African Journal of Accounting and Financial Research
ISSN: 2682-6690
Volume 4, Issue 1, 2020 (pp. 50-63)
www.abjournals.org

THE DETERMINANTS OF FINANCIAL INCLUSION AMONG SOCIAL CASH TRANSFER BENEFICIARIES IN LUSAKA DISTRICT

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ABSTRACT: *The main purpose of this study was to examine the determinants of financial inclusion among social cash transfer beneficiaries in Lusaka District. Use of various banking services like savings behaviour, credit payments, remittance, financial literacy and frequency of withdrawals are the multiple levels in financial inclusion. Hence in this study other dimensions of financial inclusion were used such as deposits, insurance services, investment in stocks and government bonds were also considered. The results of this study was characterised by low banking levels and insurance policy uptake with no investment in stocks and government bonds but with high use of village banking among social cash transfer beneficiaries. Additionally, most of social cash transfer beneficiary households are engaged in village banking or informal financial relationships among themselves which may not be guaranteed as safe and reliable and there is need to integrate the informal and formal financial markets because the volume of informal activity among social cash transfer beneficiaries is far greater than that of organised financial institutions. Furthermore, non-affordability and lack of financial education were found to be closely related to financial exclusion. Hence the efforts at financial education put in place by financial institutions and improving the income levels for social cash transfer beneficiaries can promote financial inclusion.*

KEYWORDS: Social Cash Transfer, Financial Inclusion, Financial Education, Determinants, Deposits, Insurance Services, Stocks and Government Bonds.

INTRODUCTION

Access to affordable financial services is linked to overcoming poverty, reducing income disparities, and increasing economic growth. The unbanked poor have limited or no access to financial services such as savings, loans, credit, insurance, or payments. This constrains their ability to cope with unexpected expenditures, take advantage of economic and educational opportunities, participate in business transactions, and send and receive remittances. Ravi and Tyler, (2012) cited that income factor is one of the greatest barriers to savings by the poor and by extension a key contributor to financial exclusion. Cash transfers are direct, regular and predictable non-contributory cash payments that help poor and vulnerable households to raise and smooth incomes (DFID, 2011).

Financial inclusion can be defined as ensuring access to appropriate financial products and services at an affordable cost in a fair and transparent manner (FATF, 2013). In general terms, financial inclusion involves providing access to an adequate range of safe, convenient and affordable financial services to disadvantaged and other vulnerable groups, including low income, rural and undocumented persons, who have been underserved or excluded from the formal financial sector.

Uddin et al. (2017) investigated the determinants of financial inclusion in Bangladesh during the period 2005–2014. The study employed the generalised method of moments and the quantile regression approach. The study distinguished between the supply side and demand side determinants of financial inclusion. The study established size of a bank, efficiency, and the interest rates as supply side determinants, while literacy rate and age dependency ratio were demand factors. Zins and Weill (2016) investigated the determinants of financial inclusion in Africa using the World Bank's Global Findex data base on 37 African countries. The study employed the probit estimation method and found that financial inclusion was determined by gender, age and educational levels with a higher influence of education and income.

Soumaré et al. (2016) studied the factors determining financial inclusion in Central and West Africa. The study employed the Global Financial Inclusion database (Global Findex). The authors found that financial inclusions were driven by gender, education, age, income, residence area, employment status, marital status, household size and degree of trust in financial institutions. The results imply that financial inclusion is mostly affected by the individual attributes in the Central and West African countries. The study identified that there were some differences between Central Africa and West Africa. Gender was a positive significant determinant of financial inclusion in Central Africa while income was significant in West Africa.

Access to financial services by especially the poor can help smooth consumption and effectively meet the other needs categorized by Rutherford, (2000) into life-cycle events, emergency needs, and investment opportunities. Bold et al., (2012) stated that the situation of low-income countries was a limiting factor to draw general conclusions from their studies, since these countries often have less financial infrastructure, smaller populations, and a weaker enabling environment. In comparison to many low income countries, the Zambian financial infrastructure is growing rapidly as well as the use of social cash transfer interventions. Given the unique financial infrastructure that encompasses mobile banking and branchless banking, Zambia is a rich field to study the determinants of financial inclusion among social cash transfer beneficiaries in Lusaka District.

Aim of the Study

The study aims at exploring the determinants of financial inclusion among social cash transfer beneficiaries in Lusaka District.

LITERATURE REVIEW

Financial Inclusion

Financial inclusion refers to timely delivery of financial services to disadvantaged sections of the society (United Nations, 2006). Financial inclusion ensures that customers have access to a range of formal financial services, from simple credit and savings services to the more complex such as insurance and pensions. The obstacles to financial exclusion include: unfriendly business environment, lack of sustainable growth; insufficient infrastructure; geographical location e.g. rural area - limiting physical access; psychology - fear of financial institution's staff, structures, complicated financial products, etc.; information - lack of knowledge regarding products and procedures; low income and poor financial discipline; and poor business practices (Gardeva and Rhyne, 2011; Shafi and Medabesh, 2012).

Determinants of Financial Inclusion

Financial inclusion can improve national output if it involves a large share of the population (Naceur et al., 2015). Financial inclusion has the potential to improve individual and household welfare, spur small enterprise activity, increase economic growth and employment, as well as improve effective execution of social policies and development priorities. There are a number of studies that have focused on the determinants of financial inclusion in Africa (Uddin et al., 2017; Zins and Weill, 2016; Olaniyi and Adeoye, 2016; Musa et al., 2015; Akudugu, 2013) which has been done at either country level or regional level with divergence in the results.

Empirical Literature

Efobi et al (2014) explored the factors influencing the access to and use of banking services in Nigeria. The results reveal that the individual attributes, income and ICT inclination are significant factors influencing the use of bank services in Nigeria.

Allen et al (2012) examined whether greater account ownership and use of accounts are associated with affordable cost and greater proximity to financial intermediaries. Lower-fee accounts, exempting depositors from documentation requirements, allowing correspondence banking and using bank accounts to receive government financial benefits are the special effective initiatives that were found to promote financial inclusion among those likely to be excluded.

Demirguc-Kunt and Klapper (2013) measured financial inclusion through variation in use of financial services across and within countries. It was observed that having an account at financial institutions serves as an entry point into the formal financial sector. It was concluded that bank accounts, savings and credit highlight the distinction in various countries' level of financial inclusion. It was also observed that account ownership was influenced by the individual income level and shows variation in the use of formal and informal saving and credit mechanisms between the poor and the rich within different countries.

Financial Inclusion among Social Cash Transfer Beneficiaries

In their study of Brazil, Colombia, Mexico and South Africa, Bold et al, (2012) bases the influence of social cash transfers on financial inclusions in three broad views encompassing: (i) the government's design and implementation of cash transfers such as long-term transfer interventions, adopting payment approaches that link to financial services and promote use of these services; (ii) uptake of financial services by the poor based on consistent income, financial literacy and attitudes; and (iii) the ability of financial institutions to provide financially inclusive services to beneficiaries on a profitable basis.

Financial Inclusion in Zambia

Financial inclusion in Zambia has improved in recent years. The Zambia FinScope surveys (undertaken in 2005, 2009, and 2015) measure financial inclusion in terms of access and usage of both informal and formal financial services and have recorded a significant increase. Between 2009 and 2015 access and usage increased from 37% to 59% (FinScope, 2009, 2015). The World Bank Global Findex Survey of 2014 finds a similarly large increase in the ownership of transaction accounts: between 2011 and 2014 the percentage of adults with an account at a formal financial service provider increased by 15 percentage points to 36%. This is equivalent to an increase of 1.2 million new account holders.

RESEARCH METHODS

Research Design and Approach

The study adopted a descriptive survey guided by questions from the Global Findex indicators that measure the determinants of financial inclusion, which is distinct from but inclusive of access to financial services (Demirguc and Klapper, 2012).

Study area or Site

The study was conducted in Lusaka District provincial capital for Lusaka Province as well the capital city of Zambia. The study targeted social cash transfer beneficiaries being paid electronically in Kalingalinga compound and Mtendere Township.

Study Population and Unit of Analysis

The target population consisted of 1000 individuals located in Kalingalinga compound and Mtendere Township. Individuals were specifically considered because the study is demand side focused at an individual level, and they were able to inform the study on the determinants relating to financial inclusion.

Sample Size and Selection

A sample size of 200 individuals was targeted. This was determined by adopting Yamane (1973)'s sample size selection approach. According to Yamane's formula, sample size is determined by: n = N/1+N$(e)^2$ where: n- is a sample size; N- is total population; and e- is tolerable error. Yamane's sample selection approach was preferred because it fairly yields a fairly representative sample.

Sampling Procedure

This study used a multi-stage and stratified sampling method. Consequently, the selection of peri-urban areas was based on the payment list generated from the social cash transfer Management Information System at the department of social welfare, Lusaka District.

Stage one – selection of the two peri-urban sites:

Stage three – selection of households with a member who had a considerable level of education

Stage three: Selection of respondents

African Journal of Accounting and Financial Research
ISSN: 2682-6690
Volume 4, Issue 1, 2020 (pp. 50-63)

RESULT PRESENTATION

Biographical data of respondents

The biographical data was analysed in this section by means of descriptive statistics, utilizing charts in order to understand the sample under consideration. The gender of the respondents indicated that 43.8% (85) of them were males and 56.2% (109) were females.

Age Bracket Analysis

The age groups of the respondents that there was (3) 1.5% respondent in the age group under 18; (17) 8.8% in the age group 18 to 35; (55) 28.4% for the age group 36 to 50; (33) 64% respondents were in the age group 51 to 65 and (55) 28.4% in the over 65 years' age bracket. The age groups (51 to 65) dominated the study while age groups 18-35 and 51-65 had the same number of respondents.

Social Cash Transfer Amount Received by Beneficiaries

Table 2: Amount Received by Beneficiaries per Bi-monthly

	Frequency	Percent
Beneficiaries getting K360	125	64.4
Beneficiaries getting K180	69	35.6
Total	194	100.0

Source: Field Data

For the amount received by beneficiaries per bi-monthly, table 2 above shows that 64.4% receive K360 every after two months belonging to the category of either cash transfer for people with severe disability or cash transfer for people who are chronically ill and on palliative care. On the other hand, 35.6% receive K180 every after two months belonging to the category of either cash transfer for old people (65 years and above) or cash transfer for female headed households or cash transfer for child headed household.

Beneficiaries' Level of Importance to the financial inclusion determinants

Table 3: Beneficiaries' Level of Importance to the financial inclusion determinants

	Not very important	Not important	Somewhat important	Important	Very important
Depositing Money	0.0% 0	20.1% 39	13.4% 26	64.9% 126	1.5% 3
Having Insurance Policy	0.0% 0	41.2% 80	21.6% 42	37.1% 72	0.0% 0
Investing in Stocks	2.1% 4	79.4% 154	18.6% 36	0.0% 0	0.0% 0
Investing in Government Bonds	2.1% 4	80.9% 157	17.0% 33	0.0% 0	0.0% 0

Putting Money into Credit Union or Village Bank	0.0% 0	19.1% 37	10.8% 21	49.0% 95	21.1% 41

Source: Field Data

In the case of social cash transfer beneficiaries in Lusaka Kalingalinga compound and Mtendere township with regards to depositing money in order to get a return, 20.1% consider it not to be important and on the other hand 13.4% said it is somewhat important, 64.9% consider it to be important while only 1.5% said it is very important. For insurance policy 41.2% consider it not important, 21.6% regard it as somewhat important and 37.1% important. As for investing in stock market 2.1% said it is not very important, 79.4% not important and 18.6% somewhat important. Investing in Government bonds and other debt instruments was also rated as follows; 2.1% considers it not very important, 80.9% not important and 17.0% somewhat important.

Putting money into a credit union or village bank has very interesting responses with 19.1% rating it as not important, 10.8% somewhat important, 49.0% important and 21.1% said it is very important.

Beneficiaries Financial Inclusion after Joining the Programme

Table 3: Beneficiaries Level of Inclusion

Beneficiaries Financial Inclusion after joining the Programme	YES (%)	NO (%)
Depositing Money	20.6	79.4
Having Insurance Policy	3.1	96.9
Investing in Stocks	0	100
Investing in Government Bonds	0	100
Putting Money into Credit Union or Village Bank	59.8	40.2

In Table 3 shows 20.6% of respondents are involved in banking while 79.4% are not. The figure also indicates that only 3.1% of respondents have an insurance policy and 96.9% have no insurance policy of any kind. It is also important to note that those who indicated that they have an insurance policy where referring to the funeral insurance bought by their children in which they are also beneficiaries.

However, it is interesting to note that 59.8% respondents are into wealth management referring to putting money into a village bank or saving groups in order to generate superior returns for their clients and also able to access loans from the save village banks.

From the results above it is evident that social cash transfer beneficiaries utilise informal financial facilities more than forma financial facilities hence, financially excluded as indicated by very low banking and insurance uptake.

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ISSN: 2682-6690
Volume 4, Issue 1, 2020 (pp. 50-63)
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Table 4: Banking, Insurance Policy and Wealth Management *SCT Amount Received by Beneficiaries Crosstabulation.

	K360		K180	
	YES	**NO**	**YES**	**NO**
Am involved in Banking	25	100	15	53
In now have an Insurance Policy	6	119	0	69
I am into wealth management	72	53	44	25

Table 4 above shows that out of 125 respondents getting K360 per bi-monthly, only 25 have access to banking services, also out of 125 respondents only 6 have an insurance policy. However, out of 125 respondents 72 of them reported to be in wealth management in this case they meant village banking. For the respondents who get K180 per bi-monthly, out of 69 respondents for each service only 15 respondents are into banking and no respondent from this category reported to have an insurance policy. However, 44 respondents reported to be into village banking.

Factors Hindering SCT Beneficiaries from Accessing Financial Services

Table 5: Factors Hindering SCT Beneficiaries from Accessing Banking Services

Reasons for not being into Banking	YES	NO
I am not into banking as I cannot afford it.	67.0%	12.4%
I am not into banking as I do not need it	19.1%	60.3%
I have not had financial education	76.3%	3.1%
I am not into banking as I have nothing valuable to begin with	42.8%	36.6%

Source: Field Data

In Table 5 above, out of 79.4% not into banking for each factor above, 67.0% indicated that they cannot afford it and 12.4% shows that this is not the reason why they are not involved in banking. The table also shows that 76.3% lake financial education as a reason why they are not into banking. Another interesting result is that only 19.1% respondents do not need the banking service implying that most of the respondents need the service but they can either not afford it, or lake financial education or they have nothing valuable to begin with.

Table 6: Factors Hindering SCT Beneficiaries from Accessing an Insurance Policy

Reasons for not being having an insurance policy	YES	NO
I do not an insurance policy as I cannot afford it.	89.2%	7.7%
I do not have an insurance policy as I do not need it	40.7%	56.2%
I do not have an insurance policy as I have had no insurance education	90.7%	6.2%
I do not have an insurance policy as I have nothing valuable to begin with	73.2%	23.7%

Source: Field Data

In Table 7 above, out of 96.9% do not have an insurance policy for each factor above, 89.2% indicated that they cannot afford it and 7.7% shows that this is not the reason why they have no insurance policy. The table also shows that 90.7% lake financial education as a reason why they have no insurance policy. The results also show that only 40.7% respondents do not need the insurance policy of any kind, implying that most of the respondents need the service but they can either not afford it or lake financial education and also a significant percentage of 73.2% respondents indicated that they have nothing valuable to begin with for them to have an insurance policy.

Table 8: Factors Hindering SCT Beneficiaries from Investing in the Stock Market

	YES	NO
I am not into stock marketing as I cannot afford it.	95.4%	4.6%
I am not into stock marketing as I do not need it	83.0%	17.0%
I have not had stock marketing education	92.3%	7.7%
I am not into stock marketing as I have nothing valuable to begin with	94.3%	5.7%

The results in table 79 shows that all the four factors are contributing to respondent's failure to invest in stock market with the inability to afford being the major one rated at 95.4%.

Table 9: Factors Hindering SCT Beneficiaries from Investing in Government Bonds or other Debt Instruments

	YES	NO
I am not into Govt Bonds or other Debt instruments as I can afford it.	95.4%	4.6%
I am not into Govt Bonds or other Debt instruments as do not need it	84.5%	15.5%
I am not into Govt Bonds or other Debt instruments as I have nothing valuable to begin with	92.3%	7.7%
I have had no education on Govt Bonds or other Debt instruments	95.9%	4.1%

Similarly, to table 8, Table 9 also indicates that all the four factors are contributing to respondent's failure to invest in Government Bonds or other Debt Instruments with lake of financial education on government bonds being the major factor 95.9% and inability to afford it being the second factor rated at 95.4%. This indicates that social cash transfer beneficiaries are not aware of debt instruments and have also no education on stock market and the benefits that come with an investment in stocks.

Table 10: Factors Hindering SCT Beneficiaries from being in Wealth Management

	YES	NO
I am not into Wealth Management as I cannot afford it	8.2%	32.0%
I am not into Wealth Management as I do not need it	16.0%	24.2%
I am not into Wealth Management as I have nothing valuable to begin with	35.6%	4.6%
I have had no Wealth Management education	3.1%	37.1%

African Journal of Accounting and Financial Research
ISSN: 2682-6690
Volume 4, Issue 1, 2020 (pp. 50-63)
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Table 10 above shows that only 8.2% respondents would not afford being into wealth management (in this case village banking) and 16.0% did not need the service. Whereas 35.6% had nothing valuable to begin with and 3.1% indicated that they had no wealth management education. The results imply that the majority of social cash transfer beneficiary's respondents are into wealth management of village banking. This means that they keep money at home and do not bank it. This can be concluded that there is financial exclusion among SCT beneficiaries in Kalingalinga compound and Mtendere Township.

DISCUSSION OF RESULTS

Determinants of financial inclusion among social cash transfer beneficiaries in Lusaka District

In this study the importance attached to depositing money into a bank account, having an insurance policy, stock market investment and investment in government bonds were employed as the main indicators of financial inclusion.

The results indicate that more beneficiaries consider depositing money, having an insurance policy and saving with a village bank to be cardinal. This can be concluded that for social cash transfer beneficiaries depositing money and having an insurance policy determines financial inclusion as opposed to investing in the stock market and government bonds. The literature indicates that access to efficient deposits, credit and insurance services allows the poor to smoothen consumption when hit with income or expenditure shocks (Jappelli and Pagano, 1989; Bacchetta and Gerlach, 1997; Ludvigson, 1999). The most obvious example is the need to keep children at home for work purposes rather to send them to school; being able to access efficient savings, credit and insurance services to smooth income or expenditure shocks reduces the need to do so.

Empirical studies have also shown that individuals greatly benefit from financial inclusion through the ability to have a safe place to keep their money in the form of savings or deposits, reliable access to remittances and other payments services, loans or insurance payments to cover health or education expenses, and other uncertainties, often from one financial services provider (Pearce, 2011). Siddik et al. (2016) studied the determinants of financial inclusion among the poor in Bangladesh using multi-dimensional index. The deposit penetration in the banking sector and insurance uptake were found to be the significant determinants of financial inclusion. In India, Chithra & Selvam (2013) found that income, population, literacy, deposit and credit penetration are significantly associated with financial inclusion.

Although credit unions or village bank also promote financial inclusion, this programme consists of small entities that lend money at very low interest rates. Its purpose is to foster the importance of savings by offering clients returns on money saved. Credit union or village bank services aim at assisting the low-income population. This programme has been implemented in the UK, Spain, and Ireland (Bernad et al., 2008; Bryson & Buttle, 2005; Byrne et al., 2007; Devlin, 2009; Marron, 2013; McKillop et al., 2007; McKillop et al., 2011; Myers et al., 2012). Although beneficiaries consider this to be important, village banking in Zambia has not been regulated to the extent of promoting financial inclusion. Therefore, there is a need to integrate the informal and formal financial markets in Zambia because the volume of informal activity is far greater than that of organised financial institutions. Perhaps this integration can inherently improve the involvement and consequently wellbeing of social cash transfer beneficiaries by providing them a wider array of efficient, safe and reliable financial services to improve their financial strategies and wellbeing at large.

How significant is the social cash transfer money in promoting financial inclusion among beneficiaries in Lusaka District

The spread and penetration of financial services in a modern economy means that people who cannot access such services find themselves facing major difficulties in accessing financial products like savings accounts, credit services, insurance and remittance services securely and conveniently. Access to financial services by especially the poor can help smooth consumption and effectively meet the other needs categorized by Rutherford, (2000) into life-cycle events, emergency needs, and investment opportunities.

The results from this study show that 20.6% of respondents are involved in banking while 79.4% are not. The results also indicate that only 3.1% of respondents have an insurance policy and 96.9% have no insurance policy of any kind. It is also important to note that those who indicated that they have an insurance policy were referring to the funeral insurance bought by their children in which they are also beneficiaries. The study further shows that beneficiaries do not invest in stock market and government bonds.

Global studies have revealed that in well-established cash transfer programmes, deliberate efforts are made to promote financial inclusion of beneficiaries. (Hashemi & de Montesquiou, 2011; Bold et al., 2012; Pulver, 2012). An unpublished randomised evaluation of a tablet-based financial education programme, delivered with a cash transfer programme in Colombia, found positive results (Attanasio et al., 2018). There were significant impacts on financial knowledge, attitudes to financial services, adoption of financial practices, and savings behaviour.

However, the results above do not agree with the literature as it is evident that social cash transfer money does not promote financial inclusion indicated by low access to baking services and insurances with no investment in stocks and government bonds. On the other hand, it is interesting to note that 59.8% respondents are into wealth management referring to putting money into a village bank or saving groups in order to generate superior returns for clients and also able to access loans from village banking. This is in line with the literature as studied by Kabubo and Kiriti (2013) which revealed that most beneficiaries of social protection thrived on informal banking as a result of social cash transfers in Kenya. A working paper from the Centre for the Study of African Economics also looked at the effects of additional elements of cash transfer programmes in rural Uganda (Sedlmayr et al., 2017). Recipients of cash transfers with a savings group component were found to have improved income gains, largely from non-farm self-employment.

The results also show that out of 40 respondents who are involved into banking 25 of them get K360.00 compared 15 that get K180.00 per bi-monthly. This shows that the income level has an effect on financial inclusion. Bhanot et al (2012) studied the phenomenon of financial inclusion in two-states (Assam and Meghalaya) in north-east India. The authors have attempted to explore the various factors which are critical for determining financial inclusion in India. The study concluded that financial inclusion in these areas of India was very low. Income levels, awareness regarding financial products through various sources, information about Self Help Groups (SHGs), and education levels of the respondents were concluded to be influential in determining financial inclusion. Kholi (2013) highlighted the factors which significantly enhance financial inclusion in India. The author identified relationship between financial inclusion and levels of human development in India. Socio-economic factors, income levels among individuals were found to be influential factors on the level of financial inclusion in India. On the other hand, technology and education about the banking services were also found to have a significant impact on financial inclusion in India.

What factors hinder social cash transfer beneficiaries from accessing financial services?

According to Kempson and Whyley (1999), there is clear congruity among researchers that many people across the globe are excluded from mainstream banking but the reasons for exclusion differ from one individual to another. In addition, studies undertaken in SSA have mainly focused on defining financial inclusion as mere ownership of a bank account disregarding the focus of other financial products and their actual usage. While this is a very important component of financial inclusion, the use of insurance, credit, investment in stocks and government bonds are also vital for determining a holistic picture of financial inclusion among social cash transfer beneficiaries.

The study looked at the factors that hinder social cash transfer beneficiaries from having access to banking services, insurance policy, investing in stocks and government looking at affordability, the need for the service, financial education and having anything valuable to begin with.

The results clearly show that more beneficiaries are financially excluded because they would not afford to have a bank account or buy an insurance policy and also that they lacked financial education with very few siting that they did not need the services and having nothing valuable to begin with.

This means that the social cash transfer income is not enough for a beneficiary to afford having a bank account or even buy an insurance policy. It also confirms that affordability and lack of financial education are the major factors hindering beneficiaries from accessing financial education. Literature indicates that some consumers face barriers, such as affordability (Dupas, 2013; Kempson & Whyley, 1999), information asymmetry (Agarwal, 2010), lack of sufficient income, financial literacy.

Some beneficiaries indicated that they do not need banking services, insurance as well as investing in stocks and government bonds. This implies that even if the services were affordable such type of beneficiaries may still remain excluded from the financial sector. This is in agreement with the literature where a number of scholars have indicated that some of the reasons individuals do not access formal financial services is either due to involuntary or voluntary self-exclusion and other socio-economic reasons (Thorsten Beck et al., 2009, p. 122) or lack trust in formal financial institutions (Dittus & Klein, 2011, p. 4).

Financial literacy also avails individual consumers the knowledge and skills necessary to assess whether financial products are suitable for them to use in order to improve their financial wellbeing and hence FI (Braunstein & Welch, 2002). In this view, financial education stands out as a fundamental variable. Financial education is considered essential to achieving and creating financial inclusion.

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ISSN: 2682-6690
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www.abjournals.org

CONCLUSIONS

Based on the findings, the study by and large provides empirical evidence regarding the determinants of financial inclusion among social cash transfer beneficiaries in Kalingalinga and Mtendere of Lusaka District.

The results of this study was characterised by low banking levels and insurance policy uptake with no investment in stocks and government bonds but with high use of village banking among social cash transfer beneficiaries. By design social cash transfer programmes are supposed to improve the income levels for the social cash transfer beneficiaries and hence promote financial inclusion as outlined in the Zambia's National Financial Inclusion Strategy of 2017. The strategy is aimed at achieving universal access and usage of a broad range of quality and affordable financial services that meet the needs of both individuals and enterprises and provide a platform for low-income populations with the mechanisms to borrow, save and invest, and make payments.

Additionally, most of social cash transfer beneficiary households are engaged in village banking or informal financial relationships among themselves which may not be guaranteed as safe and reliable and there is need to integrate the informal and formal financial markets because the volume of informal activity among social cash transfer beneficiaries is far greater than that of organised financial institutions. Perhaps this integration can inherently improve the involvement and consequently wellbeing of such beneficiaries by providing them a wider array of efficient, safe and reliable financial services to improve their financial strategies and wellbeing at large. However, Schindler (2010) argues that this integration cannot be completely done without examining the behavioural attributes that individuals possess which enable, not only their transition from informal to formal systems, but also to actually confidently appreciate the formal institutional models. In order to gauge whether the formal financial institutions are effective vehicles of financial inclusion, it is thus important to understand the individual attributes.

Furthermore, non-affordability and lack of financial education were found to be closely related to financial exclusion. Hence the efforts at financial education put in place by financial institutions and improving the income levels for social cash transfer beneficiaries can promote financial inclusion. Illiteracy is directly linked to exclusion, which is why financial education should not be underplayed. In fact, many countries have successfully increased their inclusion rates through financial education, especially among vulnerable populations that are unaware of the advantages offered by the banking sector and prefer to borrow money informally at higher rates (Datta, 2009; Devlin, 2009; Byrne et al., 2007; Joassart-Marcelli & Stephens, 2010; Leyshon et al., 2004). An adequate financial education attracts individuals to the banking sector and to making use of its products. Initially, they may not have been considering using the products, but education generates interest.

RECOMMENDATIONS

Social protection programmes therefore need to boost financial literacy among individuals in order to improve financial knowledge and skills in order to realise consequent economic and social welfare. It is therefore important for policy to establish which programmes and financial decision-making structures are most effective, given the diverse features of people in the urban areas. The impact of financial literacy can be enhanced through well designed and targeted interventions which are easy to comprehend and focused on the importance of the specific financial services.

It would also be helpful to integrate the village banking and formal financial markets because the volume of village banking activity among social cash transfer beneficiaries is far greater than that of organised financial institutions. This can in turn improve financial inclusion among SCT beneficiaries.

Increasing the social cash transfer amount to a significant amount can also help beneficiaries to increase access to banking services and insurance services. The current amount given to the beneficiaries is not enough for them to be financially included as indicated by the results that social cash transfer money has not been promoting financial inclusion among beneficiaries. Increasing the access of the poor to insurance will significantly improve the delivery of social protection and yield important gains in financial inclusion and economic growth.

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