Opinion Poll

Special Press Release

Access to Finance

(Part 11 of a 15 part series)

53% Pakistanis cite lack of information as the main reason for not opening a bank account. (Access to Finance Survey 2015 – SBP/ Gallup Pakistan)

Islamabad, June 14, 2016

According to a survey conducted by Gallup Pakistan, 53% Pakistanis who did not own an account cited lack of information regarding banks and banking procedures as the main reason behind not opening a bank account. These results are part of the nationwide Access to Finance Study conducted by the State Bank of Pakistan in 2015 with the intent of determining the degree of financial inclusiveness of the Pakistani public (please refer to page # 3 for more details).

This press release is part of a special series that aim to foster an empirical understanding of financial inclusion in Pakistan and that hope to create a collaborative network of individuals working on the topic. This press release focuses on addressing the main obstacles that people in Pakistan face with regards to opening a bank account. In doing so, it highlights two key categories: 'a lack of information' and 'a lack of need' that are at play in causing people to not open a bank account. As opposed to the 53% that state lack of information as the main need, 39% Pakistanis cite lack of need as the main reason for not having a bank account. Before proceeding on with the main subject matter, it is worthwhile to look at some key findings regarding public perception on having a bank account as well as on certain countrywide practices that create an unfavorable environment for the growth of the banking sector.

Key Findings:

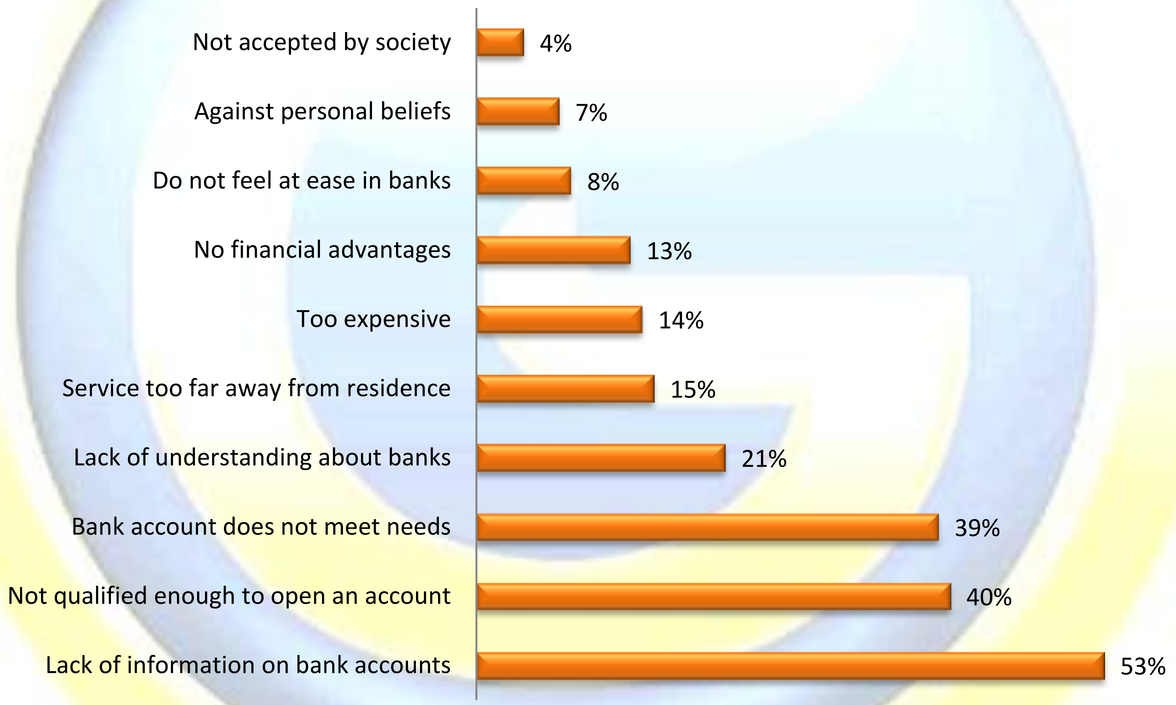
- 95% of the respondents receiving any form of income declared to receive it in cash only.
- 80% of organizations' payments to people are made in cash.
- 72% Pakistanis agree that you can easily live your life without a bank account.
- 59% Pakistanis agree that having a bank account would be advantageous for them.

The first two key findings reveal that a lot of transactions that are currently occurring in Pakistan are cash-based. That creates an unfavorable ecosystem for the banking sector, making it difficult for it to flourish. In order to include more people in the formal banking sector, efforts need to be undertaken to encourage organizations to utilize banks in order to pay their employees by handing in cheques instead of cash as payment or remuneration. Furthermore, as it stands, there are more people in Pakistan (72%) that feel that one can easily live a life without having a bank account. In comparison, 59% Pakistanis feel that having a bank account would prove to be advantageous for them. Thus, in order to increase financial inclusion in Pakistan, it is the 72% that needs to be educated and informed about the benefits of having a bank account as well as the potential downfalls of being excluded from the formal banking sector.

Reasons for not having a bank account: 53% state that they do not know enough about banks/bank accounts while 39% felt that a bank account would not be very advantageous for them.

When asked for the reasons behind not having a bank account in a multiple response question, a majority of respondents (53%) cited a lack of information, i.e. that they did not know enough about banks and bank accounts, which is why they had not opened a bank account. 40% Pakistanis felt that they didn't have the requisite qualifications that they felt were required for having a bank account. 39% of the Pakistani public cited lack of need, stating that having a bank account would not be very helpful to them. A further 21% Pakistanis felt that they did not understand enough about banks to be able to open a bank account. 15% of the respondents felt that the banking services were too far away from their residing places. 14% of the public felt that their reason for not having a bank account was that it was too expensive. 8% Pakistanis did not feel very comfortable putting their money in a bank while a further 7% stated that having a bank account was against their religious beliefs. Finally, 4% Pakistanis felt that their reason for not having a bank account was that it was not socially acceptable.

Question: "There are many reasons why people don't have a bank account. I am going to read to you a list of reasons that some people have mentioned and I would like you to tell me which reasons are true for you?"



Source: Access to Finance Survey 2015: State Bank of Pakistan/Gallup Pakistan
(https://www.a2f2015.com, www.gallup.com.pk)

These findings on the reasons behind a low penetration of the banking sector in Pakistan can be explained within the KAP (Knowledge, Attitude, Practices) paradigm. Since 53% respondents cited a lack of information and 21% cited lack of understanding about banks, it can be concluded that for majority Pakistanis, it is essentially a lack of knowledge on the workings of banks that prohibit them from utilizing banking facilities. Furthermore, the fact that a total of approximately 80% respondents either felt that they were unqualified to open a bank account or felt that the bank did not meet their needs is suggestive of a mindset problem among Pakistanis regarding the banking sector. This prevalent negative attitude towards banks can also be gauged by some of the other reasons given by respondents, such as giving the reason that opening a bank account was against their personal beliefs or that the society did not accept the banking sector and also that some respondents did not feel at ease while being at a bank. Finally, some respondents were critical of their perception of banking practices. They felt that banks were either too expensive or inaccessible due to their far away location which was why they had not opted to open a bank account.

of Gallup Pakistan

(1980-2016)

Introduction to Access to Finance:

The Access to Finance Survey 2015 (A2F 2015) aims to create a platform for the State Bank, the Government and the private sector of Pakistan to adopt and implement a comprehensive set of reforms needed to influence financial inclusion among Pakistanis in a more holistic manner. A2F 2015 will help state and non-state actors in streamlining their policies and reforms to ensure that they are able to effectively target the financial inclusivity of the Pakistani public.

Gallup Pakistan, in collaboration with HORUS Development Finance, conducted an extensive survey in over 10,000 households across Pakistan. The primary aim of the study was to determine the extent of financial services being used by Pakistanis as well as to provide insights into the barriers faced by the Pakistani public in accessing formal financial services.

The data was released as part of Access to Finance Study 2015. Fieldwork carried out by Gallup Pakistan, the Pakistani affiliate of Gallup International, among a sample of 10,000 households across rural and urban areas of all four provinces of Pakistan, during March 27 – June 12, 2015. Error margin is estimated to be approximately ± 2-3 per cent at 95% confidence level.