

MAP TOOLKIT SERIES

5

Performing the MAP Diagnostic:
Analysing the demand side



TOOLKIT 5: Performing the MAP diagnostic: Analysing the demand side

In this Toolkit:

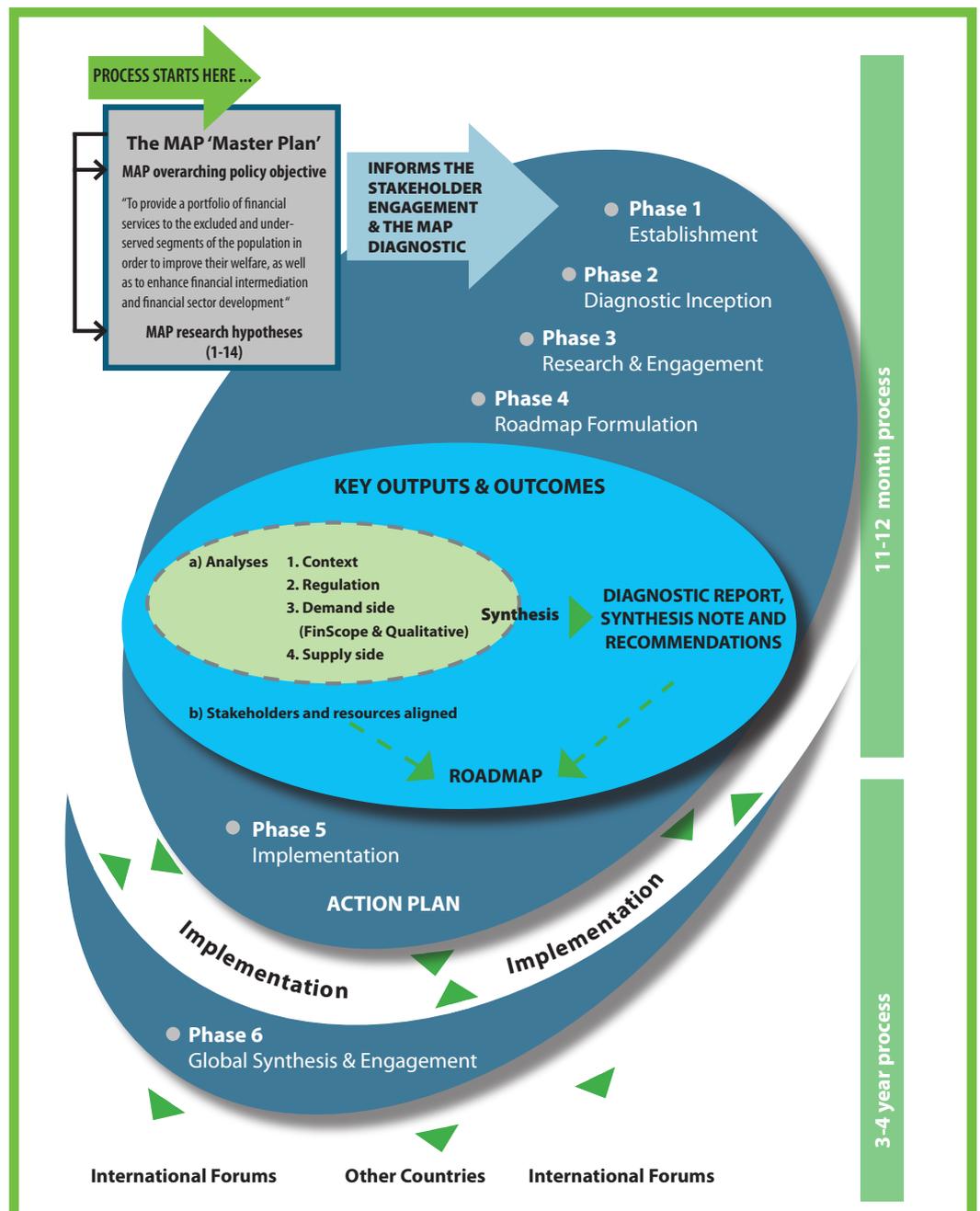
1. Conceptual overview of the MAP process.....	2
2. Introduction.....	3
3. What are the aims of Toolkit 5?.....	3
4. Why focus on the demand side?.....	4
5. Scope and structure of Toolkit 5.....	4
6. Demand-side framework: the customer at the core.....	5
6.1. Conceptual framework.....	6
6.1.1. Customer context.....	9
6.1.2. Financial services needs.....	12
6.1.3. Financial capability.....	14
6.1.4. Financial functioning: access and usage.....	15
6.2. Target market segmentation.....	15
6.3. Link between demand-side and supply-side research.....	16
7. Getting going with the demand-side research.....	17
7.1. Types of demand-side research.....	17
7.1.1. Quantitative research.....	17
7.1.2. Qualitative research.....	18
7.1.3. The role of demand-side research in the overall MAP diagnostic.....	18
7.2. What are the demand-side diagnostic outputs, and who is responsible?.....	19
8. Quantitative demand-side research.....	21
8.1. Why FinScope?.....	21
8.1.1. Weighting and benchmarking approach.....	23
8.1.2. Questionnaire sections.....	23
8.1.3. Analytical tools.....	23
9. Qualitative demand-side research.....	25
9.1. Objectives.....	25
9.2. Methodology.....	26
9.2.1. What is an individual in-home interview?.....	26
9.2.2. Sampling.....	27
9.2.3. What to ask in individual interviews?.....	28
9.2.4. Data collection/fieldwork.....	29
9.2.5. Analysis and reporting.....	30
10. Integrating the demand-side research into the overall MAP analysis.....	31
10.1. Demographic, social and economic context.....	31
10.2. Financial attitudes and behaviour.....	32
10.3. Take-up of financial services.....	32
10.4. Target market segmentation.....	35
10.5. Analysis of product markets.....	40
11. Conclusion.....	43

THE MAP PROCESS

CONCEPTUAL OVERVIEW OF THE MAP PROCESS

1. Conceptual overview of the MAP process

The diagram below provides an overview of the MAP process. **Toolkit 5** focuses on conducting the demand-side aspect of the diagnostic.



THE AIMS OF TOOLKIT 5

INTRODUCTION

2. Introduction

As set out in Toolkit 1, the overarching policy objective pursued through financial inclusion policies or strategies is:

To provide a portfolio of financial services to the excluded and underserved segments of the population in order to improve their welfare, as well as to enhance financial intermediation and financial sector development.

The demand-side diagnostic deals with the second component of the overarching policy objective: the excluded and underserved segments of the population.

3. What are the aims of Toolkit 5?

Working through this toolkit should enable you to:

- Understand what is entailed in researching the demand side of a MAP diagnostic;
- Understand the rationale behind i) the use of the FinScope Consumer Survey (quantitative data) and ii) the qualitative demand-side research and data-gathering exercise, respectively;
- Confidently undertake the MAP diagnostic exercise in relation to researching the demand side and analysing the findings; and
- Integrate the insights gained from undertaking the demand-side research (quantitative and qualitative) into the diagnostic analysis to reach relevant conclusions.

Why do we want to do this? The aim is to research, understand and analyse consumer realities, attitudes and perceptions, as well as current usage, needs and potential demand for financial services among the excluded and underserved market segments – with a particular focus on identifying access barriers and usage factors that discourage consumers from taking up financial services. This allows us to test the following of the MAP research hypotheses:



For the other three focus areas of the MAP diagnostic research and analysis, see **Toolkits 3** (context), **4** (regulation) and **6** (supply side). See **Toolkit 7** for information on pulling the analyses together into a diagnostic report with recommendations.

WHAT IS MAP?

WHAT SETS MAP APART?

Hypothesis 1

The personal financial services that are most likely to improve the welfare of low-income households are savings, electronic payments, credit and insurance.

Hypothesis 2

The demand (as opposed to need – see Glossary) for the different types of formal financial services (savings, electronic payments, credit and insurance) does not develop simultaneously or independently. The demand for certain types of service develops before the demand for other types of service. Significant gains in access to certain services also depend on other services being available (e.g. the availability of low-cost electronic payments will facilitate the growth of savings, credit and insurance).

Hypothesis 3

Low-income households will use formal financial services on an ongoing basis only if they are affordable, accessible and appropriate to their needs.

Hypothesis 4

Individual perceptions and financial capability influence decisions to use or not to use financial services

4. Why focus on the demand side?

Do financial services help people to manage their financial lives more efficiently, increase their income, better manage risks and build up wealth over time so as to improve their welfare? Which financial services, through which channels or providers, add most consumer value? And what are the main barriers, from a demand as well as from a supply perspective, preventing people from using the optimal suite of financial services for their needs?

To answer these questions, MAP cross-tabulates insights across a portfolio of financial services – credit, payments, savings and insurance – from three angles:

- **Context, supply-side and regulatory analysis;**
- Quantitative demand-side research through the nationally representative FinScope Consumer Survey; and
- A qualitative research dimension to unlock insights on behaviour and value.

Combining the three perspectives enables MAP to test the core hypotheses regarding the role of financial inclusion in enhancing welfare and influencing the real economy in a more penetrating and focused way than traditional supply-focused financial inclusion approaches. MAP therefore puts the demand-side at the core of the analysis.

Toolkit 5 sets out the two components of the MAP demand-side diagnostic: i) organising and analysing a FinScope Consumer Survey – which provides the quantitative demand-side data – and ii) organising and analysing qualitative demand-side research.

Note: Given that demand-side evidence is core to the whole MAP analysis, there will be considerable overlaps between this toolkit and the country context data-gathering exercise (see [Toolkit 3](#) – particularly the sections on demographic data and socio-economic data), [Toolkit 6](#) (on supply-side research and analysis) and [Toolkit 7](#) (on the synthesis exercise). The findings from the demand-side research and analysis will be key to making sense of the supply-side research findings.

5. Scope and structure of Toolkit 5

The demand-side analysis draws on two separate but interrelated and complementary inputs:

- A FinScope Consumer Survey – which yields the quantitative data; and
- Qualitative demand-side data-gathering and analysis.

The demand-side analysis integrates the quantitative and qualitative demand-side insights to ascertain the features of demand in the particular context. These demand-side insights are central in informing the supply-side analysis, as well as the overarching conclusions and recommendations.

The rest of this toolkit is structured as follows:

- **Section 6** provides the background to the demand-side analysis: it outlines the framework for MAP demand-side analysis as an introduction to the rest of the toolkit and introduces the concept of target market segmentation as a core demand-side tool that is used in each MAP
- **Section 7** explains the types of demand-side research to be conducted, the deliverables and roles;
- **Section 8 and 9** provide an overview of the methodology and substance of the analysis for each of the two core demand-side research components, namely quantitative (FinScope Consumer Survey) and qualitative analysis:
 - o Section 8 is dedicated to the methodology, roles and analytical framework of the quantitative demand-side research.
 - o Section 9 does the same for the qualitative demand-side research;
- **Section 10** discusses where and how to incorporate the demand-side evidence in the overarching MAP analysis and diagnostic report; and
- **Section 11** concludes.

See **Toolkit 8: Diagnostic Resources G–L** for the following indicative demand-side research resources and templates referred to in this toolkit:

- **Diagnostic Resource G:** Overview of financial capability;
- **Diagnostic Resource H:** Indication of what to ask in individual interviews;
- **Diagnostic Resource I:** Example of individual interview summary;
- **Diagnostic Resource J:** Template for recruiting questionnaire for individual interviews;
- **Diagnostic Resource K:** Example of a case study; and
- **Diagnostic Resource L:** Example of a summary report of qualitative findings.

Note: Diagnostic Resources G–L in Toolkit 8 are indicative only, and subject to change. From time to time the MAP hub will add or modify resources, in response to specific needs of the MAP diagnostic process as it unfolds in a particular country.

THE MAP POINT OF DEPARTURE

OVERARCHING POLICY OBJECTIVE

The access framework

Five drivers of access have identified (Porteous 2004):

- **Proximity:** This considers how far a person must travel to access the service concerned and is usually defined in terms of the time required and/or the cost of travel.
- **Affordability:** The measure of affordability will differ across financial products, but the basic premise is that people are likely to be excluded from a particular financial service if the cost of using the service exceeds a critical threshold relative to their monthly income and/or the value of the transaction. Demand-side research gauges customers' perceptions of affordability and willingness to pay, which can then be compared to supply-side findings on cost, interest or fee structures.
- **Appropriate product features:** The features of the service should be appropriate to the user and be able to meet the user's particular needs for the financial service.
- **Appropriate terms or eligibility requirements:** These are defined as eligibility requirements imposed by financial service providers beyond what is dictated by regulation. Contractual terms imposed by financial service providers may inappropriately exclude specific categories of users from making use of the service.
- **Regulation:** Regulation may inadvertently exclude specific groups of people (e.g. if regulation requires migrants to provide proof of legality of stay, thereby excluding undocumented migrants), or increase the cost of serving particular client groups (e.g. requiring banks to open physical files for clients even if account balances are low and transactions limited).

6. Demand-side framework: the customer at the core

The MAP overarching policy objective is built on the assumption that, with greater access to a range of financial services, poor and low-income households and businesses that are currently excluded or underserved can generate income, build assets, smooth consumption and better manage risks. Understanding the needs and demands of customers enables us to develop policy and product solutions that serve their needs and reduce inequalities of access.

6.1. Conceptual framework

The MAP logic follows a *client-centric* approach to explicitly incorporate the demand-side perspective in an integrated analysis combining demand, supply and regulation, against the backdrop of policy objectives.

Financial needs drive behaviour: People use financial services as a means to an end, not an end in itself. They need to transact, send and receive money, store value and save, borrow and manage risks. These customer needs are critical in shaping how customers make decisions.

Linkages between product markets: While MAP classifies product markets as 'savings', 'payments', 'credit' and 'insurance', customers use whatever products address their needs, regardless of the product market classification. For instance, customers might use a 'payment' product (e.g. mobile banking) to satisfy a need that might otherwise be classified as a 'savings' need (to store value for a short term). Care should be taken to view the demand-side findings through the eyes of the customers. From a demand-side perspective, it will be essential to identify cross-linkage between the product markets that form the basis for the supply-side analysis (see [Toolkit 6](#)).

From needs to usage: People's behaviour, including financial behaviour, should be regarded within the specific context of their day-to-day economic and social realities as well as their culture (their views, beliefs and structures of thinking), which in turn shape their attitudes to life in general and to financial services in particular. If we can understand how consumers think and why they think that way,

'Financial capability' is a term often used in this toolkit. See **Diagnostic Resource G** (in Toolkit 8) for detail on financial capability.



Related links

Collins, D., Morduch, J., Rutherford, S. & Ruthven, O. (2009). *Portfolios of the Poor: How the world's poor live on \$2 a day*. Princeton: Princeton University Press. Available online from: <http://press.princeton.edu/titles/8884.html>



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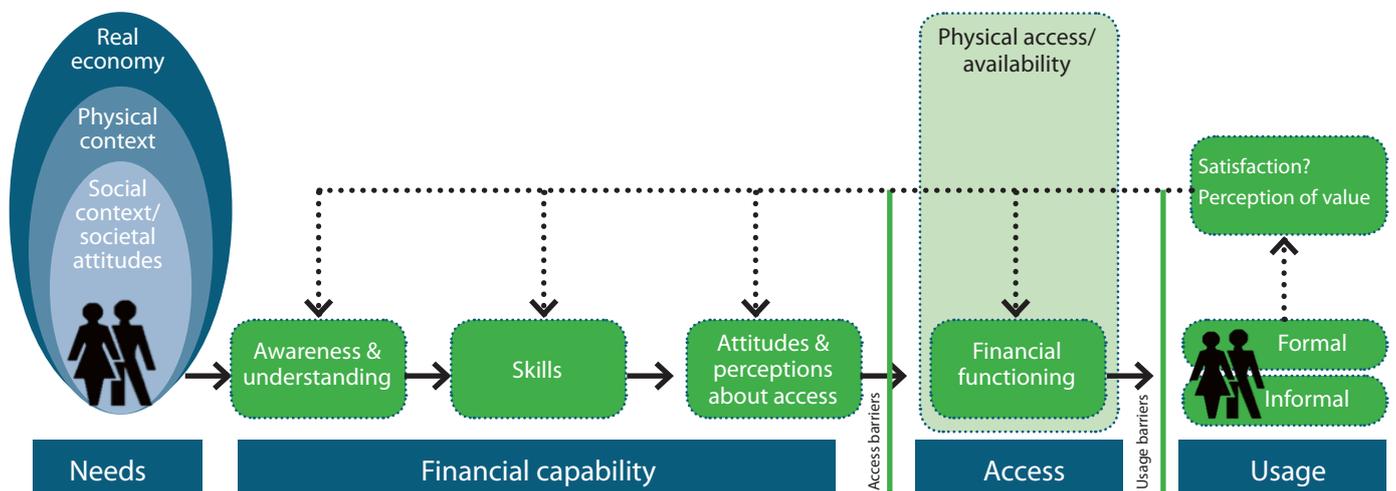
Porteous, D. (2004). *Making Financial Markets Work for the Poor*. Paper commissioned by FinMark Trust. Available online from: <http://ndp.treasury.gov.za/Courses%20Library/2007,%2029%20Oct-2%20Nov%20-%20TTRI%20overview%20Course,%20Midrand/Day%203%20-%2031%20Oct%202007/Reading%20-%20MMW4P%20Porteous.pdf>

we will be able to better understand why they behave as they do. Financial capability and perceptions regarding financial products, options and providers drive consumer decisions on what might be the desired 'basket' of financial services to meet financial needs and the decision to use various financial services. The decision-making process is dynamic and consumers learn from previous experience with financial services (their level of satisfaction, the value they derived) to inform future decisions.

Overcoming barriers: However, various barriers constrain the choice of available services to meet needs and, ultimately, usage of financial services. Each MAP diagnostic will seek to identify unmet demand and barriers to uptake of financial services from the customer's perspective. Such barriers can relate to the features, cost structure and availability of financial services (as discussed in **Toolkit 1**, these are referred to as access barriers), as well as to behaviour and perceptions as outlined above (so-called usage barriers, as outlined in **Toolkit 1**). Armed with this understanding, the MAP diagnostic then asks how to bridge the gap between needs/unmet demand and actual usage or uptake of financial services. In this way, the demand-side analysis can help financial institutions to develop products and services that will address needs in a way that is in sync with the target market's structures of thinking, as well as to communicate with the target market in a way that resonates with them.

The following diagram illustrates the decision-making framework to overcome barriers and to progress from the need for a financial service to use of the service.

Figure 1. Demand-side analysis conceptual framework



TOOLKIT 5

THE MAP RESEARCH HYPOTHESES

The specific objectives of the demand-side research and analysis

In the light of the above, the specific objectives of the demand-side research and analysis can be summed up as follows:

- Understand the **socio-economic, cultural, physical and real economy context** of the target market, which impacts on demand-side issues;
- Understand the **needs** of potential consumers of financial products and services;
- Gauge the **awareness, understanding and perceptions**, on the part of consumers, of formal financial products and services;
- Determine consumer **financial capability**;
- Determine the **current use** of financial products and services;
- Identify actual and perceived **usage and access barriers** that might inhibit the uptake of formal financial products and services; and
- Identify **opportunities** for improved financial inclusion.

Figure 1 can be explained as follows:

- **Needs:** At the first level are customer needs. Needs trigger the potential demand for a financial service. Needs are shaped by the societal norms, attitudes, cultural framework and social context within which a person functions, as well as by the physical environment and the real economy.

See Section 6.1.1 for a discussion of how needs manifest within a socio-economic and physical environment.

- **Financial capability:** At the second level is financial capability. Financial capability encompasses consumer awareness, understanding and attitudes to financial services, as well as the skills and level of financial functioning of consumers (how consumers deal with money, whether they are able to conduct financial services transactions), to determine the basket of desired financial services to most effectively meet needs.

See Section 6.1.3 and Diagnostic Resource G (in Toolkit 8) for a discussion of financial capability.

- **Access:** At the third level is access to financial services. Access includes physical access, affordability, eligibility and appropriateness of product features:

- o **Barriers to access:** Access barriers limit the financial options available to consumers. Consumers cannot access their desired basket of financial services and have to adapt to accommodate what is available to them. The supply-side toolkit (Toolkit 6) unpacks actual access barriers (see also the box below). In the demand-side analysis, the emphasis is on people's perceptions of accessibility.

- **Usage:** Finally, all of the above combine to determine actual usage or uptake of products (as opposed to mere access). Such usage can be formal or informal. Usage cannot be decoupled from value and satisfaction with the services. These factors will feed back into a person's awareness of, understanding of and attitudes towards, as well as uptake of, various services.

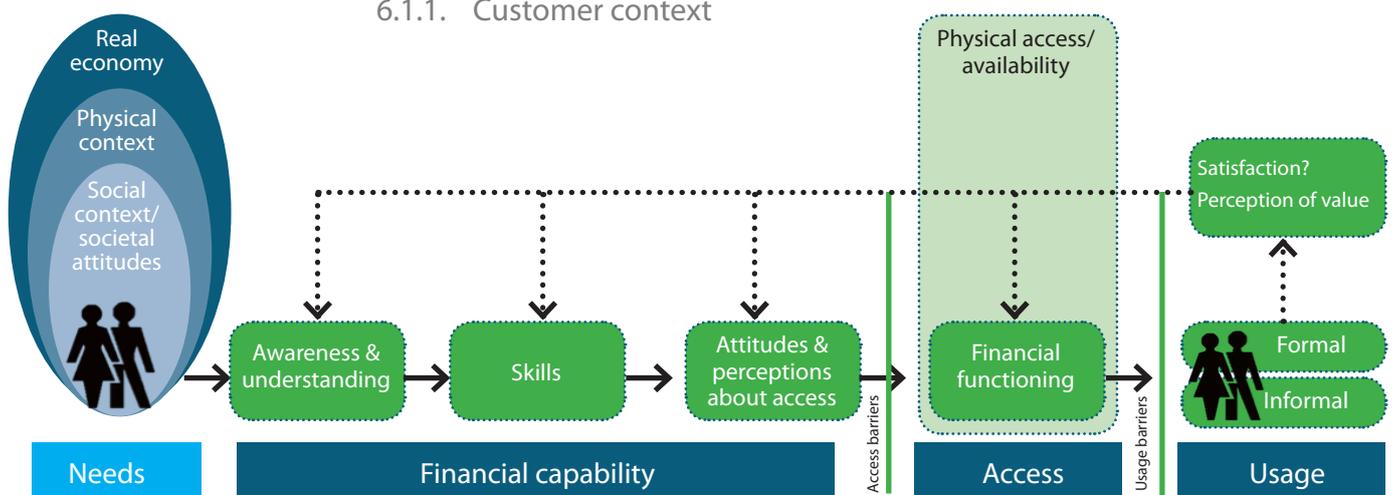
- o **Barriers to use:** A person may technically have access to a product, but may choose not to take up or use such a product. In addition

to access barriers there will therefore be usage factors that discourage people from taking up the product even if they have access. These include financial capability, the availability of informal alternatives, social security or state-provided alternatives, fear of 'officialdom' and the paperwork required by formal players, perceptions that formal financial products are 'for the rich', and/or distrust of the formal sector.

See Toolkit 6 (supply side) for a detailed description of access and usage barriers.

Below, the aspects to cover and approach to each of the main elements in the conceptual framework are set out in more detail. The diagram introduced above is repeated for each aspect, highlighting the part of the framework under discussion.

6.1.1. Customer context



The customer context is core to understanding needs, capability plus financial functioning. Three levels of context are relevant: social context, physical context and economic context.

We will get answers if we ask customers what they do – but, unless we understand the context we either might not understand the implications of the answers or we might not be able to identify whether the answers are actually reflecting the reality.

6.1.1.1. Social context

People function within a context – e.g. economic, social, psychological, cultural. If people's financial attitudes and behaviour are studied in isolation, it might be possible to determine what they do, but not really why they do it.

THE MAP COMPONENTS

THREE LEVELS OF ENGAGEMENT

Individualism versus collectivism

A useful perspective on context for financial access relates to the functioning of people within a society: do they function with more of an emphasis on being part of a group (collectively) or more individually?

Individualism can be described as a loosely knit societal framework in which individuals are expected to take care of themselves and their immediate families only. Its opposite, collectivism, represents a tightly knit framework in society where individuals can expect their relatives or members of the society or of a particular group to look after them in exchange for unquestioning loyalty and participation in group structures and activities.

Note: In many of the countries where the MAP study is undertaken, society functions collectively; this social structuring permeates all aspects of people's lives. Of particular interest for the MAP study is the informal financial products that such people use (e.g. self-help saving societies or burial societies).

Societal attitudes

The social context within which people function give rise to a number of attitudes about 'acceptable' behaviour – and this will have a direct impact on their behaviour in terms of financial access.

For example:

- o If it is considered inappropriate to discuss or plan for funerals (since it is believed that speaking about funeral planning may 'invite' death), people are not likely to embrace funeral insurance.

Remember: 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 services providers understand the prevailing attitudes relevant to financial access and the underlying reasons for such attitudes, they can plan accordingly.

There are a number of attitudes that relate specifically to financial functioning, among others:

- Future vs present orientation;
- Risk taking vs risk aversion;
- Acceptance vs rejection of innovation;

ATTITUDE AXES

WHAT ARE THE VARIOUS MAP DOCUMENTS?

While all attitudes found in demand-side research are relevant to note, MAP compares across different sets of consumers according to four main 'attitude axes':

- Risk orientation: fatalistic about risk vs proactively planning for risk events;
- Financial horizon: short-term vs long-term planning orientation;
- Economic orientation: survivalist (limited scope for economic progression, just struggling to make ends meet) vs productive (proactive attitude and some means of ensuring economic progression); and
- Societal orientation: collectivistic vs individualistic.

See **Toolkit 8, Diagnostic Resources I and L**, for illustration of the application of these axes

- Survivalist vs productive orientation;
- Religion-based perceptions;
- Attitudes towards risk mitigation;
- Culture of saving vs. indulgence; and
- Shame associated with loans.

6.1.1.2. Physical context

The physical context within which people function has a profound impact on their financial functioning.

For example:

- o The distance to facilities like health care and schools potentially has an impact on time and cost to reach these; and
- o The location of a house next to a busy street could facilitate trading, and the location of a farm close to a water source would make it easier to water crops.

Furthermore, access to infrastructure that might potentially enable communication (allowing customers to be exposed to programmes or marketing of financial products or to interface electronically with financial institutions or products) could affect financial inclusion.

Other physical aspects could present existential threats (e.g. deteriorating roads and public transport that impact on people's ability to get goods to markets) or existential opportunities (e.g. new infrastructure development in the area that would create formal employment opportunities).

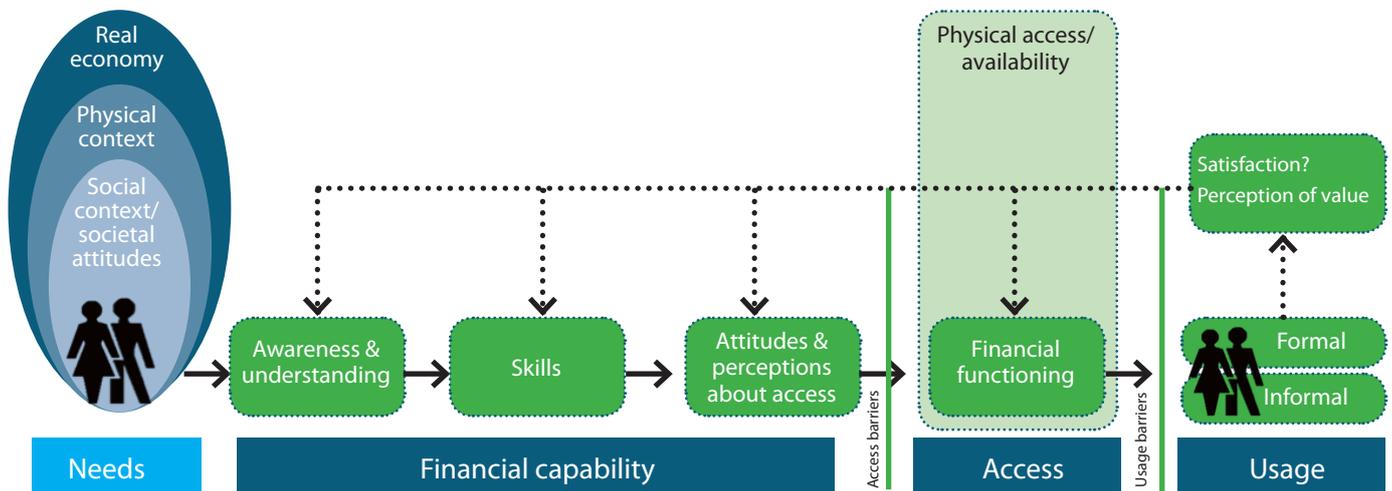
6.1.1.3. Real economy

The target market lives not only in a social and physical context – people also make a living, in the broader macroeconomic and socio-economic context of a country (see **Toolkit 3**). When analysing the needs of the target market, it is important to take stock of their economic realities, how the household generates a livelihood, what the employment, productivity and skills realities are, and the main expenses that the household incurs.

THE MAP COMPONENTS

THREE LEVELS OF ENGAGEMENT

6.1.2. Financial services needs



The departure point for demand-side analysis is customers' needs as the most prominent drivers of use. This information is vital for understanding the reasons for current usage and for making informed strategic recommendations to improve financial access.

For the purposes of ease of reference and to facilitate the MAP analysis, needs (or drivers of use) are categorised into four product markets:

- **Saving:** to store or keep safe value for short periods, or for longer periods to accumulate value;
- **Payments:** to pay and be paid, to send and receive money;
- **Credit:** to bring forward consumption, in order to cope with emergencies or for productive purposes (like starting or expanding a small enterprise); and
- **Insurance:** to manage the financial impact of risk.

Consumers do not categorise their needs into 'product markets' as used by financial access practitioners; it is your task as analyst to organise the data accordingly once it has all been collected.

Note: In the MAP analysis, such drivers of use are sometimes referred to as 'use cases' – i.e. a particular application for a product among the target market. For example, 'to pay for school fees' is one of many applications for savings. The challenge of the demand-side research would be to determine whether there are any other, country-specific drivers of use that have not been identified before.

In Toolkit 6 (supply side), the drivers of use that have been identified are discussed under each of the product markets. For ease of reference, these are listed below. However, you are encouraged to refer to Toolkit 6 for a detailed description of product markets.

The need for payments

Why do people pay, receive payments, or send or receive money? The following drivers of use for payments have been identified:

- Bill payments (including utilities, insurance premiums);
- Purchase payments (for products and services, including airtime);
- Converting electronic money into cash, and vice versa;
- Receipt of salary or wages;
- Remittances (domestic and cross-border);
- Pension payments; and
- Debt receipts and payments.

Note: The degree of usage varies from country to country. Volumes, frequency and the number of transactions are also important to demonstrate the potential business case to financial services providers.

The need for savings

Why do people save? Do they want to keep their money safe for a short period of time to provide for times of need or to make a specific purchase? Do they want to put their money away for a longer time to accumulate value? The following drivers of use for savings have been identified:

- **Store value:** short-term savings for consumption smoothing, e.g. to buy food, household goods, utilities;
- **Store value:** short-term savings for unplanned eventualities, e.g. funerals, loss of goods, unplanned medical expenses;
- Save for a purpose, e.g. education;
- Save for a purpose: big-ticket items e.g. appliances;

TOOLKIT 5

WHO ARE THE MAP STAKEHOLDERS?

- Save for a purpose: for a special event, e.g. a wedding, to attain monkhood;
- Compulsory savings for loans; and
- Longer-term saving for investment, e.g. in pension, unit trusts, savings bonds.

The need for credit

Why do people take out loans, even if conditions for such loans are not favourable? Credit is an important component of the financial functioning of customers, and it is important to understand exactly what drives the need for credit. General drivers of use for credit include the following:

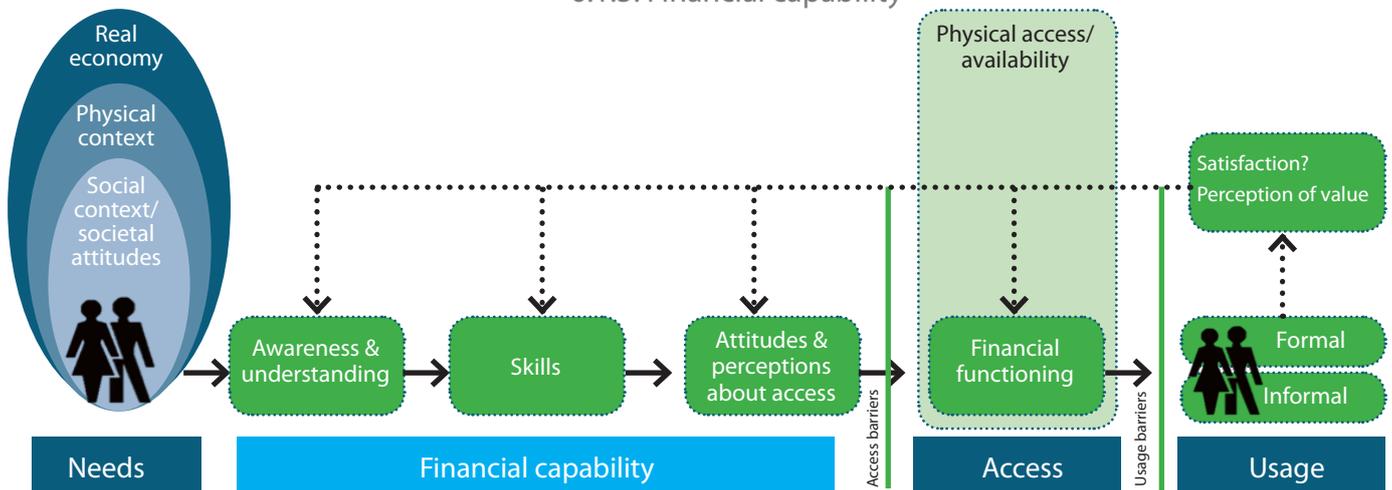
- **Crisis management:** e.g. health expenses, funeral expenses;
- **Consumption:** e.g. for education expenses, to service existing debt, to recover from losses, for upcoming events or occasions, for small-scale enterprises running costs;
- **To bring forward consumption:** e.g. to buy household goods or clothes, to buy assets, e.g. a car, livestock, house etc.; and
- **Productive:** for agricultural production, to buy or expand a business enterprise or farm, and for on-lending.

The need for insurance

Why do people insure? Unforeseen or unplanned eventualities are a reality for all people. The following drivers of use for insurance uptake have been identified as the most prominent:

- To cope with the impact on household finances of death of a household member, especially a breadwinner, and the associated funeral expenses;
- To deal with the direct and ancillary cost of health care (with the latter including transport costs and forgone income);
- To smooth the impact of risks on agricultural production in order to make income streams more predictable; and
- To recoup the loss of key assets.

6.1.3. 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 gauge the target market's level of financial capability and the gaps in this regard. The definition of 'financial capability' adopted by the Financial Education Fund 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. (see: www.financialeducationfund.com)

Financial capability comprises a progression of four key components: knowledge, skills, attitude and behaviour. Stand-alone studies are often conducted in countries to explore the financial capability of customers, since it is a complex and multi-faceted topic. In the MAP demand-side diagnostic financial capability is researched as part of the standard quantitative and qualitative methodology.

It will be important to highlight the impact of financial capability when integrating the demand-side findings in the MAP analysis.

For example:

- o If potential customers of insurance lack the basic awareness of the concept of insurance, they will not actively investigate insurance product options to mitigate risks;

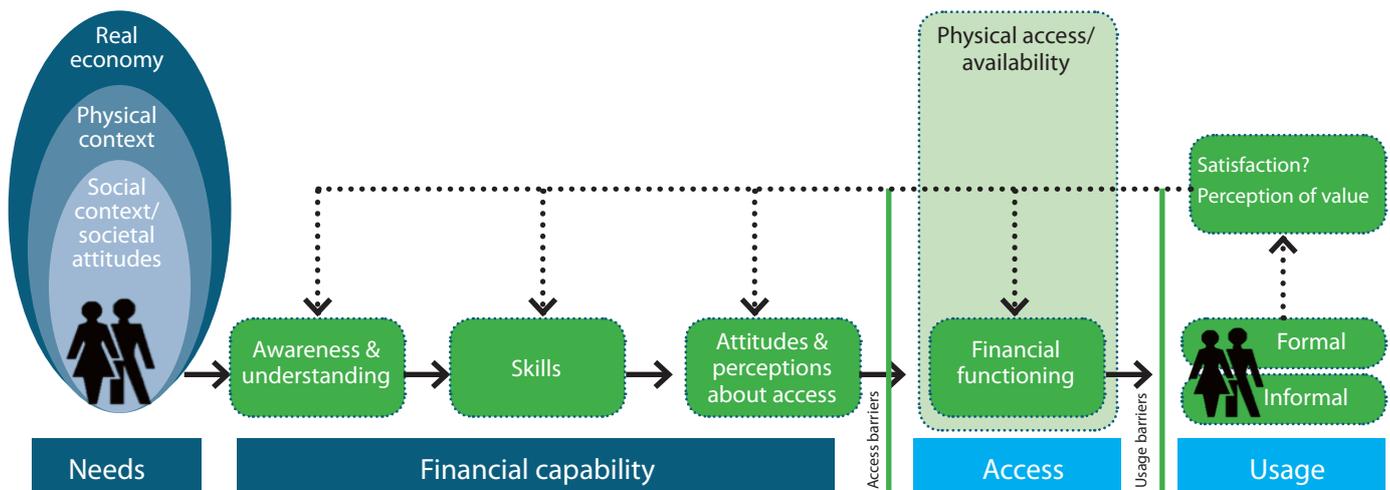
TOOLKIT 5

WHO ARE THE MAP STAKEHOLDERS?

- o Another group of potential customers might have the awareness and understanding of the insurance concept, but if they do not have the skills required to, for instance, submit a claim, they will not engage with insurance; and
- o Another group might have the awareness, understanding and skills, but if they do not trust insurance companies and if they believe insurance companies always try to find reasons to avoid paying legitimate claims, they will not buy insurance products.

See Diagnostic Resource G (in Toolkit 8) for a detailed explanation of financial capability.

6.1.4. Financial functioning: access and usage



The approach to gauging the last two components of the framework, namely access and usage, is outlined in Section 10 of this toolkit, where we consider how to integrate quantitative and qualitative research results into the MAP analysis.

6.2. Target market segmentation

The core MAP methodology for understanding client needs, context and financial functioning is to develop target market typologies through a segmentation exercise.

Different types of clients behave differently and have different needs for financial services. Traditional financial inclusion analyses include statements such as “95% of adults in Myanmar earn less than \$10 a day”. This, however,

does not allow for a granular understanding of the people within the group – their needs, realities and the systematically different policy approaches required to improve their welfare and achieve broader public policy objectives.

MAP departs from the traditional supply-side diagnostic focus by putting the demand side at the core of the analysis. It does this by unpacking needs, behaviour, and usage of financial services, both formal and informal, across various segments of the adult population. The product and provider landscape is then evaluated against customer needs in order to conclude on the gaps and priorities for extending financial inclusion across product markets as well as across types of institutions, and the corresponding regulatory imperatives. Thus the target market analysis permeates the whole MAP diagnostic analysis.

The basis for segmentation is main source of income. As an indicator of the level and regularity of income of the household, it informs lifestyles, financial services needs and likely distribution opportunities and challenges for both the individual and the person's household.

Such a segmentation exercise will typically reveal a number of segments; however, improved financial access to some of these segments could potentially have more value in contributing to the achievement of the policy objectives. The roadmap and action plan will detail how financial inclusion can improve welfare for these key target market segments. Target market segmentation is therefore one of the cornerstones of the final outcomes of the MAP process, namely the roadmap and action plan.

The main source for the segmentation exercise is the analysis of quantitative demand-side data. It allows you to identify segments of people with similar tendencies, circumstances and behaviour. The qualitative research can provide more detail on profiles and behavioural tendencies. Once the key target market segments have been identified, qualitative investigation can further calibrate the nuances within each of the identified segments.

See Section 10.4 for more detail on the methodology for segmentation and how to incorporate the results in the analysis.

TOOLKIT 5

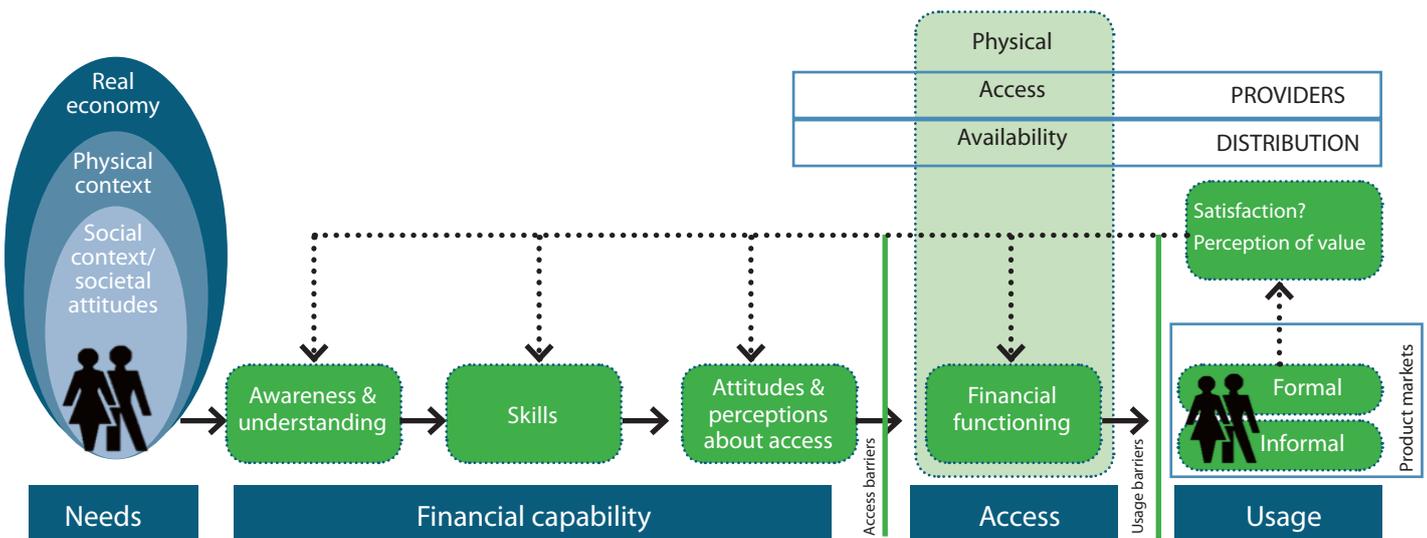
WHO ARE THE MAP STAKEHOLDERS?

6.3. Link between demand-side and supply-side research

The supply-side analysis considers four product markets in a particular country: savings, payments, credit and insurance. For each, the landscape of players (formal as well as informal), their performance, the product suite and key features thereof as well as distribution channels are analysed to reach conclusions regarding access barriers, gaps and opportunities (see **Toolkit 6**). A MAP diagnostic also outlines the country context (see **Toolkit 3**) and regulatory framework (see **Toolkit 4**).

The demand and supply sides overlap in the following components of the conceptual demand-side framework:

Supply side integrated with demand side



Section 10 of this toolkit outlines how the demand-side research feeds into each product market analysis that forms the basis for the supply-side diagnostic.

7. Getting going with the demand-side research

7.1. Types of demand-side research

Demand-side research implies exploring all aspects relevant to the target market for financial access. There are a number of potential approaches to conducting such exploration. Ideally extensive primary research should be conducted, which involves the collection of information by directly contacting the target market. MAP also draws and builds on information from past primary research that has been placed in the public domain – secondary research.

For example:

- o Numerous studies conducted in Mozambique described the existence and importance of self-help savings societies (xitiques). The MAP demand-side research therefore did not have to explore whether these existed and the various forms in which they manifested, but could concentrate rather on how these societies address the needs of customers better than the formal savings products.

Note: In MAP studies, primary demand-side data collection has both a quantitative and a qualitative component.

7.1.1. Quantitative research

Quantitative research collects data from a large number of people in a structured way, usually using questionnaire surveys. Good sampling practice enables large-scale quantitative surveys to represent the views of the population to a known and calculable degree of accuracy. In MAP, quantitative demand-side research is done using the FinScope Consumer Survey. It obtains information from a representative sample of the total adult population using a structured questionnaire, which is administered in face-to-face interviews.

See Section 8 of this toolkit for detailed information on Finscope.

The FinScope findings give a nationally representative picture of financial product usage in a country, general and financial behaviour, perceptions regarding finance, financial institutions and products and living conditions.

'Financial capability' is a term often used in this toolkit. See **Diagnostic Resource G** (in Toolkit 8) for detail on financial capability.



Related link

Crouch, S. & Housden, M. (1996). *Market Research for Managers*. Butterworth-Heinemann

TOOLKIT 5

WHO ARE THE MAP STAKEHOLDERS?

7.1.1. Qualitative

Qualitative research obtains information from a small number of respondents, but uncovers information about deep and often subconsciously held attitudes, which allows those undertaking the research to get an understanding of the reasons for behaviour and perceptions. Such information and insights are obtained using a range of unstructured data collection methodologies. The most popular methodologies for this type of research are focus group discussions and individual in-depth interviews. The majority of the data collection in the MAP studies is done as individual in-depth (in-home) interviews.

The findings of the data collected in this way give indications on and insights into financial behaviour, perceptions and beliefs. Thus the qualitative research aims to allow for better understanding of the motivations behind observed market phenomena. It provides more depth and detail on the 'why', and probes factors relating to the target market's decisions and priorities. In doing so, the qualitative research can inform strategy and the regulatory framework as well as opportunities and imperatives for market players.

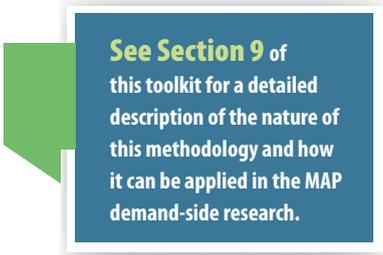
Note: Qualitative information is analysed and interpreted as insights, not as statistically representative data points. Furthermore, the findings of the MAP qualitative research are never representative of the total adult population.

7.1.3. The role of demand-side research in the overall MAP diagnostic

Given the client-centric approach of MAP, it is essential to conduct detailed research into customers' needs, behaviour, usage and perceptions as the starting point of the diagnostic, not as an add-on to the supply-side research.

The country context will determine which data collection methodologies and analytical tools will be most appropriate to use and what the sequencing of the research is. Normally, qualitative and quantitative research will be conducted upfront to inform the supply-side analysis. Where necessary and feasible (given budget realities), focused additional qualitative research can be conducted later on in the research process to test emerging findings and fine-tune the choice of target markets.

Note: In some instances, during the course of diagnostic analysis outlier findings may be identified that have not been verified in the qualitative research. For example, niche sub-groups may emerge in a specific target market of which an in-depth understanding would help the synthesis process. Should this be the case, a second phase of the qualitative research may be required. However, the fieldwork will be limited to **the few** select identified target markets.



See Section 9 of this toolkit for a detailed description of the nature of this methodology and how it can be applied in the MAP demand-side research.

See also Section 10 of this toolkit for a step-by-step overview of how demand-side research is incorporated into each part of the diagnostic report.

Steps in the demand-side research and analysis

- Conduct primary quantitative research by rolling out the FinScope Consumer Survey to a representative sample of the total population of the country. Alternatively, draw on available FinScope Consumer Survey data.
- On the basis of preliminary FinScope analysis, identify key target markets by source of income.
- Conduct qualitative research in the form of individual interviews with selected target markets to explore their realities, usage profile, drivers of use of financial products, opinions and perceptions about a number of relevant aspects.
- Analyse FinScope data and qualitative insights to create detailed demographic and economic profiles of each target market and to sketch their needs, current financial functioning, perceptions and financial capability.
- Draw on the target market analysis for various aspects of the product market analysis in the supply-side component of the diagnostic (including usage, drivers of use/use cases, affordability).
- Return to key target market needs and realities as the point of departure for the synthesis section, by mapping current supply to such needs in order to conclude on key gaps, opportunities and imperatives for regulators and financial institutions. Thus the demand-side research directly informs the diagnostic conclusions and recommendations and the roadmap and action plan that stem from it.

All the elements of the demand-side conceptual framework outlined in Section 6.1 (target market context, needs, financial capability, access and usage) should be explored in the demand-side research. Some of these elements – particularly access and usage – will be explored in more detail in the quantitative analysis, complemented by qualitative insights. Others – specifically needs, barriers to access and usage, and satisfaction – are explored in depth in the qualitative research, illustrated by quantitative findings where relevant.

7.2. What are the demand-side diagnostic outputs, and who is responsible?

Roles and responsibilities

The diagnostic consultants conduct the literature review needed for secondary research purposes. Generally, the data collection of primary research is outsourced to market research service providers, with separate contracts for the quantitative and qualitative research:

- The MAP steering committee (consisting of representatives of government, the private sector and funders) is responsible for overseeing the development of the FinScope Consumer Survey questionnaire. Administering the FinScope Consumer Survey and gathering and analysing the data is the task of a specialist research team/agency.

Note: The MAP diagnostic consultants will not be required to design and implement the FinScope Consumer Survey, but are required to extensively analyse the FinScope data and integrate it as a core component into the overarching MAP analysis and diagnostic report (the subject of Section 10 of this toolkit).

Where a FinScope Consumer Survey is rolled out parallel to the MAP study, it will be important for there to be regular interaction between the diagnostic team and the FinScope team, to help shape the FinScope Consumer Survey questionnaire.

TOOLKIT 5

WHO ARE THE MAP STAKEHOLDERS?

- Likewise, a market research provider with specific expertise in qualitative demand-side research will be contracted to roll out the qualitative data collection. The diagnostic consultants will be required to proactively engage with the research provider to ensure that both the design of the instrument (interview guide) and the structure of the sample meet the requirements for the broader MAP analysis. The diagnostic consultants are also responsible for integrating the insights from the qualitative research throughout the MAP report (as detailed in Section 9 of this toolkit).

Deliverables

The demand-side research renders two separate sets of deliverables that will serve as the input to the diagnostic report: the FinScope Consumer Survey findings and the qualitative demand-side research findings.

The FinScope Consumer Survey outputs delivered by the survey agency include:

- Dataset (internal to the MAP team) containing the final, weighted, nationally representative dataset in SPSS and MS Excel format;
- Databook (for external sharing) for public dissemination of the FinScope data; and
- Top-line findings presentation (for external sharing) for stakeholder engagement.

The qualitative demand-side research outputs delivered by the market research provider are:

- Transcripts, translated into English, of all focus group discussion or individual interviews (internal to the MAP team);
- Summary of each individual interview on a template (internal to the MAP team);
- Summary of information from recruiting questionnaires (internal to the MAP team);
- Photographic and other evidence of all fieldwork (internal to the MAP team);
- Case studies (for external sharing); and
- Highlight findings report of qualitative research (for external sharing).



TIP: As the FinScope Consumer Survey and qualitative data gathering are managed by separate specialist teams, it is vital that good communication be established and maintained between the different teams and the diagnostic consultants, and that feedback loops be built in between the processes if possible. In particular, the FinScope Consumer Survey as it proceeds can highlight issues that merit further probing, and this can help to inform the focus of those conducting the qualitative research in focus-group discussions and interviews.

Note: Depending on the specific MAP project, the qualitative outputs may also entail a film (for external sharing) of demand-side insights or case studies that can, for example, be presented at the stakeholder workshop.

See Toolkit 8: Diagnostic Resource H for an indication of questions to ask in interviews, **Diagnostic Resource K** for a sample case study and **Diagnostic Resource L** for an example report.

In addition to the deliverables of the third-party market research providers, the MAP diagnostic team will produce a detailed analysis of both quantitative and qualitative findings, which is incorporated into the various aspects of the MAP diagnostic report (see **Toolkit 7**).

Depending on the terms of reference of the particular study, the diagnostic consultants may also be responsible for creating an executive summary of the qualitative findings drawing on the transcripts and case studies produced by the qualitative research providers.

For examples, see the demand-side resources in Toolkit 8: Diagnostic Resources G–L.

8. Quantitative demand-side research

8.1. Why 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. It was identified as the most robust tool for providing in-depth, nationally representative data on individuals: their life-stages, attitudes, incomes and sources of financial livelihood.

Note: Other available datasets include Findex, the World Bank’s Financial Development Barometer, national household surveys, and a whole range of other datasets. The traditional analytical approach to financial inclusion is to use available demand-side data. However, the MAP diagnostic found that there were limitations to this approach.

The entire FinScope approach and process – from stakeholder management, methodology, and sampling to data analysis – is highly integrated into the national context and customs, and the MAP analytical framework is built around an in-depth understanding of consumers. Furthermore, the FinScope research is integrated into the overall MAP stakeholder engagement process, based on the assumption that stakeholders within countries are best suited to inform survey design and guide roll-out.

TOOLKIT 5

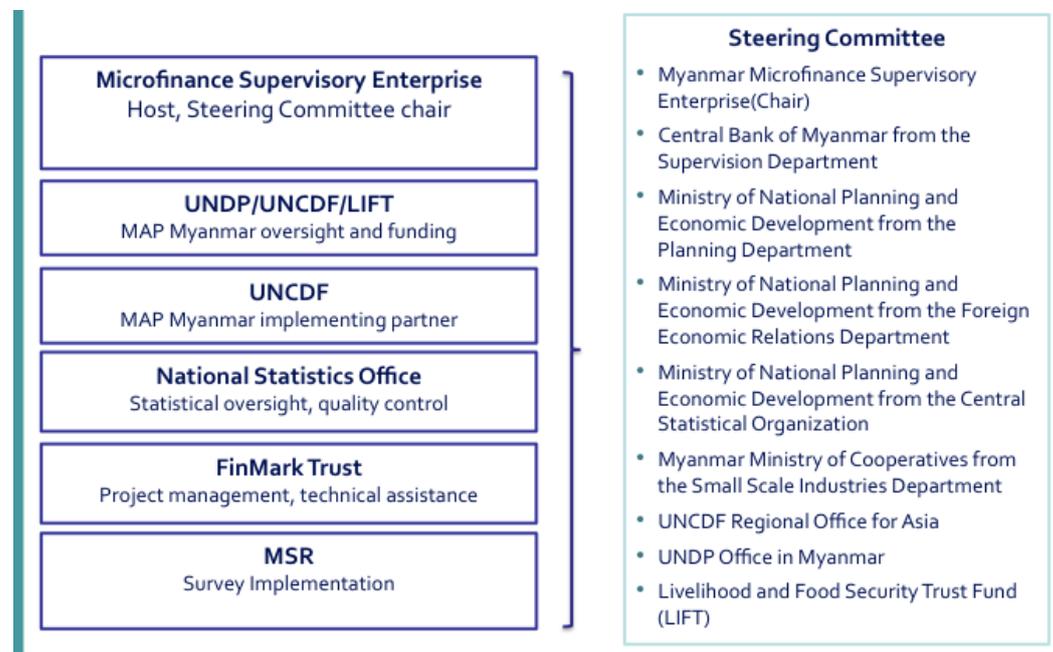
WHO ARE THE MAP STAKEHOLDERS?

The sections below provide a high-level overview of the FinScope process, methodology, sampling and questionnaire structure. Additional details can be obtained from FinMark Trust.

As already explained, the FinScope Consumer Survey is implemented by a market research provider, under the guidance of the MAP partners. Governance is conducted by a locally constituted steering committee in which the relevant authorities play a key role. The national statistics office is involved to provide statistical oversight and ensure that the dataset is weighted to the total adult population.

Figure 2 illustrates the types of partners that are typically involved at country level in a FinScope process (this example is from the implementation of FinScope in Myanmar).

Figure 2. An example of 'typical' FinScope partners (Myanmar)



While the base survey questionnaire for FinScope remains broadly the same from country to country, to allow for some comparability, the questionnaire is also customised based on stakeholders' understanding of the unique country situation and requirements. Engaging with FinScope and the questionnaire at the outset (**Phase 2: Diagnostic inception**) of the MAP in-

country process serves to highlight for all involved the major issues around financial inclusion that the stakeholders are currently grappling with and hence also helps to further focus the work of the regulatory (**Toolkit 4**) and supply-side (**Toolkit 6**) diagnostic exercises.

The FinScope Consumer Survey methodology requires a state/provincial representative probability sample, drawn systematically using the probability proportional to size (PPS) method. A multi-stage sampling methodology is applied, which entails using PPS to select enumeration areas (EAs) from the most recent census, followed by the selection of households as well as the selection of one adult per household. For the PPS sample to be drawn, the household count for each EA is required and will be used as the measure of size. Maps for all the EAs sampled should be provided to facilitate the field operations.

The different approaches are used to ensure that the estimates from the survey will cater for the following sub-population indicators: gender, female-headed households, age, education and focus districts.



Related link

Collins, D., Morduch, J., Rutherford, S. & Ruthven, O. (2009). *Portfolios of the Poor: How the world's poor live on \$2 a day*. Princeton: Princeton University Press. Available online from: <http://press.princeton.edu/titles/8884.html>

8.1.1. Weighting and benchmarking approach

The FinScope methodology ensures 100 percent response from all the sampled units, since a well-administered substitution procedure is applied. As a result of the substitution procedure, there is no need for non-response adjustment.

The outcome of the probability sample is design weight, which will be multiplied by the ratio of the known population totals and the survey estimates.

In addition to estimates of demographics, it must be possible to make further detailed estimates that are specific to the country, using the given sample size. The examples for detailed analysis are: i) estimates of clients'/consumers' expenditure, incomes and assets; ii) data on consumers (broken down by state/province, gender, and urban/rural) accessing savings, payment, credit and insurance products; and iii) baseline data for the number of women who receive training on financial literacy across each state/province.

8.1.2. Questionnaire sections

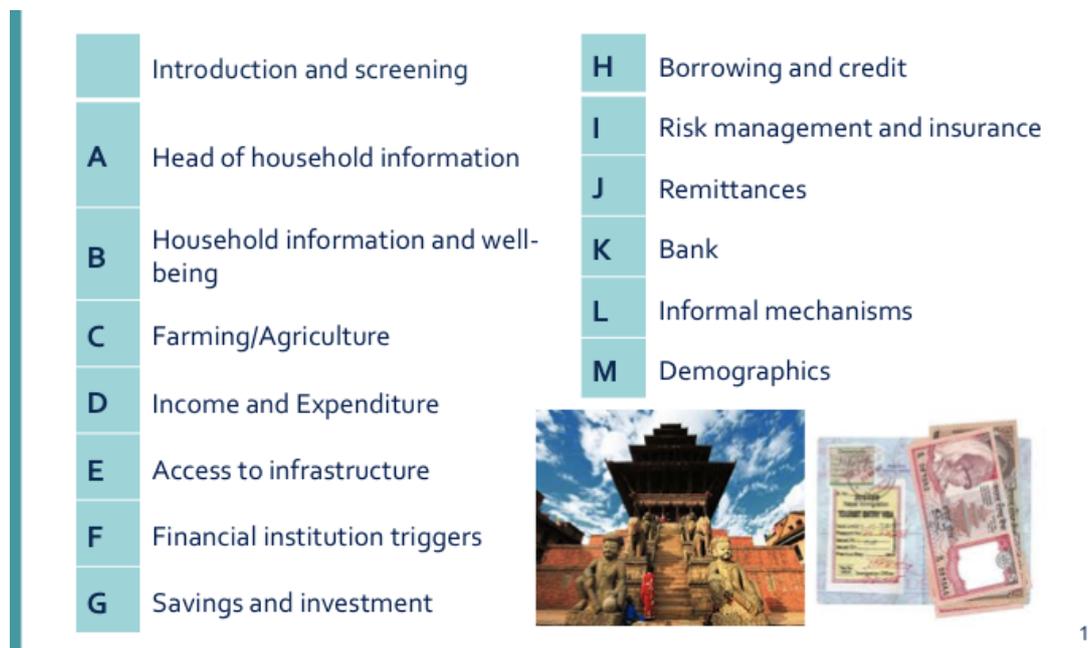
A FinScope Consumer Survey questionnaire is structured along the following lines (Figure 3), with the underlying questions and focus of the questionnaire

TOOLKIT 5

WHO ARE THE MAP STAKEHOLDERS?

changing for each country, based on the context. As mentioned, the MAP steering committee is responsible for oversight of the design of the in-country questionnaire.

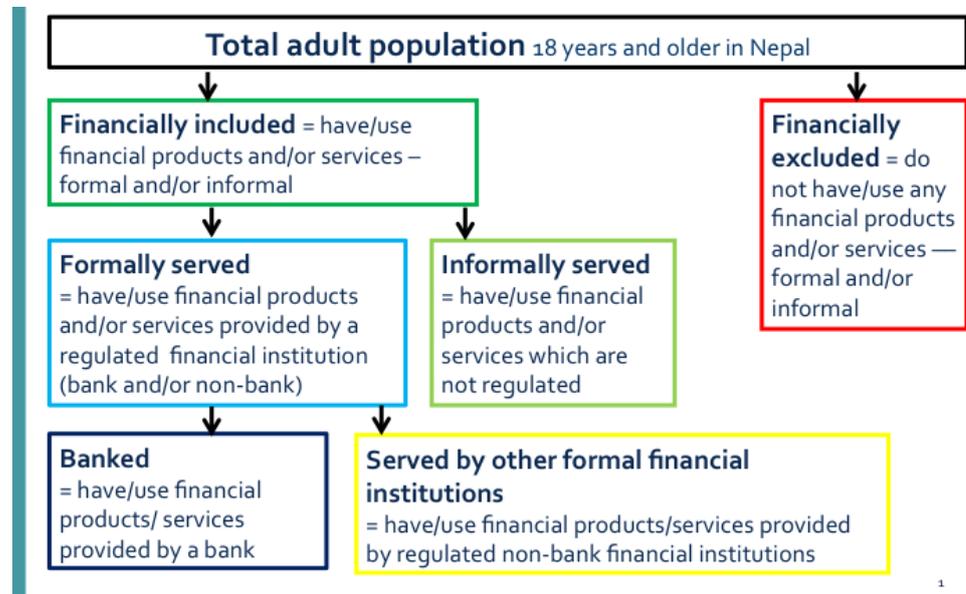
Figure 3. 'Typical' structure of a FinScope Consumer Survey questionnaire



8.1.3. Analytical tools

In order to ensure comparability in the numbers, as well as to ensure that broader financial inclusion figures within each country remain the same from country to country, FinScope follows a standard analytical framework, as illustrated in Figure 4.

Figure 4. FinScope standard analytical framework



Note: An important distinction made in understanding current usage of financial products and services is between formal and informal services.

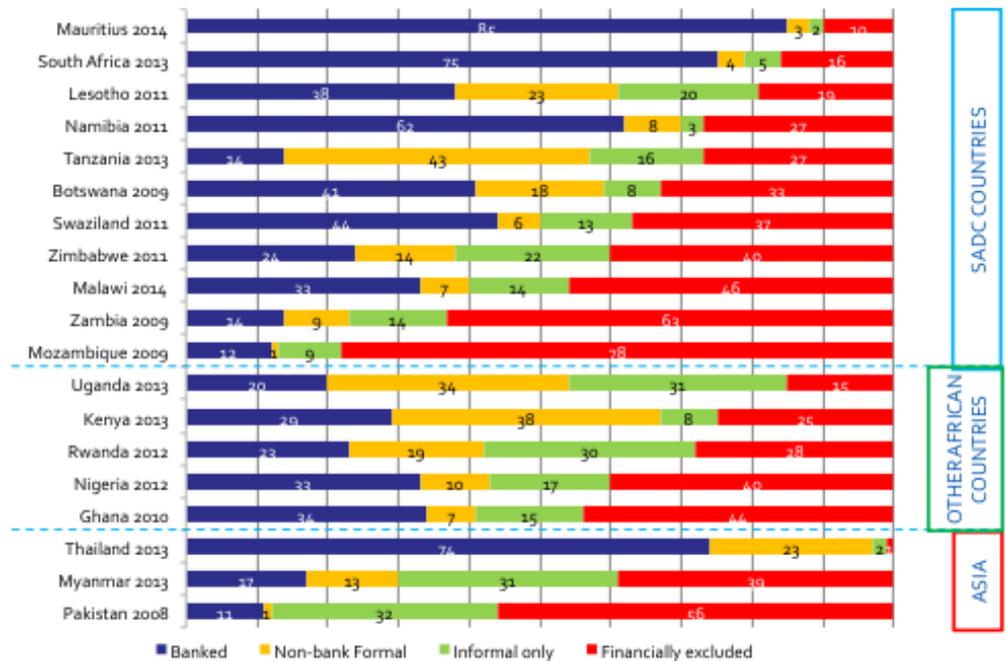
This analytical framework forms the basis for the financial access strand as the standard FinScope analytical tool and indicator. It is used to enable comparison of levels of financial inclusion across countries/market segments. In calculating the access strand, a hierarchical approach is used in order to depict the following in a stacked column chart of the total adult population:

- The percentage of adults who are banked ('Banked' – see Figure 4, above) – identifying adults using commercial bank products. This is not necessarily exclusive usage – these individuals could also be using financial products from other formal financial institutions or informal products as well as bank products;
- The percentage of adults who are formally served but who are not banked ('other formal' – see Figure 4, above) – identifying adults using financial products from formal financial institutions that are not commercial banks e.g. microfinance institutions or insurance companies. This excludes bank usage, but is not exclusive in terms of informal usage – these individuals could also be using informal products;
- The percentage of adults who are not formally served but who are informally served (informal only – see Figure 4, above) – adults using informal financial products or mechanisms only. This is exclusive informal usage and does not include individuals who are within the banked or other formal categories of the access strand that also use informal services; and

TOOLKIT 5

WHO ARE THE MAP STAKEHOLDERS?

Figure 5. Financial access strand



- The percentage of adults who are financially excluded/unserved – adults using no financial products to manage their financial lives – neither formal nor informal, depending only on family/friends for borrowing, and saving at home if they save.

The access strand as classified above is a standard FinScope tool. However, it may be that it is appropriate to adapt the access strand to the particular features of a specific product market or country.

In addition to the access strand, the financial access landscape tool can be used to depict usage for the total adult population or per segment across the four product markets (savings, payments, credit and insurance). This is done by plotting usage for each product market on a four-quadrant spider diagram. The tool also allows for comparison between formal and informal usage or other key descriptors such as male/female and urban/rural.

9. Qualitative demand-side research

The qualitative demand-side research provides insights into the target market's realities, perceptions, needs and financial behaviour at a qualitative level. While the FinScope Consumer Survey delivers a weighted, nationally representative dataset, the qualitative demand-side research concentrates on a smaller set of respondents, in order to obtain in-depth information that could provide a more detailed understanding of the reasons for the behaviour and perceptions of consumers in the target market.



TIP: The templates and examples provided in Diagnostic Resources G–L (Toolkit 8) may be useful in planning and conducting the qualitative research. However, these are indicative and not prescriptive. New approaches may be developed for a specific country as and when required.

Research objectives

The specific research objectives to be borne in mind when designing the qualitative research are:

- Provide both an overview of and in-depth insights into the demand side: the social, physical, economic and real economy context of the target market;
- Determine consumer attitudes and behaviour relevant for financial access;
- Obtain detailed examples (in case studies) and figures (e.g. income, expenditure, level of debt and savings), which are crucial for the diagnostic;
- Provide case studies/the voices of the target market, which can be used to illustrate the demand-side perspective to stakeholders; and
- Explore the nature and functioning of informal financial products

9.1. Objectives

The qualitative research enhances the quantitative research findings to bring consumer types to life. Its core role is to build an authentic understanding of customers' needs, motivations and aspirations. It is important that the findings be presented in a format that allows the voices of the consumers to be heard.

See Toolkit 8, Diagnostic Resources G–L, for an illustration of how this can be done.

The methodology as set out below is designed to enable granular insights at target market segment level that can inform the segmentation analysis as the backbone of any MAP study.

9.2. Methodology

A number of qualitative data collection tools are used in the qualitative phases of a MAP study: e.g. focus group discussions, participatory rapid appraisals, individual interviews, and ethnographic and community immersions. The MAP methodology draws primarily on individual in-home interviews.

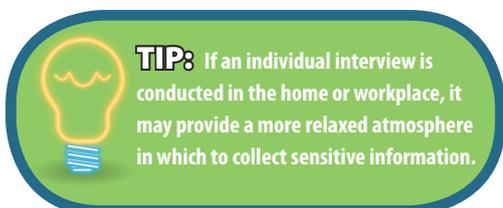


Related link

Sebstad, J., Cohen, M. & McGuinness, E. (2006). Guidelines for market research on the demand for micro insurance. Available online from: www.spanish.microfinancegateway.org/content/article/detail/37402

TOOLKIT 5

WHO ARE THE MAP STAKEHOLDERS?



Related link

The information in this sub-section was adapted from: Boyce, C. & Neale, P. (2006). Pathfinder International Tool Series, Monitoring and Evaluation – 2: Conducting in-depth interviews: A guide for designing and conducting in-depth interviews for evaluation input. Available online from: www.cpc.unc.edu/measure/training/materials/data-quality-portuguese/m_e_tool_series_indepth_interviews.pdf

9.2.1. What is an individual in-home interview?

In-depth interviews are more effective than focus group discussions when the potential participants may not be comfortable talking openly in a group, or when you want to distinguish individual (as opposed to group) behaviour (e.g. details about loans). In-depth interviews are often used to provide a context for other data (e.g. data obtained via the FinScope Consumer Survey and during supply-side interviews) and offer a more complete picture than would be possible using survey techniques or focus group discussions.

9.2.2. Sampling

As explained in Section 6.2, target market segmentation is done on the basis of main source of income. The sample for the qualitative research should be designed to ensure that the different potential target market segments are sufficiently covered.

See Section 6.4 of this toolkit for the application of target market segmentation in the MAP analysis.

Sample

The following is an indicative example of a framework for individual qualitative interviews, based on main source of income. The specific sample for each MAP country will be designed based on the main sources of income for that specific country.

See Diagnostic Resource J (in Toolkit 8) for an example of a recruiting questionnaire.

Indicative qualitative recruitment specifications

- Main source of income as listed in the sample specifications; the income of respondent must also be the main income of the household in which the respondent lives. (For example: a women trader who also has a husband who works for a salary at a private company, earning four times more than she does, will not qualify; only a woman trader whose income from trading is the main source of income of her household will qualify.)
 - The sample will be divided between the following three geographical areas:
 - An urban area;
 - A town with farming activities close by; and
 - A rural area with farming activities.
 - The sample will further be divided between older and younger respondents and male and female. The final allocation will be agreed with the diagnostic consultant before the start of fieldwork.
- An example of a sample of 40 in-home individual interviews follows. The number of interviews per category is indicated in brackets.
- Sample (40):
1. Main source of income from formal sector (14)
 - 1.1 Government employees (6)
 - Government employee, no other source of income (2)
 - Government employee as well as income from an own enterprises (2)
 - Government employee, in spare time acting as moneylender (2)
 - 2.1 Private sector employees (8)
 - Owner of private company with more than 10 employees (2)
 - Owner of more than one enterprise (2)
 - Employee at a private company with more than 10 employees (2)
 - Employee at/owner of a private company, in spare time acting as moneylender (2)
 2. Main source of income from informal sector (18)
 - 2.1. Income from farming (8)
 - Own farm, small size (size to be confirmed) (2)
 - Own farm, medium size (size to be confirmed) (2)
 - Own farm, also acting as moneylender (2)
 - Employee on someone else's farm (regular employment) (1)
 - Employee on someone else's farm (irregular employment) (1)
 - 2.2. Income from trading/enterprise (10)
 - Trader, no employees (2)
 - Trader/small business owner, employing more than 3 employees (2)
 - Trader/small business owner, also acting as moneylender (2)
 - Employed by a small business with maximum 2 employees (regular employment) (1)
 - Employed by a small business with maximum 2 employees (irregular employment) (1)
 - Employed by a small business with more than 3 employees (regular employment) (1)
 - Employed by a small business with more than 3 employees (irregular employment) (1)
 3. Not earning an income (4)
 - 3.1. Dependent on others (2)
 - Receive remittances from inside country (1)
 - Receive remittances from outside country (1)
 - 3.2. Dependent on grants – receive grants from government (2)
 4. Chairperson/treasurer of self-help savings/funeral society (4)
 5. Informal moneylenders: incorporated in the sample above, as country experience to date suggests that most informal moneylenders also engage in other economic activities.



TIP: As a rule of thumb, a minimum of four in-depth interviews should be conducted per identified key segment.

See Section 10.4 of this toolkit for more detail on segmenting the target market.

TOOLKIT 5

WHO ARE THE MAP STAKEHOLDERS?

Indicative list of aspects to be covered in individual interviews

- Basic demographic information: gender, age, marital status, highest level of education, religious affiliation;
- Information about the household composition: members of the household, geographical dispersion of members of the household, income earners, financial functioning of the household;
- Access to formal financial structures/facilities: bank, ATM, mobile network, internet;
- Ownership and resources: dwelling, farmland, transport, livestock, mobile phone, computer, television etc.;
- Financial situation and welfare of household;
- Social resources: accumulative societies, rotating societies, other memberships;
- Household income: sources, amounts, regularity, consistency;
- All household expenses: regular and occasional expenses, including debt repayment;
- Financial capability: awareness, financial sophistication and budgeting and planning abilities;
- Attitudes: collective vs individual, survivalist vs productive, long term vs short term, risk averse vs risk taking; and
- Product market information:
 - o Payments: needs, nature, providers used, amount; perceptions regarding providers and processes;
 - o Savings: needs, nature, providers used, amount; total amount of savings; perceptions regarding providers and processes;
 - o Credit: detail about most recent loan/s; total amount of debt outstanding; perceptions regarding providers and processes; and
 - o Insurance: detail about risk experience/s during the previous 12 months, amount, providers; perceptions regarding providers and processes.

9.2.3. What to ask in individual interviews?

Since a large amount of detail is required to do the analysis for MAP purposes, a template has been developed that a note-taker should complete during the interview to ensure that all aspects have been covered by the interviewer (see **Toolkit 8**, Diagnostic Resource H for an indicative list of questions and Diagnostic Resource I for an example of a completed interview summary).

Note: The nature of the interview must remain open-ended and flexible to ensure that respondents feel sufficiently comfortable to disclose sensitive information. The templates are not to be used as tick-list questionnaires.

9.2.4. Data collection/fieldwork

WHO? An in-country market research provider will be appointed to do the recruiting according to detailed sample instructions, as well as to do the data collection in the field. The in-home interviews will be conducted by field teams, each consisting of a qualitative interviewer and a note-taker.

An incentive may be given to the respondents. The in-country market research provider will be able to advise what incentive, if any, would be appropriate.

Interviewers provided by the appointed market research provider must be appropriately skilled or trained in qualitative interviewing techniques.

Note: Finding suitable demand-side market research providers may be challenging in some MAP countries. Since the field teams will in all probability not be familiar with financial access terminology and processes, the diagnostic consultants and/or MAP hub partners should properly brief the team and guide them through the research process to ensure quality outputs. Detailed templates (see Toolkit 8 – Diagnostic Resources G–L) have been developed to assist in providing the required support and guidance to the appointed market research providers. Where relevant, MAP partner Cenfri will play a support role in this regard.

HOW? Each field team will conduct a number of two- to three-hour in-home interviews according to a discussion guide. Afterwards, each team will complete the template (see Toolkit 8, Diagnostic Resource I), also inserting illustrative photos. This template will be refined in consultation with the diagnostic consultants for each country study. At the end of each interview, a minimum of 90 percent of the information required on the template must be obtained to be accepted as a complete interview.

Note: The market research provider will be responsible for arrangements of the field teams during the fieldwork period, including transport (and, if required, accommodation). The diagnostic consultants will liaise with the market research provider to ensure that the fieldwork is arranged in a way that enables the optimal involvement of the diagnostic team during the fieldwork period.

At the end of the fieldwork period, all interviewers and note-takers will participate in a debrief workshop/session facilitated by the diagnostic consultants. The aim of the workshop is to explore all relevant contextual and cultural aspects of the findings. This workshop must be recorded and transcribed to assist with the analysis.



TIP: We recommend that the market research providers provide feedback using certain prescribed examples and templates as guidelines. The field team will also be contractually required to participate in detailed debrief sessions with the diagnostic consultants.

9.2.2. Analysis and reporting

Based on the inputs from the debrief sessions, the templates and the transcripts, the diagnostic consultants will compile an executive summary report of the findings (see **Toolkit 8, Diagnostic Resource L**, for an example).

The diagnostic consultants will then also be responsible for integrating the findings of the qualitative research throughout the MAP diagnostic report (the subject of Section 10 of this toolkit). The market research provider will provide the following to enable the diagnostic consultants to incorporate the findings into the MAP diagnostic:

- Transcripts translated into English of all focus group discussion, individual interviews and debriefs. The diagnostic consultants should liberally draw on the transcripts to insert relevant respondent quotations throughout the MAP analysis;
- Summary of each individual interview on a template (see **Toolkit 8, Diagnostic Resource I**);
- Summary of information from recruiting questionnaires; and
- Photographic and other evidence of all fieldwork.

From the information provided by the market research provider, the diagnostic consultants will be able to compile case studies that illustrate specific aspects to be used in the integrated report (see **Toolkit 8, Diagnostic Resource K**, for an example of a case study).

TOOLKIT 5

WHO ARE THE MAP STAKEHOLDERS?

The main aspects where demand-side research comes into play are the following:

- Demographic, social and economic context of the adult population;
- Financial attitudes and behaviour;
- Take-up of financial services;
- Target market segmentation; and
- A detailed analysis of relevant indicators for each of the four product markets: savings, payments, credit and insurance.

Indicators that can be drawn from FinScope include:

- Age distribution (percentage of adults in different age bands);
- Gender distribution (percentage male and female); attitudes and behaviour;
- Geographical split (urban/rural, as well as key regions, where relevant);
- Education profile: highest level of education attainment; and
- Income profile: income distribution of the adult population according to the income bands specified in FinScope.

10. Integrating the demand-side research into the overall MAP analysis

Although there will be specific outputs following the demand-side research, the main reason for conducting the demand-side research is to use it as an input to the overall MAP diagnostic exercise and diagnostic report. The FinScope Consumer Survey produces a very large dataset, which can be analysed along a number of dimensions. The size of the dataset also makes it possible to unpack the field data down to a very detailed – or granular – level. Furthermore, the qualitative research renders a rich set of insights into various aspects of consumer context, preferences and behaviour. How best to integrate this evidence into the MAP analysis?

Although a degree of exploratory analysis of the dataset is required to get to the data points and insights that are essential, it is important not to miss the wood for the trees: the analysis should focus on data points and insights essential to the storyline/framework of the MAP study. The following subsections provide broad overall guidance on which aspects of the FinScope Consumer Survey data and qualitative evidence to incorporate in which elements of the demand-side and supply-side analysis and diagnostic report.

Below, each element is considered in turn. The role of demand-side research in informing each aspect of the diagnostic analysis is also considered in **Toolkit 6** (supply-side) and **Toolkit 7** (synthesis). In this toolkit, the emphasis is on the basic analytical approach and the main elements of demand-side information to incorporate into the MAP analysis.

10.1. Demographic, social and economic context

Understanding the features and realities of the market is an important baseline consideration for any MAP study.

FinScope and qualitative research should be used to describe the overall adult population in the particular country – as part of the context analysis, as well as to position the target market section in the diagnostic report. FinScope tabulations and cross-tabulations should be used to describe the size, characteristics, behaviour and distribution of the adult population in total.

Note: Homogeneous societies may have different financial usage behaviour to more heterogeneous ones. Highlight specific features that may be of relevance. For example, a large migrant population has specific implications for financial usage. So does a large rural or farming population, or a predominantly female, young or old society.

In addition to the FinScope analysis, qualitative research should be used to provide quotations and insights regarding target market realities (e.g. social structures, gender roles, the composition of household livelihoods from multiple income sources, budget realities and coping mechanisms for emergency expenses or budget deficits) and aspirations (e.g. an emphasis on children's education). Characteristics and behaviour should be described with drivers of financial use in mind.

10.2. Financial attitudes and behaviour

Attitudes are determined by individual perceptions but also societal norms. In some instances, the FinScope Consumer Survey will provide indicators on financial literacy or familiarity with certain financial terms and concepts. Mostly, however, the qualitative research will be the primary source of insights regarding financial attitudes and behaviour. Relevant insights to be on the lookout for include:

- Attitudes to formal vs informal financial services, and how this differs between product markets;
- Trust in various types of structures (e.g. community-based savings or risk-pooling groups, cooperatives, informal moneylenders, formal banks and insurers);
- Understanding of financial terminology, knowledge of the available product suite (tested against actual product features to gauge where perceptions deviate from reality); and
- Skills to actually use various financial services (including new technologies such as mobile money).

10.3. Take-up of financial services

A detailed description of current usage completes the demand-side analysis framework as introduced in Section 6.1 of this toolkit. FinScope analysis is the primary source for describing take-up or usage in total, as well as for different types of financial services among the adult population. The take-up analysis will be conducted at a high level for the total adult population and will then be repeated for each of the identified target market segments (see the discussion in Section 10.4 for the segmentation methodology).

It is important to ensure that the demand-side analysis covers usage of formal as well as informal products. The qualitative demand-side research will be instrumental in understanding the usage dynamics and motivations regarding informal financial services.

TOOLKIT 5

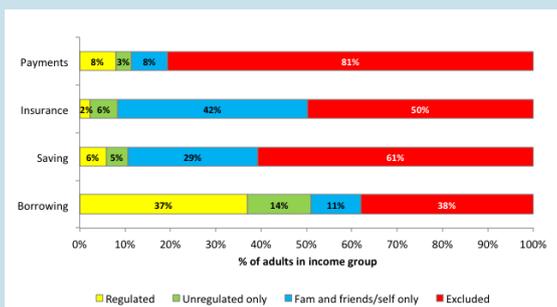
WHO ARE THE MAP STAKEHOLDERS?

WHERE? Total usage will be described in the target market section of the diagnostic report. Usage by segment will be discussed in the sub-sections dealing with each segment. The description of usage for each product market will be discussed in the individual product market sub-sections in the supply-side section of the diagnostic report (see **Toolkit 7**).

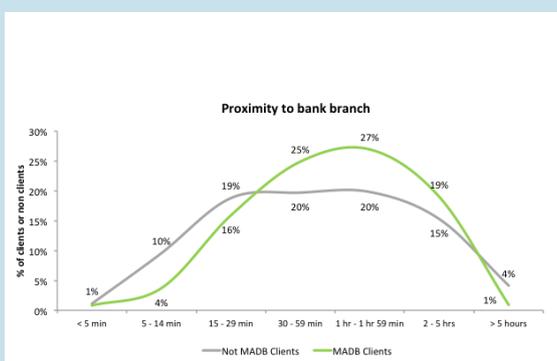
What to cover in the FinScope analysis:

- Overall level of financial take-up: access strand for total population – refer to Section 8.1.3 of this toolkit for an overview of the financial access strand tool;

Overall access strand by product market



Take-up by access proximity



- Overlaps in usage: e.g. between total formal and total informal;

- Rural versus urban take-up, male versus female (totals, as well as access strand);

- Total access strand for each product market (savings strand, payments strand, credit strand and insurance strand), where relevant disaggregated by region or gender;

- Overall access strand, as well as by product market for each target market;

- Unpack product skews within and across target markets: e.g. certain target markets have more credit, while others have more savings or payments;

- The relationship between certain target market characteristics and usage patterns: e.g. correlations between income of target markets and take-up of credit or savings;

- Characteristics of financial service take-up (unpacking take-up in more detail – in general as well as per target market):

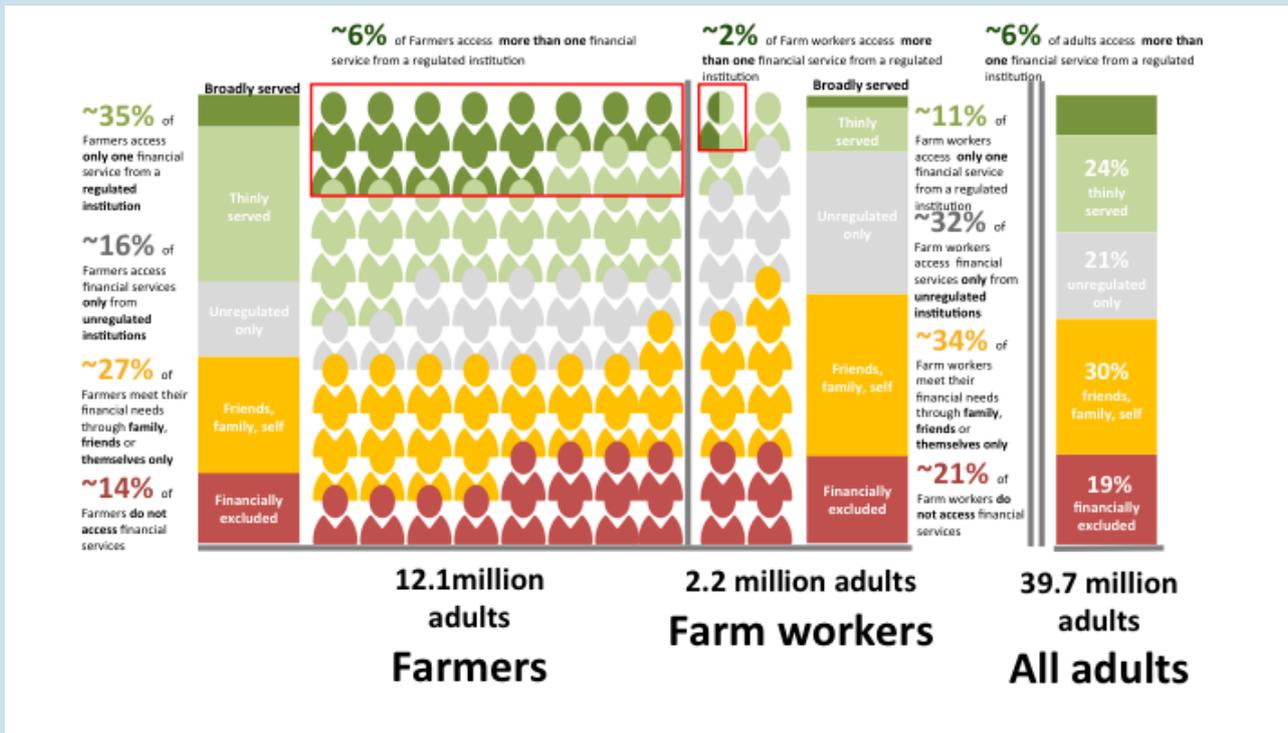
- o Are there any main reasons for high/low take-up?

- o Look for thinly or broadly served groups: do most users only have one type of financial service (thinly served, e.g. state-driven agricultural credit in Myanmar), or do users tend to have more than one type of service, or both a formal and an informal service (broadly served)? and

- o Take-up relative to how close people are to financial access points.

- Understanding product interplay (e.g. people borrowing or saving towards insurable risk events)

Overall access by product market – Myanmar



Qualitative usage insights

Illustrative examples quotations to explain usage

“What drives us to Shylocks is our need for money for school things.”

Swaziland: Manzini, female, age 41–55

In addition to the FinScope analysis, the qualitative research (and specifically direct respondent quotations) can be used to unpack usage behaviour and usage barriers in more detail – in general, as well as per target market. The qualitative research is also used to gain a better understanding of usage of community-based or collective structures. The following example quotations from past MAP studies illustrate this:

‘We contribute money at the end of each month, and loan it out to each other within the society and whoever loans money will pay it back at the end of the month. Our target for the end of the year is to each have about R6 000 and then start again in the beginning of the year.’

Lesotho: Maseru, female, age 41–55, income 0–3,000, credit user (all but one have bank accounts)

‘I used to keep my money in a bank account. But then when I went to withdraw it, there was less than when I first deposited the money. I asked them why and they told me about these charges, but I didn’t understand why they took so much.’

Lesotho: Butha-Buthe, female, age 33 years, police officer and informal moneylender

TOOLKIT 5

WHO ARE THE MAP STAKEHOLDERS?



TIP: The best way to familiarise yourself with the rationale, logic and implications of the segmentation exercise is to read a past MAP diagnostic report such as MAP Myanmar or MAP Swaziland



Segmentation based on main source of household income is suitable given the specific MAP objectives. Other approaches to segmentation might be indicated for studies with different objectives.

10.4. Target market segmentation

Once the overall population has been described, the population can be segmented in order to describe profiles for specific target markets, assess the nature of take-up at a more granular level and identify key priorities for market players and policymakers. (See Section 6.2 of this toolkit to remind yourself of the rationale for target market segmentation.)

The market is segmented by identifying sub-groups, each of which is then profiled according to a number of different parameters. The parameters of the target groups will form the basis for assessing the appropriateness of institutions and products to meet the needs of the target groups, the current gaps and the opportunities.

Broadly speaking, the segmentation exercise follows three steps:

1. Identify/construct the segments;
2. Profile and analyse the segments; and
3. Synthesise the insights and make recommendations.

Each of these steps is described below..

1. Identify/construct the segments

Step 1 is to identify the various segments. This is done by using 'main source of income' as a proxy for the level and regularity of income, as well as an indicator of links with the real economy. FinScope data analysis is done to

divide the adult population into groups with similar main-income sources. This is done by identifying the section of the FinScope questionnaire dealing with main-income sources and tabulating the adult population across income sources.

Not each and every income source will be a segment on its own. It may be that there are more than a dozen potential income sources, but only a handful of relevant target market segments in a country. Main-income source questions therefore need to be grouped into

Figure 6. Examples of market segments

	Myanmar	Swaziland	Lesotho	Mozambique	Thailand
Salaried workers	Formal consumer market	Government employees Formal Employees	Salaried Workers	Government Employees Salaried Workers	Formal employees
Farmers	Farmers		Farmers	Farmers	Farmers
SMMEs	Formal Enterprises Informal Enterprises	Self-employed	Business owners	SMMEs	SMMEs and informal traders
Irregular earners	Informal Consumer market	Irregular earners	Irregular earners	Biscato	
Dependents		Private dependents Government dependents	Private dependents Government dependents	Dependents	Dependents
Migrants		Migrants	Migrants		Expats residents in Thailand

EXAMPLES OF SEGMENTATION ANALYTICAL TOOLS

The following diagram was used to plot segments by geographical spread and income profile in Myanmar

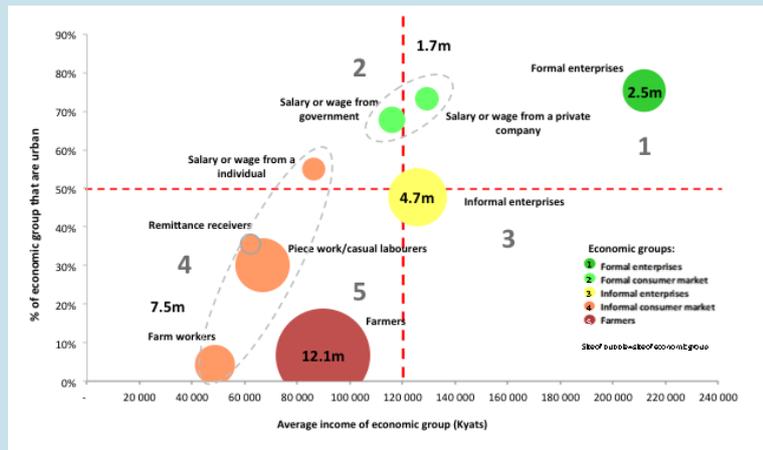


Figure 7. Target market plotting, example from Myanmar

Informal employees

At just more than 5% of adults, informal employees are the smallest group. Though they are not formally employed, they have a regular source of income. Yet their average monthly income of only E791 constrains their ability to improve their economic situation. They are not well educated and are about equally split between urban and rural areas.

Many use informal savings and credit. Informal employees have below average usage of formal financial products – 43% of them are formally included, compared to 50% of adults at large. However, they have the highest usage of informal savings among the segments and a significant number of them use informal credit. This is indicated in the figure below.

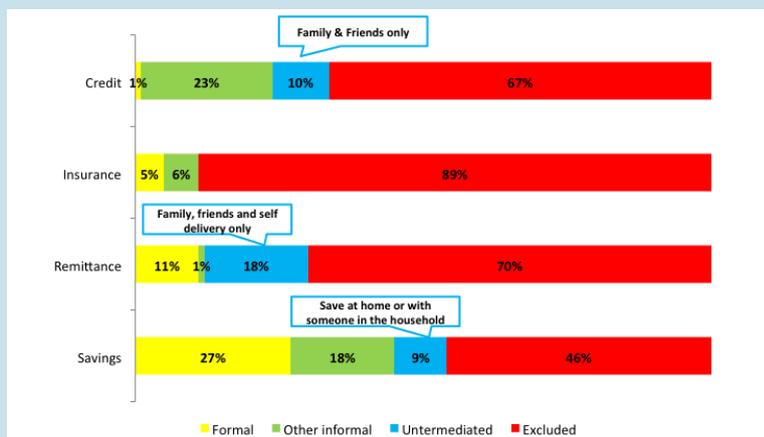


Figure 8. Informal employees' usage across product markets, example Swaziland

Main financial service needs. Their profile suggests that informal employees will benefit from credit or savings vehicles to purchase assets or make home improvements, as well as for education. Like most other segments, they would benefit from more efficient ways to transact, as well as from insurance or other mechanisms protecting them against the cost of funeral expenses and other emergencies.

meaningful target market segments (e.g. 'irregular earners' can describe all those with piece jobs or seasonal farming activities as main-income source). This grouping exercise should be informed by first checking the characteristics of each income source separately, including demographics, income and financial usage. These descriptors can be used to gauge what clusters of income sources exhibit similar enough characteristics to form a single target-market segment. The end result should be the minimum number of sufficiently different target segments to provide a meaningful breakdown of the total adult population.

The segmentation will differ between countries; by way of illustration, the following segments were identified in past MAP studies:

2. Profile and analyse the segments

Step 2 is to assess the profile of each of the groups emerging, looking at a number of indicators, including size of the group, income profile, geography, gender, age and education. Qualitative market research is used to inform the needs and realities of the various segments.

In addition, the financial services usage profile of each segment should be unpacked and their main financial services needs stemming from their current usage and demographic and economic profile should be identified.

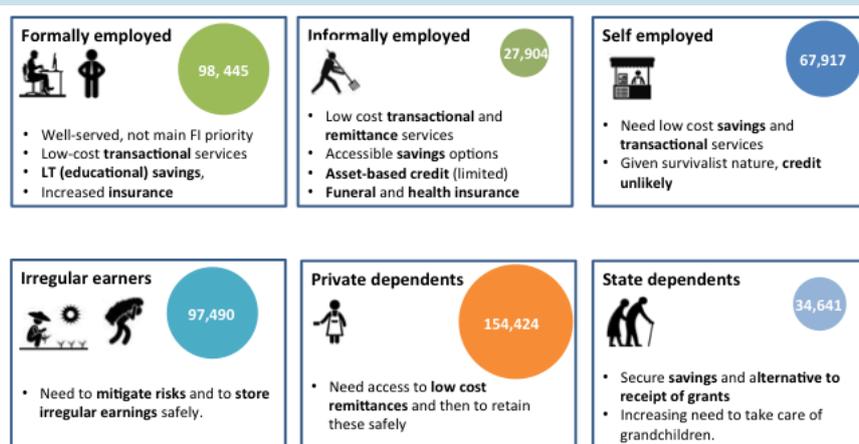
The box on the left provides examples from past MAP studies of a cross-cutting summary of target market profiles, as well as of a more in-depth discussion for an individual target market.

TOOLKIT 5

WHO ARE THE MAP STAKEHOLDERS?

HOW SEGMENTATION IMPACTS ON CONCLUSIONS AND RECOMMENDATIONS – THE EXAMPLE OF SWAZILAND

Figure 9. Main needs per target market: Swaziland



The Swaziland MAP diagnostic summarised the target market needs as follows:

Along with an analysis of cross-cutting usage and access barriers, context, regulatory and market drivers, the target market needs were used to inform the main roadmap priorities. The following excerpt from the Swaziland MAP diagnostic report illustrates the prioritisation framework applied:

‘Priorities identified based on needs and potential reach. The key financial inclusion priorities are identified by means of Table 1. It shows the potential for deeper reach of different financial services in each of the various target market segments (grey shading, with darkest shading indicating largest potential), as well as the number of

people and average income of each segment. To the right it indicates the estimated potential clients that could be impacted for each financial service type and the welfare impact that could be had from that service. On this basis, the likely impact is ranked as high (green shading), medium-level (yellow) or low (red).

Table 1 shows that the most significant impact for financial inclusion is possible where the focus is placed on enabling formal remittances (domestic and cross-border), low-cost savings and transaction products, as well as greater risk mitigation through funeral or life insurance. Though further extension of credit per se is not ranked as a potentially high-impact opportunity in terms of the number of people it can viably reach, there is nevertheless a need to improve consumer protection for credit across the board.

Five key priorities. Based on the needs of the various target markets, as well as the nature and challenges to provision evidenced through the analysis, we identify five priority strategies to capitalise on these opportunities:

1. Expand the scope for the use of Mobile Money to transact and save
2. Facilitate products and channels to support dependents
3. Deepen bank reach
4. Ensure accessible options to manage the impact of risks
5. Improve the working of the credit market.’

Table 1. Priorities matrix: Swaziland

Products		Target Market Segments							Est potential clients ('000)	Impact:
		Formally employed	Informally employed	Self-employed	Irregular earners	Private dependents	State dependents	Expats		
Number (k)		98	28	68	97	154	35	160		
Average Income		2-4k	791	719	234	334	529			
Credit	Personal loans								<20	Transaction costs
	Asset finance								<20	Access to opportunities, Allocation of capital
	SMME finance								<20	Access to opportunities, Allocation of capital
	Agricultural								<20	Access to opportunities, Allocation of capital
Payments	Cons protection								<100	Risk mitigation, Transaction costs
	Debit orders								<20	Transaction costs
	CB remittances								>120	Transaction costs
	Dom. remittances								>200	Transaction costs
Savings	Low cost transaction								>400	Transaction costs, access to services
	Low cost savings								>200	Transaction costs and accumulation of capital
	Targeted savings								>100	Transaction costs and accumulation of capital
Insurance	Health								<50	Risk mitigation
	Hospital cash plan								>100	Risk mitigation
	Funeral/Life								>200	Risk mitigation
	Asset								<20	Risk mitigation

3. Synthesise the insights and make recommendations

Step 3 is to synthesise the insights from the profiling exercise in the final sections of the MAP report to conclude on the main needs and gaps in financial services provision to the various segments. This is done by matching current supply to needs, cognisant of the country context and regulatory framework, and by identifying the best products and institutions to meet target market needs. Thus the segmentation informs the formulation of recommendations for targeted interventions to be pursued as part of the MAP roadmap to achieve objectives at the donor, government and private sector levels. The synthesis exercise is used to identify which policy objectives can be met by improving access to which segments, in order to conclude on cross-cutting financial inclusion priorities.



10.5. Analysis of product markets

Toolkit 6 (supply side) sets out each aspect of analysis to be covered for each of the four product markets: savings, payments, credit and insurance. **Toolkit 7** (synthesis) illustrates how this translates into a document structure. Though the product market analysis is primarily supply-side oriented, demand-side research plays an important role in informing various aspects of the analysis. Analysis and insights from the demand-side research should therefore not be limited to the section of the diagnostic report dedicated to the target market, but should permeate the supply-side analysis as well.

As explained in **Toolkit 7**, each of the four product market analyses follows a similar structure, covering:

- Current usage;
- Drivers of use/use cases;
- Providers or provider categories;
- Products;
- Accessibility;
- Regulatory issues; and
- Gaps and opportunities.

Table 2 outlines the demand-side elements to be incorporated into each of these areas of analysis.

TOOLKIT 5

WHO ARE THE MAP STAKEHOLDERS?

Table 2: Role of demand-side research in each aspect of the product market analysis for credit, payments, savings and insurance, respectively

Product sub-section	Purpose	Role and elements of demand-side research
Current usage	Describe total uptake/client numbers for the product market, noting any particular usage trends and the level of cross-utilisation (clients that use more than one service of a particular kind). It is important to consider formal as well as informal usage and, where relevant, usage via family/friends or 'own provision' (e.g. saving at home). This section should also delve into usage by specific target market segments.	The FinScope Consumer Survey will provide the usage data. The main tool to apply is the access strand (as explained in Section 8.1.3 of this toolkit). The results should also be overlaid with data, where available, on registered users or client numbers requested from financial services providers (see Toolkit 6 on the supply side). Qualitative research is used to contextualise usage figures and unpack the perceptions and motivations underlying usage patterns. As many direct respondent quotations as possible should be included to allow the target market voices to be heard.
Drivers of use/use cases	Identify the most prominent drivers of use (i.e. an identified need or application for a particular product/service among the target markets) for each product market. (See Section 6.1.2 of this toolkit for an overview.)	This sub-section should highlight the major reasons that the target markets use the product (current as well as potential, based on needs). Draw on FinScope findings regarding e.g. risk experience, and reasons for credit or savings. Add qualitative insights and quotations regarding financial service needs. Analysis is conducted across target markets at an aggregate level but should indicate use cases particular to a discrete target market where relevant.
Providers or provider categories	Outline the number and types of providers (by institutional type, ownership, and formal/informal) for each product market, and the extent to which each of the different types of providers offers products to the target market. This section should start with a basic listing of providers across types, but should also include key supply-side issues in formal and informal provision, as well as key trends and challenges identified in consultations and based on both analysis of regulatory and financial data, and secondary research.	Limited application for formal providers, depending on whether relevant insights arise. Attitudes, perceptions and trust in formal players will be covered under 'accessibility' (below). Use demand-side insights, especially qualitative, to unpack the scope and functioning of community-based groups and gain insight into informal providers such as moneylenders.
Products	Provide a basic overview of the current products being offered in the specific product market (both formal and informal), including their key features. Also capture the key issues, trends and challenges for particular products.	Limited application for formal products, depending on whether relevant insights arise. Relevant insights regarding appropriateness and perceptions will be covered under 'accessibility' (below). Draw on qualitative findings to understand features of informal and community-based services.

Table 2: Role of demand-side research in each aspect of the product market analysis for credit, payments, savings and insurance, respectively

Product sub-section	Purpose	Role and elements of demand-side research
Accessibility	Apply the access framework to assess access barriers in terms of affordability, physical accessibility/proximity, appropriateness and eligibility requirements (as outlined in Toolkit 6).	<p>Demand-side research can inform the analysis of each access barrier:</p> <ul style="list-style-type: none"> • Affordability: Include perceptions around affordability (including FinScope questions for why people do not have financial services, plus qualitative insights), as well as actual affordability (comparing income profiles to fee structures). • Proximity: Include FinScope and qualitative evidence regarding distance from closest outlets, and travel and opportunity costs incurred. • Appropriateness of features: Draw on any relevant FinScope findings regarding reasons for not using products. Draw on qualitative insights regarding the household and economic realities of respondents and whether products are appropriate to their needs (e.g. irregular income flows make financial services requiring regular contributions inaccessible). • Eligibility requirements: Use FinScope figures on percentage of people with identity documents, or who are able to prove address, and number of people likely to have a payslip. Include qualitative findings regarding eligibility barriers in practice and the role of perceptions. In addition, demand-side evidence (particularly qualitative quotations) is needed to identify usage barriers (including poor financial capability, trust, perceptions, fear of officialdom) that prevent usage even in instances where access barriers are not absolute.
Regulatory issues	Outline regulatory issues and constraints that impact on the delivery of financial services to low-income consumers in the specific product market.	<i>This is primarily supply-side analysis, but can draw on any relevant demand-side insights regarding eligibility barriers due to regulatory requirements (see eligibility discussion, above).</i>
Gaps and opportunities	Conclude each product market section with a section on the gaps and opportunities that arise from the foregoing analysis towards the overarching financial inclusion goal in the specific product market.	The main target market needs in the particular product market stemming from the segmentation exercise form the basis for the analysis of gaps and opportunities. (See the discussion in Section 10.4 of this toolkit on the role of segmentation in synthesis.)
Interplay between product markets	This section takes into account all four product markets in order to demonstrate the critical inter-relationship of the provision of the four types of financial services and any specific manifestations of this in the particular country (e.g. how constraints in the payments market may impact on the insurance or credit market; or how people use savings or credit as a risk mitigation tool to substitute for insurance). This section also explores how the relationships can be used to improve access to financial services in the country.	Analyse the linkages in usage across product markets for the total adult population as well as, where relevant, for particular segments. This will include the percentages of people that use different combinations of products, as well as those that use one product towards a need that can also be served by another: e.g. where people use savings or credit towards the costs associated with an insurable risk event. Draw on qualitative insights regarding reasons for using one product over another and/or for using multiple product types versus just one.

TOOLKIT 5

WHO ARE THE MAP STAKEHOLDERS?



See **Toolkit 6** for a detailed product market-specific overview of how to integrate the demand-side evidence and insights into the overarching analysis.

11. Conclusion

The FinScope Consumer Survey findings and qualitative demand-side evidence are crucial to the diagnostic report and represent an integral aspect of the design of the roadmap. This toolkit has provided a broad overview of the demand-side tools and the potential uses of demand-side research for engaging with financial inclusion at country level.



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