



## **Results of a National Survey on Access to Financial Services in Uganda**

**Final Report  
August 2007**

For:

DFID's Financial Sector Deepening Uganda project



Produced by

The Steadman Group (U) Limited  
Buganda Road, Plot 63  
Nakasero, Kampala  
P.O. Box – 21571  
Tel: +256-414-237990/1  
Fax: +256-414-347195  
E-mail: [research-ug@steadman-group.co.ug](mailto:research-ug@steadman-group.co.ug)

**TABLE OF CONTENTS**

<b>Executive Summary .....</b>	<b>vi</b>
Introduction.....	vi
Main Findings .....	vi
1. Livelihood and Sources of Income .....	vi
2. Financial Access.....	vii
3. Savings.....	viii
4. Investment.....	viii
5. Borrowing and Loans .....	viii
6. Informal Groups .....	ix
7. Risk Management and Insurance .....	ix
8. Money Transfers.....	ix
9. Financing for Agriculture and Fishing .....	ix
10. Technology.....	x
<b>CHAPTER 1: INTRODUCTION .....</b>	<b>1</b>
1.1 Background.....	1
1.2 Research Objectives.....	2
1.3 Organisation of the Report .....	2
<b>CHAPTER 2: METHODOLOGY.....</b>	<b>3</b>
2.1 Survey Administration .....	3
2.2 Study Design .....	3
2.3 Survey Areas .....	3
2.4 Survey Instrument.....	4
2.5 Training and Fieldwork.....	4
2.6 Data Management .....	5
2.7 Sample Characteristics .....	5
2.8 Dwelling Type and Cooking Fuel Usage .....	6
<b>CHAPTER 3: SOURCES OF INCOME AND LIVELIHOOD .....</b>	<b>7</b>
3.1. Main Sources of Income .....	7
3.2 Frequency of Earning Money by Source of Income.....	8
3.3 Methods of Receiving Income.....	9
<b>CHAPTER 4: PROFILING THE UGANDAN POPULATION BY.....</b>	<b>10</b>
<b>FINANCIAL ACCESS.....</b>	<b>10</b>
4.1 Financial Access .....	10
4.2 Multiple Usage of Financial Institutions.....	11
4.3 Financial Strand (Currently Use - Mutually Exclusive) .....	12

4.4	Financial Access Strand by Location and Gender .....	13
4.5	Where and Who Are the Financially Served In Uganda .....	14
4.6	Reasons for Not Using Formal or Semi-Formal Financial Institutions .....	14
4.7	Physical Access to Financial Institutions .....	15
4.8	Summary .....	16
<b>CHAPTER 5: SAVING .....</b>		<b>17</b>
5.1	Saving Status .....	17
5.2	Where Ugandans Save .....	18
5.3	Multiple Usage of Financial Institutions for Saving .....	19
5.4	Incidence of Losing Money - Formal Financial Institutions .....	20
5.5	Reasons for Saving .....	21
5.6	Summary .....	22
<b>CHAPTER 6: INVESTMENT .....</b>		<b>23</b>
6.1	Available Investment Options .....	23
6.2	Incidence of Investing .....	24
6.3	Investments Used (Currently & Previously) .....	25
6.4	Reasons for Not Using Some Investment Options .....	25
6.5	Summary .....	26
<b>CHAPTER 7: BORROWING AND LOANS .....</b>		<b>27</b>
7.1	Borrowing (Currently, Previously, Never Borrowed) .....	27
7.2	Where Ugandan's Borrow .....	28
7.3	Multiple Borrowing .....	29
7.4	Loan Products .....	30
7.5	Reasons for Taking Loans/Credit .....	31
7.6	Consumer Issues In Relation To Borrowing .....	32
7.7	Summary .....	32
<b>CHAPTER 8: INFORMAL FINANCIAL GROUPS .....</b>		<b>33</b>
8.1	Membership .....	33
8.2	Services Offered by Informal Group .....	34
8.3	Group Procedures .....	34
8.4	Groups That Receive External Training .....	36
8.5	Problems Experienced by Groups .....	36
8.6	Summary .....	37
<b>CHAPTER 9: RISK MANAGEMENT &amp; INSURANCE .....</b>		<b>38</b>
9.1	Perceived Major Risks .....	38
9.2	Ways of Dealing with the Risks .....	39

9.3	Insurance .....	40
9.4	Reasons for Not Taking Insurance.....	40
9.5	Summary .....	41
<b>CHAPTER 10: MONEY TRANSFER.....</b>		<b>42</b>
10.1	Incidence of Transfers.....	42
10.2	Sending Money .....	43
10.3	Receiving Money .....	43
10.4	Methods Used for Transfers .....	44
10.5	Frequency of Receiving Money.....	45
10.6	Source of Money & Transfer Method Used.....	45
10.7	Use of the Money Received .....	47
10.8	Summary .....	48
<b>CHAPTER 11: AGRICULTURAL FINANCING AND FISHING MODULE .....</b>		<b>49</b>
11.1	Agricultural sectors from which Farmers receive Most Money.....	49
11.2	Crops Grown for Sale or Commercial Consumption.....	49
11.3	Sources of Funding for purchase of Seeds and Fertilisers .....	50
11.4	Equipment Used in Agriculture – Cultivation.....	50
11.5	Ownership of Means of Transport – Agricultural Business.....	51
11.6	Summary .....	51
<b>CHAPTER 12: KNOWLEDGE, ATTITUDES &amp; PRACTICE .....</b>		<b>52</b>
12.1	Access to Telephone Services .....	52
12.2	Use of ATMs .....	52
12.3	Attitudes towards Financial Institutions.....	53
12.4	Summary .....	54

## Acronyms & Glossary

ASCA	Accumulating Savings & Credit Association
ATM	Automated Teller Machines
BOU	Bank of Uganda
CI	Commercial Institutions
DFID	Department for International Development
EA	Enumeration Area
FSDU	Financial Sector Deepening Uganda
FSM	Financial Sophistication Measures
MFI	Micro Finance Institution
MOF	Ministry of Finance
NGO	Non Governmental Organisations
PPS	Probability Proportional to Population Size
PSU	Primary Sampling Unit
ROSCA	Rotating Savings & Credit Association
SACCO	Saving and Credit Cooperative
MDI	Micro Finance Deposit Taking Institution
NGO	Non Governmental Organization
UBOS	Uganda Bureau of Statistics
VSLA	Village Savings and Loan Associations
WB	World Bank

## **Executive Summary**

### **Introduction**

The FinScope Uganda study was a national (geographic and demographic) survey of the demand for financial services in Uganda, the ways in which financial services are used and the type of access Ugandans have to them. The study covered the demand, usage and access to all types of financial institutions, from commercial banks to village groups. Further, it addressed issues concerning the use of agricultural finance, money transfers, Ugandans' attitudes towards investing and saving and their experiences with the different types of financial institutions.

A total of 2959 interviews were achieved between October and December 2006 by The Steadman Group Ltd with technical assistance from the Uganda Bureau of Statistics and the FinMark Trust. An Advisory Committee, made up of representatives from the Bank of Uganda, UK's Department for International Development, Uganda Bureau of Statistics, The Steadman Group, Ministry of Finance, the World Bank and GTZ played a major role in the design of the survey, the sampling methodology and the design of the survey instruments. This group has now evolved into a Steering Committee with representation from key financial institutions, to oversee the dissemination of the survey findings and to plan follow up studies.

### **Main Findings**

#### **1. Livelihood and Sources of Income**

Ugandans tend to have multiple sources of income. The sale of food crops from personal farms is the most common source of income (51%), followed by running a personal business (34%). Just over one quarter (28%) reported receiving income from family and friends with a further 14% reporting income from the sale of cash crops.

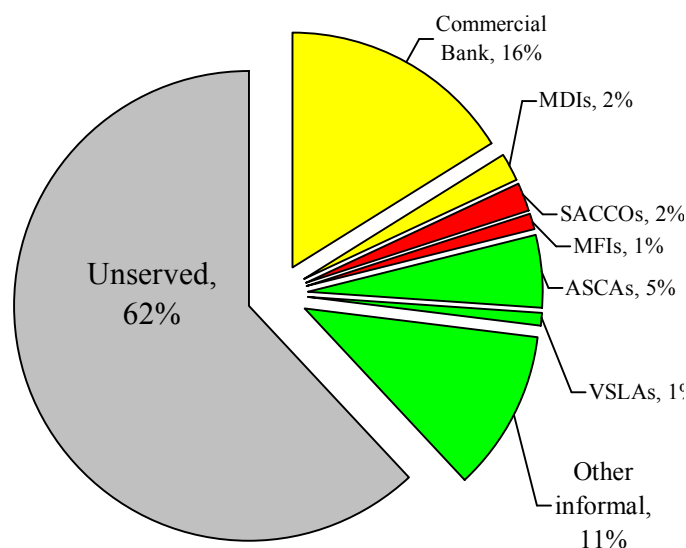
The frequency with which income is received depends on the source of income. Very small proportions (12% and 11% respectively) receive their income on a regular daily or monthly basis. A little over a quarter (27%) receive their income seasonally – according to the agricultural seasons, with a further 24% claiming no regular pattern to their income.

Almost everyone (98%) reported receiving at least some of their income in cash.

## 2. Financial Access

A key output of the FinScope Uganda study is to quantify and profile the “Access Strand” – defined as the use of different types of financial institution<sup>1</sup>.

**Figure 1: FinScope Uganda Access Strand**



For the purposes of this study, financial institutions were grouped into three categories: Formal, referring to all institutions regulated by the Bank of Uganda (tiers 1, 2 and 3); Semi-formal (legally constituted savings and credit cooperatives (SACCOS) and microfinance institutions (MFIs); and Informal (everything else, including village groups of various sorts).

A minority of Ugandans (38%) use financial institutions of any type, leaving the majority of the population (62%) ‘unserved’..

Among those who are served, there is high reported incidence of multiple usage – for example individuals served by the formal sector may also be served by less formal institutions.

Figure 1 illustrates the mutually exclusive financial Access Strands for the 38% of Ugandans who are financially served. The data have been calculated so as to count respondents with multiple access only once, by placing them into the highest – defined as the most formal – category.

- Almost two thirds (62%), or 8.1 million, Ugandans are financially ‘unserved’
- 18% (2.4 million Ugandans) are, at least, formally served, meaning that they have an account in a commercial bank, MDI or Credit Institution.
- 3% (400,000 Ugandans) are, at least, semi-formally served, meaning that they are served by SACCOS or MFIs
- 17% (2.2 million Ugandans) are informally served through informal groups

<sup>1</sup> ASCA (Accumulating Savings and Credit Association), VSLA (Village Savings and Loan Associations), ROSCA (Rotating Savings and Credit Association)

People living in rural areas are more likely to be without financial services - ‘unserved’ - than those living in urban areas (65% to 52%). Women are more likely to be ‘unserved’ than men (66% to 58%). The principal barrier to using formal and semi-formal institutions is ‘lack of money’: “*Don’t have enough money to save*” (54%), “*Earn too little to open and maintain an account*” (49%), and “*Don’t have a regular income*” (45%).

### **3. Savings**

The majority of Ugandans report saving money and, moreover, those who start saving continue to save – only 9% of those who have ever saved no longer save. As many as 80% claimed to have ever saved and 71% are currently saving - either formally or informally. Men and those living in urban areas (77%) are more likely to save than women and those living in rural areas (69%).

Among those who are currently saving, 90% save in a secret hiding place or with friends, neighbours or relatives; 27% save in informal groups; 22% save with formal financial institutions; and 4% each save with SACCOs and MFIs. Generally, those who save put their savings in many different places and institutions

The main purpose of saving is to meet basic household needs (82%), for emergency purposes (70%) and for the education of children (35%).

6% of respondents said they had ever lost money in financial institutions or groups. Losses were highest in semi-formal institutions (SACCOs and MFIs) and lowest in formal institutions.

### **4. Investment**

Currently, a high proportion (70%) of Ugandans are investing, a further 26% have invested in the past but are no longer investing and only 4% have never invested. The investment options that are most common are in livestock (68%), farmland (61%), investment in existing business (64%) and business start ups (48%). There appears to be a marked shift in the actual investments Ugandan’s are making – with the exception of farmland which remains the choice for 30% of investors. 22% are choosing to invest in livestock, 11% in formal financial institutions and 10% in informal financial institutions, 8% in property for rent and 5% to start a new business – all trending downwards.

### **5. Borrowing and Loans**

A third (33%) of the adult population in Uganda are currently borrowing from financial institutions, informal groups or other informal sources. There are slightly more borrowers in urban than in rural areas, and slightly more men than women. More people borrow from



friends, relatives, retailers and similar sources (54% of borrowers) than from financial institutions (7%) or informal financial groups (11%). 4% borrow from SACCOs and 3% from MFIs. Two thirds (66%) of borrowers have taken goods on credit from either institutions or local retail shops, while 43% have loans in cash.

There is substantial multiple borrowing. For instance, 22% of those with loans from formal financial institutions also have loans from informal groups; 16% of those with loans from SACCOs also have loans from formal financial institutions; and 37% of those with loans from informal groups also have loans from family members and friends.

The reasons why people borrow are similar to the reasons why people save: to meet household needs (61%), for emergencies (32%), for school fees (19%) and for expanding a business (15%). The major barrier to borrowing from formal and semi-formal institutions is that of high interest rates

## **6. Informal Groups**

One quarter (22%) of Ugandan adults belong to informal financial groups. ROSCAs (38%) and ASCAs (22%) are the most commonly used informal groups and the major purpose for being in such groups is to save money for specific purposes and to be ready for emergencies. Most (56%) of the informal groups are registered; 33% of respondents said their group was registered at the LC1 level, and 13% at LC3 level.

## **7. Risk Management and Insurance**

The common risks people mentioned were: illness of self or family member (58%), loss of household items (43%) and loss of family members (42%). These were similar in both the rural and the urban areas.

Most people would turn to a friend, relatives and neighbours for help. Only a tiny minority (6%) of Ugandans have any form of insurance. Barriers to taking out insurance are high costs (56%) and lack of knowledge (49%)

## **8. Money Transfers**

28% said they had either sent or received money from any source; most of these transfers were through friends and relatives (49%). Only 8% have used commercial banks. The vast majority (86%) of money transfers are within the country and are in cash.

## **9. Financing for Agriculture and Fishing**

The survey showed that 70% of Ugandans earn some income from agriculture – mainly from the growing and selling of crops (69% of those reporting income from agriculture). Of those

who earn most of their income from growing and selling crops, 33% said they have ever bought seeds or fertilizer. Of those, only 7%, or about 1% of the population, have ever tried to get a loan to buy seeds or fertilizer.

## **10. Technology**

Access to telephone services among Ugandans remains low, particularly in the rural areas. The public phone is the most common (65%) form of telephone service in both the rural and urban areas. 42% of respondents say they have access to a mobile phone - 58% in urban areas, 37% in rural areas.

Only a relatively small minority (16%) say they know how to use an ATM.

## CHAPTER 1: INTRODUCTION

### 1.1 Background

The FinScope Uganda Survey was commissioned in response to the need for reliable data on access, demand and usage of financial services in Uganda. While previous studies had mapped usage of some financial services, there has not been a nationwide, robust study that would allow for detailed analyses of the use of financial institutions, barriers to usage, consumer attitudes, and extensive psycho-social-economic profiling of Ugandan consumers to facilitate a deep understanding of the preferences of different types of consumers for different products and institutions.

The Government of Uganda and its development partners have a particular interest in increasing rural access to financial services. For that reason, the survey included specific questions about agricultural finance, the constraints in time and distance of accessing financial services, and the use and appreciation of informal financial groups.

An advisory committee made up of representatives of the Bank of Uganda (BOU), UK's Department for International Development (DFID), Uganda Bureau of Statistics (UBOS), The Steadman Group, Ministry of Finance, Planning and Economic Development (MOFPED), the World Bank (WB) and the Financial Services Development project (GTZ/Sida) played a major role in developing the questionnaire used in the survey. This group has now evolved into a Steering Committee, with an enlarged membership - including key financial institutions - which is overseeing the dissemination of the findings and the design of follow up studies. DFID through the Financial Sector Deepening Uganda (FSDU) project has provided financial support for this initiative.

The study is designed to be of value to policy makers, financial institutions, academics, and development partners alike so that future public and private investments in expanding financial services can be more efficiently and effectively targeted. While a single iteration of the study is useful, future iterations will provide trend data, and enable stakeholders to target specific areas of interest for more detailed research.

The Steadman Group, Uganda was contracted to carry out the study. In implementing the survey, The Steadman Group partnered with UBOS, which has the mandate to conduct household surveys in Uganda. FinMark Trust, a South African Non-governmental Organisation, provided technical assistance during the design and implementation process.

Simultaneously, the Financial Sector Deepening projects in Tanzania (FSDT) and Kenya (FSDK) were carrying out similar demand side studies and the three programmes, which shared the same contractor, exchanged information on questionnaire design, market segmentation, and other technical issues.

## 1.2 Research Objectives

The overarching objective was to generate comprehensive, nationally representative information on demand, access and use of financial services in Uganda.

Specifically, the study generated information on:

- Household economic, financial and risk management
- Financial discipline and knowledge
- Attitudes and perceptions towards, and preference for financial service providers
- Access and demand for financial services
- Usage of and attitude to technology
- Psychographics and lifestyles
- Rural and agriculture issues
- Money transfer and remittances
- Asset accumulation patterns
- Consumer issues, including perceptions towards transparency, knowledge of products and services available, and understanding of contracts, rights and responsibilities of clients or members of financial institutions.
- Baseline measures of effective access to financial services that can be monitored over time and be used to evaluate the impact of various government, private and donor-led initiatives to deepen access
- Core areas that will be used later to segment the financial market, both using the “FSM – Financial Sophistication Measures” segmentation used in Southern African countries, and a new segmentation model that will be carried out by FinMark in consultation with FSDU, to provide segments which correspond to intuitive notions of existing groups in Uganda.

## 1.3 Organisation of the Report

This chapter and chapter 2 give an introduction to the study and an outline of the methodology. The subsequent chapters discuss the key findings - each chapter begins with a background section which discusses the principal findings and concludes with a summary of the findings.

The findings are presented using charts and tables with discussion and comment. For each of the tables and charts used in the report care has been taken to indicate the bases (either by number of respondents or weighted base). The data are disaggregated for two key sub-groups (gender and location – rural/urban).

## **CHAPTER 2: METHODOLOGY**

### **2.1 Survey Administration**

The Steadman Group, Uganda, undertook the survey in close collaboration with FSDU. Steadman received technical assistance from UBOS in the design of the sample, sampling frame, providing sampling cluster maps and cluster guides, listing of enumeration areas, survey methodology and data weighting. In addition, UBOS provided quality control, particularly during the listing process and throughout the duration of fieldwork. The Advisory Committee provided multiple reviews of draft questionnaires and suggested many questions that were included in the final instrument. FinMark Trust reviewed specific technical areas of the study, and made many valuable suggestions. They also provided key “core” questions that will be used later in the segmentation of the sample.

### **2.2 Study Design**

The draft questionnaire was tested qualitatively through focus groups. Particular attention was paid to the psychographic questions which were included in the survey to produce market segmentation; it was assumed, correctly, that many of the questions that had been used in similar studies in Southern Africa would not be easily understood by Uganda respondents. The sample was stratified by district, with each constituting a stratum from which sample enumeration areas were drawn. Within each district, rural/urban sub-strata were drawn.

The sample size was determined jointly with UBOS to allow for adequate numbers of respondents at the national, regional and rural/urban levels. The second stage of sampling involved the random selection of households within the selected enumeration areas (EAs). The procedure involved listing all households in the selected EAs to generate a complete listing of households. UBOS used a table of random numbers to arrive at the eligible households.

Within each selected EA, six households were randomly selected. The responsibility for selecting households for interview was entrusted to UBOS. In addition, UBOS provided six additional names from which to select respondents in the event that the original respondents were not available.

### **2.3 Survey Areas**

The study was conducted in all the districts of Uganda that were covered by the 2002 census. The recently created districts were not reflected independently but were captured from their original districts. 56 districts were covered in the survey. The sample was designed to ensure that every Ugandan had an equal chance of being interviewed.

The number of EAs sampled per district was determined using proportional allocation of all the EAs sampled at the national level. Calculations were based on the number of households as per the 2002 Population and Housing Census. The urban stratum was composed of the gazetted urban centres. Under each sub-strata, a list of respective enumeration areas was generated.

EAs demarcated during the 2002 Population and Housing Census were the primary sampling units (PSU's) and were selected from each district independently with probability proportional to size (PPS).

## 2.4 Survey Instrument

The design of the survey instrument incorporated material from past surveys conducted by FinMark Trust in other countries. These were extensively revised, however, to reflect Ugandan realities and concerns. The Advisory Committee reviewed multiple versions of the draft questionnaire and agreed to include additional questions at the request of members of the committee. Further input into the questionnaire was generated from the qualitative and the pilot phases of the survey.

To ensure that no meaning was lost during translation, the questionnaire was administered in local languages (as opposed to English) in most cases. The questionnaire was translated into Luo, Ateso, Luganda, Runyoro, Runyankore and Lugbara. Lusoga and Lugishu were dropped after the pilot as the translations were found to be inadequate. Steadman used interviewers who spoke the local languages fluently and could deal with nuances of local dialects as necessary. In developing the translations, each language was 'back translated' into English for validation purposes. Where there were inconsistencies, these were cleared before the final print run was made.

## 2.5 Training and Fieldwork

Training of the field teams was carried out in two phases. The first phase of the training was conducted between 28th August and 1st September 2006 in Kampala. Representatives from FSDU, FinMark Trust, Steadman, UBOS and a financial consultant facilitated the training. The same training programme was used for the regional training. Training focused on understanding the objectives of the survey and the administration of the questionnaire.

However, in addition to this training, the supervisors and team leaders were trained separately by UBOS. This was done to enhance capacity of the field supervisors and team leaders on issues related to the process involved in listing to allow them to make substitutions (where necessary) according to the protocols developed with Steadman. It should be noted that the Steadman team did not participate in the listing exercise.

Fieldwork took place over a period of approximately two months (October-November 2006). Prior to commencement of fieldwork, a team of listers from UBOS went to every sampled EA to develop the household lists, from which the participants were selected.

There were five field teams, one for each region, reflecting the diverse dialects found within Uganda. The regions were Central (including Kampala), Western, Northern and Eastern. A team that included a research Executive, two supervisors and two team leaders headed each of the regions. In addition, UBOS provided personnel who boosted the supervisory teams for quality control purposes.

The Steadman Group encountered multiple challenges in the fieldwork, notably selected respondent absences, language issues in some areas, respondent reluctance, distances to the sampled household in some communities like Western Uganda, and poor road networks in the far Eastern and Western districts of Uganda. In some areas, the identification numbers on the household were rubbed off intentionally or affected by rainfall, while others complained about the length of the questionnaire. Some EAs, mainly in Karamoja region and some isolated places in Northern Uganda were difficult to access because of insecurity and pockets of community hostility. In the Karamoja region, some of the areas were not sampled as a result of insecurity. A total of 60 scheduled interviews were not carried out in these areas; 30 in Kotido, 18 in Moroto and 12 in Nakapiripirit. Interviewers experienced hostility mainly in areas that were facing land wrangles and evictions such as those in Mayuge, Masaka and Kibale.

## 2.6 Data Management

After all the questionnaires had been checked to ensure that the achieved samples and quotas tallied with the study sample expectations, they were edited and coded. The questionnaires were photocopied in Kampala to have a backup in case of accident. The original questionnaires were then sent to Nairobi, where Steadman scanned them to minimise the likelihood of data entry errors.

As the sample was not selected to be self-weighting, the data were weighted to adjust for the variable probabilities of sampling and non-response. This was done by using weights provided by UBOS. All tabulations and graphs in this report are based on weighted data.

## 2.7 Sample Characteristics

This study is representative of the target population of all adults in Uganda aged 18 years and above. Figure 2 below details the profile of the total sample. The sample was made up of a total of 2,959 respondents with a rural/urban split of 75%: 25%. This differs somewhat from the 88%: 12% rural/urban split of the country (Census 2002) by design. In this survey the urban sample was boosted for better representation of the formal financial institutions. The gender split was at 47% male and 53% female - close to the national gender split of 49% male and 51% female. 56% of the population was married with an almost equal proportion spread across the regions. 47% had attended primary school while 33% had studied up to secondary school and above. Only 4% reported having not attended school.

**Figure 2: Demographic Profile - Basic Characteristics**

	Total	Rural	Urban	Central	Eastern	Northern	Western
<b>Total All respondents</b>	<b>2,959</b>	<b>2,101</b>	<b>858</b>	<b>931</b>	<b>680</b>	<b>625</b>	<b>723</b>
<b>Weighted Base</b>	<b>13,173,921</b>	<b>9,897,817</b>	<b>3,276,104</b>	<b>3,167,987</b>	<b>2,958,380</b>	<b>3,483,692</b>	<b>3,563,862</b>
	<b>100%</b>	<b>75%</b>	<b>25%</b>	<b>24%</b>	<b>22%</b>	<b>26%</b>	<b>27%</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Gender</b>							
Male	47	50	40	47	45	43	53
Female	53	50	60	53	55	57	47
<b>Marital Status</b>							
Married	56	58	48	47	61	60	55
Cohabiting	2	2	2	1	4	2	1
Divorced/Separated/Widowed	15	16	14	16	15	18	12
Single	20	16	29	28	15	13	22
Refused	7	7	6	7	4	7	9
<b>Education</b>							
Did not complete P1	4	5	2	2	6	4	5
Some primary school education	34	34	25	32	37	34	29
Completed primary education	13	13	13	15	14	10	12
Some secondary school education	23	20	32	29	18	19	26
Completed secondary education	3	2	5	4	3	2	3
Post secondary	7	6	13	8	5	6	10
Refused	17	19	10	10	17	25	16

## 2.8 Dwelling Type and Cooking Fuel Usage

Two thirds (65%) of respondents lived in detached (single unit) houses. Those who do not live in detached houses live in either semi-detached houses (19%) or tenements (15%).

Most (66%) owned the houses in which they lived - the majority of these being in rural areas. At a regional level, the proportion of those who owned the houses in which they lived was lowest in the Central region at 53%. The main roofing material used was iron sheets in both rural and urban areas although, as expected, the proportion of the grass thatched houses was higher in rural than urban areas.

Firewood and charcoal are the two fuels used in cooking and heating. Three quarters (73%) used firewood for cooking; a quarter used charcoal (24%). Firewood is more favoured in rural areas (85%), with charcoal more favoured in urban areas (59%). Paraffin (tadobas) is the main source of energy used for lighting – especially in the rural areas. Four in ten (41%) of those living in urban areas use electricity for lighting.

**Figure 3: Demographic Profile - Dwelling Type**

	Total	Rural	Urban
<b>All respondents</b>	<b>2,959</b>	<b>2,101</b>	<b>858</b>
<b>Weighted Base</b>	<b>13,173,921</b>	<b>9,897,817</b>	<b>3,276,104</b>
<b>Type of Housing Unit</b>	<b>%</b>	<b>%</b>	<b>%</b>
Detached house	65	72	41
Semi-detached house	19	18	21
Tenement (Muzigo)	15	9	35
Other housing type	1	1	2
<b>Dwelling Ownership</b>			
Free public	9	10	7
Free private	66	74	43
Subsidized private	4	4	2
Rented public	5	3	10
Rented private	13	6	36
Other dwelling unit	3	3	2
<b>Roofing Material</b>			
Iron sheets	66	61	80
Asbestos	0	0	1
Concrete	0	0	1
Grass/papyrus	32	37	18
Banana leaves/Fibre	1	1	0
<b>Source of Lighting</b>			
Electricity	14	5	41
Paraffin (Lantern)	22	22	24
Paraffin (Tadooba)	59	69	31
Candle wax	2	1	3
Firewood	2	3	1



## CHAPTER 3: SOURCES OF INCOME AND LIVELIHOOD

Included in the survey were a series of questions about sources of income. These questions were intended to provide an understanding of how the adult population in Uganda receives income and the channels – different types of financial institutions – the income is received through.

### 3.1. Main Sources of Income

Ugandans have multiple sources of income - as indicated in the first column of Figure 4 below. The sale of food crops from personal farms is the most common source of income (51%), followed by running a personal business (34%). Just over one quarter (28%) of respondents reported receiving income from family or friends with a further 14% reporting income from the sale of cash crops.

Despite the fact that the majority earn their income from agriculture, a higher proportion (31%) said that their own business provided their *main* source of income, compared with 21% citing the sale of produce from their own farm as their *main* source of income.

While one might expect a higher proportion of those living in urban areas to report their own business as providing their main source of income, the differences between urban and rural in this regard were relatively small: 29% of those in rural areas reported their own businesses as providing their main source of income, compared with 37% of those living in urban areas. Translated into actual numbers therefore substantially more of those living in rural areas rely on their own businesses as their main source of income than those in urban areas where the diversity of employment opportunities is much greater.

**Figure 4: Source of Income – Top 7 Mentions**

	Income Sources (Multiple Mentions)	Main Source Of Income (Single Mention)				
		Total	Rural	Urban	Male	Female
<b>Total all respondents</b>	<b>Total 2,959</b>	<b>2,959</b>	<b>2,101</b>	<b>858</b>	<b>1,417</b>	<b>1,542</b>
<b>Weight ed Base</b>	<b>13,173,921</b>	<b>13,173,921</b>	<b>9,897,817</b>	<b>3,276,104</b>	<b>6,231,148</b>	<b>6,942,772</b>
	%	%	%	%	%	%
Sell produce from own farm (food crops)	51	21	26	5	20	22
Running own business	34	31	29	37	31	31
Money from family/friends / spouse	28	9	7	16	4	14
Sells produce from own farm (cash crops)	14	3	3	1	3	2
Sells own livestock	9	4	5	2	4	5
Sells products from own livestock	8	3	4	1	3	3
Employed in the formal sector in an office (public or private)	8	5	4	10	6	4

The proportion of men and women who reported their own businesses as providing their main source of income is on a par at 31%. Similarly there are no significant gender differences among those who sell agricultural produce from their own farms. However, when it comes to receiving money from family and friends, those living in urban areas are twice as likely to be beneficiaries as their rural counterparts (16%: 7%) and over three times as likely to be female than male (14%: 4%).

### 3.2 Frequency of Earning Money by Source of Income

The frequency with which income is received is highly correlated to the source of the income. The majority of those who receive income on a daily basis (12%) are engaged in running their own business – buying and selling (63%). Very few (5%) report receiving income on a weekly basis. Only 11% report receiving income on a monthly basis, the vast majority (85%) of whom work in the formal sector (offices in the public or private sectors) receive money on a monthly basis – reflecting employers’ preferred method of remittance. Most (67%) of those who receive income seasonally sell food crops. 1 in 10 of those who earn from selling cash crops (tea, coffee) receive their earnings on an annual basis. The earning cycles for those involved in the agricultural sector tend to be dictated, for the most part, by the agricultural seasons and tend to be more irregular.

**Figure 5: Frequency of Receiving Income (for Top 7 Sources)**

	Frequency of receiving money Total N=2,959 Weighted base (population of +18 years) = 13,173,921								
	Daily	Weekly	Monthly	Quarterly	Bi-Annually	Annually	Seasonally	Irregularly	Don't know
Sell produce from own farm (food crops)	2%	3%	5%	7%	6%	3%	67%	6%	2%
Running own business	63%	13%	9%	1%	0%	0%	2%	12%	1%
Money from family/friends / spouse	16%	10%	16%	9%	1%	2%	2%	43%	2%
Sell produce from own farm (cash crops)	2%	3%	2%	4%	4%	11%	65%	8%	2%
Sells own livestock	1%	5%	9%	9%	7%	12%	11%	47%	0%
Sell product from own livestock	17%	8%	14%	6%	5%	3%	15%	33%	0%
Employed in the formal sector (public or private)	4%	3%	85%	2%	1%	0%	1%	5%	1%

*Irregular - Undefined patterns of earning*

*Seasonal – Defined patterns of earning*

Those using semi-formal financial institutions (21%) are somewhat more likely to receive income on a daily basis than those who are using formal financial institutions (17%).

The proportion of those who use formal financial institutions and who receive income on a monthly basis is more than twice that of those who both receive incomes monthly and use semi-formal financial institutions.

### 3.3 Methods of Receiving Income

Almost all (98%) reported receiving at least some of their income in cash. As detailed in Figure 6, the highest proportion of those who receive their income in cash are engaged in selling produce from their own farms (49%), engaged in their own business (33%), and receiving transfer income (27%). Those receiving their income in the form of cash for selling their own produce (food crops) are more likely to be living in rural areas; those receiving their income in cash from running their own businesses are more likely to be found in towns and cities.

**Figure 6: Incidence of receiving income in cash by nature of economic activity**

Total all respondents Weight ed Base	Total 2,959 13,173,921	Rural 2,101 9,897,817	Urban 858 3,276,104	Male 1,417 6,231,148	Female 1,542 6,942,772
	%	%	%	%	%
Sell produce from own farm (food crops)	49	59	20	51	49
Running own business	33	30	41	33	33
Money from family/friends/spouse	27	26	31	17	36
Sell of produce from own farm (cash crops)	13	15	7	17	9
Sell own live stock	9	10	5	8	9
Sell of products from own live stock	7	8	4	8	6
Trading in agricultural produce from others like crops	7	8	5	8	6
Working on other people's farms doing domestic work	6	6	5	6	5
Employed in the formal sector like in an office public or private	5	3	9	6	4
Working for an individual in a private business	5	4	10	8	3
Working on other people's farms	5	6	3	6	5

## CHAPTER 4: PROFILING THE UGANDAN POPULATION BY FINANCIAL ACCESS

This section presents the usage of financial institutions, and includes the Financial Access Strand. This is becoming a standard indicator of access, and is designed to provide comparability among countries. Similar information has been produced for Kenya and Tanzania.

### 4.1 Financial Access

According to the survey, only 38% of Ugandans are financially served by either formal, semi formal or informal financial institutions/groups.

Operational definitions are as follows:

- Formal: (Tier 1, Tier 2, Tier 3): Institutions supervised by the Bank of Uganda: Banks, Credit Institutions, Microfinance Deposit-taking Institutions (MDIs).
- Semi-formal: Institutions that are constituted under a law passed by the Parliament of Uganda, but not regulated by the BOU. Semi-formal institutions are SACCOs and Tier 4 MFIs.
- Informal: Everything else, including village groups of various kinds, ASCAs and ROSCAs.

Looking only at the 38% of Ugandans (c.5 million) who are served, 42% use commercial banks Tier 1, 3% use credit institutions (Tier 2) and 8% use Microfinance Deposit-Taking Institutions (Tier 3). The semi-formal financial institutions serve 13% of the financially-served population (8% in SACCOs and 5% in MFIs). 58% of the financially served population use informal institutions (ROSCAs, ASCA, Saving clubs etc), while 3% use money lenders.

Nationwide, 62% of Ugandans are not served by any financial institutions or groups (formal, semi-formal or informal). However, this national statistic masks important geographical and regional variations, as shown in Figure 7 below. In urban areas, the ratio of financially served to unserved is close at 48%:52% (equal at 50:50 in Kampala). By contrast, in rural areas, the ratio of served to unserved is highly skewed in favour of the financially unserved at 35%: 65%. Across the regions, rather surprisingly, the Central region (excluding Kampala) has the highest proportion of unserved (72%), followed by the East (67%) and North (66%), while the Western region has fewer people (50%) who are financially unserved than any other region (outside Kampala).

**Figure 7: Financial Access by location and region**

	Rural	Urban	Central Kampala	Central Other	Eastern	Northern	Western
<b>No. of respondents</b>	<b>2,101</b>	<b>858</b>	<b>308</b>	<b>623</b>	<b>680</b>	<b>625</b>	<b>723</b>
<b>Weighted Base</b>	<b>9,897,817</b>	<b>3,276,104</b>	<b>879,366</b>	<b>2,288,621</b>	<b>2,958,380</b>	<b>3,483,692</b>	<b>3,563,862</b>
Financially served	35	48	49	28	32	34	50
Unserved	65	52	50	72	67	66	50

## 4.2 Multiple Usage of Financial Institutions

Among those who use financial institutions, there is high reported incidence of multiple usage (38%). For instance, an individual with an account in a commercial bank may also have savings in a SACCO.

The findings from this survey indicate that many people who use commercial banks also use Tier 2 Credit Institutions (CIs) (2%), MDIs (5%), SACCOs (5%), MFIs (7%) and a quarter of them (25%) use informal financial groups. Of those who use CIs, 47% also bank with a commercial bank, 15% use MDIs, 6% use SACCOs, 11% use MFIs and 40% use informal financial groups. Among the users of MDIs, 28% also use commercial banks, 3% use CIs, equal proportions (4%) use SACCOs and MFIs, and 48% use informal financial groups.

For those who use SACCOs, 27% also use commercial banks, 27% use informal financial groups, 1% use CIs and 4% MDIs. Of those using MFIs 50% also use commercial banks, 12% are informally served, 6% are in MDIs, 3% use CIs and 2% use money lenders.

The informal financial groups had various sub-categories which included ROSCAs, ASCAs, Welfare funds, and saving clubs.. An effort was also made to separately identify Village Savings and Loan Associations (VSLAs). While this is not a precise sub-category, for the purposes of this analysis, we consider them to be “ASCAs that have received assistance from external sources”.

For the informal financial groups that do not include ASCAs, 19% use commercial banks and an equal proportion (6%) use MDIs and ASCAs. For the ASCA members, 11% also use commercial banks and 12% use other informal groups which are not ASCAs. 6% use MDIs, 3% are in SACCOs, 2% use MFIs and 1% use money lenders.

Overall 1% of respondents belong to VSLAs, representing 191,988 of the adult population. This represents 20% of the respondents that reported using ASCAs. Among those that belong to VSLAs 22% use commercial banks, 17% use other informal financial groups and 13% use MDIs. 6% of the VSLA members also use CIs and 2% are in SACCOs.

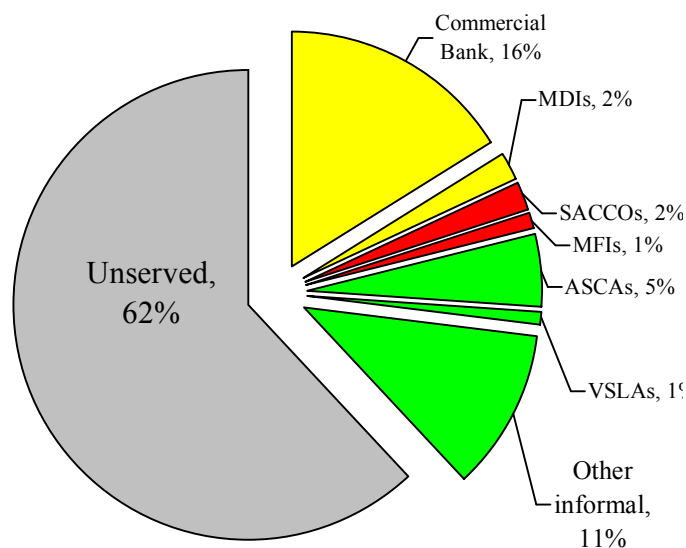
**Figure 8: Financial Access – Nine by Nine Matrix**

	Formal B	Formal CI	Formal MDI	Semi-Formal – SACCO	Semi-Formal - MFI	Financially Informal - Minus ASCAs	ASCAs	VSLA	Money Lenders
<b>No. of respondents</b>	484	21	71	79	49	417	212	42	22
<b>Weighted base</b>	2,089,632	75,977	346,771	401,988	271,226	1,900,053	951,943	191,988	82,433
	%	%	%	%	%	%	%	%	%
Formal – B	100	47	28	27	50	19	11	22	11
Formal – CI	2	100	3	1	3	1	1	6	1
Formal – MDI	5	15	100	4	6	6	6	13	19
Semi-Formal – SACCO	5	6	4	100	0	4	3	2	5
Semi-Formal – MFI	7	11	4	0	100	1	2	0	6
Financially Informal – Minus ASCAs	18	27	31	20	6	100	12	17	100
Financially Informal – ASCAs	5	8	16	7	6	6	100	0	17
ASCAs – VSLA	2	15	7	1	0	2	0	100	0
Money Lenders	0	2	5	1	2	4	1	0	100

### 4.3 Financial Strand (Currently Use - Mutually Exclusive)

In addition to analysing multiple usages of financial institutions, an analysis of mutually exclusive usage was carried out. The data presented in the pie chart below are based on the generally accepted definition of mutual exclusivity such that if an individual used more than one type of financial institution they were counted only once as using the more formal institution. For example, if an individual had a bank account and a SACCO account they were included as a bank user in the access strand and excluded from the sample of SACCO users – effectively upgraded to the most formal institution used.

**Figure 9: Financial Access – Mutually Exclusive**



- Almost two thirds (62%), or 8.1 million, Ugandans are financially unserved.
- 18% (2.4 million Ugandans) are formally served.
- 3% (half a million Ugandans) are semi-formally served
- 17% (2.2 million Ugandans) are informally served

The breakdown of institutions serving Ugandans within the three sectors is in figure 10 below

**Figure 10: Financial Access**

Category of Institution	Type of Institution	No. Ugandan with access (Mutually Exclusive)
Access Formal Institutions	Commercial Bank	2,100,000
	Credit institution	40,000
	MDIs	300,000
Access Semi-formal Institutions	SACCO	300,000
	MFI	130,000
Access Informal groups	ROSCA/Welfare fund, saving clubs etc(Minus ASCAs)	1,400,00
	ASCAs	700,000
	VSLA	100,000
No financial institution	Financially unserved	8,100,000
<b>Total</b>		<b>13,100,000</b>

#### 4.4 Financial Access Strand by Location and Gender

In terms of access to financial services by rural and urban dwellers, the proportion of those using commercial banks is considerably higher in urban areas (28%) than in rural areas (12%). Usage of credit institutions is very low overall; no one in rural areas reported using them and only 1% of individuals living in urban areas use them. The proportion of those living in urban and rural areas who use SACCOs and MFIs is very low (2% and 1% respectively). Women are somewhat more likely to be ‘unserved’ than men. Equally, men are twice as likely to have bank accounts with commercial banks (21%) than their female counterparts (11%). Although there are differences by gender with regard to access to formal financial institutions, the same differences are not reflected with regard to access to informal institutions (around 10% of men and of women access informal institutions).

**Figure 11: Financial Access Strand By Location & Gender**

	Total	Rural	Urban	Male	Female
No. of respondents	2,959	2,101	858	1,417	1,542
Weighted Base	13,173,921	9,897,817	3,276,104	6,231,148	6,942,772
	%	%	%	%	%
Unserviced	62	65	52	58	66
Banks	16	12	28	21	11
Financially Informal - Minus ASCAs	11	12	6	11	10
ASCAs	5	5	6	4	6
MDI	2	2	3	1	2
SACCO	2	2	2	3	2
MFI	1	1	1	1	1
VSLA	1	1	1	1	1
CI	0	0	1	0	0

#### 4.5 Where and Who Are the Financially Served In Uganda

There is a clear relationship between level of education and usage of financial institution, as shown by the Figure 12. Of those who report the use of formal financial institutions, 74% have been educated at secondary school or above, 24% up to primary level and only 2% are without any formal schooling. Conversely, of those that are unserved, 25% have had no schooling, 50% have studied up to primary level and 25% up to secondary.

Looking at regional differences, 31% of Ugandans who use formal financial institutions are from Western Uganda. An even greater percentage of the Ugandans who use semi-formal financial institutions are from the West (57%). By contrast, of those that are unserved, the highest percentages come from the Northern (28%) and Eastern regions (24%).

Incidences of using all forms of financial institutions or groups are higher among those running personal businesses, while those who are employed in the formal sector are more likely to use formal financial institutions.

#### 4.6 Reasons for Not Using Formal or Semi-Formal Financial Institutions

Those that were not using either formal or semi-formal financial institutions were asked to give the reasons why they were not using these types of institutions. The principal barrier to using formal and semi-formal institutions is that of 'not having enough money'. Four reasons stood out very clearly and they were: *Don't have enough money to save* (54%), *Earn too little to open and maintain an account* (49%), *Don't have a regular income* (45%) and *Can't afford to have an account* (30%). Other reasons, which were more practical in nature than financial, were given by very small numbers of people such as: *"Don't know how to open an account"* (8%), *"Too far to the institution"* (6%).

There were no significant differences across gender or between rural and urban respondents with regard to reasons given.



**Figure 12: Reasons For Not Using Financial Institutions**

Base=All respondents using Informal & the Unserved(Mutually exclusive)	Total	Rural	Urban	Male	Female
	1,849	1,412	437	835	1,014
Weighted base	8,231,408 %	6,535,482 %	1,695,926 %	3,659,250 %	4,572,158 %
Don't have money to save	54	55	53	52	57
I earn too little to open and maintain an account	49	50	45	52	46
Don't have a regular income	45	47	39	45	45
I can't afford to have an account	30	30	32	32	29
I can't read or write	8	8	8	6	9
I don't know how to open an account	8	8	6	8	8
The financial institution is too far from where I live or stay	6	7	2	6	6
I prefer to use other options rather than a bank	6	6	8	7	5
Don't want to pay service fees	5	5	5	5	5
I don't need an account	5	4	7	4	5
I don't qualify to open an account	3	3	2	3	3
It takes long to get money from the institution	2	2	2	2	2
I couldn't speak their language	2	2	2	2	3

#### 4.7 Physical Access to Financial Institutions

In this survey, access to financial institutions was evaluated in terms of cost, time and means of transport used to physically get to the financial institution. The most commonly used form of transport in both rural and urban areas to access formal and semi-formal financial institutions is public transport, although a significant minority of urban dwellers (about a quarter) are able to get there on foot.

In regard to time, residents of the urban areas (not surprisingly) spend considerably less time – for most, under an hour - travelling to the financial institutions they use, either formal or semi-formal. In rural areas, as many as four in ten of those who use formal financial institutions spend between one and three hours travelling there and a quarter take that much time to get to the semi-formal institutions they use.

**Figure 13: Physical Access To Financial Institutions**

	Location	Base those using financial institutions	
		Formal N= 1,701,686 %	Semi-Formal N=1,16,794 %
<b>Means of transport used most often</b>			
Public transport e.g. taxi, bus, boda boda	Rural	78	80
	Urban	55	33
Walk/Foot	Rural	7	29
	Urban	25	29
Private transport -e.g. car	Rural	9	0
	Urban	8	0
Public transport e.g. boat/ferry	Rural	2	0
	Urban	2	0
<b>Time taken to travel from the place where they come from to the financial transaction place</b>			
	Location	Formal N= 1,701,686 %	Semi-Formal N=1,16,794 %
Less than 1 hour	Rural	41	46
	Urban	75	51
1 hr – 3hrs	Rural	42	25
	Urban	13	10
Over 3 hrs - 6 hrs	Rural	4	8
	Urban	1	0
Over 6 hrs - 9 hrs	Rural	1	1

#### 4.8 Summary

- A large majority of Ugandans (62%) are not served by any financial institution, be it formal, semi-formal or informal. 65% of those living in rural areas are unserved compared with 52% in urban areas.
- Only 38% are served by financial institutions or groups. The majority (58%) of these individuals access financial services from informal financial institutions; 42% access formal financial institutions; and 13% access semi-formal institutions.
- Findings indicate multiple usage of financial institutions and groups. A significant proportion of those using formal financial institutions were also using semi-formal and informal financial groups. Looking at the mutually exclusive access strand, the highest proportion of Ugandans are banked with a commercial bank (16%) followed by those using informal financial groups at 10%. ASCAs account for 5% of the financially served and 1% belong to VSLAs.
- Ugandans accessing formal financial institutions are most likely to be educated to secondary school level or above (74%), over 25 (85%) and in business (43%).
- Non usage of formal and semi-formal financial institutions is mainly attributed by the respondents to not having enough money to save or open and maintain an account.

## CHAPTER 5: SAVING

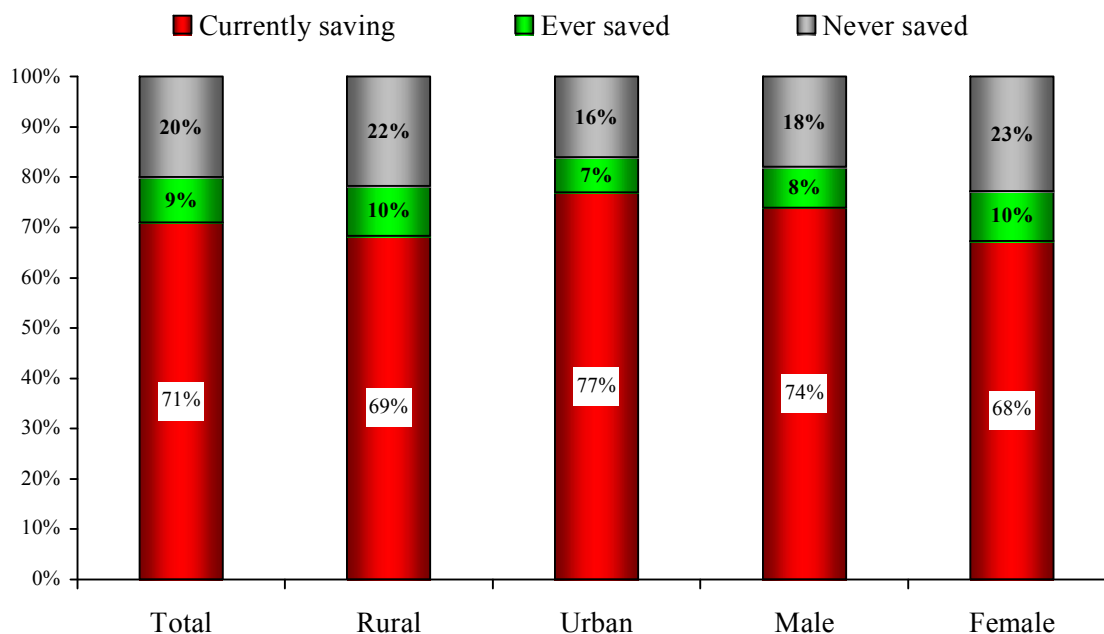
Many people save by buying cattle or setting aside goods; however, this *in-kind* saving raises problems of distinguishing among savings, investment, and business purchases, so for this survey, only financial savings, defined as “keeping money aside to use later” were considered. The survey does not limit savings to savings in an institution and, as will be seen, a substantial number of people save at home or in a secret place.

### 5.1 Saving Status

80% of Ugandans have ever saved and 71% are currently saving either formally or informally. As presented below, the proportion of those currently saving is marginally higher for those in urban (77%) than in rural (69%) areas and a higher proportion of men than women reported that they currently keep some savings. Those who start saving appear to carry on saving, reflected in the fact that only 9% of those who said that they had ever saved have stopped saving.

However, a significant minority (20%) of Ugandans said they had never saved. Differences are noted between rural and urban areas at 22% and 16% respectively and by gender at 18% and 23% respectively for men and women. 58% of those who have never saved cited lack of enough money to save as the major reason for never having done so.

Figure 14: Saving Status

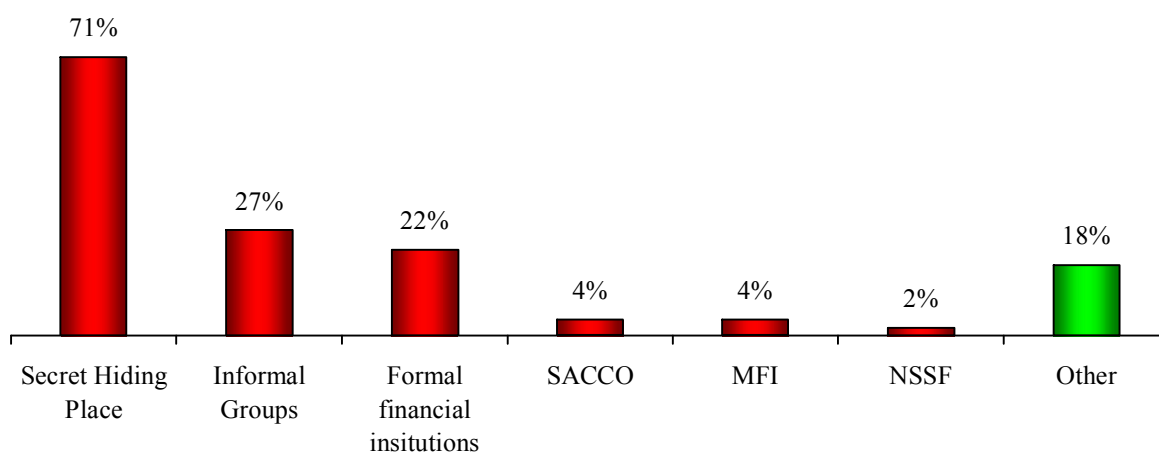


Base: Total -2,959; Rural - 2,101; Urban – 858; Male - 1,417; Female - 1,542

## 5.2 Where Ugandans Save

A very high proportion (71%) of those who save money say they use informal savings places, such as secret hiding places, in which to save their money. If this percentage is added to those who also use informal savings places (18% - the right hand bar in figure 16 below) such as friends, relatives or a defined type of hiding place (such as a tin), it amounts a considerable number of people (9 in 10) who are saving their money in 'informal' places and likely to translate into considerable amounts of money that are stashed in holes and other hiding places. More formal savings arrangements are used by relatively modest proportions of the population: 27% use informal groups and 22% use formal financial institutions, with 4% using each of SACCOs and MFIs.

**Figure 15: Where Ugandans Save**



Base: 2,134 (those who save)

Rural areas report a higher incidence of people saving in secret places (74%) than urban areas (60%). 29% of the savers in rural areas use informal groups, 17% save in BOU regulated institutions and 18% in other places such as friends, neighbours etc. An equal proportion of the rural adult population (4%) saves with SACCOs and MFIs. In urban areas the highest proportion (60%) saves in Secret places followed by 36% who save in BOU regulated financial institutions.

There is no significant difference by gender with regard to those who use secret places to save, and also no significant difference was noted across gender regarding saving in informal groups. Males had a higher proportion of those who save in BOU regulated institutions (27%) than females (17%).

**Figure 16: Where Ugandans Save - By Location and Gender**

	Rural	Urban	Male	Female
<b>Base = All those currently saving</b>	<b>1,456</b>	<b>678</b>	<b>1,062</b>	<b>1,072</b>
<b>Weighted base +18yrs</b>	<b>6,808,853</b>	<b>2,512,121</b>	<b>4,617,117</b>	<b>4,703,857</b>
	%	%	%	%
Secret Place	74	60	68	73
Informal Groups	29	24	26	29
Formal financial institutions	17	36	27	17
SACCO	4	3	5	3
MFI	4	2	3	4
NSSF	2	1	2	1
Other	18	18	18	19

### 5.3 Multiple Usage of Financial Institutions for Saving

The survey findings indicate that those who save use many different financial institutions to save money. For instance a person saving in a formal financial institution may also be saving with a semi-formal or informal financial institution/group. In addition, within the same category of financial institution (such as formal institutions) there is multiple usage. For instance, some individuals have an account in a commercial bank and another account in a MDI – both within the formal sector.

Of those who are using formal financial institutions to save (22%), the majority (78%) save in commercial banks. They also use other places in which to save their money such as secret hiding places (38%), family and friends (14%) and other formal financial institutions MDIs (11%). Of those saving in semi-formal financial institutions (10%), 62% were using SACCOs and 29% MFIs. 46% of those who save in semi-formal financial institutions also save in secret hiding places. Among the users of informal financial groups, 42% were in ROSCAs, 64% save in secret places and 23% with family members. Saving clubs and ASCAs recorded almost equal proportions of savers.

**Figure 17: Where Ugandans Save**

	Total	Formal	Semi-Formal	Informal	Unserviced
<b>All respondents currently saving</b>	<b>2,134</b>	<b>530</b>	<b>80</b>	<b>464</b>	<b>1,060</b>
<b>Weighted base population of 18yrs +</b>	<b>9,320,974</b>	<b>2,304,755</b>	<b>397,491</b>	<b>2,077,439</b>	<b>4,541,290</b>
	%	%	%	%	%
Secret Hiding Place	71	38	46	64	92
Commercial Banks	19	78	0	0	0
Family Members/Friends	18	14	12	23	17
ROSCAs	12	8	7	42	0
ASCAs	6	8	6	17	0
Saving Clubs	5	4	3	18	0
SACCOS	4	4	62	0	0
Other MFIs(Which are not SACCOs)	4	5	29	0	0
Welfare Fund	4	4	2	15	0
Investment Clubs	3	2	1	9	0
MDIs	3	11	0	0	0
NGOs	1	1	0	3	0
CI	1	3	0	0	0
NSSF	2	1	1	1	3

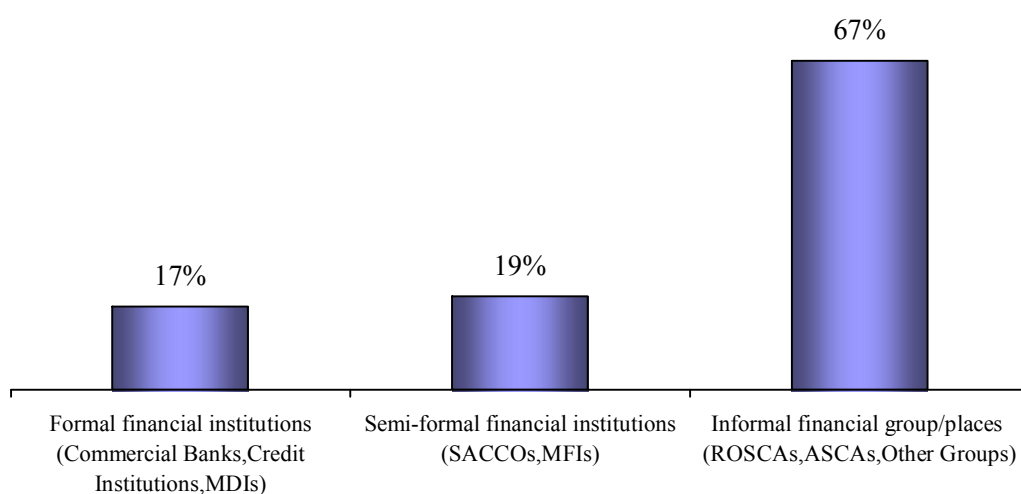
Of those who have savings accounts, the majority save with formal financial institutions and semi-formal financial institutions at 85% and 60% respectively.

**Figure 18: Saving Products Currently Using**

All adults 18+years that are currently saving	Total	Formal	Semi-Formal	Informal	Unservd
	2,134	530	80	464	1,060
Weighted base	9,320,974 %	2,304,755 %	397,491 %	2,077,439 %	4,541,290 %
Savings kept in a secret place	71	38	46	64	92
Voluntary savings account in any financial institution or group	36	85	60	58	0
Keeping money with friends and/or relatives	21	15	15	27	22
Investment through contribution to a SACCO, MFI , Group that sits regularly	11	16	40	26	0
Compulsory savings account any financial institution or group	8	15	20	14	0
An investment Account e.g. Shares Account, Fixed deposit account	3	12	3	1	0
A joint account	2	8	6	0	0
A fixed deposit account	0	2	0	0	0

## 5.4 Incidence of Losing Money - Formal Financial Institutions

**Figure 19: Those Who Have Lost Money**



Base: Formal = 30; Semi-formal= 29; Informal =120

6% of Ugandans say they have lost money in a financial institution or group. The chances of losing money vary by institutional type, being lowest in formal institutions, and highest in semi-formal. People say they lost money due to unknown charges, theft and fraud.

## 5.5 Reasons for Saving

Of those who are currently saving, the vast majority (82%) do so to meet their everyday household needs, with no significant differences between gender and those living in rural and urban areas. There is a significant proportion that save for unforeseen emergencies such as sickness and death (70%), slightly higher in rural areas (73%) than in towns and cities (63%).

There is limited saving for development purposes as indicated by the low proportions of those who save for investing in business (19% of those current saving save for business expansion, 10% for business start up).

**Figure 20: Reasons for Saving**

No. of respondents Weighted base	Ever but not currently 2,371 10,454,350	Currently saving 2,174 9,137,725	Currently saving			
			Rural 1,483 6,808,853	Urban 691 2,512,121	Male 1,081 4,617,117	Female 1,093 4,703,857
			%	%	%	%
For meeting household needs	12	82	83	78	81	83
For emergency (burial, medical)	12	70	73	63	70	70
For education of yourself, children or siblings or others/	8	35	34	35	34	35
For expanding your business	4	19	18	21	20	17
To be able to leave something for my children	2	12	11	13	13	11
For starting up a new business	8	11	9	15	11	11
For using later in life/old age	3	10	9	12	13	7
For purchase of livestock /cattle	6	9	10	6	11	7
For social reasons (wedding, travel, bride price)	6	8	8	9	9	8
For purchasing or building a house to rent out	5	6	5	9	8	4
For agricultural improvements e.g. irrigation, a dam, fencing, preparing land	2	4	5	1	5	3
For agricultural implements û plough, hoe, tractor, things to use on the farm	2	4	5	1	5	2
For fishing equipment boat, nets, engine		2	3	2	3	2

## 5.6 Summary

- Saving is mainly done to meet household needs, emergencies, education and business investments, in that order. There are no significant differences between those saving for business investment between urban and rural areas.
- 71% of Ugandans are currently saving, formally or informally. However, saving informally is very much more common than formal saving.
- Only 22% of those that are saving use formal financial institutions (35% in urban areas, 15% in rural areas). Only 4% put their savings in SACCOs.
- The majority (71%) of those that are saving said they save in secret hiding places which they would not disclose. A very high proportion of these are financially unserved. But many of those that have access to financial institutions still choose to save money in secret places.



## CHAPTER 6: INVESTMENT

Investment in this study was defined as putting money aside or putting money into an activity or a financial institution so that it can yield returns. This chapter explores the investment opportunities that are available in the community and those that people are currently using.

### 6.1 Available Investment Options

The investment options that are common to most Ugandans are agriculturally based (in livestock – 68% and farm land – 61%) and trading activities (investment in existing business - 64%, starting new business – 48%). There are differences with regard to investment opportunities in rural and urban areas. Not surprisingly, agricultural based investment options were named more frequently by respondents in the rural areas; nevertheless a high proportion of urban dwellers (46%) invest in farm land. This figure rises to 66% in the rural areas. However, when it comes to investing in existing personal business the opportunities are almost as high in the rural areas as in the urban areas (62% rural and 67% urban). There is a greater incidence for urban people investing in an account in a formal financial institution (59%) compared with 42% for those living in rural areas.

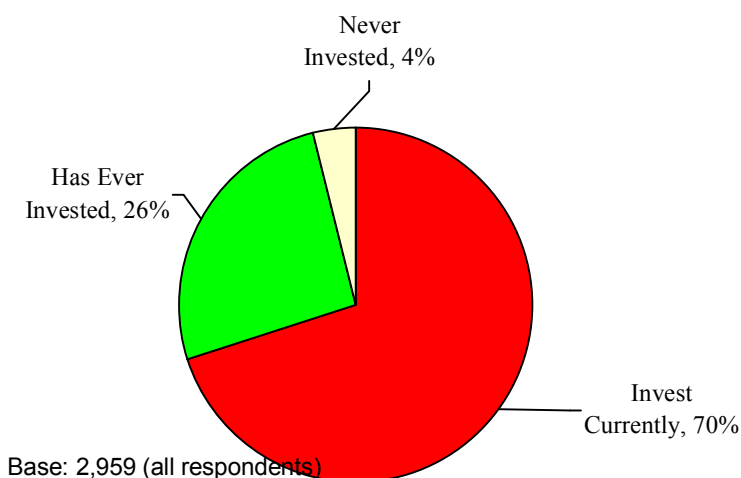
**Figure 21: Available Investment Options**

	Total 2,959	Rural 2,101	Urban 858	Male 1,417	Female 1,542
<b>Weighted Base Available Investment options in the Area</b>	<b>13,173,921</b>	<b>9,897,817</b>	<b>3,276,104</b>	<b>6,231,148</b>	<b>6,942,772</b>
	%	%	%	%	%
Investment in livestock e.g. cattle	68	70	62	69	66
Existing personal business	64	62	67	62	65
Investment in farm land	61	66	46	64	59
A house/flat/or additional rooms/property that I can rent out	48	46	55	50	47
Starting a new business	48	47	53	49	48
Account in a financial institution	46	42	59	49	43
Investment through an informal group	46	44	50	47	44
Money lending for profit/interest	20	19	24	22	19

## 6.2 Incidence of Investing

Generally, the incidence of investing is high at 70%. About 26% have ever invested but stopped and only 4% have never invested.

**Figure 22: Incidence of Investing**



Incidence of investing was higher in the rural areas (72%) than the urban areas (65%), while the proportion of those who have invested in the past but have stopped is higher in the urban (31%) than the rural (25%) areas. A slightly higher proportion of males (73%) than females (68%) invest, moreover, the proportion of females that have ever invested but stopped is marginally higher than that for males by some 4%.

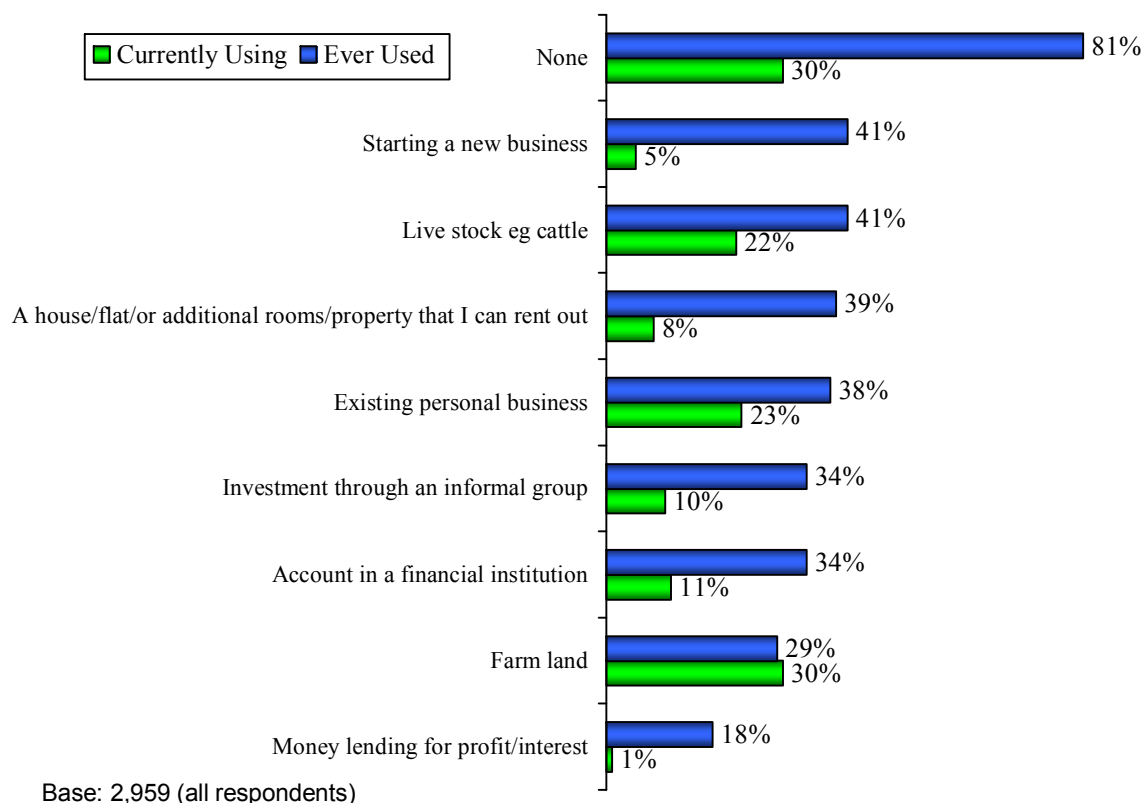
**Figure 23: Available Investment Options**

	Rural	Urban	Male	Female
<b>Total base</b>	<b>2,101</b>	<b>858</b>	<b>1,417</b>	<b>1,542</b>
<b>Weighted base</b>	<b>9,897,817</b>	<b>3,276,104</b>	<b>6,231,148</b>	<b>6,942,772</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Invest Currently	72	65	73	68
Has Ever Invested	25	31	24	28
Never Invested	4	4	3	4

### 6.3 Investments Used (Currently & Previously)

81% of Ugandans say they have invested at some time in the past, and 30% say they “are investing now”. It is interesting to see the areas where the number of investments has changed: investment in farmland has remained stable at 30%. 34% used to invest through an informal group while only 10% currently do. While 18% say they have invested in money lending at some time, only 1% say they do so now.

**Figure 24: Previous and Current Investments**



Investment in livestock is more prevalent in rural areas (36%) than urban (11%) as would be expected, while the proportion investing in new businesses is slightly higher in the urban areas (27%) than in the rural areas (22%). People in urban areas are much more likely to invest in their existing businesses than those in the rural areas (22% urban, 8% rural). Males (25%) are somewhat more likely to invest in property for rent than females (20%), while the proportion of females (25%) who claimed to be investing in new business is higher than that of males (21%)

### 6.4 Reasons for Not Using Some Investment Options

The factors which hinder investing money in different types of investment opportunities differ by type of investment. The major hindrances to investing in formal and semi-formal institutions and money lending are about the “*fear of the risk of losing money*”. A third do not invest in a formal financial institution because they do not have the money to invest, with a further 16% saying they do not do so because they do not know the procedures for this investment option. Investment in

farmland and livestock farming is hampered by the time required to invest in these activities. Lack of money is the major hindrance to starting up and re-investing in business activities while 44% mentioned lack of money to invest in money lending business.

**Figure 25: Reasons For Using Particular Investment Options**

	Account in a financial Institution	Investment through an informal group in a financial Institution	A house/flat/ or additional rooms/property that I can rent out	Farm Land	Live stock e.g. Cattle	Existing personal business	Starting a new business	Money lending for profit/interest
	4,430,475	4,437,226	5,080,838	3,786,459	5,440,727	4,993,278	5,366,962	2,304,049
Weighted base	%	%	%	%	%	%	%	%
Too risky - can lose money	14	22	7	8	13	11	15	34
Don't know how to go about it	16	12	6	7	7	8	7	9
Requires a lot of time/commitment	7	14	7	17	15	9	8	5
Has low returns, poor profits	7	8	5	6	5	6	4	5
Has too much tax	3	2	3	3	3	6	5	3
Requires a lot of money to set up or start	16	17	34	25	28	32	32	24
Too many people do the same, high competition	1	3	3	3	4	7	8	4
Don't have what is needed to do it - e.g. no land to build etc	4	8	25	19	12	7	7	6
Don't have money to invest	36	36	43	36	38	35	44	44

## 6.5 Summary

- The agricultural sector (livestock 68%, and farmland 61%) accounts for the biggest investment available to most Ugandans. Investing in personal businesses is also an important option (64%).
- Most Ugandans are currently investing in farmland (30%), in personal business (23%) and in livestock (22%).
- Barriers to investment differ between investment options and include: *Lack of knowledge, risks attached, lack of time and commitment, requires lots of investment capital and a lack of money.*

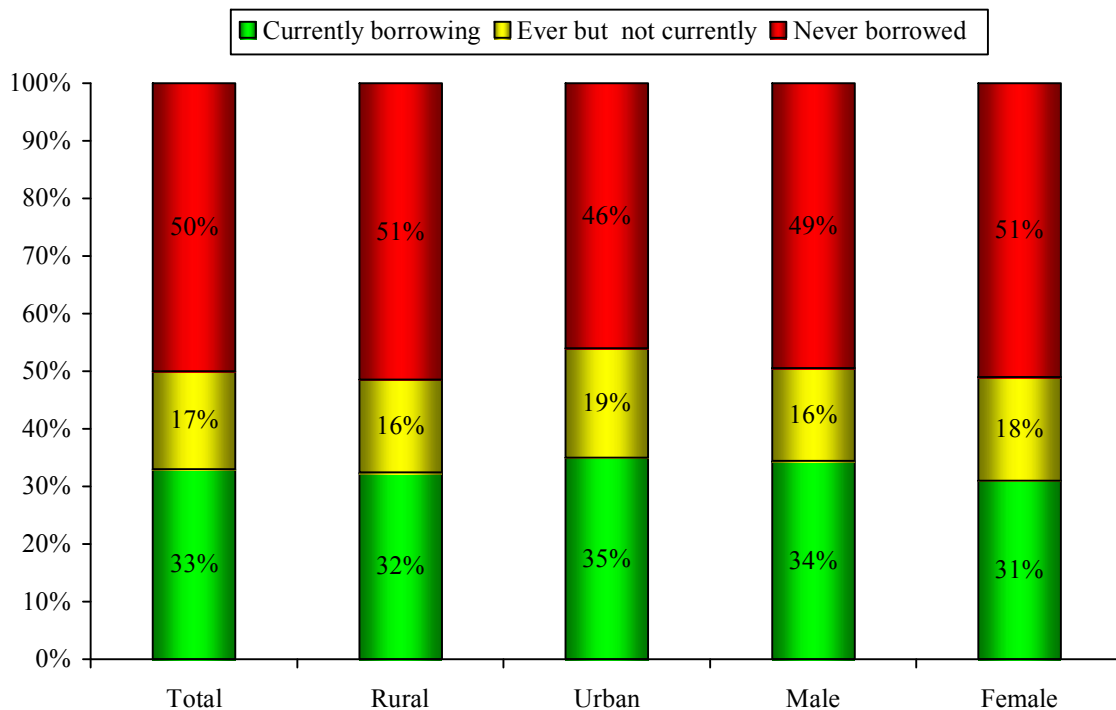
## CHAPTER 7: BORROWING AND LOANS

In this chapter the incidence of borrowing and the reasons for doing so, the institutions from which people borrow, and the kind of products that they have used to borrow money are discussed.

### 7.1 Borrowing (Currently, Previously, Never Borrowed)

50% of Ugandans have ever borrowed and 33% of these have a loan that is currently outstanding. The proportion of those who are currently borrowing in urban areas (35%) is almost equal to those of rural areas (32%). Results also indicate no significant difference by gender with regard to borrowing as indicated by 34% of men and 31% women who have a current loan.

**Figure 26: Ugandan's Borrowing Status**

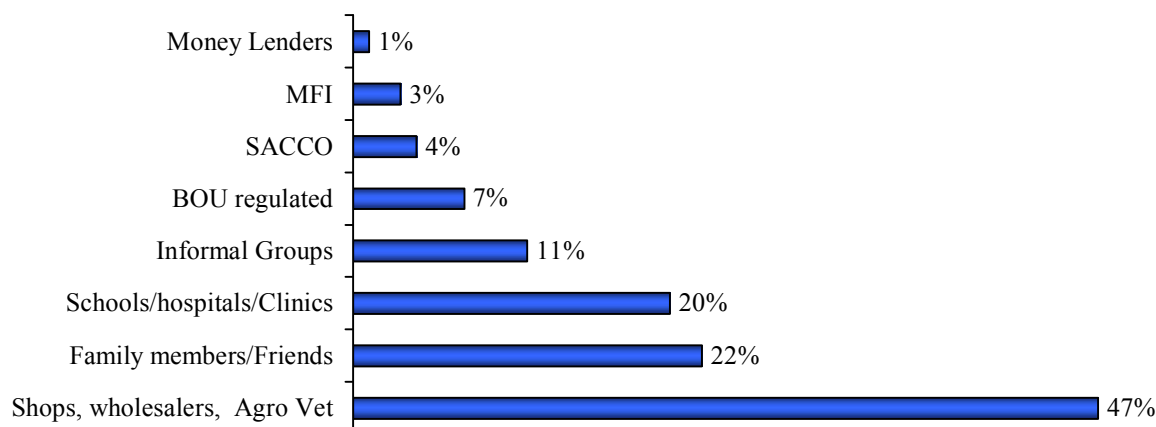


Base: Total -2,959; Rural - 2,101; Urban – 858; Male - 1,417; Female - 1,542

## 7.2 Where Ugandan's Borrow

33% of adult Ugandans claimed to be currently borrowing. Of these 54% claimed to be borrowing from informal sources which are not financial groups. These include sources such as friends and neighbours, shops, and employers. 11% of respondents report borrowing from informal financial groups, a further 7% from formal financial institutions. Only 4% of Ugandans borrow from SACCOs and just 3% from MFIs. Only 1% of respondents reported that they are currently borrowing from private money lenders.

**Figure 27: Where Ugandan's Borrow From**



Base = 1,006 (those currently borrowing)

For those borrowing from informal sources such as shops, wholesalers, schools, family and friends, there are no significant differences by gender and those living in rural or urban locations. The proportion that borrows from SACCOs in the rural areas is equivalent to those that borrow from MFIs at 4%. People in rural areas (12%) are marginally more likely to borrow from informal groups than those in living in urban areas (9%). Men (10%) are more than twice as likely to borrow from a formal financial institution as women (4%) and 3 times as likely to borrow from a SACCO (6% as against 2%).

**Figure 28: Sources of borrowing by gender and setting**

	Rural	Urban	Male	Female
<b>All currently borrowing</b>	<b>712</b>	<b>294</b>	<b>500</b>	<b>506</b>
<b>Weighted base</b>	<b>3,175,953</b>	<b>1,142,620</b>	<b>2,137,300</b>	<b>2,181,273</b>
	%	%	%	%
Shops, wholesalers, Agro Vet	47	48	47	46
Family members/Friends	21	23	24	20
Schools/hospitals/Clinics	20	19	19	21
Informal Groups	12	9	11	11
BOU regulated	7	8	10	4
SACCO	4	3	6	2
MFI	4	1	3	4
Money Lenders	1	2	2	1

### 7.3 Multiple Borrowing

There is substantial multiple borrowing. Among those that have loans with their employer, 36% have also borrowed from formal financial institutions and 45% have borrowed from informal sources such as school and hospitals. For those who are currently borrowing from formal financial institutions, 22% also have loans from informal groups and another 22% have loans from family and friends.

9% and 7% respectively of those with loans from formal financial institutions also borrow from SACCOs and MFIs. Among those that borrow from SACCOs, 16% also borrow from formal financial institutions, 19% from informal groups and 15% from family members. For those who borrow from informal groups, 14% also borrow from formal financial institutions and another 14% from schools/hospitals. 37% borrow from family and friends.

**Figure 29: Incidence of Multiple Borrowing**

	Shop, wholesaler, Agro Vet	Family members, Friends	Schools, hospitals Clinics	Informal Groups	Formal financial institutions	SACCO	MFI	Money Lenders
<b>All currently borrowing</b>	<b>505</b>	<b>234</b>	<b>217</b>	<b>105</b>	<b>57</b>	<b>32</b>	<b>25</b>	<b>15</b>
<b>Weighted base</b>	<b>2,026,890</b>	<b>940,682</b>	<b>862,518</b>	<b>492,188</b>	<b>301,895</b>	<b>167,582</b>	<b>141,305</b>	<b>60,813</b>
	%	%	%	%	%	%	%	%
Shops, wholesalers, Agro Vet	100	50	76	19	17	17	20	17
Schools/hospitals/Clinics	32	23	100	14	15	10	4	20
Family members/Friends	23	100	25	37	22	15	10	29
BOU regulated	2	7	5	14	100	16	14	2
Informal Groups	5	19	8	100	22	17	12	7
SACCO	1	3	2	6	9	100	0	0
MFI	1	1	1	4	7	0	100	0
Employer	0	0	1	0	2	0	0	2
Money Lenders	0	2	1	1	0	0	0	100

## 7.4 Loan Products

The most common form of borrowing is obtaining goods and services on credit (66%) and this form of borrowing is skewed to those who are informally served and the unserved.

43% of those who are currently borrowing have personal loans. As presented in Figure 32, the survey found a high correlation between access to particular types of financial institution and access to personal loans. 94% of Ugandans who report banking with an MFI also have a personal loan. Comparable percentages for MDI clients and SACCO members surveyed in this study are 86% and 83% respectively. By contrast, only 47% of those that have access to informal financial groups have access to personal loans – reflecting the fact that such groups are savings-led. Meanwhile, 24% of those that report that they are unserved said they had a personal loan, from a family member or neighbour.

**Figure 30: Products Currently Used To Access Credit**

	Total	Unserved	Financially Informal	Formal B	Formal -MDI	Semi-Formal SACCO	Semi-Formal MFI	Formal CI
<b>Respondents who have currently borrowed</b>	<b>1,006</b>	<b>504</b>	<b>230</b>	<b>187</b>	<b>34</b>	<b>33</b>	<b>12</b>	<b>6</b>
<b>Weighted base</b>	<b>4,318,573 %</b>	<b>2,070,117 %</b>	<b>961,806 %</b>	<b>865,731 %</b>	<b>176,122 %</b>	<b>157,864 %</b>	<b>68,593 %</b>	<b>183,40 %</b>
Goods obtained in kind e.g. good from shop, agro vet, wholesale	66	81	63	48	42	38	26	47
Services obtained on credit for e.g. school, hospital	28	32	29	24	6	19	13	16
Personal loan	43	24	47	63	86	83	94	71
Hire purchase	2	1	2	4	3	0	0	0
Overdraft	0	0	0	1	0	0	0	0
A mortgage or Lease	1	0	0	6	0	0	0	0
Credit card	0	0	0	1	0	0	0	0



## 7.5 Reasons for Taking Loans/Credit

The highest proportion (61%) of borrowers had taken out a loan to meet their household day-to-day expenses and, in this regard, there are no significant differences between gender or location. This indicates a critical situation where majority of the borrowers borrow to balance their household budgets. 32% borrow for emergency purposes such as meeting medical expenses or in case of death. The proportion that borrows for such reasons is marginally higher (4%) in rural areas.

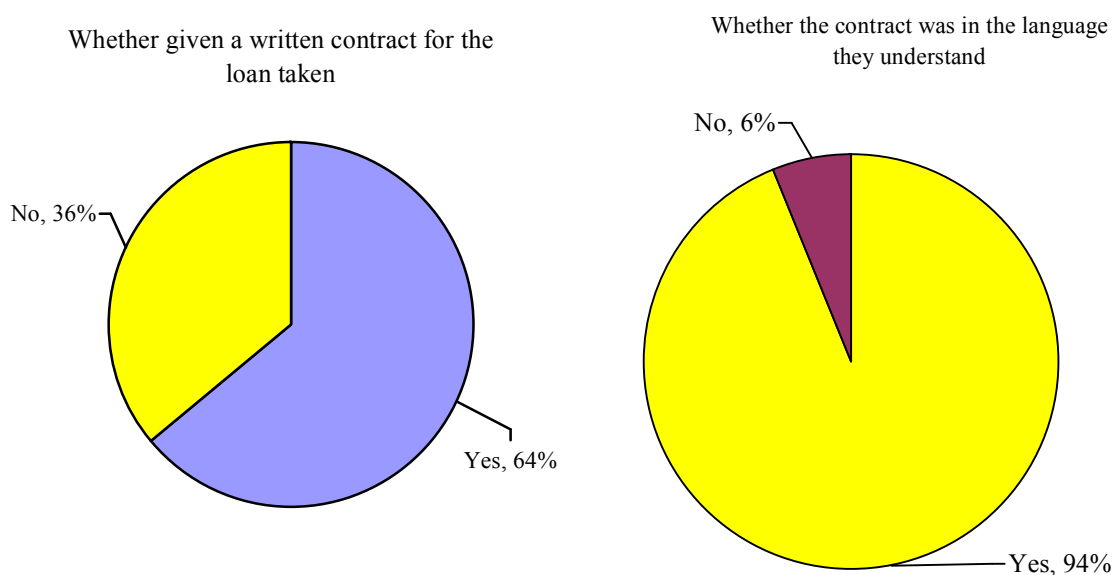
**Figure 31: Reasons for Currently Borrowing**

<b>Base = those currently loan Weighted base</b>	<b>Total 988 4,226,705 %</b>	<b>Rural 699 3,112,756 %</b>	<b>Urban 286 1,113,949 %</b>	<b>Male 493 2,102,701 %</b>	<b>Female 495 2,124,004 %</b>
For meeting day to day expenses e.g. buying food	61	61	62	61	61
For emergency (burial, medical)	32	33	29	34	30
For education of self, children or siblings or others	19	20	16	19	19
For expanding my business /buy business stock	15	15	14	17	13
To pay off own debts	9	9	9	13	5
For starting a business	7	7	5	6	7
For improving a house	6	7	3	7	4
For purchasing of livestock - fish or cattle etc	4	5	2	5	4
For social reasons, wedding, travel, bride price	3	4	1	3	3
For agricultural implements û plough, hoe, tractor, - things to use on the farm	3	4	0	4	2
To acquire household assets / property other than a car / motorcycle	2	1	5	2	2
For purchasing land	2	3	2	4	1
For purchasing or building a house	2	2	3	2	2
For agricultural improvements – irrigation / a dam/ fencing/ preparing land	2	2	1	2	2
Not mentioned/Refused	12	13	9	12	12

## 7.6 Consumer Issues In Relation To Borrowing

The survey collected information concerning consumer issues. This section analyses whether the people who have ever borrowed got a contract from their lenders, and assesses their ability to read and understand the terms of the contract. Of those who have ever taken a loan that they had to repay with interest, 64% were given a written contract and of these the overwhelming majority could read the contract. Of those who got the contract, only 2% admitted that they could not understand the terms of the contract, 17% reported that they understood it partially and 80% claimed to understand it completely.

**Figure 32: Use of Contract and Language**



Base = 1,006 (those currently borrowed)

## 7.7 Summary

- 50% of Ugandans have ever borrowed, and 33% are currently borrowing with almost equal gender proportions.
- Informal lending is high accounting for 62% of loans, as evidenced by 52% borrowing from friends and relatives.
- Most loans are not monetized. Of those that are currently borrowing, goods obtained in kind (66%) and services in schools and hospitals (28%) are the main forms of credit, particularly among the unbanked. 43% of Ugandans who report that they currently borrowing have a personal loan which they must repay.
- Borrowing is mainly done for personal welfare, and not invested in businesses. Meeting day to day expenses (61%) and for emergencies (32%) are the main reasons people borrow, with education and expansion of businesses the other common expenditure items.

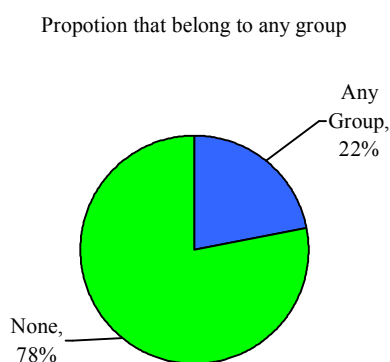
## CHAPTER 8: INFORMAL FINANCIAL GROUPS

Informal financial groups are institutions that are not under BOU supervision, and are not registered under Acts or Statutes enacted by the Parliament of Uganda. They fall into several categories. All, or most of these, are voluntary groups of members from the same location/community who meet regularly, often weekly or monthly. These groups often work out their own way of operating depending on the initial purpose of formulating the group. We have made an effort to separate data for Village Savings and Loan Associations, by considering them to be “ASCAs receiving outside assistance”; however, we are unsure as to how well this definition matches the VSLAs started by such organizations as CARE International.

### 8.1 Membership

Over a fifth of respondents (22%) belong to an informal financial group and the percentage of these is only slightly higher in rural areas (22%) than in urban areas (19%). With regard to gender the proportions are similar for men and women.

**Figure 33: Incidence of Group Membership**



	Rural	Urban	Male	Female
<b>Weighted base</b>	<b>9,897,817</b>	<b>3,276,104</b>	<b>6,231,148</b>	<b>6,942,772</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Any Group	22	19	21	22
None	78	81	78	79

Base: Total -2,959; Rural - 2,101; Urban – 858; Male - 1,417; Female - 1,542

When probed on what they consider to be their principal group, ROSCAs (38%) account for the highest number, followed by ASCAs at 22%. 15% belong to investment clubs, 14% to savings clubs and 7% to welfare funds. Only 4% belonged to groups with unclear categories.

**Figure 34: Principal Group They Belong To**

Those currently belonging to group n=651 ; Weighted base = 2,977,382	%
ROSCA	38
ASCA	22
Investment Club	15
Savings Club	14
Welfare Fund	7
Other forms	4

## 8.2 Services Offered by Informal Group

The most commonly cited reasons given by respondents who have joined informal groups are *accumulation of savings for specific purposes* (42%), *getting help in times of emergencies* (42%), *having a source to borrow from* (33%) and *increase income* (31%). The saving clubs were mainly seen as a remedy for emergencies (79%), while the investment clubs and ASCAs were intended for saving for specific development purposes.

**Figure 35: Services Offered by the Group They Belong to**

Base all who belong various groups n=651	Total	ASCA	ROSCA	Savings Club	Investment Club	Welfare Fund	The Group does not fall under any category
	%	%	%	%	%	%	%
Save money for a particular purpose	42	54	46	16	56	16	18
Help when there is an emergency e.g. death of a family member, sickness, loss of property etc	42	48	33	79	43	16	7
Borrow money	33	56	37	11	22	22	6
Increase income	31	33	37	11	27	50	8
Keep money safe	27	28	30	21	35	13	5
Get lump sum money	18	16	29	2	14	13	5
Acquire household goods or farm goods	13	16	14	5	12	15	6
Invest in bigger things by pulling money/resources together	12	11	11	3	6	49	6
Could not get money or help anywhere else	5	4	7	2	4	4	4
It is compulsory for people in this village	4	3	3	14	0	3	0

## 8.3 Group Procedures

The registration of informal financial groups is mainly at the local level and at least 56% have been registered at the local level. The highest numbers of those that are registered have done so at the lowest administrative level, LC1 (33%) and this cuts across all the forms of informal groups. ROSCAs are the informal groups least likely to be registered.

**Figure 36: Registration of the Groups**

Those in a group	Total	ASCA	ROSCA	Savings Club	Investment Club	Welfare Fund	Other
	651	143	243	91	98	46	4
	%	%	%	%	%	%	%
LC1	33	29	30	61	31	22	21
LC2	7	6	3	5	13	25	0
LC3/Subcounty	13	23	9	6	12	26	3
LC5/CAO	4	7	2	0	6	5	2
Not registered at all	44	39	56	29	48	32	12

Apart from the registration of the groups, informal groups follow other procedures such as official election of members by voting, meeting on a regular basis, having a treasurer, membership fees and a receipt book for all the money received. 65% keep books of accounts and the highest proportion of these are Welfare funds (85%), followed by investment clubs and ASCAs at 79% and 78% respectively.

**Figure 37: Documents/Procedures that the Groups Follow**

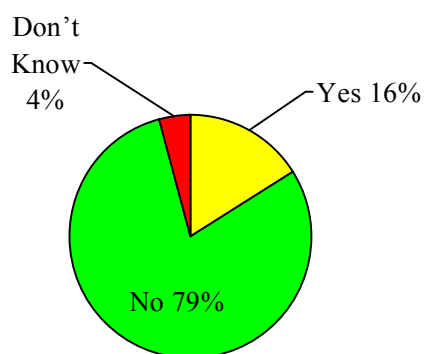
	Total	ASCA	ROSCA	Savings Club	Investment Club	Welfare Fund	Other
	651	143	243	91	98	46	4
<b>Base all who belong to groups</b>	<b>651</b>	<b>143</b>	<b>243</b>	<b>91</b>	<b>98</b>	<b>46</b>	<b>4</b>
Officials elected by voting by members	83	91	85	67	91	94	29
Meetings on regular fixed intervals e.g. every week or month	83	90	91	61	87	85	29
A treasury/finance person who is not also the chairman	78	85	81	63	87	86	23
Membership fee	71	82	66	73	73	80	32
A receipt book for any money received	67	77	59	71	78	77	23
Accounting records	65	78	59	51	79	85	21
Minutes that are recorded and circulated after every meeting	63	82	60	41	72	70	13
A passbook for recording savings or loans	52	66	45	33	71	57	25
A constitution or memorandum of association	49	68	43	46	47	53	15
A certificate of registration	29	40	22	19	34	53	12
A bank account	19	32	11	12	18	39	6
A group cheque book	12	17	9	6	17	15	4

## 8.4 Groups That Receive External Training

18% of the informal groups receive management training from external sources. Of those that receive external assistance from external sources in the form of training, 18% belong to informal groups that are not ASCAs and 17% belong to ASCAs. It is this latter sub-category that represents the Village Savings and Loan Associations or VSLAs.

**Figure 38: Training of Informal Groups**

Incidence of getting training from external sources



Number of respondents	Financially Informal - Minus ASCAs	Financially Informal - ASCAs
	402	254
	%	%
Yes	18	17
No	80	79
Don't know	2	4

## 8.5 Problems Experienced by Groups

Those who belong to informal groups were probed on the problems they have experienced within their groups. The key problems experienced are members leaving the group (49%), failure of the member to pay contributions (40%) and unavailability of the money when it is needed (38%).

**Figure 39: Problems Experienced in the Group**

	Total %
<b>Base all who belong to groups n=651</b>	
Members pulling out	49
Members not paying contributions	40
Money/cash not available immediately at the time it is needed	38
Members not co-operating in many decisions	32
Death of many members	29
Officials elected in a manner that was not transparent	15
Lost money through theft or fraud from a committee member	15
Poor administration	15
Dishonesty by members causing loss of money	14
Misuse of money by officials	11
Lost money through theft or fraud from an outside party	4
Had to borrow extra money from a lending institution so as to continue operating	6
Bad investment of funds	5
Poor service with the bank or financial institution which serves the group	5

## 8.6 Summary

- 22% of Ugandans are members of informal financial groups. Membership is marginally higher in rural areas, but is as high as 19% in urban areas.
- The majority of those in informal groups belong to ROSCAS (38%) and ASCAs (22%).
- Most informal financial groups are used for saving (42%), particularly ASCAs and Investment Clubs and for getting assistance during emergencies (42%). Borrowing (33%) is another service acquired from the informal groups, and this is mainly from the ASCAs (56%).
- 44% of the informal groups are not registered, while 56% are registered. Of the registered groups, the highest proportion (33%) are registered with the LC1 and at the sub county (13%).

## CHAPTER 9: RISK MANAGEMENT & INSURANCE

This section is concerned with risk, risk management and insurance. Risk was defined as unexpected unpleasant events happening to somebody such as loss of property, death, theft, fire, accidents.

### 9.1 Perceived Major Risks

A member of the household becoming seriously ill (58%) was perceived to be the major risk that would impact on the finances of most people. This was considered on the basis that health services are one of the major expenditure items<sup>2</sup> amongst Ugandans. There were no major differences in responses between rural/urban areas or by gender. Loss of household items (43%) and death of a family member (42%) were the other perceived risks by a significant minority of respondents.

**Figure 40: Major risks that would have severely impact on finances**

	Total	Rural	Urban	Male	Female
<b>Number of respondents = all respondents</b>	<b>2,959</b>	<b>2,101</b>	<b>858</b>	<b>1,417</b>	<b>1,542</b>
<b>Weighted base</b>	<b>13,173,921</b> %	<b>9,897,817</b> %	<b>3,276,104</b> %	<b>6231148</b> %	<b>6942772</b> %
Serious illness of member of household	58	60	52	58	58
Loss of household items owing to fire, flood, destruction, theft	43	40	52	45	42
Loss a family member	42	43	38	42	42
Crop failure through e.g. pests, drought, fire, floods, poor yields	29	35	12	32	27
Destruction of the physical home, house owing to fire, floods, demolition	23	23	23	23	23
Loss of livestock owing the theft, drought or diseases	18	20	12	19	17
Death of main wage-earner	18	18	19	17	19
Failure of agricultural activity/business/bankruptcy/poor sales	10	11	8	12	8
Loss of business equipment or stock owing to theft, floods, destruction or fire	9	8	12	9	9
Loss of income of main wage-earner owing to loss of employment, illness	9	8	11	10	8
Loss of a large amount of money for the business owing to theft, changing prices, misuse, poor investment	8	6	12	8	7
Loss of business building/place owing to fire, demolition, etc	6	6	7	7	5
Loss of vehicle/boat	3	3	3	4	3

<sup>2</sup> UNHS 2005/2006 pg 57 – 8% Rural and 4% urban share of household expenditure on health.



## 9.2 Ways of Dealing with the Risks

Turning to friends (30%) and the sale of existing assets like land and livestock (23%) are the immediate remedies most people would use to mitigate the perceived risks. In some instances, they would withdraw their savings, particularly when the risk is very large like loss of valuable property like a car or a commercial entity. Others opt for taking a loan from their friends (14%), or going to an informal group (8%), formal (6%) or semi-formal (3%) institutions.

**Figure 41: Remedy for the Risks if They Were to Happen**

	Loss of household items	Destruction of physical home/house	Loss of life stock owing to theft, drought or disease	Crop failure through e.g. pests, drought, fire, floods, poor yields	Death of main wage-earner	Loss of family member	Serious illness of member of household
<b>Weighted base</b>	<b>5,675,213 %</b>	<b>3,039,116 %</b>	<b>2,403,414 %</b>	<b>3,886,109 %</b>	<b>2,407,008 %</b>	<b>5,483,954 %</b>	<b>7,617,135 %</b>
Ask neighbours, relatives, and friends to give me a donation of money	30	35	22	25	37	38	32
Sell assets e.g. land, livestock	23	22	24	17	16	13	17
Take a loan from friends and family	14	14	12	11	8	10	11
Take a loan from an informal organization	8	8	9	8	7	6	6
Take from a formal financial institution	6	6	5	2	3	2	2
Apply for more credit	2	1	2	3	3	3	2
Withdraw savings I had kept aside	21	14	17	19	14	18	27
Don't know what I would do to cope	19	23	22	31	19	20	13

*\*Risks with the highest mentions in figure 43*

### 9.3 Insurance

Only 6% of the adult population of Uganda currently have any insurance cover. Respondents know that the main benefit of taking insurance is to guard against any likely events or uncertainties (48%). This was mentioned by a slightly higher proportion of urban dwellers (53%) than those living in the rural areas (47%). Insurance was also associated with the benefit of preventing financial losses (13%).

**Figure 42: Main Benefit Of Taking Out Insurance**

	Total	Rural	Urban
<b>Total : All respondents</b>	<b>2,959</b>	<b>2,101</b>	<b>858</b>
<b>Weighted base</b>	<b>13,173,921</b> %	<b>9,897,817</b> %	<b>3,276,104</b> %
Guard against unlikely events or uncertainties	48	47	53
Prevent financial losses	13	14	13
Look after my family	11	12	9
To have a peace of mind	6	6	6
Prestige/Status symbol in society	5	5	5

### 9.4 Reasons for Not Taking Insurance

Given the low usage of insurance, respondents were probed on their perceptions as to why people do not take out insurance cover. They cite reasons such as *insurance not being affordable* (56%), and therefore most people cannot afford it, and the fact that people are *not knowledgeable about how it works* (45%), an aspect that is stronger in rural areas (47%) than urban areas (37%). A *lack of adequate information about insurance* (19%) and having *never thought about it* (14%) are the other most common reasons cited.

**Figure 43: Reasons for not Having Insurance Cover**

		Rural	Urban
<b>Unweighted base</b>	2959	2101	858
<b>Weighted base</b>	13173921	9897817	3276104
	%	%	%
Can't afford it	56%	55%	57%
Don't know about insurance or how it works	45%	47%	37%
Don't know how to go about buying insurance	19%	20%	17%
Never thought Insurance	14%	14%	16%
Don't want it	9%	8%	11%
Don't know where to buy insurance from	6%	7%	5%
None	4%	4%	5%
Don't believe in insurance	4%	4%	7%
Some companies con people of their money	3%	3%	6%
They don't pay enough compensation to be insured	2%	2%	3%
Insurers do not pay compensation to be insured	1%	1%	1%

## 9.5 Summary

- The main perceived risks that are likely to impact on the finances of the households include: Serious illness (58%), loss of household property (43%), and loss of a family member (42%).
- In the event of a risk, most people would opt for donations from friends (30%), sell assets (23%) and also take loans from friends as a way of minimizing or offsetting the risks.
- Only 6% have an insurance policy
- Those that do not take insurance said that they cannot afford it (56%), are not knowledgeable about it (45%), or do not know the procedures of acquiring it (19%).

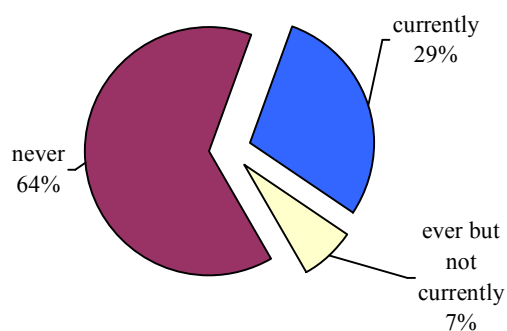
## CHAPTER 10: MONEY TRANSFER

Money transfer refers to ways or channels through which people receive and/or send money. This chapter looks at the different ways, whether formal or informal, through which people receive and send money and the places from where the money is sent or received.

### 10.1 Incidence of Transfers

28% of Ugandans engage in money transfer. The Eastern (37%) and Western (32%) regions recorded highest incidences, and the Central and Northern regions the lowest (22%). There is negligible difference in the use of money transfers between men (28%) and women (27%).

**Figure 44: Incidences of Transferring Money**



Base: 2,959 (all respondents)

**Figure 45: Incidence of Money Transfer**

	Central	Eastern	Northern	Western	Male	Female
<b>Those who use money transfer &amp; remittances</b>	<b>196</b>	<b>245</b>	<b>144</b>	<b>231</b>	<b>397</b>	<b>416</b>
<b>Weighted base</b>	<b>666,491</b>	<b>1,057,288</b>	<b>791,588</b>	<b>1,139,167</b>	<b>1,904,876</b>	<b>1,904,876</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Money transfer e.g. bank, Western Union, taxi, friend or relative	22	37	22	32	28	27

## 10.2 Sending Money

Informal channels for sending money are used more than formal money transfer methods. Use of friends and relatives represented 49% of use, compared with 8% for commercial banks. Use of commercial banks for either receiving or sending money is marginally more common in urban areas (10%) than rural areas (7%)

**Figure 46: Channels Used to Send Money**

	Total	Rural	Urban
<b>All those who have used money transfer services</b>	<b>1,022</b>	<b>700</b>	<b>322</b>
<b>Weighted base</b>	<b>4,526,544</b>	<b>3,236,553</b>	<b>1,289,991</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Through a friend/family member	49	49	50
Commercial Banks e.g. Stanbic	8	7	10
Post Office	4	4	4
Through bus / taxi	2	1	3
Non Bank Financial Institutions e.g. Forex Bureau, MDIs etc	1	1	1
Money transfer companies like Western Union, Money Gram	1	1	2
Don't send money	42	44	38

## 10.3 Receiving Money

The channels used for sending double as the channels that most people use to receive money as evidenced by a proportion of 61% who said that they receive money through friends, relatives and family members. Use of such means is slightly higher in rural areas (63%) than urban areas (57%). Use of formal financial channels such as commercial banks, designated money transfer service providers like Western Union and Money Gram as well non bank financial institutions and the post office is highest in the urban areas and account for (33%).

**Figure 47: Channels through Which Money Is Received**

	Total	Rural	Urban
<b>All those who have used money transfer services</b>	<b>1,022</b>	<b>700</b>	<b>322</b>
<b>Weighted base</b>	<b>4,526,544</b>	<b>3,236,553</b>	<b>1,289,991</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Through a friend/family member	61	63	57
Commercial Banks	9	7	13
Money transfer companies like Western Union, Money Gram	5	4	8
Post Office	4	4	6
Non Bank Financial Institutions e.g. Forex Bureaus, MDIs, etc	1	0	4
Through bus / taxi	1	1	2
Don't receive money	26	26	26

## 10.4 Methods Used for Transfers

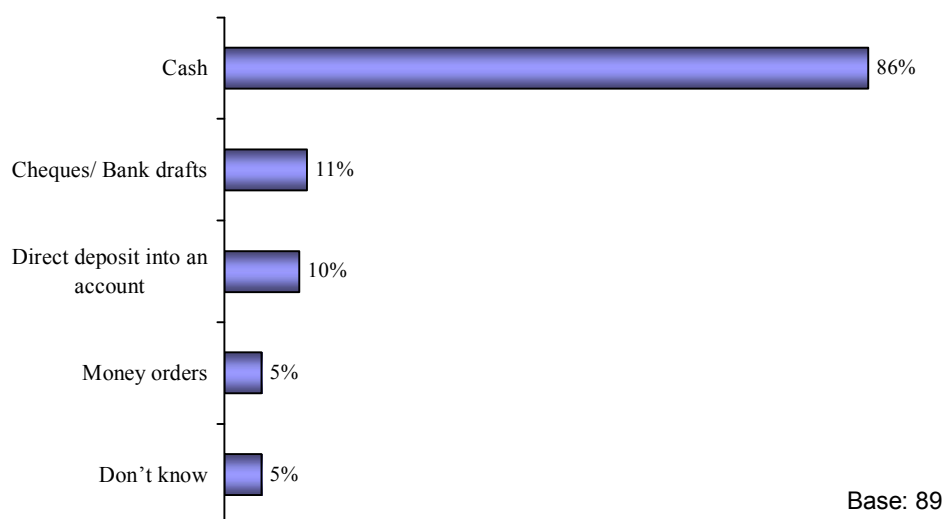
Money is usually transmitted as cash (91%). There are very low incidences (5%) of receiving or sending money through direct deposit into an account, and these, mainly in the urban areas. Other instruments of money transfer have very minimal and negligible use.

**Figure 48: Form or Instrument in Which Money Is Sent or Received**

	Total	Rural	Urban	Male	Female
<b>Those who have received or sent money</b>	<b>739</b>	<b>506</b>	<b>233</b>	<b>176</b>	<b>227</b>
<b>Weighted base</b>	<b>3,343,774</b>	<b>2,383,883</b>	<b>959,891</b>	<b>1,513,364</b>	<b>1,830,410</b>
	%	%	%	%	%
Cash	91	93	85	90	92
Direct deposit into an account	5	3	8	6	4
Cheques/Bank drafts	1	1	2	1	1
RTGSS (Real Time Gross Settlement System)	0	0	0	0	0
Money orders	1	0	2	1	0
Telegraphic transfer	1	1	2	2	1

The overwhelming majority (86%) of those who received money from outside Uganda said they received it in cash. There were no significant differences noted by gender or urban/rural. 10% of respondents who received money from outside Uganda received direct deposits on their accounts and 11% received cheques/bank drafts.

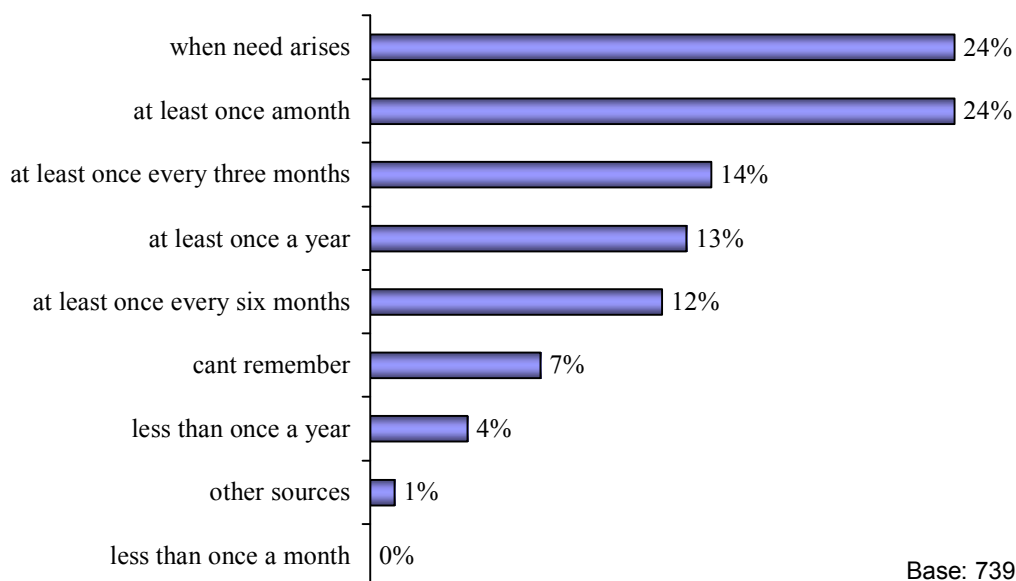
**Figure 49: Methods Used To Send Money from Outside Uganda**



## 10.5 Frequency of Receiving Money

Around a quarter of Ugandans who receive money from outside Uganda receive it either at least once a month (24%) or when need arises (24%).

**Figure 50: Frequency of Receiving Money**



## 10.6 Source of Money & Transfer Method Used

Most people receive money from within the country (91%) and /or from transfers from outside the country (85%)

**Figure 51: Ways of Receiving Money**

	Total	Transfer received from in country	Transfer received from outside country	Can't Remember/ Refused
<b>Those who have received or sent money</b>	<b>739</b>	<b>635</b>	<b>89</b>	<b>15</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Cash	91	92	85	77
Direct deposit into an account	5	4	13	0
Telegraphic transfer	1	1	2	0
Cheques/Bank drafts	1	1	4	0
Money orders	1	1	1	0

Among Ugandans who engage in money transfer, a higher proportion (86%) said they transfer and receive money within Uganda compared to all the other destinations combined. This confirms an earlier observation that most transactions are mainly conducted within the country. Europe (5%) was the other prominent place that was mentioned, particularly among those living in urban areas (10%). There were no major gender disparities.

**Figure 52: Country from where money is received**

Those who have received money	Total	Rural	Urban	Male	Female
	739	506	233	340	399
	%	%	%	%	%
Uganda	86	89	79	85	86
Tanzania & Kenya	2	2	4	3	1
Another African country	2	2	2	3	1
Europe	5	3	10	5	5
North America (USA or Canada)	2	1	2	1	2
South America	1	1	0	2	0
Australia	0	0	1	1	0
None mentioned	3	3	2	1	4

The proportion of those who receive money from outside Uganda is slightly higher in rural (53%) than urban areas (47%) and more males (55%) than females (45%) receive money from outside Uganda. The Central Region (37%), recorded the highest incidence of transferring money outside the country, followed by the North (30%). The Western and the Eastern recorded 19% and 13% respectively.

**Figure 53: Those who send or receive money from outside Uganda**

Those who have received money from outside Uganda		86
Weighted Base		381,471
Area	Rural	53
	Urban	47
Gender	Male	55
	Female	45
Province	Central Uganda	37
	Eastern Uganda	13
	Northern Uganda	30
	Western Uganda	19

Most of those who receive money from outside Uganda receive small amounts of less than 350 dollars. It is also noted that the lowest amounts are sent from other East African countries.



**Figure 54: Total volume of money received from outside**

No. Respondents Weighted base	Total	Tanzania & Kenya	Another African country	Europe	North America (USA or Canada)
	86	13	13	42	11
	381,471	72,952	62,436	156,052	52,832
	%	%	%	%	%
15 to 50	10	16	0	14	7
51 to 100	14	11	35	8	11
101 to 150	15	46	8	11	3
151 to 200	10	0	4	12	16
201 to 250	7	14	22	4	0
251 to 300	8	7	0	6	21
301 to 500	7	0	0	16	0
Over 500	13	0	25	13	20
Refused	13	6	5	16	20

## 10.7 Use of the Money Received

Money received is used for various purposes: home consumption (65%), education (31%), health (29%) and child care (23%). Farming (16%) and commercial purposes such as starting up a business (14%) are the other activities supported. More males (20%) than females (10%) use the money for business.

**Figure 55: Use of the money received**

Those who have received money	Total	Rural	Urban	Male	Female
	739	506	233	340	399
	%	%	%	%	%
Home consumption (e.g. Food, clothing, rent)	65	68	56	65	65
Education (e.g. Uniforms, meals, transport, books, pocket money, fees)	31	32	29	34	28
Health	29	29	28	29	29
Child Care	23	25	18	19	26
Farming	16	20	5	20	12
Business (Start up, Expansion, Working Capital)	14	13	18	20	10
Travel	3	4	3	5	2
Building works (Construction, renovation, Expansion)	2	1	4	3	1
Purchase of land (Agriculture, Non-agriculture)	2	3	2	3	2
Ceremony (specify: Wedding, Birthday, Baptism, Funeral, Graduation)	2	2	2	1	3

## 10.8 Summary

- 28% of the population report that they are currently engaged in money transfer.
- Sending and receiving money is mainly through informal channels - 49% as compared to all the other channels.
- Cash is the main transfer instrument - 91% in both the urban and rural areas and across gender.
- Transfers are mainly from within Uganda (86%). Only a few of them (5%) come from Europe.
- Money received is mainly used for home consumption (65%), education (31%), health (29%) and child care (23%).

## CHAPTER 11: AGRICULTURAL FINANCING AND FISHING MODULE

Agriculture still forms the main source of livelihood for Ugandans. It contributed about 33 % of the total GDP in 2004. Agriculture also provides approximately 80% of the employment and most industries and services in the country are dependent on this sector. In the light of this, the survey included an extensive module on agricultural finance, incorporating farming, trading in agricultural commodities, and fishing. This chapter reports on the results of that module.

### 11.1 Agricultural sectors from which Farmers receive Most Money

Most Ugandans (69%) earn income through growing and selling crops, 7% earn from rearing and selling livestock or poultry. Those trading in crop products, livestock and fish account for 6% while fishing and selling of fish accounts for 3%. The proportion growing and selling crops in rural areas as a main source of income is 75%, but remarkably even in urban areas it is 41%.

**Figure 56: Agricultural Activities That Generate the Most Money**

	Total	Rural	Urban
<b>Those engaged in agriculture</b>	<b>2,140</b>	<b>1,757</b>	<b>383</b>
<b>Weighted base</b>	<b>9,653,508</b>	<b>8,090,315</b>	<b>1,563,193</b>
	<b>%</b>	<b>%</b>	<b>%</b>
From growing and selling crops or trees	69	75	41
From rearing and selling livestock or poultry	7	7	9
From fishing and selling fish	3	3	4
From trading in crop products, livestock and fish	6	5	9

### 11.2 Crops Grown for Sale or Commercial Consumption

Among those who grow and sell crops, most (66%) consume more of what they grow at home than they sell. This finding is broadly consistent with the findings of the 2005/06 Ugandan National Household Survey which indicates that 58% of Ugandans are subsistence farmers.

**Figure 57: Main Purpose for Growing Crops**

	Total	Rural	Urban
<b>Those growing and selling crops or trees</b>	<b>1,458</b>	<b>1,322</b>	<b>136</b>
<b>Weighted base</b>	<b>6,678,444</b>	<b>6,034,685</b>	<b>643,760</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Sell more than I use at home	33	32	42
Use more at home than I sell	66	67	58

### 11.3 Sources of Funding for purchase of Seeds and Fertilisers

Funding for purchase of seeds and fertilisers is mainly from informal financial groups (35%) and other informal sources such as individuals, friends and relatives (31%). The two are the most prominent sources in rural areas, and the only sources among urban people. Use of semi-formal financial institutions accounts for 25% of agricultural financing, and that of formal financial institutions accounts for 11%. These are predominantly utilised in rural areas.

Most (54%) Ugandan women use informal financial groups to get funding for purchase of seeds and fertilisers. More males use informal sources such as friends and relatives (37%) compared with females (11%).

**Figure 58: Incidence of borrowing for agriculture & from where**

	Total	Rural	Urban	Male	Female
<b>Those who have tried to take a loan on which interest is paid from</b>	<b>33</b>	<b>27</b>	<b>6</b>	<b>24</b>	<b>9</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Formal Financial Institutions (BOU regulated e.g. Banks, MDIs, Credit Institutions)	11	13	0	10	14
Semi-formal Financial Institutions (SACCOs, & other MFIs)	25	31	0	24	27
Informal Financial Groups (ROSCAs, ASCA, and Other informal financial groups)	35	34	41	29	54
Individuals, Friends, Family members, Traders in fertilizers, Traders in seeds, Growers, etc	31	21	66	37	11

*\*caution: bases are low*

### 11.4 Equipment Used in Agriculture – Cultivation

Animal drawn ploughs (57%) were the equipment most used. Interestingly, usage of animal drawn ploughs was mentioned by (90%) of the urban people who practice agriculture, while in the rural areas they are used by only (49%). Usage of tractors accounts for 38%, and is mainly in the rural areas (45%). Only a handful (5%) of people use irrigation pumps.

**Figure 59: Equipment Used for Agriculture**

	Total	Rural	Urban	Male	Female
<b>Weighted base</b>	<b>58,490</b>	<b>46,907</b>	<b>11,583</b>	<b>45,727</b>	<b>12,763</b>
Animal drawn plough, cart, cultivator	57	49	90	53	72
Tractor and tractor implements	38	45	10	41	28
Irrigation pump (hand engine powered)	4	5	0	6	0

## 11.5 Ownership of Means of Transport – Agricultural Business

Among people who sell agricultural produce, ownership is high among those that use Bicycles (79%), while 20% rent them. For those that use boda boda, 25% said that they own them, while the majority - 50% rent them. There was no ownership for animal drawn carts, as most of them are public transport.

**Figure 60: Transport means used for transporting agricultural produce**

Ownership of the main means of transport used to transport the products	Self ownership	Rented	Group	Public transport
Bicycle (n=43)	79	20	0	1
Boda Boda (n=20)	25	50	4	22
Vehicle (n=34)	9	47	3	41

## 11.6 Summary

- Those engaged in agriculture mainly earn from growing and selling of crops (69%).
- More people engage *primarily* in subsistence farming (66%) than in commercial farming (33%).
- Informal sources like groups and friends are the main sources of funding for agricultural activities. However, usage of formal and semi-formal sources is highest among rural residents.
- Animal drawn ploughs (57%) and tractors (38%) are the most commonly used equipment for agriculture.

## CHAPTER 12: KNOWLEDGE, ATTITUDES & PRACTICE

This section of the survey investigated Ugandans' perceptions, attitudes and practice towards financial products, services and institutions. It was designed to help understand other (non-physical) barriers to the use of financial services.

### 12.1 Access to Telephone Services

Access to telephone services is said to be a means through which communities can access information on price, market, finance and all related business and social activities. The survey findings indicate that access to telephone services among Ugandans is still low, particularly in the rural areas. The public phone is the most common (65%) form of telephone service in both the rural and urban areas. Access to mobile phones is relatively high in urban areas (58%) compared with 37% in rural areas.

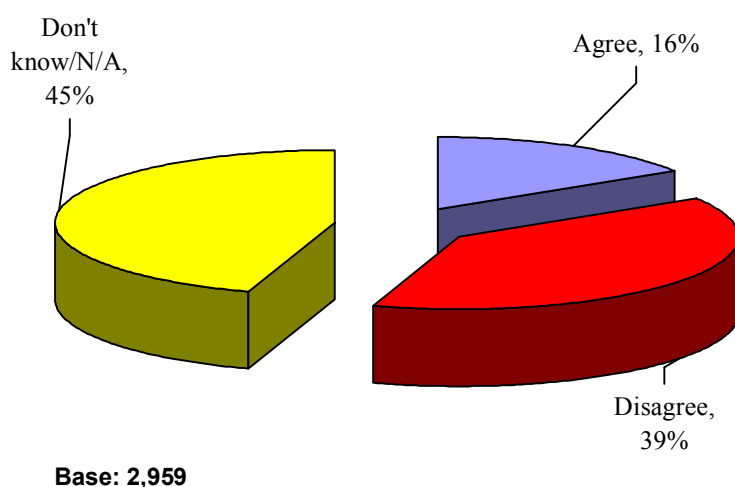
**Figure 61: Access to Product and Services**

	Total 2,959	Rural 2,101	Urban 858	Male 1,417	Female 1,542
<b>All respondents</b>	<b>13,173,921</b>	<b>9,897,817</b>	<b>3,276,104</b>	<b>6,231,148</b>	<b>6,942,772</b>
<b>Weighted Base</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Cell phone	42	37	58	44	41
Telephone at home	10	9	13	10	9
Public phone	65	61	77	69	61
Telephone at a friend/work	21	18	28	23	19

### 12.2 Use of ATMs

The respondents were read a number of statements and asked to agree or disagree with them or say whether the statements applied to them or not. Out of the total sample, only 16% claimed to know how to use an ATM machine, 39% did not know how to use it and 45% were not sure whether they could use it.

**Figure 62: Ability to use ATMs**



### 12.3 Attitudes towards Financial Institutions

Respondents were asked to respond to a list of statements covering a range of attitudes towards financial institutions in Uganda, and were asked to indicate whether they agreed with them or not.

Most people agreed with the statements that they would rather buy with cash than use credit (79%), they would prefer to save for long term goals (77%), they think of starting a business but they do not have finances to do so (74%). Other interesting findings concerned the high levels of confidence people have in their peers as opposed to organisations in case of need and the belief that continuous saving leads to security (71%).

**Figure 63: Perceptions towards Financial Institutions**

Level of Agreeing with some statements N=13173921	Agree	Disagree	Don't know/N/A
If the government lends to my financial institution and I get a loan then I think I don't need to pay back the loan to that institution	30	51	19
I trust formal commercial banks	57	15	28
I trust savings and credit co-operatives (SACCOs)	47	22	31
I trust informal financial groups in my village	51	28	20
I try to avoid taking loans as much as possible	64	27	9
I trust my own experience/knowledge rather than the advice of others when it comes to money	61	33	6
If I save regularly, eventually the small amounts will mount up and I'll be secure	71	21	9
I would rather deal with people I know than with a large organization when in times of need	71	20	8
Most services offered by formal banks are also available from other sources	34	26	41
I often think I would like to start my own business but I can't get enough money together to do this	74	18	8
I use credit to get money to spend on non-essential shopping	8	76	16
My financial institution gives me status in the eyes of my friends and family members	30	35	34
I would rather buy with cash so that I can bargain rather than using credit	79	11	10
I often find that I am surprised by the final amount I have had to pay for a loan or credit	19	41	40
I would prefer to save money for a long-term goal	77	14	9
Small loans help people get out of poverty	69	19	12
Having a place to save helps people get out of poverty	79	11	9
I know how to use an ATM machine	16	39	45

## 12.4 Summary

- Low access to telephone services. The bulk of the population (65%) uses public phone and (42%) can access mobile phone services. Access to home phones is only (10%)
- 55% are aware of ATMs, however only about 16% claim to be knowledgeable about how to use them.
- People know the value of saving. 79% agreed with the statement “*that saving can alleviate poverty*”. 64% agreed with the statement that they should try to avoid taking loans as much as possible.
- 74% of those surveyed believe that the biggest bottleneck to starting ones own businesses is a lack of adequate start-up capital.