Partnering for a common purpose

Eswatini FinScope Consumer is a representative demand side study of the usage of and access to financial services to support initiatives of expanding access and usage of financial services for individuals and micro- and small- businesses owners. The Eswatini FinScope Consumer survey is used to better understand money matters, with an emphasis on the market needs and attitudes to both informal and formal financial offerings and usage. The FinScope survey further sheds light on consumers and behaviour by exploring individuals’ interactions with the financial sector as a whole.

The FinScope survey is dynamic and the content is evaluated by a number of stakeholders including the Government of Eswatini (GoE), financial regulators, private sector and NGOs to ensure that the most relevant consumer financial inclusion data is collected.

The cover symbol

Through the Evidence-Based FinScope Survey, 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 synonymous to Eswatini. The flower symbolises growth and development while the circle represents inclusive growth. Each flower is an example of the successful growth in a unique environment. By combining the flower with the currency symbol of Eswatini we represent the characteristics of the country, linking financial inclusion with successful growth.
Introduction

The Government of Eswatini recognises the role played by the financial sector in facilitating economic growth through enhanced access to financial services. In order to strengthen policies that will generate sustainable and inclusive growth and development, the Government of Eswatini through the Centre for Financial Inclusion (CFI) commissioned and implemented the 3\textsuperscript{rd} Eswatini FinScope Survey to help monitor and evaluate sector interventions driven by the National Financial Inclusion Strategy (NFIS).

This repeat survey provides credible benchmarks on level of financial inclusion, financial capability and the quality of financial inclusion. The Eswatini FinScope Consumer 2018 survey indicators allow the Financial Sector to monitor, guide and set new targets using empirical evidence. This repeat survey will continue to act as a national good for use across private and public sectors, donor world and academic backgrounds in order to ensure the lives of EmaSwati are enhanced.

Methodology

- Nationally representative individual-based sample of the adult population aged 16 years and older
- Sample drawn by Central Statistical Office (CSO), representative at national, urban/rural, and regional level
- 2,928 completed face-to-face interviews conducted (December 2018)
- Sampling frame and data weighting conducted by CSO in consultation with Finmark Trust

Survey objectives

The objectives of Eswatini FinScope Consumer 2018 survey were to understand the adult population in terms of:

- Livelihoods and how they generate their income
- Their financial needs and demands
- Their financial perceptions, attitudes, and behaviours
- Their demographic and geographic distribution
- Current levels of access to, and utilisation of, financial services and products
- Their ability to manage their finances (financial capabilities)

Published May 2019
REGIONS OF ESWATINI

- Hhohho
- Manzini
- Lubombo
- Shiselweni
Total adult (16+ years) population
676 thousand

- Female: 52%
- Male: 48%
- Rural: 71%
- Urban: 29%
- 54% are 35 years and younger
- 88% own a mobile phone
- 31% have primary and less education level
- 71% Rural
- 29% Urban
- Average adult household size: 4
- Average income earners per household: 2
INCOME/LIVELIHOODS

Economic impact to individuals
(main sources of income)

Sources from formal sector and business owners decreased while informal and dependency from remittances and the state increased since 2014.
There are 123 thousand business owners in Eswatini (down from 154 thousand in 2014), employing a total of 67 thousand people (excluding the business owners themselves). As such, the sector contributes significantly to job creation with a total of 164 thousand people working in the sector. Further it contributes to poverty alleviation as survivalist businesses play a vital role, especially as a buffer against slipping into deeper poverty and as such reducing individual and household vulnerability.
Need output: A collection of use cases that can be fulfilled by financial services

% of adults who use financial devices to meet their needs

- 76% Transfer of value
  Send money or digital value from one person to another

- 52% Liquidity
  The need to meet expenses in each income cycle

- 45% Resilience
  The ability to deal with unexpected shocks that have a financial impact

- 29% Meeting goals
  Achieve life objectives or obligations that require funding across income cycles

Many experienced a risk event in the past 12 months

The devises used to manage financial needs suggest that adults in Eswatini have huge financial need of sending and/or receiving money (person to person). These have also used financial devices to meet expenses in each income cycle.
An average adult monthly budget reflects the FinNeeds

Average monthly expenditure

E2470

- 1% Insurance and Funeral premium payments
- 3% Rental, rates, levies and household furnishing
- 3% Credit
- 4% Savings, investments and retirement
- 5% Medical, health expenses
- 5% Farming inputs/business input
- 7% Education (fees, uniform, transport, stationery)
- 9% Water/electricity, paraffin, gas and other fuel
- 9% Transport expenses (taxi fare, bus fare, train fare, petrol for car)
- 10% Communication, e.g., Airtime, cell phone
- 19% Personal spending e.g. haircuts, alcohol, clothes
- 25% Food and drink and other groceries

Data from Eswatini FinScope 2018 Survey provides a breakdown on how the average adult in the country spends money over the course of a month. The spending pattern shows that the cost of living expenses (75%) is the main driver followed by productive spending (education and investing in business/farming=12%) followed by insurance (including medical expenses) at 6%.
Given the limited reach of traditional cash-in/cash-out infrastructure, another model has been required to ensure broad global access to financial services and Eswatini is seeing a significant growth in the deployment of local mobile money agents.
Once money management is in control, planning for the future should naturally follow, adjusting the budget to meet the income and sustaining target savings.
FINANCIAL CAPABILITIES

Dimensions of choosing and using products

- When going about selecting and choosing financial products/services, a rational consumer would usually go through a certain process. This would include comparing the products before making their choice, reading the terms and conditions of the contract, asking for the fees charged by the lender. This graph depicts Eswatini adult population’s perceptions of their attitudes at different stages of the consumer process.
  - Overall, 80% claim that they compare different products, then choose the best one suitable for them. Though only 47% of adults assert that they understand the contract terms and conditions and about 50% say they are aware of the fees that lenders charge them. This seems to indicate that people might not thoroughly read or understand their contracts.
The financial capability indicator shows that ONLY 24% of the adults in Eswatini have a ‘high’ overall financial capability, 44% have a ‘moderate’ financial capability and 25% have ‘low’ financial capability. Results show that adults, despite having high levels of planning for their income and expenses, were unable to track and control their monies.

25% of the adults have a low financial capability level driven by low:

- Control (50%)
- Knowledge (33%)
- Choice (31%)
- Planning (21%)
**FINANCIAL CAPABILITIES**

Profile of those contributing to low financial capability level

<table>
<thead>
<tr>
<th>Rural/urban</th>
<th>LOW Planning</th>
<th>LOW Control</th>
<th>LOW Knowledge</th>
<th>LOW Choice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
<td>Rural</td>
<td>Rural</td>
<td>Rural</td>
<td>Rural</td>
</tr>
<tr>
<td>Region</td>
<td>Shiselweni, Lubombo</td>
<td>Shiselweni, Lubombo</td>
<td>Shiselweni, Lubombo, Manzini</td>
<td>Lubombo, Hhohho</td>
</tr>
<tr>
<td>Gender</td>
<td>Slightly more men</td>
<td>Male</td>
<td>Female</td>
<td>Male</td>
</tr>
<tr>
<td>Age group</td>
<td>More than 35 years</td>
<td>More than 35 years</td>
<td>35 years and less</td>
<td>35 years and less</td>
</tr>
<tr>
<td>Education</td>
<td>Primary and less</td>
<td>Primary and secondary</td>
<td>Primary and secondary</td>
<td>Primary and secondary</td>
</tr>
<tr>
<td>Source of income</td>
<td>Remittances, Salary from individual, expenses paid by household member, Salary from a farm, individual, state grants</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial access</td>
<td>Financially excluded</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Adults with low financial capability tend to be skewed towards Shiselweni and Lubombo regions; rural areas; livelihoods from Remittances, Salary from individual, Salary from a farm, individual and state grants; be aged 36 years and above; are slightly males; those who have a primary and below level of education; and those with low level of income level.
Defining financial inclusion by category

Total adult population = 16 years and older in Eswatini

FINANCIALLY INCLUDED
have/use financial products and/or services - formal and/or informal

FORMALLY SERVED
have/use formal financial products and/or services provided by a financial institution (bank and/or non-bank)

BANKED
have/use financial products/services provided by a bank regulated by the CBE

FINANCIALLY EXCLUDED
do not have/use any financial products and/or services - formal and/or informal

INFORMALLY SERVED
have/use financial products and/or services which are not regulated

SERVED BY OTHER FORMAL FINANCIAL INSTITUTIONS
have/use financial products/services provided by regulated non-bank financial institutions

‘Formal’ is a category classifying products or services as regulated or supervised by a formal institution or any other formal regulator-agency. Formal is further segmented into the banked population (using/having a commercial bank account) and ‘other formal (non-bank)’ institution such a SACCO or Mobile Money account.
FINANCIAL CAPABILITY

Financial Access Strand

Between 2014 and 2018:

- The adult population growth outpaced the growth in the banked population
- The financially included population grew from 414 thousand to 553 thousand
- Excluded adult population reduced by 14% points

![Graph showing financial inclusion between 2014 and 2018]

The Access Strand reveals that:

In constructing this strand, the overlaps in financial product/services usage are removed, resulting in the following segments:

- 87% of adults in Eswatini are financially included, i.e. use financial products and/or services albeit formal or informal or both;
- 85% of adults are formally served – 52% have/use bank products/services and 33% are using non-bank formal products but not commercial bank products;
- 2% of adults are informally served only (i.e. use only informal financial mechanisms but not formal financial products or services);
- 13% are financially excluded – this population does not use financial products (formal or informal) to manage their financial lives

Base: 18 years and older
Financial Access Strand
Livelihoods

DEFINING FINANCIAL INCLUSION

- Banking sector is more likely to serve the adults from formal sector
- Other formal (non-bank, like mobile money) reaching out to those adults relying on informal sector for their livelihoods
- 22% of adults (16 years and older) in Eswatini who receive livelihood from piece jobs are financially excluded
Financial Access Strand

*Education levels & Financial Capability*

- Education influences the level of financial inclusion. Adults with higher levels of education are more likely to be financially included.
- 25% of adults (16 years and older) in Eswatini who have low financial capability are financially excluded, significantly high compared to a national average;
- Could efforts to promote financial inclusion – such as encouraging the development and take-up of basic bank accounts and expanding the use of mobile money – likely make much impact to improve the financial capability of people who are currently financially excluded?

**Base: 16 years and older**
FINANCIAL INCLUSION

Overall and overlaps - 2018

Overlaps

- 85% are formally served in 2018, up by 20 percentage points since 2014
- 53% rely on formal financial services only (this is up from 34% in 2014)
- 33% 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 (up by 2% since 2014)

Base: 18 years and older

Formally served
- Banked: 52%
- Other formal (non-bank): 80%
- Informal: 34%
- Excluded: 13%

Overalls

- 85% of adults are formally served, including both banked and other formal non-bank products/services
- 52% of adults are banked
- 80% of adults have/use other formal non-bank products/services
- 34% of adults have/use informal mechanisms for managing their finances
- 13% of adults are financially excluded
### WHAT IS HAPPENING IN THE BANKING SPACE?

<table>
<thead>
<tr>
<th>Service</th>
<th>2014</th>
<th>2018</th>
<th>Growth/decline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banked population</td>
<td>307 686</td>
<td>330 282</td>
<td>+6.8%</td>
</tr>
<tr>
<td>Remittances (send and receive)</td>
<td>144 646</td>
<td>143 109</td>
<td>-1.1%</td>
</tr>
<tr>
<td>Savings with a bank</td>
<td>167 612</td>
<td>175 515</td>
<td>+5%</td>
</tr>
<tr>
<td>Payments</td>
<td>174 494</td>
<td>216 497</td>
<td>+19%</td>
</tr>
<tr>
<td>Receive income</td>
<td>153 131</td>
<td>178 366</td>
<td>+14%</td>
</tr>
<tr>
<td>Loan with a bank</td>
<td>38 049</td>
<td>50 613</td>
<td>+24%</td>
</tr>
</tbody>
</table>

### OTHER FORMAL (NON-BANK) DRIVERS

<table>
<thead>
<tr>
<th>Service</th>
<th>2014</th>
<th>2018</th>
<th>Growth/decline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other formal (non-bank)</td>
<td>316 081</td>
<td>509 775</td>
<td>+38%</td>
</tr>
<tr>
<td>Mobile money accounts</td>
<td>107 000</td>
<td>453 981</td>
<td>+76%</td>
</tr>
<tr>
<td>SACCO account</td>
<td>26 963</td>
<td>54 678</td>
<td>+51%</td>
</tr>
<tr>
<td>Remittances</td>
<td>144 646</td>
<td>406 108</td>
<td>+64%</td>
</tr>
<tr>
<td>Savings through other formal institutions</td>
<td>197 905</td>
<td>319 256</td>
<td>+37%</td>
</tr>
<tr>
<td>Loan with other formal institutions</td>
<td>18 573</td>
<td>43 191</td>
<td>+57%</td>
</tr>
<tr>
<td>Insurance</td>
<td>124 683</td>
<td>127 072</td>
<td>+2%</td>
</tr>
</tbody>
</table>

### INFORMAL MECHANISMS DRIVEN BY

<table>
<thead>
<tr>
<th>Informal Financial Products</th>
<th>2014</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tintlangano</td>
<td>229 735</td>
<td>221 221</td>
</tr>
<tr>
<td>Masingcwabisane</td>
<td>130 671</td>
<td>79 502</td>
</tr>
</tbody>
</table>
• Banking products are driven by transaction products
• Other formal (non-bank) growth is driven by mobile money accounts
• Usage of informal mechanism slightly declined, but remain important pillar of financial inclusion driven by both saving and borrowing components
• Adults continue to use informal mechanism because it is cheaper and more accessible and 9 in 10 use the informal setups on a monthly basis

• Adults who belong to informal groups mainly use the mechanism to save and to borrow money
• 90% use their informal financial accounts on a monthly basis
• 89% contribute money in cash and only 11% contribute digitally
• Informal mechanisms users perceive them to be cheaper and more accessible compared to other formal devices
In constructing the Savings Strand, the overlaps in financial product/services usage are removed.

- 37% of adults were not saving at the time of the survey
- 5% ONLY keep all their savings at home, i.e. they do not have/use formal or informal savings products or mechanisms
- 3% rely on informal mechanisms such as savings groups (they might also save at home, but they do not have/use any formal savings products)
- About 28% have/use formal non-bank savings products (they might also have/use informal savings mechanisms, but they do not have/use savings products from a commercial bank)
- 27 % have/use savings products from a commercial bank (they might also have/use other formal and/or informal mechanisms, or save at home)
About 1 in 5 adults claim to save/store money in their mobile money wallet.

Savings and investments (%)

- Mobile money savings: +23%
- Pension fund: -4%
- SACCO: +4%

- Sacco usage increased overall and is driven by the saving component
- The decline in the pension funds mirrors the decline in the formal sector

Is saving through mobile money a myth or opportunity to change behaviour/grow formal savings?

- The profile of those saving through mobile money are more likely to be working in the formal sector (full-time work); with
- An average monthly income of E3500 and save 6% of their monthly income

Main source of income

- Formal sector (24%)
- Remittances (21%)
- Self-employed (19%)
For those saving through mobile money, saving is to put money aside for later use for a SPECIFIC PURPOSE:

- 1 in 4 of those saving through mobile money defines savings as putting money aside to increase it overtime; and
- a further 24% of this population put money away so that the total amount increases over time as more is put away
Putting money aside so that you have some money at the end of the week/month

Keeping money in a special place or account for the money to be safe

Putting money away so that the total amount increases over time as more is put away

Putting money aside to stop it being spent immediately to use later when needed

Putting money aside for you to use later for a specific purpose

34%

24%

24%

15%

4%

Mobile money/bank

Mobile money account only

Not saving via MM

All mobile money, bank account and informal (30 thousand)

22%

28%

50%

About 54 thousand of the adult population exclusively use mobile money to save

• 50% (54 thousand) adults use mobile money account only
• 22% (24 thousand) adults have both mobile money and bank account to save
• 28% (30 thousand) adults use all mechanism for saving
• 84% (568 thousand) do not save through mobile money

• Increase in the formal savings is driven by mobile money – presenting opportunity to be packaged as elements of a broader savings proposition
• 54 thousand (about 10% of adult population) exclusively use their mobile money account so save money

Savings and investments (%)

LANDSCAPE PRODUCTS
**LANDSCAPE PRODUCTS**

**Borrowing and credit**

**Overall - 2018**

- Bank products: 8%
- Other formal (non-bank): 6%
- Informal: 14%
- Family/friends: 15%
- No borrowing: 66%

*Informal borrowing down, slightly more people borrowing from formal providers*

**12% have credit from formal institutions**

<table>
<thead>
<tr>
<th>Year</th>
<th>Banked</th>
<th>Other formal (non-bank)</th>
<th>Informal</th>
<th>Family/friends</th>
<th>No borrowing</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>8%</td>
<td>4%</td>
<td>11%</td>
<td>11%</td>
<td>66%</td>
</tr>
<tr>
<td>2014</td>
<td>7%</td>
<td>3%</td>
<td>16%</td>
<td>15%</td>
<td>59%</td>
</tr>
</tbody>
</table>

**Credit Strand**

In constructing this strand, the overlaps in financial product/services usage are removed.

- 66% claimed not to borrow at the time of the survey, neither from friends/family nor from formal/informal financial services providers
- 11% rely ONLY on borrowing from family/friends (they do not have any formal financial credit/loan products and informal mechanisms)
- 11% rely ONLY on informal mechanisms such as informal money-lenders (they do not have any formal financial credit/loan products, but they might also borrow from friends and family)
- 4% have/use credit/loan products from other formal (non-bank) institutions, but do
What drives credit uptake?

- **Loan from a bank**
  - 2014: 38 thousand
  - 2018: 50 thousand

- **From other formal non-bank**
  - 2014: 19 thousand
  - 2018: 43 thousand

- **SACCO**
  - 2014: 14 thousand
  - 2018: 27 thousand

- **MFI/DFI**
  - 2014: 13 thousand
  - 2018: 16 thousand

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not have credit/loan products from a bank (they could also use informal credit/loan products and/or borrow from friends and family)

- 8% of adults have/use credit/loan products from a commercial bank (however, they could also have other credit/loan products and/or borrow from friends and family but the defining characteristics are that they borrow from a bank)
Overall-2018

- Formal insurance: 25%
- Informal only: 9%
- Not insured: 73%

2018:
- Formal insurance: 25%
- Informal only: 3%
- Not insured: 72%

2014:
- Formal insurance: 22%
- Informal only: 5%
- Not insured: 73%

Base: 18 years and older

Insurance Strand

In constructing this strand, the overlaps in financial product/services usage are removed.

- 72% do not have any insurance product
- 3% rely ONLY on informal mechanisms (masingcwabisane)
- 25% of adults are insured through formal insurance products (however, some might also have informal insurance products such as masingcwabisane)
### Costly events experienced in the past year

<table>
<thead>
<tr>
<th>Event</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household illness</td>
<td>27%</td>
</tr>
<tr>
<td>Death of a family member</td>
<td>18%</td>
</tr>
<tr>
<td>Unforseen school fees and other expenses</td>
<td>16%</td>
</tr>
<tr>
<td>Increased HH size</td>
<td>13%</td>
</tr>
<tr>
<td>Loss of Job</td>
<td>11%</td>
</tr>
<tr>
<td>Natural disasters</td>
<td>8%</td>
</tr>
</tbody>
</table>

### Main coping strategy used

<table>
<thead>
<tr>
<th>Strategy</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cut down expenses</td>
<td>25%</td>
</tr>
<tr>
<td>Borrowed money</td>
<td>23%</td>
</tr>
<tr>
<td>Savings</td>
<td>23%</td>
</tr>
<tr>
<td>Sold something</td>
<td>6%</td>
</tr>
<tr>
<td>Claimed insurance</td>
<td>3%</td>
</tr>
<tr>
<td>Did nothing</td>
<td>17%</td>
</tr>
</tbody>
</table>

### Insurance product uptake

<table>
<thead>
<tr>
<th>Insurance Product</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funeral insurance</td>
<td>75%</td>
</tr>
<tr>
<td>Masingcwabisane</td>
<td>32%</td>
</tr>
<tr>
<td>Life insurance</td>
<td>9%</td>
</tr>
<tr>
<td>Medical</td>
<td>8%</td>
</tr>
<tr>
<td>Moto vehicle</td>
<td>7%</td>
</tr>
</tbody>
</table>

**LANDSCAPE PRODUCTS**

- About 40% adults claim to have experienced a major event/risk in the past year
- Expanding insurance to better manage impact of risks remains a priority as the insurance uptake is largely driven by funeral cover leaving huge opportunity for micro-insurance to deal with risk better than using savings and credit (43%)
More people are now remitting and usage of informal channels significantly reduced

**Remittances Strand**

In constructing this strand, the overlaps in financial product/services usage are removed:

- 23% did not send and/nor receive money in the past 12 months prior to Eswatini FinScope 2018 survey, neither through friends/family nor through formal/informal financial services providers
- 6% sent/received money ONLY through family/friends (they do not use any formal financial and informal remitting channels)
- 1% remitted through informal mechanisms such as informal the taxi/bus driver (they do not use any formal remitting channels, but they might also remit through friends and family)
- 70% remitted money through formal channels (e.g. banking channels such as eWallet; mobile money etc.), - they could also remit money through informal channels and/or through friends and family)
- More vulnerable groups are receiving remittances, recording an increase of 16 percentage points, the increase is driven by mobile money channels
- About 62,000 received money from another country
- About 40,000 sent money to someone living in another country
- Money remitted informally reduced from 30% in 2014 to 17% in 2018
- Method most often used to send money is mobile money (80%) – top 3 reasons are quick services (50%), reliable (16%) and easy to use (13%)
- Those who received money in the past 12 months, also use mobile money the most (65%), because it is quicker (40%) and both reliable and required by the sender at 17% each
**Mobile money account reach both the banked and the excluded population**

- 10% (67 thousand) adults use bank account only
- 40% (285 thousand) adults have both mobile money and bank account
- 29% (194 thousand) adults have mobile money account only
- 19% (130 thousand) neither have mobile money or banking account
- About 4 in 5 adults in Eswatini have transaction account through either mobile money and/or bank account
- Three in seven adults are using both mobile money and bank accounts to manage their financial needs

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**Growth in e-money to transact**

**DIGITAL PAYMENT PAST 12 MONTHS:**

- **NO:** 44%
- **YES:** 66%
- 28% Bank account
- 77% Mobile money account

- About 460 thousand adults transacted or made digital payments in the past 12 months prior to the survey
- More people transacted through mobile money accounts
About 5 in 7 adult in Eswatini use mobile money

- Among the services available to the users of mobile money are money transfers, airtime purchase and bills payments
- About 50% of the Eswatini adult population use the mobile money to pay for services including buying airtime
- Hundred and fifty thousand (22%) of mobile money users use it for remittances ONLY
ACCESS FRONTIERS

No access to either bank and/or mobile money accounts

Total market: 676 thousand

Have bank or MM accounts: 547k

Excluded: 130 thousand

Does not have access to FI: 53k

Have access but do not use it: 77 thousand

EXCLUDED BY DESIGN
MARKET DEVELOPMENT ZONE

(Overlaps)

- No mobile phone - 22 thousand
- No identity documents - 17 thousand
- No access to FI near HH - 34 thousand
- Affordability - 37 thousand

MARKET ENABLEMENT ZONE

- Do not have product - 12 thousand
- Lack product knowledge - 7 thousand
- Claim affordability, but have more than one source of income, save for unexpected emergencies - 58 thousand

- Of those who do not have neither a bank account and/or mobile money account, 37% do not have access to FI or do not have mobile money or identity document. These adults are excluded due to the institutional design – these challenges seek market developmental zone
- About 70% have access (market enablement zone):
  - but are denied access primarily because of affordability; and
  - choice made by the individuals
FINANCIAL INCLUSION

Quality of Inclusion Indicator

- Have a non-optimised portfolio of financial products and low financial capability
- Have a more diversified product repertoire but it is not optimised yet
- Have a balanced portfolio of products that are suited specifically to their financial wants and needs
The Eswatini FinScope 2018 revealed how EmaSwati 16 years and older manage their finances and elements that influence their uptake and usage of financial services. From this survey, the following conclusions are drawn:

1. 85% of the population 16 years and over are financially included (i.e. have or use financial products/services whether formal or informal). More adults are using formal financial products/services to manage their financial needs. Overall, whether comparing adults 18 years and older to FinScope 2014 or using the FinScope 2018 (16 years and older) as baseline, the Financial Sector managed to reach the Financial Inclusion of 15% excluded adult population. However, there are disparities and levers that should act to enable a broader inclusion of the population.

The following populations remain above the national target of 15% excluded population:

- Adults residing in Lubombo and Shiselweni regions.
- Young male adults (35 years and less), Livelihoods from informal job sector.
- Rural population.

2. Country profile: Small, predominantly rural, female and young population (35 years and younger). Generally low educational attainment.

- Just above 30% of adults have no formal education or only primary education. 55% attained secondary (three years junior secondary) or high school education (two years senior secondary), but only 12% has some kind of tertiary education.

- Formal sector is not growing, but more people are absorbed by informal job sector and also depending more from other people. This means most of the adult population have low and irregular income and this is often the primary cause of financial exclusion on both supply and demand sides.

- ONLY 24% of the adults in Eswatini have a high overall financial capability, 44% have a moderate financial capability and 25% only have a low financial capability. The latter therefore only have a low capacity to act in their best financial interest, given socio-economic environmental conditions. It would be essential for the policy makers to attend to the needs of this population in terms of building their financial capability, by educating them financially.
3. The adult population growth outpaced the growth in the banked population. The banked population remain at just above 50%. The slight growth in the banked population means that the 2022 target of deepening the bank reach remains a priority.

4. Other formal (non-bank) is driven by mobile money and SACCOs, mainly to remit and save money.

5. About 20% of the adult population do not have access to neither mobile money account and/or bank account.

   • Of those who do not have neither a bank account and/or mobile money account, 37% do not have access to FI or do not have mobile money or identity document. These adults are excluded due to the institutional design - these challenges seek market developmental interventions.

   • About 70% have access (market enablement zone):
     - but are denied access primarily because of affordability; and.
     - choice made by the individuals.

6. Usage of informal mechanism slightly declined but remain important pillar of financial inclusion driven by both saving and borrowing components.

    • Adults continue to use informal mechanism because it is cheaper and more accessible and 9 in 10 use the informal setups on a monthly basis

7. Subscription to insurance slightly increased but remain low at 28% and largely driven by funeral policies - The ability to deal with unexpected shocks that have a financial impact remain major financial need.

8. More adults are saving through formal mechanisms. The increase in the formal savings is driven by mobile money – presenting opportunity to be packaged as elements of a broader savings proposition.

9. Access to formal credit is still low, but slightly increasing and is driven by productive credit as more adults borrowed money to meet goals mainly including business development, education and/or to invest in property.

10. More vulnerable groups are receiving remittances, recording an increase of 16 percentage points driven by mobile money and increased mobile money agencies.

11. About 4 in 5 adults in Eswatini have transaction account through either Mobile money and/or bank account (40% are using both MM and Bank account to manage their financial needs.
• Digital technology has driven much of the progress in financial inclusion in Eswatini. About two-thirds of adults in Eswatini have used digital payments in the past 12 months prior to the survey.

12. The financial sector in Eswatini is shifting beyond financial inclusion indicators focusing on access and uptake indicators ONLY, but also set the targets that include usage and usage outcomes:

• Mobile money account is widely and broadly used, 56% of the users transact 3 or more on a monthly basis.

• The majority of those with a bank, SACCO and informal savings are medium users, using their accounts at least once on a monthly basis.

• Activities conducted through mobile money make mobile money account services more relevant – going beyond sending and/or receiving money to broader usage - This could be a driver for high usage as it accommodates the mental models that consumers already use today, just with better tools.

• About 3 in 4 adults using financial services providers claimed to be satisfied with their financial devices - users of Pension fund providers and mobile money are more likely to be satisfied with their financial products/services compared to counterparts.

• Adults with 2 or more formal financial products increased to 51% (8 percentage points) – target of 75% by 2022 remain one of the priorities.
The priorities of financial inclusion in Eswatini continue to ensure that the lives of EmaSwati are improved. To this end it should ensure that:

- Inclusion is no longer about access but rather about optimising people’s product usage
  - Financial education key, which could focus on the following areas:
    - Where are products and needs gaps?
    - What products best suit people’s needs?
    - Where can people get these products?
    - Which channels can be optimised?
    - And how can these products be optimised?

- Uptake key to those who do not have transactional accounts as this impact negatively in their financial capability

- Providers need to ensure that increases to credit enables productive capacity or improves the quality of life

- Insurance needs to address pressing resilience financial needs – for an example, how can health plan providers overcome industry challenges?

- Create distinct policy and market imperatives to capitalise on opportunities brought by mobile money - Activities conducted through mobile money make mobile money account services more relevant – going beyond sending and/or receiving money to broader usage.

- Continued monitoring and evaluating set target – in addition, there might be a need to use landscape suit (i.e. transaction products, savings, credit and insurance) instead of number of formal products.
FinScope Consumer Surveys have been completed in 33 countries including Eswatini. 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 6 countries – 2 in SADC, 2 non-SADC and 2 in west Africa.

FinScope Eswatini 2018 contains a wealth of data based on a nationally representative sample of the adult population of Eswatini.

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