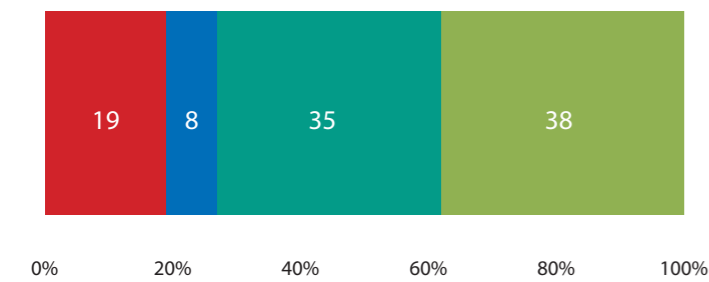


## The Financial Access Strand

The diagram illustrates financial access in its broadest sense and assumes all adults in Kenya (aged 18 and over) fall into one of three broad segments:

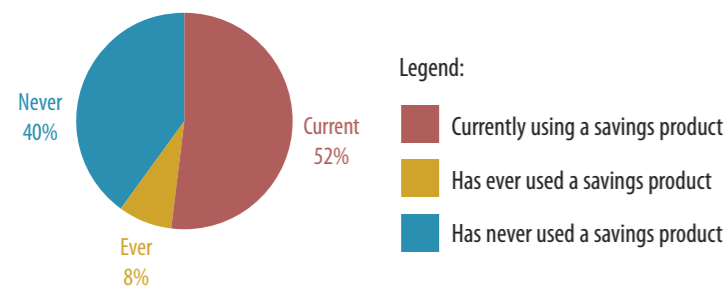
- Those who use formal products in a regulated financial institution eg a deposit account or insurance policy. All holders of accounts with Postbank are also regarded as banked.
- Those who use products from institutions that operate as formal entities but without regulation eg SACCO (Savings and Credit Co-operative Society) savings account
- Those who use informal products from informal groups and associations, eg participation in a ROSCAs (Rotating Savings and Credit Associations)
- Those who are financially excluded and do not use any financial products; people in this category are 'unbanked'.



Type of financial products used

- Formal - regulated banks, building societies or Postbank
- Formal other - SACCOs and MFIs (microfinance institutions)
- Informal - ASCA (Accumulating Savings and Credit Associations) and ROSCAs
- Unbanked - no formal or informal financial products used

## Usage of savings products



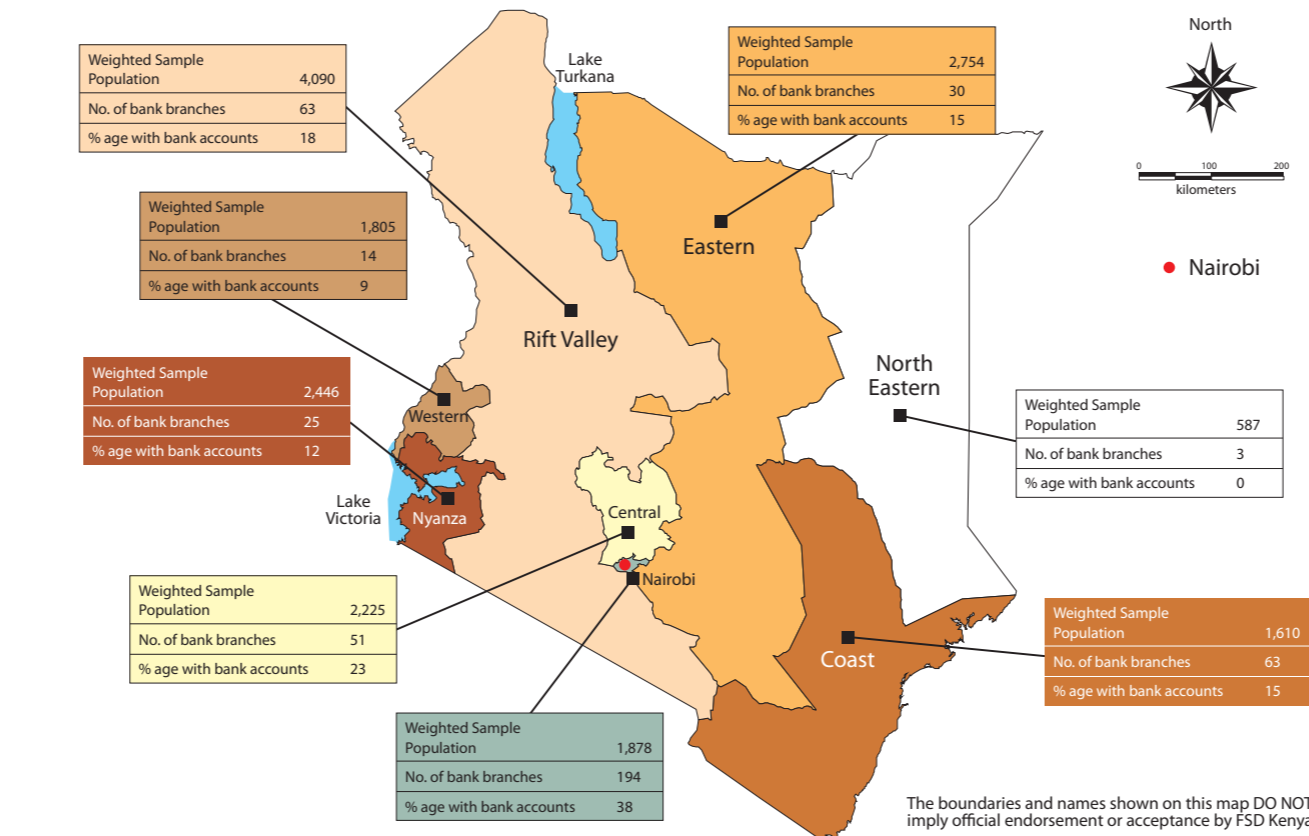
Footnote: this excludes those who give money to a family member or friend for safekeeping, and those who store their savings in a secret location

### Top 5 reasons for saving

Meeting household needs	51%
For emergency (e.g. funeral, medical)	33%
For education (self, children or siblings)	33%
Personal items (e.g. clothes, shoes, travel)	27%
For later in life (old age)	15%

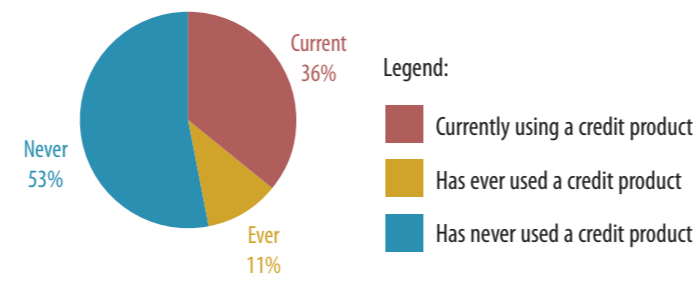


## Bank account usage by province



The boundaries and names shown on this map DO NOT imply official endorsement or acceptance by FSD Kenya.

## Usage of credit products



Footnote: this excludes those the 13% of respondents who only borrow from family or friends

### Sources of credit

Personal loan/business loan from a bank	19%
Loan from a SACCO	36%
Loan from a microfinance institution	9%
Loan from a government institution eg Joint Loans Board or HELB	8%
Loan from an employer	10%
Loan from an ASCA	18%
Loan from an informal money lender	8%
Loan/credit from buyer(of your harvest, e.g. tobacco,vegetables)	9%

## Usage of money transfer services



### Methods of money transfer used

The most popular methods for sending or receiving money within Kenya are informal methods - with a family/friend or using a bus/matatu company. The most popular formal ways of international money transfers are to use money transfer services such as Western Union, or to pay directly into a bank account.

### Means of transfer

	Local Money Transfers %	Intern'l Money Transfers %
Sent with family/friend	58	36
Through bus or matatu company	27	27
Post Office money order	24	20
Directly into bank account	11	29
Using money transfer services	9	66
By cheque	4	8
Paid into someone else's account, who then passed it on	3	8

## Financial access by main source of income

Half the people in the banked category work for a wage in a large establishment or run their own business. Most of the unbanked either produce food crops or depend on transfers.

	Banked	Not banked but Financially included	Excluded
Waged, large establishment	28%	5%	3%
Waged, small establishment	12%	5%	5%
Waged, domestic	1%	2%	6%
Agric wage, fulltime	1%	2%	3%
Agric wage, seasonal	2%	6%	6%
Agriculture, cash crops	6%	10%	4%
Agriculture, other produced	11%	27%	20%
Livestock (pastoralists)	6%	10%	13%
Business	24%	17%	16%
Transfers	8%	11%	20%
Not specified/not categorised	1%	5%	4%

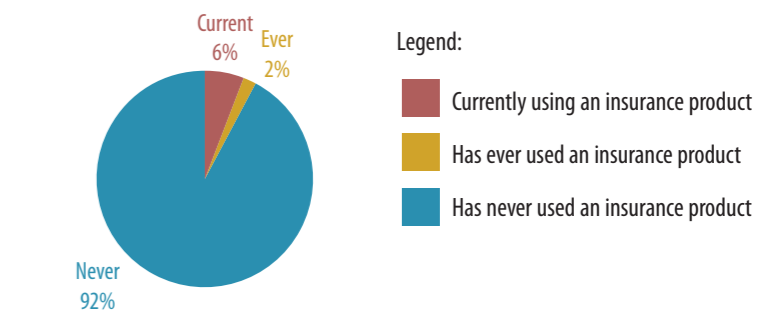
Footnote: percentages are column percentages

## Characteristics of the banked

Characteristic	% with this Characteristic
<b>Gender</b>	
Male	61
Female	39
<b>Age</b>	
18-24	45
25-34	34
35-44	22
45-54	17
55+	15
<b>Education</b>	
None	4
Up to primary	24
Secondary +	72
<b>Mobile phone ownership</b>	
Own a phone	69
Access to phone through family/friend	15
No access to mobile phone	16

## Usage of insurance products

Usage of insurance is low at 6%. The common types of insurance policies in use are medical (39%) and motor (31%).



### Perceptions about low usage of insurance products

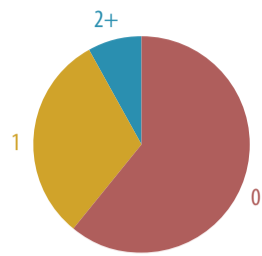
People can't afford it	69%
People don't know about insurance or how it works	32%
People don't know how to go about buying cover	19%
Some insurance companies con people out of their money	19%
People don't know how to find out where to buy it from	16%
People don't see the need for it	15%

Footnote: multiple responses were spontaneously mentioned by interviewees

## Informal groups

Many people use rotating savings and credit associations (ROSCAs or chamas) in order to save money. Groups differ widely in their operations and the services they offer their members.

Number of groups belonged to



### Characteristics of respondents who use informal groups

Characteristic	% with this Characteristic
<b>Gender</b>	
Male	42
Female	58
<b>Age</b>	
18-24	16
25-34	31
35-44	22
45-54	14
55+	17
<b>Education</b>	
None	12
Up to primary	51
Secondary +	36

### Common services offered by groups respondents belong to

Most informal groups form for social reasons, and the most common service available is the merry-go-round, when the collected monies of the members are distributed to a single member in turn.

Services offered by group	% of groups offering this service
Give one member all monies collected in one round	56
Raise money of other emergencies	26
Raise money for funerals	24
Lend money to members when they need it	23

## Technology

Mobile phones are an example of a technology that has completely changed the way Kenyans communicate. A new range of mobile-based services are now being provided, and new methods of building customer loyalty with cards are also increasingly popular. Investigating the use of these technologies gives an indication of potential uptake for the delivery of financial services in new ways.

### Mobile phone usage

	National	Nairobi	All Urban	All Rural
Own phone	27%	63%	52%	19%
Access to family/friend's phone	27%	20%	23%	29%
No access	45%	16%	24%	52%

### Usage of other technology related services

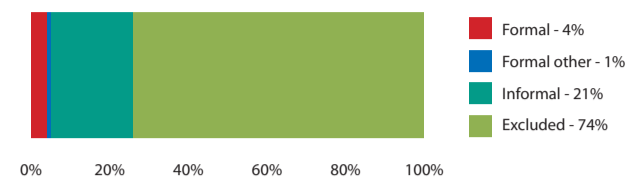
	National	Nairobi
Usage of sambaza mobile phone credit transfers	21%	55%
Have loaded airtime credit at a supermarket till	4%	15%
Send text/sms messages	29%	61%
Buy services on mobile phone eg dial tones	8%	23%
Ownership of ATM cards	8%	24%
Ownership of supermarket loyalty cards	2%	9%
Have heard of doing banking on cell phone	25%	51%



## Youth

Many young people under 18 are in employment but cannot legally operate an account without a guardian's consent. The FinAccess study also interviewed a number of 16- and 17-year olds to understand their circumstances.

### Access strand for the youth



### Sources of income

Young people who try to make their own living often do so by working in agriculture (35% do so).

Family/friends/spouse	65%
Growing food crops	16%
Cattle/livestock	11%
People's farms – seasonal basis	11%
Own business – trading/retail	8%
Domestic chores	7%
Livestock	6%
Cash crops	4%

### Marital status

Although most 16- and 17-year olds are single, 9% are married or divorced.

Single	89%
Divorced	1%
Married	8%

### Educational level

None	7%
Up to primary	50%
Secondary	44%

## Objectives of the FinAccess study

FinAccess was funded to meet the following objectives:

- To measure access and demand for financial services in a nationally representative survey, not specifically focusing on the poor. This will help to develop a sense of the market continuum, and increase understanding of the zones of transition, eg between the currently banked and the bankable
- To contribute to the development of a comprehensive understanding of the landscape of financial service in Kenya by making the results widely available to stakeholders and service providers
- To provide a benchmark measure of effective access to financial services that can be monitored over time and be used to evaluate the effect of various government-led and donor-led initiatives to deepen access
- To encourage institutions to develop new markets by using their current positioning and profit to target newly emerging groups of clients

### Methodology

In order to ensure a national fully representative survey of the financial behaviour of the entire adult population of Kenya, the Kenya Central Bureau of Statistics (CBS) was consulted to draw a sample from their national framework of 62,000 census enumeration areas. For this survey, 442 clusters were selected for the sample.

In order to ensure random selection of respondents, the selection process was divided into three stages:

- random selection of the cluster
- random selection of 10 households within each cluster
- random selection of the individual within the household

Survey findings were weighted by CBS to national population estimates.

The FinAccess survey was supported by the Financial Access Partnership, with representation from the following organisations:



EGERTON UNIVERSITY



This brochure only highlights the key findings from the survey. Interested organisations with further analysis or interpretation requirements should contact: [finaccess@fsdkenya.org](mailto:finaccess@fsdkenya.org)

For more information visit [www.fsdkenya.org/finaccess](http://www.fsdkenya.org/finaccess)



**FSD Kenya**  
Financial Sector Deepening



Results of a national survey on access to financial services in Kenya - JANUARY 2007