



# ANNEX

UNCDF Tanzania-Inclusive Digital  
Economies and UNCDF Policy Accelerator

## ASSESSING PROGRESS AND PRIORITIES: TANZANIA'S FINANCIAL INCLUSION JOURNEY 2011-2021

Graphs and visualizations

MARCH 2023

# Annex: Graphs and visualizations from **Assessing Progress and Priorities: Tanzania's Financial Inclusion Journey 2011 - 2021**

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At the end of 2022, the United Nations Capital Development Fund (UNCDF), along with many others, took the time to reflect on the achievements realized, challenges faced, and lessons learned over the last year. With the release of the latest edition of the World Bank Global Findex Database in June 2022, financial sector stakeholders like us had new data to guide this annual process. The Findex data—especially when analysed alongside other large datasets and publications such as those from the World Bank and the GSMA, as well as our own project-level data and anecdotal evidence—provide insights that help us better-understand our progress and prioritize the work ahead of us.

Under the EU-funded Tanzania Inclusive Digital Economy (T-IDE) project and through the UNCDF Policy Accelerator, UNCDF is committed to using data and research to accelerate Tanzania's transition to an inclusive digital economy, ensuring that nobody is left behind. This includes:

- Working with the private sector to develop data driven, customer-centric financial products and services that better-meet people's needs
- Supporting the public sector to develop inclusive, evidence-based policies and regulatory frameworks that leave no-one behind

This annex is intended to accompany the report, **Assessing Progress and Priorities: Tanzania's Financial Inclusion Journey 2011-2021**.

The source for all graphs and visualizations is the World Bank Global Findex 2021, unless otherwise indicated.

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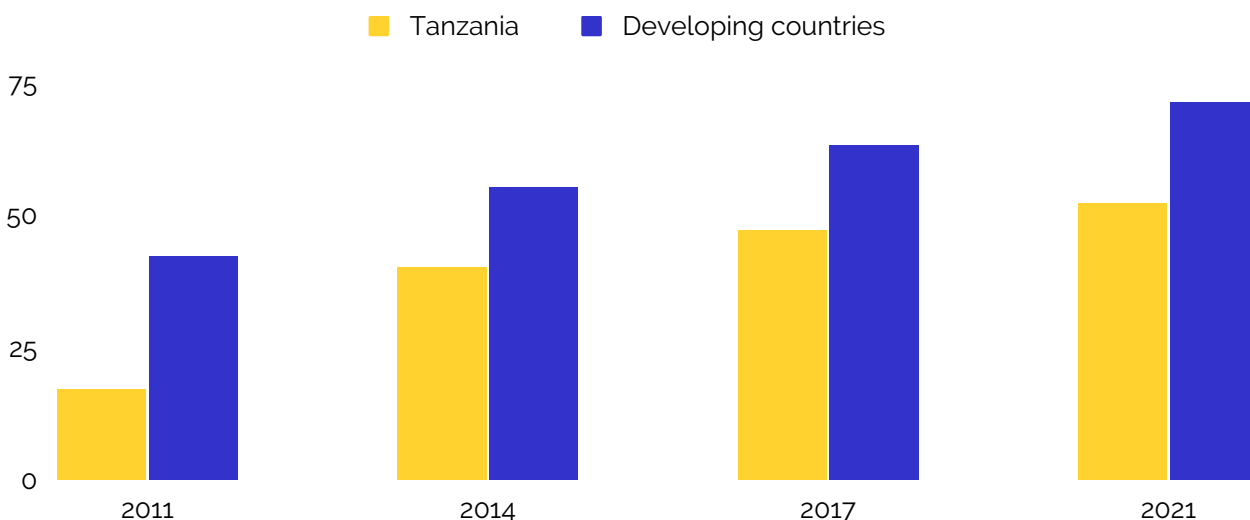
# Key graphs and visualizations:

## ACCESS

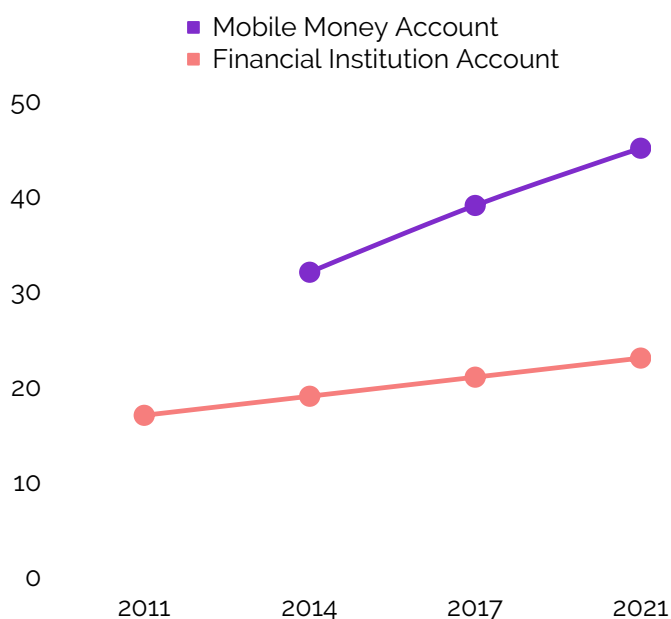
Access to finance through mobile money and financial institution accounts provides a crucial pathway to financial inclusion – especially for women. While mobile money is leading the way in facilitating access to finance in Tanzania, gender gaps remain high, with women facing critical obstacles to financial inclusion.

While the percentage of adults in Tanzania with a financial account is still lower than the percentage in developing economies overall, the rate of growth in account ownership in Tanzania outpaced that of developing economies. Account ownership in Tanzania grew by 35 percentage points, from just 17% in 2011 to 52% in 2021. In developing economies, it grew by 29 percentage points, from 42% to 71% over the same period.

**Figure 1: The rate of growth in account ownership in Tanzania has outpaced the rate of growth in developing countries (% , age 15+)**



**Figure 2: Account ownership 2011-2021 (% , age 15+)**



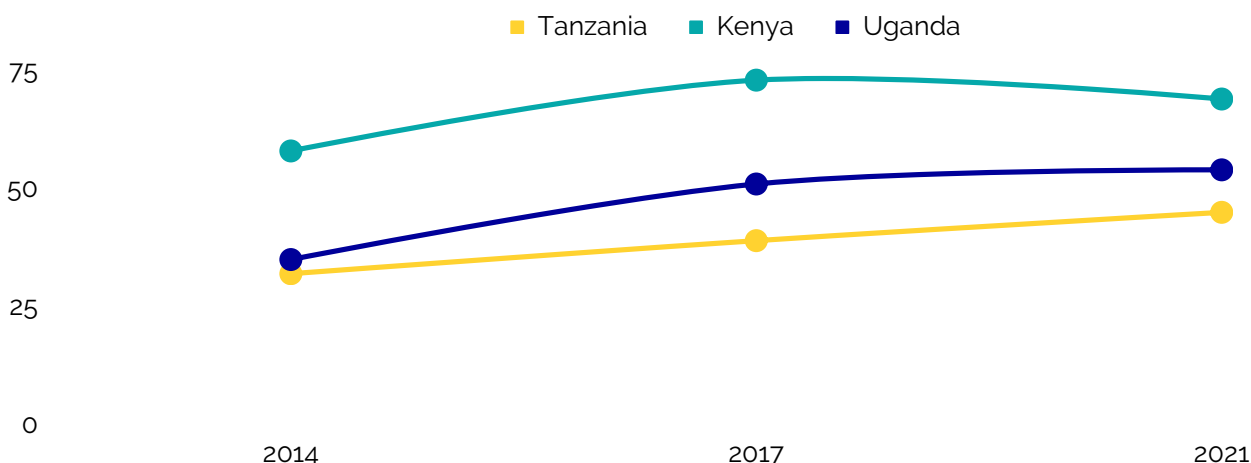
Relatively rapid growth in account ownership in Tanzania stems largely from the adoption of mobile money: since 2014, the rate of growth in mobile money account ownership has been greater than that of financial institution accounts. In 2021, the share of adults in Tanzania with a mobile money account was nearly double the share of those with a financial institution account. Tanzania is one of eleven countries, all of which are in Sub-Saharan Africa in which a larger share of adults has a mobile money account than a bank account.

## Key graphs and visualizations:

### ACCESS

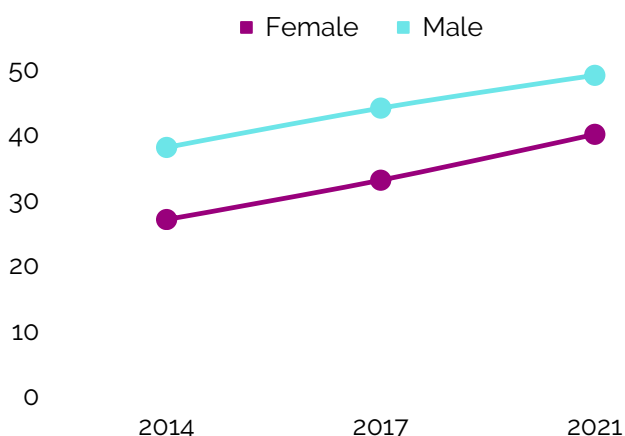
While rates of mobile money account ownership are lower in Tanzania than in Kenya and Uganda, growth rates in Tanzania have been steadier since 2014. The stark difference in the uptake of mobile money accounts between Tanzania and neighboring countries merits further investigation.

**Figure 3: Adoption rates of mobile money accounts 2014-2021 in Tanzania, Kenya, Uganda (% , age 15+)**

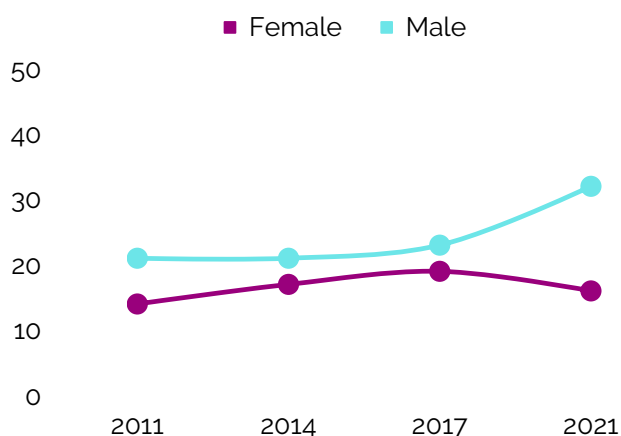


Mobile money can be a key pathway to financial inclusion, economic empowerment, and resilience for women. Figure 4 shows that while women in Tanzania are less likely than men to own a mobile money account, the pace of growth in mobile money account ownership for women has been higher than for men. In other words, the gender gap in mobile money is narrowing. This is in contrast the growing gender gap in financial institution account ownership, shown in Figure 5, suggesting that for women, the barriers to mobile money account ownership are much lower than for financial institution accounts (e.g., bank accounts).

**Figure 4: Gender gaps in ownership of a mobile money account, 2014-2021 (% , age 15+)**



**Figure 5: Gender gaps in ownership of a financial institution account, 2011-2021 (% , age 15+)**

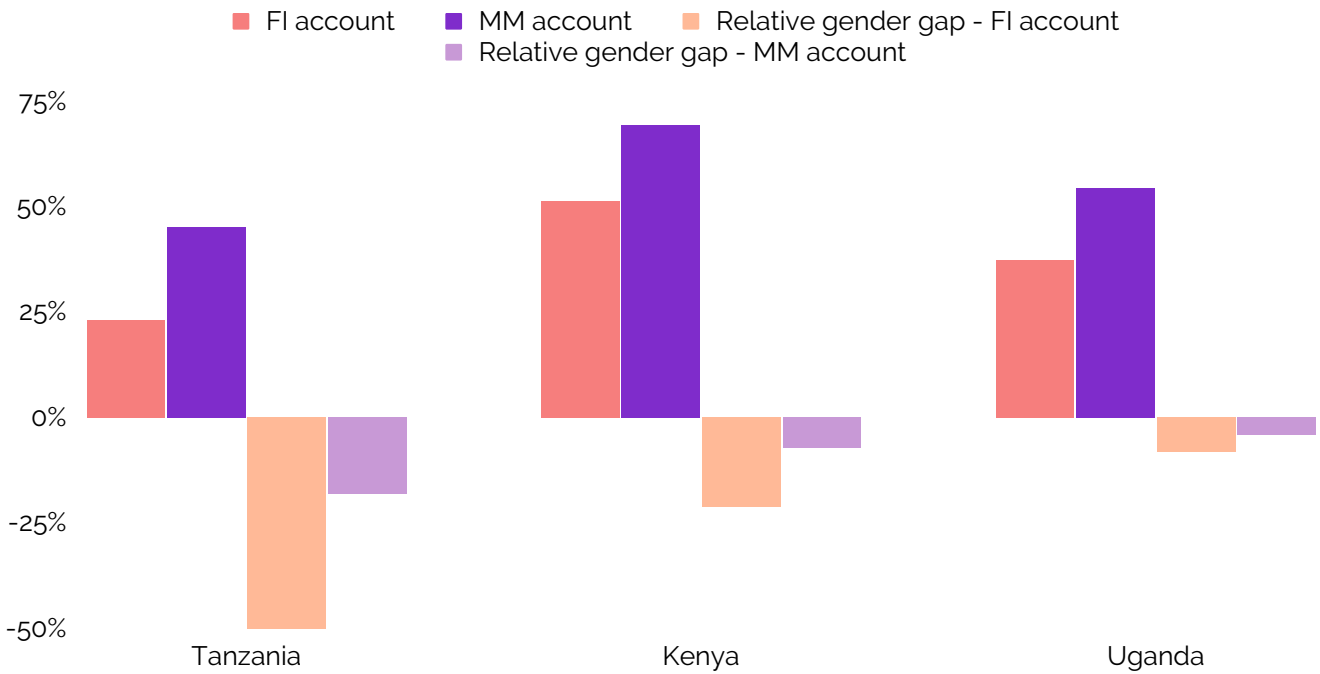


## Key graphs and visualizations:

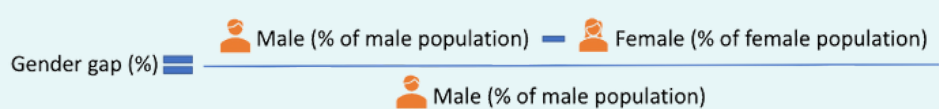
### ACCESS

While the gender gap in mobile money account ownership in Tanzania is narrowing, relative gender gaps remain high, especially as compared to neighboring Kenya and Uganda.

Figure 6: **Financial institution (FI) vs. Mobile money (MM) accounts (% age 15+)**

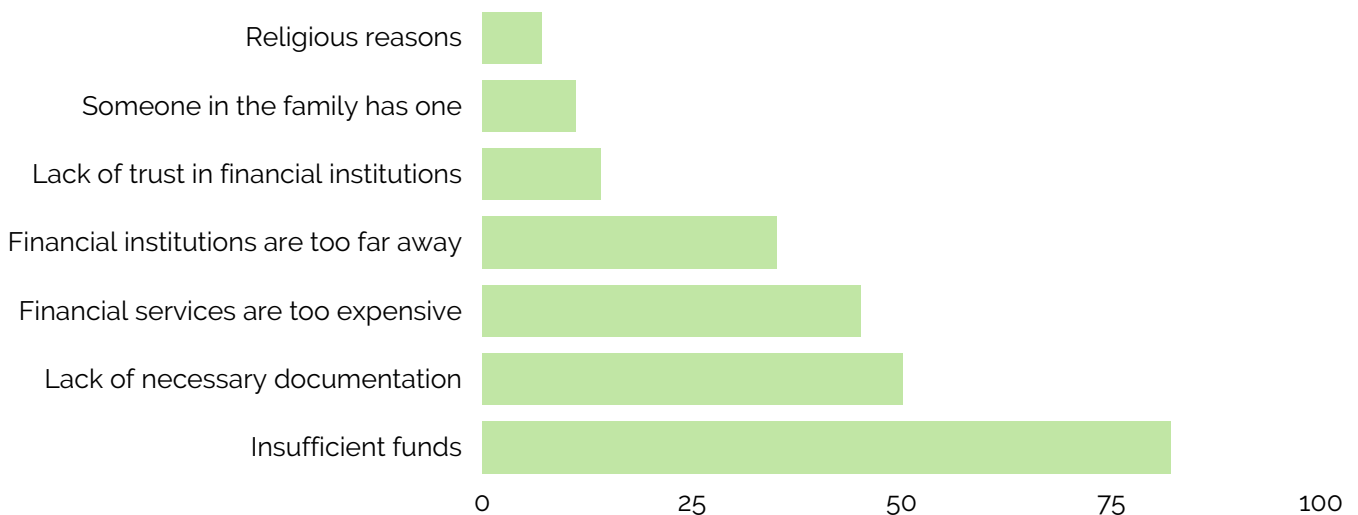


#### How is the gender gap calculated?



Adults in Tanzania identify insufficient funds, lack of necessary documentation, and expensive financial services as three key reasons for not owning an account. Women are disproportionately negatively affected by these constraints.

Figure 7: **No account because... (% of adults age 15+ without an account)**

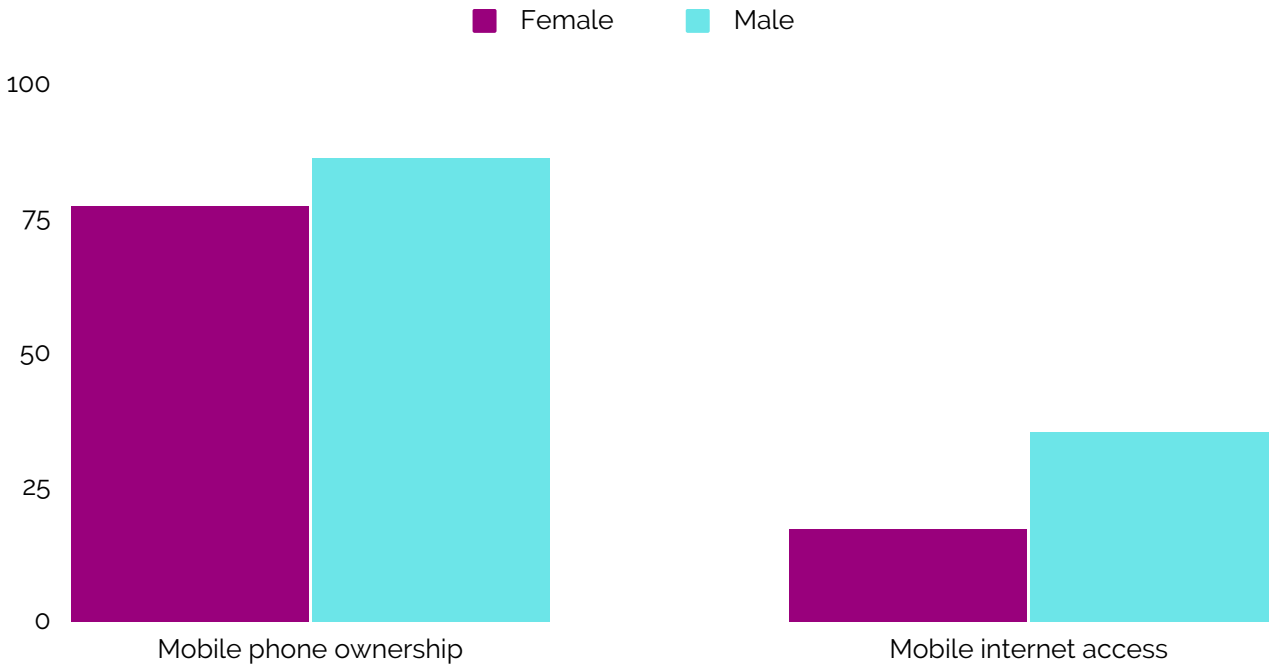


## Key graphs and visualizations:

### ACCESS

Women in Tanzania are less likely than men to own mobile phones and to spend on mobile internet.

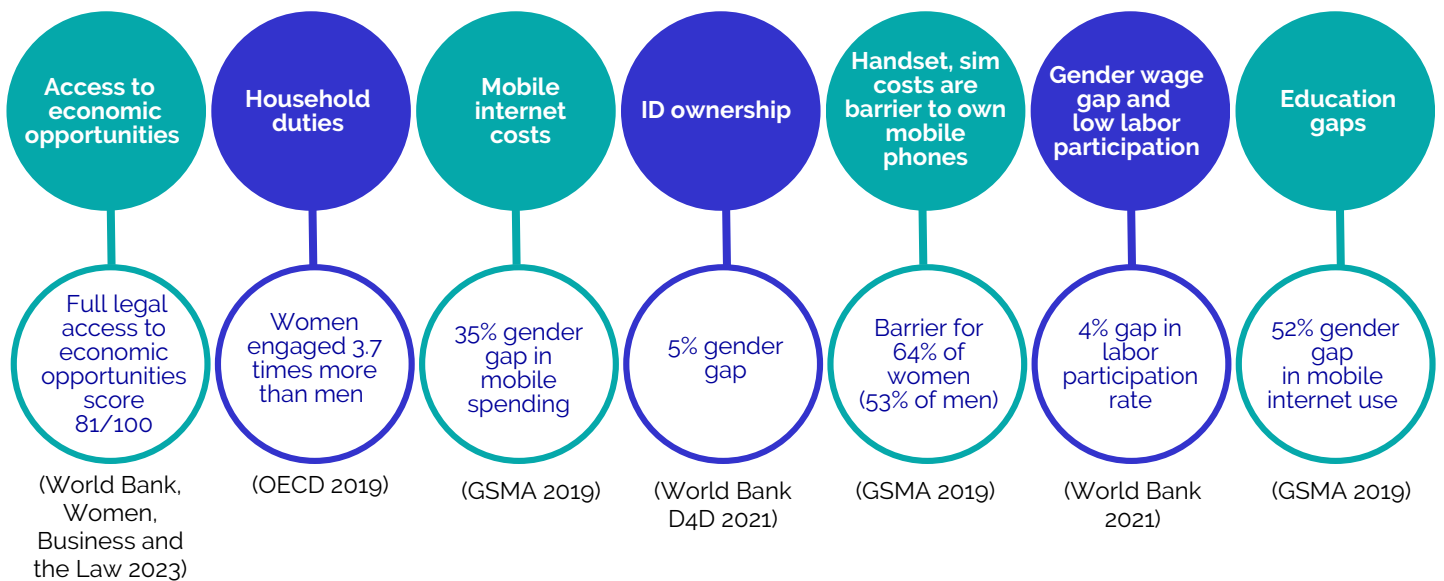
**Figure 8: Gender gap in mobile phone ownership and mobile internet access (% of population)**



Source: GSMA "Tanzania's Digitalization Journey: Opportunities for value creation"

Note: Mobile broadband refers to 3G, 4G, or 5G technologies; mobile internet access requires a smartphone

**Figure 9: Women face barriers to inclusion across a range of themes**



Source: UNCDF Policy Accelerator, 2023

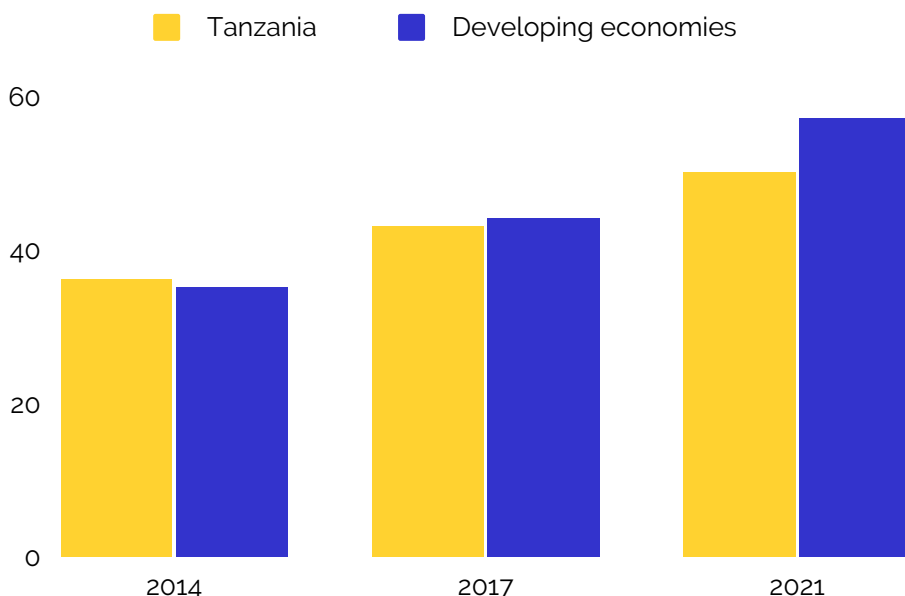
# Key graphs and visualizations:

## USAGE

To derive real benefits and harness the opportunities that come with financial inclusion, people must use newly-accessed financial products in meaningful, relevant, regular, and safe ways. Data on payments, savings, and borrowing provide insights that help us understand the extent to which this is happening.

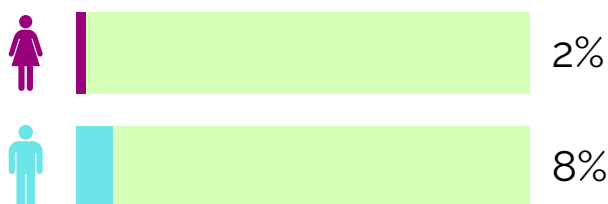
**PAYMENTS:** The proportion of people making digital payments is growing despite a fragmented merchant payment system, however, gender gaps persist

Figure 10: **Share of adults who made or received a digital payment (% , age 15+)**



While the Findex 2021 data shows promising trends in the digital payments space at the global level and in developing economies, the picture for Tanzania is less clear. On one hand, the share of adults in Tanzania making or receiving a digital payment grew from 36% to 50% from 2014 to 2021 – a positive, steady increase. On the other hand, the gender gap for sending or receiving digital payments has stagnated since 2017, and in 2021 Tanzanian women were 22% less likely than men to have made or received a digital payment.

Figure 11: **Women and men who made a digital merchant payment (% , age 15+)**



**USAGE**

**SAVINGS:** Mobile money accounts are popular tools for savings, but women are half as likely as men to have saved using a mobile money account

Usage of financial accounts to build savings helps people make productive investments and build financial resilience. While mobile money accounts are a popular savings tool in Tanzania, women are half as likely as men to save using mobile money. This relative gender gap is greater for financial institution accounts (55%), but less for saving with a savings club or outside the family (-17%). Although the proportion of women saving through a club or outside the family decreased between 2017-2021. This suggests that traditional savings groups will likely remain an important platform for saving for large number of women, particularly in rural areas, and that savings groups could be an effective entry point for market-led initiatives that aim to increase saving via mobile money among women.

Figure 12: **Saving patterns (%) and their relative gender gaps (%) (% , age 15+)**

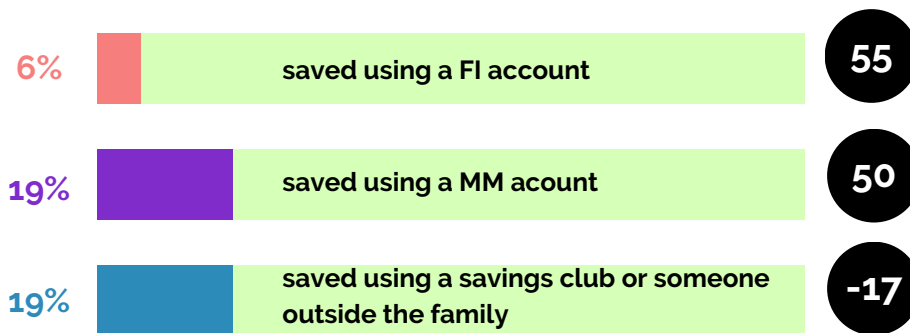


Figure 13: **Saved at a financial institution, 2011-2021 (% , age 15+)**

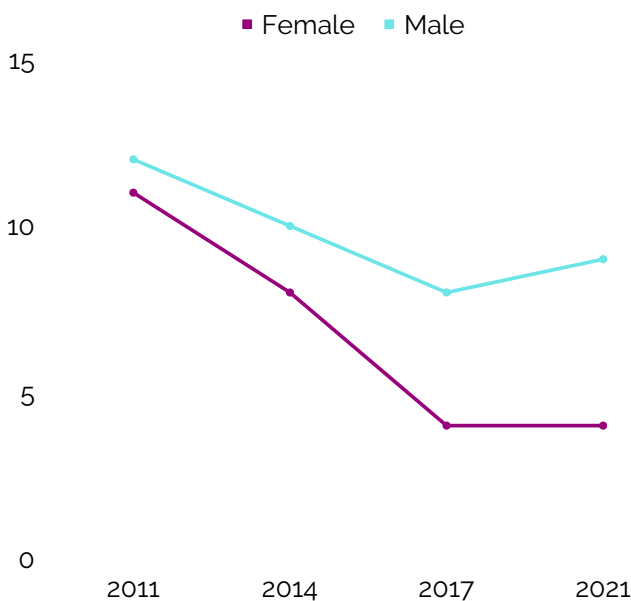
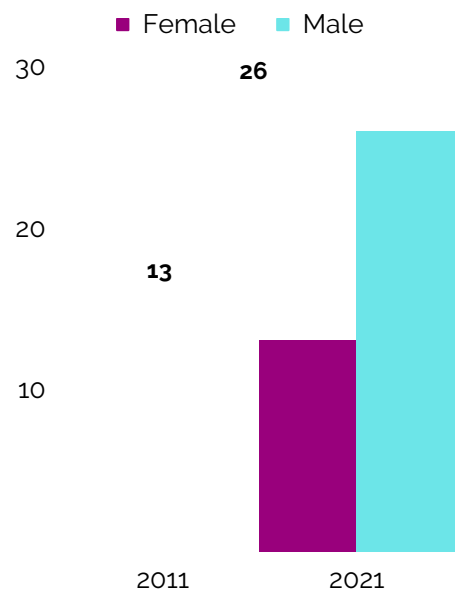


Figure 14: **Saved using mobile money account, 2021 (% , age 15+)**





**USAGE**

**BORROWINGS:** Adults in Tanzania still prefer to borrow informally

Most adults in Tanzania still rely on informal sources of borrowing (family and friends in particular), as opposed to formal sources such as financial institutions. Women are more likely to borrow from savings groups than men, though rates have slowed since 2017.

Figure 15: Borrowed from a formal financial institution, 2011-2021 (% , age 15+)

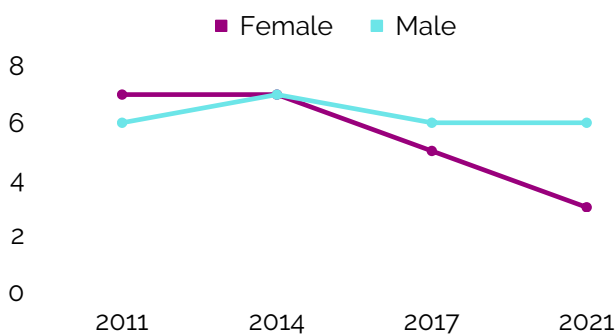


Figure 16: Borrowed from a savings club, 2017-2021 (% , age 15+)

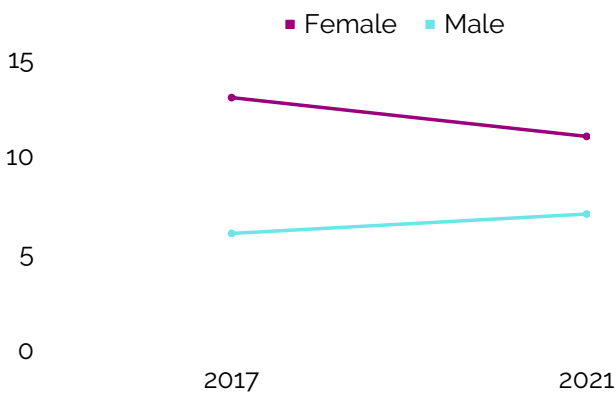
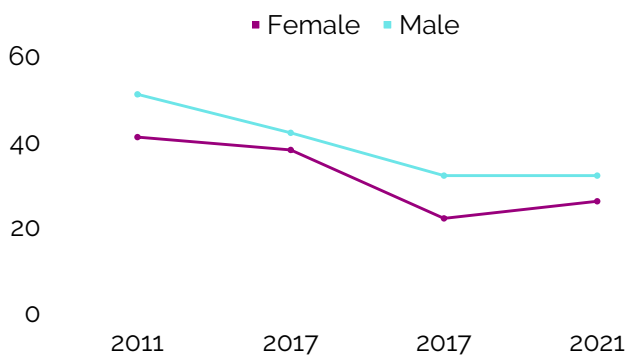


Figure 17: Borrowed from family or friends, 2011-2021 (% , age 15+)



# Key graphs and visualizations:

## FINANCIAL HEALTH

Access to and usage of financial products and services are key to advancing financial inclusion, but they do not always translate to improved financial health. Meaningful inclusion that leads to resilience rests on a person's ability to make sound financial choices and be in control of their own financial life.

Figure 18: **Dimensions of Financial Health**



Source : UNCDF 2022

Figure 19: **What drives financial health outcomes?**

### DRIVERS

#### Individual factors

Age, gender, skills, literacy, psychological attributes, financial behaviours, income, socio-economic condition

#### External factors

Social norms, financial services access, social safety nets, economic condition, government stability, consumer protection regulation mechanisms, markets and institutions

### OUTCOMES

#### Financial security (Day-to-day)

Ability to meet current and ongoing financial obligations such as food, rent, utility bills, and debt payments

#### Financial resilience (Rainy day)

Ability to cope with income and expense shocks such as job loss or health emergency

#### Financial control (Feeling)

Confidence and control over one's finances, now and in the future

#### Financial freedom (One day)

Ability to meet long-term financial goals and pursue choices freely such as buying a house or going on a vacation

Source : UNCDF 2022

## Key graphs and visualizations:

### FINANCIAL HEALTH

The ability to come up with emergency funds is one indicator of financial resilience. Vis-à-vis its neighbours (and developing economies at large), the situation in Tanzania is worrisome: in 2021 in Tanzania, 14% of adults said it was impossible to access emergency funds in thirty days, while in Kenya and Uganda, it was 6% and 8% respectively. While all three countries exhibit high gender gaps in financial resilience, the gap is worst in Tanzania.

Figure 20: Impossible to secure emergency funds in 30 days: Tanzania, Kenya and Uganda (% , age 15+)

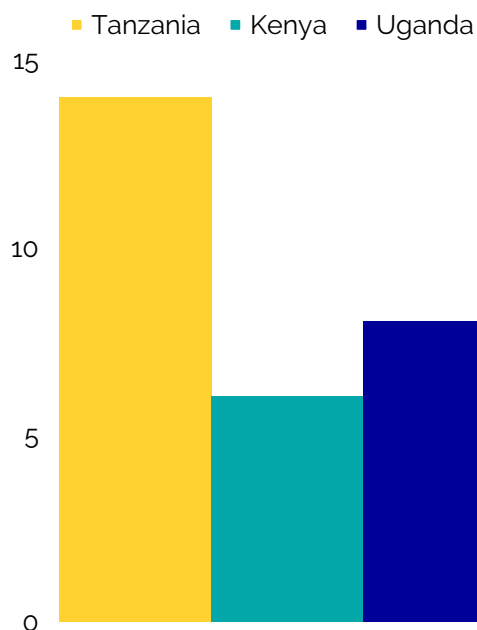
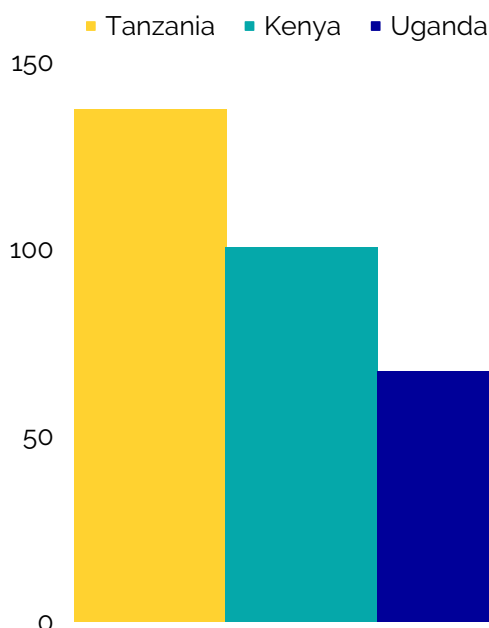


Figure 21: Relative gender gap: Impossible to secure emergency funds in 30 days: Tanzania, Kenya and Uganda (% , age 15+)



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# Conclusions: Moving forward, without leaving anybody behind

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In line with global and regional trends, there has been steady progress in account ownership in Tanzania over the last decade, largely driven by an increase in mobile money account ownership. This is true for both men and women; while women are still less likely than men to own mobile money accounts, the gender gap in mobile money account ownership is narrowing. Continued progress in access to finance will depend on affordable, accessible, relevant, and safe digital financial services and mobile devices, as well as inclusive and secure verifiable identification systems.

Despite this progress, a significant portion of the population remains un- or under-served by the financial system. To ensure that all people—especially women and those traditionally left behind—reap the benefits of innovation in digital technology, stakeholders must consider more than access and instead focus on strengthening meaningful usage that builds resilience and financial health.

# About UNCDF

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The United Nations Capital Development Fund (UNCDF) is the United Nations' flagship catalytic financing entity for the world's 46 Least Developed Countries (LDCs). With its unique capital mandate and focus on the LDCs, UNCDF works to invest and catalyse capital to support these countries in achieving the sustainable growth and inclusiveness envisioned by the 2030 Agenda for Sustainable Development and the Doha Programme of Action for the least developed countries, 2022–2031.

UNCDF builds partnerships with other UN organizations, as well as private and public sector actors, to achieve greater impact in development; specifically by unlocking additional resources and strengthening financing mechanisms and systems contributing to transformation pathways, focusing on such development themes as green economy, digitalization, urbanization, inclusive economies, gender equality and women's economic empowerment.

A hybrid development finance institution and development agency, UNCDF uses a combination of capital instruments (deployment, financial & business advisory and catalysation) and development instruments (technical assistance, capacity development, policy advice, advocacy, thought leadership, and market analysis and scoping) which are applied across five priority areas (inclusive digital economies, local transformative finance, women's economic empowerment, climate, energy & biodiversity finance, and sustainable food systems finance).

## About the Digital4Tanzania (D4T) Programme

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In March 2022, The European Union launched the Digital4Tanzania (D4T) Programme, which aims to contribute to the impact of digital transformation on Tanzania's inclusive economic growth and citizen wellbeing. With a budget of EUR 35M, its specific objectives include:

1. Digital government: improving the digital economy and the use of e-government and e-services.
2. Inclusive connectivity: increasing accessible and equitable connectivity services in rural and peri-urban areas, in particular for social services.
3. Digital trade support: developing the fintech sector and innovation ecosystems in the country and the region.

The programme will be jointly implemented by The Ministry of Information, Communication and Information Technology (MICIT), EU Member States and the UN Capital Development Fund (UNCDF).

# About Tanzania Inclusive Digital Economy (D4T-IDE) Project

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With support from the European Union through its Digital4Tanzania (D4T) Action, UNCDF is currently implementing the Tanzania Inclusive Digital Economy (D4T-IDE) project. Launched in September 2022, D4T-IDE is a four-year project that aims to increase access to and usage of digital payments and digital financial services in Tanzania, while enabling the innovation ecosystem to better support entrepreneurs and further drive digital innovation. The project will contribute to the development of a national digital economy strategy, as well as other policies and regulations that enable innovation; support small digital financial service providers' integration to the national payment system (TIPS); and support inclusive innovation to ensure no-one is left behind.



# Impact Capital for Development

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