2021 FinAccess Household Survey

FinAccess deep-dives

Welcome

9 November 2022

Livelihoods segmentation – Understanding the unmet financial needs of key economic segments

CENTRAL BANK OF KENYA

KENYA NATIONAL BUREAU OF STATISTICS

fsd Kenya

71point4 NUMBERS TO LIFE
Using main source of income as a starting point, we can identify and quantify key segments of interest in the population.

**AGRICULTURE**
- 5.1 M: Organised value chain (VC) farmers
- 1.5 M: Livestock farmers
- 2.9 M: Mostly food crop farmers

**CASUAL WORKERS**
- 8.5 M
- 1.1 M: Small firms
- 1.3 M: Urban micro business
- 1.5 M: Rural micro business
- 0.6 M: Older casual workers
- 4.6 M: Rural core casual workers
- 3.2 M: Urban core casual workers

**BUSINESS OWNERS**
- 3.9 M
- 1.0 M: Older dependents
- 0.7 M: Urban aspirational youth
- 2.2 M: Married dependents
- 4.3 M: Other dependents

**DEPENDENTS**
- 8.6 M
- 1.0 M: Private formal
- 1.2 M: Private less-formal
- 0.9 M: Public sector

**EMPLOYMENT**
- 3.1 M

**Other:**
- Main income is rental: 125 000
- Main income is pension / Investments: 182 000
- Other businesses: 45 000
- Other employed: 11 000

Source: FinAccess 2021, Adults 16+: 29.7 Million adults
The segmentation also allows a more granular view on livelihood shifts overtime.

### Percentage change in segments as a share of the population: 2019 - 2021

#### Agriculture

<table>
<thead>
<tr>
<th>Category</th>
<th>2019-2021 Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Farmers</td>
<td>-27%</td>
</tr>
<tr>
<td>Livestock Farmers</td>
<td>25%</td>
</tr>
<tr>
<td>Mostly Food Crop Farmers</td>
<td>-37%</td>
</tr>
<tr>
<td>Organised VC Farmers</td>
<td>-42%</td>
</tr>
</tbody>
</table>

#### Casual Work

<table>
<thead>
<tr>
<th>Category</th>
<th>2019-2021 Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Casual</td>
<td>24%</td>
</tr>
<tr>
<td>Older Casual</td>
<td>-14%</td>
</tr>
<tr>
<td>Rural Core Casual</td>
<td>29%</td>
</tr>
<tr>
<td>Urban Core Casual</td>
<td>25%</td>
</tr>
</tbody>
</table>

#### Business Owner

<table>
<thead>
<tr>
<th>Category</th>
<th>2019-2021 Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Business Owners</td>
<td>-17%</td>
</tr>
<tr>
<td>Small Firms</td>
<td>15%</td>
</tr>
<tr>
<td>Rural Micro</td>
<td>-9%</td>
</tr>
<tr>
<td>Urban Micro</td>
<td>-38%</td>
</tr>
</tbody>
</table>

#### Dependents

<table>
<thead>
<tr>
<th>Category</th>
<th>% of Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Dependents</td>
<td>33%</td>
</tr>
<tr>
<td>Urban Aspirational Youth</td>
<td>43%</td>
</tr>
<tr>
<td>Older Dependents</td>
<td>4%</td>
</tr>
<tr>
<td>Married Dependents</td>
<td>42%</td>
</tr>
<tr>
<td>Other Dependents</td>
<td>39%</td>
</tr>
</tbody>
</table>

#### Employed

<table>
<thead>
<tr>
<th>Category</th>
<th>2019-2021 Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Employed</td>
<td>-13%</td>
</tr>
<tr>
<td>Private Formal</td>
<td>-10%</td>
</tr>
<tr>
<td>Private Less-Formal</td>
<td>4%</td>
</tr>
<tr>
<td>Public Sector</td>
<td>-33%</td>
</tr>
</tbody>
</table>

Since 2019, there have been large shifts away from urban micro businesses, food crop and organised value chain farming, and public sector employment and into livestock farming, casual work and reliance on friends/family or social transfers.
Eight segments were selected for the deep-dives due to their size and larger incomes.
Together these segments represent significant market opportunity either due to their size or due larger incomes.

**MARKET OPPORTUNITY**

- **3 Billion**
  - Organised VC farmers
  - Livestock farmers
  - Mostly food crop farmers
  - Urban core casual workers
  - Rural core casual workers
  - Older casual workers
  - Small firms
  - Urban micro firms
  - Public sector employees
  - Private formal employees
  - Private less formal employees
  - Urban aspirational youth
  - Married dependents
  - Older dependents
  - Other dependents

- **11 Billion**
  - Mostly food crop farmers
  - Urban core casual workers
  - Rural core casual workers
  - Older casual workers
  - Small firms
  - Urban micro firms
  - Public sector employees
  - Private formal employees
  - Private less formal employees
  - Urban aspirational youth
  - Married dependents
  - Older dependents
  - Other dependents

- **25 Billion**
  - Mostly food crop farmers
  - Urban core casual workers
  - Rural core casual workers
  - Older casual workers
  - Small firms
  - Urban micro firms
  - Public sector employees
  - Private formal employees
  - Private less formal employees
  - Urban aspirational youth
  - Married dependents
  - Older dependents
  - Other dependents

- **11 Billion**
  - Mostly food crop farmers
  - Urban core casual workers
  - Rural core casual workers
  - Older casual workers
  - Small firms
  - Urban micro firms
  - Public sector employees
  - Private formal employees
  - Private less formal employees
  - Urban aspirational youth
  - Married dependents
  - Older dependents
  - Other dependents

- **12 Billion**
  - Mostly food crop farmers
  - Urban core casual workers
  - Rural core casual workers
  - Older casual workers
  - Small firms
  - Urban micro firms
  - Public sector employees
  - Private formal employees
  - Private less formal employees
  - Urban aspirational youth
  - Married dependents
  - Older dependents
  - Other dependents

- **22 Billion**
  - Mostly food crop farmers
  - Urban core casual workers
  - Rural core casual workers
  - Older casual workers
  - Small firms
  - Urban micro firms
  - Public sector employees
  - Private formal employees
  - Private less formal employees
  - Urban aspirational youth
  - Married dependents
  - Older dependents
  - Other dependents

- **9 Billion**
  - Mostly food crop farmers
  - Urban core casual workers
  - Rural core casual workers
  - Older casual workers
  - Small firms
  - Urban micro firms
  - Public sector employees
  - Private formal employees
  - Private less formal employees
  - Urban aspirational youth
  - Married dependents
  - Older dependents
  - Other dependents

- **3.5 Billion**
  - Mostly food crop farmers
  - Urban core casual workers
  - Rural core casual workers
  - Older casual workers
  - Small firms
  - Urban micro firms
  - Public sector employees
  - Private formal employees
  - Private less formal employees
  - Urban aspirational youth
  - Married dependents
  - Older dependents
  - Other dependents

**MEDIAN MONTHLY PERSONAL INCOME**

- Organised VC farmers: 4,500
- Livestock farmers: 4,800
- Mostly food crop farmers: 3,800
- Urban core casual workers: 7,600
- Rural core casual workers: 3,800
- Older casual workers: 2,500
- Small firms: 10,000
- Urban micro firms: 9,000
- Public sector employees: 24,000
- Private formal employees: 19,500
- Private less formal employees: 7,500
- Urban aspirational youth: 4,750
- Married dependents: 3,750
- Older dependents: 2,800
- Other dependents: 1,500

Market opportunity = segment size x median monthly personal income
Savings & credit focus
With the exception of the youth segment, these segments have higher savings usage relative to the population average (73%).

<table>
<thead>
<tr>
<th>2021</th>
<th>ORGANISED VC FARMERS</th>
<th>MOSTLY FOOD CROP FARMERS</th>
<th>URBAN CORE CASUAL WORKERS</th>
<th>SMALL FIRMS</th>
<th>URBAN MICRO BUSINESSES</th>
<th>URBAN ASPIRATIONAL YOUTH</th>
<th>PRIVATE FORMAL EMPLOYMENT</th>
<th>PUBLIC SECTOR EMPLOYMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>HAS ANY SAVINGS PRODUCT</td>
<td>90%</td>
<td>75%</td>
<td>77%</td>
<td>94%</td>
<td>90%</td>
<td>70%</td>
<td>100%</td>
<td>97%</td>
</tr>
<tr>
<td>REASONS FOR SAVING (Selected use cases)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education purposes</td>
<td>39%</td>
<td>32%</td>
<td>25%</td>
<td>44%</td>
<td>36%</td>
<td>23%</td>
<td>47%</td>
<td>54%</td>
</tr>
<tr>
<td>Livelihood purposes</td>
<td>25%</td>
<td>16%</td>
<td>17%</td>
<td>43%</td>
<td>36%</td>
<td>7%</td>
<td>16%</td>
<td>26%</td>
</tr>
<tr>
<td>Housing / Land</td>
<td>7%</td>
<td>5%</td>
<td>6%</td>
<td>11%</td>
<td>5%</td>
<td>2%</td>
<td>14%</td>
<td>16%</td>
</tr>
<tr>
<td>Old age / children</td>
<td>18%</td>
<td>10%</td>
<td>13%</td>
<td>15%</td>
<td>16%</td>
<td>8%</td>
<td>18%</td>
<td>25%</td>
</tr>
<tr>
<td>Liquidity*</td>
<td>72%</td>
<td>57%</td>
<td>52%</td>
<td>62%</td>
<td>62%</td>
<td>42%</td>
<td>57%</td>
<td>65%</td>
</tr>
</tbody>
</table>

*Liquidity includes savings for emergencies (medical, burial) or to meet day-to-day household needs
Many are leveraging formal saving products (digital and non-digital), but savings through informal and social networks is also high.

<table>
<thead>
<tr>
<th>2021</th>
<th>ORGANISED VC FARMERS</th>
<th>MOSTLY FOOD CROP FARMERS</th>
<th>URBAN CORE CASUAL WORKERS</th>
<th>SMALL FIRMS</th>
<th>URBAN MICRO BUSINESSES</th>
<th>URBAN ASPIRATIONAL YOUTH</th>
<th>PRIVATE FORMAL EMPLOYMENT</th>
<th>PUBLIC SECTOR EMPLOYMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>HAS ANY SAVINGS PRODUCT</td>
<td>90%</td>
<td>75%</td>
<td>77%</td>
<td>94%</td>
<td>90%</td>
<td>70%</td>
<td>100%</td>
<td>97%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional</td>
<td>69%</td>
<td>22%</td>
<td>27%</td>
<td>54%</td>
<td>46%</td>
<td>54%</td>
<td>19%</td>
<td>100%</td>
<td>88%</td>
</tr>
<tr>
<td>Digital</td>
<td>62%</td>
<td>55%</td>
<td>64%</td>
<td>79%</td>
<td>75%</td>
<td>56%</td>
<td>76%</td>
<td>69%</td>
<td>35%</td>
</tr>
<tr>
<td>Informal / Social</td>
<td>41%</td>
<td>35%</td>
<td>26%</td>
<td>50%</td>
<td>46%</td>
<td>9%</td>
<td>35%</td>
<td>38%</td>
<td>11%</td>
</tr>
<tr>
<td>Kept in secret place</td>
<td>25%</td>
<td>21%</td>
<td>16%</td>
<td>25%</td>
<td>15%</td>
<td>20%</td>
<td>11%</td>
<td>18%</td>
<td></td>
</tr>
</tbody>
</table>
Even among these wealthier and more economically active populations we see a relatively high usage of credit to support day-to-day liquidity needs.

<table>
<thead>
<tr>
<th>2021</th>
<th>ORGANISED VC FARMERS</th>
<th>MOSTLY FOOD CROP FARMERS</th>
<th>URBAN CORE CASUAL WORKERS</th>
<th>SMALL FIRMS</th>
<th>URBAN MICRO BUSINESSES</th>
<th>URBAN ASPIRATIONAL YOUTH</th>
<th>PRIVATE FORMAL EMPLOYMENT</th>
<th>PUBLIC SECTOR EMPLOYMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>HAS ANY CREDIT PRODUCT</td>
<td>56%</td>
<td>52%</td>
<td>61%</td>
<td>74%</td>
<td>68%</td>
<td>46%</td>
<td>65%</td>
<td>74%</td>
</tr>
</tbody>
</table>

### REASONS FOR CREDIT

*Selected categories*

<table>
<thead>
<tr>
<th></th>
<th>ORGANISED VC FARMERS</th>
<th>MOSTLY FOOD CROP FARMERS</th>
<th>URBAN CORE CASUAL WORKERS</th>
<th>SMALL FIRMS</th>
<th>URBAN MICRO BUSINESSES</th>
<th>URBAN ASPIRATIONAL YOUTH</th>
<th>PRIVATE FORMAL EMPLOYMENT</th>
<th>PUBLIC SECTOR EMPLOYMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Any investment</td>
<td>33%</td>
<td>23%</td>
<td>14%</td>
<td>43%</td>
<td>35%</td>
<td>10%</td>
<td>30%</td>
<td>44%</td>
</tr>
<tr>
<td>Day-to-day needs</td>
<td>33%</td>
<td>35%</td>
<td>49%</td>
<td>47%</td>
<td>40%</td>
<td>28%</td>
<td>39%</td>
<td>43%</td>
</tr>
<tr>
<td>Emergencies</td>
<td>10%</td>
<td>10%</td>
<td>15%</td>
<td>20%</td>
<td>12%</td>
<td>8%</td>
<td>18%</td>
<td>24%</td>
</tr>
</tbody>
</table>

*Any investment includes loans for education, old age, to leave something for children, housing / land, livelihood purposes (business / agri)*
...and many are turning towards their informal and social networks to support their credit needs

<table>
<thead>
<tr>
<th>2021</th>
<th>ORGANISED VC FARMERS</th>
<th>MOSTLY FOOD CROP FARMERS</th>
<th>URBAN CORE CASUAL WORKERS</th>
<th>SMALL FIRMS</th>
<th>URBAN MICRO BUSINESSES</th>
<th>URBAN ASPIRATIONAL YOUTH</th>
<th>PRIVATE FORMAL EMPLOYMENT</th>
<th>PUBLIC SECTOR EMPLOYMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>HAS ANY CREDIT PRODUCT</td>
<td>56%</td>
<td>52%</td>
<td>61%</td>
<td>74%</td>
<td>68%</td>
<td>46%</td>
<td>65%</td>
<td>74%</td>
</tr>
</tbody>
</table>

**TYPES OF CREDIT PRODUCTS**

<table>
<thead>
<tr>
<th></th>
<th>Traditional (Bank / MFI / Sacco)</th>
<th>Digital</th>
<th>Informal / Social</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>23%</td>
<td>20%</td>
<td>38%</td>
</tr>
<tr>
<td>2021</td>
<td>9%</td>
<td>19%</td>
<td>38%</td>
</tr>
<tr>
<td>2021</td>
<td>4%</td>
<td>34%</td>
<td>40%</td>
</tr>
<tr>
<td>2021</td>
<td>17%</td>
<td>44%</td>
<td>49%</td>
</tr>
<tr>
<td>2021</td>
<td>11%</td>
<td>37%</td>
<td>42%</td>
</tr>
<tr>
<td>2021</td>
<td>7%</td>
<td>26%</td>
<td>21%</td>
</tr>
<tr>
<td>2021</td>
<td>30%</td>
<td>41%</td>
<td>28%</td>
</tr>
<tr>
<td>2021</td>
<td>44%</td>
<td>38%</td>
<td>36%</td>
</tr>
</tbody>
</table>
Urban segment deep-dive
Urban core casual worker

3.3 Million adults 16+

More male (59%)

Young (70% are 35 years or less)

Most do not have secondary education (56%), but they have some financial literacy (82%)

Main type of work

<table>
<thead>
<tr>
<th>Main type of work</th>
<th>Top 5 categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>17%</td>
</tr>
<tr>
<td>Domestic services</td>
<td>11%</td>
</tr>
<tr>
<td>Other community / household services</td>
<td>10%</td>
</tr>
<tr>
<td>Taxi, bus, boda boda drivers</td>
<td>7%</td>
</tr>
<tr>
<td>Mechanics, plumbers, electricians</td>
<td>6%</td>
</tr>
</tbody>
</table>

7 600 Ksh

Median monthly personal income

25 Billion

Market opportunity

(segment size x median monthly personal income)

Urban micro businesses

1.3 Million adults 16+

More female (62%), compared to casual workers and small firms

58% are 35 years or less

(slightly younger relative to small firms)

Similar education and financial literacy levels relative to casual workers, but lower compared to small firm owners

Main sector

<table>
<thead>
<tr>
<th>Main sector</th>
<th>Top 5 categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agri-produce traders</td>
<td>20%</td>
</tr>
<tr>
<td>Clothing traders</td>
<td>16%</td>
</tr>
<tr>
<td>General retail</td>
<td>12%</td>
</tr>
<tr>
<td>Wholesale traders</td>
<td>12%</td>
</tr>
<tr>
<td>Food / beverage manufacturing</td>
<td>9%</td>
</tr>
</tbody>
</table>

9 000 Ksh

Median monthly personal income

12 Billion

Market opportunity

(segment size x median monthly personal income)
With more volatile income flows, **liquidity challenges** are a common occurrence in these segments (as they are in the general population).

### Urban Core Casual Worker
- **3.3 Million adults 16+**

#### Experience liquidity challenges on a DAILY or WEEKLY basis

<table>
<thead>
<tr>
<th>Total population</th>
<th>Urban core casual worker</th>
<th>% of segment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total population average</td>
<td>36%</td>
<td>37%</td>
</tr>
</tbody>
</table>

#### Main strategy to cope with liquidity challenge

<table>
<thead>
<tr>
<th>Work</th>
<th>Work more / cut back expenses</th>
<th>32%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social savings or credit</td>
<td>33%</td>
<td></td>
</tr>
<tr>
<td>Support from family/friends or sold livestock</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>Digital savings or credit</td>
<td>9%</td>
<td></td>
</tr>
<tr>
<td>Traditional savings or credit</td>
<td>2%</td>
<td></td>
</tr>
</tbody>
</table>

### Urban Micro Businesses
- **1.3 Million adults 16+**

#### Experience liquidity challenges on a DAILY or WEEKLY basis

<table>
<thead>
<tr>
<th>Total population average</th>
<th>Urban micro business owner</th>
<th>% of segment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total population average</td>
<td>36%</td>
<td>30%</td>
</tr>
</tbody>
</table>

#### Main strategy to cope with liquidity challenge

<table>
<thead>
<tr>
<th>Work</th>
<th>Work more / cut back expenses</th>
<th>30%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social savings or credit</td>
<td>26%</td>
<td></td>
</tr>
<tr>
<td>Support from family/friends or sold livestock</td>
<td>16%</td>
<td></td>
</tr>
<tr>
<td>Digital savings or credit</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>Traditional savings or credit</td>
<td>2%</td>
<td></td>
</tr>
</tbody>
</table>

% of segment who experienced a liquidity challenge, selected categories shown
....and there are signs of debt stress, slightly more so for the urban casual workers and urban micro business owners relative to the other segments

<table>
<thead>
<tr>
<th>LOAN DEFAULT</th>
<th>ORGANISED VC FARMERS</th>
<th>MOSTLY FOOD CROP FARMERS</th>
<th>URBAN CORE CASUAL WORKERS</th>
<th>SMALL FIRMS</th>
<th>URBAN MICRO BUSINESSES</th>
<th>URBAN ASPIRATIONAL YOUTH</th>
<th>PRIVATE FORMAL EMPLOYMENT</th>
<th>PUBLIC SECTOR EMPLOYMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid a loan late, missed a payment or didn't pay at all</td>
<td>23%</td>
<td>30%</td>
<td>32%</td>
<td>32%</td>
<td>39%</td>
<td>17%</td>
<td>22%</td>
<td>28%</td>
</tr>
</tbody>
</table>
While both segments are more digitised than the average population, there is still significant opportunity to digitise income flows...

**URBAN CORE CASUAL WORKER**
3.3 Million adults 16+

- 93% RECEIVE INCOME most frequently via CASH**
- 49% SMARTPHONE ownership
- 26% DAILY mobile money usage
- 65% Make DIGITAL PAYMENTS for use cases beyond remittances*

**URBAN MICRO BUSINESSES**
1.3 Million adults 16+

- 91% RECEIVE INCOME most frequently via CASH**
- 57% SMARTPHONE ownership
- 40% DAILY mobile money usage
- 74% Make DIGITAL PAYMENTS for use cases beyond remittances*

*Payment use cases include paying monthly bills, school fees, gov bills, daily expenses, medical bills. **Based on FinAccess 2019
Improved digitisation and better liquidity management can help unlock these individuals goals and aspirations.

### URBAN CORE CASUAL WORKER
3.3 Million adults 16+

#### Goals trying to achieve
- **27%** Start / expand business
- **17%** Housing / land
- **13%** Education

#### Main strategy to achieve goal
- **Work more / cut back expenses** 52%
- **Social** savings or credit 12%
- **Digital** savings or credit 10%
- **Traditional** savings or credit 8%

#### % of segment; top goals shown

### URBAN MICRO BUSINESSES
1.3 Million adults 16+

#### Goals trying to achieve
- **32%** Start / expand business
- **18%** Housing / land
- **11%** Education

#### Main strategy to achieve goal
- **Work more / cut back expenses** 31%
- **Social** savings or credit 22%
- **Digital** savings or credit 15%
- **Traditional** savings or credit 16%

#### % of those trying to achieve a goal; top categories shown
Welcome

2021 FinAccess Household Survey

FinAccess deep-dives

THANK YOU
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