



The Vivian Group Ltd.

Project Brief

Financial Inclusion – What does this look like for Bahamians?



Project briefs provide an overview of projects undertaken by The Vivian Group Ltd., including general discussion of outputs/deliverables, findings and/or takeaways. They are shared to add value to discourse on the subject matter.

Content

1. Background
2. Objective
3. Who Participated?
4. The Focus Group Tool
5. What did we Learn?
6. Project Takeaways

Tables:

Table 1: Age Ranges, Financial Inclusion Focus Group Participants

Table 2: Income Ranges, Financial Inclusion Focus Group Participants

Acronyms & Abbreviations

ABM	Automatic Banking Machine
CBDC	Central Bank Digital Currency
CBO	Community Based Organisation
MTB	Money Transmission Business
OECD	Organisation for Economic Cooperation and Development
PSP	Payment Service Provider

1. Background

This is an independent Vivian Group Ltd. project. It began with an interest in the Central Bank of The Bahamas (The Bank) digital currency, the Sand Dollar. Specifically, the demand side experience. The consumer perspective on the utility of the instrument.

The focus however evolved into a need for clarification of how a few fundamental concepts were perceived.

Financial inclusion is the wider objective for the central bank's digital currency (CBDC). Financial inclusion having been broadly expressed as ensuring that all residents in The Bahamas are able to access financial services. The Bank describes in particular, "underserved communities and socioeconomic groups", people considered "unbanked or underbanked" as targets to particularly benefit from the tool.

Recognising how the demography of individuals could vary the nature of people's needs and uses for financial services and define challenges they might have accessing the financial services system differently; this exercise sought to augment the data and information supporting the work of The Bank, with the voice of communities the Sand Dollar is targeted to serve.

2. Objective

We wanted therefore to bring individual perspective to the concept of financial inclusion, and identify and understand underlying factors shaping these perspectives. We chose to initiate the process with community-based focus groups. Policies can only be as good as their understanding of the people and situations that they're projected to serve.

3. Who Participated?

The Vivian Group Ltd executed five community-based focus groups. We reached out to community-based organisations (CBO) to help us facilitate these focus groups. The CBOs were asked to provide the physical space for the focus groups and to identify ten volunteers (18 years and older) from within the CBOs respective communities. This included persons within the physical community served by the CBOs and/or persons within the service needs areas provided by the CBO. One of the groups was dedicated solely to seniors (retirees).

Participating CBOs included in alphabetical order:

- Christ the King Anglican Church
- Golden Isles Constituency Office
- Lend a Hand Bahamas
- Organisation for Responsible Governance
- St. Barnabas Anglican Church [senior's group]

These focus groups were conducted during the month of February, and a total of fifty (50) individuals participated in the exercise. Participants included:

- 37 women (74%) and 13 men (26%)
- 39 employed persons (78%), 9 retirees (18%) and 2 individuals who were unable to work (4%)
- 46 (92%) participants had completed at least a secondary school level education

The age range of participants is reflected in Table 1 and participants' income ranges in Table 2. Income data is expressed as monthly estimates, and reflect participants most recent earnings.

Monthly estimates are used as opposed to annual, in consideration of participants who were wage earners.

Table 1: Age Ranges, Financial Inclusion Focus Group Participants

Year	Participants
18 – 24	18%
25 – 34	26%
35 – 44	12%
45 – 54	14%
55 – 64	14%
65 and over	16%

Table 2: Monthly Income Ranges, Financial Inclusion Focus Group Participants

Monthly Income Range	Participants
Less than \$1,000	29%
\$1,000 - \$1,499	35%
\$1,500 - \$1,999	12%
\$2,000 - \$2,499	6%
\$2,500 - \$2,999	6%
\$3,000 - \$3,999	4%
\$4,000 - \$4,999	2%
\$5,000 and over	6%

4. The Focus Group Tool

As a guide for our focus group discussions, we tested a survey tool, that was adapted in part from an OECD model measuring financial literacy¹ and from a financial inclusion survey conducted by the Maldives Monetary Authority². The tool was structured around the concepts of Financial Literacy and Financial Resilience, while also providing means for general assessment of the nature and scope of people’s interaction with the financial services system.

¹ OECD International Network on Financial Education (INFE) (2011). Measuring Financial Literacy: Core Questionnaire in *Measuring Financial Literacy: Questionnaire and Guidance Notes for Conducting and Internationally Comparable Survey of Financial Literacy*. Paris: OECD.

² FJS Consulting Pvt. Ltd. (2022). *National Financial Inclusion Survey 2022*. Maldives Monetary Authority: Maldives.

The framework comprised the following sections:

- Financial Products. To help gauge people's awareness and understanding of financial products available in The Bahamas.
- Behaviour & Perceptions. To help gain insights into people's general attitude towards money and money management.
- Expenditure & Saving: A practical look at people's day-to-day realities of budgeting, spending and savings; and how people tended to meet their top spending obligations.
- Banking & Digital Payments: Banking instruments held by participants, internet access and the transactional services used.
- Climate Finance: A snapshot of any damages suffered as a result of climate events.
- Insurance: A general look at the scope of people's coverage and reasons behind choices to own or not own insurance products.
- Understanding Dollars & Cents: A quick look at concepts like inflation, interest rates, risk and return.

Demographic information was also collected, providing necessary context for participant responses.

5. What Did We Learn?

Financial Literacy:

- There was a general awareness among participants of the various financial products available to individuals in The Bahamas.
- People generally tried to budget, but a somewhat consistent struggle of adapting expenditure priorities to available income sources made sticking to budgets challenging.
- There was general understanding among participants about concepts of inflation and purchasing power.
- Participants generally struggled with how interest rates work.

Financial Resilience:

- Thirty-eight (38) participants (76%) had experienced not being able to cover living expenses at some point during the 12 months preceding the focus group.
- More than half (55%) would need assistance or have to incur debt, if an emergency arose that was equivalent to one month's income.
- If their income suddenly ceased today 34% of participants (17) had no idea how long they'd manage without assistance, 10% estimated that they'd be able to meet basic expenses for less than one week, 16% for less than one month.

Interaction with Banking System:

- Most participants (44 or 88%) owned a bank account.
- Of the six (6) non-holders of bank accounts, two (2) participants had never owned a bank account.
- The main reason given for never having owned a bank account, is not having enough money.
- Most frequently occurring responses for participants' reasons for opening a bank account, savings (32%), to receive my paycheck (30%), to receive pension payments (10%) and to safeguard my money (10%).
- Seniors are more likely than others to do in-branch banking.

- ABM Predominant means for cash deposits and cash withdrawals for bank account holders.
- Online banking services were predominantly used by participants for the purpose of funds transfers. Response options to this question included MTBs and PSPs.
- General fear/distrust among seniors surrounding the CBDC.
- Seniors no longer saving, little to no deposit transactions, mainly withdrawals.
- All participants owned a cellphone.
- Most use their cellphone to access the internet. Thirty-six (36) always (72%), 9 (18%) sometimes and 5 (10%) never.
- More than a third (18 or 36%) relied on free WiFi to access the internet. Two (2) participants (4%) do not use the internet at all.

Coping with Climate Events:

- Half (25) of participants at some point suffered damages as a result of a climate event.
- Cost estimates for approximately half (12) of those suffering damages (12) were in the range of \$1,000 to \$5,000. Damages exceeded \$5,000 for eight persons with two of those eight experiencing damages in excess of \$20,000.
- Five individuals used personal savings to cover their damages. Others used insurance (1), government assistance (7) bank loans (2) and private assistance (4). Six are still recovering.

Insurance

- Three (6%) participants indicated they did not understand what insurance is.
- Thirty-six (72%) participants held some type of insurance.
- Twenty-seven (54%) participants owned life insurance.
- Nine (18%) participants owned home insurance.
- Seventeen (34%) participants owned health/medical insurance.
- Twenty-six (52%) participants owned vehicle insurance.
- The primary reason for those not having insurance products was that it is simply too expensive.

6. Project Takeaways

- A wider financial inclusion survey exercise would be a helpful underpinning for policy decisions.
- Given the broad findings associated with financial resilience, a closer look at household financial vulnerability would also be a particularly meaningful exercise.

E N D

The Vivian Group Ltd.

Nassau, The Bahamas

✉: getinfo@viviangroupbahamas.com

☎: +1 242 326 3174

🌐: www.viviangroupbahamas.com