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FinMark Trust Vision and Mission

**FinMark Trust Vision.**
A world in which all people are able to utilise affordable, quality financial services offered by a range of service providers to improve their lives, and where inclusive financial markets contribute to economic growth and prosperity for all people.

This vision will be achieved within the context of a philosophy which puts customer value at the centre, particularly vulnerable groups such as women and youth, i.e. seeking to always understand what the needs and livelihood strategies of the poor are and to design interventions to support these strategies. The definition of the poor used by FMT is those who live on less than $1.25 per day.
FinMark Trust Vision and Mission

FinMark Trust Mission.
FMT is an independent centre of excellence for financial inclusion research, advocacy and implementation facilitation that achieves its purpose by:

• Providing technical and policy support to financial inclusion, regional financial integration, and harmonisation initiatives in the SADC region to further the overall vision of financial inclusion for the poor in the region
• Supporting national governments (within a regional financial inclusion programme context) by facilitating stakeholder driven financial inclusion programmes and supporting their implementation by conducting financial inclusion diagnostics, developing country roadmaps and implementation activities
• Providing data and analysis that enables policy makers and financial service providers to better understand the financial needs and behaviours of the poor to enable the provision of suitable quality financial services
• Playing a catalytic role to make financial markets accessible, sustainable and inclusive by promoting and supporting innovation in the financial sector particularly using digital platforms.
### FinMark Trust Strategic Objectives and Programmes

<table>
<thead>
<tr>
<th>South Africa Financial Inclusion Programme</th>
<th>SADC Financial Inclusion Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>FinScope</td>
<td>SADC Making Access Possible Programme (MAP)</td>
</tr>
<tr>
<td>Insight2Impact (i2i)</td>
<td>Cross Border Remittances</td>
</tr>
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</table>
FinMark Trust summarised in a Video

https://youtu.be/4IL_xqU9QaY
What is FinScope?
FinScope

- The FinScope survey is a research tool which was developed by FinMark Trust. It is a nationally representative survey of how individuals/businesses source their incomes, and how they manage their financial lives, attitudes and perceptions, financial behaviour, etc.

- FinScope was the first reputable “currency” to comprehensively measure financial inclusion

- FinScope is a key ingredient in the ‘The Making Access Possible (MAP)’ which is a diagnostic and programmatic framework to support expanding access to financial inclusion in partnership with the UNCDF

- The FinScope survey is dynamic and the content is evaluated by a number of stakeholders including the private sector, NGOs and Government to ensure that the most relevant consumer data is collected.

- FinScope Consumer Surveys have been completed in 29 countries. This allows for cross-country comparison and sharing of findings which are key in assisting on-going growth and strengthening the development of financial markets globally and regionally (SADC, Non-SADC Africa & ASEAN)

- Micro, Small and Medium enterprises (MSME) FinScope survey have been implemented in 8 countries
FinScope Consumer Footprint

29 countries (14 SADC, 8 non-SADC Africa, 7 Asia)

**FinScope MSME:**
South Africa, Zambia, Tanzania, Malawi, Zimbabwe, Mozambique, Lesotho, Swaziland

- **Repeat cycle**
- **First cycle**
- **Potential first cycle**
- **Underway**
Why FinScope is important?

- Assist in establishing credible **benchmarks** and indicators of financial inclusion and financial capability and **track progress** through repeat surveys.
- Providing **evidence-based** information that can be used by a range of stakeholders, including the following:

  - **Policy makers**
    - Highlighting opportunities for policy reform to drive the financial inclusion agenda.

  - **Private sector**
    - Providing insights into market obstacles to growth and opportunities for innovation in product development and delivery.

  - **Donors and NGOs**
    - Supporting the development of interventions /programmes to increase financial inclusion in specific regions or population groups.
Current FinScope initiatives in SADC
FinScope initiative in the SADC region

• SADC Finance Ministers’ resolution on FinScope implementation
• Surveys in 4 SADC countries [Namibia (Consumer), South Africa (Consumer), Swaziland (MSME) and Tanzania implemented by FSDT].
• Piloted a booster sample for Child financing in South Africa (12-15 years)
• FinScope data publicly available on data portals (i2i & UNCDF)
• More FinScope MSME surveys being requested
• Continue collaboration/partnerships with different stakeholders
• Continue improving the FinScope instrument and approach
FinScope Insights
FinScope Policy Papers - Gender

Access Strand by Gender in SADC (including South Africa)

Female: 35, 18, 12, 35
Male: 41, 19, 10, 30

Gap: 6, 1, 2, 5
FinScope Policy Papers – Gender (contd.)

Access Strand by Gender in SADC (excluding South Africa)

Gap

12  0  2  10
Proportion of adults in SADC that ....

- Understand savings: 69
- Know advantages of a bank account: 53
- Track spending and earnings: 53
- Use professional financial advice: 50
- Understand insurance: 48
- Use debt for developmental purposes: 20
Proportion of adults in SADC that ....

- Own a cell phone: 64
- Has account at a bank or other formal institution: 53
- Own a bank account: 35
- Financially excluded: 33
- Receive money: 21
- Use ATM/Debit card: 20
- Send money: 18
- Has mobile money account: 15
- Has informal access: 13
- Use mobile banking: 10
- Use internet banking: 4
FinScope Policy Papers – Credit

Proportion of adults in SADC that ....

- Credit literate: 36%
- Gone without food due to lack of money: 33%
- Borrowed from a financial institution (formal or informal): 32%
- Used borrowed money to buy food: 27%
- Over-indebted: 25%
- Used debt for developmental purposes: 20%
- Obtained credit from an informal lender: 17%
- Obtained credit from non-bank financial institution: 10%
- Obtained credit from a bank: 6%
SADC Financial Access Strand

3 SADC countries implemented FinScope Consumer surveys since 2015
Madagascar, Seychelles, South Africa

<table>
<thead>
<tr>
<th>Year</th>
<th>Banked</th>
<th>Other formal (non-bank)</th>
<th>Informal only</th>
<th>Excluded</th>
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<tbody>
<tr>
<td>2015</td>
<td>36</td>
<td>18</td>
<td>12</td>
<td>34</td>
</tr>
<tr>
<td>2017</td>
<td>35</td>
<td>19</td>
<td>13</td>
<td>33</td>
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</table>

138 million adults
125 million adults

Banked  Other formal (non-bank)  Informal only  Excluded
### Where is the growth or decline?

<table>
<thead>
<tr>
<th>Financially included</th>
<th>2015</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formally served</td>
<td>54</td>
<td>54</td>
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<tr>
<td>Banked</td>
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<td>35</td>
</tr>
<tr>
<td>Other formal (non-bank)</td>
<td>42</td>
<td>44</td>
</tr>
<tr>
<td>Informal mechanism</td>
<td>39</td>
<td>43</td>
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<tr>
<td>Excluded</td>
<td>34</td>
<td>33</td>
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</table>

<table>
<thead>
<tr>
<th>Financially included</th>
<th>2015</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saving</td>
<td>51</td>
<td>56</td>
</tr>
<tr>
<td>Borrowing</td>
<td>32</td>
<td>38</td>
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<tr>
<td>Insurance</td>
<td>27</td>
<td>19</td>
</tr>
<tr>
<td>Remittances</td>
<td>33</td>
<td>45</td>
</tr>
<tr>
<td>Mobile money</td>
<td>23</td>
<td>30</td>
</tr>
</tbody>
</table>
FinScope MSME Studies in SADC
Studies done on MSMEs in SADC
Lesotho, South Africa, Mozambique, Malawi, Zimbabwe and Swaziland

10 million Individual entrepreneurs

13.76 million MSME owners

3.7 million business owners with employees

Employing 10.85 million people

Owning 15.6 million MSMEs

*Excluding business owners
MSME Financial Access Strand

Key Barriers

- Access to finance
- Lack of enough clients
- Access to markets

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Banked</th>
<th>Non-bank Formal</th>
<th>Informal only</th>
<th>Financially excluded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Swaziland</td>
<td>2017</td>
<td>69</td>
<td>7</td>
<td>11</td>
<td>13</td>
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<tr>
<td>South Africa</td>
<td>2010</td>
<td>47</td>
<td>4</td>
<td>7</td>
<td>42</td>
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<tr>
<td>Lesotho</td>
<td>2016</td>
<td>41</td>
<td>4</td>
<td>20</td>
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<tr>
<td>Malawi</td>
<td>2012</td>
<td>22</td>
<td>9</td>
<td>10</td>
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<tr>
<td>Zimbabwe</td>
<td>2012</td>
<td>14</td>
<td>4</td>
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<td>43</td>
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<tr>
<td>Mozambique</td>
<td>2012</td>
<td>9</td>
<td>2</td>
<td>14</td>
<td>75</td>
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<tr>
<td>Zambia</td>
<td>2008</td>
<td>7</td>
<td>6</td>
<td>6</td>
<td>81</td>
</tr>
</tbody>
</table>
Key Take-Outs
Key take-outs

• More females are excluded from financial services and this leads to their exclusion from social and economic activities

• Financial literacy is critical in financial inclusion

• Mobile money is an important driver for financial inclusion

• Over-indebtedness is mainly driven by the lack of credit literacy and borrowing from multiple sources

• Most small businesses owners use own capital to finance start-ups
Areas of Collaboration

- **MSME**: MSME360° – a new programme of FMT that focuses on the promotion of MSMEs through a demand and supply-side diagnostic leading into a roadmap and implementation plan. Currently being implemented in Swaziland together with the Micro-Finance Unit.

- **State Institutions**: Role played by state institutions in Financial Inclusion – continued collaboration with SADC Secretariat, local Ministries of Finance, Central Banks e.g. MAP methodology.

- **FSPs**: Continued collaboration with FSPs.

- **FMT is ready to partner with Development Finance Institutions (DFIs).** Budget allocated for this project and details are still being discussed and will be finalised soon.
Thank you
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