



**IFC Workshop on Financial Inclusion Indicators**  
**Co-hosted by Bank Negara Malaysia**  
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**Overview of international and national initiatives  
to promote financial inclusion and its measurement<sup>1</sup>**

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<sup>1</sup> 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.

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# **Overview of international and national initiatives to promote financial inclusion and its measurement**

Paul Van den Bergh

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**Bank Negara Malaysia – IFC workshop on Financial Inclusion Indicators,  
Kuala Lumpur, 5-6 November 2012**



## United Nations

- In September 2009 appointed Secretary General Special Advocate (UNSGSA) for Inclusive Finance for Development : H.R.H. Princess Maxima of the Netherlands
- Presents Annual Report
- Five priority themes
  - diversity of financial services
  - continuum of finance from individuals to SMEs
  - responsible finance and financial literacy
  - complementarity with work of global standard setters
  - data for effective policy making and financial product development



## G20 initiatives

- G20 set up Global Partnership for Financial Inclusion
- Support provided by World Bank Group and AFI
- Three GPFI subgroups
  - SME finance
  - work with standard setting bodies
  - data and measurement
- Proposal to explore issue of consumer protection and literacy
- Data group to identify
  - existing FI data landscape
  - assessing data gaps
  - develop key performance indicators



## G20 set of FI indicators

- Basic set
  - Formally banked adults
  - Adults with credit by regulated institution
  - Formally banked enterprises
  - Enterprises with credit by regulated institution
  - Points of service
- Secondary set – in development
  - Payments and remittances
  - Credit information
  - Financial capability
  - Financial consumer protection



## Initiatives supported by the World Bank Group

- Supports G20 GPMI
- Released in 2012 the Global Financial Inclusion (Global Findex) Database, funded by Bill and Melinda Gates Foundation in partnership with Gallup
  - Covers 148 countries
  - Measure how women, men and youth save, borrow, make payments and manage risks
  - Comprehensive, comparable dataset
  - Can track effect of FI policies globally
- Various other global surveys (enterprise, payment systems, consumer protection, remittances) and assist national surveys
- WB FI Global Practice (projects in over 60 countries)
- Work with IMF on Financial Access Survey
- House the Consultative Group for Assisting the Poor (CGAP)



## Consultative Group to Assist the Poor, CGAP (1)

- Independent policy and research center dedicated to advancing financial access for the world's poor
- Supported by 30 development agencies and private foundations
- Provides market intelligence, promotes standards, develops innovative solutions and offers advise to
  - governments
  - financial service providers
  - donors
  - investors
- Report on Financial Access in 2009, 2010 and 2011



## Consultative Group to Assist the Poor, CGAP (2)

- 2011 report reviews “supply-side” data landscape
  - Access to financial services (branches, ATMs ...)
  - Usage of financial services (number of accounts ...)
  - Quality of products and services (pricing, client value, core tenets of consumer protection and financial capability such as literacy)
- Sources of data
  - Demand-side data from users (typically surveys)
  - Supply-side data from financial service providers
  - Demand and supply-side data are complementary





## Some other international organisations

- IMF: Financial Access Survey
- OECD
  - Financial Literacy Network
  - Financing SMEs and Entrepreneurs
  - Handbook on Constructing Composite Indicators
- International Association for Research on Income&Wealth
- BIS
  - Home of various Standard Setting Bodies which meet with key stakeholders re FI policies
  - CPSS with data on payment systems
  - Secretariat of the Irving Fisher Committee
  - Own composite indicators for financial stability



## Princess Máxima of the Netherlands at the BIS





## The Irving Fisher Committee on Central Bank Statistics

- Forum for economists and statisticians to discuss data issues related to economic, monetary and financial stability of interest to central banks
- Housed at the Bank for International Settlements
  - All 60 BIS shareholders are member (total 75 members)
  - Yearly report to BIS Governors
  - Secretariat at the BIS
- Affiliated with the International Statistical Institute



## The Irving Fisher Committee on Central Bank Statistics (2)

- Organises conferences, seminars, workshops
- Publishes Bulletin and Working Papers
- Cooperates with other international statistical bodies or data groups



## Some other international initiatives (1)

- Alliance for Financial Inclusion (AFI)
  - Network of central banks, supervisors and other financial regulatory authorities (95 members from 81 countries)
  - Membership overlaps partly with BIS/IFC
  - Focuses on peer learning and knowledge sharing
  - 35 members made concrete FI commitments
  - Support G20 GPFI in all three sub-groups and G20 Peer Learning Programme
  - Data Working Group



## Some other international initiatives (2)

- Microfinance Information Exchange (MIX)
  - Washington-based non-profit international organisation that collects, validates, and analyses microfinance data
  - Various private sector partner organisations
- Finmark/Finscope
  - FinMark Trust, independent trust set up in 2002 with initial funding of UK Dept for Int Development)
  - Finscope surveys: consumer survey (demand and supply side), small business
  - FI indicators for various (12) African countries



## Some other international initiatives (3)

- Center for Financial Inclusion (NY-based group of key industry participant)
- Some regional initiatives
- Various donor organisations, eg Gates Foundation



## **National data initiatives re financial inclusion and data (1)**

- Many countries participate in international data collections of World Bank Group, AFI, Finsope and others
- Also national initiatives under different headings
- Kenya: M-PESA mobile payment system
- South Africa: academic research incl by Centre for Inclusive Banking in Africa
- Brazil: Inclusao Financeira (Forum holding yearly meeting, last one in Porto Alegre, 29-31 October 2012), measures to monitor development of network of bank correspondents
- Belgium, Italy: studies in income & wealth by central bank





## **National data initiatives re financial inclusion and (2)**

- Portugal: measuring the evolution of financial services, incl through data from payment systems, Central Credit Register and Central Bank Balance Sheet Data Office
- France: National Database on Household Credit Repayment Incidents
- India: research topic of RBI's Centre for Advanced Financial Research and Learning (CAFRAL)



## National data initiatives re financial inclusion and data (3)

- US: Federal Reserve involvement in Community Development Finance
- United Kingdom:
  - HM Treasury initiative: Financial Inclusion Force
  - Private sector: Transact – the National Forum for FI
  - Non-for-profit think tank: the Financial Inclusion Centre
- Interest in many other countries as reflected in central bank speeches



## Central banks speeches

- BIS contains list of speeches by senior central bank executives
- Speeches on “financial inclusion” since early 2011
  - India (8)
  - Kenya, United States (5)
  - Fiji, Namibia, Pakistan (3)
  - Albania, Mexico, Solomon Islands, Uganda, Zambia, (2)
  - Curacao and St Maarten, Ireland, Malaysia, Mauritius, Philippines, Saudi Arabia, Serbia (1)



## General observations (1)

- Various definitions of financial inclusion (confusing?)
- Importance of good data for good policy
- FI is multidimensional concept
- Different dimensions need to be measured
  - Access
  - Usage
  - Qualitative information
- Various international initiatives to provide methodological guidance and coordinate international data collections using standard indicators



## General observations (2)

- Importance of detailed national data on various country-specific issues (one size does not fit all)
- Micro data important to improve analysis
- Some efforts exist to develop composite indicators at national and international level
  - Simple measures so far
  - But methodological issues need to be addressed
- Need for cooperation at international and national level
- Central bank statistical functions have expertise and are ready to assist