The financial inclusion data working group and the Mexican experience

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\[1\] 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.
Bringing Smart Policies to Life

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Part 1

FINANCIAL INCLUSION DATA WORKING GROUP (FIDWG)
Why measure?

Evidence-Based Policymaking

1. Diagnose the state of financial inclusion
2. Design appropriate policies
3. Monitor changes over time
4. Evaluate policy impact
Framework for measuring

Ability to use financial services:
- Proximity
- Channels
- Barriers

Actual use of financial services:
- Products
- Patterns
- Behaviors

Appropriateness of financial services:
- Convenience
- Security
- Consumer Protection
The AFI FIDWG core set of indicators

The Core Set of indicators is one initiative developed by the Financial Inclusion Data Working Group as a guidance to conduct data collection and measurement efforts at country-level.

This set is a list of indicators designed by policymakers to be flexible for country-specific needs, but at the same time to allow certain amount of comparison and benchmarking among countries.
Principles behind the selection of Core Set

Core Set of FI indicators

- Usefulness and Relevance
- Pragmatism or Practicality
- Consistency
- Flexibility
- Balance
- Aspiration
# Core Set of Financial Inclusion Indicators

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Core Indicators</th>
</tr>
</thead>
</table>
| **Access** | 1) Number of **access points** per 10,000 adults  
2.1) % of administrative units with at least one access point  
2.2) % of total population living in administrative units with at least one access point |
| **Usage** | 3.1) % adults with at least one type of **regulated deposit account**  
*Proxy: Number of deposits accounts per 10,000 adults*  
3.2) % adults with at least one type of **regulated credit account**  
*Proxy: Number of credits accounts per 10,000 adults* |
Further initiatives

A. Core indicators
On-line availability
(MixMarket online platform)

B. Second Tier indicators
Barriers to access and usage
Quality indicators
Other indicators

C. Demand-side surveys
Guidance note
Core questions
Focus groups

D. Additional activities
New knowledge material
New peer-reviews

Work in progress
On-line core indicators: catalog

Geographic distribution / concentration of access points

The indicators and definitions for this component are as follows:

**Access points per km sq**
- Number of branches per 1,000 km sq
- Number of ATMs per 1,000 km sq
- Number of POS per 1,000 km sq

**Spatial distribution of access points**
- Map of branch presence by type of institution (commercial bank, development bank, Savings and credit entity)
- Map color-coded by number of branches per 10,000 adults (high, medium, low)

**Access points per administrative unit**
- Percentage of 3rd tier administrative units with at least one access point that performs cash-in and cash-in
- Number of admin unit with branch presence by type of institution (commercial bank, development bank, cooperatives, MFIs)
- Average number of branches per admin unit by type of institution (commercial bank, development bank, cooperative, MFI)
- Number of outlets (branches, kiosks, satellites) per district
- Percentage of admin unit with at least one branch by 2nd tier admin unit
- Percentage of municipalities with at least one branch representing each type of institution by classification of municipality
- Number of municipalities with at least one branch representing each type of institution by classification of municipality
- Percentage of municipalities with at least one branch by classification of municipality
- Percentage of total number of branches in the country located in each category of municipality
**On-line core indicators: country cards**

<table>
<thead>
<tr>
<th>Country: Brazil</th>
<th>Country: Burundi</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult population: 144,823,504</td>
<td>Adult population: 3,819,120</td>
</tr>
<tr>
<td>Total number of relevant administrative units: 5565</td>
<td>Total number of relevant administrative units: 129</td>
</tr>
</tbody>
</table>

**Access dimension**

- Total number of branches: 31,541
- Total number of agents: 151,623
- Total number of ATMs: 174,920
- Total other Cash-in & out: 1,990

Number of access points per 10,000 adults at a national level: 18.3
% of administrative units with at least one access point: 100%
% of total population living in administrative units with at least one access point: 100%

**Usage dimension**

- % of adults with at least one type of regulated deposit account: 79%
- Number of deposit accounts per 10,000 adults: 12,470
- % of adults with at least one type of regulated credit account: 21%
- Number of loan accounts per 10,000 adults: 44,686


<table>
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<tr>
<th>Country: Burundi</th>
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<tr>
<td>Adult population: 3,819,120</td>
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<td>Total number of relevant administrative units: 129</td>
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</tbody>
</table>

**Access dimension**

- Total number of branches: 410
- Total number of agents: 0
- Total number of ATMs: 0
- Total other Cash-in & out: 0

Number of access points per 10,000 adults at a national level: 1.1
% of administrative units with at least one access point: 93%
% of total population living in administrative units with at least one access point: 95%

**Usage dimension**

- % of adults with at least one type of regulated deposit account: 79%
- Number of deposit accounts per 10,000 adults: 1,738
- % of adults with at least one type of regulated credit account: 21%
- Number of loan accounts per 10,000 adults: 468

Sources: AFI-FIDWG Financial Inclusion Survey. Data for 2011
On-line indicators: comparative charts

3.a Number of deposit accounts per 10,000 adults / 3.b Number of loan accounts per 10,000 adults

- Number of deposit accounts per 10,000 adults
- Number of loan accounts per 10,000 adults

Countries: Malaysia, Thailand, Guatemala, Mexico, Brazil, Peru, Namibia, Morocco, Philippines, Kenya, Uganda, Burundi, BCEAO, Malawi, Tanzania, South Africa, Zambia
Key accomplishments

During this time:
- 6 peer review
- 2 knowledge products

- 1st FIDWG meeting
  - March 2010
  - June 2010

- Measurement Framework
  - March 2011
  - June 2010

- Core Set of FI Indicators
  - March 2012

- Comprehensive “road tested” indicators (1st compilation)
  - June 2012

- G20 basic set of indicators based on AFI’s core set
  - June 2012
Lessons learned

- Focus on policy questions (strategy)
- Start with available data (harmonization)
- Consider partnerships (cooperation)
Part 2

THE MEXICAN EXPERIENCE
The access and usage of a portfolio of financial products and services for the population, under an appropriate regulatory framework that protects the interests of users and promotes its financial capabilities.

**Financial Inclusion Curve**

- **Access**: Increase in financial penetration
- **Usage**: Better Products
- **Quality**: More efficiency
- **Other components**: Market Conduct, Consumer Empowerment

Higher number of people included in the financial system

**Measurement of Financial Inclusion**
## Measurement framework

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<th>Indicators</th>
<th>Source</th>
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| **Access** | • Number of branches and banking agents per 10,000 adults  
• Number of ATMs/POS per 10,000 adults  
• % of adult population living in a municipality with at least one access point | • CNBV financial inclusion reports  
• ABM (Bank Association of Mexico) geo-spatial analysis |
| **Usage** | • Number of deposit accounts/loans per 1,000 adults  
• Number of depositors/borrowers per 1,000 adults  
• % of adults with an account at a formal financial institution  
• % of products that correspond to banks/other financial institutions  
• % of adults with at least one financial product | • CNBV: financial inclusion reports.  
• BANXICO (Central Bank).  
| **Financial Literacy and Consumer Protection** | • New financial capabilities data  
• % of financial institutions with financial literacy programs  
• % of complaints and claims that are solved | • World Bank/CNBV/Condusef  
• Commercial banks, Condusef (Commission for the Protection of the Users of Financial Services) |
Demand-side survey

• In 2010 – 2012 CNBV developed, in collaboration with the Ministry of Finance and other stakeholders, the conceptual framework and design of the first National Financial Inclusion Survey (ENIF 2012).

• The National Institute of Statistics (INEGI) participated providing technical assistance (sampling design & selection) and conducting the survey at the field in May 2012.

• The results will be available by year-end 2012.
• Up to December 2011, there are 35,702 access points, of which 11,911 are bank branches and 21,071 banking agents. Altogether, there are 4.47 access points per each 10,000 adults.
Banks’ and Microfinance Institutions’ Branches per 10,000 adults
(December 2011)

55% of all municipalities still lack access to one bank or microfinance* institution’s branch

*/ Cooperatives, popular finance entities, credit unions.
Final remarks

✓ Financial inclusion measurement framework in Mexico was designed considering FIDWG’s discussions and conclusions

✓ The indicators were built upon already available data and further information was gathered to complete the or enhance them

✓ Publication of results and establishment of a communication strategy was considered a key issue

✓ Cooperation with other Mexican financial authorities was crucial in some initiatives (such as the demand-side survey)
Thank you!