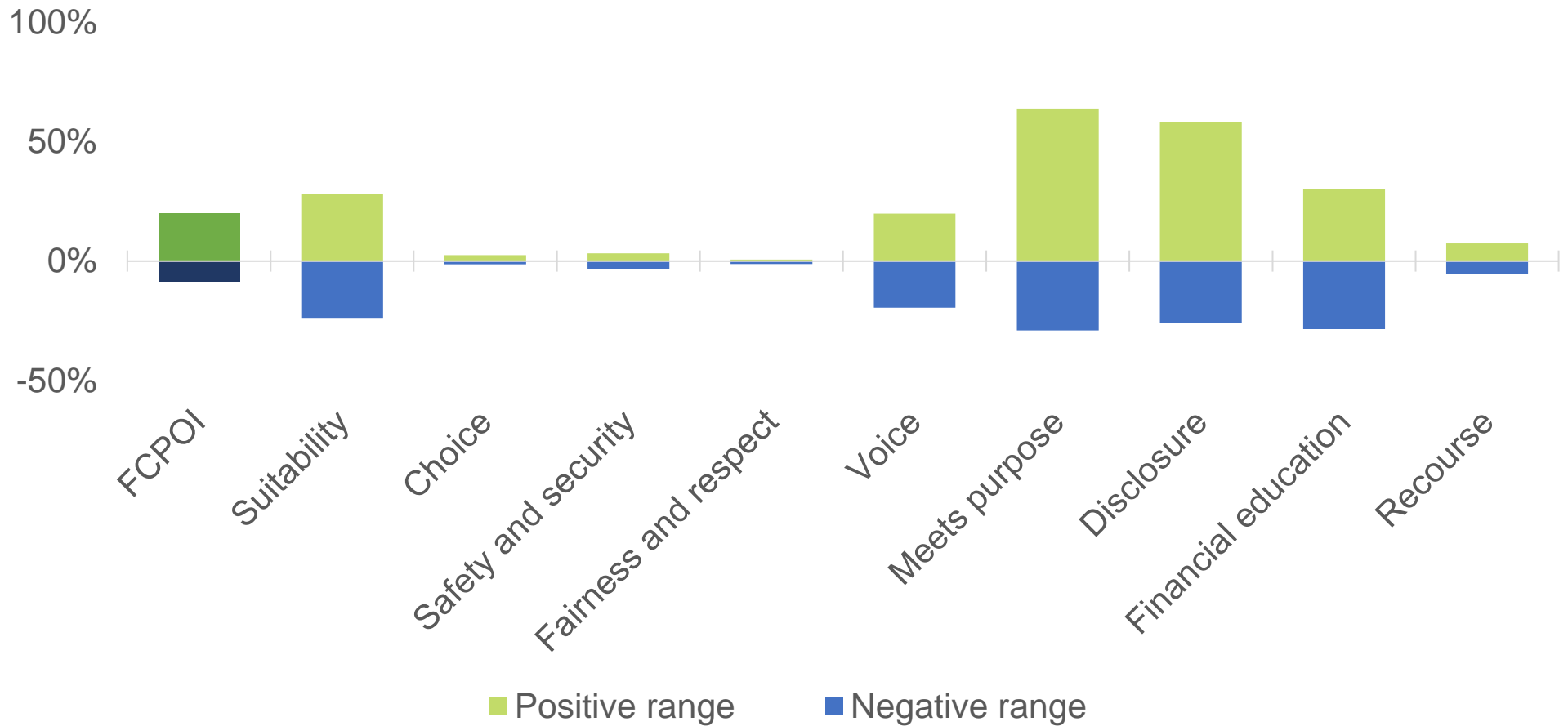
# Location

Substantial urban-rural gap shows up weaknesses in effectively serving rural target market



# Variation across groups

Largest variation in meets purpose, disclosure



# Implications

Positive achievement overall, but underlying nuances present a call to action

- **Delivering on FCP promise:** The baseline FCPOI index score of 67% confirms the significant financial inclusion progress in Kenya
- **Remaining pain points:** suitability, voice, meet purpose; particular concerns for more vulnerable customer segments
- **Concerted effort needed** to further increase the FCPOI score across all sub-components and for all sub-groups of the adult population
- **Role of the index:**
  - Add to the dialogue by offering a stylised way of tracking consumer outcomes over time
  - Proof of concept for future refinement

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