

UGANDA

QUICKSIGHTS REPORT FOURTH ANNUAL FII TRACKER SURVEY

Fieldwork conducted July - August 2016

November 2016

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Key definitions

Access to financial accounts – Access to a bank account, mobile money account or an NBFi account means a respondent can use any of these services via their own account or the account of another person.

Active account holder – An individual who has a registered account and has used it in the last 90 days.

Advanced use of DFS – Advanced use of digital financial services includes activities beyond basic cash-in/cash-out and person-to-person transfers (e.g., savings, bill pay, investment, insurance).

Adults with DFS access – Adults (15+) 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.

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 nonbank financial institutions – Nonbank financial institutions that only disburse loans to their customers.

Digital financial services (DFS) – Financial services provided through an electronic platform (mobile phones, electronic cards, the internet, etc.).

Financial inclusion – Included individuals are those who have 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. Institutions that only offer loans to consumers, such as some MFIs, are not considered to be full-service institutions.

Full-service nonbank financial institutions – Nonbank financial institutions that offer their 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.

Microfinance deposit-taking institutions (MDI) – Financial services for poor and low-income clients offered by different types of service providers.

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 country. Such financial institutions include microfinance institutions (MFI), cooperatives, Post Office Banks and savings and credit cooperatives.

Post Office (Savings) Bank – A bank that offers savings and money transfers and has branches at local post offices.

Savings and credit cooperative (SACCO) – A unique member-driven, self-help group owned and managed by its members, who have a common bond. Its main purpose is to build up funds through regular contributions by each member, with the aim of providing affordable credit and collective investments for its members.

Unregistered/over-the-counter (OTC) user – An individual who has used DFS through someone else's account, including a mobile money agent's account or the account of a family member or a 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.

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Country context

Positive developments in the marketplace, including new financial services products and changes in the regulatory environment, contributed to financial inclusion in Uganda, and may lead to more active use of digital accounts.

- **MoKash,* a digital credit service** whose name was coined from the phrase “more cash,” launched in August 2016 as a result of a partnership between the Bank of Africa (CBA) and MTN Uganda. This is the first digital credit product to be offered in the Ugandan market. MoKash provides customers a suite of virtual banking products built on MTN’s mobile money platform, including the ability to save and borrow microloans from the CBA. This is a positive sign digital financial services (DFS) providers, as well as Uganda’s regulatory entities, realize the need to develop products and services that satisfy specific customer needs. Compared with Kenya and Tanzania, the limited products offered in Uganda, to date, have provided little incentive for customer uptake and continued use. The introduction of MoKash is recognition that if more Ugandans are going to be included in the digital ecosystem it will need to be strengthened through continued supply side innovations and a variety of product offerings (e.g., bill pay or a convenient way to pay school fees).
- **The Financial Institutions (Amendment) Act** was passed by the government in January 2016 and enacted into law. The amendments to the 2014 act provide for agent banking, Islamic banking, additional Credit Reference Bureaus, Bancassurance and reform of the Deposit Protection Fund. **Agency banking** is aimed at increasing access to formal financial services by allowing nonbank institutions to offer basic banking services to the unbanked. **Islamic banking** promises to offer interest-free financing under Shariah Law, and **Bancassurance** allows banks to offer customers insurance services and products. The latter three components give financial institutions greater latitude to not only offer more, but better and more convenient, services to clients, thus enhancing financial inclusion.

*<https://www.mtn.co.ug/Mobile%20Money/Banking/Pages/MoKash.aspx>

**https://www.bou.or.ug/bou/bou-downloads/acts/supervision_acts_regulations/FI_Act/Fin-Amendment-Act-2016.pdf

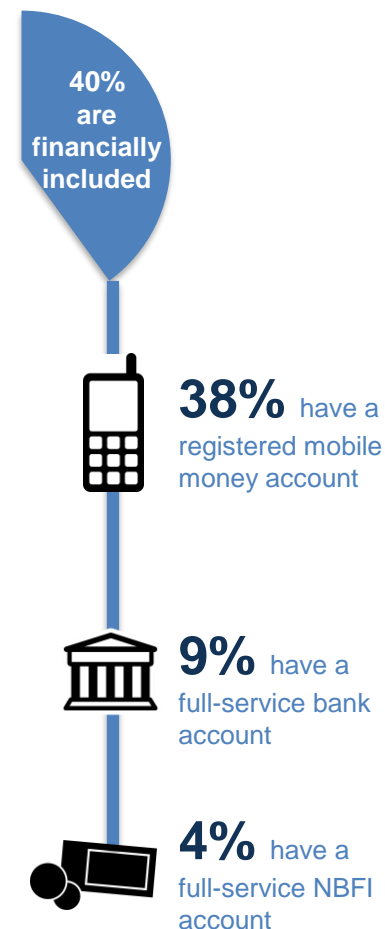
Source: InterMedia Uganda FII Tracker survey Wave 4 (N=3,000, 15+) July-August 2016.

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Notable statistics

- **Uganda is building toward meaningful financial inclusion via increased access to mobile money services and growth in registered mobile money accounts.**
 - Access to financial services continued to grow substantially, from 50 percent in 2015 to 55 percent in 2016, due to continued growth in the population that uses mobile money, which reached 53 percent.
 - The use of registered financial services accounts grew slightly from 2015 to 2016 due to growth in the use of registered mobile money accounts, which offset small decreases in the use of bank and NBFIs accounts. Two in five Ugandan adults now have a registered financial account.
 - Thirty-three percent of Ugandans are active users of their registered financial accounts, compared to 32 percent in 2015. Active use among registered account holders, however, decreased over the past year.
 - **Use of advanced functions beyond-basic-wallet services has increased from 14 percent in 2015 to 19 percent in 2016.** Savings and bill pay remain the most common advanced activities, despite a decrease in bill pay use among active mobile money account holders (19 percent in 2015 to 16 percent in 2016). Payroll distribution via digital accounts is on the rise.
- **Mobile money continues to be the predominant financial service in Uganda.**
 - In 2016, the percentage of Ugandan adults who have a registered mobile money account increased to 38 percent, from 35 percent in 2015.
 - Fifteen percent access services over the counter (OTC) via somebody else's account, including that of an agent. OTC use has been increasing since 2014, when 10 percent of Ugandans used OTC services.
 - **Growth in mobile money usage has offset declines in the use of both banks and NBFIs.**
 - Consumers are more likely to know of a mobile money point-of-service vs. a bank or other regulated financial outlet. Awareness of the mobile money concept and providers is nearly universal.

2016: Financial inclusion*
(Shown: Percentage of Uganda adults, N=3,000)



*Financial inclusion is defined as individuals having accounts with institutions offering financial services beyond credit. Overlap representing those who have multiple kinds of financial accounts is not shown.

Source: InterMedia Uganda FII Tracker survey Wave 4 (N=3,000, 15+), July-August 2016.

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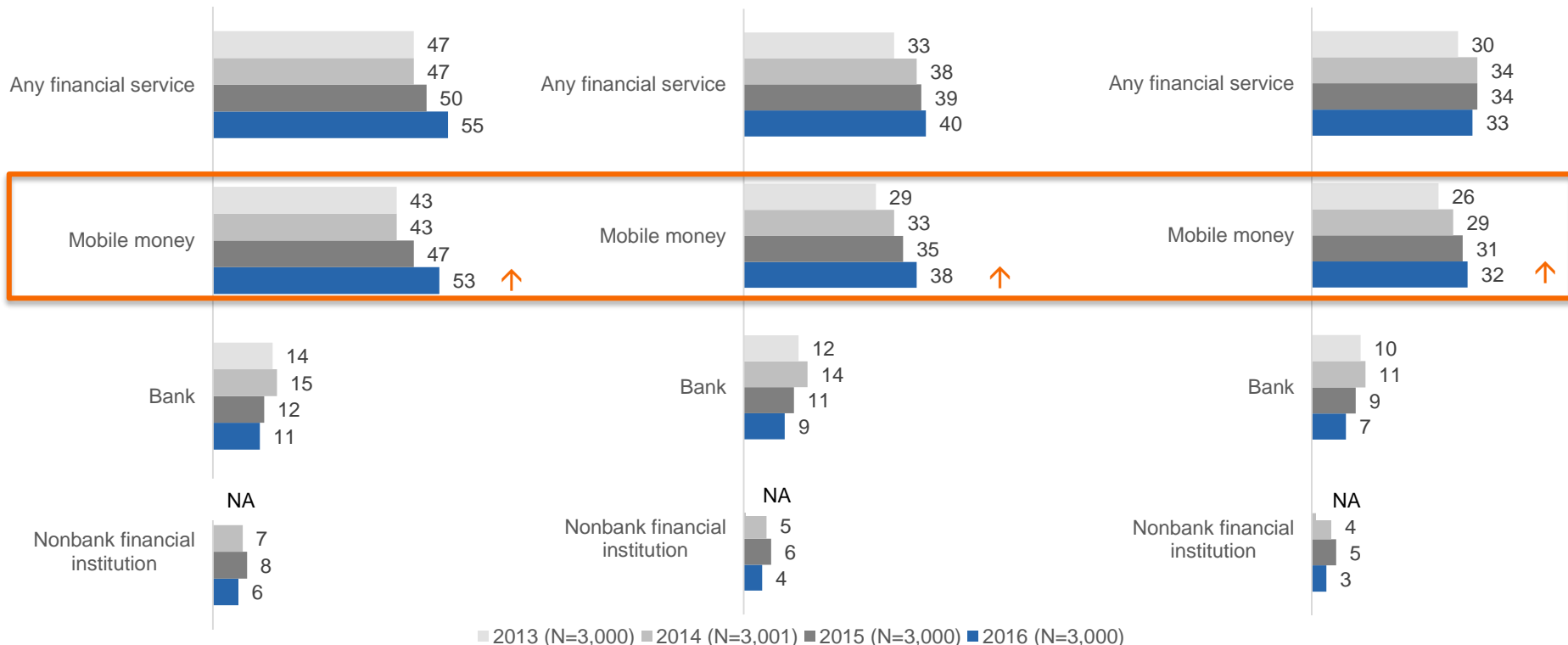
Mobile money is driving the expansion of financial services; mobile money use continued to increase over the last three years, bank usage decreased

Financial account access

Registered financial service users

Active* financial service users

(Shown: Percentage of Ugandan adults for each year)



NBFIs were not included in the 2013 survey. Types of account ownership are not mutually exclusive. *A registered account used in the 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; Wave 4 (N=3,000, 15+), July-August 2016.

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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, 82 minutes
- Fourth survey (wave 4) conducted from July to August 2016
- Tracks trends and market developments in DFS based on the information gathered in the first survey, conducted in 2013, the second survey conducted in 2014 , and the third survey in 2015

Data Collection

- Basic demographics and poverty measurement (Grameen Progress Out of Poverty Index). A new set of questions from the Grameen Foundation was used compared with previous years.
- 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., MDI, MFI, SACCO, cooperatives, self-help groups)
- Financial literacy and preparedness
- General financial behaviors

Source: InterMedia Uganda FII Tracker survey Wave 4 (N=3,000, 15+) July-August 2016

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Survey demographics

	% of survey
Gender	
Male	47%
Female	53%
Geography	
Urban	24%
Rural	76%
Income*	
Above the \$2.50/day poverty line	44%
Below the \$2.50/day poverty line	56%

	% of survey
Age	
15-24	40%
25-34	25%
35-44	16%
45-54	9%
55+	11%
Aptitude	
Basic literacy	67%
Basic numeracy	97%

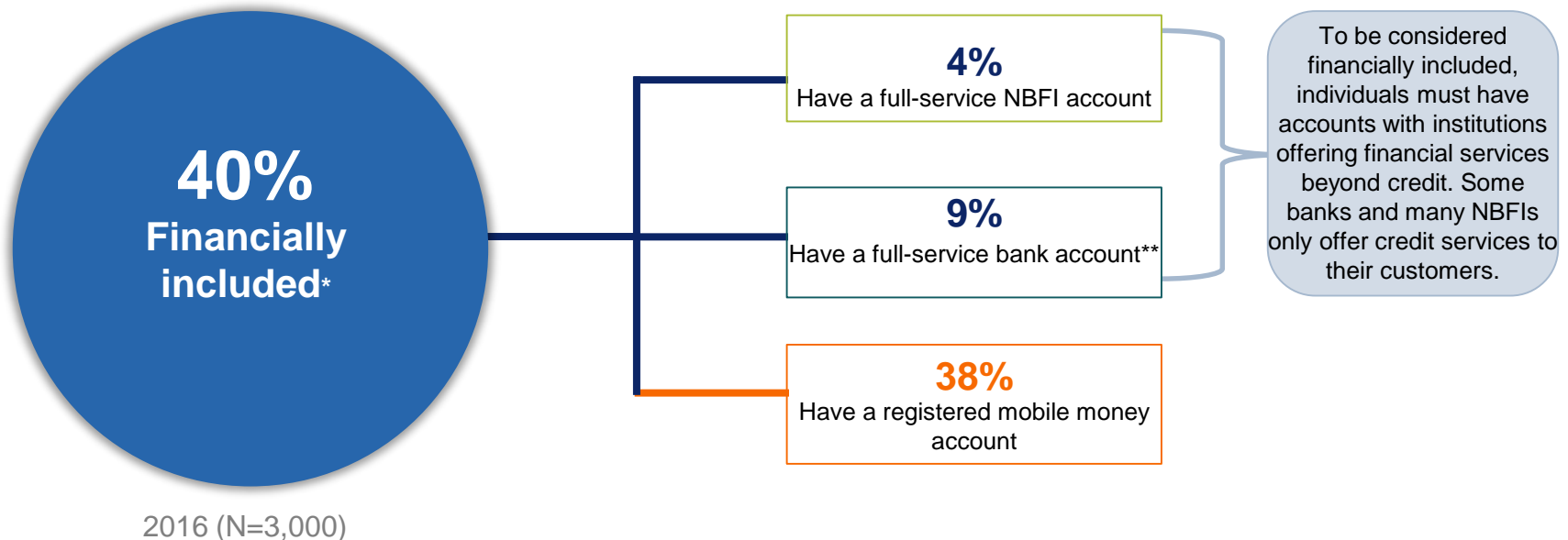
*In 2016, the FII questionnaire used a new set of questions from the Grameen Foundation to measure poverty indicators. As a result, 2016 data showed more Ugandans included in the "above the \$2.50/day poverty line" category than in previous years.

Figures are weighted to reflect national census data demographics.

Source: InterMedia Uganda FII Tracker survey Wave 4 (N=3,000, 15+) July-August 2016

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Four in 10 Ugandans are financially included, most of them have registered mobile money accounts



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

**Throughout this report, bank account holders have accounts at full-service institutions, unless otherwise noted.

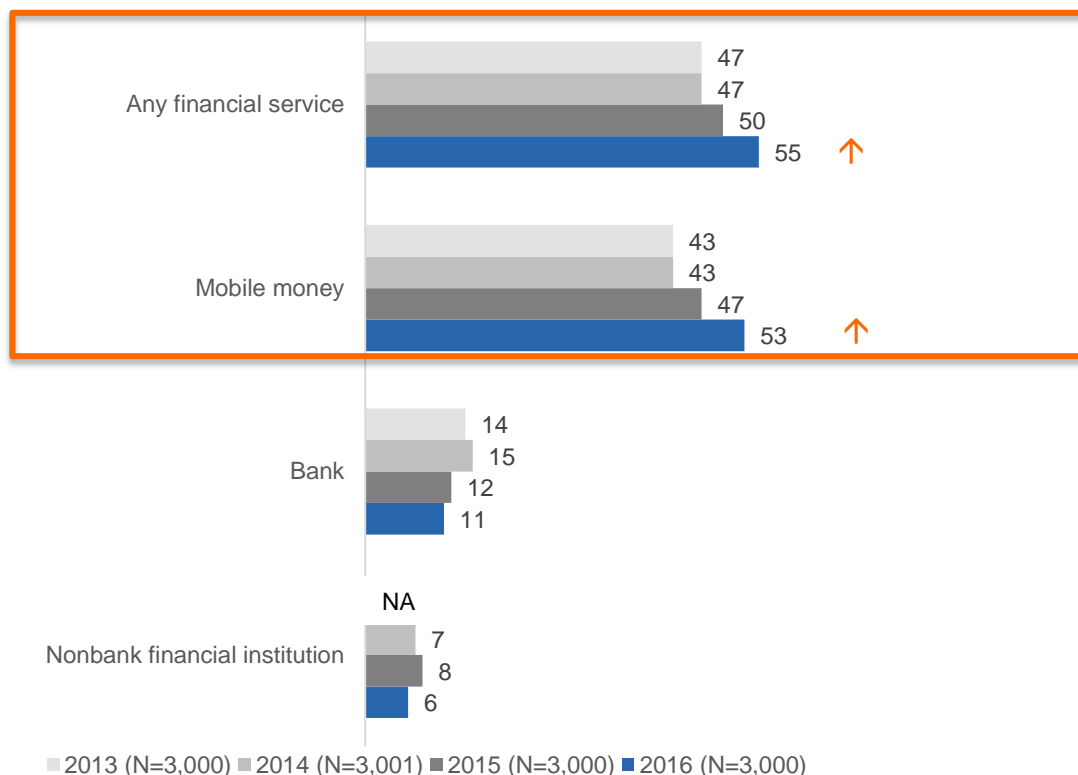
Source: InterMedia Uganda FII Tracker survey Wave 4 (N=3,000, 15+) July-August 2016.

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There has been accelerated growth in access to financial services from 2014 to 2016; now more than half are using mobile money services

Access to financial services

(Shown: Percentage of Ugandan adults for each year)



Types of accounts are not mutually exclusive.

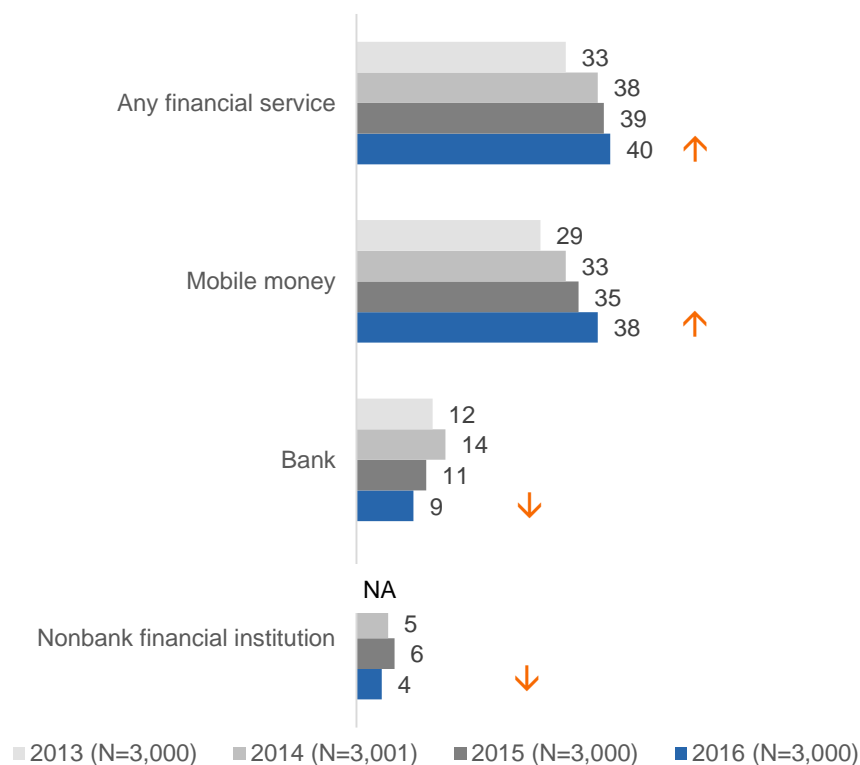
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Increased use of registered mobile money accounts offset decreases in bank and NBFi accounts

Registered financial service users

(Shown: Percentage of Ugandans adults for each year)



Types of accounts are not mutually exclusive.

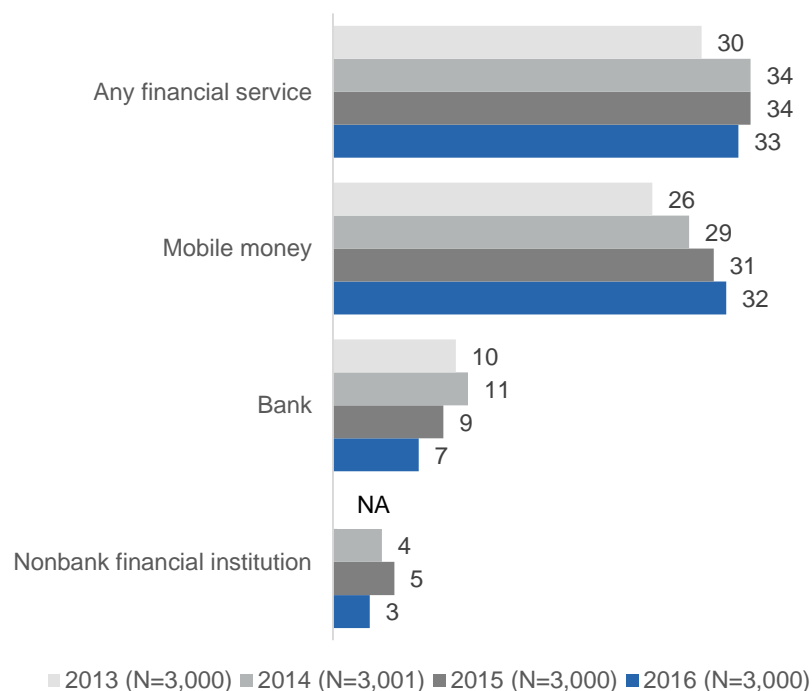
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A third of Ugandans now hold financial accounts and use them actively; active use among all account holders, however, declined in 2016

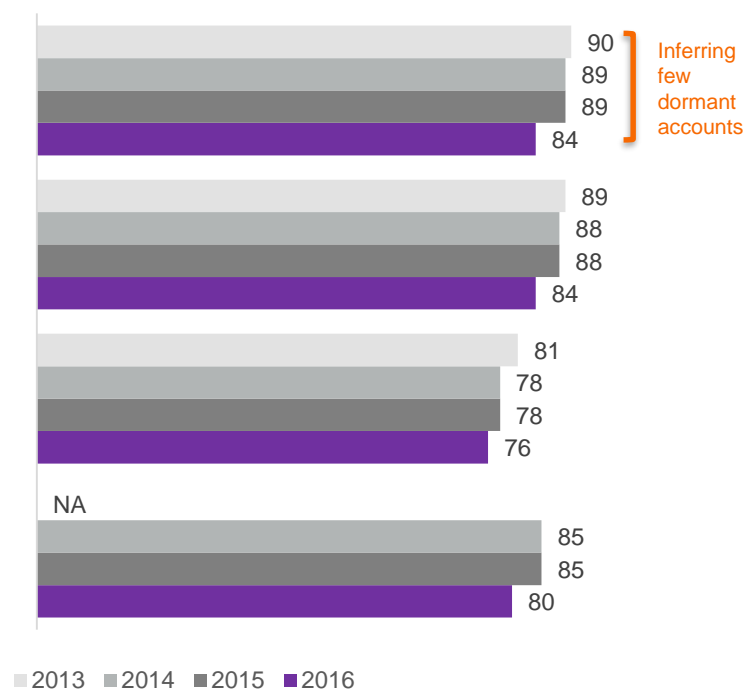
Active* financial account holders

(Shown: Percentage of Ugandan adults)



Active* financial account holders

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



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

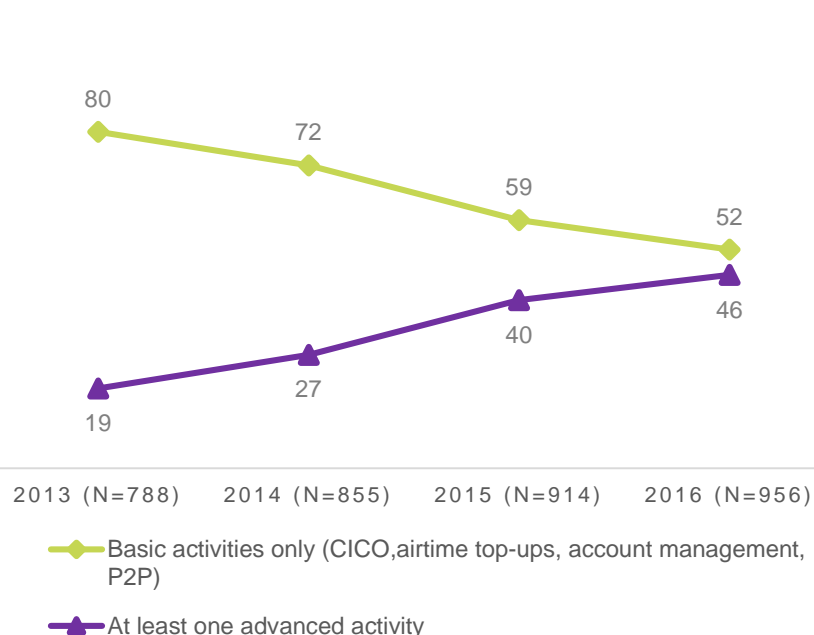
Source: InterMedia Uganda FII Tracker surveys Wave 1 (N=3,000, 15+), September-December 2013; Wave 2 (N=3,001, 15+), June-July 2014; Wave 3 (N=3,000, 15+), July-August 2015; Wave 4 (N=3,000, 15+), July-August 2016.

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Advanced use of mobile money continued to increase; basic and advanced use of bank accounts was unchanged from 2015-2016

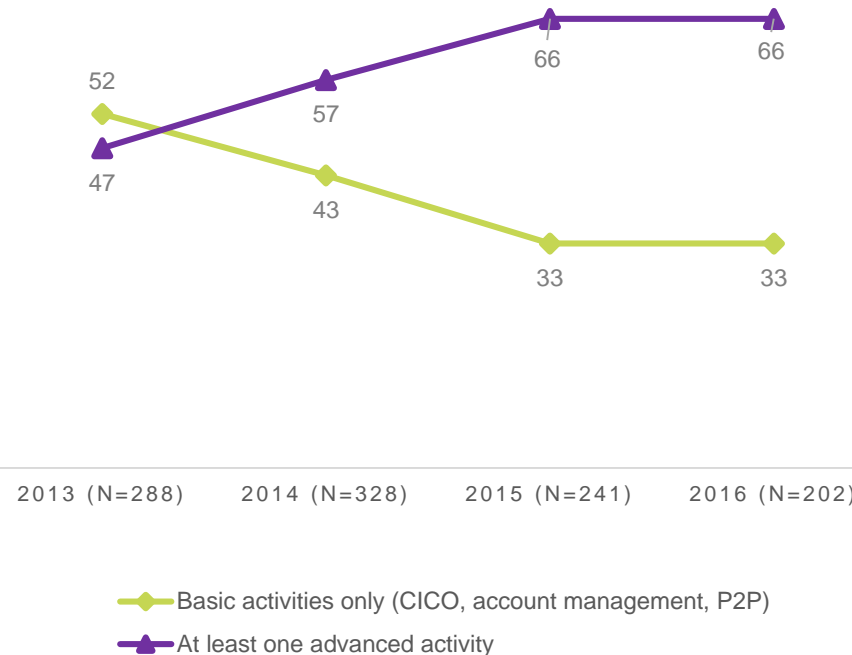
Mobile money uses, by type

(Shown: Percentage of active mobile money account holders)



Bank uses, by type

(Shown: Percentage of active bank account holders)



Due to the changes in the questionnaire some data points may not be directly comparable across years. Obtaining airtime through mobile money is no longer considered an advanced activity.

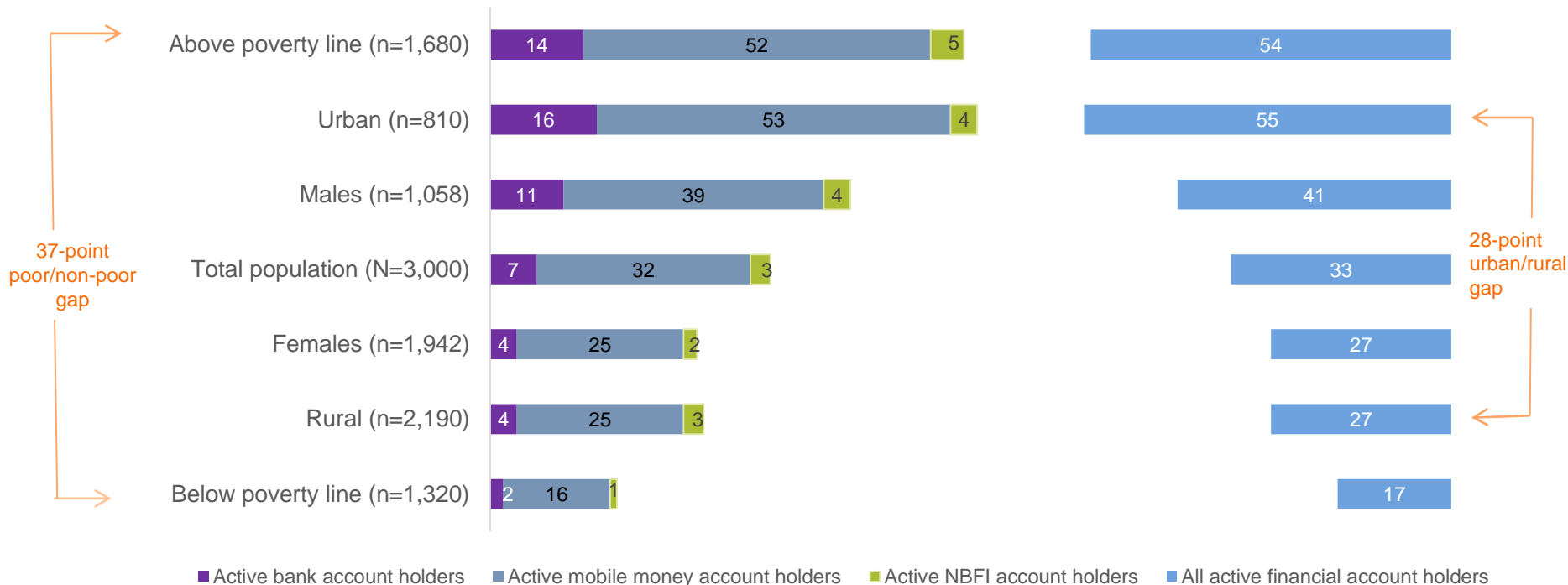
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The largest gap in active financial account use is by poverty and place of residence; active use by women is 14 percentage points less than men

2016: Active account usage by demographic

(Shown: Percentage of each subgroup)



Types of accounts are not mutually exclusive.

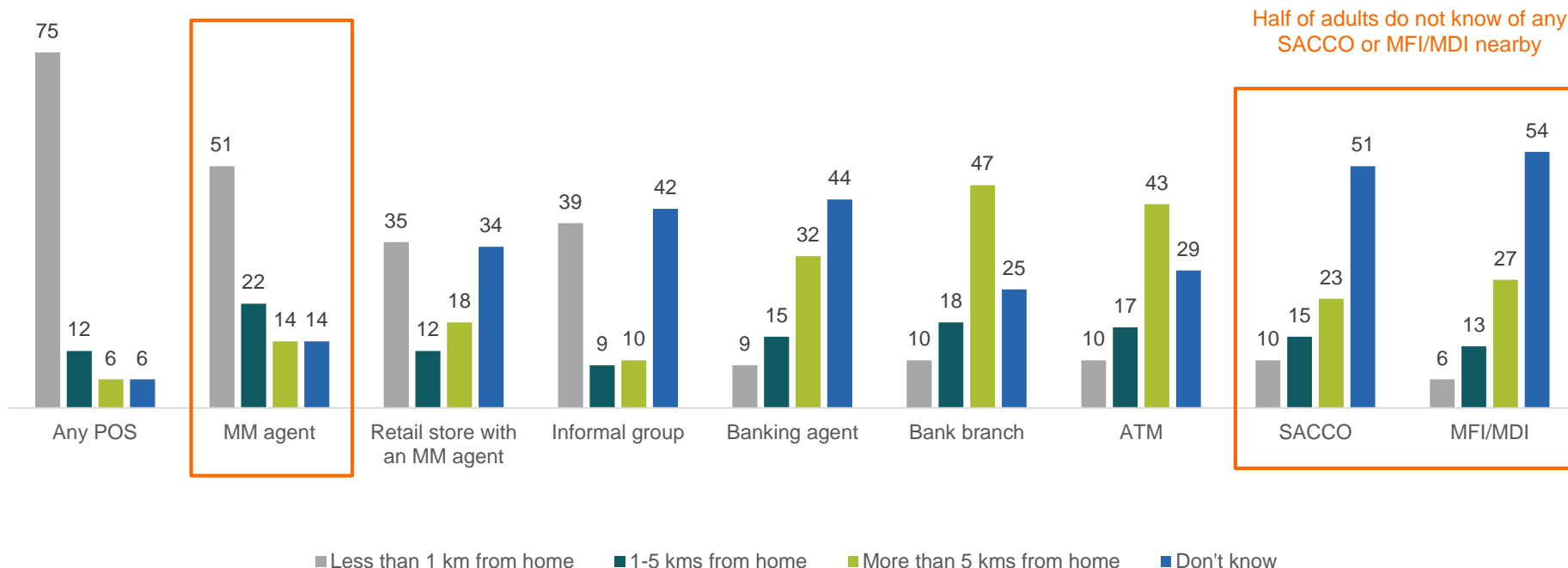
Source: InterMedia Uganda FII Tracker survey Wave 4 (N=3,000, 15+), July-August 2016.

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Three in four Ugandans live within a kilometer of a POS; half of consumers know of a mobile money agent within 1 kilometer of where they live

2016: Proximity to points-of-service (POS) for financial institutions

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



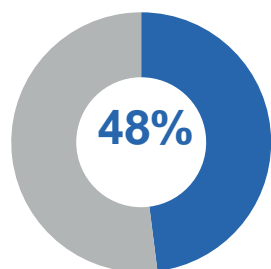
Source: InterMedia Uganda FII Tracker survey Wave 4 (N=3,000, 15+), July-August 2016.

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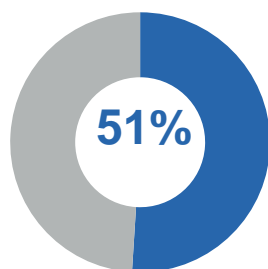
Close to nine in 10 have the necessary ID for opening an account; for many, a lack of equipment and skills remains a persistent challenge

2016: Key indicators of preparedness for digital financial services

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

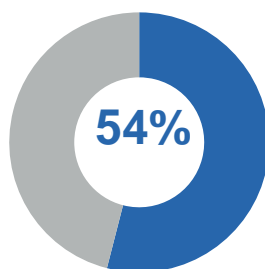


Ever send/receive text messages



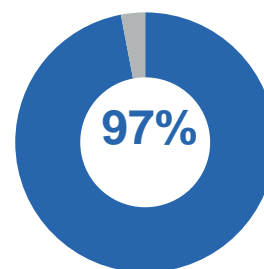
Own a mobile phone

Decrease due to government deactivation of unregistered SIM cards, including promotional SIMs



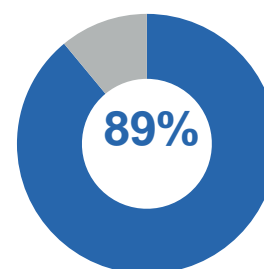
Own a SIM card

Decrease due to effects of compulsory SIM registration



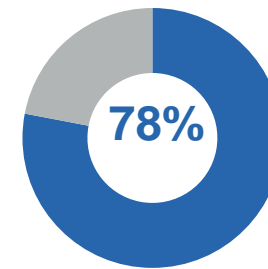
Have basic numeracy

Increase due to BoU's* 2013 financial literacy strategy that includes basic numeracy



Have the necessary ID**

Increase due to the progress of the 2015 national ID program



Have access to a mobile phone

Indicative of more feature phones and smartphones in the market, which are more difficult to use

Year	Ever send/receive text messages	Own a mobile phone	Own a SIM card	Have basic numeracy	Have the necessary ID**	Have access to a mobile phone
2015	47%	55%	58%	80%	83%	85%
2014	49%	58%	60%	79%	73%	79%
2013	NA	62%	64%	83%	75%	87%

*Bank of Uganda. **Identification documents (ID) necessary for registering a mobile money or a bank account include one of the following: a national ID, passport or military ID.

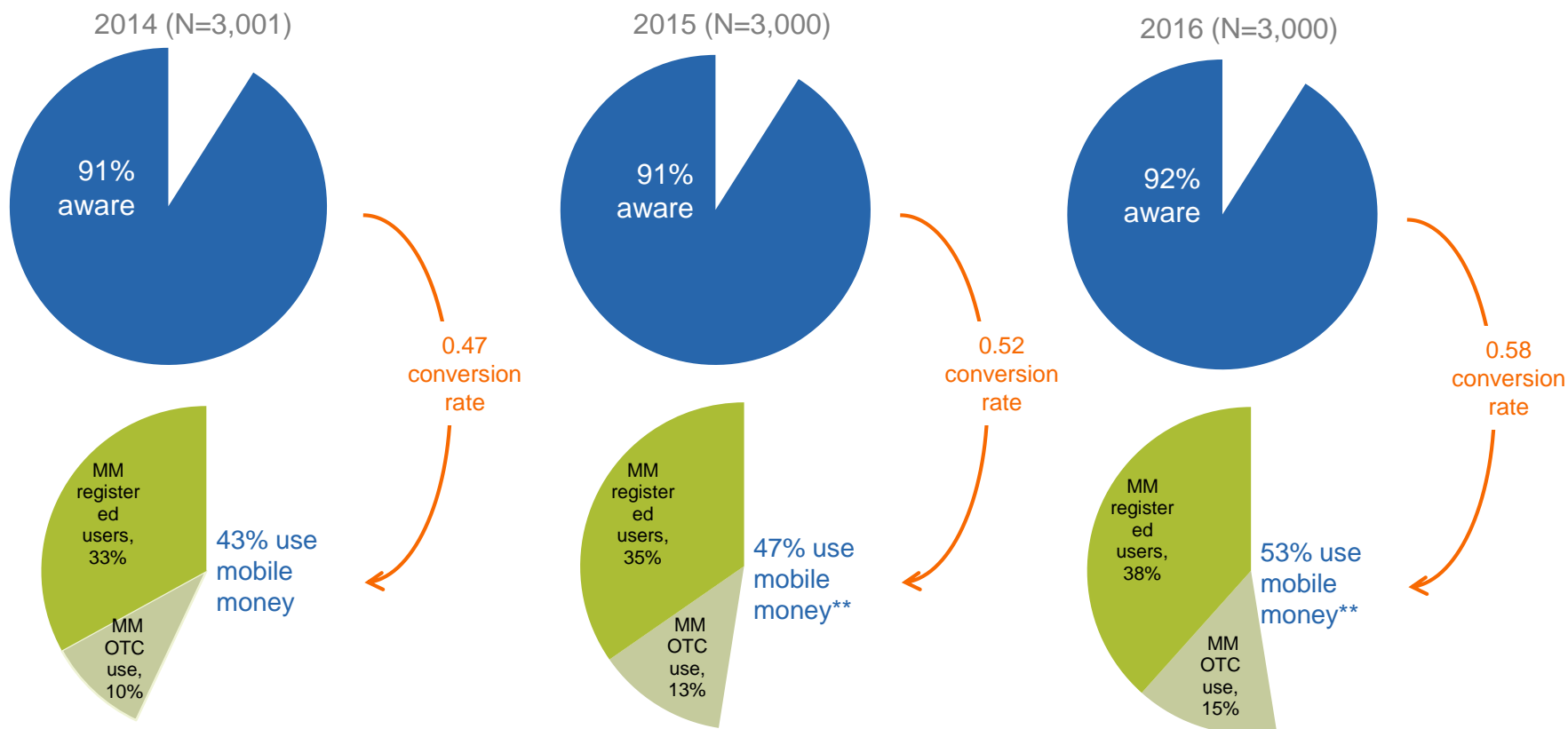
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Awareness has not changed significantly, but conversion rates for both registered and OTC use have steadily increased since 2014

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

(Shown: Percentage of Ugandan adults for each year)



*Aware of at least one mobile money provider. **Percentages add up to 47% and 53% due to statistical rounding.

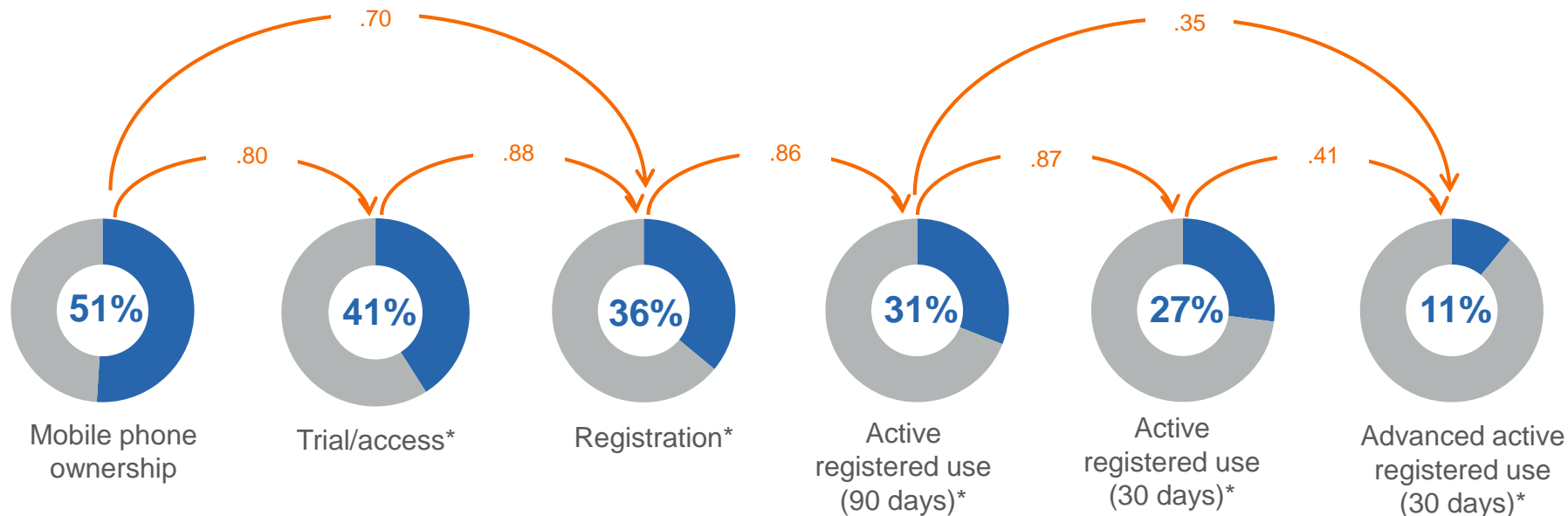
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Half of Ugandan adults own mobile phones; only one in five phone owners completed the customer journey to monthly active use of advanced services

2016: Distribution of Ugandan mobile phone owners at each major step in the customer journey for mobile money, and conversion rate between steps

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



*Phone owners

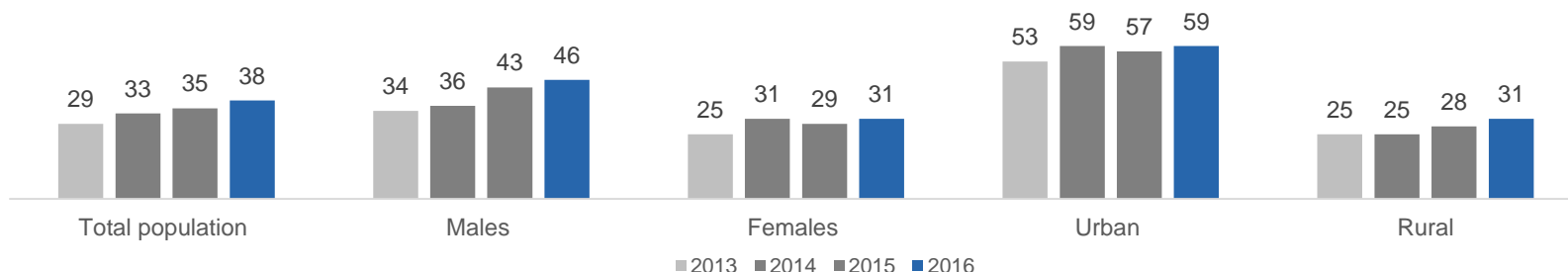
Source: InterMedia Uganda FII Tracker survey Wave 4 (N=3,000, 15+), July-August 2016.

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Mobile money account ownership and active use increased between 2015 and 2016 across most demographics*

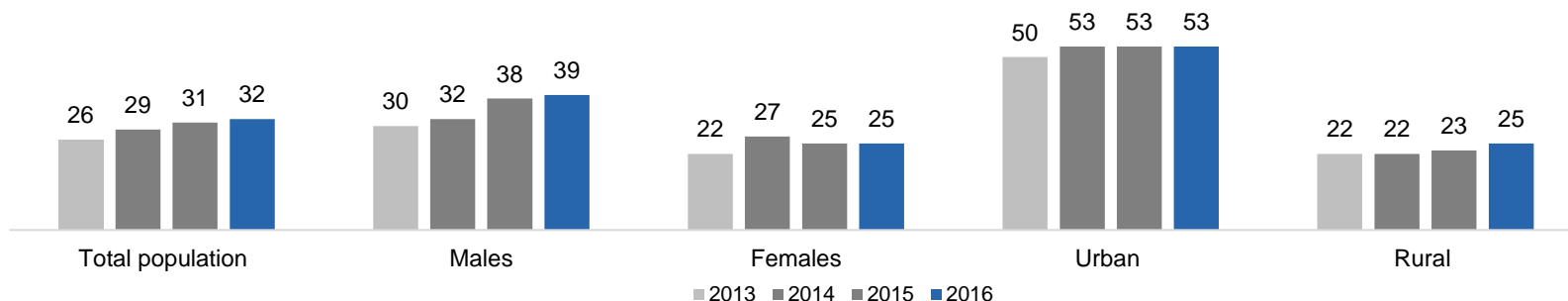
Demographic trends for **all** registered mobile money account use

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



Demographic trends for **active** registered mobile money account use

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



*Disaggregation by above/below <\$2.50 poverty line is not displayed because changes taken in 2016 to the index used to calculate the poverty line created incomparable data with previous years. **Categories are not mutually exclusive.

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; Wave 4 (N=3,000, 15+), July-August 2016.

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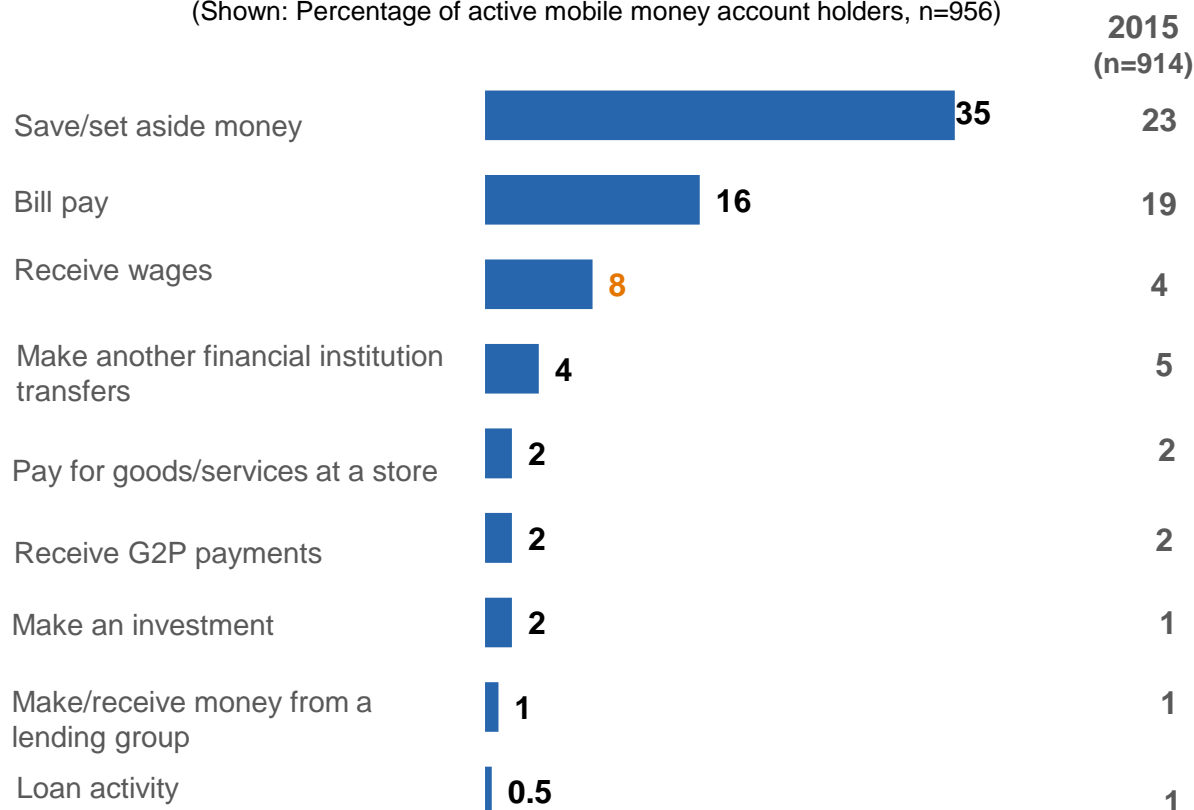
Saving and bill pay continue to be the top advanced mobile money uses; payroll distribution via digital accounts doubled

2016: Advanced mobile money account uses

(Shown: Percentage of active mobile money account holders, n=956)

46%
of active mobile money account holders have used at least one advanced mobile money function

vs.
40% in 2015,
27% in 2014,
and
19% in 2013



Due to the changes in the questionnaire some data points may not be directly comparable across years. Obtaining airtime through mobile money is no longer considered an advanced activity.

Question allowed for multiple responses.

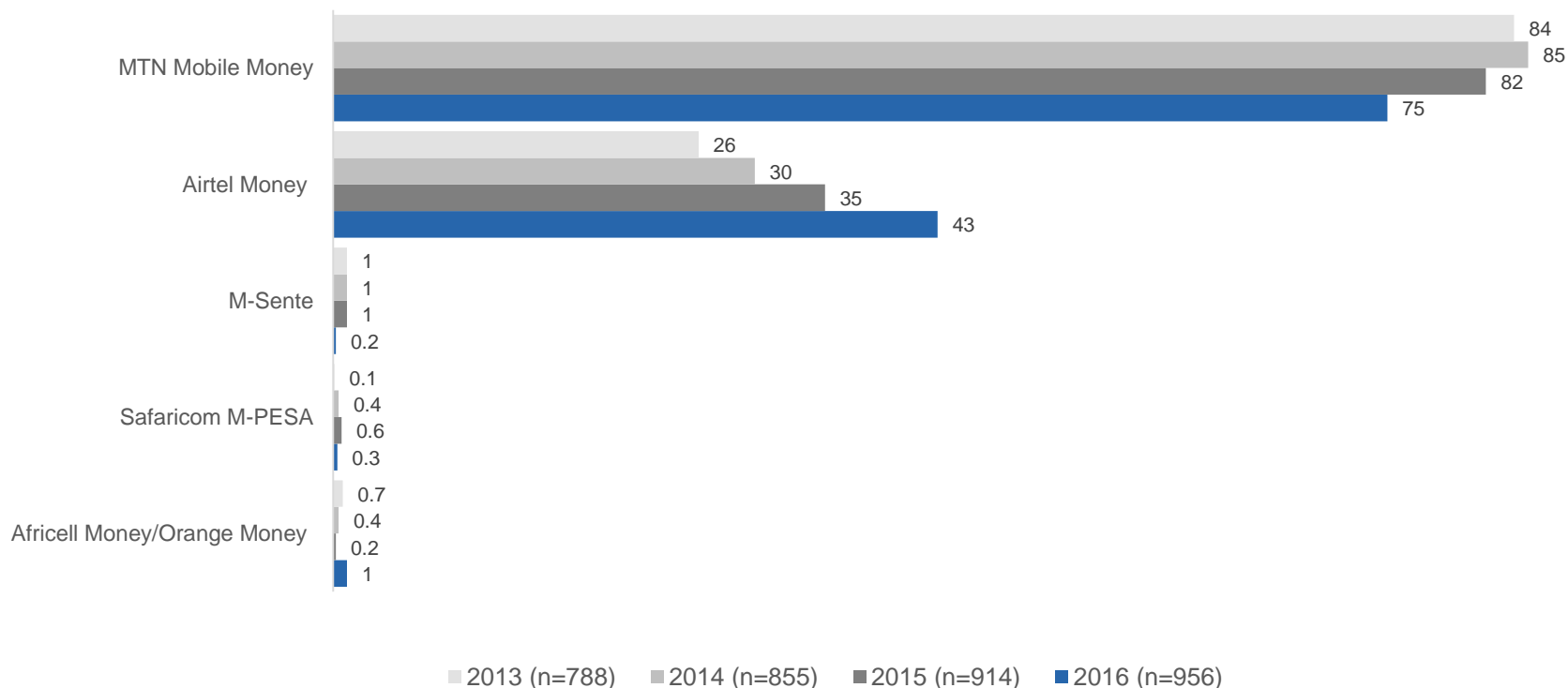
Source: InterMedia Uganda FII Tracker surveys Wave 3 (N=3,000, 15+), July-August 2015; Wave 4 (N=3,000, 15+), July-August 2016.

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Airtel Money's* market share continued to increase vs. 2013; market leader MTN saw a decrease in the number of active account holders

Active mobile-money provider account holdings

(Shown: Percentage of active mobile money account holders who report using selected providers, by year)



*Airtel Money merged with Warid Pesa in 2013.

Active mobile money account holders can have accounts with more than one provider. Vodafone M-PESA & Ezee Money (not shown) had 0 percent market share.

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; Wave 4 (N=3,000, 15+), July-August 2016.

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CICO and P2P transfers drive adoption and usage; a more inclusive digital ecosystem will require Ugandans to adopt additional services

2016: Top reasons active account holders

start to use mobile money

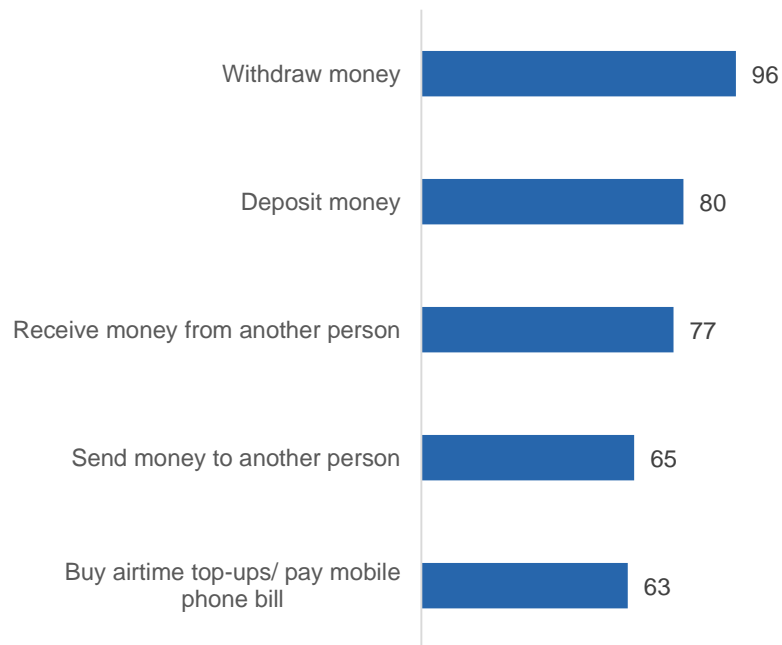
(Shown: Percentage of active mobile money account holders, n=956)



2016: Top uses of mobile money services

among active account holders

(Shown: Percentage of active mobile money account holders, n=956)



Question allowed for multiple responses.

Source: InterMedia Uganda FII Tracker survey Wave 4 (N=3,000, 15+), July-August 2016.

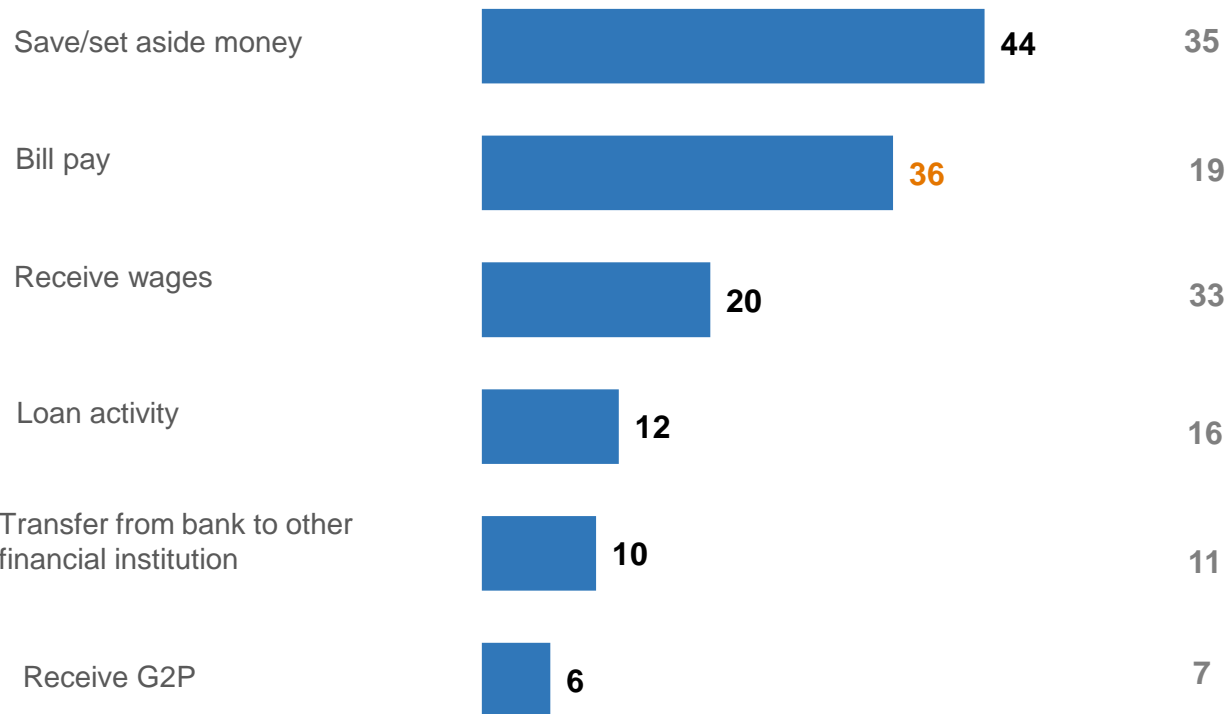
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While, overall, advanced bank account activities remained static vs. 2015, saving increased and bill pay almost doubled during the same period

2016: Advanced bank account uses

(Shown: Percentage of active bank account holders, n=202)

2015
(n=241)



66%

of active bank account holders have used at least one advanced banking feature

vs.

66% in 2015,
57% in 2014,
and
47% in 2013

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

Question allowed for multiple responses.

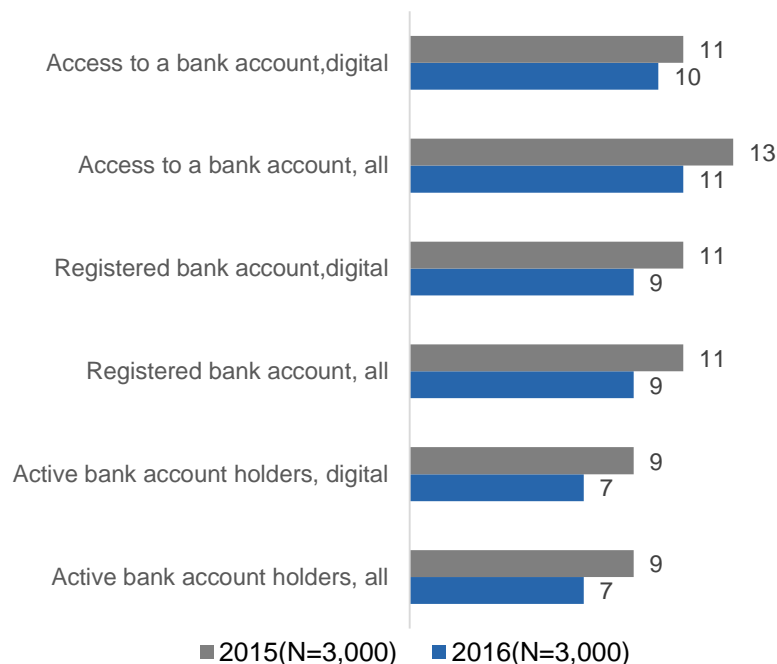
Source: InterMedia Uganda FII Tracker surveys Wave 3 (N=3,000, 15+), July-August, 2015; Wave 4 (N=3,000, 15+), July-August 2016.

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Bank use, including digital bank use, decreased vs. 2015; few Ugandans are using mobile/internet applications for bank activities

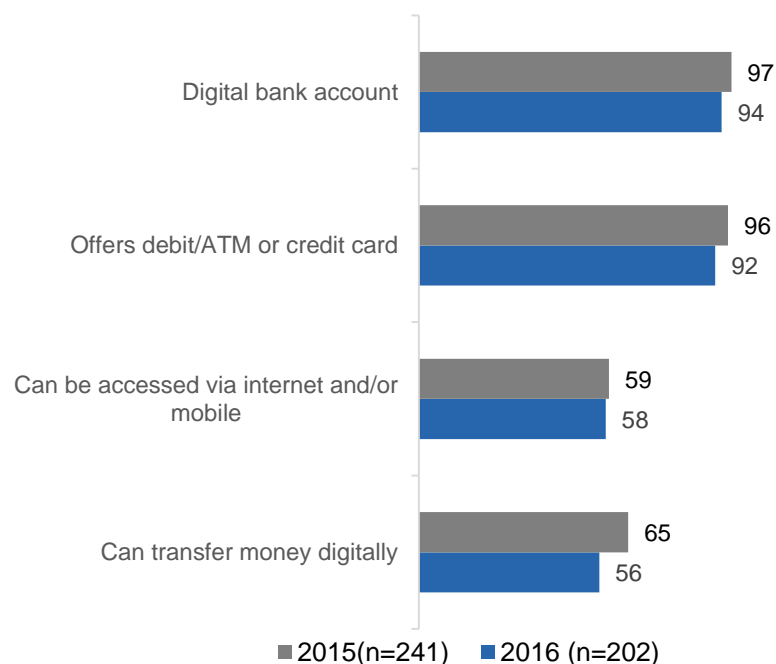
Digital bank account access and usage

(Shown: Percentage of Ugandan adults)



Digital access among active bank account holders

(Shown: Percentage of active bank account holders)

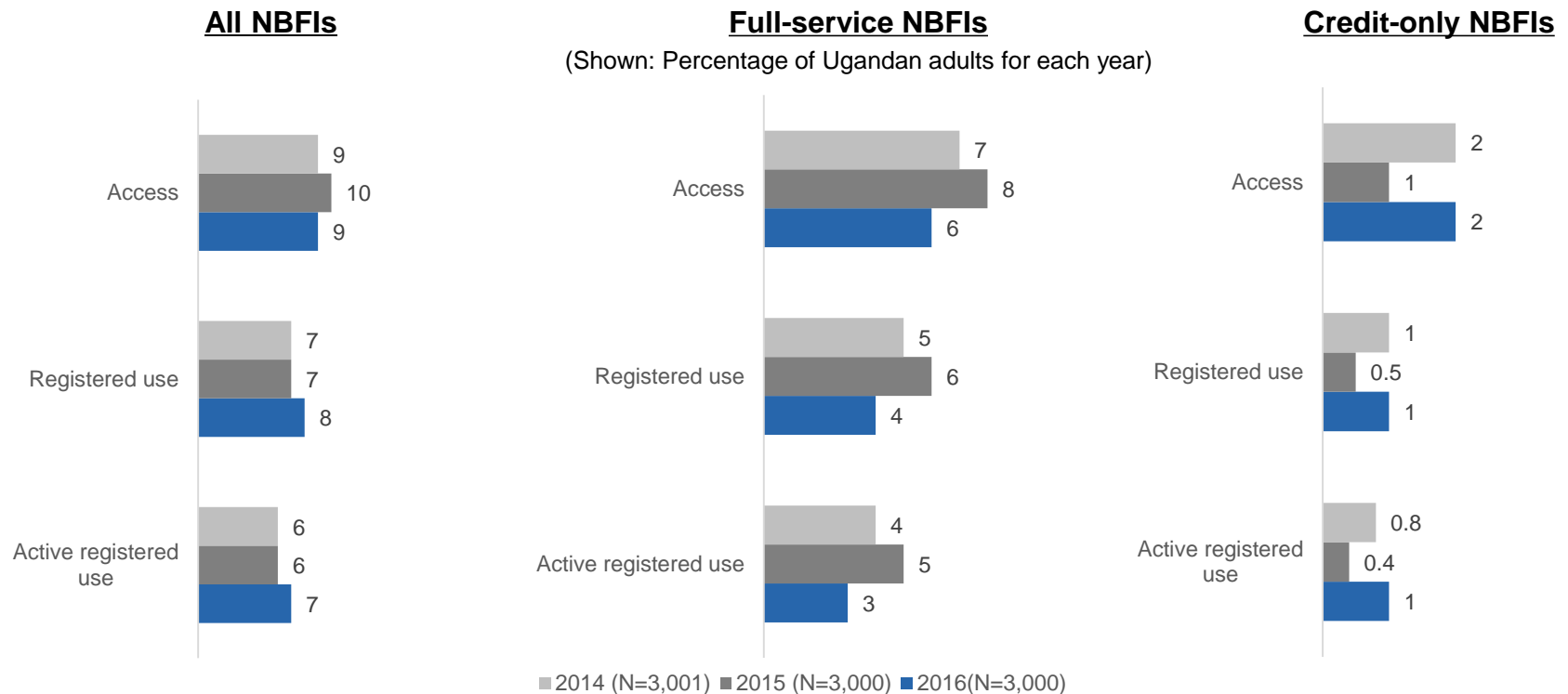


Digital bank accounts are those that offer at least one of the following options: debit/ATM or credit cards, internet or mobile access, or a digital money transfer capability.

Source: InterMedia Uganda FII Tracker survey Wave 4 (N=3,000, 15+), July-August 2016.

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Full-service NBFIs serve a shrinking percentage of Ugandans; credit-only NBFIs showed slight gains from 2015



NBFIs were not included in the 2013 FII survey.

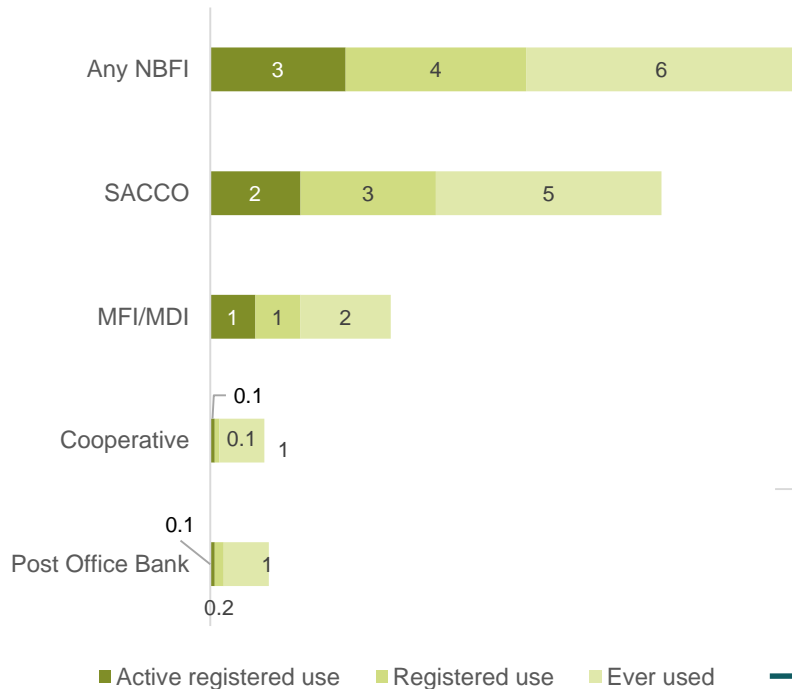
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SACCOs are the most commonly used NBFi; nearly half of SACCO registered users are using their accounts to save

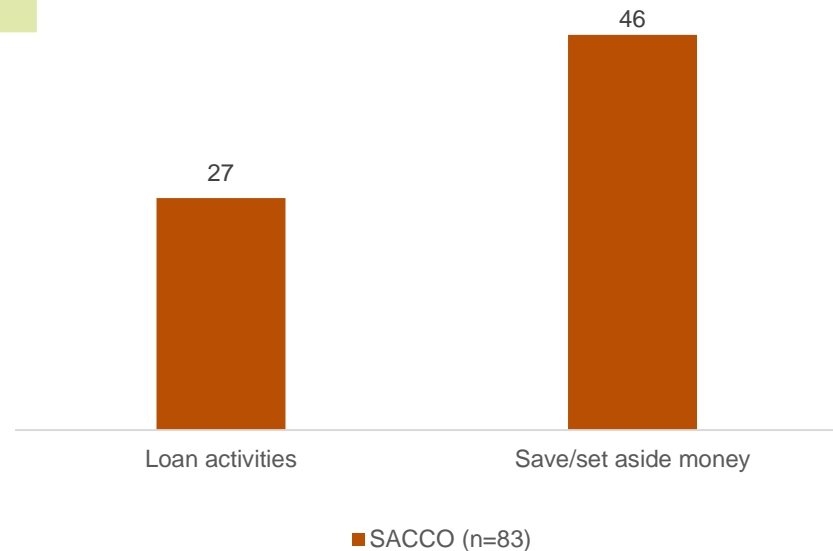
2016: Nonbank financial institution usage

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



2016: Use of SACCO accounts*

(Shown: Percentage of SACCO account holders)



*Subgroups of registered MFI/MDI, cooperative and Post Office Bank users are too small for further analysis.

Question allowed for multiple responses.

Source: InterMedia Uganda FII Tracker survey, Wave 4 (N=3,000, 15+), July-August 2016.

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A third of Ugandan adults have active digital stored-value accounts; mobile money usage continues to deepen

Main FSP Indicator	2014	2015	2016	Base Definition
	%	%	%	
	Base n	Base n	Base n	
Adults (15+) who actively use digital stored-value accounts	33%	33%	33%	All adults
	3,001	3,000	3,000	
Poor adults (15+) who actively use digital stored-value accounts	22%	23%	17%	All poor (income <\$2.5/day)
	2,171	2,036	1,680	
Poor women (15+) who actively use digital stored-value accounts	18%	16%	13%	All poor women (income <\$2.5/day)
	1,130	1,314	1,125	
Rural women (15+) who actively use digital stored-value accounts	22%	19%	19%	All rural women
	1,127	1,375	1,395	
Adults (15+) who actively use digital stored-value accounts and have accessed at least one advanced financial service (beyond basic wallet & P2P)	13%	16%	17%	All adults
	3,001	3,000	3,000	
Poor adults (15+) who actively use digital stored-value accounts and have accessed at least one advanced financial service (beyond basic wallet & P2P)	7%	10%	7%	All poor (income <\$2.5/day)
	2,171	2,036	1,680	
Poor women (15+) who actively use digital stored-value accounts and have accessed at least one advanced financial service (beyond basic wallet & P2P)	5%	6%	5%	All poor women (income <\$2.5/day)
	1,130	1,314	1,125	
Rural women (15+) who actively use digital stored-value accounts and have accessed at least one advanced financial service (beyond basic wallet & P2P)	6%	7%	7%	All rural women
	1,127	1,375	1,395	

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 Uganda FII Tracker surveys; Wave 3 (N=3,000, 15+), July-August 2015; Wave 4 (N=3,000, 15+), July-August 2016.

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