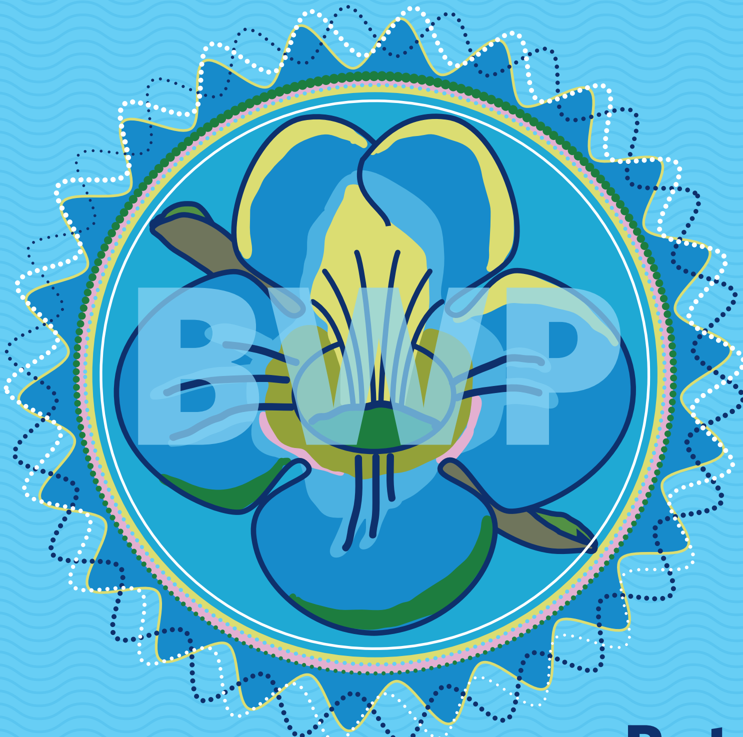
FMT
FINMARK TRUST
Making financial markets work for the poor

REPUBLIC OF BOTSWANA

Ministry of Finance



FinScope

Consumer Survey Report

Botswana

2024

OVERVIEW

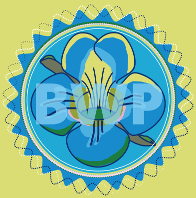
The FinScope Consumer Survey Botswana 2024 (known as FinScope Consumer Botswana 2024) was commissioned by the Ministry of Finance (MoF). In the implementation of the survey, the Steering Committee was formed with the aim of putting in place technical procedures for the design and implementation of a global and inclusive process according to the local context. FinScope Consumer Botswana 2024 represents a collaboration between the following Steering Committee members:

- Ministry of Finance (Chair)
- Bank of Botswana
- Non-Bank Financial Institutions Regulatory Authority
- Insurance Institute of Botswana
- Competition & Consumer Authority
- Botswana Communications Regulatory Authority
- Ministry of Trade and Entrepreneurship
- Ministry of Higher Education
- Ministry of Child Welfare and Basic Education
- Ministry of Lands and Agriculture
- Ministry of Labour and Home Affairs
- Ministry of Communications and Innovation
- Statistics Botswana
- Citizen Entrepreneurial Development Agency
- The Local Enterprise Authority
- Bankers Association of Botswana

The FinScope survey is dynamic and the content is evaluated by several stakeholders including the private sector, NGOs and Government to ensure that the most relevant consumer data is collected.

Introduction

The Government of Botswana has actively been championing aspirations towards an 'inclusive, growth-oriented society'. These efforts are supported by driving data-led, evidence-based decision making. Since 2004, the need to track such progress has been articulated in the National



The cover symbol
Through FinScope Consumer Botswana 2024, we hope to effect real change at country level and see the impact of financial inclusion on broader national growth and development. The cover graphic features a flower that symbolises growth and development while the circle represents inclusive growth. The petals of the flower symbolise the various stakeholders engaged with a common vision – financial inclusion for a broader national growth and development.

Financial Inclusion Strategy and Road Map 2024-2030. Therefore, the Ministry of Finance (supported by country stakeholders) commissioned the FinScope Consumer Botswana 2024 survey to help identify and create a roadmap that ultimately secures the realisation of this vision.

FinScope Consumer Botswana 2024 provides credible benchmarks on level of financial inclusion and guide targeted and focused financial inclusion strategies using empirical evidence. FinScope Consumer Botswana 2024 will also act as a national good for use across private, public sectors, academic backgrounds in order to ensure the lives of Batswana are enhanced.

Methodology

- According to Statistics Botswana (SB) latest census, the total adult population is estimated to be 1,54 million as of 2024
- Nationally representative individual-based sample of the adult population aged 18 years and older at district and urban/rural level
- The FinScope sample design is typically a three stage sample with enumeration areas (EAs) – villages in Botswana – as primary sampling units (PSU), households as secondary sampling units (SSU), and individuals selected by Kish Grid from a list of eligible respondents at every selected household as tertiary sampling units (TSU).
- Youth defined as adults 18 - 35 years old.
- Sampling frame and selection, and data weighting was approved by Statistics Botswana (SB).
- 2 987 completed face-to-face interviews conducted by Botswana Institute for Development Policy Analysis (BIDPA) - [July-Sept 2024].

Survey objectives

- To describe the levels of financial inclusion (i.e. levels of access to financial products and services – both formal and informal)
- To describe the landscape of access (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 over time (from 2009,2014, 2020 and 2024)
- To stimulate evidence-based dialogue that will ultimately lead to effective public and private sector interventions that will increase and deepen financial inclusion
- Provide indicators on ‘usage, quality and impact’ of financial inclusion – such as ‘Financial Health’
- Initiate a monitoring & evaluation tracking tools for the National Financial Inclusion Strategy

Published February 2025

ACKNOWLEDGMENTS

The Steering Committee (SC) for FinScope Consumer Botswana 2024 was a collective formation of various institutions that provided strategic guidance and oversight to the study.

Partnering for a common purpose

Ministry of Finance
SC chair & funder

FinMark Trust
Project management, technical assistance

Statistics Botswana
Statistical oversight, quality control

Research House (RH)
Botswana Institute for Development Policy Analysis (BIDPA)

Local Project Coordinator (LPC)
Ms Lusanda Magwape

Steering Committee

Ministry of Finance [Chair]

Bank of Botswana

Non-Bank Financial Institutions Regulatory Authority

Insurance Institute of Botswana

Competition & Consumer Authority

Botswana Communications Regulatory Authority

Ministry of Trade and Entrepreneurship

Ministry of Higher Education

Ministry of Child Welfare and Basic Education

Ministry of Lands and Agriculture

Ministry of Labour and Home Affairs

Ministry of Communications and Innovation

Statistics Botswana

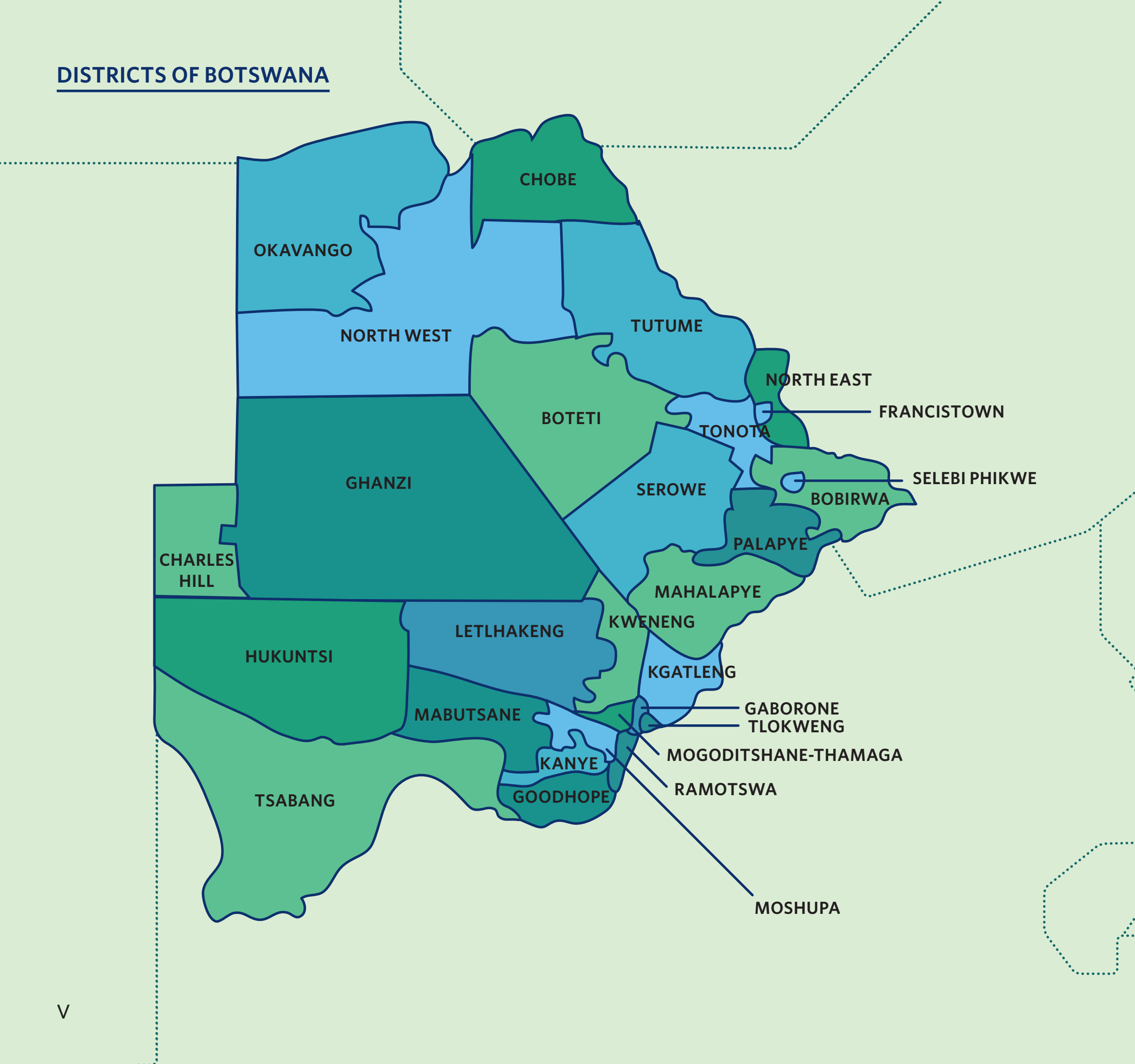
Citizen Entrepreneurial Development Agency

The Local Enterprise Authority

Bankers Association of Botswana

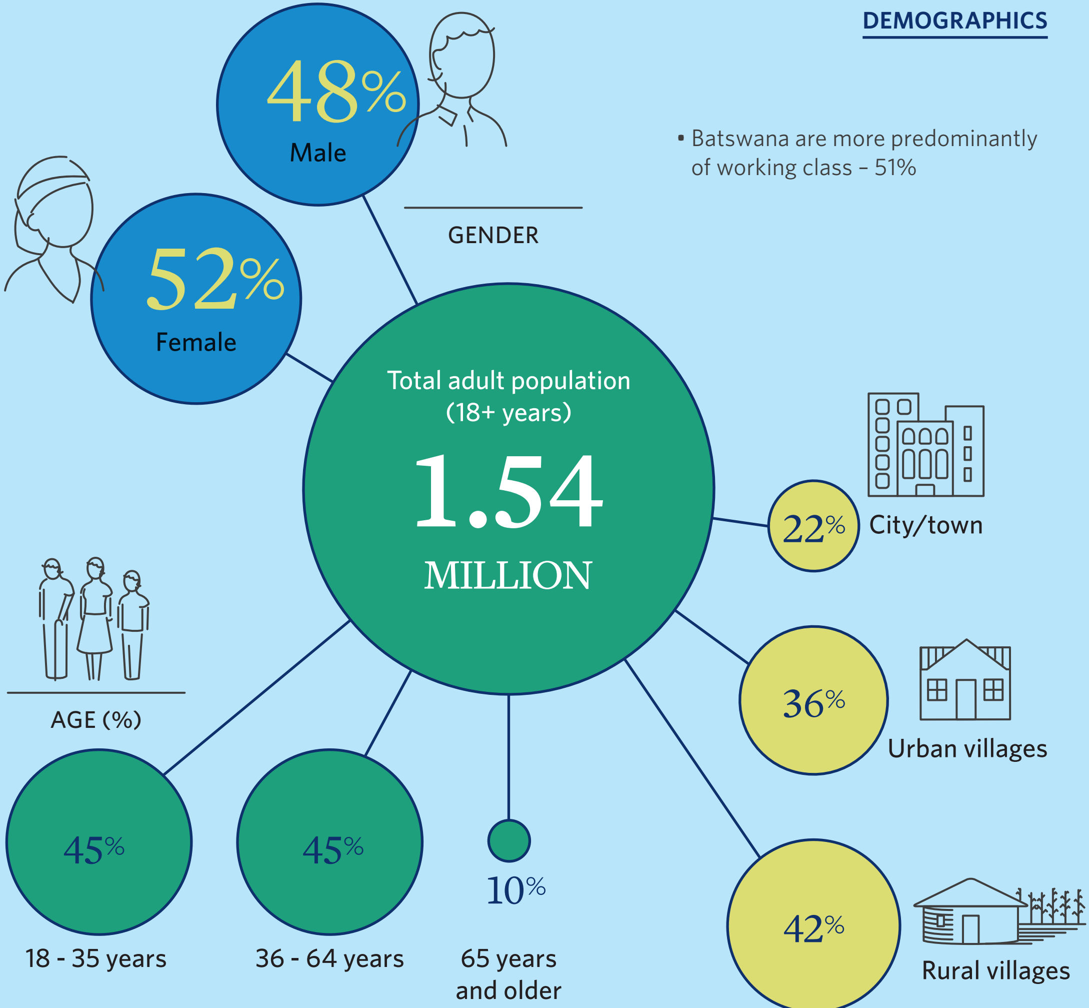
Respondent profile	Sample and methodology	Quality control and data validation
Universe: **Adult population in Botswana.** Residents of Botswana who are **18 years and older.**	Sample drawn by **Statistics Botswana**, Representative on national, urban/rural. **250** Enumerator areas (EAs) selected using probability proportional to size (PPS) sampling and household listing data. **2 987** Face-to-face pen and paper interviews ± 75 min. Fieldwork conducted by **BIDPA** (July – September 2024).	**Quality control/field checks conducted** by the **research house, FinMark Trust, LPC.** Data validation against 2011 Census data and any other data sources. Weighting of the data conducted by **FMT**, checked and approved by **Statistics Botswana.**

DISTRICTS OF BOTSWANA

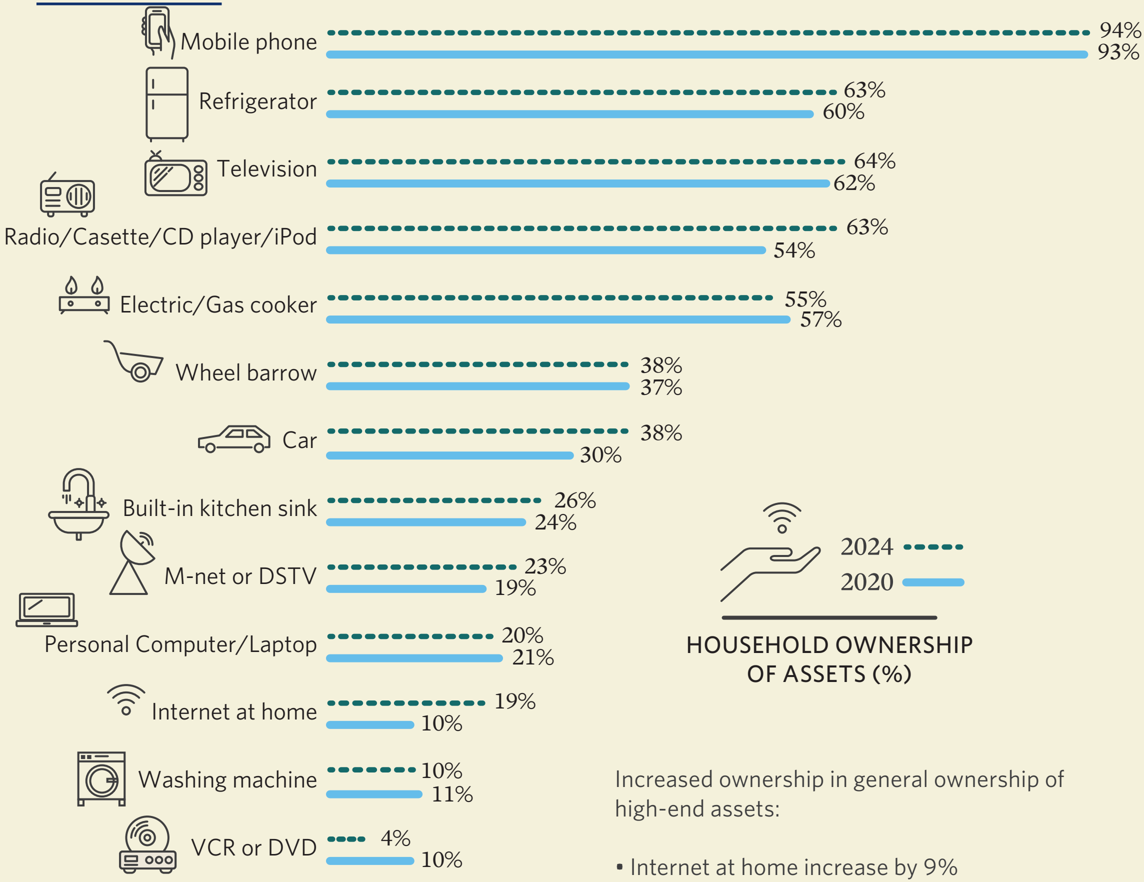


DEMOGRAPHICS

- Batswana are more predominantly of working class – 51%



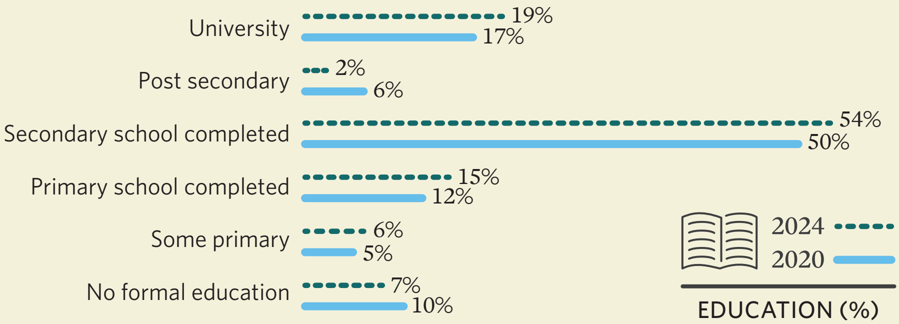
DEMOGRAPHICS



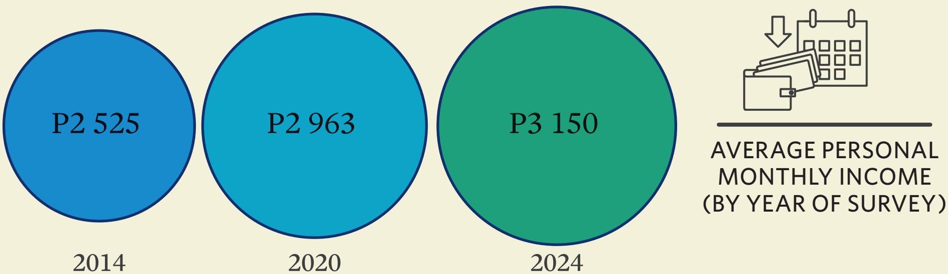
HOUSEHOLD OWNERSHIP OF ASSETS (%)

Increased ownership in general ownership of high-end assets:

- Internet at home increase by 9%
- Refrigerator increased by 6%
- Radio/iPod increased by 11%



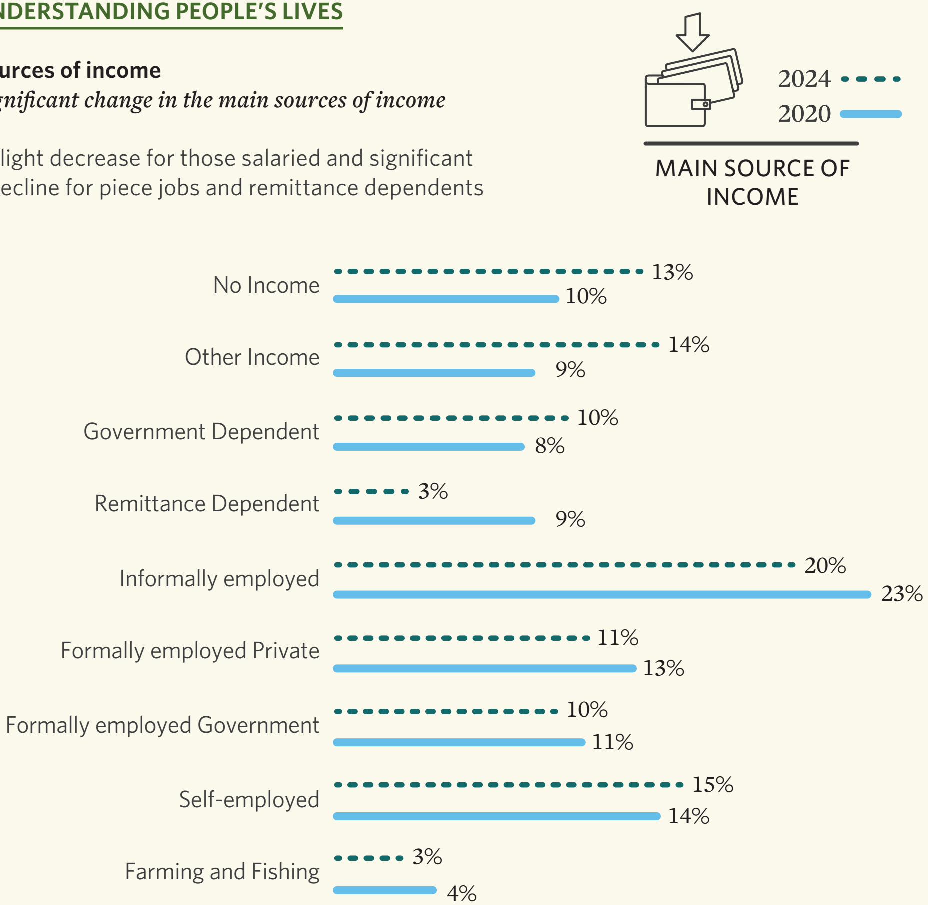
- There has been a marginal increase of adults with formal education and a significant increase in completion rates for secondary school since 2020 and tertiary education (university)
- The average personal monthly income has increased



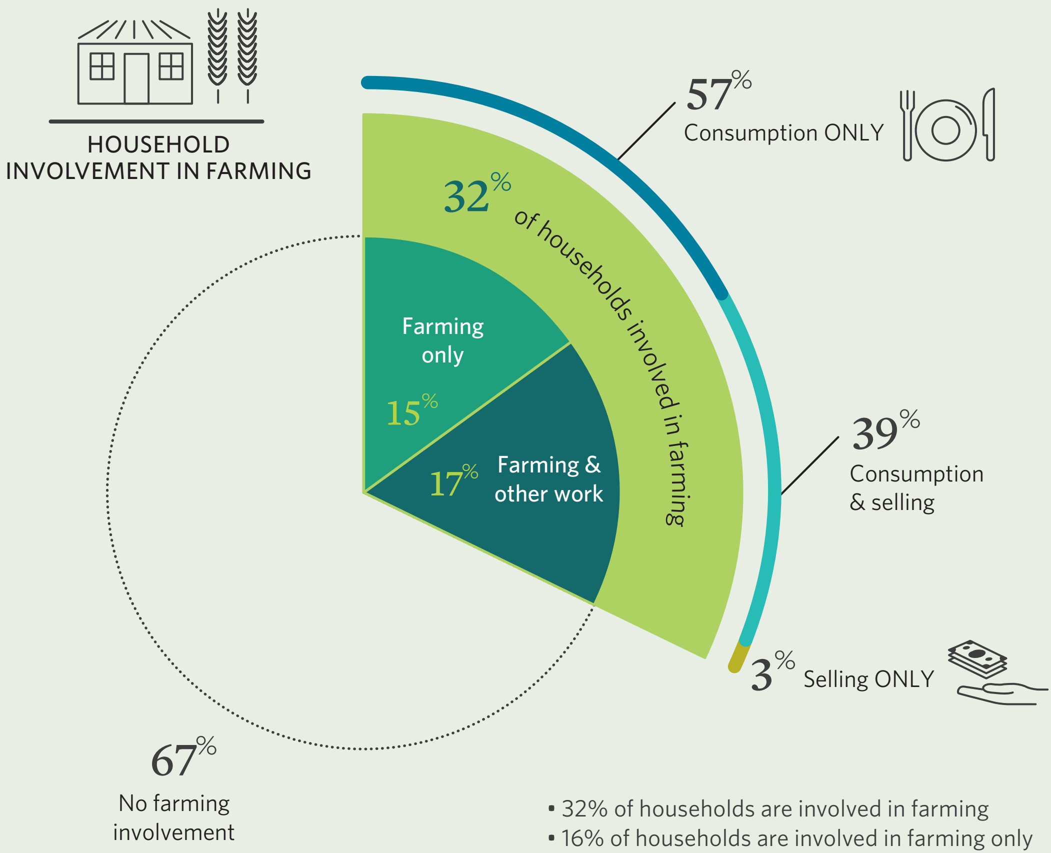
Sources of income

Significant change in the main sources of income

- Slight decrease for those salaried and significant decline for piece jobs and remittance dependents

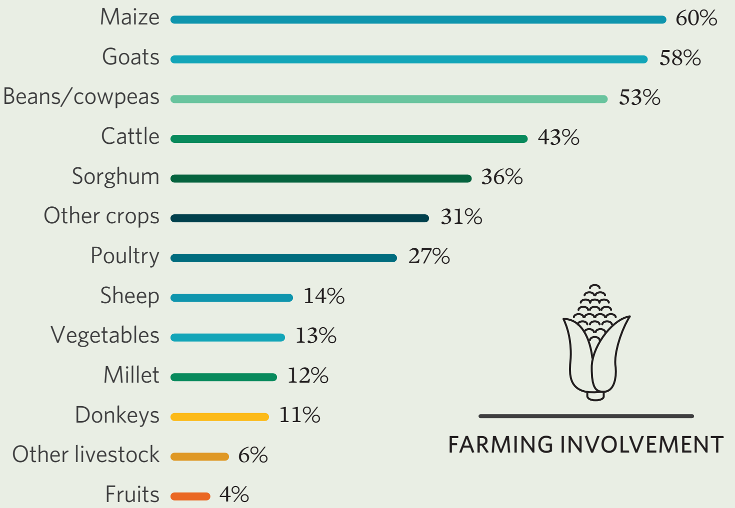


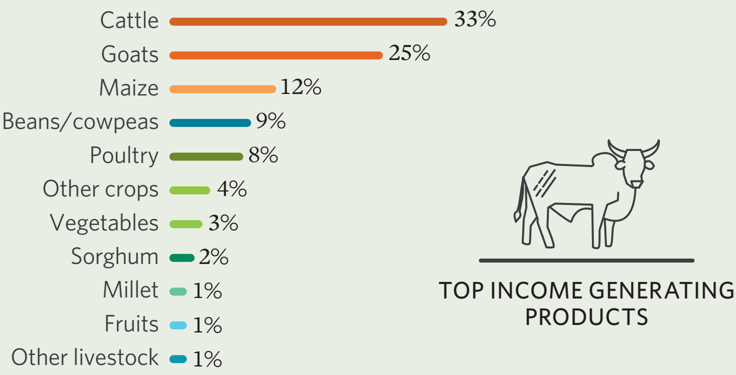
Agriculture



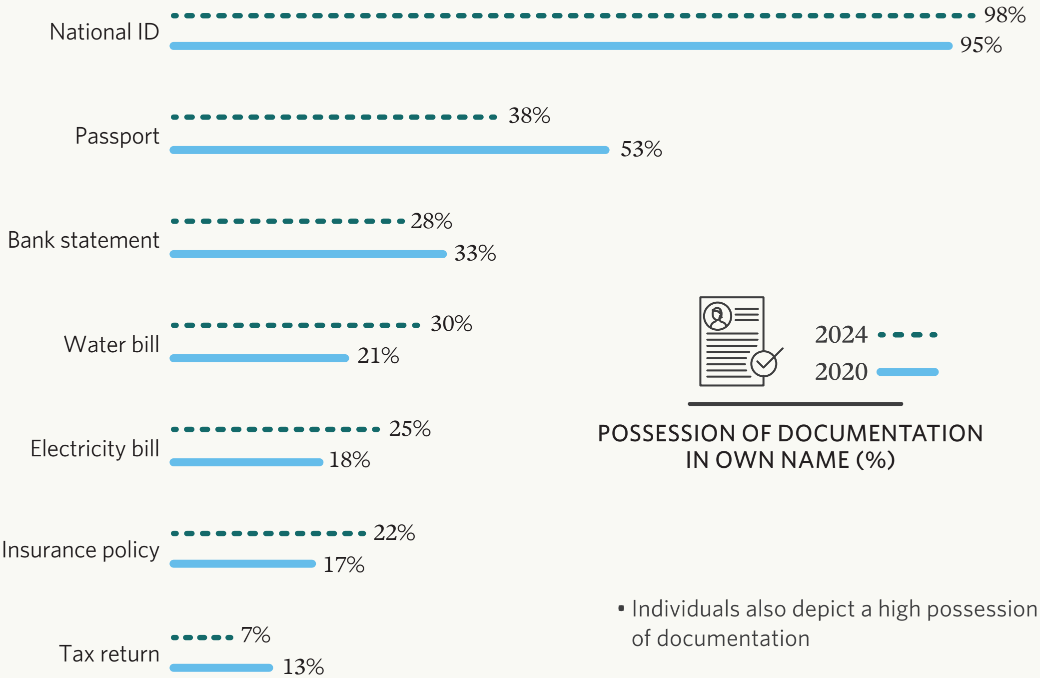
- 32% of households are involved in farming
- 16% of households are involved in farming only

Involvement in farming





Possession of documentation



- Individuals also depict a high possession of documentation

Access to services - improved services

NUMBER OF INDIVIDUALS FROM HOUSEHOLDS WITH ACCESS TO PIPED WATER (inside dwelling or compound)

86%
(1.34 MILLION)

2024

NUMBER OF INDIVIDUALS FROM HOUSEHOLDS WITH ELECTRICITY (mainly used for lighting)

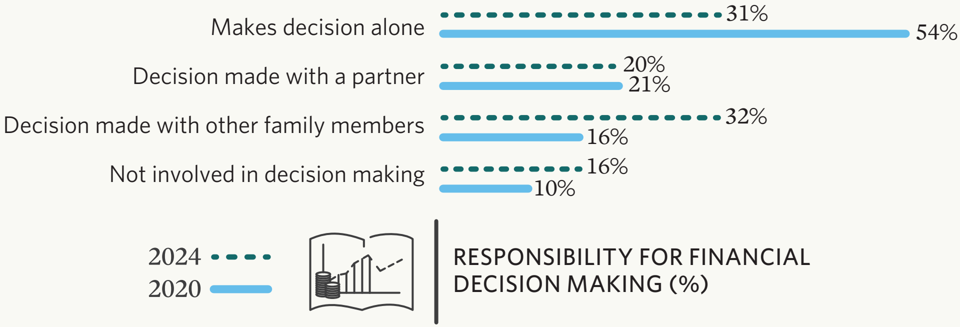
82%
(1.3 MILLION)

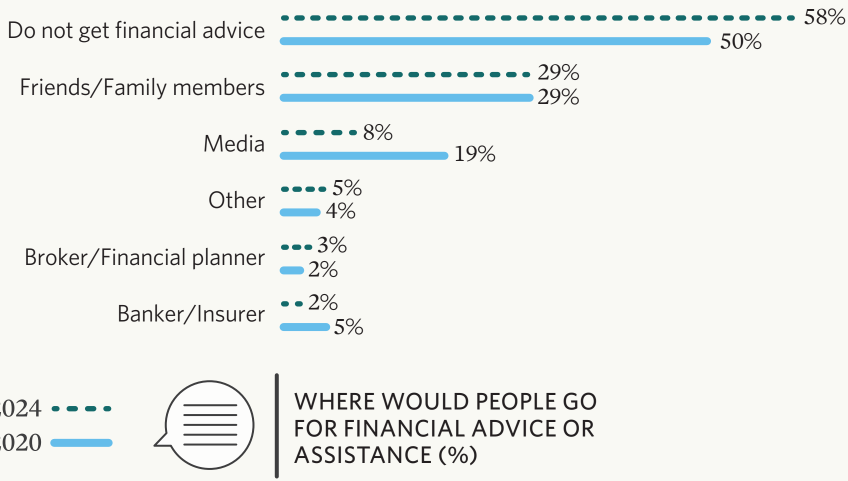
79%
(1.2 MILLION)

2020

72%
(1.1 MILLION)

Assistance and decision-making

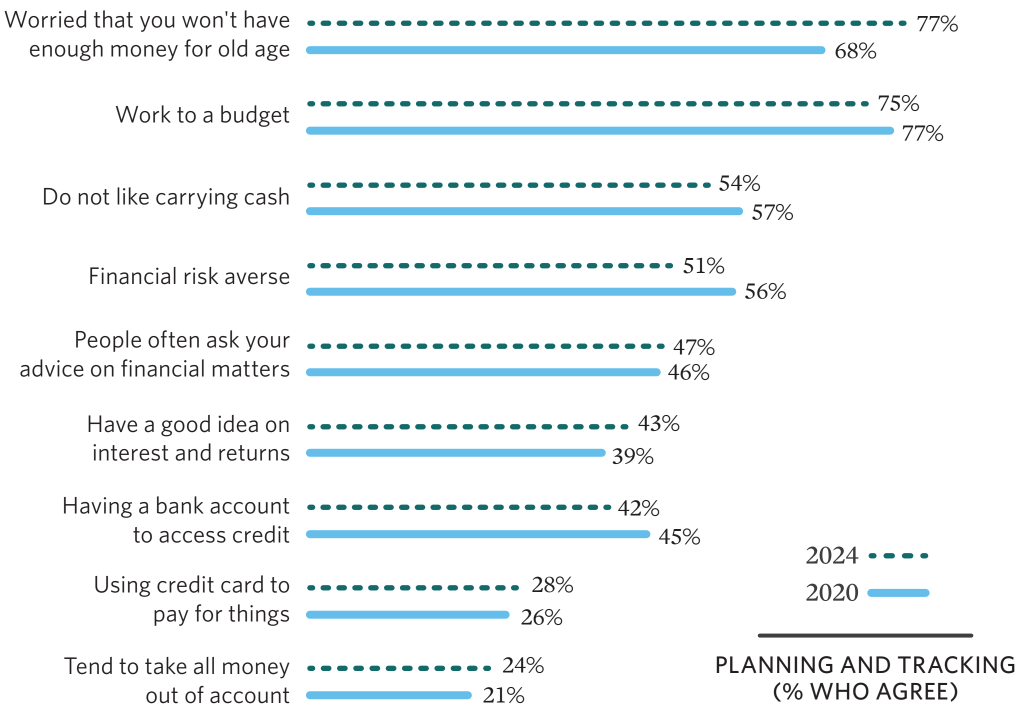


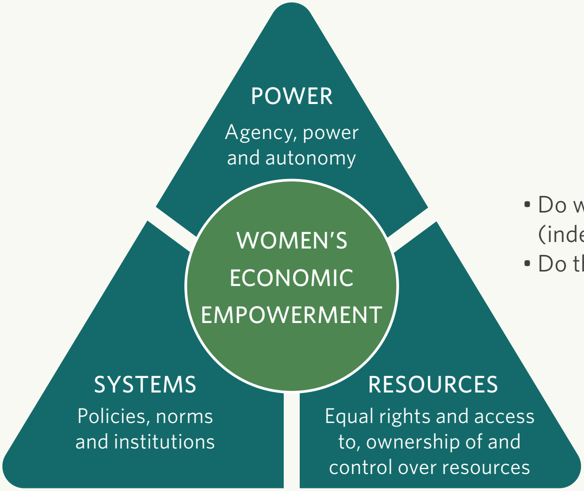


FINANCIAL CAPABILITY

Managing money

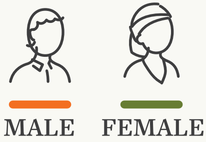
NB: Someone is financially capable if he/she can plan and manage money.

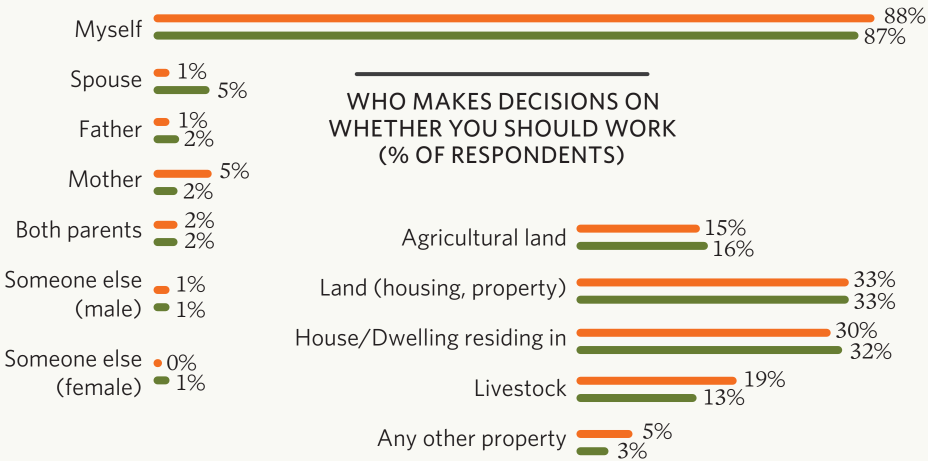




Gender norms

- Do women have ownership over assets? (independently of men)
- Do they have agency in terms of whether to work?



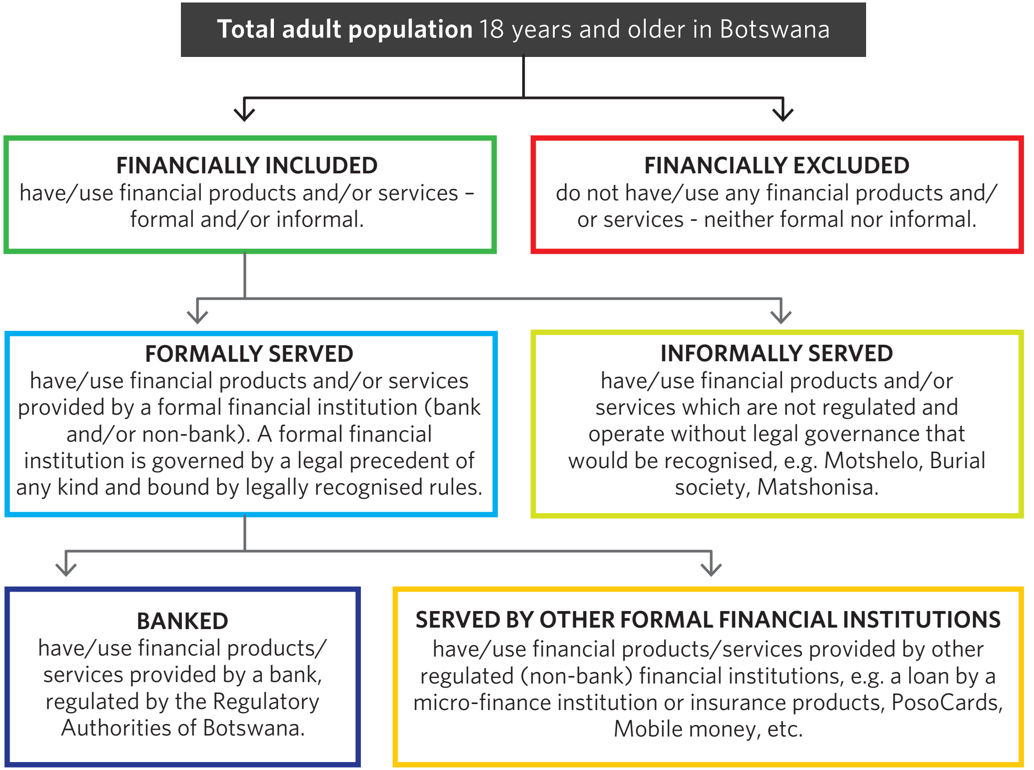


WHO MAKES DECISIONS ON WHETHER YOU SHOULD WORK (% OF RESPONDENTS)

OWNERSHIP OF PROPERTY

DEFINING FINANCIAL INCLUSION

Defining financial inclusion by category

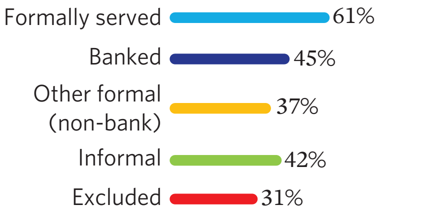


Banking	Other formal (non-bank)	Informal
Bank cards (ATM/Debit/Credit card)	Credit from Insurance, Microlender, Retailer, government scheme	Burial society
Savings book fixed & notice accounts	Insurance sector (for insurance, funeral and saving policies)	Motshelo/Savings clubs
Personal loan, overdraft, vehicle & home loan	Mobile money	Investment in: •Business •Items such as gold coins, jewelry •House/flat/property to be rented out •Farmland & livestock
Agriculture loan	Orange ATM cards	Remittances: Runner
Insurance	PosoCards	
Internet banking, mobile banking, Mobile money	Remittances: Mobile money, money order, MoneyGram, etc.	
Transition account	Retirement products/services	
Remittances: Bank transfers, cheques		

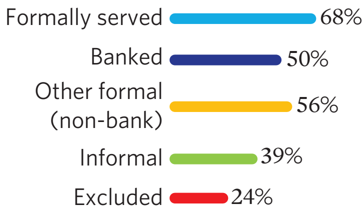
FINANCIAL INCLUSION

"1.43 million adults are formally financially included in 2024 up from 1.24 million in 2020"

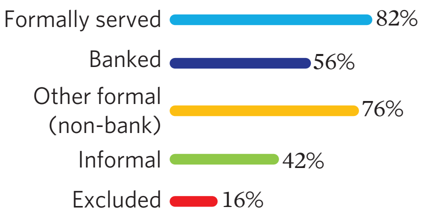
2009 (%)



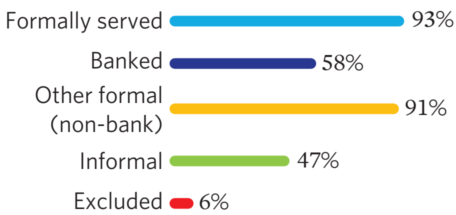
2014 (%)



2020 (%)



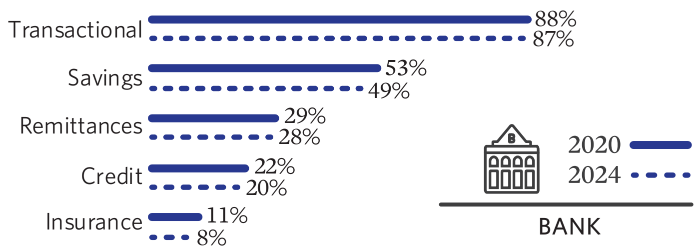
2024 (%)



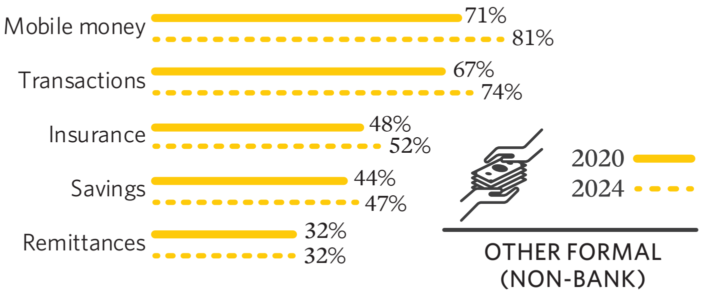
Increase across financial mechanisms:

- Banking up by 2 percentage points
- Uptake of other formal non-bank products increased by 15 percentage points
- Uptake of informal financial products/mechanisms is down by 1 percentage points
- Financial exclusion declined by 10 percentage points

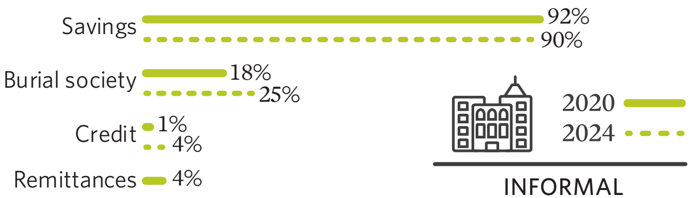
What drives inclusion?



- Banking is driven by the uptake of transactional products and savings



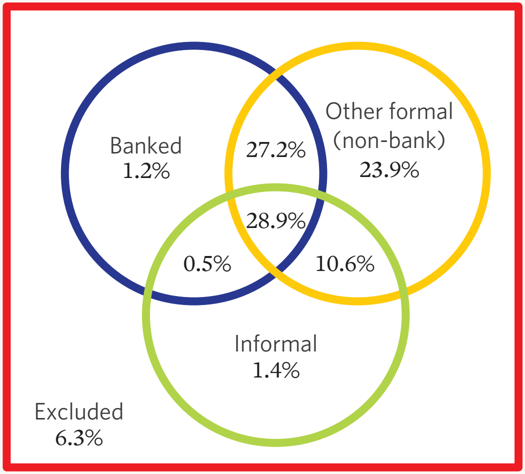
- Uptake of other formal non-bank products is driven by Mobile Money and Transactions



- Informal financial products/mechanisms is driven by Saving groups

DEFINING FINANCIAL INCLUSION

'Formal' is a category classifying products or services as regulated or supervised by a formal institution or any other formal regulator/agency. This is also synonymous to 'other formal' or 'other formal (non-bank)' to differentiate it from the banked which are mostly commercial and development banks.



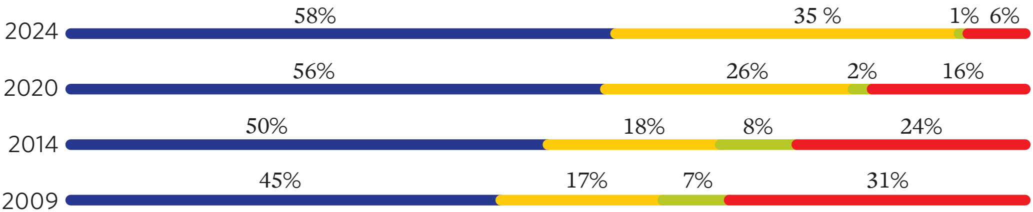
Note: Due to rounding off numbers of 'Banked' and 'Other formal (non-bank)' the 'Excluded' population is 6.3%.

Overlaps

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

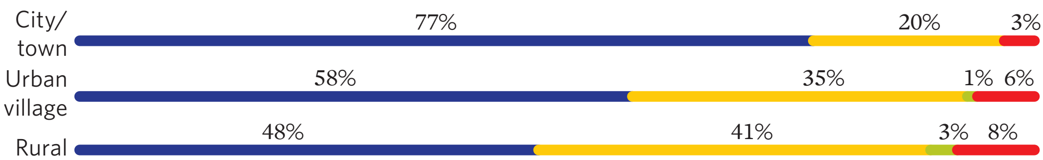
- Only 1.2% of adults rely exclusively on banking services
- 40% use a combination of formal and informal mechanisms to manage their financial needs, thus indicating that their needs may not be fully met by the formal sector alone
- 1.4% of the adult population ONLY rely on informal mechanisms such as village savings and loan groups to save or borrow money

Access Strand



- ONLY 207 079 adults have been financially included in past 4 years, about 97 862 adults remain financially excluded (6%)
- Comparing the Access Strands by location and gender reveals that financial inclusion is higher among adults residing in cities/towns (97% are financially included) and urban villages (94%) compared to rural areas (91%)

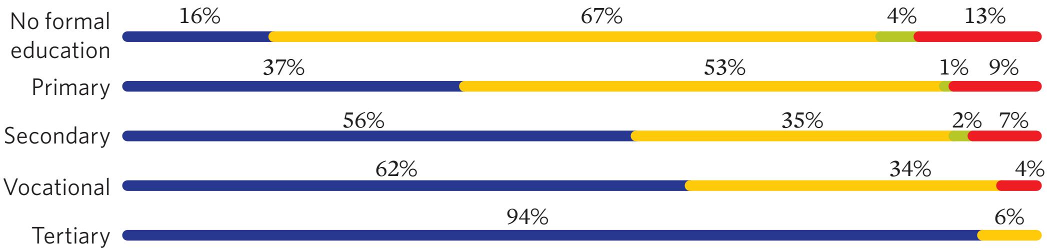
Access Strand by location



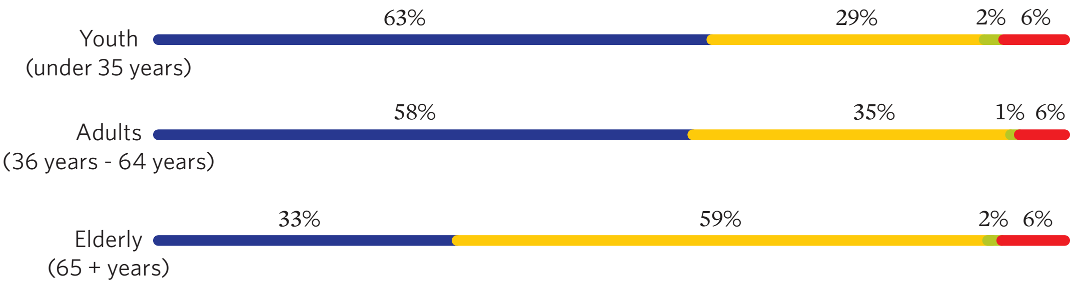
Access Strand by gender

FINANCIAL INCLUSION

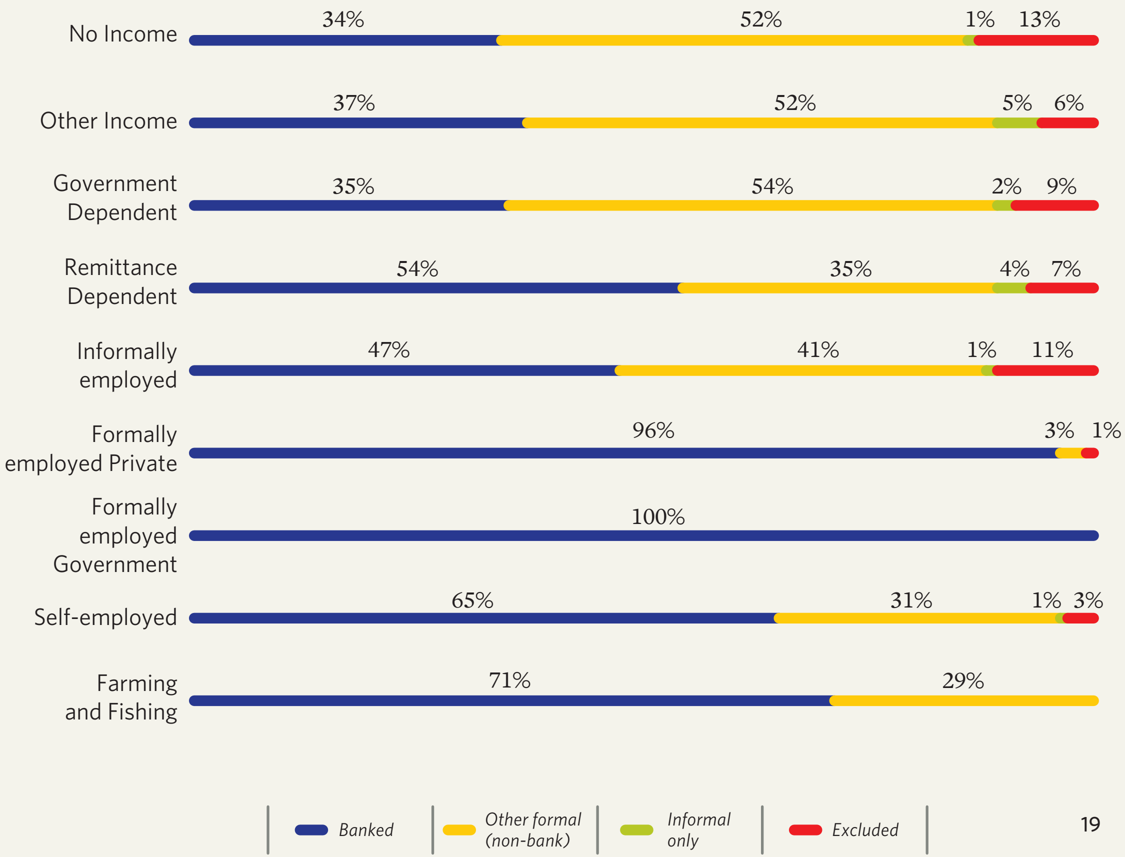
Access Strand by education



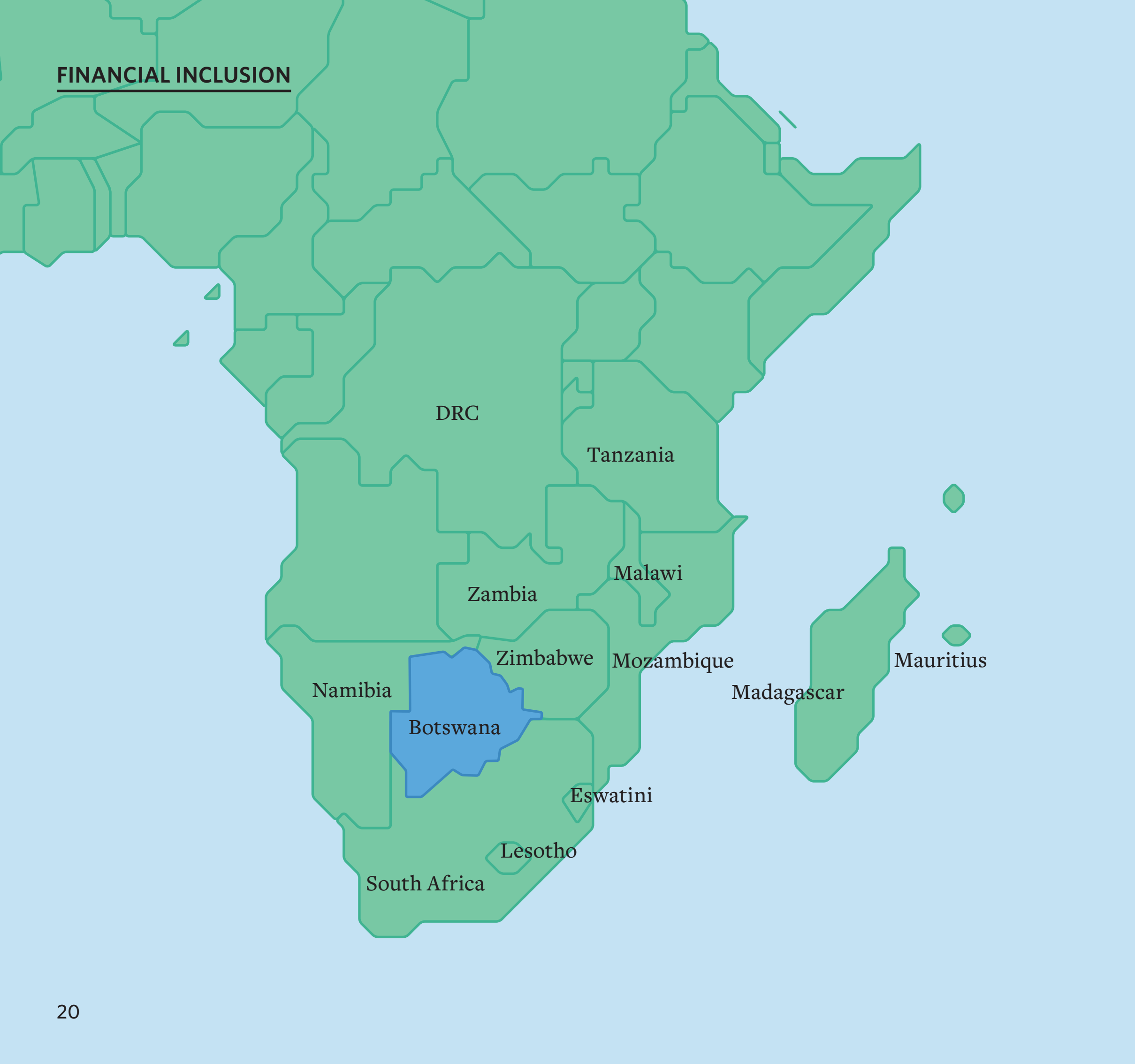
Access Strand by age



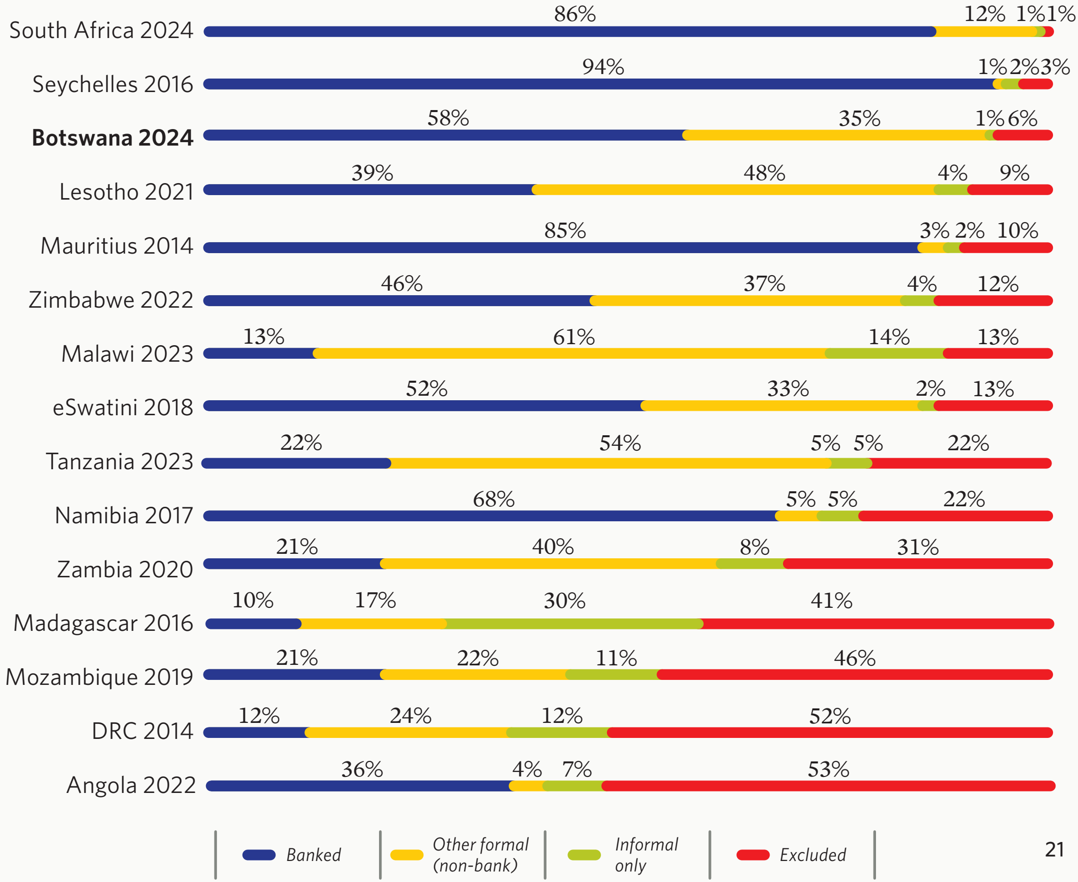
Access Strand by livelihood



FINANCIAL INCLUSION



Access Strand across the region %)



LANDSCAPE PRODUCTS

Banking

Banking landscape

- Has banking reached a plateau in Botswana?
- Has Mobile Money replaced banking?

HOW MANY ADULTS ARE BANKED?	2009	2014	2020	2024
Number of banked adults in Botswana	45% 524 969	50% 656 614	56% 849 236	58% 894 983
Number of previously banked adults in Botswana	11% 131 943	10% 128 021	14% 210 109	15% 238 909
Number of never banked adults in Botswana	44% 521 138	41% 539 937	33% 509 476	30% 457 620
Number of unbanked adults in Botswana	55% 653 081	50% 667 958	44% 680 013	42% 653 645
Total adult population	1 178 051	1 324 472	1 529 249	1 548 628

Where is the growth?

Banking

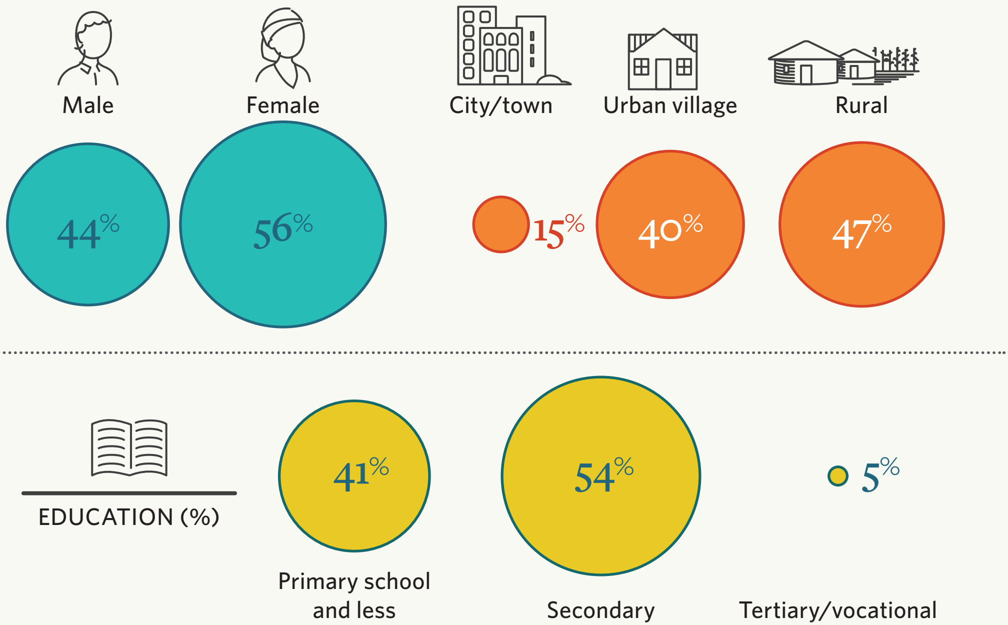
Looking at the total numbers, uptake of the following products showed significant increase in:
- Internet banking
- Mobile banking

	2009	2014	2020	2024
Money through bank account	333 167	376 182		
Bankcard payments	87 337	74 744		
An ATM card	375 485	451 405	680 653	716 643
Credit card	117 754	83 339	138 752	82 556
A savings book	195 621	122 995	89 921	40 225
Savings/transaction account	261 200	364 943	389 400	368 311
Current/cheque account	186 789	250 738	378 795	455 726
Fixed deposit bank account	39 236	60 954	88 669	65 870
Cell phone banking	50 926	241 098	534 805	516 593
Internet banking	17 027	54 328	196 192	241 668
Mobile banking			253 444	338 640
Bank overdraft	6 982	24 021	9 373	4 402
Mortgage bond	16 286	16 887	22 198	18 988
Vehicle loan from a bank	28 459	14 632	16 450	12 954
Personal loan from a bank	67 876	56 371	93 703	92 290
Loan from bank last 12 months	102 316	66 707	188 819	
Savings account in a bank	54 014	392 794	453 149	
Remittances	140 251	177 783	246 992	
Totals	2 080 726	2 829 921	3 781 315	

LANDSCAPE PRODUCTS

Profiling: Unbanked population dispersed?

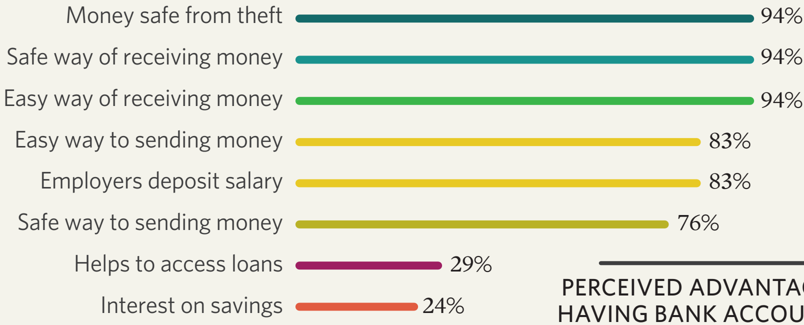
A third (33%) of the unbanked use Mobile Money



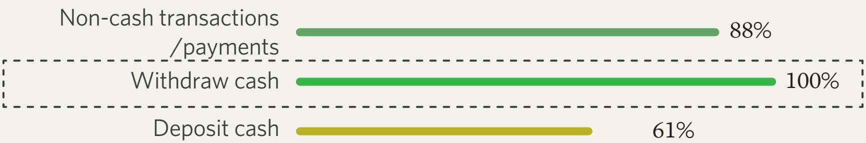
- Considering the unbanked segment have higher secondary education, could be deduced that they could "easily adopt" new financial services given higher literacy rates.
- Could fintech's be the solution?

Banking

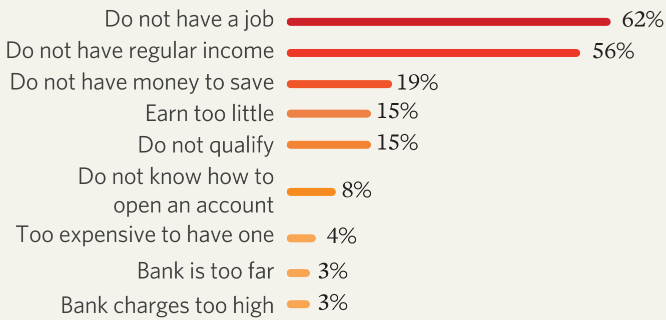
Drivers and barriers



PERCEIVED ADVANTAGES OF HAVING BANK ACCOUNT (%)



DRIVERS



BARRIERS TO 668 662 (43%) UNBANKED ADULTS

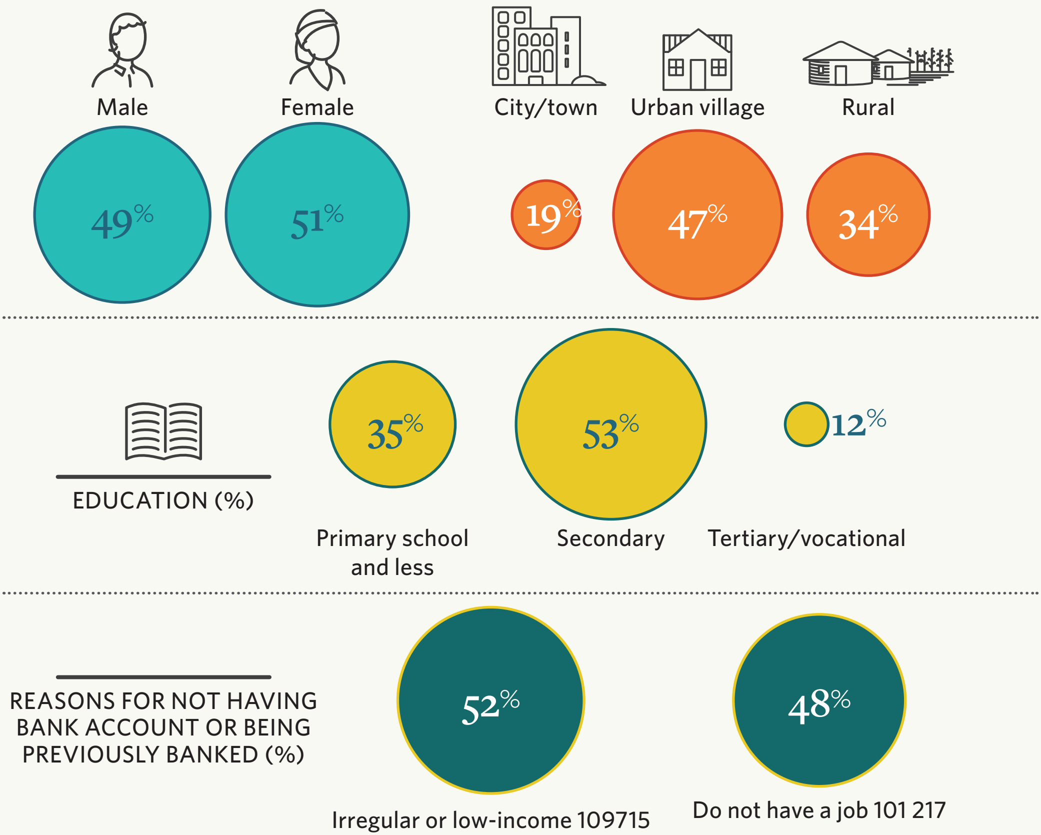
- Note on what non-cash transactions include: bank electronic transfers and payments/purchases through bank cards. On usage, though adults have a bank account, 100% still withdraw cash

- 62% don't have a bank account as they are unemployed, no regular income, and no money to save (56%) and (19%) respectively

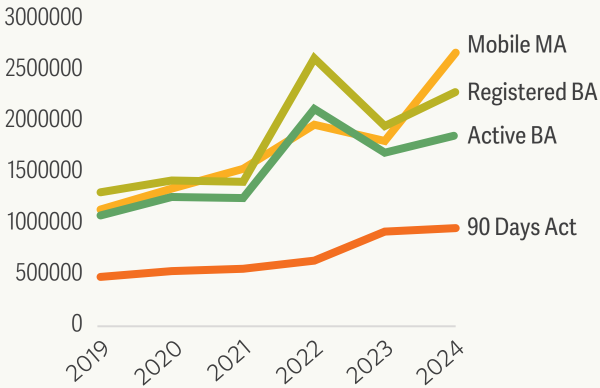
LANDSCAPE PRODUCTS

Profiling: Previously banked?

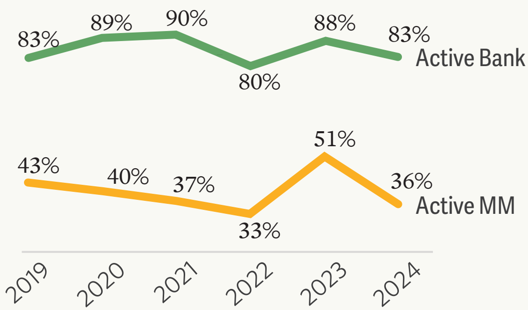
The data suggest that more people fell out of the banking system due to job losses and this affected people in the urban areas



Active account usage – MM and Bank Accounts comparison

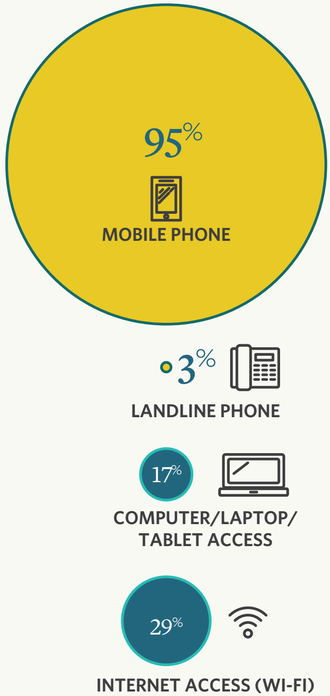


Usage of Transactional Accounts %



Mobile money

Ownership of communication devices

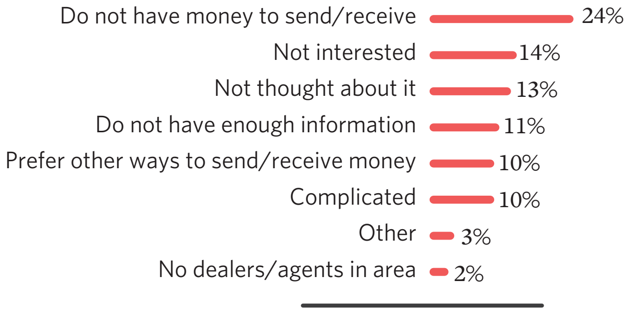


- Access to mobile phones is high, however, fewer adults have access to a computer/ laptop/tablet, or the Internet

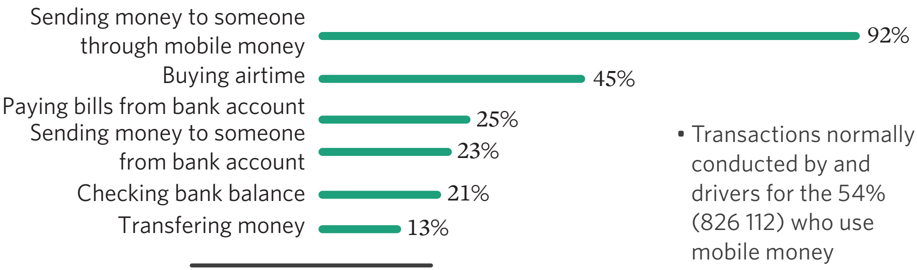
LANDSCAPE PRODUCTS

Mobile money
Drivers and barriers

- 75% of Batswana use mobile money. What are the motives for this?
- Of those who don't have MM, 82% have cellphone access.

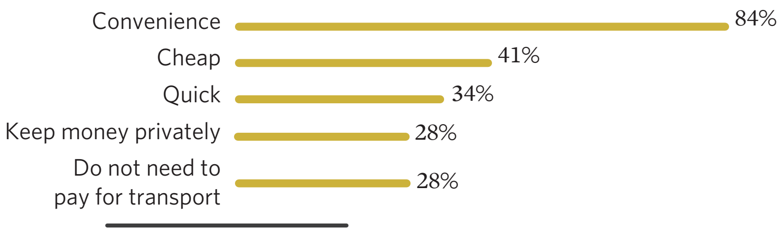


OF THE 25% WITHOUT MOBILE MONEY



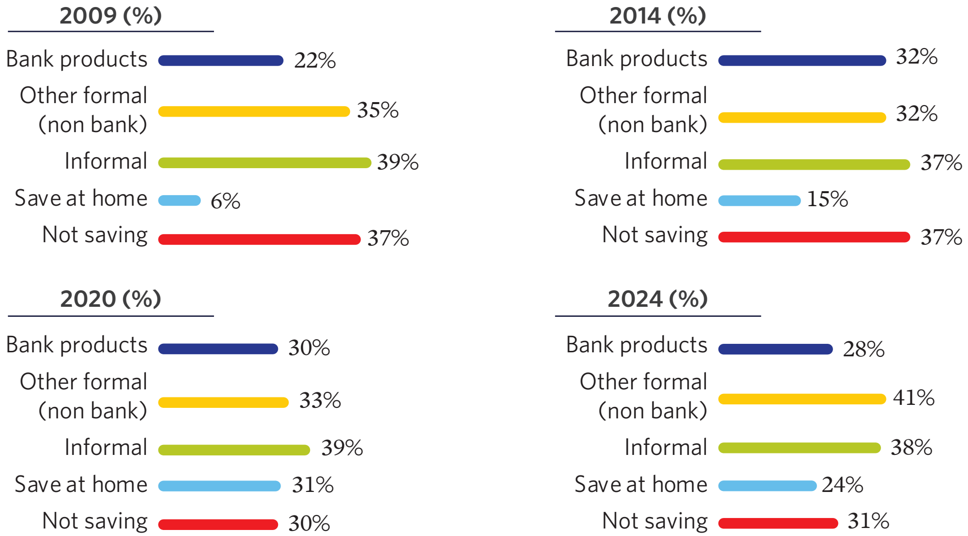
TRANSACTIONS

- Transactions normally conducted by and drivers for the 54% (826 112) who use mobile money



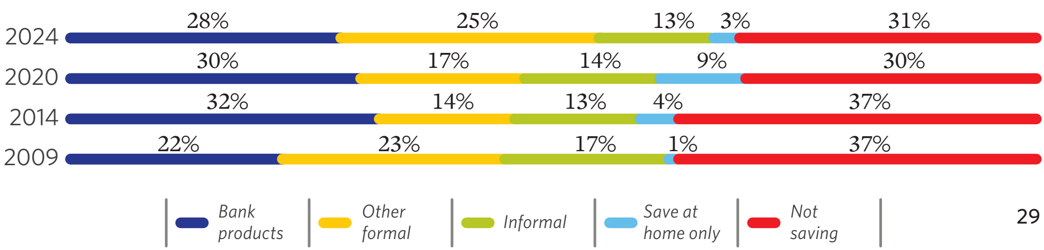
DRIVERS FOR THE 54% (826 112) WHO USE MOBILE MONEY

Savings and investments (%)



- Savings with banks decreased, whilst other formal (non-bank) and informal saving has increased.

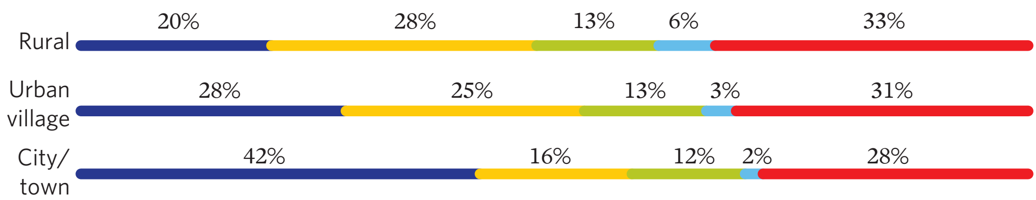
Savings Strand



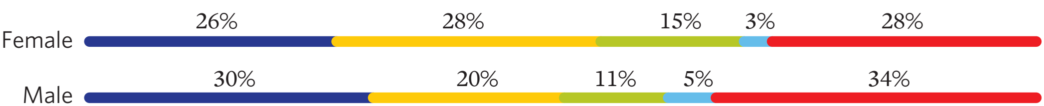
Savings and investments (%)

- Comparing the Saving Strands by location and gender reveals that savings are is higher among adults residing in cities/towns (54% are formally saving) and urban villages (50%) compared to rural areas (24%), females save more informally (17%).

Savings Strands by location



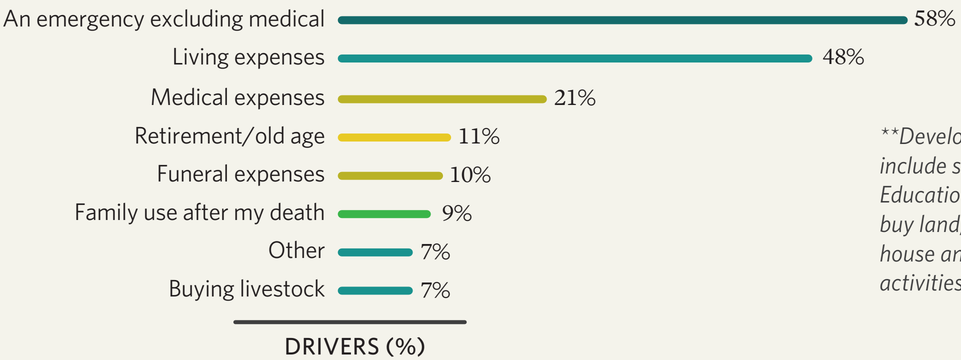
Savings Strands by gender



Bank products | *Other formal* | *Informal* | *Save at home* | *Not saving*

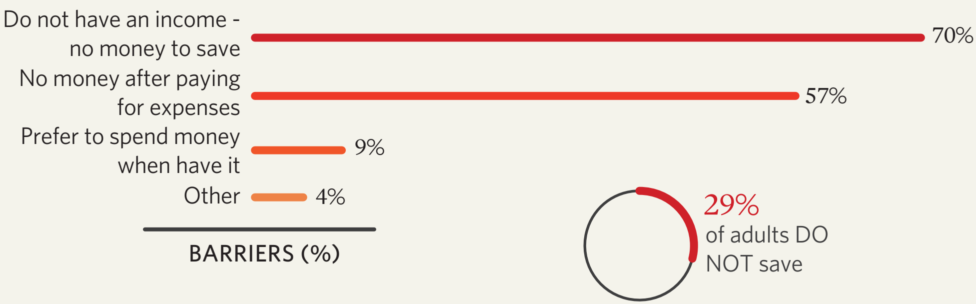
Savings and investments (%)

"Saving purpose is rather short-term driven"



***Developmental include saving for: Education, business, buy land, build house and farming activities*

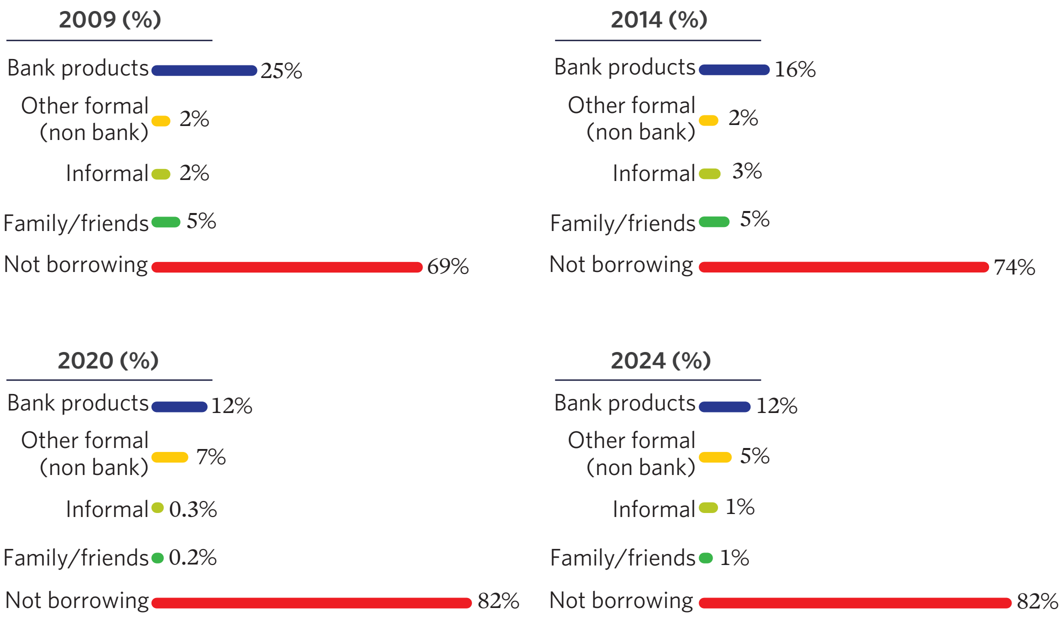
"Saving barriers is monetary driven"



LANDSCAPE PRODUCTS

Borrowing and credit

There is marginal change in credit utilisation



Overall drop in the following bank categories:

- Marginal changes in the credit landscape
- The absolute number of people accessing bank credit is increasing

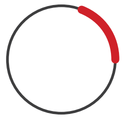
The picture from Bank of Botswana 2023 Annual Report

Commercial Bank Credit Annual Growth (2013-2023)

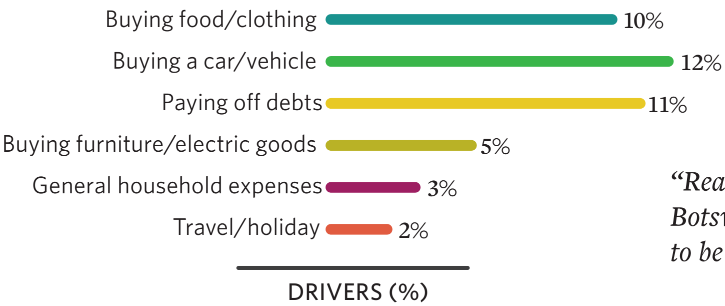
Source: Bank of Botswana 2023 Annual report
https://www.bankofbotswana.bw/sites/default/files/publications/2023%20Annual%20Report%20Final.pdf

Borrowing and credit

Drivers and barriers to accessing credit

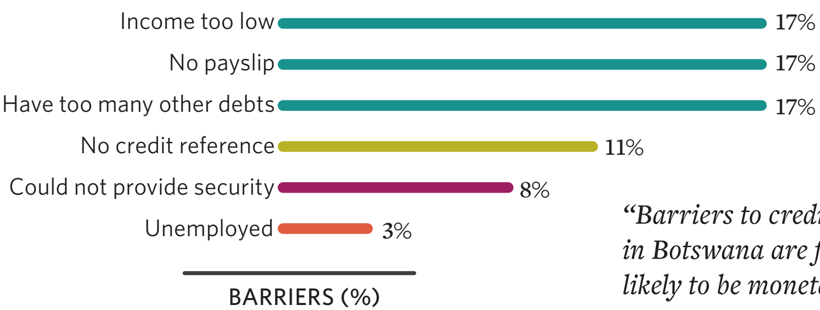


19% have borrowing/ credit products



"Reasons for borrowing in Botswana are far more likely to be developmental"

- Lack of collateral, payslip and credit reference listed as barriers



"Barriers to credit access in Botswana are far more likely to be monetary"

"Insurance sector in Botswana continues to be driven by funeral insurance"

Insurance and risk management

2009 (%)

Formal products	25%
Informal	13%
No insurance coverage	67%

2014 (%)

Formal products	26%
Informal	6%
No insurance coverage	70%

2020 (%)

Formal products	37%
Informal	9%
No insurance coverage	61%

2024 (%)

Bank	4%
Formal products	43%
Informal	14%
No insurance coverage	53%

51%

of adults have insurance (including informal)
Uptake of insurance products is driven by:

Formal funeral insurance	56%
Medical aid	31%
Life assurance policy	50%

49%

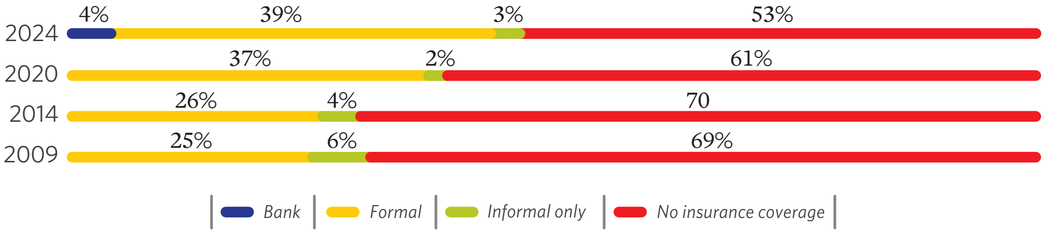
of adults do not have any kind of financial product covering risk

Main barrier to the uptake of insurance:

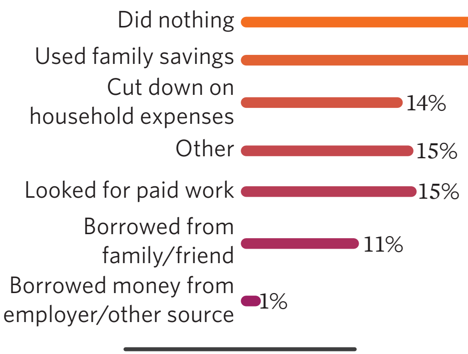
Do not have income (chief reason)
Do not understand how it works
Do not need it

LANDSCAPE PRODUCTS

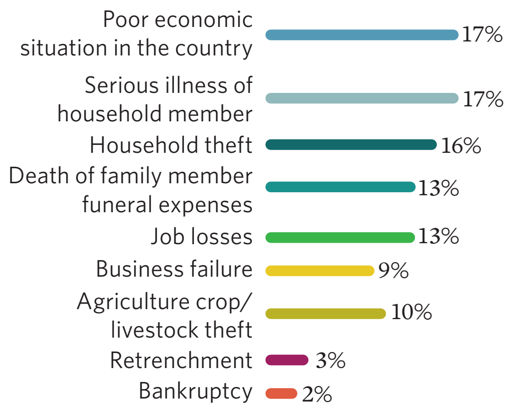
Insurance and risk management



Response to major events



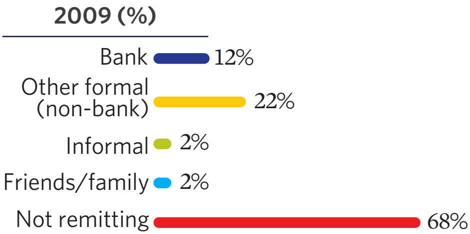
MAIN WAY RESPONDED (%)

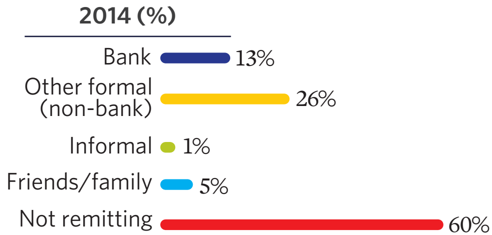


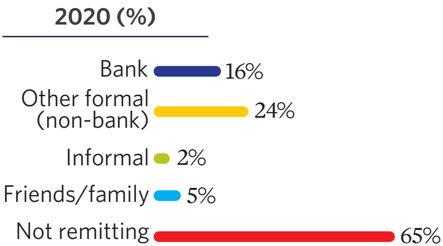
COSTLY EVENTS EXPERIENCED IN PAST YEAR (%)

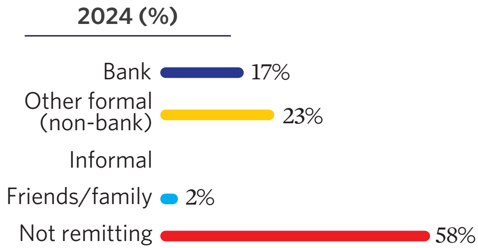
51% (781,627) of adults claim to have experienced a major event or expense in the past year

Remittances

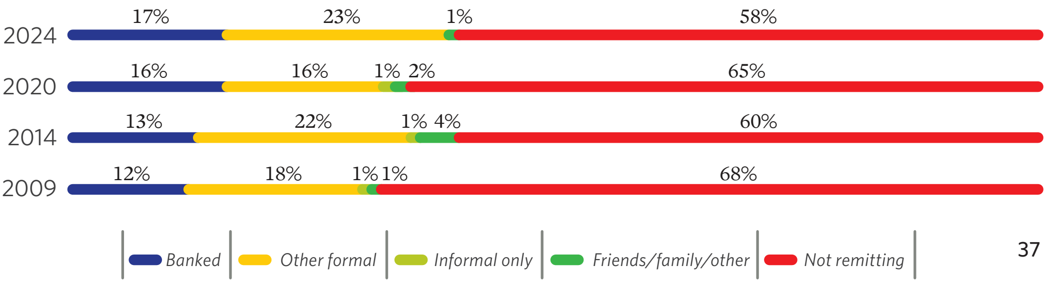






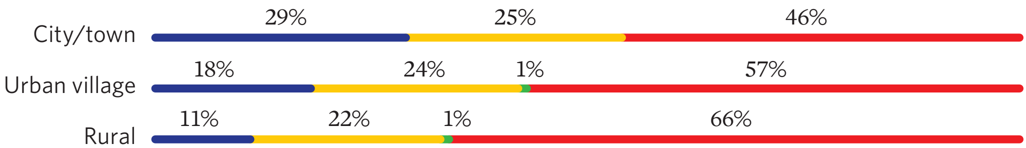


Remittances Strand

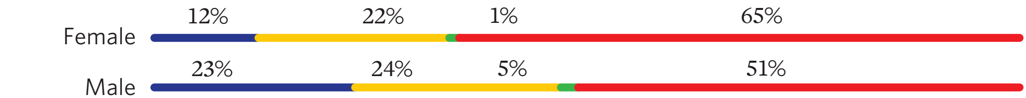


Remittances

Remittances Strand by location



Remittances Strand by gender



Financial health measurement framework

All dimensions are customised at country level

Ability to manage day-to-day expense

- Spend less than income
- Pay bills on time

Build and maintain reserves

- Have sufficient liquid savings
- Have sufficient long-term savings

Managing existing debts & access to resources

- Have manageable debt
- Have a prime credit score

Plan and prioritising

- Plan ahead financially
- Budget and record keep

Ability to manage risk - Resilience

- Have appropriate insurance and risk mitigation mechanisms for emergencies and long-term events

Access to funds

- Ability to access finance

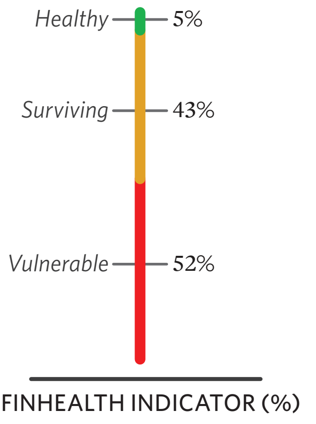
FINANCIAL HEALTH

The Financial Health Indicator score is created to profile adults and has 3 categories:

- **Financially healthy** - are able to manage their day-to-day expenses, absorb financial shocks, and progress toward meeting their long-term financial goals
- **Financially coping** – struggling with some aspects of their financial lives, good financial health and has a sufficient buffer against shocks, but there are areas for improvement
- **Financially vulnerable** - struggling with almost all aspects of their financial lives, in poor financial condition need to work towards improving conditions.

There can be more categories developed e.g., very healthy, financially healthy, poorly healthy and unhealthy.

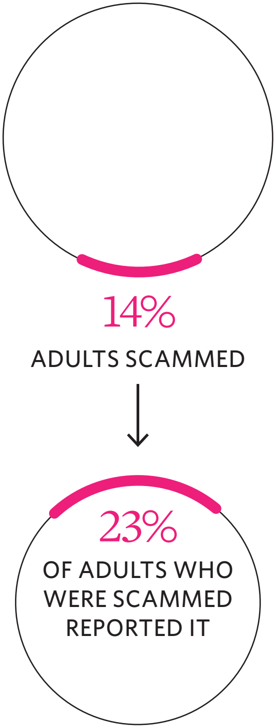
Financial health dimensions	*Score*
Confidence in own finances (Agency score)	16%
Ability to manage day to day (Day-to-day score)	38%
Taking advantage of opportunities (Opportunities score)	9%
Ability to manage risks (Resilience score)	37%

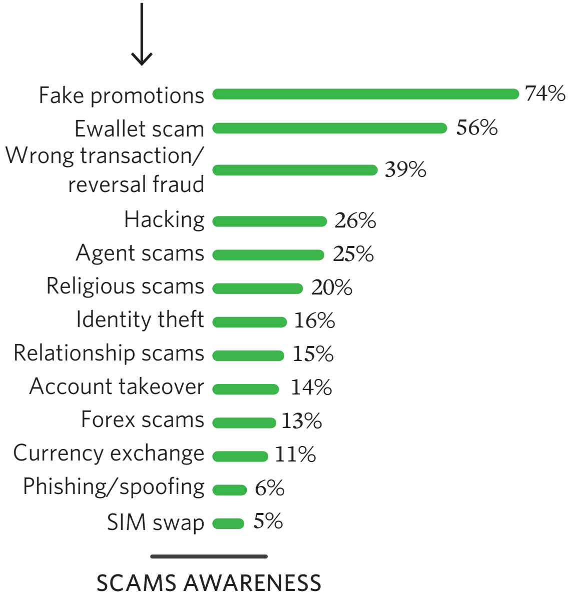


The majority of Batswana scored higher on day-to-day management of finances, resilience and managing risks. However, Batswana scored low on agency and confidence managing own money and taking advantages of opportunities. Interestingly, this correlates with sources of income as most depend on the informal sector characterised by low and irregular income.

PREVALENCE OF ‘SCAMS’

Scams – financial and non-financial





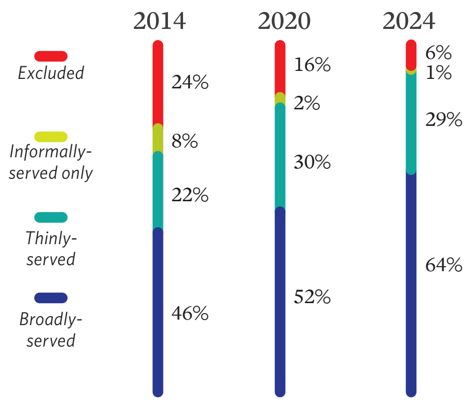
THE BOTSWANA FINANCIAL INCLUSION ROADMAP (2015 – 2021)

The Roadmap sought to address two critical targets, which are summarised as:

"Improve household welfare, increase economic efficiency and support growth by reducing the percentage of adults who are excluded from 24% to 12%, and increasing those with access to more than one formal financial product from 46% to 57% by 2021."

- **Target 1: Reduce the number of excluded from 24% to 12%** - Results shows that 6% are excluded in 2024. ***GOAL achieved***
- **Target 2: Increase the number of broadly served from 46% to 57%** - Results shows that 60% are broadly-served in 2024. ***GOAL achieved***

Depth Strand



Definitions:

Broadly-served: those who use a combination of two or more formal financial services / product markets categories (i.e. savings, credit, insurance and payments).
Thinly-served: those using only one formal financial service/product from amongst the product categories (i.e. savings, credit, insurance and payments).

Main targets for 2024 - 2030

- **Target 1:** Focus on formal products
- **Target 2:** Usage, quality and empowerment indicators
- **Target 3:** Impact indicators

Below are some key recommendations.

- **Adopt the Financial Inclusion 2.0 (FI2.0) agenda**, which seeks to link financial inclusion directly with improving people's lives and addressing real-economy needs through better financial solutions.

- **Policy development:** Utilise credible data from the survey to inform and develop targeted policy interventions to improve financial inclusion and stability.

- **Financial literacy programmes:** Enhance financial education initiatives to improve financial decision-making and planning among the population.

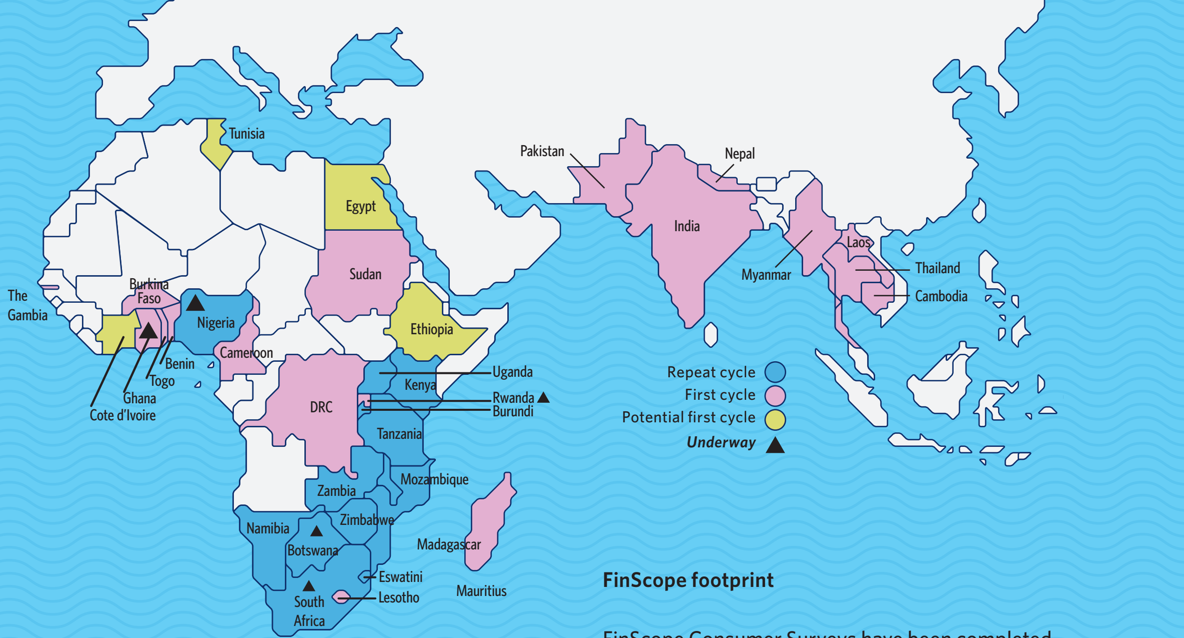
- **Support for the informal sector:** Provide support and formalisation opportunities for informal financial institutions like metshelo to ensure better financial security.

- **Strengthen financial health:** Implement programmes to improve the financial health of the population, focusing on the vulnerable.

- **Scam prevention:** Increase efforts to educate the public about scams, particularly those related to mobile money, and enhance security measures.

- **Informality:** Strengthen the ecosystem around the informal services by providing formal tools and structures to gradually transition the informal to formal without eroding its existence.

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



FinScope footprint

FinScope Consumer Surveys have been completed in 37 countries including Botswana. 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.

FinScope Consumer Botswana 2024 contains a wealth of data based on a nationally representative sample of the adult population of Botswana.

For further information about FinScope Consumer Botswana 2024 please contact:

Mr Walebatla Kgwakgwe
Ministry of Finance
Tel: +267 3633630
wkgwakgwe@gov.bw

Mr Moses Wasekgwa
Ministry of Finance
Tel: +267 395 0184
mmwasekgwa@gov.bw

Dr Kingstone Mutsonziwa
Finmak.org.za
Tel: +27 67 594 9291
kingstonem@finmark.org.za
www.finmark.org.za

Mr Abel Motsomi
Finmak.org.za
Tel: +27 67 594 9291
abelm@finmark.org.za
www.finmark.org.za