Opening and Welcome: The State of Financial Inclusion and Mobile Money in Ghana

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Accra, Ghana
FII Ghana 2015:
The state of financial inclusion
and mobile money in Ghana

Buddy Buruku
February 2016
The financial landscape in Ghana has developed since 2010

Access Strand in FII 2015 vs FinScope 2010

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank</td>
<td>36%</td>
<td>34%</td>
</tr>
<tr>
<td>Non-bank formal</td>
<td>22%</td>
<td>7%</td>
</tr>
<tr>
<td>Informal only</td>
<td>17%</td>
<td>15%</td>
</tr>
<tr>
<td>Excluded</td>
<td>25%</td>
<td>44%</td>
</tr>
</tbody>
</table>

Note: Shows access to services, not accounts. Minor differences exist between surveys.
Access to formal financial services has risen by nearly half.

Comparing FinScope 2010 and FII 2015:

- **2010**
  - Formally included: 41%
  - Informal only: 15%
  - Excluded: 44%

- **2015**
  - Formally included: 58%
  - Informal only: 17%
  - Excluded: 25%

- 41% expansion of access
- 43% drop in exclusion
The main driver is rapid growth in nonbank formal services

Access to these services tripled in five years

<table>
<thead>
<tr>
<th>Year</th>
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<th>Excluded</th>
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<td>2010</td>
<td>34%</td>
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<td>36%</td>
<td>22%</td>
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</table>

3x
Half of this is directly attributable to mobile money

The other half is thanks to both mobile money and other nonbank formal

Included by both MM and NBFIs

Included only by MM

2015

Bank: 36%
MM only: 7%
NBFI & MM: 8%
NBFI only: 7%
Informal only: 17%
Excluded: 25%

2010

Bank: 34%
MM only: 7%
NBFI & MM: 15%
Informal only: 44%
Excluded: 0%
Ghanaians are highly banked compared to peers

Share of adults who have a registered bank account (%)

- Uganda: 14%
- Rwanda: 16%
- Tanzania: 21%
- Kenya: 28%
- Ghana: 34%

...while mobile money in Ghana is still developing

Share of adults who have a registered mobile money account (%)

- Kenya: 63%
- Tanzania: 38%
- Uganda: 33%
- Rwanda: 23%
- Ghana: 20%

The poor / non-poor inclusion gap is smaller for mobile money.

Inequity in active registered use of bank accounts is more than twice that for MM.

- 30% for Bank
- 12% for Poor in Bank
- 20% for MM
- 12% for Poor in MM

The gap is 2.3 times smaller for mobile money compared to bank accounts.
...as is the urban / rural gap

- Bank: Urban 31%, Rural 18%
- MM: Urban 19%, Rural 15%

2.7x
…and the gender gap

<table>
<thead>
<tr>
<th></th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank</td>
<td>31%</td>
<td>20%</td>
</tr>
<tr>
<td>MM</td>
<td>20%</td>
<td>15%</td>
</tr>
</tbody>
</table>

1.7x
Looking strictly at accounts, banking still contributes more

But mobile money accounts have substantially outgrown NBFI accounts

48% of Ghanaian adults have registered accounts with a formal financial institution

34% have bank accounts

20% have mobile money accounts

8% have nonbank financial institution accounts

Note: FII definitions are used. NBFIs exclude credit-only institutions.
A few statistics on the mobile money market right now

10m registered MM accounts

4.4m active MM accounts

44,000 active MM agents

24m transactions each month

$900m transacted each month

$100m MM wallet balances

Nearly half of active MM account holders also use a bank account

Share of active users of bank and/or MM accounts who use either or both types (%)

- 51% Bank only
- 20% Bank and MM
- 29% MM only
This is in line with evidence from peers that there is no contradiction between banking and mobile money services.

<table>
<thead>
<tr>
<th>Country</th>
<th>Bank only</th>
<th>Bank &amp; MM</th>
<th>MM only</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ghana</td>
<td>51%</td>
<td>20%</td>
<td>29%</td>
</tr>
<tr>
<td>Rwanda</td>
<td>21%</td>
<td>26%</td>
<td>54%</td>
</tr>
<tr>
<td>Kenya</td>
<td>1%</td>
<td>45%</td>
<td>53%</td>
</tr>
<tr>
<td>Tanzania</td>
<td>30%</td>
<td>20%</td>
<td>58%</td>
</tr>
<tr>
<td>Uganda</td>
<td>5%</td>
<td>37%</td>
<td>59%</td>
</tr>
</tbody>
</table>
This development is complementary to banking and should not be seen as a threat to banks, as East Africa also shows

Bank vs MM accounts in Kenya, 2007-2013

Data source: Central Bank of Kenya
On the contrary, the expansion of formal accounts enables a range of other services, many of which are powered by banks.
Ghana has all the base conditions for MM to be successful

*In fact conditions are better here than in the leading East African markets*
And the mobile money space is now quite competitive
So there’s no reason not to expect Ghana to catch up with the leading mobile money markets in East Africa.
Summary of takeaways on inclusion in Ghana

Financial inclusion has expanded substantially in last five years

This is driven by nonbank formal, notably mobile money

Banking is comparatively high but not growing much

Lagging regions and vulnerable groups are catching up faster
Advancing financial inclusion to improve the lives of the poor
THANK YOU