

MAP TOOLKIT SERIES

8

Additional resources
and support



TOOLKIT 8: Additional resources and support

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GLOSSARY OF TERMS

Glossary of terms

Access barrier: This refers to a factor outside of consumers' control that explicitly excludes the target market from using the financial product or service. Typically, there are five key access barriers (adapted from Porteous 2004): affordability; physical proximity; appropriateness of features to the target market; eligibility requirements in order to access the service – imposed by financial service providers; and regulatory requirements impacting on whether a person may access a service or not.

Access framework: This refers to the methodology used to assess products' implications for financial inclusion; it typically focuses on factors that may exclude individuals from being able to use a particular product.

Access frontier: The access frontier tool was developed to assist with understanding market development – providing a perspective view of individuals who can be served by the market over time. It typically estimates the maximum percentage of people who can access a particular product under certain terms and conditions.

Action plan (MAP): In the MAP context the action plan is developed from the financial inclusion roadmap and is the work plan detailing specific activities to pursue in order to operationalise the roadmap, as well as the roles and responsibilities, funding requirements and attendant timelines.

Aggregator: The term 'aggregator' is used to refer to third parties, including retailers, utilities, cooperative or any other entity with an existing client or member base that could be accessed for insurance distribution purposes.

Behaviour (cf. Usage): Behaviour refers to the drivers of usage and uptake as well as the culture of usage regarding certain products/services, e.g.: is it part of everyday life, or not common?

Business to person (B2P): This refers to a transfer or payment from a business to a person, for example to pay a wage. Where the business is informal, it can be denoted by 'b2P' (with 'b' in lower case, not caps).

Claims ratio (with regard to insurance): This refers to net claims paid over net premium income.

Credit: This can be defined as an advance against savings that one plans to make in future.

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GLOSSARY OF TERMS

Conducive policy and regulatory environment: A 'conducive environment' includes, among other things, least-cost regulation – namely the minimum compliance burden needed to achieve the regulatory objectives.

Demand: In the MAP research hypotheses, demand is defined as a need that can be satisfied through a formal service for which people are willing to pay.

Diagnostic: The diagnostic exercise (or simply 'the diagnostic') lies at the heart of the MAP methodology, being a comprehensive, country-level financial inclusion research exercise to identify actions and strategies that will improve the welfare of low-income households through increased financial inclusion. The diagnostic focuses on the four areas of: country context, regulation, demand and supply.

Donor to person (D2P): This is the same as a G2P payment (see definition - Government to person), except that the source of the funds is a donor rather than government.

Driver of use: This term (also sometimes 'use case') means an identified/ prominent use for or application of a particular product/service among the target market as illustrated through demand- and supply-side data. For example, paying bills or transferring money to relatives can be drivers of use for payments. The term can also highlight the need for a particular product, e.g. the need to invest in children's education represents a particular driver of use for savings.

Financial capability (of consumers): This can be defined as the knowledge, skills, attitude and behaviour necessary for using financial services.

Financial intermediation/financial distribution: Intermediation or distribution of financial services can be defined as the delivery of a product or service to the consumer (moving the product from providers to customers), as well as any interaction with the consumers.

FinScope: FinScope is a demand-side survey tool developed by FinMark Trust that has been used to inform financial inclusion for the past 10 years. The FinScope Consumer Survey has been conducted in 18 countries across Africa and Asia.

Government to person (G2P): This refers to a payment from government to an individual, e.g. a social grant or other type of transfer, or through the government payroll.

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GLOSSARY

Abbreviations and acronyms

A2ii	Access to Insurance Initiative
AML/CFT	Anti Money Laundering and Combating the Financing of Terrorism
ATM	Automatic Teller Machine
CBS	Central Bureau of Statistics
Cenfri	Centre for Financial Regulation and Inclusion
EA	Enumeration Area
FSS	Financial Self-sufficiency
G20	The Group of Twenty
GDP	Gross Domestic Product
GPFI	Global Partnership for Financial Inclusion
IMF	International Monetary Fund
IT	Information Technology
KYC	Know Your Customer
MAP	Making Access to Financial Services Possible
MECE	Mutually Exclusive, Collectively Exhaustive
MFI	Micro-finance Institution
MIS	Management Information System/s
NGO	Non-governmental organisation
OSS	Operational Self-sufficiency
POS	Point of Service
PPS	Probability Proportional to Size
SACCO	Savings and Credit Cooperative Organisation
SME	Small and Medium Enterprise
SMME	Small, Medium and Micro Enterprise
SMS	Short Message Service
SSB	Standard-setting Body
UNCDF	United Nations Capital Development Fund

Informal: For the purpose of a MAP diagnostic, 'informality' is defined as any product or service rendered without the provider thereof being regulated or supervised to do so.

Insurance: Insurance can be defined as an arrangement or contract whereby one party (a company, community-based structure or government agency) provides another party (an individual or a business) with a guarantee of compensation for a specified loss, damage, illness, or death in future, in return for the payment of a premium.

Least-cost regulation: With regard to the policy and regulatory environment, this means the minimum compliance burden needed to achieve the regulatory objectives.

MAP: The Making Access to Financial Services Possible (MAP) programme is a multi-country project to develop, pilot and codify financial inclusion approaches and strategies.

Microinsurance: This can be broadly defined as insurance targeted at the low-income or underserved market.

Payments: Payments are the most basic financial service need and often the first formal financial service used by a household.

Person to business (P2B): This refers to a transfer or payment from a person to a business, e.g. to procure a good or service. Where the business is informal, it can be denoted by 'P2b' (with 'b' in lower case, not caps).

Person to person (P2P): This refers to a transfer or payment from one natural person to another, be it a payment for goods or services rendered, or a remittance. A natural person refers to individual consumers transacting as part of day-to-day activity, based on consumption of goods and services.

Policy: The term 'policy' denotes here the declared intention of a government on how it wishes to order the financial sector and the objectives that it wishes to achieve.

Products (four in the MAP financial inclusion context): These comprise savings, payments, credit and insurance.

Regulation: This refers to binding legal rules, applicable to the financial sector, that can take various forms. Although 'policy', 'regulation' and 'supervision' are separate things, the toolkits sometimes refer only to 'regulation' – as a collective for all three of these.

Roadmap (MAP): The national financial inclusion roadmap is developed from the findings of the diagnostic exercise and is a strategic document setting out the objectives and priorities of the implementation process. It is complemented by a detailed action plan.

Savings: Savings can be defined simply as store of value and/or investment – putting money aside for future use; i.e. forgoing current consumption for future consumption.

Stakeholders: In the MAP context, this refers to a broad range of players from the private and public sectors: government counterparties; industry stakeholders (including some not traditionally involved in the delivery of financial services); the diagnostic team; and specialised working groups.

Stakeholder engagement: Ongoing stakeholder engagement underpins the entire in-country MAP project and is key to obtaining the necessary buy-in and aligning resources for effective implementation.

Supervision: Supervision describes the functions or actions whereby the state seeks to ensure compliance with regulation.

Triangulation: Triangulation, as the term is used in these toolkits, refers to the use of different methods to arrive at or verify results.

Usage: Usage refers to actual uptake of financial products – while behaviour refers to the drivers of usage and uptake as well as the culture of usage regarding certain products/services, e.g. is it part of everyday life, or not common?

Usage barrier: This refers to a factor that does not actively prevent the target market from using a financial service, but serves to discourage them from doing so.

TOOLKIT 8

DIAGNOSTIC RESOURCE A

Diagnostic Resource A: Institutions to consult

One of the primary means of collecting up-to-date information is through meetings with institutions. The time in-country should be used to meet as many institutions as possible, but it will not be possible to meet with each and every relevant role player. Making the most of this process requires informed prioritisation to ensure optimised use of your time.

Step 1: Identify institutions

Through desktop research and conversations with in-country advisors before going in-country, you should compile an extensive list of the institutions in the market and the questions you plan to ask.

Thereafter, you should arrange meetings with the intention of consulting a representative sample of players across the financial services value chain and regulators. These should deliver an overview of the full range of financial products and actual as well as high-potential distribution mechanisms.

Table 1. Categories of institutions to meet with

Stakeholders to consult include the following (this list is indicative rather than exhaustive):

Categories of institutions to meet	Why relevant?
Diagnostic team/consultants Policymakers, regulators, supervisors. The regulatory authorities for each of the four market segments, as well as the financial sector policymaker (typically the Ministry of Finance and/or the central bank) are the primary stakeholders to consult in order to map the regulatory scheme. More than one meeting may be necessary per institution (e.g. bank supervision and payments system departments in the central bank). Furthermore, it will be important to have meetings with: <ul style="list-style-type: none">• If applicable: the body or authority that houses a financial sector development strategy or plan, e.g. a financial inclusion or microfinance strategy. This would typically be the central bank.• Ministries or authorities responsible for ancillary areas of regulation that will be of relevance to the development of the financial services market: e.g. the ministries tasked with cooperatives, health, social development and economic development, as well as the tax authorities. In economies where there is a national planning ministry, it will be important to consult them too.• The financial intelligence unit (if a stand-alone body) responsible for AML/CFT enforcement.	Understand the policy and regulatory landscape, obtain key pieces of legislation; understand the regulatory barriers and challenges, as well as the impact of capacity constraints
National statistics office/agency	Ascertain data availability, gain an overview of available consumer and provider data
Industry associations (e.g. banking, investment, insurance, broker) or apex bodies (e.g. for cooperatives, building societies, credit unions)	Gain an understanding of operational and regulatory constraints, the competitive landscape, and evolution of the industry

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The selection of institutions to meet with requires a strategy to ensure that you gain representative information as well as data relevant for testing hypotheses. The aim should be to target institutions that are at the forefront of development and the ones that are seen as market leaders, as well as new or left-field players that may be relevant from a financial inclusion point of view.

Step 2: Determine whom to meet with

Once the institutions are identified, the next step is to review which individual/s to speak to within the organisation. Through research and exploratory phone calls, you should aim to understand who within the organisation is relevant to financial inclusion issues, and who are the key decision makers, or key champions for change. The targeted conversation partner will be different depending on what information is sought. Often it will be the MD or CEO; at other times the desired outcome is achieved by speaking to the marketing manager/director, the head of product

Table 1. Categories of institutions to meet with

Categories of institutions to meet	Why relevant?
State/development banks or credit providers	Understand their mandate, obtain information about the institution and its customers, understand competitive dynamics and state focus
Commercial banks	Obtain information about the institution, its customers and footprint, understand competitive dynamics, priorities, incentives, and interest in reaching into the unserved market
Insurers	
Microbanks, MFIs and cooperatives	
ROSCAs or ACSAs¹ (informal)	
Rural finance associations	Explore their current and potential role in financial services distribution, understand their footprint and operational model
Current and potential alternative distribution channels, e.g.: <ul style="list-style-type: none"> • Mobile network operators • Post Office • Agro-dealers • Retailers • Fuel station networks 	
Local financial experts and financial sector lawyer	Sense-check hypotheses, understand financial services market evolution, identify underlying trends and relationships, understand regulatory framework and issues
Donors	Understand the landscape and stakeholder relationships; gain international comparison information; gain an overview of existing publication and research currently in action

¹ Rotating Savings and Credit Association or Accumulating Savings and Credit Associations. See http://en.wikipedia.org/wiki/Rotating_Savings_and_Credit_Association

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development, or even the legal counsel, depending on what information is needed. Gate-keepers, like the personal assistant of the MD, are well placed to identify the most suitable resource in a company.

Step 3: Schedule meetings

Meeting as many institutions as possible in the short window of a two-week country visit requires careful planning. You may have to consider the vicinity of institutions to each other as part of the scheduling process to save on travel time. It may also be necessary for the consultant team to split up, should meetings overlap, in order to fit in as many meetings as possible. If this is the case, be sure to schedule a team debrief at the end of every day to compare notes. This ensures that everyone is up to date on the insights from and implications of all the meetings held.

NOTE: Meetings to be scheduled for 1 hour each, allowing half an hour or so between meetings. Some meetings may be scheduled for longer than one hour. This will be discussed with the consultant.

Figure 2. Illustrative meeting schedule

An illustrative meeting schedule from MAP Myanmar is copied below as an example of how meetings can be structured.

Team 2: Cenfri (Insurance, credit, distribution, agriculture, consumer protection)						Team 3: Cenfri (Insurance, credit, distribution, agriculture, consumer protection)					
Mon. 20/04	Organisation	Person & position	Contact Number	Venue	Notes	Mon. 20/04	Organisation	Person & position	Contact Number	Venue	Notes
8:00						8:00					
8:30						8:30					
9:00	Sein Pawn Shop	U Wunna Htut, Owner	09-5194300	Sein Gold Pawn Shop, Tharkayta Htoo Par Yone (Thit Zay Kway), Zingama Housing, Tharkayta Tsp.		9:00	Asia Square Power Group Limited (Rice Specialization)	Daw Mi Mi Khin, MD, Ko Soe Moe Htet	09-5179626	No.32, Myint Zu St., Parami	
9:30						9:30					
10:00						10:00					
10:30	Myanmar Livestock and Fisheries Development Bank Ltd	U Aung Myint, MD	-389365	Corner of Shwe Bon Thar Road and Merchant Rd	Ko Aung Aung	10:30					
11:00						11:00	IKBZ Insurance Public Company	MD	09-7324 3551, 09-73250173	1st floor, Bo Set Pet Tower, Corner of Bo Sun Pet Street and Merchant	
11:30						11:30					
12:00						12:00					
12:30						12:30					
13:00	Bazar Savings and Credit Cooperative	U Aye Win, Chairman, U Tin Win	09-43071273	Danyingone Market, Thama Building		13:00	Pan Tha Zin Microfinance Co-op	Daw Ni Ni Win, Chairman	09-73026082, 09-49343062	No. 536, Myo Pat St., Ywar Ma West Ward, Innsein Tsp.	
13:30						13:30					
14:00						14:00					
14:30						14:30					
15:00	Asia Green Development Plus: Myanmar Payment Union	U Ye Min Oo, MD	95-1-523912	No.519, Pyay Road, Kamaryut Township, Yangon, Myanmar		15:00	Asia Green Development		95-1-523912, 523903	No.519, Pyay Road, Kamaryut Township, Yangon, Myanmar	
15:30						15:30					
16:00						16:00					
16:30						16:30					
17:00						17:00					
17:30						17:30					
Tues. 21/04	Organisation	Person & position	Contact Number	Venue	Notes	Tues. 21/04	Organisation	Person & position	Contact Number	Venue	Notes
8:00						8:00					
8:30						8:30					
9:00	KPMG					9:00					
9:30						9:30					
10:00						10:00	Myanmar Citizens Bank	U Myint Win, Chairman	-379175	No.383, Mahabandoola Road, Kyauktada Tsp	
10:30						10:30					
11:00	Central Co-operative Society	U Kyaw Thein, Chief Executive Officer	95-1-554687	Sayasan Plaza, Junction of Sayasan Road & New University Avenue Road, Bahan Township, Yangon, Myanmar		11:00	Aung Thitsa Oo Insurance Co., Ltd.	U Ba Tun, MD, Daw Mar Lar Nyunt (GM)	2301407, 959 5104046	Room 602/604, Myawaddy Bank Luxury Complex, No.151, Bogyoke Aung San Road, Lanmadaw Township, Yangon, Myanmar.	Ye Zaw Myint (Admin. Manager)
11:30						11:30					
12:00						12:30					
12:30											
13:00	KBZ Bank	U Than Cho Senior MD		Pyay Road, 6th Floor	95-538381-80 (In'il Relation) Ma Wint Wint	13:00					
13:30		U Chit Myat No Thu Senior GM				13:30					
14:00		U Zaw Lin Htut Senior GM				14:00	Yo Ma Bank	Hal Boshier, CEO	-248904	FMI Centre, Room 606,610, Level 6, 380, Bogyoke Aung San Road, Pebedan Tsp	Htet Htet Nyan (Assistant to CEO)
14:30						14:30					
15:00						15:00					
15:30						15:30					
16:00	UNDP					16:00	UNDP				
16:30						16:30					
17:00						17:00					

Diagnostic Resource B: Illustrative interview questions

Once meetings are scheduled, the focus needs to shift to the tactics of the individual meetings. MAP does not use a fixed interview questionnaire. The tactics for each meeting will be dynamic, as each conversation may have an impact on subsequent conversations. More or less ground may be covered during the meeting than expected, and conversations may spark interesting new lines of enquiry that should be pursued. This resource gives in-principle tips for how to approach meetings and provides guidance on areas and questions to cover in interviews.

Step 1: Preparation

Good preparation is required to ensure that meetings render sufficient insights. Prepare for meetings by formulating all the potentially relevant questions to ask the counterpart, meeting by meeting, taking into consideration the specific expertise or focus of the person to whom you will be speaking. In compiling the list of questions, it is essential to draw on desktop research to already understand the landscape and particular features and trends as far as possible. This will allow you to focus the questions only on elements that you do not already know, or to double-check insights gained from desktop research.

Before each meeting, reassess the sequence and list of questions in the light of the information gained from previous interviews. Given the limited time for each meeting, it is good practice to enter the meeting with prioritised questions, sorted into 'must-haves' and 'nice-to-haves'.

Step 2: Structuring each interview

As interviews are normally limited to an hour or an hour and a half in length, it may not be possible to cover all the ground you had hoped to cover. As a consequence, the meeting should deliver not just content, but also access. Use the meeting to gain the buy-in of senior conversation partners and ask them to authorise staff to provide further technical information after the meeting. In this way you can use the 'face time' with senior people to focus on big issues, and pursue the outstanding details after the meeting.

The questions used in meetings should also (to some extent) focus on double checking the data points gathered before the meetings as well as filling in any data gaps. This data collection process is discussed in more detail in [Diagnostic Resource C](#).

COLOUR CODING: To make it easier, you can highlight the cells in the meeting schedule as follows:

Green: Confirmed **Yellow:** Tentative

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DIAGNOSTIC RESOURCE B

Achieving the desired level of focus is only possible by being clear about what you want out of the meeting – and that again requires careful preparation. A helpful guideline is to structure the questions around key headings or categories of questions to be covered in each interview (discussed below).

Questions for providers

Note: This section of the resource is especially applicable to the interviews to be conducted for Toolkit 6, focusing on the supply-side research and analysis, although as you will note regulatory aspects are included.

It is useful to start the conversation with an introduction of the MAP project and its purpose, as well as to give an overview of the ground that you want to cover in the meeting. Thereafter, ask the interviewee to give an overview of their organisation by means of introduction, but be careful to manage this part of the conversation so that it does not take up a disproportionate amount of time.

Thereafter, the provider interviews can be structured according to eight core categories of questions that, together, will ensure that all the necessary ground is covered:

1. Organisational structure, ownership, history: This set of questions is intended to cover questions that help understand an organisation's motivations and actions. In it you seek to understand who is currently in control, what their intention is and with which goal the institution was founded. As with all questions the relevance of this line of questioning needs to be gauged based on the specific organisation, but experience has shown that this question may reveal limited information that is not already publicly available and may lead to a long and detailed discussion. Given the time constraints it is therefore important for the interviewer to try to highlight the important specifics, rather than spending precious meeting time receiving a detailed description of the management structure.

2. Infrastructure and distribution: These questions aim to establish where the organisation currently has presence, where it can easily expand to in the future and what the key issues/barriers are that currently constrain the provision of financial services.

3. MIS and staff complement: These questions capture the institution's capacity to serve the low-income market by revealing its human resource capacity and management systems sophistication, including whether it runs a paper-based or electronic back-office system.

4. Product portfolio and client base: These questions seek to identify the current scope and scale of supply, as well as any particular gaps and opportunities.

5. Performance: This set of questions is aimed at establishing whether the institutions have the financial resources to serve the lower-income market, where margins tend to be low.

6. Regulatory environment: This set of questions aims to gauge how the regulatory framework impacts on the operating decisions of the organisation.

7. Looking ahead: After grasping the current situation and incentives of an institution, investigate the drivers of change and future priorities. Also consider information about the competitive space of the institution and how this influences its future strategy.

8. Bigger-picture gaps and opportunities. A useful way to close the meeting is to ask interviewees what, in their opinion, are the major barriers and/or opportunities for increasing access to finance in the country more broadly. After having engaged with you for the course of the interview (and therefore being forced to think through the topic at least superficially) this allows the interviewee the opportunity to add any further insights that were not revealed during the interview. As you are asking for the interviewee's personal opinion, it lifts the responsibility to represent the organisation specifically. This is very useful in early interviews as it allows you to pick up on additional issues you may have missed or be unaware of and can then test in later interviews so as to conclude on the issues that are front of mind. This question can apply to all interviews, not just those with providers.

Below, a number of example questions are provided for each category. The list is not intended to be exhaustive. Note that the actual questions may differ depending on which type of institution is interviewed. For instance, ownership questions for commercial banks may differ from not-for-profit MFIs. Similarly, while most of the questions are applicable across the four product markets (savings, payments, credit and insurance), there may be differences or nuances between them. The questions therefore need to be adapted according to the specific institution interviewed and its product focus.

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Table 1. Indicative provider questions

Category	Example questions
1. Organisational structure, ownership and history	<ul style="list-style-type: none"> What is the nature of ownership of the organisation? For instance: Shareholders, funders, members, subsidiary of larger business group, non-governmental, not for profit, government etc.² What is the institutional history? How long has the organisation been in operation? What are its origins (e.g. governmental or community-based roots)? What are the sources of funding? For example: Deposits, income from loans, government funding, equity, donor funding, etc.³ <p>What are the core services offered?</p>
2. Infrastructure and distribution <p>TIP: Most interviewees are unlikely to know the exact details of most of these questions (and if they claim to, it is quite possible that they misremember). Therefore it is best here to request that you correspond later for the exact details and rather focus on discussing overall strategy (current and future) regarding distribution.</p>	<ul style="list-style-type: none"> What are the various distribution channels used and how is turnover spread between the different channels? 4 What is the size, physical footprint and growth history of the institution's branch network? 5 <i>For banks:</i> <ul style="list-style-type: none"> What is the number of ATMs, POS devices and cards issued? What is the reliability/service quality of electronic channels (e.g. percentage down time on mobile or internet channels)? What is the infrastructure and distribution strategy going forward: do they have plans to leverage mobile and/or agent banking? <i>For insurers:</i> <ul style="list-style-type: none"> What is the number of agents and brokers? What is the role of agents and brokers vis-à-vis other channels? What is the distribution strategy going forward? <i>For MFIs:</i> <ul style="list-style-type: none"> Is group-style lending or community-based distribution being used?
3. Management information systems (MIS) and staff <p>TIP: The country context will determine whether this line of questioning is worth exploring in detail. Generally, it would be most significant if they still use paper-based systems. The number of staff gives an idea of efficiencies and capacity. However, caution against spending too much interview time obtaining the exact staffing details – rather obtain permission to follow up afterwards where relevant.</p>	<ul style="list-style-type: none"> Do they use a paper-based or electronic MIS? What is the level of connectivity between branches? What is the total number of staff? What is the typical number of staff per branch? <i>For credit providers:</i> <ul style="list-style-type: none"> What proportion of the staff are loan officers? Is loan approval centralised (at head office) or decentralised (at branch)? To what extent (if any) are community groups/committees leveraged to approve/distribute loans?

² The answer can lead to further questioning. For example: if owned by shareholders, who are the main shareholders? Or, if owned by a larger business group, what are the other/main activities of the group?

³ If donor funding sustains operations, for instance, this will dictate the organisation's mandate and focus. On the other hand, if deposits are the only source of funding (for credit-providing institutions), this will have implications when considering rapid scaling of operation.

⁴ For example: are physical branches used or does the organisation have loan officers (in the case of credit providers) or agents (insurers) that visit a location once a week/month? What about mobile channels, or the use of existing retailer or post office networks? These questions provide insights into the operations of an institution, including its ability to scale up operations, but are also relevant when determining access to financial services (affordability and physical access/proximity).

⁵ Data on how many new branches have been opened over the past five years could give a good indication of an institution's growth trajectory, but could also provide insights into the market environment and an institution's strategy/focus.

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Category	Example questions
	<ul style="list-style-type: none"> • <i>For insurers:</i> • What is the number of staff with a technical insurance qualification? • What is the qualification of agents? • How quickly can new agents be trained?
4. Product portfolio and client base	<ul style="list-style-type: none"> • What is the main product focus and what is the strategy behind this? • How many customers do they have? • How do they approach the target market – do they segment it into different target markets? Where does their main focus lie? • Which product types are particularly profitable or challenging? • What is their entry-level product (including its features) and who is the target market for this? • Do they have product brochures you can access or documents describing the product portfolio? • <i>For insurers:</i> • What is the reason for the main product classes being offered? • Are any of the product classes being offered compulsory? • <i>For deposit-taking and credit-providing institutions:</i> • What proportion of their product portfolio is targeted at individuals (versus institutions or businesses)? • What is the average size of deposits and loans disbursed to individuals? • What are the eligibility criteria for opening an account? • Do they have any loan products that do not require collateral? • Do they have SMME-focused loan products, and what are the features thereof? • What proportion of personal loan repayments are deducted from payroll?
5. Performance <p>TIP: Most organisations are not willing to share the specifics of profitability. Even when their financials are publicly available, approaching this question tends to cause suspicion and only very generalised answers (e.g. 'market norms'). This question should therefore be broached cautiously.</p>	<ul style="list-style-type: none"> • What are the main sources of revenue (and the split between retail and corporate and interest and non-interest income)? • What is overall profitability, and what are the trends in this regard? • Views on challenges to profitability? • What are the main cost and profit drivers? • Is it profitable to serve the mass retail market? If not, what are the main challenges? • Is there any profit incentive to move downmarket? • <i>For credit-providing institutions:</i> • What is the loan-to-deposit ratio, and how has this changed over time? • What is the non-performing loans (NPL) situation, and is there any trend/seasonality associated with this? • <i>For insurers:</i> • What do claims ratios look like, and what are the reasons for particularly high or low claims ratios? • What is the ratio of premiums to policy value, and how has this changed over time?

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DIAGNOSTIC RESOURCE B

Category	Example questions
6 Regulatory environment	<ul style="list-style-type: none">• What are the main regulatory challenges or obstacles currently experienced by the institution?• What regulatory changes would enhance their ability to serve lower-income customers?• What are the capital adequacy and other entry requirements, and how do these entry requirements shape the market and competition?• Are there any pertinent market conduct requirements shaping the way that they do business, and what are the incentives/ability to expand downmarket?• What are the main aspects of compliance cost, and how does it impact on profitability?• Are there any limits to loan amounts, deposit amounts, exposure amounts, or interest rate caps etc. and how does this impact on business? Specifically, does this impact on their ability and incentive to serve the previously unserved/mass retail market?• Are there restrictions on cross-selling (e.g. banks may not provide microfinance or insurance)?• Are there any restrictions in terms of raising funding, such as restrictions on issuing bonds or raising foreign long-term funding?• Are there any requirements in terms of opening branches?• Are there any regulations around foreign entry or local ownership?
7/8. Looking ahead (company specific)/Bigger picture (industry-wide)	<ul style="list-style-type: none">• What are the main strategic priorities?• Where do they see opportunity in extending the market (and in which product areas)?• Which distribution channels are likely to drive market expansion, and why?• What are the competitive dynamics in the industry, and how is the industry likely to evolve in the future?• What are the main challenges (market and regulatory) to market expansion at scale?

The points above will need to be adapted for meetings with industry bodies, associations or current or potential distribution channels. In each instance, the focus should be on the core elements of relevance to the particular institution and in order to position it in the broader landscape.

Remember: A thorough analysis of a financial system rests on an understanding of the collective landscape. Each interview should be used strategically to build a broad picture of the landscape, its features, trends and the underlying driving forces at work.

Questions for policymakers, regulators and supervisors

Note: This section of the resource is applicable especially to the interviews to be conducted for **Toolkit 4**, focusing on the regulatory research and analysis.

The questions to be asked will differ depending on the regulatory authority consulted. Before conducting the interviews, you should be familiar with at least the main legislation available so that the questions are aimed at: i) checking your own understanding of it; ii) checking if there are any relevant provisions that you are not yet familiar with; and iii) checking the perception of the current provisions with the interviewee – in some countries there are frequently widely differing perceptions of which entities are subject to which regulation, and it is important to understand not only what the law says, but also how it is interpreted by the supervisors.

Below is an indicative list of potential questions to cover:

- *Is financial inclusion an objective? If so, where is it captured and in what ways does it feed into the current and planned regulatory framework? Is there some overarching financial inclusion policy?*
- *Which institutions does the particular regulator oversee and are there any issues with demarcation vis-à-vis other regulators?* Try to gauge how good cooperation/coordination is between regulators.
- *What are the various pieces of legislation that are applicable to the particular product market?*
- *What are the main prudential and market conduct provisions?*
- *Who may become a licensed player in the particular product market, and under what conditions?*
- *Who may sell/intermediate financial services in the particular product market, and under what conditions?*
- *What is their view in terms of how 'access-friendly' these requirements are?* Probe: playing field, ability to leverage non-traditional players for distribution purposes, main compliance costs.
- *What areas of regulation outside of their jurisdiction will be of relevance to the development of the particular product market? In what way?* (Probe e.g. AML/CFT regulation.)

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- *Are there any ongoing regulatory reforms? If so, what are they, and what is the history/context to them?*
- Probe if there are specific, relevant regulatory plans or processes with regard to e.g. electronic money, interoperability, agent distribution (banks and payment system), or alternative distribution and microinsurance regulation (insurance). Given its prevalence it will usually be worthwhile to ask appropriate regulators specifically about the regulatory environment under which e-money or mobile money operates or could operate.
- *In what way is current and planned policy and regulation shaped by international standards?*
- *In what way do the local context and realities inform regulation?*
- *Do they follow a risk-based/proportionate approach? If so, in what way? (If not, do they know what it is and what the international SSBs allow for in this regard?)*
- *What is their supervisory capacity (in terms of total staff members and number of technical staff relative to the size of market that they must supervise)? What are the main capacity challenges and what are the main capacity-building needs?* Probe reporting and analysis of data (offsite monitoring), supervisory manuals and systems, ability to conduct onsite monitoring, and how many onsite inspections they do annually relative to size of market.
- *How does consumer recourse work? What are the challenges in this regard? What other consumer protection mechanism are in place?* (Probe elements of market conduct regulation, disclosure requirements etc.)
- *What are the main regulatory concerns/areas of compliance cost expressed by industry players?* Probe any issues that prior interviews with financial institutions highlighted.
- *What are the main issues and challenges in the market as they see it – thus far, and for the future?* Probe financial soundness, competitiveness, skills shortages, investment opportunities etc.
- *What would need to change in the market for financial inclusion to be possible at scale? What is their role vis-à-vis that of the market?*



TIP: Apart from the questions covered during the interview, use the regulatory interviews to obtain access to aggregated industry data as contained in supervisory annual reports and datasets (if not already available online). This can include data regarding the number of players, outlets and distributors, as well as the financial soundness of players.

Diagnostic Resource C: Data templates

Whereas **Diagnostic Resource B** describes the types of questions to be asked during supply-side and regulator meetings respectively, this resource describes specific data points that should be collected through desktop research during the course of the project – as far as possible before meetings.

Note: For this purpose, a suggested list of context indicators as well as product and provider data collection tables will be provided to consultants in Excel spreadsheet format. The tables provided below are a summary of these templates, included here for indicative purposes.



Where to find the data?

The primary source for the product and provider data will be published annual reports, product brochures and the regulator's annual report or statistical databases based on statutory returns.

In addition, there should be specific provision made to conduct mystery shopping in order to collect all relevant entry-level product information as it is presented to customers. Mystery shopping (i.e. going to a branch or outlet and asking about the products on offer and their details) can help to fill in gaps in the data supplied by financial institutions or regulators. Furthermore, it serves as an important check on the information provided by suppliers, as there may be inconsistencies between head office policy and practices on the ground. For example: banks may say that proof of income is not a requirement to open an account, but in practice, customers may be asked for it and may experience difficulties if unable to produce a payslip. Or: head office policy may be to disclose fees, but customers asking for a schedule of fees from the branch may be frustrated in their efforts. Mystery shopping therefore provides some insight into the customer experience.

Once filled in, the data tables will likely highlight data gaps or missing information, which can then be followed up during the interviews. The collected data will furthermore provide valuable background to the actual interviews, plus is an important input to the analytical process and final deliverables.

Ideally, the information-gathering process should be closely guided by the data templates to make collation of data across countries easier. However, conditions on the ground may be different from what was expected, so amendments may be required to suit specific circumstances. This is especially relevant in the case of the context indicators, as context differs substantially across countries. Furthermore, it may not be possible to obtain each and every data point indicated in the templates. The exact data to be collected and effort invested in obtaining hard-to-find data points should be assessed relative to the importance of various data points in achieving the objectives of the study.

Context template

Table 1 provides a list of aspects to take note of when exploring the context surrounding financial services – this table is useful for those conducting the research and analysis for Toolkit 3, on country context, as well as for informing the regulatory and supply-side research.

Note: It can also be useful to explore historical and comparative context aspects (e.g. across countries).

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Table 1. Data points to be collected on country context

Category	Actual data points to be collected
Macroeconomic factors	<ul style="list-style-type: none"> • GDP growth over the past year, five years and decade • GDP per capita: current, and growth over the past 5 years and past decade, respectively • Inflation: current level and trends over the past 5, 10 and 20 years • Main sources of government revenue, including taxation levels and tax revenue as a percentage of GDP • Government debt as a percentage of GDP • Interest rates on main government debt instruments • Government debt rating • Foreign support as a percentage of government budget • Percentage shares of primary, secondary and tertiary sectors in GDP • Geographical spread of economic activity: percentage of GDP by rural vs urban, or by province state or region
Demographics	<ul style="list-style-type: none"> • Population size • Average household size • Age distribution • Gender distribution • Religious affiliation and networks • Level of urbanisation • Domestic and cross-border migration trends: percentage of foreign nationals in-country relative to population; percentage of the population abroad; percentage of intra-regional domestic migrants • Literacy rate • Education levels/completion rates (primary, secondary and tertiary) • Skills distribution
Political economy	<ul style="list-style-type: none"> • Details of the legislative process • Details of the administrative system • Type of political system (e.g. democracy versus socialism, parliamentary versus presidential, dominant party vs multi-party democracy) • Current political ideology • Political stability and whether there have been any elected government changes in the past five, 10 or 20 years, respectively • Relevant development policies of regional economic bodies to which the country belongs • Social protection policies • Indigenisation policies • Privatisation trends
Socio-economic factors	<ul style="list-style-type: none"> • Income distribution, average income and Gini coefficient • National poverty line definition and rate • Poverty rate: <ul style="list-style-type: none"> ◦ Absolute poverty levels (less than US\$1.25 a day) ◦ Moderate poverty levels (less than US\$2 a day) • Poverty gap (average difference between income levels and poverty line) • Size of labour force • Structure of formal employment by sector • Size and nature of unemployment • Size and nature of informal employment

Category	Actual data points to be collected
Public infrastructure	<ul style="list-style-type: none"> • Details of private property regime • Details of property registration regime • Average length of time to secure a final judgment in a civil case: <ul style="list-style-type: none"> ◦ From the lower courts ◦ From the higher courts • Details of national identification system • Coverage of national identification document • Details of national identification system database
General infrastructure	<ul style="list-style-type: none"> • Coverage of road infrastructure: total kilometres of roads; percentage of roads paved • Percentage of households on the electricity grid • Level of electricity outages • Percentage of population that are internet users • Internet connectivity quality (e.g. average bandwidth and speeds) • Percentage of population with account-based utility payments (e.g. water, landlines) • Number of mobile phone subscriptions, and percentage of population with access to mobile phones • Mobile network coverage (geographical) and reliability (e.g. average downtime per month) • Number and geographical spread of mobile network agents

Supply-side templates

The supply-side information-gathering template is intended to facilitate the gathering of two types of data: financial **product data**, as well as financial **providers' institutional data**:

- **Product data** is collected for each institution and considers specific information on each product offered by the institution. In small markets with few products, it may be relevant to take stock of all available products. In most instances, however, it will not be feasible to map each and every product on the market. Products should be filtered for their financial inclusion relevance – e.g. by only mapping entry-level products, or not considering types of products (e.g. mortgages or employee pensions) less likely to be relevant to the target market. Other products and features can be highlighted if they have interesting characteristics.
- **Institutional data**, on the other hand, considers the structure, position and finances of each financial institution. Collectively, institutional data should provide a comprehensive overview of the financial services provider landscape.

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- **Product elements to cover:** **Table 2** (below) contains the data points that should be collected on financial products. Besides the name of the product, the product class and the provider, it captures the self-imposed and regulatory eligibility criteria for each financial product being offered as well as the cost and features of the product. The latter

Table 2. Data points to be collected on financial products

Category	Actual data points to be collected
Service provider	Name of financial services provider (e.g. National Bank of Malawi)
Product class	e.g. current account, savings account, credit, insurance, remittance, fixed deposit, agricultural loan, retail savings bond etc. These product classes should be applicable to the country in question.
Product name	Product name as used in advertisement or communication with client (e.g. Super Family Saver)
Eligibility criteria	Self-imposed by business
	Minimum or entry balance/premium required
	Minimum or maximum income level requirement
	Payslip/formal employment
	Gender requirements (Is the product only available to one gender? Is additional sign-off needed for women? etc.)
	Membership of group
	Other, please specify
	Regulatory eligibility criteria
	ID document (e.g. photo document/letter by a local authority confirming identity)
	Know Your Customer (KYC) requirements (e.g. proof of address, utility bill)
	Proof of income
	Geographical/restricted to certain trade (e.g. client has to reside in certain geographical area or belong to a certain profession such as agriculture)
	Collateral
	Other, please specify
Costs and features	Credit
	Interest rate charged
	Initiation/sign-up fee (institution or agent)
	Any additional associated fees, e.g. appraisal fees, management fees, late payment fees, annual fees, cancellation fees, loan processing fees
	Collateral requirements on product
	Term of the loan (or range allowed, e.g. minimum 3 months, maximum 12 months)

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would be slightly different for each of the four product markets (credit, savings, payments and insurance), so the specific cost and product feature data points for each have been listed separately. More detail about each data point is given in the actual Excel data collection template.

Category	Actual data points to be collected
Costs and features	Frequency of repayments
	Does the client require pre-existing savings with the provider to access credit?
	Is credit insurance compulsory, who is the underwriter and what is the premium cost?
	Any other charges
	Any other requirements? e.g. proof of employment, income, bank account, tax certificate, business plan, training
	Savings
	Interest rate provided (by deposit amount ranges)
	Term of deposit (e.g. fixed/contract or timed, and what length?)
	Minimum account value
	Any other charges
	Transactional products
	Transaction charge
	Maximum/minimum amount allowed
	Receiver fee (if applicable)
	What transactional platform is being used
	All other charges including withdrawal fees (ATM and teller), deposit fees (ATM and teller), monthly service fees, debit order and debit order bounce fees
	Insurance
	Distribution type per product
	Insurance premium (could be one-off, monthly or quarterly; this needs to be captured)
	Compulsory/bundled/voluntary
	Risk events covered
	Number of beneficiaries
	Sum assured
	Any other charges

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- **Institutional elements to cover:** Lastly, the data template provides tables for the collection of detailed institutional data for all financial service providers and distributors (or potential distributors) of financial services. These data points can be broadly divided into the category headings described in **Diagnostic Resource B**, and can be seen in **Table 3** (below). However, the exact data points to be collected for different categories of institutions will differ. For instance, MFIs will have different financial statement information and ratios to collect than banks. Insurers, in turn, will have different financial statement information as well as performance, product portfolio and regulatory data. Informal institutions will probably

Table 3. Institutional data to be collected

Category	Actual data points to be collected
Organisational structure, ownership, history	Institution name
	Starting date
Infrastructure and distribution	Origins
	Ownership/control structure/organisation structure
	Source of inception funding
	Total number of clients, members or size of solidarity groups
	Core services
	Financial provision partnerships
Regulatory data	Licensed/registered
	Customer identification and KYC requirements Primary regulator of institution Minimum capital requirements <i>Specific to insurers:</i> Regulations on investment of funds Type of licence: General, life or composite
Infrastructure and distribution	Branch or outlet distribution (number of branches, ATMs, POS devices etc.)
	Geographical distribution of outlets
	<i>Specific to banks:</i> POS and ATMs Link to payment system
	<i>Specific to insurers:</i> Distribution mechanisms used Number of agents % of premiums accounted for by brokers

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not have much financial statement information, if at all. As far as possible, **Table 3** attempts to distinguish between these differences for the various types of institutions, but is not necessarily comprehensive, and should be adapted to fit the particular country context. Specific financial ratios in Table 3 are explained in the actual excel workbook.¹

Category	Actual data points to be collected
MIS and staff numbers (capacity)	Number of staff
	MIS/CBS system used
Product portfolio	Product range
	Embedded products
	Required contribution
	<i>Specific to deposit-taking and credit-providing institutions:</i>
	<i>Deposits</i> Average deposit size Average interest rate Minimum and maximum interest rate
	<i>Secured loans</i> Loan size range Average loan size disbursed Minimum and maximum loan term Minimum and maximum interest rate Average interest rate Repayment frequency <i>Unsecured loans</i> Loan size range Average loan size disbursed Minimum and maximum loan term Minimum and maximum interest rate Average interest rate Repayment frequency
	<i>Specific to insurers:</i> Product classes offered Other financial products offered

¹ For instance, OSS stands for operational self-sufficiency and can be calculated by dividing operational income by operational expenses.

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Category	Actual data points to be collected
Performance	Sources of revenue
	Cash theft or fraud losses
	Fee income and commissions
	<i>Specific to deposit-taking and credit-providing institutions:</i> Security of assets
	<i>Deposits</i> Number of active deposit clients Size of current deposit book Ratio of individual to institutional deposits
	<i>Secured loans</i> Number of active credit clients Current loans outstanding Ratio of individual to institutional credit Number of non-performing loans
	<i>Unsecured loans</i> Number of active credit clients Current loans outstanding Ratio of individual to institutional credit Number of non-performing loans
	<i>Specific to insurers:</i> Total net premiums (after reinsurance) <i>By product class:</i> Number of active policies Total policy value Gross premiums Number of policy lapses or renewals Number of claims Number of claims rejected Value of claims
Financial statements	Annual report
	Financial statements
	<i>Specific to deposit-taking and credit-providing institutions:</i> Authorised capital Paid-up capital Total revenue/gross income Net profit or loss (after tax) Total operating costs Staff costs Profit margin Total domestic vs international investments Total deposits Loan-to-deposit ratio

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DIAGNOSTIC RESOURCE C











































Category	Actual data points to be collected
Performance	Total value of loans disbursed (last financial year available) Number of loans disbursed in last financial year <i>Specific to banks:</i> Return on equity (RoE) Return on assets (RoA) Liquidity ratio Capital adequacy ratio (CAR) Interest income on loans Non-interest income <i>Specific to MFIs:</i> OSS ratio FSS ratio
	<i>Specific to insurers:</i> Total expenses, of which: a) Incurred claims, of which: Gross claims paid Change in incurred but not reported claims reserve Change in claims in course of settlement reserve Change in accrued liabilities reserve b) Operating expenses, of which: Personnel expenses Administrative expenses Distribution expenses (commission) Reinsurance expenses Net income c) Admitted assets, of which: Cash and cash equivalents Investments Other admitted assets Liquid assets d) Liabilities, comprising: Reserves Other liabilities

Once completed, the data collection tables will be an important input into (particularly) the supply-side analysis. The data allows you to describe the market in terms of size and features (both individually for each product type and institution, and in aggregate), to analyse infrastructure and distribution, to identify the current target markets for different categories of providers, to determine ability and incentive to focus on the low-income market, and to identify gaps where the market is currently not being served. It also allows for the identification of access barriers such as affordability, eligibility and proximity.

TOOLKIT 8

DIAGNOSTIC RESOURCE D

Diagnostic Resource D: Roles and responsibilities for MAP diagnostic outputs

	Literature review	Kick-off presentation	Project kick-off note	Country context note	Demand-side reports	Draft Diagnostic Report	Stakeholder workshop presentation	Diagnostic Report	Roadmap	Action Plan
Map hub										
Diagnostic team/consultants										
Government counterparties										
Country coordinator										
Industry stakeholders										
Steering committee										
Technical committee										
Working group and/ or other committees										

KEY TO ICONS



Responsible for final document



Responsible for providing inputs



Responsible for participating in the process

TOOLKIT 8

DIAGNOSTIC RESOURCE E

Diagnostic Resource E: Applying issue tree logic

The analytical logic applied in the diagnostic exercise and in this toolkit is that of the issue tree.

1. An issue tree starts with the core question or problem statement – in this instance the MAP overarching policy objective of: *how to ensure a portfolio of appropriate financial services to the excluded and underserved segments of the population in order to improve their welfare, as well as enhance financial intermediation and financial sector development.*
2. The issue tree logic then asks: what are the essential sub-questions in order to answer this central question? In the case of MAP, these sub-questions could relate to each of the **core diagnostic components**.

For example:

- o How does the country context impact on the ability to deliver a welfare-enhancing portfolio of products?
 - o In what way does the regulatory framework shape product provision, financial intermediation and financial sector development?
 - o What is the nature of the target market, their daily realities, demand for financial services and financial behaviour (i.e. on the demand side) – and how will this shape usage?
 - o Which institutions currently provide and distribute products (i.e. on the supply side) to the excluded and underserved population? What are the barriers preventing others from doing so?
 - o What would a portfolio of appropriate financial services for the excluded and underserved market entail in the local context? What are the gaps and barriers?
3. The third step is to consider what, in turn, are the questions needed to answer each of the main sub-questions, and so forth.
 4. In this way, you break down each issue into its component parts until you arrive at a list of *mutually exclusive, collectively exhaustive* (summarised by the acronym **MECE**) questions that, when answered, will logically lead to the final answer.

In order to answer each of the MECE questions, consider the following:

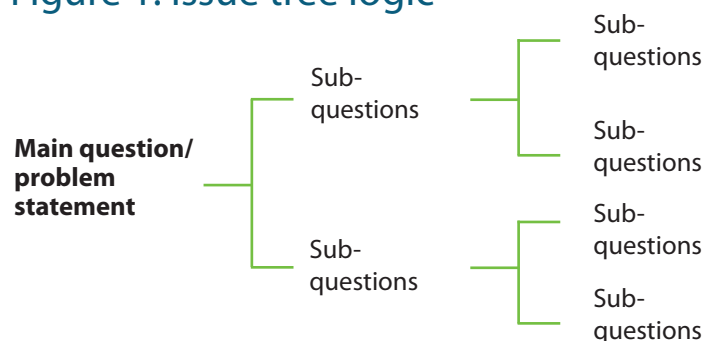
- What information sources to tap;
- What elements to extract;
- Who in the team should take responsibility for which questions; and
- By when it needs to be done.

The issue tree logic can be represented as follows:

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DIAGNOSTIC RESOURCE E

Figure 1. Issue tree logic



- What information do I need to answer each question?
- What meetings/sources required?
- Responsibilities
- Timeline

The MECE sub-questions will form the parameters or key areas of analysis for the MAP diagnostic exercises covered in Toolkits 3, 4, 5 and 6 respectively (i.e. context, regulation, demand side, and supply side).

How do you prioritise in order to ensure that only **relevant information** is gathered and analysed, in a way that will render a **meaningful picture** of financial inclusion in a particular country as well as **succinct, effective strategies** for enhancing financial inclusion?

In gathering data as part of a MAP exercise, it is important to consider the following:

- **Relevance:** How relevant is this issue – will it impact on the policy objective or not?
- **Proportionality:** Ensure that your treatment of the various topics and parameters are proportionate to the relevance of those parameters to the particular country.
- **Policy focus:** Areas that enjoy policy priority in a country should receive more attention. However, if a neglected policy area will have a potentially large impact on financial inclusion, it should be brought to the attention of the policymaker and regulator.
- **Resources:** The scope of engagement will in the final instance always depend on the resources available and how they can be most effectively employed.

TOOLKIT 8

DIAGNOSTIC RESOURCE F

Diagnostic Resource F: Sources, indicators and tools

There are four key tools to apply in the research, analysis and synthesis process:

1. **Data sources:** For each of the diagnostic focus areas, list the key data sources that will be relevant to explore and the aspects to be mapped.

For example:

- o For the provider landscape you will have to consult financial sector players' annual reports, the regulatory authorities' annual reports and any statistics published on e.g. the central bank or non-bank regulator's website. There may also be secondary data sources, such as previous landscape scans or financial sector assessment programme (FSAP) reports. Further information should be gathered through supplier interviews, by collecting product brochures, and through mystery shopping exercises.

- o For the regulatory analysis it's important to gather all applicable legislation, as well as to do desktop review of regulator's reports, policy-related publications or secondary sources providing an overview of analysis of the regulatory framework.

- o For the context review, consult published statistical reports in the country, secondary research as well as global databases (e.g. by the World Bank).

Diagnostic Resources A, B and C provide examples of potential data sources, as well as data templates to complete and interview questions to consider.

Note: It is important that you do not merely copy and apply these, but make them your own by adapting them based on past experience and the realities of the financial sector in the particular country.

2. **Indicators:** For each aspect of the analysis, determine the handful of key indicators that will provide an understanding of that aspect.

For example:

- o For consumer financial behaviour, an indicator could be average number of transactions per month per customer (obtained from supplier records); or

- o For distribution footprint an often-used indicator is number of ATMs, branches, agents or POS devices per 1 000 or 10 000 population.

Note: Toolkits 5 and 6 provide example indicators, but you should determine the most relevant indicators in the specific country context and given the scope of your analysis.

3. **Analytical tools:** Lastly, it will be important to develop graphics, tables and other conceptual tools that will represent key aspects of the analysis. Such graphics or conceptual tools can be very powerful in 'breaking open' or synthesising the insights stemming from the diagnostic exercise.

TOOLKIT 8

DIAGNOSTIC RESOURCE G

Diagnostic Resource G: Overview of financial capability

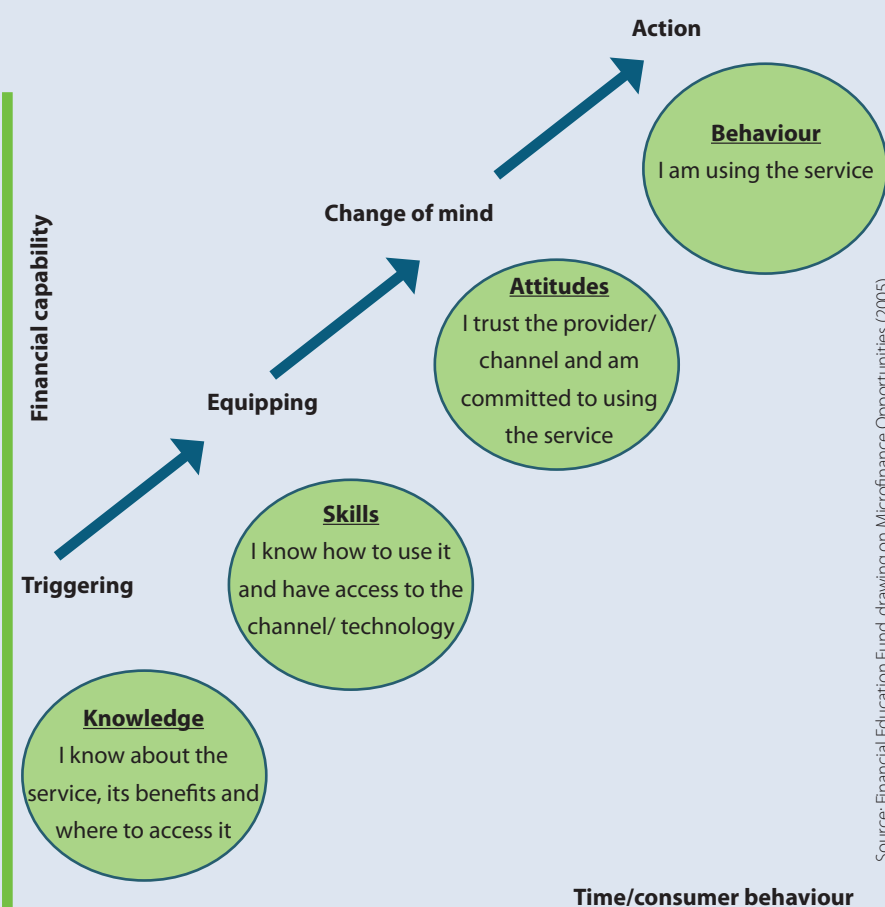
Access to financial products and services, which is the key area of investigation of MAP, is only possible if the target market has 'financial capability'. It is therefore important to research all elements of financial capability in detail to determine the current situation as well as the gaps.

Financial capability in the context of MAP demand-side analysis

The definition of 'financial capability' adopted by the Financial Education Fund¹ is applied in this toolkit, namely:

A financially capable person is one who has the knowledge, skills and confidence to be aware of financial opportunities, to know where to go for help, to make informed choices, and to take effective action to improve his or her financial well-being, while an enabling environment for financial capability building would promote the acquisition of those skills.

Financial capability comprises a progression of four key components: knowledge, skills, attitude and behaviour (see Figure 1 below).



The sub-sections below speak to the first three components of financial capability, namely:

- Awareness and understanding;
- Skills; and
- Attitudes towards financial services.

Current behaviour is discussed as part of the main demand-side toolkit (**Toolkit 5**).

Awareness and understanding of formal financial products and institutions

A key area to explore in demand-side research that is shaped by the theoretical framework is awareness and understanding of formal financial products and institutions.

Relevance for access to financial services:

According to the concept of 'financial capability', a financially capable person must have the knowledge, skills and confidence to engage with available financial services and be sufficiently informed to make choices regarding their use. Not only must a person be aware of products and services, they must also understand what they are, what they offer and how to use them. By implication, awareness must precede understanding; therefore, in order to evaluate understanding, awareness must be determined.

Awareness and understanding relate to more than actual financial products; key concepts like interest should also be understood to be able to use products effectively. For example: if a person does not know how interest rates are calculated, they would not be able to differentiate between a loan offered by a registered credit provider at 8% interest per annum and a loan at 8% interest per month offered by an unregistered credit provider.

Awareness and understanding of delivery channels will be of particular importance in MAP countries, specifically relating to electronic and mobile channels. If, for example, a person cannot conceptualise how mobile transmittances would work, he/she is unlikely to consider mobile banking as an option.

Insights about awareness and understanding would assist stakeholders to select which aspect to concentrate on for communication purposes. (Consumers' attitudes will inform *how* to communicate.)

Role of consumer education: The target market will be optimally protected against exploitation if they are aware of their rights as consumers and know what recourse options are available, should their rights be violated. Consumer education is a potentially important cornerstone to ensure financial capability (to create knowledge and skills). It is therefore important to evaluate the target market's awareness of consumer education programmes and the channels through which consumer education is delivered, as well as how they experience such programmes and channels and whether it makes a difference to behaviour. Even education programmes with the best intentions might not actually educate consumers. Consumer-centric research is needed to gauge their effectiveness.

MAP studies need to unpack awareness and understanding of four core areas: financial concepts; delivery channels; products; and providers or institutions. The following variables or aspects can be considered when investigating awareness and understanding of each.

Table1. Aspects to consider in demand-side research to gauge awareness of various financial concepts

Area	Aspects to consider
Financial concepts	<ul style="list-style-type: none"> • Interest rates • Service charges • Collateral • Capital • Investment • Credit life insurance
Delivery channels	<ul style="list-style-type: none"> • Physical access points • Relative cost of using different channels • Risks attached to using different channels • Availability of potential alternative distribution channels
Products	<ul style="list-style-type: none"> • Costs of using products • Requirements for accessing products, e.g. minimum balances • Utility of products, i.e. What can it be used for?
Institutions	<ul style="list-style-type: none"> • Different services that institutions provide • Their perceived openness to (low-income) clients • Whether they are trusted

TOOLKIT 8

DIAGNOSTIC RESOURCE G

Aspects to consider regarding consumer education

- Expressed needs for financial education – what consumers would like to know;
- Expectations of where to obtain financial information and skills;
- Awareness of consumer education programmes; and
- Experience of the channels through which consumer education is delivered and the effectiveness of such education.

In addition, MAP demand-side research can unpack needs and perceptions around consumer education.

Skills

Relevance for access to financial services: Skills are the second component of financial capability. The target market needs some basic skills to effectively use formal financial products. If the target market does not have these skills, even the best designed product would not be used – or used effectively.

Attitudes relating to financial functioning

Relevance for access to financial services: Knowledge and skills are not enough to ensure financial capability – an attitude of trust towards financial services

usage is also needed. No matter how well a financial product might be designed and how attractive it is packaged and offered, if the target market for some reason has a negative attitude towards it, it is unlikely to succeed. Attitudes are not based on reason and might not make logical sense. However, from the perspective of respondents, **perceptions equal reality** – and perceptions are formed based on attitudes. If financial service providers understand the prevailing attitudes relevant to financial access and the underlying reasons for such attitudes, they can plan accordingly. It is unlikely that it will be possible to change attitudes, since these are deeply seated in the psyche of people; it would probably be easier to simply take various ruling attitudes into consideration when designing financial products.

General societal attitudes will provide the backdrop against which financial behaviour can be interpreted. However, there are a number of attitudes that relate specifically to financial functioning. These are listed in the rest of this section. For each, the relevance for access to financial services is explained, as well as aspects or indicators to consider to understand the particular attitude.

Attitudes to financial institutions

Relevance for access to financial services: If people are sceptical or suspicious about financial institutions as a concept or about the functioning of financial institutions in general, they are likely to be reluctant to be positive about individual financial products, even if the benefits may seem obvious. Likewise, if they do not believe that financial institutions really are interested in serving them as low-income earners and in designing products and services with their needs in mind, they are unlikely to consider available products – communication about relevant products might simply be ignored.

Potential variables to gauge financial skills

- Level of education;
- Adult literacy;
- Adult numeric literacy;
- Understanding of basic financial concepts like profit, capital and interest; and
- Budgeting/planning.

Aspects to consider when gauging attitudes to financial institutions in general

- Trust in financial service providers (e.g. attitudes that bank service charges amount to 'stealing' or disillusionment with the financial system due to hyperinflation or failures of institutions in the past); and
- Perceptions of a financial institution or product as being targeted 'at the poor', and people not wanting to associate themselves with that label, as they are more aspirational.

Attitudes to formal vs informal products and providers

Relevance for access to financial services: In all of the MAP countries, informal financial products have been functioning for a long time and often address the needs of the population quite well. For the target market to consider formal financial products, these must offer a definitive advantage over informal products. It will therefore be important to explore attitudes to products, delivery channels and the process of engaging with formal financial services vis-à-vis informal services. Likewise, attitudes towards regulated institutions differ from those towards unregulated providers and products. For instance, regulated providers may be trusted more than unregulated providers. Conversely, some may prefer unregulated providers who are from the community and that they trust, or if they feel that it is not possible to negotiate with regulated credit providers when they have financial difficulties and cannot pay back the agreed amount.

If negative attitudes exist towards formal services or providers, it must be determined whether the attitudes are based on fact or perception before action is taken.

Aspects to consider when gauging attitudes to formal vs informal products

- Attitudes to various formal products and reasons for such attitudes: remittance, transaction, saving, credit, insurance;
- Attitudes to formal (regulated) providers, e.g. 'big banks are for the rich' or 'I don't trust insurers' and how that differs from informal (unregulated) providers;
- Attitudes regarding the process for engaging with formal vs informal services (e.g. perception of long queues, financial institutional staff perceived as unfriendly/not approachable, or formal entities perceived to 'require too much paperwork' vs social nature of informal services); and
- Attitudes towards the various delivery channels used by financial services (e.g. more likely to trust an individual agent or a post office or retailer than a bank branch?).

Aspects to consider when gauging attitudes to saving

- The extent to which community support substitutes for individual savings; and
- Whether saving is considered exemplary behaviour (which might result in overclaim during quantitative survey).

Attitudes to saving

Relevance for access to financial services: Saving is an integral part of the functioning of many societies even if their income is limited; in other societies low income is given as the reason why they do not/cannot save. Or: an individual functioning within a collective society might believe it is not necessary to save for times of crisis, because the community takes care of its own. Likewise, saving toward improving your individual circumstances might be frowned upon, since you should rather be assisting members of the community in need if you have money to spare. In more individualistic

societies, on the other hand, saving may be seen as a virtue. Note that, regardless of societal structure, individual personality and level of risk aversion may also determine propensity to save. To understand these differences, attitudes to saving need to be explored in detail.

Attitudes to credit

Relevance for access to financial services: In an ideal world, credit should be used primarily for productive purposes or bridging finance; however, the target market in the MAP countries is likely to use credit predominantly for consumption and may not even be aware of the difference between consumption and productive credit. It is therefore important to understand people's attitudes to credit and why they would take out credit.

Aspects to consider when gauging attitudes to credit

- Shame associated with borrowing;
- Risk orientation;
- Long-term versus short-term orientation;
- Attitude to obligation to repay debt; and
- Where relevant: impact of religious guidelines on credit behaviour.

TOOLKIT 8

DIAGNOSTIC RESOURCE G

Attitudes to insurance

Relevance for access to financial services: The purpose of insurance is to cushion the impact of unpredictable future events. Whether people have a prevention focus and make any provision at all depends to a large extent on their attitudes towards risk which, in turn, is impacted by collectivism vs individual social mores. For example, people who live in a collectivist society may depend on their community to assist them during times of crisis and may not feel the need for insurance. Alternatively, the community might organise self-help insurance schemes, which appeal to people because of the collective emphasis. Similarly, in a collectivistic society, the burden falls on the community and family to take care of the elderly. It is likely that, as societies become less collectivistic, individuals might make more provision for themselves.

Aspects to consider when gauging attitudes to insurance

- Views on insurance as a coping strategy for risk events vs alternatives (e.g. credit, saving, cutting down on expenses, 'doing without');
- Willingness to consider/prepare for potential future risks (e.g. vs cultural taboo regarding talking about death);
- Views on how trustworthy insurers are (e.g. 'they're not interested in paying claims, so paying premiums is money down the drain');
- Attitude towards risk: head in the sand ('hopefully it won't happen to me', or 'I take care of my belongings so they won't get stolen') or 'my family/the community/the state will provide', vs those who are under the impression of the likelihood and potential impact of risks; and
- Looking for reasons to claim to get money's worth.

Diagnostic Resource H: Indication of what to ask in individual interviews

1. Context of respondent

- Societal:
 - household composition and distribution
 - responsibilities and decision-making authority in household
 - membership of societies
- Physical context
 - proximity to infrastructure
 - access to formal financial services
- Financial capability

2. Financial capability

3. Ownership of assets

4. Income

- Income-earning activities of members of household
- Actual income amounts

5. Expenses

- Actual regular expenses
- Actual occasional expenses

6. Payments (*How respondent pays others and how others pay respondent*)

- Why do you use payment systems? Drivers of needs/use cases for payment;
- Awareness of all payment options;
- Payment options considered to be suitable for self;
- Payment options considered to be NOT suitable for self, and reasons;
- Payment options used in the past and currently;
- For each option: what are the advantages and disadvantages of this option?; and
- Complete detail for at least 3 payment use cases (see template: payment use cases).

TOOLKIT 8

DIAGNOSTIC RESOURCE H

TEMPLATE: PAYMENT USE CASES

Payment use case number 1

Why is payment being made?

Who is making payment to whom?

How much is being paid?

How frequently is this payment made?

How is payment being made?

- **Product classification**
 - **Payment instrument**
-

Payment use case number 2

Why is payment being made?

Who is making payment to whom?

How much is being paid?

How frequently is this payment made?

How is payment being made?

- **Product classification**
 - **Payment instrument**
-

Payment use case number 3

Why is payment being made?

Who is making payment to whom?

How much is being paid?

How frequently is this payment made?

How is payment being made?

- **Payment instrument classification**
- **Payment instrument**

TO BE DISCUSSED IN DETAIL DURING TRAINING OF FIELD TEAM:

Use the following probes if necessary for PAYMENTS

- **Drivers of use/use cases**
 - Bill payments (including utilities, insurance premiums);
 - Purchase payments (for products and services, including airtime);
 - Converting electronic money into cash, and vice versa;
 - Salary or wage receipts;

- Remittances (domestic and cross-border);
- Pension payments;
- Debt receipts and payments (receive payment on a loan or pay back loan); and
- Pay society contribution.

- **Who is making payment to whom?**

- **Person to person (P2P):** a transfer or payment from one person to another, be it a payment for goods or services rendered, or a remittance.
- **Person to business (P2B):** a transfer or payment from a person to a business.
- **Business to person (B2P):** a transfer or payment from a business to a person, e.g. to pay a wage.
- **Government to person (G2P):** a payment from government to an individual, e.g. a social grant or other type of transfer, or through the government payroll.
- **Donor to person (D2P):** the same as a G2P payment, except that the source of the funds is a donor rather than government.

- **Payment providers**

- Another person;
- Informal system (e.g. hundi);
- Bank;
- Remittance service provider (e.g. Western Union, MoneyGram);
- Mobile phone providers; and
- Retailers.

- **Payment instruments**

- Cash;
- Cards;
- Credit transfer;
- Debit transfers;
- Payment in kind (e.g. products for services or vice versa); and
- Remittances.

7. Savings (*Putting money aside for future use*)

- Why do you save? Drivers of needs/use cases for savings;
- Awareness of all savings options available (including

societies);

- Savings options considered to be suitable for self;
- Savings options considered to be NOT suitable for self, and reasons;
- Savings options used in the past and currently;
- For each option: what are the advantages and disadvantages of this option? (including fees charged and interest earned);
- How much is your TOTAL savings at this point?;
- Complete detail for at least 3. savings use cases (see template: savings use cases);

TEMPLATE: SAVINGS USE CASES

Savings use case number 1

Why do you make this saving?

How much do you save?

How frequently do you save?

Where do you save?

Savings use case number 2

Why do you make this saving?

How much do you save?

How frequently do you save?

Where do you save?

Savings use case number 3

Why do you make this saving?

How much do you save?

How frequently do you save?

Where do you save?

TO BE DISCUSSED IN DETAIL DURING TRAINING OF FIELD TEAM:

Use the following probes if necessary for SAVINGS

• Use cases

- Store value: short-term savings for consumption smoothing, e.g. to buy food, household goods;
- Store value: short-term savings for unplanned eventualities, e.g. funerals, death, loss of goods,

unplanned medical expenses;

- Save for a purpose: e.g. education;
- Save for a purpose: a big ticket item e.g. a fridge, house, car;
- Save for a purpose: to buy goods for special events, e.g. groceries for the end of the year;
- Save for a purpose: for a special event, e.g. attaining monkhood, wedding, holiday;
- Saving as investment: longer-term saving in pension funds, unit trusts, savings bonds;
- Compulsory savings for loans (e.g. at a co-op).

• Savings providers

- Self-help saving societies;
- Banks;
- Building societies;
- Insurance companies;
- Investment houses;
- Government (saving bonds);
- Retailers; and
- Cooperatives.

• Savings products

- Save at home/under the mattress/safe place;
- Give to a trusted person to keep safe;
- Livestock;
- Bank account;
- Lay-byes;
- Saving stamps/coupons;
- Building society account; and
- E-wallet/mobile account.

8. Credit (To borrow money)

- Awareness of all loans options/where can a person get a loan?;
- Loans options considered to be suitable for self;
- Loans options considered to be NOT suitable for self, and reasons;
- Loans options used in the past;
- For each option: what are the advantages and disadvantages of this option?;
- Do you have retail clothing accounts?;

TOOLKIT 8

DIAGNOSTIC RESOURCE H

- Do you have accounts for furniture or appliances that you have bought?;
- Why do you sometimes need to take out a loan? Drivers of needs/use cases for loans;
- How do you feel about being in debt?;
- Which loans do you currently have (including from moneylenders?);
- How many loans do you have?;
- What is the total amount outstanding on all your loans? (Did you include the amounts outstanding on your retail accounts?); and
- Complete detail for at least 3 credit use cases (see template: credit use cases).

TEMPLATE: CREDIT USE CASES

- **Use case number 1**

- **Is individual or group of people liable?**
 - **Loans provider**
 - **What was original loan amount?**
 - **When was loan taken out?**
 - **What was the original loan period?**
 - **What was the original agreement on how often and how much should be repaid?**
 - **What was the original agreed interest rate?**
 - **What was agreed as penalty for late or non-payment?**
 - **Did you manage to stick to the original loan agreement?**
 - **Loans product**
-

- **Use case number 2**

- **Is individual or group of people liable?**
- **Loans provider**
- **What was original loan amount?**
- **When was loan taken out?**
- **What was the original loan period?**
- **What was the original agreement on how often and how much should be repaid?**
- **What was the original agreed interest rate?**
- **What was agreed as penalty for late or non-payment?**

- **Did you manage to stick to the original loan agreement?**

- **Loans product**

- **Use case number 3**

- **Is individual or group of people liable?**
 - **Loans provider**
 - **What was original loan amount?**
 - **When was loan taken out?**
 - **What was the original loan period?**
 - **What was the original agreement on how often and how much should be repaid?**
 - **What was the original agreed interest rate?**
 - **What was agreed as penalty for late or non-payment?**
 - **Did you manage to stick to the original loan agreement?**
 - **Loans product**
-

TO BE DISCUSSED IN DETAIL DURING TRAINING OF FIELD TEAM:

Use the following probes if necessary for CREDIT

- **Use cases**

- Cope with emergencies: health expenses;
- Cope with emergencies: funeral expenses;
- Cope with emergencies: to recover from losses;
- Consumption: education expenses;
- Consumption: to service existing debt;
- Consumption: for small-scale enterprise running costs;
- Consumption: agricultural production;
- Consumption: for an upcoming event or occasion;
- Bring forward consumption: e.g. household appliances or clothes;
- Bring forward consumption: to buy assets e.g. a car, livestock or a house;
- Productive: for on-lending;
- Bring forward consumption: to buy assets e.g. a car, livestock or a house; and
- Productive: to buy or expand a business or farm.

- **Credit providers**

- Bank;

- Building society;
- Non-bank credit provider;
- Microfinance institution;
- Registered pawn shops;
- Unregistered pawn shops;
- Informal moneylender;
- Stores that sell household goods (furniture, appliances, groceries);
- Retail clothing stores;
- Agricultural suppliers (e.g. seed or fertiliser companies);
- The state;
- Savings/credit society (where you are a member);
- Savings/credit society (where you are NOT a member);
- Village loan association;
- Employer; and
- Family and friends.

9. Insurance (Ways to manage the impact of risks)

- What risks that had a major financial impact did you experience within the past year or two?;
- Awareness of all insurance options to manage risk (including societies);
- Insurance options considered to be suitable for self;
- Insurance options considered to be NOT suitable for self, and reasons;
- Insurance options used in the past;
- For each option: what are the advantages and disadvantages of this option?;
- Complete detail for at least 3 insurance use cases (see template: insurance use cases)

TEMPLATE: INSURANCE USE CASES

Use case number 1

What amount was needed and why?

Where did you get this money?

If provision made (insurance, savings or society): was the amount enough?

After the crisis/event, did it affect you financially over a longer term?

Use case number 2

What amount was needed and why?

Where did you get this money?

If provision made (insurance, savings or society): was the amount enough?

After the crisis/event, did it affect you financially over a longer term?

Use case number 3

What amount was needed and why?

Where did you get this money?

If provision made (insurance, savings or society): was the amount enough?

After the crisis/event, did it affect you financially over a longer term?

TO BE DISCUSSED IN DETAIL DURING TRAINING OF FIELD TEAM:

Use the following probes if necessary for INSURANCE

- Use cases
 - To cope with financial impact of death of breadwinner/household member and with funeral costs;
 - To deal with health care costs;
 - To smooth the impact of risk of agricultural production (e.g. drought, floods); and
 - To recoup loss of assets (e.g. house, car).
- Providers
 - Insurance companies;
 - Insurance from banks;
 - Government;
 - Funeral service providers;
 - Health care providers;
 - Community-based health schemes;
 - Agricultural or credit cooperatives; and
 - Burial societies.

TOOLKIT 8

DIAGNOSTIC RESOURCE I

Diagnostic Resource I: Example of individual interview summary

NOTE: photos are used for illustrative purposes, and not taken of actual respondent.

1. CONTEXT

Main source of income classification: Informal sector

Financial inclusion classification: Banked (savings account at Standard Bank; funeral insurance at Clientele; member of accumulative savings society)

Demographics: 47 years old, single

Overview of respondent's employment/income earning situation

Regina lives and works in Johannesburg as domestic worker/cleaner at an attorney's office, as well as doing 'piece jobs' at a retirement village. At attorney she works 1 day a week for R100 per day, and works 1 day per week for the room. At the retirement village she works 3 days per week at R150 per day. She has been working for the attorney for 8 years; she used to work 3 days per week, but they are experiencing financial difficulties and reduced her work arrangement to 2 days.

Household context

Regina lives on her own in the room at the attorney's offices. Her family lives in Zastron in the Free State in her RDP 4-roomed house (uncle, her 2 younger sisters and their 3 young children, her 21-year old daughter who is doing grade 12 this year). She sends money home every month and is the main contributor to the household income; her uncle also works and contributes to the household income.

Membership of societies

Accumulative savings society

Ownership of assets

Family in Zastron lives in 4-room RDP house registered in Regina's name.

Family owns no car or other means of transport.

No computer or access to internet (apart from daughter's mobile phone).

Regina values her household content, especially her television set.

Financial capability

Very limited. She knows the names of the big banks; used to be with ABSA but the service charges were too high (she claims R50 to send R800 home, R50 to withdraw etc.) She changed to Standard Bank, but she is uncertain about the charges. She only knows about a savings account at banks. She does not consider herself to be the target market of bank loans – she earns too little to qualify.

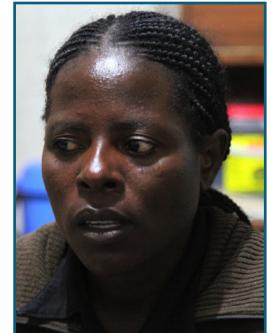
She took out a loan at Lewis but did not realise the implication of the interest: she bought a fridge for R5 000, paid R3 500 deposit. She had to pay back R550 per month. However, she then realised that there was R4 700 outstanding on the account (her version; it seems too high); therefore, she took a loan at the society for R4 700, paid off the Lewis loan, and is now paying R400–R500 per month to the society.

She has heard friends talk about alternative remittance and payment options (e.g. mobile banking and electronic transfers) but she is not at all interested (extremely risk averse) and will not explore it further.

Dreams for the future

Education: for her daughter to study social work

To extend her house



Regina's proudest possession



Regina's four roomed house in Zastron

TOOLKIT 8

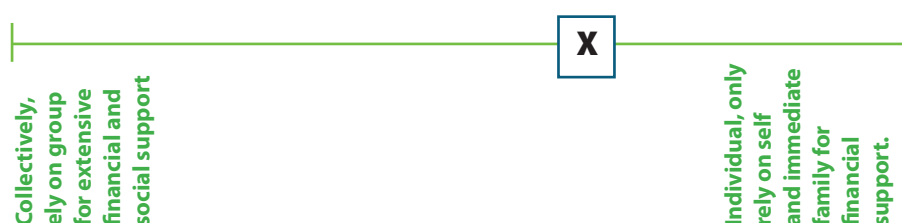
DIAGNOSTIC RESOURCE I

RESOURCES SCALES

HOUSEHOLD INCOME



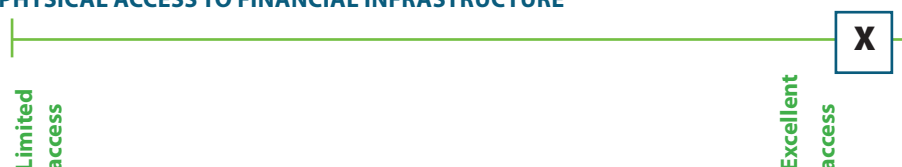
SOCIAL RESOURCES



MATERIAL ASSETS



PHYSICAL ACCESS TO FINANCIAL INFRASTRUCTURE



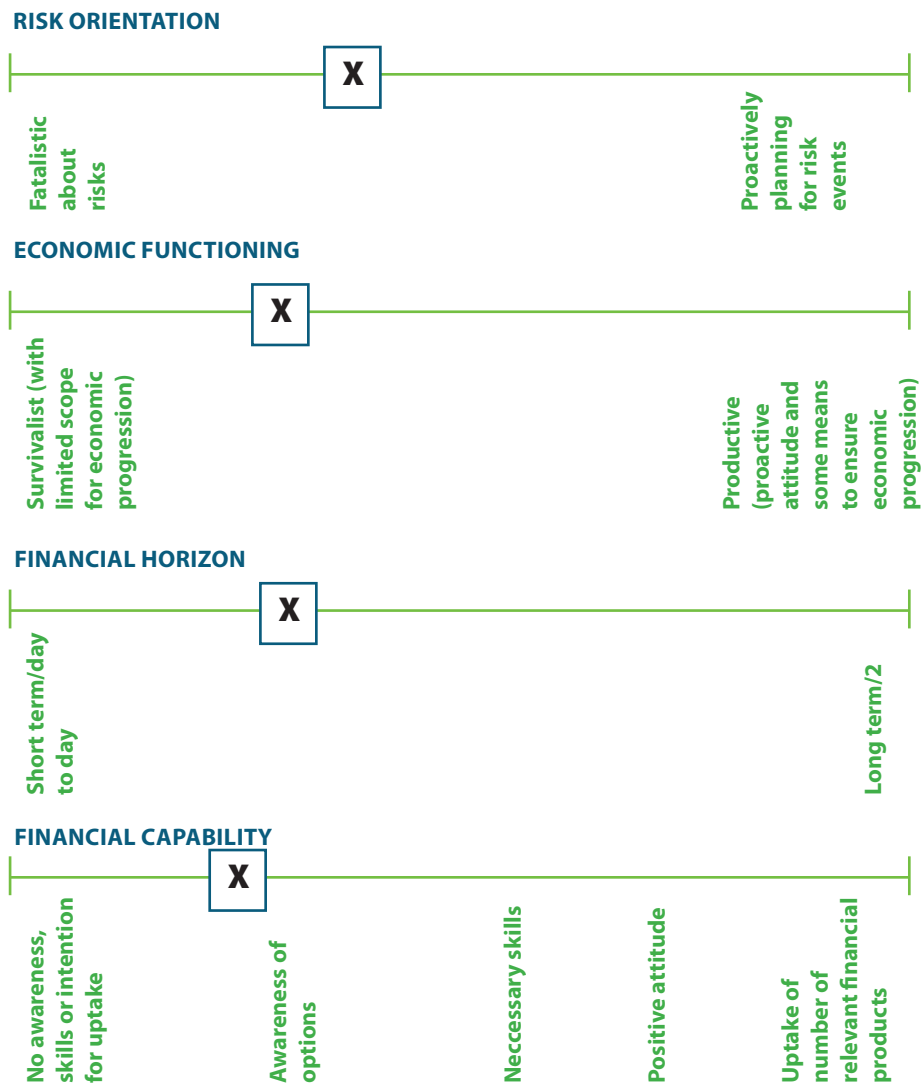
Attitudes

Collective vs individual	Appreciates the value of the collective savings society: financial discipline and support, also emotional support and friendship.
Survivalist vs productive	She functions purely in survivalist mode. She does not seem to have any entrepreneurial inclination.
Long term vs short term/ future vs present orientation	Her orientation towards the future is extremely limited; although she has the vague dream that her daughter should study and that she wants a bigger house, she is not actively working towards that. Her horizon for 'long term' is December, when she receives a society pay-out.
Risk orientation: risk averse vs comfortable to take risks	She is extremely risk averse: reluctant to take loans (unless it is from the society); not interested in exploring new options for transmittances.

TOOLKIT 8

DIAGNOSTIC RESOURCE I

ATTITUDE SCALES



2. Needs

Needs expressed during interview:

- *Payment systems*
 - Receive salary (currently cash);
 - Send funds to family in Zastron (currently using MoneyMarket of Shoprite);
 - Pay society contribution (currently cash);
 - Repay loan at society (currently cash); and
 - Pay retail account at Jet (currently cash).
- *Savings*
 - Store value for short term (currently in home); and
 - Save for a goal: to extend house (currently savings account at Standard Bank).
- *Credit*
 - Retail credit for clothes (currently account at Jet);
 - Loan to buy appliance (in the past retail credit from Lewis);
 - Loan for health emergency (in the past from society); and
 - Loan to settle outstanding credit account at Lewis (currently from society).
- *Insurance*
 - Funeral insurance (currently formal policy at Clientele).

Needs derived from the interview:

- Payment systems
n/a
- Savings
n/a
- Credit
- Education plan to save for daughter's tertiary education
- Insurance
- Health insurance: Uncle's health is not good;
- Insurance for house structure and content: high risk of fires in winter in Zastron; and
- Insurance against loss of income: neither Regina nor her uncle's employment situation seems to be stable.

3. Overview of financial situation

- Physical access to formal financial facilities

Regina has easy access, within walking distance, to banks, ATMs, internet, mobile airtime providers.

Family does not have easy access: all banks are in town in Zastron; the family lives in the township. It takes about an hour and a half to walk to town; to take a taxi costs R20 return. The spaza shop in the township sells airtime. Daughter can access the internet via mobile phone.

- Financial obligations to household

Regina is the main contributor to household income; her uncle also contributes.



ATMs close to Regina's room in Johannesburg

Regina and her uncle agreed how to divide the financial responsibility between them. Regina sends money home to her daughter and instructs the daughter what to buy (mostly groceries). The remainder of her income she spends at her own discretion.

Her uncle is responsible for certain household expenses

(for instance, education). However, sometimes the uncle refuses to pay (for instance, for new uniforms), and then Regina has to assist.

- Household income

Approximately R5 000: Regina earns R2 500 per month plus bonus in December; her uncle earns less than R2 500 and also gets a bonus in December.

- Expense

Regular categories

	Amount	Detail
Debt repayment	R500	Payback on loan of R4 700 she took from society December 2013
Retail accounts	R300–R400	Jet
Remittances	R800	To household in Zastron
Savings societies	R100	
Formal saving	Approximately R200–R500	Whatever is left after expenses have been paid
Insurance	R110	Clientele Funeral
Insurance societies	-	
Food	R300	
Education	-	Responsibility of uncle
Transport	-	
Accommodation	-	Works 1 day a week for room

Infrequent expenses:

- Transport to go home Easter and Christmas: R500 return trip;
- Extra food in December: approximately R2 000;
- Send airtime to daughter: R20 on occasion;
- Hair every 2 months: R50;
- Own medical expenses: R50 at a time;
- Church clothes/expenses: R600 three times a year; and
- Transport to funerals.

TOOLKIT 8

DIAGNOSTIC RESOURCE I

4. Payments

- Current use of payment systems
 - Salary B2P Cash
R2 500
 - Remittance to family B2P Shoprite MoneyMarket
R800
 - Repay loan at society P2P Cash
R500
 - Pay retail account (Jet) P2B Cash
R300–R400
 - Society contribution P2P Cash
R100
 - Clientele premium P2B Cash
R110
 - Pay for goods & services P2B/ Cash
As required P2P
- Perceptions about payment systems
 - Awareness: Cash, Mobile money, Payment by bank card, Taxi for remittances, Shoprite MoneyMarket, bank transfers;
 - None of the payment systems are perceived to be inaccessible, but she does not trust new methods;
 - Evaluation of cash as payment mechanism: not scared to lose – puts it in bra or ties with pantyhose around waist; however, it is a temptation to spend because it is readily available;
 - Evaluation of Mobile money as payment mechanism: unknown, does not trust it;
 - Evaluation of Payment by bank card as payment mechanism: scared to lose card when walking; scared of fraud;
 - Evaluation of Taxi/another person for remittances: used to be reliable and charged almost nothing; now not as reliable as before; some charge as much as R20; and
 - Evaluation of Shoprite MoneyMarket for remittances: low charge (R10), almost immediately available; safe (sends PIN to daughter); only negative is long queues.

5. Savings

- Current use of savings instruments
 - Store value for short time; under mattress, R50 for a few days of the month;
 - Save for a purpose: to extend her house; in bank; she saves whatever is left after expenses have been paid, tries to save between R200 and R500; total Savings: R10 000.
 - Save for a purpose: household goods; savings society; R100 per month; total savings R1 200 per year plus potential interest earned on loans by society.
- Perceptions about savings instruments

Awareness: Banks: not easily accessible; people cannot steal your money; none of the savings systems are perceived to be inaccessible, but she does not trust new methods.

 - Evaluation of banks for savings: not easily accessible; people cannot steal your money;
 - Evaluation of savings societies: discipline to contribute every month; creates opportunity to borrow from society; savings might increase due to interest income on loans; and
 - Evaluation of in home savings: immediately accessible; however, could be stolen or destroyed by fire.

6. Credit

- Current use of credit instruments

Current loans:

Society: She borrowed R4 700 from the society to pay off a Lewis loan she took out to buy a fridge; the interest was far higher than she expected (The fridge cost R5 000, she paid a deposit of R3 500; after paying R550 for a few months, the outstanding amount was, according to Regina, still R4 700.)

Interest charged on current loan: she thinks it is 15%

Repayment amount: R400–R500 per month

Currently outstanding: Approximately R2 000

Clothing retail account (Jet)

Interest charged on current loan: she has no idea, has never considered it

TOOLKIT 8

DIAGNOSTIC RESOURCE I

Repayment amount: R300–R400 per month

Currently outstanding: She has no idea

- Perceptions about credit instruments
 - Awareness of options to obtain a loan: bank, society, retailer, mashonisa (informal moneylender), family and friends, employer;
 - Bank is perceived to be inaccessible, because her salary is too small;
 - Evaluation of bank to get a loan: Regina does not consider herself to be the target market of credit at banks;
 - Evaluation of society to get a loan: almost guaranteed to get a loan, since you are a member and they understand and trust you; you are disciplined to pay it back; however, if you do not pay back your loan, you will lose your savings;
 - Evaluation of retailer to get a loan: very high interest rate, it will take years to pay off loan;
 - Evaluation of employer to get a loan: likely to refuse;
 - Evaluation of family and friends to get a loan: if they have money available, they will lend to you; however, you will not be in a rush to give it back/limited discipline; and
 - Evaluation of mashonisa get a loan: bullying tactics.

7. Insurance

- Current use of insurance instruments

Funeral insurance from Clientele, R110 per month.

- Perceptions about insurance instruments
 - Awareness: formal funeral insurance policies; burial societies, loans from family and friends;
 - Evaluation of formal funeral insurance policies: excellent service, pays within 24 hours; reputable – they have offices in Cresta shopping centre; good pay-outs (R10 000 for her and her daughter, R5 000 for each of her two sisters); and
 - Evaluation of burial societies: they might take longer to pay out.



TOOLKIT 8

DIAGNOSTIC RESOURCE J

Diagnostic Resource J: Template for recruiting questionnaire for individual interviews

RECRUITMENT QUESTIONNAIRE

NAME OF RESPONDENT :

ADDRESS :

ID NUMBER:

SUBURB :

TOWN/CITY :

DATE OF BIRTH

TELEPHONE NO :

(H) _____

(W) _____

(Cell) _____

NAME OF RECRUITER :

BACK CHECKED

TIME: _____

DATE: _____

INTRODUCTION AND FILTER QUESTIONS (NOTE: CHECK SAMPLE FOR RECRUITING CRITERIA)

Q1. Hello, my name is..... I am working on behalf of, a market research company. We are doing some interesting research on behalf of a client, which will require us to conduct an **approximate 3 hour individual immersion** discussion at your home or place of work. We will be asking you many questions, including ones about your household, your work, the income earners of the household and your monthly expenses. You will be paid an incentive as a show of gratitude for your time. As a security requirement, you will be required to present your Identity Document or driver's license. Your ID/Driver's license book will not be removed from your presence and will be used only for identification verification. Would you be willing to participate? **RECORD ON GRID BELOW**

Yes	-1	■ CONTINUE
No	-2	■ THANK RESPONDENT AND CLOSE

Q2. Do you contribute to the household income?

Yes	-1	■ CONTINUE
No	-2	■ THANK RESPONDENT AND CLOSE

TOOLKIT 8

DIAGNOSTIC RESOURCE J

ASK ALL

Q3. Are you the sole income earner of the household?

Yes	-1
No	-2

INCOME QUESTIONS:

Q4. Which of the following best describes how you earn MOST of your current income? **READ OUT. SINGLE MENTION ONLY**

NOTE TO INTERVIEWER: Record, classify according to list below and recruit according to sample instructions

Formal sector - Government	Government job only	-1	Go to Q7
	Government job as well as other enterprises	-2	
Formal sector – Private company	Work for private company with less than 10 employees	-3	
	Work for private company with more than 10 employees	-4	
	Work for private but also has other business(es)	-7	
Informal sector - Farming	Own farm, <u>small</u> size (size to be confirmed)	-8	
	Own farm, <u>medium</u> size (size to be confirmed)	-10	
	Working on someone else's farm (<u>regular</u> employment)	-11	
	Working on someone else's farm (<u>irregular</u> employment)	-12	
Informal sector – Trading / enterprise	Own business/trading, no employees	-13	
	Own business/trading/enterprise, maximum 2 employees	-14	
	Own business/trading/enterprise, more than 3 employees	-15	
	Employed by a trader with maximum 2 employees (<u>regular</u> employment)	-16	
	Employed by a trader with maximum 2 employees (<u>irregular</u> employment)	-17	
	Employed by a trader with more than 3 employees (<u>regular</u> employment)	-18	
	Employed by a trader with more than 3 employees (<u>irregular</u> employment)	-19	
None of the above		-20	Go to Q5

Q5. **IF NOT EARNING AN INCOME IN Q4:** Are you dependent on others for an income?

Yes – Remittances from inside the country	-1	Go to Q6
Yes – Remittances from outside the country	-2	
No	-3	Go to Q7

TOOLKIT 8

DIAGNOSTIC RESOURCE J

Q6. **IF NOT EARNING DEPENDENT ON OTHER IN Q 5:** Are you dependent on grants for an income?

Yes	-1
No	-2

ASK ALL

Q7. Are you a chairperson/treasurer/in the management of a savings or burial society?

Yes	-1	■ RECRUIT ACCORDING TO SPECS
No	-2	■ GO TO Q 8

ASK ALL

Q8. Do you sometimes lend money to people other than your family and friends at an interest rate?

Yes	-1	■ RECRUIT ACCORDING TO SPECS
No	-2	■ GO TO Q 9

ASK ALL

DEMOGRAPHICS:

Q9. **REGION: RECRUIT ACCORDING TO SPECS**

Area 3	-2
Area 2	-3

Female	-1
Male	-2

Q11. **CONFIRM RACE: INTERVIEWER TO RECORD IF RELEVANT**

Black	-1
White	-2
Coloured	-3
Indian/Asian	-4

Q12. Could you please tell me your age? _____

RECRUITER TO WRITE OUT AGE AND TO MARK THE APPROPRIATE BLOCK BELOW. DO NOT PROMPT.

TOOLKIT 8

DIAGNOSTIC RESOURCE J

<i>Younger than 25 years old</i>	<i>-1</i>
<i>25–40 years old</i>	<i>-2</i>
<i>41–55 years old</i>	<i>-3</i>
<i>Older than 55 years old</i>	<i>-4</i>

Q13. What is your highest level of education?

<i>Some primary school</i>	<i>-1</i>
<i>Primary school complete</i>	<i>-2</i>
<i>Some secondary school</i>	<i>-3</i>
<i>Secondary school complete</i>	<i>-4</i>
<i>Some tertiary</i>	<i>-5</i>
<i>Tertiary qualifications completed</i>	<i>-6</i>

Q14. What, if any, is your religious affiliation/which church do you belong to?

Q15. Marital status

<i>Single</i>	<i>-1</i>
<i>Divorced</i>	<i>-2</i>
<i>Widowed</i>	<i>-3</i>
<i>Married</i>	<i>-4</i>
<i>Co-habitate</i>	<i>-5</i>

HOUSEHOLD:

Q16. Do you regularly send money to members of your family not living with you?

<i>Yes</i>	<i>-1</i>
<i>No</i>	<i>-2</i>

Q17. IF LIVING WITH HOUSEHOLD (DEFINITION OF HOUSEHOLD: PEOPLE SHARING A POT OF FOOD AND/OR SLEEP UNDER THE SAME ROOF (REGULARLY))

Who are all the members of your household living with yourself and what is your relationship with them	<i>Member.....</i> <i>Relationship.....</i>
--	--

DIAGNOSTIC RESOURCE J

OWNERSHIP/RESOURCES:

	<i>Self</i>	<i>Household</i>
<i>House</i>	-1	-1
<i>Car</i>	-2	-2
<i>Other transport</i>	-3	-3
<i>Livestock</i>	-4	-4
<i>Mobile phone (with or without internet access)</i>	-5	-5
<i>Computer</i>	-6	-6
<i>Electric household goods e.g. fridge, stove</i>	-7	-7
<i>Electric entertainment goods e.g. television, sound system</i>	-8	-8

Yes	-1
No	-2	

TOOLKIT 8

DIAGNOSTIC RESOURCE J

FORMAL FINANCIAL INSTITUTION USAGE QUESTIONS:

Q20. Could you please tell me which **one** of the following banks you consider to be your main bank. **(That is the bank you use to save, send or receive money, have a loan, etc.). SINGLE MENTION ONLY**

Institution A (Insert name of bank in final questionnaire)	-1
Institution B	-2
Institution C	-3
Institution D	-4
Other (Please specify....)	-5
I don't have a bank account	-6

Q21. Could you please tell me with which of the following you have loans where you still owe any money?

Bank	-1
Building society	-2
Non-bank credit provider	-3
Microfinance institution	-4
Registered pawn shops	-5
Unregistered pawn shops	-6
Informal moneylender	-7
Stores that sell household goods (furniture, appliances, groceries)	-8
Retail clothing stores	-9
Agricultural suppliers (e.g. seed or fertiliser companies)	-10
The state	-11
Savings/credit society (where you are a member)	-12
Savings/credit society (where you are NOT a member)	-13
Village loan association	-14
Employer	-15
Family and friends	-16

TOOLKIT 8

DIAGNOSTIC RESOURCE J

HOUSEHOLD INCOME:

Q19. Please could you tell me in which category your **monthly household gross income** (before all deductions) falls?

By income we mean any type of money you earn on a monthly basis i.e. from a salary, social grants, farming, selling goods, doing odd jobs etc.

SINGLE MENTION ONLY

Range to	-1
Range to	-2
Range to	-3
Range to	-4
Range to	-5
Range to	-6
Range to	-7

ACCESS TO FORMAL FINANCIAL INSTITUTIONS:

Q20. How long would it take you to reach each of the following places, what method of transport would you use and what would it cost you to get to these?

	Name and location	Time to reach	Transport method	Transportation cost
Your closest bank				
Your closest ATM				
Your closest mobile airtime provider				
The closest place where you can get internet access				

I hereby certify that this interview has been carried out by me according to the instruction I received.

DATE:

SIGNED:

Diagnostic Resource K: Example of a case study

CASE STUDY: CREDIT

MAIN SOURCE OF INCOME: Informal sector, salaried

FINANCIAL INCLUSION STATUS: Banked: formal savings account, formal funeral insurance, informal 'self-help' savings society

REGINA

47 years old, single

Lives in JHB in a room at employer's business.

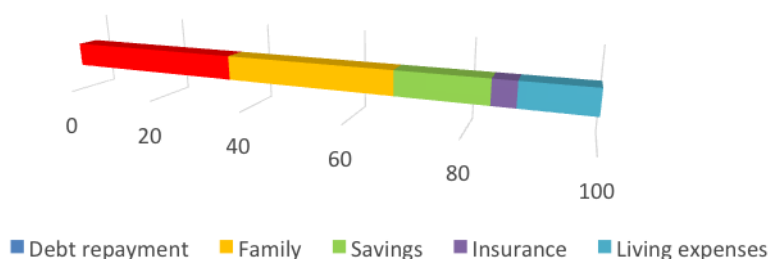
Main income earner of rural household, consisting of her uncle, two sisters their children and her own daughter.

Dreams for the future:

- Tertiary education for her 21-year old daughter
- Extend her 4-roomed RDP house

INCOME: Domestic workers at two different employers, earning R2 500.00 per month

PROPORTIONAL EXPENSE ALLOCATION



Expenses in South African rand values:

Debt payment: R900

Support Family in rural area: R800

Savings (Society and savings account):

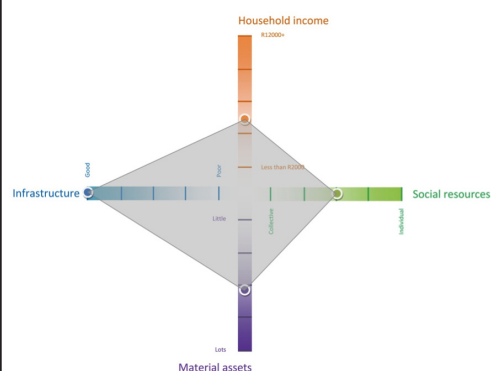
R100+ approximately R300

Insurance (Funeral): R110

Own food, transport, medications etc:

R290

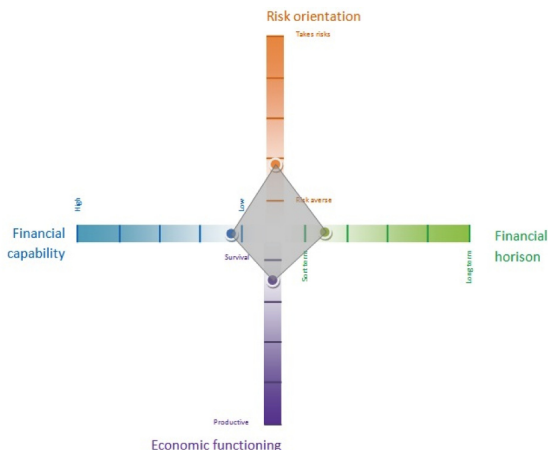
RESOURCES



TOOLKIT 8

DIAGNOSTIC RESOURCE K

Diagnostic Resource K: Example of a case study

ATTITUDES

Current use of credit instruments <p>Loan from society: She borrowed R4 700 from the society to pay off a Lewis loan she took out to buy a fridge; the interest was far higher than she expected. (The fridge cost R5 000, she paid a deposit of R3 500; after paying R550 for a few months, the outstanding amount was, according to Regina, still R4 700.)</p> <p>Interest charged on current loan: she thinks it is 15%</p> <p>Repayment amount: R400–R500 per month</p> <p>Currently outstanding: Approximately R2 000</p> <p>Clothing retail account (Jet)</p> <p>Interest charged on current loan: she has no idea, has never considered it.</p> <p>Repayment amount: R300–R400 per month</p> <p>Currently outstanding: She has no idea</p> <p>Perceptions about credit instruments</p> <p>Awareness of options to obtain a loan: bank, society, retailer, informal moneylender (mashonisa), family and friends and employer.</p> <p>Evaluation of credit providers:</p> <ul style="list-style-type: none">- Bank: Regina does not consider herself to be the target market of banks, because her salary is too small. <i>'I will never even go into the bank, they will ask for my payslip and when they see how little I make, they will just say "sorry".'</i>- Society: Almost guaranteed to get a loan, since you are a member and they understand and trust you; you are disciplined to pay it back; however, if you do not pay back your loan, you will lose your savings.- Retailer: Very high interest rate, it will take years to pay off loan.- Employer: Likely to refuse.- Family and friends: If they have money available, they will lend you; however, you will not be in a rush to give it back/limited discipline.- Mashonisa: Scared of them, they use bullying tactics and keep your ID book and bank card.

Diagnostic Resource K: Example of a case study

CASE STUDY: PAYMENT AND REMITTANCE

MAIN SOURCE OF INCOME: Informal sector, salaried

FINANCIAL INCLUSION STATUS: Banked: formal savings account, fixed deposit savings account; formal funeral insurance (through ZCC church)

PETRUS

54 years old, married with 4 step-children (aged 25, 22, 16 and 10).

Petrus and his wife live in Johannesburg in a room at his employer's business. His children live in the rural area Hammanskraal in a converted metal container on land Petrus received from the chief.

He is the main income earner of his household; his wife also works.

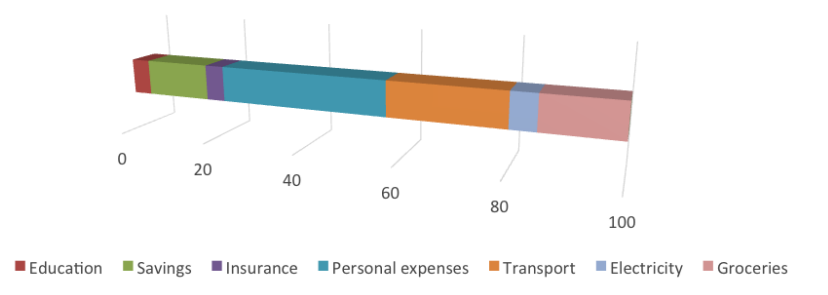
Petrus and his family are all active members of the ZCC church; their social lives revolve around church activities. A large proportion of their expenses goes towards the church (for transport to activities and for insurance).

Dreams for the future:

- Build a brick house in Hammanskraal
- Get a driver's licence

INCOME: General maintenance at a small business, earning R5 200 per month; his wife is a domestic worker, earning R3 000 per month. Joint household income is R8 200 per month.

PROPORTIONAL EXPENSE ALLOCATION



Expenses in South African rand values:

Support family in rural area (mother): R500

Education for 2 kids in Hammanskraal: R210

Savings (Savings account and wife's society): R1 100

Insurance through ZCC (Funeral for self, wife and two adult kids, as well as house structure and content insurance): R220

Clothes and toiletries for self, wife and kids: R1 200

Kids pocket money: R1 100

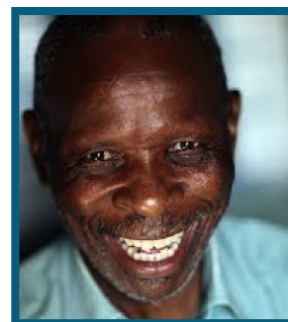
Own pocket money: R400

Transport (wife's work, to Hammanskraal, to funerals and church activities): R1 700

Electricity (Hammanskraal): R300

Own food, medications etc: R300

Kids' groceries: R1 200

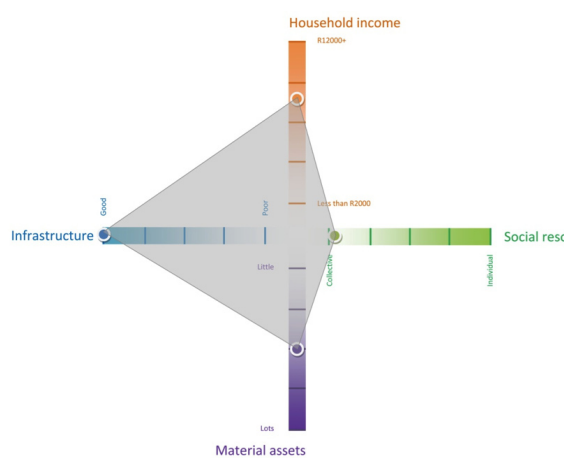


TOOLKIT 8

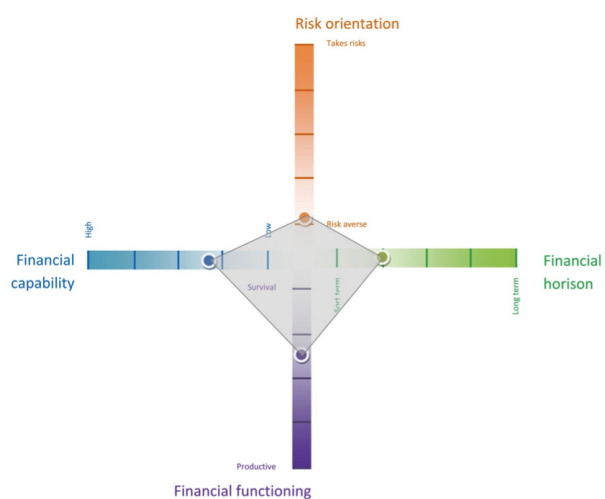
DIAGNOSTIC RESOURCE K

Diagnostic Resource K: Example of a case study

RESOURCES



ATTITUDES



Current use of payment and remittance instruments

*Petrus receives a portion of his salary by electronic transfer in his ABSA bank account (business-to-person **B2P**, account to account **A2A**); he receives the remainder of his salary in cash (business-to-person **B2P**, account-to cash **A2C**).*

*His wife receives her total salary as a transfer into her Standard bank account (person-to-person **P2P**, account-to account **A2A**).*

*Petrus uses cash for virtually all payments (person-to person **P2P** and person to business **P2B**, cash-to-cash **C2C**). Even the remittances to rural family members are mostly done in the form of cash which he takes himself.*

*Payment for his group insurance is also done in cash at the ZCC church (**P2B**, **C2C**).*

The exceptions are the following:

- *Occasionally he sends money to the kids when they have special requests via retail payment systems of PicknPay, Checkers or Pep (person-to-person **P2P**, cash-to cash **C2C**).*
- *He sometimes sends money to his mother with a friend who lives in the same area (person-to-person **P2P**, cash **C2C**).*

*His wife has a debit order for her insurance premium (person to business, **P2B**, account-to-account **A2A**).*

Perceptions about payment and remittance instruments

- **Retail money markets:** *extremely convenient, very small handling fee (only R10 per transaction), available at a number of retail outlets. (He also uses retail outlets to draw cash at the tellers, which is convenient.) The service at retailers is very efficient; he also thinks these are reliable and trustworthy.*

- **Banks:** *Banks charge a service fee; he does not know how much. The children each have a bank account, which he could use to send money; however, he avoids doing this as much as possible due to the (unknown) service charges. 'I don't know how much they take, I only know that my children get less than what I send them'.*

He thinks a debit order is convenient, but he feels uncomfortable about the possibility that the bank can deduct an incorrect amount.

- **Mobile banking:** *He has heard that people use mobile banking and find it convenient; he would not consider it at all. 'I know nothing about sending money with my phone. I will lose my money because I do not know how to do it.'*

- **Using a person:** *Only feasible if you know the person well; he would trust a taxi driver who operates in the area where his mother lives to send money to her.*

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