

Measuring Financial Inclusion: The Global Findex Dataset

Leora Klapper

Lead Economist
Development Research Group
World Bank



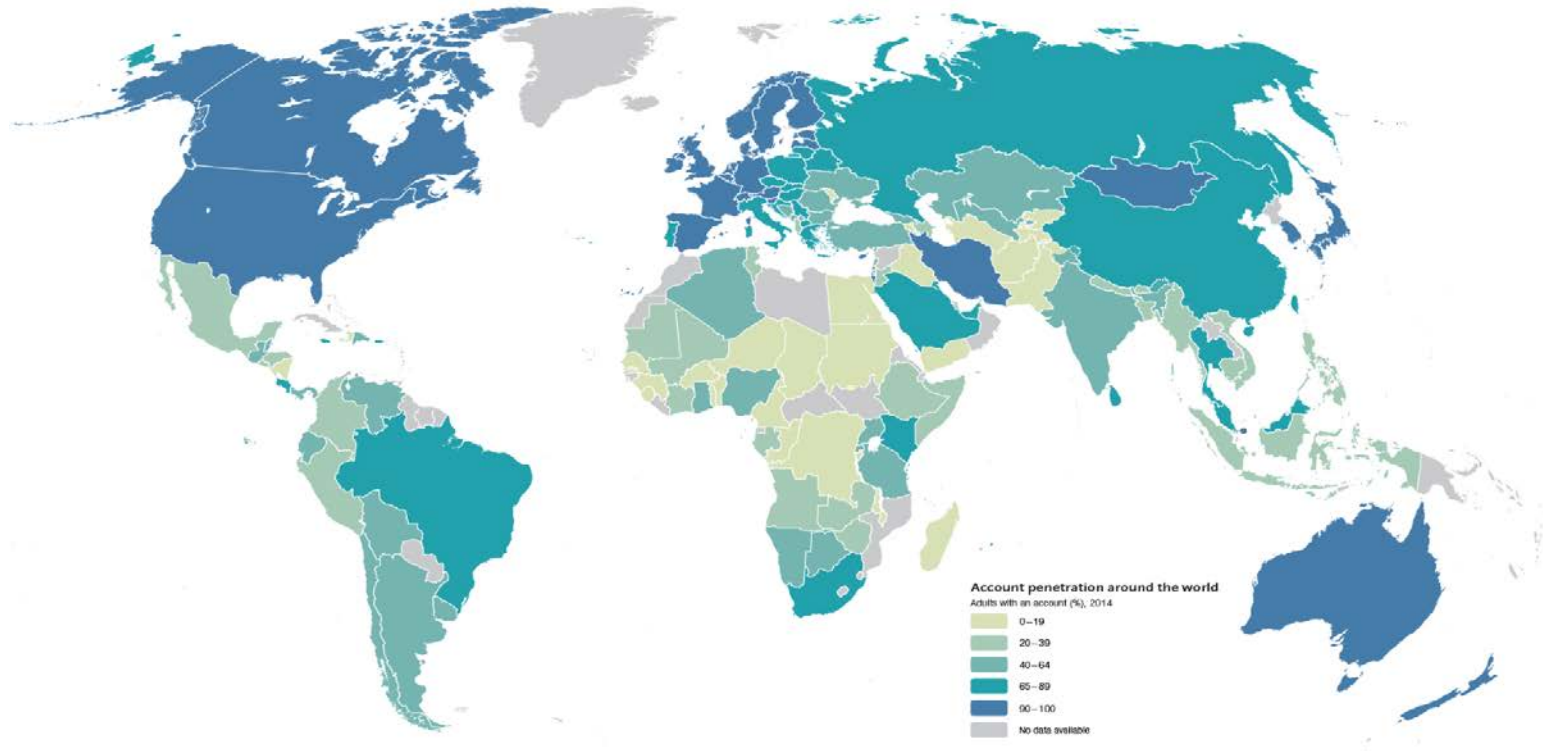
Why collect Global Findex data?

Sources of Financial Inclusion Data

| | Supply side surveys | Demand side surveys |
|--|---|---|
| In depth data... but less coverage | <ul style="list-style-type: none"> • Various institution- specific administrative data | <ul style="list-style-type: none"> • LSMS financial modules • FinScope • EFiNA • Finclusion (Intermedia) • WB Financial Literacy surveys • OECD SME Scorecard |
| Limited headline numbers... but broader coverage | <ul style="list-style-type: none"> • IMF Financial Access Survey • GSMA • WB Global Payment Systems Survey | <ul style="list-style-type: none"> • WB Enterprise Surveys • Gallup World Poll, World Value Survey, Pew Research, etc. • Global Findex |

The World Bank's Global Findex Database

54% of adults in developing economies had an account in 2014, up from 41% in 2011 – but 2 billion adults remain unbanked



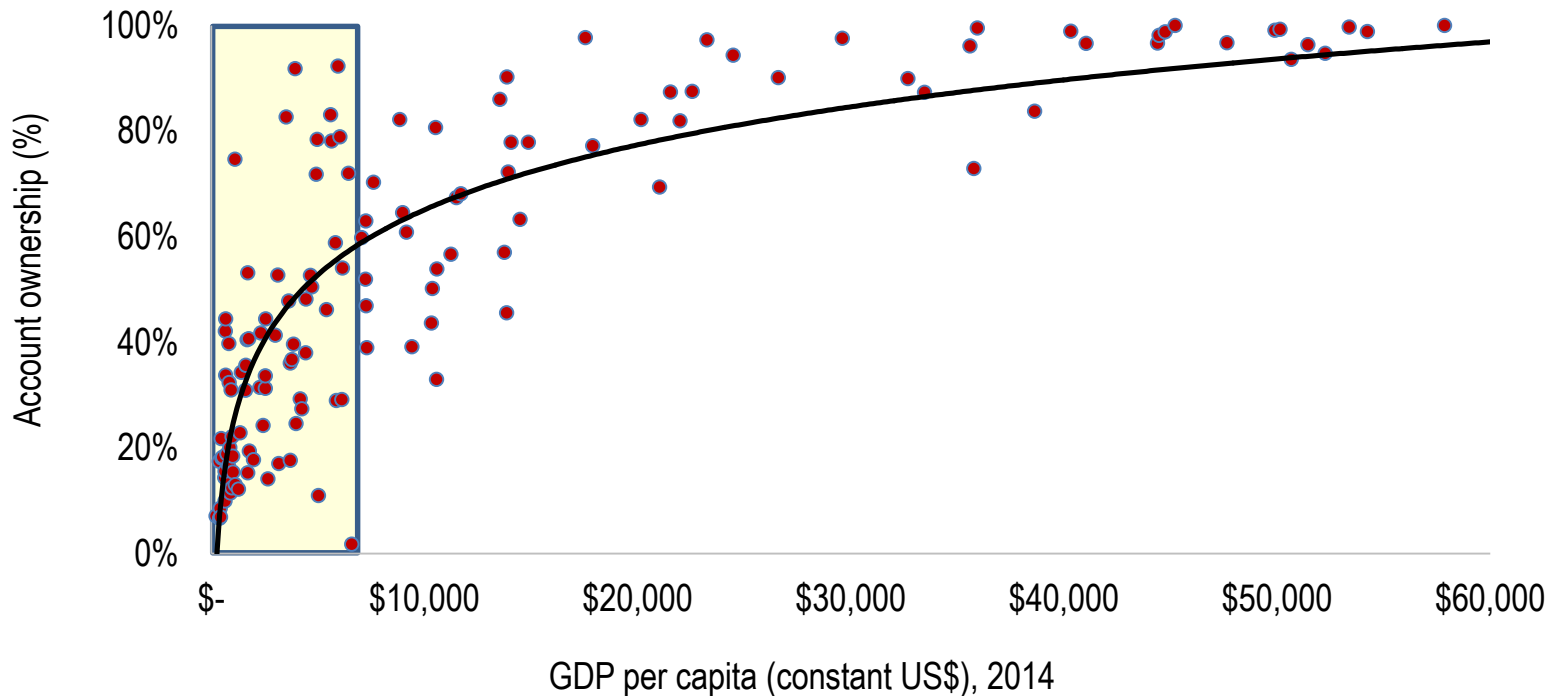
In 2014, the World Bank – with funding from the Bill & Melinda Gates Foundation and in partnership with Gallup, Inc. – updated and expanded the Global Findex dataset, an unprecedented study of financial inclusion based on interviews with almost 150,000 adults in over 140 economies worldwide.

How Can Financial Inclusion Increase Financial Resilience?

- Financial inclusion can increase resilience in two ways:
 - Helping poor adults climb out of poverty by making it possible to invest in education and business—and small enterprises pursue promising growth opportunities
 - Providing ways to survive economic disasters like unemployment, drought/floods, or the loss of a breadwinner, financial inclusion also prevents people from falling into poverty in the first place
- *For example,*
 - In India, an effort to set up accounts for rural farmers **reduced the rate of rural poverty** between 14-17 percentage points
 - In Kenya, merchants who received a basic account **invested more in their businesses**
 - Access to insurance helped farmers in Burkina Faso and Senegal **increase yields and better manage food security**
 - In Niger, digital payments for agricultural wages resulted in time savings that were equivalent to a cash amount large enough **to feed a family of five** for a day
 - In Kenya, adults that use mobile money receive **greater financial support** in emergencies

Economic Activity and Financial Inclusion

Account Ownership and GDP Per Capita

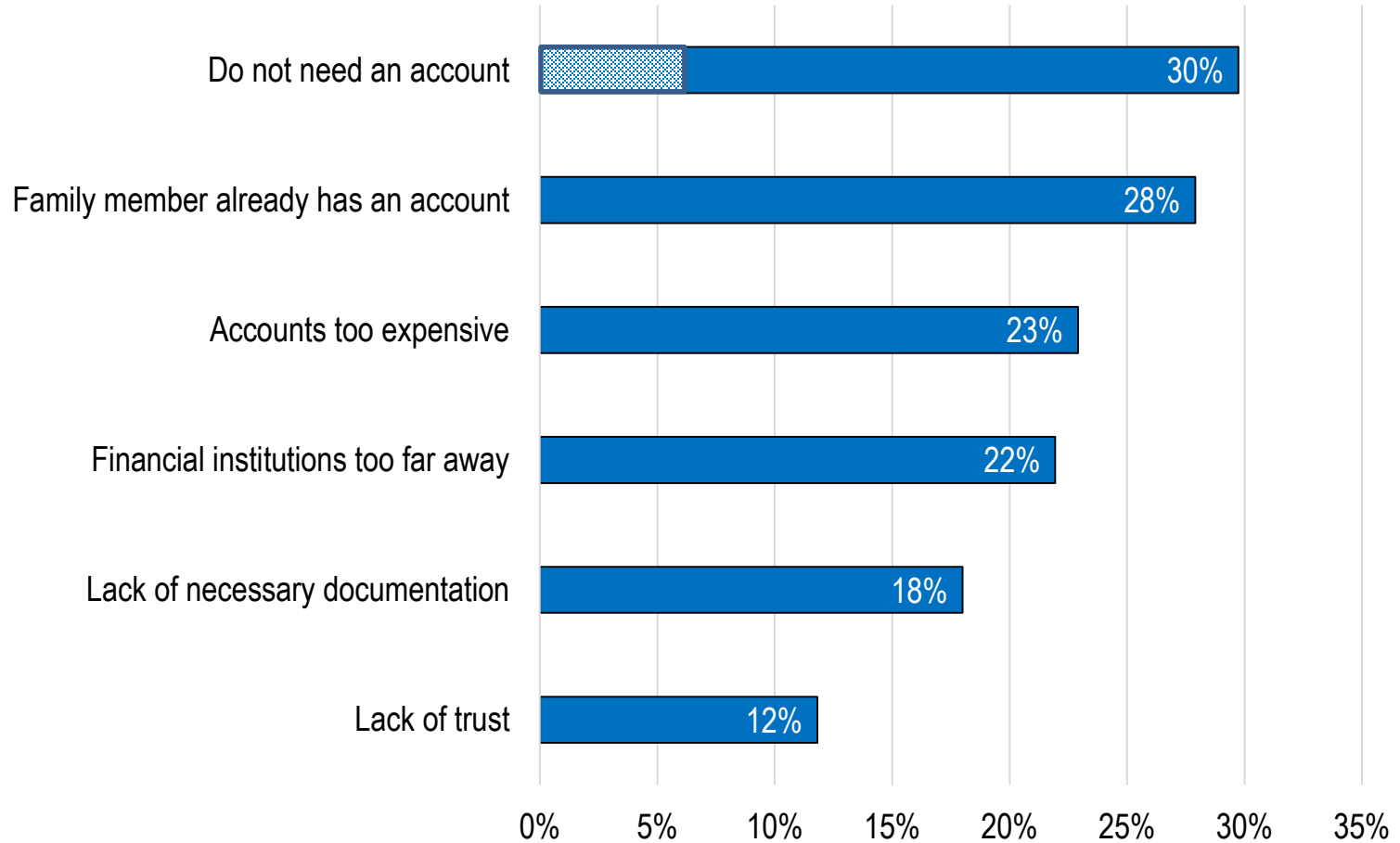


- What country-level factors explain the wide variations in account ownership across emerging economies?
 - *Differences in the legal, regulatory, and tax environment {financial & telecom}*
- Impact of reforms, such as new laws/regulations permitting agents, mobile money accounts (/technology), and tiered KYC

Barriers to Account Ownership Around the World

Barriers to Account Ownership

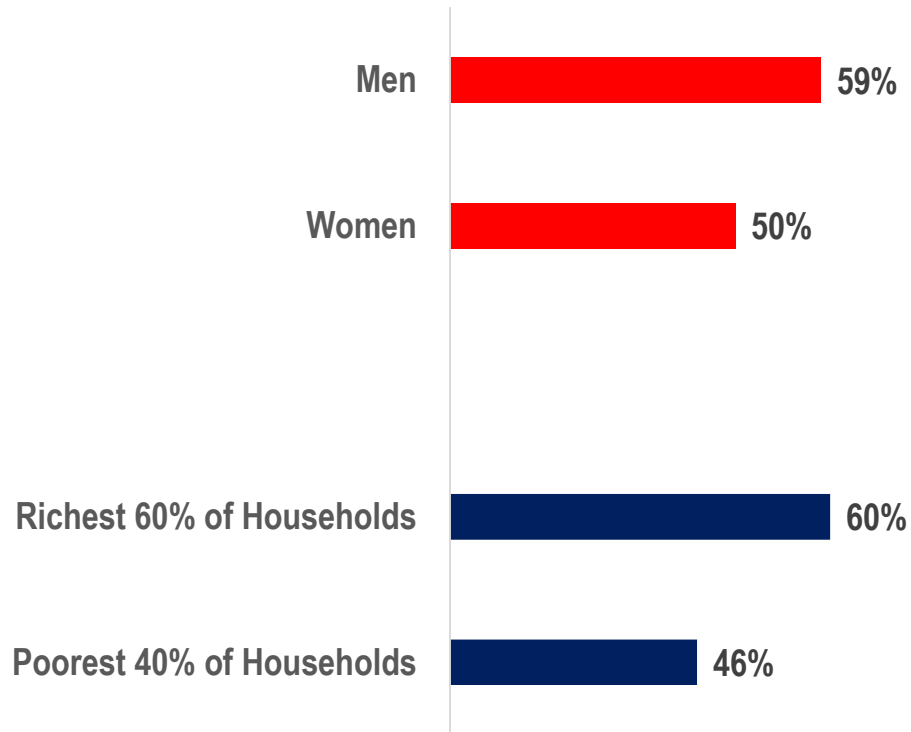
Total Percentage of Adults



Challenges: Inequality in Access

Financial Inclusion in Developing Countries

Total Percentage of Adults, 2014



The percent of unbanked adults in the poorest 40% of households dropped by 17 percentage points – but more than half in developing countries are still without accounts

In India, men are more than 20 percentage points more likely than women to have an account

In the Middle East older adults are twice as likely as younger adults to have an account

234 million adults in China remain unbanked and 71% of them live in rural areas

The Benefits and Risks of Digital Financial Services

Over half of all account owners in Latin America use their debit card to make direct payments

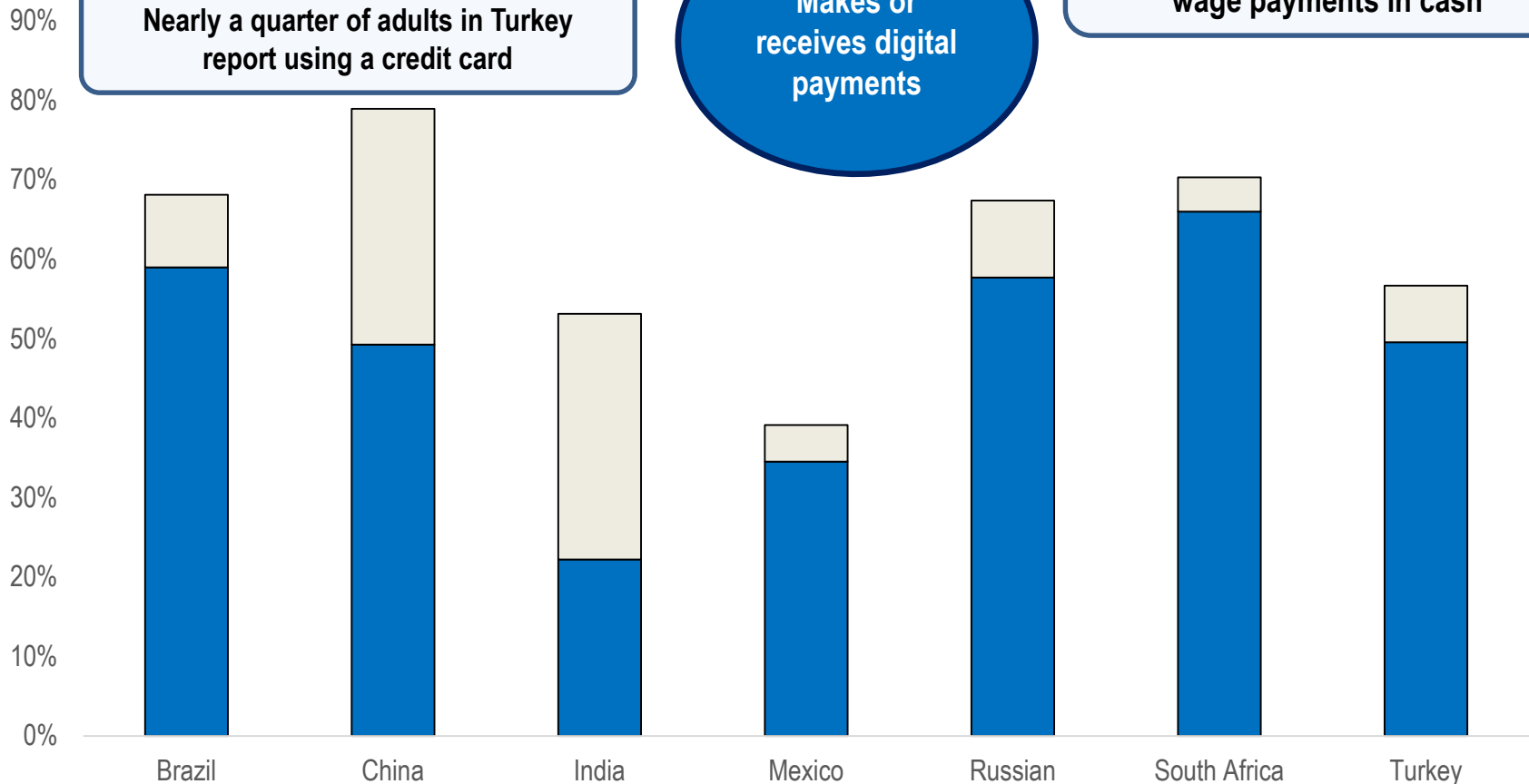
About 9 in 10 government payment recipients in Brazil and South Africa are paid into an account

30% of adults in china make payments from their account using their mobile phone

Over 400 million unbanked adults receive government transfer or wage payments in cash

Nearly a quarter of adults in Turkey report using a credit card

Makes or receives digital payments

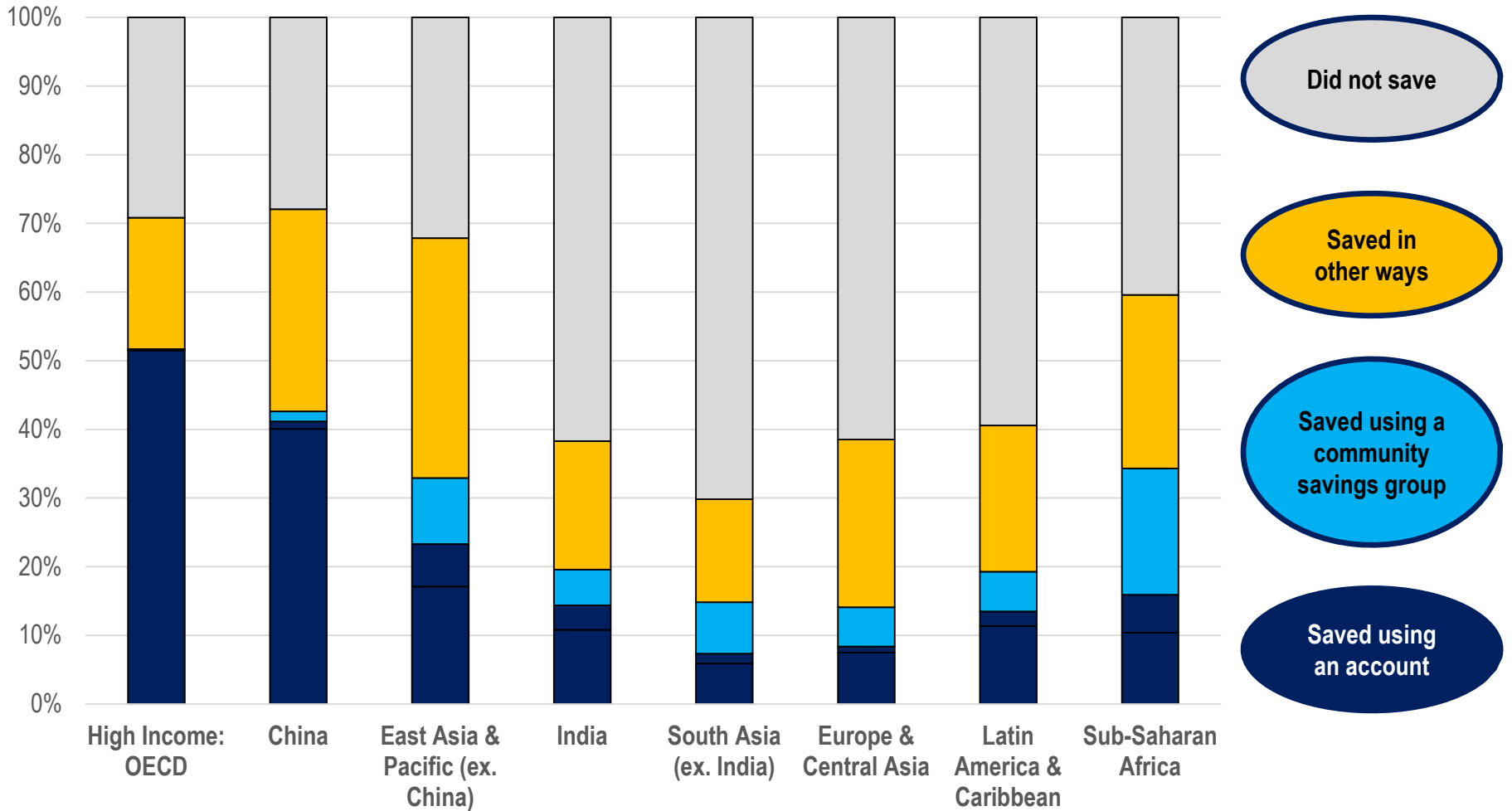


Note: The height of the bar is the percentage of adults with an account.

Savings

Savings behavior

Total Percentage of Adults



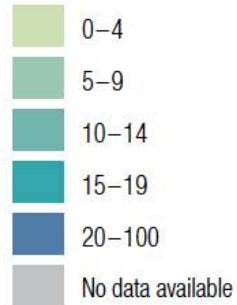
Access to Credit

Formal Credit

Total Percentage of Adults

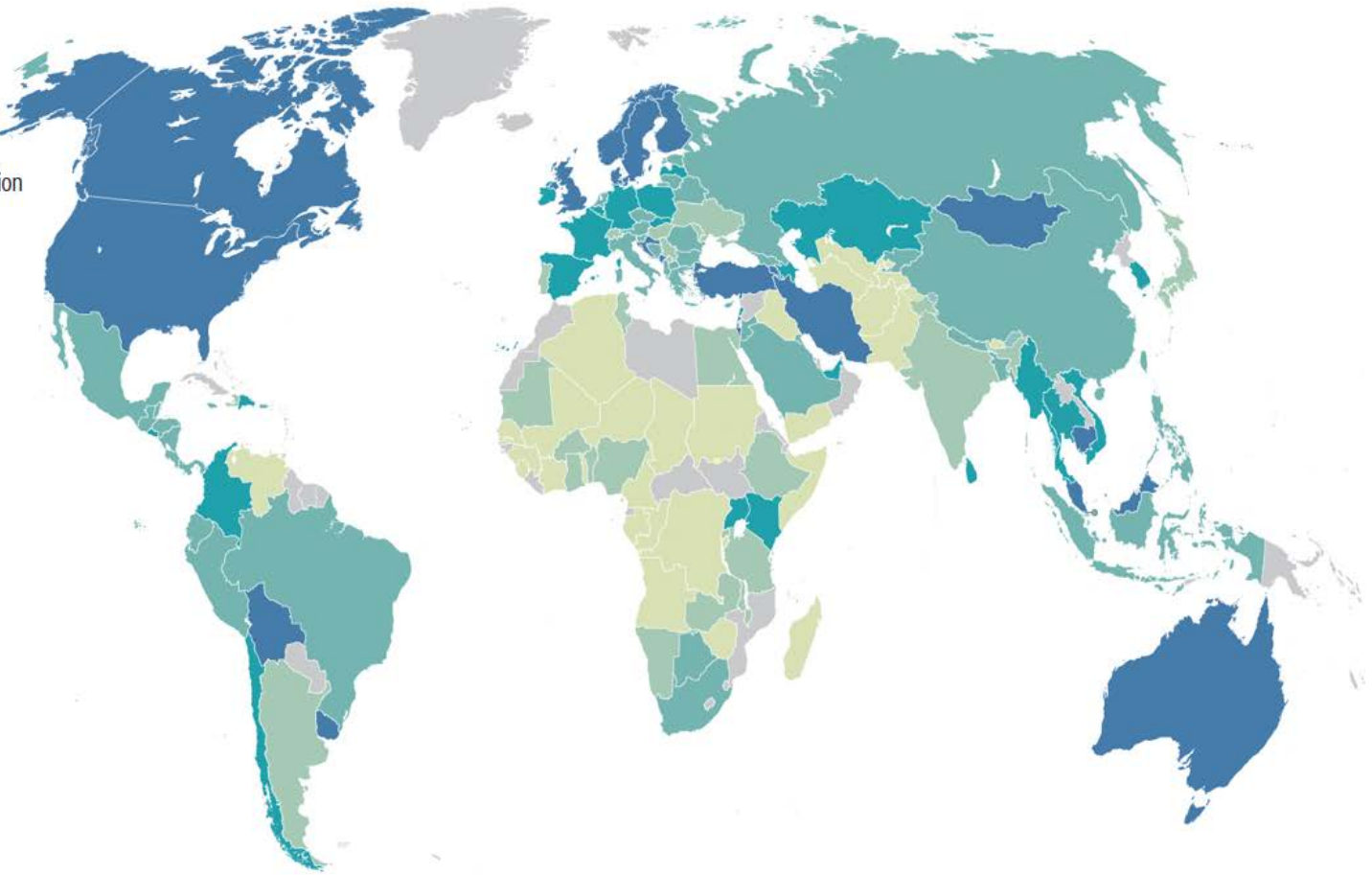
Origination of new formal loans around the world

Adults borrowing from a financial institution
in the past year (%), 2014



Source: Global Findex database.

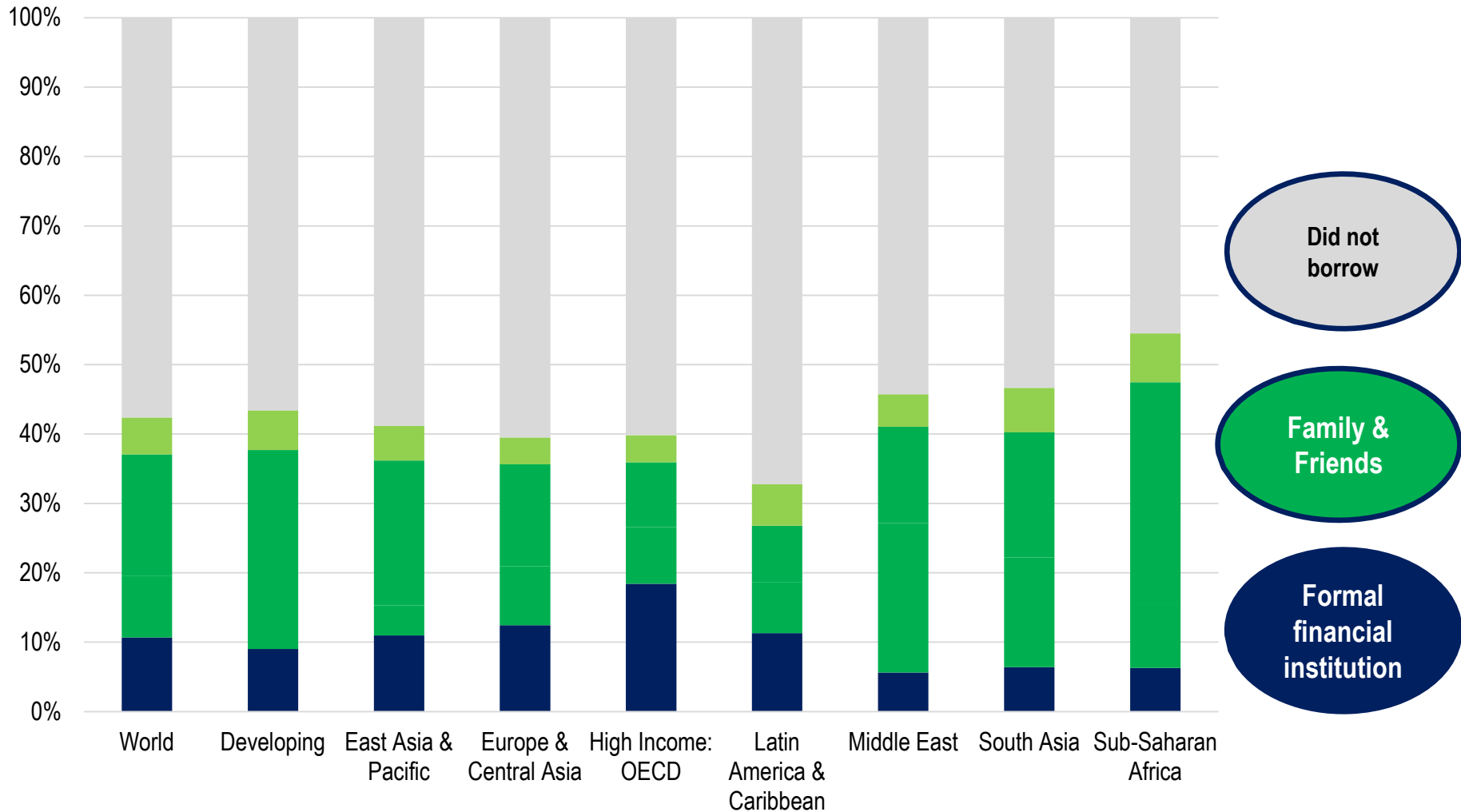
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Access to Credit

Borrowing behavior

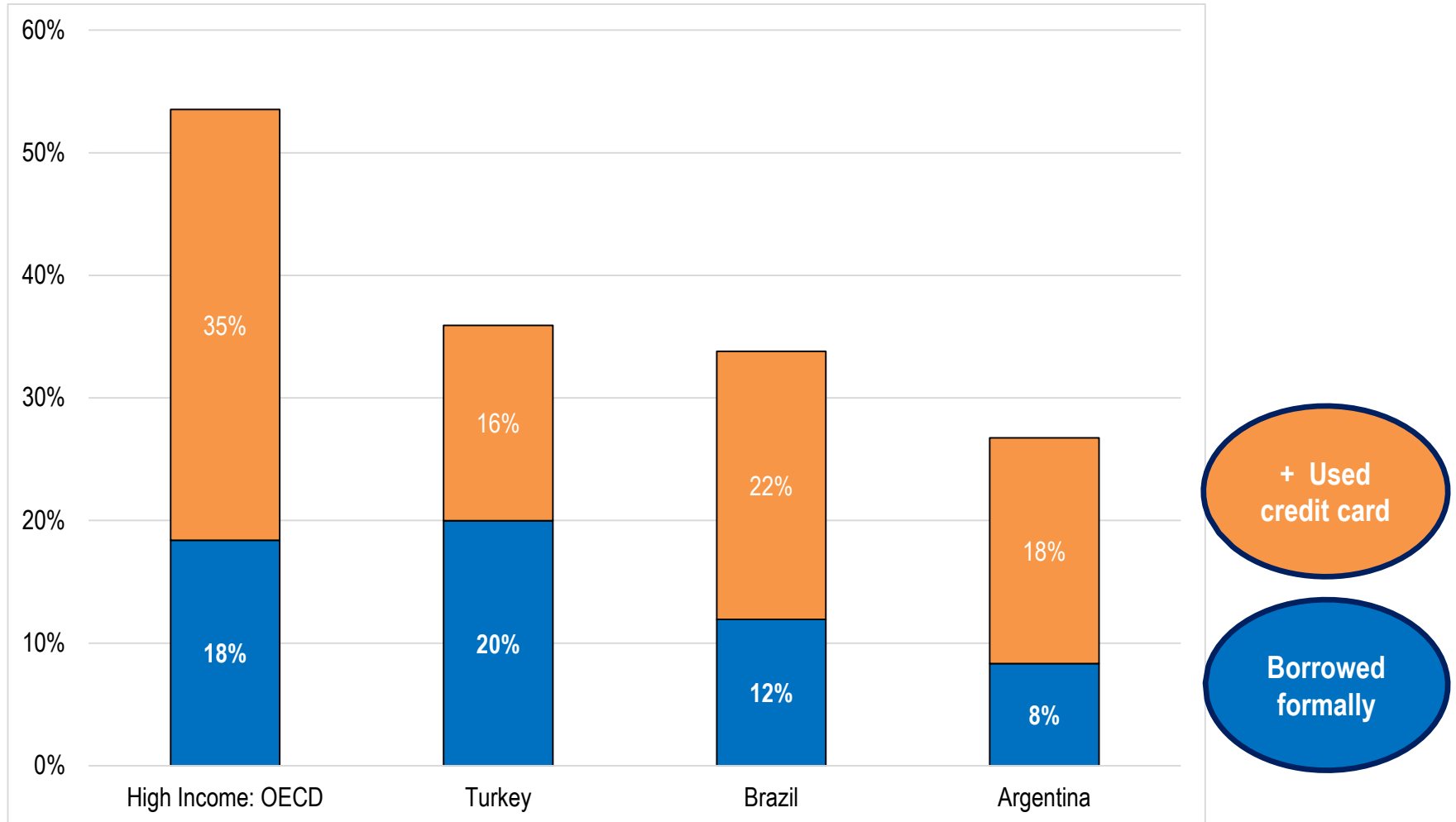
Total Percentage of Adults



Access to Credit

Borrowing behavior, including credit card payments

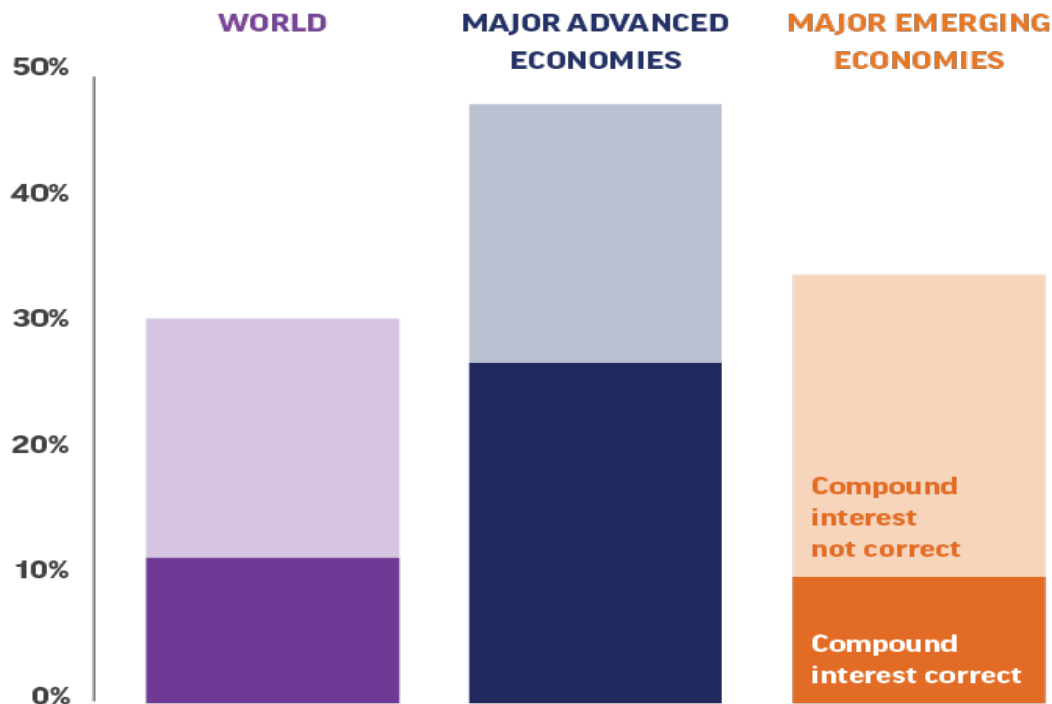
Total Percentage of Adults



Challenges to Financial Stability : Financial Literacy and Use of Formal Credit

Financial Literacy

Total Percentage of Adults who used a credit card or borrowed from a financial institution in the past year



Credit card ownership has doubled in China since 2011 – to 16%. Yet only 58% percent of credit card owners understand interest compounding.

Source: S&P Global FinLit Survey and Global Findex database

Note:

The height of the bars is the percentage of adults that used a credit card or borrowed from a bank

Major advanced economies include: Canada, France, Germany, Italy, Japan, United Kingdom, United States

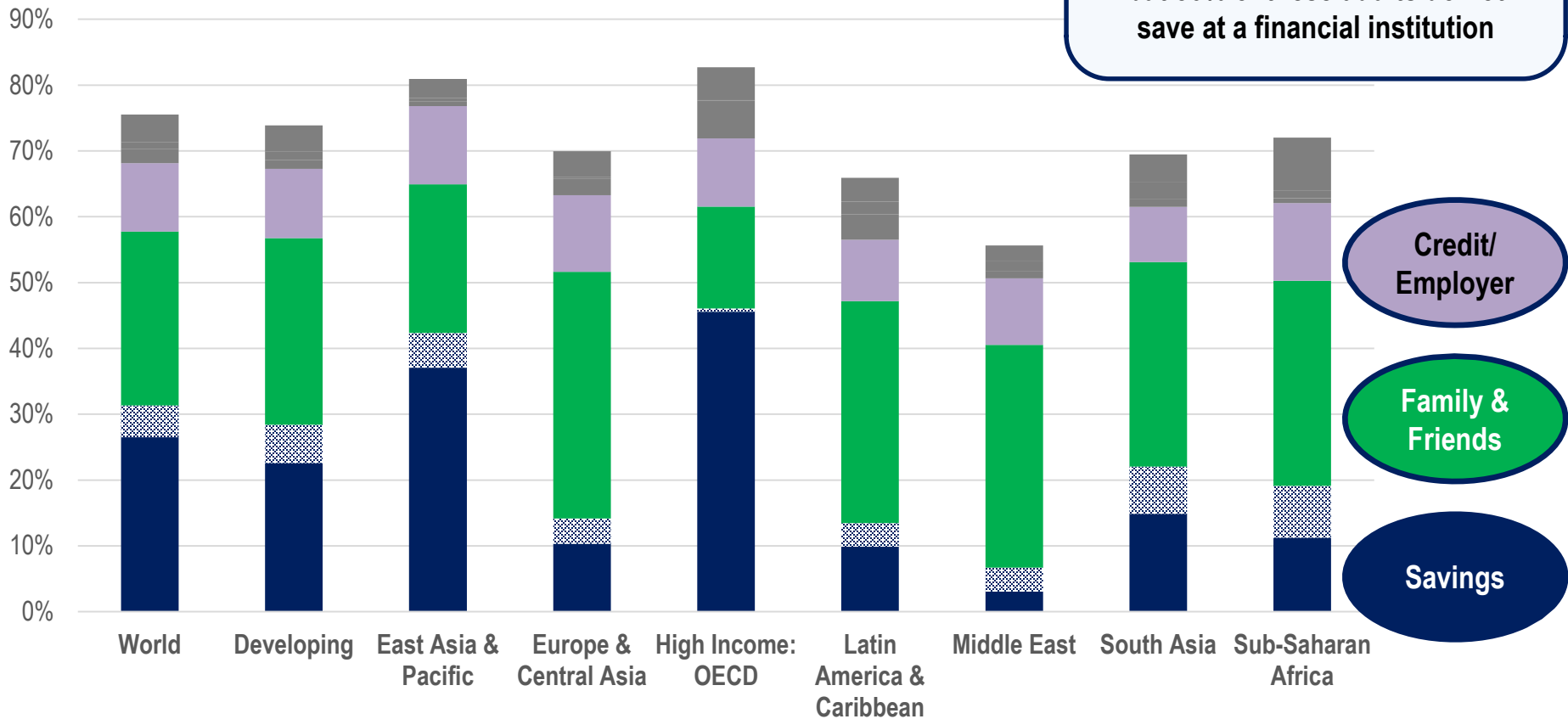
Major emerging economies include: Brazil, China, India, Russian Federation, South Africa

Measuring Financial Resilience

Financial Resilience: Source of emergency funds

Total Percentage of Adults

1.2 billion adults in developing countries say they would use savings in case of an emergency—but 56% of these adults do not save at a financial institution



Note: the height of the bar is the percentage of adults that report being able to come up the equivalent of 1/20th of GNI in a month.

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