

National Financial Inclusion Survey 2022



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Foreword

Rising inequality is a global phenomenon and a major concern for policy makers across the world. While the impact of inequality is felt globally, it is more acute in emerging economies, creating social and economic problems that have long-lasting impact. Financial inclusion is recognized by many as an important driver that can bridge inequality and help economies achieve inclusive growth. Maldives Monetary Authority (MMA), believes that a strong financial system is the foundation of economic development of any country. However, to be effective, the services offered by the system should be in line with the demands of the consumers and these services should be readily available, easily accessible and affordable to the people at all levels of the society. It is with this belief that, we have identified financial inclusion as a key strategic priority.

The lack of accurate and reliable data on access and usage of financial services by Maldivians made it difficult to understand the level of financial inclusion in the country. This demand-side survey is going to supplement the supply-side data we already collect from the financial sector and will be used to establish a baseline on access, usage and quality of financial services and products available in the country allowing us to view a comprehensive picture of the status of financial inclusion within the country. This would allow us, in consultation with key stakeholders, to introduce evidence-based policies in the form of a National Financial Inclusion Strategy (NFIS) with the aim of allowing equitable access to a quality and affordable financial sector to each Maldivian.

I would like to thank Alliance for Financial Inclusion (AFI) for providing their technical advice and guidance in shaping the survey, FJS Consulting Pvt Ltd for effectively conducting the survey despite the ample challenges. I would also like to thank, the staff of MMA for the valuable contribution in formulating the survey and appreciate the dedication towards its completion. Finally, I would like to extend my gratitude to those who accepted our request to participate in this survey and greatly appreciate the contribution towards the successful completion of this survey.

Ali Hashim
Governor

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National Financial Inclusion Survey 2022

1 INTRODUCTION

This report presents the findings of the National Financial Inclusion Survey 2022 commissioned by the Maldives Monetary Authority (MMA) and undertaken by FJS Consulting.

This initiative by MMA is the first nationally representative demand-side survey on financial inclusion undertaken in the Maldives. The survey was carried out face-to-face with a nationally representative sample taken across the country.

1.1 Background

Financial inclusion refers to the availability of quality and affordable financial services to all segments of society; particularly low-income individuals, those without property or other collateralizable assets, and those in remote areas.

Financial inclusion in Maldives is defined as, “to provide, convenient access and effective use of quality, affordable and sustainable financial products and services in an equitable manner, delivered through formal channels complemented by robust consumer protection policies, financial education, and literacy to all.”¹

Financial inclusion strengthens the availability of economic resources and contributes to achieving sustainable long-term economic growth. Moreover, financial inclusion contributes to the overall economic development of the underprivileged population and helps to alleviate poverty², reduce the income gender gap³, and thereby facilitates inclusive growth.⁴ For these reasons, it is seen as contributing to a number of Sustainable Development Goals (SDGs) – features as a target in 8 of the SDGs and is a key strategy of the global agenda for sustainable development.⁵

Financial inclusion in Maldives is defined as, “to provide, convenient access and effective use of quality, affordable and sustainable financial products, and services in an equitable manner, delivered through formal channels complemented by robust consumer protection policies, financial education, and literacy to all.” – MMA.

¹ Maldives Monetary Authority.

² Cyn-Young Park and Rogelio V Mercado Jr (2015) Financial Inclusion, Poverty and Income Equality in Developing Asia. ADB Economic Working Papers Series

³ Julia Arnold and Sarah Gammage (2019) Gender and Financial Inclusion: the critical role for holistic programming. Development in Practice 29:8 965-973

⁴ Md Abdullah Omar and Kazuo Inaba (2020) Does financial inclusion reduce poverty and income equality in developing countries: a panel data analysis. Journal of Economic Structures 9:37

⁵ GIZ Women’s Development Toolkit: Paving the way for women’s economic empowerment

At present, there is no formal unified national plan or strategy to promote financial inclusion in the Maldives. However, one of the main priorities of Maldives Monetary Authority's Strategic Plan 2018-2022 is to develop a National Financial Inclusion Strategy (NFIS) for the Maldives with the aim of improving financial inclusion and enhancing access to finance in the Maldives.

An integral process of developing the NFIS is to gather baseline data on the current status of financial inclusion in the Maldives and the challenges to financial inclusion, which would in turn help to identify the goals, targets and approaches to achieve policy objectives. To that end, this demand-side survey gathers financial inclusion data from users and non-users of financial products and services to formulate the NFIS for the Maldives. This diagnostic exercise focuses on the following key dimensions of the financial inclusion measurement framework:

- Access – to understand the level of availability of financial products and services.
- Usage – to understand and measure the frequency and usage of financial products and services.
- Quality – to gauge the effectiveness of the available financial products and services.

The overall aim of this survey was to assess the status of financial inclusion in the Maldives and to identify opportunities and challenges to achieve the financial inclusion policy objectives. The data collected will complement available supply-side data to create a more holistic picture of financial inclusion in the country.

1.2 Methodology

The survey was implemented with a nationally representative sample of 1,567 adults aged 18 years and above – covering 63 of the 187 islands across 12 of the 20 administrative atolls – selected through a multi-stage clustered random sampling method.

The survey was implemented through computer-assisted personal interviewing (CAPI) technique, where field interviewers used tablets to record responses during the face-to-face interview carried out at the respondent's dwelling. A structured questionnaire designed by MMA was used as the survey instrument. The questionnaire covered a number of key elements of financial inclusion including financial resilience, banking and payments, insurance, climate resilience, consumer protection and financial literacy.

Fieldwork, data analysis and report writing were carried out from March to June 2022 by FJS Consulting, a leading research and advisory firm in the Maldives.

The sample distribution in terms of geography, gender and age range were designed to closely mirror the actual population distribution of Maldives. The sampling error margin is estimated at $\pm 2.5\%$ at 95% confidence interval for national-level estimates.

Technical notes on methodology can be found in ANNEX I: TECHNICAL NOTES ON METHODOLOGY.

13 Maldives Fact Sheet

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|---|--|
| Population (2022): | 392,040 (projected resident Maldivian population) ⁶ 579,330 (projected resident total population) ⁷ |
| Number of Administrative Atolls: | 20 |
| Number of Islands: | 1192 |
| Number of Inhabited Islands: | 187 |
| Capital City: | Male' |
| Official Language: | Dhivehi |
| GDP (2021): | USD 4.38 billion ⁸ |
| GDP per Capita (2021): | USD 7,700 ⁹ |
| Inflation (2021): | 0.5% ¹⁰ |
| Exchange Rate: | USD1 = MVR15.41 ¹¹ |

⁶ Maldives Bureau of Statistics. Projected mid-year resident Maldivian population for 2022

⁷ Maldives Bureau of Statistics. Projected mid-year resident total population for 2022

⁸ MMA. <https://viya.mma.gov.mv/series/73>

⁹ MMA. <https://viya.mma.gov.mv/series/75>

¹⁰ MMA. <https://viya.mma.gov.mv/series/566>

¹¹ MMA. Reference Rate, 7 July 2022

2 KEY FINDINGS

2.1 Socio-Demographics

The following describes the main socio-demographics of the survey sample. These variables are used in further analysis of the survey data.

- **Education** – A wide gap is evident in educational attainment between the young and elderly populations, which can be largely attributed to the rapid pace of expansion of access to education in the Maldives. While 93% of the 18-35 year olds have achieved secondary education or higher, it is down to 49% for 36-64 year olds and 18% for 65+ year olds. Likewise, limited educational opportunities into the Atolls, coupled with the concentration of job opportunities in Male' is reflected in the gap between educational attainment between the populations of Male' and the Atolls. While 79% of residents of Male' have attained secondary education or higher, it is 61% in the Atolls. Although to a lesser degree, a gender gap prevails as well with 71% of men having achieved secondary education compared to 65% of women.
- **Employment** – A pronounced gender gap prevails in the level of engagement in economic activities. While 92% of the adult male population are in the labour force, it is 66% of female population. Likewise, 27% of women are not in employment and not looking for work, compared to just 2% of men. No material difference in labour force participation rate is observed between the residents of Male' and the Atolls.
- **Sources of Income** – The gender gap in employment status is also reflected in the sources of income between men and women. Compared to men, the proportion of women deriving an income from work and employment is 28 percentage points lower. The proportion of women who receive no income is thrice higher than that of men. Subsequently, the proportion of women economically dependent on their families and friends for income support is 23 percentage points higher compared to men.
- **Average Income** – Income disparity is evident both in terms of gender and locality. While the median monthly income of men is between MVR10-15 thousand, it is between MVR6-10 thousand for women. And the median income in Male' and Atolls is MVR10-15 thousand and MVR6-10 respectively.
- **Internet Usage** – The proportion of adult population who uses internet on a mobile device is remarkably high at 89%, and the gap in usage is narrow in terms of gender or locality. On the contrary, a visible difference in usage is observed in terms of age and educational attainment. Use of the internet on a mobile device is near universal (97%) amongst those who are under 36 years of age in contrast to 38% of 65+ year olds. And usage is near universal (97%) amongst those who have attained secondary education or higher, compared to 70% of those who have not.

2.2 Financial Resilience

- **Behaviours that build financial resilience** – Regular practice of financial behaviours that help build financial resilience is low across various behavioural aspects. Generally, people do not systematically budget their expenses or keep track of their finances. A mere 19% of the respondents keep a written record of their income and expenditure, and only 38% budget and allocate their finances for specific expenses. Instead, the more haphazard approach taken by most is to try to be careful about their spending decisions as they arise, such as paying bills on time and considering if they can afford something before spending.
- Most notably, younger generations practice behaviours that help build financial resilience more than the elder age groups. The elderly (65yr+) is the most vulnerable group in terms of exhibiting behaviours that build financial resilience. No significant difference in behaviours that build financial resilience is observed gender wise.
- **Making Ends Meet** – One in four families are unable to meet their daily basic expenses from their income. The ratio is slightly higher in Male' than in the Atolls despite lower income levels in the Atolls, owing largely to the relatively high cost of living in Male'. When people find themselves to be unable to meet their daily expenses they resort mainly to borrowing from their family and friends (71%) and dipping into their own savings (28%). The use of formal channels for loans and credit to meet shortfalls is relatively uncommon (6%).
- **Financial Stress** – Financial stress is common among respondents. While 53% of respondents are always worried about not having enough money for normal expenses, a further 22% worry about it sometimes. One in two respondents (51%) have a buffer sufficient only to cover their present basic expenses for less than a month if they were not to receive any money at all.
- **Saving Practices** – Amongst the 75% of respondents who were able to meet their daily basic expenses from their income over the past 12 months, an overwhelming majority have done some saving at formal financial institutions, mostly at banks and other financial institutions (85%). People who have saved in higher return investments (i.e., stocks/shares) are strikingly low (1%).
- Although the vast majority appear to be saving, looking a little deeper at the ways people have utilized their savings shows that, for most, their savings end up being nothing more than short term surpluses. Out of all those who have saved, most have subsequently used their savings to pay for food and other basic everyday expenses (51%), emergencies (26%) and medical expense (25%). Fewer than one in four respondents (23%) have accumulated savings of more than a month's income.

2.3 Banking and Payments

- **Account Ownership** – Vast majority of the adult population (91%) are banked, and 28% hold accounts in multiple banks. Though the unbanked population remains low, it is substantially skewed towards women, with 14% of women remaining unbanked in comparison to 5% of men. No significant gap exists between the rich and the poor or between Male’ and the Atolls.
- **Usage of Financial Channels and Services** – By far the most popular financial channel in use is internet/mobile banking, which is used nearly every day by 60% of the adult population. The popularity of non-bank online payment platforms (such as e-wallets of telecom operators and other payment services) are considerably low, with 80% of respondents having never used them.
- Respondents’ level of satisfaction is generally positive with various financial service channels across the key service attributes of accessibility, affordability, reliability and ease of use. Internet banking stands out from the rest of the service channels by achieving a higher average score on all service attributes.
- **Bank Card Usage** – Along with bank account usage, bank card usage is high as well. Debit card is the most widely used, with 85% of respondents using them. Credit card and prepaid card usage are relatively low, standing at 10% and 1% of respondents respectively. Those who do not use any card service stands at 12%, with women standing nine percentage points behind men. Credit card ownership is twice higher among men compared to women, and credit card ownership has a direct correlation to the level of income.
- An overwhelming majority of credit card owners (>99%) do not know the amount of annual interest chargeable on their unpaid card balances, and 69% of card owners do not fully settle their card balances.
- **Internet/Mobile Banking** – Internet/mobile banking usage is high, with 60% of respondents using the service nearly every day. One in four (24%) have never used internet/mobile banking. Amongst those respondents who do not use internet/mobile banking, 59% reasoned that it is because they did not have a need for it, and 29% stated that they do not know how to use it. Reliability (6%) or security concerns (1%) were less of a factor behind non-use.
- **Mobile Money (e-Wallet)** – In contrast to the popularity of mobile or internet banking, only 19% of respondents use mobile money or e-wallet platforms of telecom operators. And even among those who use these platforms, merely 3% of them use it on a daily basis. Amongst the non-users, 76% believe they do not have a need to use the service, and 16% reported they do not know how to use the service.
- **Loans and Borrowings** – Close to one in two respondents (44%) have taken a loan or borrowed money, and majority of borrowers have borrowed from formal financial institutions (73%), followed by family and friends (27%). A massive 22% gender gap is observed in the usage of loans and borrowings.

- Amongst those who have borrowed from financial institutions, 70% were satisfied or highly satisfied with the overall service quality. The amount of fees charged was the one and only aspect that majority of borrowers were dissatisfied with.
- Amongst those who have borrowed from financial institutions, 70% were satisfied or highly satisfied with the overall service quality. Amount of fees charged was the one and only aspect that majority of borrowers were dissatisfied with.

2.4 Insurance

- **Awareness and Usage** – Majority of the respondents (70%) reported that they understand what insurance is. Nonetheless, insurance usage is low. Less than one in four respondents (22%) currently use any insurance products, and 72% of the respondents have never used any insurance products. A wide gender gap pervades in insurance usage. Amongst those who currently use insurance products, 74% are men, while only 26% are women.
- The most common types of insurance currently used by respondents are vehicle insurance (8% of respondents), life insurance (5%) and accident insurance (4%).
- Most insurance holders did not take insurance coverage themselves but received coverage either as part of their employment contract (44%), or contracted through a financial institution to cover a loan (12%), or received through a family member (11%). Consequently, 40% of insurance holders are not aware of the premiums paid for their insurance.

2.5 Climate Resilience

- **Exposure to Climate Events** –10% of respondents in the Atolls have experienced at least one climate event, as opposed to 4% in Male'. Amongst those who have experienced a climate event, the most common experiences were flooding and tidal waves. Other events included beach erosion, heavy wind and rough seas.
- Over 4% of respondents (or 59% of those affected by climate events) faced repetitive damages and costs from such events. Close to 5% of respondents reported their income had been affected by a climate related event and amongst them, 44% had not directly experienced the climate-related event although their income was affected.
- A significant majority resorted to personal sources to financially cope with the climate-related events they experienced. Majority (73%) of those impacted by a climate-related event recovered from the event in under 6 months, while 18% took more than a year for the recovery.
- **Preparedness and Climate Resilience** – As their preparedness plan for coping with any future climate-related events, the majority of respondents (59%) plan on using savings, 28% plan on asking from family and friends, and 24% count on government assistance. Only 4% plan to use insurance as a tool for climate preparedness.

- Vast majority of the respondents (87%) are not aware of any climate-related financial products and services. And 56% of respondents are not willing to spend ahead to protect against climate risks.
- Irrespective of respondents' willingness or unwillingness to spend money to protect against climate risks, vast majority of the respondents (86%) believe that there is a need for climate-related financial products and services, with most (63%) reporting that such products should be provided by the government and financial institutions as partially subsidised financial products.

2.6 Consumer Protection

- **Seeking Product and Market Information** – One in two respondents (47%) reported that they do not search and compare similar financial products before making a financial decision.
- Level of education shows a discernible correlation to the practice of making informed financial decisions. While 73% of degree holders searched and compared available products to make an informed decision, it is down to 45% for those who attained only primary education. The elderly is particularly vulnerable due to comparatively low educational attainment and exposure. And a gender gap prevails to the disadvantage of women even after taking into account gender differences in educational attainment.
- **Understanding of Contractual Rights and Obligations** – Generally, people do take financial contracts seriously. Nearly two-third of the respondents (65%) reported having always read financial contracts before signing such agreements. The higher the level of education, the more likely people are to have read and understood financial contracts.
- **Credit Guaranteeing Practices** – Credit guaranteeing is practiced by many without knowing the responsibilities and consequences of it. Among those who have acted as a guarantor to a credit facility, 40% have acted in that capacity unequipped with the knowledge of their roles and responsibilities as a guarantor. And 58% of those who have acted as a guarantor do not know that their financial responsibility as a guarantor is considered in determining their credit history.
- **Dispute Resolution** – 15% of the respondents reported having encountered a dispute with a financial institution. Most common disputes were on service disruption, interest charges being too high, mistreatment by staff, unauthorized transactions and charges, and scams. Majority (59%) of respondents who encountered a dispute with a financial institution were dissatisfied with the complaints handling mechanism established at the financial institution.

2.7 Financial Literacy

- Performance on the financial literacy assessment was generally poor. In particular, the elderly (65 year+), women and residents of Atolls also did poorly than their counterparts across nearly all areas of financial literacy assessed.

- Across the various measures of financial literacy assessed in this survey, it was recurrently observed that respondent performance on financial literacy assessment questions were positively linked to educational attainment, with notable improvements at two levels of attainment in particular – on the attainment of secondary education (for non-complex concepts); and on the attainment of higher secondary or post-secondary education (for higher level concepts).
- In terms of educational attainment, the most disadvantaged groups are the elderly, women and those residing in the Atolls, and these are also the segments that are least literate financially and hence most vulnerable.
- **Working Through Basic Financial Transactions** – Vast majority (88%) of respondents were able to correctly answer a question involving a basic financial transaction.
- **Understanding of Inflation and Purchasing Power** – Majority of respondents (79%) appear to have grasped the idea that generally purchasing power of money erodes over time, however, most respondents (65%) failed to demonstrate an understanding of the specific relationship between inflation and purchasing power.
- **Understanding of the Concept of Interest Versus Principal** – At the most elementary level, 71% of respondents demonstrated an understanding of the difference between the principal amount and interest when it comes to repayment of loans.
- **Working with Simple Interest** – Although most understand the concept of interest, even a simple mental calculation involving interest is unsolvable to many. In responding to two questions involving simple interest, on average 48% of respondents were able to work out the correct answer.
- **Understanding of the Concept of Compound Interest** – As most respondents were challenged by simple interest, many more found compound interest unfathomable, even at a conceptual level. In responding to three conceptual questions on compound interest, on average only 26% of respondents were able to give the correct answer.
- **Understanding of Risk & Diversification** – The majority of respondents do not appear to understand the concept of risk diversification. Less than half of respondents (47%) were able to correctly point out that investment risk can be reduced through diversification of the investment portfolio.

3 SOCIO-DEMOGRAPHICS

Information on socio-demographic variables is collected not only to ascertain that pertinent subgroups of the population are fairly represented in the sample, but also to understand the characteristics of the population and to help in the understanding and interpretation of the prevailing gaps in and around financial inclusion.

3.1 Gender, Age and Locality

The survey sample was selected to mirror the national population distribution¹² in terms of gender, age, and locality (Male' vs Atolls).

Figure 1: Gender distribution:

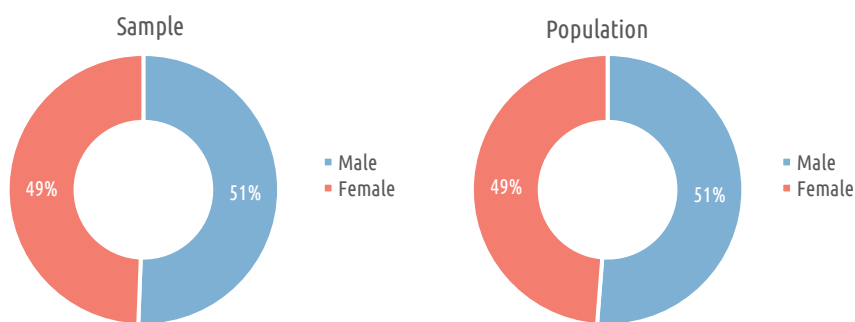
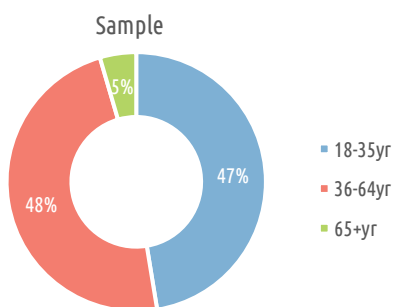
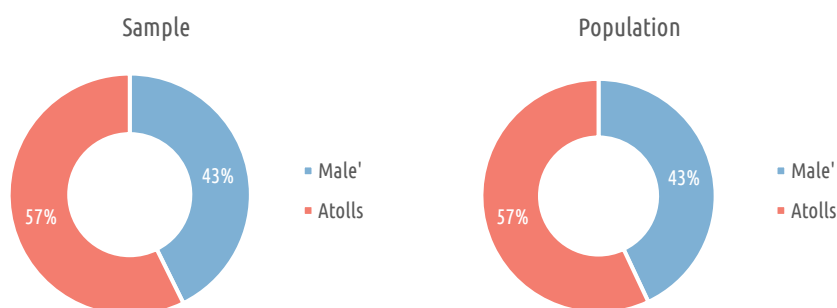


Figure 2: Age distribution



¹² Population distribution as per the Resident Maldivian Population projection for 2022 by Maldives Bureau of Statistics.

Figure 3: Geographic distribution (locality)



The survey gathered information on other key socio-demographic aspects including education, employment and income.

3.2 Education and Employment

Education

Maldives has achieved near universal adult literacy, with over 68% having attained secondary education or higher (see Figure 4). Gender disparity in educational attainment is relatively small (see Figure 5), especially among the younger population. However, disparity is significant comparing Male' and Atolls (see Figure 6). This comes as no surprise as access to education is being expanded gradually into the Atolls, and access to post-secondary education is still very much limited in the Atolls¹³.

Disparity in educational attainment is most pronounced across the age brackets (see Figure 7). Younger generations have attained increasingly higher levels of education. It is essentially the result of the rapid pace of expansion of access to education Maldives has achieved in the past few decades.

¹³ Ministry of Education. 2019. Maldives Education Sector Analysis, pp217-220.

Figure 4: Educational attainment

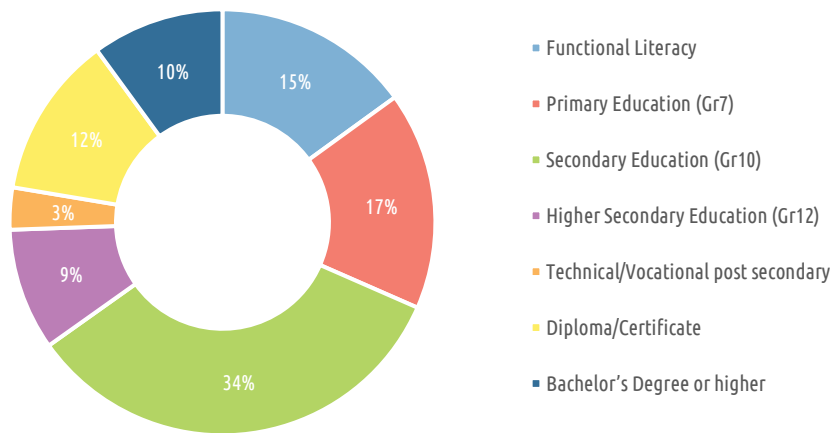


Figure 5: Educational attainment (by gender)

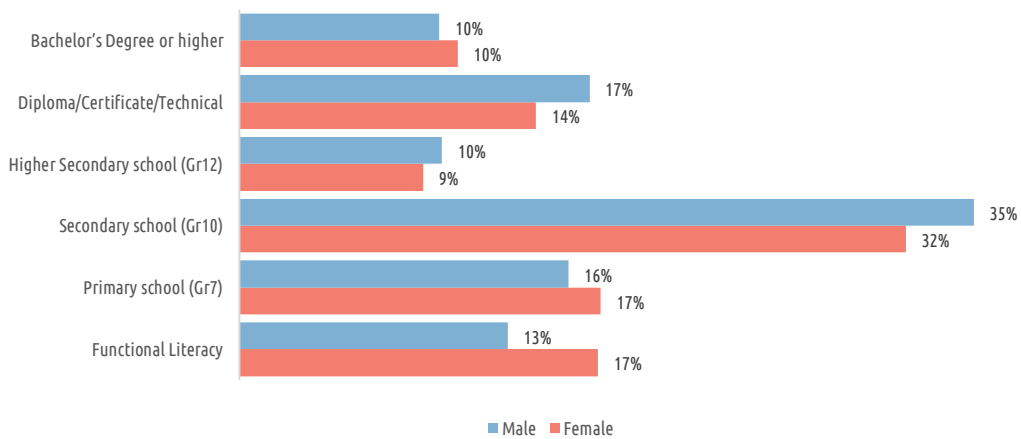


Figure 6: Educational attainment (by locality)

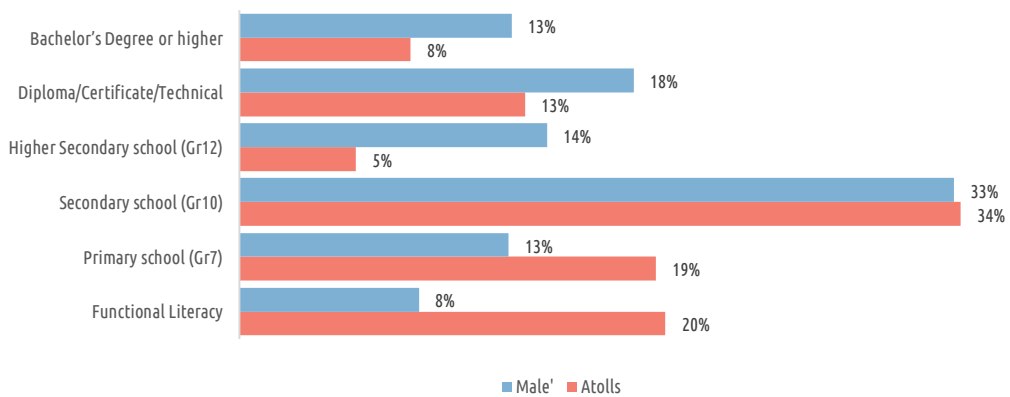
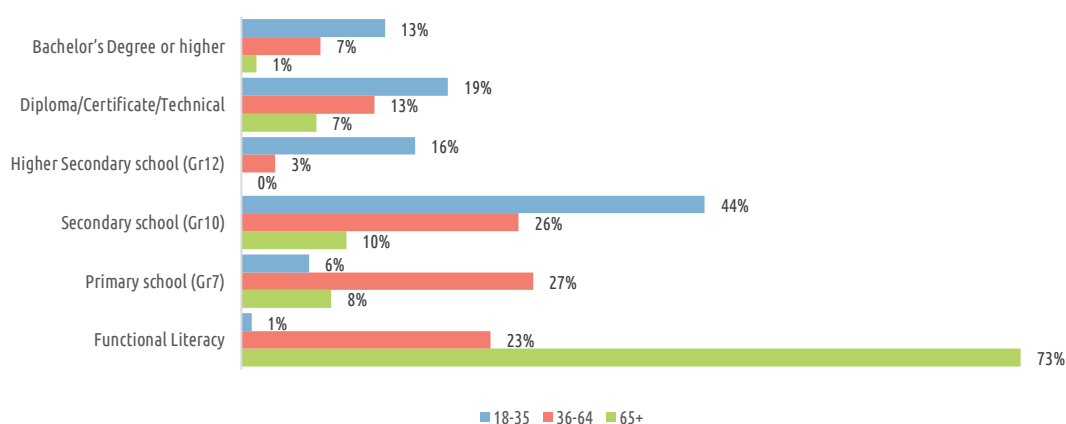


Figure 7: Educational attainment (by age group)



Employment

Over one half of the adult population (51%) is engaged in salaried employment, with another 22% active in self-employment (see Figure 8).

A pronounced gender gap prevails in the labour force participation rate (see Figure 9). While 92% of adult male population are in the labour force, it is 66% for female. 27% of women are not in employment and not looking for work, compared to just 2% of men.

No material difference in labour force participation rate is observed comparing Male' and Atolls. The most divergent trend in terms of locality is that self-employment is significantly higher in the Atolls compared to Male', while the opposite is true for salaried employment (see Figure 10). This can be ascribed to high concentration of public sector jobs and large-scale commercial activities in Male'¹⁴.

¹⁴ According to Maldives Population and Housing Census 2014, 40% of the total resident employed population is in Male'.

Figure 8: Employment status

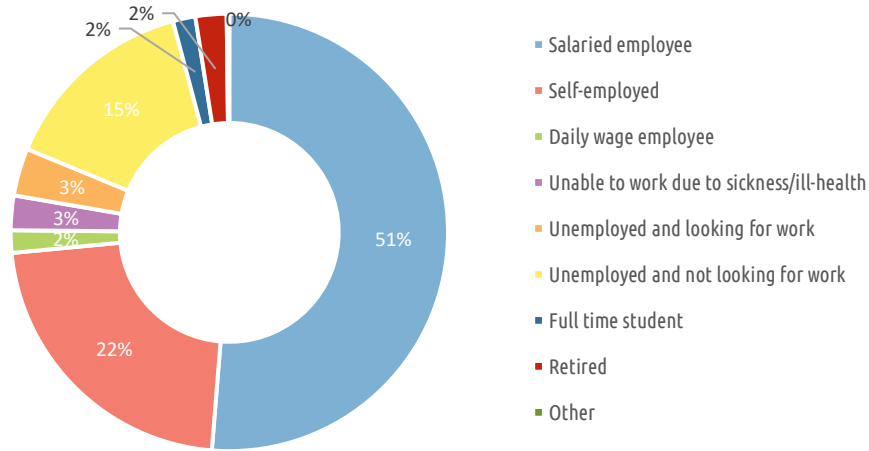


Figure 9: Employment status (by gender)

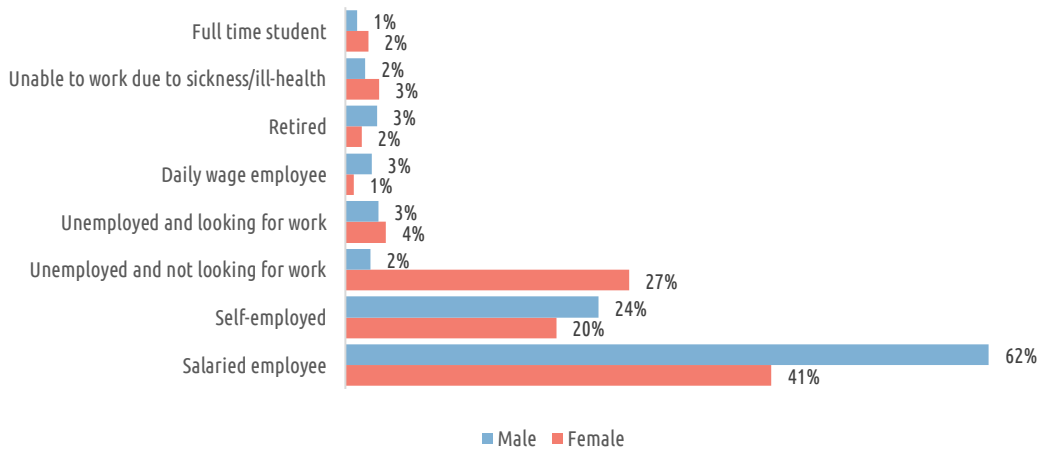
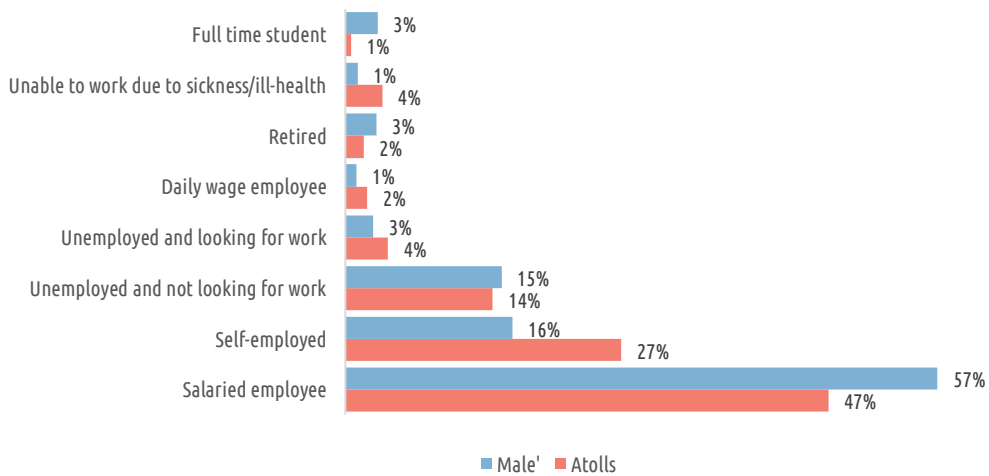


Figure 10: Employment status (by locality)



3.3 Income and Expenditure

Sources of Income

Work and employment remain the main source of income for the majority (69%) (see Figure 11). Thus, it comes as no surprise that the gender gap in employment status is echoed on the sources of income between men and women (see Figure 12). While a smaller proportion of women derive income from work and employment (28 percentage points lower compared to men), a significantly higher proportion of women are economically dependent on their families and friends (23 percentage points higher compared to men). Proportion of women who receive no income is also more than three times higher than that of men.

Figure 11: Sources of income in the past 12 months

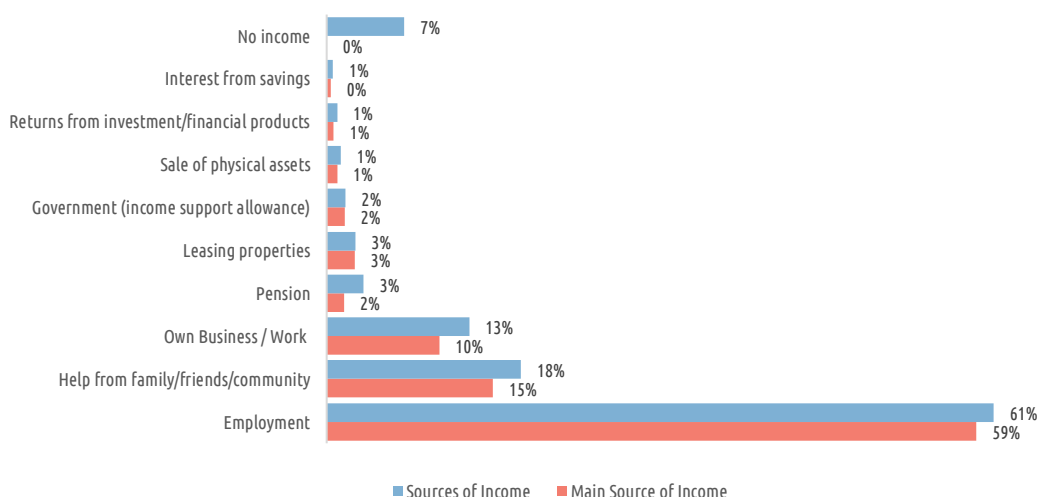
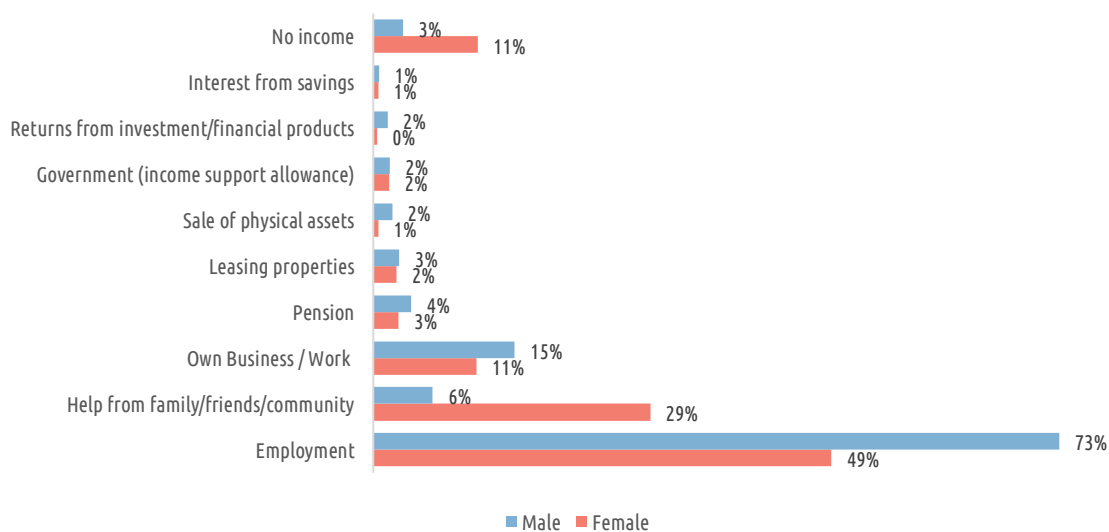


Figure 12: Sources of income (by gender)



Level of Income

Income disparity is evident both in terms of gender (see Figure 14) as well as locality (see Figure 15). The median monthly income of men and women are between MVR10-15 thousand and MVR6-10 thousand respectively. The median income in Male' and Atolls are between MVR10-15 thousand and MVR6-10 thousand respectively.

Figure 13: Average monthly income (MVR)

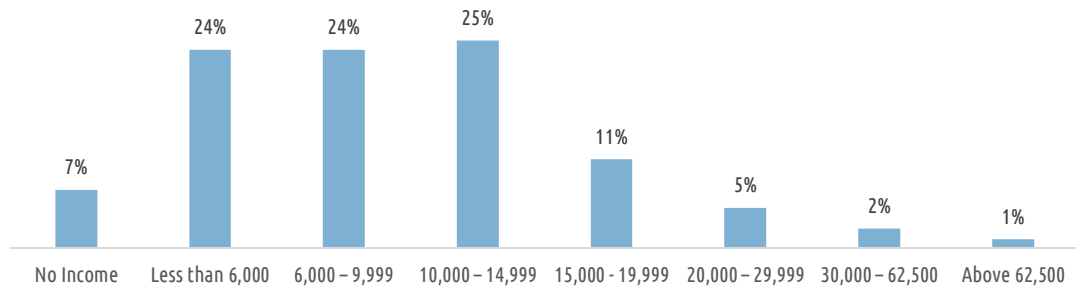


Figure 14: Average monthly income (by gender)

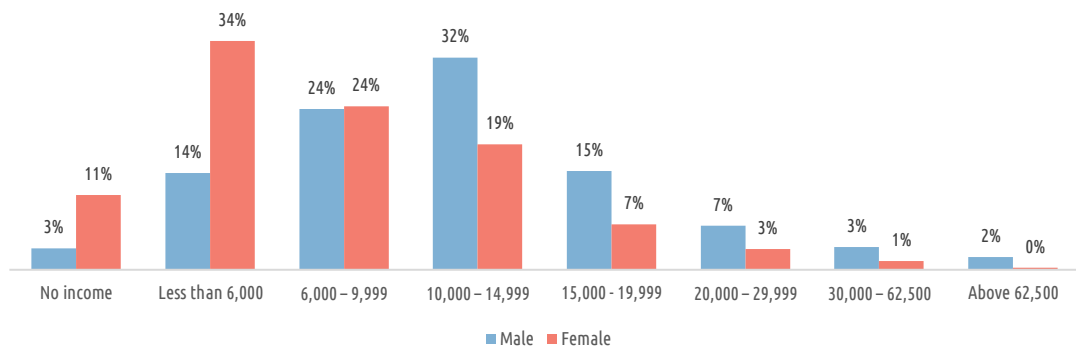
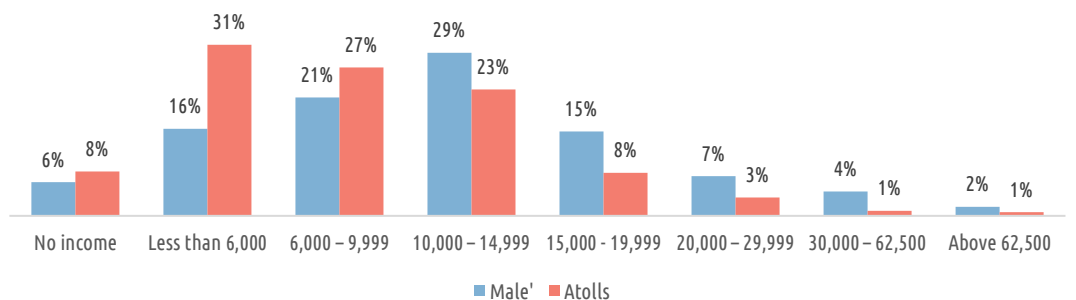


Figure 15: Average monthly income (by locality)



Expenses

The most striking observation in terms of composition of household expenses is the unusually high expenditure on house rent in Male' when compared to Atolls (see Figure 17). While rent is ranked as the biggest household expenditure by most living in Male', it is a relatively minor expenditure (ranked eighth place) in the Atolls.

Figure 16: Ranking of five major expenses

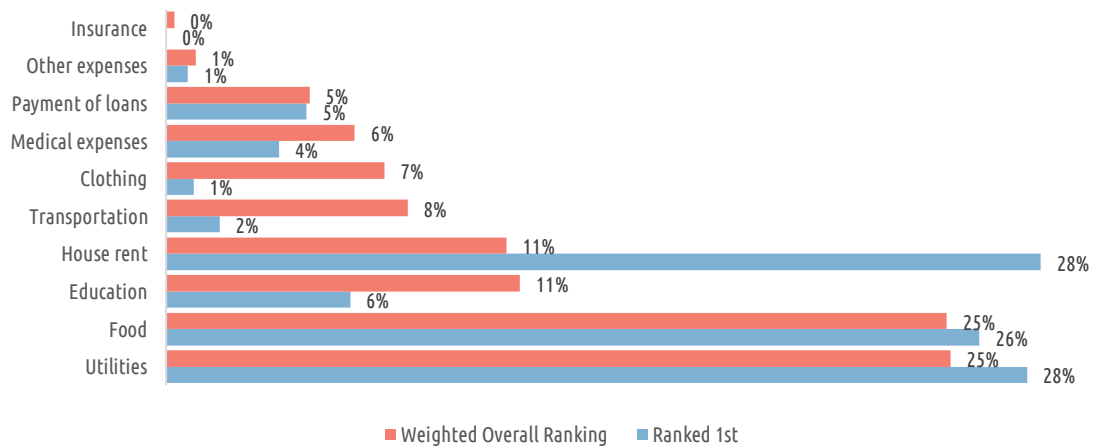
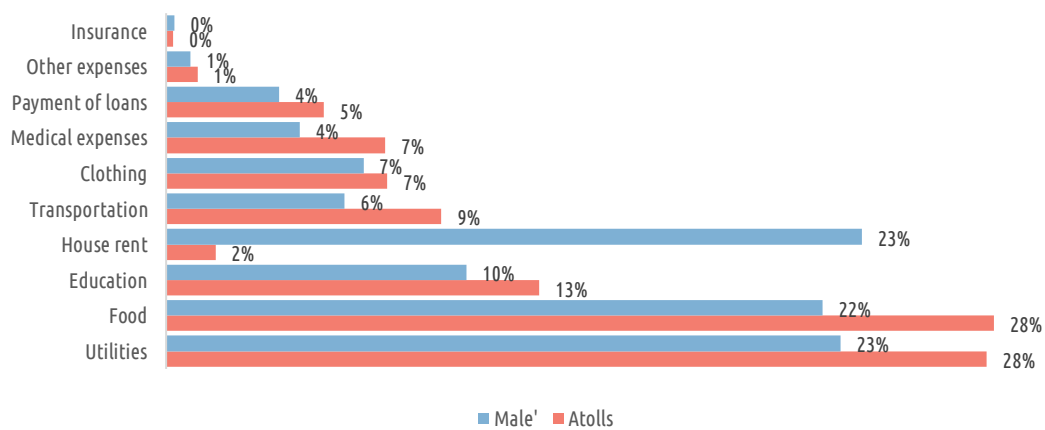


Figure 17: Ranking of five major expenses (by locality)



3.4 Internet Usage

The proportion of adult population who uses internet on a mobile device is remarkably high at 89% (see Figure 18), and the gap in usage is narrow in terms of gender or locality irrespective of the population size of the island (see Figure 19). On the contrary, visible differences are seen in terms of age and educational attainment. Use of internet on a mobile device is near universal (97%) amongst those who are under 36 years of age (see Figure 19). In terms of education, usage is near universal (97%) amongst those who have attained secondary education or higher (see Figure 20). Vast majority of those who have not attained secondary education are the elder generations, particularly 65+ age group. They are also less likely to be literate in English to a level to be able to operate mobile devices and applications.

Figure 18: Use of internet on a mobile device

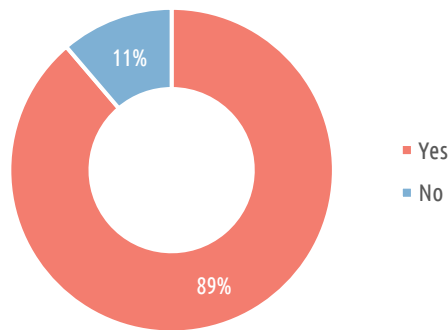


Figure 19: Use internet on a mobile device (by gender, age and locality)

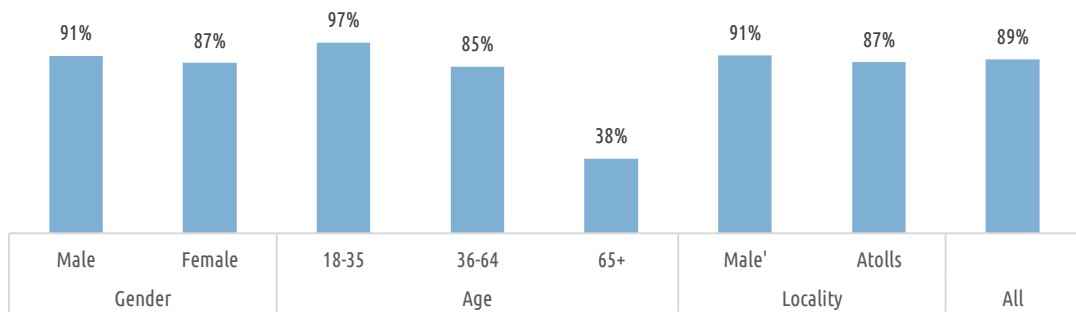
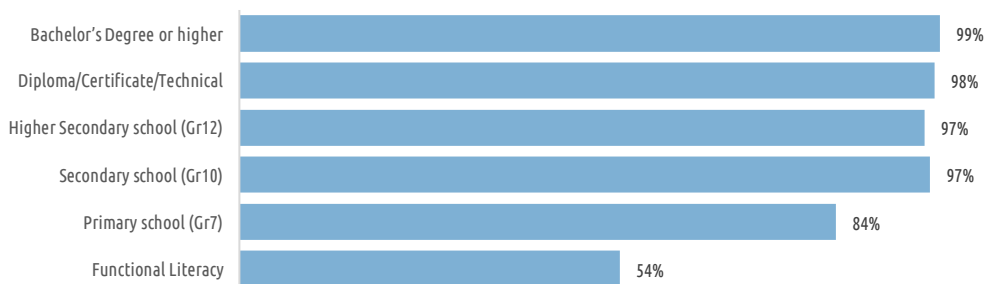


Figure 20: Use internet on a mobile device (by education)



4 FINANCIAL RESILIENCE

Financial resilience refers to the ability to withstand life events that impact one’s income and/or assets. Such events may include, disaster, job loss, sickness, death of a family member, etc.

Economically vulnerable populations are at greater risk of adversity in the face of unexpected shocks and life events. Hence, financial resilience becomes an important goal and measure of financial inclusion.

4.1 Financial Behaviours that Build Resilience

Personal behaviours have an important bearing on building financial resilience. The survey looked into some of the behaviours that could contribute to developing financial resilience, such as budgeting, keeping track of income and expenses, and setting goals for saving.

The findings pointed out that regular practice of financial behaviours that help build financial resilience is low across various behavioural aspects. A mere 19% of the respondents keep a written record of their income and expenditure, and only 38% budget and allocate their finances for specific expenses (see Figure 21). Just 7% have participated in any training on budgeting or managing personal finance. Failure to keep track of one’s finances can subject them to undue and unexpected financial hardship, such as through fraud that goes unnoticed.

In terms of segment performance, no significant difference is seen in terms of gender. However, residents of Male’ generally performed better than their counterparts in the Atolls (see Figure 22). Moreover, younger people practice behaviours that build financial resilience better than older people (see Figure 23).

Figure 21: Behaviours related to financial resilience (by gender)

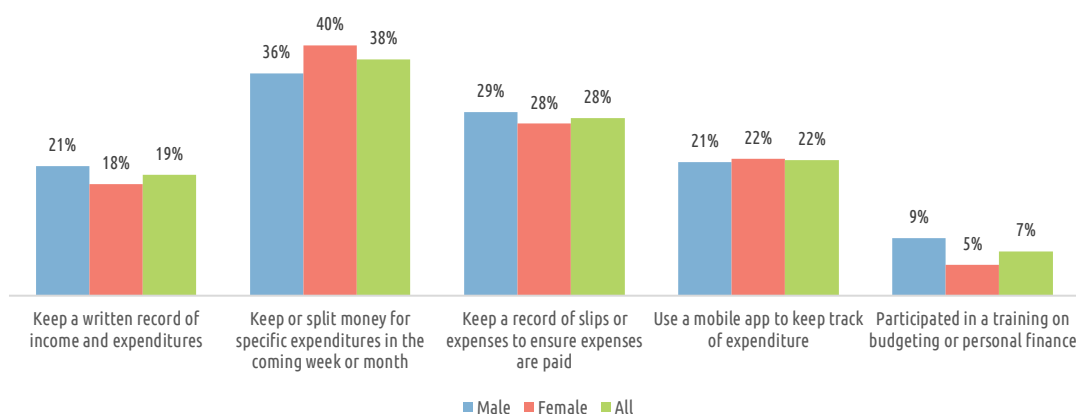


Figure 22: Behaviours related to financial resilience (by locality)

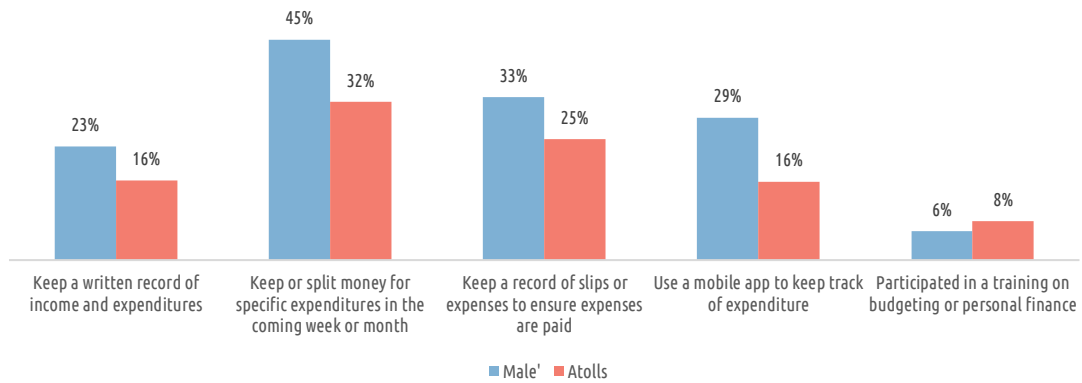
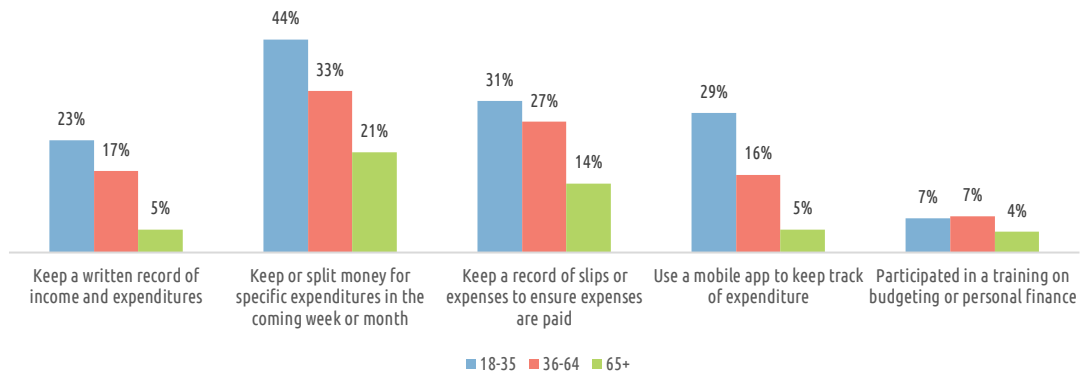
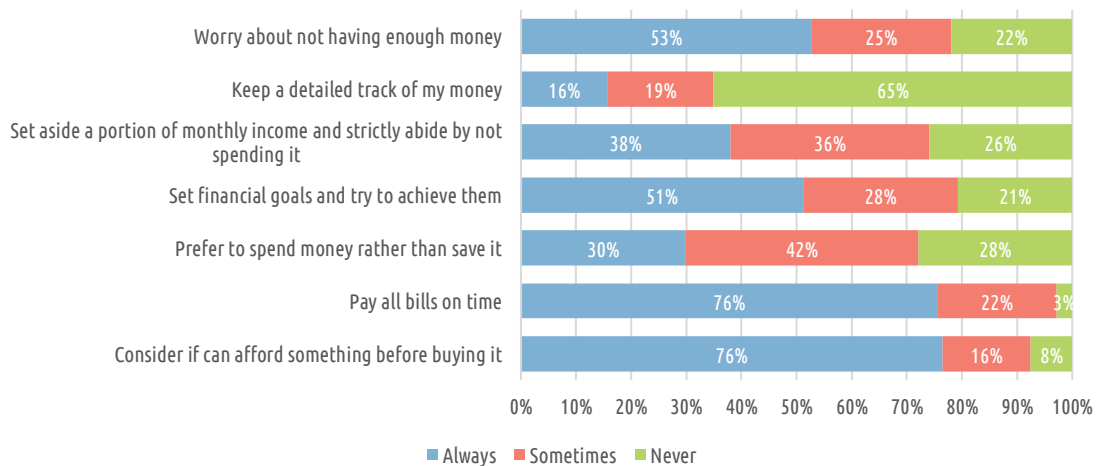


Figure 23: Behaviours related to financial resilience (by age)



The results pointed out that, generally people do not systematically budget their expenses or keep track of their finances. Instead, the more haphazard approach taken by most is to evaluate each spending decision as they arise, such as paying bills on time and considering if they can afford something before spending (see Figure 24).

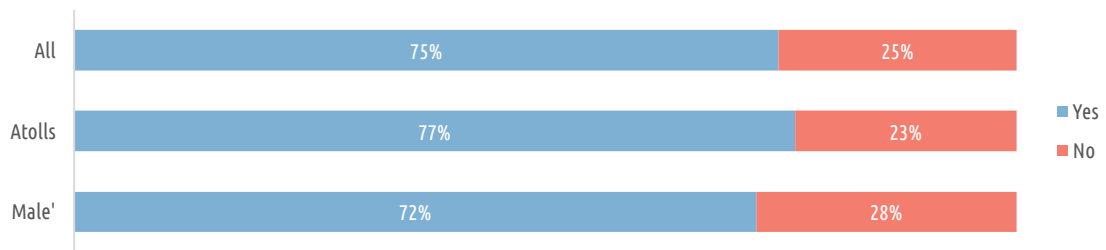
Figure 24: Attitude and behaviours related to financial resilience



4.2 Making Ends Meet

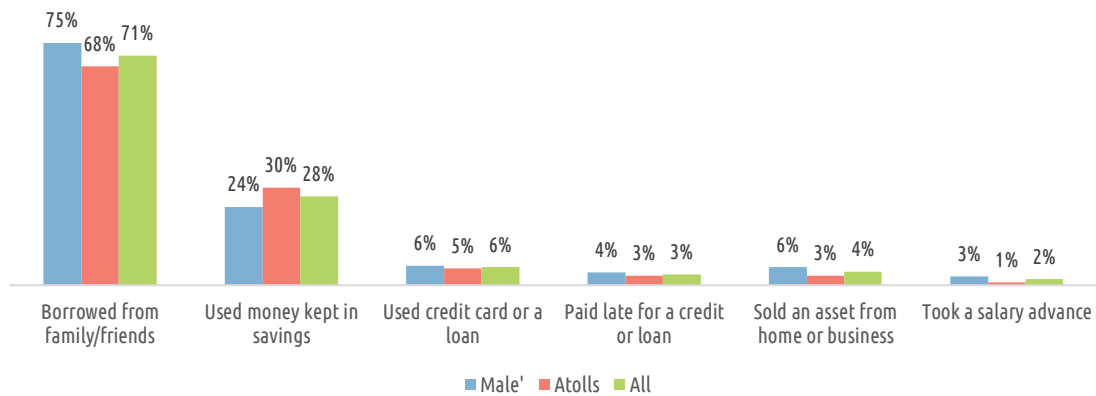
One in four respondents (25%) were unable to meet their daily basic expenses from the income they and their families earned over the 12 months prior to the survey (see Figure 25). Families who were unable to meet their daily basic needs are higher in Male' (28% of respondents) compared to the Atolls (23%), despite lower income levels in the Atolls.

Figure 25: Able to make ends meet over the past 12 months



When people found themselves to be unable to meet their daily expenses they mainly resorted to borrowing from their family and friends (71%) and dipping into their savings (28%) (see Figure 26). Use of formal channels for loans and credit to meet shortfalls is relatively uncommon (6%).

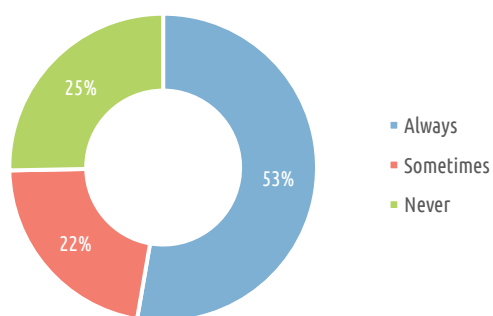
Figure 26: Managing financial shortages



4.3 Financial Stress

Financial stress is common among respondents. One in two respondents (53%) are always worried about not having enough money for normal expenses, and a further 22% worry about it sometimes (see Figure 27).

Figure 27: Worry about not having enough money



Neglecting to practice appropriate financial behaviours that build financial resilience, such as not budgeting or keeping track of finances can add to unnecessary financial stress. Financial stress can also be amplified when people do not have a sufficient financial buffer to ride through probable dry periods.

One in two respondents (52%) have a buffer sufficient only to cover their present basic expenses for less than a month in the event they were not to receive any money at all (see Figure 28). Only 18% of respondents have built a financial buffer sufficient to cover their basic expenses for more than 3 months. Men are significantly more resilient than women, with twice as many men than women having built a financial buffer to last more than 3 months (see Figure 29). Residents in Atolls appear to be only marginally better off than their counterparts in Male' in building a financial buffer (see Figure 29).

Figure 28: Having a buffer to meet unexpected shortfalls

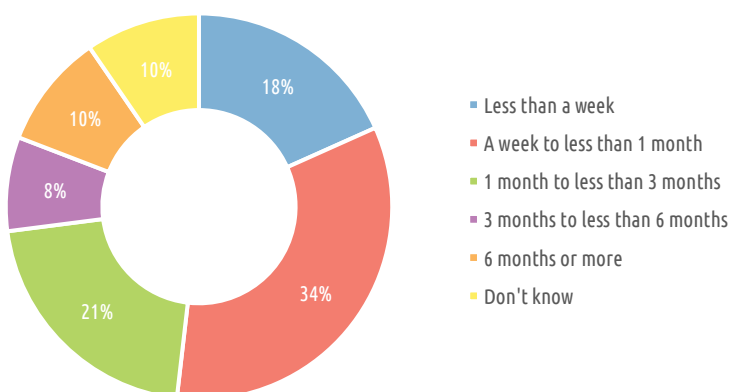
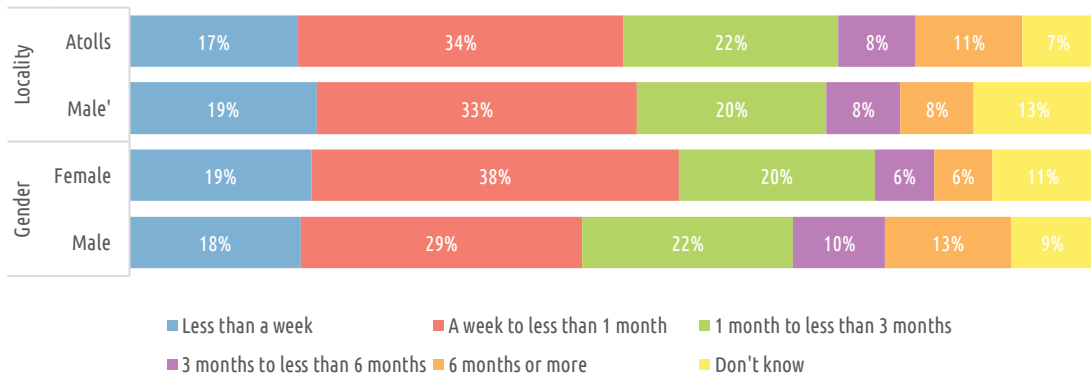


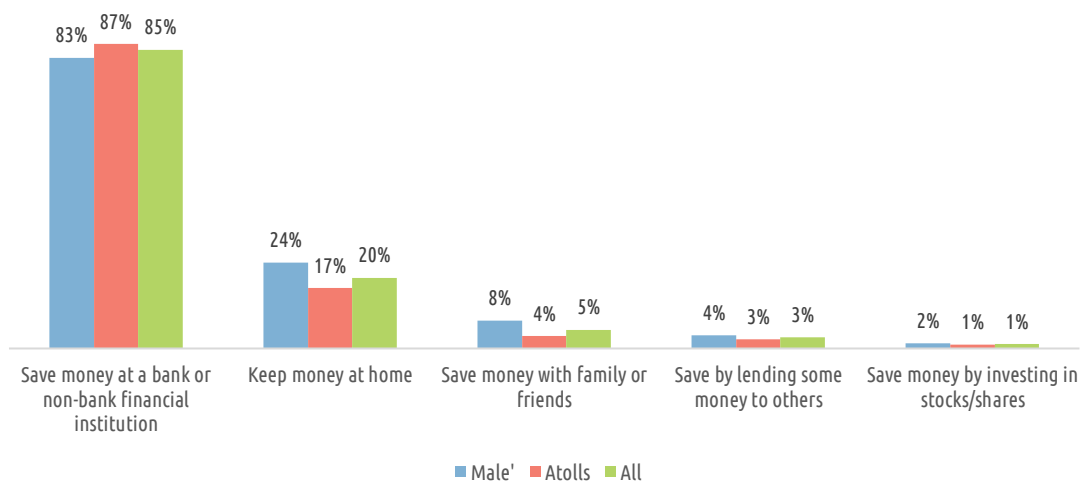
Figure 29: Having a buffer to meet unexpected shortfalls (by gender and locality)



4.4 Saving Practices

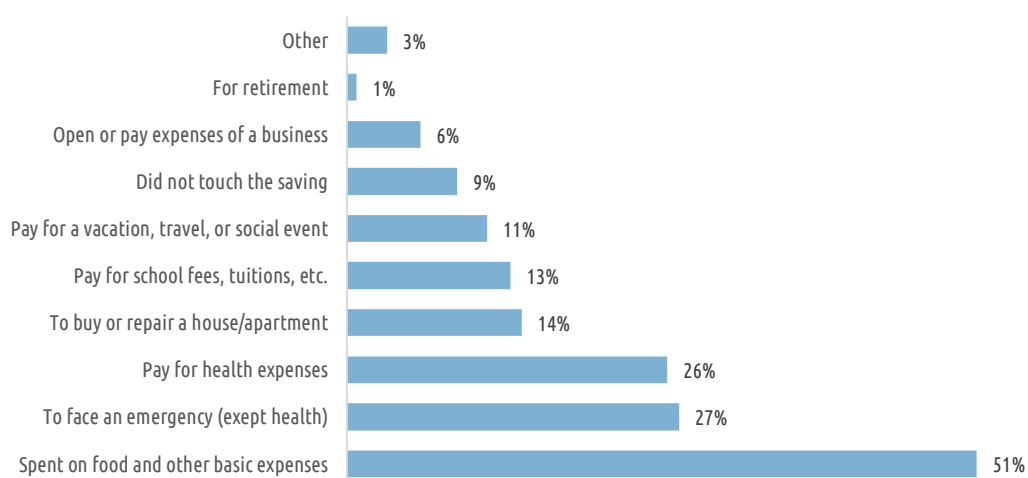
Amongst the 75% of respondents who were able to meet their daily basic expenses from their income over the 12 months prior to the survey, an overwhelming majority have done some saving at formal financial institutions, mostly at banks and other financial institutions (85%) (see Figure 30). In contrast, people who have saved in higher return investments (i.e., stocks/shares) are strikingly low (1%). A worrisome number of people have kept money saved at home (20%); a risky practice that can subject their financial resilience to undue risk.

Figure 30: Modes of saving during the past 12 months for those able to make ends meet



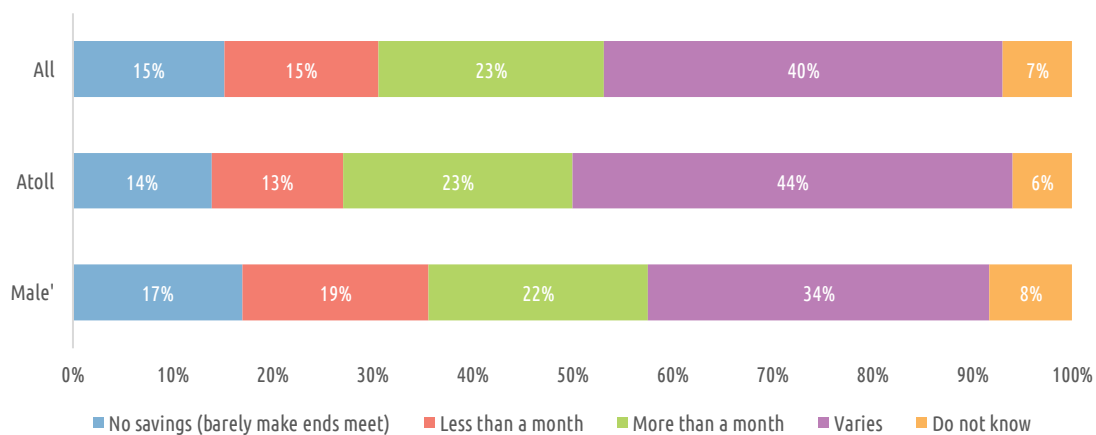
Although the vast majority appear to be saving, looking a little deeper at ways people have utilized their savings shows that, for most, their savings ends up being nothing more than short term surpluses. Out of all those who have saved, most have used their savings to pay for food and other daily basic expenses (51%), and emergencies (27%) and medical expense (26%) (see Figure 31). Only a minority of savers have had the liberty of using their savings for discretionary expenses such as buying/renovating a home (14%), travel (11%) and business (6%), or leaving the savings untouched (9%).

Figure 31: Use of savings



Fewer than one in four respondents (23%) have consistently had accumulated savings of more than a month's income (see Figure 32). While 30% have no saving at all, another 15% have savings that total less than a month's income. And 40% remarked their saving levels vary between less than a month and more than a month.

Figure 32: Level of accumulated savings



5 BANKING & PAYMENTS

Having access and the means to use a transaction account is the cornerstone of financial inclusion. As accountholders, people are more likely to use other financial services, such as credit and insurance, to start and expand businesses, invest in education or health, manage risk, and weather financial shocks, which can improve the overall quality of their lives¹⁵.

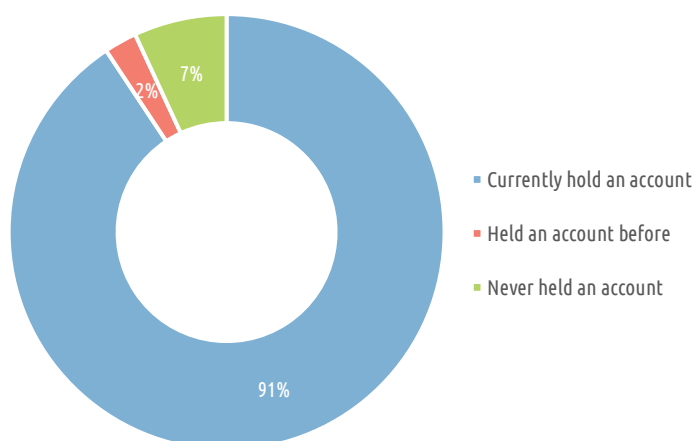
Delivery of essential financial services in an affordable and equitable manner through formal channels is key to achieving financial inclusion in the Maldives. This survey gathered baseline data on the availability, usage and effectiveness of crucial financial products and services.

5.1 Account Ownership

Maldives has one of the highest bank account ownership ratios in the region¹⁶. The vast majority of the adult population (91%) are banked (see Figure 33), and 31% hold accounts in multiple banks (see Figure 41).

Though the unbanked population remains low, it is substantially skewed towards women, with 14% of women remaining unbanked in comparison to 5% of men (see Figure 34). No significant gap exists between Male' and the Atolls.

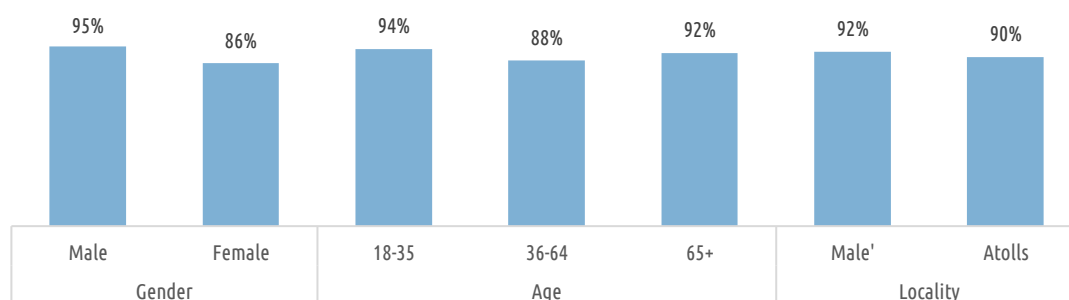
Figure 33: Bank account ownership



¹⁵ World Bank. UFA2020 Overview: Universal Financial Access by 2020

¹⁶ World Bank. The Global Findex Database 2021.

Figure 34: Bank account ownership (by gender, age and locality)

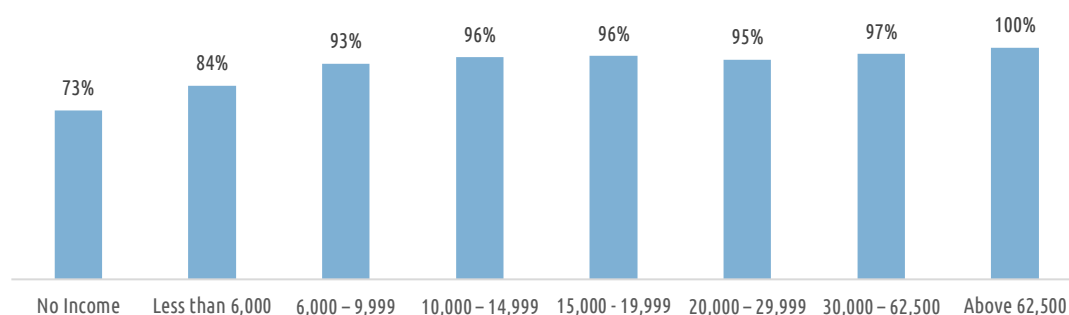


Account ownership is significantly higher among those who have an income source (see Figure 36). Account ownership is lowest among those who are not engaged in employment (i.e., fulltime students, those unable to work or are unemployed and not looking for work) with the exception of those who have retired from employment (see Figure 35). Account ownership is high among the retired (92%) and 65+ age group (92%). State pensioners (including old age basic pensioners) are required to have a bank account for remittance of pension payments¹⁷.

Figure 35: Bank account ownership (by employment status)



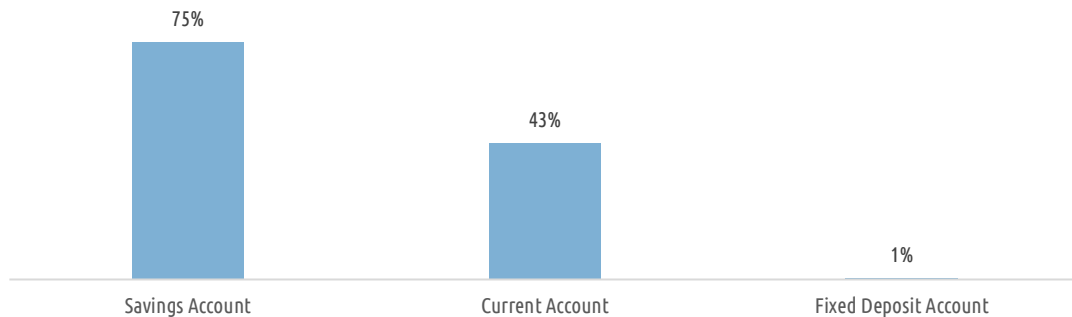
Figure 36: Bank account ownership (by level of income)



¹⁷ Maldives Pension Administration Office

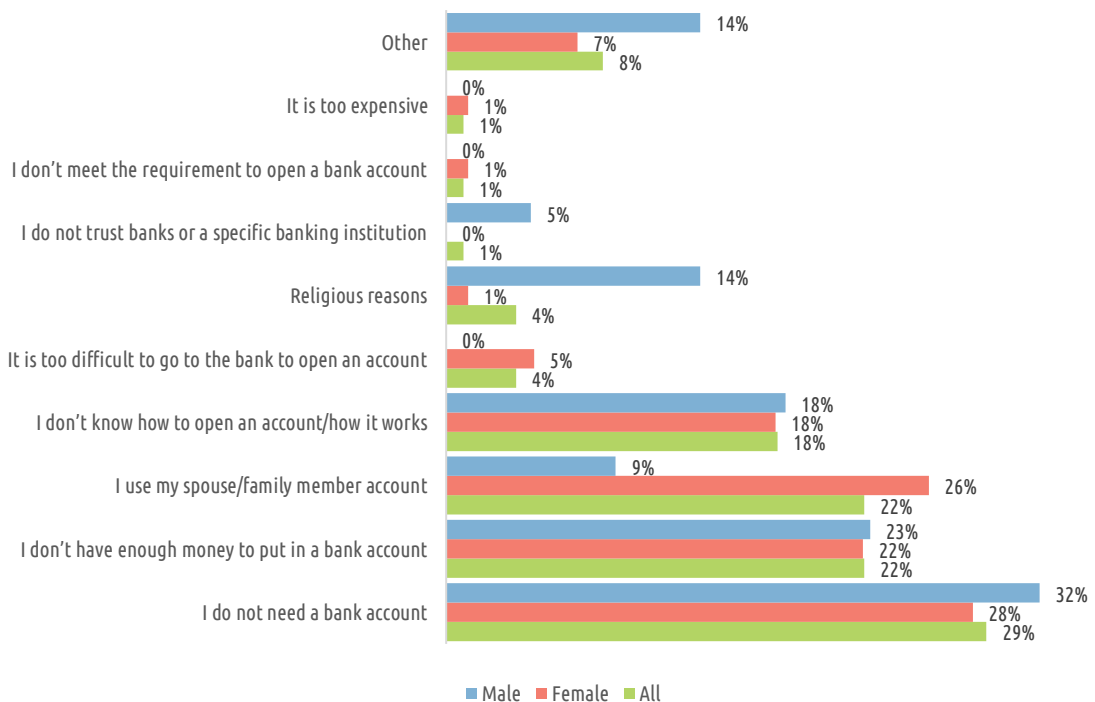
Three out of four respondents (75%) hold a savings account, and 43% hold a current account (see Figure 37). Fixed deposit accounts are held by just 1% of respondents.

Figure 37: Type of bank account held



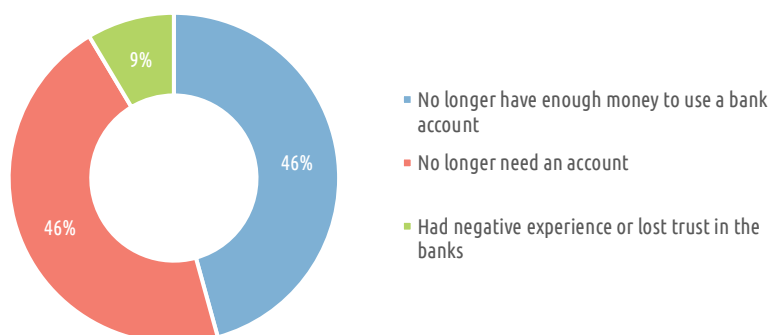
Respondents who have never held a bank account is relatively few (7%) (see Figure 33). The reasons for never holding an account as cited by most are that they did not need an account (29%), did not have enough money to use an account (22%) and/or use the account of their spouse or a family member (22%) (see Figure 38). 18% of respondents cited not knowing how to open and operate a bank account as the reason for never holding an account. Despite the geographic dispersal of the population across many small islands, only 4% of those who never held an account said that they did not do so because of logistical challenges of going to a bank, and they were all women.

Figure 38: Reasons for never having a bank account



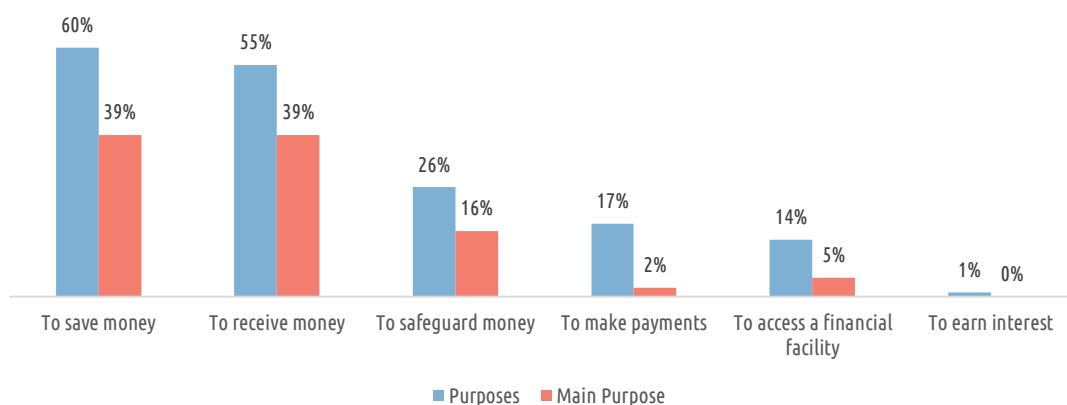
There was a small proportion of respondents who reported that they had previously held a bank account but no longer do so (2%) (see Figure 33), of which 91% said they stopped using their account because they no longer need a bank account or do not have enough money to use a bank account (see Figure 39).

Figure 39: Main reason why stopped using a bank account



As for the purposes of opening a bank account, the most frequently quoted purposes are to save money, to receive money and/or to safeguard money (see Figure 40). Zeroing on the “main purpose” of opening a bank account also showed largely the same pattern of reasoning. Interestingly, only 1% of respondents quoted earning an interest as their reason for opening a bank account, and one quoted it as the main purpose for opening an account.

Figure 40: Purposes of opening a bank account



Nearly one in three respondents (31%) hold accounts in multiple banks (see Figure 41). Amongst those who opened accounts in multiple banks, most (63%) did it for saving purpose, followed by business purposes (16%), credit and loan purpose (9%) and for ease of getting foreign currency (5%) (see Figure 42). Account ownership in multiple banks is twice as high among men compared to women.

Figure 41: Account ownership in multiple banks

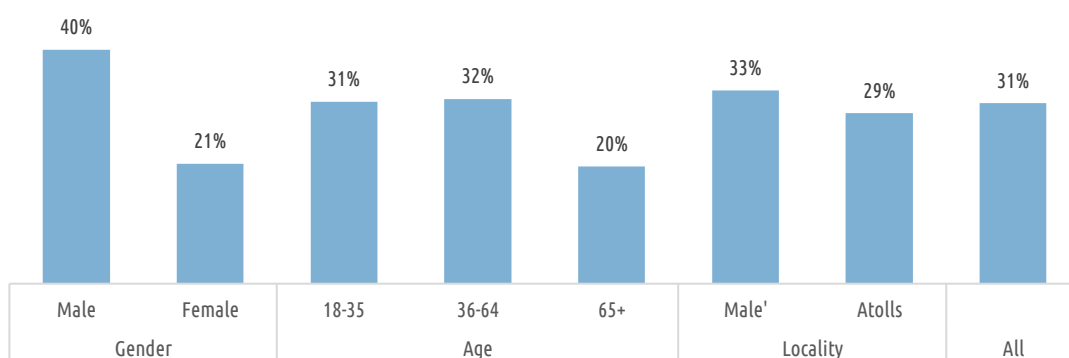
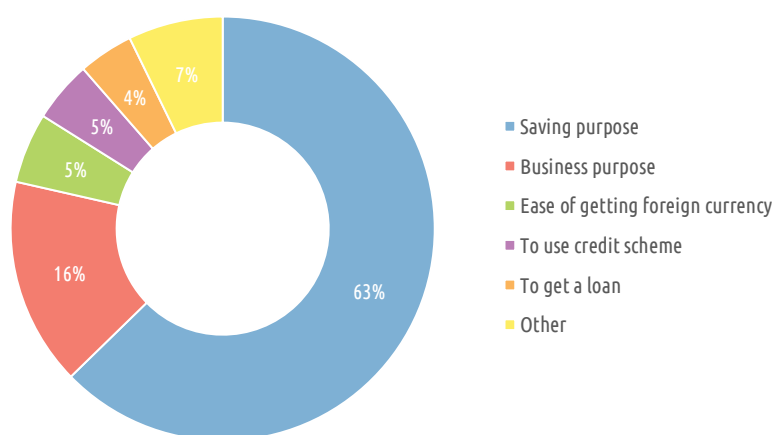


Figure 42: Main reason for having account in multiple banks



Three out of ten respondents (30%) hold an account in an Islamic bank or branch (see Figure 43), of which nearly half (48%) did it for religious reasons or peace of mind (see Figure 44). Most common non-religious reasons were for profits (18%), for saving purpose (13%) and for credit and loan purposes (11%).

Figure 43: Account ownership in Islamic banks (by gender, age and locality)

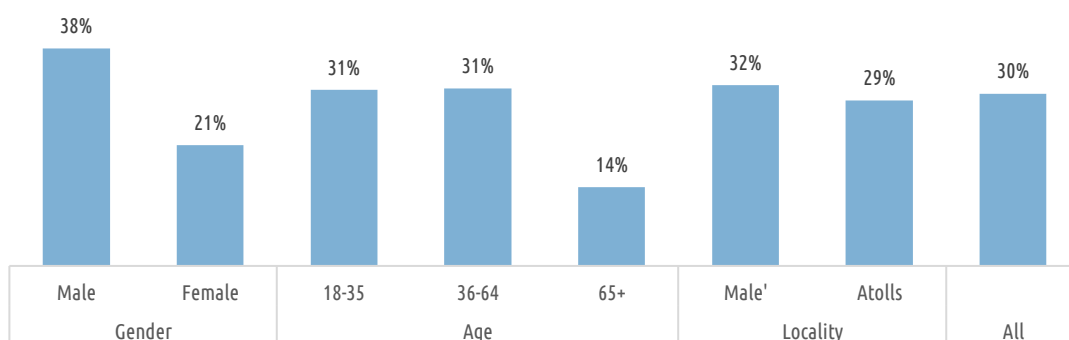
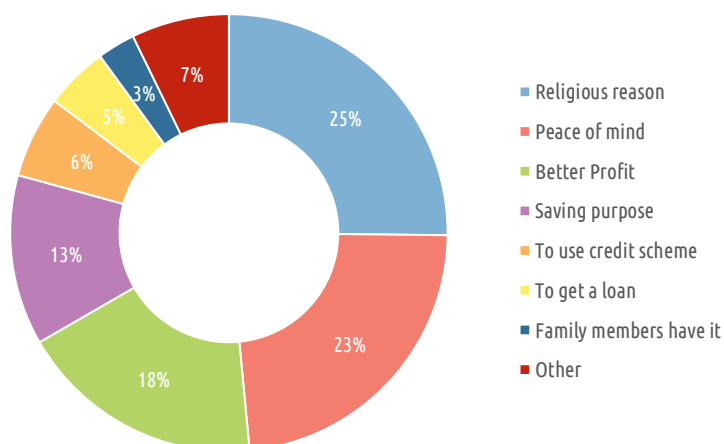


Figure 44: Reason for opening an account in an Islamic bank



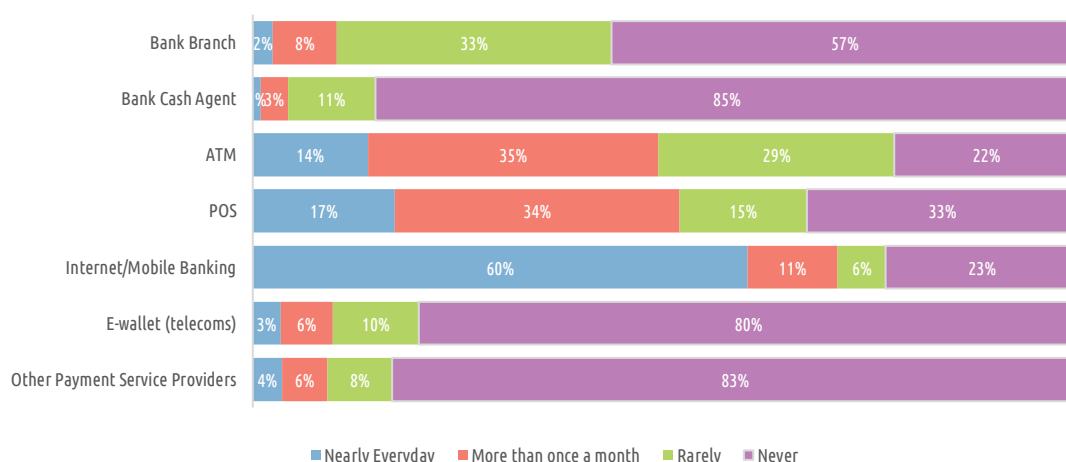
5.2 Usage of Financial Channels & Services

By far the most popular financial channel in use is internet/mobile banking¹⁸, which is used nearly every day by 60% of the adult population (see Figure 45). Other digital wallets and payment platforms, although are essentially equally accessible, do not come even close to internet banking in terms of usage.

Four out of five respondents (80%) have never used e-wallets of telecom operators and 83% of respondents have never used payment platforms of other non-bank service providers. In fact, the second and third most frequently used service channels are physical channels, namely POS terminals and ATMs of banks.

¹⁸ No distinction is made between internet banking and mobile banking given the current context of Maldives (due to high proliferation of use of internet on mobile devices), and the two terms are used interchangeably in this report.

Figure 45: Frequency of use of financial service channels



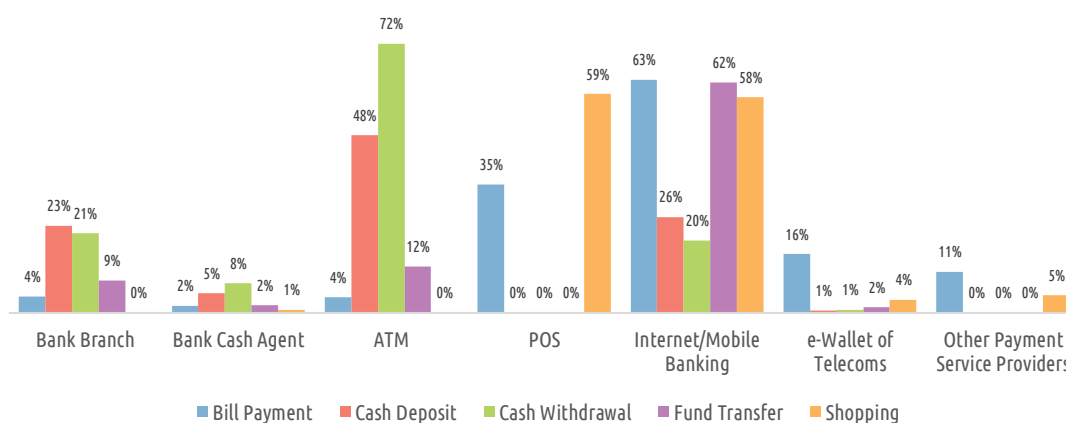
Internet/mobile banking emerges as the preferred service channel for routine transactions by most respondents (see Figure 46). Internet/mobile banking is used more often than any other channel for bill payment, fund transfer and shopping. Internet banking is also used frequently as a channel for cash deposits and withdrawals through others.

Bank branches have become less significant as an access point for routine services, thanks to the popularity of online banking and versatility of modern ATMs.

Popularity of non-bank online payment platforms are considerably low, with 80% of respondents having never used them. These platforms are used, by the minority who use them, mostly for bill payment and, to a smaller extent, for online shopping.

ATMs are predominantly used for cash withdrawals and deposits. In fact, despite the popularity of online banking, the service obtained by the highest number of people (72% of respondents) at any one channel is still cash withdrawal through ATMs. It shows the prevalence of cash transactions despite high use of online and digital transaction methods; and is an indication of the long road still ahead for a less cash-reliant society.

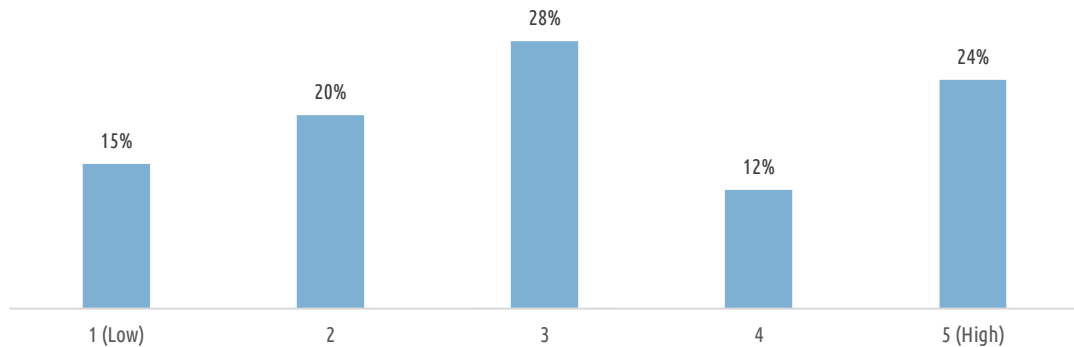
Figure 46: Usage of services through various channels



Cost Considerations in Service Usage

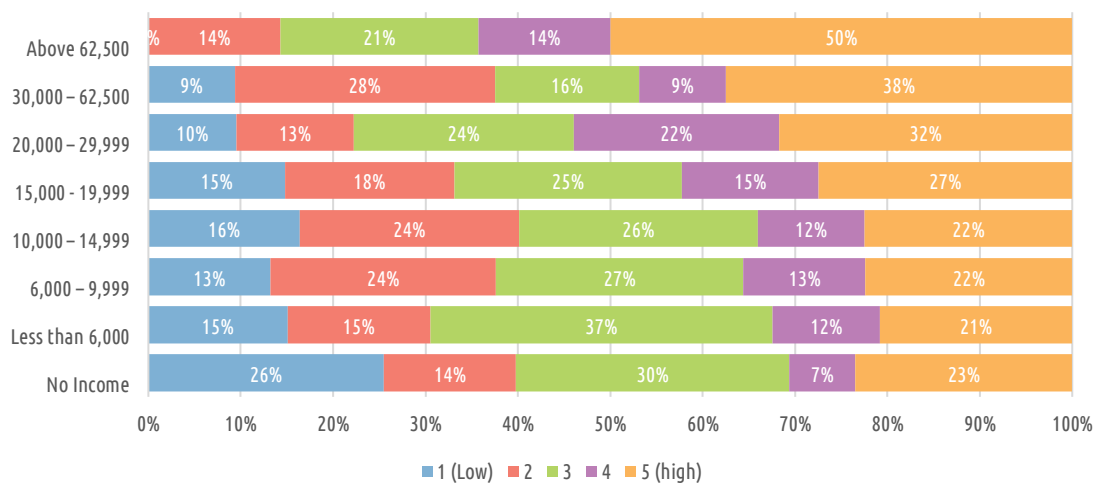
Fees and charges have a moderate level of influence overall on people’s decision to use financial services. When asked to rate the influence of fees and charges on their decision to use financial services on a 5-point scale, respondents are spread across the spectrum with most respondents choosing the midpoint between low and high (see Figure 47).

Figure 47: Influence of fees & charges on the decision to use financial services



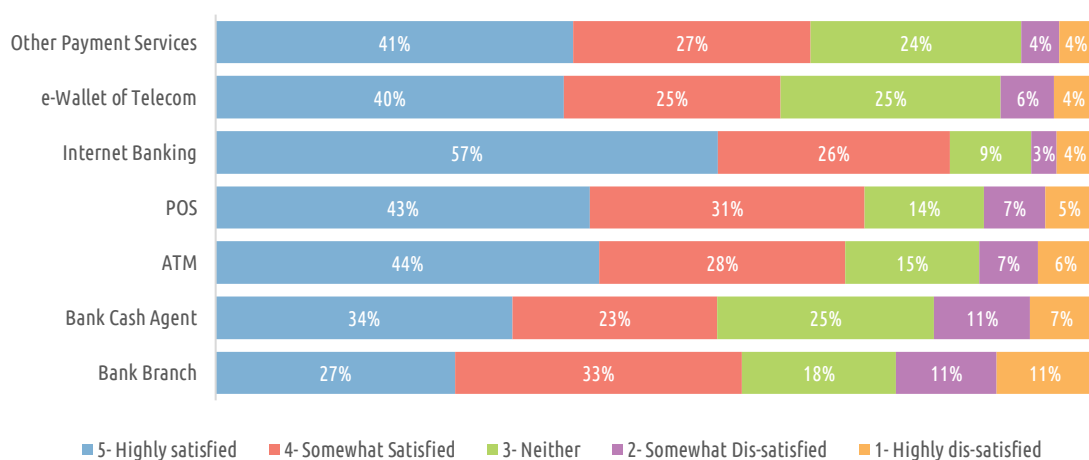
Counterintuitively, the higher the income brackets of respondents, the stronger is the influence of fees and charges on the decision to use financial services (see Figure 48). This may occur for several reasons such as higher income groups may seek more premium financial services; and as elite customers, they may be the target of more competitive offers and attention from service providers; and/or are better educated and financially savvy to evaluate competitive products.

Figure 48: Influence of fees & charges on decision to use financial services (by income level)



Amongst all respondents interviewed for the survey, only one respondent stated cost as a factor in their decision not to own a bank account. Hence, the cost of owning and operating a bank account can be said to be affordable to the masses. With the widespread use of internet/mobile banking and other digital platforms, logistical costs of accessing many of the financial services have become largely immaterial. Moreover, respondents are, on average, satisfied with the affordability across the different service channels (see Figure 49).

Figure 49: Level of satisfaction with affordability of service channels



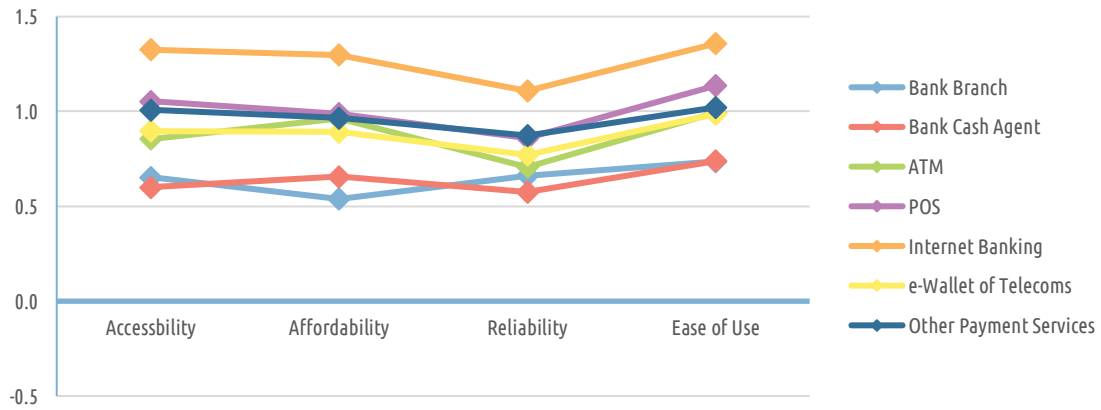
Satisfaction with Service Channels

Respondents’ level of satisfaction is generally positive¹⁹ with various financial service channels across the key service attributes of accessibility, affordability, reliability, and ease of use (see Figure 50). Among the service channels, internet banking stands out from the rest by achieving a higher average score on all service attributes. Digital channels (i.e., internet banking, e-wallet of telecom operators and other payment services) on average fared better than physical channels (i.e., bank branches, bank agents and ATMs). The only physical channel scoring above most digital channels across service attributes is POS service.

Higher customer satisfaction with digital channels compared to physical channels, and their triumph over logistical challenges in serving dispersed populations stands testimony for achieving greater financial inclusion through expansion of digital services.

¹⁹ Average score given by respondents on a 5-point rating scale: very dissatisfied (-2), dissatisfied (-1), neither satisfied nor dissatisfied (0), satisfied (+1) and very satisfied (+2).

Figure 50: Level of satisfaction with service attributes of financial service channels



Note: the figure shows average score given by respondents on a 5-point rating scale: very dissatisfied (-2), dissatisfied (-1), neither satisfied nor dissatisfied (0), satisfied (+1) and very satisfied (+2).

5.3 Bank Card Usage

Along with bank account usage, bank card usage is high as well. Debit card is the most widely used type of card, with 85% of respondents using them (see Figure 51). Credit card and prepaid card usage is comparatively low, standing at 10% and 1% of respondents respectively. Those who do not use any card service stands at 12%, with women standing nine percentage points behind men. Credit card ownership is twice higher among men compared to women, and credit card ownership has a direct correlation to the level of income as well (see Figure 52).

Figure 51: Bank card usage

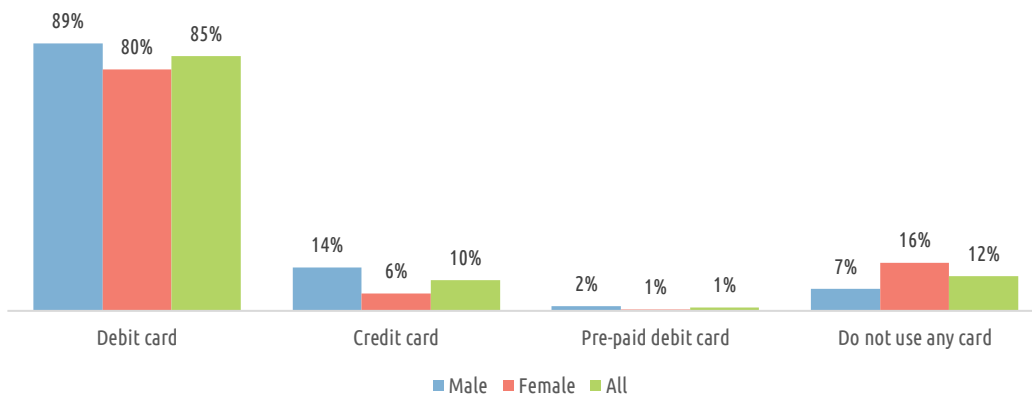
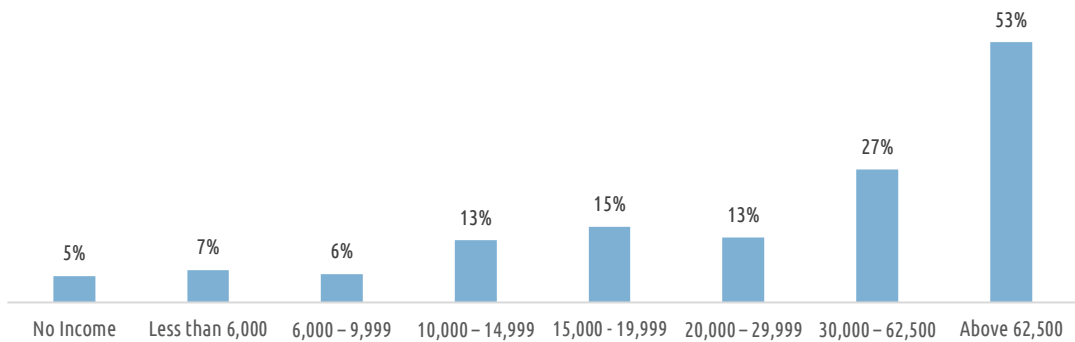
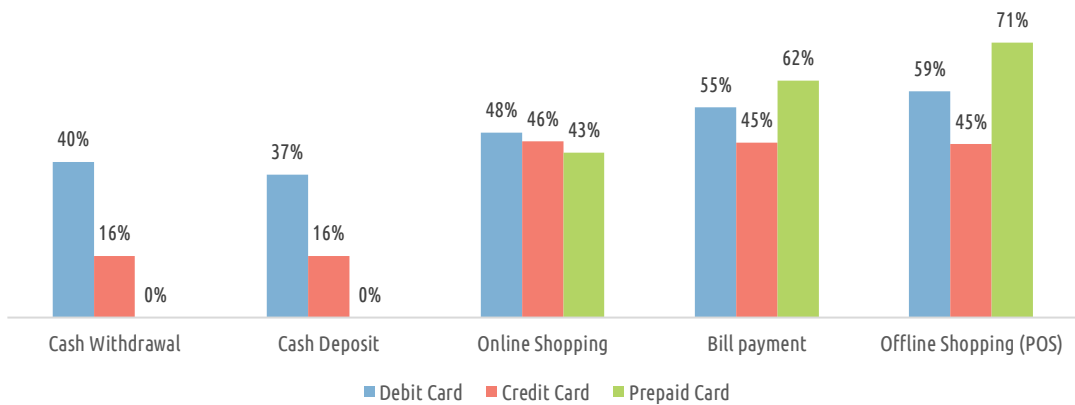


Figure 52: Credit card ownership (by income level)



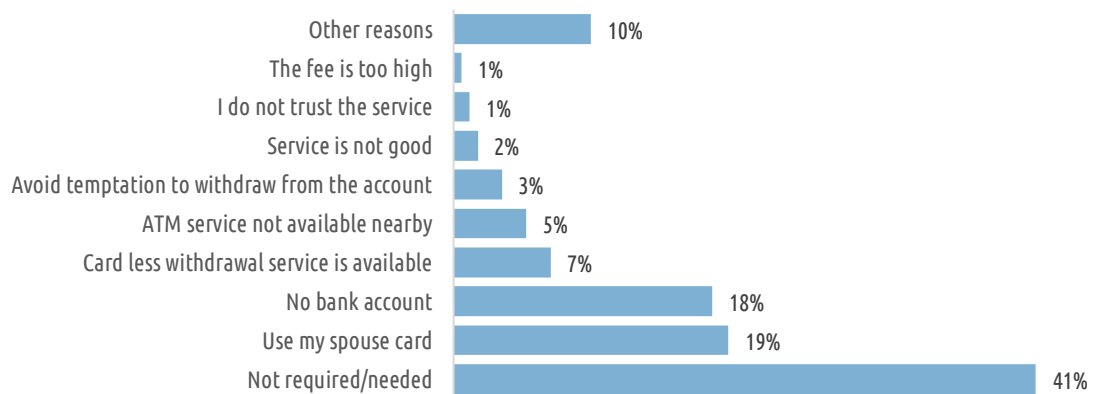
All bank cards are frequently used by most users for online and offline shopping and bill payment (see Figure 53). In addition, debit cards are also frequently used for cash withdrawals and deposits by a large number of users.

Figure 53: Percentage of users who report frequent use of respective bank cards for different services



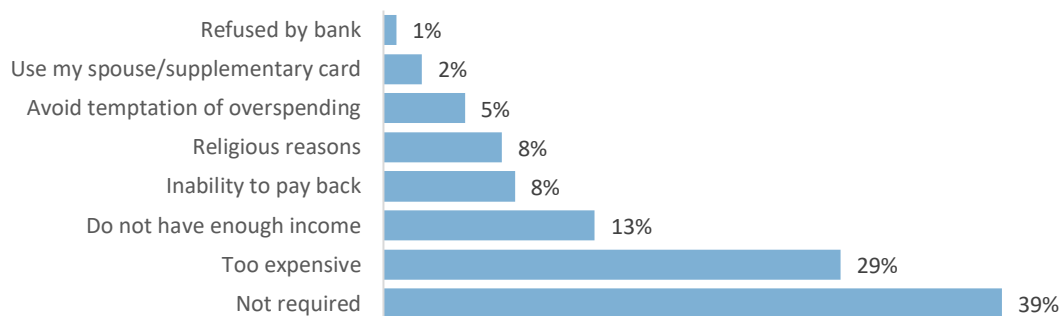
Among the 12% of respondents who do not own any bank cards, most (41%) reasoned that they have no need for it, and 19% stated that they use their spouse’s card (see Figure 54).

Figure 54: Reasons for not using any card services



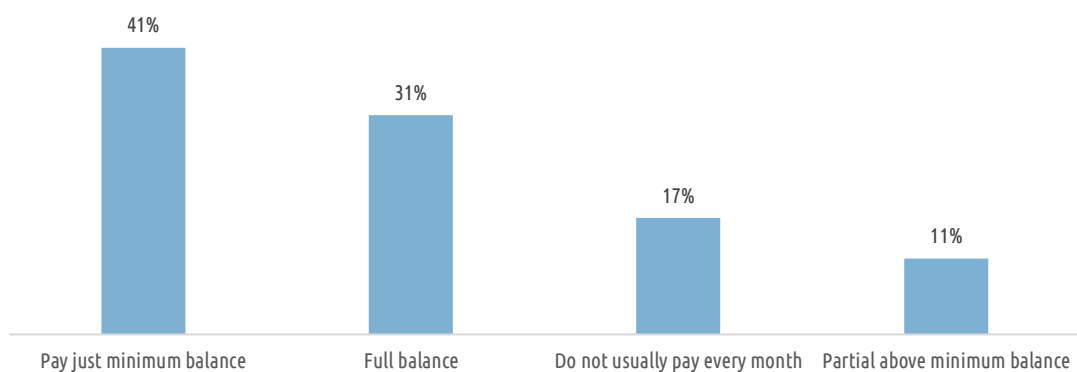
Among those who own a debit card but not a credit card, most (39%) reasoned that they do not have a need for a credit card, 29% reasoned that it is because credit cards are too expensive to use, and 8% stated it is for religious reasons (see Figure 55).

Figure 55: Reason for not having a credit card while having a debit card



Amongst those who use credit cards, most users (41%) pay only the minimum balance, and another 17% do not usually pay every month (see Figure 56). Still yet, only 12% of credit card holders have missed a credit card payment in the 12 months prior to the survey due to lack of resources (see Figure 58).

Figure 56: Settlement of credit card balances



A surprisingly high proportion (80%) of credit card holders admitted they do not know the annual interest rate charged on unpaid credit card balances (see Figure 57). And amongst those 20% of card holders who believed they know the annual rate of interest, only one person was able to state a plausible amount for the annual interest, while overwhelming majority grossly understated the interest rate.

Figure 57: Believed to be aware of the annual rate of interest charged on unpaid credit card balance

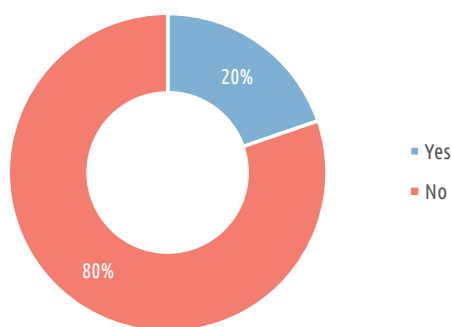
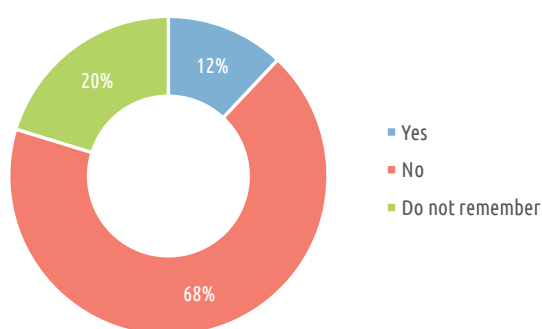
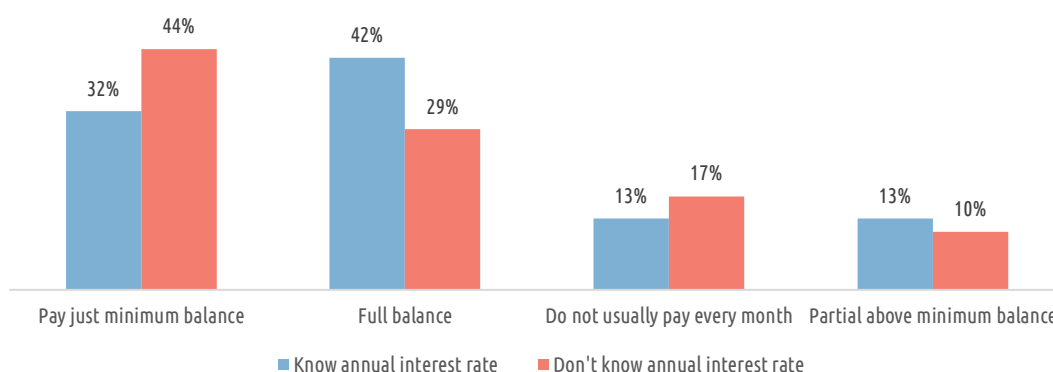


Figure 58: Missed a credit card payment in the last 12 months due to lack of resources



A greater proportion of those who said they know the annual interest rate of their credit cards (although the vast majority of them mistakenly believed it to be of a much lower value than actual rates) have paid full balance or above minimum balance than those who said they do not know the interest rate (see Figure 59). Likewise, a greater proportion of those who said that they do not know card interest rate have paid just the minimum balance or missed to make regular card payments than those who said they know it. Therefore, it is likely that many of the credit card holders are not prioritizing settlement of their card balances, as much as they would otherwise have, due to poor understanding of the cost of borrowing through credit card.

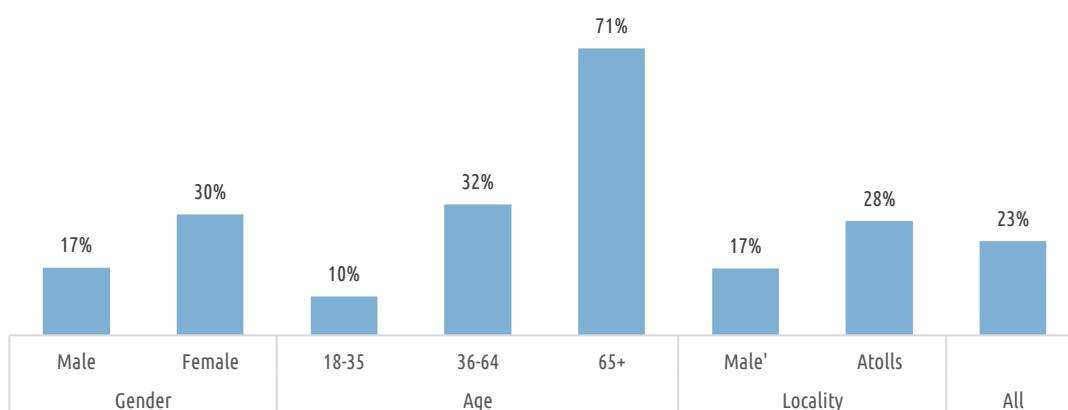
Figure 59: Settlement of credit card balances by those who reported they know or do not know annual interest rate



5.4 Internet/Mobile Banking

Maldives has the highest internet accessibility and usage in the region²⁰. In fact, 89% of respondents use internet on a mobile device (see Figure 18). Likewise, internet/mobile banking usage is high, with 60% of respondents using the service nearly every day, and 76% using it at least occasionally (see Figure 45). Still yet, one in four respondents (23%) have never used internet/mobile banking. Non-users are higher among vulnerable groups including women, the elderly and those residing in the Atolls (see Figure 60).

Figure 60: Never used internet/mobile banking (by gender, age and locality)

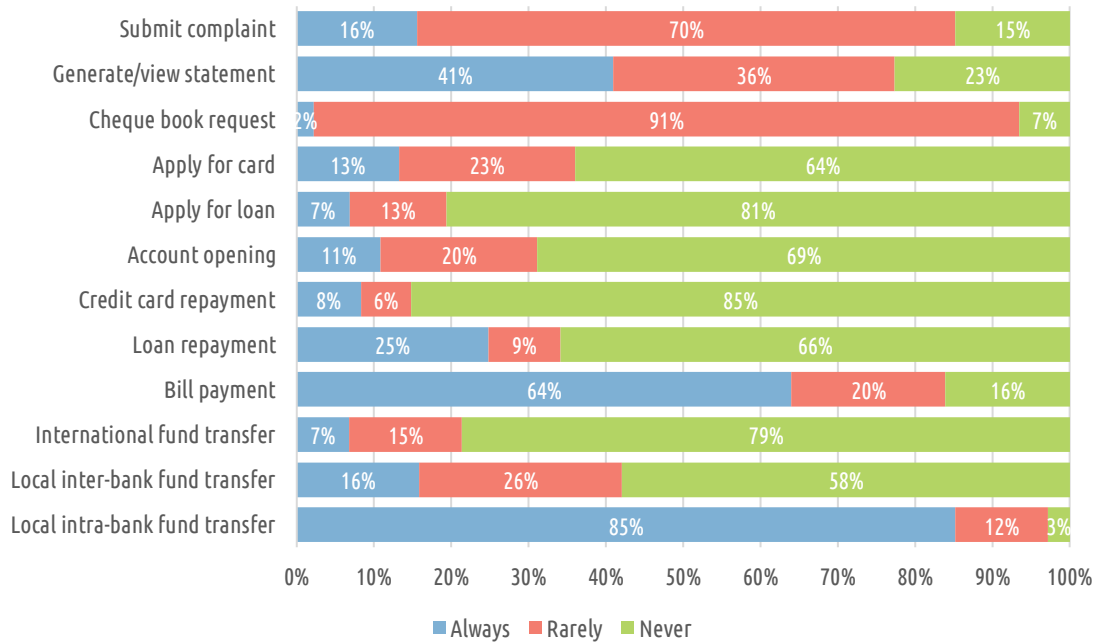


The services used by most users of internet/mobile banking are local intra-bank fund transfer (97% of users), chequebook request (93%), submission of complaints (85%), bill payment (84%) and viewing of account statement (77%) (see Figure 61). Internet banking services used by least are credit card repayment, loan application and international fund transfers. It is important to note that the frequency of use depends not only on user preferences, but also on the recency of introduction and availability of

²⁰ World Bank data. Individuals Using the Internet – South Asia (2020).

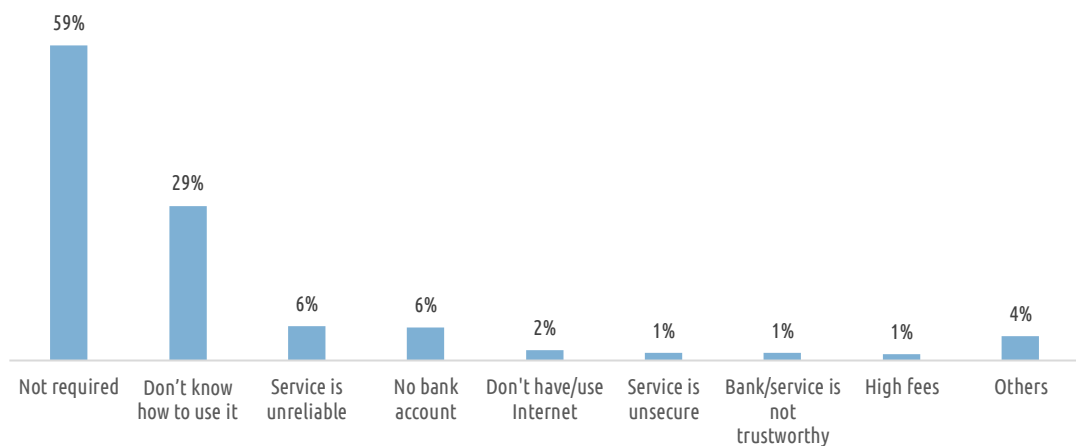
respective services through internet banking and on how often respondents may need to avail the respective services.

Figure 61: Frequency of services usage through internet/mobile banking by its users



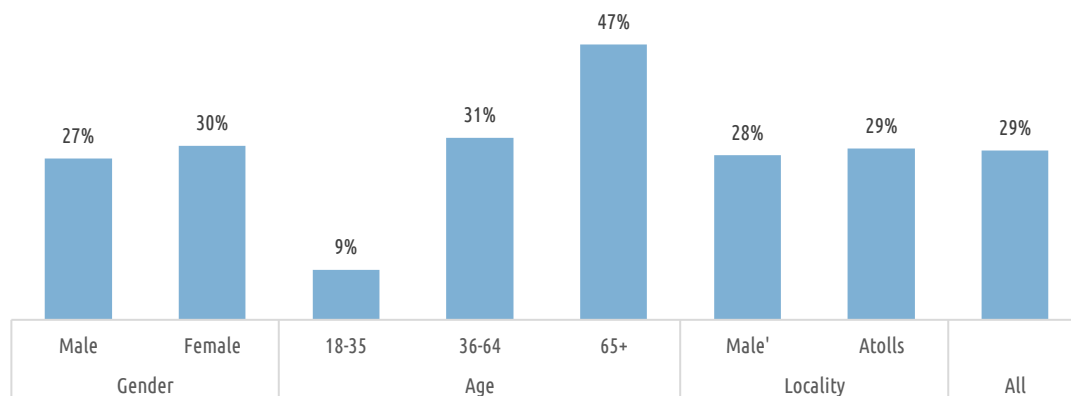
Amongst those respondents who do not use internet/mobile banking, 59% reasoned that it is because they do not have a need for it, and 29% reported that they do not know how to use it (see Figure 62). Reliability (6%) and security concerns (1%) were less of a factor behind non-use.

Figure 62: Reasons for not using internet/mobile banking



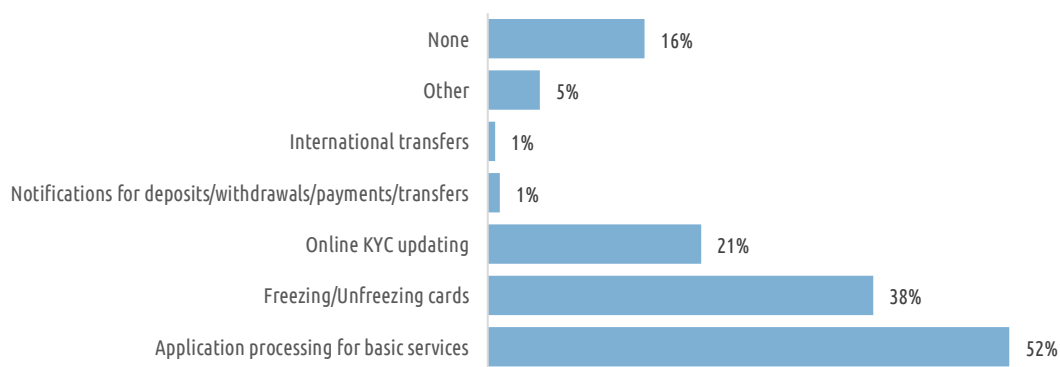
Amongst those who do not use internet/mobile banking, exclusion for the reason that they do not know how to use it is significantly higher among the elderly population (47%) and significantly lower among the youth population (9%) (see Figure 63).

Figure 63: Do not use internet/mobile banking due to not knowing how to use it



The most common suggestion for additional services and features by respondents using internet/mobile banking is application processing for basic services (52%) followed by freezing/unfreezing cards (38%) and online KYC updating (21%) (see Figure 64). These services are currently provided by some banks via internet/mobile banking.

Figure 64: Suggestions by respondents for additional services and features for internet/mobile banking



5.5 Mobile Money (e-Wallet)

In contrast to the popularity of internet/mobile banking, only 17% of respondents use mobile money or e-wallet platforms of telecom operators (see Figure 65). And merely 3% of respondents use it on a daily basis (see Figure 45). Telecom e-wallets are relatively more popular among the youth population, and the service availed most frequently through mobile money is bill payment service (see Figure 66).

Figure 65: Usage of mobile money (telecom e-wallets)

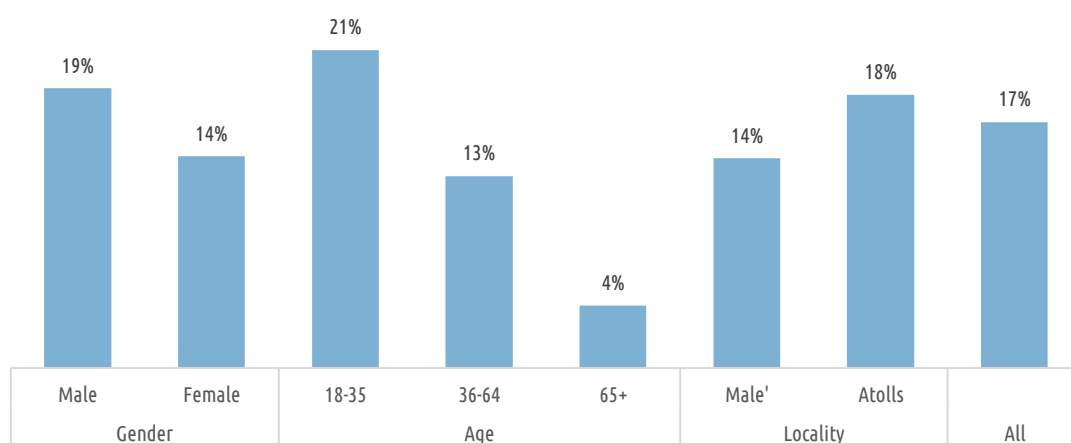
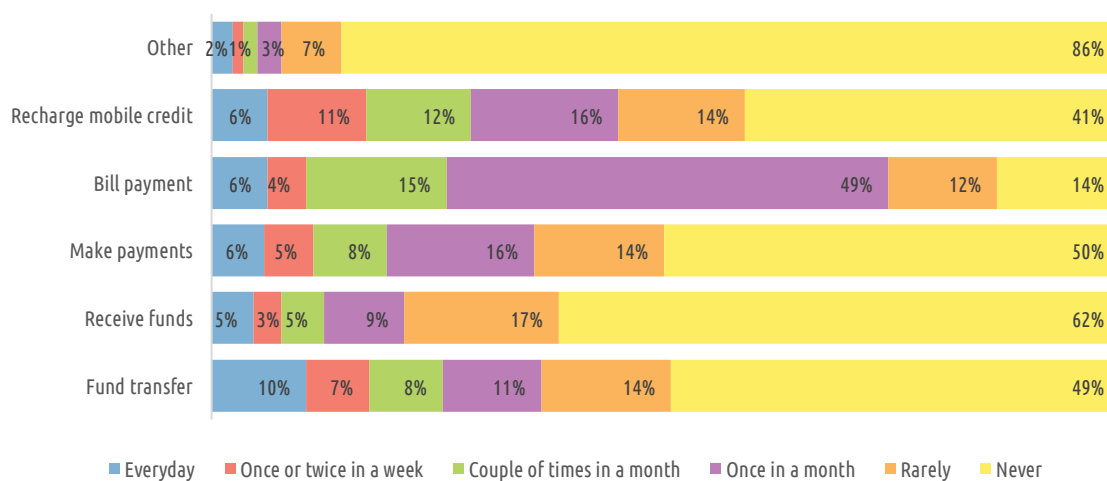
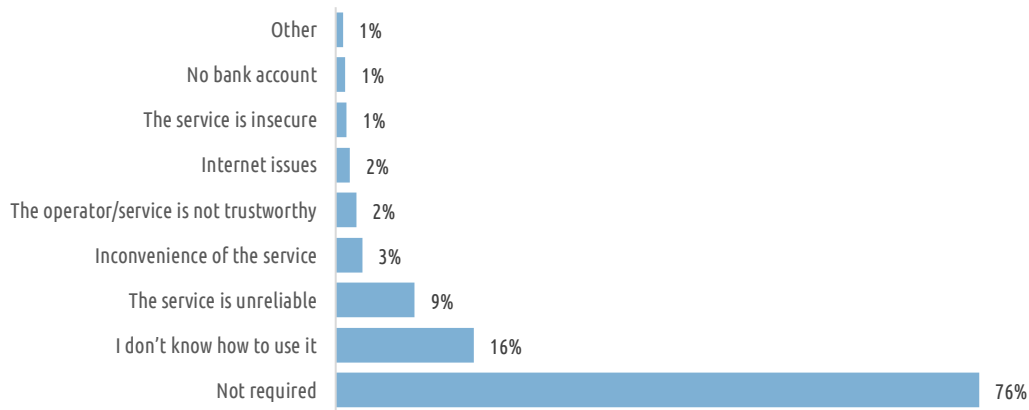


Figure 66: Frequency of services usage by users of mobile money (telecom e-wallets)



Looking at the rationale of non-users, 76% of them believe they do not have a need to use the service, and 16% reasoned they do not know how to use the service (see Figure 67). On the other hand, reliability concerns (9%), inconvenience (3%), lack of trust (2%) and security concerns (1%) are not among the reasons for not using the channel by the vast majority.

Figure 67: Reasons for not using e-wallets of telecom operators



Scam attempts appear to be targeted frequently at telecom e-wallet users, with 23% of users having experienced a scam, phishing or fraud attempt in using the service during the 3 months prior to the survey (see Figure 68). Furthermore, more than one in three users (37%) do not know what to do or where to go in case of scams or fraud attempts (see Figure 69). Elder age groups are targeted more frequently by scammers, with 33% of senior citizens being targeted compared to 19% for 18-35 year olds.

Figure 68: Experienced scams, phishing or fraud attempts in mobile money services in the last 3 months

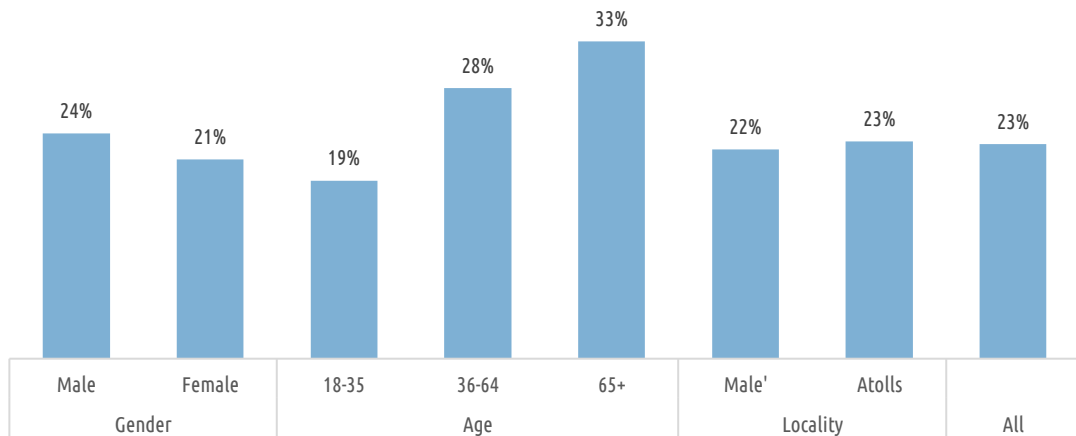
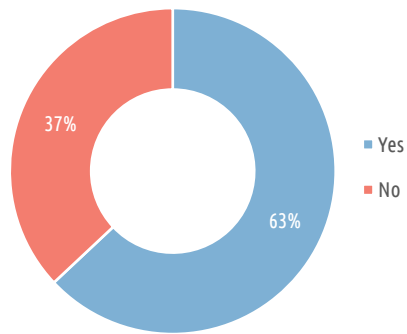
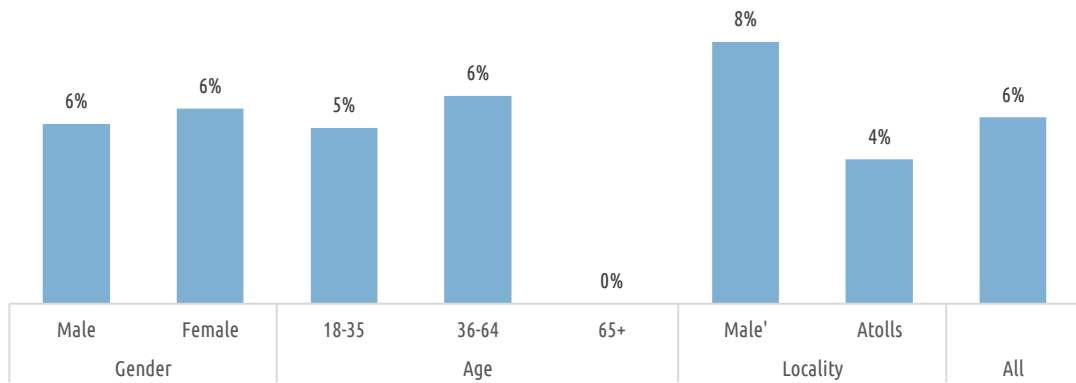


Figure 69: Know what to do or where to go in case of scam or fraud attempts



Six percent of telecom e-wallet users have willingly or unwillingly shared their password with another party for performing a mobile money service (see Figure 70).

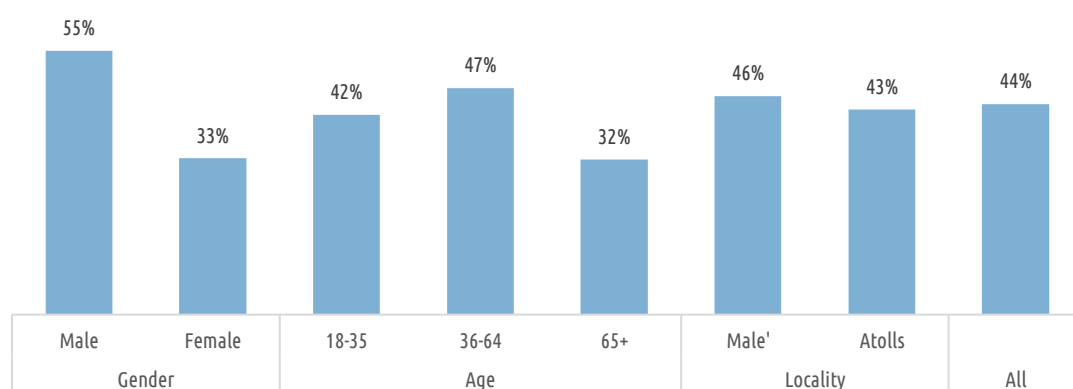
Figure 70: Willingly or unwillingly shared passwords with a third party for performing a mobile money service



5.6 Loans and Borrowings

Close to one in two respondents (44%) have taken a loan or borrowed money (see Figure 71). A 22% gender gap is observed in the usage of loans and borrowings.

Figure 71: Have ever borrowed or taken a loan (by gender, age and locality)



The vast majority of borrowers (73%) have borrowed from formal financial institutions (see Figure 72). Amongst the borrowers, fewer women, youth and residents of Male' have availed loans from financial institutions compared to their counterparts (see Figure 73).

Figure 72: Sources of loans and borrowings for those who have borrowed

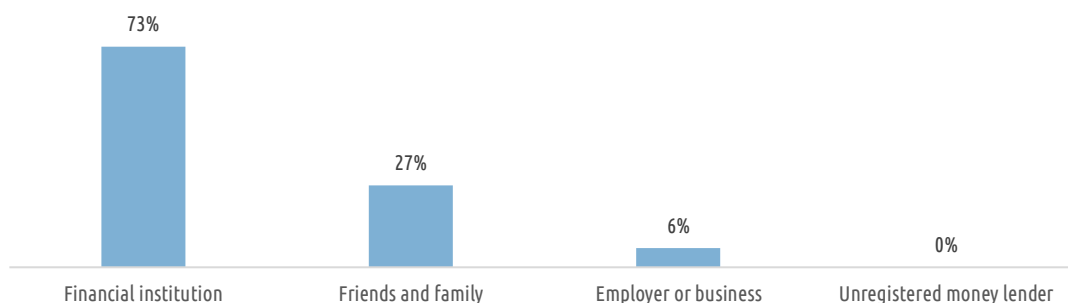
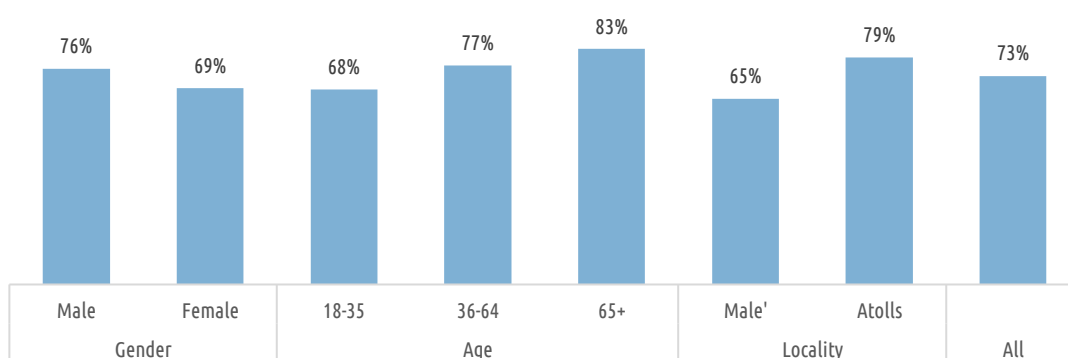


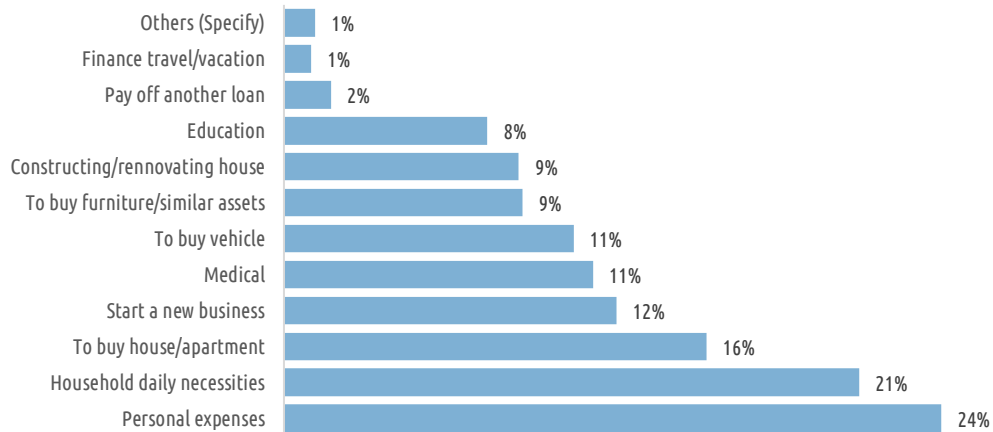
Figure 73: Percentage of borrowers who have borrowed from financial institutions (by gender, age and locality)



Purpose of the Loan

There is high fragmentation with regard to the purposes of the loans and borrowings. Most took loans for personal expenses (24%), household daily necessities (21%) and for home purchases (16%) (see Figure 74).

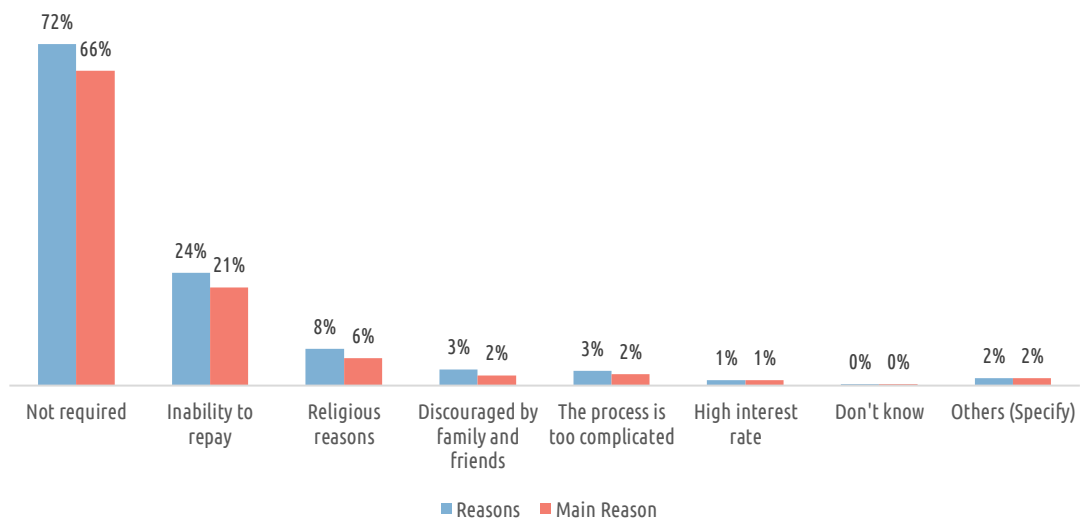
Figure 74: Purpose of borrowing



Reasons for Not Borrowing or Taking a Loan

The vast majority of those who have not borrowed stated they did not have a need to borrow (72%) (see Figure 75). The second most common reason was the inability to repay the loan (24%), and the third was religious reasons (8%).

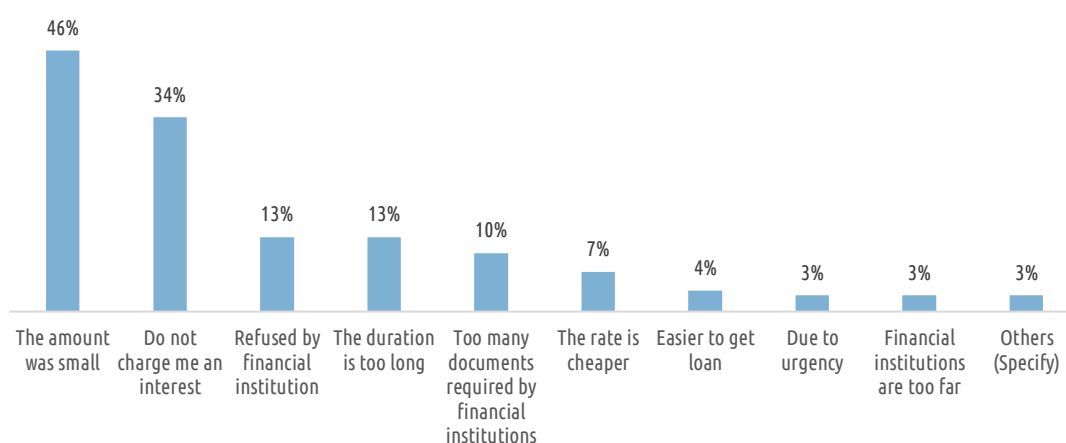
Figure 75: Reasons for not borrowing or taking a loan



Reason for Borrowing from Family & Friends instead of Financial Institutions

Those who have borrowed from family and friends instead of financial institutions have done so mainly because the amount involved was too small (46%), and/or the loan was interest-free (34%) (see Figure 76). In comparison to personal reasons for borrowing from family and friends over formal institutions, the reasons related to procedures difficulties or high eligibility requirements of financial institutions were not as high. Such reasons included refusal by financial institutions (13%), the duration for loan processing was too long (13%), or the documentation requirement was too high (10%).

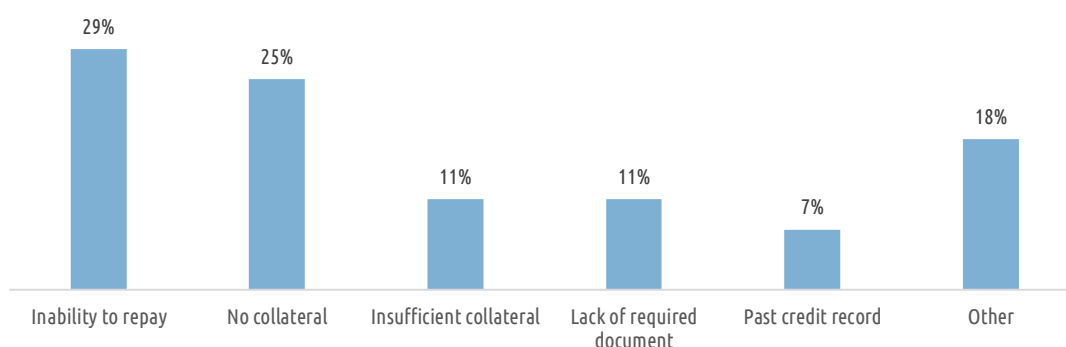
Figure 76: Reasons for borrowing from family and friends instead of financial institutions [C40]



Reasons for Loan Refusal by Financial Institutions

13% of respondents who borrowed from family and friends did so because they have been refused by financial institutions (see Figure 76). The main reasons for loan refusal for them were insufficient or no collateral (36%), inability to repay the loan from income sources (29%), lack of required documentation (11%) and past credit record (7%) (see Figure 77).

Figure 77: Reason for loan refusal by financial institutions



Loan Repayment

Amongst those who have taken a loan, 16% admitted that they failed to make monthly instalments on at least one occasion (see Figure 78). Default rate is relatively higher among youth and men compared to their counterparts. The main reasons quoted for defaulting on monthly instalments were inadequate income (86%) and unforeseen emergencies (14%) (see Figure 79). Only 2% of those who missed on an instalment stated that they did so intentionally.

Figure 78: Ever failed to repay (default) the monthly instalment on a loan

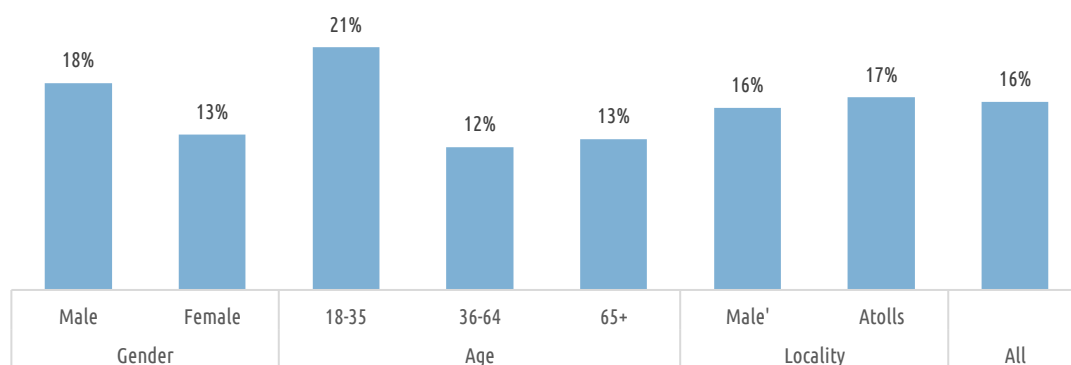
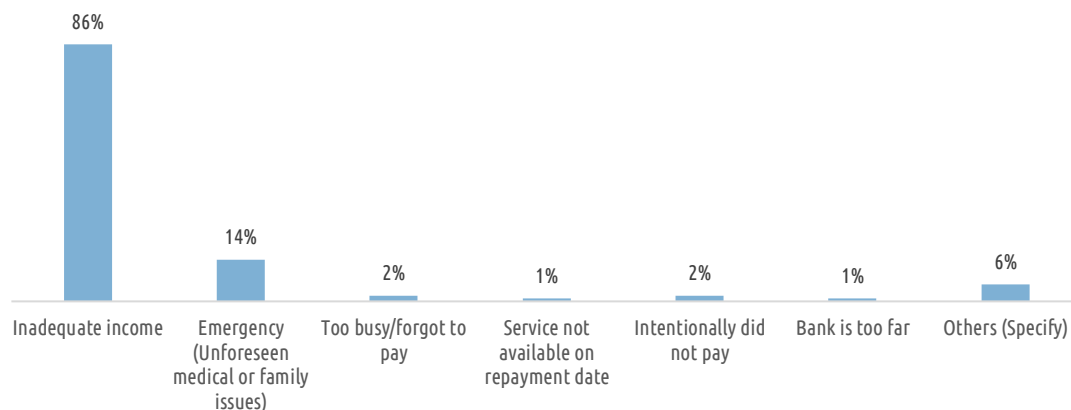


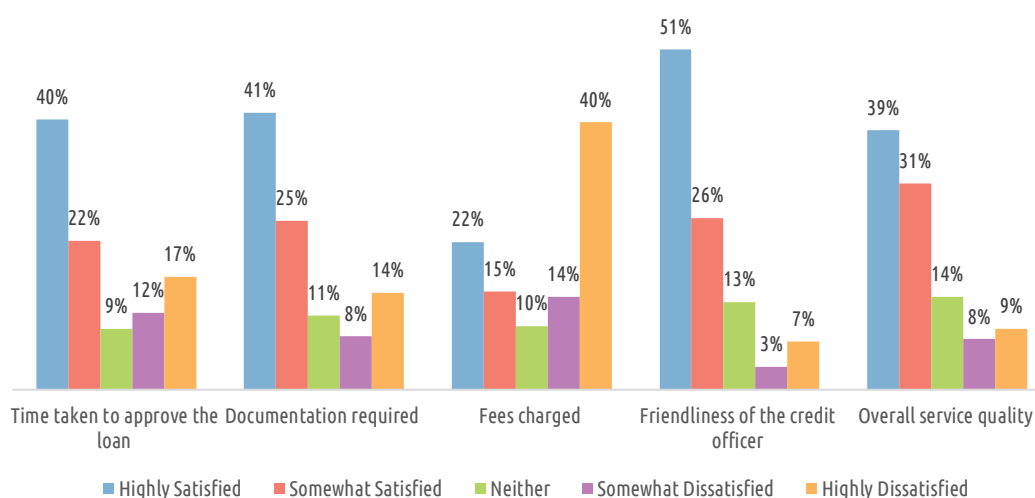
Figure 79: Reason for failing to repay (default) the loan



Satisfaction with Lending Institutions

Amongst those who have borrowed from financial institutions, 70% were satisfied or highly satisfied with the overall service quality (see Figure 80). While friendliness of the credit officers was most favourably rated (77% satisfied, 10% dissatisfied), fees charged were rated generally unfavourably (37% satisfied, 54% dissatisfied).

Figure 80: Satisfaction with financial institutions on loan process



5.7 International Remittance

Unremarkably, the usage of international remittance is relatively low compared to other types of financial transactions. More people have done outward remittances (14% of respondents) compared to inward remittances (9%) (see Figure 81).

Figure 81: Made or received an international remittance in the past 12 months



There is a marked difference between channels used for inward and outward remittances. While all different channels were used fairly evenly for outward remittances, inward remittances were done by most people through family and friends (see Figure 82). Only half of the users of remittance services (48%) compare between the channels in terms of fees and exchange rates of the available remittance services (see Figure 83).

Figure 82: Channels used for remittance services

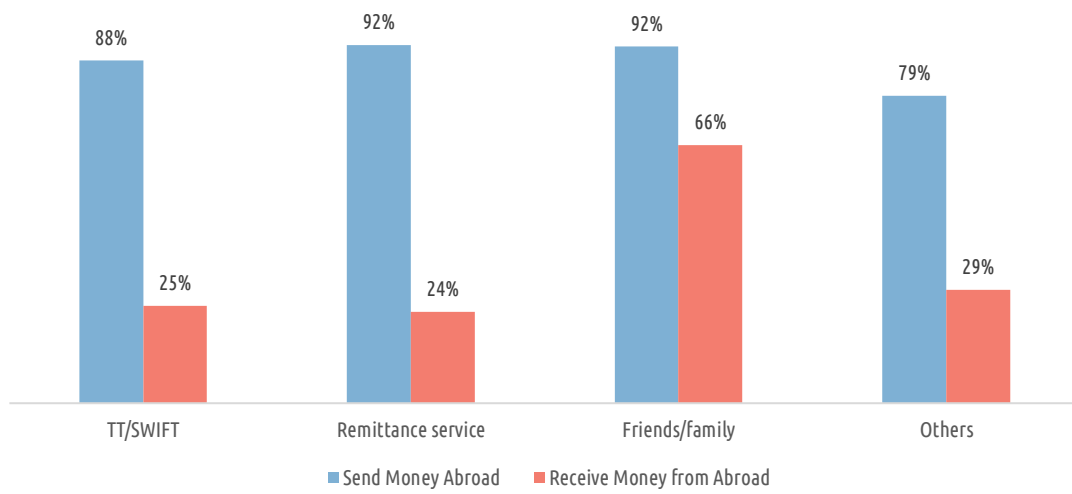
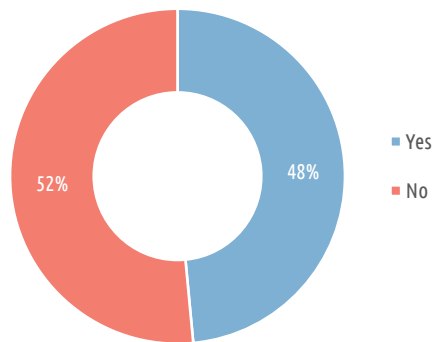


Figure 83: Compare between different channels in terms of fees and exchange rates



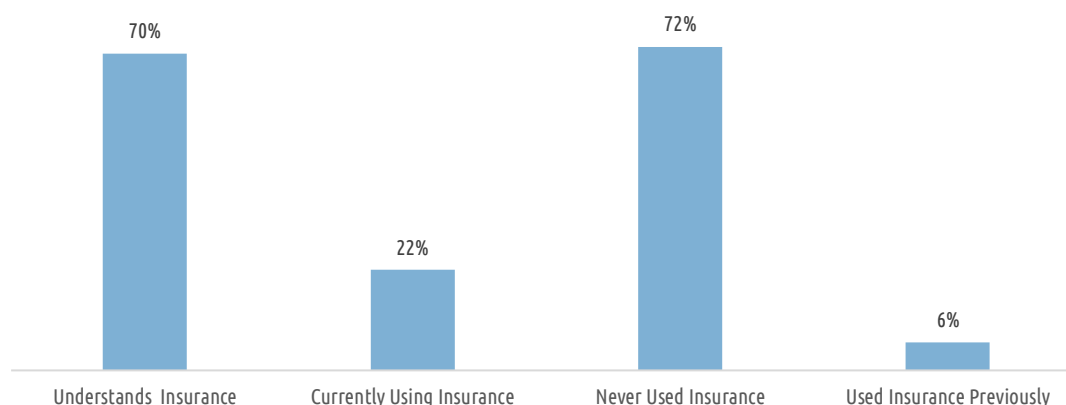
6 INSURANCE

It is only recently insurance has become an integral part of national financial inclusion strategies²¹. Insurance helps households to build resilience by transferring risk and gaining access to critical services.

6.1 Awareness and Usage

The majority of the respondents (70%) reported that they understand what insurance is (see Figure 84), however, insurance usage is low. Less than one in four respondents (22%) currently use any insurance products, and 72% of the respondents have never used any insurance products. The gender gap is wide in the awareness of insurance, and younger respondents are considerably more aware than the elder (see Figure 85). Similarly, respondents in Male' have better awareness than those in Atolls. The same trend is observed in insurance usage (see Figure 87). Both the awareness and usage of insurance has a strong direct correlation to the level of education (see Figure 86) as well as to the level of income (see Figure 88).

Figure 84: Awareness and usage of insurance services



²¹ AFI. 2018. Inclusive Insurance in National Financial Inclusion Strategies.

Figure 85: Understand what insurance is (by education)

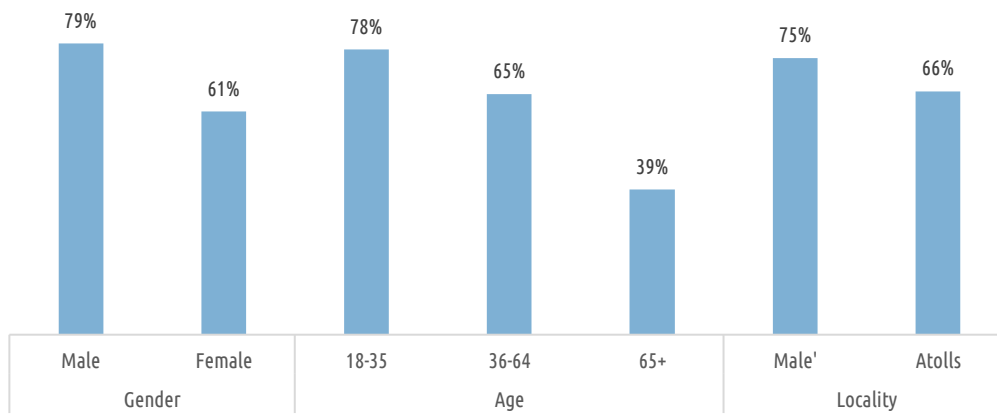


Figure 86: Understand what insurance is (by education)

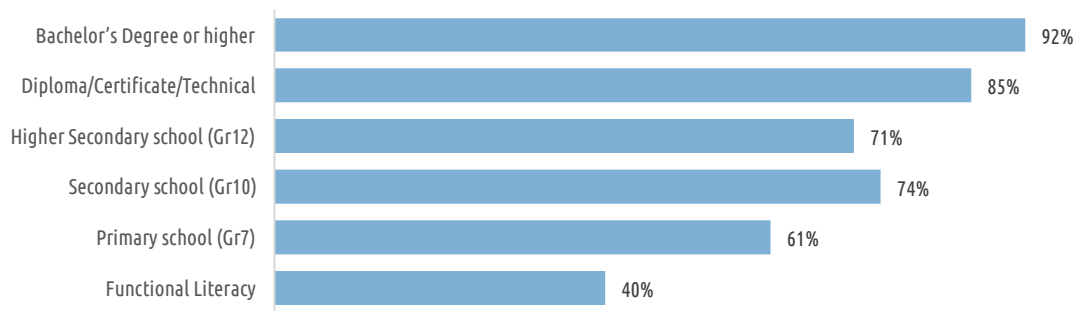


Figure 87: Currently use insurance [by gender, age and locality]

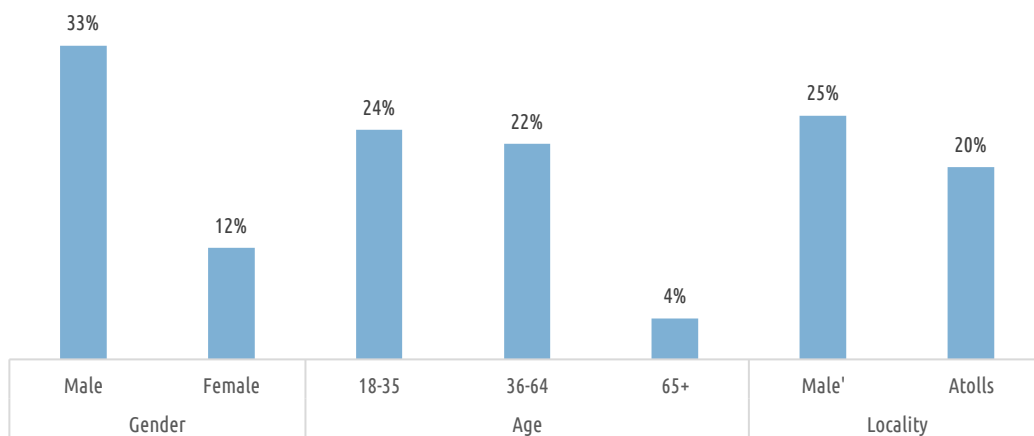
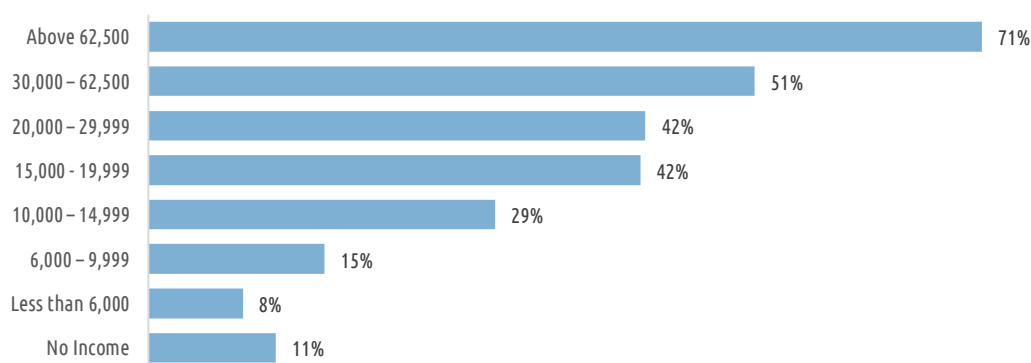
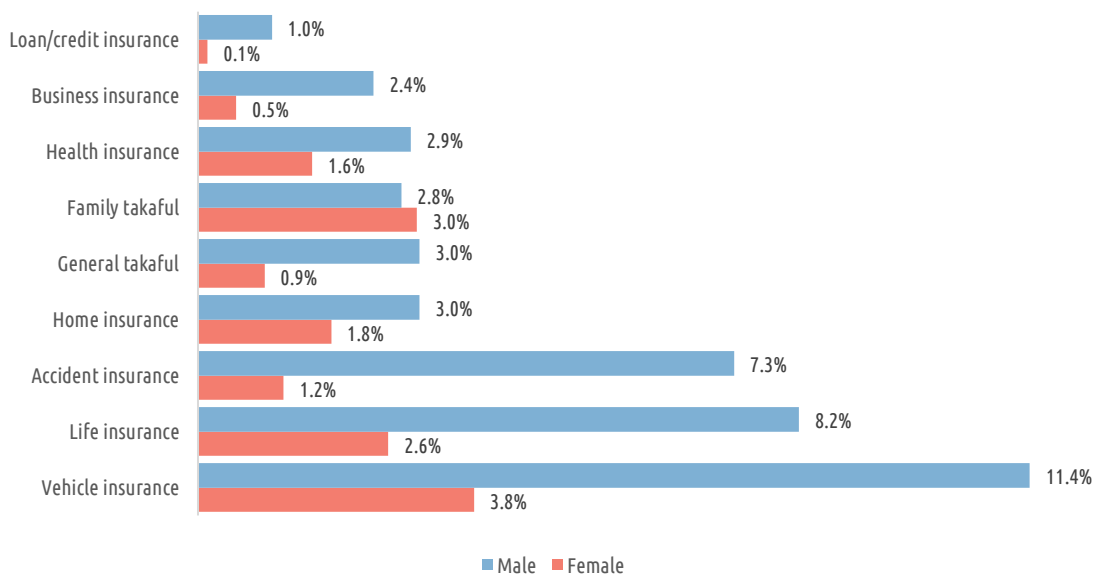


Figure 88: Currently use insurance (by income)



A wide gender gap pervades in insurance usage. Amongst those who currently use insurance products, 74% are men, while 26% are women. The only type of insurance where gender parity exists is family takaful (see Figure 89).

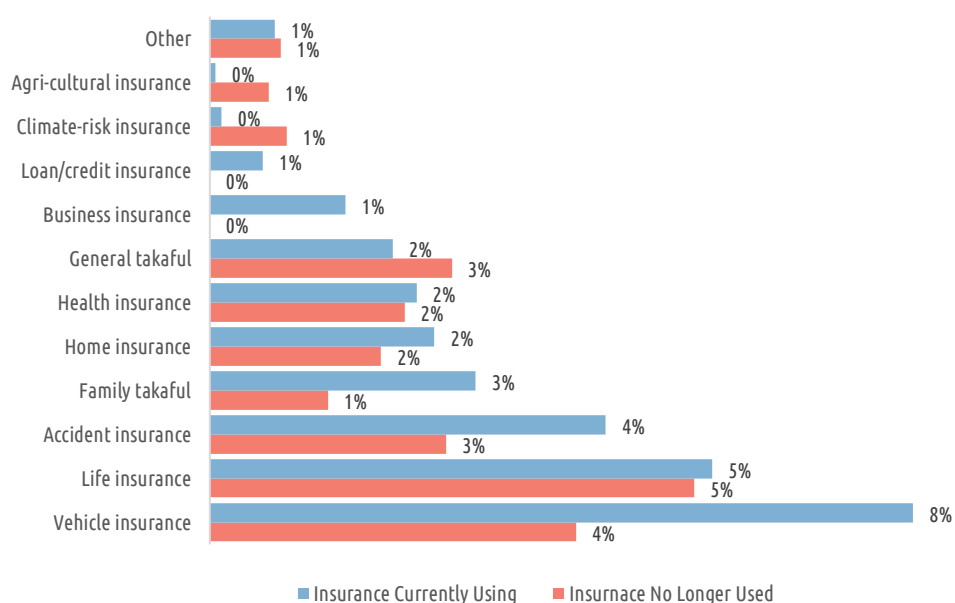
Figure 89: Insurance usage by type (by gender)



The most common types of insurance currently used by respondents are vehicle insurance (used by 8% of respondents), life insurance (5%) and accident insurance (4%) (see Figure 90). It is important to note here that third-party motor insurance is mandatory in the Maldives²².

²² Land Transport Act (5/2009) of the Maldives.

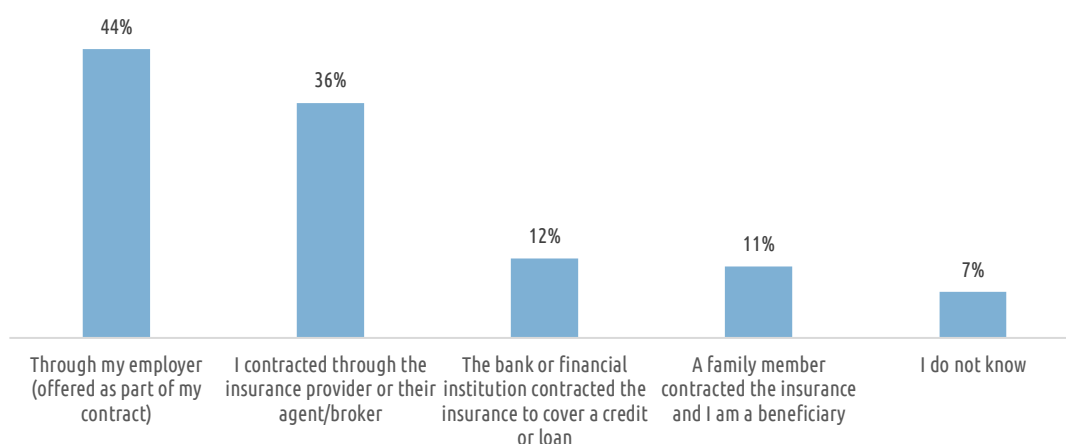
Figure 90: Usage by type of insurance product



Most insurance holders have obtained their insurance through their employer as a part of the remuneration package (44%) (see Figure 91). Life insurance and health insurance are the most common types of insurance held through employer contracts, which explains why change of employment was the second most common reason for no longer holding an insurance which they previously held.

It is just 36% of current insurance holders who obtained insurance for themselves through direct contract with insurance provider or their agents and brokers. For the remaining majority, their insurance decisions are made by their employers or other third parties for their own requirement.

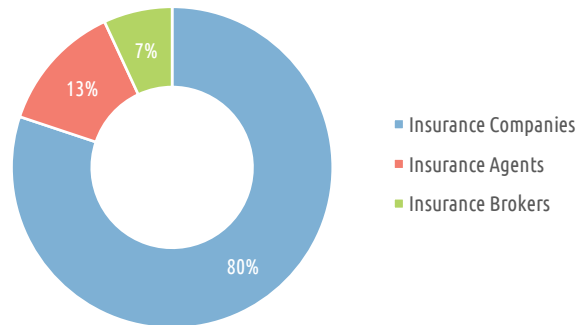
Figure 91: Means of getting insurance



Access Points, Premiums and Claims

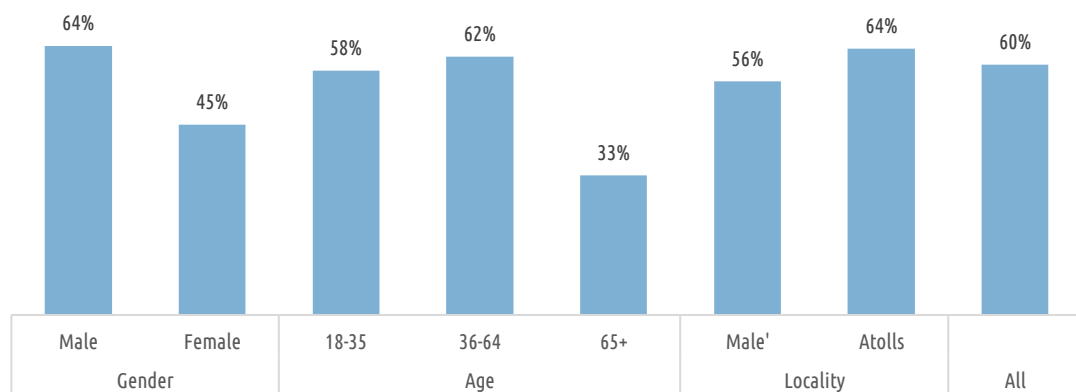
The most widely used access point by current insurance holders is insurance companies (80%), followed by insurance agents (13%) and insurance brokers (7%) (see Figure 92).

Figure 92: Access points used for insurance services



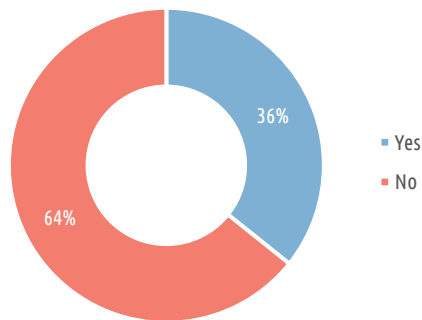
40% of current insurance holders are not aware of the premiums paid for their insurance (see Figure 93), and half of those people are on insurance schemes provided by their employer. Awareness on insurance premium charges is considerably lower among females and the 65+ age group.

Figure 93: Awareness of the amount of premiums paid for one's insurance cover



Nearly two-third (64%) of insurance holders did not compare prices between different insurance products, brands and/or insurance companies in obtaining their insurance (see Figure 94). This comes as no surprise since for most insurance arrangement is made by their employer or other third parties.

Figure 94: Compared prices between different insurance products/providers in obtaining insurance



About 17% of current insurance holders have made an insurance claim or received benefits in the past 2 years (see Figure 95), of which the claim was settled for 93% of the insurance holders who made a claim (see Figure 96).

Figure 95: Made an insurance claim or received benefits in the last 2 years

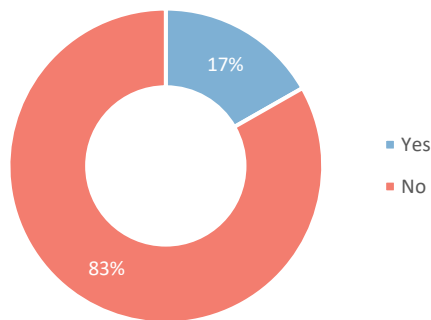
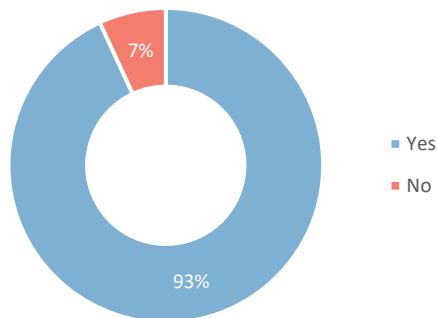


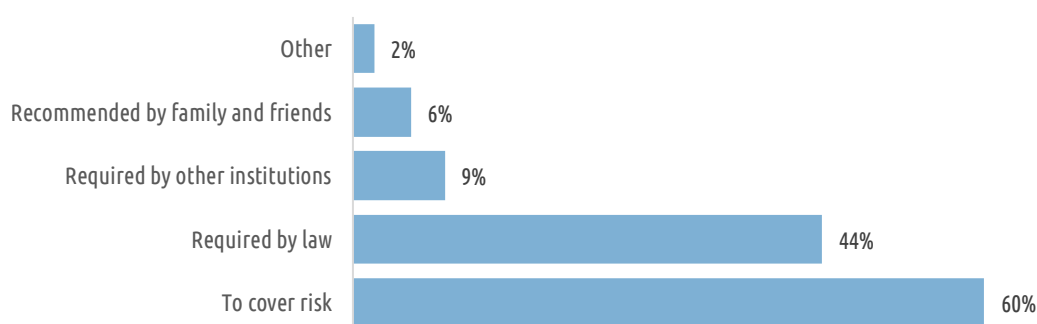
Figure 96: Claim settlement for those who made a claim in the last 2 years



6.2 Rationale for Insurance Decisions

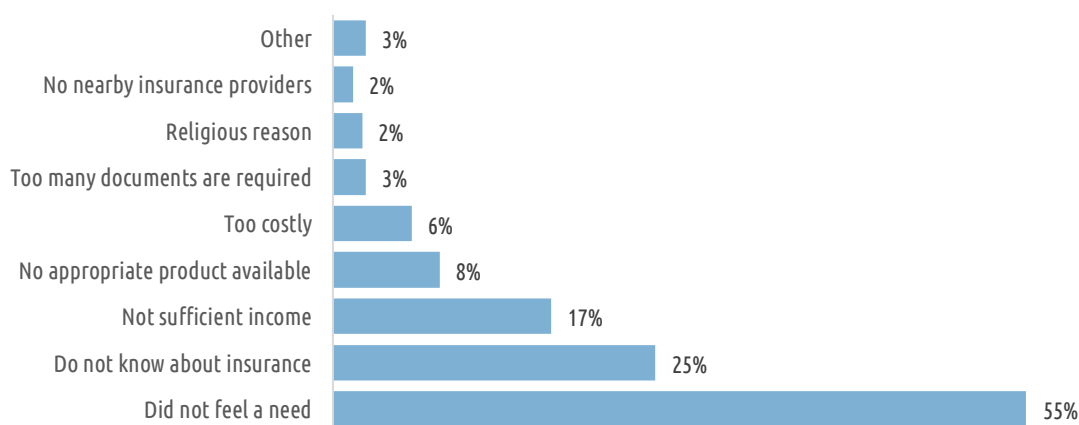
Amongst those who currently hold insurance, the most common reason for using insurance were to cover risks (60%) and/or because it is required by law (44%) (see Figure 97). Among those who rationalized risk coverage for obtaining insurance, 32% are life insurance holders, and 44% of those who rationalized legal requirement are vehicle insurance holders.

Figure 97: Reasons for having insurance



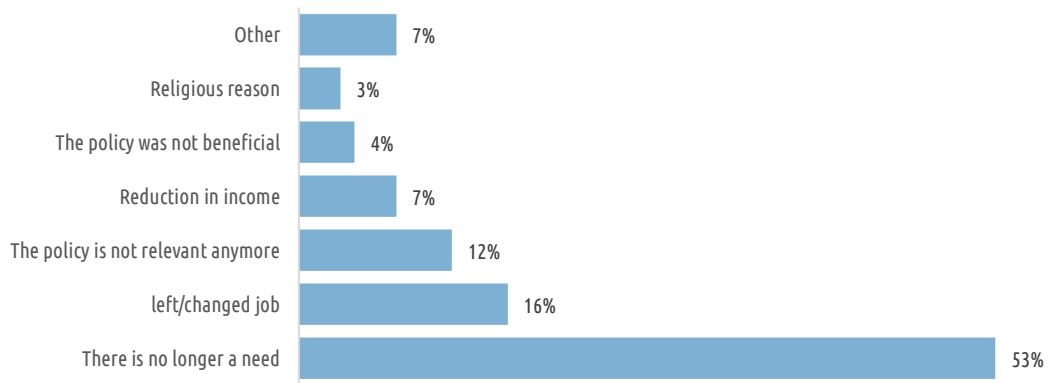
Amongst respondents who have never used an insurance product, most rationalized it by citing lack of need (55%) and lack of awareness about insurance (25%), with 6% of them citing both lack of need and lack of awareness (see Figure 98). Additionally, insurance products are also perceived as unaffordable in relation to income. It is possible that perceived lack of need may have a relation to lack of proper knowledge about insurance.

Figure 98: Reasons for not using any insurance products



Among the 6% of respondents who have used insurance in the past but are no longer using it, the most frequently quoted reason for the decision is that they no longer have a need for it (53%); followed by change in employment (16%), presumably change from an employer having a staff insurance scheme to one that does not have one (see Figure 99).

Figure 99: Reasons for no longer using a given insurance product for those who previously held it



6.3 Satisfaction with Insurance Service

Insurance holders are generally not dissatisfied, though not highly positive with the service attributes of insurance companies (see Figure 100). Overall, insurance agents/brokers appear to be providing a tangible value addition as customer perception of their service is largely positive in all service attributes as opposed to insurance companies (see Figure 101).

Figure 100: Satisfaction with service attributes of insurance companies

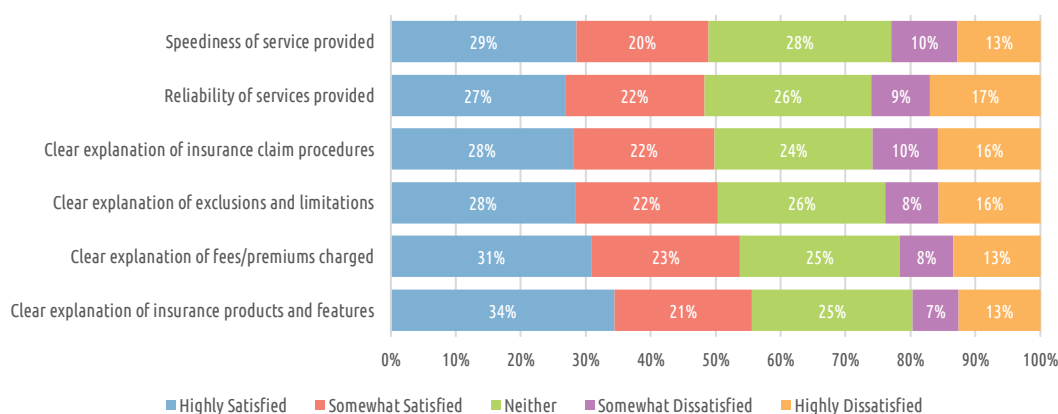
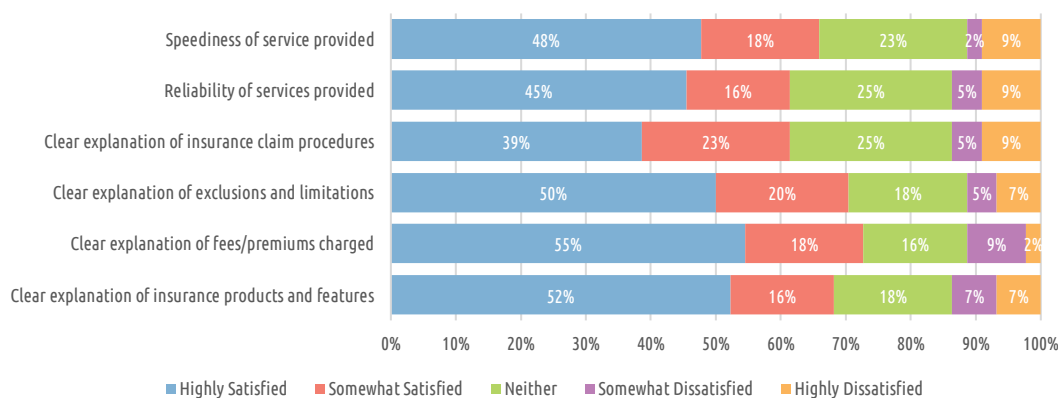
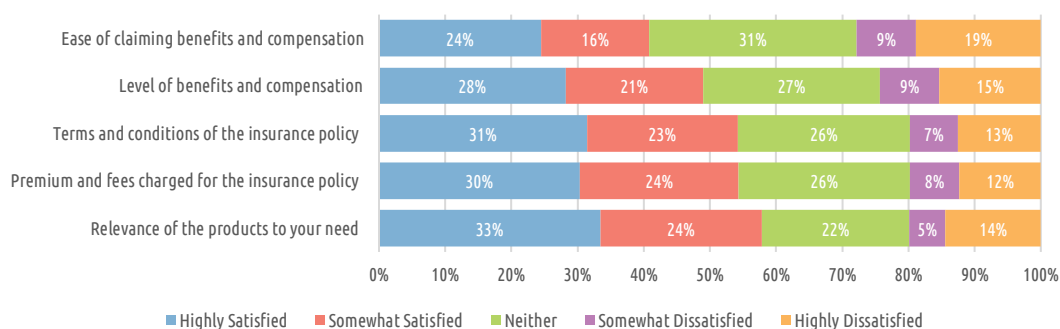


Figure 101: Satisfaction with service attributes of insurance agents & brokers



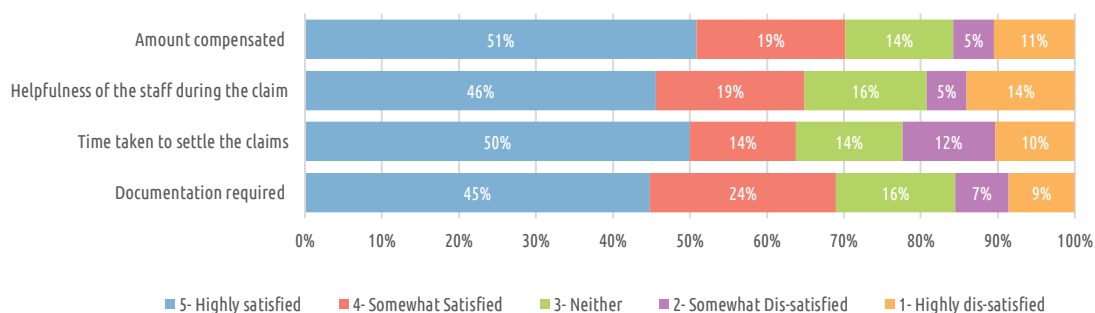
Insurance holders are on average satisfied with the attributes of insurance products (see Figure 102). Satisfaction is lowest for ease of claiming benefits and compensation.

Figure 102: Satisfaction with attributes of insurance products



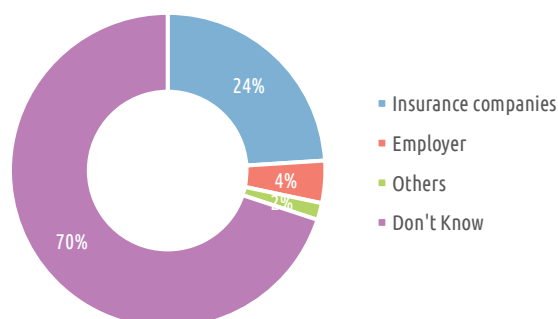
Majority of the insurance holders who made a claim in the past 2 years are satisfied with claims procedures including required documentation, duration for settling the claims, helpfulness of the staff during the process, and amount compensated (see Figure 103).

Figure 103: Satisfaction with insurance claims procedure



Insurance holders are not well aware of the complaint or dispute resolution mechanisms, as a significant majority (70%) of them reported being unaware of whom or where to go for complaint or dispute resolution regarding insurance (see Figure 104). One in four (24%) insurance holders stated that insurance companies is the authority to approach for dispute resolution.

Figure 104: Whom to go for resolving disputes and complaints



7 CLIMATE RESILIENCE

Small island states like the Maldives are particularly vulnerable to climate change and thus climate resilience becomes an integral part of inclusive growth. As such, climate-related financial products and services help households to transfer risk and increase preparedness and resilience to the impact of climate change.

The survey collected data on exposure to such events, and preparedness and willingness to spend on climate-related financial products and services.

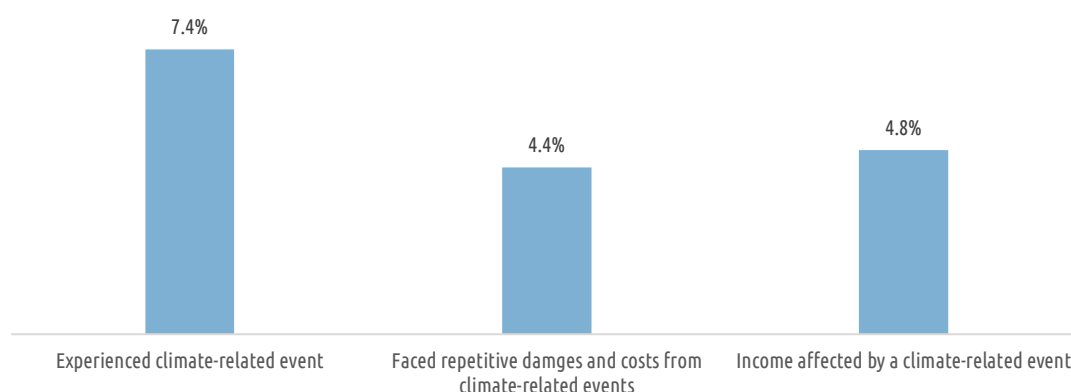
7.1 Exposure to Climate Events

Prevalence of climate events may appear to be low as a vast majority of respondents have neither experienced a climate-related event (93%) nor have had an impact on their income (95%) from such an event within the 12 months prior to the survey. However, 7% is still yet a worrisome number when it comes to exposure to such events (see Figure 105). Moreover, 10% of respondents in the Atolls have experienced climate events, as opposed to 4% in Male'.

Amongst the 7% of respondents who have experienced climate events, the most common experiences were flooding and tidal waves. Other events included beach erosion, heavy wind and rough seas.

Over 4% of respondents (or 59% of those affected by climate events) faced repetitive damages and costs from such events. Close to 5% of respondents reported their income had been affected by climate related events and amongst them, 44% had not directly experienced the climate-related event although their income was affected.

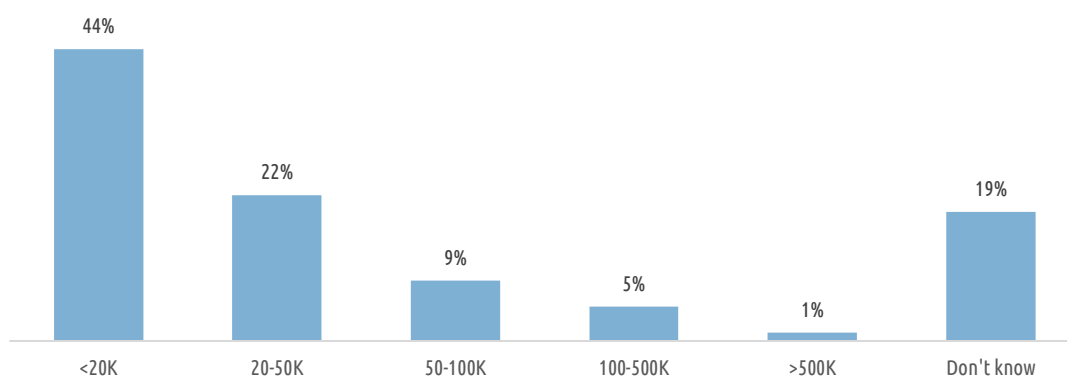
Figure 105: Experienced climate-related events



7.2 Cost of Damage from Climate Events

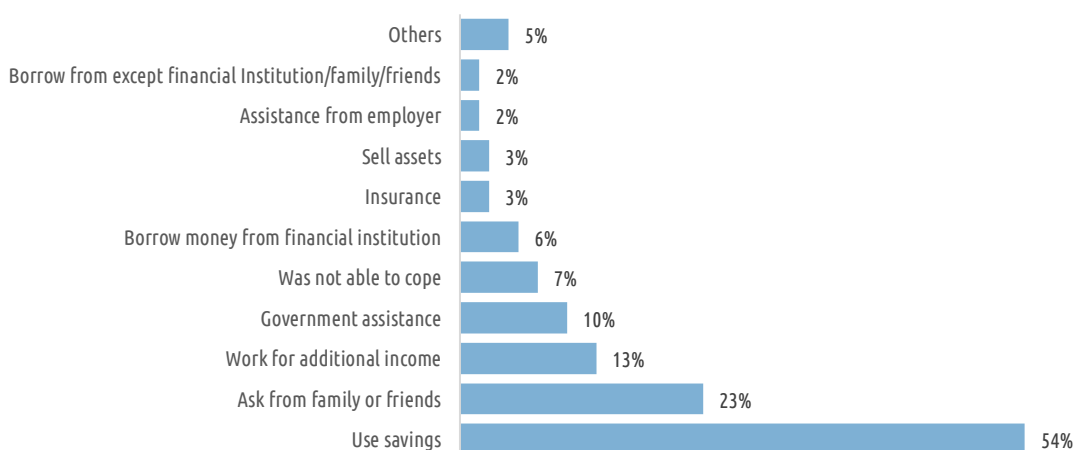
Two-third of respondents (66%) who have experienced a climate event reported that the cost of damages incurred from such events in the 12 months prior to the survey were less than MVR 50,000 (see Figure 106). Around 6% of respondents reported the cost of damage were above MVR100,000. And one-fifth of respondents (19%) were unable to put a figure on the cost of damage they incurred.

Figure 106: Cost of damage from climate-related events



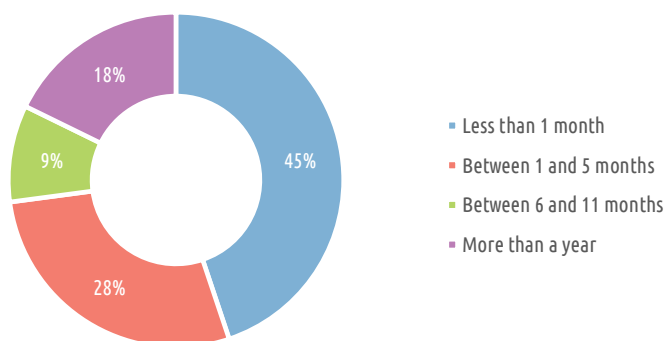
A significant majority resorted to personal sources to financially cope with the climate-related events they experienced. That included using savings (54%), asking from family and friends (23%), and working for additional income (13%) (see Figure 107). Use of formal financial sources to cope with climate events were relatively low, with only 6% using debt and 3% having used insurance. 7% of the respondents impacted by a climate-related event were unable to cope with the loss through any means.

Figure 107: Means of coping financial losses from climate-related events



The majority (73%) of those impacted by a climate-related event recovered from the event in under 6 months, while 18% took more than a year for the recovery (see Figure 108).

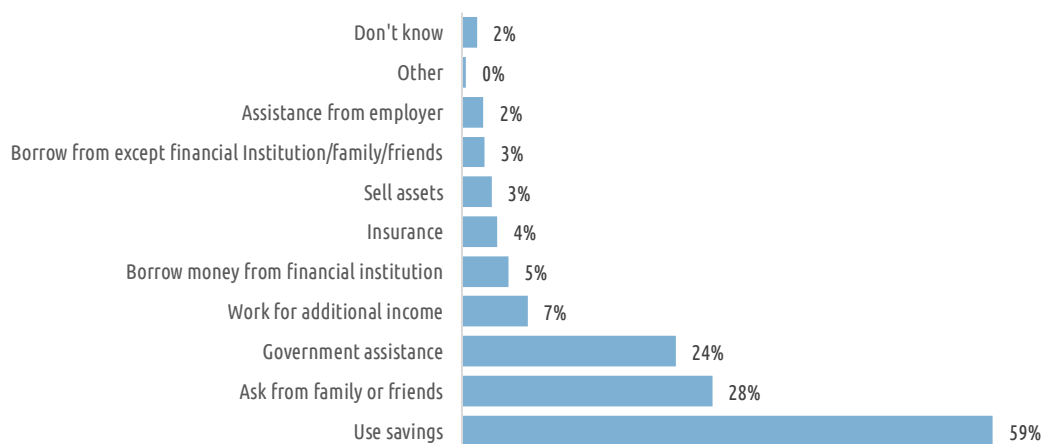
Figure 108: Time taken to financially recover from climate-related events



7.3 Preparedness & Climate Resilience

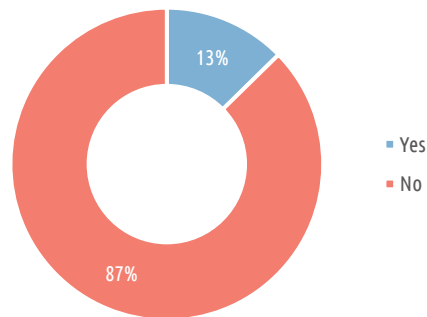
As for the plan to cope with any climate-related events in the future, majority of respondents (59%) plan on dipping into their savings, 28% plan on asking from family and friends, and 24% count on government assistance (see Figure 109). Only 4% plan to use insurance as a tool for climate preparedness.

Figure 109: Plans for coping a climate-related event that may happen in near future



Vast majority of the respondents (87%) are not aware of any climate-related financial products and services (see Figure 110). Amongst the 13% of respondents who are aware of climate-related financial products and services, the most frequently quoted product is insurance.

Figure 110: Awareness about any available climate-related financial products or services



56% of respondents are not willing to spend their money ahead to protect against climate risks (see Figure 111). Amongst the 44% of respondents who are willing to spend to protect against climate risks, 22% would still count on the government as a fallback, but vast majority (73%) consider savings as their preparedness plan (see Figure 112). Only 16% stated insurance as a method to cope with damages from climate-related events. This aligns with the fact insurance is not commonly seen by respondents as a solution to protect against damages caused by climate-related events.

Willingness to spend money to protect against climate events is markedly higher among those who have previously experienced a climate event (60%) as opposed to those who have not (43%). Willingness is also higher among those who have a college degree (53%) in comparison to those who do not (43%). There is no significant difference in attitude in terms of gender, locality, or income level.

Figure 111 Willingness to spend money ahead to protect against climate risks

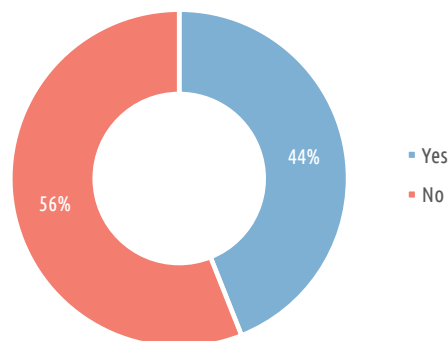
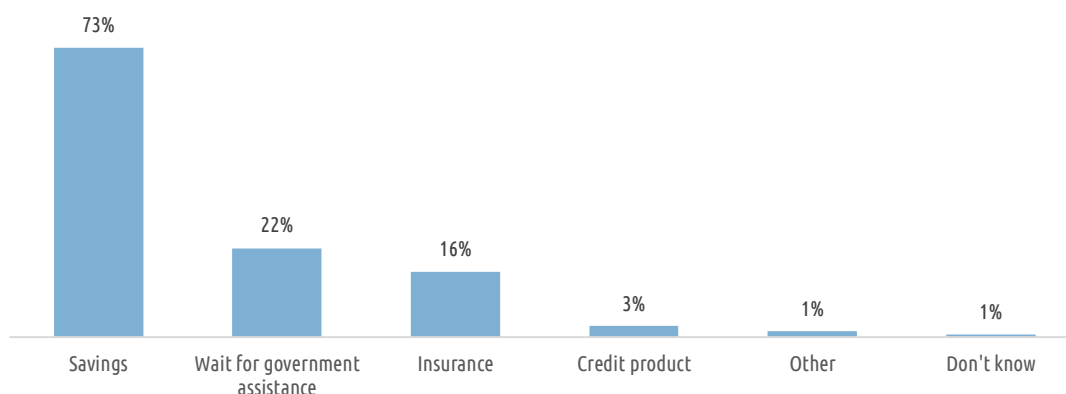
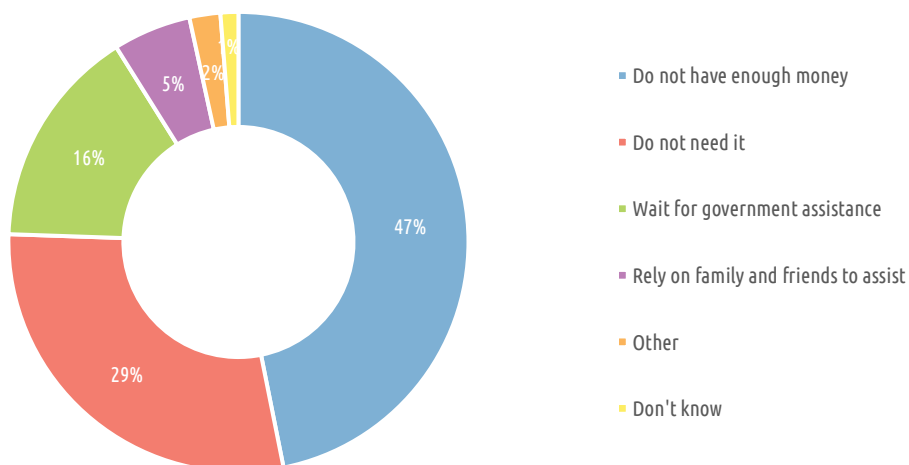


Figure 112: Ways one will spend money to protect against climate risks



Amongst those who are unwilling to spend money ahead to protect against climate risks, the main reason as quoted by most were financial difficulty (47%), and the belief that they do not need to prepare for such an event (29%) (see Figure 113). Expectation on government being their fallback is lower amongst those unwilling to spend ahead to protect against climate events (16%) than amongst those willing to spend their own money for it (22%).

Figure 113: Main reasons for not willing to spend money to protect against climate risks



Opinion on the need for climate-related financial products

Irrespective of respondents' willingness or unwillingness to spend money to protect against climate risks, vast majority of the respondents (86%) believe that there is a need for climate-related financial products and services (see Figure 114). Most respondents (63%) are of the opinion that such products should be provided by the government and financial institutions as partially subsidised financial products, while another 30% believe that it should be fully subsidized financial products from the government (see Figure 115). Only 7% are of the opinion that such products should be provided by financial institutions as completely unsubsidized products.

Figure 114: Is there a need for climate-related financial products and services

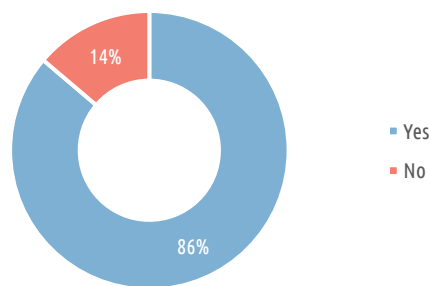
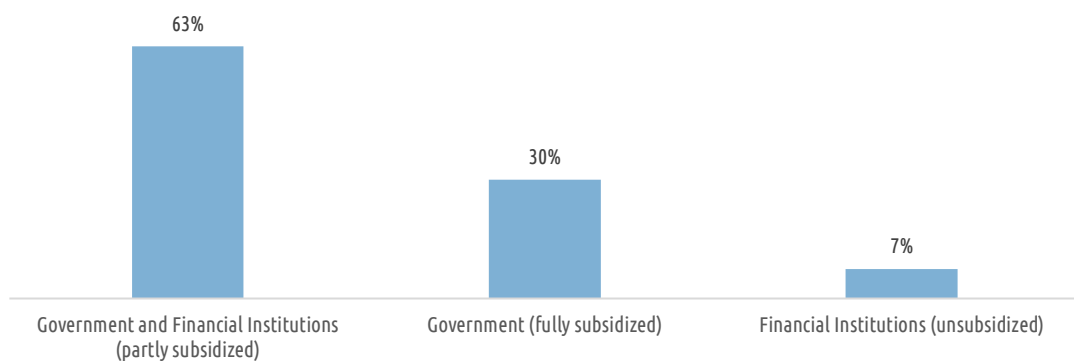
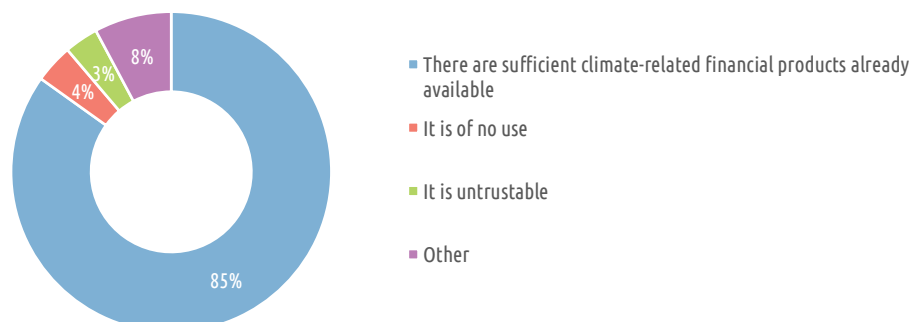


Figure 115: Who should provide climate-related financial products and services



Amongst those 14% of respondents who believe climate related financial products are not required (see Figure 114), majority (85%) reasoned that it is because sufficient financial products are currently available in the market covering climate-related risks (see Figure 116).

Figure 116: Reason given by those who said there is no need for climate-related financial products and services



8 CONSUMER PROTECTION

Consumer protection seeks to level the playing field between suppliers and consumers of financial services. Information imbalance is high in financial services where customers are less experienced and products are more sophisticated. Consumer protection seeks to enable consumers to make informed decisions; ensure that there are effective dispute resolution mechanisms and that consumers are protected from fraudulent activities.

The survey gathered demand-side data on awareness, attitude and behaviour pertaining to informed decision making and consumer protection.

8.1 Seeking Product and Market Information

One in two respondents (47%) reported they do not search and compare similar financial products before making a financial decision (see Figure 117). And 53% reported they do not know where or whom to inquire about the fees, charges, interest rates and other costs related to financial services.

In terms of socio-demographic disparities, the level of education shows a discernible correlation to the practice of making informed financial decisions. While 73% of degree holders searched and compared available products to make informed decisions, it is down to 45% for those who attained only primary education. The elderly population is at a disadvantage here due to comparatively low educational attainment compared to younger generations. And a gender gap prevails even after considering gender differences in educational attainment (see Figure 118, Figure 119).

Figure 117: Search and compare available products before financial decisions

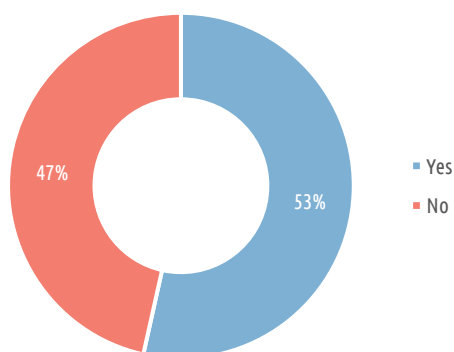


Figure 118: Search and compare available products before financial decisions (by education)

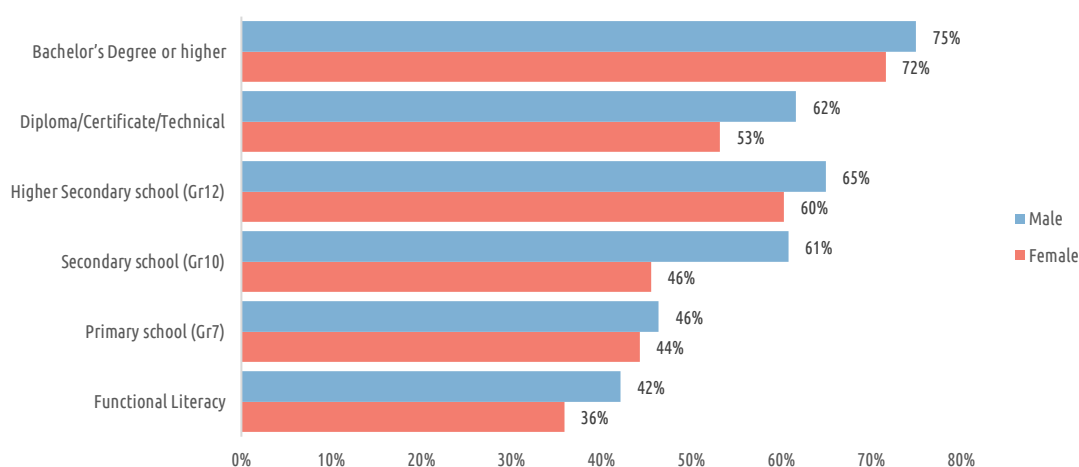
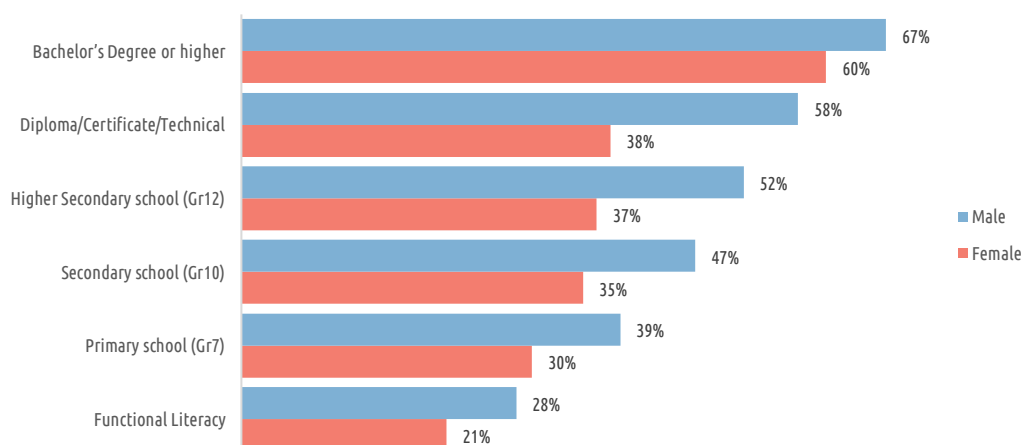


Figure 119: Know whom or where to inquire product information (by education)

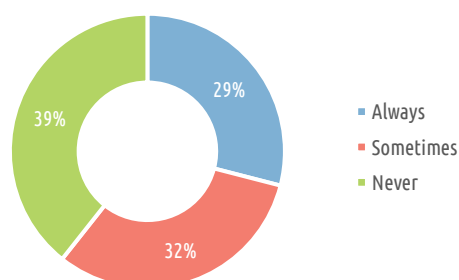


Moreover, it is only a minority of respondents (29%) who always compared cost attributes before making their choices on financial products (see Figure 120).

The above indicates that many are accustomed to making ill-informed decisions on financial products without obtaining relevant product and market information. Consumer awareness is important so that they can make the right decisions and choices. Consumer education and awareness is an important pillar of consumer protection²³. Women and the elderly are vulnerable groups to particularly target in this regard.

²³ Ministry of Trade and Industry, Singapore.

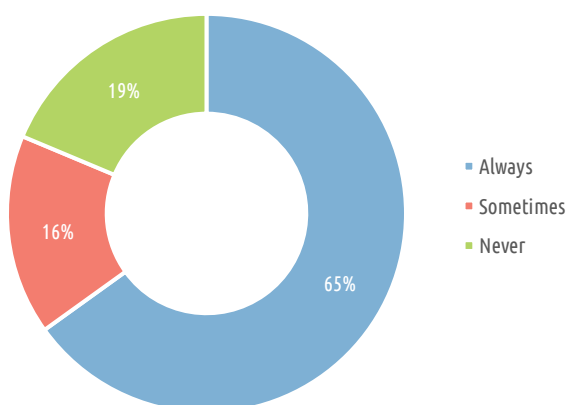
Figure 120: Actively compare product attributes in terms of interest, fees and other costs in selecting financial products



8.2 Understanding of Contractual Rights and Obligations

Nearly two-third of the respondents (65%) reported having always read financial contracts before signing such agreements (see Figure 121). One in five respondents (19%) admitted that they never read the contracts, and another 16% admitted to reading the contracts only sometimes. The findings show that the higher the level of education, the more likely people are to have read and understood financial contracts.

Figure 121: Read financial contracts before entering into them



Amongst those who read financial contracts, vast majority (89%) said that they understood the terms and conditions of the contract fully before signing it (see Figure 122). And amongst the 11% of respondents who reported they do not fully understand the terms and conditions, half of them (51%) ask for further clarifications from the service providers (see Figure 124). In addition, 68% of respondents reported knowing their rights while entering any financial contracts. It is an indication that most people do generally take financial contracts seriously. As expected, level of education has a strong bearing on the willingness and ability of people to understand contractual terms and their rights and obligations therein (see Figure 123).

Figure 122: Fully understand the terms and know one's rights before entering into financial contracts

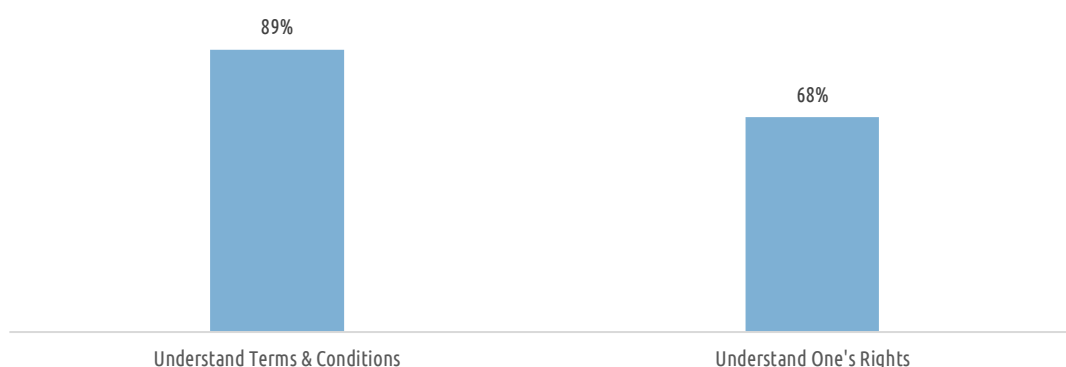
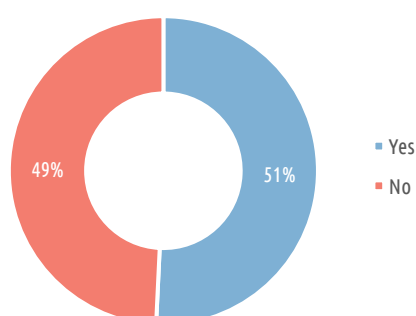


Figure 123: Know one's rights before entering into financial contracts (by education)



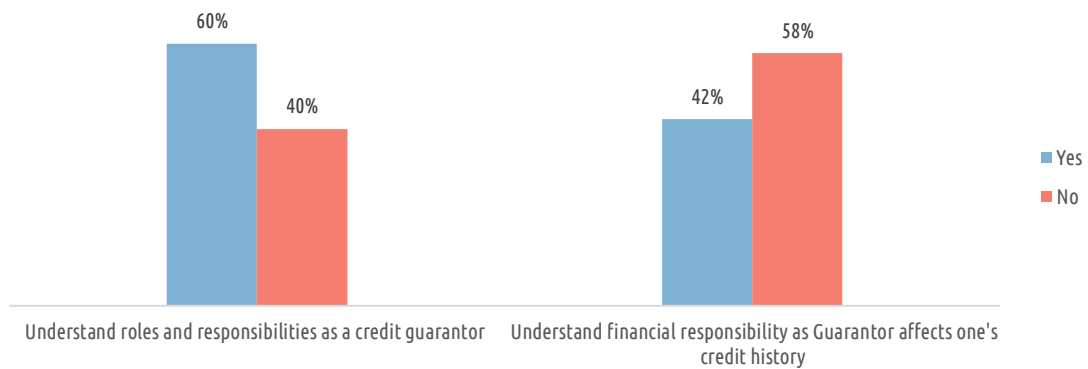
Figure 124: Asks for clarification from the financial institution if one do not fully understand the terms and conditions



Credit Guaranteeing Practices

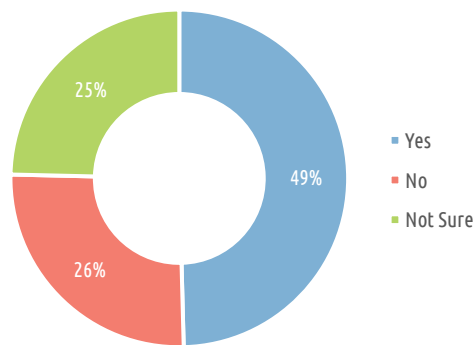
Credit guaranteeing is practiced by many without knowing guarantor responsibilities or how it affects one's credit history. Among those who have acted as a guarantor to a credit facility, 40% have acted in that capacity unequipped with the knowledge of their roles and responsibilities as a guarantor (see Figure 125). And 58% of those who have acted as a guarantor do not know that their financial responsibility as a guarantor is considered in determining their credit history (see Figure 125).

Figure 125: Know one's guarantor responsibilities by those who have guaranteed a credit facility



Awareness on laws and regulations protecting the rights of financial consumers is low as one in two respondents (51%) do not know or are unsure if any laws or regulations are there protecting the rights of financial consumers (see Figure 126).

Figure 126: Know if there are any laws or regulations protecting the rights of financial consumers



8.3 Dispute Resolution

Nearly one in six respondents reported having encountered a dispute with a financial institution (see Figure 127). Disputes encountered by most respondents were service disruption, by 7% of respondents, and too high interest charge, by 5% of respondents (see Figure 128). Other disputes include mistreatment and disrespect in the branches, unauthorised charge in deposit accounts and unauthorised transactions.

Figure 127: Encountered any dispute with a financial institution

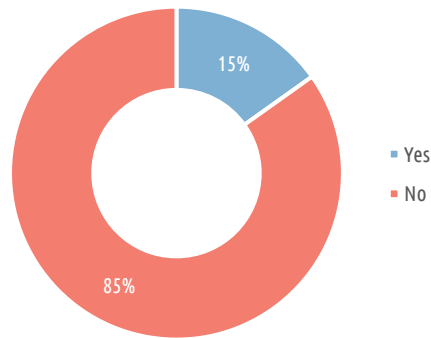
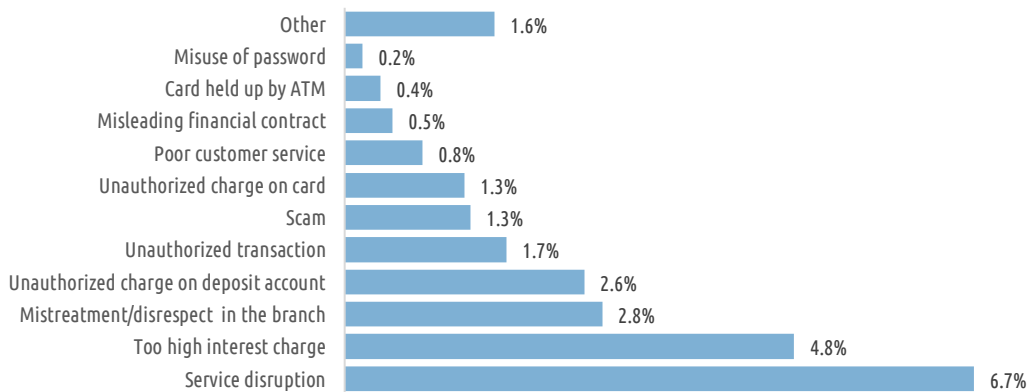
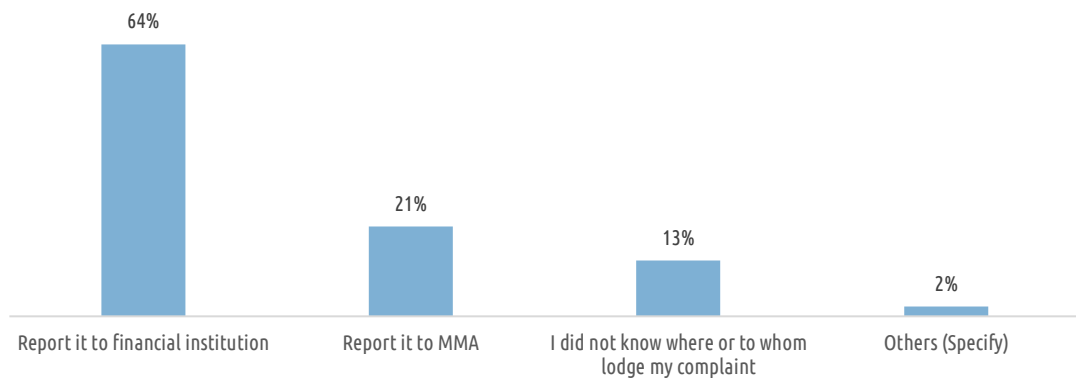


Figure 128: Dispute/claim experienced with financial institution



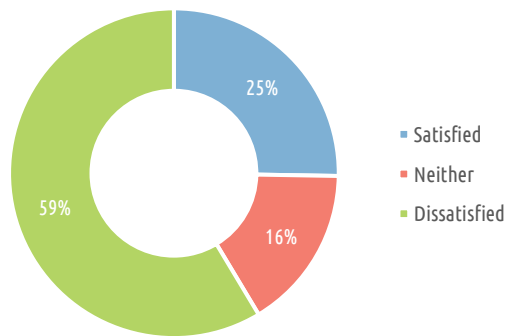
Amongst those who encountered a dispute with a financial institution, 64% reported their complaint to the financial institution itself, 21% reported it to MMA, and 13% were not aware of where or whom to lodge their complaints (see Figure 129).

Figure 129: Institution to lodge complaints



Majority (59%) of respondents who encountered a dispute with the financial institution were dissatisfied with the complaints handling mechanism established at the institution, while 25% found the complaint handling mechanism at the institution satisfactory (see Figure 130).

Figure 130: Satisfaction with complaints handling mechanism established at financial institution



9 FINANCIAL LITERACY

Financial literacy is broadly referred to as the ability to make informed judgements and to take effective decisions regarding the use and management of money.

Financial literacy is considered a requirement for functioning effectively in a modern society. Moreover, with the increasing availability of financial products, services and tools, and the growing need for life and retirement planning, financial literacy has become ever so important.

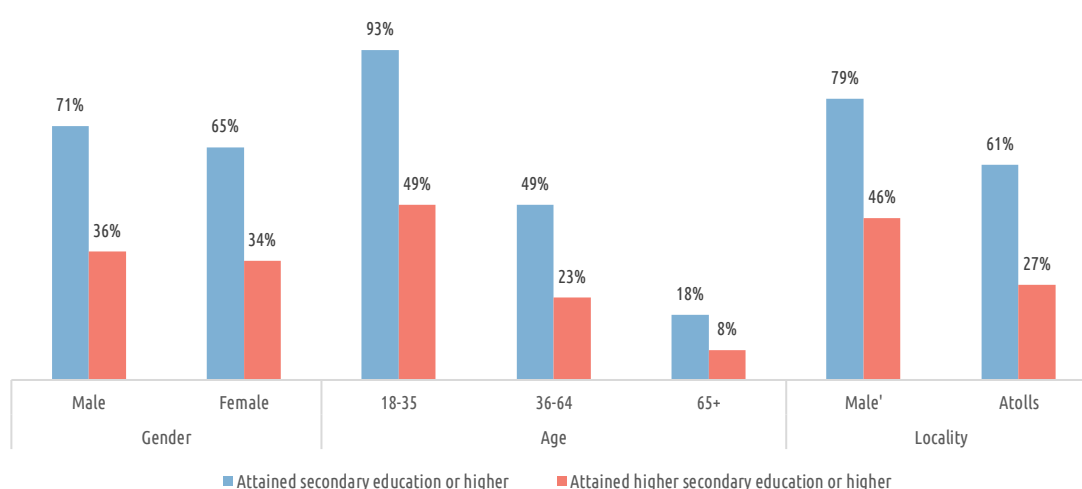
This survey gauged some of the aspects of general financial literacy along the lines of basic numeracy, inflation and purchasing power, interest rate, and investment risk. All questions requiring any form of calculation could be easily worked out mentally without the need to use any computational device.

9.1 Current State of Financial Literacy

Across the various measures of financial literacy assessed in this survey, it was recurrently observed that financial literacy was most strongly linked to educational attainment. The difference in performance was most profound at two levels of educational attainment – on attainment of secondary education (for non-complex concepts), and on attainment of higher secondary or post-secondary education (for higher level concepts).

Widest disparity in educational attainment is witnessed between respondents of different age brackets. For example, while 93% of 18–35 year olds have attained at least secondary education, it is only 18% of 65+ year olds (see Figure 131). Gaps in performance observed in terms of gender, locality and especially age can be explained in part by gaps in educational attainment of the respective segments.

Figure 131: Attainment of secondary and higher secondary education (by gender, locality, and age)



Working Out a Basic Financial Transactions

The vast majority (88%) of respondents were able to correctly answer a question involving a most basic financial transaction (see Figure 132). Women and the elderly (65yr+) did poorly than men and younger generations respectively (see Figure 133). Performance generally increased with education, with a notable improvement beyond primary education (see Figure 134).

Figure 132: Working out a basic financial calculation

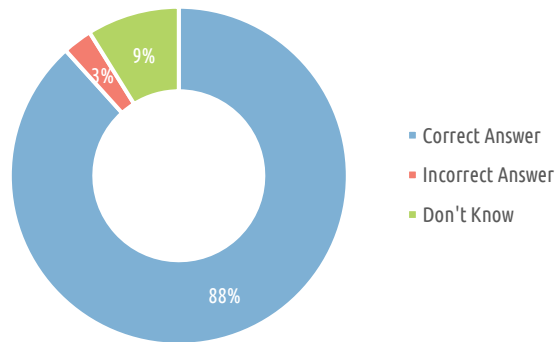


Figure 133: Working out a basic financial calculation (by gender, age and locality)

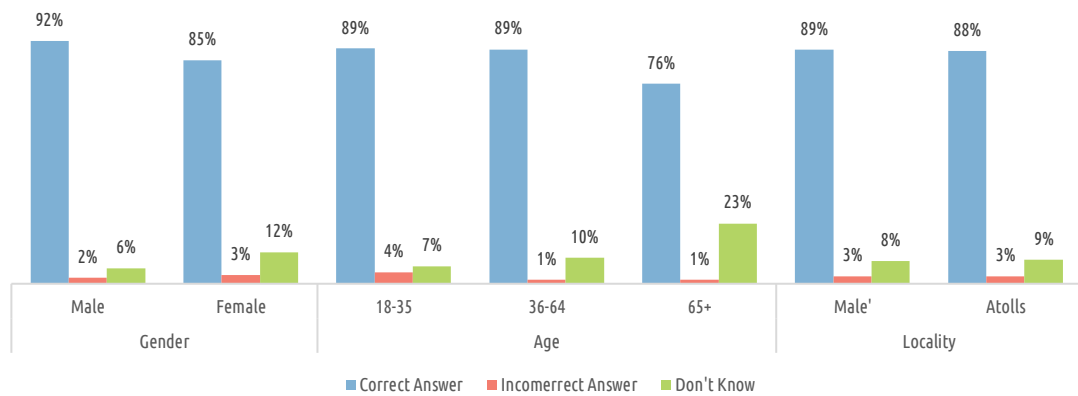
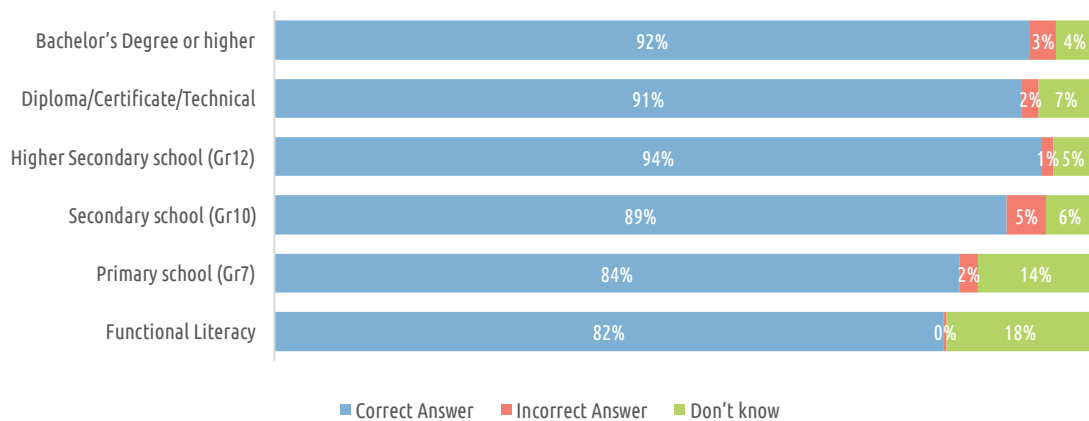


Figure 134: Working out a basic financial calculation (by education)



Understanding of Inflation and Purchasing Power

The majority of respondents (79%) appear to have grasped the idea that purchasing power of money generally erodes over time, however, most respondents failed to demonstrate understanding of the specific relationship between inflation and purchasing power (see Figure 135). Only 35% of respondents gave the right answer to a question on this specific relationship. In responding to a similar question with a simpler scenario, 62% of respondents answered correctly on the relationship between inflation and purchasing power.

Respondents who have completed secondary education did markedly better than those who did not (see Figure 136). Likewise, younger generations performed better than the elder, and residents of Male' did better than those in Atolls (see Figure 137).

Figure 135: Understanding of inflation and purchasing power

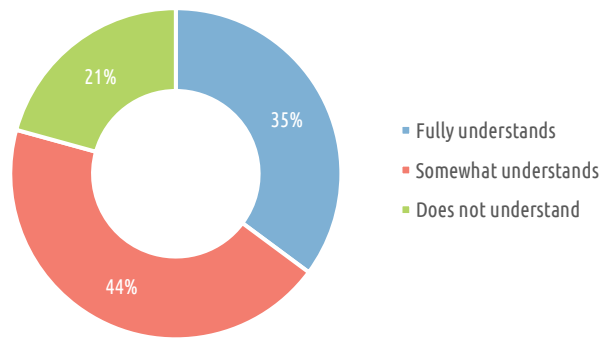


Figure 136: Understanding of inflation and purchasing power (by education)

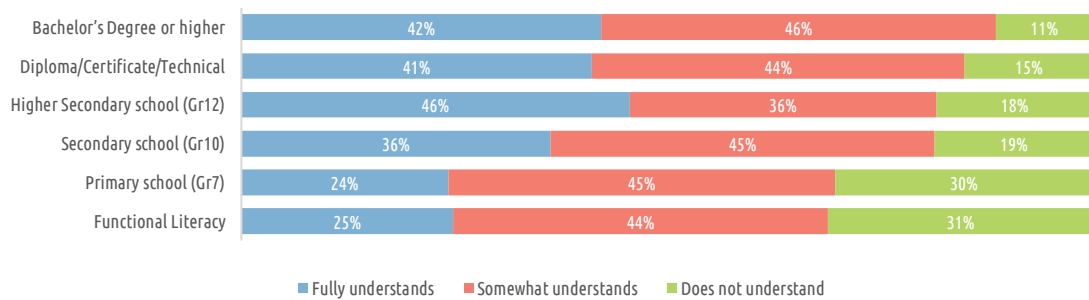
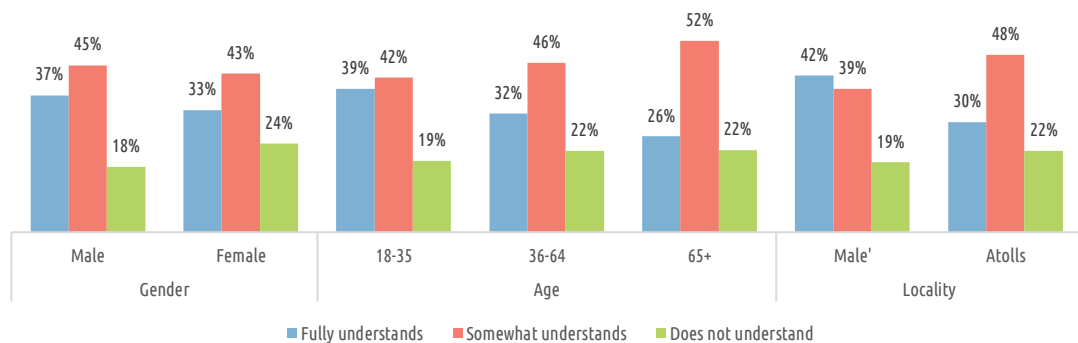


Figure 137: Understanding of inflation and purchasing power (by gender, age and locality)



Understanding of the Concept of Interest Versus Principal

At an elementary level, 71% of respondents demonstrated understanding of the difference between principal amount and interest when it comes to repayment of loans (see Figure 138). Even at this very basic level, 21% acknowledged that they did not know the answer, and another 8% gave an incorrect answer.

Respondents who have completed secondary education did markedly better than those who did not (see Figure 140). Likewise, younger generations performed better than the elder, and residents of Male' did better than residents in Atolls (see Figure 139).

Figure 138: Understanding of the concept of interest vs principal

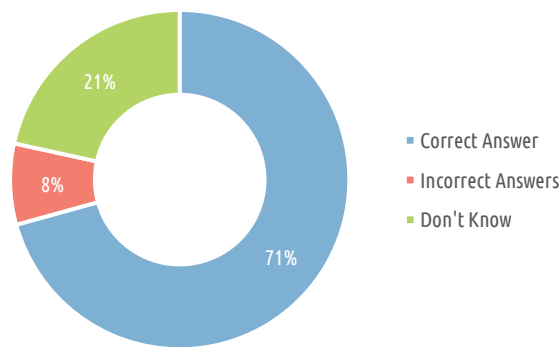


Figure 139: Understanding of the concept of interest vs principal (by gender, age and locality)

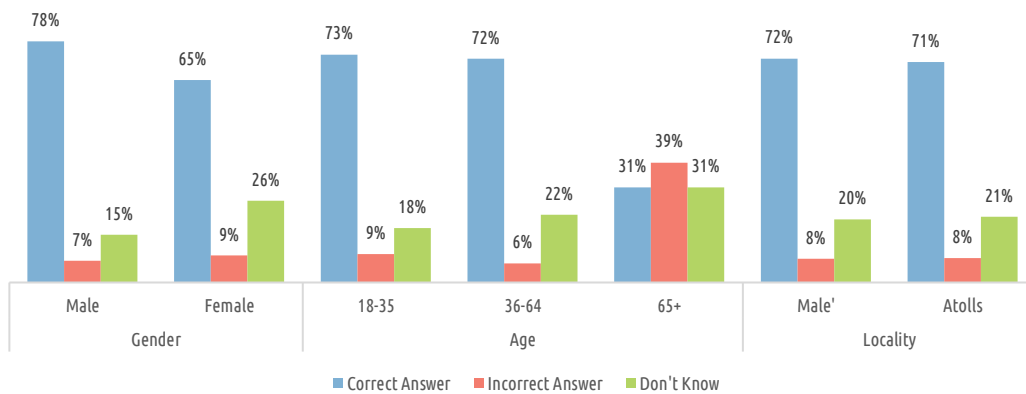
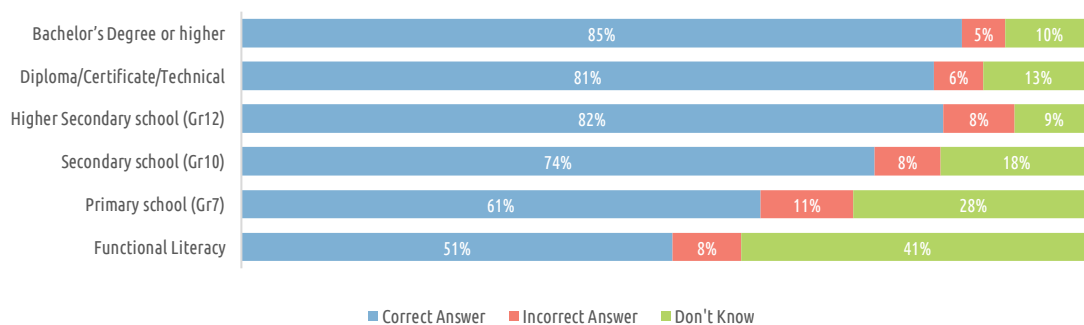


Figure 140: Understanding of the concept of interest vs principal (by education)



Working with Simple Interest

Although most people understand the concept of interest, even a simple mental calculation involving interest is insolvable to many. In responding to two questions involving simple interest, on average 48% of respondents were able to work out the correct answer, while 41% outright admitted they do not know the answer, and 11% gave an incorrect answer (see Figure 141).

Looking at demographic segments, men, younger people, and residents of Male' outperformed their counterparts (see Figure 142). Educational attainment appears to have a strong bearing on their performance, and attainment of higher secondary education or above markedly improved performance (see Figure 143).

Figure 141: Understanding of simple interest

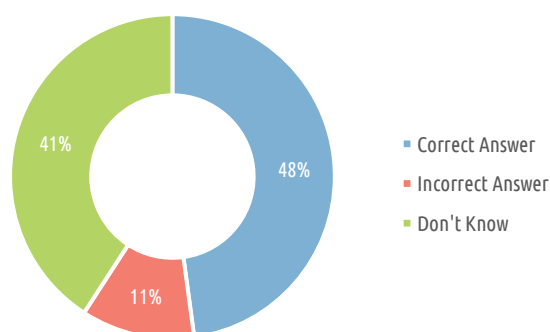


Figure 142: Understanding of simple interest (by gender, age and locality)

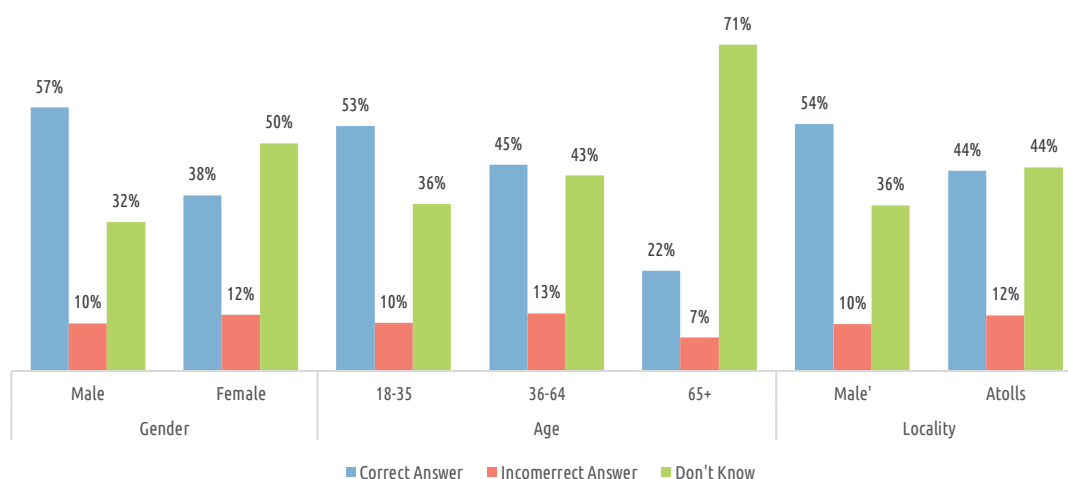
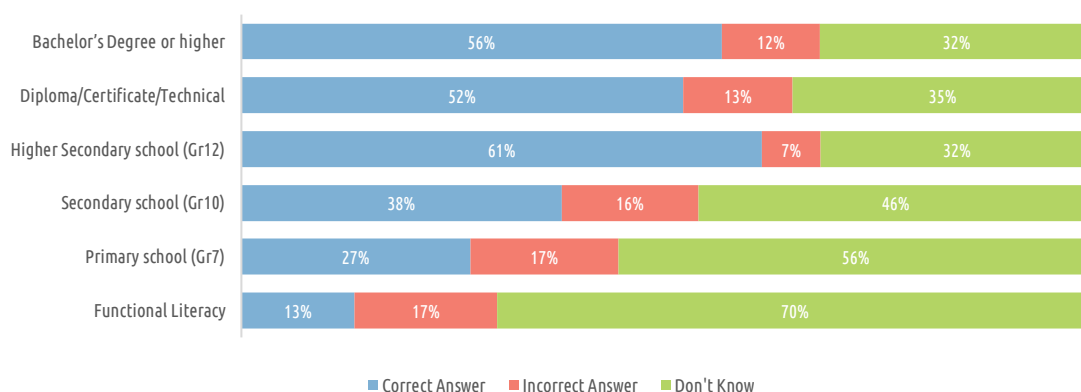


Figure 143: Understanding of simple interest (by education)



Understanding of the Concept of Compound Interest

As most respondents were challenged by simple interest, it does not come as a surprise that many more found compound interest unfathomable even at a conceptual level. In responding to three conceptual questions on compound interest, on average only 26% of respondents were able to give the answer right (see Figure 144).

As is the case with simple interest, educational attainment appears to have a strong bearing on their ability to work with compound interest, and attainment of higher secondary education or above markedly improved their performance (see Figure 146).

Figure 144: Understanding of the concept of compound interest

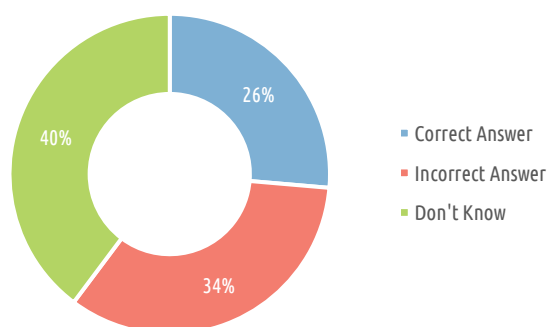


Figure 145: Understanding of the concept of compound interest (by gender, age and locality)

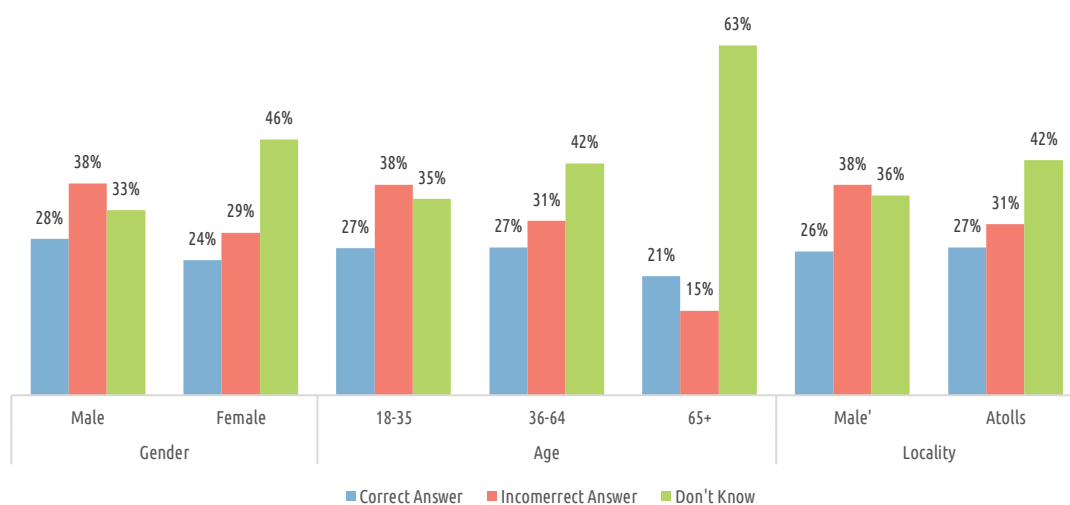
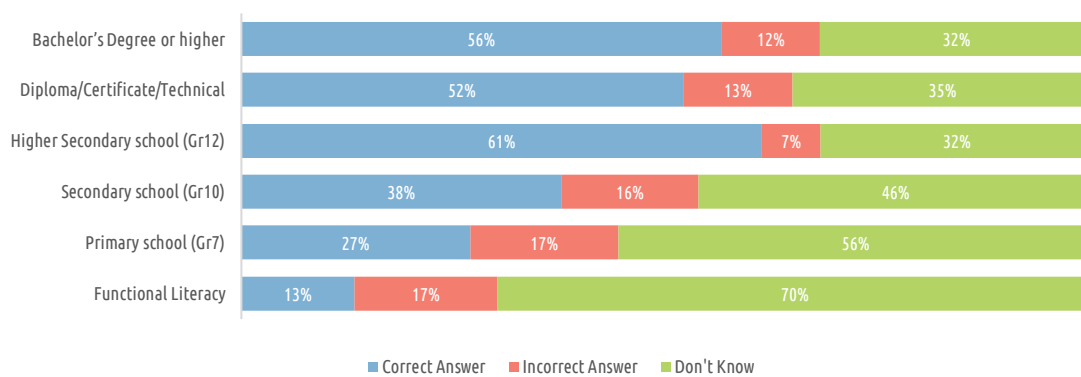


Figure 146: Understanding of the concept of compound interest (by education)



Understanding of Risk & Diversification

The majority of respondents do not appear to understand the concept of risk diversification. Less than half of respondents (47%) were able to correctly point out that investment risk can be reduced through diversification of the investment portfolio (see Figure 147).

Men outperformed women by a significant margin on the understanding of risk diversification (see Figure 148). Performance also has a positive correlation to educational attainment (see Figure 149).

Figure 147: Understanding risk & diversification

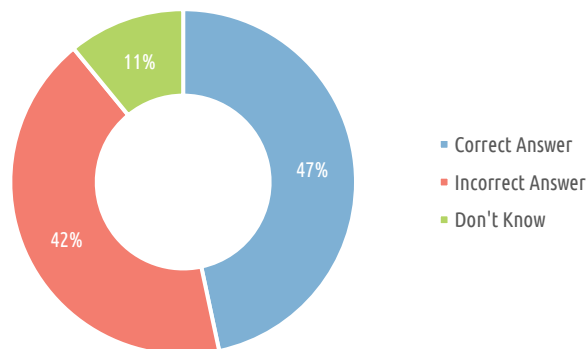


Figure 148: Understanding risk & diversification (by gender, age and locality)

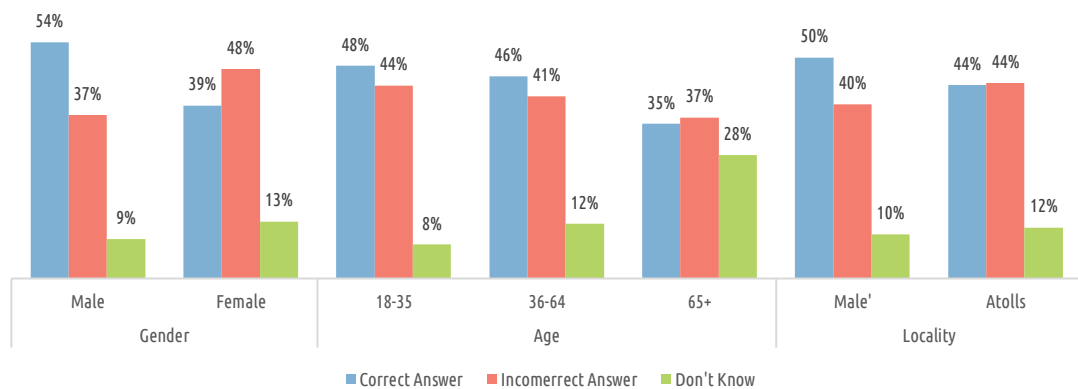
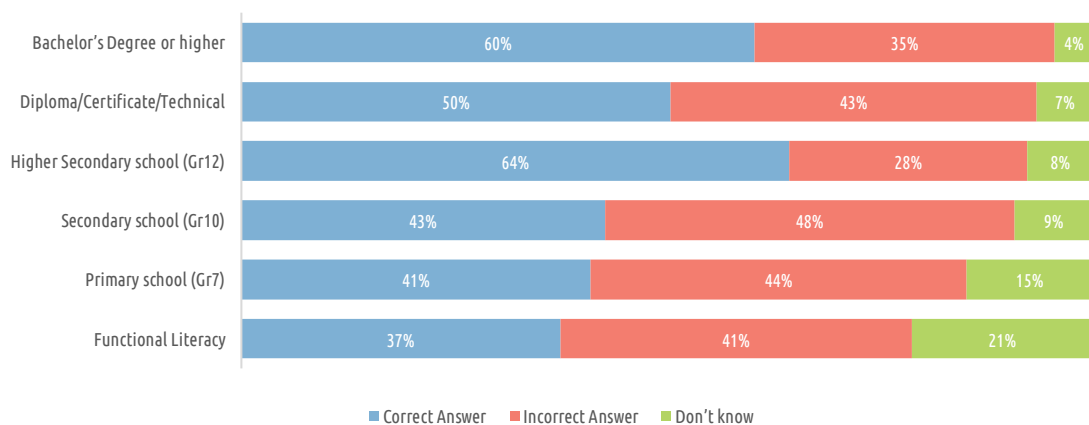


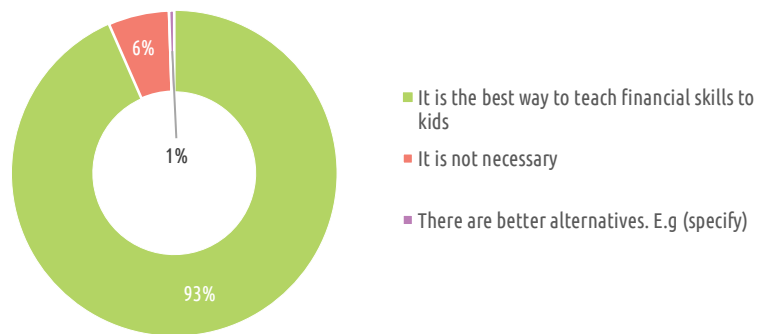
Figure 149: Understanding risk & diversification (by education)



9.2 View on Integrating Financial Education into School Curriculum

The vast majority of respondents are in support of integrating financial education into school curriculum. 93% of respondents are of the opinion that integrating financial and money management skills into school curriculum is the best way to teach financial skills to children (see Figure 150). A minority (6%) of respondents do not believe it is important to integrate financial education into school curriculum. Only 1% of respondents think there is a better way to teach financial skills to children except through school curriculum.

Figure 150: Need for and recognition of importance of financial education



10 CONCLUSION

Maldives has fared well across several measures of financial inclusion. Account ownership is high, and so is the use of the internet and mobile banking and digital payments. High literacy rate and the wide accessibility and use of internet and mobile phones have been a great advantage in this accomplishment. Consumers are also generally satisfied with the quality-of-service attributes across a wide spectrum of financial channels and services.

While access and usage are fairly strong when it comes to banking and payments, credit and finance accessed by the public through the formal financial sector lags behind. Inclusive insurance is another financial services sector integral to financial inclusion that is currently straggling behind in terms of access and usage. Wider adoption of insurance products has the potential to minimize risk of financial adversity and thereby improve financial resilience.

The existence of gender disparity and disproportionate exclusion of women is evident in many respects relating to financial inclusion, including usage of loans and credit and insurance services. These discrepancies are often rooted in deeper social and economic spheres such as lack of equal opportunity to pursue education and productive employment, wage discrepancy, etc. Though not as remarkable, geographic disparity between Male' and Atolls persists in accessibility and usage of financial services.

In working towards greater financial inclusion in the Maldives, areas that are weakest, and need most attention and effort are on building financial resilience, improving financial literacy and consumer protection, and closing the gender gap. These areas are strongly interlinked, and thus, any efforts to improve in any one area will have spill over positive effects on the other areas.

Many people do not practice behaviours that help build financial resilience, with low rates of budgeting and finances management, savings, etc. Most people have less than a month's expenses in terms of savings, and these are often used as short-term surplus by which to meet emergencies and other unforeseen expenses. Unsurprisingly, a significant proportion of respondents reported feeling stressed and being unable to make ends meet each month. Raising awareness and building capacities for good budgeting and savings practices amongst the population would be invaluable for improving financial resilience. Younger people are more likely to do so already and helping them to do so effectively and efficiently, as well encouraging older generations to adopt these practices would alleviate a key aspect of financial vulnerability.

Most people did poorly in questions on financial literacy. While general education and higher education has a positive effect on financial well-being of individuals, it does not have as strong a bearing on the level of their financial literacy. Perhaps, the reason is financial literacy is not adequately addressed in the education system in general. Moreover, only a minority of people have undertaken any training on personal finance management. The silver lining is public is in overwhelming support of integrating financial literacy into school curriculum. Programs targeted at youth and adults would also be beneficial to improve financial literacy among the public.

Maldives is extremely vulnerable to climate risks, not only in terms of natural geography but also in terms of livelihood opportunities. Thus, building climate resilience is a priority area for the country.

Through the lens of financial inclusion, improving awareness, access and use of insurance are important in building greater financial resilience. To this end, in addition to building public awareness and knowledge on insurance, working with supply side is important in identification and introduction of affordable insurance products that suits the needs of the masses and especially in the area of climate risk and livelihood protection.

Although the overall numbers are high on a number of aspects of financial inclusion, there are some areas where women have reported comparatively lower rates than men and these need to be addressed. These include lower rates of employment and financial income, being less likely to use loans, credit cards and other financial products/services and being less conversant in financial literacy. Measures to address these include challenging the barriers to women – both social and structural – that may hinder their full involvement in the productive economy and having financial inclusion.

Lastly, while there is high financial inclusivity in general it would be important to pay attention to where the numbers are comparatively lower and to understand the social and economic factors that hinder these vulnerable groups from financial inclusion. Addressing these would also further improve financial inclusion in the country.

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ANNEX 1: TECHNICAL NOTES ON METHODOLOGY

Target Population – The target population consisted of all resident Maldivians who are 18 years and above on the day of the survey interview. Persons who did not meet the age criteria are excluded from the sample, along with people living in restricted institutions (dormitories, labour quarters, military barracks, etc) and those living in non-administrative islands such as resort islands, live aboard safaris, and other industrial islands during the interview period.

Sample Size – A total of 1,642 respondents were interviewed translating to approximately 0.4% of the population projected for 2022. The sample covered 66 enumerated areas (representing 63 inhabited islands across 12 of the 20 atolls). The final sample accepted for survey analysis was reduced to 1,567 following data cleaning.

Sampling Plan – The sample was drawn from resident population in administrative islands based on the population projection data by the Maldives Bureau of Statistics for the year 2022; and household data from Census 2014. The sample was taken in proportion to the Maldivian population residing in Male' City (44%) and the Atolls (56%).

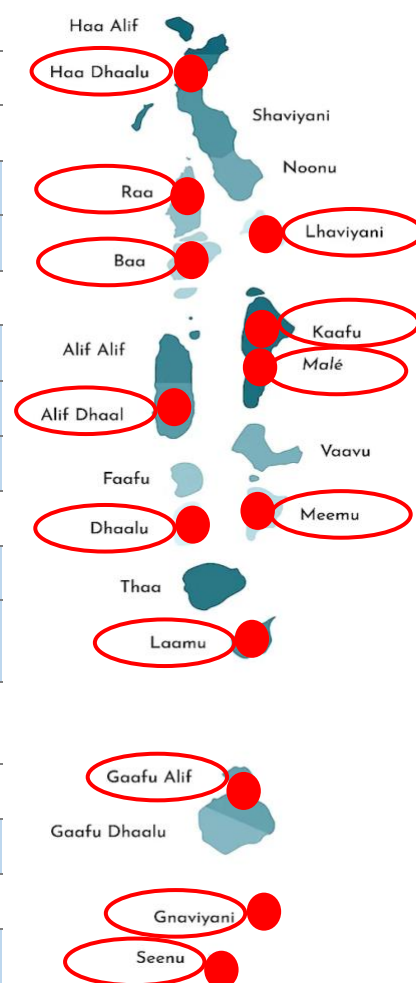
The atolls and islands were categorized by population size, to ensure atolls of different sizes are represented in the sample. Atolls were first categorized as Small, Medium and Large in such a way that each of the 3 size strata has approximately equal number of atolls. Subsequently, 4 atolls from each of the 3 size categories were selected at random to arrive at a sample of 12 atolls at the first stage. The sample was stratified in proportion to male and female populations. At the next step, within the 12 selected atolls, 60 islands and all 6 districts in Male' (i.e., 63 islands in total including 3 islands of Male' City – Male', Villimale' and Hulhumale') were selected as Secondary Sampling Units (SSUs). SSUs were selected in a similar manner to PSUs, by stratifying islands into 3 sizes with equal number of islands in each stratum (i.e., 35 islands in each stratum), with 20 islands from each stratum being selected at random.

The table below shows the list of islands and the distribution of the sample across the islands that were selected for the survey.

Selection of Households – Taking the number of street blocks based on post-code (in Male') and street maps (in other islands), sampling points were selected off of a comprehensive list of locations. As most islands are tiny, sampling points were selected randomly using an island map with pre-numbered demarcated blocks. Approximately 160 ultimate sampling units (USUs) were selected, with around 10 interviews conducted in any one USU.

Atolls Selected for Sampling

| Atoll Size by Population | # | Atoll | Population |
|--------------------------|----|------------|------------|
| Small Atolls (1/3rd) | 1 | V. Atoll | 1,532 |
| | 2 | F. Atoll | 4,738 |
| | 3 | M. Atoll | 4,747 |
| | 4 | Dh. Atoll | 5,526 |
| | 5 | AA. Atoll | 6,389 |
| | 6 | GA. Atoll | 8,043 |
| | 7 | LH. Atoll | 8,076 |
| Medium Atolls (1/3rd) | 8 | GN. Atoll | 8,499 |
| | 9 | TH. Atoll | 8,752 |
| | 10 | B. Atoll | 8,849 |
| | 11 | ADH. Atoll | 9,176 |
| | 12 | GDH. Atoll | 11,198 |
| | 13 | N. Atoll | 11,207 |
| | 14 | L. Atoll | 12,564 |
| Large Atolls (1/3rd) | 15 | SH. Atoll | 13,075 |
| | 16 | K. Atoll | 13,179 |
| | 17 | HA. Atoll | 13,323 |
| | 18 | R. Atoll | 15,899 |
| | 19 | S. Atoll | 19,479 |
| | 20 | HDH. Atoll | 20,438 |



Selection of Respondent – From each household, a participant was chosen at random among all eligible individuals in the household (i.e., aged 18+) using a random number generator. Only 1 person from each selected household was interviewed for the survey. Further, to keep the sample achievement balanced in terms of gender, overall male and female quota were observed.

Sampling Performance – The survey team was able to travel to each of the 60 islands pre-selected for sampling and achieved the target number of interviews. The success rate for the survey was on average 20% with every 1 in 5 persons agreeing to participate.

Piloting – A pilot survey was conducted in certain residential areas of Male'. This data was not included in the final sample. The overall length of the questionnaire (LOI > 44 minutes) was identified as the major challenge to overcome vis-à-vis public temperament.

Incentivizing Respondents – To boost respondent participation, 50th Independence Day commemorative note of MVR 5,000 for 10 participants selected by a draw, were offered by MMA. The respondents were informed of the lucky draw at the beginning of the interview. Respondent's name and contact number was collected at the end of the interview, for those who were willing to participate in the draw. 75% of the respondents gave their contact number to participate in the draw.

Fieldwork – The Survey was conducted through face-to-face interviews using Computer-Assisted Personal Interviewing (CAPI) program. Fieldwork took place from 3rd March 2022 to 16th May 2022 (with fieldwork ceasing for 3 weeks from 17th April – 8th May during Ramadan and resuming on 9th May).

Quality Control – Back-checks were done by an accompanied supervisor for 29% of completed interviews. Further, to reduce enumerator bias, each enumerator conducted on average 5% of the total interviews. Additional control measures implemented through CAPI include verification of travel locations through GPS functionality and monitoring of length of interview in comparison to average length of interview.

ANNEX 11: QUESTIONNAIRE

Demand-side Survey

10.1 Section A – Demographics

The following section identifies the respondents' household information (Section A.1) and socio-demographic characteristics (Section A.2). The respondent will be asked questions about their household and the demographic characteristics such as age, gender and socio-economic characteristic such as income, education.

10.1.1 Section A.1: Household information

1. Please state your current location.
2. Please state the number of members in your household [Numeric answer]
3. Please state the number of adults in the household (age 18 and above).

Socio-demographic questions about the Household. Randomly select one of the HH adult members (using the respondent selection table). Interview with the randomly chosen adult member representing the HH (can be or not the Head of the HH)

Instructions for Enumerators: Follow Table given to randomly select respondents.

10.1.2 Section A.2: Socio-demographics

1. What is your age? (Age in completed years) [numeric answer – must be greater than 18].

[AgeGrp]. Respondent's Age Group.

| | | |
|-------|-------|-----|
| 18-35 | 36-64 | 65+ |
|-------|-------|-----|

2. Gender

| | |
|------|--------|
| Male | Female |
|------|--------|

3. Marital Status

| | | | |
|---------|----------|---------|---------------|
| Married | Divorced | Widowed | Never Married |
|---------|----------|---------|---------------|

4. Highest education level completed [single answer]

| | | |
|--------------------------------------|--|-----------------------------|
| Completed primary school | Completed higher secondary school | Diploma/Certificate |
| Partially completed secondary school | Technical/vocational beyond secondary school | Bachelor's Degree or higher |
| Completed secondary school | | |

5. Which of the following best describes your employment status over the past 12 months? [single answer]

[INTERVIEWER: employment status for majority of the duration during past 12 months]

| | | |
|---------------------|-------------------------------------|---|
| Self-employed | Unemployed and looking for work | Full time student |
| Salaried employee | Unemployed and not looking for work | Unable to work due to sickness/ill-health |
| Daily wage employee | Retired | Other |

6. In the past 12 months, from which of the following sources have you received income? [multiple answers]

| | |
|--|---|
| Employment | Sale of physical assets (vessels/houses/buildings etc.) |
| Pension | Government (income support allowance) |
| Help from family/friends/community | Own Business / Work |
| Interest from savings | No income [exclusive answer] |
| Returns from investment/financial products | Other |
| Leasing land/houses/buildings/vessels/other property | |

7. From the sources of income you mentioned, what is your main source of income?[Only A2.6 >1, Single choice] Answers are filtered from A2.6.

8. In an average month, how much total income do you receive from all sources in MVR? [Single Answer]

| | | | | | | |
|-----------------|---------------|-----------------|-----------------|-----------------|-----------------|--------------|
| Less than 6,000 | 6,000 – 9,999 | 10,000 – 14,999 | 15,000 - 19,999 | 20,000 – 29,999 | 30,000 – 62,500 | Above 62,500 |
|-----------------|---------------|-----------------|-----------------|-----------------|-----------------|--------------|

9. Rank your major 5 expenses (1 being the biggest expense).

| | | | |
|------------------|---------------------------------------|----------------------------|----------------------------------|
| Expenditure area | Utilities | Payment of loans | Miscellaneous household expenses |
| House rent | Clothing | Medical expenses | Business related expenses |
| Food | Education of children /self-education | Other expenses of children | Other |
| Transportation | | | |

10. If you are required today to pay for an emergency, the equivalent of one month of your income how would you get the money? [single answer]

| | | |
|---|------------------------------|---------------|
| Use my savings | Take a loan from my employer | I do not know |
| Borrow money from my family or a friend | I could not afford it | No response |
| Use my credit card | Sell assets | |

11. Do you use internet on mobile phone / tablet?

| | |
|-----|----|
| Yes | No |
|-----|----|

102 Section B: Use of Money

The following section seeks to measure the respondents' **attitudes, behaviours**, and resilience in the use of money. The respondents will be asked specific questions about their personal expenditures, decision around money and personal finances.

1. Over the last 12 months, from the money you and your family have earned, has it been enough to cover all your daily basic expenditures

| | |
|----------------|----|
| Yes (Go to B2) | No |
|----------------|----|

2. Over the last 12 months did you [ONLY if B1=yes, multiple answer]

| | |
|--|--|
| Save by lending some money to others | Keep money at home |
| Save money by investing in stocks/shares | Save money at a bank or non-bank financial institution |
| Save money with family or friends | |

3. How did you use the money saved? [ONLY if B1=yes; multiple answers]

| | |
|---|---|
| Spent on food and other basic expenses | Pay for a vacation, travel, or social event |
| To face an emergency (other than health. E.g. fires, floods etc.) | Open or pay expenses of a business |
| To buy or repair a house/apartment | For retirement |
| Pay for health expenses | Did not touch the saving [exclusive answer] |
| Pay for school fees, tuitions, etc. | Other _____ |

4. The total amount of money you saved is equivalent to what you may earn in: [single answer] ONLY if B1=yes
[INTERVIEWER: total amount of money refers to current total savings]

| | | |
|------------------------------------|-------------------|-------------|
| No savings / barely make ends meet | More than a month | Do not know |
| Less than a month | Varies | No Answer |

5. Do you for you or your family ...? Ask all

| | |
|--|---|
| Keep a written record of your income and expenditures | Use a digital app in your mobile phone to keep track of your expenditures |
| Keep and split the money use for specific expenditures in the coming week or month | Use online payment services to pay for some of the bills |
| Keep a record of your slips or expenses to make sure the expenses are paid | |

6. The last time you could not cover your expenses, you... [Only if B1=No] multiple answer

| | |
|---|---|
| Borrowed from family / friends | Requested an advance payment from your employer or business |
| Used your money kept / savings | Used your credit card or a loan |
| Sold something from your home or business | Paid late for a credit or loan |

7. Have you ever participated in a training about how to save, borrow, or budget your personal income? Ask all

| | |
|-----|----|
| Yes | No |
|-----|----|

8. Please respond to the following phrases with [Always, sometimes, never] I usually ...[Ask all]

| | |
|---|---|
| Consider if I can afford something before buying it | Set aside a portion for monthly saving and strictly abide by not using it |
| Pay all my bills on time | Keep a detailed track of my money |
| Prefer to spend my money rather than save it | Worry about not having enough money |
| Set myself financial goals and try to achieve them | |

9. If you were not to receive any money at all, how long will you be able to meet your present basic expenses? [single answer]

| | | | |
|-------------------|--------------------|--------------------|-------------|
| Less than a week | Less than 3 months | Six or more months | No response |
| less than 1 month | Less than 6 months | Do not know | |

10.3 Section C: Banking and Mobile Payments

The following section seeks to **measures the access and usage of banking and mobile payment services**. This section asks specific questions on use of bank accounts, debit and credit cards and tries to understand the satisfaction of the respondents towards the channels that provide these services. Additionally, this section is also focused on understanding respondents' usage and satisfaction of mobile payment services such as mobile/internet banking and mobile pay/e-money services.

1. Do you currently have a bank account? [Ask all]

| | |
|------------------|----|
| Yes [Skip to C5] | No |
|------------------|----|

2. Have you ever had one in the past? [if C1= No]

| | |
|-----|-----------------|
| Yes | No [Skip to C4] |
|-----|-----------------|

3. What is the main reason why you stopped using a bank account? [only if C2= yes; single choice]

| | |
|---|-----------------------------|
| It became too expensive | I no longer need an account |
| I no longer have enough money to use a bank account | Religious reasons |
| I had negative experience/lost trust in the banks | |

4. What are the reasons for never having a bank account? [only if C2=no; multiple answer]

| | |
|--|--|
| It is too expensive | I do not trust banks or a specific banking institution |
| I don't have enough money to put in a bank account | I do not need a bank account |
| I don't meet the requirement to open a bank account | I use my spouse/family member account |
| I don't know how to open an account/how it works | Religious reasons |
| It is too risky | Others |
| It is too difficult to go to the bank to open an account (geographical challenges) | |

5. Why did you open a bank account? Respondent can choose multiple options. [Only If C1=yes OR C2=yes; multiple answer]

| | | |
|------------------|---|------------------|
| To save money | To access a financing facility from the financial institution | To earn interest |
| To receive money | To safeguard money | To make payments |

6. Based on the reasons you mentioned, what is your main purpose of opening the account? (Based on answer from C5) [ONLY If choice of answers for C5>1]

| | | |
|------------------|---|------------------|
| To save money | To access a financing facility from the financial institution | To earn interest |
| To receive money | To safeguard money | To make payments |

7. Do you hold accounts in multiple banks? [Only if C1=yes]

| | |
|-----|----|
| Yes | No |
|-----|----|

8. Do you hold account(s) in an Islamic Bank/Branch? [Only if C1=yes]

| | |
|-----|----|
| Yes | No |
|-----|----|

9. What is the main reason for having accounts in multiple banks? [ONLY if C0= Yes]

| | | | | | |
|------------------|----------------------------------|---------------|----------------|----------------------|--------|
| Business purpose | Ease of getting foreign currency | To get a loan | Saving purpose | To use credit scheme | Others |
|------------------|----------------------------------|---------------|----------------|----------------------|--------|

10. Why did you open an account in an Islamic bank/branch? [ONLY if C8=Yes]

| | | | | |
|------------------|-----------------|------------------------|----------------------|----------------------|
| Religious reason | Better Profit | Family members have it | To use credit scheme | For business purpose |
| Peace of mind | Branch was near | Saving purpose | To get a loan | Others (specify) |

11. Which type of account do you have? [multiple answer], [Only C1=yes]

[INTERVIEWER: read out the options]

| | | |
|---------|---------|---------------|
| Savings | Current | Fixed Deposit |
|---------|---------|---------------|

12. What is the reason for NEVER saving/keeping a money balance in Bank Account for future use? [ONLY If C2 = No]

| | | |
|------------------------|-----------------|----------------------|
| Barely makes ends meet | No need to save | No incentive to save |
|------------------------|-----------------|----------------------|

13. How do you use the savings in your account (the money or balances kept for later use)? [Only C1=yes]

| | | |
|--|---------------------------------|--|
| To purchase food and other basic needs | To pay for a vacation/travel | House renovation / building |
| To pay the house rent / leasing | To pay for a social tradition | Cannot save for later (exclusive answer) |
| To pay for school fees | To open a business | Have not used (exclusive answer) |
| To pay for emergencies | To pay for my business expenses | Others |
| To earn the bank return rate | To pay for my retirement | |

14. Based on these reasons, what was the main purpose for saving during the last 12 months? [ONLY if choice of answers for C13>1]

| | | |
|--|---------------------------------|--|
| To purchase food and other basic needs | To pay for a vacation/travel | House renovation / building |
| To pay the house rent / leasing | To pay for a social tradition | Cannot save for later (exclusive answer) |
| To pay for school fees | To open a business | Have not used (exclusive answer) |
| To pay for emergencies | To pay for my business expenses | Others |
| To earn the bank return rate | To pay for my retirement | |

15. Rate your satisfaction with the following procedures related to opening a bank account. [ONLY if C1= YES or C2=YES] * 5- Highly satisfied
4- Satisfied 3- Neither 2- Dissatisfied 1- Highly dissatisfied

| | | | |
|--|-------------------------------|--------------|--------------------------|
| Documentation required for opening account | Time taken to open an account | Fees charged | Helpfulness of the staff |
|--|-------------------------------|--------------|--------------------------|

16. Which of the following financial service channels do you use? Please indicate the frequency of use of the following channels.

INTERVIEWER: if respondent says 'don't know', mark as NEVER.

*Nearly everyday, more than once a month, rarely, never

| | | |
|-------------------------|---|--|
| Bank branch | POS | Mobile Pay of telecom operators |
| Bank agent (Cash agent) | Internet / Mobile Banking / Mobile Pay of Banks | Other payment service providers (excluding banks & telecoms) |
| ATM | | |

17. Which of the services provided by the financial services channel do you use?

*Fund transfer, cash deposit, cash withdrawal, bill payment, shopping

| [choices of Financial Service Channels: IF 'NEVER' in C16 is NOT chosen for each] | Bank branch | Bank agent (Cash agent) | ATM | POS | Internet / Mobile Banking / Mobile Pay of Banks | Mobile Pay of telecom operators | Other payment service providers (excluding banks & telecoms) |
|---|-------------|-------------------------|-----|-----|---|---------------------------------|--|
| Fund Transfer | | | | | | | |
| Cash Deposit | | | | | | | |
| Cash Withdrawal | | | | | | | |
| Bill Payment | | | | | | | |
| Shopping | | | | | | | |

18. How much does the "fees and charges" influence your decision to use the service? [Rating]

Low 1 2 3 4 5 High

19. Please provide the duration, means of transportation, and cost associated in availing the following services from the various channels.[C20 to appear based on answer provided in A.1 (1); ONLY for respondents residing outside Greater Male' area and islands WITHOUT bank branch / ATM / Bank Agent]

| [if 'never' NOT chosen in C16 for each channel] | (a) Time taken to reach the nearest channelhm | (b) Mode of transportation (1-on foot; 2- Pvt vehicle; 3- public transportation; 4- All of the above | (c) Cost incurred (e.g. travel and related cost) in MVR |
|---|--|--|---|
| Bank branch | | | |
| Bank agent (Cash agent) | | | |
| ATM | | | |

20. Rate your level of satisfaction with different channels on the following attributes. * 5- Highly satisfied 4- Satisfied 3- Neither 2- Dissatisfied 1- Highly dissatisfied
[compound grid]

| Attributes | Channels [choices in Financial Service Channels to appear from C16, IF 'NEVER' in C16 is NOT chosen for each] | |
|---------------|--|--|
| Accessibility | Bank branch | Internet / Mobile Banking / Mobile Pay of Banks |
| Affordability | Bank agent (Cash agent) | Mobile Pay of telcom operators |
| Reliability | ATM | Other payment service providers (excluding banks & telecoms) |
| Ease of Use | POS | |

21. Which of the following cards do you use? [multiple answer]

| | |
|-------------------------|---|
| Credit card [Go to C22] | Pre-paid debit card [Go to C25] |
| Debit card [Go to C25] | I don't use any card [Go to C27] [Exclusive answer] |

22. Do you usually pay for your credit card every month? [ONLY if C0 includes Credit Card]

| | | | |
|--------------------------|-------------------------------|--------------|--------------------------------|
| Pay just minimum balance | Partial above minimum balance | Full balance | Do not usually pay every month |
|--------------------------|-------------------------------|--------------|--------------------------------|

23. Have you in the last 12 months, missed at least one instalment/payment of your credit card due to lack of resources? [ONLY if C0 includes Credit Card]

| | | |
|-----|----|-----------------|
| Yes | No | Do not remember |
|-----|----|-----------------|

24. Are you aware of the annual rate of interest charged by your bank on unpaid credit card balance? [ONLY if C0 includes 1]

| | |
|------------------------|----|
| Yes – specify the rate | No |
|------------------------|----|

25. you said you have a debit card but don't have a credit card, what are the reasons for not having a credit card? (Answer only if you have a debit/prepaid card and not a credit card) [ONLY if C0 does NOT include 1] [Multiple answer]

| | | |
|---------------------------|----------------------------------|----------------------------------|
| Refused by bank | Too expensive | Use my spouse/supplementary card |
| Inability to pay back | Not required | Religious reasons |
| Do not have enough income | Avoid temptation of overspending | |

26. For what purposes do you use the card? Rank the frequency of the usage of the card for each purpose. * 5- Very frequent 4- Frequent 3- Neither 2- Not so frequent 1- Rarely used [Compound grid]

| | | | |
|--|-----------------|-----------------|--|
| Debit Card; Credit Card, Prepaid Debit Card | Cash Withdrawal | Online Shopping | Payment at shops and restaurants (POS) |
| | Cash Deposit | Bill payment | Others |

27. What are the reasons for not using any "card services"? (respondents can choose multiple options) [ONLY if C0 = 4]

| | | |
|--|---|----------------------------------|
| The fee is too high | I do not trust the service | ATM service not available nearby |
| Not required/needed | Avoid temptation to withdraw from the account | No Bank Account |
| Service is not good | Card less withdrawal service is available | Others |
| The risks of using the service is too high | Use my spouse card | |

28. How often do you choose to use internet/mobile banking as the avenue for obtaining following services? *Always, Rarely, Never. [ONLY if C16 (5) is NOT never; single choice grid]

| | | |
|--|-----------------------|-------------------------|
| Local fund transfers (between the same bank) | Loan repayment | Apply for card |
| Local fund transfers (between different banks) | Credit card repayment | Cheque book request |
| International fund transfer | Account opening | Generate/view statement |
| Bill payment | Apply for loan | Submit complaint |

29. What additional features/services would you recommend in mobile/internet banking? [ONLY if C16(5) is NOT never, multiple answer.]

| | |
|---|---|
| Freezing/Unfreezing cards | Notifications for deposits/withdrawals/payments/transfers |
| Online KYC updating | None |
| Application processing for basic services | Other (please specify): _____ |
| International transfers | |

30. What are the reasons for not using internet/mobile banking services of banks? [ONLY if C16(5) IS never; multiple answer]
(respondents can choose multiple options)

| | | |
|-------------------------------------|--|-----------------|
| The service is unreliable | Bank refused without justification/Cannot register | No Bank Account |
| The bank/service is not trustworthy | I don't know how to use it | Others |
| The service is insecure | I do not have/use Internet access | |
| High fees | Not required | |

31. Do you use mobile pay/e-money service of telecom operators?

| | |
|-----|------------------|
| Yes | No [SKIP to C37] |
|-----|------------------|

32. Which services offered by the mobile pay/e-money service of telecom operators do you mostly use? Please indicate the frequency of use for the following services. [ONLY if C31 =a]

**Everyday, Once or twice in a week, couple of time in a month, once in a month, rarely, never*

| | | |
|---------------|---------------|------------------------|
| Fund transfer | Make payments | Recharge mobile credit |
| Receive funds | Bill payment | Others _____ |

33. What additional features/services would you recommend in mobile pay/e-money services? [ONLY if C31=yes; multiple answer]

| | | | | |
|------------------|--|----------------------------------|--------------------|------------------------|
| Interoperability | Extra options for bill pay (utilities) | Microfinancing credit facilities | No recommendations | Other (please specify) |
|------------------|--|----------------------------------|--------------------|------------------------|

34. Have you shared willingly or unwillingly your passwords or tokens to a third person or agent for performing a mobile pay/e-money service? [ONLY if C31=yes]

| | | |
|-----|----|-------------|
| Yes | No | No response |
|-----|----|-------------|

35. Have you experienced (in the last 3 months) scams, phishing, or any other fraud attempts in your mobile pay / e-money services? [ONLY if C31=yes]

| | | |
|-----|----|-------------|
| Yes | No | No response |
|-----|----|-------------|

36. Do you know what to do or where to go in case you experience a scam, fraud, theft or serious malfunction in your mobile pay / e-money services? [ONLY if C31=yes]

| | | |
|-----|----|-------------|
| Yes | No | No response |
|-----|----|-------------|

37. What are the reasons for not using mobile pay/e-money services? [Only if C31 = No; multiple answer]

| | | |
|---|------------------------------|-----------------|
| The service is unreliable | I don't know how to use it | Not required |
| The operator/service is not trustworthy | Internet issues | No Bank Account |
| The service is insecure | Inconvenience of the service | Others |
| Refused without justification/Cannot register | | |

38. Have you ever borrowed money or taken a loan?

| | |
|-----|----------------|
| Yes | No (Go to C46) |
|-----|----------------|

39. From whom did you borrow or take the loan? [ONLY if C38=a; multiple answer]

| | |
|----------------------|---|
| Friends and family | Unregistered money lender (for example, the money-lender in the market) |
| Employer or business | Financial institution |

40. What was the reason for borrowing from friends and Family or employer/business, or unregistered money lender instead of financial institutions? [ONLY if C39 includes answer 1,2 or 3; multiple answer].

| | | |
|---|------------------------------|--------------------|
| Refused by financial institution [Skip to C41] | The duration is too long | Easier to get loan |
| The amount was small | Do not charge me an interest | Due to urgency |
| Financial institutions are too far | The rate is cheaper | Others _____ |
| Too many documents required by financial institutions | | |

41. If you have been refused a loan or credit from a financial institution, what was the reason? [ONLY if C0 includes 1].

| | | |
|-------------------------|---------------------------|--------------------|
| No collateral | Inability to repay | Past credit record |
| Insufficient collateral | Lack of required document | Others |

42. What was the purpose for the loan?

| | | | |
|---------------------------------|-----------------------------|----------------------|-------------------------------|
| To buy house/apartment | Personal expenses | Education | Pay off another loan |
| To buy vehicle | Household daily necessities | Medical | Constructing/renovating house |
| To buy furniture/similar assets | Finance travel/vacation | Start a new business | Others |

43. Have you ever failed to repay (default) the monthly instalment on a loan?

| | |
|-----|----------------|
| Yes | No (Go to C45) |
|-----|----------------|

44. What were the reasons for failing to repay (default) the loan? [IF C43=Yes]

| | | |
|---|---------------------------|---|
| Inadequate income | Intentionally did not pay | Service not available on repayment date |
| Emergency (Unforeseen medical or family issues) | Bank is too far | Others _____ |
| Too busy/forgot to pay | | |

45. You mentioned you have taken a loan or borrowed from a financial institution, please rate level of satisfaction with the following procedures for availing loans. * 5- Highly satisfied 4- Satisfied 3- Neither 2- Dissatisfied 1- Highly dissatisfied. [ONLY if C39 includes 4].

| | | |
|--------------------------------|------------------------------------|-------------------------|
| Time taken to approve the loan | Fees charged | Overall service quality |
| Documentation required | Friendliness of the credit officer | |

46. What are the reasons for not taking a loan or borrowing money? (respondent can choose multiple options) [ONLY if C38=No, multiple answer].

| | | | |
|--------------------|-----------------------------------|--------------------|--------|
| Not required | Discouraged by family and friends | Religious reasons | Others |
| Inability to repay | The process is too complicated | High interest rate | |

47. What is the main reason for not taking a loan or borrowing money? (based on answer from C47) [Only IF C47>1]

| | | | |
|--------------------|-----------------------------------|--------------------|--------|
| Not required | Discouraged by family and friends | Religious reasons | Others |
| Inability to repay | The process is too complicated | High interest rate | |

48. In the past 12 months, have you used the following services?[If 48_1 and 48_2 both = No; SKIP to SECTION D].

| | |
|--|---|
| Transferred money to someone living abroad | Received money from someone living abroad |
|--|---|

49. Which of the following channels did you use to send and receive the money?

| | | |
|---|---------------------|----------------|
| Send Money Abroad [ONLY if C48(1)=Yes] | TT/SWIFT | Friends/family |
| Receive Money from Abroad [ONLY if C48(2)=Yes] | Remittance Services | Others. |

50. Do you compare among the different channels in terms of fees/charges and exchange rates paid to use the remittances service?

| | |
|-----|----|
| Yes | No |
|-----|----|

10.4 Section D: Climate risks and climate resilience

The following section evaluates climate risks and assess how well respondents can mitigate and build financial resilience against the negative impacts of climate change.

1. Have you experienced a climate-related event (flooding caused by heavy rain fall / tidal swelling) in the past 12 months?

| | | |
|------------------------------|-----------------|-------------------------|
| Flooding (due to heavy rain) | Tidal waves | Heavy wind / Rough seas |
| Beach erosion | Not Experienced | Others specify |

2. Do you face repetitive damages and costs from these events? [ONLY If D1 is not equal to 4]

| | |
|-----|----|
| Yes | No |
|-----|----|

3. Was your source of income affected by a climate related event in the past 12 months? [ASK for all]

| | |
|-----|----|
| Yes | No |
|-----|----|

4. What was the estimated cost of damages in the past 12 months? (short answer – in numbers) [ONLY if D1 is not equal to 4, numeric]

5. How did you financially cope with this event?[ONLY if D1 or D0 = Yes, multiple answer]

| | | |
|--|----------------------------|--------------------------|
| Use savings | Ask from family or friends | Assistance from employer |
| Insurance | Sell assets | Was not able to cope |
| Borrow money from financial institution | Government assistance | Other - please specify |
| Borrow money from money lender (entities other than financial institution or friends and family) | Work for additional income | |

6. How long did it take to recover? [if D5 is answered]

| | | | |
|-------------------|--------------------|------------------|------------------|
| Less than 1 month | Less than 6 months | Less than a year | More than a year |
|-------------------|--------------------|------------------|------------------|

7. Should you experience a climate-related event tomorrow, how will you cope? [Ask for ALL, multiple answers]

| | | |
|--|----------------------------|----------------------------|
| Use savings | Ask from family or friends | Work for additional income |
| Insurance | Sell assets | Other - please specify |
| Borrow money from financial institution | Government assistance | Don't know |
| Borrow money from money lender (entities than financial institution or friends and family) | | |

8. Are you aware of any climate-related financial products and services available that you can take-up to protect your family and assets against climate related event? [Ask for ALL]

| | |
|----------------------|----|
| Yes (please specify) | No |
|----------------------|----|

QD_8_S: Coded under other:

| | | |
|-----------|-----------|--------|
| Insurance | Bank Loan | Others |
|-----------|-----------|--------|

9. Are you willing to spend money NOW to protect your family and properties/assets against climate-related events that may happen LATER? [Ask for ALL]

| | |
|-----|----------------|
| Yes | No (go to D11) |
|-----|----------------|

10. How will you spend money to protect your family and properties/assets against climate-related events? [ONLY if D0=yes]

| | | | | |
|---------|----------------|-----------|--------------------------------|------------------------|
| Savings | Credit product | Insurance | Wait for government assistance | Other - please specify |
|---------|----------------|-----------|--------------------------------|------------------------|

11. What is the main reason why you are not willing to spend money to protect your family and properties/ assets against climate-related events? (through insurance etc.) [ONLY if D0=no]

| | | |
|---|--------------------------------------|------------------------|
| I do not have enough money to spend on other things | Rely on family and friends to assist | Other - please specify |
| I do not need it | Wait for government assistance | |

12. Do you think there is a need for climate-related financial products and services? [Ask for all]

| | |
|-----|----------------|
| Yes | No (Go to D14) |
|-----|----------------|

13. Who should provide these? [Only if D12=yes]

| | | |
|------------------------|---|---|
| Financial Institutions | Government (fully subsidized financial product) | Government and Financial Institutions (partly subsidized financial product) |
|------------------------|---|---|

14. Why do you think there is no need for climate-related financial products and services? [Only if D12=No]

| | |
|---|------------------------|
| There are sufficient climate-related financial products already available | Not of use |
| Cannot trust | Other (please specify) |

10.5 Section E: Insurance

The following section seeks to measure the respondents' use of insurance related services. The respondent will be asked questions about the insurance product that they use and the reason for using or not using insurance services. This section will further try to understand the satisfaction level of the respondents towards insurance related services.

1. Do you understand what an insurance is? [Ask for all]

| | |
|-----|----|
| Yes | No |
|-----|----|

2. Do you currently use any insurance product? [Ask for all]

| | |
|-----|-----------------|
| Yes | No (Skip to E3) |
|-----|-----------------|

3. Have you ever used an insurance product? [ONLY if E2=No]

| | |
|----------------|----|
| Yes (Go to E5) | No |
|----------------|----|

4. What are the reasons for not using any insurance product? (Respondent can choose multiple options) [Only if E3=No, multiple answers]

| | | |
|---|---|------------------|
| Did not feel a need | Too costly | Religious reason |
| No insurance product available that fits my requirement | Too many documents are required | Other |
| Do not know about insurance | No insurance providers nearby. Too difficult/costly to go to a provider | |
| Not sufficient income | | |

5. What are the reasons for no longer using the insurance product? (Respondent can choose multiple options). [ONLY if E3 = yes, multiple answers]

| | | | |
|------------------------------------|-------------------------------|------------------|--------|
| There is no longer a need | Reduction in income | Religious reason | Others |
| The policy is not relevant anymore | The policy was not beneficial | Left/Changed job | |

6. What kind of insurance product did you use in the past and you are no longer using? (Read the options and respondents can choose multiple options) [if E2 or E1=yes]

| | | | |
|--------------------|------------------------------|---|------------------|
| Life insurance | Home insurance | Business insurance (property, machinery, stock) | Health Insurance |
| General takaful | Vehicle insurance | Agri-cultural insurance | None |
| Family takaful | Loan / credit card insurance | Climate-risk insurance | Other |
| Accident insurance | | | |

7. Which of the following insurance products do you currently use? (Respondent can choose multiple options) [ONLY if E2=yes, multiple answers]

| | | |
|--------------------|---|-------------------------|
| Life insurance | Home insurance | Agri-cultural insurance |
| General takaful | Vehicle insurance | Climate-risk insurance |
| Family takaful | Loan / credit card insurance | Health insurance |
| Accident insurance | Business insurance (property, machinery, stock) | Other |

8. What are the reasons for using the insurance product you currently have? (Respondent can choose multiple options). [ONLY if E2=yes].

| | | |
|-----------------|---|--------|
| To cover risk | Required by other institutions (e.g. Banks) | Others |
| Required by law | Recommended by family and friends | |

9. How did you get the insurance product you currently have? (Respondent can choose multiple options). [ONLY if E2=yes, multiple answers].

| | | |
|---|--|----------------------------------|
| Through my employer (offered as part of my contract) | The bank or financial institution contracted the insurance to cover a credit or loan | I do not know [Exclusive answer] |
| I contracted through the insurance provider or their agent/broker | A family member contracted the insurance and I am a beneficiary | No response [Exclusive answer] |

10. Are you aware of the amount/cost of the premium(s) paid for your insurance? [ONLY if E2=yes]

| | | |
|-----|----|-------------|
| Yes | No | No response |
|-----|----|-------------|

11. Did you compare between different insurance products/brands and/or insurance companies before choosing the insurance holding? [ONLY if E2=yes]

| | |
|-----|----|
| Yes | No |
|-----|----|

12. In the last 2 years, have you made an insurance claim or received benefits? [ONLY if E2=yes]

| | |
|---------------|----------------|
| Yes [Ask E13] | No (Go to E16) |
|---------------|----------------|

13. Did the insurance company settle your claim?

| | |
|-----------------|--------------|
| Yes (Go to E15) | No (Ask E14) |
|-----------------|--------------|

14. What was the reason for the insurance company rejecting your claim? (Respondent can choose multiple options). [Only if E13 = No, multiple answers]

| | | |
|-----------------------|-------------------------------|---------------|
| Not covered by policy | Incomplete documentation | Policy lapsed |
| False claim | Refused without justification | Other |

15. Rate the level of your satisfaction with the following procedures for claiming insurance benefits. * 5- Highly satisfied 4- Satisfied 3- Neither 2- Dissatisfied 1- Highly dissatisfied. [IF E12=Yes]

| | |
|---------------------------------|---|
| Documentation required | Helpfulness of the staff during the claim |
| Time taken to settle the claims | Amount compensated |

16. Which of the following insurance service providers do you MOSTLY use? [ONLY if E2=yes]

| | | |
|---------------------|------------------|-------------------|
| Insurance Companies | Insurance Agents | Insurance Brokers |
|---------------------|------------------|-------------------|

17. Rate the level of your satisfaction with the following services and attributes of the insurance companies, and their agents/broker.

* 5- Highly satisfied 4- Satisfied 3- Neither 2- Dissatisfied 1- Highly dissatisfied. [ONLY if E2=yes]

Insurance Company [ONLY if E16=1]; Agent/broker [ONLY if E16=2 or 3]

| | | |
|--|---|----------------------------------|
| Clear explanation of insurance products and features | Clear explanation of exclusions and limitations | Reliability of services provided |
| Clear explanation of fees/premiums charged | Clear explanation of insurance claim procedures | Speediness of service provided |

18. Rate the level of your satisfaction with the following attributes of the insurance products. * 5- Highly satisfied 4- Satisfied 3- Neither 2- Dissatisfied 1- Highly dissatisfied. [ONLY if E2=yes]

| | |
|---|--|
| Relevance of the products to your need | Level of benefits and compensation |
| Premium and fees charged for the insurance policy | Ease of claiming benefits and compensation |
| Terms and conditions of the insurance policy | |

19. In case of a complaint or a dispute with an insurance product, do you know who or where can this be resolved?

[ONLY if E2=yes]

| | | | |
|----------|---------------------|--------|------------|
| Employer | Insurance companies | Others | Don't know |
|----------|---------------------|--------|------------|

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10.7 Section F: Consumer Protection

The following section is on consumer protection. The questions asked will try to evaluate the knowledge and understanding of the respondents regarding various aspects of consumer protection. This includes knowledge of fees and interest rates charged for financial services and understanding of consumer rights and responsibilities.

[Skip Section F if C1=no (Bank Account); AND E3=No (never used an Insurance product); AND C0 =answered (not using mobile pay by telecom); AND C38=no (borrowed/taken a loan)]

1. Do you search and compare similar financial products before making a financial decision?

| | |
|-----|----|
| Yes | No |
|-----|----|

2. Do you know where or to whom to inquire the amount of fees, charges, interest rates and other costs related to the financial service?

| | |
|-----|----|
| Yes | No |
|-----|----|

3. Do you actively compare and choose/select between different financial products offered and between financial institutions in terms of the amount of the fees, charges, interest rates and other costs associated with the financial service?

| | | |
|--------|-----------|-------|
| Always | Sometimes | Never |
|--------|-----------|-------|

4. How often do you read financial contracts before entering into an agreement?

| | | |
|--------|-----------|-------|
| Always | Sometimes | Never |
|--------|-----------|-------|

5. Do you fully understand the terms and conditions of the agreement before signing the contract? [ONLY if F4 is 2 or 3]

| | |
|----------------|----|
| Yes (Go to F7) | No |
|----------------|----|

6. If you have difficulties in understanding the terms and conditions, do you ask the financial institution for clarification? [ONLY for F5=No]

| | |
|-----|----|
| Yes | No |
|-----|----|

7. Do you know your rights while entering into any financial contract?

| | |
|-----|----|
| Yes | No |
|-----|----|

8. Do you know your roles and responsibilities if you are the guarantor for any credit facility? [INTERVIEWER – Mark not applicable if they say they have not guaranteed any credit]

| | | |
|-----|----|----------------|
| Yes | No | Not Applicable |
|-----|----|----------------|

9. Do you know that your financial responsibility as a guarantor is considered in determining your credit history?

| | |
|-----|----|
| Yes | No |
|-----|----|

10. Have you encountered any disputes with financial institution?

| | |
|-----|----------------|
| Yes | No (Go to F14) |
|-----|----------------|

11. What dispute or claim have you experienced with a financial institution? (respondent can choose multiple options) [ONLY If F0=Yes, multiple answers]

| | | |
|---|---|---|
| Charge not authorized in my deposit account | Unauthorized transaction | Scam |
| Charge not authorized in my credit card | Mistreatment/disrespect in the branch | Misuse of my password to my financial service (ATM, mobile money) |
| Too high interest rate | The contract of my financial service was misleading | Poor customer service |
| Disruption in the service provided | My debit/credit card was kept in the ATM | Other |

12. Where do you lodge your complaints? [ONLY If F0=Yes, single choice]

| | | |
|------------------------------------|--|-------------------------|
| Report it to financial institution | I did not know where or to whom lodge my complaint (Go to F14) | No response (Go to F14) |
| Report it to MMA | Others | |

13. How satisfied are you with the complaints handling mechanism established at financial institution?

[SKIP If F12=4 or 5]

| | | |
|-----------|--------------|---------|
| Satisfied | Dissatisfied | Neither |
|-----------|--------------|---------|

14. Do you know if there are any laws/regulations protecting the rights of financial consumers?

| | | |
|-----|----|----------|
| Yes | No | Not sure |
|-----|----|----------|

108 Section G: Financial Literacy

The following section measures the financial literacy of the respondents. The questions asked evaluate respondent's financial knowledge related to interest rate, inflation and risk diversification. The questions also measure the numerical abilities of the respondent.

1. Assume you have 4 children and you give them MVR 100 to share among them. How much would each child get if they shared the MVR 100 equally among them.

| | |
|---------|------------|
| Answer: | Don't know |
|---------|------------|

2. Imagine you wait one year before giving them the MVR 100. In one year's, time will they be able to buy: [Skip if G1 = don't know]

| | |
|--|--|
| More with their share of the money than they could today | Less than what they could buy today |
| The same amount | It depends on the increase or decrease in the cost of living |

3. You lend your friend MVR 100 today and one week later he repays MVR 55 and another week later he repays MVR 45, how much has your friend paid as interest to you?

| | |
|----------|------------|
| Answer = | Don't know |
|----------|------------|

4. You borrow MVR 100 from your friend, and he says to pay him back in one month with 10% simple interest. At the end of one month how much would you have to pay your friend in total?

| | |
|----------|------------|
| Answer = | Don't know |
|----------|------------|

5. Suppose you deposit MVR 100 into a savings account that pays a guaranteed interest rate of 2% per year. You don't deposit any additional money into the account, and you don't withdraw any money from the account. How much would be in the account at the end of the first year after interest has been calculated?

| | |
|----------|------------|
| Answer = | Don't know |
|----------|------------|

6. How much money would be in the account at the end of five years? [SKIP if G5=Don't know]

| | |
|-------------------|---|
| More than MVR 110 | Less than MVR 110 |
| Exactly MVR 110 | It is impossible to know from the information given |

7. Suppose you borrow MVR 100 from the bank at 10% interest per year for five years. How much will you have paid as interest to the bank at the end of the loan period?

| | | |
|----------|---|------------|
| Answer = | It is impossible to know from the information given | Don't know |
|----------|---|------------|

8. Suppose you have some money. Is it safer to put your money into one business or investment, or to put your money into multiple businesses or investments?

| | | |
|----------------------------|------------------------------------|------------|
| one business or investment | multiple businesses or investments | don't know |
|----------------------------|------------------------------------|------------|

9. Suppose you put money in the bank for two years and the bank agrees to add 15 percent per year to your account. Will the bank add more money to your account the second year than it did the first year, or will it add the same amount of money both years?

| | | |
|------|----------|------------|
| more | the same | don't know |
|------|----------|------------|

10. Suppose over the next 10 years the prices of the things you buy double. If your income also doubles, will you be able to buy

| | | | |
|------|----------|------|------------|
| less | the same | more | don't know |
|------|----------|------|------------|

11. What is your opinion on including financial or money managing knowledge components in the school academic curriculum?

| | | |
|--|---------------------|--------------------------------------|
| It is the best way to teach financial skills to kids | It is not necessary | There are better alternatives. E.g.; |
|--|---------------------|--------------------------------------|

Thank you for your responses

