



Irving Fisher Committee on
Central Bank Statistics

BANK FOR INTERNATIONAL SETTLEMENTS

IFC Workshop on Financial Inclusion Indicators
Co-hosted by Bank Negara Malaysia
5 – 6 Nov 2012, Sasana Kijang, Kuala Lumpur

The IMF's Financial Access Survey (FAS)¹

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¹ This presentation was prepared for the workshop. The views expressed herein are those of the author and should not be attributed to the IMF, its Executive Board, or its management.



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Statistics Department

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Outline

- Overview of the FAS Project
- Methodology
- The 2012 FAS results
- The way forward

Overview of the FAS Project: History

- The FAS Project was unveiled jointly by HRH Princess Máxima of the Netherlands, the U.N. Secretary General's Special Advocate for Inclusive Finance for Development, and the IMF Managing Director at the World Bank-IMF Annual Meetings in Istanbul in October 2009.
- The FAS project stems from proposals in 2008 by the UN Advisors Group on Inclusive Financial Sectors. Princess Máxima chaired the group on which the IMF was represented.
- The results from the inaugural FAS were released in the online database in June 2010.

Overview of the FAS Project: Funding

- The government of the Netherlands provided initial funding for the start-up cost of the project
- 2012 FAS was enhanced significantly and was conducted in close collaboration with IFC and CGAP
 - IMF and IFC received financial support from the Netherlands' Ministry of Foreign Affairs
 - CGAP received financial support from the Australian Agency for International Development

Overview of the FAS Project: Objectives

- Collect and disseminate internationally-comparable financial inclusion data for as many countries as possible, including the newly-added items for the 2012 FAS round
- Ensure returned questionnaires are accurate and completed to the extent possible
- Develop and maintain a list of country correspondents to ensure clear channels of communication for future rounds of the survey

FAS Methodology: Indicators

- FAS provides underlying data for 38 indicators that assess two dimensions of financial inclusion
 - Access to basic consumer financial services
Examples: commercial bank branches per 1,000 km², number of ATMs per 1,000 km², commercial bank branches per 100,000 adults
 - Use of basic consumer financial services
Examples: depositors with credit unions and financial cooperatives per 1,000 adults, number of loan accounts with microfinance institutions per 1,000 adults, outstanding deposits with commercial banks (% of GDP), outstanding SME loans from commercial banks (% of GDP)
- FAS is also the source of data covering all five categories of the Basic Set of Financial Inclusion Indicators endorsed by the G-20 Leaders at the Los Cabos Summit in June 2012 (see next slide)

FAS Methodology: Indicators (cont.)

Categories	Indicators	Existing Global / Multi-country Source	Dimension of Financial Inclusion Measured
1 Formally banked adults	% of adults with an account at a formal financial institution	Global Findex	Usage
	Number of depositors per 1,000 adults OR number of deposit accounts per 1,000 adults	IMF FAS	
2 Adults with credit by regulated institutions	% of adults with at least one loan outstanding from a regulated financial institution	Global Findex	Usage
	Number of borrowers per 1,000 adults OR number of outstanding loans per 1,000 adults	IMF FAS	
3 Formally banked enterprises	% of SMEs with an account at a formal financial institution	WBG Enterprise Surveys	Usage
	Number of SMEs with deposit accounts/number of deposit accounts OR number of SME depositors/number of depositors	IMF FAS	
4 Enterprises with outstanding loan or line of credit by regulated institutions	% of SMEs with an outstanding loan or line of credit	WBG Enterprise Surveys	Usage
	Number of SMEs with outstanding loans/number of outstanding loans OR number of outstanding loans to SMEs/number of outstanding loans	IMF FAS	
5 Points of service	Number of branches per 100,000 adults	IMF FAS	Access

FAS Methodology: Institutional coverage

- FAS covers the following resident financial corporations that provide financial services:
 - Other depository corporations (ODCs): all ODCs (Commercial banks, Credit unions and financial cooperatives, Deposit-taking microfinance institutions, Other deposit takers). The central bank is excluded.
 - Other financial corporations (OFCs): all OFCs except financial auxiliaries and pension funds (Other financial intermediaries including Non-deposit taking microfinance institutions, and Insurance corporations)

- FAS covers the following resident institutional sectors that are users of financial services:
 - Nonfinancial corporations (including SMEs)
 - Households

FAS Methodology: Underlying data

- Underlying data for geographic outreach consist of the number of institutions, and the number of branches and ATMs, both country wide and in the 3 largest cities
- Underlying data for the use of financial services include:
 - Number of depositors (customers for OFIs and insurance policy holders for insurance corporations)
 - Number of deposit accounts (customer accounts for OFIs and insurance policies for insurance corporations)
 - Number of borrowers
 - Number of loan accounts
 - Outstanding deposits (acquired funds for OFIs and insurance technical reserves for insurance corporations)
 - Loans

FAS Methodology: Reference Manuals

- The FAS concepts are drawn from the methodology in the IMF's Monetary and Financial Statistics Manual and its accompanying Compilation Guide
- Countries are provided with a set of methodological documents where the concepts used in the questionnaire are defined
- Countries are asked to document any departures from the FAS concepts in their country notes
- Country notes are published along with the data on the FAS website
- Explanatory notes with definitions are published on the IMF's website and eLibrary

FAS Methodology: Data collection and dissemination

- Three-stage data collection process
 - National regulators (e.g. central bank) collect information from domestic financial institutions
 - National regulators aggregate these data across different types of institutions, and use the aggregated data to complete the questionnaire
 - FAS team collects data from the national regulators and ensures its validity through series of checks and verifications

- For 2012 FAS:
 - Official invitation letters were sent to central bank governors on March 20, 2012. Follow-up emails sent to data compilers shortly thereafter.
 - Data collection (through the FAS questionnaire) and validation began in early May, continuing through August
 - Indicator list, data reports, metadata, third-party data refined during this period
 - FAS data (indicators, underlying data, and metadata) released on September 19, 2012

FAS Methodology: Data collection and dissemination (cont.)

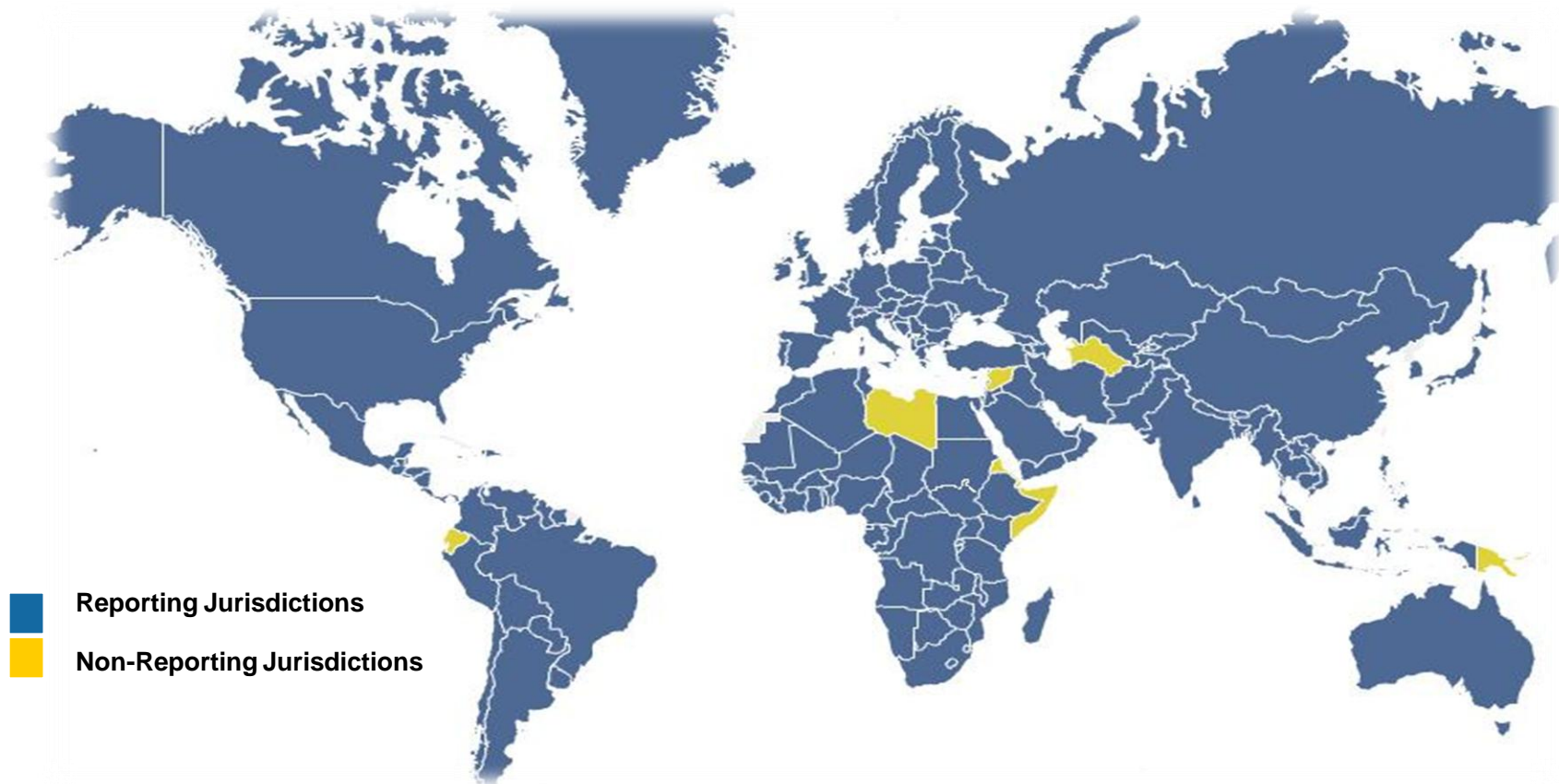
- Each reporting country receives a FAS questionnaire which consists of the following:
 - Instructions sheet
 - Cover Page (contact information, etc.)
 - Financial Access Survey (FAS questionnaire)
 - Notes – where correspondents are invited to provide additional explanations on data coverage and any deviations from concepts defined for the FAS questionnaire
 - Validation Sheet – used by correspondents and IMF staff to ensure the accuracy of the submitted data

FAS Methodology: Data collection and dissemination (cont.)

- During the 2012 round, the questionnaire was nearly tripled in size to broaden the coverage of institutions that cater their services to the poor
- New lines added to cover:
 - Number of deposit and loan accounts
 - Credit unions and financial cooperatives
 - Microfinance institutions
 - Life and non-life insurance
 - Small and medium enterprises (SMEs)
- ... in addition to existing lines for:
 - Number of institutions, branches, and ATMs
 - Number of depositors, borrowers, and insurance policy holders
 - Volume of deposits, loans, and insurance technical reserves
 - Breakdown for households

The 2012 FAS results: Country count

Covers 182 countries over an 8-year period – over 40,000 data points



□ Caveat: not all countries have all data for all years

The 2012 FAS results: Country count (cont.)

- ▣ The biggest increase in the number of reporting countries was seen among lower middle income and low income countries

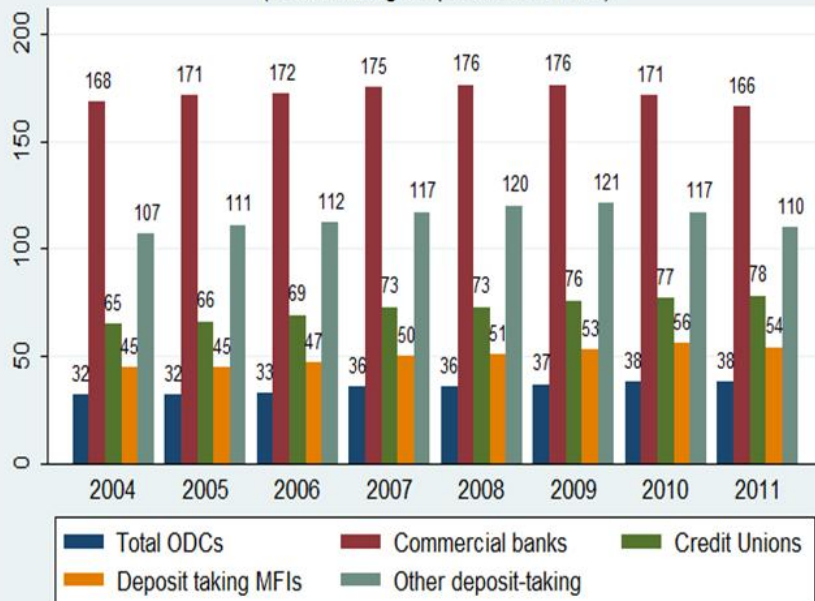


¹Income groupings were determined using the World Bank's classifications

The 2012 FAS results: Data Availability

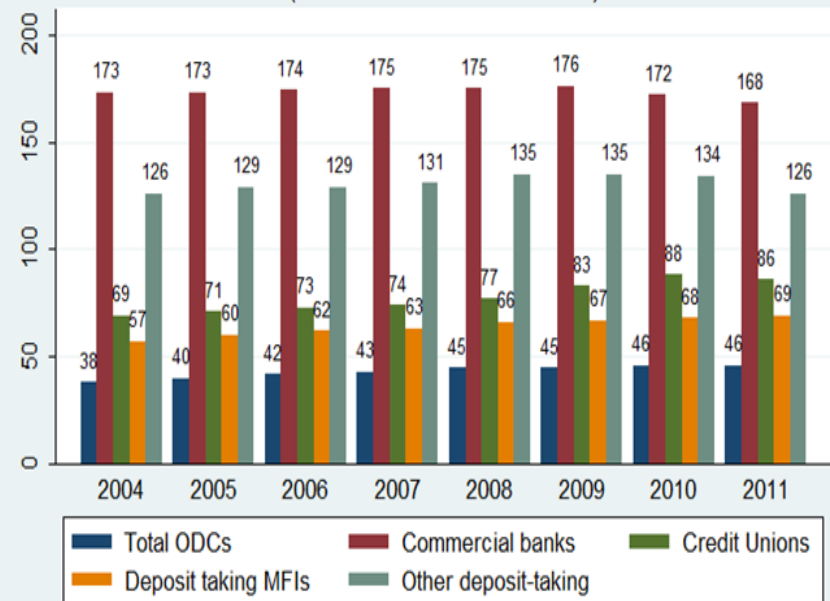
- The easiest to collect - data on commercial banks

Number of countries reporting the data
(Outstanding Deposits at ODCs)



Source: IMF 2012 FAS data

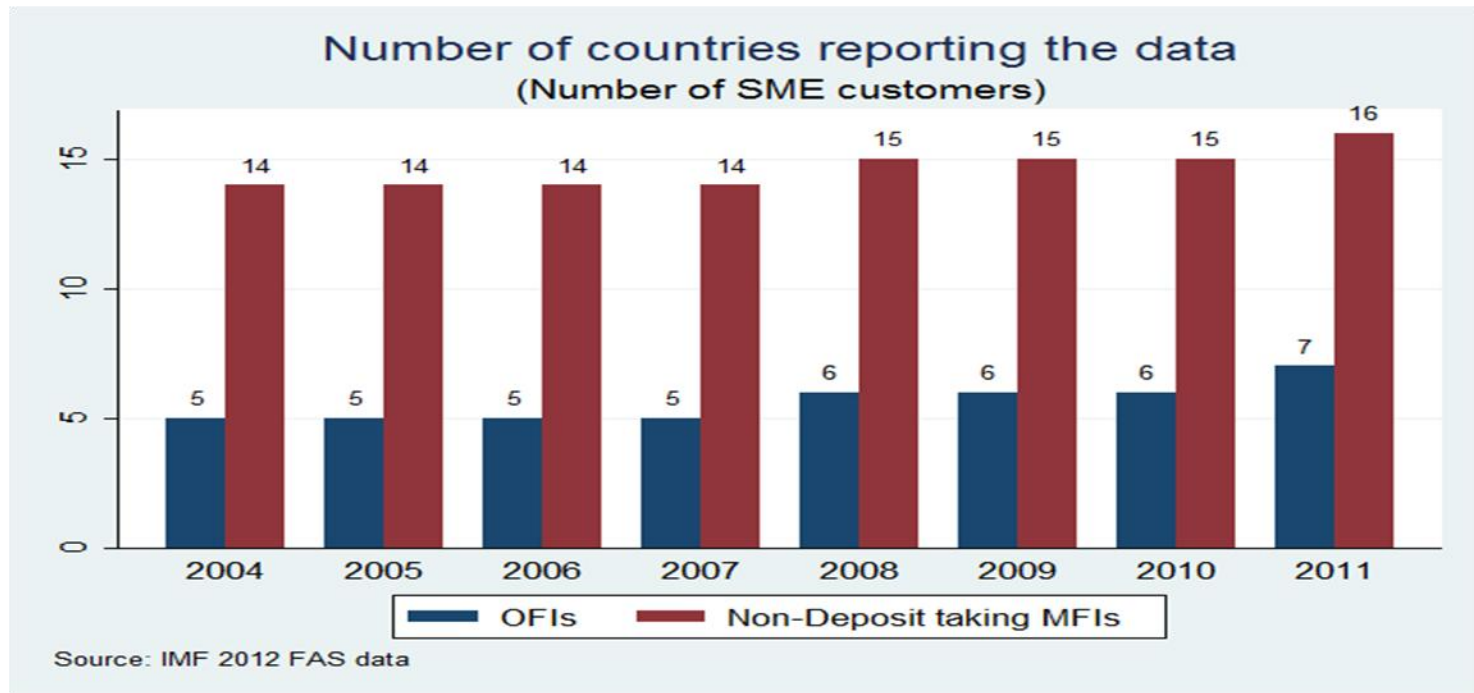
Number of countries reporting the data
(Number of ODC institutions)



Source: IMF 2012 FAS data

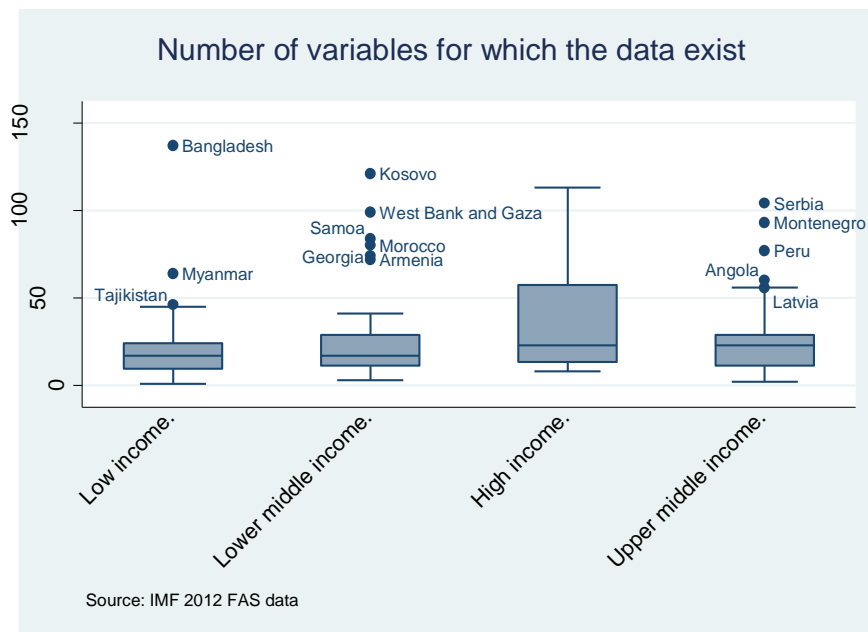
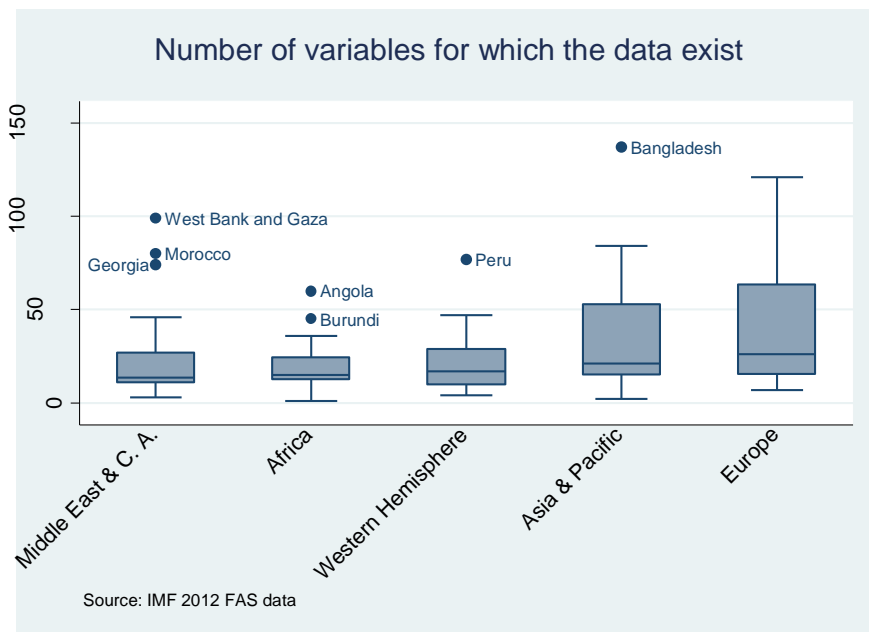
The 2012 FAS results: Data Availability (cont.)

- The most difficult data to collect - data for OFIs and microfinance institutions on SMEs



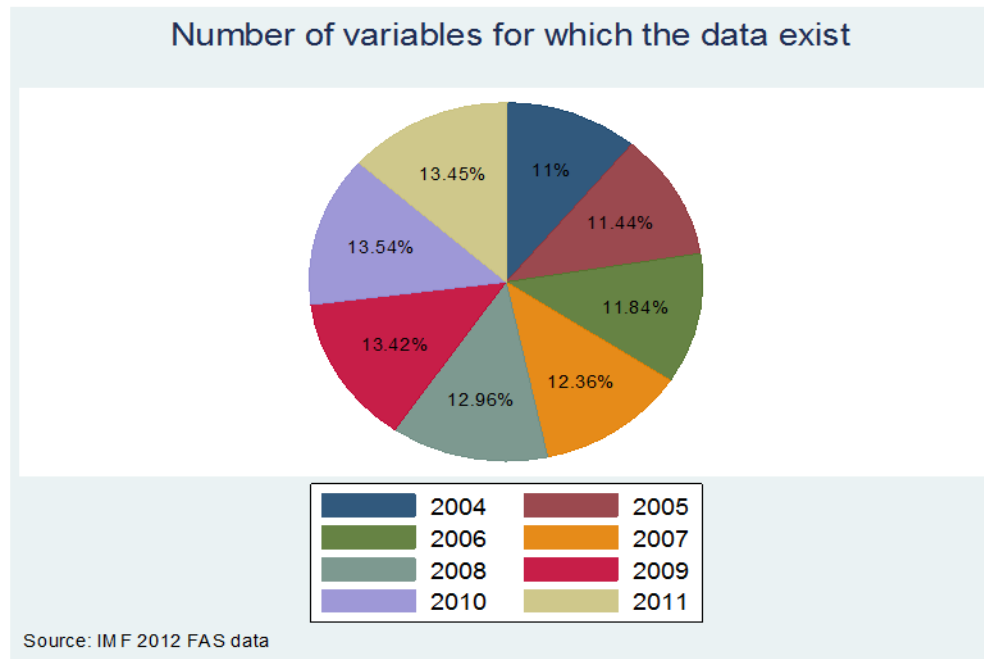
The 2012 FAS results: Data Availability (cont.)

- Differences exist in the distribution of data points among countries



The 2012 FAS results: Data Availability (cont.)

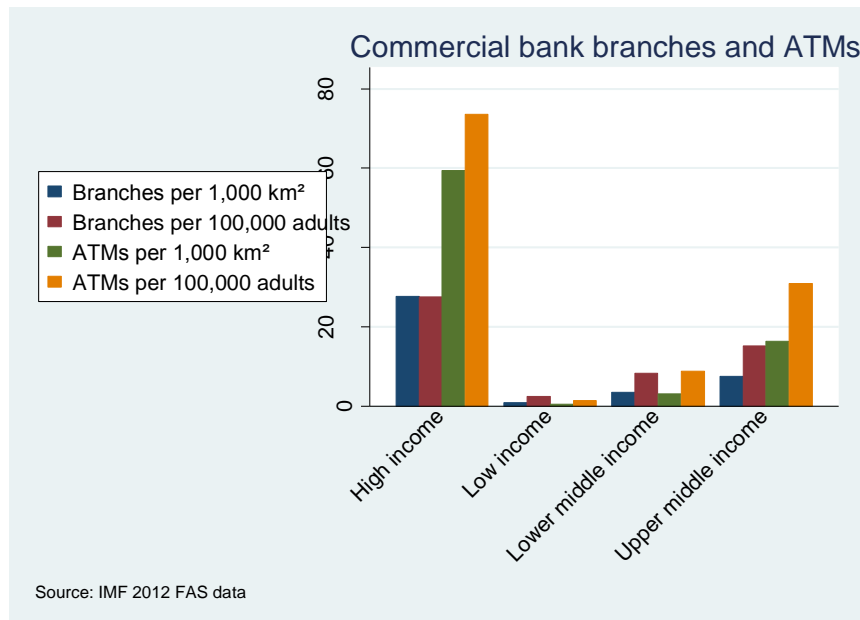
- The data coverage for more recent years is better



- Collecting data on newly introduced indicators was more difficult than collecting the previously collected data

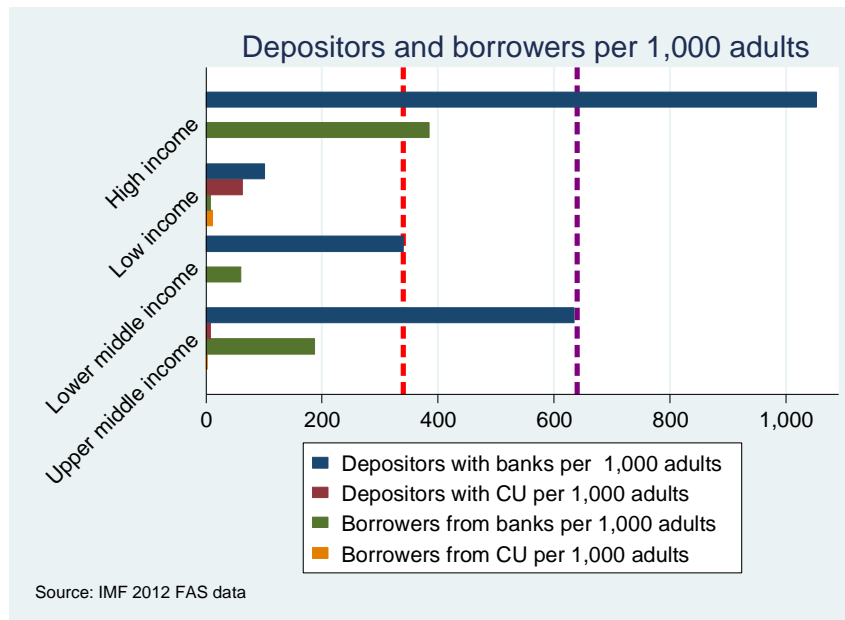
The 2012 FAS results: Derived indicator profiles

- Most geographical outreach indicators tend to be correlated with the country development levels. The chart below for Commercial bank branches and ATMs per 1,000 km² and 100,000 adults illustrates this result



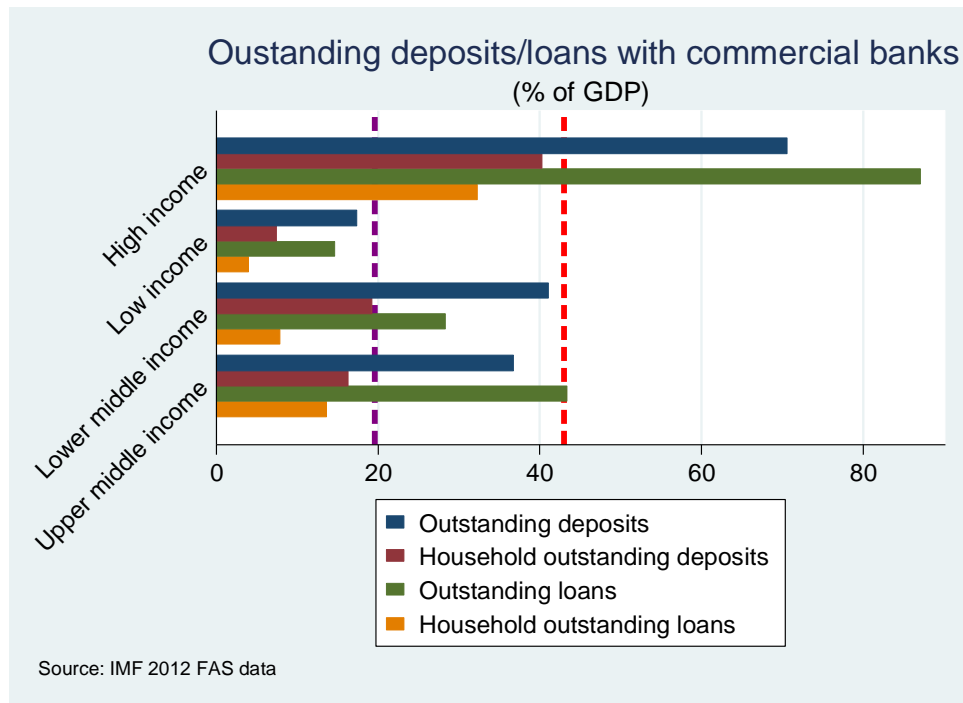
The 2012 FAS results: Derived indicator profiles (cont.)

- A similar correlation shows up between indicators of the use of financial services and the country degree of development as illustrated in the charts below for depositors and borrowers from commercial banks and credit unions per 1,000 adults...



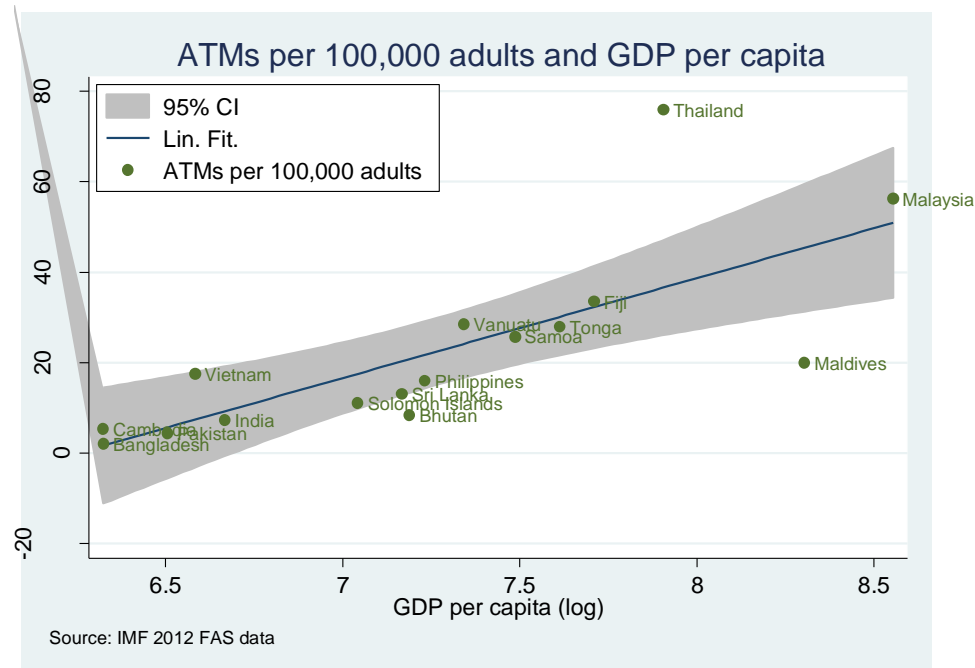
The 2012 FAS results: Derived indicator profiles (cont.)

- ... and outstanding deposits and loans with commercial banks



The 2012 FAS results: Data Applications

- Scatter plots with linear fitting tend to confirm the positive correlation between access to finance indicators and GDP per capita. An illustration is given by the chart below for the number of ATMs per 100,000 adults



The way forward

- Better targeting of financial regulators (primary and secondary)
 - Superintendent of Banks (South America)
 - Microfinance institutions vs. Development Banks (South East Asia)
- More accurate contact lists
 - Central Bank vs. Treasury vs. Other national institutions
 - Example of Turkey (Treasury / Central Bank), Romania (National Commission of Financial Market), Ethiopia (CGAP)
- Pursue late/non-reporters earlier
- Improve data collection for those indicators that are not widely reported (e.g., SME)
- Address the coordination among national data collection agencies

The way forward: Funding

- The estimated total cost of the FAS project for the period 2013 – is provided in the chart below:

The estimated total cost of the FAS project, 2013 - 2017

