

**LEVERAGING FINANCIAL INCLUSION  
STATISTICS FOR POLICY AND  
CREATION OF ECONOMIC  
OPPORTUNITIES**

***ROLE OF DATA IN DRIVING  
FINANCIAL INCLUSION FOR  
INSURANCE***

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# BACKGROUND

## Introduction

- ▶ Financial inclusion has various dimensions with focus majorly on access and usage
- ▶ Entails adult population accessing financial services and this could either be
  - Formal – prudentially regulated
  - Informal – non-prudentially regulated
  - Formal registered
  - Informal – not subject to registration and regulation

## Introduction - Cont'd

- ▶ The landscape of access to insurance has been changing since launch of the first FinAccess survey and partly driven by introduction of mobile technology
- ▶ Measurement of access to formal insurance services has been part of the FinAccess survey since 2006.

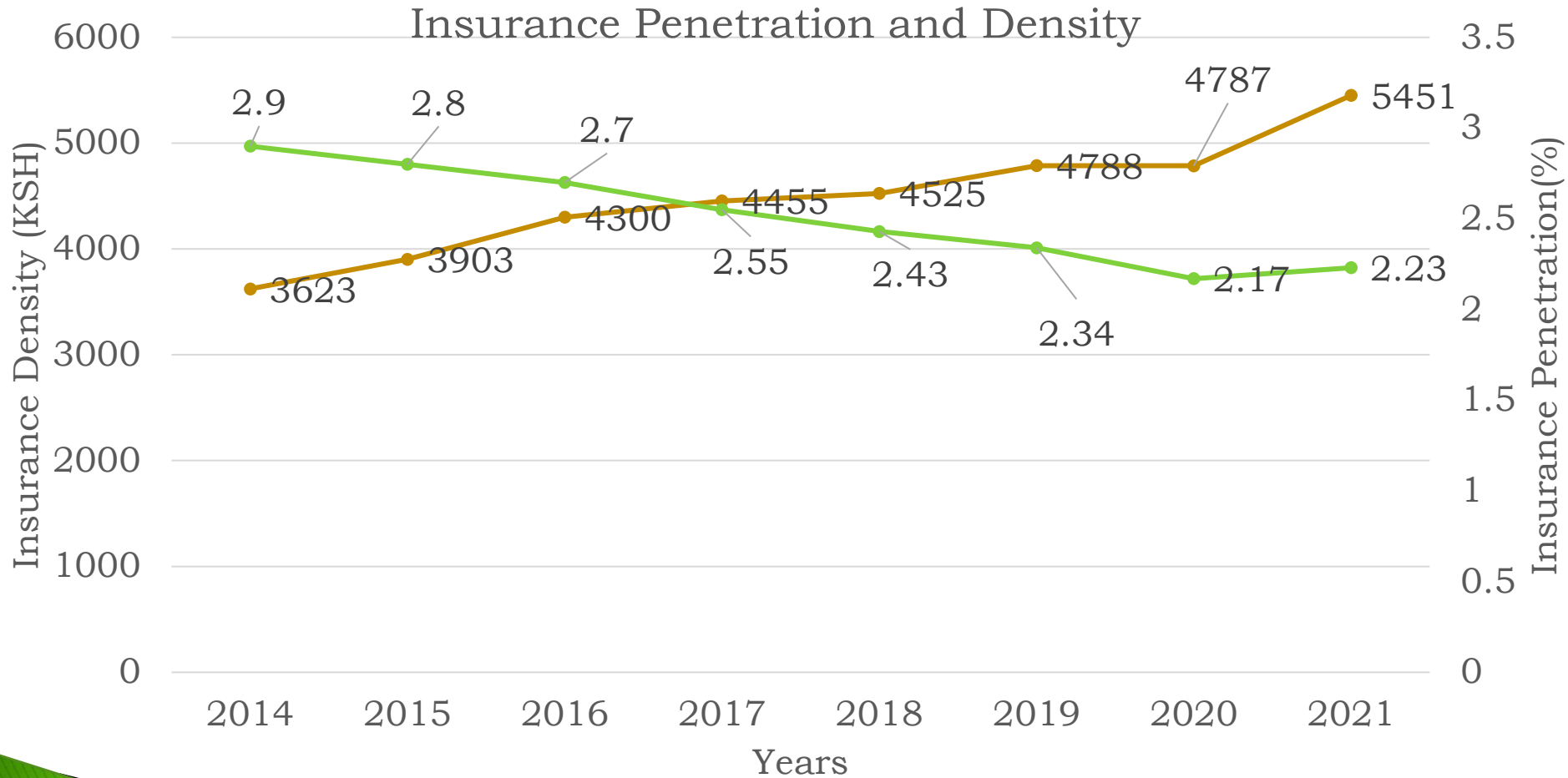
## Inclusion in Insurance

- Finaccess survey series continues to provide high level dashboard on access to insurance services in the country.
- There has however not been in-depth deep dive studies on access parameters.
- Other complimentary indicators have nonetheless been used to measure access to insurance services
- This measures are tracked annually

## Inclusion in Insurance –Cont'd

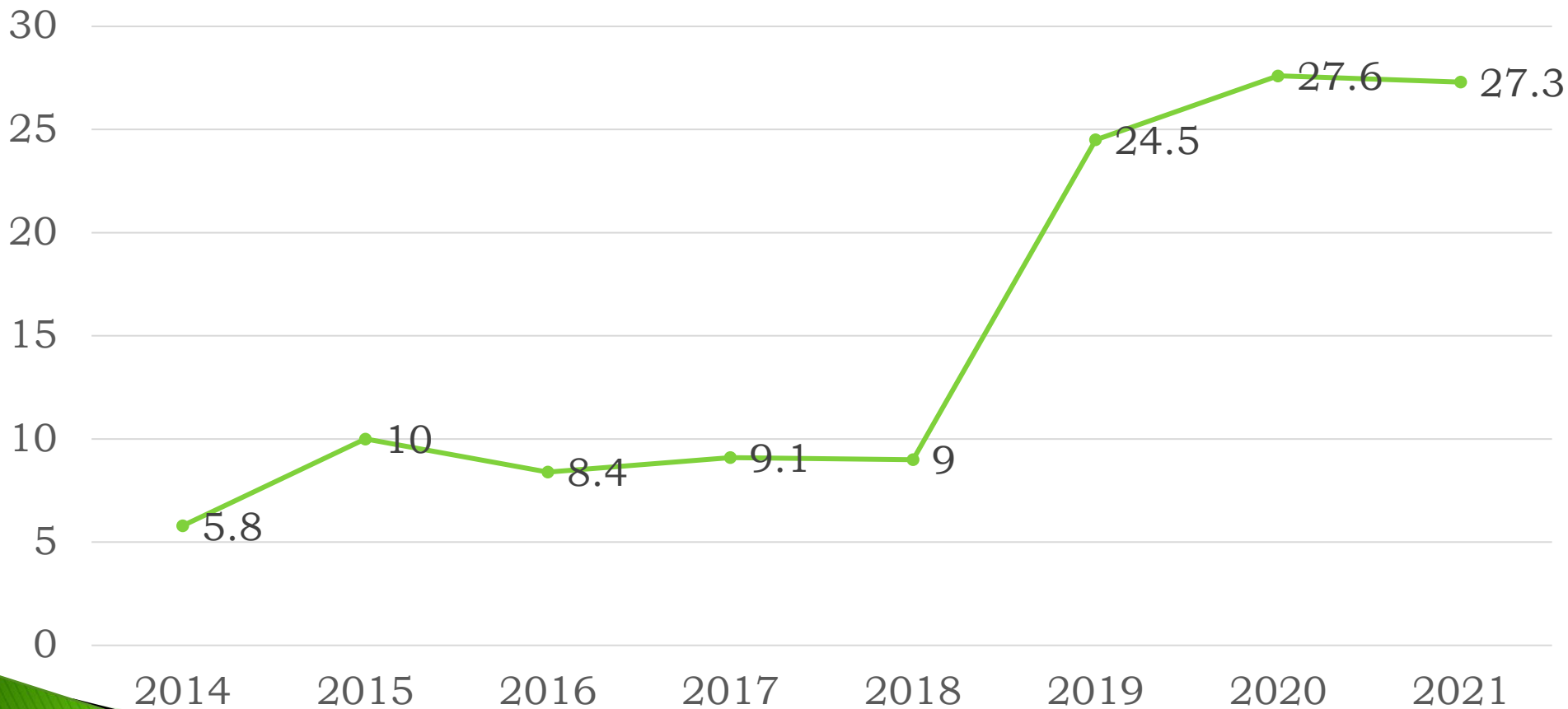
- The insurance access measures obtained from the insurance industry annual audited financial data are:
  - Insurance Penetration
  - Insurance Density
  - Insurance Coverage (lives/population)
  - Insurance Coverage (Policies/population)

# Insurance Penetration and Density



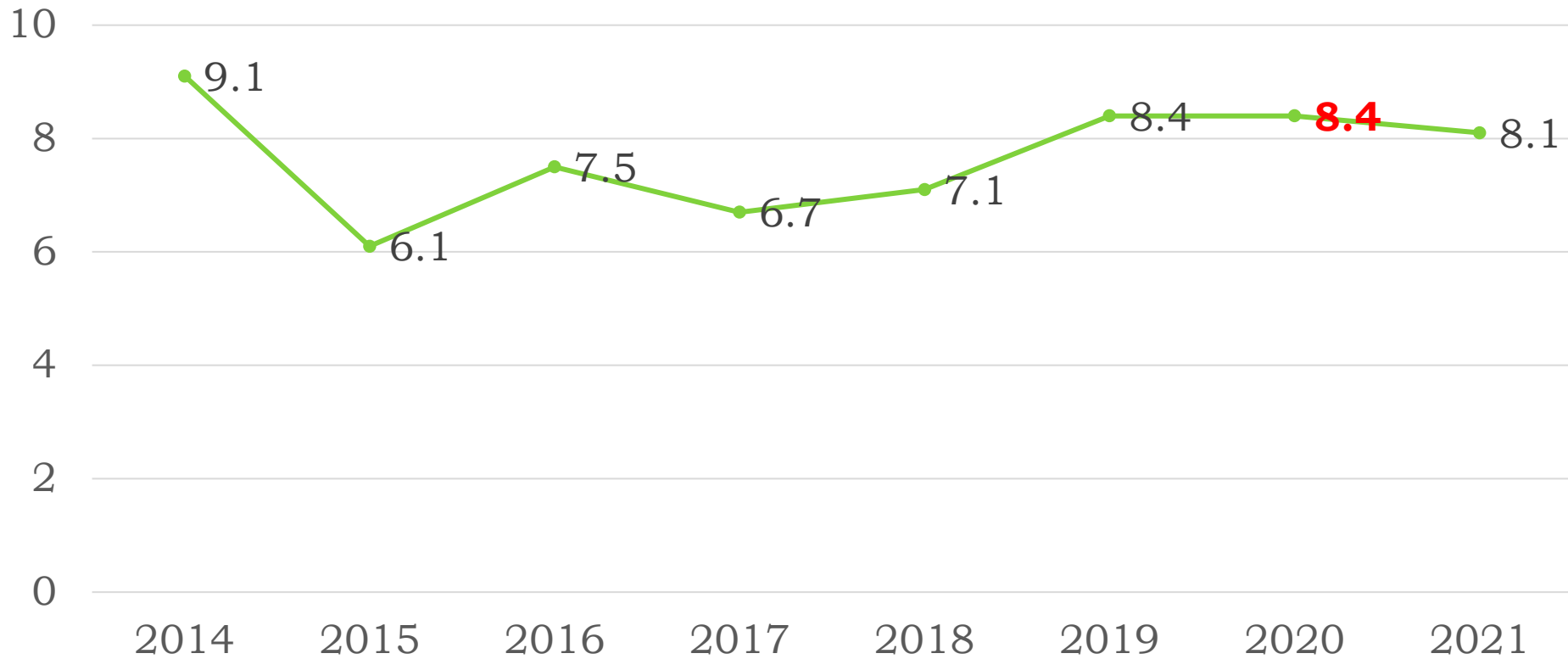
## Inclusion in Insurance –Cont'd

Insurance Coverage (lives/population)%



# Inclusion in Insurance –Cont'd

Insurance Coverage (Total Policies/Population)%



# **INSIGHTS ON INSURANCE FROM FINACCESS SURVEYS**

## Measurement Dimensions

2006 - 2019

- Access
- Usage

2021

- Access
- Usage
- Quality
- Impact

# Classification of Access to Financial Services



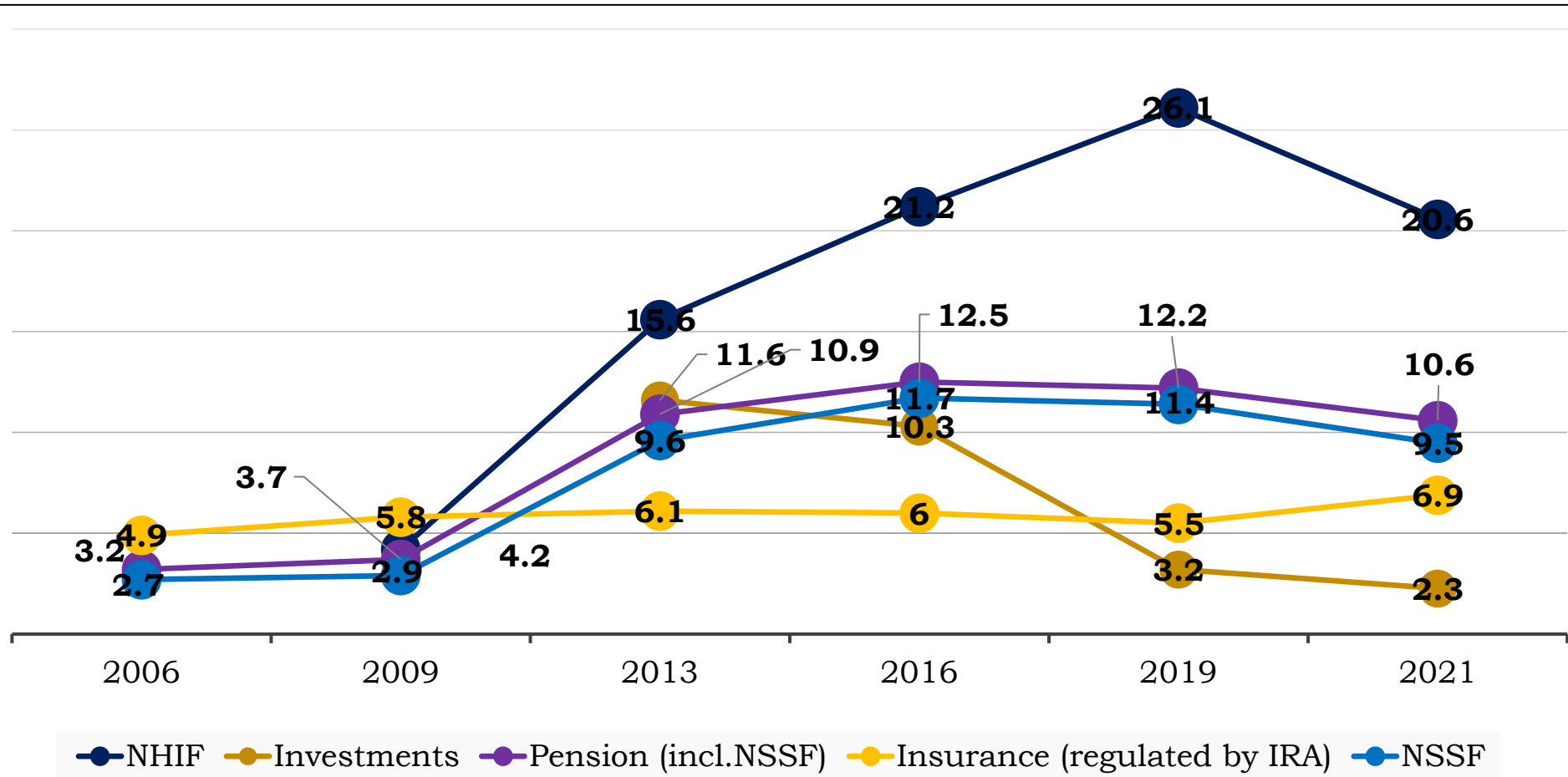
- ▶ *Formal (prudential)* – prudentially regulated and supervised by IRA, mainly insurance companies and insurance intermediaries.
- ▶ *Formal (non-prudential)* - subject to non-prudential regulation and supervision (oversight) by Government Ministries/ Departments with focused legislations, mainly NHIF.
- ▶ *Formal (registered)* - legally registered legal persons and/ or operate through some form of Government interventions/ oversight, mainly SACCOs, women groups, youth groups etc.
- ▶ *Informal* - Not subject to registration and regulation, but have a relatively well-defined organizational structure, mainly chamas.
- ▶ *Excluded* – Use or depend on social networks e.g. merry-go-rounds, reliance on family and friends

## Insights for Insurance

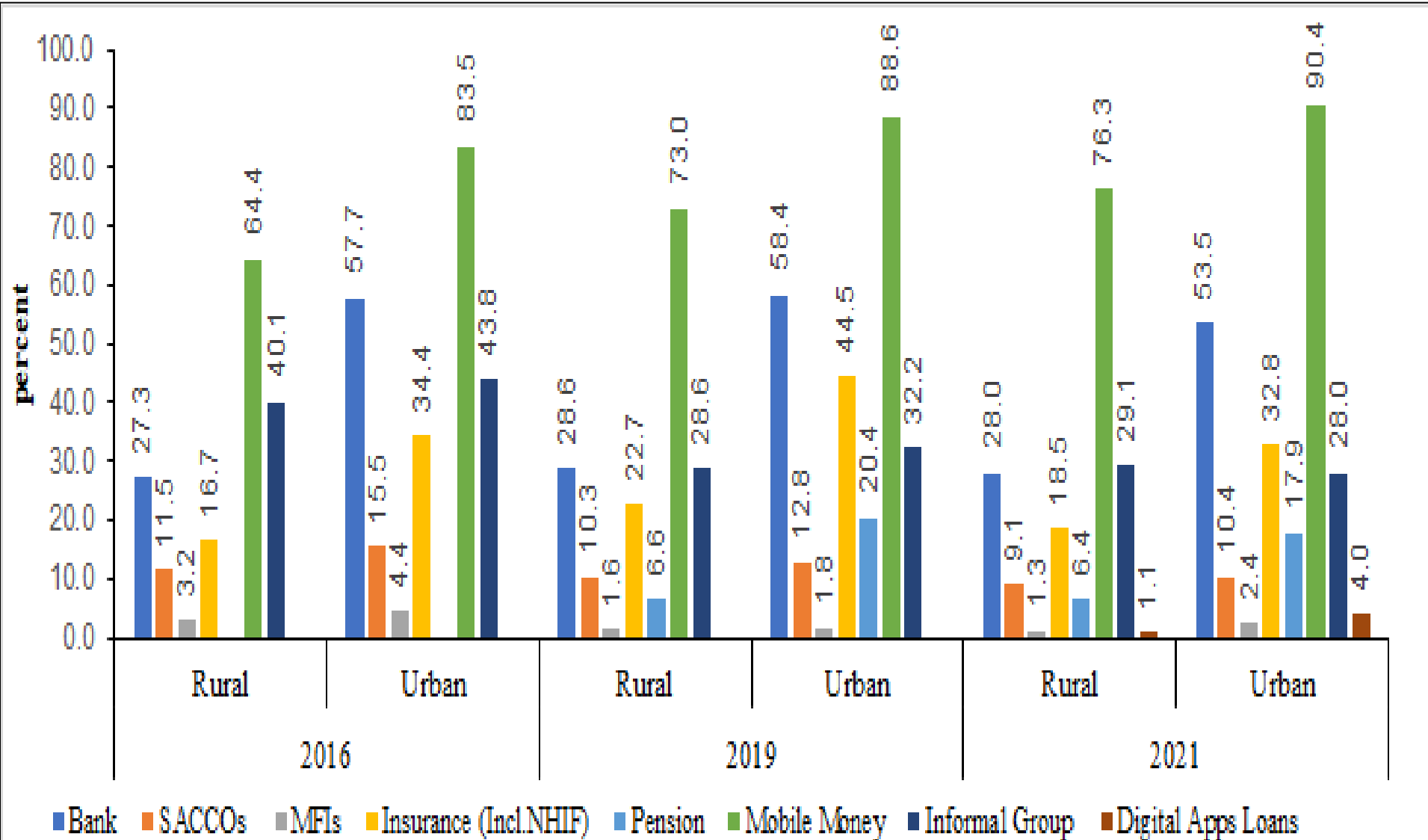
- The population accessing formal financial services is increasing while the excluded is decreasing
- The population accessing formal insurance is growing at a lower rate - the excluded population remains high.
- Informal risk management mechanisms available although there is lack data on prevalence and extent of usage.



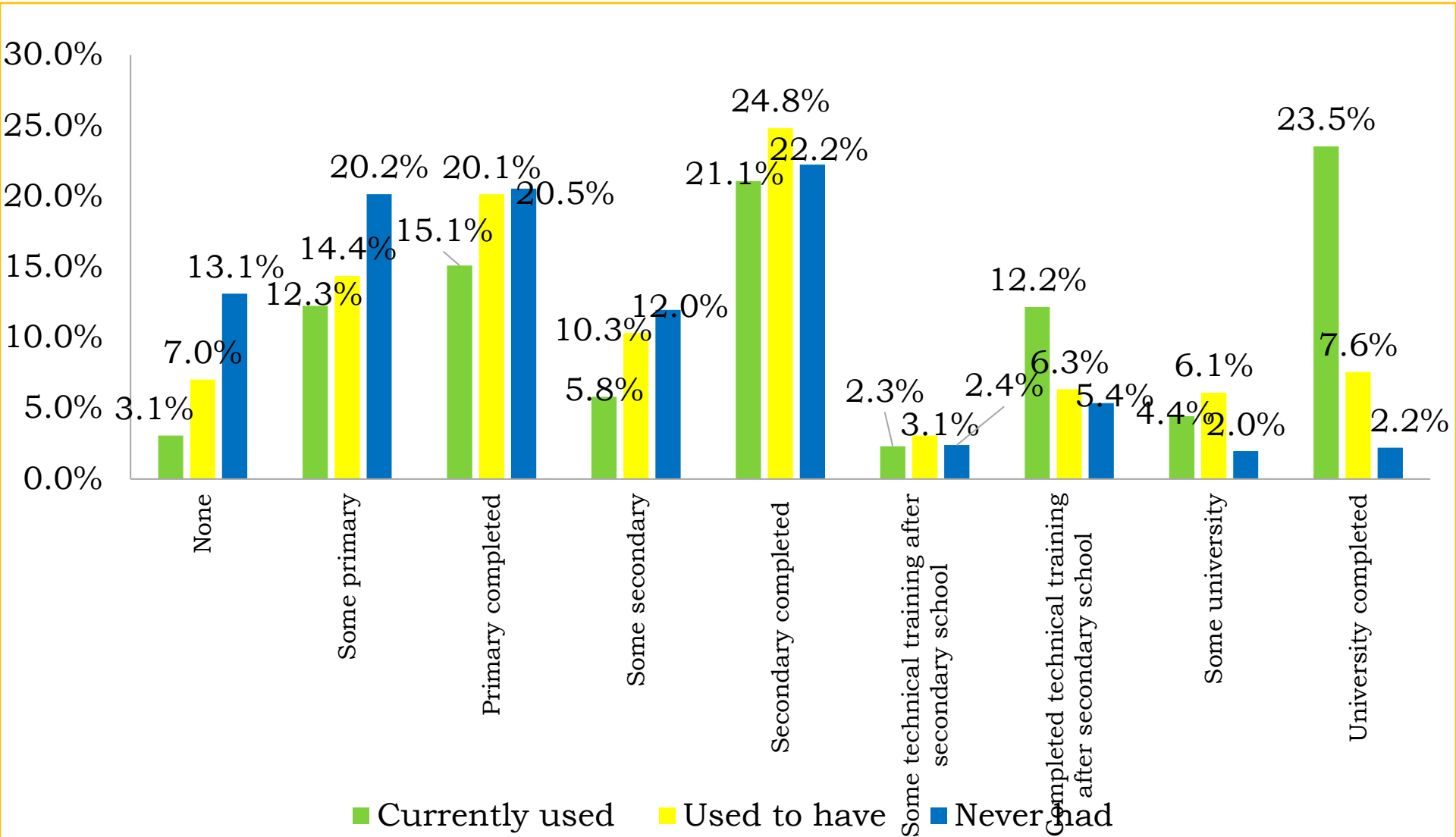
# Usage of Insurance – Cont'd



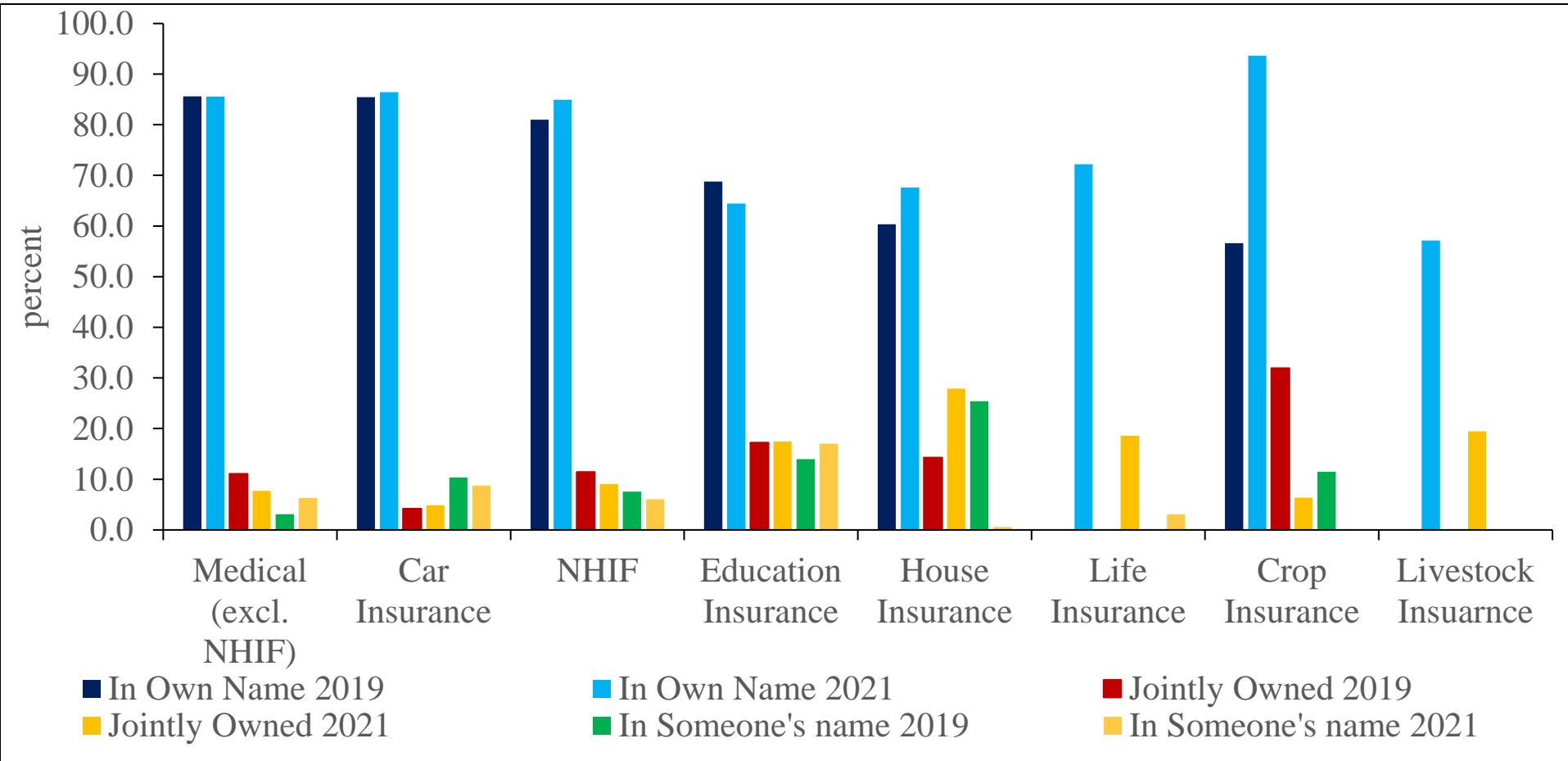
# Usage by Residence



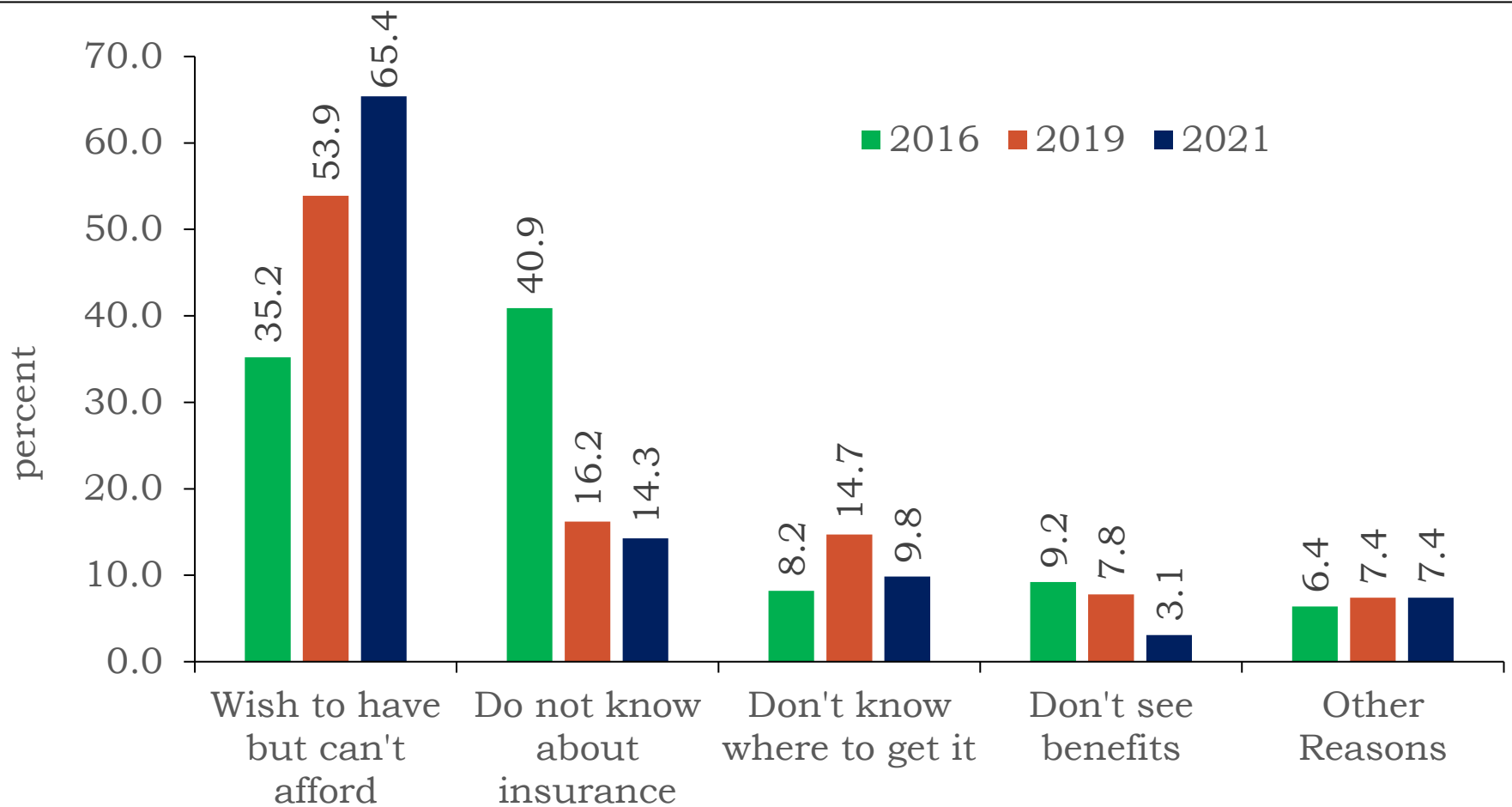
# Usage by Level of Education



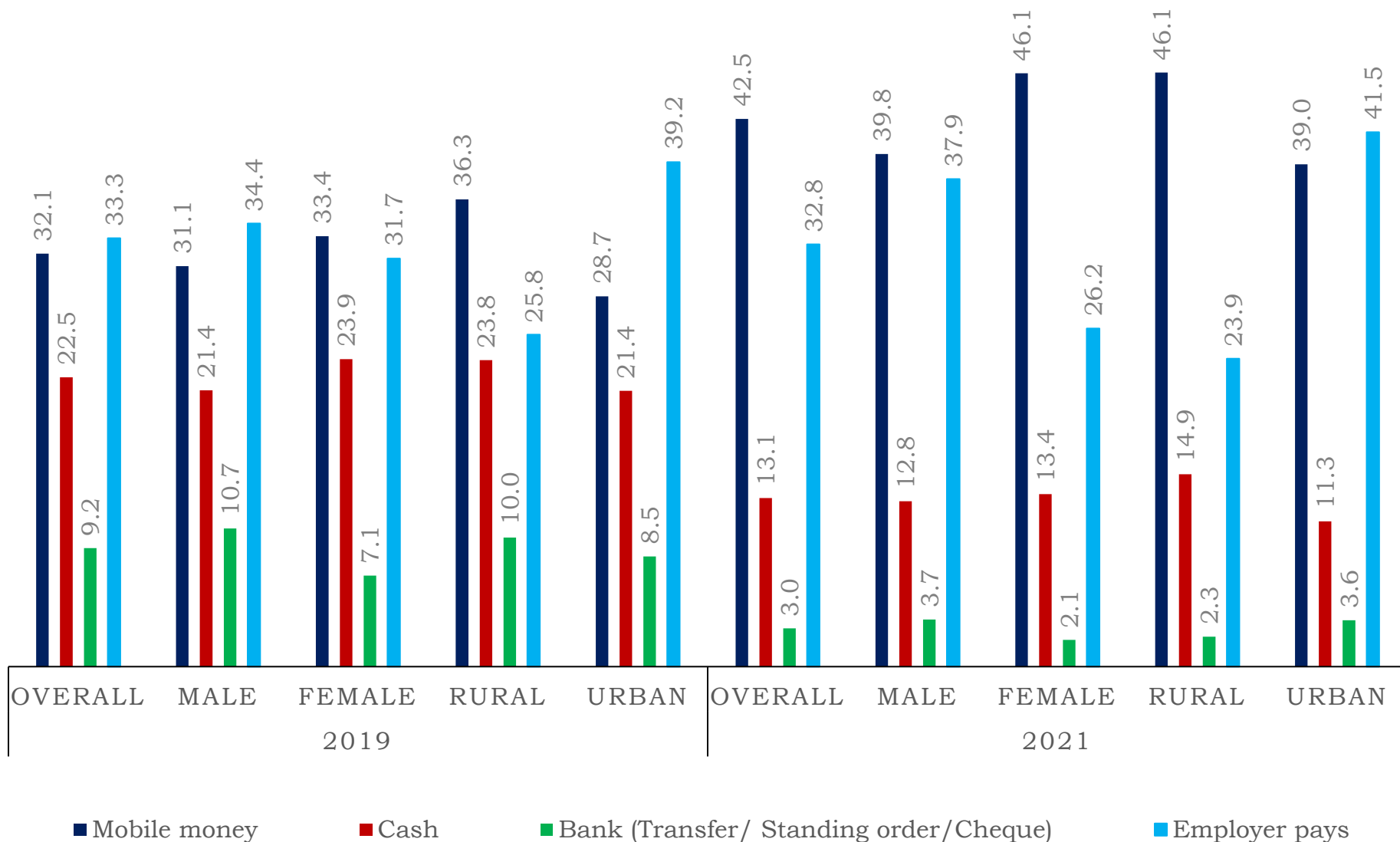
# Access by Policy Type



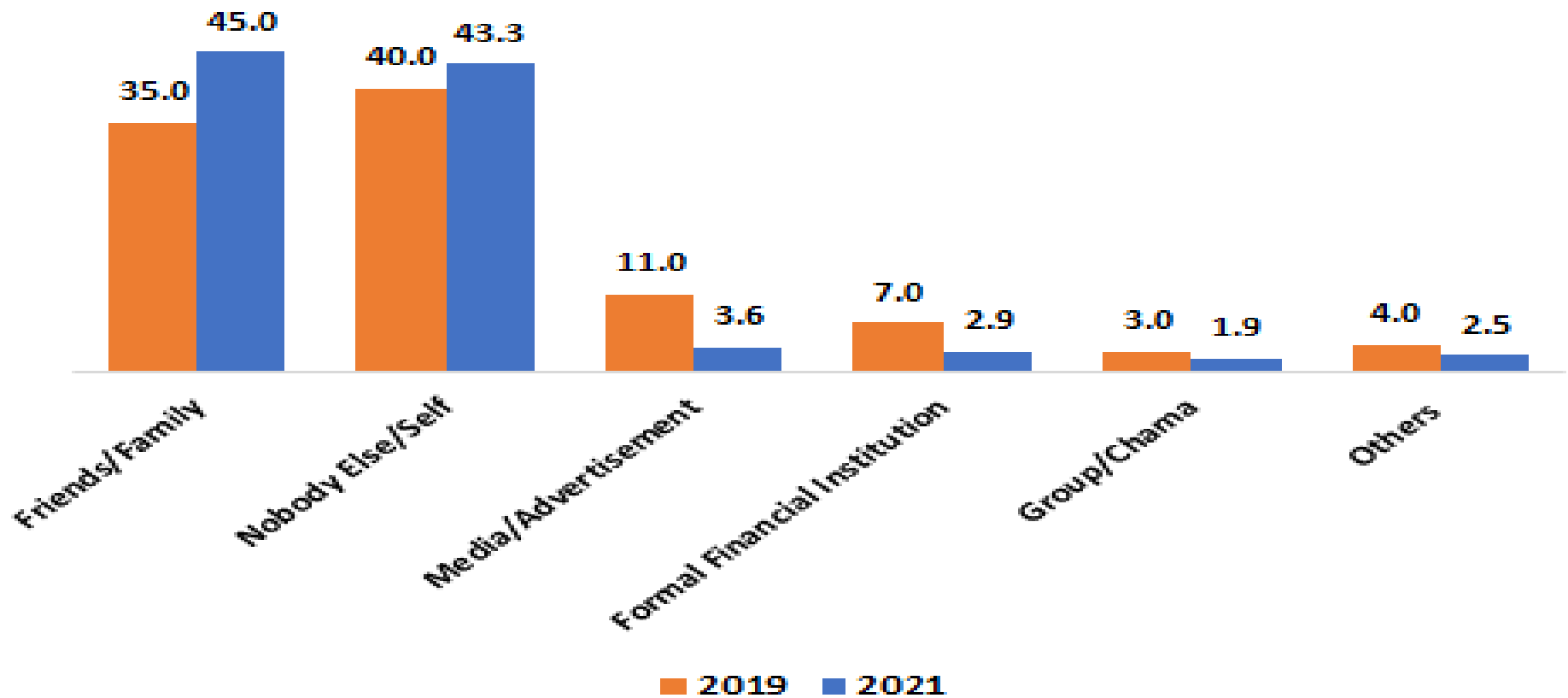
# Barriers to Insurance



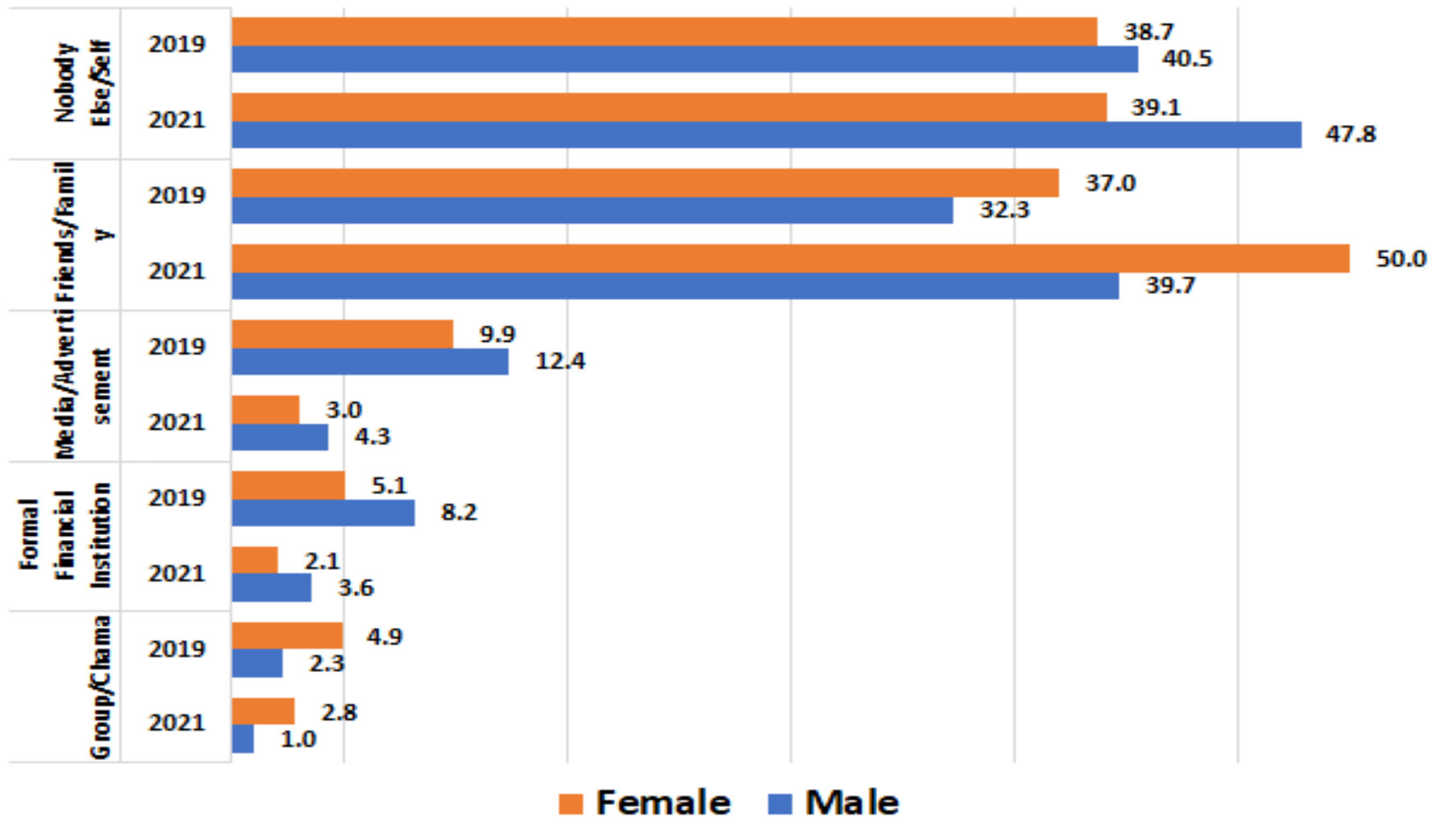
# Channels for Paying Insurance Premiums



# Where People Get Financial Advice



# Sources of Financial Advice by Gender



# **IMPLICATIONS OF FINACCESS DATA FOR INSURANCE**

## Implications

- ▶ Critical in tracking access to insurance across a range of dimensions
- ▶ Informed development of policies, programs and projects on inclusion and access to insurance
  - Micro-insurance framework
  - Social insurance
  - Crop and livestock insurance
- ▶ Review of legal and regulatory framework
  - Budget memorandum to the National Treasury on proposed amendments to the Insurance Act

# **GAPS IN FINACCESS SURVEYS**

## Gaps

- Need for granular data at the household level on access, usage, impact and welfare in regard to insurance.
  - Micro-insurance
  - Agricultural insurance
- Lack of specific or customized parameters for assessing access to insurance
- There is no clear delineation on what insurance is

# Way Forward



- Undertake insurance industry specific deep dive studies to inform policy and decision making
- Subject finaccess data to further analytics

# END OF THE PRESENTATION

