

Sudan 2021

*National Financial
Inclusion Survey
Highlights*



Introduction

One of the priorities of the Central Bank of Sudan (CBOS), at the time of this survey, was to develop a National Financial Inclusion Strategy (NFIS) for Sudan with the aim of improving financial inclusion. To ensure that the strategy is grounded in evidence, a NFIS offers essential baseline data on the existing state of financial inclusion in Sudan, identifying existing disparities and opportunities for improving the current landscape.

The Government of Sudan (GoS) had previously implemented various measures to improve financial inclusion; however, these were fragmented, with no clear targets and mechanisms to track progress. Moreover, these initiatives were not guided by thorough assessments, such as demand-side surveys, which can describe the landscape of access and the drivers and barriers to the usage of financial products and services to both the financially included and excluded populations.

Partnering for a common purpose

Financial inclusion measurement and tracking is of paramount importance to evaluate efforts by policy, regulators and market players to reach the under and unserved population.

The NFIS establishes a baseline for understanding the extent of financial inclusion within Sudan, allowing for a comprehensive picture of the status of financial inclusion within the country and enabling benchmarking across countries.

The survey was co-funded by the Sudan Multi-Partner Trust Fund (SMPF) and the CBoS. The process was a holistic and inclusive process involving robust consultations across other key stakeholders. The survey represents a partnership between the following institutions:

- Central Bank of Sudan (CBoS)
- Central Bureau of Statistics (CBS)
- FinMark Trust (FMT)
- The World Bank
- Donor Representatives

The NFIS is dynamic, and the content is evaluated by several stakeholders including Financial Service Providers, NGOs and the GoS to ensure that the most relevant consumer data is collected. It was implemented using the FinScope methodology, with the support of the CBS.

This pocket guide represents some of the key market data on financial inclusion.

This pocket guide summarises the key highlights. It is published without the consent of the above-mentioned stakeholders to allow the data to be used publicly.

Methodology

- According to the United Nations adult population projection 2021, the total population is estimated to be 45,7 million
- Nationally representative individual-based sample of the adult population aged 18 years and older at state and urban/rural/nomad level
- Sampling frame conducted by the CBS
- 9 337 face-to-face interviews conducted by CBS (June – July 2021)
- To determine the needs for financial products, as well as the gap between need and:
 - Financial products (formal and informal) available
 - Financial product usage (formal and informal)
- To identify the drivers of, and barriers to the usage of financial products and services
- To provide an assessment of whether the current financial policy and regulatory environment creates a conducive environment for financial inclusion
- To stimulate evidence-based dialogue that will ultimately lead to effective public and private sector interventions that will feed into and deepen the financial inclusion strategy for Sudan
- To allow the Government to make the regional and international benchmarking against countries in the region and around the world that have used the same or similar methodology

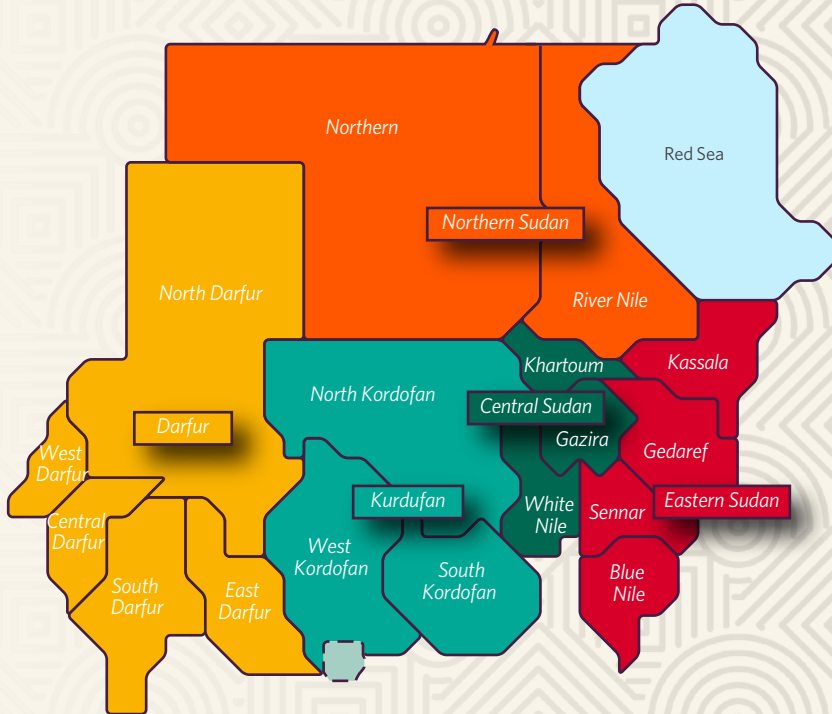
Survey Objectives

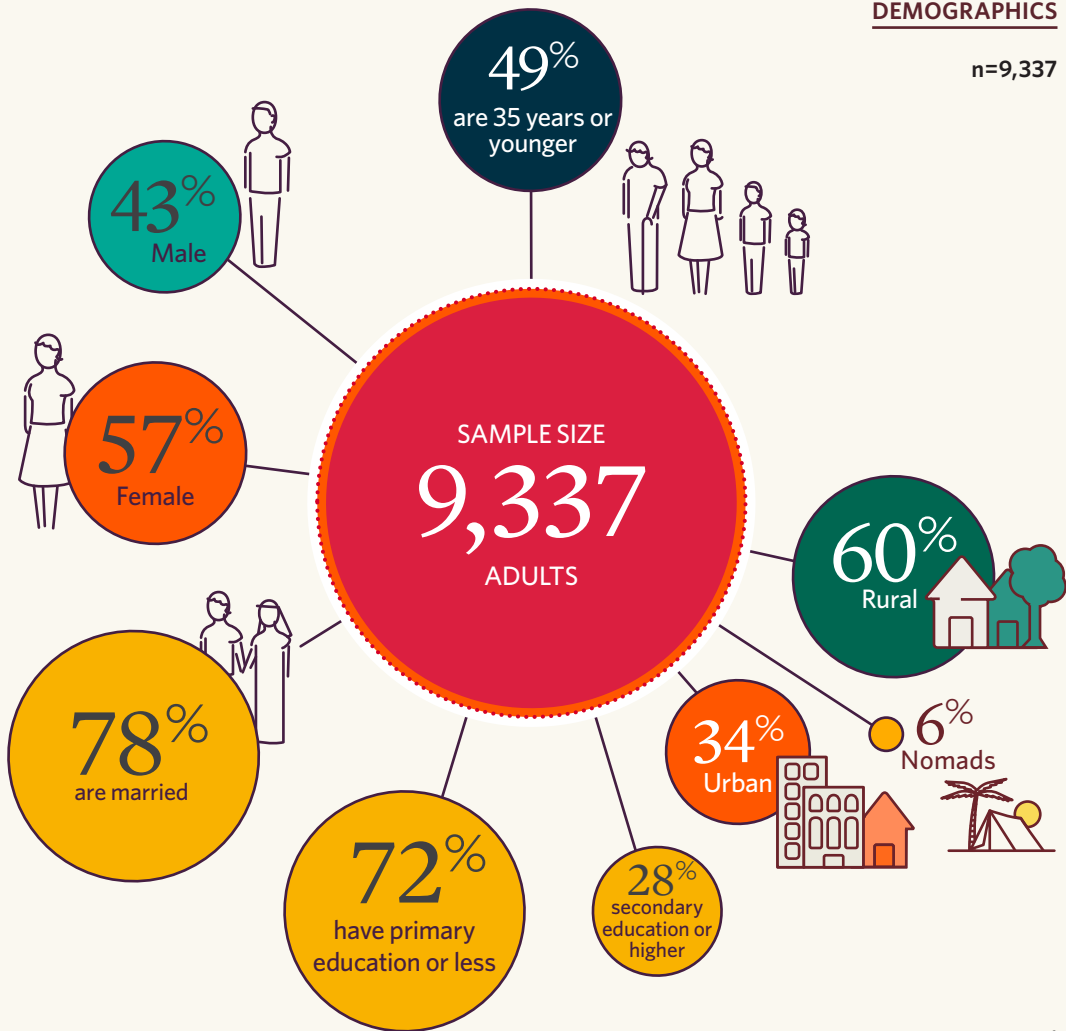
- To measure the levels of financial inclusion (i.e. the proportion of the population using financial products and services – both formal and informal)
- To describe the landscape of access (i.e. the type of products and services used by financially included individuals)

Published January 2024



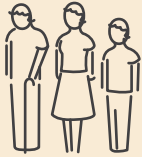
STATES OF THE SUDAN





DEMOGRAPHICS

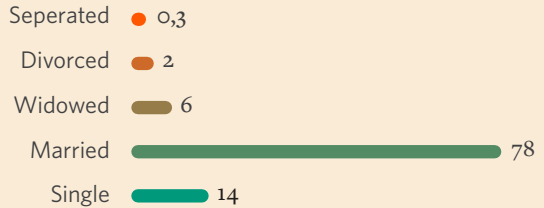
n=9,337



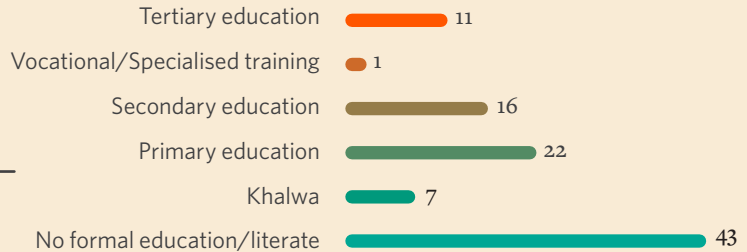
AGE (%)



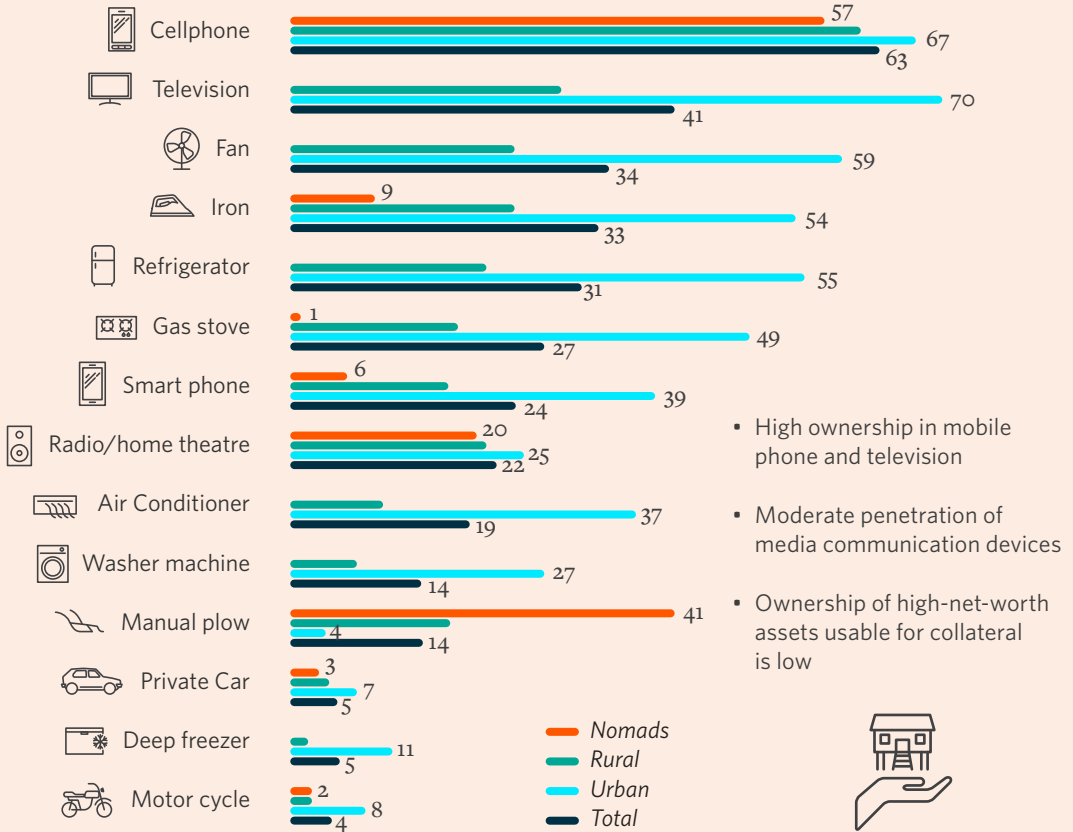
MARITAL STATUS (%)



EDUCATION (%)



n=9,337

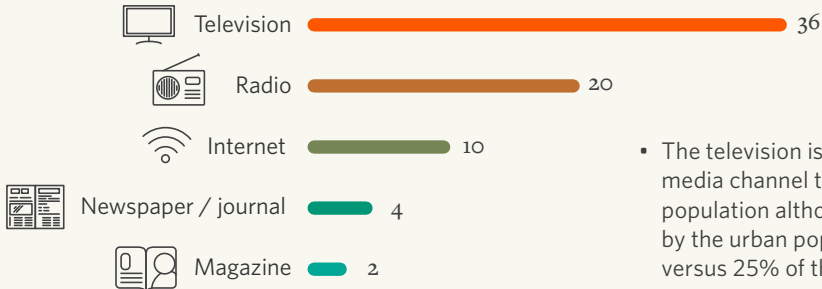


OWNERSHIP OF ASSETS (%)

UNDERSTANDING PEOPLE'S LIVES

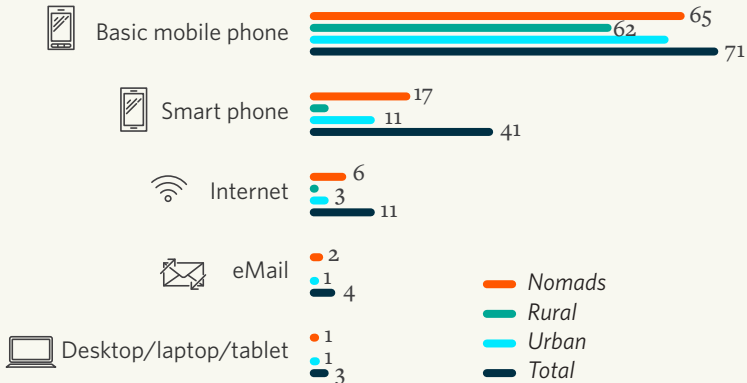
Media access

OWNERSHIP OF COMMUNICATION DEVICE (%)

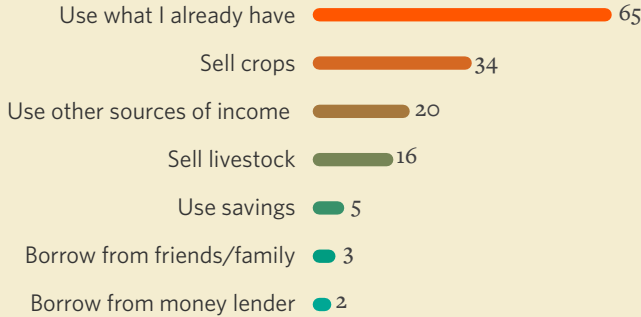


- The television is the most common media channel to reach a larger population although this is driven by the urban population (62%) versus 25% of the rural population.
- Notably, four in five nomads have not accessed these media channels in the past month.

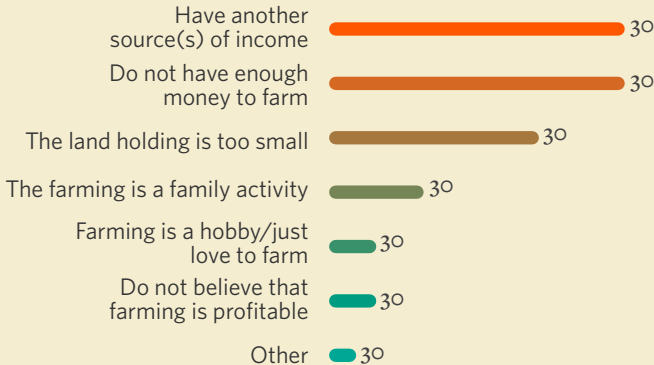
MEDIA ACCESS IN PAST MONTH (%)



MAIN SOURCE FOR FARMING INPUT (%)

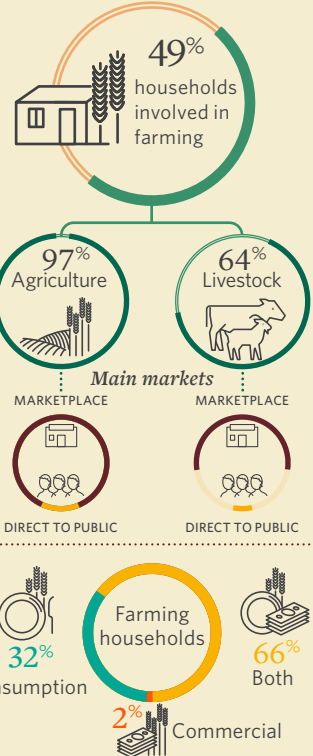


BARRIERS TO COMMERCIALISING (%)



Farming and agriculture

n=9,337

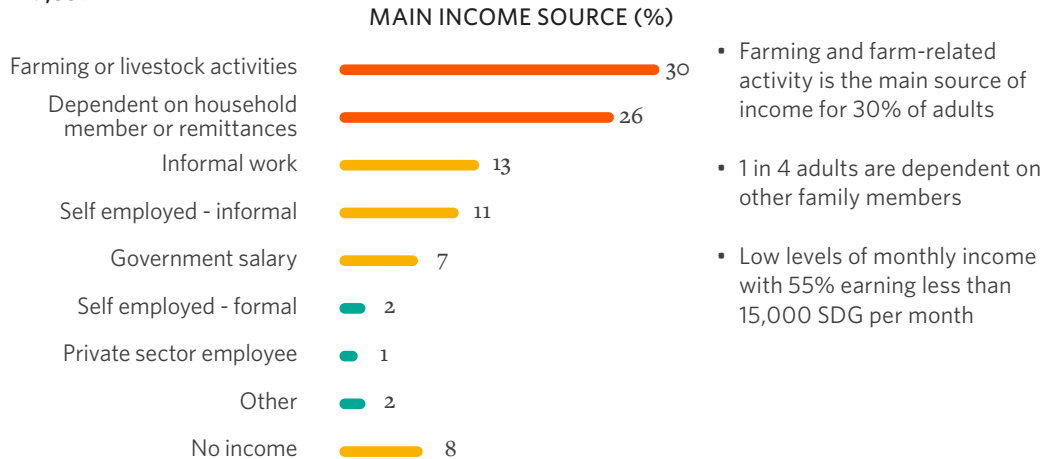


65% of farmers do not use any inputs or buy inputs such as fertiliser or pesticides

UNDERSTANDING PEOPLE'S LIVES

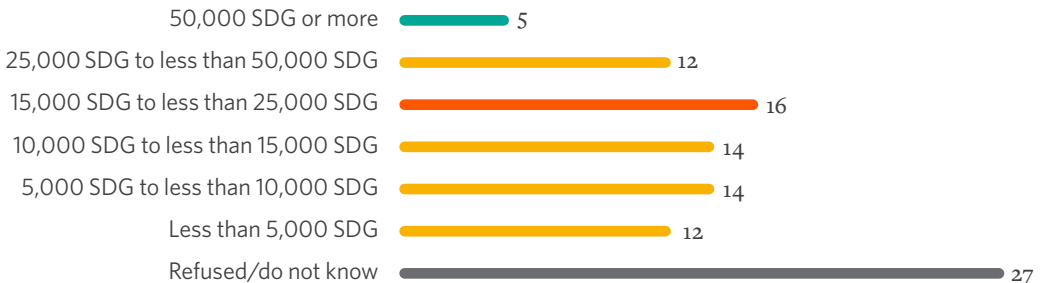
Sources of income/livelihoods

n=9,337

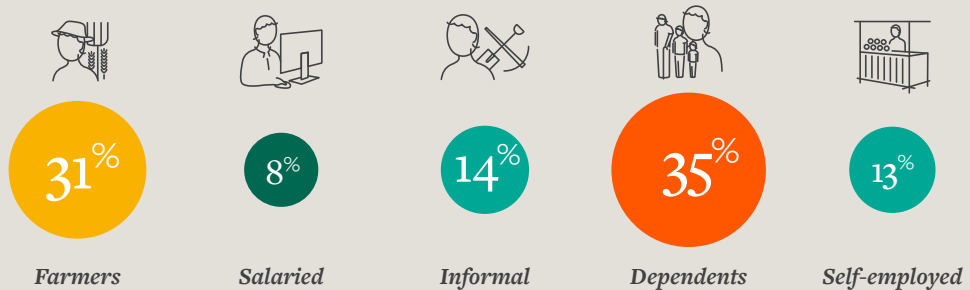


PERSONAL MONTHLY INCOME (%)

**income is as at 2021*



Target groups



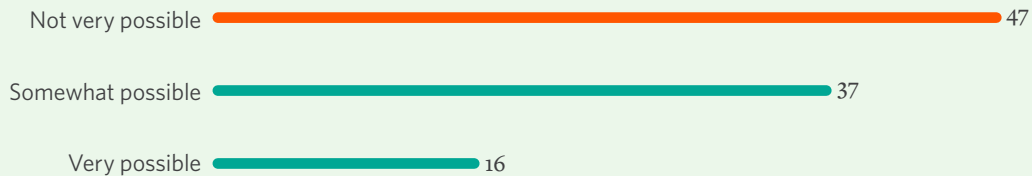
- Almost 1 in 3 adults claim farming, including livestock farming as main income source
- 23% of adults rely on informal work to make a living
- 25% of adults are dependent on family/friends
- Frequency question shows that farming is seasonal with over 55% of farmers receiving one payment annually
- Self-employed and piece-work deal with cash on daily/weekly basis
- Salaried (formal) monthly, both government and private sector
- **Financial needs can be understood** through the frequency people are receiving income. Through this, a contrast is observed between business owners and seasonal farmers/farming.
- **From a supply-side perspective, moving beyond salaried individuals** to increase their customer base, formal financial institutions are faced with the reality of individuals with small, irregular and inconsistent incomes.
- **The above in turn leads to** formal financial institutions querying the viability of this market. In pursuing this market, formal financial institutions will have to be innovative and creative when developing products and services that meet the needs of businesses and are equally profitable.

FINANCIAL BEHAVIOUR

n=9,337

- 20% have had major expenses and relied on savings (56%), family or friends (46%), or selling something (18%).
- Apart from family or friends, 70% do not seek financial advice from anyone else.
- When going through a difficult time, most Sudanese (86%) would rely on their neighbours and would help their neighbour going through a rough time (88%).
- In terms of resource mobilisation, 47% would find it difficult to raise funds in the event of an emergency.

POSSIBILITY OF SECURING EMERGENCY FUNDS WITHIN A MONTH (%)

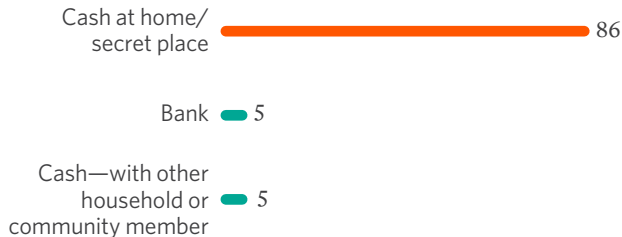


Level of control over personal money (%)



Where money is kept after earning/receiving it (%)

- The financial behaviour of most adults indicate that money kept at home regardless of the means of receiving it. This may be due to inflationary and convenience factors.

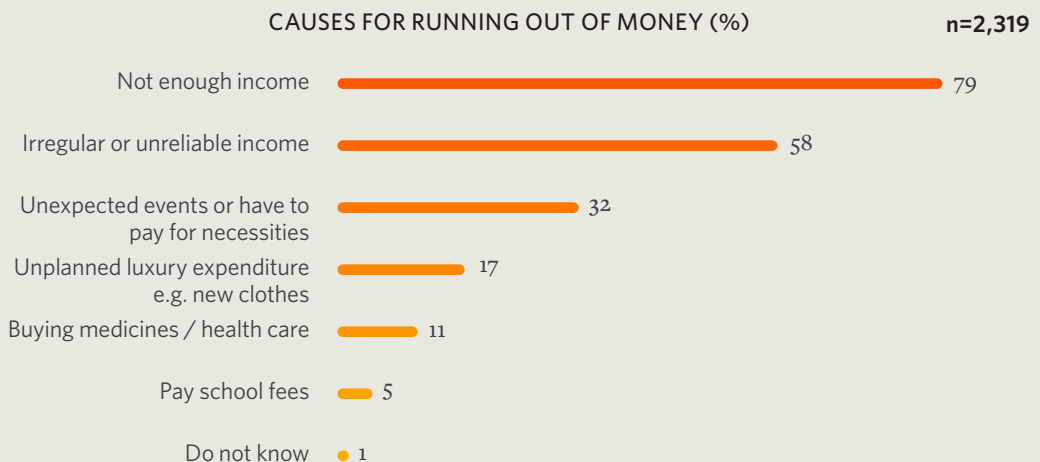


FINANCIAL BEHAVIOUR

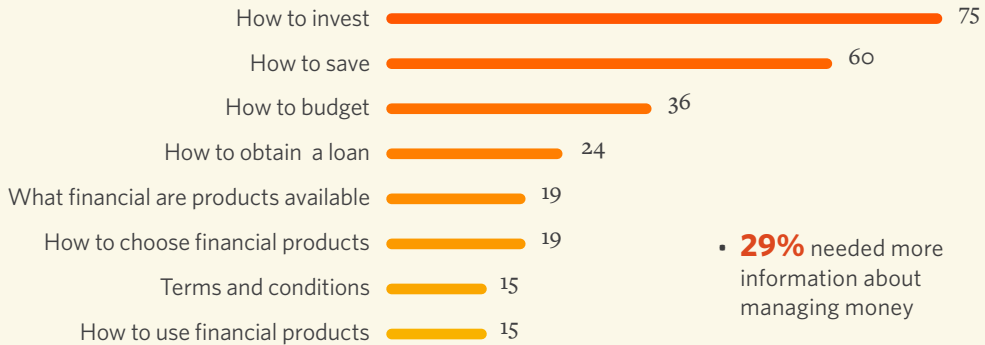
Money management, planning and budgeting

n=9,337

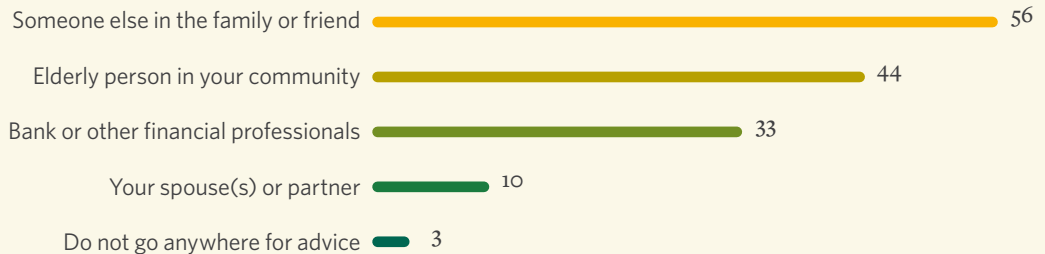
- **85%** of adults have run out of money before their next income
- **85%** of adults would pay their health care first when experiencing financial difficulties
- **6%** would pay for housing expenses first
- **5%** would pay education fees first



Money management, planning and budgeting
n=2,689

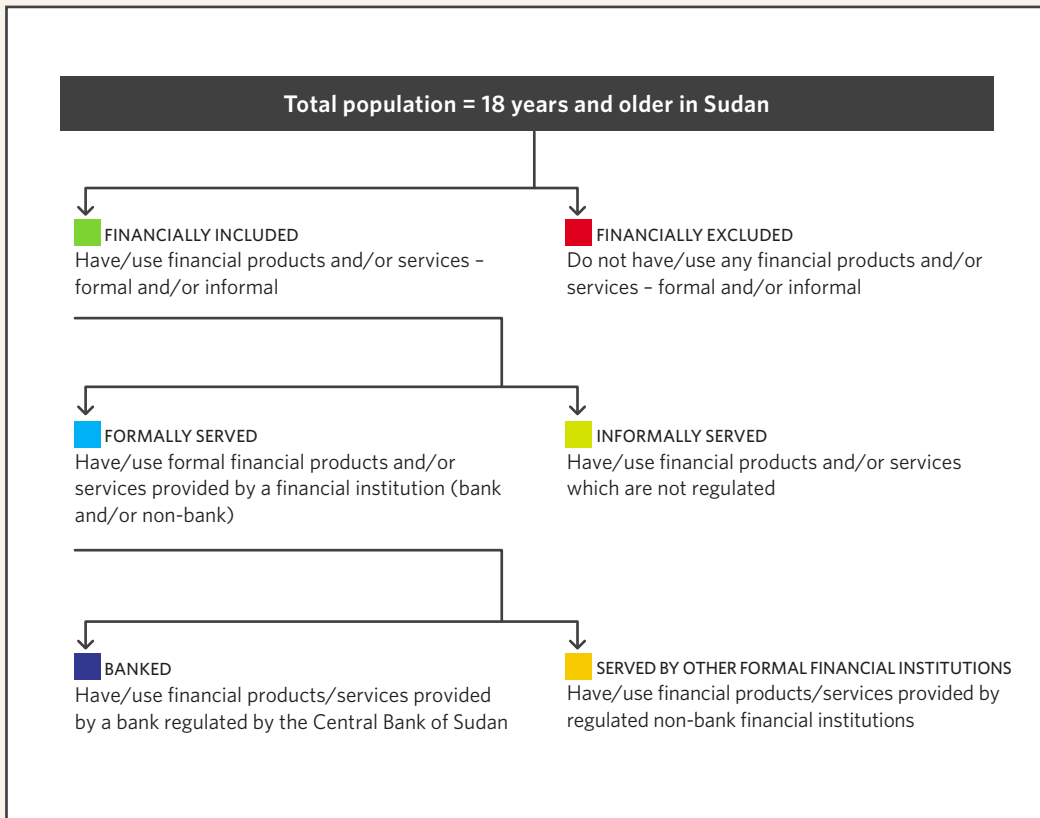


SOURCE OF FINANCIAL ADVICE (%)



FINANCIAL INCLUSION

Defining financial inclusion

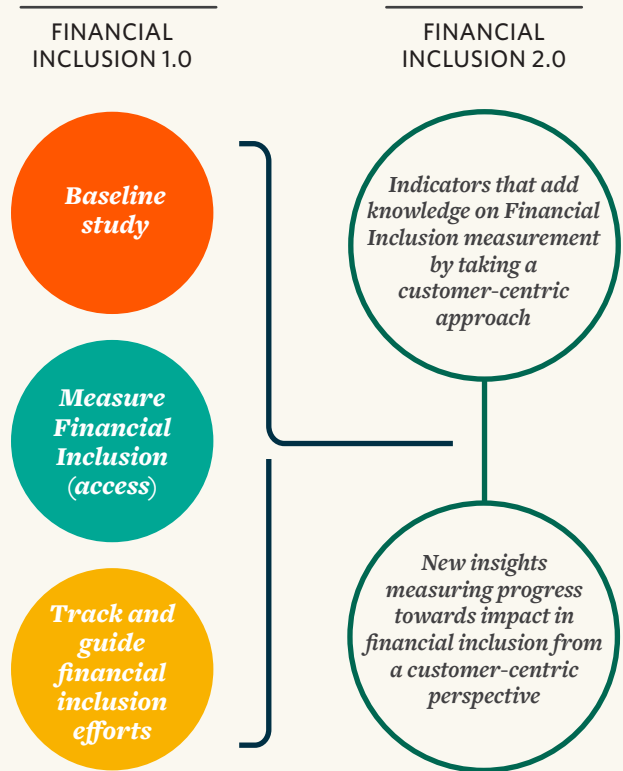


Financial Inclusion journey

Financial inclusion is entering a new era. The movement's first era - which we will call "Financial Inclusion 1.0" - lasted from 2000 to 2019. During that time, the data tools employed to measure, track and guide financial inclusion efforts were effective in putting the sector firmly on the global development agenda.

This data made the invisible visible, helped increase access to finance, aided financial inclusion policy development and produced better financial products for the underserved and poor. The focus during this period was on individuals and their immediate households, which was reflected in the data that was collected.

The focus of Financial Inclusion 2.0 then shifts measurement to usage and quality of financial services and also real economy linkages.



Needs-centred Analytical Framework

INFLOW



Source

- Regular income, Savings, Credit, Trade, Social Assistance



Channel

- Face to Face, ATM, Phone, PC, Agent, Bank Branch



Medium

- Cash, DFS, In-kind



- Do nothing

OUTFLOW



Institution

- Bank, MFI, Mobile Money, Informal, Friends/Family



Channel

- Face to Face, ATM, Phone, PC, Agent, Bank Branch



Medium

- Cash, DFS, In-kind

The needs-centred analytical framework identifies the needs of the consumer which are clustered by five main income target groups. The needs span from how individuals identify their liquidity, resilience, meeting goals and what financial products and services they employ to meet those needs. Regardless of income group, adults typically have an inflow and outflow of funds or assistance. The framework speaks broadly to the household structure and it uses different financial products and services.

NEED

- Goals
- Liquidity
- Resilience

FINANCIAL INCLUSION

Financial Inclusion journey

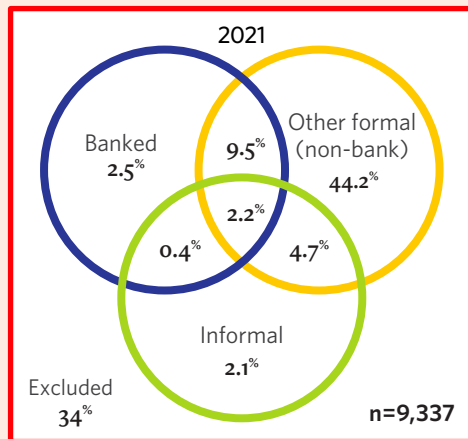
STATUS OF FINANCIAL INCLUSION (WITH OVERLAPS) (%)



- Banking is mainly driven by transactions (74%) and uptake of savings accounts (13%)
- Formal product uptake mainly driven by other formal (non-bank), i.e. driven by health insurance
- Uptake of informal financial products/mechanisms is driven by informal savings and borrowing mechanisms

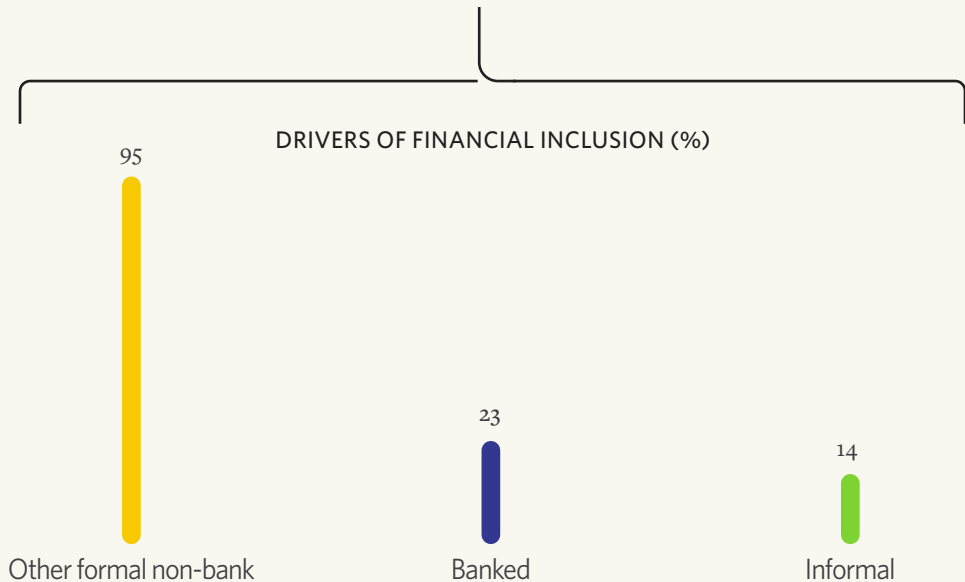
“Consumers generally use a combination of financial products and services to meet their financial needs”

- Under 3% of adults rely exclusively on banking services yet 44% rely exclusively on other formal (non-bank) mechanisms
- 7% 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
- Only 2% of the adult population ONLY rely on informal mechanisms



- The main driver of financial inclusion in medical insurance which is split into the social health insurance fund and private health insurance

83% of other formal (non-bank) is through the current ownership of health insurance alone



LANDSCAPE PRODUCTS

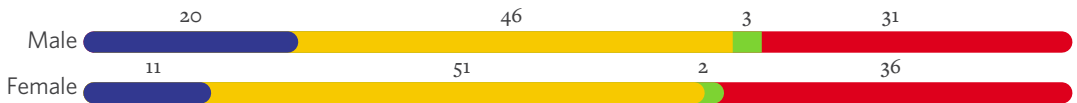
Financial Inclusion

n=9,337

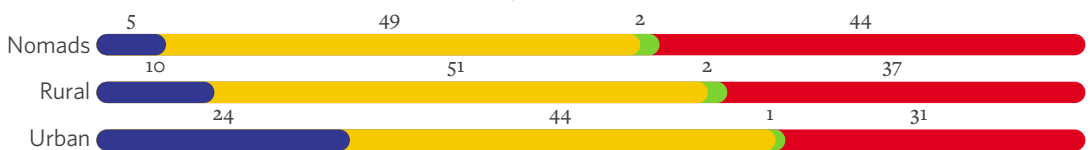
FINANCIAL ACCESS STRAND OVERALL (%)



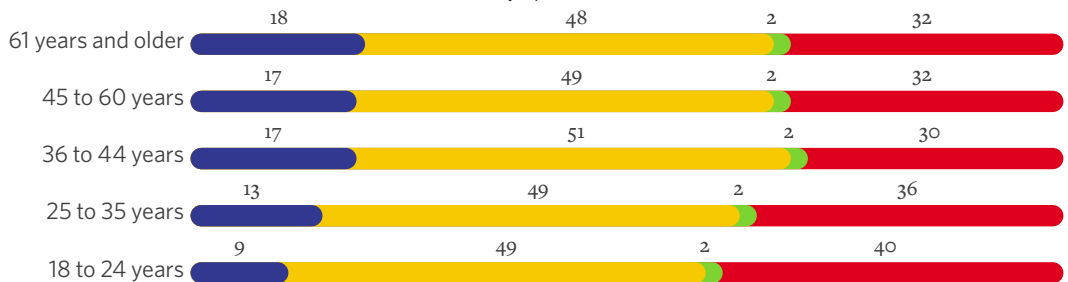
FINANCIAL ACCESS STRAND GENDER (%)



FINANCIAL ACCESS STRAND BY LOCATION (%)

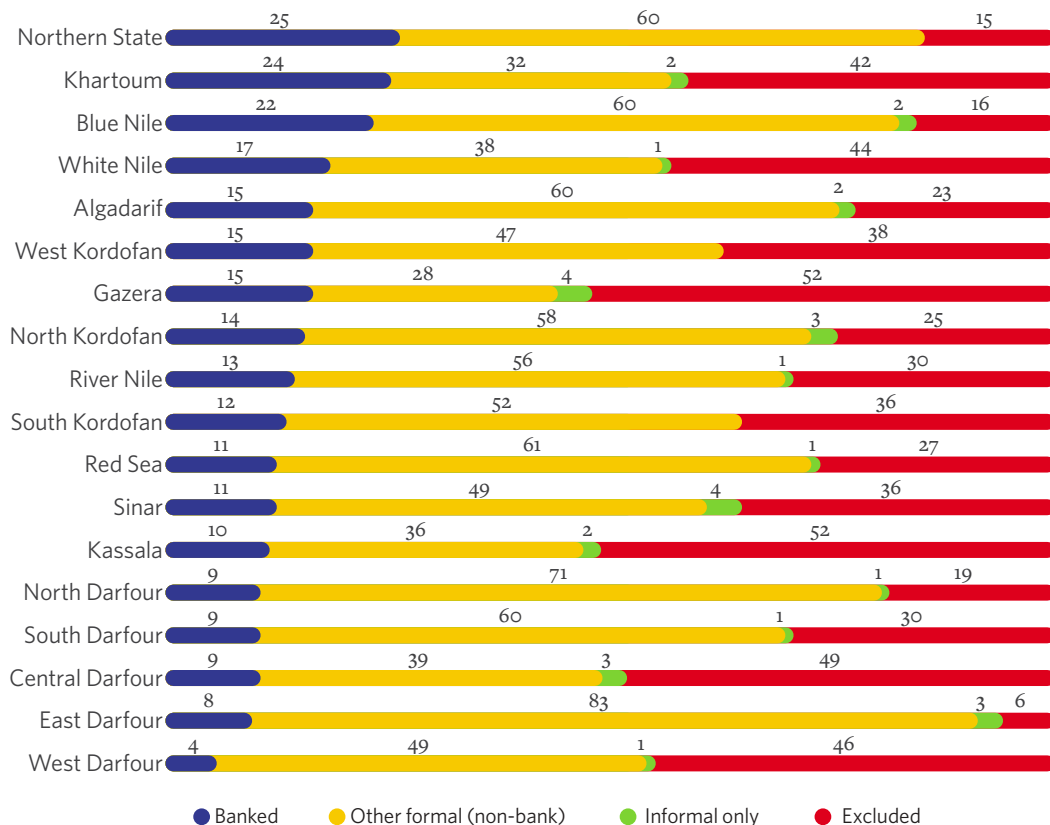


FINANCIAL ACCESS STRAND BY AGE GROUP (%)



● Banked ● Other formal (non-bank) ● Informal only ● Excluded

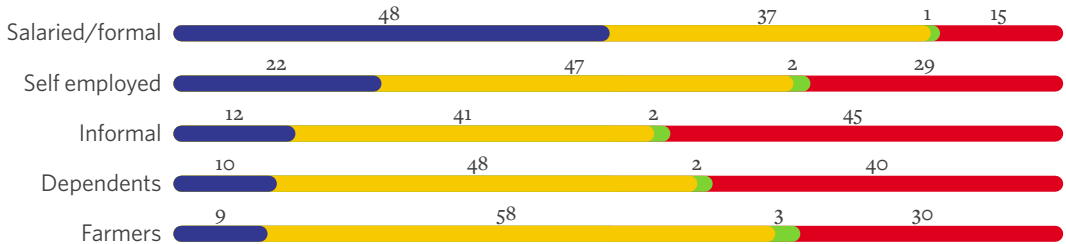
STATE FINANCIAL ACCESS STRAND (%)



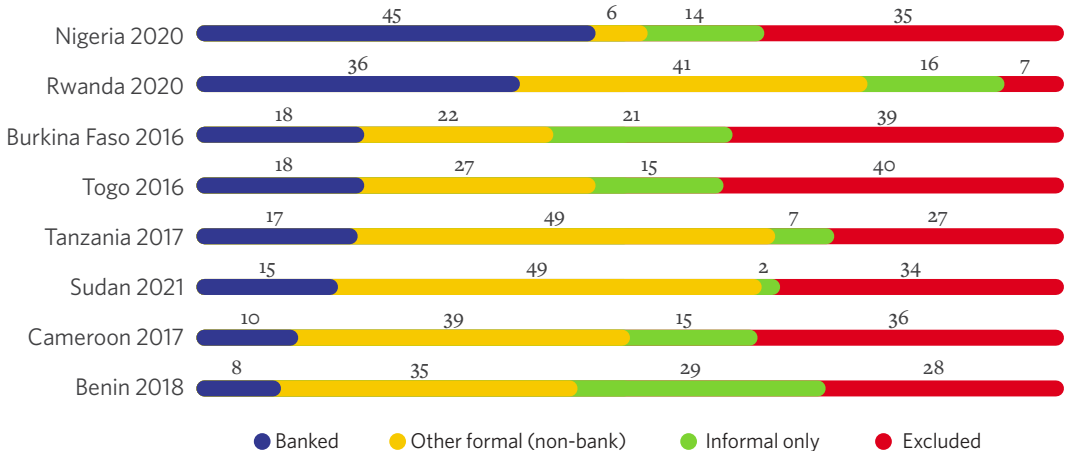
LANDSCAPE PRODUCTS

n=9,337

FINANCIAL ACCESS STRAND BY LIVELIHOOD (%)

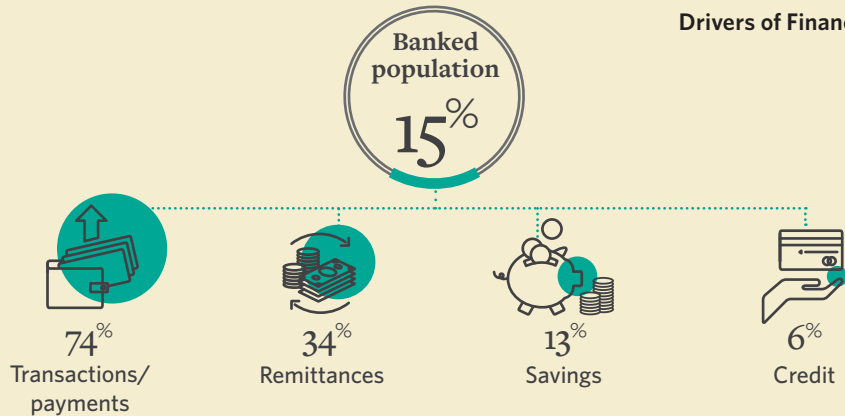


COUNTRY OVERVIEW (%)

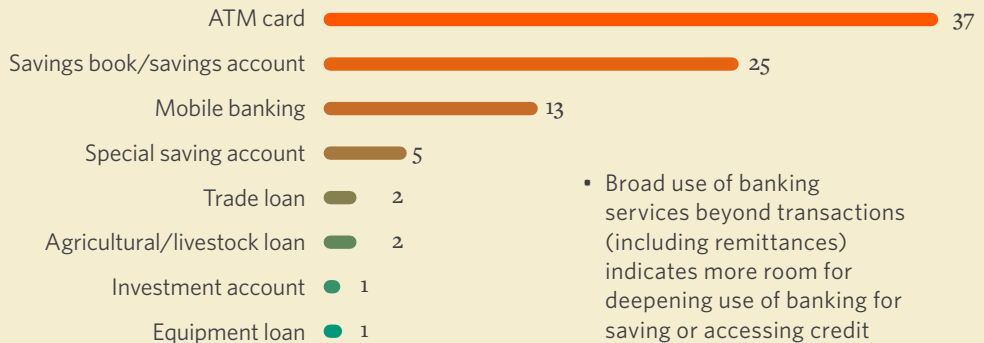


● Banked
 ● Other formal (non-bank)
 ● Informal only
 ● Excluded

Drivers of Financial inclusion
n=1,361



PRODUCT USAGE (%)



- Broad use of banking services beyond transactions (including remittances) indicates more room for deepening use of banking for saving or accessing credit which are currently low.

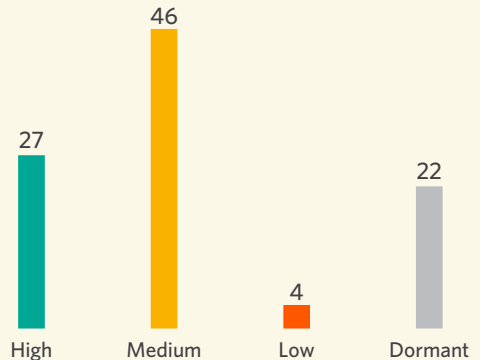
FINANCIAL INCLUSION

Usage of bank account n=1,361

- 1 in 5 banked adults have dormant accounts
- It shows that there is relatively a high proportion of banked adults using their accounts regularly

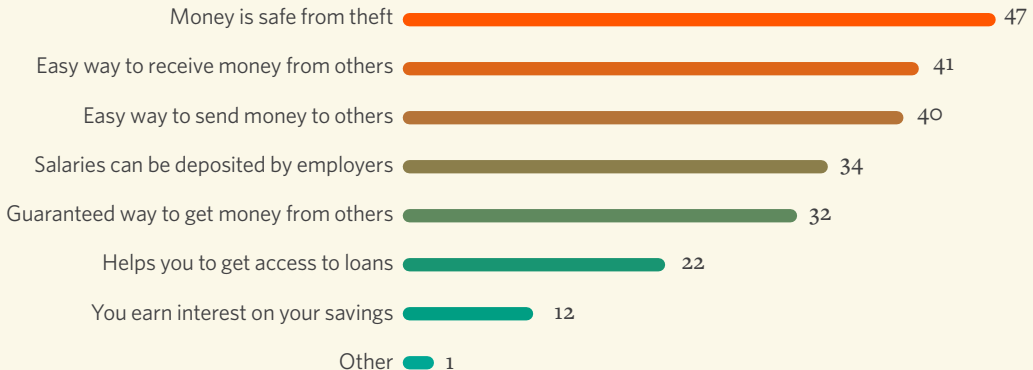
High	Used 3 or more times monthly
Medium	Used at least monthly
Low	Used once in 3 months
Dormant	Not used in the past 4 months

BANKING USAGE (%)



DRIVERS FOR BANKING (%)

15% of adults are banked



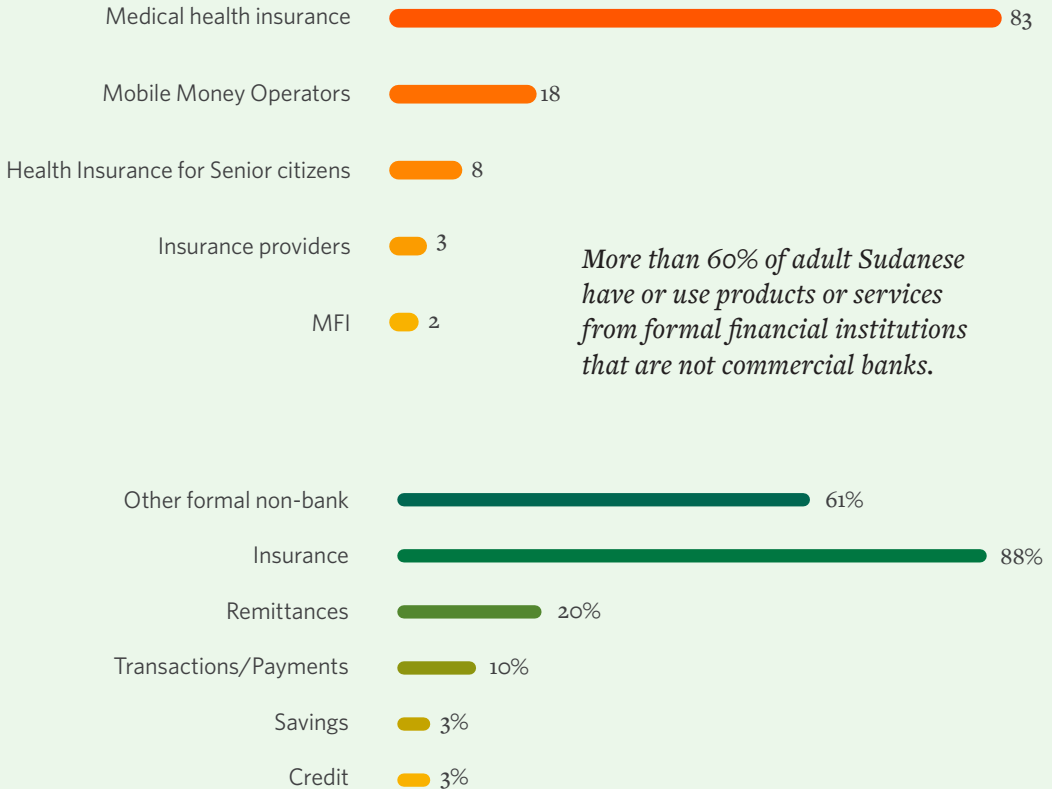
The unbanked Sudanese
n=7,976
BARRIERS TO BANKING (%)
85% of adults are not banked


Factor	
Location	Urban (30%); Rural (64%); Nomads (6%)
Gender	Male (40%); Female (60%)
Education	Primary or less (69%); Secondary (15%); Other (16%)
Documentation	ID document (19%); Identity number (90%); Electricity/water bill (2%)
Age category	18 to 24 years (18%); 25 to 35 years (32%); 36 to 44 years (18%); 45 to 60 years (23%); 61 years and older (9%)
Livelihood	Farmer (33%); Dependent (37%); Self-employed (11%); Informal (14%); Salaried/formal (5%)
Marital status	Single (13%); Married (78%); Widow (6%); Divorced/separated (3%)

FINANCIAL INCLUSION

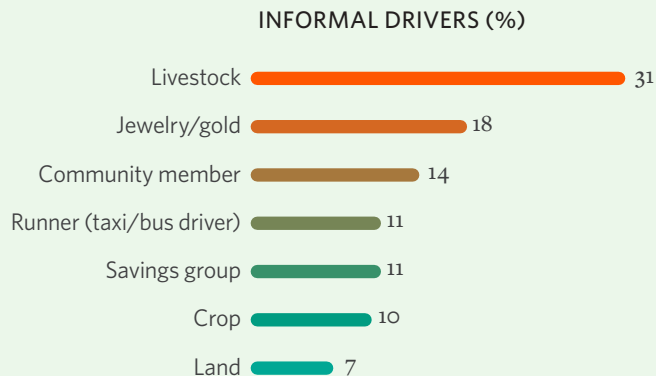
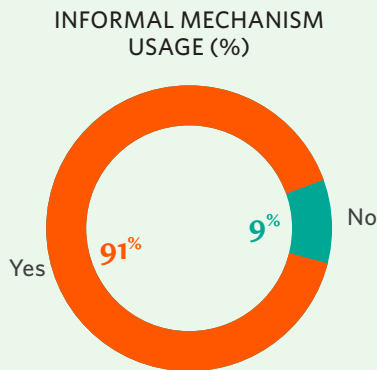
n=4,560

OTHER FORMAL NON-BANK DRIVERS (%)



Around 10% of Sudanese use informal financial providers to manage some of their financial needs

Informal financial mechanisms
n=873



Informal financial products usage is mainly driven by saving needs

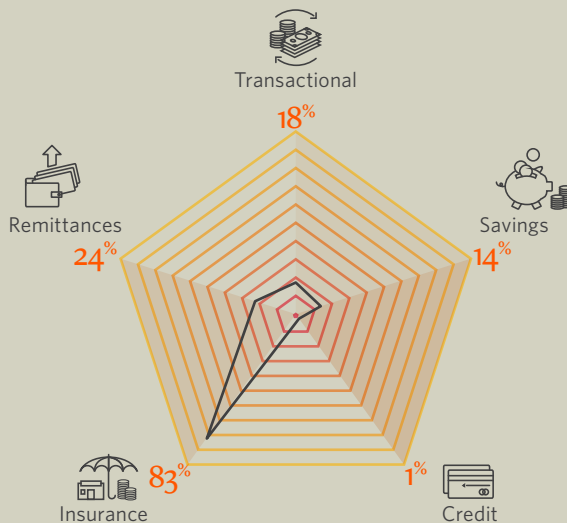
- Uptake of informal products is mainly for store of value and growing their money for future expense. The remitting of funds through bus/ taxi drivers, or buying airtime for resale to recoup the sent value in airtime were the common informal channels of remitting.
- No usage of informal credit or risk mitigating mechanisms was recorded.

Informal population	9%
Savings	74%
Remittances	32%

FINANCIAL INCLUSION

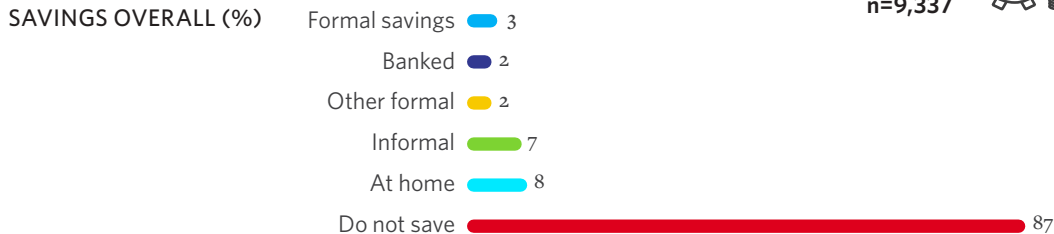
Landscape of Access (of those with any financial product)

n=9,337

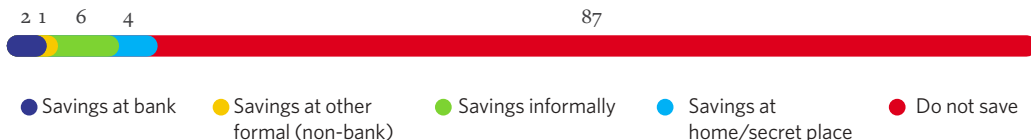


The Landscape of Access is used to illustrate the extent to which financially included individuals have/use financial products/services (excluding those borrowing from family/friends and those who save at home/hiding in secret place)

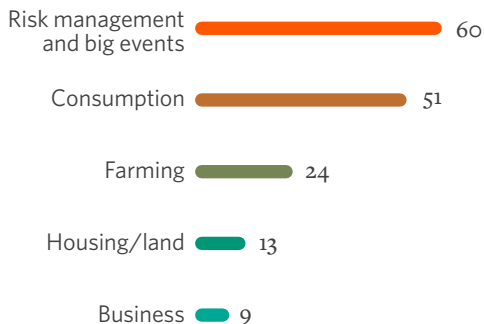
Savings and investments
n=9,337



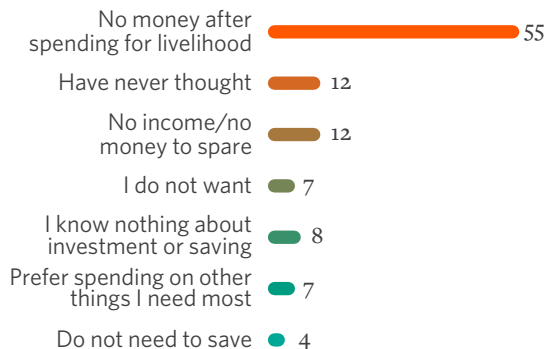
SAVINGS STRAND (%)



DRIVERS TO SAVING (%)



BARRIERS TO SAVING (%)



LANDSCAPE PRODUCTS



Savings and investments

Savings through informal mechanisms is more popular especially among the nomad and rural population.

SAVINGS STRAND BY GENDER (%)

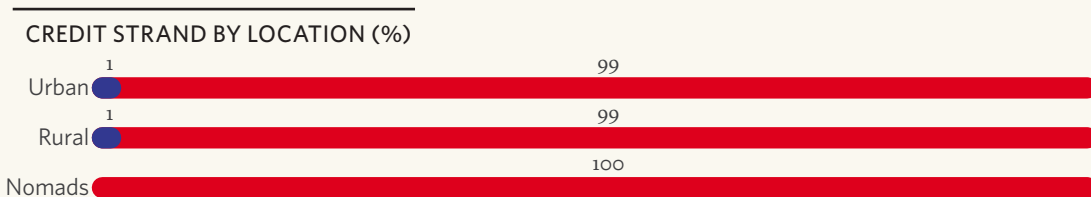
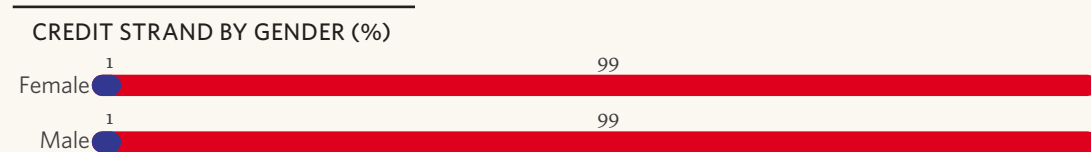
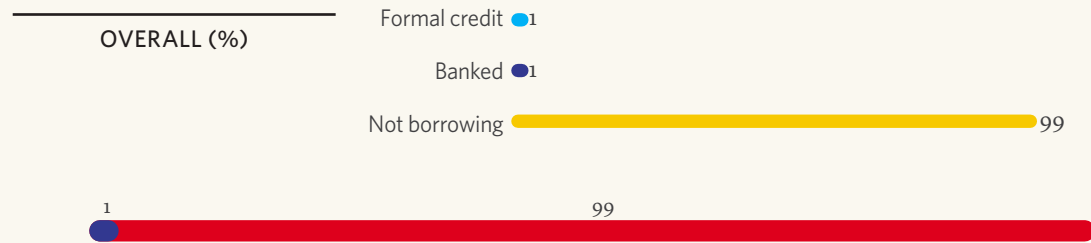


SAVINGS STRAND BY LOCATION (%)



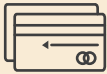
- Savings at bank
- Savings at other formal (non-bank)
- Savings informally
- Savings at home/secret place
- Do not save

Borrowing
and credit
n=9,337

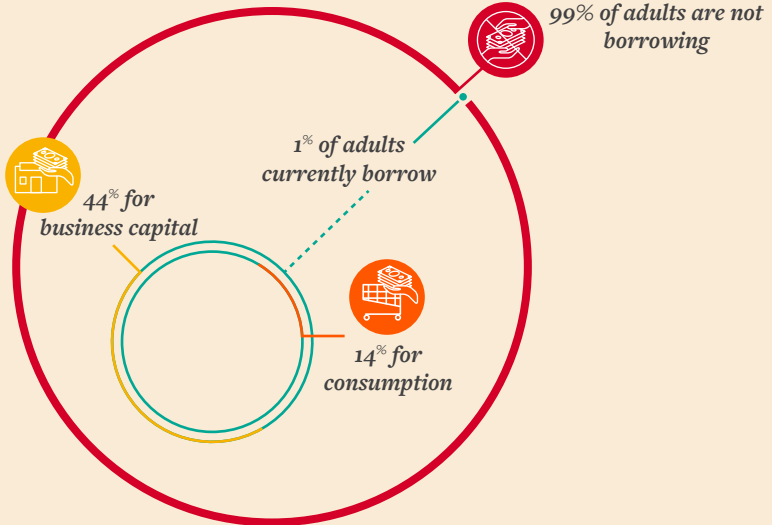


- Credit at bank
- Credit from other formal (non-bank)
- Credit from informal mechanisms
- Credit from family and friends
- Do not borrow

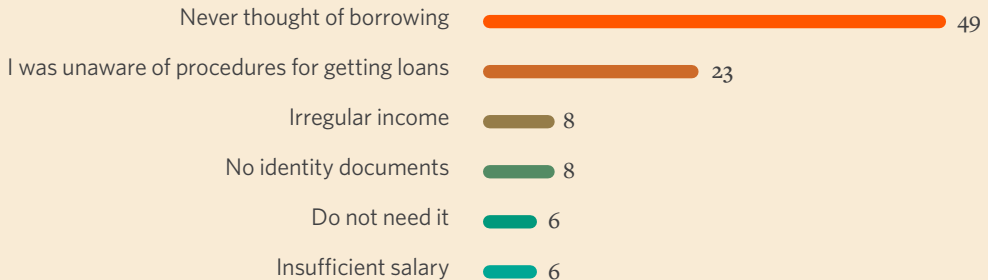
LANDSCAPE PRODUCTS



Borrowing
and credit



BARRIERS TO BORROWING (%) n=9,258



Insurance and risk management
n=9,337



INSURANCE STRAND OVERALL (%)



INSURANCE STRAND BY GENDER (%)



INSURANCE STRAND BY LOCATION (%)

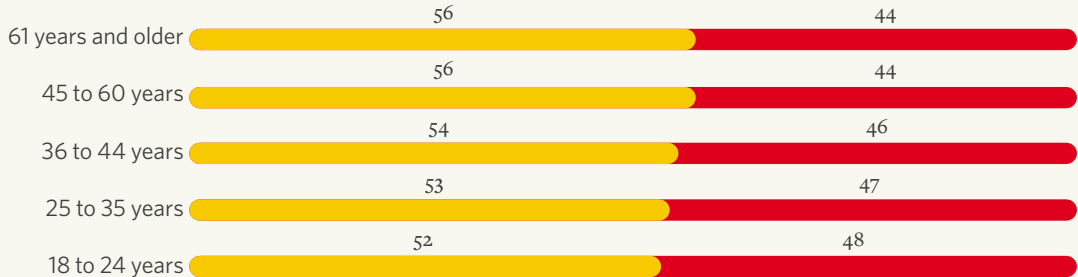


- Insurance from other formal (non-bank)
- Insurance from informal mechanisms
- Insurance from other person indirectly
- Do not have any insurance

LANDSCAPE PRODUCTS



INSURANCE STRAND BY AGE CATEGORY (%)



● Insurance from other formal (non-bank)

● Insurance from informal mechanisms

● Insurance from other person indirectly

● Do not have any insurance

Most risks faced are insurable

EXPERIENCED RISK (%)

Big illness or health problem within household 37

Loss of property 8

Harvest failure due to pests 6

Harvest failure due to drought 5

Harvest failure due to floods 4

MOST COMMON COPING MECHANISM PER RISK (%) (those that did something)

Savings 54

Savings 55

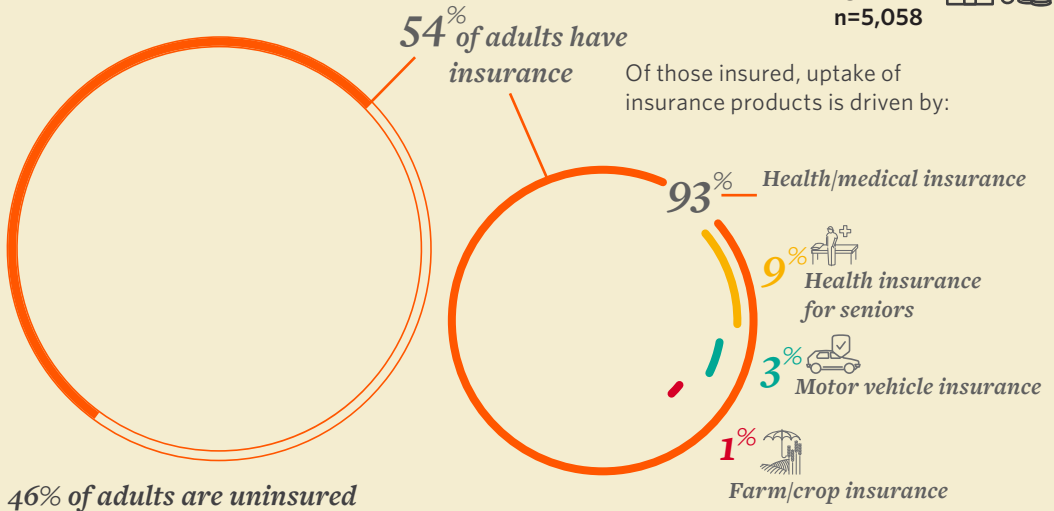
Savings 60

Savings 62

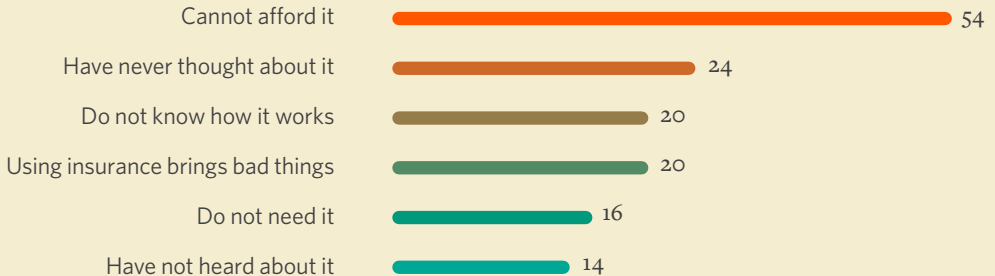
Savings 51

MAIN MECHANISMS AND BARRIERS

Insurance and risk management
n=5,058



BARRIERS TO INSURANCE (%)

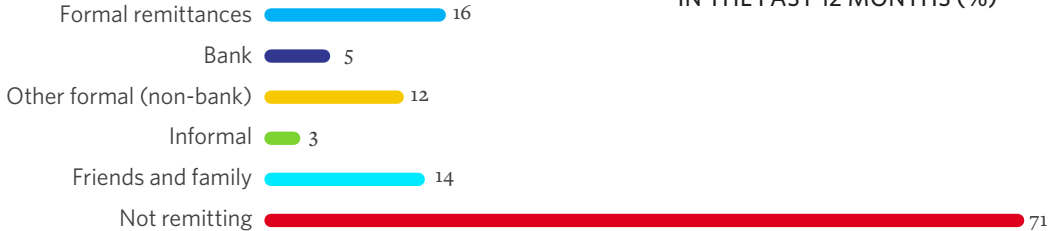


LANDSCAPE PRODUCTS



Remittances
n=9,337

OVERVIEW OF THOSE WHO REMITTED IN THE PAST 12 MONTHS (%)



REMITTANCES STRAND OVERALL (%)



REMITTANCES STRAND BY LOCATION (%)

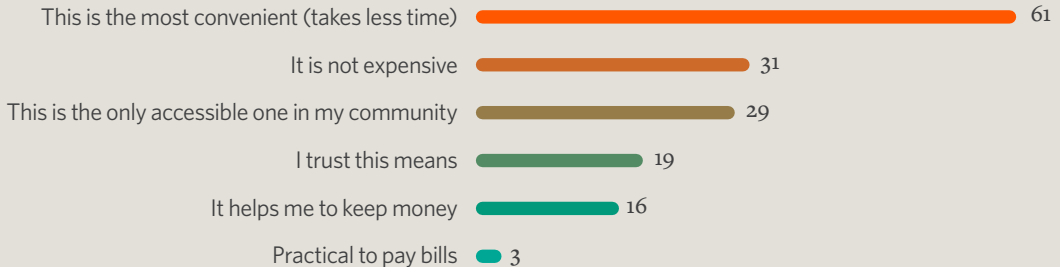


- Remittances through bank
- Remittances through other formal (non-bank)
- Remittances through informal channels
- Remittances through family and friends
- Do not remit

Mobile
money
n=9,337



11% of adults use Mobile Money while only 2% are registered



- A larger proportion of those that use mobile money are over-the-counter users i.e. unregistered.

89% of adults do not use Mobile Money



PROFILING THE EXCLUDED

n=9,337

EXCLUDED NATIONALLY



36%
Are female

40%
18-24 years

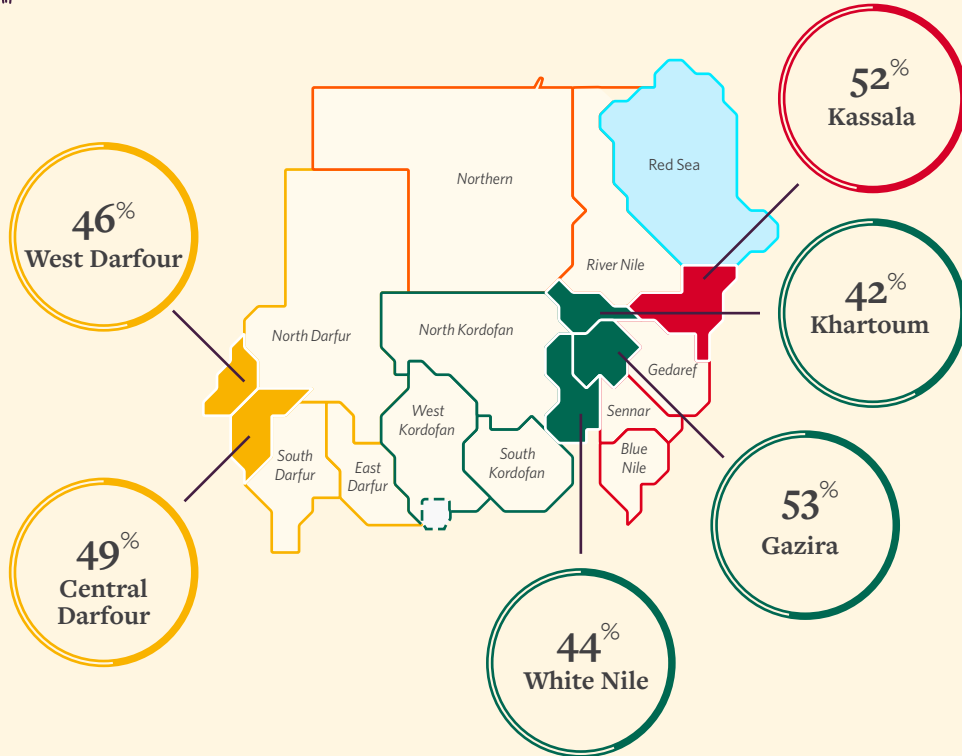
36%
25-35 years



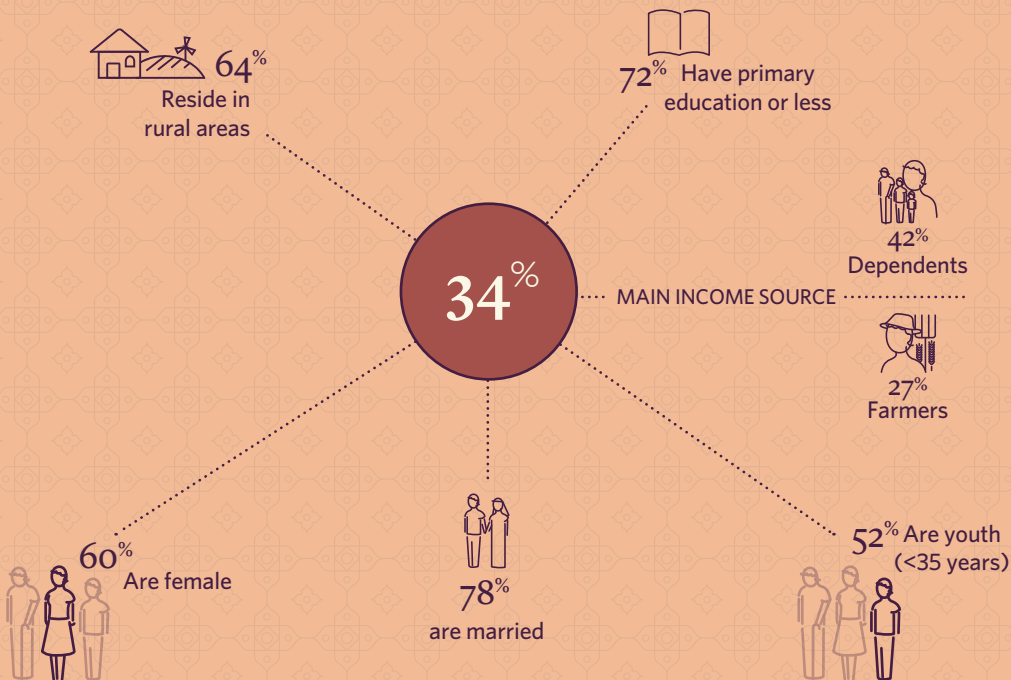
45%
Informal sector
(livelihoods)



40%
Dependents
(livelihoods)



PROFILE OF THE EXCLUDED POPULATION



These groups may be a key focus in achieving inclusive finance target in the medium to long term.

EXCLUDED PROFILE

How the excluded manage their lives

n=3,174

Demographics	Excluded
Base	3,174
Cash income	87%
Cash payment	86%
Basic phone	59%
Smart phone	12%
Often run out of money for food	68%
Receive cash weekly	51%
Send or receive money through family members	11%

- There is considerably a high proportion of the excluded with access to mobile phones together with a high cash-based inflow and outflow of funds. The needs recorded here indicate prominent liquidity and resilience needs.
- It is key to balance costs of electronic funds (transport and time to cash-out) if no existing infrastructure is available for recipients to make electronic payments as this leads to low usage and high mailbox accounts.

Financial inclusion priorities

1

Uptake of banking products and service is low with most of the banked individuals using banks for transactional purposes. The depth of financial services grows as function of usability, affordability and convenience of the products. The survey results show a low uptake is mainly a result of a lack of need for bank service due to irregular and low incomes.

2.

Health insurance is the single biggest driver of formal financial services in Sudan. Three in five adults using other formal (non-bank) driven by insurance mainly to mitigate medical costs.

3.

Mobile money usage is low with one in ten adults using it mainly for remittances and other payments. There is an opportunity to scale the use of mobile money as the service can be low cost, highly accessible and flexible to irregular incomes. A high proportion of Sudanese adults own a cell phone (3 in 5).

4.

Consumer education and financial literacy are real issues in Sudan - interaction with financial products like insurance can show high uptake due to efforts of sensitization by the government. However, beyond this initiative, most of the adults have low uptake of formal finance. Further, the excluded have low educational attainments which in turn lowers financial literacy. Financial education should be expanded in school curriculums as well as service providers to empower their clients.

5.

In developing financial inclusion strategy, the profile of the unbanked should be carefully incorporated to steer the design of new innovative products that speak to the needs of average Sudanese as most are not formally employed. Key pillars of enterprise finance, consumer empowerment and financial health, farmer value chain development, etc. may have long lasting effects on the lives while also improving the uptake and usage of financial products.



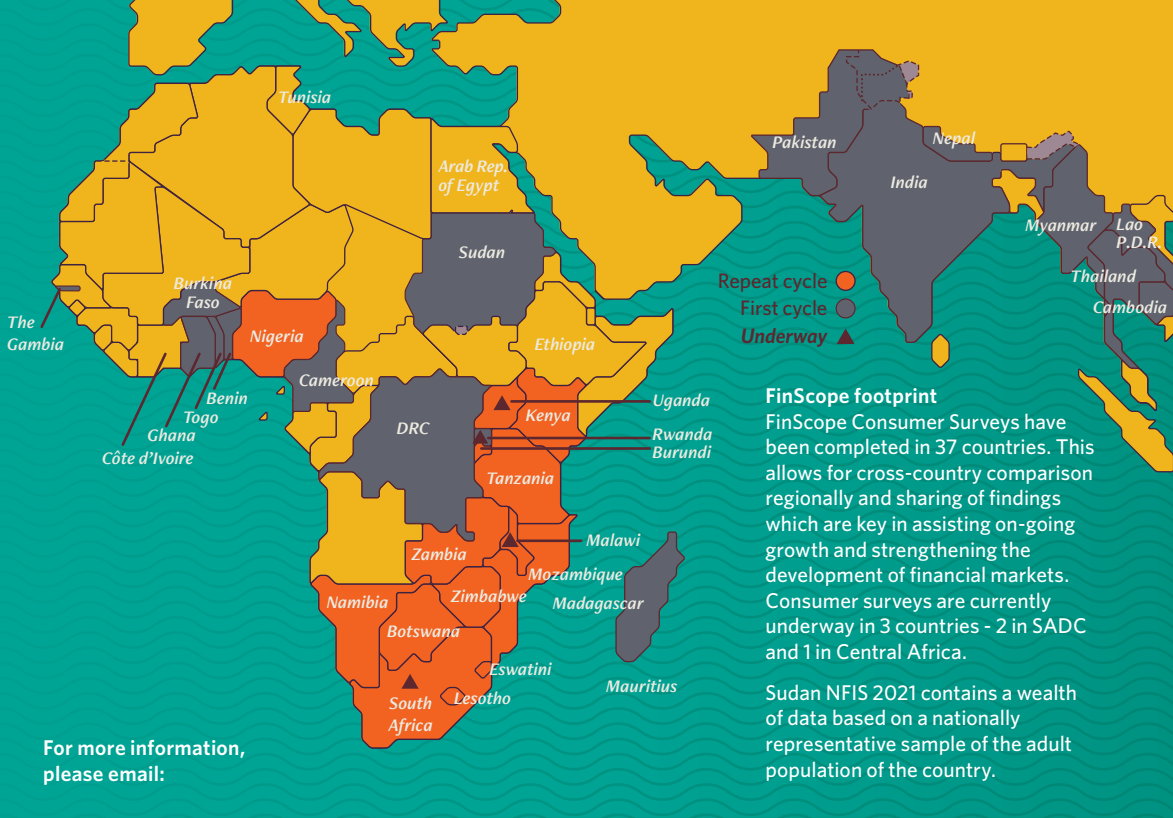
On October 25, 2021, the World Bank paused disbursements in all its existing operations in Sudan and stopped processing any new operations due to the developments in the country. These measures were adopted in accordance with the World Bank Operational Policy 7.30 “Dealing with De Facto

Governments”. The present document is donor-financed product and the survey, upon which this document is based, was concluded before October 25, 2021. The survey findings have been prepared by FinMark Trust, based on data sent from CBS, but have not been discussed with the authorities.

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