



# FINSCOPE UGANDA 2023

## FINDINGS

11 APRIL 2024

Kampala

# FINSCOPE UGANDA 2023

## Background and Introduction



# ACKNOWLEDGEMENTS

## Steering Committee members

- This research was made possible with funding from Bank of Uganda (BoU), aBi Finance Ltd and the Bill and Melinda Gates Foundation (BMGF), through Financial Sector Deepening Uganda (FSDU) and a partnership with the FinScope Secretariat - BoU; the FinScope steering committee and Uganda Bureau of Statistics (UBOS).
- FinMark Trust provided technical assistance and implemented analysis and report writing.

Steering committee members:

1. BoU
2. UBOS
3. Ministry of Finance, Planning and Economic Development
4. Uganda Bankers Association
5. Uganda Retirement Benefits Regulatory Authority
6. Uganda Cooperative Savings and Credit Union Limited
7. Uganda Insurers Association
8. Uganda Microfinance Regulatory Authority
9. Capital Markets Authority of Uganda
10. Insurance Regulatory Authority of Uganda
11. Association of Microfinance Institutions of Uganda
12. Uganda Cooperative Alliance
13. National Payment Services Providers Association (NPSPA)
14. Development Partners (FSD Uganda, aBi Finance Ltd)



# FINSCOPE UGANDA 2023 OBJECTIVES

FinScope is a demand-side study of access, uptake, usage and perceptions of financial services.

The 2023 survey has three main objectives:

- To track overall trends in financial inclusion to provide information on how the landscape of financial inclusion has changed since 2018, including benchmarking these trends with countries within the region
- To provide insights that could be utilized both at policy and market levels to further deepen financial inclusion
- To describe the financial service needs of the adult population (i.e. individuals 16 years or older) in Uganda.

Financial sector stakeholders will use the findings to support the development and delivery of financial services to lower-income households and to assist in the development of an enabling environment within which these services can be delivered.

The study will also be used to track current NFIS targets and guide target-setting for the future.



# FINSCOPE SAMPLING

A three-stage stratified sampling approach was used to arrive at a representative sample of individuals aged 16 years and older:

- First stage is geographic representation. 320 enumeration areas (EAs) selected by UBoS to ensure national, regional and urban-rural representativeness.
- Second stage is household representation within each EA. 10 households selected at random from a comprehensive list of households in the EA. BOU enumerators conducted the listing.
- Third stage of sampling is individual representation. One adult (i.e. an individual 16 years or older) was selected at random from each of the selected households to be interviewed.

- The sampling approach ensures that results from the survey can be disaggregated by region and location setting (i.e. rural or urban) as well as by demographic attributes such as sex.

Targeted EAs: 320 EAs

Achieved EAs: 319 EAs

Targeted Sample: 3 200 Respondents

Achieved Sample: 3 176 Respondents (99% response rate); the FinScope 2023 survey data represented an adult population of 24.6 million



# FINSCOPE UGANDA 2023 FINDINGS

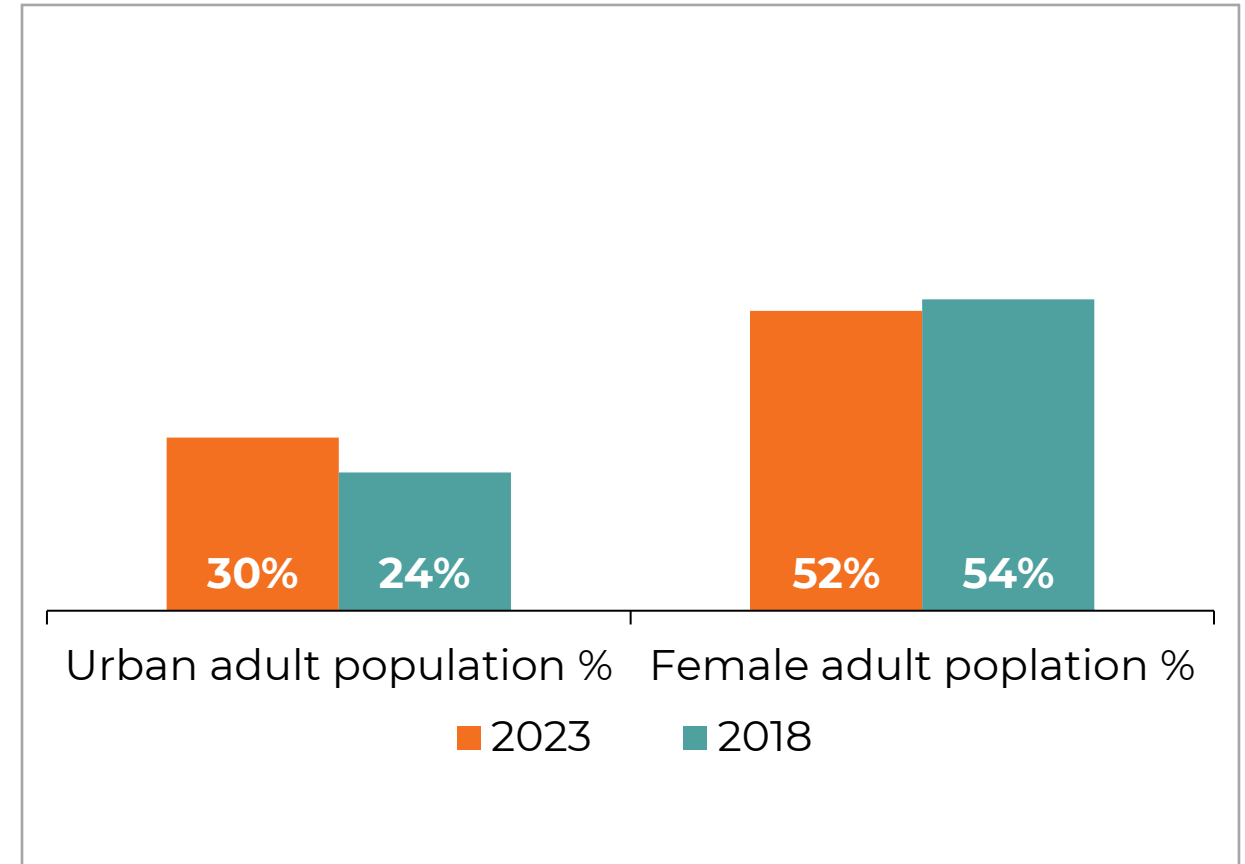
## Demographic Background



# ADULT POPULATION CHANGES

## Increase in Urbanisation

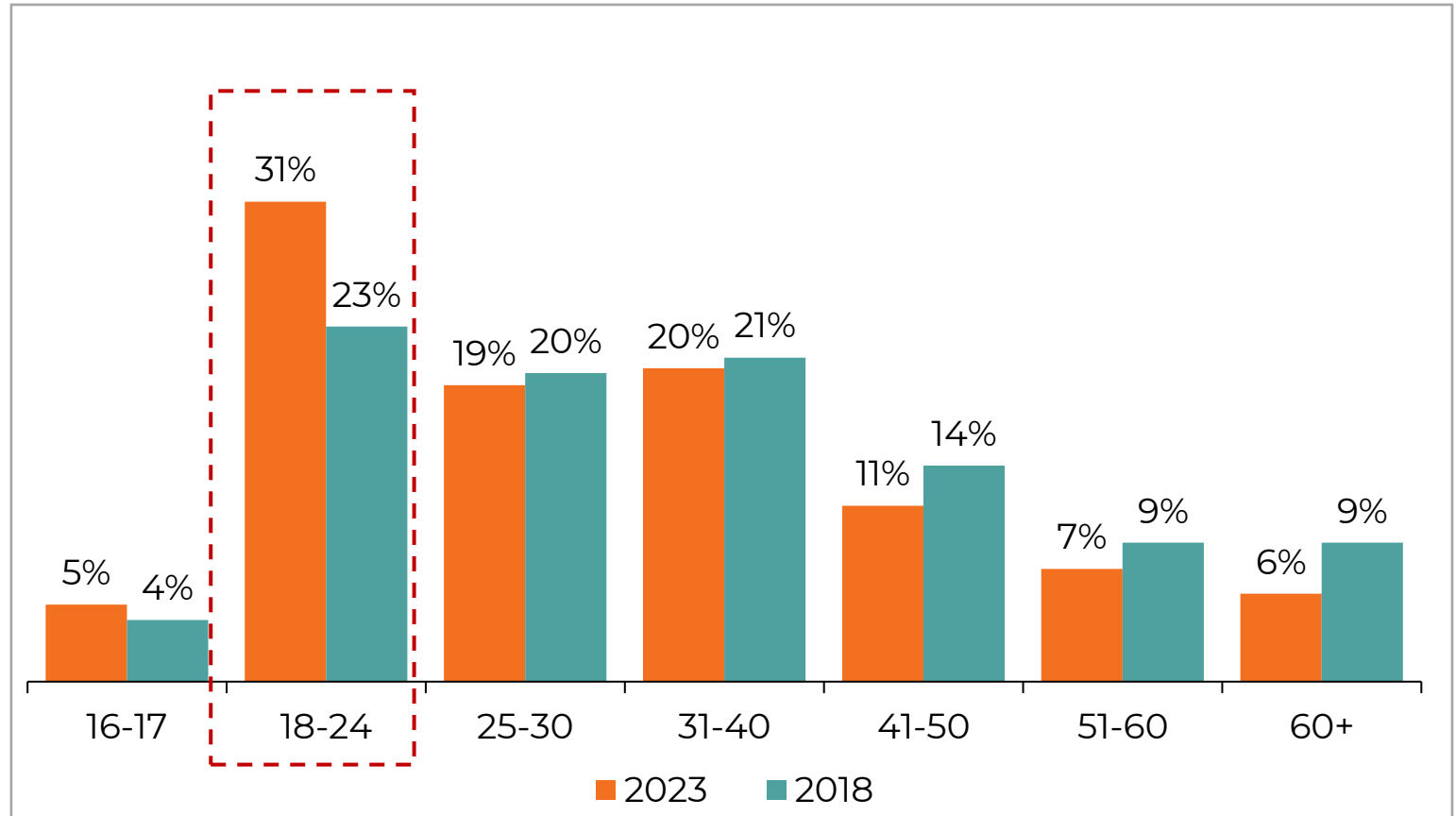
- The adult population has grown significantly since 2018, from 18.6 million to 24.6 million.
- Based on the data weighting, the proportion of men and adults living in urban areas has increased since 2018.



# AGE DISTRIBUTION CHANGES

## The adult population is becoming more youthful

- This big shift in the age profile is important to note because compared with 2018, the 2023 adult population will show very different earnings and financial behaviours and attitudes.
- This has important implications for financial inclusion.





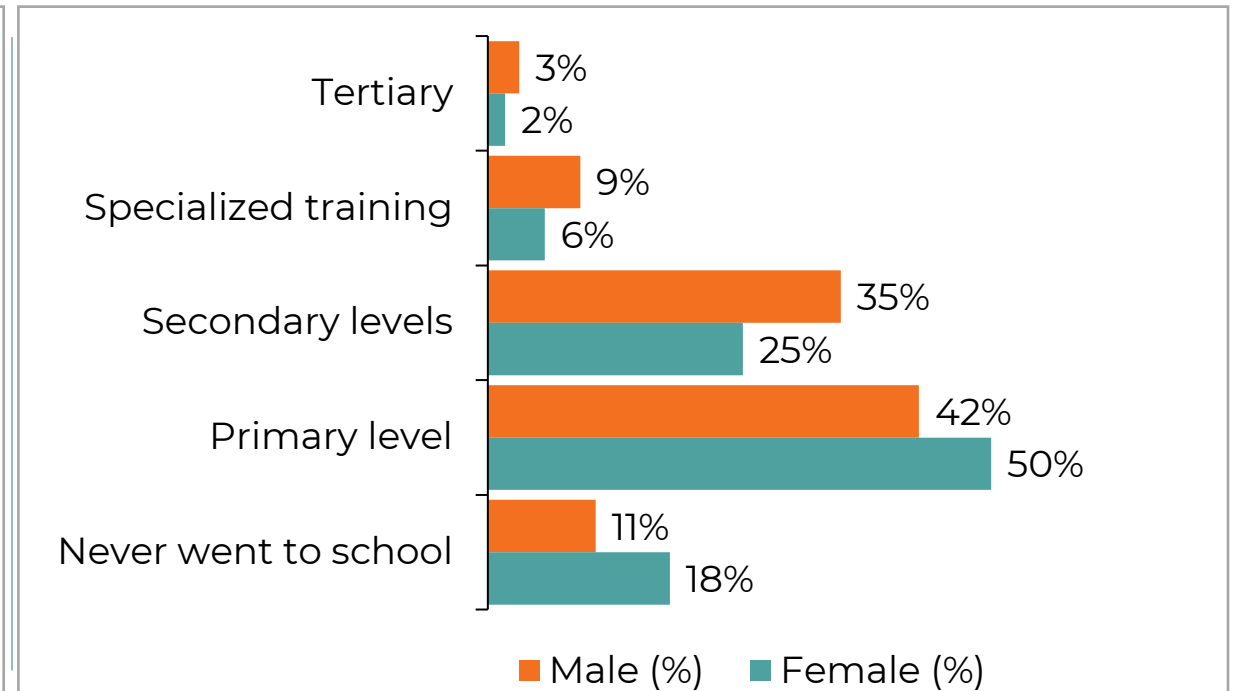
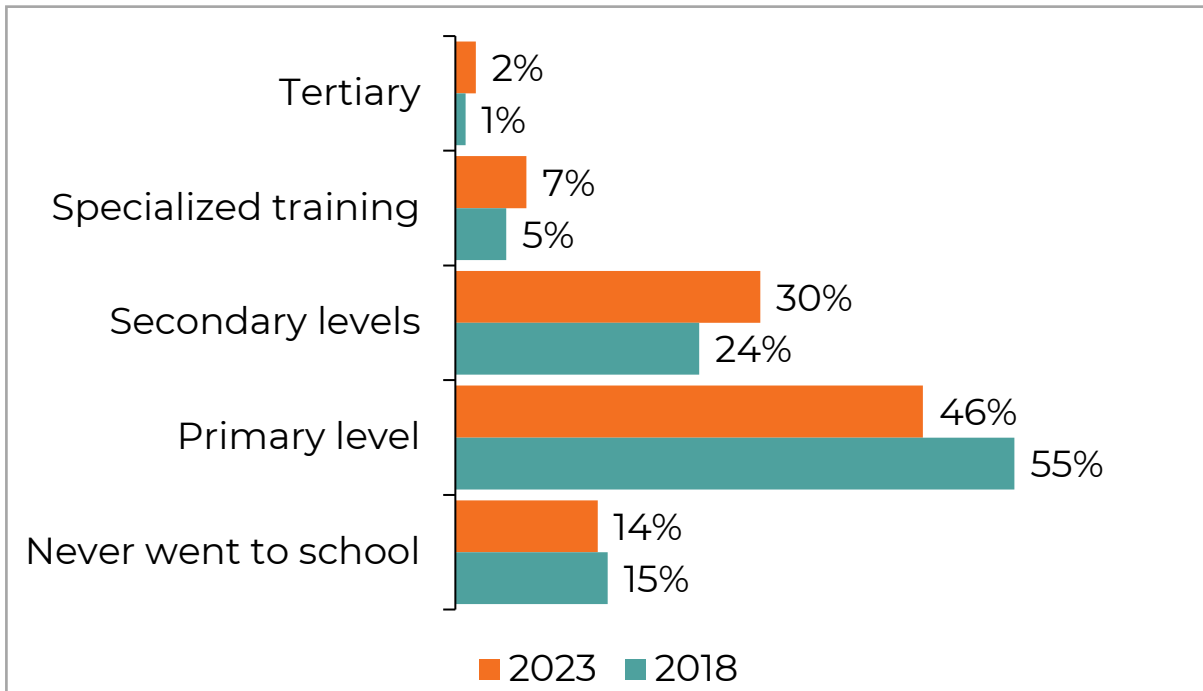
# EDUCATIONAL ATTAINMENT

## Attainment is improving, with clear gender gaps

61% of adults have not achieved secondary levels of education.

This is an improvement from 2018's level where 70% had not achieved secondary education.

There is a gender gap: 68% of women have not progressed beyond primary school versus 57% of men.



# FinScope Uganda 2023 findings

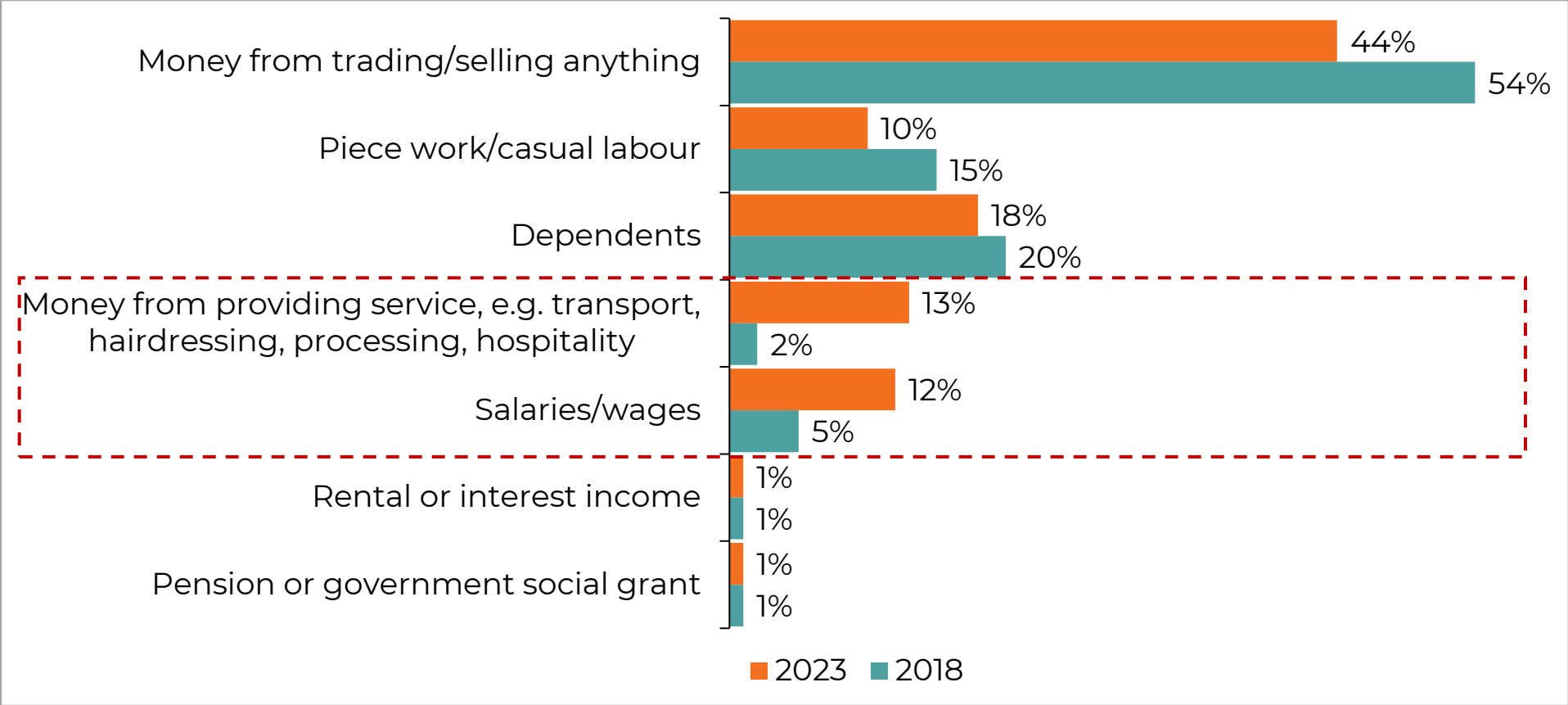
## Income



# MAIN SOURCE OF INCOME

## Trading dominates but wage/salaries and services gaining prominence

- It looks like there has been an upward shift in the proportion of the population earning money from salaries and wages, as well as providing services, and away from selling goods and casual labour.



# FinScope Uganda 2023 findings

## Green finance



# GREEN FINANCE

## Green growth concepts used

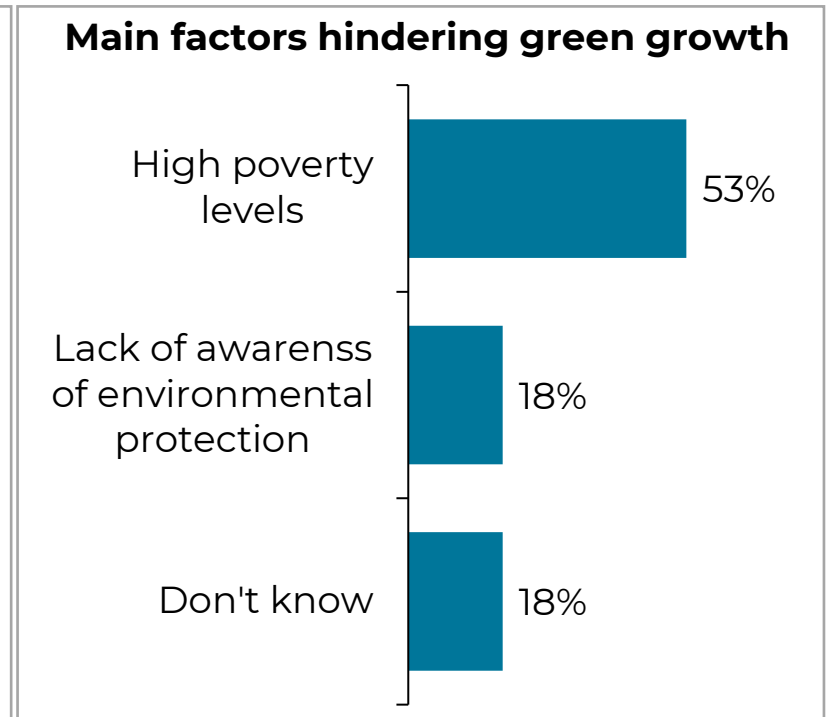
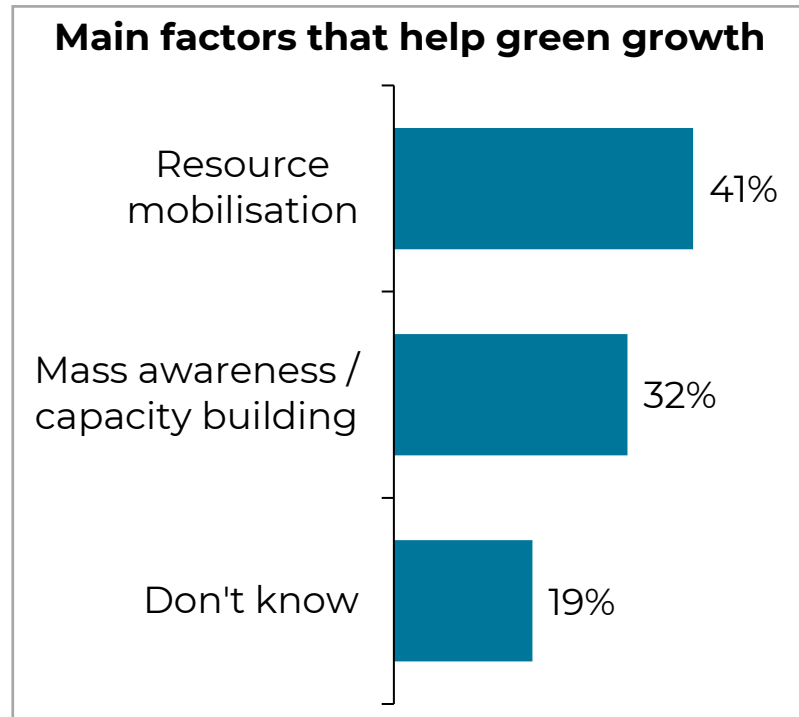
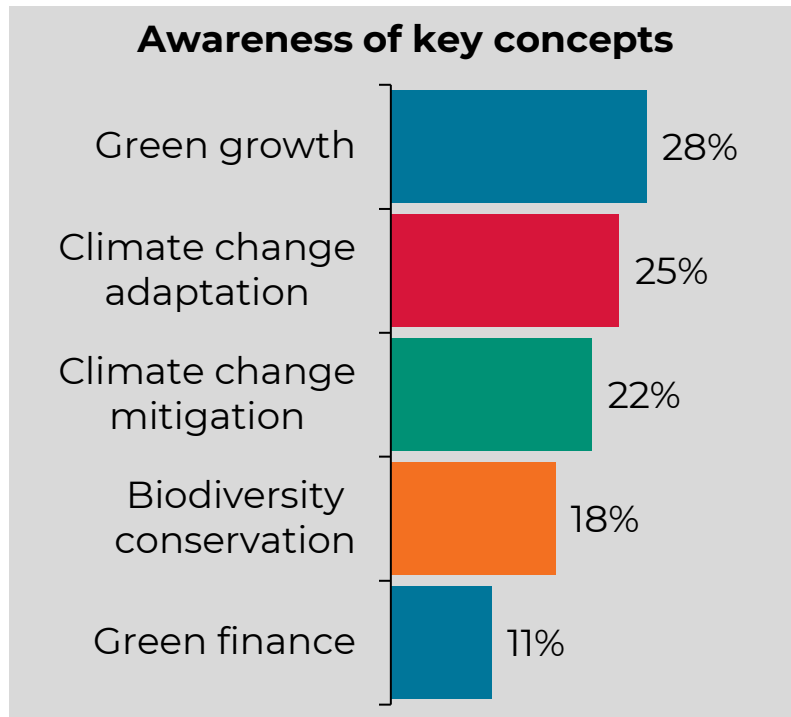
- **Green Growth:** An agenda/model/path/approach for fostering economic growth and development, while ensuring we do no harm.
- **Climate Change Adaptation:** Investments or activities that reduce the vulnerability of human or natural systems to the impacts of climate change.
- **Climate Change Mitigation:** Investments or activities that reduce or limit greenhouse gas (GHG) emissions or enhance GHG capture.
- **Biodiversity Conservation:** Investments or activities that protect life for the benefit of present and future generations.
- **Green Finance:** Any structured financial activity (product or service) created to ensure a better environmental outcome – e.g. minimize the impact on the climate.
  - Can be;
    - 1. Loans,
    - 2. Equity,
    - 3. Grants or
  - a combination of the 3.



# GREEN GROWTH AWARENESS IS A CHALLENGE

## Limited awareness and incomes hinder green growth

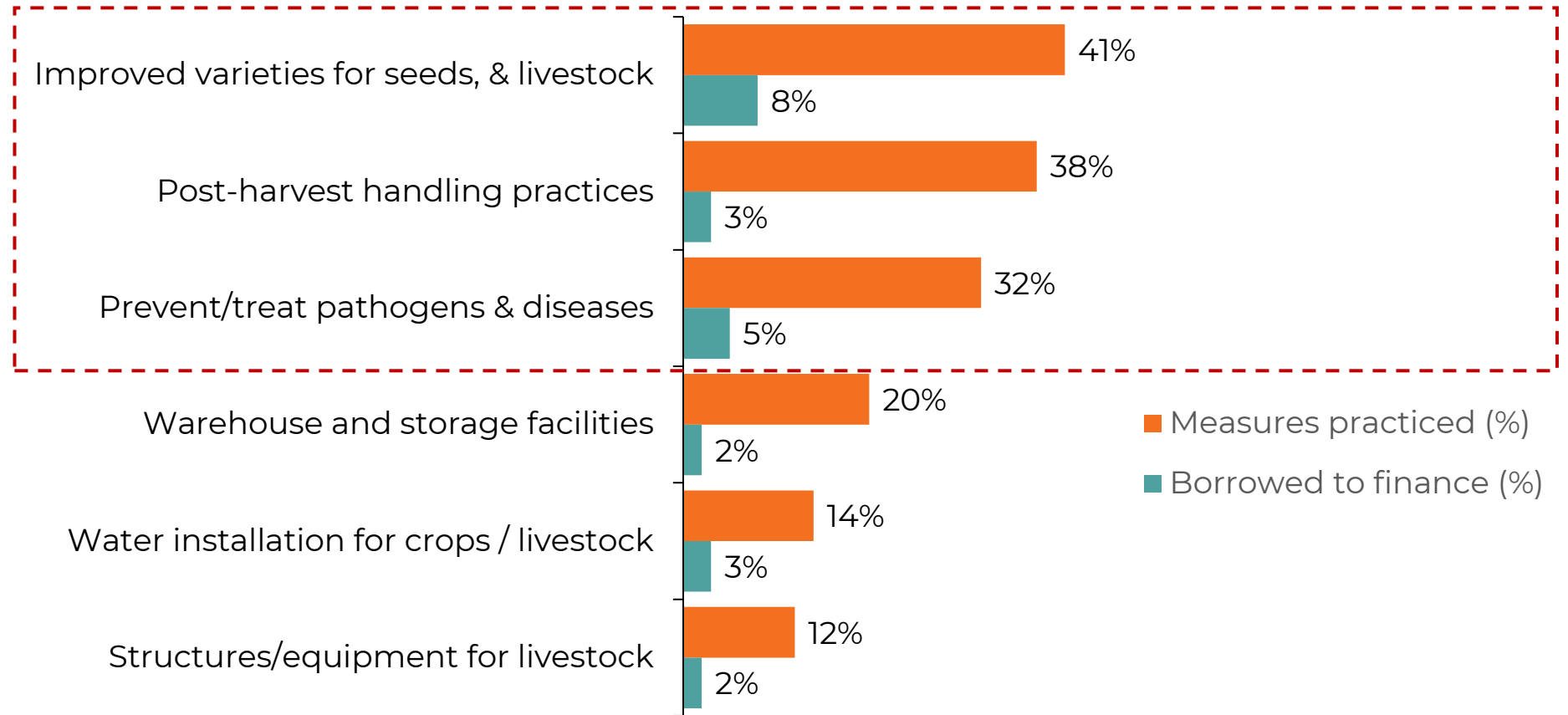
Only 28% of Ugandan adults are aware of “green growth”, and fewer are aware of climate change adaptation, mitigation, and biodiversity conservation. Only 11% are aware of green finance. Ugandans cite poverty as the main obstacle and claim resources and awareness would bolster green growth.



# FARMERS TEND TO PRACTICE BUT DO NOT FINANCE GREEN ACTIVITIES

## Traditional practices rather than infrastructure / energy investments

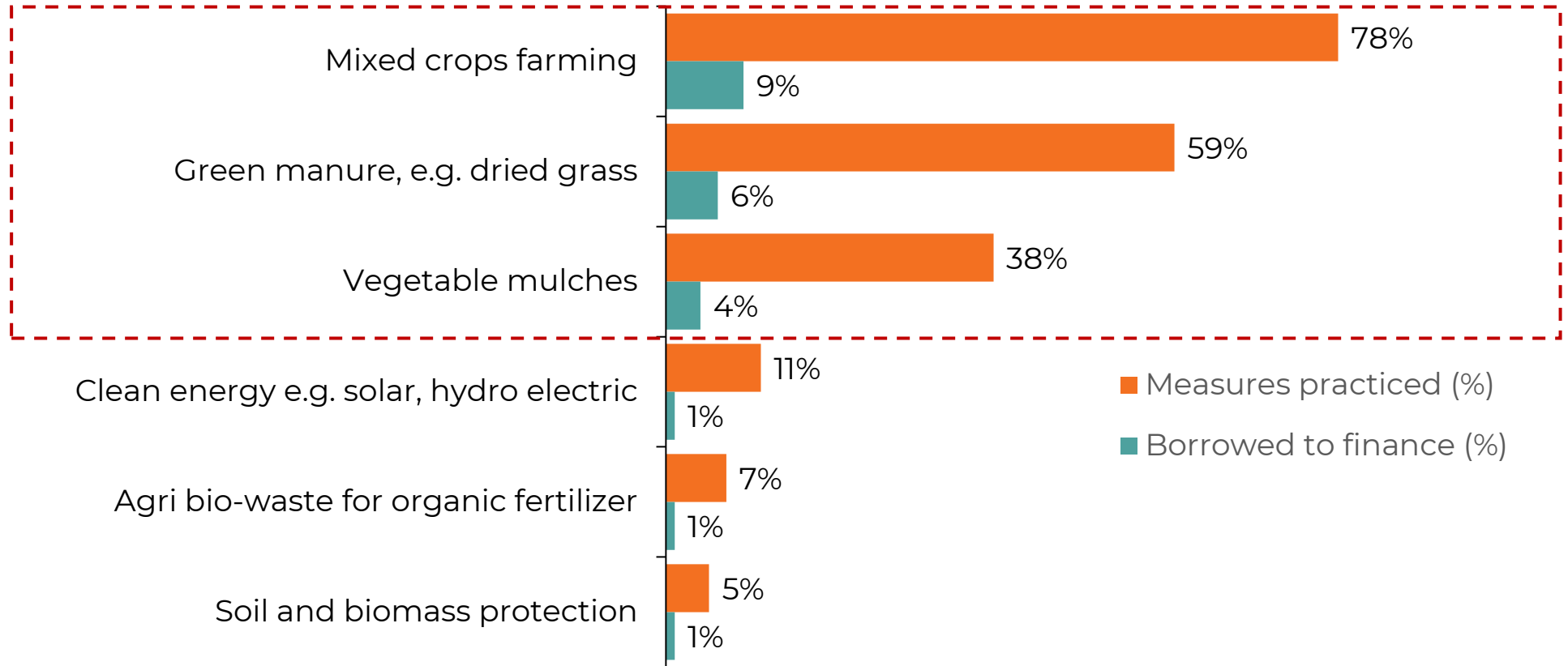
### Climate Adaptation



# FARMERS TEND TO PRACTICE BUT DO NOT FINANCE GREEN ACTIVITIES

Traditional practices rather than infrastructure / energy investments

## Climate Change Mitigation

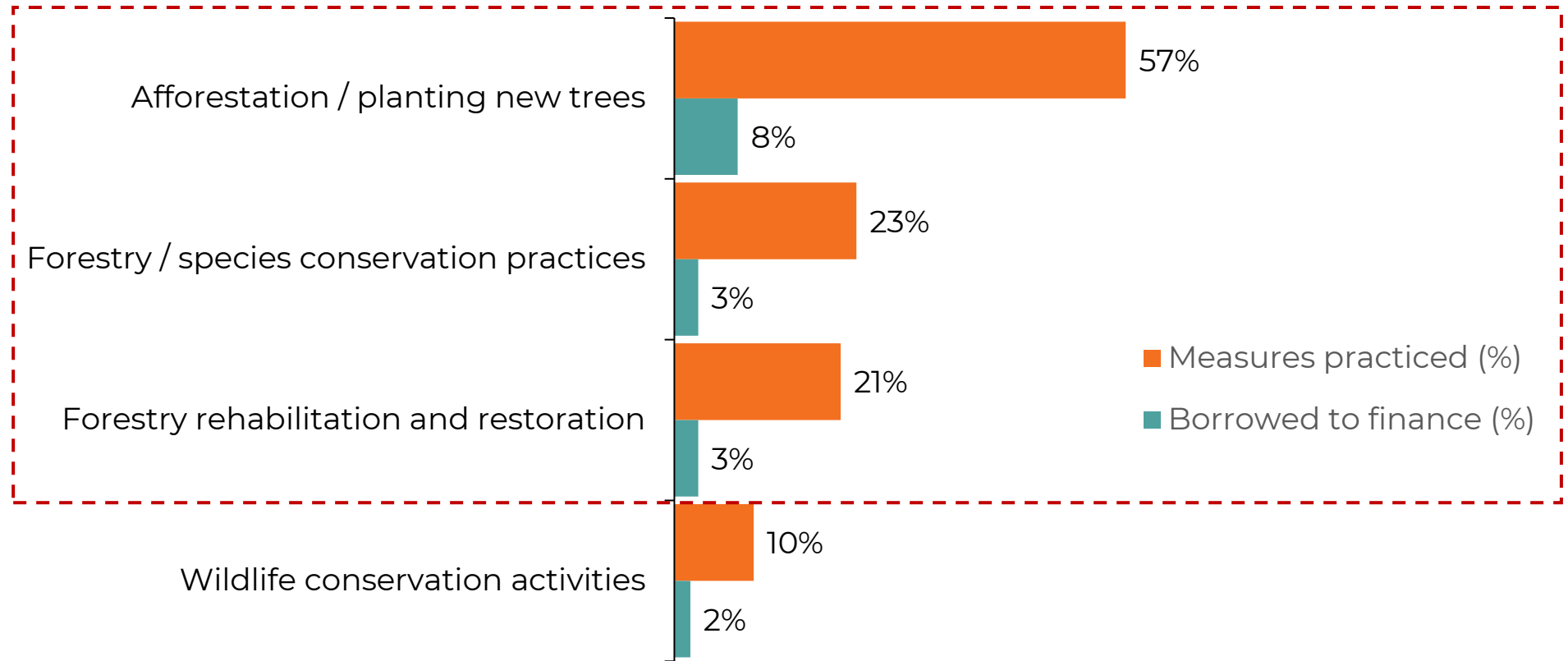




# FARMERS TEND TO PRACTICE BUT DO NOT FINANCE GREEN ACTIVITIES

## Traditional practices rather than infrastructure / energy investments

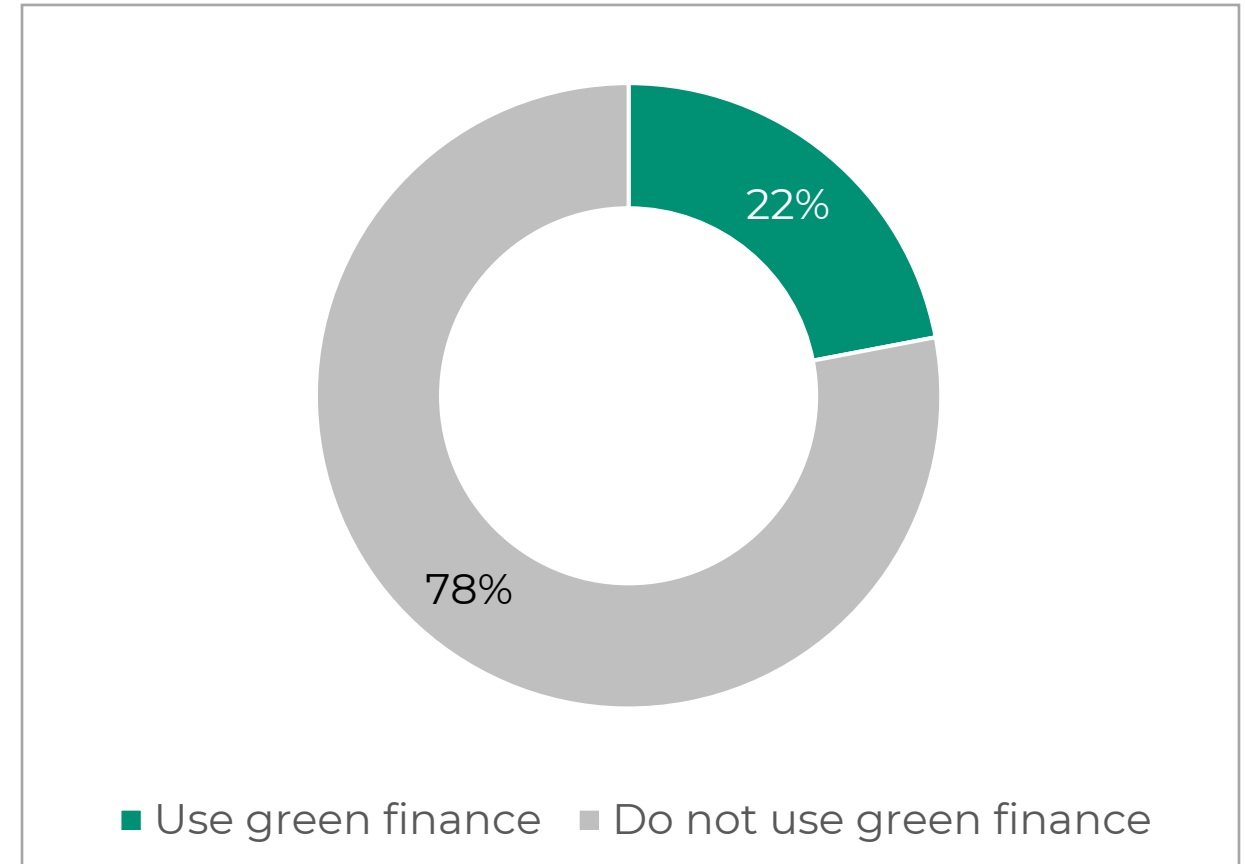
### Biodiversity Conservation



# GREEN FINANCE

## Farmer Use of Green Finance

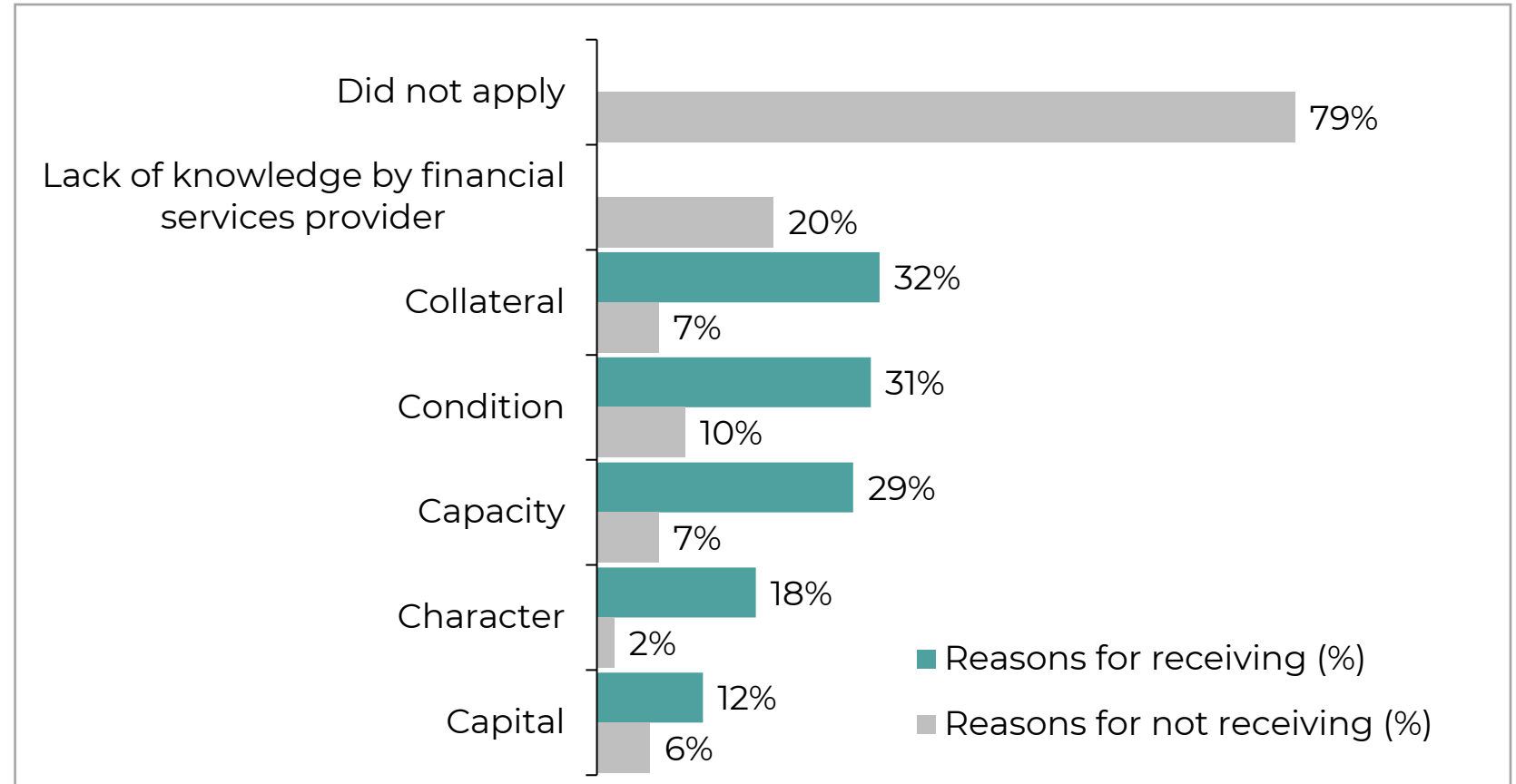
- While 38% of Ugandan adults are involved in agriculture/agribusiness
- Only 22% of them have borrowed for some form of green finance.



# GREEN FINANCE

## Green Financing Reasons

- Collateral, condition and capacity are the main reasons for receiving finance.
- Most farmers without green finance did not apply. There are also knowledge gaps amongst providers.



# FinScope Uganda 2023 findings

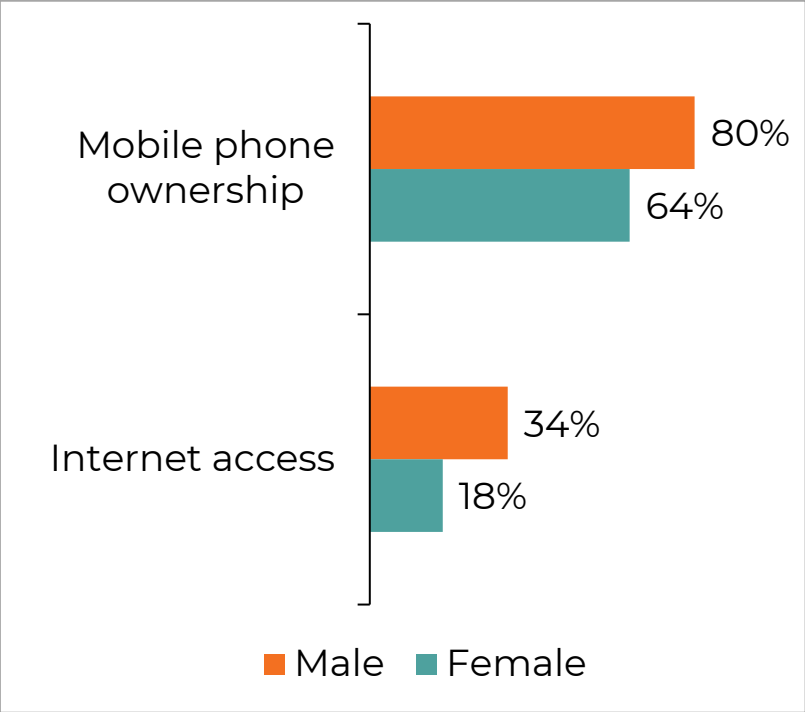
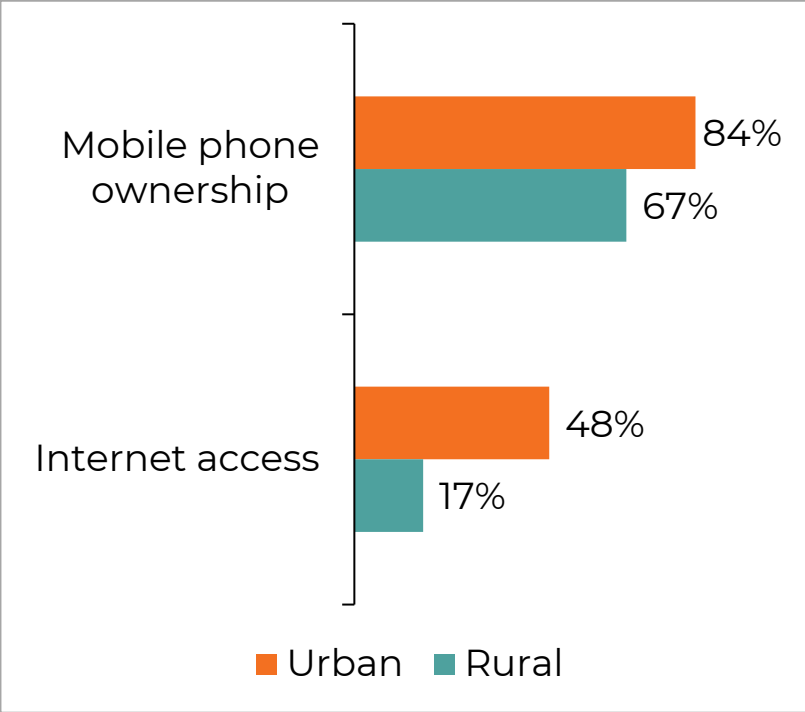
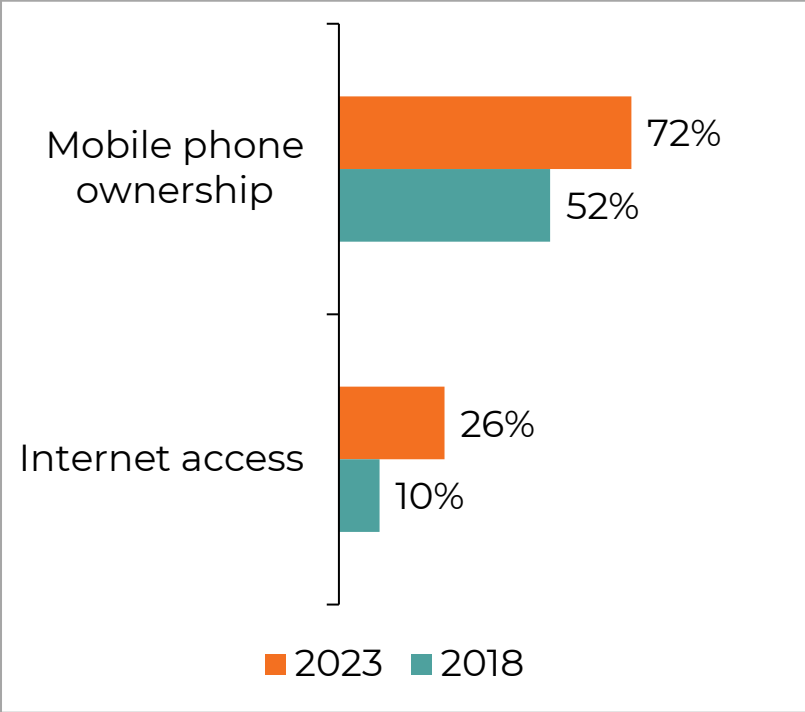
## Connectivity and eligibility



# EXPANDING DIGITAL CONNECTIVITY

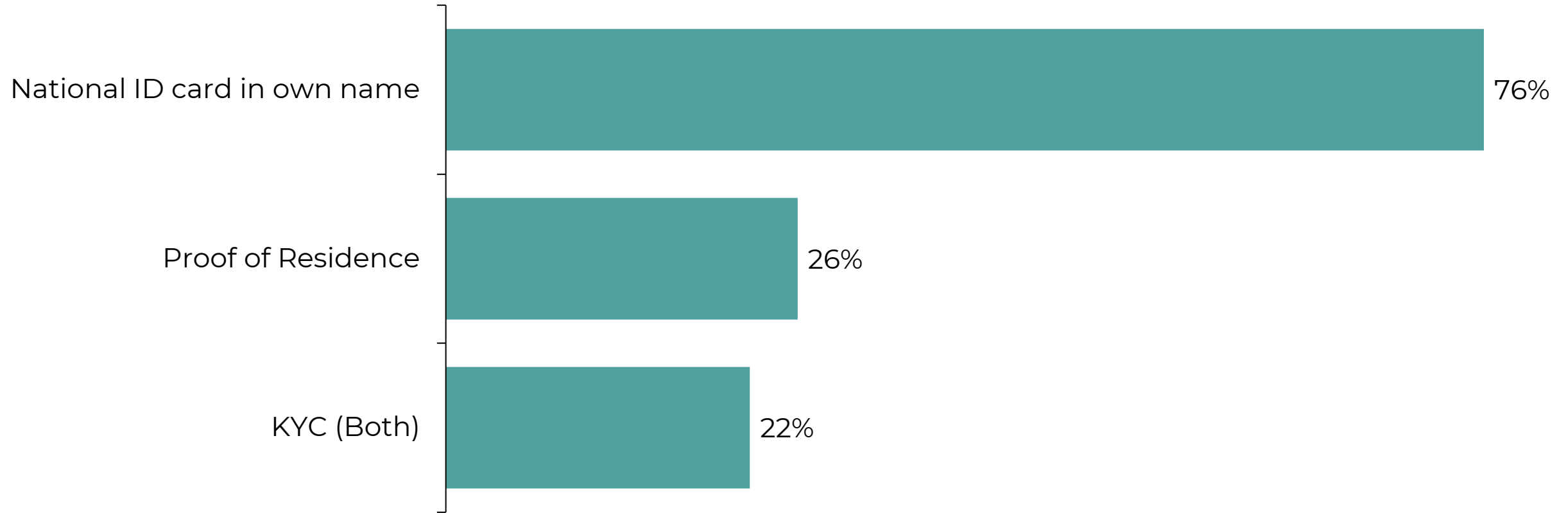
## But big area and gender gaps

Mobile phone ownership is highest amongst 25–50-year-olds, and internet access is highest amongst 18–40-year-olds.



# MEETING ELIGIBILITY REQUIREMENTS

## Proof of residence is a challenge for many Ugandans



# FinScope Uganda 2023 findings

Financial health



# FINANCIAL HEALTH

## Defining financial health

- Financial health or well-being is the extent to which a person or family can smoothly manage their current financial obligations and have confidence in their financial future.
- 4 elements are covered in measuring financial health
  - **Day to day (financial management)**: Smooth short-term finances to meet financial obligations and consumption need
  - **Resilience**: Capacity to absorb and recover from financial shocks
  - **Goals (planning for the future)**: Ability to reach future goals
  - **Confidence**: Feeling secure and in control of finances

*As defined by the United Nations Secretary General's Special Advocate for Inclusive Finance for Development Financial Health Working Group*

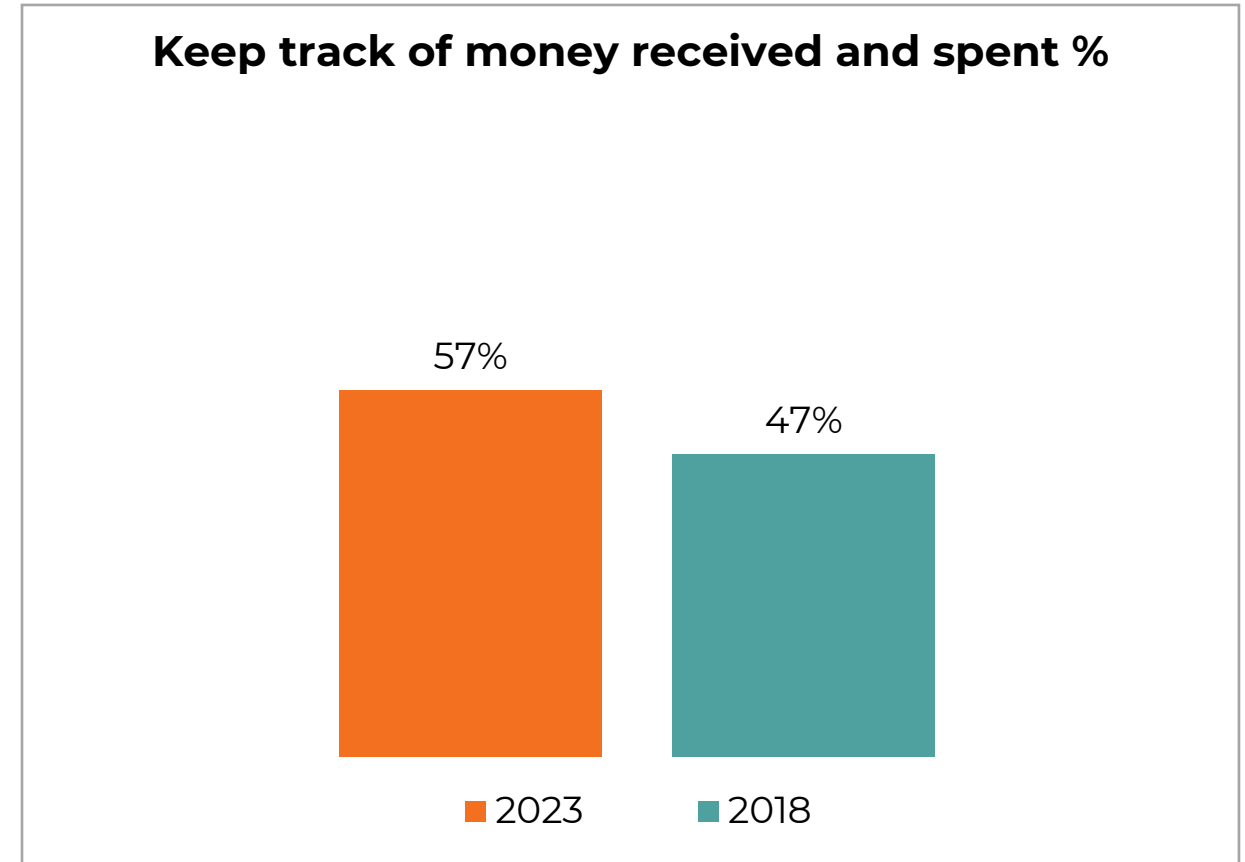




# FINANCIAL MANAGEMENT

## More Ugandans are keeping track of the money

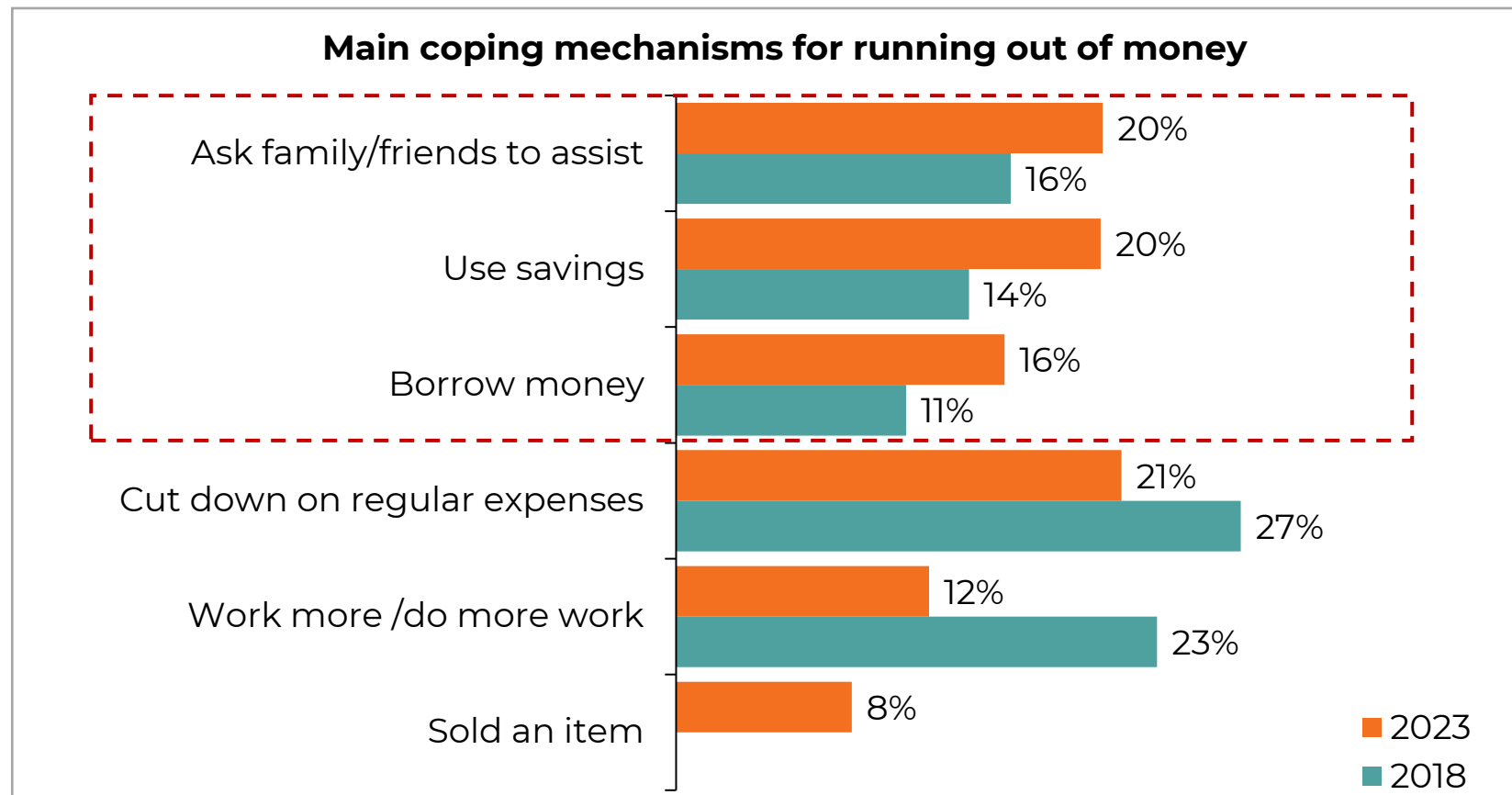
- The proportion of Ugandans who keep track of the money they receive and spend has increased by 10 per cent from the previous FinScope (2018)



# FINANCIAL MANAGEMENT

## Most Ugandans are not managing their budgets well

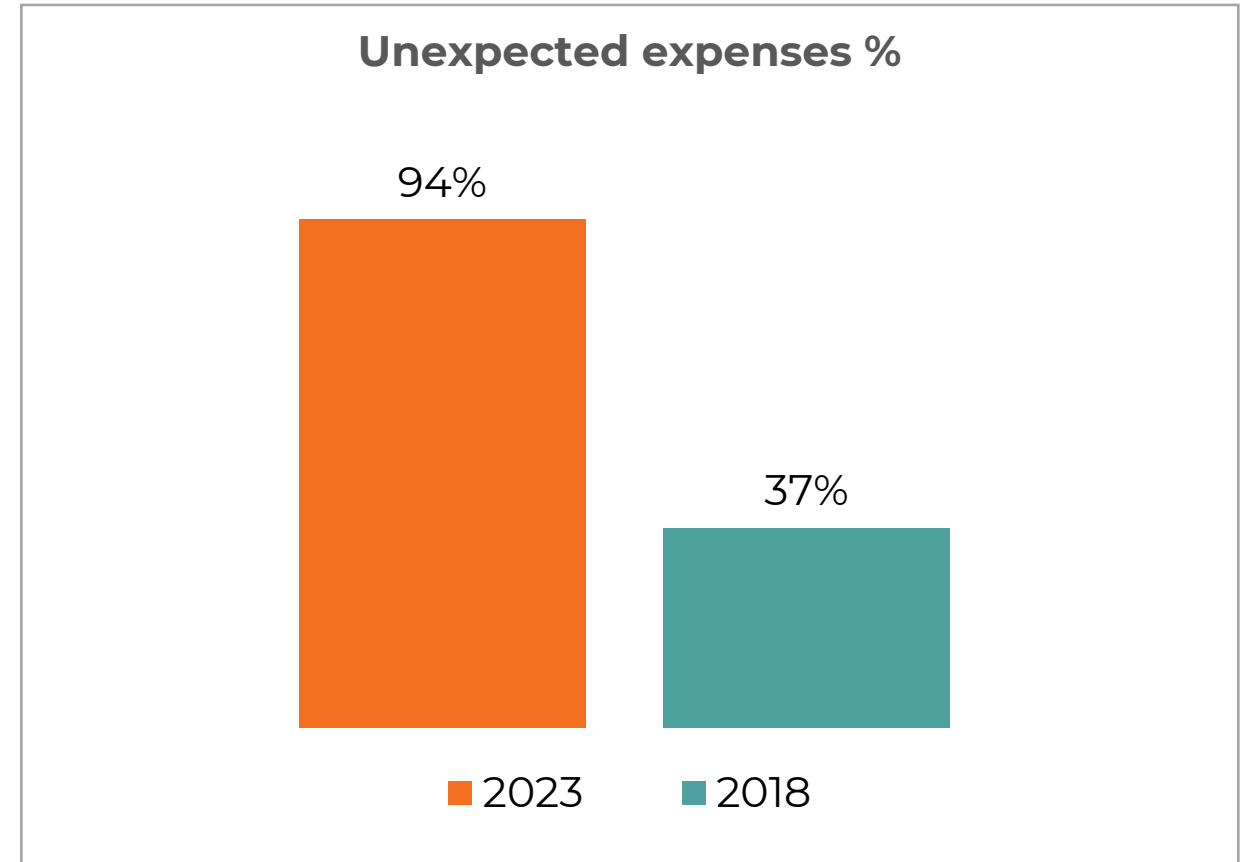
- Seven out of every 10 Ugandans were operating a personal budget deficit (*needing more money than they are earning to cover their personal budget*)
- More Ugandans are relying on their family and friends, personal savings and borrowing to manage their budget deficits than was the case in 2018



# FINANCIAL RESILIENCE

## Most Ugandans are now more vulnerable to economic & social Shocks than in the past

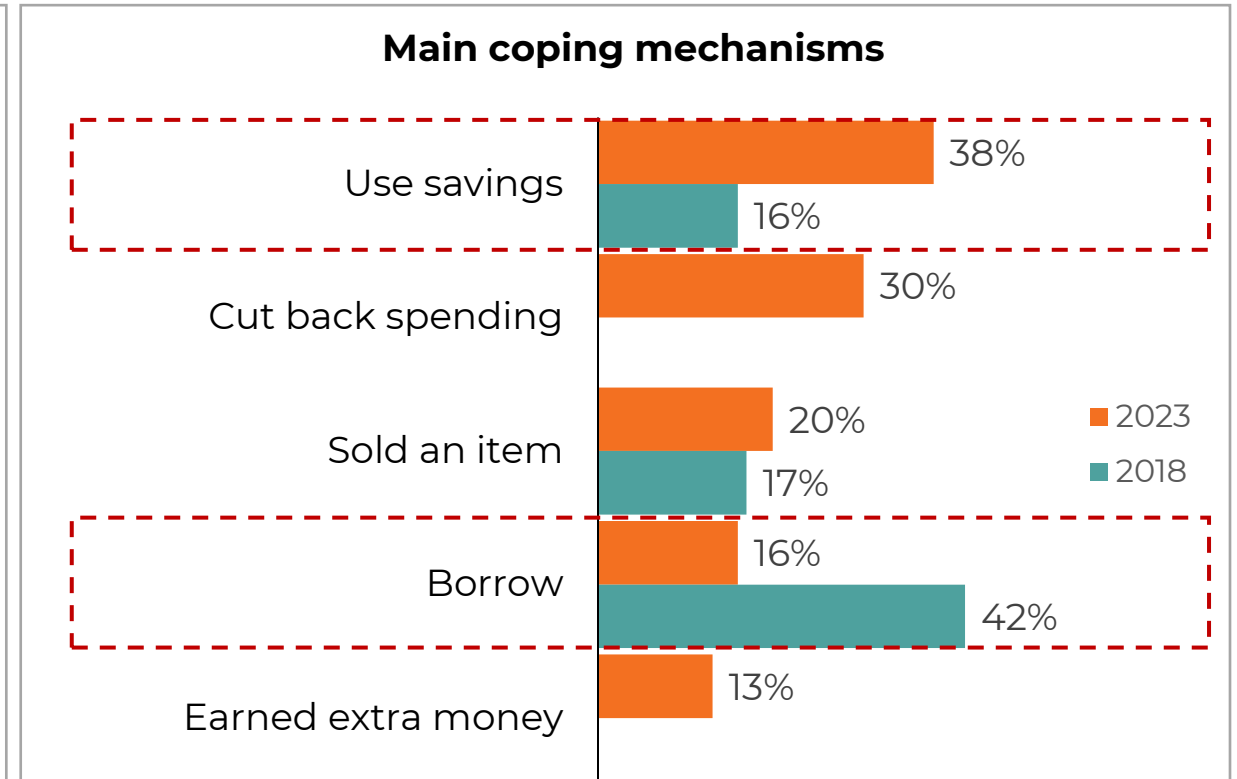
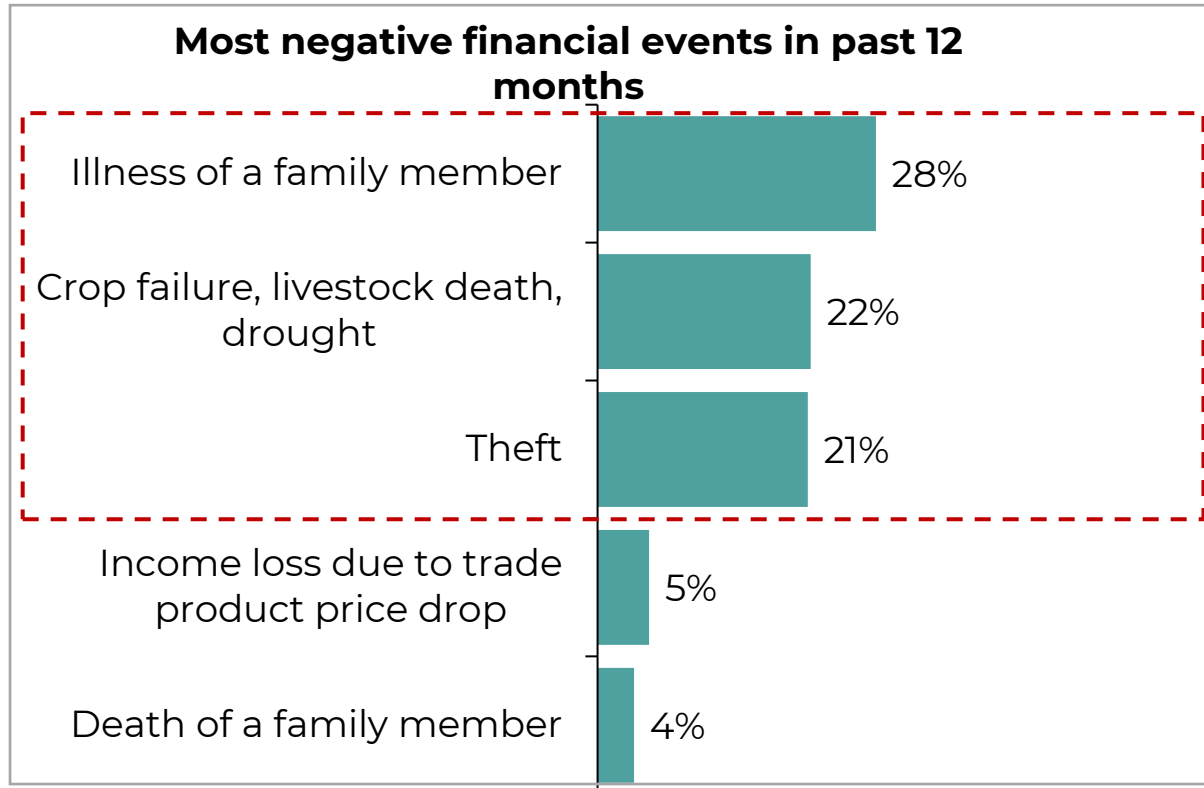
- Nine out of every 10 Ugandans were faced by an unexpected event.
- This number more than tripled from 2018 than was the case in 2023.
- Indicating that more Ugandans are now more vulnerable to economic and social shocks



# FINANCIAL RESILIENCE

## Vulnerability to Economic & Social Shocks

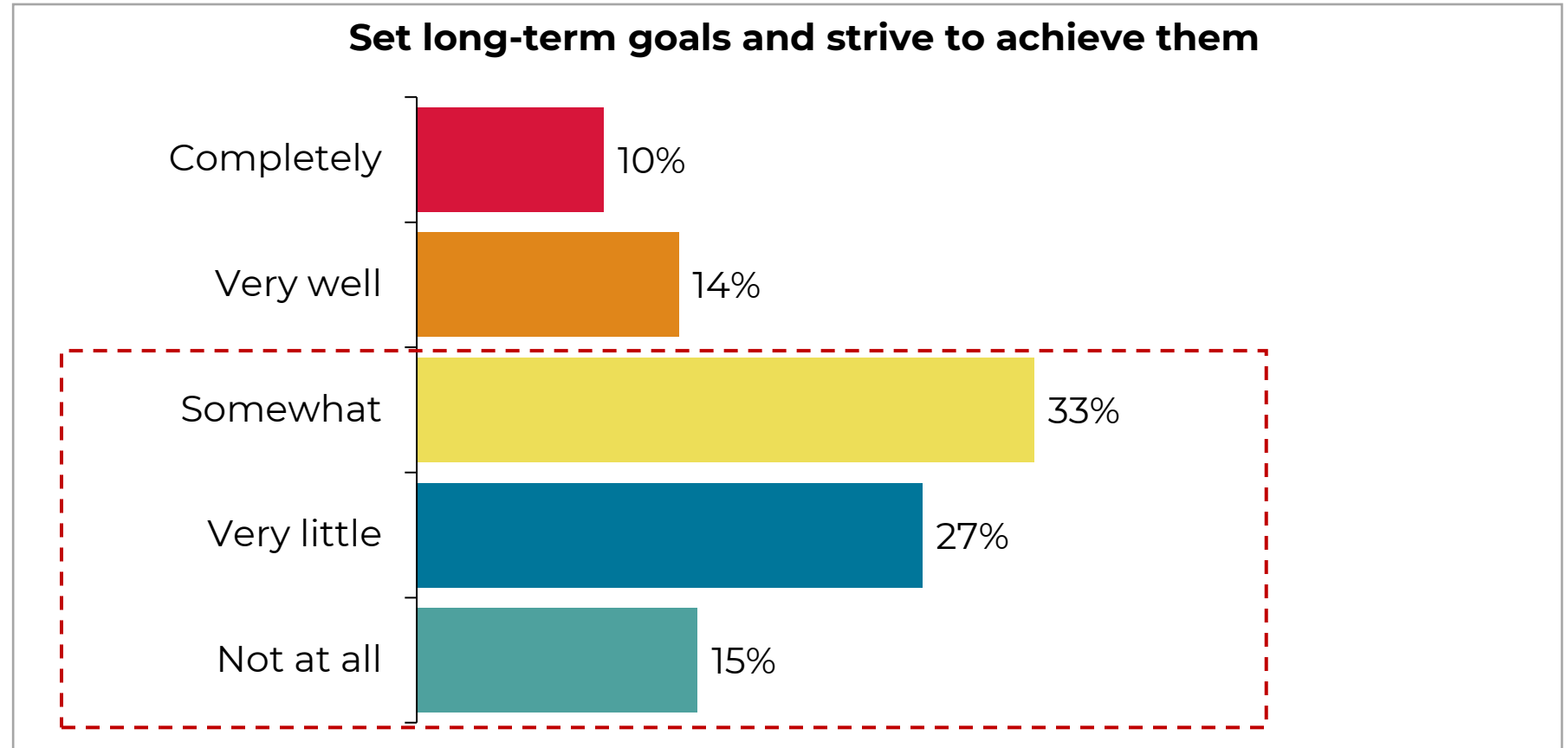
Sickness, agricultural risks and theft were the predominant shocks Ugandans face. More Ugandans are relying on their personal savings than borrowing to manage these shocks than was the case in 2018.



# PLANNING FOR THE FUTURE

## Most Ugandans do not have concrete long-term financial plans

- More than 7 out of every 10 Ugandans have no concrete long-term financial plans

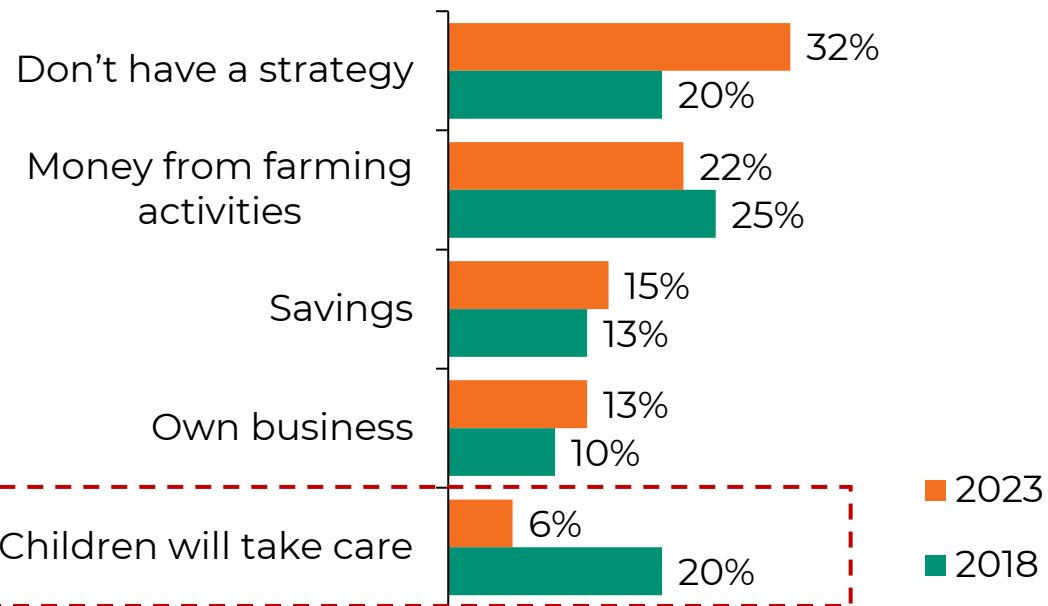


# PLANNING FOR THE FUTURE

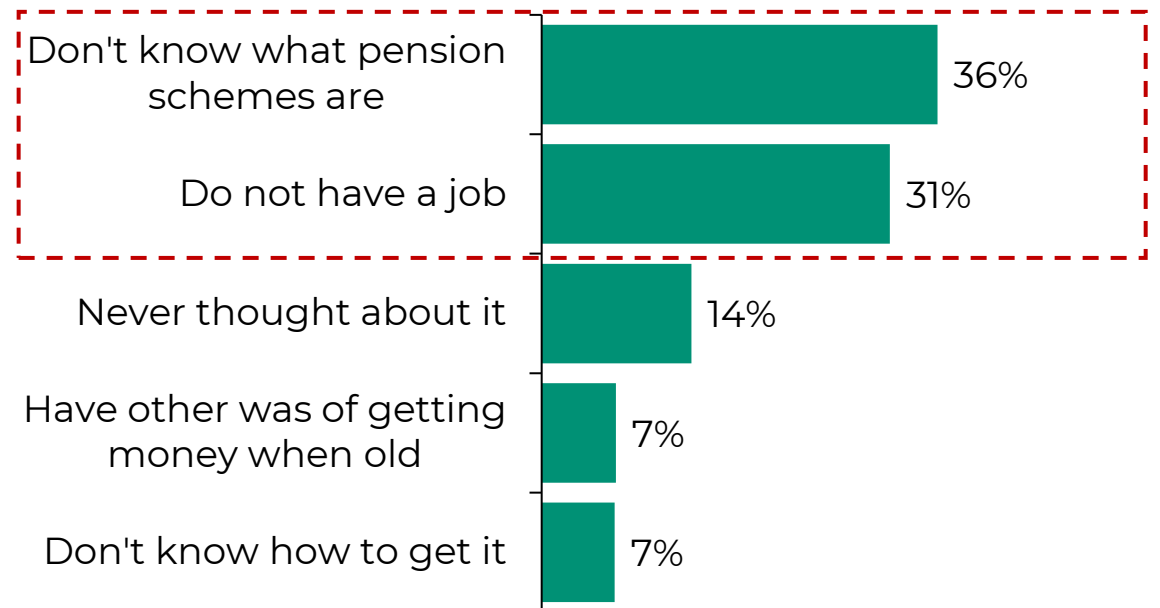
The number of Ugandans relying on their children for their future has greatly reduced than was the case in 2018

The main drivers for lack of pension savings is low levels of awareness and unemployment

## Strategies to be financially secure in the future (% of adults younger than 60 years)



## Reason for not having a pension



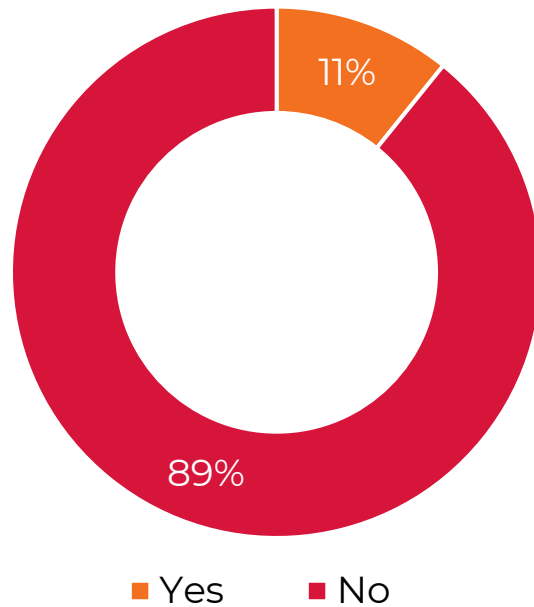
# FINANCIAL CONFIDENCE

## Very few Ugandans are confident in their financial situation

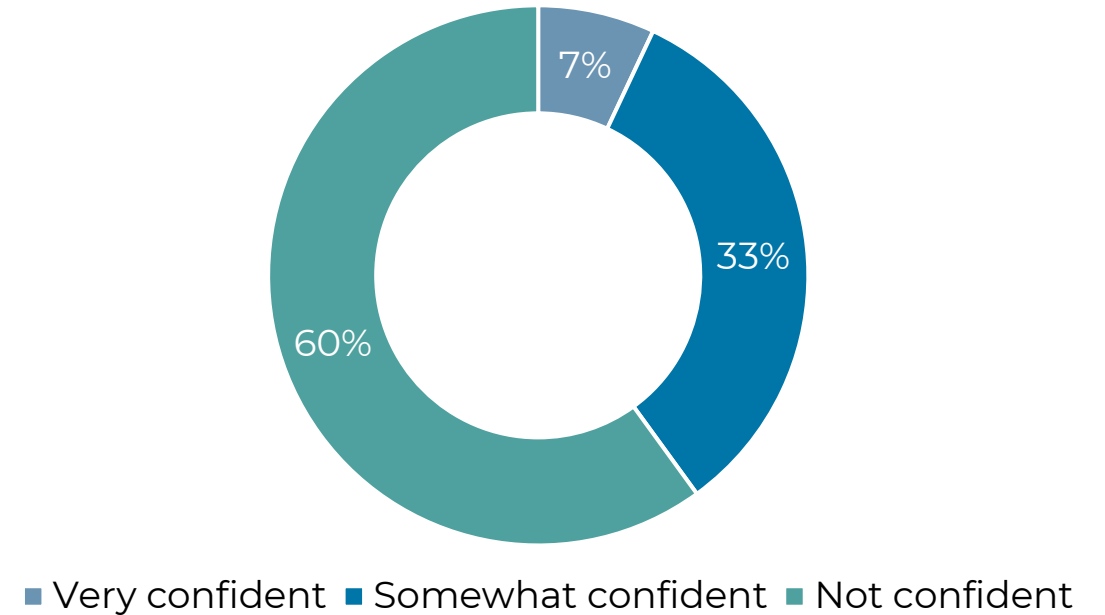
Only 11% are satisfied with their financial situation.

60% of adult Ugandans are not confident in their financial plans for old age.

**Am satisfied with my present financial situation**



**Confident done a good job of making financial plans for old age**



# FinScope Uganda 2023 findings

Financial aspirations,  
uptake and usage

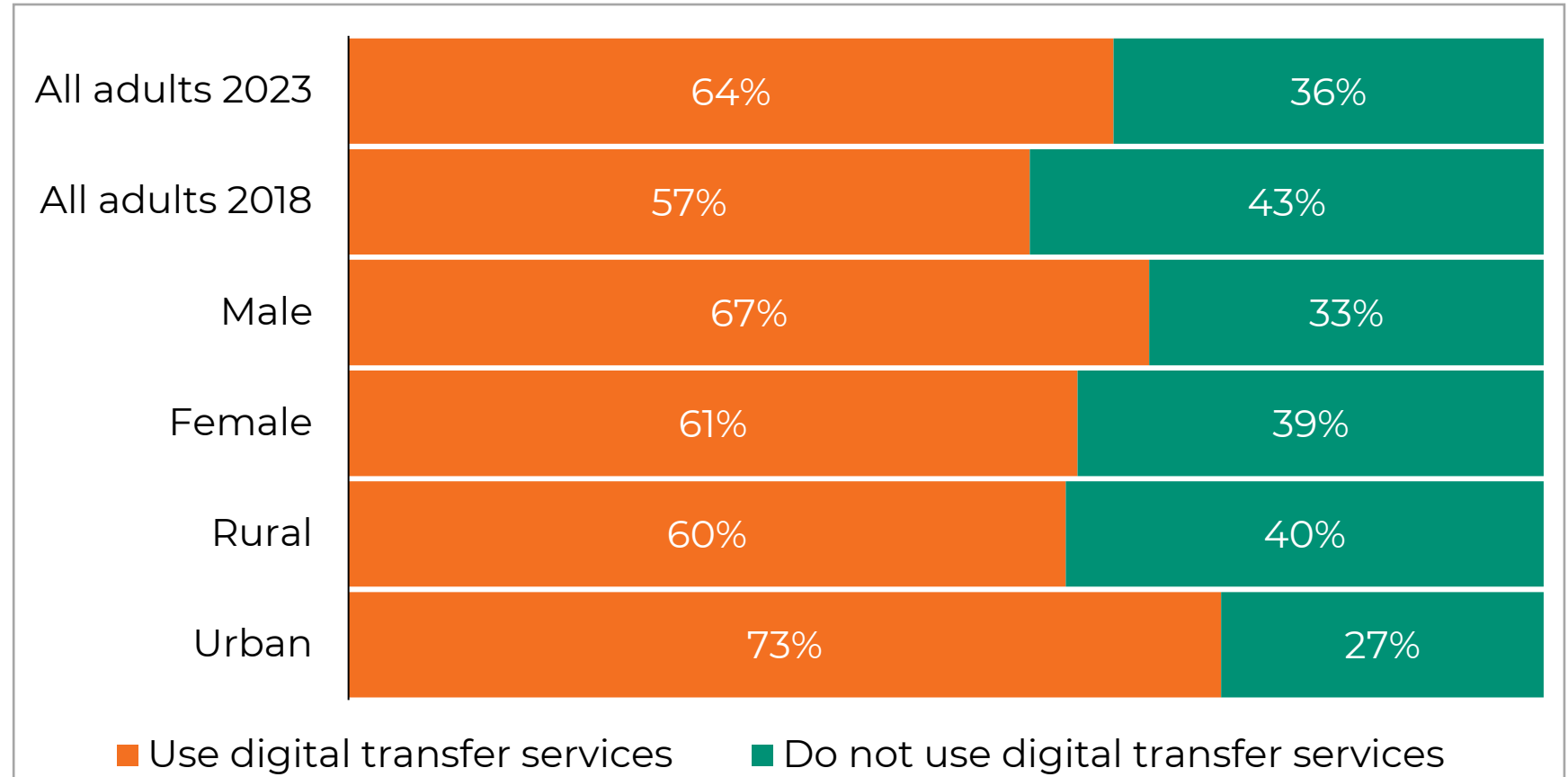




# DIGITAL TRANSFER SERVICES

There has been a slight increase in the use of digital transfer services

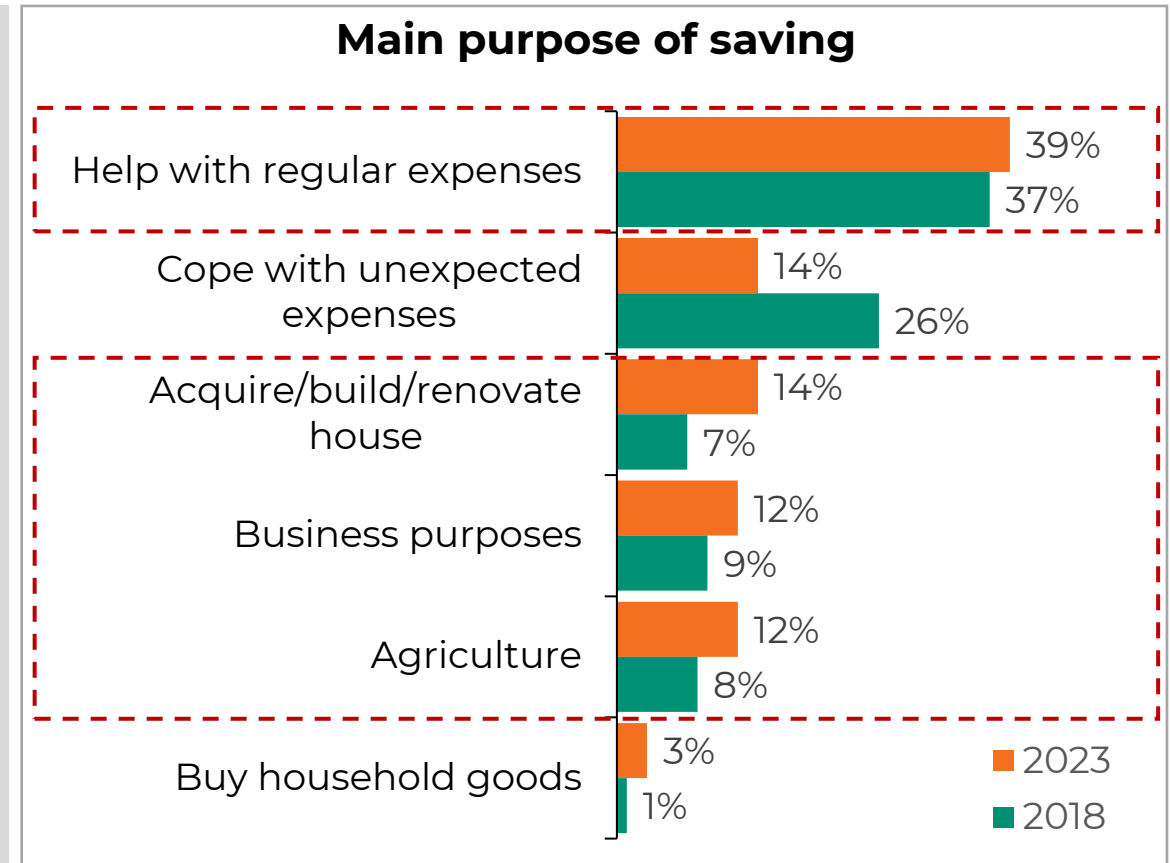
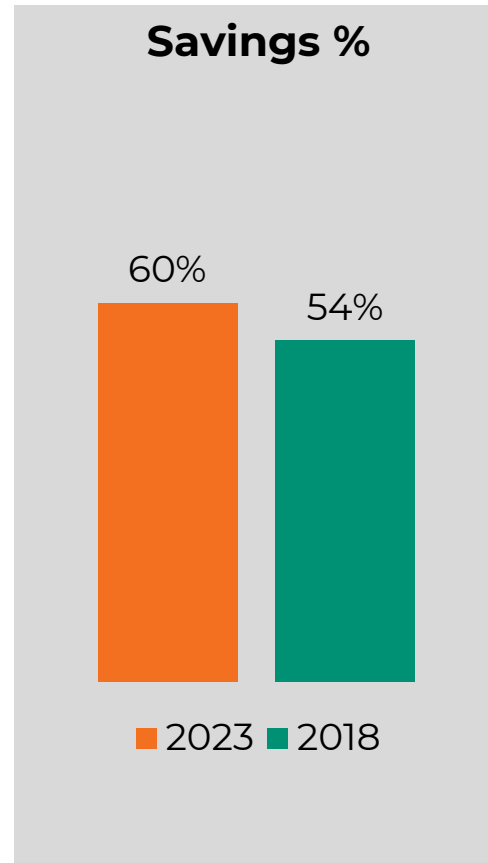
- The proportion of Ugandans using digital transfers has slightly increased since 2018 from 57 percent to 64 percent.
- Men still dominate women in the use of digital transfers as is the case with urban and rural areas.



# SAVING AND INVESTING INTENTIONS

## More Ugandans are saving mainly for regular expenses

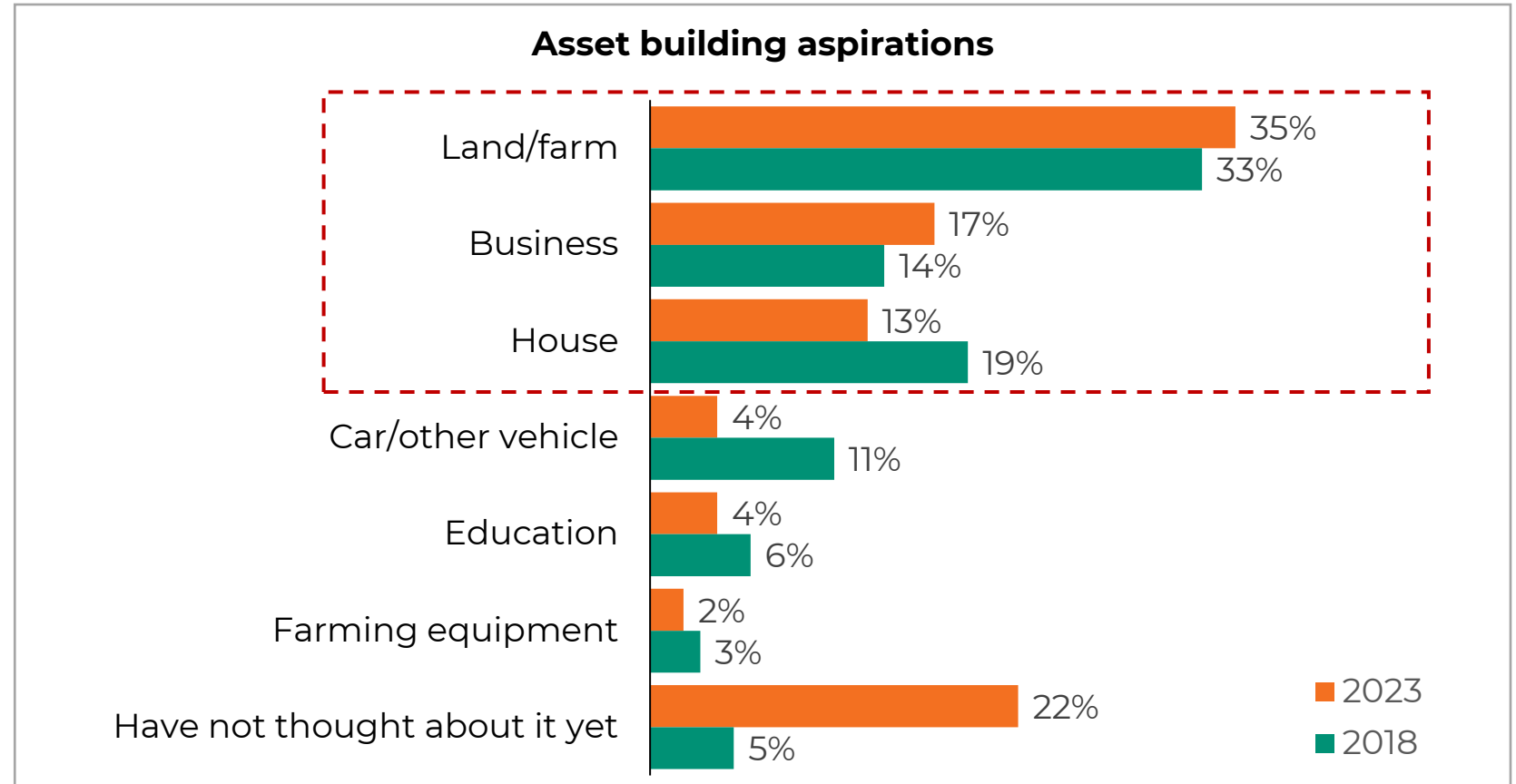
- More Ugandans are saving (*formally and informally*) now than in 2018. An increase of 6 percent.
- Most Ugandans still save to cover living expenses but there is a shift towards productive investments like real estate development, business and agriculture.



# SAVING AND INVESTING INTENTIONS

## Land/Farming and Business are the most predominant investment aspirations

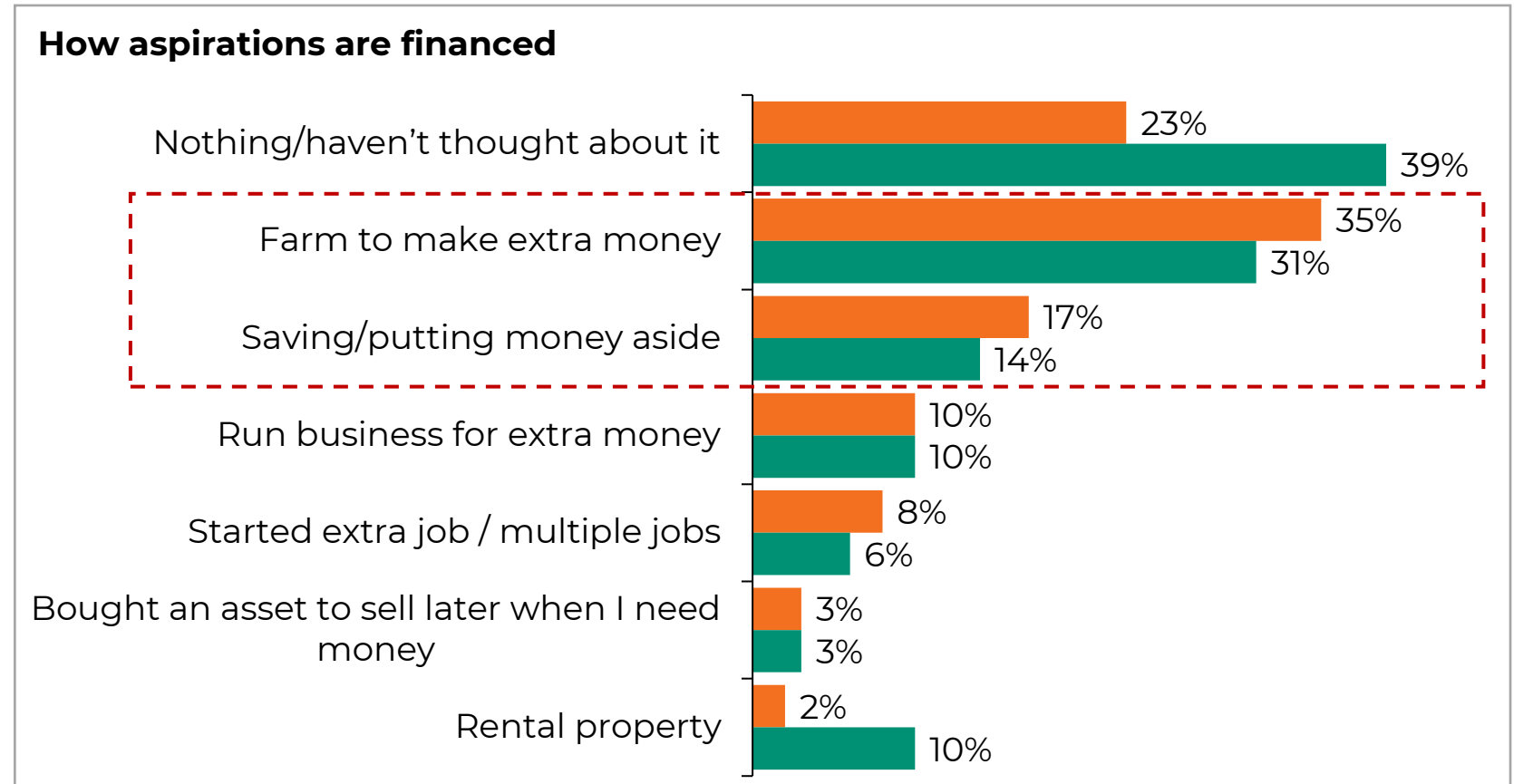
- Purchase of land, farming and running a business continue to be the predominant investment aspirations for Ugandans
- There has been a slight decline in Ugandans who aspire to build a house as an investment aspiration



# SAVING AND INVESTING INTENTIONS

## Farming and Financial Savings are the predominant sources of finance for investment

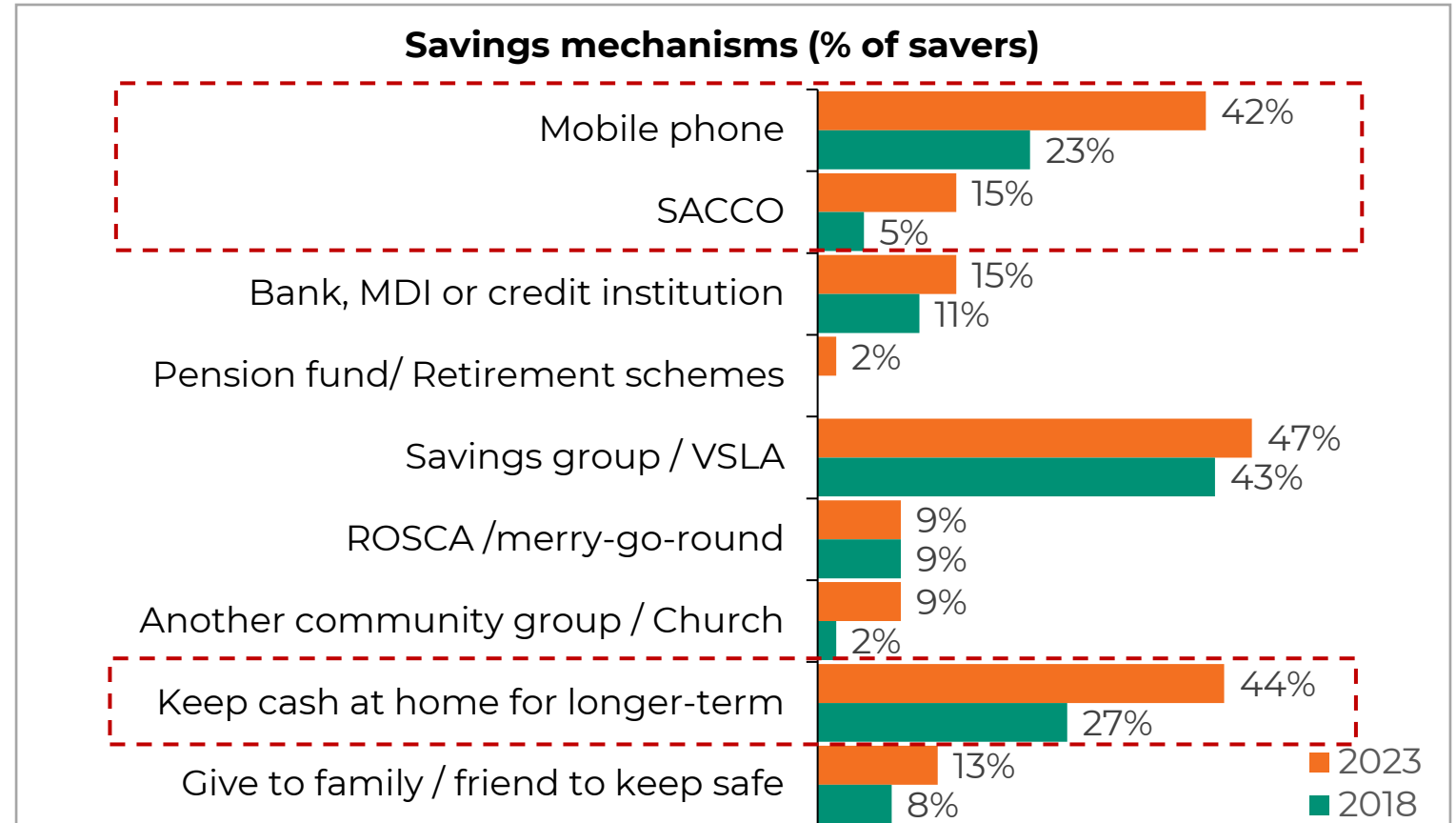
- Farming and financial savings continue to be the predominant sources of financing for investment



# SAVINGS MECHANISMS

## Informal savings mechanisms still dominate

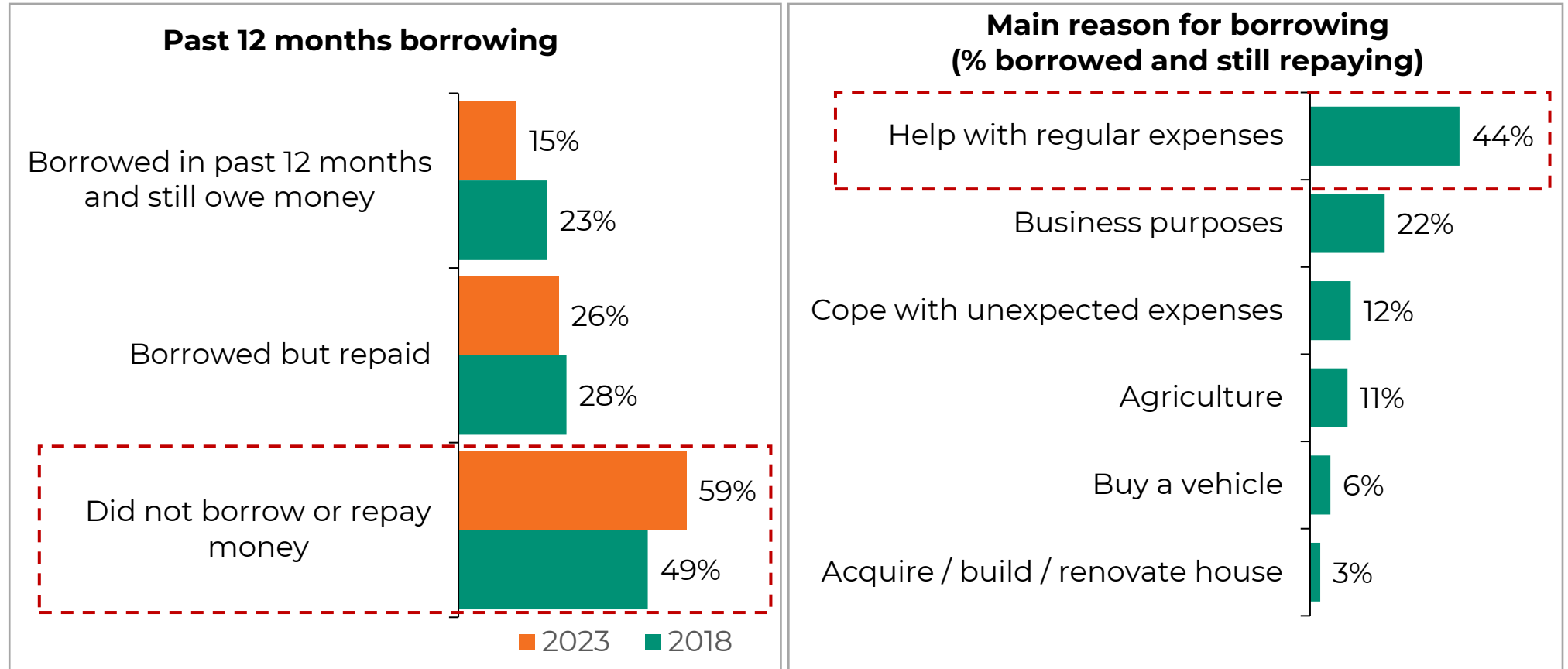
- SACCOs and Mobile Money have registered the highest increases in adoption since 2018 with the proportion of Ugandans utilizing them more than doubling.
- The proportion of Ugandans keeping their money at home has also more than doubled which could be a sign of lack of confidence in any form of financial service provider whether formal or informal.
- Despite the increase in overall saving among Ugandans, little is done digitally. Only 2 out of every 10 Ugandans claim to have ever saved electronically.



# Credit

## More Ugandans are moving away from credit

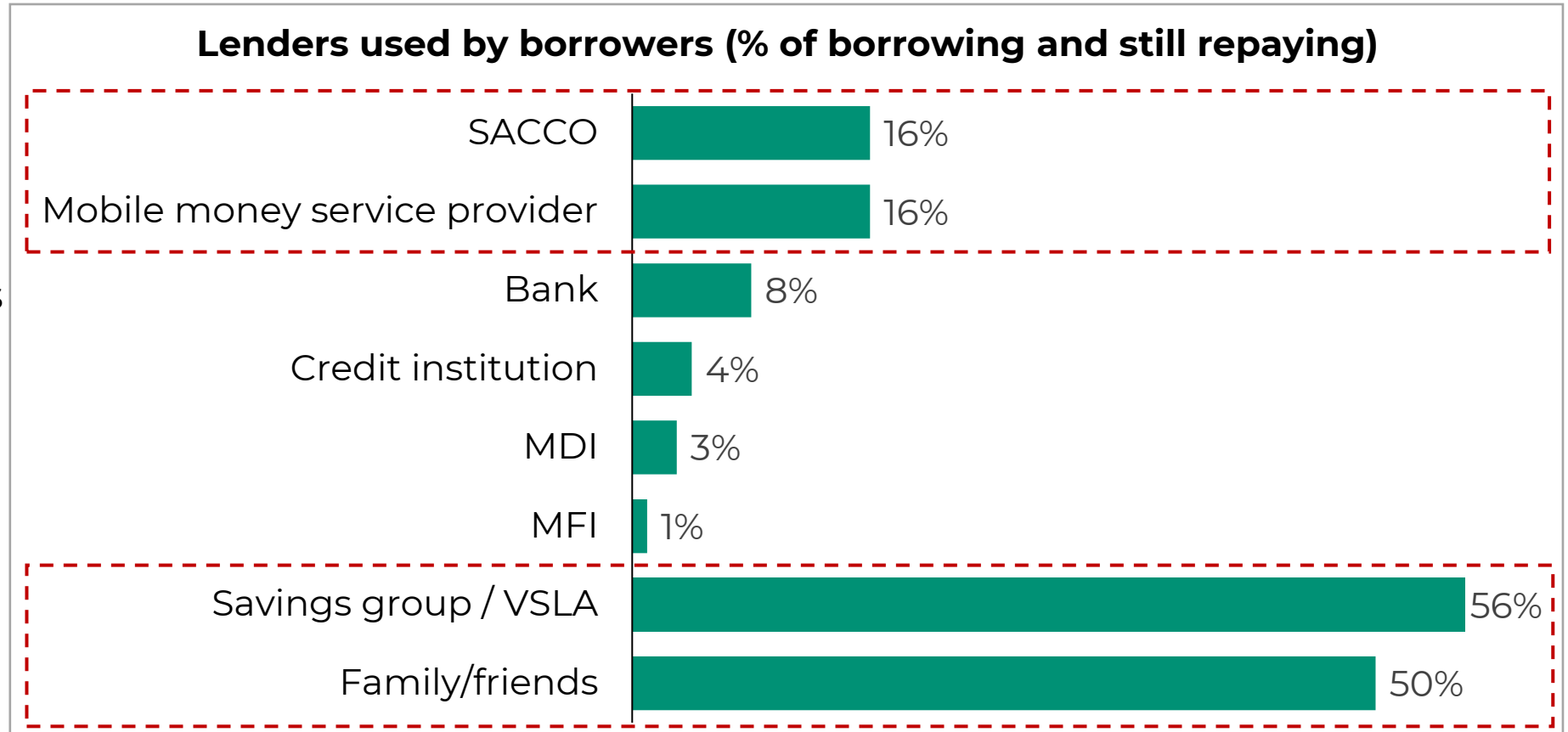
- More Ugandans are moving away from credit
- Those who are taking credit are mainly borrowing to cover regular expenses.



# Credit

## Informal and social borrowing for consumption smoothing purposes

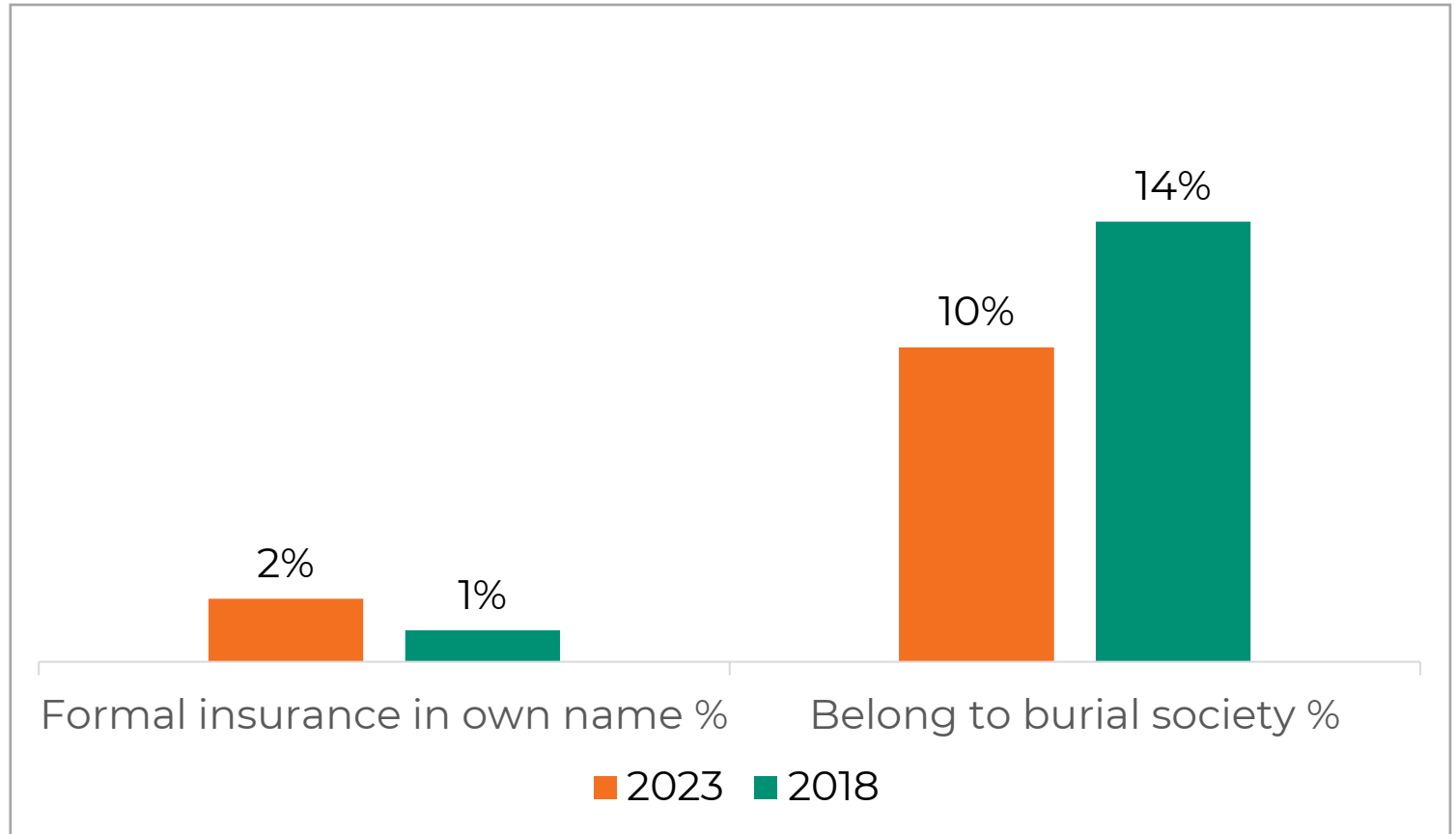
- VSLAs and family and friends continue to be the predominant sources of credit
- SACCOs and mobile money continue to be the predominant formal sources of credit



# INSURANCE UPTAKE

## There has been an increase in the uptake of formal insurance

- There has been an increase in the uptake of formal insurance since 2018 from 1% to 2%.
- Though based on administrative data from the Insurance regulator submitted by the insurance industry, overall uptake of formal insurance (incl. beneficiaries) is estimated at 5%.
- However, there has been a slight drop in informal insurance which mainly comprises of burial societies.





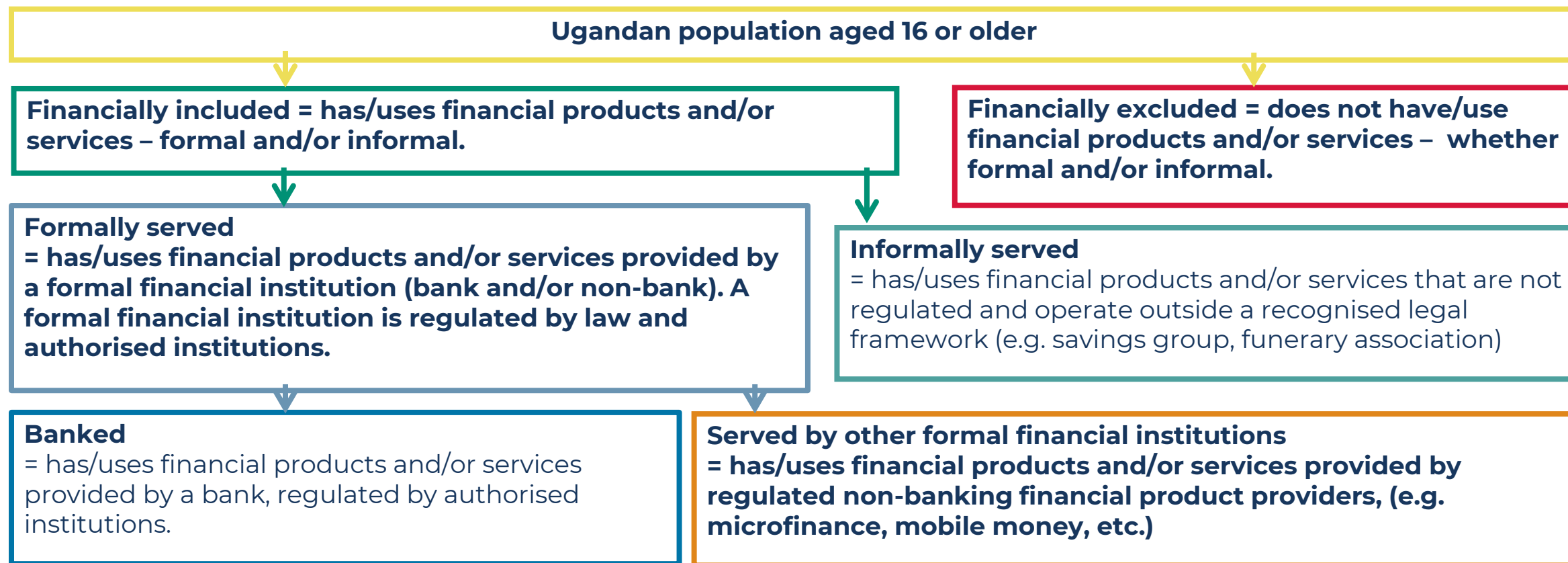
# FinScope Uganda 2023 findings

## Financial inclusion



# FINANCIAL INCLUSION

## Financial classification



# FINANCIAL INCLUSION

## The Financial Access Strand Explained

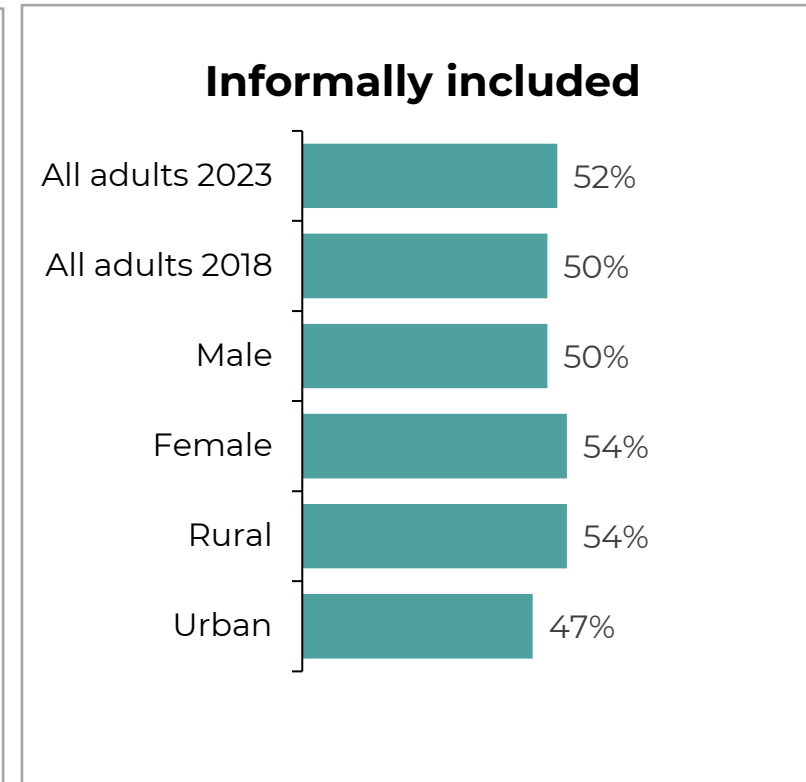
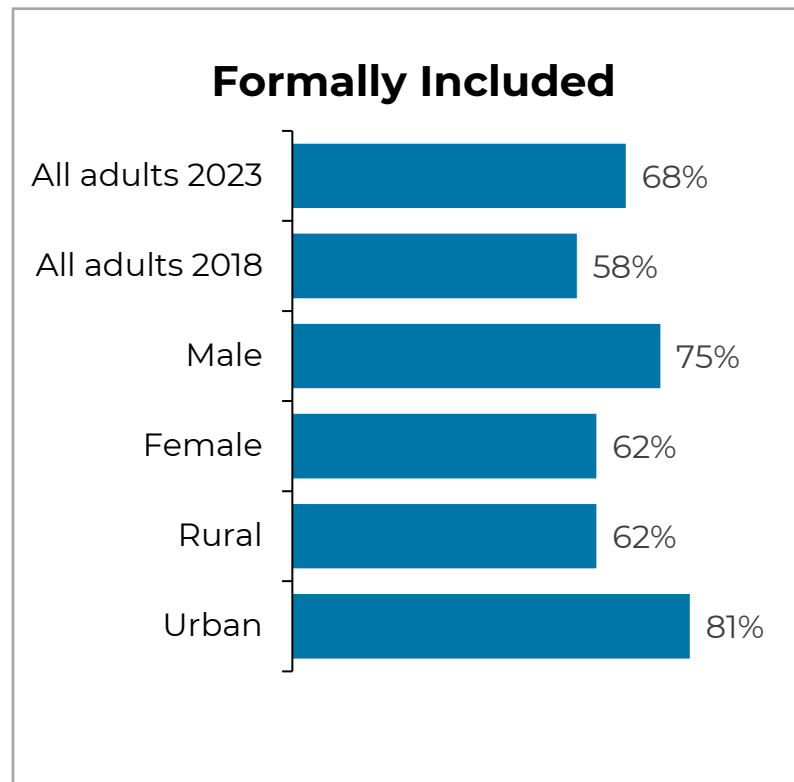
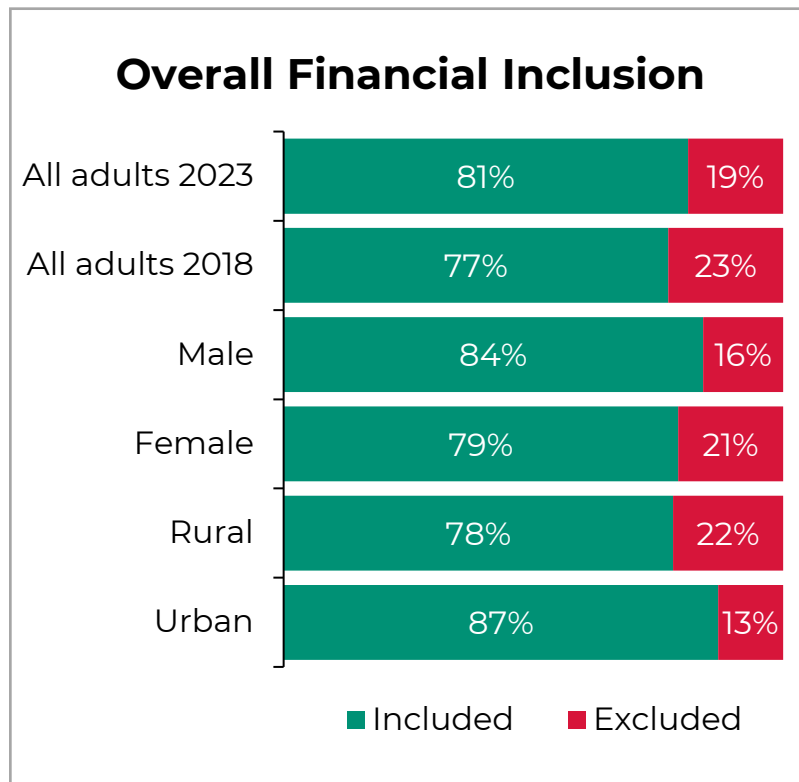
FORMAL	Banked	Commercial banks Credit institutions MDIs
	Non-bank formal	Insurance SACCOs MFIs/micro lenders Remittance companies Mobile Money Pension Capital Market Investments (i.e. bonds)
	Informal only (external)	Savings group/VLSAs, ROSCAs Burial society Informal money lenders
	Excluded	Friends/family Save at home/in kind Shops/supply chain credit



# FINANCIAL INCLUSION

## Financial inclusion has increased, driven by formal inclusion

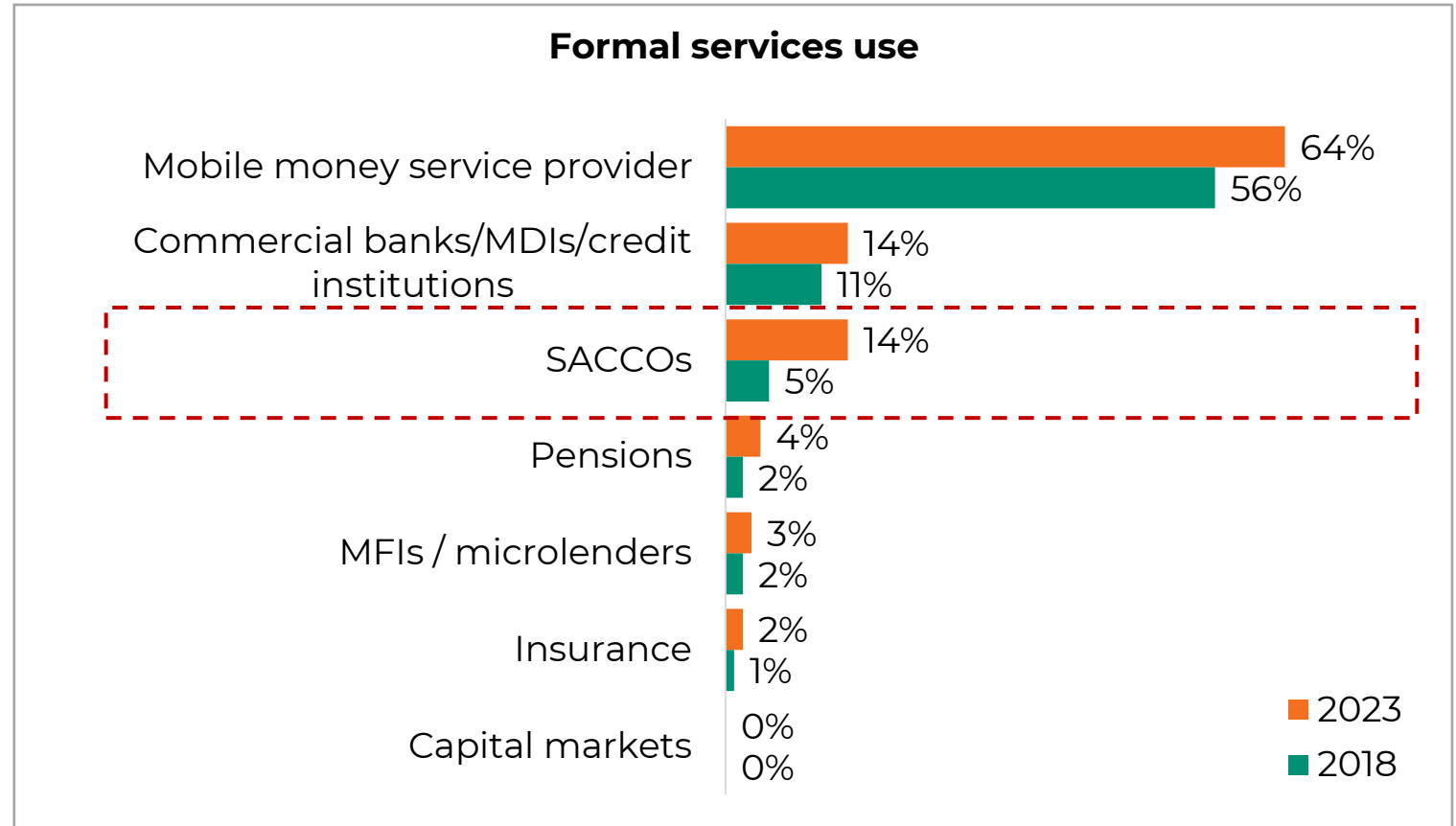
Formal inclusion is higher amongst men and urban dwellers. Informal inclusion is higher amongst women and rural dwellers.



# SERVICE PROVIDER USAGE

## Mobile money is the most used service provider

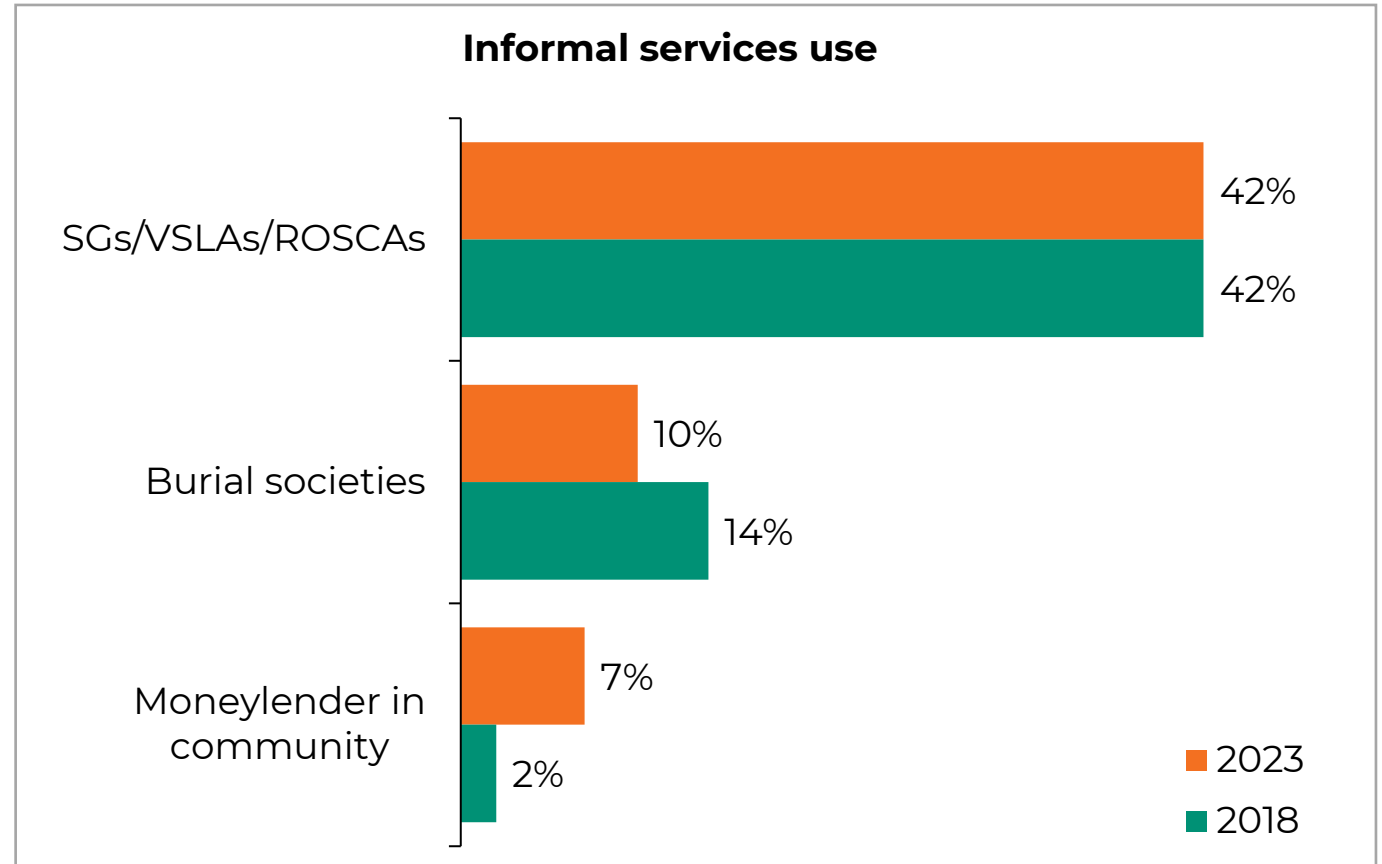
- Formal inclusion continues to be driven by mobile money.
- While mobile money and banking registered increases since 2018, SACCOs registered the highest increase in uptake from 5% to 14%.
- The main barriers to formal financial services continue to be affordability, relevance and awareness.



# SERVICE PROVIDER USAGE

## VSLAs continue to be the main driver of informal financial services

- VSLAs continue to be the main drivers of informal financial services. Though the uptake of VSLAs services has not changed since 2018.
- There is an increasing prominence of informal money lenders within the community with the uptake of their services more than doubling from 2% in 2018 to 7% in 2023.



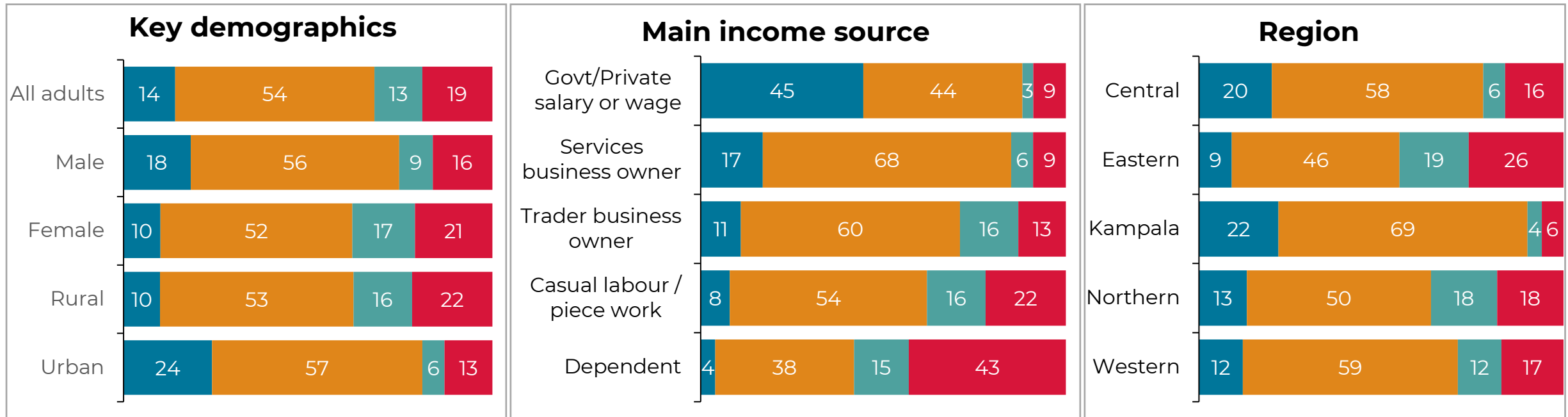
# ACCESS STRANDS

## Financially excluded skew rural, women, dependents, living in East

Adults who have/use formal services are more likely to be male, urban-based and formally employed.

Those most likely to rely on informal services only are female, rural-based, traders and casual labourers.

The financially excluded are most likely female, rural-based, live in Eastern region, dependents and casual labourers.



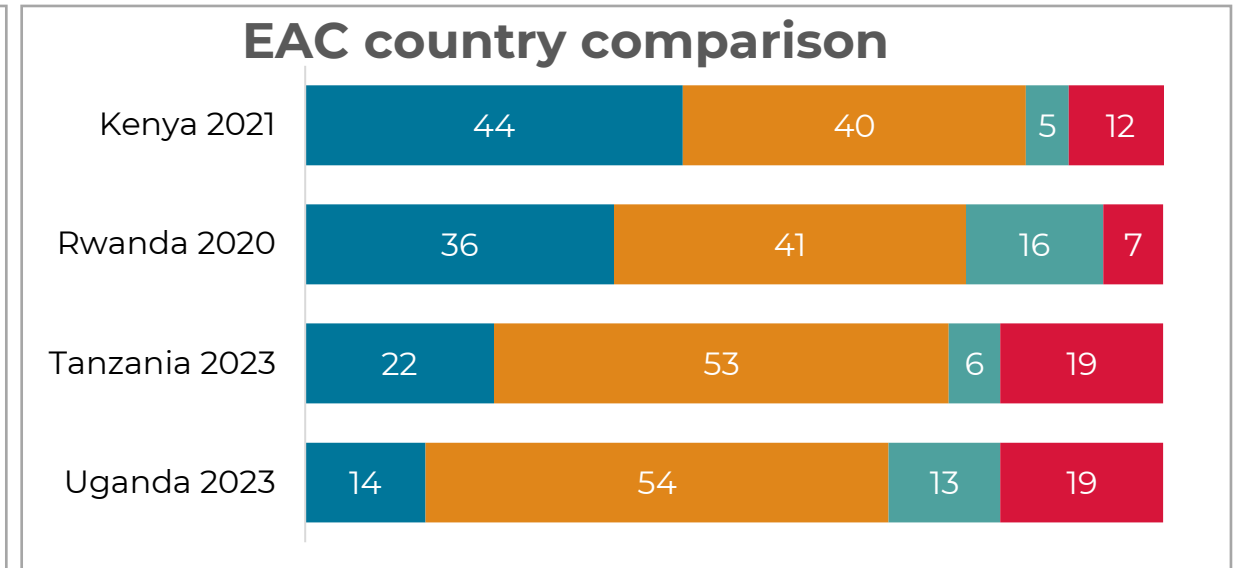
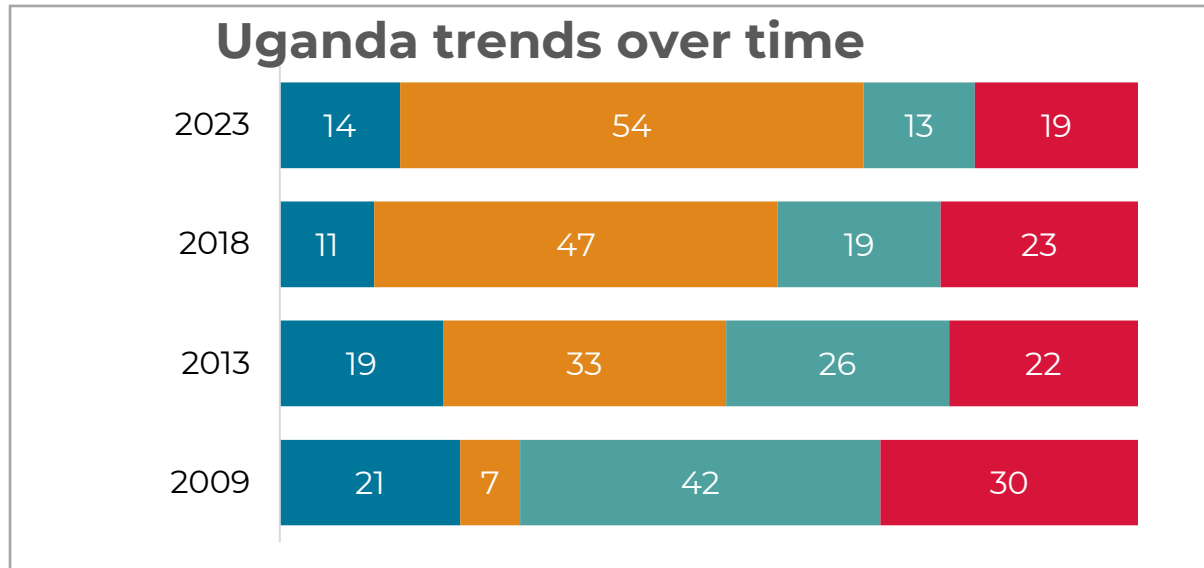
- Use bank services
- Don't use bank services but have other formal services
- Don't have formal services but use informal services
- Financially excluded



# COMPARATIVE ACCESS STRANDS

## Reducing the exclusion level is challenging

Both banked and formal other inclusion has grown since 2018. A smaller proportion of adults are financially excluded. Overall financial inclusion in Uganda and Tanzania is similar. There are common challenges to deepening financial inclusion across EAC.



- Use bank services
- Don't use bank services but have other formal services
- Don't have formal services but use informal services
- Financially excluded





# FINSCOPE UGANDA 2023 FINDINGS

## Key Findings



# FINSCOPE 2023

## Key Findings

- The adult population has grown significantly and on average is notably younger. This may be the most important dynamic driving socioeconomic changes and financial inclusion policy.
- Trading is the most prevalent income source, but salaries/wages and service business incomes are growing.
- Mobile phone ownership and internet use have significantly grown but there are large gender and area gaps
- Although climate and green growth concepts are less familiar and a challenge for a largely poor population, many already use various sustainable farming practices
- There are positive aspects to Ugandans financial health as well as scope to improve:
  - Although more Ugandans track their spending, most claim insufficient earnings to cover spending
  - Almost all Ugandans experienced unexpected expenses in the previous year
    - Savings is key strategy many use to smooth these expected and unexpected expenses
  - Half of youth do not have a strategy to be financially secure in future
- Formal financial inclusion has increased, driven by greater mobile money uptake.
- An increasingly youthful population poses challenges to reducing financial exclusion. Dependents have the highest proportion of excluded. Exclusion also skews to women, rural dwellers, Eastern region and casual labour.



# THANK YOU

[www.fsduganda.or.ug](http://www.fsduganda.or.ug)

Follow our social channels:

 [fsd-uganda](#)

 [fsduganda](#)

 [FSD Uganda](#)

 [FSDUganda](#)