



Government of Ghana



Ministry of Finance



The Official **Ghana**

Demand Side Survey
2021



OVERVIEW

The Ghana Demand Side Survey 2021 was commissioned by the Ministry of Finance (MoF). In the implementation of the survey, the Steering

Committee was formed with the aim of putting in place technical procedures for the design and implementation of a global and inclusive process according to the context.

The Ghana Demand Side Survey 2021 represents a collaboration between the following Steering Committee members:

- Ministry of Finance (Chair)
- World Bank (country representatives)
- Ghana Statistical Services
- Representatives from various institutions from government, private sector and development partners
- FinMark Trust

The FinScope survey methodology is dynamic and the content is evaluated by several stakeholders including the private sector, NGOs and Government to ensure that the most relevant consumer data is collected.

Acknowledgements are extended to the following Steering Committee members:

Ministry of Finance

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Mr. Benjamin Torsah-Klu*

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Introduction

The Government of the Republic of Ghana, through the Ministry of Finance initiated a Financial Sector Development Project (FSDP) to enhance the financial sector in facilitating economic growth through access to financial services. The project objective is to promote financial sector soundness and access to financial services by individuals. The Ministry of Finance (supported by country stakeholders) commissioned the Ghana Demand Side Survey 2021 to help identify and create a roadmap that ultimately secures the realisation of this vision.

The Ghana Demand Side Survey 2021 provides credible benchmarks on the level of financial inclusion and guides targeted and focused financial inclusion strategies using empirical evidence. The Ghana Demand Side Survey 2021 will also act as a national good for use across private, public sectors and academia backgrounds to ensure the lives of Ghanaians are improved.

Methodology

- Universe: Adult population in Ghana who are 15 years and older.
- Sample drawn by Ghana Statistical Services (GSS), representative at national, regional and locality type (urban/rural).
- 470 Enumeration Areas (EAs) selected using Probability Proportional to Size (PPS) sampling and household listing data.
- 5 156 Computer Assisted Personal Interviewing (CAPI) completed interviews.

- Fieldwork conducted by Ipsos Ghana (July - September 2021).
- Quality control/field checks conducted by GSS and FinMark Trust.
- Data validation against Census data and latest data sources.
- Weighting of the data conducted by GSS in consultation with FinMark Trust.

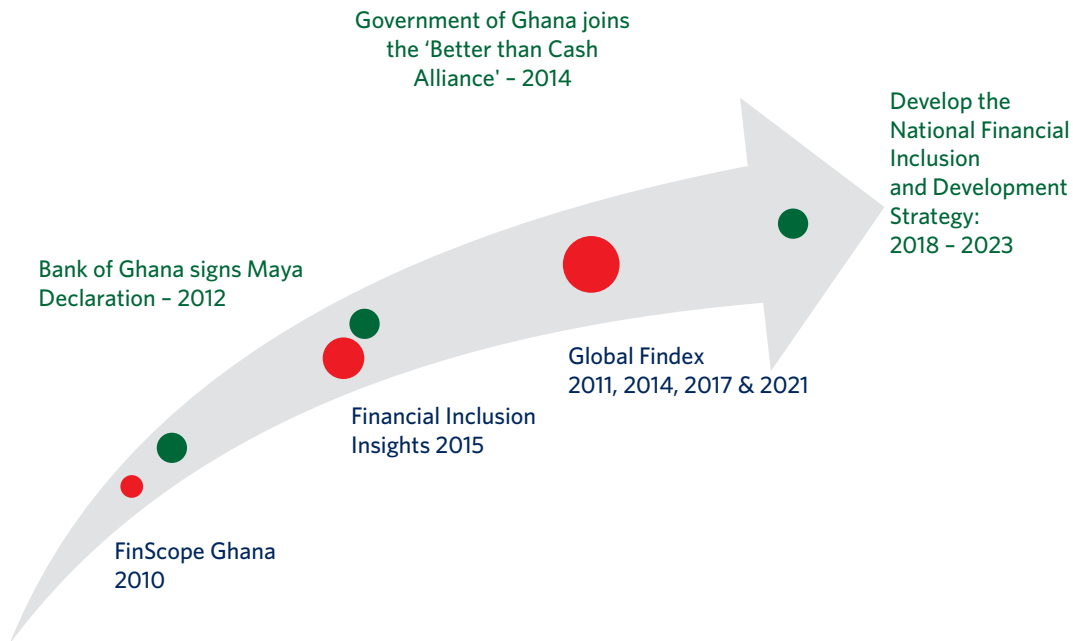
Survey objectives

The objectives of the Ghana Demand Side Survey 2021 are:

- To describe the levels of financial inclusion (i.e., levels of access to 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).
- To identify the drivers of, and barriers to financial access.
- To stimulate evidence-based dialogue that will ultimately lead to effective public and private sector interventions that will increase financial inclusion.
- To assess trends/changes/interventions over time (from 2010).
- Measure financial inclusion impact on Ghana adult population.
- To stimulate evidence-based dialogue that will ultimately deepen financial inclusion.

OVERVIEW

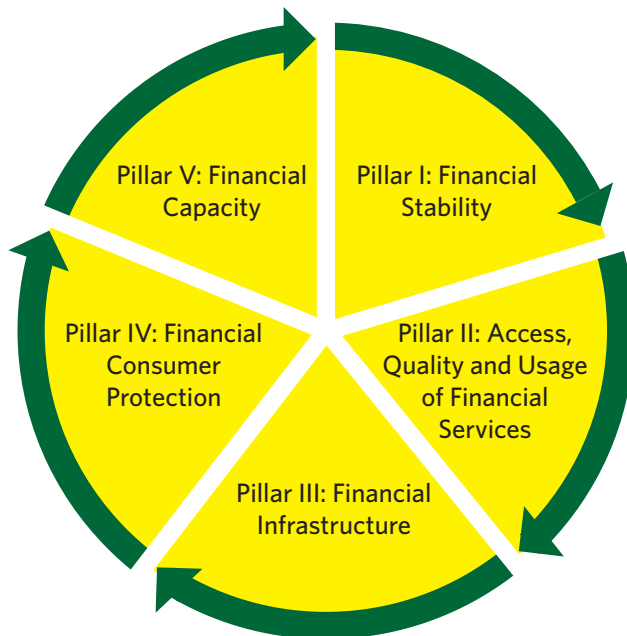
Ghana Financial Inclusion journey



- The Ghana Demand Side Survey 2021 was implemented to track changes in the strategy.

National Financial Inclusion Development Strategy 2018 - 2023

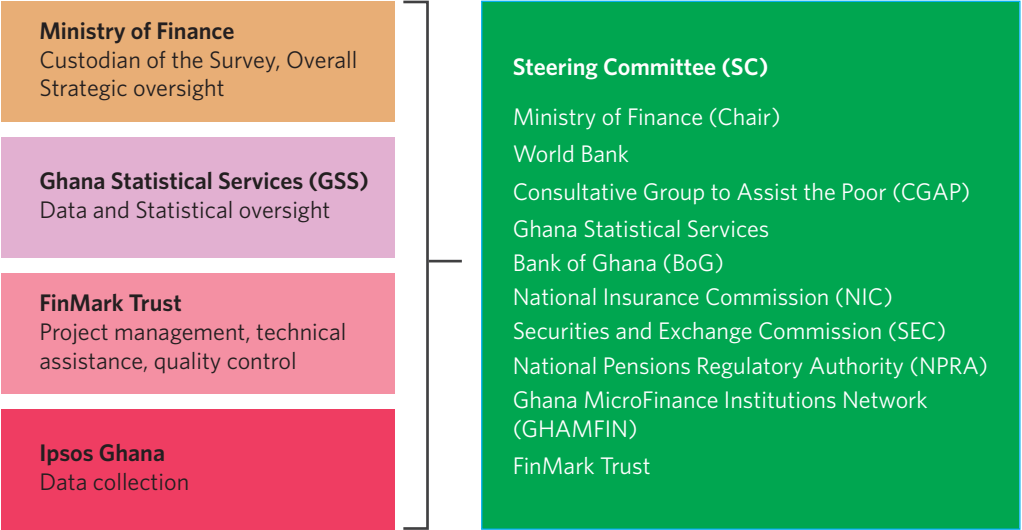
Five Pillars of the National
Financial Inclusion and
Development Strategy

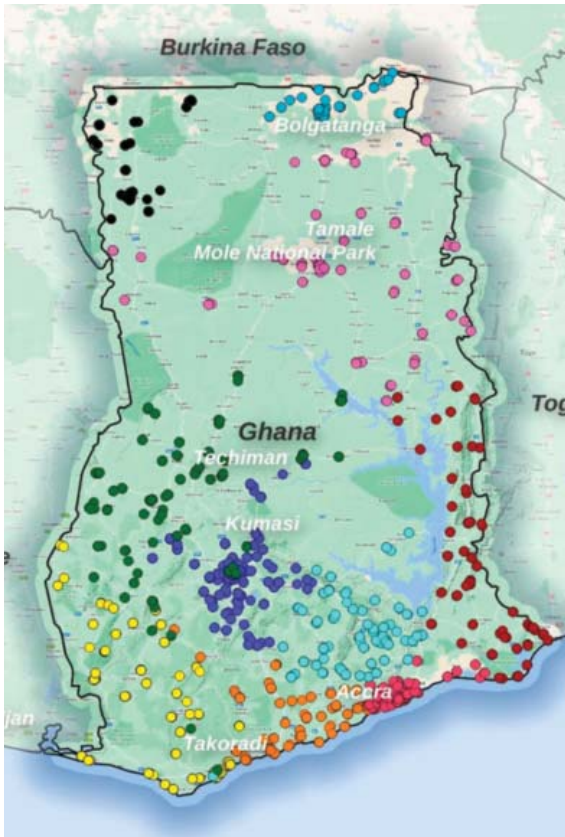


Vision – “Increasing the availability of a broad range of affordable and quality financial services that meet the needs of all Ghanaians and are provided by sound, responsible, and innovative financial institutions.”

ACKNOWLEDGEMENTS

The Steering Committee (SC) for the Ghana Demand Side Survey 2021 was a collective formation of various institutions that provided strategic guidance and oversight to the study.





Quantity per region

- Western (443)
- Central (439)
- Greater Accra (909)
- Volta (391)
- Eastern (511)
- Ashanti (936)
- Western North (449)
- Ahafo (426)
- Bono (193)
- Bono East (142)
- North East (88)

Note:

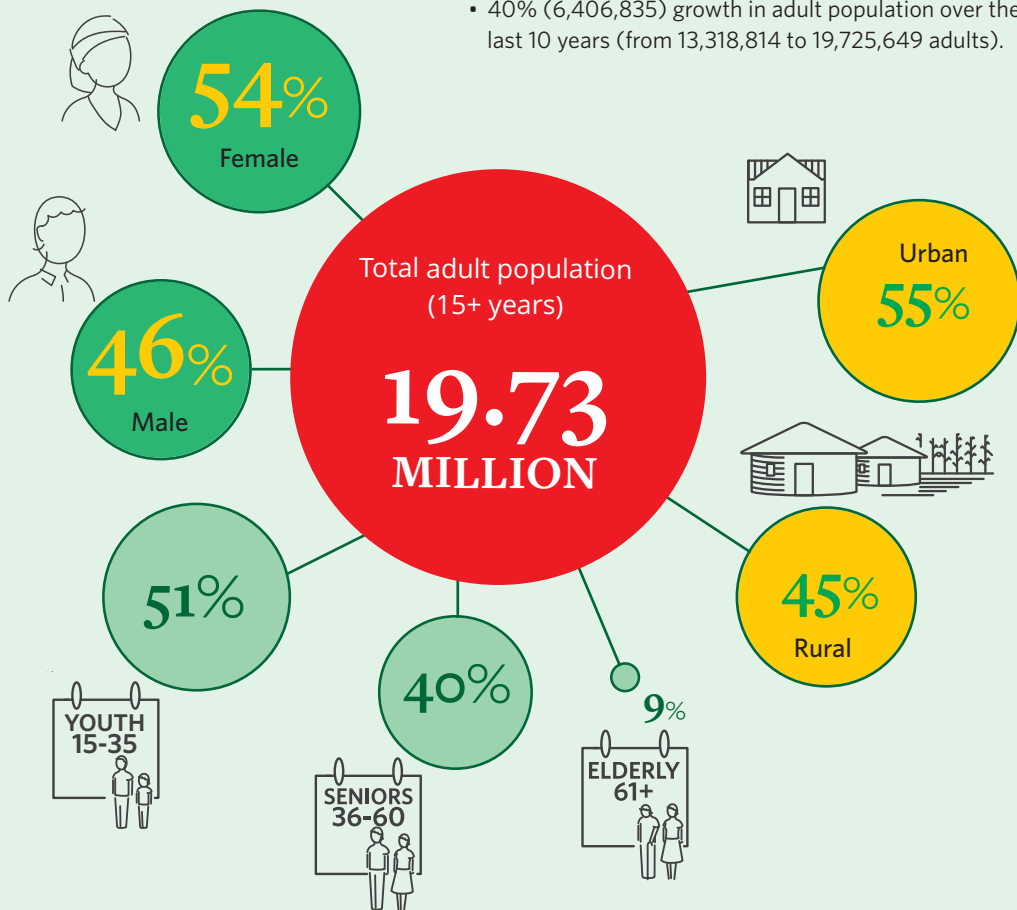
A map of Ghana showing all the locations where interviews were conducted.

- Footprint of all interviews conducted.
- Nationally representative sample.
- Regionally representative sample.

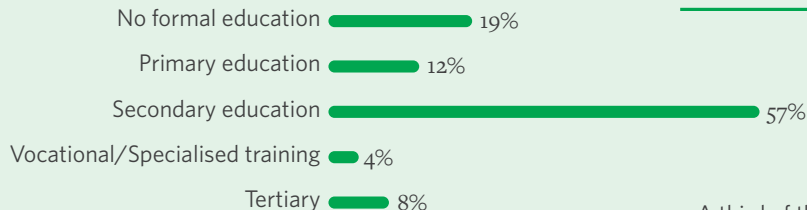
- The higher the concentration of dots shows the higher number of interviews.

DEMOGRAPHICS

- 40% (6,406,835) growth in adult population over the last 10 years (from 13,318,814 to 19,725,649 adults).



UNDERSTANDING PEOPLE'S LIVES



Education (%)

- A third of the adults (31%) have primary education and below.



Main Source of Income (%)

- The livelihoods space is dominated by adults who are informal business owners (34%) and those in the agriculture space (25%), those receiving remittances (13%) which denotes mostly irregular income earners.



Self-employed Informal business 34%



Farming 25%



Remittance dependents 13%



Informally employed 7%



Self-employed Formal business 6%



Other income 4%



Formally employed Private 4%

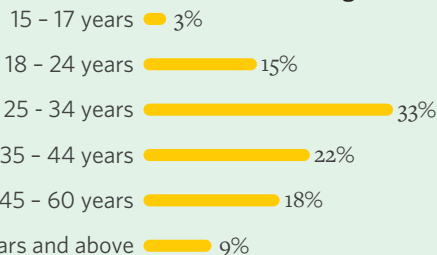


Formally employed Government 4%

× Don't know 3%

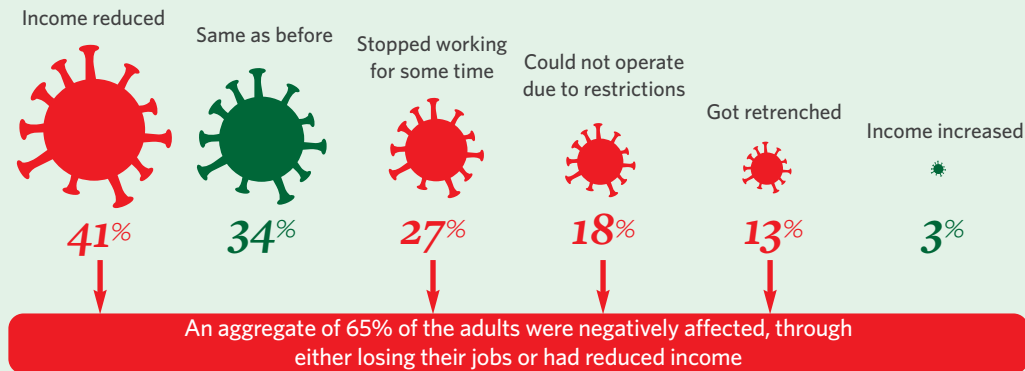
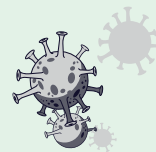


Age (%)

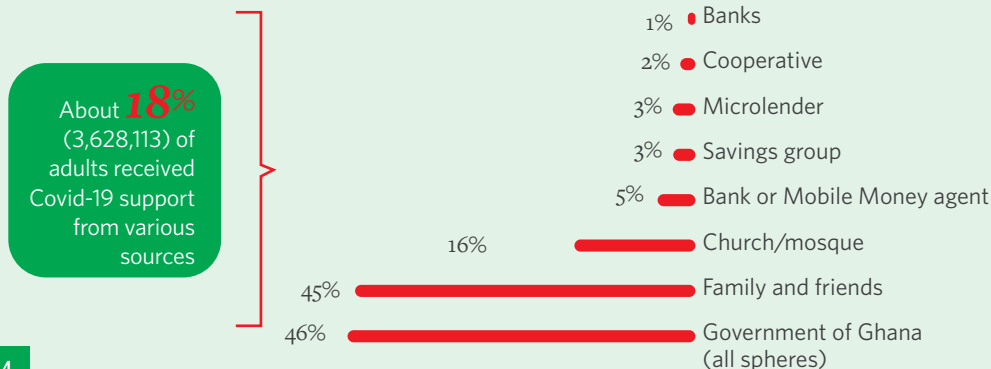


UNDERSTANDING PEOPLE'S LIVES

Covid-19 impact on livelihoods (%)



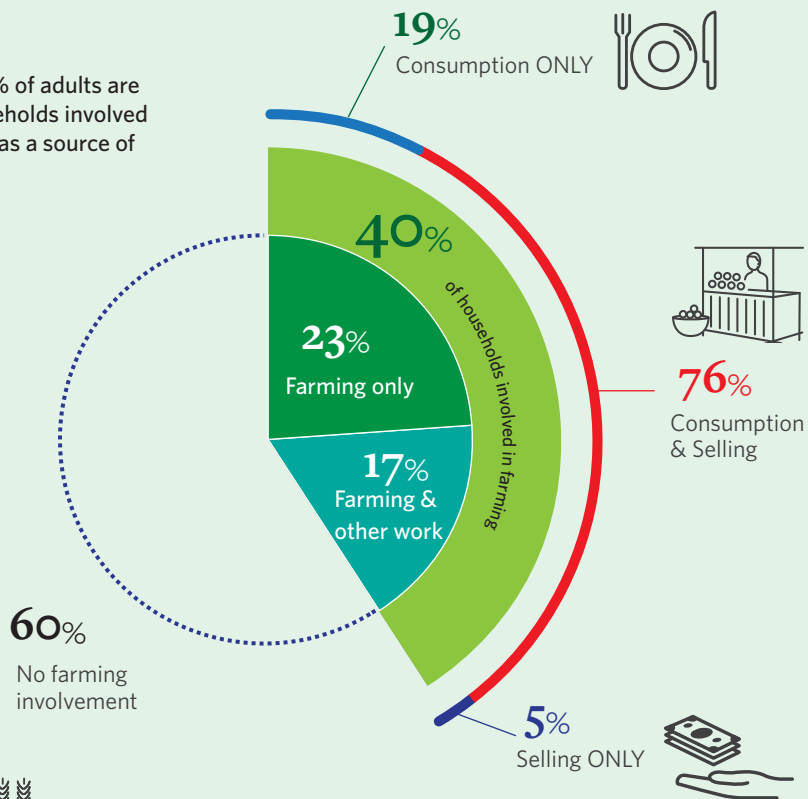
Support received from (%)



Agriculture



About 40% of adults are from households involved in farming as a source of income.



76%
Consumption & Selling



- Two-fifths of the adults are from households that are involved in farming.

UNDERSTANDING PEOPLE'S LIVES

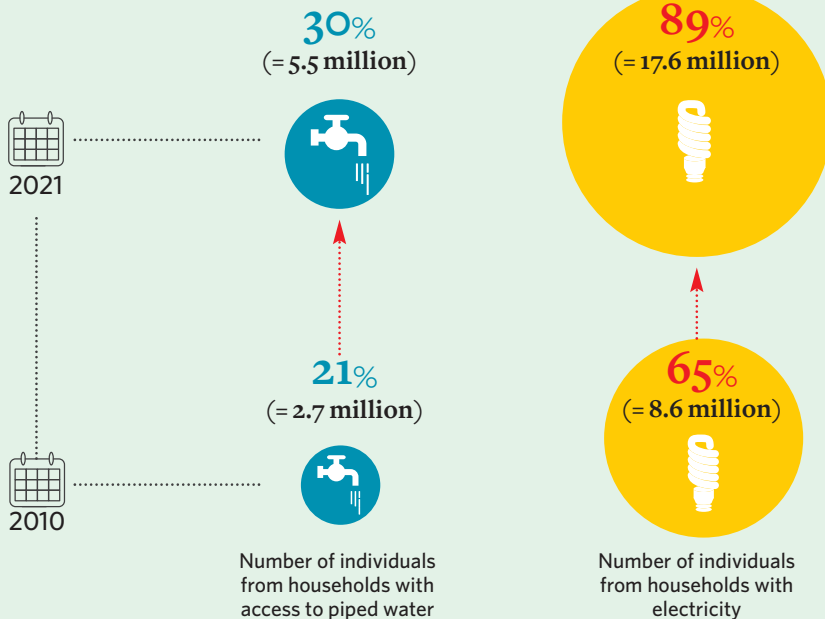
Access to Infrastructure



Number of individuals
from households with
access to piped water
(dwelling/compound)



Number of individuals
from households with
electricity










- Access to piped water and electricity doubled (in absolute numbers) in the decade under review.

INFRASTRUCTURE ACCESSIBILITY

% of adults reaching the destination within

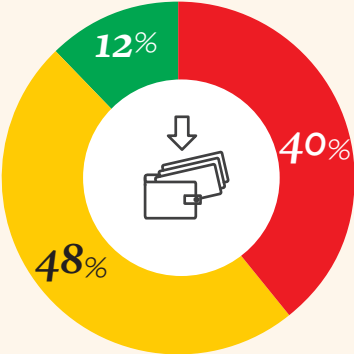
Time taken to reach destination of Mobile Money agents broaden reach and mobile networks are widely used in Ghana.

		Less than 30 mins		30 mins - 1hr		1hr - 2hrs		More than 2hrs	
		Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural
Mobile Money agent		92	76	5	9	1	5	2	10
ATM		52	18	17	16	7	14	24	52
Bank		61	24	18	22	7	14	14	40
MicroFinance Institution (MFI)		49	23	14	18	6	12	31	47
Public transport/ Bus stops		86	64	8	15	2	9	4	12
Market		79	53	14	21	4	10	3	16
Bill payment point		74	38	15	18	3	13	8	31

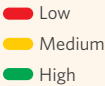
- Mobile Money agents are the closest formal financial service providers.
- Bank branches, ATMs and MFIs remain the least accessible.

FINANCIAL CAPABILITY

Overall Financial Capability (%)



Around 39% of Ghanaian adults have low financial capability.



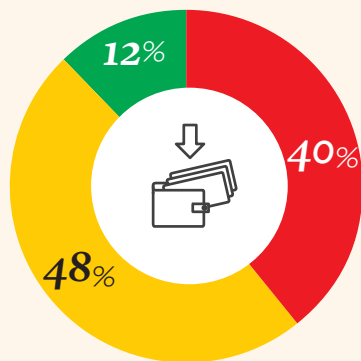
- From the financial capability dimensions, knowledge and planning require top priority.

Financial capability indicator dimension (%)



Those with low capability are more likely to be:

Overall Financial Capability (%)



● Low
● Medium
● High



40%

Of those with
Low Financial
Capability



35%

Aged 15 - 35 years

47%

Aged 50 - 59 years

56%

Aged 60 years and older



Rural

51%

Rural population



55%

Have primary education
or lower



Are mostly remittance recipients,
informally employed and receive
earnings from farming related
activities.

FINANCIAL CAPABILITY

Drivers of Financial Capability

Where would people go for financial advice or assistance? (%)

Do not get financial advice



Spouse or partner



Friends/family members



Person in community



Banker or financial professional



Internet



Workplace or employer



- Following on earlier results that knowledge and planning dimensions ought to be prioritised, it's important to understand where adults get their knowledge. Most adults (34%) do not get financial advice while 14% rely on their spouse or partner. About 48% are consulted during decision-making process.

Responsibility for financial decision-making (%)

I am consulted



I am consulted some of the time



I am not involved

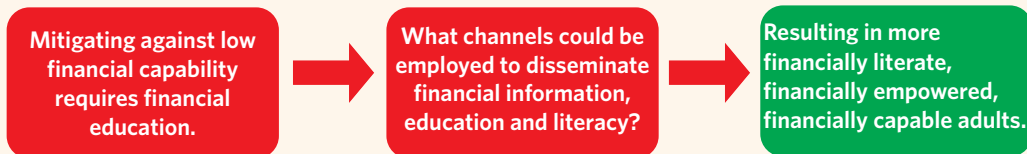


Single person household (makes decisions alone)



Drivers of Financial Capability

Ways to disseminate financial education and literacy to adults



Radio

70%

Adults listen to a radio



Television

73%

Rural population



Internet

26%

About 26% use internet



42%

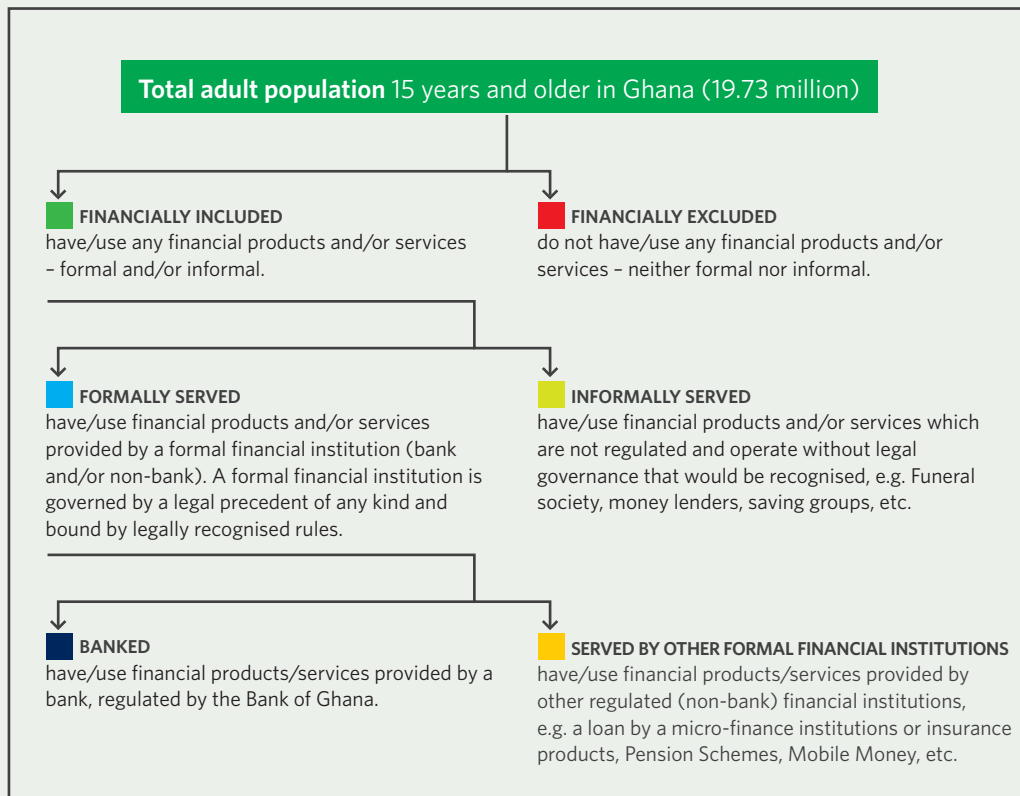
Have smartphones



66%

Have a simple phone

DEFINING FINANCIAL INCLUSION



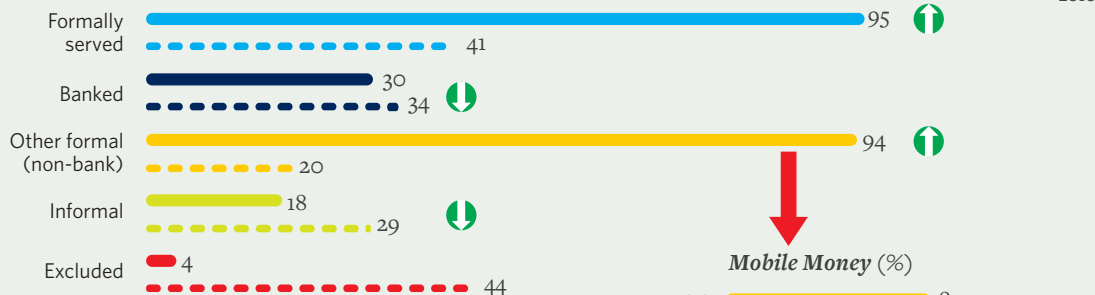
Financial Inclusion classification



Banking	Other formal (non-bank)	Informal	Excluded
<p>Currently use bank account in the following:</p> <ul style="list-style-type: none"> Universal banks Rural and Community banks Savings & Loans Companies MicroFinance Companies 	Cooperative Society/ Credit Unions	<p>Credit and Savings from:</p> <ul style="list-style-type: none"> Informal Saving groups Savings in other saving club Unregulated persons Informal remittance agent 	<ul style="list-style-type: none"> Save at home Borrow from family members and/or friends Send or receive through family members/ relatives/friends or transfer money personally
Savings	Insurance products from insurance providers		
Credit	Mobile Money accounts		
Send/receive money through banking channels	Products from MFI		
<p>Have following products:</p> <ul style="list-style-type: none"> Debit/Current/Credit/ ATM card Use internet/cellphone banking; wallet money 	Products from Pension fund administrators		
	Retirement products/ services		
	Remittances, Mobile Money services – MTN, Airtel, etc.		

DEFINING FINANCIAL INCLUSION

Financial Access (%)



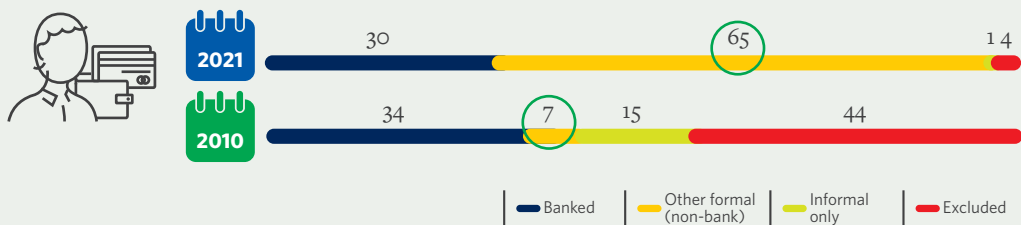
- 95% are formally served (collectively served by banks and other formal (non-bank), which passes the 85% formally served adults target for 2023.
- Excluded reduced by 40 percentage points.
- Mobile Money drove the significant changes in the financial landscape of Ghana.

Mobile Money (%)



In 2010, there was no Mobile Money, the sudden spike in the use of other formal (non-bank) financial services was spurred by Mobile Money.

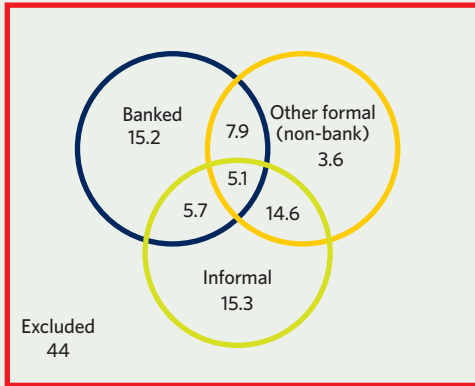
Access Strand (%)



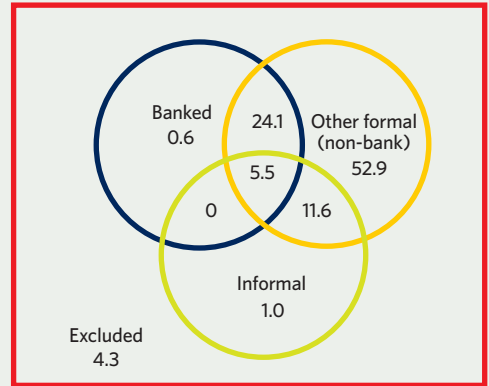
- Formal other (non-bank) financial service/products mostly Mobile Money is a game changer in deepening inclusion and reducing financial exclusion.

Overlaps (%)

2010



2021

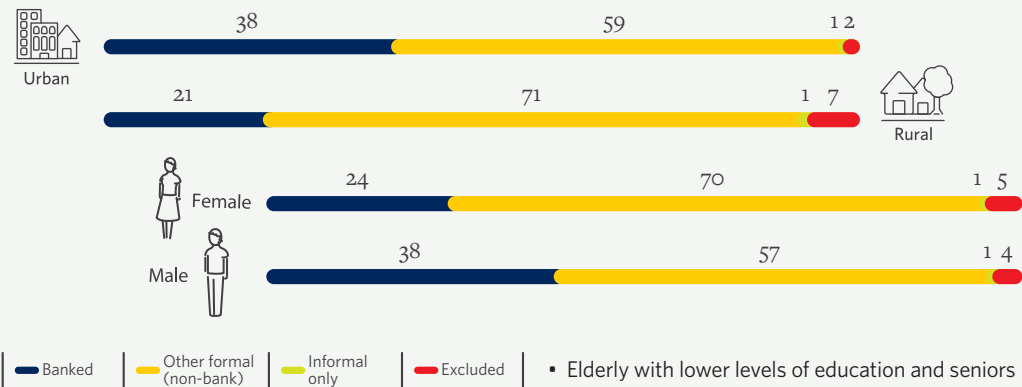


In 2021:

- **95%** use a combination of formal and informal mechanisms to manage their financial needs, from **40.7% in 2010**;
- **Only 0.6%** of adults rely exclusively on banking services from **15.2% in 2010**; and
- **1%** of the adult population **ONLY** rely on informal mechanisms up from **15.3%** in 2010, this due to the Mobile Money impact.

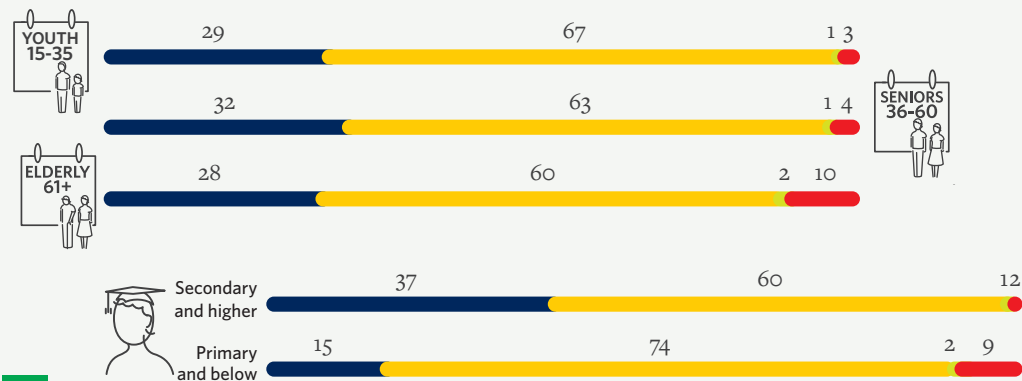
DEFINING FINANCIAL INCLUSION

Access Strands by locality type and sex (%)



- Rural residents are maximising on the use of Mobile Money (other formal non-bank) solutions specifically designed to bridge the access gap.

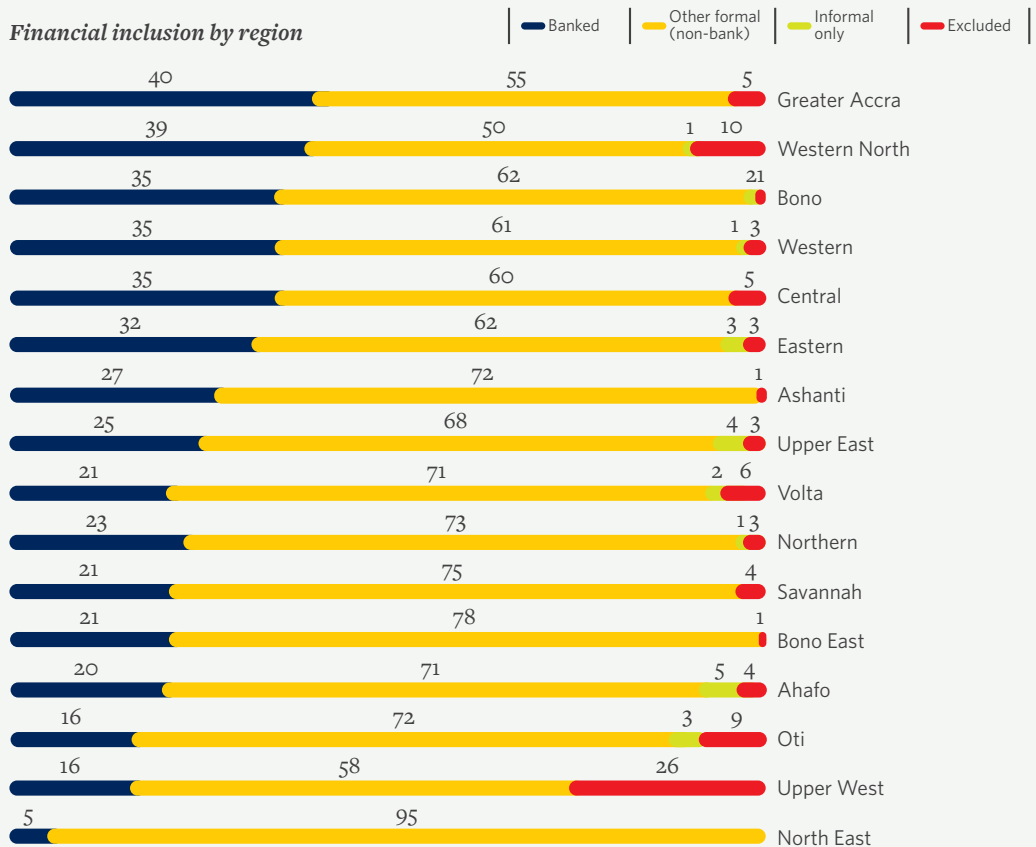
Access Strands by age and education (%)



- Elderly with lower levels of education and seniors are more likely to be excluded but still utilise other formal (non-bank) solutions.

DEFINING FINANCIAL INCLUSION

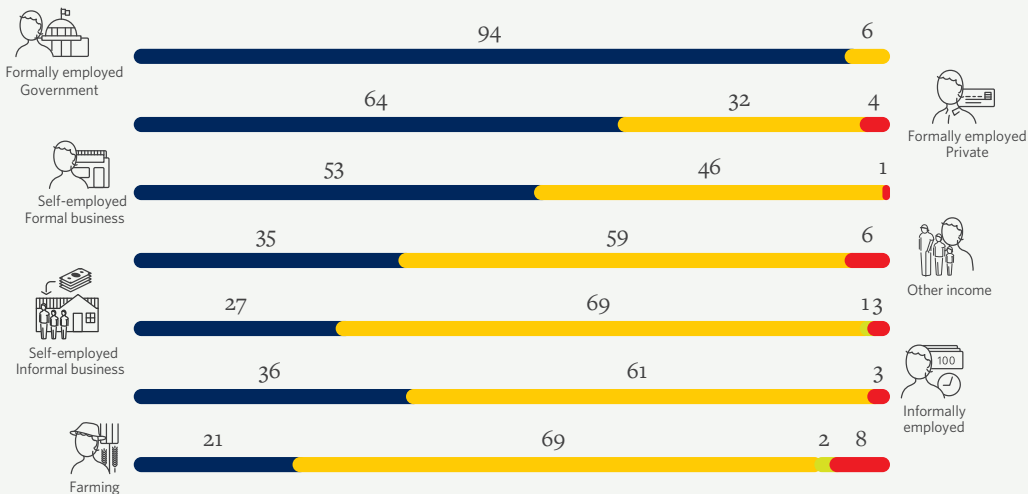
Financial inclusion by region



- It is interesting to note that the rural residents are maximising on the use of Mobile Money (other formal non-bank) solutions specifically designed to bridge the access gap.

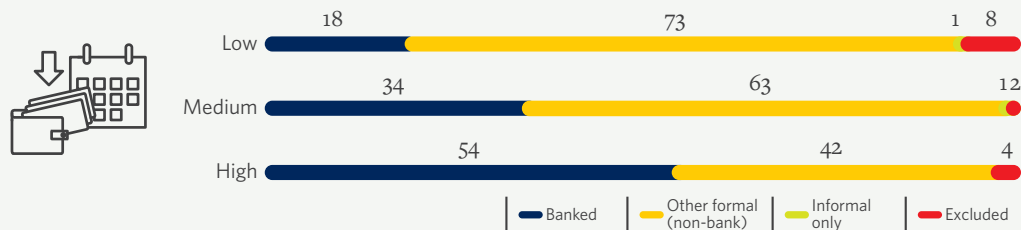
DEFINING FINANCIAL INCLUSION

Access Strand by livelihood – Target groups (%)

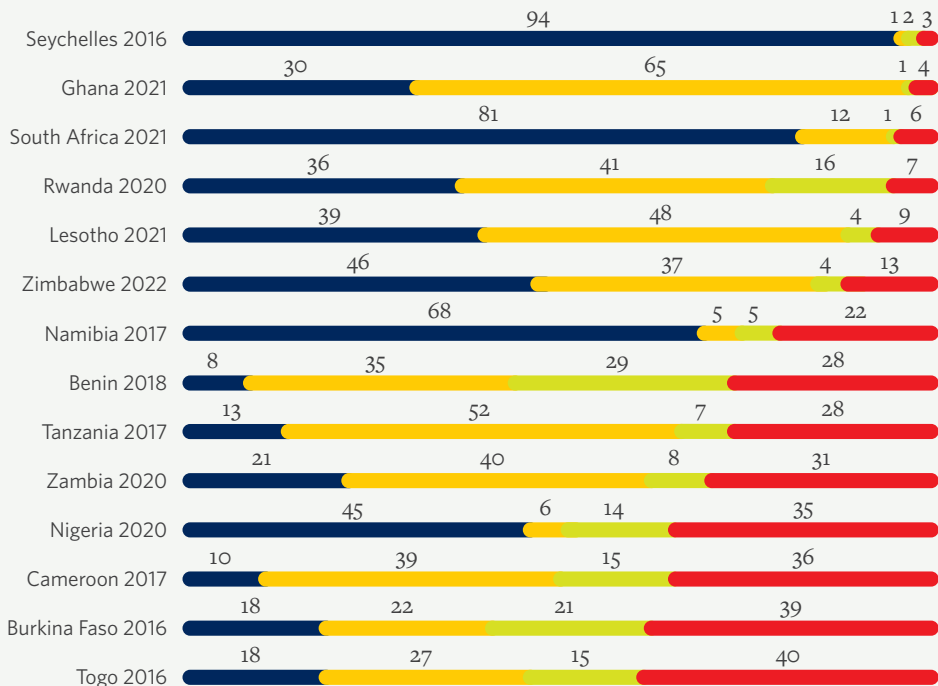


- Financial Capability is a useful segmentation variable to highlight the Ghanaian usage of financial services. Formally employed adults have higher usage of banking and Mobile Money services.

Access Strand by level of financial capability (%)



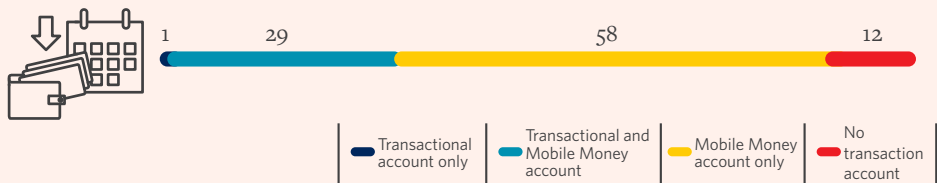
Ghana ranks 2nd if we sort using the 'least financially excluded country'



- Compared to the selected African countries, Ghana has a large formally served population (96%) and one of the lowest financial exclusion at 4%.

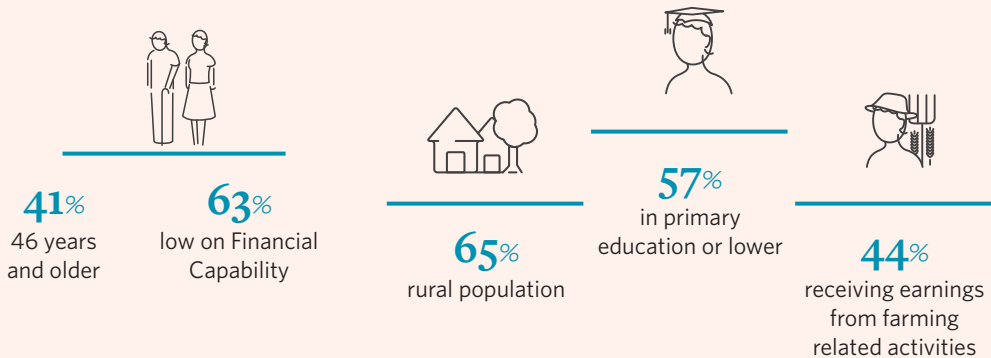
TRANSACTIONAL ACCOUNTS

Transactional account (%)



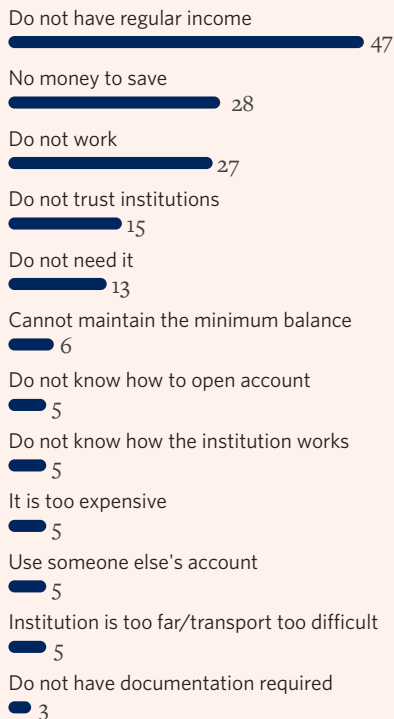
- Only 12% of Ghanaians do not have access to transactional accounts, the conversion rate to Mobile Money is very high.

Those without transactional accounts are likely to be:

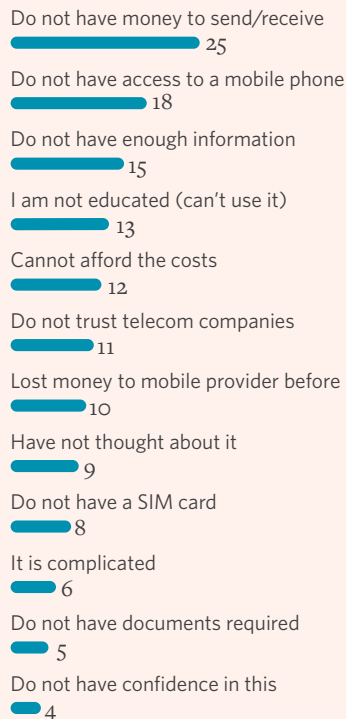


Barriers to own a Transactional account and Mobile Money

Barriers to banking (70%)



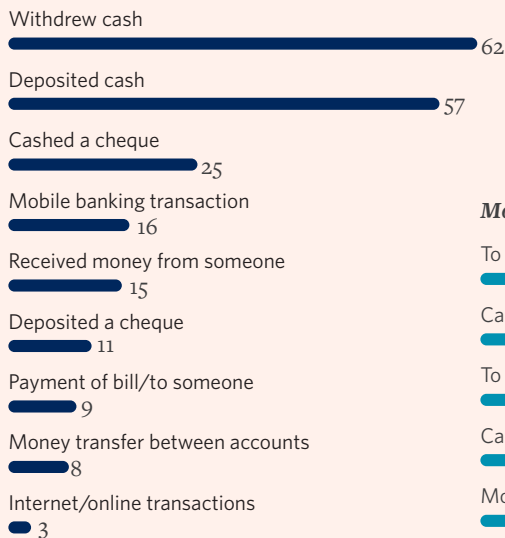
Barriers to Mobile Money account (13%)



Required minimum balance, lack of product knowledge and access to mobile phone.

TRANSACTIONAL ACCOUNTS

Banking activities (%)

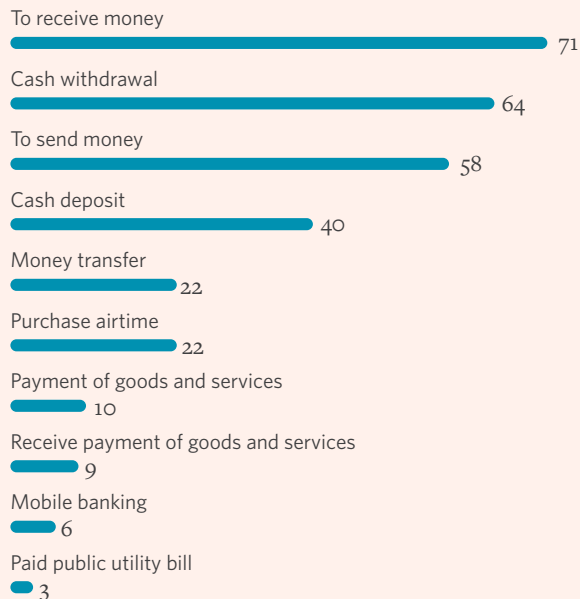


Mainly driven by withdrawing and deposit cash, however, payment activities can be enhanced.

What transactional accounts are mostly used for



Mobile Money activities (%)



Lessons from Kenya



Banking era (pre 2009)

- Earlier than 2009 and before 2005, bank accounts were the dominant transactional accounts.



M-Pesa era (2010 - 2015)

- With the advent of M-Pesa, Mobile Money accounts surpassed the number of bank accounts in Kenya.



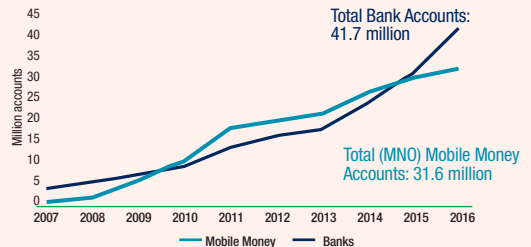
Banks retaliation (post 2015)

- Banks restructured and reformulated their offerings.
- With new strategies, the banks managed to wrestle back their majority.

Has Mobile Money replaced banking in Ghana?



Mobile money

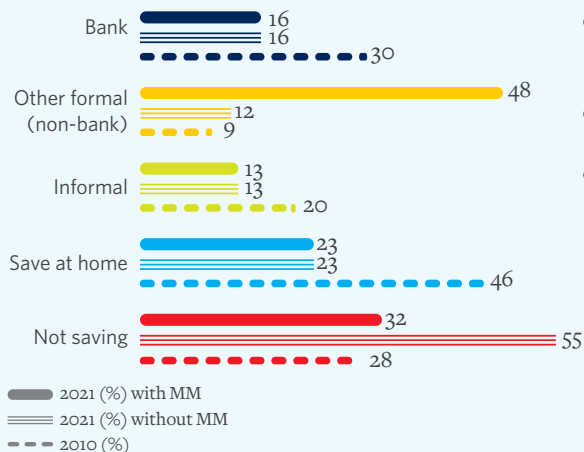


LANDSCAPE PRODUCTS

Savings and investments



Savings overall (%)

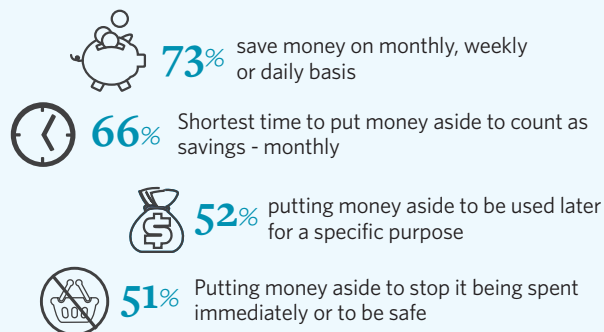


- Great strides observed in adults saving using other formal channels (9% in 2010 to 48% in 2021), mainly driven by Mobile Money.
- Savings from a bank and informal groups have declined significantly.
- Adults deem savings as 'short-term' in nature.

Note: That other formal (non-bank) includes those who "claim to save" on Mobile Money (22%). If those are excluded, the other formal (non-bank) for 2021 is 12%.

Sentiments about savings: Adults deem savings as 'short-term' in nature

Savings behaviour of adults saving



Duration of savings (%)

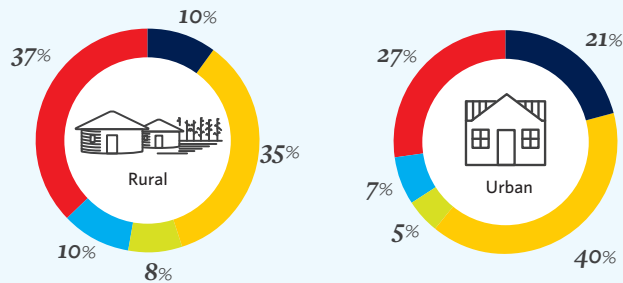


LANDSCAPE PRODUCTS

Savings and investments

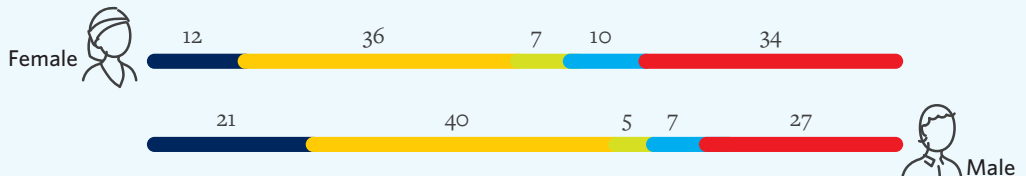


By locality type (%)



- Adults in rural areas are likely not to save, females are less likely to use bank services to save.

By sex (%)



- Comparing the Savings Strands by locality type and sex reveals that formal savings are higher among adults residing in urban (61% are formally saving) and compared to rural areas (45%), while males also prefer formal mechanisms to save.

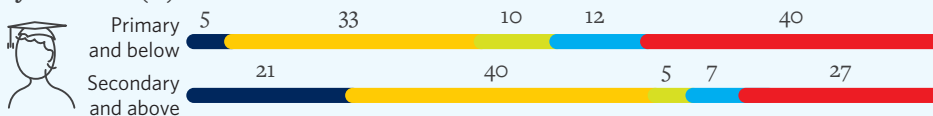


LANDSCAPE PRODUCTS

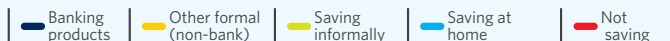
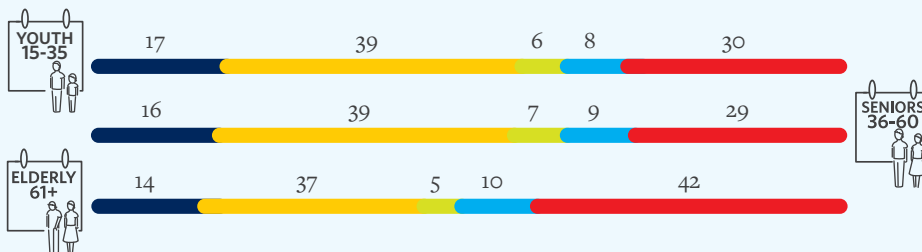
Savings and investments



By education (%)

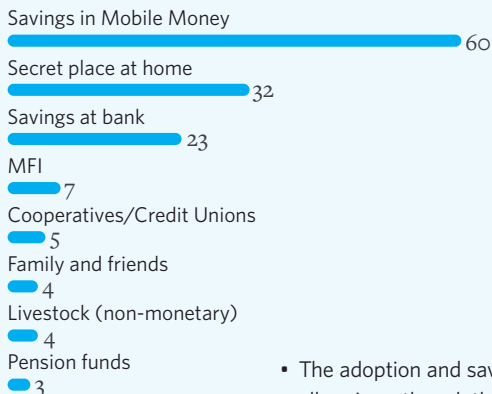


By age (%)



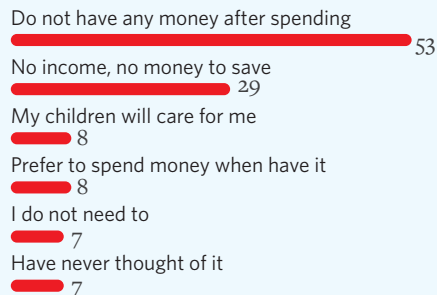
68% of adults who SAVE

Drivers/mechanisms used (%)



32% of adults DO NOT save

Barriers (%)



- The adoption and savings through Mobile Money in Ghana account for 60% of all savings, though the behavior may be defined as more of short-term savings.

Credit overall (%)



Borrowing and credit



- Overall credit consumption remained fairly constant, could MM based credit offer an opportunity for adults given the high penetration of MM?

Credit Strand by livelihood - Target groups (%)

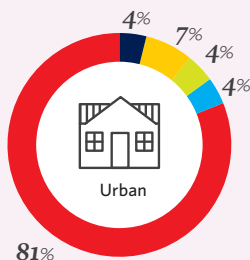
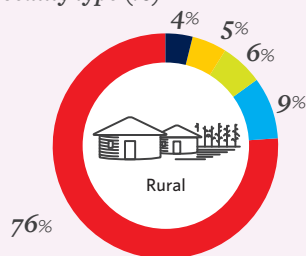


LANDSCAPE PRODUCTS

Borrowing and credit



By locality type (%)



- Generally, adults don't use formal credit across the board irrespective of locality type, sex or livelihood.
- There is not much differentiation between age and level of education on credit usage.

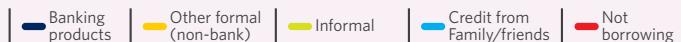
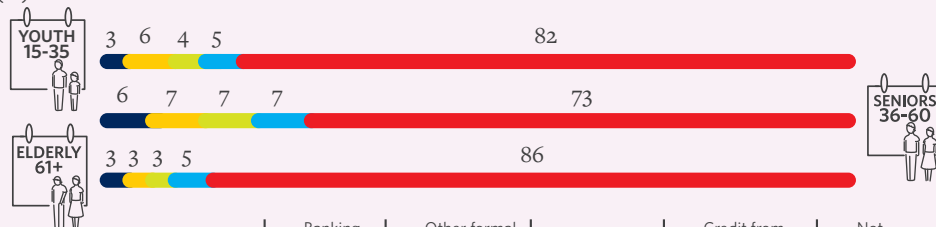
By sex (%)



By education (%)



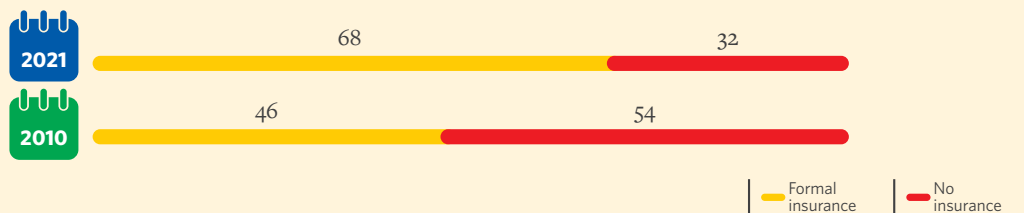
By age (%)



Insurance and risk management

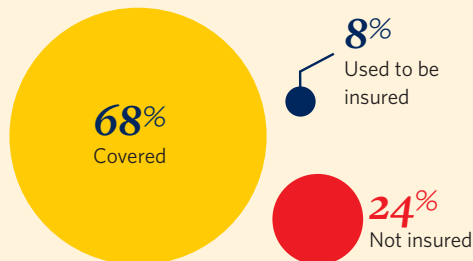


Insurance Strand (%)

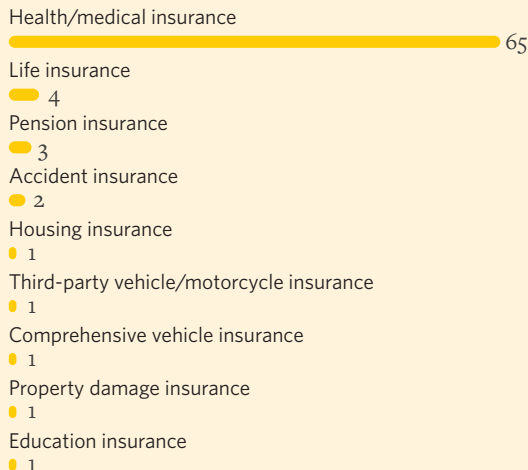


- Overall use of insurance products increased to 68% in 2021. The most used product is health/medical insurance.

Insurance Strand (%)

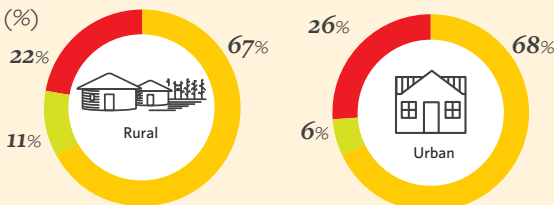


Insurance types (%)



LANDSCAPE PRODUCTS

By locality type (%)

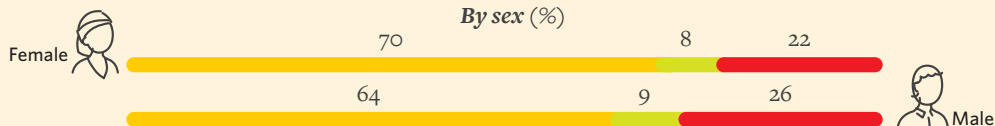


Insurance and risk management



- Formal insurance from other formal (non-bank) has paved ways for majority of adults to be financially secure.

By sex (%)

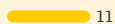


Main risks faced with greatest impact (%)

Illness of main income earner



Serious illness of a household member



Death of a main income earner



Job losses



Death of family member



Theft of personal property



Increase in size of household



Drought/low rainfall



Theft of business property



Main coping strategy (%)

Used savings



Gift assistance



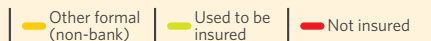
Sold something



Borrowed money



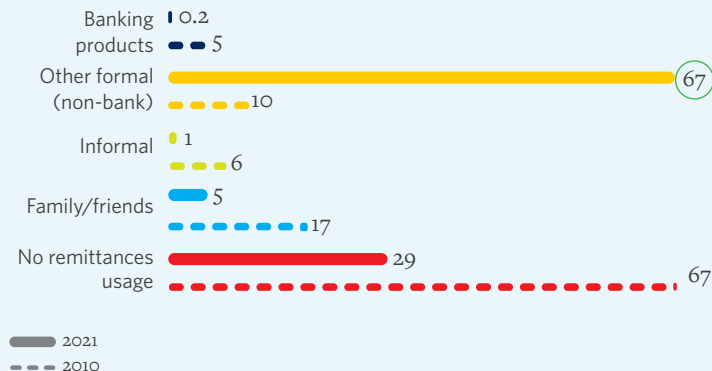
Claimed insurance



- Interesting to note the positive sex gap in favour of females on insurance take-up – more females insured than male counterparts.
- Of the insurable risks, Ghanaians experienced risks related to earnings and illnesses but relied more on savings than any other coping mechanism.

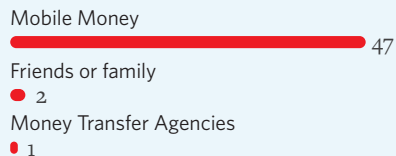
Interesting to note that insurance is not held in high regard.

Remittances overall (%)

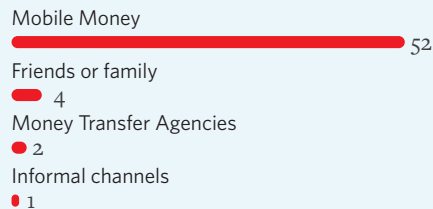


- There was a dramatic shift to Mobile Money as the most used remittance channel.

Sent money (%)



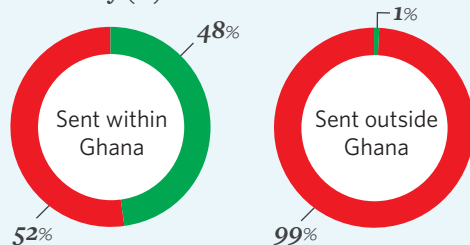
Received money (%)



LANDSCAPE PRODUCTS



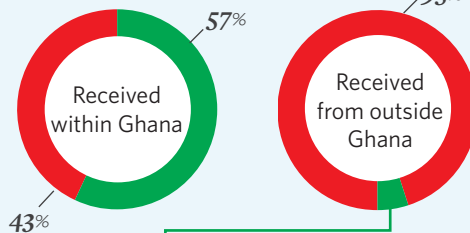
Sent money (%)



■ Yes ■ No

- Adults are more net receivers than senders, mostly local remittances. International remittances account for 5% of all received remittances.

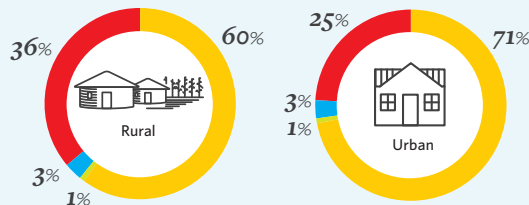
Received money (%)



5% of inflowing international remittances are received from:

USA	43%
UK	21%
Italy	13%
Germany	11%

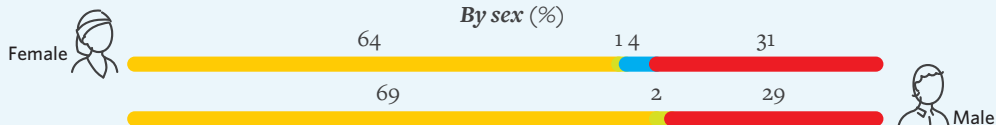
By locality type (%)



- Interesting to note that adults in urban and rural areas have adopted Mobile Money as means to remit. Further, women largely benefit as they are net receivers of remittances.

■ Other formal (non-bank) ■ Informal channels ■ Family/friends ■ Not remitting

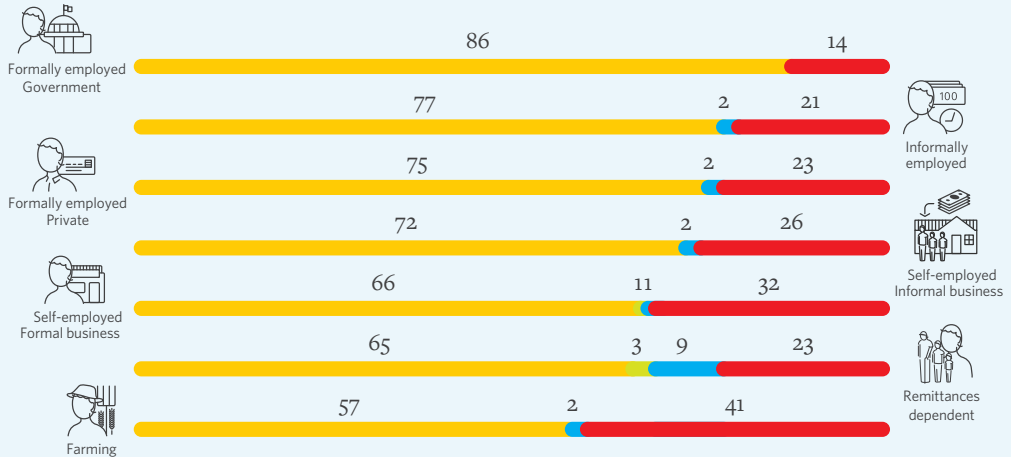
By sex (%)



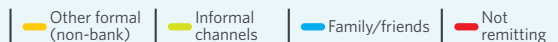
Remittances



By livelihood (%)



- Those formally employed by government remit the most (86%), while 12% of remittance dependents utilise informal channels or family and friends.



FINANCIAL HEALTH

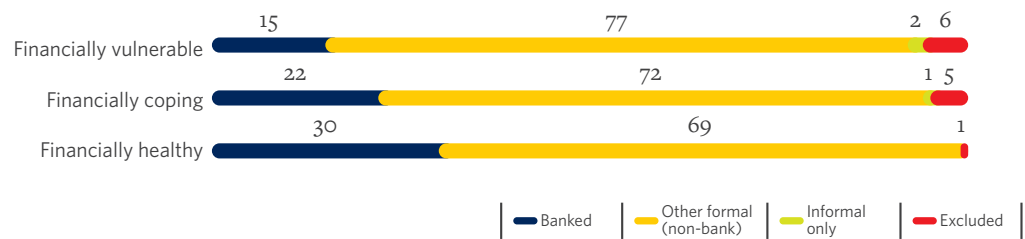
- Financial inclusion and financial health are cornerstones for international development. An inclusive and healthy financial system benefits all participants. One-third of Ghanaian adults are financially vulnerable.



FinHealth dimensions	Low score	Medium score	High score
Planning and prioritising (plan score)	16.8%	48.6%	34.6%
Ability to manage day to day (spend score)	31.7%	32.7%	36.7%
Build and maintain reserves (save score)	48.0%	34.3%	17.7%
Ability to manage risks	61.7%	16.4%	21.9%

- There is a direct link between financial health and financial inclusion.

Access Strand by – Financially health indicator (%)



KEY HIGHLIGHTS AND TAKE-OUTS

Category	Progress	Focus area
Formally served adult population	Number of formally served adults exceeded 2021 target of 85%. As of 2021, the formally served are 95%	The dawn of Mobile Money has seen a drastic improvement on access to financial services. The next focus should be to assess if that access has translated into meaningful usage of the services.
Extending the rails of Mobile Money platform	Leverage the high penetration of Mobile Money.	Extending the offerings of Mobile Money to include Savings, Insurance, Credit, Pension, amongst others.
Savings	Number of adults who have formal savings grew by 39% since 2010 and driven by other formal (non-bank) savings.	The payment of interest on Mobile Money balances may need to be considered.
Credit	Credit uptake remains at similar level to 2010.	Lack of access to formal credit remains a major concern and is clearly highlighted as a need particularly for business owners.
Insurance	More adults are now insured formally – from 46% in 2010 to 68% in 2021. However, the main product held is health/medical insurance.	Expand insurance to better manage impact of risk beyond health and medical. Covid-19 for example, impacted on a lot more than health aspects.
Pension	Pension sector coverage expansion initiatives now part of NFIDS focus areas.	Explore voluntary pension contributions via Mobile Money coupled with financial education on importance and role of pensions.
Remittances	A significant number of Ghanaians are remitting, mostly driven by Mobile Money.	Leveraging on the existence of the well-established MM agent network offers opportunities for the network to offer more services beyond remittances.

Category	Indicator	2017	2020	2021 (results)	2023 (target)
Key performance indicators					
Access to financial services	Ghana (%)	58%	70%	96%	85%
	Women (%)	57%	70%	94%	85%
	Rural (%)	51%	65%	92%	80%
	Northern Regions (%)	45%	60%	93%	75%
	Poorest quantile (%)	41%	55%	-	70%
	Youth (ages 15 – 24)	52%	65%	94%	80%

POSSIBLE POLICY IMPLICATIONS

Public Sector policy implications

- About 40% of the adult population are self-employed or own small businesses. Supporting this sector with financial services and access to finance may, therefore, spur economic growth.
- Understanding the small business sector will require a full scoping study that looks deeply at their challenges, and at how Covid-19 has impacted this sector. More importantly, understanding how to support it.
- Develop a National Financial Education Strategy to support the rollout and complement the dawn of technology in fast-tracking financial inclusion. To reduce the potential digital divide, financial literacy is a requirement for meaningful usage of financial services.
- Integrate financial education in the school curriculum from the basic level, Lower Primary to Junior Secondary School.

Private Sector policy implications

- Innovative offerings leveraging on the Mobile platforms.
- To allow for non-traditional credit providers including Fintechs.
- Encourage Innovation and new Fintech products
 - Focus on investments
 - Springboard savings into investment space
 - How to digitise informal savings, e.g., susu, using Fintech

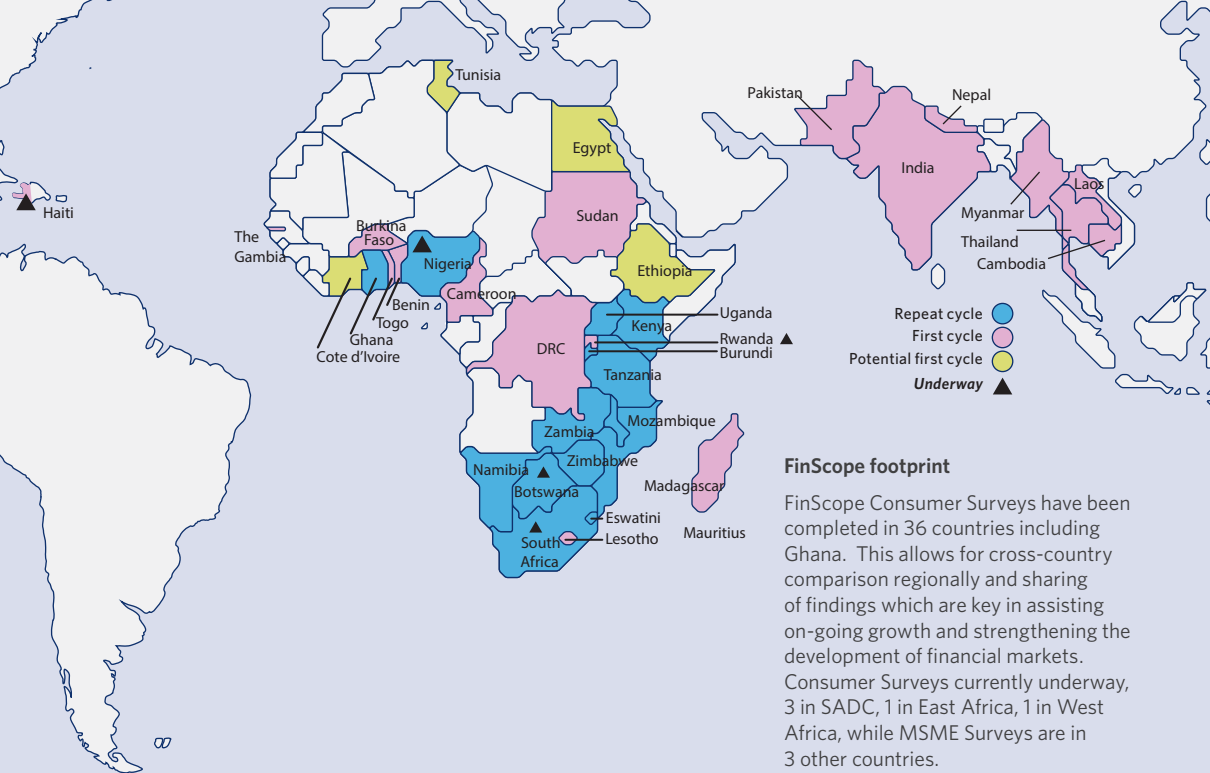
Development partners policy implications

- A dedicated nationally representative Small Business Survey may be required, because two in five adults rely on small businesses for their livelihoods. More data is needed in this space to articulate the level of financial inclusion of small businesses.

- Deepening financial inclusion by focusing on the 'usage indicators' as access to services is no longer an issue.
- Adopt Financial Health and Financial Capability indicators – these provide another dimension to ensure a meaningful usage of financial services and thus empower adults with better financial management skills and behaviour to escape poverty.
- Align Financial Policy and Digitised Policy Framework and the National Financial Inclusion Strategy, NFIS.

Development partners policy implications

- Introduction of the fundamentals of Financial Literacy at an early age and introducing financial products, processes of opening financial accounts, financial terms, responsibilities and benefits. The overall introduction of Financial Literacy.
 - Start with a transactional account.
 - Savings, Credit, Pensions etc. Phasing in of other products.
 - Extend the conversations beyond banking and insurance.
 - Education on how financial services operate.
- Methodological considerations; sampling considerations for the next round to include 12-year-olds, booster sample of 12 – 14 years.
- A dedicated module on Fintech space.
- Expand questionnaire to include 'Usage indicators'.
- Specific policy on 'How to grow MicroFinance institutions'.



FinScope footprint

FinScope Consumer Surveys have been completed in 36 countries including Ghana. This allows for cross-country comparison regionally and sharing of findings which are key in assisting on-going growth and strengthening the development of financial markets. Consumer Surveys currently underway, 3 in SADC, 1 in East Africa, 1 in West Africa, while MSME Surveys are in 3 other countries.

The Ghana Demand Side Survey 2021 contains a wealth of data based on a nationally representative sample of the adult population of Ghana.

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