



---

How do Low-Income People in Senegal  
Manage their Money?

Executive Summary

October 2013

# Introduction

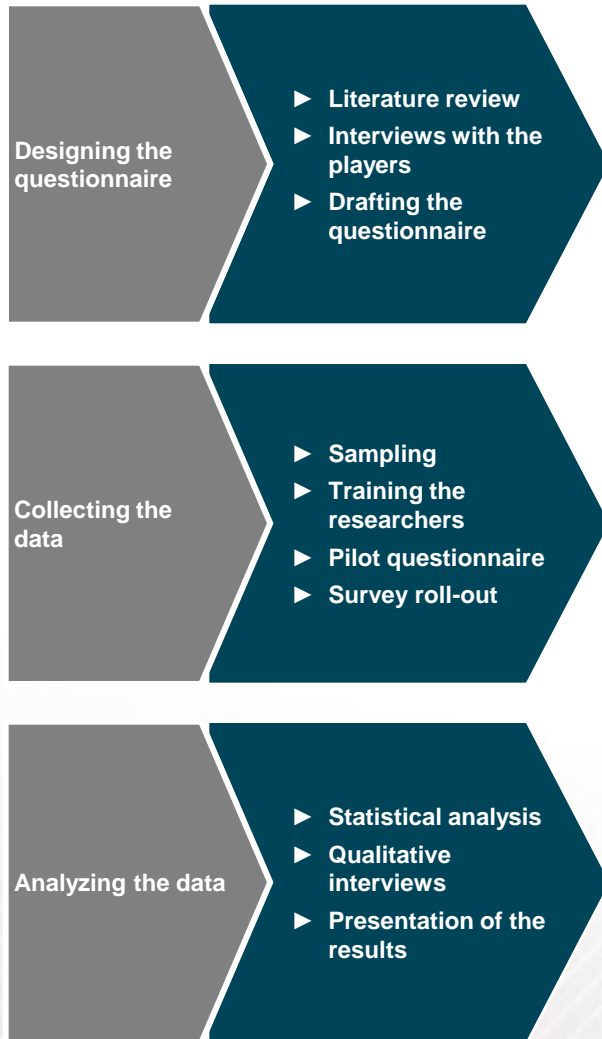
## *Assessing financial behavior in Senegal*



- CGAP worked with EY and Horus Development Finance to better understand the financial behaviors of people just above and below the poverty line in Senegal.
- The research was focused on describing the financial needs of low-income populations as expressed through their aspirations, the financial risks they face, and the financial strategies these populations adopt.
- At the core of this research was a survey of 1,052 Senegalese, followed by a segmentation of the respondents.

# Research Methodology

The diagram below illustrates our approach.



## Objectives

Define the survey's research subject in consultation with the key players

Draft an initial questionnaire

Target the population of interest

Validate understanding of the questionnaire by the target populations

Roll out the survey across the country

Describe the financial behaviours of the target populations

Identify behaviour profiles in the sample

Hold qualitative interviews with representatives of the behaviour profiles identified

Present the results to the industry in order to obtain and include their remarks in the analysis of the data

Write the final reports



# Profiles from the Sample



# Survey Results

*Six core profiles defined by behavior*

## 64.4% of survey respondents did not have an account at a formal institution.

But not all respondents without accounts managed their money the same way.

Respondents who were “**relatively inactive without accounts**” (36% of respondents) save irregularly or not at all and do not send money. They receive some transfers and borrow moderately.

“**Savers without accounts**” (16% of respondents) systematically save money at least every two months, but not with a financial institution.

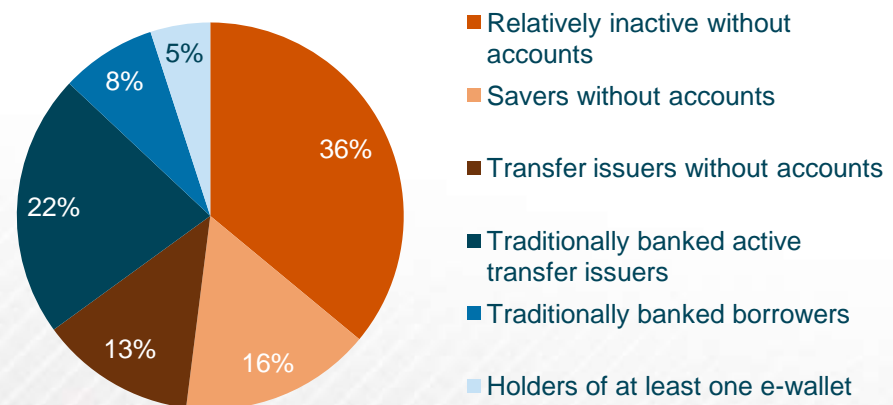
“**Transfer Issuers Without Accounts**” (13% of respondents) save irregularly or not at all and issue money transfers.

## 35.6% of survey respondents had an account at a formal institution.

But not all respondents with accounts managed their money the same way.

The “**traditionally banked active transfer issuers**” (22% of respondents) have a formal account, receive money, send money, and borrow and save in a moderate fashion.

The “**traditionally banked borrowers**” (8% of respondents) never receive money, do not commonly issue transfers, but contract loans and save moderately.



# Survey Results

What characteristics emerge from these profiles?

	Holders of at least one e-wallet	Traditionally banked, active transfer issuers	Traditionally banked borrowers	Transfer issuers without accounts	Savers without accounts	Relatively inactive without accounts
Income	☆☆☆☆	☆☆☆	☆☆☆	☆☆	☆☆	.
Occupation	<i>Formal / Informal</i>	<i>Formal / Informal</i>	<i>Formal / Informal</i>	<i>Formal / Informal</i>	<i>Formal / Informal</i>	<i>Formal / Informal</i>
Education	☆☆☆☆	☆☆☆	☆☆☆	☆☆	☆	☆
Location	<i>Urban / Rural</i>	<i>Urban / Rural</i>	<i>Urban / Rural</i>	<i>Urban / Rural</i>	<i>Urban / Rural</i>	<i>Urban / Rural</i>
Geographical zone	Dak. Kao. ■ ■	Dak. Kao. St. Lou. ■ ■ ■	Dak. Zig. St. Lou. ■ ■ ■	Dak. Kao. Tam. Zig. ■ ■ ■ ■	Dak. Tam. Tou. St. Lou. ■ ■ ■ ■	Dak. Kao. Tou. St. Lou. ■ ■ ■ ■
Age	☆☆	☆☆☆	☆☆☆	☆☆☆☆	.	☆☆
Sex	<i>Male / Female</i>	<i>Male / Female</i>	<i>Male / Female</i>	<i>Male / Female</i>	<i>Male / Female</i>	<i>Male / Female</i>



Trends highest among the segments (high incomes, highest education level, most advanced age, etc.)  
 Trends high among the segments (high income, high education level, advanced age, etc.)  
 Trends within the average of the surveyed population  
 Trends low among the segments (low income, low education level, young, etc.)  
 Trends lowest among the segments (low income, low education level, young, etc.)

# Where do these profiles appear on the economic pyramid?

## Economic weight of profiles

These low-income populations represent 70% of the population over 15 years old and 15% of national GDP.

### At least one account with a financial institution

1.06 million individuals  
14.8% of the population > 15  
3.2% of annual GDP

Traditionally banked active transfer issuers

Holders of at least one E-wallet

### Holds at least one e-wallet

0.16 million individuals  
2.3% of the population > 15 years old  
0.6% of annual GDP

Traditionally banked borrowers

### Have at least one account with a financial institution

0.43 million individuals  
6% of the population > 15  
1.4% of annual GDP

### Transfer issuers without accounts

Holds no account, sends money regularly

0.82 million individuals  
11.5% of population > 15 years old  
2.6% of annual GDP

### Savers without accounts

Holds no account, saves regularly

0.70 million individuals  
9.8% of population > 15 years old  
2.1% of annual GDP

### Relatively inactive without accounts

Holds no account, little financial Activity

1.84 million individuals  
25.7% of the population > 15  
4.8% of annual GDP

# Who are typical Senegalese from each of these segments?

*Common profiles of Senegalese*

**Gathy**, 40 years old,  
sandwich and grilled meat vendor



Traditionally  
banked active  
transfer issuers

Holders of at  
least one E-  
wallet

**Madjiguene**,  
makes bead jewelry



Traditionally  
banked borrowers



**Papa**,  
30 years old,  
wood carpenter

Transfer issuers without accounts



**Pape**, 45 years old, metal carpenter

Savers without accounts



**Assane**, 27 years old, fisherman

Relatively inactive  
without accounts



**Babacar**, farmer



# Portrait of the “holders of at least one e-wallet”

## *Madjiguene, makes bead jewelry*

Owners of at least one electronic wallet are active on several levels:

The vast majority are savers (over half of them set aside money at least once a month).

54 percent of these individuals are borrowers—they tend to borrow for "investment" purposes (purchasing a home or funding a business activity) at a higher rate than other segments.

Many of them also transfer (80 percent) and receive (82 percent) money.

They often have multiple providers: they will choose a specific provider based on the service needed.

Overall, they are better informed than others, but demanding when it comes to service features; they often say they lack information.

They appear to be quite sensitive to the price of services, which is often mentioned as a drawback or the reason for choosing a provider.



Madjiguene makes pearl jewelry, she deposits money in an electronic wallet  
"there was a special offer; it was free so I signed up"

### Household and Occupation

Madjiguene and her brother provide income for an 8-person household. She sells pearl jewelry and occasionally manages a friend's store.

### Financial Services Used

#### Informal Services:

- Rotating-savings club or "tontine" (savings and loans)

#### Formal Services:

- Saving with an electronic wallet
- Receiving transfers through WU and Wari

### Strategies and Perception

- Madjiguene opened an electronic wallet with Yobantel after receiving information from an agent while she was on her way to withdraw money she had received via a transfer: it was free so she signed up. She uses her electronic wallet to save small amounts, "it's very convenient, and I can withdraw at any time"

Meanwhile, she has never considered opening an account with a MFI or a bank, "I'm not interested in banks, loans scare me."

She also uses a tontine to save, as well as to borrow whenever the need arises: it's free and more flexible.

# Portrait of the “traditionally banked, active transfer issuers”

## *Gathy, a 40 year old sandwich and grilled meat vendor*

Traditional-bank-account holders who make transfers are active on several levels:

68 percent send money on a regular basis. 78 percent receive money (fairly significant amounts) at least once a year.

Close to half of them save some money at least once a month.

61 percent borrow, mainly to fund their trade.

They have little information about modern invoice-payment and transfer services.

They are sensitive to saving and borrowing, but do not necessarily use all the services offered by their institutions due to a lack of follow-up/information. They will sometimes choose informal services for reasons of proximity or cost.



Gathy, 40 years old, sells sandwiches and grilled meat

"I save for the future of my children"

### Household and Occupation

Gathy and her brother head a 13-person household.  
For roughly 10 years, she has sold sandwiches and grilled meat on the street.

### Financial Services Used

Informal Services:  
- Saving with a tontine

Formal Services:  
- Savings account  
- Wari transfers

### Strategies and Perception

Gathy has an account with PAMECAS to save and, more importantly, to be able to one day borrow money. However, she has never applied for a loan because she fears not being able to repay.

Although her income is low, she makes an effort to save to ensure a better future for her children. She tends to prefer the tontine because consistently depositing small amounts is more suited to her needs. She would be interested in a nearby savings service (and she would be willing to pay to make deposits near her workplace).

She occasionally sends money, but only through Wari for reasons of proximity. She regularly receives money from her brothers.

# Portrait of the “traditionally banked borrowers”

## *Papa, a 30 year old wood carpenter*

Traditional-bank-account holding borrowers have an account in a Financial Institution (FI) for the main purpose of borrowing.

Their transfer activity is low (none receive, and 49 percent do not send money).

They save inconsistently (in their accounts) and are a lot more concerned about security than proximity or price.

67 percent of them borrow fairly significant amounts for their business. However, taking small informal loans as a supplement is common.

They are loyal to their bank or MFI and have little information about modern invoice-payment and transfer services.



Papa, 30 years old, Carpenter

"PAMECAS is good for us workers"

### Household and Occupation

Papa and his two brothers provide income for a 20-person household. He has been a carpenter for roughly 10 years.

### Financial Services Used

Formal Services:  
- Savings account  
- Loan  
- Wari transfers

### Strategies and Perception

He has an account with PAMECAS to save and borrow money. He makes a deposit as soon as he has a surplus, approximately every two or three months. His savings help him withstand tough times and finance personal projects (construction, etc.).

He has great confidence in his MFI's services and is not looking to change.

He has taken several loans to fund his trade, and they have helped him increase his inventory and profit; he is very satisfied with his experience.

He regularly sends money to his uncle in the village; he has recently chosen to use Wari: it is easier and there are no lines.



# Portrait of “transfer issuers without accounts”

*Pape, a 45 year old metal carpenter*

Non-account holders who make transfers:

All send money—the majority use some kind of informal medium (71 percent) for reasons of proximity and cost.

Most receive (64 percent).

However, they do not – or rarely – save because they would rather reinvest in their business and have their money be productive than hold on to it.

They are somewhat better informed than non-account holding savers (S2) about modern services (transfers, payments, electronic wallets).

They are more sensitive to price than non-account holding savers (S2).

Apart from religious reasons, proximity, wait time, and price are the main impediments to opening an account with a FI.



Pape, 45 years old, Welder

"I need to have access to my money at all times"

## Household and Occupation

He has been a welder for more than 25 years, and has gradually invested in equipment and inventory to grow his business.

His business is his household's only source of income. He also has to help his sisters in the village by sending them money on a regular basis.

## Financial Services Used

Informal Services:

- Credit from his suppliers

Formal Services:

- Wari transfers

- Using his brother's bank account when he is expecting payments by check.

## Strategies and Perception

Pape's top priority is to expand his business to secure his income. All his savings are tied up in his business, and when times are tough, he diversifies his operations by selling small metallic objects on the street for example and reducing his expenses. He is well informed about bank accounts, but thinks the fees are too high. He uses his money on a constant basis and needs it to be available at all times, he thus seeks to avoid transactions that require the payment of a fee or are expensive.

Sometimes he borrows from his suppliers: it's free and he would rather not incur more debt.

Since he both sends (to his family) and receives (from clients) money, he is well informed about services, and chooses informal services when there is no urgency because they are free.



# Portrait of “savers without accounts”

## Assane, a 27 year old fisherman

### Non-account holding savers:

92 percent of them set money aside at least once a month, mainly for contingency purposes, but also to invest in growing their business. They have diversified saving strategies (investing in a business, saving cash, and joining a tontine).

They borrow less than others (1/3 of them) (they are the least likely to borrow).

46 percent of these individuals send money (of which 70 percent use formal channels, and 50 percent use informal channels), and 59 percent receive.

They do not believe that opening an account with an FI is suited to their needs, but because they have received information from relatives, they still tend to consider opening an account to secure their money.



Assane, 27 years old, Fisherman

"My friends have told me about PAMECAS but you know I didn't go to school..."

### Strategies and Perception

Assane consistently saves money to face any unforeseen events and finance the maintenance and repair of his boat. His savings, which he keeps at home, can amount to hundreds of thousands of CFAF in the best of times. He knows about MFIs through his friends. He has a positive view of MFIs (accessibility, possibility for borrowing), and is planning to open an account; however, he has yet to feel confident enough to start the process because he didn't go to school. He keeps money at home.

Occasionally, he borrows from his friends to pay for his boat repairs (about CFAF 200,000). Eventually, he would like to be able to borrow money to buy a second boat.

He regularly (every two to three months) sends approximately CFAF 30,000 to his brother in Casamance. Previously, he used informal transfers. Recently, he has started using Wari (which he discovered through advertising) because it is much simpler and faster.

He knows about electronic wallet services by name since he sees and hears advertisements, but he has not tried to learn more about them because he does not think they are geared toward people like him who did not go to school.

### Household and Occupation

Assane and his brother support their 5-person family.  
He is a fisherman and owns his boat.  
Boat maintenance is his main business expense.

### Financial Services Used

Informal Services:  
- Borrowing from friends

Formal Services:  
- Wari transfers in the past few weeks.

# Portrait of “relatively inactive without accounts”

## Babacar, a farmer

Non-account holders with little financial activity:

Have little money to save (this segment has the lowest incomes and there is a appreciable "gap," 82 percent have less than CFAF 20,000 per month, per capita).

They avoid borrowing (55 percent never borrow) because they fear not being able to repay a loan.

They never send money and few of them receive (49 percent do not receive money).

They are the least informed; they know the names of providers but do not try to find out more information because they believe such services are not suited to their needs.

Their only contact with financial services providers is to receive transfers.

However, they have strategies for diversifying their income to face risks and for raising capital (usually through real estate), and they have a positive view of MFIs.



Babacar, Farmer

"I built the house for my children"

### Household and Occupation

Babacar heads an 11-person household. As a farmer, he produces enough to feed his family. His two sons work to supplement the family's income.

### Financial Services Used

None

### Strategies and Perception

Babacar has little money to save. All his life, whenever his income allowed, he invested in the construction of his house: it is what he will leave to his children.

He never has more than CFAF 5,000 to CFAF 10,000 on him: as soon as he has some money, he spends it on something useful, "we don't want to waste [money]."

If he could afford it, he would open an account, but for the time being all these services are not suited to his needs.

He has heard about Wari for transfers and payments. He would rather pay the electricity or water company directly - "It's safer."

He does not want to borrow, even from a relative, "If you owe someone, the person may bother you at any time for repayment of his money: that is unacceptable to me."

# What can we learn from these segments?

*Knowledge increases with inclusion*

**As you climb up the economic pyramid toward the more financially included segments (i.e. “holders of at least one e-wallet” and “traditionally banked borrowers”), knowledge of methods of transfers, payments and saving clearly increase.**

However, knowing the name of a service is very different from real knowledge of using service. In general, few respondents are aware that e-wallets can be used to save, transfer money, buy phone credit and pay invoices.

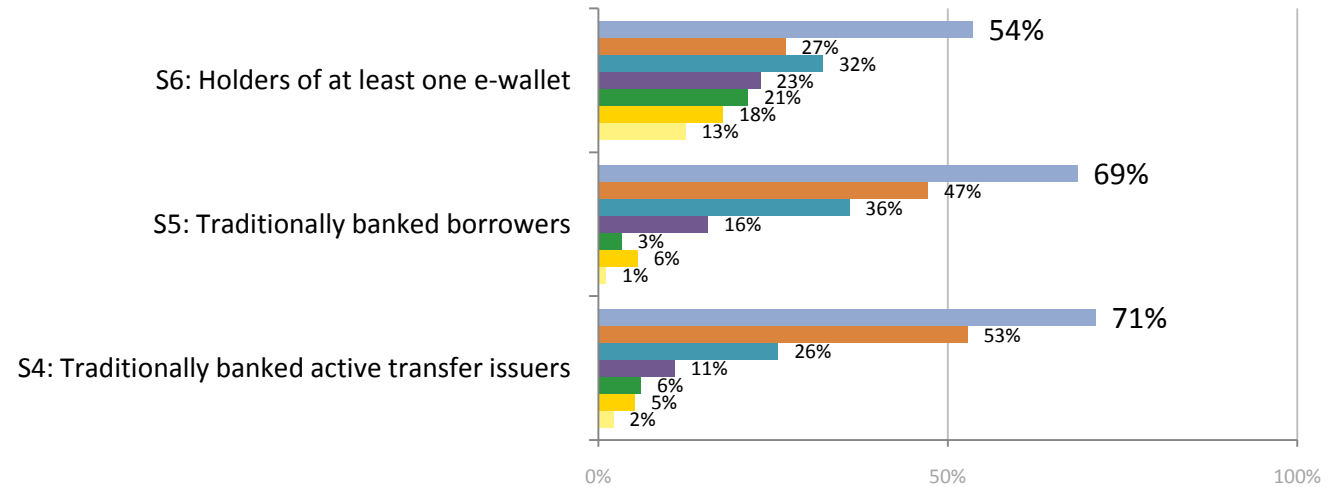
Respondents across categories were unlikely to be aware that they can save from home using an e-wallet. Respondents were much more likely to have heard of making payments and money transfers via e-wallets than saving. This was even true for “holders of at least one e-wallet.” Twenty-seven percent of e-wallet holders did not know they could save with their e-wallet.

# What motivates certain behaviors?

*Savings drives users to open accounts*

Across all segments, “to save” was a major incentive for opening an account with a financial institution or e-wallet. Having an account and saving is also associated with access to credit.

- To save
- To get a loan
- For my day-to-day expenses (household/business)
- To receive my salary
- To make/receive payments
- To receive money (excluding salary)
- Autre à Préciser





# What motivates certain behaviors?

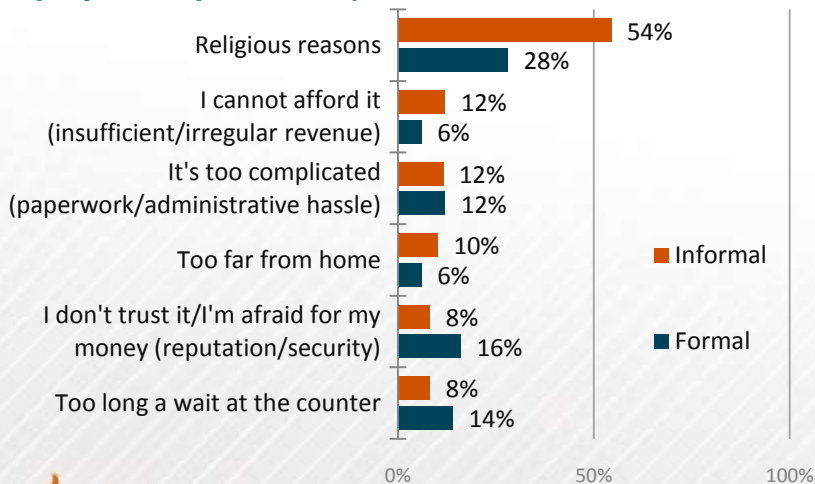
*Religious reasons are major obstacle in some respects*

**54 % of respondents cited “religious reasons” for not having an account at a financial institution.**

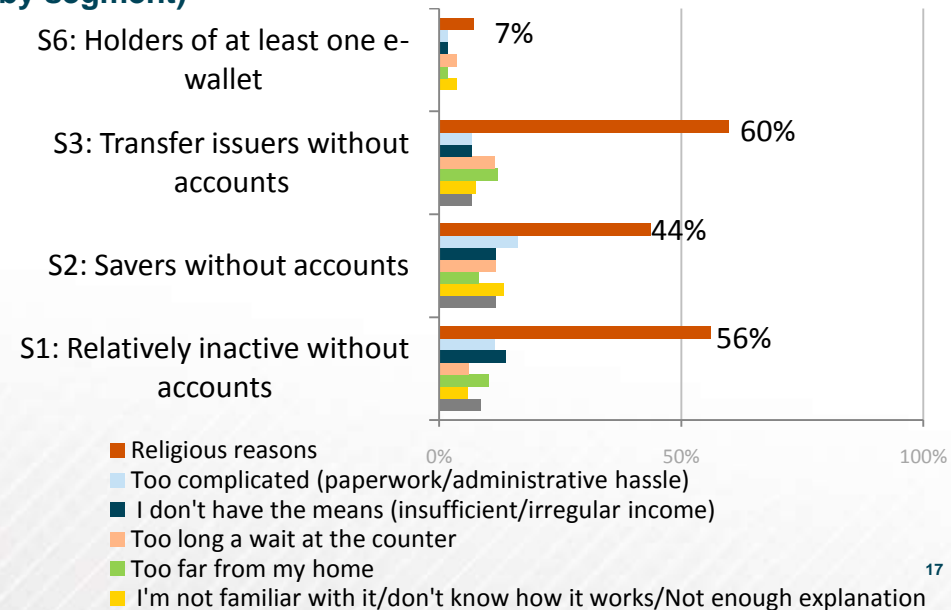
Islam is the predominant religion in Senegal, and Sharia law prohibits interest. This makes the use of traditional savings or loans technically impossible for practicing Muslims.

The quantitative survey responses, however, may have overstated the role religion plays in people’s preference for financial services. Researchers probed this topic further in qualitative interviews and found that the citation of “religious reasons” was actually a reflection of other underlying concerns, and that religion may not have been a barrier in and of itself. When asked to clarify, many respondents qualified their response and explained a general fear of taking loans, or commented that an account “just wasn’t for them,” or revealed a level of misinformation about what was required to open an account (many respondents thought that “several hundred thousand XOF” would be necessary).

**Reasons for not opening an account with a financial institution (across segments, by sector of employ, multiple choice)**



**Reasons for not opening an account with a financial institution (by segment)**





# Demographics and Responses





# We surveyed 1,052 low-income people in Senegal

76%

*Of rural and peri-urban respondents were informally self-employed*

62%

*Of urban respondents were informally self-employed*

*The focus of this survey was individuals over 15 years of age.*

Geographical zone	Sample breakdown
West urban zone (Dakar)	10.84%
West rural zone (Dakar)	9.51%
North urban zone (Saint Louis)	8.37%
North rural zone (Saint Louis)	7.89%
Center-north urban zone (Touba)	8.27%
Center-north rural zone (Touba)	9.03%
Center-west urban zone (Kaolack)	7.98%
Center-west rural zone (Kaolack)	7.03%
South urban zone (Ziguinchor)	7.98%
South rural zone (Ziguinchor)	7.98%
East urban zone (Tamba)	7.22%
East rural zone (Tamba)	7.89%
Total number	1 052

## Demographic data

Variables	Attributes	Sample breakdown
Sex	Male	52.00%
	Female	48.00%
Nationality	Nationals	98.57%
	Foreigners	1.43%
Age group	15- 19 years	7.98%
	20 - 24 years	13.78%
	25 – 34 years	16.92%
	35 – 49 years	15.30%
	50 – 59 years	20.44%
	60 years and over	18.16%

# Key Household Attributes

*Surveyed households typically large, low-income and not in school*

**74%**

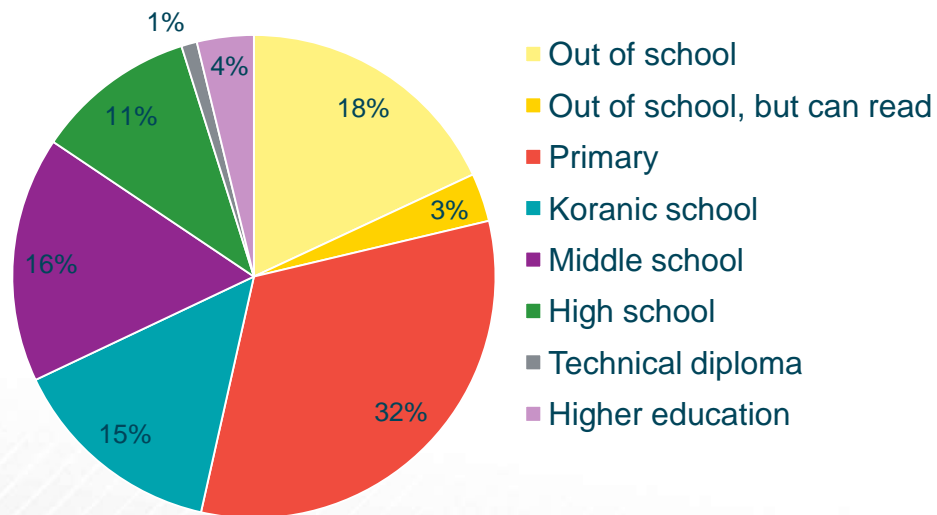
*Of households had more than 7 members; The national average is 9.*

**52%**

*Of households had individual incomes per person between \$30 and \$60 (XOF 15,000 an XOF 30,000) per month.*

**Respondents' level of education**

21% of the surveyed population have no formal schooling.





# Ambitions and Aspirations

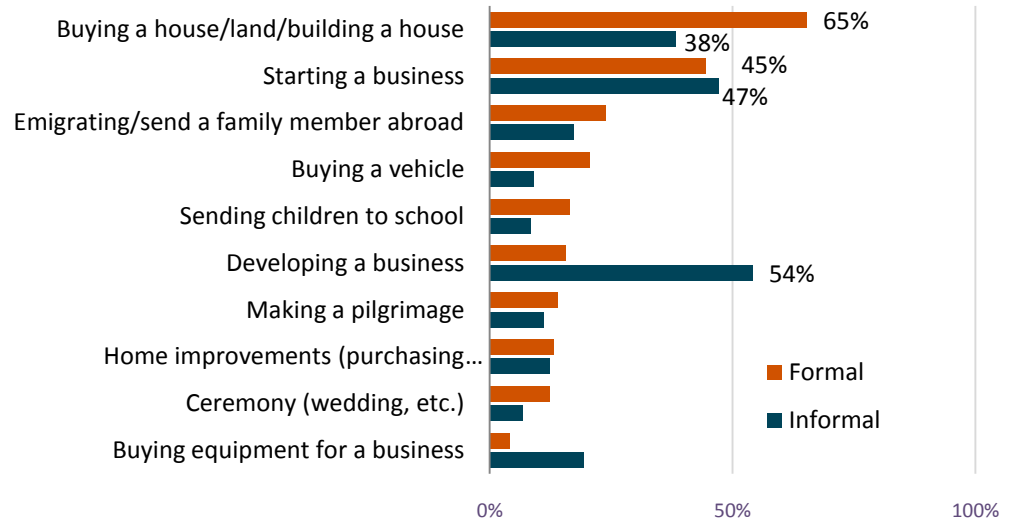
*Most respondents are entrepreneurs at heart*

***Most respondents' primary ambition is to start or further develop a business.***

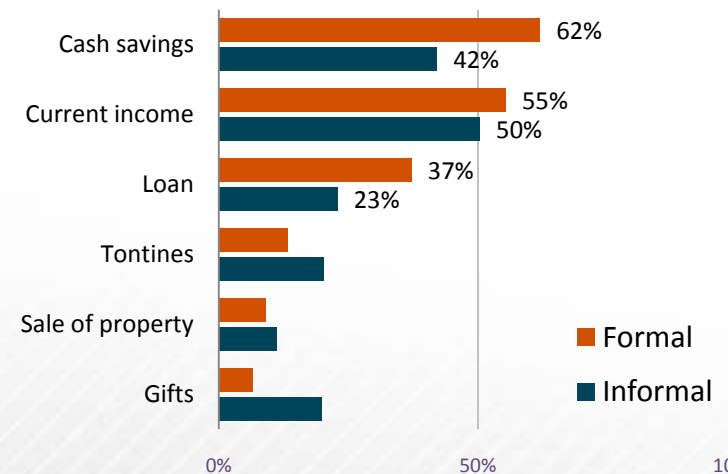
Among formal sector employees, home ownership was also a strong ambition

*The majority of respondents plan to finance their projects through savings and current income.*

## What are your biggest projects in the next 2 or 3 years?



## How will you finance your future projects?



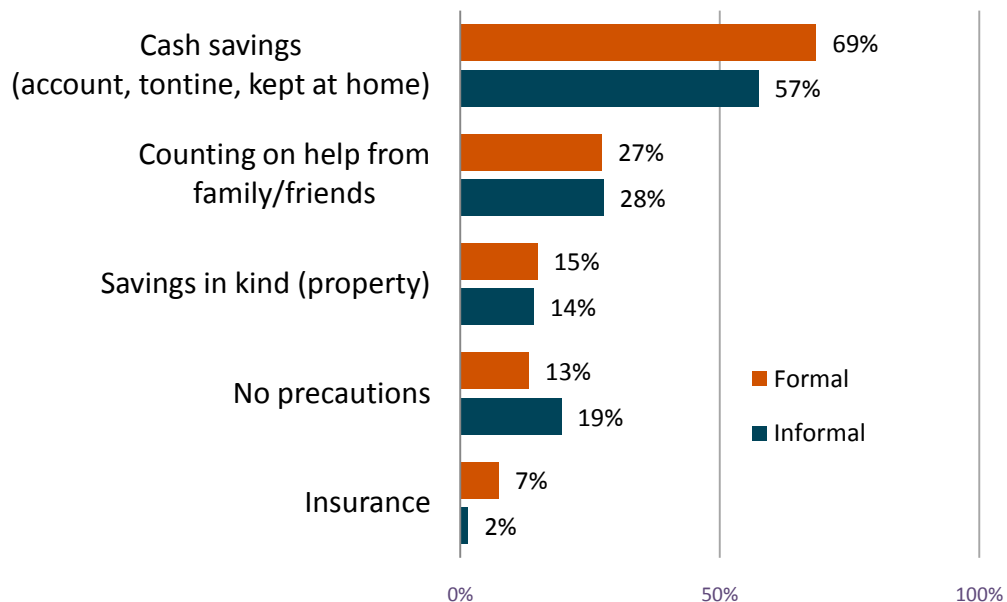
# Threats and Risks to Stability

*How do respondents deal with financial risks and threats?*

**60% of respondents cited illness as the primary threat to their income.**

Respondents primarily rely on savings to address financial threats, but nearly 30% of respondents from the informal sector also count on family and friends for help.

**What precautions do you take to deal with financial threats?**



**78.6% of respondents experience periods when their income is insufficient to meet their basic current expenditures.**

Solutions for covering unmet expenditures during periods of insufficient income included drawing on cash savings, getting help from family and friends, reducing expenditures.

# Accounts and Obstacles

*What prevents respondents from opening accounts?*

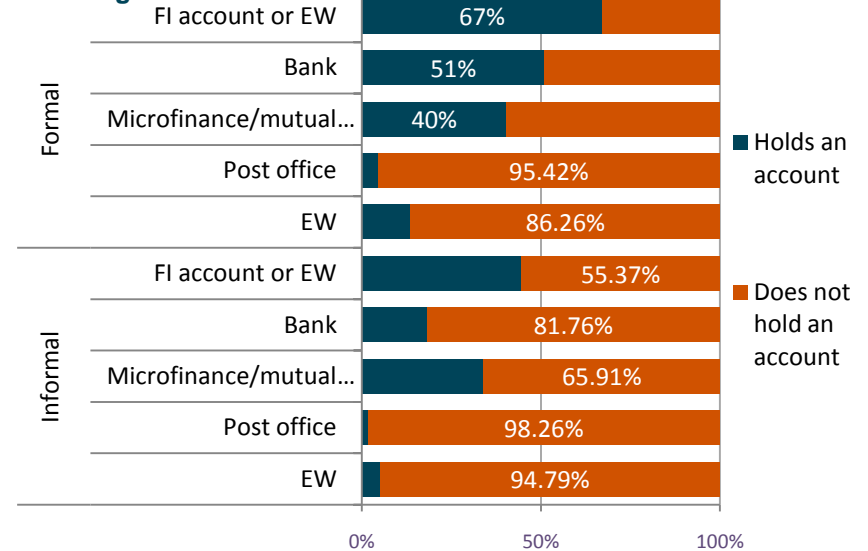
**47% of households have at least one account with a financial institution (FI) or an e-wallet:**

- 35% have an account with a microfinance institution or a SACCO;
- 22% have a bank account;
- Only 6% of households have an e-wallet;
- Only 2% save with the post office.

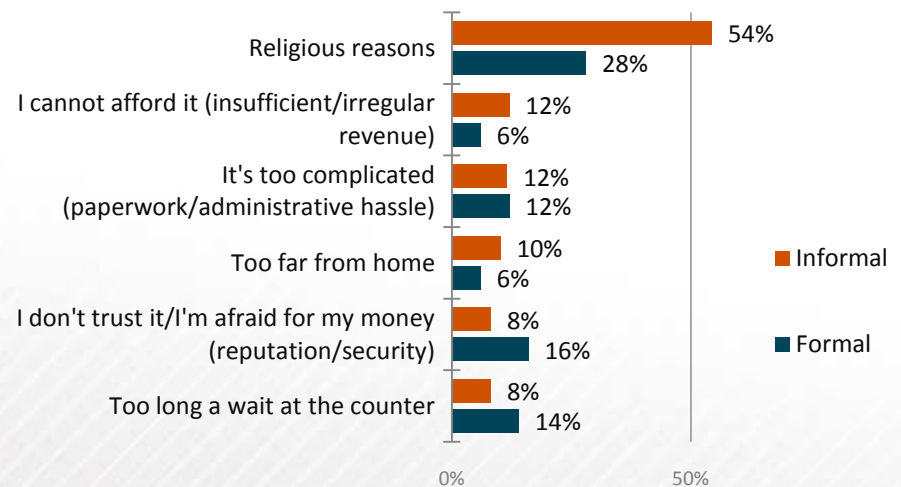
**54% of non-holders cite religious reasons for not having an account.**

*As mentioned earlier, Islamic law prohibits interest, which makes the use of formal savings or loans technically impossible for practicing Muslims. Qualitative interviews suggested that the role of religion may have been overstated in the survey responses. When probed, many interviewees paired religious reasons with other underlying concerns, such as “it’s not for me,” or misinterpreting the financial commitment required to open an account.*

**Percentage of households with an account**



**Reasons for not opening an account with a financial institution (multiple choice)**



# Accounts and Motivations

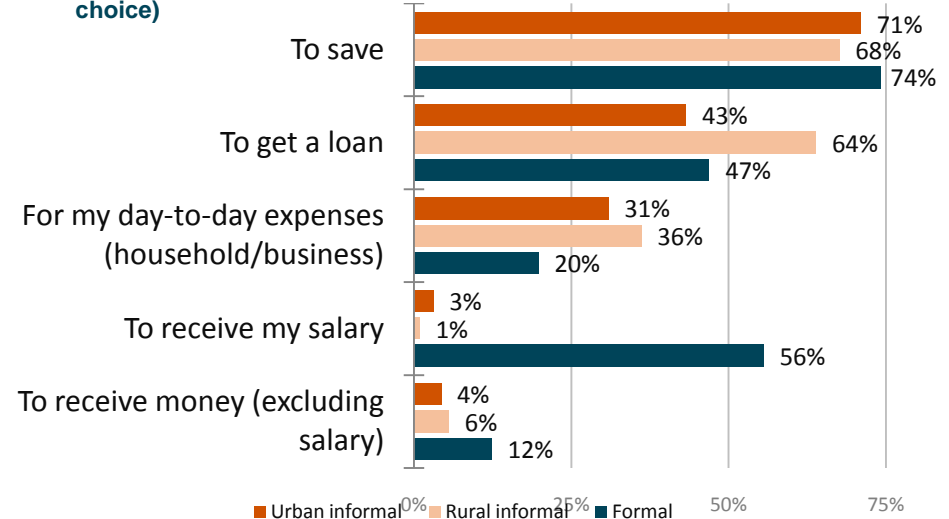
*What drives respondents to open accounts?*

## Respondents open an account at a financial institution mainly to save and to borrow money.

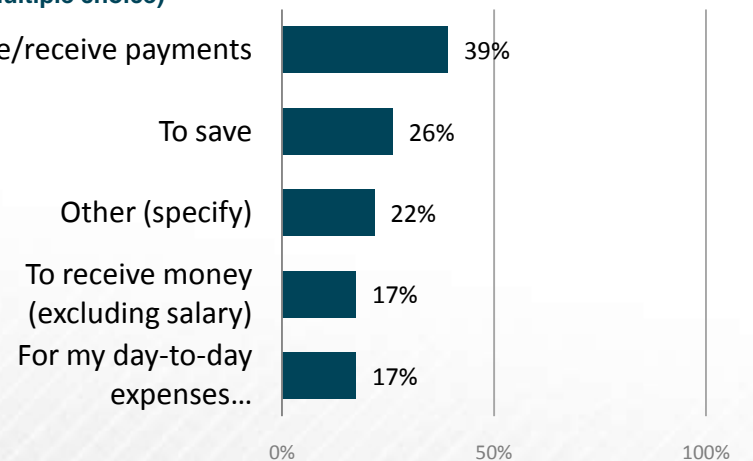
- Formal sector employees also open accounts to receive the salary.
- 47% of those who do not hold an account would be interested in one if they could make deposits and withdrawals at a nearby shop.

## Respondents open e-wallet accounts to make transfers and to save.

Reasons for opening an account with a financial institution (multiple choice)



Saving and making payments are the most common reasons for opening an e-wallet (multiple choice)





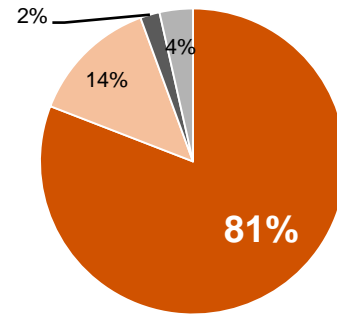
# Payments

*How do respondents make payments?*

**81% all payments for goods and services are made in cash directly to the recipient (or sent via another person).**

Only 2% use agent networks.

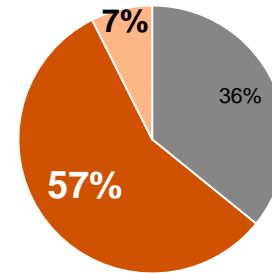
**Means used by respondents to make payments**



- In cash delivered by hand to the recipient
- In cash delivered by hand via another person
- In cash via an agent/service point
- Other means

**Awareness of the existence of the bill payment services through an agent**

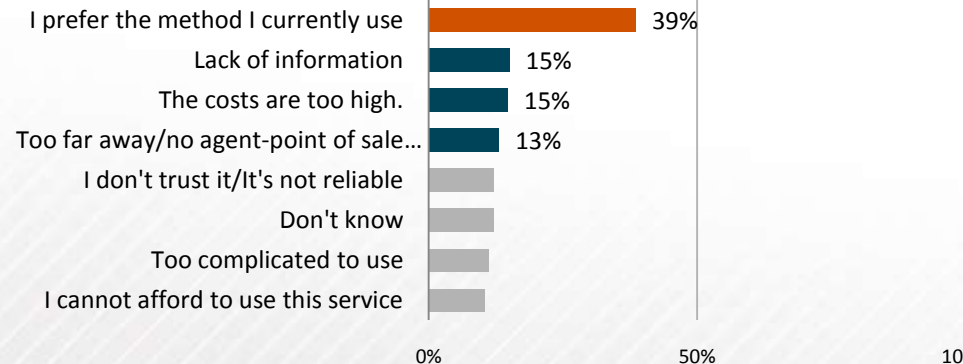
64% of respondents are aware of the existence of the bill payments services (water, electricity) through agent networks but do not use it. Only 7% use it.



- Respondents not familiar with the service
- Respondents who do not use the service but are aware of its existence

**There are 4 main reasons why respondents do not use bill payment services through an agent:**

- 39% prefer the method they already use;
- 15% cite lack of information;
- 15% say the expense is too high;
- 13% cite distance as a problem.



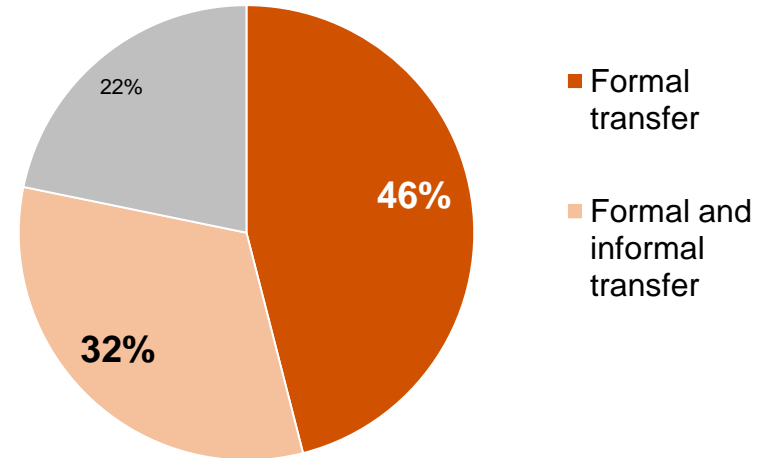
# Outgoing Transfers

*How do respondents send money?*

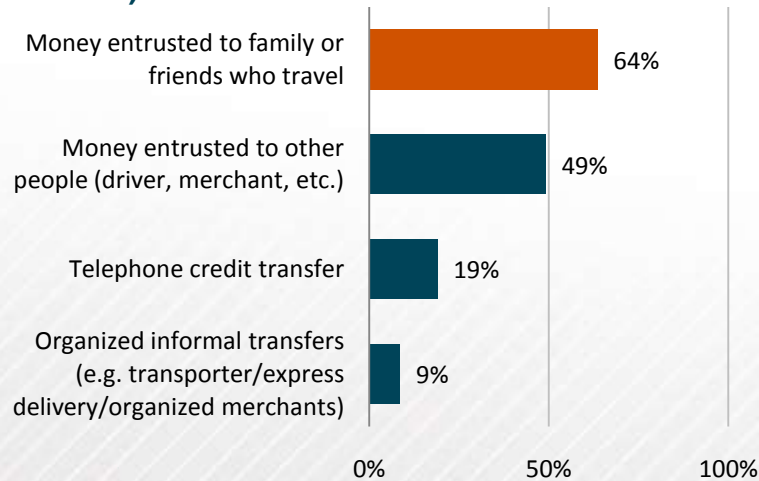
**43% of respondents sent money at least once in the last year, either through formal or informal means.**

- 37% of respondents state that they have sent money several times in the last 12 months.
- 78% of issuers use formal means.
- Agent networks are the most preferred formal means of transfers, both within and outside the country.

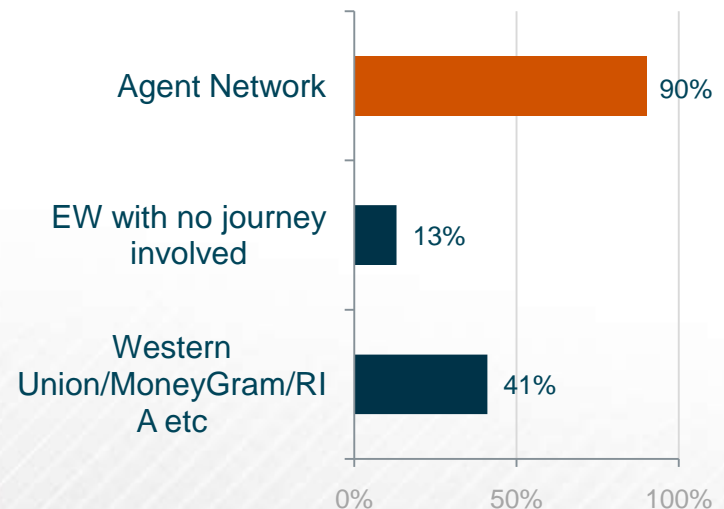
## How Respondents Issue Money Transfers



## Respondents conduct informal transfers in 4 main ways (multiple choice):



## 3 Main Ways Respondents Conduct Formal Transfers



# Outgoing Transfers

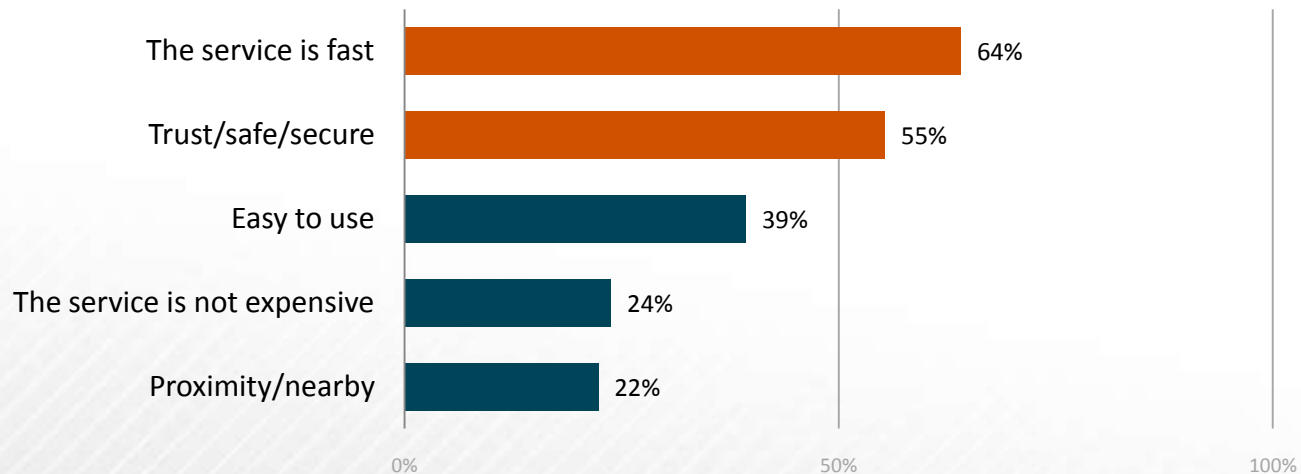
*What do respondents like about formal transfer services?*

## Respondents appreciate the speed and security of agent networks

42% of respondents who use agent networks believe the service presents no drawbacks.

When drawbacks are mentioned, they usually involve the potential for cash shortages at the agent, connection problems, or prices considered to be too high.

### Advantages of sending money via cash deposit with an agent network (multiple choice)



# Incoming Transfers

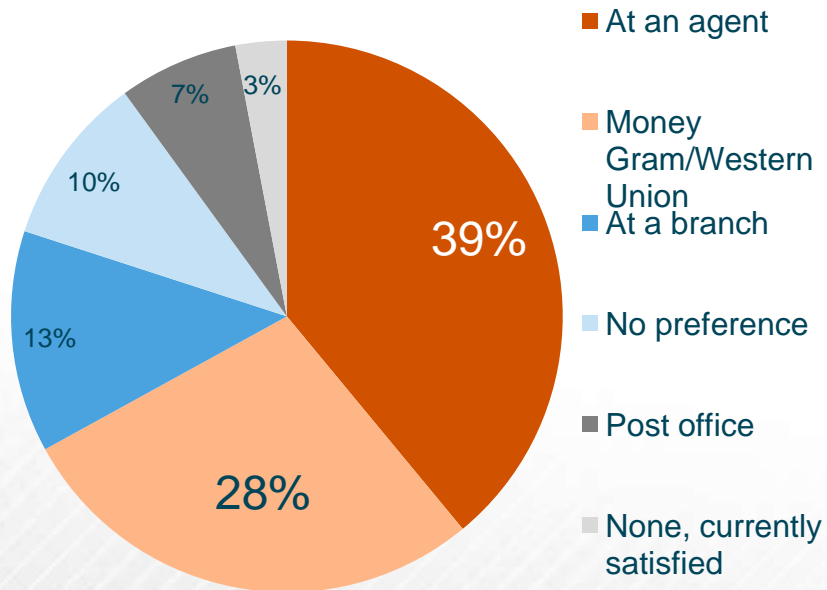
*How and how often do respondents receive money?*

**66% of households have received money in the last 12 months.**

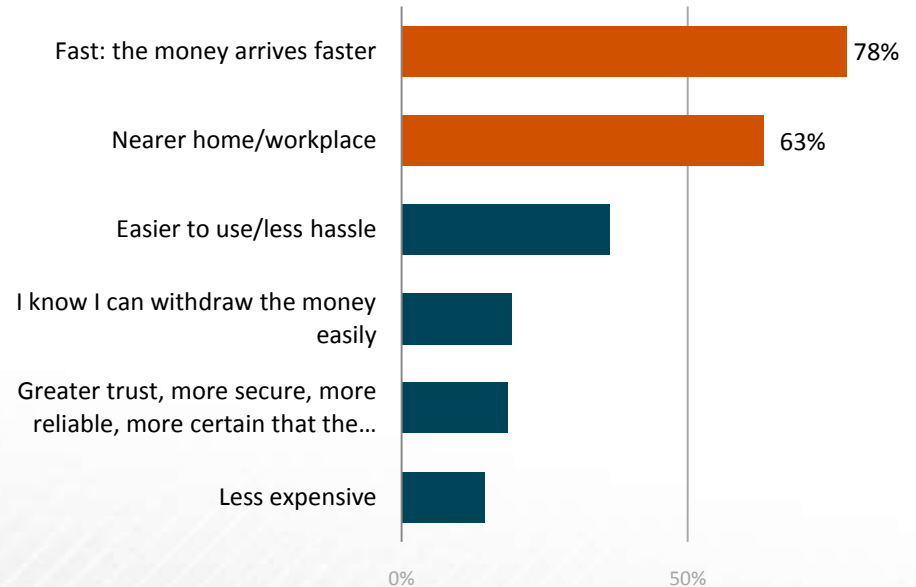
81% of recipients have only received money through formal means.

Given the choice, recipients prefer to receive money through an agent network.

**How do you prefer to receive money?**



**Reasons why recipients would prefer to receive money via an agent network (multiple choice)**





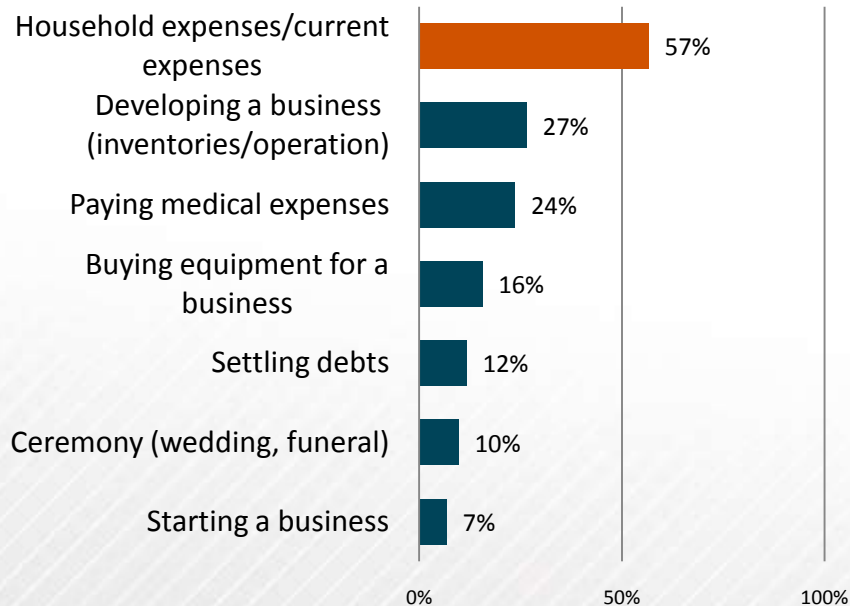
# Borrowing

Who borrows, and from where?

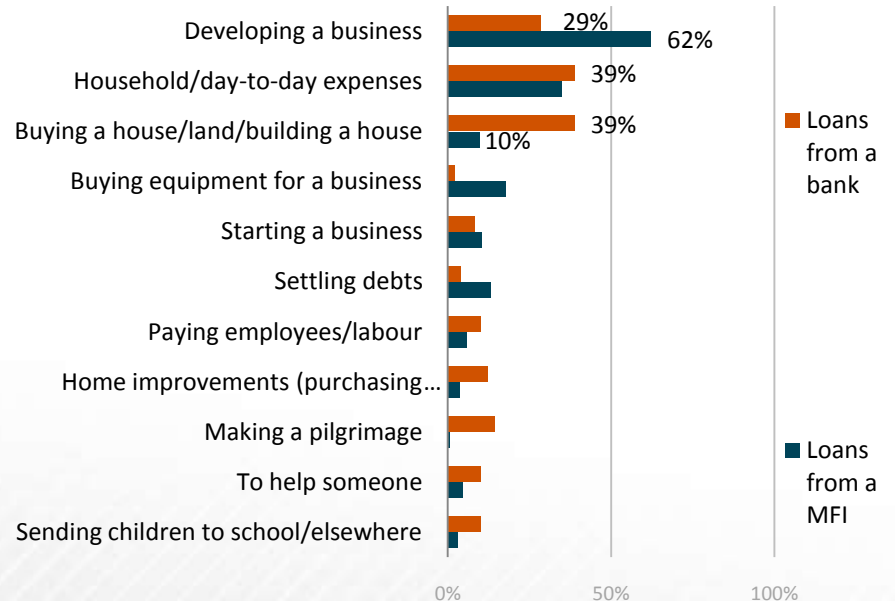
## Half (49%) of the respondents have borrowed in the last 12 months

60% of those who have borrowed have relied on family or friends for funds. 26% borrowed from microfinance institutions and only 10% have borrowed from banks.

### Loans from family members usually cover regular expenses.



### Loans from financial institutions often cover business expenses.



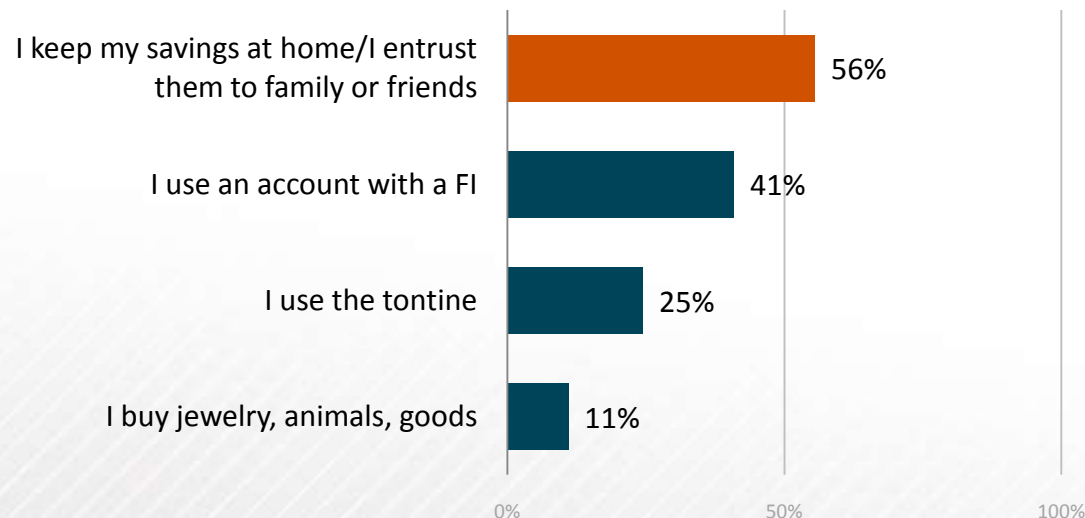
# Saving

*Who saves, why and how?*

## 66% of respondents save

- 31% save at least once per month.
- 81% of savers are motivated by covering unexpected costs.
- However, 64% responded that accounts have a distinct advantage of being “secure.”
- Just under one-third (31%) of respondents have heard of the e-wallet as a means of saving.

### 56% of savers keep their savings at home or entrust them to a friend (multiple choice)



# Insurance

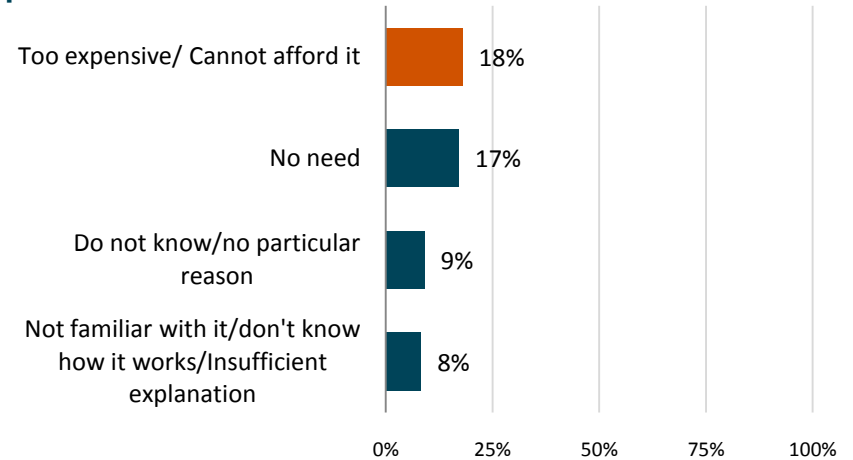
## What drives insurance uptake?

**67% of respondents have heard of at least one type of insurance.**

But uptake is relatively low. 19% of households have taken out at least one form of insurance in the last two years.

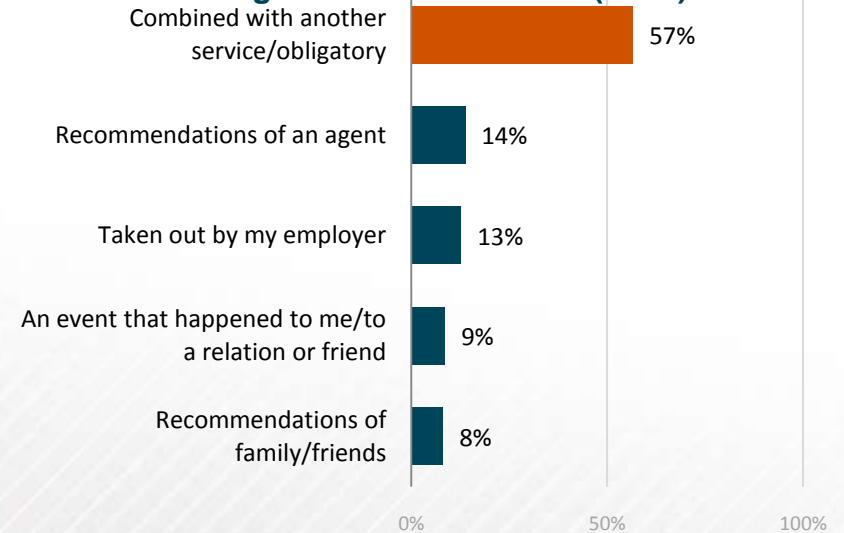
Respondents commonly cited “lack of resources” or “lack of need” as reasons for not taking out insurance.

**Cost, lack of need are most significant barriers to insurance uptake.**



57% of respondents who have taken out insurance have done so because it was bundled with another service and was obligatory.

**Reasons for having taken out insurance (MCQ)**



This report was completed in partnership with EY and Horus Development Finance.



# CGAP

Advancing financial inclusion to improve the lives of the poor

