The State of Financial Services in Sub-Saharan Africa

HOW YOUTH IN SIX AFRICAN NATIONS SPEND, SAVE, AND INVEST

A GeoPoll Study
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## About GeoPoll
Introduction

Since the reformation of financial sectors throughout Africa in the 1990s, there has been a focus on economic development in sub-Saharan Africa through the expansion of financial services. More recently, the introduction of digital financial services has spurred further growth in the industry; traditional retail banks have adapted to provide more robust services, while innovations like mobile money have emerged. Additionally, global insurers, such as Allianz, have begun expanding in haste into markets in sub-Saharan Africa due to potential seen in the growing consumer class, the high percentage of youths, and the increase in infrastructure projects by both national and foreign parties.

Despite this, as the global financial sector looks to expand into an under-tapped market and Africans become increasingly savvy with their finances, the majority of sub-Saharan Africa’s population remains unbanked.

Traditionally, institutions in sub-Saharan Africa reserved formal banking for the upper-class, which made financial inclusion in the region challenging. Today, there are still issues that impede financial inclusion left over from the class-centered banking tradition, and mistrust of banks and the prevalence of informal trade also contribute to low financial inclusion.

However, there are signs that use of formal financial services is increasing; McKinsey predicts that by 2022, over half of Africans will have access to banking services. This growth —spurred in part by the massive uptake of mobile money services like M-Pesa—is expected to continue and lead to more investment by the banking sector in the region, and ultimately close the gaps seen in financial inclusion between classes.

It is clear that financial services in sub-Saharan Africa are changing rapidly; however, as expected in such a diverse continent, the availability and use of financial services varies widely by country. In response to the shifts, continual growth, and variation across sub-Saharan Africa in the finance sector, GeoPoll embarked on a study to examine how Africa’s youth in six nations are engaging with financial services.

In this report, GeoPoll presents the findings from an extensive research study to inform players in financial services on where populations currently stand. Each section provides data and analysis that serve as a barometer for the financial services space in each of the countries studied. In time, this report will also serve as a benchmark of growth as the financial sector looks back upon progress in the years to come.

GeoPoll presents the results from this study based on data collected from youth populations in Kenya, Tanzania, Uganda, Ghana, Nigeria, and Côte d’Ivoire. Topics studied include income streams, spending habits, payment types, investment decisions, savings patterns, and more. A mobile web survey was used to conduct the study. Thus, the data focuses on populations who have access to a mobile phone and basic internet services, which often represents the target population for retail banks and mobile money services.

Due to the complexity of this study, the below report represents only a portion of the data collected. To request pricing for a custom report on all of the data collected during this study, please contact us at info@GeoPoll.com.
**Methodology**

This study was conducted by GeoPoll, a leading research provider that facilitates mobile-based data collection around the globe. GeoPoll’s research experts carefully developed the questionnaire and distributed it to respondents through mobile web in Kenya, Uganda, Tanzania, Côte d’Ivoire, Nigeria, and Ghana. Surveys were conducted incrementally by region between July and September of 2019.

The survey samples had a total of 400 respondents per country, aside from Côte d’Ivoire, which had a sample of 250 respondents due to the mode of the survey and the Internet penetration in the country. The gender distribution in each country was 50% female and 50% male. Due to the survey topic, it was targeted to the youth population, with the majority of respondents coming from the 25-35 age group.

The age group distribution for each country’s sample is below:

<table>
<thead>
<tr>
<th>Country</th>
<th>Age 18-24</th>
<th>Age 25-35</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya</td>
<td>41%</td>
<td>59%</td>
</tr>
<tr>
<td>Uganda</td>
<td>39%</td>
<td>61%</td>
</tr>
<tr>
<td>Tanzania</td>
<td>30%</td>
<td>70%</td>
</tr>
<tr>
<td>Ghana</td>
<td>40%</td>
<td>60%</td>
</tr>
<tr>
<td>Nigeria</td>
<td>88%</td>
<td>12%</td>
</tr>
<tr>
<td>Côte d’Ivoire</td>
<td>49%</td>
<td>51%</td>
</tr>
</tbody>
</table>

Please contact us at info@geopoll.com for more methodological information on this study.
In this section, we examine income, most common expenses, average cost of these expenses, and payment types used for purchases. The results in this section provide further context for the rest of the report for a detailed view of the respondents’ financial lives.

### Income

In order to ascertain income streams and how they impact spending, we looked at income consistency among survey respondents. Overall, we found that more of the respondents indicated having periodic incomes than steady incomes.

Respondents were also asked about their main source of income in a select-all-that-apply style question. Employment, self-employment, and parents were the most popular sources of income across the countries studied; however, the three categories did compete for the top spot when examined on a country-by-country basis.
Young Nigerians' main source of income is employment at 50%, followed by self-employment at 25%. The third most common source of income in Nigeria was parents. In contrast, self-employment was significantly more popular than traditional employment in Tanzania, with 48% citing self-employment as their income source and 32% citing employment. In Côte d’Ivoire, parents were the most popular source of income at 36%, while employment and self-employment were less popular at 26% and 22% respectively.

It is important to note that there were more respondents in the 18-24 age group in Côte d’Ivoire than any of the other countries, which may explain the high percentage of respondents that receive money primarily through their parents. In Kenya, similar numbers were employed in full-time jobs verses those who were self-employed.
Money Spent

Respondents were asked to indicate the items that they spend money on most from a list of twenty-two options of typical monthly expenses such as insurance bills, transportation, electricity, beauty products, and clothing. The respondents then indicated how much money they spent on each of the categories in the past month. Responses were compiled and calculated into percentages that represent the overall distribution of money that respondents spent on each of the categories.

The chart below displays the results.

<table>
<thead>
<tr>
<th>Money Spent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td><strong>HOUSEHOLD</strong></td>
</tr>
<tr>
<td>Food</td>
</tr>
<tr>
<td>Household items</td>
</tr>
<tr>
<td>Non-alcoholic beverages</td>
</tr>
<tr>
<td>Alcoholic beverages</td>
</tr>
<tr>
<td>Nicotine</td>
</tr>
<tr>
<td><strong>UTILITIES</strong></td>
</tr>
<tr>
<td>Housing</td>
</tr>
<tr>
<td>Electricity and gas</td>
</tr>
<tr>
<td>Airtime</td>
</tr>
<tr>
<td>PayTV</td>
</tr>
<tr>
<td>Transportation</td>
</tr>
<tr>
<td>Pay video streaming</td>
</tr>
<tr>
<td>Home internet</td>
</tr>
<tr>
<td><strong>PERSONAL ITEMS AND INTERESTS</strong></td>
</tr>
<tr>
<td>Clothing (Personal/Family)</td>
</tr>
<tr>
<td>Baby care items</td>
</tr>
<tr>
<td>Beauty and hygiene products</td>
</tr>
<tr>
<td>Entertainment</td>
</tr>
<tr>
<td>Gambling</td>
</tr>
<tr>
<td><strong>OBLIGATIONS/COURSES</strong></td>
</tr>
<tr>
<td>Education expenses</td>
</tr>
<tr>
<td>Health care expenses</td>
</tr>
<tr>
<td>Savings</td>
</tr>
<tr>
<td>Insurance premiums and loan repayments</td>
</tr>
<tr>
<td>Donations</td>
</tr>
</tbody>
</table>

Across the countries studied, the largest average share of monthly spending was for food at 23%, followed by school fees and education at 11%. Non-food household items, rent, and clothing are all tied for third at 7% average share of monthly spending.

While airtime came in last for the group of top categories, respondents did indicate a 6% share of monthly expenses used for airtime credit, a significant portion of funds when compared to other essential items.

The categories with the lowest share of monthly spending overall were nicotine products at 0.3%, paid video streaming at 0.7%, and gambling at 1.1%.

In the following sub-sections we will discuss the payment types used most for purchases across the twenty two spending categories included in the questionnaire.
## Payment Methods for Purchases

In order to examine the payment types used most often for specific purchases, respondents were asked to list all forms of payment that they used for each expense category from the previous set of questions.

### Cash

<table>
<thead>
<tr>
<th>Country</th>
<th>Beauty Products</th>
<th>Non-alcoholic Beverages</th>
<th>Transportation</th>
<th>Groceries</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Kenya</strong></td>
<td>88&lt;sup&gt;th&lt;/sup&gt;</td>
<td>81&lt;sup&gt;st&lt;/sup&gt;</td>
<td>91&lt;sup&gt;st&lt;/sup&gt;</td>
<td>88&lt;sup&gt;th&lt;/sup&gt;</td>
</tr>
<tr>
<td><strong>Ghana</strong></td>
<td>83&lt;sup&gt;rd&lt;/sup&gt;</td>
<td>83&lt;sup&gt;rd&lt;/sup&gt;</td>
<td>90&lt;sup&gt;th&lt;/sup&gt;</td>
<td>92&lt;sup&gt;nd&lt;/sup&gt;</td>
</tr>
<tr>
<td><strong>Uganda</strong></td>
<td>85&lt;sup&gt;th&lt;/sup&gt;</td>
<td>91&lt;sup&gt;st&lt;/sup&gt;</td>
<td>89&lt;sup&gt;th&lt;/sup&gt;</td>
<td>88&lt;sup&gt;th&lt;/sup&gt;</td>
</tr>
<tr>
<td><strong>Nigeria</strong></td>
<td>54&lt;sup&gt;th&lt;/sup&gt;</td>
<td>53&lt;sup&gt;rd&lt;/sup&gt;</td>
<td>61&lt;sup&gt;st&lt;/sup&gt;</td>
<td>67&lt;sup&gt;th&lt;/sup&gt;</td>
</tr>
<tr>
<td><strong>Tanzania</strong></td>
<td>87&lt;sup&gt;th&lt;/sup&gt;</td>
<td>97&lt;sup&gt;th&lt;/sup&gt;</td>
<td>93&lt;sup&gt;rd&lt;/sup&gt;</td>
<td>92&lt;sup&gt;nd&lt;/sup&gt;</td>
</tr>
<tr>
<td><strong>Côte d’Ivoire</strong></td>
<td>91&lt;sup&gt;st&lt;/sup&gt;</td>
<td>88&lt;sup&gt;th&lt;/sup&gt;</td>
<td>90&lt;sup&gt;th&lt;/sup&gt;</td>
<td>92&lt;sup&gt;nd&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

Cash was by far the most popular payment method in this study, garnering 62% of the share across payment types and countries. Cash was most popular for groceries (86% on average used cash), transportation (86%), non-alcoholic beverages (82%), and beauty products (81%). Cash was used least to pay for PayTV (21%), Pay Video (23%), gambling (32%), and insurance premiums (38%).

Overall, we can see that cash is used for small and regular purchases, while other methods like mobile money are used more for digital purchases.
Mobile Money

Mobile money had a 28% average use rate across the categories and countries. It was the most popular payment method for the following categories: gambling (63% average), home Internet (54%), airtime (53%), and paid television services (53%). Given that airtime and gambling are both closely associated with mobile applications, it is logical that mobile money is the most popular form of payment for these purchases and other digital purchases.

Mobile money was used least as a payment method for transportation (10% average across countries), non-alcoholic beverages (12%), clothing (13%) and groceries (13%). This finding solidifies the point about mobile money’s lower popularity levels for non-digital purchases.
Debit & Credit Cards

Debit and credit cards were only used for 10% of payments overall, which demonstrates their low usage in Africa. However, as shown in the graphic below, Nigerian respondents were significantly more active with their debit and credit cards than any of the other countries studied. This is likely due to Nigeria’s relatively slow uptake of mobile money services, which has encouraged the use of formal banking services such as credit cards.

Credit/Debit Card Top Payment Categories

Some categories were more popular for debit and credit card use than others. For example, pay video streaming payments were the most popular category for debit or credit card use, at a 17% average across all of the countries studied. Insurance premiums followed suit with 15% of these payments made on a debit or credit card. Nicotine product purchases and gambling payments came in at third and fourth with 14% and 12% respectively.

Debit and credit cards were least used for groceries at 6%, transportation at 7%, clothing at 7%, and non-alcoholic beverages at 8%.
Bank Deposit

This study found that bank deposits are most used for specific purchase types: an average of 26% of respondents reported using bank deposit payments to pay for school fees. Payments for savings contributions, insurance premiums, and housing were the next most popular categories for bank deposit payment at 23%, 22%, and 13%.
## Savings Culture

### How Often Savings Are Set Aside

<table>
<thead>
<tr>
<th>Country</th>
<th>Always</th>
<th>Sometimes</th>
<th>Every Once in a While</th>
<th>Rarely</th>
<th>Don't Have Savings Account</th>
<th>Don't Know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya</td>
<td>35%</td>
<td>17%</td>
<td>21%</td>
<td>8%</td>
<td>15%</td>
<td>4%</td>
</tr>
<tr>
<td>Uganda</td>
<td>42%</td>
<td>36%</td>
<td>14%</td>
<td>6%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>Tanzania</td>
<td>27%</td>
<td>15%</td>
<td>11%</td>
<td>17%</td>
<td>24%</td>
<td>6%</td>
</tr>
<tr>
<td>Ghana</td>
<td>34%</td>
<td>19%</td>
<td>14%</td>
<td>9%</td>
<td>14%</td>
<td>11%</td>
</tr>
<tr>
<td>Nigeria</td>
<td>34%</td>
<td>15%</td>
<td>19%</td>
<td>11%</td>
<td>17%</td>
<td>5%</td>
</tr>
<tr>
<td>Côte d’Ivoire</td>
<td>14%</td>
<td>15%</td>
<td>15%</td>
<td>22%</td>
<td>22%</td>
<td>22%</td>
</tr>
</tbody>
</table>

### Types of Saver

**Set aside a fixed amount to save:**
- Kenya: 34%
- Uganda: 41%
- Tanzania: 41%
- Ghana: 40%
- Nigeria: 39%
- Côte d’Ivoire: 34%

**Save a percentage of the income I earn:**
- Kenya: 29%
- Uganda: 21%
- Tanzania: 30%
- Ghana: 22%
- Nigeria: 12%
- Côte d’Ivoire: 10%

**Save whatever remains after planned spending on items:**
- Kenya: 38%
- Uganda: 39%
- Tanzania: 30%
- Ghana: 37%
- Nigeria: 49%
- Côte d’Ivoire: 56%
All of the survey respondents participating in the study were asked both how frequently they set aside money as savings for themselves, and the proportion of their money that goes into savings when it is set aside. As these questions were single-choice, self-reported questions, they may skew towards respondents’ ideal savings situation and reflect higher savings levels than are achieved each month.

**Kenya**

34% of Kenyan respondents indicated frequent saving by responding that they almost always set aside money as savings. Overall 73% of this study’s audience reported saving ‘almost always’, ‘sometimes’ or ‘every once in a while’, which indicates that Kenyans are trying to save regularly. In terms of proportion of personal funds put away into savings, the largest group, 38%, of respondents indicated that they save ‘whatever is left over after spending on items that they had planned to spend on’, while the remaining two answer choices for this question had very similar response rates.

Considering the responses for both questions, it can be concluded that Kenyan respondents are savings aware. They indicated saving quite frequently, while they also reported viewing the proportion of funds put into savings with flexibility based on their needs.

**Uganda**

Results from Uganda are similar to those seen in Kenya: the largest portion of the respondent pool, 34%, indicated saving almost always, while 19% indicated saving every once in a while. Notably, the third largest portion of responses, 17%, noted not having a savings account at all, which demonstrates that respondents are split on their savings habits.

Regarding the proportion of money that respondents put into savings, there were significantly fewer responses for saving a particular percentage of income, 21%, than the other choices. The remaining 79% of responses were split almost evenly between saving a fixed amount and saving whatever remains, 41% and 39% respectively.

**Tanzania**

Saving almost always was the most popular answer choice in Tanzania, 27%, yet the second largest portion of respondents, 24%, reported not having a savings account. In terms of saving proportion, 41% of respondents indicated that they set aside a fixed amount each time they save. The remaining respondents were split equally between saving whatever is left over after their planned spending and setting aside a percentage of income.

These response rates indicate a polarized attitude surrounding savings in Tanzania where about a quarter of respondents are committed to saving regularly, but another quarter do not have a savings account.
Ghana

Similar to Uganda, Ghana’s results were similar to the other countries studied; however, the savings frequency is higher in Ghana than in Uganda. The largest group of respondents, 34%, indicated saving almost always, while the second largest group of respondents, 19%, indicated saving sometimes. Only 14% of respondents indicated not having a savings account at all.

In terms of proportion of money set aside as savings, most respondents, 40%, indicated that they set aside a fixed amount each time they save, while the fewest respondents, 22%, indicated setting aside a particular percentage of their income.

The responses for these two questions depict that respondents are quite focused on, and actively engaging in, savings practices.

Nigeria

Nigeria’s response rates for savings frequency are unique in comparison to the other countries in the study. 78% of Nigerian respondents indicated saving almost always or sometimes and only 2% of respondents indicated not having a savings account entirely, which makes Nigeria the country with the most frequent savers. In terms of proportion of money put away as savings, more respondents (49%) indicated saving whatever is left over after spending money on planned expenses than any of the other countries studied. 39% of respondents indicated setting aside a fixed amount each month, while a small percentage (12%) set aside a particular percentage of their income earned.

These findings demonstrate a stronger priority for saving in Nigeria than the other countries studied; while the amount saved each month may vary, young Nigerians are more engaged in formal savings than in the other markets, likely due to the stronger banking presence in Nigeria compared to countries such as Kenya.

Côte d’Ivoire

Unlike Nigeria, Côte d’Ivoire’s respondents indicated saving significantly less than the other countries studied. In Côte d’Ivoire, there were more respondents who indicated not having a savings account than people who reported saving at all. Additionally, the same percentage of respondents indicated that they rarely save as the number of people who indicated not having a savings account entirely.

Côte d’Ivoire’s responses on savings proportion are more in line with the responses from the other countries in the study than the responses on savings frequency. 35% of respondents indicated setting aside a fixed amount of money as savings each time and 35% of respondents indicated setting aside whatever was left over after making planned purchases. Therefore, data from this study shows savings is a lower priority for respondents compared to other countries. More light will be shed on savings in the coming sections on savings platforms and savings purpose.
Saving Platforms

The respondents in each country that indicated saving in some capacity were then asked a select-all-that-apply question about what platforms they use to save. The following section will report on the findings across the countries studied.

**Bank account**

Bank accounts were the most popular savings platform overall, yet were not the most popular savings platform in every country studied. For Uganda, Tanzania, Ghana, and Nigeria, bank accounts were the most popular savings platform, and Ghanaians indicated saving through bank accounts more than any other country.

**Mobile money account**

Mobile money accounts were the second most popular savings platform, yet the popularity varied more county-to-country than we found with bank accounts. In Nigeria, bank accounts were much more popular than mobile money accounts as a savings platform, while in Kenya mobile money accounts were used only 6% more than bank accounts as a savings platform.
Keeping cash in a safe place

Keeping cash in a safe place was moderately popular in comparison to the other answer choices due to consistency across the countries studied. The category was most popular in Côte d’Ivoire, 20%, Nigeria, 18%, and Ghana, 17%. Seeing as this question on savings platforms was select-all-that-apply, it is probable that respondents use multiple platforms to save money in addition to keeping their cash in a safe place.

Chama or Savings group

The results from the study show that using a Chama as a saving platform differed highly by country: Kenya and Nigeria both had high rates of Chama usage, while the other countries indicated using savings groups significantly less. In Nigeria, savings groups (26%) were the second most popular savings platform, falling behind bank accounts at 59%. Savings groups were the third most popular savings platform reported by Kenyan respondents at 35%, where mobile money accounts (54%) and bank accounts (48%) are more popular. The other countries in the study all reported using savings groups less than 15% each.

Sacco

In certain countries, Savings and Credit Cooperatives or ‘saccos’ are common ways to save. Sacco shareholders must contribute a specified amount per month to their account in order to earn dividends annually, and are allowed to take loans worth 3 times their savings.

Again, results were varied across the countries studied. Uganda indicated the most use of Saccos as a savings platform with 22% and Kenya was a close second with 20%. Tanzania and Nigeria’s results show that Saccos are used as a savings platform sometimes but the level of popularity is not
significant. Ghana and Côte d'Ivoire's results reveal that Saccos are rarely, if ever, used as savings platforms.

**Cooperative societies**

Overall, cooperative societies did not have high usage, and in most of the countries studied less than 10% of respondents reported using them. The two exceptions were Nigeria and Tanzania where 18% and 12% of respondents respectively reported using cooperative societies. These results show that cooperative societies are the less popular counterparts to the similar Saccos and Chamas.

**Savings Purpose**

![Top Savings Purposes](image_url)

Respondents who reported saving in some capacity were then asked an open-ended question about the driving force behind their savings decisions. The resulting reported reasons for saving were coded into categories to determine the most frequent reasons for saving. Overall, the distribution of common responses were: emergency (18%), future use (17%), education (11%), and accumulation of money (7%).
Saving for emergency and saving for medical care (5%, not pictured above) are the two categories that stand out most. Insurance levels are often low in sub-Saharan Africa, and without insurance, emergencies and medical care can be extremely daunting financially. Resulting expenses from events like storm damage to a home or a vehicle accident are much less expensive when insurance is involved. If these respondents were more heavily insured, we may have seen other categories such as saving to buy a house reported in higher levels.

**Investments**

**Investment Culture**

In order to gather information on the culture surrounding investment in each of the countries studied, we asked respondents a series of questions about their investment habits and challenges that may keep them from investing. To begin, we asked, “Do you ever invest your money/income?” The responses to this question varied significantly by country.

In Nigeria, for example, 84% of the respondents indicated that they invest their money, while in Côte d’Ivoire, 59% of the respondents indicated that they never invest their money. In the graphic below, you can see the split between investors and non-investors across the countries studied.

Nigeria was by far the country with the most culture surrounding investing money, followed by Kenya, Tanzania, and Uganda. Responses in Ghana show a split investment culture where about half of the people invest and about half do not. Côte d’Ivoire is the only country from the study where a majority do not report investing in any form.
Investment Areas

Respondents who indicated that they do invest their money were asked to indicate the areas in which they invest their money in a select-all-that-apply style question.

When the results from this question in the study are looked at as a whole, business and farming were the most popular investment categories reported across the six countries surveyed, although the responses vary significantly by country. West African countries reported more diversity in their investing channels, while the east African countries had certain investment channels that were very popular and others that were not popular at all.

In the following sub-sections, we will discuss some of the investment categories from the questionnaire and analyze investment decisions while making cross-country comparisons.
Buying land was a moderately popular category of investment. Tanzania was the country with the largest group of respondents, 37%, who indicated purchasing land as an investment, while in Ghana only 14% purchased land as an investment. Kenya was the second lowest country for the buying land category, which is surprising when compared with the investments that Kenyans reported making in the other categories: 47% of Kenyan respondents indicated investing in farming, while only 14% indicated investing in buying land. This gap could be due to the ease of investing small increments of money into a farm when they already own the land, contrasted with the complicated process and expense that purchasing land requires.
Building real estate was not a popular category among the respondents overall. Côte d'Ivoire (19%) and Nigeria (17%) were the two countries with the most responses indicating past investments in real estate. Building real estate is likely a much less popular form of investment because it requires larger sums of capital than other forms of investment. Additionally, building real estate requires a niche set of skills that determine if the money that is invested will grow or not. The risks may outweigh the potential for reward for many of the respondents.
Investment in the stock exchange was a popular category in Ghana (29%), Tanzania (21%), and Nigeria (18%), while less than 10% of respondents in each Kenya, Uganda, and Côte d’Ivoire indicated investing in the category.

Although the investments in the stock exchange aren’t always organized through personalized financial services it is safe to assume that some financial guidance was necessary for most of the stock investors. Additionally, to engage in such investments, a bank account is likely required to make payments and to receive pay-out from investments. Considering this, it is likely that only financially included people were able to indicate investing in the stock exchange, thus exemplifying that low financial inclusion does not indicate low financial sophistication in a country.
When the results from the questions are analyzed as a whole, business investments and farming investments were the most popular forms of investment. An average of 42% across the countries studied reported investing in business, and the farming category was not far behind with a 34% average.
The popularity of the investment channels, however, have key nuances to note on a country-by-country level. Tanzania was by far the most engaged country in business investments, 63%, and one of the lowest engaged in farming investments, 26%. Ghana was also much more engaged in business investments than farming investments, with 38% and 13% respectively, yet this is not the same story showed in all of the countries studied. Kenya, Nigeria, and Côte d’Ivoire leaned slightly toward business investments but also had almost as many people report investing in farming. Uganda’s results show the same as Kenya, Nigeria, and Côte d’Ivoire but Uganda leans toward farming as the most popular investment category.

Farming’s popularity was strong enough across the countries studied to come out with the second highest average, yet farming’s results were more varied across countries than business was. Farming was extremely popular for Uganda (47%) and Kenya (47%) yet was much less popular in Ghana (13%), Côte d’Ivoire (23%), Tanzania (26%), and Nigeria (27%).

Ghana’s response to investing in farming is particularly interesting because seven out of the 10 categories available had more reported investment than farming did. Business was most popular at 38%, savings interest rates and buying stocks/mutual funds followed at 31% and 29% respectively, while farming was at only 13%. The low popularity of investment by Ghanaian farming can potentially be due to cultural aspects of the society. In Ghana there is more established tradition of buying and owning shares of a company or similar entity than there is in some of the other countries studied.

Despite the nuances per country, it is still clear that business and farming are overall two of the most popular investment categories. This may be due in-part to accessibility. Business and farming are two categories that can be invested in little-by-little over time. Once businesses or farmland are established, it is possible to invest in them when extra money is on hand and not worry about payments when money is tight. Also, business and farming may have a more comfortable balance of risk verses reward than buying rental houses, cryptocurrency, or bonds.
Investment Challenges

Respondents that indicated they do not invest their money were then asked an open-ended question that inquired about the challenges that keep them from investing. The graphic below represents the five most common responses from respondents across the countries studied.

Lack of money to invest was the most common response. Ivory Coast (34%), Tanzania (29%), Uganda (21%), and Kenya (16%) were the countries with truly notable response rates for lack of money to invest. The next most popular response was that respondents have several other commitments, which was followed by low income. Low income is quite similar to lack of money to invest as a response, while the answer regarding respondent’s having several other commitments gives more insight for how financial services can encourage people to invest more frequently or heavily.

In Tanzania, other commitments were reported as the number one challenge (30%) that hinders respondents from investing. 13% of Ugandan respondents answered the same, as well as 11% of respondents from Côte d’Ivoire and 10% of Kenyan respondents. This information can serve as encouragement to financial services providers to work on creating easier processes for clients to invest their money. Such processes may also require education on investments and the associated benefits. 12% of Côte d’Ivoire’s respondents, 9% of Tanzania’s respondents, 8% of Kenya’s respondents, and 5% of Uganda’s respondents indicated they did not have the knowledge needed to make investment decisions, which further identifies the need for education on investments and the benefits.
Conclusion

The purpose of this study was to gather information on the use of financial services by respondents in order to evaluate areas for growth in the space among the mobile-owning, youth population. The results from this study have provided the data necessary to understand the financial habits of respondents, as well as perceptions surrounding saving money, investing funds, and insuring valuables.

The share of wallet questions presented first in this report provided a baseline for comparison throughout the rest of the study on where the respondents are spending the majority of their funds, what payment methods are being used for purchases, and what income streams are like for respondents. Findings from the share of wallet questions indicated that the majority of respondents spend most of their money on everyday expenses such as food, housing, and school fees.

We found a relatively strong focus on savings almost across the board in the countries studied; although not all respondents report saving regularly, the majority do report putting some money into savings, whether through mobile money or traditional bank accounts. Similarly, we found that respondents are investing their money in a variety of ways, especially in countries such as Nigeria and Kenya, yet there is room for growth in the perceived importance of investments. Although investment areas used by respondents are limited and risk-averse, investments are being made, which is encouraging for an industry that is growing in depth and diversity.

The comparisons across the countries studied proved that each country is unique in their use of financial services and perception of financial health. Moving forward, growth is eminent in the financial services space in sub-Saharan Africa. Research studies, like this one, are an essential tool for the planning process for such expansion and growth. For this reason, in-depth results from this study will be available for purchase upon request.

Reach out to us for more information on how you can get a copy of the granular data collected through this study, today.
About GeoPoll

GeoPoll is a leader in providing fast, high quality market research from areas that are difficult to access using traditional methods. Working with clients including global brands, media houses, and international development groups, GeoPoll facilitates projects that measure ROI of TV advertisements, demonstrate demand for new products, and assess food security around the world.

GeoPoll combines a robust mobile surveying platform that has the ability to conduct research via multiple modes. Strengths lie in GeoPoll’s ability to target extremely specific populations, deploy surveys in multiple countries, and provide expert guidance on how to collect accurate, reliable data through the mobile phone.

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We look forward to speaking with you.