This Shan state dashboard on financial inclusion gives a high-level overview of the adult population uptake and usage of financial products and services. The dashboard also describes the adult perceptions, attitudes and needs within the Shan state.

Demographics

Shan is home to about 3.83 million adults or close to 11% of the adult population in Myanmar. The largest concentration of adults are in Yangon (17%) and Mandalay (13%).
59% of Shan households are involved in farming, with 30% dependent on savings for their farming inputs. 10% claim not to use any inputs.

Household involvement in farming (%)

42% of farmer households are mostly subsistence or largely farming for own consumption.

Monthly income USD (%)

- Collection centres: 40%
- Middleman/agents: 48%
- Directly to consumers: 7%
- Processing centres: 3%
- Other (Specify): 1%
- Retailer: 2%

Markets for commercial farmers

Main source of income (%)


1USD = ± MMK1,320
- No income: 21%
- $1—$100: 27%
- $101—$200: 33%
- $201—$300: 15%
- $301—$400: 19%
- $401—$500: 6%
- $501—$1000: 3%
- Refused/do not know: 15%

Shan: 10% of these are dependent on savings for their farming inputs. 59% of Shan households are involved in farming, with 30% dependent on savings for their farming inputs. 10% claim not to use any inputs.

Farming & fishing: 16%
Self-employed: 18%
Formally-employed (Government): 22%
Formally-employed (Private): 26%
Informally-employed: 26%
Remittances dependent: 12%
No income: 21%

Remittances dependent of farmer households are mostly subsistence or largely farming for own consumption.

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Remittances dependent of farmer households are mostly subsistence or largely farming for own consumption.
Dealing with finances is stressful/a burden 56% 63%
You adjust your expenses according to your income 64% 81%
A budget helps to keep track of how much money you can spend 70% 81%
You often have to spend more money than you have available 45% 49%
You keep track of your income and expenditure on a monthly basis 18% 26%

Unplanned expenses e.g. new clothes 22% 23%
Irregular/unreliable income 21% 23%
Not enough income 15% 20%
Unexpected events /have to pay for necessities 4%
Other 20% 22%
Don’t know 9% 18%

Reasons for not planning (% of those not planning)

Scheme for paying for major expense (%)
- Borrow/credit 3%
- Rely on family/friends 32%
- Savings 47%

Agreeing with statement (%)

Adult population 34.3 MILLION

OF SHAN ADULTS HAVE DEPLETED HOUSEHOLD FUNDS FOR FOOD AND OTHER CRITICAL LIVING NEEDS BEFORE THEIR NEXT INCOME

Poverty symptoms reduced nationally between 2013 and 2018 (22% to 18%). Shan citizens have near identical prevalence of hunger and medical symptoms as the national average. Shan households witness slightly higher educational related poverty symptoms (9%) due to lack of funds (compared 6% nationally).
Financial Inclusion

FinScope measures the perceived ownership/usage of financial products. If an adult (18 years or older) believes to currently have or use a product or service from an institution (e.g. MADB) or family/friend, the individual is classified as accessing financial services, either formally or informally. This classification may deviate from supply-side information (on formal product reporting) as one adult may have multiple products with similar institutions (e.g. savings account with two banks). FinScope only counts this adult once although having multiple products in the access strand. The ‘banked’ category has precedence over other formal channels which has precedence over informal channels. Hence, Finscope and supply-side may differ when reporting on adult perceptions versus accounts in the corresponding supply side analysis.

Overall 48% of Myanmar adults are formally served while 50% are informally served. Comparatively, 32% of Shan adults are formally served with 34% of adults being served informally. Shan state has 17% of its households with a formal account compared to 24% nationally – 7 percentage points lower than the national average.

Shan adult product ownership or usage is largely driven by MFIs (10%). Other formal (non-bank) remittances (9%) are contributors to formal financial access.
Shan adults use different financial mechanisms (both formal and informal), ranging from borrowing and pawning of goods to saving and investing, to meet their top three needs which are medical, living, and education expenses.

### Formal vs. informal usage of financial products

Among all informal categories, savings has the highest uptake in Shan State. Payments largely consist of bank mechanisms.

Informal credit comprises mostly current borrowing from money lenders, employers and getting goods in advance from shop/store. Informal insurance largely comprises community based groups or solidarity systems and funeral or burial societies referred to as Nar yay athin. Informal savings comprises village savings groups such as Su Jay or Su-mae, savings in livestock and jewellery.

### Savings and Investments

A small proportion of Shan adults save through informal mechanisms (20%) compared to the national average of 34% overall.

Of Shan adults claim to belong to informal savings groups.
Borrowing and Credit

Borrowing from informal (mainly driven by money lenders) is much lower at 17% compared to 22% nationally.

Remittances and mobile money

Bank remittances – both banked and unbanked users (over the counter) – constitute one of the two main drivers of formal remittances.

Insurance and risk management

The most common income security risks encountered by Shan adults in the past 12 months were major illness (16%) and crop failure (12%). The main coping mechanisms for both risks is selling something to get money or pawning goods or borrowing money.

Formal insurance is largely driven by social security benefit while informal insurance is largely driven by informal funeral funds and solidarity systems.
Product Depth Strand

The product depth strand classifies adults with their current number of different regulated (formal) products across the four main categories of credit, savings, payments (transactions and remittances), and insurance. The last two tiers are those only using informal (unregulated) products and the excluded (those that do not have/use any financial product/service).

Shan

<table>
<thead>
<tr>
<th>Have one regulated product</th>
<th>Have/use two regulated products</th>
<th>Have/use three regulated products</th>
<th>Informal product(s) only</th>
<th>Do not use any formal/informal product(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shan</td>
<td>20%</td>
<td>10%</td>
<td>2%</td>
<td>48%</td>
</tr>
</tbody>
</table>

Myanmar

<table>
<thead>
<tr>
<th>Have one regulated product</th>
<th>Have/use two regulated products</th>
<th>Have/use three regulated products</th>
<th>Informal product(s) only</th>
<th>Do not use any formal/informal product(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Myanmar</td>
<td>31%</td>
<td>13%</td>
<td>4%</td>
<td>22%</td>
</tr>
</tbody>
</table>

Shan product depth strand by gender(%)

Male

<table>
<thead>
<tr>
<th>Have one regulated product</th>
<th>Have/use two regulated products</th>
<th>Have/use three regulated products</th>
<th>Informal product(s) only</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>20%</td>
<td>8%</td>
<td>1%</td>
<td>49%</td>
</tr>
</tbody>
</table>

Female

<table>
<thead>
<tr>
<th>Have one regulated product</th>
<th>Have/use two regulated products</th>
<th>Have/use three regulated products</th>
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<tr>
<td>Female</td>
<td>20%</td>
<td>12%</td>
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</table>

Landscape of Access

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/saving in secret place). The population here would include those formally included as well informally included.
Key findings

» With a 32% formal financial access, Shan trails the national average (48%) by one-third. Formal financial access is driven mainly by MFI credit (10%), in line with the national average, MADB, and formal remittance channels.

» Shan trails the nation in use of informal financial products (34% versus 50%) largely driven by borrowing from money lenders, village savings groups and informal funeral funds/solidarity systems.

» Shan has a slightly lower proportion of adults (20%) dependent only on informal mechanisms as compared to the national average (22%).

» Most adults only use one formal product (20%) with less using two or three regulated products (12%). Shan State leads the nation in adults not using any financial services (i.e. exclusion rate) at 51% and 39% for rural and urban areas, respectively.

» The proportion of households with one account is at 17% for Shan which is seven percentage points lower than the national average of 24%.

» Urban adults in Shan are more formally included at 44% while rural adults are at 28%. Urban adults that are informally served sit at 17% while rural adults sit at 21% indicating higher rural dependency on the informal services alone. A higher excluded population is in rural areas (51%) versus urban areas (39%).

Note to Reader: The data displayed depicts the understanding, perceptions and responses to questions of the surveyed adult population asked by well-trained enumerators. The dashboard reflects the demand-side data on financial inclusion for understanding consumer perceptions and behaviour. Disparities emerging between the FinScope findings and supply-side are due to measurement differences, duplication, literacy, awareness, etc. Some of these disparities are explored for follow-up investigation in the MAP Diagnostic Report. Some graphs are not meant to be added due to multiple mention/overlaps. Some of the numbers in the graphics may add to less or more than 100% due to rounding off.