



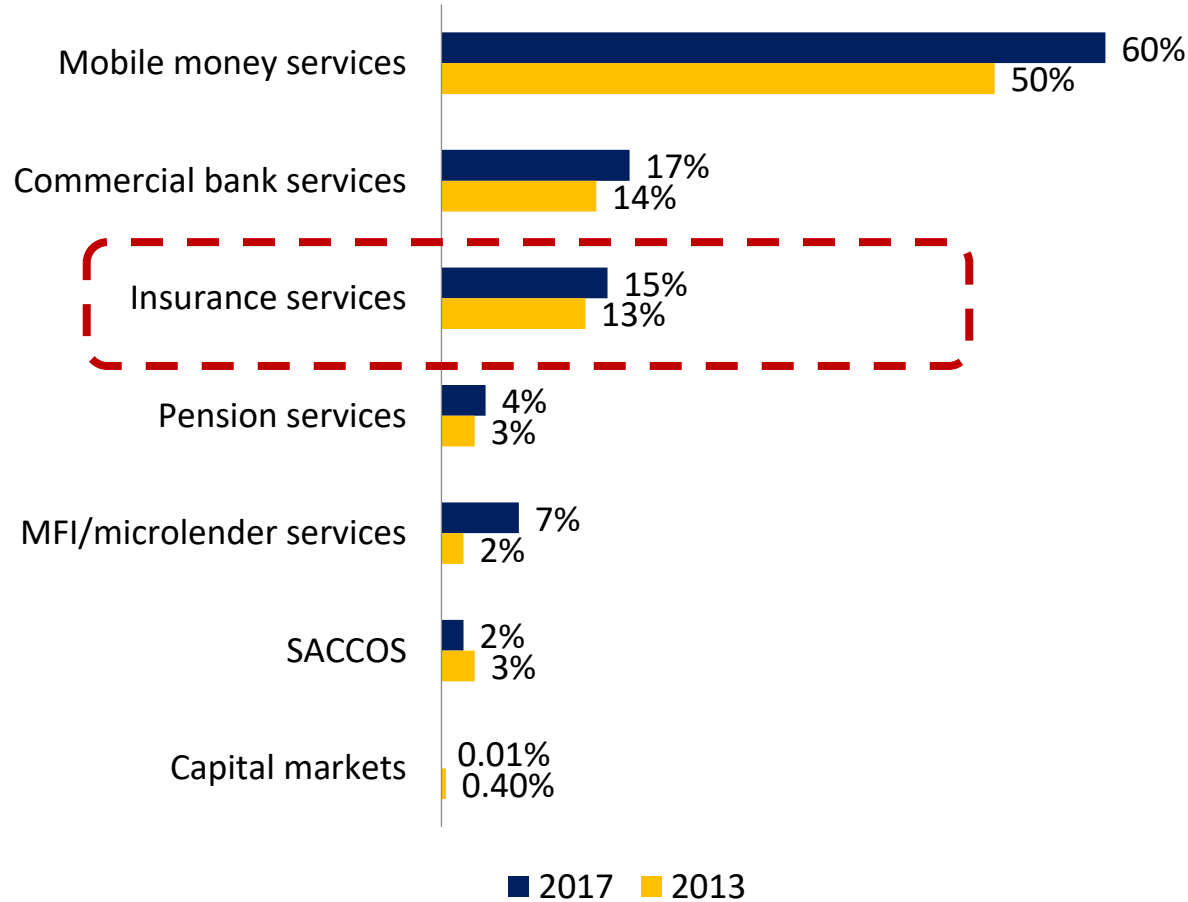
Including the Excluded: Financial Inclusion and Microinsurance

Thursday 26 September 2019



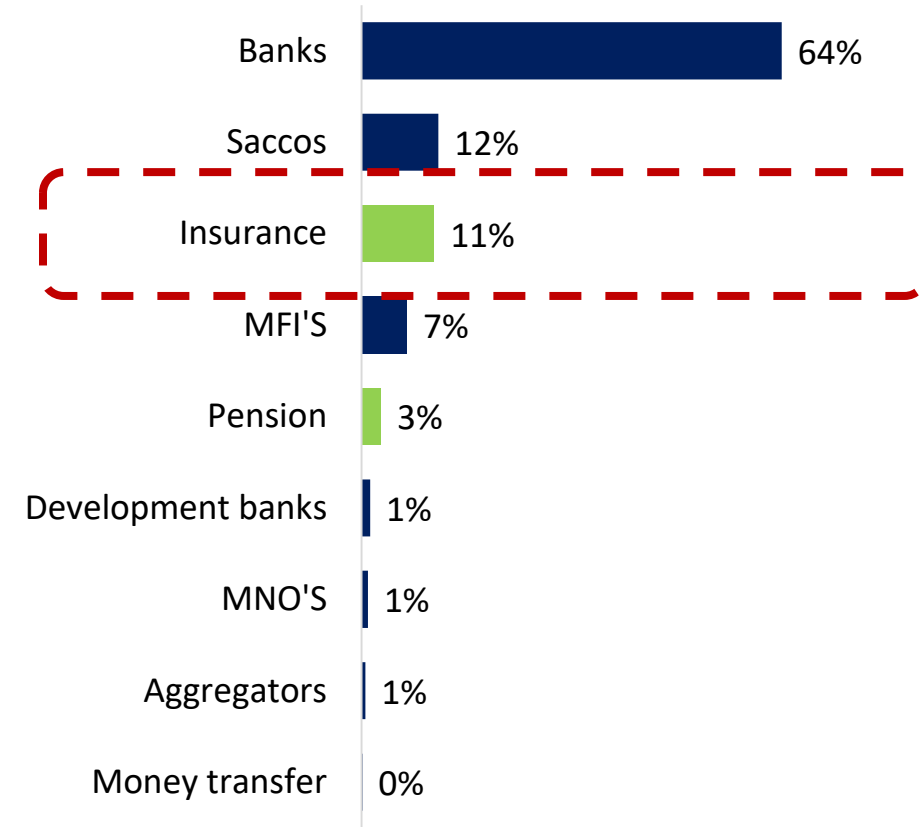
Financial Market overview

Uptake of Formal Financial Services



Number of financial Products in the market

Base: All products; n=1,534



National Financial Inclusion Framework 2018 to 2022 (NFIF 2.0)



Vision: Financial products and services that meet the needs of individuals and businesses consistent with supporting livelihood improvement, household resilience and creation of jobs.

Definition: Regular use of financial services by individuals and businesses through financial infrastructures to save, manage, cash flows, invest in productive capacities and mitigate shocks, which are delivered by formal providers through a range of appropriate solutions with dignity and fairness.



Dimensions of Financial Inclusion

Ability to use financial services, i.e. minimal barriers to having an insurance policy/being a beneficiary

- **Physical proximity**
- **Affordability**
- **Eligibility/ self exclusion**

Effect on customers' livelihoods:

- **Welfare**
- **Consumption**
- **Personal/ business productivity**



Actual usage of financial services / products. But still need

- **Regularity**
- **Frequency**
- **Patterns**

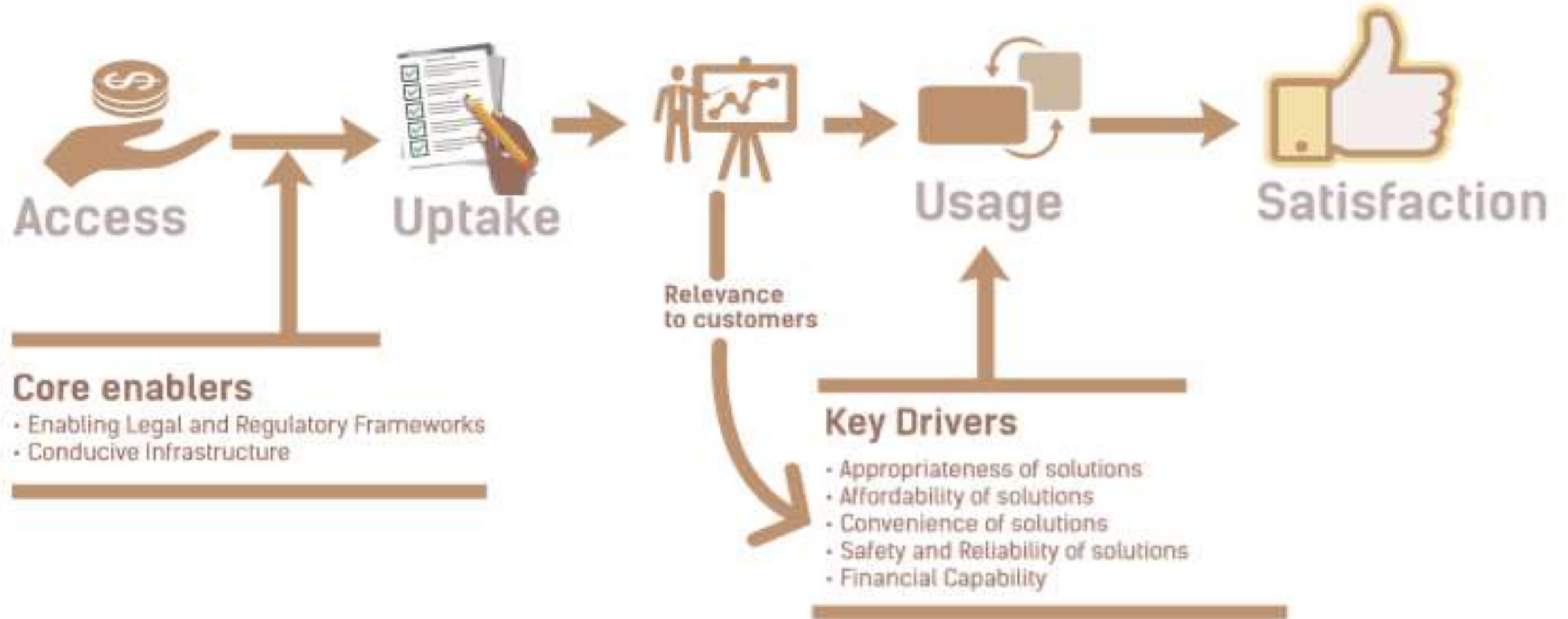
Product attributes match the customers' needs

- **Financial capability**
- **Protection available**
- **Customers repeatedly use as a matter of choice**



NFIF 2.0:

From Access to Usage of Financial services





Video

Microinsurance: Who are the excluded?

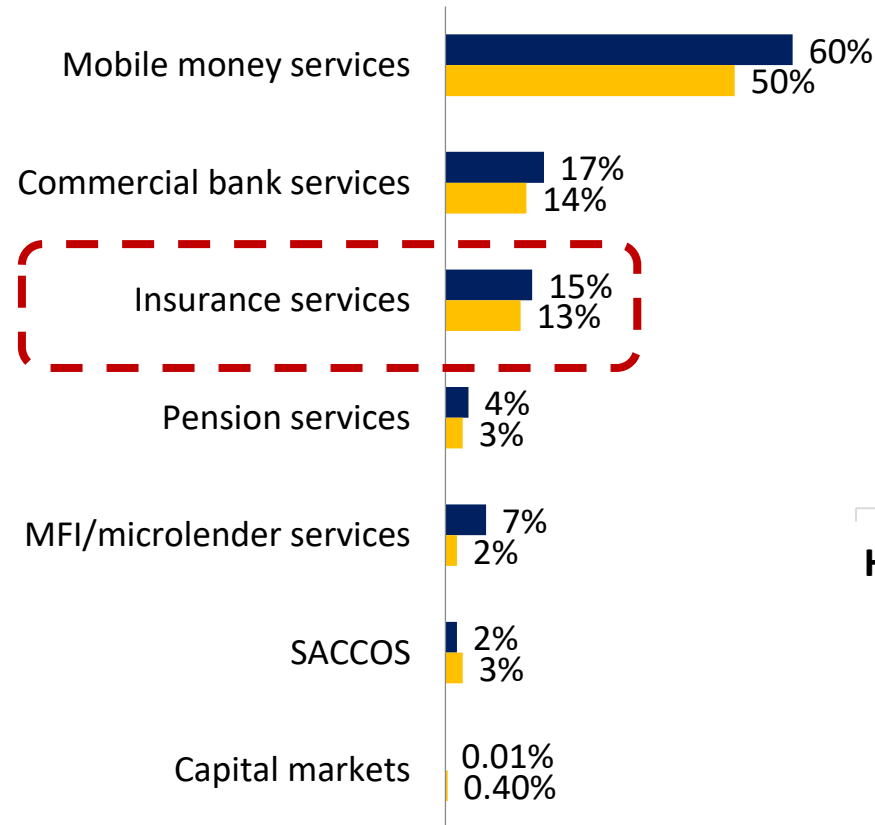
The Demand side perspective

Let us Rethink
**RISK MITIGATION AND COPING
MECHANISMS**



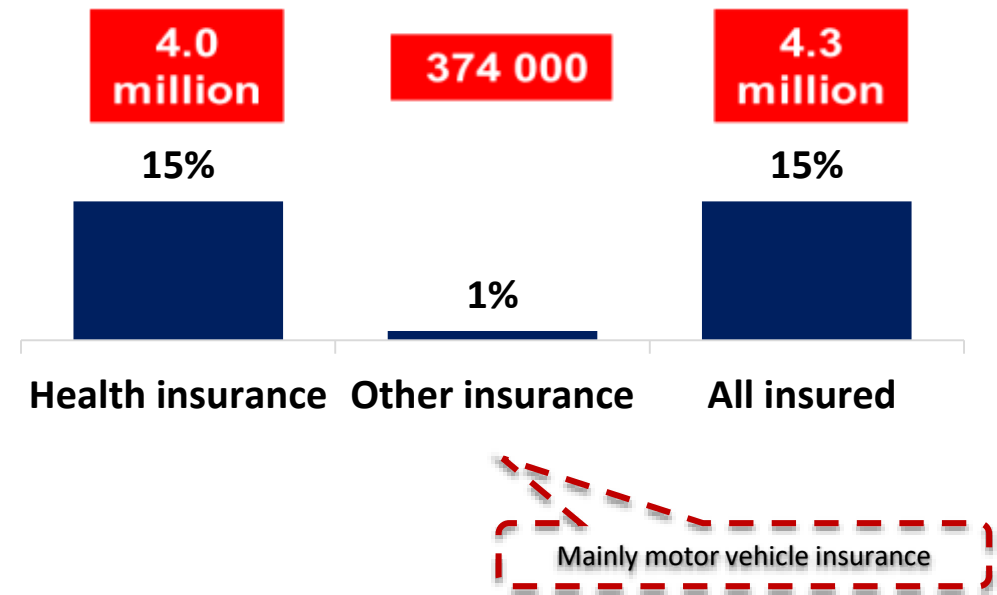
National Insurance target: 50% of the adult population have at least 1 insurance product by 2028

Uptake of Formal Financial Services



■ 2017 ■ 2013

15% (4.3 million) of adults 16 years or older are insured





The Microinsurance Business case: Innovative Inclusive Insurance

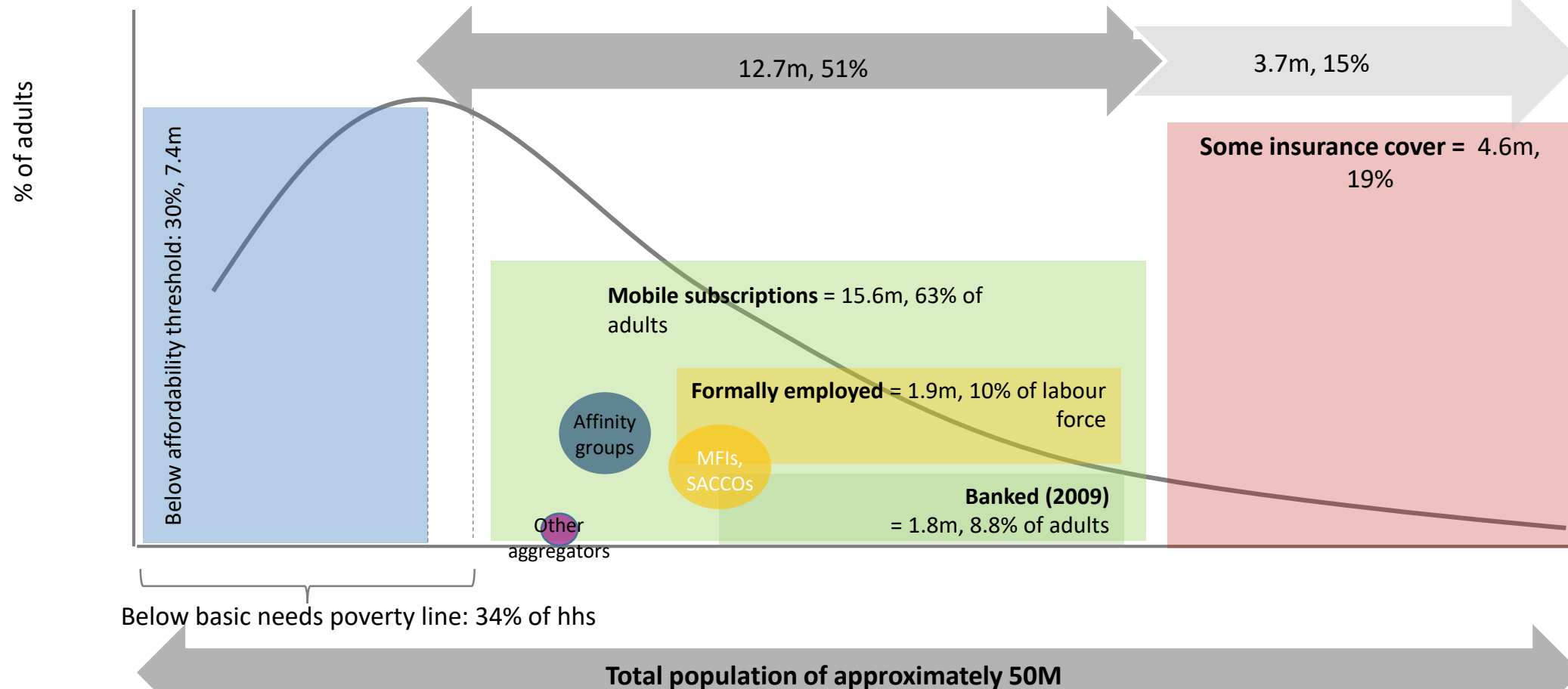
Alternative Coping Mechanisms

Inclusive Insurance opportunities: Eligibility & channels

Total adult population: 24.8m

2012 findings - Potential MI target market:
16.4m, 66% of adults

2028 Target: 50% of the adult
population have 1 insurance
product - 16m





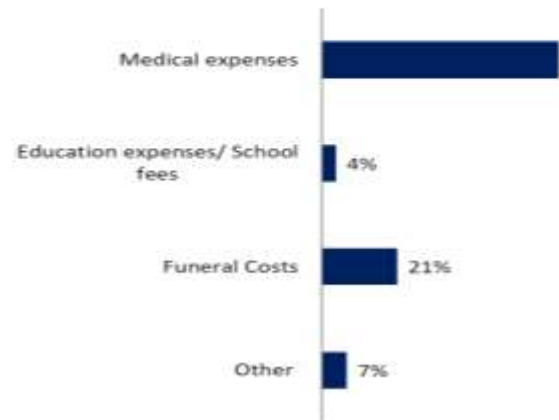
Main risks and challenges faced by Women, Farmers, Rural Dwellers, Youth and Enterprises

Management of Risks

Priority markets and Risks

Rural Dwellers and Farmers

Challenges of large unforeseen expenses during the past 12 months?

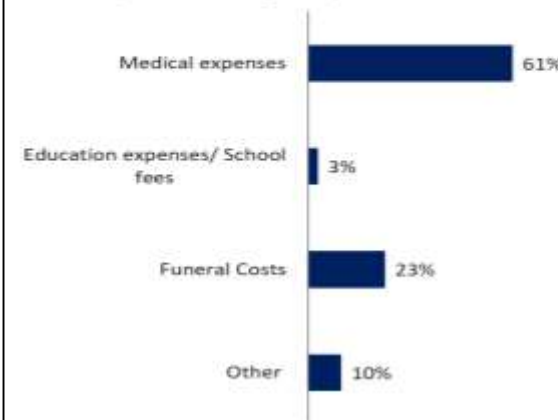


Biggest challenge in growing/increasing your Farm



MSME - Business Owners

Challenges of large unforeseen expenses during the past 12 months?

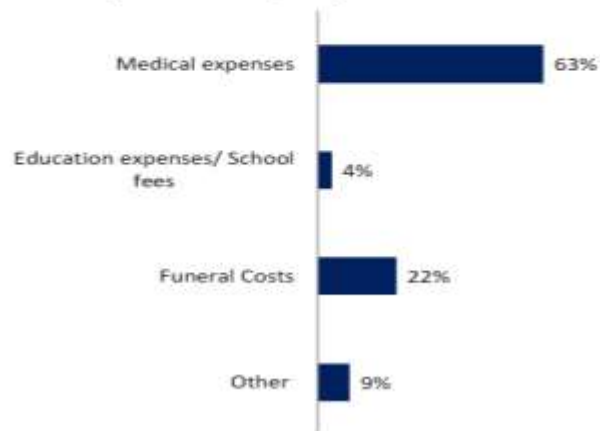


Biggest challenge in growing/increasing your Business



Women

Challenges of large unforeseen expenses during the past 12 months?

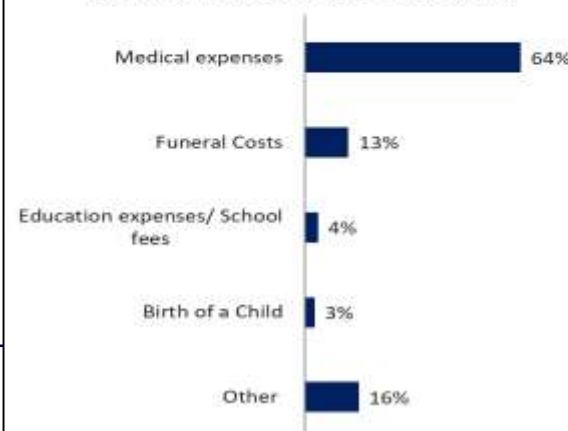


Biggest challenge in growing/increasing your Farm/Business



Youth

Challenges of large unforeseen expenses during the past 12 months?



Biggest challenge in growing/increasing your Business





The Microinsurance Business case for Women

Innovative Inclusive Insurance

Women: Profiling the market



- Represent 51% of the Tanzanian Population
- Have a vital contribution to the Tanzanian workforce – 73% of women active in workforce (ILO Tz 2013)
- 54% of MSMEs are women owned (MSME Survey 2010)
- Women play a key role in the household (household resilience: health, education, nurturing)
- Women are consumers and key spenders in purchase of household essentials
- Women contribute to the economy (GDP)

Women: Aspirations

Aspirations of Women: Increased resilience and improved livelihoods for themselves and their families

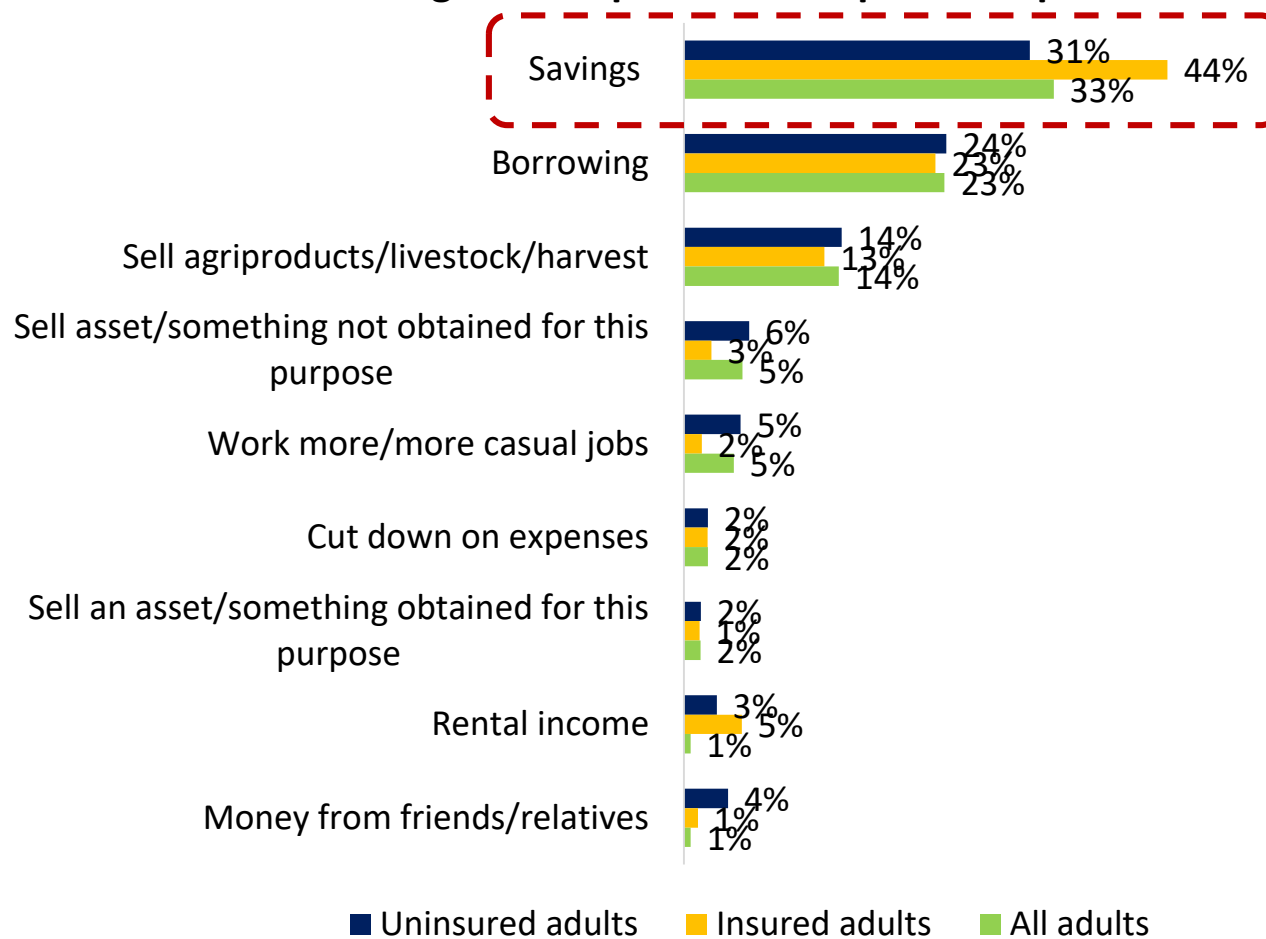
- **Increased income**: through increased farming and/or business growth and opportunities
- **Ownership of assets**: Especially land for the house and/or farming/business
- **Provisions for emergencies and un-planned events: savings**

Family welfare:

- **Health provision for self and family**
- **Education for children**
- **Financial literacy for self (budgeting and planning)**

Utilization of savings is still key to cover unexpected expenses

Strategies to Cope with Unexpected Expenses

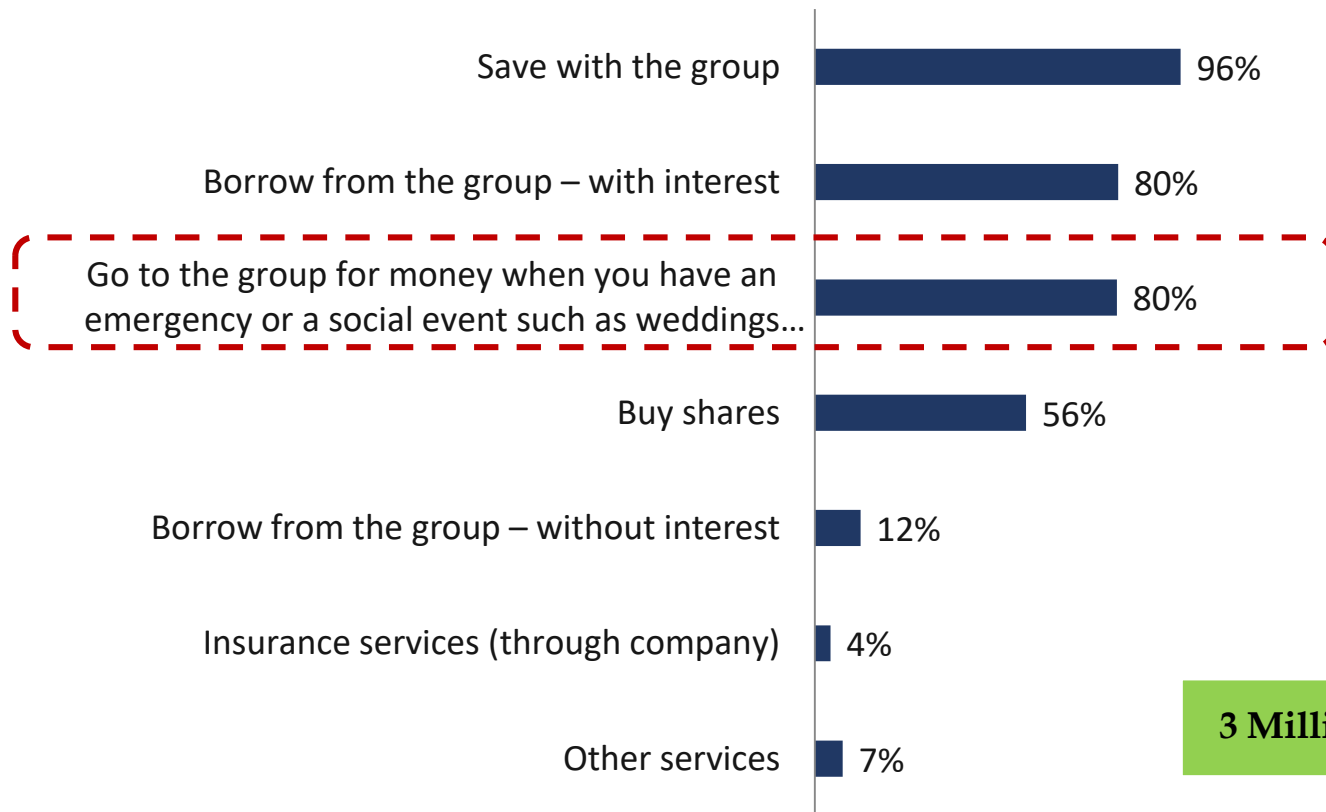




Savings groups are both a source of credit as well as a savings vehicle

Which services do members utilize?

Base=saving group members only



Social fund contribution

3 Million Women are VICOPA members

Micro Health Insurance as an alternative Risk mitigation strategy

The business case for Micro Health insurance

Medical expenses are the largest unexpected cost incurred by the target population. The uptake of medical insurance means that people often have to pay for medical expenses from their savings or by borrowing, which is usually in cash. Moreover, hospitals themselves require payments to be made in cash.

Why Cash?



Hospitals often require payments for services to be made in cash.



Medical expenses are often paid for in cash because of low uptake of medical insurance.

Why Does it Matter?*

55%

of medical payments made in cash are by women



Micro Health Insurance as an alternative Risk mitigation strategy



The Business case for Micro Health Insurance

Bridging the Gender Gap //28

Potential and Impact – Women*

125 million

women paying medical bills by cash

22%

share of women visiting hospital in past 3 months

TZS 2,000

Cost of a hospital card

TZS 5.6 billion

(USD 2.5m)

Potential impact per quarter of digital hospital card payments for women alone

Potential and Impact – Men*

121 million

men paying medical bills by cash

18%

Share of Men visiting hospital in past 3 months

TZS 2,000

Cost of a hospital card

TZS 4.3 billion

(USD 1.9m)

Potential impact per quarter of digital hospital card payments for men alone

Potential and Impact - Total Market*

246 million

people paying medical bills by cash

20%

Share of people visiting hospital in past 3 months

TZS 2,000

Cost of a hospital card

TZS 9.9 billion

(USD 4.4m)

Potential impact per quarter of digital hospital card payments

Photo credit: Russell Wallons / IFD

*Source: Finscope, 2017

What will the 50% penetration look like?

- 1. Inclusive Insurance Strategy 2019 – 2028: Implementation plan**
- 2. 14 million insured: Segments are covered**
- 3. Enabling environment: Addressing constraints**
- 4. Innovation: Mobile, Digital and Technology**
- 5. Distribution and Infrastructure**
- 6. MIS: Data to inform decision making**
- 6. Demand side: Identification and Know-Your-Customer**
- 7. Supply side: Capacity building and Technical Assistance**

Outcome: Livelihood improvement, household resilience and creation of jobs for Tanzanians



THANK YOU FOR YOUR INTEREST, ATTENTION AND TIME!

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