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FinScope Botswana

Consumer Survey

Prepared by Botswana Institute for Development Policy Analysis (BIDPA)



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FinScope Botswana Podcast

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Table of Contents

List of Figures	5
List of Tables	8
Glossary of Terms	10
Executive Summary	13
Introduction	20
The FinScope Consumer Survey	20
Sampling design	23
Questionnaire design	23
Fieldwork preparations (training, pilot and maps)	23
Fieldwork and quality control	23
Data cleaning, weighting and submission	23
Methodology	23
Botswana's Financial Sector	26
Non-bank financial institutions (NBFIs)	27
Informal sector	28
The Savings and Credit Cooperatives (SACCOS)	28
Demographic Profiles	29
Demographic and household characteristics	29
Farming activities	30
Income sources	32
Possession of documentation	33
Water, sanitation and hygiene (WASH)	33
Housing	34
Energy sources	36
Asset ownership	36
Information access and connectivity	37
Size, scope and formality of business owners	37
Financial Capability	39
Financial capability dimensions	39
Financial decision-making	39
Financial products and service providers	40
Other financial products	41
Financial budgeting and planning	42
Gender roles and norms	42
Financial Services Product Uptake and Usage	47
Overview of financial inclusion in Botswana	47
Botswana Financial Access Strand	48
Botswana financial access strands by various segments	50
Landscape of access	54
Drivers of financial inclusion	55
Banking	56
Mobile money	61
Savings and investments	64
Metshelo/savings clubs	69
Credit and loans	70

Insurance and risk management	75
Remittances	81
Pensions	84
Financial Health and Scams	87
Managing day-to-day finances	87
Taking advantage of opportunities	88
Resilience towards shocks	88
Confidence in own finances	89
Financial Health Index (FHI)	89
Awareness of scams	92
Scams experienced	94
Scams reported	96
Conclusions and Recommendations	98



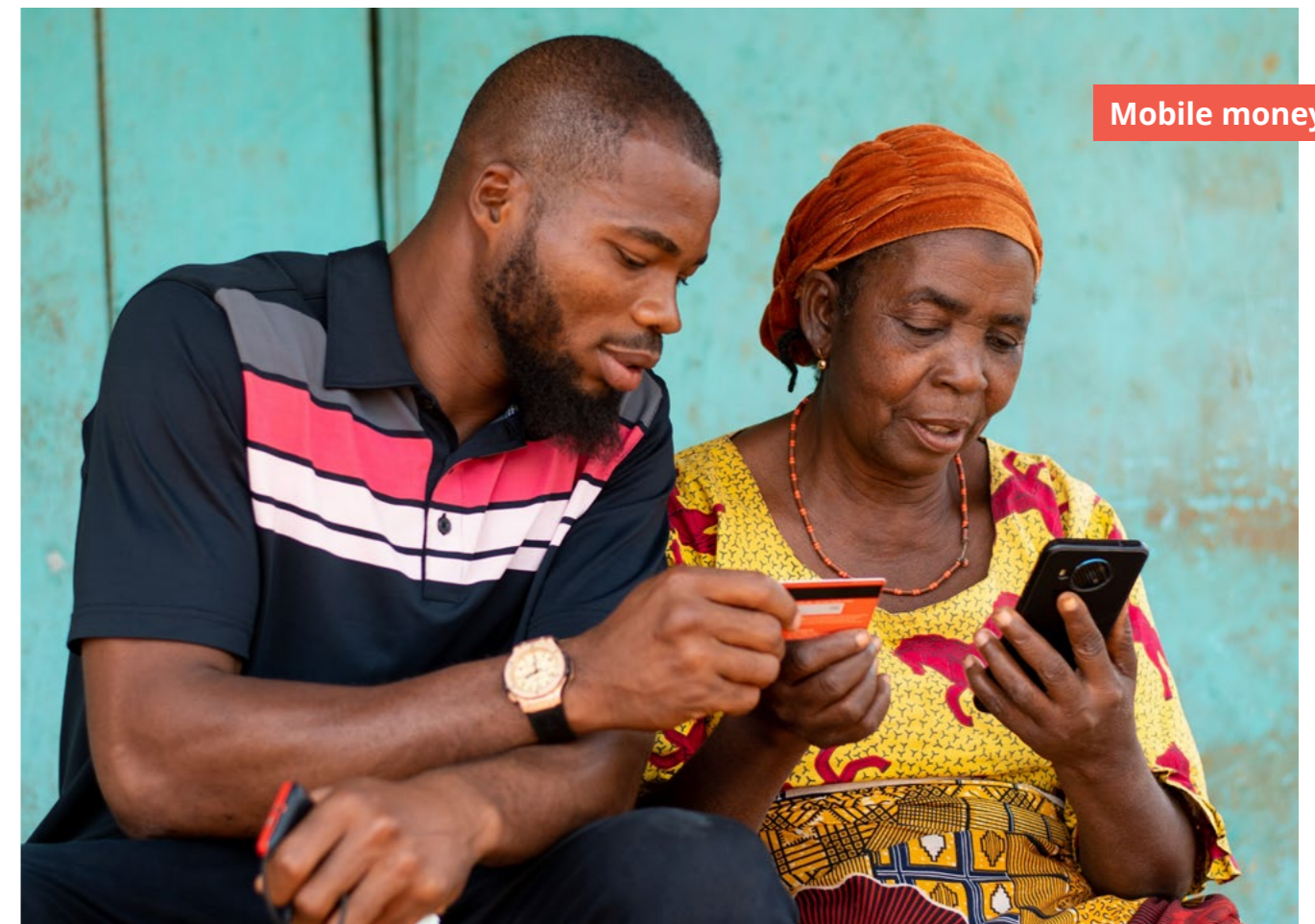
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List of Figures

Figure 1: Structure of the Non-Bank Financial Institutions by sector	27
Figure 2: Education (%)	30
Figure 3: Household involvement in farming (%)	30
Figure 4: Farming involvement (%)	31
Figure 5: Farming activities (%)	31
Figure 6: Top income-generating products (%)	31
Figure 7: Main source of income (%)	32
Figure 8: Personal income	32
Figure 9: Household income	32
Figure 10: Possession of documents	33
Figure 11: Possession of documents	33
Figure 12: Main type of toilet facility (%)	34
Figure 13: Hand washing facilities (%)	34
Figure 14: Type of dwelling (%)	34
Figure 15: Main material used for the roof (%)	35
Figure 16: Main material used for the wall (%)	35
Figure 17: Main source of energy for lighting (%)	36
Figure 18: Household ownership of assets (%)	36
Figure 19: Access to media (%)	37
Figure 20: Main source of capital for the informal sector business (%)	38
Figure 21: Place of operation of the informal sector business (%)	38
Figure 22: Responsibility for financial making (%)	40
Figure 23: Where would people go for financial advice and assistance (%)	40
Figure 24: Banking products in Botswana (%)	41
Figure 25: Other financial products	41
Figure 26: Planning and tracking (%)	42
Figure 27: Disapproval from husband or other family member (%)	45
Figure 28: Reasons for disapproval (%)	45
Figure 29: Opinions of women (%)	45
Figure 30: Women's freedom to choose employment (%)	46
Figure 31: Actions taken in the last 12 months (%)	46
Figure 32: Financial products uptake (%)	47
Figure 33: Overlaps in product uptake (%)	48
Figure 34: Financial Access Strand (%)	48
Figure 35: South African Development Community (SADC) Strands	49
Figure 36: Financial Access Strand by gender (%)	50
Figure 37: Financial Access Strand by age (%)	50
Figure 38: Financial Access Strand by disability status (%)	50
Figure 39: Financial Access Strand by location (%)	51
Figure 40: Financial Access Strand by location (%)	52
Figure 41: Financial Access Strand by education (%)	53
Figure 42: Financial Access Strand by livelihoods (%)	53
Figure 43: Depth Strand - Stacked bar (%)	54
Figure 44: Landscape of financial access (%)	54
Figure 45: Banking products (%)	55
Figure 46: Other formal products (%)	55
Figure 47: Informal products (%)	56
Figure 48: Banking status by gender (%)	57
Figure 49: Banking status by age (%)	58
Figure 50: Banking status by disability status (%)	58
Figure 51: Banking status by location (%)	58
Figure 52: Banking status by education (%)	58
Figure 53: Banking status by livelihood (%)	59
Figure 54: Perceived advantages of having a bank account (%)	59
Figure 55: Banking drivers (%)	60

Figure 56: Barriers to banking (%)	60
Figure 57: Financial transactions conducted on the phone (%)	61
Figure 58: Distribution of mobile money users by gender (%)	61
Figure 59: Distribution of mobile money users by age (%)	61
Figure 60: Distribution of mobile money users by location (%)	62
Figure 61: Distribution of mobile money users by education (%)	62
Figure 62: Distribution of mobile money users by livelihood (%)	62
Figure 63: Mobile money drivers (%)	63
Figure 64: Mobile money barriers (%)	63
Figure 65: Savings (%)	64
Figure 66: Savings Strand (%)	64
Figure 67: Savings Strand by gender (%)	65
Figure 68: Savings Strand by age (%)	65
Figure 69: Savings Strand by disability status (%)	65
Figure 70: Savings Strand by location (%)	66
Figure 71: Savings Strand by education (%)	66
Figure 72: Savings Strand by livelihood (%)	66
Figure 73: Savings drivers (%)	67
Figure 74: Savings barriers (%)	67
Figure 75: Factors influencing customer choice of saving products (%)	68
Figure 76: Number of metshelo clubs (%)	69
Figure 77: Frequency of contribution to the main club (%)	69
Figure 78: Amount currently saved in a metshelo/savings club (%)	69
Figure 79: Credit (%)	70
Figure 80: Credit Strand (%)	70
Figure 81: Credit Strand by gender (%)	71
Figure 82: Credit Strand by age (%)	71
Figure 83: Credit Strand by disability status (%)	71
Figure 84: Credit Strand by location (%)	71
Figure 85: Credit Strand by education (%)	72
Figure 86: Credit Strand by livelihoods (%)	72
Figure 87: Most Important Factors when deciding where to get a loan (%)	73
Figure 88: Reasons for borrowing (%)	73
Figure 89: Barriers to credit access (%)	74
Figure 90: Insurance uptake(%)	75
Figure 91: Insurance Strand (%)	75
Figure 92: Insurance Strand by gender (%)	76
Figure 93: Insurance Strand by age (%)	76
Figure 94: Insurance Strand by disability status (%)	76
Figure 95: Insurance Strand by location (%)	77
Figure 96: Insurance Strand by education (%)	77
Figure 97: Insurance Strand by livelihoods (%)	78
Figure 98: Uptake of insurance products (%)	78
Figure 99: Factors influencing the consumer's choice of products (%)	78
Figure 100: Factors influencing the consumer's choice of insurer (%)	79
Figure 101: Costly events experienced in the past year (%)	80
Figure 102: Main way responded (%)	80
Figure 103: Remittances (%)	81
Figure 104: Remittances Strand (%)	81
Figure 105: Remittances Strand by gender (%)	82
Figure 106: Remittances Strand by age (%)	82
Figure 107: Remittances Strand by disability status (%)	82
Figure 108: Remittances Strand by location (%)	82
Figure 109: Remittances Strand by education (%)	83
Figure 110: Remittances Strand by livelihood (%)	83
Figure 111: Aspects of service not satisfied with when receiving money (%)	84
Figure 112: Aspect of service not satisfied with when sending money (%)	84
Figure 113: Providing for old age pension (%)	85
Figure 114: Contribution to a pension scheme (%)	85
Figure 115: Financial Health Index (%)	90
Figure 116: Contribution of each component to the overall index (%)	90
Figure 117: Financial health Index by gender (%)	90

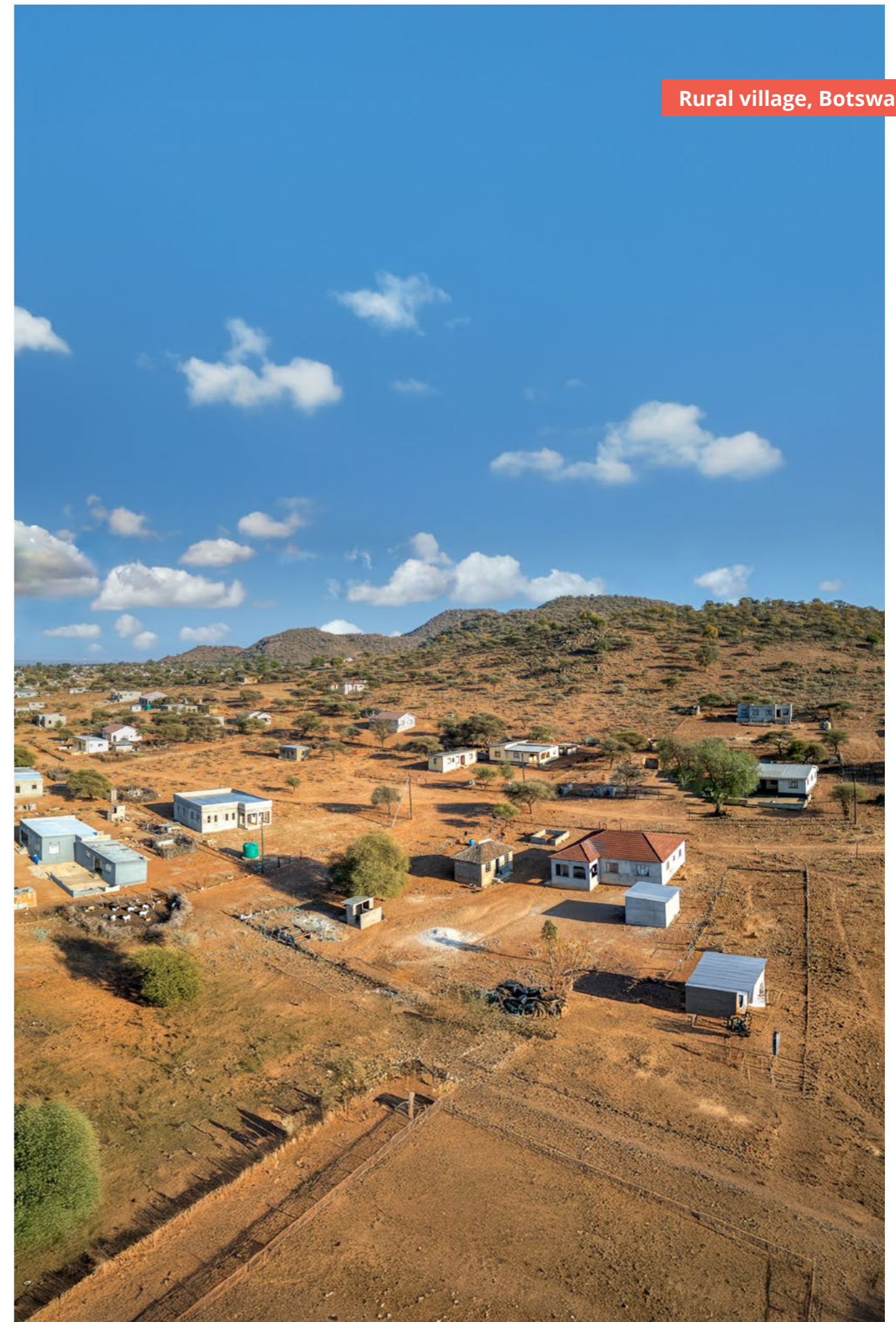
Figure 118: Financial health Index by age (%)	90
Figure 119: Financial health Index by disability status (%)	90
Figure 120: Financial health Index by location (%)	91
Figure 121: Financial health Index by education level (%)	91
Figure 122: Financial health Index by livelihood (%)	92
Figure 123: Awareness of scams by gender (%)	92
Figure 124: Awareness of scams by age (%)	92
Figure 125: Awareness of scams by location (%)	92
Figure 126: Awareness of scams by education (%)	93
Figure 127: Awareness of scams by livelihoods (%)	93
Figure 128: Types of scams (%)	93
Figure 129: How did you find out about scams (%)	94
Figure 130: Scam experienced by gender (%)	94
Figure 131: Scam experienced by age (%)	94
Figure 132: Scam experienced by location (%)	94
Figure 133: Scam experienced by education level (%)	95
Figure 134: Scam experienced by livelihoods (%)	95
Figure 135: Channel through which the scam happened (%)	95
Figure 136: Scams reported by gender (%)	96
Figure 137: Scams reported by age (%)	96
Figure 138: Scams reported by location (%)	96
Figure 139: Scams reported by education (%)	96
Figure 140: Scams reported by livelihoods (%)	97
Figure 141: Where did you report (%)	97



List of Tables

Table 1: Distribution of sample by census districts and response rate	24
Table 2: Branches and ATMs by bank, 2021-2023	27
Table 3: Demographic characteristics	29
Table 4: Ownership and usage of communication devices	37
Table 5: Who decides on whether you should work (%)	43
Table 6: How far wife/daughter is allowed to work (%)	43
Table 7: Ownership of property (%)	44
Table 8: Control of property (%)	44
Table 9: Household task responsibility (%)	44
Table 10: Banking figures in absolute numbers	56
Table 11: Uptake of banking products	57
Table 12: Managing day-to-day finances component	87
Table 13: Taking advantage of opportunities component	88
Table 14: Resilience towards shocks	88
Table 15: Confidence in one's own finances	89

Rural village, Botswana



Glossary of Terms

No.	Description
1.	Adults: Individuals aged 18 years or older
2.	Assets: The set of goods or rights that an individual possesses
3.	ATM: Machine to perform a series of banking transactions (withdraw and transfer money, make payments for services, phone charging, balance consultations, etc.) – an English acronym for ‘Automated Teller Machine’
4.	Banked: Individuals using one or more traditional financial products supplied by banks
5.	Bank deposit: Money deposited into someone else’s account at the bank or similar institution
6.	Bank facilities: Banking products and services available to a person
7.	Budget: A financial plan to manage the spending and saving of money
8.	Collateral/security: Items of value promised by a borrower to secure a loan or other credit that can be taken away from the borrower if they are unable to repay the loan (i.e. default)
9.	Credit: A contractual agreement in which a borrower receives something of value immediately and agrees to repay the lender at a date in the future, generally with interest. The term also refers to the borrowing capacity of an individual or company. Money, goods or services exchanged against a promise to pay later.
10.	Credit card: A form of electronic payment, typically a plastic card that contains the card holder's name, card number, expiry date, and the date when the client became the owner of the card, a field for the customer's signature, a security number and a (usually black) magnetic stripe. Depending on the agreement, the card can be used to pay amounts unavailable in the account, which will be later discounted.
11.	Credit card machine: A machine that enables customers to make payments through any credit card or direct debit system.
12.	Credit life insurance: Credit life insurance is sold on a group or individual basis and is usually purchased to cover small loans for a short duration. When issued under a group policy, a certificate is issued to the debtor, and the creditor issues the master policy. The face value of a credit life insurance policy decreases proportionately to the loan amount reduction until both equal zero.
13.	Creditors/debtors: A person in debt or under financial obligation to another.
14.	Currency: Legal tender used as a unit of exchange – money (notes or coins).
15.	Current account: An account that allows bank customers to make loans, withdraw money, apply for credit cards and perform operations typically available only with this type of account.
16.	Debit: Transaction or payment of an account with value currently available.
17.	Debt: An amount owed to a person or organisation for money borrowed.
18.	Debit card: A form of electronic payment that allows the deduction of a purchase directly into the cardholder's checking or savings account. Physically, the debit card has the same dimensions as a credit card, but its use is similar to a cheque because it represents a payment order issued from the funds available in the client's account.
19.	Dwelling: Premises, land, and all the built structures on it, especially when considered as a single place of residence.
20.	Guarantor: A person involved as collateral on a loan and assumes the responsibility of payment when the customer does not pay the debt or interest.
21.	Head of household: The manager who makes important decisions for the survival and advancement of the household. The head of the household is determined according to the internal household.
22.	Household: A household comprises a single person or a group of people who (a) eat together and share resources and (b) are ordinarily resident at least four nights a week at the specific visit.
23.	Inflation: The continuing rise in the general price level or decrease in money purchasing power.

No.	Description
24.	Insurance: Paying money to protect against a specific future risk. The risk insured may not occur, but insurance will specify compensation if it does.
25.	Insurance policy: A document issued by an insurer that formalises risk acceptance under the insurance contract. It has several conditions, including the insured person's coverage and contracted guarantees, the value of the premium, and the term of the contract.
26.	Interest: The fee a lender charges a borrower for using borrowed money.
27.	Interest rates: A rate charged or paid for using money.
28.	Internet access: Refers to how users connect to the internet.
29.	Invest: To place money in an income-producing opportunity.
30.	Investment: Buying a financial product or other item of value with the expectation that it will become more valuable, i.e. buying something to make more money from it.
31.	Leasing: A process by which a firm or person can obtain the use of certain fixed assets for which it must pay a series of contractual, periodic, tax-deductible payments.
32.	Letter of credit: A letter from the buyer's bank, the cost of the buyer to a seller, authorising a certain amount of money provided they comply with specific terms and conditions or unconditionally providing payment.
33.	Listing of Enumeration Areas (EAs): Listing the EAs is a process of counting the number of households in the areas of sampling identified and the number of people in each household. This listing is done because there has not been a recent census of the population in Botswana.
34.	Listing of households: A listing of households is a process of counting all household members and ranking them from the oldest to the youngest. This process is carried out to identify eligible and non-eligible persons in the household and to select qualifying respondents.
35.	Loan with collateral: Loans with associated guarantees to meet obligations.
36.	Loans without collateral: Loans that do not have any associated warranty beyond the debtor's ability to meet its obligations.
37.	Moneylender/lender: A person who lends money to others in the informal market, usually with high interest rates.
38.	Mortgage: A real warranty on real estate or equivalent belonging to the debtor or third parties.
39.	Payment in kind: Payment in goods or services instead of money.
40.	Point of sale (POS): Derived from the English ‘point of sale’, a sales point (machine) that allows passing the credit card or debit card payments in commercial and other establishments.
41.	Respondent: A person aged 18 years and older as of their last birthday.
42.	Savings: This is the portion of the income that individuals, companies, or institutions do not spend in the period in which it is received and, therefore, is saved for use at a future time.
43.	Savings account: Accounts maintained by retail financial institutions that pay interest but cannot be used directly as money in the narrow sense of a medium of exchange (for example, by writing a cheque). These accounts allow customers to set aside some liquid assets while earning a monetary return. For the bank, money in a savings account may not be immediately callable, and, in some jurisdictions, it is exempt from reserve requirements, freeing up cash from the bank's vault to be lent out with interest.
44.	Saving group: Informal savings made based on mutual trust where two or more people contribute a certain fixed amount. Each member of the group receives the value alternately.
45.	Security: A cash deposit or the appointment of the tenant's movable or immovable property, offered as collateral for debts related to a lease.
46.	Shares: Parcels of capital in a company that can belong to multiple owners. The sum of these makes up the company's capital.
47.	Strategy: A plan of action designed to achieve a particular goal.
48.	Target population: The specific group of people or population that the Consumer Survey focuses on – in this instance, adult Botswana aged 18 years and older.
49.	Term deposit: An application in which the money is deposited for a fixed term and bears interest.
50.	Villages or EAs: The smallest geographical unit (area of land) into which the country is divided for surveys. Villages typically contain between 50 and 250 households.
51.	Village or EA number: A unique number assigned to a village for record keeping and coding.
52.	Visiting point: A physical address or home where a household or group of households can be found. Households for this survey are identified on the maps provided.

Man budgeting



Executive Summary



Botswana national flag

Botswana has made significant strides in financial inclusion, with access increasing from 69% in 2009 to 94% in 2024, driven by mobile money, digital banking, and policy interventions that promote economic and social development.

Financial inclusion is crucial for addressing social challenges such as poverty and inequality, and promoting economic growth in both developed and developing countries. Governments worldwide recognise that a more inclusive financial system is crucial to developing countries' economies, plays a key role in combating poverty, and contributes to inclusive economic growth. Botswana considers financial inclusion one of the key enablers for eradicating poverty and has put several instruments in place to drive its implementation. These include the Financial Inclusion Strategy, Financial Sector Development Strategy, National Strategic Development Plans, and other policies that promote inclusive finance and contribute to economic and social development. Botswana has a vibrant and more advanced financial sector because of these policies and strategies. With the advent of digital and disruptive technologies, the financial sector in Botswana, especially the banking industry, grew from offering primary financial products and services to more advanced and flexible digital financial services. Today, electronic and mobile banking services are the most used, contributing significantly to financial inclusion in the country.

To effectively track progress in achieving the set targets and other aspirations of inclusive finance, the country conducted the fifth FinScope 2024 Consumer Survey. The survey

used a stratified three-stage probability sampling design to select the sample. The number of eligible individuals aged 18 and older from the selected households in each selected EA served as a sampling frame. Statistics Botswana provided the sampling frame and list of all selected EAs. The final sampling frame consists of 250 EAs across all districts in Botswana. The sample covered all 32 districts of Botswana. In each EA, 12 respondents were selected, translating to 3,000 adults. A total of 2,985 adults were interviewed, translating to a response rate of 99.5%. The survey is designed to track overall levels of financial inclusion and assess trends or changes over time. According to FinScope Botswana 2024 Consumer survey, financial inclusion has drastically improved, from 69% in 2009 to 94% in 2024. This increase is attributable to the high uptake of formal (non-bank) products, especially mobile money.

Demographics: The Botswana adult population is estimated at 1.55 million in 2024, an increase from 1.53 million in 2020. Adults aged between 18 and 35 years and 36 and 64 years each accounted for 45% and mostly reside in urban villages. There are slightly more females than males, and a sizeable proportion of adults in Botswana rely on income earned from working in the informal sector. There have been some improvements in the possession of documents over time.

Challenges remain in areas such as financial literacy, low credit uptake, and financial health, as a large proportion of adults remain financially vulnerable.

Most adults possess national identification documents (IDs) and passports. It is imperative to highlight that the Government of Botswana recognises National ID (Omang) as the first official document used for identification by persons aged 16 years and above.

Sustainable Development Goals (SDGs): Most adults (50%) have secondary education. There is a significant improvement in educational attainment, as evidenced by a decline in the proportion of those without formal education and an upward trend in the proportion of those with tertiary education. This reflects the government's effort towards achieving SDG 4. Agriculture is a source of livelihood for Botswana, especially those residing in rural areas. It is a critical vehicle for poverty eradication. Participation in agriculture has increased over time. In 2020, about 29% of households were farming, which increased to 36% in 2024, signifying a positive move towards achieving SDG 2.

Access to amenities: Water, sanitation and hygiene (WASH) are crucial to human health and well-being. WASH is captured by SDG 6. About 98% of adults in 2024 have access to clean and safe drinking water compared to 90% reported in 2020. More than 50% of adults in Botswana do not have access to improved sanitation. In addition, 31% of adults do not have handwashing facilities. In 2020, 30% of adults lived in rooms, and the figure declined to 25% in 2024. However, a significant proportion of adults lived in detached houses (35%) in 2024. Most houses in Botswana use corrugated iron for roofing and conventional bricks or blocks for the walls. Most of the adult population in Botswana uses electricity for lighting.

Information access and connectivity: The evolution of ICTs has brought about many changes in the financial sector. Access to computers, the internet, and email also increased between 2020 and 2024. The ownership and usage of computers (17%) and the internet at home (19%) steadily increased between 2020 and 2024.

Financial inclusion: The state of financial inclusion in Botswana has drastically improved over time. The financial inclusion figure increased from 69% in 2009 to 94% in 2024, representing a 25-percentage point increase. Formal financial inclusion increased from 61% in 2009 to 92% in 2024. The formal financial inclusion is mainly driven by other formal (non-bank) financial services. The other formal (non-bank) financial inclusion increased from 37% in 2009 to 91% in 2024. This translates to a 54-percentage point increase between 2009 and 2024, attributable mainly to mobile money. The proportion of banked adults increased from 45% in 2009 to 58% in 2024, signifying a 28-percentage point increase between 2009 and 2024. However, this figure stagnated between 2020 and 2024, with a 2-percentage point increase. A slight increase is observed between 2009 and 2024 concerning the informal financial

included. There is a 1% financial inclusion gender gap favouring females at 93% versus 90% of males. Adults residing in cities and towns are more financially included than those in rural areas. Financial inclusion increases with an increase in educational attainment. Formally employed adults are more likely to be formally financially included than their counterparts. Financial inclusion in Botswana is mainly dominated and driven by transactional activities (banking and mobile money) and savings. The proportion of the broadly served increased from 46% in 2014 to 62% in 2024, meaning the 2021 target of 57% has been surpassed.

Financially excluded: There has been a drastic decline in the proportion of financially excluded adults from 31% in 2009 to 6% in 2024, signifying a 25-percentage point decline. This means Botswana has met the financial exclusion target of 12% in 2021. The 6% translated to a total of 97,862 financially excluded adults who cannot use formal or informal financial products to manage their financial needs. Most financially excluded adults have low educational achievements, secondary education and below, are informally employed and have no income sources. The majority of the financially excluded are unemployed and reside in rural areas.

Below, we provide a summary of the emerging issues of financial inclusion and uptake of the specific financial products/services:

- **Banking:** Banking forms a crucial component of the financial sector, which drives direct lending and provides a safe space for consumers to store their money. Banks in Botswana have introduced electronic and mobile banking products to enable easier access and widespread reach to all citizens. The number of banked adults in Botswana increased from 656,614 (50%) in 2014 to 894,983 (58%) in 2024, translating to an 8-percentage point increase. This increase translated into a decrease in the proportion of unbanked adults. Between 2009 and 2024, there was a 12-percentage point decrease in the number of unbanked people in Botswana. An increase in the number of banked adults may be a testament to the revolution of the banking sector. More males are currently banked than females. Youth accounted for the most significant proportion of the banked. Also, most currently banked adults reside in cities and towns with higher educational achievements. Cash withdrawals and cash deposits are the main drivers of banking.
- **Mobile money:** The rapid growth of mobile money usage in Botswana is a promising sign for financial inclusion. This growth, driven by the convenience of bill payments, service subscriptions, and money transfers, saw 54% of adults in Botswana using mobile money in 2020. Furthermore, about 74% of adults in Botswana now have mobile money

New central business district



accounts, a significant increase from 2020. Notably, more females than males used mobile money in 2024, indicating a more inclusive financial landscape.

- **Savings and investments:** Overall, there is a notable increase in the number of people who save in Botswana, from 63% in 2009 to 69% in 2024, signifying a 6-percentage point increase. This might mean that more Botswana have adopted a saving culture and inherently dedicate a significant portion of their income towards savings. However, while the uptake of bank saving products decreased from 32% in 2014 to 28% in 2024, non-bank and informal savings show the opposite during the same period, meaning the increase in saving levels is driven by other formal and informal savings. More males are saving compared to females. Older persons save more than other groups, especially in 'other formal' or non-banks. Adults with higher educational achievement (tertiary education) save with banks, while those with no formal education mostly save with non-banks. Those with formal employment are more likely to save with banks, and most Botswana are constrained from saving due to a lack of regular and/or disposable income.
- **Metshelo/savings clubs:** In 2020, about 21% of the adult population indicated that they were members of metshelo/

savings clubs. The figure increased by 4 percentage points to 25% in 2024. Of those involved in metshelo/saving clubs, most were members of only one club. Mainly, with metshelo, members make periodic contributions to their respective clubs. In 2020, 96% of individuals contributed monthly to their leading clubs, compared to 94% in 2024. Most individuals (26%) saved between P501.00 and P2,000.00 in 2020, slightly increasing to 28% in 2024.

- **Borrowing and credit:** Credit levels declined sharply from 31% in 2009 to 18% in 2024 – a 13-percentage points decline). However, the credit level remains stagnant between 2020 and 2024. The sharp decline in credit is mainly driven by bank credit. Bank credit declined from 25% in 2009 to 12% in 2014, translating to a 13-percentage point decline. Low income is attributed to low credit uptake. The 'other formal' non-bank factor, which includes credit from sources other than traditional banks, plays an essential role in credit uptake, as evidenced by the fact that credit uptake went from 2% in 2009 to 5% in 2024. The lack of access to bank credit is a significant concern in Botswana. Even though formal banks are the leading credit providers. There is a notable decline in the uptake of formal banking products as far as credit is concerned. More males access credit than females. Most credit is accessed by adults

Insurance coverage has risen, particularly among formally employed individuals. Remittances have increased, mainly through mobile money, though transaction costs remain a concern.

residing in cities or towns, formally employed adults and those with higher educational achievement.

- **Insurance and risk mitigation:** Most households experienced costly events in the year before 2020. One in three adults experienced job losses and a poor economic situation in the country in 2020. In 2024, the most significant events were a poor economic situation and the severe illness of a household member. The Covid-19 pandemic and the severe illness of a household member contributed significantly to the economic downturn. Botswana's adults are well covered for funeral expenses but less for illness or retrenchments. Business failures also had a severe impact, affecting 16% of adults in 2020 and declining slightly to 9% in 2024. Household and farming theft were also significant challenges that adults faced in 2020. To mitigate these risks, households employed different coping strategies. About 21% of households used family savings and cut down household expenses to address the situation at hand in 2020, as compared to 30% in 2024. About 12% of the money was borrowed from friends or families in 2020, which declined slightly to 11% in 2024. All the above experiences reflect households' economic hardships while trying to live.

- **Insurance products:** Formal insurance includes policies supplied by licensed insurance companies, while informal includes burial societies and welfare groups. Insurance uptake on formal products revealed an upward trend between 2009 and 2024. Overall, the share of adults with insurance coverage increased from 33% in 2009 to 47% in 2024. This implies that more adults are providing insurance coverage to mitigate against any risk that may occur in the future. Positively, more adults use formal insurance than informal. More females are insured than males. Also, those in 'formal employment', which refers to employment with a recognised employer and regular income, have higher insurance coverage than their counterparts.
- **Remittances:** About 42% of adults remitted funds in 2024, signifying a 10-percentage point increase from 32% in 2009. While multiple remittance channels exist, the FinScope results show that the most preferred non-bank transaction method in 2024 was through non-bank services such as mobile money. The use of bank services as a remittance means is minimal. There are no significant gender disparities in remittance transactions. The youth are more involved in remittance transactions than older people. Most remittance transactions happen within cities and urban villages, unlike rural villages. Money transfer is prevalent among salaried individuals from the public or private sector. Whether sending or receiving money, most people who remit funds complain of exorbitant transaction costs and poor network connectivity.
- **Old age pension:** Pension funds are one of the financial tools individuals use to prepare for retirement in Botswana. Income earned from pension funds is important to sustain individuals when they retire and can no longer engage in physical and economic activities to earn a salary. However, in 2024, only a small proportion

(10%) of Botswana had and relied on pension funds provided by an employer to survive in retirement. About 26% of individuals cited that they would be willing to contribute to another mandatory national pension scheme beyond their current contributions to prepare for old age. Most adults (48%) in Botswana do nothing to prepare for old age. A total of 30% of Botswana expect to rely on a government pension to survive old age. Others stated that they depend on money from personal savings (19%) and support from family (13%) for sustenance in old age.

- **Financial capability:** The financial capability index is developed based on four financial capability dimensions: financial decision-making, choosing and using financial products and service providers, financial budgeting and planning for unexpected events. About 34% of financial decision-makers indicate they will make a financial decision alone in 2024. This was followed by 32% of adults who indicated they make decisions with family members. Most adults (60%) indicated they did not get financial advice, and about 29% sourced advice from friends or family members. Concerning financial products, about 85% of adults were aware of ATM cards, 58% of cell phone banking services, and about 31% of internet banking. About 59% were aware of metshelo/savings club, and 54% of mobile money transfers through a cell phone. About 74% of adults worked to a budget, showing that adults know their daily expenses and plan how their money will be spent. About 79% of adults worried they would not have enough money to meet their ends.
- **Gender roles and norms:** Traditionally, especially in a patriarchal society, men tend to have more control than women. Generally, women are tasked with most of the household responsibilities. Most women in Botswana agree that their opinions are taken seriously.

Generally, women in Botswana are free to choose between employment or business outside their homes. Concerning land ownership, overall, males own more land than females.

- **Financial health:** Financial health entails the ability of an individual to maintain and stabilise their finances and financial affairs. This is measured using four key parameters: managing day-to-day financial transactions, taking advantage of opportunities, resilience against shocks, and controlling financial decisions. Overall, 5% of the adult population is considered financially healthy. This translates to a total of 74,135 adults. An estimated 43% of adults (650,305) are financially coping, and the remaining 53% (814,763) are financially vulnerable. The most contributing dimension are managing day-to-day finances (38%) and resilience towards shocks (37%). Taking advantage of opportunities is the least significant factor contributing to the overall financial health index.
- **Scams:** A total of 85% of adults in Botswana are aware of scams. Awareness of scams in Botswana increases with educational attainment. Botswana are aware of various scams, including fake promotions, e-wallet scams, transactions fraud, forex scams and hacking, among others, with most (74%) individuals being aware of fake promotions. About 13% of adults indicated that they have been scammed. Most Botswana were scammed through mobile money (43%). About 21% of the respondents reported the scams, and most (55%) indicated they reported them to the Police.
- **Informality:** A significant number of adults, 41%, utilise informal financial mechanisms, indicating that their financial needs are not met by formal institutions. However, the drawback of informality lies in the inability to get redress and protection against unscrupulous financial service providers.



Three Dikgosi / tribal chiefs/ Monument



Below are some of the recommendations proposed in this study:

- Adopt the Financial Inclusion 2.0 (FI2.0)**
that links financial inclusion directly with improving people's lives and addressing real economic needs through better financial solutions.
- Policy development**
Utilise credible data from the survey to inform and develop targeted policy interventions to improve financial inclusion and stability.
- Financial literacy programmes**
Enhance financial education initiatives to improve financial decision-making and planning among the population.
- Support for the informal sector**
Provide support and formalisation opportunities for informal financial institutions like metshelo to ensure better financial security.

- Strengthen financial health**
Implement programmes to improve the financial health of the population, focusing on the vulnerable.
- Scam prevention**
Increase efforts to educate the public about scams, particularly those related to mobile money, and enhance security measures.
- Informality**
Strengthen the ecosystem around the informal services by providing formal tools and structures to gradually transition the informal to formal without eroding its existence.

Cybersecurity and information technology driven systems

The dawn of the information age poses substantial risks for an unprepared society, rendering it vulnerable. Measures to proactively act and create security and awareness will go a long way toward the eventual success of Botswana and its citizens.

Introduction

Financial inclusion is a vital tool for economic development, poverty reduction, and addressing social challenges, with the FinScope Consumer Survey providing crucial data to inform policies, improve financial services, and enhance financial access across different demographics in Botswana.

Financial inclusion, a key issue in the developmental agenda, is not just about the debate on its causal relation to poverty and inequality reduction. It is about how it contributes to addressing social challenges in developed and developing countries (Sakyi-Nyarko et al., 2021). These contributions are seen in consumption, entrepreneurship, remittances, female empowerment, and risk sharing, among others, showcasing the breadth of its impact.

Governments worldwide recognise that a more inclusive financial system is crucial to developing countries' economies. It plays a key role in combating poverty and contributes to inclusive economic growth. Growing bodies of evidence have shown that deepening the financial sector is crucial to economic development and that finance can positively impact those in poverty by reducing income inequality and expanding employment. Financial inclusion is a key instrument for increasing production for small enterprises and simultaneously increasing household income. This is also essential for governments to meet their developmental goals and expand and improve the quality of financial inclusion, which is one of the 2030 Sustainable Development Goals. Providing relevant, timely information and financial inclusion is critical for overall policy development at regional and national levels.

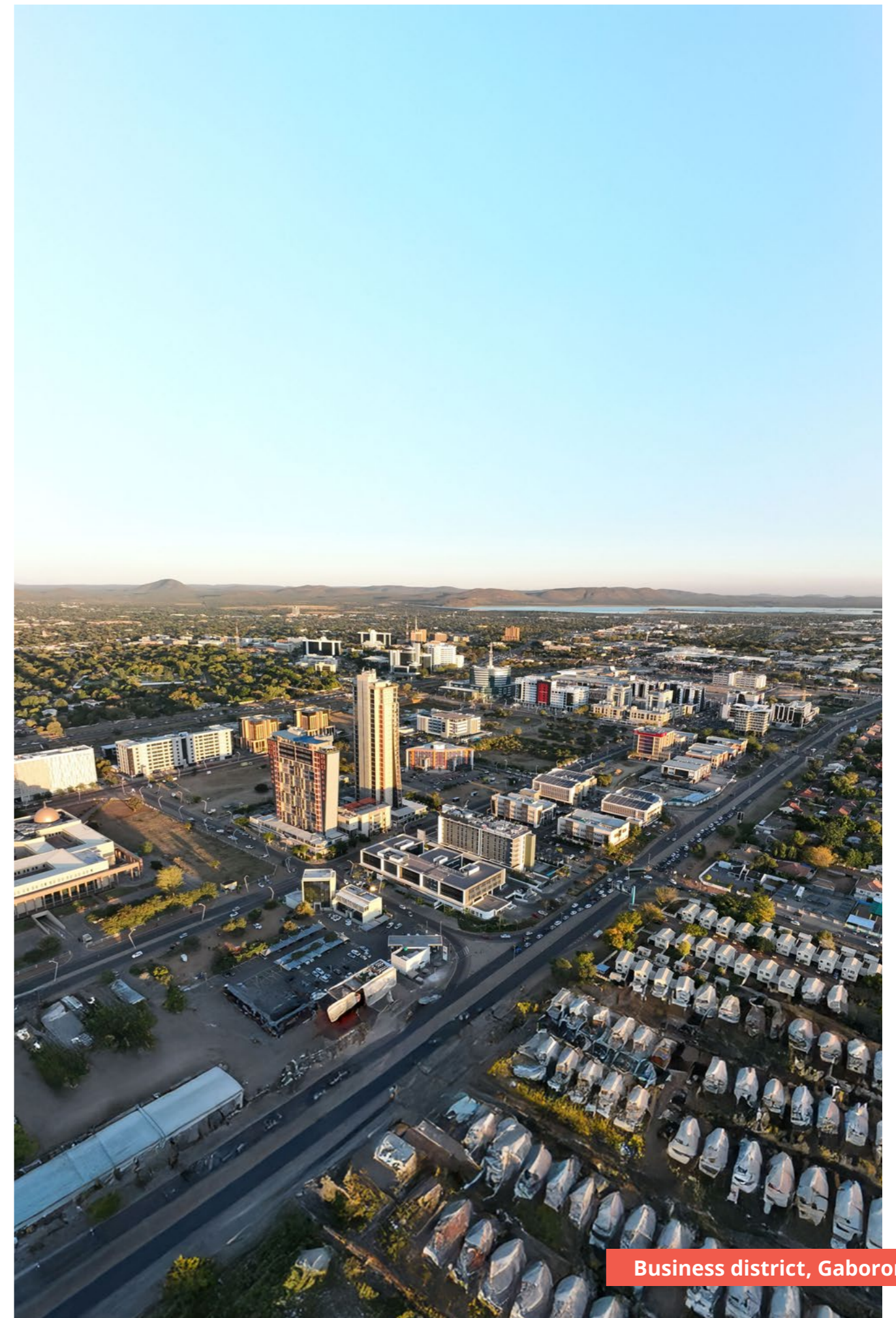
Several interventions are currently underway to enhance financial inclusion, but the availability of credible data through research and development is key to understanding market gaps and opportunities, especially in the region. Data has a fundamental role in establishing a common understanding of the region's current state of financial inclusion. It helps track progress on financial inclusion and aids policymakers in better informing policy interventions concerning the SADC's financial inclusion agenda.

The FinScope Consumer Survey

The FinScope Consumer survey was the first globally recognised demand-side data source allowing for the measurement of financial inclusion indicators at a national level. It originated in 2002 and is trademarked by FinMark Trust. FinScope Consumer is a nationally representative survey of how individuals source their income and manage their financial lives, including engagement with the financial service sector (both formal and informal products and services). The survey provides insight into attitudes and perceptions regarding money management, financial products and services, as well as information regarding demographics and overall lifestyles. FinScope assists in establishing credible benchmarks and indicators of financial inclusion while simultaneously providing insights into market obstacles to growth and highlighting opportunities for policy reform and innovation in product development and delivery.

FinScope studies have demonstrably been, and continue to be, of value to:

- Policymakers who wish to develop policies aimed at improving the functioning of financial markets
- Regulators who develop regulations to support financial markets and ecosystems
- Private service providers who can design product strategies around the segmentation and trends highlighted by the data
- Donors and non-governmental agencies who wish to support increased financial inclusion to specific regions or population groups
- Development partners
- Academics and researchers.



Business district, Gaborone

FinMark Trust developed the analytical framework to analyse the demand of people who use and who do not use financial products or services. It seeks to understand the determinants of financial inclusion on:

- People's lives, which entail the characteristics and socio-economic information of individuals, households, and communities in Botswana
- Overall levels of inclusion, which look at the three broad levels, i.e. access, uptake, usage and quality of financial products, e.g. bank products, mobile money, Microfinance Institutions (MFIs), etc.
- For this cycle of FinScope, an analysis of gender and social inclusion will be covered.
- New and emerging topics, such as questions on scams.

The key objective of the FinScope survey is to measure and profile levels of access to and use of financial services by all bankable adults across income ranges and other demographics and make this information available for use by key stakeholders such as policymakers, regulators, and financial service providers. It is hoped that this information will provide an understanding of the income generation strategies, levels of financial inclusion, and challenges faced when using financial products and services.

The specific objectives are to:

- Measure the levels of financial inclusion (i.e. the proportion of the population using financial products and services – both formal and informal)
- Describe the landscape of access (i.e. the type of products and services used by financially included individuals)
- Determine the needs for financial products, as well as the gap between need and:
 - o Available financial products (formal and informal), and
 - o Usage of financial products (formal and informal)
- Identify the drivers of and barriers to using financial products and services.
- Compare survey results with the last two FinScope surveys in Botswana and provide an assessment of the changes and reasons thereof (including possible impacts of previous interventions to enhance access)
- Assess whether the current financial policy and regulatory environment promotes deepening financial inclusion
- Stimulate evidence-based dialogue that will ultimately lead to effective public and private sector interventions that will increase and deepen financial inclusion strategies.



Tlokweng, Gaborone

Methodology

Sampling design

The survey used a stratified three-stage probability sampling design to select the sample. The first stage entailed the selection of enumeration areas (EAs) as primary sampling units (PSU) using Probability Proportional to Size (PPS), where the measure of size is the number of households in an EA as defined in the 2022 Population and Housing Census. The selection of EAs was made to ensure representation of the following: cities/towns, urban villages, and rural areas. The second sampling stage was the selection of households as secondary sampling units (SSU), systematically selected within each selected EA. The third stage involved selecting eligible individuals (18 years and older) from a list of eligible individuals as tertiary sampling units (TSU) within the selected household. For more than one qualifying respondent, an electronic Kish Grid selected one household member to interview randomly. Thus, the number of eligible individuals aged 18 years and above from the selected households in each selected EA served as a sampling frame. Statistics Botswana provided the sampling frame and list of all selected EAs. The final sampling frame consists of 250 EAs across all districts in Botswana. The sample covered all the thirty-two (32) districts of Botswana. In each EA, 12 respondents were selected, translating to 3,000 adults (Table 1). Table 1 also presents the response rate by district. *evitam. Temperrumquas nisitibea pla eicimincime eveleseni ne lam doluptate nonsecaborum aliquo blabo.*

Questionnaire design

FinMark Trust drafted the FinScope Botswana 2024 Consumer Survey questionnaire as an updated version of the FinScope Botswana 2020 Consumer Survey. The draft questionnaire was developed with the input from the steering committee. After incorporating inputs from the steering committee and conducting fieldwork, the final version of the questionnaire was approved before resuming fieldwork. The final instrument in English was translated into Setswana. As the survey's implementing agency, Statistics Botswana reviewed the questionnaire and provided suggestions, which we incorporated before training. The approved questionnaire was transferred to the Computer Assisted Personal Interviewing (CAPI) application using Survey Solution.

Fieldwork preparations (training, pilot and maps)

In preparation for fieldwork, BIDPA conducted a

thorough training of enumerators with assistance from FinMark Trust and Statistics Botswana. After training, we carried out a pilot survey in Gaborone and surrounding areas to test the ability of enumerators to conduct the fieldwork and to test the questionnaire. The pilot survey covered three districts, including Gaborone, Tlokweng and Mogoditshane, and four EAs, taking into consideration the three locations (city/town, urban village and rural area). The team, together with enumerators, consulted to discuss the pilot survey and gain feedback from the enumerators. The feedback was also shared with FinMark Trust, and the questionnaire was finalised. Once the gaps and other issues from the pilot survey were resolved, the actual data collection commenced.

Fieldwork and quality control

The data was collected by well-trained enumerators using tablets and survey solutions software. BIDPA has a pool of experienced enumerators with degree qualifications and higher. Data was collected using CAPI. The fieldwork team comprised fieldwork supervisors (2 BIDPA research fellows), a survey coordinator (1 BIDPA research fellow/statistician) for quality control (QC), headquarters (1 BIDPA research fellow), and 24 enumerators.

The team moved into a block for easy management and coordination and had six drivers supporting them. Fieldwork covered all 32 districts in Botswana. BIDPA researchers supervised data collection to ensure adherence to quality control measures. This also ensured the validity, quality and accuracy of the data collected. Each completed questionnaire was checked within each EA, and approved before proceeding to the next EA. For further quality control checks, FinMark Trust and the steering committee visited the team to appreciate the data collection exercise. Data collection was carried out in six weeks between August and September 2024.

Data cleaning, weighting and submission

Upon completion of fieldwork, the data was converted to SPSS format, cleaned, and coded accordingly. In consultation with FinMark Trust, the cleaned dataset in SPSS format was weighted (considering the three sampling levels) using the 2022 Population and Housing Census. A finalised dataset in SPSS format was validated and signed off to ensure that the data reflects Botswana's population of 18 years or older.

District	Number of EAs	Targeted sample	Number of responses	Response rate (%)
Bobirwa	8	96	96	100
Boteti	8	96	96	100
Charleshill	4	48	40	83.3
Chobe	8	96	96	100
Francistown	8	120	120	100
Ghanzi	8	96	96	100
Goodhope	8	96	95	99.0
Hukuntsi	8	96	95	99.0
Jwaneng	4	48	48	100
Kanye	8	96	96	100
Kgatleng	8	96	96	100
Kweneng	8	96	96	100
Letlhakeng	8	96	96	100
Lobatse	4	48	48	100
Mabutsane	4	48	48	100
Mahalapye	8	96	96	100
Mogoditshane	18	216	216	100
Moshupa	8	96	96	100
North East	8	96	96	100
North West	8	96	96	100
Okavango	8	96	96	100
Orapa	4	48	48	100
Palapye	8	96	96	100
Ramotswa	8	96	96	100
Selibe Phikwe	4	48	48	100
Serowe	8	96	96	100
Sowa Town	4	48	43	89.6
Tlokweneng	8	96	96	100
Tonota	8	96	96	100
Tsabong	8	96	96	100
Tutume	8	96	96	100
Gaborone	18	216	216	100
Total	250	3000	2985	99.5

Table 1: Distribution of sample by census districts and response rate

Diamond mine, Botswana



Botswana's Financial Sector

As of 31 December 2023, Botswana has nine licensed commercial banks and two statutory banks. The Botswana Building Society (BBS), previously a statutory bank, was granted a commercial banking licence in 2022. The banking sector is dominated by four commercial banks (Standard Chartered Bank Botswana Limited, First National Bank of Botswana Limited, Stanbic Bank Botswana Limited, and Absa Bank Botswana Limited), which hold about 80% of the banking system's assets¹. Most banks operating in Botswana are primarily foreign-owned subsidiaries of major regional and international banking groups. The banking sector in Botswana is mainly centred on the intermediation of domestic deposits for credit provision².

Botswana's statutory banks are the National Development Bank (NDB) and Botswana Savings Bank (BSB). NDB assumes the role of a development finance institution (DFI) and is tasked with supporting the growth of the agricultural sector by facilitating individuals' and businesses' access to finance across the agricultural value chain. On the other hand, BSB has a specific mandate to mobilise the nation's savings and provide inclusive financial services to the underbanked population³. The Bank of Botswana is charged with regulating, licensing and supervising all banks and other institutions in Botswana, ensuring the sector's stability and security. This regulatory role provides security and stability to the sector and its stakeholders.

In addition to the two statutory banks, Botswana has two state-owned DFIs, which are mandated to provide credit at a subsidised rate to entrepreneurs. These include the Citizen Entrepreneurial Development Agency (CEDA) and Botswana Development Corporation (BDC). Established

in 2000, CEDA aims to promote entrepreneurship by providing cushioned credit for economic projects typically financed through commercial banks. The DFI also has a group microfinance product called 'Mabogo-Dinku', which assists micro-entrepreneurs with finance to grow their businesses. On the other hand, BDC targets commercially viable projects aimed at advancing industrial and economic growth in Botswana.

To position themselves in the market and ensure wide customer coverage, banks in Botswana continue to selectively open branches and build ATMs countrywide, especially in places without physical presence. According to the Bank of Botswana Banking Supervision Report (2023), there was one branch per 10,000 adults and less than one branch per 1,000 square kilometres in 2023, a statistical indication of the sparse population distribution in the country⁴. Similarly, there was one ATM per 1,000 square kilometres in 2023, the same as in 2022, while the number of ATMs per 10,000 adults slightly increased from 3.6 in 2022 to 3.7 in 2023, reflecting a marginal increase in access to financial services or products. As shown in Table 2, Botswana's overall number of bank branches increased from 162 in 2021 to 172 in 2022. In 2023, bank branches grew by only two to 174. Banks still erect ATMs nationwide despite technological advances and the emergence of digital financial products and services. Between 2021 and 2023, banks in Botswana introduced 53 new ATMs.

		Branches and Sub-branches			ATMs		
		2022	2023	2021	2022	2022	2023
Large banks	ABSA	36	36	36	114	114	114
	Stanchart	20	19	19	76	74	71
	FNBB	28	27	28	236	243	251
	Stanbic	18	18	18	80	80	79
	Sub-total	102	100	101	506	511	515
Small banks	Access Bank	13	19	20	19	58	59
	Baroda	4	4	4	7	7	7
	Bank Gaborone	14	14	14	21	21	23
	First Capital	5	10	10	5	6	5
	BBS	-	-	10	-	-	10
	Sub-total	36	47	58	52	92	104
Total for commercial banks		138	138	159	558	603	619
Statutory banks	BBS	10	10	-	9	9	-
	BSB	10	11	11	16	17	17
	NDB	4	4	4	-	-	-
Total for statutory banks		24	25	15	25	26	17
Overall total		162	172	174	583	629	636

Table 2: Branches and ATMs by bank, 2021-2023

Non-bank financial institutions (NBFIs)

The non-bank financial institutions (NBFIs) that comprise Botswana's financial sector provide various services, including insurance, capital markets, retirement funds and lending activities. Institutions providing lending services make up the majority of the NBFIs in Botswana. These include microlenders, pawnshops, finance companies and leasing companies⁵. Microlenders issue loans to individuals, whereas pawnshops offer credit to individuals against their moveable property. Finance and leasing companies, respectively, offer financial and equipment support to SMMEs. In 2023, there were 377 non-bank lenders, with microlenders making up most of them (NBFIRA, 2023)⁶. After lending activities, insurance institutions follow in terms of numbers. Insurance services mainly include long- and short-term insurance and medical insurance (medical aid). NBFIs in Botswana are regulated and supervised by the Non-Bank Financial Institutions Regulatory Authority (NBFIRA). As stipulated in the 2016 NBFIRA Act, NBFIRA establishes context and oversight for the safety, soundness and stability of NBFIs in Botswana⁷.

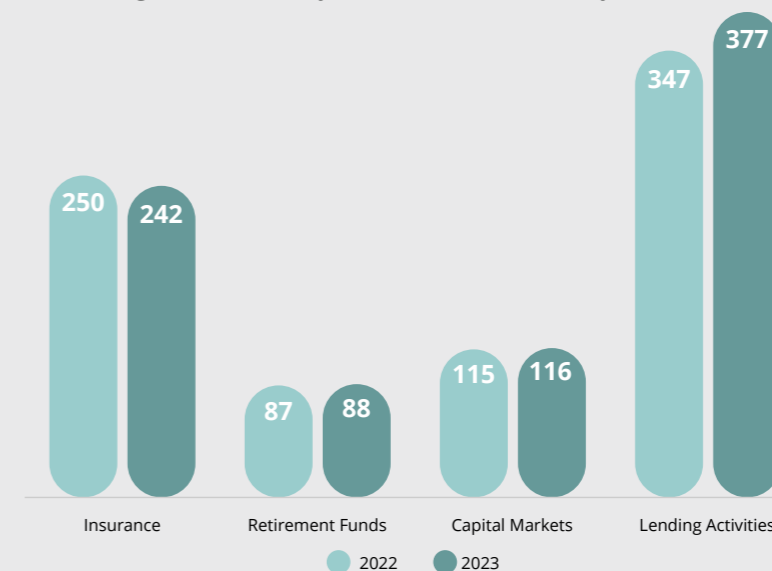


Figure 1: Structure of the Non-Bank Financial Institutions by sector

Source: NBFIRA Annual Report, 2023

¹ World Bank (2022). Republic of Botswana, Financial Sector Assessment Program. Technical Note: Financial Inclusion and Digital Financial Services, December 2022.

² World Bank (2023). Republic of Botswana, Financial Sector Assessment, February 2023.

³ World Bank (2023). Republic of Botswana, Financial Sector Assessment, February 2023.

⁴ Bank of Botswana (2023). Banking Supervision Annual Report, 2023.

Informal sector

The informal financial sector, which includes metshelo or social saving groups, plays a crucial role in enhancing financial inclusion in Botswana. These groups, which are not registered with any regulatory body, cater to individuals who do not have access to formal financial institutions. Metshelo, for instance, represents groups of individuals who raise money for the common good. Each member periodically contributes a pre-agreed amount of money, which is then lent out to members at an agreed interest fee on a rotational basis. This way, metshelo serves many purposes, including a savings group and an avenue for informal credit. These groups also play a significant role in financial literacy and the inclusion of those who are excluded. Furthermore, some groups may use banking and other non-bank products and services to transact among themselves, contributing immensely to financial inclusion.

The Savings and Credit Cooperatives (SACCOS)

The Savings and Credit Cooperatives (SACCOS) in Botswana are managed by the Department of Cooperative Development under the Ministry of Trade, which is mandated to oversee development of all cooperatives in Botswana. According to the Department of Cooperative Development⁸, there are currently 315 registered cooperative societies in Botswana, of which 83 are financial cooperatives (SACCOS). While the Botswana Cooperative Association (BOCA) is determined to educate and capacitate the public about cooperatives in Botswana, the Botswana Savings and Credit Cooperative Association (BOSCCA), promotes the development of the SACCOS by disseminating information to its members and providing sound operational practices relevant to the growth of the SACCOS. BOSCCA envisions to become a sustainable national association promoting financial inclusion in Botswana.



Demographic and household characteristics

According to the 2022 Population and Housing Census, Botswana has a population of around 2.4 million people, with adults (18 years and older) accounting for about 1.5 million. Most of the population resides in urban villages (47.3%), followed by rural areas (33.5%) and then cities/towns (19.2%). The FinScope results also show that most adults reside in urban areas, followed by rural areas and cities/towns. Table 3 presents demographic characteristics based on FinScope surveys. The gender distribution shows more females than males. The 2022 PHC also indicates more females (51.2%) than males (48.8%), and a similar trend is observed in 2024. Age-wise, youth and adults represent 45%, respectively and cumulatively, 90% of the population. With respect to marital status, unmarried adults accounted for the most significant share, 70.5% and 70.9%, in 2020 and 2024, respectively.



	2020	2024
Total adult population	1,529,249	1,548,628
Locality type	%	%
Rural villages	30	42.2
Urban villages	46	36.3
Cities/towns	24	21.5
Sex	%	%
Male	48	48
Female	52	52
Age	%	%
18-35 (youth)	49.4	44.9
36-64 (adults)	42.2	45.4
65+ (older persons)	8.5	9.6
Marital status	%	%
Never married	70.5	70.9
Married	15.1	16.9
Widowed	4.5	5.6
Divorced	1.4	1.0
Separated	0.5	0.3
Living together	7.8	5.2

Table 3: Demographic characteristics

⁵ Non-Bank Financial Institutions Regulatory Authority (2021). The 2020/21 NBFIRA Research Bulletin.

⁶ Non-Bank Financial Institutions Regulatory Authority (2023). NBFIRA 2023 Annual Report.

⁷ Non-Bank Financial Institutions Regulatory Authority (2016). NBFIRA 2016 Act.

⁸ Department of Co-operative Development, Highlights for Botswana Co-operative Movement and Calendar of Events for the Year 2019/2021, 15 January 2020

Education is one of the predominant factors earmarked to advance inclusive and sustainable development. Its importance is echoed in SDG 4, which calls for equal access to affordable education for all⁹. The skills and expertise an individual possesses are vital for their economic empowerment and standard of living. Through financial education, individuals may escape financial exclusion and become exposed to financial services and products at their disposal. In Botswana, the proportion of adults with secondary education has significantly increased from 24% in 2014 to 54% in 2024. The same incremental trend is observed for adults with a university education, rising from 13% in 2014 to 19% in 2024. There is a drastic drop in the percentage of people with primary education, which can be attributed to the heightened progression into secondary education. The proportion of adults with some primary education and no formal education remains lower at 7%, indicating a move in the right direction for Botswana to achieve SDG 4.

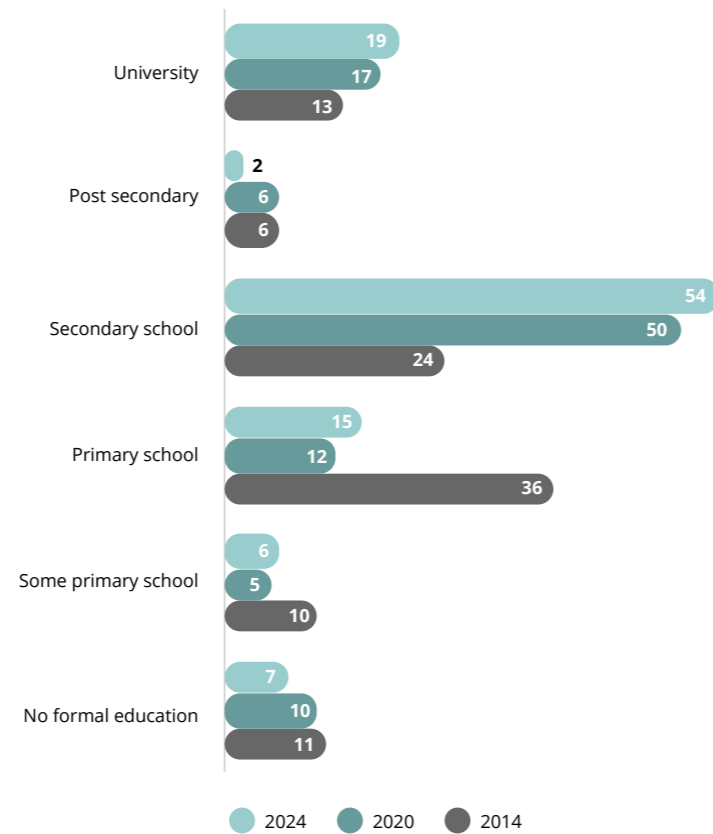


Figure 2: Education (%)

Farming activities

Agriculture is a significant source of livelihood for Botswana, particularly those in rural areas, and a crucial tool for poverty eradication. Participation in agriculture has been on the rise. In 2020, about 29% of households were farming, which increased to 33% in 2024 (Figure 3). Approximately 17% indicated they were engaged in farming and other work in 2020 and 2024. Lastly, about 12% were solely involved in agriculture in 2020, which increased to 15% in 2024.

Of those engaged in farming between 2020 and 2024, the majority farm for consumption, while only a few farm for selling (Figure 4). The most common farming activities included planting maize, beans, sorghum and rearing goats and cattle. In 2024, 60% of households were engaged in maize farming, followed by those who kept goats (58%) and those who planted beans/cowpeas (53%) and cattle (43%) (Figure 5). Consequently, the top income-generating farming products were cattle (33%), goats (25%), maize (12%), and beans/cowpeas (9%) (Figure 6). This underscores the crucial role of agriculture in sustaining livelihoods and the need for substantial agricultural investment to boost income growth, food security, and poverty alleviation. This aligns with SDG 2, which calls on nations to end hunger, achieve food security, improve nutrition and promote sustainable agriculture by 2030¹⁰.

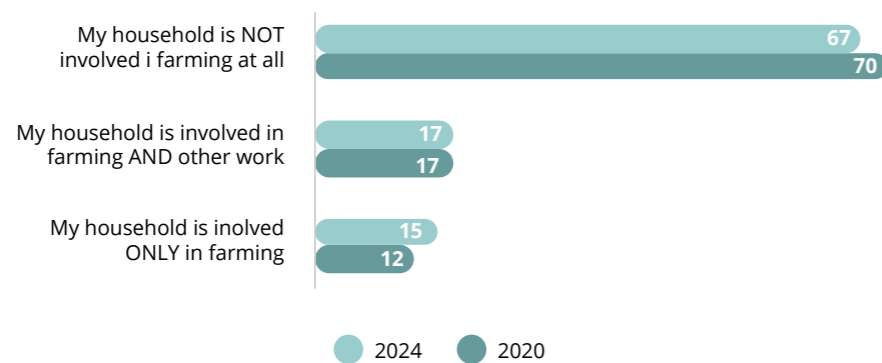


Figure 3: Household involvement in farming (%)

Between 2020 and 2024, the percentage of farming households in Botswana grew from 29% to 33%, with 15% now solely reliant on agriculture.

While most farm for consumption, cattle (33%) and goats (25%) are the top income-generating products.

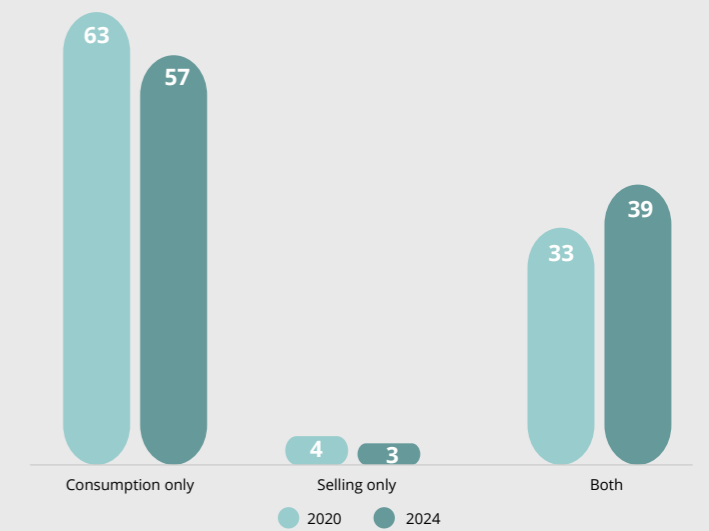


Figure 4: Farming involvement (%)

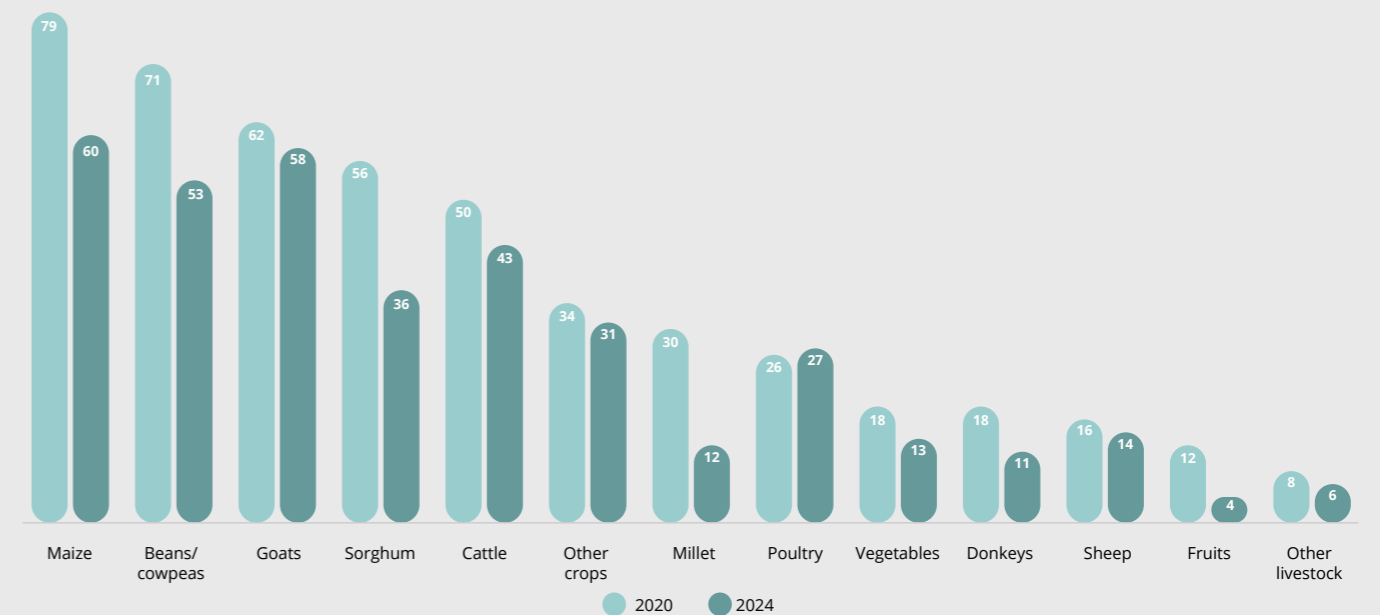


Figure 5: Farming activities (%)

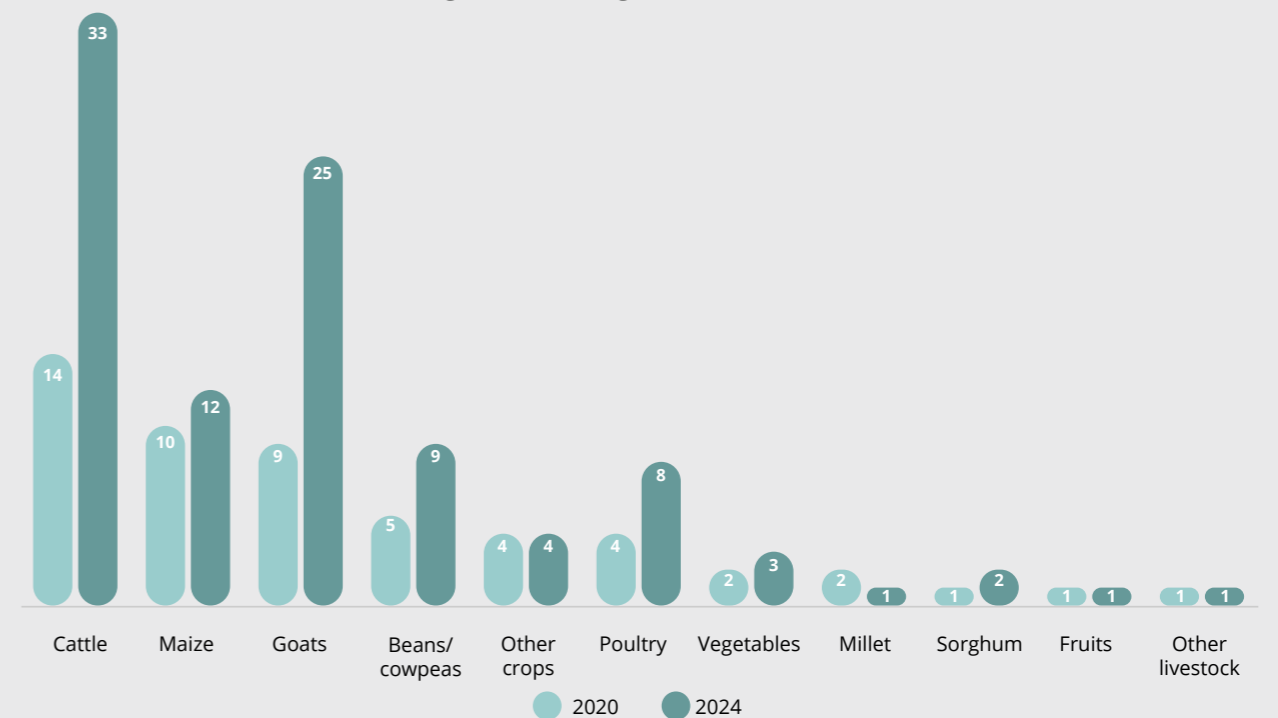


Figure 6: Top income-generating products (%)

⁹ UN. (2015). Transforming our world: The 2030 Agenda for sustainable development. New York: United Nations.

¹⁰ UN. (2023). The Sustainable Development Goals report 2023: Towards a rescue plan for people and planet. New York: United Nations.

Income sources

Income is a key aspect of financial inclusion. Individuals need income to access and use financial products and services. In 2020, a significant proportion of adults in Botswana relied on income earned from working in the informal sector, followed by those who were self-employed and those who worked in the private sector. Surprisingly, only 11% and 10% of adults depended on formal government employment for income in 2020 and 2024, respectively. Most adults indicated the informal sector as their primary source of income in 2020 and 2024. However, these findings only reveal the breadth of participation in each sector and do not reflect the average income earned per sector.

Figure 8 illustrates the average monthly personal income of each adult. In 2020, about 40% of adults indicated they did not earn any income, drastically declining to 3% in 2024. On average, more than 50% of adults indicated they earn P1,500 or less. The same trend is observed for the average household income, where 55% of adults indicated their total monthly household income is P3,000 or less (Figure 9). This underscores the urgency of addressing income disparities to achieve financial inclusion.

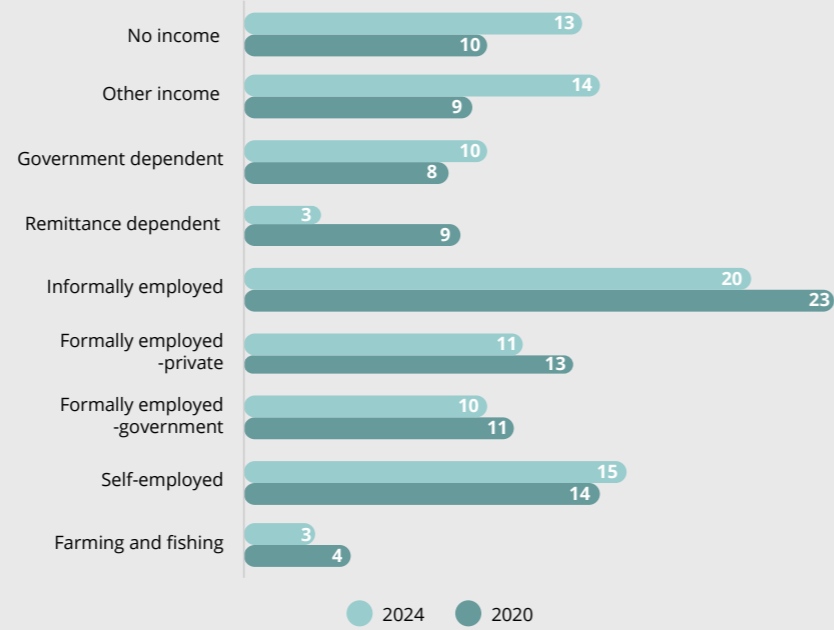


Figure 7: Main source of income (%)

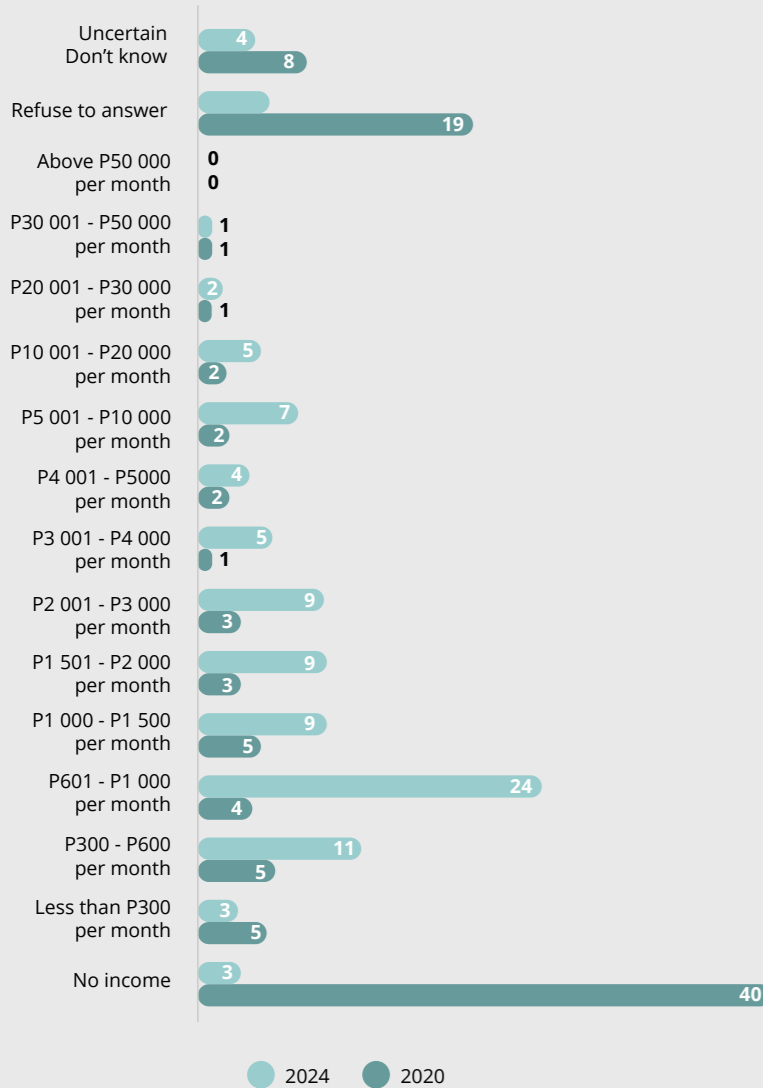


Figure 8: Personal income

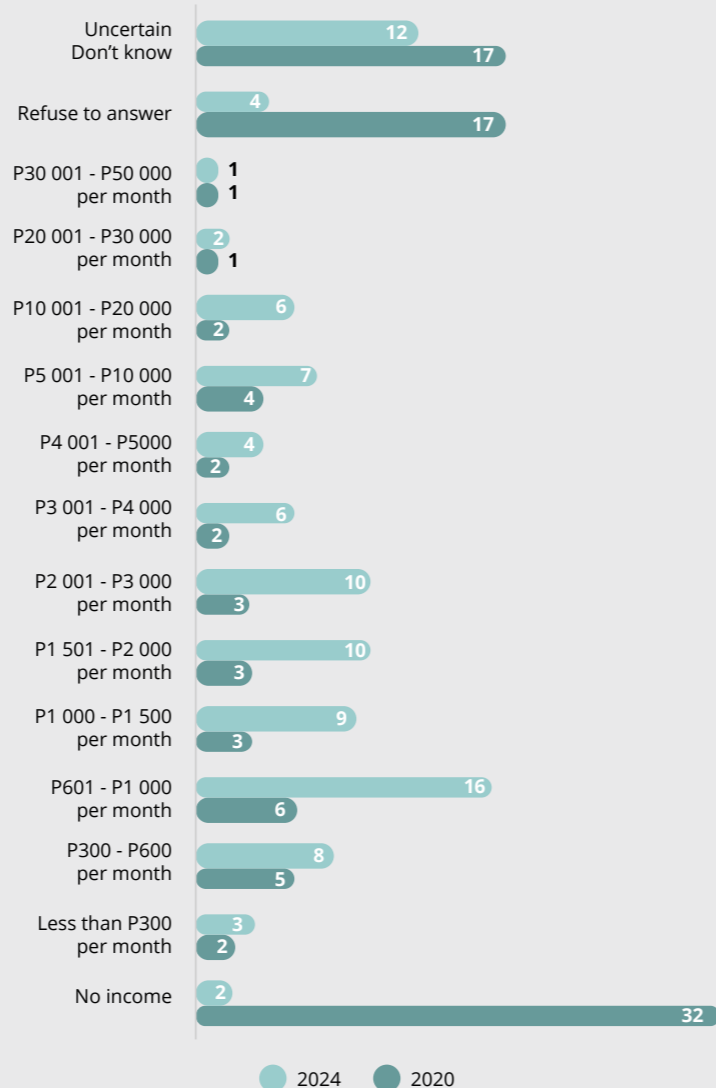


Figure 9: Household income

Possession of documentation

Figure 10 depicts adults' possession of documents. The figure reveals improvements in the possession of documents over time. Most adults possess national IDs and passports. It is imperative to highlight that the Government of Botswana recognises National ID (Omag) as the first official document used for identification by persons aged 16 and older. As such, it is mandatory for all Batswana aged 16 years and older to have an Omang card. Between 2014 and 2024, over 95% of adults had a national ID.

There has been an increase in utility ownership. In 2014, the water bill was recorded at 19% in 2014, which has increased to 27% in 2024, while the electricity bill in 2014 was 16%, and 25% in 2024. There has been a notable increase in the number of insurance policyholders in 2024 at 22%, compared to the 11% in 2014.

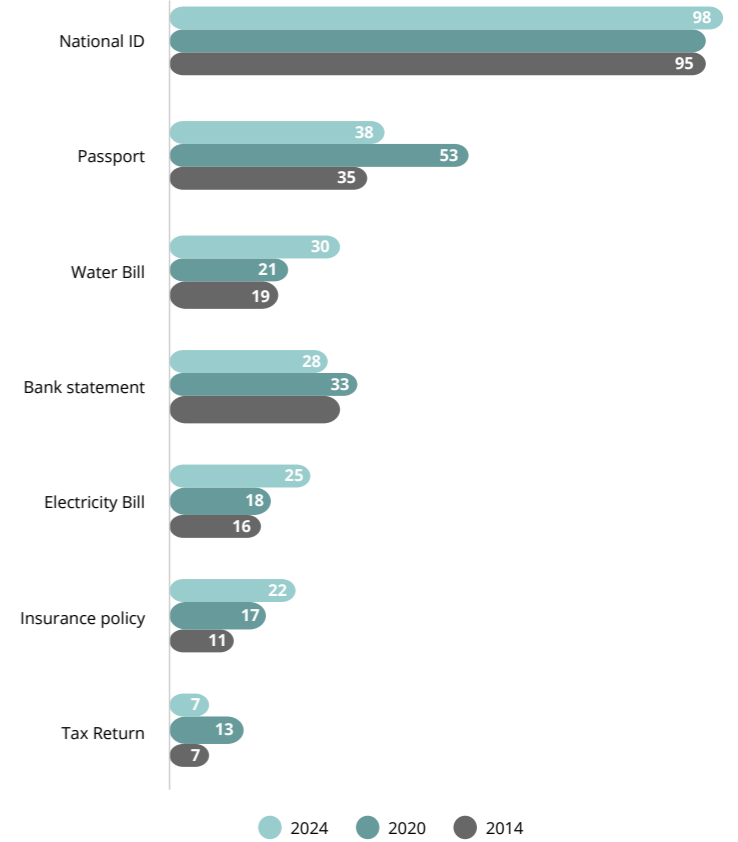


Figure 10: Possession of documents

Water, sanitation and hygiene (WASH)

Safe drinking water, sanitation and hygiene (WASH) are crucial to human health and well-being. WASH is not only a prerequisite to health; it also contributes to livelihoods, school attendance, dignity and helps to create resilient communities living in healthy environments. SDG 6 seeks to ensure safe drinking water and sanitation for all, focusing on the sustainable management of water resources, wastewater and ecosystems and acknowledging the importance of an enabling environment¹¹. Water and sanitation are also recognised by Agenda 2063 as critical dimensions¹². Figure 10 shows Botswana's primary water supply sources in 2020 and 2024. The statistics show improvement in access to safe drinking water in Botswana. About 98% of adults in 2024 have access to clean and safe drinking water compared to 90% reported in 2020. Surprisingly, 2% of adults reported relying on bowser/tanker and other sources not mentioned here.

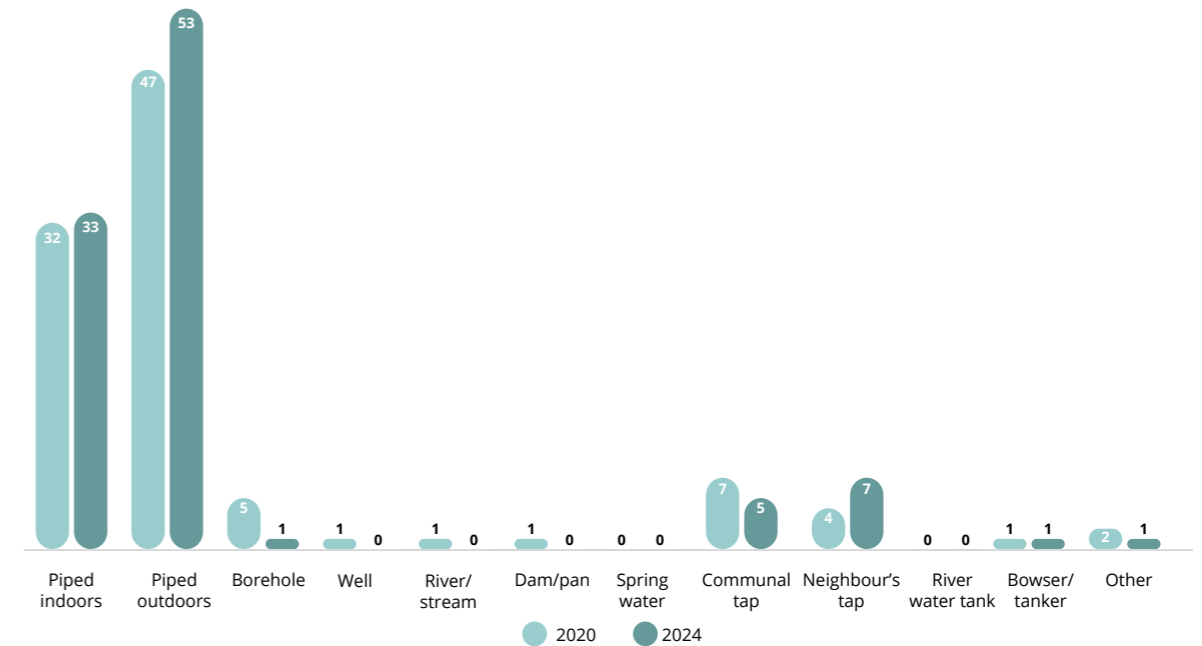


Figure 11: Possession of documents

Figure 12 illustrates the primary type of toilet facility used in Botswana in 2020 and 2024. As depicted below, most adults reside in households whose toilet facilities are pit latrines. About 46% of adults use safe sanitation (flush toilets and VIPs) compared to 48% reported in 2020, signifying a slight decline. This means more than half of adults in Botswana do not have access to improved sanitation. Lastly, it was found that 3% and 2% of adults had no toilet facilities in 2020 and 2024, respectively. Poor sanitation practices such as open defecation are widespread in countries with the highest levels of poverty, wealth disparities and malnutrition. They perpetuate a vicious cycle of poverty and disease, hence reducing human well-being¹³. In addition, 31% of adults do not have handwashing facilities (Figure 13).

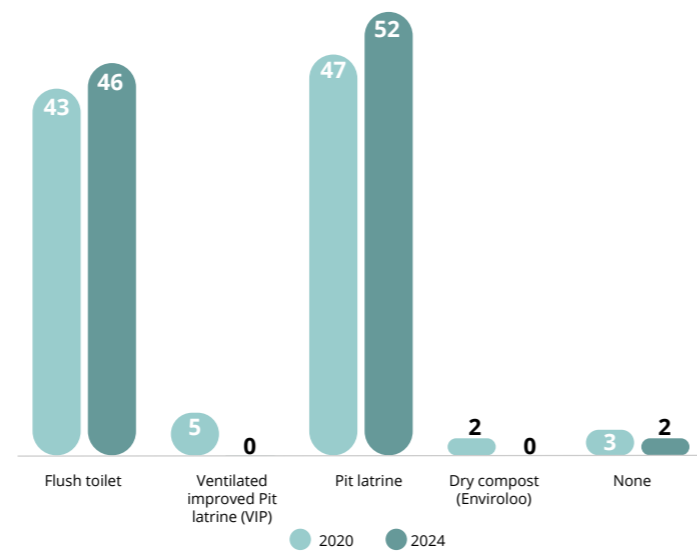


Figure 12: Main type of toilet facility (%)



Figure 13: Hand washing facilities (%)

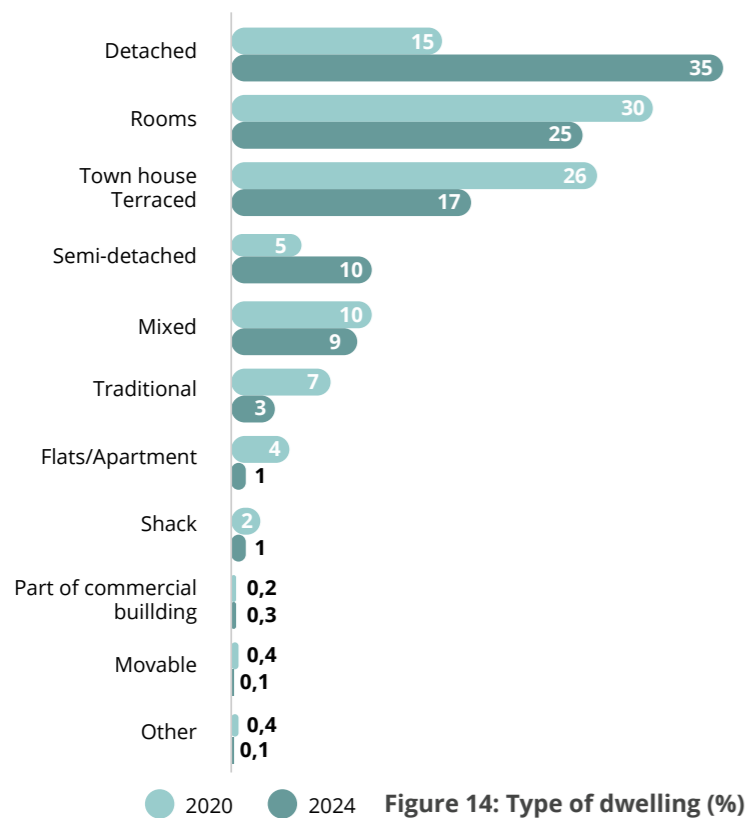


Figure 14: Type of dwelling (%)

Housing

SDG 11 (targets 11.1) seeks to ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums¹⁴. Botswana's national blueprints, such as the National Housing Policy of 2000, aim to meet the population's shelter needs and provide decent and affordable housing for all within the context of a safe and sanitary environment. The quality of housing directly affects the well-being of individuals¹⁵. The extent of shelter poverty in Botswana should be viewed beyond the number of housing units built, and issues relating to the quality of housing structures should be assessed using indicators such as the roof, floor, and wall material. In 2020, 30% of adults lived in rooms, and the figure declined to 25% in 2024. However, a significant proportion of adults lived in detached houses (35%) in 2024. Most houses in Botswana use corrugated iron for roofing (Figure 15) and conventional bricks or blocks for the walls (Figure 16).

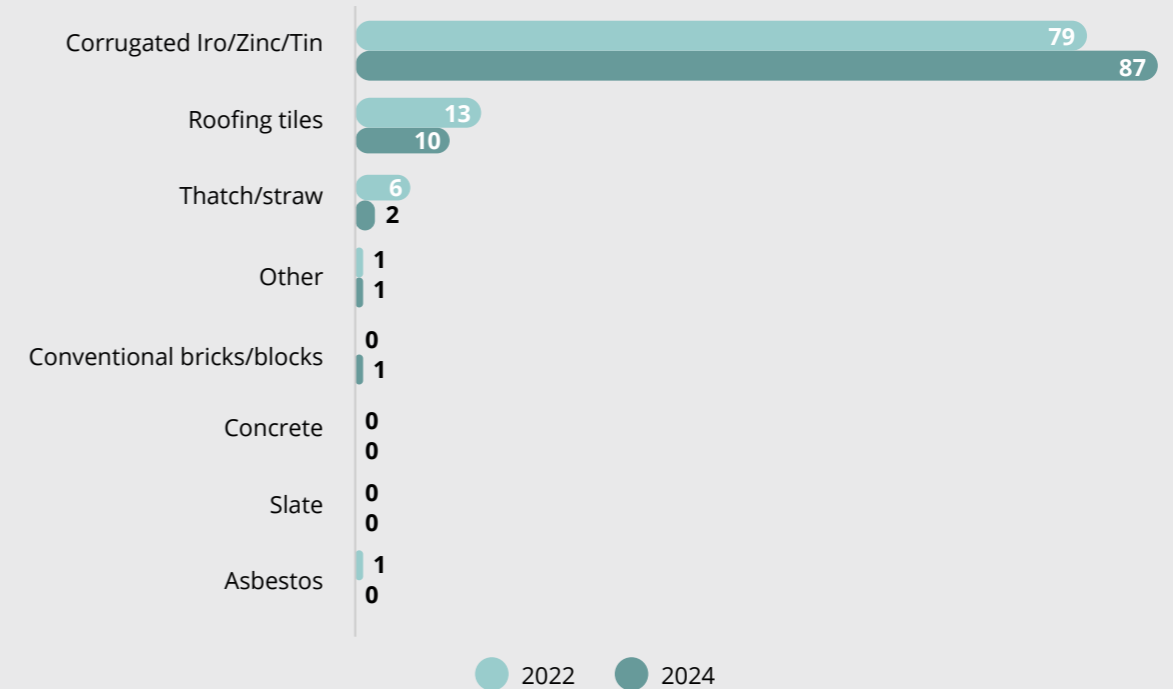


Figure 15: Main material used for the roof (%)

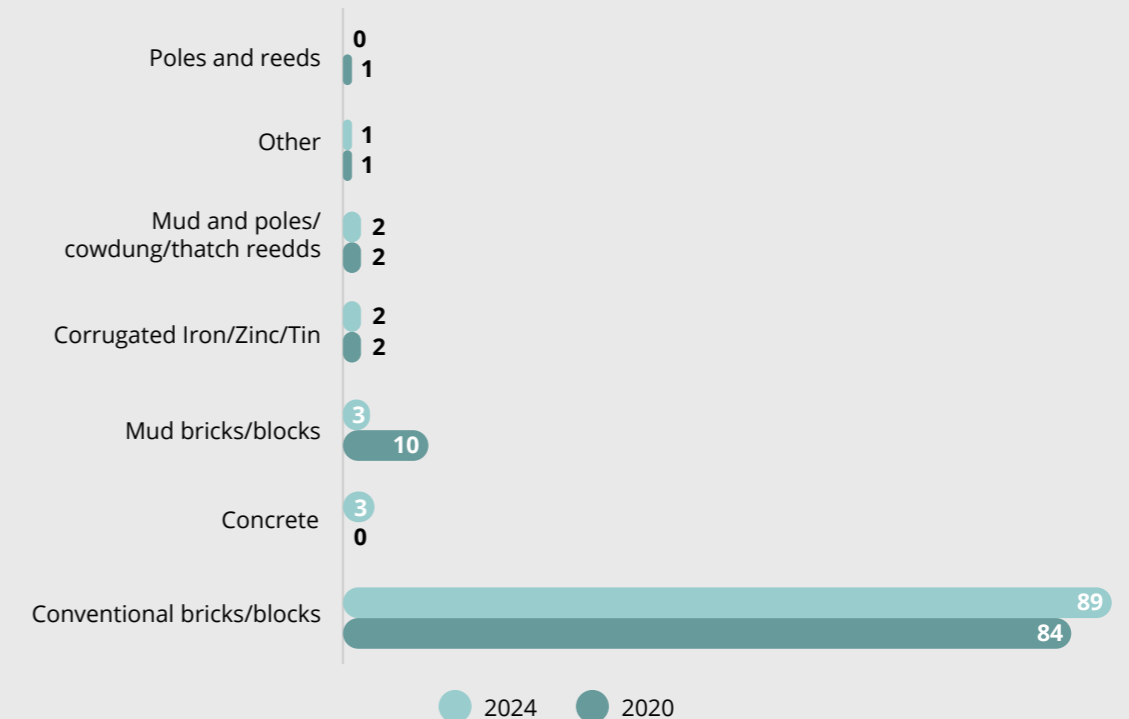


Figure 16: Main material used for the wall (%)

¹¹ UN. (2015). Transforming our world: The 2030 Agenda for sustainable development. New York: United Nations.

¹² AUC. (2015). Agenda 2063: The Africa we want. Addis Ababa: African Union Commission.

¹³ UN Habitat and WHO (2021). Progress on wastewater treatment – Global status and acceleration needs for SDG indicator ¹⁴ UN. (2015). Transforming our world: The 2030 Agenda for sustainable development. New York: United Nations.

¹⁵ Klasen, S. (2000). Measuring poverty and deprivation in South Africa. Review of income and wealth, 46(1), 33–58.

Energy sources

The 2030 Agenda for Sustainable Development recognises the importance of energy. This is captured by SDG 7, which aims to ensure universal access to affordable, reliable, sustainable, and modern energy by 2030. Agenda 2063 also recognises energy as a critical commodity for African households¹⁶. Energy consumption is vital to economic growth but has adverse severe environmental effects¹⁷. Figure 17 illustrates the primary source of energy for lighting in Botswana. Most of the adult population in Botswana uses electricity for lighting. In 2020, a significant share (72%) of Botswana used electricity, with the figure increasing to 82% in 2024. This is followed by those using candles and paraffin. Only 5% of households used solar power in 2020 and 2024. Only 5% of households used solar power in 2020 and 2024.

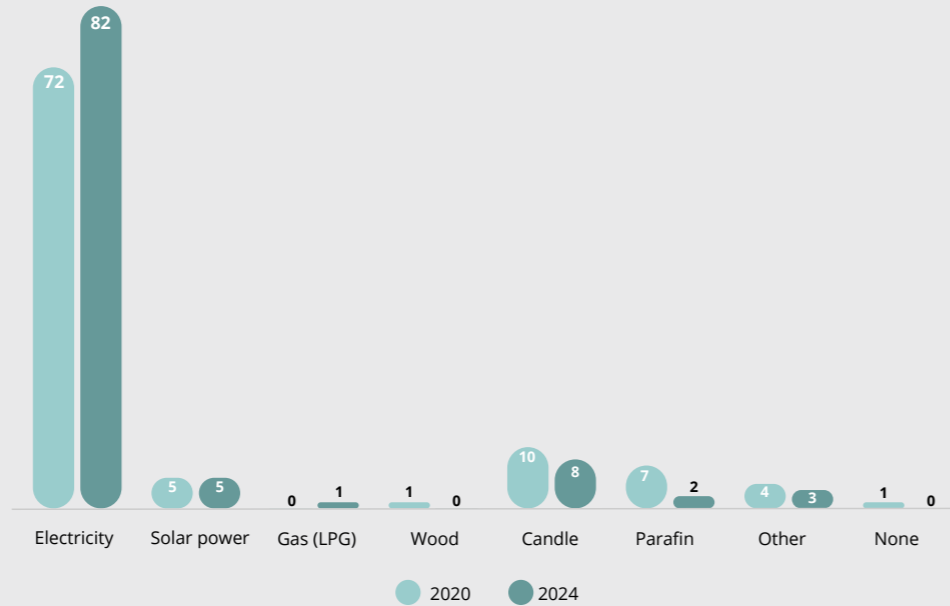


Figure 17: Main source of energy for lighting (%)

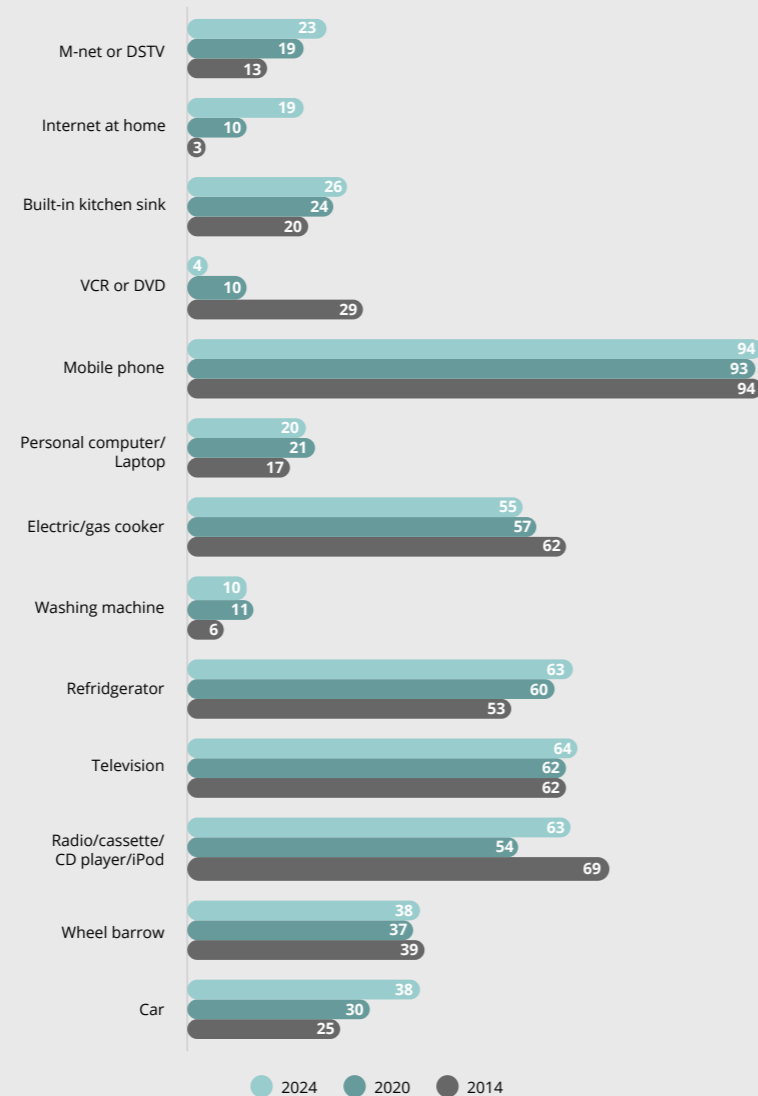


Figure 18: Household ownership of assets (%)

Asset ownership

Between 2014 and 2020, Botswana gravitated towards modern and high-end assets (Figure 18). About 19% of Botswana had internet at home in 2024, compared to only 3% in 2014. Similarly, there is an increase in the number of adults using paid content on TV (M-net or DSTV). As expected, most adults own a mobile phone. The results further show that, generally, there is an increase in IT-related assets. On the contrary, there has been a decrease in the use/ownership of low-end assets. An example includes reduced ownership of radio/cassette, wheelbarrow, and VCR/DVD. An increasing proportion of adults in Botswana who own a car can also be observed.

¹⁶ AUC. (2015). Agenda 2063: The Africa we want. Addis Ababa: African Union Commission.

¹⁷ Chaabouni, S., & Saidi, K. (2017). The dynamic links between carbon dioxide (CO2) emissions, health spending and GDP growth: A case study for 51 countries. Environmental Research, 158, 137-144. <https://doi.org/10.1016/j.envres.2017.05.041>.

Information access and connectivity

SDG 9 calls for states to build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation. The 2030 Agenda recognises the need to develop knowledge societies where everyone can learn and engage with others, highlighting the need for access to Information and Communication Technologies (ICTs). According to Vision 2036, Botswana will leverage leading ICT to contribute to economic growth and employment while enabling an efficient private and public sector. The evolution of ICTs has brought about many changes in the financial sector. Financial institutions now offer digital financial services to help expedite financial transactions and ensure more comprehensive coverage of clients. ICTs can help facilitate access to more financial services, especially for individuals residing in remote areas without physical banking facilities. More than their efficiency, ICTs are convenient to use and can ensure access to financial services less expensively. Given the exponential growth and effects of digital financial services, it has become increasingly important for governments and supporting institutions to provide requisite infrastructure, especially in remote areas, to help facilitate financial transactions. Apart from a cell phone, most Botswana do not have access to ICTs. This may mean that most adults in Botswana lack digital skills. Unfortunately, low levels of ICT skills are a significant barrier to achieving universal and meaningful

connectivity. In 2020, 93% of adults in Botswana had access to a mobile phone. This figure increased to 95% in 2024. Access to computers, the internet, and email increased between 2020 and 2024. On the contrary, access to landlines and fax machines recorded a decline (Figure 19). Table 3 shows that most adults owned and used a mobile phone. Computer, internet and email ownership and usage increased between 2020 and 2024 (Table 4).

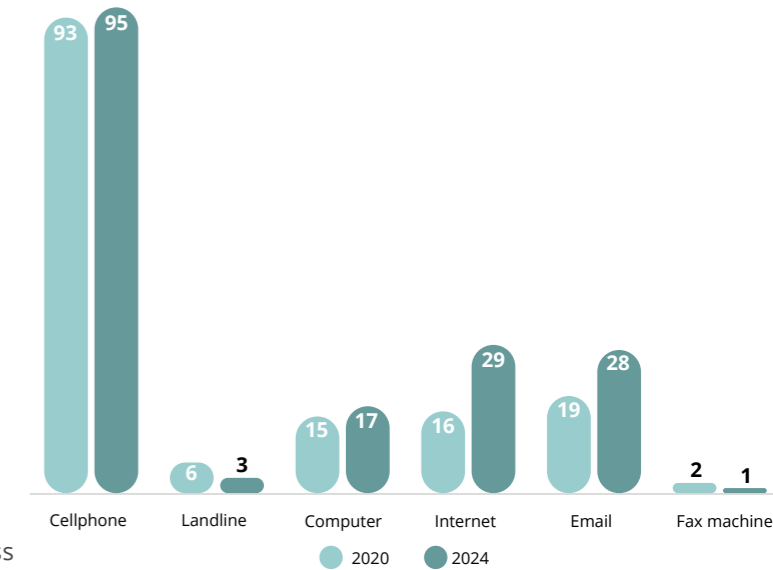


Figure 19: Access to media (%)

	Ownership		Usage	
	2020	2024	2020	2024
Cell phone	93.1	94.8	93	94.8
Landline	2.1	0.5	1.4	0.9
Computer	10	12.6	5	9.0
Internet	9.1	19.3	6.9	16.0
Email	12.3	24.7	4.7	12.7
Fax machine	0.6	0.1	0.3	0.2

Table 4: Ownership and usage of communication devices

Size, scope and formality of business owners

The informal sector is one of the sectors that have been earmarked to significantly advance the economy of Botswana, because of its dynamism and potential to create employment opportunities and improve the livelihoods of many households. However, the sector is not without challenges. The informal sector's most common challenges are inadequate access to markets, finance and operating spaces. Figure 20 provides a synopsis of self-employed adults who rely on business income. As illustrated, most self-employed adults (73%) financed their informal businesses through their own cash savings. About 2% of adults funded their businesses through commercial banks and CEDA loans in 2024, an increment of 1% in 2020. This finding may imply that most self-employed adults in Botswana are unbanked, which makes it difficult for formal financial institutions to serve their financial needs. Furthermore, most informal businesses did not have permanent operating spaces and mainly operated from home or at the market (Figure 21).

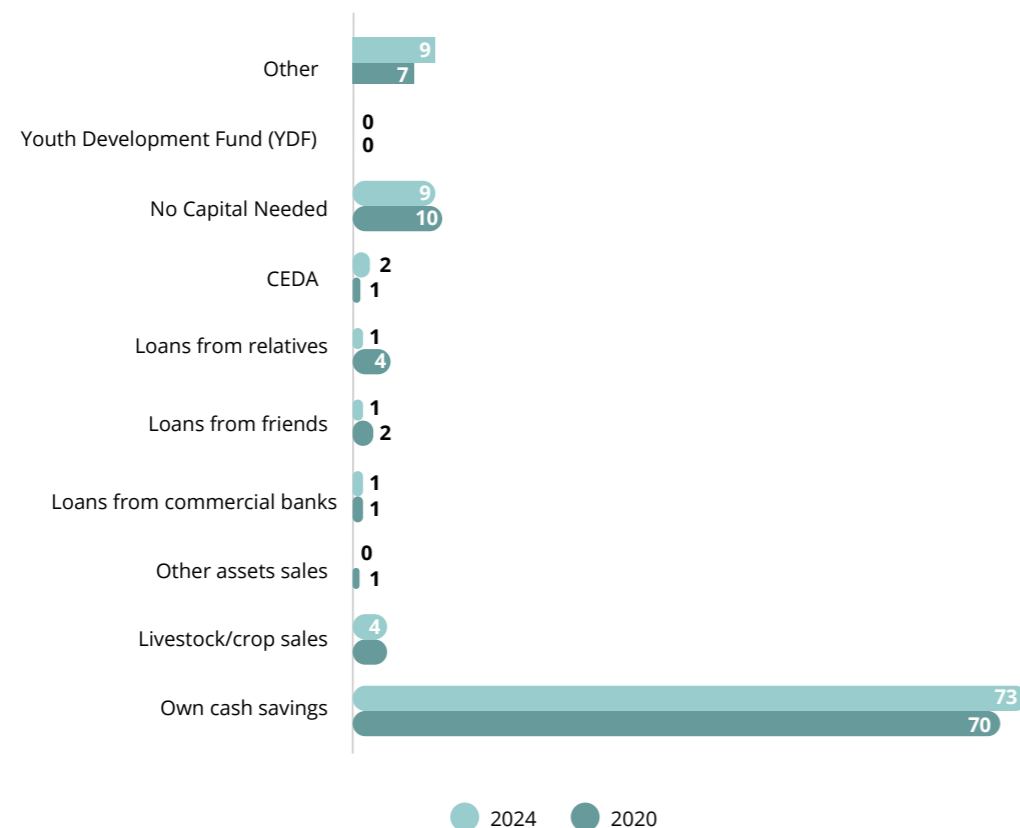


Figure 20: Main source of capital for the informal sector business (%)

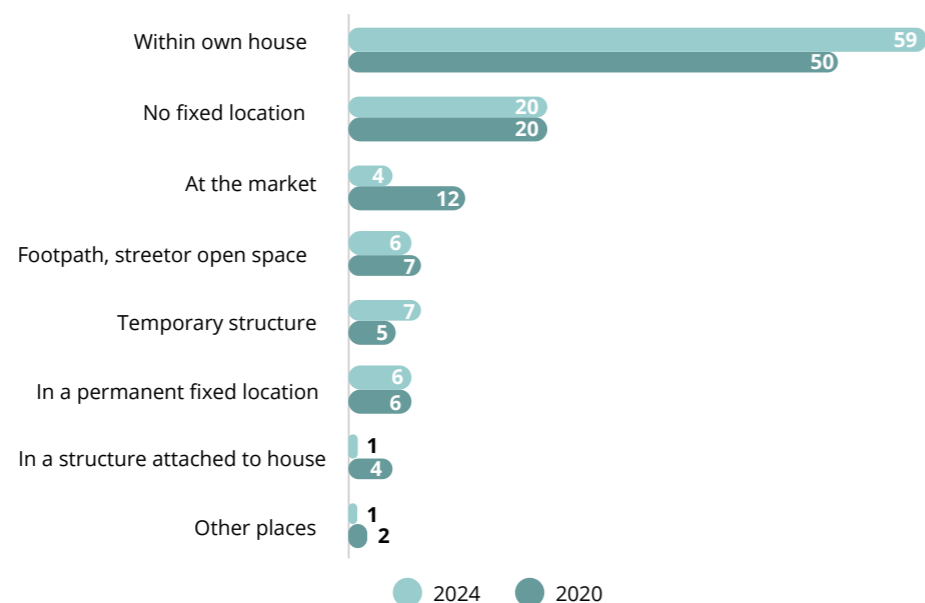


Figure 21: Place of operation of the informal sector business (%)

Financial Capability

Financial capability enables individuals and households to make informed financial decisions, access financial services, and enhance their well-being. It is crucial for financial inclusion, which supports poverty reduction, economic growth, and sustainable development. A financially capable society can avoid unnecessary costs, protect against financial risks, and drive innovation in financial services.

Financial capability is the capacity of an individual or household to adequately make sound financial decisions and the ability to access and utilise available financial products and services to improve their well-being. It plays a crucial role in the financial inclusion process. Financial inclusion is essential for decreasing poverty, increasing economic growth and attaining sustainable development, which can only be achieved by a financially capable society. Society can use available financial services and information to make informed financial decisions. Financial capability is critical because consumers without financial knowledge incur more costs and are vulnerable to exploitation by deceitful financial service providers. Consumers who make sound financial decisions and interact with financial service providers are more likely to improve their welfare hedge against economic shocks and risks. Financially capable consumers are also likely to run their businesses successfully, open bank accounts, take up insurance, and save and invest for the future. Financial service providers are also expected to benefit and are more likely to introduce user-friendly services to entice consumers. As a result, this will likely stimulate the innovation of new financial services due to the uptake from consumers. The findings of the following key dimensions are examined to understand the financial capability in Botswana.

Financial decision-making

The ability to make a financial decision is vital for any individual. The individual should apply their knowledge to make a well-informed financial decision. Within households, there are discussions around household budgets and decision-making responsibilities. These involve managing finances, preparing budgets and mitigating against any financial risks. Figure 22 below shows the extent to which financial decisions are made in the household. It depicts a decline in a consumer's responsibility to make a financial decision independently from others, from 54% in 2020 to 31% in 2024. An individual would have used all the information to make an informed financial decision. About 20% of consumers shared responsibility with their partners in 2020, compared to 21% in 2024. In 2020, about 16% made financial decisions with the other family members, compared to 32% in 2024. This increase can be attributed to consumers' knowledge, skills and attitudes towards managing financial resources. Consumers now understand the importance of financial decisions that fit their everyday needs.

Financial capability dimensions

The financial capability index is developed based on four dimensions: financial decision-making, choosing and using financial products and service providers, financial budgeting and planning for unexpected events. Each of these dimensions are discussed in detail below.

¹⁶ AUC. (2015). Agenda 2063: The Africa we want. Addis Ababa: African Union Commission.

¹⁷ Chaabouni, S., & Saidi, K. (2017). The dynamic links between carbon dioxide (CO2) emissions, health spending and GDP growth: A case study for 51 countries. Environmental Research, 158, 137-144. <https://doi.org/10.1016/j.envres.2017.05.041>.

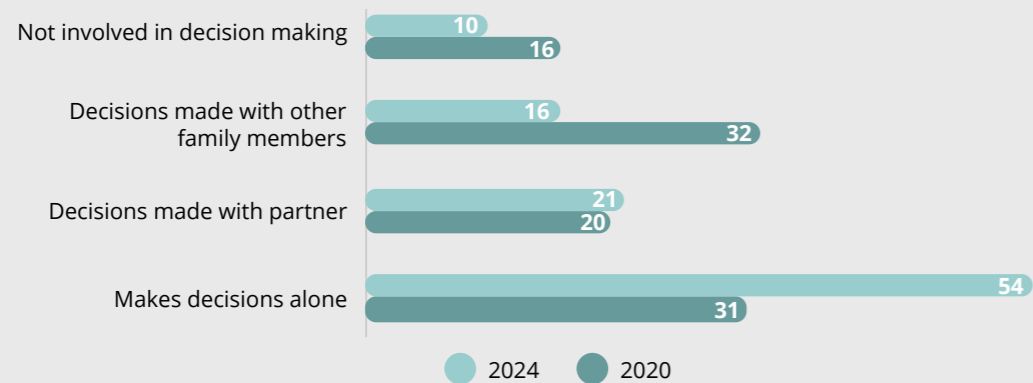


Figure 22: Responsibility for financial making (%)

The informal sector is one of the sectors that have been earmarked to significantly advance the economy of Botswana, because of its dynamism and potential to create employment opportunities and improve the livelihoods of many households. However, the sector is not without challenges. The informal sector's most common challenges are inadequate access to markets, finance and operating spaces. Figure 20 provides a synopsis of self-employed adults who rely on business income. As illustrated, most self-employed adults (73%) financed their informal businesses through their own cash savings. About 2% of adults funded their businesses through commercial banks and CEDA loans in 2024, an increment of 1% in 2020. This finding may imply that most self-employed adults in Botswana are unbanked, which makes it difficult for formal financial institutions to serve their financial needs. Furthermore, most informal businesses did not have permanent operating spaces and mainly operated from home or at the market (Figure 21).

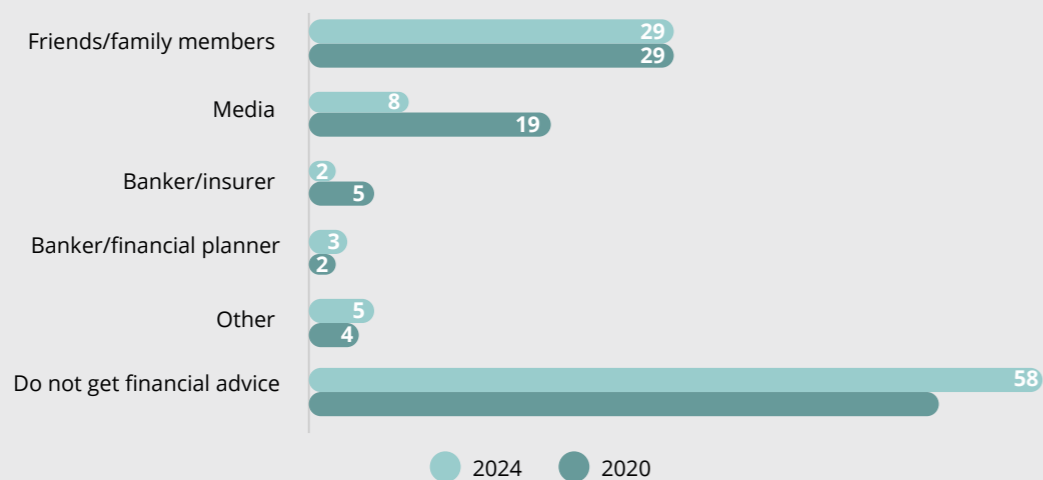


Figure 23: Where would people go for financial advice and assistance (%)

Financial products and service providers

Information on available financial products and services is vital in decision-making. This dimension captures the factors individuals consider when selecting a financial product with a specific institution. Adults were asked questions on available products and services and how to obtain them when needed to make wiser choices in 2024. They were also asked about their awareness of banking, insurance and financial products available in Botswana. Figure 24 below shows how aware adults are of available banking services. About 87% of adults were aware of ATM cards, 58% of cell phone banking services, and about 33% of internet banking. Few adults, about 14% and 12%, were aware of bank overdraft and foreign currency account services, respectively.

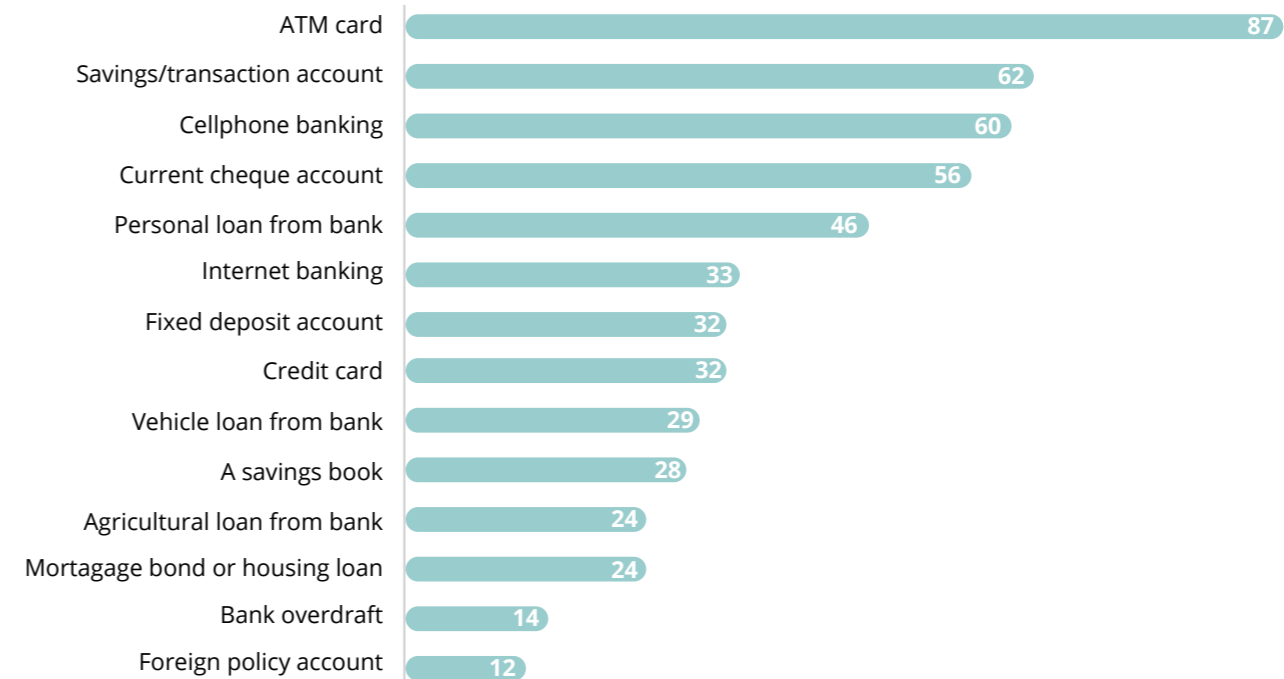


Figure 24: Banking products in Botswana (%)

Other financial products

Regarding other financial products, Figure 25 shows that about 59% were aware of metsshelo/savings club, and 55% were aware of mobile money transfers through a cell phone in 2024. This shows why mobile money services like Orange Money and MyZaka are popular among Batswana – they view them as quick and efficient money transfers. Few adults, about 11%, were aware of investment products such as unit trusts and government bonds.

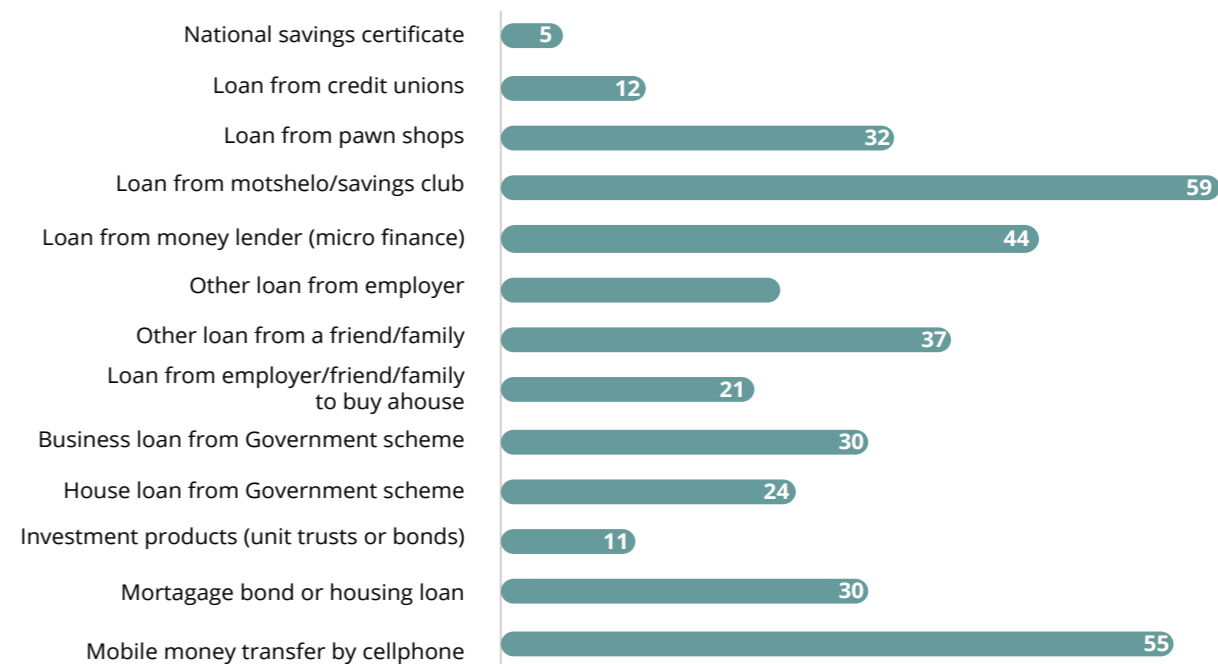


Figure 25: Other financial products

Financial budgeting and planning

An individual is financially capable if they can plan and manage available cash. The figure below evaluates several aspects of consumers' attitudes and behaviours associated with planning and managing money. Budgeting and planning are fundamentals to allocating one's financial resources efficiently for necessities, saving and investing for the future and safeguarding possible risks. To live within a budget is a crucial discipline that all individuals should practice. Figure 26 below depicts that about 77% of adults in 2020 worked to a budget compared to 75% in 2024, showing that adults know their daily expenses and plan how their money will be spent. About 68% of adults in 2020 were worried that they would not have enough money to meet their ends compared to 77% in 2024. This implies that several adults are preparing for their future correctly, and put measures in place to cover their future expenses. Similarly, half of the adults feared risk in both years under observation, implying that they considered safety rather than unforeseen circumstances. A sizeable number of adults (46%) were often asked for advice on financial matters in 2020. This figure increased to 47% in 2024. Additionally, more adults in 2020 (57%) and 2024 (54%) preferred to keep money in their accounts rather than carry cash than adults in 2014.

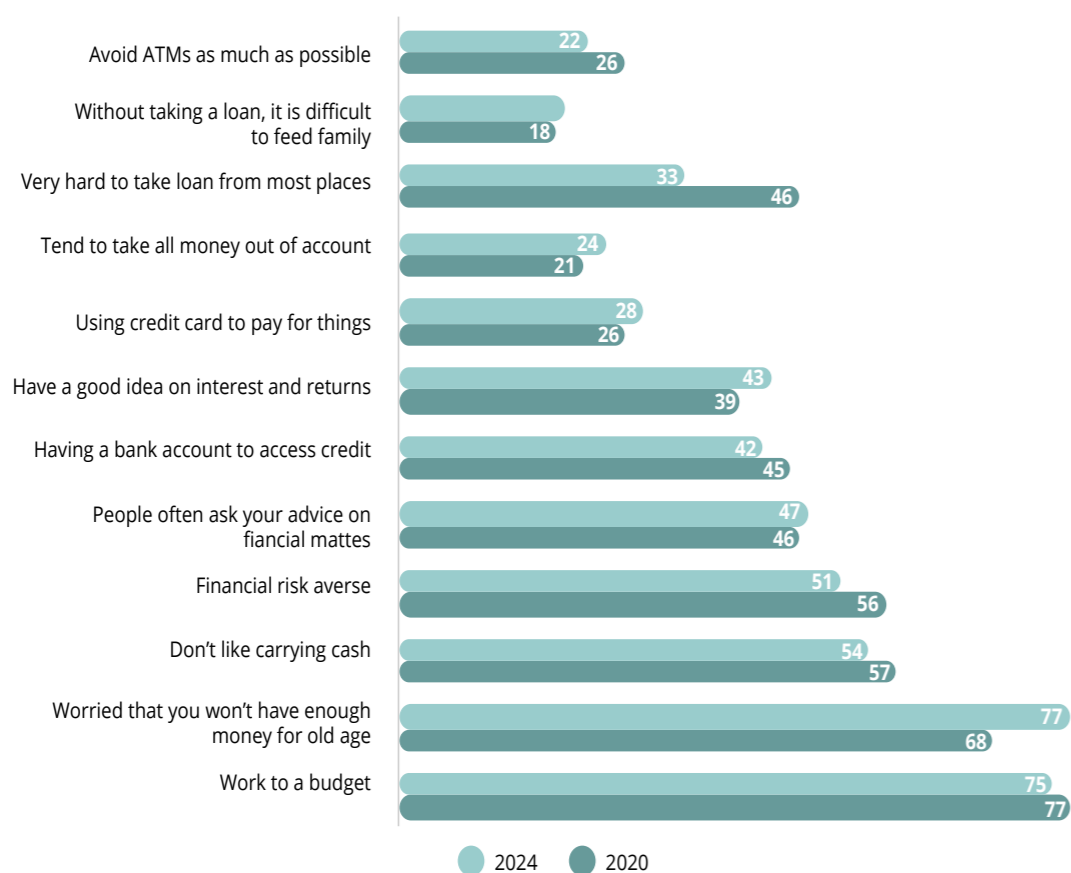


Figure 26: Planning and tracking (%)

Gender roles and norms

As is the case in much of the world, the gendered social norms we observed are entrenched in long-standing traditions that have placed men in positions of responsibility within government and social institutions, while tasking women with household, family, and community management responsibilities. Botswana, like some parts of Africa, is a predominantly patriarchal nation. Although the Government of Botswana (GoB) is a signatory to the SDGs Agenda, especially SDG5, which seeks to ensure gender equality and empower all women and girls, men are still perceived as household providers and primary breadwinners. In contrast, women are seen as primary caregivers who nurture children and do household chores. Social norms are often silent and unwritten, yet they create gendered societal expectations. It is imperative to highlight that those financial decisions, such as how women access and use financial products, can be influenced by gender norms.

Generally, whether one should work is a personal decision, regardless of gender. As shown in Table 5, more than 80% of respondents indicated that they made the decision on whether they should work with both males and females in 2020 and 2024. However, for married couples, males are slightly more influential in deciding whether their spouses should work than females.

	2020		2024	
	Male	Female	Male	Female
Myself	88	84	88	87
Spouse	2	5	1	5
Father	2	1	1	2
Mother	3	4	5	2
Both parents	2	2	2	2
Someone else (male)	1	1	1	1
Someone else (female)	1	1	0	1
Not willing to respond	1	1	1	1
Total	100	100	100	100

Table 5: Who decides on whether you should work (%)

In 2020, 3% of males believed they would be comfortable if their daughters or wives worked at home, while only 1% of females favoured working at home. About 11% of males favour their wife/daughter working within the village/town, and only 9% of females agree with this. About 10% of females prefer working in another city while 7% of men do not. Both males and females are comfortable with one working within the district. About 16% of males do not agree with their wife/daughter working in another district, while 20% of females are okay with it. In 2020 males and females were almost in agreement with working abroad, whereas in 2024, the majority of the males (97%) were in favour of their wife/daughter working abroad. This could be attributable to the assumption that there is more money abroad, hence a better livelihood. About 13% of males and 9% of females are unsure about how far women/daughters are allowed to work. The findings have revealed that, in 2020, males were not in favour of their wife/daughter working locally, but far away from home. In 2024 more females were in control of deciding where they want to work. Interestingly, looking at 2020 and 2024 in general, more men were in favour of their wife/daughter working abroad.

	2020		2024	
	Male	Female	Male	Female
Home Based Only	3	1	0	3
Within village/town	11	9	3	6
Another town	7	10	0	12
Within district	8	8	0	7
Another district	16	20	0	21
Abroad	42	43	97	52
Not sure	13	9	0	0
Total	100	100	100	100

Table 6: How far wife/daughter is allowed to work (%)

In 2020, 23% of males owned agricultural land compared to 20% of females. However, in 2024, there are no gender differences in agricultural land ownership or in land (housing property) ownership. The same pattern continues with in-house/dwelling residents, as the findings indicate that more females have access to opportunities to decide where they reside. However, the pattern is reversed in 2024. As expected, more males owned livestock than females. Males and females had equal ownership opportunities for any other property in 2020. However, in 2024, males owned any other property than females.

	2020		2024	
	Male	Female	Male	Female
Agricultural land	23	20	15	16
Land (housing property)	33	35	33	33
House/dwelling residing in	38	41	30	32
Livestock	34	22	19	13
Any other property	7	7	5	3

Table 7: Ownership of property (%)

Traditionally, especially in a patriarchal society, males tend to have more control compared to women. The introduction and amendments of some pieces of legislation in Botswana have made it possible for women to have a say in what happens in a household. The findings indicate that, in general, males were at an advantage in terms of control of assets, in that they could sell the assets without permission from females. In 2020, 39% of males and 28% of females could sell agricultural land without informing the other however, in 2024 there are no gender differentials. About 41% of men had control of land (housing property) compared to 36% of females. Additionally, 30% of males had control of the house/dwelling they were residing in compared to 26% of the females. Meanwhile, in 2024 there is a slight difference with males at 9% and females at 8%. In 2020, 46% of males could sell livestock without a female's permission, while 35% of females said they could sell livestock without male consent. The 2024 results still showed that more males sell livestock without consent. For any other property, 60% of males still exercised much of the control; meaning they could sell without seeking permission. As it relates to females, 44% had control to sell any other property without seeking permission. In general, with regard to ownership and control of property, there has been significant changes as we noticed the decline in gender differentials to a state of equality. The results indicate that there is gender equality in the ownership and control of property.

	2020		2024	
	Male	Female	Male	Female
Agricultural land	39	28	3	3
Land (housing property)	41	36	9	8
House/dwelling residing in	30	26	7	5
Livestock	46	35	8	4
Any other property	60	44	2	1

Table 8: Control of property (%)

Generally, women are tasked with most of the household responsibilities. About 70% of women indicated that they are usually responsible for household tasks such as cooking and cleaning, compared to only 1% of their spouses or male household members. Similarly, most women are responsible for childcare or caring for an elderly household member. Across all household tasks, women play a bigger role than their male counterparts (Table 9).

	Cooking/cleaning	Childcare	Paying bills	Paying school fees
Myself	70	66	47	44
My spouse or male household member	1	1	12	11
Both/either	22	20	24	19
Someone else	8	9	16	18
Do not know	0	3	1	8
Total	100	100	100	100

Table 9: Household task responsibility (%)

In some instances, women need permission from their spouses or family members to undertake activities like visiting friends or travelling for work businesses (Figure 27). About 4% of women indicated they wanted to visit their relatives or friends, but their husbands or family members disapproved. Similarly, 3% of women who wanted to travel for work received disapproval from their husbands or family members. When asked about the reasons for disapproval, the majority (33%) indicated that they did not have a chaperone (someone to accompany them), followed by those who said that it was too far (20%) and those who indicated that they did not have time (12%). Some women mentioned that their husbands or family members felt it was unsafe (11%) (Figure 28).

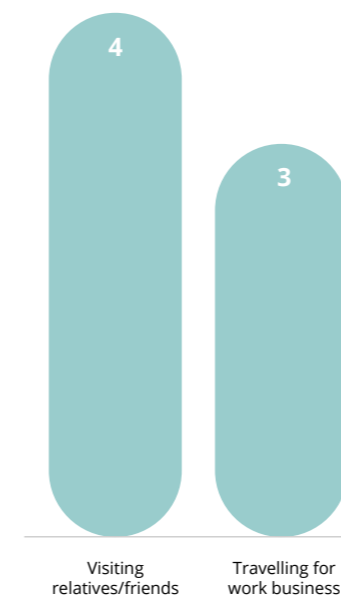


Figure 27: Disapproval from husband or other family member (%)

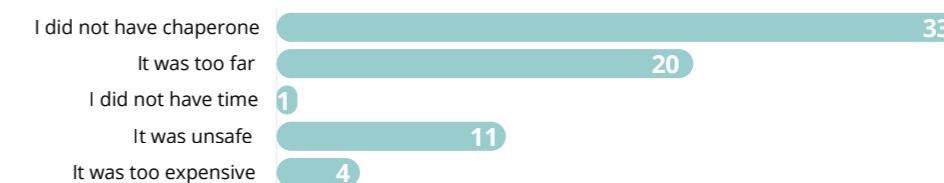


Figure 28: Reasons for disapproval (%)

Generally, most women in Botswana agree that their opinions are taken seriously (Figure 29). About 90% agreed that women's opinions are taken seriously, followed by those who agree that women are free to pursue the types of income-generating activities that interest them (88%). About 87% agree that women can participate in leisure activities such as hobbies or socialising with friends, and 84% can adjust their daily work schedule to balance work, household responsibilities, and personal tasks.



Figure 29: Opinions of women (%)

Generally, women in Botswana are free to choose between employment or business outside their homes. Most respondents (94%) feel women should be free to choose jobs or firms outside the house. Only 2% feel this decision is best left to their husbands, fathers, or other family members (Figure 30).



Figure 30: Women's freedom to choose employment (%)

In the last 12 months, about 35% of women indicated that they have made private phone calls or sent text messages they did not want others to see. About 33% of women saved money accessible to their spouses or other family members. About 37% indicated that they have not made private calls or sent text messages that they did not want others to see, but could if they wanted, and 35% of women have not saved money that is not accessible to their spouses or other family members, but could if they wanted.



Figure 31: Actions taken in the last 12 months (%)



Financial Services Product Uptake and Usage

Are financial habits shifting? Consumer behavior is ever-changing, influenced by economic, personal, and social factors. Overlaps in product uptake reveal that while some rely solely on banking services, many use a mix of formal and informal financial mechanisms. In 2024, only 1% depended exclusively on banks—down from 4% in 2020—while 27% combined both banked and non-banked solutions. What's driving these changes?

Overview of financial inclusion in Botswana

The state of financial inclusion in Botswana has drastically improved over time. The financial inclusion figure increased from 69% in 2009 to 94% in 2024, representing a 25-percentage increase. Formal financial inclusion increased from 61% in 2009 to 91% in 2024. Formal financial inclusion is mainly driven by other formal (non-bank) financial services and has increased from 37% in 2009 to 91% in 2024. This translates to a 54-percentage point increase between 2009 and 2024, attributable mainly to mobile money. The proportion of banked adults slightly increased from 45% in 2009 to 58% in 2024, signifying a 28-percentage point increase between 2009 and 2024. A slight increase is observed in the informal sector between 2009 and 2024. About 6% of adults remained excluded from the financial system in 2020. However, this figure has been experiencing a downward trend since 2009.

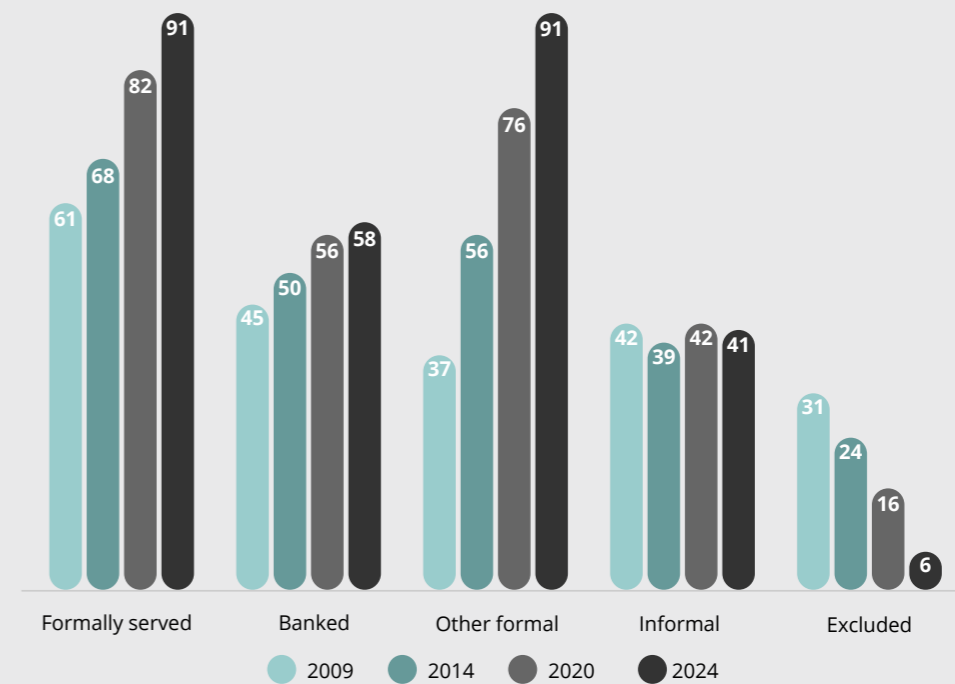


Figure 32: Financial products uptake (%)

Overview of financial inclusion in Botswana

Consumer behaviour can be unpredictable depending on the products and services offered at the time. There may be overlaps in product uptake as one sector might not fulfil users' needs. Overlaps in product uptake can result from several factors, such as economic, personal, social, etc. Figure 33 shows that 1% exclusively relied on banking services in 2024 compared to 4% in 2020. Additionally, a person could be banked yet still belong to other formal and informal banking due to various factors. About 27% of adults use banked and non-banked mechanisms to access and manage their financial needs in 2024, compared to 50% in 2020. A percentage (1%) of the adult population relied on informal mechanisms.

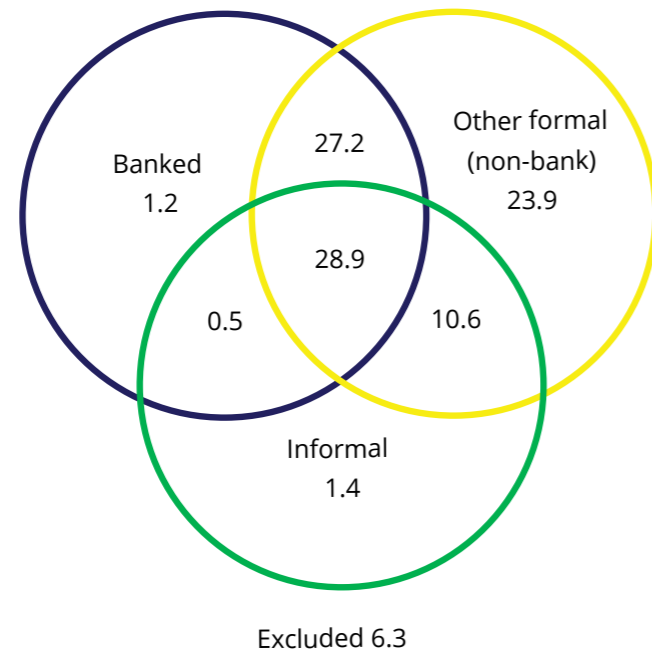


Figure 33: Overlaps in product uptake (%)

Botswana Financial Access Strand

On average, 50% of Botswana are banked but can also use other formal (non-bank) or informal services. The share of those who are financially excluded has decreased from 31% in 2009 to 6% in 2024. The decline in financial exclusion is mainly driven by increased uptake of other formal (non-bank) financial services such as mobile money.

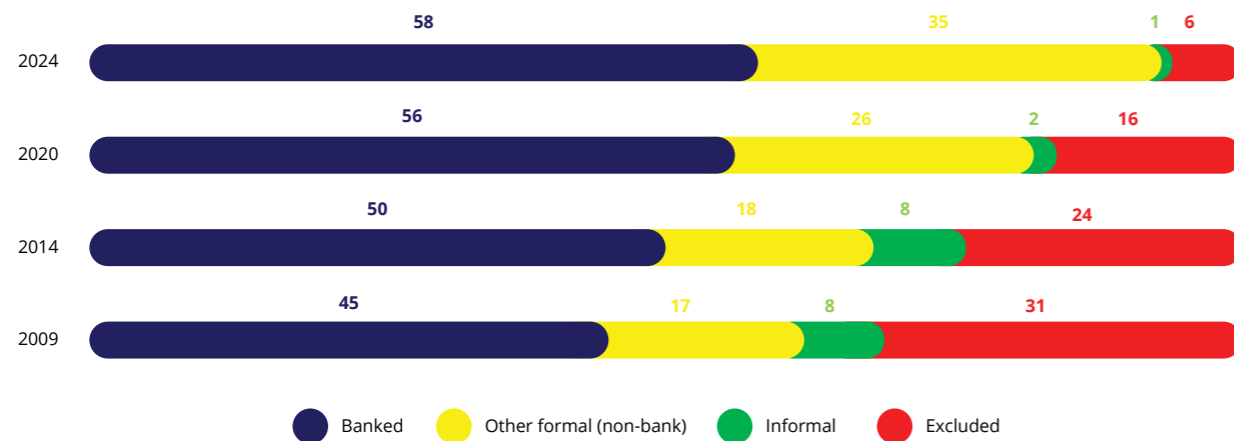


Figure 34: Financial Access Strand (%)

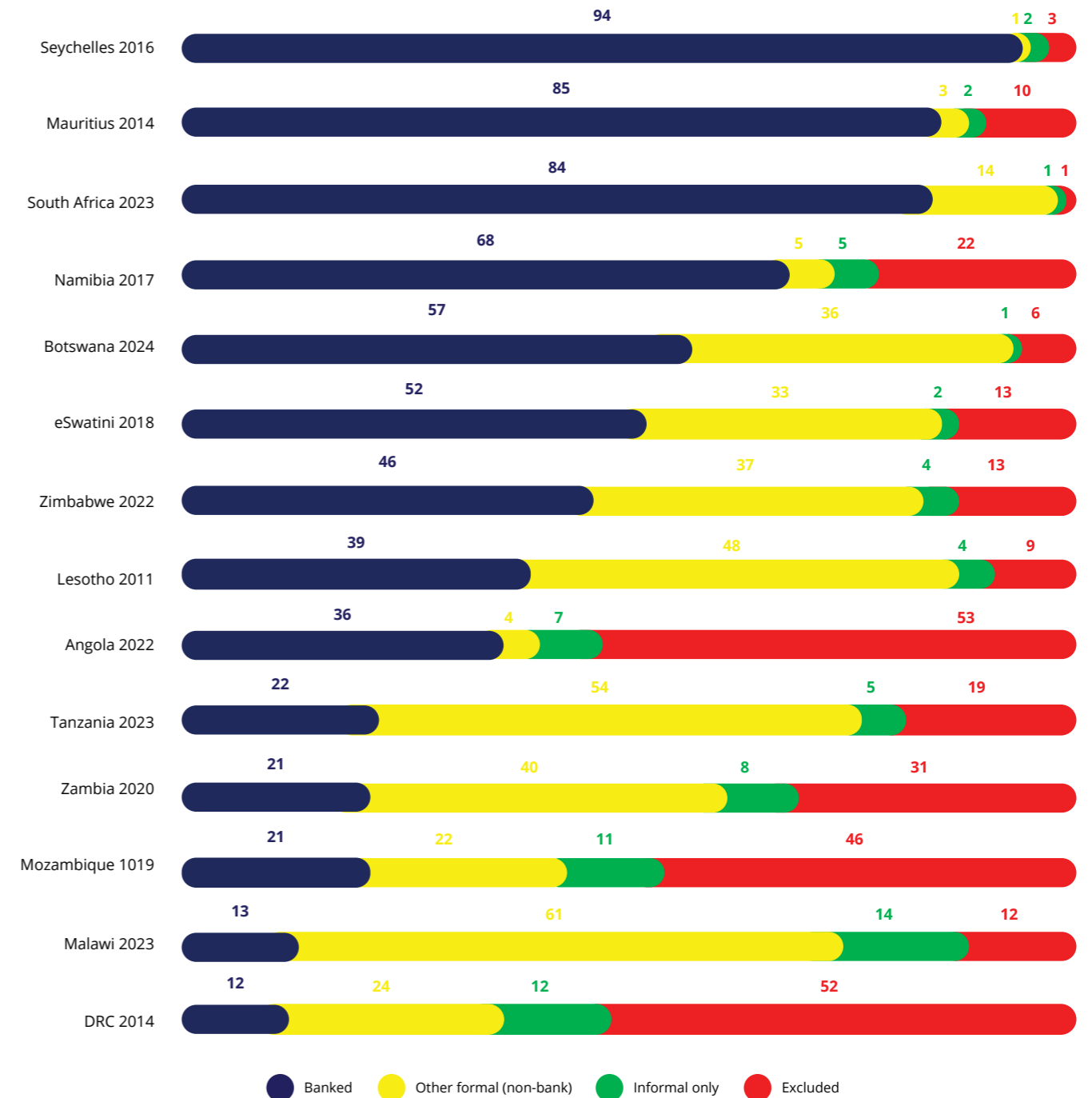


Figure 35: South African Development Community (SADC) Strands

As noted above, Botswana ranks third in terms of financial inclusion, with the third least excluded rate being 6%. Surpassed only by South Africa and Seychelles, Botswana has made significant strides to reach this level of inclusion. The initiatives by the Government of Botswana have started showing results. The advent of mobile money was also a revelation that spurred this rapid inclusion rate.

Botswana financial access strands by various segments

About 56% of males used banked products compared to 54% of females; this signifies a 2% gap in favour of males (Figure 36). The number of banked adults increases with a decline in age, meaning youth are more banked than other age groups. However, the opposite is true for other formal (non-bank) sectors. Most people without disabilities (60%) used banked products compared to 37% of those with disabilities. About 10% of people with disabilities are financially excluded, while 6% of those without disabilities are excluded. This represents a 4% gap in favour of people without disabilities.

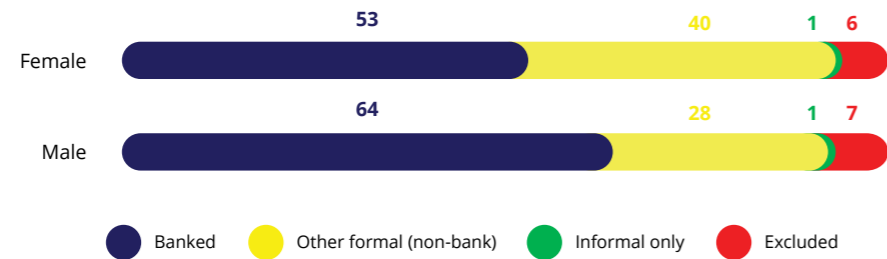


Figure 36: Financial Access Strand by gender (%)

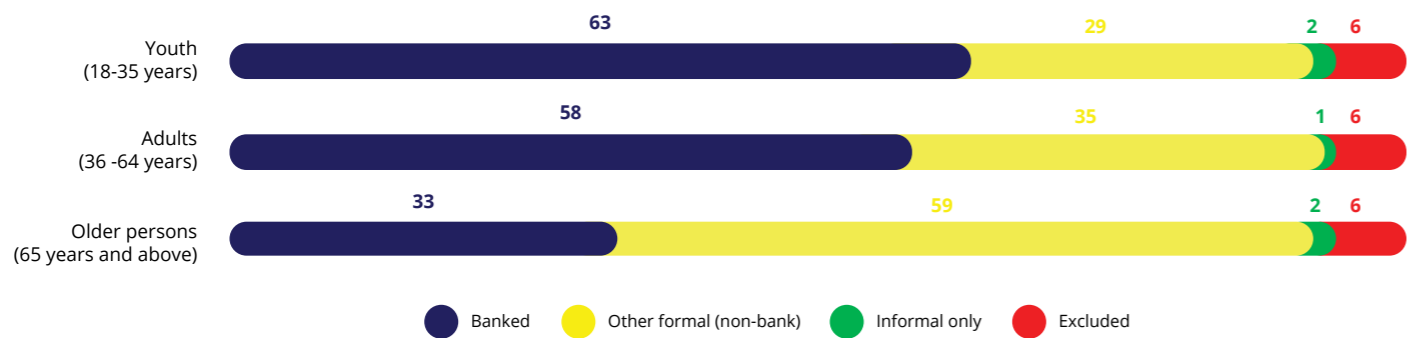


Figure 37: Financial Access Strand by age (%)

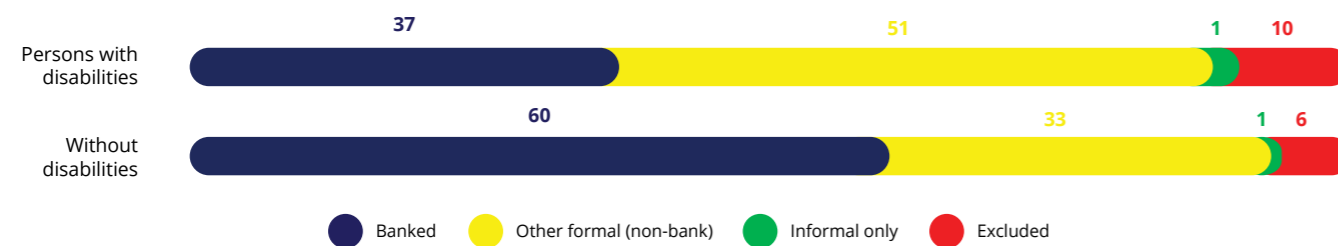


Figure 38: Financial Access Strand by disability status (%)

Figure 39 shows financial inclusion is higher in cities/towns than in rural areas. Rural dwellers saw a high financial exclusion rate of 8% versus cities/towns at 3%. Education is key to financial inclusion as it allows one to participate in the economy and make informed financial decisions. The results in Figure 41 revealed that people with higher levels of education (94%) are more likely to be banked and use financial products than those with non-formal education (16%). The financial exclusion rate is high for those with non-formal education at 13%. The banking sector will likely serve people from the formal sector (salaried from public and private sector) and those in self-employment. Dependents and farmers are likely to be financially excluded because of a lack of a stable income (Figure 42). Figure 40 depicts the financial access strand by districts.

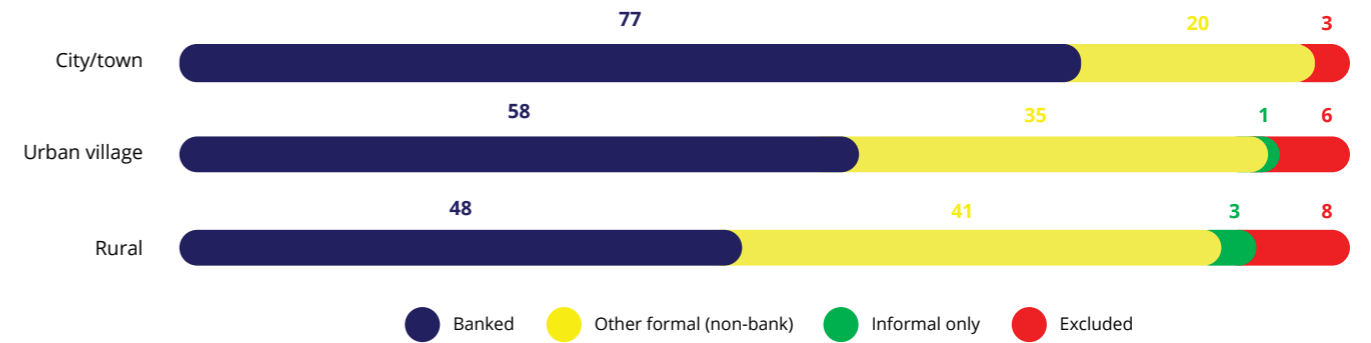
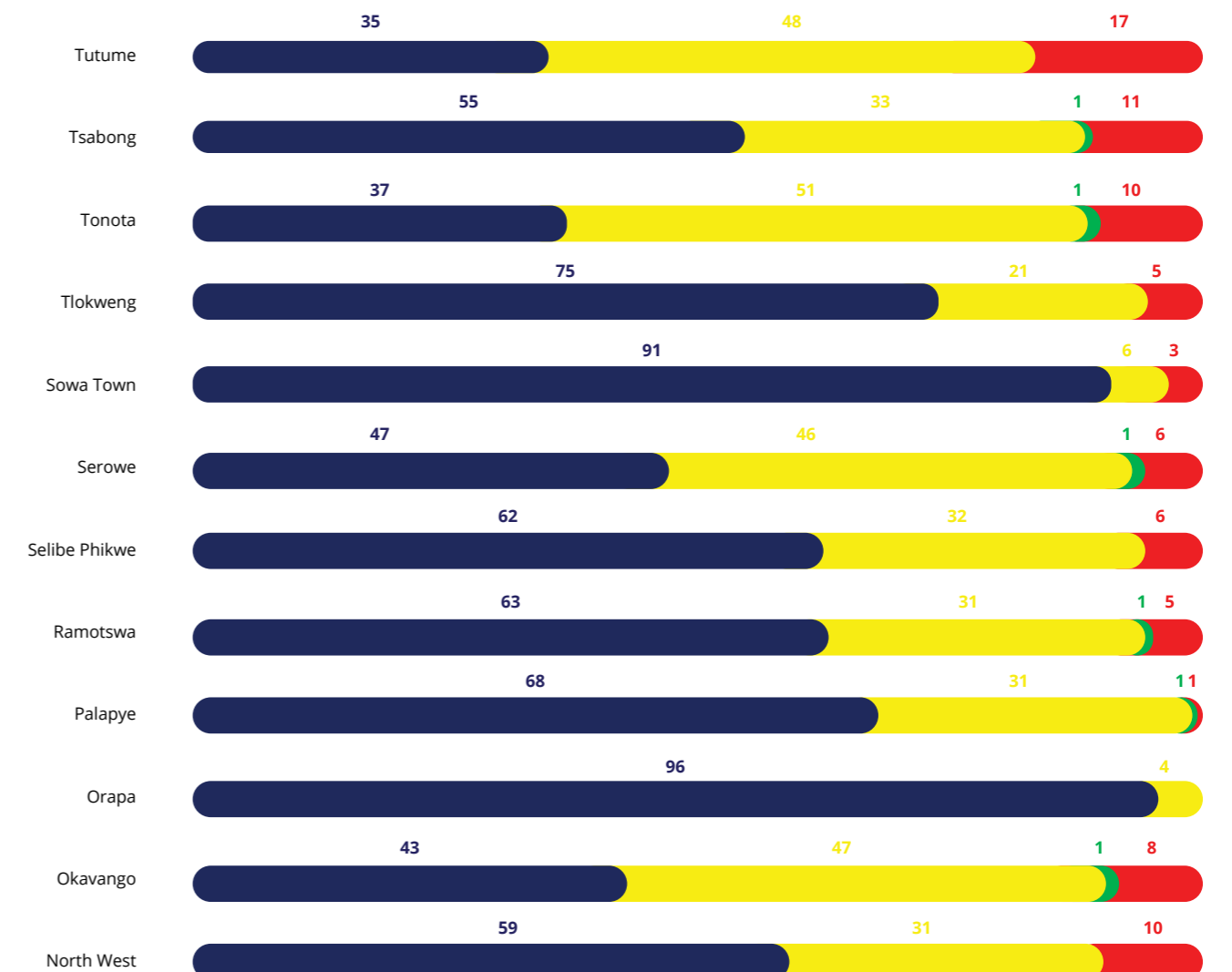


Figure 39: Financial Access Strand by location (%)



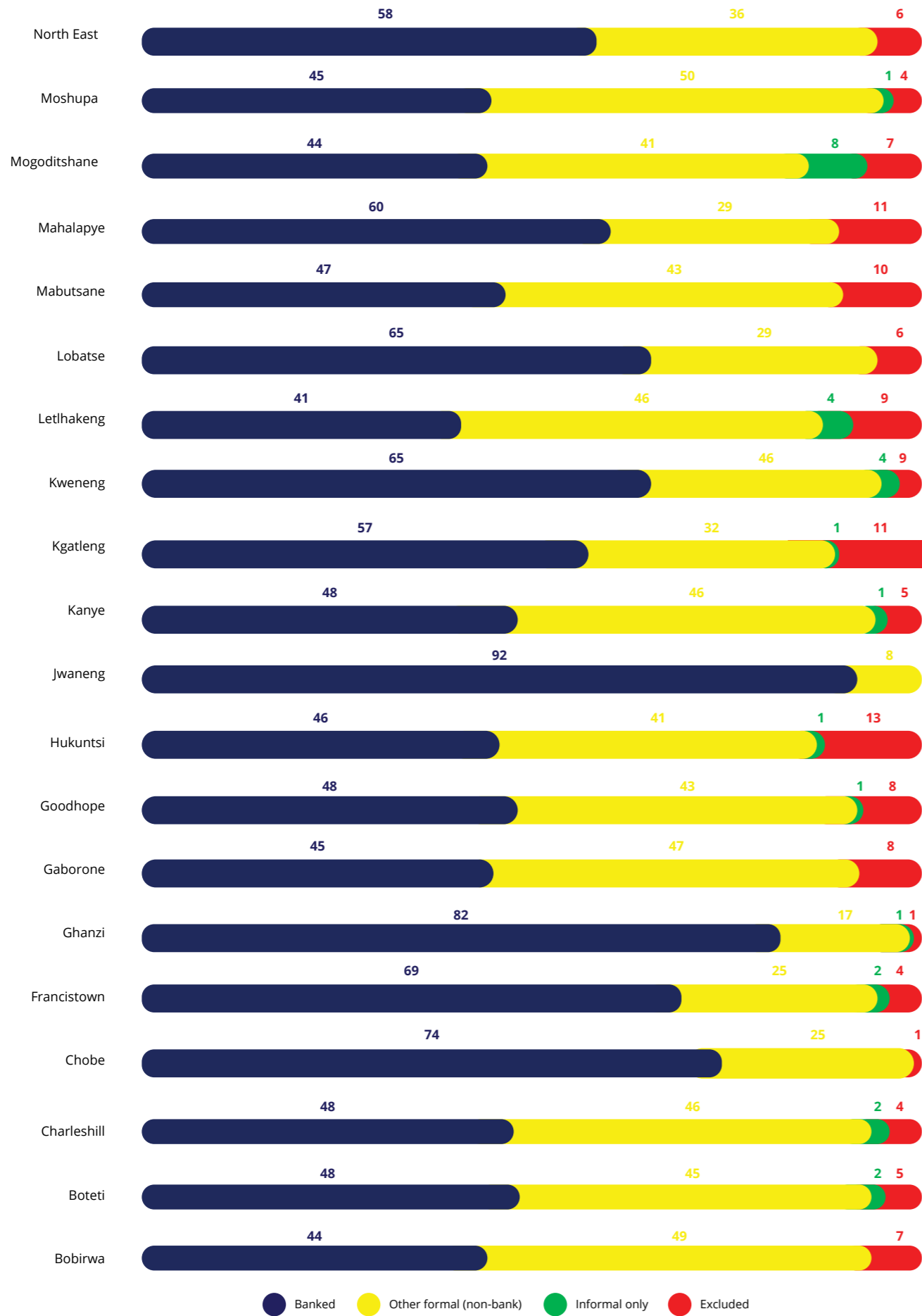


Figure 40: Financial Access Strand by location (%)

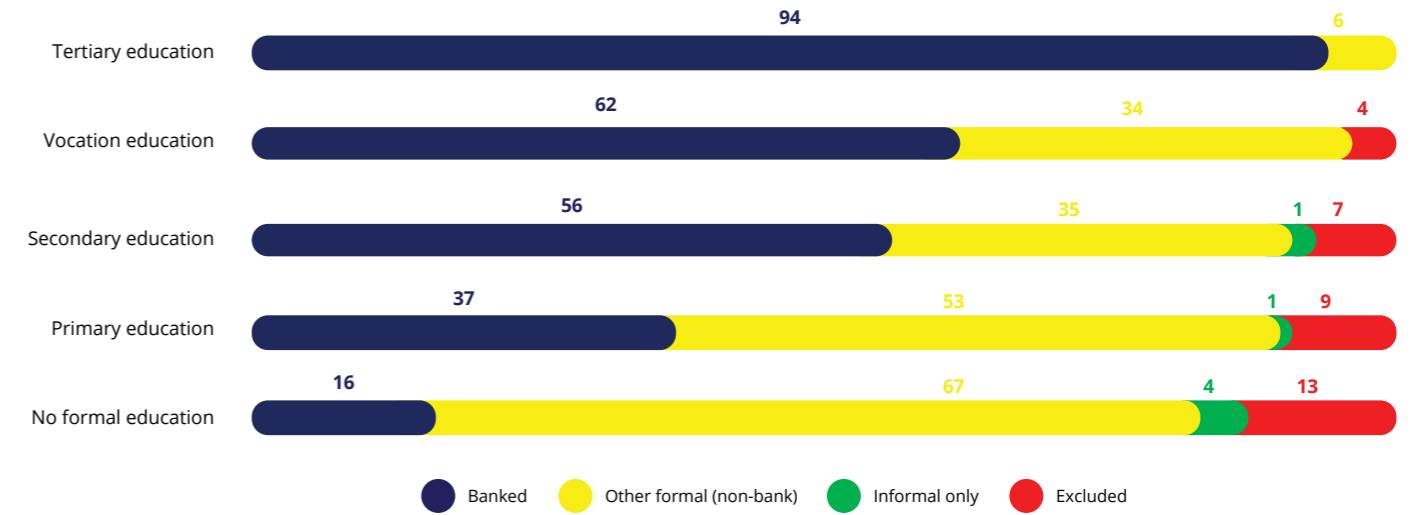


Figure 41: Financial Access Strand by education (%)

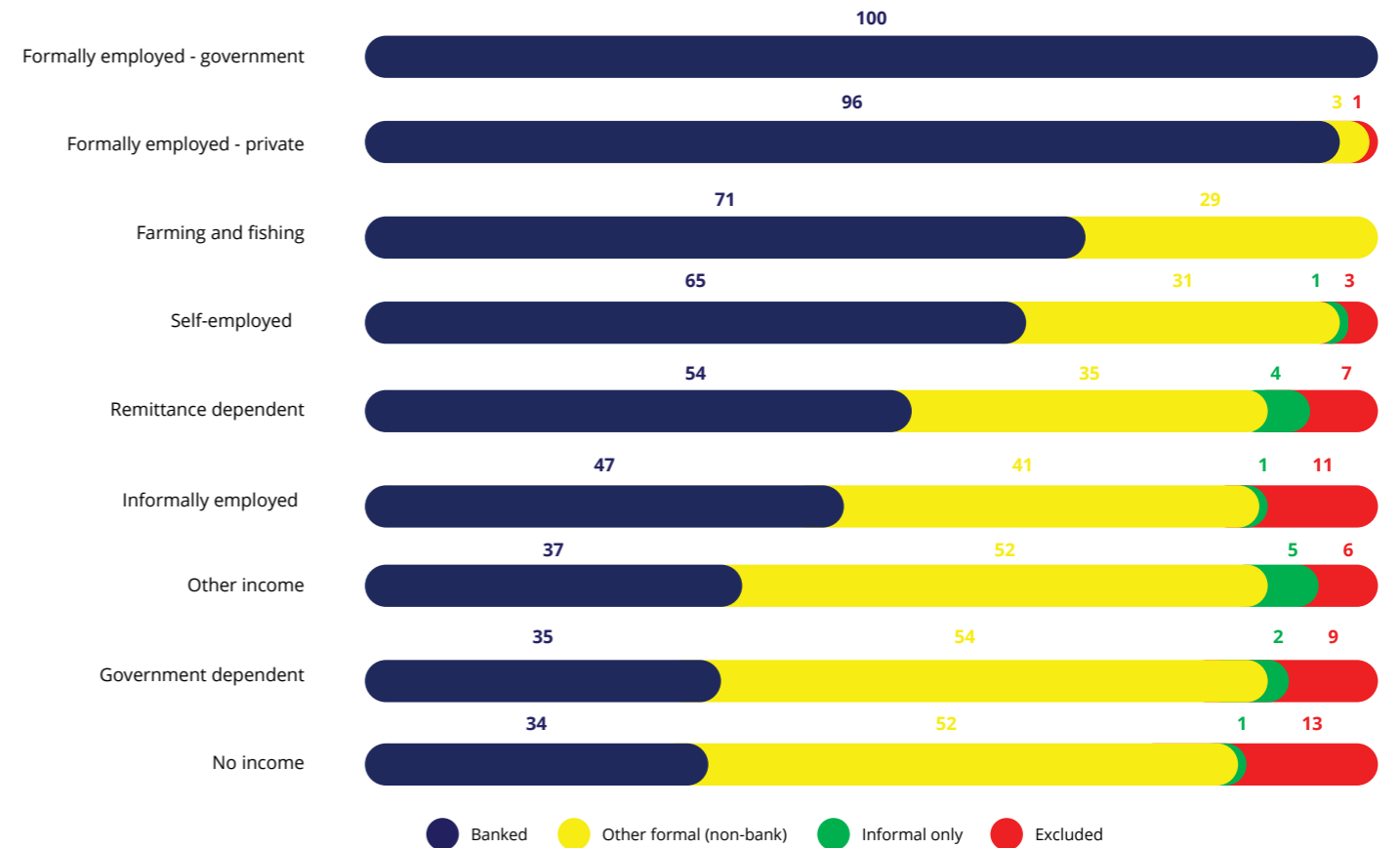


Figure 42: Financial Access Strand by livelihoods (%)

Figure 43 presents depth strands. The figure shows that most adults are broadly served (33%), followed by the thinly served (31%) and adequately served (29%). The proportions of the informally served and the financially excluded have declined over the two periods. Overall, the 2021 target of 57% for the broadly served (broadly and adequately served) has been surpassed, currently at 62% in 2024.

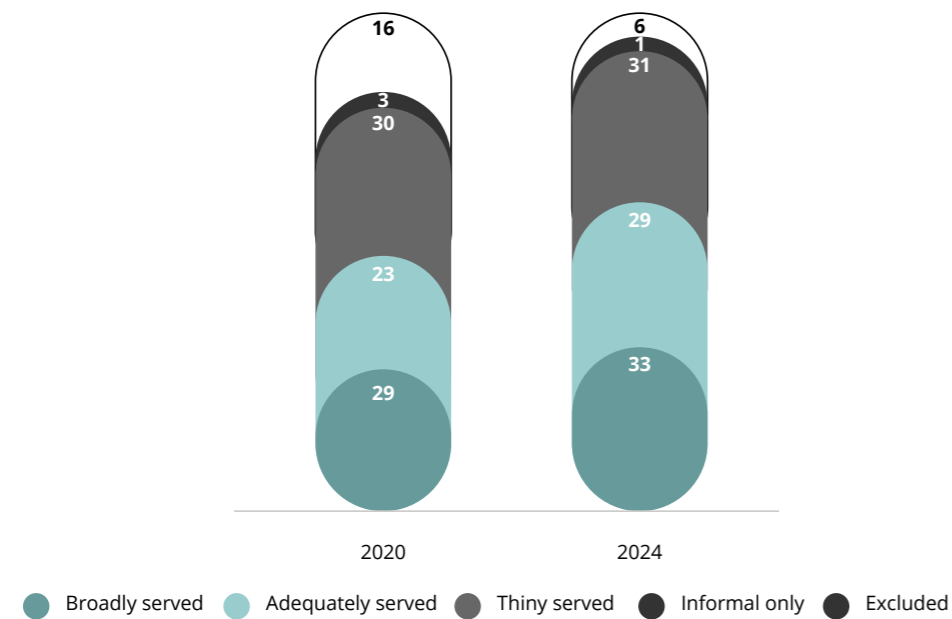


Figure 43: Depth Strand - Stacked bar (%)

Landscape of access

The landscape of access highlights the breadth of financial inclusion across the different financial products and services. It provides a pictorial view of the degree of access to the five leading financial products, including transactions, remittances, insurance, savings and credit. Figure 44 shows that financial inclusion in Botswana is mainly dominated by transactional activities (77%) and savings (71%). Transactional activities, which include banking and mobile money, have dominated the financial inclusion sphere over the years. Although savings surpassed transactional activities in 2014, a notable decrease was experienced in their uptake in 2020. In 2024, only a 6% difference is observed favouring transactional activities. Another interesting observation is the significant decline in credit, which implies that financially included Batswana borrowed less as the years went by. Other than for credit, the degree of financial inclusion applies across all financial products.

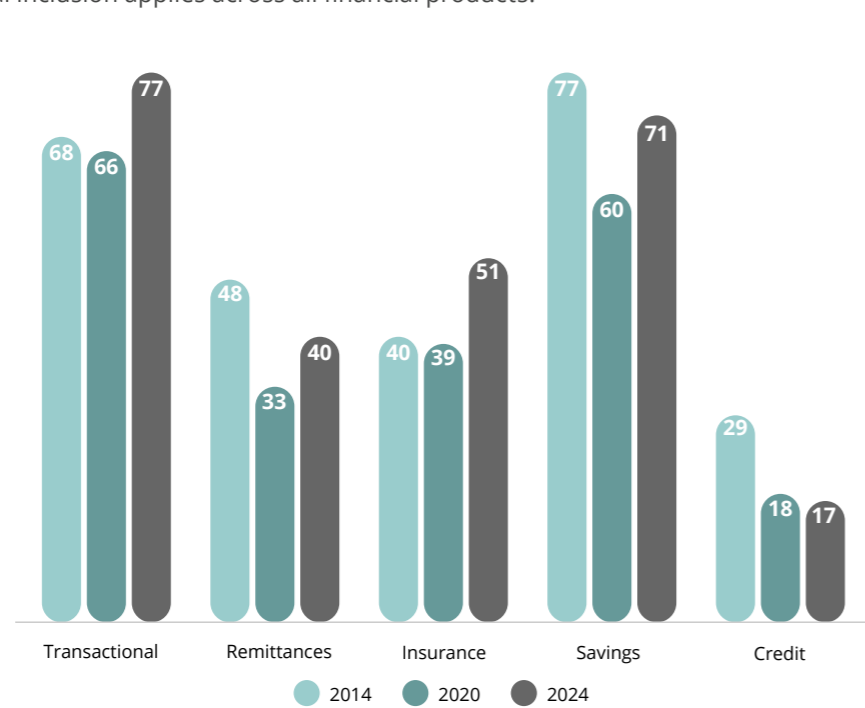


Figure 44: Landscape of financial access (%)

Drivers of financial inclusion

This section provides an explorative analysis of the key drivers of overall financial inclusion against the types of products used. Regarding banking products, financial inclusion in Botswana is mainly driven by transactional activities at 87%, followed by savings at 49% (see Figure 45). Insurance from banking sources contributes minimally towards financial inclusion, which is expected given the few insurance services provided by banks in Botswana. As it pertains to other formal (non-bank) products, mobile money (81%) is the main driver of financial inclusion (see Figure 46). This is expected, given Botswana's proliferative adoption and uptake of mobile money. Regarding informal products, financial inclusion is mainly driven by savings (90%) (Figure 47). This means that Batswana mostly use informal saving products like metshelo to save their money, which may signify a greater demand for liquidity or convenience regarding savings. Unfortunately, this also means many Batswana do not realise any long-term benefits from their savings as informal saving products do not offer significant returns.

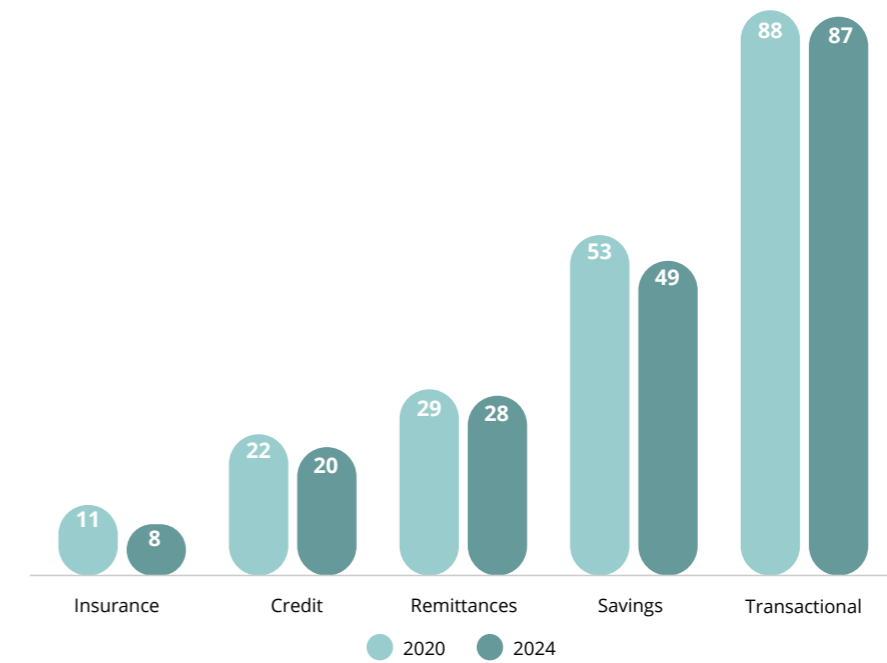


Figure 45: Banking products (%)

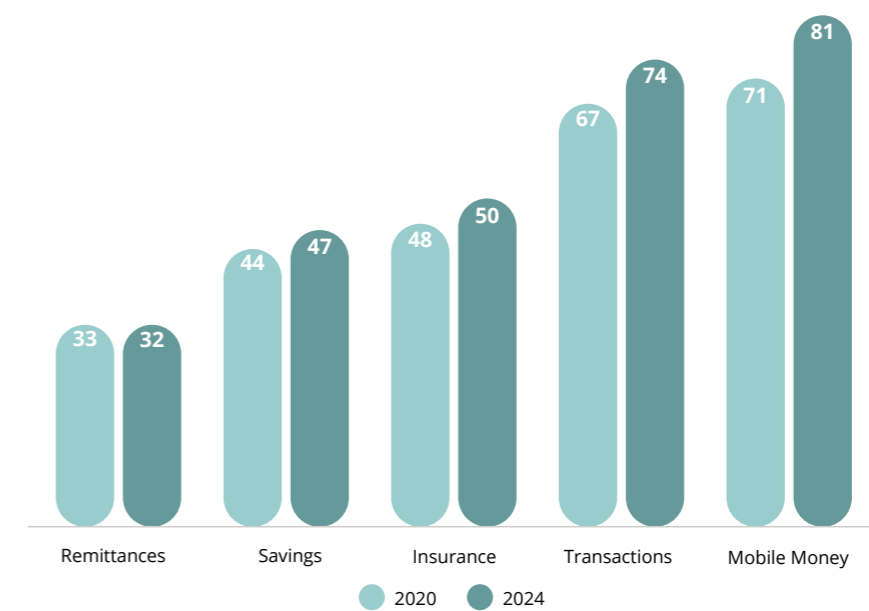


Figure 46: Other formal products (%)

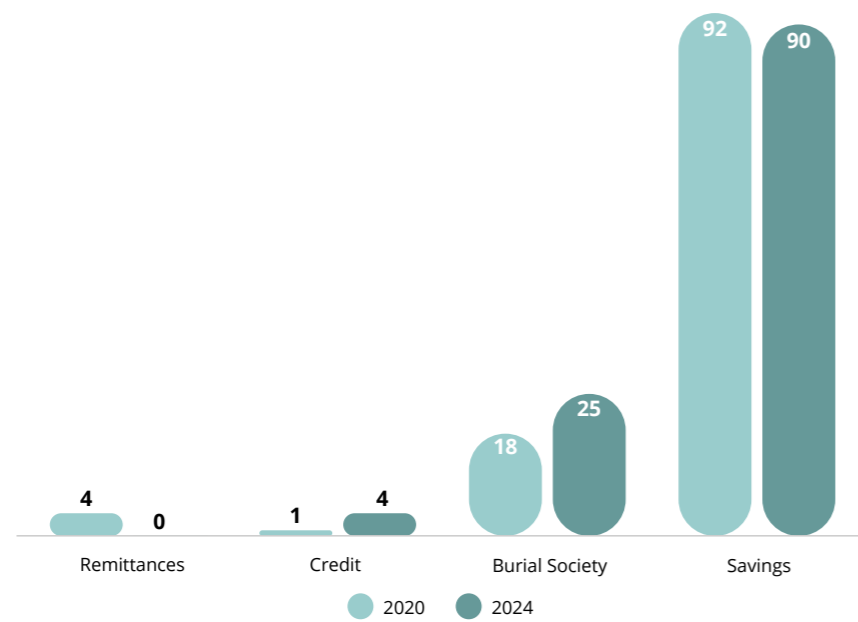


Figure 47: Informal products (%)

Banking

Banking forms a crucial financial sector component, driving direct lending and providing a safe space for consumers to store their money. Traditionally, commercial banks dominated the banking industry in Botswana, which were physical entities found only in select places. In the wake of financial inclusion and the evolution of digital technologies, the banking industry has since revolutionised. Today, branchless/electronic banking is rife, offering more flexible ways of banking. Banks in Botswana have introduced electronic and mobile banking products to enable easier access and widespread reach to all citizens. An increase in the number of banked adults, as indicated in Table 10, may be a testament to the evolution of the banking sector. The number of banked adults in Botswana increased from 656,614 (50%) in 2014 to 894,983 (58%) in 2024, translating to an 8-percentage point increase. This increase translated into a decrease in the proportion of unbanked adults. Between 2009 and 2024, there was a 12-percentage point decrease in the number of unbanked people in Botswana. Table 11 shows an increased uptake of ATM cards, cheque accounts, internet banking, and mobile banking between 2020 and 2024.

	2024	2020	2014	2009
No. of banked adults in Botswana	894,983 (58%)	849,236 (56%)	656,614 (50%)	524,969 (45%)
No. of previously banked adults in Botswana	238,909 (15%)	210,109 (14%)	128,021 (10%)	131,943 (11%)
No. of never-banked adults in Botswana	457,620 (30%)	509,476 (33%)	539,937 (41%)	521,138 (44%)
No. of unbanked adults in Botswana	653,645 (42%)	680,013 (44%)	667,958 (50%)	653,081 (55%)
Total adult population	1,548,628	1,529,249	1,324,472	1,178,051

Table 10: Banking figures in absolute numbers

	2009	2014	2020	2024
ATM card	375,485	451,405	680,653	716,643
Credit card	117,754	83,339	138,752	82,556
Savings book	195,621	122,995	89,921	40,225
Savings/transaction account	261,200	364,943	389,400	368,311
Current/cheque account	186,789	250,738	378,795	455,726
Fixed deposit	39,236	60,954	88,669	65,870
Cell phone banking	50,926	241,098	534,805	516,593
Internet banking	17,027	54,328	196,192	241,668
Mobile banking	-	-	253,444	338,640
Bank overdraft	6,982	24,021	9,373	4,402
Mortgage bond	16,286	16,887	22,198	18,988
Vehicle loan	28,459	14,632	16,450	12,954
Personal loan	67,876	56,371	93,703	92,290
Mobile money	-	-	-	1,057,301

Table 11: Uptake of banking products

To further understand banking trends in Botswana, it is important to disaggregate our analysis by the socio-economic characteristics of the adult population. Figure 48 below shows banking status by gender, and as shown, more males (62%) than females (49%) are currently banked in Botswana. There is an 8-percentage point difference between males and females who were never banked. Regarding age, the youth (aged between 18 and 35) make up the most significant proportion (59%) of the currently banked population. The majority (48%) of older persons aged 65 years and above were never banked as compared to adults (27%) and youth (28%) (Figure 49). Further, people with disabilities make up the highest proportion (46%) of the never banked in Botswana, as compared to those without disabilities, who are mostly (57%) banked (Figure 50).



Figure 48: Banking status by gender (%)

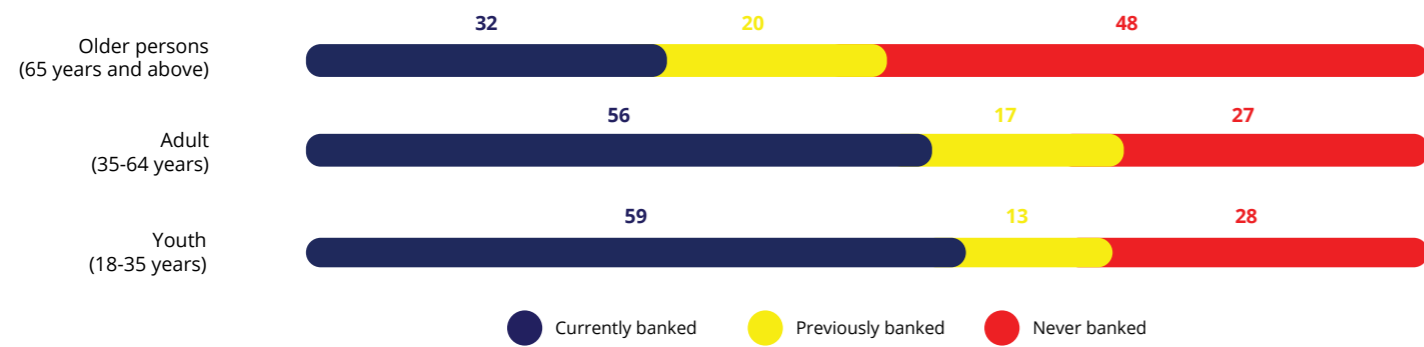


Figure 49: Banking status by age (%)

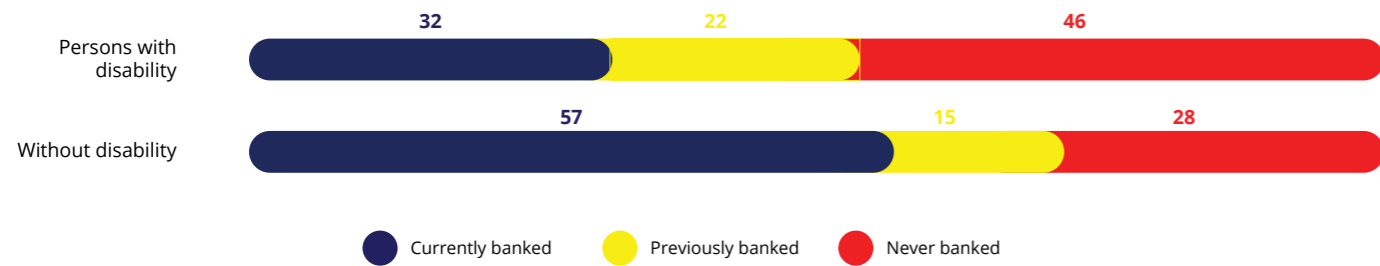


Figure 50: Banking status by disability status (%)

Our analysis of the banked population by location shows that currently banked individuals reside primarily (74%) in cities/towns, followed by urban villages (54%). Rural dwellers comprise the most significant proportion (39%) of the never banked. As illustrated in Figure 52, the banking status of an individual is directly related to education. The higher the education, the higher the likelihood of being banked; the inverse is equally valid. A sizeable proportion (90%) of individuals with tertiary education are currently banked, compared to only 14% without formal education. Likewise, individuals with no formal education make up 64% of the never-banked population, compared to only 4% of those with tertiary education. Moreover, most employed, especially by the government and the private sector, are currently banked.

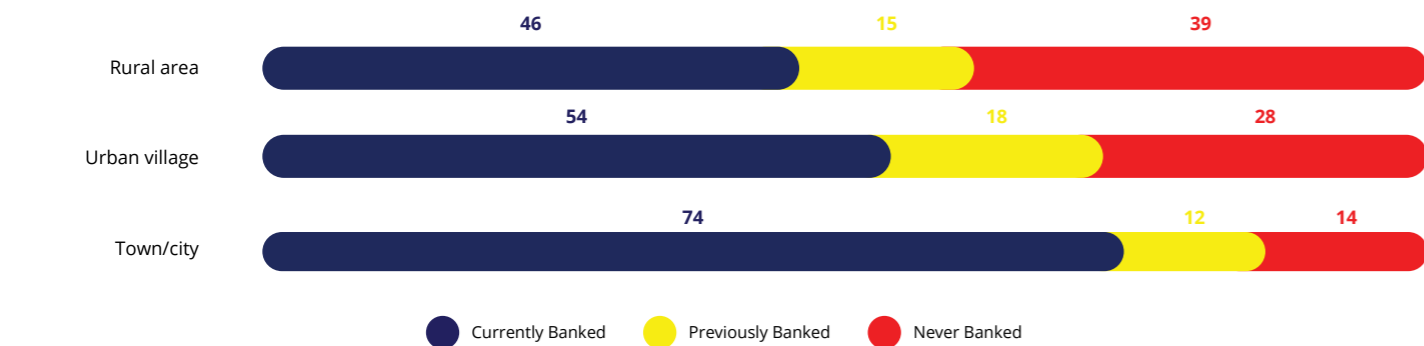


Figure 51: Banking status by location (%)

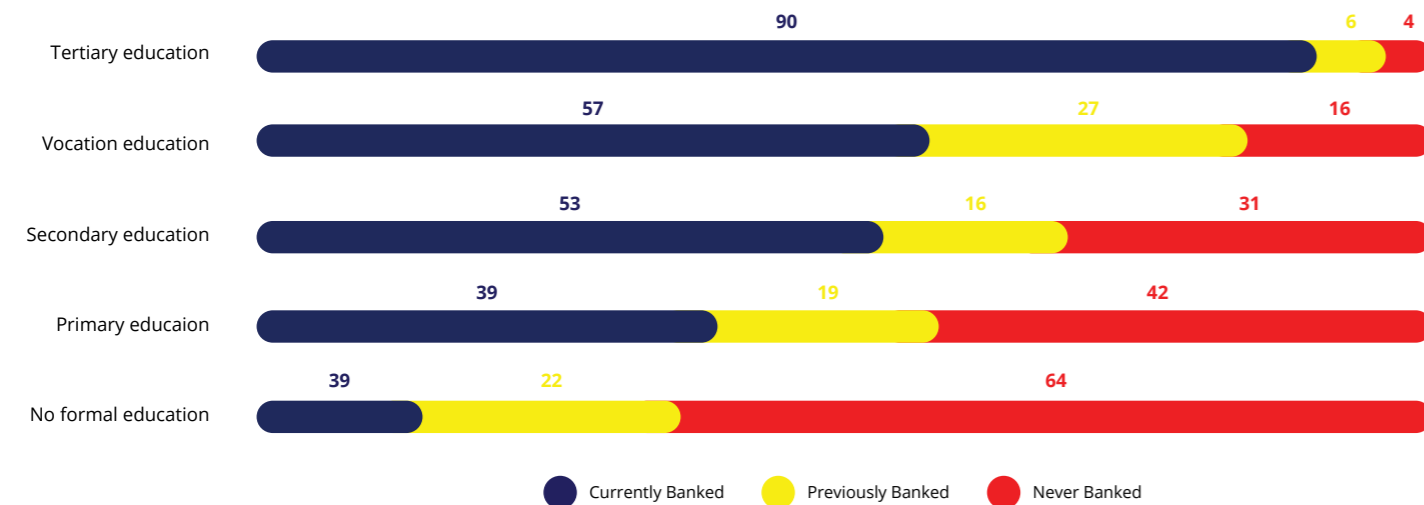


Figure 52: Banking status by education (%)



Figure 53: Banking status by livelihood (%)

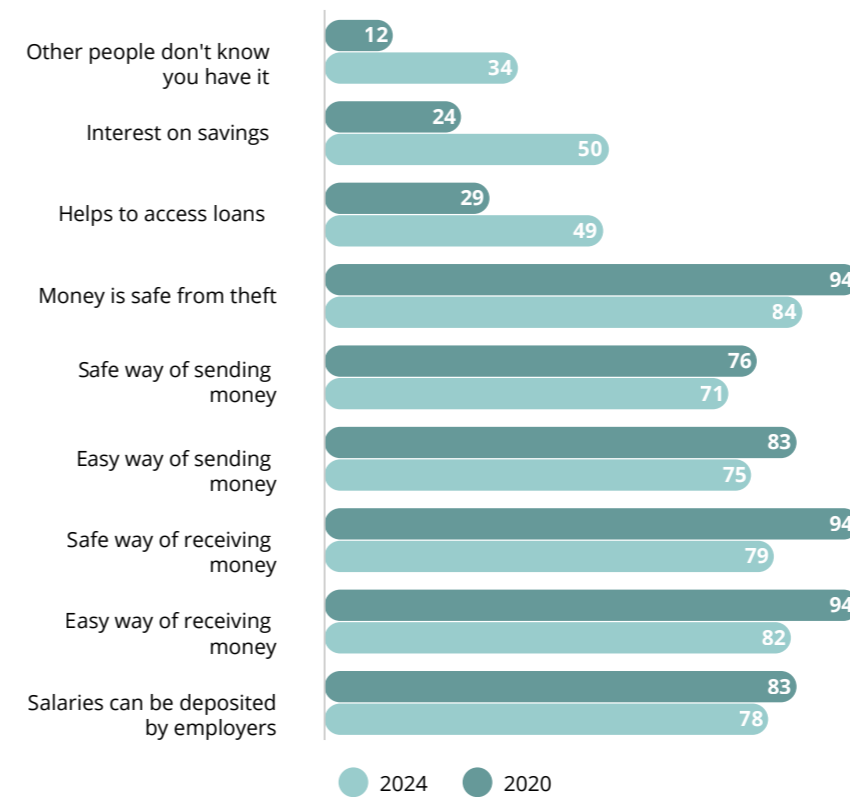


Figure 54: Perceived advantages of having a bank account (%)

It is important to analyse the utilisation of a bank account through the lens of a consumer to understand factors that prompt its usage and factors that may inhibit regular utilisation. The main advantages of using a bank account, as highlighted by consumers, are the convenience and safety that come with it. As shown in Figure 54, most banked adults use a bank account because it is the easiest and safest way to send money. Further, all adults (100%) used a bank account for cash withdrawals in 2024, compared to 85% in 2020. Similarly, 61% of the adults used a bank account to deposit cash in 2024, compared to 55% in 2020 (Figure 55). Aside from not having regular income sources, the majority of those who do not have a bank account cited the lack of regular income sources as the main barrier to banking. In 2020, 49% of adults were constrained due to a lack of regular income, compared to 56% in 2024. Another key barrier to banking is unemployment. In 2020, 49% of adults cited being constrained by not having a job, compared to 62% in 2024.

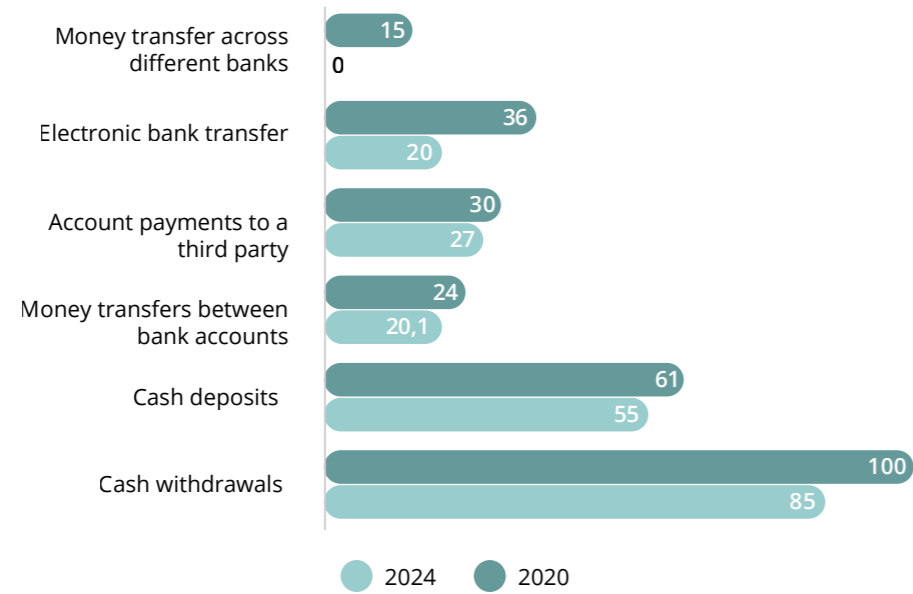


Figure 55: Banking drivers (%)

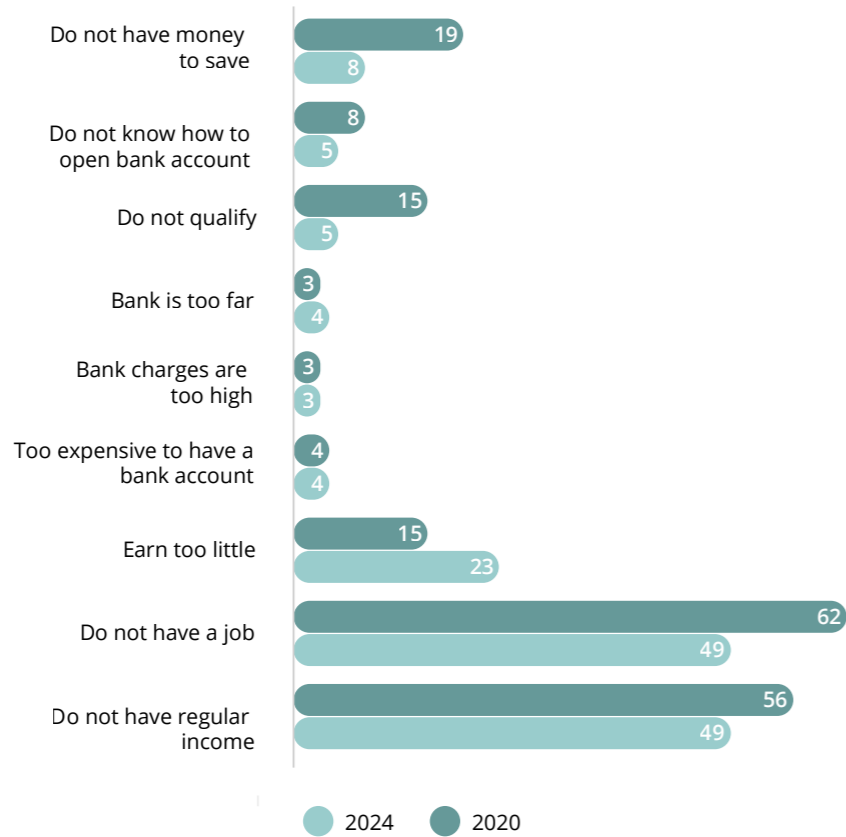


Figure 56: Barriers to banking (%)

Mobile money

Mobile money is a digital financial service accessible through a cellular network. Through this service, customers perform financial transactions. Mobile money services offer an equally convenient and user-friendly transaction method compared to other transactional formal banking products. This is because the service can be accessed by anyone with a mobile phone, anywhere. According to the Bank of Botswana, mobile money uptake has been growing rapidly in Botswana over the years. This growth is attributable to the convenience associated with bill payments, service subscriptions, and money transfers associated with mobile money. About 93% of adults in Botswana had a cell phone in 2020, compared to 94% in 2024. Of those owning a mobile phone in 2024, most (92%) used it to send money to someone through mobile money, followed by 45% who used a phone to purchase airtime.

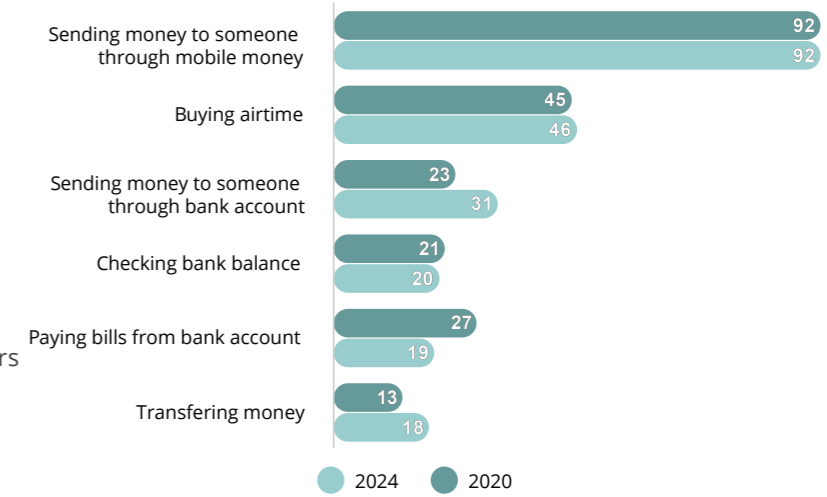


Figure 57: Financial transactions conducted on the phone (%)

The findings on mobile money usage show that 54% of adults in Botswana used mobile money in 2020, compared to 74% in 2024. To further understand mobile money uptake in Botswana, it is important to comprehensively analyse its usage based on the demographic characteristics of individuals. Data shows no gender disparities in mobile money usage in 2020, whereas a slight difference is observed in 2024. There is no gender differential with respect to mobile money usage between 2020 and 2024. Youth (aged 18 to 35) and adults between 36 and 64 are the primary mobile money users. Only a small proportion of older persons (65 years and older) use mobile money.

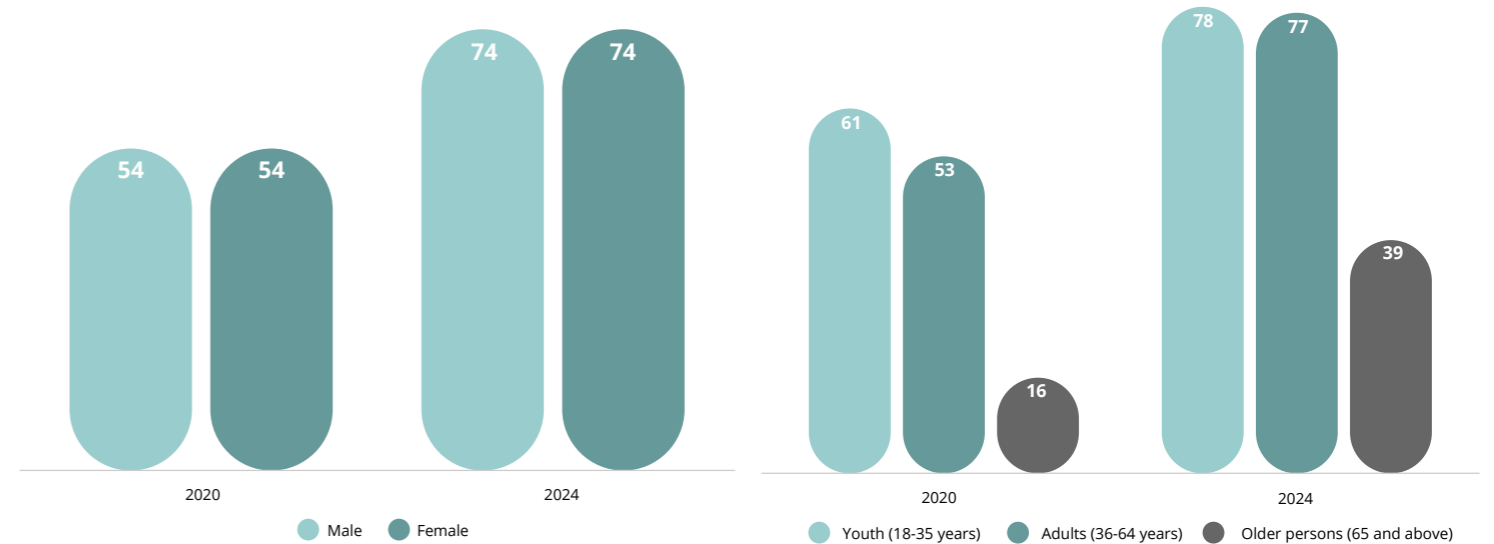


Figure 58: Distribution of mobile money users by gender (%)

Figure 59: Distribution of mobile money users by age (%)

Regarding location, mobile money usage is more prevalent in cities/towns and urban villages than in rural villages. In 2020, only 16% of older persons used mobile money, compared to 61% of youth and 53% of adults. The same pattern is observed in 2024. In 2024, there is a slight difference of 4 percentage points in favour of urban village dwellers and rural dwellers. In the same year, people who reside in cities and towns (82%) predominantly use mobile money. The distribution of mobile money usage by education shows a skewed trend towards those with vocational and tertiary education. Most people who used mobile money had vocational education in 2020 (76%) and 2024 (94%). Only 16% and 32% of those without formal education used mobile money in 2020 and 2024, respectively. This may imply that education plays a massive role in one's ability to comprehend and use financial services.

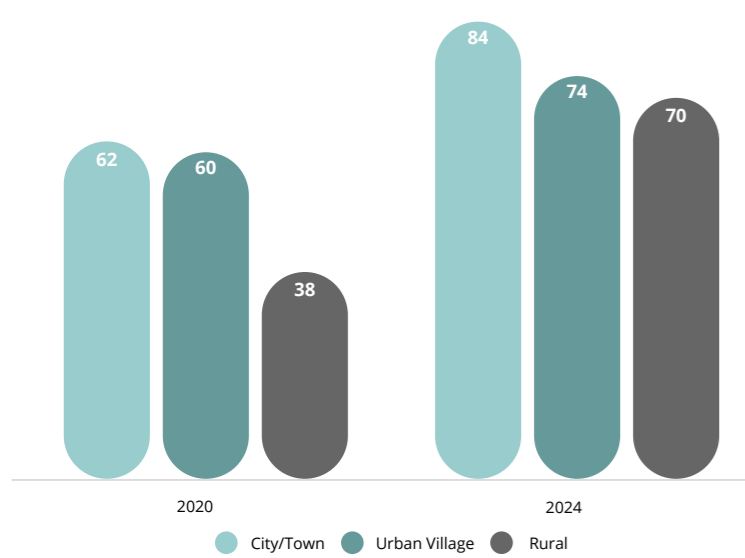


Figure 60: Distribution of mobile money users by location (%)

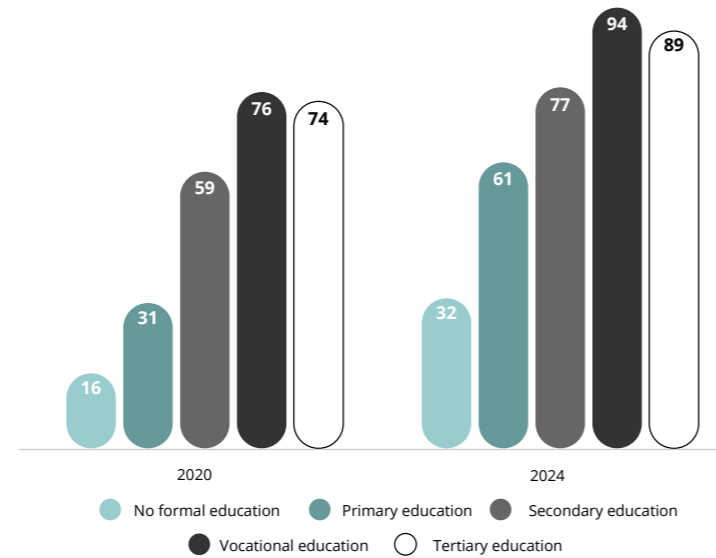


Figure 61: Distribution of mobile money users by education (%)

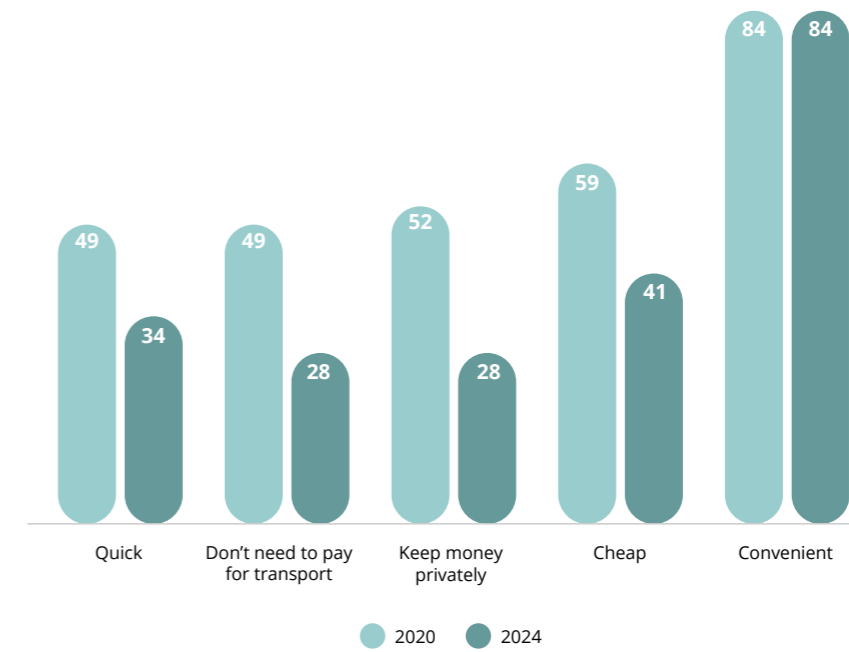


Figure 63: Mobile money drivers (%)

Further, our findings show that mobile money usage is prevalent among those formally employed by the government, the private sector, and the self-employed. In 2024, a sizeable proportion (86%) of people involved in farming and fishing used mobile money, compared to only 42% in 2020. This is significant growth, which may be explained by the increased commercialisation of farming in the country and increased employment in the farming sector. Most respondents use mobile money mostly because it is convenient to use and less expensive, both in 2020 and 2024 (Figure 63). Of those who did not use mobile money, the majority (17%) said they were constrained by a lack of information about the service in 2020, whereas in 2024, they cited a lack of money to send (26%) (Figure 64).

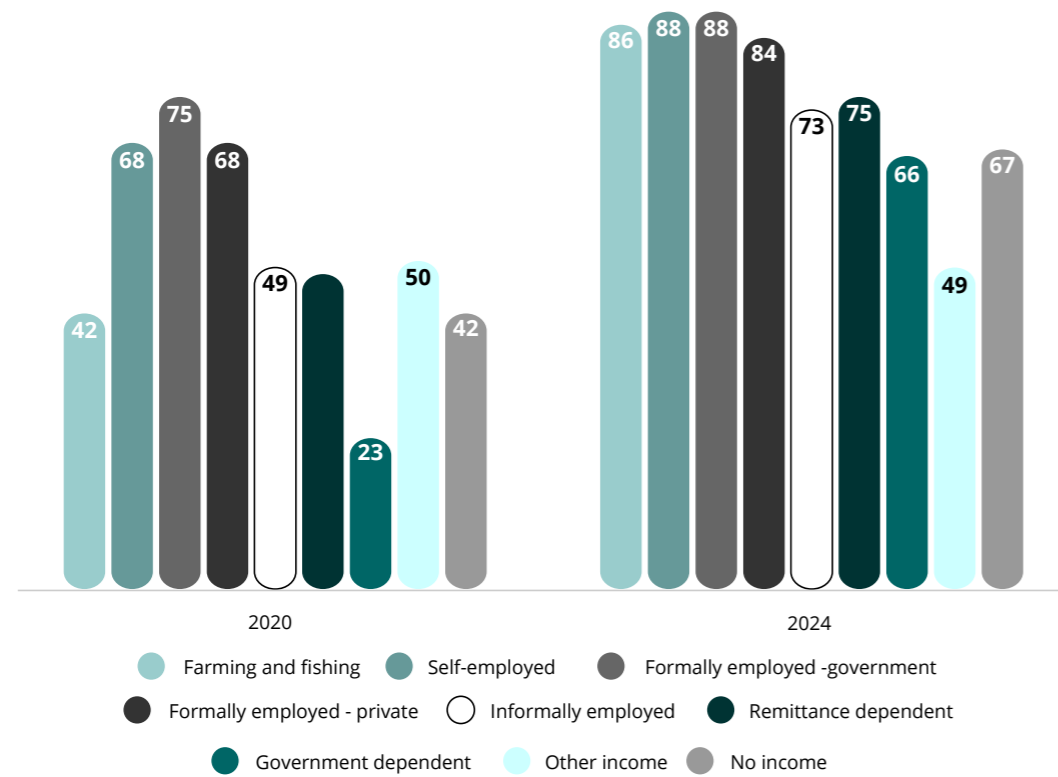


Figure 62: Distribution of mobile money users by livelihood (%)

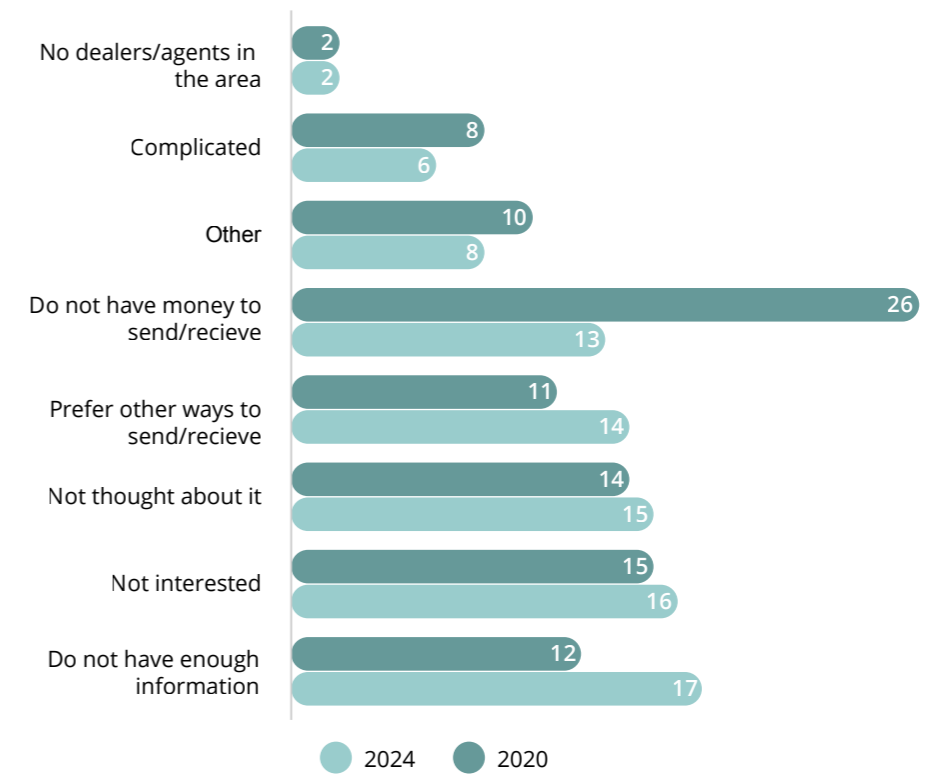


Figure 64: Mobile money barriers (%)

Savings and investments

Savings are a powerful tool to build wealth and realise financial security and freedom. The financial sector offers an array of savings mechanisms and products provided by differing financial institutions. These, together with individuals' economic means, financial knowledge, and savings culture, predominantly influence an individual's ability to save. This section presents findings on the individual use of saving products in Botswana. Overall, there is a notable increase in the number of people saving in Botswana, from 63% in 2009 to 69% in 2024. This may mean that more Batswana have adopted a saving culture and inherently dedicate a significant portion of their income towards savings. However, as shown in Figure 65 below, while the uptake of bank saving products increased between 2009 and 2014, it decreased from 32% in 2014 to 30% in 2020 and a further decrease to 28% in 2024. On the other hand, non-bank and informal savings show the opposite during the same period. There has also been a notable surge in the number of adults saving at non-bank and informal institutions. Even though a declining trend is observed in the number of people saving at home between 2020 and 2024, this number is still significant (24%) in 2024. In an era with heightened use of digital financial services and products to perform banking transactions, it is surprising that people would still prefer to save at home. This highlights a greater demand for liquidity, implying that most Batswana may not necessarily save but set money aside for everyday use. Similarly, if someone would rather forgo the benefits of saving with banking facilities, they lack trust in the banking facilities. Also, for some people, the convenience of saving at home might outweigh the costs associated with saving in banking facilities.

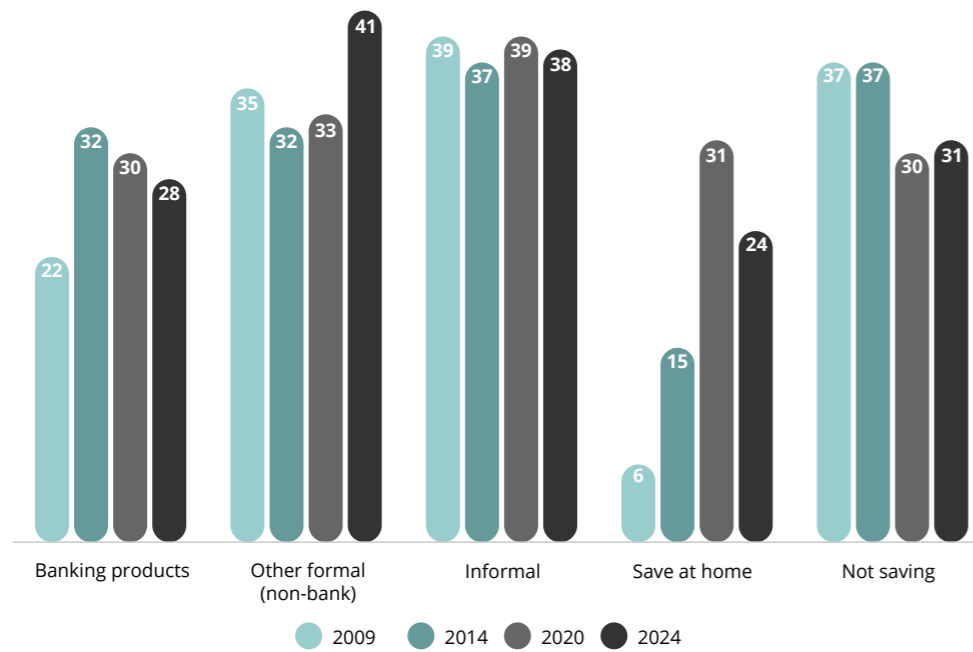


Figure 65: Savings (%)

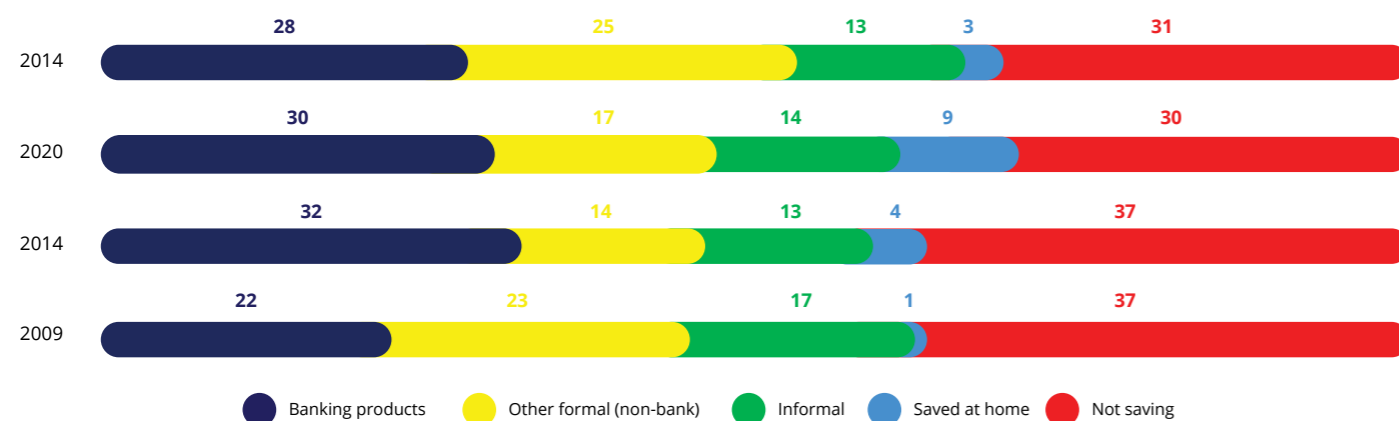


Figure 66: Savings Strand (%)

The majority of females (72%) save compared to males (66%) (Figure 67). Further analysis reveals that most people saving with formal banking facilities are male at 30%, compared to females at 26%. The opposite is true for NBFIs. More females (28%) than males (20%) save with NBFIs. Analysis in terms of age shows that saving increases with age. Most youth aged between 18 and 35 years (37%) do not save, compared to 28% and 13% of adults and older persons, respectively. Another interesting finding is that older people aged 65 years and older save with NBFIs. In terms of disability, people without disabilities save more than people with disabilities. About 28% of people without disability save with banks, compared to only 20% of those with disabilities. Interestingly, a sizeable proportion (46%) of people with disabilities save with NBFIs, compared to only 23% of their counterparts. Surprisingly, more people without disabilities (30%) than those with disabilities (21%) do not save.

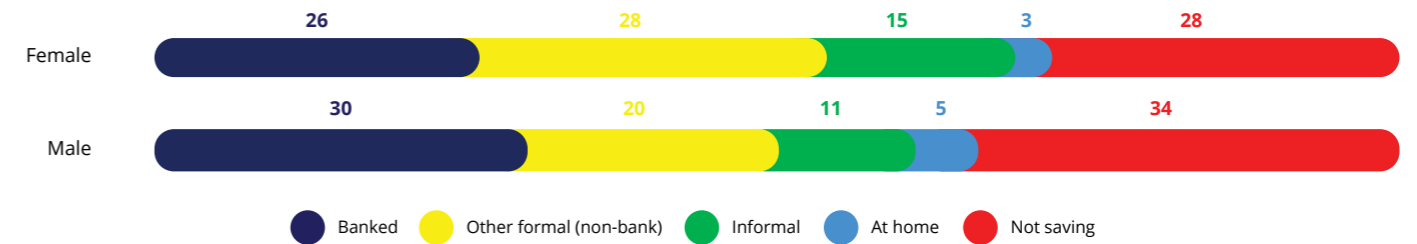


Figure 67: Savings Strand by gender (%)

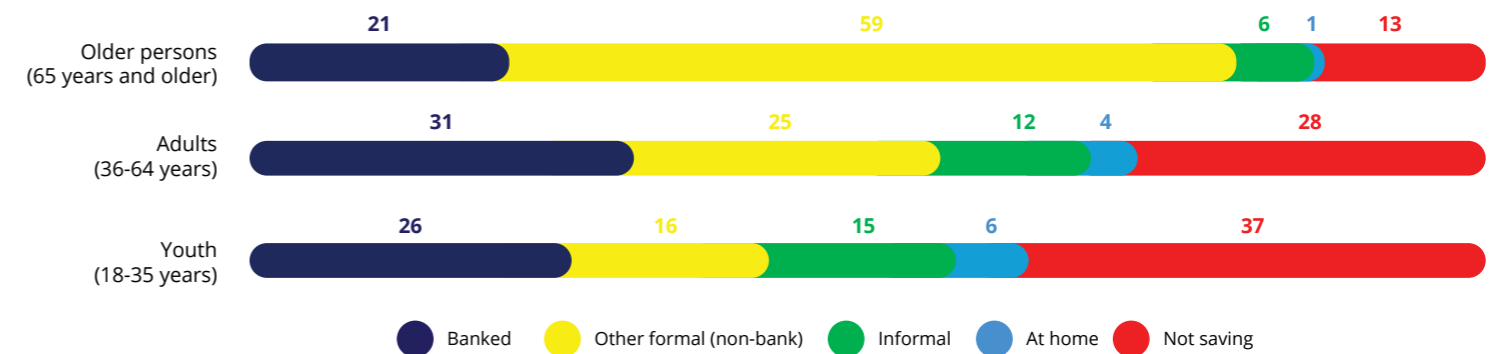


Figure 68: Savings Strand by age (%)

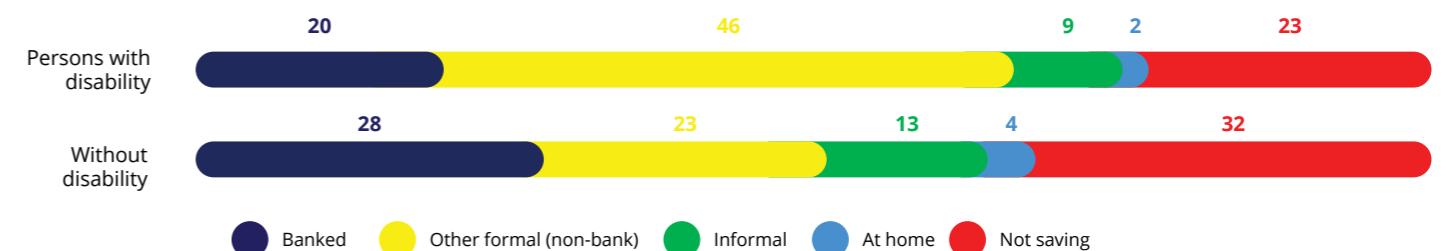


Figure 69: Savings Strand by disability status (%)

About 67% of adults residing in cities/towns save, mostly with banking institutions. This is followed by those living in urban villages and rural areas. This is expected because physical banks are primarily found in developed areas. Most rural dwellers save in other formal (non-bank) institutions compared to those in cities/towns and urban villages. In terms of education, savings with banks increase with increases in education. The more educated, those with tertiary education, 62% save more with banks, while only 7% of those without formal education save with banks. The opposite is equally true concerning saving with NBFIs. The majority (62%) of those without formal education save with NBFIs, compared to only 15% of those with tertiary education who save with NBFIs. Furthermore, most formal banking savers get salaries from the government (68%) or the private sector (50%), while larger shares of the non-saving are among those without income.

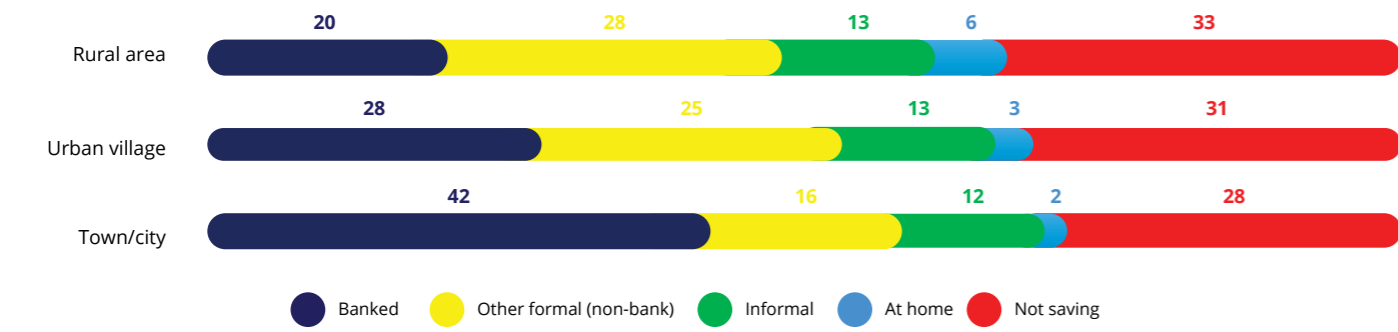


Figure 70: Savings Strand by location (%)

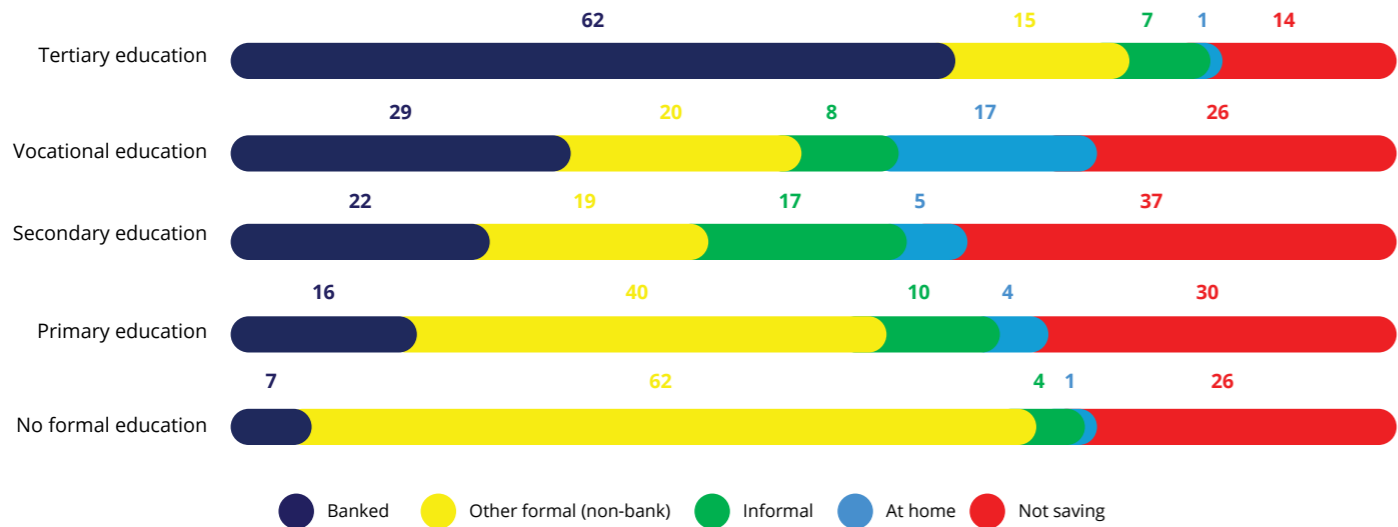


Figure 71: Savings Strand by education (%)

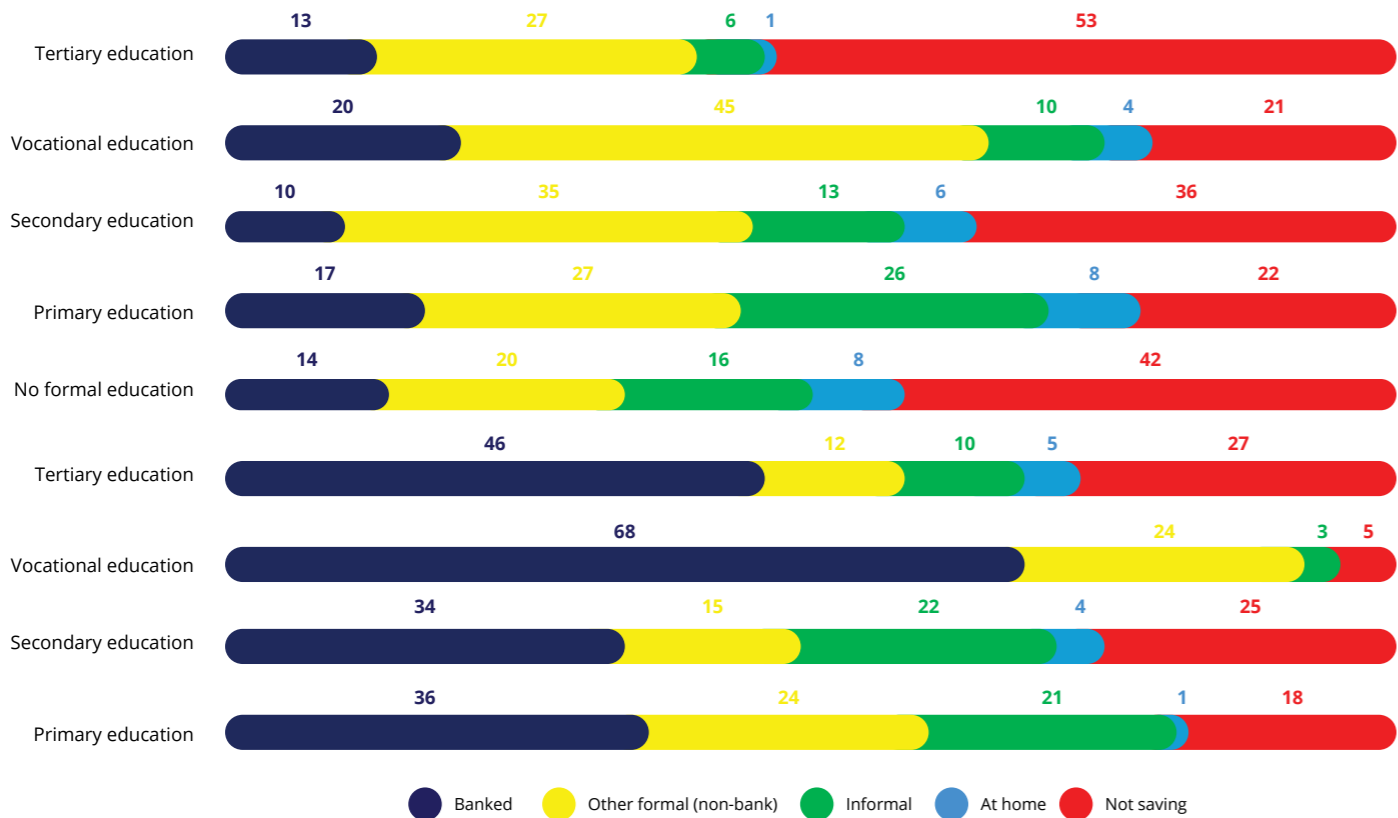


Figure 72: Savings Strand by livelihood (%)

To provide an explorative analysis of people's saving behaviour and connote its causal effects vis-a-vis financial inclusion, it is important to know what motivates and/or derails them from saving. Our findings indicate that most Batswana are constrained from saving by a lack of regular income (70%) and disposable income (57%). Of those who save, most (58%) save for emergencies, followed by those who save to cover living expenses (48%) and those who save to cover medical expenses (21%). There is a need for financial service providers to uphold the highest form of integrity, considering that the majority (60%) of individuals consider the trustworthiness of a service provider before choosing a savings product.

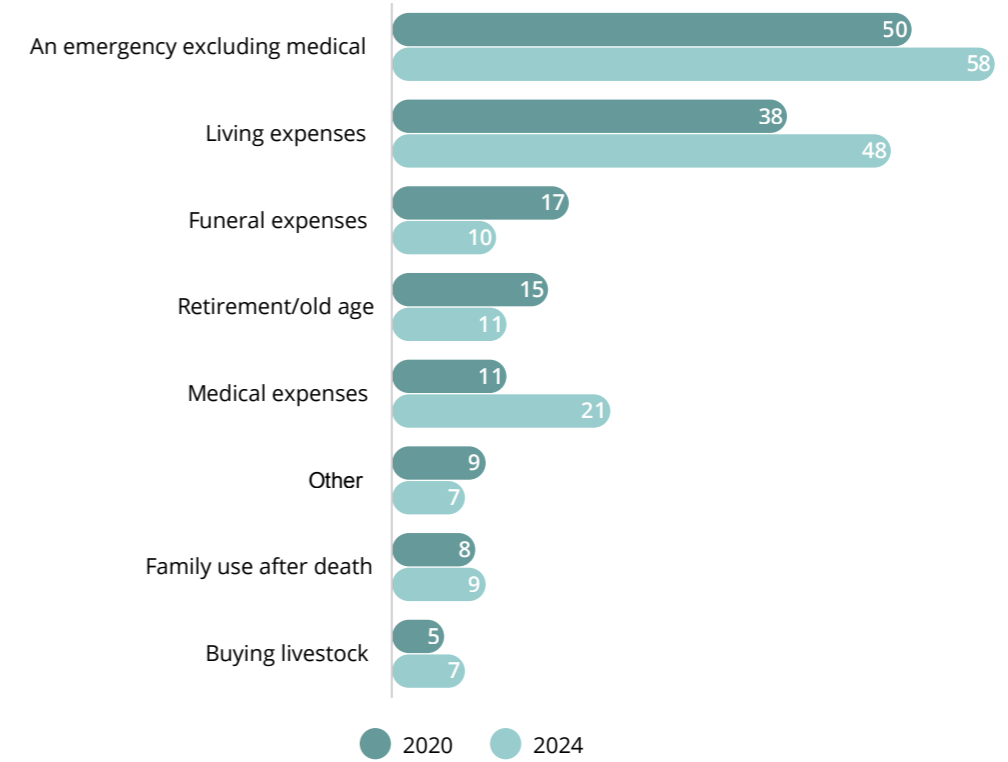


Figure 73: Savings drivers (%)

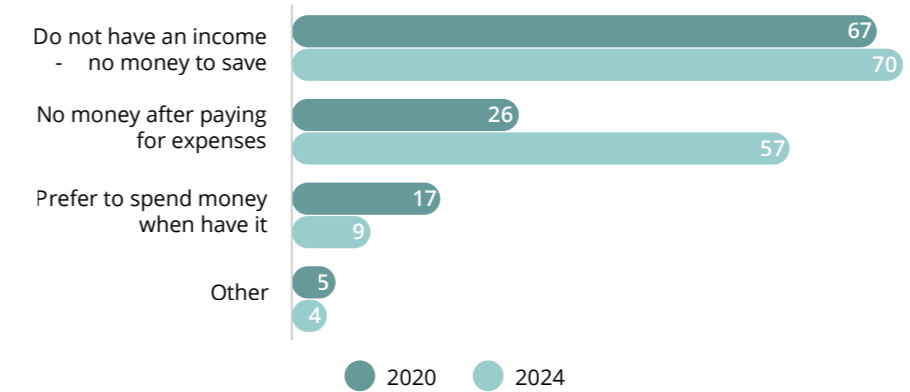


Figure 74: Savings barriers (%)



Figure 75: Factors influencing customer choice of saving products (%)



Metshelo/savings clubs

This section briefly presents metshelo/savings clubs in Botswana. In 2020, about 21% of the adult population indicated that they were members of metshelo/savings clubs. The figure increased slightly, by 2 percentage points to 23% in 2024. Of those involved in metshelo/savings clubs, the majority (51% and 64%) were members of only one club in 2020 and 2024, respectively. Mainly, with metshelo, members make periodic contributions to their respective clubs. In 2020, 96% of individuals contributed to their leading clubs every month, compared to 94% in 2024. The majority (26%) of the individuals saved between P501.00 and P2,000.00 in 2020, slightly increasing to 28% in 2024.

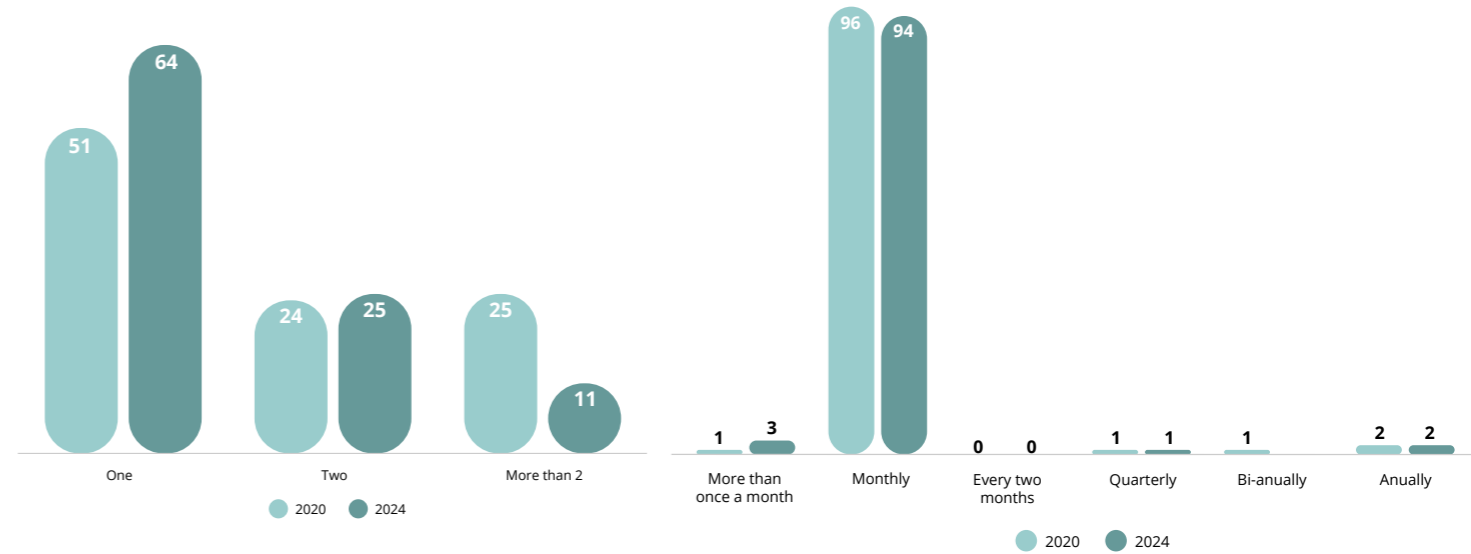


Figure 76: Number of metshelo clubs (%)

Figure 77: Frequency of contribution to the main club (%)



Figure 78: Amount currently saved in a metshelo/savings club (%)

Credit and loans

Financial inclusion means individuals have all financial products and services, including credit. For this study, credit is money borrowed from a lender to repay at a later stage. If dispensed equitably, at affordable prices, and used appropriately, credit can contribute to meaningful sustenance of livelihoods. In practice, however, this is usually not the case. Individuals may not necessarily use the borrowed funds for their intended purposes. Also, people with a high default risk are always willing to borrow more. Therefore, because of the difficulty of ascertaining the creditworthiness of an individual, lenders usually apply credit rationing over borrowers. This way, some individuals may be denied credit, and some may get it at high interest rates and/or high collateral.

As shown in Figure 79 below, there is a 13-percentage point decrease in credit uptake, from 31% in 2009 to 18% in 2024, of those who borrowed most received credit from banks and other non-formal banking sources. The same is observed for the 2014 and 2020 survey periods, as shown below. Even though formal banks are the leading credit providers, there is a notable decline in the uptake of formal banking products as far as credit is concerned. As shown in Figure 81, 20% of males got loans from banks, compared to only 15% of females.

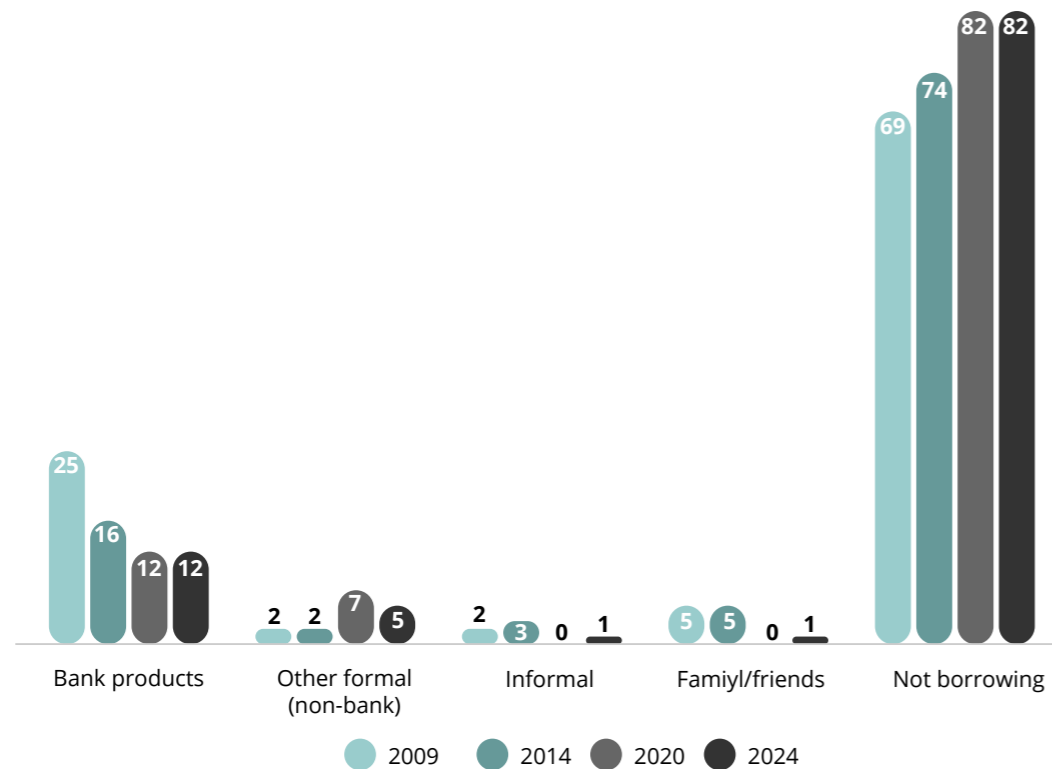


Figure 79: Credit (%)

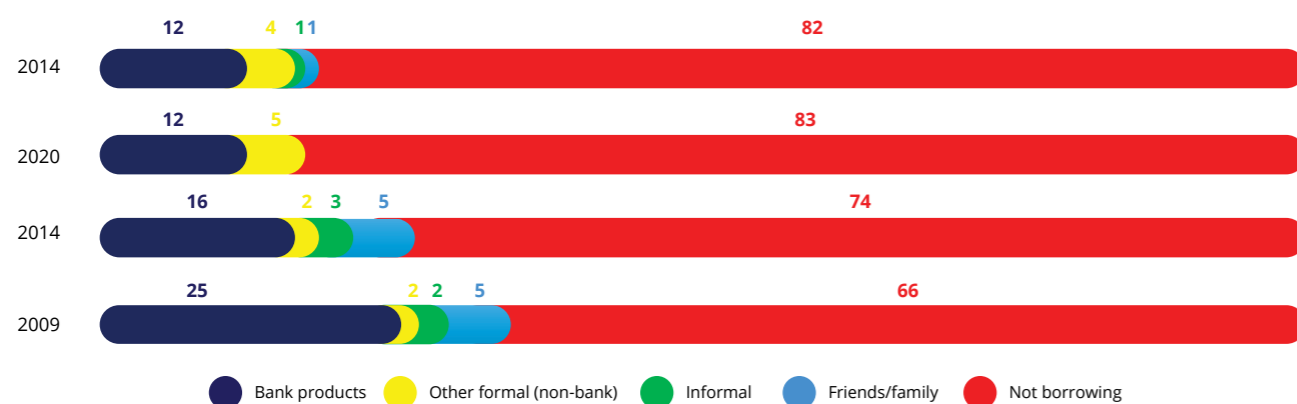


Figure 80: Credit Strand (%)

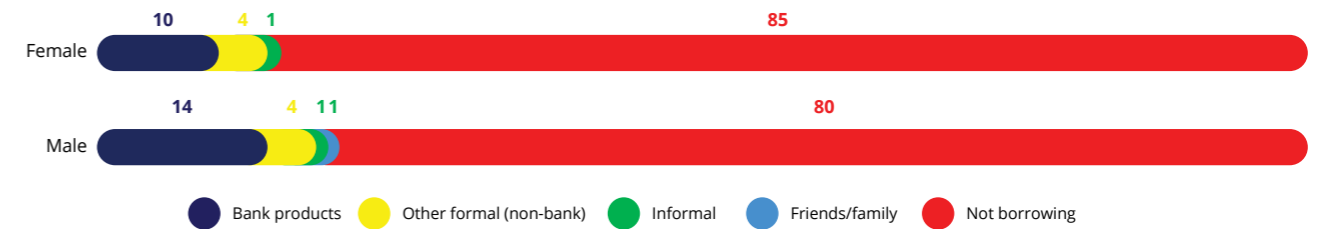


Figure 81: Credit Strand by gender (%)

Further analysis of borrowing trends in Botswana shows that most older people aged 65 and older (93%) do not borrow as compared to youth (83%) and adults (78%). This is expected as most elderly people are out of the labour market. A significant proportion (17%) of people without disabilities took out loans as compared to only 18% of those with disabilities. Despite their location, most borrowers are more skewed towards formal banking products than other formal non-bank loans. The majority (88%) of those who do not borrow reside in rural areas, followed by those who live in urban areas (83%) and those in cities/towns (70%). Our analysis by educational level indicates that the lower the education level, the higher the number of people who do not borrow. Only 5% of individuals without formal education accessed credit, compared to 42% with tertiary education. This may partly explain the less educated individuals' lack of engagement in economic activities. Most of those with secondary education and above got credit from banking sources. Borrowing is skewed towards salaried individuals from the government (57%) and the private sector (33%), who mostly prefer banking credit sources to non-bank credit sources.

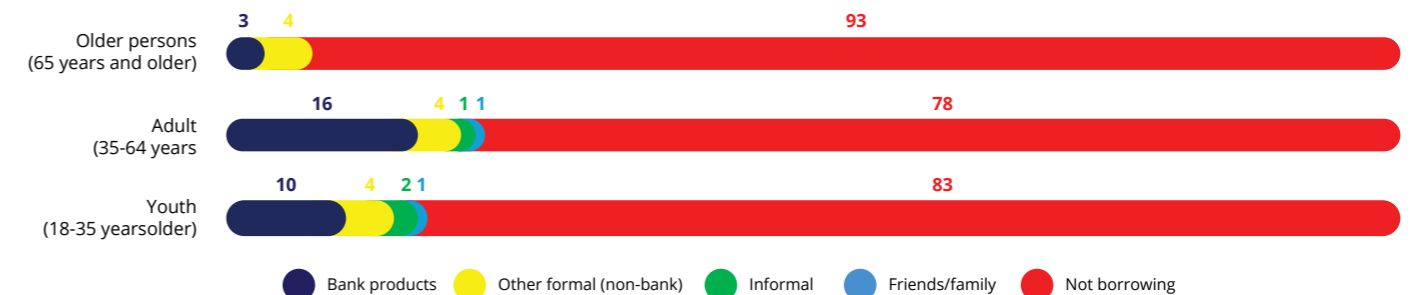


Figure 82: Credit Strand by age (%)



Figure 83: Credit Strand by disability status (%)

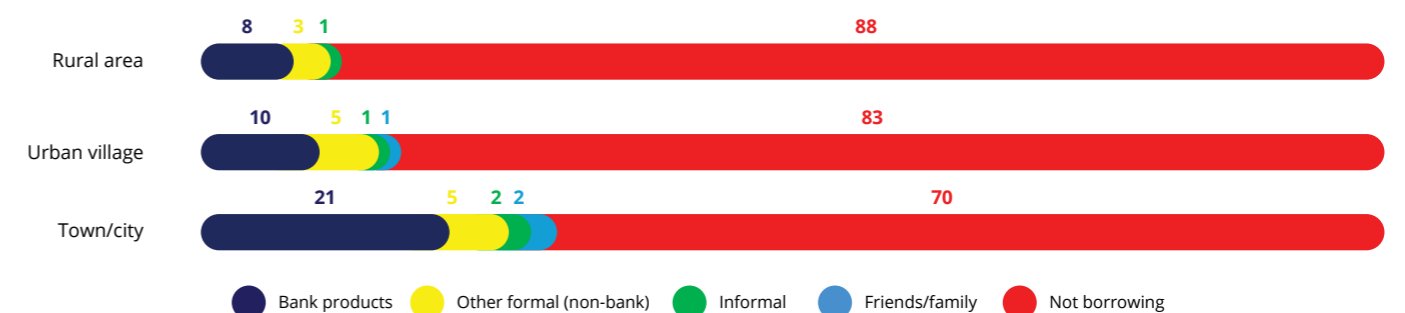


Figure 84: Credit Strand by location (%)

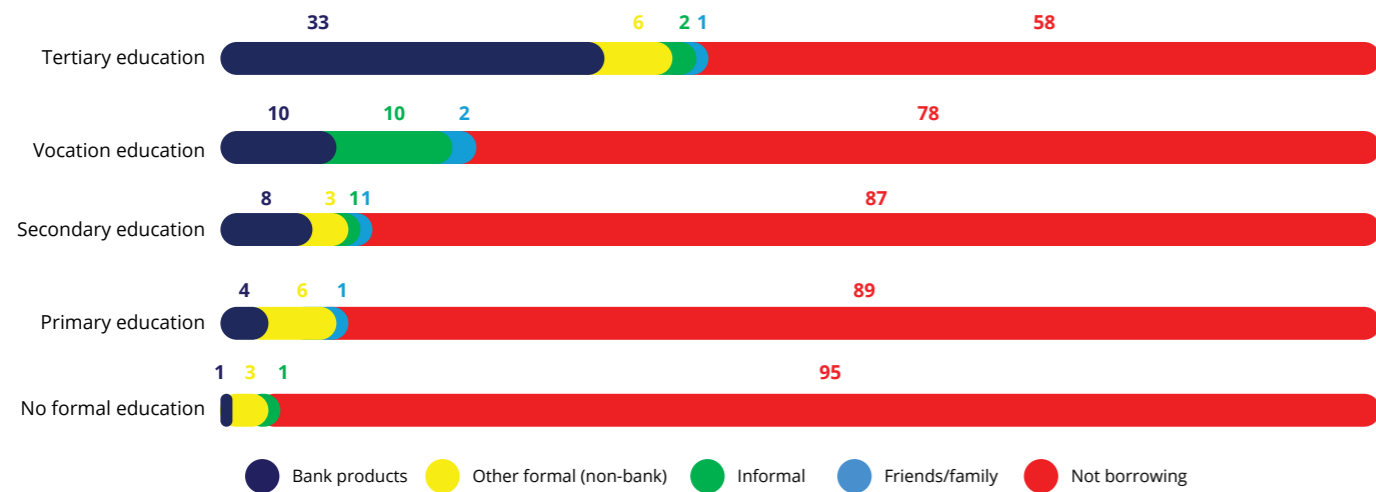


Figure 85: Credit Strand by education (%)



Figure 86: Credit Strand by livelihoods (%)

As illustrated in Figure 87, most people (72%) consider the interest rate and the loan repayment period (49%) before deciding to get a loan. This finding reiterates the need for affordability regarding loan prices if Botswana is to advance financial inclusion through credit uptake. Individuals' reasons for borrowing vary over time. In 2020, most adults (26%) borrowed money to buy a car, and the figure drastically declined to 12% in 2024. This was followed by those who borrowed to pay off debts (11%). A different analogy is observed in 2024, where the majority (10%) of adults borrowed to buy food/clothing, followed by those who borrowed to buy a car (10%).

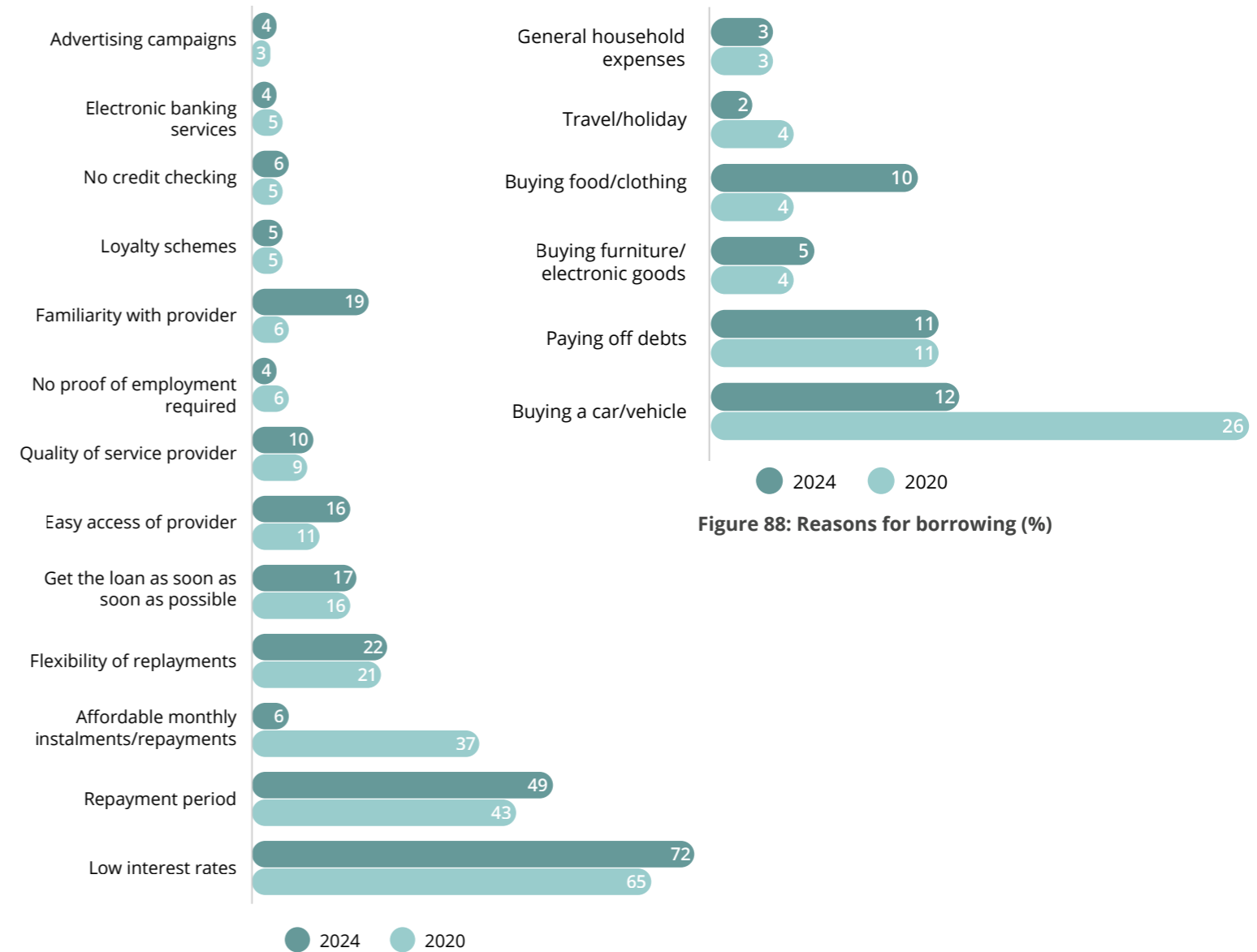


Figure 87: Most Important Factors when deciding where to get a loan (%)

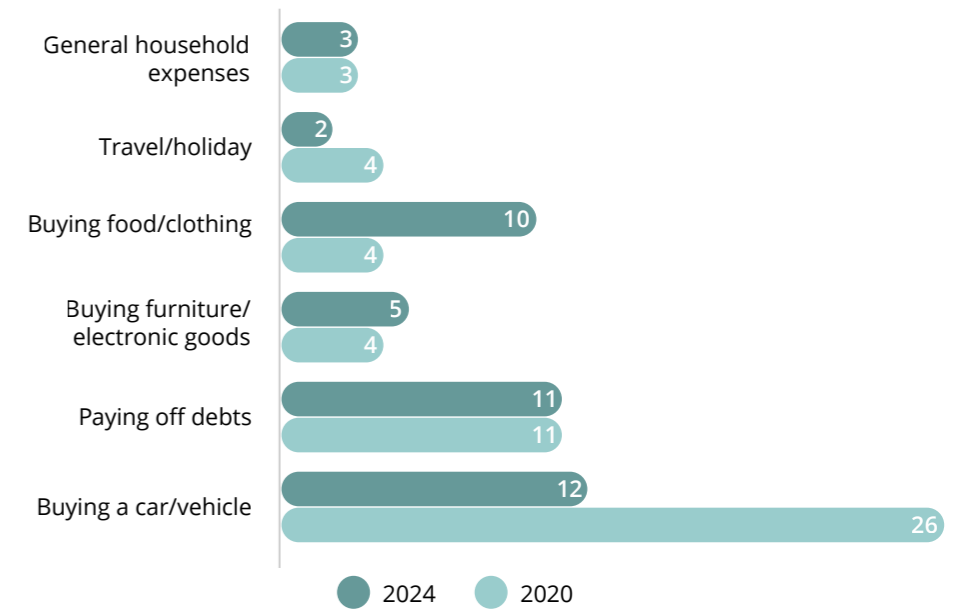


Figure 88: Reasons for borrowing (%)

Due to insufficient information, it may prove challenging to determine whether most individuals do not borrow because of credit market barriers or because they are financially excluded. However, respondents were asked if they have been denied credit over the past year to understand the challenges they face in the credit market. When asked why they were refused a loan, most cited low-income levels and lack of payslips (17%) and those with too many debts (10%). A small proportion (5%) of adults decried unemployment as one of the reasons why they were denied credit.

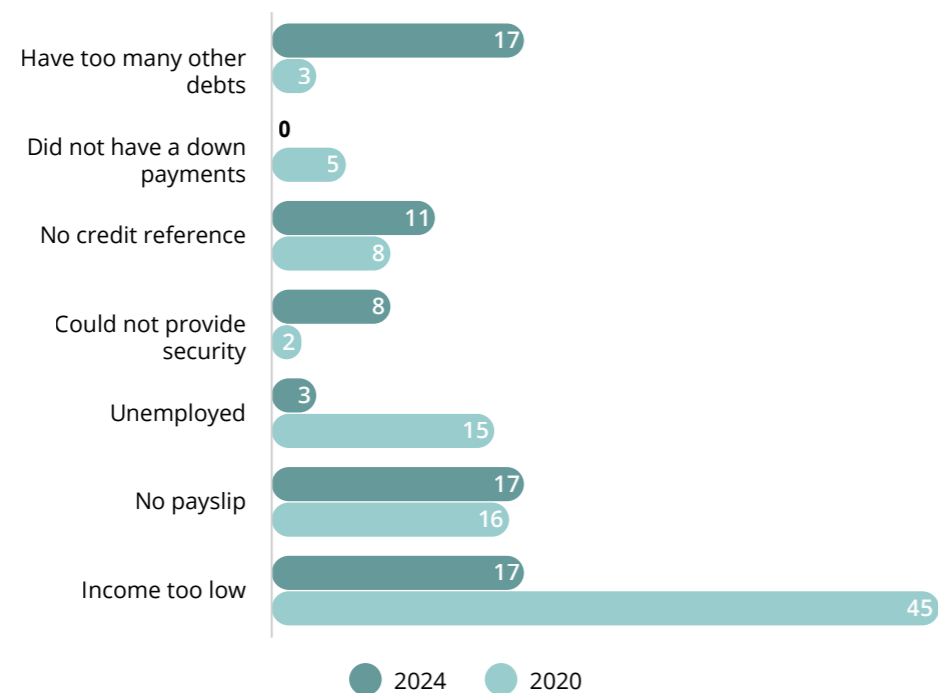


Figure 89: Barriers to credit access (%)

Insurance and risk management

Insurance is a financial arrangement that protects against financial loss if faced with unexpected circumstances. It is a contract between an individual or business with an insurance company to help provide financial protection to mitigate risks. Insurance can be referred to as a financial safety net. The contract is called a policy and covers what should be covered and the payment circumstances. In Botswana, insurance companies are regulated by NBFIRA. In this survey, insurance was categorised into two: formal and informal. Formal insurance includes policies supplied by licensed insurance companies, while informal includes burial societies and welfare groups.

Insurance uptake on formal products revealed an upward trend between 2009 and 2024. Overall, the share of adults with insurance coverage increased from 33% in 2009 to 47% in 2024 (Figure 90). The increase is mainly driven by other formal (non-bank) sectors. The banking insurance stood at 4% in 2024. This implies that more adults are providing insurance coverage to mitigate against any risk that may occur in the future. Figure 91 depicts insurance strands. The figure shows that insurance is covered mainly by NBFIs and has increased over time.

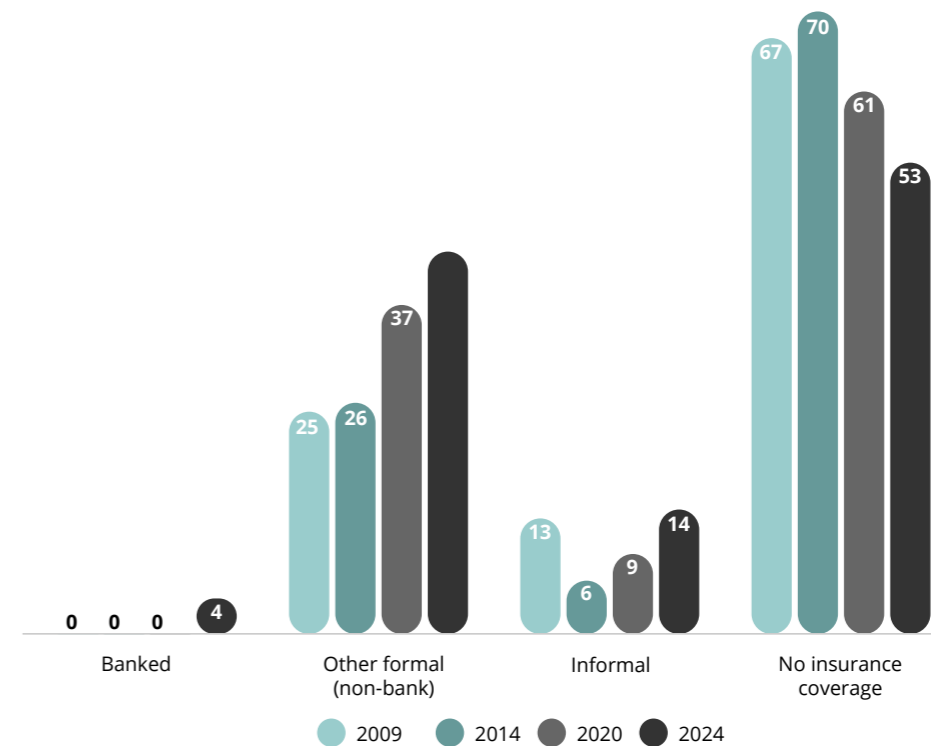


Figure 90: Insurance uptake(%)

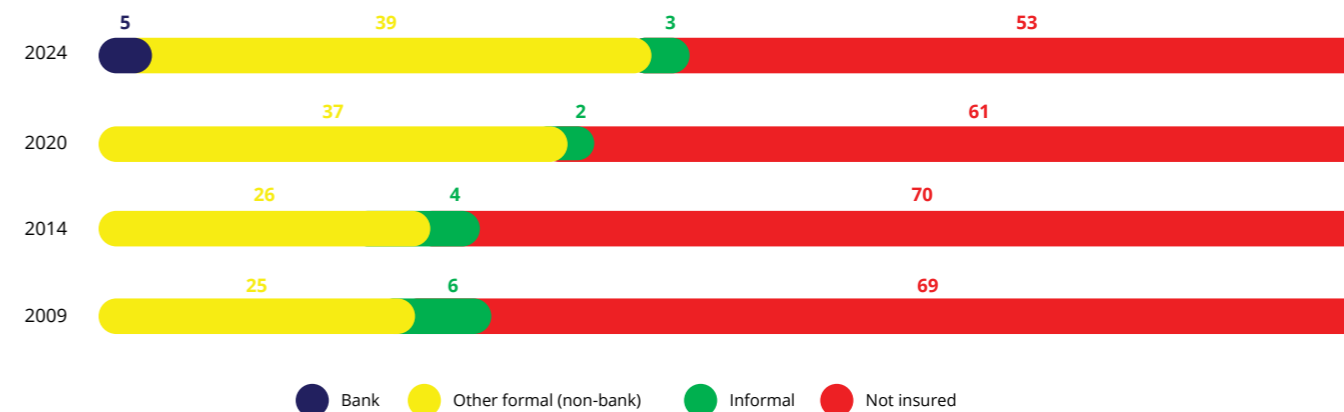


Figure 91: Insurance Strand (%)



The results reveal that more females are insured than males. About 52% of females are insured compared to 41% of male adults (Figure 92). This may be explained by the fact that females in Botswana are generally risk-averse. Further analysis shows that in 2020, most youth (67%) did not have insurance coverage compared to adults (36-65 years) (43%) and older persons (36%). The high unemployment rate among the youth may further explain this. The choice of insurance for adults and older persons is explained by the fact that they have spent years accumulating their wealth, so it is given that they would be insured against any unforeseen risk. People with disabilities are less likely to be insured than those without disabilities (Figure 94).

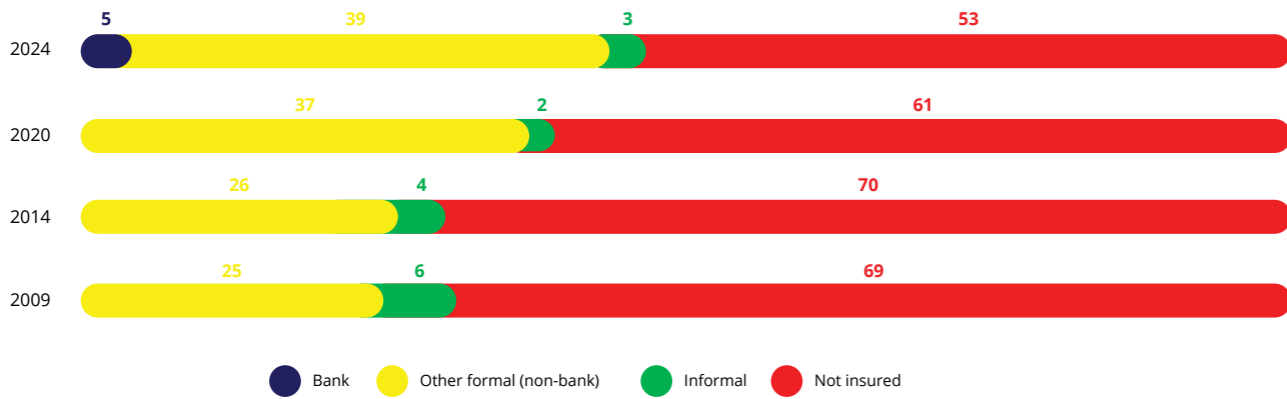


Figure 92: Insurance Strand by gender (%)



Figure 93: Insurance Strand by age (%)

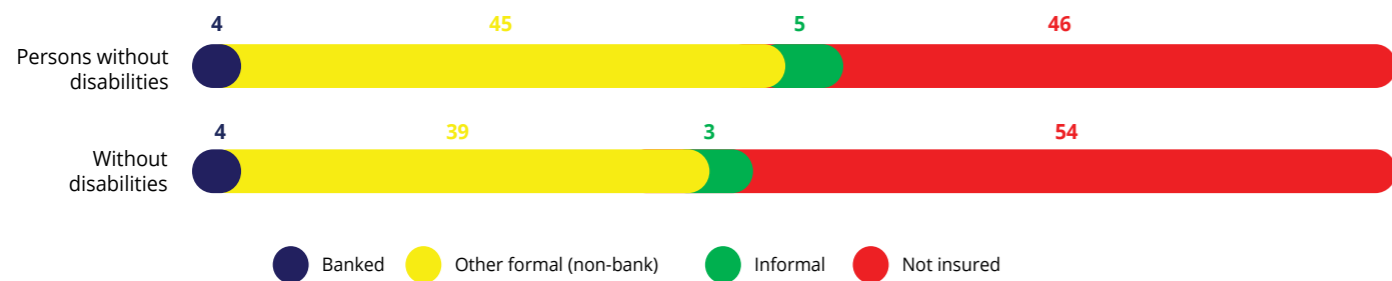


Figure 94: Insurance Strand by disability status (%)

Further analysis shows that most adults in cities/towns had higher insurance coverage than those in urban villages and rural areas (Figure 95). About 55% of adults in rural areas were not insured, compared to 53% and 49% in urban villages and cities/towns, respectively. Most people who have attained tertiary education (67%) have insurance coverage as opposed to other lower education levels (Figure 96). In addition, more people with secondary education and above have insurance compared to those with primary and below. This is explained by the ability to use available information in the market and the knowledge that one needs to protect his/her valuables.

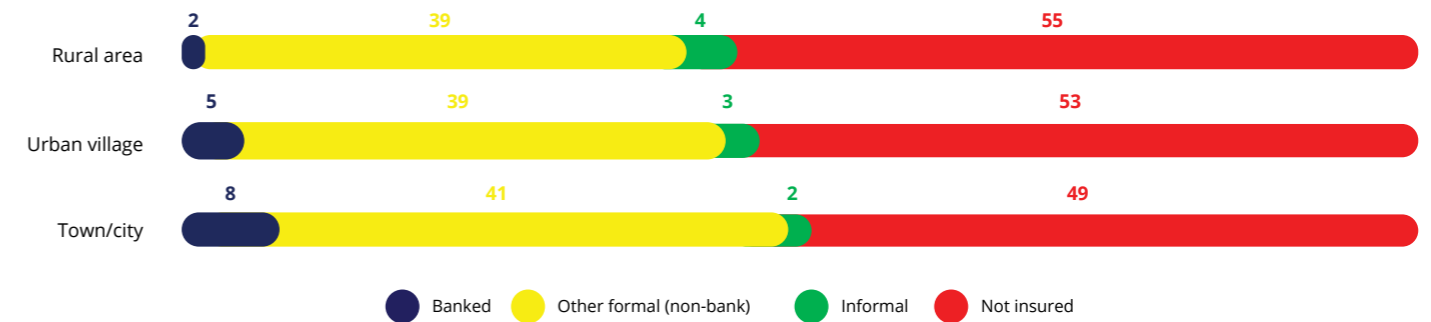


Figure 95: Insurance Strand by location (%)

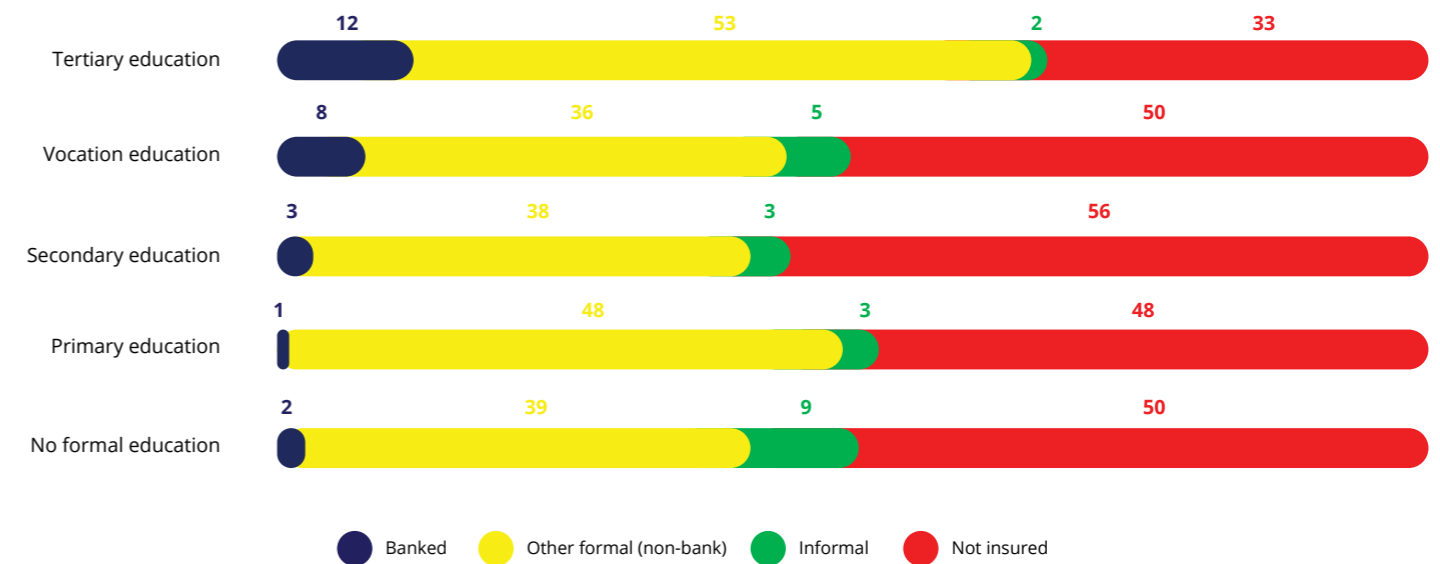


Figure 96: Insurance Strand by education (%)

In 2024, most adults working in the public sector had the highest insurance coverage (85%), followed by those working in the private sector (55%). Adults with no income source, who are informally employed, are in government, and are remittance dependents, have the lowest insurance coverage (Figure 97).

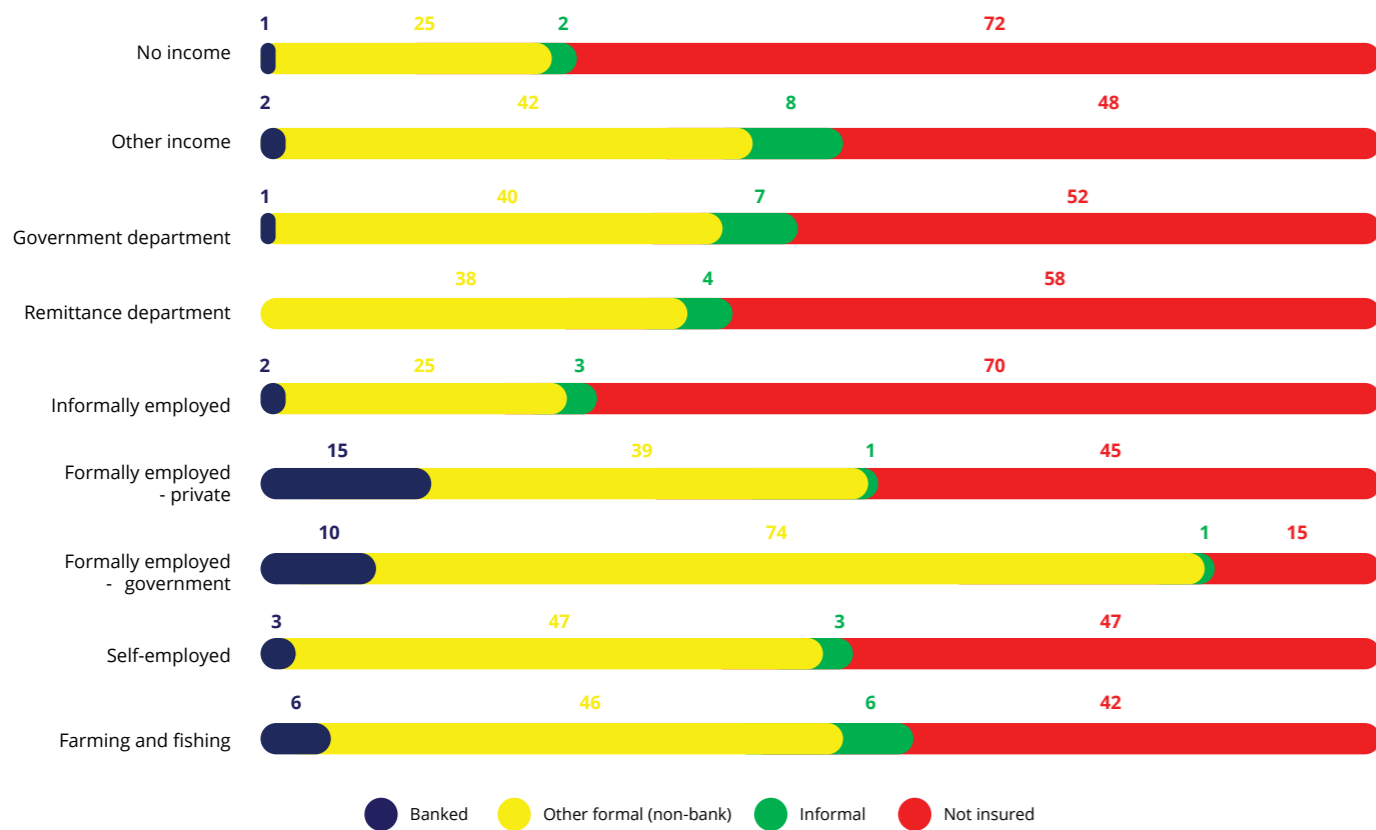


Figure 97: Insurance Strand by livelihoods (%)

Formal insurance drives the insurance products in Botswana. In 2020, formal funeral insurance accounted for 56%, and this figure declined to 50% in 2024 (Figure 98). Medical aid insurance recorded a slight increase from 28% in 2020 to 31% in 2024 and should be improved to deal with illness risks. The share of adults subscribing to burial societies increased from 23% in 2020 to 31% in 2024. This may imply that adults want a decent send-off when they die. In 2024, life insurance policy recorded a significant increase of 33 percentage points from 17% in 2020. Raising awareness of the benefits of insurance products is crucial to the people of Botswana.

Concerning factors influencing the customer's choice of products, most adults indicated pricing/premiums, trust, convenience, range of services and customer services as the top leading factors (Figure 99). About 48% of adults revealed that trust played a significant role in deciding the type of insurance and whether to insure in 2020, compared to 37% in 2024. The pricing model also played an important role, with 63% of adults indicating pricing/premiums as the leading factor in 2024 compared to 47% in 2020. Furthermore, trust, pricing/premiums, convenience, and range of services play significant roles in the customers' choice of insurer (Figure 100).

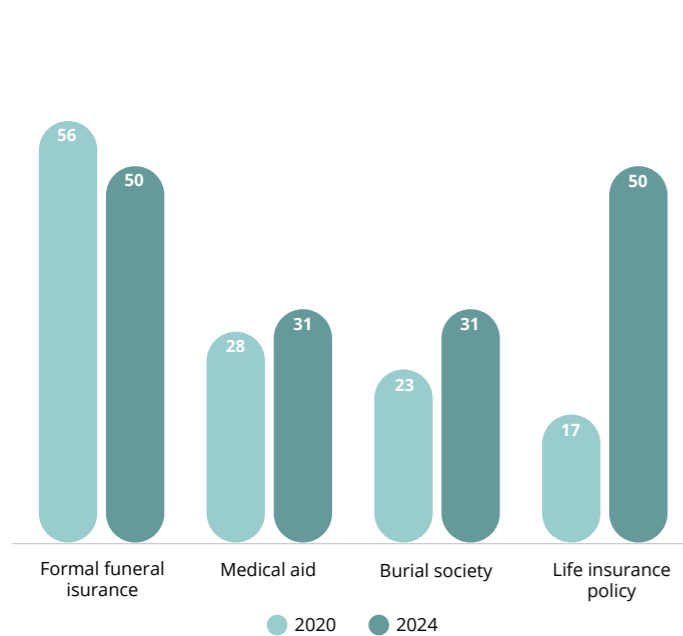


Figure 98: Uptake of insurance products (%)

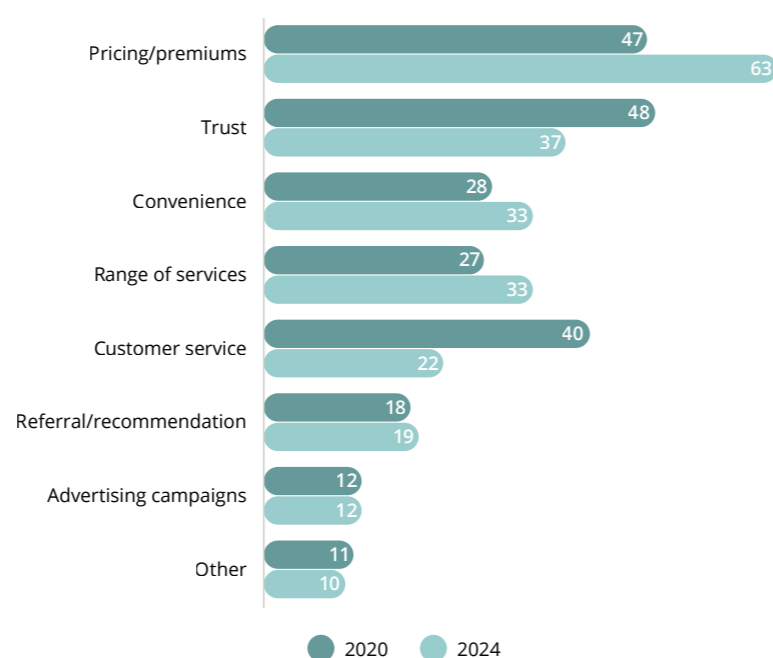


Figure 99: Factors influencing the consumer's choice of products (%)

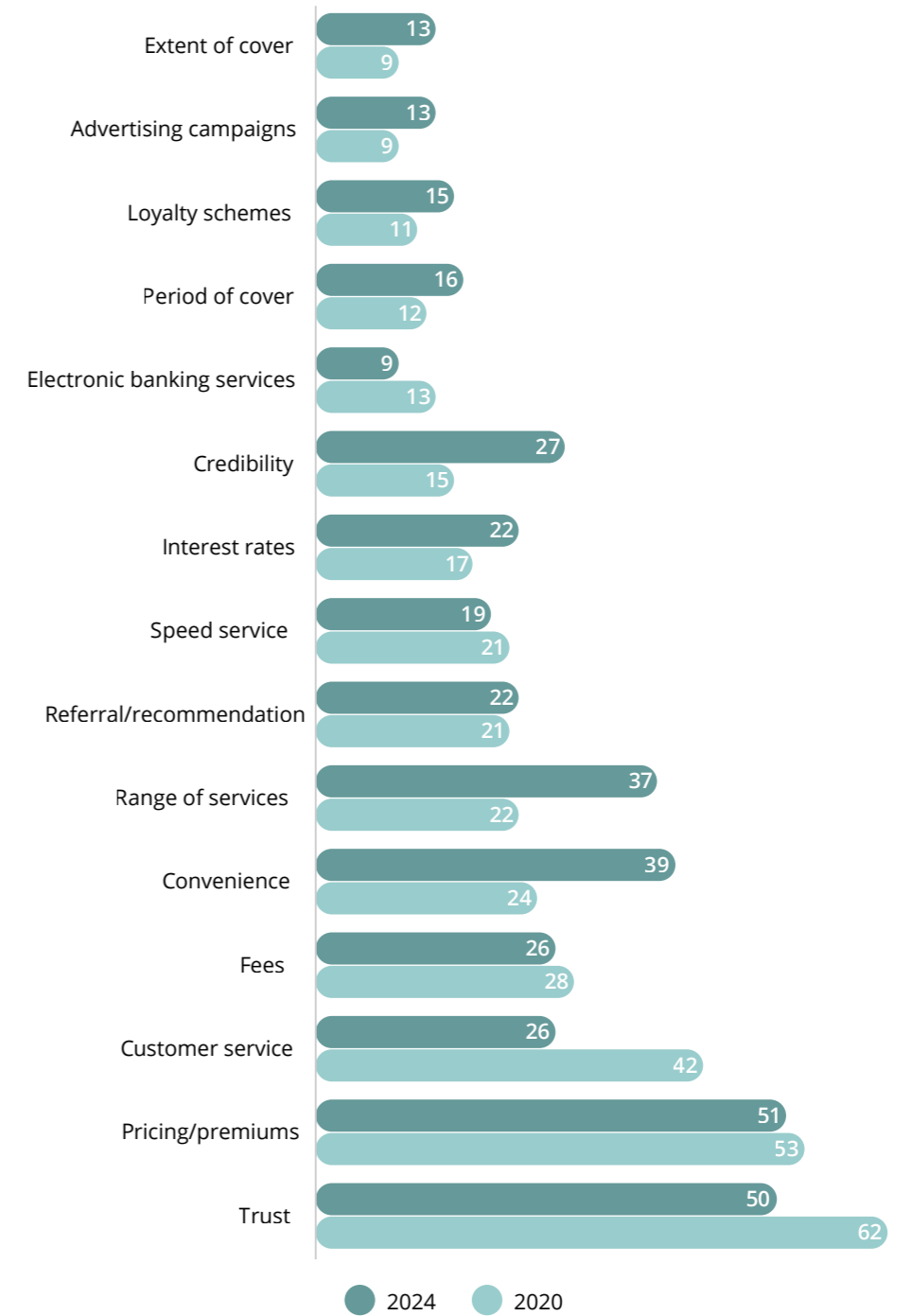


Figure 100: Factors influencing the consumer's choice of insurer (%)

Most households experienced costly events in the year before 2020. One in three adults experienced job losses and a poor economic situation in the country in 2020. In 2024, poor economic situation and severe illness of a household member were the top leading events. The Covid-19 pandemic and severe household illness have contributed considerably to this poor economic run. Botswana adults are well-covered for funeral expenses rather than illness or retrenchments. Business failures also hit adults hard, recording 16% in 2020 and slightly declining to 9% in 2024. Household and farming theft were also significant challenges that adults faced (Figure 101). To mitigate these risks, households employed different coping strategies (Figure 102). However, most adults chose not to do anything. About 36% of adults did nothing to reduce the risks in 2020; this figure increased to 43% in 2024. In 2020, about 21% of households used family savings and reduced household expenses to address the situation; this figure increased to 30% in 2024. About 15% of adults started looking for jobs in 2024, an increase from 5% in 2020. The above experiences reflect households' economic hardships while trying to live.

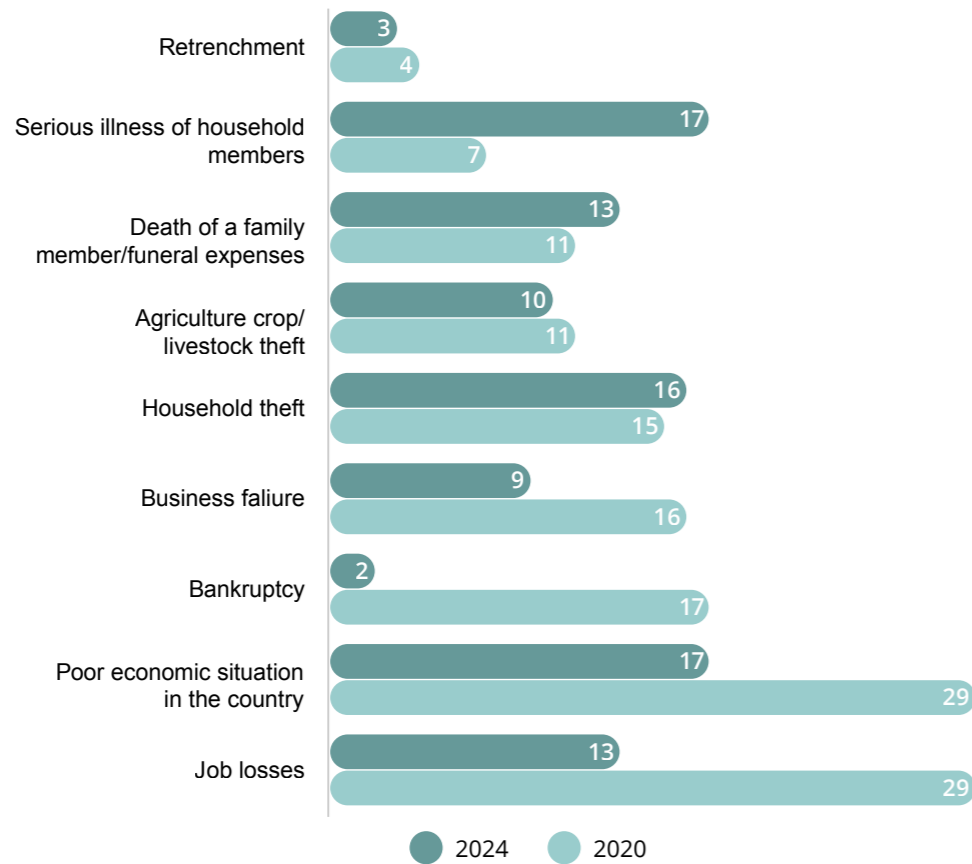


Figure 101: Costly events experienced in the past year (%)

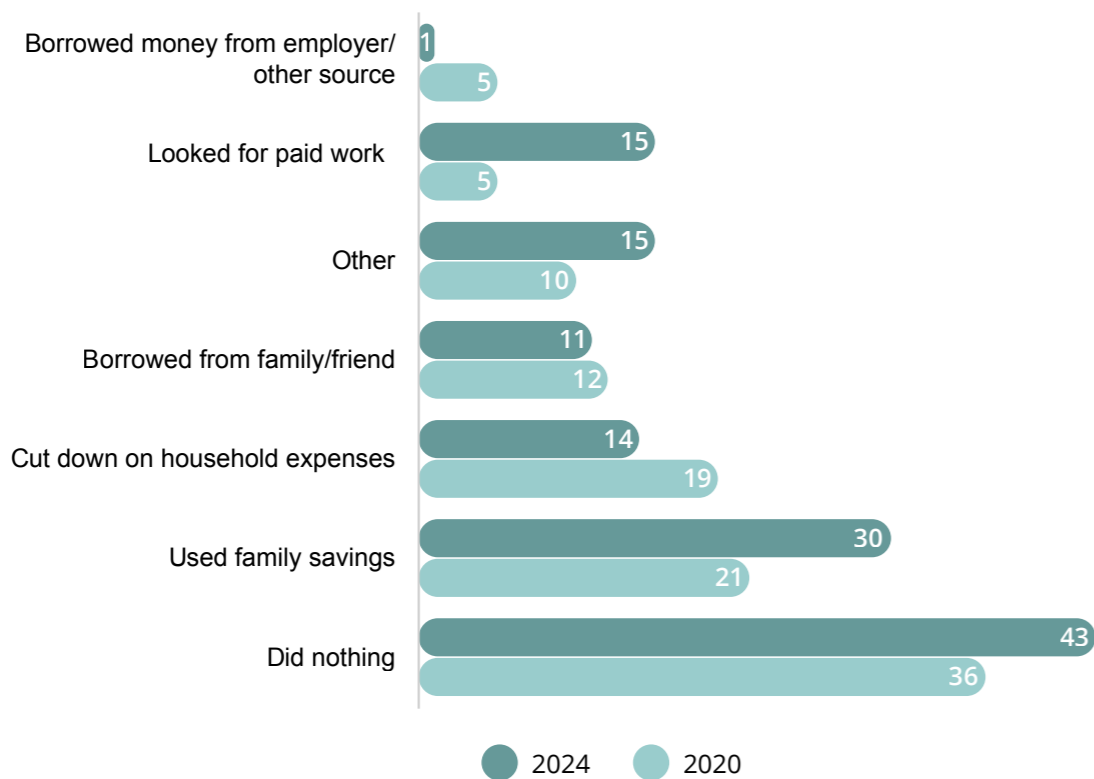


Figure 102: Main way responded (%)

Remittances

This section analyses money transfers among adults within Botswana or between Botswana and other countries. Known as remittances, these funds are mainly sent and/or received to sustain one's livelihood. As shown by Figure 103, the proportion of adults remitting increased by 10 percentage points from 32% in 2009 to 42% in 2024. Although multiple remittance channels exist, our results show that most adults preferred non-bank transactions. In 2024, most individuals (23%) used non-bank services, which include mobile money, to transfer funds. The use of bank services as a remittance means is minimal.

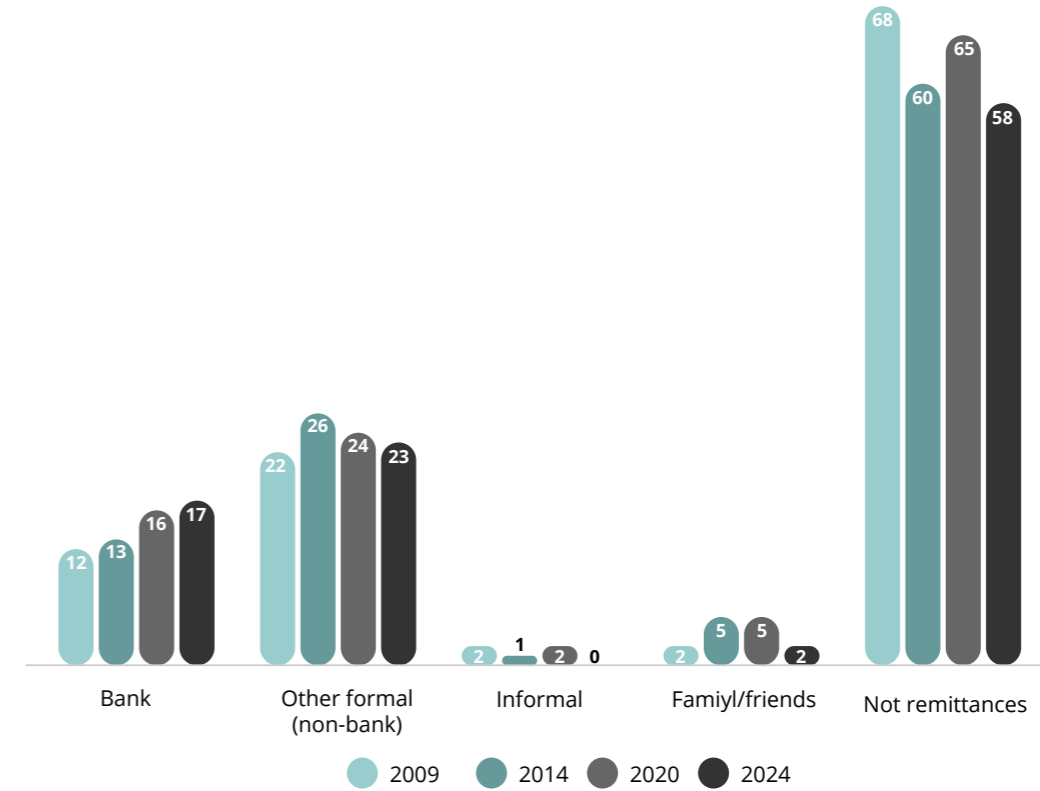


Figure 103: Remittances (%)

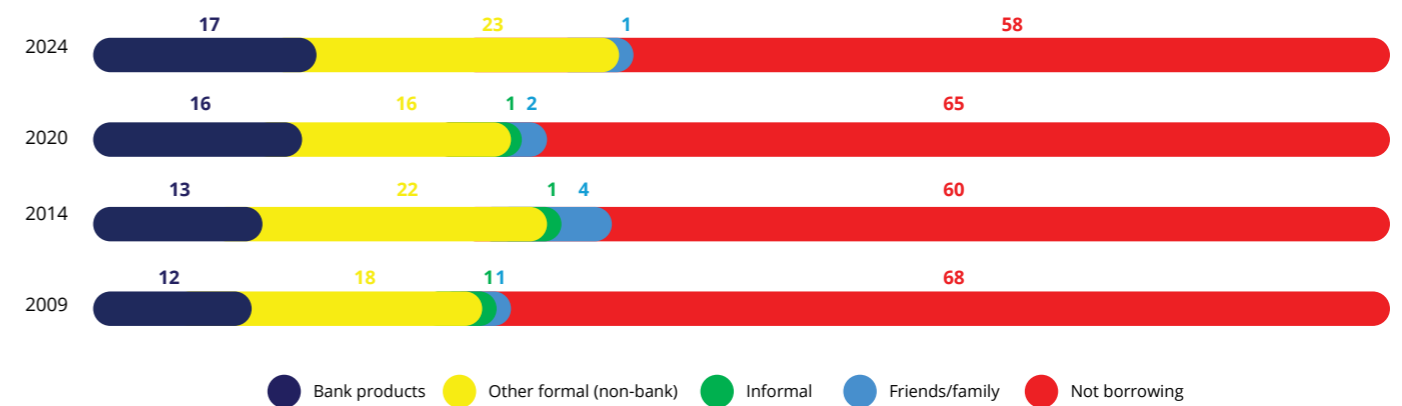


Figure 104: Remittances Strand (%)

More males (49%) are remitting than females (35%) (Figure 105). In terms of age, there is an inverse relationship between remitting and age. The youth are more involved in remittance transactions than older people (Figure 106). Analysis by disability shows that most people with disabilities (89%) are not engaged in remittance transactions (Figure 106).

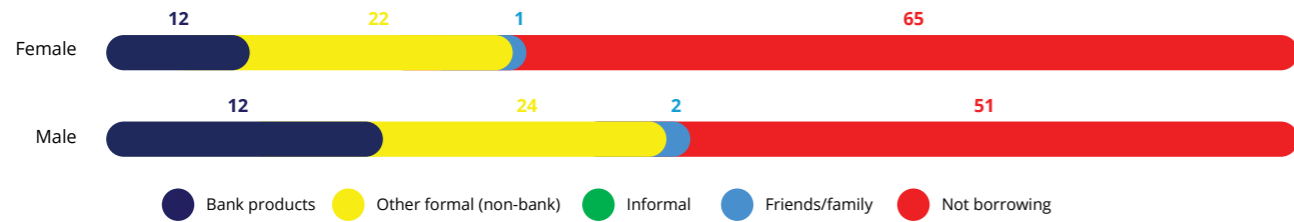


Figure 105: Remittances Strand by gender (%)

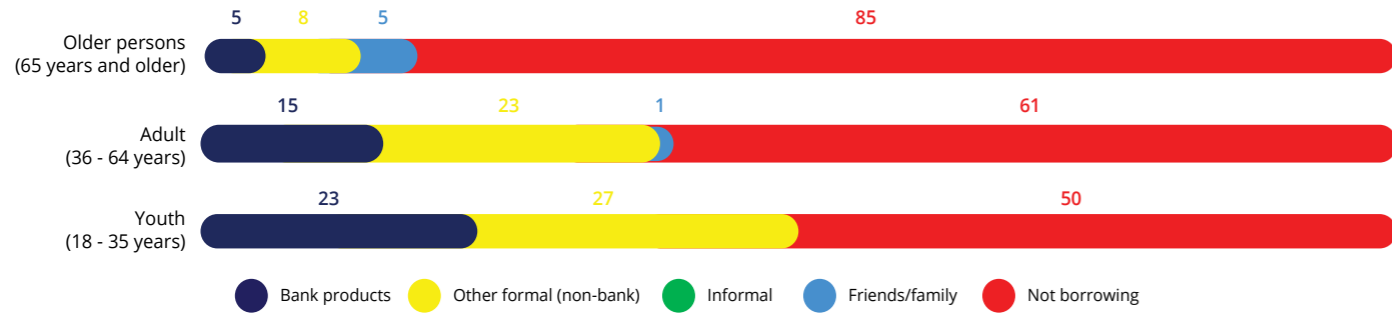


Figure 106: Remittances Strand by age (%)

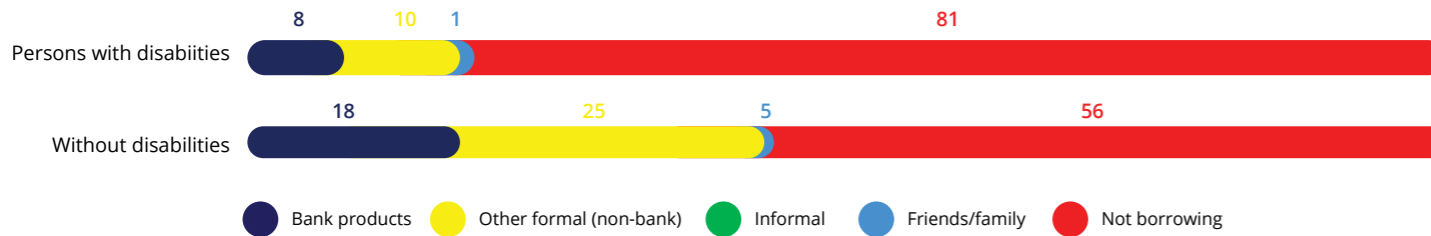


Figure 107: Remittances Strand by disability status (%)

The analyses show that most remittance transactions happen in cities and urban villages. In 2024, most people who remitted (54%) reside in cities/towns, followed by those in urban villages (43%) and rural villages (36%). The results reiterate that education is vital for financial literacy and inclusion. Most individuals engaged in remittance transactions (66%) had tertiary and vocational education. About 10% of individuals without formal education did not engage in remittance transactions in 2024 (Figure 109). Likewise, in terms of livelihood, money transfer is prevalent among salaried individuals, either from the public or private sector. In 2024, 68% and 60% of people who remitted funds were formally employed in the private and government sectors, respectively (Figure 110). Whether sending or receiving money, most people who remit funds complained of exorbitant transaction costs and poor network connectivity, as shown in Figure 111 and Figure 112.

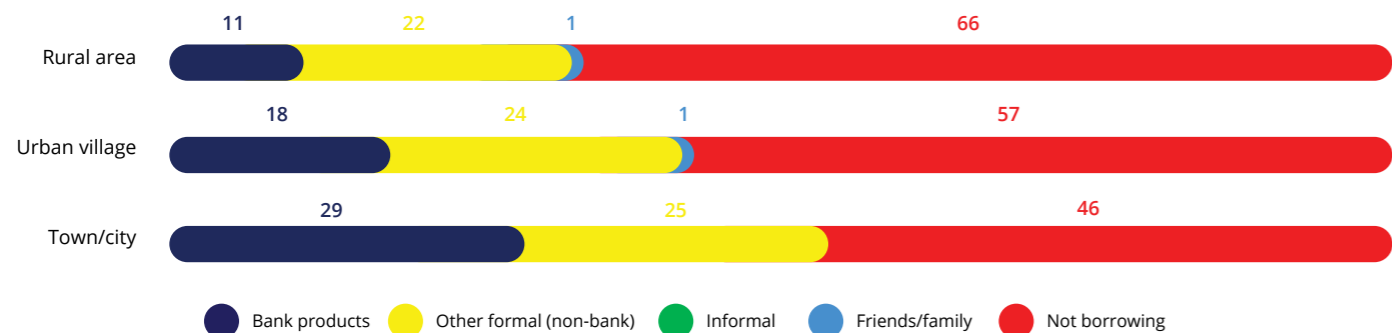


Figure 108: Remittances Strand by location (%)

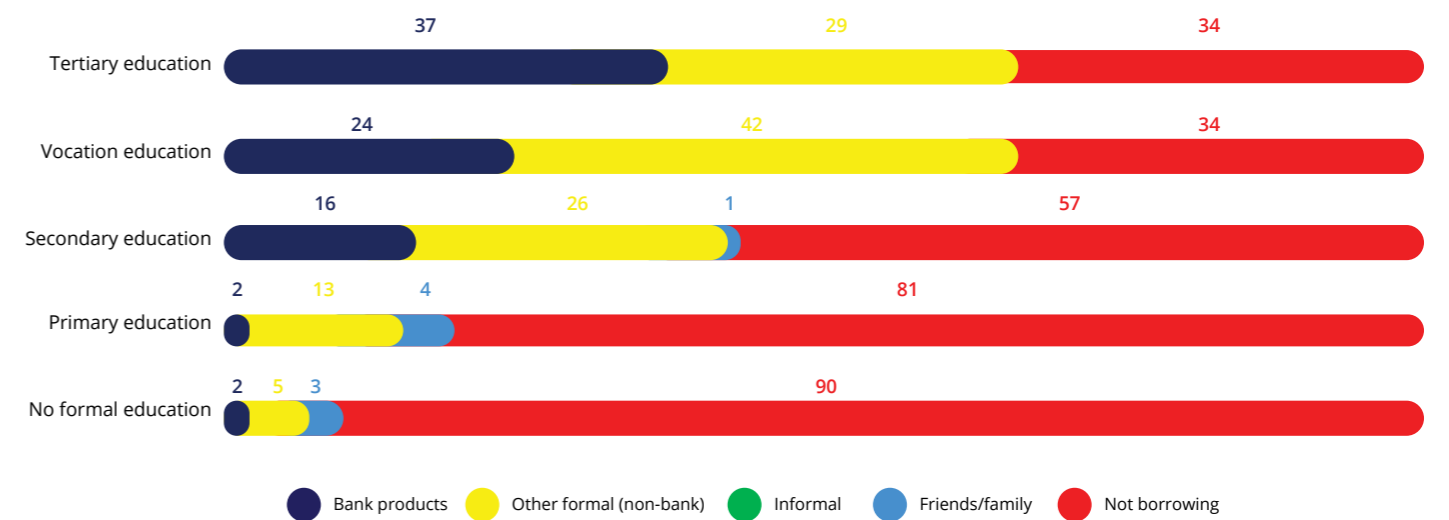


Figure 109: Remittances Strand by education (%)

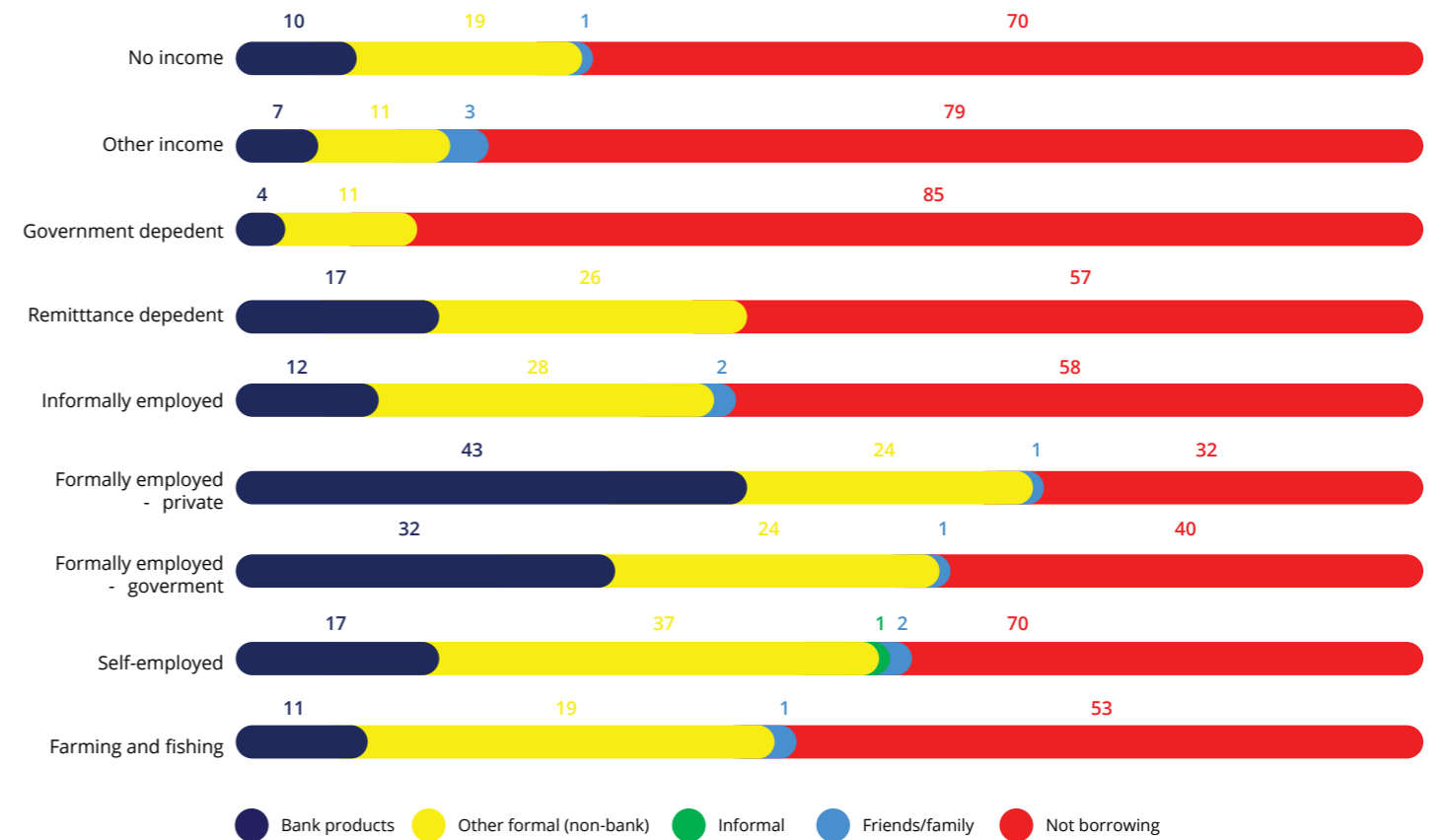


Figure 110: Remittances Strand by livelihood (%)

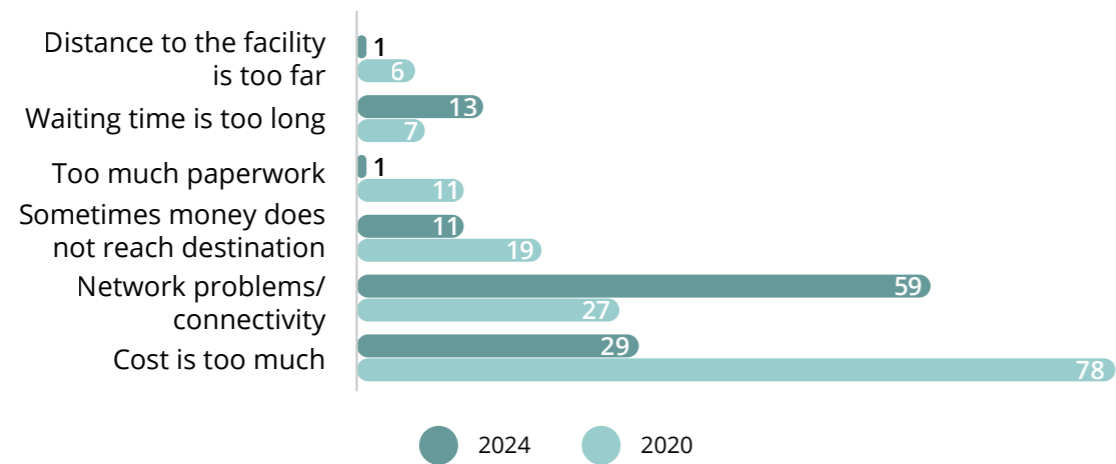


Figure 111: Aspects of service not satisfied with when receiving money (%)

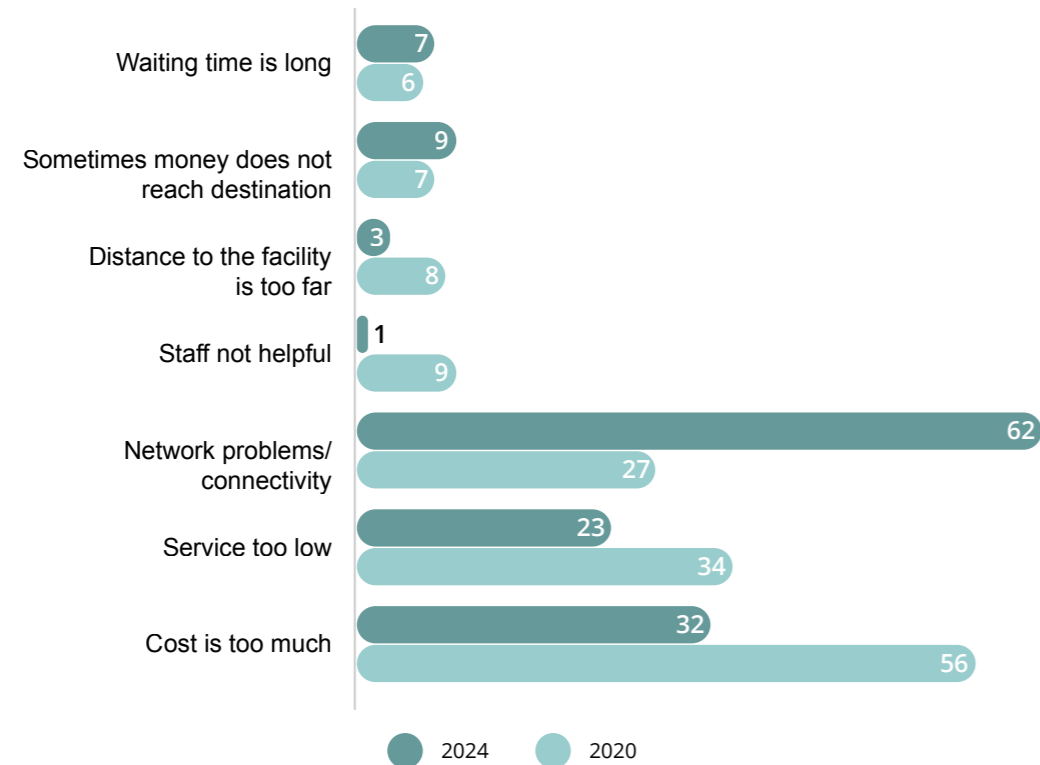


Figure 112: Aspect of service not satisfied with when sending money (%)

Pensions

Pension funds are one of the financial instruments individuals use to prepare for old age in Botswana. Income earned from pension funds is important to sustain individuals when they are retired and can no longer engage in physical and economic activities that attract a salary. As illustrated in Figure 113, most adults in Botswana (48%) are not doing anything to prepare for old age. In 2024, about 27% of Botswana anticipated pension from the government to survive old age – double the result in 2020, at 15%. Others stated that they depend on money from personal savings (11%) and support from family (16%) for sustenance in old age. In 2024, only a small proportion (10%) of Botswana had and relied on pension funds provided by the employer to survive in old age. As shown in Figure 114, about 28% of individuals cited that they would be willing to contribute to another mandatory national pension scheme, over and above what they currently contribute to, to prepare for old age.

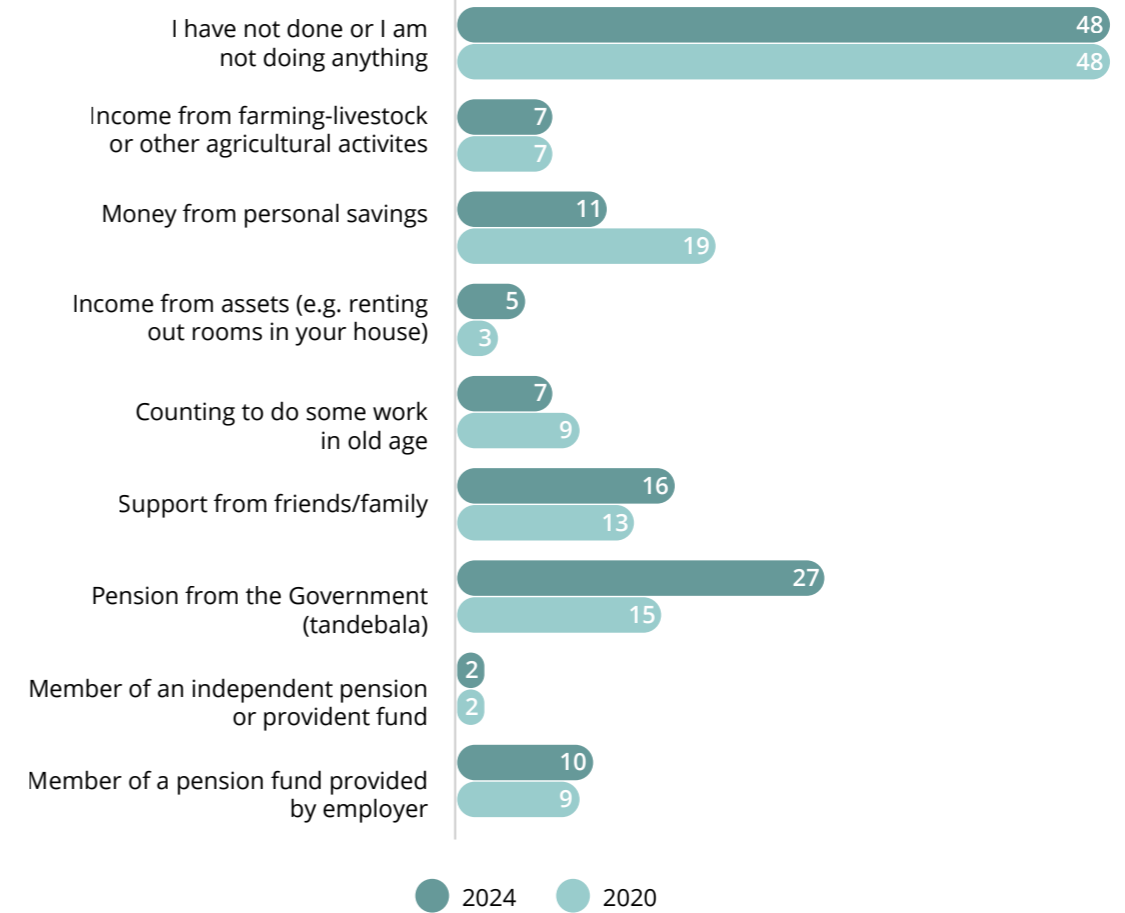


Figure 113: Providing for old age pension (%)

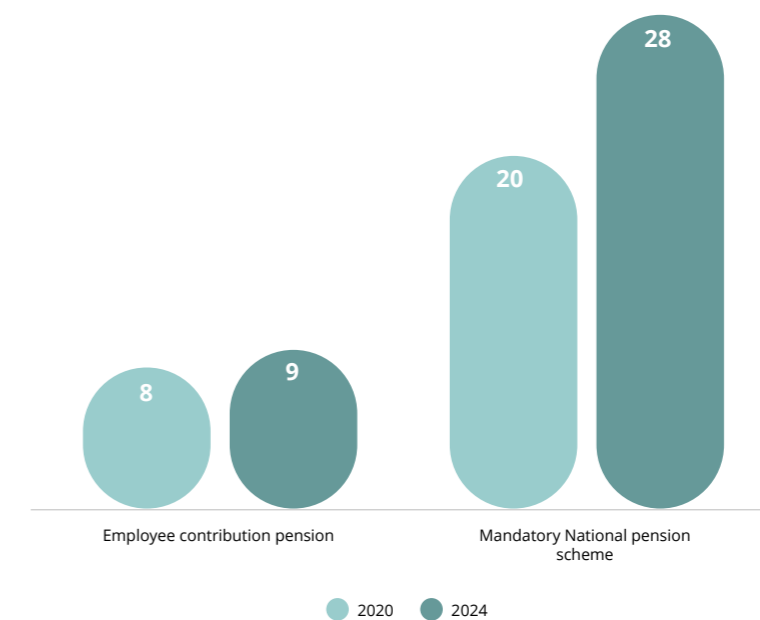


Figure 114: Contribution to a pension scheme (%)



Botswanian independence fight memorial

Financial Health and Scams

Financial health entails an individual's ability to maintain and stabilise their finances and financial affairs. It is measured using four key parameters: the ability to manage day-to-day financial transactions, take advantage of opportunities, be resilient against shocks, and have control over financial decisions. By assessing these parameters, the financial health index provides a comprehensive understanding of individuals' financial well-being. These may be motivated by the three main drivers of financial health: increased access to and improved usage of suitable products and services, transparent advisory services (crucial for making informed financial decisions), and strengthening individuals' and businesses' financial skills.

A steady flow of income, rare changes in expenses, and strong returns on investment are some factors that measure one's financial health. An individual needs access to vital financial services to improve their financial health. In pursuit of this, people spend, save and borrow money, pay their debts, budget and work to protect their assets. Hence, there is a need to develop a financial plan to track and reach one's financial goals and mitigate against any unforeseen financial risks if they occur. Financial well-being is not just about numbers; it can impact all areas of life, including physical and mental health. Understanding all critical components and areas of potential focus that can improve an individual's financial health is vital.

Managing day-to-day finances

According to the FinScope consumer financial toolkit, managing day-to-day finances is the smooth management of short-term financial resources to meet obligations and consumption needs. It is measured using three indicators: expenditure versus income, financial planning, financial ability and means of achieving your goal. These indicators are captured in four independent questions in the FinScope Consumer survey. Table 12 presents the results. On average, most adults are spending much more than their income. The average score is low at 2.24 out of 5. Financial planning averaged 3.61 out of 5, meaning most adults plan financially. Most adults can pay most of their bills on time, as evidenced by the average score of 3 out of 6.

	Mean	Median	Standard Deviation	Range
Expenditure vs income	2.24	2	1.31	4
Financial planning	3.61	4	1.34	4
Financial ability	3.04	3	1.62	5
Means of achieving your goal	1.47	0	1.88	10
Managing day-to-day finance	10.35	11	3.37	19

Table 12: Managing day-to-day finances component

Taking advantage of opportunities

The taking advantage of opportunities dimension assesses consumers' ability to take advantage of economic growth opportunities. This dimension is captured using one indicator based on how confident adults are about meeting their long-term life goals. On average, the indicator scored 2.5, which means most adults are not confident that they will meet their long-term life goals.

	Mean	Median	Standard Deviation	Range
Longer term financial goals	2.52	2	1.46	4
Taking advantage of opportunities	2.52	2	1.46	4

Table 13: Taking advantage of opportunities component

Resilience towards shocks

Resilience refers to the extent of readiness and ability of individuals to cope with financial shocks and is captured using eight indicators, as shown in Table 14. Overall, individuals are not doing well in terms of resilience towards shocks, with an average score of 10.45 out of 30 (Table 14). Most adults find it challenging to come up with P4,500.00 within seven days when needed, as evidenced by a low average score of 1.61. The primary source of income is borrowing from family, friends, and microfinance institutions. Adults are not saving on average, with an average score of 1.32. In addition, those who indicated they were saving saved less, as evidenced by a low score of 1.63. Overall, adults are doing well regarding expense cover estimations, with an average score of 3.32. Most adults do not have plans to settle and pay off current debts and are not dealing with unexpected events well.

	Mean	Median	Standard Deviation	Range
Currently saving/investing	1.32	1	0.47	1
Coming up with P4,500 within 7 days	1.61	1	0.83	4
Main source of money for P4,500	0.95	0	1.44	4
Putting money aside over time for later use	0.32	0	0.47	1
Total savings/investments	1.63	1	1.30	4
Expenses cover estimation	3.32	3	1.35	4
Planning to settle and pay off current debts	0.09	0	0.59	8
Dealing with unexpected events	1.31	0	2.81	17
Resilience towards shocks	10.45	9	4.71	30

Table 14: Resilience towards shocks

Confidence in own finances

Confidence in their own finances refers to individuals' confidence in their financial situation and the ability to control financial affairs. Overall, adults have confidence in their finances, with an average score of 4.28. This is mainly driven by the household debt management indicator, with an average score of 4.20. However, most adults are not doing so well in terms of contributing to a pension or provident fund, with an average score of 0.09, meaning only 9% are contributing to a pension or provident fund (Table 15).

	Mean	Median	Standard Deviation	Range
Contributing to a pension or provident scheme	0.09	0	0.28	1
Household debt management	4.20	4	1.54	6
Confidence	4.28	4	1.51	7

Table 15: Confidence in one's own finances

Financial Health Index (FHI)

The Financial Health Index (FHI) measures how financial services have impacted individual financial health. It is calculated by aggregating all scores and converting them into percentages of the financial health dimensions. The index tries to capture how financially healthy an individual is. Developing FHI involves two steps. First, the financial health score (FHS) is computed as the sum of the four components:

$FHS = \text{Manage day-to-day finances} + \text{Take advantage of opportunities} + \text{Resilience} + \text{Confidence}$

Next, the FHI is computed as $FHI = FHS \times (100 \div FHS)$.

The final score ranges from 0 to 100 and is categorised as follows.

- **Financially healthy:** Can manage their day-to-day expenses, absorb financial shocks, and progress toward meeting their long-term financial goals. Those classified as financially healthy have index values ranging from 75 to 100.
- **Financially coping:** Struggling with some aspects of their financial lives, good financial health and sufficient buffer against shocks, but there are areas for improvement. Those classified as financially coping have index values between 50 and 74.
- **Financially vulnerable:** Struggling with almost all aspects of their financial lives, in poor financial condition, need to work towards improving conditions. The financially vulnerable are those with index values between 0 and 49.

Figure 115 presents the financial health index. Overall, 5% of the adult population is considered financially healthy. This translates to a total of 83,560 adults. An estimated 42% of adults are financially coping (650,305), and the remaining 53% are financially vulnerable. This means a total of 814,763 are financially vulnerable in Botswana. Figure 116 shows that the most contributing dimensions are managing day-to-day finances (38%) and resilience towards shocks (37%). Taking advantage of opportunities is the lowest contributor to the overall financial health index.



Figure 115: Financial Health Index (%)



Figure 116: Contribution of each component to the overall index (%)

As shown in Figure 117, there are no significant differences between men's and women's financial health statistics. Our results indicate that men and women account for 5% of Botswana's healthy adult population. More females are financially vulnerable (54%) than males (50%). In terms of age, there is an observable inverse relationship between financial health and age of individuals. As shown in Figure 118, older persons (62%) are more financially vulnerable than adults and youth. In contrast, youth are coping more financially than older persons and adults. Moreover, people with disabilities are more likely to be financially vulnerable than those without disabilities. Inversely, people without disabilities are coping more financially than those with disabilities (Figure 119).



Figure 117: Financial health Index by gender (%)

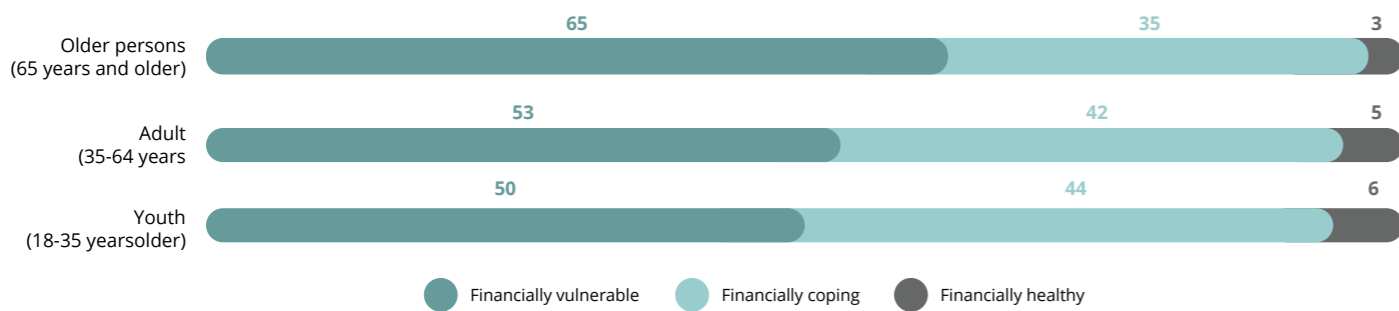


Figure 118: Financial health Index by age (%)



Figure 119: Financial health Index by disability status (%)

In terms of location, our results show that the financially healthy adult population reside primarily in cities and towns (7%), followed by those in urban villages (5%) and those in rural villages (4%) (Figure 120). The financially vulnerable are mostly rural dwellers (60%), followed by those residing in urban villages (51%) and those in cities/towns (42%). The opposite is true for the financially coping population.

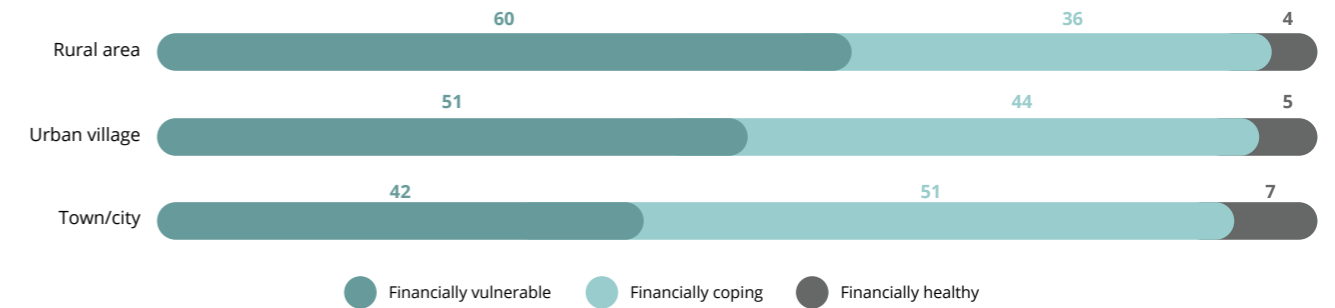


Figure 120: Financial health Index by location (%)

Our results further show that an individual's financial health is directly linked to educational achievements. The highly educated are more likely to be financially healthy; the opposite is equally valid. As shown in Figure 121, individuals with tertiary education account for most (13%) of the financially healthy compared to those with lower educational achievements. Financial vulnerability increases with declining levels of education. For example, adults with no formal education recorded the highest levels of financial vulnerability (78%) compared to those with tertiary education (24%). Figure 122 shows financial health strands by livelihood. As illustrated in Figure 122, those formally employed by the government and the private sector account for most (16% and 7%) of the healthy adult population in Botswana. Conversely, many of the financially vulnerable individuals are those with no income (72%), government dependents (64%), other income (62%) and the informally employed (61%). These groups are also less likely to be financially healthy.

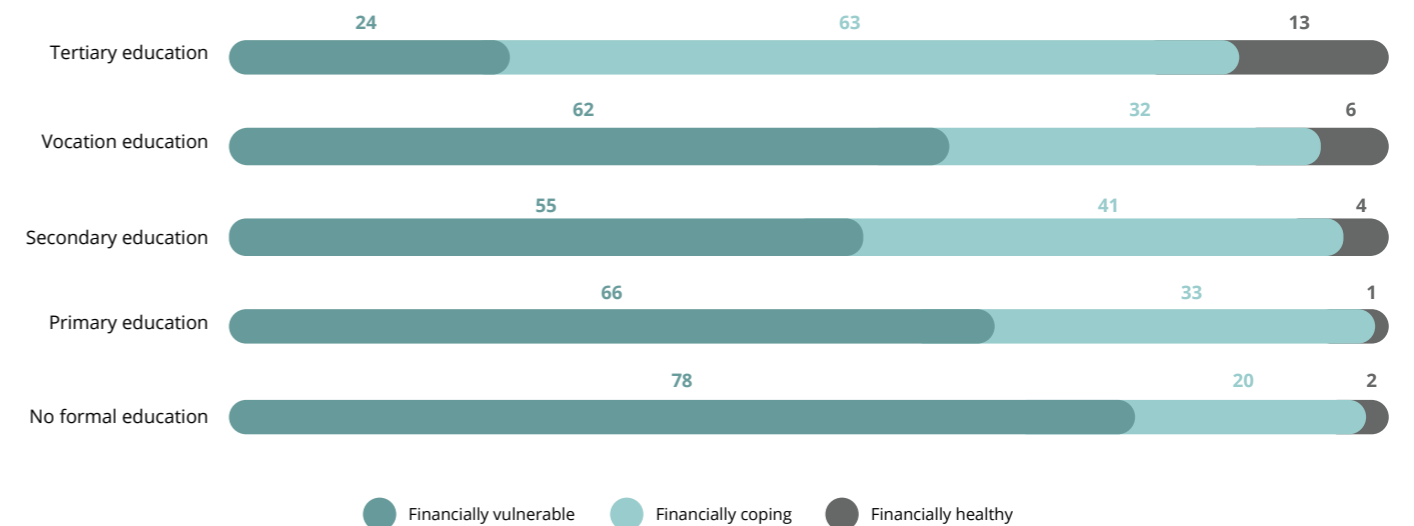


Figure 121: Financial health Index by education level (%)

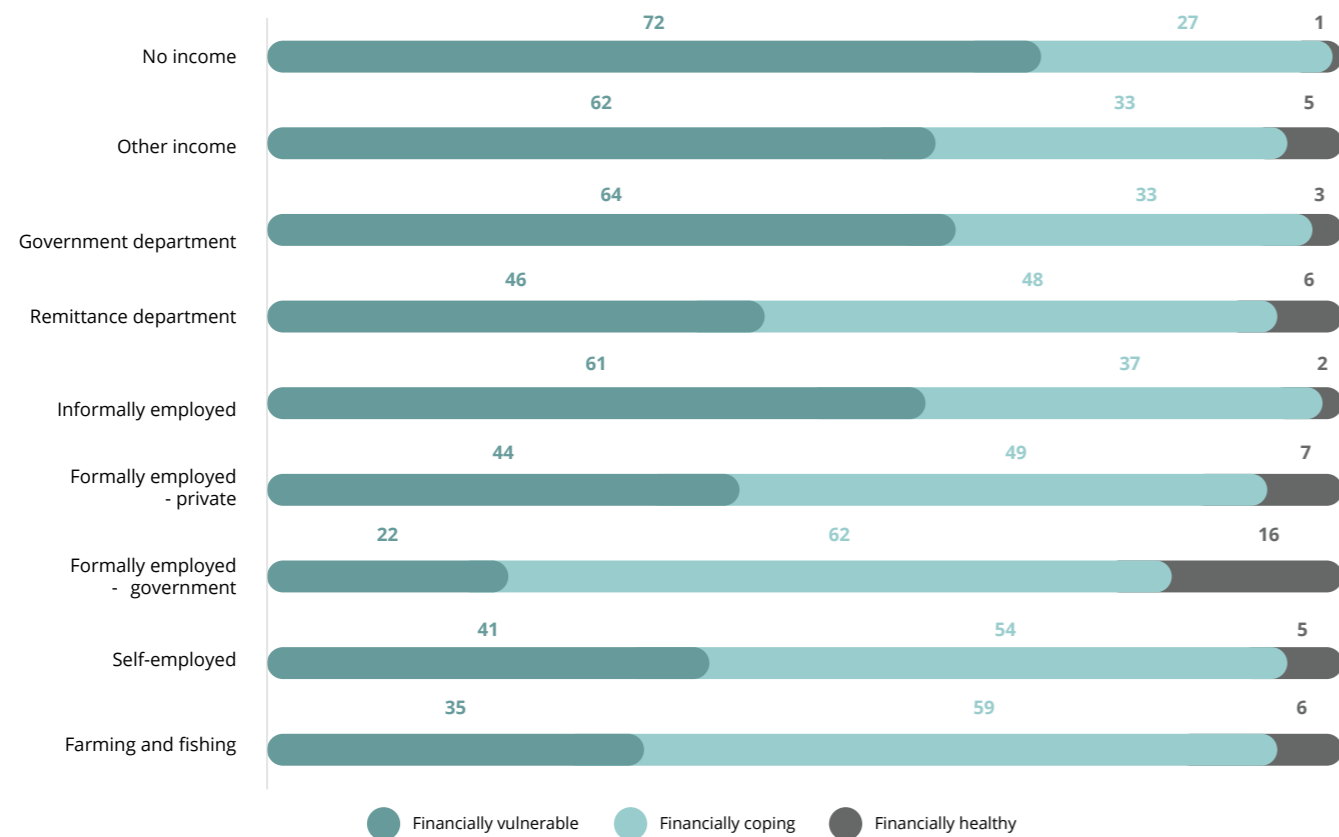


Figure 122: Financial health Index by livelihood (%)

Awareness of scams

This section presents an analysis of scams in Botswana. The findings of the survey indicate that a total of 85% of adults in Botswana are aware of scams. As illustrated in Figure 123, more males (87%) are aware of scams than females (84%). Awareness of scams declines with increases in age (Figure 124). For example, about 89% of youth indicated that they are aware of scams compared to 61% of older persons. In terms of location, awareness of scams is higher in cities/towns (93%) than in urban villages (88%) and rural areas (78%) (Figure 125).

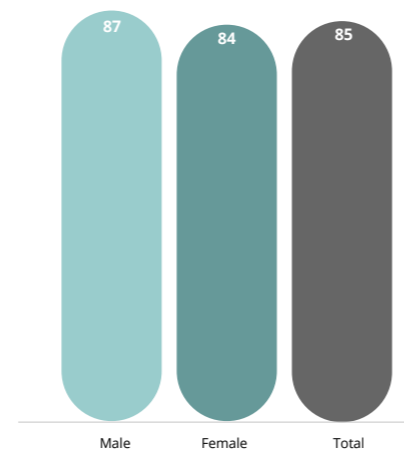


Figure 123: Awareness of scams by gender (%)

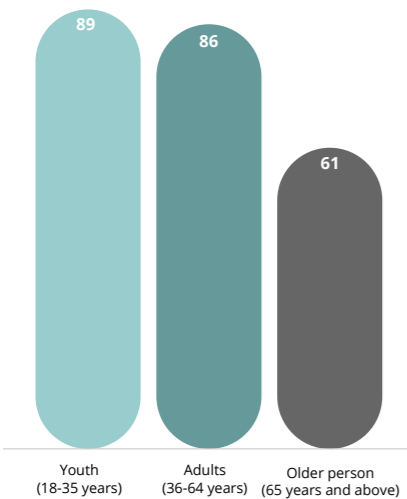


Figure 124: Awareness of scams by age (%)

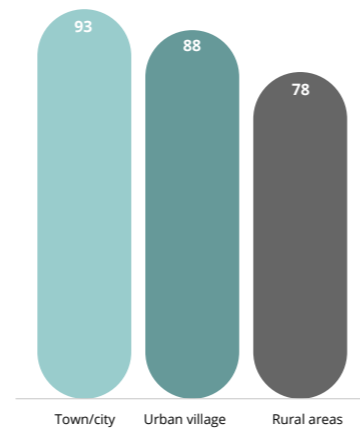


Figure 125: Awareness of scams by location (%)

As shown in Figure 126, awareness of scams in Botswana increases with educational attainment. About 98% of those with tertiary education are aware of scams, compared to 56% with no formal education. Similarly, those in formal employment are more aware of scams than those without formal employment (Figure 127).



Figure 126: Awareness of scams by education (%)

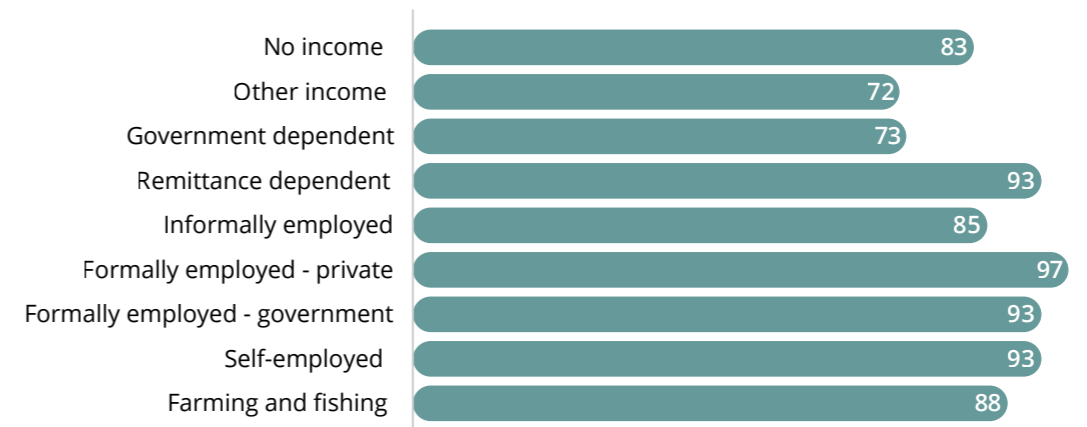


Figure 127: Awareness of scams by livelihoods (%)

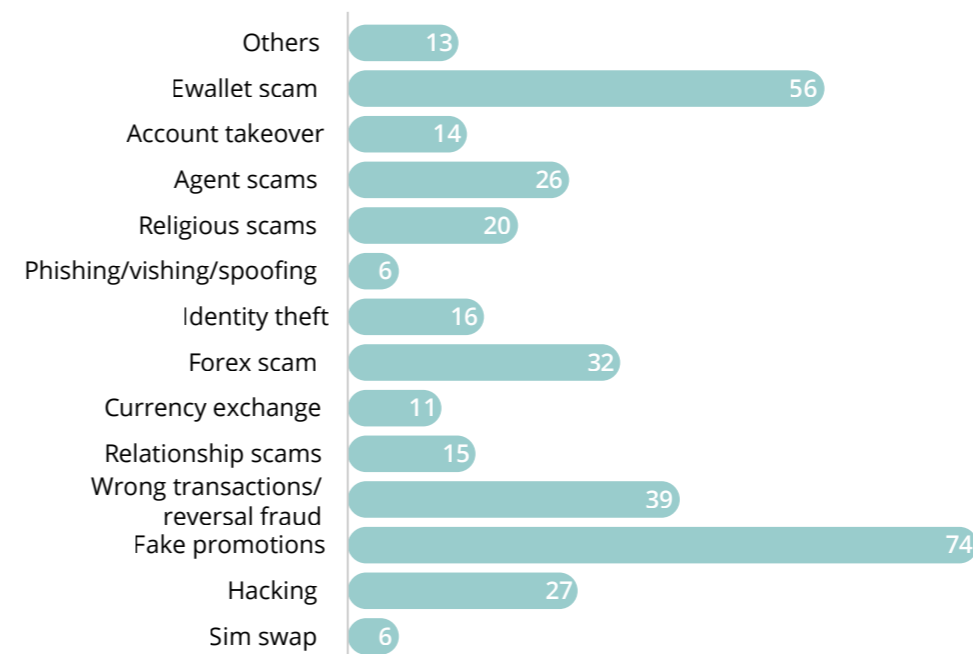


Figure 128: Types of scams (%)

As illustrated in Figure 128 below, Botswana are aware of various scams, including fake promotions, e-wallet scams, transaction fraud, forex scams, and hacking. Most individuals (74%) are aware of fake promotions. The majority (53%) found out about these scams from social media, followed by those who found out from friends (50%), relatives (43%), and radio programmes (30%) (Figure 129).

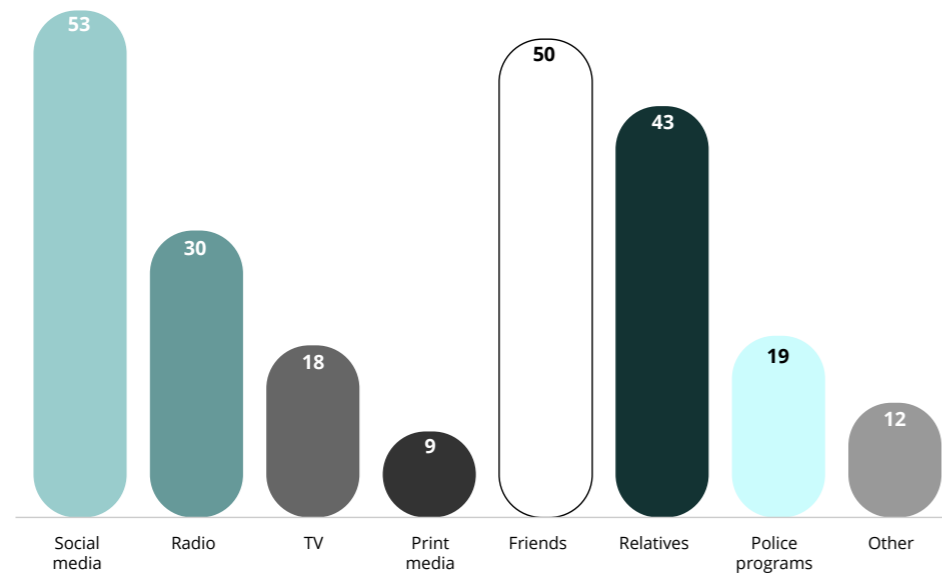


Figure 129: How did you find out about scams (%)

Scams experienced

When asked whether they have experienced scams, most adults (86%) indicated that they have not. Of the 13% who have been scammed, the majority (15%) were males, and about 12% were females (Figure 130). Our results also show that scam experiences decline with increases in age (Figure 131). For example, about 15% of youth indicated that they have been scammed before, compared to only 5% of older persons who have been scammed before. In terms of location, scam experiences are higher in cities/towns (16%) than in urban villages (14%) and rural areas (11%) (Figure 132).

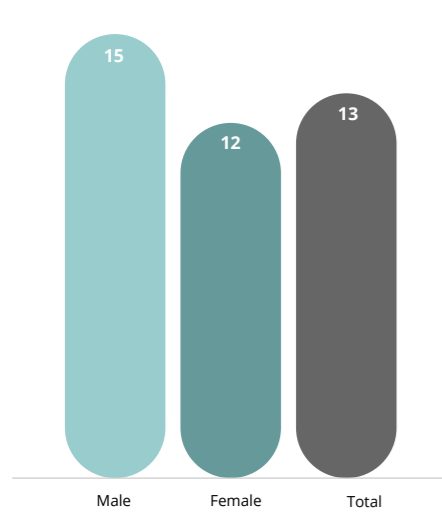


Figure 130: Scam experienced by gender (%)

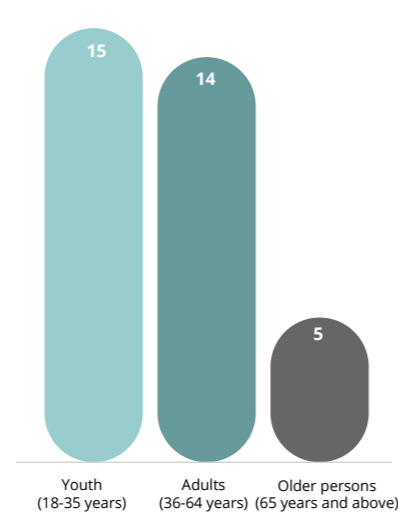


Figure 131: Scam experienced by age (%)

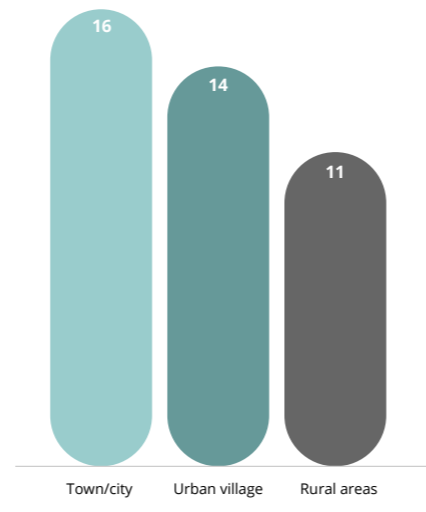


Figure 132: Scam experienced by location (%)

As shown in Figure 133, scam experiences in Botswana increase with educational attainment. A total of 20% of those with tertiary education have been scammed compared to 6% of those with no formal education. Similarly, those in formal employment experienced more scams than those with no formal employment (Figure 134). Most Batswana were scammed through mobile money (43%), followed by those who were scammed through money transfers (13%) and bank accounts (9%) (Figure 135).

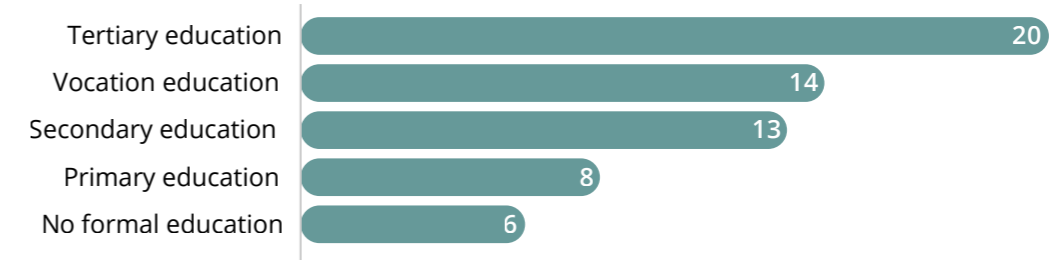


Figure 133: Scam experienced by education level (%)

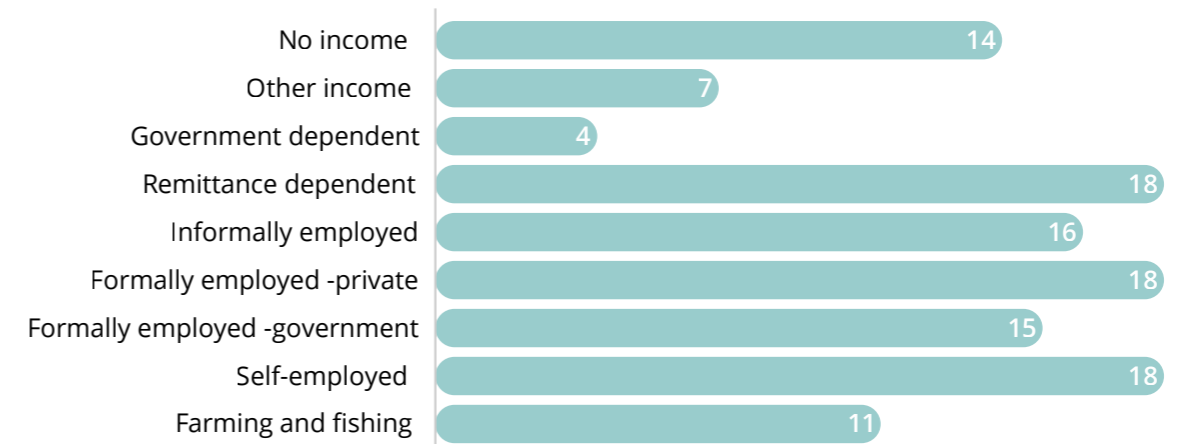


Figure 134: Scam experienced by livelihoods (%)

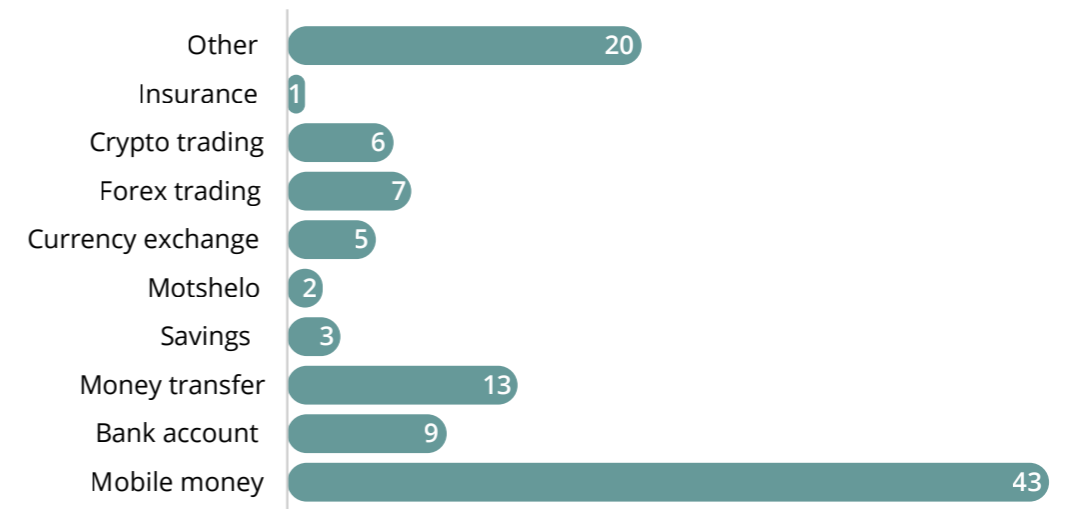


Figure 135: Channel through which the scam happened (%)

Scams reported

Our analysis shows that only a small proportion of people who have been scammed report the incidents. In 2024, only 21% of respondents reported the scams. As illustrated in Figure 136, more males (21%) than females (20%) reported the scams. Reporting of scams increases with age (Figure 137). For example, about 31% of older persons reported scams, compared to 18% of the youth. In terms of location, reporting of scams is higher in cities/towns (24%) than in urban villages (22%) and rural areas (17%) (Figure 138).

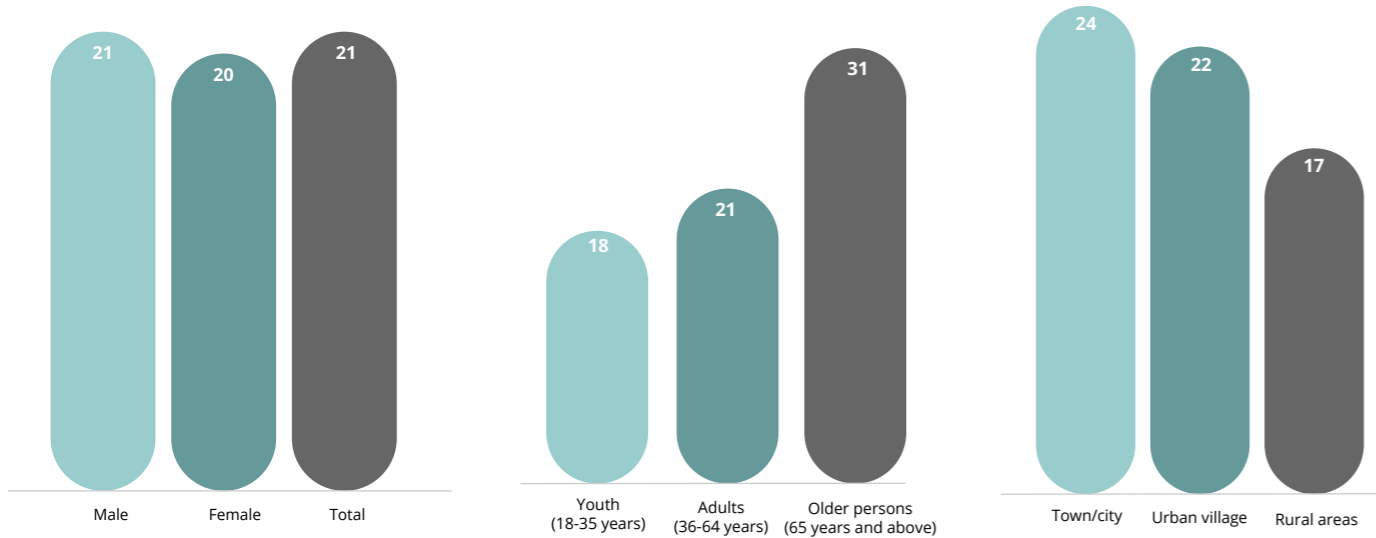


Figure 136: Scams reported by gender (%)

Figure 137: Scams reported by age (%)

Figure 138: Scams reported by location (%)

Figure 139 shows scams reported by educational attainment. About 52% of those with vocational education reported scams, followed by those with tertiary and secondary education (20%). About 12% with no formal education reported scams. Similarly, more remittance dependents (45%) reported scams than those in formal employment (Figure 140). Mostly, scams were reported to the police, as opposed to commercial banks (Figure 141).

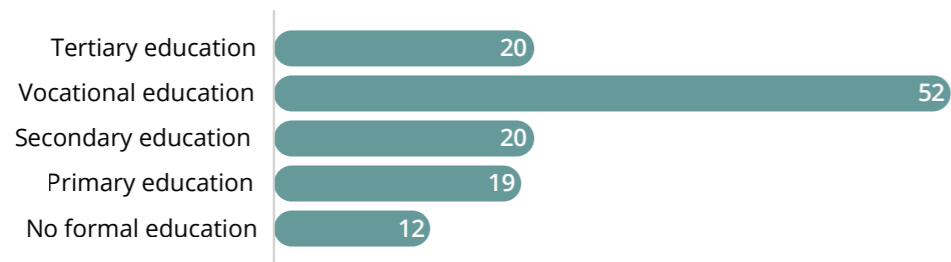


Figure 139: Scams reported by education (%)

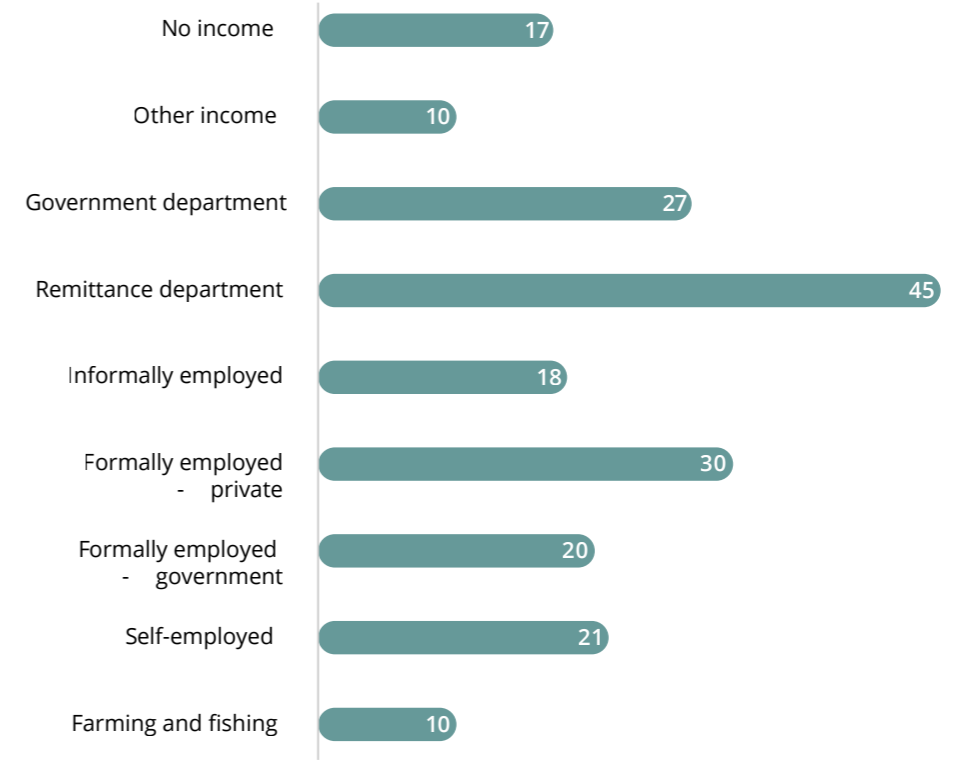


Figure 140: Scams reported by livelihoods (%)

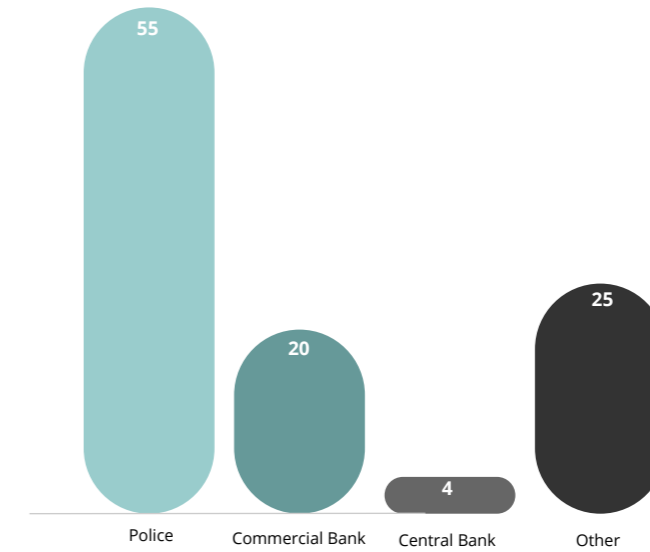


Figure 141: Where did you report (%)

Conclusions and Recommendations

Financial inclusion, a key issue in the developmental agenda, is not just about the debate on its causal relation to poverty and inequality reduction. It is about the diverse ways it addresses social challenges in developed and developing countries. Governments worldwide recognise that a more inclusive financial system is crucial to developing countries' economies, playing a key role in combating poverty and contributing to inclusive economic growth. Botswana considers financial inclusion one of the key enablers for eradicating poverty, as it has put several instruments in place to drive its implementation. These include the Financial Inclusion Strategy, Financial Sector Development Strategy, National Strategic Development Plans, and other policies that promote inclusive finance and contribute to economic and social development.

The country conducted the fifth FinScope 2024 Consumer Survey to effectively track progress in achieving the set targets and other aspirations of inclusive finance.

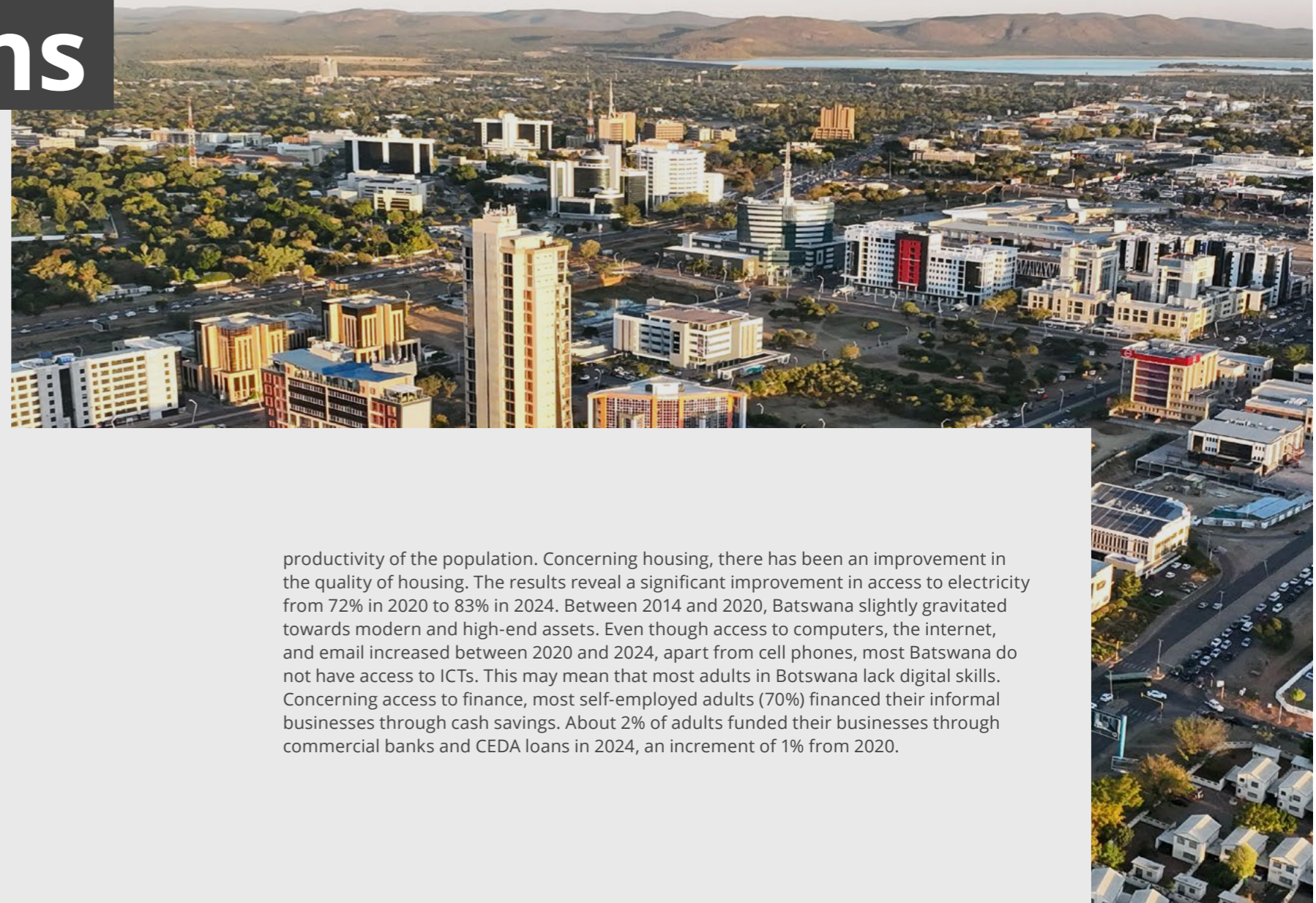
Demographics

The adult population increased from 1,529,249 to 1,548,628 between 2020 and 2024. This increase is significant as it impacts the potential reach and impact of financial inclusion initiatives. Consistent with the 2022 Population and Housing Census, the FinScope results also show that most adults reside in urban areas, followed by rural areas and cities/towns. The gender distribution shows more females than males. Adults (36-64) account for the largest share compared to youth (18-35 years) and older persons (65 years and above). Concerning marital status, the share of the never-married (single) dropped over time due to a slight increase in the share of married couples.

The proportion of adults with secondary education has significantly increased from 24% in 2014 to 53% in 2024. This increase in education levels can lead to a more financially literate population, which is crucial for financial

inclusion. The same incremental trend is observed for adults with a university education, rising from 13% in 2014 to 20% in 2024. This is accompanied by a drastic drop in the percentage of people with primary education, indicating a move in the right direction for Botswana to achieve SDG 4. Participation in agriculture has increased over time, from 29% in 2020 to 33% in 2024. Of those farming between 2020 and 2024, most farm for consumption. Consequently, the top income-generating farming products were cattle. Most adults indicated the informal sector as their main source of income. There has been an improvement in the possession of documents, especially national IDs and passports.

Overall, there has been an improvement in access to safe drinking water from 90% in 2020 to 98% in 2024. However, there has been a decline in access to safe sanitation, from 48% in 2020 to 46% in 2024. This decline in access to safe sanitation can pose challenges to financial inclusion, as it may affect the health and



productivity of the population. Concerning housing, there has been an improvement in the quality of housing. The results reveal a significant improvement in access to electricity from 72% in 2020 to 83% in 2024. Between 2014 and 2020, Botswana slightly gravitated towards modern and high-end assets. Even though access to computers, the internet, and email increased between 2020 and 2024, apart from cell phones, most Botswana do not have access to ICTs. This may mean that most adults in Botswana lack digital skills. Concerning access to finance, most self-employed adults (70%) financed their informal businesses through cash savings. About 2% of adults funded their businesses through commercial banks and CEDA loans in 2024, an increment of 1% from 2020.

Botswana's adult population grew slightly from 2020 to 2024, with improvements in education, housing, electricity, and access to safe water, while challenges remain in sanitation, digital access, and reliance on informal income sources.

Financial inclusion

Financial inclusion in Botswana has drastically improved over time, increasing from 69% in 2009 to 94% in 2024, representing a 25-percentage point increase—formal financial inclusion rose from 61% in 2009 to 91% in 2024. Formal financial inclusion is mainly driven by other formal (non-bank) financial services, which increased from 37% in 2009 to 91% in 2024. This translates to a 54-percentage point increase between 2009 and 2024, attributable mainly to mobile money. The proportion of banked adults slightly increased from 45% in 2009 to 57% in 2024, signifying a 27-percentage point increase between 2009 and 2024. A slight increase is observed in the informal sector between 2009 and 2024. Financial inclusion in Botswana is mainly dominated by transactional activities (77%) and savings (71%). The proportion of the broadly served increased from 46% in 2014 to 62.4% in 2024, meaning the 2021 target of 57% has been surpassed.

Key findings on financial services uptake and usage

Financial inclusion in Botswana has drastically improved over time, increasing from 69% in 2009 to 94% in 2024, representing a 25-percentage point increase—formal financial inclusion rose from 61% in 2009 to 91% in 2024.

Below, we provide key findings of the survey on financial services product uptake and usage:

- **Banking:** The number of banked adults in Botswana increased from 656,614 (50%) in 2014 to 894,983 (58%) in 2024, translating to an 8-percentage point increase. Cash withdrawals and cash deposits are the main drivers of banking.
- **Mobile money:** Mobile money uptake has grown rapidly in Botswana and is key to financial inclusion. The findings on mobile money usage show a 20-percentage increase in the uptake of mobile money from 54% in 2020 to 74% in 2024.
- **Savings and investments:** Overall, there has been a notable increase in the number of people who save in Botswana, from 63% in 2009 to 69% in 2024, a signifying 6-percentage point increase, driven mainly by non-bank and informal savings.
- **Metshelo/savings clubs:** The results show a 4 percentage point increase in the uptake of metshelo/savings clubs from 21% in 2020 to 26% in 2024.
- **Borrowing and credit:** Credit levels declined sharply from 31% in 2009 to 18% in 2024 (a 13-percentage point decline). The sharp decline is mostly driven by bank credit, which declined from 25% in 2009 to 12% in 2024, translating to a 13-percentage point decline.
- **Insurance and risk mitigation:** Overall, the share

of adults with insurance coverage increased by 15 percentage points, from 33% in 2009 to 47% in 2024. Botswana adults are well covered for funeral expenses rather than illness or retrenchments.

- **Remittances:** The proportion of adults remitting increased by eight percentage points, from 32% in 2009 to 42% in 2024. Most adults preferred non-bank transactions, such as mobile money, to transfer funds.
- **Old age pension:** Most adults (48%) in Botswana do nothing to prepare for old age. A small proportion (10%) of Botswana had pension funds provided by their employer and relied on them to survive in old age. About 30% of Botswana anticipated a pension from the government to survive old age.
- **Financial capability:** The proportion of adults who indicated that they were making financial decisions alone declined by 20 percentage points, from 54% in 2020 to 34% in 2024. The proportion of adults who stated they did not get financial advice increased by 10 percentage points, from 50% in 2020 to 60% in 2024. The proportion of adults who indicated they work on budget declined by two percentage points.
- **Gender roles and norms:** Most women in Botswana agree that their opinions are taken seriously. Generally, women in Botswana are free to choose between employment or business outside their homes. Regarding land ownership, males own more land than females overall.
- **Financial health:** 5% of the adult population—83,560 adults—is considered financially healthy. An estimated 43% of adults are finally coping (650,305), and the remaining 53% (814,763) are financially vulnerable. The most contributing dimensions are managing day-to-day finances (38%) and resilience towards shocks (37%).
- **Scams:** About 85% of adults in Botswana are aware of scams, and most (74%) are aware of fake promotions. About 14% of adults indicated they had been scammed, mainly through mobile money (43%). About 21% of the respondents reported the scams, and most (55%) indicated they reported them to the police.

Key recommendations

Below are some key recommendations.

1. Adopt the Financial Inclusion 2.0 (FI2.0) agenda, which seeks to link financial inclusion directly with improving people's lives and addressing real-economy needs through better financial solutions.
2. Policy development: Utilise credible data from the survey to inform and develop targeted policy interventions to improve financial inclusion and stability.
3. Financial literacy programmes: Enhance financial education initiatives to improve financial decision-making and planning among the population.
4. Support for the informal sector: Provide support and formalisation opportunities for informal financial institutions like metshelo to ensure better financial security.
5. Strengthen financial health: Implement programmes to improve the financial health of the population, focusing on the vulnerable.
6. Scam prevention: Increase efforts to educate the public about scams, particularly those related to mobile money, and enhance security measures.
7. Informality: Strengthen the ecosystem around the informal services by providing formal tools and structures to gradually transition the informal to formal without eroding its existence.
8. Cybersecurity and information technology-driven systems: The dawn of the information age poses substantial risks for an unprepared society, rendering it vulnerable. Measures to proactively act and create security and awareness will go a long way toward the eventual success of Botswana and its citizens.
9. Regulation scope and exploration of cryptocurrencies and Artificial Intelligence (AI): though Botswana might not have an active regulation on cryptocurrencies and AI, there is need to understand its impact, scope and influence on the financial inclusion landscape.



2024

FinScope Botswana

Consumer Survey

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