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Young Africans' Access to Financial Information and Services: Lessons from Surveys in Kenya and Ghana

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Youth and young adults (those age 15-24, and referred to collectively in this report as YYAs) comprise large segments of the population in many African countries. But what is their level of access to financial services—as well as to information about such services—compared to that of older adults?

This issue was addressed in the 2009 *AudienceScapes* surveys of Ghana and Kenya in order to provide guidance to the many development organizations active in financial services and mobile money projects. The two nationally representative surveys were the first of a series conducted in InterMedia's AudienceScapes project (<http://www.audiencescapes.org/>), which supports development communication efforts by mapping citizens' access to general information sources, to information about key development topics, and to essential services in finance, agriculture and health.¹ InterMedia (<http://www.intermedia.org/>) is a nonprofit research, evaluation and consulting company with expertise in media, communications and development.

Key Points:

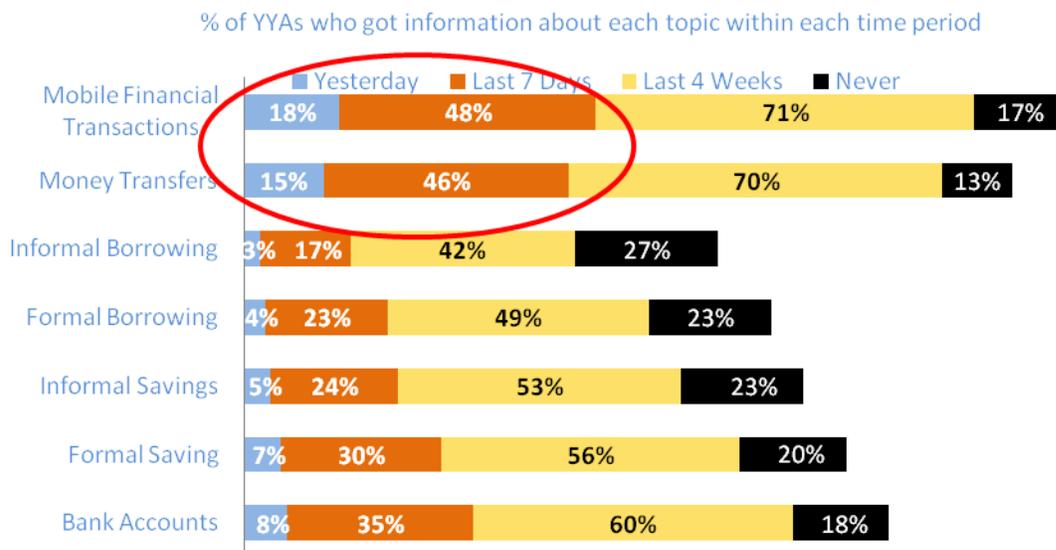
- In both Ghana and Kenya, the survey data point to a correlation between the degree of information gathering on financial topics and the degree of use of financial services. For example, those who obtained information about bank accounts in the last week were far more likely to have a bank account compared to those who received information in the past month or later.
- In both Kenya and Ghana, there were clear differences in access to financial information and in use of financial services between YYAs 15-19 and those 20-24. This may be the result of those 15-19 having simply less interest in the topic. Those 20-24 were much more likely to be the sole financial decision makers in their household, while for a majority of those 15-19, parents or guardians were the decision makers.
- Although respondents 15-19 may have less responsibility over financial decision making, their need for information regarding financial services is no less diminished. Educating this age group before they become the head of household is crucial to the well being of their future dependents and to the empowerment of a new generation of entrepreneurs.

- Encouraging the access to and appeal of preexisting or new services, especially for YYAs, would most likely require intense communication programming that lays out the real costs and benefits of saving and borrowing.
- Radio, TV and word of mouth communication are the best ways to reach the unbanked, but in Ghana, particularly, they are currently being underutilized for financial information.
- For Ghana, 88 percent of the unbanked had listened to the radio for news and information within the last week, 67 percent had gotten news/information from friends and family in the last week, and more than half—72 percent—had watched TV for news and information.
- Bankers and financial advisors were rarely mentioned as a financial information source by the unbanked, yet they were seen as trusted sources of information. Making such experts more accessible to YYAs in underserved regions, either through media programming or local forums may help to fill this information gap.
- Currently, SMS-text messages are not being used on a mass scale to inform YYAs about financial information and are probably not viable as a tool for explaining in-depth information. Due to their growing use by young people, however, they may prove useful in informing a target group when new services have been introduced in their area.

Kenya

Kenya is often mentioned as a success story in the area of mobile phone-based financial services, which are helping to reach many previously “unbanked” individuals. The well-known M-PESA mobile money service was a pioneer in a field that has now spread across several developing-country regions.ⁱⁱ The general view on financial access provided by the AudienceScapes research shows how YYAs receive financial information within the Kenyan media environment and whether young Kenyans are a part of this mobile money or branchless banking trend. The goal of this analysis is to inform the reader about whether and/or how Kenyans are learning about various financial services, with an additional purpose of identifying information gaps that might be filled by development organizations.

Chart Kenya 1: Reach of Financial Information Among YYAs



AudienceScapes National Survey of Kenya 2009: survey of adults (15-24) n=781

Respondents were first asked to recall the last time they received or obtained some information about various financial topics or services (Chart K1). In contrast to Ghana, the other country profiled here, **Kenyan YYAs seem most exposed to information about mobile money and money transfer services compared with information about other services such as formal commercial savings or borrowing.**

This is not surprising because these services do not require their users to possess credit or a financial history; therefore the services' advertisers are able to target a wider section of the population. There is also a clear gap in banking information and access between those respondents 15-19 and those somewhat older (20-29). In general, the reach of financial information increases with age, as those 15-19 were shown to receive information less often than either those 20-24 or 25-29.

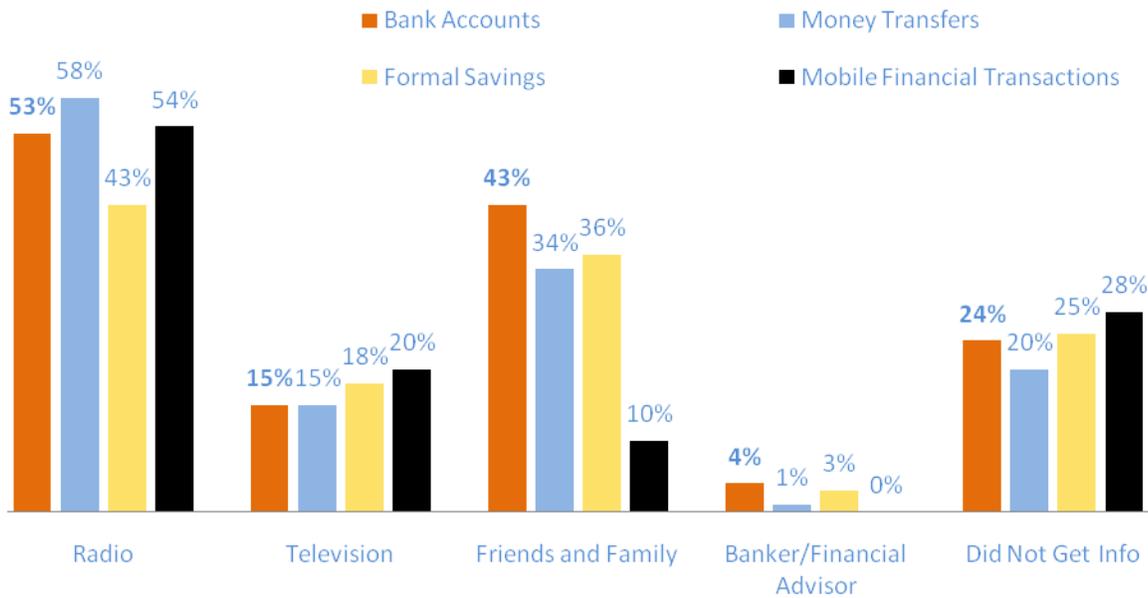
For YYAs, as for the general population, the survey data point to a correlation between the degree of information gathering on financial topics and the degree of use of financial services. For example, those who obtained information about bank accounts in the last week were far more likely to have a bank account compared with those who received information in the past month or later. The same is true for saving at a bank, or saving with informal banking services. In general, those YYAs who had gathered financial information recently were also more likely to have consumed media recently. Therefore they were simply more likely to be exposed to financial information. The data cannot tell us whether receiving information about banking more frequently makes people more likely to use financial services, but it does show that information and use are related.

Looking more closely at the most basic financial services—saving and borrowing—our survey distinguishes between formal banking (commercial banks, cooperatives, and savings and credit co-operatives, known as “saccos”) and informal banking services such as savings clubs, money lenders, and “chama” (informal joint saving and investment groups). As

might be expected, word of mouth between family and friends is the leading means, even before radio, of getting information about informal banking services.

Chart Kenya 2: Sources of Financial Information for Low-Income YYA

% of YYAs who had gotten a message about that topic from the source



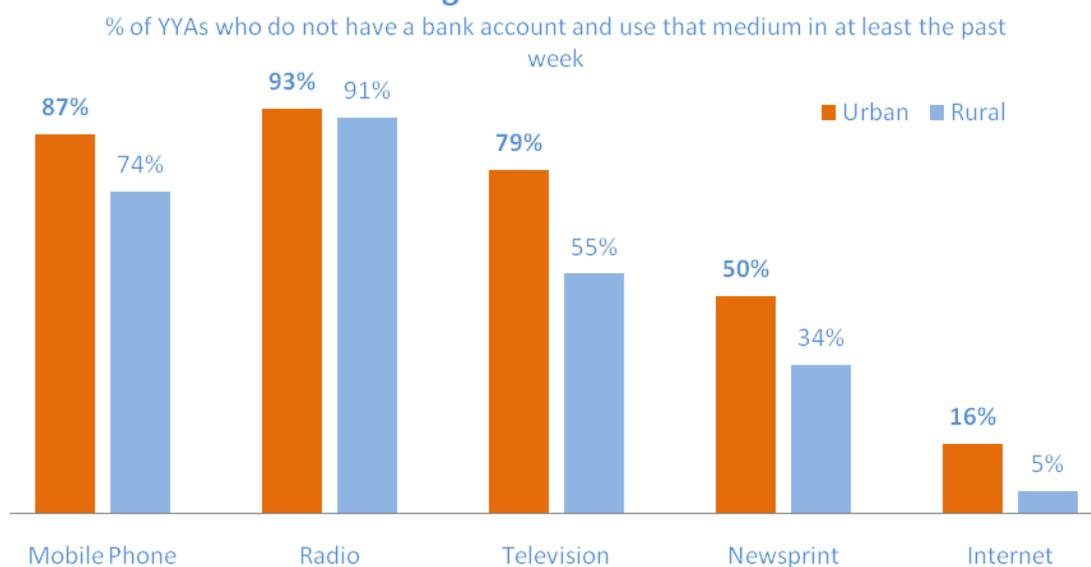
AudienceScapes National Survey of Kenya 2009: survey of adults (15-24) n=781

Though radio is by far the most common source of general information about personal finance topics, word of mouth also plays a prominent role and should be integrated into any financial communication program. More specifically, word-of-mouth sources tended to be friends and family members rather than financial experts, such as bankers or financial advisors. This raises the question of whether the word-of-mouth information received by most people is accurate and reliable, see Chart K3.

In addition to age, there are geographic factors to consider when evaluating the reach of financial information. For YYAs living in rural areas, radio and word of mouth through friends and family are the central means of gathering financial information. In urban areas, however, the data show that YYAs have much greater access to information from a variety of mediums. Television plays a much greater role in the urban media environment, as just over 50 percent of urban YYAs received information about money transfers and branchless banking via the television.

Although only a small minority of YYAs listed SMS-text messages as a source of financial information, the prevalence of mobile phones in Kenyan society and their use as a platform for services has opened the door for the tool's use in delivering financial information. Just over 67 percent of YYAs (15-24) use a mobile phone daily. Eighty-three percent use their mobile phone on a weekly basis.

Chart Kenya 3: Weekly Communication Use Among the Unbanked YYAs



AudienceScapes National Survey of Kenya 2009: survey of adults (15-24) who do not have a bank account n=417

A substantial percentage of YYAs said they are somewhat or very satisfied with the amount of financial information they receive, but many also said they are dissatisfied or have not received enough information to make a judgment. This suggests that there is ample room for development organizations and service providers to deliver better information about personal finance, particularly to teenagers (Chart K4).

YYAs perceive great disparities in the trustworthiness of different communication mediums (Table K1). Traditional media sources were shown to be the most trusted, followed by bankers and financial advisors. Nearly a third of those 15-19 and a quarter of those 20-24, however, felt that they did not have enough information to judge the trustworthiness of bankers. This is most likely the result of respondents simply not having spoken with a banker before, as Chart K2 indicates, rather than an active distrust of the information they provide.

Similarly, only 10 percent of YYAs listed SMS messages as being “very trustworthy” and 26 percent felt SMS was “somewhat trustworthy,” while 48 percent indicated that they did not have enough information to make a judgment. This suggests that the jury is still out on the use of SMS as an information dissemination tool. Both of the previous findings **imply a substantive quality or quantity gap between the financial information that YYAs would like to receive and the information they currently can access, and of course a potential area for intervention to close this gap.**

One potential cause for concern is that the majority of respondents characterized financial information provided by friends and family as only somewhat trustworthy, yet they are the most widely cited source of information about informal savings/borrowing and the second-most widely cited source for other financial topics.

Table Kenya 1: Trustworthiness of Financial Information Among YYAs

How Trustworthy do you think is the info about financial issues provided by...?	% Answering "Somewhat Trustworthy"	% Answering "Very Trustworthy"	% Did Not Know
Radio	37%	55%	6%
Television	32%	57%	9%
Family or Friends	53%	22%	7%
Bankers, Financial Advisors	25%	Subgroup Differences 38% of 15-19 46% of 20-24	Subgroup Differences 32% of 15-19 23% of 20-24
Newspapers	39%	38%	18%
Posters, Billboards, Brochures	43%	20%	20%
AudienceScapes National Survey of Kenya 2009: survey of adults (15-24) n=781			

Table Kenya 2: Banking Access and Banking Use Among YYAsⁱⁱⁱ

Type of Banking Access	Percent Nationally	15-19	20-24	Urban-Rural Youth (15-24)	Young Women-Men	Low-Income Youth
No Access	32%	51%	33%	36% - 48%	40% - 45%	45%
Informal Only (Susu or Savings Club)	15%	9%	11%	6% - 13%	13% - 8%	14%
Formal Only (Commercial bank or Credit Union)	14%	15%	17%	23% - 11%	15% - 17%	11%
Both	39%	25%	38%	35% - 27%	31% - 30%	30%
Type of Banking Used in Past 12 months	Percent Nationally	15-19	20-24	Urban-Rural Youth	Young Women-Men	Low-Income Youth
None	56%	84%	59%	67% - 78%	78% - 67%	82%
Informal Only	16%	5%	12%	7% - 10%	9% - 16%	4%
Formal Only	13%	9%	14%	15% - 8%	9% - 8%	6%
Both	15%	2%	14%	11% - 4%	6% - 8%	3%
<p>AudienceScapes National Survey of Kenya 2009: survey of adults (15-24) n=781 Definition: Low-Income: Self-reported economic status of "We don't have enough money even for food" or "We have enough money for food, but buying clothes is difficult."</p>						

As for the reach of financial information, the access and use of different financial services increases with age (Table K2). In total, 16 percent of those 15-19 surveyed have used a formal or informal banking service in the past 12 months, compared with 40 percent of those 20-24.

The gap between these age groups is not surprising, taking into consideration the position of those individuals within their families. Respondents aged 20 and older seem to have reached a level of financial independence compared to those who are younger. When asked who in their households have the final say in the use of various financial products, those 20-24 and older were more than twice as likely as those 15-19 to say they themselves have the final say. More than half of respondents 15-19 listed some form of guardian as having the final say in using a formal savings account, but only 19 percent identified themselves as having the final say. Symptomatic of this divide in personal responsibility for finances is that only 27 percent of those 15-19 reported using a budget, while 50 percent of those 20-24 did.

As might be expected, there are financial access and use differences between urban and rural YYAs. Traditional brick and mortar banking centers are more likely to be present in urban areas; hence, 23 percent of urban YYAs said they have access to formal banking services, versus 11 percent of rural respondents. Conversely, rural YYAs said they have greater access to informal banking services (Table K2).

Are Kenyan Youth and YYAs Using Mobile Money?

More than half (55 percent) of all respondents of any age said they have used a mobile phone in the past to conduct some sort of financial business (e.g., to send or receive money, pay bills, and so on). Among YYAs, however, are somewhat divided over the adoption of mobile money. This age divide reflects the gaps in financial information and access between those who are 15-19 and those 20-24 and older. Only about 38 percent of respondents 15-19 had ever used mobile money in the past, while the adoption rate of respondents in the 20-24 was about 65 percent.

YYAs are clearly adopting mobile money and will continue to be a key target group for mobile money providers due to the country's demographic profile. In fact, **40 percent of those surveyed who had used mobile money were between 20 and 29. However, the high rate of adoption among some YYAs has not necessarily translated into the empowerment of those at the "bottom of the pyramid."** If we look at who exactly has used mobile money in the past, the survey shows that young people who are unbanked are using the service (Table K3). However, the percentage of YYAs who reside in low-income households have a much lower adoption rate than those 25-44. Low-income YYAs constitute a much smaller proportion of the mobile money population than they do in the population as a whole. The gap in adoption rates among the low-income population diminishes with age. Once again, this reveals the information and access gap we have found among YYAs that development organizations can seek to close.

Another key factor in whether a young adult uses mobile money is education. Only 12 percent of YYAs with no formal education said they had ever used mobile banking. Those with at least some primary school education were nearly three times (32 percent) more likely to have used mobile money. However, this percentage is still much lower than the adoption rate of those who have a secondary education (57 percent).

Mobile communication, in addition to mobile money, has proven to be a productive tool in creating new efficiencies in agricultural and labor markets. YYAs, of course, are crucial members of these markets. Educating YYAs in Kenya about mobile money and emerging mobile financial services is important as they enter different work environments and become financially independent.

Table Kenya 3: Demographic Makeup of Youth and Young Adult Mobile Money Users

% of YYAs mobile money users who are of that age and demographic group

Demographic Grouping	15-19	20-24	25-44
Banked	75.5%	52%	42%
Unbanked	24.5%	48%	57%
Urban	57%	51.5%	57.5%
Rural	43%	48.5%	42.5%
Women	53%	54.5%	53%
Men	47%	45.5%	47%
High-Income	4%	3%	3%
Upper Middle-Income	24%	19%	16%
Lower Middle-Income	53%	63%	57%
Low-Income	16%	15%	23%

AudienceScapes Kenya 2009: survey of adults 15-19 n=159; 20-24 n=233; 25-44 n=504 who have used a mobile phone to make a financial transaction

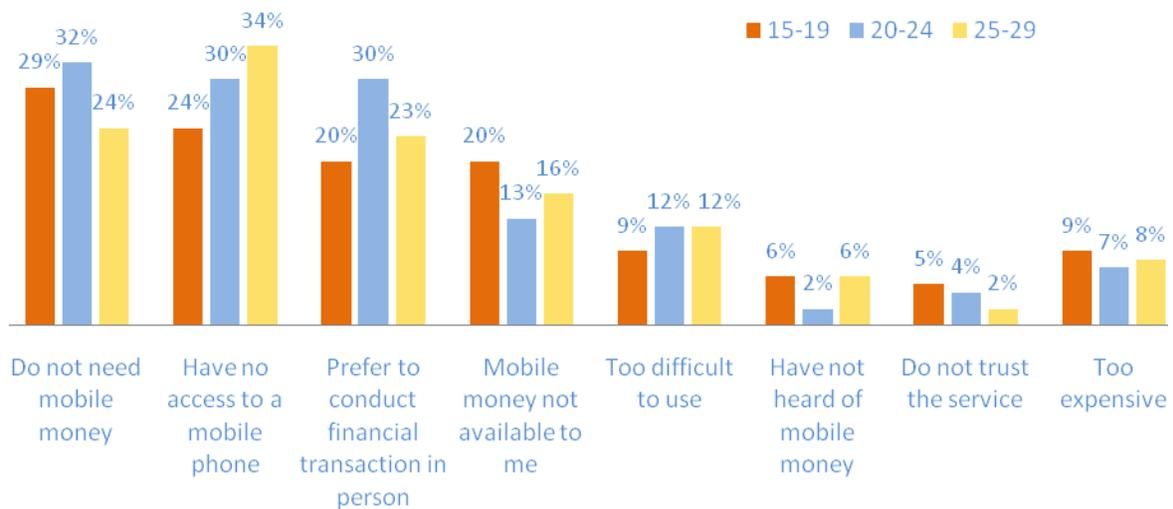
Although there has been considerable adoption of mobile banking among certain groups of YYAs, they have been using mobile money for a single reason: to send or receive money transfers. There may be several reasons for this result. The primary service of M-PESA, the most popular mobile financial service in Kenya, is simple SMS-text message-based money

transfers. For this survey, the reported use of other more complex mobile-based financial services was limited. At the time the fieldwork for the survey was being conducted, these services were not implemented throughout the country.

Before the introduction of mobile savings services like M-KESHO in late 2009, M-PESA users would use their accounts as informal banking accounts by maintaining a balance on their accounts. Almost a quarter of those 20-24 who have used mobile money in the past also used their accounts as informal saving mechanisms, while only 7 percent of those 15-19 reported doing so. This form of informal savings, according to survey respondents, does not seem to be prevalent among YYAs who reside in low-income households or have less than a secondary education. **Ninety-four percent of YYAs who said they manage their savings through mobile financial services also have at least some level of secondary education.**

Chart Kenya 4: Why Some YYAs Don't Use Mobile Money

% of YYAs who have not used mobile money in the past



AudienceScapes Kenya 2009: survey of adults (15-24), those who have not used mobile money in the past n=909

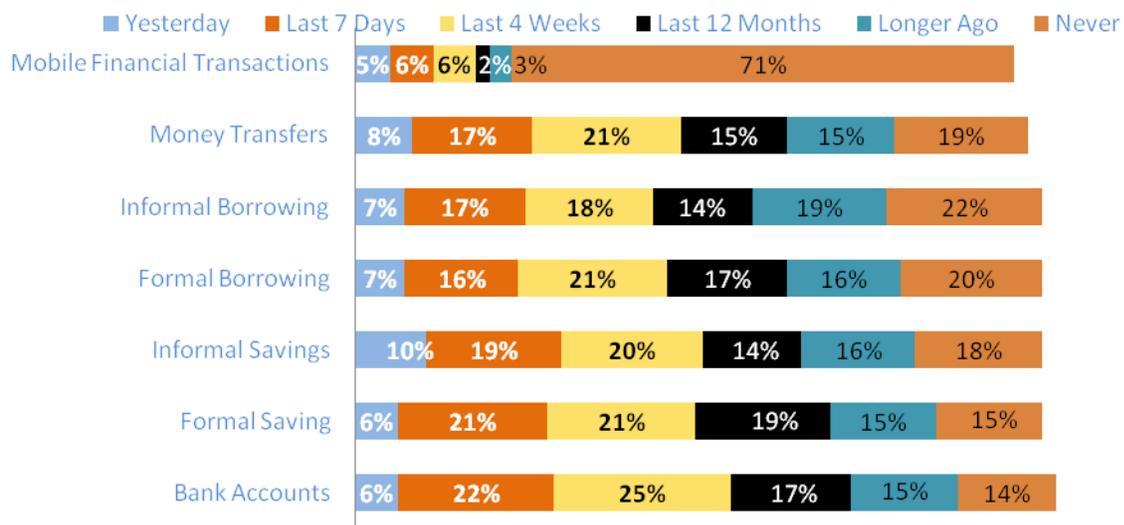
A sizable number of YYA respondents said that they do not need to conduct financial transactions by mobile phone or they simply do not have access to a mobile phone (Chart K5). A similar percentage of young people said they prefer to conduct financial transactions in person rather than by mobile phone. With an ever-increasing rate of mobile phone adoption and the introduction of new forms of mobile-based financial services, there is a need for education campaigns targeting YYAs in Kenya -- especially teenagers and those reaching financial independence -- about what tools are available to them.

Ghana

Compared to Kenya, financial information is much harder to come by in Ghana, according to our survey results. In fact, for bank accounts, the most available topic, only 58 percent of YYAs in our survey said they have received information in the past month. The reach of financial information is even lower among those young people who reside in low-income households and those with less than a secondary education. This reveals a large information gap in financial markets that domestic and international development organizations can potentially help fill, whether it is independent from service providers or in concert with service deployment.

Chart Ghana 1: Reach of Financial Information Among YYAs

% of YYAs who got information about each topic within each time period



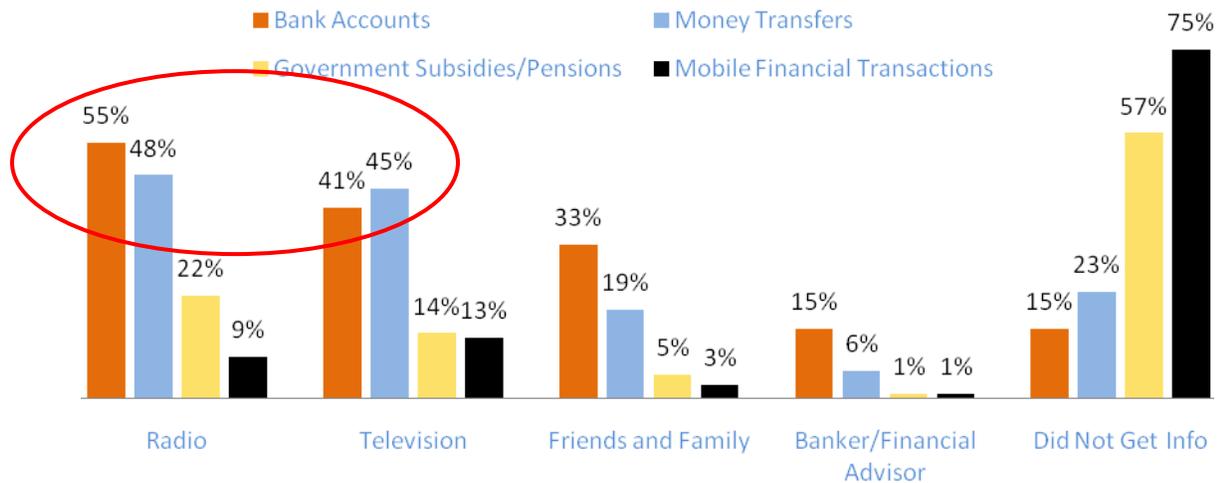
AudienceScapes National Survey of Ghana 2009: survey of adults (15-24) n=652

For those who did get information about personal finance, the most common sources were radio and TV, followed by word of mouth from friends and family, bankers and financial advisors. Even though the regular use of mobile phones is pervasive among YYAs, SMS text services were mentioned by less than 3 percent as a source for information on personal finances.

The AudienceScapes survey in Ghana, as in Kenya, differentiates between formal and informal “banking” services. Formal banking consists of commercial banks and credit unions, while informal banking includes small savings clubs and “susu” (typically, local actors working in marketplaces who hold small savings accounts for people). The purpose of this differentiation is to provide a more nuanced understanding regarding what types of financial resources are available to young people, as development organizations differ in the types of services they seek to support.

Chart Ghana 2: Sources of Information About Personal Finance Among YYAs

% of YYAs who had gotten a message about that topic from the source



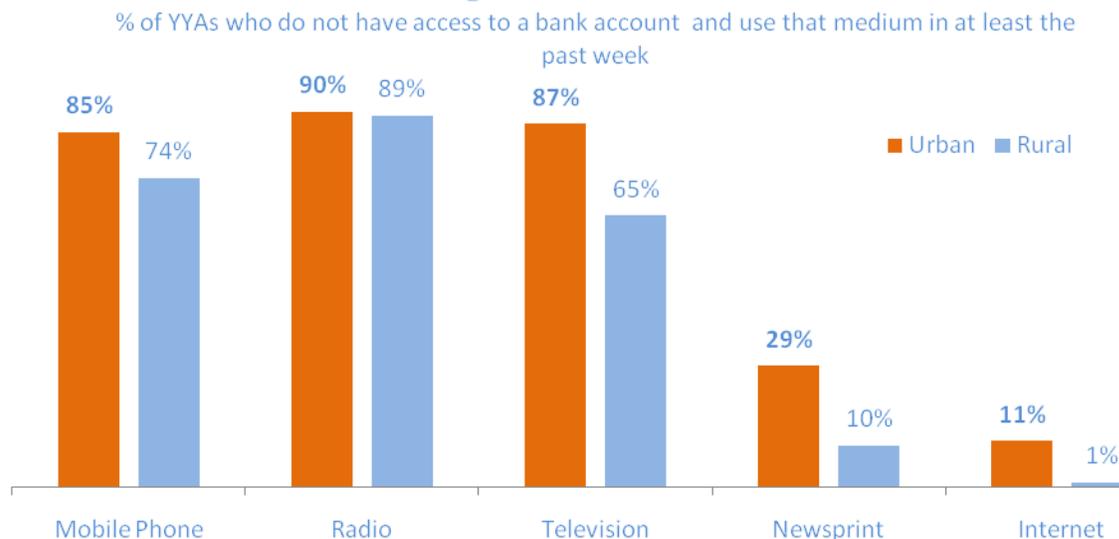
AudienceScapes National Survey of Ghana 2009: survey of adults (15-24) n=652

Perhaps unsurprisingly, most YYAs receive information about formal banking methods through radio and television, whereas word-of-mouth from family or friends was the primary means of getting information about informal methods. In fact, YYAs were twice as likely to learn about informal banking through word of mouth as any other communication medium.

Mobile money services generate very little recognition in Ghana: About 75 percent of all respondents said they have not seen any information on this topic. This can partially be explained by the fact that mobile money services were only introduced in the summer of 2009 and fieldwork for this survey was implemented in July and August of that year.

The high rate of mobile phone use among YYAs, even in rural areas, adds to the potential success of mobile banking. How effective such services will be toward empowering YYAs will depend on the emergence of new, more complex mobile-based financial services such as savings and micro-insurance mechanisms, and how well YYAs are educated in how to use such services.

Chart Ghana 3: Weekly Use of Communication Tools Among the Unbanked YYAs



AudienceScapes National Survey of Ghana 2009: survey of adults (15-24) who do not have a bank account n=513

Reaching Ghanaian YYAs who are unbanked is likely most efficient via traditional media such as radio and television.

Television, however, may not be the most effective way of reaching those at the bottom of the socio-economic pyramid, despite the fact that YYAs have the highest rate of TV consumption among 10-year cohorts. Low-income and less-educated YYAs have less access to TV and to electricity limiting their access and use. Only about a quarter of YYAs receive news and information through SMS-text services. Hindering such mobile services may simply be a lack of availability of such news and information services and the cost of sending and receiving regular SMS messages.

Bolstering the credibility of traditional media as the go-to means for informing the public is the fact that young people find radio and television to be a trustworthy source for information. Following radio and TV as the most trusted sources for financial information was word of mouth from family or friends. As with Kenya, this may be cause for concern as it is difficult to gauge whether the information traded within these word-of-mouth networks is accurate.

Similar to Kenya, there is a split between those 15-19 and 20-24 regarding financial independence. Only 21 percent of those 15-19 said that they alone, or in conjunction with another, have the final say in household spending. Conversely, 54 percent of those 20-24 held that type of financial power. For Ghanaians 25-44, 80 percent said household spending decisions were made by themselves or in conjunction with another household member.

What this tells us, along with the knowledge that the average young adult lacks regular financial information, is that the transition period between these two sub-age groups is crucial for the development of financial independence and maturity. The lack of financial information reaching YYAs, particularly those of lower socioeconomic status, is placing them at a disadvantage when they are becoming heads of households. This is, of course, an opportunity for domestic and international organizations to not only implement or fund new financial services, but also educate Ghanaians about what services exist and how they can be used.

Table Ghana 1: Banking Access and Banking Use Among YYAs

% of YYAs who have access to or have used in the past 12 months

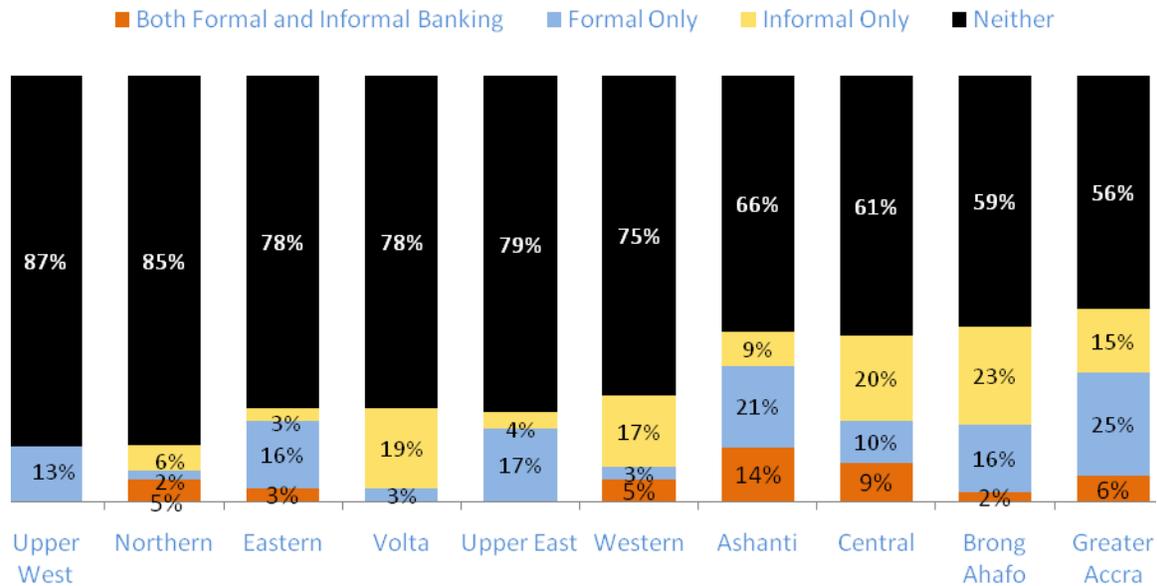
Type of Banking Access	Percent Nationally	15-24	25-29	Urban-Rural Youth (15-24)	Young Men-Women	Low-Income Youth
None	28%	28% - 24%		19% - 34%	24% - 31%	40%
Informal Only (Susu or Savings Club)	10%	12% - 12%		4% - 18%	9% - 14%	15%
Formal Only (Commercial bank or Credit Union)	19%	19% - 15%		25% - 11%	22% - 15%	13%
Both	43%	42% - 50%		51% - 37%	44% - 40%	48%
Type of Banking Used in Past 12 months	Percent Nationally	15-24	25-29	Urban-Rural Youth	Young Men-Women	Low-Income Youth
None	63%	69% - 54%		58% - 78%	66% - 73%	76%
Informal Only	12%	12% - 18%		22% - 11%	11% - 13%	10%
Formal Only	19%	14% - 21%		13% - 9%	18% - 11%	11%
Both	7%	4% - 8%		7% - 2%	5% - 3%	3%
<p>AudienceScapes National Survey of Ghana 2009: survey of adults (15-24) n=652; 25-29 n=320 Definition: Low-Income: Self-reported economic status of "We don't have enough money even for food" or "We have enough money for food, but buying clothes is difficult."</p>						

When respondents were asked whether they had used a banking service in the past year, the results were not entirely surprising. Those groups that are typically marginalized in regard to financial services -- those of lower socioeconomic status, young adult women and rural residents -- proved to have used banking services at a much lower rate than others. The largest gap in service use between these groups and older Ghanaians is in the formal banking sector. This correlates well with our previous observation that access to financial information generally increases with age, therefore older

Ghanaians are more aware of their financial options. Beyond urban and rural differences, YYAs residing in more remote and/or rural regions show lower rates of access to and use of financial services than those in less remote or more urban areas. This is especially the case for the relatively remote northern and upper west regions (Chart G5).

Chart Ghana 4: Types of Savings Used by Region Among YYAs

% of YYAs who had saved through...Last year



AudienceScapes National Survey of Ghana 2009: survey of adults (15-24) n=652

The AudienceScapes project (www.audiencescapes.org) is aimed at bridging knowledge gaps about media preferences, personal communication habits and the use of information and communication technologies (ICTs) in Africa and in other developing regions. It is also a tool for identifying needs in media, communication technologies, development information and development policy.

The project's name refers to the benefits for development organizations of understanding the changing communication preferences and needs of their 'audiences'—the target populations and policymakers whom they are trying to support. Launched in April 2009 with support from the Bill & Melinda Gates Foundation***, AudienceScapes comprises four main elements:

- **National quantitative surveys** looking at (1) the general population's access to and use of media, access to and use of information and communication technologies (ICTs), and word-of-mouth communication habits; and (2) how these factors affect people's acquisition of knowledge about key development topics. Pilot projects are taking place in Ghana, Kenya and Zambia.

- ***In-Depth Interviews*** with policymakers to find out how they gather, assess, share and disseminate critical information related to development topics, and find out how global development partners can play a constructive role in this process. The interviews were begun in the same three African countries.
- ***The AudienceScapes website*** which provides access to the program’s analytical reports as well as the quantitative survey data. The website also has detailed “Country Communication Profiles” of several countries in multiple developing regions, plus other resources for development practitioners working in communication, media development, technology development and policy dialogue.
- ***Custom Research and Analysis*** for organizations and companies in need of reports catering to their specific research needs.

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**The findings and conclusions of the AudienceScapes research project are those of InterMedia and do not necessarily reflect the positions or policies of the Bill & Melinda Gates Foundation.*

ⁱ Survey Information: Each survey is national representative using a probability proportional to size (PPP) sampling plan. Kenya National Survey of Adults (15+) n=2000, youth and young adults (15-24) n=781 and Ghana National Survey of Adults (15+) n=2051, youth and young adults (15-24) n=652.

ⁱⁱ “Poor People Using Mobile Financial Services: Observations on Customer Usage and Impact from M-PESA”. Consultative Group to Assist the Poor (CGAP). August 2009. http://www.cgap.org/gm/document-1.9.36723/BR_Poor_People_Using_Mobile_Financial_Services.pdf.

ⁱⁱⁱ Income levels are defined here by a self-reported question that seeks to gauge each respondent’s family financial situation. The high-income grouping encompasses those respondents who answered that their family “can afford to buy whatever they want” (Kenya n=38; Ghana n=86). Upper Middle-income those that answered that their family “can afford to buy certain expensive goods such as a TV set or a refrigerator” (Kenya n=237; Ghana n=307). Lower Middle-Income are those responded that their family “have enough money for food and clothes and can save a bit, but not enough to buy expensive goods such as a TV set or a refrigerator” (Kenya n=1019; Ghana n=725). Low-income respondents answer that their family either “have enough money for food, but buying clothes is difficult” or “don't have enough money even for food” (Kenya n=674; Ghana n=925).