

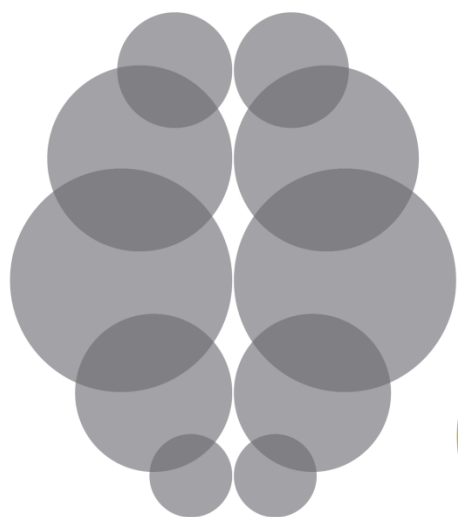


IFC Workshop on Financial Inclusion Indicators
Co-hosted by Bank Negara Malaysia
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**Collecting financial inclusion information from the supply side:
the Colombian case¹**

Ana Maria Garcia, Alliance for Financial Inclusion

¹ This presentation was prepared for the workshop. The views expressed are those of the author and do not necessarily reflect the views of the BIS or the central banks and other institutions represented at the workshop.



afi Alliance for
Financial Inclusion

Bringing Smart Policies to Life

Ms. Ana Maria GARCIA

Collecting FI information from the supply side: The Colombian case

Workshop on Financial Inclusion Indicators

Kuala Lumpur, Malaysia

November 5, 2012

Colombia at a glance

- **Region:** Latin America
- **Adult population (18+):** 30 million
- **GDP:** US\$ 328 billion (2011)
- **GDP per capita:** US\$ 7.114 (2011)
- **GINI:** 55.9 (2010)

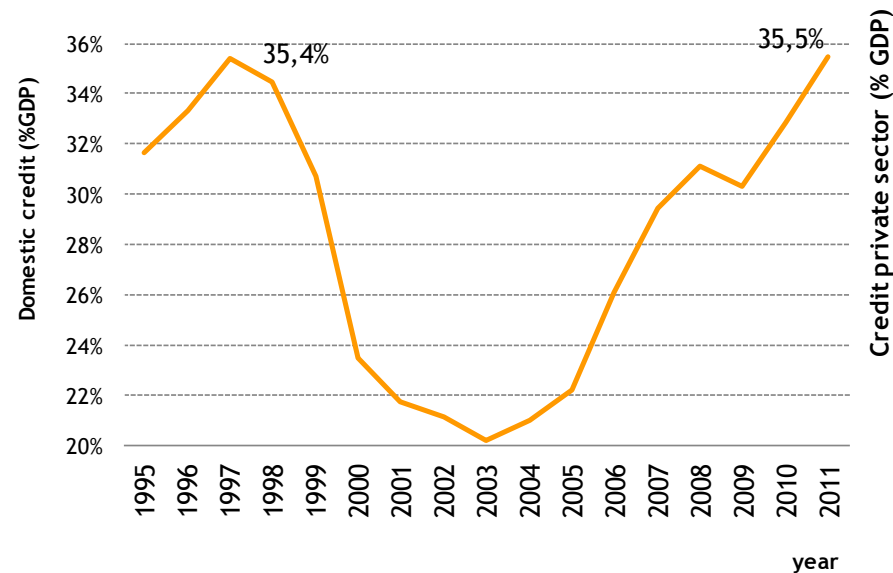


**Ministerio de Hacienda
y Crédito Público**
República de Colombia

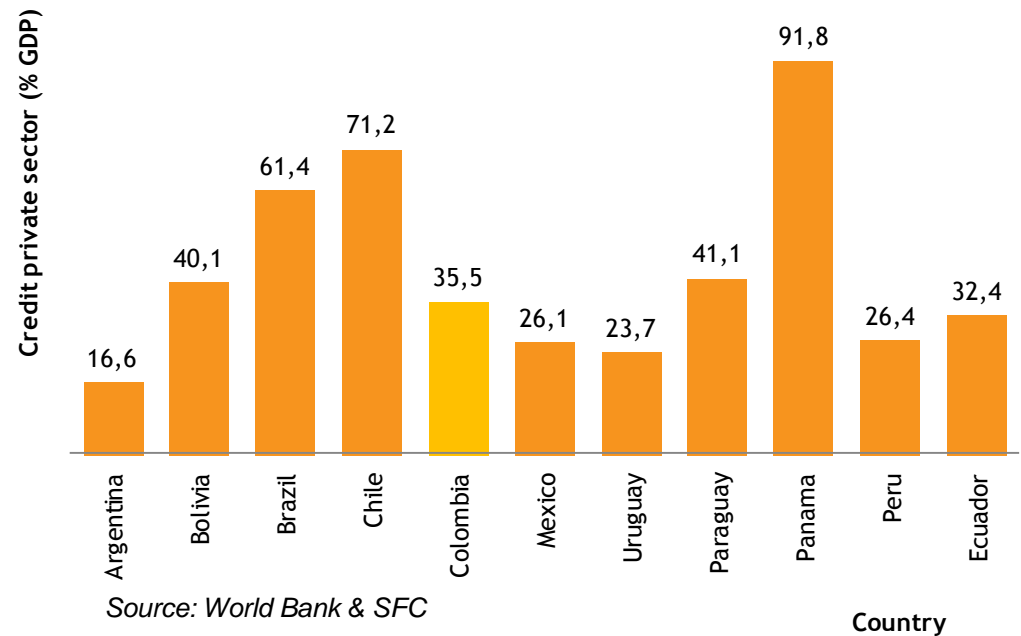


Source: IMF, World Bank, DANE, Wikipedia (image)

Colombia has recovered the financial deepening after the 1998 crisis, but it still remains below the regional average level.



Source: Financial Superintendency of Colombia - SFC



Source: World Bank & SFC

To establish base line in order to measure the progress the financial inclusion in Colombia.

- To identify the underserved → geographically and by segment of population



- To promote the design of policies based on evidences.
- To monitor the status of financial inclusion in the country and measure the impact of new policies.

- **Agent banking:** The SFC authorized credit institutions to offer their product and services through a third party.
- **Microcredit:** Agreements with banking sector to provide microcredits to people without previous access to financial system.
- **Basic Savings accounts:** with two withdrawals and one balance inquiry cost free per month, no minimum balance required and with simplified KYC requirements.
- **Simplified process for opening saving accounts:** just one per person and with some requirements on the balance per month.
- **Mobile Financial Services:** SFC allowed to operate agent banking and basic savings through all electronic devices as cell phones.

Main criteria

- I. Use previous experiences and definitions – FIDWG core set and members knowledge



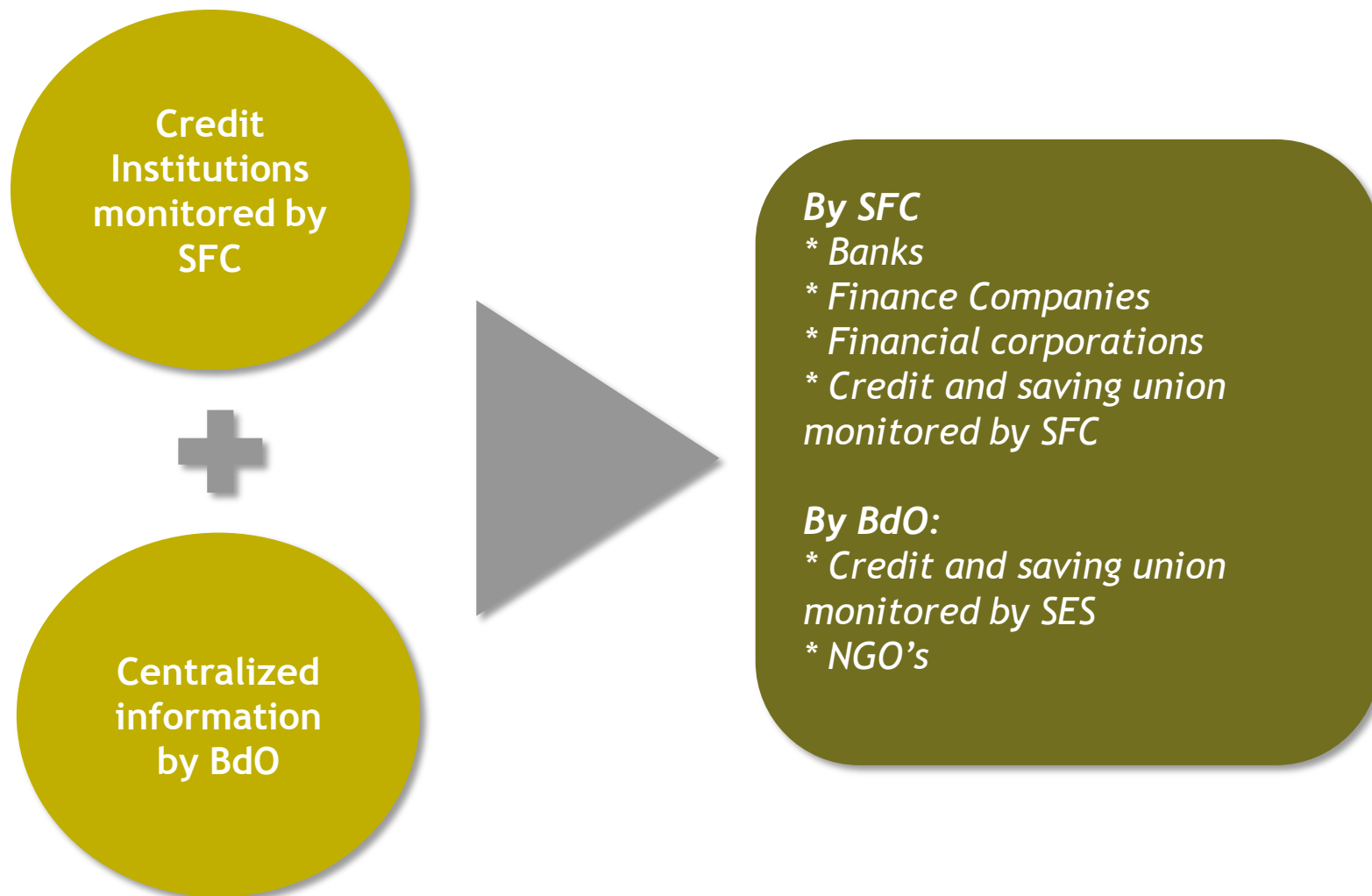
- II. Use the current data

- III. Coordination between governmental institutions



Banca de las Oportunidades (BdO)
+
Superfinanciera (SFC)

Institutions included on the report



Access:

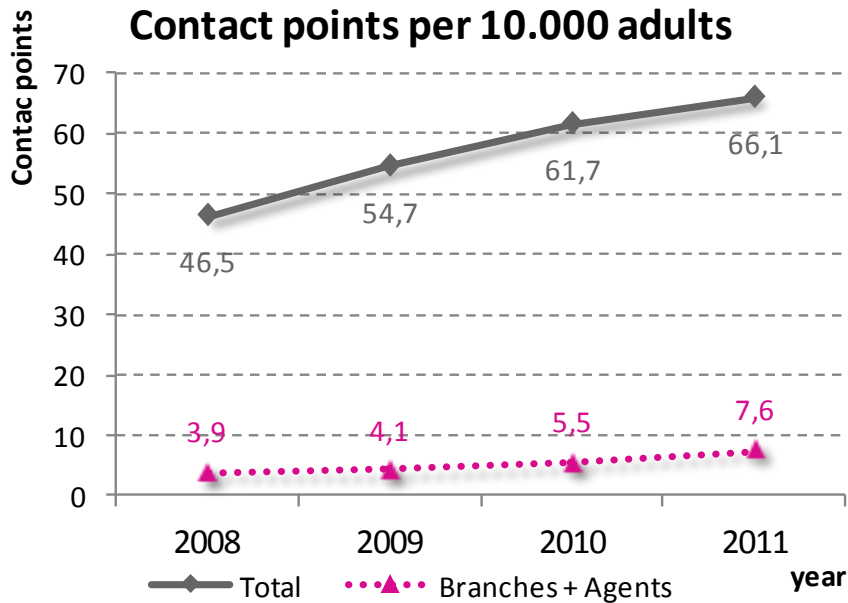
1. Contact points per 10.000 adults
2. Contact points per 1.000 km²
3. Presence per municipality.

Use:

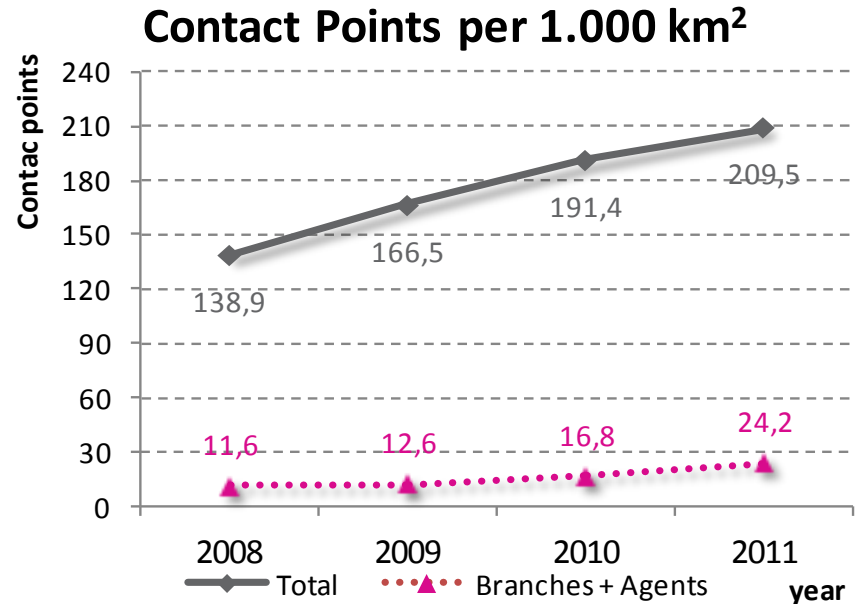
1. % adults with at least a financial product
2. Saving accounts per 10.000 adults
3. % dormant accounts
4. Accounts per balance
5. Adults with a credit account
6. Adults with credit card
7. Transactions per channel

Dimension: ACCESS

The number of contact points has increased, mostly on those who can perform cash-in and cash-out operations

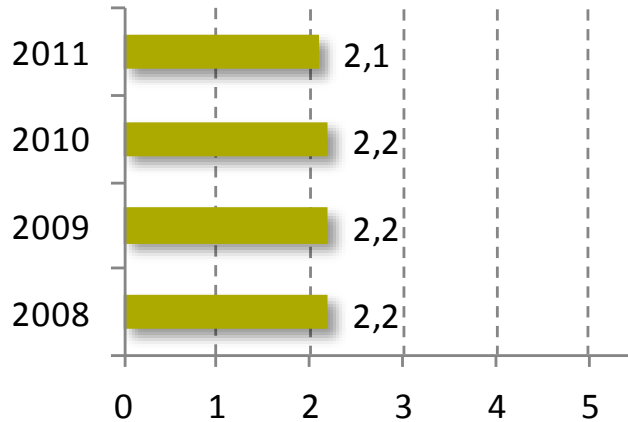


Source: BdO, SFC

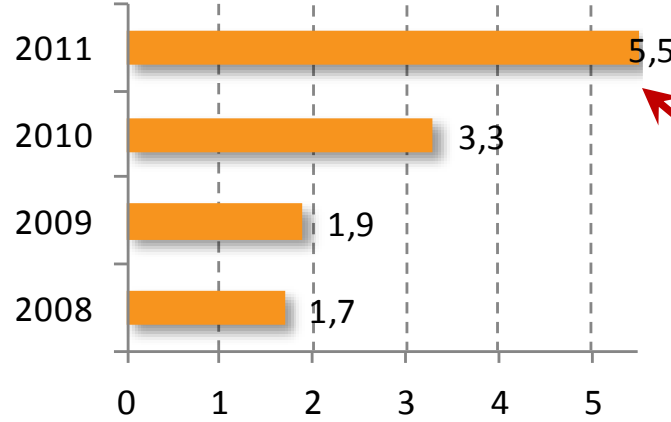


CP per 10.000 adults

Branches

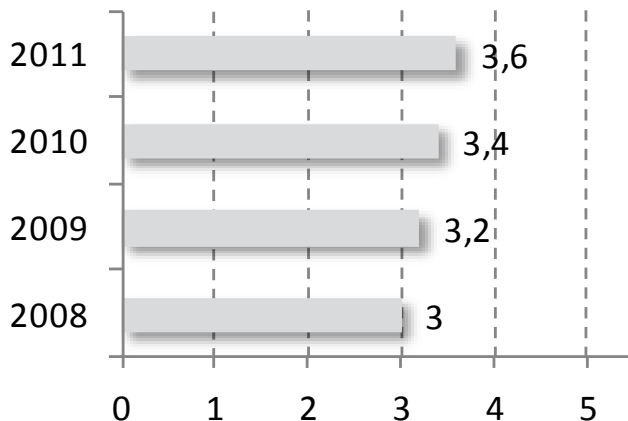


Agent Banking

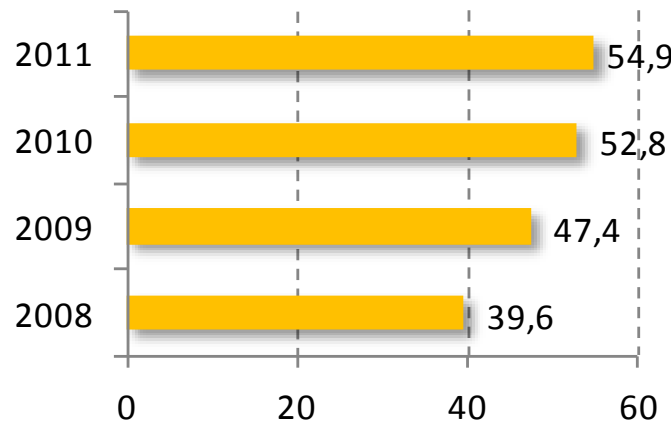


Agents provide financial services in places with difficult access and include self-excluded people

ATM



POS



Source: BdO, SFC

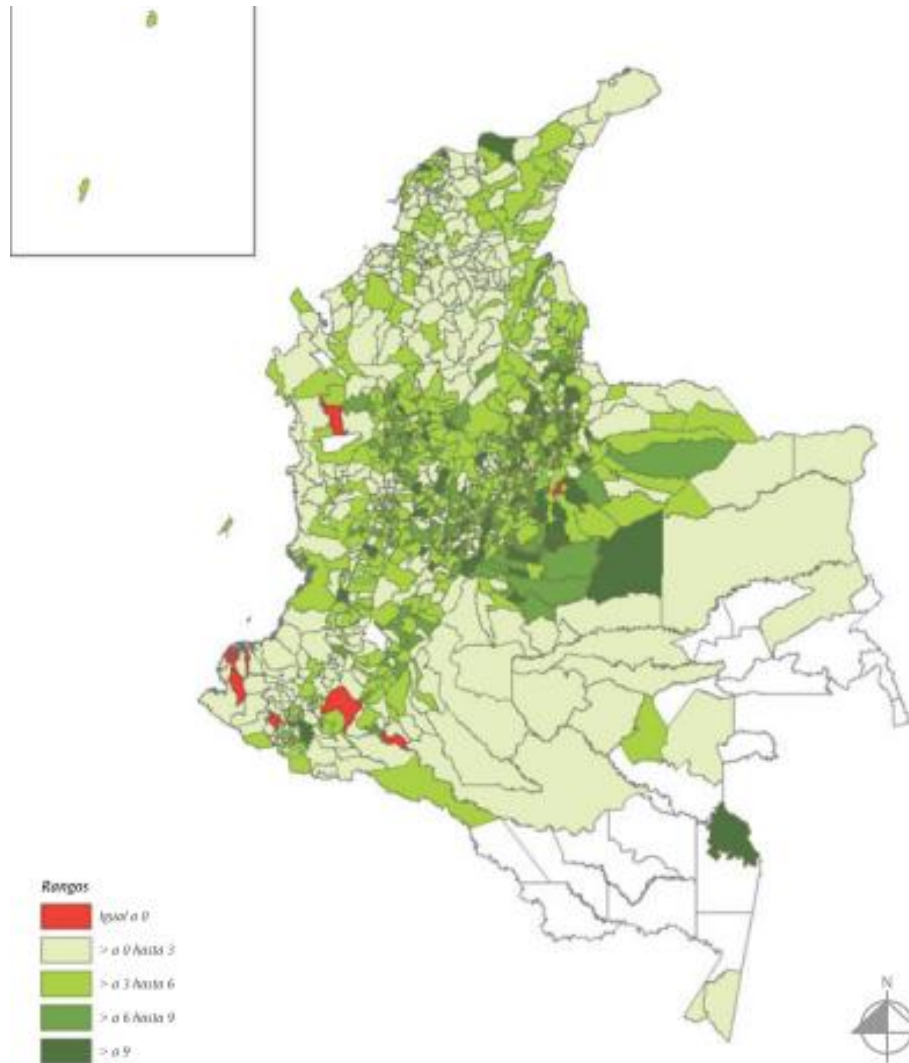
Per population in municipalities

Number of municipalities

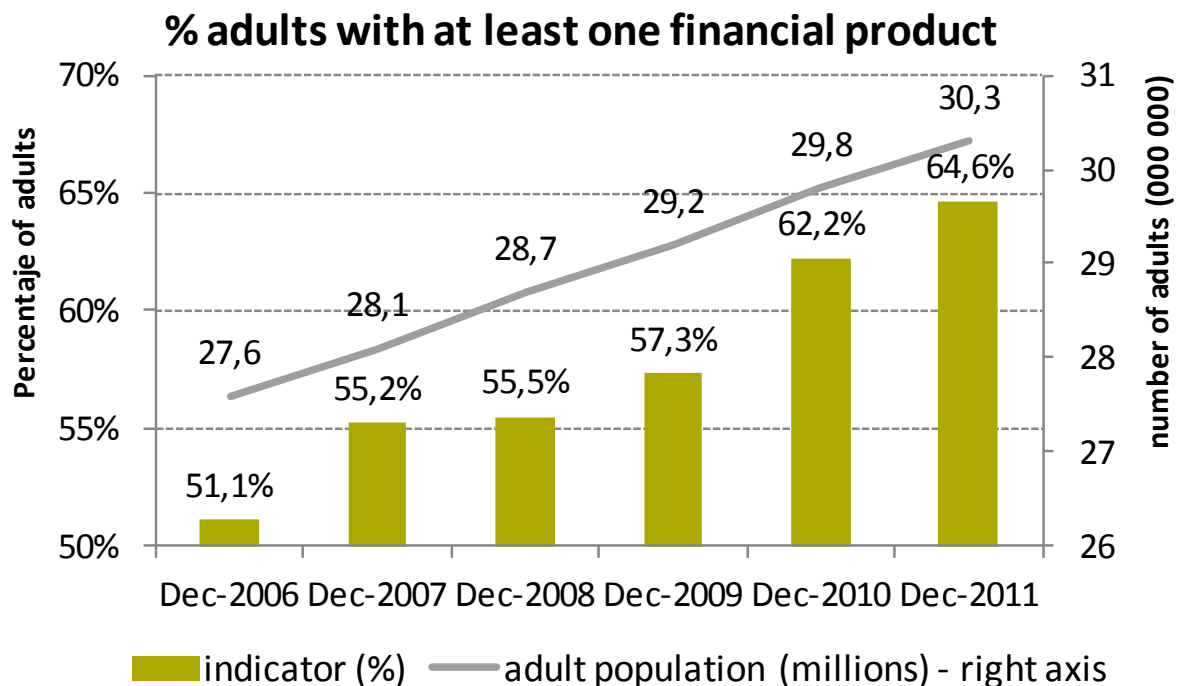
2008				
Size of the population	Without coverage	Just branches	Just Agents	Branches and agents
until 10.000 inhabitants	57	167	133	67
10.001 - 50.000 inhabitants	12	174	83	293
50.001 - 100.000 inhabitants	1	2	1	53
Más de 100.000 inhabitants	0	0	2	57
Total	70	343	219	470
2011				
Size of the population	without coverage	Just branches	Just Agents	Branches and agents
until 10.000 inhabitants	5	83	176	158
10.001 - 50.000 inhabitants	6	89	84	380
50.001 - 100.000 inhabitants	0	1	1	58
Más de 100.000 inhabitants	0	0	0	61
Total	11	173	261	657

Source: BdO, SFC

Municipalities and contact point



USAGE - Deposits



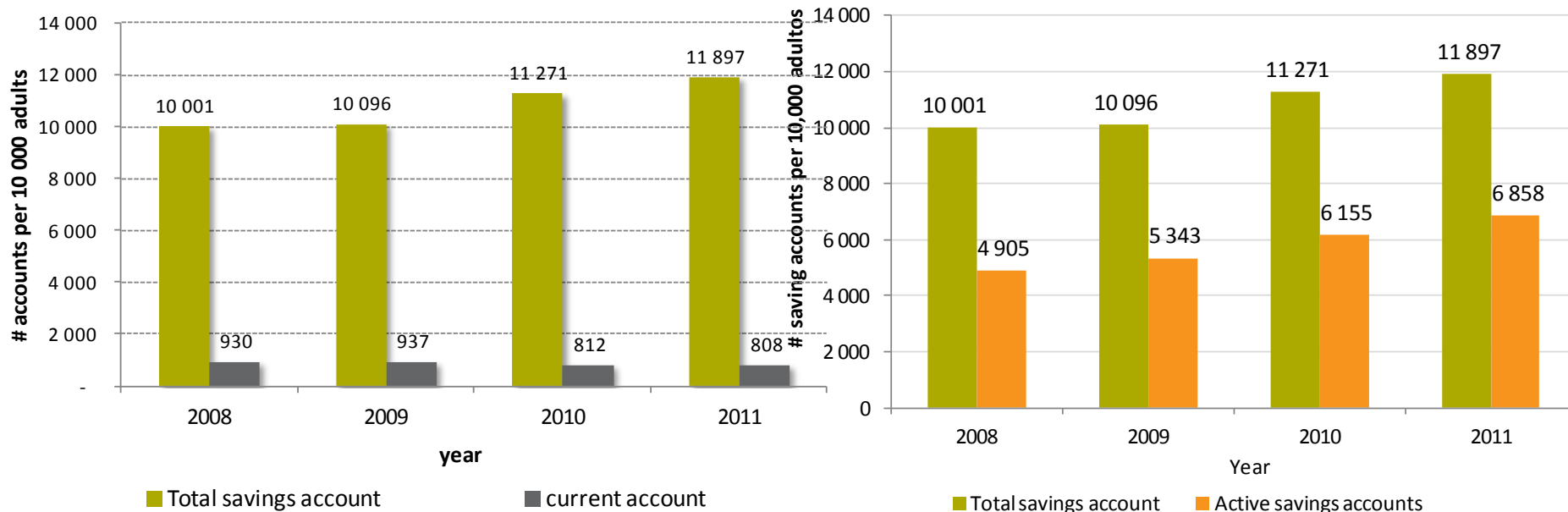
The growth rate of last years is based on the number of basic saving accounts which are mainly used to deliver CCT programs.

Product	Adults IDs (millions)					
	Dic-2006	Dic-2007	Dic-2008	Dic-2009	Dic-2010	Dic-2011
Saving accounts	13	15	15	16	17	19
Current accounts	1,4	1,5	1,5	1,3	1,4	1,5

Source: Colombian Banking Association – Asobancaria –

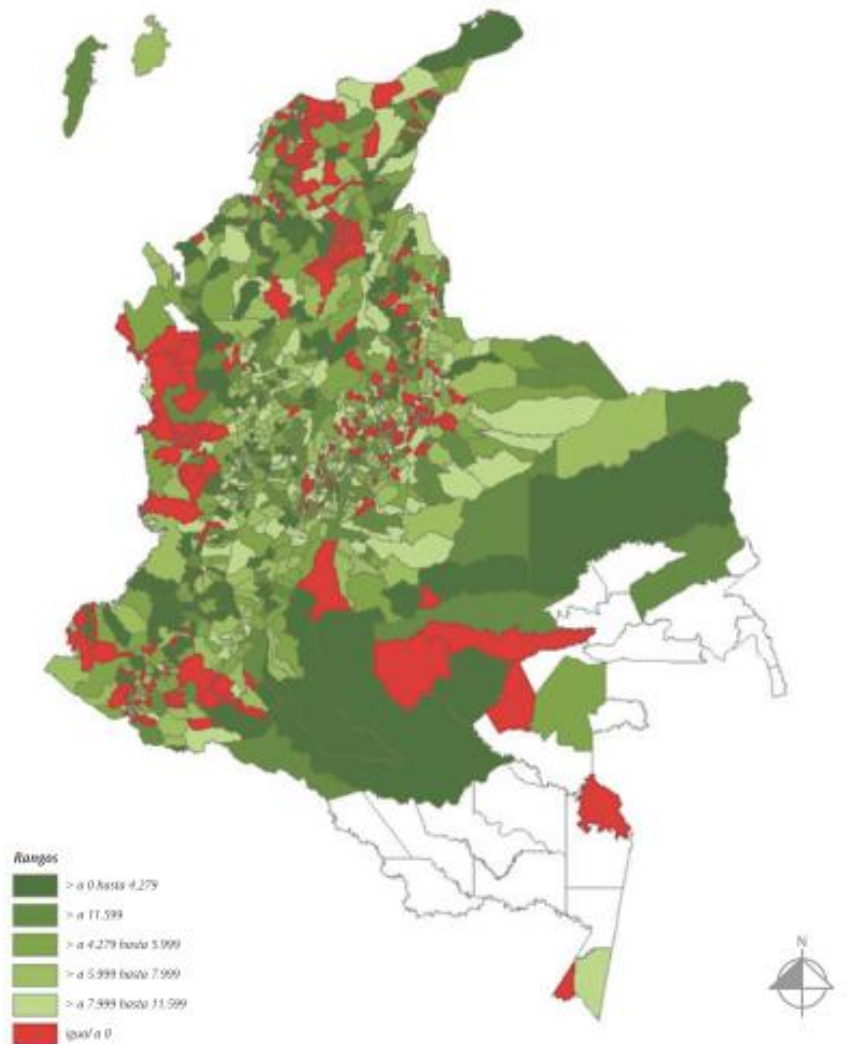
Even though the number of accounts per 10.000 adults has increased, the number of dormant accounts are still significant

Number of accounts per 10.000 adults



Source: BdO, SFC

Savings accounts per 10.000 adults



Source: BdO, SFC

Indicators on credits showed an improvement during the last four years, microcredit presented an impressive growing path.

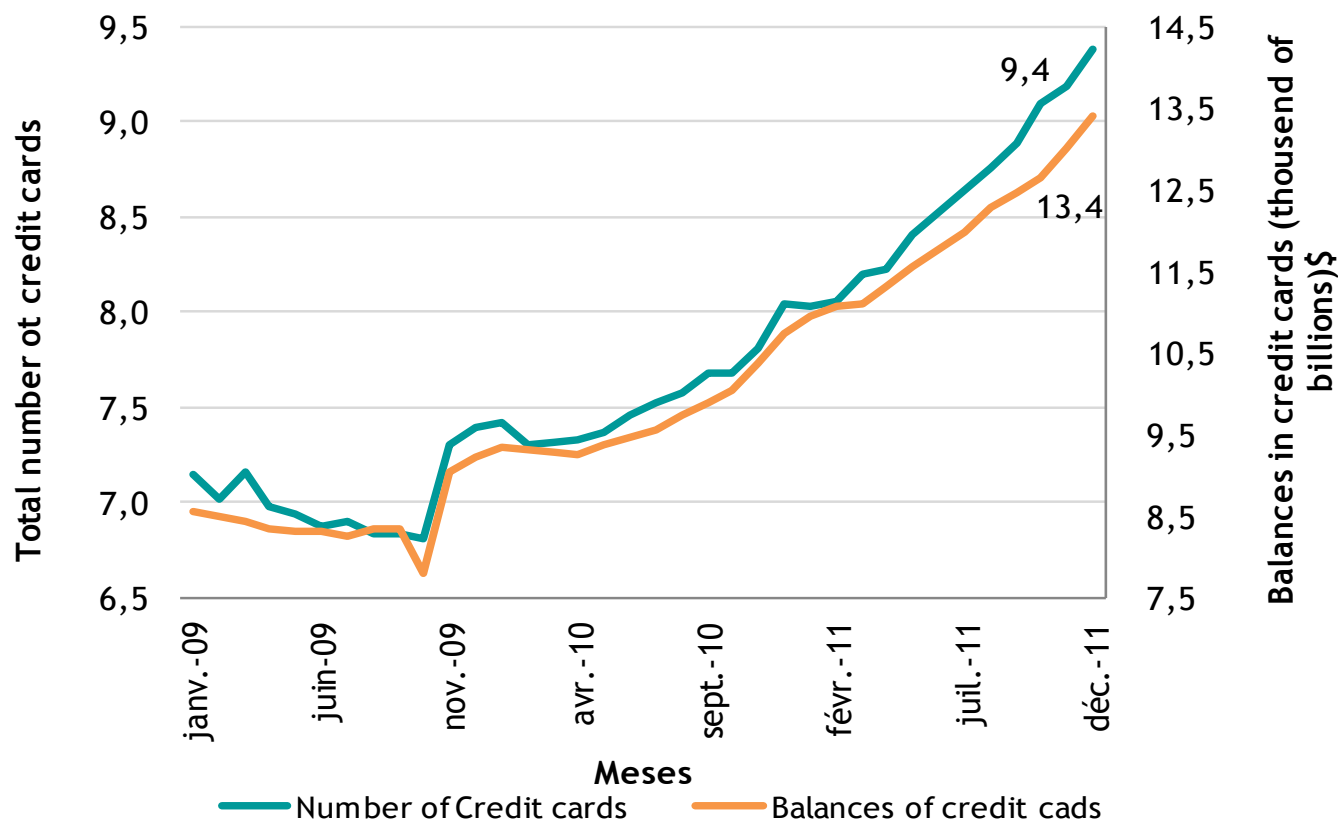
Product	Adults IDs (millions)					
	Dic-2006	Dic-2007	Dic-2008	Dic-2009	Dic-2010	Dic-2011
Consumer	2,7	3,7	4,3	3,6	4,1	4,3
Housing	0,5	0,5	0,6	0,6	0,7	0,7
Microcredit	0,5	0,6	0,7	1,1	1,2	1,5
Credit cards	3,3	3,7	3,9	4,7	5,2	5,5

Product	Adults IDs (millions)					
	Dic-2006	Dic-2007	Dic-2008	Dic-2009	Dic-2010	Dic-2011
Consumer	10%	13%	15%	12%	14%	14%
Housing	2%	2%	2%	2%	2%	2%
Microcredit	2%	2%	2%	4%	4%	5%
Credit cards	12%	13%	14%	16%	17%	18%

Source: Colombian Banking Association – Asobancaria –

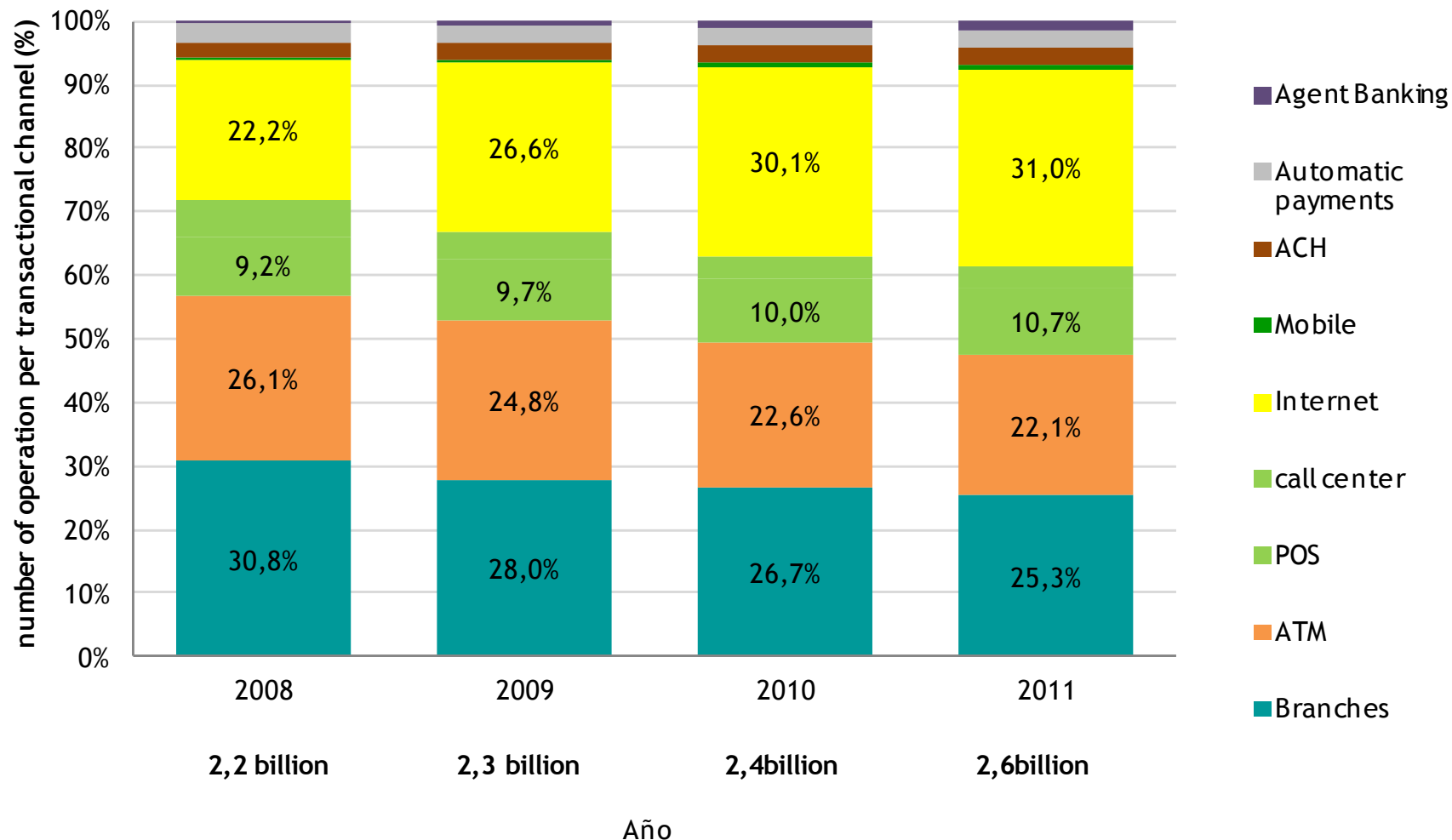
USAGE – Credits cards

The growing rate on credit cards balances it is due to the use as replacement of credits for consumer purposes.



Source: SFC

USAGE – Transactions per channel



Source: BdO, SFC

- Financial literacy and consumer protection indicators (as for example number of complains).
- Finding the optimums point between collection data by municipality with this purpose.
- Indicators for MFS

- In terms of financial inclusion
 - Usage of financial products and services is crucial → design of correct products, financial literacy and consumer protection
 - Small municipalities, rural areas are places with major number of dormant accounts.
- In terms of report:
 - Cooperation is really important
 - There is no necessity of invent the wheel (FIDWG don it and it is doing it)
 - For policymakers, the support on this kind of strategies is important.

Thank you!

