



FinScope Consumer Malawi Survey 2023

Main Findings

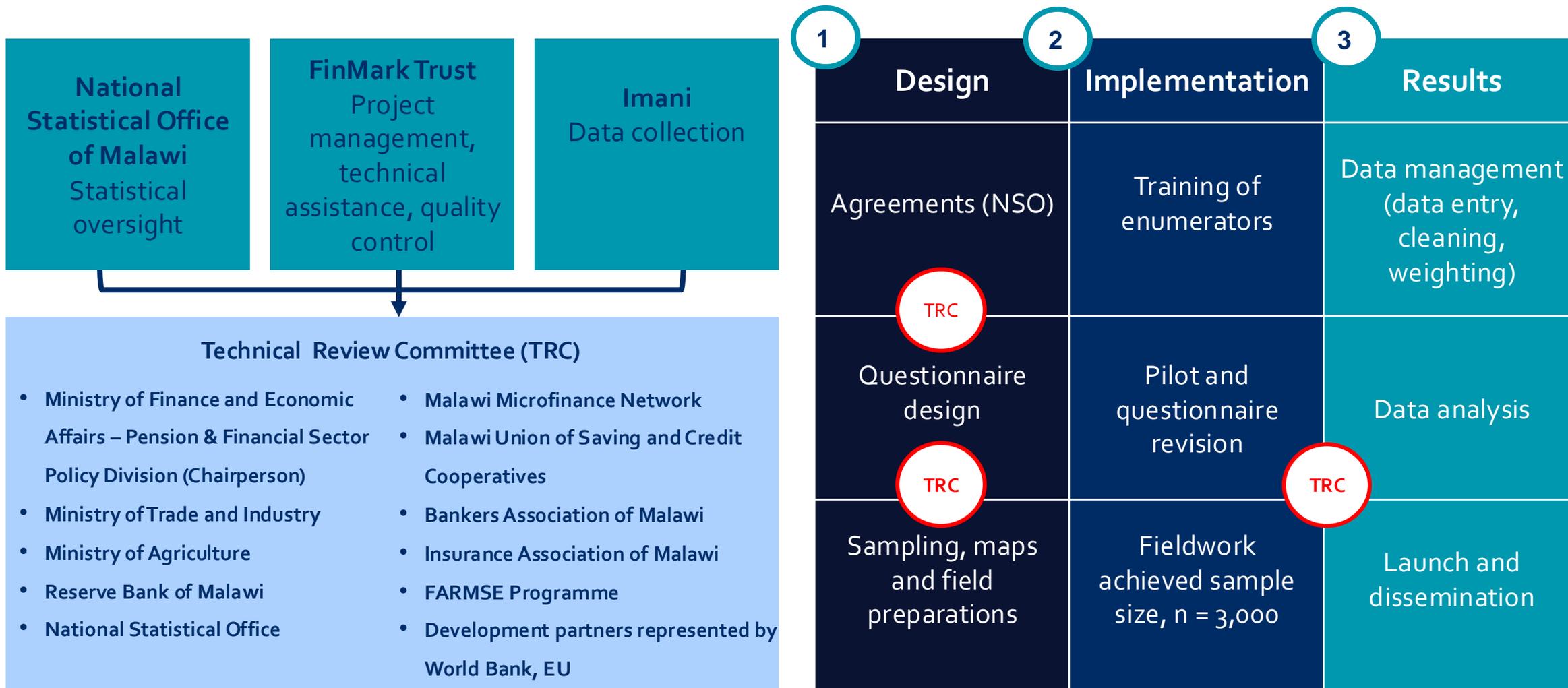


Objectives of the Consumer Survey 2023

- To describe the **levels of financial inclusion** (i.e. levels of access and usage of financial products and services - both formal and informal)
- To describe the **landscape of access and usage** (i.e. the type of products and services used by financially included individuals)
- To identify the **drivers of, and barriers to,** financial access
- To assess **trends/changes/interventions** over time (from 2014)
- Understand how adults generate income and the impact of the COVID-19 pandemic on livelihoods and usage of financial services
- To stimulate evidence-based dialogue that will ultimately lead to effective public and private sector interventions that will increase and deepen financial inclusion.



Partnering for a common purpose and research processes



Methodology: Two critical stages to define desired universe

Respondent profile

- Universe: **Adult population in Malawi**
- Residents of Malawi who are **16 years and older**



Sample and methodology

- Sample drawn by **National Statistical Office of Malawi (NSO) and FMT**, representative at national, district, settlement (urban and rural) and ecological zones
- Household based methodology - Enumerator Areas (EAs) randomly selected using probability proportional to size (PPS) sampling and household listing data
- Computer Assisted Personal Interviewing (CAPI)
- Fieldwork conducted by **Imani** (May and June 2023) and **3,000** interviews were successfully completed

Quality control and data validation

- **Quality control/field checks** conducted by **NSO, FinMark Trust**
- Data validation against census data and any other data sources
- Weighting of the data conducted by **NSO**





Determinants of financial inclusion



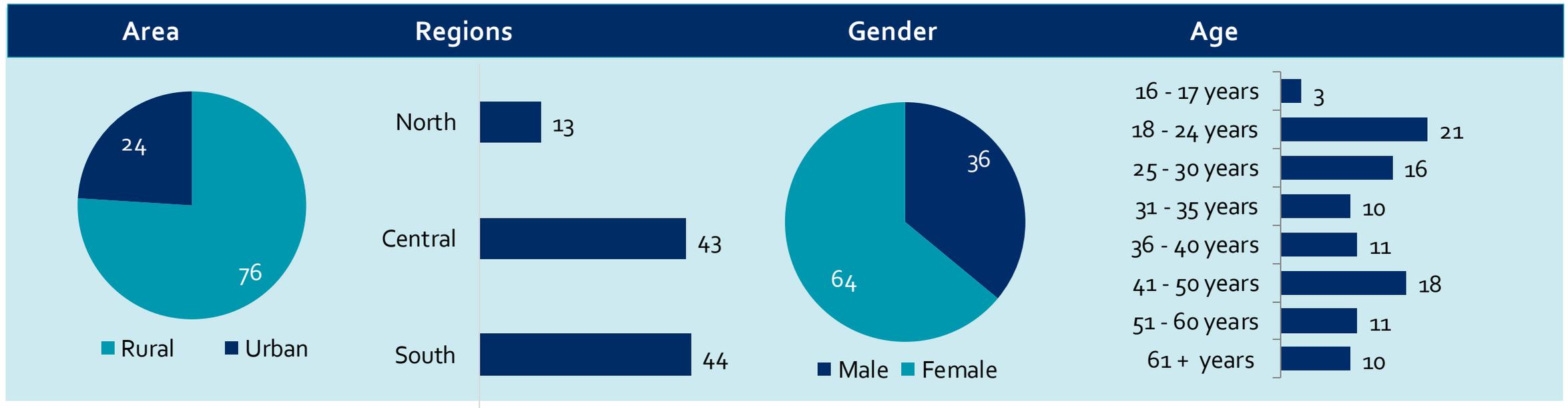
Understanding people's lives: Demographics

Malawi is a small country with an adult population of about 11 million of which 50% are youth, aged 16 - 35 years.

Total adult (16+ years) population
11.3 million



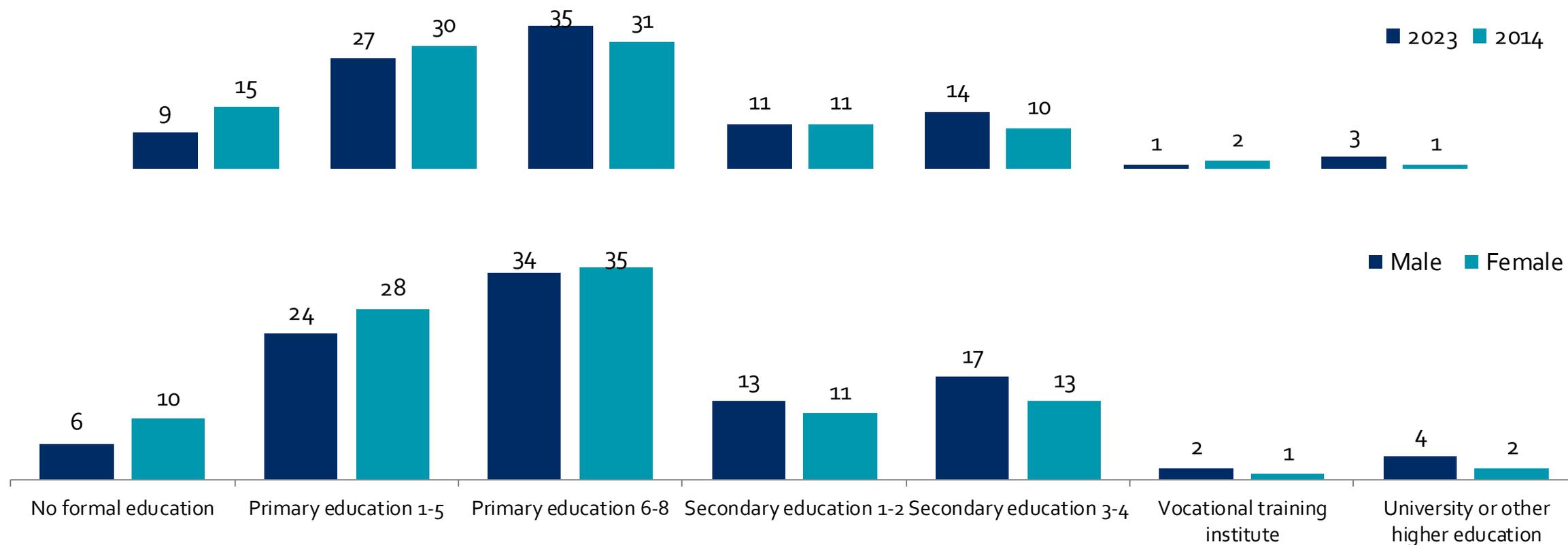
- Substantial growth in adult population – 3.3 million growth in adult population since 2014 (from 8,025,052 to 11,352,762 in 2023).
- There is an increase in the proportion of adults residing in urban areas – 1,546,911 more adults since 2014
- There is higher proportion of females in 2023 from 57% in 2014



Understanding people's lives: SDG 4

No major shifts in the levels of education achieved since 2014 - one third (29%) of the adults have secondary education and above

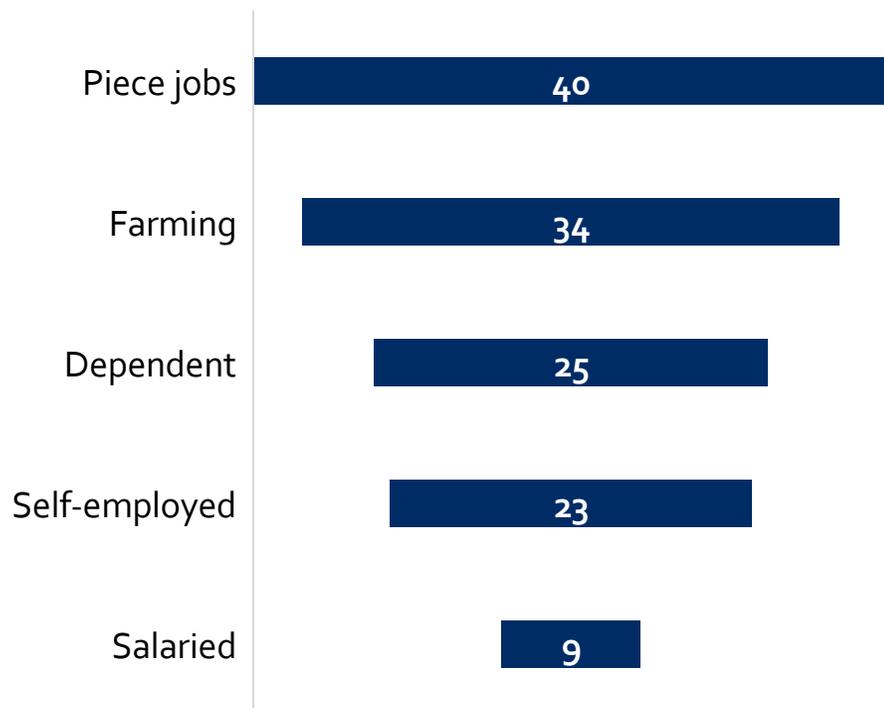
Levels of education (%)



Understanding people's lives: SDG 8

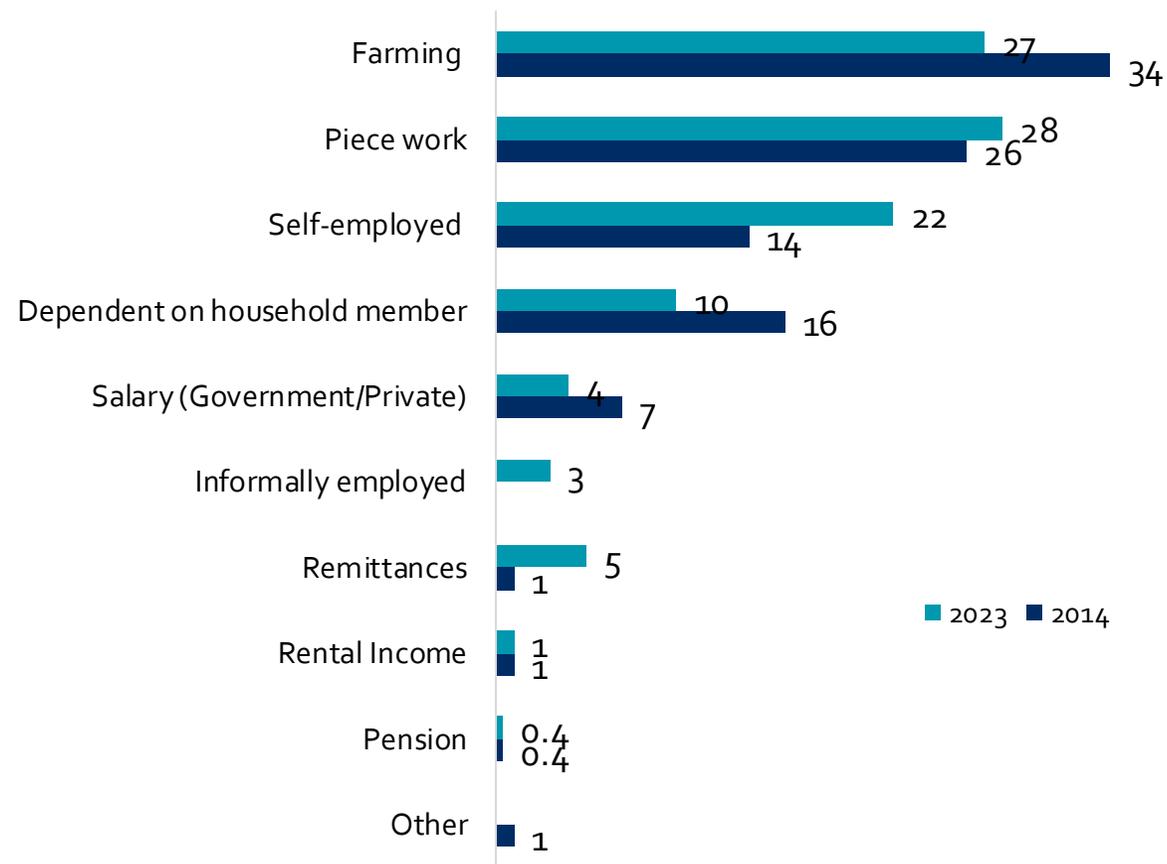
About 7 in 10 (71%) adults rely mainly on piece jobs, farming and self-employment

Top 5 sources of income (with overlaps %)



*Dependents - get money from HH member, HH paying for their expenses or adults receiving remittances or maintenance

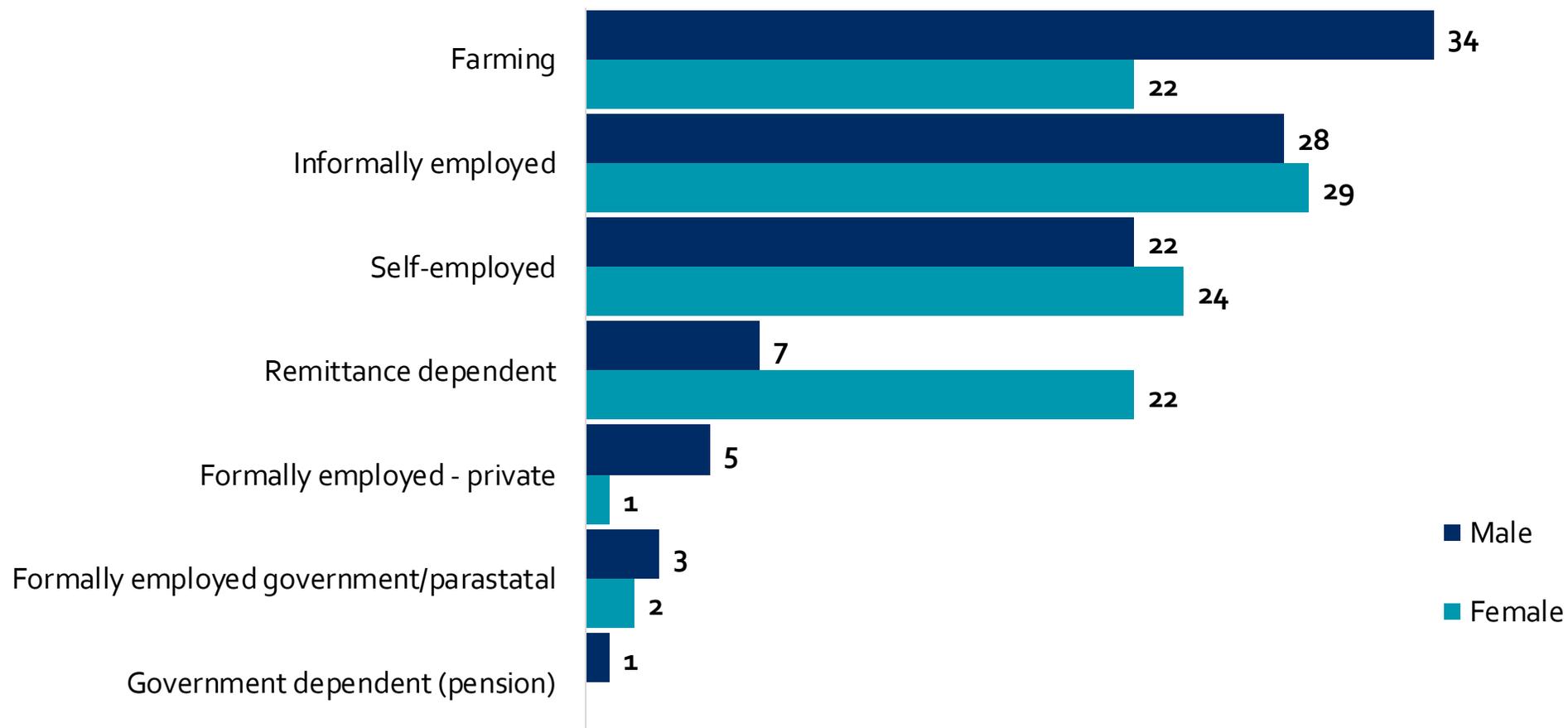
Main source of income (without overlaps %)



Understanding people's lives: SDG 5

Lower levels of females (3%) in formal employment compared to males (8%)

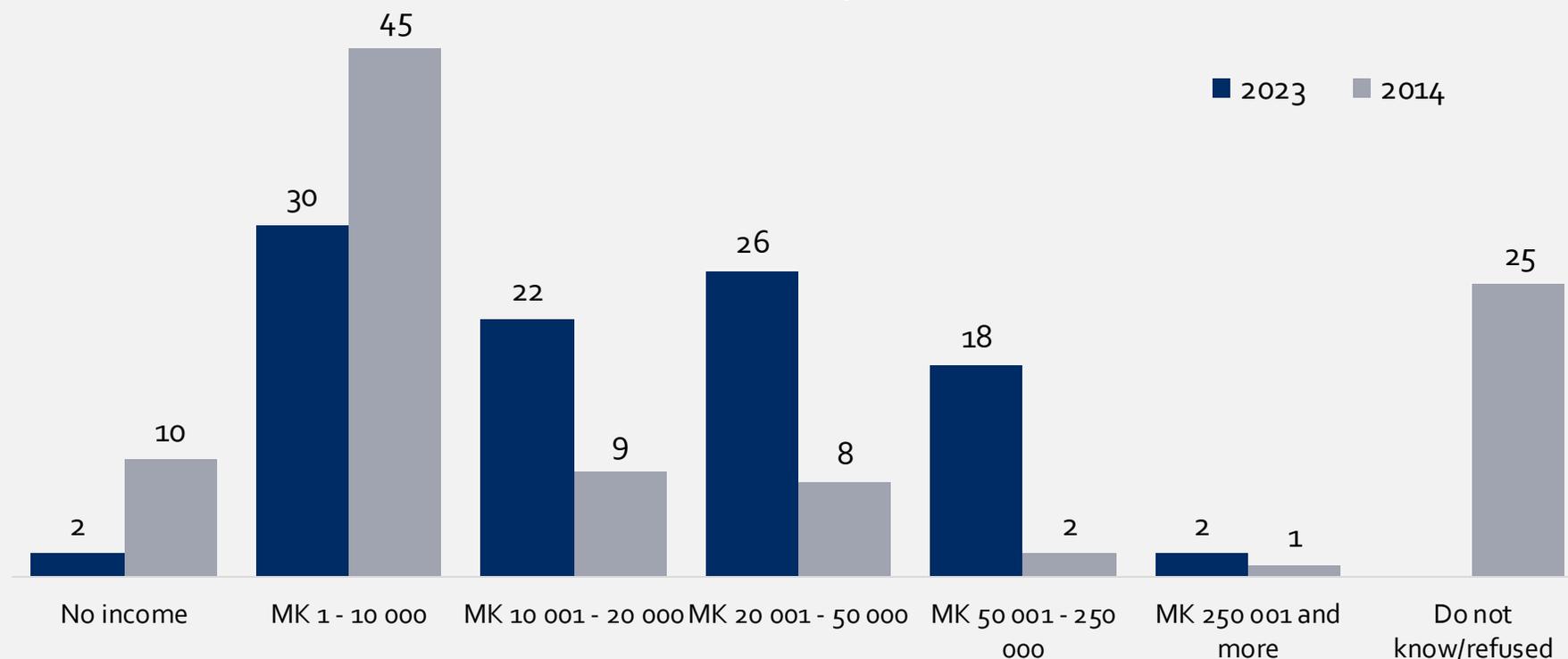
Main source of income by gender (%)



Understanding people's lives: Income

Majority of the adults earn USD 100 or less per month

Personal Monthly Income (%)



USD/MK average rate
USD 1: MK 1,080
(from MK 420 in 2014)

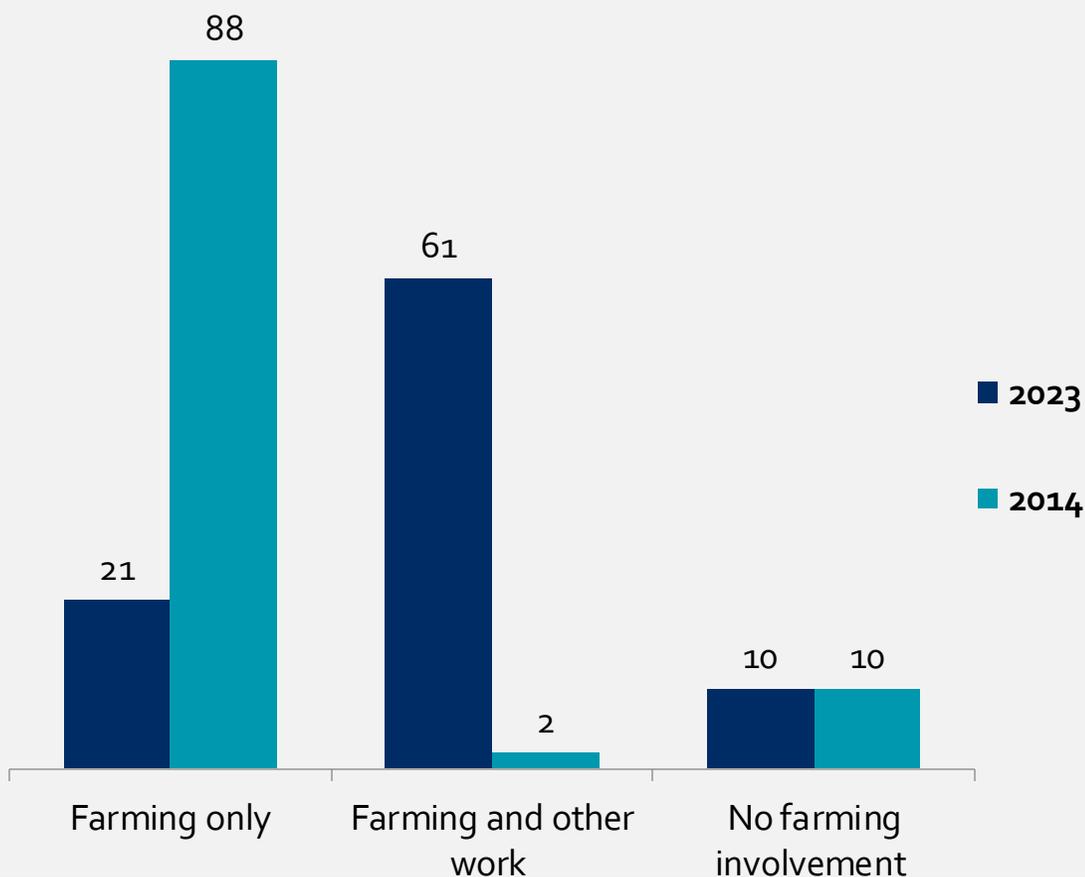
Average Personal Monthly Income (PMI)

- Mean USD 46
- Median USD 19
- Average number of people contributing to household income = 2
- Average household income = MK 100,640 (USD 93)



Understanding people's lives: Farming

Although there is a decline in households involved in farming, about 4 in 5 (82%) adults are from households involved in farming activities.



82% of households are involved in farming – a decline from 90% in 2014. More HHs are now involved in farming only compared to 2014.

88% of these households are involved in crop production and 12% in livestock breeding.

45% of farmer households are consumption farmers, 52% both consume and sell their produce, and only 3% are primarily commercial.

Crops farmed: maize (94%), soya beans (32%), groundnuts (28%), cowpeas (21%)

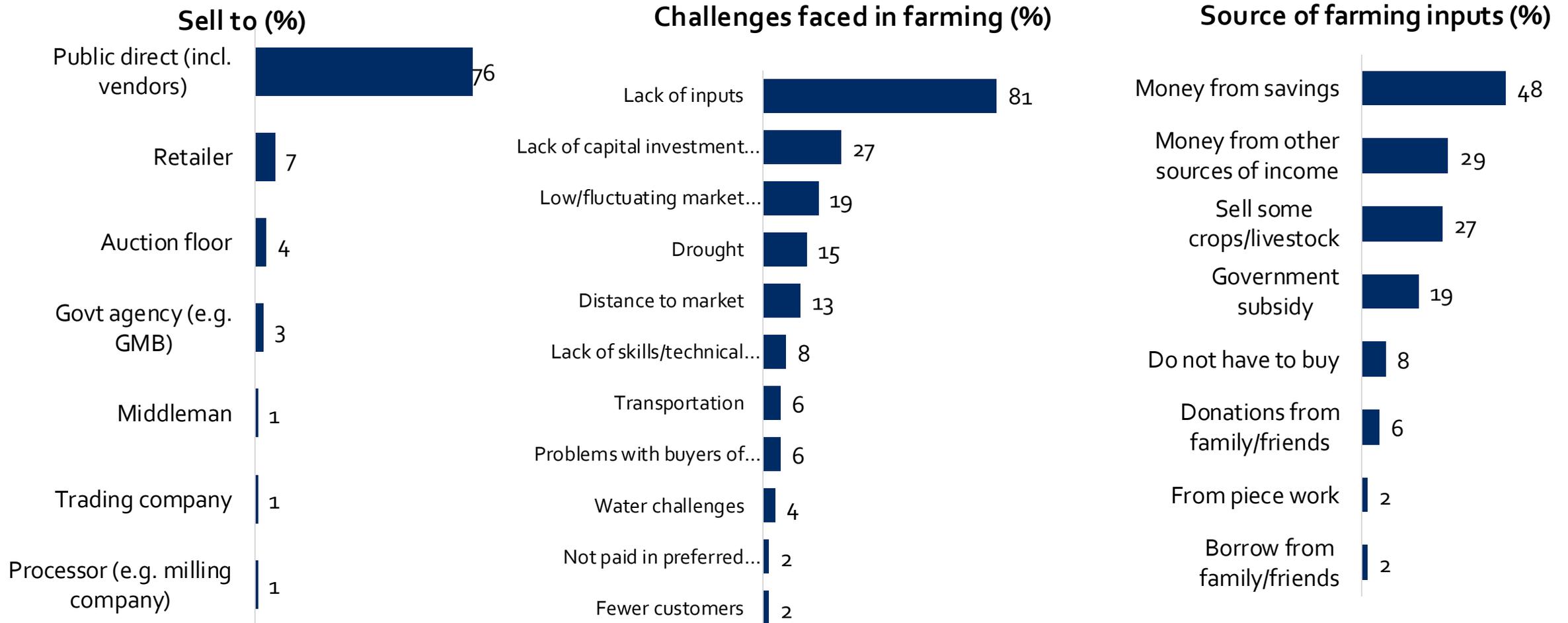
Most income from agriculture comes from soya beans

Main livestock: poultry (70%), goats (37%), pigs (19%), cattle (7%)



Understanding people's lives: Farming

76% of the farmers sell their produce direct to the public - lack of inputs was cited as the greatest challenge they face.



Understanding people's lives: Access to basic services - SDG 1 & 6

Slight improvements in access to basic services – flush toilets, protected well/borehole

		2023	2014	Urban (2023)	Rural (2023)
Household's main source of water – SDG 6	Public water (tap in dwelling/yard)	12	9	39	7
	Protected well/borehole	67	67	24	81
	Unprotected well	5	7	2	6
	River/streams	3	3	0	4
Have electricity connection		31	10	62	21
Household main type of fuel for cooking	Electricity	2	2	7	0
	Wood	77	83	29	91
	Charcoal	21	14	63	2
Household main type of toilet	Flush toilet	5	3	14	1
	Pit toilet	91	89	85	93
	None/bush	5	5	1	6
Household main energy for lighting	Battery	62	8	28	72
	Solar power	17	1	12	19
	Electricity - ESCOM	16	8	53	5
	Torches	0	59		



Understanding people's lives: Access to infrastructure - SDG 11

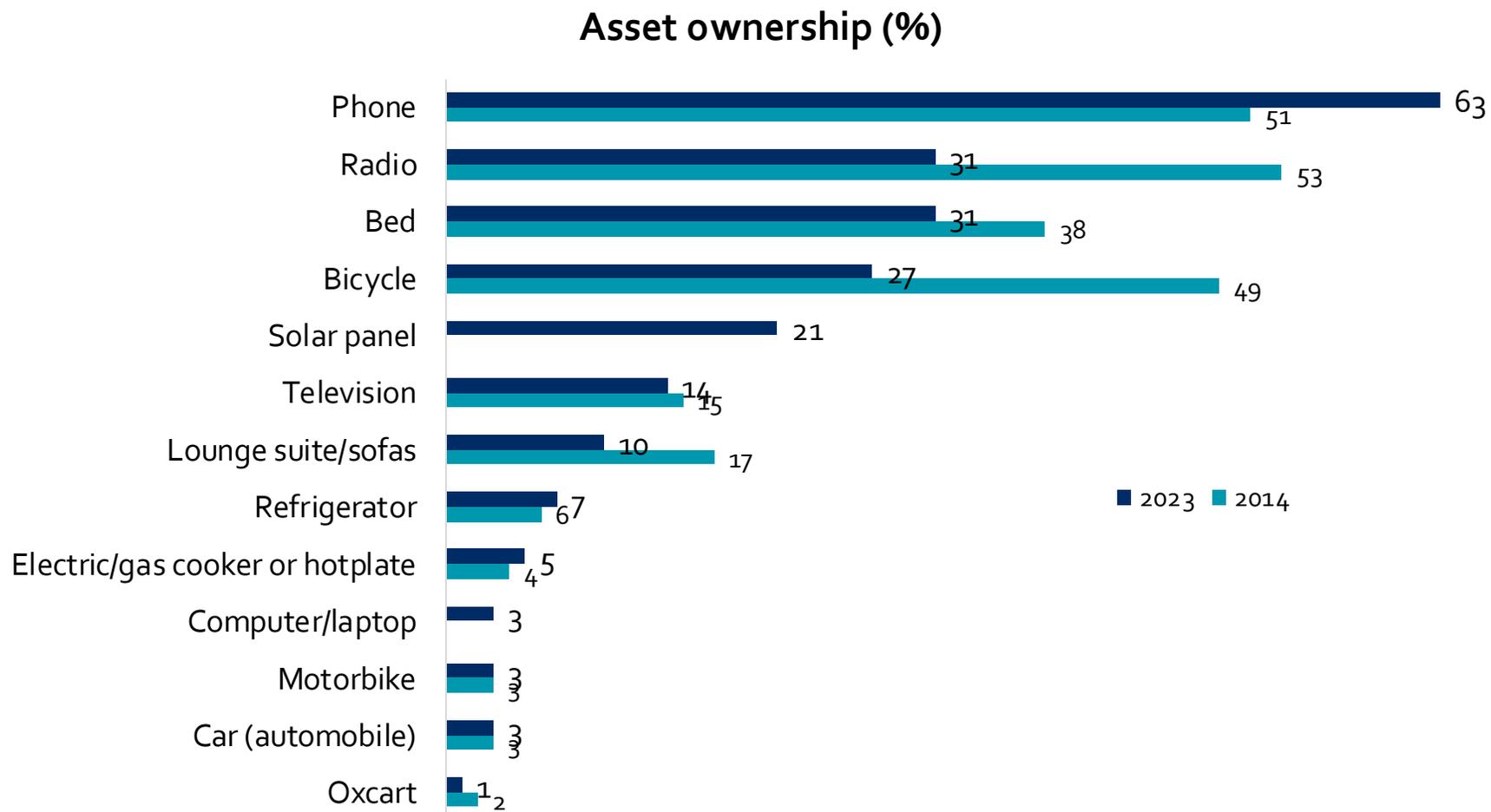
Financial institutions remain less accessible, especially among the rural populace.

% of adults reaching the destination within less than 30 minutes

	Total	Urban	Rural
Mobile money shops	71	94	63
POS	7	21	1
ATM	15	46	4
Bank branch	16	48	4
Grocery store	91	99	88
Public transport/bus stops	64	92	54
School	72	82	69
Medical facility	32	57	23



Understanding people's lives: Ownership of assets



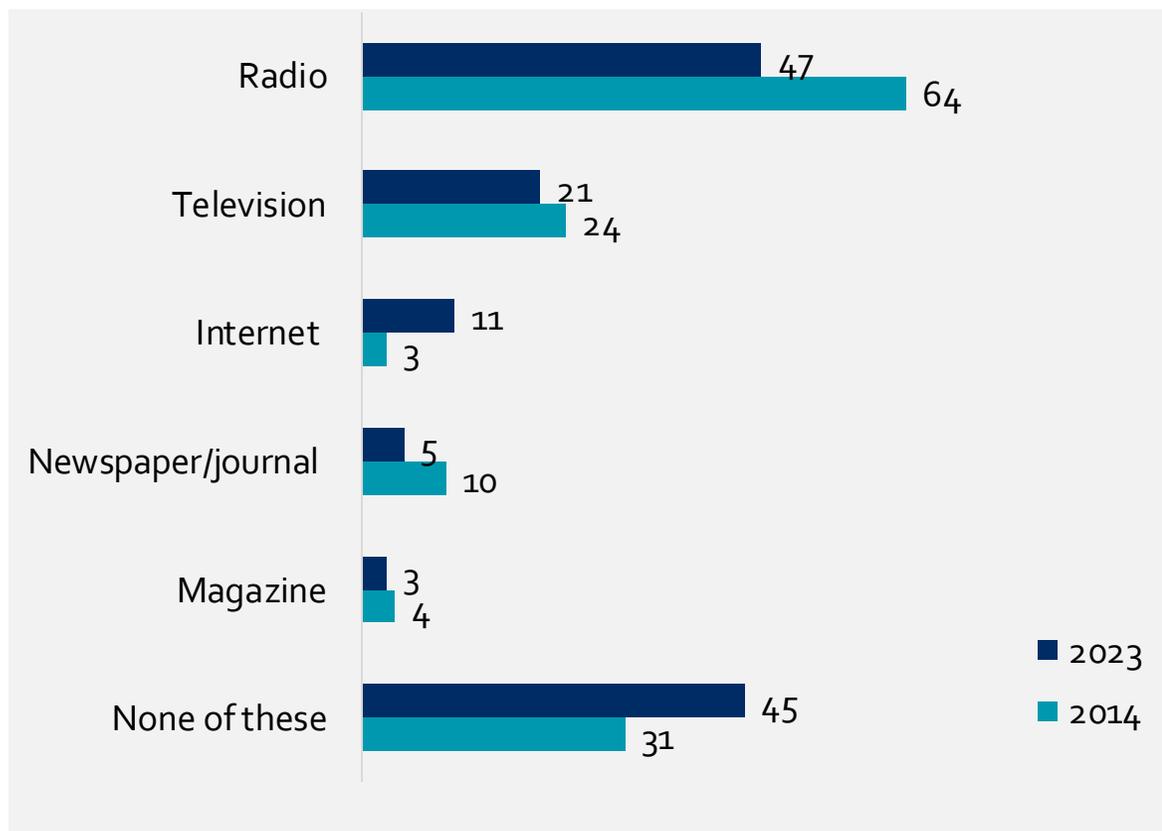
Household ownership of assets shows an increase in the proportion of homes that own phones and a drop in 'low-value' assets such as radio, bed, bicycle and television ownership.

There are stable (and marginal) increases in the proportion of households that own 'high-value' assets such as cars, motorbikes and refrigerators.

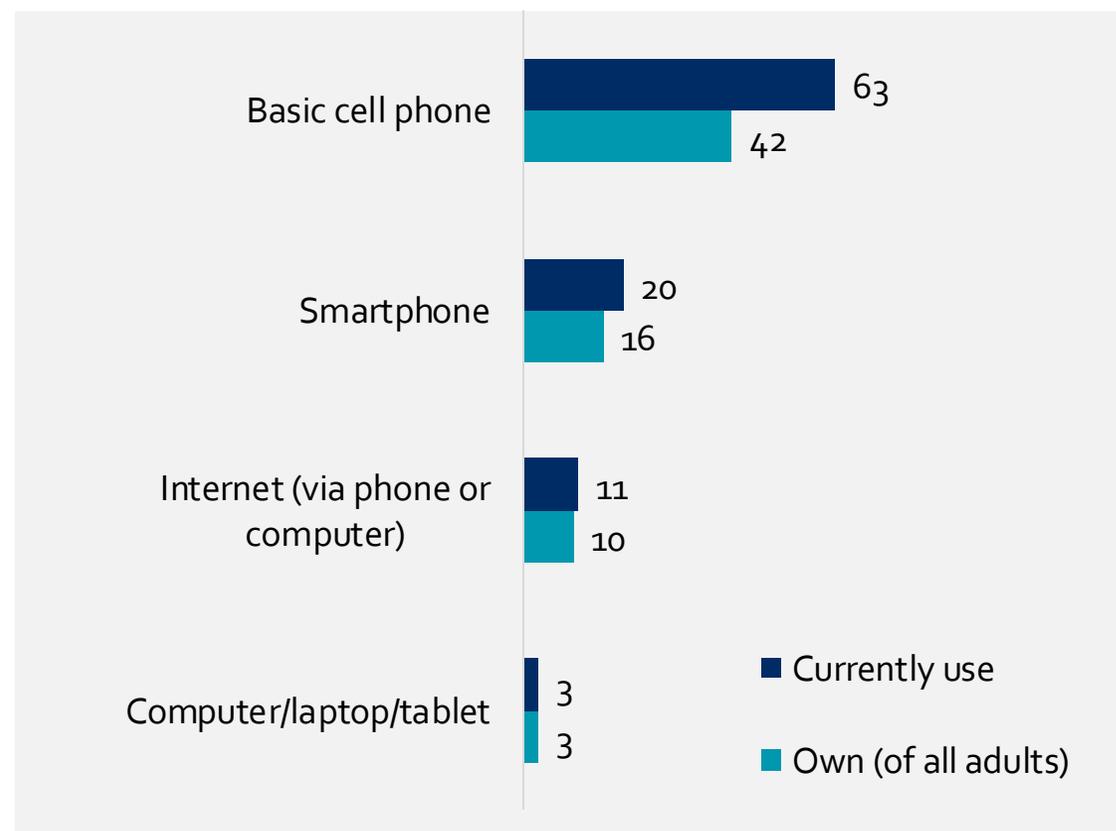
Communication and media access

63% of adults have access to a cell phone – electronic and social media platforms could be used to deliver financial programs.

Media accessed past month(%)



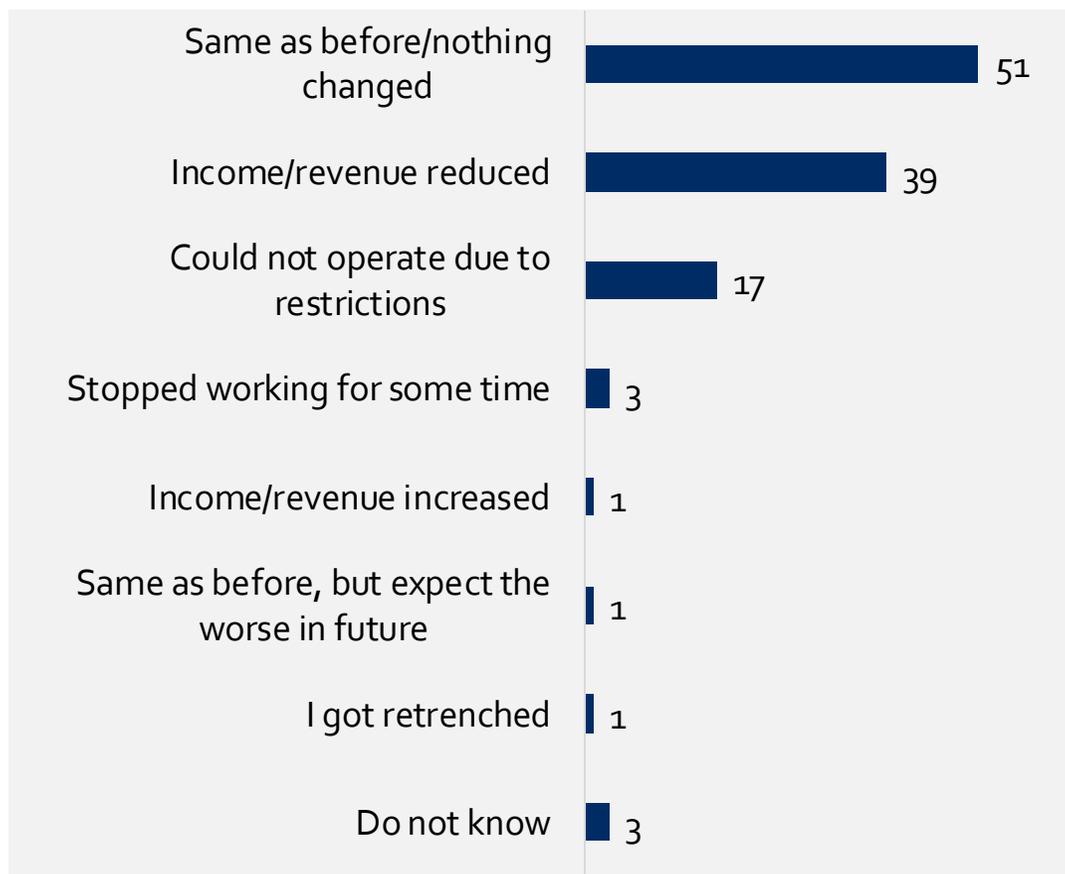
Communication device usage/ownership (%)



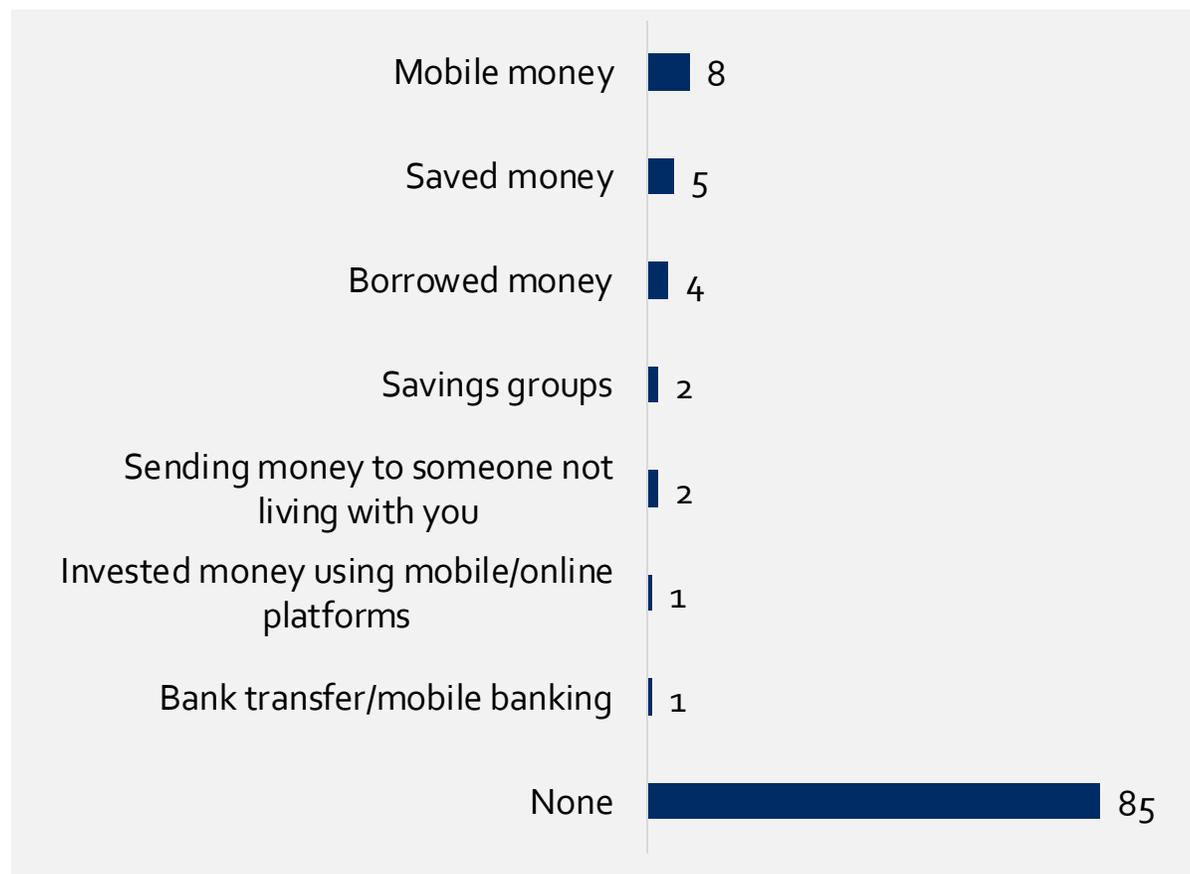
Understanding people's lives

Impact of Covid-19 on livelihoods

Covid-19 impact on livelihoods (%)



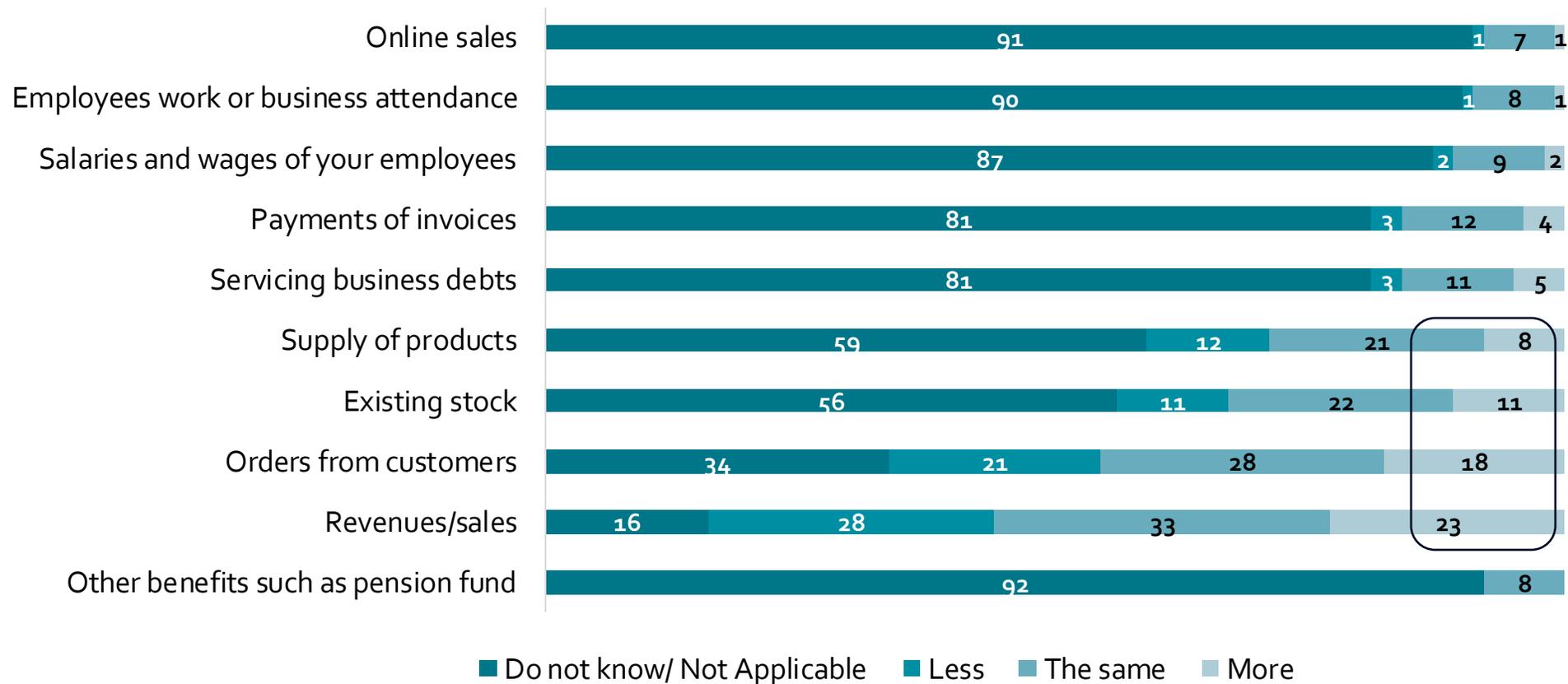
Services adopted or used more since Covid-19 started (%)



Understanding people's lives

Impact of Covid-19 on business

Covid-19 impact on business (%)



The most common impact on businesses was on revenue/sales, supply chain disruption and access to markets.



Understanding people's lives

Impact of Covid-19 on livelihoods and business

Livelihoods

- 94% of adults did not receive any Covid-19 emergency support
- Of the 6% that did:
 - 88% received government support
 - 7% received support from family/friends

Businesses

- 85% of businesses were not impacted by the Covid-19 pandemic
- Of the 15% that were negatively affected:
 - 23% of businesses were from the urban areas while only 13% in rural areas were negatively affected.

Support received: Only a few adults who had been negatively affected received support from family, friends and church to cushion the impact of Covid-19. The majority of adults did nothing and had to cut down on expenses. This meant reducing their daily consumption patterns and foregoing other things/expenses.





Determinants of financial inclusion



Dimensions of financial capability

Managing money

Planning and keeping track: Focuses on an individual's ability to monitor his/her financial situation.

- Do people plan/budget how to spend their money? Keep to the plan? Keep records of your spending?

Making ends meet: Focuses on an individual's ability to cope financially. It looks at whether people are able to make their money last until the end of the month while covering essential items and financial commitments.

- How often do people run out of money?
- How easy/difficult is it to keep up with financial commitments?

Planning ahead

Deals with an individual's state of preparedness for future events or risks (planned and unplanned).

- Unexpected events – coping mechanisms
- Expected events – how do people plan to pay for it?
- Strategies for meeting expenses in old age?

Choosing and using products

Incorporates how people have chosen or would go about choosing products or mechanisms that enable them to meet financial goals or objectives.

- Which factors do people take into account when selecting a financial institution/specific product?

Accessing information

Explores how well an individual is informed about financial matters, how aware they are of information channels, and the steps they take to stay informed.

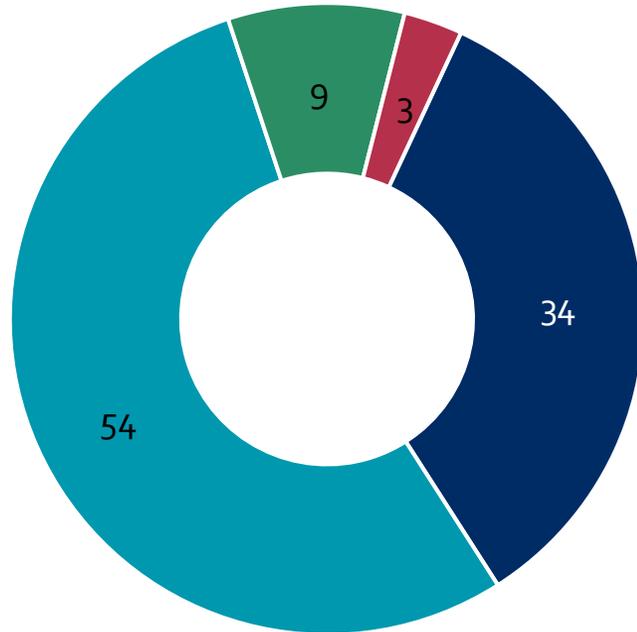
- Where do people usually get financial advice?



Financial capability: Managing money

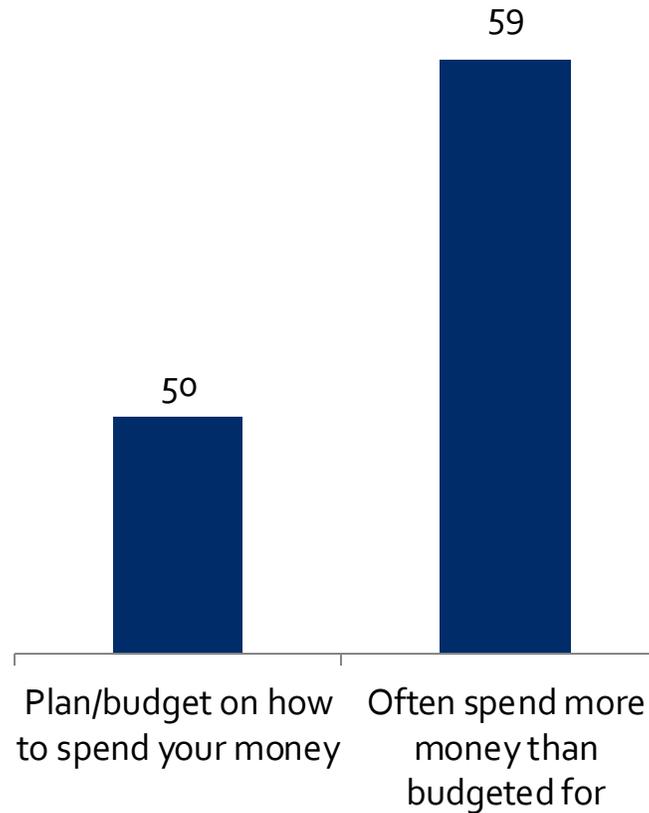
88% of adults find it difficult to keep up with financial commitments

Difficulty with keeping up with financial commitments (%)

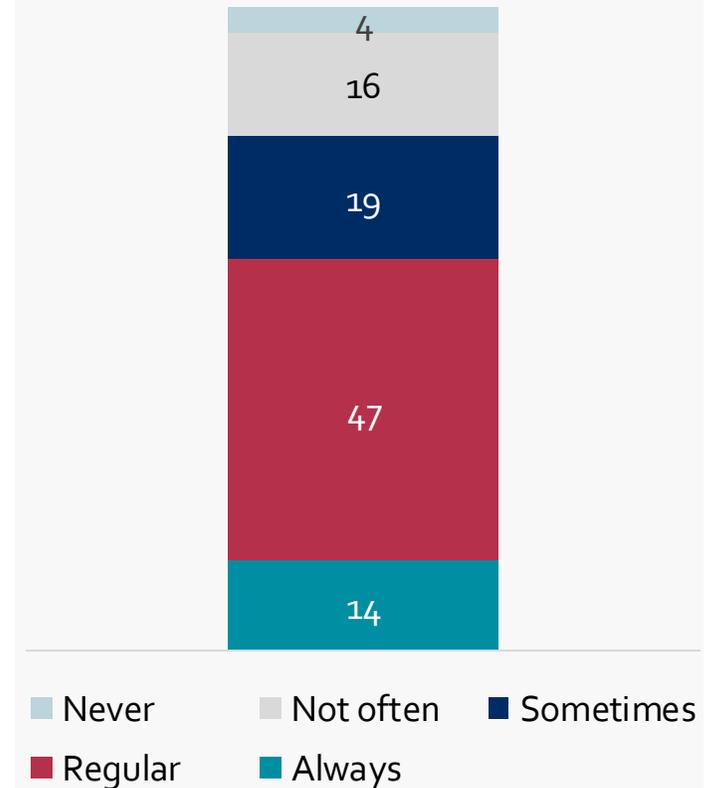


■ Very difficult ■ Difficult ■ Easy ■ Not applicable

Planning and tracking (%)



Frequency of running out of funds before next income (%)

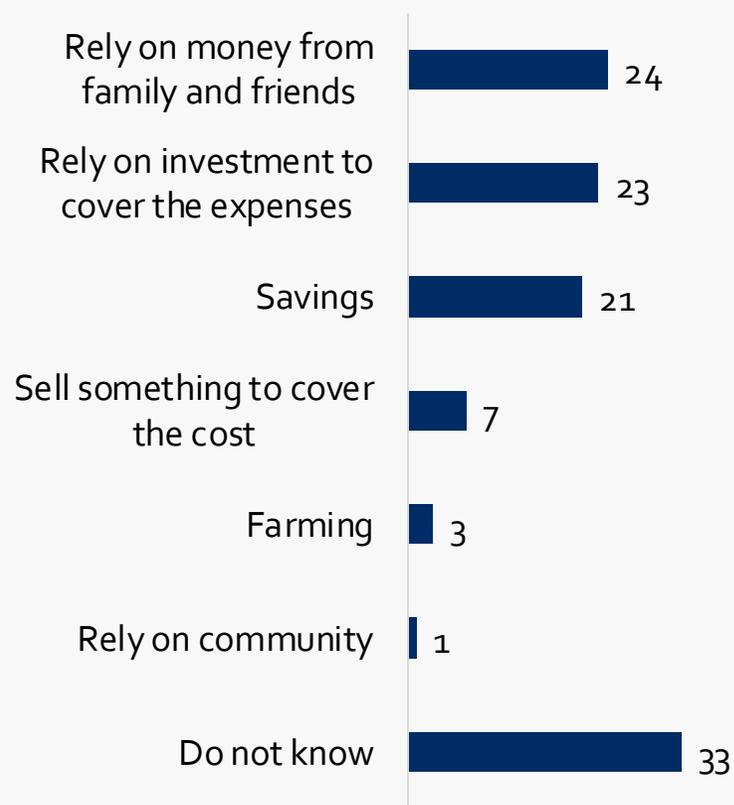


■ Never ■ Not often ■ Sometimes
■ Regular ■ Always

Financial capability: Planning ahead and control

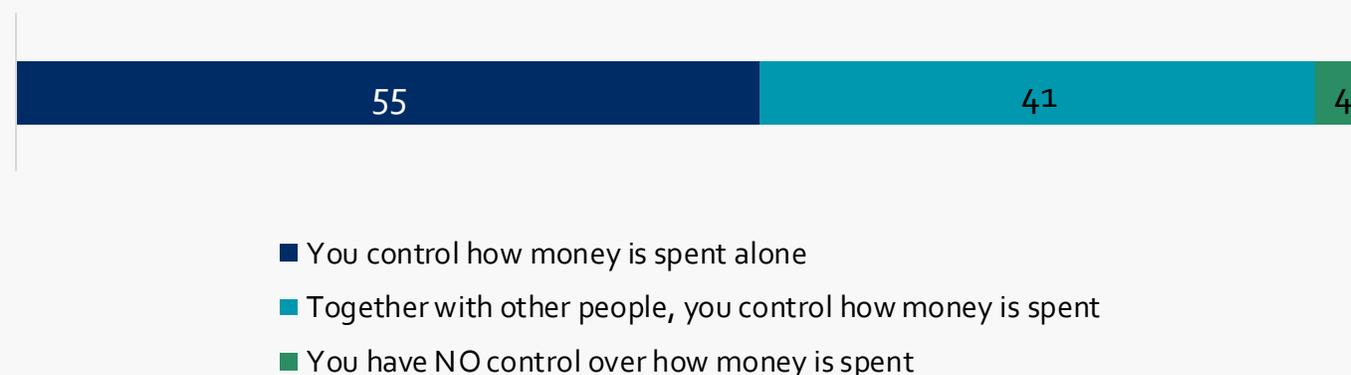
One in every three adults do not have a plan of how they will be meeting their expenses in their old age

Plan to cover old age expenses (%)



- Two in five adults agree to have rainy day funds to cover emergencies
- 53% have had a major expense in the last 12 months. Of these:
 - 58% used savings to cover the expense
 - 19% sold something
 - 16% borrowed elsewhere
 - 15% borrowed from family/friends
- 96% of adults have control over how their money is spent
 - 5% of females do not have control vs 2% of males

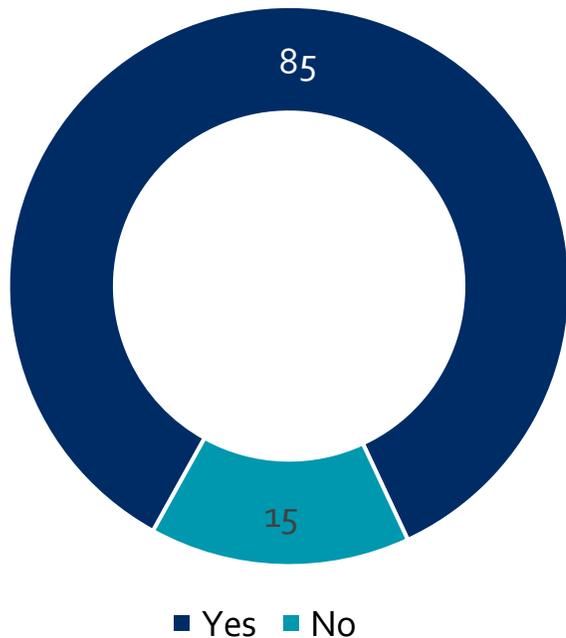
Level of control over own money (%)



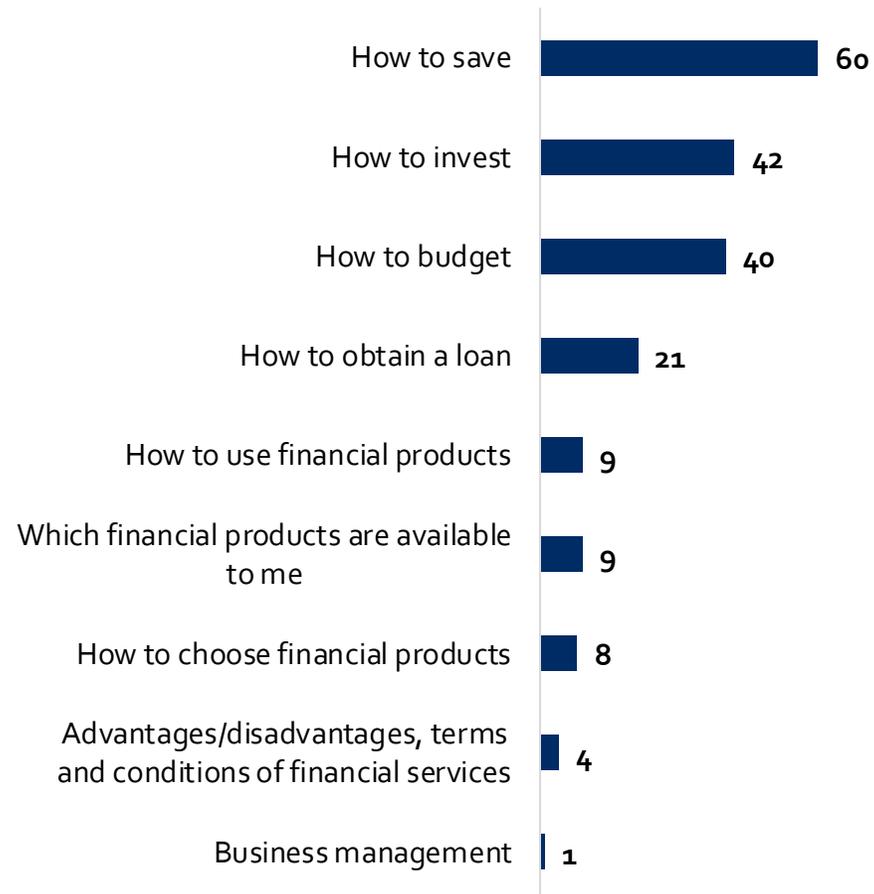
Financial capability: Accessing information

Two in three adults do not seek any financial advice – only 2% seek professional advice

Need more information on managing money (%)



Financial education required (%)



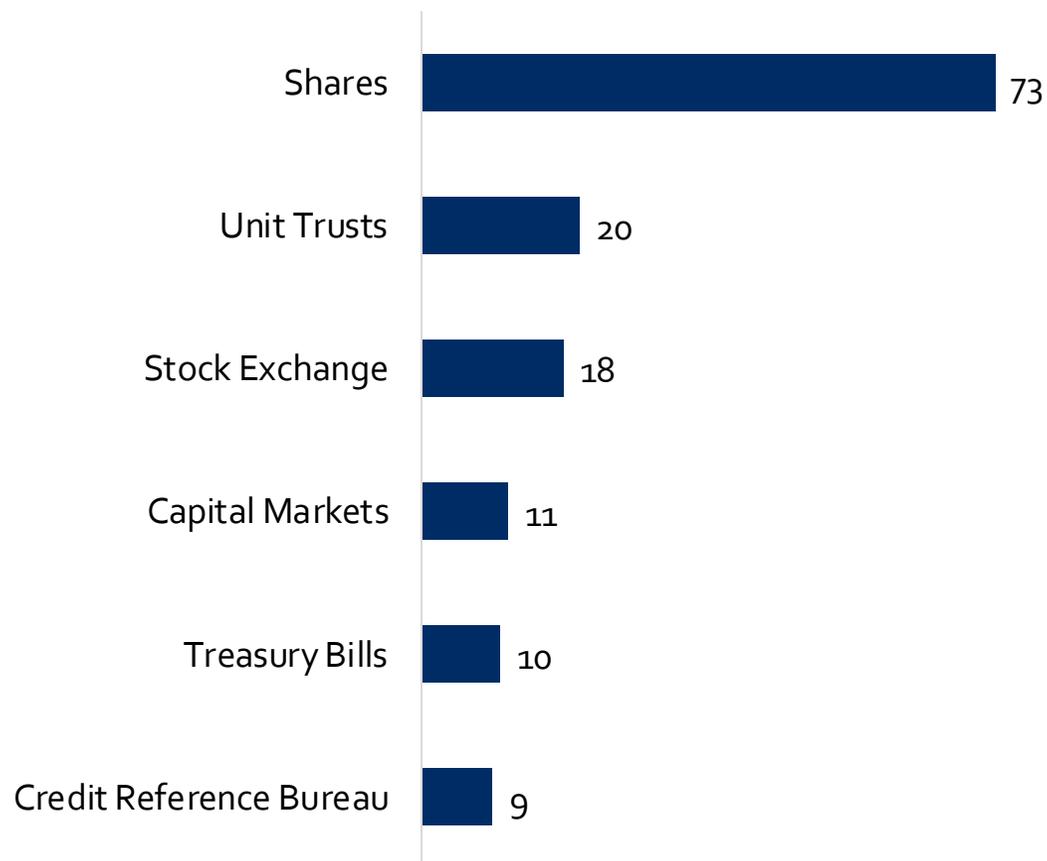
Source of financial advice (%)



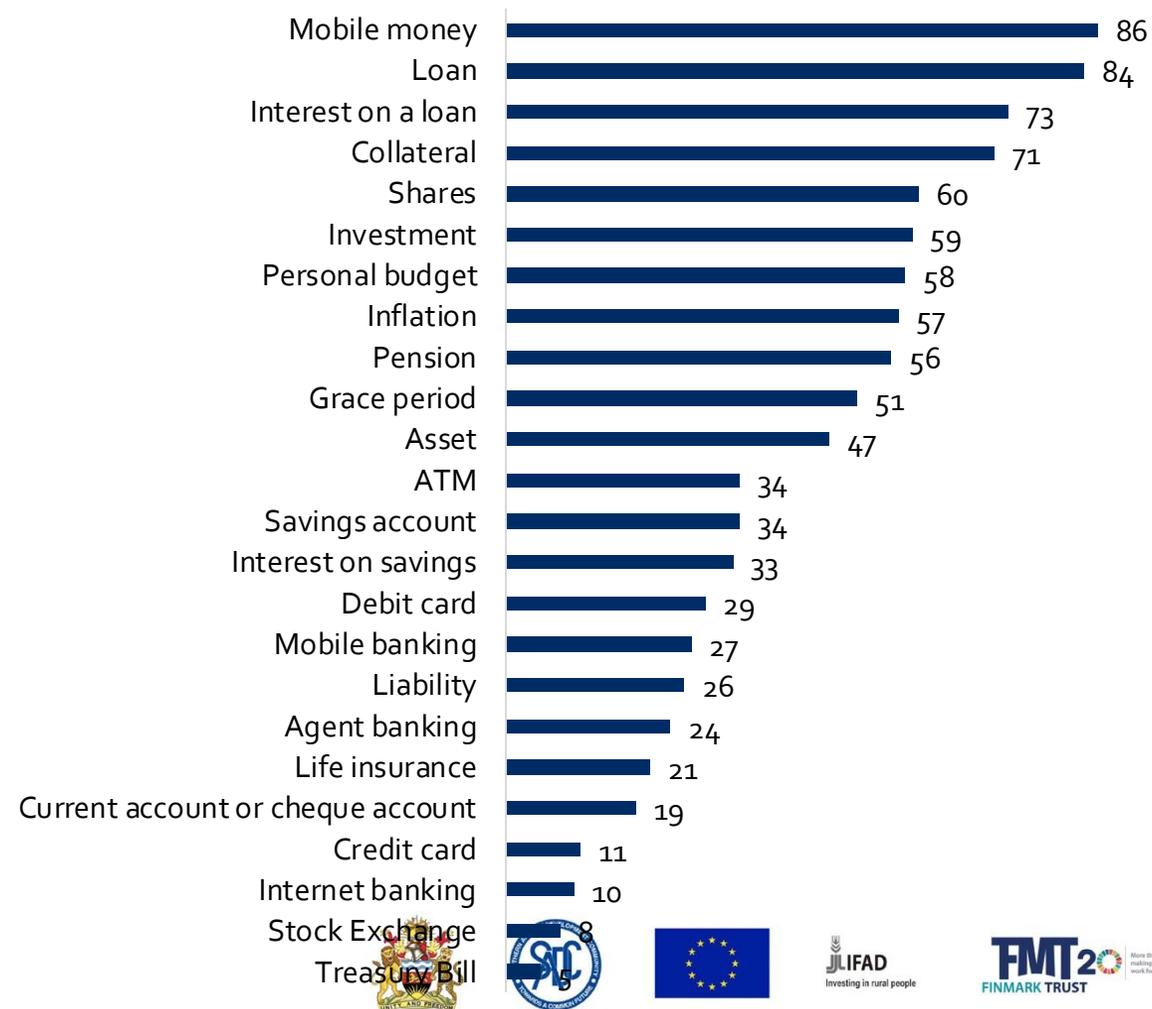
Financial capability: Literacy

Awareness of general financial terms is moderately high although financial understanding is much lower

Awareness of capital market and credit terms (%)



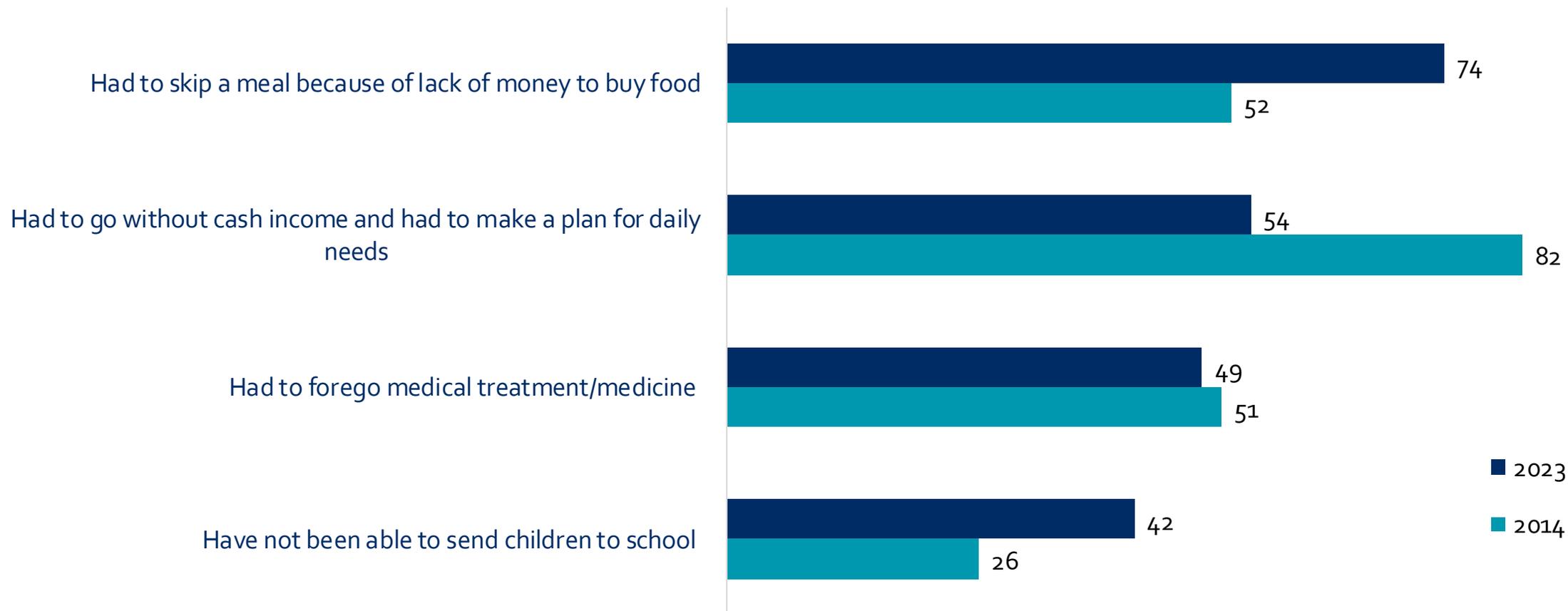
Awareness of terms and understanding them (%)



Welfare/vulnerability indicators: SDG 1 - 4

Welfare outcomes seem to be deteriorating.

Poverty indicator (%)

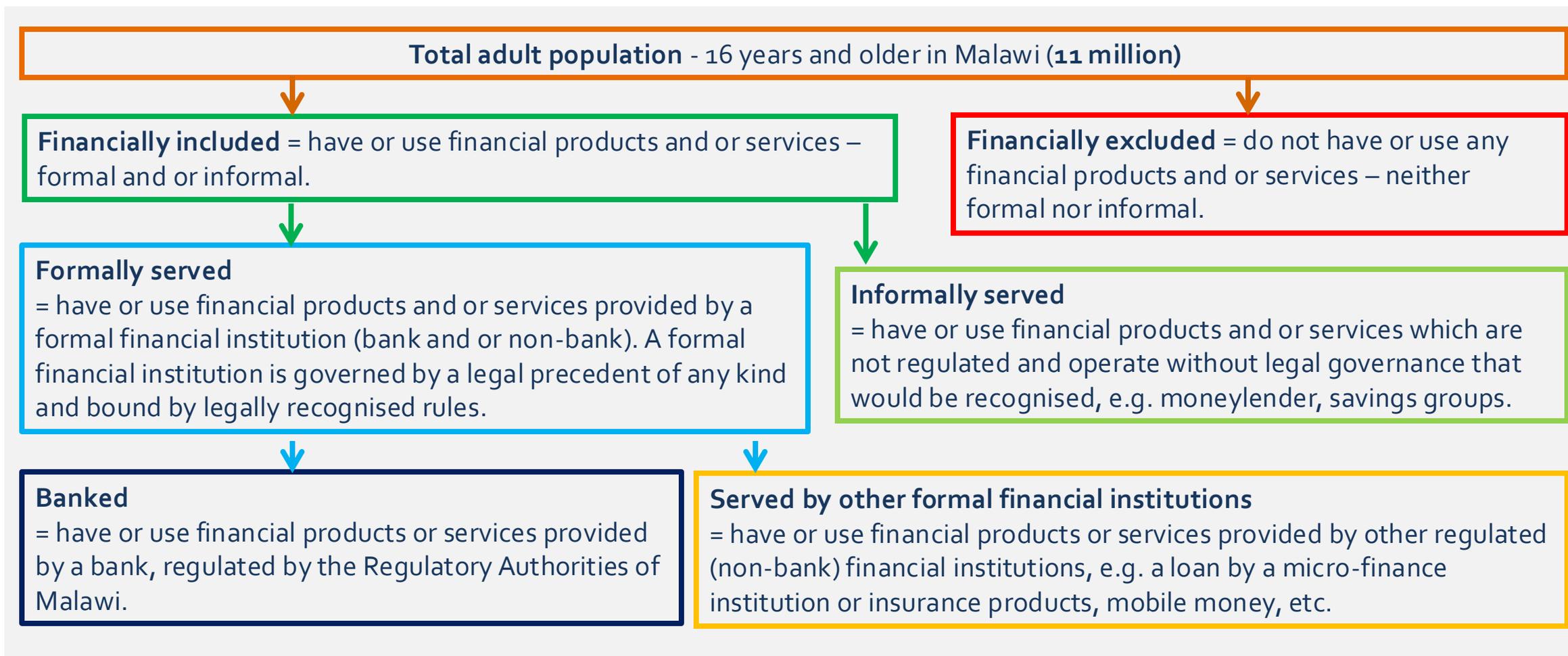




Dimensions of financial inclusion



Defining financial inclusion



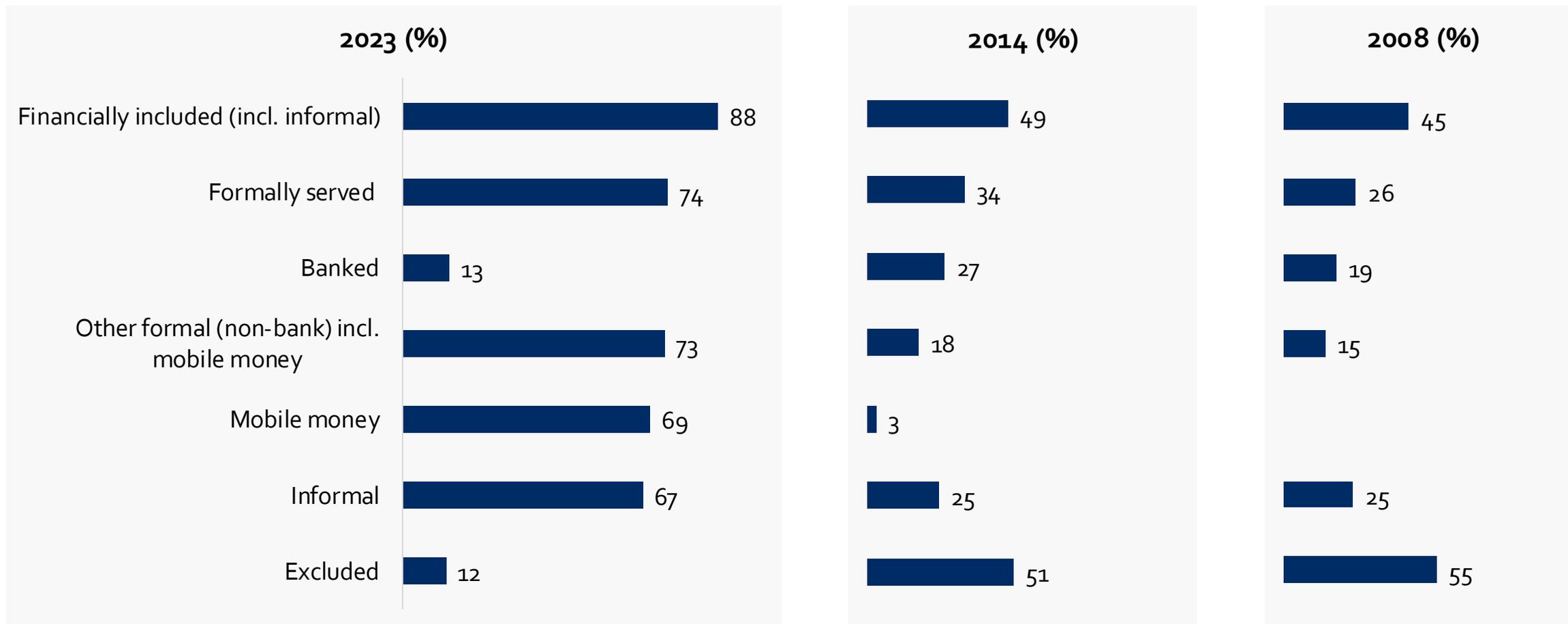
Inclusion classification

Banking	Other formal (non-bank)	Informal	Excluded
<ul style="list-style-type: none"> • Currently have (own) commercial bank products classified under credit, transactional, savings, and or insurance • Send or receive money through banking channels (send from own bank account or receive into own bank account) <p>Have the following products:</p> <ul style="list-style-type: none"> • Debit/current/credit/ATM card • Use internet or cell phone banking, wallet money • Foreign currency account, etc. • [Indirect access or usage of formal services removed] 	<ul style="list-style-type: none"> • Insurance products from insurance providers • Mobile money • Products from microfinance institution (MFI) • Products from pension fund administrators • Retirement products or services • Funeral products • Money transfer agencies - Mukuru/MoneyGram/ Western Union, etc. • Savings and Credit Cooperative Organisation (SACCO) • [Indirect access or usage of formal services removed] 	<ul style="list-style-type: none"> • Burial society • Money lenders • Credit and savings from: • Saving in Rotating Savings and Credit Association (ROSCA) • Saving in Accumulated Savings and Credit Association (ASCA) • Saving in other savings club • Someone in the community who keeps money for you or to borrow from • Savings in livestock 	<ul style="list-style-type: none"> • Save at home • Borrow from family members and or friends • Send or receive through family members/relatives/friends or transfer money personally



Financial inclusion

More people are formally served. Banked products and other formal (non-bank) financial services/products are playing a critical role in deepening and increasing financial inclusion.



Financial inclusion

Gender disaggregation among area

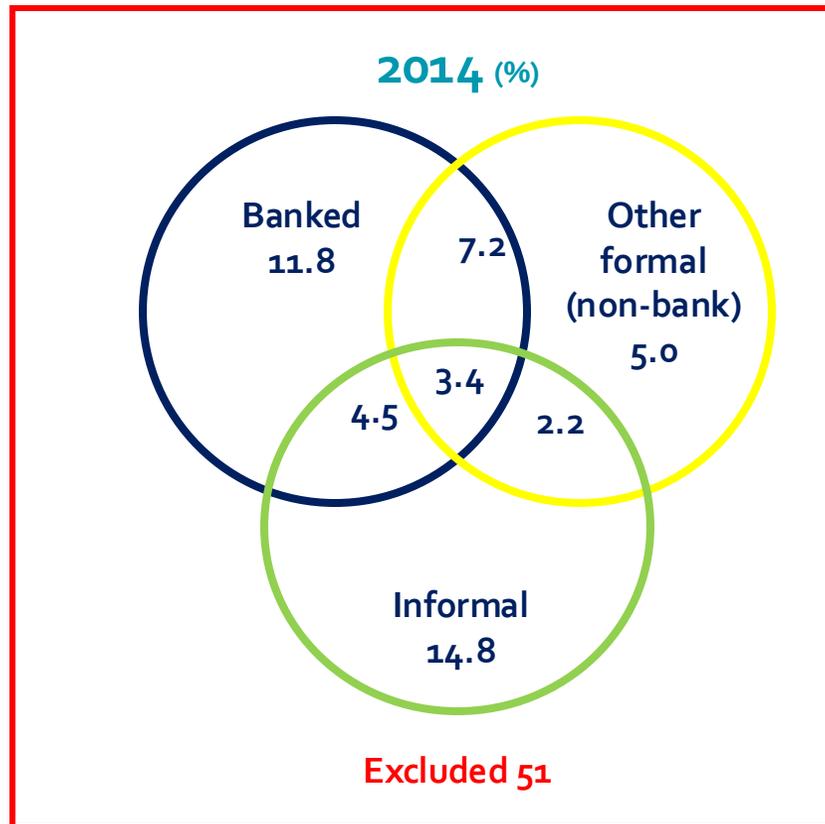
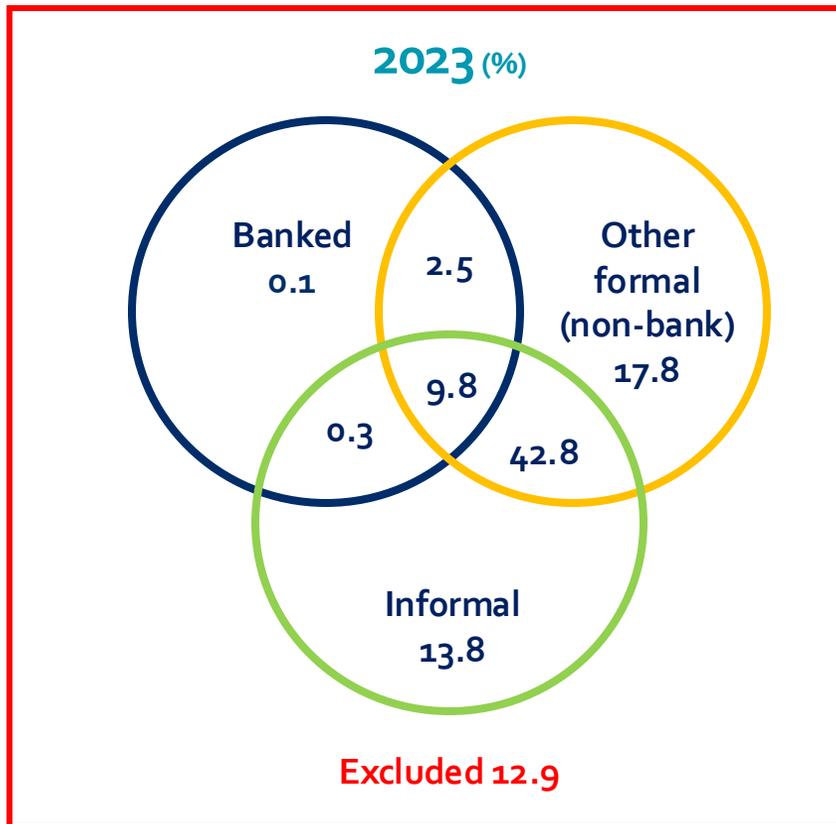
Location	Indicator	2023 Male (%)	2023 Female (%)
Urban	Banked	35	18
	Other formal (non-bank)	94	93
	Informal	59	64
	Excluded	5	4
Rural	Banked	14	5
	Other formal (non-bank)	76	59
	Informal	70	67
	Excluded	12	18

- The usage of bank services and products is lower among rural adults compared to their urban counterparts. When adding a gender lens, it shows that even within a particular sex, location plays a role in determining the uptake of financial services and products.
- Interestingly, for informal financial services, the location shows a higher rural male proportion that uses informal services than females. Yet in the urban area, a higher proportion of females use informal services than males.



Financial inclusion: Overlaps

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

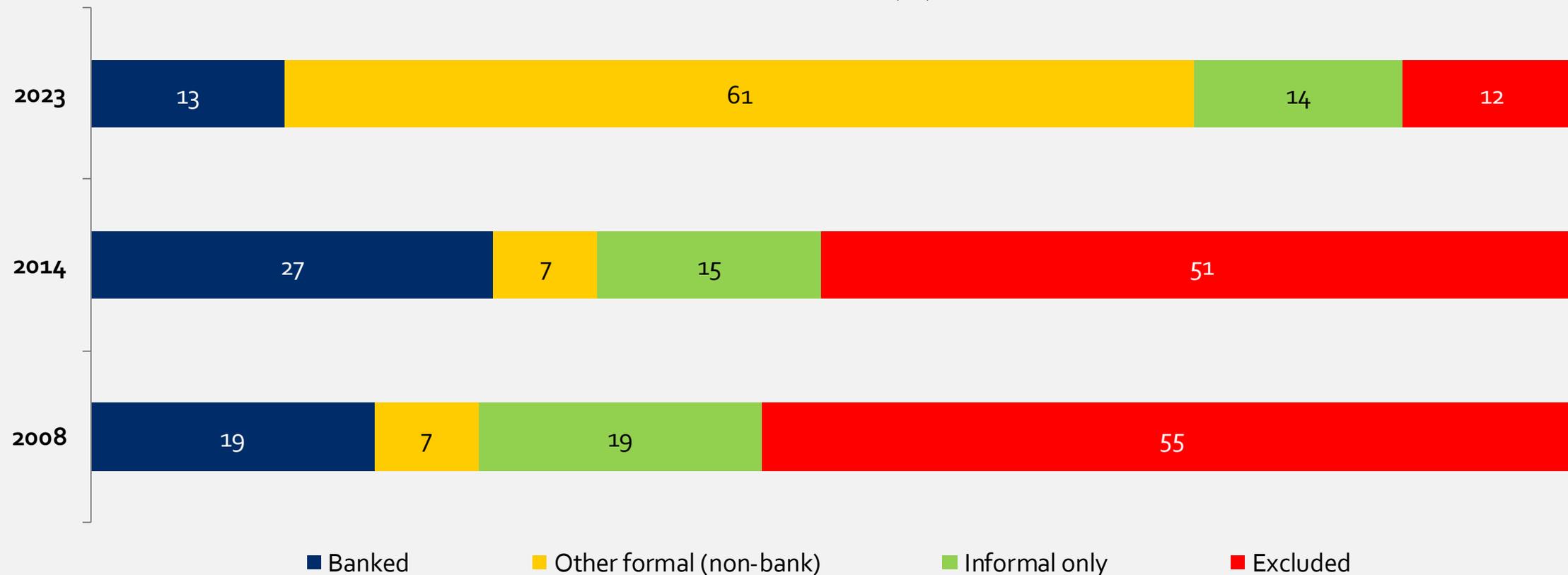


- **53%** use a combination of formal and informal mechanisms to manage their financial needs, thus indicating that their needs are not fully met by the formal sector alone
- **43%** of the adult population **ONLY** rely on other formal (non-bank) products as well as informal mechanisms such as savings groups to save or borrow money or cover risk
- Less than **1%** of adults rely exclusively on banking services, yet **18%** rely exclusively on other formal mechanisms.

Financial inclusion: Access Strand

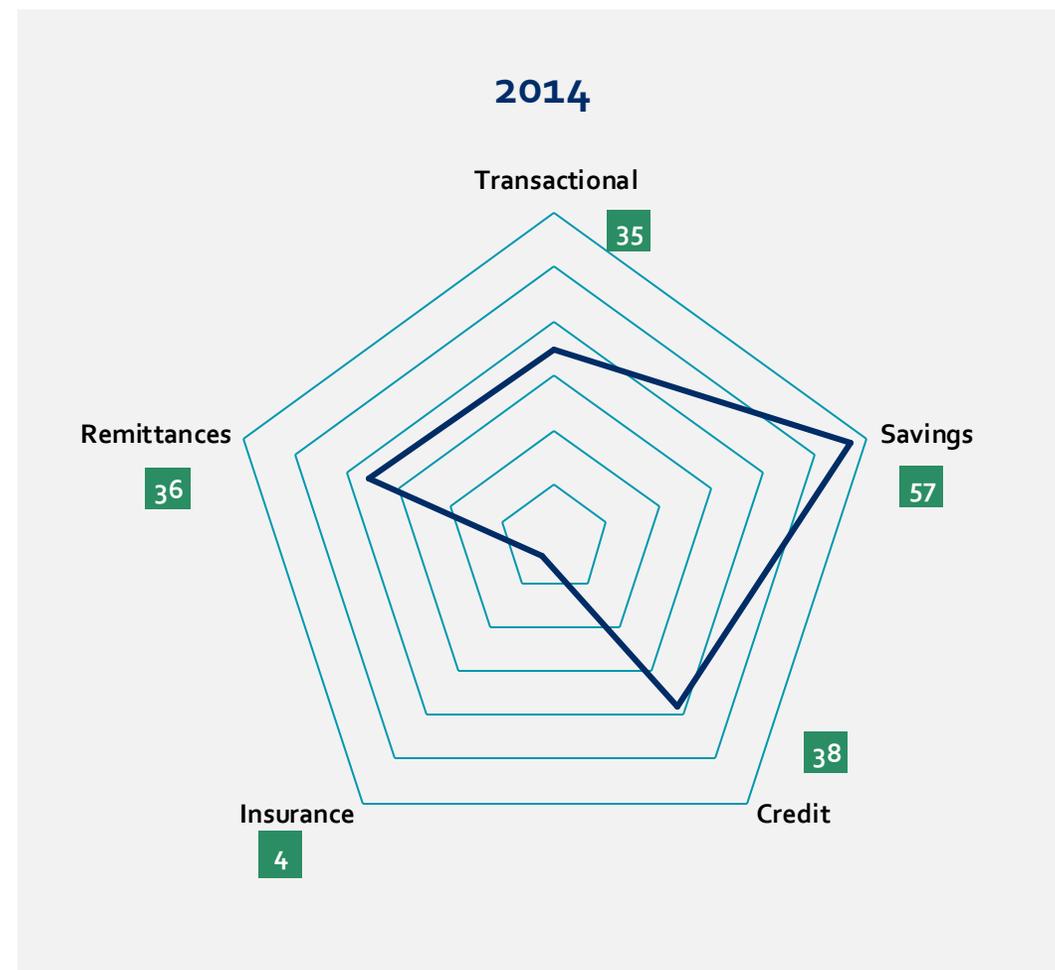
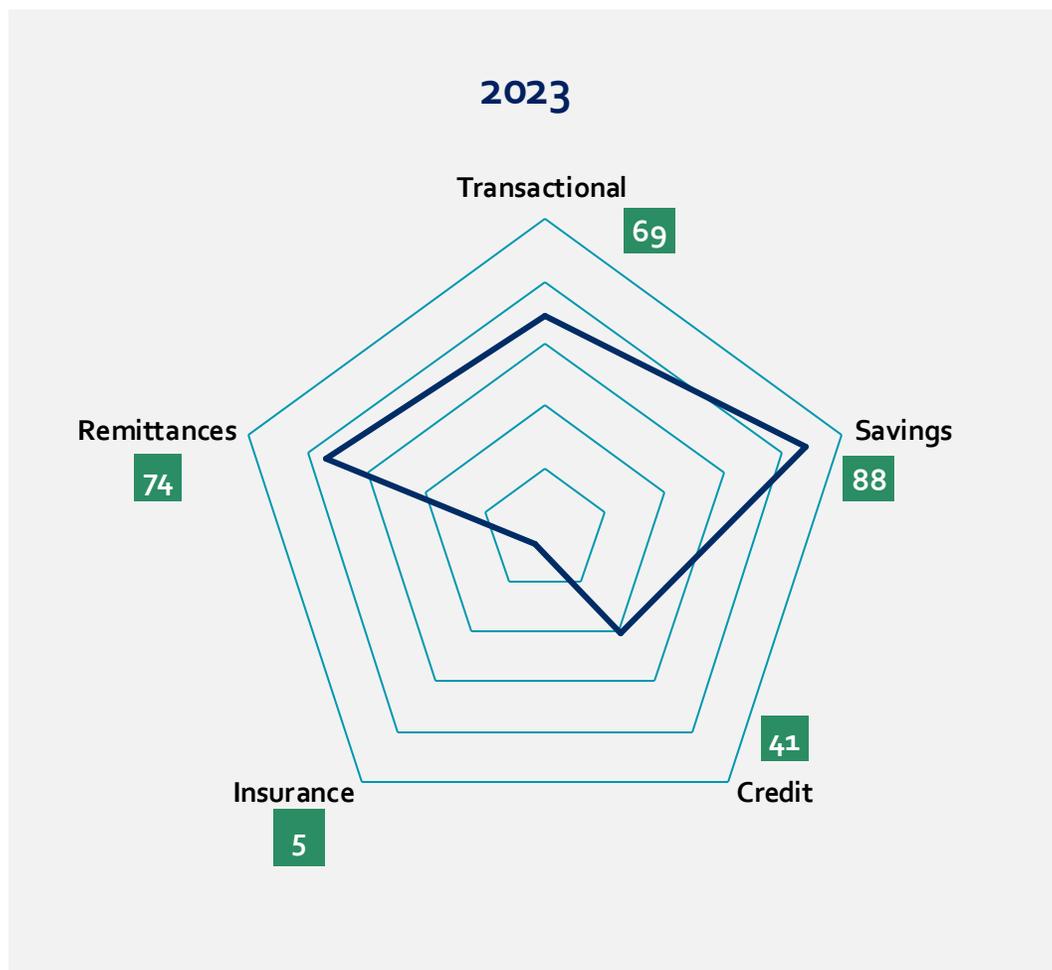
Notable decrease in the use of banking products and drop in financial exclusion

Financial Access Strand (%)



Financial inclusion - Landscape of access

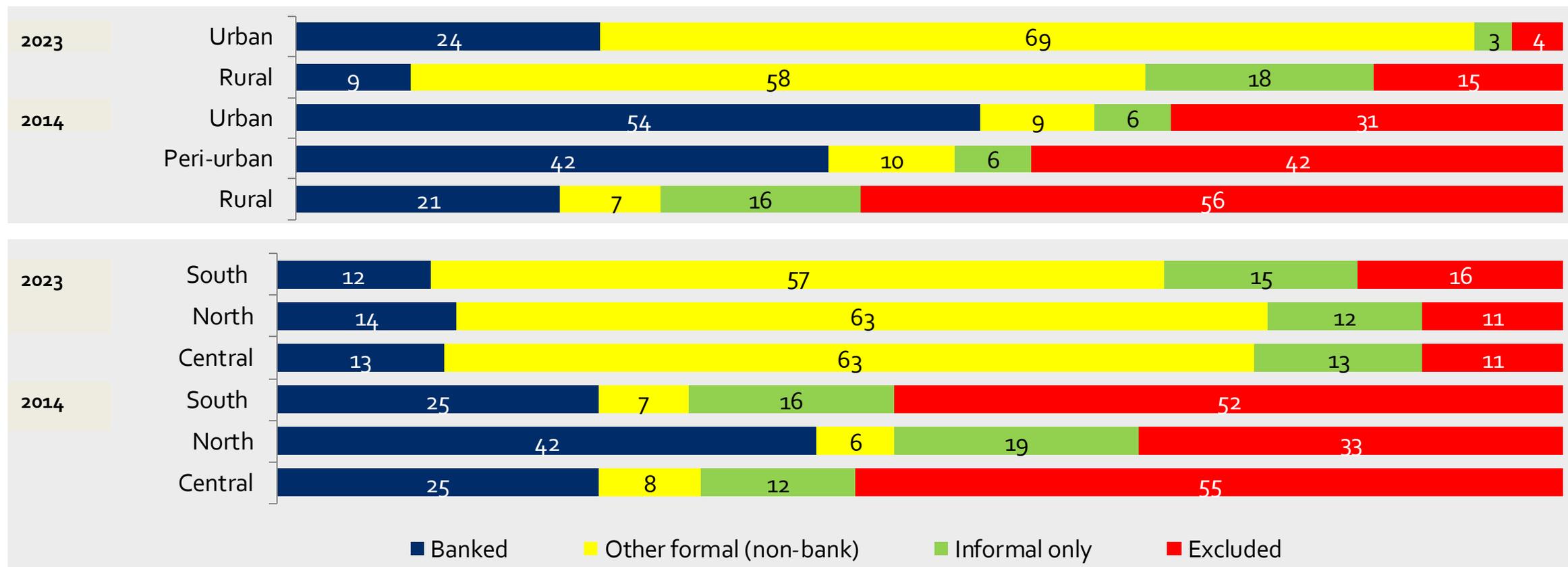
Of those financially included (both formal and informal), what's driving financial inclusion?



Financial Access Strand by location

High formal financial inclusion (banking) among adults in urban areas – mobile money is aiding in driving formal financial inclusion among the rural populace

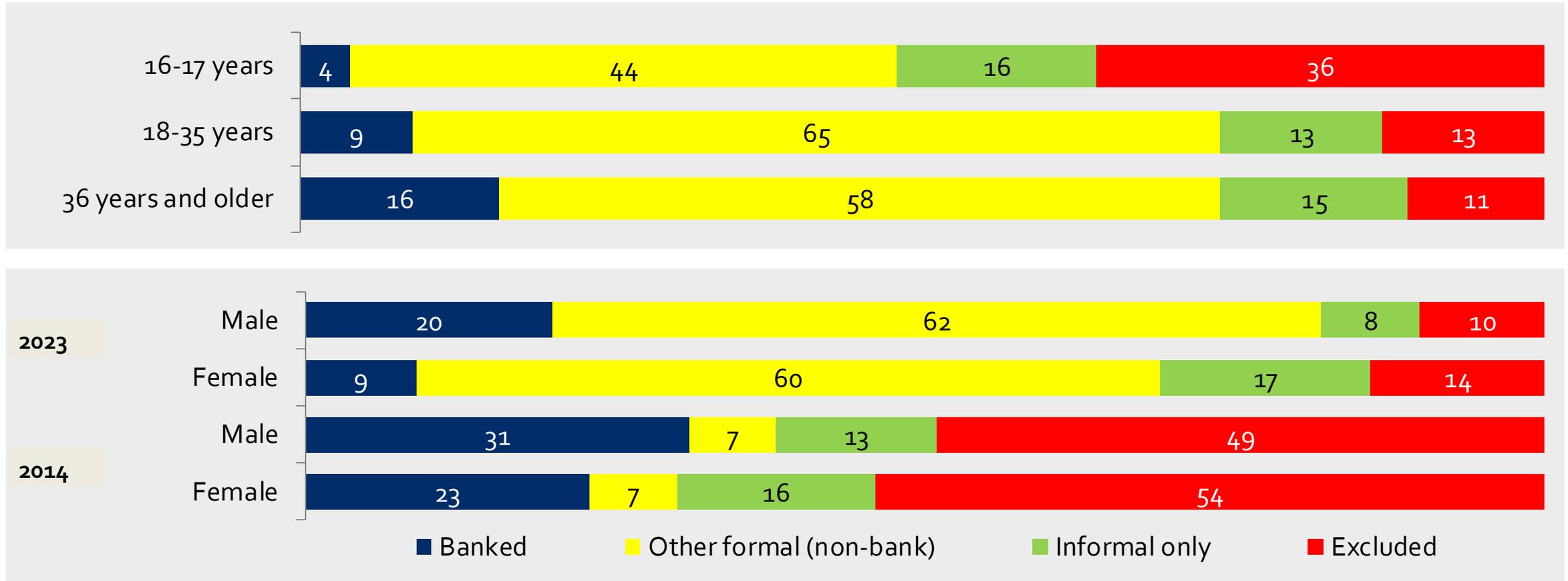
Financial Access Strand (%)



Financial Access Strand by demography

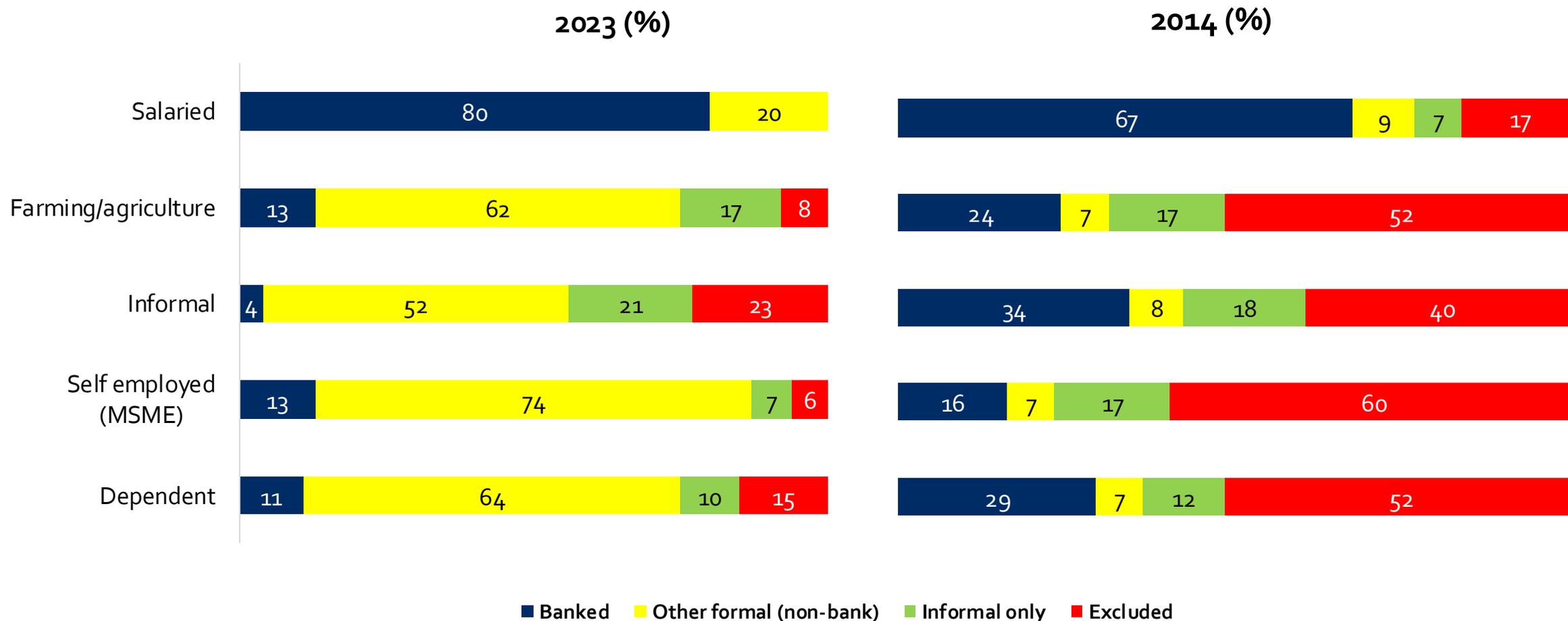
Adults with lower levels of education, youth and senior adults (retired) are more likely to be financially excluded

By age and sex (%)



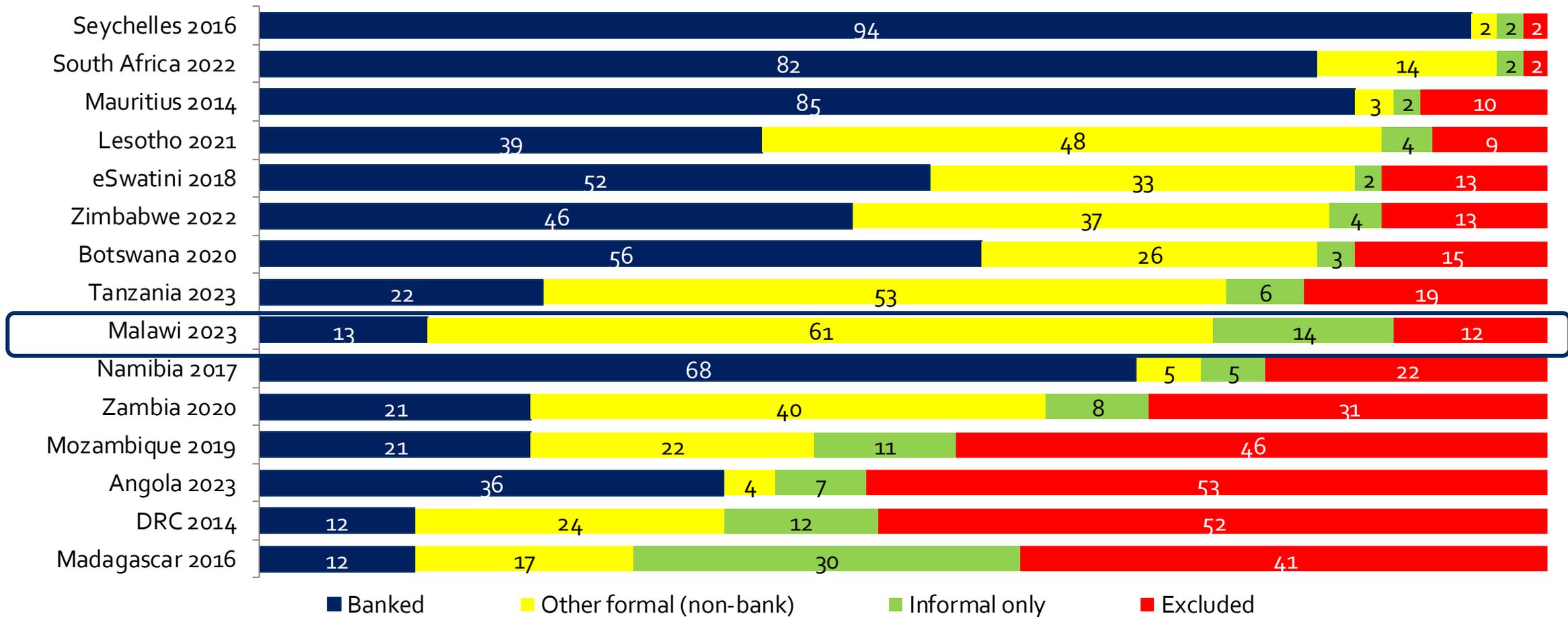
Financial Access Strand by livelihoods

Adults who rely on piece jobs, farming and family support are more likely to be financially excluded



Financial Access Strand (ranked by formal inclusion)

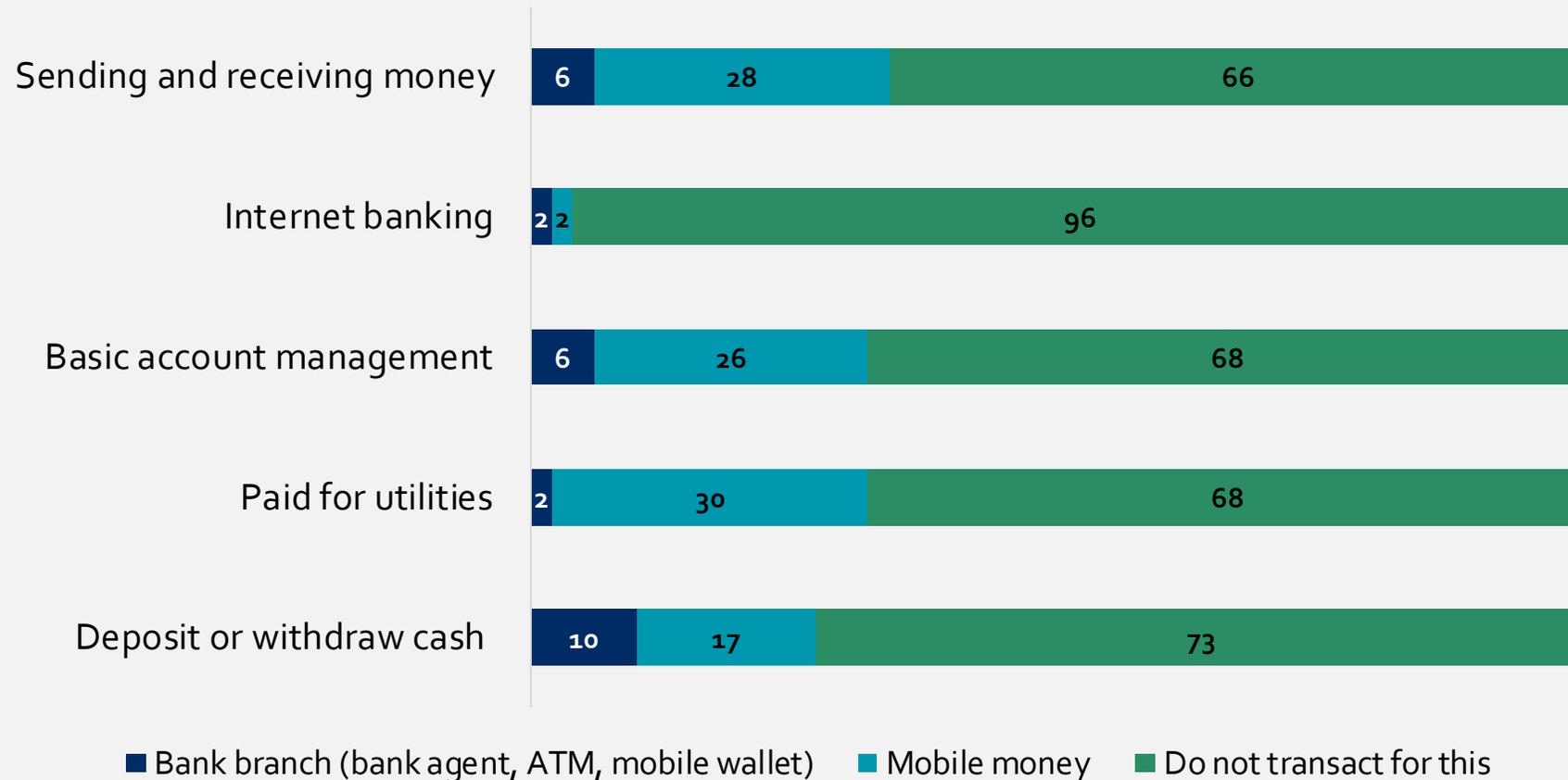
Malawi's standing in the region has improved, especially when looking at the excluded population



Transactional accounts: Usage

60% of adults have transacted using both banking and other formal financial services

Channel used to transact (%)

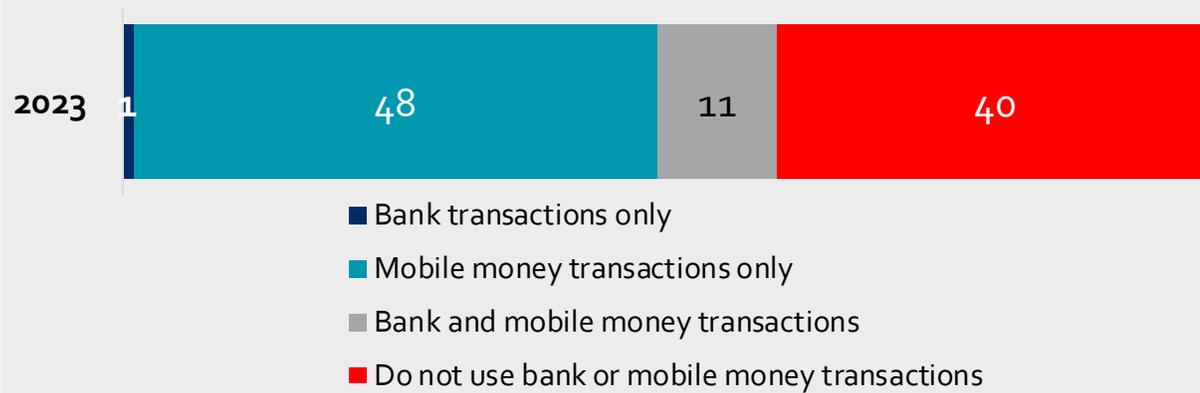


The use of end-to-end digital is still low due to the high usage of cash. The interoperability between banks and MNOs is likely to increase the uptake and usage of digital financial services.

Transactional usage

60% of adult Malawians have a transaction platform or account that allows them to transact through either a bank or mobile money account

Transactional account usage (Bank/MM)%



40% do not transact



- 90% rural areas
- 88% have primary education and below
- 71% are females
- 41% rely on informal income sources

Household uptake of bank account/MFI/mobile money

55% of households have formal access to either a bank account/MFI/mobile money

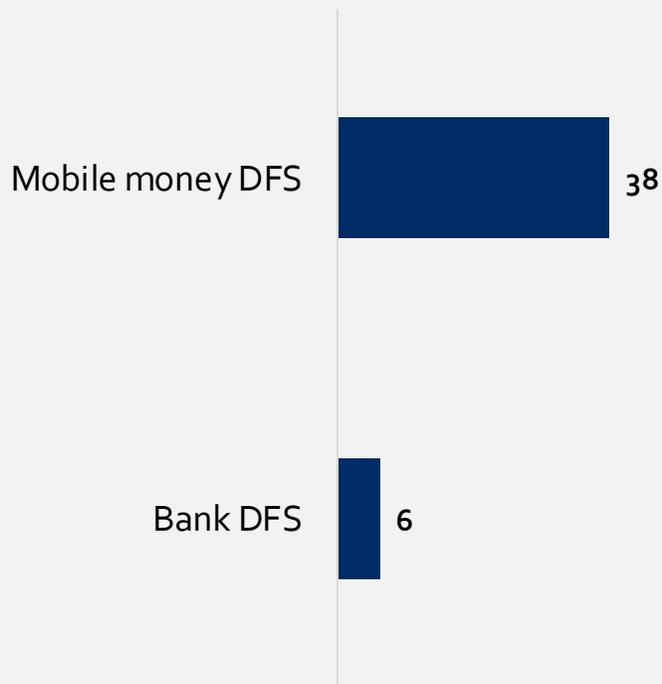
Urban 91% Rural 62% | (North 67%, South 65% and Central 66%)

- 13% with bank account
- 64% with mobile money
- 3% with MFI

Digital Financial Services: Usage

39% of adults used digital financial services (DFS), mainly driven by mobile money

Digital Financial Services usage (all adults %)



- **Mobile money DFS is driven by payment of:**
 - Airtime (91%)
 - Utilities (24%)
 - Goods and services (15%)
 - Receiving income (12%)
 - Bank transfers (9%)
- **Bank DFS is driven by the payment of:**
 - Receiving income (salary) (74%)
 - Insurance and pension payments (48%)
 - School fees (38%)
 - Airtime (21%)
 - Utilities (19%)



Banking



Banking

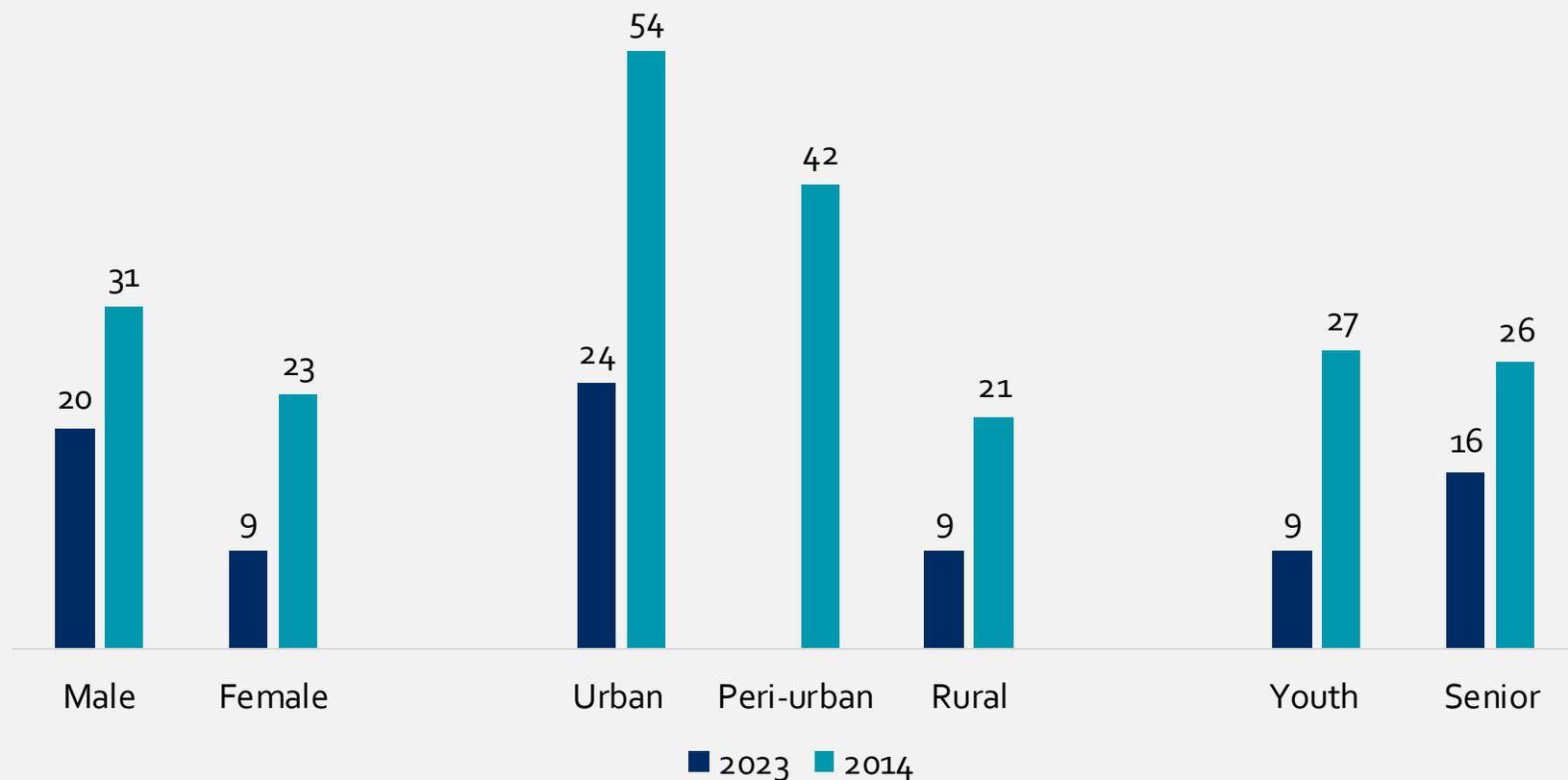
About 1,4 million or 13 percent of Malawians are banked – 700,000 adults less between 2014 and 2023

	2023	2014	2008
No. of banked adults in Malawi	1,43 million (13%)	2,13 million (27%) (incl. 520,000 indirectly banked)	1,15 million (19%)
No. of previously banked adults in Malawi	1,11 million (10%)	469,000 (6%)	165,000 (3%)
No. of unbanked adults in Malawi	9,91 million (87%)	5,41 million (73%)	4,89 million (81%)
Total adult population	11,35 million	8,02 million	6,05 million



Banking penetration

Banking penetration within group (%)



Overall, banking penetration by gender, location and age indicate lower penetration. This may be due to the uptake of mobile money services.

Banking

Where is the decline? Banking continues to be mainly driven by the uptake of transactional products.

Banking products/usage (of banked adults)	2023	2014	2008
Savings account with ATM card ^a	62%	40%	55%
ATM/debit card/VISA ^b	42%	3%	1%
Current cheque account ^c	16%	5%	
Savings account – fixed deposit	5%	4%	12%
Malswitch card	n/a	3%	3%
Landscape bank products (of all adults)			
Save at bank	7%	12%	14%
Borrow from bank	1%	1%	5%
Remit through bank	1%	8%	3%

Looking at the total numbers, uptake of the following products increased:

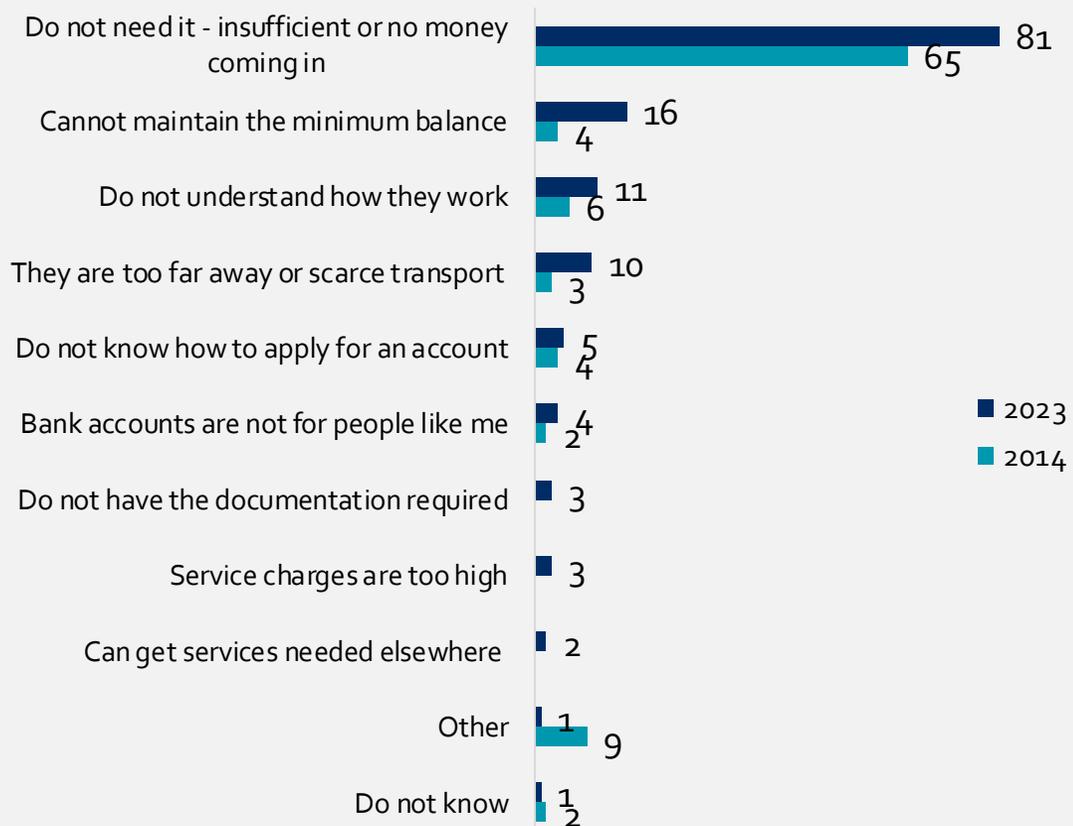
- Saving account: 884,000 from 846,000
- Current cheque account with ATM card: 220,000 from 123,000
- Credit from the bank has increased to 106,000 from 60,000
- Proportion of adults that report 'used to have' product in the past (with overlaps):
 - ^a = 549,000 adults used to have a savings account
 - ^b = 500,000 adults used to have a ATM card
 - ^c = 83,000 adults used to have a Current account



Banking

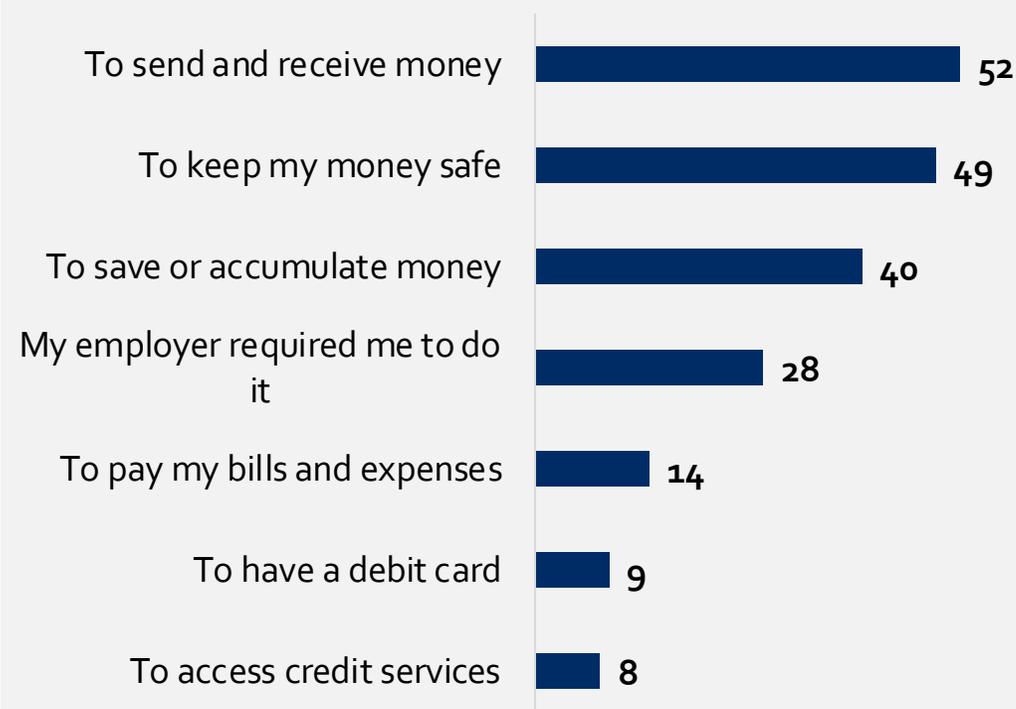
Drivers and barriers

Barriers to banking (%)



The drivers of banking remain unchanged mainly to transact and keep money safe.

Drivers to banking (%)



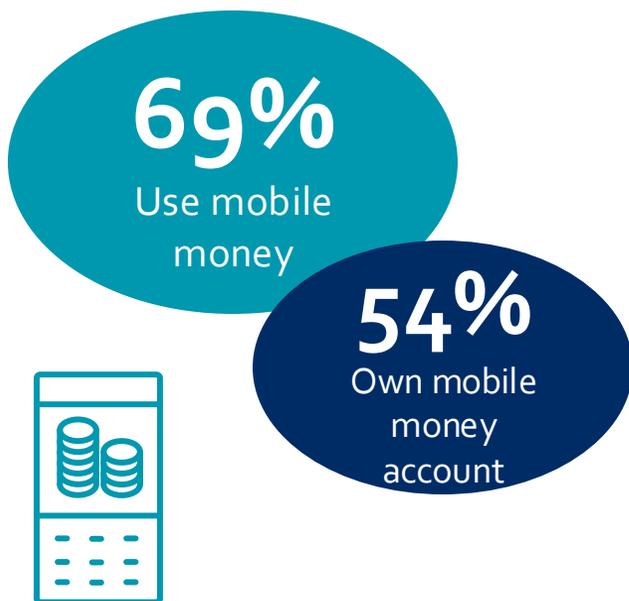


Mobile money

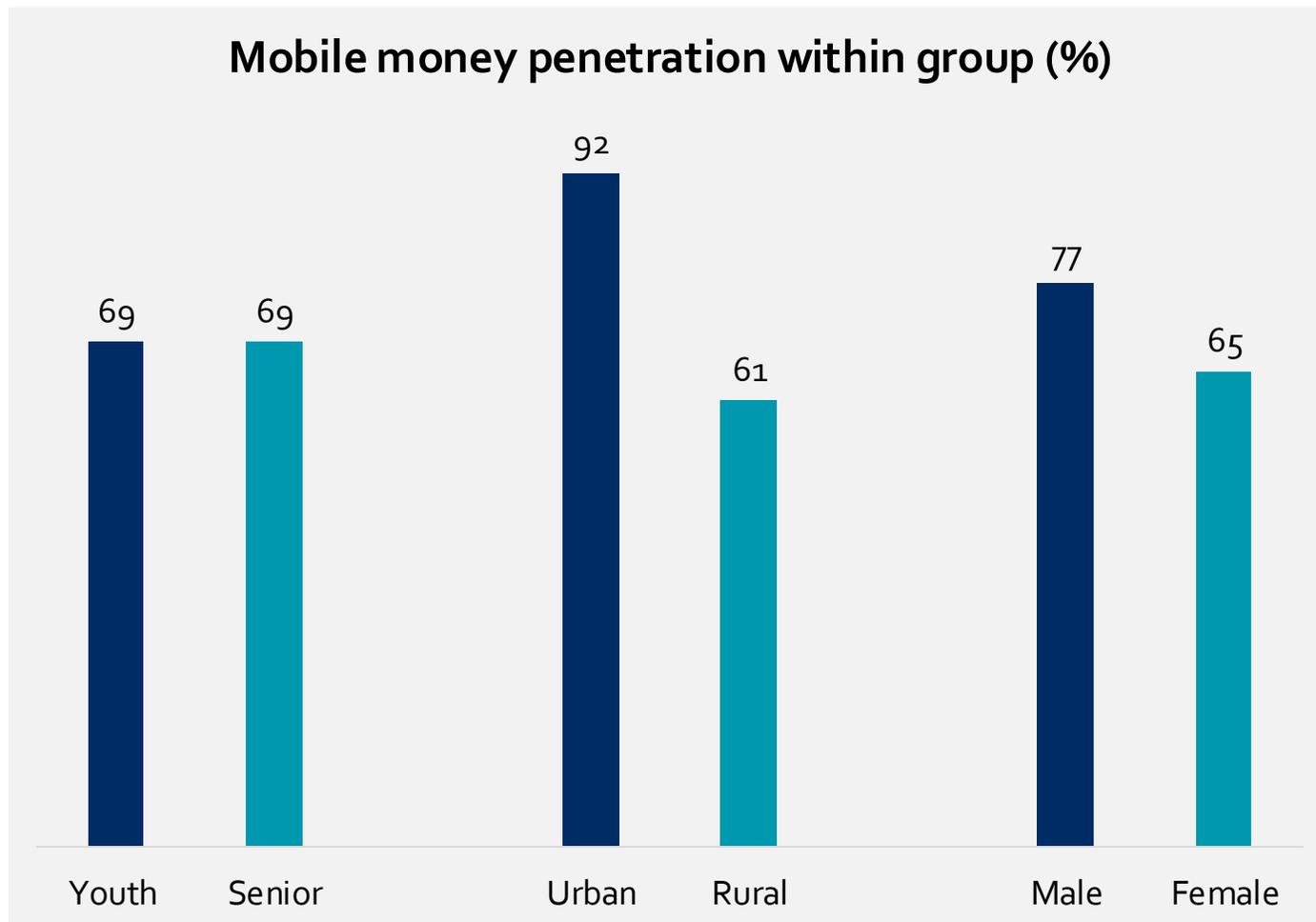


Mobile money

54% adults own a mobile phone but 69% use mobile money with 54% having registered accounts



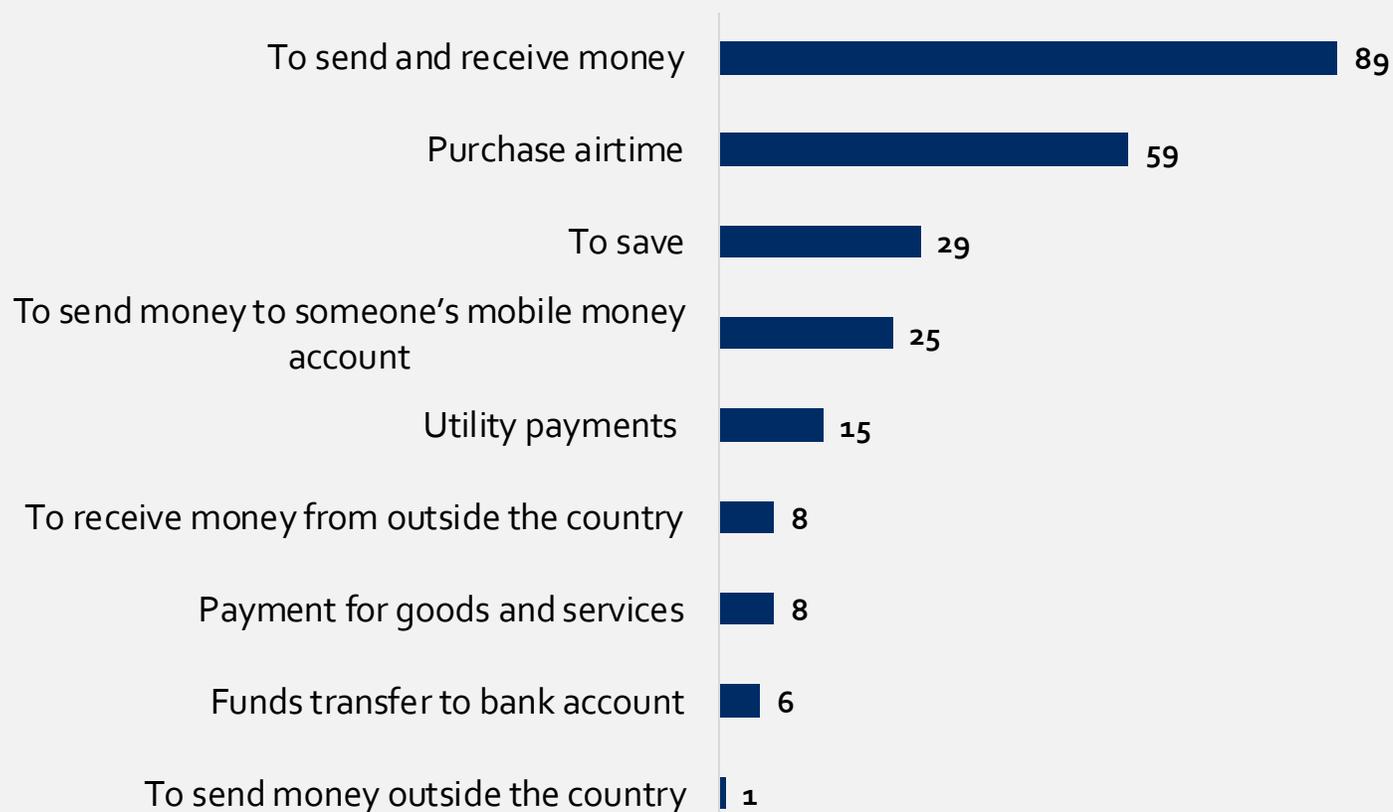
15% of adults **use** mobile money **but do not own** a mobile money account – these are referred to as over-the-counter users that mostly cash in and or cash out.



Mobile money usage

Remittances are the major driver of usage among mobile money users

Transactions performed through mobile money (%)



Barriers to mobile money usage have changed since 2014 due to the increased reach of the service. In 2014, the major barrier was lack of awareness (80%) and lack of information (37%).

In 2023, the common barriers are:

- Not having a cell phone (77%)
- No sim card (36%)
- No money to send (30%)



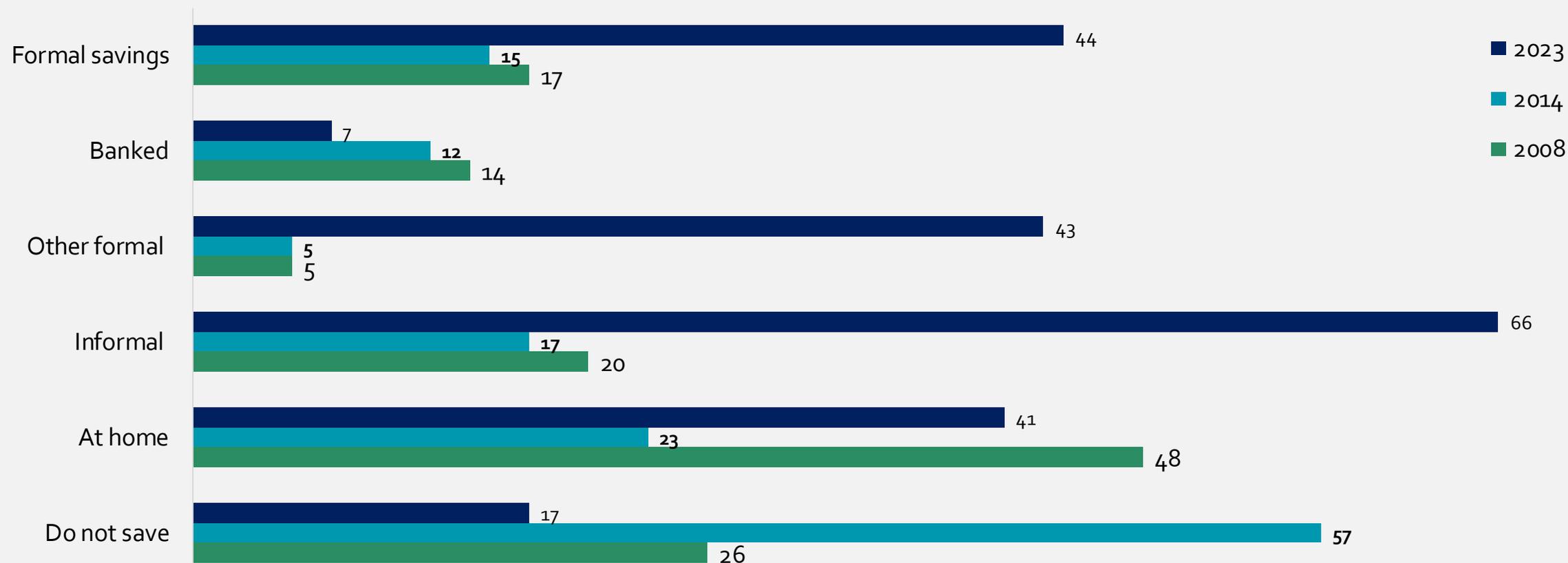
Savings and investments



Savings and investments

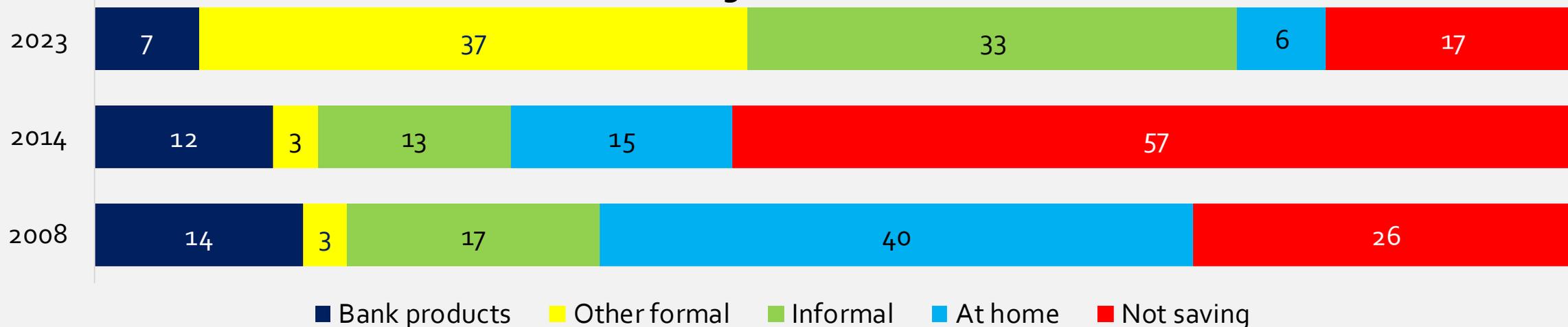
There is a higher usage of informal saving mechanisms as well as an increase in other formal products.

Savings overall with overlaps (%)



Savings and investments

Savings Strand (%)

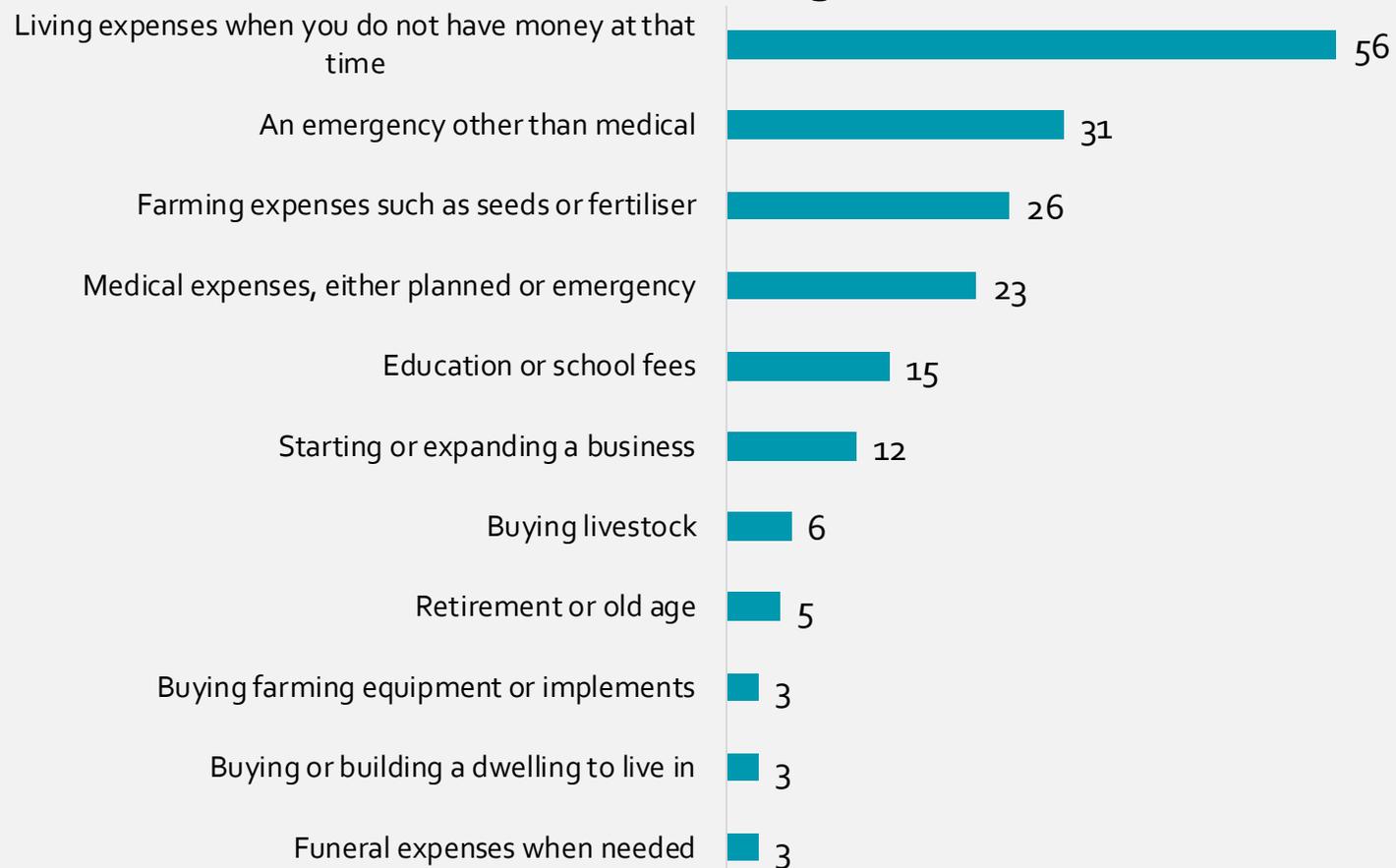


- There has been a decline in savings through banks over the past 15 years. In 2023, we observe an increase in savings through other formal (non-bank) products, which may be due to the easier access to platforms where money can be kept safe and easily accessible, e.g. mobile money wallet savings.
- Informal savings mechanisms are also common in 2023, showing a 20-percentage point increase from 13% in 2014.
- Overall, fewer adults are solely dependent on saving money through secret places.
- Adults not saving have reduced to 17% from 57% in 2014.

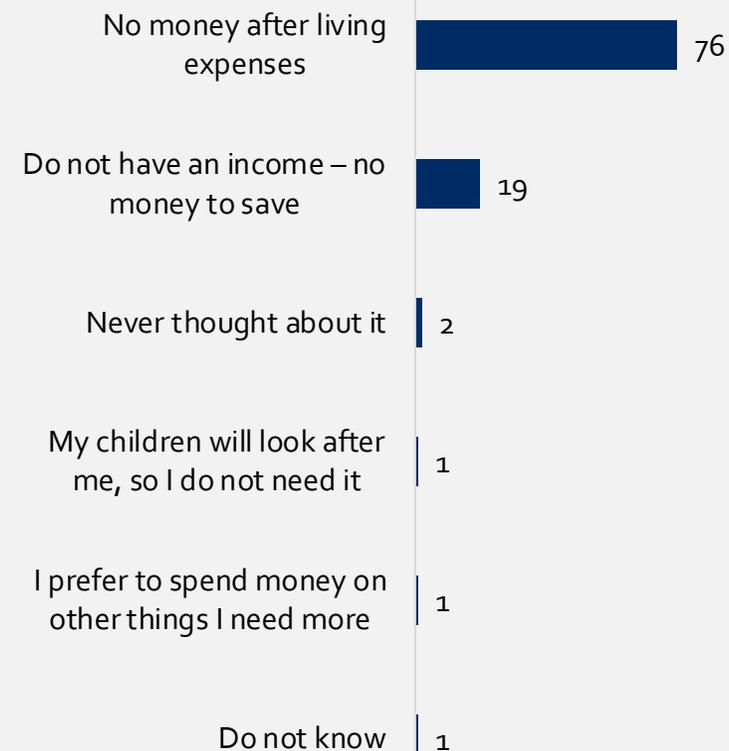
Savings and investments

Adults cited a lack or limited disposable income as a major reason for not investing or saving.

Drivers for savings (%)



Barriers to saving (%)





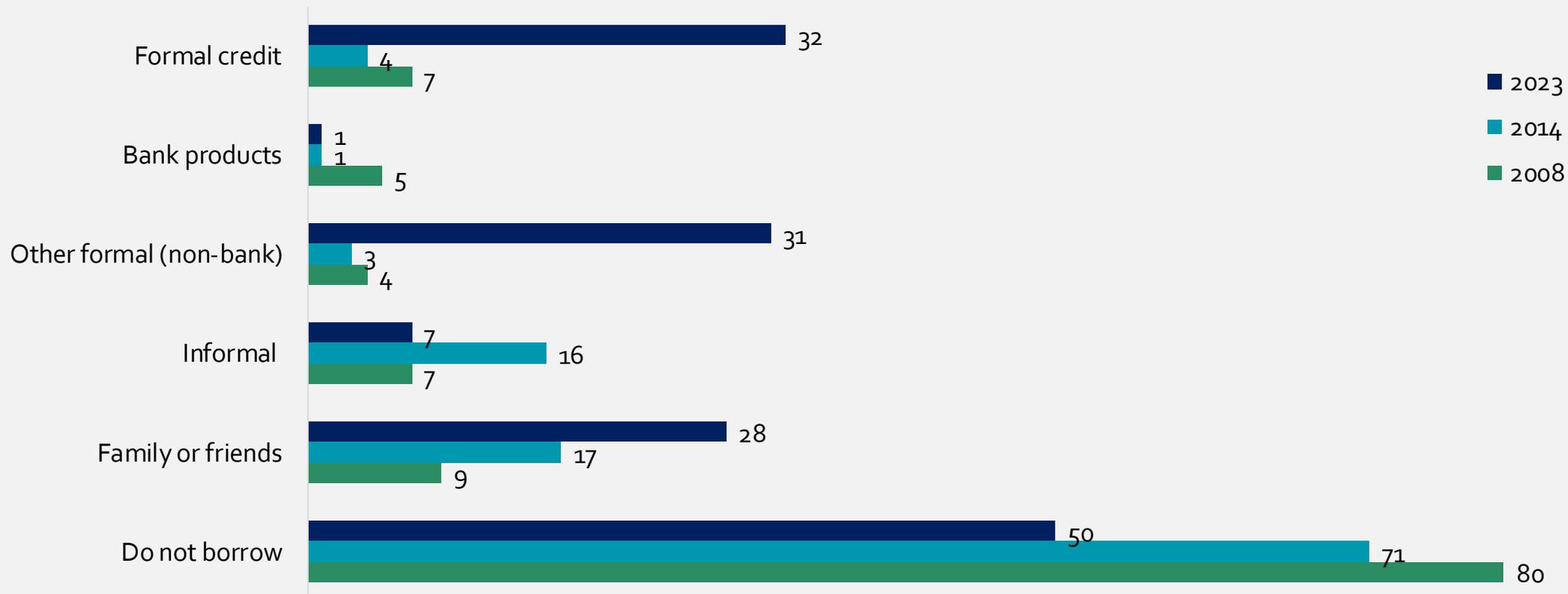
Credit and borrowing



Borrowing and credit

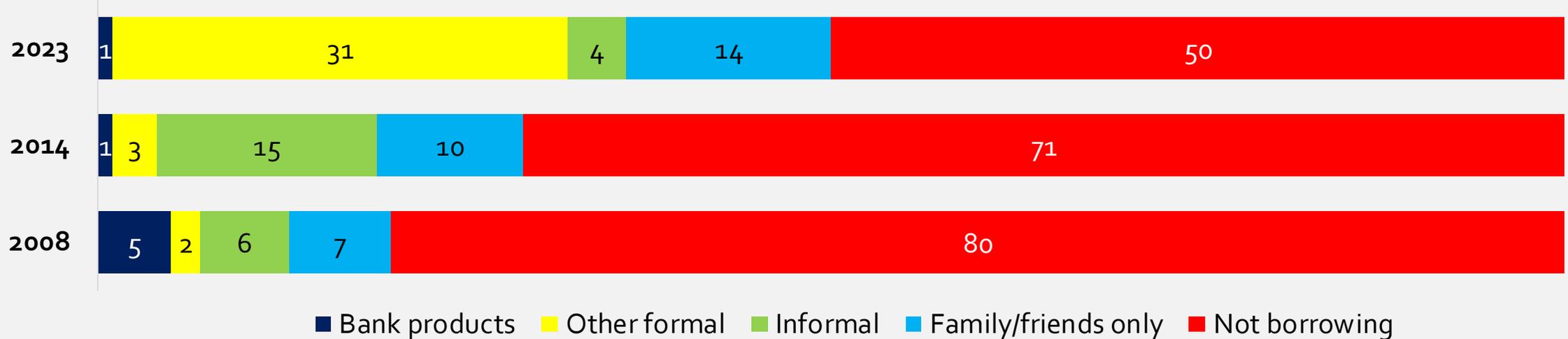
Overall credit consumption increased – adults commonly used mobile money credit and family or friends.

Credit overall with overlaps (%)



Borrowing and credit

Credit Strand (%)



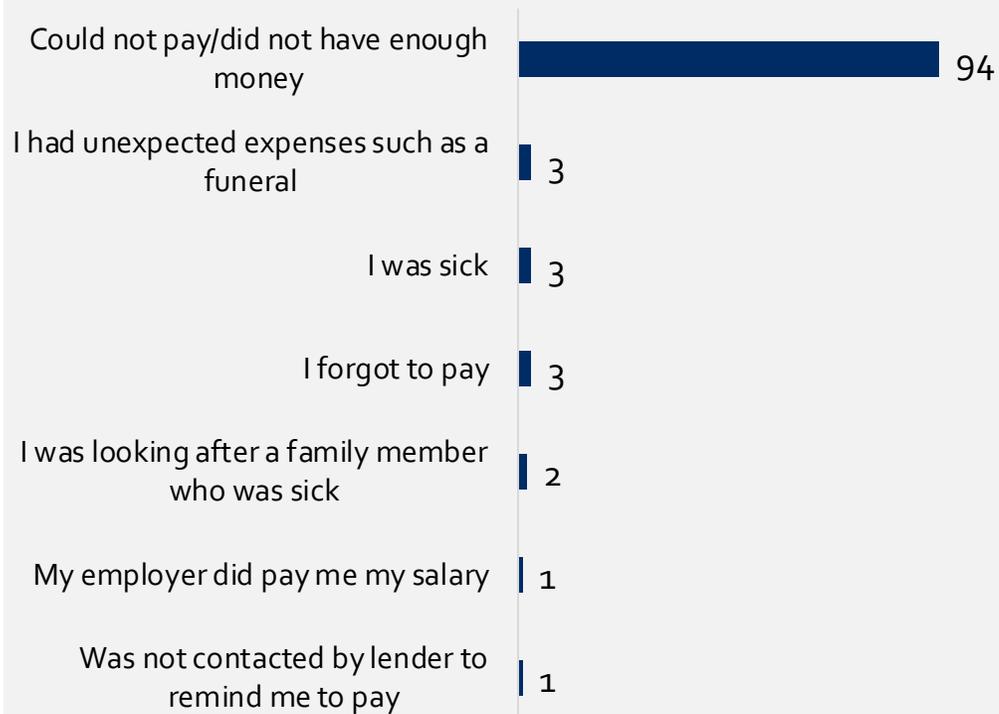
- There is an increase in formal credit mainly from non-bank institutions – borrowing from other formal (non-bank) products such as mobile money (86%) and other institutions.
- There are slightly more adults that are solely dependent on borrowing from family or friends but there is a reduced usage of informal mechanisms.
- Adults not borrowing have reduced to 50%.

Borrowing and credit

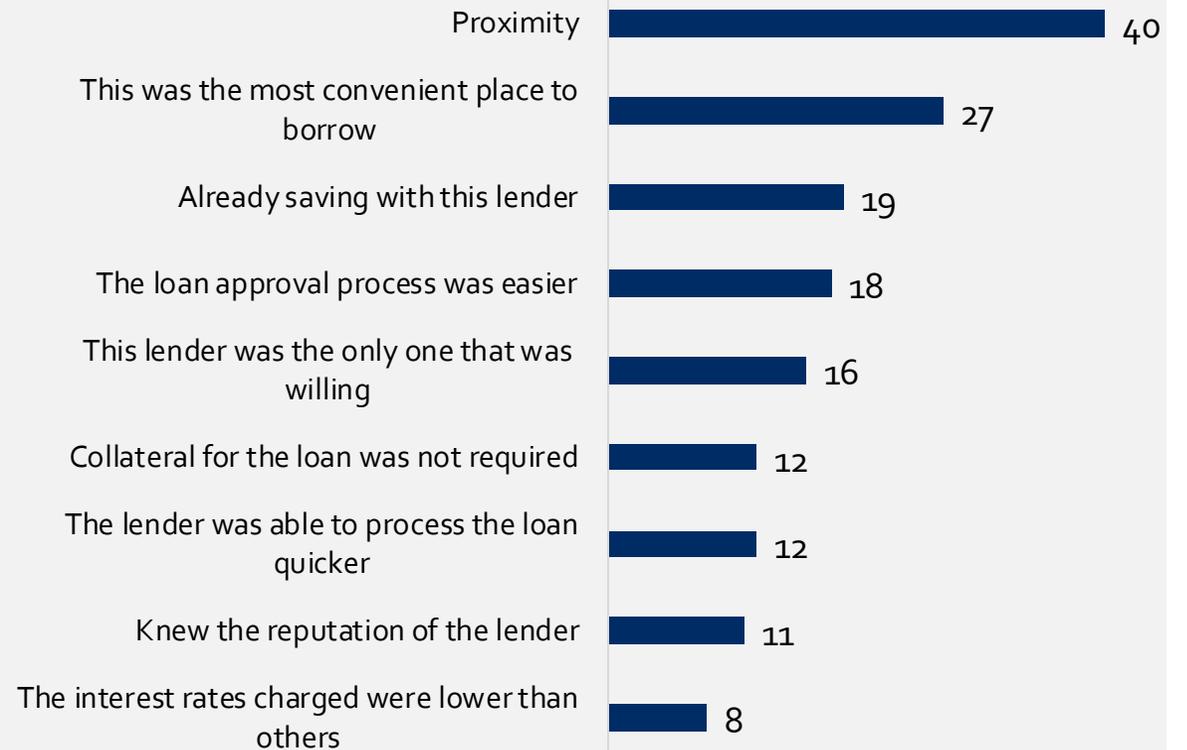
While there is an increase in borrowing, symptoms indicate some adults are struggling with debt.

43% of current borrowers have been late on their loan repayments.

Reason for late debt repayments (%)



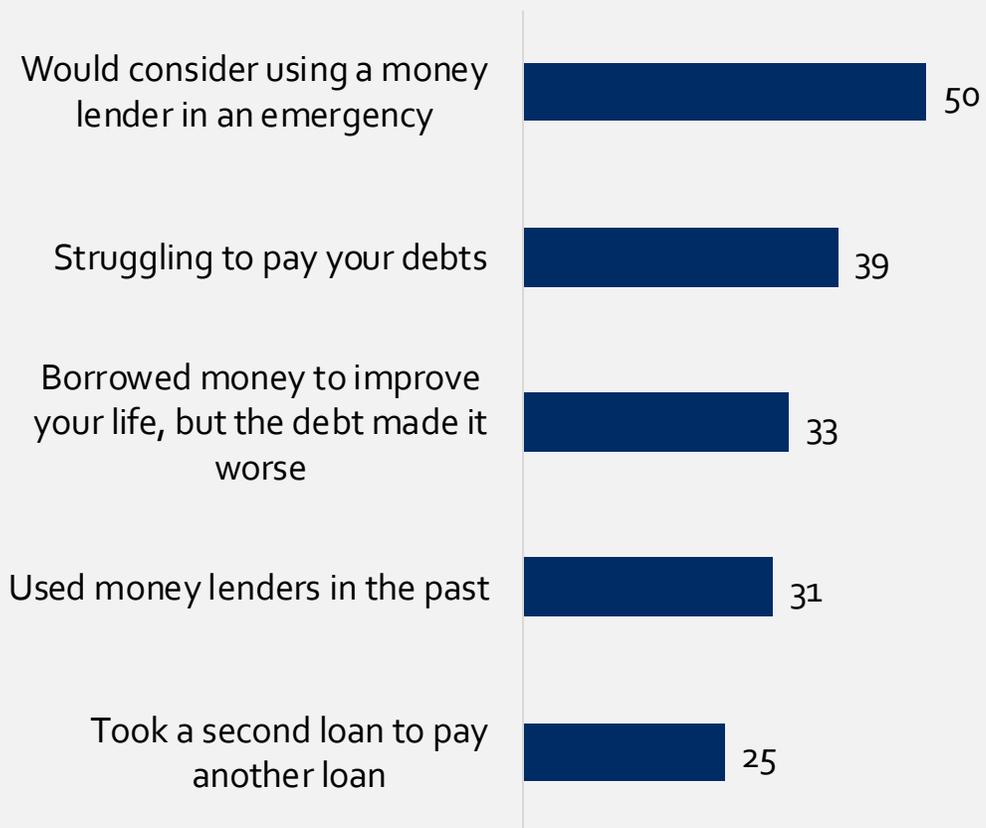
Top reasons for choosing where to borrow (%)



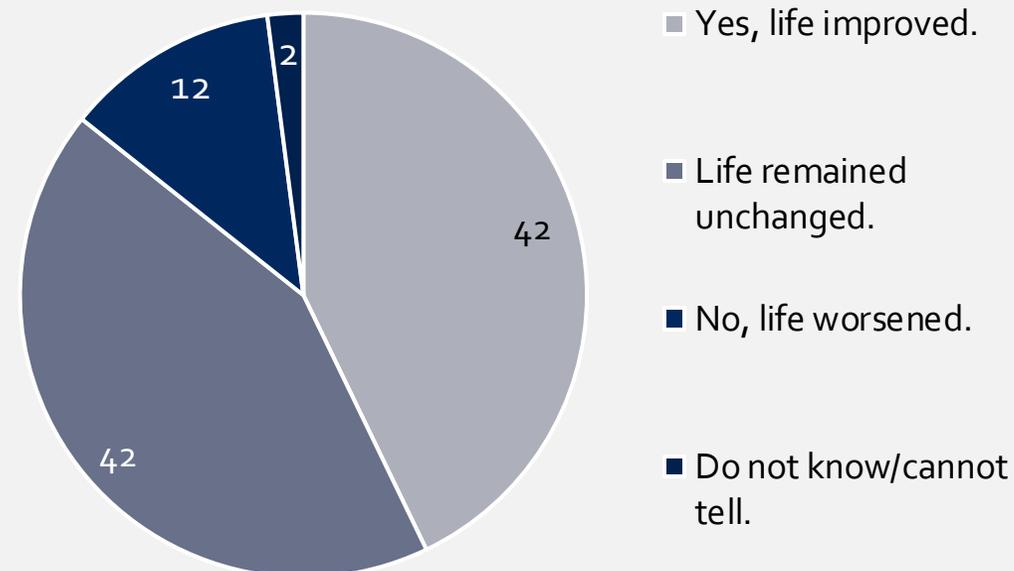
Borrowing and credit

Credit should be monitored to ensure it does not cause adverse effects such as loss of property and financial distress.

% Agreeing with statement



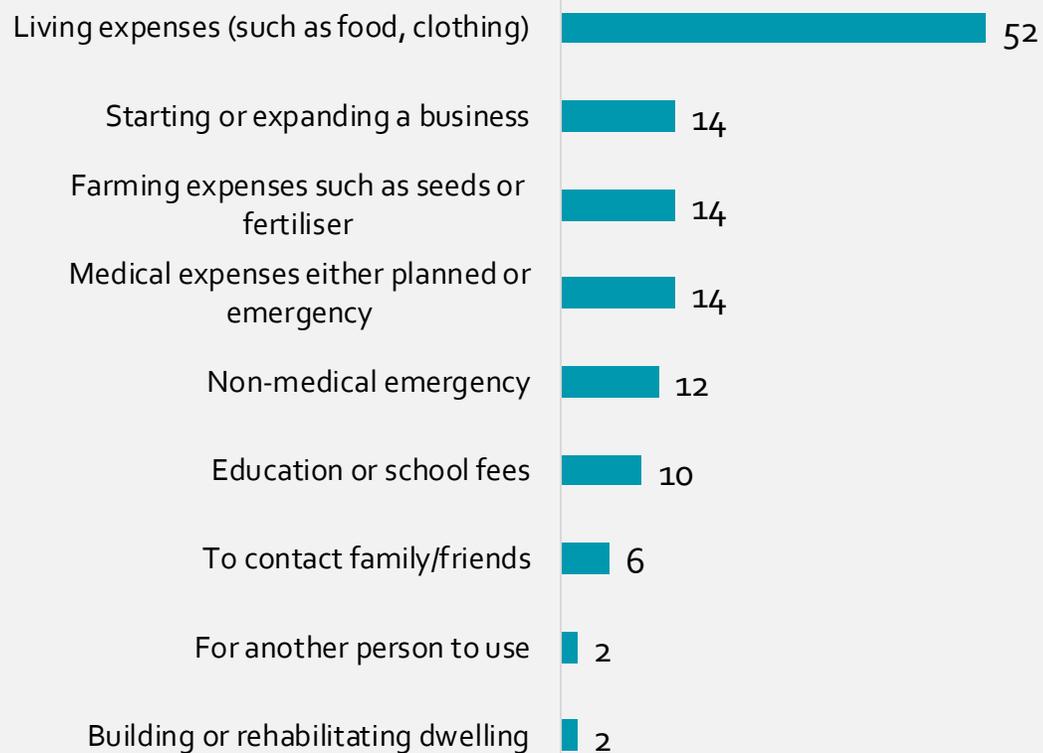
Has access to credit improved your life? (%)



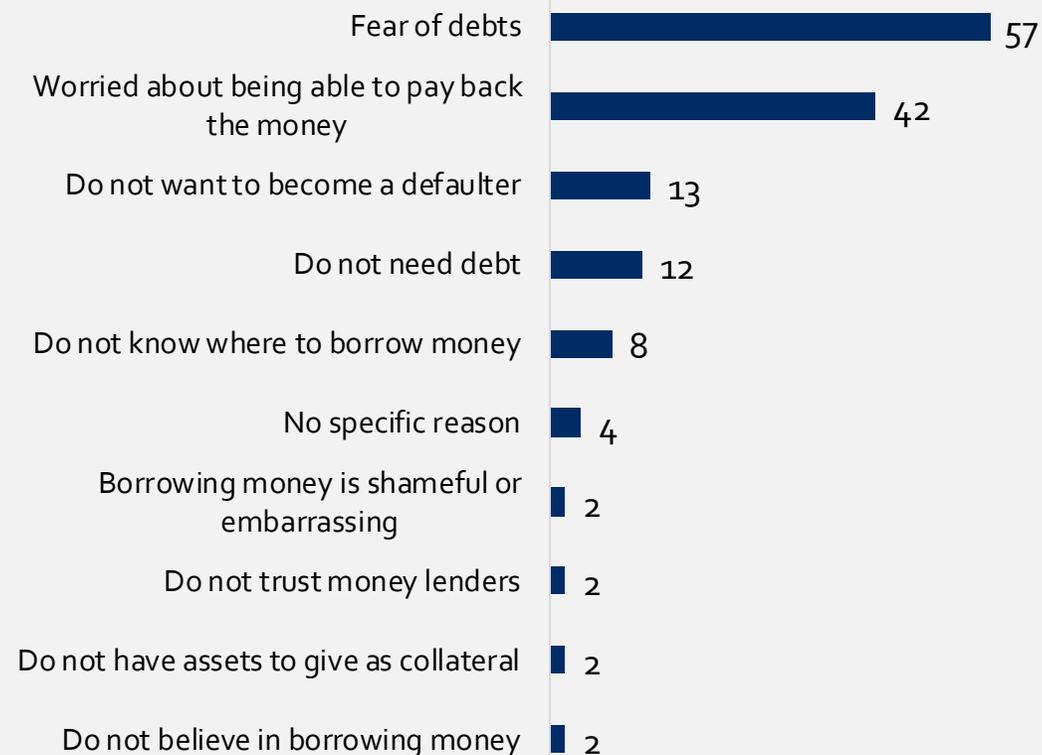
Borrowing and credit

The majority of credit users borrow for consumption. Most of those who do not borrow fear debts and are worried about their ability to repay.

Drivers for credit (%)



Barriers to credit (%)





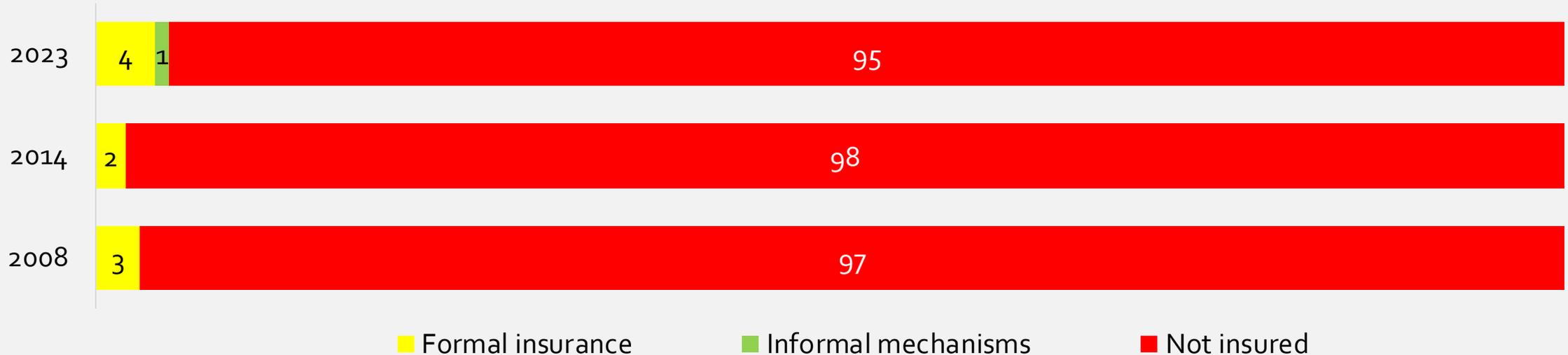
Insurance and risk mitigation



Insurance and risk management

5% of adults have some form of risk mitigation mechanism

Insurance Strand (%)



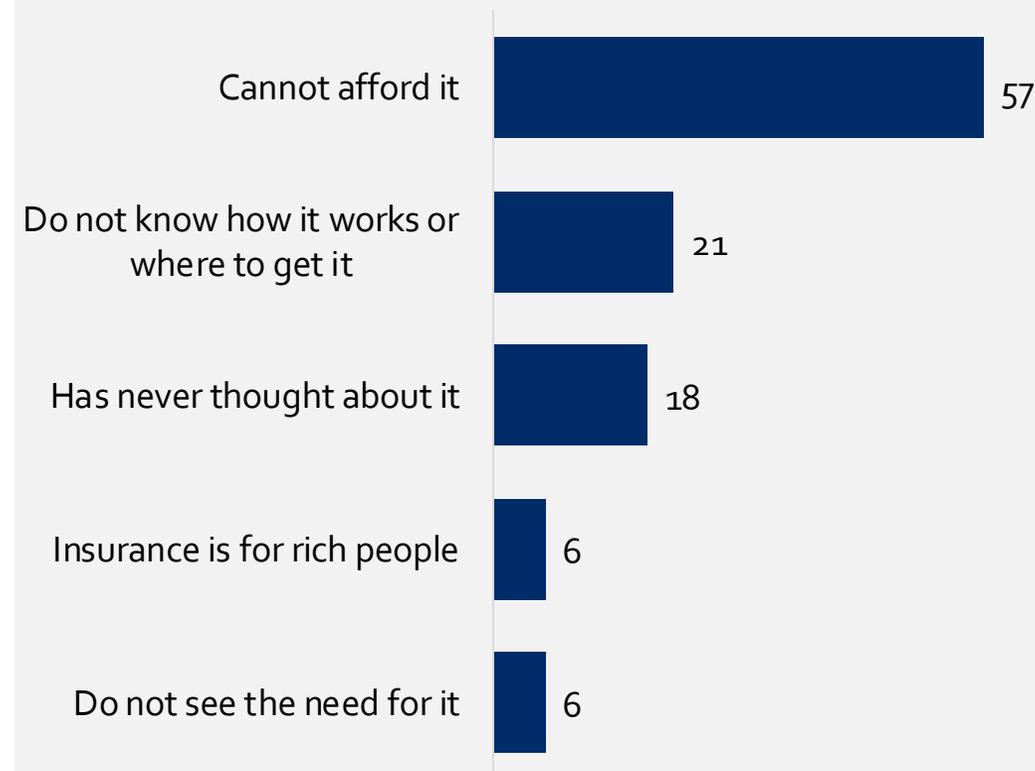
- There is an increase in the uptake of insurance – mainly formal insurance. There are also more adults without any insurance in 2023 than in previous years.

Insurance and risk management

The insurance sector is led by motor vehicle insurance, which shows a steady increase while life insurance has dropped.

Insurance product	2023	2014
Motor insurance	43%	35%
Medical cover	20%	39%
Life insurance	15%	41%
Funeral cover/insurance	11%	4%
All risk cover	8%	n/a

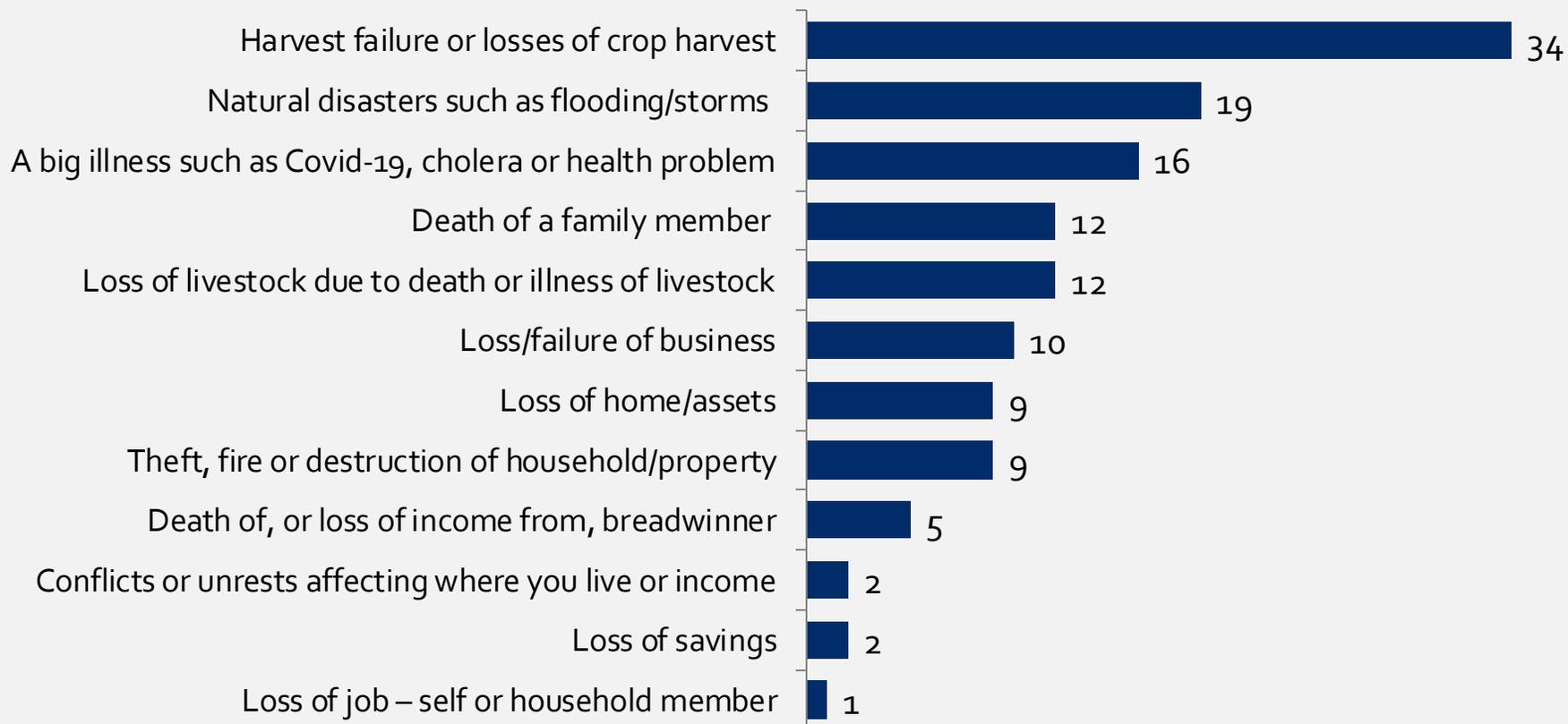
Barriers to insurance (%)



Risks experienced in the past year

60% of adults experienced a risk event that had a negative impact – most adults experienced harvest or crop failure and flooding.

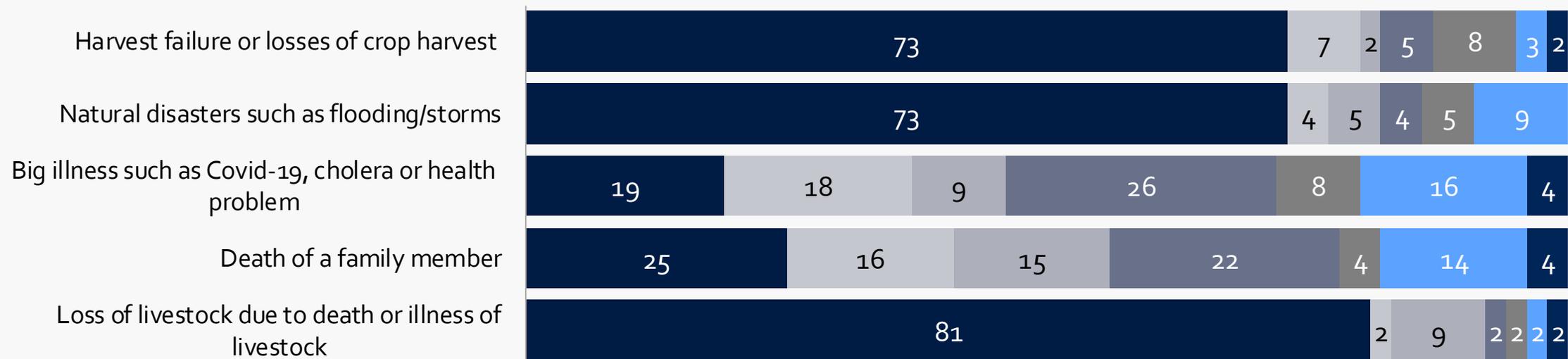
Risks experienced in the past 12 months (all adults %)



Risks and coping strategies

Most adults who experienced the loss of livestock or crop failure did nothing about the situation and in all top five risks experienced, no formal insurance claim was applied.

Coping strategies for main risks experienced (%)



■ Nothing

■ Sold something

■ Savings/Balance in account

■ Borrowed money/pawned goods

■ Cut down expenses

■ Assistance from others

■ Savings group benefit



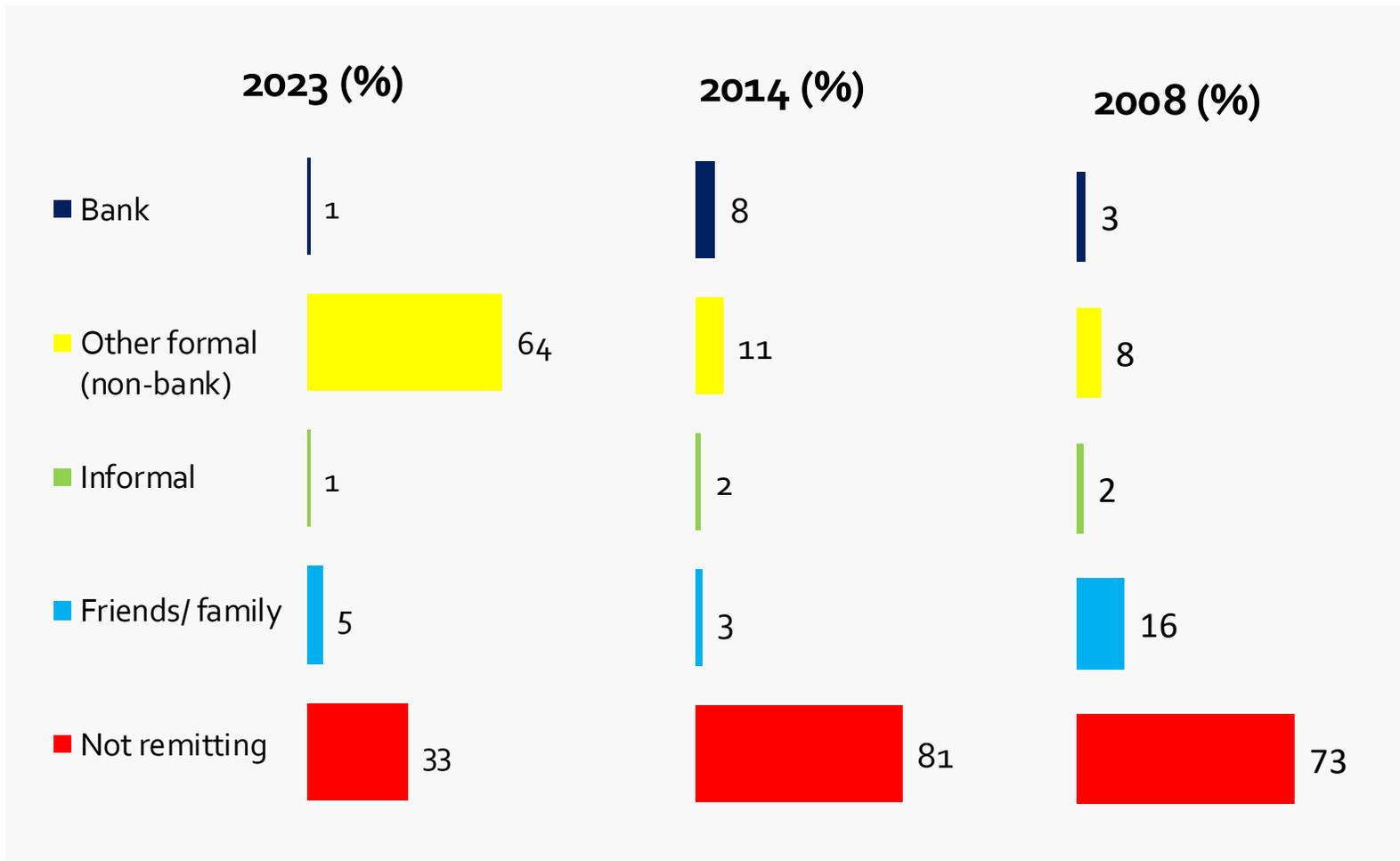


Remittances



Remittances

There has been a significant increase in individuals who remit formally.



- Remittances have grown, spurred mainly by the uptake of mobile money.
- The use of bank services as a remittance tool has dropped, suggesting a preference for the use of mobile money.
- The use of informal mechanisms and family or friends is low, although a significant proportion still use family or friends. These adults do not own any formal products in their name.

Remittances

Remittances Strand (%)



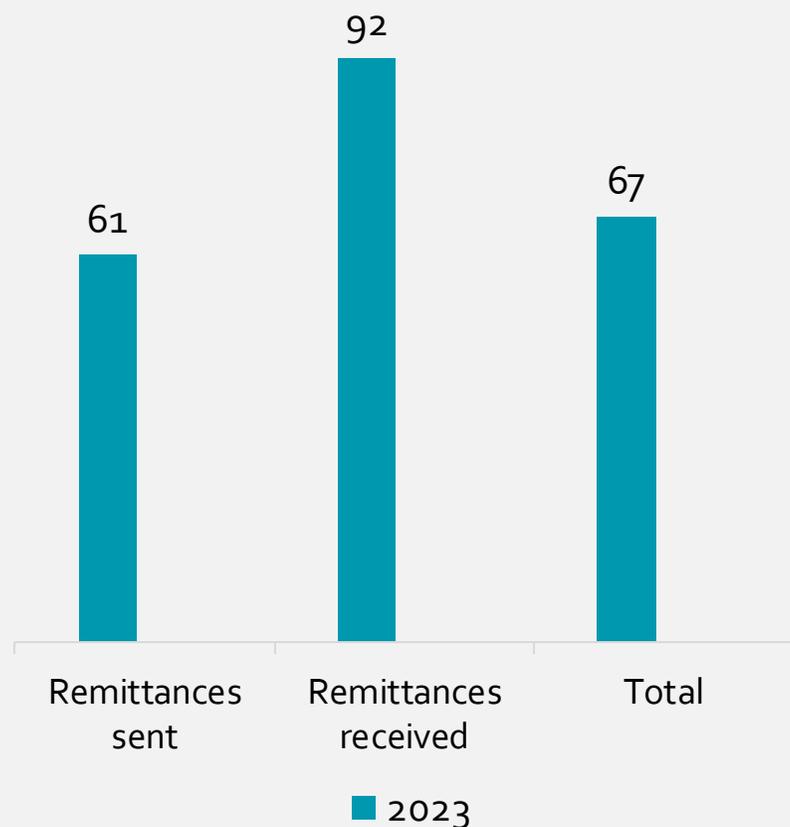
Remittances are a source of funds to alleviate poverty, facilitate business start-up and growth, and as a resilience mechanism. The main uses of remitted funds (both received and sent) are for living expenses, business expansion or start-up, education fees and medical expenses.

Further interoperability of remittance tools such as the bank, mobile money and money transfer operations making the service cheaper will include more adults.

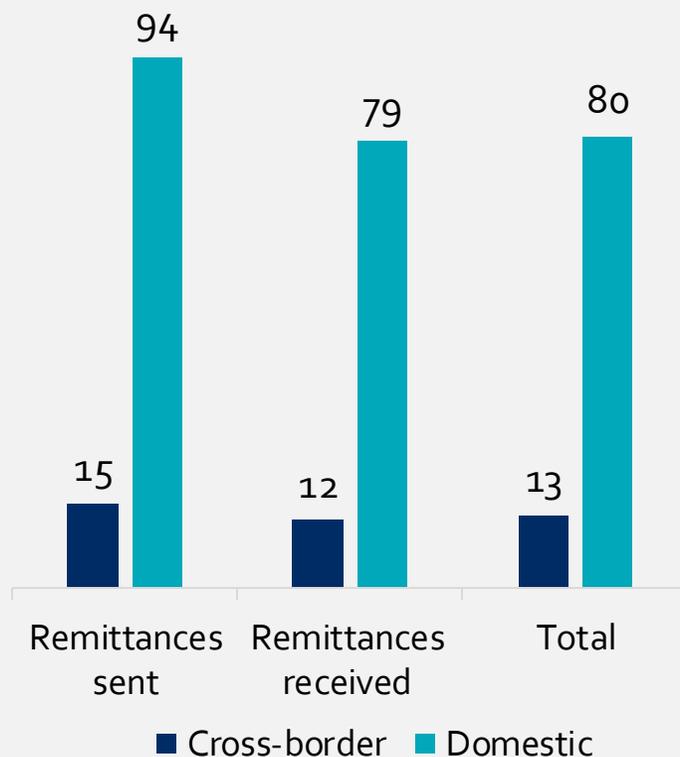
Remittances

Cross-border remittances have increased but domestic remittances have drastically reduced.

Remittances breakdown (%)



Remittances by location (%)



- There are more adults receiving remittances than sending. This links to the 25% of adults who depend on remittances as a source of income. Most adults receive domestic remittances from urban areas.
- Of those who are remitting, about 1 in 10 send or receive money from outside the country.



Conclusion and recommendations



Conclusion and recommendations

- The survey findings suggest that Malawian adults and households are resilient and weathered the challenges of the Covid-19 pandemic, shrinking formal employment and the tight economic climate.
- Access to basic amenities is slowly improving with an increase in the proportion of households with electricity, running water and basic sanitation.
- Farming is still the mainstay of household livelihoods, which is largely characterised by consumption farmers with limited access to farming inputs and frequently experiencing shocks such as flooding and drought.
- Outside of farming, self- (MSME) and informal (piece work) employment and remittances are the most common income sources for adult females who, on average, often have lower earnings.
- The welfare of the bulk of Malawians indicates financial strain with worsening poverty indicators.
- The bulk of adults find it difficult to keep up with financial commitments and often run out of funds before the next earning. Financial literacy rates are improving and can assist in financial management and reducing risk and exposure to financial loss. Improvements in education levels have been recorded, which may also explain the improved financial literacy rates.



Conclusion and recommendations

- Despite the need to improve the proportion of adults who are financially literate, improving livelihood sources is pertinent to improving the welfare of Malawians. The proportion of adults who are dependent on other household members is high, which may result in slowing the improvement in living standards.
- Agency does not appear to be an issue at a household level as most adults claim full participation in the household or personal finance decision-making.
- Financial inclusion has improved in the past decade owing to a huge uptake of other formal (non-bank) financial products such as mobile money. Overall, the targets set out in the NFIS II have been surpassed.
- The uptake of banking products has decreased when looking at both the proportion and absolute number of adults. The drop was mainly in the combined ownership savings and transactional products (including remittances). The usage of banking services is driven by formally salaried adults and transactional accounts, both of which have shrunk. Despite the drop, the number of adults borrowing from the bank has increased.
- Mobile money services are leading the access frontier in both urban and rural areas, and across females and males. The common use cases of the tool are remittances, payment of utilities, savings and credit. There are opportunities to expand on investment and insurance products via mobile money.



Conclusion and recommendations

- **Landscape products**

- **Savings and investments** – although bank savings have dropped, formal savings have increased mainly through those saving on their mobile money wallets. The use of informal mechanisms is high together with ROSCAs and ASCAs. Overall, a higher proportion of adults are saving mainly for consumption smoothing and unexpected risks.
- **Credit and borrowing** – there are more borrowers with increased formal credit driven by mobile money loans. As more adults face tight economic situations, the findings show an exponential increase in those borrowing from family and friends and fewer borrowing from moneylenders.
- **Insurance and risk mitigation** – there is a slight increase in insured adults, mainly driven by motor vehicle insurance (compulsory) and funeral cover or policy. The main barriers are affordability and awareness.
- **Transactions and remittances** – the use of digital financial services is increasing as more adults operate on bank and MNO wallets. Bank remittances have dropped to an all-time low, paving the way for mobile money. The platform has proven to be efficient for those dependent on remittances.



Conclusion and recommendations

- **Recommendations**

- Deepening the usage of financial products can improve the utility derived by consumers. With the significant reach of formal financial inclusion (breadth), there is a need to promote a second-tier financial system, spring boarding mobile money and traditional bank accounts.
- Access to credit is improving and can help individuals, farmers and MSMEs to acquire human and physical capital, and engage in entrepreneurial activities that may serve as conduits for upward social mobility. However, signs of over-indebtedness are prevalent and require lenders to ensure consumer affordability and a role for regulators in this regard.
- Understanding of and leveraging fintech innovations. Fintechs play a key role in increasing the reach of financial services and fostering competitiveness among market participants, ultimately delivering value to consumers. Potential areas where fintechs may have a transformative impact in this market is the provisioning of credit, particularly to farmers and MSMEs. Policymakers and regulators need to understand the Malawian fintech landscape and create an enabling environment for fintechs as part of the financial sector.
- Policy interventions that seek to expand access to credit for these segments are a priority for economic growth.



Conclusion and recommendations

• Recommendations

- Continued prioritising of financial consumer education through financial literacy programmes that will enable consumers to gain knowledge, skills, attitude and behaviour to be aware of financial opportunities, and make informed choices. Climate change issues should be considered for both households and MSMEs, given their importance.
 - Given the rise of DFS, the future is increasingly digital. Consumer education should strengthen digital literacy. Channels for delivering messages are key to reaching the targeted groups.
- Adopt Financial Inclusion 2.0 (FI2.0) and embrace a focus towards addressing real economy needs through better financial solutions. Identify and facilitate the implementation of financial interventions that will improve the resilience and sustainable livelihoods of the target groups. Studies focused on MSMEs should be conducted to inform policy and product development centred around the needs of business owners to create an enabling business environment.
- Continued enabling regulatory environment – a conducive macroeconomic environment is critical to ensure the achievement of financial inclusion goals. Efforts towards combating inflation should continue.
- Strengthen sector and policy coordination to ensure that financial inclusion priorities are streamlined in government ministries and agencies as well as development partner programmes. Continued monitoring and evaluation of financial inclusion targets is key.





Thanks you

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More than 20 years of
making financial markets
work for the poor