



Press Release - 20 December 2016

**Financial services disproportionately available to the wealthy as 1 in 6 citizens (16%), mostly the poor, the rural and women, remain financially excluded
*Kenyans in the richest households are three times as likely to have taken a loan and twice as likely to have a bank account than those in the poorest households.***

20 December 2016, Nairobi: Eight out of ten Kenyans (84%) are financially included in that they have a bank or mobile money account, an insurance product, or a loan from a formal institution. On the other hand, a full one in six Kenyans continue to be financially excluded. Financial inclusion varies significantly between groups, most markedly between the wealthiest and the poorest households, 96% versus 68%.

Men (87%) are also more likely to have access to formal financial services than women (83%), urban dwellers (88%) than rural residents (82%) and young (18-24 years, 86%) than old (55+, 78%).

These findings were released by Twaweza East Africa in a research brief titled *Money Matters: Citizens and Financial Inclusion*. The brief is based on data from *Sauti za Wananchi*, Africa's first nationally representative high-frequency mobile phone survey. The findings are based on data collected from 1,739 respondents across Kenya between 23 September and 11 October 2016.

Despite the significant minority of citizens who still do not have access to financial services, use of these services has grown significantly in recent years.

Half of citizens (48%) report having a joint or individual bank account. 3 (three) out of 10 (ten) use M-shwari (mobile banking), and one in ten (13%) have accounts in Savings and Credit Cooperatives (SACCOS). Comparable data from collected in 2013 show that 29% of citizens had accounts in 2013 meaning access has doubled over the past three years.

Again access to bank accounts varies between groups. Wealth continues to be the strongest determining characteristic: 70% of Kenyans in the wealthiest households compared with 34% in the poorest households have access to bank accounts. As with financial inclusion, men lead women, 57% to 41%, and urban citizens perform better than their rural counterparts, 55% to 43%.

Among those who do not have any type of account, bank, mobile banking, micro-finance institution or SACCOS, 9 out of 10 (91%) cite a lack of money as their main reason for not opening an account.

One in three Kenyans (32%) has taken a loan in the past five years. Those in the wealthiest households are much more likely to borrow money, 49% versus 18%. And urban citizens and men are more likely to borrow money than rural citizens or women. Formal sources – banks 25%, SACCOS 17%, mobile money 15% - make up the bulk of the loans taken. Three out of ten Kenyans (31%) borrowed from informal sources like friends (9%), family (10%) or savings groups (12%). One in four loans (25%) are for businesses while a similar number, 23%, are for daily household expenses.

As with bank accounts, one in four Kenyans (25%) has a debit card while far fewer have any kind of insurance product (12%), pension schemes (11%), shares or stocks (5%) or credit cards (2%). Among those with insurance, 8 out of 10 (84%) have health insurance.

Three out of four Kenyans (75%) use mobile money services. Data collected in Tanzania through Sauti za Wananchi in September 2016 indicate that 80% of Tanzanians use mobile money services. Wealth continues to be a determining factor in access, 83% of Kenyans in the wealthiest households compared to 61% in the poorest ones use these services. Use of mobile money is the same between genders and across rural and urban settings. However young people, 18-24 years 79%, are more likely to use these services than older people, 55+ years 68%.

Among users of mobile money, almost all (96%) say they use these services for sending and receiving money. A further 29% also use these services to save money. Although only 4% of mobile money users say they use the service for borrowing, 81% have used *Okoa Jahazi* to borrow airtime. A majority of citizens (57%) are aware of the interest rates charged for loans from mobile money providers. Three in ten claim to have gained access to larger loans over time (33%) while a similar number (38%) say they have borrowed money to pay back mobile money loans in order to gain access to larger loans.

Overall six out of ten Kenyans (58%) say they are happy with the cost of mobile money services, 23% think they are too expensive and 19% think they are too cheap.

“There is much to celebrate as we rapidly increase access to financial services for all Kenyans,” said John Mugo, Director of Data and Voice at Twaweza. “Access to credit and insurance, the ability to send and receive money simply and securely, and safe places to store any savings can help to both reduce the vulnerability of the poor and increase their productivity. At the same time these data consistently and troublingly show that the wealthy are disproportionately the beneficiaries of financial services in Kenya. Women and rural citizens are also disproportionately excluded from mainstream financial services. The private sector and government will need to come together to create more incentive and opportunities to promote financial inclusion among Kenya’s poorer households.”

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Notes to Editors

- This brief and the data contained can be accessed at <http://www.twaweza.org/go/sauti-kenya-launch>
- Twaweza works on enabling children to learn, citizens to exercise agency and governments to be more open and responsive in Tanzania, Kenya and Uganda. We have programs, staff and offices across all three countries, and a globally respected practice of learning, monitoring and evaluation. Our flagship programs include *Uwezo*, Africa’s largest annual citizen assessment to assess children’s learning levels across hundreds of thousands of households, and *Sauti za Wananchi*, Africa’s first nationally representative mobile phone survey. We undertake effective public and policy engagement, through powerful media partnerships and global leadership of initiatives such as the Open Government Partnership
- You can follow Twaweza’s work : **Web:** www.twaweza.org **Twitter:** @SautiZaWananchi