



Financial Inclusion Data
Working Group (FIDWG)

Financial Inclusion Data Tracking and Measurement

Demand-Side Surveys to Inform Policymaking

This guideline note, developed by AFI's Financial Inclusion Data Working Group (FIDWG), outlines the key steps to conducting a successful demand-side survey for financial inclusion measurement, based on the recent experiences of AFI member institutions in Belarus, Kenya, Malaysia, Mexico, Tanzania, Thailand and Zambia.

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The AFI Financial Inclusion Data Working Group (FIDWG) was created to explore the area of financial inclusion data, to share expertise in data collection and measurement and to build capacity across the AFI network. FIDWG members are data practitioners and policymakers from countries where data initiatives are in various stages of development. Since it launched in 2009, FIDWG has been leveraging growing interest in this area to capture the latest progress and lessons from data experts and practitioners around the world, and to create new knowledge resources for policymakers in the AFI network and beyond.

Context

Policymakers can collect reasonably good data on the supply of financial products from national supervisory bodies, but only a demand-side survey can reveal the quality of these products and how many consumers have access to the products and are actually using them. International demand-side datasets are available, but a government often needs a national survey to delve into policy questions unique to its country. The data generated by a national demand-side survey are important not only for policymakers to develop evidence-based solutions, but for AFI members to measure the progress of Maya Declaration commitments that focus on improving the quality, access and usage of financial services.

This guideline note outlines the key steps to conducting a successful demand-side survey for financial inclusion measurement, based on the recent experiences of AFI member institutions in Belarus, Kenya, Malaysia, Mexico, Tanzania, Thailand and Zambia.

Purpose and Critical Issues

Demand-side surveys have two important, high-level uses for policymakers:

1. To assess the state of financial inclusion and develop new policy solutions

The Bank of Zambia (BoZ) conducted a demand-side survey to analyze both financial product use and institutional reach. The BoZ uses the results from FinMark Trust's Financial Access Strand (FAS)¹ to measure access to formal and informal financial services in the country and to track its progress toward creating a more inclusive financial system. The primary outcomes of the survey were, first, a better understanding of financial access in Zambia based on the usage of financial products across transactions, savings, credit and insurance, and, second, the level of access to financial institutions in the country.

The National Bank of Belarus (NBRB) used a demand-side survey to map the usage of financial products by region, gender and other indicators. In early 2012, NBRB conducted a snapshot survey of 2,500 people to gauge overall access to financial services in the country and the results sparked interest among policymakers for more data.

Later that year, NBRB carried out an expanded 8,000-interview sample survey and created a detailed map of both access and usage of financial services in the country. The map will enable regulators to determine how to promote the expansion of services in low-access areas, while banks and mobile operators can use the data to discover potential untapped markets.

2. To monitor the growth of financial inclusion and modify or create new policies

Bank Negara Malaysia (BNM) implemented three major policy reforms based on the results of its demand-side survey. One finding was that agent costs must be low for consumers to use their services. BNM is now developing agent banking guidelines that set fees at similar levels to ATMs and Internet banking. The survey also revealed that Internet and mobile banking usage were very low in Malaysia, which prompted BNM to launch a new mobile banking platform. Finally, the survey found that people on low incomes are willing to pay for medical insurance but not for many other kinds of protection, especially property insurance. BNM is now refining its microinsurance strategy in response.

Guidelines

1. Set clear objectives.

The objectives of a demand-side survey will be determined by the questions regulators must answer in order to devise or fine-tune financial inclusion policies.

- **General or specific?** Bank Negara Malaysia's 2011 demand-side survey aimed to produce both a general snapshot of financial inclusion in the country and answer specific questions about usage in order to shape policy. The broad objectives of the survey were to develop an in-depth understanding of the population's access to and usage of financial services, and gauging whether low-income individuals have equal access to financial products. The specific policy objectives were to determine the willingness of consumers to pay for transactions at agents (to draft agent banking guidelines) and to understand market penetration and interest among certain segments of the population (to formulate strategies for enhancing usage of Internet and mobile banking).

¹ The FinMark Trust Financial Access Strand (FAS) measures access to financial services across a continuum of financial services usage, both formal and informal.

- **Macro- or micro-level?** The Bank of Thailand (BoT) wanted its survey to answer questions about the overall state of financial inclusion in the country and to disaggregate the data both locally and by region. Consequently, BoT's national survey focused on macro-level data rather than micro-level, consumer behavior.

2. Determine the survey's scope and budget

The scope of the survey will be heavily influenced by the available budget, as well as by the questions that need to be addressed. AFI members have learned the following lessons:

- **Keep the scope of the survey realistic:** In addition to the budget, existing data and in-country research capacity should be taken into account. This will help to avoid costly duplication and initiatives that are beyond the capacity of researchers in the country. Above all, it is essential that the survey's goals can be met with the resources that are available, especially funding.
- **Think creatively about funding the survey:** The cost of implementing a national survey varies widely between countries (see Figure 1). However, it is possible to gain valuable demand-side insights even with a small budget, as Bank Negara Malaysia's US\$ 120,000 survey has proven. The Bank of Tanzania found that it was important to factor the cost of stakeholder consultations into the budget because gaining buy-in and disseminating the results add to the cost of conducting the survey.

Funds for the survey can be raised from government sources, contributions from banks and other industry players, as well as from development partners. Some countries recoup part of the cost by charging for access to the survey data. For example, the Financial Access Partnership (FAP) in Kenya decided to charge token fees to access FinAccess datasets. Master's students pay \$100, PhD students pay \$300 and industry pays \$6,000. To date, the Central Bank of Kenya has raised 6 million Kenyan shillings (about \$70,000) from data fees.

If a central bank does not have the budget to launch a full, nationally representative survey, it may choose to reduce the sample

size and survey only a particular segment of the population. Qualitative research can also be a lower cost alternative – the results of focus group discussions, for example, could be used to inform a large quantitative survey in the future. Alternatively, financial inclusion questions can be included in household consumption and budget surveys or in other research efforts that the government undertakes at regular intervals.²

3. Assign a government unit to oversee the survey

To manage the demand-side survey it is essential to establish a dedicated team of one or two people within the central bank (or other body responsible for financial inclusion policy) that is supported by a strong organizational structure. Regulators in different countries have established various types of structures to oversee the survey process.

- In Mexico, the CNBV created a Financial Inclusion Data Unit to manage the demand-side surveys conducted in 2011 and 2012.
- In Zambia, the Bank of Zambia's Financial Sector Development Plan (FSDP) working group manages the process.
- In Kenya, the Financial Stability and Access Division of the Research Division of the Central Bank of Kenya, together with Financial Sector Deepening (FSD) Kenya and the Kenya National Bureau of Statistics (KNBS), organized and managed demand-side surveys on behalf of the Financial Access Partnership.

4. Consult with stakeholders

Central banks should engage other stakeholders, such as commercial banks, academic researchers, experts and other government agencies, to attract an audience for the results and ensure that the survey has the greatest possible impact.

As the CNBV team in Mexico learned, it is important to include a broad range of stakeholders in the early design and implementation phases, but the management of the survey should be limited to a single unit. Ideally, this unit should be involved in the pilot of the survey to clarify the wording of the survey questions. The Bank of Tanzania cautions that the more local actors involved in the process, the longer it will take.

² For example, the Central Bank of Brazil has delayed launching a demand-side survey in the hope that the national research institute, Instituto Brasileiro de Geografia e Estatística (IBGE), will include financial inclusion research questions in its national surveys.

Figure 1: Sample budgets of national demand-side surveys

Country	Year	Sample size	Budget (US\$) ³
Kenya	2006	4,500	\$413,400
Kenya	2009	6,500	\$551,000
Kenya	2013	TBD	\$758,000
Malaysia	2011	2,000	\$120,000
Belarus	2012	2,500	\$291,500 for two surveys and a national strategy
Belarus	2012	8,000	
Thailand	2010	11,000	\$28,000 Survey conducted as an add-on to the National Statistics Office annual household survey ⁴

In Malaysia, the survey team from the Development Finance and Enterprise (DFE) Department compiled inputs from various members of the Financial Inclusion Working Group (FIWG) in Bank Negara Malaysia to prepare the first drafts of the questionnaire. In Belarus, the NBRB looked to the regional Microfinance Centre in Poland for support and guidance throughout the survey process.

5. Appoint an organization to conduct the survey

It is important to select a research institution that is competent, experienced and has the necessary security clearance to work with the central bank and working groups. Most of AFI's members that have commissioned demand-side surveys have involved their national statistics office, either to manage the entire process from design to implementation or to work in conjunction with another research institute.

- Working with national statistics offices:** There are several advantages to involving national statistics offices, including their experience, technical know-how and access to national sampling frames. In Mexico, the CNBV engaged the national statistics institute, Instituto Nacional de Estadística y Geografía (INEGI), to implement its 2012 demand-side survey. Similarly, the Bank of Thailand and the National Statistics Office (NSO) have conducted the survey once every three years in conjunction with other NSO household surveys. In Zambia, the Central Statistical

Office (CSO) did not execute the survey, but it did design a nationally representative sample of 4,000 respondents, covering all nine provinces and targeting all residents aged 16 years and older – the age at which Zambians are legally eligible to open a bank account.

- Hiring independent research agencies:** Sometimes the national statistics office might not have the capacity or time to conduct a demand-driven survey. In these cases, qualified external research agencies can be employed instead. In Belarus, NBRB selected the Institute of Sociology at the National Academy of Sciences to implement the national survey because of their experience with financial surveys and the fact that they operate year round. In Kenya, the Kenya National Bureau of Statistics (KNBS) provides the sampling frames, but contracts an independent research company to conduct fieldwork supervised by both the KNBS and the FinAccess Secretariat. The Bank of Tanzania (BOT) also uses the national statistics office to design its survey sample, but hired an independent research company to conduct it. The BOT found that having the bank play a coordinating role between the National Bureau of Statistics, the research house, the technical committee and other external advisors, was essential to a successful survey. For a country like Tanzania, with a large geographical area and many stakeholders

³ Values calculated for the year in which the survey was completed. (2006 surveys are in 2006 US dollars, etc.)

⁴ Based on an annual exchange rate of 31.7 Baht/US\$ in 2010.

Figure 2: Types of surveys

Type of survey	Description	Objective
One-time cross section	Cross-section of the population is randomly selected and interviewed once.	Snapshot of the current level of financial access.
Repeated cross-section	A cross-section of the population is randomly selected and interviewed once. After a certain period of time, another cross-section of the population with similar characteristics is randomly selected and interviewed once.	Monitor progress of financial inclusion over time.
Panel or longitudinal study	The same households or individuals are interviewed multiple times at regular intervals.	Can be used to show the causal impact of policy or other changes if the correct controls are included.

involved in the survey, strong partnerships and monitoring are of paramount importance. Bank Negara Malaysia found that when selecting a research house, experience with nationally representative surveys and familiarity with financial topics are important factors to consider.

6. Design and implement the survey

- **Reach consensus on key financial inclusion indicators**

To harmonize the collection of financial inclusion data, AFI’s Financial Inclusion Data Working Group (FIDWG) has developed a Core Set of Financial Inclusion Indicators. The indicators focus on both access (the availability of financial services) and usage (how many people are using the services and how often). FIDWG is currently developing indicators to measure the quality of financial products as well as the overall state of financial inclusion. AFI members will be using the Core Set to monitor the progress of their Maya Declaration commitments and progress toward enhanced inclusion.

- **Determine the type of survey to use**

A variety of survey designs can be used for demand-side analysis, as indicated in Figure 2.⁵ Most AFI member countries plan to undertake repeated cross-section surveys to track progress on financial inclusion without incurring the additional costs and response rate challenges typical of panel surveys.⁶

7. Create a timeline for the survey project

Envisioning how the survey will unfold helps the team to keep the project clearly defined and on schedule. In Mexico, the CNBV identified seven steps to planning and conducting a large-scale demand-side survey (see Figure 3). Allotting sufficient time for each step is essential, especially questionnaire design. A survey of this kind typically takes 18 months, from initial gap analysis to identifying existing data and gaps to publishing the results.

Once the survey has been completed, follow-up surveys should be conducted to measure progress. Kenya, Tanzania and Zambia have surveyed repeated cross-sections of the population at two to three year intervals, with interviews conducted with randomly selected individuals in selected households. The majority of the other AFI member countries featured in this guideline note are planning a similar approach, although this may not be the most appropriate methodology in all cases.

8. Disseminate the findings

Once the survey results are finalized, there are various options for sharing them with stakeholders:

- **Reports:** In Kenya, the results of FinAccess surveys are compiled in a report that is distributed widely to libraries, universities and among industry players. The central bank’s research department and academic researchers have used the survey data in national and international journal articles. Bank Negara Malaysia also produced a survey report.

⁵ Adapted from AFI’s 2010 “Financial Inclusion Measurement for Regulators: Survey Design and Implementation” Policy paper.

⁶ Finding the same respondents after years have passed can be challenging and costly. Panel data is very useful for measuring causal impact more precisely, but the non-response rate in such surveys can be high.

Figure 3: Mexico's 7-stage process for conducting a demand-side survey



- **Workshops and conferences:** Various organizations, such as the Central Bank of Kenya, bring stakeholders together at workshops and conferences to discuss the survey results. These events can also be used to generate wider media coverage and debate.
- **Online channels:** In Belarus, the NBRB opted to post their research report and questionnaire on their website in both English and Russian.⁷ In Tanzania, a simple website is being designed that will include resources, information and data from the demand-side surveys.
- **TV and radio:** The Central Bank of Kenya is planning to use radio and television, including talk shows and interviews, to publicize

the results of the third FinAccess survey (completed in 2012) and raise awareness of financial inclusion. Workshops will also be used to bring stakeholders together to discuss the survey results.

Conclusion

Executing a successful demand-side survey requires significant organization, planning and monitoring, and the steps may seem daunting. However, the central bank can delegate many of the more complex tasks, and the results will be extremely useful for making effective, evidence-based policies. They will also enable AFI members to meet and measure the progress of Maya Declaration commitments that improve the quality, access and usage of financial products.

⁷ Report available at: www.nbrb.by/eng/Publications/InternationalCooperation/UN/Individuals.pdf

About AFI

The Alliance for Financial Inclusion (AFI) is a global network of financial inclusion policymaking bodies, including central banks, in developing countries. AFI provides its members with the tools and resources to share, develop and implement their knowledge of financial inclusion policies. We connect policymakers through online and face-to-face channels, supported by grants and links to strategic partners, so that policymakers can share their insights and implement the most appropriate financial inclusion policies for their countries' individual circumstances.

Learn more: www.afi-global.org

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