MOZAMBIQUE

FINSCOPE
CHANGARA AND HOMOINE
DISTRICT REPORT

2019

FSDMoç
INVESTINDO EM INCLUSÃO FINANCEIRA

FMT | FinScope

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Acronyms and Abbreviations

AFI	Alliance for Financial Inclusion
BdM	Bank of Mozambique
DAI	International Development Association
DFID	UK Department of International Development
EA	enumeration areas
FAS	financial access strand
FMT	FinMark Trust
FS	FinScope
FSD	Financial Sector Deepening Mozambique
FSP	Finance Service Provider
GDP	Gross Domestic Product
GOM	Government of Mozambique
ICT	Information communications technology
IMF	International Monetary Fund
INE	National Statistical Institute
KfW	Development Bank, Frankfurt, Germany (Kreditanstalt fur Wiederaufbau)
KYC	Know Your Customer
MAP	Making Access Possible
MF	Microfinance Institution
MSME	Micro, Small and Medium Enterprises
MT	Metical
NFIS	National Financial Inclusion Strategy
OTC	over-the-counter-transaction
P2P	Peer to Peer
PAYGO	Pay-As-You-Go
POS	Point-Of-Sale
SDG	Sustainable Development Goals
SADC	Southern African Development Community
SIDA	Swedish International Development Cooperation Agency
SIMO	National Payments System Switch
SME	Small and Medium Enterprise
SPSS	Statistical Package for Social Sciences

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Executive Summary

Mozambique has made progress in stimulating financial inclusion, proven by the efforts of the Government of Mozambique (GoM) in accepting the National Financial Inclusion Strategy of Mozambique (2016-2022) in March 2016. The state of financial inclusion in 2019 has improved on many fronts since 2014. Financial inclusion increased to 54 per cent in 2019 from 40 per cent in 2014, representing around 2.3 million adults brought into the fold of financial inclusion, an increase of 14 percentage points. Access to financial services, such as savings, credit, insurance and transactional products, enables individuals to safely store, receive and transfer value, and manage liquidity and risk.

The FinScope Mozambique 2019 survey is the third FinScope survey implemented in Mozambique, following the baseline of 2009 and repeat of 2014. However, it is the first to produce a booster sample for two districts and be representative at that level, i.e. Homoine and Changara. We designed the survey to track levels of financial inclusion and, additionally, assess financial inclusion at the district level. Analysing levels of financial inclusion through a district lens would enable policymakers and Financial Services Providers (FSPs) to tailor their interventions at a public administrative level.

Profile of Changara and Homoine district: According to survey findings, the adult population (16+ years old) is estimated at 101,772 for Homoine district and 59,921 for Changara. Both districts are mostly rural with 87 per cent of Homoine, and 100 per cent of Changara classified as such. The two areas retain lower levels of adults with secondary education or higher and farming forms an integral part of many households. Adults largely depend on irregular or low sources of income. Formal employment in both Changara and Homoine districts is low at 8 per cent and 7 per cent respectively. Agriculture and farming are the primary sources of income for most adults in the two provinces with one in three adults dependent on the sector for their livelihood. This is consistent with the national trend as most adults depend on the land for sustenance, exposing them to environmental risks such as low rainfall, livestock disease and drought.

Access to services providers: 23 per cent of households in Changara have access to electricity compared with 18 per cent in Homoine, falling below the national average of 31 per cent. Adults living in Homoine have better access to financial services, such as mobile money facilities and bank branches, compared with Changara. Compared to the national proportions, adults in Changara are required to travel long distances to reach financial institutions.

Financial inclusion: At 37 per cent, overall financial inclusion in Changara district is low, significantly below the national average of 54 per cent. Conversely, Homoine district is much higher at 75 per cent. Mobile money is increasing formal financial inclusion in both regions, with uptake at 18 per cent in Changara and 42 per cent in Homoine. As for the Homoine district, the high financial inclusion figure is boosted by an increased uptake of informal products at 57 per cent.

The following financial inclusion picture emerges when we analyse the uptake of specific financial products and services:

Banking: Approximately 14 per cent of adults in Homoine and 22 per cent of adults in Changara have bank accounts in their name (bank account holders). Transactions mainly drive the banking landscape, with 87 per cent of adults in Homoine and 93 per cent in Changara utilising transactional products. About 25 per cent of banked adults in Homoine are currently saving, while only 7 per cent are borrowing. 22 per cent of banked adults in Changara are presently saving, with 14 per cent borrowing.

Mobile money: About 1 in 5 adults (18 per cent) in the Changara district hold mobile money accounts in their name, well below the national average of 29 per cent. Homoine district displays a better uptake of mobile money (42 per cent) among adults, 13 points above the national average, which may be attributed to higher access to mobile phones (72 per cent) in that region.

Savings and investments: Savings is the leading product type, and one of the main drivers for financial inclusion, especially in Homoine district, as 66 per cent of adults currently save. In Changara, only 1 in 4 adults use savings services. Adults in both areas are mainly saving informally (including at home), reserving these savings for consumption and emergencies.

Credit and insurance: There is a low uptake of credit and insurance products in both districts. A mere 8 per cent of adults currently borrow in Homoine with 4 per cent sourced from family and friends and 3 per cent using informal suppliers. Changara features an even lower rate, at just 3 per cent, but is split between banking institutions (2 per cent) and family and friends (1 per cent). The study revealed that adults are hesitant to borrow money as they fear debts and being unable to pay back.

Insurance uptake varies between the two districts, with Homoine showing a higher uptake, at 21 per cent, compared to Changara's 11 per cent. These figures sit either side of the national average of 17 per cent. Formal and informal funeral insurance make up the bulk of insurance products with negligible usage of asset cover. Tellingly, a large proportion of adults in both districts claim to have limited knowledge about insurance products. Raising awareness on the benefits of insurance and developing low cost, tailor-made offerings will be crucial to improving the financial security of Mozambicans.

Changara

Homoine
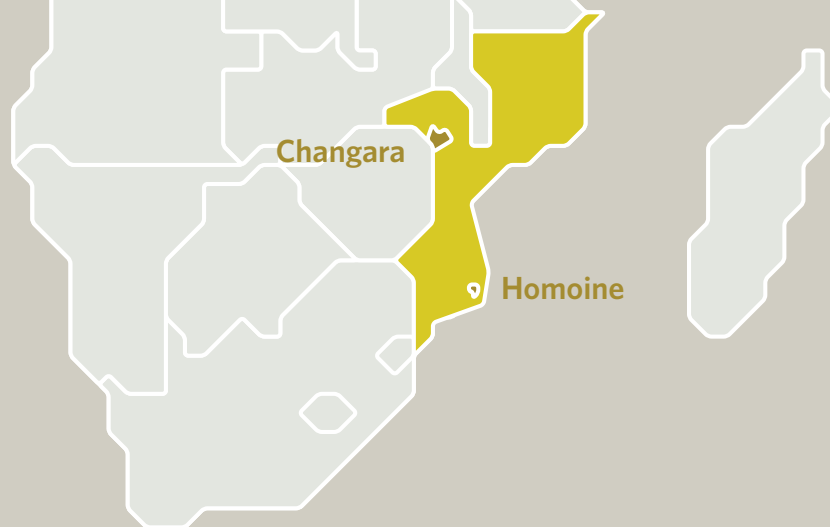
1. Introduction

Mozambique has moderated its pace of economic growth[3], which was barely above the population growth in 2018. The focus on financial inclusion and delivery of financial services to all individuals has grown since 2011. During that period, we have seen an increased awareness of the need to include disadvantaged or low-income sections of the population as well as all businesses, including those in the informal sector. This is demonstrated by the introduction of Mobile Money operators into the market and joining the Alliance for Financial Inclusion (AFI).

With the goal of promoting the development of a sound, diverse and inclusive financial sector, the Government of Mozambique (GoM) approved its Financial Sector Development Strategy (2013-2022) in 2013.

The GoM's on-going commitment to financial inclusion, and the financial sector's commitment to driving the initiative, was demonstrated by the Bank of Mozambique (BdM) implementing the National Financial Inclusion Strategy of Mozambique (2016-2022) in March 2016.

The three pillars of the strategy are:

- access to, and the use of, financial services;
- strengthening financial infrastructure; and
- consumer protection and financial education.

3. https://www.worldbank.org/en/news/press-release/2018/12/13/mozambique-to-increase-financial-inclusion-and-stability-with-world-bank-support

The continued efforts of the Government, regulators, FSPs and partners, like Financial Sector Deepening Mozambique (FSDMoc), has further contributed to increased financial inclusion. According to the BdM[4], by 2017, access to physical and electronic financial services had significantly increased and Mozambique's National Statistics Institute, for the first time, measured financial inclusion during that year's census.

1.1. Changara and Homoine District

The Changara district is located in the Tete province in Western Mozambique, while the Homoine district is situated in the Inhambane province in the south-east.

Recent documents on districts here, preferably in English, are needed to give a good background on:

- basic infrastructure and demographics; and
- economy and livelihoods such as agriculture, poverty, and so forth.

1.2. Finscope surveys in Mozambique

FinMark Trust (FMT) is an independent trust established in 2002 with the purpose of making markets work for the poor. Driven by our mission to create processes of change, leading to the development of inclusive financial systems, FMT operates as a catalyst.

In pursuit of our objectives and faced with an absence of good data representing real-world situations, FMT developed the FinScope consumer survey. The survey is a nationally representative study that looks at how individuals source money and manage their finances. It also provides insight into the attitudes and perceptions regarding financial products and services and how they are used. To date, FinScope surveys have been conducted in 35 countries.

FSDMoc is a vessel for financial sector development with a focus on growing financial inclusion in Mozambique. It is funded by the United Kingdom Department of International Development (DFID) and the Swedish International Development Cooperation Agency (SIDA). Key stakeholders are provided with support to innovate and expand financial services, using technical expertise and targeted funding to boost their capacity and the people they serve.

FSDMoc, in collaboration with FMT, conducted the FinScope 2019 Consumer Survey in Mozambique (FS Mozambique 2019) funded by DFID. The first FinScope Consumer Survey in Mozambique was conducted in 2009. A second survey was carried out in 2014 as an initiative of the Ministry of Economy and Finance and FMT, co-funded by DFID. The 2019 survey aimed to update the 2014 study in order to track changes and add new indicators to inform initiatives that will drive the financial inclusion agenda in Mozambique.

FinScope's key objective is to measure levels of access to, and usage of, financial services by adults across various categories, including income ranges. This information is then made available to key stakeholders (such as policy-makers, regulators, and FSPs) in order to stimulate evidence-based dialogue with the goal of creating effective public and private sector interventions, thus increasing and deepening financial inclusion strategies.

The information from this survey helps extend the reach of financial services in Mozambique by providing an understanding of the country's adult population (across demographics and geographical distributions) in terms of:

- how they generate their income;
- their financial needs and/or demands;
- their financial perceptions, attitudes and behaviour;
- the obstacles they face; and
- the factors influencing their financial behaviour and/or outcomes.

Specifically, the FS Mozambique 2019 survey tracks change over time and presents the current status of the adult population (across demographics and geographical distributions). Indicators include:

- the levels of financial inclusion (i.e. access to financial products and services – both formal and informal);
- the landscape of access (i.e. the type of products and services used by 609 financially included individuals);
- the drivers of, and barriers to, financial access (and the identification of their needs);
- changes since the second FinScope Consumer Survey in Mozambique (2014); and
- changes and factors thereof (including the impact of previous interventions to enhance access).

This report documents the principal findings of the survey with a specific focus on the Homoine and Changara districts. Additional in-depth analysis can still be performed on the data that has not been covered in this report. Stakeholders are encouraged to review the data available in order to help them address the financial and development questions significant to their agendas. This data is publicly available and can be downloaded on the FSDMoc, National Statistical Institute (INE) and FMT (i2i) websites.

4. https://furtherafrica.com/2019/08/05/opentalk-mozambiques-financial-inclusion-with-esselina-macome/

2. Methodological approach

The FS Mozambique 2019 was initiated with a nationally representative sample of 5,822 adults, comprising 5,073 individuals in the principal group and 749 individuals in the booster group. These selections were split between the two districts of **Homoine** and **Changara**. Adults were selected at the household level across the country. The sample was designed and weighted by the National Statistical Institute (INE). As with past surveys, the primary sample is also representative at national, provincial, urban and rural levels, whilst the booster sample reflects district, urban and rural levels.

We have prepared a detailed technical report that delves deeper into each of the following sub-sections.

2.1. Survey implementation

We implemented the study in four stages, as seen in Figure 1. As with past surveys, the design was overseen by the steering committee and facilitated by the FSDMoc. To ensure stakeholders had a say in the design, their inputs were considered and included. For example, INE designed the sample and deployed technicians to oversee training and data collection quality control.

2.2. Sampling and weighting

A three-stage sampling approach was applied, comparable with the sampling methodology used for the previous FinScope Mozambique surveys. This approach ensured that all adults, aged 16 years or older, had an equal probability of being included.

The first level of sampling was to ensure geographic representation of the country. INE was responsible for drawing a nationally representative sample of Enumeration Areas (EAs) using the national census as a framework.

A sample of 566 EAs was drawn using a probability proportional to population size approach. This ensured a robust sample that was representative of adults, 16 years or older, within urban and rural settings. There was a deliberate increase in the number of households included in this sample comparative to 2014 to cater for better data and sub-national analysis.

To facilitate a more in-depth analysis of low inclusion levels, a booster sample of 92 EAs in two districts was added. For this purpose, the members of the Technical Committee selected the districts of **Homoine, in the Inhambane province, and Changara, in the Tete province**. Both areas showed significantly low levels of financial inclusion according to previous surveys (including the 2017 census).

Table 1 provides a regional overview of the sample EA distribution per urban-rural stratum.

TABLE 1: Provincial distribution of sample EAs per stratum
Source: FinScope Consumer Survey Technical Report 2019

NATIONAL MAIN SAMPLE			
Provinces	**Rural**	**Urban**	**TOTAL**
Cabo Delgado	29	19	48
Gaza	29	17	46
Inhambane	29	19	48
Manica	29	17	46
Maputo Cidade	0	50	50
Maputo Province	18	28	46
Nampula	39	33	72
Niassa	29	17	46
Sofala	24	22	46
Tete	29	19	48
Zambezia	38	32	70
Grand Total	**293**	**273**	**566**

FIGURE 1: Survey implementation stages
Source: FinScope Consumer Survey Technical Report 2019

Design
- Literature review
- Sample design
- Questionnaire update
- Piloting
- Training of field teams

Fieldwork & data processing
- Data collection
- Supervision & quality control
- Data entry
- Supervision & quality control
- Data cleaning
- Weighting

Analysis & reporting
- Tabulations & cross tabulation
- Presentation of preliminary results to Government Representatives
- Input from the Government Representatives
- Report writing

Dissemination
- Public launches

DISTRICT BOOSTER SAMPLE			
Provinces	**Rural**	**Urban**	**TOTAL**
Inhambane	42	4	46
Tete	46	0	46
Grand Total	**88**	**4**	**92**

Once an enumerator team entered an EA, they obtained permission to conduct the survey and conducted a listing exercise to compile the household sampling frame. The listing operation entailed visiting structures within the EA boundaries to determine and record:

- if it was used for residential purposes;
- the number of families per residence (using INE's definition of a household);
- the address and details of the head of the household (to identify the home should it be sampled after listing completion); and
- the number of individuals 16 years or older by gender.

2.3. Questionnaire design

Being a repeat study, the FS Mozambique 2019 was conducted with an updated version of the 2014 questionnaire. The Technical Steering Committee held a series of meetings to revise and update the study. The Ministry of Finance, with the endorsement of BdM, INE, FSDMoc, and FMT, approved the final version.

As with previous surveys, once the final English document was approved, it was translated into Portuguese and then translated back into English for quality control purposes.

2.4. Data submission, cleaning and weighting

After completing the fieldwork, the data was converted to Statistical Package for Social Sciences (SPSS), cleaned and subsequently coded. A finalised dataset in SPSS format was submitted to INE for weighting and validation to ensure the data reflected the Mozambique population 16 years or older as of 2019 estimates.

3. Demographic profile for Homoine and Changara districts

The FinScope Survey captures a range of information, including data on individuals and households. The demographic profile provides valuable insights into consumer behaviour and potential interaction with the financial system. In this section, we present these findings.

3.1. Demographic and household characteristics

In-depth analysis was carried out on the two districts in Mozambique, Homoine and Changara, respectively located in the Inhambane and Tete provinces. These districts displayed significantly low levels of financial inclusion based on earlier surveys (including the 2017 census). FS Mozambique 2019 estimated the adult population (16 years and older) at 101,772 for Homoine and 59,921 for Changara.

63 per cent of Mozambican adults live in rural areas, with 87% of Homoine and 100% of Changara classed as such. Table 2 shows that the gender distribution of Changara and Homoine follow the national characteristic of proportionally more women. Nevertheless, at 71% females to 29% males, Homoine holds a ratio far higher than the national average. Most adults (70%) in Mozambique are married either monogamously or polygamously, and this slant is reflected in Homoine and Changara districts. Homoine, however, also has a higher proportion of single or never-married adults versus the national average. The demographics are displayed in Table 2.

TABLE 2: **Demographic profile**
Source: FinScope Consumer Survey 2019 4.

	TOTAL	Homoine	Changara
Total adult population	14 198 237	101 772	59 921
Area			
Urban	37%	13%	0%
Rural	63%	87%	100%
Sex			
Male	45%	29%	49%
Female	55%	71%	51%
Marital status			
Married - Monogamous	40%	40%	42%
Married - Polygamous	30%	20%	31%
Divorced / Separated	4%	3%	4%
Widowed	3%	1%	3%
Never married / Single	23%	35%	19%

3.2. Age distribution

Figure 2 shows that the majority of the adult population of Mozambique is young, with 63 per cent of the adult population aged 35 or below. This is much the same in Changara, where 60 per cent of adults are 35 years or younger. Homoine district has more seniors compared to young adults, with about 54 per cent of adults being 36 years or older. Only 7 per cent of adults in Mozambique are more than 60 years of age, showing a small senior population. In Homoine, 19 per cent of seniors are over 60 (three times the national average) compared to Changara at just 10 per cent. The choice of financial product is mostly determined by what is relevant to each adult's life stage.

FIGURE 2: Age distribution (%)
Source: FinScope Consumer Survey 2019
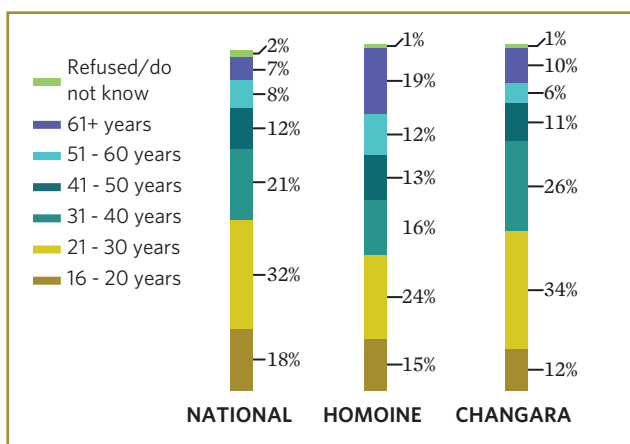
3.3. Educational level

Education plays a vital role in improving the quality of life for Mozambican adults, given that the majority of Mozambicans possess low levels of learning. As of 2019, approximately 10 million adults (72 per cent) have attained primary education or lower, with only 3 per cent having vocational/tertiary schooling. The pattern is the same in Changara and Homoine districts, with, respectively, 76 and 75 per cent of adults educated a primary or lower level.

FIGURE 3: Educational levels (%)
Source: FinScope Consumer Survey 2019

3.4. Income sources and livelihoods

The primary source of income for adults in Mozambique is farming or agriculture (19 per cent). This proportion is higher in Homoine and Changara, where 26 per cent of adults rely mostly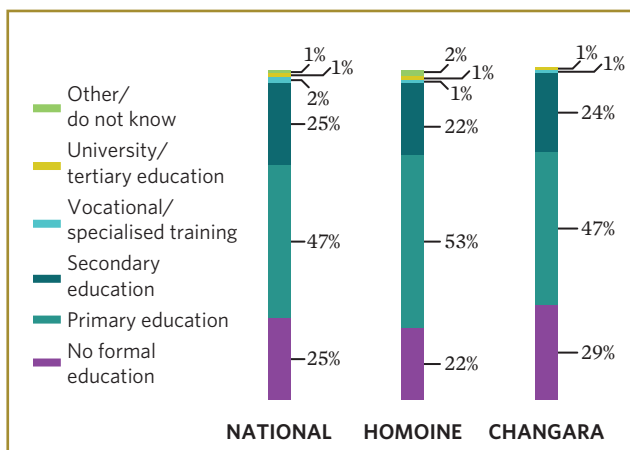 on farming, as shown in Figure 4. Worryingly, more than a third of adults in Changara district (37 per cent) claim they do not generate income but receive assistance from community, friends or family (this is high compared to the national average of 28 per cent). Homoine performs far better as only 16 per cent assert that they do not generate an income, although the majority do receive assistance from family. There is high dependence in both districts as 19 per cent of adults in Homoine, and 16 per cent in Changara receive assistance.

FIGURE 4: Main income source (%)
Source: FinScope Consumer Survey 2019
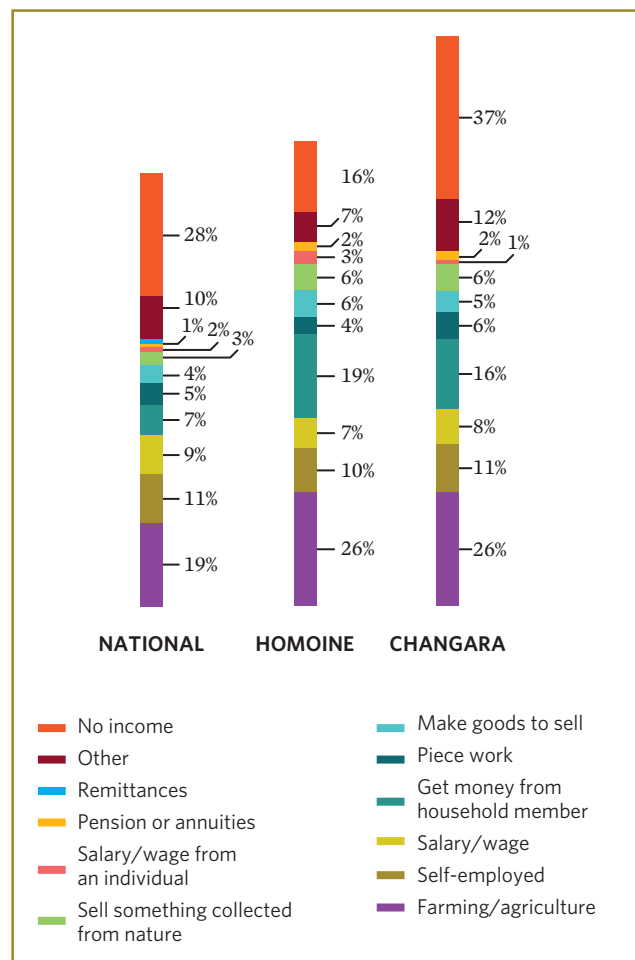
Figure 4 also reveals that a mere 2 per cent of adults from both Changara and Homoine districts rely on pensions. Both the government and the private sector contribute to the livelihoods of Changara and Homoine residents, employing 7 per cent of all adults in Homoine and 8 per cent in Changara. Diving deeper into personal monthly income data reveals that the majority of Mozambicans (91%) earn less than 5,000 MT (USD 80) per month. This is reflected in both districts, where Homoine shows the lowest average, at 1,950 MT, compared to Changara at 2,880 MT. These low levels of income suggest that the majority of Mozambicans may struggle in meeting their daily needs.

FIGURE 5: Personal monthly income (%)
Source: FinScope Consumer Survey 2019
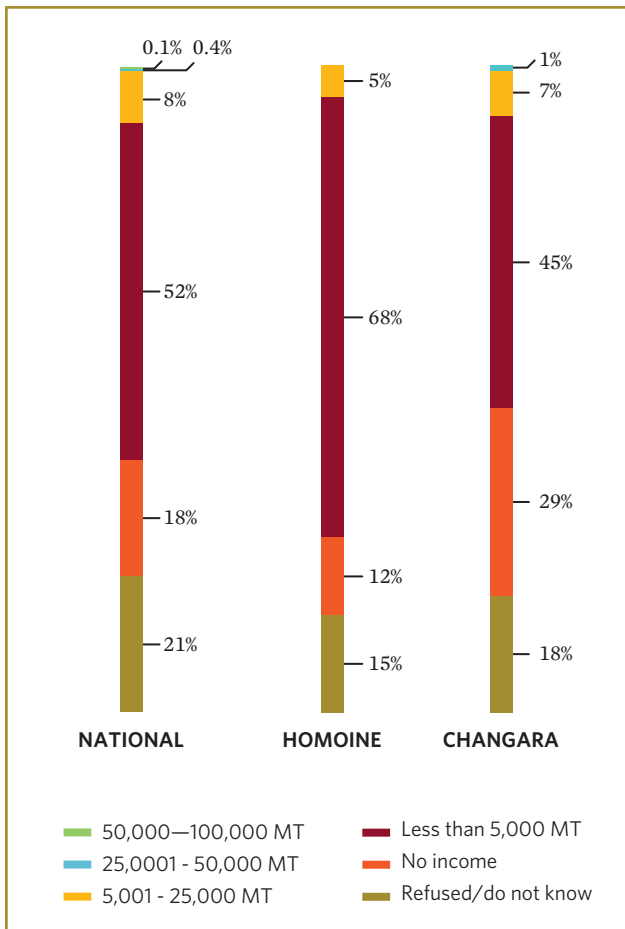
FIGURE 6: Household involvement in farming (%)
Source: FinScope Consumer Survey 2019
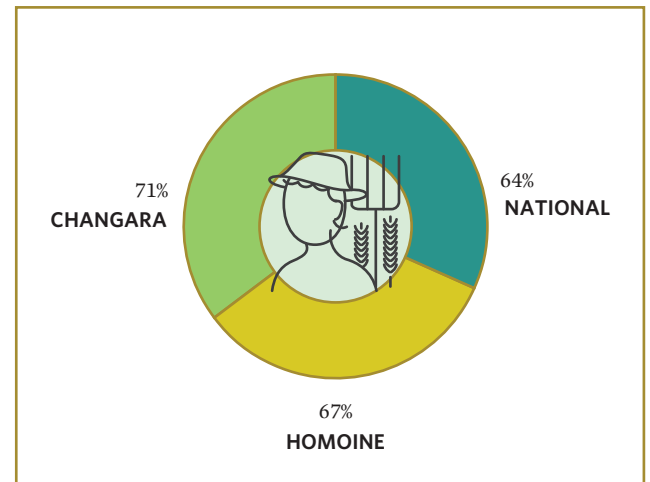
FIGURE 7: Type of involvement in farming (%)
Source: FinScope Consumer Survey 2019
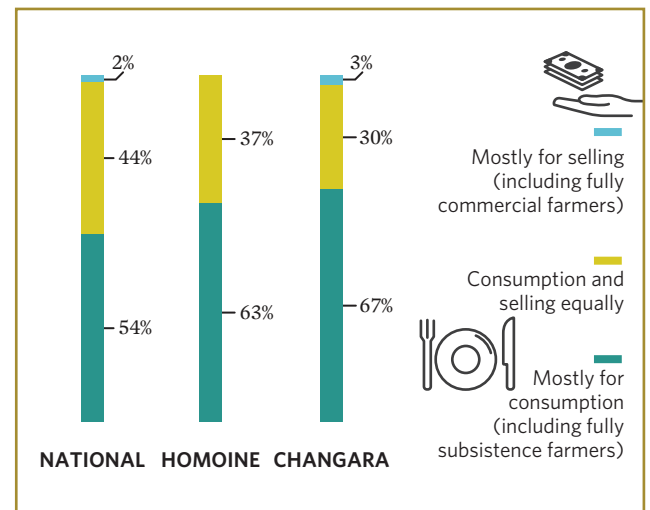
3.5. Households involvement in farming activities

Figure 6 shows that nearly two-thirds of households in Mozambique (64 per cent) depend on agriculture for income and consumption. The more remote and rural an area, the more likely it is to be farming-focused, and this is the case with Homoine and Changara. Nearly 7 in 10 households in these two districts are involved in farming. Figure 7 shows the degree of commercialisation of households engaged in agricultural activities. Most homes in Mozambique grow for consumption, and the majority claim to meet their household's eating needs this way.

Households in the Homoine district utilise both subsistence and commercial farming to meet nutrition and income needs. Although still a minority, 3 per cent of households in the Changara district engage in commercial agriculture, slightly above the national average of 2 per cent (see Figure 7). To encourage commercial farming, governments may offer incentives or introduce farming programmes (e.g. supplying inputs) to assist in reducing costs so that small-scale farmers can compete in the market.

Agricultural finance would likely also be of value in these districts. Financial products for the farming community, such as transactional services, savings, credit and insurance, may help in expanding financial inclusion.

3.6. Sustainable Development Goals

It is essential to assess the realities of everyday life and the challenges people face in terms of access to basic amenities, infrastructure and wealth profiles since these are likely to affect the way people engage with financial services. Individuals who struggle to make ends meet are unlikely to prioritise access or usage of financial services given their limited means.

3.7. Access to basic amenities

Basic amenities make life easier, dignified and more comfortable. These facilities can include access to electricity, water, and clean sanitation. The survey findings reveal that Mozambican households have low levels of access to some basic services, as illustrated in Figures 8, 9 and 10. Nevertheless, the level varies per district, with Changara recording significantly lower access to piped water (26 per cent) and flush toilets (20 per cent) compared with the national averages. This suggests lower levels of development and living standards for the population in that region.

Homoine district also recorded lower access to electricity (18 per cent) but slightly better access to sanitation (32 per cent) and piped water (31 per cent) when compared to national figures.

FIGURE 8: Access to electricity (%)
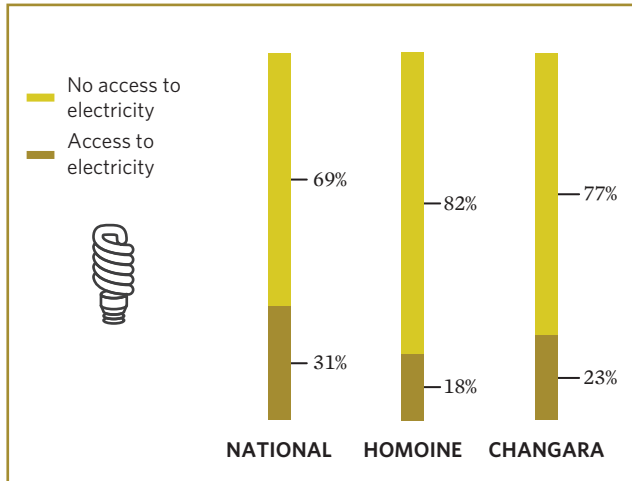*Source: FinScope Consumer Survey 2019*

FIGURE 9: Access to piped water (%)
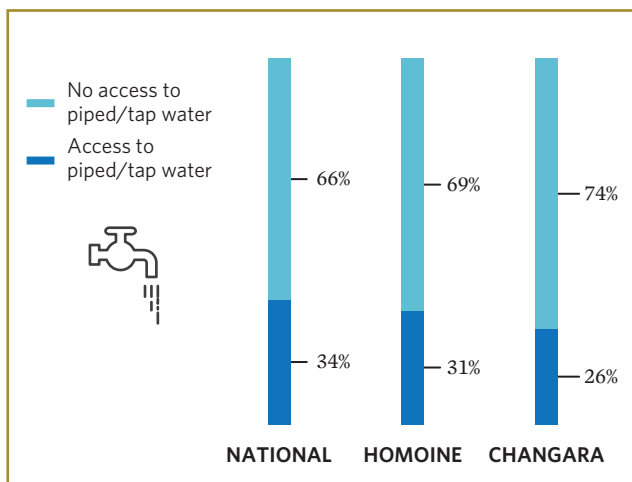*Source: FinScope Consumer Survey 2019*

FIGURE 10: Access to sanitation (%)
Source: FinScope Consumer Survey 2019
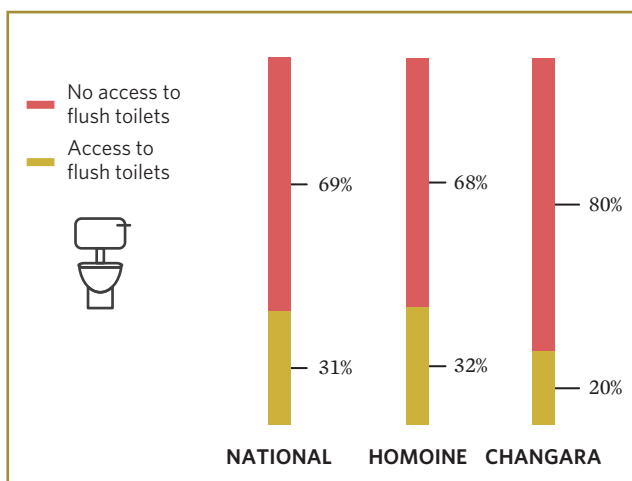
The study collected various statements in an attempt to measure the symptoms of poverty within households. Common financial challenges included hunger, forgoing medical treatment or not enough money for schooling. The frequency at which these difficulties arise within the household demonstrates the depth of poverty within these communities. Although the number of households that experience poverty-related symptoms is generally high in Mozambique, Figure 11 shows a higher proportion for those living in the Changara district. Poverty-alleviation interventions amongst these communities would considerably improve the standard of living.

FIGURE 11: Poverty related symptoms (%)
Source: FinScope Consumer Survey 2019
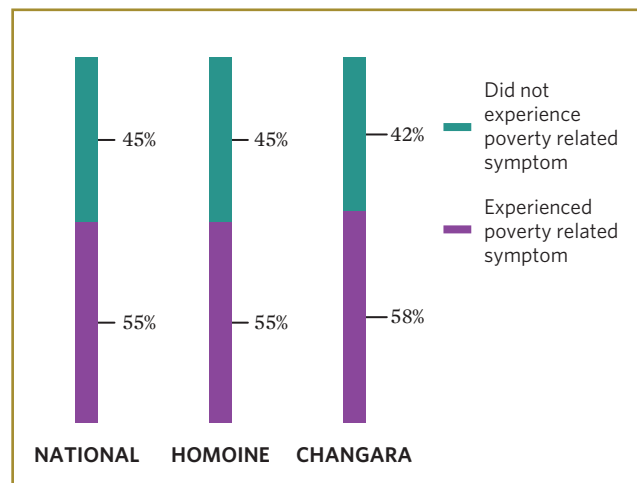
3.8. Access to financial institutions

Proximity to financial services highlights areas where geographical access is limited. Urban areas tend to have infrastructure that supports access and availability of financial services, increasing the likelihood that residents in the vicinity will make use of them.

There are notable differences among the districts, as presented in Figure 12. For example, adults living in Homoine are somewhat closer to most financial services when compared to Changara district and the national averages. Adults in Changara, however, are required to travel long distances to reach financial institutions. Mobile money facilities provide the closest formal financial services, whilst the least accessible is the post office. The uptake of financial services can be increased significantly by improving physical access to service points, and targeted interventions at a district level could result in more adults being brought into the fold.

3.9. Assets ownership

Household assets allow for increased productivity, improving both the earning ability and living standard of its members. Therefore, empowering low-income households to accrue assets assists in poverty alleviation. There are many forms of poverty, but hereditary poverty stands as the most difficult to alleviate. Figure 12 reveals that Homoine district features

notably higher ownership of assets, such as mobile phones, televisions, transport, and solar panels. Households in Changara display lower ownership of these assets compared to national averages. These results are surprising given that the mean monthly income of adults in Changara is slightly higher than those in Homoine. There is generally low ownership of high net-worth assets, such as motorcycles, cars and trucks among Mozambicans, and this may be indicative of lower income. The mobile phone, as well as the radio, are the most common assets with broad ownership in both districts.

FIGURE 12: **Average time to reach a destination (minutes)**
Source: FinScope Consumer Survey 2019

FIGURE 13: **Assets owned (%)**
Source: FinScope Consumer Survey 2019
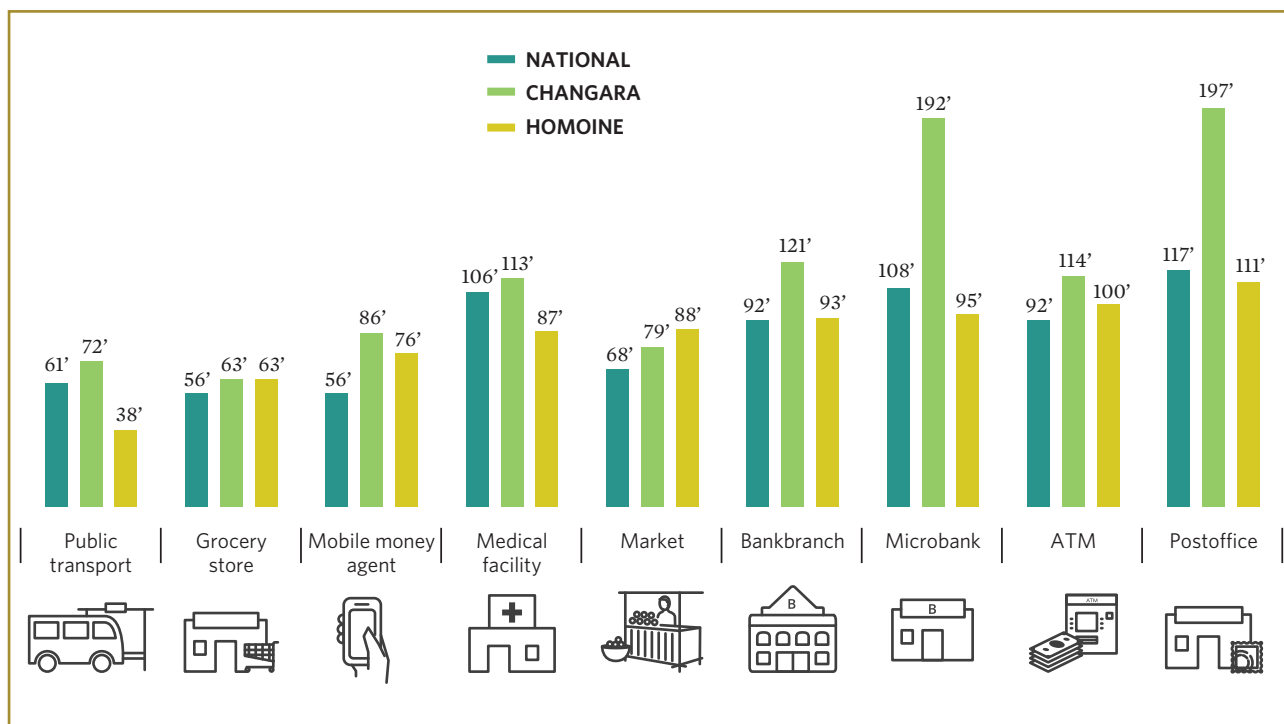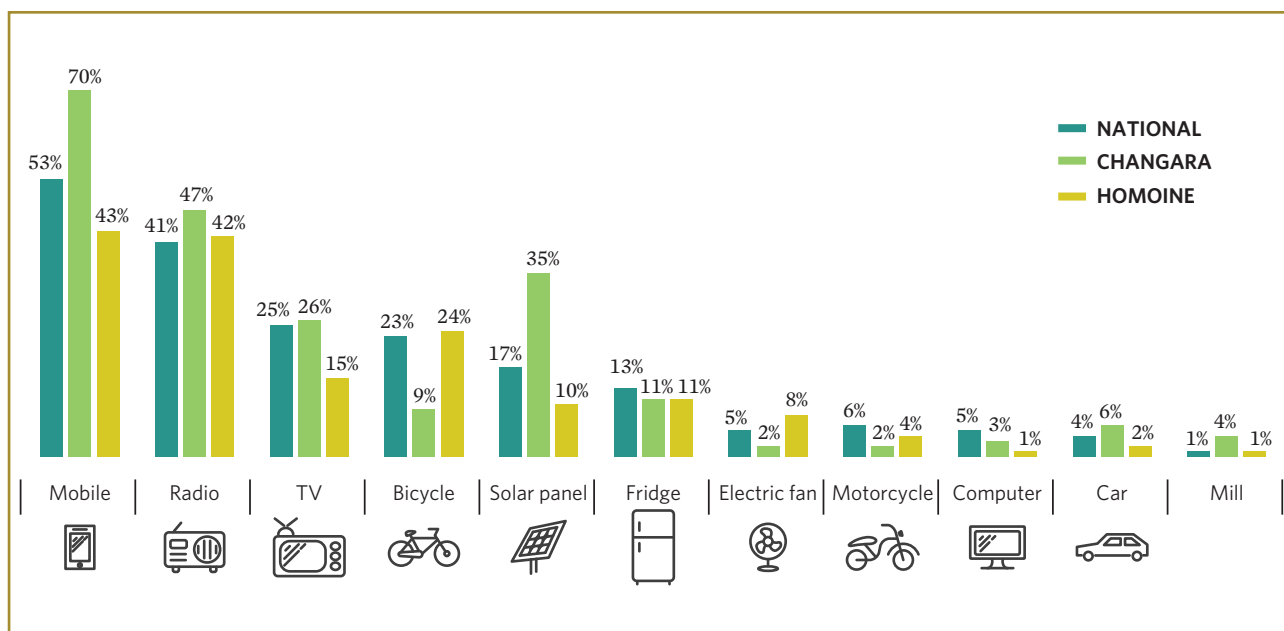
4. Financial capability

Financial capability encompasses the knowledge, attitudes, skills, and behaviour of individuals concerning understanding, selecting and applying monetary concepts and tools, and the ability to access financial services that meet their needs. Mundy (2011)[1] states that being financially capable is about being able to compare product offerings with different characteristics and to reach a reasonable decision on whether they are good offers and which of those is likely to be most suitable, given one's situation and preferences

To better understand the financial capability of adults in Changara and Homoine district, the report will present the findings from the survey on the economic behaviour aspects that follow in this section. These are critical drivers of financial capability dimensions, as discussed later in the report:

a) Meeting financial obligations – (balancing income and expenditures). This dimension assesses consumer ability to manage personal and household finances to meet their monetary obligations.

Both Figure 14 and 15, reveal that Mozambican adults are facing difficulties in keeping up with financial commitments, often running out of money before month-end. Few adults declare they meet their financial obligations with ease. In comparison to the national average, adults in the Changara and Homoine districts are struggling to keep up with financial commitments. This is expected considering the majority of the population earns a low income, and a significant portion is classed as dependents.

FIGURE 14: Run out of money for essential needs before month-end (%)
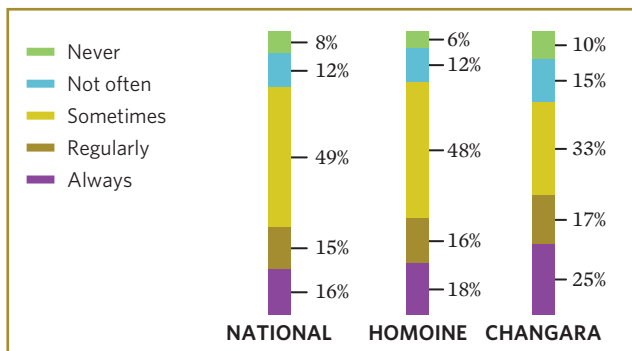*Source: FinScope Consumer Survey 2019*

FIGURE 15: Keeping up with financial commitments (%)
Source: FinScope Consumer Survey 2019
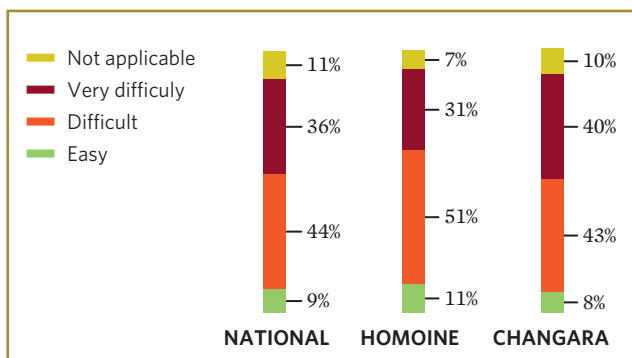
b) Planning for the future – looks at budgeting, savings, investments and insurance. It assesses Mozambican adults' attitudes, knowledge, and behaviour as it relates to personal financial planning.

Budgeting or planning around your finances is believed to be one of the most effective tools for money management. Planning starts with tracking income and expenditure, which is essential to help individuals and households assess their financial status, allocate resources to meet basic needs, save and invest, and protect against risks. Encouragingly, 3 in 4 adults in Homoine districts claim to be planning how they spend their money, with 53 per cent of them budgeting accurately, as shown in Figure 16. However, 40 per cent of adults in Changara district do not budget or plan on how they will spend their resources. The consequences of not budgeting may include financial stress, lower money security and, overspending, which could lead to debt. Lack of budgeting may also obstruct individuals in achieving their financial goals and setting aside money for future commitments. There is a need to encourage adults in both districts, especially Changara, to cultivate a good habit of financial planning, as this reduces economic burdens.

FIGURE 16: Plans or budget on how to spend money (%)
Source: FinScope Consumer Survey 2019
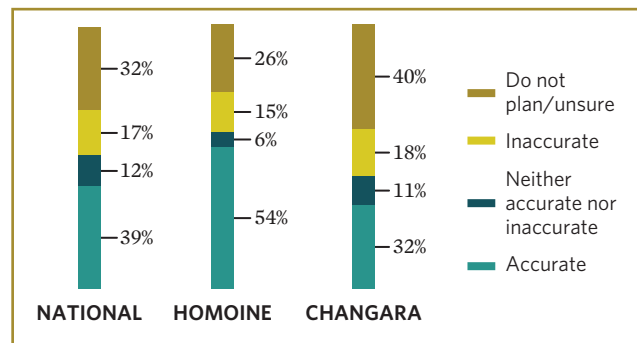
FIGURE 17: Make provisions to cover funeral expenses (%)
Source: FinScope Consumer Survey 2019
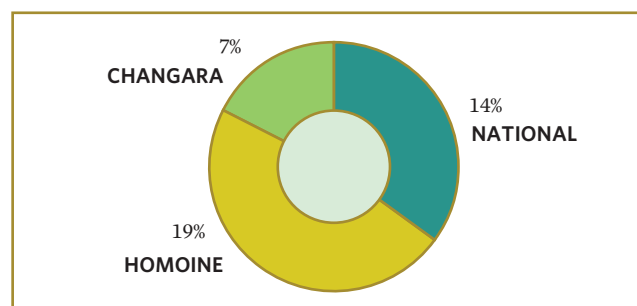
No one knows what lies ahead and so planning is always encouraged. Figure 17 shows that few Mozambican adults make provisions to cover funeral costs for themselves or loved ones. Compared to the national average, adults in Homoine district are better prepared whilst those in Changara are lagging. In line with the above, only a third of adults claim to have no plans for the future, and a further 21 per cent will rely on family or friends when they are older. Promisingly, adults from both districts are planning on using savings and farming for their survival. Future expenditure is usually a low priority when struggling to mee current demands.

c.) Understanding and use of financial products – This relates directly to how people use financial products and services to manage their money. It provides additional insight into the behaviour of choosing financial products and services to meet their needs.

Financial literacy empowers individuals to make smart financial decisions and equip them with the understanding needed to inform those choices. Greater awareness is likely to lead to more significant financial services usage and product uptake. The survey probed adults on their knowledge of financial products and services, as well as their sources of information when trying to make sound decisions. Approximately 60 per cent of Mozambican adults do not seek any financial advice outside of family and friends, and Homoine and Changara are no different. Understandably, the source of information influences the quality of advice, which in turn impacts decision-making.

Figure 19 shows that basic money management concepts of how to save, invest, and budget are lacking amongst Mozambican adults. Even more so than the national average, adults in Homoine primarily require information on how to save and invest. Whilst adults in Changara require the same financial education, they also express interest in learning how to open a bank or mobile money account. Financial education or training should be prioritised in these districts to raise awareness and uptake, particularly with the above concepts in mind.

d.) Financial decision making – refers to an individual's ability to apply the sound financial principles needed to make well-informed decisions.

Financial decision making requires evaluating the pros and cons of a choice as it relates to the use of money. The financial health status of an individual depends on the decisions an adult makes. Table 3 shows the level of' involvement in money management matters among adults. Shockingly, a large proportion of adults are not involved in shared decision making. Roughly 6 in 10 Mozambican adults stated that they make these decisions independently, and this pattern is echoed in the Changara and Homoine districts. Few adults are involved in joint decision-making, which is considered best practice and should, therefore, be encouraged. Financial education experts promote these conversations within households to create a better understanding among the youth of the challenges involved in managing finances, budgeting, saving, and handling risk.

FIGURE 18: Planning for old age (%)
Source: FinScope Consumer Survey 2019
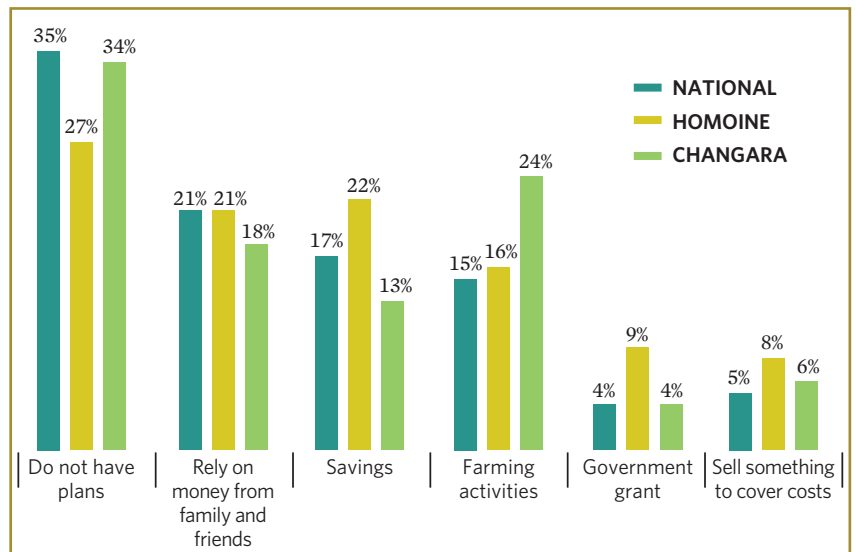
FIGURE 19: Desired financial education
Source: FinScope Consumer Survey 2019
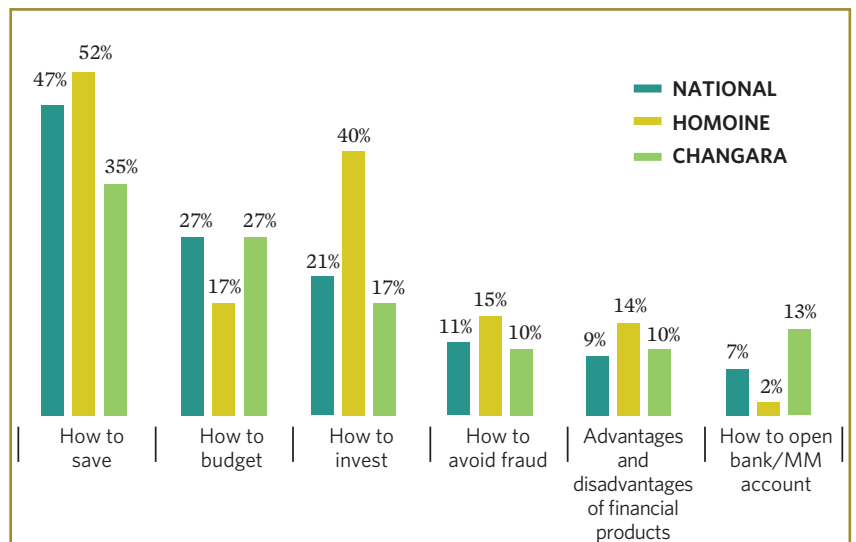
TABLE 3: Money management within households (%)
Source: FinScope Consumer Survey 2019

Financial decision-making within households	National	Homoine	Changara
You manage the money (household head)	64	63	63
You manage the money with a spouse or partner	25	24	25
You manage the money for the household with other people	4	3	2
Someone else in the household – not the household head – manages the money for everyone alone	3	5	1
Some people in the household manage the money on behalf of everyone	4	5	8

5. Financial services product uptake and usage

Financial Inclusion: The concept of financial inclusion is central to the FinScope methodology, and the financial access strand (explained schematically in Figure 20) is one of the principal measures of FinScope surveys. Financial inclusion concepts take into consideration the dynamic nature of the Mozambican market and its consumers. According to the Mozambique National Financial Inclusion Strategy (2016-2022), financial inclusion entails, 'Process of awareness, access and effective use of financial products and services offered by regulated institutions to the Mozambican population as a whole, contributing to enhancing their quality of life and social welfare.'

The FinScope analytical framework assesses both formal product usage through commercially recognised banks and other formal (non-bank) financial institutions such as Mobile Money, insurance companies and retail providers. It also covers informal usage, such as savings groups and burial societies, amongst others, spanning into those that have no formal or informal financial products, i.e. financially excluded.

Financially included are individuals who have, or use, either formal or informal financial products and mechanisms, or both. Note that this does not mean these individuals hold the products in their name. They could also, for example, use someone else's bank account or insurance cover. That includes:

- **Formally served:** Individuals who have or use products or services from financial institutions regulated through an Act of law (formal financial institutions).
- **Informally served:** Individuals who have or use products or services from financial institutions that are not regulated

(informal financial institutions and mechanisms) or use community-based organisations and means to save or borrow money, or both.
- Those individuals who have or use **both** formal and informal products and services.

We can further segment the formally-served population into different categories:

- **Banked:** Individuals who have or use products or services from licensed commercial banks that are regulated by the central or reserve bank.
- Served by **other formal** financial institutions (non-bank): Those individuals who have or use products or services from financial institutions that regulated through Acts of law, but which are not commercial banks.
- Those individuals who have or use products or services from **both** commercial banks and other formal financial institutions.

Financially excluded are individuals who manage their monetary lives without the use of any financial products or mechanisms external to their personal relationships. When borrowing, they rely on family and friends, and when saving, they keep at home.

5.1. Overview of financial products and services

Figure 21 highlights the total uptake of financial products used by Mozambican adults to meet their needs. It does not remove the overlaps of financial products and services.

Homoine district: At 75 per cent, financial inclusion in Homoine is high compared to the national average of 54 per cent. Among the financially included, 22 per cent of adults use bank products or services, and 59 per cent of adults use or own other formal non-bank products or services. Other formal, but non-bank, products and services, particularly mobile money, are driving formal financial inclusion, with 42 per cent of adults using these services.

FIGURE 20: Financial Inclusion framework
Source: FinScope Consumer 2019 Survey
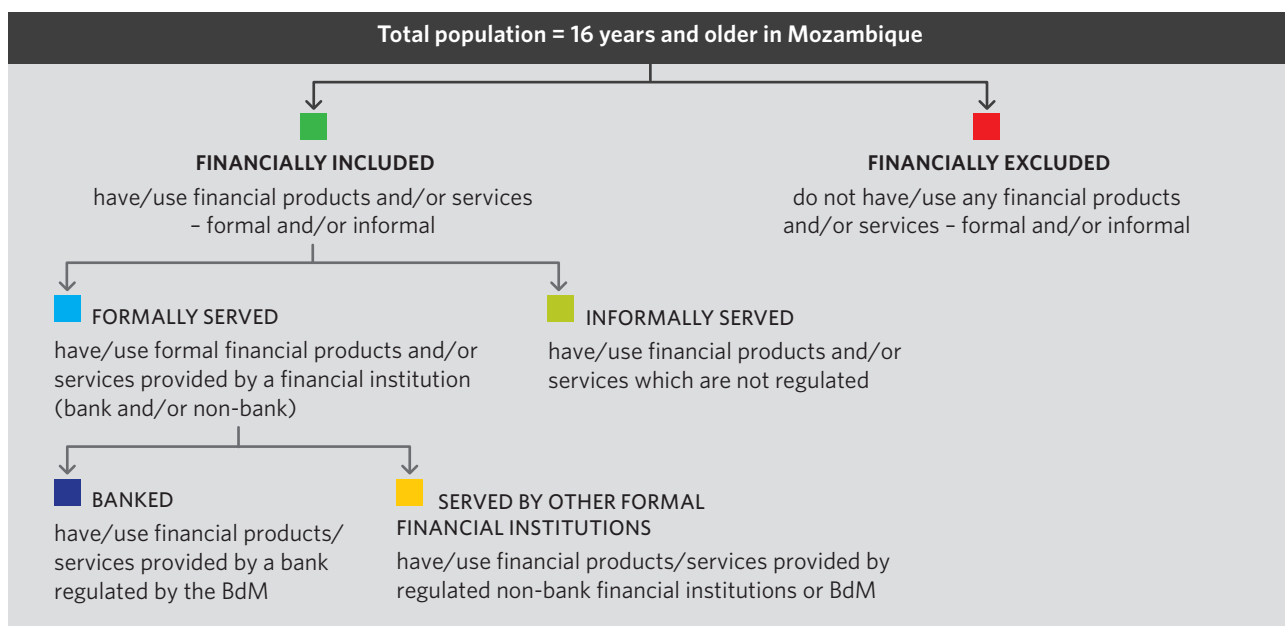
Encouragingly, at 61 per cent, the uptake of formal products amongst Homoine adults is higher than the national average of 43 per cent. Insurance ownership (21 per cent) is also higher than the national average of 17 per cent. This is possibly due to personal (and employer) funeral policies, but informal insurance agreements with church and burial societies may also play a driving factor. Informal mechanisms are a popular option for adults in Homoine, with a 57 per cent uptake of those services driving financial inclusion in the area. Although one in four adults (25 per cent) remains financially excluded, this is still an improvement over the national average of 46 per cent.

Changara district: Financial inclusion in Changara is poor (37 per cent) when measured against the national average of 54 per cent. The low figures may be due to the district being 100% rural, compounded by the high number of adults responding that they do not generate any income. Figure 21 reveals that roughly 14 per cent of adults in Changara district have or use banking products and services, 7 percenta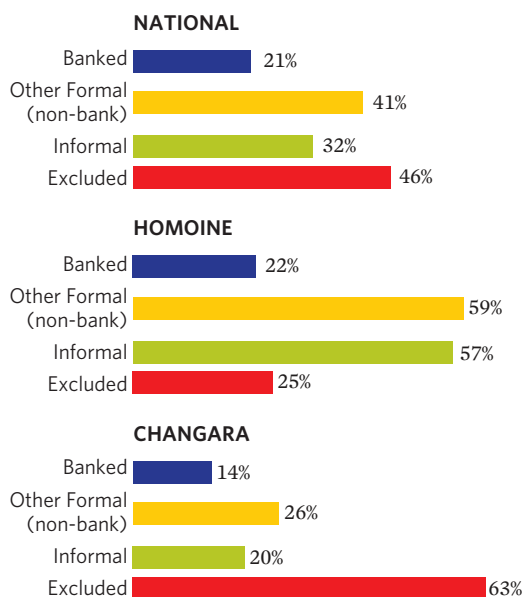ge points below the national average. About 26 per cent of adults in Changara have or use other formal non-bank services such as mobile money. This is also significantly lower than the 41 per cent of Mozambican adults with at least one formal non-bank account. Only a third of the adults in Changara use formal products (both bank and non-bank services), with even lower mobile money ownership (18 per cent). Usage of insurance products in Changara (11 per cent) is lower than the national average of 17 per cent. About 1 in every 5 adults (20%) uses informal financial products and services to meet their needs, well below both Homoine and the national average of 32 per cent. A larger proportion of the adults in Changara (63 per cent) are financially excluded, meaning they do not use any formal or informal products or services. They may, however, borrow from friends and family or save at home. There is a need to create upliftment amongst adults in Changara by supporting their livelihoods. Financial products and services have the potential to improve their standard of living and increase their asset ownership.

FIGURE 21: Financial inclusion overview (%)
Source: FinScope Consumer Survey 2019

NATIONAL
- Banked: 21%
- Other Formal (non-bank): 41%
- Informal: 32%
- Excluded: 46%

HOMOINE
- Banked: 22%
- Other Formal (non-bank): 59%
- Informal: 57%
- Excluded: 25%

CHANGARA
- Banked: 14%
- Other Formal (non-bank): 26%
- Informal: 20%
- Excluded: 63%

5.2. Financial Access Strand

The FinScope Access Strand (FAS) is a key indicator in determining and segmenting financial inclusion. The overlaps in the product uptake are removed since the ultimate goal of financial inclusion initiatives is formal financial inclusion. The FAS indicator separates the population of a country into four main, discrete categories, as defined in Figure 20: banked, formally served (non-bank), informally served only, and the excluded (those utilising no financial service, be it formal or informal). Figure 22 reveals the following:
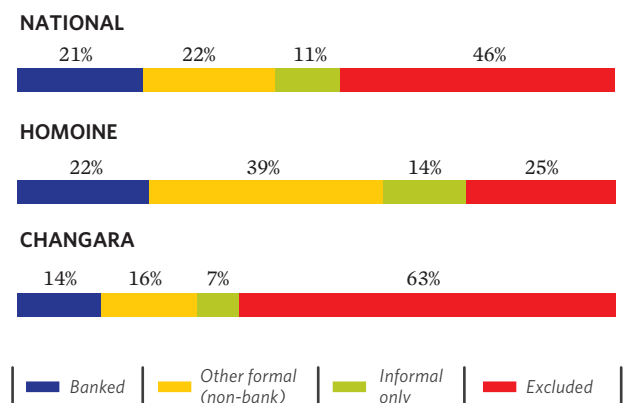
Banked – 22 per cent of adults in Homoine are using banking services and products, while in Changara district the figure stands at 14 per cent (below the national average of 21 per cent). Banked adults may also use formal non-bank products, such as mobile money, or informal products to meet their needs.

Other formal (non-bank) – Overall, 22 per cent of adults in Mozambique use other formal (non-bank) products or services, such as mobile money or microbanks, but they are not banked. Evidently, other formal (non-bank) products are driving formal financial inclusion in Homoine district, with 39 per cent of adults there using other formal (non-bank) products. Although the percentage of adults using other formal (non-bank) products in Changara district (16 per cent) is below the national average, the uptake and usage are helping to increase formal financial inclusion. Worth noting is that these adults (39 and 16 per cent in Homoine and Changara district respectively) do not use banking services but could be using informal mechanisms as a way of meeting their financial needs.

Informal only – Approximately 14 per cent of adults in Homoine are using only informal products to manage their finances, above the national average of 11 per cent. But in Changara district, this usage and uptake is lower than the national average. These individuals do not use formal products but may be saving at home and borrowing from friends and family.

Excluded – The proportion of financially excluded in Mozambique is still high, with almost 1 in 2 adults excluded (46 per cent). These figures are even higher in Changara, where more than half of adults are financially excluded (63 per cent). The good news, however, is that the levels of financial exclusion are far lower in Homoine district, at 1 in 4 adults (25 per cent).

FIGURE 22: Financial Access Strand (%)
Source: FinScope Consumer Survey 2019

NATIONAL: 21% | 22% | 11% | 46%

HOMOINE: 22% | 39% | 14% | 25%

CHANGARA: 14% | 16% | 7% | 63%

Legend: Banked | Other formal (non-bank) | Informal only | Excluded

5.2.1. Financial Access Strand by demographics

The FAS segmented into different groups reveals that the one-size-fits-all approach does not work in financial inclusion. This suggests that financial strategy interventions and targets should address specific segments with identified challenges. The initiatives most likely to increase financial inclusion will vary across these target groups due to the differences in education, frequency (and level) of income, age, location, and other factors.

5.2.2. FAS by gender

Figure 23 shows that the national financial inclusion gender gap stands at 5 per cent in favour of males, with 52 per cent of those being financially included versus 47 per cent of females. Changara district demonstrates a similar pattern, where the gender gap is 4 per cent in favour of males, at 39 per cent versus 35 per cent of females. Conversely, Homoine district shows a gender gap favouring females. About 77 per cent of females in Homoine are financially included compared to 70 per cent of males. The uptake and usage of mobile money by females is serving to reduce the rate of financial exclusion.

5.2.3. FAS by age groups

Figure 24 reveals that the high uptake of formal products or services is driving inclusion among both youth and seniors. An exceptional case is that of Homoine district, where mobile money is advancing financial product ownership for the younger generation. Senior adults (especially those aged 61 years and above) are more likely to be excluded than younger adults.

5.2.4. FAS by education

Figure 25 shows that education impacts the level of financial inclusion. The highest proportion of excluded adults features amongst those lacking formal education. Higher levels of educational attainments (secondary education and above) are associated with a higher likelihood of financial inclusion. This can be linked to academic achievements that provide a higher prospect of successful entrepreneurship, the probability of formal employment, and better financial capability.

5.2.5. FAS by income sources

Figure 25 demonstrates the following:

- Individuals who are formally employed and those who run their businesses are more likely to be banked and financially included.

- Adults involved in farming, informal employment (piece jobs) and support dependents are less likely to be financially included. Catering to these individuals with tailor-made offerings, such as short term insurance or health products, will be crucial.

Although the exclusion rates are high among these groups, mobile money is playing an increasingly significant role in pushing out the boundaries, especially for the Homoine district. Some disparities and levers should act to enable a broader inclusion of the population.

FIGURE 23: Financial Access Strand by gender
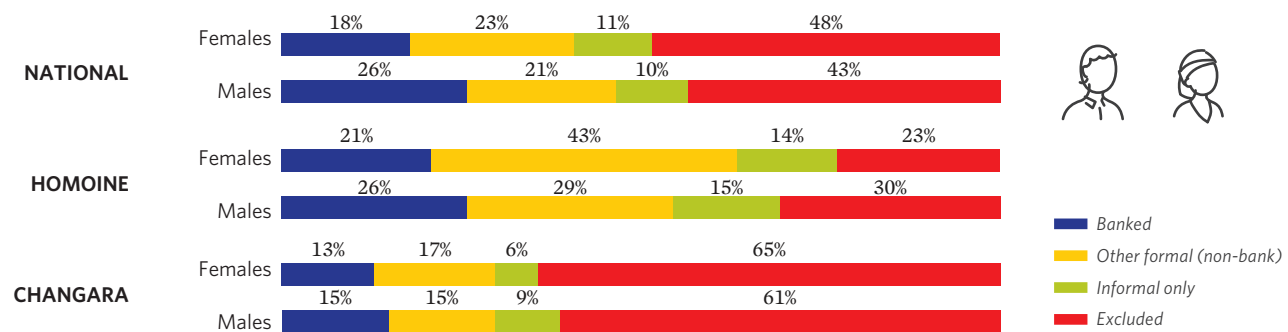*Source: FinScope Consumer Survey 2019*

FIGURE 24: Financial Access Strand by age groups
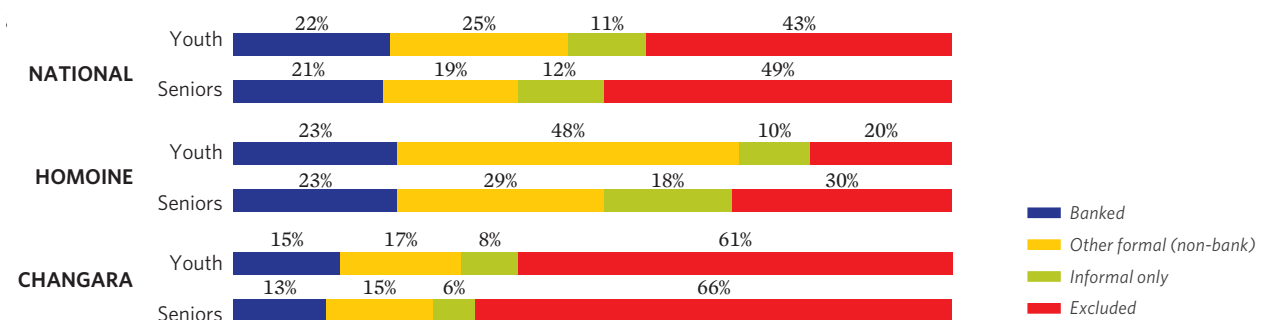*Source: FinScope Consumer Survey 2019*

FIGURE 25: Financial Access Strand by target groups

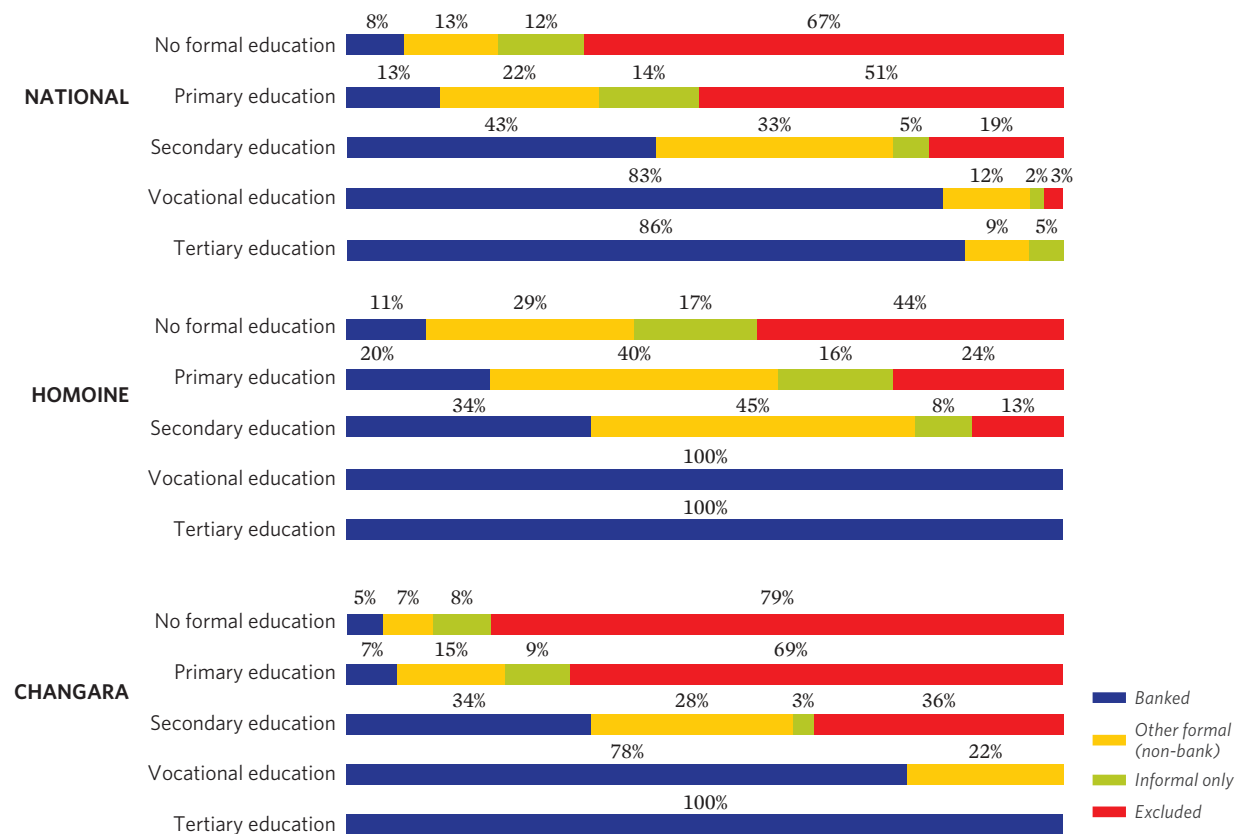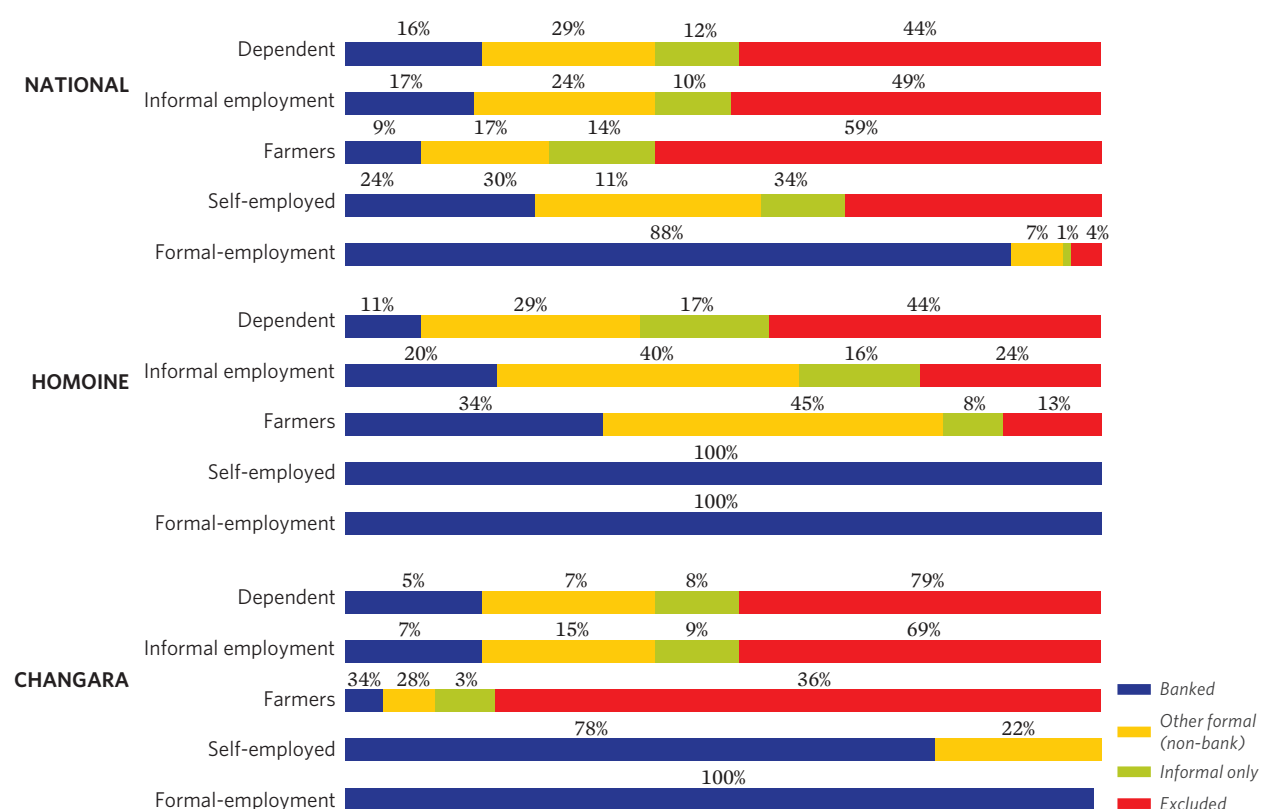*Source: FinScope Consumer Survey 2019*

FIGURE 26: Financial Access Strand by target groups

Source: FinScope Consumer Survey 2019

6. Drivers of financial inclusion

This section seeks to explore the drivers behind the products and services supporting financial inclusion, as well as the extent of penetration and usage of financial products and services in Homoine and Changara districts.

6.1. Drivers of formal products and services

Figure 26 shows that the uptake of formal financial products and services in Mozambique in 2019 is primarily driven by mobile money, followed by banking.

In Homoine district, about 61 per cent of adults use formal financial services (above the national average of 43 per cent). Of those using formal services, 69 per cent use mobile money, whilst 37 per cent use banking services. Among those using banking services, transactional products are highest compared to credit and savings offerings.

In Changara district, about 30 per cent of adults use formal financial services (lower than the national average of 43 per cent). Among those using formal services, the uptake of mobile money and banking services is high, with 59 per cent adopting mobile money and 47 per cent using banking services. Transactional products drive banking services, with much lower usage of credit and savings.

FIGURE 27: Drivers of formally served adults in Homoine and Changara district

Source: FinScope Consumer Survey 2019
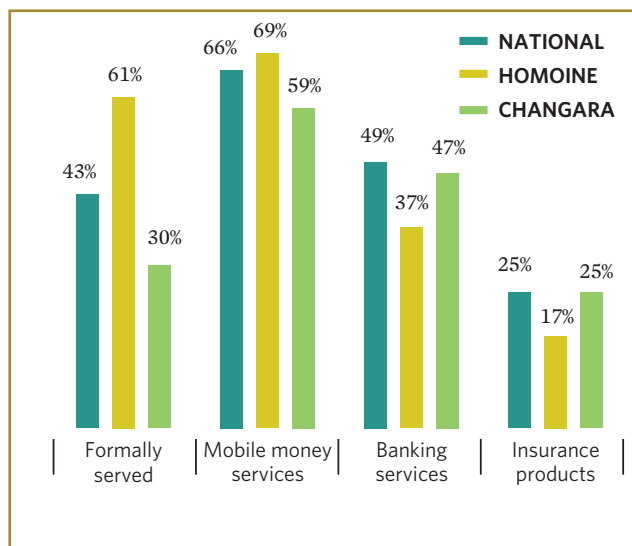
6.2. Drivers of informal mechanisms

About one in three Mozambican adults uses informal mechanisms to manage their financial needs. This figure is driven by saving groups (xitiques) in both districts. Adults generally use these informal groups to save rather than borrow and, although the use of informal money lenders

remains prominent, it is less prevalent than savings groups. Utilising 'chapas' to send or receive money has also declined in popularity since 2014 with the increase in adults using mobile money to remit.

FIGURE 28: Drivers of informal products (%)

Source: FinScope Consumer Survey 2019
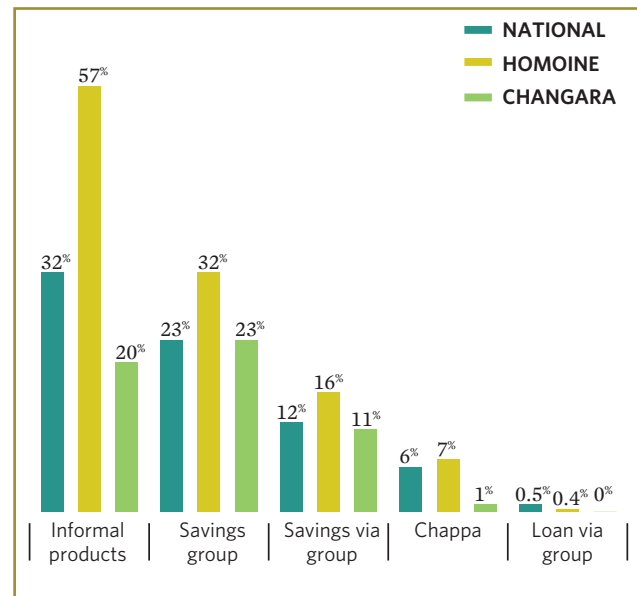
6.3. Transactional accounts (Banking and Mobile Money accounts)

In this report, transactional accounts are defined as those products offered by a bank, microbank or mobile money services provider to enable the deposit and withdrawal of cash, make digital payments to third parties, and store the electronic value of a currency (liquidity). Access to a transactional account is the first step towards broader financial inclusion since it allows people to store money, and send and receive payments.

6.4. Banking

An estimated 21 per cent (about 3 million) of adults in Mozambique had, or used, banking products or services in 2019.

Figure 28 indicates that 22 per cent of adults in Homoine and 14 per cent of adults in Changara district have bank accounts in their name (bank account holders), with latter falling well below the national average of 21 per cent.

There are also adults in both districts who may not have bank accounts in their name but are still using banking products or channels to manage their financial needs. In these cases, they use over the counter (OTC) services to handle their transactions, including paying school fees, receiving income and remitting through a bank despite not having a personal account. There could be an ideal opportunity for financial institutions (banks) to reach these individuals through a tailored product.

FIGURE 29: Distribution of banked population (%)
Source: FinScope Consumer Survey 2019

FIGURE 30: Main barriers to banking (%)
Source: FinScope Consumer Survey 2019
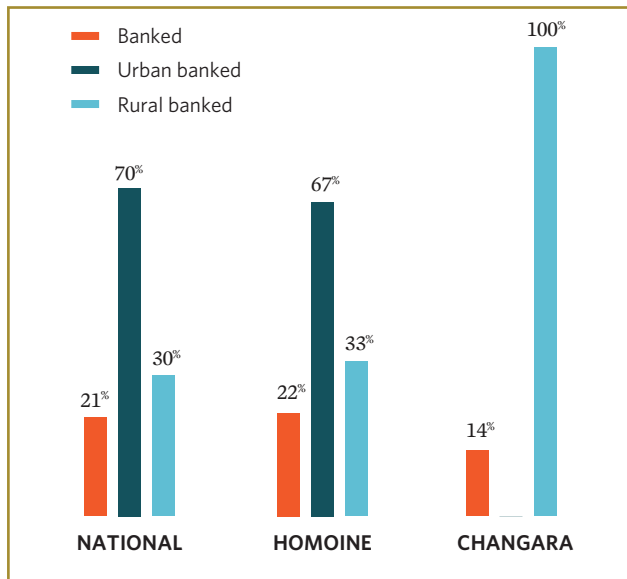
6.4.1. Drivers of banking

Table 4 shows that the usage of banking services in both districts is chiefly driven by adults who receive their income or funds through a bank account and those who transact or pay for services via a bank.
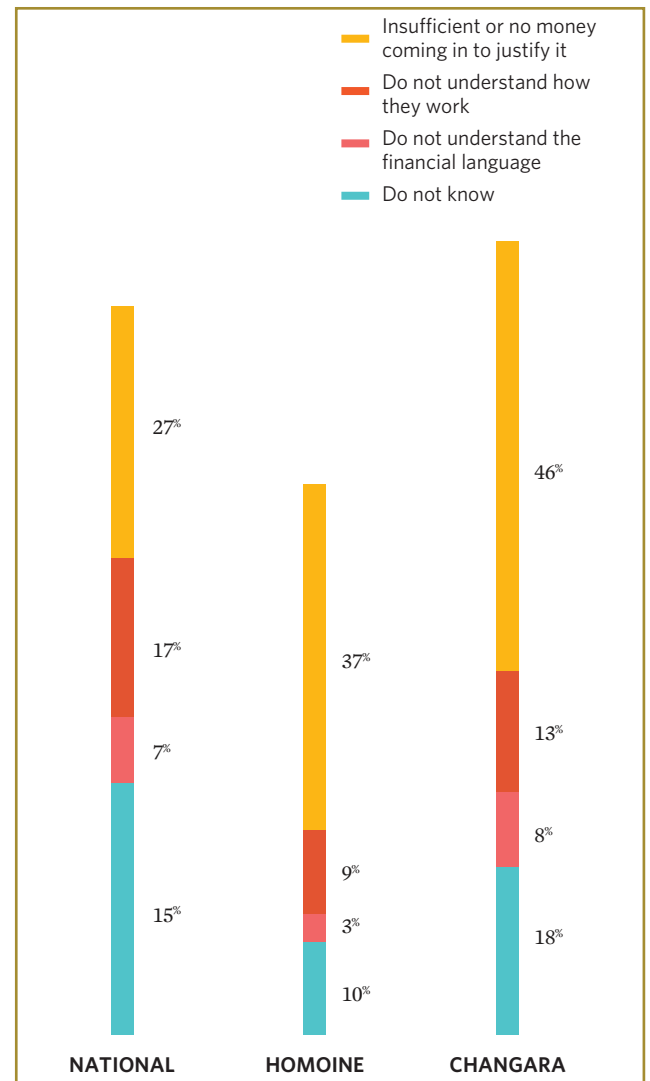
TABLE 4: Drivers of banking (%)Barriers to banking

	National	Homoine	Changara
Banked population	3 031 459	22 701	8292
Uses			
Payments or transactions via bank	2 622 198	19 816	7727
Savings at a bank	479 920	5709	1814
Loan with a bank	569 234	1465	1187
Remittances (send and receive) via bank	1 863 633	16573	3957

Figure 29 clearly shows that the main obstacle to owning a bank account for Mozambican adults is the lack of sufficient funds or too low an income to justify it. Both districts register higher figures of adults with insufficient funds compared to the national average of 27 per cent. A lack of financial information among adults also serves as a hindrance to owning a bank account. If the demand for formal bank accounts is to increase, empowering adults and providing financial education will be crucial within both districts.

6.5. Mobile money

This section investigates the demand for, access to and use of mobile money services in Homoine and Changara districts. In this case, mobile money is defined as the use of a mobile device to transfer funds between accounts and people or to pay bills. The most common Mobile money provider in Mozambique is Mpesa. Only 16 per cent of the adult people in Changara district have mobile money accounts in their name, well below the national average of 29 per cent. Weak uptake in the area is likely due to poor financial literacy, low mobile phone ownership and a lack of need among adults. Figure 30 further indicates there is a high uptake of mobile money (44 per cent) among adults in Homoine district, significantly above the national average of 27 per cent. The increased usage of mobile money in Homoine correlates with high mobile phone ownership (72 per cent), suggesting better income amongst those living there. Both districts hold potential for increased formal financial inclusion given that mobile phone usage there is still far higher than mobile money uptake.
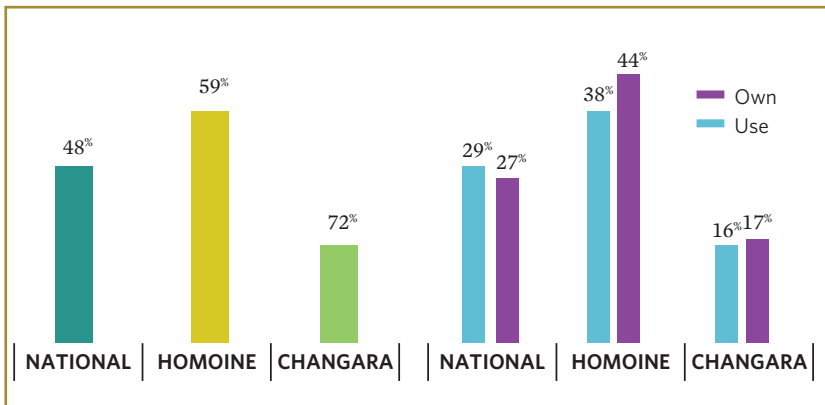
Source: FinScope Consumer Survey 2019

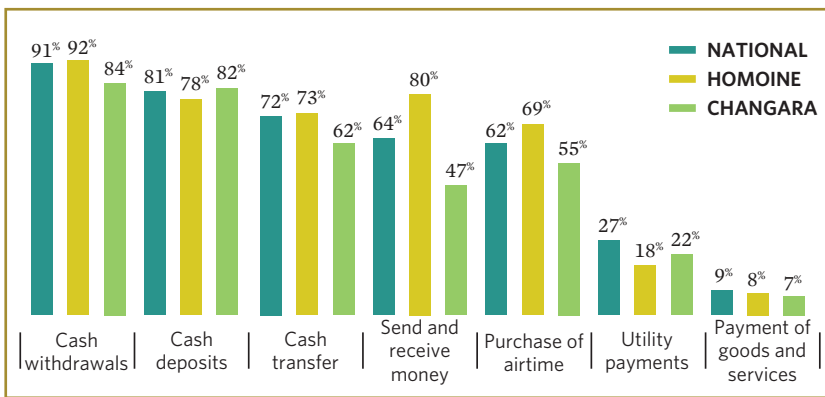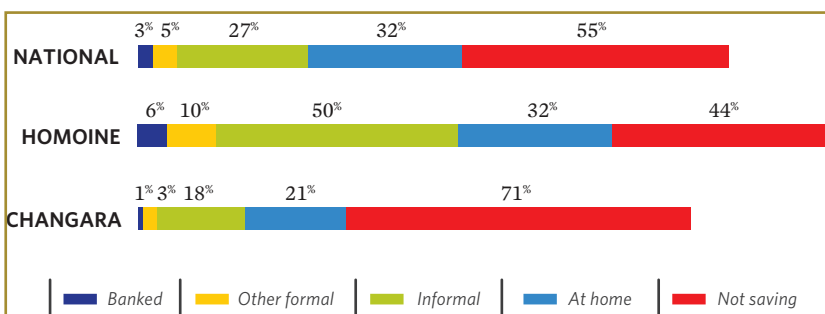**FIGURE 31:** Drivers of mobile money (%) | *Source: FinScope Consumer Survey 2019*

TABLE 5: Barriers to mobile money uptake and mobile phone usage (%)
Source: FinScope Consumer Survey 2019

	National (%)	Homoine (%)	Changara (%)
Barriers to MM			
No mobile phone	57	48	62
Not enough information about MM	15	14	15
Don't have money to send/receive	8	12	8
Barriers to cell phone usage			
Cannot afford it	66	65	54
Don't understand technology	15	14	21
No Cell phone coverage	13	15	31
Not interested	7	7	13

FIGURE 32: Saving overalls (%) | *Source: FinScope Consumer Survey 2019*

6.5.1. Drivers of mobile money

As shown in figure 31, cash deposits and withdrawals are the leadings transactions performed by most mobile money users in Mozambique. Of those who used mobile money, 92 per cent of Homoine adults utilised cash withdrawals versus 84 per cent in Changara. Mobile money users are also switching to broader transactions, including paying goods and services (bills). Users should be encouraged to consider the platform for savings and credit since the data supports its affordability.

6.5.2. Barriers to mobile money uptake

Table 5 shows that for both districts, but especially Changara, the main obstacle to using mobile money is a lack of cellphone ownership.

There is also a need to increase awareness of mobile money's capabilities since some adults claim they are not informed of the benefits (15 per cent in Changara and 14 per cent in Homoine). A large proportion of Mozambican adults (41 per cent) do not use mobile phones (as shown in Figure 30). Further analysis reveals that most adults cannot afford to own a cell phone, and some admit that they do not understand the technology. Additionally, some of those without a cell phone indicated that there is no, or poor, cell phone coverage in their area. This was highest amongst those residing in Changara district (31 per cent). Improving network coverage could result in more adults discovering the benefits of owning a cell phone.

6.6. Savings

Savings is one of the leading financial product types, and a central driver for financial inclusion, across Mozambique. The prominence of savings is a positive sign as they are the doorway to enabling wealth creation, often acting as collateral for accessing credit. In this study, savings refers to money or a store of value set aside to pay for something other than expected expenditures or transactions. The methods and channels of savings vary according to individuals.

Figure 32 illustrates that Mozambicans mainly save informally.

In Homoine district more than half of adults are actively saving (56 per cent), above the national average of 45 per cent. Savings leads to greater financial inclusion, but few adults save formally as the majority operate informally (50 per cent), mostly via a savings group or at home (32 per cent).

Women are more likely to save via informal channels than men. There is a need to increase awareness of saving formally rather than informally as the latter comes with a higher risk of loss. Offering low cost, tailored products would be a good step towards this goal.

In Changara district a large proportion of adults do not save (71%), far above the national average of 55 per cent. Of the few adults that do, most choose to save informally or at home.

6.6.1. Drivers for savings

Savings in both districts are earmarked for consumption and emergencies.

Most Mozambicans who save informally highlighted that they mainly save for consumption, emergencies and the purchase of livestock. The most common reason for saving formally included purchase and construction of housing as well as for education or training.Mozambican adults often purchase livestock as an investment, selling it later to raise cash when needed.

6.6.2. Main barriers to saving

As stated earlier, more than half of the Mozambican adult population (55 per cent) do not save, and figure 33 shows the primary obstacles. In both districts, adults claimed they have no extra income to set aside after meeting daily expenses (attributed mainly to low and seasonal incomes), with others citing unemployment. Helping them generate income by supporting them in community development programmes would be a significant start for adults in these areas.

6.7. Credit

Credit refers to as an agreement or obligation to receive money or goods with a promise to pay later. The study sought to determine the proportion of adults that borrow money or use credit to finance their capital purchases, daily consumption, as well as other needs, such as agricultural inputs. In Mozambique, only 7 per cent of adults claimed to have borrowed in the past 12 months, and the low credit uptake reflected in both districts. Low credit figures may indicate that adults have not disclosed all other forms of borrowing.

As much as 93 per cent of Mozambican adults do not borrow. At 97 per cent, that proportion is even higher in the Changara district. The study revealed that adults are reluctant to borrow as they fear debt and the

possibility of not meeting repayments. There is a need to educate Mozambicans around borrowing matters to eliminate fear amongst individuals, particularly highlighting that credit can be used for

constructive purposes and improve livelihoods. On the other hand, it is worth investigating the cost of borrowing and putting up collateral to allow more productive lending.

TABLE 6: **Main saving drivers (%) |** *Source: FinScope Consumer Survey 2019*

	Homoine (%)	Changara (%)
Formal drivers		
Purchase and construction of housing	YES	YES
Education/training	YES	YES
Medical expenses	YES	
Informal drivers		
Consumption	YES	YES
Purchase of livestock	YES	YES
Emergencies	YES	YES
Medical expenses		YES

FIGURE 33: **Main saving barriers (%) |** *Source: FinScope Consumer Survey 2019*
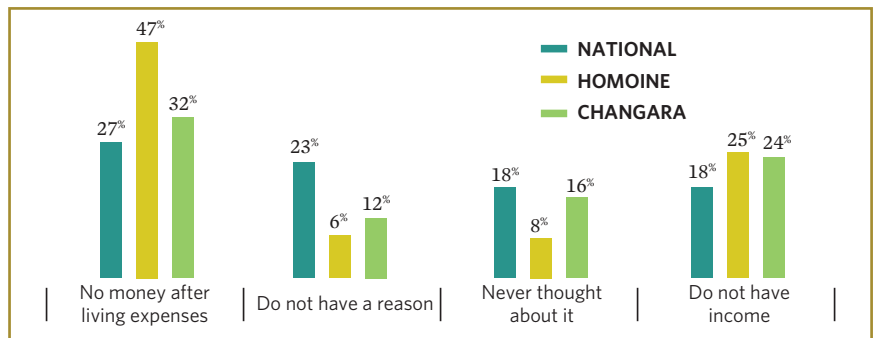

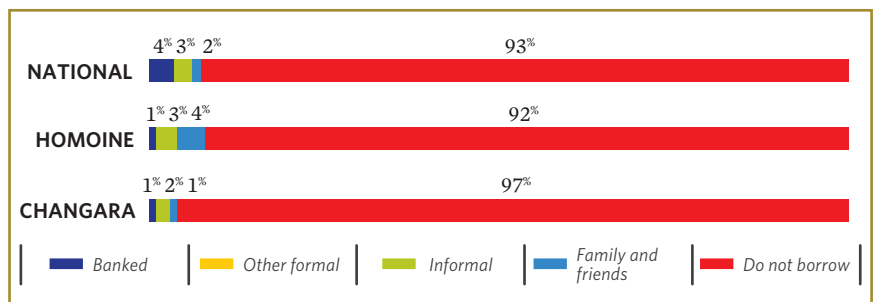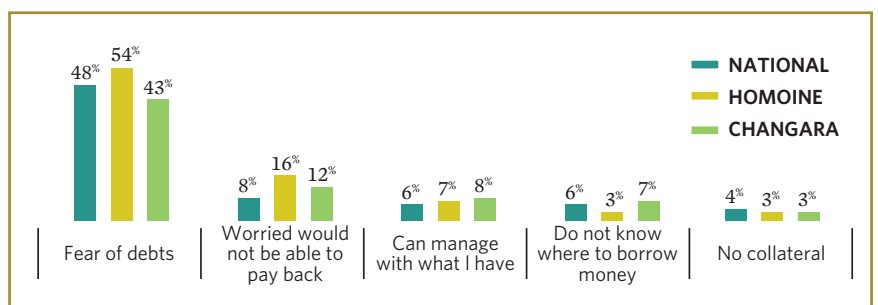**FIGURE 34: Credit overall (%) |** *Source: FinScope Consumer Survey 2019*

FIGURE 35: Barriers to borrowing (%) | *Source: FinScope Consumer Survey 2019*

6.8. Risk management and insurance

Unexpected events do occur in daily life and will affect families differently. The study explored the risks and hardships that people have experienced and how they protected themselves against such risks. Half of the adults (50 per cent) in Mozambique experienced a significant risk event in the past 12 months (before the FinScope 2020 survey).

The greatest threat experienced among households in Changara and Homoine was harvest failure or loss of crop yield. But death and serious illness within households were also among those unexpected events that had a financial consequence. The impact of these events could have been minimized if adults had insured themselves. Offering low-cost insurance products tailored to the needs of these adults would further alleviate the financial impact of these insurable events.

6.8.1. Coping mechanisms

People have different coping strategies. In both districts, adults who experienced an unforeseen seldom dealt with the risk, with Changara (74 per cent) reporting higher than the national average of 64 per cent. Figure 37 shows that adults resorted mostly to non-financial coping mechanisms, such as cutting expenses (12 per cent Homoine and 16 per cent Changara) or getting financial assistance (20 per cent in Homoine). Only a small proportion (4 per cent) of adults claimed on their insurance policies. The fact that the majority of households were unable to take action, or were forced to cut expenses, reflects economic hardships. There is an opportunity for micro-insurance providers to offer low cost tailored products to mitigate these circumstances.

6.8.2. Insurance uptake

As shown in Figure 38, just one in ten adults are insured. A large proportion of Mozambican adults (91 per cent in Changara and 85 per cent in Homoine district) claim to have insufficient knowledge regarding insurance products.

There is a slightly lower uptake of insurance products in Changara

FIGURE 36: Risks experienced (%) | *Source: FinScope Consumer Survey 2019*

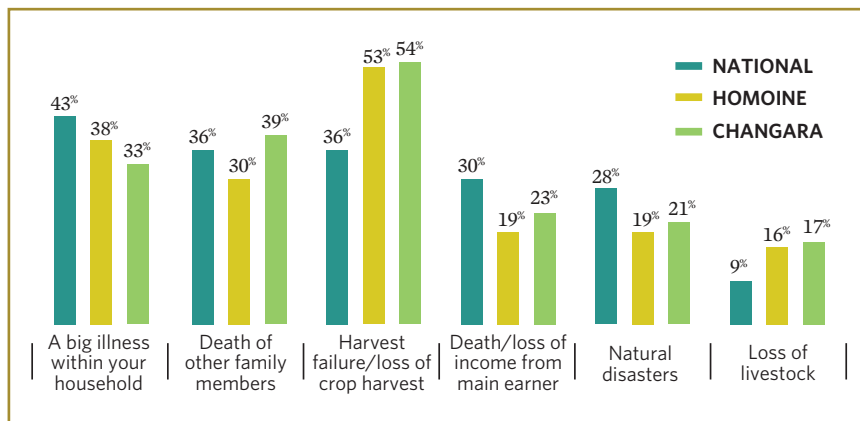

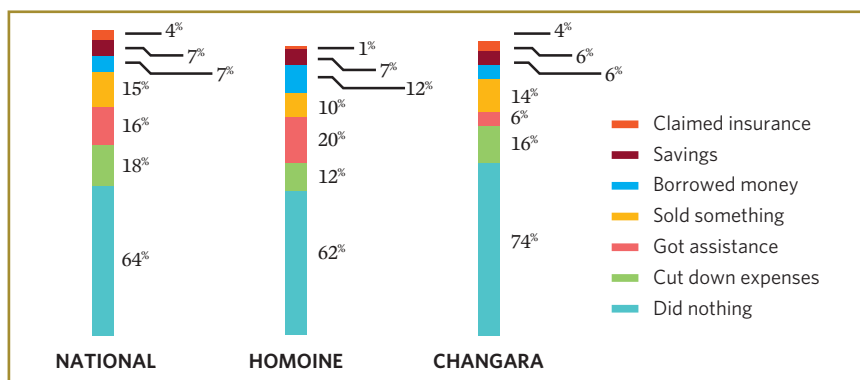**FIGURE 37: Coping mechanisms (%) |** *Source: FinScope Consumer Survey 2019*

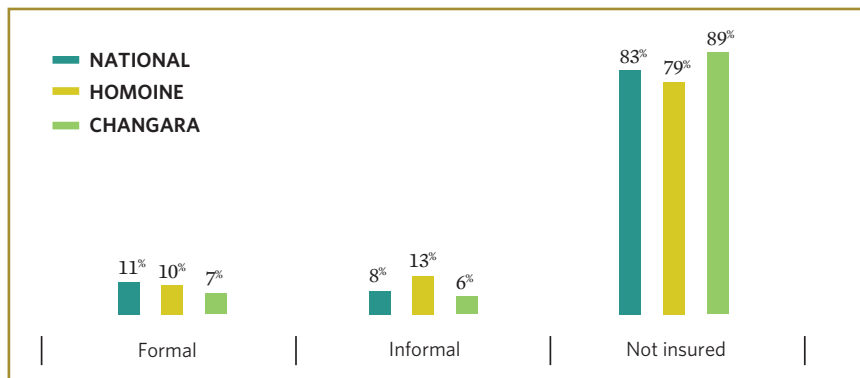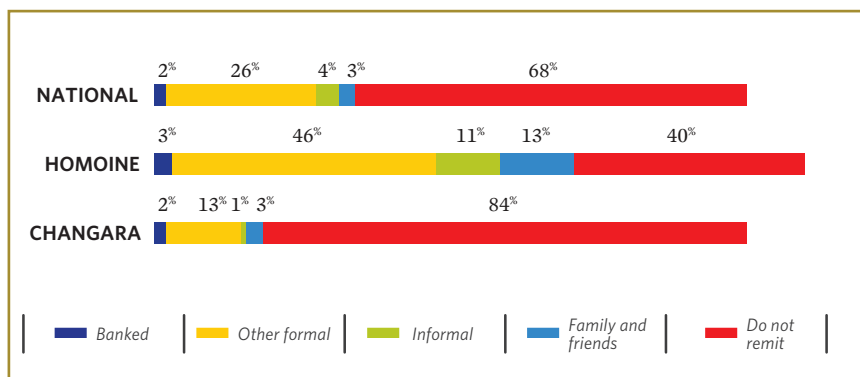**FIGURE 38: Insurance overalls (%) |** *Source: FinScope Consumer Survey 2019*

FIGURE 39: Remittance overalls (%) | *Source: FinScope Consumer Survey 2019*

compared to nationally. Adults in Homoine districts are more likely to have informal insurance (13 per cent) over formal insurance (10 per cent).

Drivers: Medical insurance, life insurance and funeral insurance are the major drivers for insurance uptake amongst insured adults.

Barriers: Besides being unaware of insurance products, some adults in Homoine and Changara district claim they cannot afford cover, whilst others claim they have not considered it. Raising awareness of the benefits of insurance and offering low-cost, tailor-made products will be central to managing risk and improving livelihood for Mozambicans.

6.9. Remittances

Remittances are defined as the transfer of money or goods to another person within or outside the country. They tend to help households smooth income flows and assist in alleviating poverty. About 32 per cent of Mozambican adults have either sent or received money in 2019. Figure 39 depicts this for both districts:

Homoine district: More than half of adults (60 per cent) have either sent or received money, far above the national average of 32 per cent. Adults are mostly remitting via formal channels, predominantly using mobile money platforms. Few adults are using banking channels. The use of informal platforms, such as via chapas, is high in Homoine compared to the national average. The most cited reasons for sending and receiving money include buying food, medical expenses, and paying for school fees.

Changara district: A mere 16 per cent of adults in Changara are remitting, well below the 32 per cent national average. Those who do so mostly use a mobile money platform and are primarily recipients rather than senders. Reasons given for remitting were usually for buying food and paying school fees.

6.10. Landscape of access (of any financial product)

The FinScope Landscape of Access is used to gain more insight into the type of financial products held or used. Landscape of Access looks at the kinds of products taken up by consumers who are financially included (6.6 million). It describes the percentage of adults that have or use formal and informal products or mechanisms, including the following:

• **Transactional products or services:** Current accounts, debit cards, credit cards or basic savings accounts, possibly used for transactions.

• **Savings products or services:** Includes long and short-term products, i.e. basic savings accounts, fixed deposit accounts, shares, government and utility bonds, savings with savings groups, etc.

• **Credit products or services:** Covers loans from formal financial institutions as well as informal credit, such as shop cards and moneylenders, savings groups, etc.

• **Insurance products or services:** Describes risk management products from formal institutions.

• **Remittance services or mechanisms:** Includes payment services provided by formal institutions, such as Western Union, or informal means, such as paying taxi or bus drivers a fee to transport remittances.

The findings summarised in Table 7 revealed that:

• A large proportion of adults in Homoine are financially included, and, among them, the major drivers of inclusion are transactions, savings, and remittances.

• In Changara district, only 37 per cent of adults are financially included, and the major driver of financial products is transactions.

TABLE 7: Landscape of access (%)
Source: FinScope Consumer Survey 2019

	National (%)	Homoine (%)	Changara (%)
Financially included adults	54	75	37
Transactions	70	74	70
Savings	53	68	49
Credit	12	6	6
Insurance	30	29	31
Remittances	53	69	38

6.11. Women and Youth segment

Table 8 shows the primary sources of income for females and youth, demonstrating the similarities between the two groups. In both districts, youth and females depend mainly on farming, though the proportion is higher among females. Outside of agriculture, or being a dependent, youth also engage in running their own businesses. Overall, both youth and females experience seasonal and irregular incomes.

There is a similar pattern in access to regulated or formal payment, savings, credit and insurance among youth and females but, encouragingly, the uptake is slightly higher among youth. The most common service used for both demographics is payments, driven by mobile money. Savings and credit from formal institutions are low due to smaller proportions of females and youth receiving fixed income. Engaging this demographic to establish firm, entrepreneurial led businesses and agriculture, will be vital in expanding employment for others who are either dependents or involved in informal sectors and non-commercial farming.

TABLE 8: **Women and Youth segment (%)**

Source: FinScope Consumer Survey 2019

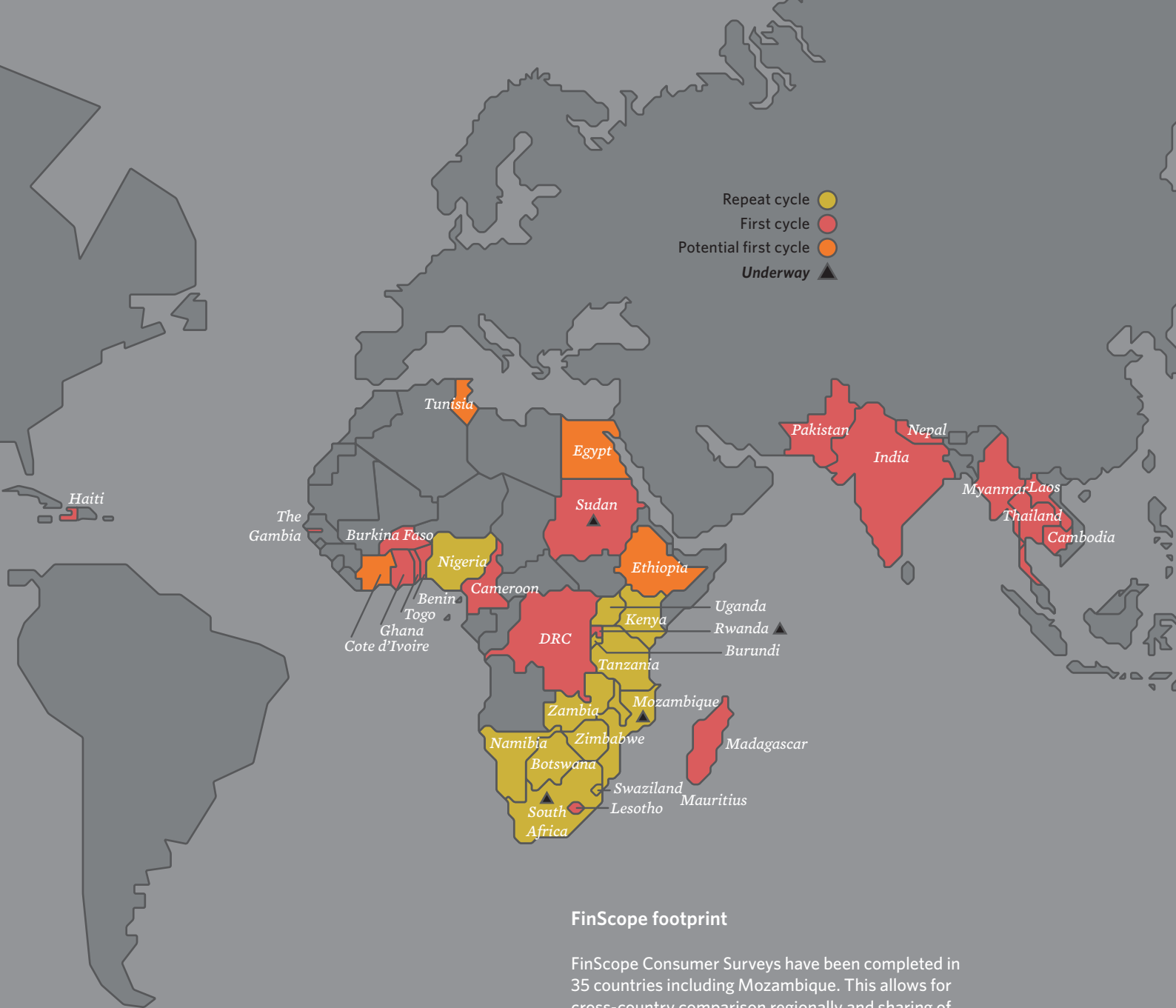|	Homoine (%)		Changara (%)	
	Female	Youth (16 to 35)	Female	Youth (16 to 35)
Population	71% (72 thousand)	46% (46 thousand)	51% (30 thousand)	60% (35 thousand)
Farmer	35	27	38	29
Formal employed	6	8	5	12
Informal employment	18	18	22	23
Dependent	25	25	20	19
Self-employment	16	22	15	17
Included population	77	80	35	39
Access regulated Payments	61	69	26	28
Access regulated Savings	11	12	3	4
Access regulated Credit	2	1	2	3
Access regulated Insurance	8	8	6	8

7. Conclusions and recommendations

This report provides an overview of financial inclusion in Homoine and Changara districts. Key points are summarised below:

- The adult population (16+) is estimated to be about 101,772 for Homoine and 59,921 for Changara.

- A large proportion of adults have only achieved primary education and below in both Changara (76 per cent) and Homoine (75 per cent).

- Most adults in Homoine and Changara district (26 per cent) engage in farming or agriculture as their main source of income. More than 90 per cent of adults earn less than 5000MT.

- In comparison to the national average, adults in Changara are required to travel long distances to reach financial institutions.

- Financial inclusion in Homoine is very high (75 per cent) compared to the national average of 54 per cent. Non-bank products or services, especially mobile money, are driving formal financial inclusion. Informal mechanisms prove to be an alternative for adults in Homoine, where the uptake is high (57 per cent) and there is a lower financial exclusion rate (25 per cent) compared to the national average of 46 per cent. Savings are among the main drivers of financial inclusion in the Homoine district.

- Financial inclusion in Changara district is worryingly low (37 per cent) when compared to the national average of 54 per cent. Around 26 per cent of adults in Changara have or use other formal non-bank services such as mobile money. Whilst this is below the national average (41 per cent of adults with at least one formal non-bank account), mobile money is driving formal financial inclusion. Only 20 per cent of adults use informal financial products and services to meet their needs, lower than the national average of 32 per cent. At 63 per cent, there is a higher exclusion rate among adults in Changara compared to the national average of 46 per cent. There is potential for upliftment in Changara by supporting the livelihood of its adults, in turn leading to greater demand for financial products.

7.1. Priorities

Based on the survey, opportunities to bring the financially excluded into the fold of financial inclusion, or to deepen financial inclusion, include the following:

- The government can engage the needs of these districts and establish firm entrepreneurial-led businesses. Farming will be key in expanding access to employment for adults who are dependents or involved in informal sectors and non-commercial farming.

- The government should take a strategic lead in designing policies that incentivise the provision of insurance for rural and agricultural communities. Offering affordable agriculture insurance to farmers could play a crucial role in securing their livelihood and boosting the efficiency of the agriculture sector.

- Promoting access to credit will provide opportunities to finance the means of production, start a business or buy agricultural equipment. Moreover, reducing credit costs and educating adults about good credit for developmental purposes is essential.

- The private sector tailoring their offerings to meet the changing needs of consumers, especially in Changara district, will be vital. This includes building on the mobile money lessons seen in East African countries where M-Pesa played a role in progressing financial inclusion.

- Opening mobile money usage beyond remittances or airtime top-ups. Mobile money offers a safe and convenient place to store money, easy access to cash, and transactional capacity. Drive-in product education and awareness will ensure more mobile money usage and increased uptake.

- Microinsurance – the report illustrates that there are considerable obstacles in ensuring the protection of low-income people against risks in the country. However, through continuous efforts to understand the country's challenges, and development of an appropriate, relevant, affordable and effective premium collection, a microinsurance strategy is realistic.

- Continuous consumer education and literacy programs are necessary. To create a better value proposition for financial inclusion, Mozambican adults (especially those in Changara district) need to understand the benefits of using appropriate financial services. The results show the barriers to financial inclusion mostly relate to a lack of financial awareness.

Legend

- Repeat cycle ●
- First cycle ●
- Potential first cycle ●
- *Underway* ▲

Map labels:
Haiti, Tunisia, Egypt, Sudan, Ethiopia, The Gambia, Burkina Faso, Nigeria, Benin, Togo, Ghana, Cote d'Ivoire, Cameroon, DRC, Uganda, Kenya, Rwanda, Burundi, Tanzania, Zambia, Mozambique, Namibia, Zimbabwe, Madagascar, Botswana, Swaziland, Lesotho, Mauritius, South Africa, Pakistan, Nepal, India, Myanmar, Laos, Thailand, Cambodia

FinScope footprint

FinScope Consumer Surveys have been completed in 35 countries including Mozambique. This allows for cross-country comparison regionally and sharing of findings which are key in assisting on-going growth and strengthening the development of financial markets. Surveys are currently underway in 5 countries – 2 in SADC , 1 in West Africa and 2 non-SADC.

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