

Ethiopia Socioeconomic Survey (ESS) 2018/19

FINANCIAL INCLUSION

Central Statistics Agency of Ethiopia | National Bank of Ethiopia | World Bank

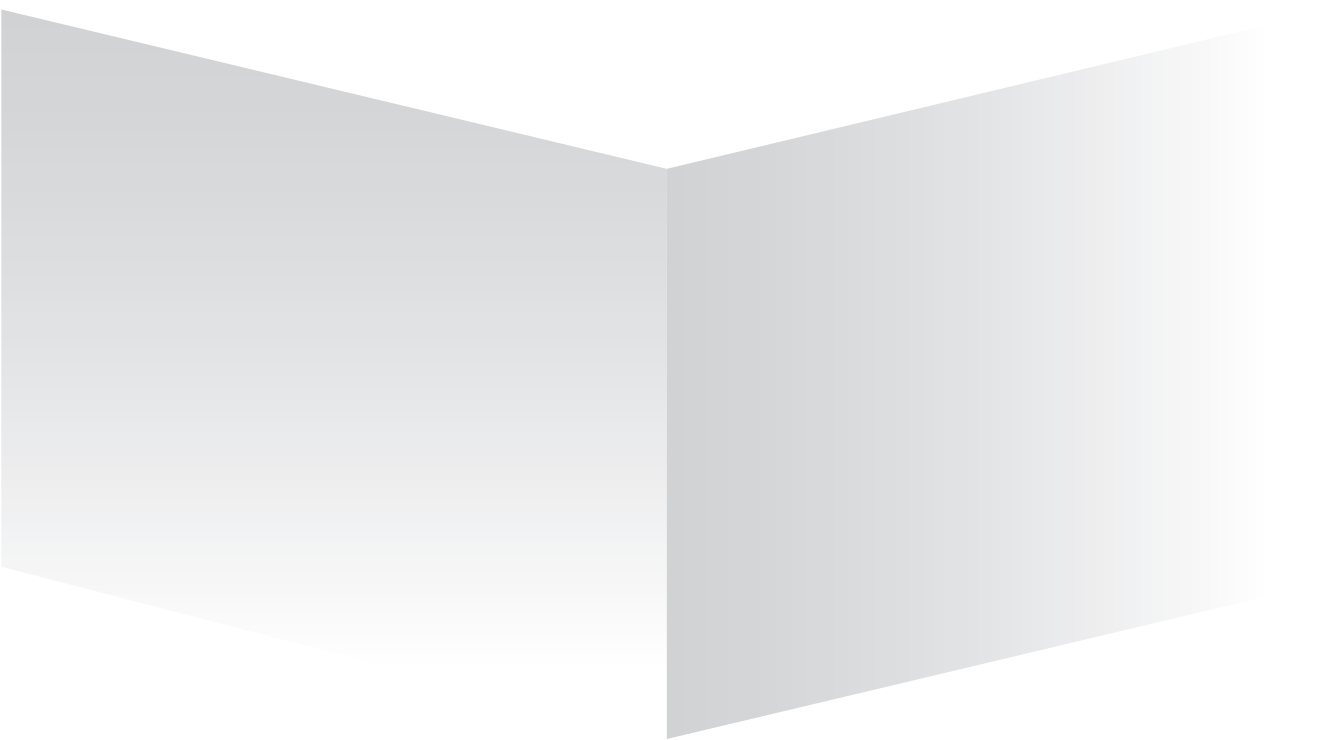


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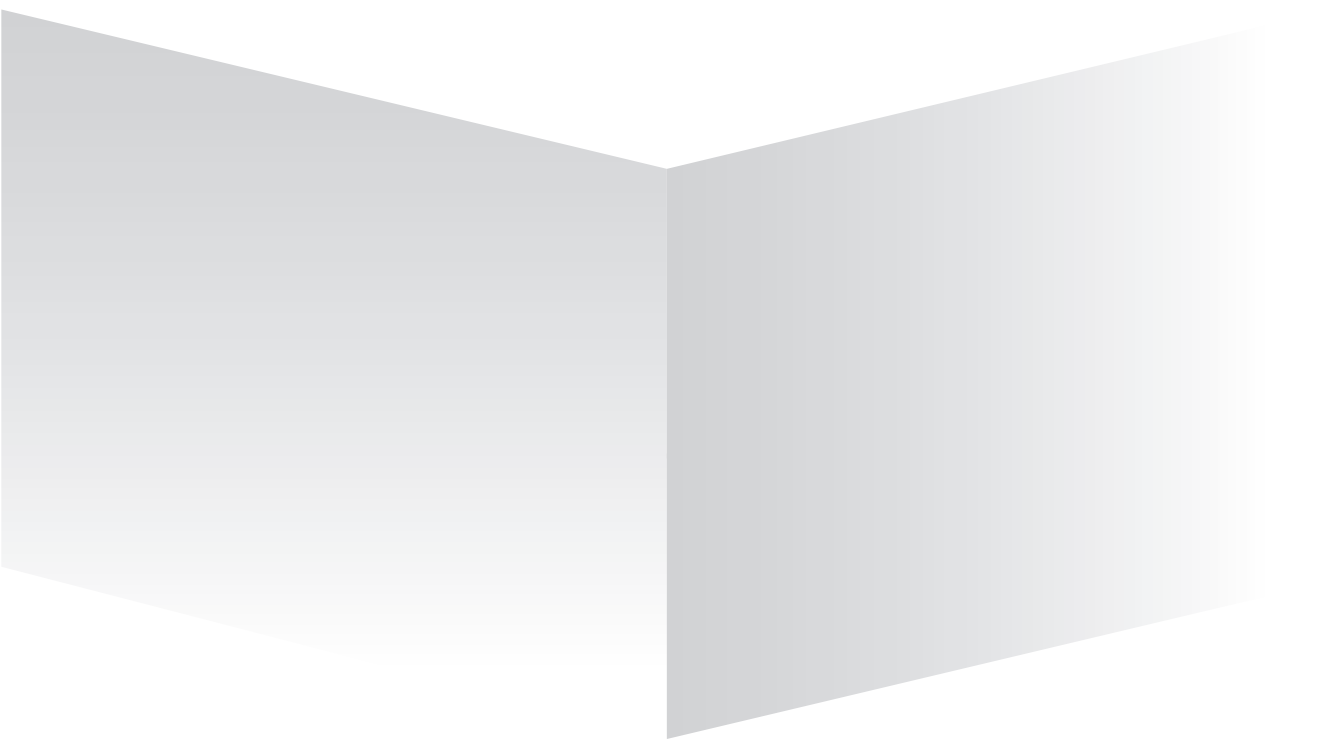
Acronyms

| | |
|--------------|---|
| CSA | Central Statistics Agency of Ethiopia |
| EA | Enumeration area |
| ESS | Ethiopia Socioeconomic Survey |
| ESS1 | ESS 2011/12 |
| ESS2 | ESS 2013/14 |
| ESS3 | ESS 2015/16 |
| ESS4 | ESS 2018/19 |
| ISA | Integrated Surveys on Agriculture |
| LSMS | Living Standards Measurement Study |
| km | Kilometer |
| MFI | Microfinance institution |
| NBE | National Bank of Ethiopia |
| NFIS | National Financial Inclusion Strategy |
| SACCO | Savings and Credit Cooperative Organization |

Acknowledgments

The Ethiopia Socioeconomic Survey Financial Inclusion module is a collaborative effort of the Central Statistics Agency of Ethiopia (CSA), the National Bank of Ethiopia (NBE), and the World Bank. CSA and NBE staff facilitated the training and supervised the fieldwork in collaboration with the World Bank team. This report was prepared by Mengistu Bessir Achew, Alemayehu A. Ambel, Helen L. Gradstein, Asmelash Haile Tsegay, Imtiaz Ul Haq, Minita M. Varghese, and Manex Bule Yonis.

This report is made possible by the generous support from the Bill and Melinda Gates Foundation and the Ministry of Foreign Affairs of the Kingdom of the Netherlands. The support is provided through the Financial Inclusion Support Framework (FISF) and the Living Standards Measurement Study- Integrated Surveys on Agriculture (LSMS-ISA) programs.



1. Introduction

KEY MESSAGES

- The 2018/19 Ethiopia Socioeconomic Survey (ESS) is a multi-topic household survey conducted by the Central Statistics Agency in collaboration with the World Bank as part of the Living Standards Measurement Study—Integrated Surveys on Agriculture.
- ESS applies a Financial Inclusion Module in collaboration with the National Bank of Ethiopia to collect data on household and individual information on account ownership, banking and saving practices, and knowledge of financial institutions and products.
- The purpose of collecting data through the ESS–Financial Inclusion Module is to measure progress in account ownership and usage indicators for the Ethiopia National Financial Inclusion Strategy.
- The survey interviewed over 6,700 households in all parts of the country; it is representative at the national, rural and urban, and region levels.
- All adults 18 years old and above, a total of 14,500 people, responded to the individual financial inclusion questions.
- This report summarizes the main ESS financial inclusion findings.

1.1 BACKGROUND AND OBJECTIVES

Over the last few years, the Government of Ethiopia has made strategic efforts to enhance financial inclusion because inclusion allows individuals to build assets, increase asset security, invest productively for income growth, and reduce their vulnerability to income fluctuations. The Government launched its National Financial Inclusion Strategy (NFIS) in October 2017. The primary goal for the strategy is to raise the percentage of adults with a transaction account to 60 percent in 2020. The strategy recommends digital financial services as a way to drive financial inclusion and one ambitious target is to increase adult uptake of electronic payment from 6 percent in 2015 to 40 percent in 2020. To facilitate progress on this indicator, the objectives were to increase the number of automatic teller machines (ATMs) to 25.4 per 100,000 adults, point-of-sale (POS) machines to 120.4, and agents to 229.4.

The financial sector in Ethiopia is dominated by banks, which are concentrated in urban areas— and even there, access points and non-cash payment instruments are available only in certain locations. In rural and remote areas, there are very few banking

options and connectivity inadequacies still prevent digital alternatives. There are more than 2,700 operational ATMs and 8,800 POS terminals in Ethiopia, owned by both state and private banks. In 2017, the 19 banks together had about 5,500 branches; 33 percent of bank branches and 50 percent of ATMs are in Addis Ababa, where only 3 percent of Ethiopians live. The country's POS network is much less extensive than in neighboring countries. Finally, in 2019, the total number of agents was estimated at about 10,000.

The Ethiopian Socioeconomic Survey (ESS) is a collaborative project between the Central Statistics Agency of Ethiopia (CSA) and the World Bank. ESS is one of the multitopic household survey programs implemented in eight countries for the Living Standards Measurement Study—Integrated Surveys on Agriculture (LSMS-ISA) project. The project collects household-level panel data, giving special attention to improving agriculture statistics and generating a clearer understanding of the link between agriculture and other sectors of the economy. The project also aims to build capacity, share knowledge across countries, and improve survey methodologies and technology. The ESS Financial Inclusion Module was developed in collaboration with the National Bank of Ethiopia (NBE), CSA, and the World Bank. The module was added in the 2015/16 ESS round (ESS3) and was included with some revisions in the 2018/19 ESS round (ESS4). ESS4 also expanded the sample of households enough to generate indicators by region.

For the NFIS, the ESS Financial Inclusion Module is a valuable data source and provides a rigorous, multidimensional picture of where Ethiopia stands in expanding access to formal financial services and reaching the NFIS goals. Integration of a financial inclusion module into a multitopic household survey like ESS also makes it possible to explore how different individual, household, and community geospatial, demographic, and socioeconomic characteristics affect the financial decisions of individuals and households.

1.2 SURVEY DESIGN

ESS 2018/19 (ESS4) is a new panel survey.¹ The sample is representative of both the region and rural or urban residence. Households are selected using a two-stage probability sample. In the first stage, 565 primary sampling units—CSA enumeration areas (EAs)—were selected based on probability proportional to total number of EAs in each region; of these 316 are rural and 219 are urban. In the second stage, households were selected from each EA. From each rural EA, 10 to 12 households were sampled, 10 randomly selected from a fresh list of agricultural households and 2 randomly selected from households not involved in agriculture or livestock.²

¹ The households included in ESS4 are not the same as the ones in the previous three waves. ESS4 is a baseline survey for a new cohort of ESS panel II. A follow-up survey is planned for 2021/2022.

² In some EAs, there is only one such household, or even none; thus, the total number of households per EA could be 11 or 10.

In urban areas, 15 were selected from a fresh list of households in the EA. The original sample size is over 7,000 households. Due to security issues during the time the survey was carried out, it was not possible to interview all households from the original sample; thus, the total number of households interviewed was 6,770.

1.3 ESS FINANCIAL INCLUSION MODULE AND FIELDWORK

Using multiple questionnaires over multiple visits, the surveys collect a wide range of household demographic and socioeconomic variables categorized as Agriculture, Household, and Community. The Financial Inclusion Module is incorporated into the household questionnaire.

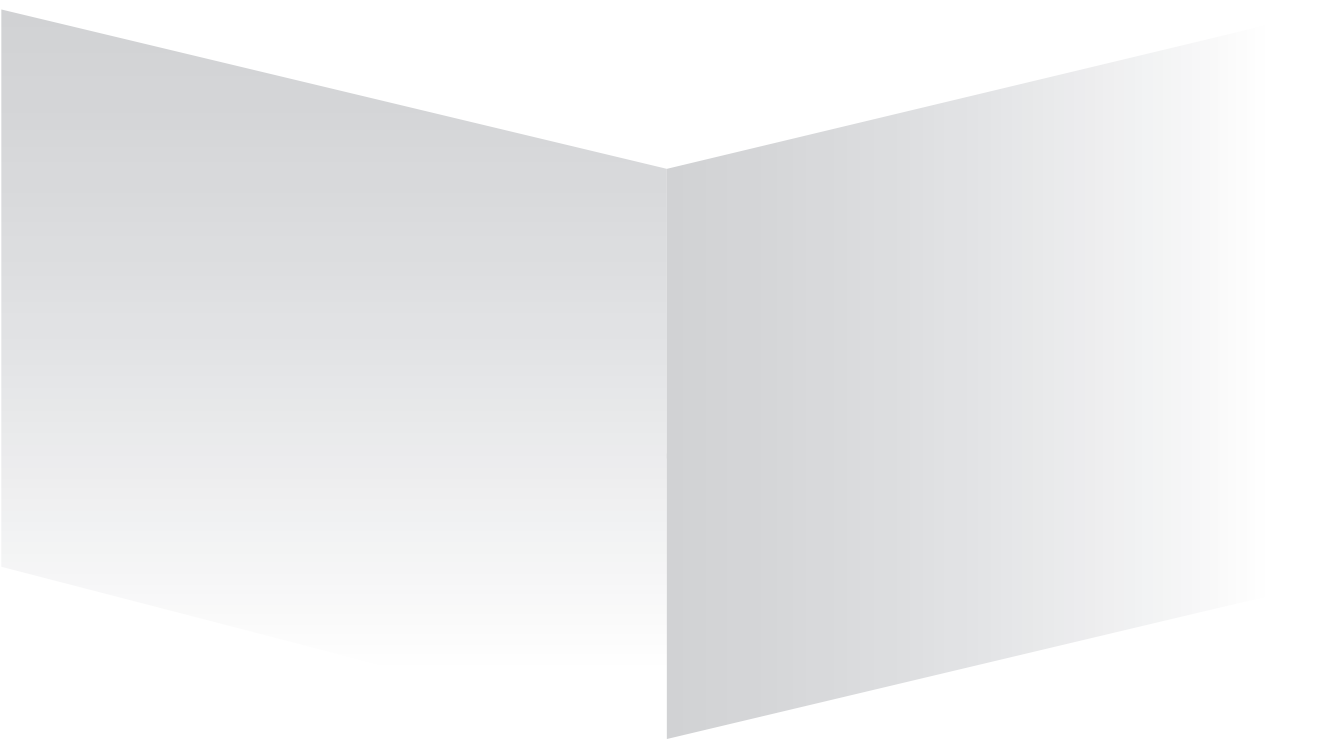
The ESS Financial Inclusion Module asks about savings, insurance, credit, banking practices, financial knowledge, and financial capability. Most of the financial knowledge and capability questions were added in ESS4; savings and insurance-related questions had been added in ESS3, 2015/16. The questions on credit were included in the first two rounds (ESS1, 2011/12 and ESS2, 2013/14). Depending on the question, the module collected information about either the individual or the household. Individuals were asked banking, savings, insurance, financial knowledge, and capability questions.

The questionnaires were fielded at different times. The Agriculture questionnaires were fielded in rural areas in September 2018-March 2019. The Household and Community questionnaires were fielded in June-August 2019 in both rural and urban areas.

Eligible individual respondents for the financial inclusion module were household members 18 years and older at the time of the survey - 14,862 responded. More than 99.5 percent responded for themselves; only 75 individuals were not available at the time of the survey. The credit and loan questions were asked about the household, and the most knowledgeable household member responded.

1.4 ORGANIZATION OF THE SURVEY REPORT

This Financial Inclusion Report presents the main ESS findings, giving detailed insight into how different population segments access and use financial services. Chapter 2 presents current levels of access to finance based on the prevalence of account ownership, use of financial services, types of institutions used, and their proximity to the household. Chapter 3 presents findings on household and individual financial decisions about savings, credit, insurance, and payments. Chapter 4 discusses financial behavior, knowledge, and attitudes.



2. Access to Finance

KEY MESSAGES

- in 2018/19, about 30.4 percent of adult Ethiopians had an account at a formal financial institution, up from 21.8 percent in 2015/16.
- Financial inclusion at the *household* level (meaning that at least one adult in the household has an account) is 45.9 percent.
- While female account ownership rose from 17.5 percent in 2015/16 to 22.7 percent in 2018/19, the gender gap nevertheless widened from 8.9 to 16.2 percentage points.
- Financial inclusion is higher among males, in urban areas, and among those who are more educated and wealthier.
- About 59 percent of Ethiopians live more than 5 kilometers away from the nearest financial institution. Proximity to financial services is significantly worse in rural areas.
- The top reasons for being unbanked are insufficient funds, distance to nearest financial institution, and poor understanding of the benefits of owning an account.

2.1 ACCOUNT OWNERSHIP

Account ownership allows an individual to access financial services to save, take out a loan, transfer money, receive wages, and acquire insurance. Account ownership, often used as a proxy for financial inclusion, is defined as having an account at a bank (public or private), microfinance institution, Savings and Credit Cooperative Organization (SACCO), mobile money application (M-Birr and Hello Cash), or in any other formal financial institution.

Table 2.1 summarizes individual and household account ownership in Ethiopia by region and urban or rural residence. Results are also reported for an adult selected randomly in each household for comparison to the Findex results.³

About 30.5 percent of Ethiopians 18 years and older had an account at a formal financial institution in 2018/19—an impressive change from the 21.8 percent reported in 2015/16. Household financial inclusion (at least one member has an account) was 45.9 percentage points.

³ While selecting an adult randomly within the household level is intended to mimic the Findex methodology (Demirguc-Kunt, A., Klapper, L., Singer, D., Ansar, S., & Hess, J. 2018. The Global Findex Database 2017: Measuring financial inclusion and the fintech revolution. The World Bank. [https:// globalfindex.worldbank.org.](https://globalfindex.worldbank.org/)), an exact comparison may not be possible due to several differences in the two approaches such as in sample size, sample composition and implementation modality.

TABLE 2.1
Account Ownership: Individuals aged 18+ and Households who Own a Financial Account by Region and Residence, Ethiopia 2018/19, Percent

| | Individual | Adult Selected Randomly | Any Household Member |
|-------------------|------------|-------------------------|----------------------|
| Country | 30.5 | 32.2 | 45.9 |
| Tigray | 36.9 | 42.0 | 54.7 |
| Afar | 20.4 | 23.6 | 27.4 |
| Amhara | 34.9 | 37.6 | 52.0 |
| Oromia | 25.3 | 27.2 | 41.0 |
| Somali | 6.3 | 6.5 | 9.6 |
| Benishangul gumuz | 26.9 | 27.4 | 42.6 |
| SNNP | 24.2 | 25.1 | 39.9 |
| Gambella | 35.0 | 39.6 | 56.0 |
| Hareri | 47.9 | 46.0 | 64.6 |
| Addis Ababa | 74.8 | 76.8 | 92.5 |
| Dire Dawa | 52.2 | 52.6 | 67.9 |
| Urban | 58.8 | 62.5 | 77.7 |
| Rural | 17.5 | 17.7 | 30.6 |

There is significant variation in account ownership by region, ranging from 6.3 percent in Somali to 74.8 percent in Addis Ababa. Part of this variation is attributable to the urban-rural disparity in financial inclusion. Individuals in urban areas (58.8 percent) are over three times more likely to have a formal account than those in rural areas (17.5 percent).

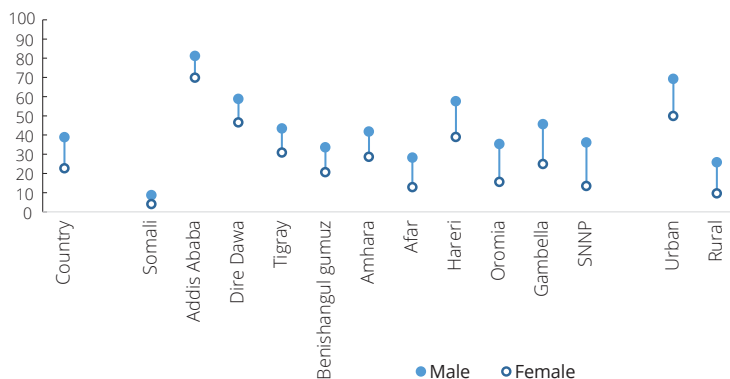
2.1.1 Gender Gap in Financial Inclusion

Nationally, about 39 percent of Ethiopian men are financially included but only about 23 percent of women. While female account ownership went up from 17.5 percent in 2015/16 to 22.7 percent in 2018/19, the gender gap nevertheless widened from 8.9 to 16.2 percentage points.

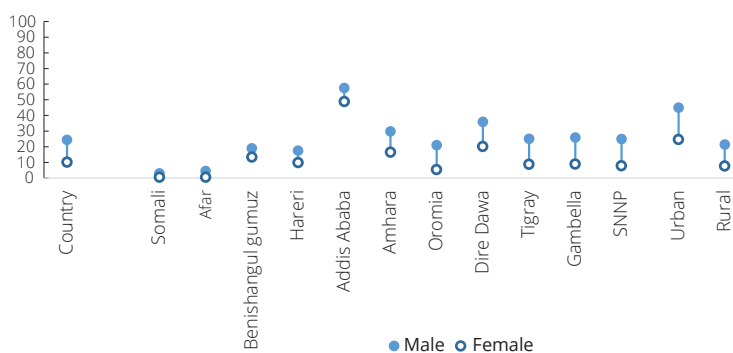
The gender gap also varies somewhat by region and residence (Figure 2.1). In rural areas, men are more than twice as likely (25.8 percent) to be financially included than women (9.6 percent). In urban areas, about 69 percent of men are included but only 50 percent of women. Among the poorest 40 percent of households, 24.5 percent of men are included but only 10.2 percent of women (Figure 2.2).

Figure 2.1

Gender Gap in Individual Account Ownership by Region and Residence, Ethiopia 2018/19, Percent

**Figure 2.2**

Gender Gap by Region and Residence, Ethiopia 2018/19, Bottom 40% of Households, Percent

**Figure 2.3**

Wealth Gap by Region and Residence, Ethiopia 2018/19, Percent

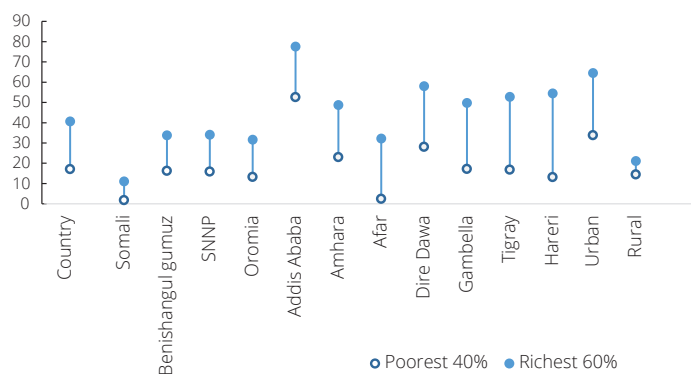
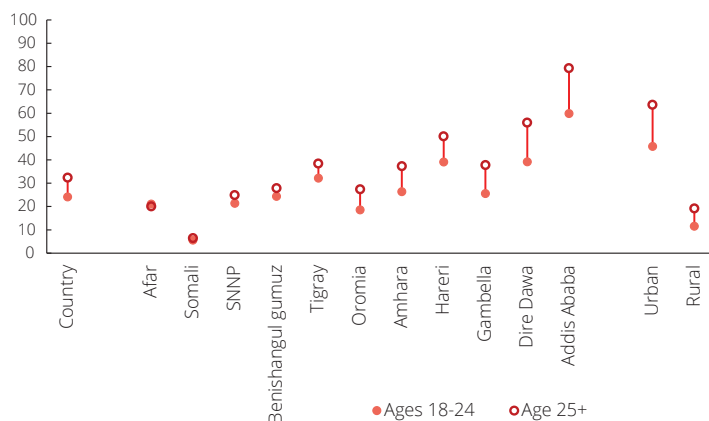


Figure 2.4

Age Gap by Region and Place of Residence, Ethiopia 2018/19, Individual Accounts, Percent

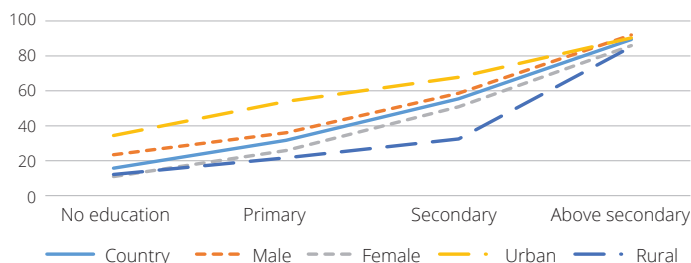


2.1.2 Wealth Gap in Financial Inclusion

There is also a difference in financial inclusion rates between rich and poor individuals (Figure 2.3).⁴ Among the poorest 40 percent, about 17 percent have a formal financial account compared to 40.6 percent of the wealthier 60 percent.⁵ This gap is particularly substantial in urban areas, the difference being about 31 percentage points. Individuals in rural areas report a smaller difference of 6.6 percentage points between the top 60 percent and bottom 40 percent of individuals.

Figure 2.5

Education Gap in Individual Account Ownership by Gender and Residence, Ethiopia 2018/19, Percent



⁴ The wealth ranking here is based on spatially adjusted consumption quintiles. The bottom 40% refers to the first two quintiles and the top 60% comprises the other three quintiles.

⁵ The difference in account ownership between the poorest (about 13 percent) and richest (about 55 percent) quintile is approximately 42 percent.

2.1.3 Age Gap in Financial Inclusion

About 32 percent of adults 25 and older have a financial account compared to about 24 percent of younger adults (Figure 2.4). The age gap varies widely by region, with the highest gap reported in Addis Ababa (about 19 percentage points) and the lowest in Somali (less than 1 percentage point); only in Afar are young adults more financially included than their elders. The age gap in financial inclusion is also larger in urban areas (17.8 percentage points) than in rural (7.6 percentage points).

2.1.4 Education Gap in Financial Inclusion

Figure 2.5 shows that individuals with more education, in particular secondary or beyond, have significantly higher financial inclusion rates (Figure 2.5; Table A2.2 in the Annex contains data by region for comparison). Interestingly, the gender gap decreases with more education. The gap is 12.5 percentage points for individuals with no education but only 6.1 percentage points for those with more than secondary education. The gap in financial inclusion between rural and urban areas also diminishes considerably among individuals with more than secondary education. Variation in account ownership rates between regions also decreases for this segment.

2.2 FINANCIAL INSTITUTIONS AND PRODUCTS

Account ownership by type of financial institutions is shown in Figure 2.6 (for additional data, see Table A2.3). Public banks are the most popular institution for both genders and in both urban and rural areas. Nationally, private banks are the second most popular, trailed by microfinance institutions and SACCOs. However, in rural areas both microfinance institutions (19.6 percent) and SACCOs (27.4 percent) are preferred to private banks (16.6 percent). This finding is in line with global evidence that these institutions are often better positioned to serve rural populations.

Figure 2.7 (see also Table A2.4) summarizes use of five financial services by adult Ethiopians. Debit cards are the most popular service across gender and rural or urban residence, except for interest-free banking for rural women. There is less interest in digital financial services, whether online or mobile banking. Interestingly, online banking seems to reduce the gender gap, particularly in rural areas. In fact, women there tend to use online banking more than those in urban areas. Innovative channels such as agent banking are unpopular in both rural and urban areas.

Use of financial services does not necessarily imply convenient access. Distances can vary greatly in rural areas; some communities have much further to go to reach a financial institution. Figure 2.8A shows that across Ethiopia the median distance to the nearest formal financial institution is 9 kilometers (km), which can be a significant barrier to greater financial inclusion. Access, however, varies widely by region: in Somali the median distance to a financial institution for individuals averages an astounding 42 kms. Thus, where an individual lives matters considerably. On average urban dwellers are only 1 km away from a financial institution; for rural dwellers the average is 15 kms. The standard deviation also captures variations within a region.

Another way to look at access is to measure the proportion of people living within a reasonable distance (defined here as within 5 kms)⁶ to a financial access point; that group numbers about 41 percent of Ethiopians (Figure 2.8B). As expected, about 90 percent of those in urban areas have reasonable access to financial services but only 18.6 percent in rural areas. Since almost all individuals in Addis Ababa are within 5 kms of a financial institution, access is not deemed to be an issue there.

Figure 2.6

Financial Institutions Chosen by Individuals 18 and Older, by Gender and Residence, Ethiopia 2018/19, Percent

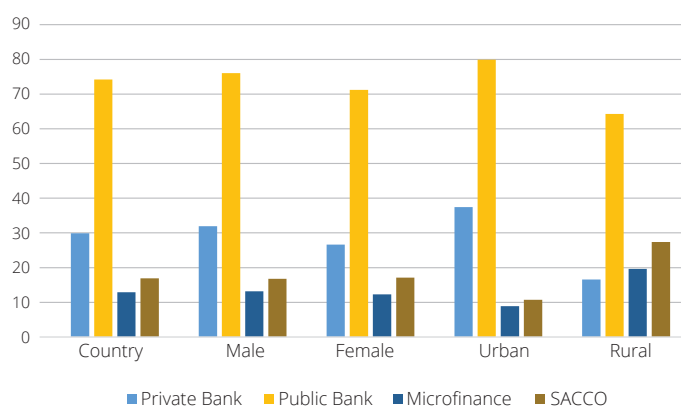
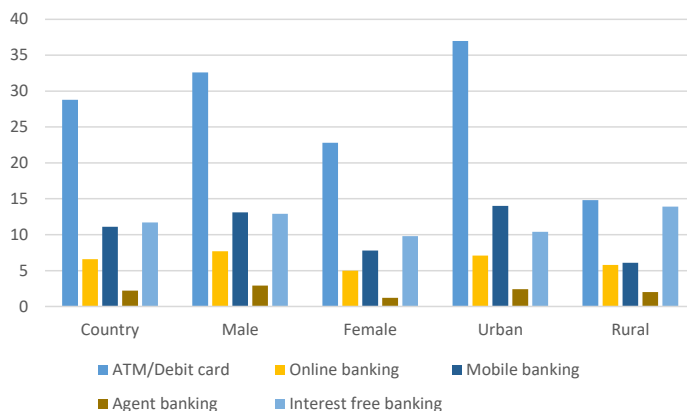


Figure 2.7

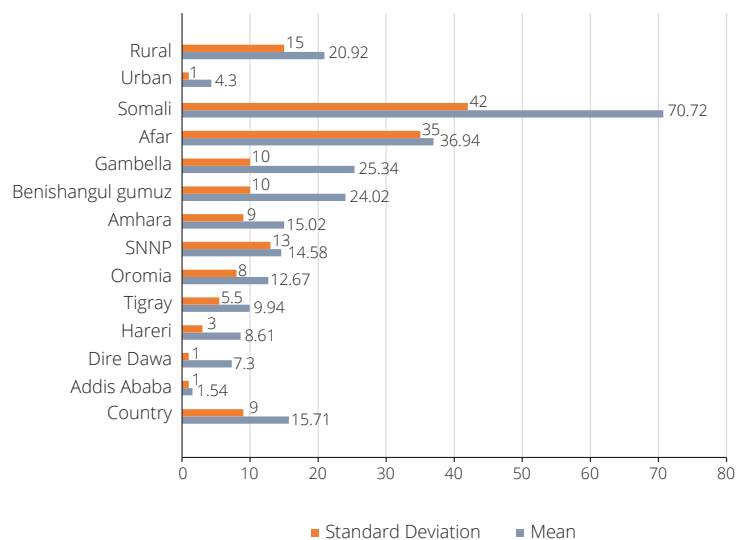
Type of Financial Services, Individuals 18 and Older, by Gender and Place of Residence, Ethiopia 2018/19, Percent



⁶ Although arbitrary, in the literature a 5 km radius is considered a reasonable distance to access a service. Different distance cutoffs can be used for additional checks.

Figure 2.8a

Proximity to Nearest Formal Financial Institutions by Region and Place of Residence, Ethiopia 2018/19, Km

**Figure 2.8b**

Proximity to Nearest Formal Financial Institutions by Region and Residence, Ethiopia 2018/19 Adults 18 and Over, Percent Living within 5 KM

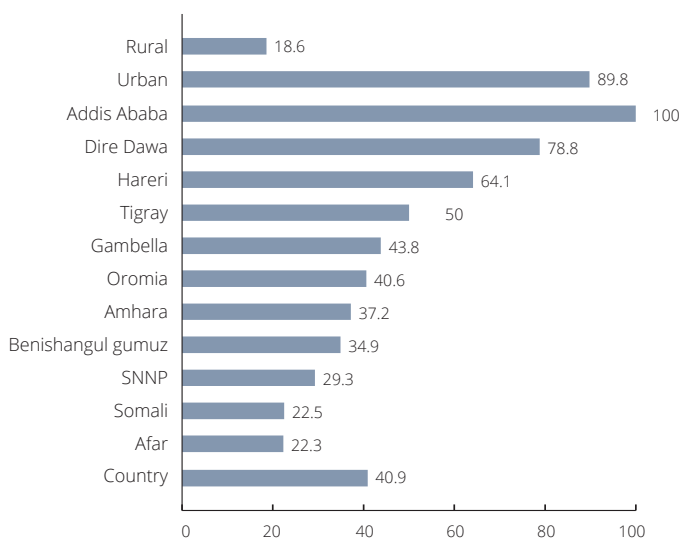
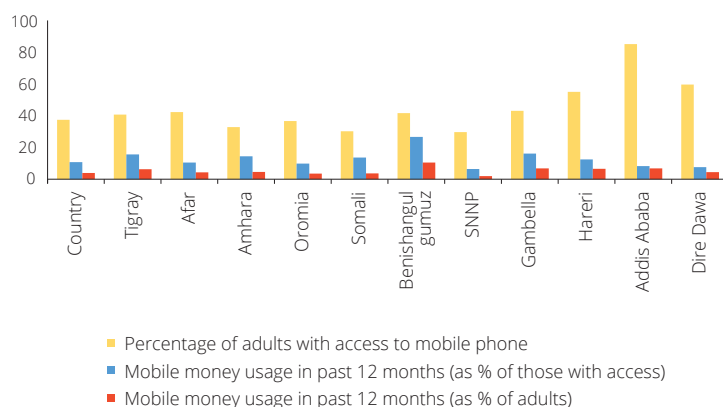
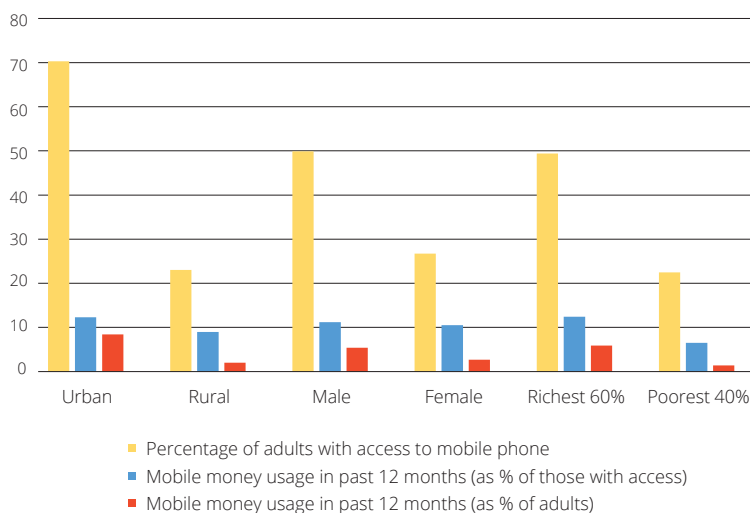


Figure 2.9a

Access to Mobile Phones and Use of Mobile Money, by Region, Ethiopia 2018/19, Percent

**Figure 2.9b**

Access to Mobile Phones and Use of Mobile Money, by Residence, Gender, and Wealth Quantile, Ethiopia 2018/19, Percent

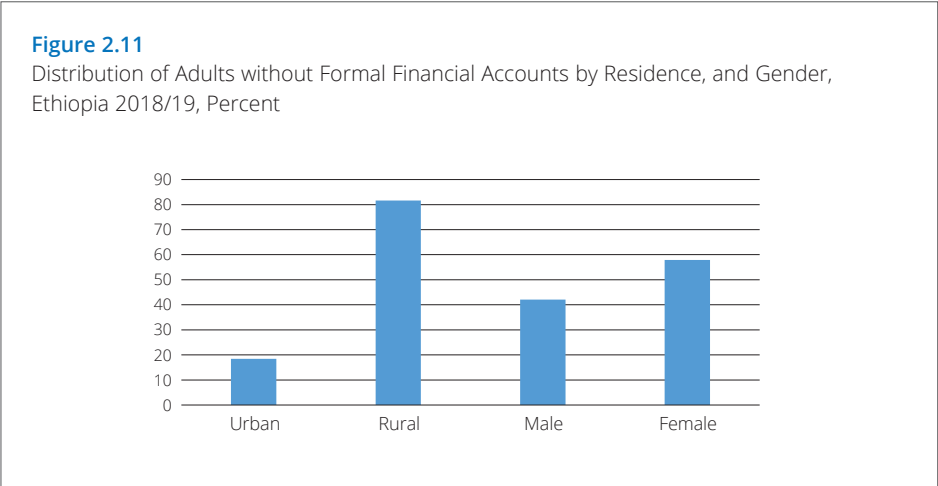
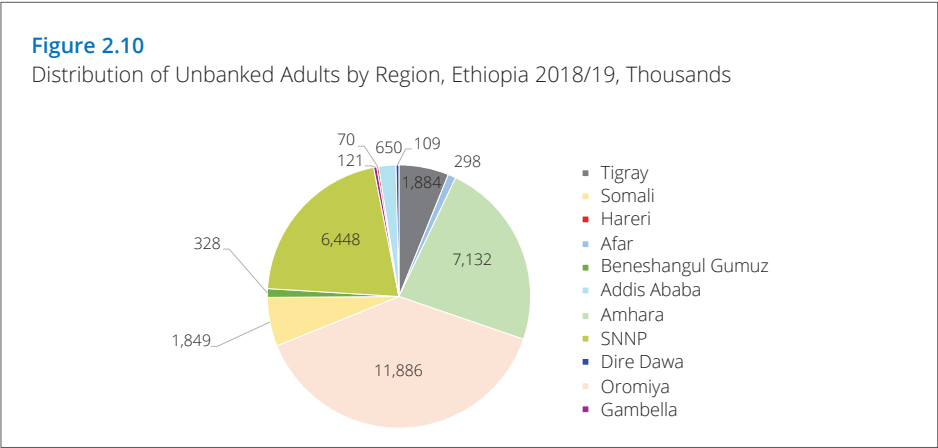


Unlike traditional financial services, mobile money does not rely on physical access points, which might make it a useful service to deploy in areas far from a physical financial access point. Figures 2.9A and 2.9B show access to mobile phones, through sole or joint ownership, and use of mobile money in the past 12 months. Nationally, mobile access is only about 38 percent and use of mobile money services is just 4 percent. As Figure 2.9B shows, the percentages vary significantly by residence, gender, and wealth. Individuals in the poorest 40 percent of households not only have less access to mobile services but even among those who do, few use mobile money services.

2.3 UNBANKED ADULTS

Figure 2.10 shows the distribution across Ethiopia of adults without a formal financial account.⁷ Over 80 percent of unbanked adults in Ethiopia live in just three regions: Oromiya, Amhara, and SNNP. This reflects the distribution of the population and financial access points, among other factors.

Figure 2.11 profiles the unbanked by residence and gender. As expected, most live in rural areas (81.4 percent). Financial inclusion in urban areas is far better: only 18.4 percent of those without bank accounts live there. Of the unbanked, women comprise about 58 percent and men about 42 percent.



⁷ Earlier tables and figures measure financial inclusion rates *within* certain regions, genders, type of residences, wealth statuses and other categorizations. They do not capture how financial inclusion is distributed *across* these categorizations. For a discussion on the unbanked, it is important to shift the discussion to the latter to shed light on the composition of the unbanked population.

About 53 percent of the unbanked are in the poorest 40 percent of households. Financial exclusion is less of a problem for those with more income (Figure 2.12).

Figure 2.13 demonstrates that across the country distance to a formal financial institution is related to the likelihood of owning an account: those with accounts tend to live within 7.3 km of a financial institution; those without live on average 19.4 kilometers away. This difference is less than 1 percent in Addis Ababa; as expected, the difference is higher in rural than urban areas.

Reasons for not being banked vary with the individual. Figure 2.14 show the most common reasons. Not having enough money is the most common reason cited, which aligns in line with earlier findings about the relationship between wealth and financial inclusion (Figure 2.12). The next most common reason is that financial institutions are too far away, which adds to the cost of accessing financial services; this factor varies in relevance by region and residence. As expected, this is less of a problem in urban areas. An equally common reason is lack of understanding of the benefits of having a formal financial account. This is typically related to financial literacy levels, which tend to be lower in less educated individuals. Table A2.6 lists less common reasons for being unbanked.

Figure 2.12

Unbanked Adults 18 and Older, by Consumption Quantile, Ethiopia 2018/19, Percent

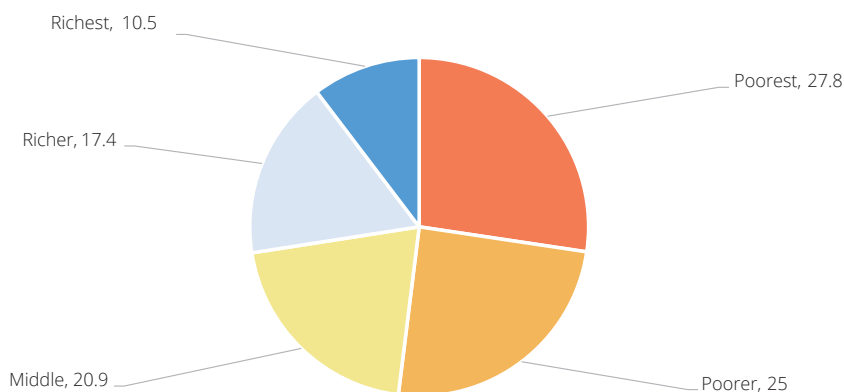


Figure 2.13

Adult Proximity to Financial Institutions and Account Ownership, by Region, Ethiopia 2018/19, Km Average

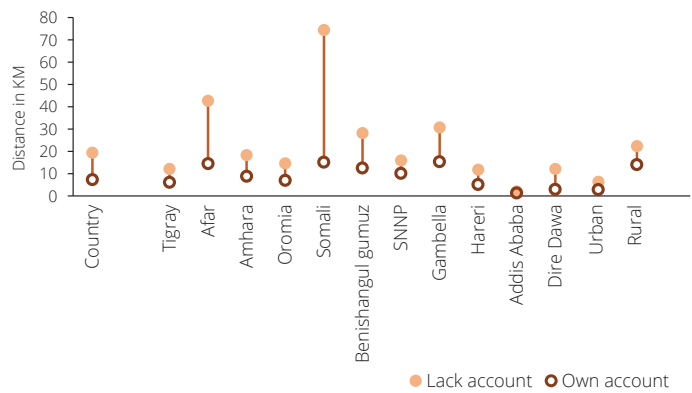
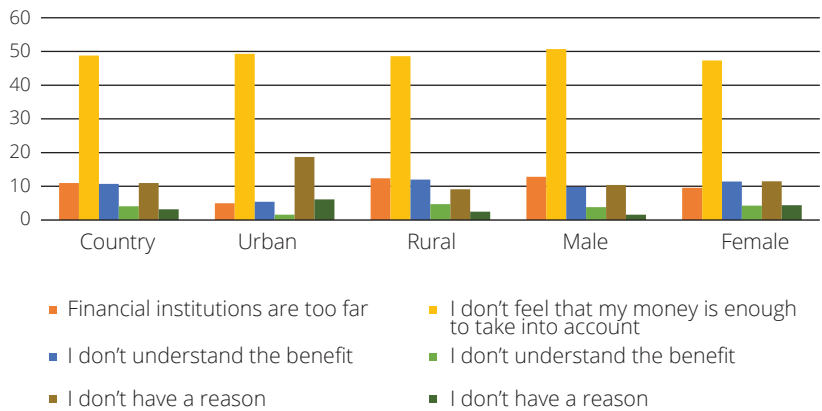
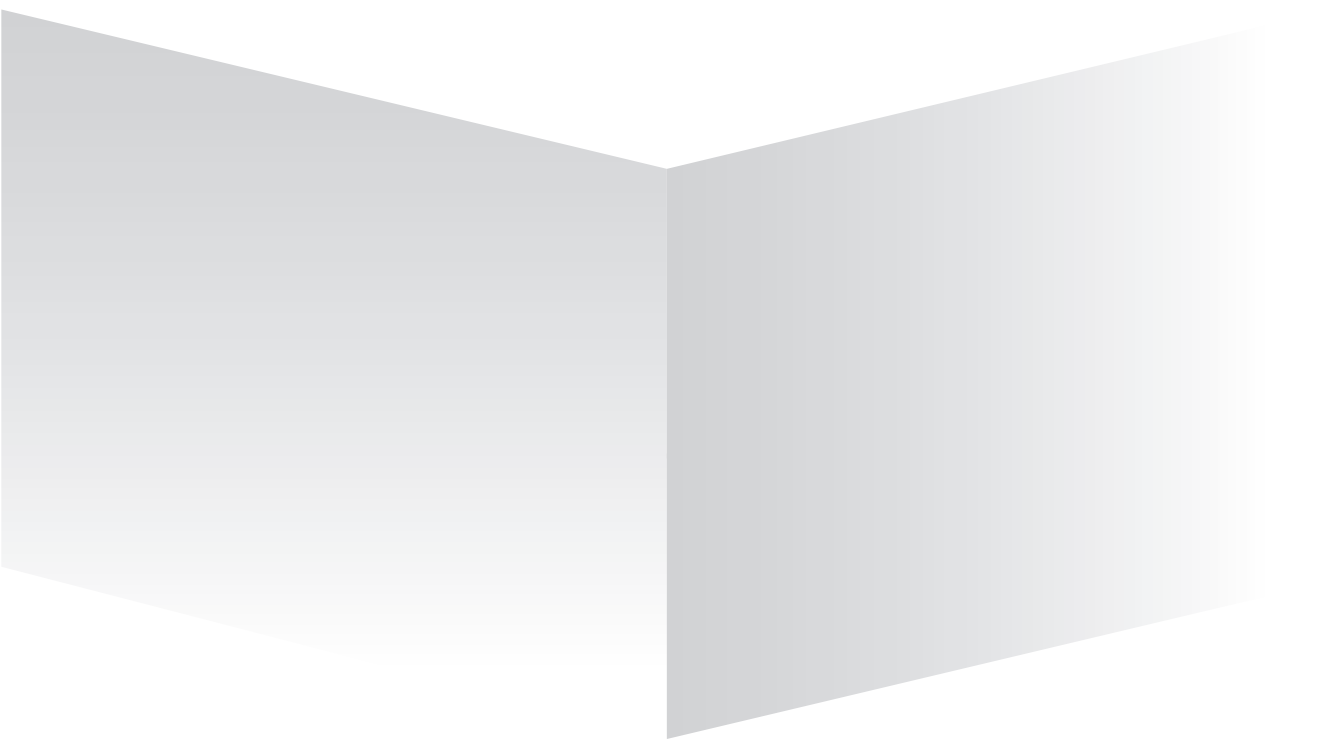


Figure 2.14

Reasons for Adults not Having an Account, by Gender and Residence, Ethiopia 2018/19, Percent





3. Financial Decisions of Households and Individuals

KEY MESSAGES

- About 26 percent of Ethiopians reported saving over the last 12 months. The percentage is higher at the household level with at least one member reporting such savings over the last 12 months. About 40 percent of households reported having savings.
- Of those who save, 73 percent said that the reason was to be prepared in case of an emergency.
- Most people reported saving not on a regular basis but whenever funds are available.
- About 16 percent of households reported having taken out a loan in the past 12 months.
- Relatives are the most important sources for loans (35 percent) followed by SACCOs (19 percent).

3.1 SAVING IN FORMAL AND INFORMAL FINANCIAL INSTITUTIONS

Only about 26 percent of respondents aged 18 years and older reported having saved in the past 12 months (Table 3.1) though in 40 percent of households one or more have done so.

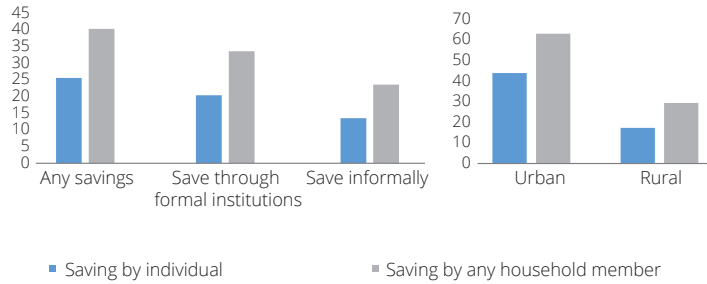
There are differences by residence and region in either the participation rate or where they save. More individuals and households in urban areas save than in rural: In urban areas 44 percent of individuals and 63 percent of households report having saved in the past 12 months compared to 17 percent of individuals and 29 percent of households in rural areas. In every region except SNNP, for both individuals and households the proportion of those saving through formal institutions is higher than those saving informally.

3.1.1 Gender Gaps in Saving Behavior

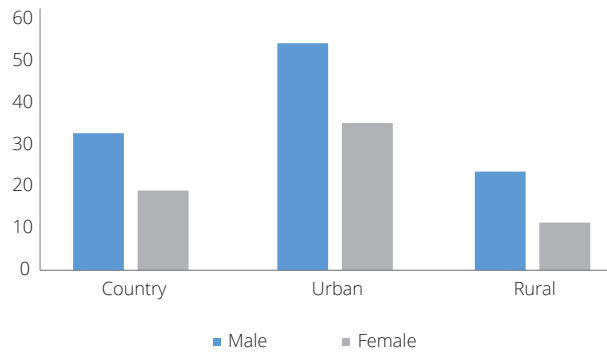
As with access to accounts generally, fewer women than men are savers (Figure 3.1). At the national level, 34 percent of men reported saving which is lesser when compared with 19 percent of women. The gap is slightly wider in urban areas, where 54 percent of men and 35 percent of women reported savings. In rural areas, the savings gap between men and women is smaller (24 percent versus 11 percent).

Figure 3.1

Saving by Households and Individuals Aged 18 and Over who Saved in the Past 12 Months by Residence, Ethiopia 2018/19, Percent

**Figure 3.2**

Gender Gap in Saving by Residence, Ethiopia 2018/19, Percent of Savers



3.1.2 Reasons for Saving

The most common reason for saving reported was to be prepared for an emergency (73 percent). Other reasons reported, by frequency, were to build assets (e.g., a home), to start or expand a business, education, health, children's future, and old age (Table 3.1). The reasons for saving vary by region. In Somali 88 percent and in Benishangul 83 percent reported saving for emergencies—possibly because of the tensions and instability in these regions; notably, in Somali only 0.1 percent and in Benishangul only 4 percent report saving to build assets. In contrast, compared to other regions higher proportion of respondents in Amhara, SNNP, Tigray, and Addis Ababa save to build assets, and smaller proportions save for emergencies.

3.1.3 Method and Frequency of Saving

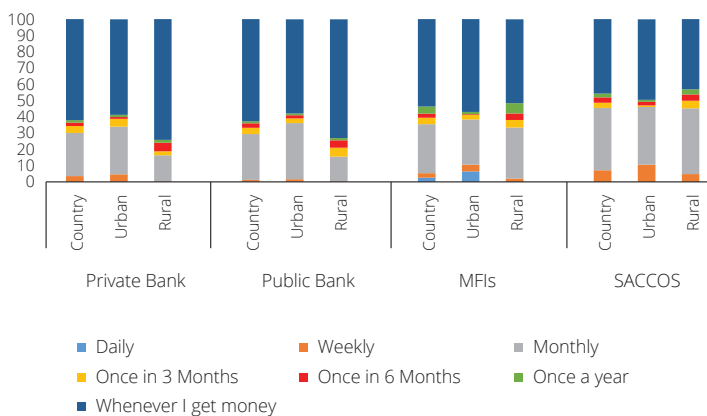
The majority of savings deposits appear to take place irregularly, whenever respondents have the funds, across various types of formal institutional categories. Monthly savings is more common than irregular deposits for microfinance institutions and SACCOs. However, respondents seem to save more consistently once each week or month, through informal channels like associations or Equib (Figure 3.3 and 3.4).

TABLE 3.1
Reasons for Saving, Past 12 Months, Individuals Aged 18+ by Gender, Region, and Residence, Ethiopia 2018/19, Percent

| | Emergencies | Health Medical Expenses | Start/Grow a Business | Old Age | Education | Children's Future | Asset Building | Other |
|-------------------|-------------|-------------------------|-----------------------|---------|-----------|-------------------|----------------|-------|
| Country | 72.9 | 3.5 | 5.4 | 0.6 | 3.7 | 3.0 | 10.5 | 0.4 |
| Tigray | 64.9 | 3.7 | 12.0 | 0.7 | 3.7 | 4.1 | 10.9 | 0.0 |
| Afar | 79.0 | 6.3 | 2.3 | 0.0 | 2.2 | 1.3 | 8.9 | 0.0 |
| Amhara | 67.2 | 4.4 | 4.5 | 0.2 | 5.6 | 2.0 | 15.5 | 0.8 |
| Oromia | 79.8 | 3.1 | 5.5 | 0.5 | 1.7 | 2.5 | 6.8 | 0.2 |
| Somali | 88.2 | 5.3 | 1.2 | 0.0 | 2.1 | 3.1 | 0.1 | 0.0 |
| Benishangul gumuz | 83.4 | 2.3 | 2.4 | 2.3 | 3.3 | 2.5 | 3.9 | 0.0 |
| SNNP | 73.9 | 1.9 | 4.7 | 1.0 | 3.3 | 4.2 | 11.0 | 0.0 |
| Gambella | 76.5 | 5.4 | 3.4 | 0.6 | 3.7 | 3.0 | 7.3 | 0.2 |
| Hareri | 72.7 | 2.4 | 8.1 | 0.6 | 5.3 | 3.2 | 6.2 | 1.5 |
| Addis Ababa | 67.5 | 5.2 | 4.6 | 1.3 | 5.9 | 4.2 | 10.7 | 0.6 |
| Dire Dawa | 81.5 | 1.9 | 3.8 | 0.6 | 1.3 | 1.3 | 9.6 | 0.0 |
| Urban | 72.7 | 3.9 | 5.7 | 0.7 | 4.3 | 2.9 | 9.6 | 0.3 |
| Rural | 73.2 | 3.1 | 5.0 | 0.6 | 3.0 | 3.2 | 11.6 | 0.5 |
| Male | 73.1 | 2.7 | 5.5 | 0.6 | 3.2 | 2.9 | 11.5 | 2.9 |
| Female | 72.6 | 4.7 | 5.1 | 0.7 | 4.4 | 3.3 | 9.0 | 0.3 |

Figure 3.3

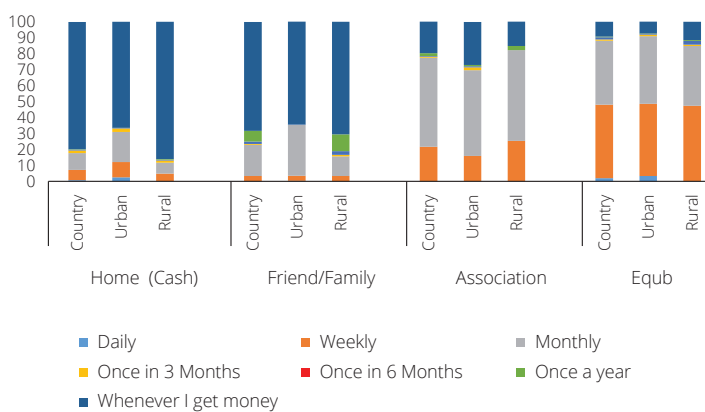
Frequency of Saving in Formal Institutions by Residence, Ethiopia 2018/19, Percent



Note: MFI = Microfinance institutions; SACCO = Savings and Credit Cooperative Organization

Figure 3.4

Frequency of Saving through Informal Channels by Residence, Ethiopia 2018/19, Percent



Note: MFI = Microfinance institutions; SACCO = Savings and Credit Cooperative Organization

3.2 CREDIT TO HOUSEHOLDS AND INDIVIDUALS FROM FORMAL AND INFORMAL INSTITUTIONS

Access to credit is limited, with only 16 percent of households reporting having taken out a loan in the past 12 months, with no significant gap between urban and rural areas-Regionally, however, household borrowing was least common in Dire Dawa (8 percent) and Addis Ababa (9 percent) and most common in Amhara (23 percent).

Among those who borrowed, the primary sources of loans are relatives (35 percent) and SACCOs (19 percent). Women are more likely to depend on relatives for loans than men (44 percent versus 33 percent) and men are more likely to borrow from SACCOs (21 versus 13 percent). Relying on neighbors, microfinance institutions, and the government are among other common sources for borrowing.

Over one-third of households reported borrowing to purchase agricultural inputs but there is considerable variation in the reasons by region. For example, while 35 percent in Dire Dawa and 33 percent in Addis Ababa borrowed for food- or non-food-related expenditure, only 3.9 percent in Tigray did so. Not surprisingly, borrowing for agricultural inputs is more common in rural (43 percent) than in urban areas (25 percent).

3.3 INSURANCE COVERAGE

The coverage of formal insurance in Ethiopia is minimal while informal membership in *iddir* is much more widespread (Figure 3.5). Respondents were asked if they had any insurance, formal or informal, in the 12 months preceding the survey. Nationally, only 7.8 percent of individuals have formal insurance but about 50 percent report having an *iddir* membership. However, although still limited, formal insurance coverage has risen since 2015/2016, when only 1.4 percent reported having formal insurance. Among those with formal insurance, the majority rely on public rather than private providers, employers, or microfinance institutions (MFIs).

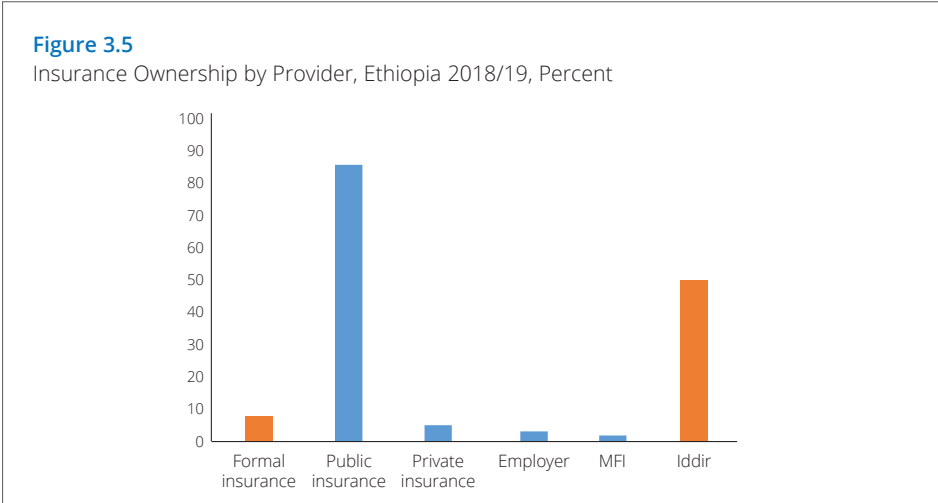


TABLE 3.2

Households that Took out Loans in the Past 12 Months and Source of Loans by Region, Residence, Gender of Household Head, and Wealth Status, Ethiopia 2018/19, Percent

| | Source of Loan | | | | | | | | | | | | |
|-------------------|----------------------------|-----------|----------|------------------------|--------------|----------|------------------------|---------------------------|-------------------|-----|--------|------------|-------|
| | Access to Loan / Household | Relatives | Neighbor | Grocery/Local Merchant | Money Lender | Employer | Religious Institutions | Microfinance Institutions | Bank (Commercial) | NGO | SACCOS | Government | Other |
| Country | 15.5 | 35 | 13.3 | 1.9 | 2.9 | 0.8 | 0.4 | 11.6 | 0.7 | 1.8 | 19.2 | 11.2 | 1.2 |
| Tigray | 12 | 37.5 | 8.8 | 2.2 | 0.6 | 2.4 | 0 | 20.2 | 1.1 | 1.2 | 12.4 | 13.4 | 0 |
| Afar | 9.5 | 49.3 | 42.1 | 8.5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Amhara | 22.6 | 29.8 | 5.1 | 0 | 3.9 | 0 | 1.2 | 13.9 | 0.5 | 1.4 | 34.6 | 8.4 | 1.3 |
| Oromia | 13.8 | 36 | 22.5 | 0 | 3.1 | 1.1 | 0 | 10.3 | 0.6 | 3.7 | 15.8 | 4.8 | 2.2 |
| Somali | 10.6 | 22.5 | 16.1 | 60.6 | 0 | 0 | 0 | 0 | 0.8 | 0 | 0 | 0 | 0 |
| Benishangul gumuz | 12.2 | 47.1 | 9.1 | 0 | 0 | 0 | 0 | 2.2 | 0 | 0 | 5.0 | 36.6 | 0 |
| SNNP | 14.6 | 39.5 | 14.1 | 0.5 | 2.5 | 1.4 | 0 | 10.6 | 0.7 | 0.7 | 3.7 | 26.5 | 0 |
| Gambella | 12.3 | 70.0 | 15.1 | 3.2 | 0 | 0 | 0 | 1.5 | 0 | 0 | 2.3 | 2 | 3.7 |
| Hareri | 10.1 | 52.3 | 27.7 | 5.5 | 0 | 2.5 | 0 | 2.8 | 0 | 2.8 | 4.3 | 2.1 | 0 |
| Addis Ababa | 8.6 | 53.7 | 14.0 | 4.3 | 0 | 3.0 | 0 | 3.7 | 4.5 | 0 | 15.5 | 0 | 1.4 |
| Dire Dawa | 8.2 | 52 | 28.9 | 1.9 | 0 | 5.3 | 0 | 1.2 | 0 | 1.9 | 8.7 | 0 | 0 |
| Urban | 14.6 | 52.4 | 8.6 | 3.6 | 0.7 | 1.0 | 0 | 10.4 | 2.2 | 3.2 | 17.8 | 0 | 0.1 |
| Rural | 15.9 | 29.1 | 15.0 | 1.3 | 3.7 | 0.8 | 0.6 | 12 | 0.2 | 1.4 | 19.6 | 15.0 | 1.5 |
| Female head | 13.2 | 43.4 | 10.8 | 3.3 | 3.6 | 2.0 | 0 | 8.2 | 1.5 | 3.6 | 13.3 | 9.6 | 0.3 |
| Male head | 16.3 | 32.5 | 14.0 | 1.5 | 2.7 | 0.5 | 0.5 | 12.6 | 0.5 | 1.4 | 20.8 | 11.6 | 1.4 |
| Bottom 40% | 16.9 | 30.2 | 11.8 | 1.9 | 2.5 | 0.7 | 0.9 | 11.6 | 0.3 | 0.4 | 23.8 | 14.5 | 1.4 |
| Top 60% | 14.5 | 39.0 | 14.6 | 1.9 | 3.5 | 0.9 | 0.0 | 11.6 | 1.0 | 3.1 | 15.3 | 8.4 | 1.0 |

Note: Values in parentheses are based on less than 50 observations.

TABLE 3.3

Reason for Household Borrowing in the Past 12 Months and Source of Loans by Region, Residence, Gender of Household Head, and Wealth Status, Ethiopia 2018/19, Percent

| | Purchase House/ Lease Land for Farming | Purchase Agricultural Inputs for Food | Purchase Inputs for Other Crops | Purchase House/ Lease Land for Business | Business Start-Up Capital | Expanding Business | Purchase Non-Farm Inputs | Working Capital for Non-Farm Enterprise | Food/Non-Food Expenditure | Health & Education Expenditure | House Construction/ Maintenance | Other |
|----------------------|--|---|------------------------------------|---|------------------------------|--------------------|-----------------------------|--|------------------------------|-----------------------------------|------------------------------------|-------|
| Country | 20 | 36.8 | 7.5 | 4.0 | 1.5 | 4.4 | 2.7 | 2.0 | 9.4 | 5.4 | 2.6 | 3.7 |
| Tigray | 20.6 | 37 | 5 | 8.6 | 0 | 7.2 | 0.8 | 4.1 | 3.9 | 2.1 | 8.9 | 1.8 |
| Afar | 0 | 49.3 | 42.1 | 8.5 | 1.7 | 1.7 | 2.2 | 3 | 6.3 | 2.4 | 2 | 2.3 |
| Amhara | 32.1 | 33.2 | 9.9 | 3.2 | 1.7 | 1.7 | 1.2 | 13.9 | 11.4 | 1.4 | 34.6 | 5.2 |
| Oromia | 14.8 | 39.4 | 7.8 | 5 | 1.6 | 6.3 | 3.2 | 0.7 | 11.4 | 2.5 | 2.1 | 4.8 |
| Somali | 3.8 | 60.5 | 0.9 | 0 | 0 | 0 | 2 | 1.8 | 28.5 | 1.1 | 0 | 1.5 |
| Benishangul gumuz | 16.6 | 24.9 | 7.9 | 7.8 | 1.5 | 3.9 | 0 | 2.7 | 16.6 | 16.7 | 1.5 | 0 |
| SNNP | 12 | 38 | 5.4 | 2.9 | 1 | 5.7 | 3.1 | 2.2 | 5.4 | 16.6 | 2.7 | 5.1 |
| Gambella | 17.2 | 32.6 | 0 | 9.2 | 3.1 | 3.9 | 7.1 | 4 | 13.1 | 7.1 | 1.3 | 1.3 |
| Hareri | 16.3 | 40.1 | 2.3 | 4.9 | 1.8 | 7.1 | 12.4 | 1.4 | 9.3 | 2.6 | 0 | 1.8 |
| Addis Ababa | 3.2 | 21.2 | 0 | 4.4 | 3.7 | 7.3 | 5.1 | 1.5 | 32.3 | 12.2 | 7.3 | 1.8 |
| Dire Dawa | 1.8 | 35 | 0 | 0 | 1.9 | 1.2 | 3.3 | 0 | 35.2 | 12.4 | 5.4 | 3.9 |
| Urban | 14.8 | 24.4 | 1.8 | 8.5 | 1.7 | 7.9 | 4.1 | 4.6 | 14.8 | 6.1 | 6.1 | 5.2 |
| Rural | 22.4 | 42.5 | 10.1 | 1.9 | 1.3 | 2.7 | 2.1 | 0.9 | 7 | 5.1 | 1 | 3 |
| Female head | 13.8 | 37.1 | 6.1 | 6.8 | 3.9 | 7.5 | 4.5 | 2.5 | 8.7 | 4.6 | 3.2 | 1.4 |
| Male head | 21.9 | 36.7 | 7.9 | 3.1 | 0.7 | 3.4 | 2.2 | 1.9 | 9.7 | 5.7 | 2.4 | 4.4 |
| Bottom 40% | 20.5 | 45.0 | 8.9 | 4.3 | 1.1 | 4.1 | 2.2 | 0.1 | 5.7 | 4.6 | 2.1 | 1.5 |
| Top 60% | 19.6 | 30.8 | 6.4 | 3.7 | 1.7 | 4.6 | 3.1 | 3.5 | 12.2 | 6.1 | 3 | 5.3 |

Note: Values in parentheses are based on less than 50 observations.

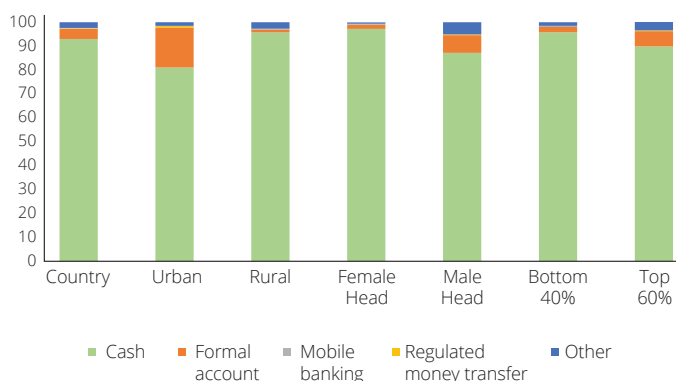
3.4 PAYMENTS

Most people receive some payments in the form of government transfers, remittances, or even just to receive wages or pay utility and other bills. ESS4 asked respondents what methods were used to receive government payments or wages and make payments or remittances.

The majority, 93 percent, reported receiving government payments in cash (Figure 3.6); it is not yet common for such payments to be channeled through formal or mobile money accounts. While urban areas are showing some usage of noncash channels where 17 percent of respondents reported receiving government payments through a formal account, in rural areas only 1 percent did so. Similarly, a slightly greater proportion of male household heads (7 percent) receive government payments through an account than female household heads (2 percent).

Figure 3.6

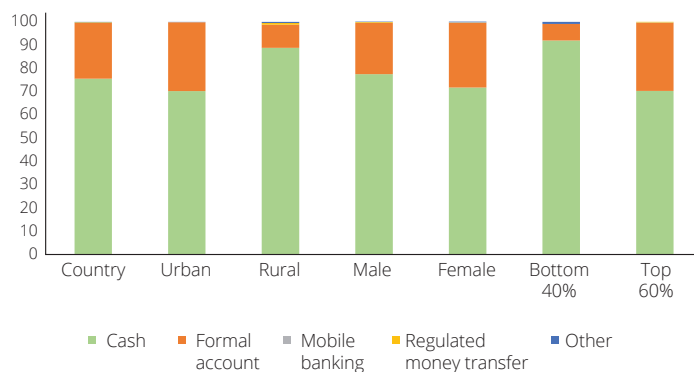
Government Payments to Households by Gender of Household Head, Residence, and Wealth Status, Ethiopia 2018/19, Percent



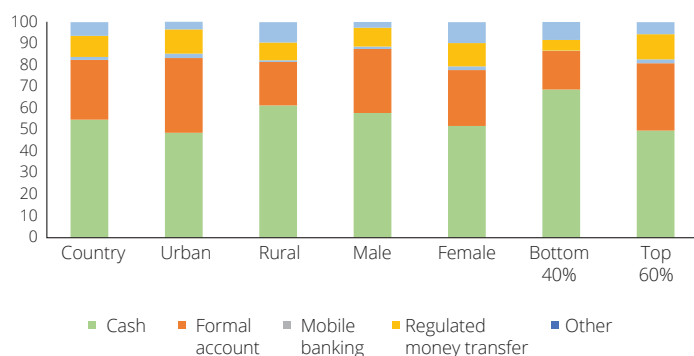
Wages, like government payments, are mainly paid in cash (76 percent). While 30 percent of respondents in urban areas report receiving wage payments through a formal account, only 10 percent in rural Ethiopia do so (Figure 3.7).

Figure 3.7

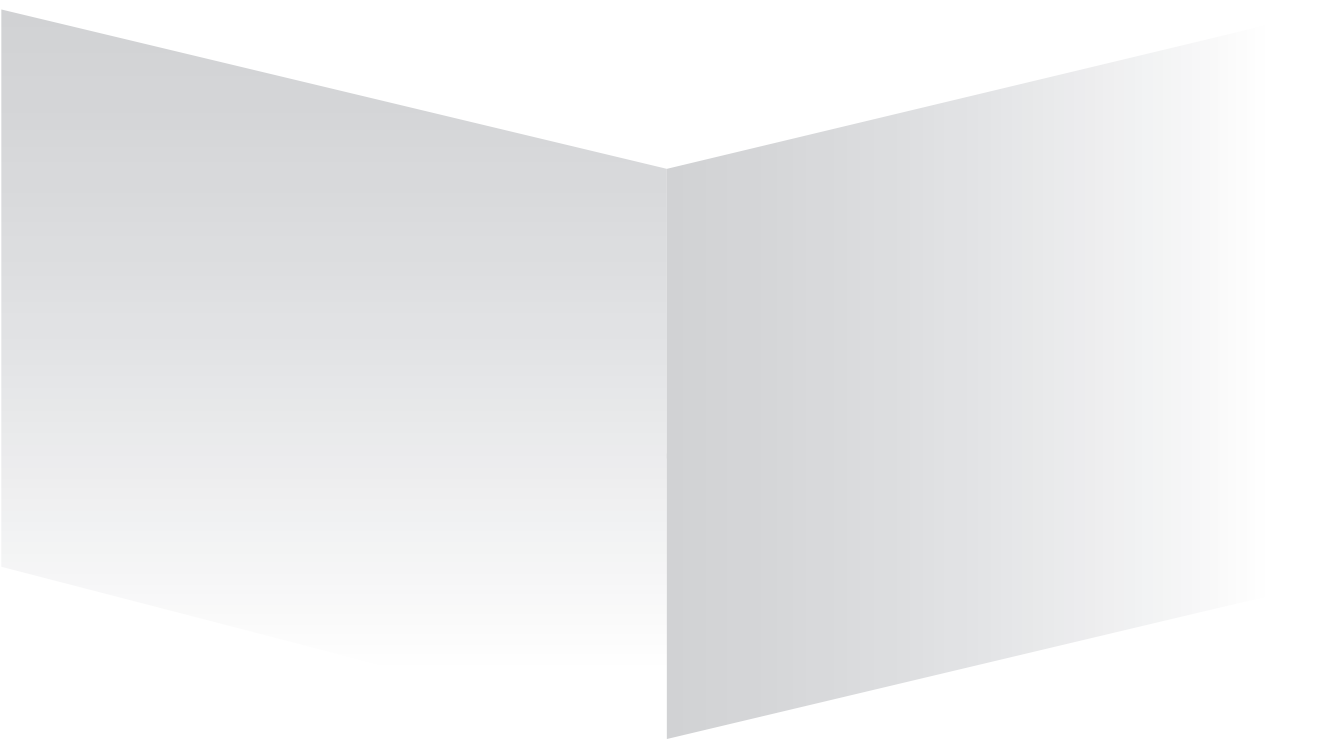
Wage Payment Method by Gender of Household Head, Residence, and Wealth Status, Ethiopia 2018/19, Percent

**Figure 3.8**

Individual Transfers of Payments to Households by Method, Gender of Household Head, Residence, and Wealth Status, Ethiopia 2018/19, Percent



While cash is primarily used for government and wage payments, more respondents use a formal account to receive fund transfers from others (Figure 3.8). About 28 percent reported using a formal account and 10 percent use a regulated money transfer to receive transfers from individuals. However, while 35 percent of those in urban areas use a formal account to receive individual transfers, only 20 percent in rural areas do the same. There is a similar wide difference in the channels used for person-to-person transfers based on wealth: close to 31 percent of respondents in the top 60 percent income bracket receive payments from individuals through a formal account compared to just 18 percent in the bottom 40 percent.



4. Financial Knowledge, Behavior, and Attitudes

KEY MESSAGES:

- Knowledge and awareness of financial services and their benefits can help drive account ownership.
- Most respondents are aware of banks; they are least familiar with insurance institutions.
- SACCOs and interest-free banking are less known, despite higher usage, among rural adults than urban adults.
- Financial terms related to credit, such as *collateral* and *credit report*, are least familiar to adults, especially those in rural areas.

In Ethiopia, lack of financial literacy—knowledge and awareness of financial services and their benefits—is a major obstacle to financial inclusion (Figure 2.14 and Table A2.4). The survey included questions to measure the level of financial literacy in the country, testing respondents' knowledge of financial institutions, products and services, and terminology.

Figure 4.1 (see also Table A4.1 for additional data) reports the proportion of adults who are familiar with common financial institutions. An overwhelming majority, in both urban and rural areas, is familiar with public banks. Private banks are the second most known financial institution, although these are much more popular in urban areas (78.7 percent) than in rural (46.9 percent). Respondents, especially in rural areas, are least familiar with insurance. Familiarity with financial institutions echo account ownership trends by institution. The exception is SACCOs, which are less known in rural than in urban areas despite higher account ownership.

Figure 4.2 (see also Table A4.2 for additional data) shows the percentage of adults who are familiar with current financial products. Most popular financial products are interest-free banking and Automated Teller Machines (ATMs). Digital financial services are less popular, especially in rural areas. As with Table A4.1, these trends broadly follow those of adoption of financial services (see Section 2). The exception is interest-free banking, which is less known in rural areas despite high usage.

Figure 4.3 (see also Table A4.3 for additional data) shows the proportion of adults who are familiar with popular financial terminology. *Interest* is the term most adults are familiar with, followed by *inflation*. Urban respondents are more familiar than rural with all terms. This gap is especially significant for *credit report* and *collateral*, which are both related to credit products. On average men are more familiar with financial terms than women.

Figure 4.1

Adult Familiarity with Financial Institutions by Gender and Residence, Percent

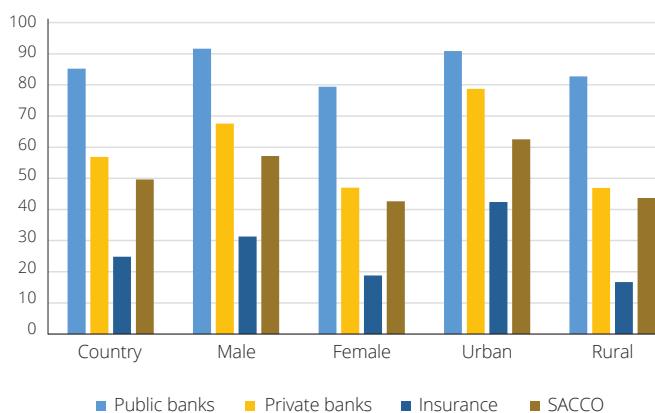


Figure 4.2

Adult Familiarity with Financial Products, by Gender and Residence, Percent

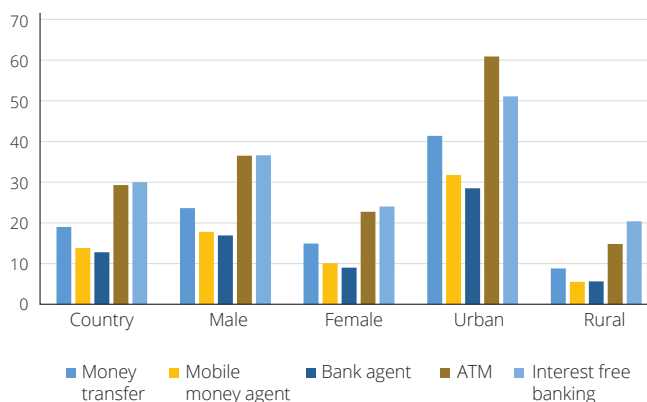
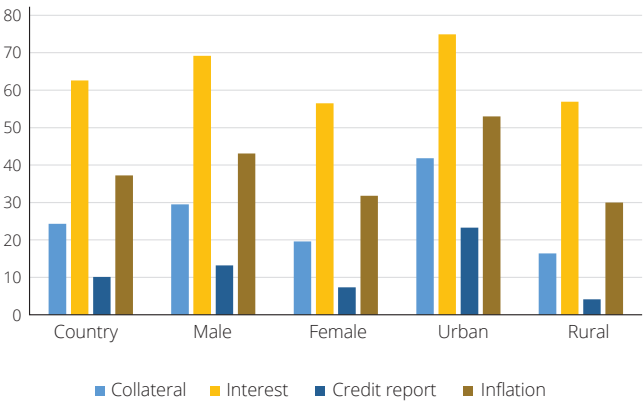
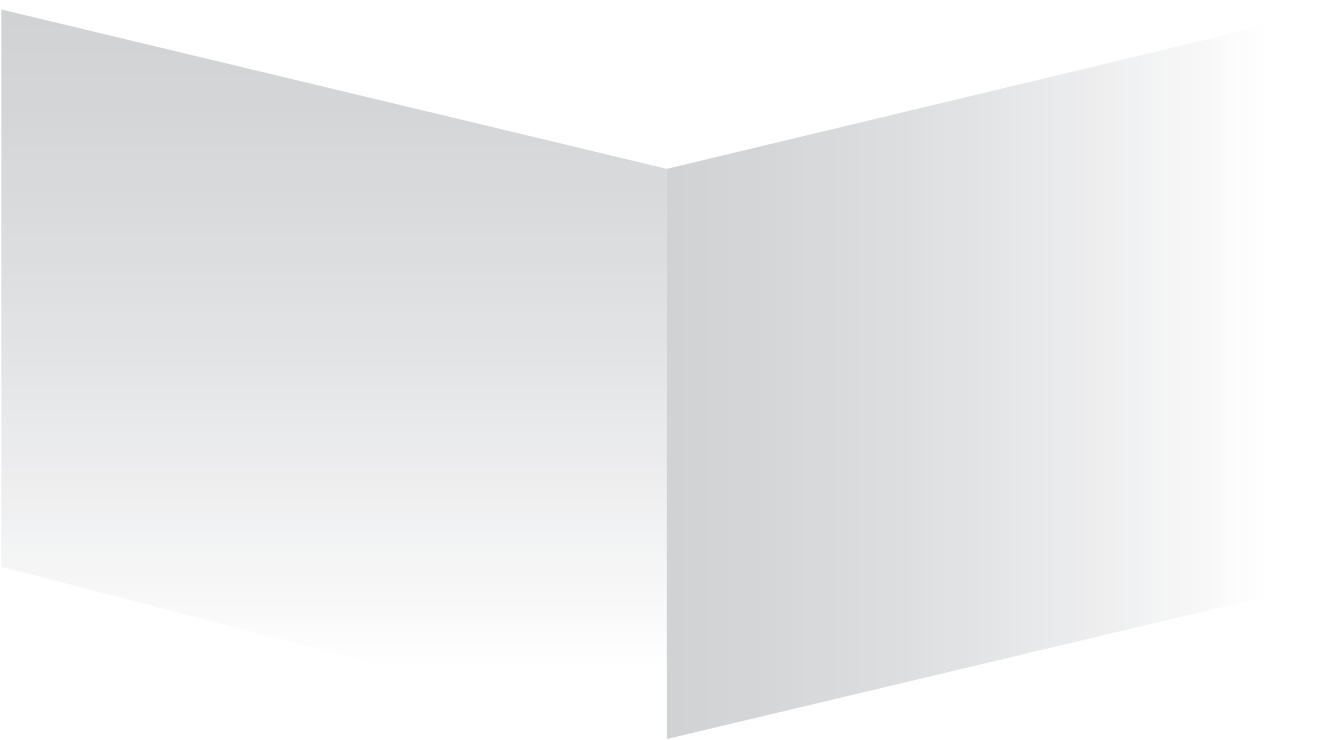


Figure 4.3

Adult Familiarity with Financial Terms, by Gender and Residence, Percent





Annex1

DATA TABLES

CHAPTER 2: ACCESS TO FINANCE

Table A2.1: Education Gap in Individual Account Ownership by Gender, Region, and Residence, Ethiopia 2018/19, Percent

| | No Education | | | Primary | | | Secondary | | | Above Secondary | | |
|--------------------------|--------------|------|--------|---------|------|--------|-----------|--------|--------|-----------------|------|--------|
| | All | Male | Female | All | Male | Female | All | Male | Female | All | Male | Female |
| Country | 15.7 | 23.4 | 10.9 | 31.7 | 36 | 25.8 | 55.4 | 58.6 | 50.9 | 89.4 | 92 | 85.9 |
| Tigray | 17.2 | 22.9 | 14 | 43.3 | 48.3 | 36.2 | 49.3 | 48.2 | 50.4 | 91 | 92.6 | 89.5 |
| Afar | 4.5 | 5 | 4.2 | 36.3 | 41.9 | 29.1 | 48.8 | (56.7) | (40.3) | 93 | 94.7 | (86.1) |
| Amhara | 24 | 31.4 | 18.9 | 39.4 | 43 | 34.5 | 55.3 | 56.1 | 54.1 | 88.8 | 92.9 | 85 |
| Oromia | 12.7 | 23.7 | 5.9 | 26.6 | 30.2 | 20.7 | 55.9 | 61.1 | 47.7 | 90.3 | 95.5 | 82.7 |
| Somali | 2.6 | 4 | 1.6 | 6.8 | 5.7 | 8.5 | 25.5 | 25.5 | (25.5) | 51.4 | 50.5 | (55.1) |
| Benishangul gumuz | 16.3 | 21 | 13.5 | 22.3 | 26.1 | 16.5 | 46.7 | 51.7 | 40.4 | 81.9 | 84.2 | (77.9) |
| SNNP | 10.4 | 16.1 | 7.5 | 25 | 34.3 | 12.9 | 43.7 | 52.2 | 31.8 | 88.4 | 92 | (78.7) |
| Gambella | 18.3 | 29.8 | 11.5 | 35 | 44.7 | 24.6 | 43.8 | 45.1 | 41.9 | 81 | 83.4 | (76.5) |
| Hareri | 18.6 | 19.9 | 17.9 | 52.3 | 61.8 | 41.4 | 66.6 | 69.7 | 62 | 85 | 89.4 | 79.6 |
| Addis Ababa | 51.9 | 56.2 | 50.6 | 66.6 | 76.3 | 61 | 75 | 77.8 | 72.3 | 93.3 | 94 | 92.6 |
| Dire Dawa | 23.2 | 21.7 | 23.9 | 50.8 | 52.6 | 49.1 | 68.2 | 71.4 | 64.1 | 90 | 93.3 | 86 |
| Urban | 34.4 | 44.4 | 29.7 | 53.9 | 62.8 | 46.2 | 67.8 | 74.1 | 60.8 | 90.3 | 93.3 | 86.6 |
| Rural | 12.1 | 20 | 6.9 | 21.7 | 27.1 | 12.1 | 32.5 | 36.2 | 25.1 | 85.2 | 87 | 81.6 |

Note: Values in parentheses are based on less than 50 observations.

TABLE A2.3: Individual Accounts Owned by Adult (18+) Ethiopians by Financial Institutions, by Gender, Region, and Residence, 2018/19, Percent

| | Private Bank | | | Public Bank | | | Microfinance | | | SACCO | | |
|-------------------|--------------|------|--------|-------------|------|--------|--------------|------|--------|-------|------|--------|
| | All | Male | Female | All | Male | Female | All | Male | Female | All | Male | Female |
| Country | 29.9 | 31.9 | 26.6 | 74.2 | 76 | 71.2 | 12.9 | 13.2 | 12.3 | 16.9 | 16.8 | 17.1 |
| Tigray | 33 | 33.9 | 31.9 | 71.6 | 71 | 72.4 | 18.2 | 21.7 | 14 | 11.7 | 13.4 | 9.5 |
| Afar | 17.7 | 15 | 23.4 | 92.3 | 93.5 | 89.6 | 1.9 | 1.9 | 1.9 | 3.5 | 3.2 | 4 |
| Amhara | 14.2 | 16.9 | 10.4 | 61.9 | 64.7 | 58 | 17.2 | 15.4 | 19.6 | 42.1 | 43 | 40.8 |
| Oromia | 46.2 | 46.7 | 45.2 | 76 | 76.9 | 73.8 | 5.5 | 6.6 | 3.2 | 9 | 9.4 | 7.9 |
| Somali | 21.4 | 22.9 | (18.3) | 88.3 | 88.1 | (88.9) | 10.6 | 9.3 | (13.5) | 1.8 | 1.7 | (2.0) |
| Benishangul gumuz | 23.2 | 20.2 | 28.5 | 87.8 | 88.7 | 86.1 | 4.3 | 4.3 | 4.5 | 14.5 | 9.8 | 22.4 |
| SNNP | 16.2 | 17.7 | 12.2 | 77.7 | 83.1 | 63.3 | 30.9 | 28.7 | 36.6 | 5.7 | 5.2 | 7 |
| Gambella | 29 | 26.9 | 33.3 | 86.6 | 88.2 | 83.5 | 4.3 | 5.3 | 2.7 | 4.9 | 5.8 | 3.3 |
| Hareri | 43.7 | 46.1 | 40.3 | 83.8 | 83.1 | 84.9 | 1.9 | 3 | 0.4 | 4.5 | 5.7 | 2.9 |
| Addis Ababa | 39.6 | 45.9 | 33.8 | 86.7 | 86 | 87.4 | 0.9 | 1.2 | 0.6 | 2.8 | 2.3 | 3.3 |
| Dire Dawa | 30.7 | 34 | 27.2 | 84.9 | 86.5 | 83.2 | 2.6 | 3.4 | 1.7 | 5.2 | 4.1 | 6.3 |
| Urban | 37.4 | 41.4 | 32.5 | 79.9 | 81.7 | 77.8 | 8.9 | 9.8 | 7.9 | 10.7 | 11 | 10.3 |
| Rural | 16.6 | 19.4 | 8.9 | 64.3 | 68.8 | 51.4 | 19.6 | 17.5 | 25.5 | 27.4 | 24 | 36.8 |

Note: Values in parentheses are based on less than 50 observations.

Table A2.3: **Financial Service Accounts Owned by Individuals (ages 18+) by Gender, Region, and Residence, Ethiopia 2018/19, Percent**

| | ATM/ Debit Card | | | Online Banking | | | Mobile Banking | | | Agent Banking | | | Interest Free Banking | | |
|--------------------------|-----------------|------|--------|----------------|------|--------|----------------|------|--------|---------------|------|--------|-----------------------|------|--------|
| | All | Male | Female | All | Male | Female | All | Male | Female | All | Male | Female | All | Male | Female |
| Country | 28.8 | 32.6 | 22.8 | 6.6 | 7.7 | 5 | 11.1 | 13.1 | 7.8 | 2.2 | 2.9 | 1.2 | 11.7 | 12.9 | 9.8 |
| Tigray | 24.4 | 27.7 | 20.4 | 6.1 | 8.3 | 3.4 | 11 | 12.5 | 9.2 | 2.3 | 3.6 | 0.8 | 3.3 | 4.1 | 2.4 |
| Afar | 27.9 | 26.3 | 31.6 | 2.2 | 3.2 | 0 | 8 | 7.6 | 9.2 | 0.4 | 0.6 | 0 | 27 | 25.7 | 30 |
| Amhara | 20.1 | 23.2 | 15.6 | 4.3 | 4.5 | 4.1 | 7.9 | 9.8 | 5.4 | 0.7 | 1 | 0.4 | 6.2 | 5.1 | 7.7 |
| Oromia | 27.4 | 30.2 | 21.6 | 10.1 | 11.3 | 7.3 | 13.4 | 15.2 | 9.6 | 4.1 | 5.4 | 1.3 | 22.6 | 25.8 | 15.9 |
| Somali | 35.3 | 39.1 | (26.8) | 9.6 | 11 | (6.4) | 27.8 | 29.6 | (24.0) | 7.2 | 7.6 | (6.2) | 24.5 | 23.4 | (26.8) |
| Benishangul gumuz | 27.8 | 32.1 | 20.4 | 5.4 | 6.1 | 4.2 | 9.7 | 11.3 | 7.1 | 2.1 | 1.4 | 3.3 | 13.4 | 13.3 | 13.7 |
| SNNP | 29.4 | 33.5 | 18.7 | 5.5 | 5.5 | 5.6 | 10.9 | 13.3 | 4.4 | 1.8 | 1.4 | 2.8 | 10.6 | 8.7 | 15.5 |
| Gambella | 25.7 | 29.4 | 19 | 2.6 | 4.1 | 0 | 5.8 | 7.9 | 2.1 | 1 | 1.1 | 0.8 | 6 | 4.8 | 8.1 |
| Hareri | 37.6 | 44.9 | 27.1 | 5.9 | 7.9 | 3.1 | 17.9 | 19.7 | 15.5 | 2.8 | 3.8 | 1.3 | 26.7 | 30 | 22.1 |
| Addis Ababa | 47.1 | 58.8 | 36.4 | 6.1 | 8.1 | 4.3 | 11.6 | 14 | 9.4 | 1.5 | 1.8 | 1.2 | 5.1 | 5.6 | 4.6 |
| Dire Dawa | 43.4 | 51.3 | 34.8 | 6.8 | 6.6 | 7.1 | 13.8 | 16.6 | 10.7 | 2.8 | 2 | 3.6 | 20.1 | 20.6 | 19.6 |
| Urban | 37 | 45.5 | 26.8 | 7.1 | 9 | 4.9 | 14 | 17.8 | 9.4 | 2.4 | 3 | 1.6 | 10.4 | 12.1 | 8.5 |
| Rural | 14.8 | 16.3 | 10.8 | 5.8 | 6 | 5.5 | 6.1 | 7.2 | 3 | 2 | 2.7 | 0.1 | 13.9 | 14 | 13.6 |

Note: Values in parentheses are based on less than 50 observations.

Table A2.4: Reason for Adults not Owning an Account, By Gender, Region and Place of Residence, Ethiopia 2018/19, Percent

| | Procedure is too complex or has too many requirements | Financial institutions are too far | Accounts are too expensive to use | I don't feel that my money is enough to take into account | I don't understand the benefit | I don't know where or how to open an account | Prefer informal services | Religious reasons | I don't trust banks | I don't have a reason | I don't have the necessary documents (ID card) | Someone else in my family already has an account | Other |
|-------------------|---|------------------------------------|-----------------------------------|---|--------------------------------|--|--------------------------|-------------------|---------------------|-----------------------|--|--|-------|
| Country | 3.0 | 11.0 | 2.8 | 48.8 | 10.7 | 4.1 | 1.9 | 0.9 | 0.5 | 11.0 | 0.3 | 3.2 | 2.0 |
| Tigray | 2.5 | 8.7 | 2.2 | 43.9 | 8.9 | 5.4 | 1.7 | 0.4 | 1.0 | 13.3 | 0.5 | 7.6 | 4.0 |
| Afar | 0.5 | 13.2 | 1.3 | 34.0 | 27.4 | 4.7 | 1.5 | 0.9 | 0.2 | 11.3 | 0.7 | 1.0 | 3.6 |
| Amhara | 1.2 | 7.3 | 3.3 | 53.4 | 10.4 | 4.3 | 1.3 | 1.5 | 0.1 | 8.6 | 0.5 | 5.2 | 2.9 |
| Oromia | 2.9 | 10.5 | 2.9 | 51.1 | 10.9 | 3.1 | 2.3 | 0.8 | 0.7 | 10.9 | 0.2 | 2.6 | 1.0 |
| Somali | 9.1 | 26.6 | 2.0 | 26.7 | 14.2 | 2.3 | 0.9 | 2.7 | 0.2 | 13.5 | 0.1 | 0.5 | 1.3 |
| Benishangul gumuz | 10.4 | 9.6 | 4.0 | 37.5 | 9.7 | 4.7 | 0.7 | 0.3 | 0.2 | 19.0 | 0.5 | 2.7 | 0.7 |
| SNNP | 3.6 | 13.4 | 2.5 | 47.0 | 10.0 | 6.3 | 1.9 | 0.1 | 0.4 | 11.0 | 0.1 | 1.0 | 2.0 |
| Gambella | 4.8 | 14.8 | 2.2 | 36.4 | 10.1 | 3.3 | 3.7 | 0.1 | 0.4 | 15.8 | 0.4 | 5.2 | 2.8 |
| Hareri | 2.3 | 5.2 | 3.0 | 35.7 | 5.4 | 2.6 | 3.4 | 3.5 | 0.4 | 30.5 | 0.8 | 4.4 | 2.9 |
| Addis Ababa | 1.0 | - | 1.9 | 58.2 | 1.7 | 1.1 | 2.7 | 0.7 | - | 19.8 | 1.6 | 8.2 | 3.1 |
| Dire Dawa | 2.8 | 4.5 | 2.2 | 67.7 | 3.3 | 1.0 | 1.0 | 0.1 | - | 14.2 | 0.5 | 1.6 | 1.1 |
| Urban | 3.0 | 5.0 | 5.3 | 49.3 | 5.4 | 1.6 | 1.2 | 1.2 | 0.5 | 18.7 | 0.7 | 6.1 | 2.1 |
| Rural | 3.0 | 12.4 | 2.2 | 48.6 | 12.0 | 4.7 | 2.0 | 0.8 | 0.5 | 9.1 | 0.2 | 2.5 | 1.9 |
| Male | 3.2 | 12.8 | 2.2 | 50.7 | 9.8 | 3.8 | 1.8 | 0.9 | 0.6 | 10.4 | 0.2 | 1.6 | 2.1 |
| Female | 2.9 | 9.6 | 3.2 | 47.3 | 11.4 | 4.3 | 1.9 | 0.9 | 0.4 | 11.5 | 0.4 | 4.4 | 1.9 |

Note: Values in parentheses are based on less than 50 observations.

CHAPTER 3: FINANCIAL DECISIONS OF HOUSEHOLDS AND INDIVIDUAL

Table A3.1: Individuals (ages 18+) and Households who Saved any Amount in the Past 12 months by Region and Residence, Ethiopia 2018/19, Percent

| | Saving by Individual | | | Saving by any Household Member | | |
|-------------------|----------------------|---------------------|----------|--------------------------------|---------------------|----------|
| | Any | Formal Institutions | Informal | Any | Formal Institutions | Informal |
| Country | 25.6 | 20.4 | 13.5 | 40.3 | 33.6 | 23.6 |
| Tigray | 27.1 | 25.5 | 9.2 | 43.3 | 41.6 | 17.8 |
| Afar | 18.2 | 14.2 | 11.3 | 28.6 | 21.9 | 18.2 |
| Amhara | 26.1 | 22.7 | 11.9 | 42.7 | 38.6 | 21.6 |
| Oromia | 22.7 | 17.3 | 14.4 | 36.3 | 29.3 | 24.7 |
| Somali | 3.9 | 3.0 | 1.6 | 6.9 | 5.2 | 3.1 |
| Benishangul gumuz | 25.2 | 18.5 | 16.1 | 42.0 | 32.2 | 28.7 |
| SNRP | 26.5 | 16.0 | 18.1 | 41.4 | 27.5 | 29.5 |
| Gambella | 28.0 | 23.5 | 12.3 | 48.5 | 41.9 | 23.6 |
| Hareri | 37.2 | 31.7 | 20.0 | 54.0 | 47.5 | 32.9 |
| Addis Ababa | 54.2 | 51.3 | 13.0 | 77.1 | 75.2 | 27.5 |
| Dire Dawa | 38.4 | 36.1 | 14.4 | 53.5 | 50.9 | 25.4 |
| Urban | 44.0 | 39.9 | 18.3 | 63.1 | 58.7 | 31.2 |
| Rural | 17.3 | 11.6 | 11.3 | 29.4 | 21.5 | 19.9 |

Note: Values in parentheses are based on less than 50 observations.

Table A3.2: Insurance Ownership by Provider, Percent

| | Institutions Used | | | | | |
|-------------------|----------------------|-------------------|------------------|----------|-------|-------|
| | Any Formal Insurance | Private Insurance | Public Insurance | Employer | MFI's | Iddir |
| Country | 7.8 | 5.1 | 86.2 | 3.2 | 1.9 | 50.3 |
| Tigray | 10.2 | 6.0 | 73.5 | 3.7 | 4.7 | 13.7 |
| Afar | 0 | 0 | 0 | 0 | 0 | 16.1 |
| Amhara | 10.2 | 5.2 | 88 | 0.9 | 1.9 | 52.2 |
| Oromia | 6.9 | 4.2 | 90 | 2.4 | 2.3 | 57.9 |
| Somali | 0.3 | (33.3) | (13.2) | (32.7) | (0.0) | 6.2 |
| Benishangul gumuz | 4.6 | (1.1) | (93.7) | (1.5) | 0.0 | 33.5 |
| SNNP | 8.4 | 1.9 | 93.3 | 0.9 | 0.9 | 64.8 |
| Gambella | 2.3 | (0.0) | (9.8) | (90.2) | (0.0) | 40.6 |
| Hareri | 3.4 | 12.2 | 58.6 | 20 | 3.0 | 47.8 |
| Addis Ababa | 6.8 | 21.8 | 49.5 | 25.5 | 0 | 33.8 |
| Dire Dawa | 2.4 | (3.0) | (67.0) | (30.1) | 0 | 33.6 |
| Urban | 4.4 | 14.6 | 66 | 12.8 | 1.5 | 40.3 |
| Rural | 9.3 | 3.0 | 90.6 | 1.0 | 2.0 | 54.8 |
| Male | 8.2 | 7.0 | 86.1 | 3.6 | 2.8 | 50.6 |
| Female | 7.4 | 3.2 | 86.4 | 2.7 | 1.1 | 50.0 |

Note: Values in parentheses are based on less than 50 observations.

CHAPTER 4: FINANCIAL KNOWLEDGE, BEHAVIOR, AND ATTITUDES

TABLE A4.1: Adult Familiarity with Existing financial Institutions by Gender, Region, and Residence, Percent, Ethiopia 2018/19

| | Public Banks | Male | Female | Private Banks | Male | Female | Insurance | Male | Female | SACCO | Male | Female |
|-------------------|--------------|------|--------|---------------|------|--------|-----------|------|--------|-------|------|--------|
| Country | 85.2 | 91.6 | 79.4 | 56.9 | 67.6 | 47 | 24.8 | 31.3 | 18.8 | 49.6 | 57.2 | 42.6 |
| Tigray | 90 | 93.4 | 87.4 | 69 | 75.2 | 62.7 | 36.7 | 42.5 | 31.7 | 56.5 | 62 | 51.8 |
| Afar | 77.7 | 85.9 | 69.9 | 46.9 | 57.6 | 36.6 | 18.3 | 25 | 12 | 34.2 | 42 | 26.8 |
| Amhara | 80.5 | 90.6 | 71.4 | 50.3 | 61.1 | 40.5 | 20.6 | 26.5 | 15.3 | 63.3 | 73.1 | 54.4 |
| Oromia | 87.6 | 93 | 82.5 | 60.2 | 71.6 | 49.3 | 23.1 | 29.3 | 17.1 | 40.2 | 47.3 | 33.3 |
| Somali | 79.7 | 84 | 75.6 | 36.1 | 43.3 | 29 | 6.6 | 9.5 | 3.7 | 19.4 | 25.4 | 13.6 |
| Benishangul gumuz | 77.2 | 87.4 | 67.6 | 52.6 | 64.2 | 41.7 | 19.3 | 25.1 | 13.7 | 45.5 | 55.7 | 35.9 |
| SNNP | 83.3 | 89.9 | 77.4 | 48.3 | 63.6 | 34.5 | 20.5 | 30 | 12.1 | 46.6 | 55.7 | 38.4 |
| Gambella | 85.4 | 92.5 | 78.7 | 59 | 69.3 | 49.1 | 16.2 | 24 | 8.8 | 34.9 | 42.2 | 27.8 |
| Hareri | 90 | 93.5 | 86.8 | 75.4 | 82.7 | 68.7 | 45.1 | 52.7 | 38.1 | 54.7 | 60.9 | 49 |
| Addis Ababa | 96.7 | 97.8 | 95.8 | 93 | 96.3 | 90.5 | 66.1 | 75.5 | 58.8 | 75.8 | 81 | 71.9 |
| Dire Dawa | 96.7 | 97.7 | 94.9 | 81.4 | 87.2 | 76.4 | 53.3 | 62.3 | 45.6 | 71.9 | 77.2 | 67.4 |
| Urban | 90.9 | 94.5 | 87.8 | 78.7 | 85.8 | 72.6 | 42.4 | 50.9 | 35.1 | 62.5 | 68.8 | 57 |
| Rural | 82.7 | 90.3 | 75.4 | 46.9 | 59.8 | 34.6 | 16.7 | 22.8 | 11 | 43.7 | 52.2 | 35.7 |

Note: Values in parentheses are based on less than 50 observations.

TABLE A4.2: Adult Familiarity with Financial Products, by Gender, Region, and Residence, Percent, Ethiopia 2018/19

| | Money Transfer | | | | | | | | | | | | | | |
|-------------------|----------------|--------|--------------------|------|--------|------------|------|--------|------|------|--------|-----------------------|------|--------|------|
| | Male | Female | Mobile Money Agent | Male | Female | Bank Agent | Male | Female | ATM | Male | Female | Interest Free Banking | Male | Female | |
| Country | 19 | 23.6 | 14.9 | 13.8 | 17.8 | 10.1 | 12.8 | 16.9 | 9.0 | 29.3 | 36.5 | 22.7 | 30 | 36.6 | 24 |
| Tigray | 34.5 | 39.5 | 30.2 | 16.8 | 21.5 | 12.8 | 18.9 | 25.2 | 13.5 | 33.7 | 40.8 | 27.7 | 28.1 | 34.2 | 22.9 |
| Afar | 20.4 | 22.9 | 18 | 13.6 | 20.3 | 7.2 | 13.3 | 18.3 | 8.6 | 25.9 | 35.5 | 16.8 | 33.9 | 43.4 | 24.9 |
| Amhara | 12.6 | 14.6 | 10.6 | 9.4 | 12.7 | 6.4 | 9.8 | 13.2 | 6.7 | 21.3 | 26.1 | 17 | 25.7 | 31 | 21 |
| Oromia | 14.2 | 19.8 | 8.8 | 10.3 | 13.7 | 6.9 | 9.6 | 12.9 | 6.3 | 27.3 | 35.2 | 19.5 | 33.4 | 40 | 27.1 |
| Somali | 47.1 | 49.9 | 44.5 | 27.9 | 32.1 | 23.9 | 14 | 19.5 | 8.7 | 13.4 | 17.9 | 9 | 12.6 | 15.8 | 9.5 |
| Benishangul gumuz | 10.5 | 13.6 | 7.4 | 10.9 | 14.6 | 7.4 | 9.3 | 12.4 | 6.4 | 26.2 | 33.9 | 18.8 | 27.6 | 36.8 | 18.9 |
| SNNP | 9.7 | 15.4 | 4.6 | 10.3 | 15.5 | 5.7 | 9.5 | 14.7 | 4.9 | 27.3 | 38.9 | 16.9 | 19.5 | 29 | 11 |
| Gambella | 13.2 | 18.1 | 8.5 | 8.8 | 11.5 | 6.1 | 9 | 11.8 | 6.4 | 31.9 | 40.4 | 23.7 | 24.8 | 31.2 | 18.7 |
| Hareri | 48.2 | 56.4 | 40.6 | 34.9 | 41.7 | 28.7 | 32 | 36.6 | 27.7 | 51.6 | 58.3 | 45.4 | 55.9 | 61.6 | 50.6 |
| Addis Ababa | 64.1 | 73.8 | 56.5 | 49 | 58.4 | 41.8 | 46.1 | 56.4 | 38.2 | 86.4 | 92.3 | 81.9 | 72.4 | 81.2 | 67.3 |
| Dire Dawa | 61.5 | 68.9 | 55.2 | 36.1 | 42.1 | 31 | 35.3 | 41.2 | 30.3 | 61.8 | 69.4 | 55.3 | 67.6 | 74.1 | 62.1 |
| Urban | 41.4 | 49.5 | 34.5 | 31.8 | 40.1 | 24.8 | 28.5 | 35.5 | 22.5 | 60.9 | 70.3 | 53 | 51.1 | 59.5 | 43.9 |
| Rural | 8.8 | 12.3 | 5.4 | 5.5 | 8.2 | 2.9 | 5.6 | 9.0 | 2.4 | 14.8 | 22 | 8 | 20.4 | 26.7 | 14.4 |

Note: Values in parentheses are based on less than 50 observations.

TABLE A4.3: Adult Familiarity with Financial Terminology, by Gender, Region, and Residence, Percent, Ethiopia 2018/19

| | Collateral | Male | Female | Interest | Male | Female | Credit Report | Male | Female | Inflation | Male | Female |
|-------------------|------------|------|--------|----------|------|--------|---------------|------|--------|-----------|------|--------|
| Country | 24.3 | 29.5 | 19.6 | 62.6 | 69.2 | 56.5 | 10.1 | 13.2 | 7.3 | 37.2 | 43.1 | 31.8 |
| Tigray | 23.1 | 25.7 | 20.9 | 84 | 87.6 | 81 | 11.1 | 15.2 | 7.7 | 41.4 | 45.6 | 37.8 |
| Afar | 20.2 | 27.6 | 13.2 | 51.1 | 59.6 | 43.1 | 12.2 | 17.8 | 7 | 22.1 | 28.1 | 16.4 |
| Amhara | 22.7 | 27.8 | 18.1 | 74.5 | 80.5 | 69.1 | 9.3 | 12.1 | 6.7 | 26.3 | 30.3 | 22.6 |
| Oromia | 20.9 | 26.8 | 15.2 | 51.4 | 59.6 | 43.3 | 7.2 | 9.2 | 5.2 | 45.3 | 51.5 | 39.4 |
| Somali | 10.4 | 12.5 | 8.5 | 20.6 | 23.8 | 17.4 | 5.7 | 7.3 | 4.2 | 17 | 19 | 15 |
| Benishangul gumuz | 18.7 | 22.6 | 14.9 | 46.8 | 54.3 | 39.7 | 6.8 | 8.9 | 4.9 | 30.9 | 38.1 | 24.2 |
| SNNP | 25.6 | 30.7 | 21 | 62.8 | 71.9 | 54.6 | 9.7 | 13.9 | 5.9 | 27.7 | 36.5 | 19.7 |
| Gambella | 16.6 | 23.6 | 10 | 45.6 | 52.5 | 39.1 | 8.3 | 11.5 | 5.3 | 30.5 | 37.5 | 23.8 |
| Hareri | 36.8 | 43.3 | 30.9 | 66.9 | 71.4 | 62.7 | 12.2 | 17.3 | 7.6 | 58.1 | 63.8 | 52.9 |
| Addis Ababa | 59.3 | 69.5 | 51.5 | 90.7 | 94.6 | 87.7 | 34.6 | 44.5 | 27 | 74.9 | 84.8 | 67.2 |
| Dire Dawa | 50.2 | 60.2 | 41.7 | 81.2 | 86.9 | 76.4 | 21.6 | 27.7 | 16.5 | 70.1 | 75.7 | 65.4 |
| Urban | 41.8 | 49.7 | 35 | 74.9 | 80.6 | 70.2 | 23.3 | 29.7 | 17.8 | 53 | 59.6 | 47.3 |
| Rural | 16.4 | 20.8 | 12.1 | 56.9 | 64.3 | 49.8 | 4.1 | 6 | 2.3 | 30 | 36 | 24.3 |

Note: Values in parentheses are based on less than 50 observations.

