QUARTER 3 2022

Financial Inclusion in Mali

Results from the Financial Inclusion Module in the Mali Modular and Permanent Household Survey (EMOP)

SUSTAINABLE DEVELOPMENT GOALS
17 GOALS TO TRANSFORM OUR WORLD

INSTAT
Institut National de la Statistique

UNCDF
Impact Capital for Development

Partnering for a common purpose

Making Access Possible (MAP) is a multi-country initiative to support financial inclusion through a process of evidence-based analysis feeding into a financial inclusion roadmap jointly implemented by a range of local stakeholders. Through its design, MAP seeks to strengthen and focus the domestic development dialogue on financial inclusion. In each country, MAP brings together a broad range of stakeholders from within government, the private sector and the donor community to create a set of practical actions aimed at extending financial inclusion tailored to that country.

Data collection and verification process

NATIONAL STATISTICS OFFICE
Host organisation, data collection, sample breakdown

WORLD BANK
Technical oversight and relationship management

UNDP
Operational management and oversight

UNCDF
Financial inclusion funding, technical oversight and quality control

About the cover

The cover design reflects the rich culture and history of Mali, ranging from its prolific trade networks, contributions to education, music, art and culture as well as its wealth in gold and salt reflecting a multilingual and multiethnic kingdom over many centuries. The colour is inspired by the rich indigo dye used for traditional handmade Mali cloth. Geometric patterning is overlaid to create texture, reflective of the ancient Malian mudcloth, which can be traced back to the 12th century. Representing the rich history and cultural diversity of Mali, the cover design echoes the strong foundational roots of commerce and finance since ancient times. The country map and currency symbol are central, with the glowing circular shape expressing a positive outlook on the future of financial inclusion in the country.

The NFIS and action plan of Mali were adopted by the Council of Ministers in June 2022. These focus on strengthening access to financial products and services for as many people as possible, especially the most vulnerable groups - rural populations, women and youth, MSMEs and people with low financial education. To link the national financial inclusion agenda to broader financial sector development objectives, development partners in Mali that are active in financing and financial inclusion are working together to better understand the low-income market, the levels of financial inclusion and potential pathways for growth.

Status and Overview of Mali National Financial Inclusion Policy

NFIS PROPOSED PERIOD
2022–2026

ADOPTION BY GOVERNMENT
Adopted by June 2022

RESPONSIBLE AGENCY FOR IMPLEMENTING/COORDINATION
UAS / SDSF of the Ministry of Economy and Finance / CNSMO

IMPLEMENTATION
Not started

FUNDING PARTNER
World Bank (in part)

DEMAND SIDE DATA FOR NFIS CREATION (OR TRACKING)
Previous studies existed, but there was a need for more relevant data

SUPPLY SIDE DIAGNOSTIC FOR NFIS
Not implemented

ROADMAP/ACTION PLAN / M&E
No

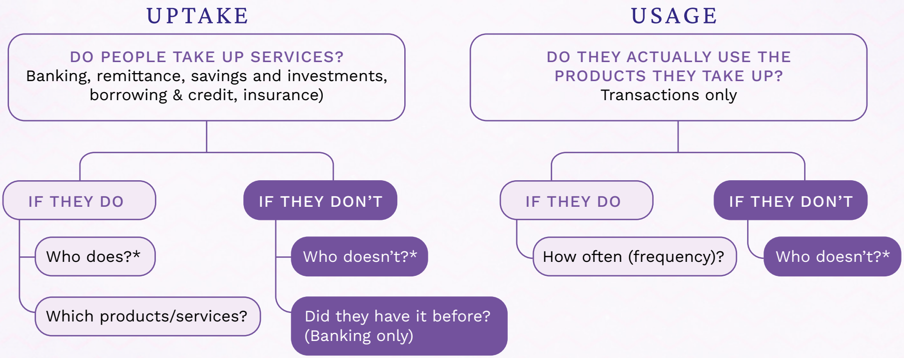
It is within this national context of financial inclusion, linked to broader financial sector development, that development partners active in the financing and financial inclusion space in Mali are working together to: better understand the low-income market, more accurately determine the levels of financial inclusion and illustrate potential pathways for growth. Working in collaboration with UNDP, the World Bank Group and the National Statistics office, by more closely embedding financial inclusion within the quarterly household survey in Mali, the data presented in this booklet allows for more updated data to track market. Hopefully, by including a financial inclusion module in the quarterly household survey, this provides an ongoing data perspective for financial inclusion in Mali.

Specialised modular focus (household level) on key thematic issues: a short-form way to measure progress against specific indicators.

THE MODULE COVERED ACCESS, UPTAKE AND USAGE

- Incidence
- Mechanisms, used/not used, both formal and informal
- Access Strands
- Frequency of usage

Key financial inclusion indicators covered in the tracker on access, uptake and usage



*Demographic variables at the individual level were also collected in the main survey but cannot currently be linked to the financial inclusion module, which is at the household level.

Financial Inclusion Module versus a full FinScope survey

MAP typically relies on a full length financial inclusion livelihoods survey for data to inform the NFIS. Historically, this has been the FinScope survey.

The FinScope survey covers the total landscape of financial inclusion with an in-depth understanding of people's financial lives and their livelihoods. The financial inclusion module was part of a much larger quarterly household survey (Q3, 2022), and this meant that it had to be very short. It was done to determine market uptake and movements in financial inclusion.

Key differences in the survey coverage and data generated is outlined below:

FINSCOPE Livelihoods survey	FINANCIAL INCLUSION MODULE High level Indicators
Provides a detailed, in depth understanding of people's financial lives and their livelihoods.	*Specialised modular quarterly survey focused on key financial inclusion market updates, to measure progress against specific indicators*
The full FinScope covers: • Demographics, • Livelihoods and income generation, • Financial needs, • Financial decision making, • Access, uptake and usage, • Drivers and barriers to access, uptake and usage, and perceptions and attitudes • Depth of informal market understanding • Specialised gender focus	The survey covered: • Access, uptake and usage These were asked at a high level and no detailed product information was collected to ensure a more in depth reading of the market.
Sample weighted at individual level (all adults)	Sample weighted at household level

Sampling methodology

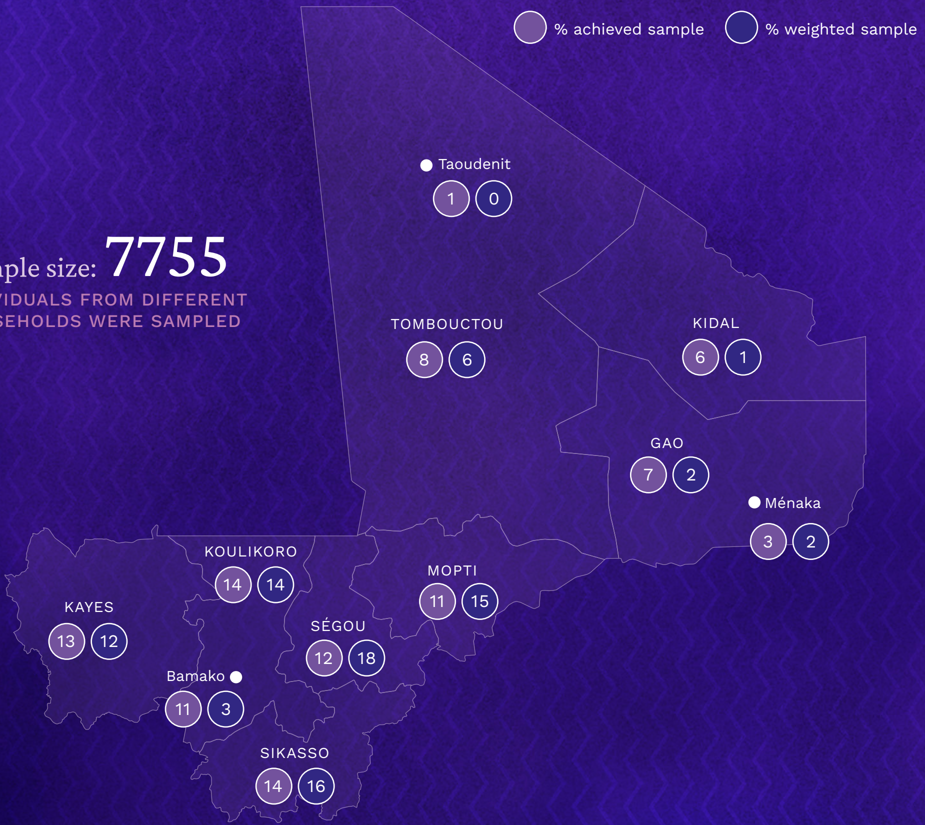
The EMOP household survey follows a probability sampling approach with key randomizing steps included to ensure a representative sample of households in Mali:

- Starting points selected using probability, proportionate to size for enumerator areas
- Random walk rules mean randomised distribution of surveys throughout the enumerator area (EA)
- The sample is representative of households at national, urban/rural, and regional levels. The sample is initially stratified by region and rural/urban domains
- The total sample is allocated to the regions of the country using probability proportional to size (PPS).
- The survey is designed to have representative indicators at the household level.
- Questions are answered by the head of the household or his/her representative in the household.
- The EMOP is not designed to be representative at the individual level.
- Questions can be asked of the individual respondent but this person is the household head or a representative of the household head.
- Individual level weights are provided so analysis can be done with confidence at this level, however, the results will skew towards more financially included people as these individuals are typically household heads.

SURVEY METHODOLOGY

Sample size: **7755**

INDIVIDUALS FROM DIFFERENT HOUSEHOLDS WERE SAMPLED



	URBAN	RURAL	MEN	WOMEN	<18 YEARS	18-24 YEARS	25-34 YEARS	35-44 YEARS	45+ YEARS
% achieved sample	36	64	50	50	56	9	12	10	14
% weighted sample	36	64	50	50	56	9	12	10	14

Defining financial inclusion

Total households in Mali

Financially included (formal)
Have or use formal financial products and/or services.

Formally excluded
Do not have or use any formal financial products and/or services.

Formally served
Have/use financial products and/or services provided by a formal financial institution (bank and/or non-bank). A formal financial institution is governed by a legal precedent of any kind and bound by legally recognised rules.

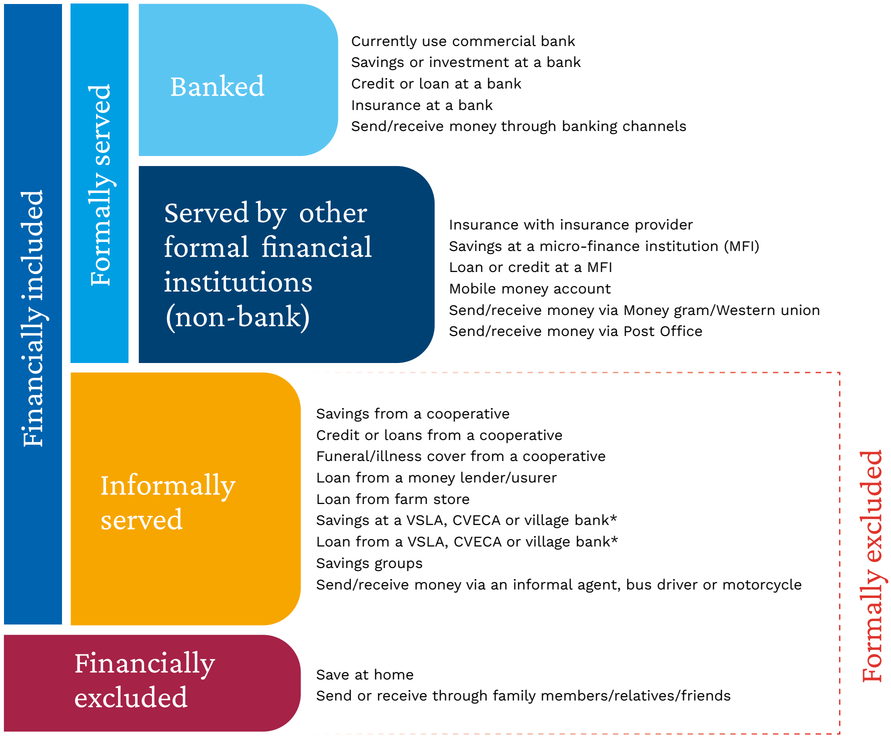
Informally served
Have/use financial products and/or services which are not regulated and operate without legal governance that would be recognised, eg Burial society.

Financially excluded
Do not have/use any financial products and/ or services, neither formal nor informal.

Banked
The percentage of adults who have/use financial products and/or services provided by banks that are registered and regulated. This is not necessarily exclusive usage, and these individuals could also be using financial products from other formal financial institutions, or informal institutions.

Served by other formal financial institutions
The percentage of adults that use financial products from non-bank formal institutions regulated or monitored by a supervisory authority as mandated by law, eg MFI's (both credit and deposit taking institutions), leasing companies, insurance companies, mobile financial service providers, savings and credit unions, co-operatives and postal savings institutions. These individuals could also be using informal products.

Classification of financial products and services

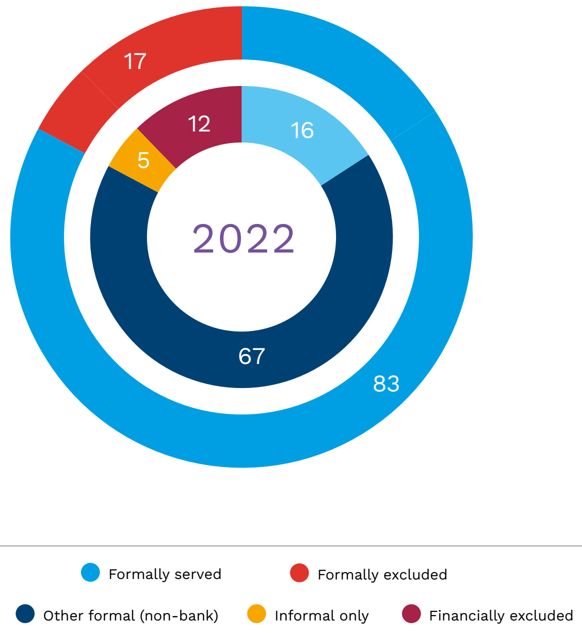


*These mechanisms are regulated and typically fall into the other formal bracket. However, in the questionnaire they were included in a single question that also included savings groups, an informal mechanism. The impact on the access strand is deemed minimal though (around 2%).

Access to formal financial services is driven by mobile money

Formal financial services are driven by mobile money accounts. 79% of adults in Mali have one or more registered mobile money accounts. Mobile money in turn seems to be largely driven by remittances.

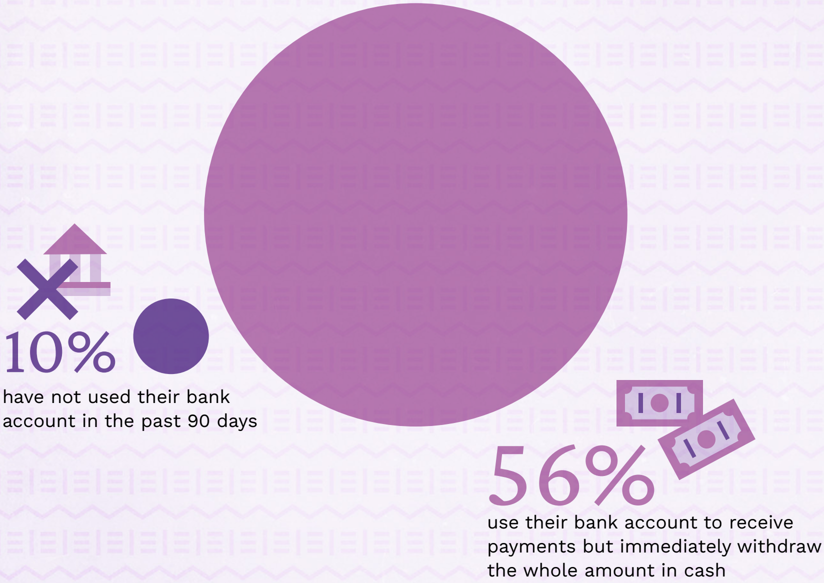
ACCESS STRAND (% OF ALL HOUSEHOLDS)



One in 10 bank accounts is dormant and cash is dominant

More than half of households that have bank accounts use their accounts as a post box from which they withdraw all of their money in cash.

% OF HOUSEHOLDS THAT ARE BANKED



While over eight out of ten adults in Mali is formally served only 16% are banked.

Other formal access is largely mobile money usage

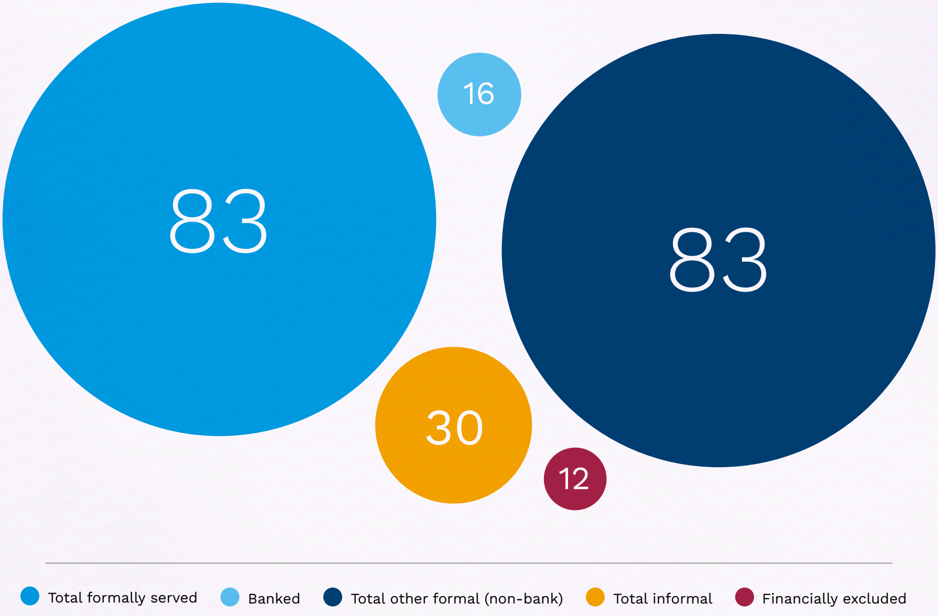
The informal sector may be providing greater depth beyond other formal access

KEY INDICATORS

Bank penetration is low, formal access is driven by other formal products

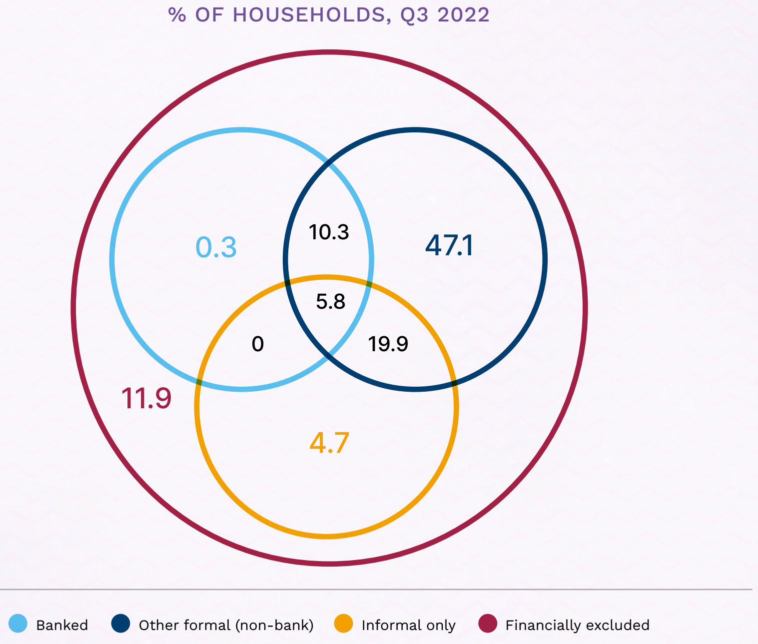
Mobile money makes formal financial services accessible to most adults in Mali.
Almost all household that are banked also use other formal financial services (largely mobile money).

% OF HOUSEHOLDS IN Q3 2022



High degree of overlap in usage with non-bank financial services

The combination of other formal products – largely mobile money – and informal products are largely meeting the needs of people in Mali.



25.7%

of households use a combination of formal and informal mechanisms to manage their financial needs, thus indicating that, for some, needs may not be fully met by the formal sector alone.

0.3%

of households rely exclusively on banking services and there is very little overlap between banked and informal usage. Almost everyone who has a bank product also uses an other formal product.

The majority of households are only using a single formal financial product, most likely a mobile money account

MULTIPLE FORMAL FINANCIAL PRODUCT USAGE (% OF HOUSEHOLDS THAT USE FORMAL FINANCIAL PRODUCTS)

0%	2%	18%	80%
4 types of product	3 types of product	2 types of product	1 type of product

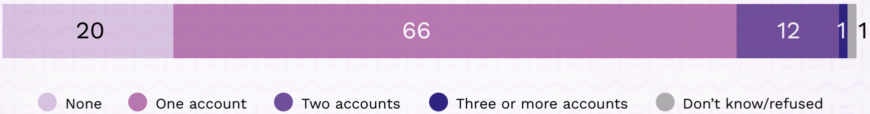
Types of formal financial products: credit, savings, insurance, transactional/remittances (maximum four types can be used)

KEY INDICATORS

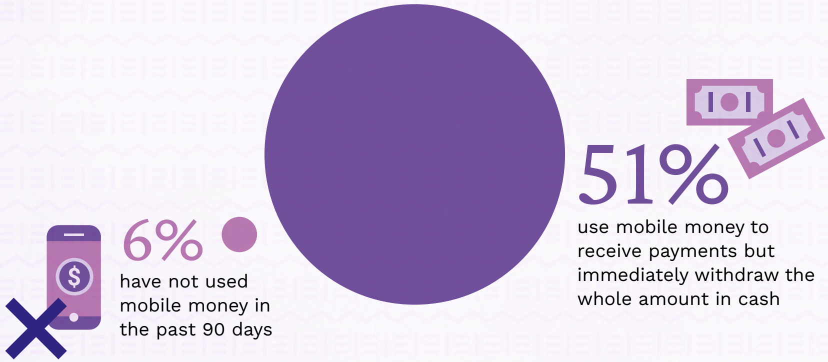
Almost 8 out of 10 adults have at least one registered mobile money account

Mobile money use is active, most registered users have used their accounts in the past 3 months. Half of mobile money users use their accounts as post boxes from which they withdraw cash.

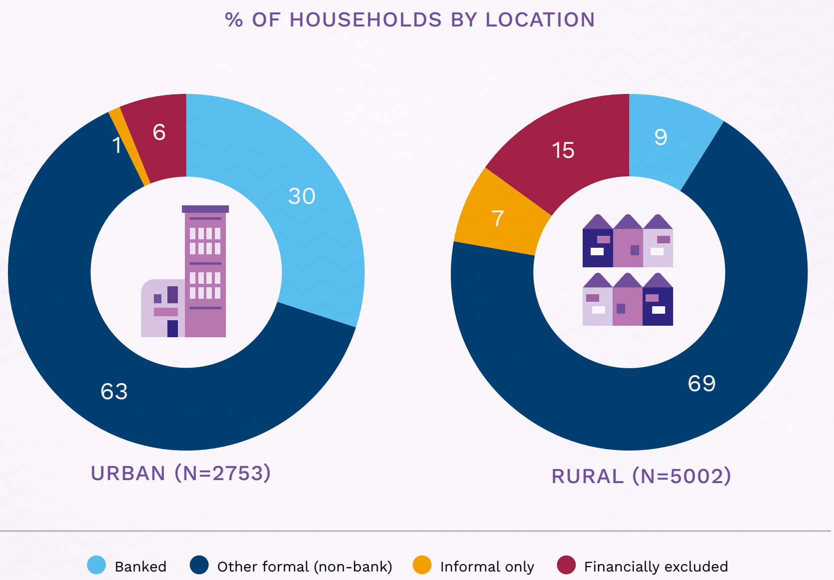
NUMBER OF REGISTERED MOBILE MONEY ACCOUNTS (%)



% OF HOUSEHOLDS THAT HAVE A REGISTERED MOBILE MONEY ACCOUNT



Mobile money accounts have a wide reach



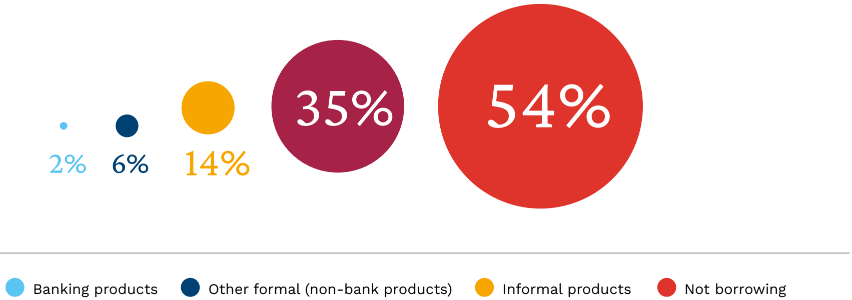
Urban people are far more likely to be banked than rural people, but other formal services are reaching rural areas.

Savings and investments

More households are saving at home than in any formal or informal mechanism. There is room for the banking sector to better meet the savings needs of people in Mali. While 16% of households are banked only 2% are using banks for savings.

2022 SAVINGS STRAND (% OF HOUSEHOLDS)

TOTAL SOURCES OF SAVING (% OF HOUSEHOLDS)



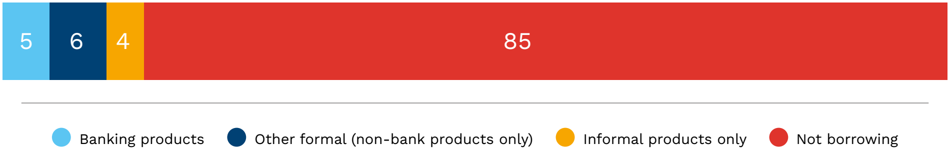
Note: Informal savings may include formal mechanisms such as VSLA's, CVECA's and village banks as these were included with savings groups, an informal mechanism, in the questionnaire. This adds about 10% to the informal segment. The impact on the overall financial access strand is much smaller though (only 2%).

KEY INDICATORS

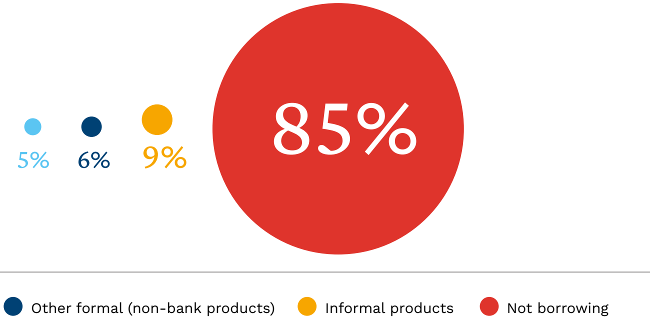
Credit and borrowing

Only 15% of households are borrowing. Only 5% borrow from banks, while 11% borrow from any formal source. 9% borrow from informal sources, half of which borrow from both formal and informal sources.

2022 CREDIT STRAND (% OF HOUSEHOLDS)



TOTAL SOURCES OF BORROWING (% OF HOUSEHOLDS)



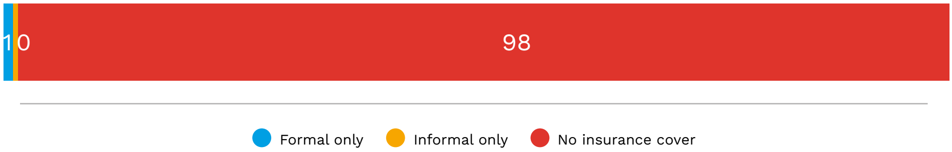
Note: Informal credit may include formal mechanisms such as VSLA's, CVECA's and village banks as these were included with savings groups, an informal mechanism, in the questionnaire. However, this has minimal impact on the results. Borrowing from social networks, ie. friends and family, may be omitted from this measurement as explicitly asking this was not included in the questionnaire.

KEY INDICATORS

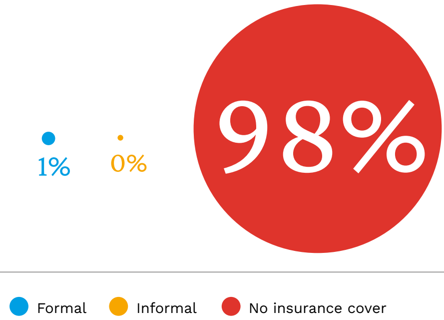
Insurance

There is almost no insurance coverage, be it formal or informal, in Mali.

2022 INSURANCE STRAND (% OF HOUSEHOLDS)



TOTAL SOURCES OF INSURANCE (% OF HOUSEHOLDS)



Note: Informal insurance is those who are members of funeral associations, this amounts to 0.4% of adults.

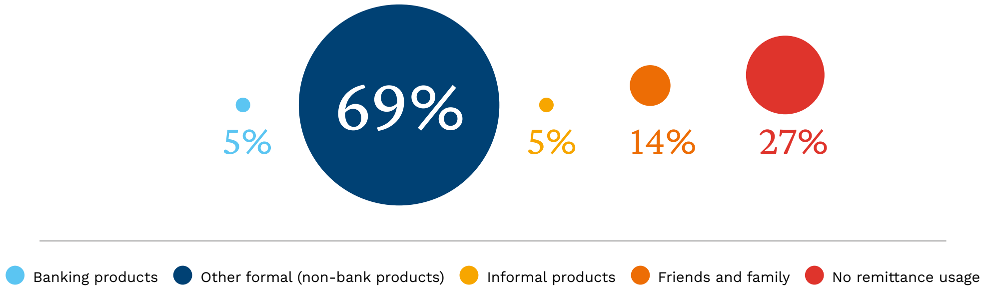
KEY INDICATORS

Remittances

Remittances using mobile money drives formal financial inclusion in Mali.

2022 REMITTANCE STRAND (% OF HOUSEHOLDS)

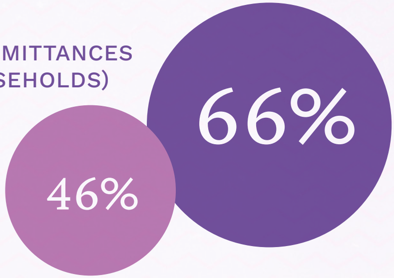
TOTAL SOURCES OF REMITTANCES (% OF HOUSEHOLDS)



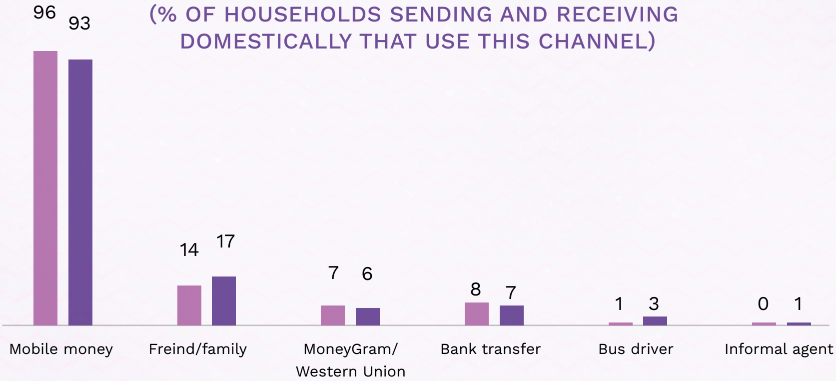
Domestic remittances

Mobile money is the channel of choice for domestic remittances.

DOMESTIC REMITTANCES
(% OF HOUSEHOLDS)

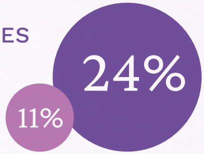


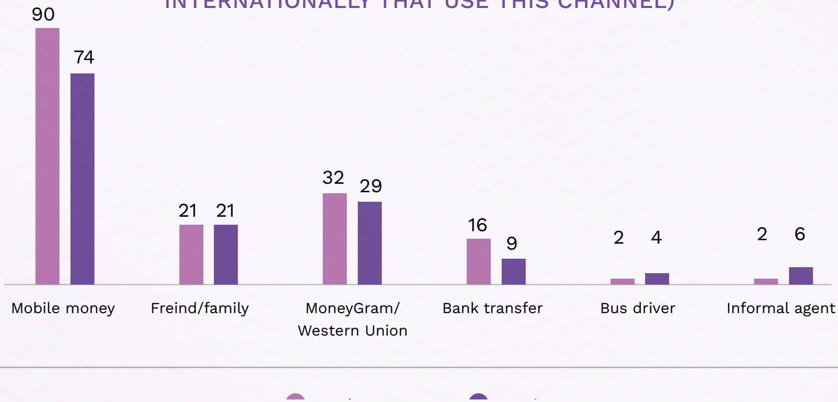
CHANNELS USED FOR DOMESTIC REMITTANCES
(% OF HOUSEHOLDS SENDING AND RECEIVING
DOMESTICALLY THAT USE THIS CHANNEL)



International remittances

Nearly one in four households in Mali are receiving money from outside of Mali's borders. Mobile money also dominates international remittances, but Money gram/Western union also service a large portion of the international remittance market.





KEY TAKE-OUTS

Financial inclusion is driven by payments and transactional accounts. However, this limits the ability to deepen engagement in the financial sector. To improve livelihoods contributing to inclusive growth, the use of financial services need to deepen, i.e. people need to use more than one type of formal financial services. Furthermore, usage of financial services need to support the achievement of real economic needs.

Overall

Mobile money is driving financial inclusion in Mali, with 79% of households having at least one registered mobile money account. However, most of this usage is limited to single transactions i.e. mobile money is largely still used as a post box.

Bank usage is relatively low at 16%, half of which is also used as a post box, but formal inclusion is high, with 83% having access to an 'other formal' financial service - other formal access is mobile money.

Remittances are common, with 66% receiving a domestic remittance with mobile money the primary channel.

Many bank and mobile money accounts are used to receive payments which are withdrawn in cash. This therefore does not contribute to financial sector deepening substantially.

For rural people

- 9% of rural households are banked but other formal services, driven by mobile money, are as ubiquitous in rural areas as they are in urban areas.

Channel and digital

- Nearly eight out of ten households have a registered mobile money account.
- Accounts are used to send and receive payments, but half of mobile money users typically use them to receive payments that they then cash out.

Savings

- Majority of savings are informal savings, that are kept in a safe place at home.
- More than half of households are not saving.

Credit

- Only one in ten households are borrowing formally.

Remittances

- Strong dependency on social networks as two out of three households receive remittances domestically and 22% receive international remittances.
- 46% are sending domestic remittances.
- Remittance channels are largely formal with mobile money providing a convenient remittance solution.