

# FINANCIAL INCLUSION **insights**

APPLIED RESEARCH FOR  digital financial inclusion

## UGANDA

**WAVE 3 REPORT  
FII TRACKER SURVEY  
FEBRUARY 2016**

## UGANDA



## 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).

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# EXECUTIVE SUMMARY

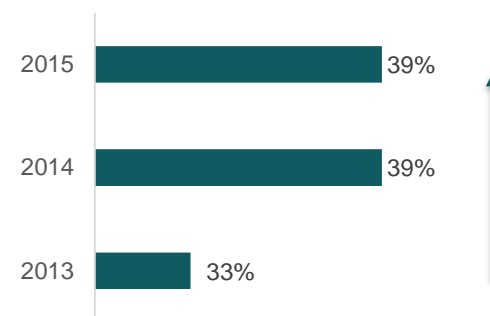
## UGANDA

### Key findings – financial inclusion

- **Uganda is building toward meaningful financial inclusion.**
  - Formal account ownership and usage have **grown** versus 2013, largely due to increases in mobile money usage.
    - Almost four in 10 (39 percent) Ugandans now have a registered account, up from one-third (33 percent) in 2013
  - Active account ownership has also **increased** versus 2013.
    - Thirty-four percent of Ugandans are now active account holders (used their registered accounts “in the past 90 days”) versus 30 percent in 2013. There are few dormant bank and mobile money accounts. Most who have an account use it.
  - Active bank and mobile money account holders are **using more** beyond-basic-wallet functions compared with previous years. Savings and bill pay remain the most common advanced activities; payroll distribution and merchant payments via digital accounts are on the rise.
  - While mobile money active registered account usage largely explains the growth in financial inclusion, the use of bank services and account ownership declined from a relatively low market position.

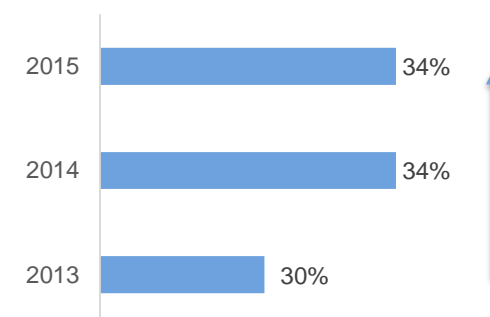
#### **Registered financial service users\***

(Shown: Percentage of Ugandan adults for each year)



#### **Active financial service users**

(Shown: Percentage of Ugandan adults for each year)



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

Source: InterMedia Uganda FII Tracker surveys Wave 1 (N=3,000, 15+), September-December 2013; Wave 2 (N=3,001, 15+), June-July 2014; Wave 3 (N=3,000, 15+), July-August 2015.

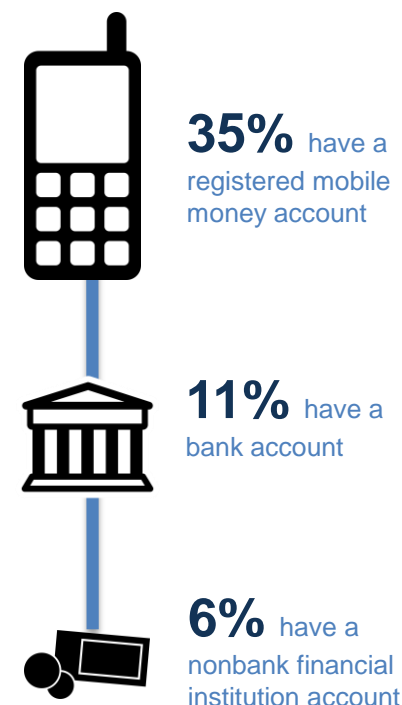
## UGANDA

### Key findings – mobile money

- Mobile money continues to be the predominant financial service in Uganda.
  - Thirty-five percent of Ugandan adults have a registered mobile money account. An additional 13 percent access services via somebody else's account, including that of an agent (over-the-counter/OTC use).
  - Mobile money account ownership surpasses the use of both banks and nonbank financial institutions (NBFIs).
  - Consumers are more likely to know of mobile money point-of-service options versus banks or other regulated financial outlets.
  - There is nearly universal knowledge of the mobile money concept and providers.
  - There continues to be a sizable portion of the population that know about mobile money and do not use it.
    - 43% are considered “aware nonusers,” and they are primarily poor, rural and less educated.
    - The biggest barriers for aware nonusers include access to technology and lack of technical skills.

#### **2015: Registered users of financial services\***

(Shown: Percentage of Ugandan adults, N=3,000)



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

Source: InterMedia Uganda FII Tracker survey Wave 3 (N=3,000, 15+), July-August 2015.

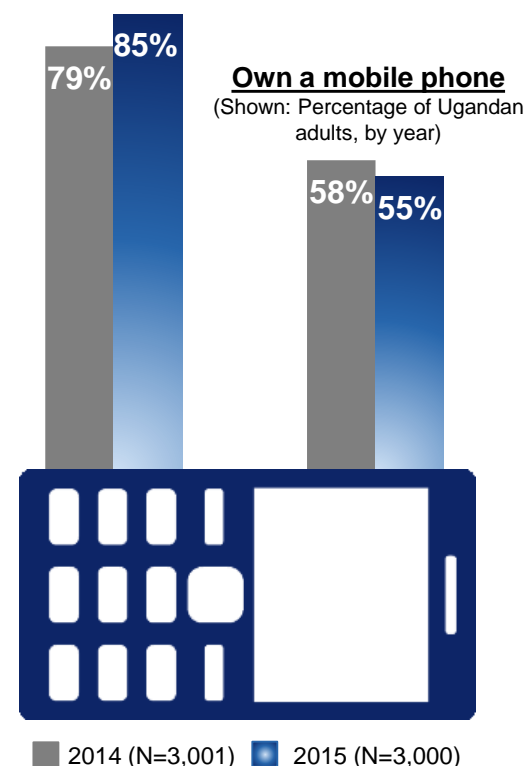
## UGANDA

### Key findings – mobile money

- **Limited handset ownership continues to be a barrier to mobile money usage despite an increase in access.**
  - Use of financial services accounts, especially mobile money accounts, is dependent on access to mobile phones and the ability to use them to send and receive texts.
  - Adults without access to mobile phones and those who borrow phones are both poor, female and living in the rural areas.
- **Making a financial transaction is the most commonly used advanced phone function, followed by sending/receiving multi-media messages.**
  - Those who are more likely to use their phones for advanced services are younger Ugandans and rural residents.

#### Have access to a mobile phone

(Shown: Percentage of Ugandan adults, by year)



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

Source: InterMedia Uganda FII Tracker survey Wave 3 (N=3,000, 15+), July-August 2015.

## UGANDA

## Implications for expanding mobile money usage

- **Expanding mobile money usage in Uganda requires a dual focus: increasing access to affordable phones and encouraging phone owners to register their own SIM cards, and building meaningful knowledge about the benefits of mobile money use.**
  - Limited ownership of a personal mobile phone and/or SIM card, coupled with a lack of understanding of how to start using mobile money, is the biggest obstacle keeping aware nonusers and nonregistered users from registering an account.
  - Building meaningful knowledge comes from connecting mobile money to the target audience's daily realities. Aware nonusers of mobile money (aware of mobile money but do not use it) struggle with budgeting and have difficulties making ends meet. This leads them to believe they can't afford or aren't eligible to use mobile money. FII data, however, demonstrates those who have a financial account are likely to manage their money better. Therefore, it is important to illustrate for aware nonusers how their financial lives can change for the better with the use of mobile money.
- **Promoting active, advanced use can deepen a user's relationship with mobile money.**
  - Current users of mobile money services show interest in expanding the application of their accounts beyond basic CICO and P2P functions. There is a notable increase in the number of mobile money account holders who used the service at least once in the past 90 days.
  - Usage of advanced services is also increasing with more users opting to save/set aside money and pay bills via their accounts. Other advanced uses are also picking up but at a slower pace. The increased use of advanced services might be because active users are now seeing more need of these services.



# METHODOLOGY & RESEARCH DESCRIPTION

## UGANDA

## FII Uganda Tracker Survey details

### Survey Summary

- Annual, nationally representative survey (N=3,000) of Ugandan adults aged 15+
- Face-to-face interviews lasting, on average, 66 minutes
- Third survey (wave 3) conducted from 7/1/2015 to 8/1/2015
- 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., SACCO, cooperatives, self-help groups)
- Financial literacy and preparedness
- General financial behaviors

## UGANDA

### Survey demographics

| % of survey                       |     |
|-----------------------------------|-----|
| <b>Gender</b>                     |     |
| Male                              | 46% |
| Female                            | 54% |
| <b>Geography</b>                  |     |
| Urban                             | 25% |
| Rural                             | 75% |
| <b>Income</b>                     |     |
| Above the \$2.50/day poverty line | 27% |
| Below the \$2.50/day poverty line | 73% |

| % of survey     |     |
|-----------------|-----|
| <b>Age</b>      |     |
| 15-24           | 35% |
| 25-34           | 23% |
| 35-44           | 18% |
| 45-54           | 12% |
| 55+             | 12% |
| <b>Aptitude</b> |     |
| Basic literacy  | 57% |
| Basic numeracy  | 80% |

Figures are weighted to reflect national census data demographics.

Source: InterMedia Uganda FII Tracker survey (N=3,000, 15+), July-August 2015.

UGANDA

# FINANCIAL INCLUSION

## UGANDA

# Understanding financial inclusion

## What is financial inclusion?

For the purposes of this report, financial inclusion is defined as having an account 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)*

## What is included in this?

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

## 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.

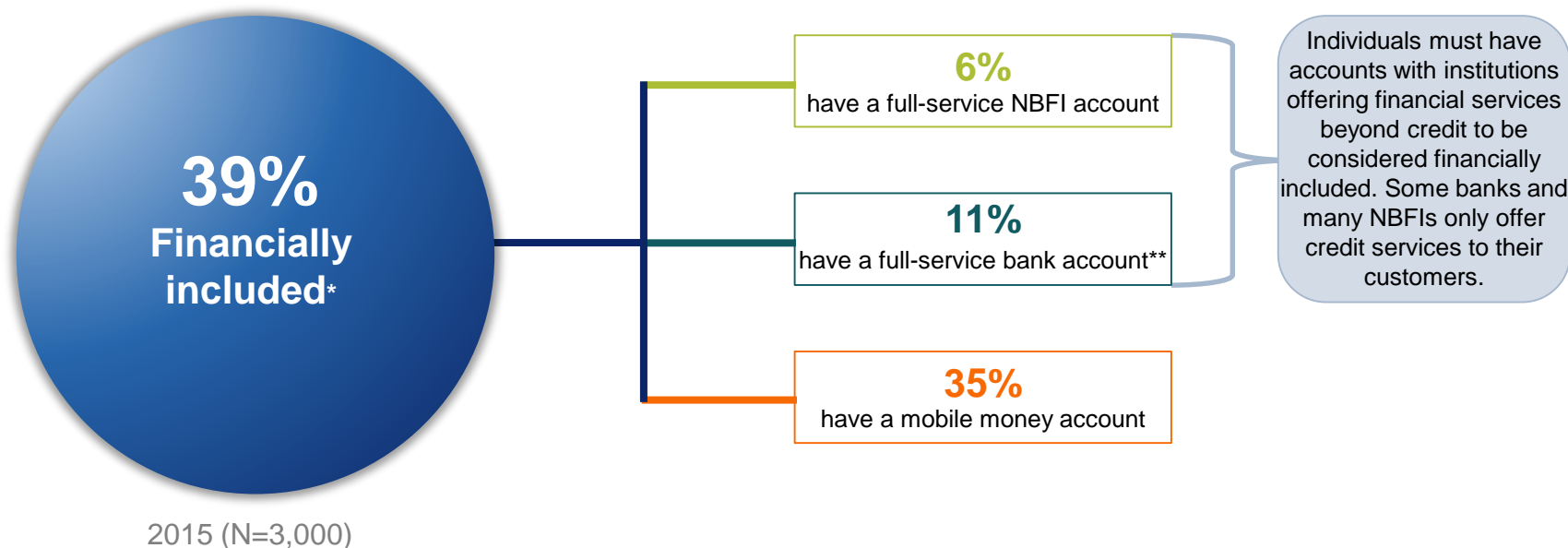
## What isn't included?

Excluded from the financial inclusion measure are money guards, savings collectors and digital recharge cards – such as gift 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.

## UGANDA

### About four in 10 Ugandans are financially included



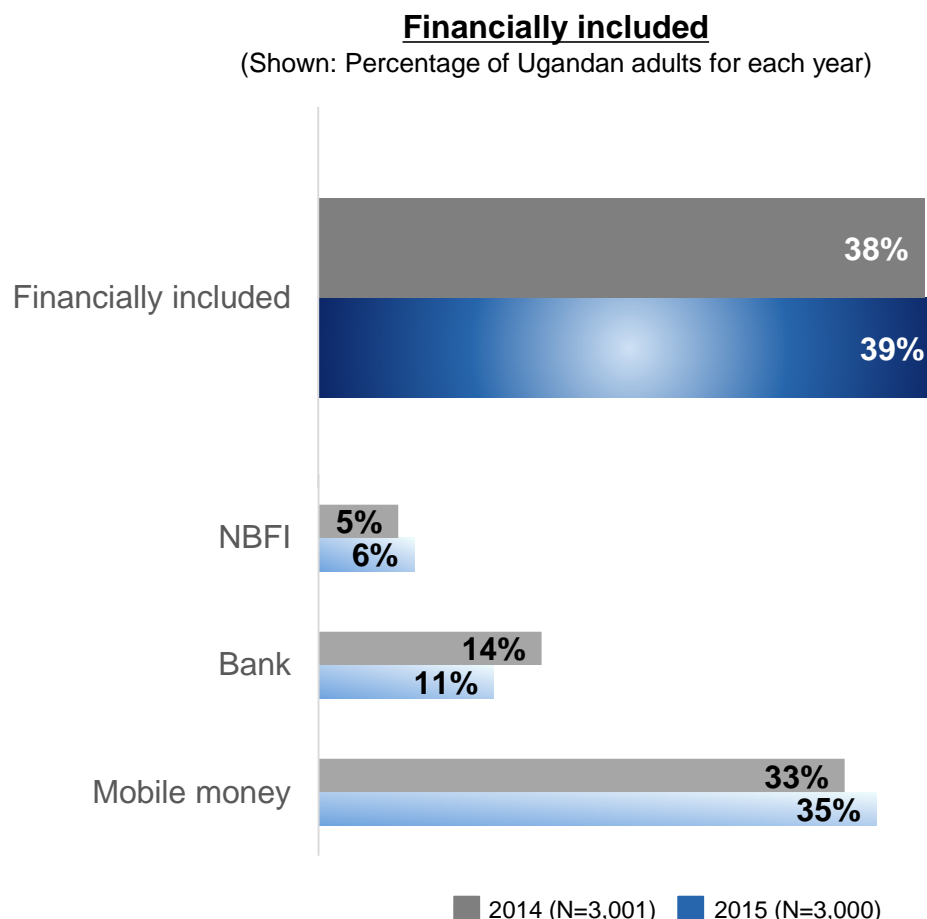
\*Overlap representing those who have multiple kinds of financial accounts is not shown.

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

Source: InterMedia Uganda FII Tracker survey Wave 3 (N=3,000, 15+), July-August 2015.

## UGANDA

## Financial inclusion is expanding, driven by mobile money account ownership



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

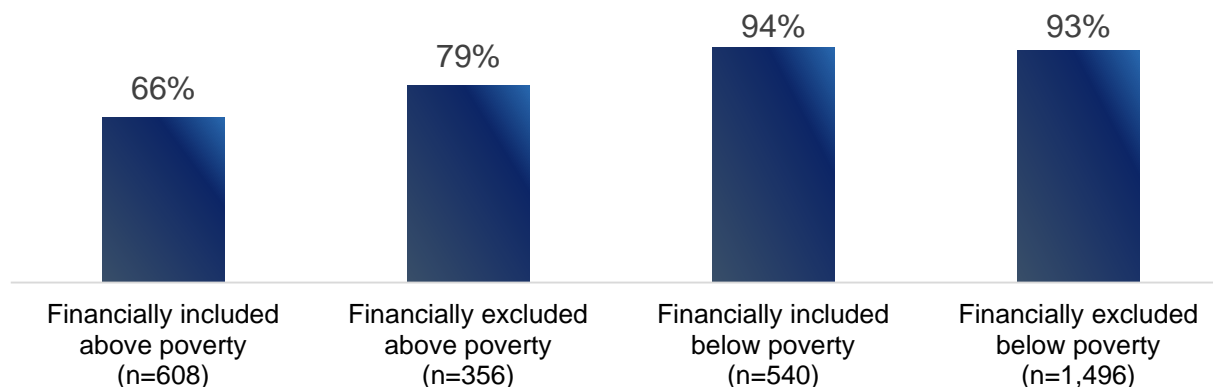
Source: InterMedia Uganda FII Tracker surveys Wave 2 (N=3,001, 15+), June-July 2014; Wave 3 (N=3,000, 15+), July-August 2015.

## UGANDA

### Financially excluded Ugandans are less likely to have a financial plan for unexpected events

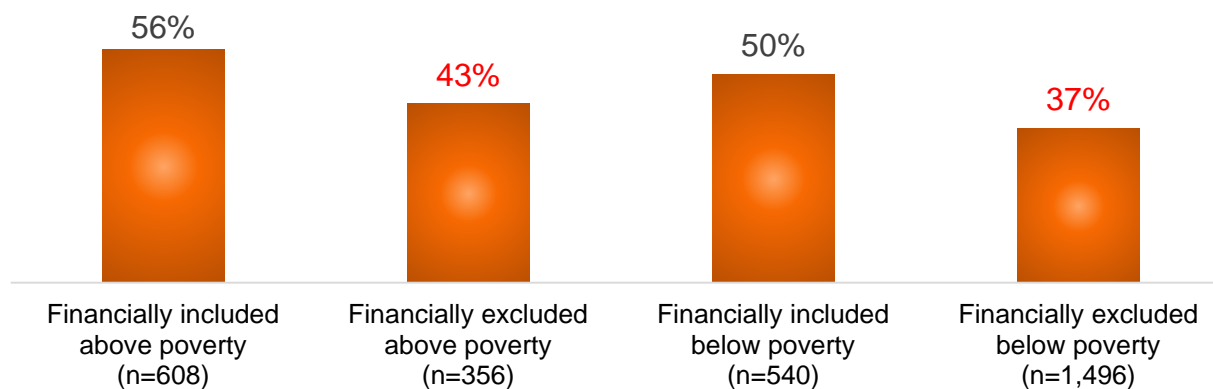
#### 2015: Economically vulnerable

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



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

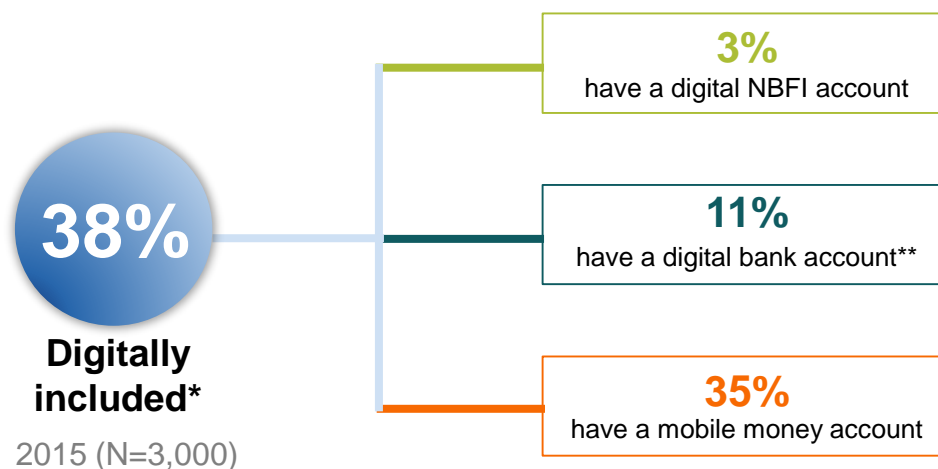
(Shown: Percentage of Uganda adults by financial inclusion, poverty levels)





## UGANDA

## Four in 10 Ugandan adults are financially included with digital access to an account



\*Overlap representing those who have multiple kinds of financial accounts is not shown (N=3,000).

\*\*Digital access = those who have “used an account digitally at an institution offering a full suite of services.”

Source: InterMedia Uganda FII Tracker survey Wave 3 (N=3,000, 15+), July-August 2015.

## UGANDA

### Very few NBFi account holders have digital access to the services

#### 2015: Financially included

(Shown: Percentage of Ugandan adults, N=3,000)

**39%**  
Financially included\*

**6%**

have a full-service NBFi account

**11%**

have a full-service bank account

**35%**

have a mobile money account

#### 2015: Digitally included

(Shown: Percentage of Ugandan adults, N=3,000)

Digital inclusion is financially included with digital access\*\* to the account.

**3%**

have a full-service digital NBFi account

**11%**

have a full-service digital bank account

**35%**

have a mobile money account

**38%**

Digitally included\*\*

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

\*\*Digital access = those who have "used an account digitally at an institution offering a full suite of services."

Source: InterMedia Uganda FII Tracker survey Wave 3 (N=3,000, 15+), July-August 2015.

**UGANDA**

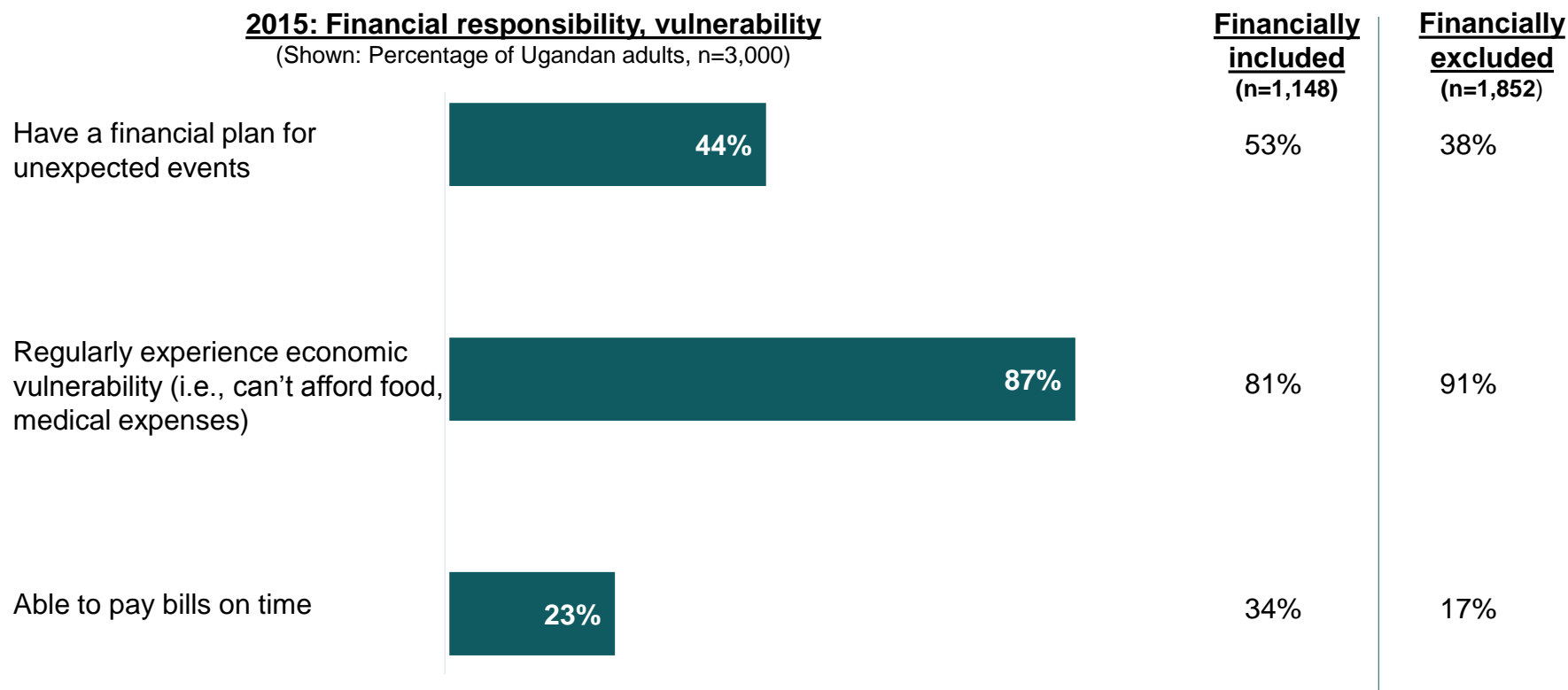
# UGANDANS' FINANCIAL LIVES

## UGANDA

### Nearly half of Ugandans have a financial plan; economic vulnerability remains a big challenge

#### 2015: Financial responsibility, vulnerability

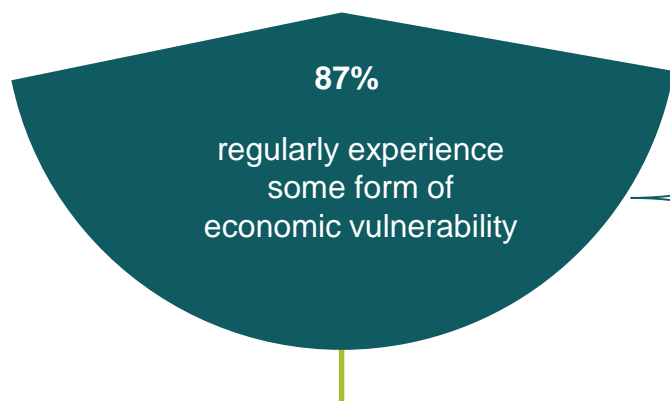
(Shown: Percentage of Ugandan adults, n=3,000)



## UGANDA

### Sacrificing needed medical care is the most common form of economic vulnerability

**2015: Economic vulnerability**  
(Shown: Percentage of Ugandan adults, n=3,000)



#### Profile of vulnerable adults (n=2,580)

54% Female

77% Rural

78% Live on less than \$2.50 a day

79% Numerate

46% Illiterate

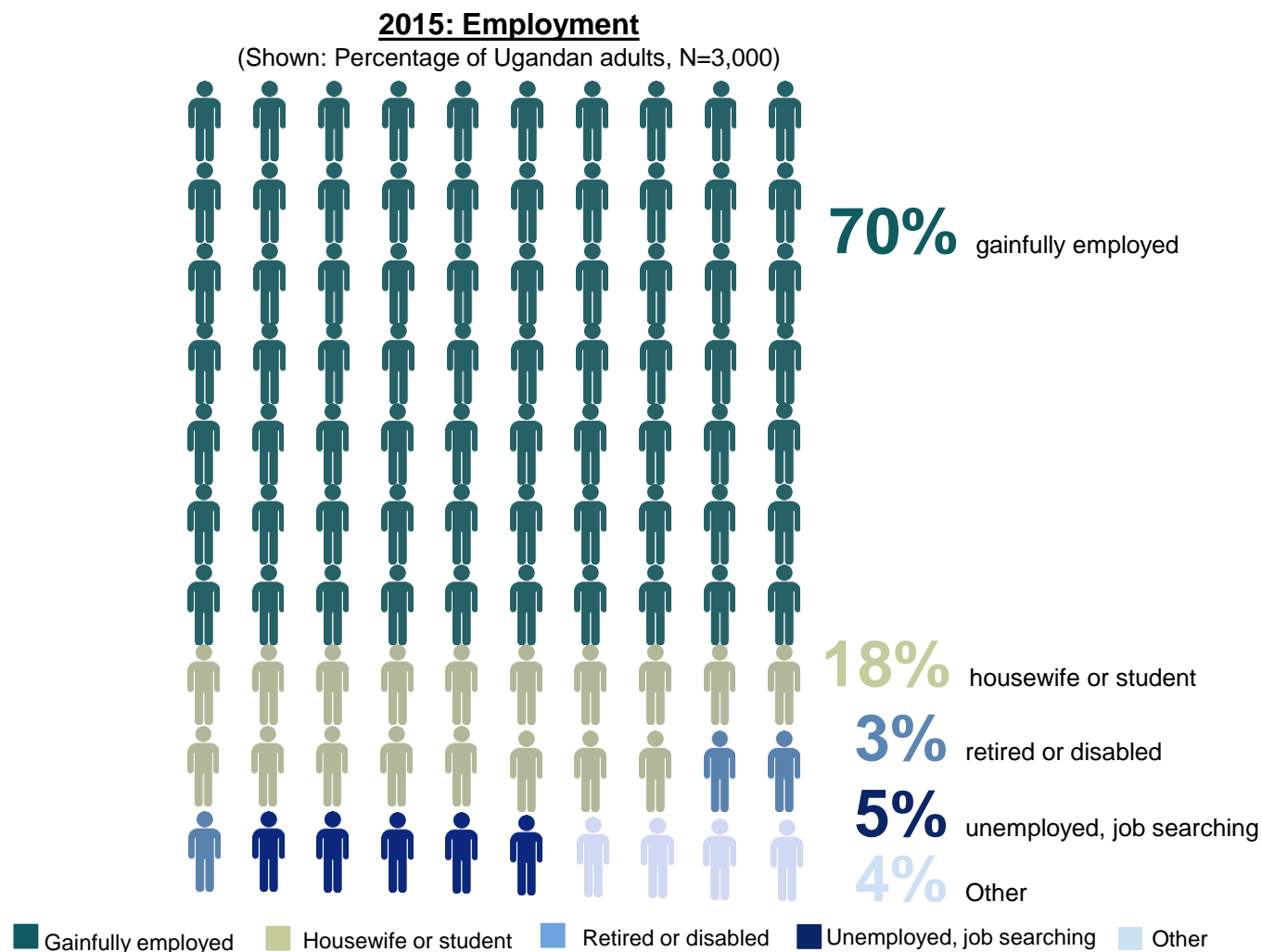
#### Form of economic vulnerability

(Shown: Percentage of vulnerable adults, n=2,580)

|  | %   |
|--|-----|
| Gone without medical help  | 68% |
| Miss an important family event<br>(i.e., funeral, wedding, etc.) | 55% |
| Couldn't pay school fees   | 53% |
| Gone without food  | 50% |
| Gone without cooking fuel  | 39% |
| Gone without fertilizer for the farm                             | 30% |
| Gone without help from a veterinarian                            | 27% |
| Had to close down business temporarily or completely             | 16% |

## UGANDA

### Seventy percent of adults are gainfully employed, 5 percent are looking for work

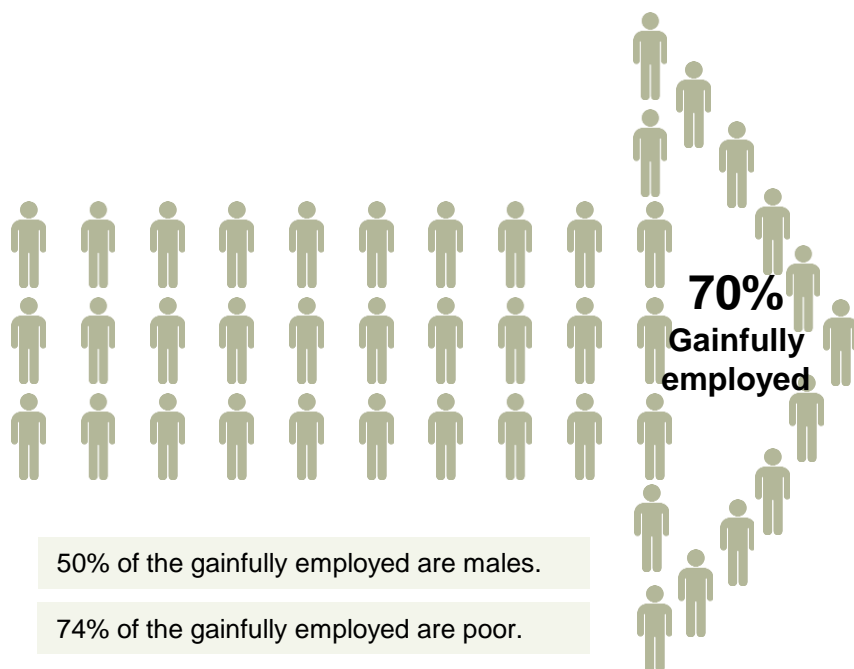


## UGANDA

### Over half of gainfully employed adults own or work on a farm

#### 2015: Employment

(Shown: Percentage of Ugandan adults, N=3,000)



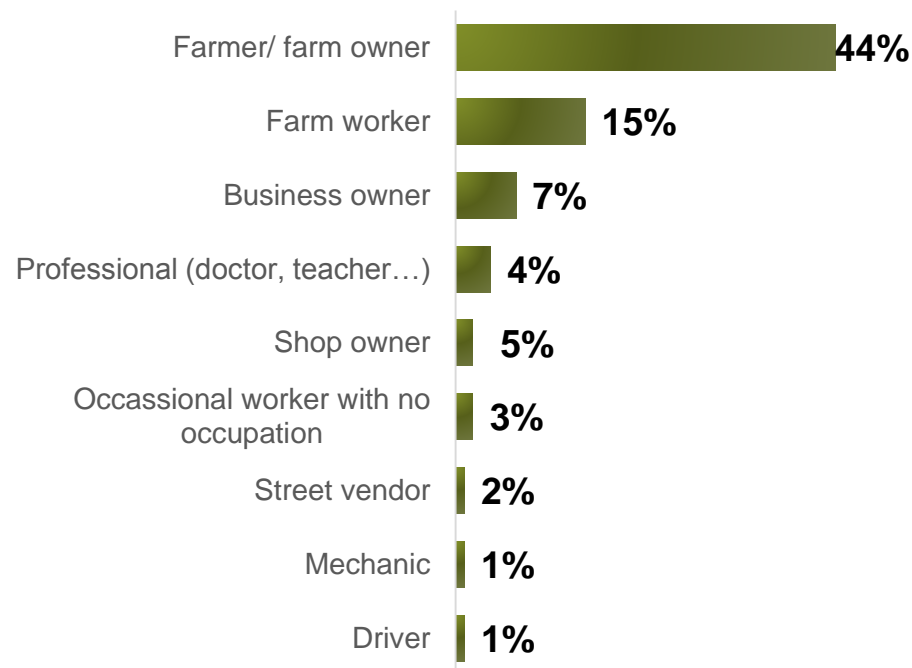
50% of the gainfully employed are males.

74% of the gainfully employed are poor.

78% of the gainfully employed are rural residents.

#### 2015: Most common primary occupation

(Shown: Percentage of gainfully employed adults, n=2,141)



## UGANDA

### Seventy-five percent of Ugandans save money; more do so through cash and informal mechanisms

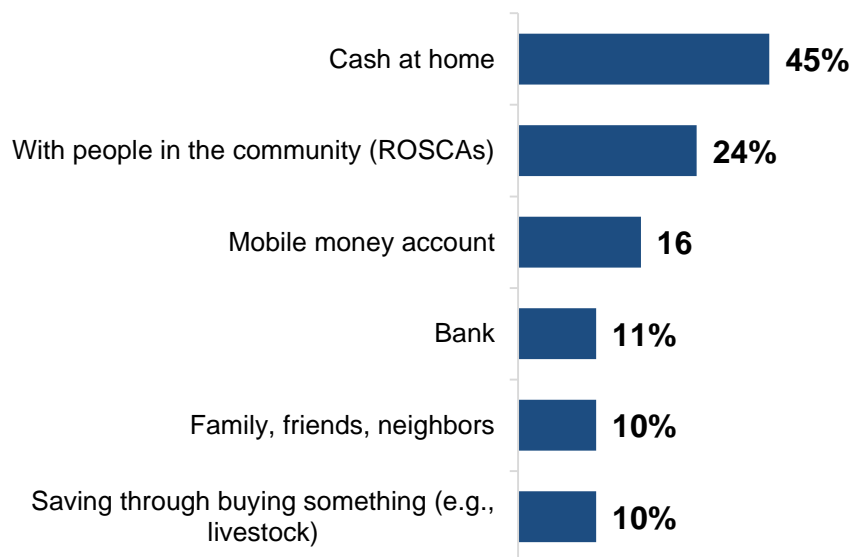
#### 2015: Savings

(Shown: Percentage of Ugandan adults, N=3,000)

**75%**  
currently have  
savings

#### 2015: Location of savings

(Shown: Percentage of Ugandan adults who save, n=2,253)



**45%**

know the interest rate they earn.

Protecting my family from poverty and crime (46%) and making ends meet on a daily basis (42%) are the top two reasons people save money.

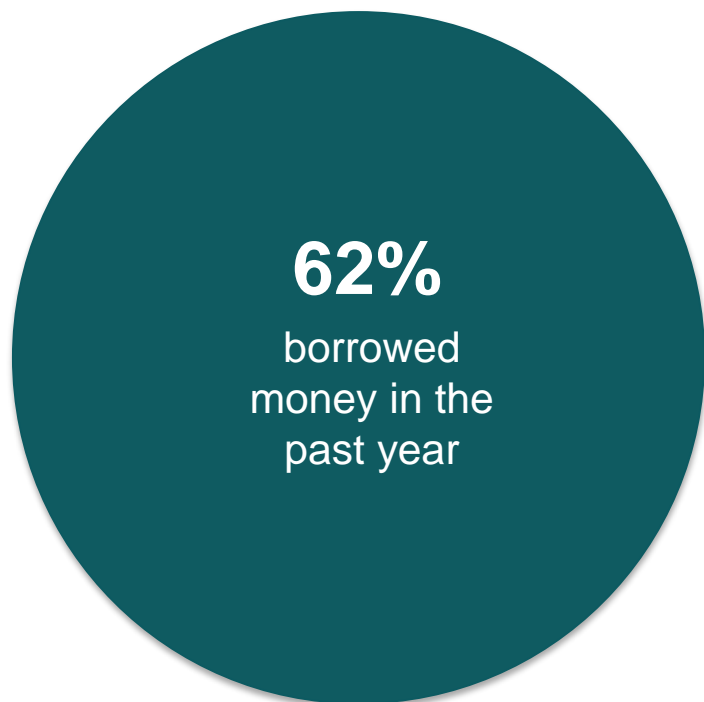


## UGANDA

### Seven in 10 borrowers know the interest rates on their loans; friends, family, neighbors and merry-go-rounds are the top sources of loans

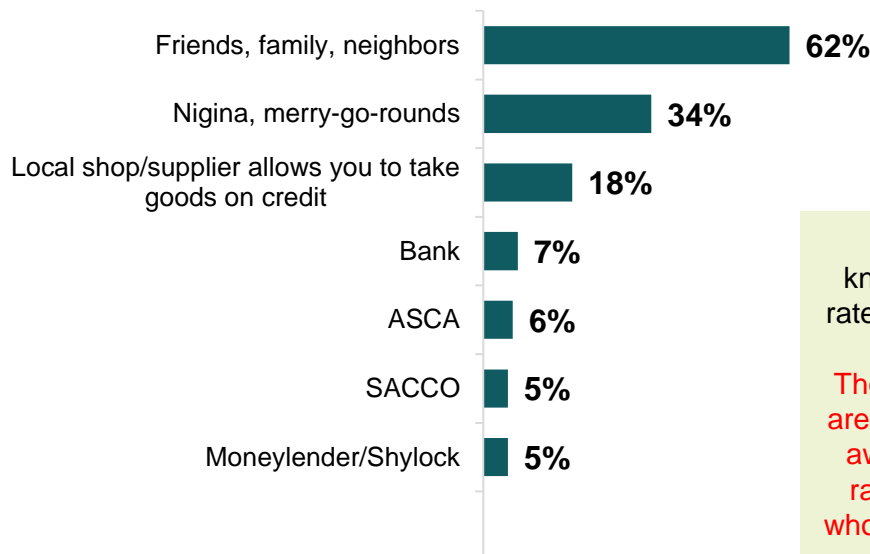
#### 2015: Borrowing

(Shown: Percentage of Ugandan adults, N=3,000)



#### 2015: Source of loans

(Shown: Percentage of Ugandan adults who borrow, n=1,808)



**68%**  
know the interest  
rates on their loans.  
  
Those who borrow  
are more financially  
aware of interest  
rates than those  
who save. (slide 24)

## UGANDA

## Very few have insurance; medical, social security and property insurance are the most commonly owned types of insurance

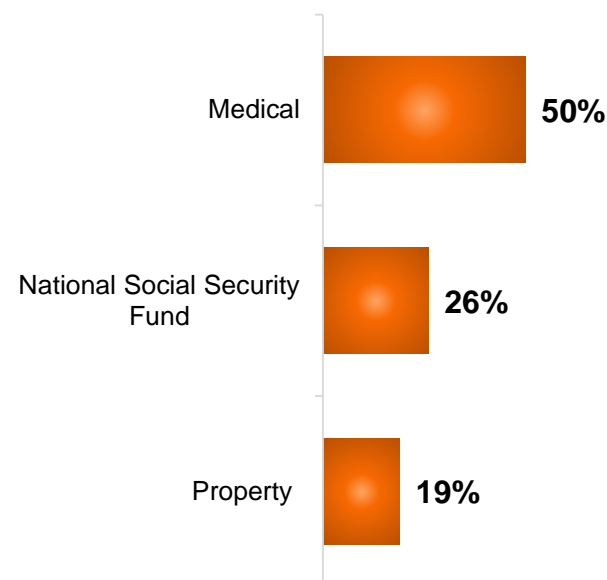
### 2015: Insurance

(Shown: Percentage of Ugandan adults, N=3,000)



### 2015: Type of insurance

(Shown: Percentage of Ugandan adults with insurance, n=107)



**UGANDA**

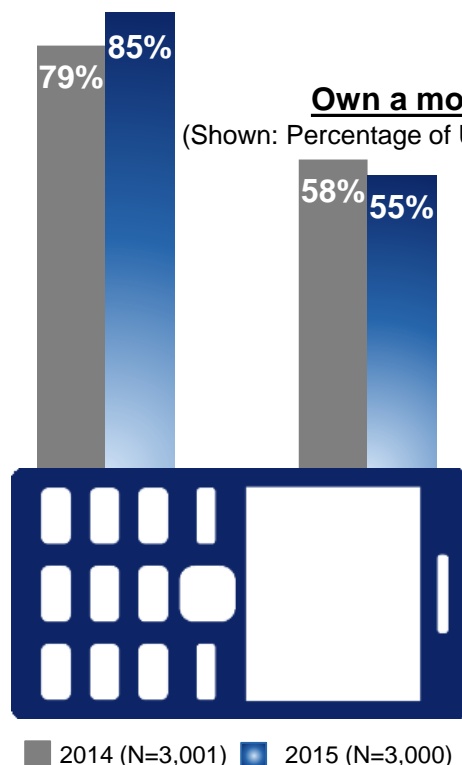
# **ACCESS TO, USE OF MOBILE PHONES**

## UGANDA

### Increase in mobile phone access still leaves a large gap between access, ownership and phone competency

#### Have access to a mobile phone

(Shown: Percentage of Ugandan adults, by year)

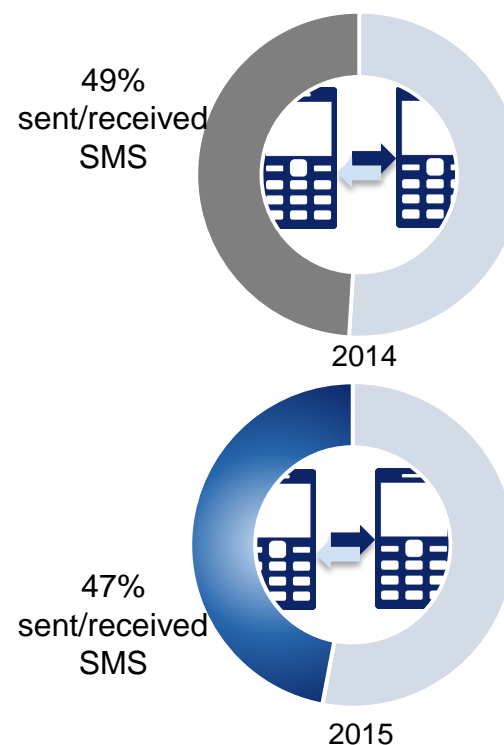


#### Own a mobile phone

(Shown: Percentage of Ugandan adults, by year)

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

(Shown: Percentage of Ugandan adults, by year)



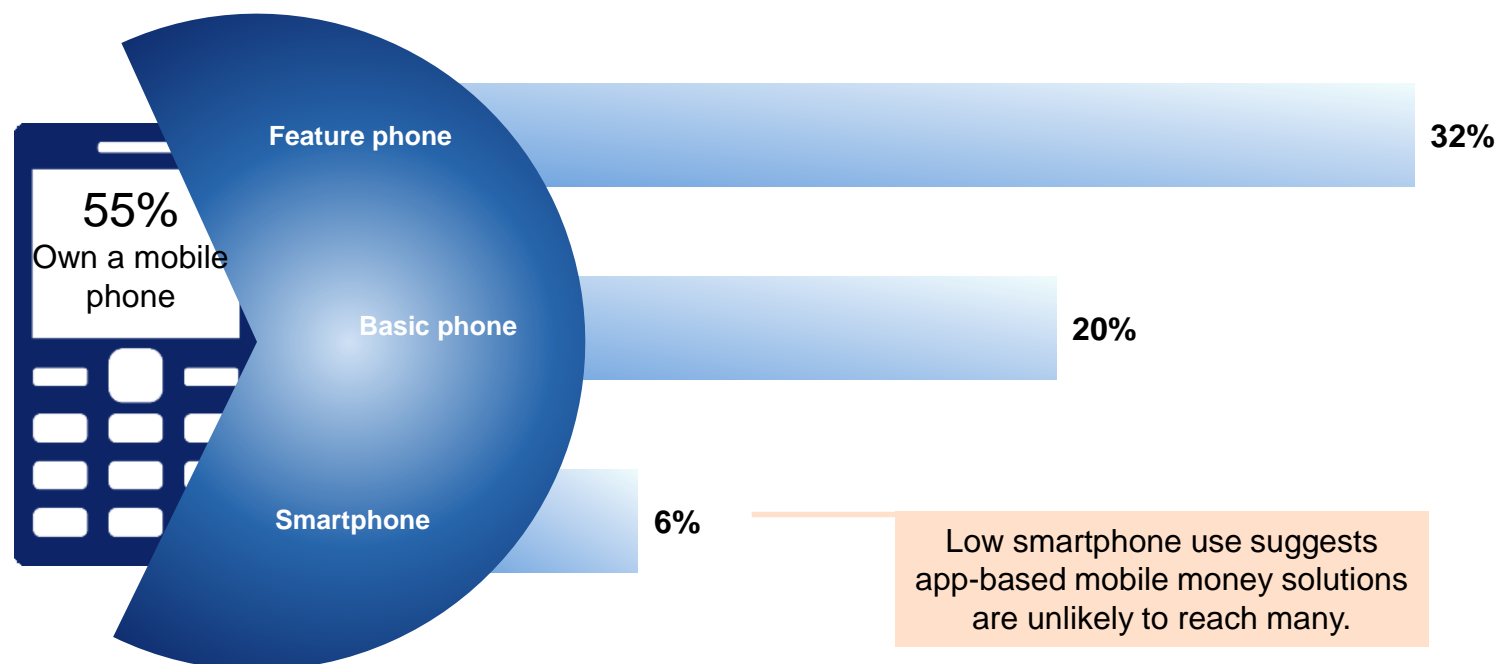
Source: InterMedia Uganda FII Tracker surveys Wave 2 (N=3,001, 15+), June-July 2014; Wave 3 (N=3,000, 15+), July-August 2015.

## UGANDA

## Feature phone and basic phone ownership still outpace smartphone ownership

### 2015: Type of mobile phone

(Shown: Percentage of mobile phone owners, n=1,610)

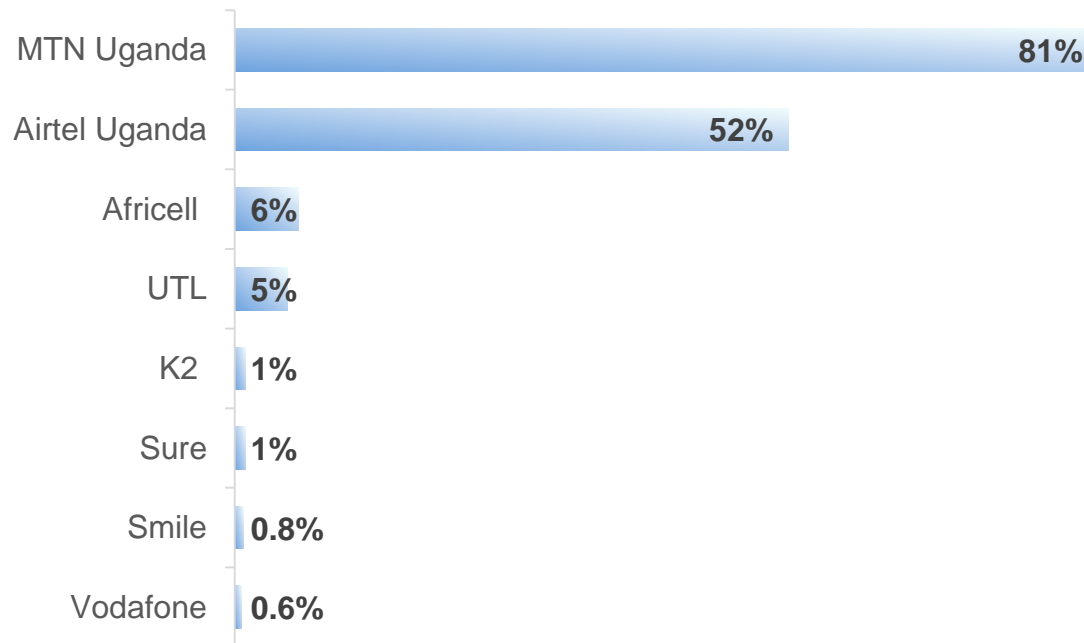


## UGANDA

## MTN Uganda has the greatest market share among mobile phone owners

### 2015: SIM card providers

(Shown: Percentage of mobile phone owners, n=1,610)

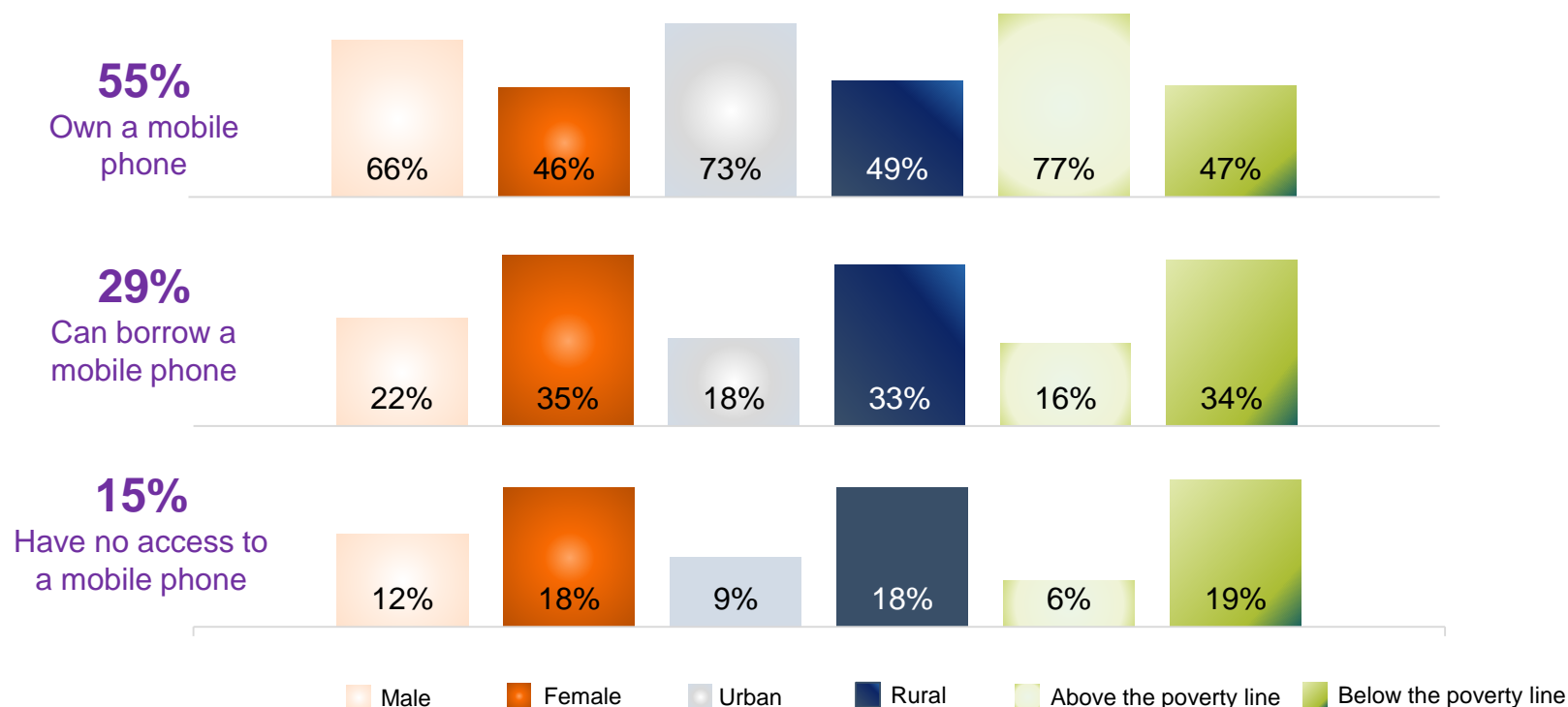


## UGANDA

### Adults without access to mobile phones and those who borrow phones are demographically similar groups

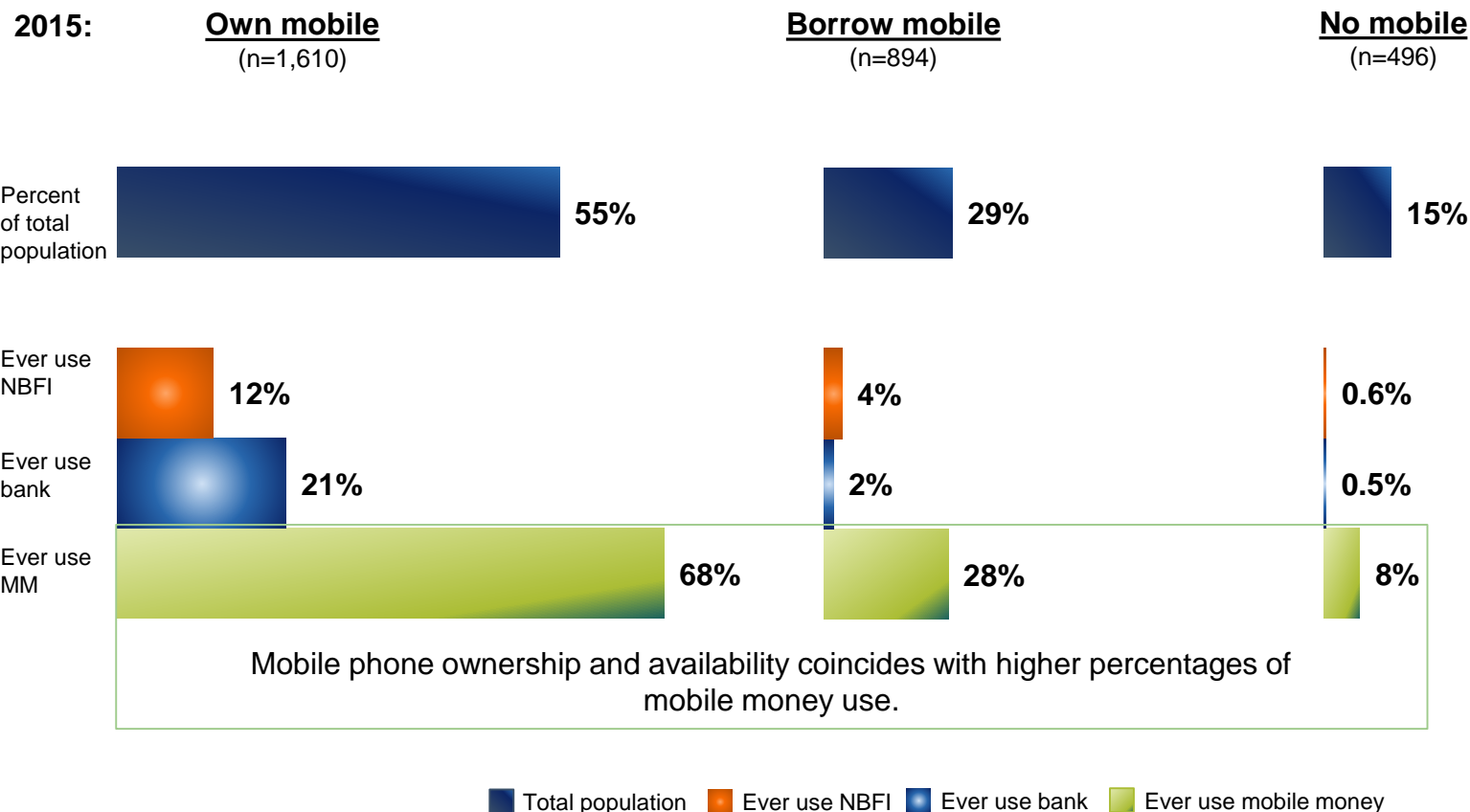
#### 2015: Dynamics of mobile phone access

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



## UGANDA

### Experience using financial services accounts, especially mobile money accounts, is dependent on access to mobile phones



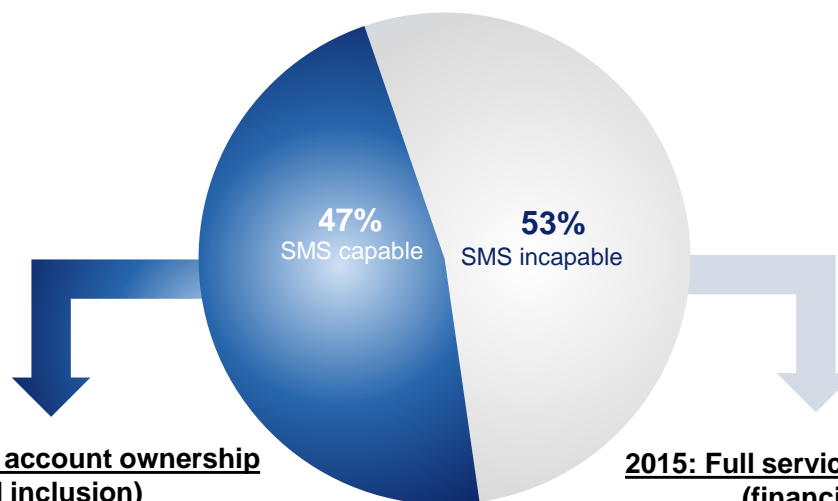


## UGANDA

### Financial inclusion is significantly higher among those who can use mobile phones to send and receive texts

#### 2015: Mobile phone competent

(Shown: Percentage of Ugandan adults, N=3,000)



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

(Shown: Percentage of mobile competent, n=1,337)



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

(Shown: Percentage of mobile challenged, n=1,663)

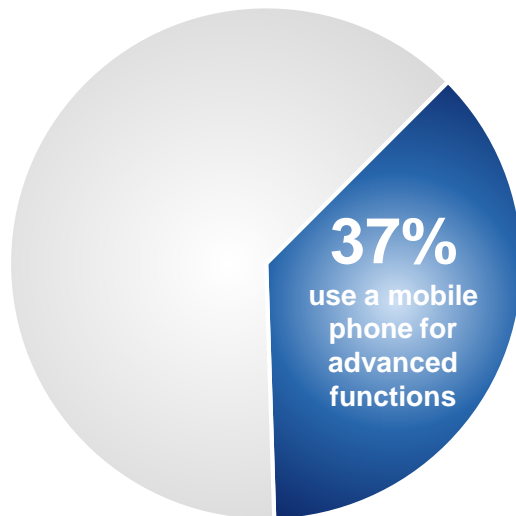


## UGANDA

### Younger Ugandans and rural residents are more likely to use their phones for advanced services

#### 2015: Advanced phone use

(Shown: Percentage of Ugandan adults, N=3,000)



#### Profile of advanced phone users

(n=1,012)

46% Female

61% Rural

56% Live on less than \$2.50 a day

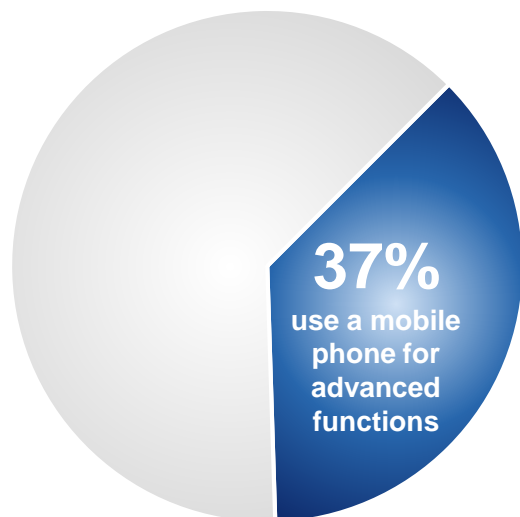
66% Younger than 35 years

## UGANDA

### Making a financial transaction is the most commonly used advanced phone function, followed by sending/receiving multi-media messages

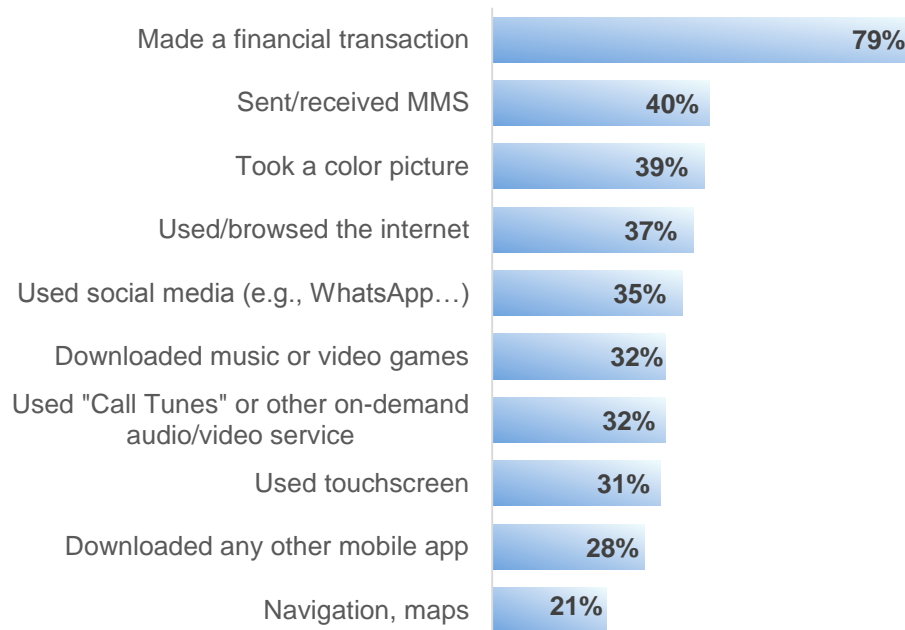
#### 2015: Advanced phone use

(Shown: Percentage of Ugandan adults, N=3,000)



#### 2015: Advanced phone use

(Shown: Percentage of advanced mobile phone users, n=1,012)



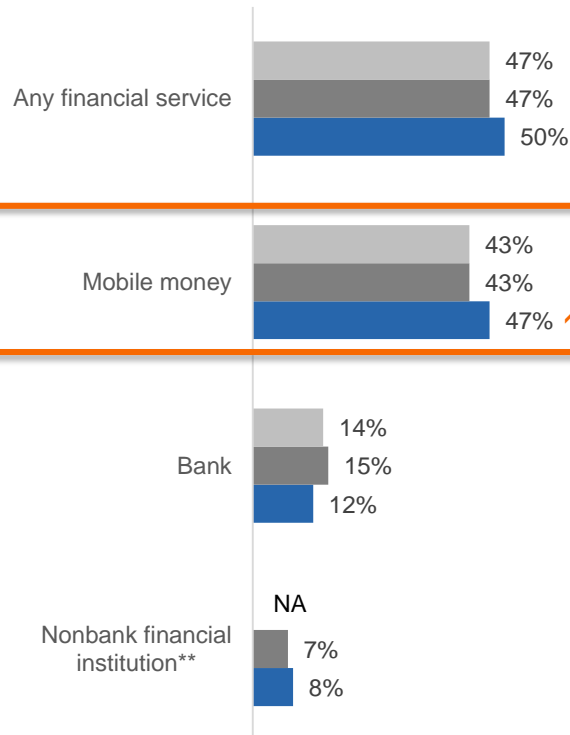
**UGANDA**

# FINANCIAL SERVICES USE

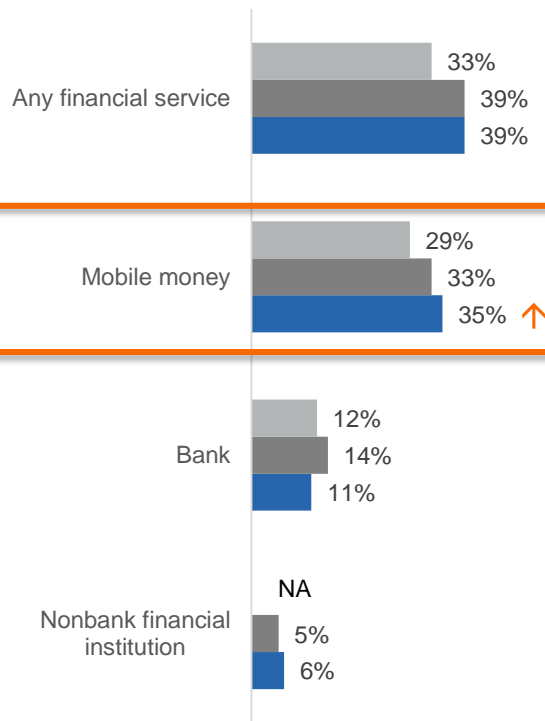
## UGANDA

### Uganda at-a-glance: Mobile money drove increased engagement with financial services from 2013 to 2015

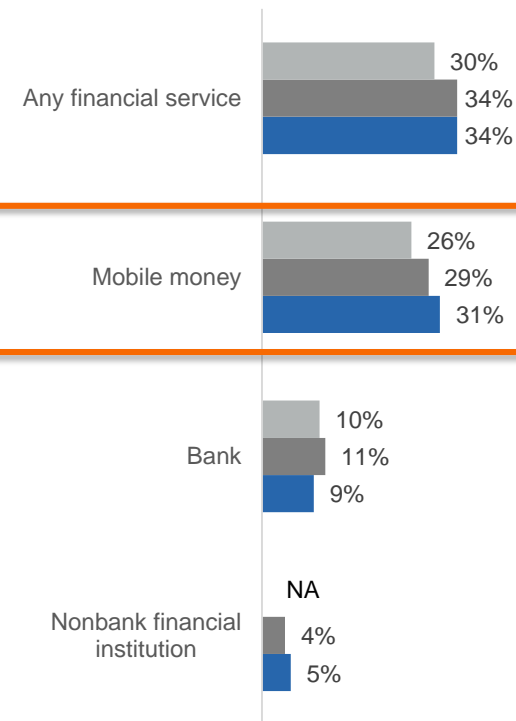
#### Financial account access



#### Registered financial service users (Shown: Percentage of Ugandan adults for each year)



#### Active\* financial service users



■ 2013 (N=3,000) ■ 2014 (N=3,001) ■ 2015 (N=3,000)

Types of account ownership are not mutually exclusive. \*Used in the last 90 days. \*\*NBFI question was not asked in the FII 2013 survey.

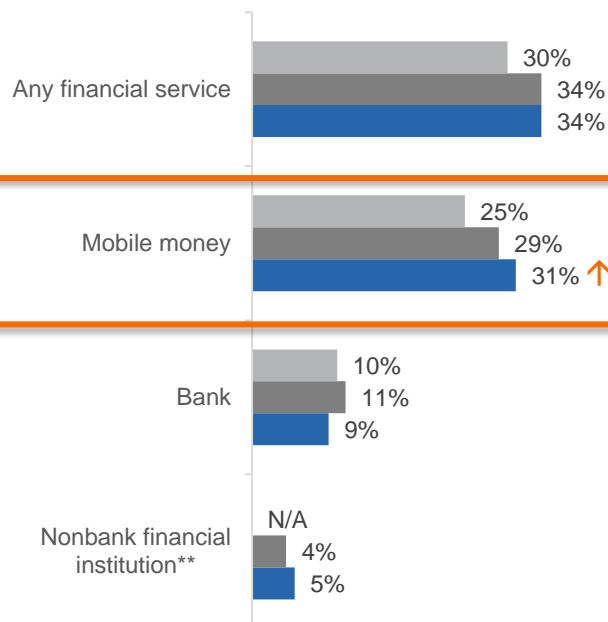
Source: InterMedia Uganda FII Tracker surveys Wave 1 (N=3,000, 15+), September-December 2013; Wave 2 (N=3,001, 15+), June-July 2014; Wave 3 (N=3,000, 15+), July-August 2015.

## UGANDA

### There is greater active mobile money use in the marketplace compared with 2013; most registered accounts are active

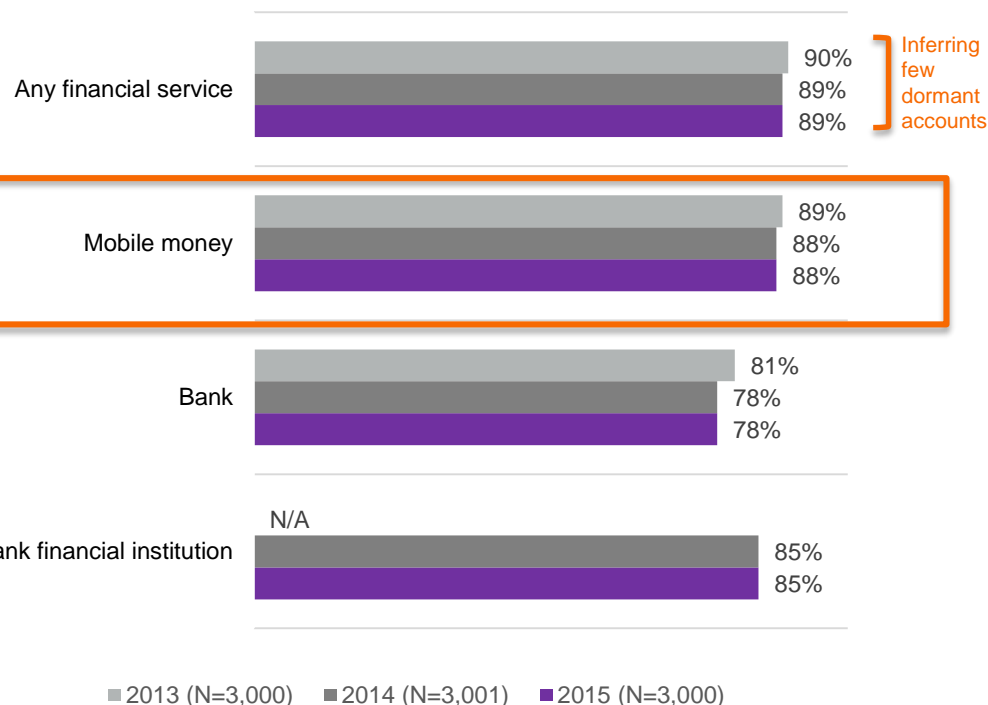
#### Active\* financial account holders

(Shown: Percentage of Ugandan adults)



#### Active\* financial account holders

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



Types of accounts are not mutually exclusive. \*A registered account used in the last 90 days. \*\*NBFI question was not asked in the FII 2013 survey.

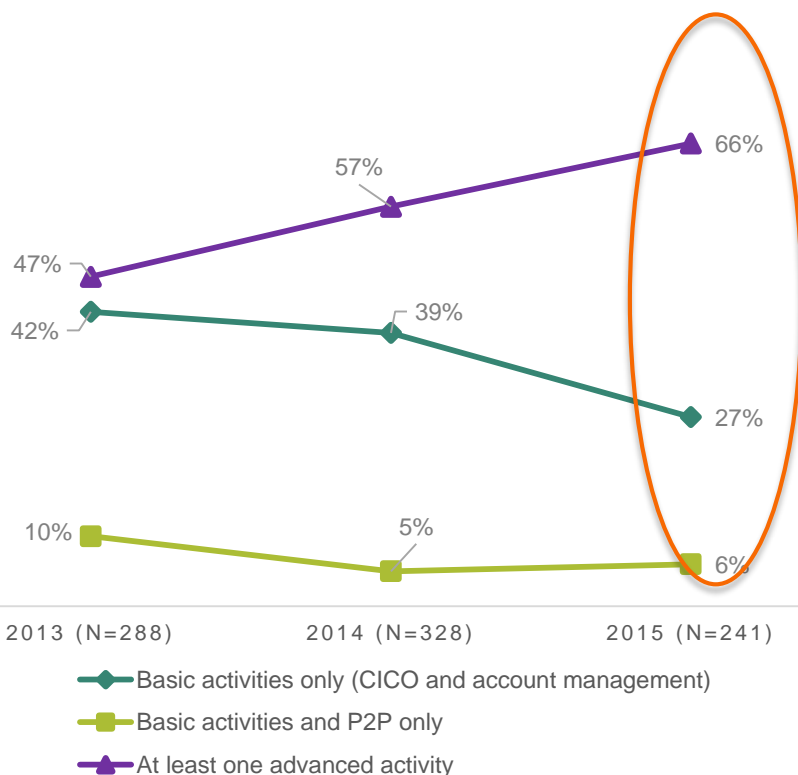
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## UGANDA

### More active bank and mobile money account holders are using their accounts for advanced activities

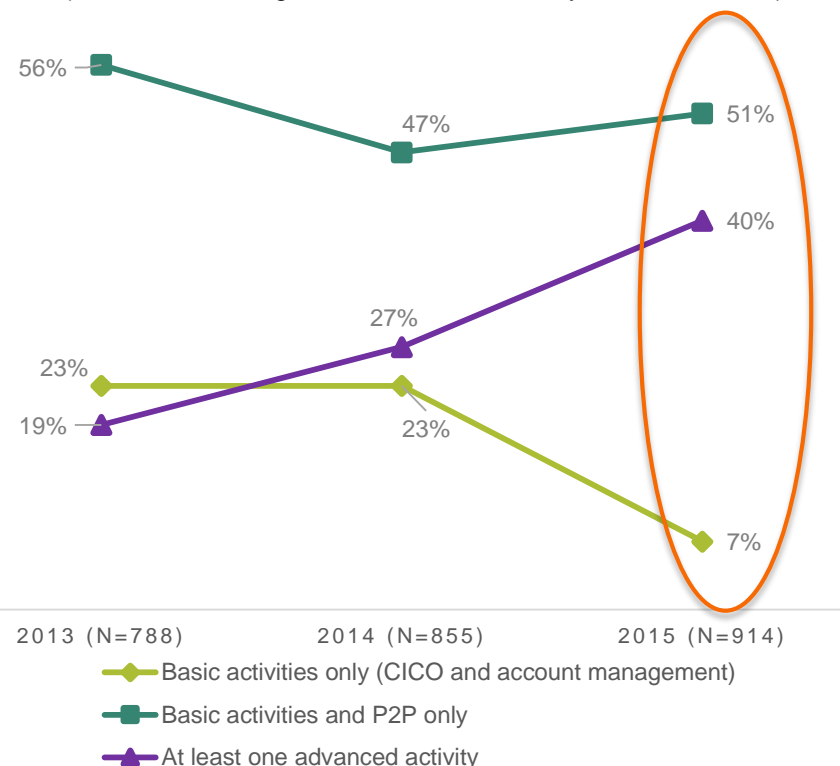
#### Bank uses, by type

(Shown: Percentage of active bank account holders)



#### Mobile money uses, by type

(Shown: Percentage of active mobile money account holders)



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

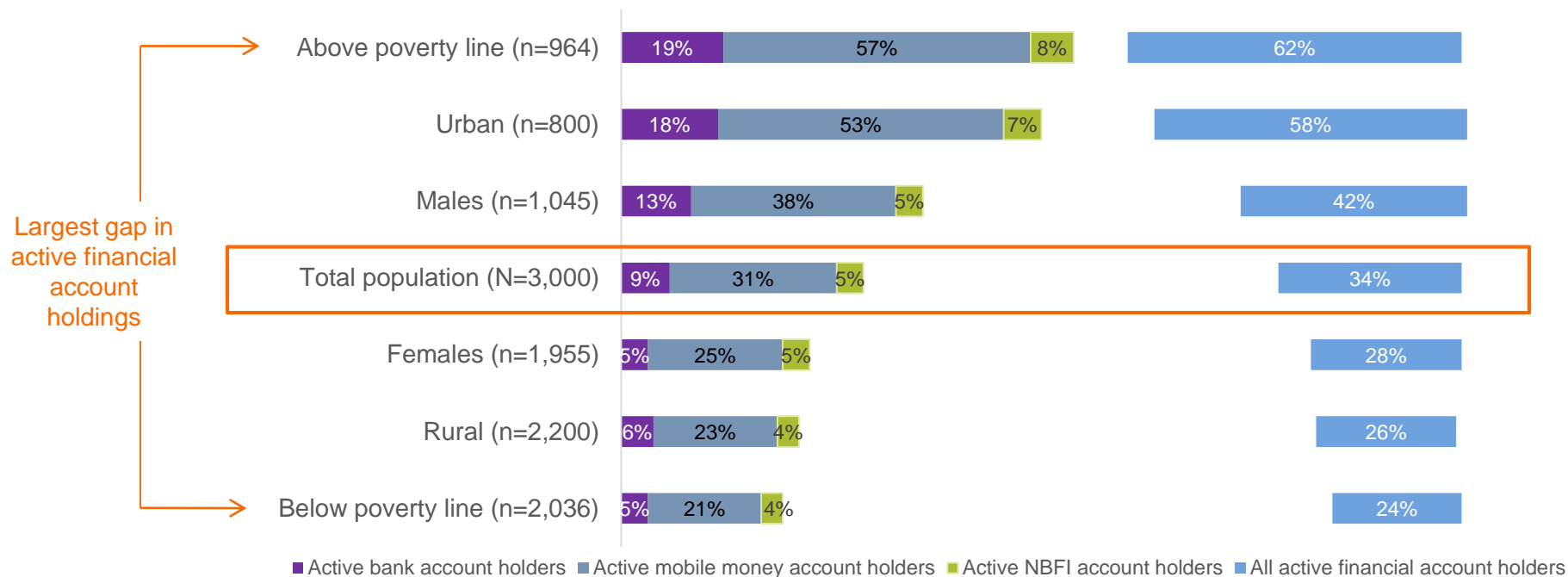
Source: InterMedia Uganda FII Tracker surveys Wave 1 (N=3,000, 15+), September-December 2013; Wave 2 (N=3,001, 15+) June-July 2014; Wave 3 (N=3,000, 15+), July-August 2015.

## UGANDA

### There is more disparity within active account usage by poverty level than urbanicity and gender

#### 2015: Active account usage by demographic

(Shown: Percentage of each subgroup)



Types of accounts are not mutually exclusive.

Source: InterMedia Uganda FII Tracker survey Wave 3 (N=3,000, 15+), July-August 2015.

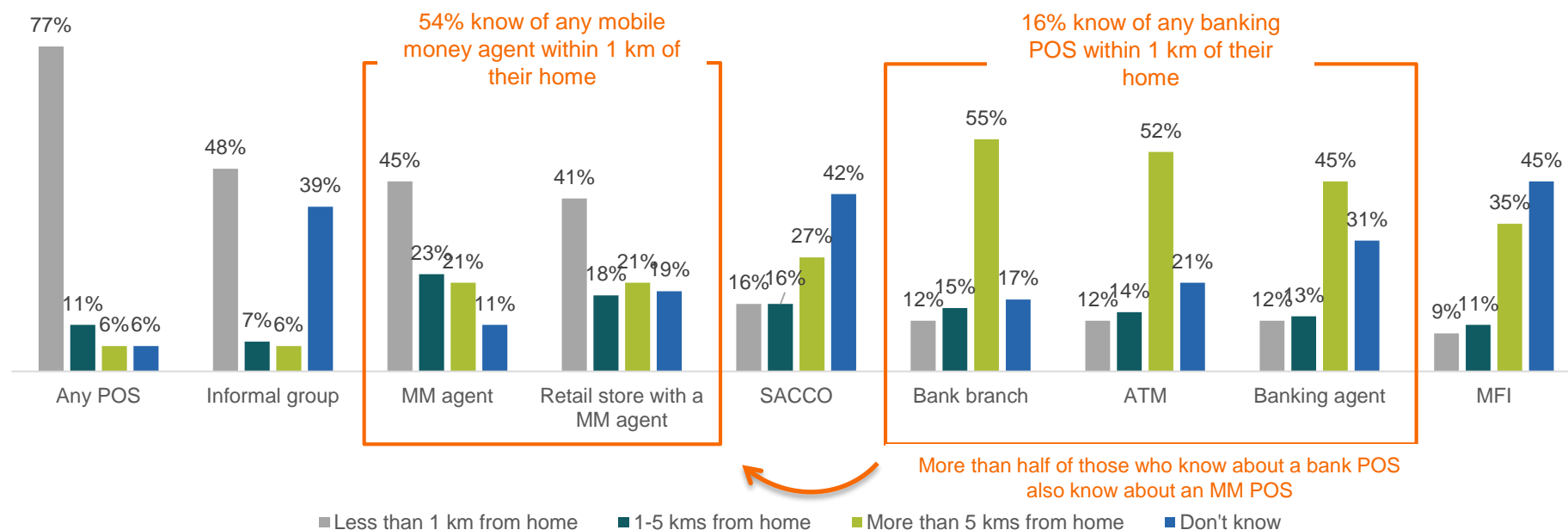


## UGANDA

### Consumers know of an informal financial group or mobile money (MM) agent within 1 km of where they live; banks, ATMs are farther away

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

(Shown: Percentage of Ugandan adults, N=3,000)



Source: InterMedia Uganda FII Tracker survey Wave 3 (N=3,000, 15+), July-August 2015.

**UGANDA**

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**MOBILE MONEY  
(2013-2015)**

## UGANDA

### Market context

## 2009

Mobile money services were first introduced in Uganda by MTN Mobile Money, Airtel Money and Uganda Telecom.

- Main use initially was for basic services. This included deposits and withdrawals, buying airtime and data bundles, and sending/receiving money from other mobile money users.



## 2010-2014

Bank of Uganda issued guidelines for MNO/bank partnerships and consumer protection (Mobile Money Guidelines, 2013), and started consumer literacy programs to promote financial inclusion.

Uganda Revenue Authority (URA) imposed a 10-percent tax on all money transfers including mobile money.

MTN Mobile Money and Airtel Money are the leading mobile money providers.

- Providers expanded the range of mobile money activities to provide value-added products and services.



## 2015

More mobile money providers have entered the marketplace, but MTN Mobile Money remains the market leader, followed by Airtel Money.

- Introduction of the National ID program helped increase mobile money subscribership.

Banks introduced mobile banking apps to allow customers access to bank accounts via mobile money.

The East African community now enjoys cross-border mobile money transfers.

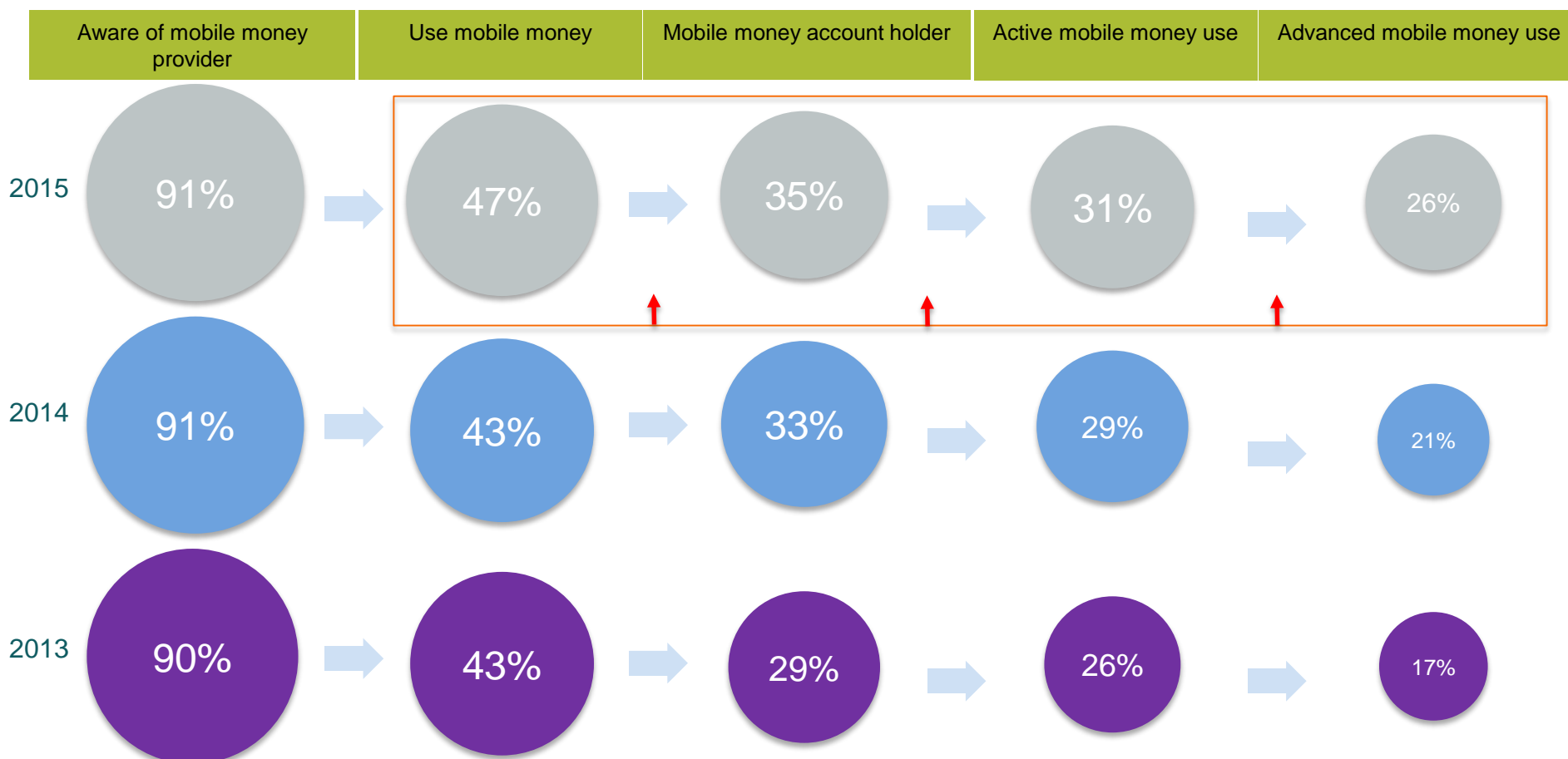
Uganda still needs a comprehensive regulatory framework for mobile money.

## UGANDA

### Key measures: Mobile money awareness is static, usage grew incrementally since 2013

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

(Shown: Percentage of Ugandan adults for each year)



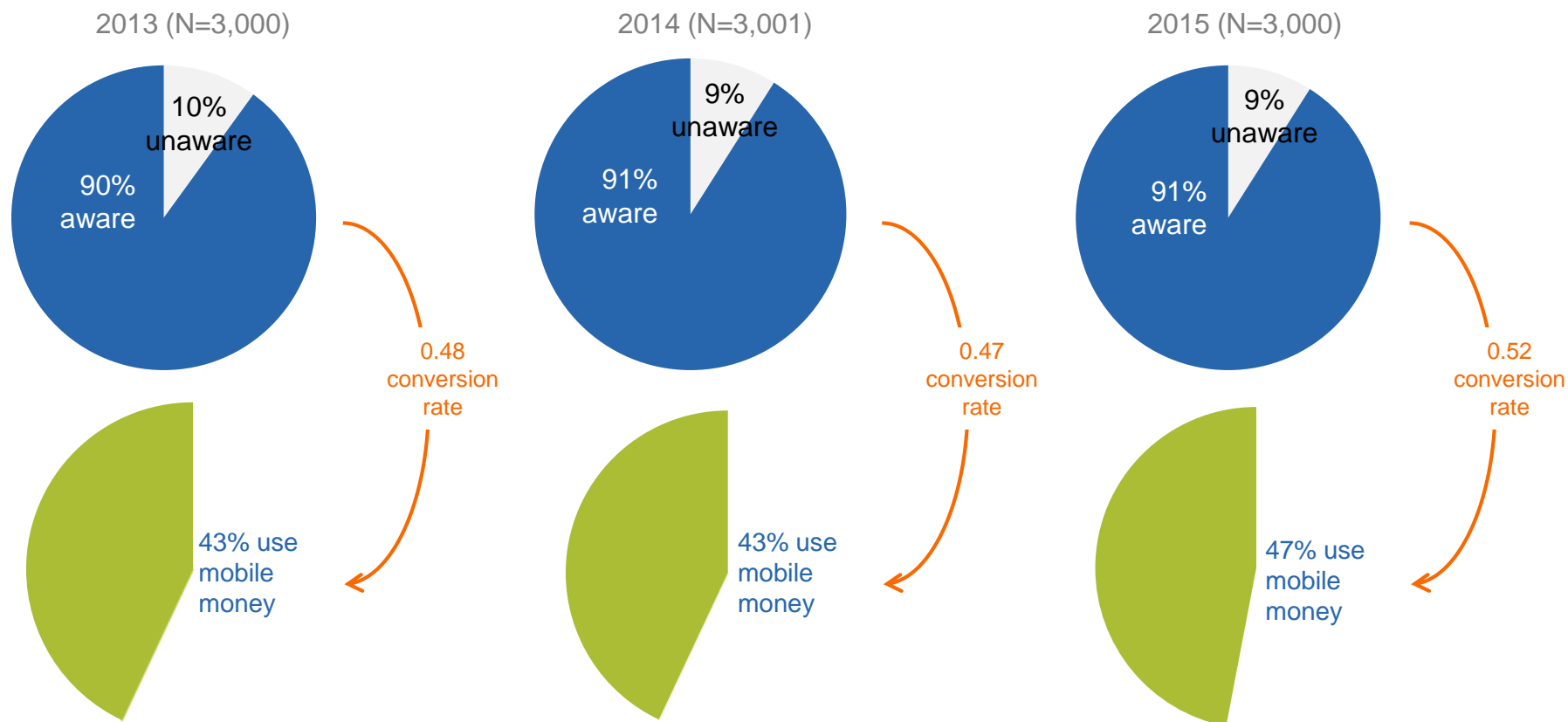
\*Aware of at least one provider. Source: InterMedia Uganda FII Tracker surveys Wave 1 (N=3,000, 15+), September-December 2013; Wave 2 (N=3,001, 15+), June-July 2014; Wave 3 (N=3,000, 15+), July-August 2015.

## UGANDA

### Awareness almost doubles usage, even with an improved conversion factor over the years

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

(Shown: Percentage of Ugandan adults for each year)



\*Awareness of at least one mobile money provider.

Source: InterMedia Uganda FII Tracker surveys Wave 1 (N=3,000, 15+), September-December 2013; Wave 2 (N=3,001, 15+), June-July 2014; Wave 3 (N=3,000, 15+), July-August 2015.

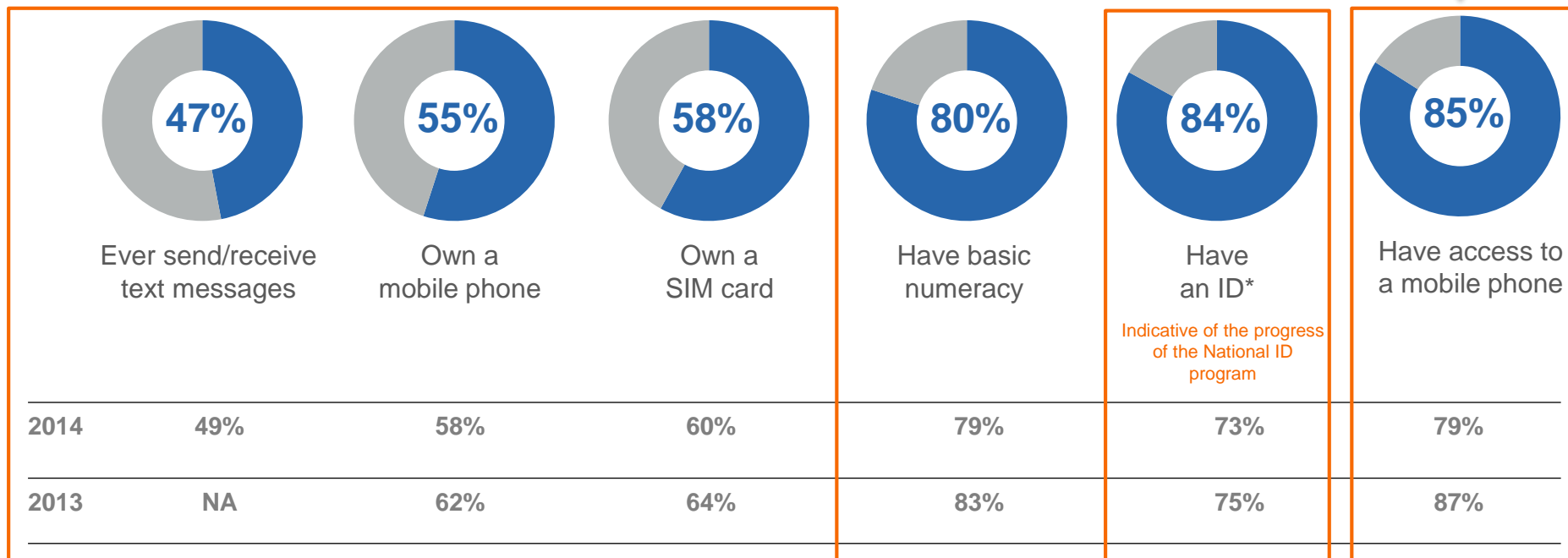
## UGANDA

### Lack of equipment and skills remain a challenge for building mobile money use; growth in ID acquisition helps

#### Key indicators for mobile money account registration

(Shown: Percentage of Ugandan adults, N=3,000)

Government-driven cancellations of unregistered SIM cards had an indirect negative impact on mobile phone access



\*Identification documents (ID) necessary for registering a mobile money or a bank account include one of the following: a National ID, passport, voter's card, driver's license, school issued ID, ration card, military ID, birth certificate, company or government ID, taxpayer certificate or local council (LC) certificate.

Source: InterMedia Uganda FII Tracker surveys Wave 1 (N=3,000, 15+), September-December 2013; Wave 2 (N=3,001, 15+), June-July 2014; Wave 3 (N=3,000, 15+), July-August 2015.

## UGANDA

## Mandatory SIM-card registration may have contributed to continued non-registered use

- Between 2012 and 2013, the Uganda Communications Commission started a national SIM-card registration exercise.
- Requirements for registration of new SIMs included presenting one of the required IDs and biometrics: a headshot and data from fingerprint and iris scans.
- Proxy registration was limited and restricted to direct family of persons seeking registration.
- Active SIM Cards that were not registered by the deadline were deactivated.

**UGANDA**

# **MOBILE MONEY: UNAWARE NONUSERS**



## UGANDA

### Unaware nonusers are primarily lower-income, less educated Ugandans, and those in the West Nile and Eastern Region

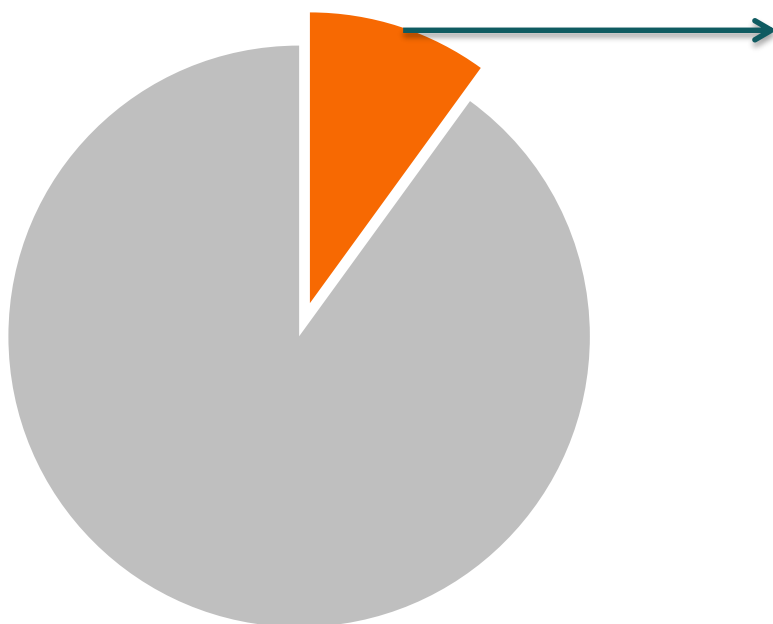
#### Mobile money provider awareness\*

(Shown: Percentage of Ugandan adults for each year)

**2015 (N=3,000): 9% unaware**

2014 (N=3001) : 9% unaware

2013 (N=3,000) : 10% unaware



#### 2015: Percentage of each subgroup among people not aware of mobile money providers

| Region           |     | Poverty Status       |     |
|------------------|-----|----------------------|-----|
| Karamoja         | 14% | Above \$2.50/day     | 8%  |
| West Nile        | 25% | Below \$2.50/day     | 92% |
| Eastern          | 20% |                      |     |
| Eastern Central  | 10% | Education            |     |
| Southern Western | 9%  | Primary and lower    | 92% |
| North            | 8%  | Secondary and higher | 8%  |

\*Awareness of at least one mobile money provider.

Source: InterMedia Uganda FII Tracker surveys Wave 1 (N=3,000, 15+), September-December 2013; Wave 2 (N=3,001, 15+) June-July 2014; Wave 3 (N=3,000, 15+), July-August 2015.

**UGANDA**

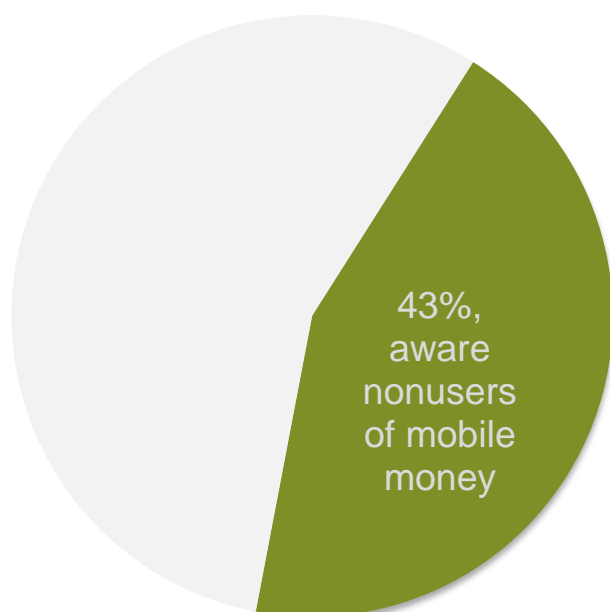
## **MOBILE MONEY: AWARE NONUSERS**

## UGANDA

### More than two in five Ugandans know about mobile money, but do not use it, making them “aware nonusers”

#### 2015: Aware nonusers of mobile money

(Shown: Percentage of Ugandan adults, N=3,000)



#### 2015: Profile of aware nonusers of mobile money

(Shown: Percentage of each subgroup)



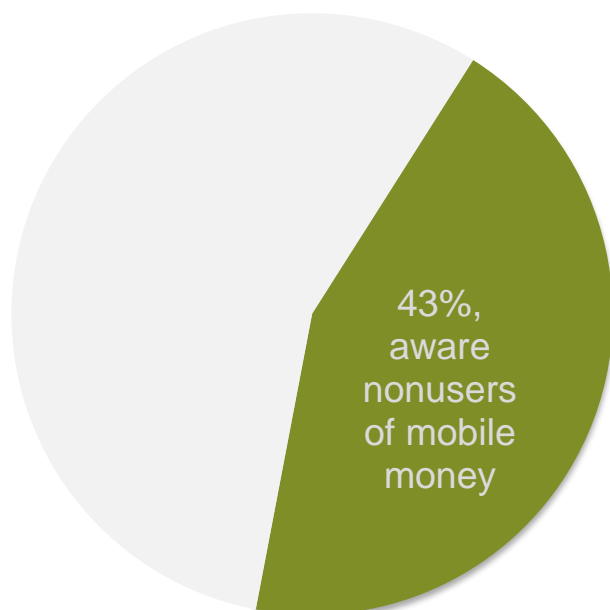
Source: InterMedia Uganda FII Tracker survey (N=3,000, 15+), July-August 2015.

## UGANDA

### Aware nonusers primarily save and borrow; they typically don't have financial accounts, insurance or investments

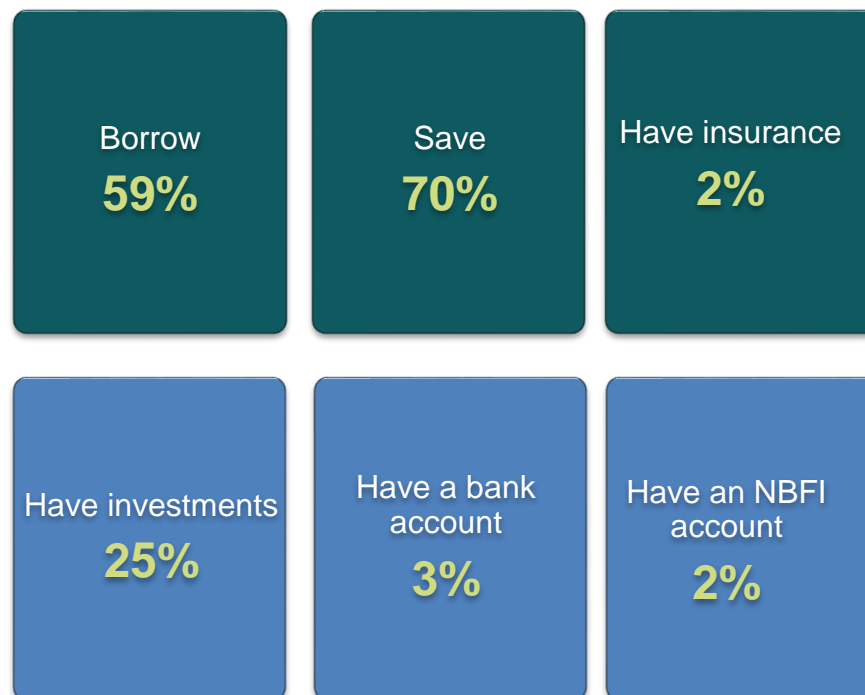
#### 2015: Aware nonusers of mobile money

(Shown: Percentage of Ugandan adults N=3,000)



#### 2015: Financial activities engagement

(Shown: Percentage of each category)

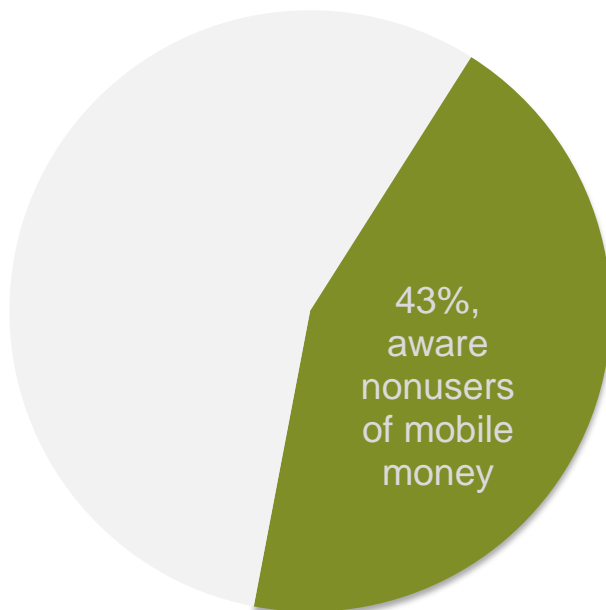


## UGANDA

### Aware nonusers budget their income and feel that they stay on budget

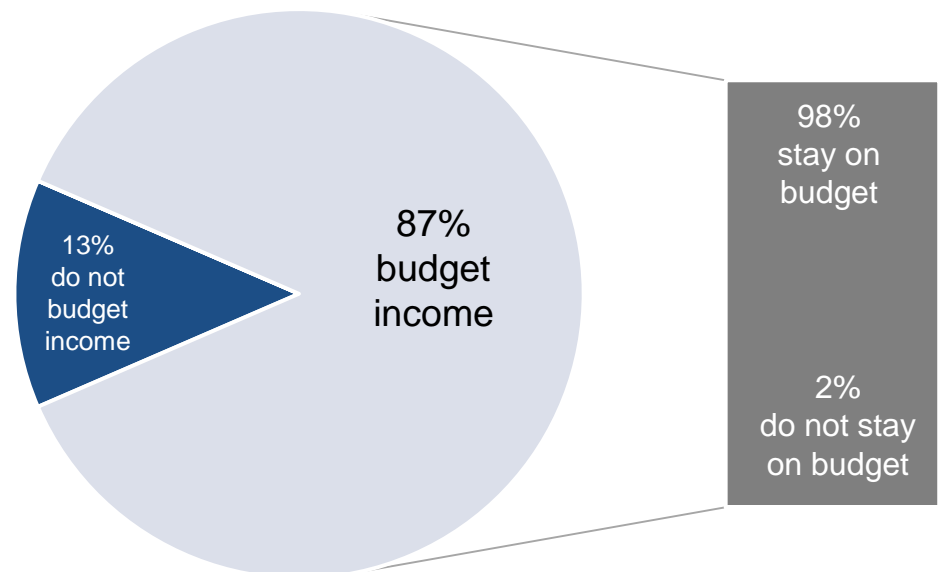
#### 2015: Aware nonusers of mobile money

(Shown: Percentage of Ugandan adults, N=3,000)



#### 2015: Behavior responsiveness for aware nonusers

(Shown: Percentage of each subgroup)



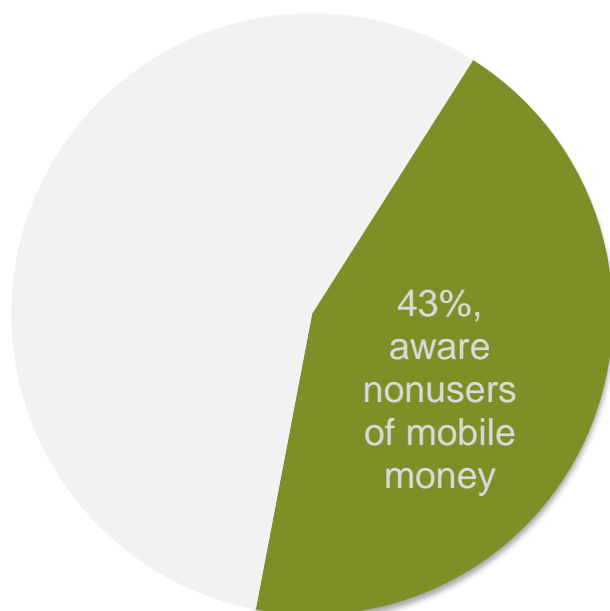
Source: InterMedia Uganda FII Tracker survey (N=3,000, 15+), July-August 2015.

## UGANDA

### Even on budget, aware nonusers have difficulty making ends meet, find themselves in debt and pay their bills late

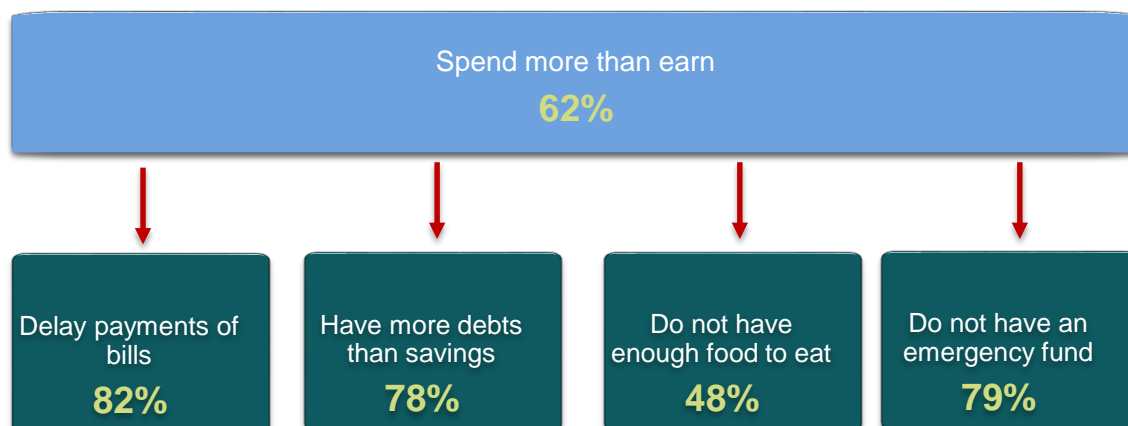
#### 2015: Aware nonusers of mobile money

(Shown: Percentage of Ugandan adults, N=3,000)



#### 2015: Behavior responsiveness for aware nonusers

(Shown: Percentage of each subgroup)



## UGANDA

## Aware nonusers face challenges: access to technology and technical skills

### Among aware nonusers:

**81%**

have an ID\*

**77%**

have basic numeracy

**39%**

have at least one active SIM card

**36%**

have a mobile phone

**33%**

ever send/receive text messages

**Indirect agent-experience influence:** Frustrations users have with agents may make their way to nonusers. More than half of users found agents were absent, didn't have enough cash or e-float, and either their system, or the GSM/mobile network, was down.

\*Identification documents (ID) necessary for registering a mobile money or a bank account include one of the following: a National ID, passport, voter's card, driver's license, school issued ID, ration card, military ID, birth certificate, company or government ID, taxpayer certificate or local council (LC) certificate.

**UGANDA**

## **MOBILE MONEY: USER SEGMENTS**

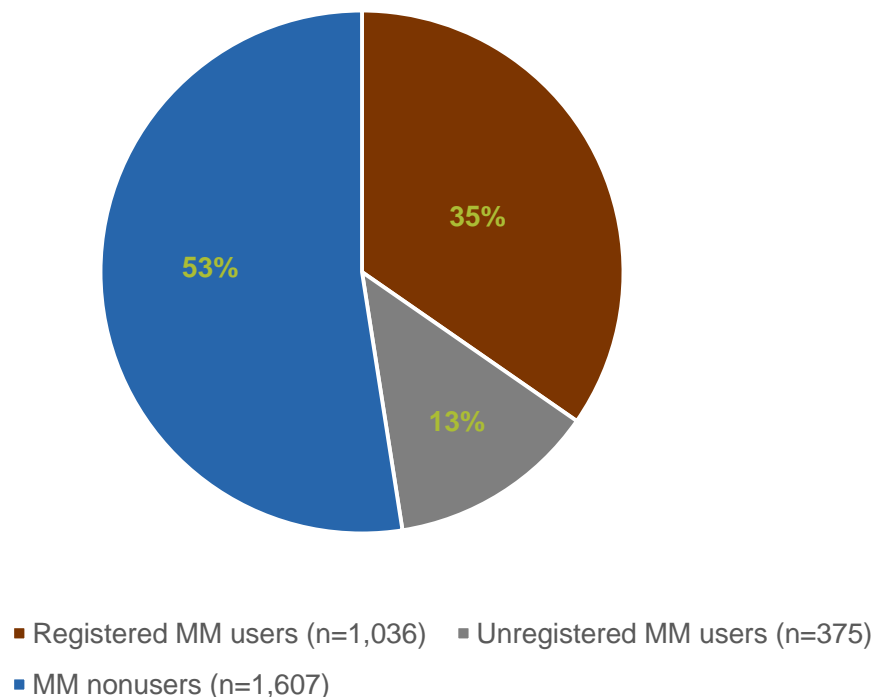


## UGANDA

## Mobile money users tend to actively utilize their registered accounts

### 2015: Usage of mobile money (MM) services

(Shown: Percentage of all Ugandan adults, N=3,000)



# 88%

of users access their  
accounts at least once  
every three months

## UGANDA

## Unregistered mobile money users are more likely than registered users to be females and to have a primary education or lower

### 2015: Demographic characteristics of registered and unregistered mobile money (MM) users

(Shown: Percentage of each subgroup)



Registered MM users  
(n=1,036)



Unregistered MM users  
(n=375)

|                              | Registered MM users<br>(n=1,036) | Unregistered MM users<br>(n=375) |
|------------------------------|----------------------------------|----------------------------------|
| Males                        | 56%                              | 40%                              |
| Younger than 35 years old    | 61%                              | 66%                              |
| Rural                        | 60%                              | 72%                              |
| Below the poverty line       | 53%                              | 73%                              |
| At least secondary education | 61%                              | 41%                              |

Source: InterMedia Uganda FII Tracker survey (N=3,000, 15+), July-August 2015.

## UGANDA

## Unregistered mobile money users lack the necessary equipment and skills needed to facilitate mobile money registration and usage

### 2015: Registered and unregistered mobile money users, by technical skills and equipment ownership

(Shown: Percentage of each subgroup)



Registered MM users  
(n=1,036)



Unregistered MM users  
(n=375)

|                           | Registered MM users<br>(n=1,036) | Unregistered MM users<br>(n=375) |
|---------------------------|----------------------------------|----------------------------------|
| Own a phone               | 93%                              | 42%                              |
| Own a SIM card            | 97%                              | 47%                              |
| Ever sent/received an SMS | 76%                              | 43%                              |
| Basic literacy            | 78%                              | 58%                              |
| Basic numeracy            | 88%                              | 80%                              |

Source: InterMedia Uganda FII Tracker survey (N=3,000, 15+), July-August 2015.

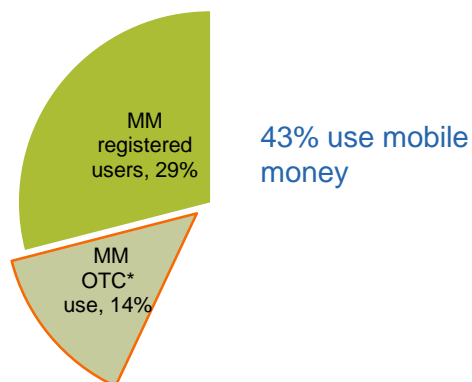
## UGANDA

### Unregistered usage persists; for every four mobile money users, one does not have a registered account

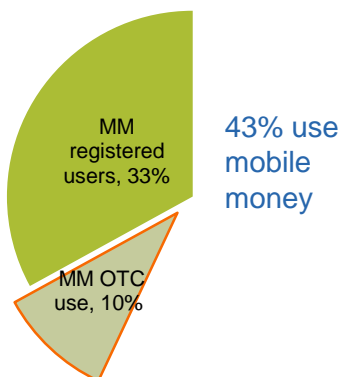
#### Mobile money use

(Shown: Percentage of Ugandan adults for each year)

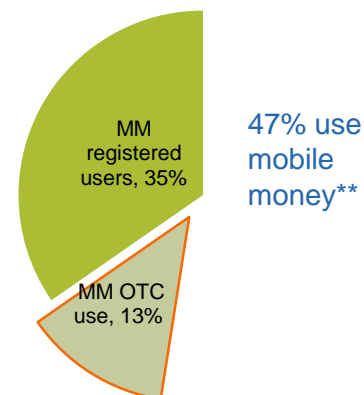
2013 (N=3,000)



2014 (N=3,001)



2015 (N=3,000)



\*Over-the-counter use. \*\*Percentages add up to 48% due to statistical rounding.

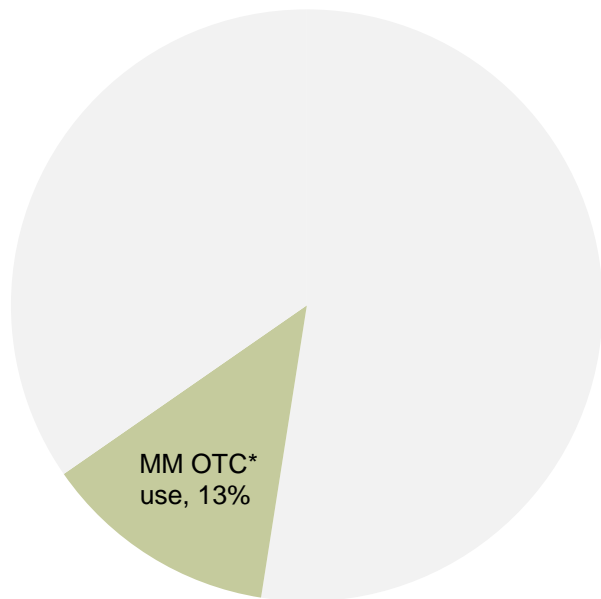
Source: InterMedia Uganda FII Tracker surveys Wave 1 (N=3,000, 15+), September-December 2013; Wave 2 (N=3,001, 15+), June-July 2014; Wave 3 (N=3,000, 15+), July-August 2015.

## UGANDA

### Unregistered users started using mobile money for transfers; they feel they do not have the money or see the need to register an account

#### 2015: Top reasons for starting to use mobile money (MM)

(Shown: Percentage of unregistered MM users, n=375)



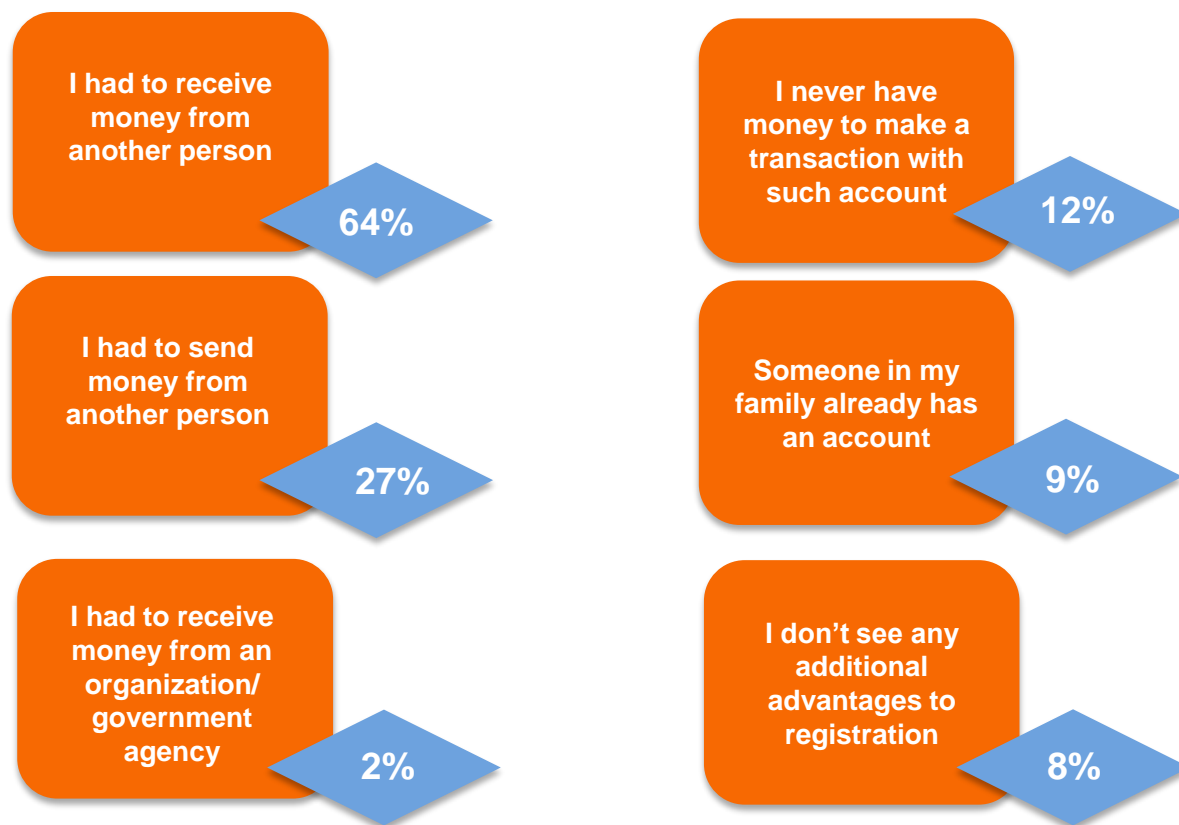
2015 (N=3,000)

\*Over-the-counter use

Source: InterMedia Uganda FII Tracker survey (N=3,000, 15+), July-August 2015.

#### Top reasons for not registering an account

(Shown: Percentage of unregistered MM users, n=375)

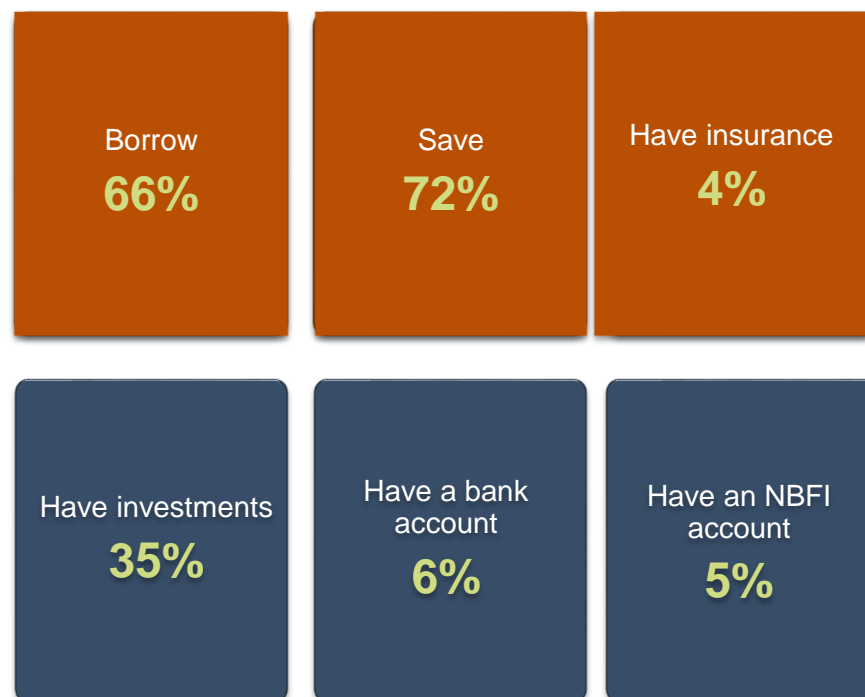
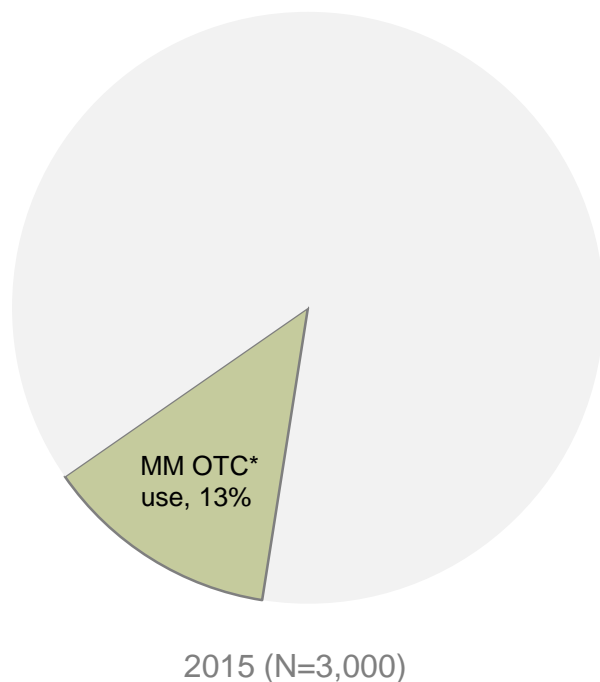


## UGANDA

### Unregistered users have investments and are active in saving and borrowing

#### 2015: Financial activities engagement

(Shown: Percentage of unregistered users in each category, n=375)



\*Over-the-counter use

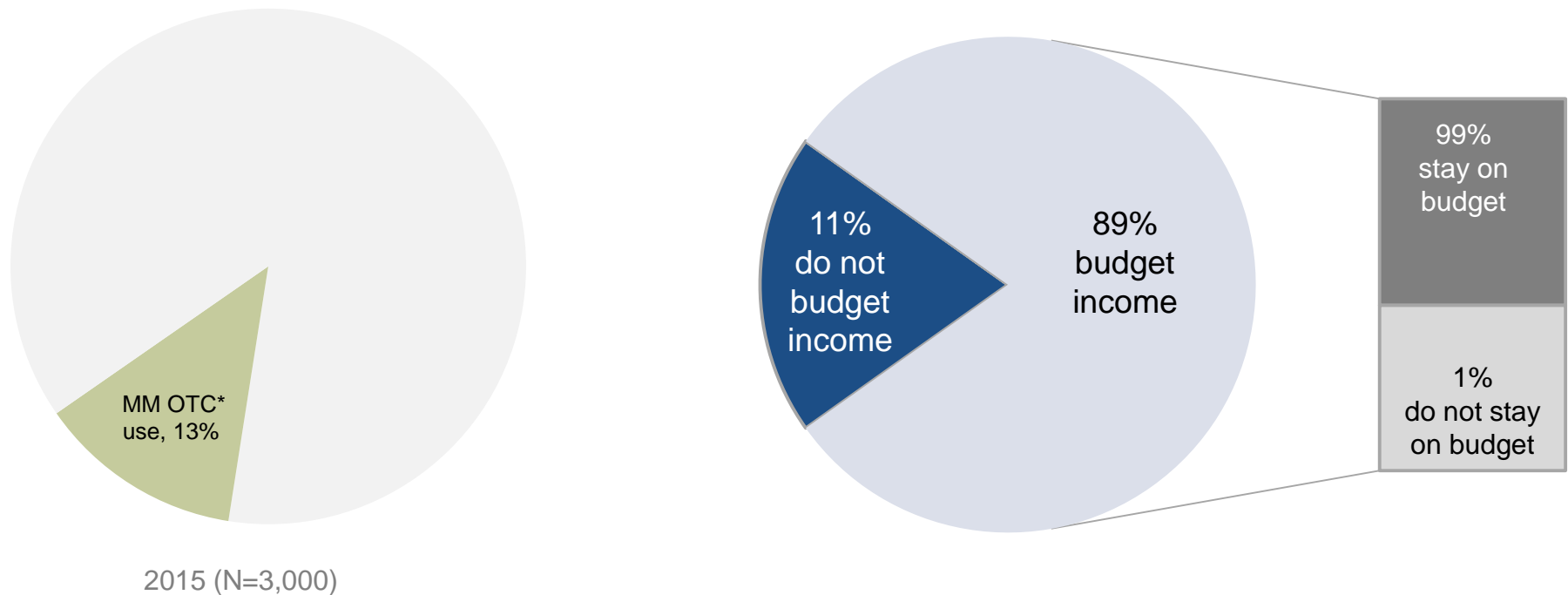
Source: InterMedia Uganda FII Tracker survey (N=3,000, 15+), July-August 2015.

## UGANDA

### A majority of unregistered users budget their money and stay on budget

#### 2015: Behavior responsiveness for unregistered users

(Shown: Percentage of unregistered users in each category, n=375)



\*Over-the-counter use

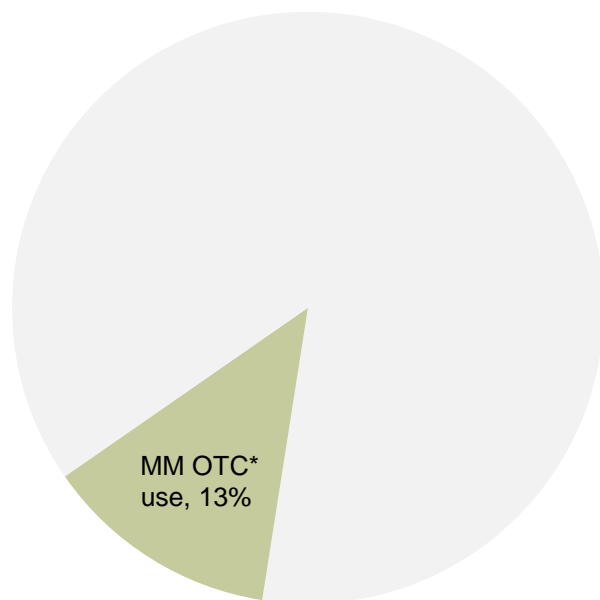
Source: InterMedia Uganda FII Tracker survey (N=3,000, 15+), July-August 2015.

## UGANDA

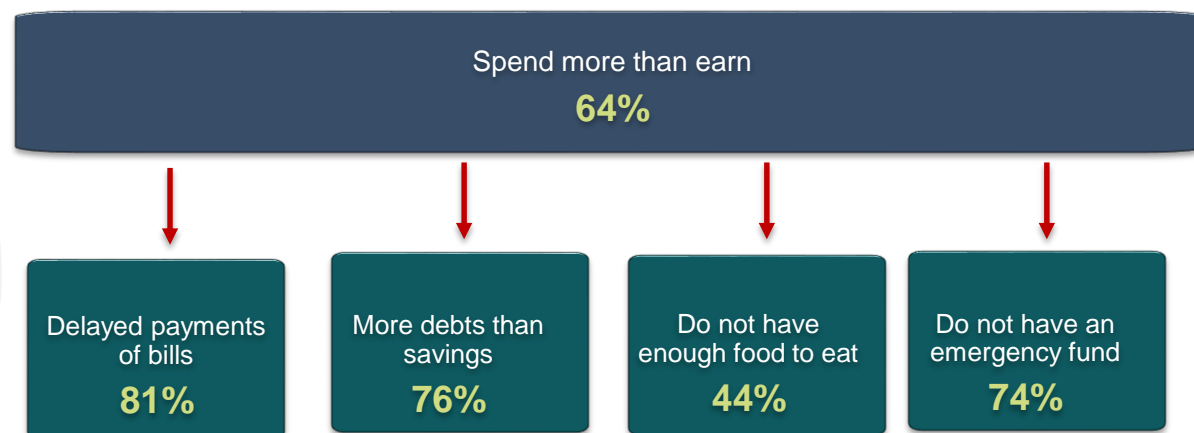
### Unregistered users tend to struggle with spending, bill paying and debt management

#### 2015: Behavior responsiveness for unregistered users

(Shown: Percentage of each subgroup)



2015 (N=3,000)



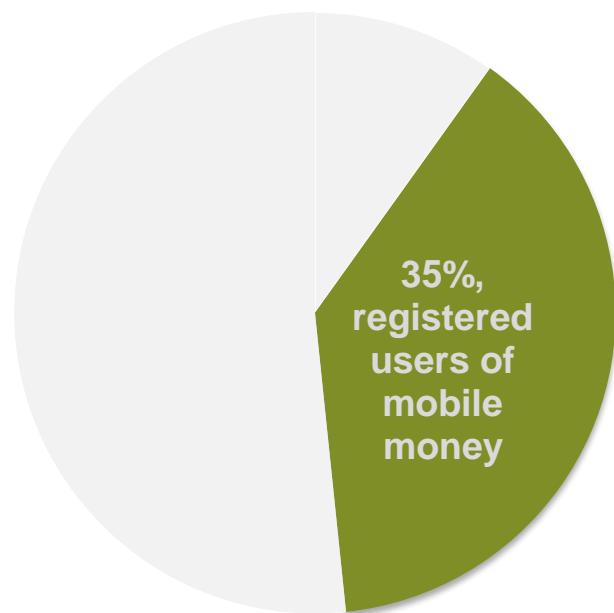
\*Over-the-counter use.

Source: InterMedia Uganda FII Tracker survey (N=3,000, 15+), July-August 2015.



## UGANDA

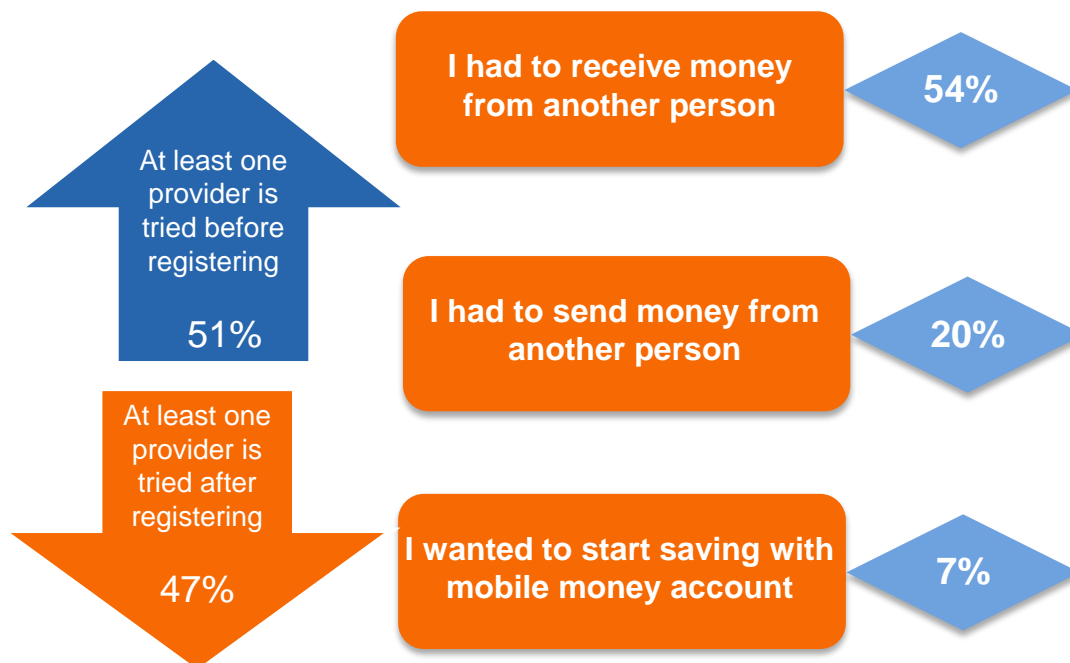
**Almost equal proportions of registered users signed up for an account before and after a trial period; P2P transfers are a key motivator for registration**



2015 (N=3,000)

### 2015: Top three reasons for starting to use mobile money

(Shown: Percentage of registered mobile money users, n= 1,036)

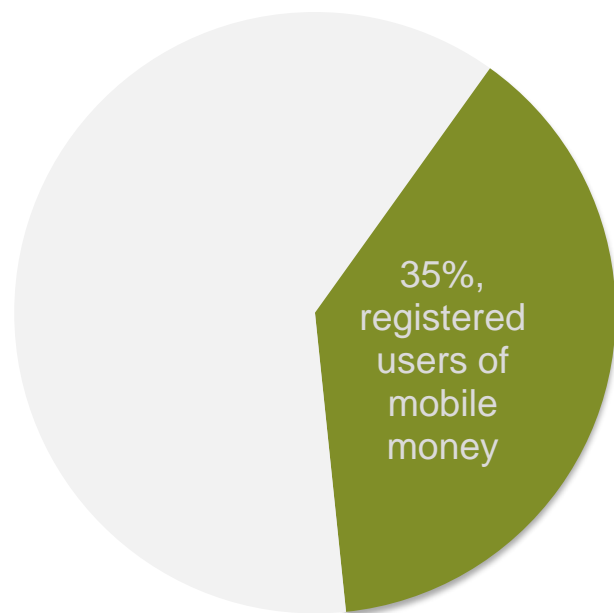


## UGANDA

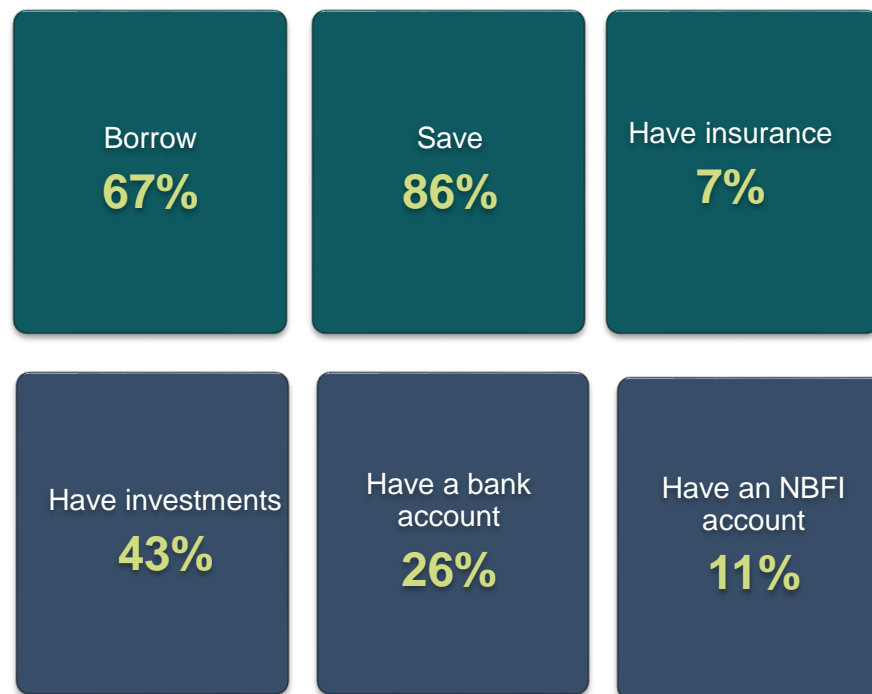
### Registered mobile money users tend to have other financial accounts, including investments

#### 2015: Financial activities engagement

(Shown: Percentage of registered mobile money users)



2015 (N=3,000)



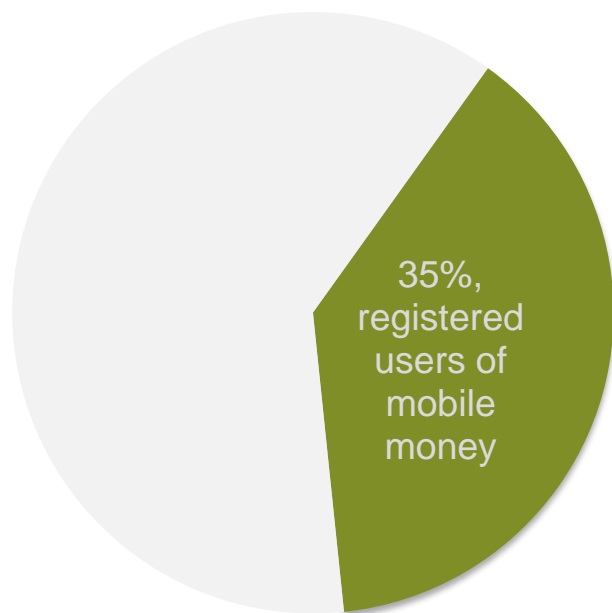
Source: InterMedia Uganda FII Tracker survey (N=3,000, 15+), July-August 2015.

## UGANDA

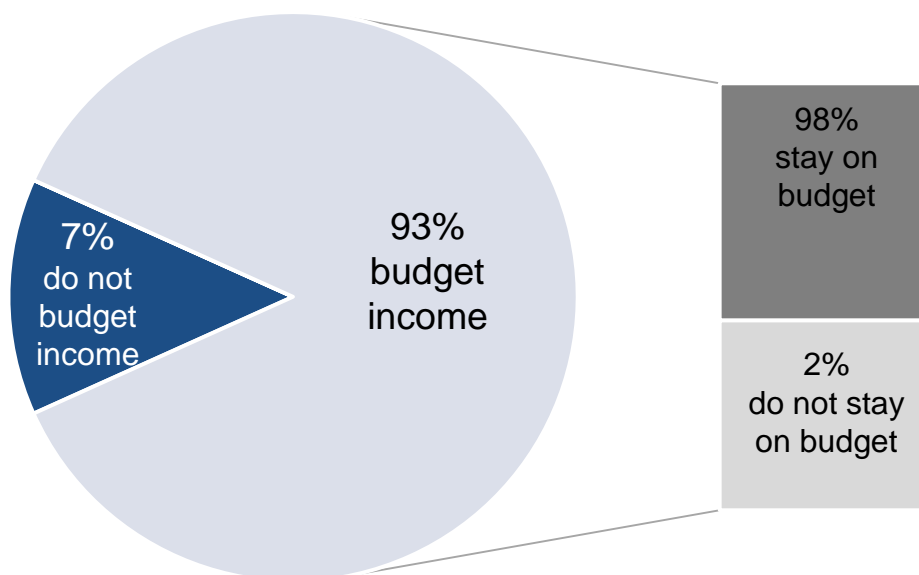
### Almost all registered users budget their money and stick to their budgets

#### 2015: Behavior responsiveness for registered users

(Shown: Percentage of each subgroup)



2015 (N=3,000)



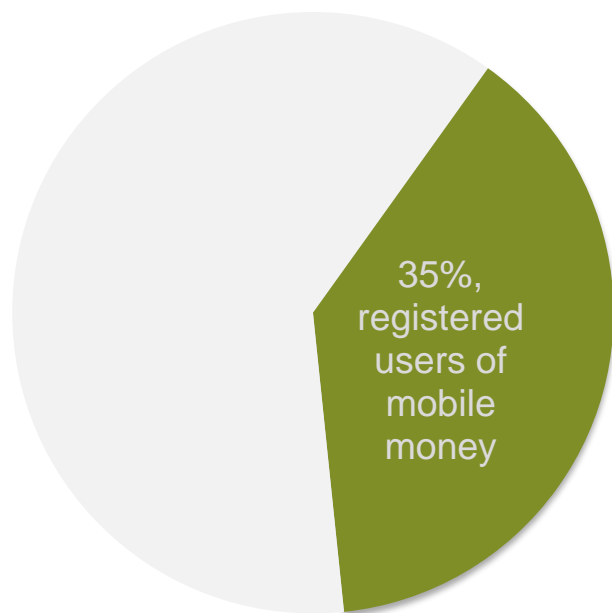
Source: InterMedia Uganda FII Tracker survey (N=3,000, 15+), July-August 2015.

## UGANDA

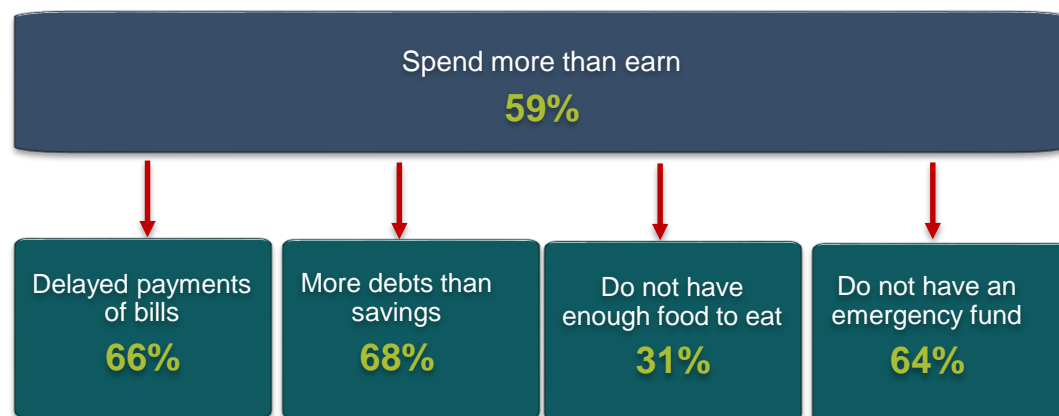
### Even though they budget, registered users still struggle financially

#### 2015: Behavior responsiveness for registered users

(Shown: Percentage of each subgroup)



2015 (N=3,000)



Source: InterMedia Uganda FII Tracker survey (N=3,000, 15+), July-August 2015.

## UGANDA

### Active mobile money users are more likely to live above the poverty line, in urban areas

#### 2015: Active registered users, by demographics

(Shown: Percentage of each category)



Urban/Rural

**53% vs. 24%**

← more urban  
than rural



Male/Female

**38% vs. 25%**

← more male  
than female



Above/Below  
Poverty Line

**57% vs. 21%**

← more living  
above the  
poverty line  
than below

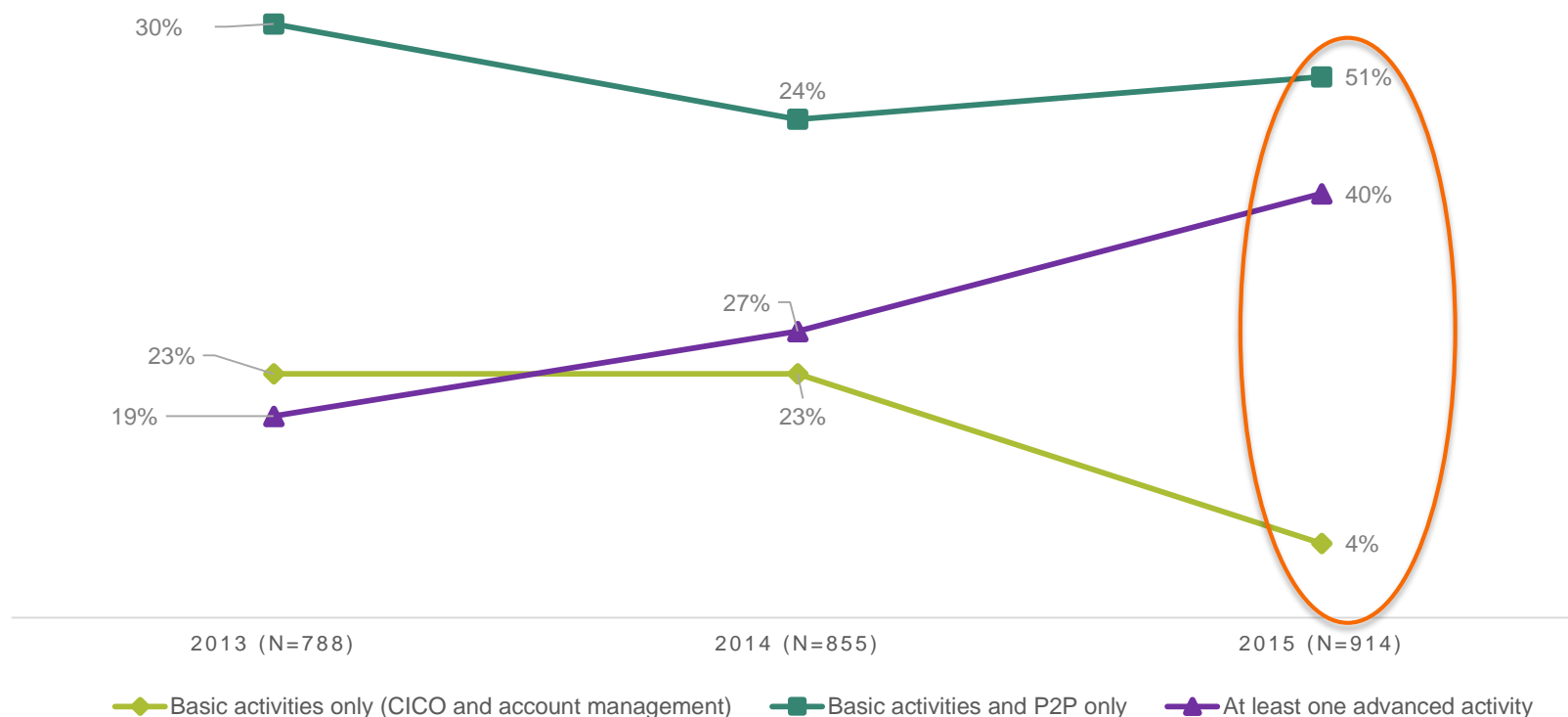
Source: InterMedia Uganda FII Tracker survey (N=3,000, 15+), July-August 2015.

## UGANDA

### In 2015, more active mobile-money account holders used their accounts for advanced activities than in previous years

#### Mobile money uses, by type

(Shown: Percentage of active mobile money account holders)



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

Source: InterMedia Uganda FII Tracker surveys Wave 1 (N=3,000, 15+), September-December 2013; Wave 2 (N=3,001, 15+), June-July 2014; Wave 3 (N=3,000, 15+), July-August 2015.

## UGANDA

### Saving and bill pay dominate the use of advanced services among active users, showing growth vs. 2014

#### 2015: Advanced mobile money account uses

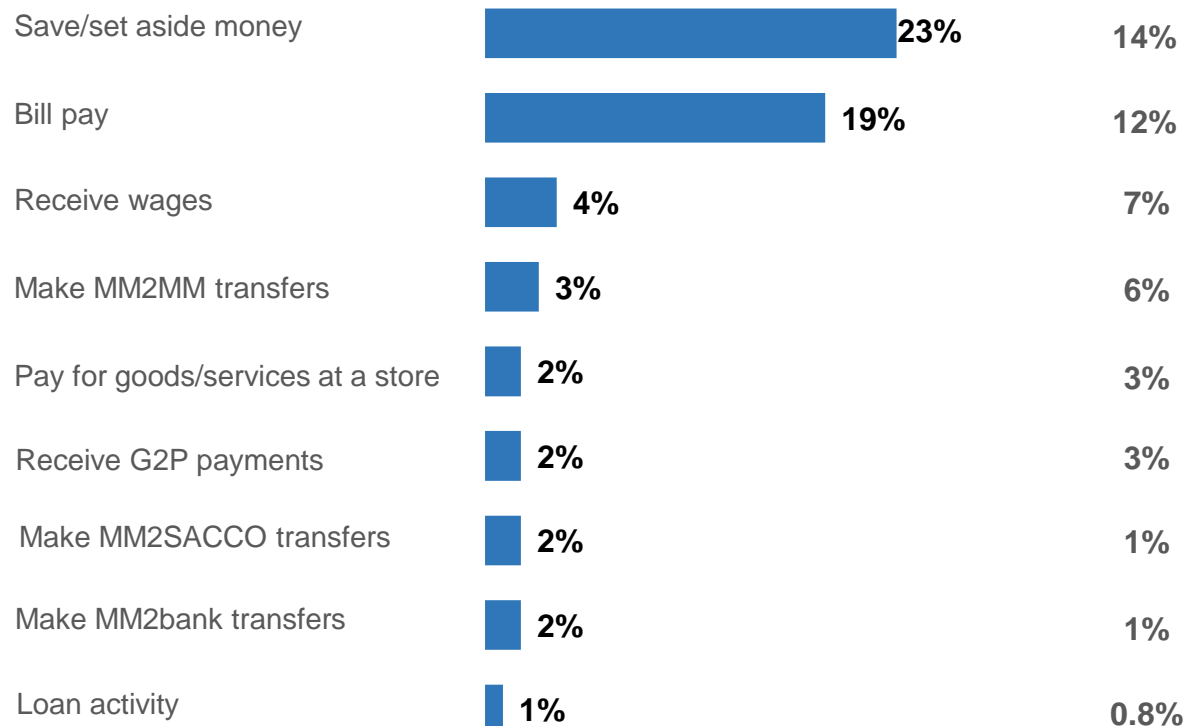
(Shown: Percentage of active mobile money account holders, n=914)

2014  
(n=855)

# 40%

of active registered users have used at least one advanced mobile money function

(vs. 27% in 2014 and 19% in 2013)



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

Question allowed for multiple responses.

Source: InterMedia Uganda FII Tracker surveys Wave 2 (N=3,001, 15+), June-July 2014; Wave 3 (N=3,000, 15+), July-August 2015.

**UGANDA**

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**BANK SERVICES  
(2013-2015)**



## UGANDA

### Market context: Bank services overview

#### Banks

The Bank of Uganda (BoU) regulates the activities of formal banks and nonbank financial institutions (NBFIs). Uganda has:

- 25 commercial banks
- 4 credit institutions
- 4 microfinance deposit-taking institutions\*

**Key regulations of the banking sector include:**

- Micro Finance Deposit-Taking Institutions Act (2003)
- Financial Institutions Act (2004)
- Financial Consumer Protection Guidelines (2011)
- Maya Declaration\*\* (discussed in the [FI Wave 2 report](#), link below).

\*[https://www.bou.or.ug/bou/supervision/financial\\_institutions.html](https://www.bou.or.ug/bou/supervision/financial_institutions.html)

\*\*<http://www.afiglobal.org/sites/default/files/publications/Maya%20Declaration%20Bank%20of%20Uganda.pdf>; [http://f inclusion.org/wp-content/uploads/2014/12/InterMedia-FI\\_Uganda\\_Year2-Report.pdf](http://f inclusion.org/wp-content/uploads/2014/12/InterMedia-FI_Uganda_Year2-Report.pdf)



#### Key Bank & Mobile Money Partnerships

The main mobile money services in Uganda involve partnerships between commercial banks and mobile phone operators. Banks are using these partnerships to roll out mobile banking products (e.g., Centenary Bank & MTN partnered on a mobile money ATM cash-out service. Centenary Bank ATMs across the country can be used by MTN mobile money customers to cash out).

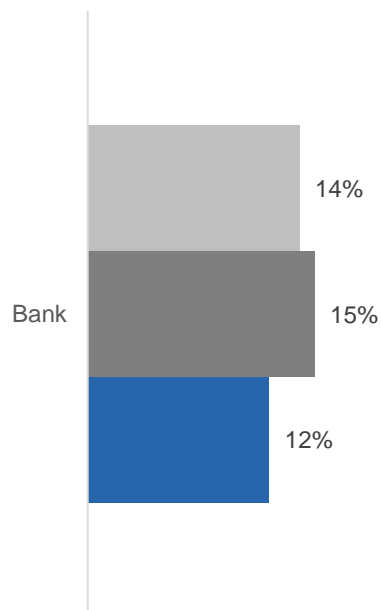
Under these partnership, the mobile phone company employs a network of agents to interface with their customers. Customers are able to purchase, with cash, virtual money from agents.

Virtual money can be stored electronically in the customer's virtual account; transferred to another mobile money customer; used to pay utility bills and school fees; and can, at a later date, be withdrawn in cash through an agent.

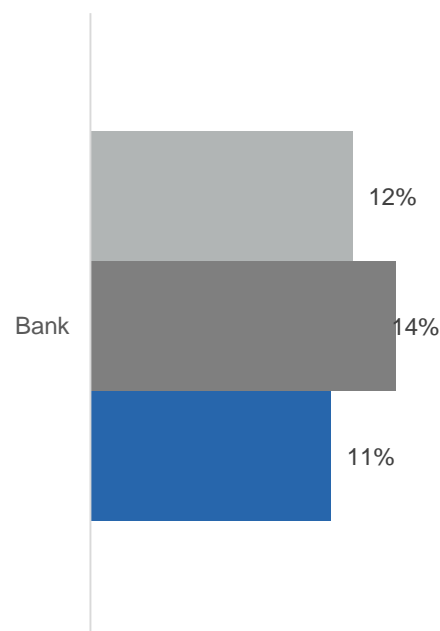
## UGANDA

### 2013-2015 progress at a glance: Access, registered and active bank use were static over the past three years

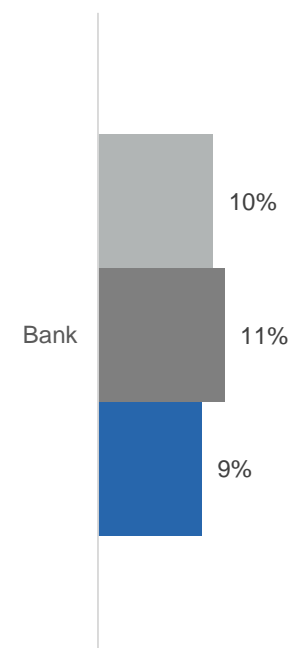
#### Financial account access



#### Registered financial service users (Shown: Percentage of Ugandan adults for each year)



#### Active\* registered financial service users



■ 2013 (N=3,000) ■ 2014 (N=3,001) ■ 2015 (N=3,000)

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

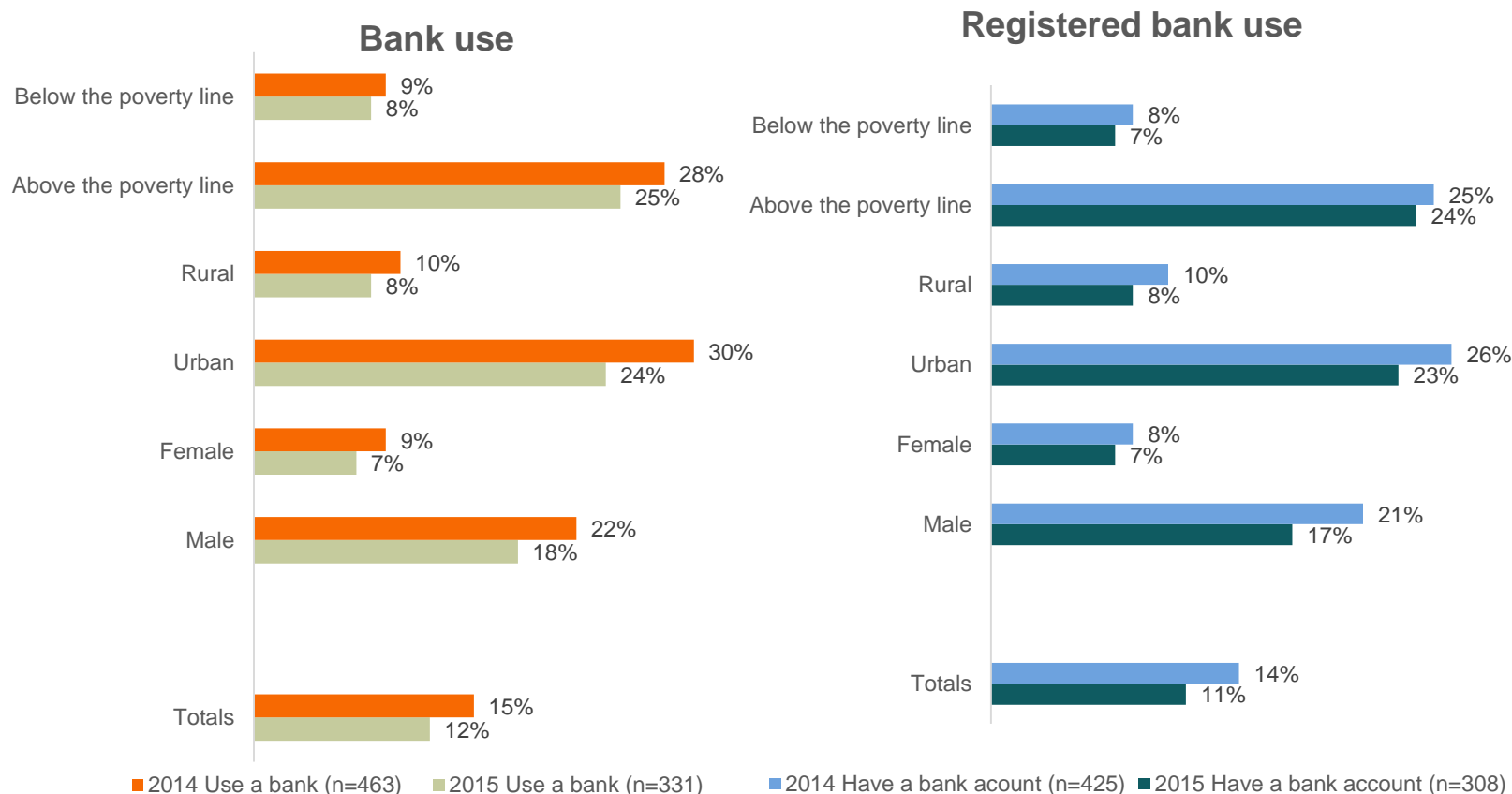
Source: InterMedia Uganda FII Tracker surveys Wave 1 (N=3,000, 15+), September-December 2013; Wave 2 (N=3,001, 15+), June-July 2014; Wave 3 (N=3,000, 15+), July-August 2015.

## UGANDA

### Use of bank services and account ownership declined from a relatively low market position

#### Demographic trends for access to and registered use of bank accounts

(Shown: Percentage of Ugandan adults who fall into each category, by year)


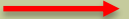


## UGANDA

### Almost two-thirds of all bank users are engaged in advanced financial activities

#### Bank account uses, by year

(Shown: Percentage of all users)

|                                   | 2014 (n=463)  | 2015 (n=331) |
|-----------------------------------|---|--------------|
| <b>Basic bank account uses</b>    |   |              |
| Withdraw money                    | 90%   | 90%          |
| Deposit money                     | 86%   | 87%          |
| P2P transfers                     | 22%  | <b>34%</b>   |
| <b>Advanced bank account uses</b> |   |              |
| Bill pay                          | 29%   | 30%          |
| Set aside/save money              | 18%  | <b>31%</b>   |
| Receive wages                     | 17%   | 16%          |
| Loan activity                     | 9%  | 13%          |
| Receive G2P payments              | 8%  | 6%           |
| Make Bank2bank/MM2Bank transfers  | 6%  | 9%           |

P2P transfers are becoming a popular basic activity →

Savings increased →

## UGANDA

## Ugandans living in urban areas, above the poverty line, and the more educated utilize bank services to pay bills, save and receive their wages

### 2015: Demographics of those who use the top-three advanced bank services

(Shown: Percentage of Ugandan adults who fall into each category)

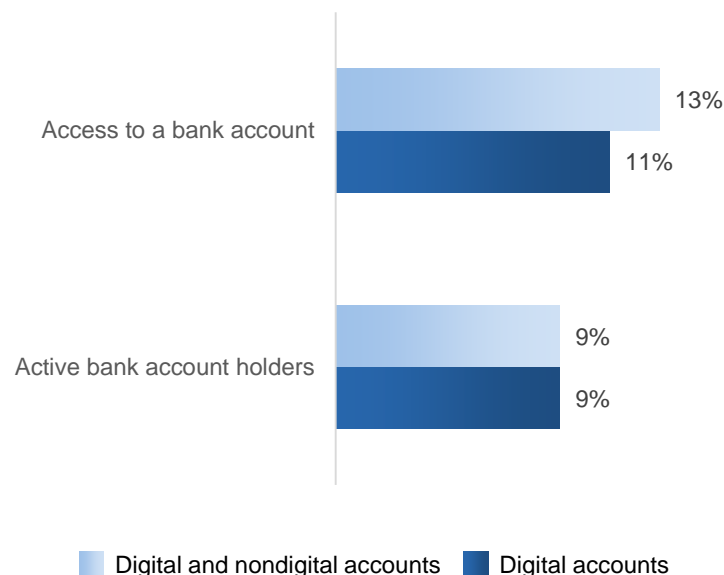
|   | Bill pay | Save/set aside money | Receive wages |
|---|----------|----------------------|---------------|
| <b>Poverty Status</b>                   |          |                      |               |
| Above \$2.50/day poverty line (n=964)   | 8%       | 8%                   | 5%            |
| Below \$2.50/day poverty line (n=2,036) | 2%       | 2%                   | 1%            |
| <b>Education</b>                        |          |                      |               |
| Primary and lower (n=1,936)             | 0.7%     | 1%                   | 0%            |
| Secondary and higher (n=1,064)          | 8%       | 8%                   | 5%            |
| <b>Location</b>                         |          |                      |               |
| Urban (n=800)                           | 7%       | 7%                   | 4%            |
| Rural (n=2,200)                         | 3%       | 3%                   | 1%            |
| <b>Age</b>                              |          |                      |               |
| Younger, aged 15-34 (n=1,695)           | 3%       | 3%                   | 2%            |
| Older, 35+ (n=1,305)                    | 5%       | 5%                   | 2%            |

## UGANDA

### Almost all Ugandans who had used a bank account had digital access to that account

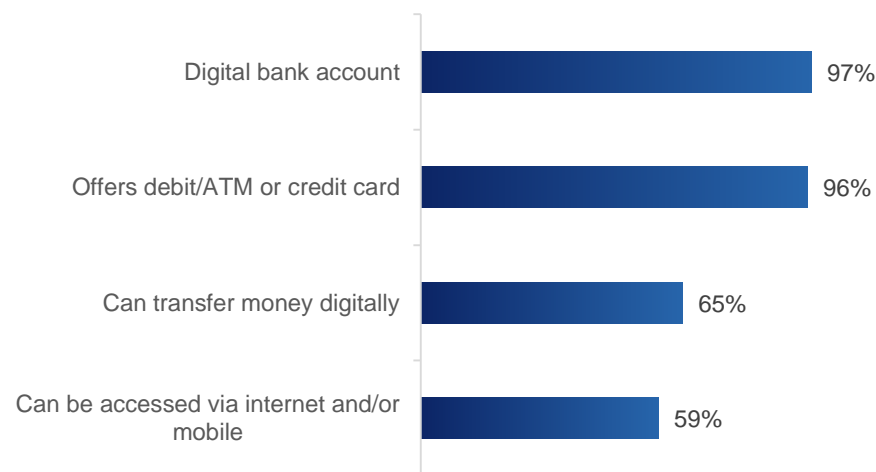
#### 2015: Digital bank account access and usage

(Shown: Percentage of Ugandan adults, N=3,000)



#### 2015: Digital access among active bank account holders

(Shown: Percentage of active bank account holders, n=241)



Digital bank accounts offer at least one of the following options: debit/ATM or credit cards, internet or mobile access, or a digital money transfer capability.

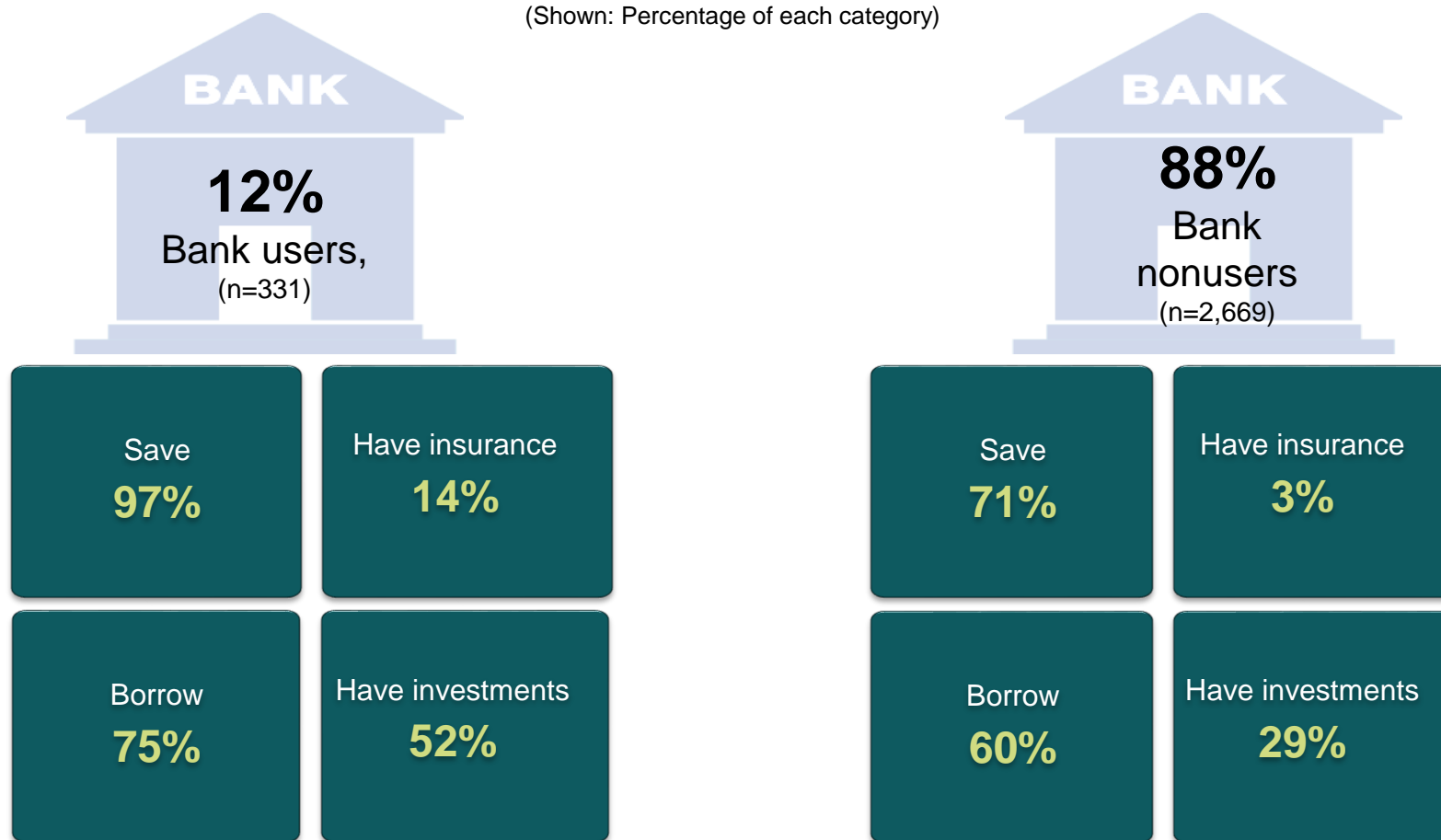
Source: InterMedia Uganda FII Tracker survey (N=3,000, 15+), July-August 2015.

## UGANDA

### Bank users are more financially active than those who don't use banks

#### 2015: Financial activities engagement for bank users and nonusers

(Shown: Percentage of each category)

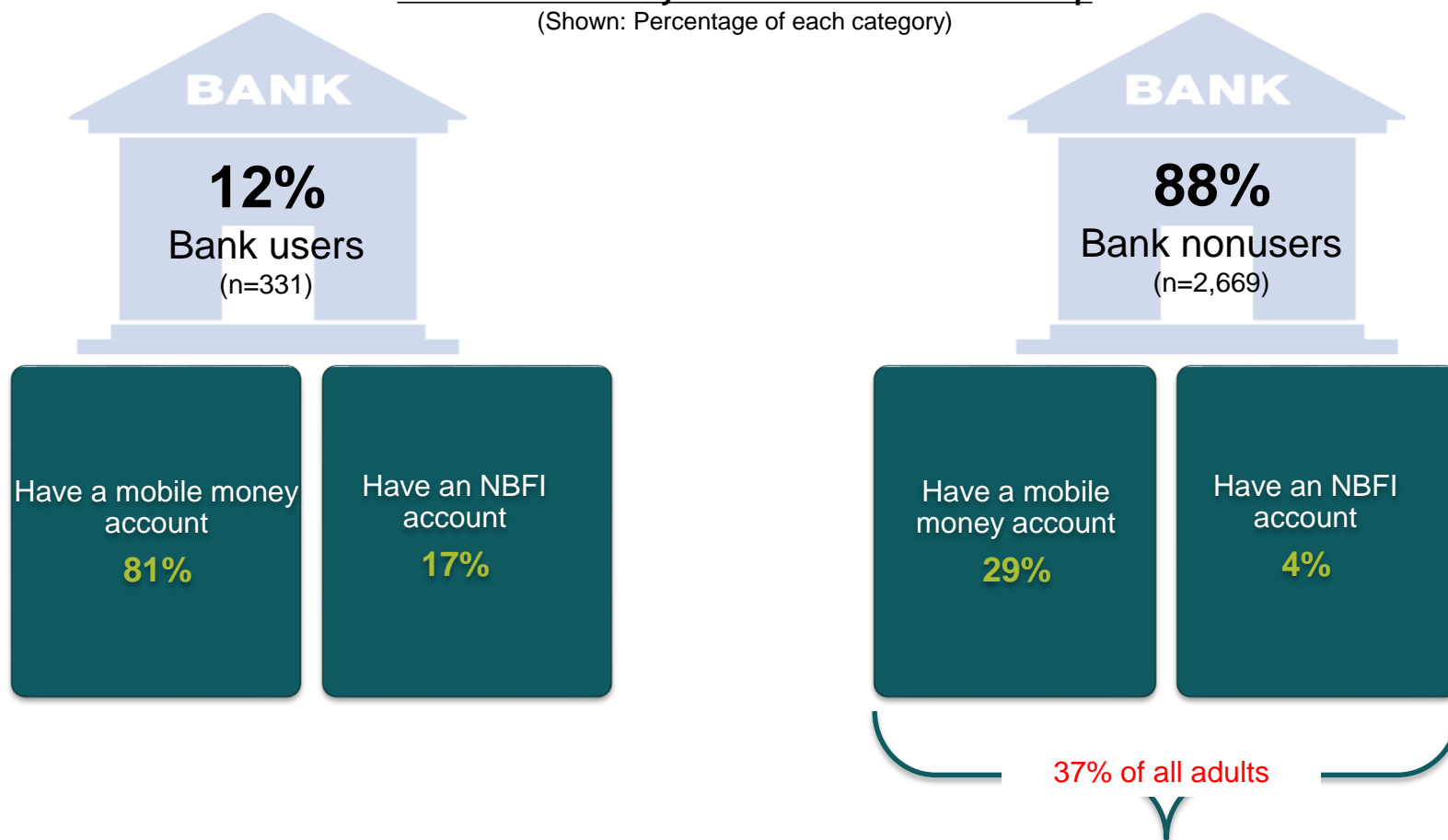


## UGANDA

### Over a third of bank nonusers have either a mobile money account or an NBFi account

#### 2015: Mobile money and NBFi account ownership

(Shown: Percentage of each category)



Source: InterMedia Uganda FII Tracker survey (N=3,000, 15+), July-August 2015.

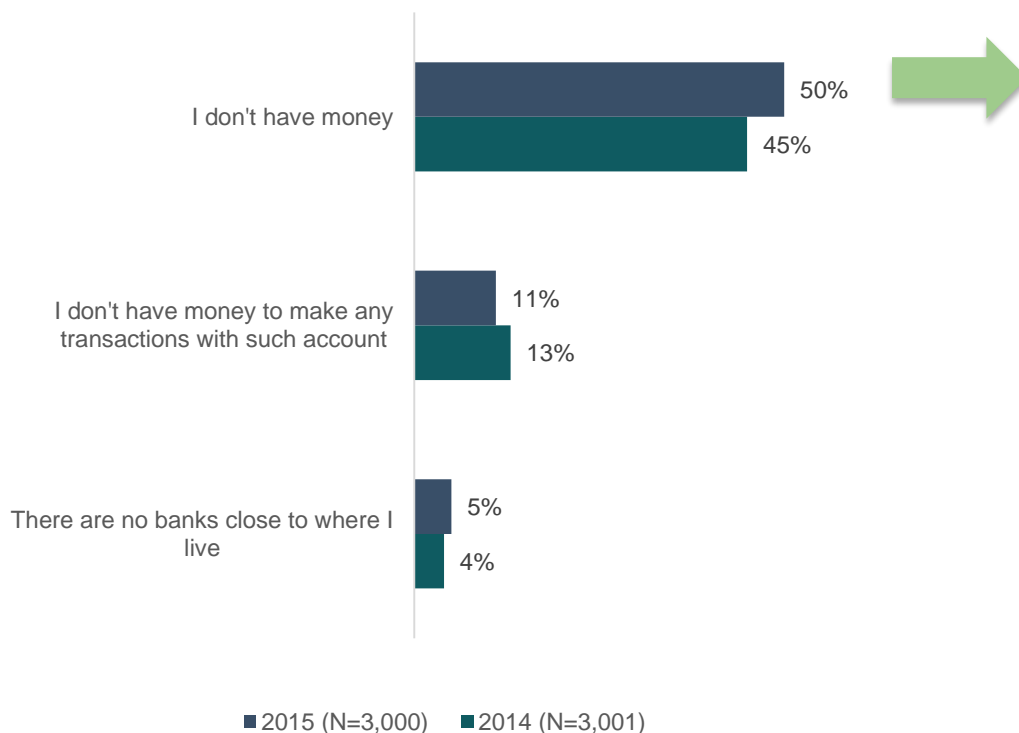


## UGANDA

### Perceived lack of money is the key barrier to getting a bank account, mostly reported among the rural groups and poor

#### Top three reasons for not having a bank account

(Shown: Percentage of Ugandan adults, by year)



#### 2015: Those who say they don't have money to open a bank account

(Shown: Percentage of each category, n=1,498)



\*Identification documents (ID) necessary for registering a mobile money or a bank account include one of the following: a National ID, passport, voter's card, driver's license, school issued ID, ration card, military ID, birth certificate, company or government ID, taxpayer certificate or local council (LC) certificate.

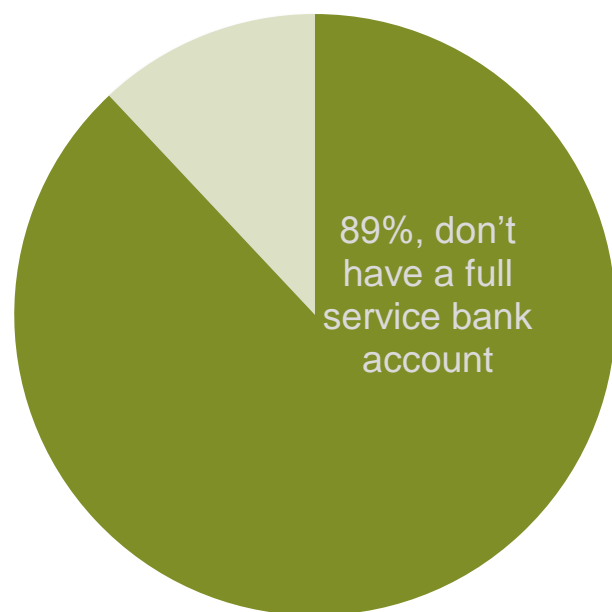
Source: InterMedia Uganda FII Tracker surveys Wave 2 (N=3,001, 15+), June-July 2014; Wave 3 (N=3,000, 15+), July-August 2015.

## UGANDA

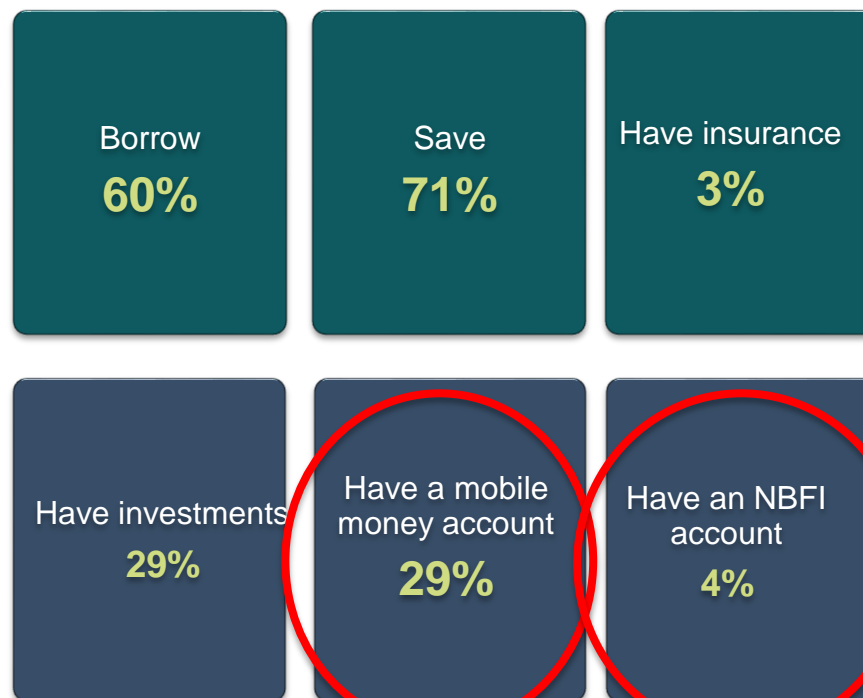
### Those who do not have a bank account still partake in financial activities; a third of them have an alternative financial account

#### 2015: Ugandans without a full service bank account

(Shown: Percentage of those who do not have a bank account, n=2,692)



2015 (N=3,000)

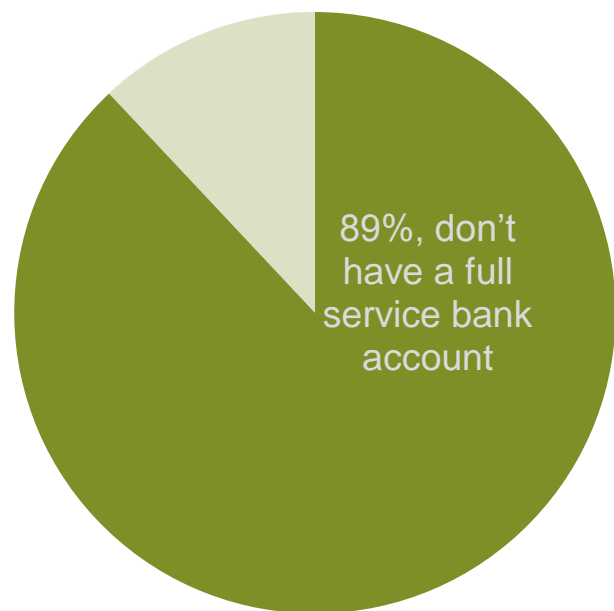


37% of all adults

Source: InterMedia Uganda FII Tracker survey (N=3,000, 15+), July-August 2015.

## UGANDA

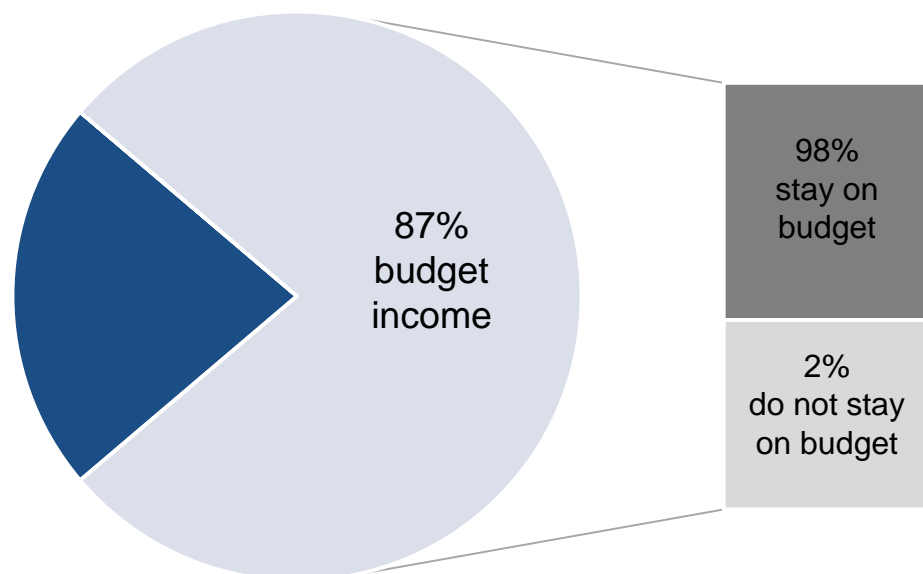
### A majority of those who don't have a bank account budget their money and adhere to their budgets



2015 (N=3,000)

#### 2015: Responsible behavior of Ugandans without a full service bank account

(Shown: Percentage of Ugandans without a bank account, n=2,692)



Source: InterMedia Uganda FII Tracker survey (N=3,000, 15+), July-August 2015.

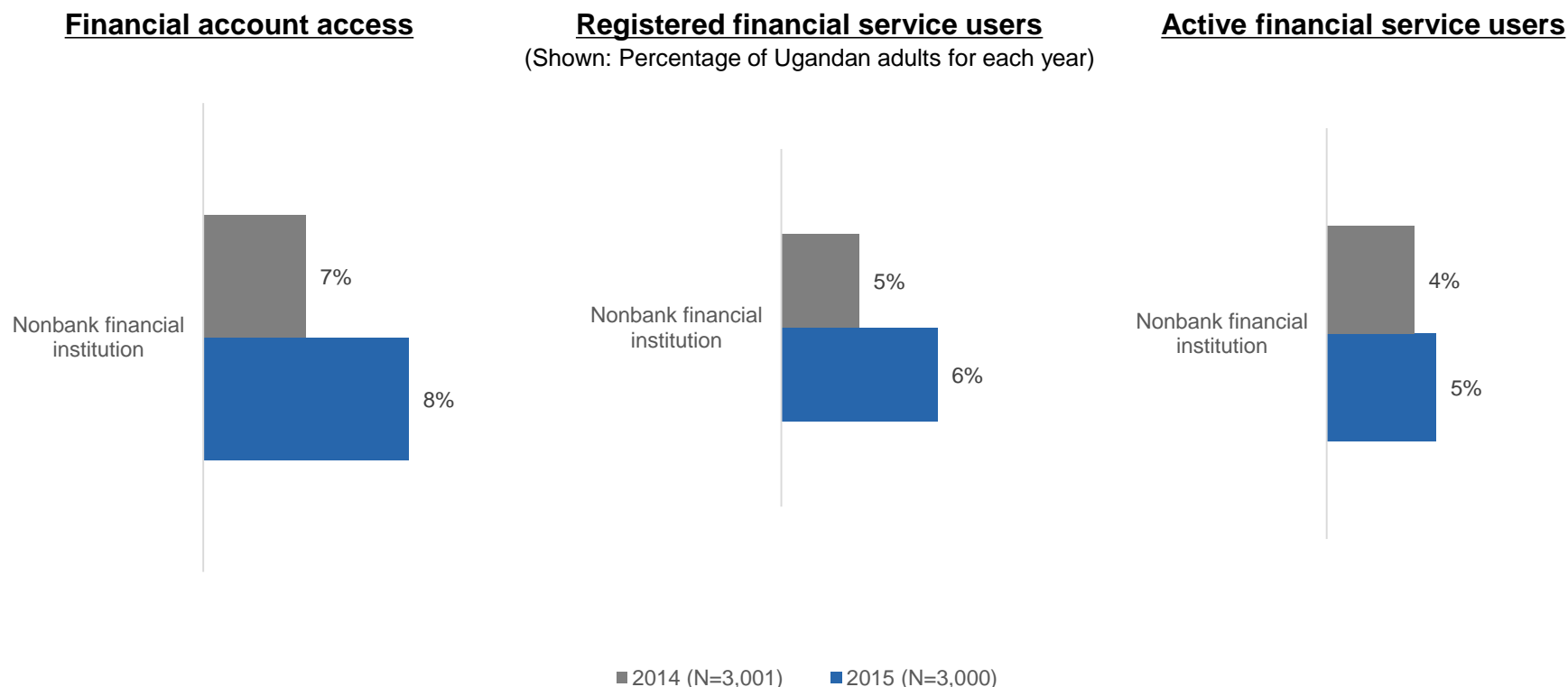
UGANDA

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## **NONBANK FINANCIAL SERVICES (2014-2015)**

## UGANDA

### 2014-2015 progress at a glance: Nonbank financial institutions play a relatively minor role in expanding financial inclusion in Uganda



NBFI question was not asked in the FII 2013 survey.

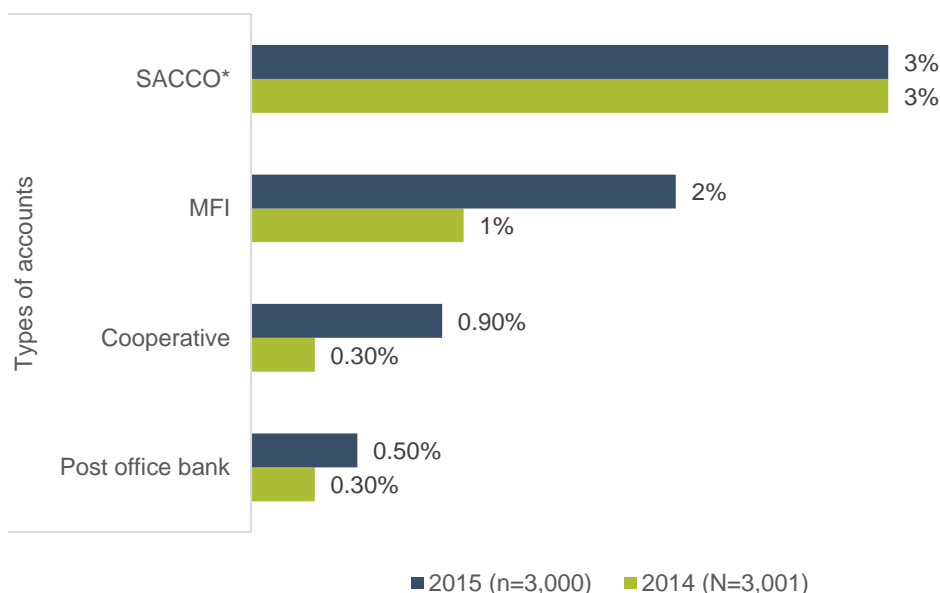
Source: InterMedia Uganda FII Tracker surveys Wave 2 (N=3,001, 15+), June-July 2014; Wave 3 (N=3,000, 15+), July-August 2015.

## UGANDA

### SACCO is the more common NBFi; usage is static versus 2014

#### Financial institution registration and use, by year

(Shown: Percentage of NBFi account holders among the total population, by year)



#### 2015: NBFi use

(Percentage of NBFi account holders among the total population, N=3,000)

|                  | Ever used | Active use |
|------------------|-----------|------------|
| SACCO            | 5%        | 3%         |
| MFI              | 2%        | 1%         |
| Cooperative      | 1%        | 0.8%       |
| Post office bank | 0.8%      | 0.5%       |

\*Savings and credit cooperative

Source: InterMedia Uganda FII Tracker surveys Wave 2 (N=3,001, 15+), June-July 2014; Wave 3 (N=3,000, 15+), July-August 2015.

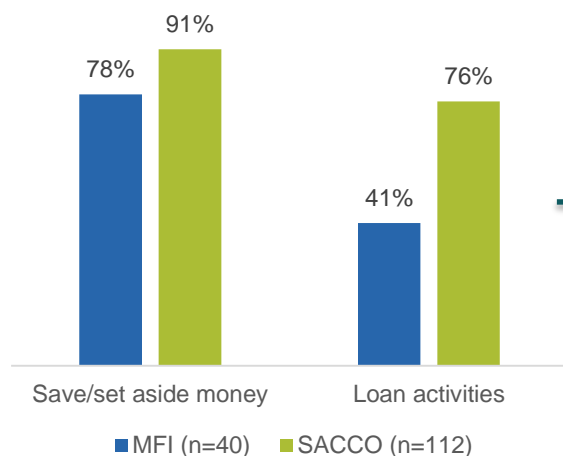
## UGANDA

### NBFIs continue to have more of a savings function in the marketplace

#### Use of nonbank financial institution accounts\*

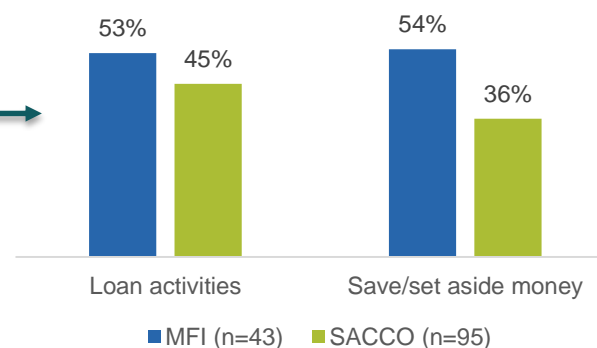
(Shown: Percentage of account holders for each institution)

2014



Decline in the use of SACCOs for loan activities might be due to more appealing alternative credit products.

2015



\*Subgroups of registered cooperative and post office bank users are too small for further analysis.

Source: InterMedia Uganda FII Tracker surveys Wave 2 (N=3,001, 15+), June-July 2014; Wave 3 (N=3,000, 15+), July-August 2015.

**UGANDA**

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## **INTEGRATION OF MOBILE MONEY AND BANK SERVICES (2015)**



**UGANDA**

## Few Ugandans use both bank and mobile money, most tend to use one of the financial institutions exclusively

| 2015: Percentage of Ugandans who use either a bank or mobile money, or both (N=3,000) | Bank or mobile money | Bank and mobile money |
|---|----------------------|-----------------------|
| Access  | 49%                  | 11%                   |
| Registered use  | 37%                  | 9%                    |
| Unregistered use  | 13%                  | 0.1%                  |
| Active use<br>(used in last 90 days)  | 33%                  | 7%                    |

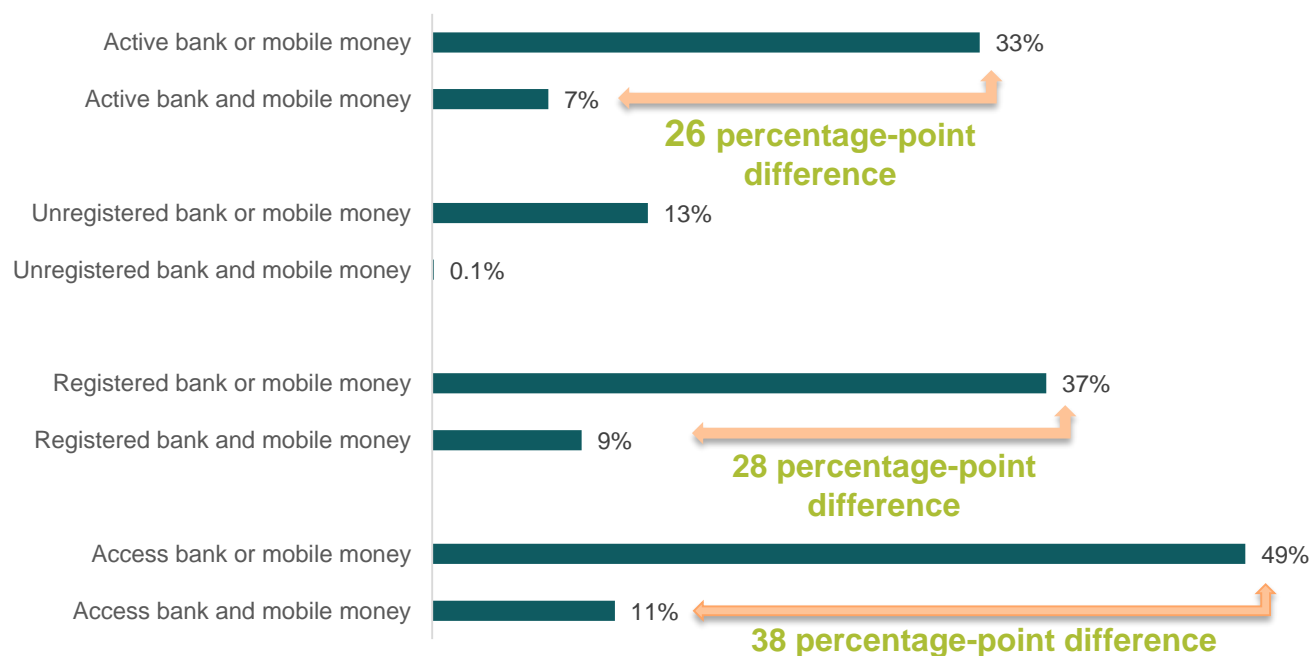
Figures are weighted to reflect national census data demographics. Source: InterMedia Uganda FII Tracker survey (N=3,000, 15+), July-August 2015.

## UGANDA

## There are signs that some Ugandan financial services users see value in using both banking *and* mobile money as complementary services

### 2015: Adults by different categories of access and use of bank and mobile money

(Shown: Percentage of Ugandan adults, N=3,000)



Figures are weighted to reflect national census data demographics.

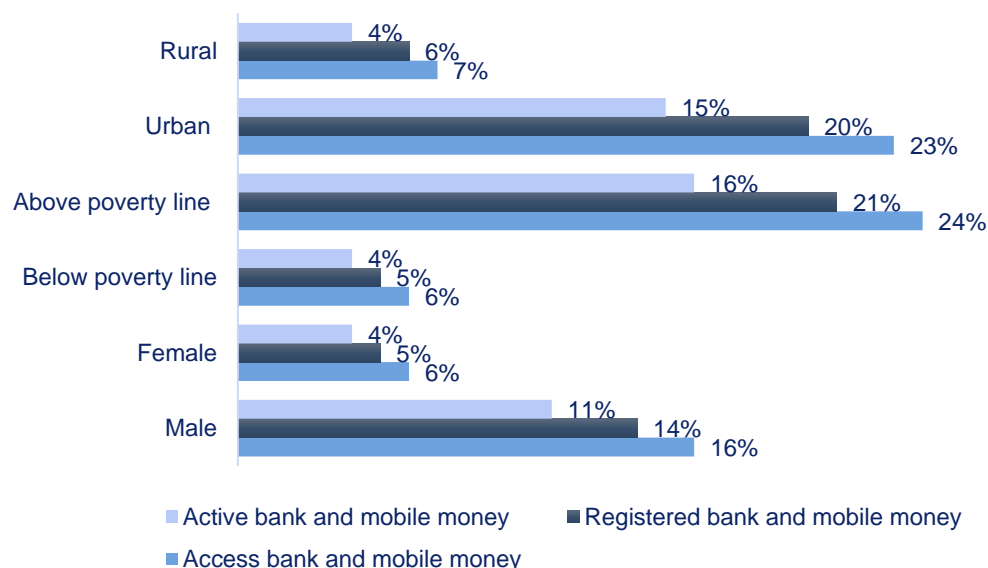
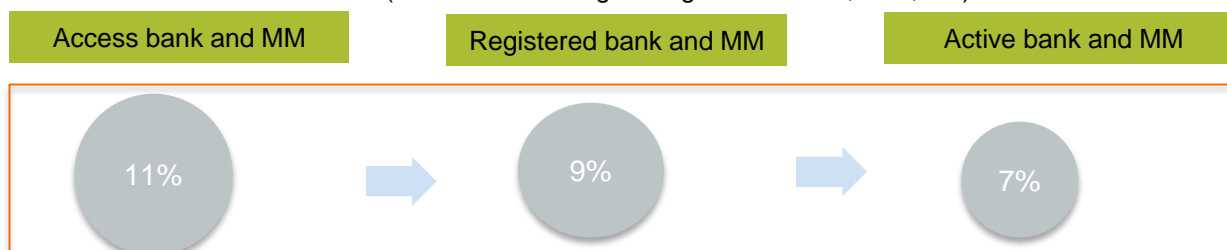
Source: InterMedia Uganda FII Tracker survey (N=3,000, 15+), July-August 2015.

## UGANDA

### Two-thirds of those who access mobile money and banks are active registered users

#### 2015: Progression from access to active registered use of banks or mobile money (MM)

(Shown: Percentage of Ugandan adults, N=3,000)



Males, urbanites and those above the poverty line are more likely to actively use both bank and mobile money.

## UGANDA

### Bank account users, including registered and active users, who use banks exclusively, are financially more active

#### 2015: Financial activities engagement

(Shown: Percentage of Ugandan adults in each category)

|                  | Access bank only | Access MM only | Access bank and MM | Registered bank only | Registered MM only | Registered bank or MM | Active bank only | Active MM only | Active bank or MM |
|------------------|------------------|----------------|--------------------|----------------------|--------------------|-----------------------|------------------|----------------|-------------------|
| Borrow           | 83%              | 64%            | 74%                | 82%                  | 64%                | 74%                   | 88%              | 66%            | 73%               |
| Save             | 97%              | 79%            | 98%                | 96%                  | 83%                | 98%                   | 99%              | 84%            | 98%               |
| Have insurance   | 6%               | 3%             | 15%                | 15%                  | 4%                 | 14%                   | 17%              | 5%             | 16%               |
| Have investments | 53%              | 38%            | 52%                | 60%                  | 40%                | 51%                   | 53%              | 40%            | 58%               |

Figures are weighted to reflect national census data demographics. Source: InterMedia Uganda FII Tracker survey (N=3,000, 15+), July-August 2015.

## GLOSSARY

- **Access** – Access to a bank, NBFI or mobile money account; those with access have used the services either via their own account or via the account of another person.
- **Accumulating Savings and Credit Association (ASCA)** – Also called Village Savings and Loan Associations (VSLAs), usually comprise 10 to 20 participants who conduct savings and loan activities for a fixed period, usually 12 months.
- **Active account holder** – An individual who has a registered financial services account and has used it in the last 90 days.
- **Advanced use** – The use of an account for services other than basic or P2P services. (For the purposes of this study, in the case of mobile money, airtime top-ups are not considered an advanced use.)
- **Basic use** – The use of an account to cash-in (deposit) or cash-out (withdraw), or conduct account maintenance.
- **Below the poverty line** – In this particular study, adults living on less than \$2.50 per day, as classified by the Grameen PPI.
- **Cooperative** – Typically, a business or other professional organization that is owned and run jointly by its members, who share the profits or benefits. Cooperatives can release some of the profits/funds as loans to its members.
- **Credit-only financial institution** – A financial institution that only dispenses loans to its customers.
- **DFS access** – Access to a DFS account through one's own account or someone else's account.
- **Digital financial services (DFS)** – Financial services that are provided through an electronic platform (mobile phones, electronic cards, the internet, etc.).
- **Financial inclusion** – For the purposes of this report, financial inclusion is defined as having an account with an institution that provides a full suite of financial services and comes under some form of government regulation. Services include: savings, money transfers, insurance or investment.
- **Full-service financial institution** – Financial institutions that offer its customers at least one of the following services: savings, money transfers, insurance or investment.
- **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.
- **Informal financial institutions** – Financial institutions or services that do not offer accounts or a full suite of services. These vary from highly informal services such as money guards (individuals who keep money for others) to established community savings groups or collectives.

## GLOSSARY

- **Microfinance institution (MFI)** – An organization that offers financial services to low-income populations. Almost all give loans to their members, and many offer insurance, deposit and other services.
- **Mobile money (MM)** – A service in which a mobile phone is used to access financial services.
- **Nonbank financial institution (NBFI)** – A financial organization that is not formally licensed as a bank or a mobile money provider, but whose activities are regulated, at least to some extent, by the central bank within the respective country. Such financial institutions include microfinance institutions (MFI), cooperatives, post office Savings Banks and village-level, semi-formal savings groups.
- **P2P transaction** – The use of an account to send or receive money to or from other individuals.
- **Post office (Savings) Bank** – A government-run bank that operates through local post offices.
- **Registered account holder** – An individual who has a full-service bank, NBFI or mobile money account in their own name that offers more than just credit services.
- **Rotating savings and credit association (ROSCA)** – A group of individuals who agree to meet for a *defined* period in order to save and borrow together, a form of combined peer-to-peer banking and peer-to-peer lending.
- **Savings and credit cooperative (SACCO)** – A unique member driven, self-help group, which is owned and managed by its members who have a common bond (e.g., work for the same employer, belong to the same church, live in the same village, etc.). All members contribute to the SACCO fund, which can be used for group investment or, part of which can be given to members as loans.
- **Unregistered/OTC user** – An individual who has ever used bank, NBFI or mobile money services through someone else's account, including a mobile money agent's account or the account of a family member or neighbor.
- **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.
- **Village level semi-formal savings group** – a savings group, often tied to initial or ongoing support from an NGO, that requires members to regularly contribute to a group-managed fund and disburses loans based on pre-determined requirements and loan terms.

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