



Gallup Pakistan History Project's Weekend Read 42: Mobile Phone Usage and Access in Pakistan: An Analysis of Trends in 2015 and 2014 by Abdullah Waqar Tajwar, Research Executive at Gallup Pakistan

Abstract: The arguments presented in this article are predicated primarily on the findings of the 3rd wave of InterMedia's Financial Inclusion Insights (FII) Tracker Survey for Pakistan for the year 2015. The fieldwork for this survey was carried out by Gallup Pakistan. This weekend read focuses on the proportion of Pakistanis who have access to and are able to use mobile phones. Determining the percentage of the population that has access to mobile phones and is able to adequately use them is a crucial factor in the penetration and growth of digital financial services in Pakistan. Firstly, on the question of mobile ownership, it was found that 59% of Pakistani adults owned a mobile phone compared to 54% in the 2nd wave of the Financial Inclusion Insights Tracker Survey of 2014. Meanwhile, 76% Pakistanis had access to a mobile phone in 2015 compared to 72% in 2014. On the question of basic mobile phone competency, which entails the ability to send and receive text messages, it was found that 40% of the Pakistani public could send and receive text messages on mobile phones compared to 37% in 2014. Furthermore, people who owned a cellphone (59% in 2015) were asked about the type of mobile phone they were using. It was found that a majority 72% were using a basic phone (that only allowed calling, text messaging and saving phone numbers), 28% were using a feature phone (that had a camera, radio etc. but did not have email or mobile applications) and only 11% were using a smartphone (that provided access to email accounts and mobile applications). Furthermore, a gender, rural-urban and income level breakdown of the results on mobile access and ownership revealed that mobile phone owners predominantly tended to be men living in urban areas and above the poverty line. Mostly women with low incomes and living in rural areas had to borrow phones in order to use them, provided that they had access to them in the first place. 24% Pakistanis had no access to a mobile phone. Furthermore, it was empirically determined that respondents with greater mobile proficiency (being able to send and receive text messages) were more likely to be financially included as compared to those who did not possess this basic competency. 15% of the proportion of respondents who were proficient (40%) were financially included whereas only 4% of the respondents who were not proficient (60%) were financially included. Regarding advanced mobile phone usage, it was found that the greatest disparity in advanced usage was by age and not by poverty or gender. 26% of the respondents belonging to the 15-24 years age group were using a mobile phone for advanced functions as opposed to only 6% in the 55+ age group. However, advanced phone usage was low among the population, with only 18% Pakistanis using their phones to carry out advanced functions, such as taking pictures, using social media, downloading music, applications and documents, surfing the internet as well as making financial transactions.

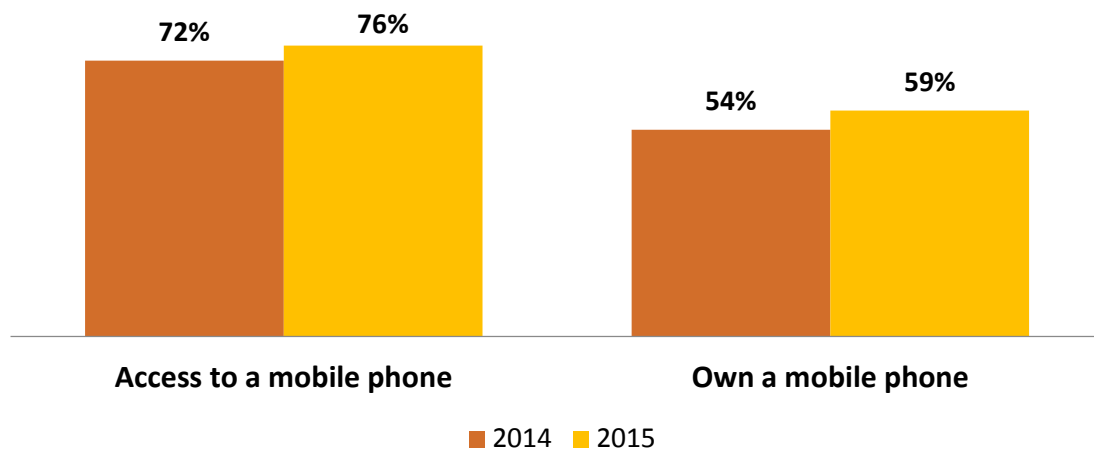
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This survey, carried out by InterMedia, aims to inform debate on increasing financial inclusion in Pakistan. In recent years, digital finance has increasingly become a core element of modern day finance. A rise in digital finance has primarily been as a result of technological advancements of the 21st century, none more so than the mobile phone. Mobile phones have revolutionized almost all aspects of everyday life. These technological devices have increasingly started to play a very important role in finance, replacing people's need to go to the bank to avail financial services. Mobile accounts have started becoming increasingly popular. Even for developing countries like Pakistan, with the advent of services by Pakistan's telecommunication sector, like EasyPaisa and Mobicash, concepts of mobile money and mobile accounts have started making their way into the mainstream. Thus, this weekend read aims to utilize the findings of this Financial Inclusion Tracker Survey 2015 to analyze the present state of mobile phone usage in Pakistan and comment on some of the potential shortcomings that are hampering the growth of digital financial services in Pakistan.

According to the empirical results of this survey carried out on a representative sample of 6000 men and women, mobile phone ownership in Pakistan was still not high. At the time of the 2nd wave of the FII Tracker Survey of 2014, mobile phone ownership in Pakistan stood 54%. Within a year, that proportion only increased by five percentage points to 59% Pakistanis. Thus, despite witnessing a paltry increase in mobile phone ownership, there were still 41% Pakistanis who did not own a mobile phone of any sort. Furthermore, 76% Pakistanis had access to a mobile phone in 2015. It is important to note that having access to a mobile phone includes both people who own a mobile phone and do not own a mobile phone. Thus, if we take out the number of people who own a mobile phone from this proportion, we are left with 18% Pakistanis who have to borrow a mobile phone in order to obtain access to it since they do not own a phone themselves. Furthermore, the proportion of Pakistanis having access to a mobile phone in 2015 was just an increase of four percentage points from the last year, i.e. 2014 (stood at 72% then). A graphic illustration of these results is presented below.

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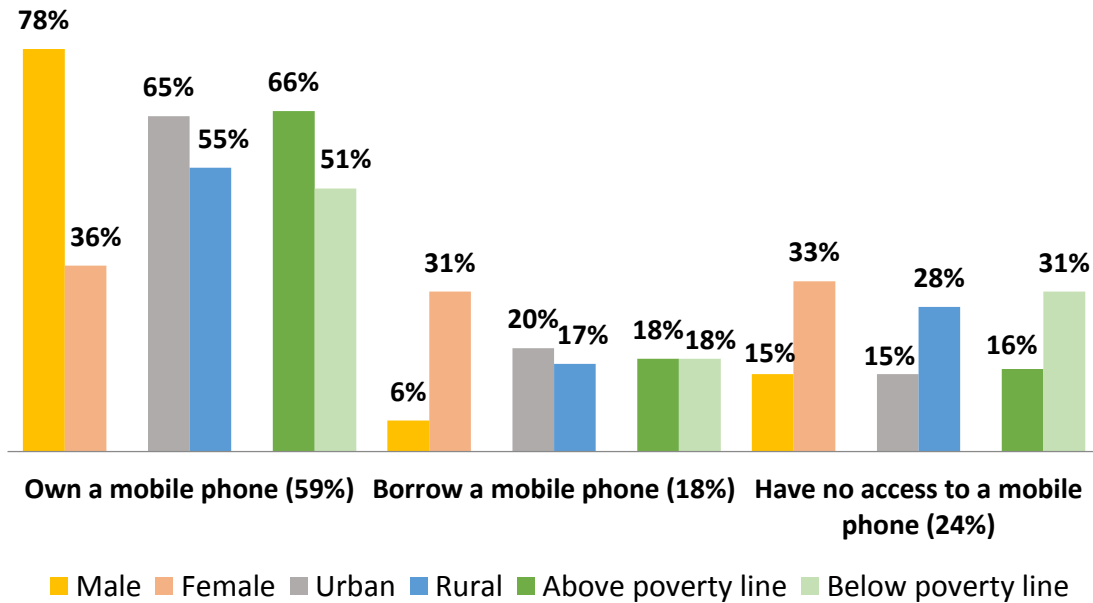


Source: InterMedia Pakistan FII Tracker surveys Wave 2 (N=6,000, 15+), September-December 2014; Wave 3 (N=6,000, 15+), September-October 2015; Fieldwork conducted by Gallup Pakistan

Therefore, one can reasonably conclude that even in this day and age of the smart phone, there is still a substantial proportion of Pakistanis who still don't even own a basic mobile phone, let alone a smart phone.

It would also be worthwhile to also look at a breakdown of this statistic on mobile phone ownership along gender, urban-rural and income levels so as to determine the demographic within which the bulk of mobile phone ownership in Pakistan was concentrated. Out of the 59% Pakistanis owning a mobile phone, 78% were men while 36% were women. Furthermore, 65% of the Pakistanis owning mobile phones were residing in urban areas compared to 55% living in the rural areas of the Country. Also, 66% of those owning a mobile phone were living above the poverty line whereas 51% Pakistanis in possession of mobile phones were living below the poverty line. Out of the proportion of Pakistanis not having any access to a mobile phone (24%), 15% were men while 33% were women. 15% belonged to the urban areas of Pakistan whereas 28% belonged to rural areas of the Country. Finally, 16% of those not having any access to a mobile phone were living above the poverty line while 31% were living below the poverty line. We had determined earlier that there were 18% Pakistanis who did not own a mobile phone but still had access to one. A breakdown of this statistic along the three aforementioned parameters revealed that out of this proportion of the population that was borrowing a mobile phone, 6% were males whereas 31% were females. Furthermore, 20% were living in urban areas whereas 17% belonged to rural areas. Finally, 18% of those having to borrow someone's cellphone in order to use it were living above the poverty line whereas 18% were living below the poverty line. These breakdowns are illustrated below with the help of a chart.

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Source: InterMedia Pakistan FII Tracker survey Wave 3 (N=6,000, 15+), September-October 2015; Fieldwork conducted by Gallup Pakistan

These empirical figures reveal fascinating demographic trends for mobile ownership in Pakistan. Mobile phone owners, as seen above, tend to be men, the urban population and people who are living above the poverty line. In contrast, people who do not own a mobile phone are inclined to be women, people residing in rural areas and Pakistanis living below the poverty line. Finally, one can see that for those who do not own a mobile phone but are still able to access it have a greater propensity of belonging to the female gender and those residing in urban areas. Changing income levels do not appear to change mobile phone access. The basis for these empirical trends can partly be explained by looking at the way Pakistani society functions. Pakistan is a predominantly patriarchal society. For the most part, men and women have strictly defined gender roles where a man is the breadwinner of the household whereas a woman manages the internal affairs of the household and raises children. Religion also plays an important part in the conception and the continued persistence of these gender roles. Thus, since the male is seen as the one who would go out and fend for his family, it also then implies that for such households, the male, apart from being the head of the family, is also the financial head of his household. Therefore, in most instances, particularly for the low and middle income economic classes, ownership of the mobile phone would be with the male head of the household. Thus, significantly more men than women own a mobile phone and this is also one of the reasons that more women have to borrow a mobile phone in order to use one. Furthermore, around two months ago, the incumbent

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government of Pakistan adopted a new methodology for measuring poverty in Pakistan. According to that new poverty line, the number of poor households in the Country was estimated to be around 7.6 million. Despite this extraordinarily high number of poor households, what was more interesting was the fact that according to the representatives of the government, the poverty line, according to the new methodology, stood at PKR 3,030 per month for an adult.¹ In order to put this poverty line in perspective, the cheapest mobile phone in Pakistan, a completely basic mobile phone which only allows the user to make a phone call, send and receive text messages and save contacts, roughly costs above PKR 1000. Hence, for a person living below the poverty line, buying even the cheapest mobile phone would still be equivalent to spending a third of their monthly salary. Crippling poverty in Pakistan is therefore one of the principal reasons why mobile ownership continues to remain low. It is also empirically proven in the chart since 31% Pakistanis who do not have any access to a mobile phone live below the poverty line as opposed to only 16% who live above the poverty line. This also explains why a higher proportion of urban residents own mobile phones as opposed to their rural counterparts. That is because of the socio-economic differences that exist between Pakistan's urban and rural areas, with the urban areas generally having a higher proportion of people belonging to the middle and high income classes.

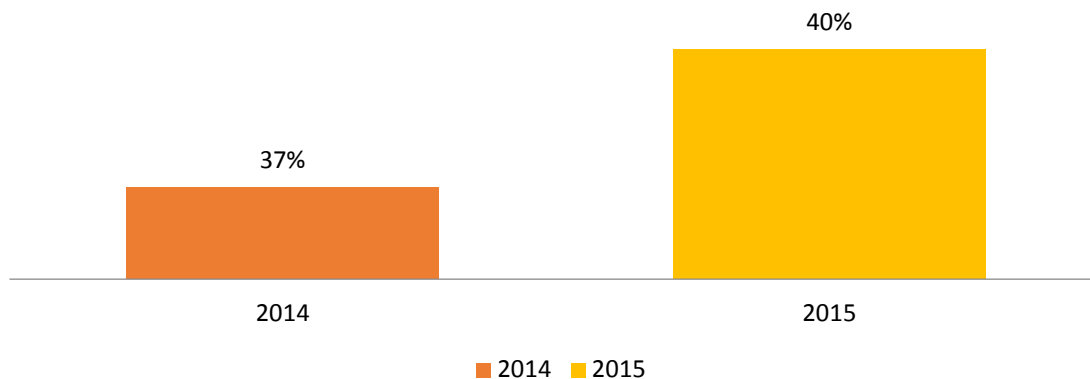
Since the focus of this study undertaken by InterMedia was on financial inclusion, it was also important to determine people's proficiency at using mobile phones since even a basic mobile money account also relies on the ability of people to input text on the mobile phones. Thus, basic mobile phone proficiency or competency entails the ability to send and receive a text message, or, as it is more commonly known, an SMS. In the 2nd wave of the Financial Inclusion Tracker Surveys, basic mobile phone competency came out at only 37% Pakistanis. In the 3rd wave of the surveys conducted in 2015, this basic competency rose by three percentage points to 40% Pakistanis. Even in 2015, majority Pakistanis (60%) still do not know how to even send and receive a basic text message. Not only is this statistic troubling on the digital financial front, it is also a reflection on the general literacy levels of people in the Country. A graphical illustration of these empirical results is given below.

¹ "New Poverty Line Makes a Third of Pakistanis Poor", published in Dawn News, April 08th, 2016.

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Basic Mobile Phone Competency Send/receive text messages



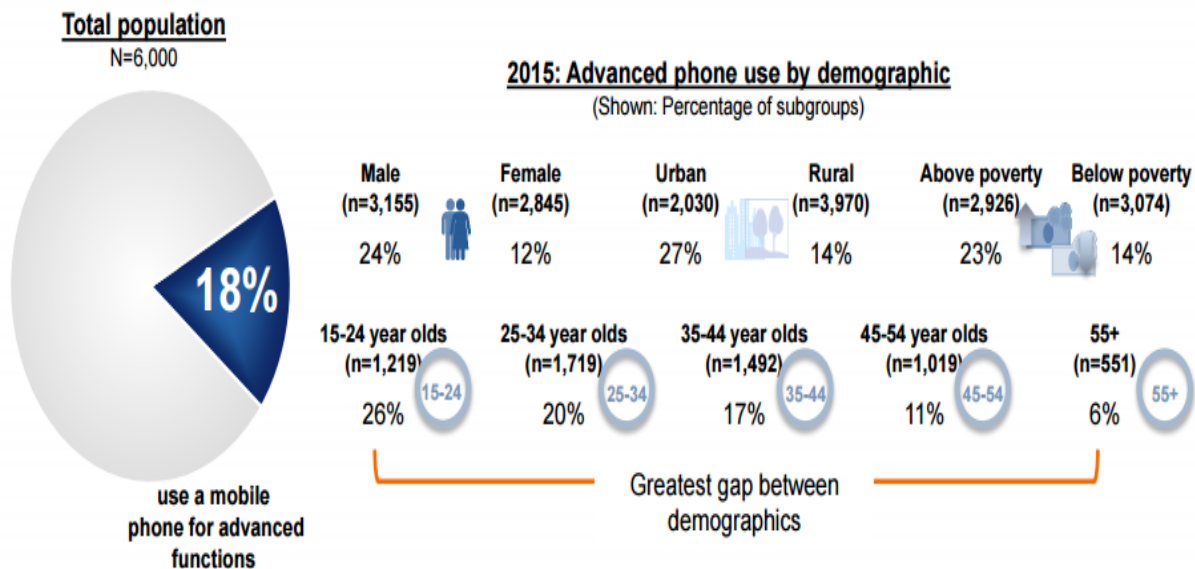
Source: InterMedia Pakistan FII Tracker surveys Wave 2 (N=6,000, 15+), September-December 2014; Wave 3 (N=6,000, 15+), September-October 2015; Fieldwork conducted by Gallup Pakistan

The study also determined a positive correlation between financial inclusion and basic mobile phone competency. It was found that out of the 40% who had basic mobile phone proficiency, 15% were financially included either by virtue of having a bank account or using mobile money. In comparison, for those 60% Pakistanis who lacked basic mobile phone competency, only 4% were financially included, i.e. either having a bank account or a mobile money account. Another question that was asked in the survey was regarding the type of mobile phone that people owned. According to the survey, there were three principal types of mobile phones that people could potentially own. A basic mobile phone in which a person could only make calls, send text messages and save phone numbers. A feature phone that had a camera and radio among other applications but a person could not be able to send an email or add more mobile applications to it. A smart phone which allowed access to mobile applications and email. Therefore, it was found that out of the 59% Pakistanis who own a mobile phone, 72% Pakistanis owned a basic mobile phone, and 28% owned a feature phone whereas only 11% owned a smart phone. These statistics show that technologically, Pakistan continues to lag far behind a majority of developing and advanced countries.

To put Pakistan's numbers into perspective, a 2015 Global Attitudes Survey conducted by the PEW Research Center asked respondents about smartphone ownership. According to the empirical results of the survey, smartphone ownership in Pakistan stood at only 11%. South Korea came in first with smartphone ownership of a resounding 88%. China had a smartphone ownership of 58%. Even Palestine

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had a significantly higher smartphone ownership (57%) as compared to Pakistan. India performed only slightly better than Pakistan with smartphone ownership at 17%. Thus, according to the 2015 Global Attitudes Survey report, Pakistan was significantly below a number of countries in terms of smartphone ownership. A part of this low ownership of smart phones can also be explained by a lack of buying power in Pakistan. As was mentioned earlier, with a significant number of Pakistanis living below the poverty line as reported by the current government of Pakistan, owning a smartphone, which is relatively expensive than a basic phone, becomes a hefty proposition. However, it is also unsettling with respect to enhancing financial inclusion in the Country. However, the FII Survey reported another figure that makes financial inclusion of Pakistanis through mobile phones even harder. It was found that only 18% Pakistanis were using a mobile phone for advanced functions in 2015. Although that figure is still fairly low in itself, it was also found that the greatest disparity in advanced phone usage was by age, not by gender or income level. The empirical results are illustrated in the image below.



Source: InterMedia Pakistan FII Tracker survey Wave 3 (N=6,000, 15+), September-October 2015; Fieldwork conducted by Gallup Pakistan

As can be seen above, it is mostly young people (falling within the 15-24 year age bracket), who are able to perform advanced functions on their mobile phones. As the age bracket starts rising, advanced phone usage starts falling. Only 6% of the people falling in the 55+ age bracket are able to perform advanced functions on their mobile phones. This statistic also reflects the low mobile phone competency among

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Pakistanis. Furthermore, it also shows that this ability of older people to perform advanced functions on their mobile phones will not improve anytime soon. It will take a fair number of decades, at this rate, for the older lot to witness a rise in this ability to perform advanced functions. Therefore, one can conclude that although mobile phones are on the rise in Pakistan, that rise is still fairly gradual and is impeded by various socio-economic problems prevailing in the Country. In order for digital finance to grow in Pakistan, it is vital that the state focuses on improving the literacy levels of people as well as the economic situation of the Country, so that more people at least have the capacity of purchasing mobile phones and fully utilizing their functions.

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