

# FINANCIAL INCLUSION **insights**

APPLIED RESEARCH FOR  digital financial inclusion

## PAKISTAN

### WAVE REPORT FII TRACKER SURVEY

Conducted September-October 2015

March 2016

## PAKISTAN



## PUTTING THE USER FRONT AND CENTER

The Financial Inclusion Insights (FII) program responds to the need identified by multiple stakeholders for timely, demand-side data and practical insights into digital financial services (DFS), including mobile money, and the potential for their expanded use among the poor.

The FII team conducts regular survey and qualitative research in [Kenya](#), [Tanzania](#), [Uganda](#), [Nigeria](#), [India](#), [Pakistan](#), [Bangladesh](#) and [Indonesia](#) to:

- [Track access to and demand](#) for financial services generally, and the uptake and use of DFS specifically;
- [Measure adoption and use](#) of DFS among key target groups (females, BOP, rural, unbanked, etc.);
- [Identify drivers and barriers](#) to further adoption of DFS;
- [Evaluate the agent experience](#) and the performance of mobile money agents; and
- [Produce actionable, forward-looking insights](#) to support product and service development and delivery, based on rigorous FII data.

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The FII program is managed by InterMedia. Visit the FII Resource Center to learn more: [www.finclusion.org](http://www.finclusion.org).

## PAKISTAN

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# EXECUTIVE SUMMARY

## PAKISTAN

### Survey demographics

|                                   | % of survey |
|-----------------------------------|-------------|
| Gender                            |             |
| Male                              | 53%         |
| Female                            | 47%         |
| Geography                         |             |
| Urban                             | 34%         |
| Rural                             | 66%         |
| Income                            |             |
| Above the \$2.50/day poverty line | 50%         |
| Below the \$2.50/day poverty line | 50%         |

|                | % of survey |
|----------------|-------------|
| Age            |             |
| 15-24          | 28%         |
| 25-34          | 29%         |
| 35-44          | 17%         |
| 45-54          | 15%         |
| 55+            | 11%         |
| Aptitude       |             |
| Basic literacy | 65%         |
| Basic numeracy | 95%         |

Figures are weighted to reflect national census data demographics.

Source: InterMedia Pakistan FII Tracker survey Wave 3 (N=6,000, 15+) September-October 2015.

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## Country context

- **As of June 2015, six banks and two microfinance banks were licensed to offer mobile financial services in Pakistan.**
  - Telenor Easypaisa remains the clear market leader.
- **By the end of the second quarter of 2015, a total of 99.5 million transactions, valued at PKR 505.9 billion (\$4.8 billion USD), were conducted. This amounted to a 37 percent increase in transaction volume and a 43 percent increase in value over the previous quarter.**
  - Customer transactions amounted to 94.3 million in volume and PKR 308.4 billion (2.95 billion USD) in value.
  - Over-the-counter (OTC) transactions represented 70 percent of customer transactions in both volume and value; m-wallet transactions amounted to approximately 30 percent each in volume and value.
  - According to the State Bank of Pakistan, the rise in customer transactions can be attributed to the rise in cash deposits and withdrawals, fund transfers, G2P transactions and mobile top-ups.
- **According to the State Bank of Pakistan (SBP), there were 10.8 million registered mobile money accounts by the end of June 2015.**
  - Telenor Easypaisa accounted for 7.5 million of the registered accounts, followed by Omni with 1.8 million accounts, and Waseela Microfinance at 1.2 million accounts.
  - Between the first and second quarters of 2015, mobile money registration increased by 44 percent.
  - As of the end of June 2015, an estimated 47,902 biometric identification devices were installed at agent locations to facilitate real-time account opening. Thirty-six percent of agent locations across Pakistan had this capability as of June 2015.
  - Between April and June 2015, Mobicash and Easypaisa opened 1.3 million customer accounts using the biometric verification system, according to SBP data.

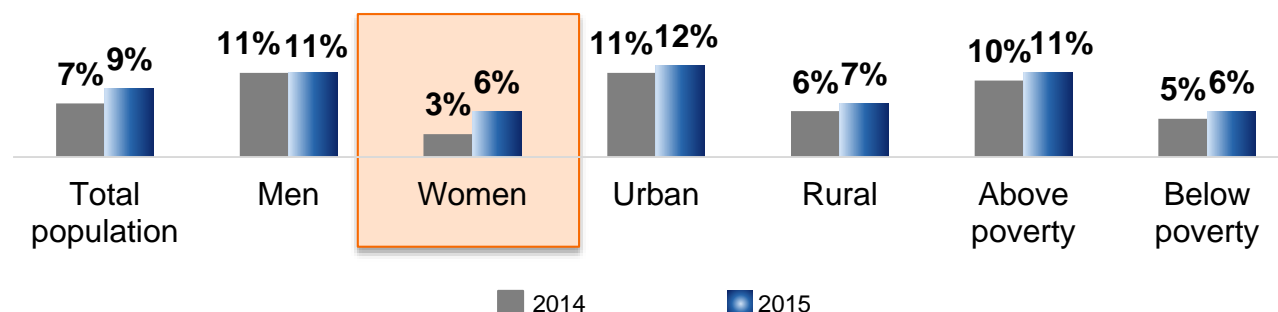
## PAKISTAN

### Key findings: Financial inclusion

- **Financial inclusion remained at under 10 percent of adults.**
  - Financial inclusion increased from 7 to 9 percent between 2014 and 2015.
  - Most demographic groups saw no more than a 1 percent change in financial inclusion. Financial inclusion grew most for women, doubling from 3 percent in 2014 to 6 percent in 2015.
- **Banks are still the major contributor to financial inclusion.**
  - Registered bank accounts remained steady; 7 percent of adults have bank accounts.
  - Mobile money and NBFI accounts both grew from less than 1 percent of adults prior to 2015, to 1 percent of adults in 2015.

#### Financially included by demographic

(Shown: Percentage of Pakistani adults within each demographic group, by year)

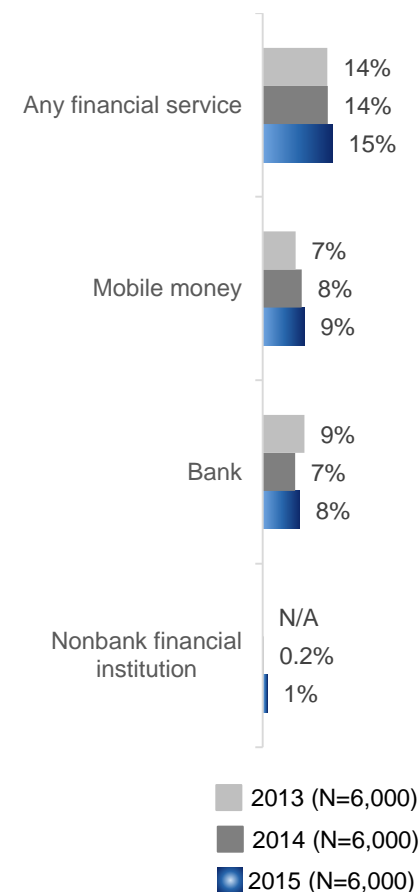


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### Key findings: Account access and ownership

- Access to financial accounts is driven by both mobile money and banks.
  - More adults (9 percent) use mobile money than use banks (8 percent). However, the majority of mobile money users are unregistered, using the service over the counter (OTC).
  - Eighty-six percent of mobile money users are using the services OTC through an agent rather than registering for their own accounts.
- Non-digital access is the preferred route to bank account access.
  - Nearly all bank account holders reported being able to access their accounts digitally, but the preferred way to access an account is OTC at a bank branch (82 percent).
  - The second choice was through ATMs, at 72 percent.
- Males are more than twice as likely as females to be active bank account holders.
  - Ten percent of males were active bank account holders, compared with 4 percent of females.
  - Urban/rural and above/below poverty line divides were 10 percent vs. 6 percent, and 9 percent vs. 5 percent, respectively.

**Financial account access**  
(Shown: Percentage of Pakistani adults, by year)



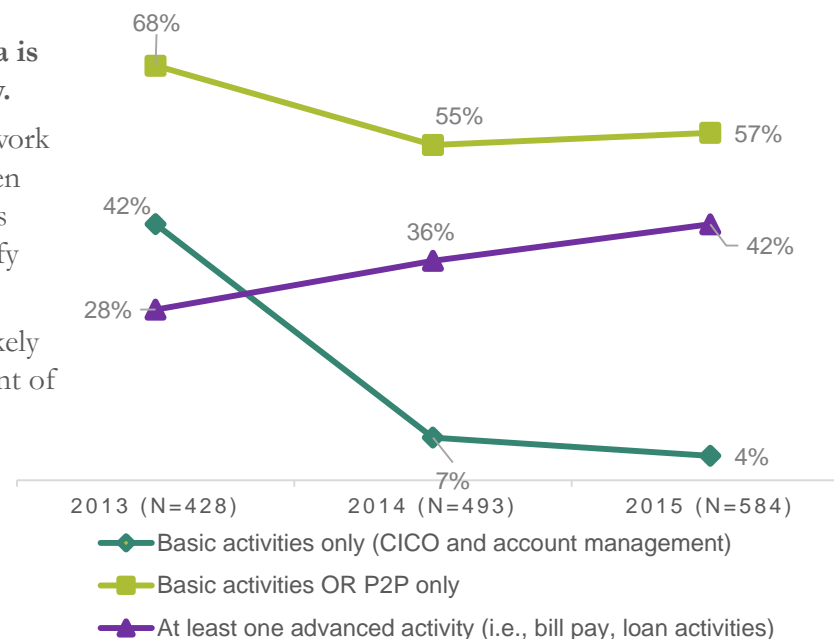


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### Key findings: Mobile money

- Mobile money use, as a portion of awareness, remains steady at just over one in 10.
  - Seventy-two percent of Pakistanis were aware of at least one mobile money provider, 13 percent of whom had used mobile money at least once. This compares with 76 percent and 11 percent, respectively, in 2014.
- Regardless of which company someone has a SIM card with, Easypaisa is the mobile money deployment they are most likely to be able to identify.
  - The largest gap between customers' awareness of their own mobile network operators' mobile money products and that of Telenor's Easypaisa is seen among Warid customers. Thirty-nine percent of Warid SIM-card holders could identify Warid's Mobile Paisa product, but 86 percent could identify Easypaisa.
  - Outside of Telenor SIM card holders, Mobilink customers were most likely to be able to identify their company's mobile money service. Sixty percent of Mobilink customers knew about Mobilink Mobicash.
- Use of mobile money for advanced activities is increasingly common.
  - In 2013, 42 percent of mobile money users only used the services for depositing and withdrawing cash. Now, that number has dropped to 4 percent.
  - Advanced use of mobile money services, such as bill pay and loans, has moved from 28 percent of mobile money users in 2013 to 42 percent in 2015.

**Mobile money uses, by type**  
(Shown: Percentage of all mobile money users)



## PAKISTAN

### Key findings: Awareness, literacy and mobile competency

- Many Pakistanis who do not have bank accounts lack the necessary information to make informed decisions about bank account use.
  - The top two reasons Pakistanis gave for not registering a bank account were they didn't have enough money to do so or they didn't engage in financial activities that an account could facilitate.
  - Among those who thought they did not have enough money, 71 percent admitted they did not know how much it costs to open an account.
  - Seventy-four percent of those who did not believe they could use a bank account for activities they engage in did not know that bank accounts could be used to make retail purchases. Forty-five percent did not know that banks could be used to access credit.
- Low literacy and the inability to use a mobile phone remain significant barriers to adopting mobile-based financial services.
  - Sixty-five percent of Pakistani adults are able to read and understand basic sentences in either Urdu or English.
  - Seventy-six percent of adults can access a mobile phone, but just 40 percent had ever sent or received a text message. The technical skills necessary for using mobile money are similar to those needed to send and receive text messages.

#### Reason for not opening a bank account

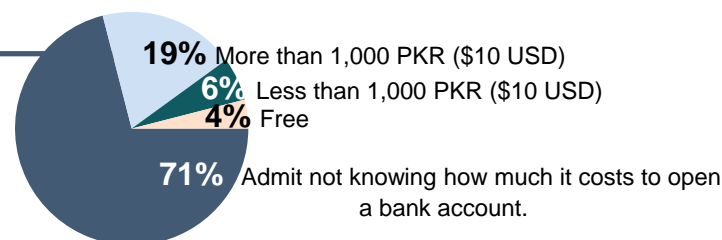
(Shown: Percentage of unbanked, n=5,518)

41%

I don't have enough money to open an account

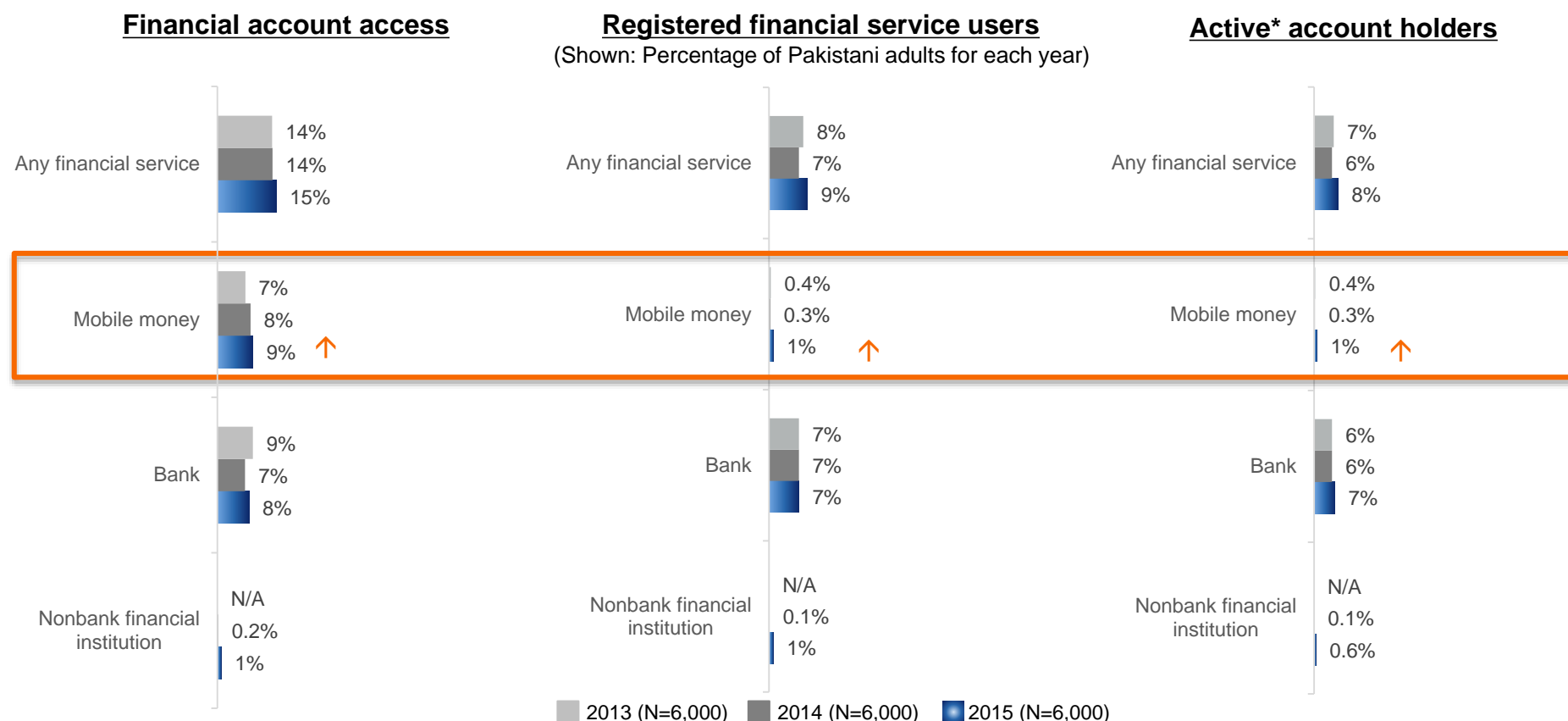
#### Estimate of cost of opening a bank account

(Shown: Percentage of those who believe they don't have enough money to open an account, n=2,254)



## PAKISTAN

### At-a-glance: Bank accounts and mobile money continue to be the primary means of financial account access



Types of account ownership are not mutually exclusive. \*Used the account in the last 90 days

Source: InterMedia Pakistan FII Tracker surveys Wave 1 (N=6,000, 15+), November 2013-January 2014; Wave 2 (N=6,000, 15+), September-December 2014; Wave 3 (N=6,000, 15+), September-October 2015.

## PAKISTAN

### Active digital stored-value account ownership increased between 2014 and 2015, but use of these accounts for beyond-basic services did not change

| Main FSP Indicator  | 2014   | 2015   | Base Definition   |
|---|--------|--------|-------------------|
|   | %      | %      |                   |
|   | Base n | Base n |                   |
| Adults (15+) who have active digital stored-value accounts  | 6%     | 8%     | All adults        |
|   | 6,000  | 6,000  |                   |
| Poor adults (15+) who have active digital stored-value accounts   | 4%     | 5%     | All poor          |
|   | 3,102  | 3,074  |                   |
| Rural women (15+ ) who have active digital stored-value accounts  | 2%     | 3%     | All rural females |
|   | 1,760  | 1,745  |                   |
| Adults (15+) who have active digital stored-value accounts and use them to access other financial services (beyond basic wallet, P2P and bill pay)      | 4%     | 3%     | All adults        |
|   | 6,000  | 6,000  |                   |
| Poor adults (15+) who have active digital stored-value accounts and use them to access other financial services (beyond basic wallet, P2P and bill pay) | 3%     | 2%     | All poor          |
|   | 3,102  | 3,074  |                   |
| Rural women (15+) who have active digital stored-value accounts and use them to access other financial services (beyond basic wallet, P2P and bill pay) | 0.9%   | 0.7%   | All rural females |
|   | 1,760  | 1,745  |                   |

Digital stored-value accounts: accounts in which a monetary value is represented in a digital electronic format and can be retrieved/transferred by the account owner remotely. For this particular study, DSVAs include a bank account or NBFI account with digital access (a card, online access or a mobile phone application) and a mobile money account.

Source: InterMedia Pakistan FII Tracker surveys Wave 2 (N=6,000, 15+), September-December 2014; Wave 3 (N=6,000, 15+), September-October 2015.

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# FINANCIAL INCLUSION

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# Understanding financial inclusion

## What is financial inclusion?

FII's definition of financial inclusion goes beyond "having accessed" a financial service. This comparatively conservative definition requires account ownership with an institution that provides a full-suite of financial services and comes under some form of government regulation.

These services include savings, money transfers, insurance or investment. Institutions that only offer loans to consumers, such as some microfinance institutions (MFIs), are not considered to be full-service institutions. *(Source: InterMedia FII Program)*

## How is it measured?

To determine financial inclusion, we look at the percentage of adults who report having an account in their name with at least one institution offering a full-suite of financial services.

## What is included in this?

Banks, nonbank financial institutions and mobile money services are included in the financial inclusion measure. In the case of Pakistan, nonbank financial institutions include MFIs, committees, and post office banks. In all countries, individuals must have an account in their own name.

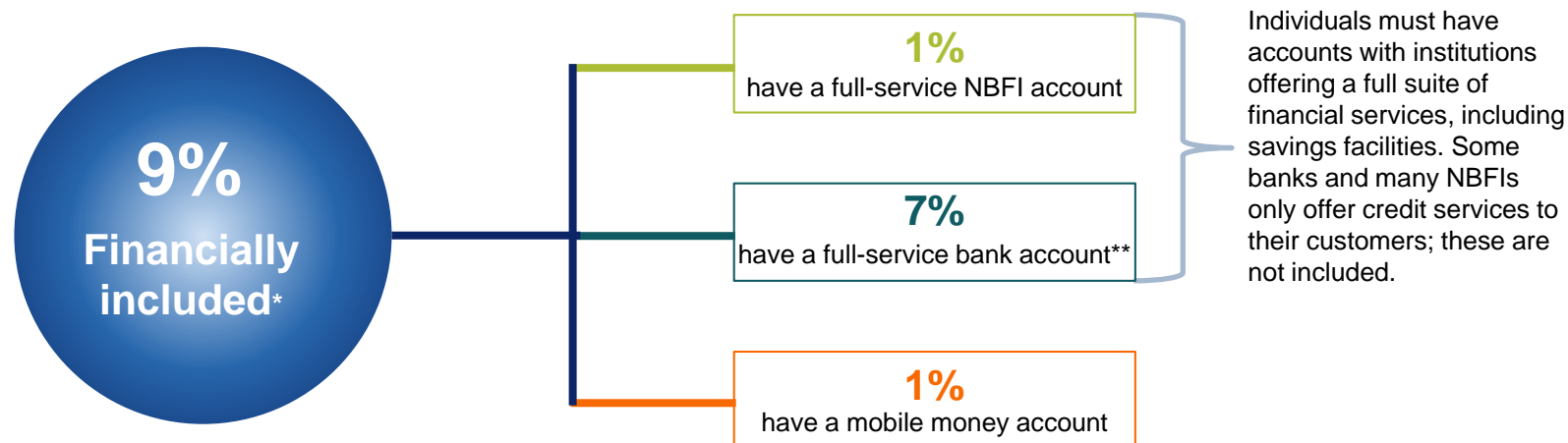
## What isn't included?

Excluded from the financial inclusion measure are money guards, savings collectors, hawla/hundi networks, and digital recharge cards that are not attached to a bank or MFI account.

Additionally, individuals who have accessed formal financial services but do not have their own account, such as those using another family member's account, are not included.

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## Just under one-tenth of Pakistanis are financially included



\*Overlap representing those who have multiple kinds of financial accounts is not shown.

\*\*For the purposes of this study, bank account holders have accounts at full-service institutions, unless otherwise noted.

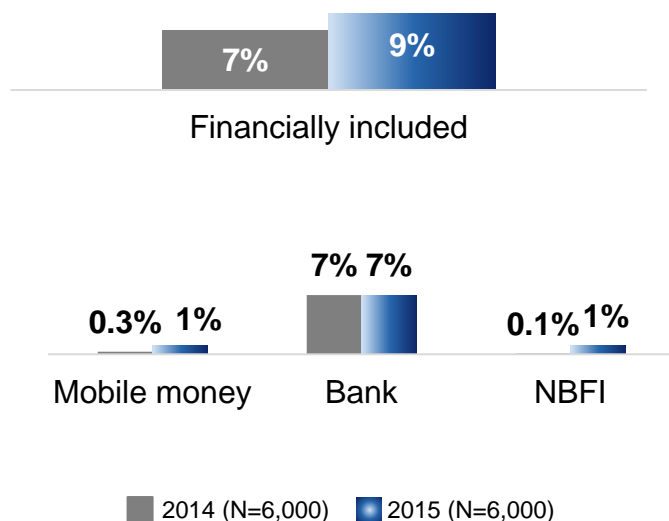
Source: InterMedia Pakistan FII Tracker survey Wave 3 (N=6,000, 15+), September-October 2015.

## PAKISTAN

### Incremental increases across mobile money and NBFIs grew financial inclusion overall; product adoption by women drove progress

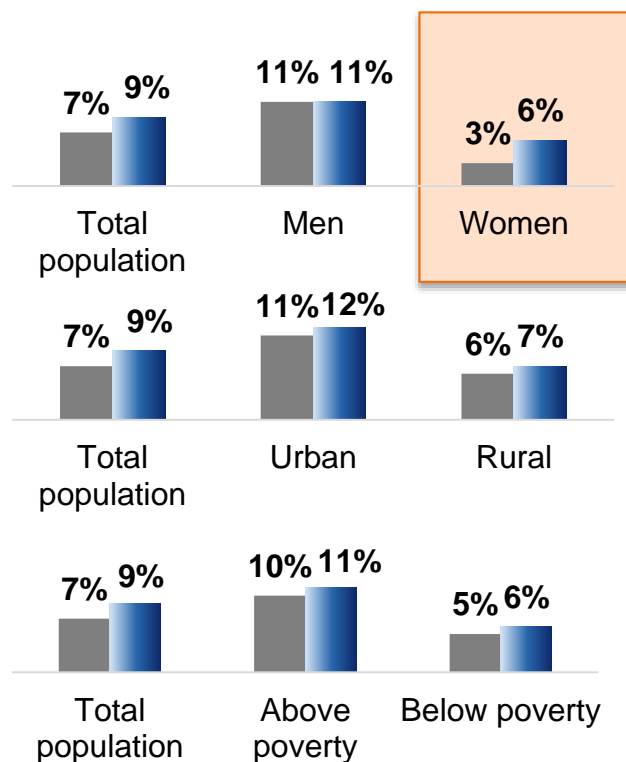
#### Financially included

(Shown: Percentage of Pakistani adults)



#### Financially included by demographic

(Shown: Percentage of Pakistani adults within each demographic group, by year)



Overlap representing those who have multiple kinds of financial accounts is not shown.

Source: InterMedia Pakistan FII Tracker surveys Wave 2 (N=6,000, 15+), September-December 2014; Wave 3 (N=6,000, 15+), September-October 2015.

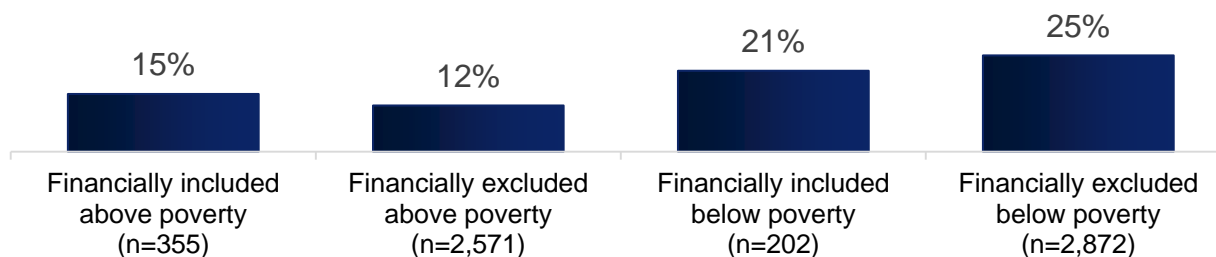


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## Financial inclusion corresponds to greater economic stability and financial planning across poverty levels

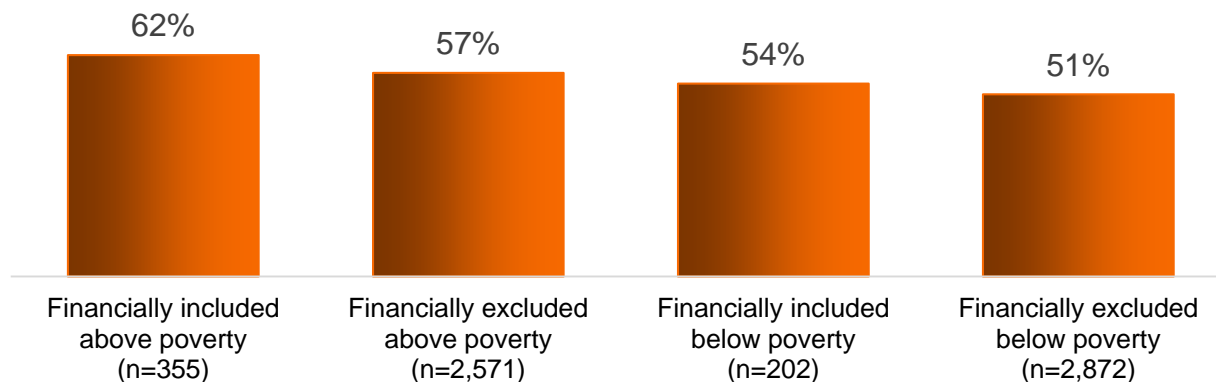
### 2015: Economically vulnerable

(Shown: Percent of Pakistani adults by financial inclusion, poverty levels)



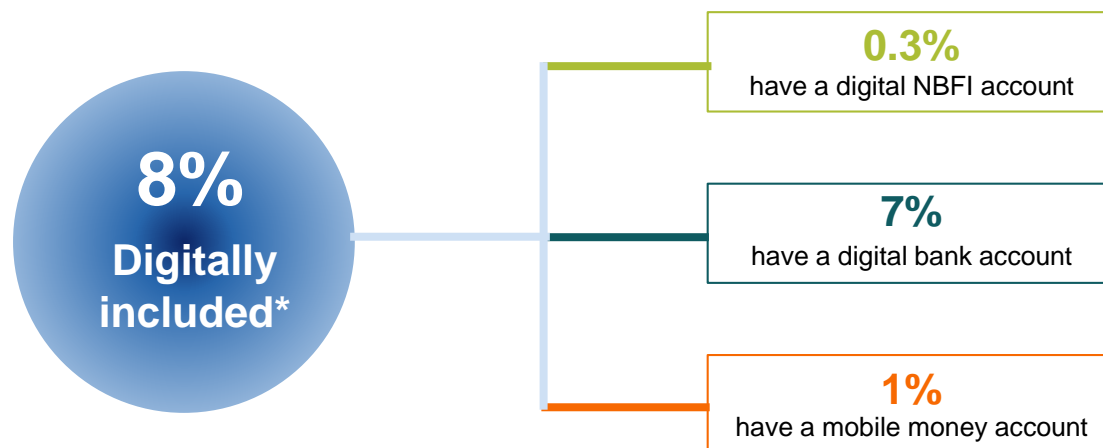
### 2015: Have a financial plan for unexpected events

(Shown: Percent of adults by financial inclusion, poverty levels)



## PAKISTAN

## Few Pakistanis are digitally included; banks lead digital inclusion



\*Overlap representing those who have multiple kinds of financial accounts is not shown.

Digital access to an account means that an individual can access their account via any number of electronic platforms, including debit and credit cards, electronic money transfers, or mobile phones.

Source: InterMedia Pakistan FII Tracker survey Wave 3 (N=6,000, 15+), September-October 2015.

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# PAKISTANIS' FINANCIAL LIVES

## PAKISTAN

### Most adults are at least occasionally able to pay their bills on time

|   | <b><u>2015: Financial responsibility, vulnerability</u></b><br>(Shown: Percentage of Pakistani adults, N=6,000) | <b><u>2015: Financially included</u></b><br>(n=557) | <b><u>2015: Financially excluded</u></b><br>(n=5,443) |
|---|---|---|---|
| Able to pay bills on time   | 83%   | 89%   | 82%   |
| Have a financial plan for unexpected events   | 54%   | 59%   | 54%   |
| Regularly experience economic vulnerability (i.e., can't afford food, medical expenses) | 19%   | 17%   | 19%   |

\*Question allowed for multiple responses.

Source: InterMedia Pakistan FII Tracker survey Wave 3 (N=6,000, 15+), September-October 2015.

## PAKISTAN

### One in five experience economic vulnerability, most often having to pass on medical help or family engagements

#### 2015: Economic vulnerability

(Shown: Percentage of Pakistani adults, N=6,000)



#### 2015: Profile of vulnerable adults

(n=1,148)

53% Female

62% Rural

67% Live on less than \$2.50 a day

14% Live on less than \$1.25 a day

93% Numerate

46% Illiterate

#### 2015: Form of economic vulnerability

(Shown: Percentage of vulnerable adults, n=1,148)

%

Gone without medical help 55%

Miss an important family event  
(i.e., funeral, wedding, etc.) 40%

Gone without food to eat 23%

Gone without cooking fuel 21%

Gone without fertilizer for the farm 16%

Gone without help from a veterinarian 15%

Couldn't pay school fees 10%

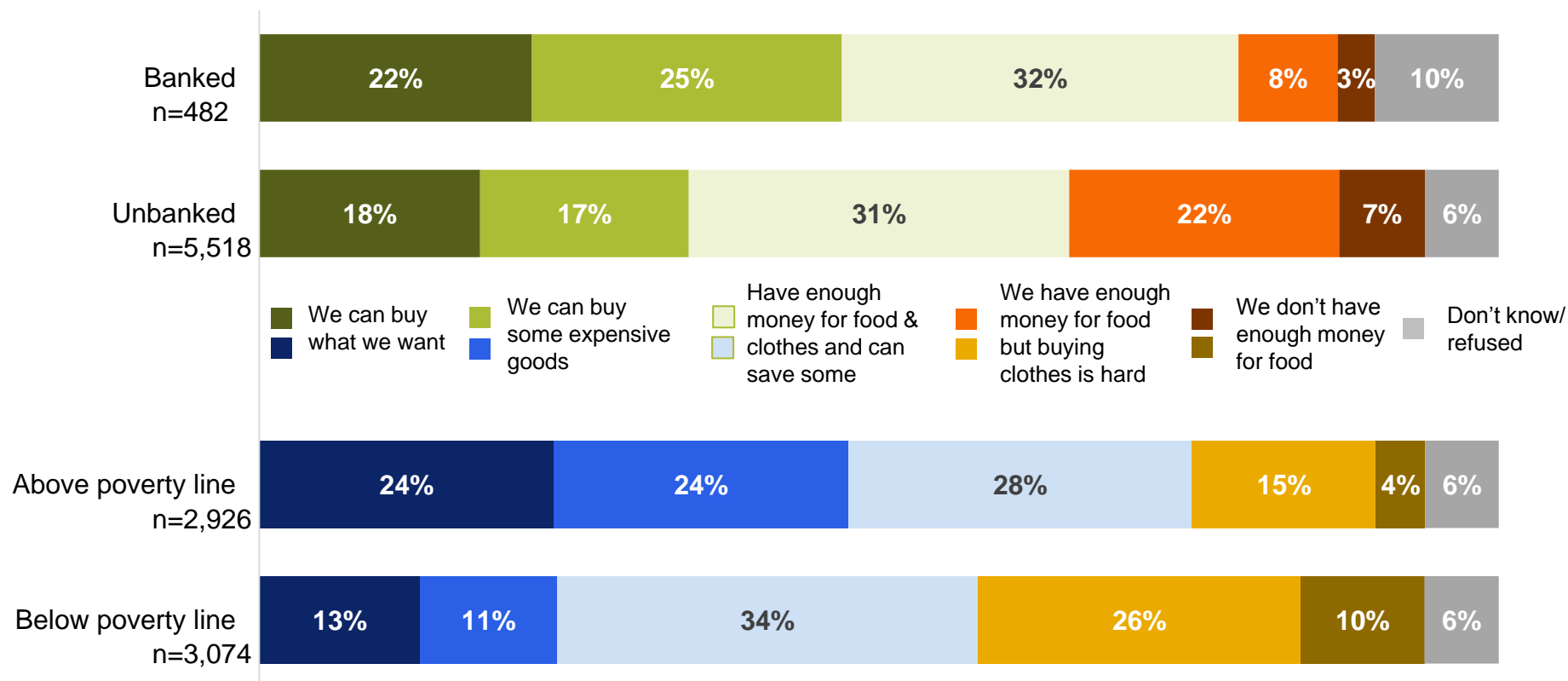
Had to close down business temporarily or completely 7%

## PAKISTAN

### Unbanked and below-poverty-line households' perceptions of their purchasing power are far lower than the perceptions held by their counterparts

#### 2015: Perceptions of household purchasing power

(Shown: Percentage of Pakistani adults, N=6,000)

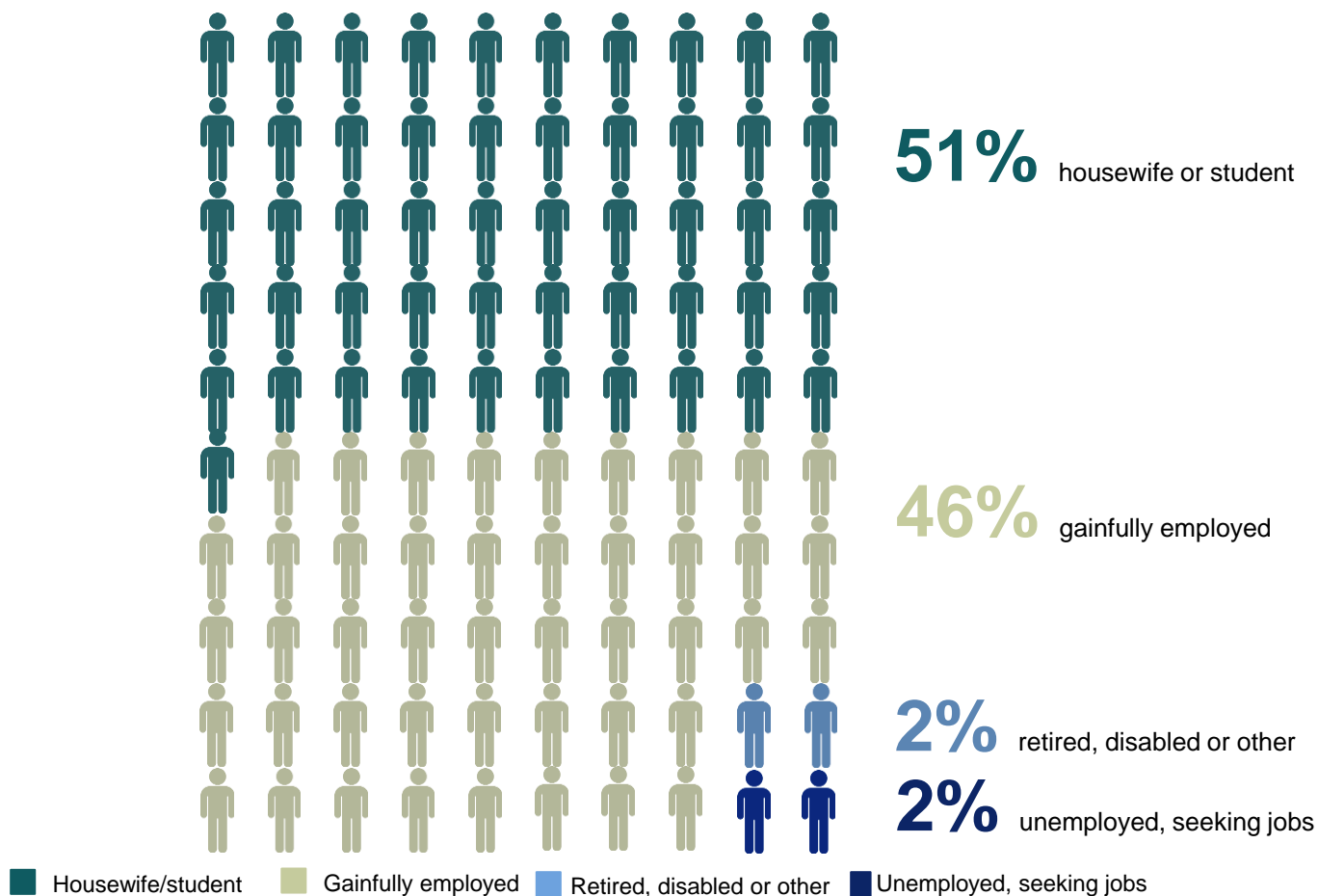


## PAKISTAN

### Close to half the population is gainfully employed

#### 2015: Employment

(Shown: Percentage of Pakistani adults, N=6,000)



Due to rounding, percentages add to 101.

Source: InterMedia Pakistan FII Tracker survey Wave 3 (N=6,000, 15+), September-October 2015.

## PAKISTAN

### The vast majority of gainfully employed adults are males; working on or owning a farm is the most common occupation

#### 2015: Employment

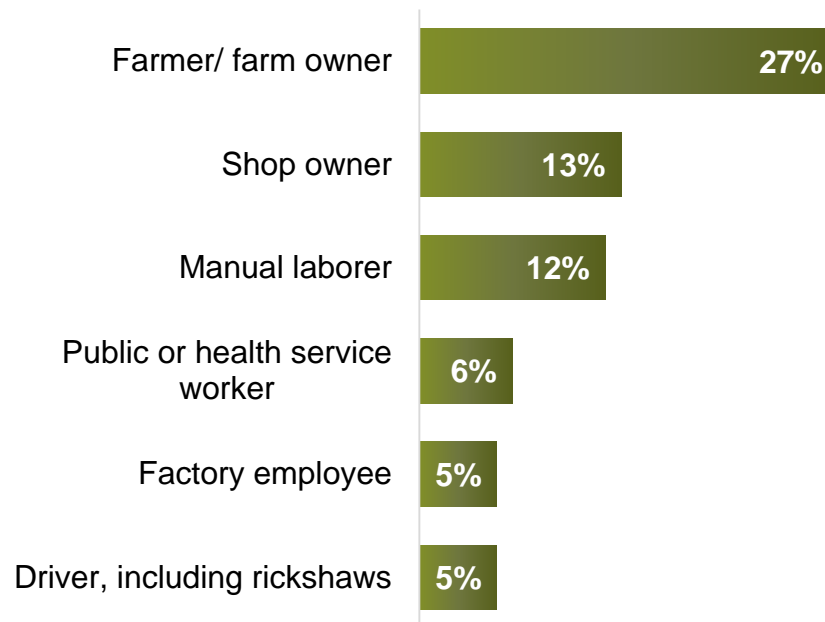
(Shown: Percentage of Pakistani adults, N=6,000)



53% of the population is male; but males make up 94% of the gainfully employed.

#### 2015: Most common primary occupation

(Shown: Percentage of gainfully employed adults, n=2,857)





## PAKISTAN

### Many Pakistanis save money, mostly through informal means

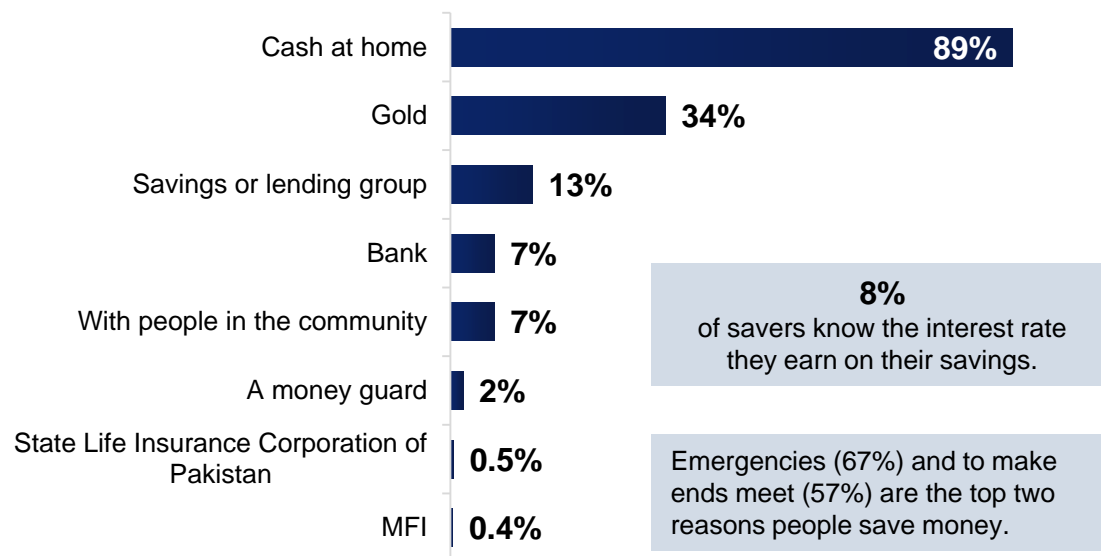
#### 2015: Savings

(Shown: Percentage of Pakistani adults, N=6,000)

**72%**  
currently have  
savings

#### 2015: Location of savings

(Shown: Percentage of adults who save, n=4,291)

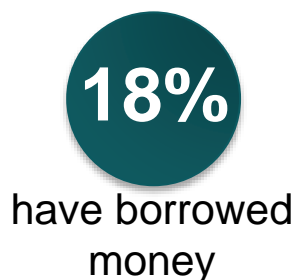


## PAKISTAN

## Few Pakistanis have borrowed money; family and friends are the primary sources of loans

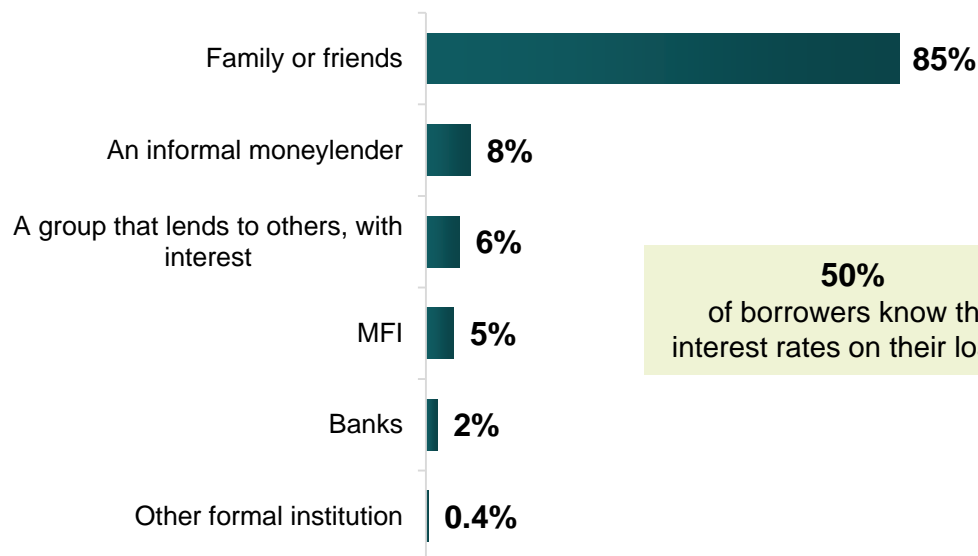
### 2015: Borrowing

(Shown: Percentage of Pakistani adults, N=6,000)



### 2015: Source of loans

(Shown: Percentage of adults who borrow, n=1,123)



**50%**  
of borrowers know the  
interest rates on their loans.

## PAKISTAN

### Few Pakistanis have insurance; most who do have life insurance

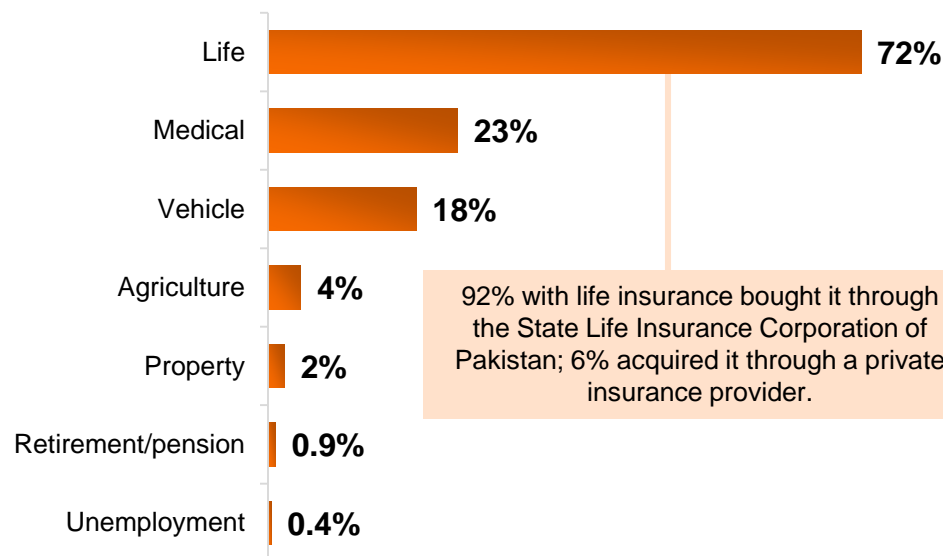
#### 2015: Insurance

(Shown: Percentage of Pakistani adults, N=6,000)

**3%**  
have  
insurance

#### 2015: Type of insurance

(Shown: Percentage of adults with insurance, n=162)

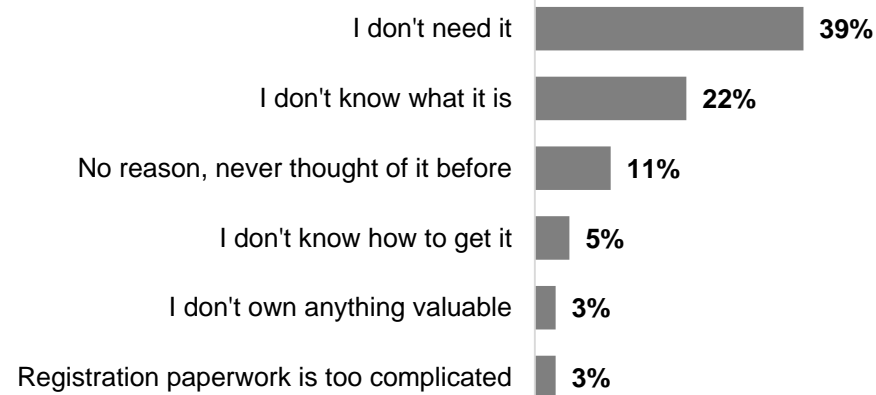
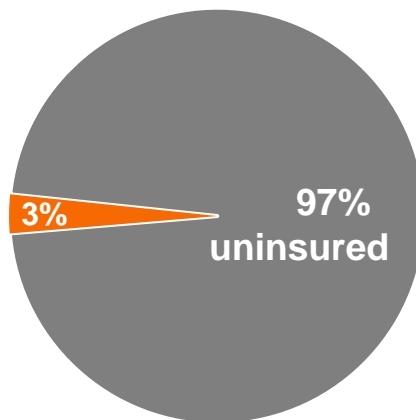


## PAKISTAN

## A lack of awareness and understanding is preventing insurance coverage from becoming more commonplace

### 2015: Primary reasons for not having insurance

(Shown: Percentage of uninsured adults, n=5,838)

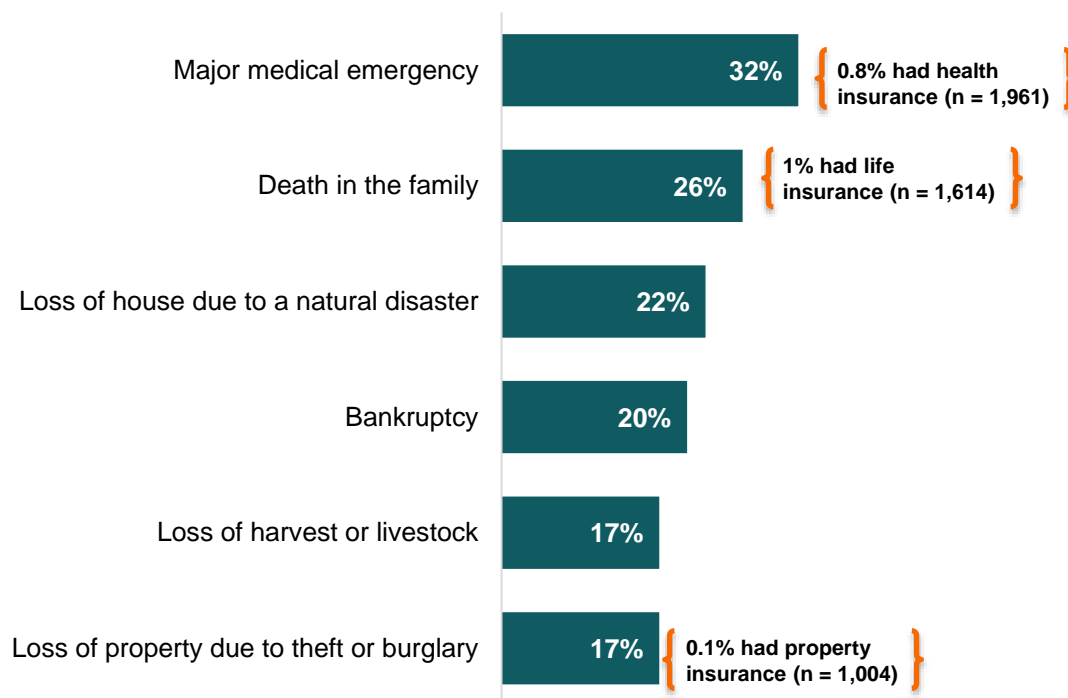


## PAKISTAN

## Insurance may be rare, but more do plan for medical expenses, death in the family

### 2015: Unexpected expenses for which people have a financial plan

(Shown: Percentage of Pakistani adults, N=6,000)



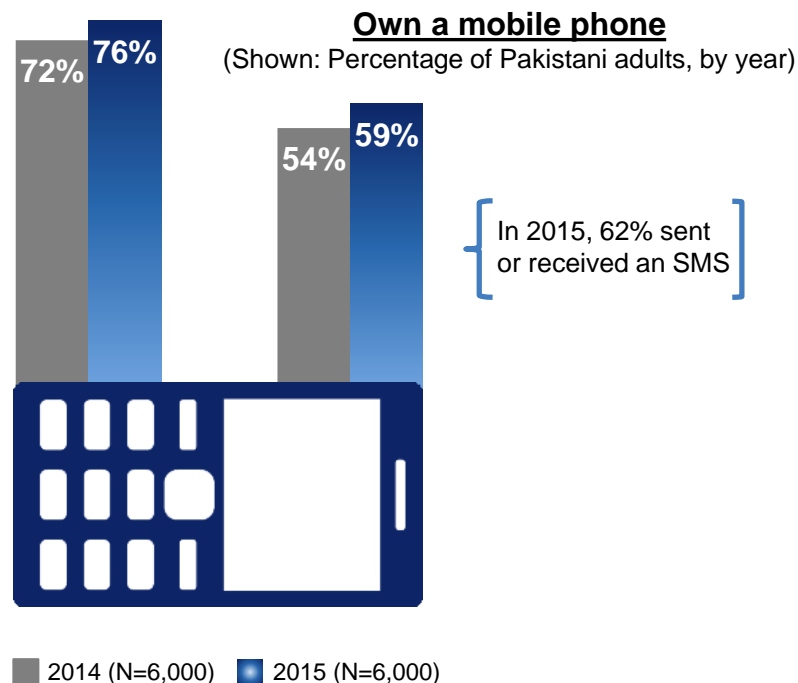
# ACCESS TO, USE OF MOBILE PHONES

## PAKISTAN

### Low mobile phone ownership and a lack of competency with a phone continue to be barriers to DFS uptake

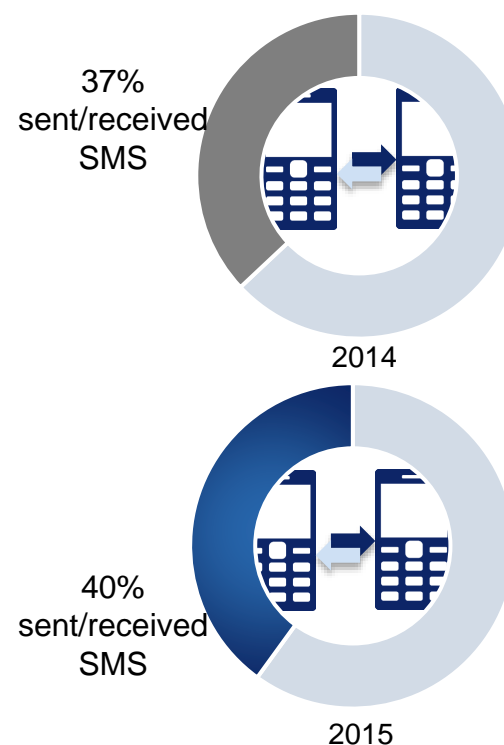
#### Have access to a mobile phone

(Shown: Percentage of Pakistani adults, by year)



#### Basic mobile phone competency (has sent/received text messages [SMS])

(Shown: Percentage of Pakistani adults, by year)

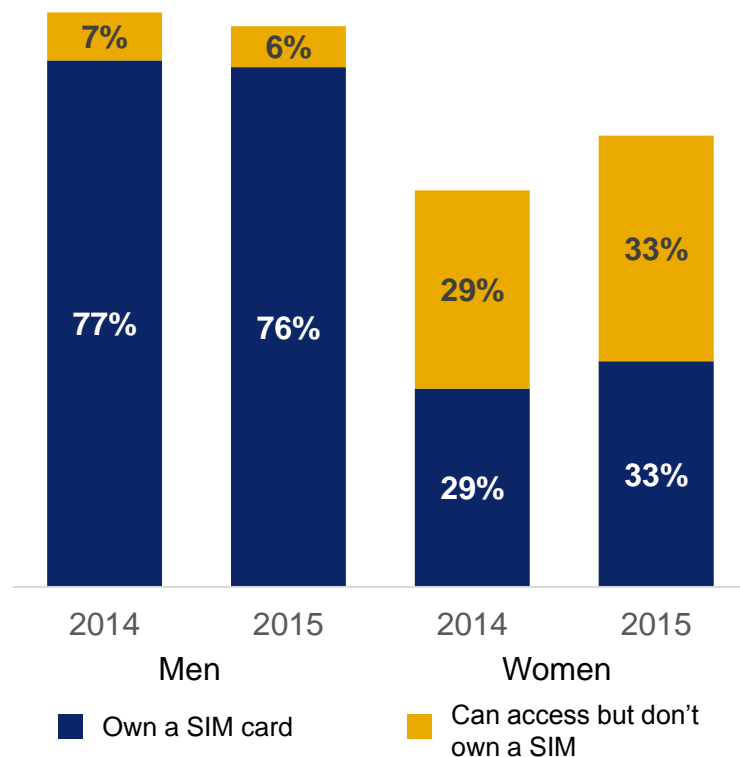


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### SIM-card access, ownership is largely static; few discarded a SIM as a result of the verification initiative

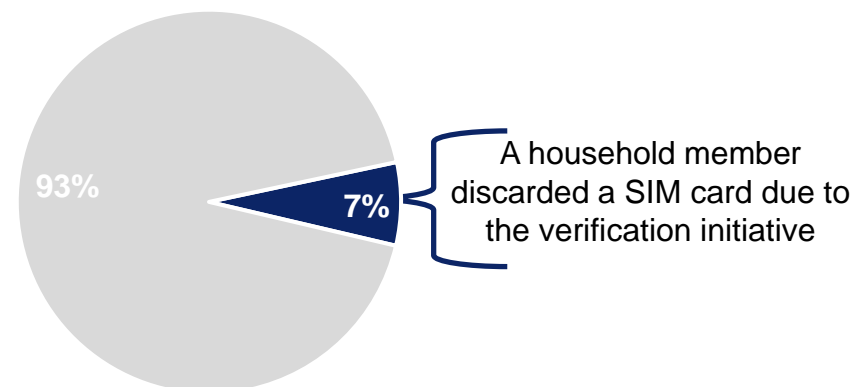
#### SIM-card access, ownership

(Shown: Percentage of Pakistani men, women by year)



#### Households affected by SIM-card verification initiative

(Shown: Percentage of Pakistani adults, N=6,000)

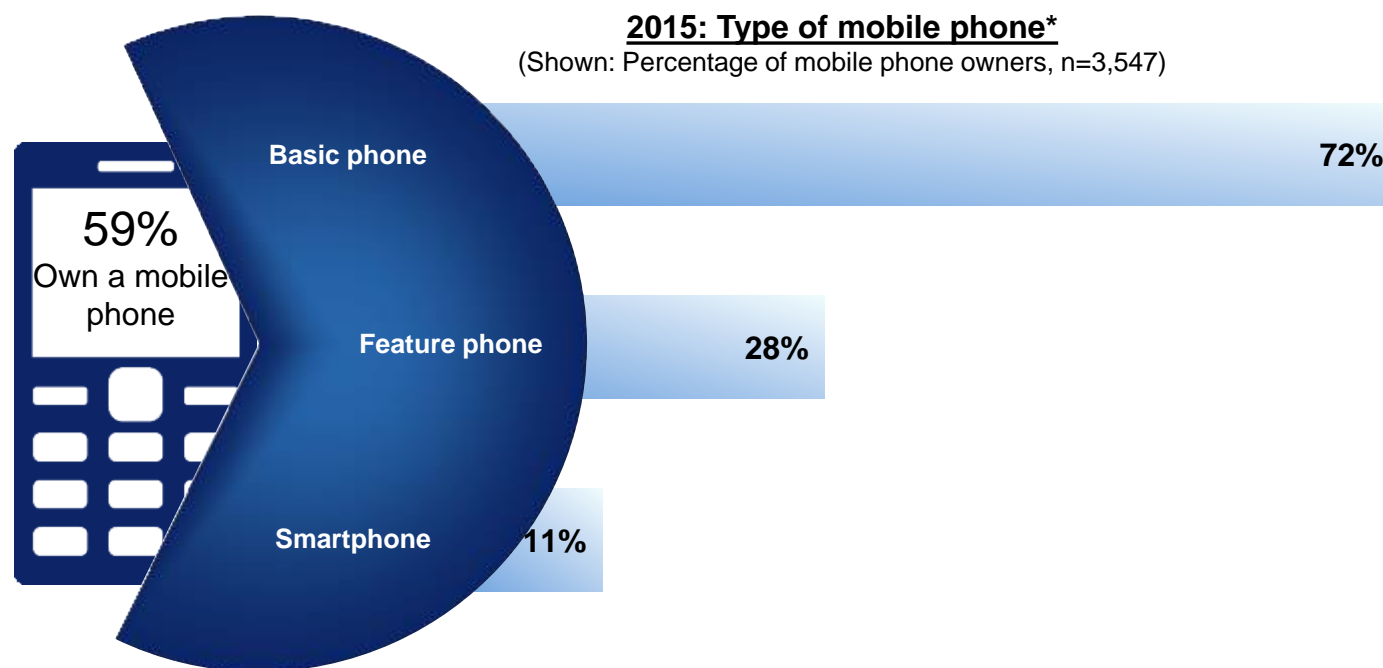


The SIM-card verification initiative that was part of the new biometric registration requirement caused some disruption, with 7 percent of adults reporting their households were affected by it. However, it did not appear to reduce ownership or access to SIMs among either gender.



## PAKISTAN

**Basic phones – those that only allow calling, SMS and saving phone numbers – are more common than smartphones or feature phones**



**Basic phone:** Only allows calling, text messaging (SMS) and saving phone numbers

**Feature phone:** Has a camera, radio, etc., but does not have email or mobile applications

**Smartphone:** Provides access to email accounts, mobile applications

\*Question allowed for multiple responses, depending on the number of phones owned.

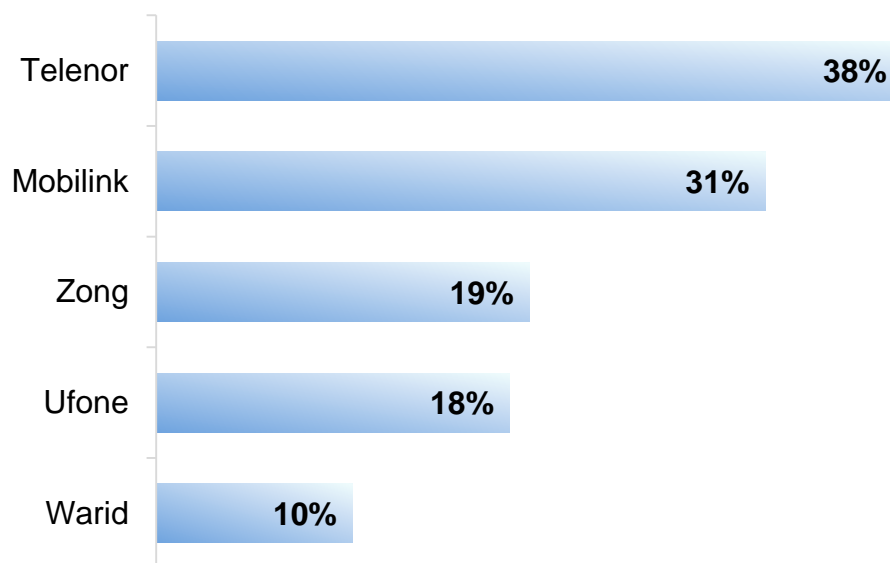
Source: InterMedia Pakistan FII Tracker survey Wave 3 (N=6,000, 15+), September-October 2015.

## PAKISTAN

**Telenor has the greatest market share among mobile phone owners, and its customers tend to have the highest rate of basic phone ownership**

### 2015: SIM card providers

(Shown: Percentage of mobile phone owners, n=3,547)



### 2015: Mobile phone ownership type, by provider

(Shown: Percentage of SIM-card owners, by MNO\*)

| <u>Basic</u> | <u>Feature</u> | <u>Smart</u> |
|--------------|----------------|--------------|
| 72%          | 28%            | 11%          |
| 69%          | 31%            | 14%          |
| 64%          | 37%            | 17%          |
| 66%          | 33%            | 16%          |
| 69%          | 31%            | 11%          |

\*Mobile network provider

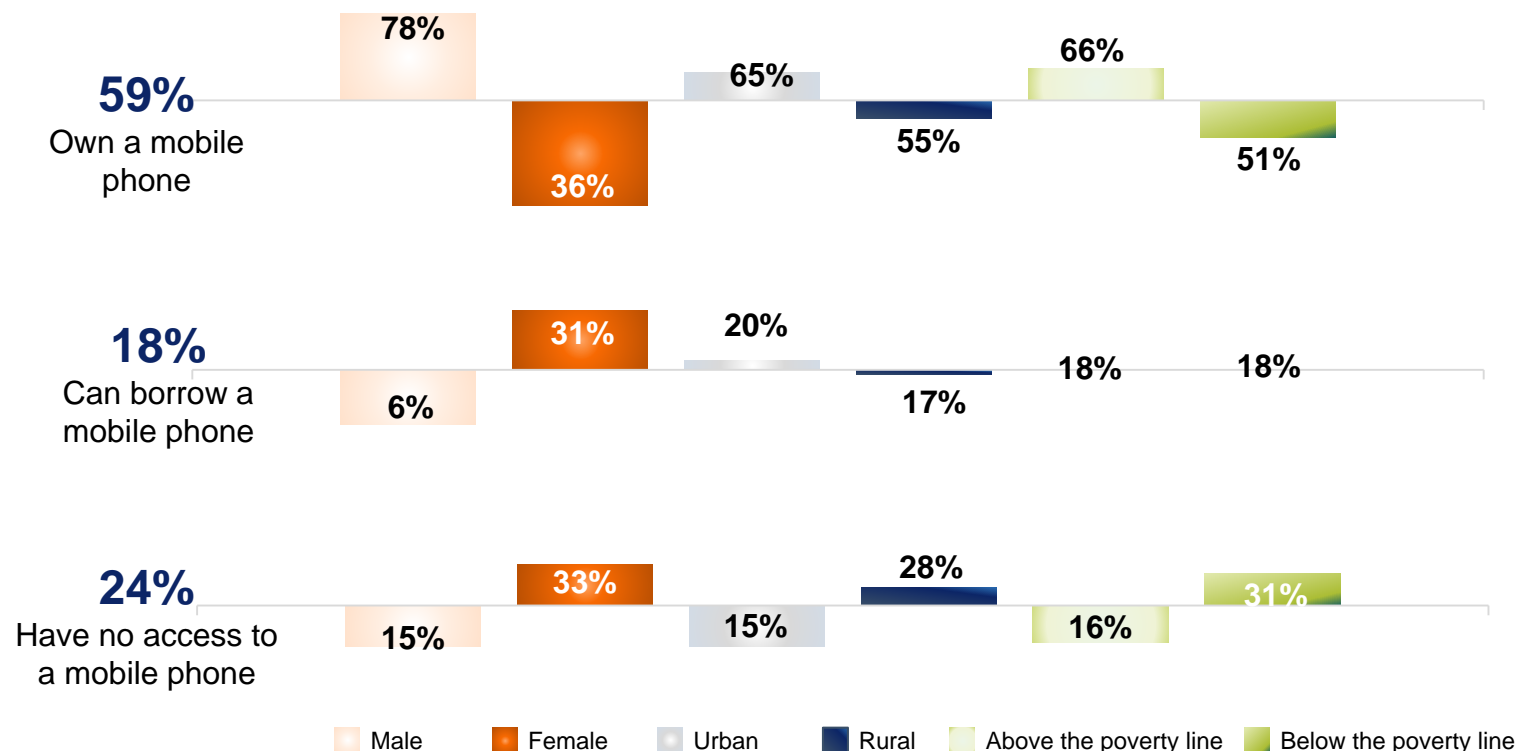
Source: InterMedia Pakistan FII Tracker survey Wave 3 (N=6,000, 15+), September-October 2015.

## PAKISTAN

**Mobile phone owners tend to be men, urban and above the poverty line; women, rural, lower income individuals borrow phones if they have access at all**

### 2015: Dynamics of mobile phone access

(Shown: Percentage of mobile phone owners, by ownership type)

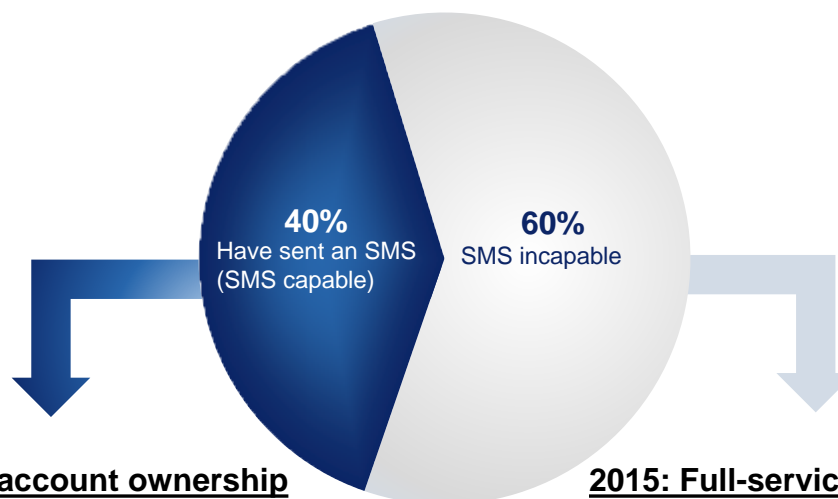


## PAKISTAN

### Consumers with greater mobile phone proficiency are more likely to have mobile money accounts or be financially included

#### 2015: Have ever sent a text message (SMS)

(Shown: Percentage of Pakistani adults, N=6,000)



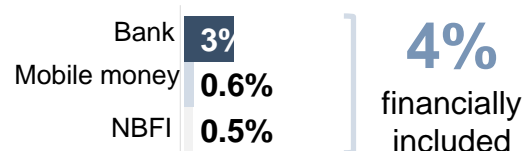
#### 2015: Full-service account ownership (financial inclusion)

(Shown: Percentage of SMS capable, n=2,335)



#### 2015: Full-service account ownership (financial inclusion)

(Shown: Percentage of SMS incapable, n=3,665)

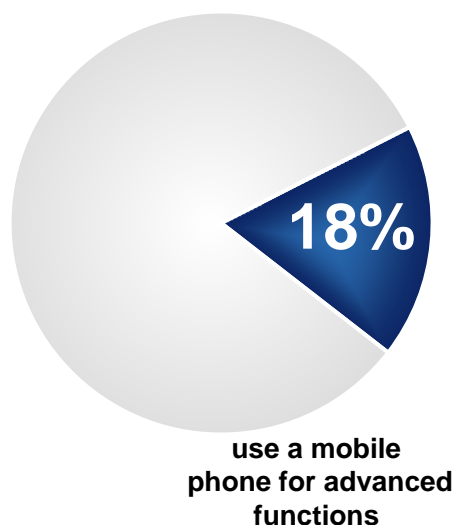


## PAKISTAN

### The greatest disparity in advanced phone use is by age, not by poverty or gender

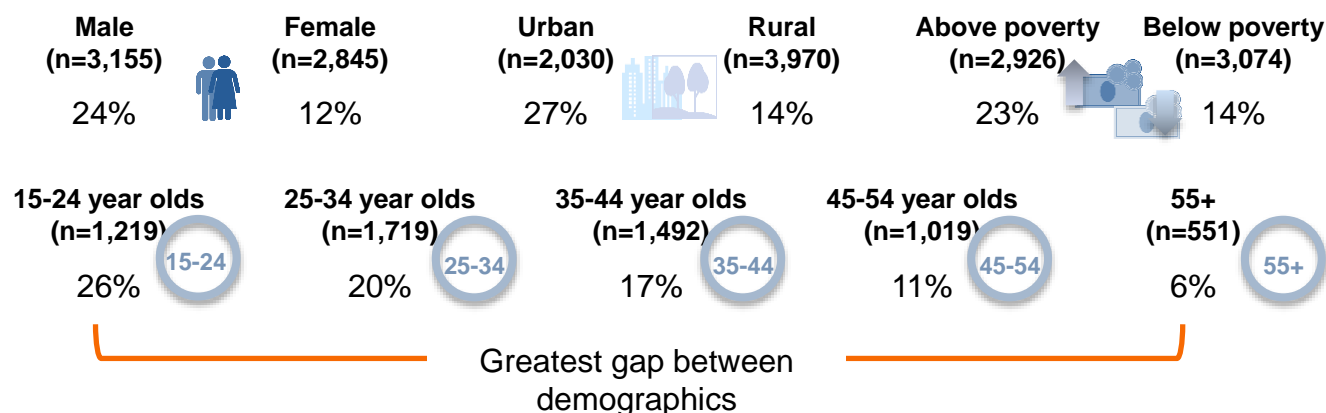
#### Total population

N=6,000



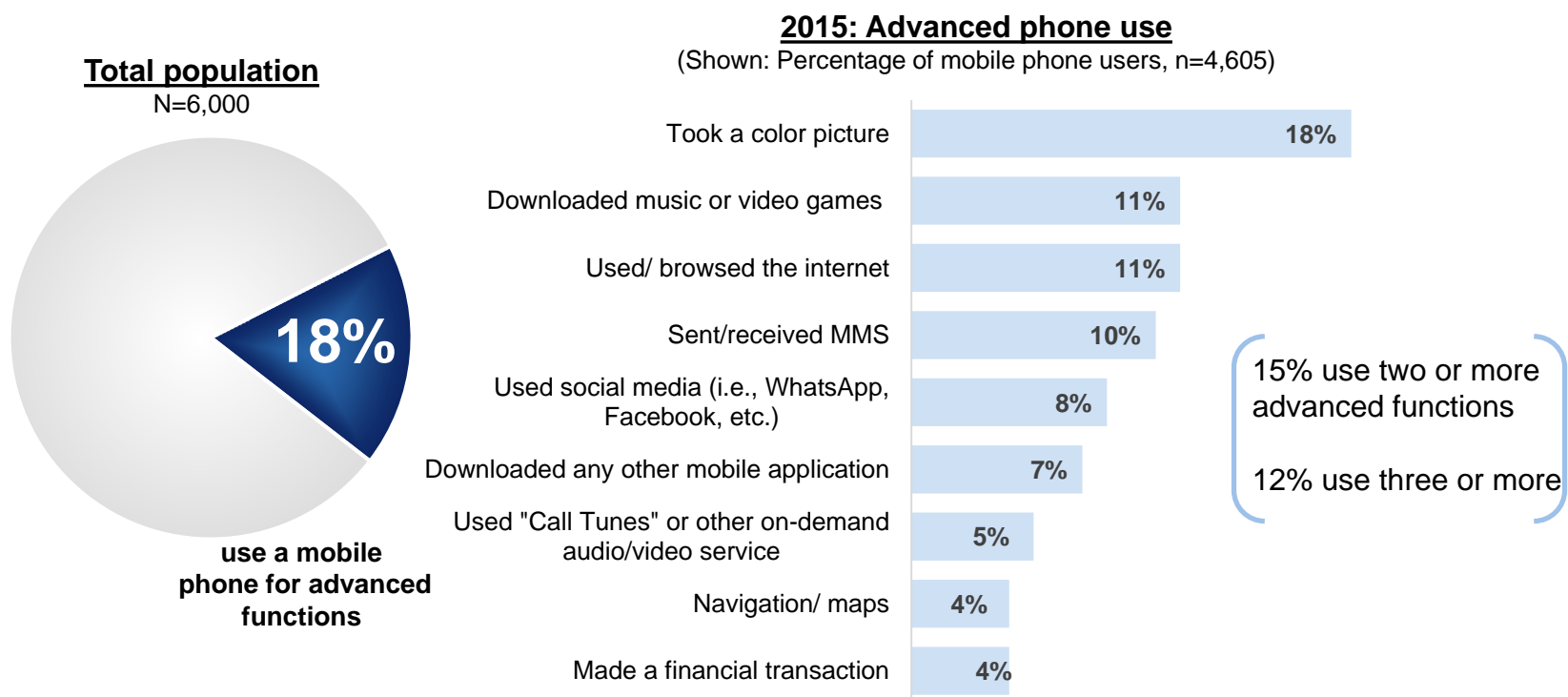
#### 2015: Advanced phone use by demographic

(Shown: Percentage of subgroups)



## PAKISTAN

### Advanced users tend to take photos, browse the internet, download multimedia or send/receive multimedia messages (MMS)



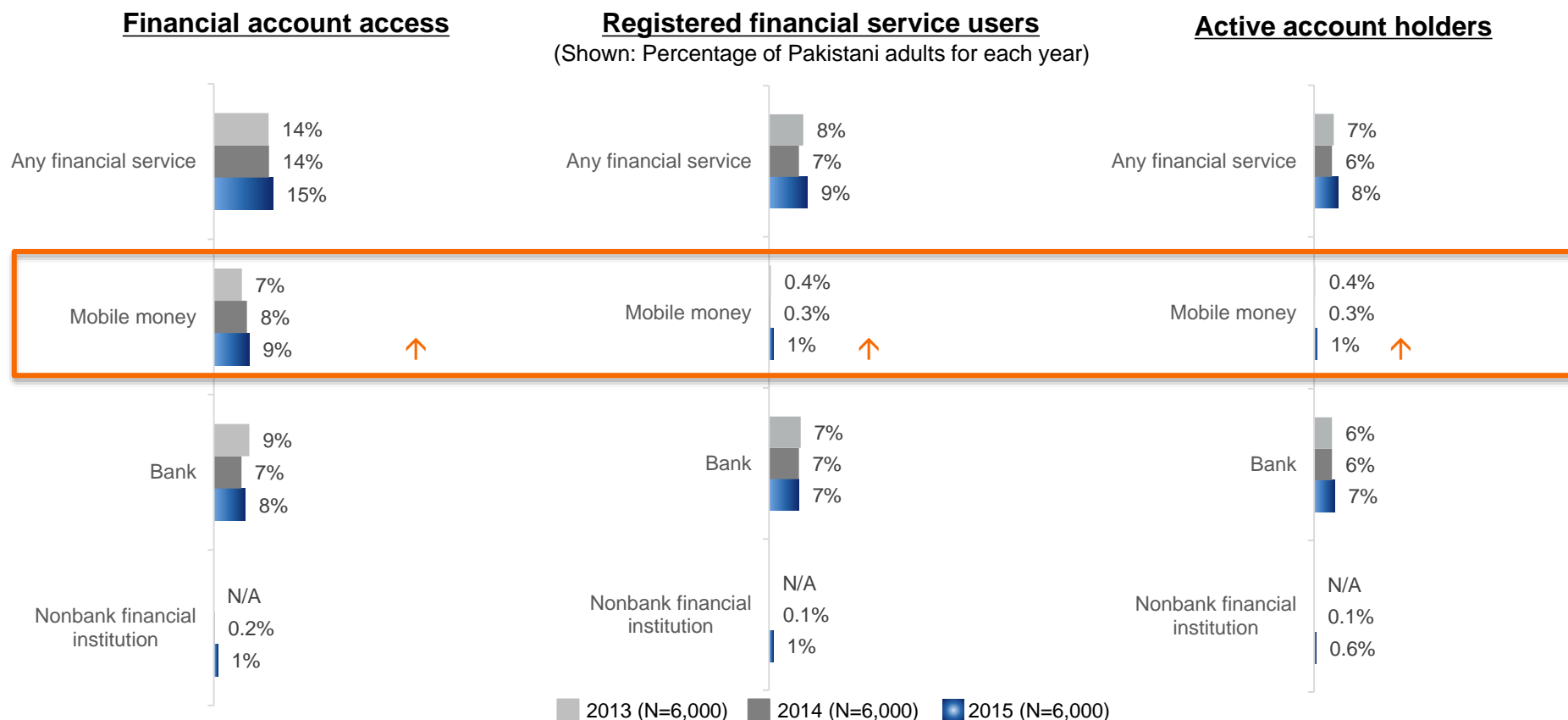
Source: InterMedia Pakistan FII Tracker survey Wave 3 (N=6,000, 15+), September-October 2015.

PAKISTAN

# FINANCIAL SERVICES USE

## PAKISTAN

### At-a-glance: Mobile money access and use has grown vs. 2013



Types of account ownership are not mutually exclusive.

Source: InterMedia Pakistan FII Tracker surveys Wave 1 (N=6,000, 15+), November 2013-January 2014; Wave 2 (N=6,000, 15+), September-December 2014; Wave 3 (N=6,000, 15+), September-October 2015.

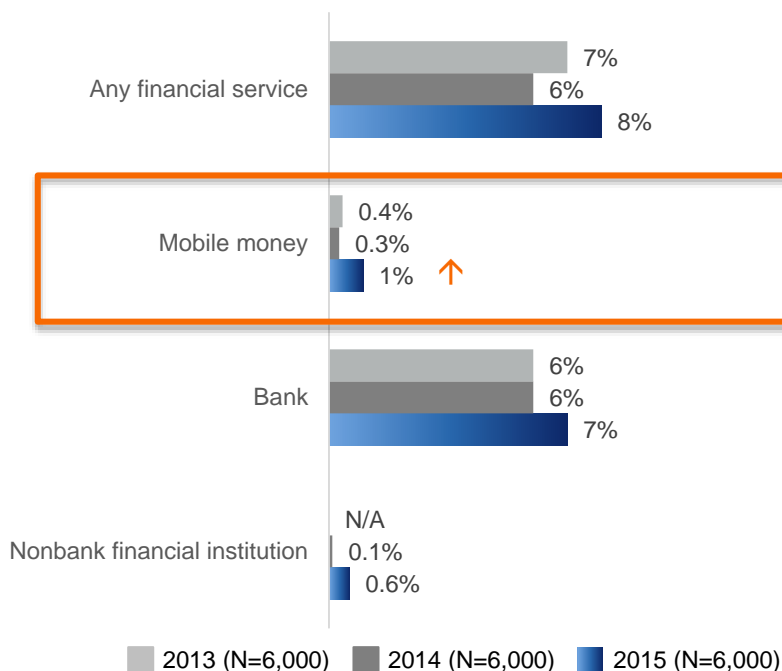


## PAKISTAN

### Most account holders are active users of their financial services, bank account holders are the most active

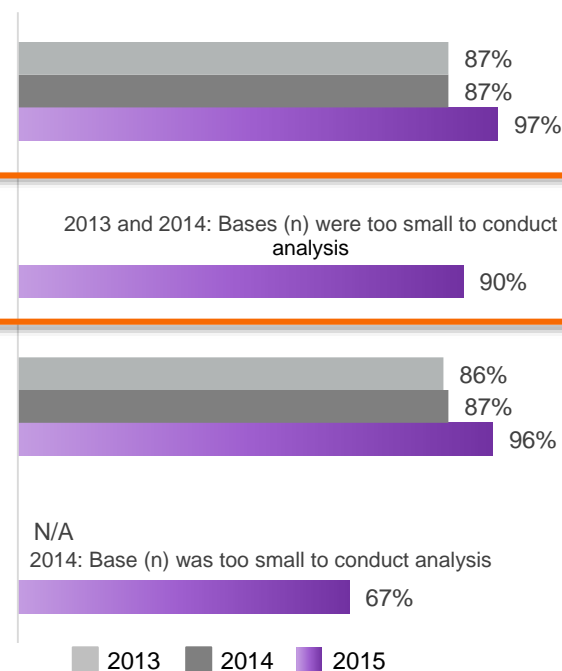
#### Active\* financial account holders

(Shown: Percentage of Pakistani adults)



#### Active\* financial account holders

(Shown: Percentage of registered users for each type of account, by year)



\*A registered account used in the last 90 days. Types of accounts are not mutually exclusive.

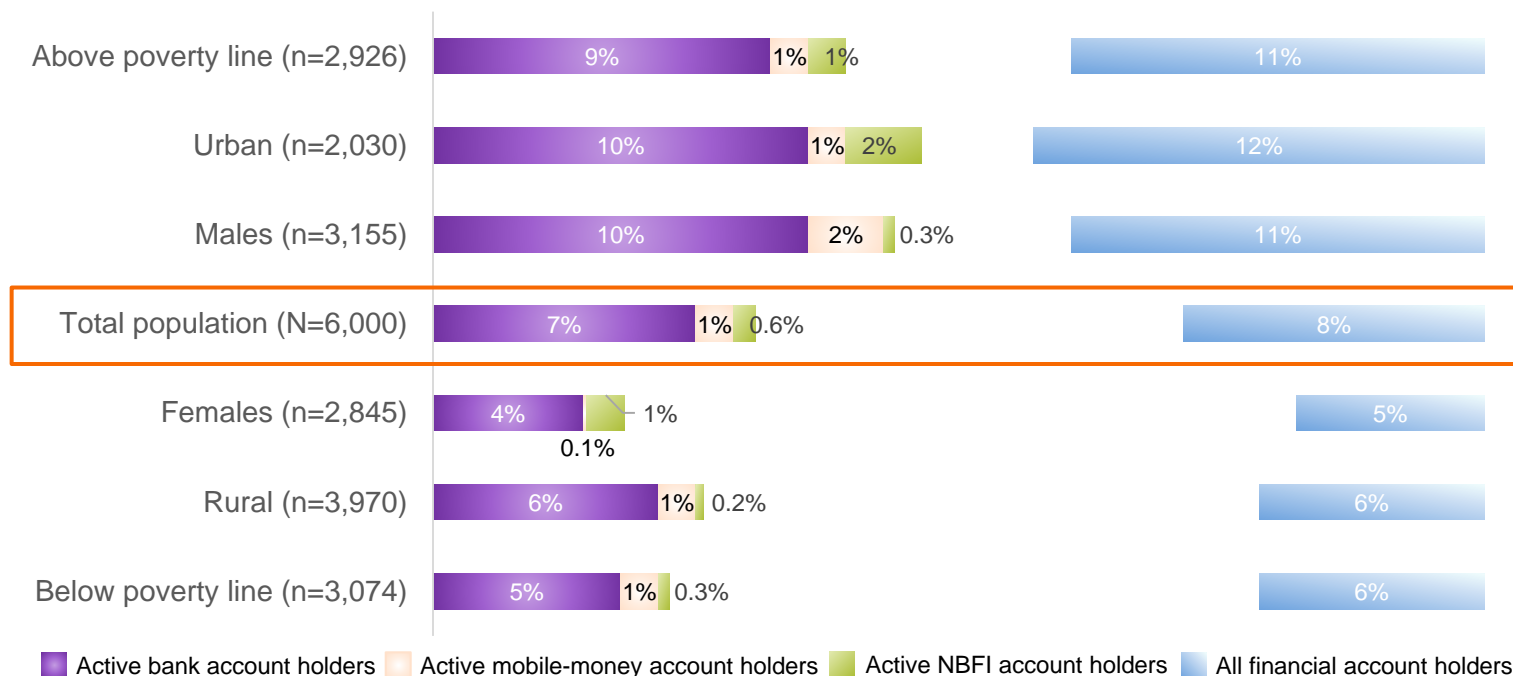
Source: InterMedia Pakistan FII Tracker surveys Wave 1 (N=6,000, 15+), November 2013-January 2014; Wave 2 (N=6,000, 15+), September-December 2014; Wave 3 (N=6,000, 15+), September-October 2015.

## PAKISTAN

### There are disparities in active use by poverty level, urban/rural and gender

#### 2015: Active account usage by demographic

(Shown: Percentage of each subgroup)



Types of accounts are not mutually exclusive.

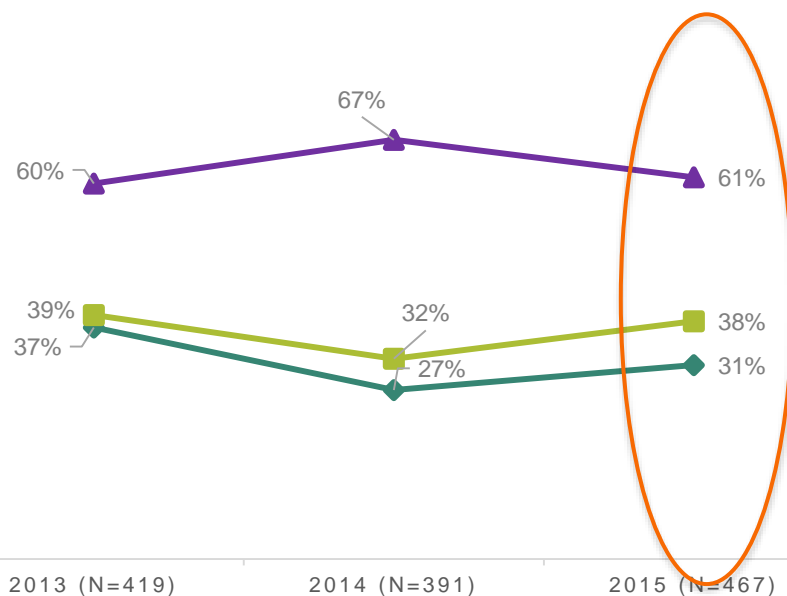
Source: InterMedia Pakistan FII Tracker survey Wave 3 (N=6,000, 15+), September-October 2015.

## PAKISTAN

### More consumers are utilizing advanced mobile money services vs. previous years

#### Bank uses, by type

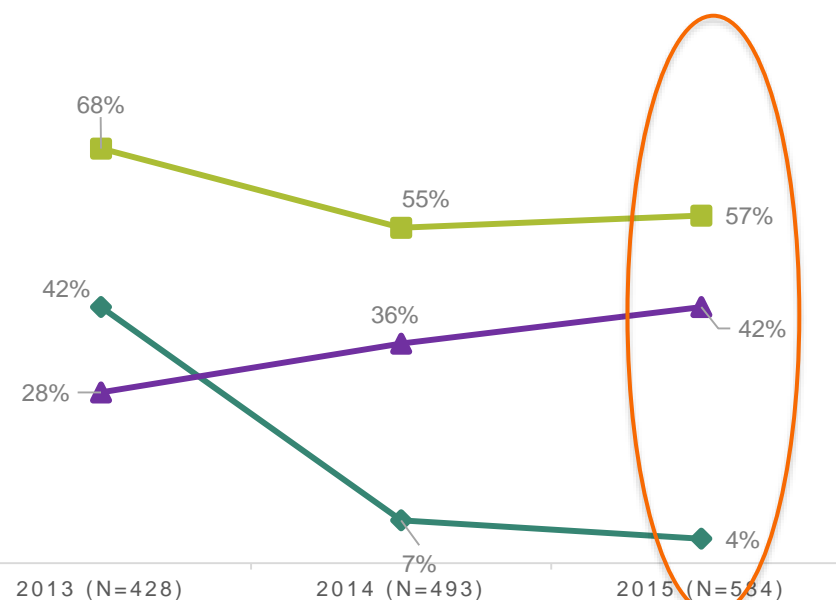
(Shown: Percentage of active bank account holders)



- ◆ Basic activities only (CICO and account management)
- Basic activities OR P2P only
- ▲ At least one advanced activity (i.e., bill pay, loan activities)

#### Mobile money uses, by type

(Shown: Percentage of all mobile money users)



- ◆ Basic activities only (CICO and account management)
- Basic activities OR P2P only
- ▲ At least one advanced activity (i.e., bill pay, loan activities)

Due to the changes in the questionnaire some data points may not be directly comparable across years.

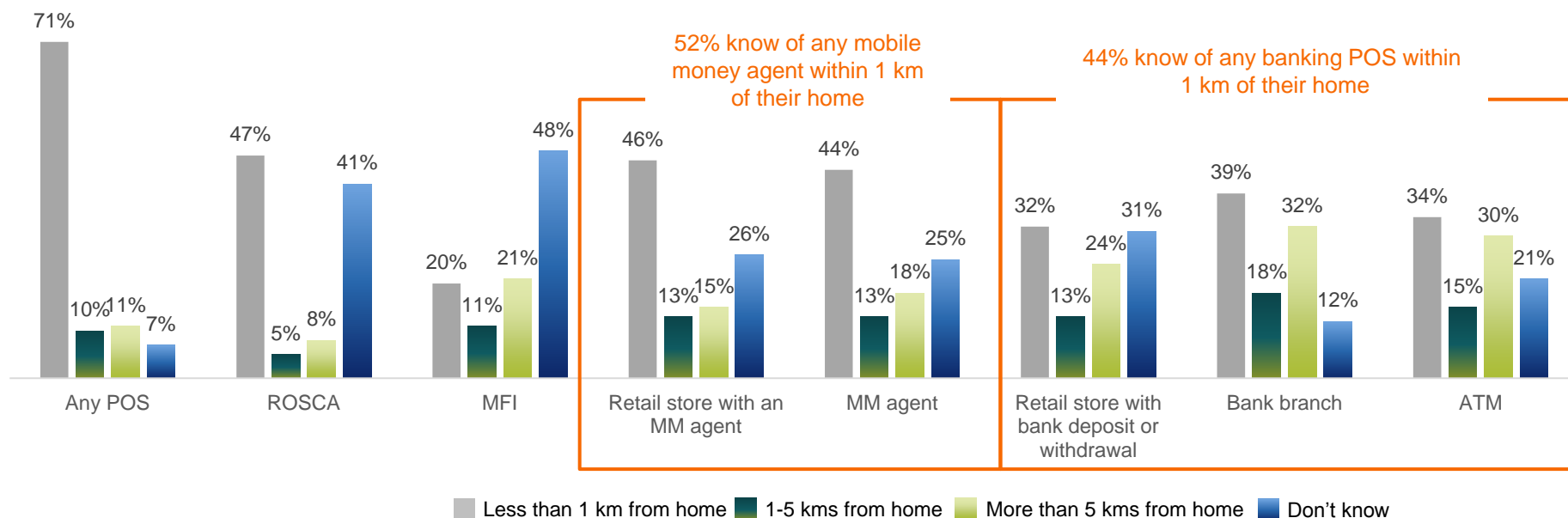
Source: InterMedia Pakistan FII Tracker surveys Wave 1 (N=6,000, 15+), November 2013-January 2014; Wave 2 (N=6,000, 15+), September-December 2014; Wave 3 (N=6,000, 15+), September-October 2015.

## PAKISTAN

### More adults know of a mobile money (MM) agent within 1 km of where they live than they do of any banking point-of-service (POS)

#### 2015: Proximity to points-of-service (POS) for financial institutions

(Shown: Percentage of Pakistani adults N=6,000)

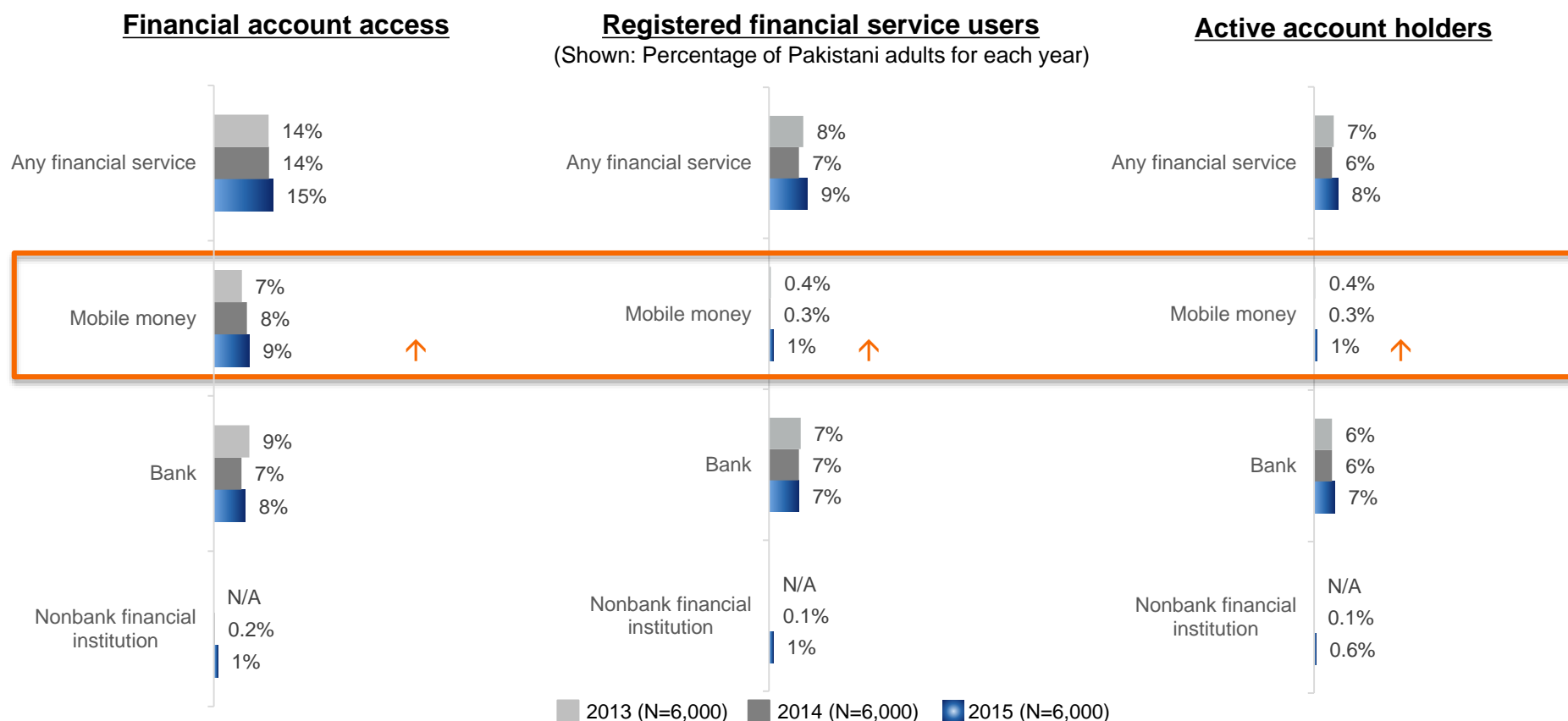


**PAKISTAN**

# BANKS

## PAKISTAN

### At-a-glance: Bank account access and use is mostly static vs. 2013



Types of account ownership are not mutually exclusive.

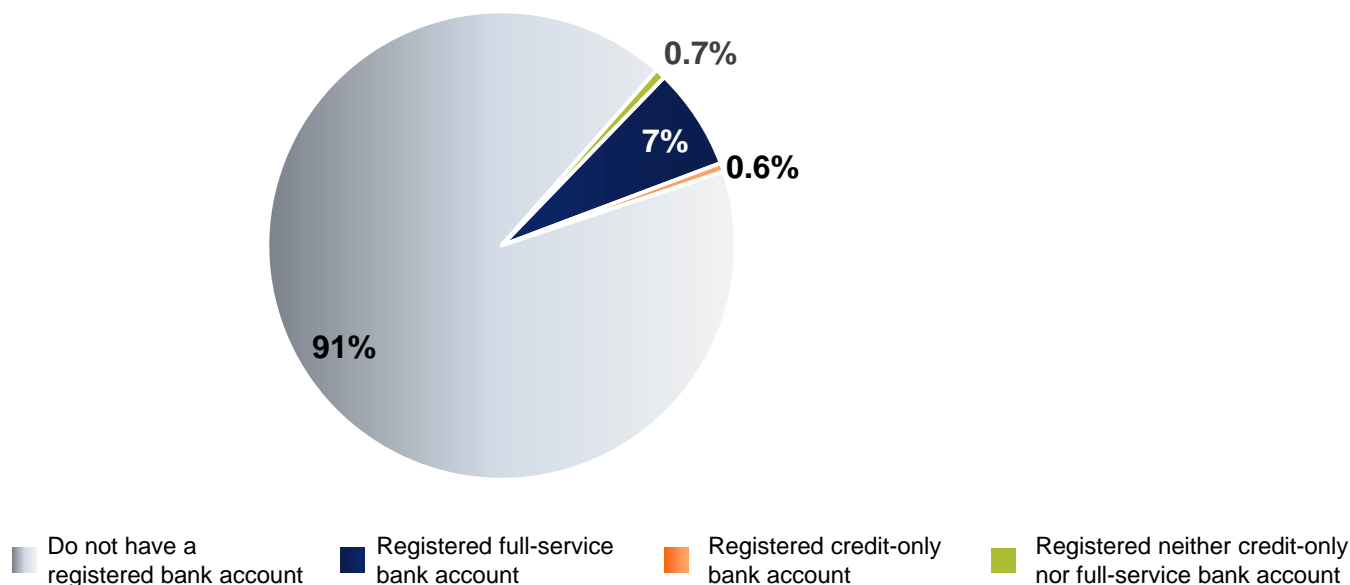
Source: InterMedia Pakistan FII Tracker surveys Wave 1 (N=6,000, 15+), November 2013-January 2014; Wave 2 (N=6,000, 15+), September-December 2014; Wave 3 (N=6,000, 15+), September-October 2015.

## PAKISTAN

## Credit-only bank accounts make up a small portion of consumer bank accounts

### 2015: Bank account ownership, by type

(Shown: Percentage of Pakistani adults, N=6,000)

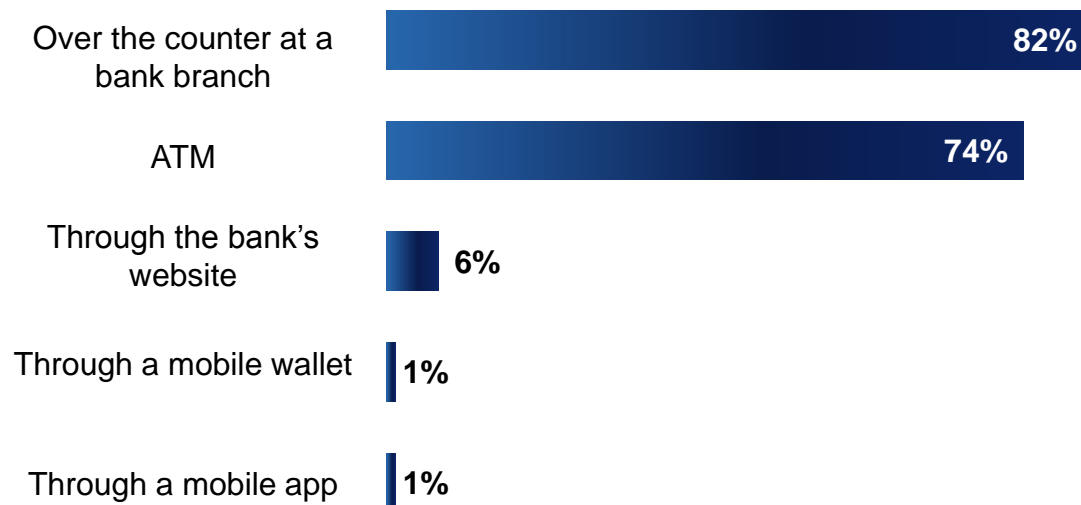


## PAKISTAN

## Bank account holders prefer to access their accounts over the counter at a bank branch

### 2015: Preferred method of bank account access

(Shown: Percentage of full-service bank account holders, n=482)





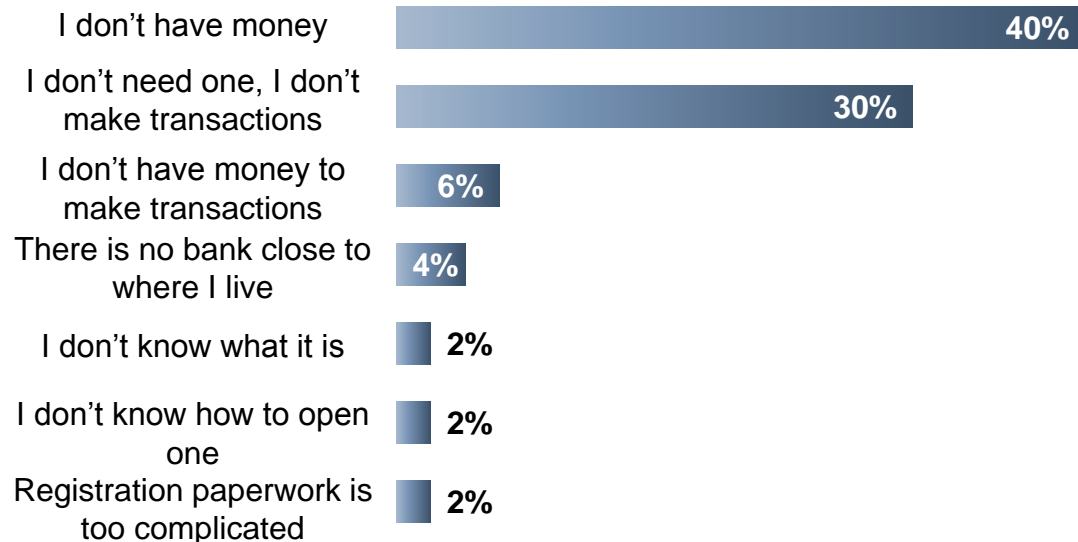
## PAKISTAN

### The primary reasons Pakistanis do not register for bank accounts are a perceived lack of money or the need for a bank account

**93%**  
of adults do not  
have a bank  
account registered  
in their name

#### 2015: Top reasons for not registering for a bank account

(Shown: Percentage of adults without a bank account, n=5,518)

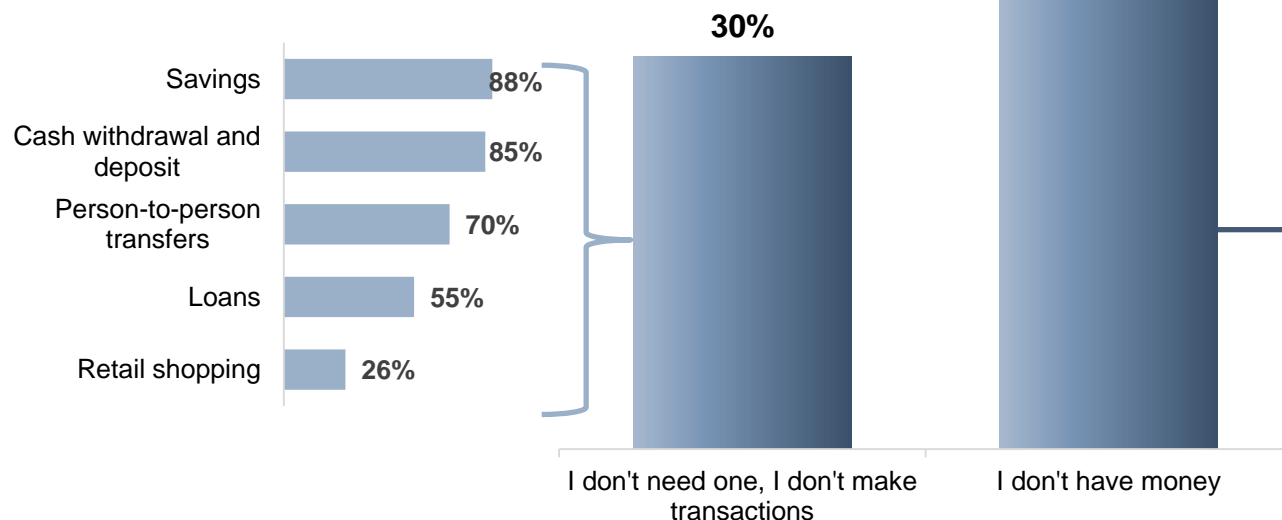


## PAKISTAN

### The barriers to bank account ownership – the perceived lack of money or need for an account -- are driven by low awareness of banking costs and uses

#### Awareness of potential uses for bank accounts

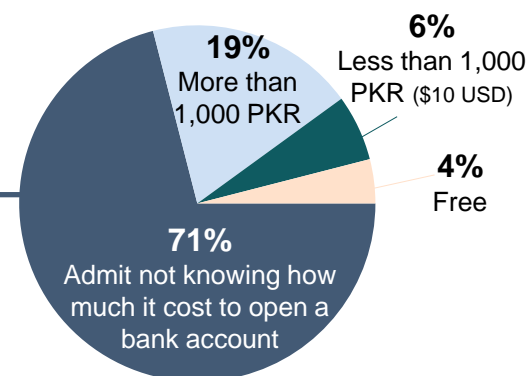
(Shown: Percentage of those who believe they don't make transactions that warrant an account, n=1,639)



(Base: individuals who do not have a bank account, n=5,518)

#### Estimate of cost of opening a bank account

(Shown: Percentage of those who believe they don't have enough money to open an account, n=2,254)



## PAKISTAN

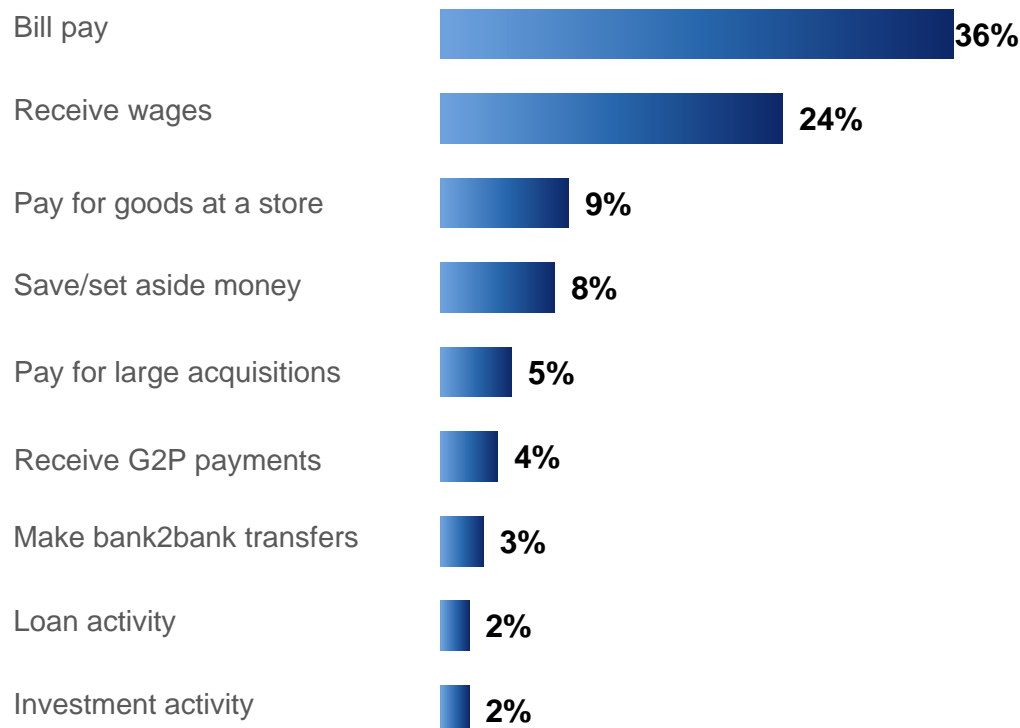
### Active bank account holders utilize their accounts for an array of advanced functions, including bill pay and receiving wages

#### **2015: Advanced bank account uses**

(Shown: Percentage of active bank account holders, n=467)

# 61%

of active registered users have used at least one advanced function through their accounts



Question allowed for multiple responses.

Source: InterMedia Pakistan FII Tracker survey Wave 3 (N=6,000, 15+), September-October 2015.

PAKISTAN

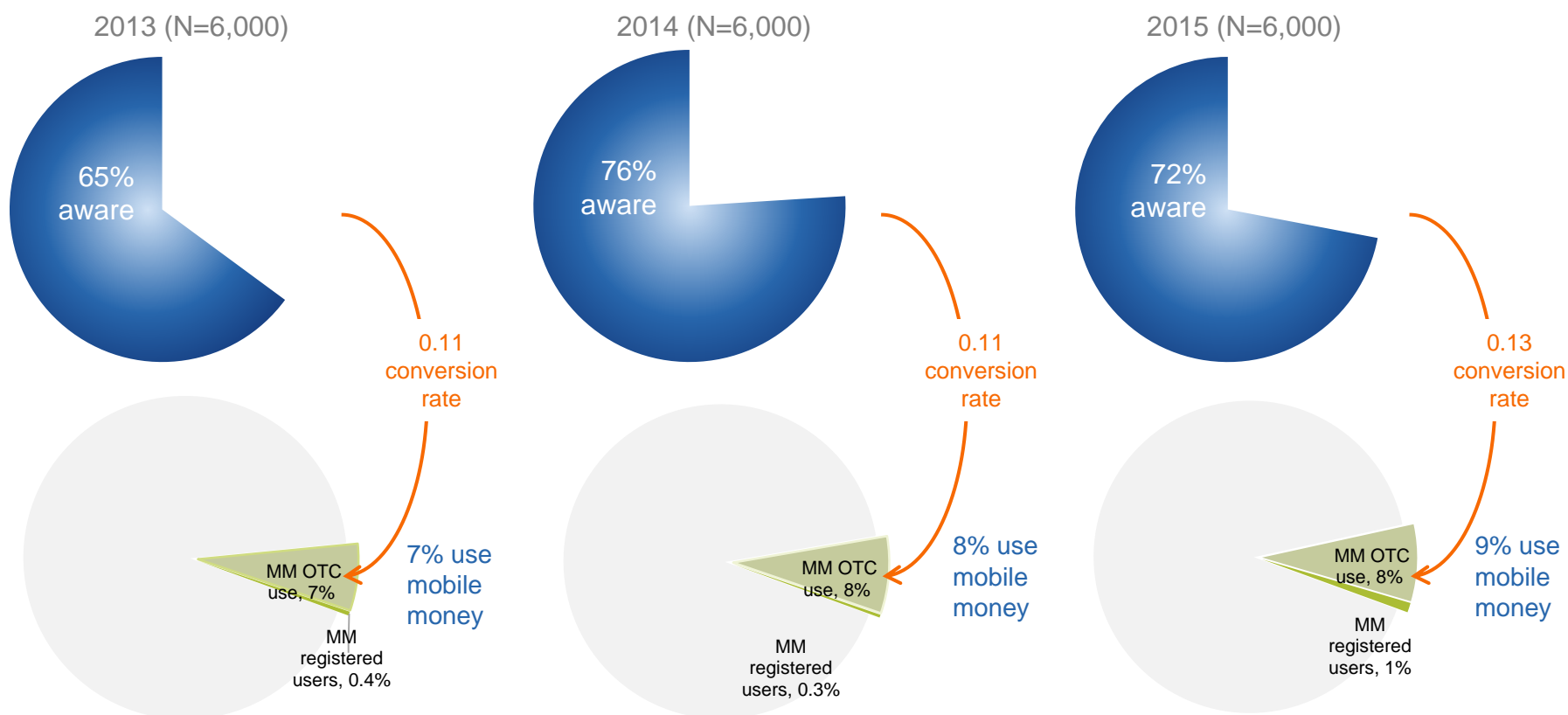
# MOBILE MONEY

## PAKISTAN

### Awareness of mobile money providers remains high; it has not yet translated into widespread use

#### Conversion from awareness of mobile money providers\* to mobile money use

(Shown: Percentage of Pakistani adults for each year)



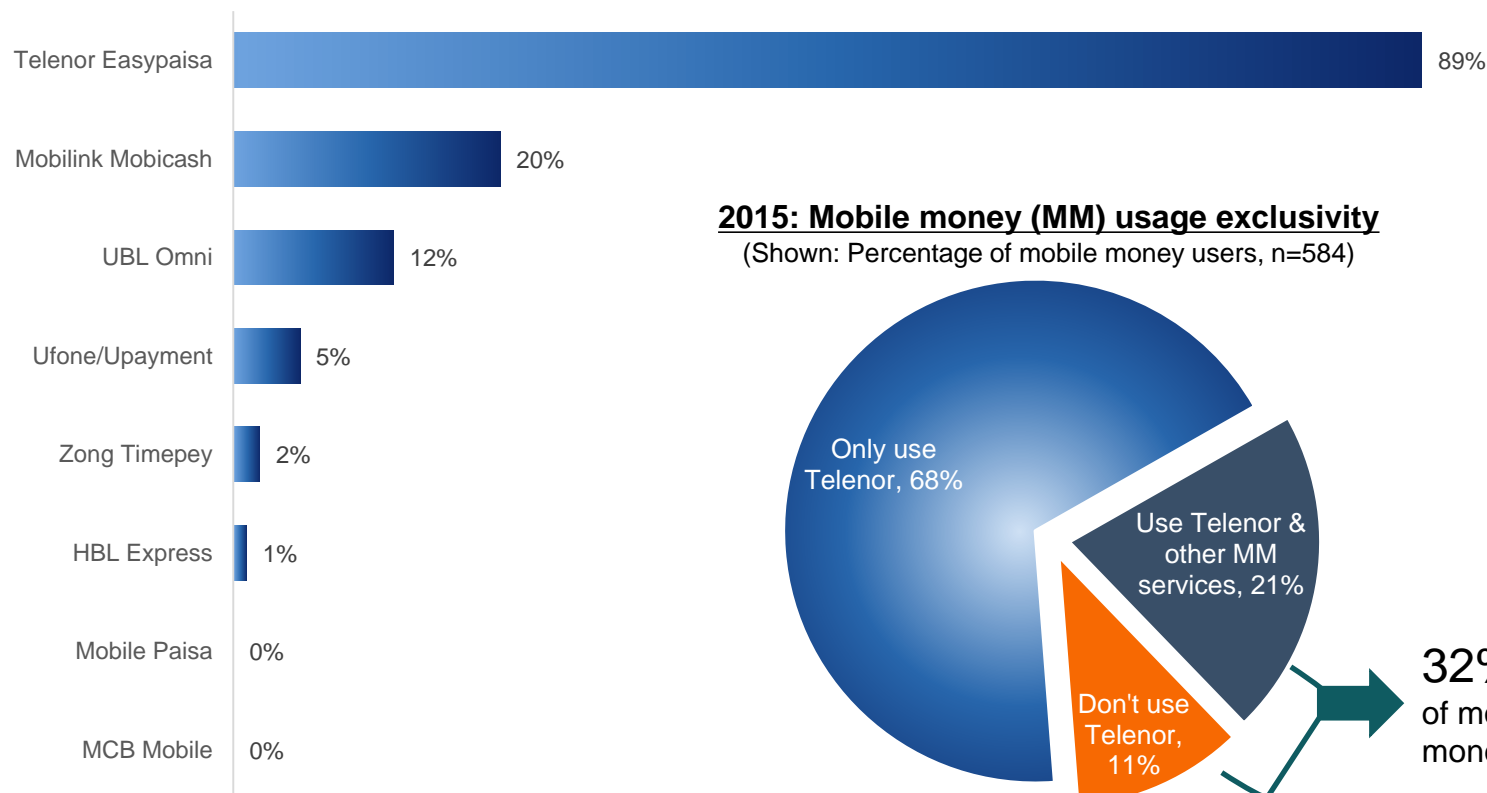
\*Awareness of at least one mobile money provider

Source: InterMedia Pakistan FII Tracker surveys Wave 1 (N=6,000, 15+), November 2013-January 2014; Wave 2 (N=6,000, 15+), September-December 2014; Wave 3 (N=6,000, 15+), September-October 2015.

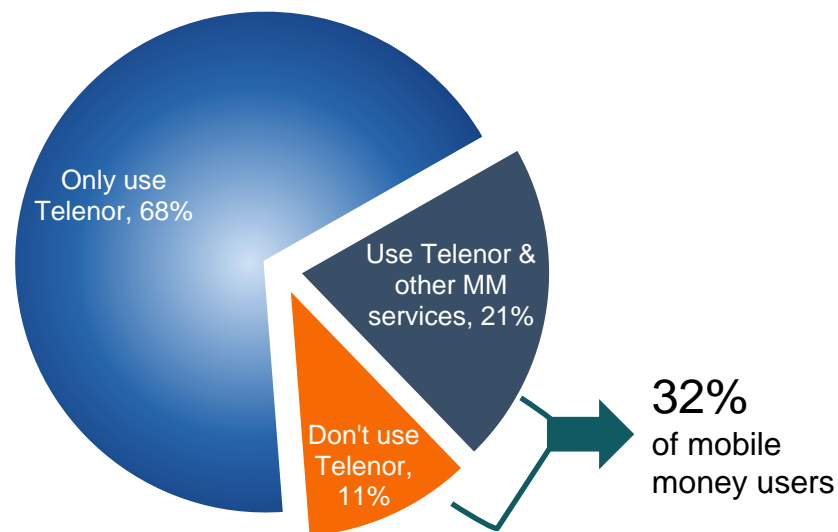
## PAKISTAN

Several providers have a presence in the market, with one-third using a provider other than market leader Telenor

**2015: Mobile money usage by provider**  
(Shown: Percentage of mobile money users, n=584)



**2015: Mobile money (MM) usage exclusivity**  
(Shown: Percentage of mobile money users, n=584)



## PAKISTAN

**With the exception of Telenor, only portions of an MNO's customers know that it offers mobile money**

### Mobile money product awareness by SIM ownership

(Shown: Percentage of SIM owners, by MNO)

|                        | Mobile network operators |                   |                 |                  |                       |
|------------------------|--------------------------|-------------------|-----------------|------------------|-----------------------|
|                        | Telenor<br>(n=1,354)     | Uphone<br>(n=648) | Zong<br>(n=672) | Warid<br>(n=354) | Mobilink<br>(n=1,109) |
| Mobile money providers |                          |                   |                 |                  |                       |
| Telenor Easypaisa      | 85%                      | 86%               | 77%             | 86%              | 81%                   |
| Ufone/Upayment         | 38%                      | 47%               | 42%             | 45%              | 33%                   |
| Zong Timepay           | 38%                      | 45%               | 47%             | 40%              | 28%                   |
| Warid Mobile Paisa     | 24%                      | 25%               | 31%             | 39%              | 21%                   |
| Mobilink Mobicash      | 58%                      | 58%               | 62%             | 65%              | 60%                   |

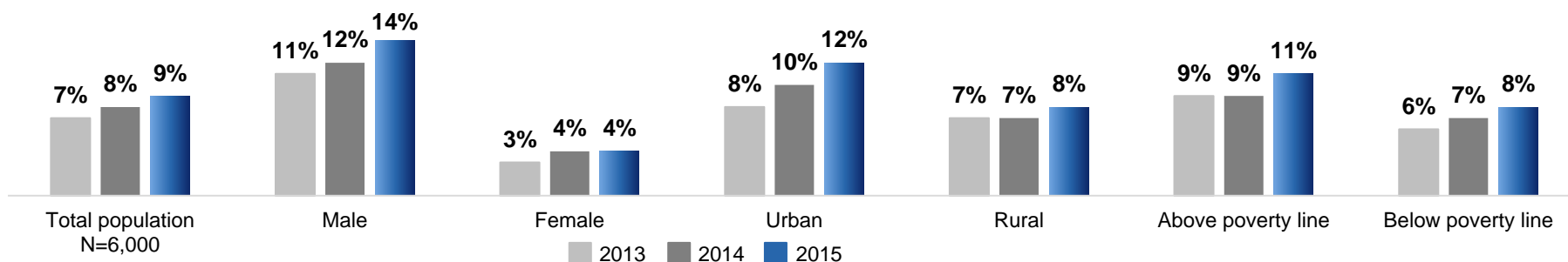
Easypaisa is the most recognized mobile money product regardless of which provider an individual has a SIM card with.

## PAKISTAN

### Mobile money use increased across almost all demographics

#### Demographic trends for mobile money use

(Shown: Percentage of adults to ever use mobile money who fall into each category)



\*Categories are not mutually exclusive.

Source: InterMedia Pakistan FII Tracker surveys Wave 1 (N=6,000, 15+), November 2013-January 2014; Wave 2 (N=6,000, 15+), September-December 2014; Wave 3 (N=6,000, 15+), September-October 2015.

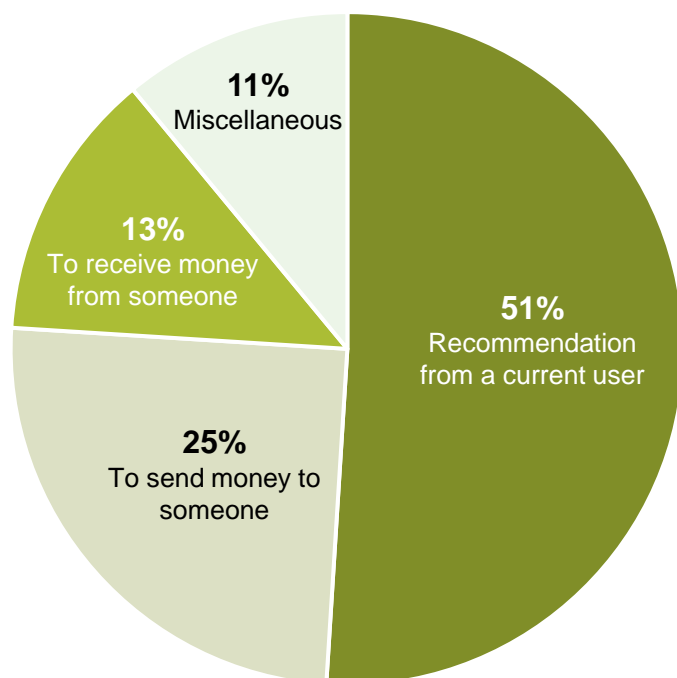


## PAKISTAN

### Most account holders registered for their accounts because of a recommendation by a mobile money user

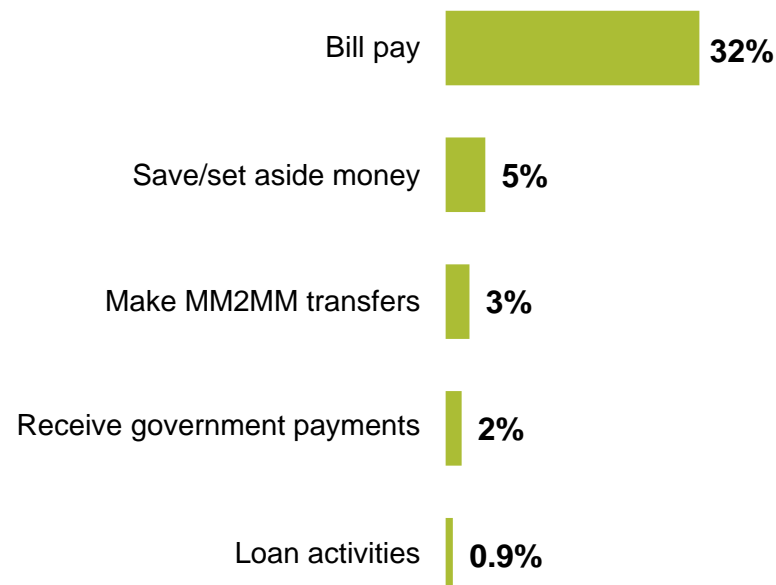
#### 2015: Main reason for registering for a mobile money account

(Shown: Percentage of mobile money account holders, n=74)



#### 2015: Most common uses for mobile money account beyond cash-in and cash-out transactions

(Shown: Percentage of mobile money account holders, n=74)

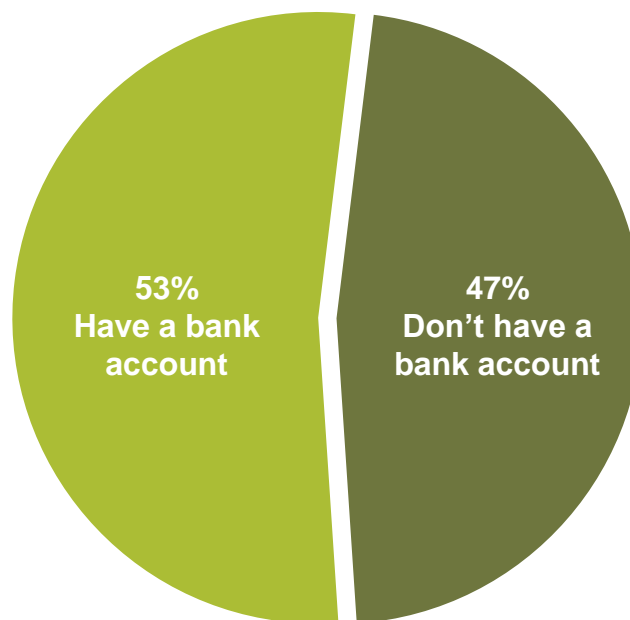


## PAKISTAN

## Over half of registered mobile money users also have a bank account

### 2015: Bank account ownership among registered mobile money account holders

(Shown: Percentage of mobile money account holders, n=74)



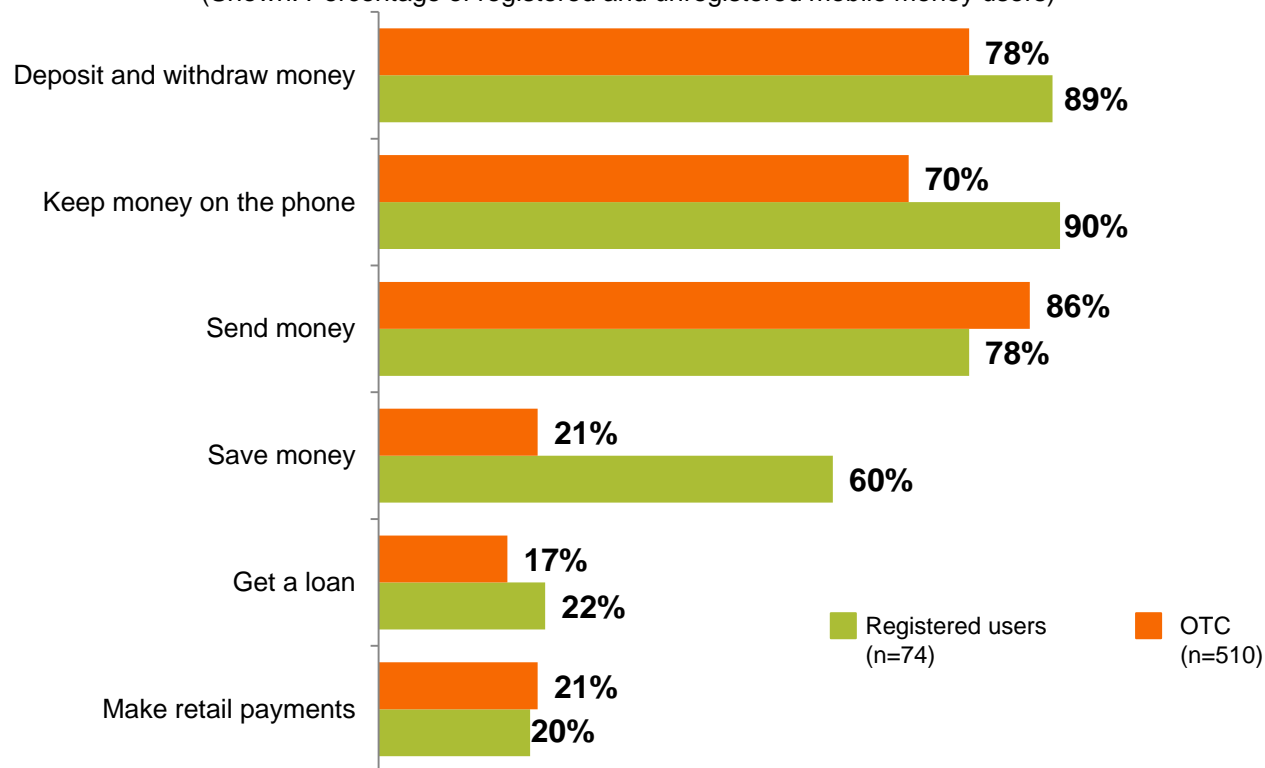
Of those who only have a mobile money account, the majority do not use their accounts for any activities.

## PAKISTAN

## Registered users are more likely than OTC users to realize they can save money on mobile money accounts

### 2015: Awareness of mobile money account functions

(Shown: Percentage of registered and unregistered mobile money users)



Question allowed for multiple responses.

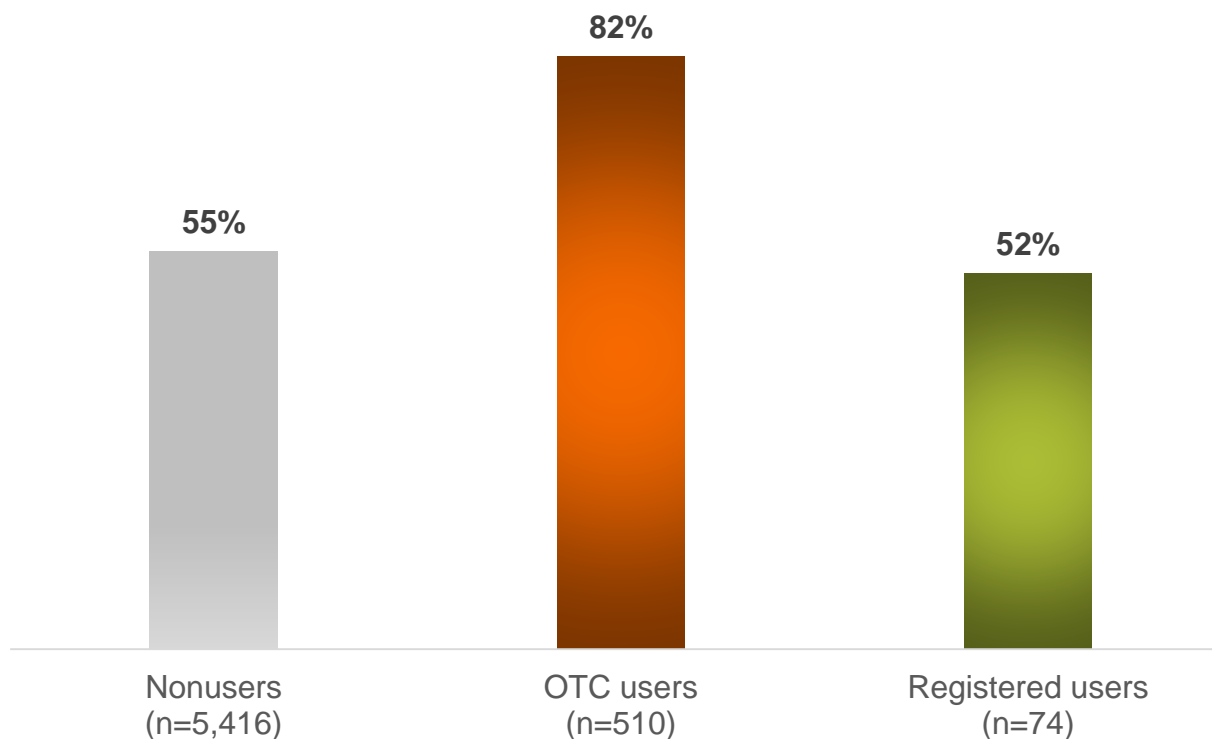
Source: InterMedia Pakistan FII Tracker survey Wave 3 (N=6,000, 15+), September-October 2015.

## PAKISTAN

## OTC mobile money users are much more likely than registered account holders to live within 5 kilometers of a mobile money agent

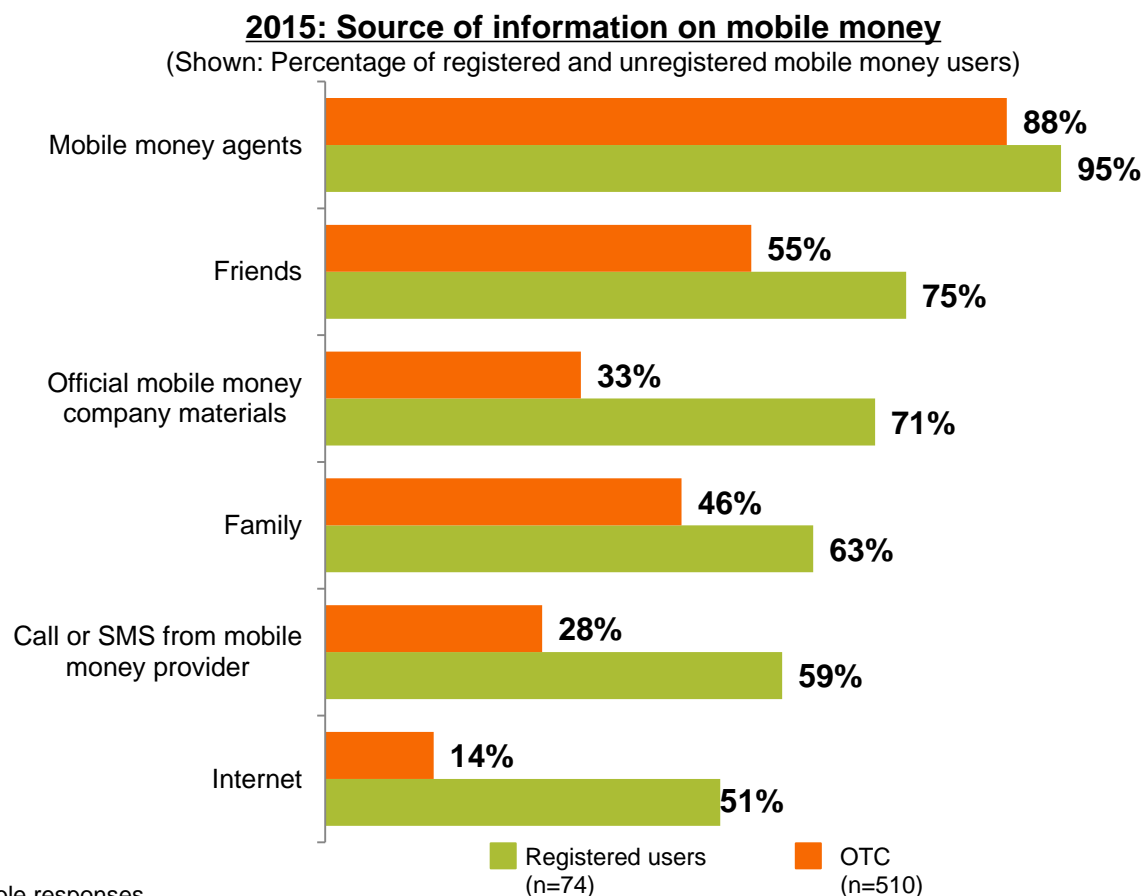
### 2015: Five-kilometer proximity to a mobile money agent from home

(Shown: Percentage of adults, by mobile money use type)



## PAKISTAN

### Mobile money users are learning about the services through multiple avenues, including word-of-mouth and official company materials

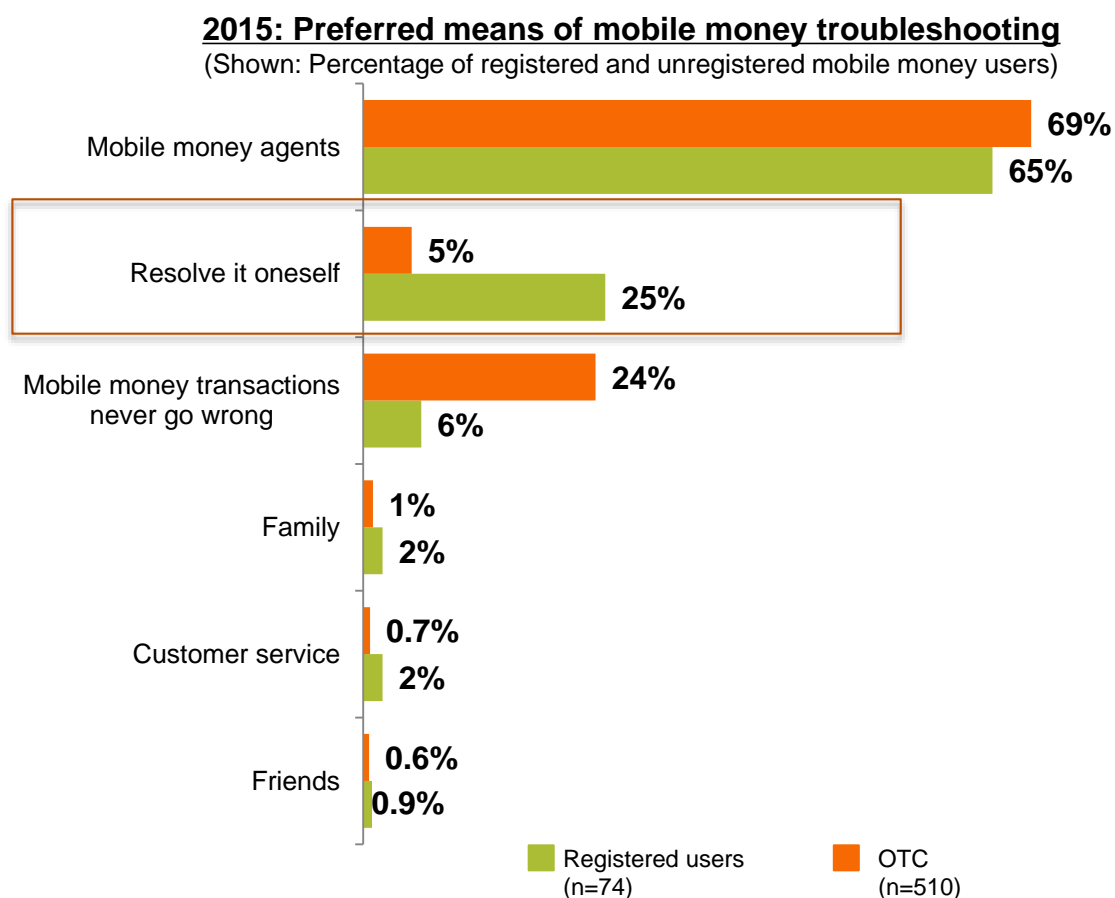


Question allowed for multiple responses.

Source: InterMedia Pakistan FII Tracker survey Wave 3 (N=6,000, 15+), September-October 2015.

## PAKISTAN

### OTC mobile money users are much less likely to be able to resolve service issues on their own

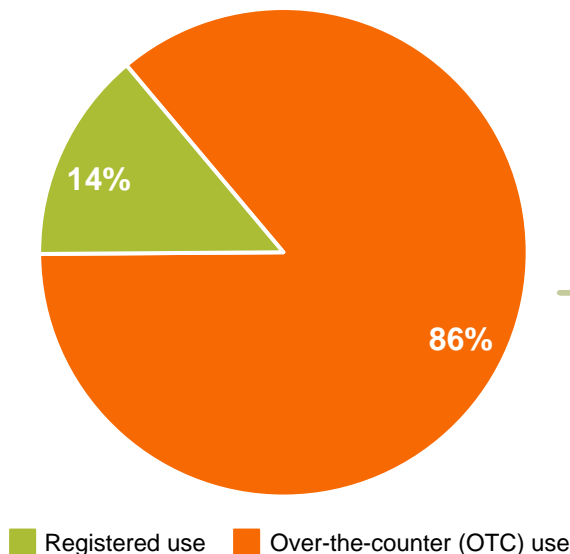


## PAKISTAN

### OTC users continue to make up the majority of mobile money users; perceived lack of need is an obstacle to registered use

#### 2015: Mobile money use: registered vs. OTC

(Shown: Percentage of mobile money users, n=584)



#### Reason for not signing up for mobile money

(Shown: Percentage of OTC users, n=510)

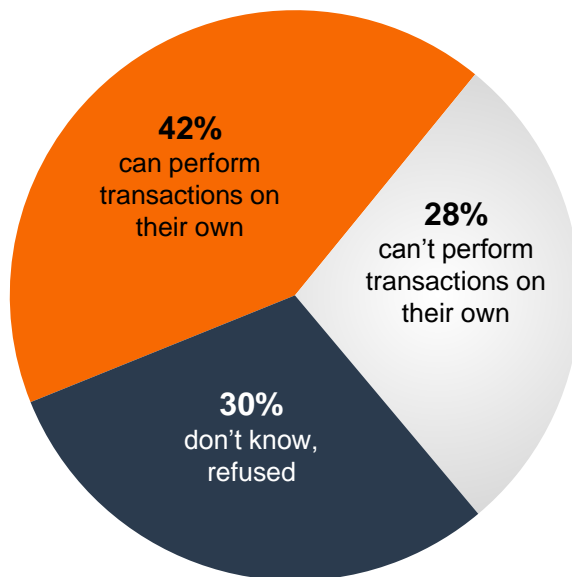
| Reason for not signing up for mobile money          | %  |
|---|----|
| I don't need to, I don't make any transactions      | 27 |
| I can have all the services I need through an agent | 16 |
| I never have money to make a transaction            | 13 |
| Using an account is difficult                       | 8  |
| Fees for using such an account are too high         | 8  |
| I don't see any advantages to registration          | 7  |
| I don't understand the purpose of an account        | 6  |

## PAKISTAN

### OTC users who believe they can't use mobile money on their own feel hindered by a lack of technical skills

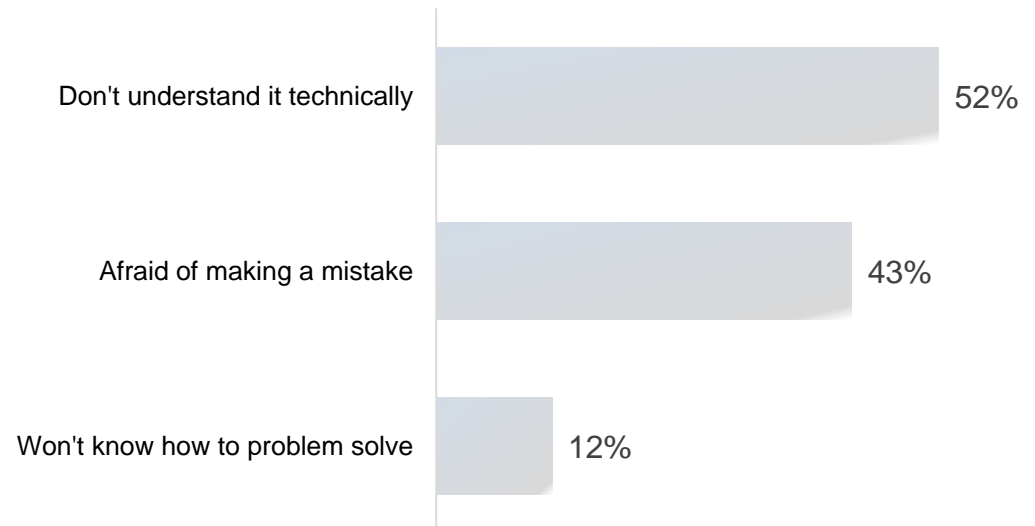
#### 2015: OTC users' mobile money confidence

(Shown: Percentage of OTC mobile money users, n=510)



#### 2015: Reasons for not being able to operate a mobile money account

(Shown: Percentage of OTC mobile money users who can't perform transactions on their own, n=146)





## PAKISTAN

### Having a nearby mobile money agent is most important to OTC users; only Easypaisa has agents within proximity of more than half of all OTC users

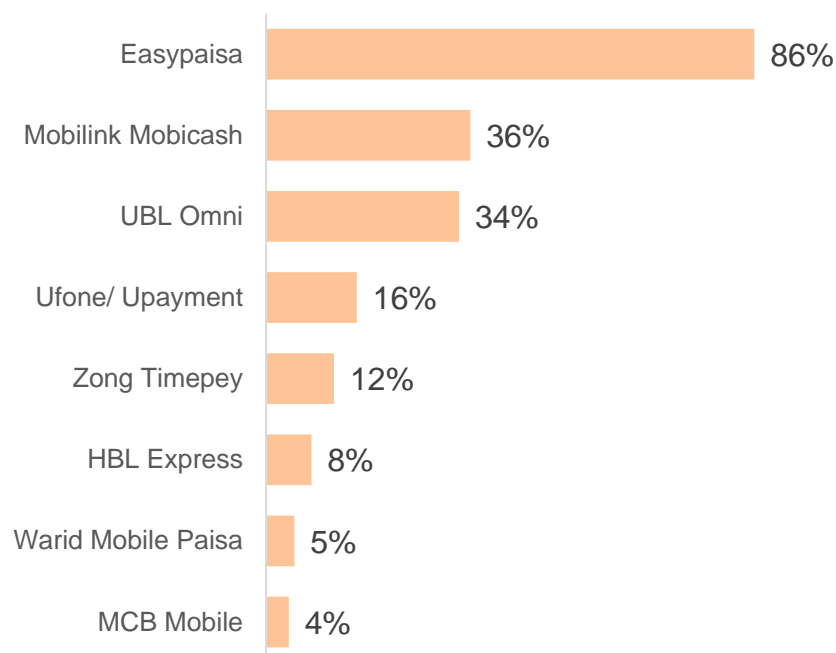
#### 2015: OTC users' preference for mobile money agent locations

(Shown: Percentage of OTC mobile money users, n=510)

| Preferred location    | %  |
|-----------------------|----|
| Near home             | 70 |
| Food shops            | 54 |
| Mobile phone shops    | 51 |
| Transportation hubs   | 41 |
| Near school/childcare | 27 |
| Near work             | 18 |

#### 2015: OTC users' view of which mobile money agents are near their homes

(Shown: Percentage of OTC mobile money users, n=510)



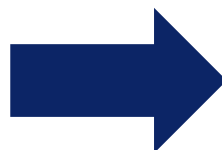
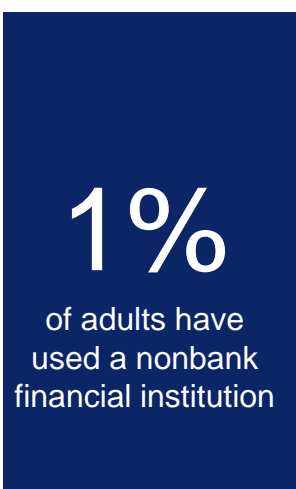
# NONBANK FINANCIAL INSTITUTIONS

## PAKISTAN

## NBFIs do not play a significant role in the Pakistani financial inclusion landscape

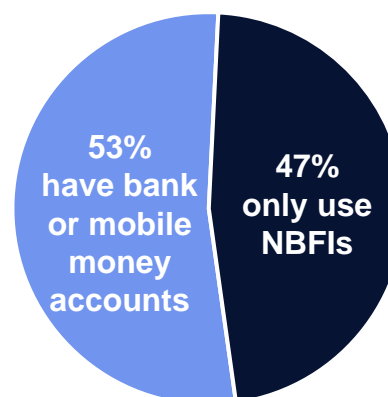
### 2015: NBFI use

(Shown: Percentage of Pakistani adults, N=6,000)



### 2015: NBFIs users' use of other financial services

(Shown: Percentage of NBFIs users, n=67)



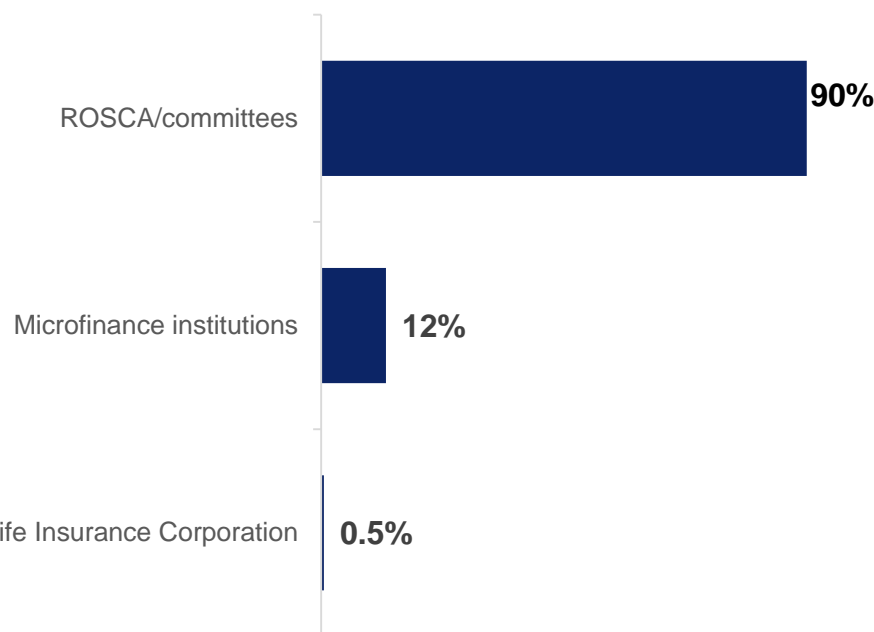
This accounts  
for 0.5% of the  
total population.

## PAKISTAN

**ROSCAs are the most widely used form of NBFi; women are much more likely to be ROSCA users than are men**

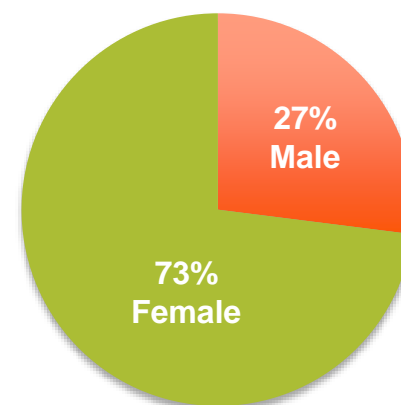
### 2015: Use of NBFIs, including non-full-service institutions\*

(Shown: Percentage of NBFi users, n=715)



### 2015: The gender divide in ROSCA use

(Shown: Percentage of ROSCA users, n=646)



\*All numbers shown in this slide are based on access to any kind of NBFi, including credit-only and those that are neither credit-only nor full-service institutions.

Source: InterMedia Pakistan FII Tracker survey Wave 3 (N=6,000, 15+), September-October 2015.

## PAKISTAN

## Most ROSCA members have had at least one negative experience; lack of available cash is the most common

**2015: Negative experiences with ROSCA use**  
(Shown: Percentage of ROSCA users, n=646)

|                                      |     |
|--------------------------------------|-----|
| Money/cash not available immediately | 74% |
| Disagreement among the group         | 67% |
| Loss of membership                   | 64% |
| Poor leadership                      | 62% |
| Lost money through bad investments   | 61% |
| Fraud by a ROSCA member              | 61% |
| Default by members                   | 61% |
| Fraud by an outsider                 | 59% |

# METHODOLOGY & RESEARCH DESCRIPTION

## PAKISTAN

## FII Pakistan Tracker Survey details

### Survey Summary

- Annual, nationally representative survey (N=6,000) of Pakistani adults aged 15+
- Face-to-face interviews lasting, on average, 44 minutes
- Third survey (wave 3) conducted from 9/03/2015 to 10/30/2015
- Tracks trends and market developments in DFS based on the information gathered in the first survey, conducted in 2013, and second survey conducted in 2014

### Data Collection

- Basic demographics and poverty measurement (Grameen Progress Out of Poverty Index)
- Access/use of mobile devices
- Access/use of mobile money
- Access/use of formal financial services (e.g., bank accounts)
- Access/use of semi-formal and informal financial services (e.g., MFIs, cooperatives, village savings groups)
- Financial literacy and preparedness
- General financial behaviors

## PAKISTAN

## SAMPLING METHODOLOGY

### Sampling Frame

- A nationally representative sample of adults (defined as those aged 15 or above) was developed using 2011-12 national population projections based on 1998 Census Data.
- The total sample was distributed proportionally to the size of the population within urban and rural strata in each of Pakistan's four provinces – excluding the federally administered tribal areas.
- The total population was further administratively divided into 5,000 census-defined urban circles and 48,000 rural mouzas.

### Primary Sampling Units (PSUs)

- Within urban strata, census circles and within rural strata, mouzas were selected proportionally to their population size.
- Ten interviews were conducted in each selected urban circle and mouza primary sampling unit.
- For security reasons, PSUs were divided randomly between male and female interviewing teams.

### Sampling Start-Points, Households and Respondents

- The census circles and villages to which sampling points were assigned were mapped into blocks and a block was randomly selected. The household within the selected block from which interviewing commenced was selected by generating a random number between one and 10, and skipping that number of households from the first household that interviewers encountered when entering the block.
- After completing an interview at the randomly selected first household, subsequent households were selected using the right-hand rule (every fifth household in urban areas and every third household in rural areas).
- One respondent from each household was selected using the Kish grid method, and relevant consent for eligible respondents under 18 years of age was obtained.



# GLOSSARY

## GLOSSARY

- **Access** – Access to a bank account or mobile money account means a respondent can use bank/mobile money services either via their own account or via an account of another person.
- **Active account holder** – An individual who has a registered financial account and has used it in the last 90 days.
- **Active user** – An individual who has used any financial account for any type of transaction in the past 90 days via his/her own account or somebody else's account.
- **Adults with DFS access** – Adults who either own a DFS account or have access to someone else's account.
- **Below the poverty line** – In this particular study, adults living on less than \$2.50 per day, as classified by the Grameen PPI.
- **Credit-only financial institutions** – Financial institutions that only offer loan disbursement services to their customers.
- **Digital financial services (DFS)** – Financial services provided through an electronic platform (mobile phones, electronic cards, the internet, etc.). For this particular study, digital financial services include bank services and mobile money services.
- **Grameen Progress out of Poverty Index (PPI)** – A poverty measurement tool from the Grameen Foundation wherein a set of country-specific questions are used to compute the likelihood that a household is living below the poverty line.
- **Financially included** – Individuals who have registered for a financial service account with a full-service financial institution.
- **Full-service institutions** – A financial institution that offers customers at least one of the following services: savings, money transfers, insurance or investments.
- **Mobile money (MM)** – A service in which a mobile phone is used to access financial services.
- **Mobile-money value-added services** – Individually branded service products offered by mobile money providers in addition to or along with their basic mobile money services.
- **Registered active user** – A person with a registered DFS account that has used it in the last 90 days.
- **ROSCA/committee** – An informal rotating savings and credit association (ROSCA) whose members are a group of individuals who agree to meet for a defined time period to save and borrow together, a form of combined peer-to-peer banking and peer-to-peer lending.
- **Services beyond basic wallet** – DFS transactions that go beyond simple deposits, withdrawals or money transfers.
- **Urban/rural** – Urban and rural persons are defined according to their residence in urban or rural areas as prescribed by the national bureau of statistics.

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