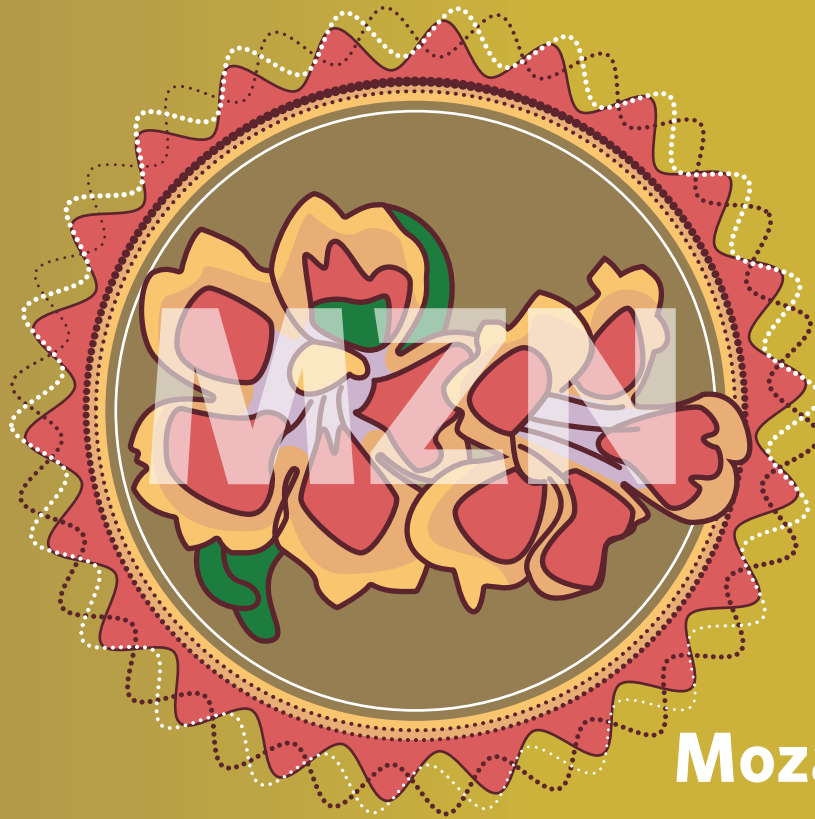


FinScope
*Consumer
Survey
Highlights*



Mozambique
2019





Ministério da
Economia e Finanças
Ministério da
Agricultura e
Desenvolvimento Rural
Ministério da Terra e
Ambiente

Partnering for a common purpose

The FinScope Consumer Survey 2019 is a follow up from the previous surveys conducted in 2014 and 2009. This assists tracking the levels of financial inclusion across the country. The study was funded by the Department for International Development (DFID) and facilitated by Financial Sector Deepening Mozambique with Government, Financial service providers (FSPs) and donors to ensure an inclusive, holistic process. FinScope Mozambique represents a partnership between the following institutions:

- Insurance Supervision Institute of Mozambique (ISSM)
- The Bank of Mozambique
- Ministry of Economy and Finance
- Ministry of Agriculture and Rural Development
- Ministry of Land and Environment
- The Institute of National Statistics (INE)

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

This pocket guide represents some of the key market data on financial inclusion.

Introduction

The Government of Mozambique recognises the role played by the financial sector in facilitating economic growth through enhanced access to financial services. In order to strengthen policies that will generate sustainable and inclusive growth and development, the Financial Sector Deepening Mozambique implemented the 3rd Mozambique FinScope Survey to help monitor and evaluate sector interventions driven by the National Financial Inclusion Strategy (NFIS).

This repeat survey provides credible benchmarks on level of financial inclusion, financial capability and the quality of financial inclusion. The Mozambique FinScope Consumer 2019 survey indicators allow the Financial Sector to monitor, guide and set new targets using empirical evidence. This repeat survey will continue to act as a national good for use across private and public sectors, donor world and academic backgrounds in order to ensure the lives of Mozambicans are enhanced.

Methodology

- According to the adult population 2019, the total adult population is estimated to be 14.19 million.
- Nationally representative individual-based sample of the adult population aged 16 years

and older at Provincial and urban/rural level.

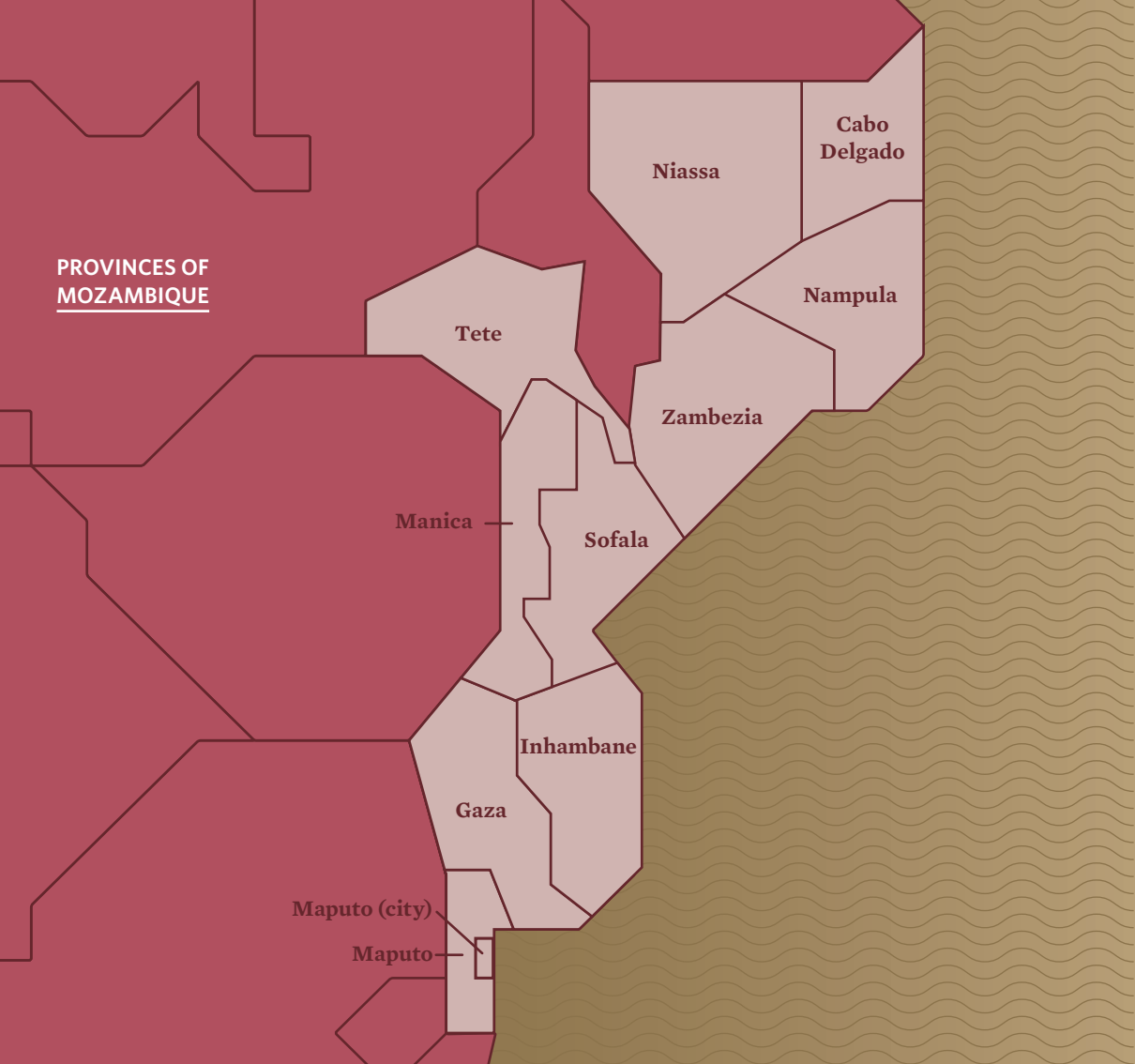
- Sampling frame and data weighting conducted by the INE and weighted to the INE Population Projections 2019 aligned to census 2017.
- 5 073 main sample interviews and 749 district sample for Homoine and Changara conducted by Ipsos Mozambique (July 2019 - November 2019).

Survey objectives

The objectives of FinScope Consumer Survey Mozambique 2019 were to:

- To describe the levels of financial inclusion (i.e. levels of access to financial products and services – both formal and informal).
- To describe the landscape of access (i.e. the type of products and services used by financially included individuals).
- To identify the drivers of, and barriers to financial access.
- To stimulate evidence-based dialogue that will ultimately lead to effective public and private sector interventions that will increase and deepen financial inclusion.
- To compare survey results with the second FinScope Consumer Survey in Mozambique (2014) and to provide an assessment of changes and factors thereof (including possible impacts of previous interventions to enhance access).

**PROVINCES OF
MOZAMBIQUE**



Niassa

Cabo
Delgado

Tete

Nampula

Zambezia

Manica

Sofala

Inhambane

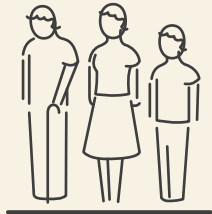
Gaza

Maputo (city)

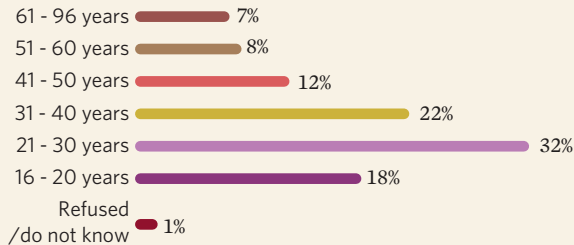
Maputo



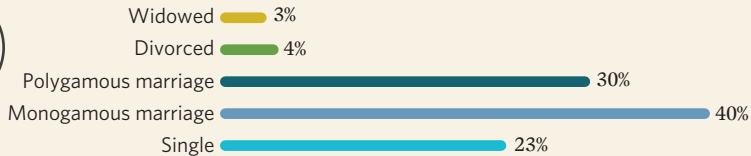
DEMOGRAPHICS



AGE (%)

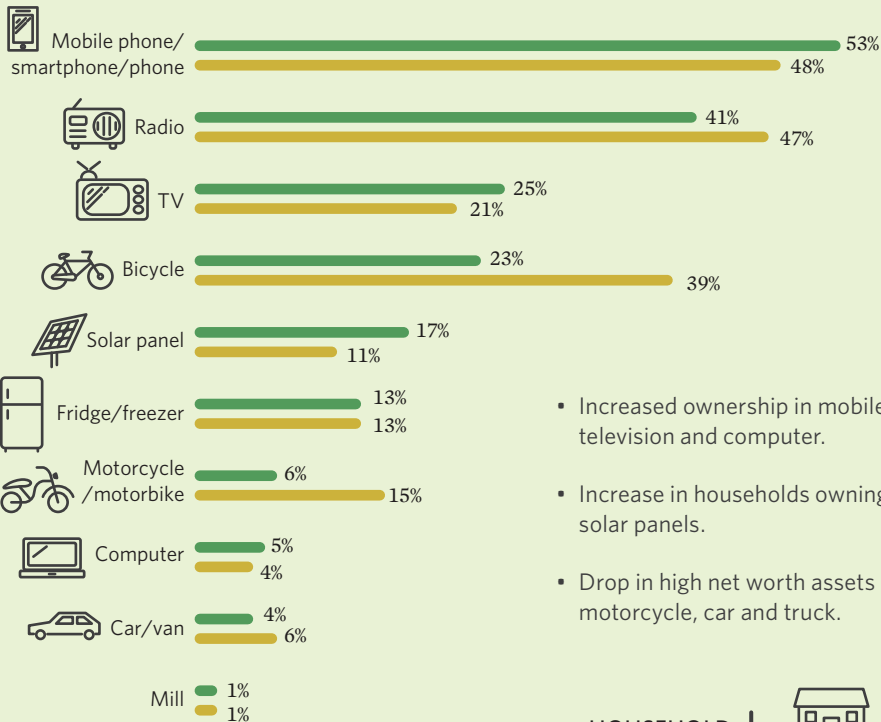


MARITAL STATUS (%)

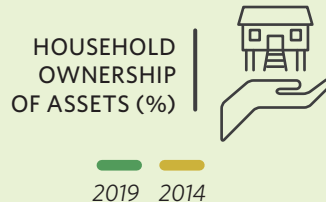


EDUCATION (%)



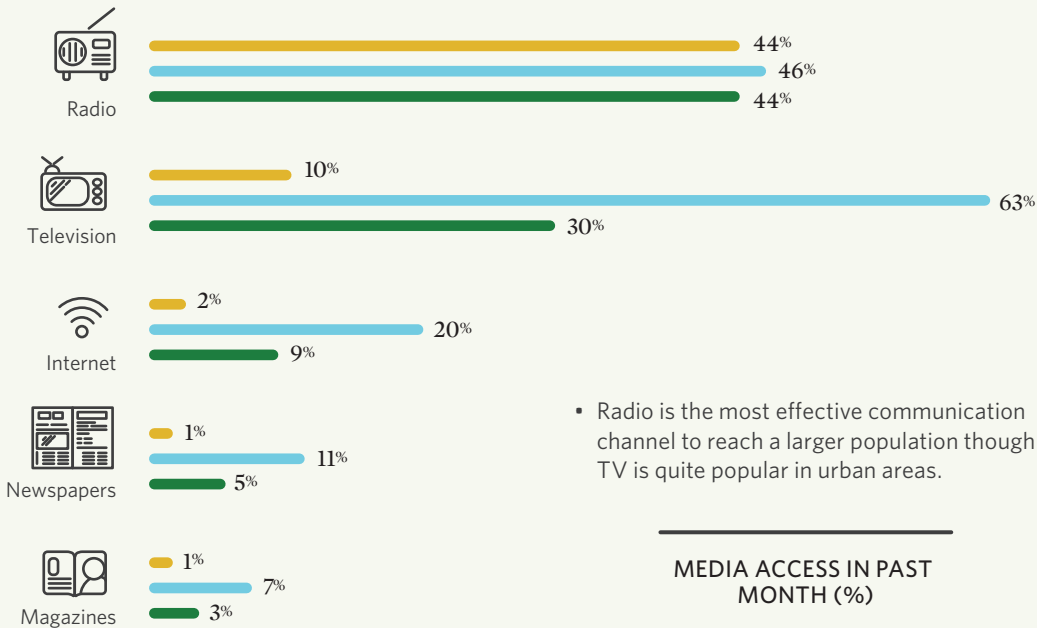


- Increased ownership in mobile phone, television and computer.
- Increase in households owning solar panels.
- Drop in high net worth assets such as motorcycle, car and truck.



UNDERSTANDING PEOPLE'S LIVES

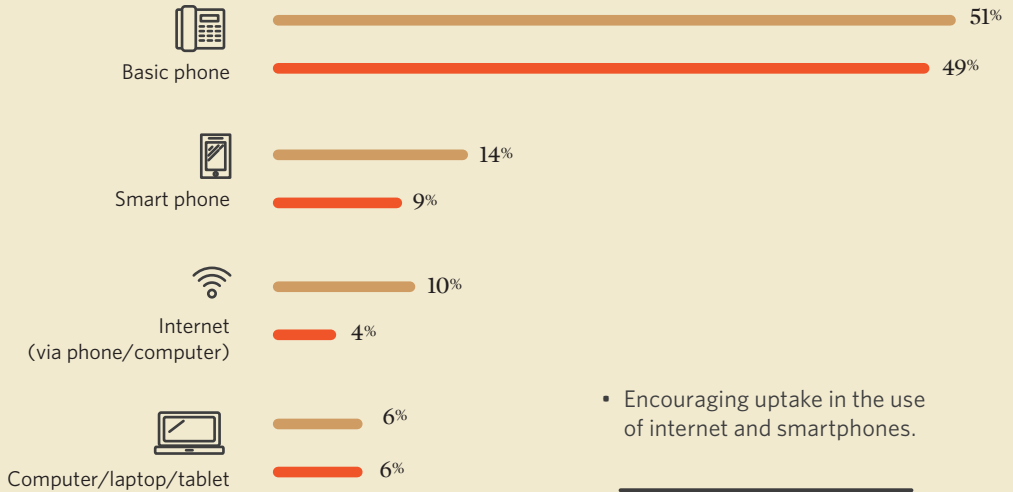
Media access



MEDIA ACCESS IN PAST MONTH (%)



Communication devices/tools



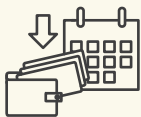
- Encouraging uptake in the use of internet and smartphones.

USAGE OF COMMUNICATION DEVICE (%)

| 2019 | 2014 |

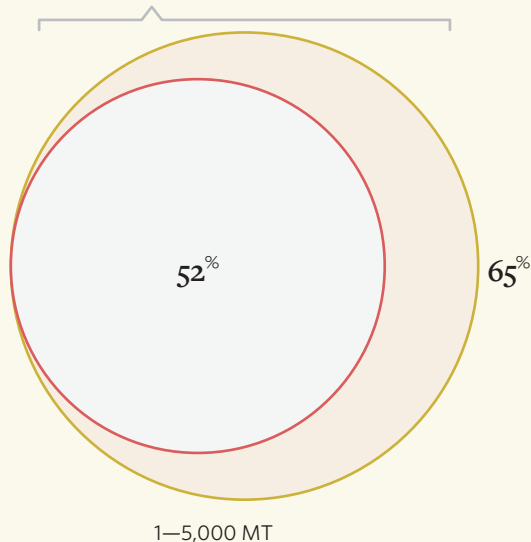
UNDERSTANDING PEOPLE'S LIVES

Income/livelihoods

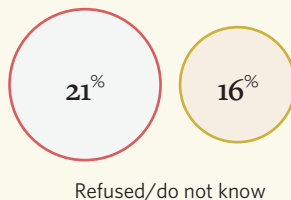
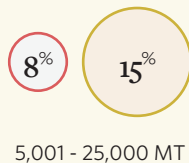
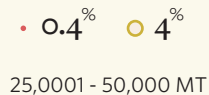
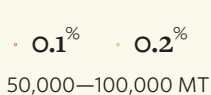


PERSONAL MONTHLY INCOME (%)

The majority of adults earns less than 5000MT(80USD) per month

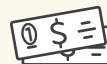


2019 2014

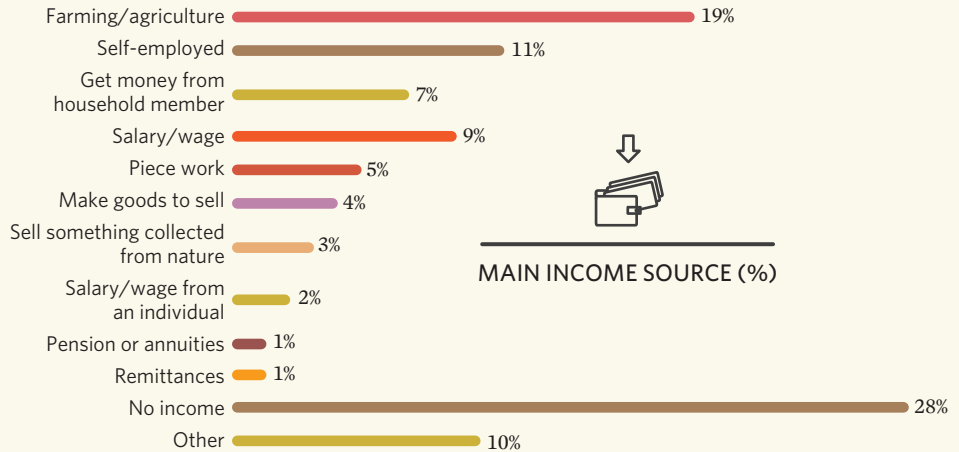


1USD = 62,12MT

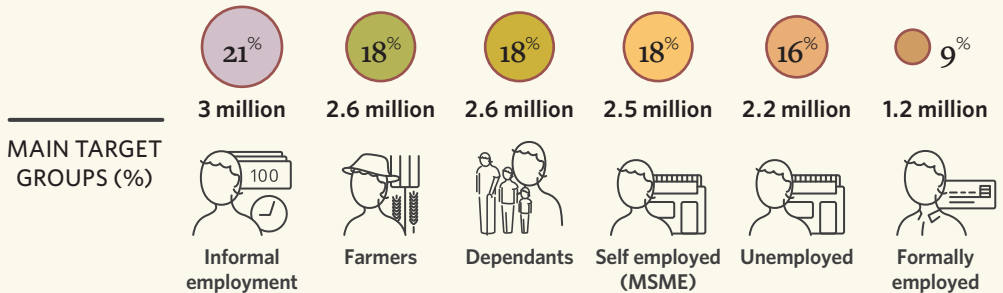
Average estimate (July-Nov 2019)



Income/livelihoods

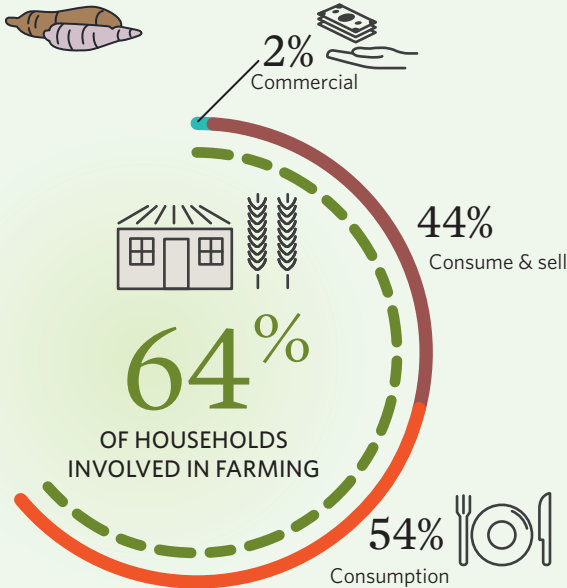


- Most adults are involved in farming and running own businesses.
- 37% are not involved in income generating activities but largely being dependent on others.

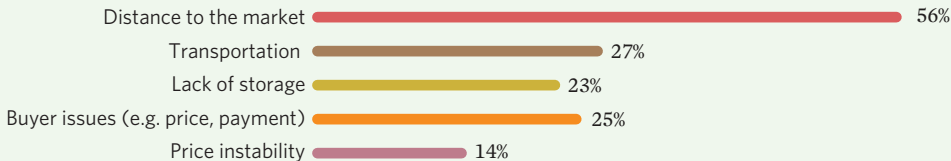


UNDERSTANDING PEOPLE'S LIVES

Agriculture



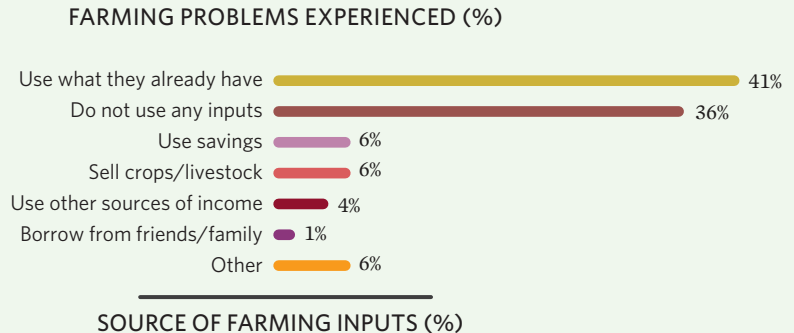
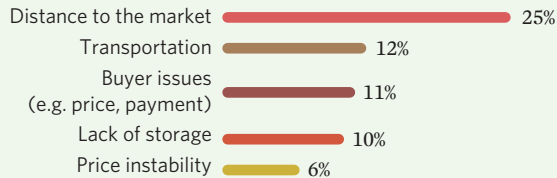
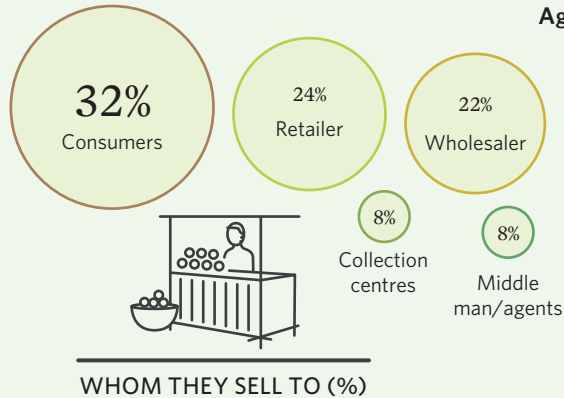
- 64% of households are involved in farming - 95% of these households are involved in Agriculture, 21% in Livestock breeding and 3% in fishing.
- 54% of farmer households are consumption farmers, 44% both consume and sell their produce with only 2% being commercial.
- Main markets for commercialised farmers (42%) are direct to public (32%), retailers (24%) and wholesaler (21%).
- The main income generating livestock are goat/sheep, fishery and poultry while for crops - cereals, pulses (beans/peanuts) and tubers and root crops (cassava).



BARRIERS TO COMMERCIALISING (%)

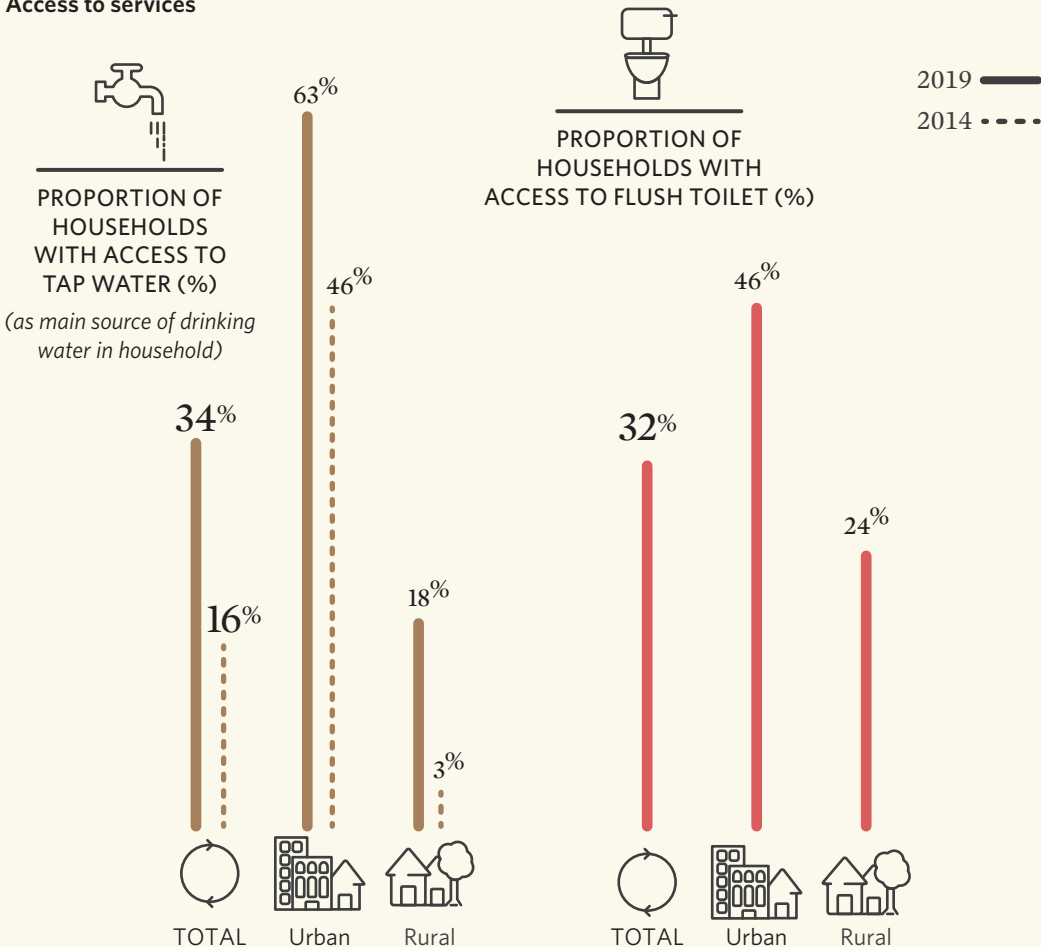
Agriculture

- Popular markets for farmers include selling directly to consumers, retailers and wholesalers.
- Distance to market is the most common challenge faced by farmers.
- 77% of farmers do not use any inputs or buy inputs such as fertiliser or pesticides.
- Of the 63% of HH involved in farming only 5% have received technical assistance or training on agriculture techniques.

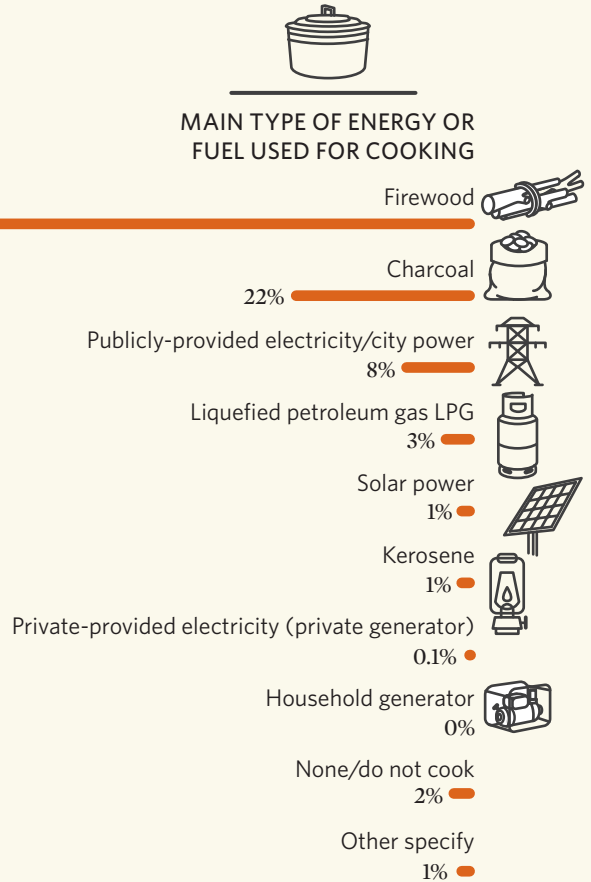
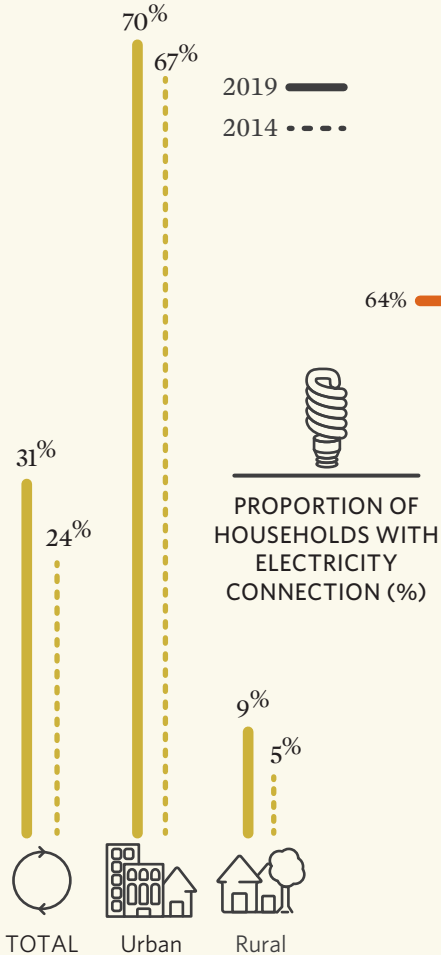


UNDERSTANDING PEOPLE'S LIVES

Access to services



Access to services



UNDERSTANDING PEOPLE'S LIVES

Infrastructure

Adults using
or aware of
destination

Mean time taken
to reach destination
[minutes (')]

2019

2014



91%

10'

15'



Grocery store

90%

22'

15'



Bank agency

73%

45'

45'



ATM

48%

45'

45'

Informal money
lender

23%

25'

Infrastructure



Walk



Taxi/chappa

72%

13%

81%

6%

41%

29%

41%

31%

- Mobile money facilities are the closest formal financial service providers.
- Bank branches and ATMs remain the least accessible.
- Improving physical access to financial service points can increase financial service uptake significantly.

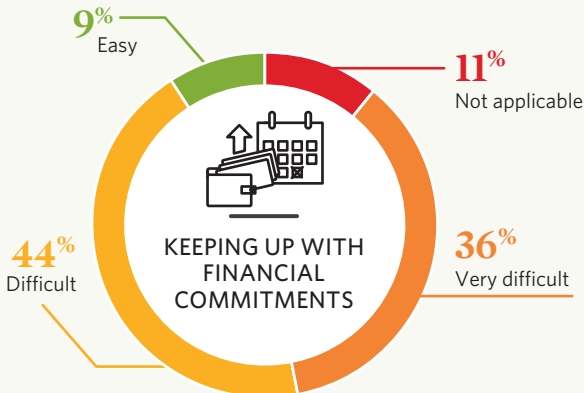
FINANCIAL CAPABILITY

Managing money

Financial capability encompasses the knowledge, attitudes, skills and behaviour of individuals with respect to understanding, selecting and applying financial concepts and tools, and the ability to access financial services that meet their needs.

There are multiple dimensions that make up financial capability. To better understand the financial capability of Mozambicans, the financial inclusion section will present some of the financial capability dimensions mentioned below:

- **Meeting financial obligations** – or making ends-meet. This dimension assesses consumers' ability to manage their personal and household finances to meet their financial obligations.
- **Planning for the future** – looks at budgeting, savings, investments and insurance. It assesses Mozambican's attitudes, knowledge and behaviours as it relates to personal financial planning.
- **Understanding and use of financial products** – This relates directly to how people are using financial products and services to manage their finances. It also provides insight into behaviour as it relates to the selection of financial products and services to meet one's financial needs; and
- **Financial decision-making** – refers to an individual's ability to apply the knowledge to make well informed financial decisions.

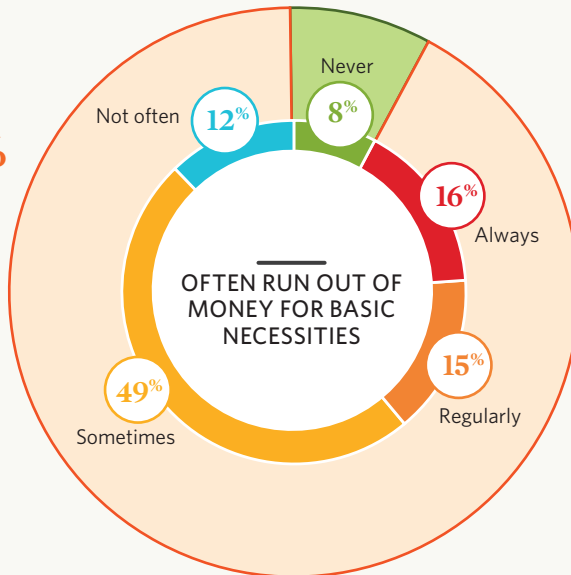


- Generally people are facing hardships as only a few adults can meet their financial obligations with ease and have never run out of money for basic necessities.

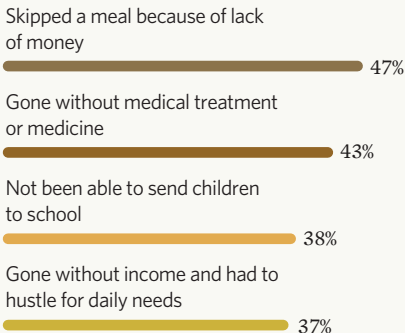
Managing money

- 92% of adults have run out of money for important expenses before their next income. This is not surprising considering that the only 9% of adults earn more than 5,000 MT.

92%



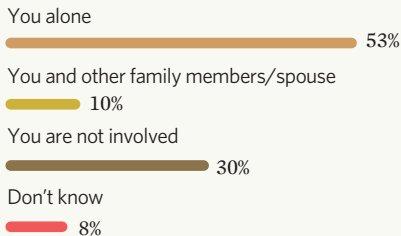
POVERTY SYMPTOMS



FINANCIAL CAPABILITY

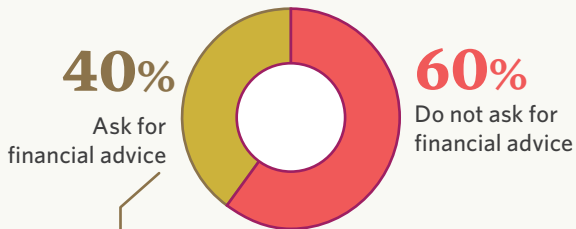
Accessing financial information and sources of financial information

FINANCIAL DECISION-MAKING WITHIN HOUSEHOLDS



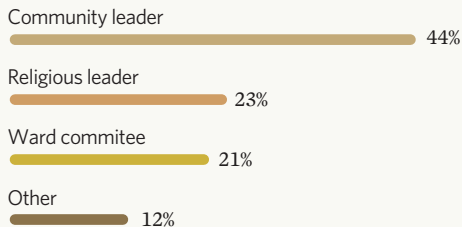
- Only 10 percent adults are involved in joint decision-making; joint decision making is considered best practice and should therefore be encouraged.

SEEKING FINANCIAL ADVICE

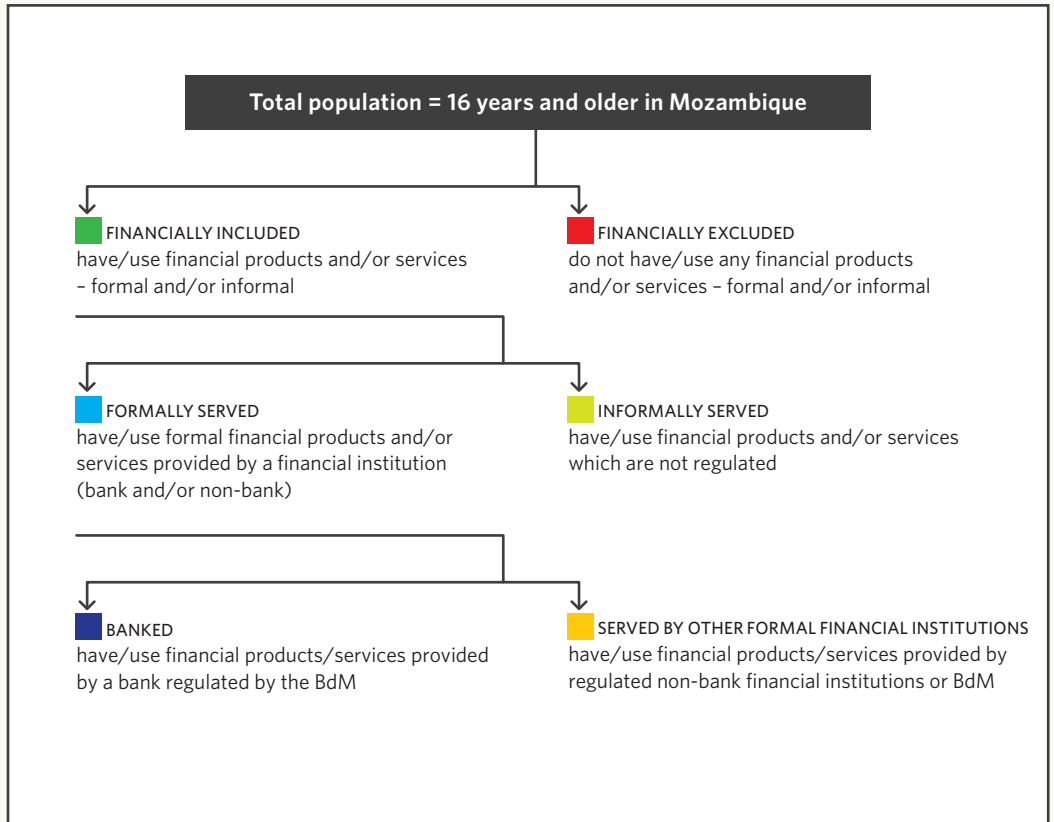


- Apart from family or friends, 60% do not seek financial advice from anyone else.

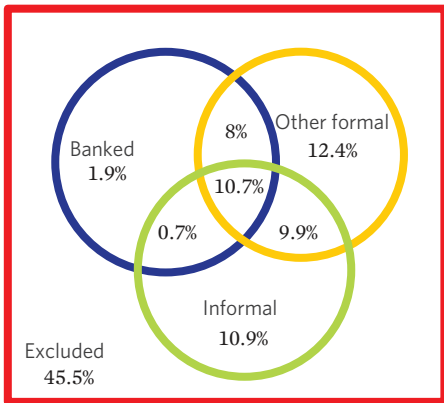
Source of financial advice



Defining financial inclusion by category



FINANCIAL INCLUSION

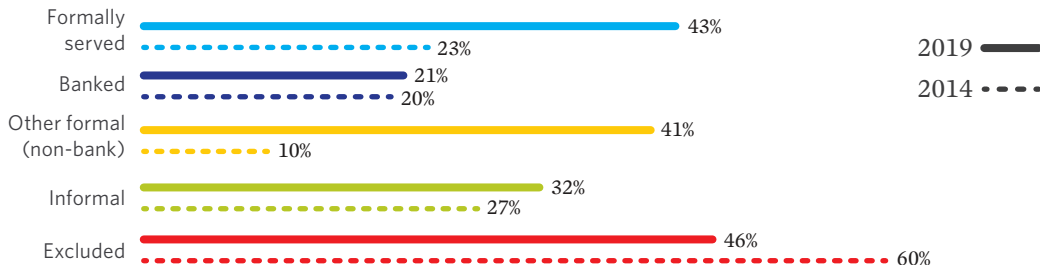


Overlaps

Consumers generally use a combination of financial products and services to meet their financial needs.

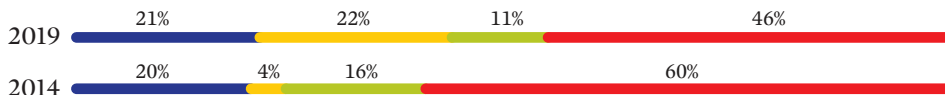
- 2% of adults rely exclusively on banking services yet 12% rely exclusively on other formal.
- 21% use a combination of formal and informal mechanisms to manage their financial needs, thus indicating that their needs are not fully met by the formal sector alone.
- 11% of the adult population ONLY rely on informal mechanisms such as savings groups (Xitique) or ASCAs to save or borrow money.

Overview (%)



- Banking is up by 1 percentage point (up by 190 thousand adults) and continues to be mainly driven by the uptake of transactional products.
- Uptake of other formal non-bank products is up by 31 percentage points and is largely driven by mobile money services.
- Uptake of informal financial products/ mechanisms is up by 5 percentage points.
- Financial exclusion has been reduced by 14 percentage points.

Overall Financial Access Strand



Overlaps are removed when constructing the Strand

- There was a decline in the percentage of adults who have been financially excluded from 60% in 2014 to 46% in 2019. do not use any financial products/ services - neither formal nor informal - to manage their financial lives (29%).
- There is a slight decline in the

percentage of adults relying only on informal mechanisms, and do not have/use any formal financial products or services to manage their financial lives (from 16% in 2014 to 11% in 2019).

- About 22 percent adults have/use other formal financial products or services but are not banked (up from 4% in 2014). Mobile money providers

are playing a significant role in reaching out to those unbanked population. These individuals may, however, also use informal financial mechanisms.

- Only 21% of the adult Mozambicans are banked but may also use other formal non-banked or informal financial products or services (up from 20% in 2014).

Access Strands by location and gender



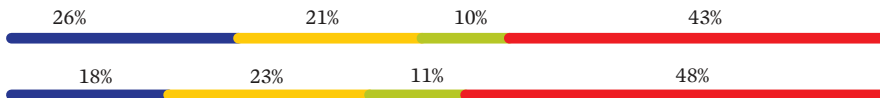
Urban



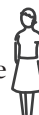
Rural



Male

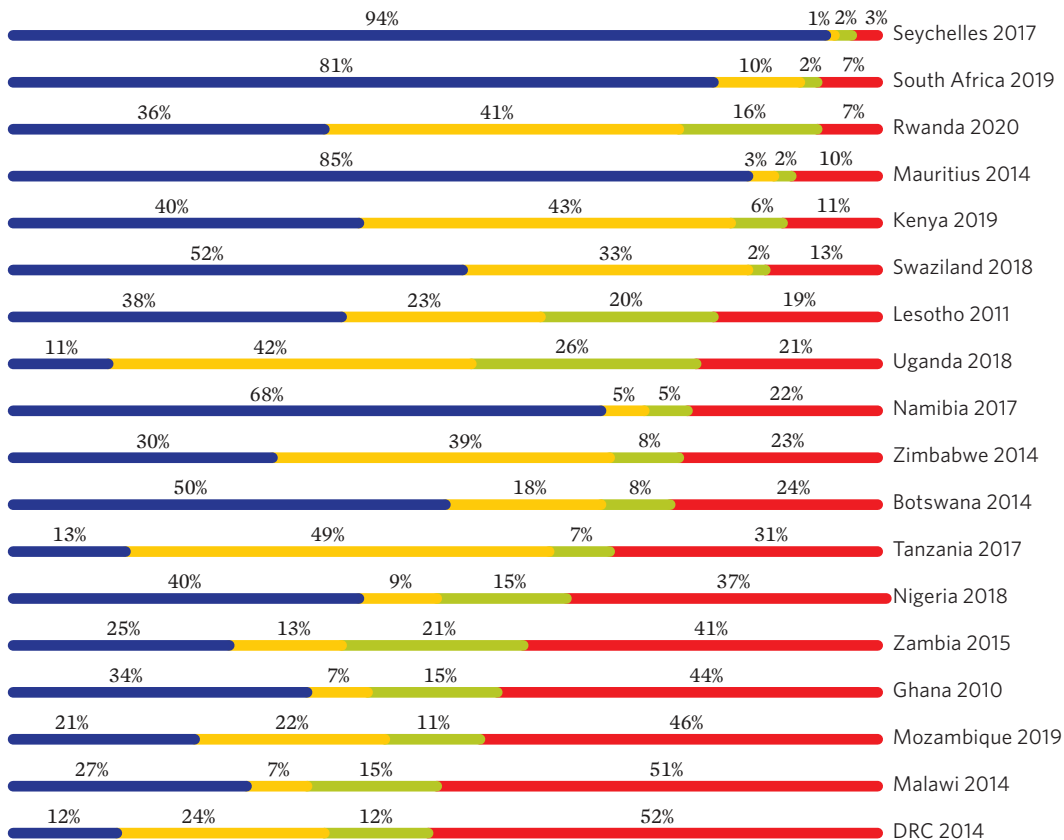


Female



ACCESS STRANDS

Regional Financial Access Strand (%) (ranked by excluded)



Household inclusion



20%

Have a bank account



20%

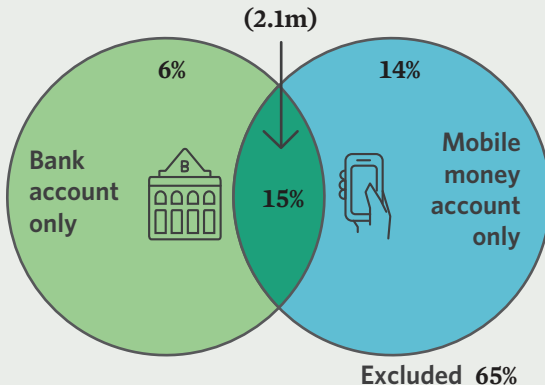
Have a mobile money account



0.4%

Have an MFI account

Both mobile money & bank account



- Access to a transactional account is a first step towards broader financial inclusion since it allows people to store money, and to send and receive payments.
- 15 percent of adults are using both mobile money and bank accounts to manage their financial needs. It seems that mobile money is used as an alternative to meet specific needs as it does not substitute bank account ownership.

LANDSCAPE PRODUCTS

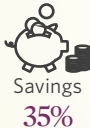
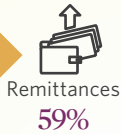


Banking

2014



Credit
25%

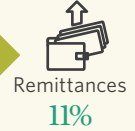
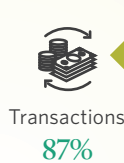


BANKED

2019



Credit
19%



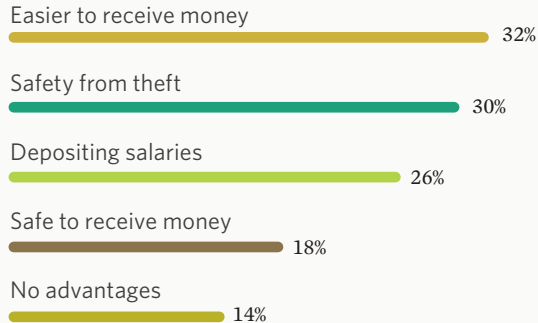
- The total banked population has increased from 2.8 million (20%) in 2014 to 3 million (21%) in 2019.
- Transactions are driving banking.
- There has been a drop in bank credit, remittances and savings.



Banking

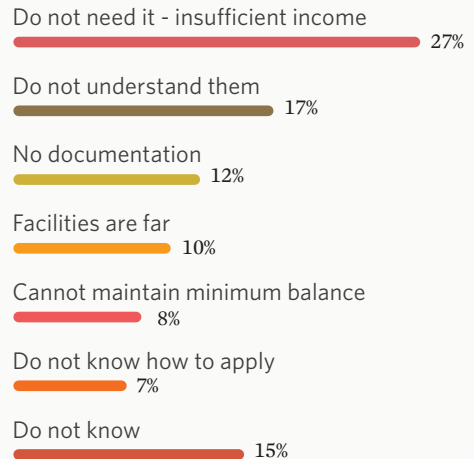
MAIN DRIVERS FOR BANKING

21% of adults are banked in 2019



MAIN BARRIERS TO BANKING

79% of adults are not banked in 2019

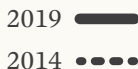
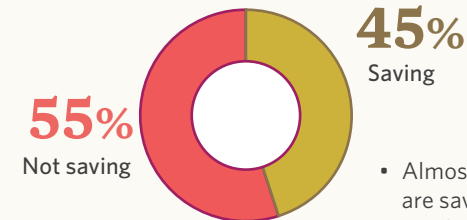
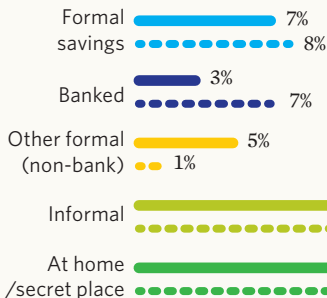


LANDSCAPE PRODUCTS



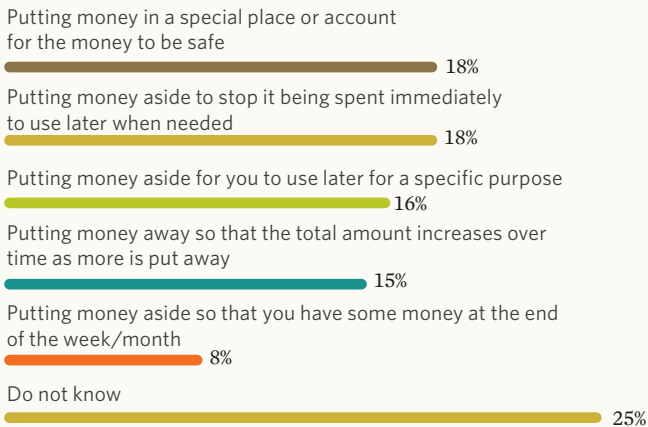
Savings and investments (%)

Overall



- Almost half of the adults are saving. The main mechanisms used include informal channels like savings groups and saving at home either in piggy banks or under the mattress.

SAVINGS DEFINITIONS (%)



- One in every four adults do not know what it really means to save.

Savings and investments (%)



Savings Strands



When constructing strands, overlaps are removed. The Strands reveal that:

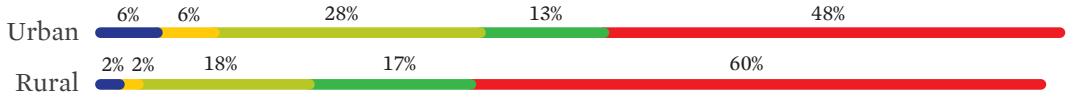
- 55 percent of the adult population aged 16 years and above do not save money either formally or informally (including saving at home).
- Only a few adults (7%) in

Mozambique save money through formal devices which includes banks (3 percent) and non-bank formal products (5 percent). There was a decline in the number of adults saving formally due to a sharp decline in savings via bank.

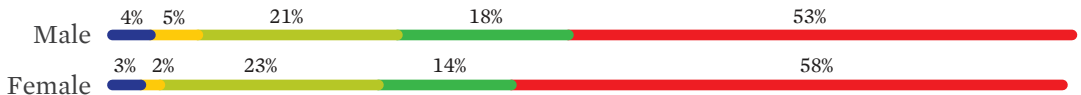
- Other savings mechanisms include informal savings

groups, there was a slight increase from 23% in 2014 to about 27% in 2019. Most of the adults (32%) are now keeping their savings at home, recording the highest increase since 2014 (15%). Savings are being largely driven by savings at home and informal savings groups.

Adults residing in the urban areas are more likely so save than rural adults



A five percentage gender gap exists in favour of males



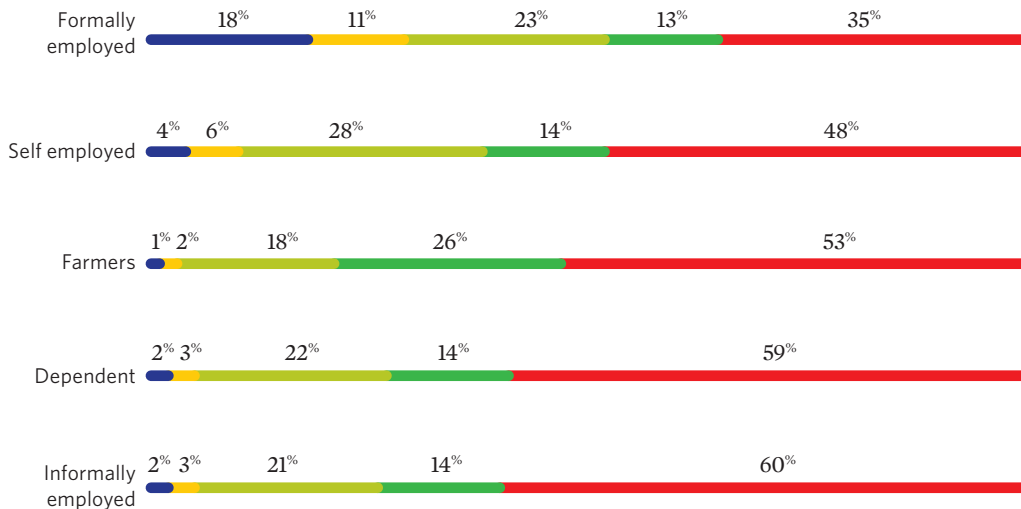
LANDSCAPE PRODUCTS

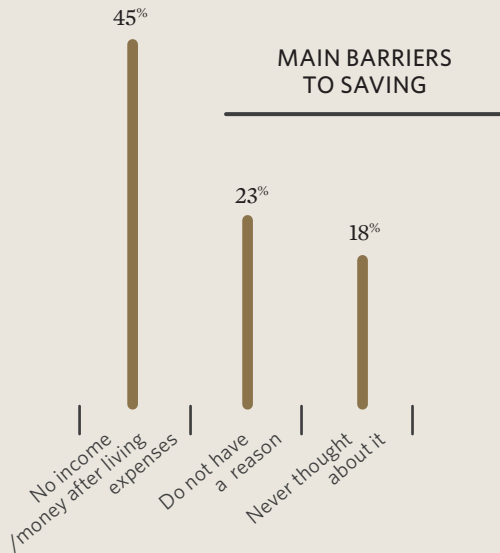
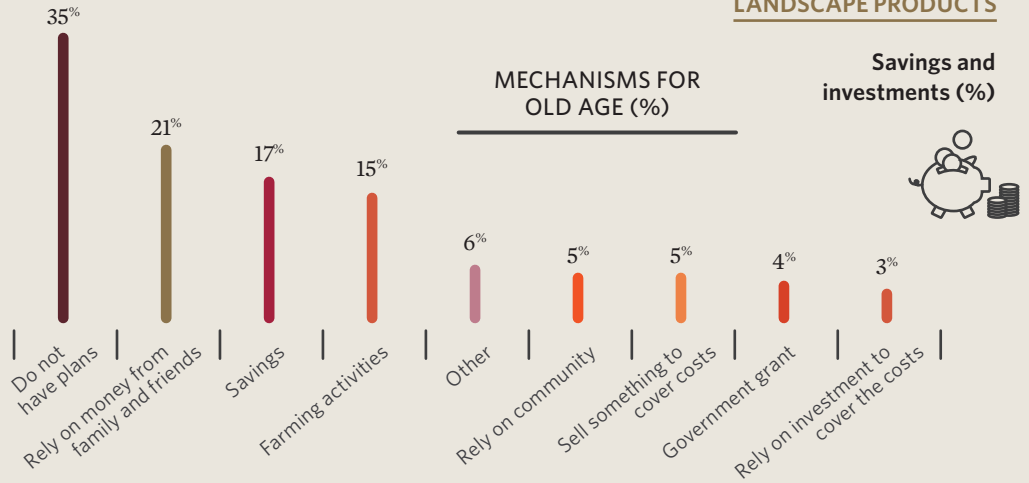
Savings and investments (%)



Savings Strand by target group

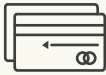
Apart from transactions, savings are also driving financial inclusion in Mozambique. A larger proportion of adults do not save using formal except for formally employed adults. Adults that get their livelihoods from informal sectors or dependent on other household members are mainly using savings groups or saving at home.





- Adults who do not plan and save for their future are likely to face financial challenges and live in abject poverty when old age creeps in. 1 in every 3 adults do not have any plans for the future.
- The major reason impeding adults from saving (lack of income) disclose financial challenges people might be facing.

LANDSCAPE PRODUCTS



Borrowing and credit



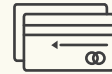
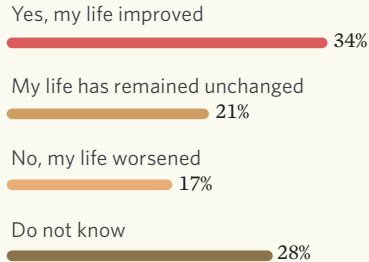
Credit Strand



The credit strand reveals that:

- About 93% of the adults do not borrow from any formal or informal mechanisms or even from family members.
- There was a slight decline in the percentage of adults who have borrowed in the past 12 months prior the survey. Only 7% of the adults have borrowed money from formal or informal channels.
- Most of the adults are accessing credit via formal channels (6%).

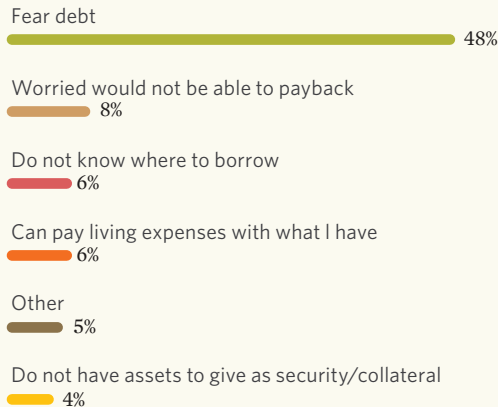
Has the loan/credit improved your livelihood/helped you



Borrowing and credit

- Only one third of the adults who borrowed agreed that the loan helped them. A deeper dive reveals that adults who felt that the loan did not improve their life had many debts and believe the interest was too high.

Barriers to credit



- The major impediment why people are not borrowing wether for productive reasons is that they fear debt. Financial education might help eliminate fear and educate people on productive borrowing.

LANDSCAPE PRODUCTS



Insurance and risk management

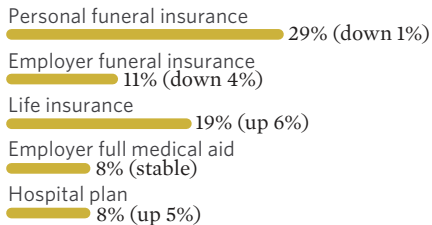


- 17% adults are insured in 2019 up from 8% in 2014.
- 83% of the adult population is not insured despite the proportion of adults who had experienced unforeseen events/risks.

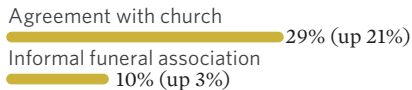
17%

OF ADULTS HAVE INSURANCE

Of those insured uptake of insurance products is driven by (compared to 2014):



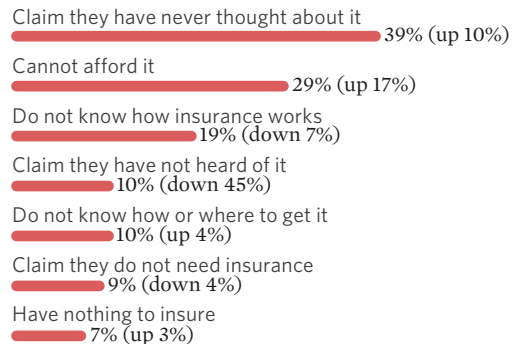
Uptake of informal products is driven by:



83%

OF ADULTS DO NOT HAVE ANY KIND OF FINANCIAL PRODUCT COVERING RISK

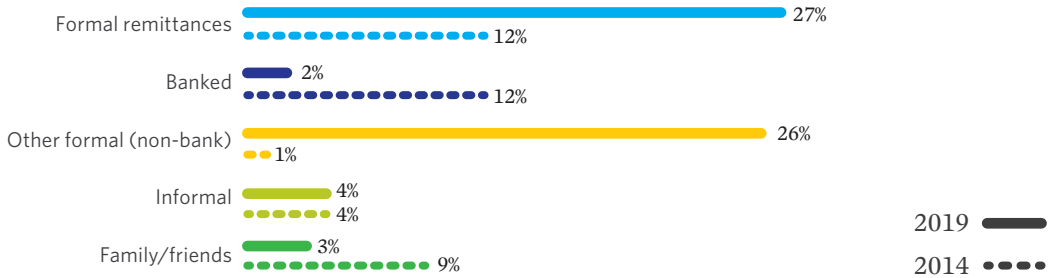
Main barrier to the uptake of insurance:





Remittances

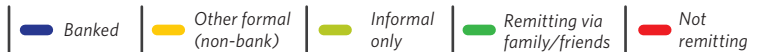
Overview of those who remitted in the past 12 months



Remittances Strand



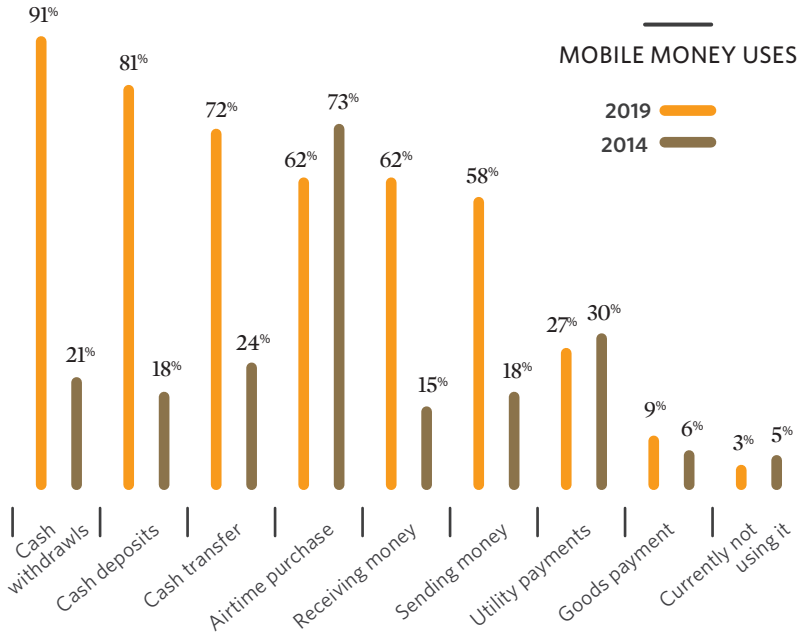
- 32% of adults have either sent or received money in the last 12 months up from 23% in 2014.
- There was a huge increase in the use of other non-bank channels of remitting money from 1% in 2014 to 26% in 2019. Mobile money has been the major driver.



LANDSCAPE PRODUCTS



Mobile money



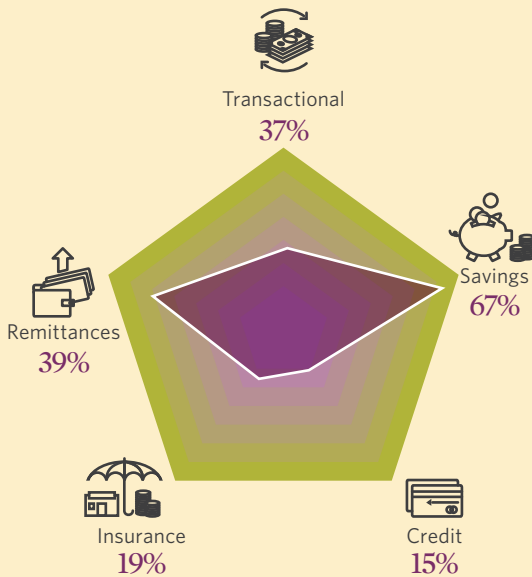
- 29% (4 million) of adults own a mobile money account (vs. 3% in 2014).
- 97% of these transact via the platform, e.g. buy mobile credit, pay utilities.
- 76% send or receive money on the platform.
- 54% of urban adults use mobile money compared to 13% rural – overall, there have a 71:29 urban to rural split.
- 26% of females use mobile money compared to

32% males – overall, there is a 50:50 female to male split.

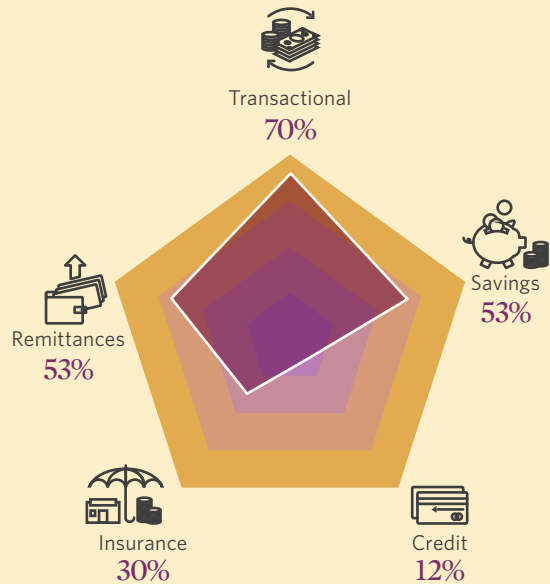
- 32% of the youth (under 35 years) use mobile money compared to 23% of the seniors – overall, there is a 69:31 youth to senior split.
- 72% of salaried adults use mobile money compared to 37% of self-employed, 29% of dependents, 26% of informally employed and 16% of farmers.

Landscape of Access
(of those with financial product)

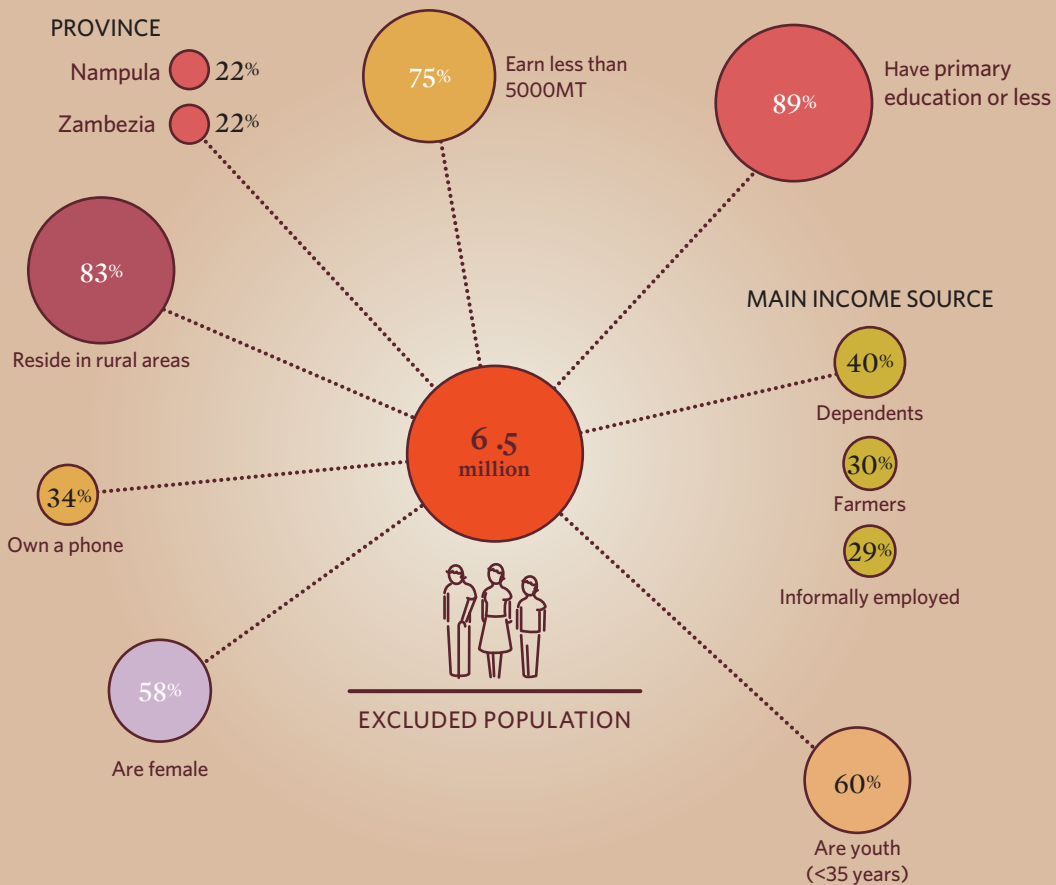
2014



2019



The Landscape of Access is used to illustrate the extent to which financially included individuals have/use financial products/services. There has been a drop in savings and credit due to the number of included adults (there are more people borrowing and saving in 2019 in absolute numbers).



**1.**

Initiatives to continue 'driving access' to financial services should be a priority as almost half of the adults are excluded. This may be an anchoring theme in the development of the National Financial Inclusion Strategy.

2.

Addressing real economy issues such as agricultural value chains, services delivery, employment and entrepreneurship could provide a lever for change as these directly affect livelihoods.

3.

Mobile money as tool to increase reach of formal services - with almost one in three adults using mobile money mainly to remit and transact, extending the service to carry other financial services can improve access to financial services.

4.

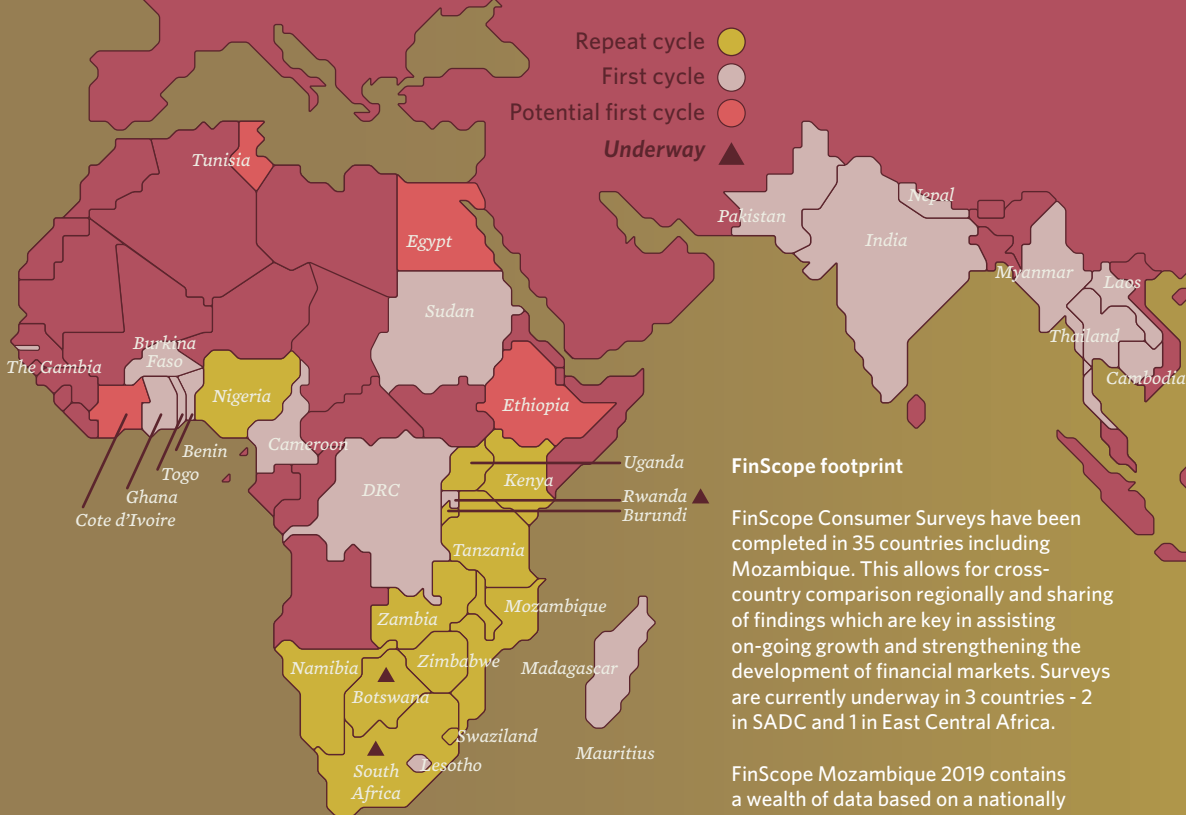
Commercialisation of farming to better improve the sector and farmers' livelihoods through value-chain approach at regional level.

5.

Continued enabling regulatory environment and introduction of low cost 'no-frills' account that are targeted at the youth, women and the poor.

6.

Leverage existing demand-side data such as FinScope surveys and other surveys to enable innovative financial solutions to be created. This evidence-based approach has enabled actors in the financial sector to understand the barriers and limitations currently prevailing.



FinScope footprint

FinScope Consumer Surveys have been completed in 35 countries including Mozambique. This allows for cross-country comparison regionally and sharing of findings which are key in assisting on-going growth and strengthening the development of financial markets. Surveys are currently underway in 3 countries - 2 in SADC and 1 in East Central Africa.

FinScope Mozambique 2019 contains a wealth of data based on a nationally representative sample of the adult population of the Mozambique.

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