FinAccess Data Fest
A financial needs lens

3 September 2020
The FinNeeds framework: What is it and why is it relevant?
A new perspective on financial inclusion opportunities
High inclusion masks untapped opportunities

77% of formally included urban small business owners only operate in cash in their business.

Just 8% of formally included local market farmers turn to formal financial services when they struggle to meet their expenses.
A new perspective on financial inclusion opportunities
Financial needs framework

Need: A collection of use cases that can be fulfilled by financial services

**Transfer of value**
- The need to make and receive payment

**Liquidity**
- The need to meet expenses on an ongoing basis

**Resilience**
- The need to meet large expenses resulting from shocks or other unpredictable events

**Meeting Goals**
- The need to accumulate larger amounts of money to achieve objectives that cannot be funded from regular income
Insights from FinAccess 2019
Financial needs in Kenya

1. Sickness, accident, injury
2. Losses due to natural disasters
3. Death of family member

1. Start or expand business
2. Education
3. Buying a house

1. Daily expenses
2. Monthly expenses
3. School fees

- 100% transfer of value need
- 62% trouble meeting daily needs
- 36% experienced a shock
- 59% investing in a goal
Most Kenyans meet their needs outside the formal sector

Liquidity, resilience, meeting goals

Trouble meeting daily needs

- Non-financial
  - Worked more/cut expenditure: 7%
  - Sold assets: 8%
- Informal
  - Informal saving: 38%
  - Informal borrowing: 49%
- Formal
  - Formal saving: 41%
  - Formal borrowing: 8%

Investing in goals

- Non-financial
  - Worked more/cut expenditure: 5%
  - Sold assets: 9%
- Informal
  - Informal saving: 30%
  - Informal borrowing: 22%
- Formal
  - Formal saving: 31%
  - Formal borrowing: 14%

Managing shocks

- Non-financial
  - Worked more/cut expenditure: 10%
  - Sold assets: 17%
- Informal
  - Informal saving: 18%
  - Informal borrowing: 22%
- Formal
  - Formal saving: 59%
  - Formal borrowing: 51%
Most Kenyans meet their needs outside the formal sector

### Transfer of Value

<table>
<thead>
<tr>
<th>Activity</th>
<th>Cash</th>
<th>Mobile money account</th>
<th>Bank transfer</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid daily expenses</td>
<td>98</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paid monthly bills</td>
<td>67</td>
<td>29</td>
<td>24</td>
<td>5</td>
</tr>
<tr>
<td>Paid school fees</td>
<td>66</td>
<td>5</td>
<td>24</td>
<td>5</td>
</tr>
<tr>
<td>Sent/gave money inside Kenya</td>
<td>51</td>
<td>48</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Received money from inside Kenya</td>
<td>52</td>
<td>1</td>
<td>45</td>
<td></td>
</tr>
</tbody>
</table>
Implications
Meeting needs for better usage outcomes

Rising formal inclusion

Falling financial health

2006 2009 2013 2016 2019

29 41 67 75 83

39% 22%

2016 2019
See the #finneeds toolkit at:
http://access.i2ifacility.org/Measurement_framework/

About Cenfri
Cenfri is a global think-tank and non-profit enterprise that bridges the gap between insights and impact in the financial sector. Cenfri’s people are driven by a vision of a world where all people live their financial lives optimally to enhance welfare and grow the economy. Its core focus is on generating insights that can inform policymakers, market players and donors who seek to unlock development outcomes through inclusive financial services and the financial sector more broadly.

About insight2impact
insight2impact is a resource centre that aims to catalyse the provision and use of data by private and public-sector actors to improve financial inclusion through evidence-based, data-driven policies and client-centric product design. insight2impact was established by Cenfri and FinMark Trust through the funding of the Bill & Melinda Gates Foundation in partnership with The MasterCard Foundation.