FinScope Consumer Survey
Lao People’s Democratic Republic
2014

Launch Presentation
3 July 2015

Making financial markets work for the poor
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Making Access Possible (MAP) is a diagnostic and programmatic framework to support expanding access to financial services. The MAP methodology and process has been developed jointly by:

At country level, the core MAP partners, collaborate with other donors to ensure an inclusive, holistic process. The technical committee In Laos comprised of the following:
FinMark Trust and FinScope

- FinMark Trust is an independent trust with the purpose of “Making financial markets work for the poor” across Africa and now in Asia in order to increase access to financial services for the unserved and underserved that ultimately lead to the development of inclusive financial systems that can benefit all people.

- FinScope is a representative study of the usage of and access to financial services. The FinScope survey is used to better understand money matters, with an emphasis on the market needs and attitudes to both informal and formal financial offerings and usage. The FinScope survey further sheds light on consumers and behaviour by exploring individuals’ interactions with the financial sector as a whole.

Where:

17 African countries; Pakistan, Thailand, Myanmar, Nepal (awaiting launch) and Laos.

Underway in India, Cambodia, South Africa, Rwanda and Madagascar.

Objective:

To measure and profile levels of access to and use of financial
Objectives of FinScope Laos 2014

• To describe the **levels of financial inclusion** (i.e. levels of access to financial products and services – both formal and informal)

• To describe the **landscape of access** (i.e. the type of products and services used by financially included individuals)

• To identify the **drivers** of, and **barriers** to financial access

• To **stimulate evidence-based** dialogue that will ultimately lead to **effective** public and private sector interventions that will increase and deepen financial inclusion

• To create a benchmark/baseline for financial inclusion in Laos (2014) to add an evidence-based diagnosis for the supply and regulatory side of the MAP process
Research process

1. **Design**
   - Agreements (SC, BOL, LSB)
   - Questionnaire design
   - Sampling, maps and field preparations

2. **Implementation**
   - Training of enumerators
   - Pilot and questionnaire revision
   - Fieldwork
     - n=2040

3. **Results**
   - Data management (data entry, cleaning and weighting)
   - Data analysis
   - Launch and dissemination
Methodology - overview

Respondent profile
- Universe: Adult population in Lao PDR
- Residents of Laos who are 18 years and older
- Adults absent from place of residence for a prolonged time were excluded i.e. migrant workers and foreign nationals

Sample and methodology
- Sample drawn by FinMark Trust; representative on national, urban/rural, and regional level
- Comprehensive LISTING in 255 Villages – listing 56,565 eligible households
- 2,040 Face-to-face pen and paper interviews ± 75 min.
- Fieldwork conducted by Lao Statistics Bureau (November 2014 – January 2015)

Quality control and data validation
- Quality control / field checks conducted by the Lao Statistics Bureau, FinMark Trust, Bank of Laos and MAFFIP Coordinator
- Data validation against census data 2005 and village listing of 2013 and 2014
- Weighting of the data conducted by FinMark Trust with information given by Lao Statistics Bureau
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Understanding people’s lives: Demographics

Total adult (18+) population: 4,2 million

- 63% reside in rural areas
- 35% are 34 years of age or younger
- 56% have primary education or less
- 15% have no formal education

<table>
<thead>
<tr>
<th>Urban/rural</th>
<th>Gender</th>
<th>Age</th>
<th>Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban</td>
<td>Male</td>
<td>18 - 24 years</td>
<td>No (formal) education</td>
</tr>
<tr>
<td>Rural with road</td>
<td>Female</td>
<td>25 - 34 years</td>
<td>Pre-primary education</td>
</tr>
<tr>
<td>Rural without road</td>
<td></td>
<td>35 - 44 years</td>
<td>Primary education</td>
</tr>
<tr>
<td></td>
<td></td>
<td>45 - 54 years</td>
<td>Lower secondary education</td>
</tr>
<tr>
<td></td>
<td></td>
<td>55 - 64 years</td>
<td>Upper secondary education</td>
</tr>
<tr>
<td></td>
<td></td>
<td>65 years and older</td>
<td>Vocational education</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Tertiary/higher education</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Other</td>
</tr>
</tbody>
</table>

- Urban: 58%, Rural with road: 37%, Rural without road: 5%
- Male: 51%, Female: 49%
Understanding people’s lives: Income / livelihoods

• 78% of households are involved in farming – of these, 91% farm on their own land and 8% farm on someone else’s land while 1% is paid to work on someone’s land

• 39% of households involved in farming sell most of their produce with 48% selling less than half and 13% selling exactly half of their produce and consuming the rest

• 52% of the adults claim farming / farming activities as a main source of income and 58% claiming to have a regular monthly income

• 39% of adults personally earn 1,000,000 KIP (≈$125) or less per month

### Income Source Most Relied On

<table>
<thead>
<tr>
<th>Income Source</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farming / farming activities</td>
<td>52</td>
</tr>
<tr>
<td>Salary / wages from Government or private company</td>
<td>19</td>
</tr>
<tr>
<td>Self-employed (formal sector)</td>
<td>9</td>
</tr>
<tr>
<td>Self-employed (informal sector)</td>
<td>6</td>
</tr>
<tr>
<td>Household member / remittances</td>
<td>5</td>
</tr>
<tr>
<td>Make goods to sell / sell something collected from nature</td>
<td>5</td>
</tr>
<tr>
<td>Piece work</td>
<td>3</td>
</tr>
<tr>
<td>Pension</td>
<td>1</td>
</tr>
</tbody>
</table>

### Personal monthly income

<table>
<thead>
<tr>
<th>Income Range</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 500,000 KIP</td>
<td>24</td>
</tr>
<tr>
<td>500,001 - 1,000,000 KIP</td>
<td>15</td>
</tr>
<tr>
<td>1,000,001 - 2,000,001 KIP</td>
<td>16</td>
</tr>
<tr>
<td>2,000,001 - 5,000,000 KIP</td>
<td>10</td>
</tr>
<tr>
<td>5,000,001 KIP and more</td>
<td>4</td>
</tr>
<tr>
<td>Refused or missing</td>
<td>25</td>
</tr>
<tr>
<td>Don’t know</td>
<td>6</td>
</tr>
</tbody>
</table>
Understanding people’s lives:
Ownership of assets (household level)

<table>
<thead>
<tr>
<th>Asset</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motorcycle</td>
<td>85%</td>
</tr>
<tr>
<td>Television</td>
<td>85%</td>
</tr>
<tr>
<td>Refrigerator</td>
<td>70%</td>
</tr>
<tr>
<td>Water boiler</td>
<td>60%</td>
</tr>
<tr>
<td>VCD / DVD / Video player</td>
<td>60%</td>
</tr>
<tr>
<td>Electric pot</td>
<td>54%</td>
</tr>
<tr>
<td>Bicycle</td>
<td>43%</td>
</tr>
<tr>
<td>Electric iron</td>
<td>43%</td>
</tr>
<tr>
<td>Tractor</td>
<td>42%</td>
</tr>
<tr>
<td>Bed</td>
<td>41%</td>
</tr>
<tr>
<td>Radio</td>
<td>37%</td>
</tr>
<tr>
<td>Electric fan</td>
<td>26%</td>
</tr>
<tr>
<td>Washing machine</td>
<td>23%</td>
</tr>
<tr>
<td>Pick-up truck / van</td>
<td>17%</td>
</tr>
<tr>
<td>Electric / gas cooker / Hotplate</td>
<td>15%</td>
</tr>
<tr>
<td>Boat</td>
<td>11%</td>
</tr>
<tr>
<td>Sewing machine</td>
<td>10%</td>
</tr>
<tr>
<td>Wheelbarrow</td>
<td>9%</td>
</tr>
<tr>
<td>Air conditioner</td>
<td>9%</td>
</tr>
<tr>
<td>Car</td>
<td>8%</td>
</tr>
<tr>
<td>Microwave</td>
<td>7%</td>
</tr>
</tbody>
</table>

92% of household with electricity connection (Rural without road 75%)
Understanding people’s lives:
Infrastructure accessibility

Percentage of people going to or aware of destination and take 60 minutes or less to get to destination

<table>
<thead>
<tr>
<th>Nearest to furthest</th>
<th>Percentage using or aware</th>
<th>Take 60 minutes or less</th>
<th>Adults using or aware of destination</th>
<th>Take 60 minutes or less</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Adults using or aware of destination</td>
<td>Total</td>
<td>Urban</td>
<td>Rural with road</td>
</tr>
<tr>
<td>1 Grocery store</td>
<td>99%</td>
<td>97%</td>
<td>99%</td>
<td>96%</td>
</tr>
<tr>
<td>2 Market</td>
<td>99%</td>
<td>74%</td>
<td>95%</td>
<td>63%</td>
</tr>
<tr>
<td>3 Public transport / Bus stop</td>
<td>96%</td>
<td>78%</td>
<td>95%</td>
<td>70%</td>
</tr>
<tr>
<td>4 Bank branch</td>
<td>95%</td>
<td>71%</td>
<td>94%</td>
<td>58%</td>
</tr>
<tr>
<td>5 ATM machine</td>
<td>92%</td>
<td>68%</td>
<td>91%</td>
<td>56%</td>
</tr>
<tr>
<td>6 Post office</td>
<td>91%</td>
<td>68%</td>
<td>90%</td>
<td>56%</td>
</tr>
</tbody>
</table>
• 25% of Lao adults have heard about mobile money and 1 in 3 adults would like to use their mobile phones for receiving and sending cash; to withdraw money; check bank balance; pay utility bills and so on.
Understanding people’s lives: Gender Analysis

**Education**

- No (formal) education
  - Male: 11
  - Female: 19
- Pre-primary education
  - Male: 5
  - Female: 7
- Primary education
  - Male: 36
  - Female: 37
- Lower secondary education
  - Male: 17
  - Female: 24
- Upper secondary education
  - Male: 11
  - Female: 14
- Voactional education
  - Male: 3
  - Female: 4
- Tertiary/higher education
  - Male: 6
  - Female: 9
- Other
  - Male: 0.2
  - Female: 0.7

**Income level**

- Under 500,000 KIP
  - Male: 26
  - Female: 27
- 500,001 - 1,000,000 KIP
  - Male: 15
  - Female: 17
- 1,000,01 - 2,000,001 KIP
  - Male: 17
  - Female: 16
- 2,000,001 - 5,000,000 KIP
  - Male: 9
  - Female: 12
- 5,000,001 KIP and more
  - Male: 4
  - Female: 3
- Refused or missing
  - Male: 20
  - Female: 22
- Don’t know
  - Male: 5
  - Female: 8

**Usage of communication device**

- Cell phone
  - Male: 79
  - Female: 74
- Landline at home
  - Male: 34
  - Female: 34
- Computer
  - Male: 8
  - Female: 8
- Internet
  - Male: 6
  - Female: 6
- Email
  - Male: 3
  - Female: 4
- Public pay phone
  - Male: 1
  - Female: 0.4

- Noticeable education gap women to men
- There are no major differences between males and females in media access however the usage of cell phones is **higher** amongst males (79%) than females (74%)
- More women earn income **less than** 500 000 KIP per month
- More men earning **above** 500 000 KIP per month
Summary

- **Population profile:**
  - Young growing population with 60% being 44 years and younger
  - Relatively low levels of education: primary and less (56%); secondary and above (44%)
  - There are more males with higher levels of education than females
  - About two out of three adults reside in the rural areas
- Farming is the most important source of income with over half the adult population dependent on income from farming activities
- **Poverty effects:** 70% not feeling in good health with 26% going without medical treatment and 17% not able to send their children to school
- Optimism about future: Overall satisfaction with present life and progress so far.
- **Access to infrastructure:**
  - Access to electricity widespread but low to piped running water
  - Accessibility to common financial service destinations such as banks or ATM takes most rural adults longer to access
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Defining financial inclusion

Total adult population 18 years and older in Laos

Financially included = have/use financial products and/or services – formal and/or informal

Financially excluded = do not have/use any financial products and/or services — formal and/or informal

Formally served = have/use formal financial products and/or services provided by a financial institution (bank and/or non-bank)

Informally served = have/use financial products and/or services which are not regulated

Banked = have/use financial products/services provided by a bank

Served by other formal financial institutions
= have/use financial products/services provided by regulated non-bank financial institutions
Analytical framework: Classification of variables

• Savings and credit union / Cooperatives / Microfinance Institutions classified as *formal*
• Postal Savings institution classified as *formal*
• Saving in gold or jewelry classified as *informal*
• Village Development Fund (VDF) and Village Bank were collectively asked in most questions and were classified as *informal* as they are not regulated or supervised as formal financial institutions by the Bank of Laos
• Pawn shops were classified under *formal* due to the high proportion of those that are regulated
• Family or friends classified as *excluded* as they do not engage with either formal or informal products
• Sole users of ‘Over-The-Counter’ (OTC) transactions at banks *not* considered as *banked* since they don’t use an ongoing banking product*
• **47%** of adults are formally served, including both banked and other formal non-bank products/services
• **36%** of adults are banked
• **25%** of adults have/use other formal non-bank products/services
• **60%** of adults have/use informal mechanisms for managing their finances
• **25%** of adults are financially excluded
Financial Inclusion: Overlaps in financial product usage

“Consumers generally use a combination of financial products and services to meet their financial needs”

- 7% of adults rely exclusively on banking services yet 3% rely exclusively on other formal mechanisms
- 33% use a combination of banked, and/or other formal and/or informal mechanisms to manage their financial needs, thus indicating that their needs are not fully met by the formal sector alone
- 28% of the adult population ONLY rely on informal mechanisms such as savings groups, village funeral fund to save or borrow money or cover risk

Note: Due to rounding off numbers of ‘Banked’ and ‘Other formal’ the ‘Excluded’ population is 25%
Financial inclusion: Consumer Access Strand

<table>
<thead>
<tr>
<th>Country</th>
<th>2013/2014</th>
<th>Banked</th>
<th>Non-bank Formal</th>
<th>Informal only</th>
<th>Financially excluded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thailand</td>
<td>2013/2014</td>
<td>74</td>
<td>23</td>
<td>2</td>
<td>21</td>
</tr>
<tr>
<td>Laos</td>
<td>2014</td>
<td>36</td>
<td>11</td>
<td>28</td>
<td>25</td>
</tr>
<tr>
<td>Myanmar</td>
<td>2013</td>
<td>17</td>
<td>13</td>
<td>31</td>
<td>39</td>
</tr>
<tr>
<td>Mauritius</td>
<td>2014</td>
<td>85</td>
<td>3</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td>South Africa</td>
<td>2014</td>
<td>75</td>
<td>5</td>
<td>6</td>
<td>14</td>
</tr>
<tr>
<td>Swaziland</td>
<td>2014</td>
<td>54</td>
<td>10</td>
<td>9</td>
<td>27</td>
</tr>
<tr>
<td>Lesotho</td>
<td>2011</td>
<td>38</td>
<td>23</td>
<td>20</td>
<td>19</td>
</tr>
<tr>
<td>Nigeria</td>
<td>2012</td>
<td>33</td>
<td>10</td>
<td>17</td>
<td>40</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>2014</td>
<td>31</td>
<td>38</td>
<td>9</td>
<td>22</td>
</tr>
<tr>
<td>Kenya</td>
<td>2013</td>
<td>29</td>
<td>38</td>
<td>8</td>
<td>25</td>
</tr>
<tr>
<td>Malawi</td>
<td>2014</td>
<td>27</td>
<td>7</td>
<td>15</td>
<td>51</td>
</tr>
<tr>
<td>Uganda</td>
<td>2013</td>
<td>20</td>
<td>34</td>
<td>31</td>
<td>15</td>
</tr>
<tr>
<td>Mozambique</td>
<td>2014</td>
<td>20</td>
<td>2</td>
<td>18</td>
<td>60</td>
</tr>
<tr>
<td>Tanzania</td>
<td>2013</td>
<td>14</td>
<td>43</td>
<td>16</td>
<td>27</td>
</tr>
<tr>
<td>DRC</td>
<td>2014</td>
<td>12</td>
<td>24</td>
<td>12</td>
<td>52</td>
</tr>
</tbody>
</table>

Legend: Banked, Non-bank Formal, Informal only, Financially excluded.
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### Banking: How many adults are banked?

<table>
<thead>
<tr>
<th>Category</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of banked adults in Laos</td>
<td>1,527,606</td>
</tr>
<tr>
<td></td>
<td>(36%)</td>
</tr>
<tr>
<td>Number of previously banked adults in Laos</td>
<td>135,545</td>
</tr>
<tr>
<td></td>
<td>(3%)</td>
</tr>
<tr>
<td>Number of never banked adults in Laos</td>
<td>2,604,110</td>
</tr>
<tr>
<td></td>
<td>(61%)</td>
</tr>
<tr>
<td>Number of unbanked adults in Laos</td>
<td>2,739,655</td>
</tr>
<tr>
<td></td>
<td>(64%)</td>
</tr>
<tr>
<td>Total adult population</td>
<td>4,267,261</td>
</tr>
</tbody>
</table>
Banking: What products / services are driving the banked?

<table>
<thead>
<tr>
<th>Banking products/usage (of those currently banked)</th>
<th>%</th>
<th>Approximate Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transactions (includes remittances)</td>
<td>74</td>
<td>1,1 million</td>
</tr>
<tr>
<td>Savings book / account</td>
<td>67</td>
<td>1,08 million</td>
</tr>
<tr>
<td>Debit card / ATM</td>
<td>27</td>
<td>410 000</td>
</tr>
<tr>
<td>Personal loan account</td>
<td>5</td>
<td>70 000</td>
</tr>
<tr>
<td>Foreign currency account</td>
<td>4</td>
<td>66 000</td>
</tr>
<tr>
<td>Fix term deposit / Special savings</td>
<td>3</td>
<td>45 000</td>
</tr>
<tr>
<td>Other</td>
<td>2</td>
<td>28 000</td>
</tr>
</tbody>
</table>

Note: Some products tend to overlap and not all bank products held are listed here.
Banking: Drivers and barriers

36% of adults are banked in 2014

64% of adults are not banked in 2014

- Money is safe from theft: 74%
- Get interest on savings: 42%
- Easy way of receiving money: 26%
- Salaries can be deposited by employers: 25%
- Safe way of receiving money: 21%
- Helps access loans: 18%
- Easy way of sending money: 15%
- Safe way of sending money to others: 8%

- Do not need it: 40%
- Do not understand how banks work: 13%
- Service providers are too far away: 13%
- Cannot maintain the minimum balance: 11%
- Do not know how to apply: 9%
- Do not understand benefits: 5%
- Can get services elsewhere: 3%
- Service providers do not provide services needed: 3%
- Bank accounts are not for people like me: 2%
- Lack of documentation: 2%
- Bank charges are too high: 2%
- Fear being rejected: 2%
- Other: 11%
- Don't know: 23%
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Savings and investments: Overview

2014

Formal savings
- Banked: 25
- Other formal: 2

Informal: 53

At home or secret place: 31

Savings Strand

2014

- Banked: 25
- Other formal: 1
- Informal: 37
- At home/secret place only: 14
- Not saving: 23
## Savings and investments: Drivers of informal savings/investments

<table>
<thead>
<tr>
<th>Main saving mechanisms (of those currently saving)</th>
<th>%</th>
<th>Approximate Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings through cattle or livestock</td>
<td>29%</td>
<td>960 000</td>
</tr>
<tr>
<td>Savings with Village Development Fund or Village Bank</td>
<td>15%</td>
<td>477 000</td>
</tr>
<tr>
<td>Saving through jewellery or gold</td>
<td>9%</td>
<td>300 000</td>
</tr>
<tr>
<td>Savings in other</td>
<td>8%</td>
<td>270 000</td>
</tr>
<tr>
<td>Saving in kind</td>
<td>4%</td>
<td>122 000</td>
</tr>
<tr>
<td>Savings with a membership organisation (ROSCA)</td>
<td>4%</td>
<td>130 000</td>
</tr>
</tbody>
</table>

- 33% (1 million) of adults belong to savings group (e.g. Village Development Fund or Village Bank)
### Savings and investments: Drivers and barriers

#### 77% of adults save

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical expenses either planned or emergency</td>
<td>74</td>
</tr>
<tr>
<td>Developmental reasons</td>
<td>50</td>
</tr>
<tr>
<td>Living expenses for when one has no money</td>
<td>44</td>
</tr>
<tr>
<td>Non-medical emergency</td>
<td>26</td>
</tr>
<tr>
<td>Buying livestock</td>
<td>14</td>
</tr>
<tr>
<td>Providing for family when dead</td>
<td>9</td>
</tr>
<tr>
<td>Retirement or old age</td>
<td>7</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
</tr>
</tbody>
</table>

#### 23% of adults do not save

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>No money after living expenses</td>
<td>55</td>
</tr>
<tr>
<td>No income</td>
<td>27</td>
</tr>
<tr>
<td>Save in other ways when they can</td>
<td>11</td>
</tr>
<tr>
<td>Prefer spending money on things needed</td>
<td>7</td>
</tr>
<tr>
<td>Do not need it</td>
<td>5</td>
</tr>
<tr>
<td>Never thought about it</td>
<td>4</td>
</tr>
<tr>
<td>Don’t know</td>
<td>3</td>
</tr>
</tbody>
</table>

- Adults save mainly for medical and developmental reasons
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10. Key take-outs
Borrowing and credit: Overview

Credit Strand

2014

- Formal credit: 8
- Banked: 8
- Other formal: 1
- Informal: 9
- Friends/family: 4
- Not borrowing: 80

Banked  Other formal  Informal  Friends/family only  Not borrowing
## Borrowing and credit: Drivers of borrowing and credit

<table>
<thead>
<tr>
<th>Borrowing mechanism (of those currently borrowing)</th>
<th>%</th>
<th>Approximate Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrow from bank (all credit products from bank)</td>
<td>40%</td>
<td>325 000</td>
</tr>
<tr>
<td>Borrow from friends/family</td>
<td>19%</td>
<td>156 000</td>
</tr>
<tr>
<td>Borrowing from Village Development Fund or Village bank</td>
<td>17%</td>
<td>140 000</td>
</tr>
<tr>
<td>Got goods in advance from shop/store</td>
<td>10%</td>
<td>78 500</td>
</tr>
<tr>
<td>Borrow from other unspecified mechanisms</td>
<td>9%</td>
<td>71 000</td>
</tr>
<tr>
<td>Borrow from money lender</td>
<td>4%</td>
<td>29 000</td>
</tr>
<tr>
<td>Borrow from savings group</td>
<td>2%</td>
<td>13 500</td>
</tr>
<tr>
<td>Borrow from Savings and Credit Union</td>
<td>1%</td>
<td>9 700</td>
</tr>
<tr>
<td>Borrow for government scheme or institution</td>
<td>1%</td>
<td>6 200</td>
</tr>
<tr>
<td>Borrow from pawn shop</td>
<td>1%</td>
<td>5 000</td>
</tr>
</tbody>
</table>
Borrowing and credit: Drivers and Barriers

- **20%** have borrowing/credit products
- **80%** do not borrow

### Borrowing Reasons
- Developmental reasons: 55
- Living expenses: 25
- Medical expenses either planned or emergency: 21
- Buying livestock: 17
- Buying household appliances, goods or furniture: 8
- Non-medical emergency: 5
- Other: 5

### Non-Borrowing Reasons
- Can sustain life without debt: 56
- Fear of debts: 53
- Worried about ability to repay loan: 24
- Interest charged on debt is too high: 8
- Do not know where to borrow: 4
- Do not want to borrow from money lenders: 3
- Do not have a credit record: 2
- Other: 1

- **Adults mainly borrow for developmental reasons**
- **No adults agreed with statement ‘Do not to have someone to borrow from’ showing that there is service provision but other dimensions of access are barriers**
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Financial capability: Managing money

Difficulty with keeping up with financial commitments %

- Easy: 4%
- Difficult: 27%
- Very difficult: 18%
- N/A: 51%

Planning and tracking % agreeing with statement

- Keeps records of your spending: 15%
- Plan or budget: 27%
- Keeps to the plan/budget: 43%

Factors:
- Unexpected events or paying for necessities: 37%
- Irregular or unreliable income: 30%
- Insufficient income: 22%
- Other: 3%
- Don’t know: 8%

73%
Financial capability: Accessing information

68% of adult Lao felt they needed more information about managing money

- While the overall poverty indicators do not highlight the levels of poverty, 78% of Lao adults claimed to have difficulty keeping up with financial commitments

- Over 50% indicate that a lack of income is a significant reason for the lack of planning and budget

- Indicates a need for basic information on current financial products

Desired financial education

<table>
<thead>
<tr>
<th>Desired Information</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>How to save</td>
<td>55</td>
</tr>
<tr>
<td>How to budget</td>
<td>53</td>
</tr>
<tr>
<td>How to invest</td>
<td>53</td>
</tr>
<tr>
<td>How to obtain a loan</td>
<td>42</td>
</tr>
<tr>
<td>Benefits and costs of products</td>
<td>29</td>
</tr>
<tr>
<td>How to choose financial products</td>
<td>24</td>
</tr>
<tr>
<td>Available financial products</td>
<td>21</td>
</tr>
</tbody>
</table>
Financial capability: Planning for major future events and decision making

- 3 million (72%) adults experienced a major event such as a wedding, water festival celebration or funeral in the past 12 months

<table>
<thead>
<tr>
<th>Mechanism for paying for major expense / event</th>
<th>Responsibility for financial decision making</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings</td>
<td>You manage the money alone</td>
</tr>
<tr>
<td>Rely on family /friends</td>
<td>You manage with your spouse / partner</td>
</tr>
<tr>
<td>Sell something to cover costs</td>
<td>You manage together with other people</td>
</tr>
<tr>
<td>Borrow from bank</td>
<td>Head of household manages alone</td>
</tr>
<tr>
<td></td>
<td>Someone else not head manages for everyone</td>
</tr>
<tr>
<td></td>
<td>other people in the household manage for everyone</td>
</tr>
</tbody>
</table>

- Savings: 65%
- Rely on family/friends: 34%
- Sell something to cover costs: 11%
- Borrow from bank: 1%

- You manage the money alone: 18%
- You manage with your spouse/partner: 54%
- You manage together with other people: 5%
- Head of household manages alone: 8%
- Someone else not head manages for everyone: 5%
- Other people in the household manage for everyone: 11%
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10. Key take-outs
Insurance and risk management: Overview

2014

- Insured: 23
- Other formal: 18
- Informal: 8
- Not insured: 77

Insurance Strand

2014

- Other formal: 18
- Informal only: 5
- Do not have insurance: 77

Legend:
- Yellow: Other formal
- Green: Informal only
- Red: Do not have insurance
Of those without insurance (77%):

- 58% are not aware of motor vehicle insurance
- 46% are not aware of life assurance
- 44% are not aware of medical insurance or a health fund
- 30% have not heard of a solidarity system or village funeral fund

77% of adults do not have any kind of insurance product covering risk

Main barrier to the uptake of insurance:
- Have not heard of insurance 24%
- Have never thought of it 20%
- Claim they do not need insurance 16%
- Do not know how insurance works 18%
- Do not know how to get it 14%
- Do not know where to get it 9%
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10. Key take-outs
Remittances: Overview

* of those that claimed to remit in the past 12 months

2014

Formal remittances
- Bank: 17
- Other formal: 8
- Informal: 7
- Friends/family: 7

12% Banked
5% Not banked

Remittances Strand

2014
- Bank: 17
- Other formal: 7
- Informal: 6
- Friends/family only: 5
- Do not remit: 65
Remittances:
Profile of those sending or receiving money

- Adults **sending money** 18% (760 000): 94% sent within Laos and 14% outside Laos
- Adults **receiving money** 23% (971 000): 62% within Laos and 50% outside Laos
- About 1,1 million adults remit within Laos and 580 000 outside of Laos
- Adults residing in rural areas remit more than those in urban areas
- Adults from the Central and South region remit more than the other those in Vientiane Capital and the North regions
Financial inclusion: Landscape of Access

*(of those with any financial product)*

The Landscape of Access is used to illustrate the extent to which financially included individuals have/use financial products/services (excluding those borrowing from family/friends and those who save at home/hiding in secret place)
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10. Key take-outs
Key take-outs

1. The adult population in Laos is predominantly rural, with farming activities being the main source of income.
2. More than half of the adult population lives on an income of less than LAK 2 million a month. The survey indicates an improvement in living conditions.
3. Although 25% of adults do not currently use any form of financial services, some do so by choice, largely linked to cultural issues and lack of information about financial services.
4. Family and friends and informal mechanisms (village funds) are the preferred mechanisms for saving or obtaining credit to cover urgent living expenses (smoothing consumption or emergencies).
5. Lao people largely depend on social solidarity networks, informal financial providers (village funds) and savings for coping with risk, rather than insurance products.
6. Informal product uptake exceeds the formal by far, especially in the low-income segment. However, 2 exceptions:
   • High share of adults obtaining bank lending, almost matching the share using informal credit
   • High use of formal remittances
7. Savings and transactions (including remittances) are the main drivers of financial inclusion in Laos
8. Outside of Vientiane, Lao people are risk averse and thus avoid credit. People who do not take loans mostly do so because they do not need it or because they fear being indebted
9. The low level of financial literacy and knowledge about financial products is correlated with people’s low use of formal services
Thank you

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