

Namibia Financial Inclusion Survey (NFIS) 2017



Mission Statement

“Leveraging on partnerships and innovative technologies, to produce and disseminate relevant, quality, timely statistics and spatial data that are fit-for-purpose in accordance with international standards and best practice”



Vision Statement

“To be a high performance institution in quality statistics delivery”



Core Values

- Integrity
- Excellent Performance
- Accuracy
- Team Work
- Accountability
- Transparency

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List of Acronyms

ABS	Australian Bureau of Statistics
ATM	Automatic Teller Machine
BBA	Basic Bank Account
BON	Bank of Namibia
CAPI	Computer Aided Personal Interview
DQAF	Data Quality Assurance Framework
DSS	Demographic and Social Statistics
EA	Enumeration Area
FMT	FinMark Trust
GDP	Gross Domestic Product
GIPF	Government Institution Pension Fund
GIS	Geographical Information System
GPS	Geographical Positioning System
HW&LS	Household Welfare and Labour Statistics
MMF	Money Market Funds
NANTU	Namibia National Teacher's Union
NamPost	Namibia Post
NBFI	Non-Banking Financial Institutions
NDP	National Development Programme
NDP5	5 th National Development Plan
NFIS	Namibia Financial Inclusion Survey
NFSS	Namibia Financial Sector Strategy
NHE	National Housing Enterprise
NLFS	Namibia Labour Force Survey
NPSB	NamPost Savings Bank
NSA	Namibia Statistics Agency
NSS	National Statistical System
PSU	Primary Sampling Unit
RS	Regional Supervisors
SACCOs	Savings and Credit Cooperative Organisations
SAS	Statistical Analysis System
SFO	Survey and Field Operations
SG	Statistician General
SPSS	Statistical Package for Social Sciences
SSC	Social Security Commission
STG	Survey-To-Go
TS	Team Supervisors
TWG	Technical Working Group



Foreword

Financial inclusion refers to the delivery of financial services and products in a way that is accessible and affordable to all segments of society and plays a pivotal role in combatting poverty and contributing to inclusive economic growth. It is an important national agenda spelled out in the Namibia Financial Sector Strategy where financial inclusion is identified by government as a key driver for inclusive economic growth and prosperity.

The 2017 Namibia Financial Inclusion Survey (NFIS) was the fourth of its kind to be conducted in Namibia, however, the first for the Namibia Statistics Agency (NSA). The first three financial inclusion surveys were conducted in 2004, 2007 and 2011 respectively, through the FinScope survey of FinMark Trust, an independent trust based in South Africa. The decision to have the survey conducted by the NSA resulted from several engagements between the NSA, Bank of Namibia (BON) and FinMark Trust. The localization of the survey was necessitated by the need to ensure sustainable conduct of the survey, funded by government and conducted by the agency that has the mandate to collect national data for policy making and development planning purposes in Namibia.

This report presents the indicators of financial inclusion in Namibia. These are meant to guide planners, policy makers, researchers, donors and the public in general in their contributory efforts to improve financial inclusion in the country.

The report covers information measuring levels of financial inclusion, the types of financial products and services being used, drivers and barriers to the usage of financial products and services which can all be used to stimulate evidence-based planning that will ultimately lead to effective private and public sectors interventions to increase and deepen financial inclusion.

The anonymised micro-level and meta-data used in the production of this report is available for public consumption through the NSA website at <http://www.nsa.org.na> to enable further analysis by interested institutions and individuals. In this way, the country will derive full benefits from the resources that were allocated to conduct this survey.

The NSA wishes to express sincere gratitude and appreciation for all the support received from various stakeholders in conducting this survey, including many institutions of the financial sector who formed part of the steering committee and the media. Our appreciation also goes to all households and members of the public who participated in the survey as well as the regional and local leaders for their support and cooperation to ensure that the importance of the survey was explained to their respective communities.

We also wish to particularly thank the Bank of Namibia and the FinMark Trust of South Africa, for offering their valuable insights and technical support throughout this survey.

The expertise and efforts of the Freshly Ground Insights (FGI) of South Africa in developing an efficient data collection application for the 2017 NFIS is also highly appreciated. This capacity building and good relations should be continuously strengthened.

Finally, we would like to thank the Bank of Namibia and the World Bank Group for providing funds for this survey.

The NSA hope that users will find this report informative and useful in improving the financial sector of this country, and consequently, its development.

ALEX SHIMUAFENI
STATISTICIAN-GENERAL & CEO

Executive Summary

The report presents the main results of the 2017 Namibia Financial Inclusion Survey (NFIS). The survey was conducted by the Namibia Statistics Agency, in all 14 regions of Namibia, with funding from the Bank of Namibia and the World Bank Group. By design, the NFIS was intended to involve a range of stakeholders through financial sector stakeholder groups to enrich the entire survey process through cross-cutting learning; sharing of information, and to facilitate the extended utilization of the final data.

A nationally representative sample of Namibians aged 16 years and older was engaged. Face-to-face interviews were conducted during the month of October and November 2017. A total of 1 863 persons were interviewed and the data was captured onto a tablet-based questionnaire using the Survey-To-Go application. The data collected was weighted to reflect the adult/eligible population (i.e. aged 16 years or older) in Namibia, as this is the current minimum age legally allowed for any individual to make use of formal financial products in their own capacity. It is also important to note that the results of 2017 are representative only at national and urban/rural areas level, but not at regional level.

The objective of this report is to provide the main findings and indicators from the survey to promote understanding of the financial sector's performance in the country, between 2007 and 2017. The findings presented in this report are meant to provide basis for better planning, policy formulation and implementation in ensuring equal and accessible financial services and products for all.

Over the past years, the Namibia financial sector continue to record some positive changes in the level of financial inclusion expansion and improved efficiency in the financial system, although there is still room for improvement. The 2017 NFIS findings show that 78.0 percent of Namibian adults are financially included. Of this financially included population; 72.6 percent are formally served (67.7 percent are served by commercial banks while 52.8 percent are served by non-bank formal institutions) and 23.9 percent make use of informal financial mechanisms.

The proportion of the financially included adults which is standing at 78.0 percent in 2017 is an increase from 69 percent reported in 2011 and 49 percent reported in 2007. For urban and rural areas comparison, 82.5 out of the eligible urban population is financially included compared to 72.9 out of the eligible rural population. In terms of gender, 76.1 percent out of the eligible male population is financially included, as compared to 79.8 percent of the eligible female population.

The proportion of the financially excluded population has decreased to 22.0 percent in 2017 from 31 percent reported in 2011 and 51 percent reported in 2007.

For urban and rural areas comparison, 17.5 out of the urban population is financially excluded compared to 27.1 out of the rural population. In terms of gender, 23.9 percent out of the male population is financially excluded, as compared to 20.1 percent of the female population.

Banking in Namibia is mainly driven by savings products & services, remittances and transactions. While 67.9 percent (989 288) of the adult population have bank accounts, 22.0 percent (320 522) reported having a smart card account. The mainly reported advantages of having accounts were safety of money from theft (66.8 percent), ease of remitting (47.5 percent) and safety of remitting (42.3 percent). Those that do not have bank accounts mainly reasoned that it is because they do not have money to save on the account (59.6 percent).

Savings: About 80.5 percent (about 1.2 million adults) of the eligible population save, across all forms of savings. Saving through formal mechanisms has decreased from 63 percent in 2011 to 60 percent in 2017, while informal savings have slightly increased from 1 percent (reported in 2011) to 2.9 percent (reported in 2017). More females (42.7 percent) save money compared to males (37.8 percent).

Credits and Borrowing: The 2017 NFIS results show that the proportion of adults who borrow money (across all forms of borrowing) is 42.1 percent (6 13 625), indicating a 10 percent increase from 32 percent reported in 2011. However, more than half of the eligible population reported not borrowing money (57.8 percent), with a vast majority (95.1 percent) reasoning that it is because they fear debt. Those who borrow, mostly do so for reasons including food (41.6 percent), clothing (18.3 percent) and housing (7.4 percent) amongst others. On choosing a credit/loan product, Namibians mainly consider that the product has low fees and charges (38.7 percent).

The use of debt councillors in Namibia is almost non-existent in the country, reported only at 0.4 percent (5 648). However, all those who visited debt councillors encouragingly reported that the services they were offered were useful.

Insurance: In general, the uptake of insurance is low in Namibia, reported at 30.1 percent (438,386) across all insurance forms, of which only 0.1 percent (1,027) are informally insured, while 30.0 percent are formally insured. 69.9 percent of the adults do not have any insurance products or services, and majority stated that it is because they cannot afford to.

Remittances: While there are large proportions of males and females who indicated that they had no remitting products in the six months preceding the survey, at 50.7 and 47.5 percent respectively, the results show that for those that remit, the most reported means of remitting is formal remittance products reported at 37.8 percent.

Further analysis of the 2017 NFIS show that 62.5 percent of income earners receive their income as hard cash, while 37.1 percent receive income through a bank account and only 1.4 percent (20 568) reported receiving income through bank wallets. As reported in 2011, the majority of the eligible population (525 185) earn up to N\$ 1 000.00 per month, reported at 36.0 percent.

The proportion of Namibians who find it difficult to keep up with financial commitments has increased from 61 percent reported in 2011, to 68.5 percent in 2017, and only 23.1 percent indicated that they are often able to make their income last until they receive their next income.

The survey also looked at the demographic characteristics of the eligible population. The results show that the estimated eligible population has increased from 1 245 997 reported in 2011 to 1 457 919 in 2017. Majority of the eligible population remains female, at 52.5 percent. Secondary education is the most reported highest level of education, at 54.8 percent, while tertiary education is 8.3 percent. As for dwelling ownership, 68.8 percent of the adult population reported that they reside in dwellings owned by their households. 17.8 percent reported owning dwelling units other than the ones that they reside in, mainly to accommodate other family members and to generate income from rent.

Piped (tap) water into dwelling/yard is the main source of drinking water, reported at 60.4 percent. Moreover, although the proportion of eligible households with no toilet facilities is still high, it has decreased from 48 percent reported in 2011 to 43.8 percent in 2017. As for sources of cooking energy, eligible households mainly use wood (49.6 percent) and electricity (35.3 percent).

Majority of the adult population (34.3 percent) travel between 30 to 60 minutes to reach a bank, while 4.2 percent (61 086) travels for more than 3 hours to reach a bank.

Ownership of ID/passports, which are some of the main requirements to have to use formal banking products/services, is high at 88.3 percent. Most eligible Namibians mainly earn income through salaries/wages from private companies (17.3 percent), followed by salary/wages from government/parastatals (10.3 percent) and government old age pension (9.9 percent).

Chapter 1: Introduction

1.1 Introduction and background information

Financial inclusion has been recognized by key stakeholders in the financial service sector as a vehicle for sustainable and inclusive growth and development. The Namibian government has undertaken a number of initiatives to accelerate financial inclusion, including the development of the financial inclusion agenda under the Namibia Financial Sector Strategy 2011-2021.

As a country, there is a need to address our socio-economic challenges; poverty, unemployment and financial exclusion. Therefore, current data is needed to be able to measure the depth of these challenges. Financial inclusion, in this context refers to a process of ensuring equal access to financial services and products by all members of the society, including the vulnerable members such as women, youth and low income groups at an affordable cost. In order to formulate effective policy interventions to enhance financial inclusion, regular measures of financial inclusion need to be conducted to inform such policies.

The FinScope Financial Inclusion Survey was the first globally recognized demand-side data source allowing for measurement of financial inclusion indicators at a national level. It originated in 2002 and is trademarked by FinMark Trust of South Africa (FMT). FinScope Financial Inclusion Survey is a nationally representative survey of how individuals source their income, and how they manage their financial lives, including their engagement with the financial services sector as a whole (both formal and informal products/services). It also provides insight into attitudes and perceptions regarding money management, financial products and services, as well as information regarding demographics and overall lifestyles.

1.2 Users and uses

The NFIS provides some insights into the financial needs, preferences and behaviour of people. It is tailored to optimally be useful for those who want to enter new markets, regulate the market, change the market conduct and/or roll out new products in retail financial services. The survey does not replicate what censuses and household surveys (or other generic surveys) do; conversely, census, household surveys and similar surveys data do not yield the financial insights provided by the NFIS survey.

The NFIS assists in establishing credible benchmarks and indicators of financial inclusion, while at the same time providing insights into market obstacles to growth and highlighting opportunities for policy reform and innovation in product development and delivery. The survey findings can therefore be of value to following users:

- Policy makers who wish to develop policies aimed at improving the functioning of financial markets;
- Private service providers who are able to design product strategies around the segmentation and trends highlighted by the data; and
- Donors and non-governmental agencies who wish to support increased financial inclusion to specific population groups.

1.3 NFIS Objectives

The survey looked at financial markets, and the individual's interaction with the financial system, as its departure point. It dealt with financial behaviour, needs, household structure, household livelihoods, wallet size and financial products. The survey covered general money matters (both formal and informal financial service products and providers), digitalization (e-payments), savings and investments, credit and loans, long-term and short-term insurance, legal and housing questions and other categories of interest in the financial arena. Therefore, specific objectives of Namibia Financial Inclusion Survey are summarized as follow:

- To measure the levels of financial inclusion (inclusive of formal and informal usage),
- To describe the landscape of access (type of products and services used by financially included, individuals)
- To identify the drivers of, and barriers to the usage of financial products and services,
- To track and compare results and provide an assessment of changes and reasons thereof, (including possible impacts of interventions to enhance access),
- To stimulate evidence-based dialogue that will ultimately lead to effective public/private sector, interventions that will increase and deepen financial inclusion strategies,
- Provide information on new opportunities for increased financial inclusion and usage.

Chapter 2: Country context: The financial services sector in Namibia

The financial services sector of Namibia consists of the banking industry (commercial banks and a number of other specialised banking/financial institutions) and non-bank financial institutions such as insurance companies, pension funds, smaller financial intermediaries in the form of stockbrokers and money market funds, and the Namibia Stock Exchange. Below is a summarised overview of the financial intermediaries operating in Namibia.

2.1 The Banking Industry

For a long time, the Namibia banking sector has been made up mainly of four large banks (First National Bank Namibia, Standard Bank Namibia, Bank Windhoek and Nedbank Namibia) although several smaller banks have recently entered the market. According to Bank of Namibia 2017 annual report, the four largest banks hold about 98.9 percent of total assets of the banking industry by the end of 2017. This indicates that recent bank entry has not yet translated into significant impact on concentration, given that small banks have struggled to gain market share amid the dominance of the large banks.

A study on user fees and charges undertaken in 2010 by the Bank of Namibia and NAMFISA indicated that the banking industry in Namibia is associated with high fees and charges. High fees and charges contributed to the exclusion of the majority of the society from participating in the formal financial system. In order to promote financial inclusion, it has been deemed necessary to address the issue of high fees and charges that has characterized the Namibian financial system and to promote branchless and agent banking. In this regard, some specific regulatory standards were implemented to address the matter. The Introduction of the Basic Bank Account and the removal of cash deposit fees charged by banking institutions on targeted accounts are some of the interventions introduced to enhance inclusion.

With regard to products and services, there is not much that differentiates among commercial banks. Almost all commercial Banks offer long-term loans, credit cards, savings and current accounts, time and fixed deposits, investments and unit trusts, internet and cell phone banking, mortgage and vehicle financing, Forex and international banking services.

All commercial banks also run a microloan portfolio that gives small loans to individuals and Small and Medium Enterprises (SMEs). The sector has expanded, not only through new entrants but also through technological innovation with modern infrastructure, such as online and cell phone banking which greatly contributed to financial inclusion of the unbanked. The expansion in terms of branches and using of agents has also contributed to financial inclusion.

By the end of the year 2017, the financial sector had a total of 163 bank branches and 62 agencies.

The Table below shows the number of branches and agencies in the Banking sector of the past six years.

Table 1: Number of branches and agencies in the Banking sector of the past six years

	2012	2013	2014	2015	2016	2017
Branches	99	105	111	126	139	163
Agencies	72	73	73	68	61	62

Source: Bank of Namibia

2.1.1 Specialised financial institutions

In addition to the commercial banks, Namibia has four other banking or specialized financial institutions (Agricultural Bank of Namibia (AgriBank), Development Bank of Namibia (DBN), Namibia Post Office Savings Bank (NPSB) and National Housing Enterprise (NHE) that do not fall under the regulatory powers of the central bank (Bank of Namibia). These are thus autonomous government-owned entities that provide a specific range of financial products to very specific target populations.

The Agricultural Bank has been in operation since 1990 with seven branches across Namibia at present. The Bank aims to provide financial assistance in the form of loans to agricultural development and small-scale farmers. It specializes in financing the entire value chain from land acquisition, production inputs, harvesting, transporting, processing and marketing of products. The general purpose of the loans provided by the Bank is for farmers to expand operations, with the aim to convert small-scale farmers into income-generating producers.

The Bank thus offers a wide-range of products aimed at farmers, including production loans, livestock loans, infrastructure loans, vehicle and tractor loans, bush encroachment loans, a loan consolidation facility, and the affirmative action loan scheme. The Affirmative Action Loan Scheme (AALS) is tailored to emerging commercial farmers and is available to previously disadvantaged individuals who have obtained farming land through the Ministry of Land Reform. The purpose of the AALS is to graduate small-scale and communal farmers into commercial farmers.

Wholly owned and funded by the Government of the Republic of Namibia, the Development Bank of Namibia's overall purpose is to support industrial development of Namibia. It focuses on providing financing in line with key priority areas as identified in National Development Plans.

The DBN provides SME finance (direct loans, working capital and credit lines) and SME contract based finance (working capital for those awarded contracts or tenders). With the closure of the SME Bank, the Bank has taken on a sole role of government SME commercial lending.

NamPost Savings Bank (NPSB) has the most extensive branch system of all financial institutions and extends deeper into rural areas than commercial banks. In addition to the savings accounts, NPSB also offers money transfer services, payment services for insurance and pension payments, account payment services for telephone and municipal bills, salary and wage services, deposits and withdrawals, collection services for selected loans (e.g. National Housing Enterprise (NHE)) and premium collection for various companies. NPSB targets poor people in unbanked or under-banked regions and provides tax-free interest rates. Over the past few years, the NPSB introduced SmartCard technology to make its service delivery more efficient and cost effective. The SmartCard was launched in 2006, and by the first quarter of 2018 the NPSB indicated that they have issued well over 500 000 SmartCards.

The National Housing Enterprise (NHE) is a state-owned company of the Government of the Republic of Namibia under the Ministry of Urban and Rural Development. NHE strives to promote home-ownership by being a customer-driven institution that provides housing solutions in order to alleviate the national housing need. NHE's core business is the provision of housing to low and middle income inhabitants of Namibia and financing of housing for such inhabitants. This involves land acquisition from local authorities/municipalities and town councils, housing construction and provision of housing loans.

2.2 Non-Banking Financial Institutions

Over the years, Namibia has seen a growing non-banking financial industry (NBFI) reflecting the sophisticated, deepened and well-developed nature of the country's financial system. Further, despite the potential challenge that could emanate from concentration risk, the sector continued to play a significant intermediation role in the economy as reflected by its overall assets-to-GDP ratios. For example, according to the Financial Stability Report of April 2017, the pension funds and investment subsectors continued to record ratios (i.e., assets-to-GDP) above 80 percent and 90 percent, respectively.

The largest segment of the NBFI sector is the pension system, and it consists of a universal, non-contributory pension and occupational schemes. It covers approximately 30 percent of the labour force. The sector is dominated by the Government Institutions Pension Fund (GIPF), a fully funded defined benefit scheme covering well over 100 000 public sector workers. Private sector employers offer occupational pensions on a voluntary basis to a further 200 000 workers, predominantly through defined contribution schemes.

The unit trust market is large at 32 percent of GDP, with 67 unit trusts, operated by twelve domestic unit trust management companies that had Assets Under Management (AUM) of N\$51 billion as at June 2017, of which 56 percent consisted of money market funds (MMFs), 19 percent of managed funds, 12 percent of absolute return funds, and the remainder consisted of pure equity, income and property funds. A large portion of unit trust products is held by high-net worth individuals, often through stockbrokers and investment advisors.

2.3 Saving and Credit Co-operatives

A co-operative is defined as an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. Latest statistics from the Ministry of Agriculture, Water and Forestry under which co-operatives are registered, indicate that there were about 146 co-operatives registered in Namibia in 2016 with a total membership of approximately 11 988 persons. This however represents only 0.5 percent of the total eligible population of Namibia. About 73.9 percent of Co-operatives in Namibia are engaged in the agricultural sector, 8.2 percent are engaged in manufacturing activities, 5.5 percent involved in art and crafts, 3.4 percent in small-scale mining and 1.3 percent in construction. Further, the latest statistics show that only 6.8 percent of the total number of co-operatives are engaged in financial services (savings and credit).

There are ten (10) saving and credit co-operatives currently registered at the Ministry including, saving and credit co-operatives for teachers (NANTU), the Teachers Union of Namibia, and the co-operative for employees in the Ministry of Agriculture, Water and Forestry known as the Windhoek SACCOS. It has been, however, established that there is significantly low participation in cooperatives with most of the above mentioned co-operatives having very few members. This low participation indicates a need for awareness to encourage a saving culture in Namibia.

2.4 Developments in the financial sector since the last financial inclusion survey in 2011

In 2012, Namibia launched the Namibia Financial Sector Strategy (NFSS), a long-term transformational and development strategy for the country's financial sector. The Strategy aimed at guiding the achievement of the financial sector objectives as set out in the various national development plans and as such the focus is on developing a more competitive, resilient, effective and inclusive sector. Ultimately, the NFSS should contribute to broader desired goals such as fostering economic growth, poverty alleviation as well as reducing income inequality in the country.

Enhancing financial inclusion is one of the key pillars of the NFSS. The Strategy set the target for Namibia to reduce the level of financial exclusion from the baseline level of 51 percent in 2007 to 26 percent by 2021.

It also established the governance structure (i.e. Financial Inclusion Council and an Advisory Body to the Council) to oversee the effective implementation of the financial inclusion related activities that would ensure the achievement of the set target. Over the past years since the launch of the NFSS, Namibia has made significant strides in implementing activities and projects aimed at enhancing financial inclusion across all three financial inclusion dimensions, namely consumer protection, financial literacy and access to finance. Below are highlights of some milestones achieved since the introduction of the Strategy.

2.4.1 Consumer Protection

Since the launch of the Namibia Financial Sector Strategy, the financial sector has embarked upon various initiatives meant to protect the interests of consumers. In 2012, the sector conducted a study to determine the appropriate framework for consumer protection in Namibia. The recommendation of the study, which was endorsed by the Financial Inclusion Council, mandated the financial sector to deal with its consumer protection issues, though within the framework of the national consumer protection legislation.

As part of its consumer protection drive, the Bank of Namibia in conjunction with the banking industry developed the Code of Banking Practice which set standards of good banking practice for banks to follow when dealing with their customers as well as Guidelines for Lodging Complaints on how financial consumers can lodge complaints to Bank of Namibia against commercial banks. These two documents were jointly launched in January 2013. Further, in order to ensure fair treatment of consumers by banking institutions, the Bank of Namibia drafted the Regulations relating to unfair terms in transactions or contracts between banking institutions and their customers in 2013. These Regulations are intended to set a framework within which banking institutions must work when drawing up their transactions or contract terms which they conclude with their customers.

In 2014, the Credit Bureau Regulations were issued to regulate the operations of credit bureaus in Namibia. Prior to 2014, there was no regulatory framework to regulate and protect consumers against unfair treatment by credit bureaus. The Regulations also provide dispute resolution mechanism in the event of disputes arising between consumers, credit bureaus and credit providers.

2.4.2 Financial Literacy

There has been quite significant momentum when it comes to financial literacy activities in Namibia since the adoption of the Namibia Financial Sector Strategy. In this regard, the Financial Literacy Initiative (FLI), a national platform to enhance financial education for individuals and small businesses, was launched to contribute to the narrowing of the financial exclusion gap through creating awareness of financial services and products.

The Initiative which resorts under the Ministry of Finance, has been carried out in collaboration with institutions from the public sector, private sector, regulators, parastatals, NGOs and other civil society. These groups agreed, through signing a Memorandum of Understanding, to jointly design, fund and undertake targeted financial education and consumer protection initiatives in the country. Financial literacy includes both knowledge and behavioural components. The financial literacy of the average Namibian above the age of 16 was last estimated at 42.75% through a survey undertaken in 2013. The average score for financial knowledge (51.18%) was higher than that for financial behaviour (32.26%). A follow-up survey is currently underway to provide an indication of whether or not FLI interventions have made an impact.

2.4.3 Improved access to financial services and products

There has been a number of activities and projects geared toward enhancing access to finance both for individuals and businesses. In order to promote financial inclusion, it has been deemed necessary to address the issue of high fees and charges that has characterized the Namibian financial system. High fees and charges were found to be amongst the factors that contributed to the exclusion of the majority of the society from participating in the formal financial system. In this regard, some specific standards were implemented to address this matter. The introduction of the Basic Bank Account (BBA) with minimal charges in 2015, aimed at benefiting low income earners of the society was one pragmatic intervention. All commercial banks have introduced the account meeting the set standards and the number of basic bank accounts have increased to 188,089 by December 2017.

The other intervention was the issued Standards on Cash Deposit Fees, which removed all cash deposit fees charged by banking institutions to all individual accounts and accounts belonging to businesses with a turnover of N\$1 million or less. This became effective on 31 March 2015.

Both the banking and non-banking industries have responded and contributed positively to the country's financial inclusion agenda. In fact, the industry associations and institutions have served on working groups in developing policies, strategies and guidelines outlined above. Moreover, all major commercial banks have since opened lending divisions that specifically target Small and Medium Enterprises. Furthermore, innovation and the emergence of mobile financial services in recent years has greatly contributed to enhancing financing inclusion.

Chapter 3: Methodology

3.1 Organisation and preparation

3.1.1 Legal Basis

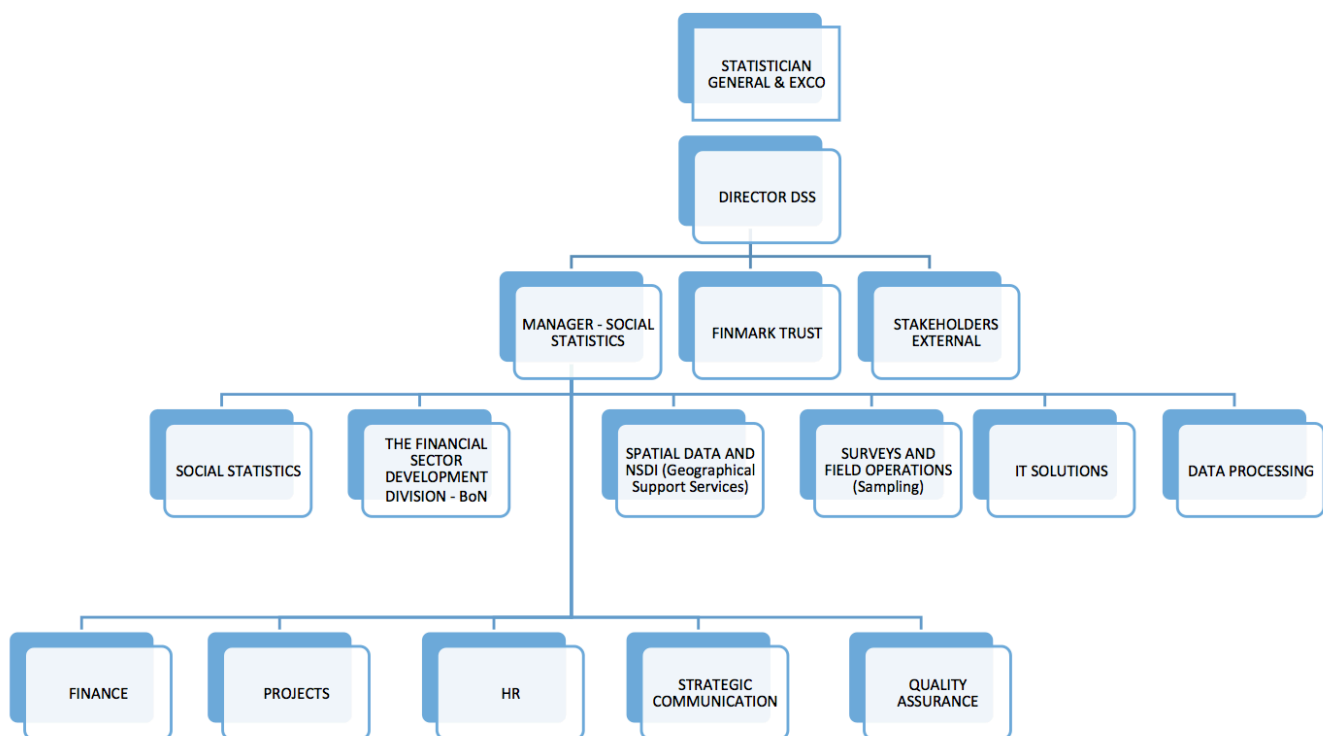
The Namibia Financial Inclusion Survey (NFIS) 2017 was conducted by the Namibia Statistics Agency (NSA) in collaboration with the Bank of Namibia, FinMark Trust of South Africa, under the provisions of the Statistics Act, 2011 (Act No. 9 of 2011). It is by the virtue of this Act that all information collected that could be linked to individual or households was, and will be kept strictly confidential.

3.1.2 Stakeholder's workshop

The field operation was preceded by two stakeholders' workshops. The key stakeholders were mainly institutions from the financial sector. The first workshop was conducted in May 2017 where the NSA presented to stakeholders the NFIS 2017 questionnaire for review, as well as the survey activity plan.

3.1.3 Survey organisation structure

During the undertaking of the NFIS of 2017, the organizational structure presented in the diagram below was adopted.



NFIS 2017 Organisational Structure

The second and final questionnaire review workshop was conducted in June 2017. This provided all stakeholders with an opportunity to contribute to the improvements of the 2017 NFIS questionnaire in the way questions were framed as well as ensuring that data that was to be collected will be relevant for them. Besides the rephrasing of some questions, or addition of response categories to existing questions, other changes to the questionnaire included addition of questions on indebtedness and mobile money. It was at this second workshop that the stakeholders agreed and adopted the final questionnaire.

The Social Statistics (SS) division under Demography and Social Statistics (DSS) department was responsible for the overall planning and coordination of the survey, administration of survey resources, questionnaire design, progress reporting, data analysis and report writing. The Surveys and Field Operations (SFO) division was responsible for survey design, fieldwork planning, deployment of field staff, supervision and progress reporting during data collection phase. The Data Quality Assurance department provided guidelines and procedures to ensure data collected meets quality standards as set out in the Namibia Data Quality Assessment Framework (DQAF), and the Data Collection, Processing and Dissemination Policy and Practice. The SSD worked closely with the Bank of Namibia and the following departments/divisions at NSA: Legal, Data Processing, Information Technology Solution, Data Quality Assurance, Human Resources, Finance, Administration and Logistics and Strategic Communications.

The survey progress was reported to the Statistician-General (SG) and the Executive Committee (EXCO) members on bi-weekly basis or when required. The FinMark Trust Consulting firm provided technical support during the planning (e.g. questionnaire design and training of trainers and training of fieldworkers), and during the data analysis phases of the survey.

3.2 Pilot Survey

In order to test the survey instruments, tools, logistical and administrative arrangements on the ground to ensure a smooth running of the NFIS 2017, a one-week pilot test was carried out. The pilot took place from 14-19 August 2017, covering a total of 2 Primary Sampling Units (PSUs), one in Khomas region and another in Kavango West region were selected for the pilot, with a single team working in each region. The data processing plan was also tested using the pilot survey data. The results for the pilot test were used to review and improve on the survey implementations in all areas of survey functionalities, such as review of the survey tools, draw up the final plans for the main survey in order to provide final estimations of resources required to implement survey activities effectively.

3.2.1 Outcome of the Pilot survey and adjustment made

The pilot survey confirmed the effectiveness of data transmission from the field to the NSA head office. The readiness of the data monitoring tool which the survey staff at the NSA head office were using to view the data transmitted from the field on a daily basis was also established. Logistics and administration arrangements, including time allocated for listing and interviewing also proved adequate and effective. Moreover, results from the tabulations of the pilot survey data informed the survey team on which questions needed to be rephrased to make it easy for the respondents to understand them better. There were also spelling and numbering errors identified in the questionnaire in the application, better known as Computer Aided Personal Interview (CAPI), which were corrected accordingly.

3.3 Recruitment, training and fieldwork

3.3.1 Recruitment of field staff

The distribution of the survey field staff that were recruited during the undertaking of the NFIS 2017 is presented in table 2 below. In the table, the total number of field staff who were trained and those who were employed for the survey and how they were allocated to respective regions are presented. Team Supervisors, IT Field Technicians and Enumerators were recruited from the NSA field staff database.

Table 2: Distribution of recruited, trained and deployed staff for NFIS 2017

Region	No of Field Teams	Actual Employment			Training		IT Field Technicians (ITFT)	Regional Statistician (RS)
		Team Supervisor	Enumerators	Total Staff	Reserves	Total Staff For the training		
//Karas	1	1	2	3	1	4	1	1
Erongo	3	3	6	9	1	10		1
Hardap	1	1	2	3	0	3		1
Kavango East	2	2	4	6	0	6		1
Kavango West	1	1	2	3	1	4		1
Khomas	6	6	12	18	2	20		1
Kunene	1	1	2	3	1	4		1
Ohangwena	2	2	4	6	1	7	1	1
Omaheke	1	1	2	3	1	4		1
Omusati	3	3	6	9	0	9		1
Oshana	2	2	4	6	1	7		1
Oshikoto	2	2	4	6	2	8		1
Otjozondjupa	2	2	4	6	1	7		1
Zambezi	1	1	2	3	2	5		1
Namibia	28	28	56	84	14	98	2	14

3.3.2 Training

In the undertaking of the NFIS 2017, a number of trainings took place namely the master training, pilot training, training of trainers and the main fieldwork training. The master training is the first stage of training conducted for all NSA staff who will be part of the survey to acquaint them with the survey methodologies and instruments. This intensive training was conducted by FMT, and lasted for a period of one week. The second stage of the training comprised of a large number of staff from the head office, regional statisticians of selected regions where pilot survey was to be conducted, and field staff who will be involved in the pilot survey. This training was called the Pilot Training and was also conducted with technical support from FMT. In preparation for the main training, a group of staff who were involved in the pilot survey, two IT Field Technicians (ITFT) attended a one-week refresher training before they were deployed to different training centres to carry out the main training of the field staff.

The main training for all field staff was conducted at one center in Okahandja with different class rooms. All staff that were involved in the survey undertaking went through an intensive training program covering the survey methodology, questionnaire, concepts and definitions and the use of data capturing applications. In addition, all trainees were subjected to various assessments and only the top performing candidates were selected to be part of the main survey field work.

3.3.3 Field Organization/ Structure

The main survey consisted of field teams operating within a region under the Regional Supervisor, a permanent position held by the NSA Regional statisticians (RS). Regional supervisors were supported by two (2) temporary IT technicians based at the head office who provided IT support to the regional field teams. Each IT technician was allocated 7 regions to support and oversee data transmission to the head office.

The field teams consisted of a team supervisor and two interviewers. Field personnel were recruited from their home areas since they needed to be familiar with the local terrain/locality and to facilitate interviews in local languages. In total, 84 field staff were deployed for fieldwork for a period of 6 weeks. The work plan was designed in such a way that the first three weeks was allocated to the listing of private households within the selected PSUs, and the last three weeks to administer the questionnaire to the sampled 14 private households per PSU. Both listing and main data collection interviews were conducted through face-to-face interviews, in all 14 regions, from 2 October 2017 to 13 November 2017. Main interviews were conducted with tablets fitted with the Survey To Go (STG) application.

3.3.4 Survey Publicity and Advocacy

A Communication Strategy Plan that focused on advocacy and publicity of the NFIS 2017 both at national and regional level was developed. The most convenient method used was the distribution of flyers and pasting of posters to create awareness. During this activity, the Regional Statisticians were able to hold community meetings and had the opportunity to elaborate on the objectives of the survey. Mobilisation was done in each and every selected PSU before commencement of listing and data collection exercises to ensure that the local people were aware of the survey and what was expected from them.

The NSA's Department of Corporate Communications also arranged for television and radio interviews, and placed newspaper adverts in the local daily newspapers to inform the public accordingly. The 2017 Ongwediva Annual Trade Fair was also used as a platform to notify the public about the survey. Moreover, courtesy visits to constituency and local councillors was also undertaken to introduce the survey and its components as well as to request for their assistance in informing their constituency inhabitants about the survey during their respective radio announcements and community meetings.

3.3.5 Survey Monitoring and Quality Assurance

To ensure that reliable, quality and timely data were collected, a series of data assurance activities were undertaken at different levels of the survey. A pilot test was conducted to test the readiness of the fieldwork tools, and its results were used to improve the questionnaire, the CAPI application and the training manuals which were used in the main fieldwork. Field staff who were recruited for the main training received intensive training for two (2) weeks, and their participation in the main fieldwork was based on their performance evaluated through written tests. Moreover, during the main fieldwork, monitoring teams comprised of staff from the head office were sent to the regions at the beginning of the listing and interviewing phases respectively, to ensure that the field work was being conducted as planned and that all data collection rules and guidelines were being followed as prescribed. Monitoring teams had to observe interviews by at different households to monitor whether field staff were introducing the objectives of the survey properly and whether questions are asked as trained including the translation of questions from English to vernacular languages. In doing so remedial actions were taken timely without further delays and compromise to the data collection exercise.

In addition, daily transmission of the collected data to the head office were undertaken to ensure minimum effect in the event of loss or damage to the data collection tools (Tablets). As a result, secondary verification and completeness checks were carried out with the data collection application monitoring tool to ensure correct, complete and valid information are transmitted.

3.4 Sample and Methodology

3.4.1 Sample design

The target population for the NFIS 2017 was eligible members of private households in Namibia. The eligible population living in institutions, such as hospitals, hostels, police barracks and prisons were not covered in this survey. However, private households within institutional settings such as teachers' houses in school premises were covered. The sample design was a stratified three-stage cluster sample, where the first stage units were the PSUs, the second stage units were the households and the third stage were the eligible members, that is individuals who, by the time of the survey were 16 years or older, available during the duration of survey, mentally/physically capable to be interviewed and have resided in the selected household for at least six month preceding the survey. The age limit for the eligibility criteria was based on the fact that only individuals aged 16 years or above are officially authorized to get personal formal financial products (such as open a personal bank account) from formal financial institutions in Namibia, which makes them the target population of the financial sector. Only one individual was interviewed per selected household.

The national sampling frame was used to select the first stage units (PSUs). The national sampling frame is a list of small geographical areas called Primary Sampling Units (PSUs) created using the enumeration areas (EAs) of 2011 Population and Housing Census. There are a total of 6 453 PSUs in Namibia. A total of 151 PSUs were selected from all the 14 regions, and 2 114 households were drawn from them, constituting the sample size. Power allocation procedures were adopted to distribute the samples across the regions so that the smaller regions will get adequate samples.

3.4.2 Sample Accountability

The sample sizes were determined to give reliable estimates of the population characteristics at the national and urban/rural levels only. The sample was not determined to provide regional or constituency estimates. The design/base weights were the inverse of the selection probabilities, that is, the Inverse Sampling Rate (ISR) at the PSU, household and individual stages. The design weights were adjusted to account for household non-response. The non-response adjustment factor is the ratio of the sampled households to the responding households. The final step undertaken to in constructing the final weights at person/individual levels for the NFIS 2017 was to calibrate the design weights such that the respective aggregate totals matched the distribution of the population across key demographic variables such as age and sex nationally at urban/rural level. The control totals used for this calibration process were the 2017 population projections. This was achieved by running a Statistical Analysis System (SAS) Macro for weight calibration called GREGWT developed by Australian Bureau of Statistics (ABS).

3.4.3 Response Rate

It was not possible to interview all the selected households when the household sample was implemented, due to refusals or non-contacts. The response rate is recorded to be 88.1 percent which is satisfactory given that the NSA subscribes to a response rate of 80 percent for all data collection in the social statistics domain.

3.5 Concepts and Definitions

Bonds: These are capital market debt instruments issued for longer maturities i.e., for a period exceeding 12 months and holders may earn half-yearly interest (coupon). With bonds, an investor loans money to an entity (typically corporate or governmental) which borrows the funds for a defined period of time at a variable or fixed interest rate.

Broker/Agent: A broker is an individual person who arranges transactions between a buyer and a seller for a commission when the deal is executed. A broker who also acts as a seller or as a buyer becomes a principal party to the deal.

Buying on credit: When the buyer does not pay cash and arrangements are made with the shop for a certain period in which the items will be paid off, e.g. hire purchase

Dwelling unit: A building/structure where households live. It's a place of residence occupied by one or more households. Sometimes a household can occupy more than one building/structure.

Eligible adult population: For the NFIS 2017, this refers to household members who at the time of data collection, were at least 16 years old, available for the duration of the survey, and mentally/physically capable to be interviewed. These persons should've been part of the household for at least six months prior to the survey. In Namibia, 16 years is the minimum age at which individuals can enter into a legal financial transaction in their own capacity.

Financial capability: Is an internal ability and possessing the necessary skills to understand, take-up and use a financial product/service effectively. For example, if an adult has a bank account but does not understand how to use electronic payments, swipe and/or take full advantage of the product they possess, they lack the financial capability to use it.

Financial commitment: Is the ability for an individual to make timely obligatory payments (for instance rental and service fees), debt repayment and without skipping and/or falling short of the required amounts. The emphasis is on time, correct amount and without a struggle.

Financial inclusion: This refers to the delivery of financial services and products in a way that is available, accessible and affordable to all segments of the population. Financial inclusion can be assessed through the following concepts.

Financially included: This refers to adults who have/use formal and/or informal financial products and/or services

Financially excluded: These are adults who do not have/use any financial products and/or services – if borrowing, they rely only on friends/family; and if saving, they save at home.

Formally served: Adults who have/use financial products and/or services provided by a financial institution (bank and/or non-bank).

Informally served: This refers to adults who have/use financial products and/or services which are not regulated, e.g. cooperatives, farmers associations, savings clubs/groups, private money lenders.

Banked: Adults who have/use financial products and/or services provided by a commercial bank regulated by the central bank.

Served by other formal financial institutions: Adults who have/use financial products and/or services provided by regulated non-bank formal financial institutions e.g. regulated microfinance institutions, insurance companies, retail credit providers, remittance service providers.

Financial institutions: An entity either regulated or unregulated that offers services including monetary aid, insurance or facilitate transactions.

Financial product/service: A good/offering/commodity delivered or performed by a service provider (regulated or unregulated) to a consumer.

Financial Product: Financial products refer to instruments that help you save, invest, get insurance or get a mortgage. These are issued by various banks, financial institutions, stock brokerages, insurance providers, credit card agencies and government sponsored entities.

Household: A household is a person or group of persons, related or unrelated, who live together in the same homestead/compound, but not necessarily in the same dwelling unit. They have a common catering arrangement and are answerable to the same head.

Income: The means of survival of an individual or household which could be in the form of cash or in kind.

Insurance: A financial risk management tool in which the insured transfers a risk of potential financial loss to the insurance company that mitigates it in exchange for monetary compensation known as the premium.

Micro lenders: A person or entity providing small loans to the public based on specific requirements.

Mobile money: Mobile money means electronic money that is accessed via a mobile phone. Examples of mobile money would then be: E-Wallet, Easy Wallet, Blue Wallet, MobiPay Wallet etc.

Provident funds: A retirement fund where a member can draw his/her entire benefit at retirement for a cash lump sum. One third of the benefit is tax-free.

Remittances: Remittances are cross-border or domestic person-to-person transfers of relatively low value. Western Union, Thomas Cook, Money Gram are examples of cross-border remittance facilitators. Shoprite in Namibia facilitates domestic remittances.

Savings: This is the portion of the income that individuals do not spend in the period in which it is received, and therefore is kept away for future use.

The head of household: Any person of either sex who is looked upon by the other members of the household as their leader or main decision maker.

Unit trust: This refers to a fund composed of investors' money, which is invested in a variety of financial assets. When you invest in a unit trust, your money is pooled with that of other investors to form a fund, it is then invested into various assets to meet the unit trust's objectives by a fund manager.

3.6 Questionnaire content

The 2017 NFIS questionnaire was made up of 13 sections in total. The content of the respective sections are presented below;

Roster: This first section was meant to introduce the interviewer and the survey to the household. This section furthermore collected the household member's information to enable the identification of the eligible household members and consequently selection of the individual to be interviewed.

Household information and demographics (Section A): The purpose of this section was to collect demographic information of the members that reside in the selected households, including information on the structure and ownership of their dwelling unit, ownership of household assets, as well as their main sources of drinking water and cooking energy.

Farming (Section B): This section collected information on farming or agricultural activities that Namibians are involved in. Farming plays a big role in the economy of the country. The section particularly aimed to understand to what extent there is or not a correlation between livestock and financial security, and how farmers in Namibia behave when dealing with finances.

Income and Expenditure (Section C): This section collected information on households' expenditures and sources of households' personal income.

Access to infrastructure (Section D): This section measured physical access to financial institutions, to understand to what extent the distance and time may or may not be barriers to access and use of financial services and products.

Financial capability (Section E): This section evaluated the behaviour of the respondent when it comes to finances, including the discipline of the respondent in managing their finances. The section further assessed the respondents' level of knowledge of the financial sector, to establish the extent to which lack of this knowledge/literacy may or may not be a barrier to their access to financial services and products. The data collected also measured the degree of access and use of formal financial products and services.

Saving (Section F): The objective of this section was to understand people's perceptions on saving money. The section evaluated if Namibians have habits of saving or investing, how these savings and/or investments are done and with which providers and why.

Borrowing (Section G): This section was meant to give an understanding of Namibians' performance when it comes to financial debts. It collected information on individual borrowing, why people opt to borrow money and take loans, their performance in paying back the debts incurred as well as their perceptions and attitudes regarding credits/loans. Risk and risk mitigation

(Section H): Data collected in this section was used to evaluate the perception of Namibians in relation to unforeseen financial risks and possible strategies and/or behaviour/financial attitudes that they use to cope. The section therefore gave a view of how insurance products and services are being used by Namibians.

Remittances (Section I): This section was meant to find out whether households send or receive money from their relatives, if they do, what channels they use it and how often Namibians remit, and also to measure the usage of various channels of sending or receiving money.

Bank penetration (Section J): This section provided information about Namibians preferences and motives to use products and services which banks and other financial institutions in the country provide. The information shall be used by service providers to identify the population's needs when it comes to products being offered and consequently lead to improvement of existing products and services, or creation of new satisfactory ones.

Informal products (Section K): This section focused on informal financial services and products available to Namibians, which ones are used and also the population's general views on the use of these products.

General (Section L): The last section collected data about the respondent's overview on general matters relating to finances. It also provided information on what assets Namibians have in their household, to give an indication of standards of living for Namibians and how this could be linked to their financial behaviours and preferences.

3.7 Data Processing

3.7.1 Data Processing approach

Data management series of operations to collect, transmit, clean and store the survey data were designed using Survey To Go computer system. The data capturing process is shown in figure 1 below.

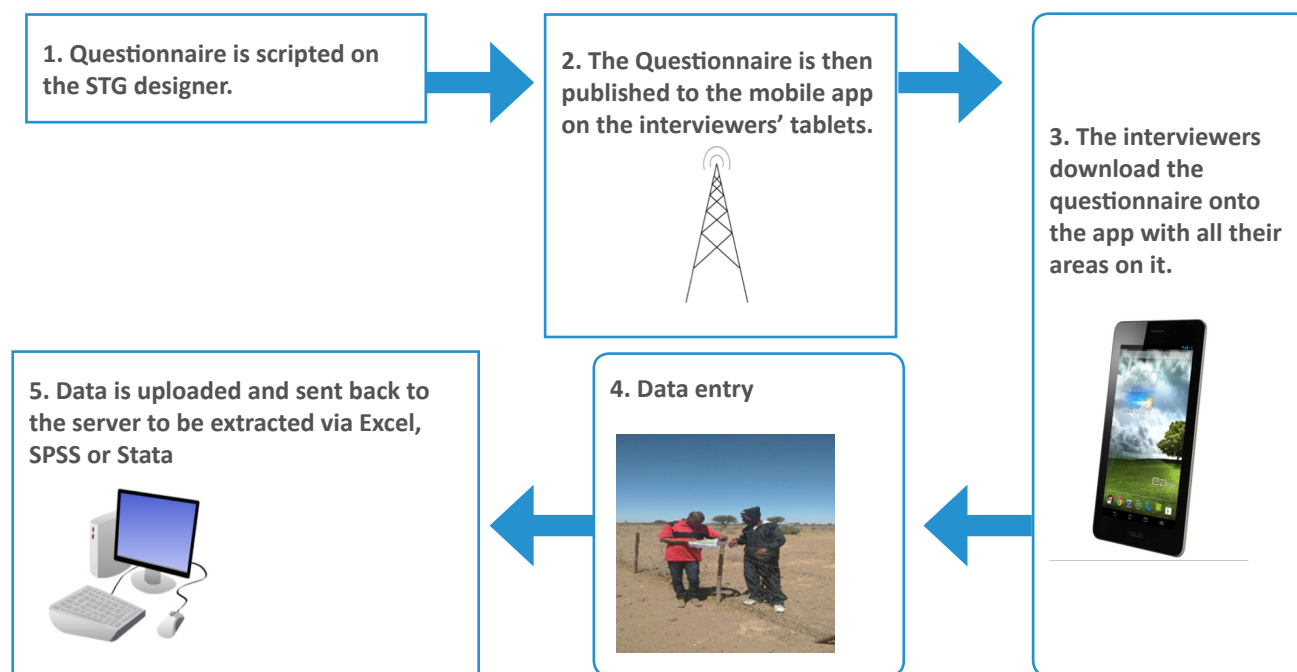


Figure 1: NFIS data capturing processes

3.7.2 Questionnaire scripting

The questionnaire was scripted using a Survey To Go software (Dubloo platform). Once programmed, the scripted version of the questionnaire was tested to ensure that all questions were correctly routed. The questionnaire was also tested during the NFIS pilot survey, before the main fieldwork began.

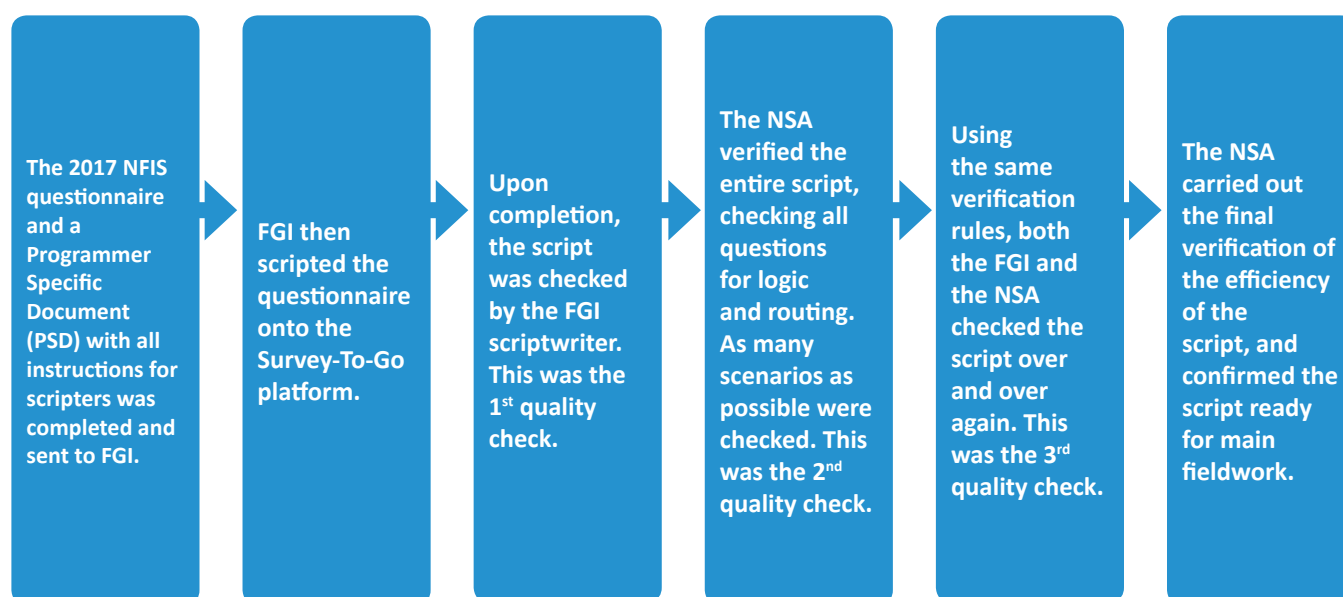


Figure 2: Scripting Process

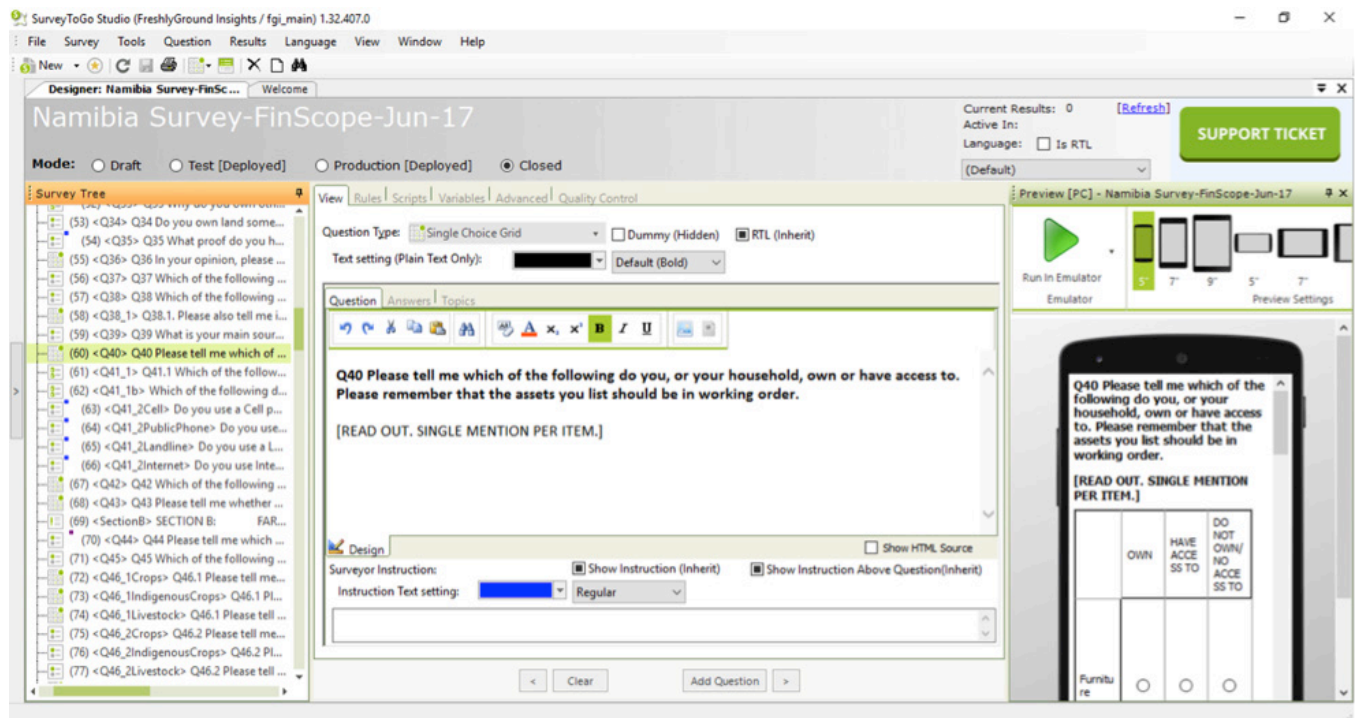


Figure 3: SurveyToGo NFIS script

1. The enumeration areas and the enumerators have been built into the questionnaire and filtering scripts have been implemented to ensure that each enumerators works in their assigned area.
2. In terms of the data capture and upload process, once the questionnaire is scripted, enumerators synchronize their devices and receive the latest version of the questionnaire before conducting interviews.

3.7.3 Data Entry

Data entry is very crucial, since the quality of data collected impact heavily on the output. The collection process was designed to ensure that the data gathered are both defined and accurate, so that subsequent decisions based on the findings are valid.

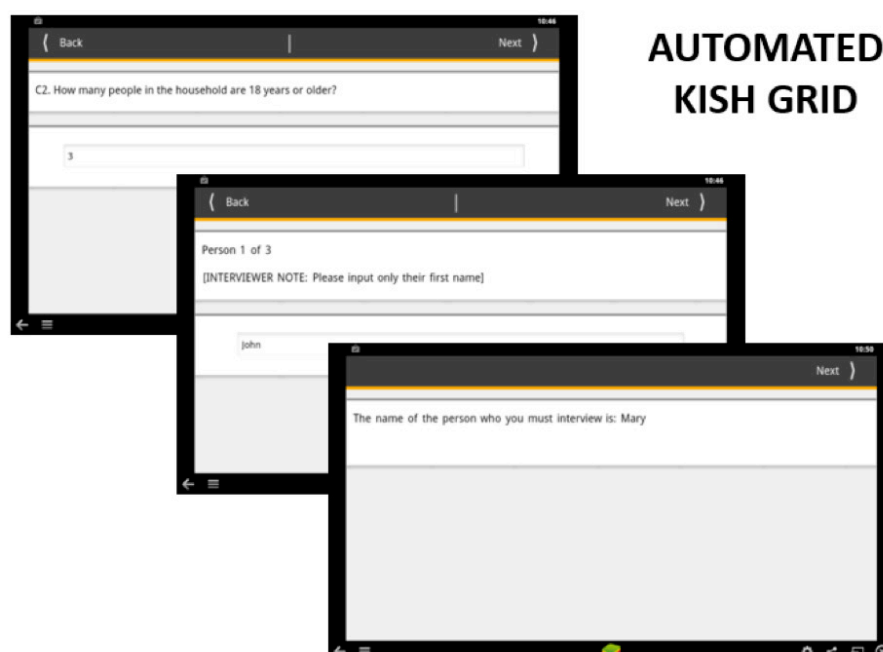


Figure 4: Automated Kish grid

1. In-built automated Kish Grid - Data processing developed an automated Kish Grid. The Kish Grid is a pre-assigned table of random numbers used for selecting a respondent at random when more than one member of the household is found to be eligible for inclusion in the sample. This reduced biasness in the respondents' selection. The Kish Grid was crucial, as for this survey, only one person was to be interviewed per selected household, and this person was to be selected randomly.
2. Therefore, the household's respondent selection was done on the interviewers' tablets, and not manually.
3. The mobile app on the tablets was also enabled to capture GPS co-ordinates. This function was useful during check-back phase where the PSUs where interviewing was done could be geo-located and verified as part of quality control.
4. The benefits here are efficient navigation through the questionnaire and validations that highlighted any inconsistencies at the time of the interview, and thereby helped to ensure precision of data and no unnecessary invalidations after the fieldwork was completed.

3.7.4 Data Entry and data synchronization

Data script application was designed with much consistency check, skipping patterns and other validations including minimum and/or maximum acceptance range in some key variable.

1. Skip patterns direct the user to the correct question without them having to think or page through a lot of pages.
2. Flagging scripts were added to prevent users from moving from one question to the other without answering a question or if there are any inconsistencies with the data entry.

The enumerator then captures the responses during each interview and synchronizes the data as soon as each interview is complete. The data is then sent directly to the NSA Survey To Go Server via the GPRS network. Once data has been uploaded, it is immediately received by the Data reviewer at the NSA head office. All this happens in real – time.

3.7.5 Data validation checks

Upon receiving the data, the NSA and FMT staff conducted further data checks looking for any incomplete, anomalies or inconsistencies. Any invalid interviews were flagged on the system and feedback sent to field for clarification or to let them know they need to redo an interview/s that may be disqualified for whatever reason. This was done continuously throughout the data collection phase as shown in Figure 5 below.

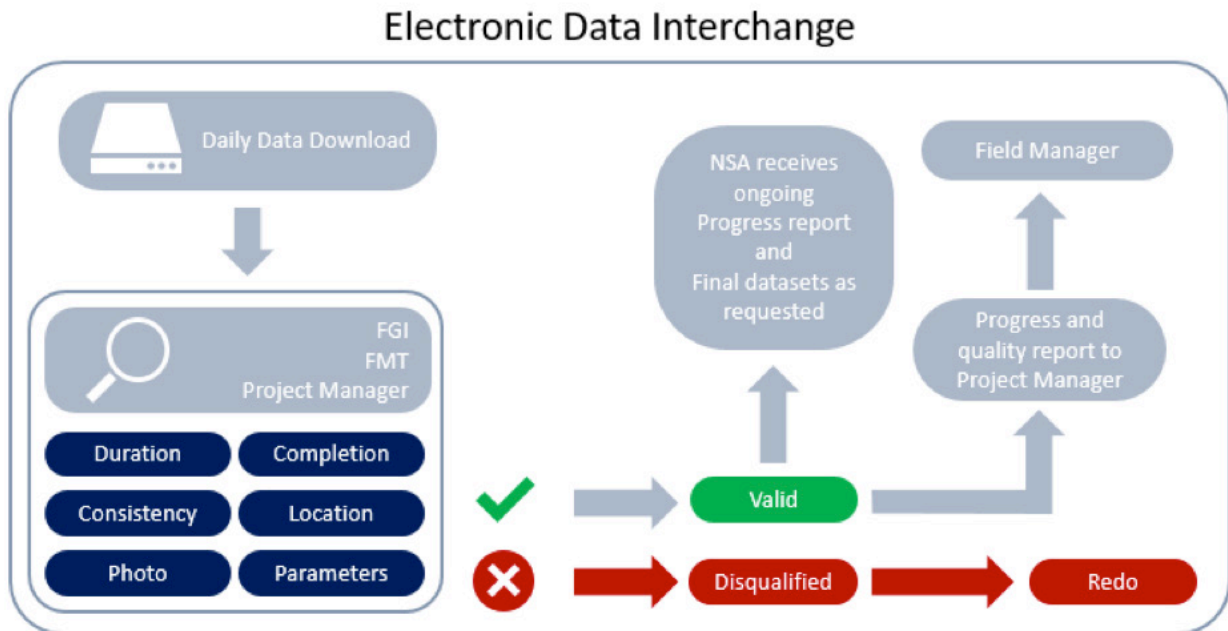


Figure 5: Electronic data interchange

The above data quality processes allowed for improved data quality which was followed by two-fold final data cleaning processes:

1. Export raw data from Survey To Go studio into Microsoft Excel document for primary data cleaning.
2. The second data processing included the converting of the data into SPSS format, whereby the following activities were done:
 - o Final data cleaning
 - o Labelling of the variables
 - o Constructions of Financial Inclusion Indicators
 - o Productions of the final version of the dataset

New variables were also derived to produce statistics on indicators of stakeholders' interest. Names and labels of variables as well as coding of response categories thereof were also scrutinized, to ensure that the micro-data to be released for public use will be user friendly and error-free.

Analysis and reporting for the 2017 NFIS was done by NSA, with technical support from FMT and BoN. Analysis was done in Stata version 13.

3.8 Data validation and analysis

While field teams do conduct coherence tests with regards to responses collected, and in addition to the use of a CAPI application that is designed to minimize entry of erroneous data by means of hard and soft checks, the data received by the office went through rigorous quality checks using SPSS, and cases that were identified as invalid were then removed. After the data was weighted, more validation checks were done in Stata statistical software including range checks that ensures that no outliers are present that will influence the precision of the results.

Chapter 4: Findings

4.1 Demographic and household characteristics

4.1.1 Demographic characteristics

Table 3 below presents the distribution of households and eligible population¹, by urban and rural areas in Namibia. Namibia's eligible population was estimated to be 1 457 919 people, living in 573 932 households.

Table 3: Total number of households and eligible population (Namibians aged 16 or older) by Urban/Rural

	Households		
Urban	303 559		
Rural	270 374		
Total	573 932		
	Male	Female	Total
Urban	386 849	395 765	782 614
Rural	305 503	369 802	675 305
Total	692 352	765 567	1 457 919

Of the total weighted eligible population (1 457 919), 47.5 percent were male and 52.5 percent were female, as presented in figure 6.

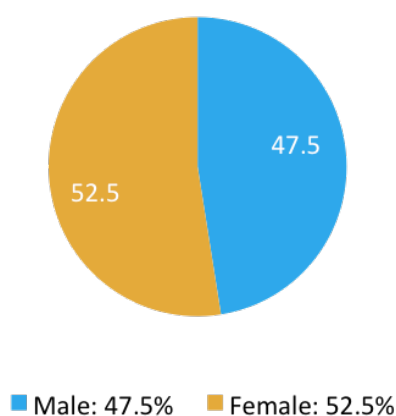


Figure 6: Sex distribution

Furthermore, Figure 7 shows that 52.9 percent of the eligible population resides in urban areas compared to 47.1 percent residing in rural areas. This trend is contrary to what was observed in 2011, with 42 percent living in urban areas and 58 percent in rural areas.

¹ Individuals who are 16 years and older who lived in Namibia six months prior to the survey. This is the current minimum age legally allowed for any individual to make use of formal financial products in their own capacity.

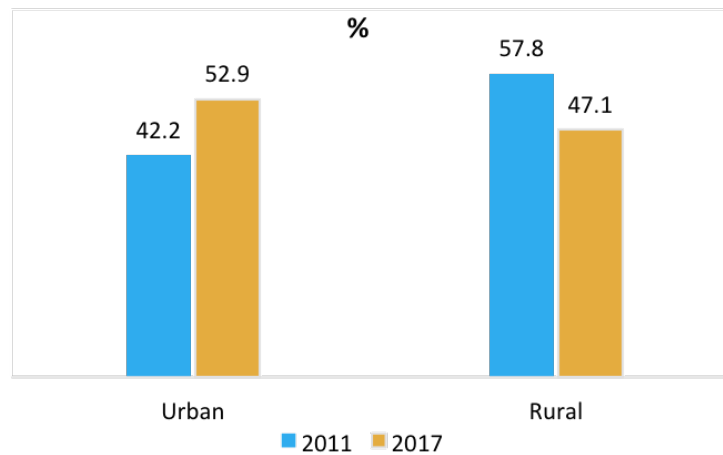


Figure 7: Eligible population by area - urban/rural distribution

The 2017 NFIS findings show that 61.3 percent of the eligible population have never been married, 18.1 percent are married with certificate while 7.7 percent are married consensually. Figure 8 presents this information.

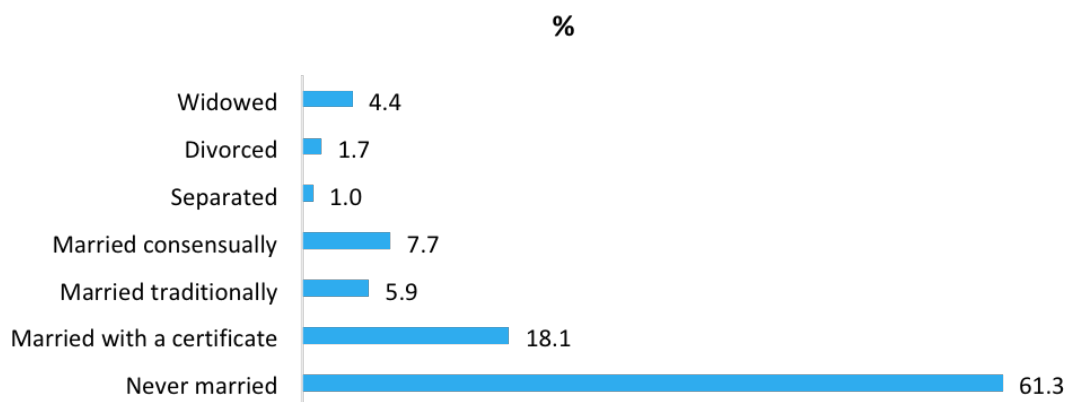


Figure 8: Marital status

Figure 9 presents the age distribution of the eligible population in Namibia. Results show that 52.2 percent (760 766) of the eligible population in Namibia are aged below 35 years. This indicates a fairly young population.

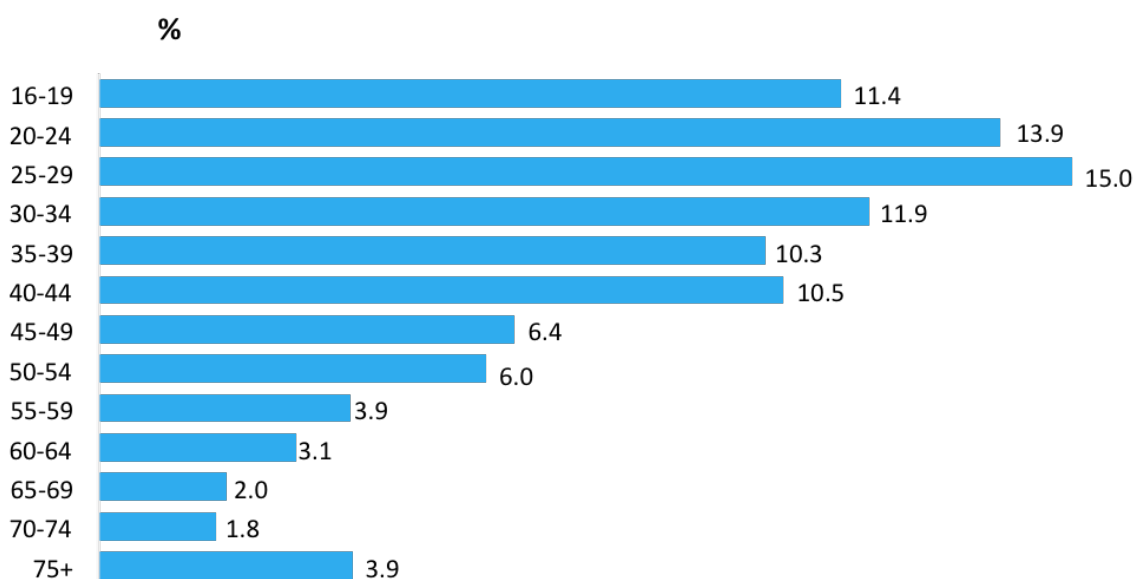


Figure 9: Age distribution

4.1.2 Educational attainment

Figure 10 shows the highest level of education reported for the eligible population. Respondents were asked to indicate their individual highest level of educational attainment. Those who have never been to school are reported in the category “Never attended school”, while “Primary education” includes those who ended up in pre-primary and those who ended their schooling from Grade one (1) anywhere up to Grade seven (7). “Tertiary education” on the other hand includes those whose highest level of education is Year one (1) at any tertiary education institution, up to those who have obtained PhD.

More than half of the eligible population has ended up at secondary education level (54.8 Percent), and 23.9 percent have ended up at primary level, whereas only 8.3 percent indicated tertiary education as their highest level of education.

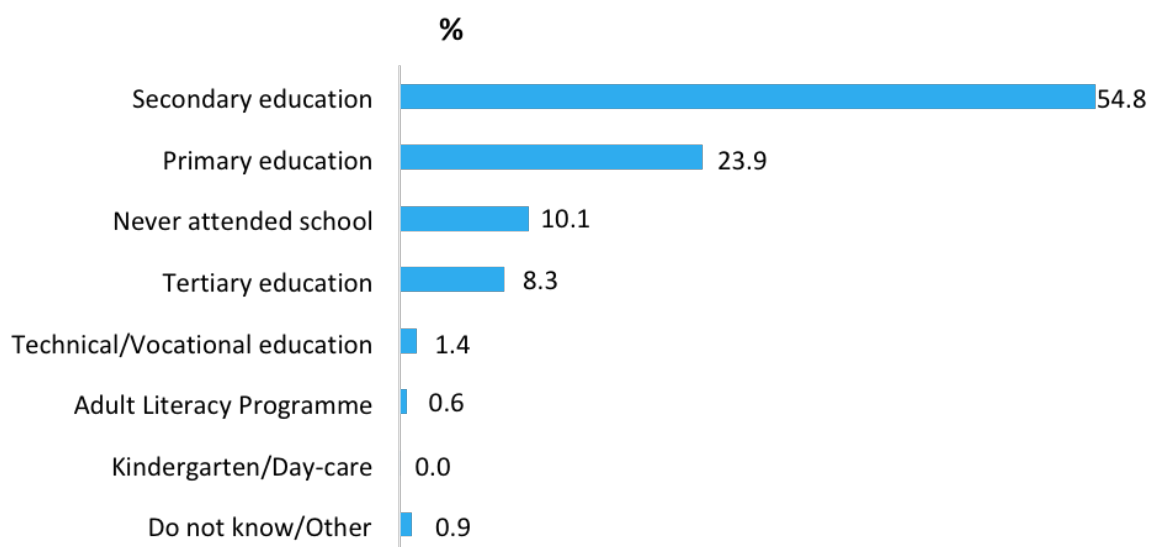


Figure 10: Education attainment

4.1.3 Lived poverty index

Lived Poverty Index is an experimental measure developed by the Afro-barometer and explores how frequently people go without basic necessities during the course of the year due to lack of funds. The index is presented in Figure 11 below.

Results show that 45.0 percent of the households reported never having to skip a meal in the past twelve months preceding the survey. Additionally, 55.1 percent of the households indicated that they never lack medical treatment/medicine due to lack of money to pay for treatment or medicine; 62.6 percent were never unable to send children to school because of lack of money for transport, or a uniform, or other school costs and 37.3 percent never had to go without a cash income within the twelve months preceding the survey.

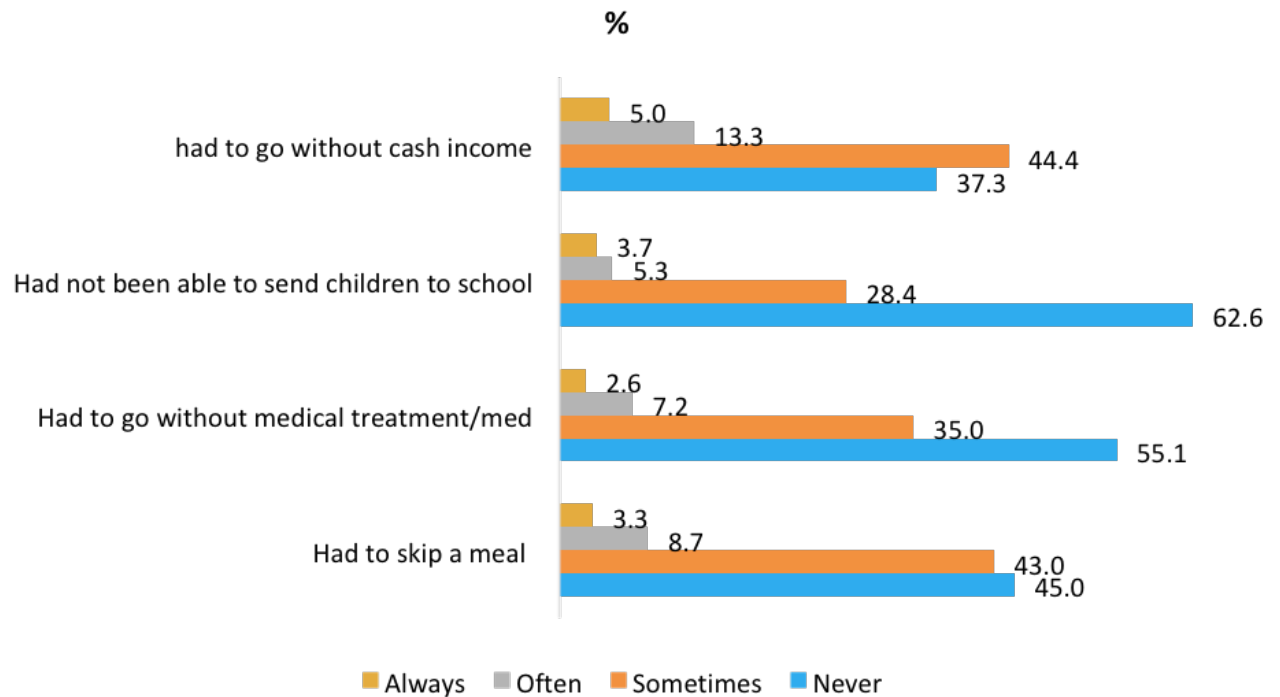


Figure 11: Lived Poverty Index

4.1.4 Household environment

The survey also collected information regarding households' dwelling units ownership. The results are shown in Figure 12. The majority, 68.8 percent (394 822) of the eligible households in Namibia own the dwelling units that they reside in, while renting was reported at 17.1 percent.

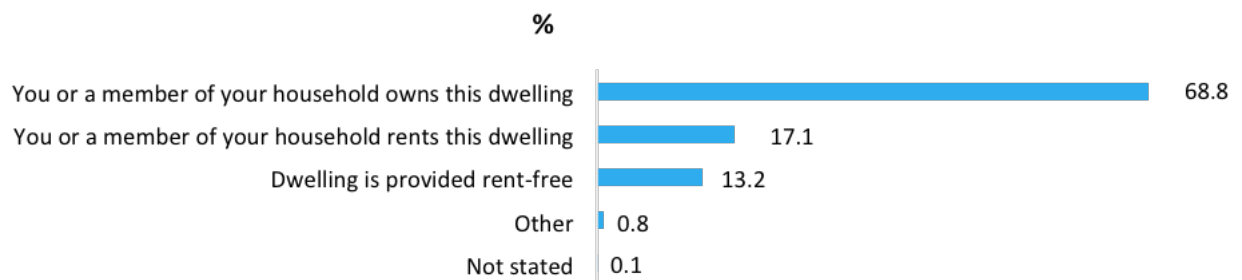


Figure 12: Ownership status of dwelling

As seen from figure 13 below, of the households who own the dwelling units in which they reside, the majority have built the dwelling units themselves (66.4 percent) while 20.4 percent reported that they bought the dwellings. On the other hand, 10.5 percent of households who own their dwelling units indicated that they inherited the dwelling units.

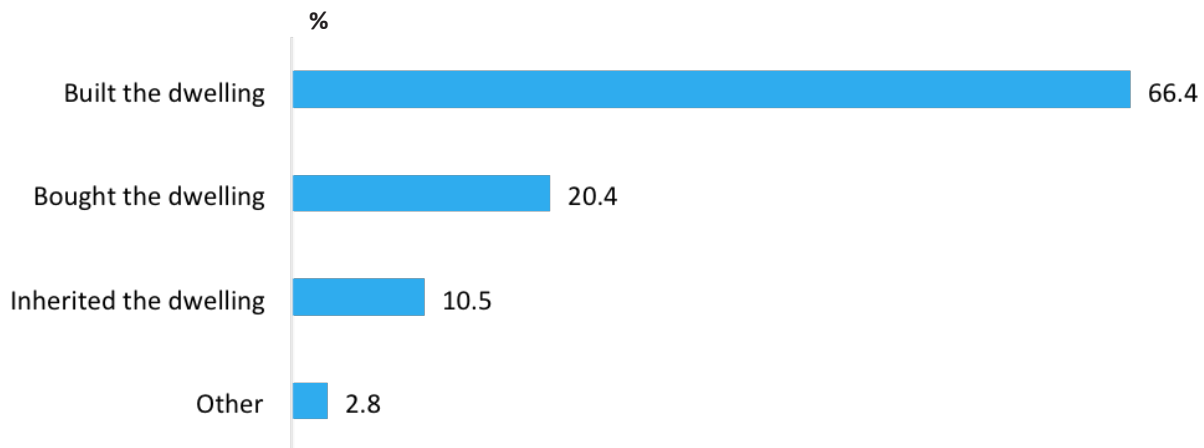


Figure 13: Acquisition of dwelling unit

Households who reported that they bought or built their dwelling units were asked to indicate the main source of income used in purchasing or constructing their dwelling units. Results are presented in Figure 14 below. Savings in 2017 was reported by 40.6 percent households as their main source of financing for either buying or building dwelling units. 8.6 percent of households who bought or built their dwelling units reported that they mainly used money borrowed from banks as their income source, and only 3.6 percent mainly used their pension payout money.

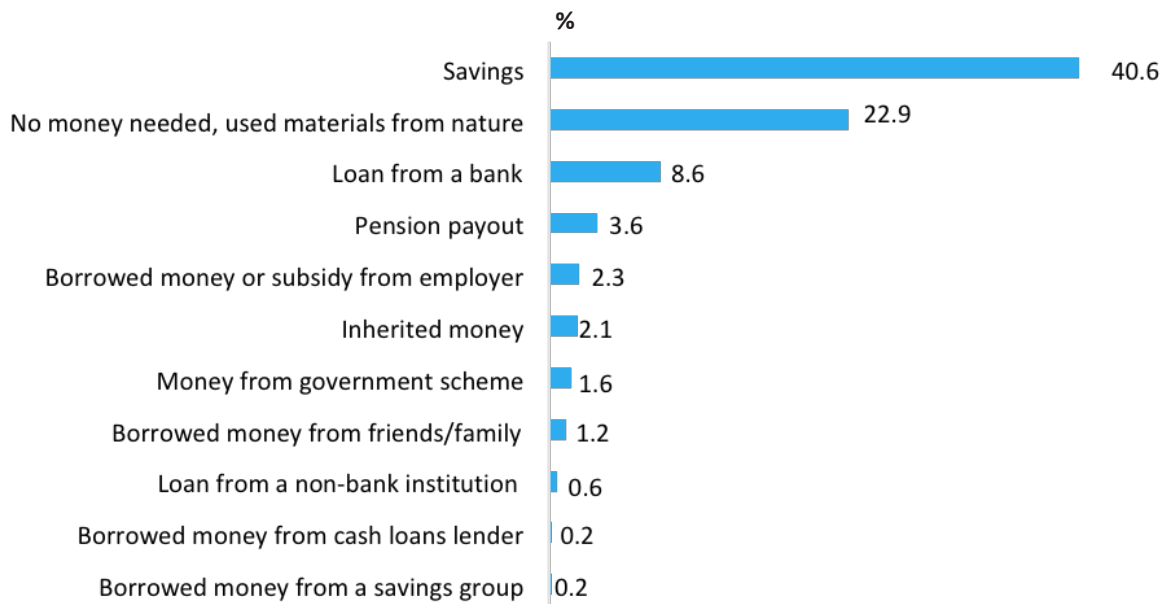


Figure 14: Main source of income used to build or buy household's dwelling unit

In addition, the survey also established whether dwelling unit owners were in possession of documents proving their ownership. Figure 15 indicates that 54.3 percent of households who own their dwelling units have official documents stating them as dwelling units' rightful owners.

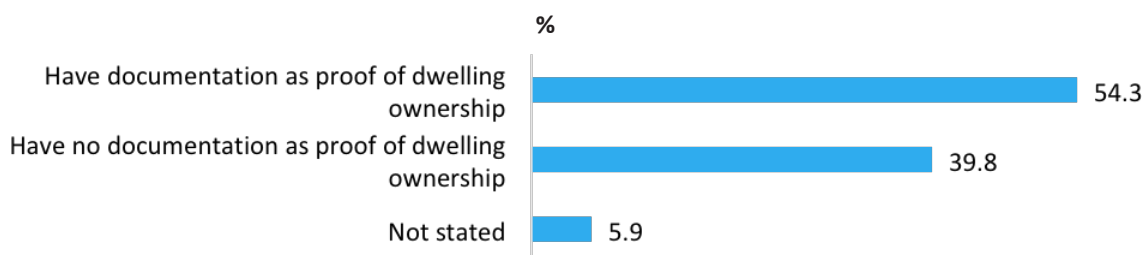


Figure 15: Proof of dwelling ownership

The survey also looked at land ownership, as an indication of living standards for the eligible households. Figure 16 below indicates that 33.5 percent of those who own the land on which their dwelling is located live in rural areas, while 21.0 percent live in urban areas. This amounts to a total of 54.5 percent out of the total eligible population who own the land on which their dwelling unit is located.

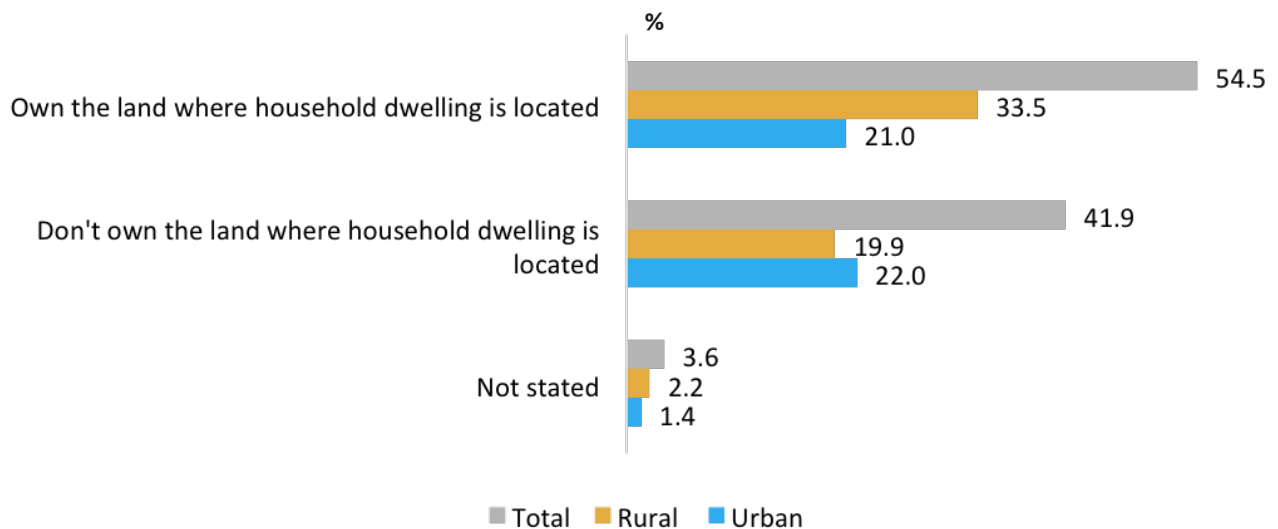


Figure 16: Ownership of land where household dwelling unit is located

Households that indicated that they own the land on which their dwelling units are located, reported proof of owning their land mainly by having a letter from a chief (34.1 percent) and by title deed (31.9 percent) as shown in Figure 17.

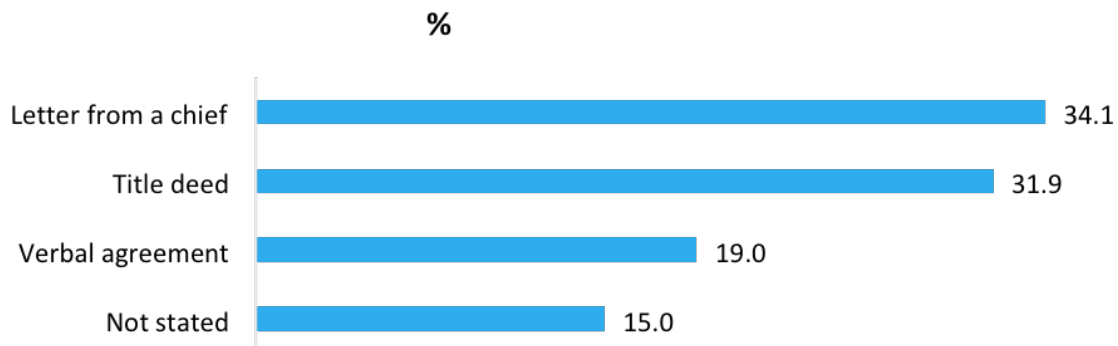


Figure 17: Proof of land ownership

Dwelling structures are generally considered as assets, and therefore a gateway to financial inclusion. Households were asked to indicate if they own dwelling units somewhere else besides where they live. 17.8 percent of the households indicated that they own dwelling units other than the dwelling that they reside in, as shown in Figure 18 below.

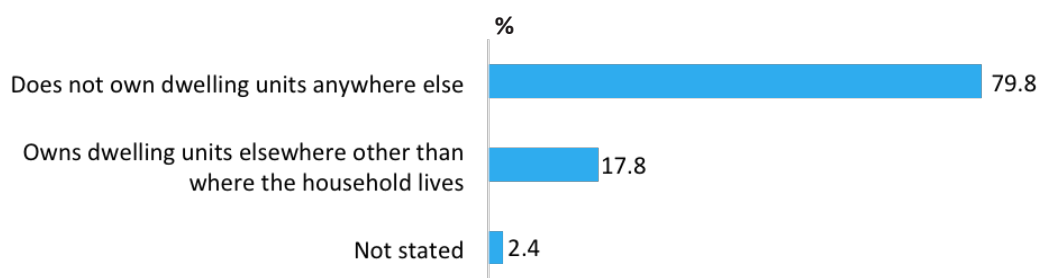


Figure 18: Ownership of dwelling units elsewhere

Moreover, Figure 19 below shows that the majority of the households (73.8 percent) who reported owning dwelling units other than the one they reside in indicated that their reasons were mainly to accommodate family members while 10.0 percent indicated that it's for rental income. Other motives as reported are shown in Figure 19.

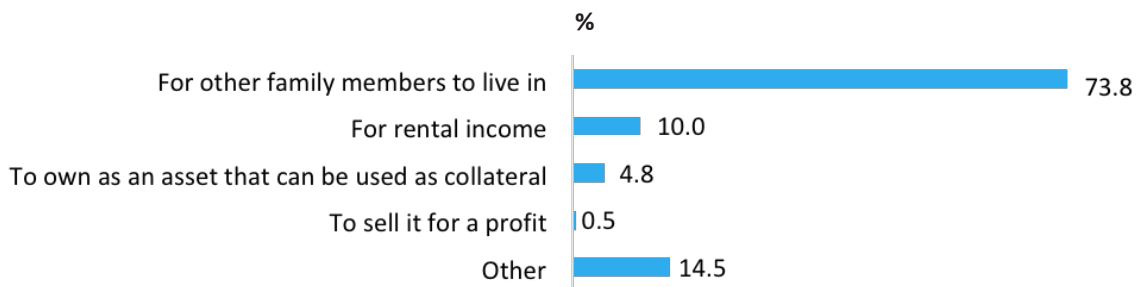


Figure 19: Reasons for owning dwelling units elsewhere

The survey further sought to find out attitudes and perceptions on ownership of dwelling units. As seen from figure 20 below, 66.4 percent of households consider dwelling units as something to keep and never sell; 54.4 percent have extended or plan to extend their dwelling units and 42.5 percent are of the view that a dwelling unit is an investment that will increase in value over time.

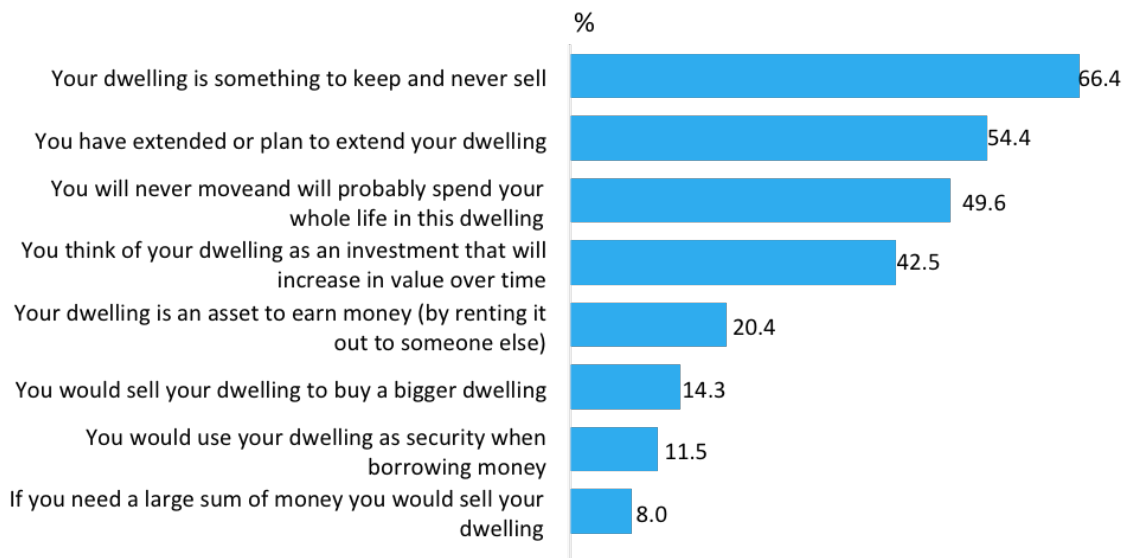


Figure 20: Attitudes and perceptions held about dwellings

4.1.4 Household access to facilities

Increased access to improved drinking water is one of the Sustainable Development Goals that Namibia, along with other nations worldwide, have adopted. Access to safe drinking water is prioritized in the National developmental plans, namely the Fifth National Development plan (NDP5), The Harambee Prosperity Plan and Vision 2030. The source of drinking water is an indication of whether water is suitable for drinking or not. Sources that are likely to provide water suitable for drinking are identified as improved sources. Respondents were asked to report on their main source of drinking water. Figure 21 shows that more than half of the total households (60.4 percent) have piped water into their dwelling units, yard or plot, which is an 8 percent increase from the 2011 results. Also, 23.1 percent of households indicated having access to a public tap or standpipe and only 1.7 percent of the households mainly drink water from flowing surface water including rivers, dams, pools, ponds or stagnant sources.

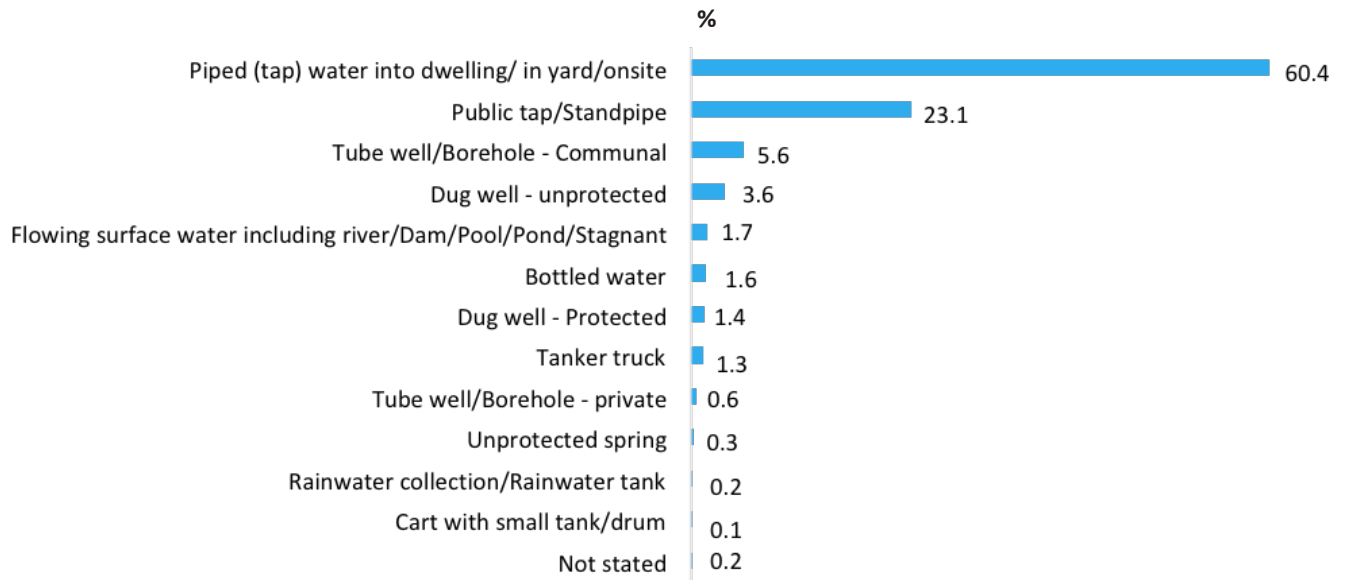


Figure 21: Main source of drinking water

Figure 22 shows that there is a large discrepancy with regards to accessing piped water into a dwelling units, yard or on site when comparing rural and urban respondents. Out of the 60.4 percent (346 650) of households who have piped water into their dwelling or yard, 58.3 percent live in urban areas and 41.7 percent live in rural areas.

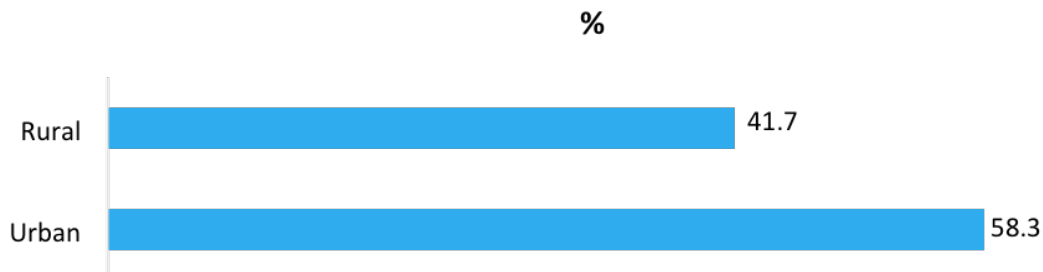


Figure 22: Piped water into dwelling unit by area

Ensuring adequate sanitation is another important focus of the Sustainable Development Goals and one of the government's priority in its NDP5. While 41.4 percent of households in the country have access to a flush sanitation facility, 43.8 percent of households in Namibia do not own any sanitation facilities, and therefore resort to bushes or fields. A detailed presentation of household with sanitation facilities is presented in Figure 23.

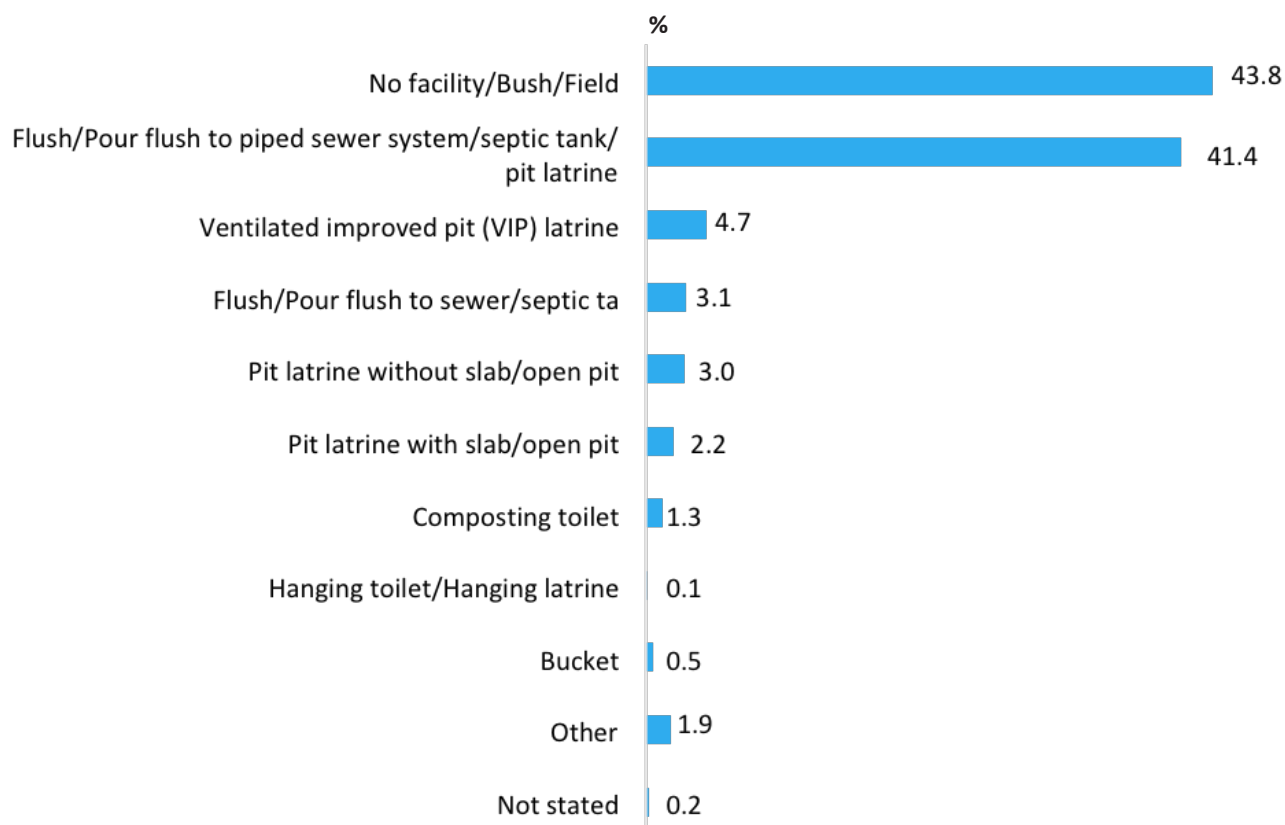


Figure 23: Access to household sanitation facilities

Access to energy is also one of the good indicators of the socio-economic status of a household. Figure 24 shows that in Namibia, the three main sources of energy used for cooking reported by households are firewood, electricity from main power lines /generator and gas, at 49.6, 35.3 and 12.6 percent respectively.

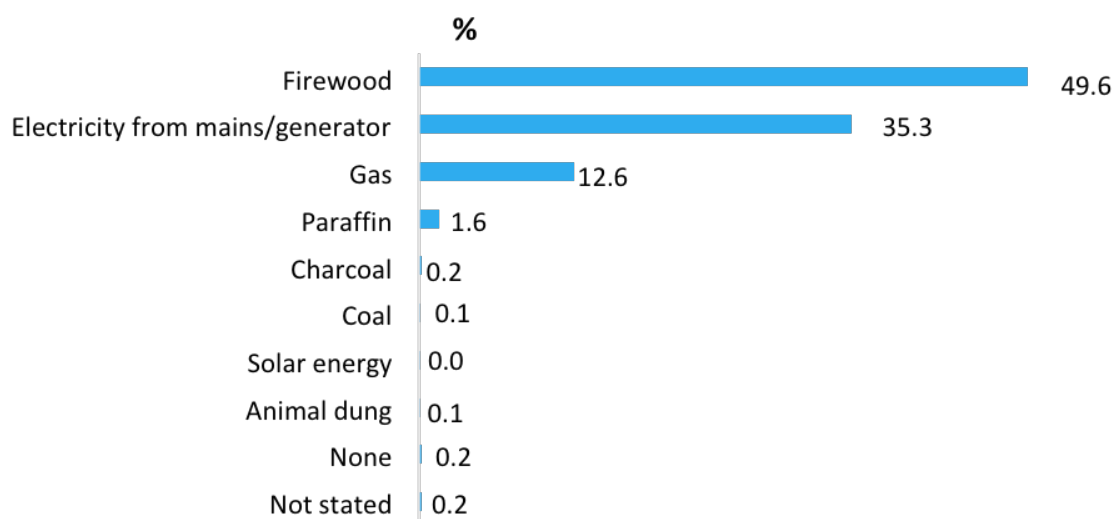


Figure 24: Main source of energy for cooking

4.1.5 Household assets

When it comes to ownership of household assets, 59.8 percent of the total households own furniture whereas 43.1 percent own livestock. Although only 2.9 percent reported owning farming machinery like tractors and harvesters, 19.3 percent however have access to such machinery, which is not significantly different from what was reported in 2011. Detailed responses are shown in figure 25 below.

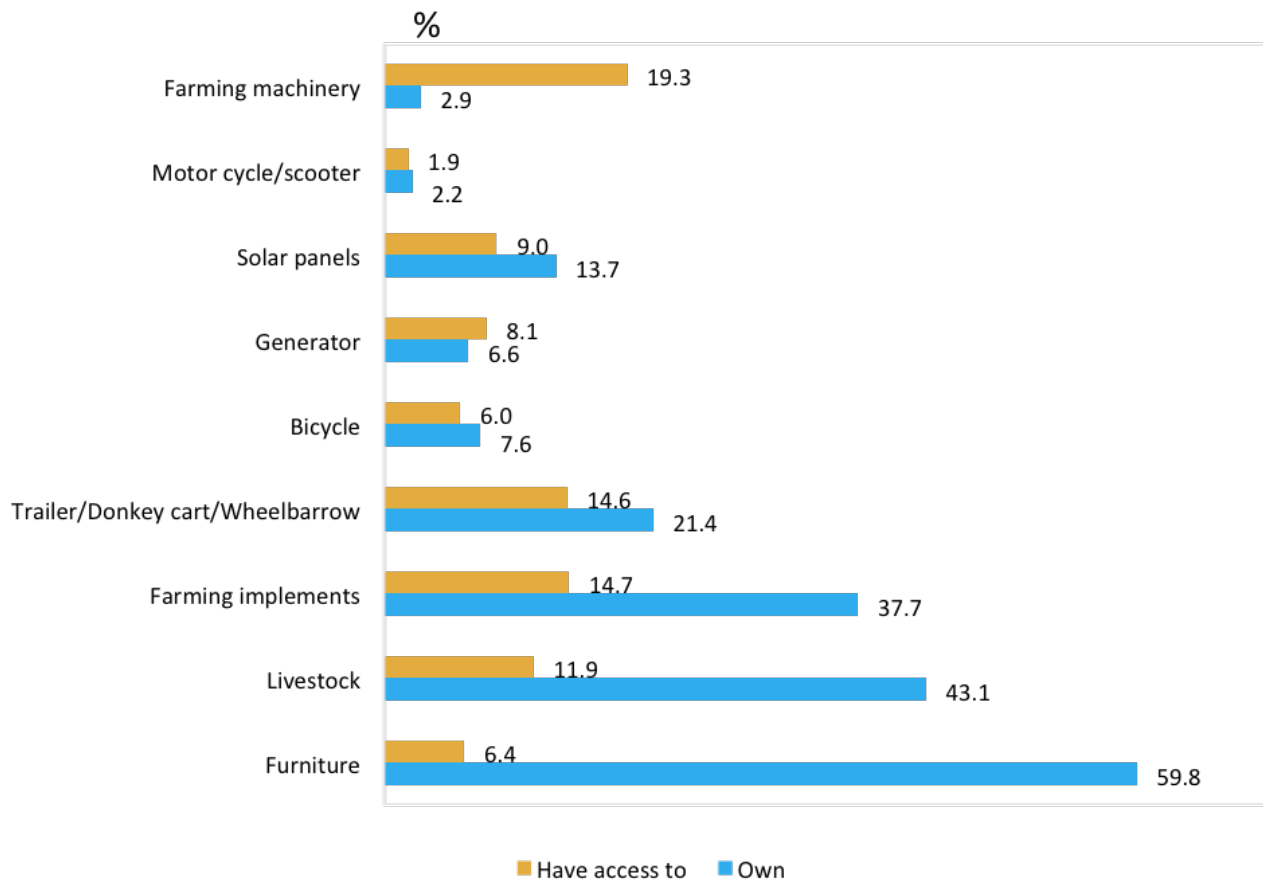


Figure 25: Household assets

4.1.6 Access to communications technology

Figure 26 shows household access to communications technology. Households reported high levels of access to mobile phones (94.0 percent). Access to internet was reported at 29.2 percent, while the lowest reported was access to public phones, at 0.9 percent.

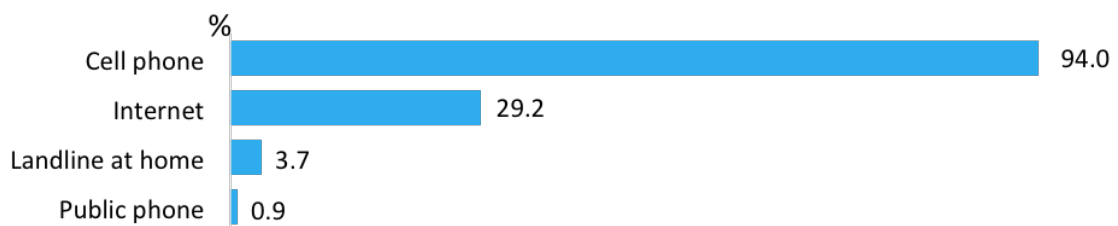


Figure 26: Access to communications technology

Of the 29.2 percent of households that have access to the internet, Figure 27 shows that 80.3 percent reside in urban areas as opposed to 19.7 percent who live in rural areas.

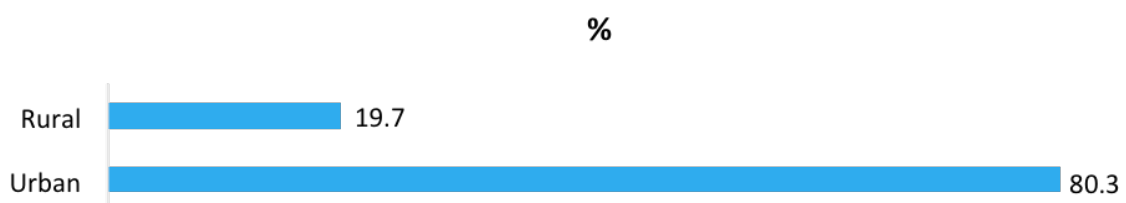


Figure 27: Internet use by area

4.1.7 Access to infrastructure

Figure 28 shows how long on average it takes eligible Namibians to reach various infrastructure points. This question was asked with no reference to a specific mode of transport, but rather the usual means of transport that the respondents mostly use to get to the infrastructures. Many Namibians (aged 16 years or older) have to travel less than thirty minutes to reach certain access points, especially markets (50.8 percent), medical services (44.4 percent), retail outlets (40.8 percent) and post offices (34.9 percent).

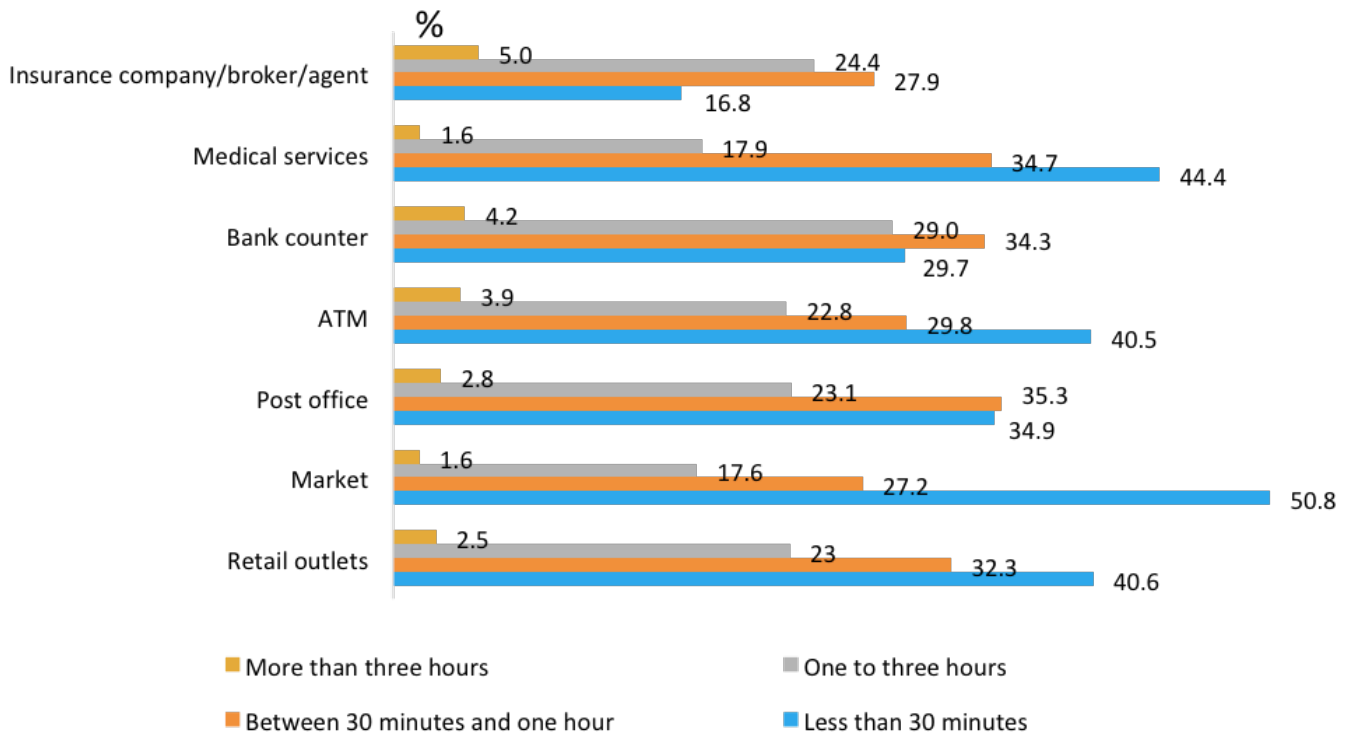


Figure 28: Access to infrastructure

When looking specifically at medical services, banks and post offices, the following differences are observed between eligible Namibians who live in urban areas and those who live in rural areas:

- In urban areas, 57.4 percent of the eligible population travels for less than 30 minutes to medical services centres, compared to only 29.6 percent of the rural population.
- 45.1 percent of the eligible population in rural areas have to travel one to three hours to reach banks, as compared to 15.1 percent in urban areas.
- 40.9 percent of those living in rural areas travel for one to three hours to reach an ATM, contrast to only 7.2 percent in urban areas.
- The proportions of the eligible population in urban areas who travel more than three hours to reach any of the stated infrastructures is lower than that of the rural population.

These differences are depicted in greater detail below, in Figure 29 and 30.

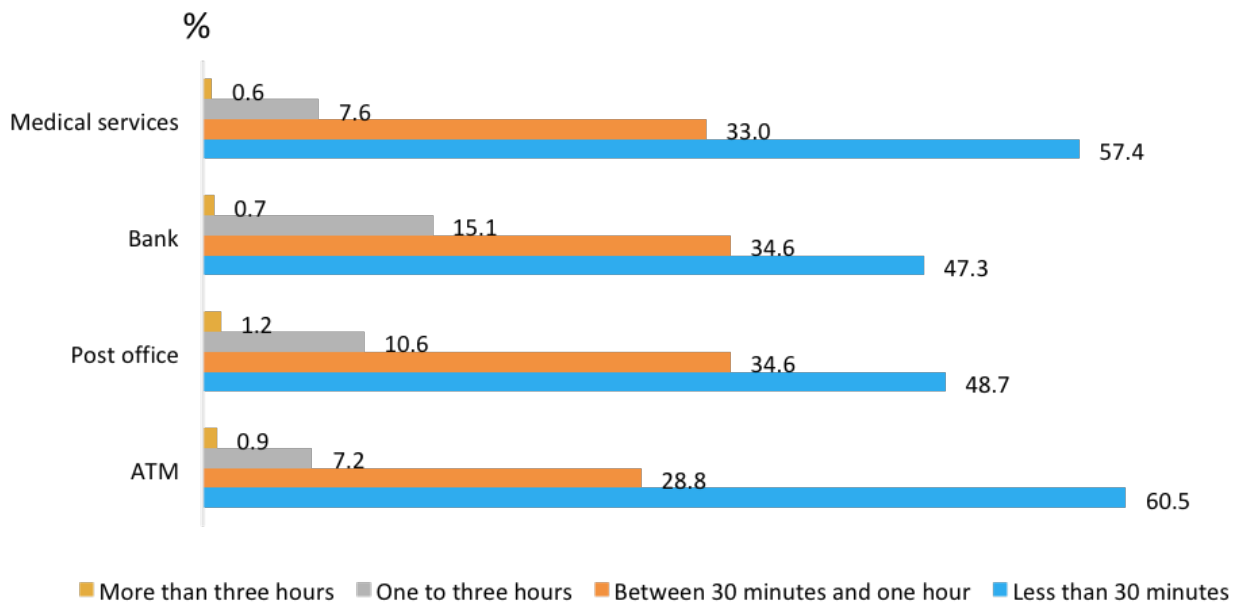


Figure 29: Access to infrastructure in urban areas

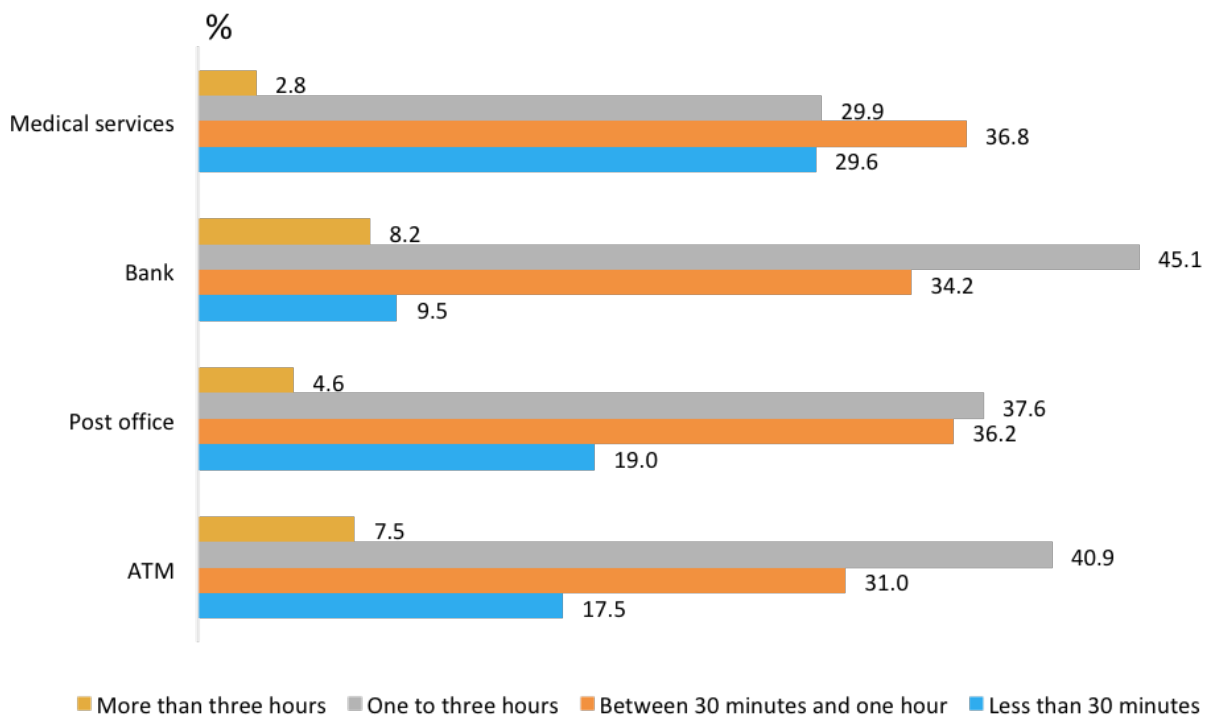


Figure 30: Access to infrastructure in rural areas

Good health is a critical need for an individual as it plays a role in the productivity of a person. As presented in Figure 31 below, slightly over 80 percent of the population aged 16 years and above reported having a general state of health that is satisfactory, and that they don't often need medical attention or treatment.

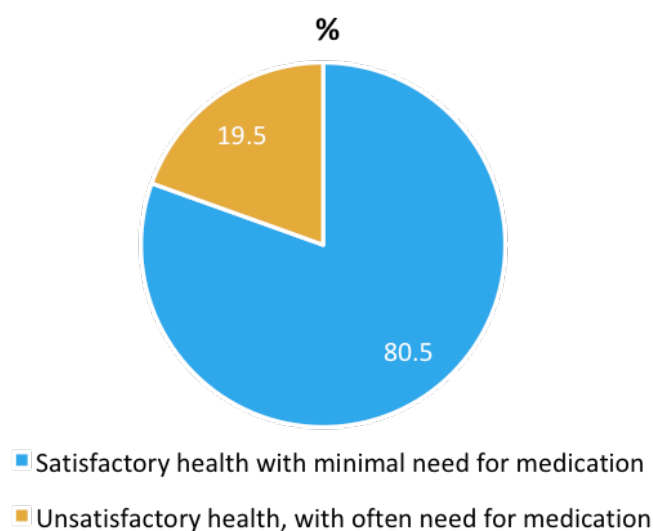


Figure 31: Health status

When ill, the majority of the eligible population (83.5 percent) reported that they mainly receive treatment at public hospitals or clinics, and only 10.5 percent access treatment through private doctors. Private doctors are mainly used in urban areas as opposed to rural areas, while church or other religious places were not reported as main sources of treatment. Detailed responses are presented in Figure 32.

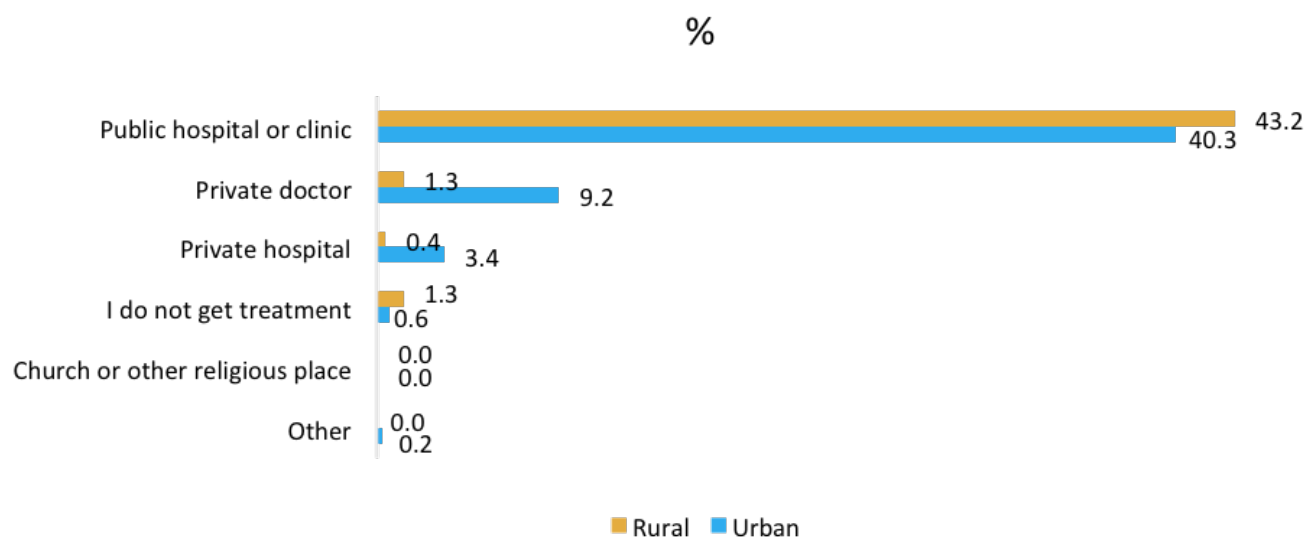


Figure 32: Main source of medical services by area

Figure 33 shows perceptions of the eligible population on what would help to improve the lives of people in communities. For most, electricity, better roads, healthcare facilities and access to basic services (such as drinking water and sanitation) are the most crucial. Similar to the 2011 results, these aspects remain to be of greater concern in rural areas as opposed to urban areas.

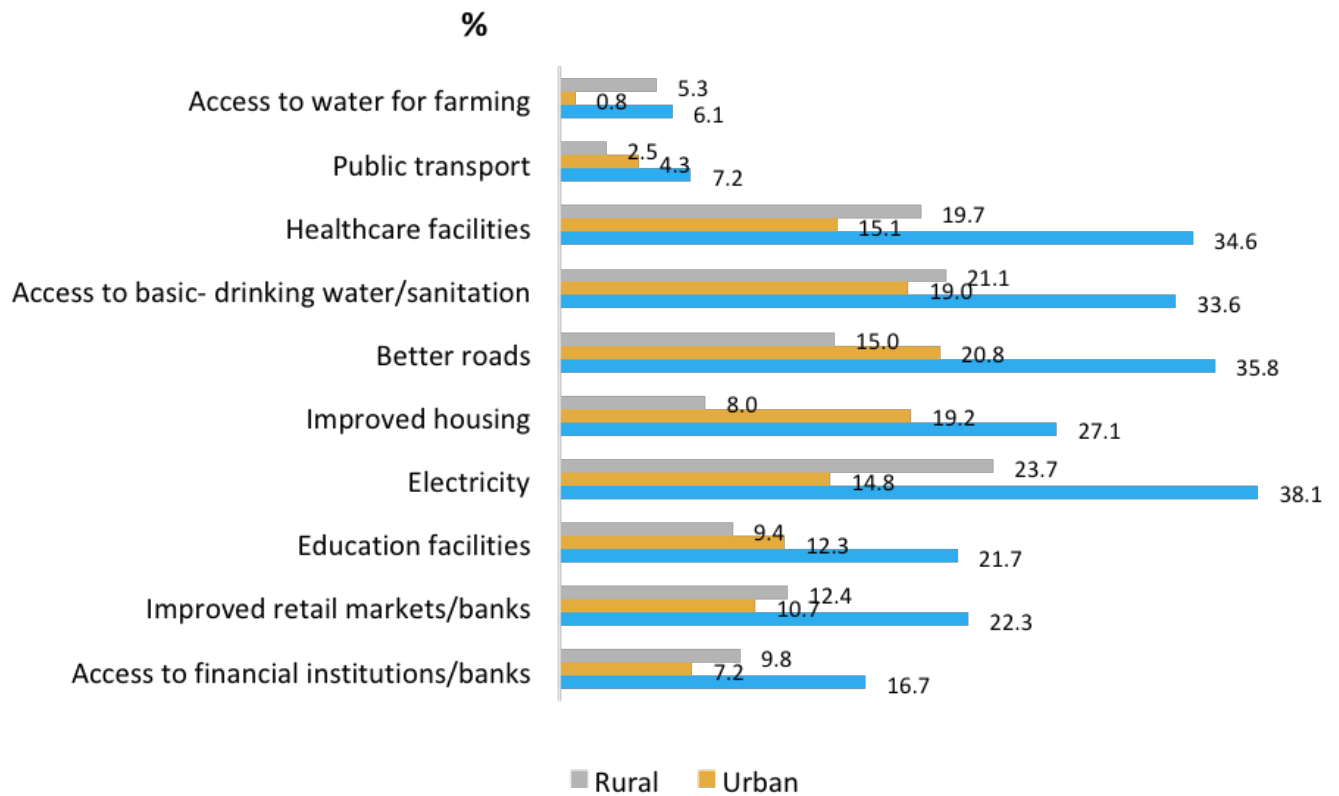


Figure 33: What would help to improve the lives of people in the community

4.1.8 Documentation

The 2017 NFIS respondents were also asked about possession of documents that are mainly required at formal financial institutions. Figure 34 shows that 88.3 percent of the eligible population have an identification document or passport. The possession of documents for proof of residential address and income are reported lower at 45.1 percent and 27.0 percent respectively, although both indicate an increase from the 34 percent and 21 percent reported in 2011, respectively. Moreover, out of the total eligible population, 19.2 percent (263 185) reported having a driver's license.

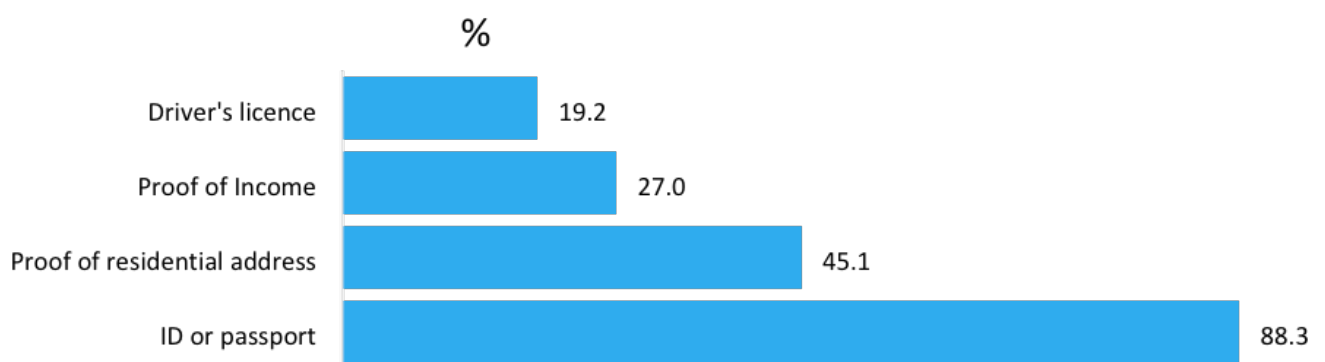


Figure 34: Documentation required by formal financial institutions

4.2 Livelihoods

4.2.1 Income

As shown in Figure 35, the majority of the eligible population (17.3 percent) mainly earn their income through salaries and wages from private companies, followed by 10.3 percent who receive salaries and wages from the government/parastatals, and also 9.9 percent who mainly rely on government old age pension. Others reported mainly receiving income from carrying out piece work (9.1 percent), receiving money from someone else (7.8 percent) and self-employment in the informal sector (6.6 percent).



Figure 35: Main source of income

Furthermore, Figure 36 shows that 62.5 percent of income earners indicated that they receive their income as hard cash, while 37.1 percent receive income through bank account and only 1.4 percent (20 568) reported receiving income through a bank wallet. The channels are presented in Figure 36.

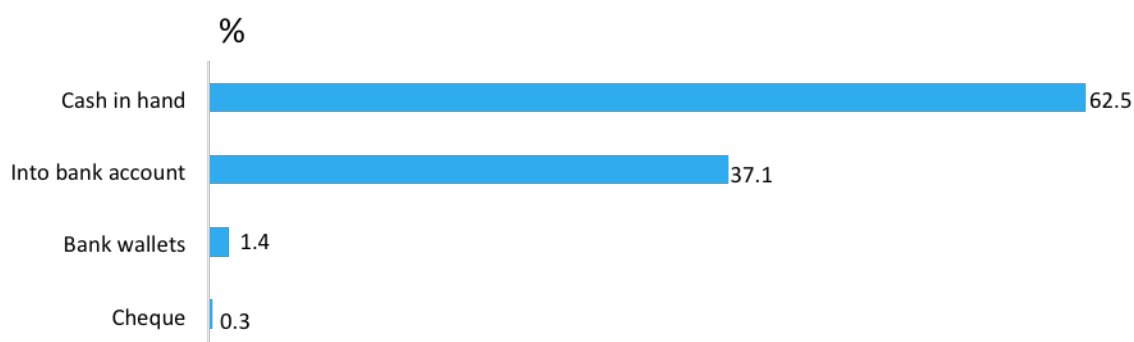


Figure 36: Channels for receiving main income

Of the 1.4 percent (20 568) of Namibians who receive income through bank wallets, 68.2 percent indicated that they often withdraw all the money on the bank wallet at once on first withdrawal, while 18.4 percent leave half or more of the money on the bank wallet, and 13.4 percent leave less than half of the money on the bank wallet after the first withdrawal. This is shown in Figure 37.

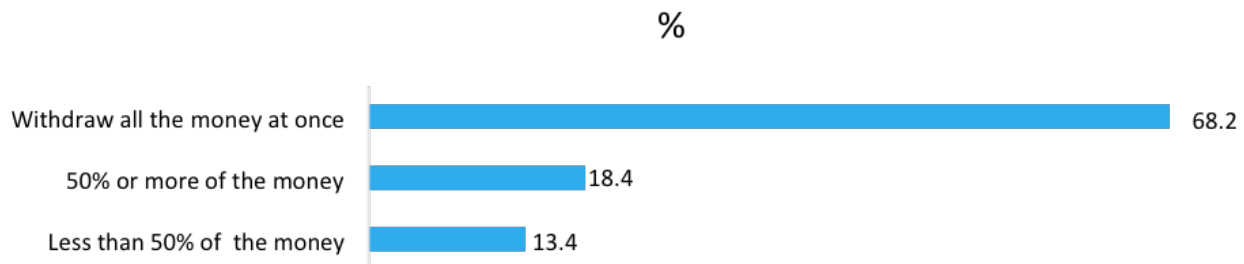


Figure 37: Withdrawal of bank wallet money on first withdrawal

Individuals who mainly receive their income through bank wallets were further asked to indicate the bank wallet services that they use, besides withdrawing the cash. Figure 38 shows that 55.6 percent reported using bank wallet services of buying airtime while only 12.5 percent use the service of buying electricity.



Figure 38: Services of the bank wallets used

Figure 39 shows frequency of receiving income. Majority of respondents reported receiving income on a monthly basis (67.3 percent), while 6.4 percent of the eligible population mainly receives income upon job completion.

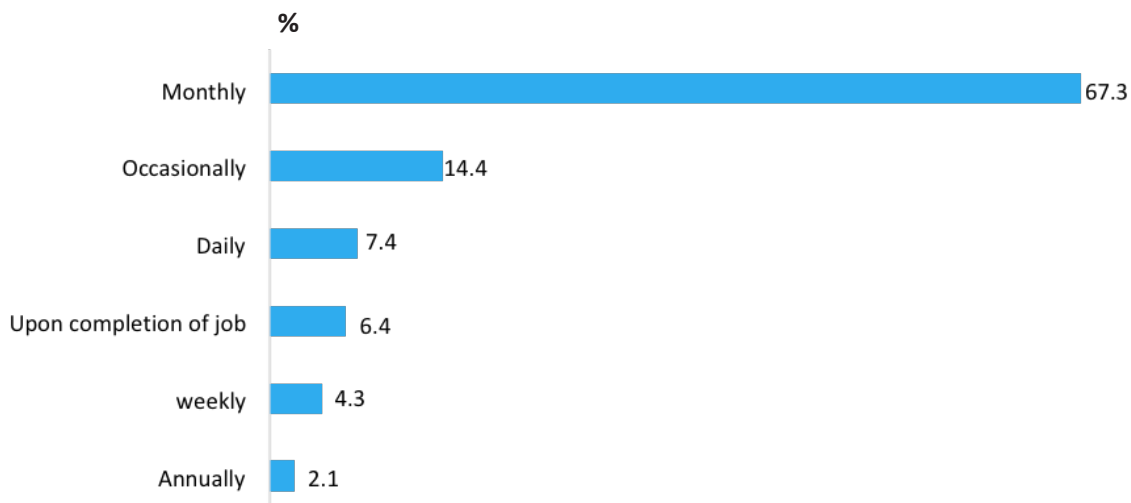


Figure 39: Frequency of receiving income

Figure 40 shows the sources of income by urban and rural areas. Great disparities are observed between urban and rural areas in various main sources of income. Proportions are notably higher in rural areas than in urban areas for individuals who mainly earn income through government old age pension, salaries/wages from an individual (i.e. for domestic/ farm work), piece work and child grants.

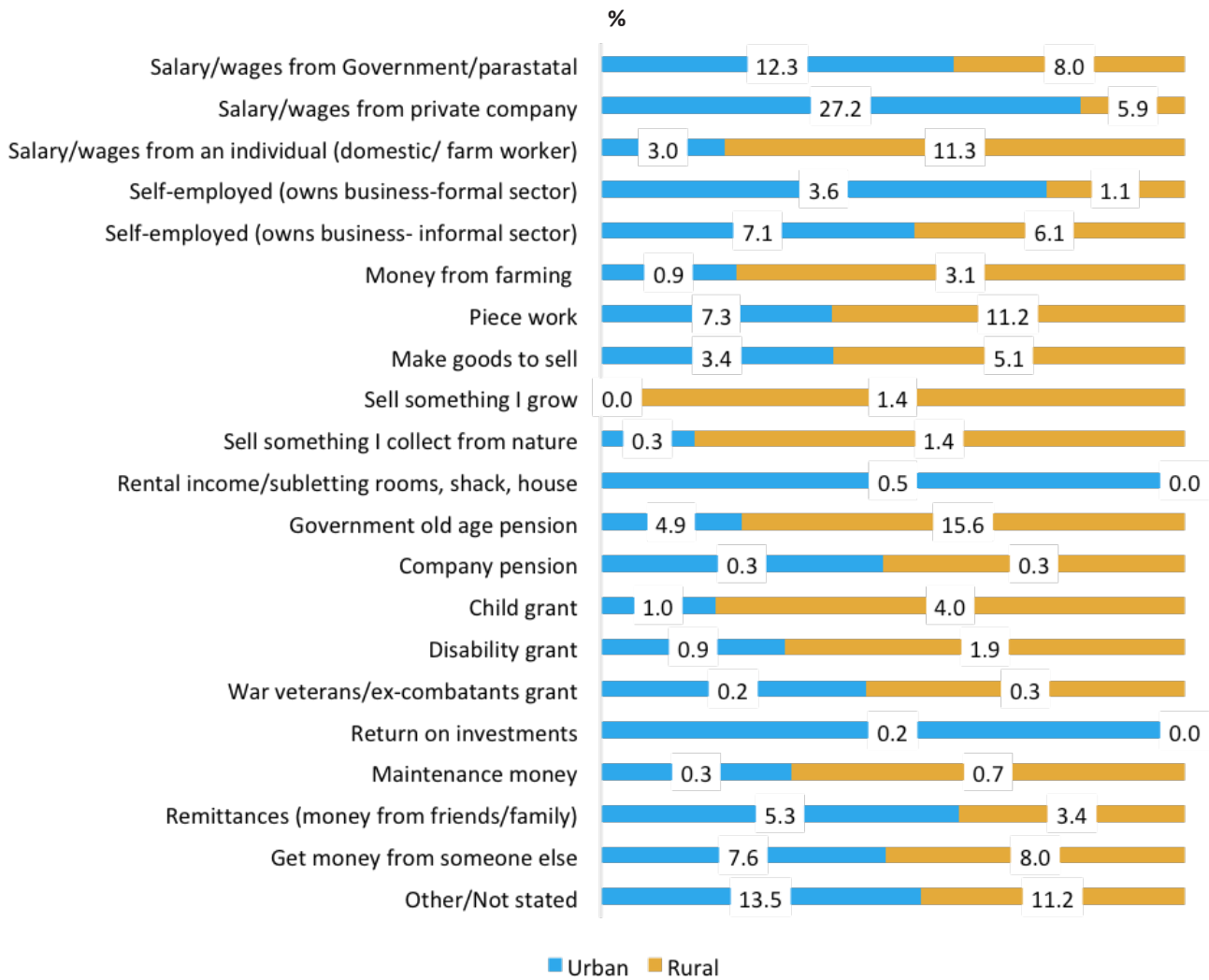


Figure 40: Main source of income by urban and rural areas

Figure 41 below presents personal monthly income, of which 32.5 percent of the eligible population earns up to N\$ 1 000.00 per month, 29.1 percent earns between N\$ 1 001.00 and N\$ 2 000.00 while 9.7 percent earns more than N\$ 11 000.00 per month.

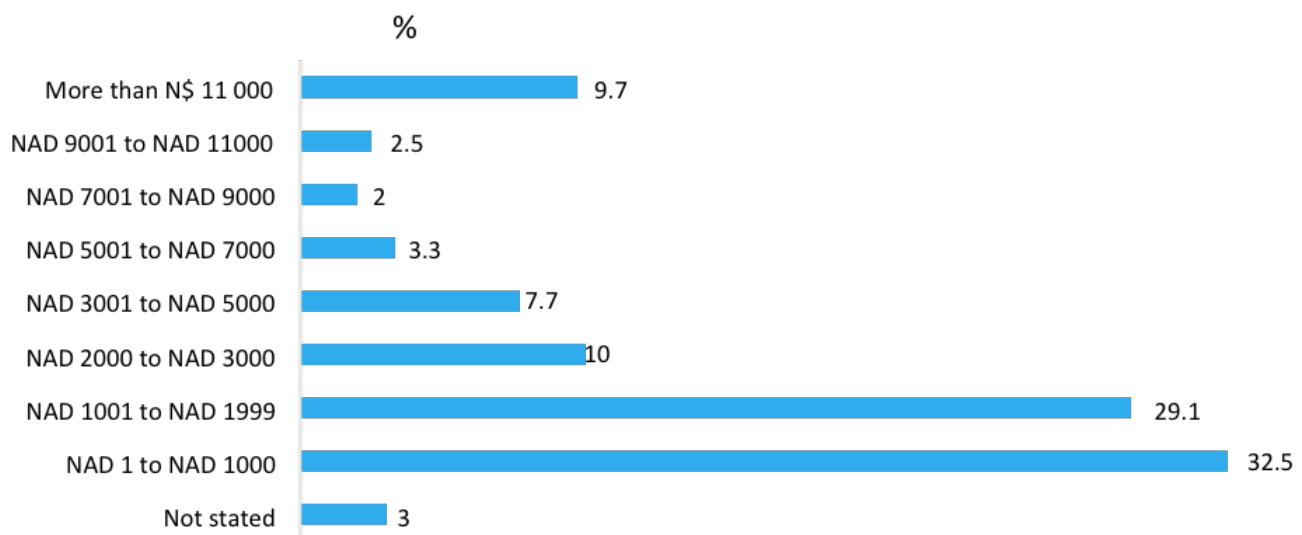


Figure 41: Personal monthly income

4.2.2 Farming

The survey collected information on farming, which is generally considered as a drive to financial inclusion, not only by being a source of labour, but also a business for selling farming products. Figure 42 below presents household's involvement in farming of which 18.0 percent of households reported to be involved in farming and that no one in the household has any other type of work; 26.1 percent of the households are involved in farming & other work and 55.6 percent of households indicated that they are not involved in farming at all.

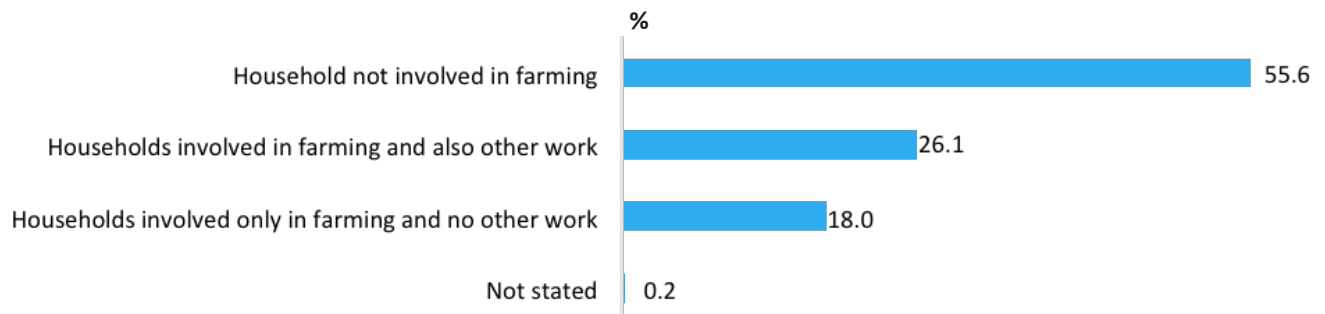


Figure 42: Household involvement in farming

Figure 43 shows the crops that farming households grow. Mahangu, is the most popular crop reported by 76.7 percent of the households, compared to 83 percent reported in 2011. It is followed by maize at 54.2 percent and then Sorghum at 34.7 percent.

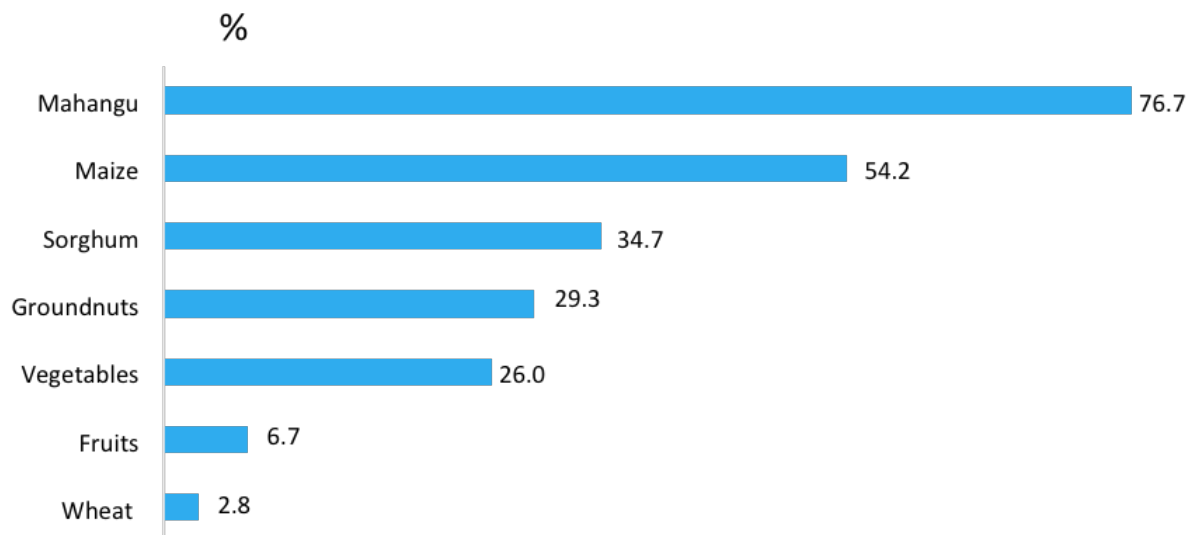


Figure 43: Crop farming activities

Figure 44 shows the indigenous crops that are grown by some of the farming households, and it indicates that Eembe is the main indigenous natural product grown by farmers, reported at 26.6 percent, followed by Marula at 23.3 percent and then Eenyandi at 18.0 percent.

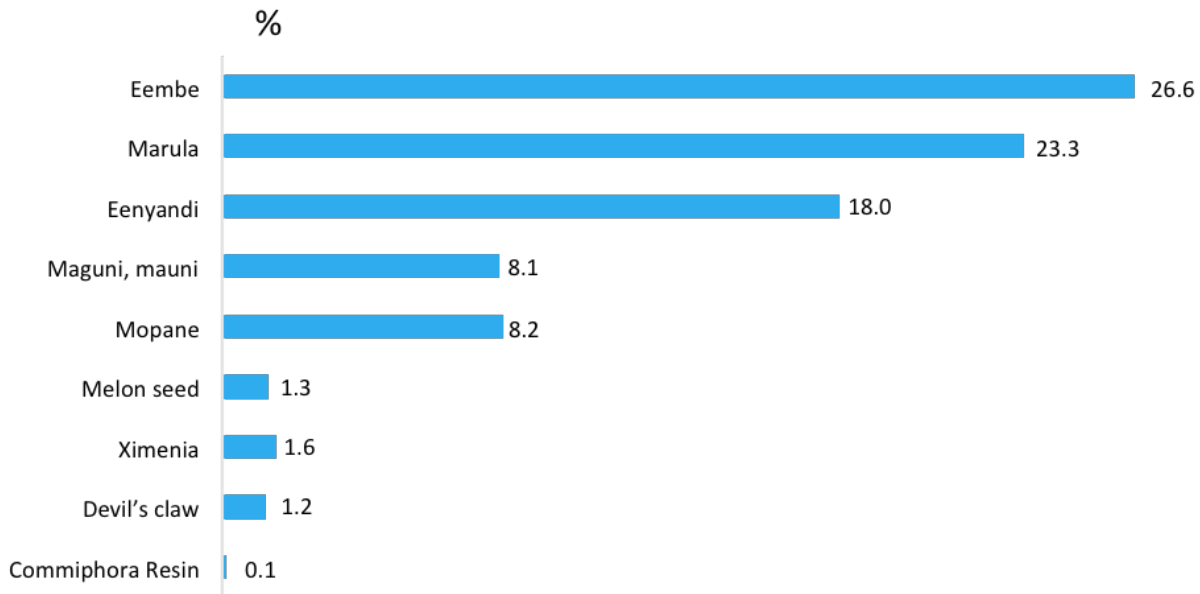


Figure 44: Indigenous natural product farming activities

Of the households who farm, 56.2 percent indicated that they are engaged in goats farming, followed by 52.2 percent who farm poultry, 33.6 percent who farm cattle mainly to produce beef and then 25.7 percent who farm cattle mainly to produce dairy products. This is depicted in Figure 45.

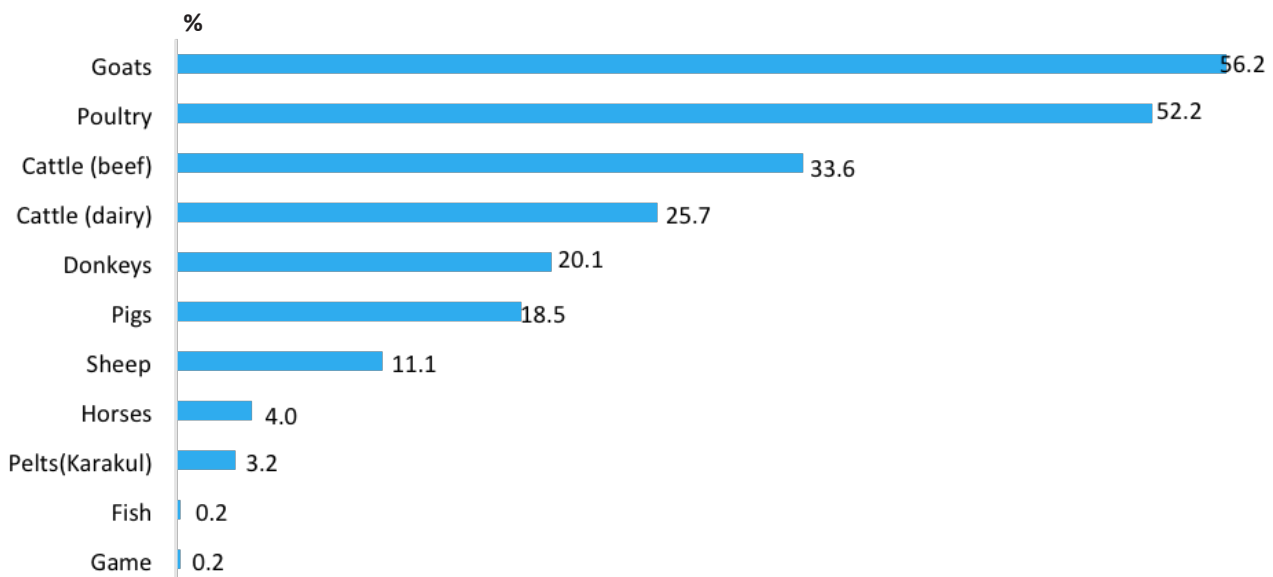


Figure 45: Livestock farming activities

Figure 46 below presents the general attitudes and perceptions of farming households on livestock and finances. 59.2 percent of the farming households disagreed to selling livestock on a regular basis as a means of generating income, with 23.3 percent disagreeing strongly. However, 45.1 percent of the farming households agreed that they regard livestock as a form of saving.

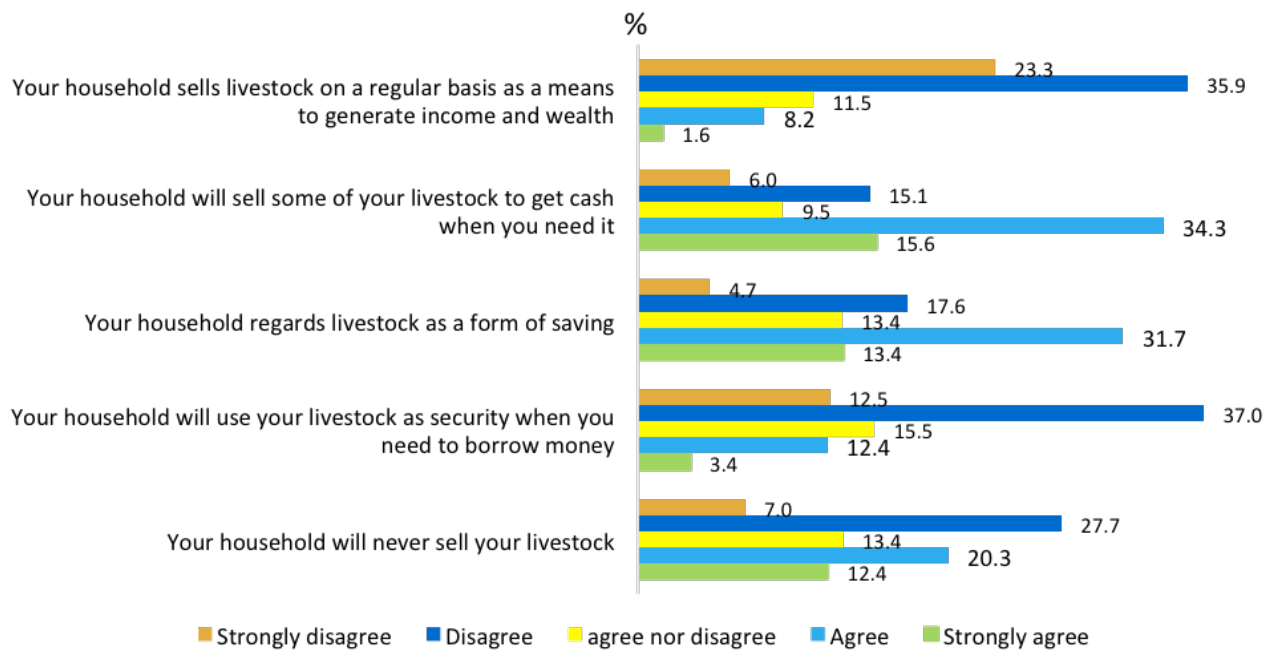


Figure 46: Attitudes about livestock

Figure 47 shows sources of money for farming activities. Results show that most farming households do not need income to finance any of their farming activities; 44.9 percent of households reported that they do not buy any inputs for farming and manage well with what they already have. 26.3 percent of the households reported using their savings when buying inputs for their farming activities, while 13.8 percent mainly use income from selling livestock. 13.8 percent mainly use income from selling livestock, while 13.8 percent mainly use income from selling livestock.

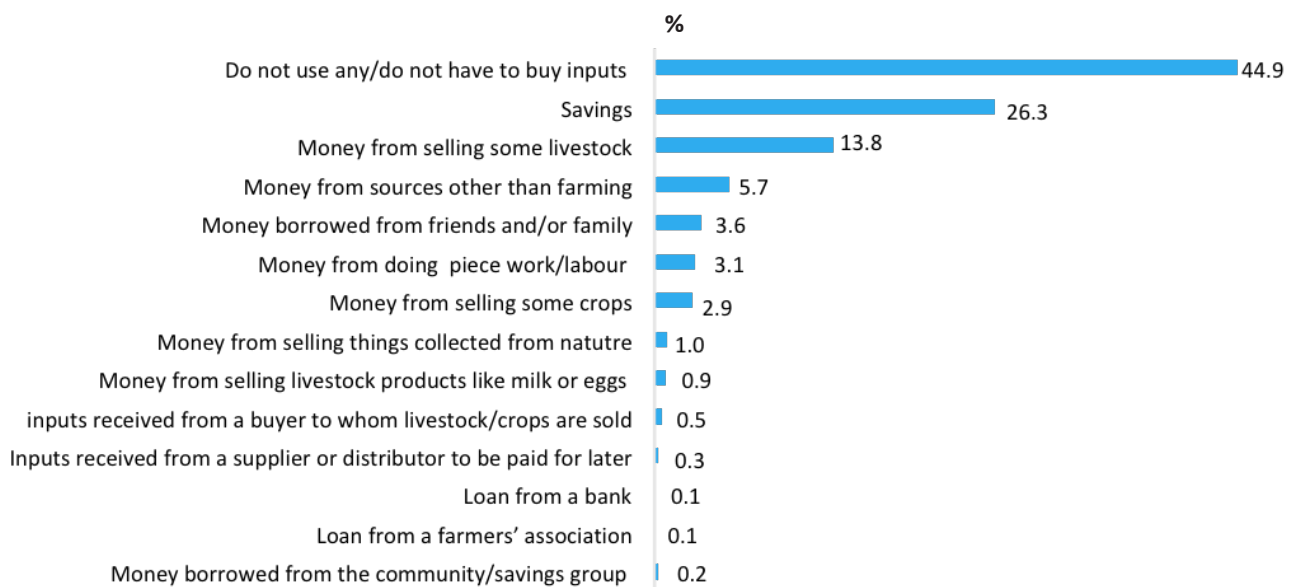


Figure 47: Sources of money for farming activities

Farming households were asked if they receive farming inputs from the government at a lower cost. Figure 48 below shows that 71.2 percent do not receive farming inputs from government, so only 22.5 percent reported receiving farming inputs from the government at a subsidized cost.

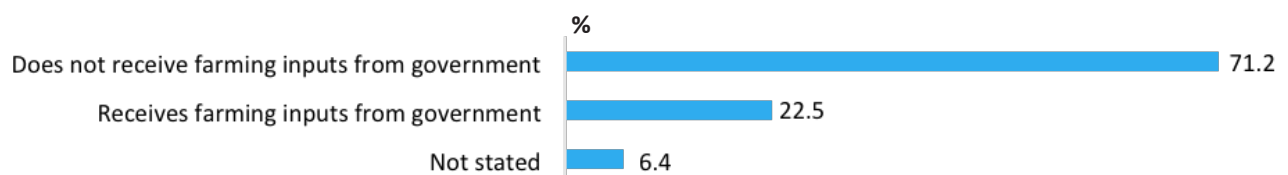


Figure 48: Dependence on farming inputs from government at lower cost

Figure 49 shows that 65.6 percent of the households who received farming inputs from government specifically receive seeds, followed by 49.8 percent who received vaccines and then 22.4 percent who received ploughing tractors.

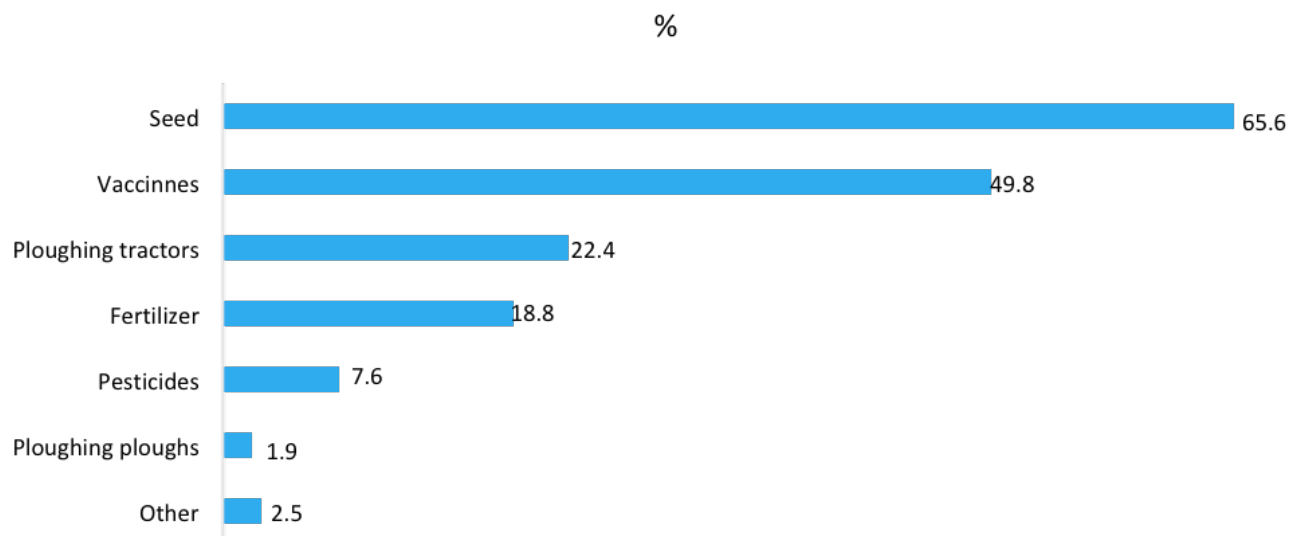


Figure 49: Types of farming inputs received from government

Farming households were also asked to indicate their main drive for farming; consumption or selling. Figure 50 shows that a vast majority of farming households (94.6 percent) indicated that they farm mainly for consumption purposes, while only 5.1 percent farm to produce goods for selling purposes.

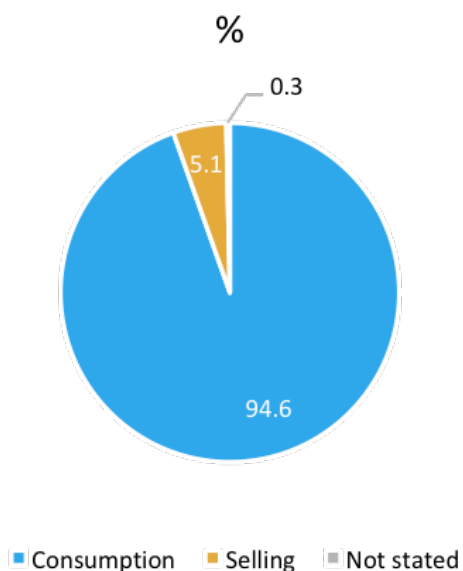


Figure 50: Main purpose of farming

Non-commercial farmers, who farm mainly for consumption, were asked if they have made any consideration of transforming their farming activities into a business. Of those who farm for consumption purposes, 78.3 percent have never considered turning their farming activities into a business, while 13.1 percent have considered it. This is presented in Figure 51 below.

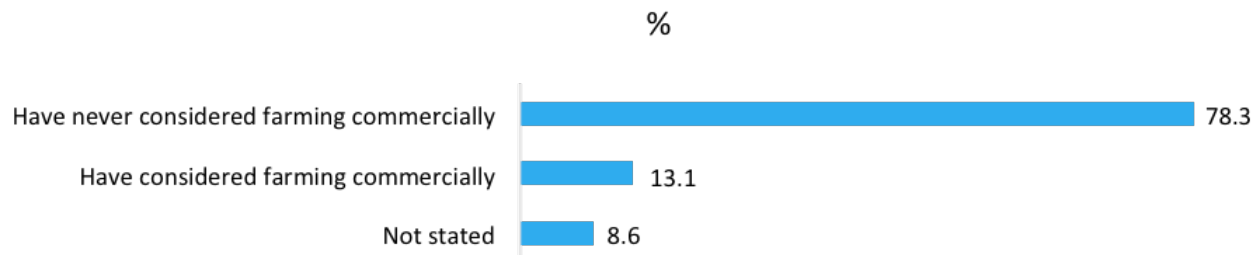


Figure 51: Consideration to becoming commercial farmer

Table 4 lists the reasons that households gave for not considering turning their farming activities into businesses. The table shows that 45.5 percent of the consumption farmers indicated that farming is considered to be rather a family activity, while 14.4 percent reported that they do not have sufficient funds to stock/work the farm properly, and 14.0 percent reported that they have other sources of income. Farming is considered a risk by only 2.1 percent of non-commercial farmers.

Table 4: Reasons for not considering turning farming activities into a business

	%
Farming is a family activity	45.5
Do not have enough land to farm commercially	10.9
The quality of the land does not allow for farming commercially	8.6
Farming is a hobby	6.5
The income from full-time farming is too low	1.8
Do not have sufficient funds to stock or work the farm properly	14.4
Have another source of income	14.0
Just love to farm	5.9
Full-time farming is too risky	2.1
The future of farming in this country is too uncertain	1.7
The profit made is not sufficient (market price too low)	1.8
The household land was bought as an investment and will be sold later	0.1
Other	12.7

The survey further collected information to whom Namibian commercial farming households sell their products. The results are shown in Figure 52. It is evident that 47.0 percent of commercial farmers reported that they sell their farm products directly to the general public, followed by 32.4 percent who mostly sell their products and services to co-operatives (e.g. Agra) and 27.9 percent who sell mainly to supermarkets. Only 10.9 percent indicated that they sell to abattoirs like MEATCO.

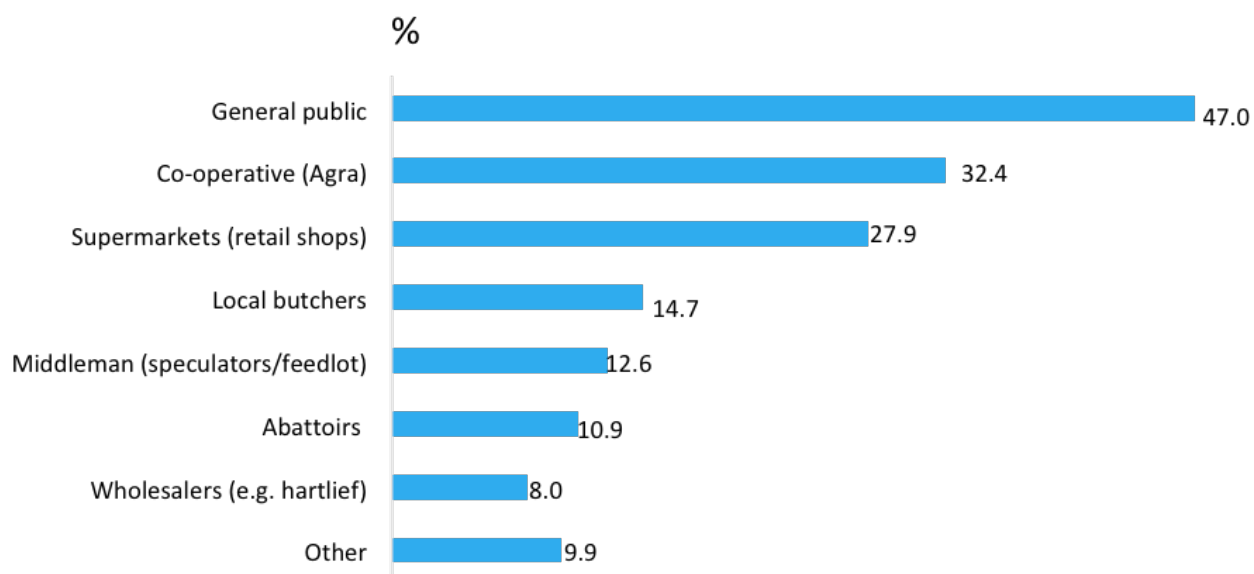


Figure 52: Target markets for farm products

The commercially farming households were further asked to identify the challenges they face in selling their products and services. These are shown in Table 5 below. While the majority (64.9 percent) identified lack of transportation, 56.3 percent reported low market price as the main challenge they face in selling their products. 54.8 percent indicated the cost of transportation as a challenge in selling farm products.

Table 5: Challenges faced when in selling farming products and services

	%
Lack of transportation	64.9
Low market price	56.3
Cost of transportation	54.8
Distance to the market/the place I sell	40.5
Reliability of transport	34.0
Goods/products get damaged in transport	10.4
Lack of refrigeration facilities	11.2
Lack of storage facilities	13.6
Other	10.9
Unreliable middleman	3.5

4.3 Financial Capability

Financial capability is defined to be the internal ability and possessing of necessary skills to understand, take-up and use a financial product/service effectively. Financial capability is to a large extent dependent on financial literacy. Financial Literacy includes management of money in day-to-day transactions, planning for long-term investments and responsibilities in such a way as to maximize personal financial welfare and being aware of the range of financial products available to choose from and knowing which products to choose. Four indicators or components can measure the financial literacy of a country, namely: money management, financial planning, choosing products and financial knowledge.

4.3.1 Day-to-day money management

Keeping up with financial commitments is somewhat difficult for 21.8 percent of the eligible population, while 46.7 percent indicated that this is very difficult. Only 6.9 percent reported that it is very easy to keep up with financial commitments. Figure 53 shows the results.

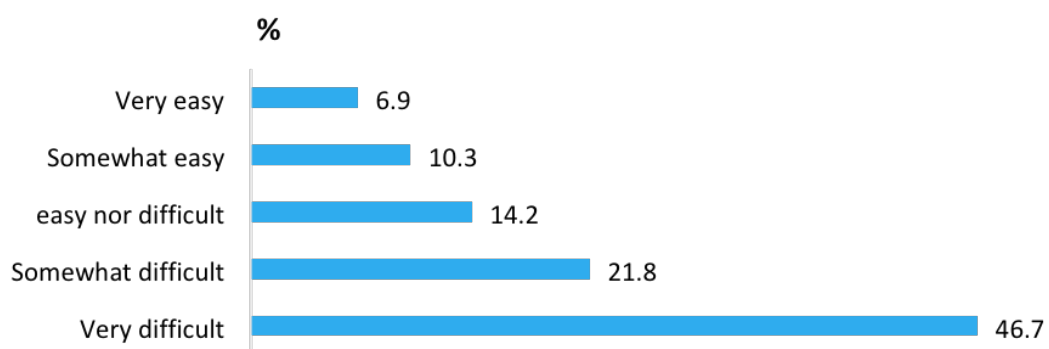


Figure 53: Ease of keeping up with financial commitments

With this difficulty in keeping up with financial commitments, Figure 54 shows that majority of Namibians (40.2 percent) never make their monthly income last until the next time they receive their following monthly income and only 23.1 percent indicated that they are often able to make their income last until their next income.

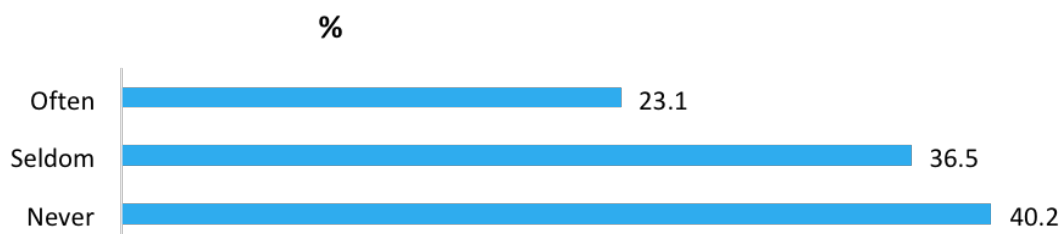


Figure 54: Frequency of making income last until the next income

Table 6 presents perceptions of how the adult population in Namibia rates their ability to make ends meet, or survive generally. A total of 53.4 percent agreed that they have difficulty making ends meet.

Table 6: Frequently having problems making ends meet

	Frequency	%
Strongly agree	192 486	13.2
Agree	586 603	40.2
agree nor disagree	243 389	16.7
Disagree	359 809	24.7
Strongly disagree	70 716	4.9

Furthermore, the majority (61.5 percent) of respondents will turn to family or friends for financial assistance when they run out of money, while 10.5 percent would get money from their savings. All of these sources of help will be accessed at greater frequencies in rural areas than in urban areas. Detailed responses are listed in Table 7.

Table 7: What do you do if you run out of money?

	Frequency	Total %	Urban %	Rural %
Will get the money from family and friends	896 220	61.5	60.7	62.4
Will get the money from someone in the community	96 171	6.6	4.4	9.1
Will sell something to cover the costs	61 071	4.2	2.7	0.1
Will borrow the money from family and friends	125 045	8.6	8.9	16.0
Will borrow the money from someone in the community	45 942	3.2	1.5	5.1
Will borrow the money from the bank	46 877	3.2	4.6	1.6
Will borrow the money from another registered financial institution	5 691	0.4	0.7	0.0
Will borrow the money from a cash loan lender in the community	45 395	3.1	4.4	1.6
Will borrow the money from a savings group or savings associations	1 815	0.1	0.2	0.1
Will get money from my savings	153 157	10.5	9.9	11.2

The findings in Table 8 show that 69.4 percent of respondents in general agreed that they have people in the community who they can turn to for help and 75.3 percent of the adult population would in general not ask a stranger for money, they would rather go to a community member that they know.

Table 8: General perceptions on financial help

	You have people in the community that you can turn to for help if you need to	You would rather turn to strangers than people in the community if you need financial help
	%	
Strongly agree	16.9	3.8
Agree	52.5	10.0
Neither agree nor disagree	9.3	10.6
Disagree	17.4	51.2
Strongly disagree	3.6	24.1
Not Stated	0.3	0.3
Total	100	100

Respondents were further asked to indicate how easy or difficult it is to keep up with paying accounts and meeting other financial commitments that they have on a monthly basis. This was measured on a 10-point scale ranging from 1 (not difficult at all) to 10(very difficult)". The closer the score number is to 1, the less the difficulty, and the closer the score number is to 10, the more the difficulty. A score number of five (5) indicates neutral difficulty. The distribution of responses is shown in Table 9. For many of the adult population, paying accounts and meeting other financial commitments on a monthly basis is very difficult.

Table 9: Ease of keeping up with paying accounts and meeting other financial commitments on a monthly basis

Score number	Frequency	%
1 (Not difficult at all)	166 041	11.4
2	91 185	6.3
3	119 305	8.2
4	112 787	7.7
5	178 133	12.2
6	83 574	5.7
7	109 661	7.5
8	146 715	10.1
9	83 234	5.7
10 (Very difficult)	364 090	25.0
Not stated	3 194	0.2
Total	1 457 919	100

4.3.2 Financial planning

Respondents were asked to identify three things that they buy or that they pay for when they receive their income. Table 10 shows that more than half (76.8 percent) of the population mentioned food and other groceries, followed by payment of water bills at 36.5 percent and thirdly payment of other general household items at 30.6 percent.

Table 10: Three things bought or paid for when income is received

	%
Buy food and other groceries	76.8
Buy airtime or credit for my cell phone	10.8
Set aside money to pay for fuel and transportation (taxi fare and bus fare)	10.0
Set aside money to pay for accommodation	10.3
Set aside money to pay for general household items	30.6
Buy electricity	23.0
Pay store accounts	5.7
Buy medication	4.4
Pay landline telephone or internet account	1.1
Pay water bill	36.5
Pay loan	4.4
Set aside money for saving or investment	14.2

The survey further established the respondent's involvement in financial decision making in their households. Figure 55 shows that while 25.3 percent make financial decisions together with their spouses or partners, 15.7 percent of the population reported not being involved in any of the household financial decision making. Only 31.5 percent make their own financial decisions.

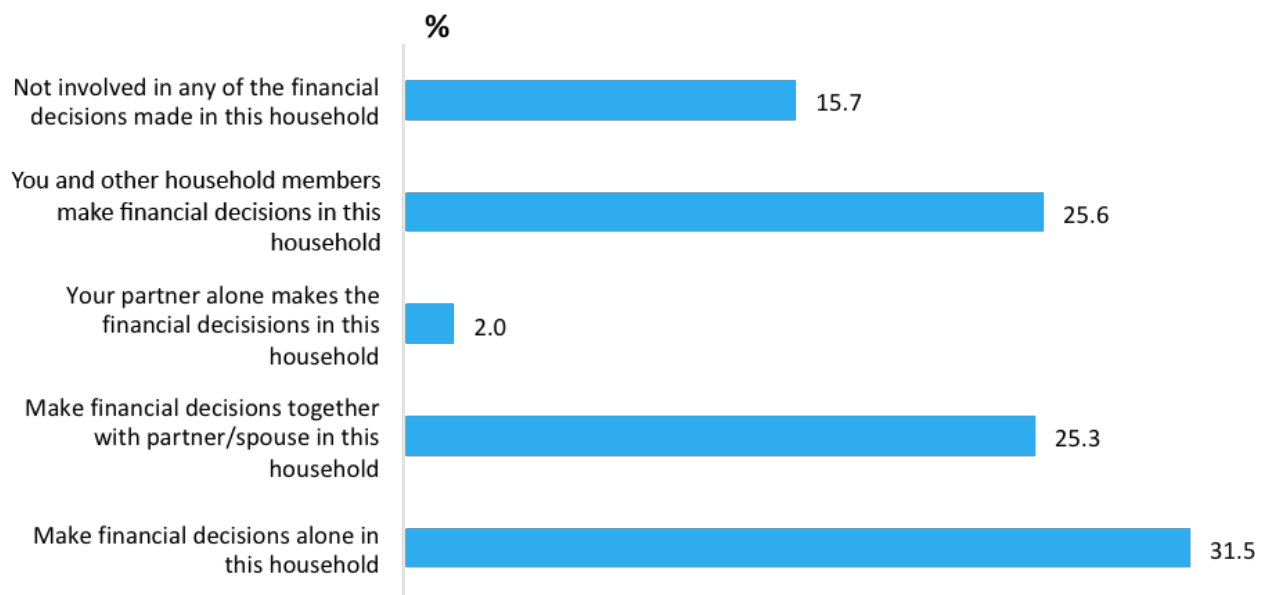


Figure 55: Financial decision making in the household

Table 11 shows attitudes regarding financial planning. Results indicate that Namibians consider themselves good when it comes to financial planning. Considering the sum of agree and strongly agree responses, results show that an average of 24.3 percent of the eligible population exhibits poor financial intentions and behaviours. Conversely, 71.2 percent consider themselves organised when it comes to managing their finances, 58.9 percent a saver rather than a spender and 81.0 percent like to be in control of their finances and money matters.

Table 11: Financial planning attitudes, perceptions and behaviours

	Agree/Strongly agree (%)
Poor financial planning	
You buy things even if you cannot afford them	18.6
You would rather buy something on credit than waiting to save enough money to buy the item you want	26.0
You often have to spend more money than what you have available	26.9
You are impulsive in terms of spending money	25.7
Good financial planning	
You consider yourself organized when it comes to managing your money	71.2
You consider yourself a saver rather than a spender	58.9
You like to be in control of your finances and money matters	81.0

Budgeting is used as a monitoring and evaluation tool in people's financial encounters. From Table 12, more than half of the population never keep record of their income, nor their spending, at 58.3 and 59.8 percent respectively. Only 28.0 and 26.3 percent keep record of their income and spending on a monthly basis.

Table 12: Record keeping on finances

	Frequency of keeping record of the money received	Frequency of keeping record of spending
	%	
Never	58.3	59.8
Daily	4.6	5.2
Weekly	6.0	6.2
Monthly	28.0	26.3
Annually	2.8	2.3
Not Stated	0.3	0.3
Total	100	100

The survey also asked to report whether or not they plan their spending for money that they receive, in order to make it last until they receive money again. From table 13, majority (73.7 percent) indicated that they do plan their spending. Of those who plan, 77.6 percent indicated that they change their plan overtime to cater for unexpected events, while 10.2 percent indicated that they keep to their initial fixed budget and source financing for unexpected expenses elsewhere. Additionally, 34.5 percent indicated that they use a general budget for every month based on their income, whereas 65.5 percent draw up a fresh budget each month based on their income. Similarly, the majority (82.9 percent, Table 13) of the eligible Namibian population prioritise certain things in terms of their monthly spending. This is further discussed in Table 14.

Table 13: Financial Capability Assessment

	%
When you get money, do you plan how you are going to spend this money to make sure that it lasts until you get money again?	
Yes	73.7
No	26.0
Not Sated	0.3
Do you change this plan if you have to pay for something unexpected like a medical or funeral experience?	
Yes	77.6
No, I do not change my plan because I make provision for unexpected events	12.2
No, I stick to my plan and find other sources of money to cover unexpected expenses	10.2
Do you have a general plan that you use every time, based on your income?	
General plan	34.5
Plan according to my income	65.5
When income is received, are there things you make sure you pay before you do anything else with your money?	
Yes	82.9
No	16.9
Not Stated	0.3

Table 14 shows the expenditures that Namibians prioritize when they receive their income. Of the eligible Namibian population, majority (92.6 percent) buy food and other groceries where as nearly half (44.0 percent) of the population spend their money on paying water bills.

Table 14: Top Three things paid for or bought when money is received

	Frequency	%
Buy food and other groceries	1 120 098	92.6
Pay water bill	53 226	44
Set aside money to pay for general household items	445 704	36.9
Buy electricity	334 939	27.7
Set aside money for saving or investment	206 655	17.1
Buy air time or credit for my cell phone	157 092	13
Set aside money to pay for accommodation	149 879	12.4
Set aside money to pay for fuel and transportation (taxi fare; bus fare and fuel)	146 446	12.1
Pay store accounts	83 127	6.9
Buy medication	64 797	5.4
Pay loan	64 688	5.3
Pay landline telephone or internet account	13 499	1.1
Pay for my internet	3 466	0.3
Other	305 026	25.2

4.3.3 Awareness of financial products

In order to test the general literacy of the population on various financial products, respondents were asked to spontaneously mention the financial products that they are aware of. 68.2 percent mentioned bank accounts; 41.1 percent mention mobile or bank wallet money; life insurance and medical aid products were mentioned by 25.6 & 25.3 percent respectively. Detailed responses appear in Table 15.

Table 15: Awareness of financial products (unprompted)

	%
Medical Aid products	25.3
Pension Fund products	19.7
Short term insurance	12.8
Life insurance	25.6
Friendly societies	5.0
Unit trust	8.4
Investment products (e.g. Bonds, unit trust)	8.4
Mobile Money / Bank wallet money	41.1
Bank accounts	68.2
Other loan products	4.5
No spontaneous mention of financial products	24.3

To enhance financial inclusion, it is necessary to not only expand services, but also to improve their quality thereof, and ensure that users are comfortable with the provided products and services. When asked about the financial institutions most comfortable dealing with, the majority mentioned that they were most comfortable dealing with Commercial banks (51.2 percent); Savings bank i.e. NamPost (48.2 percent); Medical Aid Funds (23.3 percent); and Life Insurance companies (22.5 percent). Other responses are shown in table 16.

Table 16: Financial institutions most comfortable to work with

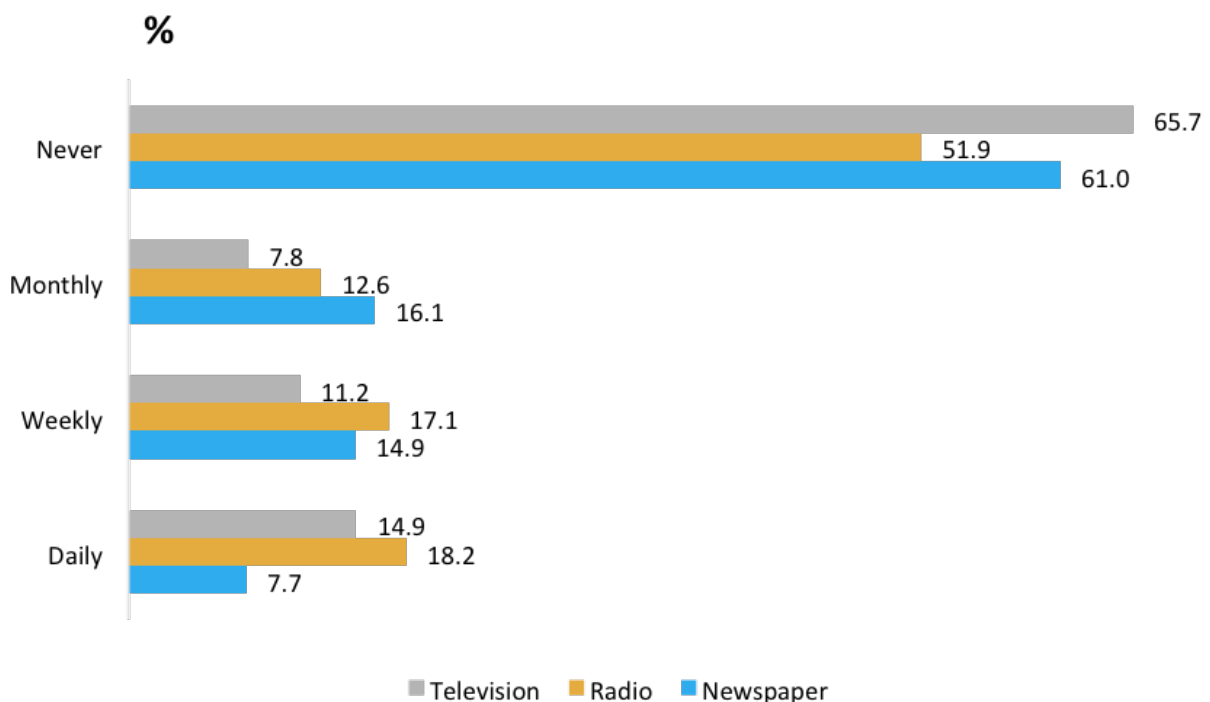
	%
Commercial Banks	51.2
Savings bank (NamPost)	48.2
Medical Aid Funds	23.3
No institutions mentioned	23.0
Life insurance companies	22.5
Pension Funds	21.2
Micro lenders (MFI)	17.1
Short term insurance companies	11.1
Investment products management companies (e.g. Unit Trusts and bonds)	5.8
Friendly societies	3.9
Unit trust management companies	3.7
Provident Fund companies	2.4

The survey also looked at knowledge of financial products. The respondents were asked to indicate their levels of knowledge on a scale from one to ten, where one is very poor and ten is very good. Knowledge of Mobile money and Savings bank products were ranked highest, at a mean score of 4.8 each, followed by banking products at 4.6 and Life insurance products at 3.5, while knowledge of provident funds products was reported the lowest at 2.3 percent. More responses are shown in Table 17.

Table 17: Knowledge of financial products

	Average
Savings bank products	4.8
Mobile money	4.8
Banking products	4.6
Life insurance products	3.5
Medical aid fund products	3.4
Pension fund products	3.4
Short term insurance products	2.9
Investment products	2.9
Micro lender products	2.9
Friendly society products	2.4
Unit trust management products	2.4
Provident fund products	2.3

Obtaining information about economic matters informs financial knowledge. Respondents were asked to report on the frequency with which they read about or listen to economic matters via various media. These were newspapers, radio and television. The results are shown in Figure 56. Quite a large proportion of the eligible population in Namibia never accesses economic information via newspapers, radio or television, at 61.0 percent, 51.9 percent and 65.7 percent respectively.

**Figure 56: Frequency of accessing economic and financial information via sources of media**

4.3.4 Choosing financial products

For this dimension of financial capability, respondents were asked specifically about contracts received when obtaining a formal financial product. Table 18 below shows that 23.8 percent of the adult population reported that they have obtained a formal financial product in the past. Of these, more than half (62.9 percent) requested a copy of the contract for the formal financial product obtained. For the respondents who have obtained a formal financial product in the six months preceding the survey, 33.0 percent did not receive a contract or terms of conditions upon obtaining such a product, while 13.8 percent received either a contract or terms and conditions for some of the products obtained. On the other hand, 16.4 percent of the respondents obtained either a contract or terms and conditions for all formal financial products obtained in the six months preceding the survey.

Furthermore, the majority (82.0 percent) reported reading the contract to themselves compared to 10.5 percent of the respondents who were read to by someone else. Respondents were also asked to report on their understanding of the contracts they read or that have been read to them. Based on a Likert scale of 1 to 10, where 1 is “very poor understanding” and 10 is “Very good understanding”, a mean score of 7.7 was reported, indicating a high sense of understanding of contracts or terms and conditions relating to formal financial products obtained.

Table 18: Obtaining formal financial products and contracts understanding

	%
Have you ever obtained a formal financial product?	
Yes	23.8
No	75.9
Not Sated	0.3
When getting a formal financial product, do you ask for a copy of the contract?	
Yes	62.9
No	37.1
When you obtained formal financial products, did you receive a copy of the contract or terms and conditions, was it for all of them, or only some of them?	
No contract received	33.0
Yes for some of them	13.8
Yes for all of them	16.4
No product received in the past 6 months	36.8
If you have received a contract in the past six months, did you read it, or was it read to you by the consultant/broker/agent?	
Read it myself	82.0
Someone read it to me	10.5
Did not read it, neither did someone read it to me	7.6

The survey also looked at where Namibians seek advice in making important financial decisions in their lives. More than half of the eligible population (53.7 percent) rely mainly on relatives for financial advice. 27.6 percent indicated consulting partners or spouses, while 12.3 percent base their decision on information that they themselves already have, and not consult anyone. This is depicted in Figure 57.

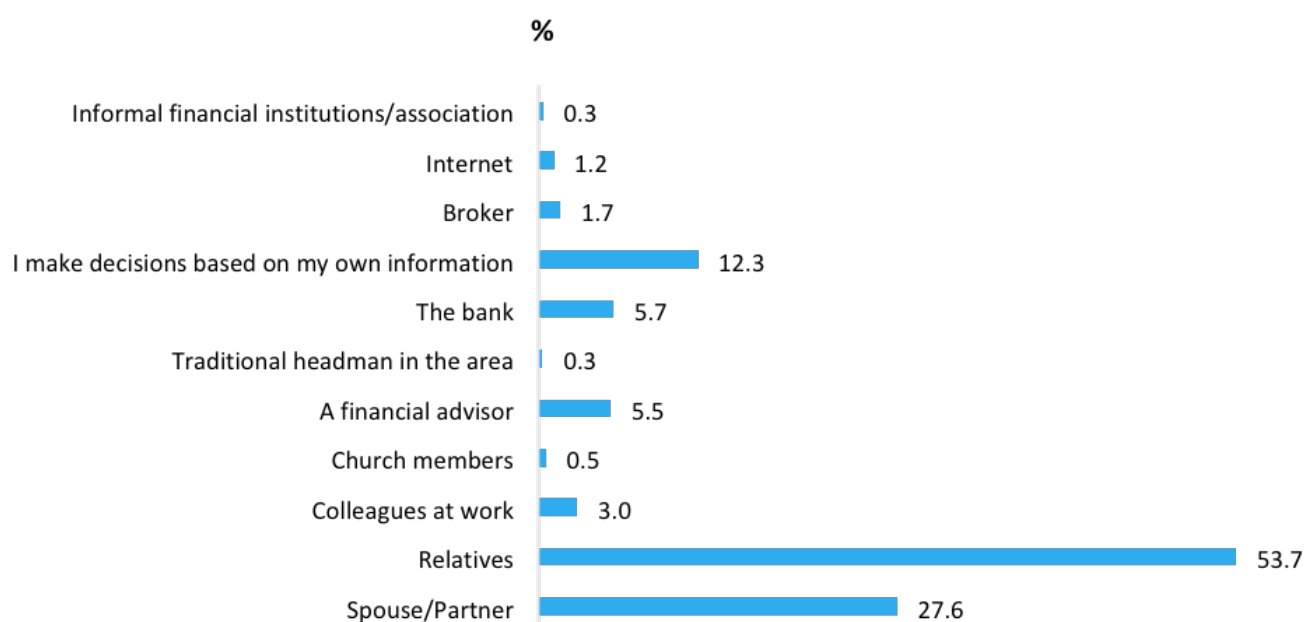


Figure 57: Source of financial advice

4.4 Financial Inclusion

Financial Inclusion surveys use a standard analytical framework to assess financial inclusion that has been developed over a number of years. Figure 58 outlines the definitions used in assessing financial inclusion. The legal age at which an individual in Namibia can open a formal bank account is 16 years. Therefore, the adult population for the NFIS is defined as individuals aged 16 years and older.

4.4.1 Analytical framework

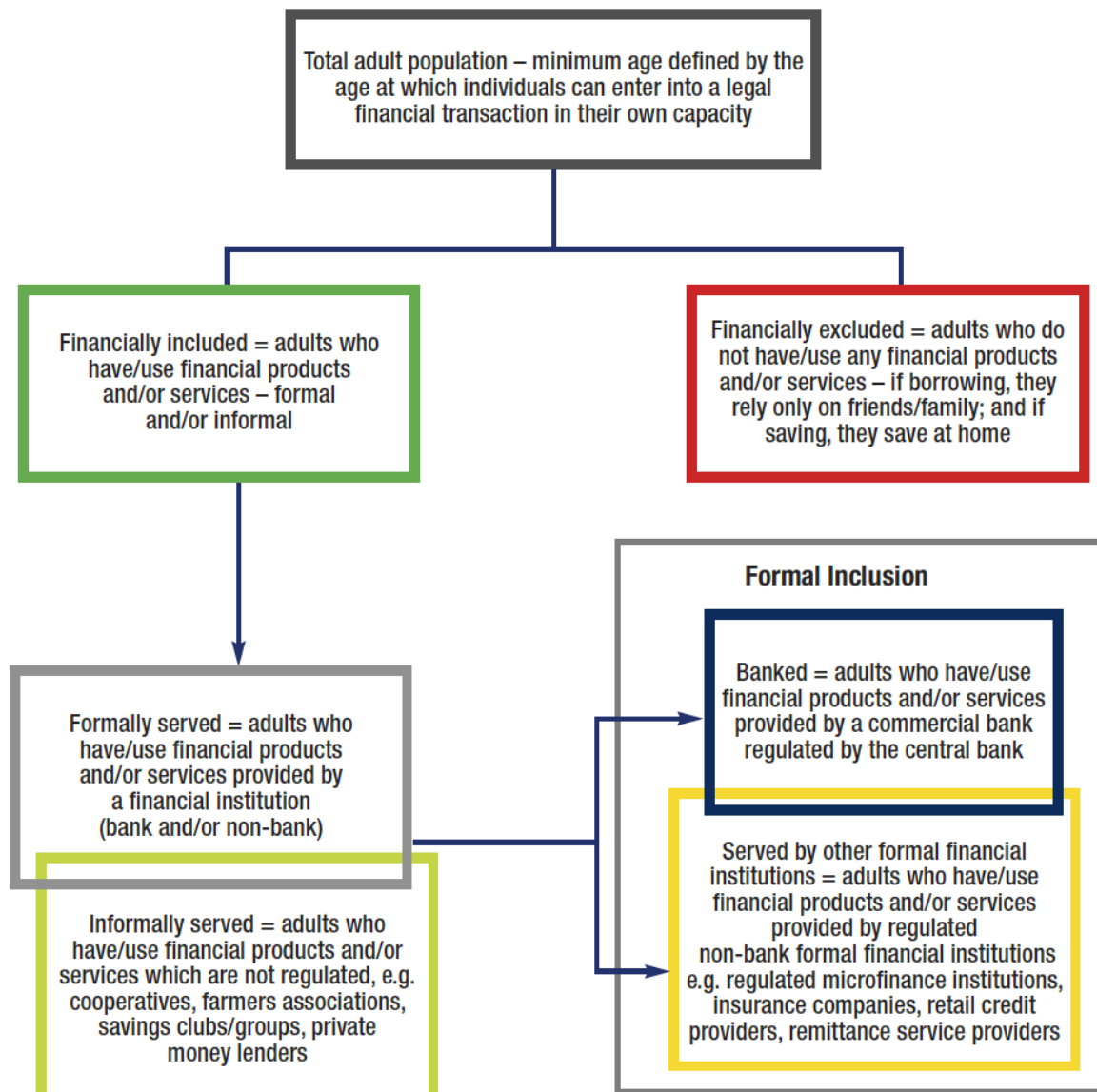


Figure 58: Financial inclusion definitions

4.4.2 Defining financial inclusion

Defining financial inclusion has to take into consideration the dynamic nature of markets and consumers. Thus, the analytical framework assesses both formal product usage through commercially recognised banks and other financial institutions such as insurance companies and retail providers and informal usage such as savings clubs, burial societies, etc. as depicted in Figure 59. The term financially included (served) refers to the percentage of adults that have or use financial products (both formal financial and informal mechanisms) to manage their financial lives.

The framework also seeks to assess the usage and overlap of services of both the formally served and the informally served.

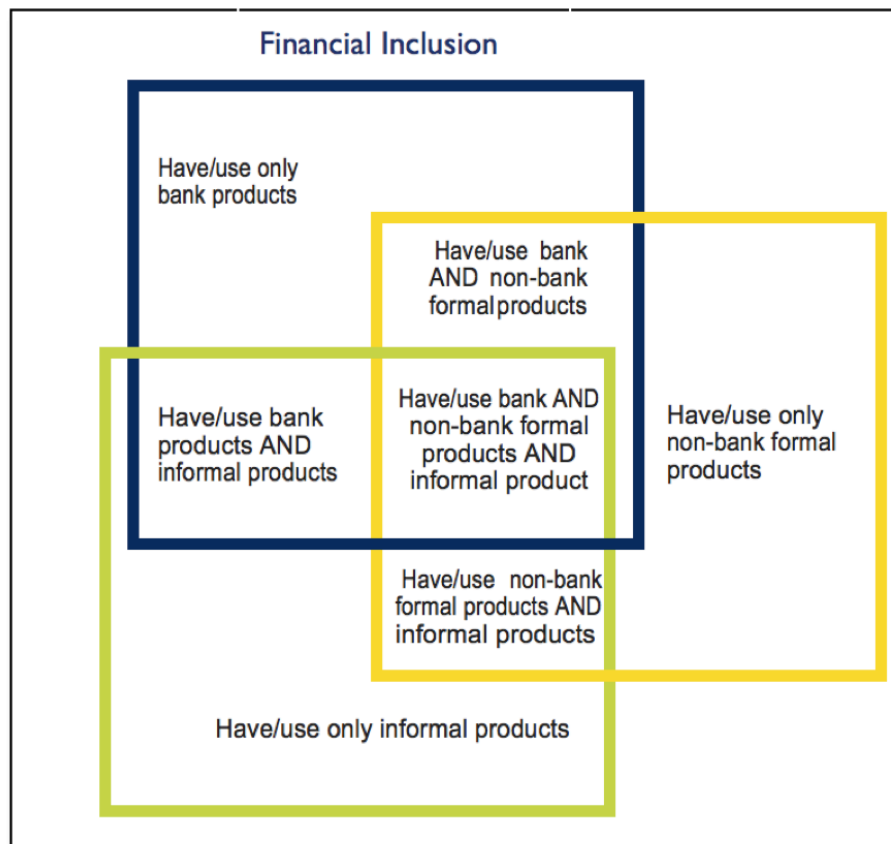


Figure 59: Dimensions of financial inclusion

Figure 60 below shows levels of financial inclusion. The Figure shows that levels of financial exclusion have decreased from 31 percent in 2011 to 22.0 percent in 2017. Moreover;

- 72.6 percent (1 058 929) of the eligible Namibian population is formally served, meaning they have or use financial products or services either from banks or non-bank institutions. They could also be having/using informal financial products and services, but the defining characteristic here is that they have or use at least one formal financial product or service.
- 67.9 percent of the adult population are banked. This means that they have or use at least one product or service offered by a bank. They could also be having or using non-bank and informal financial products and services, but the defining characteristic here is that they have or use at least one bank financial product or service.
- More than half (52.8 percent) have or use at least one formal non-bank product or service. They could also be having/using informal or bank financial products and services, but the defining characteristic here is that they have or use at least one formal non-bank financial product or service.
- 23.9 percent are informally served, meaning that they make use of informal financial products or services. They could also be having/using formal (bank and non-bank) financial products and services, but the defining characteristic here is that they have or use at least one informal financial product or service.

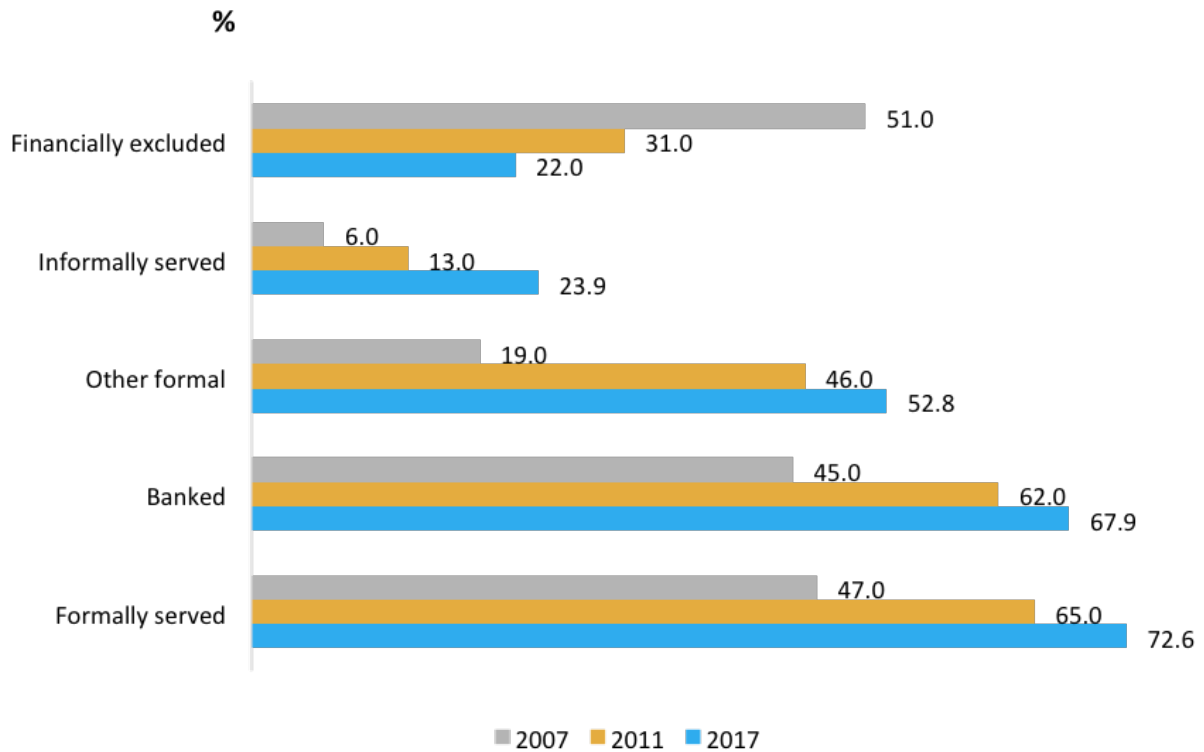


Figure 60: Levels of financial inclusion

Table 19 shows the financial exclusion rates amongst various demographic groups. Financial exclusion in Namibia is skewed to the following variables:

- Rural areas (27.1 percent)
- Males (23.9 percent)
- 16-20 age group (36.8 percent)
- Those married traditionally (31.2 percent) and those in consensual unions (31.1 percent)
- Adults whose highest level of education is Kindergarten/day-care (100 percent) and adults that never attended school (42.0 percent)

Table 19: Financially excluded population rates

	Financially excluded	Total eligible population	Financial exclusion rate (%)
Area			
Urban	136 768	782 614	17.5
Rural	183 247	675 305	27.1
Sex			
Male	165 600	692 352	23.9
Female	154 416	765 567	20.2
Age			
16-20	78 803	214 046	36.8
21-26	59 005	258 318	22.8
27-31	39 117	168 883	23.2
32-39	46 793	269 401	17.4
40-50	45 210	271 724	16.6
51+	51 088	275 548	18.5
Marital status			
Never married	208 212	893 057	23.3
Married with a certificate	24 618	264 075	9.3
Married traditionally	26 673	85 365	31.2
In consensual union	35 050	112 828	31.1
Separated	3 512	13 887	25.3
Divorced	5 772	24 478	23.6
Widowed	16 179	64 229	25.2
Highest level of education			
Kindergarten/Day-care	275	275	100.0
Adult Literacy Programme	2 435	8 345	29.2
Primary education	115 502	348 325	33.2
Secondary education	133 800	799 230	16.7
Technical/Vocational education	1 261	19 789	6.4
Tertiary education	647	120 576	0.5
Do not know/Other	4 106	13 614	30.2
Never attended school	61 989	147 764	42.0

For the 78.0 percent of the adult population who are financially included, the survey aimed to establish drivers behind increased financial inclusion since 2011. Further analysis was done in order to obtain a better understanding of exactly which types of financial products/services (savings, credits etc.) increased in the banking, formal non-bank or informal financial institutions respectively.

For the banking institutions, the survey results indicate that banking in Namibia is mainly driven by savings products and services and secondly by remittances. More than 80 percent of banked adults have or use savings products, while 55.7 percent have or use the bank for remittance products. Nearly half of the banked population (52.0 percent) also use the bank to receive their income, whereas 18.9 percent have or use credit products and only 7.0 percent have or use funeral cover. These findings are shown in Figure 61.

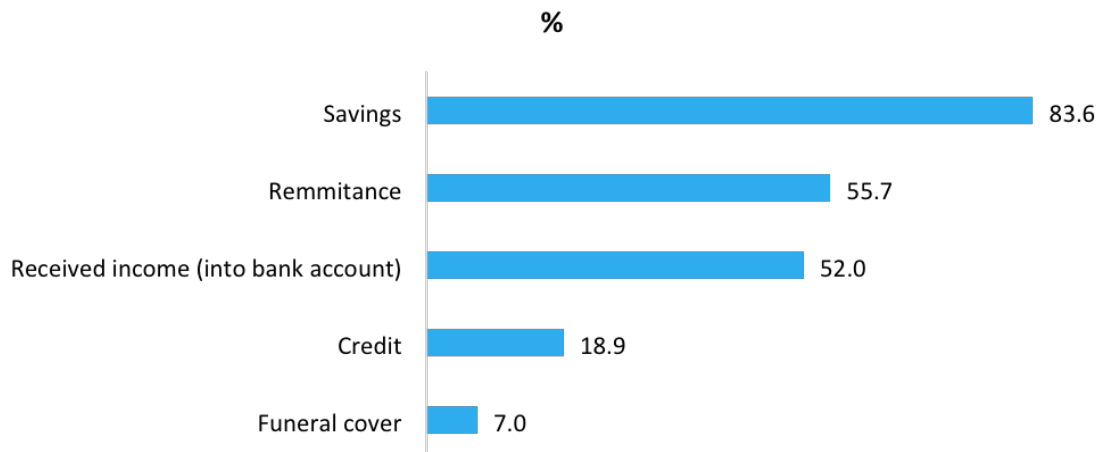


Figure 61: Drivers of Banking products and services

With regards to the formal but non-bank products and services, insurance and savings products are the main drivers, as presented in Figure 62. Of the adults who use non-bank formal products, 56.9 percent have or use insurance products, including short- and long-term insurance products. Another 53.7 percent use savings products, while the usage of remittance and credit products were reported at 16.6 and 16.2 percent respectively.

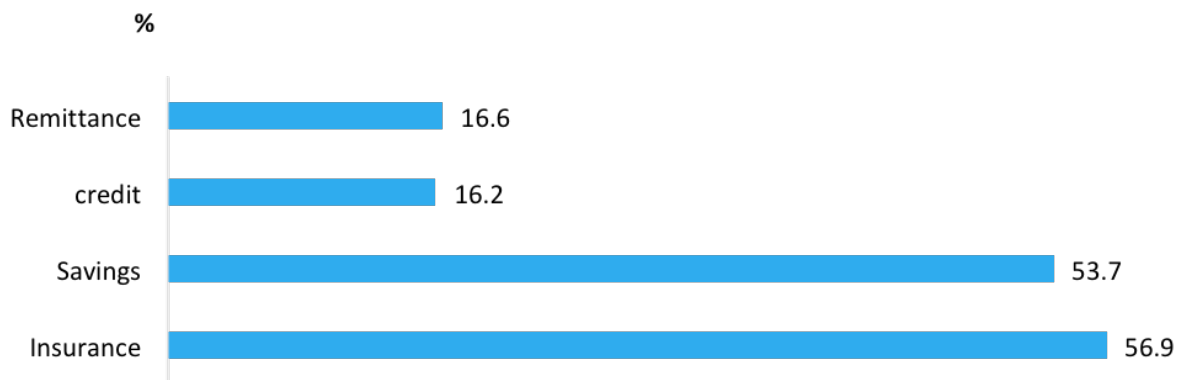


Figure 62: Drivers of non-bank formal products and services

As for the use of informal financial products and services in the country, more than a third (35.6 percent) of those who use informal products borrow money, and 45.9 percent belong to informal savings groups or clubs. 2.6 percent of those who use informal financial services and products are members of burial societies. This is as shown in Figure 63.



Figure 63: Drivers of informal product

The Access Strand

The Financial Inclusion survey uses the financial access strand to compare financial access across countries. The Access Strand focuses on the financial system of a country in its broadest sense as outlined below:

- Formally included
- Informally served
- Financially excluded

The segments are differentiated by current product usage indices ranging from people who are formally included, to those who use informal products and finally to those who use no products at all – the financially excluded population.

In constructing the Access Strand, the overlaps in financial product/service usage are removed, resulting in the following segments:

- Financially excluded individuals
- Individuals who only have/use informal products/services and NO formal products
- Individuals who only have/use formal non-bank products/services and NO formal bank products/services
- Individuals who only have/use formal bank products

Figure 64 shows the financial access strand.

- The 2017 NFIS findings show that 67.9 percent of adults have or use financial products or services from banks. It is important to note that these adults could also have other formal non-bank and informal financial products or services, but the defining characteristic here is that they have or use at least one financial product or service offered by a bank.
- 4.8 percent of adults in Namibia have or use financial product or services from other formal but non-bank institutions. They could also be using informal products, but the defining characteristic here is that they have or use at least one formal but non-bank product or service.
- 5.4 percent strictly only use informal financial products or services, and do not have or use formal (bank or non-bank) financial products and services.

As noted earlier in drivers of banking, savings and remitting through banking products contribute mainly to the increase in the banked population, which has increased from 62.0 percent in 2011 to 67.9 percent in 2017. Moreover, the results showed that of the 22.0 percent financially excluded Namibians, 8 percent are indirectly banked. These are individuals who make use of other people's bank accounts.

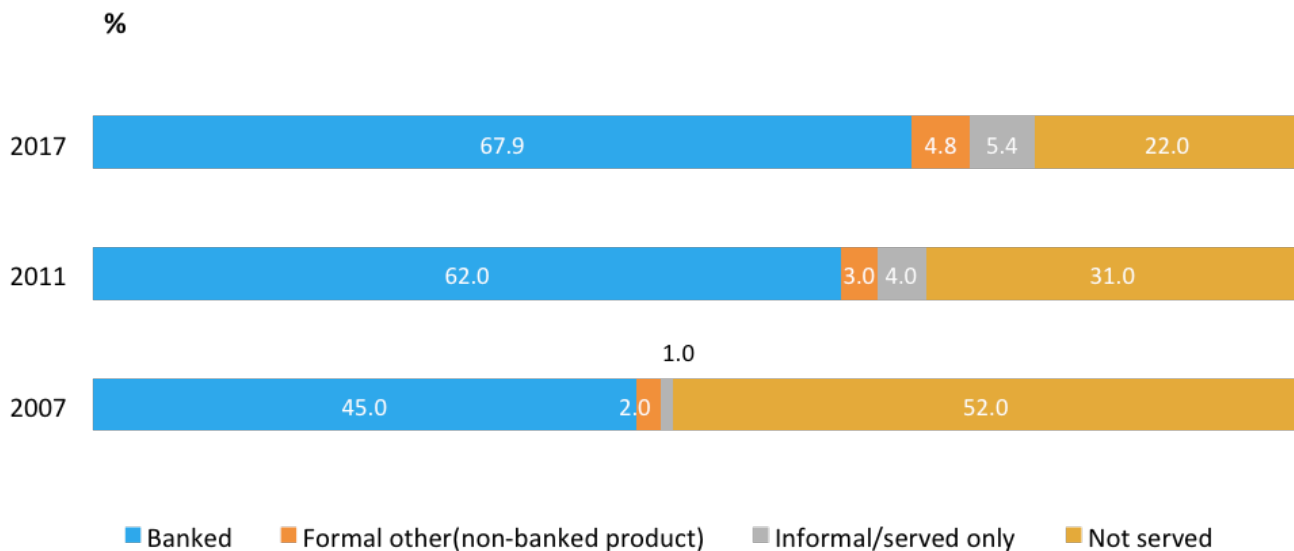


Figure 64: The Access Strand

Consumers generally use a combination of financial products and services to meet their financial needs. Someone could for example be banked, and receive his/her salary through a mobile money account, but also belong to a savings group to enable him/her to access money quickly in times of an emergency such as unforeseen medical expenses or to pay school fees or use mobile money to remit money. Together, figure 65 and Table 20 presents these overlaps.

- 15.2 percent of the financially included population rely exclusively on banking products and services.
- 13.1 percent use a combination of formal (Bank and Non-bank) and informal financial products
- 5.4 percent rely solely on informal financial products and services.

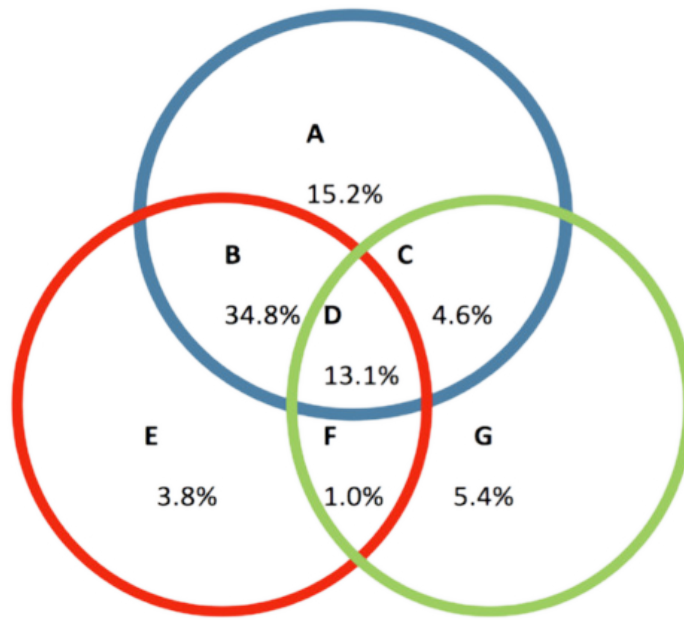


Figure 65: Overlaps in product usage by the financially included

Table 20: Overlaps in product usage by the financially included

Product usage of the financially included				%
A	15.2	Bank products/service only	Formally served	72.6
B	34.8	Bank products and non-bank formal	Banked	67.9
C	4.6	Bank products and informal mechanism	Formal served (non-bank)	52.8
D	13.1	Use both formal and informal mechanisms	Informal served	23.9
E	3.8	Non-bank formal only	Excluded	22.0
F	1	Non-bank formal and informal mechanism		
G	5.4	Informal mechanism only		

Figure 66 presents the Access strand by sex. Out of the total male eligible population, 65.4 percent are banked, while the rate is higher for the female population, at 70.0 percent. When it comes to the financially excluded, the rate is higher for the male population at 23.9 percent, while out of the female population the exclusion rate is at 20.2 percent.

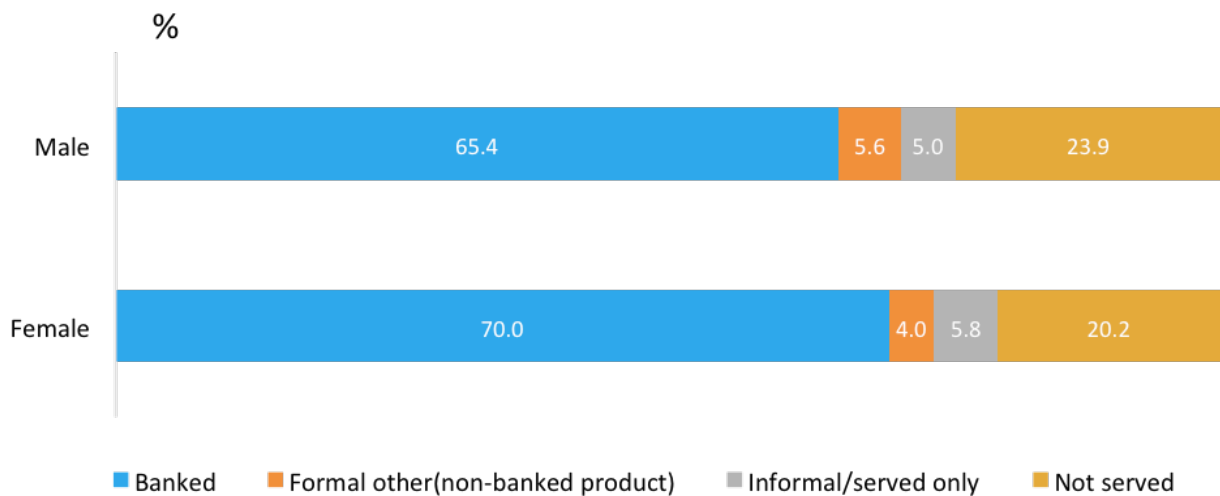


Figure 66: Access Strand by Sex

There are large differences in the levels of those that have financial access between adults who reside in urban areas, and those who reside in rural areas as presented in Figure 67. In urban areas, financial access is reported at 82.6 percent while it is reported at 72.9 percent in rural areas. Higher levels of financial inclusions in urban areas are mainly driven by the use of banking products and services, with 75.3 percent having or using banking products. There has however been a significant increase in financial inclusion in rural areas from 2011 that can be attributed to the increased accessibility of banks and the introduction of relevant products.

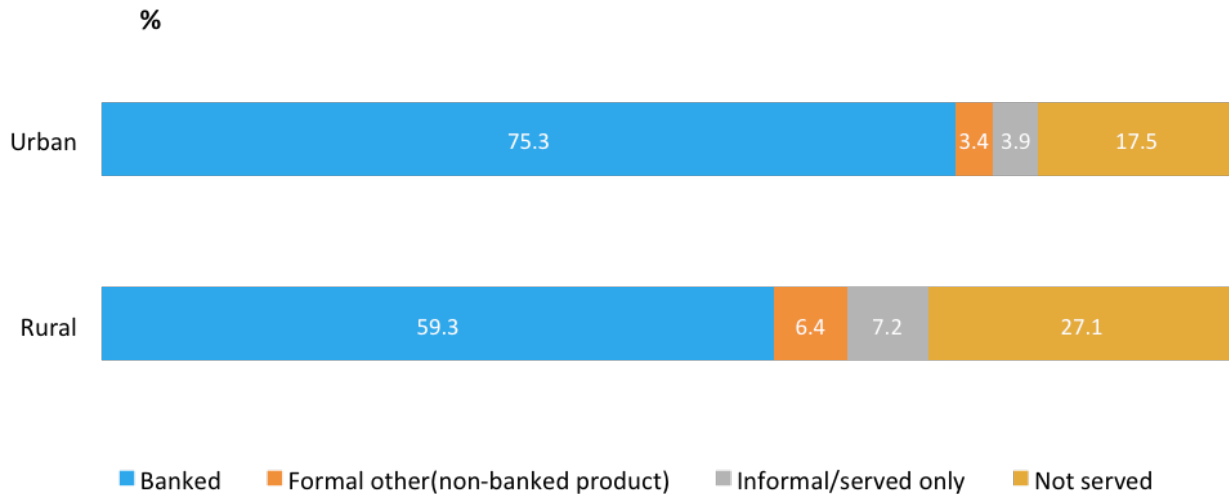


Figure 67: The Access Strand by Urban/Rural

When comparing Namibia to other countries in the SADC region where the Financial Inclusion surveys have been implemented, Namibia is ranked fourth in terms of financial inclusion with Seychelles topping the region. A detailed comparison is presented in Figure 68. For each country, the figure shows results from its most recent Financial Inclusion survey at the time of writing the 2017 NFIS report.

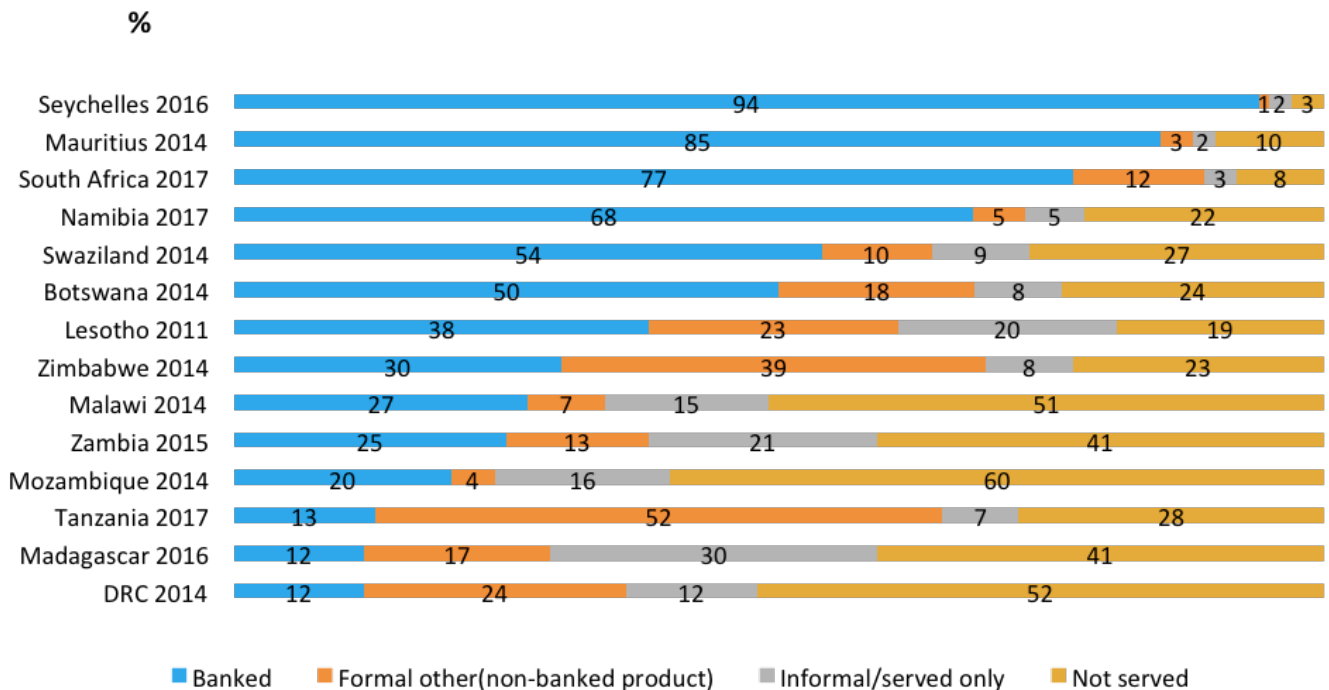


Figure 68: Comparing the Access Strand in the SADC Region

The survey also aimed to establish the degree to which the financially included population have or use financial products and services. The landscape of access is used to gain insight about the purposes for which people use financial products (both formal and informal). Financial products may be used for transactional, savings, credit, remittance or insurance purposes. Figure 69 shows, on its five axis, the percentage of the financially included population who have or use transaction, savings, credit and loan as well as insurance products. The figure indicates that as per the 2017 results, majority use financial products mainly for transactions and saving purposes. Use of financial products for credit/loan purposes recorded the lowest in 2017. It is however worth noting that while the use of financial products for transactions and savings purposes remain dominant, they have decreased since 2011.

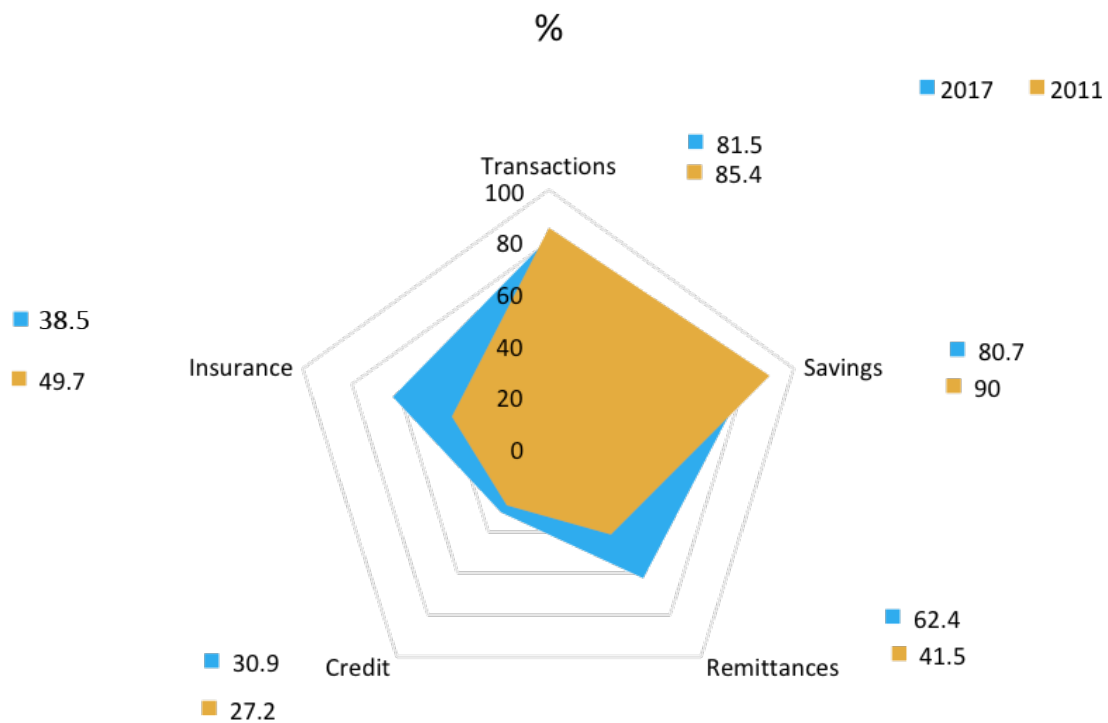


Figure 69: The Landscape Access in Namibia

4.5 Usage of financial Products

4.5.1 Banking

Perceptions about banking were assessed in the survey. The average and mode scores are shown in Table 21. Perceptions were measured on a 5-point scale where one is strongly disagreeing; two is disagree; three is neither agree nor disagree; four is agree and five is strongly agree.

Table 21: Perceptions about Banking

	Mean	Mode
If you are not employed, you cannot open a bank account	3.3	4.0
Having a bank account makes it easier to get credit	2.7	2.0
You can easily live your life without a bank account	2.9	2.0
Most services from banks are also offered elsewhere	2.9	3.0
Banks try to understand your needs and offer you products that meet them	2.7	2.0
You trust banks with your money	2.1	2.0

Figure 70 presents perceptions that the adult population has about banking. Very few do not trust banks with their money (2.5 percent strongly disagree; 8.5 percent disagrees.) When looking at the combined responses for agree and strongly agree; 47.5 percent perceive banks as understanding when it comes to customers' needs and offering products to meet these needs, 36.6 percent hold the perception that services from banks are also offered elsewhere, 47.5 percent are of the opinion that you can easily live without a bank account and 31.8 percent are of the opinion that if you are not employed, you cannot open a bank account. Furthermore, half of the eligible population (49.7 percent) indicated that they think having a bank account makes it easier to get credit.

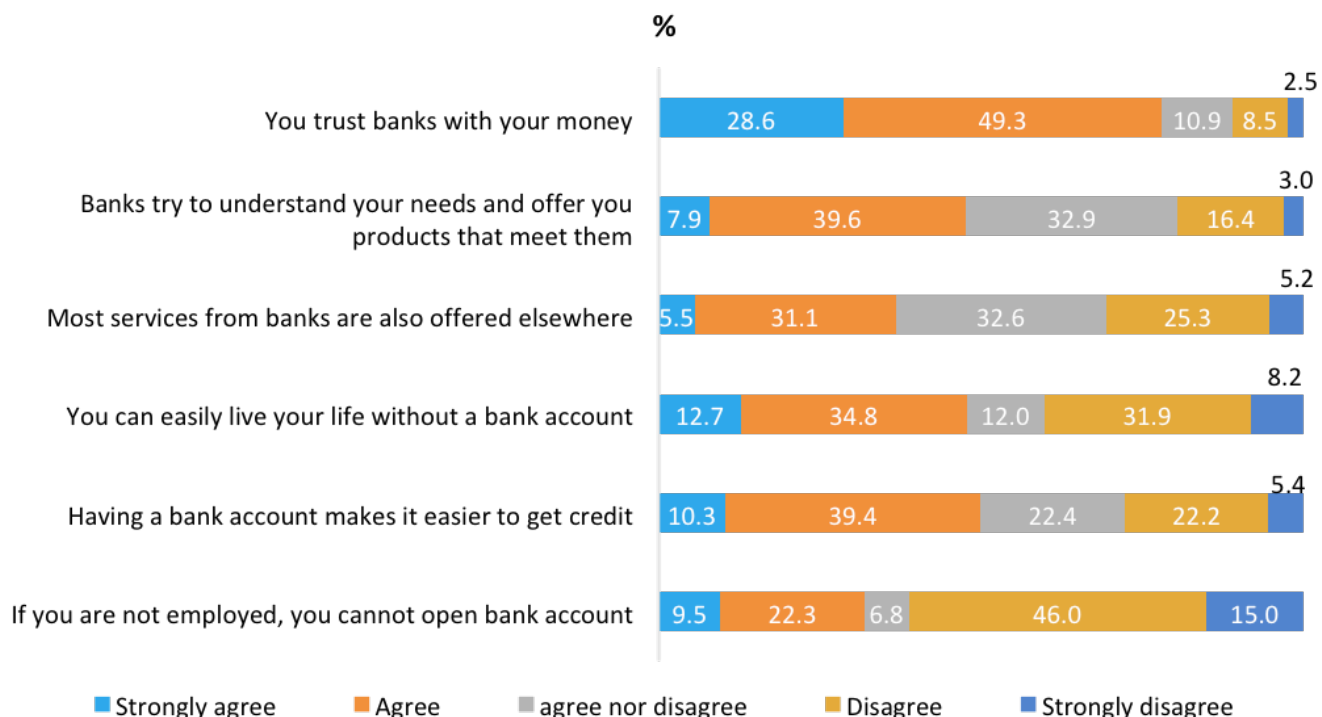


Figure 70: Perceptions about Banking

Figure 71 shows specific products that are currently held as reported by respondents. The most reported bank accounts held are savings accounts (48.0 percent), wallet accounts (29.4 percent) and cell phone banking (28.2 percent). The least reported product was foreign currency accounts (0.6 percent) and foreign investment accounts (1.0 percent).

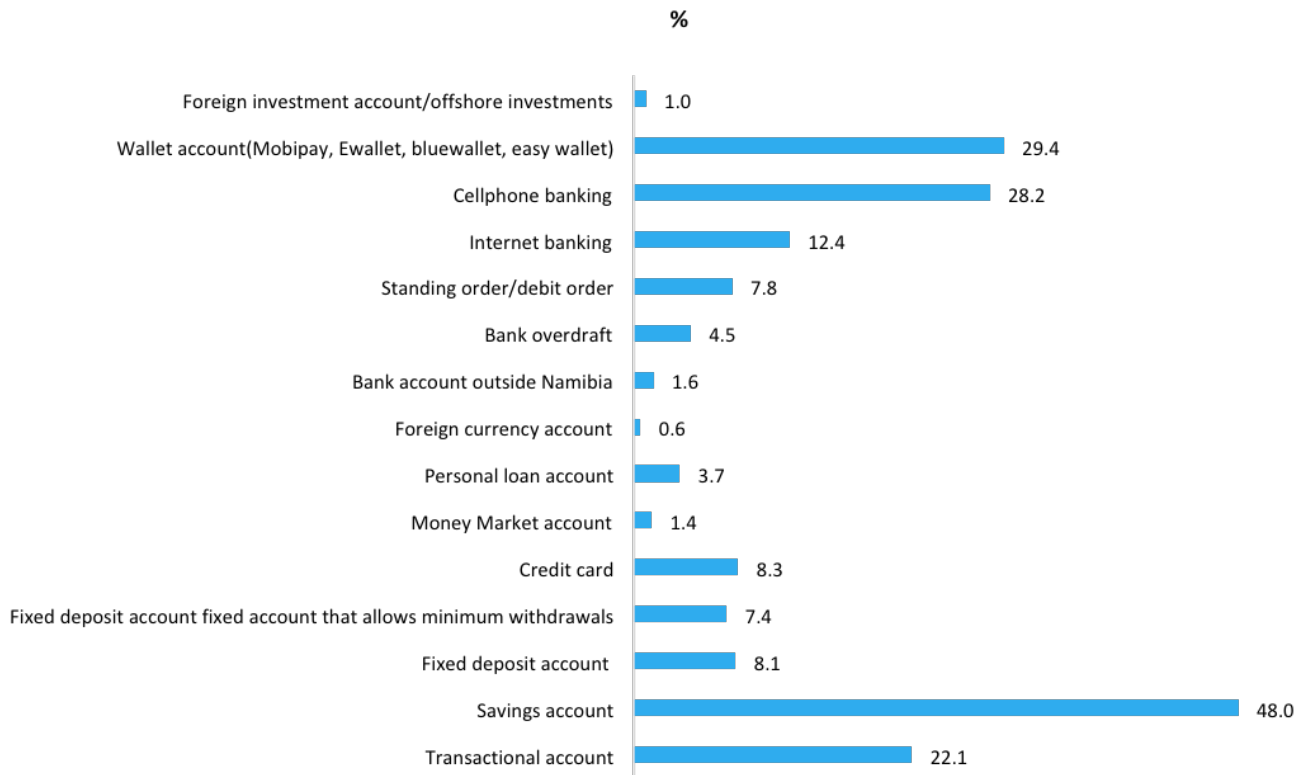


Figure 71: Bank products currently held

One of the critical measurements of financial inclusion in an economy is the proportion of the adult population that operates an account with a financial institution. Respondents were asked to indicate if they have bank and smart card accounts in their names or not. Results are shown in Figure 72. Bank accounts are more common in Namibia than smart card accounts, although the proportion of the eligible population with no bank account to their name is in itself quite high, at 32.1 percent.

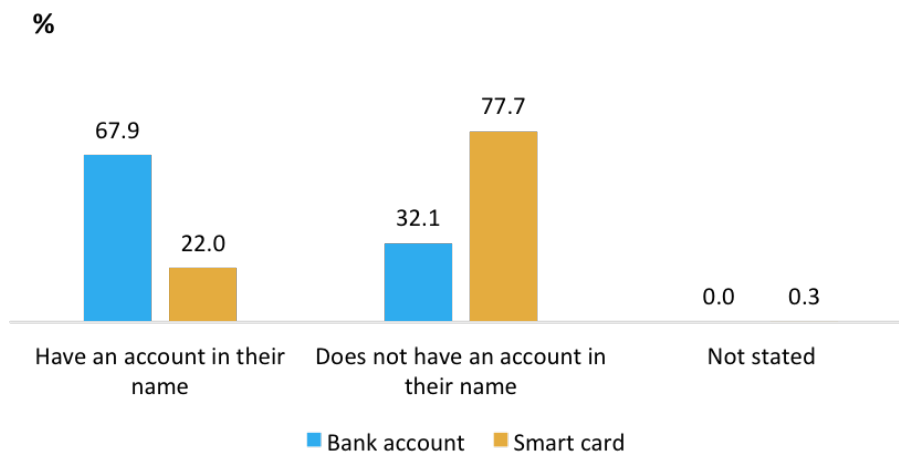


Figure 72: Ownership of bank and smartcard accounts

Figure 73 shows the banking channels that bank account holders are most comfortable using in accessing their money and in their daily transactions. Of those who have their own bank accounts, 64.7 percent feel most comfortable using the Automatic Teller Machine (ATM), while 58.1 percent feel most comfortable to visit the actual bank branch when conducting transactions. Bank wallet accounts were reported at 10.9 percent by bank account holders, while cell phone and internet banking were reported at 9.2 and 8.6 percent, respectively.

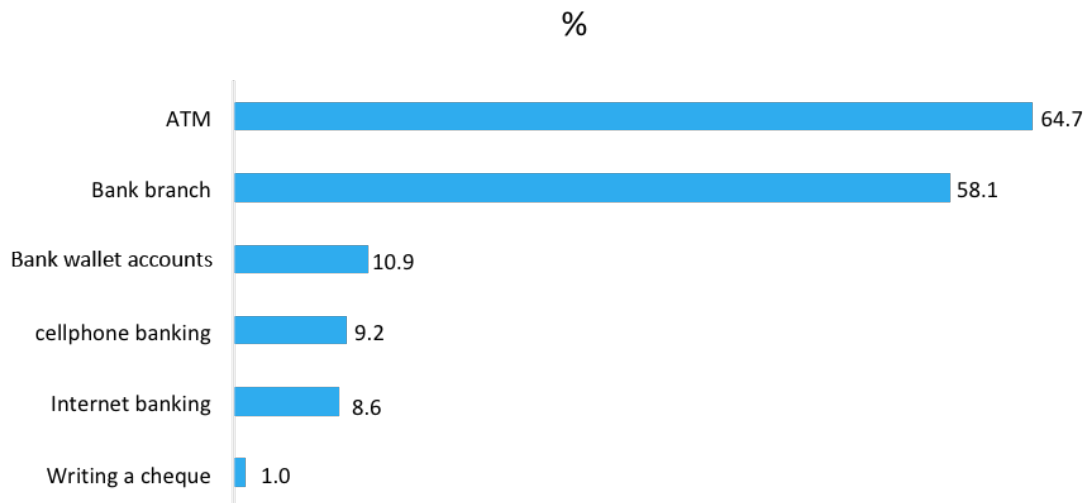
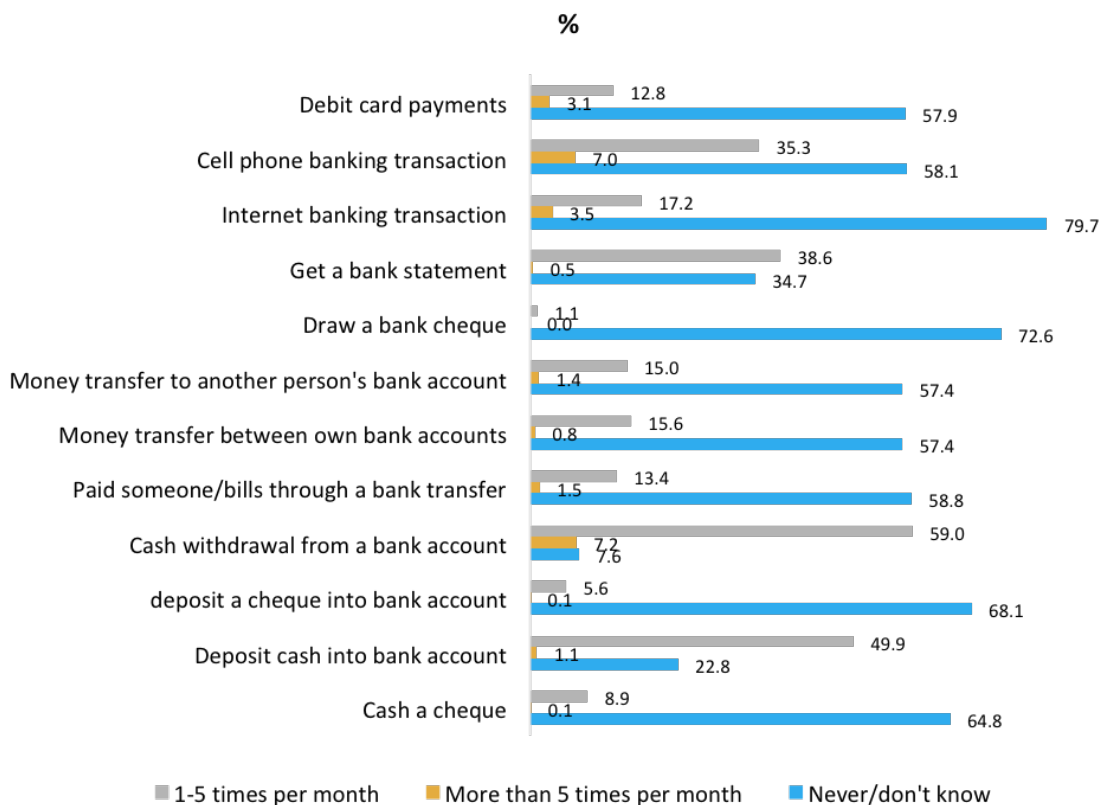


Figure 73: Banking channels considered most comfortable to use

The survey also asked account holders about the transactions they carried out and how frequent each transaction was done. While access to financial services is important in enabling people to enjoy its benefits, the usage of such services is a more robust measure of financial inclusion. Usage matters because people can use their bank accounts in various ways including to transfer money, to manage liquidity, to save and to access credit. Transactions conducted and their frequency are shown in Figure 74.

Transactions normally conducted within a frequency of 1-5 times per month by those who have accounts in their own names included cash withdrawals from bank accounts (59.0 percent); cash deposits into bank accounts (49.9 percent) and requesting bank statements (38.6 percent). Cell phone banking transactions were reportedly carried out 1-5 times per month by 35.3 percent of the account holders.



Graph 74: Transactions normally conducted and their frequency

Respondents were asked to give reasons why they thought it's an advantage to have a bank account. Results are shown in Figure 75. The main advantages of using a bank account reported were; safety of money from theft (66.8 percent), ease of sending or receiving money (47.5 percent), safety in sending or receiving money (42.3 percent). 30.4 percent of the population reported that one's salary can be deposited straight into their bank account.

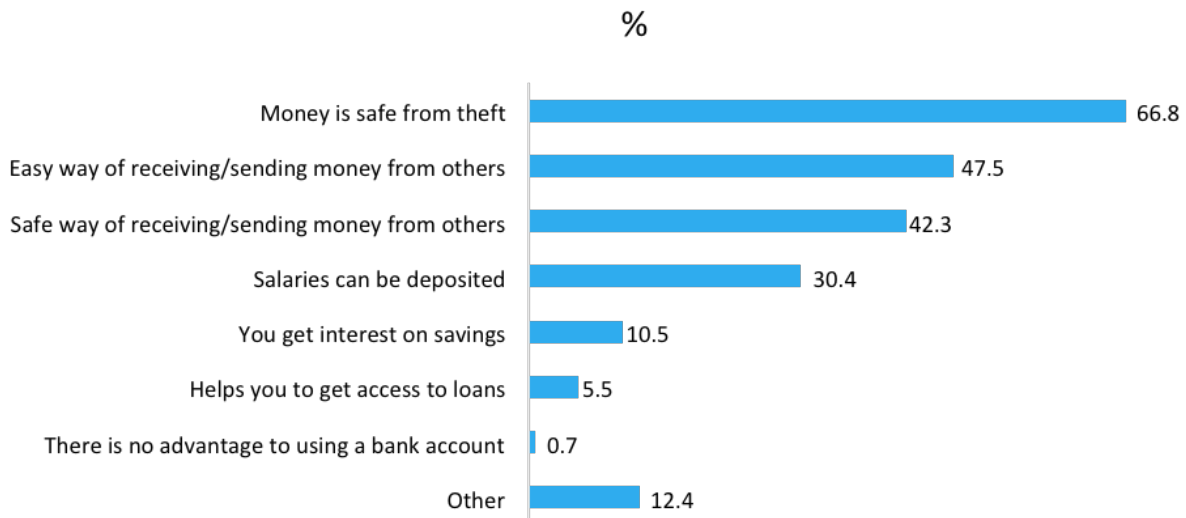


Figure 75: Main advantages of using a bank account

The survey also collected information on why respondents do not have bank accounts in their names, even if they are of the eligible age. This information will help with the identification of banking barriers and enable the financial sector to address the matter. Barriers to banking as reported are presented in Figure 76. The figure shows that of the adults who do not have a bank account, 94.1 percent reported that it is because they do not enough money to save or coming into the account. 9.5 percent reported that they do not understand how banks work, and another 9.0 percent indicated that they do not have required documentation to open a bank account.

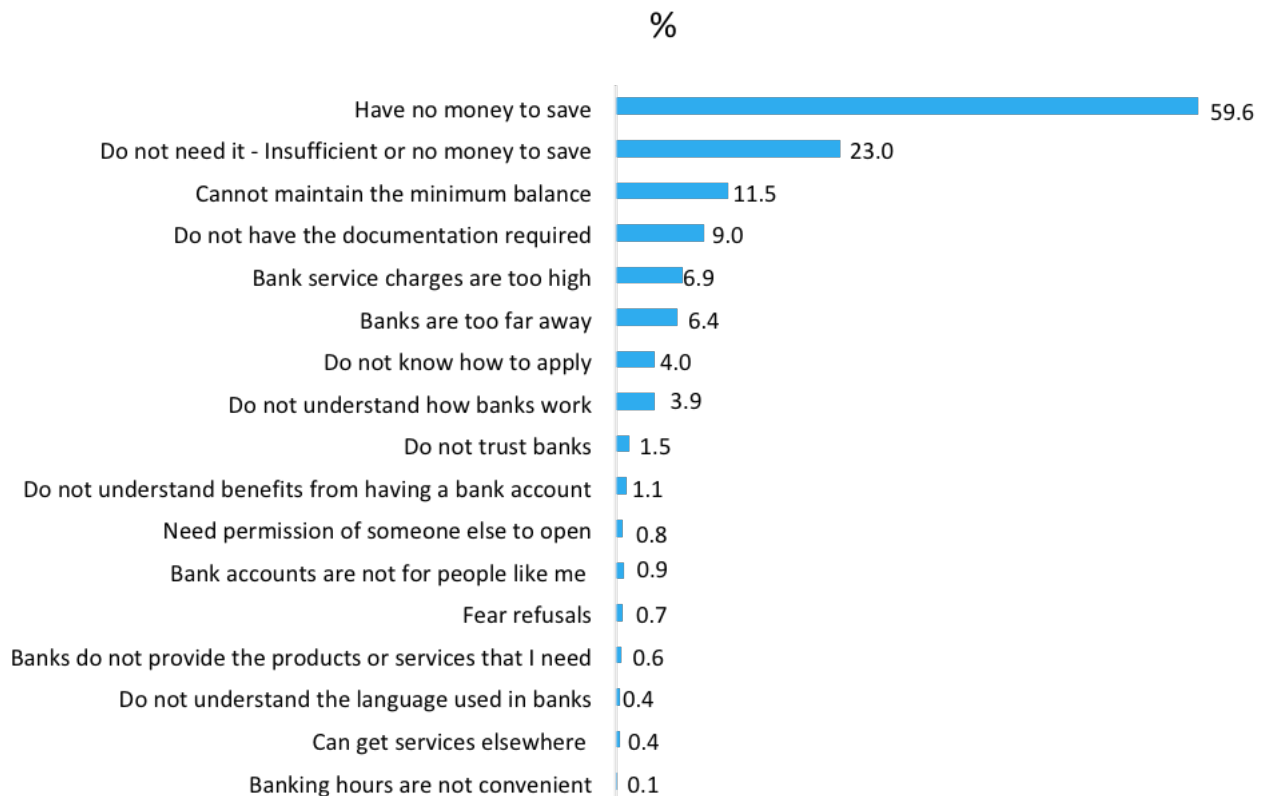


Figure 76: Barriers to banking

Table 22 summarizes the performance of the banking sector with respect to specified demographic characteristics, since 2007. There has been a 6 percent increase in the banked population from 2011 to 2017. Moreover, it is indicated that females in Namibia are becoming banked at a faster rate compared to the male counterparts, although both improved slowly between 2011-2017, as compared to between 2007-2011. With regards to age, the population aged 27-31 and 32-39 have shown decrease in the proportions of the banked between 2011 and 2017. Moreover, while the proportion of the banked population in rural areas has increased by 8 percent since 2011, it remains lower than that of the banked population in urban areas. With respect to monthly income, the table shows that the banked population amongst those who do not have regular monthly income has increased rapidly between 2011 and 2017, by 36 percent.

Table 22: Performance of the banked segment by demographic characteristics

Demographic characteristics	2007	2011	2017
	%		
Total banked population			
Banked population	45	62	67.9
Sex			
Male	47	62	65.4
Female	46	63	70.0
Age			
16-20	26	32	47.9
21-26	23	58	66.9
27-31	56	70	64.7
32-39	61	96	73.1
40-50	56	66	77.2
51+	46	74	71.8
Area			
Urban	70	77	75.3
Rural	36	51	59.3
Personal monthly income			
No regular monthly income	8	29	65.1
Less than or equal to N\$ 1 000	41	57	61.7
N\$ 1 001 to N\$ 3 000	88	94	64.1
N\$ 3 001 to N\$ 5 000	87	95	66.0
N\$ 5 001 to N\$ 13 000	96	99	84.4
N\$ 13 001 and more	98	100	87.7

Understanding the levels of financial inclusion is only the first step. While insightful in itself, this understanding is enhanced by exploring products and services that the poor are likely to have or use under each category of inclusion. These includes savings, credits, insurances as well as remittances. The sections are discussed in the following respective sections.

4.5.2 Savings

In this section the demand for access and usage of saving products - both formal and informal is discussed. The analysis focuses on how different segments of the adult population save and invest by comparing the utilization of the different products and services. The section also looks into the drivers and barriers of various saving mechanisms.

Figure 77 shows how respondents understand and define the term 'saving' in finance. More than half of the eligible population (56.7 percent) are of the opinion that saving means to put money aside to use later when needed, followed by 21.0 percent who say that saving means to put money aside for safekeeping. 10.3 percent feel that saving means to put money aside for a specific purpose and only 6.5 percent believe that it is to put money away so that the total amount increases over time.

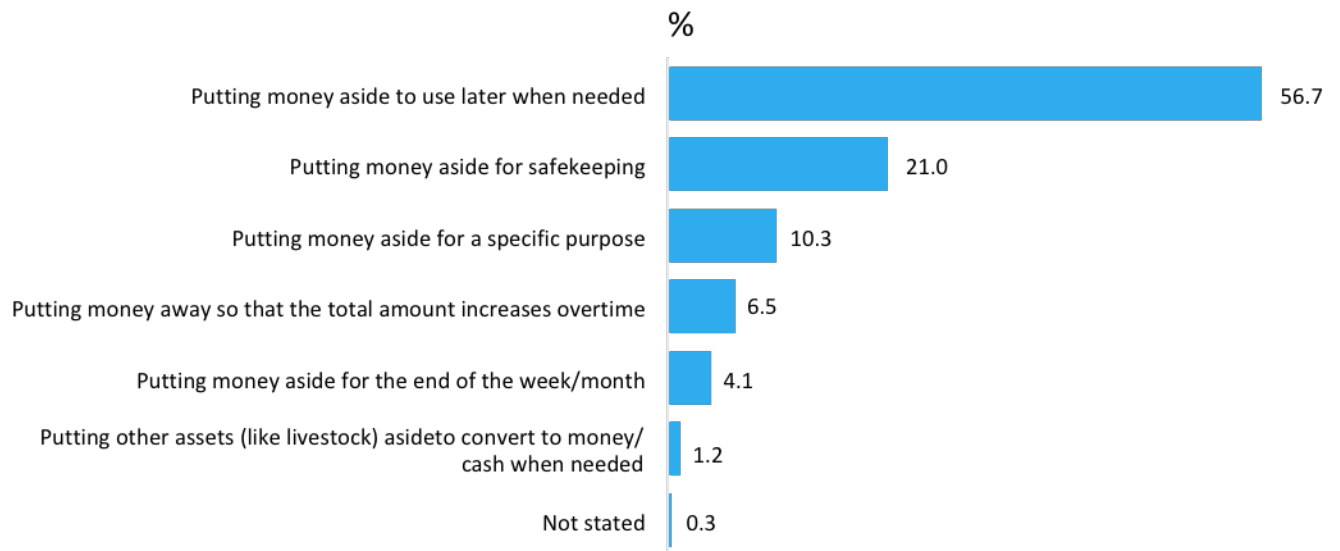


Figure 77: What does it mean to save?

The survey asked Namibians for their perceptions on specific saving beliefs, as presented in Figure 78. A large majority responded positively in response to statements about saving. By adding the proportions of Agree and Strongly agree, findings show that 60.2 percent of respondents are willing to forego certain things to be able to save, and the majority (79.5 percent) believe that you have to save for difficult times, even if your income is low. 75.3 percent also indicated that they would rather save where their money is safe than to take any risk to earn higher returns on savings.

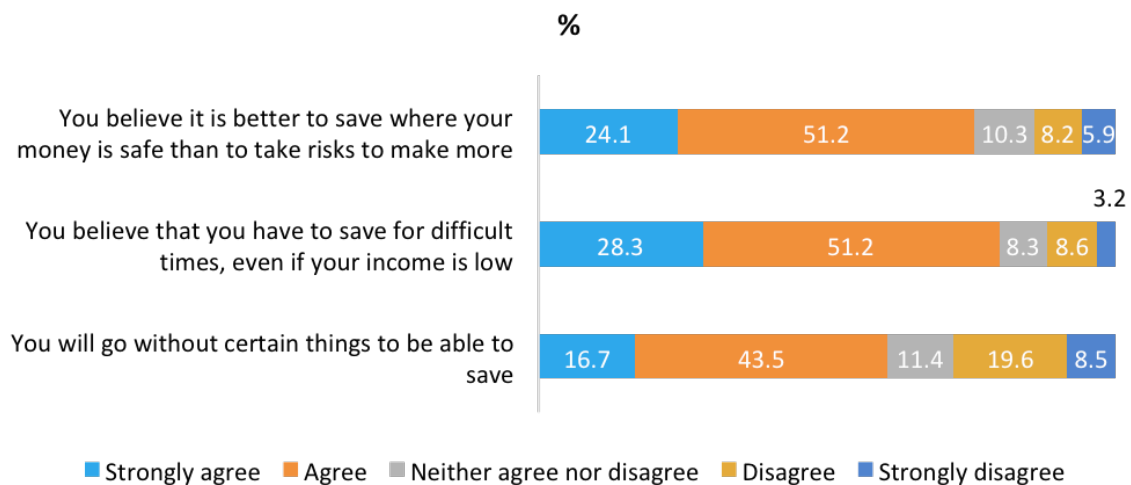


Figure 78: Beliefs about saving

As seen from Table 23, respondents were asked, if they were to receive a large sum amount of money and they did not need to spend it, where they would keep this money until they decide what to do with it. The majority (78.7 percent) indicated that they would put it in the bank, 9.8 percent would keep it in a safe place at home, 9.2 percent would give it to someone else for safekeeping, and only 0.5 percent would carry it with them at all times.

Table 23: If you were to receive a large sum of money and you did not need to spend it, where would you keep it until you decide what to do with it?

	Frequency	%
Put it in the bank	1 146 928	78.7
Put it into a savings club/Savings associations	51 400	3.5
Give it to someone for safekeeping	133 949	9.2
Hide it in a safe place at home	142 171	9.8
Carry it with me at all times	7 393	0.5
Other	58 307	4.0

Figure 79 presents barriers to saving reported in the survey. Respondents reported not having enough money left after paying for living expenses as the main barrier to saving (61.0 percent), and half of the respondents (49.7 percent) reported that they do not save because they do not get cash income. High cost of saving was reported by just 0.4 percent as a savings barrier.

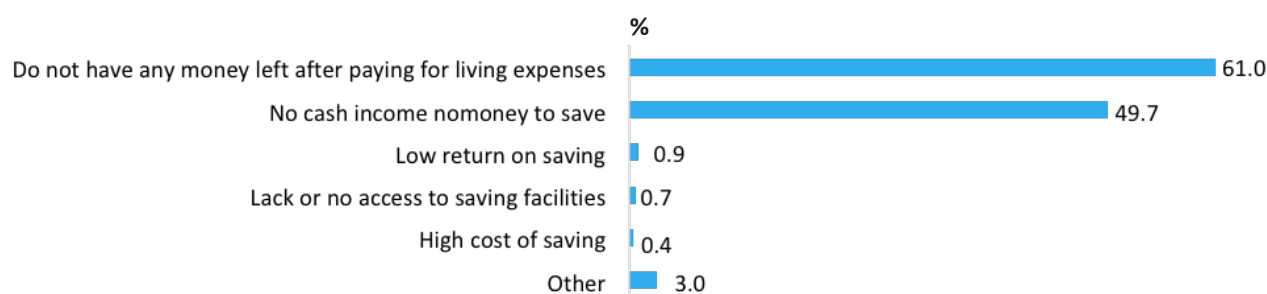


Figure 79: Barriers to saving

Figure 80 presents factors that eligible Namibians consider when choosing a savings product. Many will rely on low fees and charges (37.8 percent), followed by those that considers recommendations from family and friends (33.1 percent) and those that indicated that they will choose the product or method based on the safety of their money (32.6 percent). Very few will consider the well explanation of the contract to them as a consideration (2.4 percent).

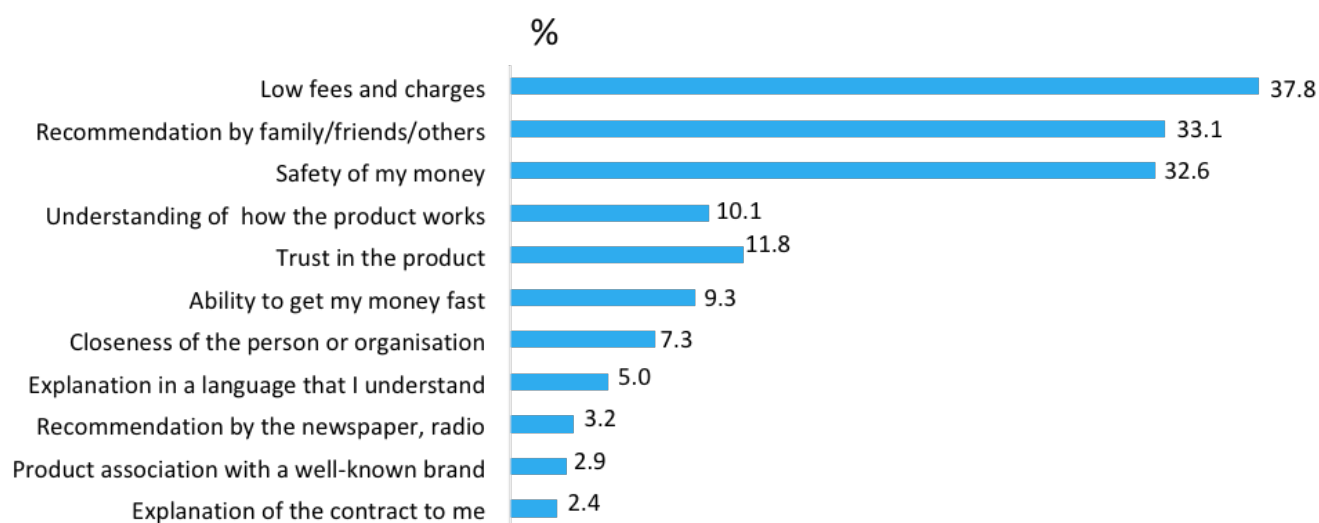


Figure 80: Main factors considered in choosing a savings product

The NFIS uses the Savings Strand to compare utilization of savings products. The Savings Strand, presented in Figure 81 focuses on the usage of savings and investment products, resulting in the following segments:

- 56.7 percent of adults have or use savings products from banks. It is important to note that these adults could also have other non-bank and informal savings products or saving at home, but the defining characteristic here is that they save (some or all of their money) with a bank.
- 3.4 percent of adults in Namibia have/use savings products from other formal but non-bank institutions. They could also be saving some of their money informally or at home, but the defining characteristic here is that they save (some or all of their money) with a formal non-bank institution.
- 2.9 percent rely on informal mechanisms such as savings groups, and do not have formal (bank or non-bank) savings mechanisms. These individuals could however also be saving some of their money at home, but the defining characteristic here is that they save (some or all of their money) via informal mechanisms.
- 17.5 percent of adults in Namibia keep all their savings at home, and do not have or use formal or informal savings products or mechanisms.
- 19.5 percent of adults reported that they do not save neither at home nor through an informal or formal financial service provider.

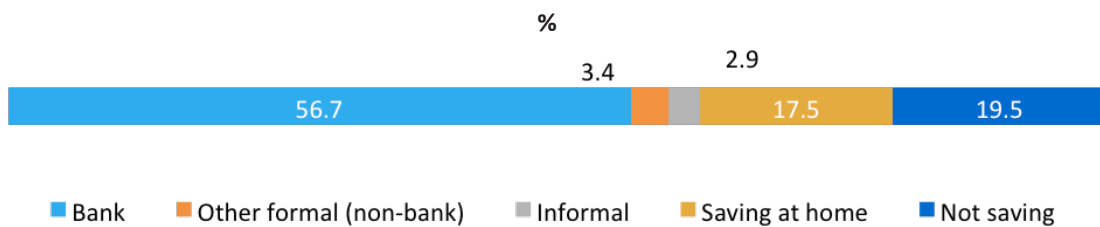


Figure 81: The Savings Strand

Figure 82 presents the savings strand by Sex. Of the total female population, 58.0 percent save their money with formal banks, while of the male population, the proportion stands at 55.3 percent. It is important to note that these persons of either sex could also have other non-bank and informal savings products or saving at home, but the defining characteristic here is that they save (part or all of their money) with a bank.

For those saving (part or all of their money) at home, the proportions out of the female and male populations are almost equal, at 17.7 and 17.3 percent, respectively.

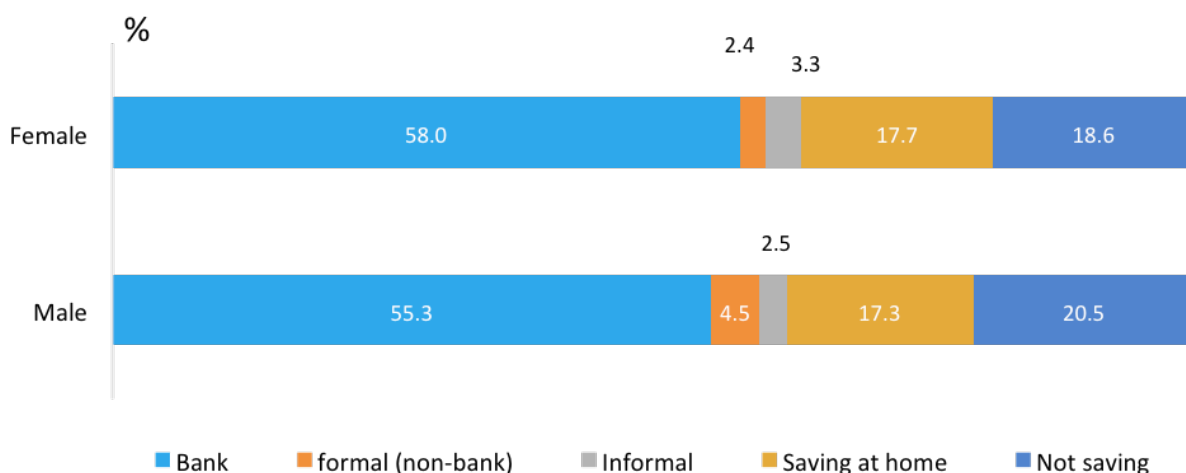


Figure 82: The savings Strand by Sex

4.5.3 Credit

The 2017 NFIS also had questions regarding money borrowing or indebtedness. The informally served (i.e. adults who have or use financial products and or services which are not regulated, e.g. cooperatives, farmer associations, saving clubs/groups, private money lenders) are the main users of credit products. This understanding is enhanced by exploring products and services that people are likely to have or use under each category of inclusion.

The Credit Strand, shown in Figure 83, focuses on money borrowing and the usage of credit products in the six months preceding the 2017 NFIS, resulting in the following segments:

- 12.8 percent of adults in Namibia had or used credit/loan products from banks. However they could also be using other non-bank credit/loan products and/or borrowed from friends and family, but the defining characteristics are that they borrow (some or all of their credit) from a bank.
- 4.6 percent had or used credit/loan products from other formal but non-bank institutions. They could also be using informal credit/loan products and borrowing from friends and family, but the defining characteristics are that they borrow (some or all of their credit) from a non-bank formal institutions.
- 6.7 percent of adults only rely on informal mechanisms such as informal money-lenders. They do not have any formal financial credit/loan products. These adults could also however be borrowing from friends and family.
- 18.0 percent only borrow from friends and family, and they do not have or use formal or informal credit/loan products or mechanisms.
- 57.9 percent reported that they do not borrow neither from friends/family nor from formal or informal financial service providers.

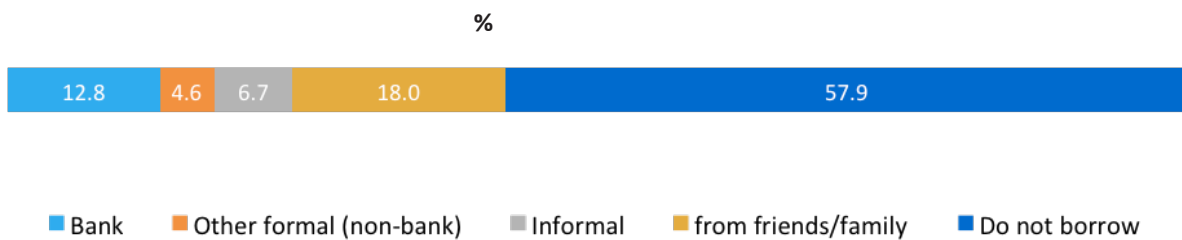


Figure 83: The Credit Strand

Figure 84 presents the savings strand by Sex. Of the total female population, 11.7 percent borrow money from formal banks, while of the male population, the proportion stands at 14.1 percent. It is important to note that these persons of either sex could also be using other non-bank and informal credit products or borrowing from friends/family, but the defining characteristic here is that they borrow (some or all of their credit money) from formal banks.

For those who do not borrow money, the proportions out of the female and male populations are both the highest, and almost equal, at 57.5 and 58.4 percent, respectively. In a nutshell, there is no significant difference in terms of who borrow money more between Male and female.

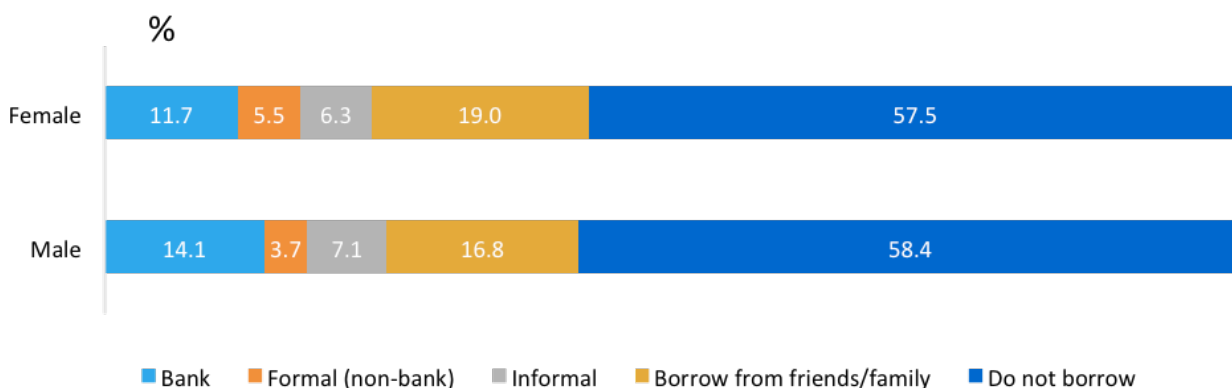


Figure 84: Credit strand by Sex

Table 24 shows the proportions of the eligible population who had borrowed money or goods over the six months preceding the survey. 19.4 percent of respondents reported borrowing money in the six months preceding the survey, while 19.9 percent have been paying back money that was borrowed in the six months leading up to the survey. In the same time frame, 10.8 percent of the eligible population in Namibia have received goods and services in advance and had to pay for it at a later point in time.

Table 24: Borrowing money and goods

	%
In the 6 months preceding the survey: borrowed money from institutions or persons	
Yes	19.4
No	80.3
Not stated	0.3
In the 6 months preceding the survey: paying back borrowed money	
Yes	19.9
No	79.8
Not stated	0.3
In the 6 months preceding the survey: obtained goods and services to pay for later	
Yes	10.8
No	88.9
Not stated	0.3

The survey aimed to find out barriers to credit, for respondents who reported not borrowing money. The three most frequently mentioned barriers to credit were fear of debt (95.1 percent), disbelief in borrowing (8.6 percent) and seeing no need of borrowing also reported at 8.8 percent. The findings are shown in Figure 85.

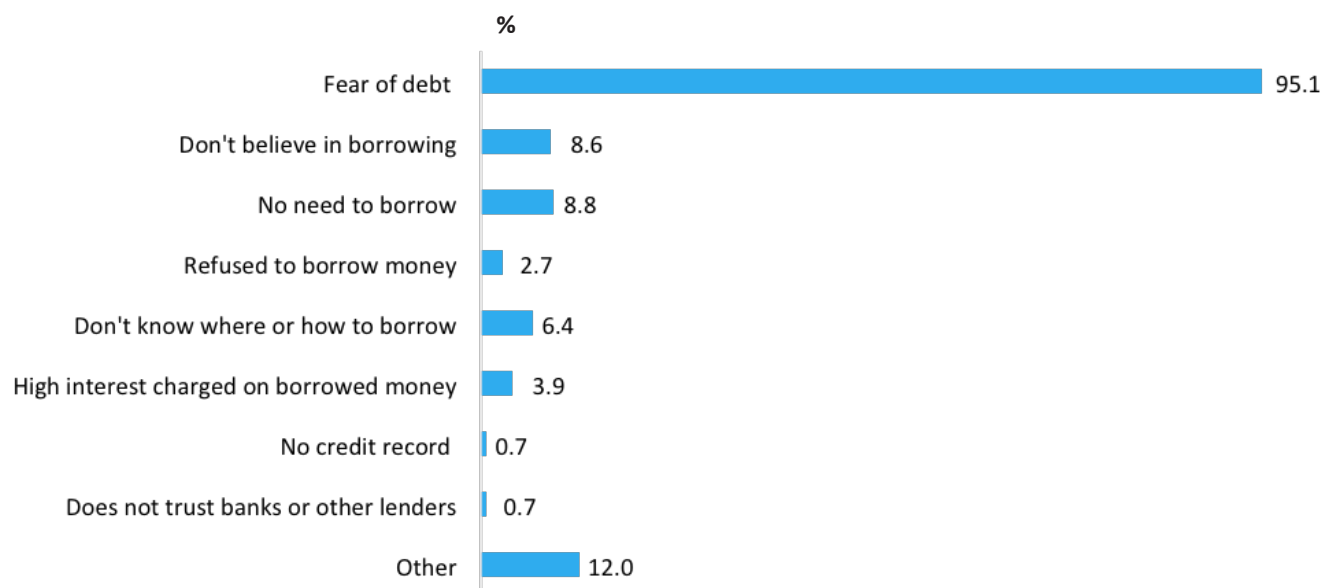


Figure 85: Barriers to credit

Table 25 shows the credits or borrowing activities carried out in the six months preceding the survey. 15.9 percent indicated that they received money from family or friends which they had to pay back, while 14.7 percent reported that they received money from family or friends that they did not have to pay back. Borrowing money from churches, other community based organizations and savings groups were the lowest reported activities, at 0.2 percent each.

Table 25: Credit obtained in the six months preceding the survey

	%
Borrowed money from family/friends that you had to pay back	15.9
Obtained money from family/friends that you did not have to pay back	14.7
Received goods in advance/borrowed money from a small shop like Cuca shop and had to pay back later	4.1
Bought goods with store card such as Edgars, Truworths or bought goods on a store account (excluding Cuca shops)	4.8
Borrowed money from a bank	3.3
Borrowed money from employer	2.9
Borrowed money from another financial institution	2.9
Borrowed money from a money lender in the community or a cash loan lender	1.7
Obtained a loan from a Government Scheme	0.4
Borrowed money/got goods in advance from a farmers organization	0.3
Borrowed money from a church or other community based organization that you belong to	0.2
Borrowed money from savings group/club/association	0.2

Table 26 shows that 3.1 percent (45 712) of respondents applied for a loan in the six months preceding the 2017 NFIS. This indicates a 2 percent decrease from 5 percent reported in 2011. Of these applicants who applied for loans, 20.2 percent (9 253) were refused the loans. 30.2 percent of those who applied for a loan and were refused indicated that their income was too low, while 21.6 percent indicated that they were refused loans due to not having a credit history/references. These results are shown in table 26 below.

Table 26: Loan applications

Applied for a loan in the past 6 months	
Yes	3.1
No	96.5
Not stated	0.3
Refused a loan in the past six months	
Yes	20.2
No	79.8
Reason for being refused a loan	
Income was too low	30.2
Did not have credit history/reference	21.6
Other	48.1

Figure 86 presents some of the reasons why individuals borrowed money or took out loans over the six months preceding the survey. This was to answer to the surveys objective of indicating drivers of credit in the country. The graph shows that 41.6 percent of the respondents reported that they borrowed money to buy food, while 18.3 percent spent borrowed money on clothing, 11.5 percent borrowed money to spend it on transport fees and 11.7 percent on education. Only 2.8 percent borrowed money (in the six months preceding the survey) to buy a motor vehicle. More reasons are presented in the graph.

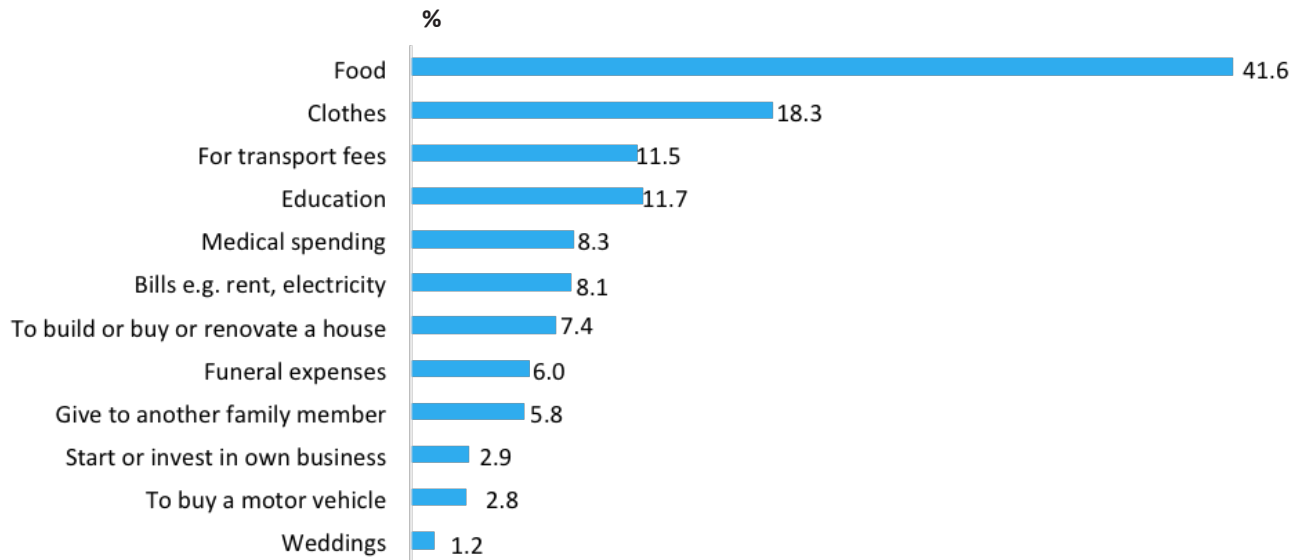


Figure 86: Reasons for borrowing money or taking loans

The survey also collected information on what considerations Namibians make in choosing credit products. The results are shown in Figure 87. When choosing a loan product or source of borrowing, the deciding factors mainly considered by Namibians are low fees and charges (38.7 percent), a product that is recommended by family and friends and others in the community (30.6 percent), and safety of their money (16.1 percent). Trust in the product was reported at 13.5 percent.

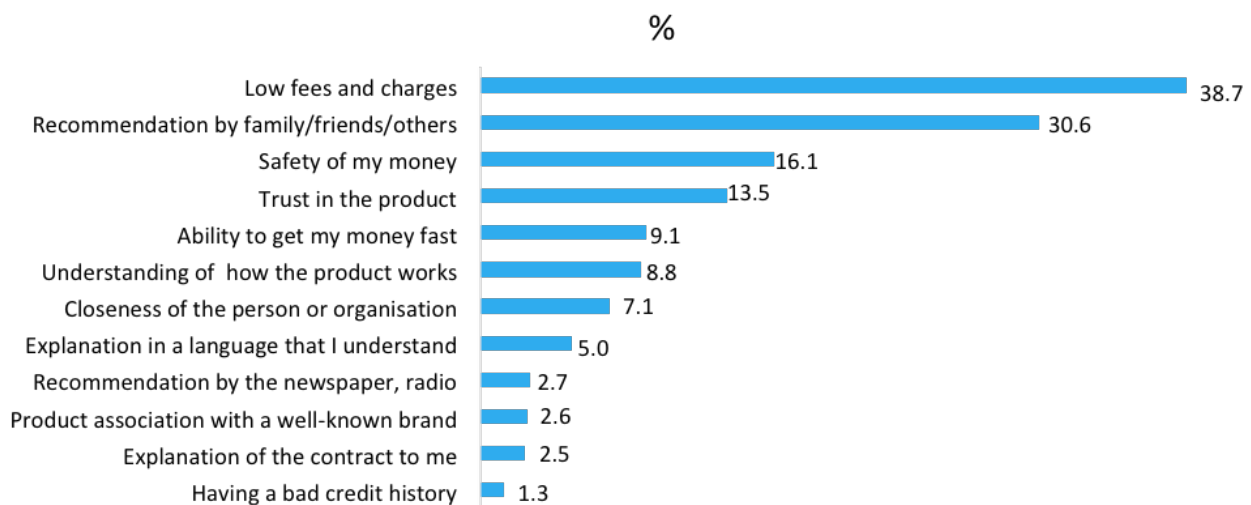


Figure 87: Deciding factors for borrowing/loan products

Figure 88 shows respondents' attitudes regarding debt. The results presented ranges from strongly disagree to strongly agree, for each statement related to indebtedness. Generally, the eligible population view debt negatively. For instance, a vast majority of the respondents (81.5 percent) indicated that they avoid borrowing if they can.

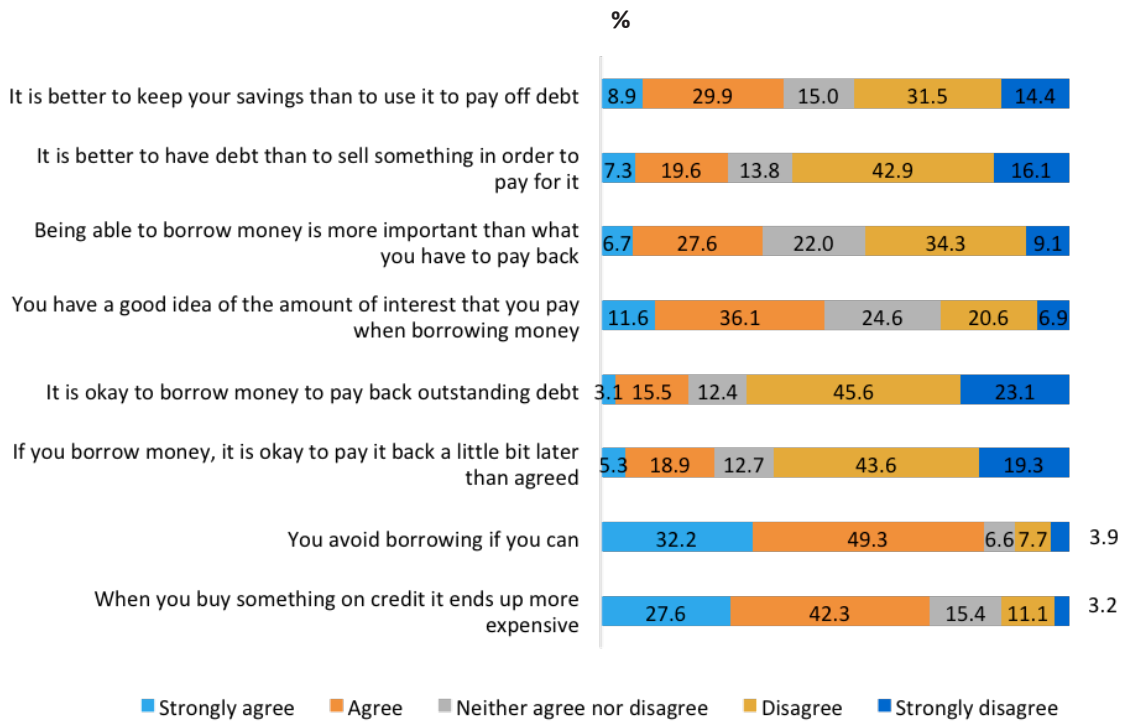


Figure 88: Attitudes regarding debt

Furthermore, the survey also looked at usage of debt counsellors in Namibia. As Figure 89 shows, 99.3 percent of the eligible population indicated that they have never sought the services of debt counsellors, and the 0.4 percent (5 648) that have, all reported that the services offered by debt counsellors were indeed useful.

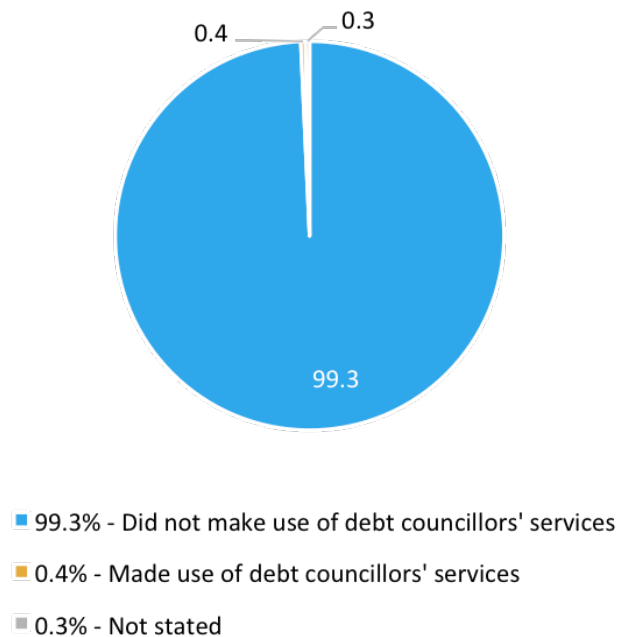


Figure 89: Use of debt counsellor services

4.5.4 Insurance

Risk poses a significant amount of strain on individuals and households alike especially if it is not covered. This has a direct implication on the quality of one's life. The survey explored the risks and hardships that people experience and which products they would use in covering such risks.

The insurance access strand presented in Figure 90 assumes that all eligible adults will fall into either one of the following categories:

- Individuals who have or use long-term insurance products or services from a formal service provider (30.0 percent). It is important to note that these adults could also have informal insurance products, but the defining characteristic here is that they have at least one or more insurance products from a formal service provider.
- Individuals who rely on informal mechanisms (0.1 percent).
- Individuals who do not have or use long-term insurance products or services, either formal or informal (69.9 percent).

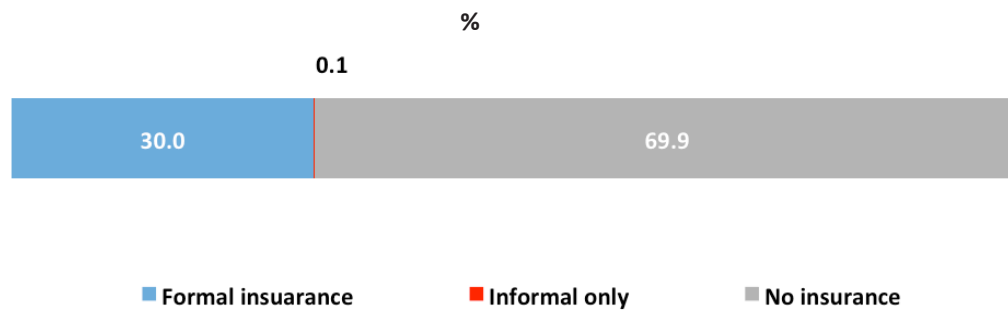


Figure 90: The Insurance Access Strand

Figure 91 presents the insurance strand by sex. The graph shows that out of the respective female and male populations, the proportions of those informally insured are the lowest, reported at 0.1 and 0.0 percent respectively. Moreover, out of the total female population, majority (70.8 percent) are not insured, similar to the proportion out of the male population which stands at 69.1 percent.

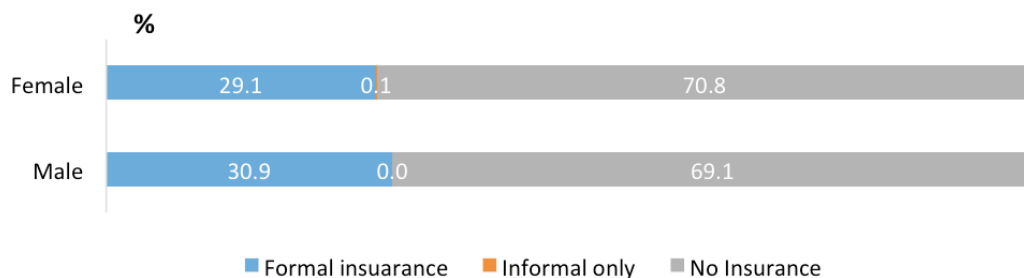


Figure 91: Insurance Strand by Sex

Insurance products or services usage illustrate a complex link to people's livelihoods. Respondents were asked to identify risk events that significantly impacted their income levels over the six months prior to the survey. Results are shown in Figure 92. Illness within the household was the most reported risk event, at 21.8 percent, while rise in interest costs was the least reported at just 0.5 percent.

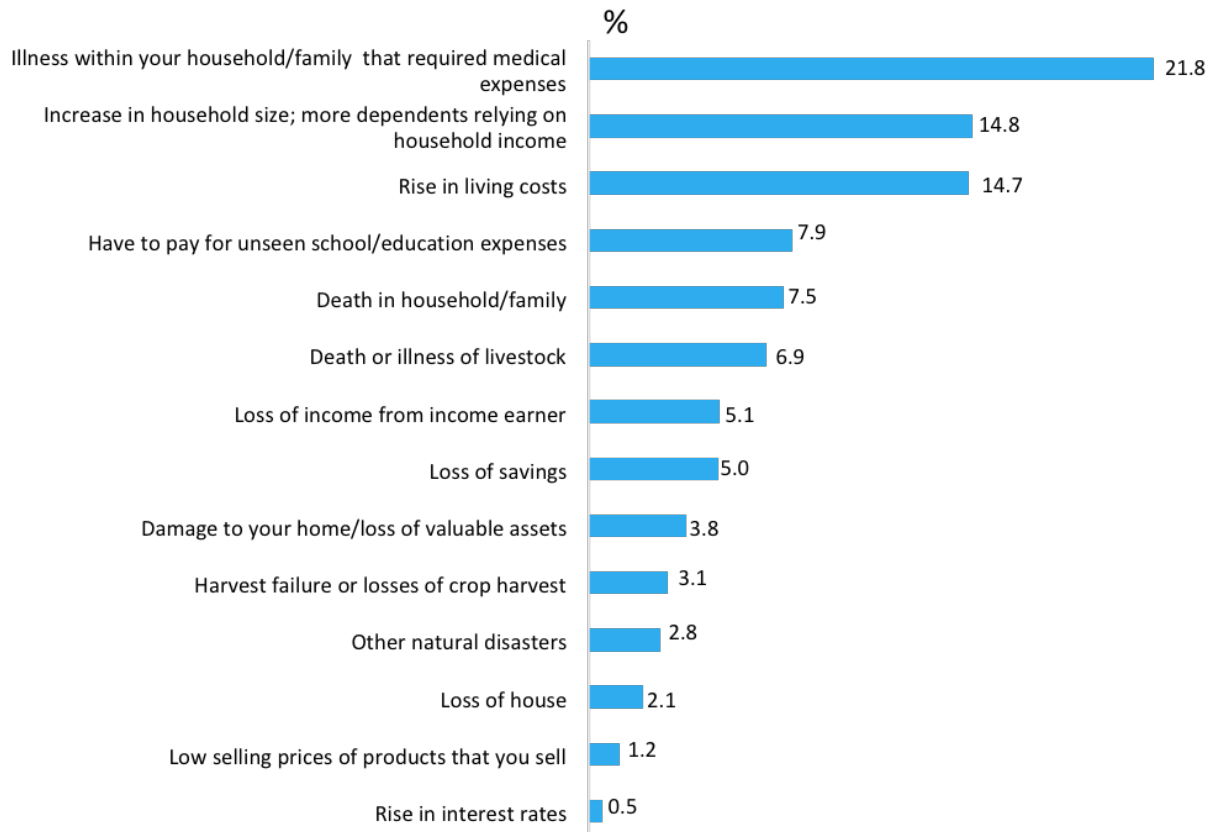


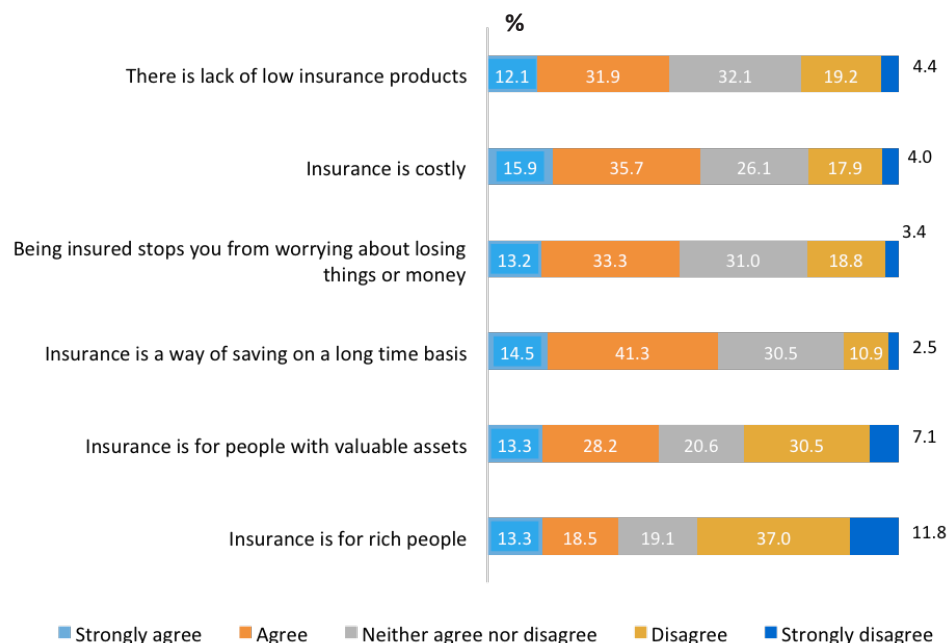
Figure 92: Unforeseen things that happened in the past six months that affected income negatively

Respondents were further asked whether they have or had specific insurance products. The results are shown in Table 27 hereafter. From this table, it is evident that a very small portion of the adult population in Namibia have any insurance products. With the exception of medical aid and funeral covers, there is generally, a decrease in the usage of insurance products by examining the percentages of those who had certain insurance products and services and those who have currently.

Table 27: Insurance products currently have or had in the past

	%	%
Funeral cover/Policy	Currently have	Had in the past
Funeral policy from a shop or store	2.16	2.2
Funeral cover through an undertaker	5.9	1.0
Funeral policy through an insurance company	17.1	1.9
Funeral policy through a broker	4.8	0.9
Funeral policy through a bank	4.8	0.9
Funeral cover/insurance from your employer	6.6	1.1
Belong to a burial society	0.6	0.3
Free funeral policy attached to a savings or other account	3.3	0.3
Short term insurance	Currently have	Had in the past
Vehicle/car insurance	7.4	0.9
Household content insurance	6.0	0.5
Home owners insurance	5.9	0.3
Legal insurance	5.4	0.6
Cellphone insurance	3.6	1.0
Life insurance	Currently have	Had in the past
Life insurance or assurance policy	11.98	0.9
Credit life cover	2.33	0.4
Loss of income insurance	Currently have	Had in the past
Disability insurance with an institution	5.7	0.7
Disability insurance with your employer	4.3	0.5
Dreaded disease/critical illness insurance	3.7	0.1
Professional insurance	1.6	0.2
Debtors insurance	0.5	0.1
Medical aid/ insurance	Currently have	Had in the past
Medical scheme/aid	13.8	1.4
Hospital plan	6.6	0.3
Medical insurance	6.6	0.2

Individuals were also asked about their opinions on aspects regarding insurance, and the results are presented in Figure 93. While majority consider insurance as a way of saving on a long time basis (55.8 percent), 31.8 percent of respondents agree that insurance is for rich people.

**Figure 93: Attitudes regarding insurance**

4.5.5 Remittances

The purpose of this section is to provide insights on access and use of money transfer (remittances) as well as the remitting channels through which money transfer transactions are made. Contextually, remittances involve the sending or receiving of money from one person to another via a medium. Remittances can be made within the country or extend beyond the national borders.

The Remittance Strand presented in Figure 94 shows who uses remittance products and whether these products are formal, informal, or via family and friends. Furthermore it also shows those who use no remittance products whatsoever.

- 37.8 percent of the eligible population uses remittance products from banks. It is important to note that these adults could also be using other non-bank remittance products, but the defining characteristic here is that they remit (some or all of their income) with a bank.
- 6.0 percent use formal non-bank remittance products to remit some or all of their income. They do not use remittance products from banks, however, they could also be using informal mechanisms, or remitting through relatives or friends, but the defining characteristic here is that they remit (some or all of their income) with a non-bank institution.
- 5.0 percent remit via informal mechanisms. They could also be using remitting through family/friends, but the defining characteristic here is that they remit (some or all of their income) via informal mechanisms.
- Only 2.3 percent of the eligible population remits via family and friends only (they have no bank, formal-non bank or informal remittance products). While most of the eligible population (49.0 percent) do not use any remittance products or services.

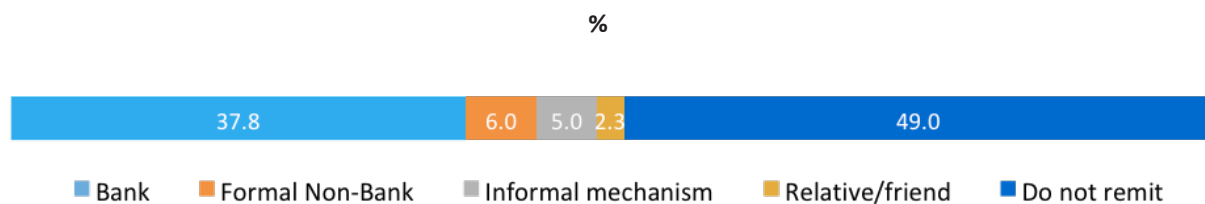


Figure 94: The Remittance Strand

Figure 95 shows the remittance strand by Sex. Majority of the respective female and male population do not remit, reported at 47.5 percent for the female population and 50.7 percent of the male population. Remitting through formal banks is the most reported remittance method for the respective female and male population, standing at 39.2 out of the total female population, and at 36.3 percent of the total male population.

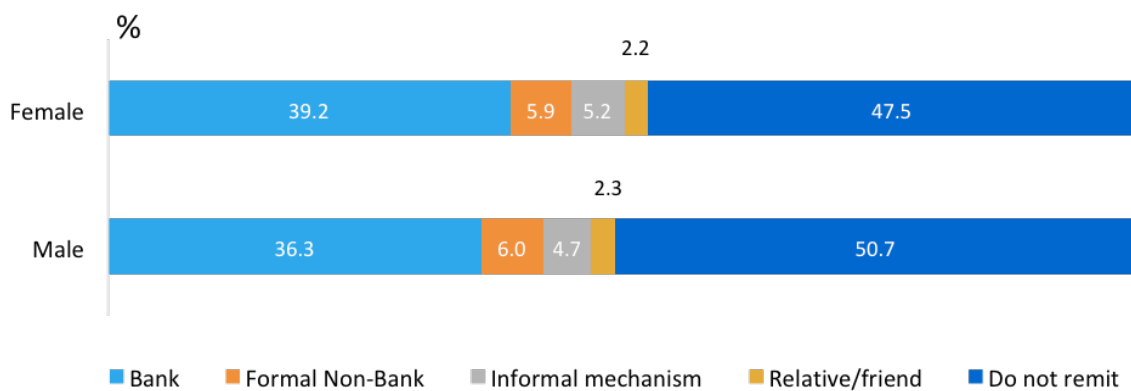


Figure 95: Remittance strand by Sex

Finally, table 28 and 29 presents detailed information on remittances. The tables respectively show to and from whom; as well as where the money is being sent and received by the adult population. The tables further show the frequency of remitting and the method of used by Namibians.

Table 28: Sending money to others

	%
Whom have you sent money to	
Spouse	5.7
Other family member including children/parents	84.1
Friend	7.0
School/college	0.6
Supplier/business	1.8
Where are you sending the money?	
Urban town/city	52.5
Rural village	43.3
Outside the country	3.1
How often are you sending the money?	
Monthly	45.8
Seasonally	27.1
Once a year	16.5
How do you send the money?	
Pay into bank account	36.1
Post office/Nampost	11.1
Cell phone banking	4.7
Bank wallet money	26.2
Internet banking transfer	5.3
Friends or family	8.4
transfer / telegraphic transfer	8.2

Table 29: Receiving money from others

	%
From whom have you received money?	
Spouse	10.2
Other family member including children/parents	62.5
Friend	10.9
School/college	0.0
Supplier/business	1.6
Where are you receiving money from?	
Urban town/city	65.6
Rural village	17.6
Outside the country	2.1
How often do you receive the money?	
Monthly	28.4
Seasonally	25.2
Once a year	18.3
How is the money sent to you?	
Pay into bank account	30.1
Post office/Nampost	6.0
Cell phone banking	2.1
Bank wallet money	27.4
Internet banking transfer	1.0
Friends or family	6.6
Transfer / telegraphic transfer	4.4

Annexure: Sampling technical report



NAMIBIA FINANCIAL INCLUSION SURVEY 2017

SAMPLING TECHNICAL REPORT

SURVEYS AND FIELD OPERATIONS

Sampling Frame and Business Register

Enquiries:

Survey and Field Operations

Tel: 061 431 3200

Status:

Version 1.0

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1. Introduction

This technical report entails the methods used in conducting the Namibia Financial Inclusion Survey (NFIS) 2017 focusing on the technical aspects of the survey methodology. Please note that in this section of the report especially the tables, the rounding off is done at the 4th decimal place for the “estimates” and the “standard errors” because of the small numbers of some estimates, while in the main report the estimates are rounded off at the first decimal place.

1.1. Background to the NFIS 2017

The Namibia Financial Inclusion Survey (NFIS) 2017 is the first of its kind to be conducted by the Namibia Statistics Agency (NSA) since its establishment in April 2012. In the past, the financial inclusion in Namibia has been measured through the FinScope Survey of FinMark Trust, the last being the FinScope Survey of 2011/12. The NFIS 2017 is the first financial inclusion survey where the data was collected using Computer Assisted Personal Interview (CAPI) methodology by ways of using tablets. The previous NFIS used Pen-and-Paper Interviewing (PAPI) as a mode of data collection

1.2. Objective of the NFIS 2017

The 2017 survey was conducted with the objective of generating “timely collection and release of key socio-economic indicators to update information on the baseline information and providing an assessment of changes of aspects driving the financial inclusion agenda in Namibia. The survey covers people’s perception on all aspects of financial products and services, including the formal and informal products. More specifically, the survey was designed to provide detailed information on the followings:

1. Measurements and profile levels of access to and use of financial services by all adults, across income ranges and other demographics.
2. Information on the drivers and barriers to the usage of financial products and services
3. Information on the new opportunities for increased financial inclusion and usage.
4. Description on the type of products and services used by financially included individuals;

2. The sample

2.1. Target Population

The target population for the NFIS 2017 was members of private households who were 16 years or older living in Namibia. The eligible population living in institutions, such as hospitals, hostels, police barracks and prisons were not covered in this survey. However, private households within institutional settings such as teachers’ houses in school premises were covered.

2.2. The Sampling Frame

National sampling frame is a list of small geographical areas called Primary Sampling Units (PSUs). There are a total of 6453 PSUs in Namibia. They were created using the enumeration areas (EA) of the 2011 Population and Housing Census. The measure of size in the frame is the number of households within the PSU as reflected in the 2011 Census. The frame units were stratified first by region, and then by urban/rural areas within each region.

2.3. The sample design

The sample design was a stratified three-stage cluster sample, where the first stage units were the PSUs, the second stage units were the households and the third stage was an individual who is 16 years or older in the selected household. Sample sizes were determined to give reliable estimates of the eligible population characteristics at the national level only. A total of 2114 households constituted the sample from 151 sampled PSUs. Power allocation procedures were adopted to distribute the sample across the regions so that the smaller regions will get adequate samples.

2.3.1. Selection of PSUs

The sample of 151 PSUs was selected in the first stage using the Probability Proportional to Size (PPS) sampling procedure together with systematic sampling.

2.3.2. Selection of segments

Since there were no larger PSUs in terms of the number of households, segmentation was not required.

2.3.3. Selection of Households

The second stage of the sampling exercise was the selection of households to be interviewed from each of the selected PSUs. This process began with listing of all the households in each selected PSUs using the tablets.

Once the listing of households in the PSU was completed, the required 14 households were randomly selected from those listed using a Systematic Sampling procedure. The sampling algorithm was an integral component of the CAPI application.

2.3.4. Selection of Individuals

The third stage of the sampling exercise was the selection of an individual who is 16 years or older to be interviewed from each of the selected household. The individuals were those available during the duration of survey and is mentally, physically capable to be interviewed and have resided in the selected household for at least the last six months. This process began with listing of all the household members who are 16 years or older in each selected household using the tablet. The Kish Grid sampling algorithm was an integral component of the CAPI application.

2.3.5. The NFIS 2017 Sample distribution

The final sample for the NFIS 2017 was 2114 households sampled from a sample of 151 PSUs selected throughout the country. The sample distribution by region and national urban/rural is given in Table 1 below.

Table 1: Sample distribution by area

Region	Households	PSU
Namibia	2 114	151
Urban	1 078	77
Rural	1 036	74

3. Sample Actualization

After data collection and structural editing process, the household file and person file were made available for the calculation of weights. Prior to weighting it is important to verify the number of households and PSUs received against the actual sample. This will allow each sample to be accounted for during the weighting process. The household file received had 1863 records which was used for the weights calculation.

3.1. The response rate

The response rate is defined as the proportion (expressed in percentage) of the households which have responded to the survey questionnaires out of the total expected households in the survey. When the household sample was implemented it was not possible to interview some of the households due to refusals or non-contacts etc. and such households were not substituted. The response rate (RR) is calculated using the following equation:

$$RR = \frac{\text{Responding Households}}{\text{Sampled Households}} \times 100 \quad (1)$$

After data processing, 1863 out of 2114 sampled households were successfully interviewed, resulting in 88.1 percent response rate which is highly satisfactory given that the NSA subscribes to a response rate of 80 percent for all data collection in the social statistics domain. Overall, the rural response is higher than the urban response.

Table 2: Response rate by area

Region	Sampled Households	Responding Households	Response rate
Namibia	2 114	1 863	88.1
Urban	1 078	862	80.0
Rural	1 036	1 001	96.6

4. The sample weight

Weighting is a process of accounting for the selection probabilities and non-response in a sample survey. The inverse of these selection probabilities adjusted for non-response is called the design (base) weight. Given the population projections based on the 2011 Population and Housing Census figures, weight adjustment of the design weight was undertaken in order to ensure that the calculated survey estimates conforms to the projection totals. However, due to the limitations of post stratified weight adjustment in controlling a large number of cells at different levels, a complex procedure known as weight calibration was instead applied.

4.1. The design/base weight

The eligible population figures were estimated by raising sample figures using design weights. Design weights were calculated based on the probabilities of selection at each stage. The first stage weights were calculated using the sample selection information from the sampling frame and the second stage weights were calculated based on the sample selection information of the household listing.

The first stage probability of selection p_1 was calculated using the following equation:

$$p_1 = \frac{M_{hi} * n_h}{M_h} \quad (2)$$

where;

M_{hi} = Number of households in PSU (i) in stratum h (PSU size)

M_h = Total number of households in stratum h (stratum size)

n_h = Number of PSUs selected from the stratum h

The second stage probability of selection p_2 was calculated using the following equation:

$$p_2 = \frac{m_{hi}}{M'_{hi}} \quad (3)$$

Where;

m_{hi} = Number of households in the sample from the i^{th} PSU in stratum h

M'_{hi} = Number of households in the i^{th} PSU in stratum h according to survey listing

The third stage probability of selection p_3 was calculated using the following equation:

$$p_3 = \frac{1}{m'_{hij}} \quad (4)$$

Where;

m'_{hij} = Number of eligible household members in the j^{th} household of i^{th} PSU in stratum h according to the list of members in the selected household

Therefore, the Inverse Sampling Rate (ISR) which is the design weight was calculated as follows:

$$ISR = \frac{1}{p_1} * \frac{1}{p_2} * \frac{1}{p_3} = \frac{M_h}{M_{hi} * n_h} * \frac{M'_{hi}}{m_{hi}^r} * m'_{hij} \quad (5)$$

4.2. The design weight adjustment

4.2.1. Adjustment for PSU Non-response

In a region where certain PSUs were not covered, the number of PSUs were adjusted to the actual responding PSUs. In the case of this survey, this happened in Erongo where two PSUs could not be accounted for. Therefore p_1 becomes

$$p_1^{adj} = \frac{M_{hi} * n'_h}{M_h} \quad (6)$$

Where;

n'_h = Number of responding PSUs in the sample from stratum h

4.2.2. Adjustment for Household Non-response

The unit non-response can be accounted for during surveys by applying non response adjustment factor to weights. An adjustment is usually made to the design weight on the assumption that the characteristics of the responding units are similar to those of the non-responding units. The household non-response was carried out for the NFIS 2017 by calculating the selection probability of the households (p_2) using the responding households instead of expected households. Therefore, m_{hi} in equation 3 was replaced by the number of responding households within each PSU and hence equation 3 becomes:

$$p_2^r = \frac{m_{hi}^r}{M'_{hi}} \quad (7)$$

where;

m_{hi}^r = Number of responding households in the sample from the i^{th} PSU in stratum h

Therefore, the design weights was calculated by incorporating equation 6 and equation 7 to form the following equation:

$$ISR^{adj} = \frac{1}{p_1^{adj}} * \frac{1}{p_2^r} * \frac{1}{p_3} = \left[\frac{M_h}{M_{hi} * n'_h} * \frac{M'_{hi}}{m_{hi}^r} * m'_{hij} \right] \quad (8)$$

4.3. Weight Calibration

Weight calibration is a post survey weight adjustment method that is used when auxiliary information related to the population of interest is available. This auxiliary information generally is in the form of population totals for various categories of the characteristics of individuals e.g. age groups, sex of respondents etc. Assuming the auxiliary information is true and correct, this information can be used to benchmark the survey estimates to sum up to these known population totals (within each categories) but more importantly, will improve the quality of the survey estimates. Weight calibration is generally applied as a final step in the development of the survey weights at the person² level. The weight calibration was achieved using the "R" software.

4.3.1. Preparation of the data file

Before the weight calibration procedure can be applied, the required datasets need to be provided and setup in the required format to be read into the weight calibration macro. In addition, the Demography and Vital Statistics Division provided a set of 2017 population projections at national and urban/rural levels which were used to derive the control totals for weight calibration within the required cells at national and urban/rural levels.

- There are two sets of control totals that was prepared and used in the calibration of the design weights. At national level: Totals were defined by the cross-classification of Urban/Rural, age, and Sex. Urban/ rural was defined into two group of Urban (1) and Rural (2), while Sex was categorized into two groups of female (1) and male (2). The cross-classification resulted in 4 weight calibration cells at national level

²The weight calibration was only done for person level weights. Households were estimated using design weights. Calibration could not be done for household level weight because there was no independent estimates for households to be used as control total.

4.4. Final weights

The final weights for the person level (W_p) is defined as the product of the design weight (ISR^{adj}) and the person level calibration factor ($calib_factor$) calculated during the weight calibration process. A variable called IND_weight is the final weights used for the NFIS 2017 analysis of individual level data:

$$W_p = ISR^{adj} * Calib_factor \quad (9)$$

For the household level data, the final weight was taken as the design weight, calculated as:

$$W_h = \frac{1}{P_1^{adj}} * \frac{1}{P_2^r} \quad (3)$$

5. Estimation

The most common measure of quality of the survey estimates reported from the sample surveys was the level of precision of the estimates. The quality indicators are meant to ascertain the analysis about the level of precision of the estimates at different domains. The statistical precision of the survey estimates were expressed using different types of statistics such as Standard errors (SE), the coefficient of variation (CV) and the Confidence Interval (CI). These statistics were used to indicate the level of precision of the survey estimates in estimating the eligible population's parameters of interest. There are a number of factors that can affect the precision of the survey estimates namely the size of the sample relative to the population size, the sample design and the variability of the characteristics of interest in the population. The data quality indicators were discussed in details in the following sub-section.

5.1. Data Quality Indicators

The following measures of precision was calculated for NFIS 2017 key indicators.

a) Confidence Interval

The interval within which a population parameter is likely to be found, determined by sample data and a chosen confidence level ($1 - \alpha$ [α refers to the level of significance]). At standard level, a significance level $\alpha = 0.05$ resulting in a 95% Confidence Interval is used. The 95% Confidence Interval for the sample statistic is expressed as:

$$CI(b) = b \pm (1.96 \times s\hat{e}(b)) \quad (4)$$

The confidence interval gives a range where the population parameter is expected to lie with a high probability. A wider confidence intervals implies that there is too much variability in the statistics to estimate the population parameter while a narrower interval indicates less variability, signifying a desirable outcome.

b) Coefficient of variation

The Coefficients of Variation of the sample statistics, b is given by:

$$CV(b) = \frac{s\hat{e}(b)}{b} \quad (5)$$

The coefficient of variation is based on the Standard Error (SE), which is a function of the sample variation and sample size. The standard error is the standard deviation of the statistics which measures the variability in the estimates around the expected value. The standard error given in this report were estimated using the Taylor series Linearization method in Stata 12.1 Program. The Coefficient of variation is the ratio of the standard error of the survey estimates to the value of the estimates itself. The coefficient of variation is a measure of spread that describes the amount of variability relative to the estimates.

Table 3: Level of the Coefficient of Variation for the survey estimates

CV level		Interpretation
a.	0.0% - 1.0%	← Estimates are reliable
b.	1.1% - 5.0%	
c.	5.1% - 15.0%	
d.	15.1% - 25.5%	← Estimates can be used with Caution
e.	25.6% +	← Estimates are unreliable

Cautionary note: The analysis given in this section (Estimation) shows that the survey estimates for the key financial inclusion indicators at national level are very much reliable. However, there are categories of each of the variables where caution needs to be exercised when interpreting the parameter estimates, due to the relatively higher Coefficient of Variations (see Table 7). Please note that in these tables, the rounding off is done at the 4th decimal place for the “estimates” and the “standard errors” because of the small numbers.

a) Financial Access Strand (FAS)

Table 4 below presents the measures of precision achieved at national level for the Financial Access Strand. The Financial Access Strand gives a share of how many individuals are formally included; informally served and financially excluded. The precision estimates are slightly above the thresholds defined in Figure 3 above for some categories and therefore the population parameter estimates for such categories should be used with caution.

Table 4: Estimates of Financial Access Strand (FAS) for Namibia with measures of precisions

Area	Estimates	Standard error	95% confidence interval		Design Effect	Observation		Coefficient of variation
			Lower confidence limit	Upper Confidence Limit		Unweighted	Weighted	
			%	%		%	%	
Namibia								
Banked	67.8562	2.2195	63.3225	72.0766	4.21	1 863	1 457 919	3.2708
Other formal (non-bank)	4.7767	0.7504	3.4942	6.4984	2.31	1 863	1 457 919	15.7101
Informal	5.4169	0.7960	4.0427	7.2231	2.30	1 863	1 457 919	14.6952
Excluded	21.9502	1.8620	18.4920	25.8499	3.77	1 863	1 457 919	8.4829

b) Saving Strand

Table 5 below presents the b) Saving Strand at national level. The Saving Strand focuses on the usage of savings and investment products. Some precision estimates fall well within the CV reliability thresholds and hence are reliable estimates, while others are to be used with caution.

Table 5: Estimates of Saving Strand for Namibia with measures of precision

Area	Estimates	Standard error	95% confidence interval		Design Effect	Observation		Coefficient of variation
			Lower confidence limit	Upper Confidence Limit		Unweighted	Weighted	
			%	%		%	%	
Namibia								
Bank	56.7170	2.3474	52.0324	61.2844	4.18	1 863	1 457 919	4.1388
Other formal (non-bank)	3.3879	0.5438	2.4630	4.6436	1.68	1 863	1 457 919	16.0520
Informal	2.9170	0.5911	1.9503	4.3416	2.30	1 863	1 457 919	20.2634
Saving at home	17.4856	1.5108	14.6974	20.6746	2.95	1 863	1 457 919	8.6405
Not saving	19.4926	1.9637	15.9011	23.6670	4.58	1 863	1 457 919	10.0741

c) Credit Strand

Table 6 below presents the measures of precision achieved at national level for the Credit Strand. The Credit Strand focuses on borrowing and the usage of savings and investment products. The precision estimates are well within the thresholds defined in Figure 3 above and therefore the population parameter estimates are reliable.

Table 6: Estimates of Credit Strand for Namibia with measures of precision

Area	Estimates	Standard error	95% confidence interval		Design Effect	Observation		Coefficient of variation
			Lower confidence limit	Upper Confidence Limit		Unweighted	Weighted	
			%	%		%	%	
Namibia								
Bank	12.8182	1.4458	10.2218	15.9568	3.48	1 863	1 457 919	11.2796
Formal (non-bank)	4.6226	0.6730	3.4605	6.1501	1.91	1 863	1 457 919	14.5584
Informal	6.6452	0.9509	4.9952	8.7897	2.71	1 863	1 457 919	14.3100
Borrow from friends/family	18.0031	1.2556	15.6536	20.6190	1.99	1 863	1 457 919	6.9744
Do not borrow	57.9109	2.0172	53.8813	61.8378	3.11	1 863	1 457 919	3.4833

d) Insurance Strand

Table 7 presents the measures of precision achieved at national level for the Insurance Strand. The Insurance Access Strand presents a share of individuals who either have/use insurance products/services from a formal service provider; who rely on informal mechanisms, and who do not have/use long-term insurance products/services. All precision estimates are well within the thresholds as defined in Figure 3 and therefore the parameter estimates are reliable except for the informal category which above the threshold and hence is unreliable.

Table 7: Estimates of Credit Strand for Namibia with measures of precision

Area	Estimates	Standard error	95% confidence interval		Design Effect	Observation		Coefficient of variation
			Lower confidence limit	Upper Confidence Limit		Unweighted	Weighted	
			%	%		%	%	
Namibia								
Formal insurance	32.6443	2.0777	28.6783	36.8752	3.66	1 863	1 457 919	6.3647
Informal only	0.1191	0.0698	0.0374	0.3787	0.76	1 863	1 457 919	58.6020
Have no form of insurance	67.2366	2.0762	63.0101	71.2009	3.64	1 863	1 457 919	3.0879

e) Remittance Strand

Table 8 presents the measures of precision achieved at national and urban/rural levels for the Remittance Strand. The Remittance Strand shows who uses remittance products and whether these products are formal, informal or via family and friends. The precision estimates are within the thresholds and therefore the population parameter estimates are reliable at national domain of estimation. However, estimates for Relative/friend should be interpreted and used with caution as it has significantly higher CV.

Table 8: Estimates of Remittance Strand for Namibia with measures of precision

Area	Estimates	Standard error	95% confidence interval		Design Effect	Observation		Coefficient of variation
			Lower confidence limit	Upper Confidence Limit		Unweighted	Weighted	
			%	%		%	%	
Namibia								
Bank	37.8241	2.2680	33.4566	42.3984	4.07	1 863	1 457 919	5.9961
Formal Non-Bank	5.9489	0.8069	4.5407	7.7584	2.17	1 863	1 457 919	13.5631
Informal mechanism	4.9665	0.7417	3.6897	6.6548	2.17	1 863	1 457 919	14.9333
Relative/friend	2.2583	0.4295	1.5486	3.2825	1.56	1 863	1 457 919	19.0182
Do not remit	49.0021	2.4067	44.2691	53.7531	4.32	1 863	1 457 919	4.9115





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