Collecting financial inclusion information from the supply side: the Colombian case

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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
Ms. Ana Maria GARCIA
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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)

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.
Why measure?

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.
Policies in FIs

• **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 withdraws 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

Credit Institutions monitored by SFC

Centralized information by BdO

By SFC
* Banks
* Finance Companies
* Financial corporations
* Credit and saving union monitored by SFC

By BdO:
* Credit and saving union monitored by SES
* NGO’s
**Main indicators**

**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
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**
- 2011: 2.1
- 2010: 2.2
- 2009: 2.2
- 2008: 2.2

**Agent Banking**
- 2011: 5.5
- 2010: 3.3
- 2009: 1.9
- 2008: 1.7

**ATM**
- 2011: 3.6
- 2010: 3.4
- 2009: 3.2
- 2008: 3.0

**POS**
- 2011: 54.9
- 2010: 52.8
- 2009: 47.4
- 2008: 39.6

Source: BdO, SFC

Agents provide financial services in places with difficult access and include self-excluded people.
### Number of municipalities

<table>
<thead>
<tr>
<th>Size of the population</th>
<th>2008</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Without coverage</td>
<td>Just branches</td>
</tr>
<tr>
<td>until 10.000 inhabitants</td>
<td>57</td>
<td>167</td>
</tr>
<tr>
<td>10.001 - 50.000 inhabitants</td>
<td>12</td>
<td>174</td>
</tr>
<tr>
<td>50.001 - 100.000 inhabitants</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Más de 100.000 inhabitants</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>70</strong></td>
<td><strong>343</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Size of the population</th>
<th>without coverage</th>
<th>Just branches</th>
<th>Just Agents</th>
<th>Branches and agents</th>
</tr>
</thead>
<tbody>
<tr>
<td>until 10.000 inhabitants</td>
<td>5</td>
<td>83</td>
<td>176</td>
<td>158</td>
</tr>
<tr>
<td>10.001 - 50.000 inhabitants</td>
<td>6</td>
<td>89</td>
<td>84</td>
<td>380</td>
</tr>
<tr>
<td>50.001 - 100.000 inhabitants</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>58</td>
</tr>
<tr>
<td>Más de 100.000 inhabitants</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>61</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11</strong></td>
<td><strong>173</strong></td>
<td><strong>261</strong></td>
<td><strong>657</strong></td>
</tr>
</tbody>
</table>

**Source:** BdO, SFC
Municipalities and contact point
The growth rate of last years is based on the number of basic saving accounts which are mainly used to deliver CCT programs.

<table>
<thead>
<tr>
<th>Product</th>
<th>Adults IDs (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saving accounts</td>
<td>13</td>
</tr>
<tr>
<td>Current accounts</td>
<td>1,4</td>
</tr>
</tbody>
</table>

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.

**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.

### USAGE - Credits

<table>
<thead>
<tr>
<th>Product</th>
<th>Adults IDs (millions)</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer</td>
<td>2,7</td>
<td>3,7</td>
<td>4,3</td>
<td>3,6</td>
<td>4,1</td>
<td>4,3</td>
</tr>
<tr>
<td>Housing</td>
<td>0,5</td>
<td>0,5</td>
<td>0,6</td>
<td>0,6</td>
<td>0,7</td>
<td>0,7</td>
</tr>
<tr>
<td>Microcredit</td>
<td>0,5</td>
<td>0,6</td>
<td>0,7</td>
<td>1,1</td>
<td>1,2</td>
<td>1,5</td>
</tr>
<tr>
<td>Credit cards</td>
<td>3,3</td>
<td>3,7</td>
<td>3,9</td>
<td>4,7</td>
<td>5,2</td>
<td>5,5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Product</th>
<th>Adults IDs (millions)</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer</td>
<td>10%</td>
<td>13%</td>
<td>15%</td>
<td>12%</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td>Housing</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Microcredit</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>4%</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Credit cards</td>
<td>12%</td>
<td>13%</td>
<td>14%</td>
<td>16%</td>
<td>17%</td>
<td>18%</td>
</tr>
</tbody>
</table>

*Source: Colombian Banking Association – Asobancaria*
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
Work in progress

- 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
Take away

• 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!