

# 2017 Financial Inclusion Survey

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## **INSURANCE FORUM**

The 2017 Financial Inclusion Survey is a national survey conducted by the Bangko Sentral ng Pilipinas (BSP) every two years to collect financial inclusion data. It is now on its second run with the baseline conducted in 2015. Its general objective is

to measure financial inclusion in the Philippines. Data is collected through face-to-face interviews of 1,200 adults (defined as 15 years old and above) across the country. The questionnaire used was formulated by the BSP Inclusive Finance Advocacy Office (IFAO) and approved by the Philippine Statistics Authority (PSA). IFAO also serves as the secretariat of the inter-agency Financial Inclusion Steering Committee (FISC), of which the insurance Commission is a member. The 2017 survey was conducted by Nielsen Philippines, a leading market research company in the country. This latest survey was conducted from December 2017 to February 2018. The full survey report may be downloaded from BSP's website.

Demographics would show that out of a population of 101 million Filipinos, 68.6 million are adults. In terms of marital status, 64% are married, 29% are single, 1% are separated, and 5% are widowed or widower. In terms of employment figures, a surprising 54% are non-working, while only 46% are working. In terms of socio-economic class, ABC1 comprise a mere 2%, C2 6%, D 55%, and E 37%.

### **Insurance Ownership Survey**

When asked if a respondent personally owns insurance, 18% of the adult respondents or a mere 12.3 million of our adults answered positively. Conversely, it means that 82% of the adult population do not have insurance. Actual data and statistics, though, from the Insurance Commission would show a higher number in terms of insurance ownership. In terms of socio-economic class, age, educational attainment and marital status, insurance acquisition is higher for the ABC class, aged 30-39, college graduates, married, and working adults. This would seem to be the market for life insurance.

Note that the same survey shows that a mere 3% of adults invest in stocks, bonds, Unit Investment Trust Funds (UITFs) mutual funds, and other managed investment schemes. The 2014 Consumer Finance Survey shows that only 0.4% of households have investments (mutual funds, UITFs, stocks, bonds or any other type of managed investment account aside from pension or insurance plan).

## **Low Insurance Awareness**

Financial awareness seems to be a key area of concern. There is a very low awareness for insurance agents (13%), as compared to awareness of banks (70%), ATMs (61%) and pawnshops (52%). Similarly, in terms of access points, Filipinos are more aware of remittance (52%), payments (51%), and cash in/ cash out (46%) services. They are least aware of more sophisticated products such as insurance (22%), foreign exchange (17%), investments (13%), and loading of e-wallets (13%). Interestingly, of the 6% that encountered problems transacting with access points, 95% did not contact the regulator for the reason that they did not know that the regulator can be contacted (40%).

In terms of socio-economic class, ABC class owns the most insurance at 39%, followed by D class at 19%, and only 12% for E class. In terms of age, insurance acquisition seems to start at age 30 with 29% of insurance being bought by those aged 30 to 39. Insurance ownership seems to taper off at age 40 to 49 with 22%, and age 50 to 59 with another 22%. Insurance was also acquired more by those who had gotten married at 23% (including those separated at 24%), as opposed to those single at a mere 7%. As for educational attainment, those that completed college degrees own the most insurance protection at 43% than those that merely completed elementary (14%) and high school (17%).

## **Awareness of Insurance Products**

As for the types of insurance products purchased, life insurance is the most acquired at 38%. This is followed by health insurance (which includes HMOs) at 30%, and microinsurance at 26%. For the non-life sector, accident insurance is the most purchased at 13%. This is followed by the motor vehicle insurance at 8%. Clearly, life and health protection are in the minds of the insuring public. Motor vehicle insurance has been included perhaps because of its compulsory nature.

## **Barriers to Insurance**

Based on the survey, an astounding 82% of the adult population or 56.3 million Filipinos do not have insurance. A significant barrier seems to be financial with 66% of our adults saying that they simply do not have the money to buy insurance. A second and third barrier seems to be the lack of understanding of insurance with 30% saying that they do not need insurance, and 23% saying that insurance is expensive. Others say that insurance provides a slow return (5%), and 4% saying that they do not trust the providers. 3% cite unemployment. A significant exposure of Filipinos to investment is through the SSS (80%), Pag-Ibig fund (30%), GSIS (5%).

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