

FinScope Consumer Survey Mauritius 2014



Introduction

The Government of Mauritius has recognised that access to financial services can play an important role in poverty alleviation and decreasing the vulnerability of poor people. As such, financial inclusion is acknowledged as an important part of economic growth in Mauritius.

The Mauritius FinScope Survey will not only enable the assessment of the landscape of financial access, but also provide a benchmark for repeat surveys that will enable the impact of access related policy interventions to be assessed. This brochure summarises the findings of the FinScope Consumer Survey Mauritius 2014 and as such will address the information needs that would enable the Government to develop and monitor evidence-based policies and regulations which will help extend the reach of financial services in Mauritius.

FinMark Trust developed the FinScope Survey as a research tool to assess financial access in a country and to identify the constraints that prevent financial service providers from reaching the financially under- and unserved people. The FinScope Survey is a nationally representative survey of how individuals source their incomes and how they manage their financial lives. It also provides insight into attitudes and perceptions regarding financial products and services. To date, FinScope Consumer Surveys have been conducted in 19 countries including Mauritius.

Objectives

The FinScope Consumer Survey has the following objectives:

- To measure the levels of financial inclusion (i.e. the proportion of the population using financial products and services – both formal and informal)
- To describe the landscape of access (i.e. the type of products and services used by financially included individuals)
- To identify the drivers of, and barriers to the usage of financial products and services
- To stimulate evidence-based dialogue that will ultimately lead to effective public and private sector interventions to increase and deepen financial inclusion strategies



Partnering for a common purpose

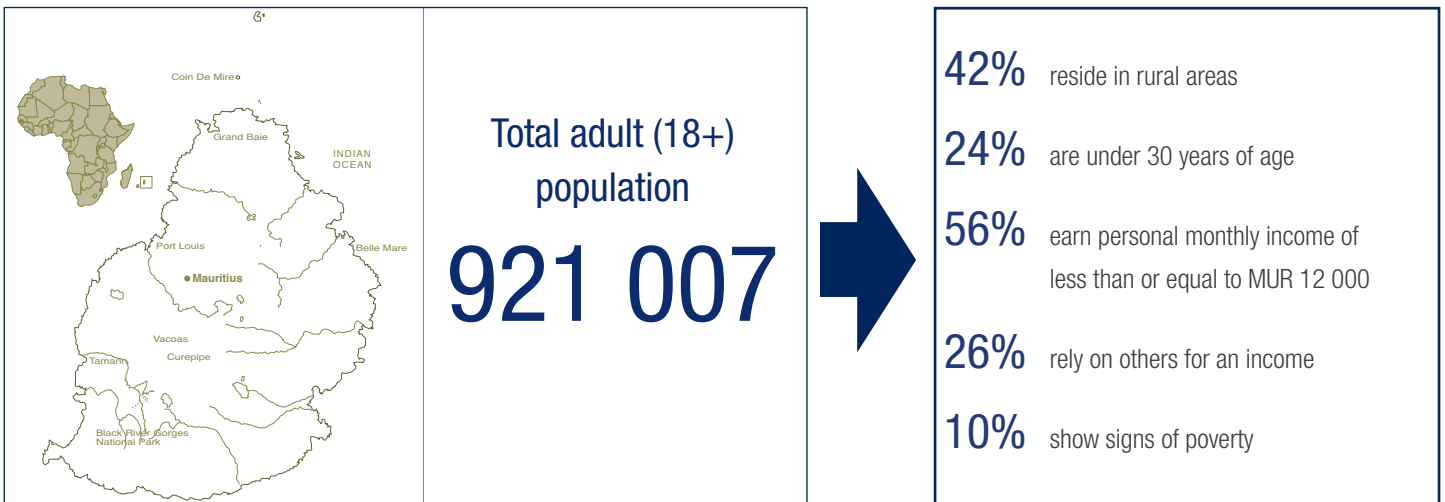
FinScope Mauritius has been designed to involve a range of stakeholders engaging in a comprehensive consultation process, thereby enriching the survey and ensuring appropriateness and buy-in. The survey was carried out under the auspices of the Ministry of Finance and Economic Development (MOFED) and funded by FinMark Trust with a contribution from MOFED.

A Steering Committee chaired by the Ministry of Finance and Economic Development was set up which comprised representatives from FinMark Trust, Bank of Mauritius, Statistics Mauritius (SM) and Financial Services Commission (FSC). These stakeholders contributed in the design of the survey questionnaire and provided valuable insight into the financial sector. The survey was implemented by DCDM Research with support from the Local Project Coordinator and FinMark Trust.

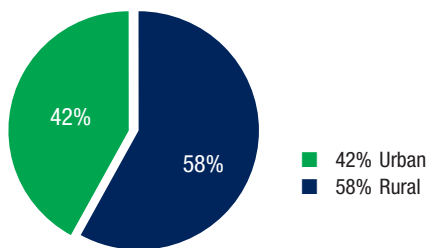
Methodology

Following a multi-stage sampling process, a total of 4000 face-to-face interviews were conducted by DCDM Research from March to June 2014. The sampling frame and weighting of the data was conducted under the guidance of Statistics Mauritius and benchmarked to Population Census 2011. The sample is representative of national, urban/rural, and regional levels. Quality control and field checks were independently conducted by DCDM Research, FinMark Trust and the Local Project Coordinator.

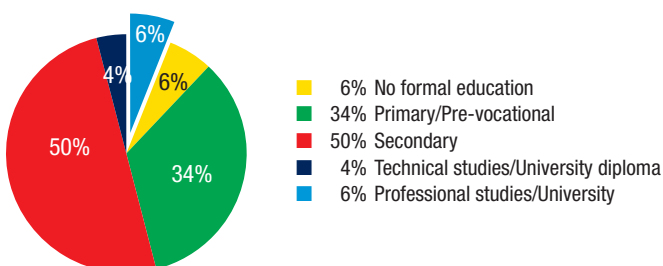
Understanding the lives of Mauritians



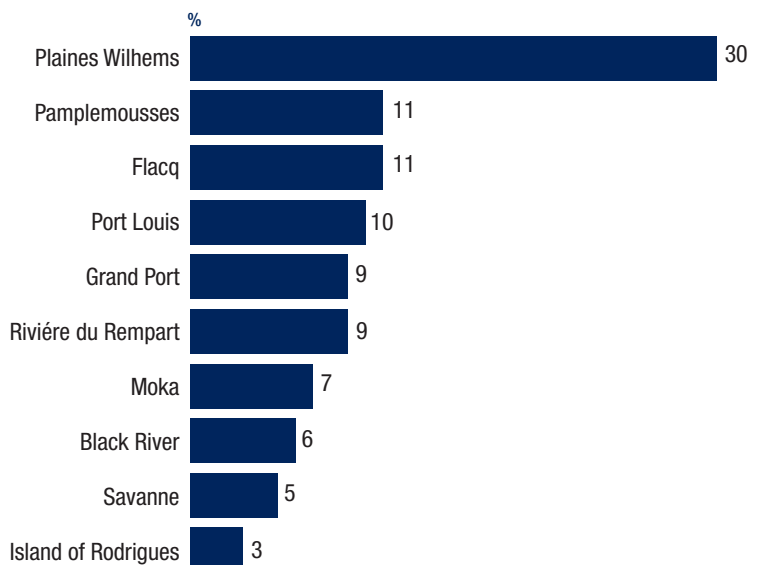
Urban/Rural distribution



Level of education



Geographical distribution



Access to basic amenities



99.9%

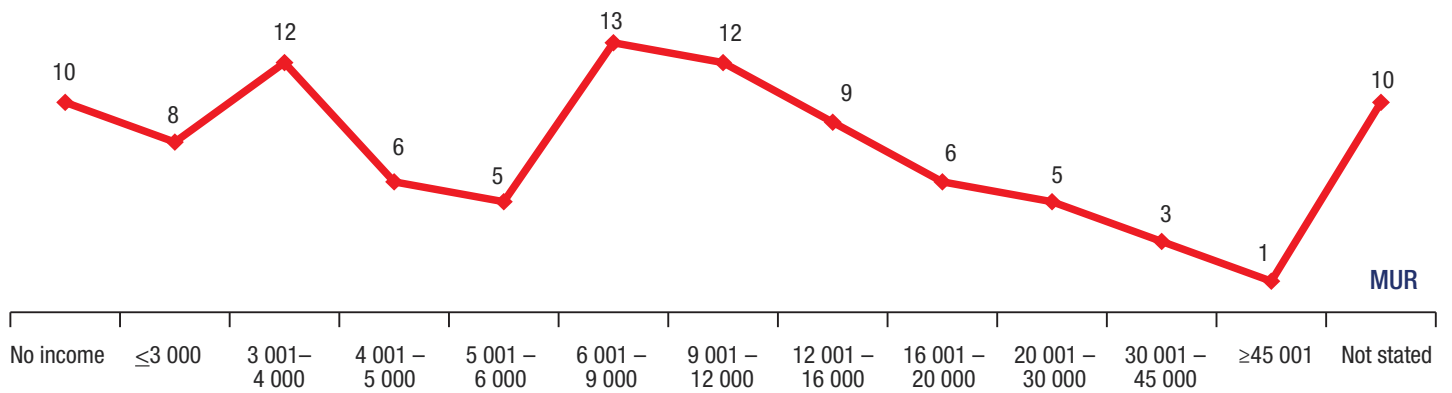


97%



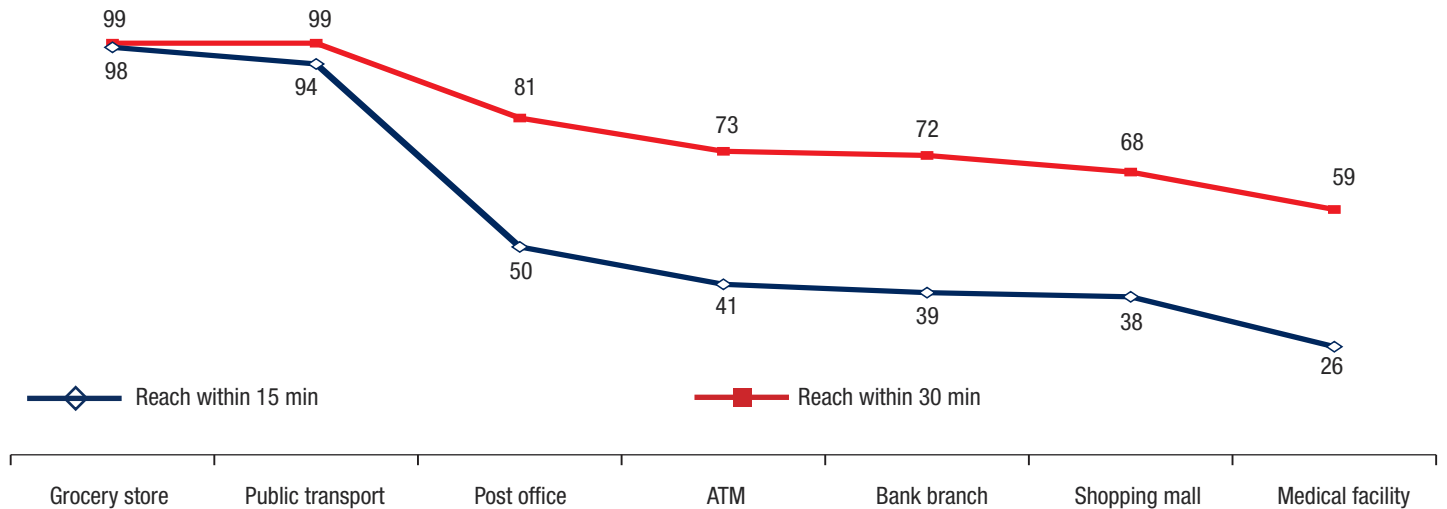
97%
for cooking

Distribution of personal monthly income [before tax and other compulsory deductions] [%]



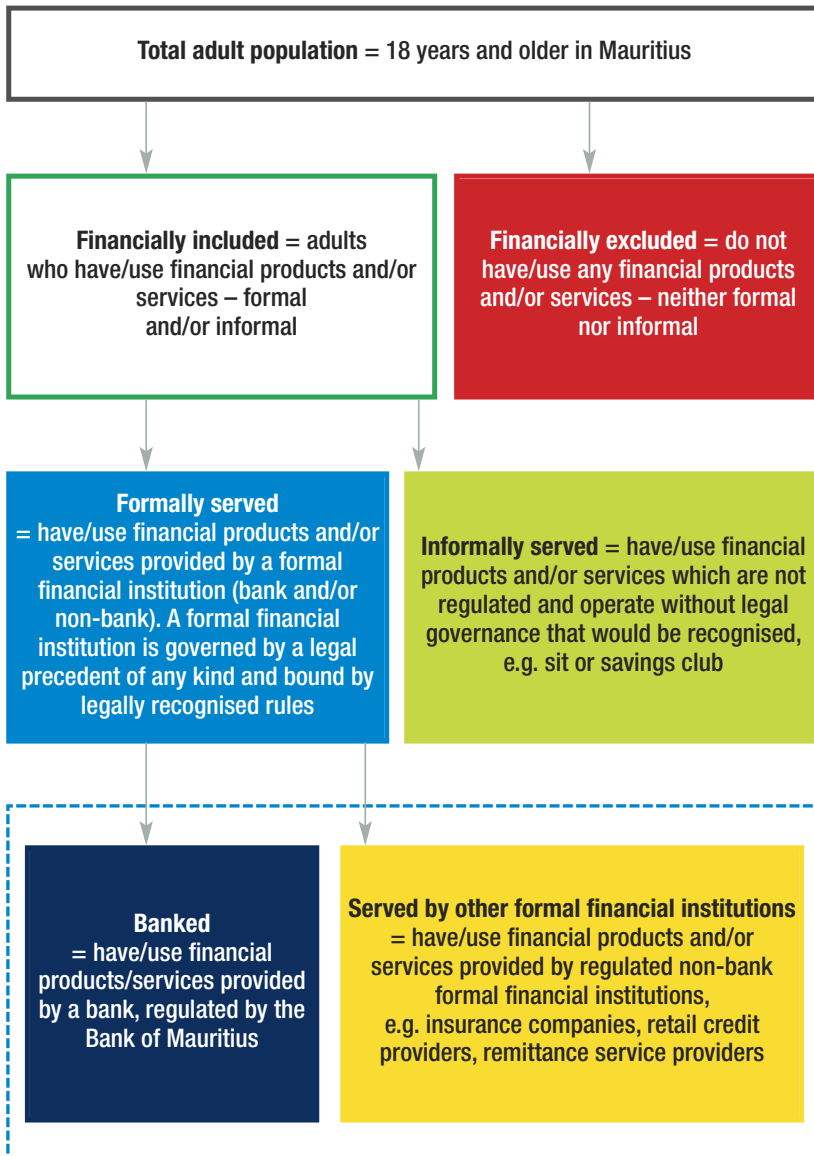
Accessibility

Accessibility is measured by average time taken to reach a service point/institution [%]



FROM MOST TO LEAST ACCESSIBLE

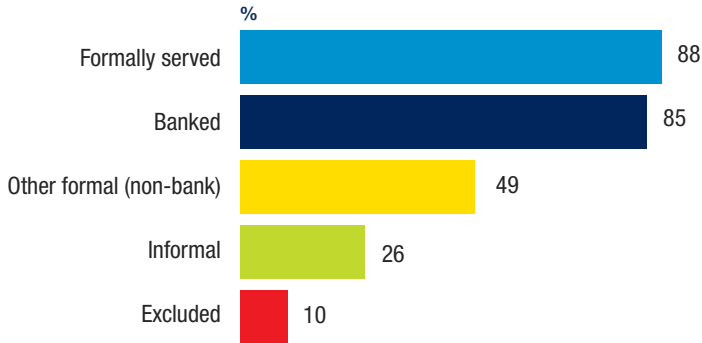
Analytical framework



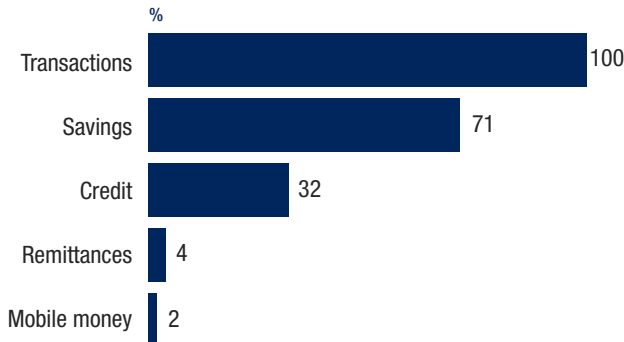
Overview

- 88% of adults (18 years and older) are formally served, including both banked and other formal non-bank financial products/services
- 85% are banked
- 49% have/use other formal (non-bank) products/services
- 26% have/use informal mechanisms to manage their finances
- 10% have/use non financial products/services to manage their finances. If they save, they keep their money at home, and if they borrow they only rely on family and friends

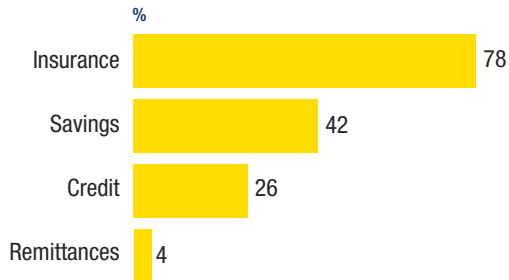
Financial inclusion overview [%]



Drivers of banking products [%]



Drivers of 'Other formal products' [%]



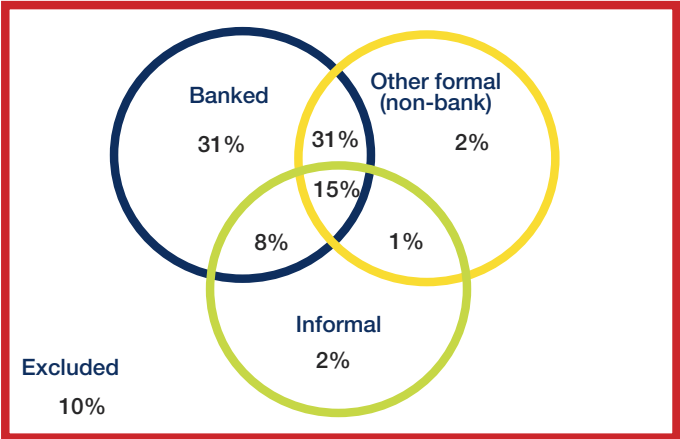
Drivers of 'Informal products' [%]



Overlaps

Consumers generally use a combination of financial products and services to meet their financial needs – someone could have a bank account and also belong to a burial society.

- Only 31% of adults rely exclusively on banking services
- 15% use a combination of formal and informal mechanisms to manage their financial needs thus indicating that their needs are not fully met by the formal sector alone.

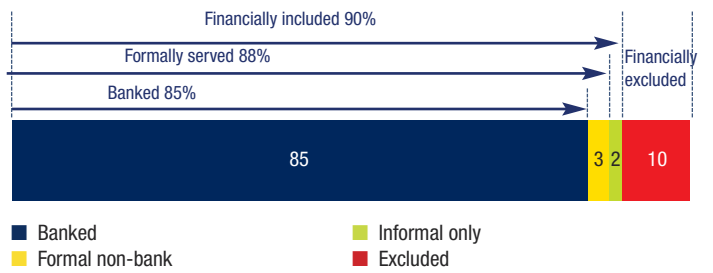


Access Strand

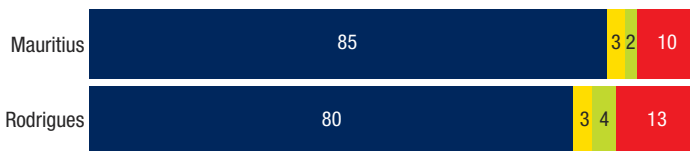
In constructing this strand, the overlaps in financial product/services usage are removed, resulting in the following segments:

- Financially excluded adults, i.e. they do not use any financial products/services – neither formal nor informal – to manage their financial lives (10%);
- Adults who have/use informal mechanisms only but NO formal products/services (2%);
- Adults who have/use formal non-bank products/services but NO commercial bank products (3%) – they might also have/use informal mechanisms;
- Adults who have/use commercial bank products/services (85%) – they might also have/use other formal and/or informal mechanisms

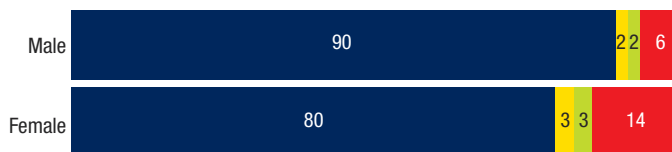
Overall access strand



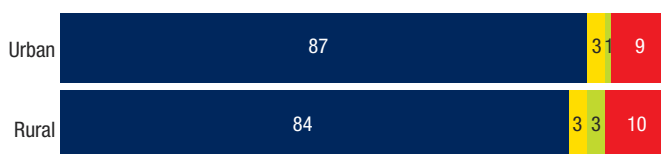
Mauritius vs Rodrigues



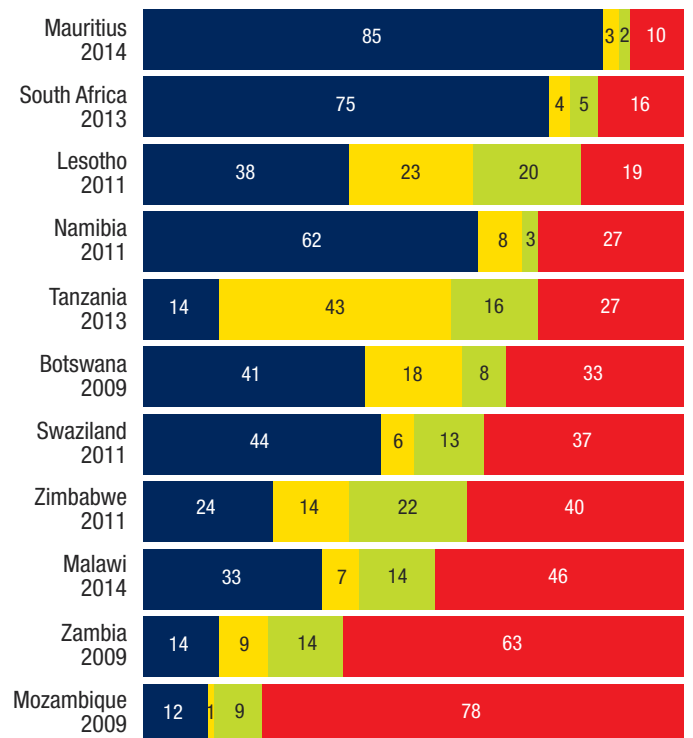
Access Strand by gender



Access Strand by location



Access Strand by country



Key findings

Comparing the Access Strand across gender, urban/rural, and by region reveals that levels of financial inclusion (including product uptake of both formal and informal products/services) are higher:

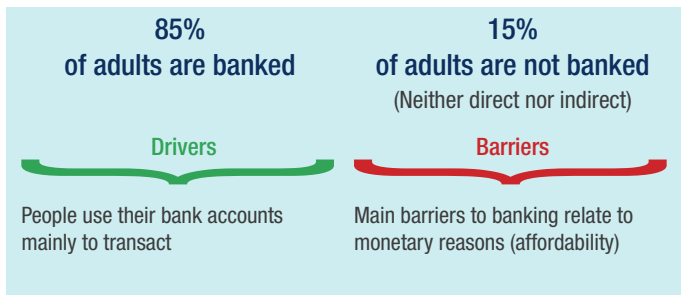
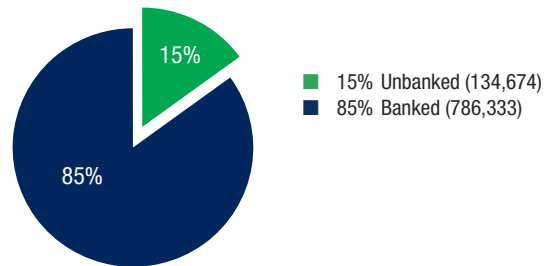
- Among males (94%) compared to females (86%)
- Among adults residing in urban areas (91%) compared to adults residing in rural areas (90%)
- Among adults residing in Mauritius (90%) compared to adults residing in Rodrigues (87%)

Banking

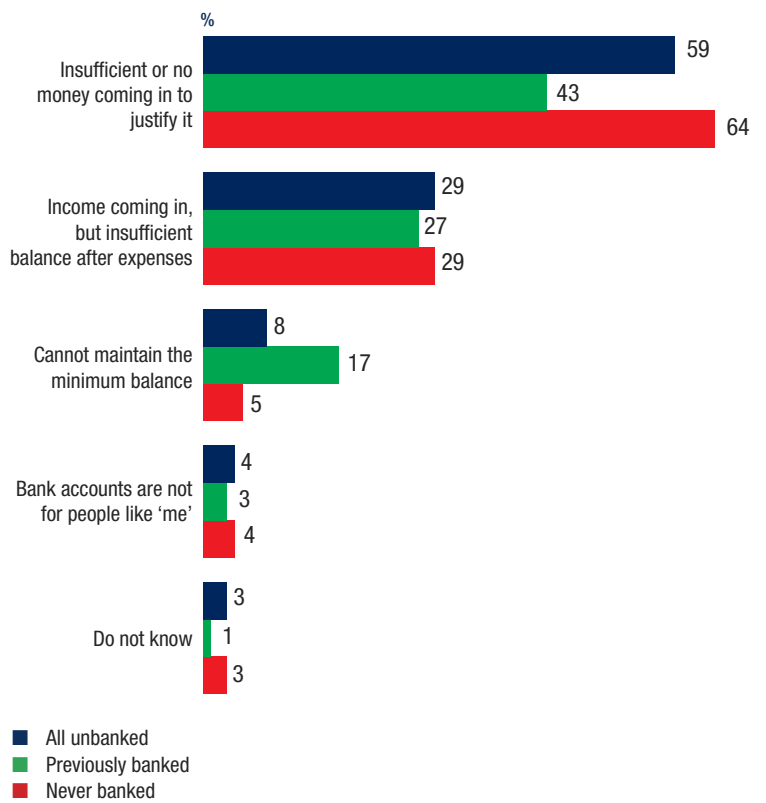
Banking status

- The banked population for Mauritius in 2014 is 85% (786,333)
- Banking is largely driven by transactional products/services
- The level of indirect access to banking is very low in Mauritius – 1.2% (10,839) of adults make use of bank accounts that are not registered in their names. Indirect banking access mainly occurs through the use of the account of a spouse, parent or child – although the bank accounts of neighbours and friends may be used in rural areas

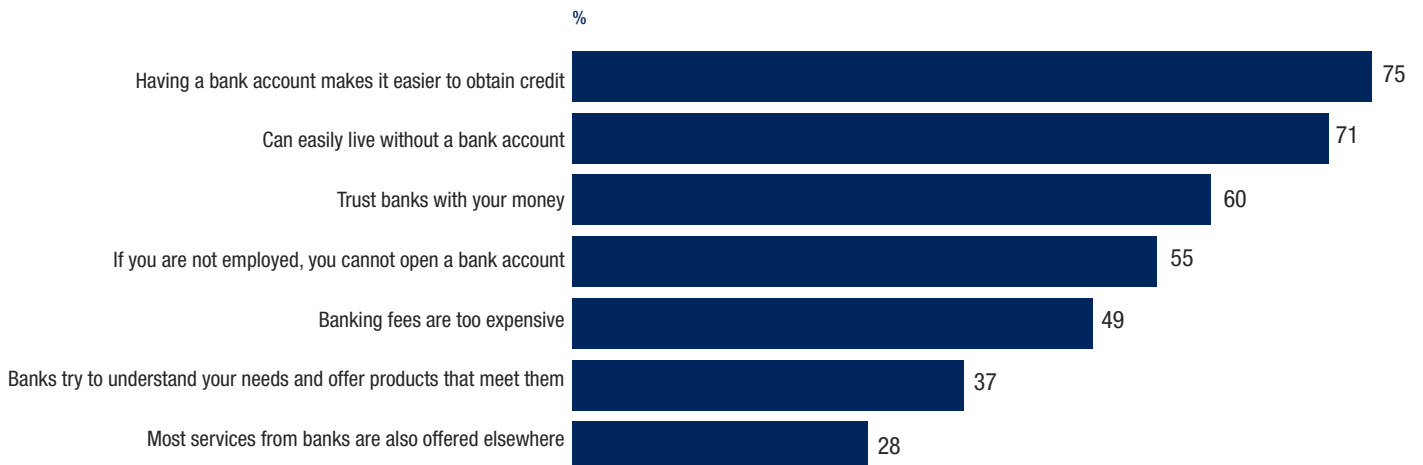
How many adults (18 years and older) are banked?



Barriers to banking among those who are unbanked [%]



Perceptions of banking among those unbanked [%]



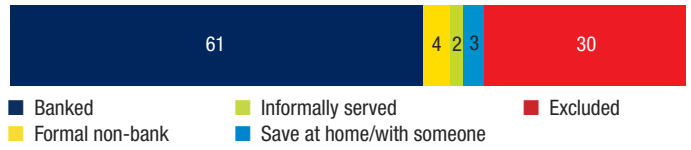
Savings and investments

Savings Strand

In constructing this strand, the overlaps in savings product/services usage are removed:

- 30% of adults in the republic of Mauritius do not save
- 3% keep all their savings at home, i.e. they do not have/use formal or informal savings products or mechanisms
- 2% rely on informal mechanisms such as savings groups (they might also save at home, but they do not have/use any formal savings products)
- 4% have/use formal non-bank savings products (they might also have/use informal savings mechanisms, but they do not have/use savings products from a commercial bank)
- 61% have/use savings products from a commercial bank (they might also have/use other formal and/or informal mechanisms, or save at home)

Savings strand



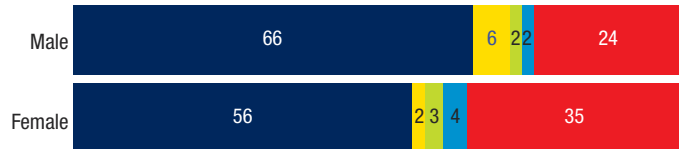
Mauritius vs Rodrigues



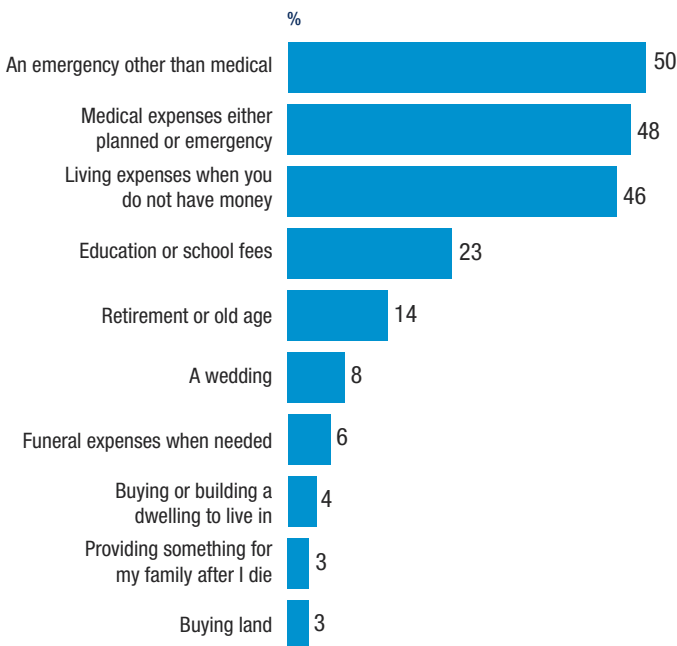
Savings strand by location



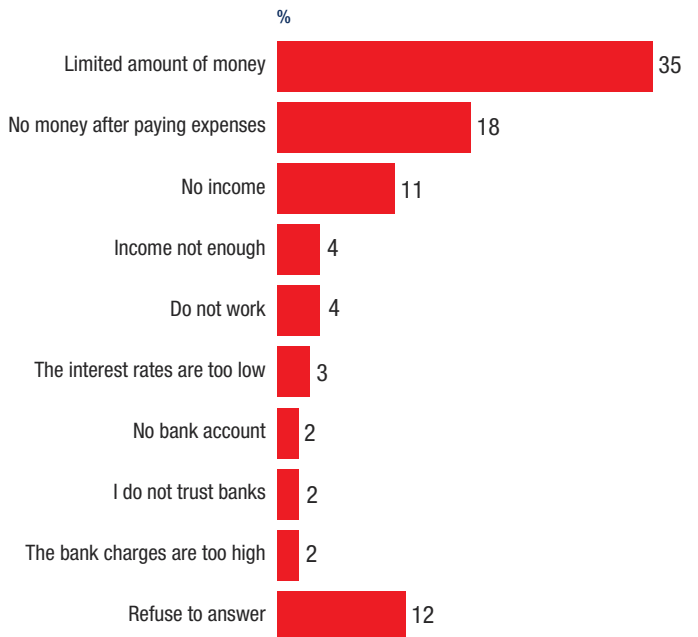
Savings strand by gender



What are people saving for? [%]



Barriers to saving in a bank account among those who do not save at a bank [%]



Mauritians continue to save mainly through commercial banks

Borrowing and credit

Credit Strand

In constructing this strand, the overlaps in credit/loan product/services usage are removed:

- 48% of adults in Mauritius claimed that they did not borrow or took goods on credit in the past 12 months
- 9% rely on friends and family only, i.e. they do not have/use any credit products (neither formal nor informal)
- 9% rely on informal mechanisms such as money lenders (they might also borrow from friends and family, but they do not have any formal credit products)
- 7% have/use formal non-bank credit products (they might also have/use informal mechanisms, but they do not have/use credit products from a commercial bank)
- 27% have/use credit/loan products from a commercial bank (they might also have/use other formal and/or informal mechanisms, or borrow from friends and family)

Mauritius vs Rodrigues



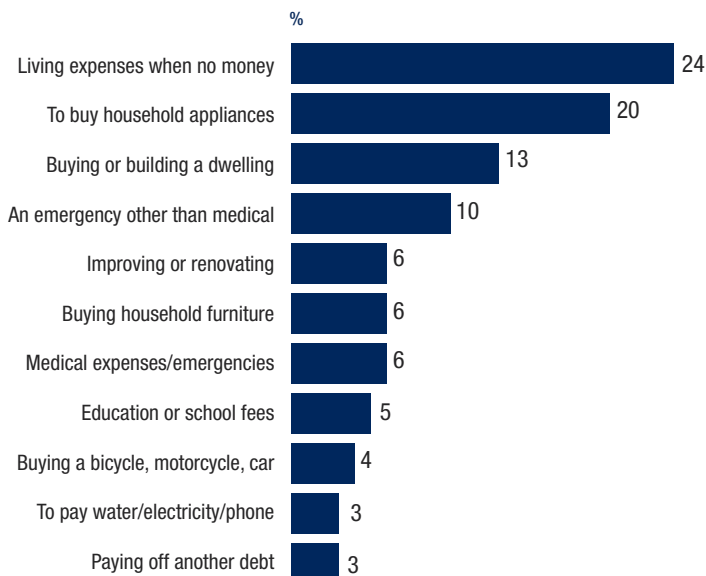
Credit strand by gender



Credit strand by location



What are people borrowing for? [%]



Credit strand



48% of adults do not borrow

Barriers

Mauritians do not borrow because:

- They fear debt (37%)
- They can pay expenses with what they have/do not need debt (28%)
- They are concerned that they will not be able to pay it back (21%)

Insurance and risk management

- 62% of adults in Mauritius do not have any kind of financial product covering risk, despite the fact that adults perceive insurance as a protection in case of problems (75% agree with this statement)
- 38% have some financial product covering defined risk, which continues to be driven by motor vehicle and life insurance

Insurance strand



Mauritius vs Rodrigues



Insurance strand by gender



Insurance strand by location

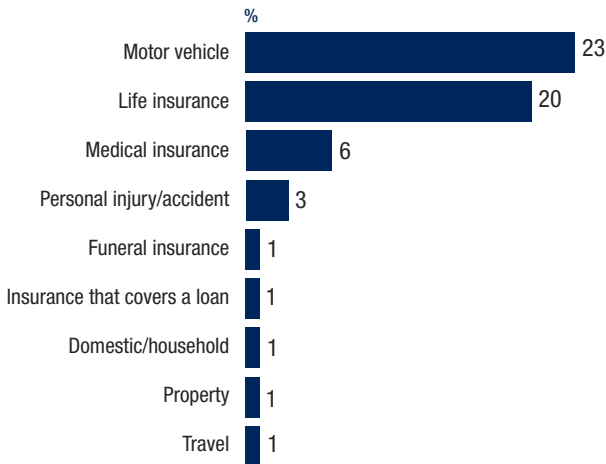


Insurance and risk management

38% of adults have insurance

Drivers

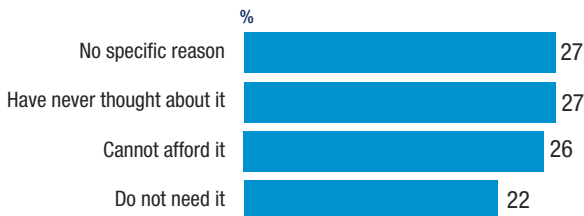
Uptake (drivers) of insurance products [%]



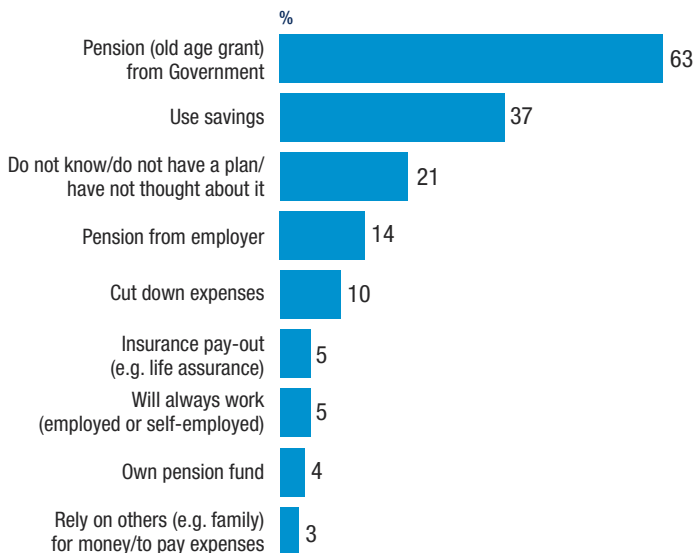
62% of adults do not have insurance

Barriers

Barriers to insurance uptake (of those who do not have insurance)



Strategies for meeting expenses in old age [%]

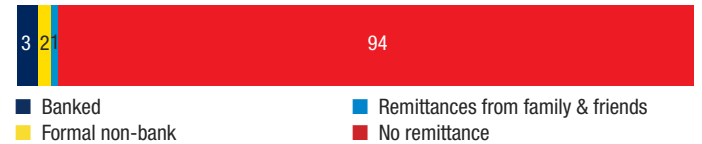


Remittances

Incidence of remittances

- 2% of adults in Mauritius either sent or received money to or from family members, parents, and children within Mauritius, usually on a monthly basis
- 4% of adults sent or received money to or from people living outside of Mauritius

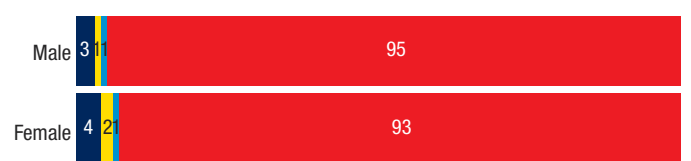
Remittances strand



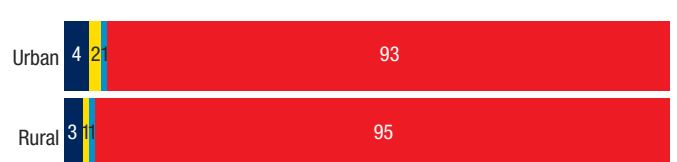
Mauritius vs Rodrigues



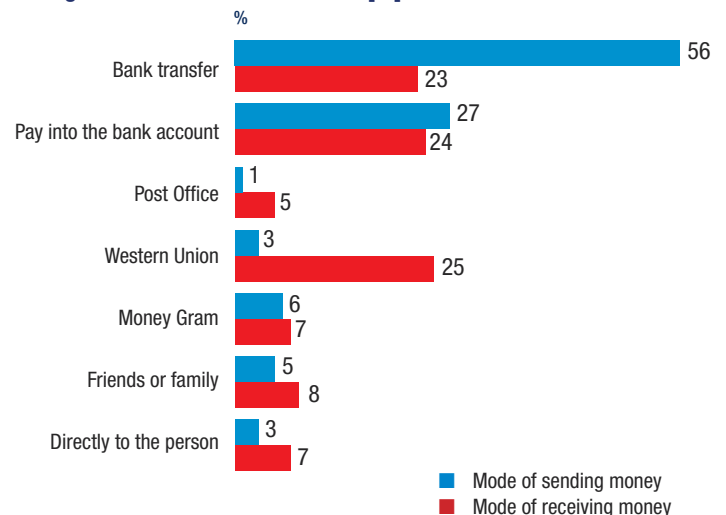
Remittances strand by gender



Remittances strand by location



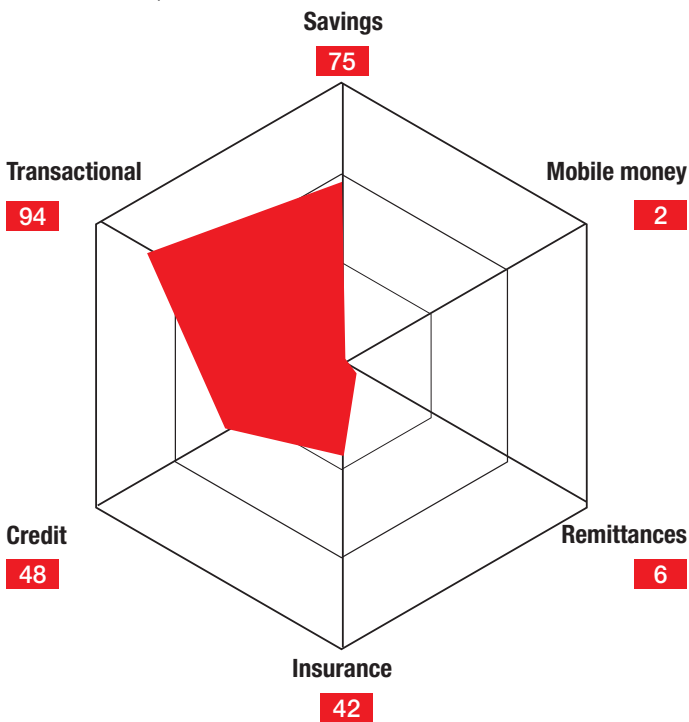
Payment channels used to send and receive money among those who use remittances [%]



Landscape of Access

The Landscape of Access looks at the types of products taken up by consumers and describes the percentage of adults that have/use formal and informal products/mechanisms (of those financially included), including the following:

- Transactional products/services
- Savings products/services (excluding those who save at home)
- Credit products/services (excluding those who borrow from friends and family)
- Insurance products/services
- Remittance products/services



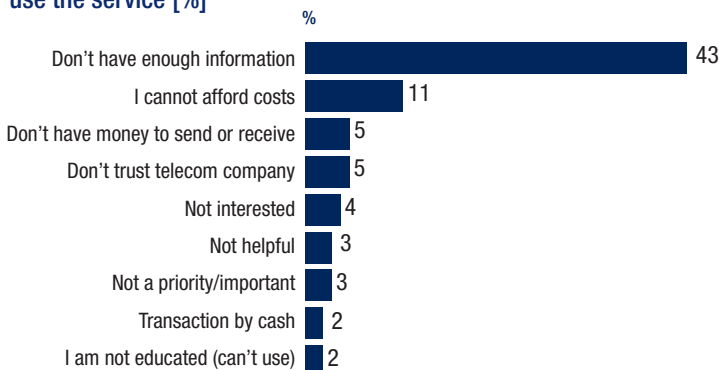
Mobile money

- 32% know about mobile money, but only 2% actually use it as registered users

98% of adults do not use mobile money services

Barriers

Barriers to mobile money among those who do not use the service [%]



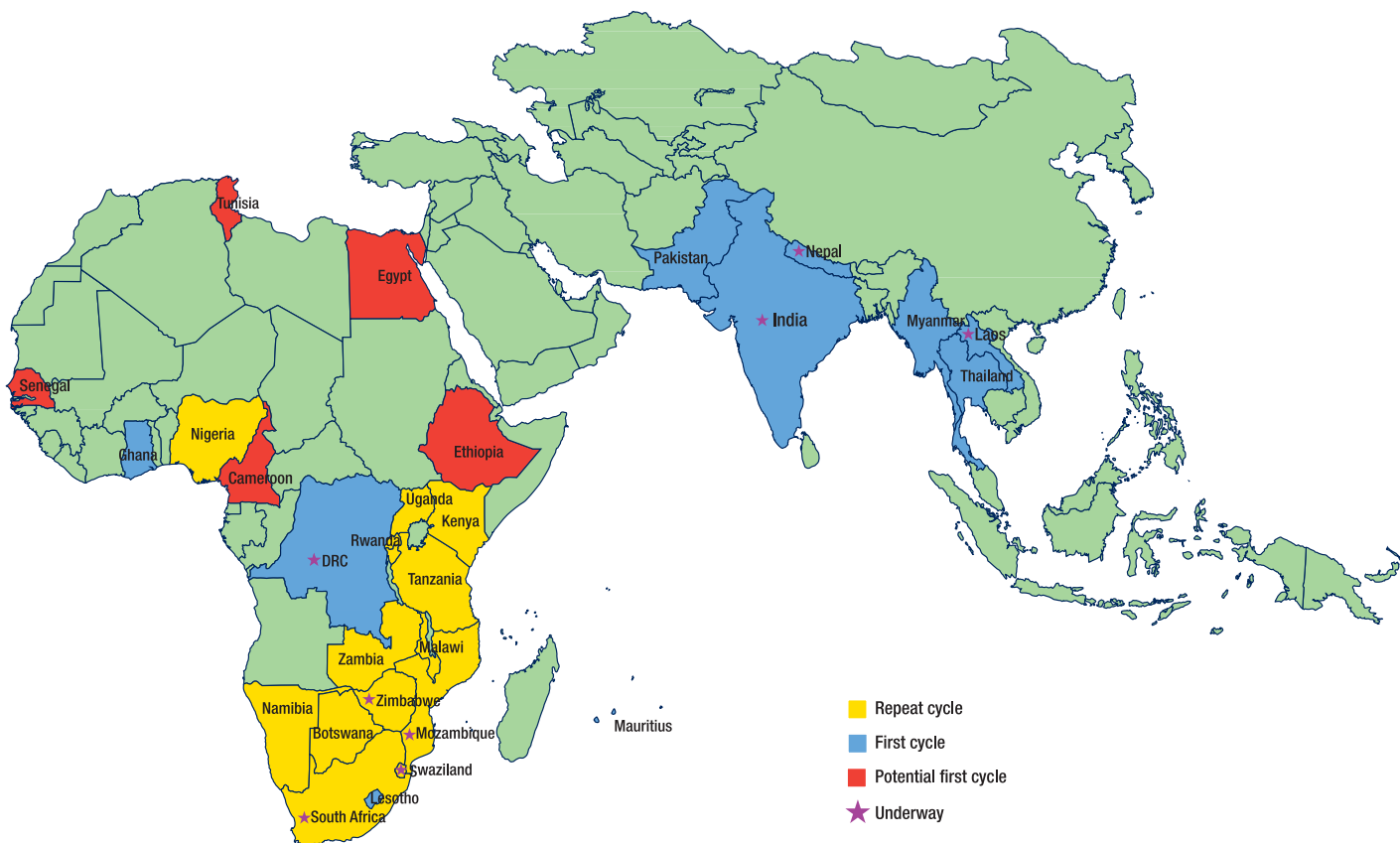
Key findings – summary

- Mauritius ranks first within SADC with an overall financial inclusion level of 90%
- Generally, the picture of financial inclusion incidence is as follows:
 - Banking 85%
 - Formal (non-bank) 49%
 - Informal 26%
 - The financially included landscape of Mauritius is driven by banking through transactional products (94%)
- Credit is mainly sourced from the banks accounting for 27% of all adults
- Of all adults, 61% are saving at the bank while 3% are saving at home
- The insurance sector in Mauritius is significantly pushed by motor insurance (23%) and life insurance (20%)
- Use of remittances in Mauritius is low (6% for those adults who are financially included)
- **Income regularity:** this hampers inclusion as most financial products are pegged on regularity of income. Of those unbanked, the main barriers were:
 - Insufficient money coming in (59%)
 - Insufficient balance after paying for expenses (29%)
 - Cannot maintain minimum balance (8%)
- Around 52% of all adults reported to be engaging in playing 'games of chance' which accounts for an estimated 3% of their budget
- 15% of adults who show signs of over-indebtedness have a credit. This signals future areas that need to be carefully managed by proper communication of the risks to these individuals
- Financial literacy/education campaign could prove valuable to assist in the financial decision-making of adults since:
 - 11% have low financial literacy [e.g. awareness of financial products]
 - 21% have low financial skills [e.g. how to budget, keep records]
 - Seeking advice from experts or reputable institutions is low with 52% seeking advice from partners/family members/friends
- About 84% use mobile phones, yet only 2% are registered users of mobile money
- Mobile money has a strong potential to become an enabler for financial inclusion in Mauritius

FinScope footprint

FinScope Consumer Surveys have been implemented in 19 countries including Mauritius. This allows for cross-country comparisons and sharing of findings which are key in assisting ongoing growth and strengthening the development of financial markets.

FinScope Mauritius 2014 contains a wealth of data based on a nationally representative sample of the adult population in Mauritius.



Contact

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FinMark Trust, an independent trust based in Johannesburg, South Africa, was established in 2002, and is funded primarily by UKaid from the Department for International Development (DFID) through its Southern Africa office. FinMark Trust's purpose is 'Making financial markets work for the poor, by promoting financial inclusion and regional financial integration'. This is done by promoting and supporting financial inclusion, regional financial integration, as well as institutional and organisational development, in order to increase access to financial services for the un-served and under-served. In order to achieve this, FinMark Trust commissions research to identify the systemic constraints that prevent financial markets from reaching out to these consumers and by advocating for change on the basis of research findings. Thus, FinMark Trust developed the FinScope tool, including both the FinScope MSME Survey and the FinScope Consumer Survey.