

FINANCIAL INCLUSION **insights**

APPLIED RESEARCH FOR  digital financial inclusion

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DRIVING FINANCIAL INCLUSION (WAVE 2)

APRIL 2015

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PUTTING THE USER FRONT AND CENTER

The Financial Inclusion Insights (FII) program responds to the need identified by multiple stakeholders for timely, demand-side data and practical insights into digital financial services (DFS), including mobile money, and the potential for their expanded use among the poor.

The FII team conducts regular survey and qualitative research in [Kenya](#), [Tanzania](#), [Uganda](#), [Nigeria](#), [Bangladesh](#), [India](#), [Indonesia](#) and [Pakistan](#) to:

- **Track access to and demand** for financial services generally, and the uptake and use of DFS specifically;
- **Measure adoption and use** of DFS among key target groups (females, BOP, rural, unbanked, etc.);
- **Identify drivers and barriers** to further adoption of DFS;
- **Evaluate the agent experience** and the performance of mobile money agents; and
- **Produce actionable, forward-looking insights** to support product and service development and delivery, based on rigorous FII data.

The FII program is managed by InterMedia. Visit the FII Resource Center to learn more: www.finclusion.org.

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METHODOLOGY

METHODOLOGY

Survey summary

- Annual, nationally representative survey (N=6,000) of Pakistani individuals aged 15+
- Face-to-face interviews lasting on average 42 minutes
- Second survey (wave 2) conducted from September to December 2014
- Tracks trends and market developments in DFS based on the information gathered in the first survey, conducted November 2013 to January 2014

Data collected

- Basic demographics
- Poverty measurement (Grameen Progress Out of Poverty Index)
- Access/use of mobile devices
- Access/use of mobile money
- Access/use of formal financial services (e.g., bank accounts)
- Access/use of semi-formal and informal financial services (e.g., committees, hawlas/hundis, cooperatives, self-help groups)
- Financial literacy and preparedness
- Technical literacy

COUNTRY CONTEXT

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COUNTRY CONTEXT

Government regulatory bodies

- The State Bank of Pakistan (SBP) is the regulatory authority over financial institutions and branchless banking (including mobile money). The Pakistan Telecommunications Authority (PTA) holds jurisdiction over services involving the telecommunications sector. The National Database and Registration Authority (NADRA) has developed biometric identification systems used to verify national identification cards, which 97 percent of adults have. NADRA recently reduced the verification fees for registering mobile money accounts and this may spur providers to offer more accounts to poorer customers. (CGAP)

SBP & financial inclusion

- The SBP is considered to be proactive in facilitating and enabling branchless banking in Pakistan. The 2008 Branchless Banking Regulations paved the way for creating a framework for banks and microfinance institutions to promote financial inclusion, and were among the first of their kind globally. In 2011, SBP issued further revisions with a stronger focus on financial inclusion. A National Financial Inclusion Strategy has been developed by the SBP, in collaboration with the World Bank, but has yet to be made public.

Growth in person-to-person (P2P) transactions, mostly via over-the-counter (OTC) services

- Though transactions are mostly done via OTC services, mobile money use (also called transactions through “branchless banking” in Pakistan) is already on par with traditional bank account use. The State Bank of Pakistan’s supply-side data has shown that since September 2011, the number of branchless banking accounts has risen from approximately 236,000 to 4.7 million. As of late 2014, there were nearly 190,000 branchless banking agent accounts and more than 740,000 transactions a day were being conducted with an average value of 5,600 PKR. However, at least half of all agents work with more than one provider meaning the number of unique agents is likely less than 100,000. (SBP)

Government-to-person (G2P) payments and remittances

- G2P and remittance payments are expected to present new opportunities for expanding financial inclusion to vulnerable groups. Remittances to families from family members working abroad are a growing segment of digital finance, increasing by more than 15 percent to \$9 billion in the first half of Fiscal Year 2015. (SBP) The major government payers currently are the Banzanir Income Support Program (which has digitized 85% of total payments via pre-paid cards), the Employees Old-Age Benefits Institution (EOBI) Pensioners Program (which has digitized over 80% of payments), and the Thardeep Rural Development Program.

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About this report

- This demand-side research in Pakistan is being conducted as a complement to the supply-side information compiled by the State Bank of Pakistan and made publicly available on their website (www.sbp.org.pk).
- As a result of increased domestic security concerns, a large initiative requiring biometric re-verification of SIM cards was begun in early 2015 in Pakistan. Since then, mobile network operators have pushed registration of mobile money accounts as the biometric re-verification process is more intensive than the know your customer (KYC) requirements involved in registering for a mobile money account. These increases in registration will not be reflected in this research report as fieldwork was conducted prior to the start of this initiative.

EXECUTIVE SUMMARY

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Language, distance to agents and perceived relevance are among the barriers to financial inclusion

CHALLENGES & OPPORTUNITIES

- **Gender disparities characterize the marketplace:** 24% of men have used financial services, compared to 10% of women. More than 1 in 10 women without mobile phones aren't permitted by their spouses to own a device.
- **Uptake and use of mobile money services remained limited, despite high awareness:** 76% of adults have heard of at least one mobile money brand, but just 11% of those aware of services have used them.
- **There are literacy and language limitations:** Fewer people can read Roman Urdu than can read traditional Urdu script. If service providers require users to navigate mobile money platforms using the Roman alphabet they are excluding almost half the population.
- **There's limited understanding of mobile money services utility:** Many nonusers feel they don't have a need for mobile money. Even those currently relying on remittances as a source of income do not appear to see the advantages of utilizing mobile money for these transactions.
- **Distance is an obstacle to deeper DFS engagement:** While distance has become less a barrier to account registration, proximity still impacts the frequency with which individuals are using mobile money. The closer individuals are to a mobile money agent, the more likely they are to regularly use the services. Most people walk to an agent location.

POSSIBLE ACTIONS

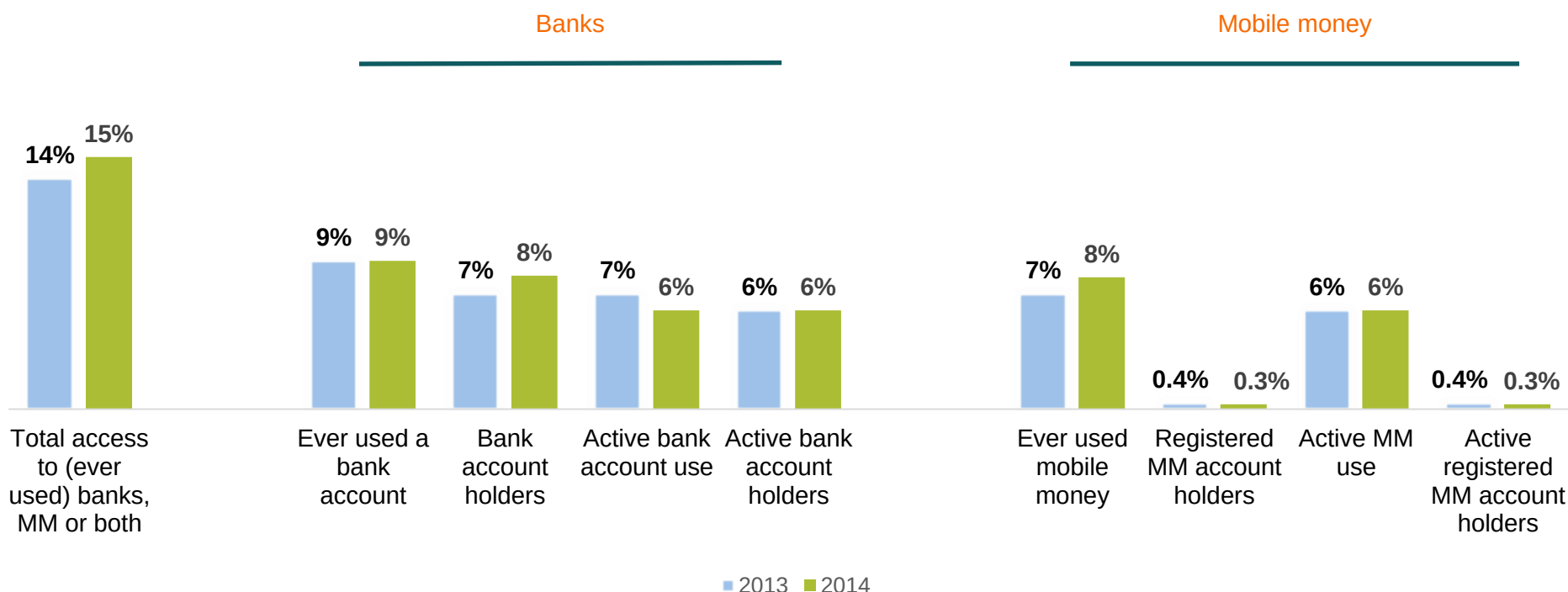
- The largely untapped female market can be partially reached through programs educating both men and women on the benefits of DFS.
- Where not already included, offer a traditional Urdu script option within digital financial services (DFS) platforms. This is especially important for inexpensive and basic phones that are more likely to be accessed by lower-income populations. This would allow a greater number of Pakistanis the ability to navigate mobile money interfaces on their own.
- To move beyond brand basic awareness to an understanding of the value proposition of mobile money, promotional efforts aimed at explaining the full range of functions available via mobile money services could address current knowledge gaps.
- Use existing agent location maps to identify areas without an agent close by (within several kilometers), and license new agents to operate in these areas.

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Use of financial services is at 15%; there were no statistically significant changes in use or registration between 2013 and 2014

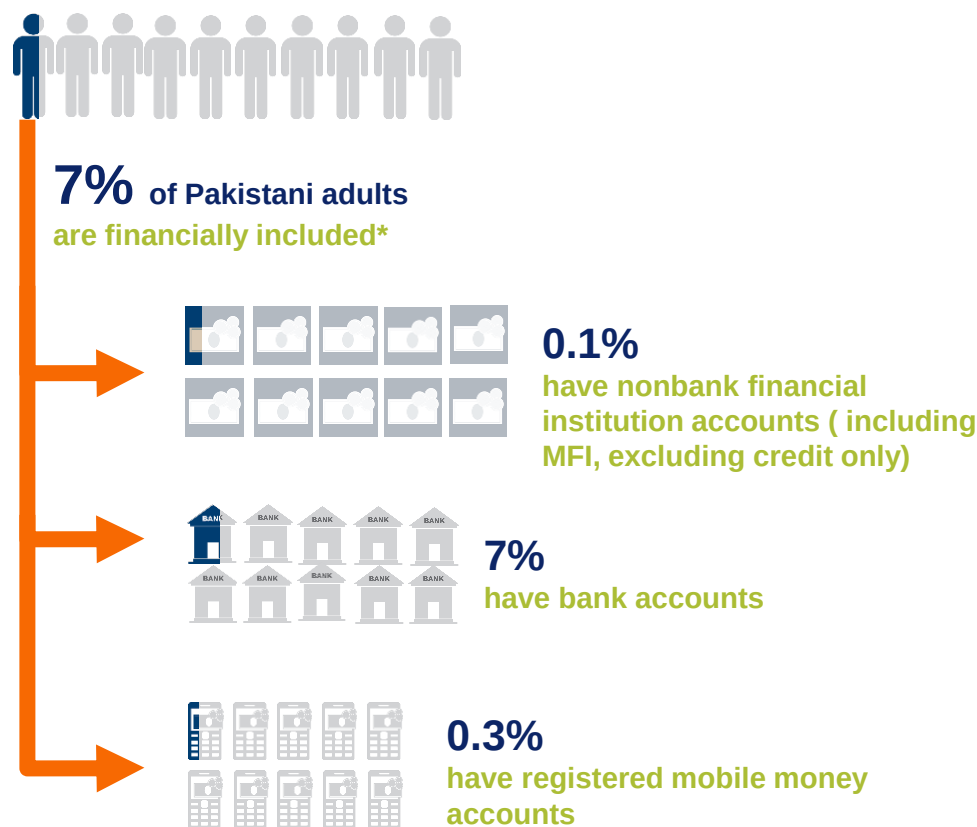
Bank and mobile-money account access and use

(Shown: Percentage of Pakistani adults, N=6,000)



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Fewer than one in 10 Pakistani adults have registered accounts at institutions providing a full suite of financial services



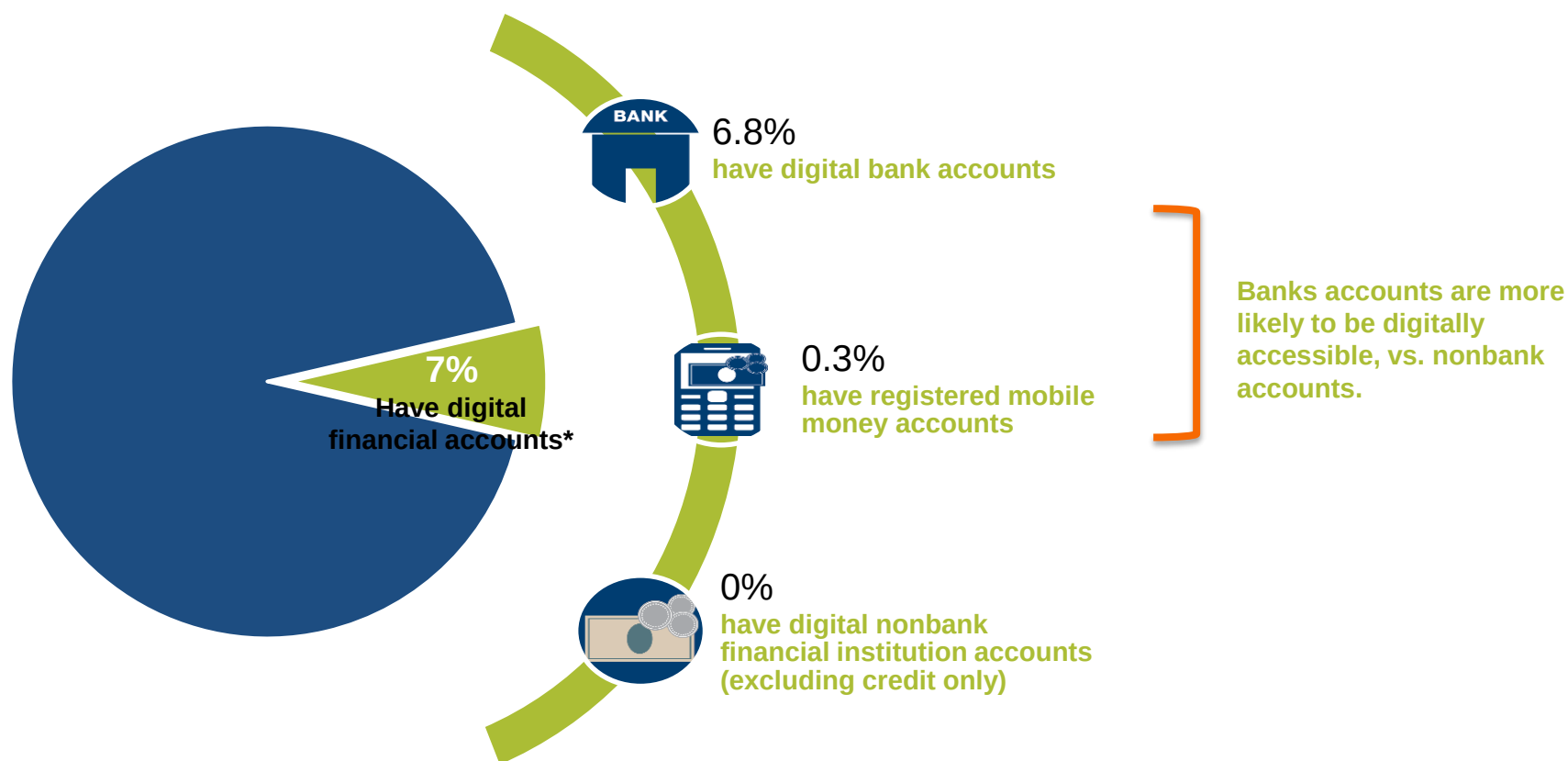
*Financial inclusion means having a registered account with a financial institution that provides a full suite of financial services.

Overlap representing those who have multiple kinds of financial accounts is not shown.

Source: InterMedia Pakistan FII Tracker survey (N=6,000 15+) Wave 2, September-December 2014.

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Fewer than one in 10 Pakistani adults have full-service accounts that can be accessed digitally



*Digital accounts are those that can be accessed through ATM/debit cards, online or through mobile phones.

Overlap representing those who have multiple kinds of financial accounts is not shown.

Source: InterMedia Pakistan FII Tracker survey (N=6,000 15+) Wave 2, September-December 2014.

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COUNTRY INDICATORS	2014 Wave 2	Base n
% of adults (15+) with access to digital financial services	14%	6,000
% of adults (15+) with registered digital stored-value accounts	7%	6,000
% of adults (15+) with active digital stored-value accounts	6%	6,000
% of adults (15+) below the poverty line (<\$2/day) with active digital stored-value accounts	4%	3,102
% of males (15+) with active digital stored-value accounts	9%	3,144
% of females (15+) with active digital stored-value accounts	3%	2,856
% of rural males (15+) with active digital stored-value accounts	7%	2,230
% of rural females (15+) with active digital stored-value accounts	2%	1,760
% of adults (15+) who actively use at least one digital financial service beyond basic wallet, person-to-person (P2P) and bill pay payments	4%	6,000
% of adults (15+) below the poverty line (<\$2/day) who actively use at least one digital financial service beyond basic wallet, P2P and bill pay payments	3%	3,102
% of males (15+) who actively use at least one digital financial service beyond basic wallet, person-to-person (P2P) and bill pay payments	6%	3,144
% of females (15+) who actively use at least one digital financial service beyond basic wallet, P2P and bill pay payments	1%	2,856
% of rural males (15+) who actively use at least one digital financial service beyond basic wallet, P2P and bill pay payments	4%	2,230
% of rural females (15+) who actively use at least one digital financial service beyond basic wallet, P2P and bill pay payments	0.9%	1,760
% of adults (15+) who use mobile money (OTC or their own account)	8%	6,000

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COUNTRY INDICATORS	2014 Wave 2	Punjab	Sindh	KPK	Baluchistan
% of adults (15+) with access to digital financial services	14%	15%	19%	0.3%	19%
% of adults (15+) with registered digital stored-value accounts	7%	7%	10%	0.1%	18%
% of adults (15+) with active digital stored-value accounts	6%	6%	8%	0.1%	18%
% of adults (15+) below the poverty line (<\$2/day) with active digital stored-value accounts	4%	3%	5%	0.0%	17%
% of adults (15+) who actively use at least one digital financial service beyond basic wallet, person-to-person (P2P) and bill pay payments	4%	3%	5%	0.0%	15%
% of adults (15+) below the poverty line (<\$2/day) who actively use at least one digital financial service beyond basic wallet, P2P and bill pay payments	3%	1%	3%	0.0%	14%
% of adults (15+) who use mobile money (OTC or their own account)	8%	9%	12%	0.2%	0.7%
% of adults (15+) who have used a bank account	9%	8%	12%	0.6%	31%
% of adults (15+) who own a bank account	8%	7%	11%	0.6%	30%
% of adults (15+) who own a bank account and have used it in the past 90 days	6%	6%	8%	0.1%	18%
% of adults (15+) who have used a nonbank financial institution account	2%	2%	3%	0.0%	0.0%
% of adults (15+) who own a nonbank financial institution account	1%	1%	2%	0.0%	0.0%
% of adults (15+) who own a nonbank financial institution account and have used it in the past 90 days	1%	1%	2%	0.0%	0.0%

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WHO IS THE CONSUMER?

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Pakistan's population is young, concentrated in rural areas and almost equally distributed across the poverty line

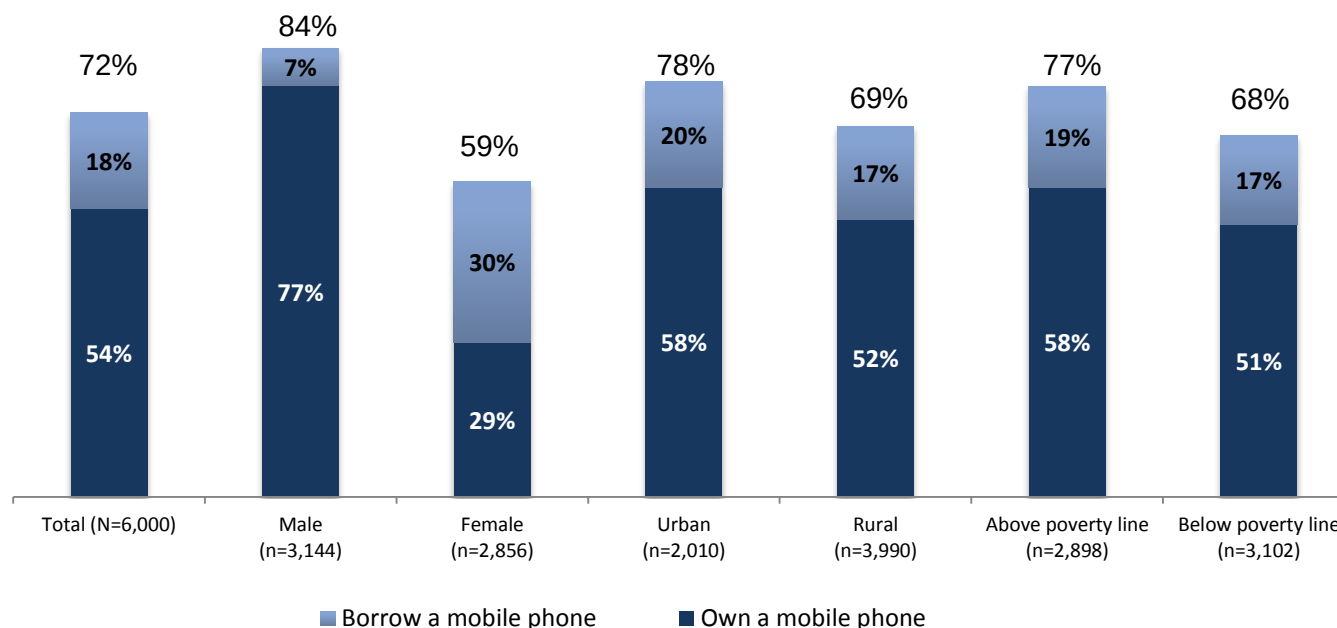
Demographic		% of survey (N=6,000)
	Male	53
	Female	47
	Urban	33
	Rural	67
	Above the \$2.50/day poverty line	49
	Below the \$2.50/day poverty line	51
	Ages 15-24	28
	Ages 25-34	29
	Ages 35-44	17
	Ages 45-54	16
	Ages 55+	10

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Mobile phone usage among women is lower vs. men, and characterized by borrowing phones; there are also urban/rural, income divides

Mobile phone ownership by demographic group

(Shown: Percentage of adults in each demographic group who own/borrow a mobile phone)

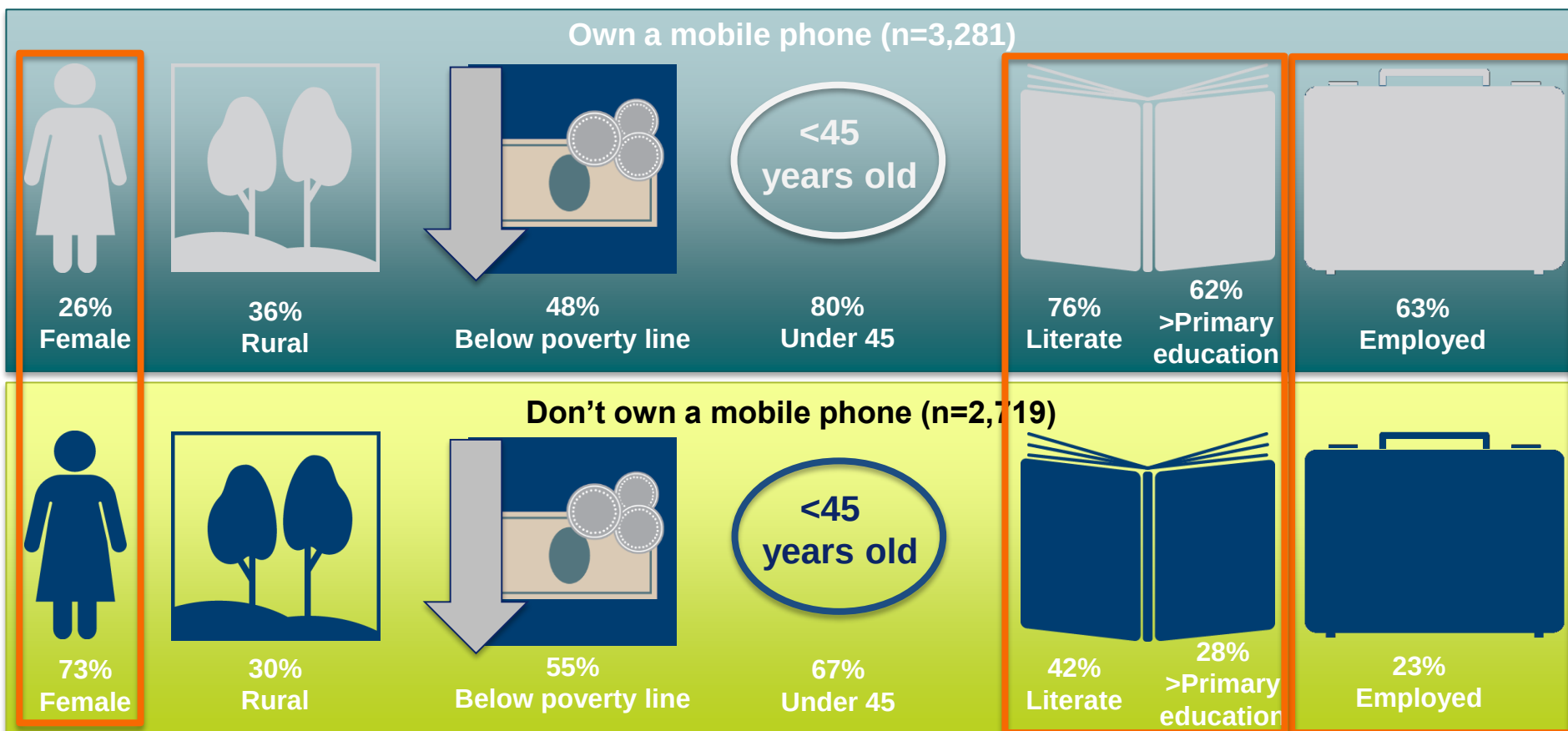


All demographic divides were found to be statistically significant at the 95% confidence interval by Chi-square test.

Source: InterMedia Pakistan FII Tracker survey (N=6,000 15+) Wave 2, September-December 2014.

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Mobile phone owners are better educated and employed at higher rates than those who don't own phones

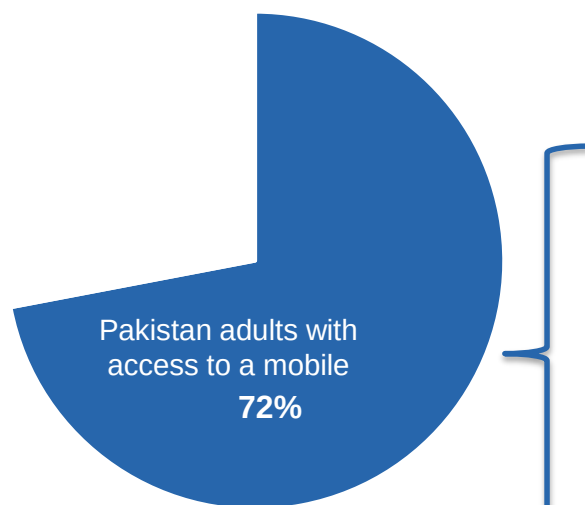


Differences between “own a mobile phone” and “don't own a mobile phone” are statistically significant at the 95% confidence interval by Chi-square test for all subgroups.

Source: InterMedia Pakistan FII Tracker survey (N=6,000 15+) Wave 2, September-December 2014.

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There's a combined basic and advanced use of phones; mobile money (MM) users engage in more advanced mobile phone uses



Mobile phone uses

(Shown: Percentage of adults with access to a mobile, n=4,337)

	Ever do this activity	Access to MM (n=484)	No access to MM (n=3,853)
<i>Dial numbers on their phone</i>	97%	99%	97%
<i>Change settings on their phone (i.e., ringtone)</i>	71%	85%	69%
<i>Send/respond to text messages (SMS)</i>	60%	77%	58%
Advanced Functions			
<i>Send picture messages</i>	43%	61%	40%
<i>Follow an interactive voice menu, voice commands</i>	30%	52%	27%
<i>Listen to audio they downloaded onto the phone</i>	29%	44%	28%
<i>Watch a video they downloaded onto the phone</i>	28%	42%	26%
<i>Follow a text menu such as for buying airtime</i>	20%	36%	18%
<i>Use social networks such as Facebook, Twitter</i>	19%	30%	18%
<i>Post pictures online, such as via Instagram</i>	16%	26%	15%
<i>Use a chat application such as Whatsapp or Viber</i>	16%	28%	14%

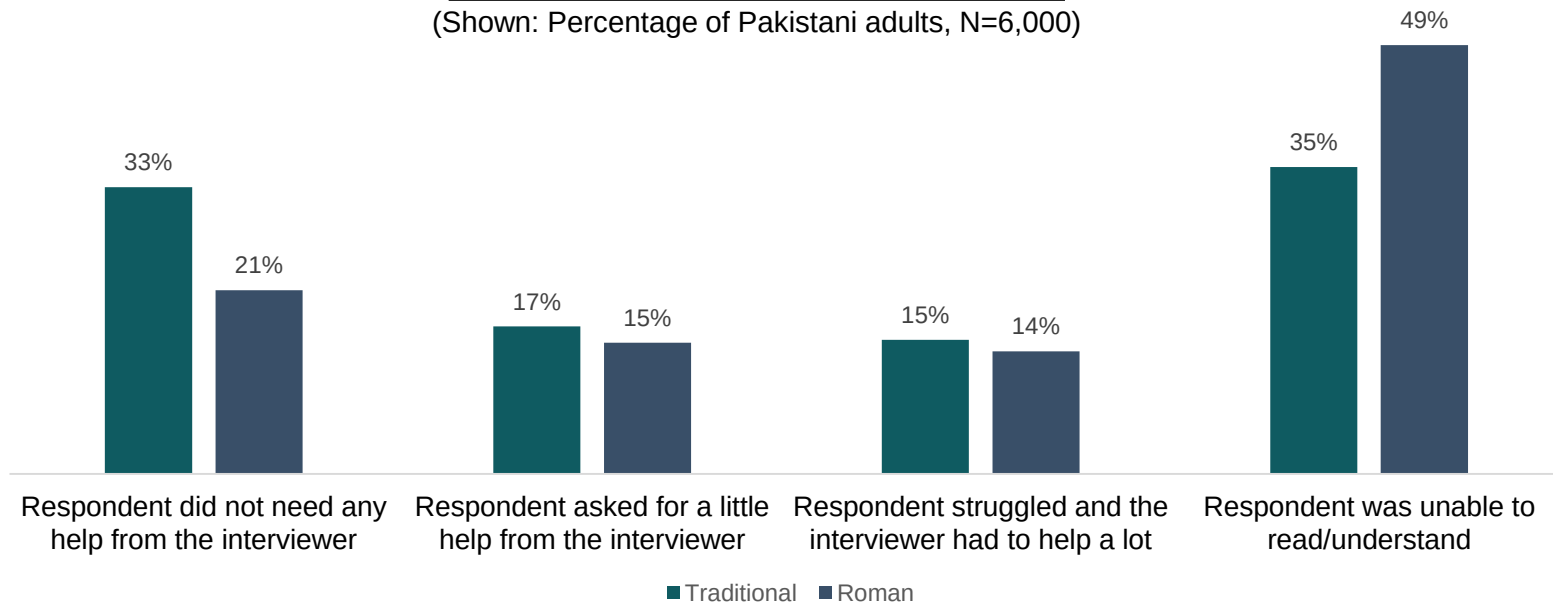
Among mobile users:

- Use devices for 3+ functions: 78%
- Average number of functions: 7
- Used at least one advanced function: 59%
- Average number of advanced functions: 3

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Adults are much less proficient with Roman Urdu script than traditional Urdu; 49% can't understand Roman Urdu vs. 35% for traditional Urdu; 34% were unable to read in either script

Abilities with traditional vs. Roman Urdu
(Shown: Percentage of Pakistani adults, N=6,000)

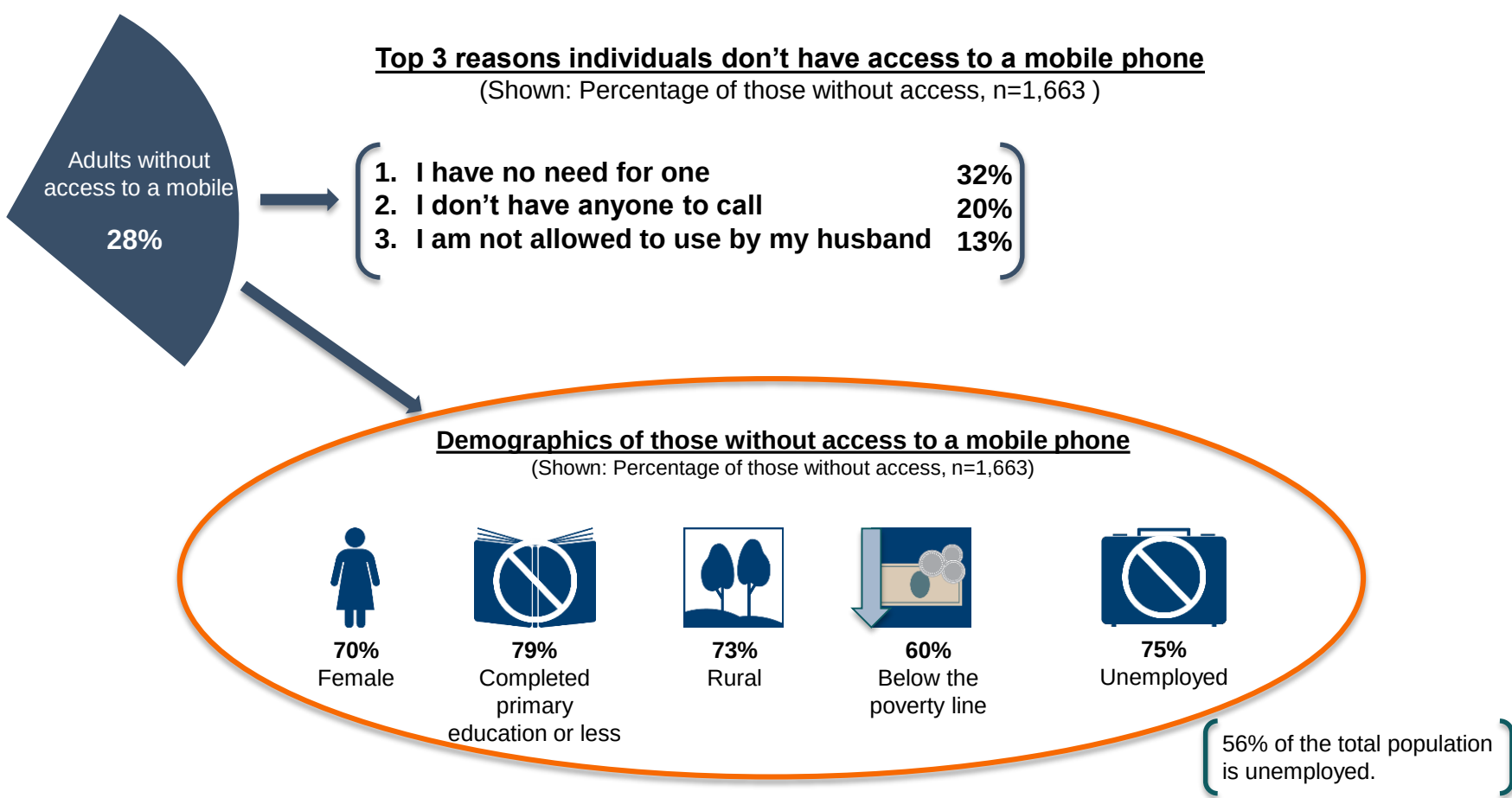


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Many women are not permitted to have a mobile phone

Top 3 reasons individuals don't have access to a mobile phone

(Shown: Percentage of those without access, n=1,663)

- 
1. I have no need for one 32%
 2. I don't have anyone to call 20%
 3. I am not allowed to use by my husband 13%

Demographics of those without access to a mobile phone

(Shown: Percentage of those without access, n=1,663)



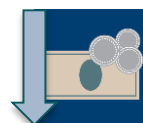
70%
Female



79%
Completed
primary
education or less



73%
Rural



60%
Below the
poverty line



75%
Unemployed

56% of the total population
is unemployed.

FINANCIAL BEHAVIOR – SAVINGS AND ECONOMIC VULNERABILITY

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The majority of Pakistanis have little or no money left over each month to save or prepare for financial shocks

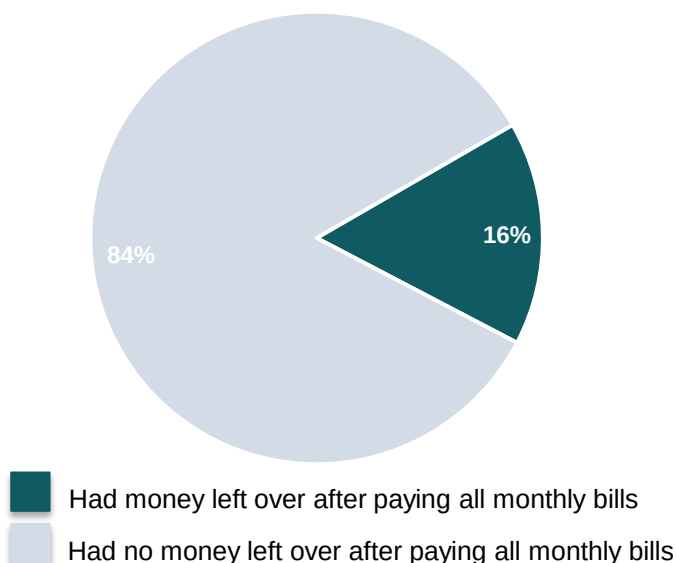
- 76% have debts (formal and informal) that exceed their savings
- 53% are unable to earn more than they spend each month
- 84% had no money left over last month after paying all expenses
- 63% did not have an emergency fund to cover unplanned expenses

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Most people who have money left over save it, irrespective of income

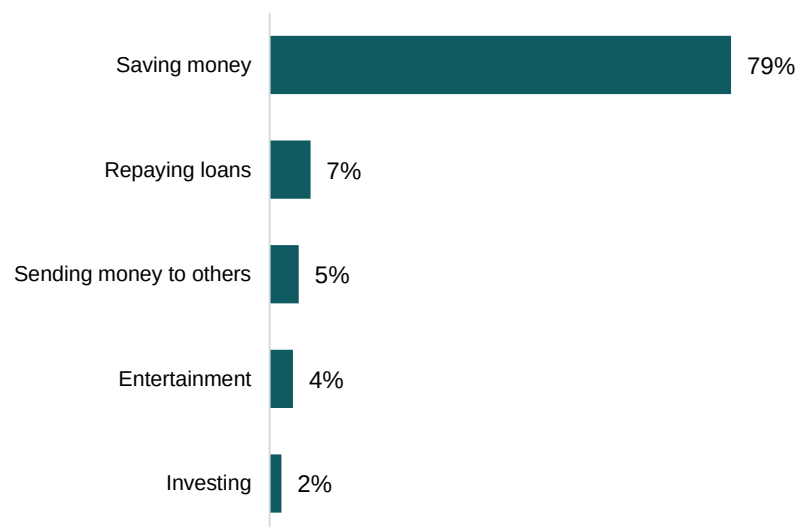
Financial situation after previous month

(Shown: Percentage of Pakistani adults, N=6,000)



What did you do with any money left over after paying expenses last month?

(Shown: Percentage of persons who had surplus money after paying all expenses in the prior month, n=977)

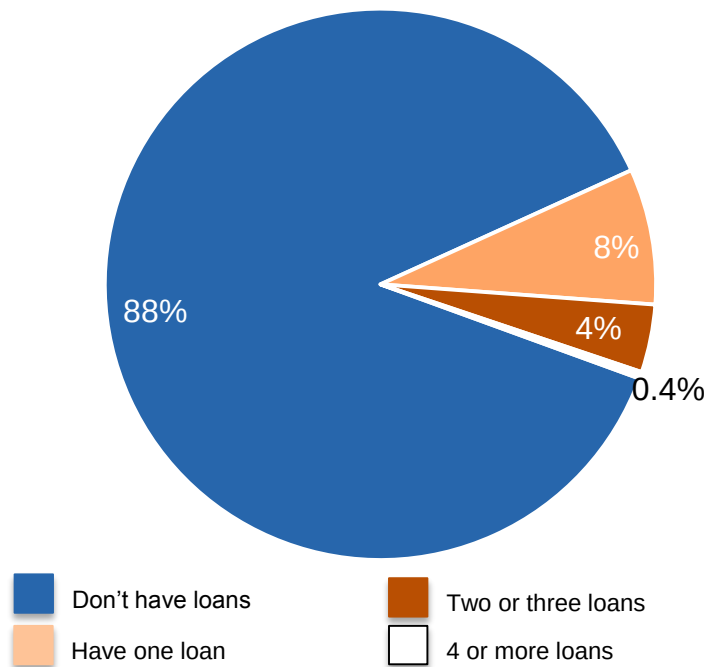


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Women, those in rural areas and those below the poverty line are more likely to have loans

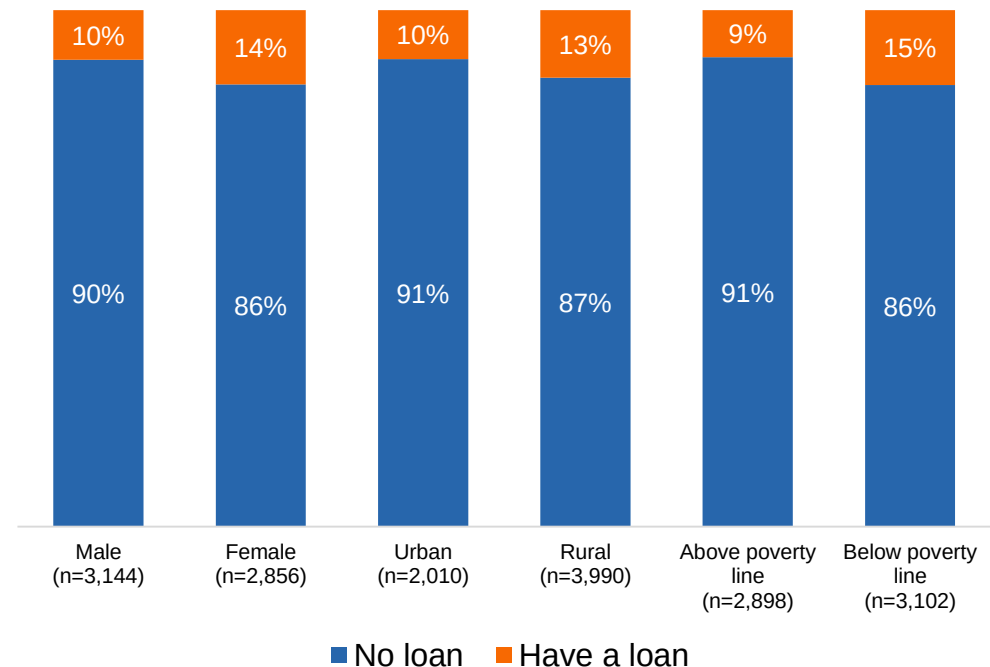
Number of loans* in repayment

(Shown: Percentage of Pakistani adults, N=6,000)



Loans by demographic subgroups

(Shown: Percentage of adults in each demographic group who have loans)



*Loans in this context are categorized as formal debts.

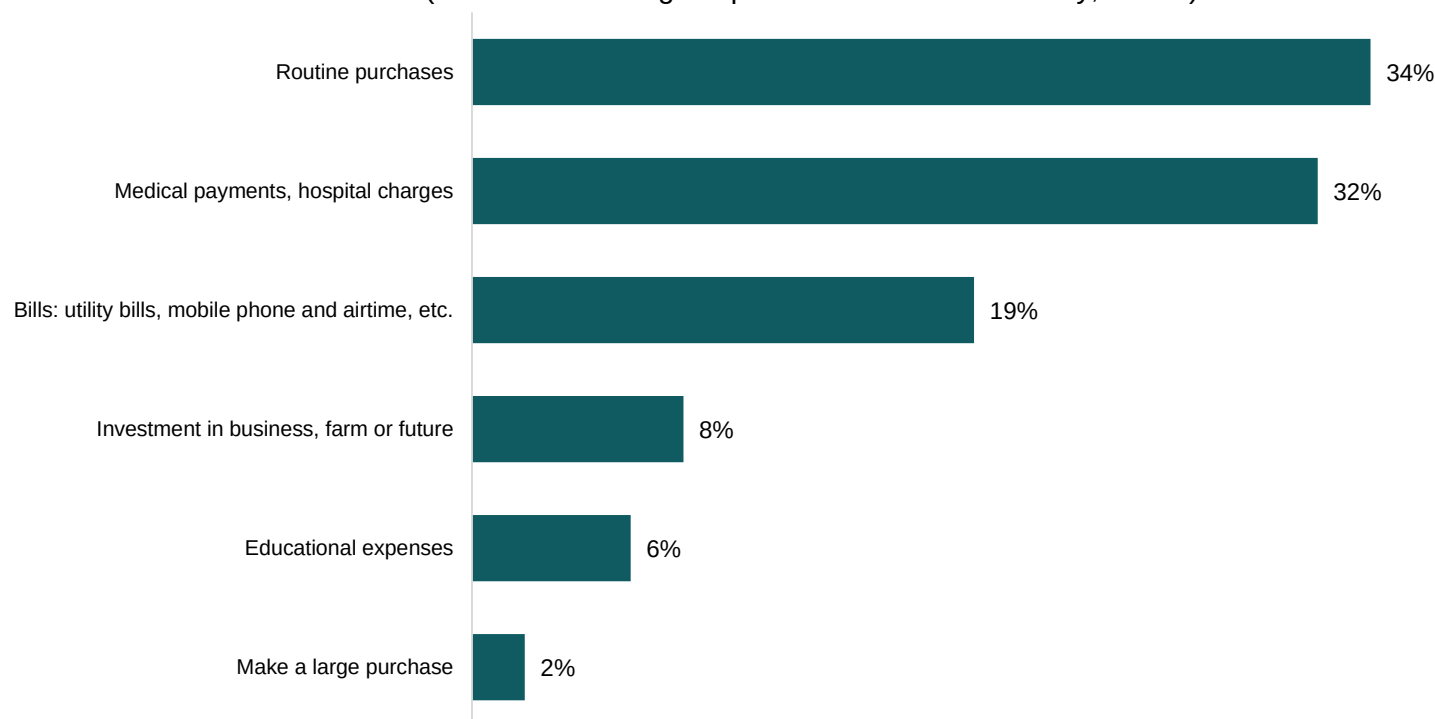
Source: InterMedia Pakistan FII Tracker survey (N=6,000 15+) Wave 2, September-December 2014.

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Pakistanis primarily use their loans to meet regular expenses, cover medical costs

What did you use your loan for?

(Shown: Percentage of persons who borrow money, n=897)



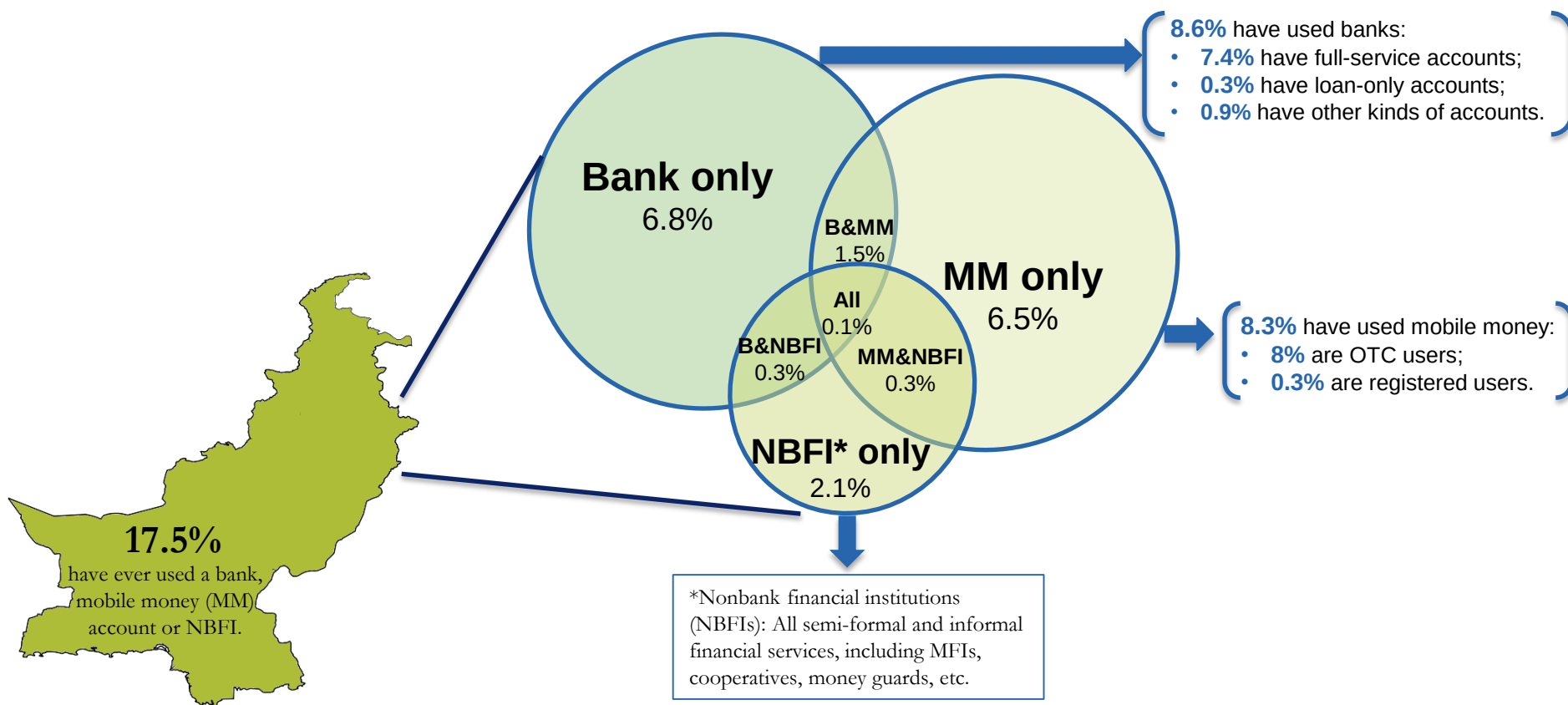
ACCESS TO FINANCIAL SERVICES

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There are three distinct types of financial services uses, with little overlap

Access to financial services by type of financial institution

(Shown: Percentage of Pakistani adults, N=6,000)

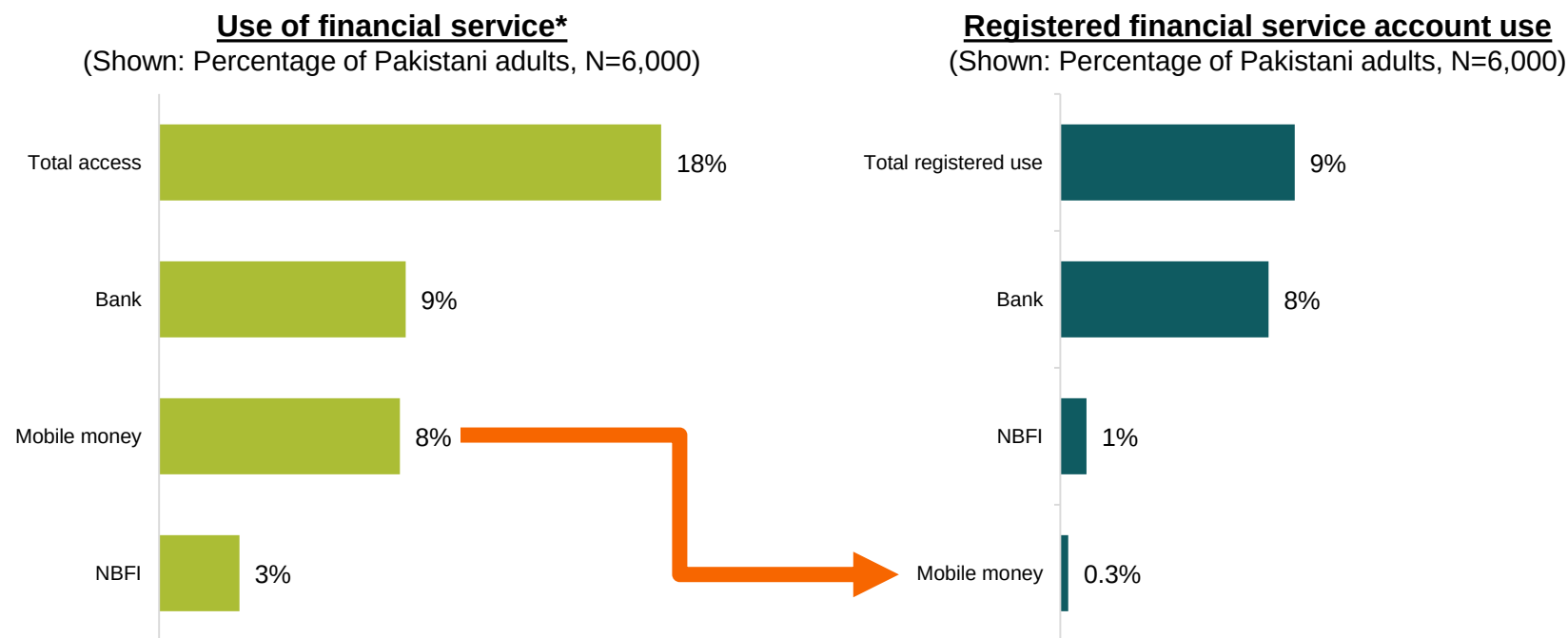


Due to rounding, numbers in the diagram add up to 17.6% rather than 17.5%.

Source: InterMedia Pakistan FII Tracker survey (N=6,000 15+) Wave 2, September-December 2014.

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Unregistered mobile money is a prevalent portion of financial services used; most bank use is registered



*This includes both registered and unregistered use of financial services.

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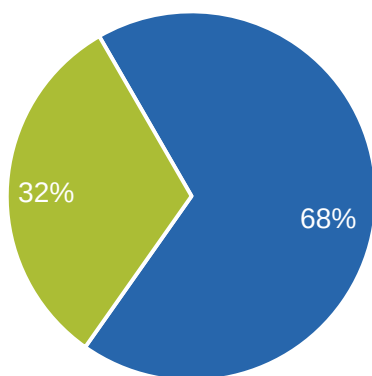
MOBILE FINANCIAL SERVICES

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Most know the concept of mobile money, even more are aware of mobile money (MM) brand names

Recognize concept of MM

(Shown: Percentage of Pakistani adults, N=6,000)



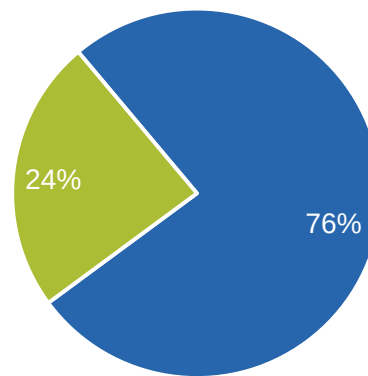
Unaware Aware

Among those concept-aware

- 98% are aware of at least one mobile money provider
- 12% have used mobile money
- 0.4% have registered mobile money accounts

Recognize at least one MM provider

(Shown: Percentage of Pakistani adults, N=6,000)



Unaware Aware

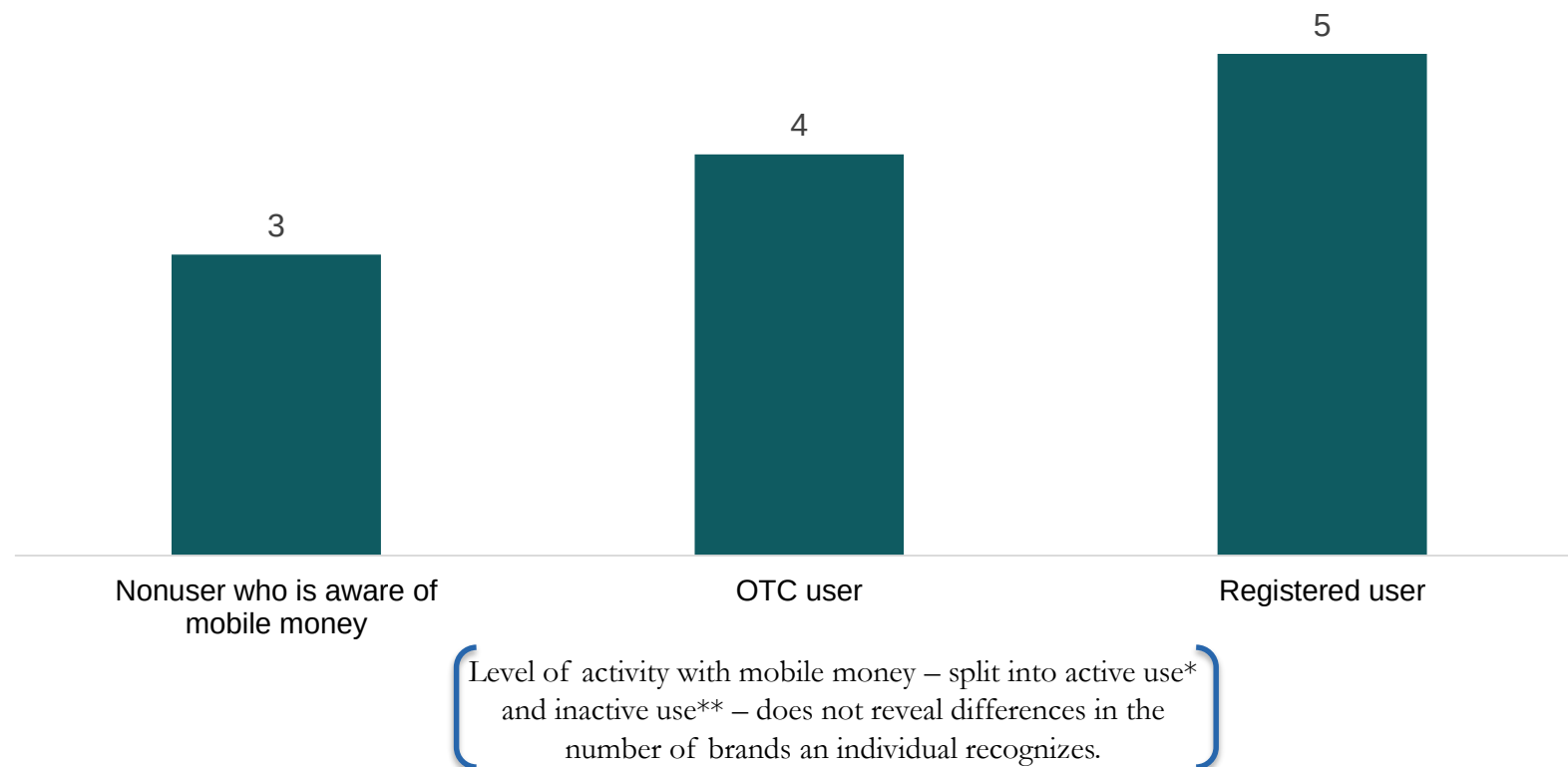
Among those brand-aware

- 88% are aware of the concept of mobile money
- 11% have used mobile money
- 0.4% have registered mobile money accounts

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Registered users are more brand-aware than OTC users, nonusers

Average number of mobile money brands individuals in each subgroup are aware of



*Active use: used in the pas 90 days

**Inactive use: has not used in the last 90 days

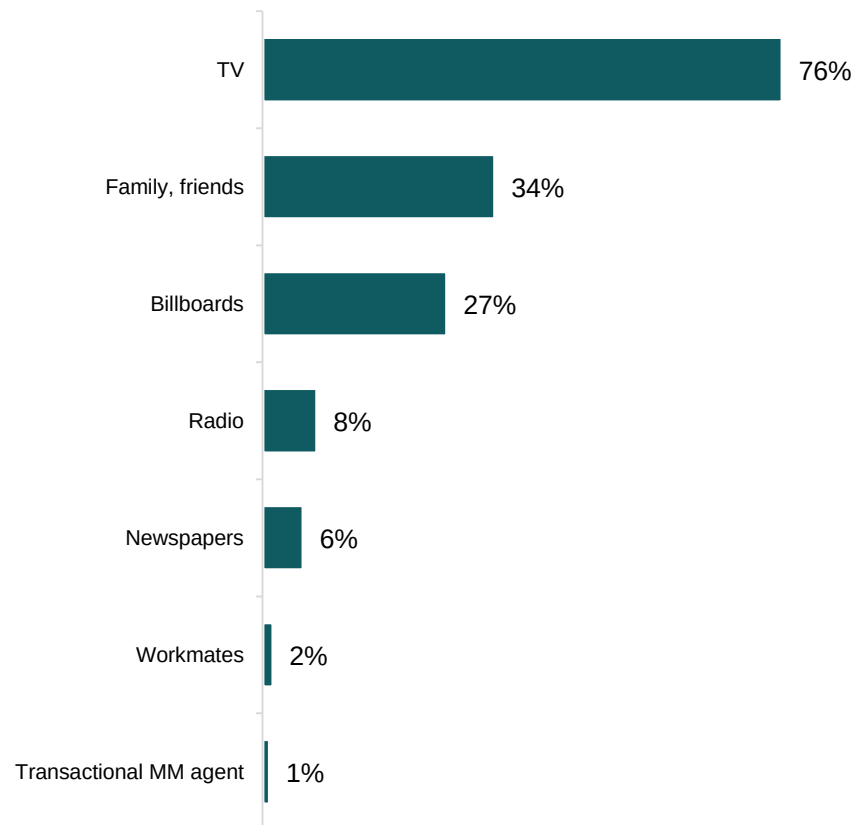
Source: InterMedia Pakistan FII Tracker survey (N=6,000 15+) Wave 2, September-December 2014.

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Mass media, and family and friends are the most common sources for brand awareness for all mobile money deployments

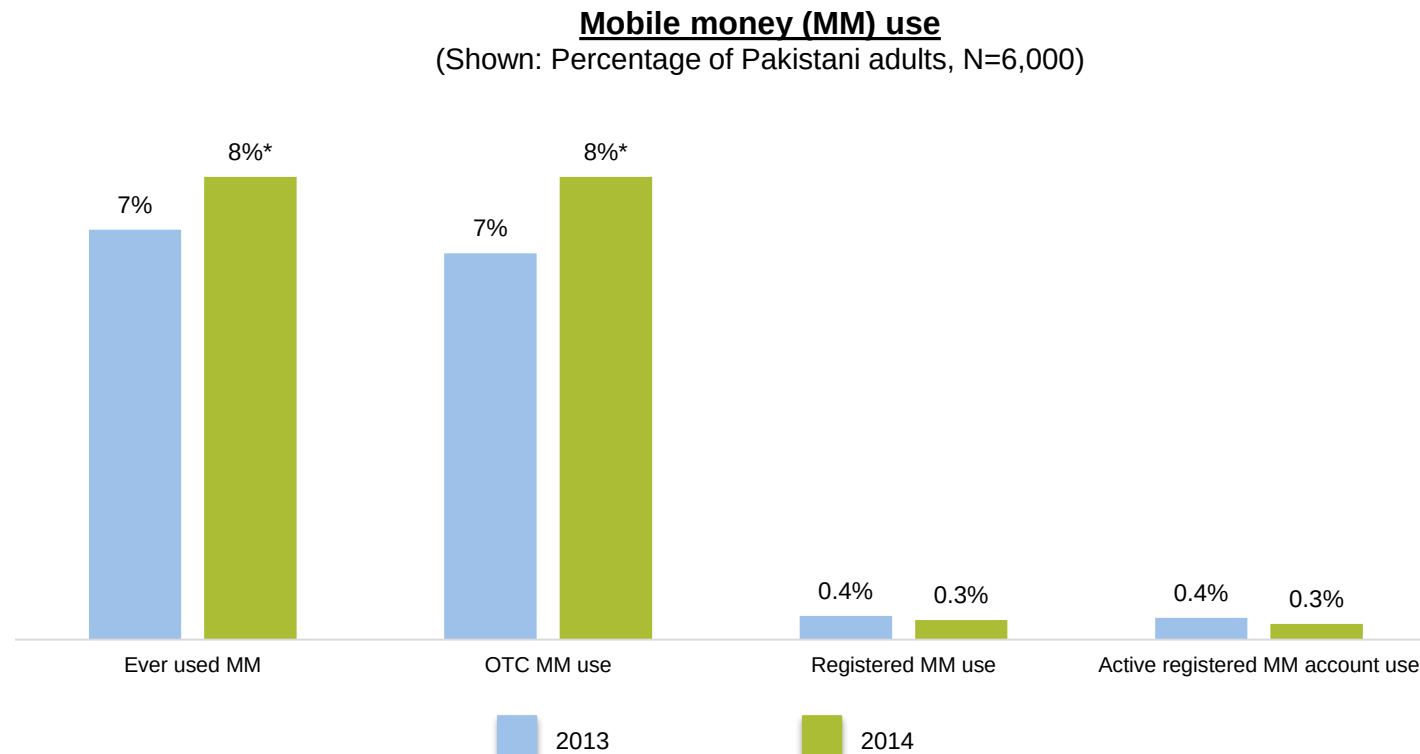
Source of awareness of mobile money services

(Shown: Source of awareness for those who recognized at least one brand, n=4,569)



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Mobile money use is static at 8%, with no statistically significant change between 2013 and 2014



*The differences between years are not statistically significant.

Source: InterMedia Pakistan FII Tracker survey (N=6,000 15+) Wave 2, September-December 2014.

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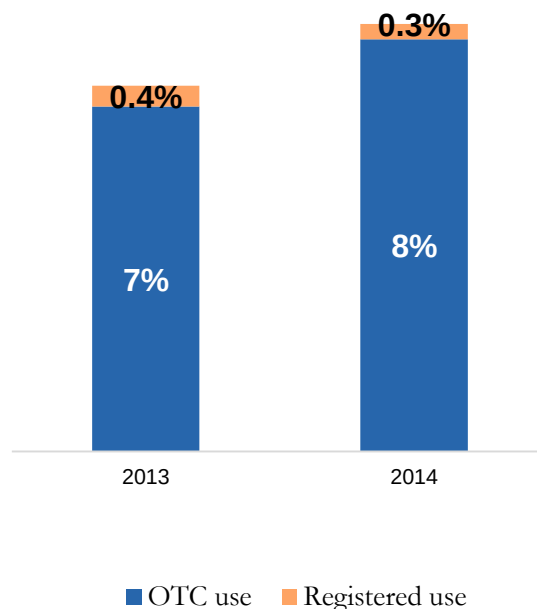
Mobile money use doubled in Sindh (from 6 to 12%) but remained stagnant in other provinces

	Wave	Percent of total population	Provinces			
			Punjab 	Sindh 	Khyber Pakhtunkhwa KPK 	Balochistan 
Mobile money (MM) use (registered and OTC)	2013	7%	9%	6%	0%	2%
	2014	8%	9%	12%	0.2%	0.7%
OTC MM	2013	7%	9%	6%	0%	2%
	2014	8%	9%	12%	0.2%	0%
Registered MM	2013	0.4%	0.6%	0.2%	0%	0%
	2014	0.3%	0.4%	0.3%	0%	0.7%
Total sample	2013	6,000	3,460	1,410	830	300
	2014	6,000	3,450	1,420	830	300

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OTC continues to dominate the market and has yet to serve as a gateway to registered use

Mobile money usage by channel
(Shown: Percentage of Pakistani adults, N=6,000)

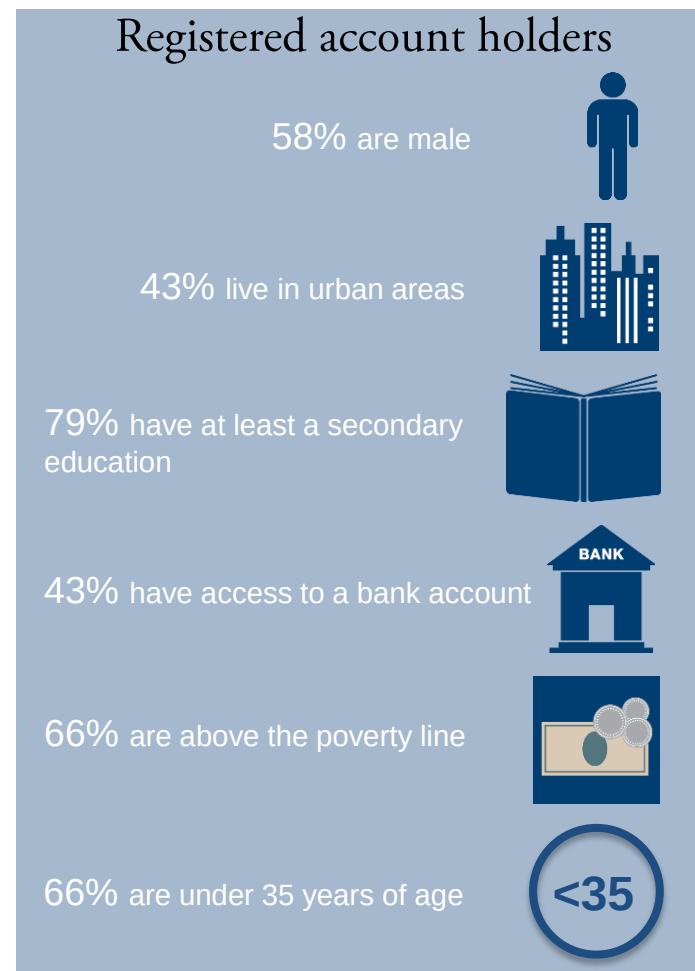


- Moving toward widespread registered use is a primary goal of financial inclusion advocates and mobile money providers alike.
- Registered accounts potentially can be used to access financial service offerings such as savings facilities and credit.

Market leader Telenor Easypaisa's users are predominantly OTC users. 97% use the service via an agent's account rather than registering for their own mobile money account.

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Education and use of additional financial services set registered mobile money users apart from unregistered (OTC) users



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Proximity to an agent is no longer a major barrier, but ease of using an agent's account has become a more significant obstacle to registered use

Top 5 reasons mobile money users haven't registered for an account			
Wave 1 (n=403)	%	Wave 2 (n=474)	%
Don't need an account, I don't make any transactions	22%	I can get all the services I need through an agent	31%
There is no POS agent near where I live	17%	Don't need an account, I don't make any transactions	15%
I can get all the services I need through an agent	16%	I don't understand the purpose of this account	12%
I never have money to make such a transaction	16%	I never have money to make such a transaction	12%
I don't have the necessary forms of ID	7%	Using such an account is difficult	8%

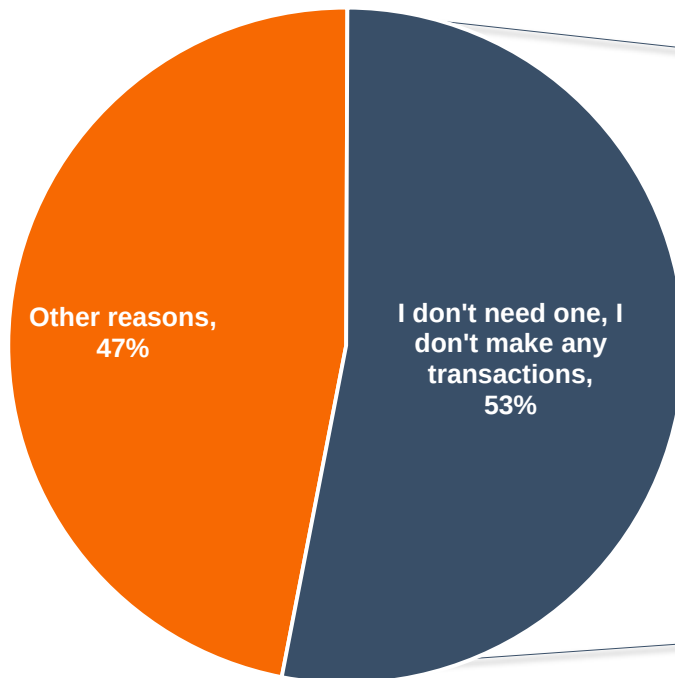
The drop in those citing a lack of proximity to a POS agent as a reason for not registering for mobile money suggests efforts to increase agent penetration in Pakistan have been successful.

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Perceived need is also a barrier to overall mobile money use among nonusers, even for those who receive remittances as a source of income

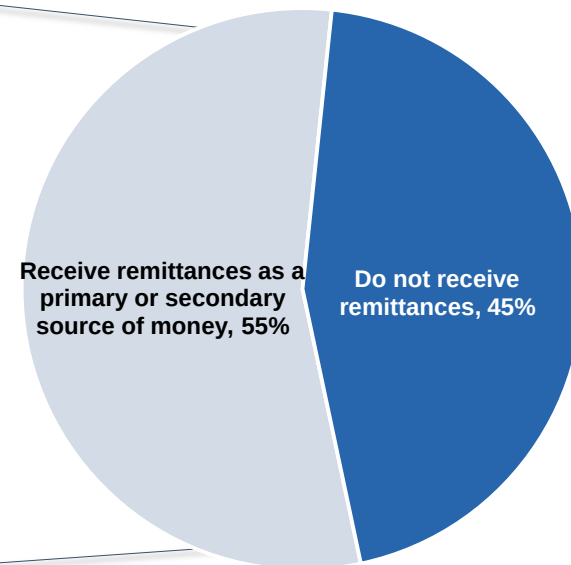
Main reasons for not using mobile money

(Shown: Percentage of mobile money nonusers, n=5,507)



Remittances as a source of money

(Shown: Percentage of those saying they "don't make transactions" as the primary reason for not using mobile money, n=2,174)



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Sending and receiving money prompts initial uptake of mobile money (MM)

Rank	Top reasons for starting to use MM (Percentage of adults to ever use MM, n=493)	%
①	I had to receive money from another person	48
②	I had to send money to another person	35
③	I had to send money to an organization/government agency	9
④	I had to receive money from an organization/government agency	3
⑤	I wanted to start saving money with a mobile money account	1
⑥	Most of my friends/family members are already using it	1

Question allowed multiple responses.

Source: InterMedia Pakistan FII Tracker survey (N=6,000 15+) Wave 2, September-December 2014.

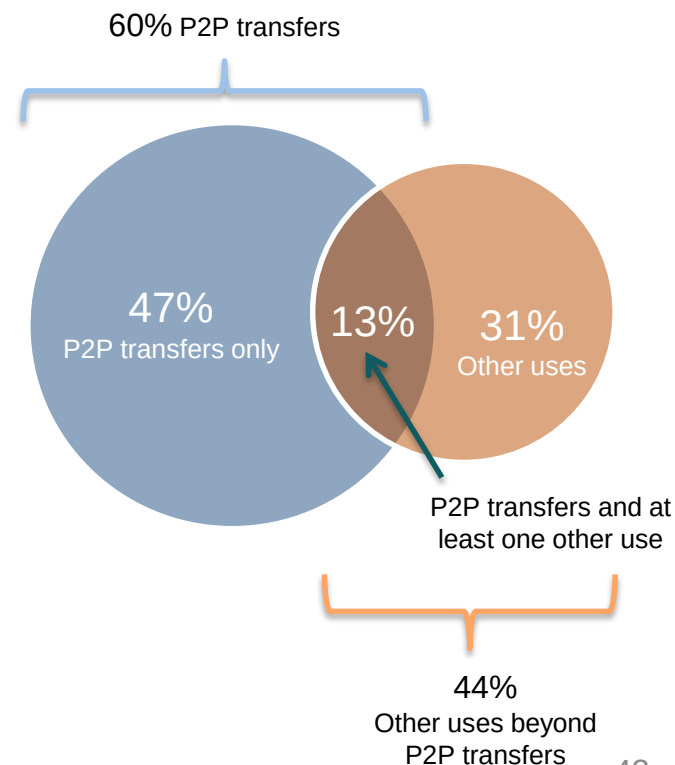
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Transfers and bill payments are the most popular uses for mobile money (MM), neither of which requires registration

Rank	Top uses for MM (Percentage of adults to ever use MM n=493)	%
①	Person-to-person (P2P) transfers	60
②	Pay bills	22
③	Loan activities	11
④	Withdraw money	9
⑤	Deposit money	7
⑥	Make purchases at a grocery store or retail store	2

- On average, MM is used for only one function.
- 18% engage in more than one.

Top uses for MM accounts
(Shown: Percentage of adults to ever use MM, n=493)



Question allowed multiple responses.

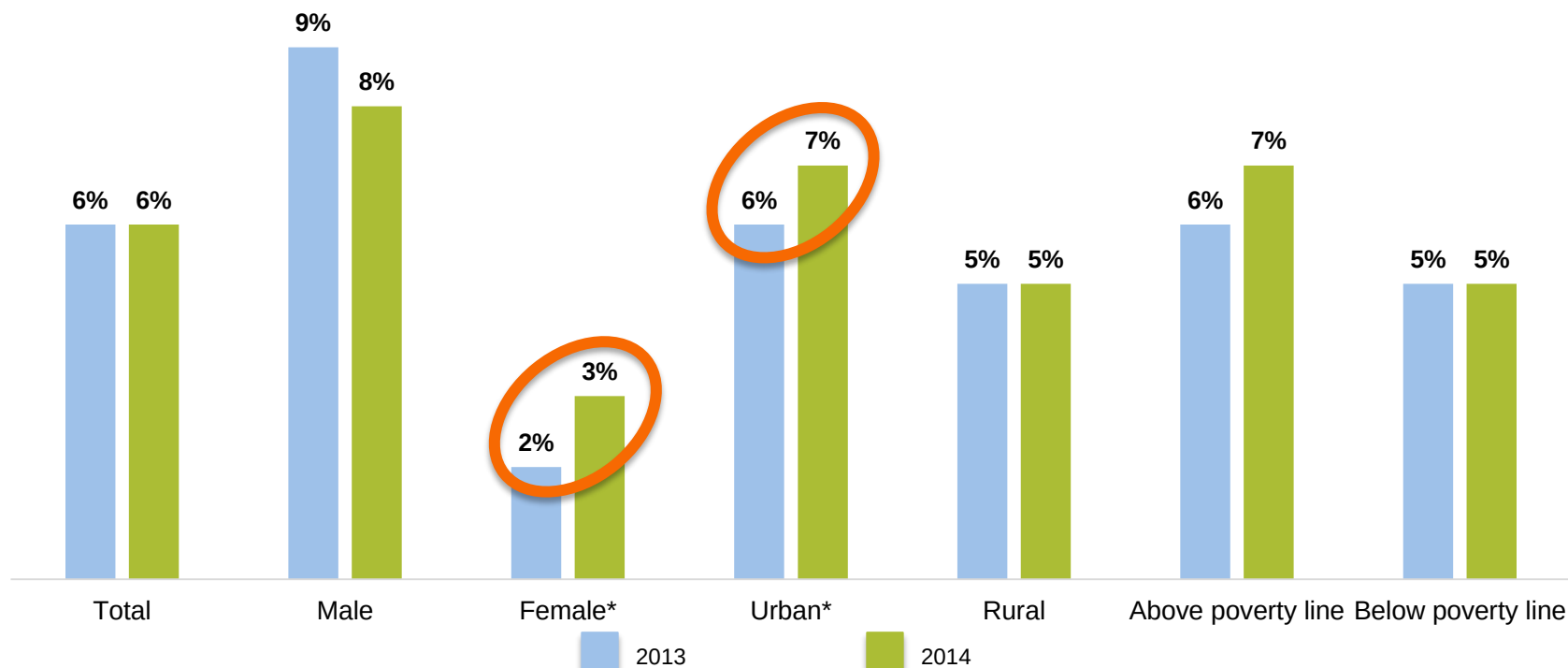
Source: InterMedia Pakistan FII Tracker survey (N=6,000 15+) Wave 2, September-December 2014.

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More women, urban dwellers now engage in active mobile money use

Demographic trends for active over-the-counter use of mobile money

(Shown: Pakistani adults who fall into each category; W1: N=6,000, W2: N=6,000)



* Indicates a significant increase between the two waves of surveys by Z-test at a 95% confidence level.

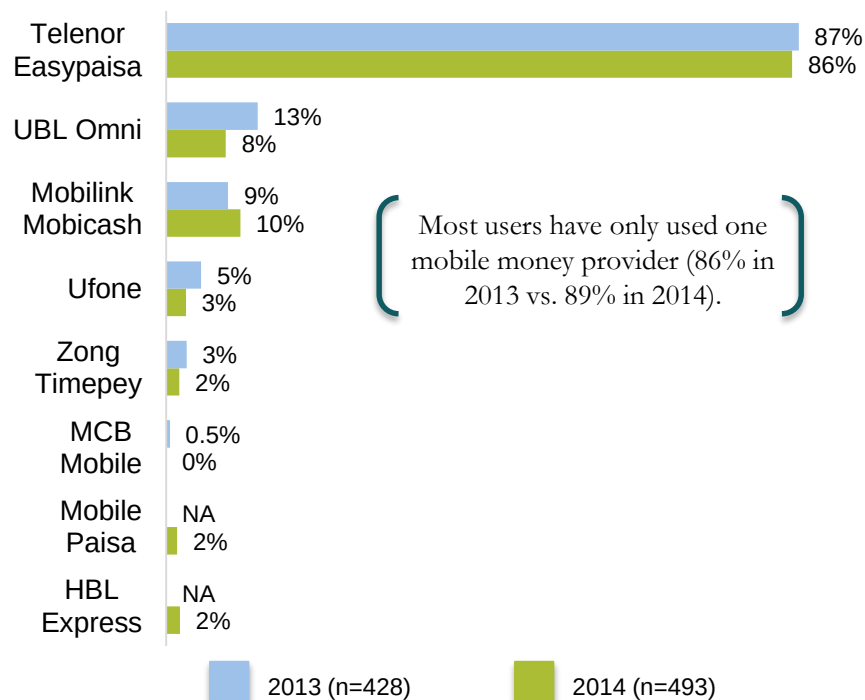
Source: InterMedia Pakistan FII Tracker surveys (N=6,000, 15+) Wave 1, November 2013-January 2014; Wave 2, September-December 2014.

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Telenor's Easypaisa retains market dominance from 2013; other mobile money providers have a higher percentage of female users

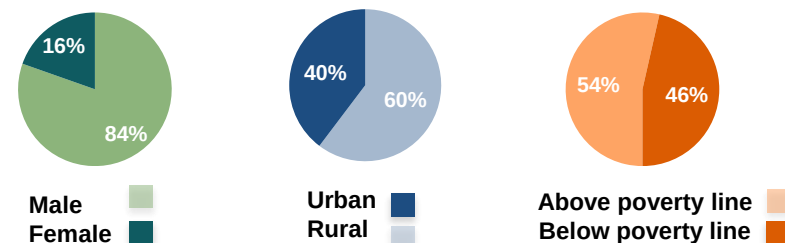
Mobile-money provider market share by wave

(Shown: Percentage of adults to ever use mobile money, by wave)

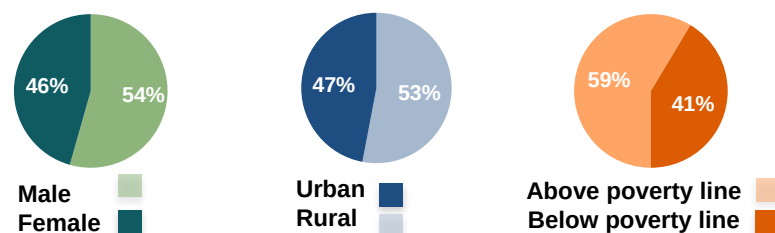


Demographic trends for Easypaisa vs. other MM providers

Telenor Easypaisa mobile money user (n=425)



Users of other mobile money providers (n=68)



Active mobile-money account holders can have accounts with more than one provider.

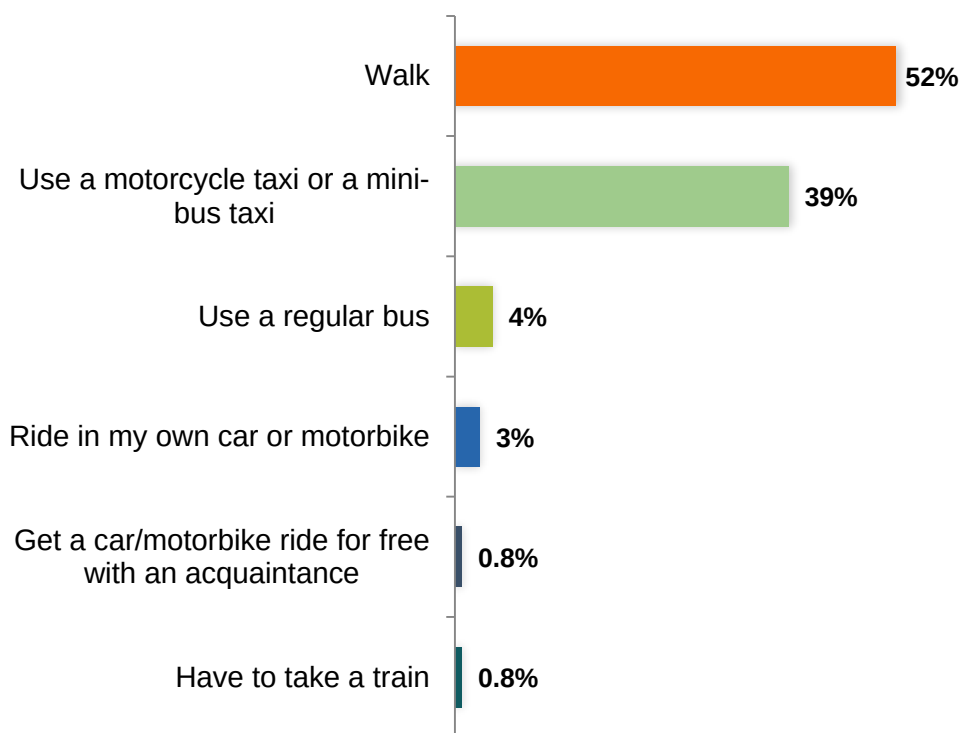
Source: InterMedia Pakistan FII Tracker surveys (N=6,000, 15+) Wave 1, November 2013-January 2014; Wave 2, September-December 2014.

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Most OTC users reach an agent in less than 30 minutes; most walk to the agent location

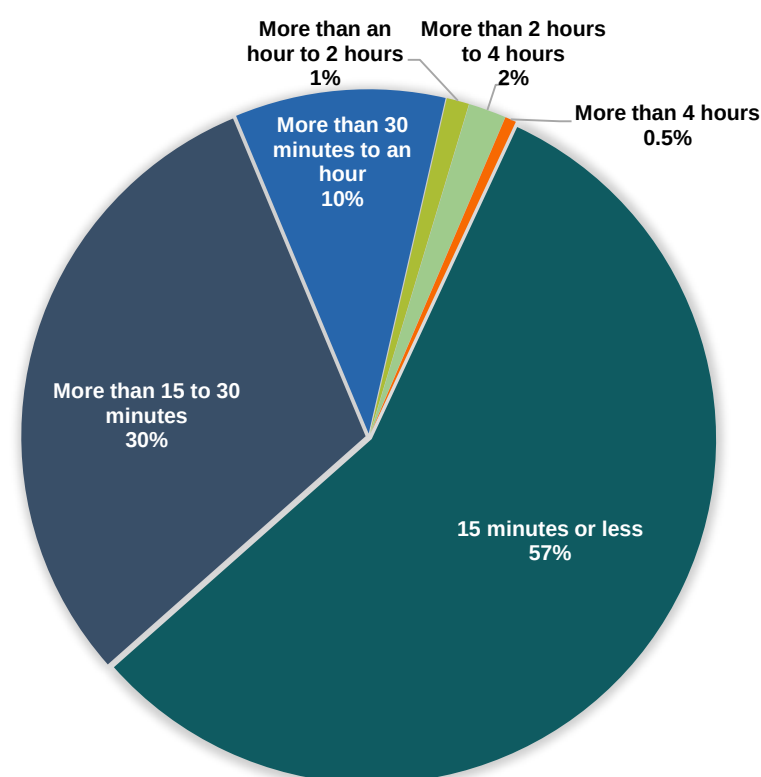
Mode of transportation

(Shown: Percentage of mobile money users, n=493)



Time taken to reach the nearest mobile money agent

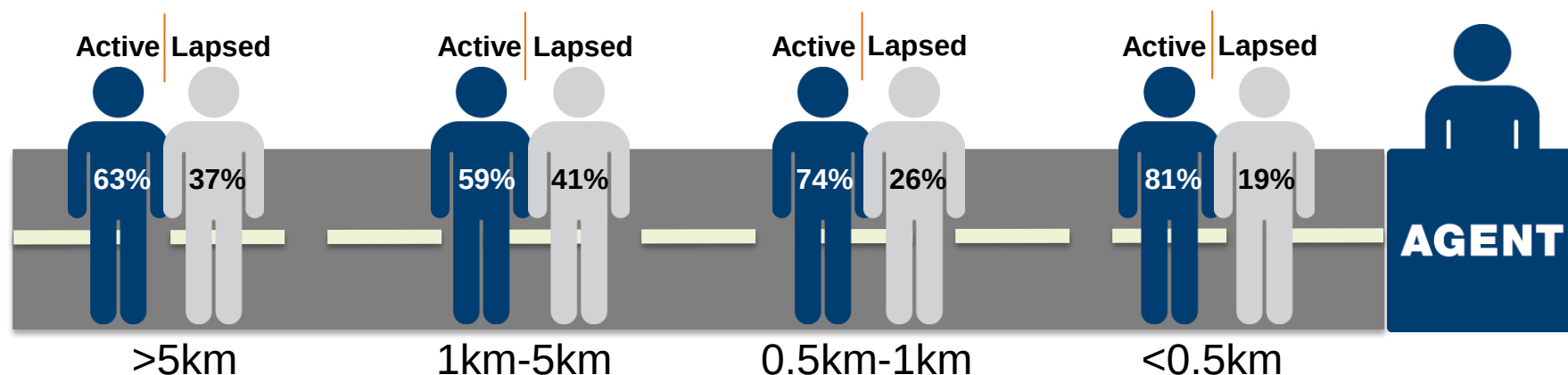
(Shown: Percentage of mobile money users, n=493)



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Distance to a mobile money agent does affect frequency of use; the closer a user lives to an agent, the higher the use frequency

Percent of active mobile money users in relation to distance from a mobile money agent



Active mobile money users: registered users or OTC users who have used mobile money in the past 90 days. Lapsed users: individuals who have used a mobile money service, but not in the past 90 days.

Registered use remains too small to draw conclusions.

Source: InterMedia Pakistan FII Tracker survey (N=6,000 15+) Wave 2, September-December 2014.

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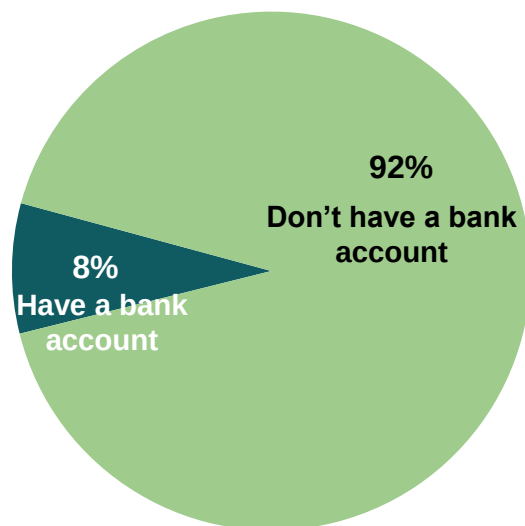
BANKS

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Perceived relevance is a barrier to bank account use for the unbanked; many feel they lack money, need for an account

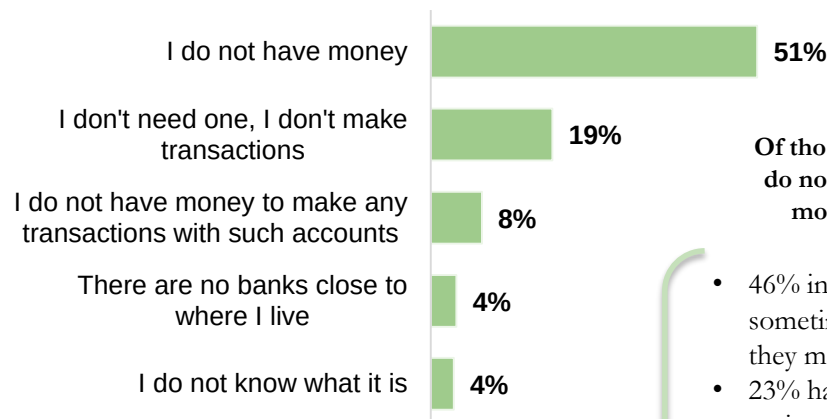
Registered bank accounts

(Shown: Percentage of Pakistani adults, N=6,000)



Main reason for not having a bank account

(Shown: Percentage of unbanked, n=5,471)



Of those who do not have money

- 46% indicate they at least sometimes spend less than they make each month.
- 23% have indicated their savings are larger than their debts.

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Use of account functions is varied between basic and advanced functions; most engage in at least one advanced function

	Top uses for Active Bank accounts (n=391)	%	
Basic Uses	Withdraw money	93	• 96% have engaged in at least one basic function.
	Deposit money	77	
	P2P transfers	17	
	Buy airtime	1	
Advanced Uses	Receive wages	42	- On average, people engage in two advanced functions. 67% have engaged in at least one advanced function. 20% have engaged in three or more.
	Bill pay	19	
	Save/set aside money	14	
	Pay for goods at a store/shop	14	
	Receive G2P payments	9	
	Loan activity	6	
	Insurance activity	6	
	Make Bank2Bank / Bank2FI/ Bank to MM transfer	5	
	Pay large acquisitions	5	
	Investment	2	

Question allowed multiple responses.

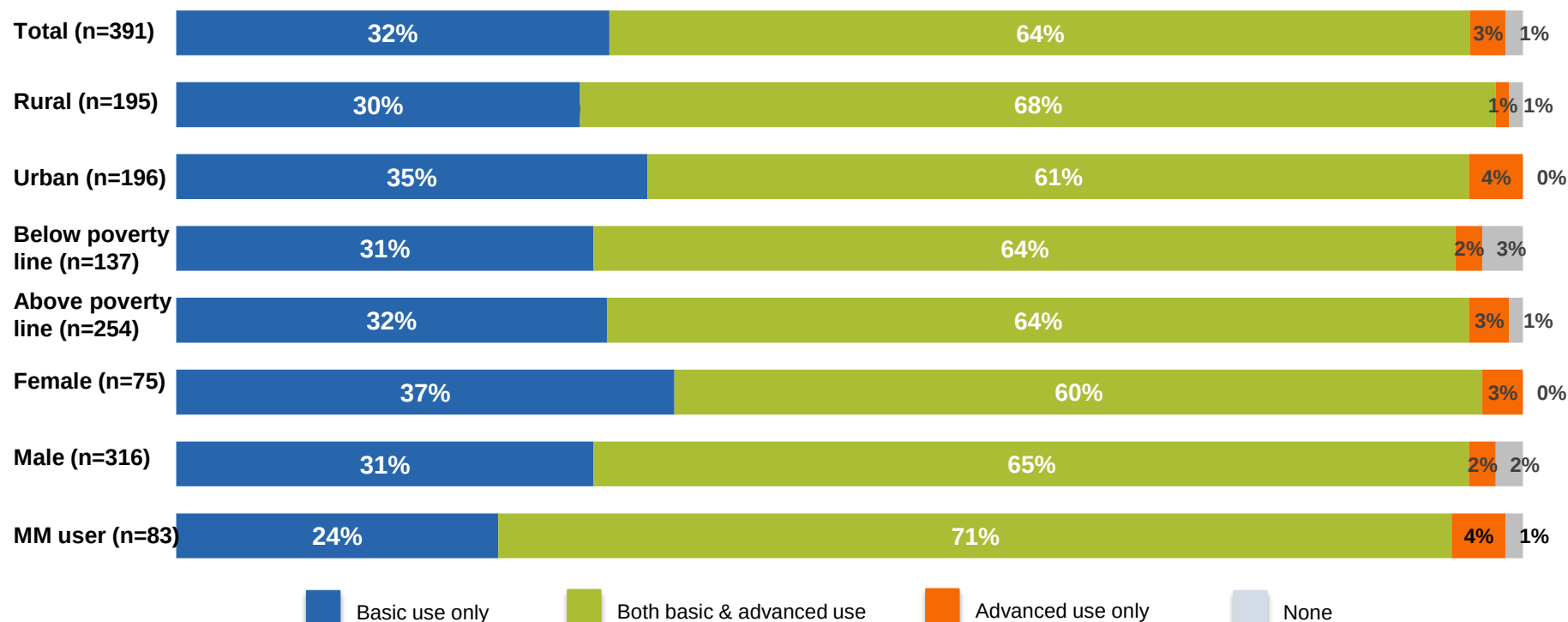
Source: InterMedia Pakistan FII Tracker survey (N=6,000 15+) Wave 2, September-December 2014.

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Account use is predominantly a combination of basic and advanced use, and is minimally influenced by demographics

Basic and advanced use for active bank accounts

(Shown: Active bank account holders, n=391)



Question allowed multiple responses.

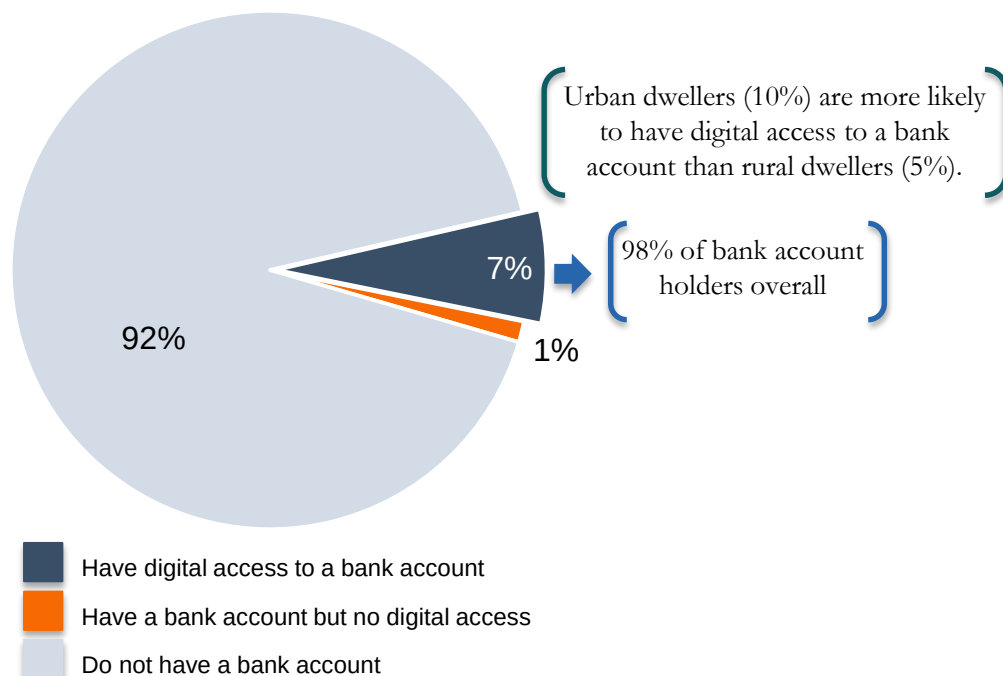
Source: InterMedia Pakistan FII Tracker survey (N=6,000 15+) Wave 2, September-December 2014.

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Most bank account holders have digital access to financial services and can access their accounts through multiple platforms

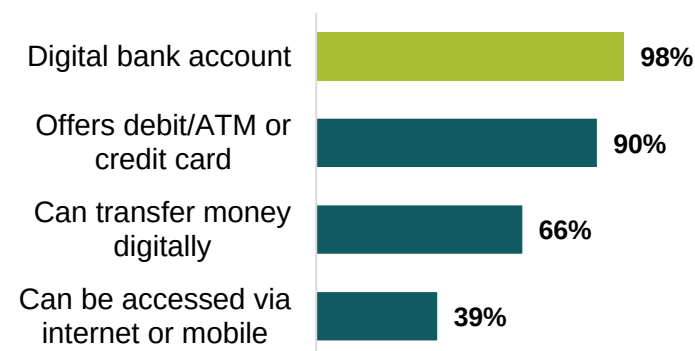
Digital bank account access

(Shown: Percentage of Pakistani adults, N=6,000)



Digital access among bank account holders*

(Shown: Active bank account holders, n=391)



Digital bank accounts offer at least one of the following options: debit/ATM or credit cards, internet or mobile access, or a digital money transfer capability.

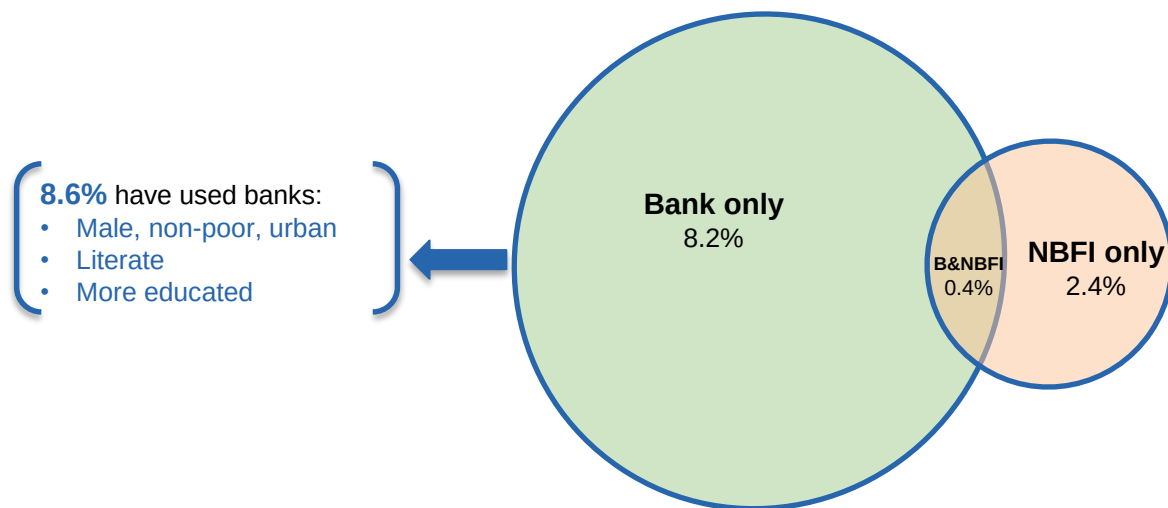
*Question allowed multiple responses.

Source: InterMedia Pakistan FII Tracker survey (N=6,000 15+) Wave 2, September-December 2014.

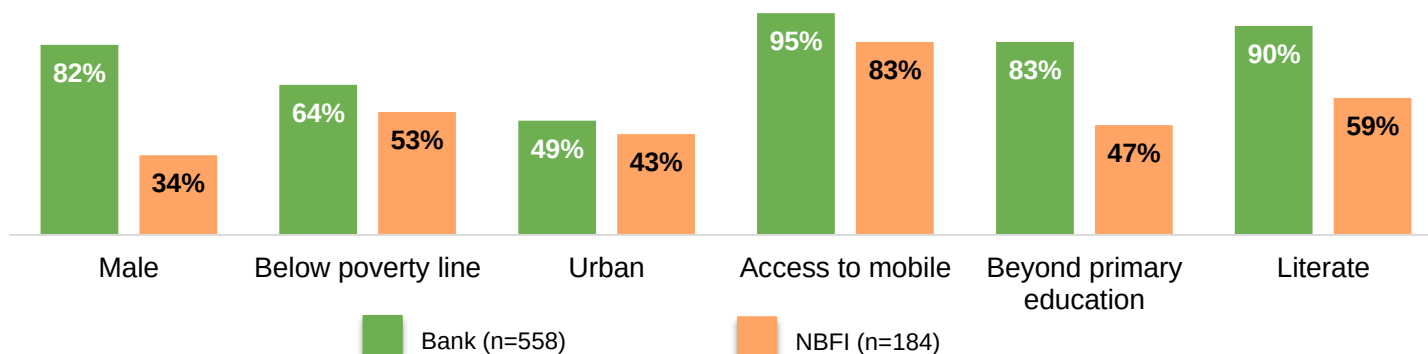
NONBANK FINANCIAL INSTITUTIONS

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NBFI users tend to be exclusive of bank users, more female and less educated



Demographics of bank and NBFI users
(Shown: Percentage of subgroups)

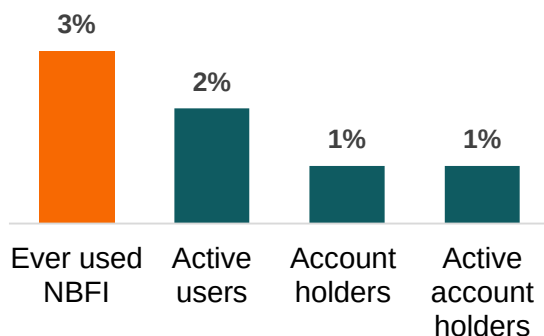


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NBFI use is typically through informal institutions

Use of NBFI

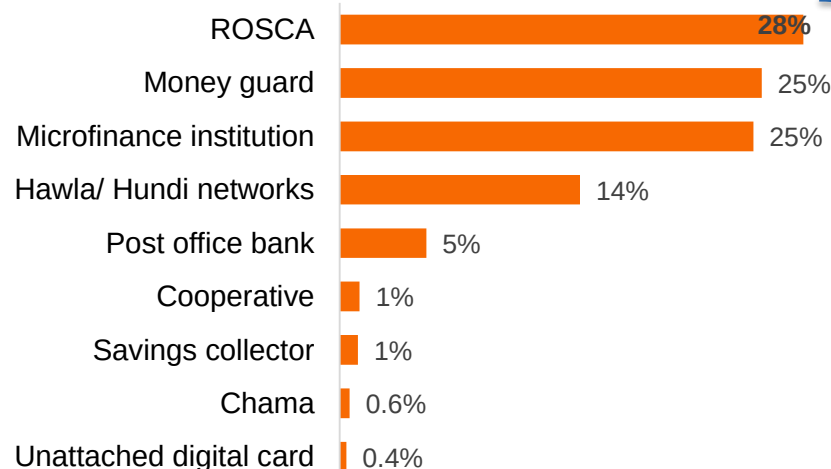
(Shown: Percentage of Pakistani adults, N=6,000)



Use of nonbank financial institutions (NBFIs) is not very diverse. Less than 1 percent of NBFI users have used more than one form of NBFI.

Use of specific NBFI

(Shown: Percentage of adults to ever use an NBFI, n=184)



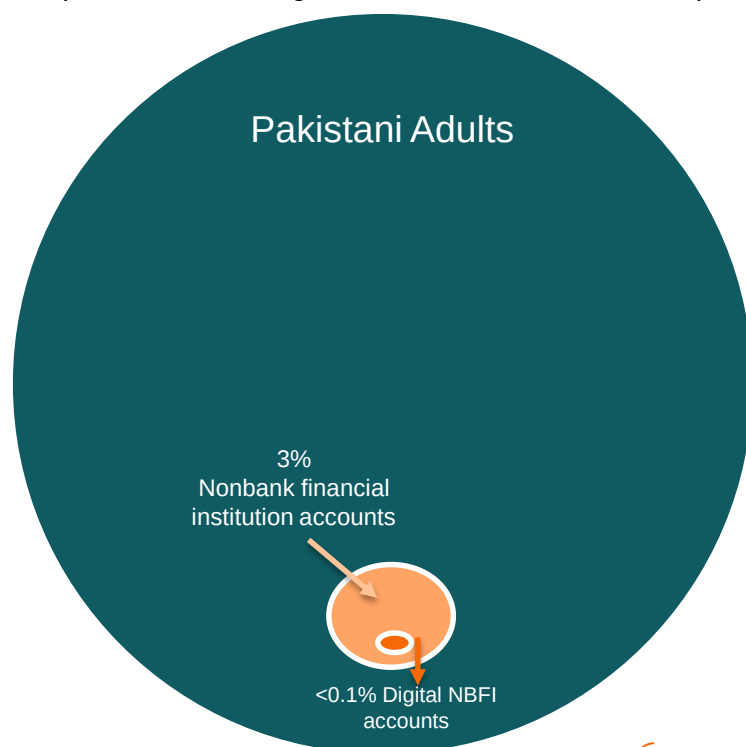
99% of NBFI users have used just one type of NBFI.

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Digital access to NBFi accounts is limited; most registered accounts with digital access reside with banks

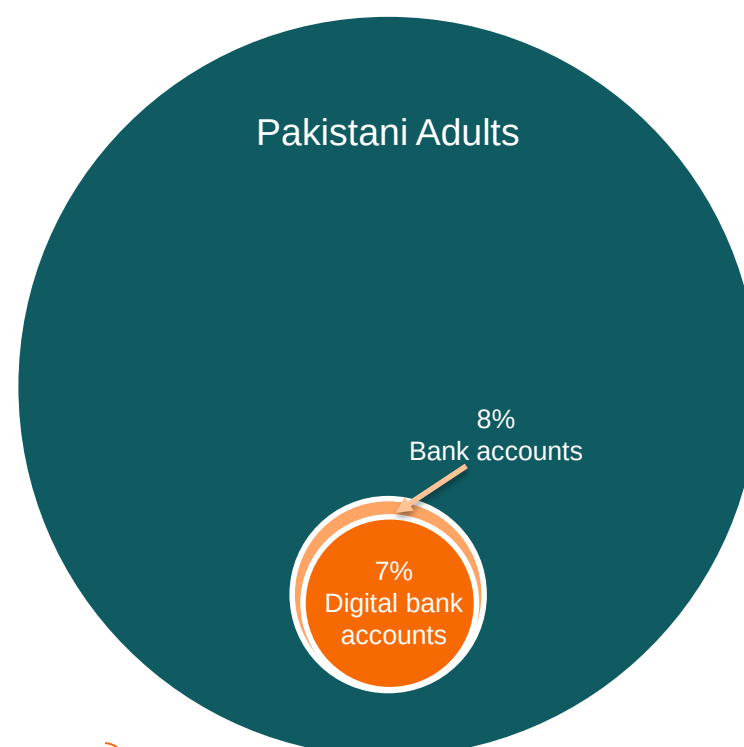
Digital access to nonbank financial institution accounts

(Shown: Percentage of Pakistani adults, N=6,000)



Digital access to bank accounts

(Shown: Percentage of Pakistani adults, N=6,000)



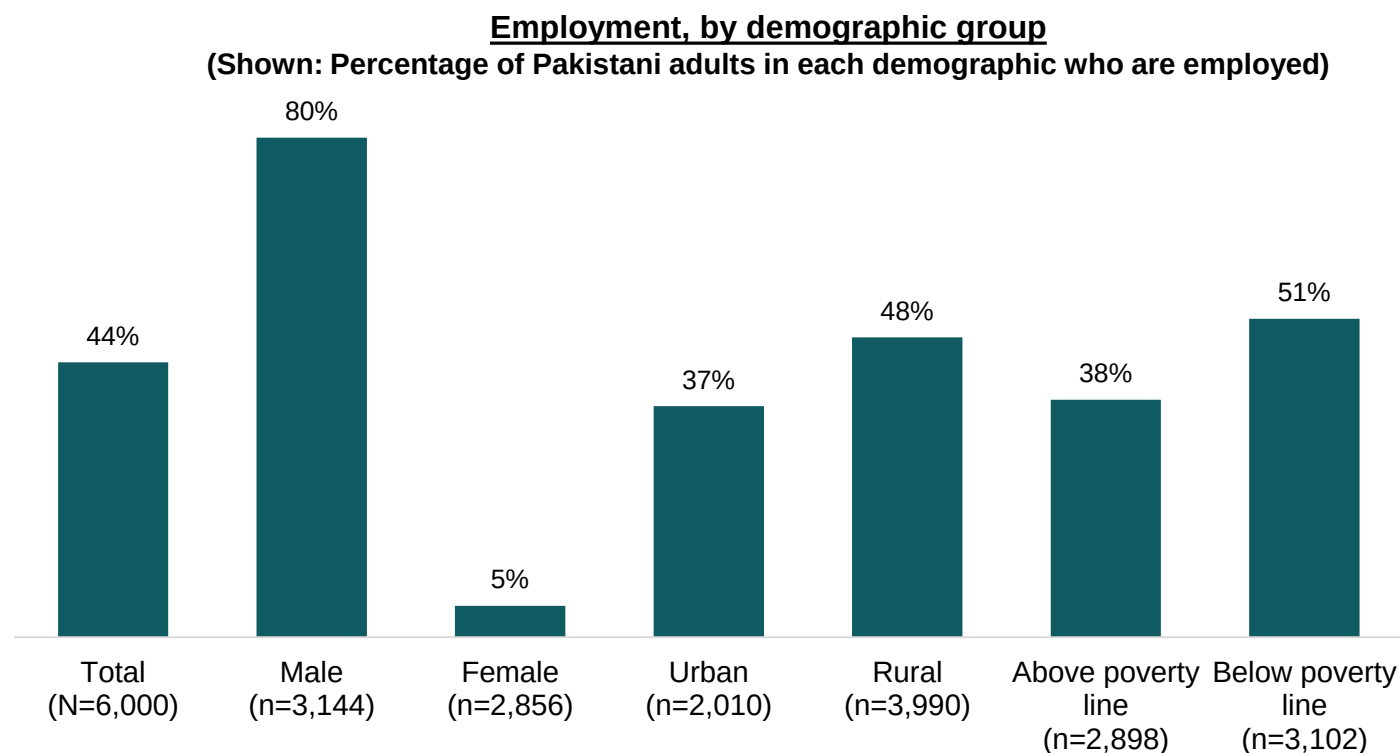
Mobile money services are, by default, considered digital since they are available via mobile phone.

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EMPLOYMENT DEMOGRAPHICS

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Just over four in 10, and mostly men, are employed; rural and lower-income individuals are more likely to work



Differences within each of the three demographic groups were found to be statistically significant at the 95% confidence interval by Chi-square test.

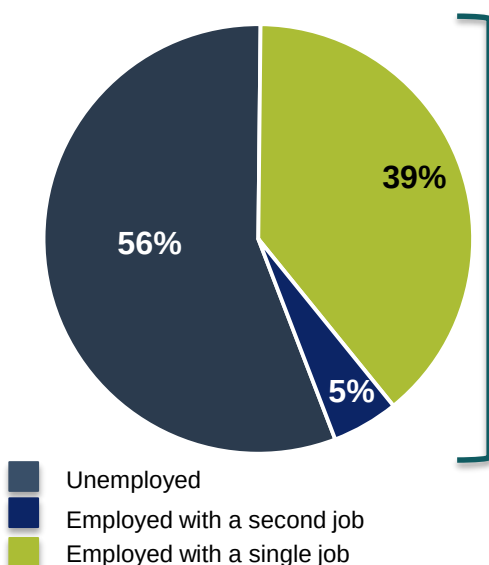
Source: InterMedia Pakistan FII Tracker survey (N=6,000 15+) Wave 2, September-December 2014.

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A third of the workforce also receive supplementary income in addition to a primary or secondary job

Employment rate

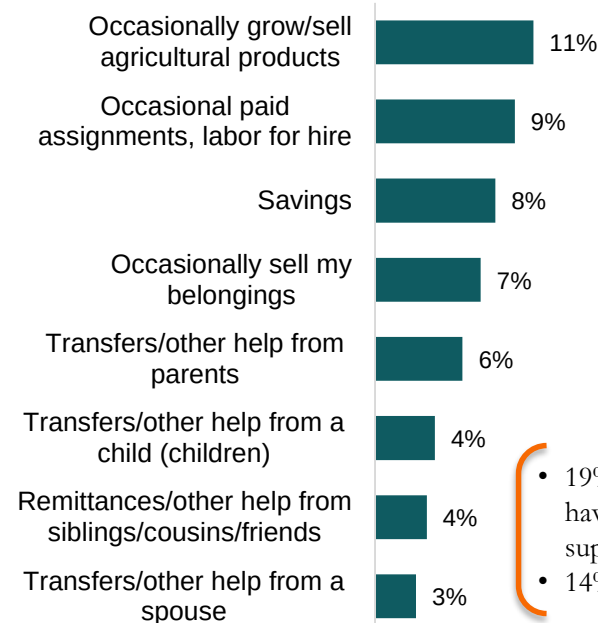
(Shown: Percentage of Pakistani adults, N=6,000)



33% of employed have an additional source of supplementary income

Sources of supplementary income*

(Shown: Percentage of employed Pakistani adults, n=2,770)



- 19% of employed adults have just one source of supplementary income.
- 14% have two or more.

*Question allowed multiple responses.

Employed with a second job: receives income from an official employer/organization; supplementary income: receives income from a non-employer source.

Source: InterMedia Pakistan FII Tracker survey (N=6,000 15+) Wave 2, September-December 2014.

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The unemployed are primarily supported by remittances; remittance sources differ by gender

Main source of money for daily expenses

(Shown: Percentage of unemployed Pakistani adults)

	Female (n=2,707)	Male (n=523)
Transfers/support from parents	22%	61%
Transfers/support from a spouse	66%	2%
Transfers/support from a child/children	8%	19%
Transfers/support from other family	0.4%	2%
Government pension	0.5%	4%
Student scholarship	0.1%	4%
Savings	0.8%	0.5%
Occasional work (labor for hire)	0%	0.5%
Sell/grow agricultural products	0.1%	1%

- 17% of unemployed males have at least one source of secondary income vs. 24% of unemployed females.
- Only 4% of males and 3% of females have two or more sources of secondary income.

*Questions allowed multiple responses.

Source: InterMedia Pakistan FII Tracker survey (N=6,000 15+) Wave 2, September-December 2014.

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RESEARCH DESCRIPTION

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Survey sampling approach

Sampling Frame

- A nationally representative sample of adults (defined as those aged 15 or above) was developed using 2011-12 national population projections based on 1998 Census Data.
- The total sample was distributed proportionally to the size of the population within urban and rural strata in each of Pakistan's four provinces – excluding the federally administered tribal areas.
- The total population was further administratively divided into 5,000 census-defined urban circles and 48,000 rural mouzas.

Primary Sampling Units (PSUs)

- Within urban strata, census circles and within rural strata, mouzas were selected proportionally to their population size.
- Ten interviews were conducted in each selected urban circle and mouza primary sampling unit.
- For security reasons, PSUs were divided randomly between male and female interviewing teams.

Sampling Start-Points, Households and Respondents

- The census circles and villages to which sampling points were assigned were mapped into blocks and a block was randomly selected. The household within the selected block from which interviewing commenced was selected by generating a random number between one and 10, and skipping that number of households from the first household that interviewers encountered when entering the block.
- After completing an interview at the randomly selected first household, subsequent households were selected using the right-hand rule (every fifth household in urban areas and every third household in rural areas).
- One respondent from each household was selected using the Kish grid method, and relevant consent for eligible respondents under 18 years of age was obtained.

GLOSSARY

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GLOSSARY

- **Access to an account**—An individual is said to have access to an account if he/she has used either mobile money or bank services, at least once, either via their own account or via an account of another person.
- **Account holder**—An individual who has a registered bank or mobile money digital account.
- **Active account holder**—An individual who has a registered digital account and has used it in the last 90 days.
- **Agent**—A person or business contracted by a DFS provider to provide services to customers using their own bank or mobile money account.
- **Banked**—An individual with a registered account at a formal financial institution. For this particular study, the banked are all individuals with their own bank accounts.
- **Bank/banking services**—All services offered by a bank through a branch, ATM, kiosk, business correspondent, or other delivery channel.
- **Digital account**—A financial account that can be accessed through digital means such as an ATM/debit card or via the internet or mobile phone.
- **Digital financial services (DFS)** — All bank and mobile money services.
- **Financial inclusion**—For the purposes of this study, those with a bank, nonbank financial institution or registered mobile money account are considered financially included.
- **Grameen Progress out of Poverty Index (PPI)** —A poverty measurement tool from the Grameen Foundation wherein a set of country-specific questions are used to compute the likelihood that a household is living below the poverty line.
- **Mobile money services**—Mobile money services include 1) nonbank semi-closed mobile money accounts/wallets and 2) full-service mobile money bank accounts that allow for cash withdrawals. Semi-closed mobile wallets are *not* considered to be bank accounts, while full-service mobile money bank accounts are considered bank accounts.
- **Poor/below poverty line**— “Poor” adults, or those living below the poverty line, are defined as those living on less than \$2.50 per day (at 2005 purchasing power parity), as classified by the Grameen Progress out of Poverty Index (PPI).
- **Unbanked**—Individuals without a registered bank account.
- **Urban/rural**—Urban and rural persons are defined according to their residence in urban or rural areas as prescribed by the national bureau of statistics.

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