

FinScope Uganda

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What is FinScope Uganda?

- FinScope Uganda is a demand side study of Uganda's financial market. It is a nationwide, comprehensive, and representative study.
- It was conceived around April, 2005 based on work begun in South Africa in 2002 by FinMark Trust, South Africa.
- In East Africa, similar studies to FinScope Uganda are being implemented in Kenya and Tanzania, although called by different names and FinScope Uganda is working closely with FSDK and FSDT in the implementation process.

Why FinScope Uganda?

- The objective of FinScope Uganda is to generate comprehensive, nationally representative information on the demand, access and use of all financial services (savings, credit, money transfer, and insurance) to provide adequate knowledge of Uganda's financial market from top to bottom.
- In addition, the study will generate information on:
 - Financial discipline and knowledge;
 - Attitudes and perception towards financial services and institutions;
 - Usage and attitude towards technology
 - Agricultural and fishing financing;
 - Money transfer and Remittances;
 - Use of institutional types: formal, semi-formal and informal
 - Consumer issues.
- Provide data for segmenting the financial market

Which specific Data will be gathered?

- Broad themes from which data will be collected are about 12:
 - General money matters:
 - Sources and forms of incomes received
 - Channels through which the incomes are received
 - Instruments used to transmit the incomes
 - Frequency of receiving the incomes
 - Amount received
 - Uses in which the incomes received are put
 - Instruments used in spending the incomes received (Means of exchange)

Which specific Data will be gathered? (Cont.)

– General money matters (Cont)

- General money management issues
- Some questions on life style and how people feel about themselves.

– Savings

- Whether people save or not
- Willingness to save/whether there is some income to save/
instruments for saving
- Reasons for saving or not saving
- Forms of savings

Which specific Data will be gathered? (Cont.)

– Savings (Cont.)

- Channels of savings
- Instruments used for saving
- Extent of access to saving channels and instruments
- Various savings cost items
- Cost of using savings services and/or products of financial institutions
- Security issues in using savings services and/or products of financial institutions
- People's perceptions of financial institutions with regard to savings services and/or products

Which specific Data will be gathered? (Cont.)

– Investment

- Available investment opportunities
- Level of utilization of available investment opportunities
- Constraints in using existing investment opportunities (where applicable)
- Other investment opportunities that would be chosen if were available

– Credit

- Whether people have borrowed or not
- Reasons for borrowing
- Extent outstanding loans
- Sources of loans and why borrow from these sources
- Forms of loans borrowed

Which specific Data will be gathered? (Cont.)

– Credit (Cont.)

- Loan terms and conditions
- Extent of access to sources of loans
- Cost items involved in borrowing – procedural and legal costs
- Documentation required to use a loan from a financial institution
- Cost of using credit facilities from financial institutions
- Security issues in using credit facilities from financial institutions
- People's perceptions of financial institutions with regard to credit facilities
- Reasons for not borrowing where applicable

Which specific Data will be gathered? (Cont.)

- Consumer issues (What consumers know or do not know about financial services and institutions)
 - Level of consumer knowledge about services provided by financial institutions
 - Ability of consumers to read and write
 - Level of consumer knowledge about the obligations of financial institutions
 - Level of consumer knowledge about their own financial organizations

- Financial institutions regulated by the Bank of Uganda
 - Types of institutions that are used
 - Level of uses of financial services and/or products provided by these institutions
 - Financial instruments used
 - Types of transactions conducted with the institutions
 - Costs of using financial services/products from these institutions
 - Reasons for not using financial services and/or products from these institutions
 - Extent of access of financial services from these institutions

Which specific Data will be gathered? (Cont.)

- Savings OR Community based Groups
 - If people belong to groups, which type and how many
 - Reasons for belonging or not to various types of groups
 - Functions of various groups
 - Types and level of contributions made to groups
 - Experiences with groups
 - Alternative financial services and institutions used by those not in groups

- Insurance/Assurance and Risk management
 - Factors that impact on household finances
 - Level of prevalence of risks
 - Experiences of household with various risks
 - Risk mitigation measures used by households
 - Insurance policies currently used and where from
 - Benefits that have been derived from insurance policies taken
 - If not taken insurance policy, why

Which specific Data will be gathered? (Cont.)

– Money transfer and remittances

- Origin and destination of money received or sent
- Channels of money transfer
- Instruments of money transfer
- Frequency and volume of money received/sent
- Application of money received
- Cost of money transfer

– Agricultural and fishing financing

- Agricultural and fishing activities where people make the most money
- Sources of agricultural and fishing finance
- Types of inputs used in agriculture and fisheries for which finance is usually sought
- Problems encountered in accessing agricultural and fishing finance

Which specific Data will be gathered? (Cont.)

- Housing conditions and household assets
- Other demographic questions
 - Age
 - Name mainly for back-checking purposes
 - Relation to head of household
 - Education
 - Employment status
 - Language spoken most and can read
 - Expenditure items and levels of household

Who are the beneficiaries of FinScope Uganda and how do they benefit?

- Policy makers
- Donors
- Financial institutions
- Academic and research institutions
- Entire Uganda

Implementation Strategy

- **DFID/FSDU**
 - **DFID is providing funding for the first study and is a member of Advisory Committee. Could also provide partial funding for the second study.**
 - **FSDU managed by ECIAfrica, provides the Secretariat for FinScope Uganda in the interim.**
- **Advisory Committee**
 - **Tasked to assure that the questionnaire meets the needs of different stakeholders, endorse the implementation strategy, the results of study and the information dissemination strategy.**
 - **The Advisory Committee is currently composed of representatives from: Bank of Uganda, GTZ/FSD Project, Microcare, Microfinance Outreach Plan, Ministry of Finance, Planning and Economic Development, Uganda Bureau of Statistics, the World Bank – Uganda Office and DFID – Uganda. FSDU Manager and FSDU Research Coordinator are members of the Advisory Committee.**

Implementation Strategy (Cont.)

- **Contractors:**
 - **Tasked to develop and test questionnaire, gather data and analysis, and presentation of data as well as reporting. Steadman Group has been contracted for this purpose.**
- **Technical support:**
 - **FinMark Trust South Africa, Synovate South Africa and Uganda Bureau of Statistics (UBOS) are providing technical back-up with regard to overall implementation of the survey, particularly segmentation of the data gathered.**
 - **Being a national body responsible for national censuses and surveys, UBOS is also expected to endorse FinScope Uganda Questionnaire and the publication of the results.**

Progress made in Implementation

- A sample size of 3000 Households/Adult individuals to be interviewed has been determined.
- Efforts have been made to develop an East Africa Questionnaire although called by different names. Uganda has chosen to call it FinScope Uganda Questionnaire. Not succeeded yet.
- A joint meeting of FSDT and FDSU was held in Tanzania in January, 2006 in an attempt to develop a common position and identify common questions.
- FinScope Conference for Africa was held in Johannesburg, South Africa from 27-29 March, 2006 and FSDU participated.
- Questionnaire design for FinScope Uganda is in the final stages. Focus Group Discussions have been held the results used to improve the questionnaire design

Challenges met in Implementing FinScope Uganda

- Working towards meeting the needs of all stakeholders in the financial sector
- Arriving at common questions in countries with a number of unique features. For example, the landscape of the financial sector in Uganda is not the same as that of Kenya or South Africa. Clients of the financial sector in Uganda are different from those in Kenya and South Africa.
- Uganda's economy is dominated by the informal sector and subsistence agriculture. Most people use informal sources of financial services (i.e. non-BOU regulated FIs).
- Reconciling terminologies such as “bank like FIs” used in the World Bank Questionnaire and a variety of FIs in Uganda has proved fairly difficult.

Strategies to resolve problems faced

Selection of key stakeholders to be more involved. These include Bank of Uganda, the World Bank, Uganda's insurance industry, DFID, some donor projects in Uganda, UBOS, and Microfinance Outreach Plan with technical support international experts from FinMark Trust and Synovate, South Africa.

Testing the Questionnaire using various means such as Focus Group Discussions.

Plan to present the Questionnaire to a broader stakeholders before producing the final version.

Next steps and Some issues in FinScope Uganda

- Producing a Questionnaire that takes into account the needs of the broader spectrum of stakeholders.
- A team from FinMark Trust, South Africa is in Uganda from 24-28 April, 2006 to provide technical support to finalize, among other things, the design of FinScope Uganda Questionnaire
- Implementation of the current FinScope Uganda.
- Future surveys and funding.
- Future home for FinScope Uganda.
- Ownership and dissemination of data.

Thank You