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The Chilean experience of a universal access debit card¹

Erika Arraño and Juan Pablo Cova,
Central Bank of Chile

¹ This paper was prepared for the meeting. The views expressed are those of the authors and do not necessarily reflect the views of the BIS, the IFC or the central banks and other institutions represented at the meeting.

The Chilean experience of a universal access debit card¹

Its importance in terms of financial inclusion and impact on narrow money

Erika Arraño and Juan Pablo Cova²

Abstract

In the last decade, Chile has shown a remarkable growth in number of debit cards per inhabitant, exceeding the performance of its peers in Latin American, as well as a number of developed economies. This responds to a particular phenomenon of financial inclusion, implemented by state-owned bank in the country. This is "CuentaRut", a universal access account, available to any citizen who has an identity card, Chilean or foreign, without income or background requirements, and nor opening or maintenance costs. This paper describes the advances to promote bank use by population through the access to this means of payment and its impact on the behavior of narrow money and its components –currency and sight deposits-, using a VAR model, and its impulse-response functions.

Keywords: Financial inclusion, debit card, narrow money, VAR, Chile.

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² Statistics Division, Central Bank of Chile. E-mails: earrano@bcentral.cl; jcova@bcentral.cl.

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1. Introduction

In the latest years, the concept of financial inclusion has become increasingly relevant because there is recognition of the benefits it brings to the economic development of countries. In fact, in 2010, the G20 leaders acknowledged this issue is one of the main pillars for the global development agenda, so a plan to develop it through Global Partnership for Financial Inclusion (GPFI) was devised. Nowadays, many countries and organizations are launching programs in this area, facing different challenges associated with the idiosyncrasy of each culture.

Financial inclusion can be understood as an access to financial services or as an improvement in terms of quality and coverage. In particular, it should be oriented to making banks a viable option for the entirety of the population —especially lower income and rural groups— at a reasonable cost and with clear terms. Financial inclusion has positive social, economic and financial effects. It has an impact on the evolution of means of payment by making the interaction among economic agents more efficient and secure, promoting economic formalization and contracting tax evasion and criminal activities. It increases the possibility of saving and spending of homes. It also encourages productive investment opportunities. Finally, financial inclusion establishes the possibility of extending the client bases and, thus, the volume of activities for the financial system.

Financial inclusion policies should encourage the usage of modern means of payment and the correct performance of the financial sector, that is strengthen the security of the means and instruments of payment, reduce its costs while controlling that they do not become a mechanism which increases irrational indebtedness. In this regard, the government can have an active participation in the framework of its public policies on financial education.

Chile has shown important advances in financial inclusion in the last decades. In the banking area, several products and services have reached a high degree of penetration in the population. Amongst these products, debit cards stand out with 21 million valid cards on December 2016, which are usually associated with a sight deposit account that carries no checks³. A main actor behind this number is BancoEstado (42% share), which is a state-owned institution that considers social inclusion as part of its mission, and it has the objective of giving universal access to banking, including people who do not have access to financial services due to low income or physical distance. All of this is achieved through its product CuentaRut.

CuentaRut is an individual account for natural persons; it allows the administration of money in an easy and secure manner with minimal costs per transaction. It can be used to receive salaries, make a variety of payments and withdraw cash. Its name is associated to the unique identity registry for each person (Rut in Spanish) issued by the Civil Registry and Identification Service of Chile. The speed and massiveness with which this instrument has spread, even among immigrants, has permitted access to banking to a high percentage of the population. In fact, according to information from mid-2016, 98% of the adult

³ Chilean population is estimated in more than 18 million inhabitants, where 80% is older than 15 years.

population has at least one financial product; CuentaRut plays a fundamental role in this statistic, reaching 62% coverage of the population 15 years or older, 8.7 million accounts have been opened at a national level. This number goes up to 65%, 9.2 million on December 2016. This places Chile at the high end in Latin American and around mid-range among developed countries when considering the number of debit cards per inhabitant.

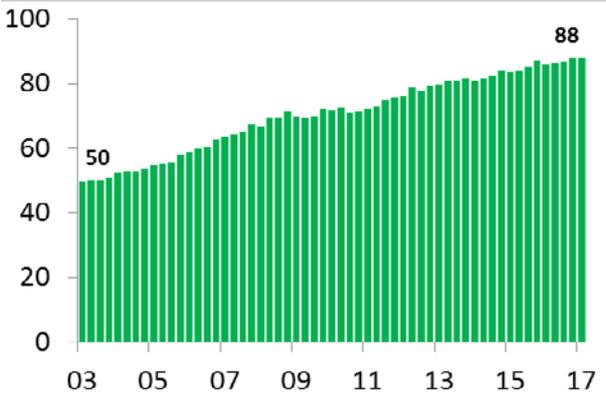
The dynamism shown by CuentaRut could have an impact on money; this can be measured through a VAR using the number of debit cards as a proxy. This exercise leads to the conclusion that CuentaRut has incentivized the substitution of currency with sight deposit accounts, in a context in which this has been the product with the highest share increases in narrow money.

This document is structured in four sections. CuentaRut and its impact on financial inclusion are described in section II. The methodology used and the results of the role CuentaRut has played in the evolution of the components of narrow money are presented in section III. Finally, section IV refers to the final comments.

2. CuentaRut and its impact on financial inclusion

Just as it is stated in the “Report on Financial Inclusion in Chile 2016”, which was developed by the Superintendency of Banks and Financial Institutions (SBIF), substantial advances in financial inclusion have been achieved during the last decade, this has improved the access indicators, the usage and financial infrastructure, which have had an impact mainly in the lower income segment of the population. The prior has become true due to the economic growth the country has undergone, as well as to the development of public policies in this area. This has generated an increase in the depth of banking (ratio between total loans and GDP), this indicator has gone from 50% in the beginning of 2003 to just below 90% in the first quarter of 2017 (Figure 1).

Figure 1. Loans over GDP ratio (percent)



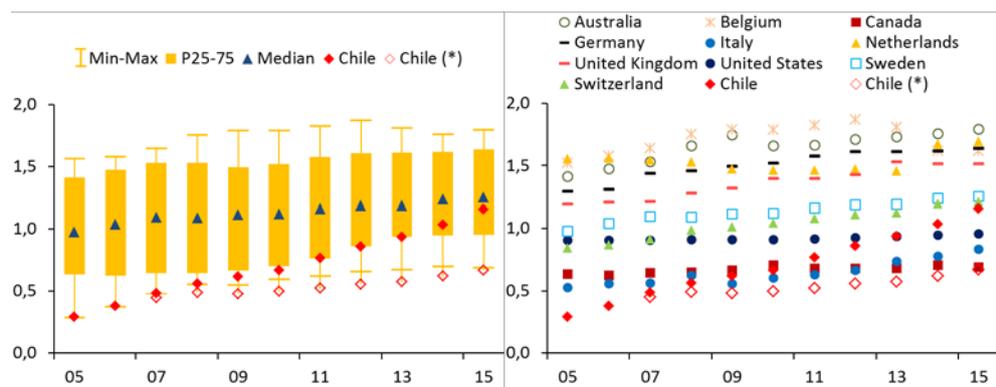
Source: Prepared by the authors based on information from Central Bank of Chile.

Regarding the access to financial services, with information until mid-2016, 98% of the population 15 years or older have at least one financial product. The most widespread of these products is the debit card which has over 70% coverage.

The state-owned bank (BancoEstado) is greatly responsible, with its CuentaRut product, for the more widespread access to financial services. In fact, watching the

evolution of the number of debit cards per inhabitant, based on information from the BIS/CPSS (Payment, clearing and settlement statistics –“Red Book”–) and CEMLA/World Bank (“Yellow Book”); it can be appreciated that Chile is the country with the greatest advancement in the number of cards in the last decade, narrowing the gap with developed economies and positioning itself in an advantageous position in the Latin American region (Figure 2 and 3). Actually, in 2015, Chile surpassed The US, Italy and Canada in the number of debit cards per inhabitant. Indeed, the number of cards went from 0.3 units per inhabitant in 2005 to 1.2 units in 2015. If we were to deduct the CuentaRut cards, that number would drop to 0.7 units, which, in turn, would place Chile in the bottom of the distribution of developed economies or below the median of Latin American countries.

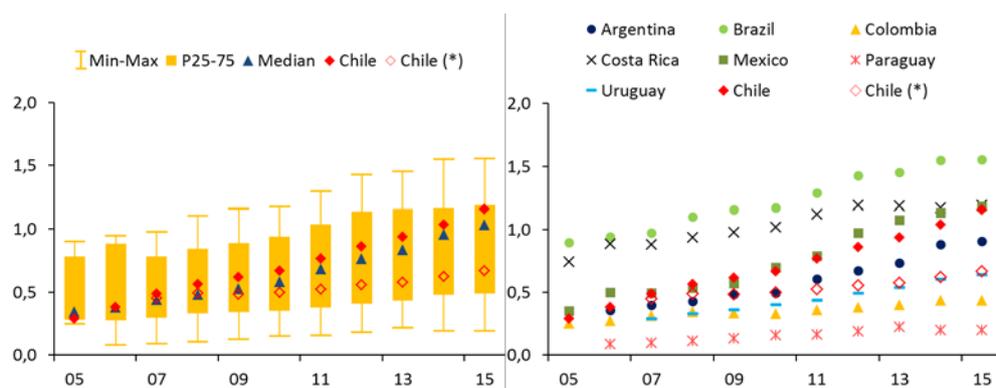
Figure 2. Number of debit cards per inhabitant: developed economies (debit cards per inhabitant)



(*) Chile without CuentaRut.

Source: Prepared by the authors based on BIS/CPSS –“Red Book”–, SBIF and BancoEstado.

Figure 3. Number of debit cards per inhabitant: Latin American economies (debit cards per inhabitant)



(*) Chile without CuentaRut.

Source: Prepared by the authors based on CEMLA/World Bank –“Yellow Book”–, SBIF and BancoEstado.

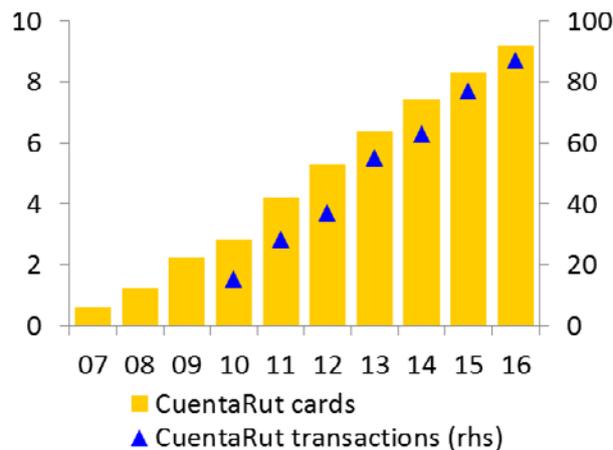
2.1. What is CuentaRut?

CuentaRut consists of an individual banking account or means of electronic payment for natural persons. It stands out because of its widespread inclusion giving access to every Chilean or foreigner with a residency (from 12 years old for women and 14 for men) to the financial system. The only requirement is to have an identity card (Rut) issued by the Civil Registry and Identification Service of Chile. A minimum income or financial history is not required. Additionally, it does not have opening or maintenance costs; nevertheless it has some transactional costs, mainly related to cash withdrawal from ATMs.

It may be used to receive salaries, pensions, subsidies, tax returns, scholarships, allowances and social benefits, for example catastrophe relief aid. Also, CuentaRut allows the holder to pay utility bills, pay taxes, do shopping through POS, deposit in other accounts and withdraw cash.

Work started to go into the CuentaRut Project in BancoEstado in 2005; it was launched to the market on September 2006. It started a gradual penetration in 2007, card issuance and the number of transactions carried out with them maintained a steady growth, reaching, on December 2016, 9.2 million accounts. Meanwhile, CuentaRut transactions reached 87 million in the same period (Figure 4).

Figure 4. Number of CuentaRut cards and transactions (millions of cards; millions of transactions)

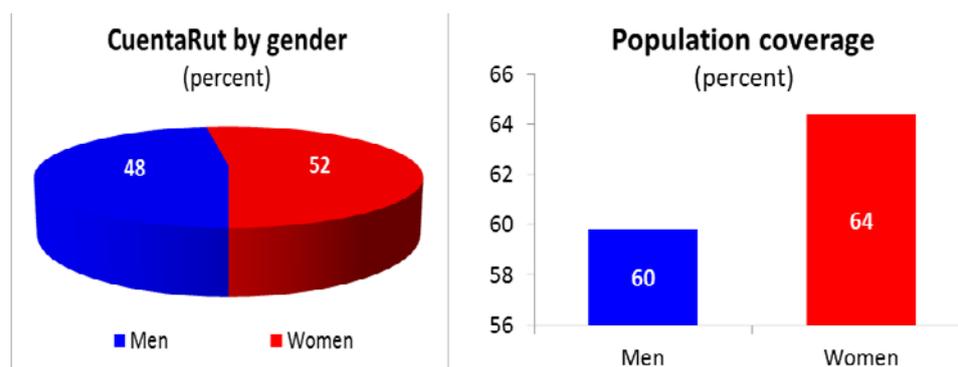


Source: Prepared by the authors based on information from BancoEstado.

2.2. Who are the CuentaRut holders?

According to BancoEstado data from June 2016, 52% of the holders of this account are women; such number constitutes 64% of the total female population over 12 years of age. The number of men holding said account constitutes 60% of the male population over 14 years of age (Figure 5).

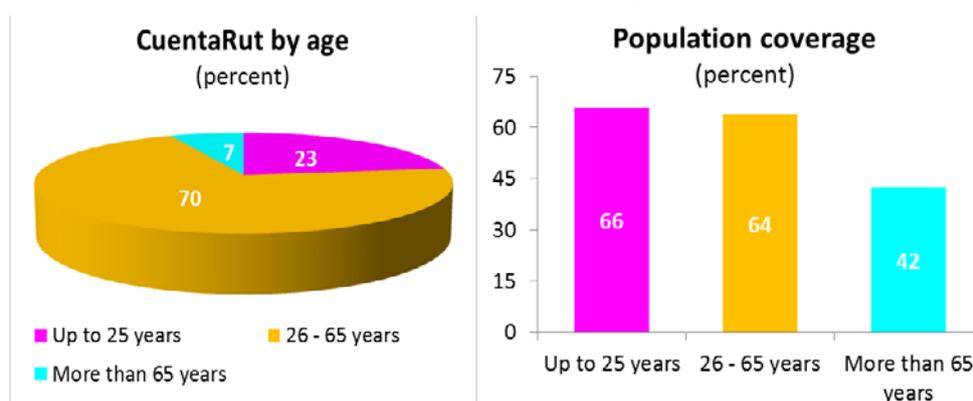
Figure 5. CuentaRut by gender and population coverage



Source: Prepared by the authors based on information from BancoEstado and National Institute of Statistics (INE).

Regarding the age groups, 23% of the holders are 25 years of age and under – which constitutes 66% of the young population–, 70% range from 26 to 65 years of age –almost 65% of the adult population–; and 7% of the holders are 65 and over – 42% of the elderly population– (Figure 6).

Figure 6. CuentaRut by age and population coverage

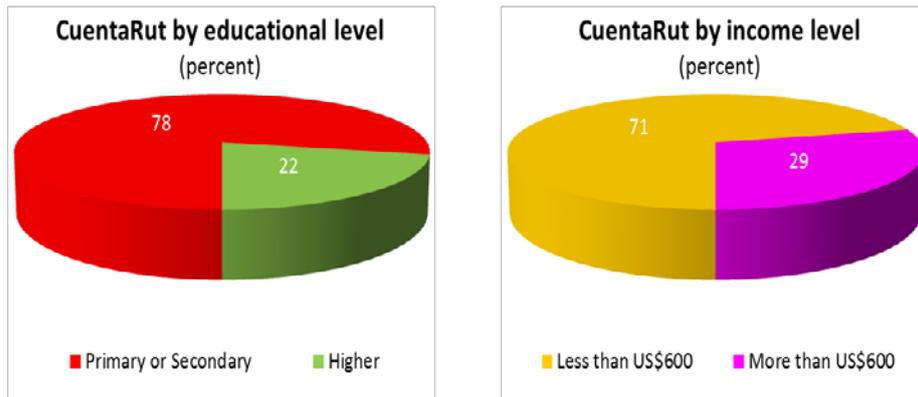


Source: Prepared by the authors based on information from BancoEstado and National Institute of Statistics (INE).

According to a BancoEstado customer survey, young CuentaRut holders think “it represents the practicality and safety of not having to use cash and the comfort of using the internet with CuentaRut”. Adults “value the security and the ability to pay bills and to withdraw cash”. Finally, the elderly think “it represents a product that facilitates the collection of their pensions”.

As it was previously mentioned, financial inclusion should give access to low income and rural- dwelling individuals (Figure 7).

Figure 7. CuentaRut by education and income level (*)



(*) It considers an exchange rate of \$670 per USD.

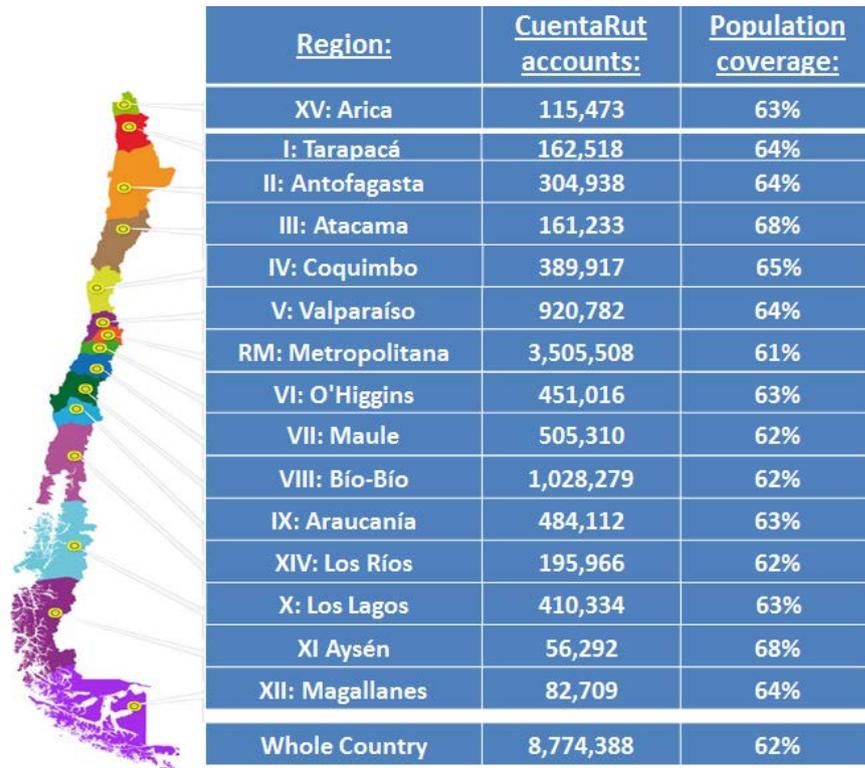
Source: Prepared by the authors based on information from BancoEstado.

From the total CuentaRut holders as of June 2016, only 22% have higher education, and, according to income levels, 71% perceive a monthly salary of under US\$600 (approximately \$400,000). It is worth mentioning that 3.6 million people perceive incomes below the minimum wage, i.e. US\$390 or \$257,500.

Considering all the requirements to access banking products (namely: a monthly income higher than \$600, seniority, sound financial history, a permanent residency for foreigners, amongst others), CuentaRut gives access to a great portion of the population which would probably be outside the system without this product.

As for the geographical coverage given the political and administrative structure of the country, CuentaRut has an average 62% share on a regional level (Figure 8), a little over 30% of the total accounts are concentrated in rural or secluded areas. For example, in the Putre township (which is located in the north of the country, in the Andes high mountains, 3,500 meters above sea level and 145 Kms. away from the regional capital), CuentaRut coverage reaches 77% of individuals over 15 years of age. It is also worth mentioning that this commune is among the poorest in Chile.

Figure 8. CuentaRut by region, number of accounts and population coverage June 2016

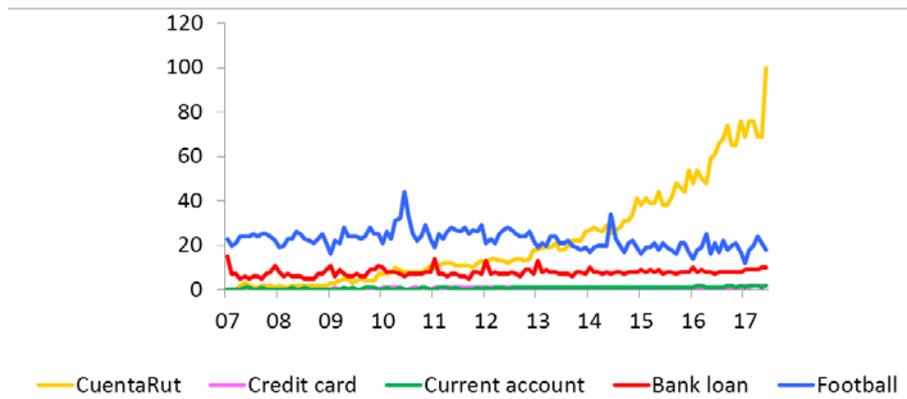


Source: Prepared by the authors based on information from BancoEstado.

Even though the number is small compared to the total cards issued; the share among foreigners is of about 60% of the total registered non-nationals on June 2016, around 281,000 accounts. 75% of these people have monthly incomes of under US\$600. In general, it is required to have a permanent resident visa, which takes some time to obtain, in order to open a checking account in Chile. This is why CuentaRut represents the opportunity for immigrants to have access to the banking system by just holding a Chilean Identification card (Rut), which is possible to obtain by having a temporary visa and valid passport.

Beyond the indicators shown by issuance and CuentaRut holders, a good way to measure the interest for this product is Google trends, whose results indicate that there has been a sustained increase in the search of this instrument through time. It surpasses the searches for other banking products, such as credit cards, checking accounts and loans. It even surpasses the searches for popular topics like "football", the most massively followed sport in Chile (Figure 9).

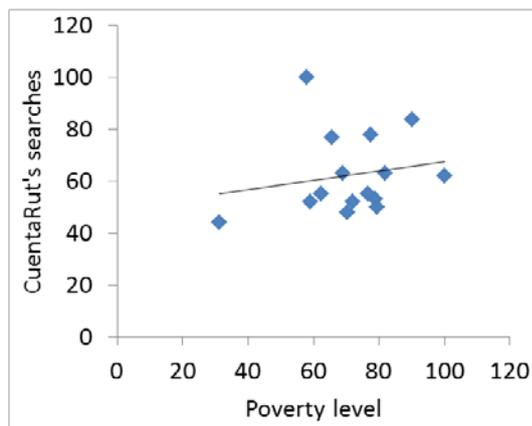
Figure 9. Google searches (index June 2017 CuentaRut = 100)



Source: Google Trends.

Additionally, when breaking down the searches by region, there is a positive correlation between CuentaRut searches and poverty levels in each location. This is in line with this product being one of the few that is within the reach of low income individuals (Figure 10).

Figure 10. Searches for CuentaRut and poverty level by region (index: region with more searches and poorer level = 100)



Source: 2015 Casen survey and Google Trends.

Consequently, CuentaRut has given access to the formal banking system to a great portion of the population that, for a variety of reasons (low income, distance to urban areas, etc.), would be excluded from the financial system. This instrument has allowed Chile to be in a privileged position in Latin America as far as the access to banking services goes.

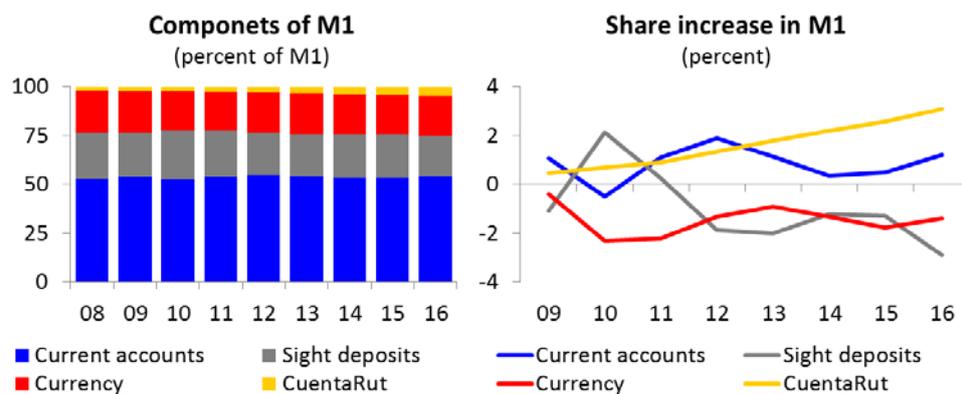
3. Impact on narrow money and its components

In Chile, M1 monetary aggregate corresponds to a definition of money in a narrow sense, that is, it includes the more liquid financial instruments, currency together with transferrable deposits⁴. Its definition is in line with the recommendations contained in the "Monetary and Financial Statistics Manual compilation guide" of the International Monetary Fund (IMF)⁵, and it is comparable to the definition of money other countries have. It breaks down in three components:

1. Currency: It includes banknotes, coins and checks issued by the Central Bank of Chile, minus the banking system cash balances.
2. Checking account deposits: They comprise checking account balances maintained by clients from the non-financial private sector, net of float.
3. Sight deposits and savings: They comprise the balances in sight deposit accounts different from checking accounts, sight drafts and other sight obligations net of float from the non-financial private sector. CuentaRut is included in this component.

In the participation of each M1 component, it is observed that checking account deposits is the most relevant component with an average participation of 55% in the period 2008 -2016. This is followed by sight deposits and savings, different from CuentaRut and currency, with participations between 20 and 25%. Finally, CuentaRut has gone from 2 to 5% of M1 in the period, making it the component that has grown the most at the expense of currency and other sight deposits (Figure 11).

Figure 11. Participation of M1 components in the total



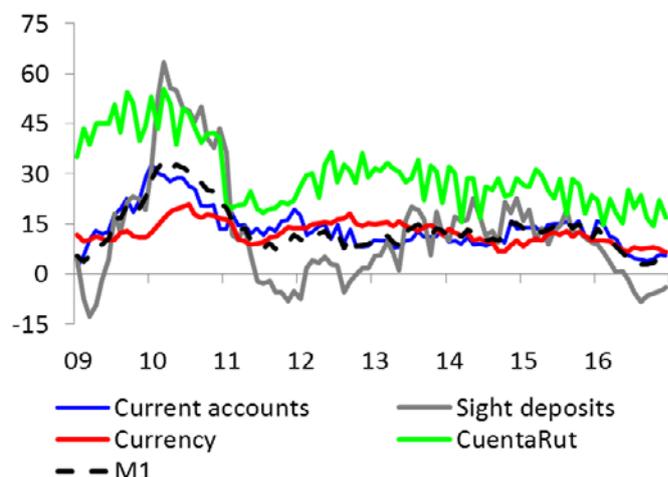
Source: Prepared by the authors based on information from Central Bank of Chile and BancoEstado.

⁴ Transferrable deposits comprise all deposits that are exchangeable, without penalty or restriction, on demand at face value, and directly usable for making third-party payments by check, draft, giro order, or other direct payment facility (Arraño 2006).

⁵ IMF 2016.

The important growth of CuentaRut stands out, with annual changes of around 45% in the 2009 and 2010 period (initial stage of the product). It has later sustained annual growths of between 15 to 30%, which is well beyond the M1 growth and the rest of its components (Figure 12).

Figure 12. Nominal annual change of M1 and its components (percent)



Source: Prepared by the authors based on information from Central Bank of Chile and BancoEstado.

The latter is in line with the greater penetration this product has had among the population, as it was described in the previous section.

A traditional money demand equation is estimated to evaluate the impact CuentaRut has had in the M1 monetary aggregate and its components, in which traditional money depends positively on GDP and negatively on interest rate. Debit cards are added to the equation as an explanatory variable, this means of payment has become massive thanks to CuentaRut. The model is based on the works of Rinaldi (2001), Tehranchian, et al (2012) and Arraño and Cova (2017). An Auto-regressive Vector Model (VAR) in reduced form is estimated to quantify the impact, with all the variables defined as endogenous and specified as:

$$X_t = A(L, m)X_{t-1} + U_t$$

$$X_t \equiv [m_t, y_t, i_t, deb_t]$$

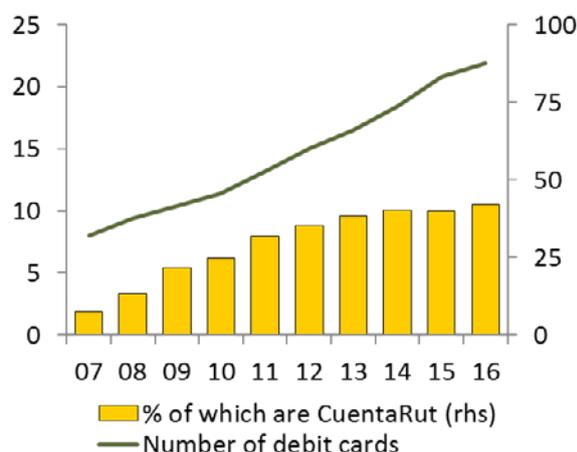
m Corresponds to the definition of money (M1 and components) in real terms⁶; y corresponds to the real GDP⁷; i corresponds to the nominal deposit interest rate from 30 to 89 days; deb corresponds to the number of debit cards per 1000 inhabitants; and U is defined as the error vector.

Due to availability of information, the model cannot be estimated using the number of CuentaRut directly, launched in 2007. This exercise uses quarterly data, from the first quarter of the year 2000 to the fourth quarter of 2016 (2000q1 – 2016q4). The results of debit cards are extrapolated to CuentaRut, in a context in which the cards associated to this product reach a maximum 42% share of all the debit cards in the period (Figure 13).

⁶ In order to express the series in real terms, they are deflated by the Consumer Price Index.

⁷ Chained volume at previous year prices GDP is used.

Figure 13. Numbers of debit cards (Millions of cards; percent)



Source: Prepared by the authors based on information from SBIF and BancoEstado.

To determine the impact debit cards and, consequently, CuentaRut have had on money, orthogonalized impulse response functions are generated. As orthogonalization implies doing a Choleski decomposition of the variance covariance matrix, the following order of variables is established, from the most exogenous to the most endogenous⁸: y, i, deb, m

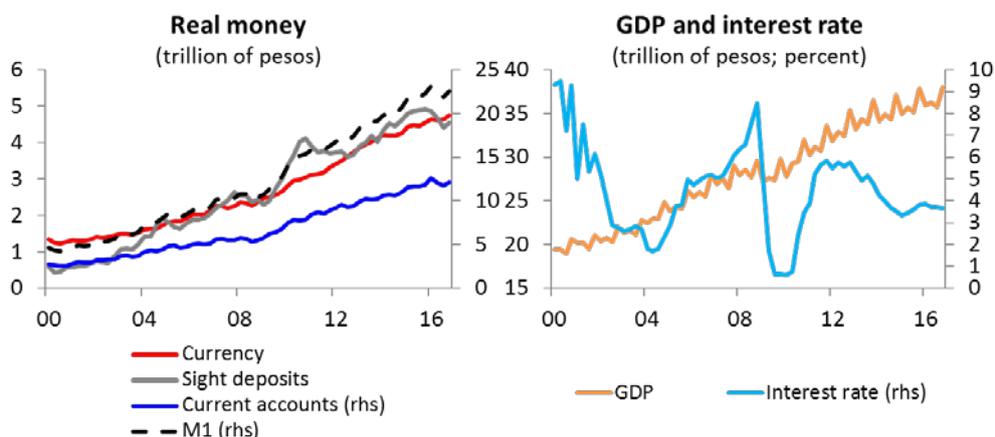
An impulse in the GDP (y) is expected to positively impact money or its components (m), and interest rate (i) is expected to do so in a negative manner. Likewise, an increase in the number of debit cards (deb) is expected to negatively impact currency, reflecting the substitution effect in both means of payment. The opposite is anticipated about checking accounts and sight deposit and savings, since they are considered complementary because they are required to obtain a debit card.

In order for the model to be well specified, the variables are required to be stationary, that is to say, that they do not present unit root to estimate the VAR. With the exception of the interest rate, all of the variables present clear tendencies (Figure 13 and 14), which is confirmed with the augmented Dickey-Fuller, where just the null hypothesis of the presence of unit root for the interest rate is rejected (i)⁹. Consequently, VAR is estimated with the variables expressed in first differences, except the interest rate.

⁸ Robustness tests are carried out changing the order of variables in VAR where results are unaltered.

⁹ The test results are shown on a table in the Appendix.

Figure 14. Real money, GDP and interest rate



Source: Prepared by the authors based on information from Central Bank of Chile.

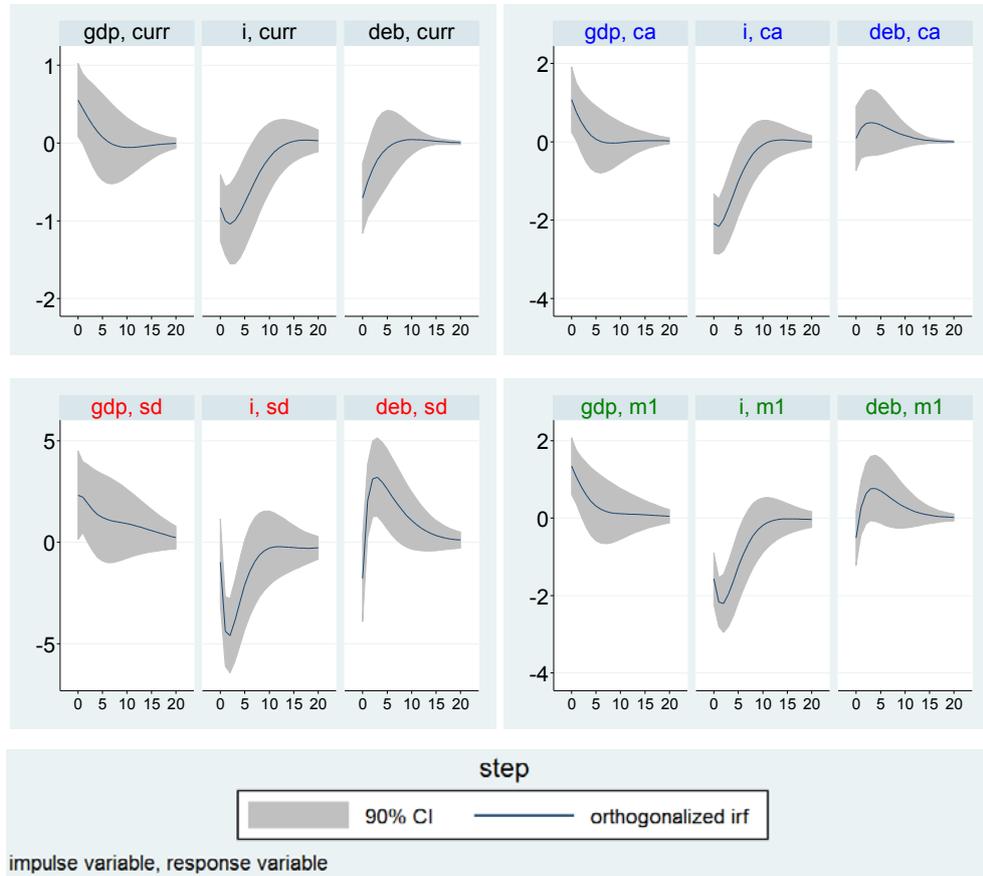
On the other hand, information criteria, in particular the Bayesian of Schwartz (SBIC), indicate that one is the optimal number of lags for M1 and its components¹⁰. The latter is reinforced due to the reduced degrees of liberty, given the number of observations available for analysis.

From the implementation of VAR and the impulse-response exercises, as it was expected, we have that a positive GDP shock generates an impact on money in the same direction. As for interest rates, the impulse-response function is also as expected, since an increase in rate impacts money negatively (Figure 15). As far as the shock associated to the increase in the number of debit cards, currency responds in a negative manner; checking accounts and sight deposit and savings does so positively; and M1 initially negatively, but it transits to a positive reaction since the fourth quarter, synthesizing the impact in each one of the components. The results are also as expected.

¹⁰ The test results are shown on a table in the Appendix.

Figure 15. Impulse response functions (*)

GDP (*y*); Interest rate (*i*); Debit cards (*deb*) over Money (*m*)



(*) "curr" corresponds to Currency; "ca" to Checking accounts; and "sd" to Sight deposits.

Source: Prepared by the authors.

As it was stated, the constrained availability of information about CuentaRut does not permit a concluding estimation of its effect on money, this effect is inferred from another variable, namely the number of debit cards. When extrapolating the effect of the number of debit cards on M1 money and its components to that of CuentaRut, it is possible to conclude that this product has probably encouraged the substitution of currency with sight deposits.

4. Conclusion

In the last decade, Chile has experienced a sustained increase in the number of debit cards per inhabitant, bridging gaps with developed economies and placing itself in a privileged position in the Latin American region. All of this has been made possible by a particular financial inclusion phenomenon, implemented by the state-owned bank (BancoEstado). This phenomenon is CuentaRut, a universal access sight deposit account, available to any citizen who holds a Chilean identification card (Rut), whether the person is Chilean or foreign, it does not require a minimum income or banking history, neither does it have opening or maintenance costs.

The lack of requirements for its opening and maintenance has provided access to the banking system to people whose credit history or social/economic situation would have been a limitation to opt for products like a checking account or loan. In fact, according to data from June 2016, 22% of the users do have higher education, and around 3.6 million people have a monthly income below the minimum wage (390 USD). As far as geographical distribution, CuentaRut has a marked presence in rural or secluded areas. Likewise, this sight deposit account has permitted thousands of immigrants to obtain a safe banking product that allows them to manage their money in the country. Beyond the indicators obtained by issuance and holding of CuentaRut, Google Trends statistics indicate that the search for this instrument has tended to increase through time, surpassing searches for other banking products. Also, when contrasting the searches per region with poverty indicators in them, a positive correlation is observed.

The dynamism of CuentaRut has an impact on money, this can be measured indirectly through a VAR, and, with this, it is possible to conclude that CuentaRut have probably encouraged the substitution of currency with sight deposits, in a context where this component is the one that has increased its participation the most over narrow money, M1.

A transaction or deposit bank account can be the platform to a full financial inclusion because it offers an entrance to a wider variety of financial services provided by diverse and soundness institutions. There is increasing evidence that access to financial services through formal accounts allow individuals to normalize consumption, manage risks and invest on education and business venture that is why it promotes the development of nations.

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Appendix

Table 1. Unit root ADF test

Variable	ADF
Currency	4.344
Checking accounts	1.950
Sight deposits	0.787
M1	2.483
Debit cards	4.434
GDP	-0.629
Interest rate	-2.695
Critical values at 1%	-3.555
Critical values at 5%	-2.916
Critical values at 10%	-2.593

Source: Prepared by the authors.

Table 2. Optimal lag quantity analysis for VAR (*)

Lags	Currency			Checking accounts		
	AIC	HQIC	SBIC	AIC	HQIC	SBIC
0	37.2776	37.3552	37.4734	38.0498	38.1274	38.2457
1	31.2757	31.8189*	32.6466*	32.3023	32.8455	33.6732*
2	30.8278*	31.8366	33.3737	31.7413	32.7501*	34.2872
3	31.1464	32.6208	34.8674	31.8115	33.2859	35.5324
4	30.9366	32.8765	35.8326	31.6065*	33.5464	36.5024

Lags	Sight deposits			M1		
	AIC	HQIC	SBIC	AIC	HQIC	SBIC
0	40.3178	40.3954	40.5137	37.9806	38.0582	38.1764
1	34.4900	35.0332	35.8609*	32.1292	32.6724	33.5001*
2	33.8800*	34.8888*	36.4260	31.3684*	32.3772*	33.9143
3	34.2391	35.7134	37.9600	31.5837	33.0581	35.3047
4	34.0473	35.9872	38.9433	31.6253	33.5653	36.5213

(*) The information criteria acronyms are as follows: Akaike (AIC), Hannan y Quinn (HQIC), and Bayesian of Schwartz (SBIC).

Source: Prepared by the authors.



Irving Fisher Committee on
Central Bank Statistics

BANK FOR INTERNATIONAL SETTLEMENTS

Bank of Morocco – CEMLA – IFC Satellite Seminar at the ISI World Statistics Congress on “*Financial Inclusion*”

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The Chilean experience of a universal access debit card¹

Erika Arraño and Juan Pablo Cova,
Central Bank of Chile

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



The Chilean experience of a universal access debit card

Juan Pablo Cova – Erika Arraño



Overview

- Motivation and objective
- A universal access debit card: “CuentaRut”
 - International comparison
 - Who are the holders?
- Summary



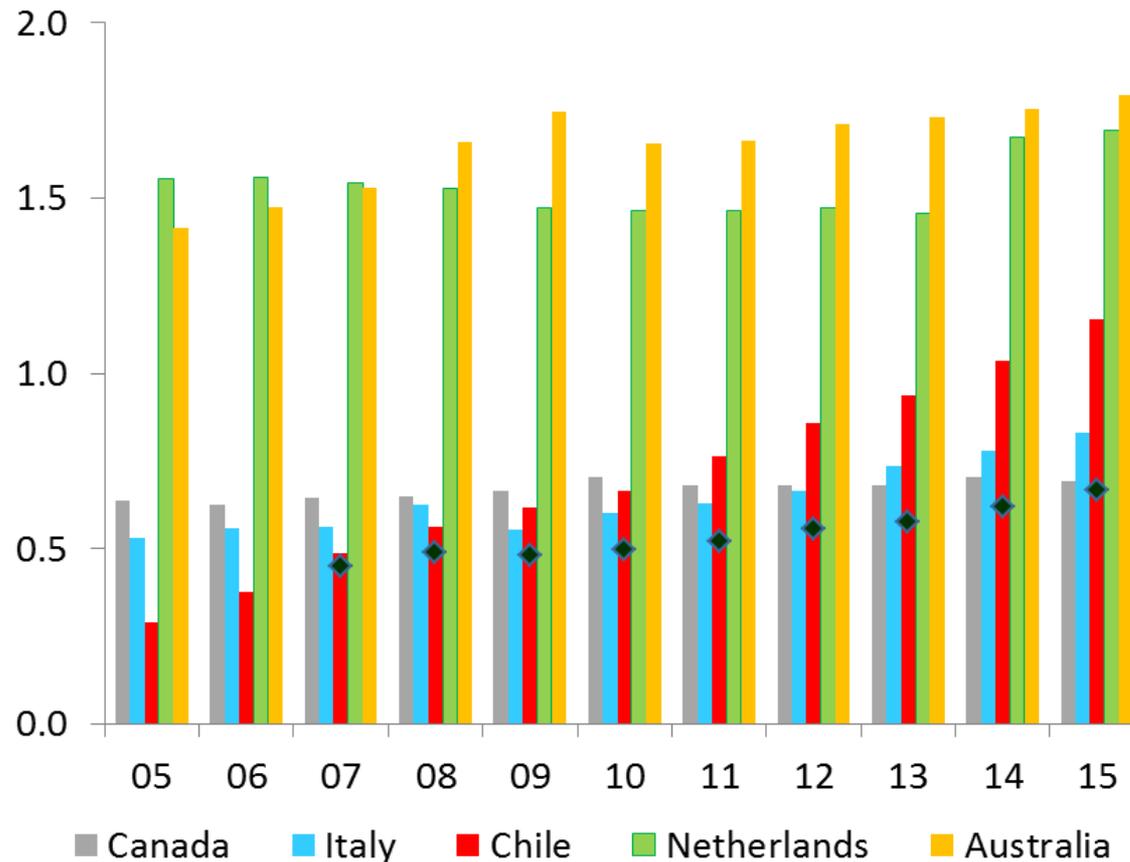
Motivation and objective

- Chile has exhibited significant progress on financial inclusion in recent decades. In fact, nowadays, 98% of Chilean inhabitants over 15 years old have at least one financial product to manage cash, save money or get credit.
- Among these products, one of the most relevant is debit card, with 21 million of cards issued until December 2016, mainly associated to sight deposit account.
- A relevant actor behind this figure (42% share) is BancoEstado, a state owned bank, which considers social inclusion in its mission, with the aim of providing universal access to those with low income or living far from the cities, through a sight deposit account named “CuentaRut”.
- The objective of this presentation is to describe the advances in the access the population has to banking products through CuentaRut.



In the last decade Chile has presented a remarkable growth in the number of per capita debit cards, which can be explained by the creation of the CuentaRut product. This has allowed to shorten gaps with developed economies.

Number of debit cards per inhabitant



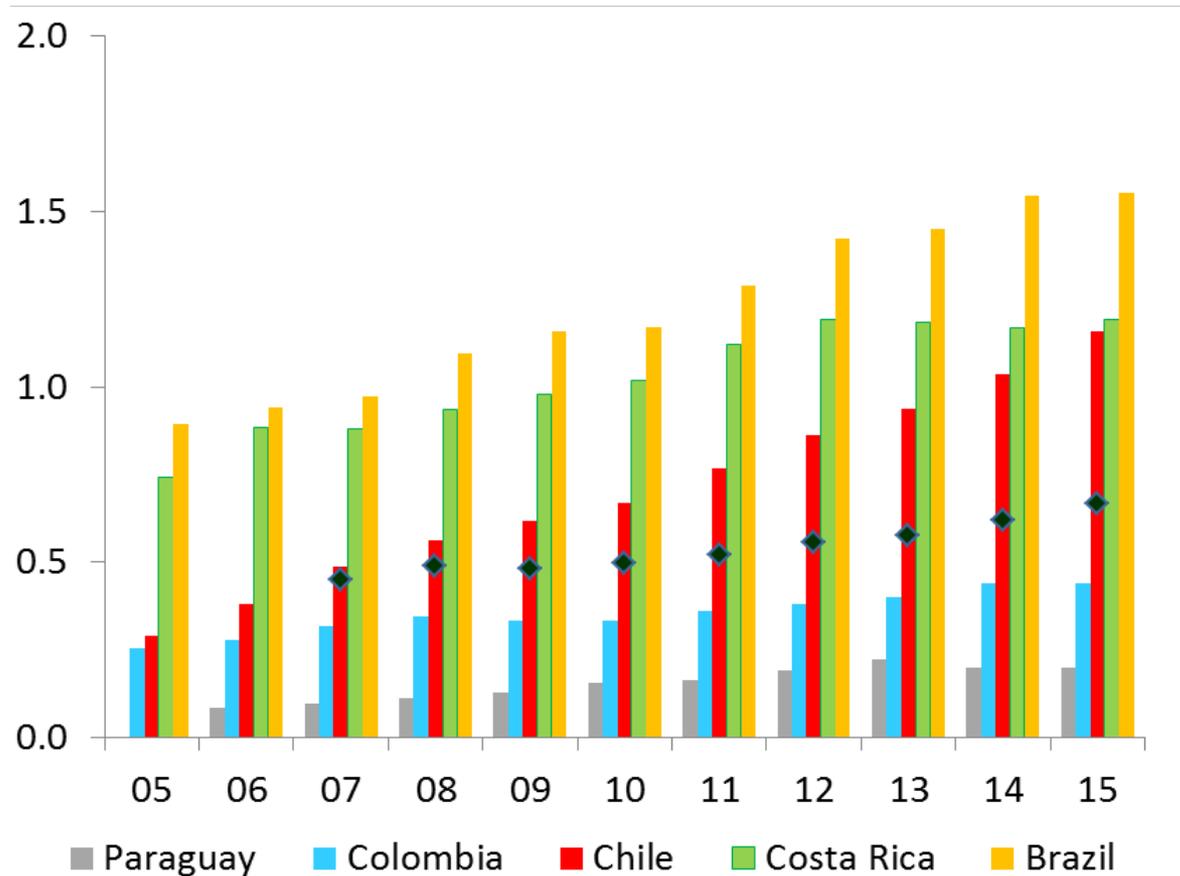
Note: (*) Chile without CuentaRut

Source: BIS/CPSS - "Red Book" -, Superintendency of Bank and Financial Institutions (SBIF) and BancoEstado.



At the same time it places Chile in a privileged position compared to its peers in the region.

Number of debit cards per inhabitant



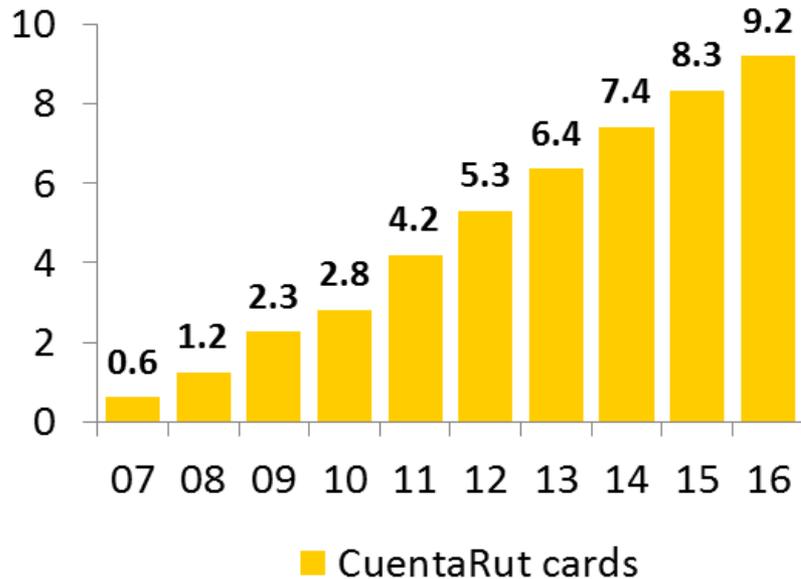
Note: (*) Chile without CuentaRut

Source: CEMLA/World Bank –“Yellow Book”–, SBIF and BancoEstado.

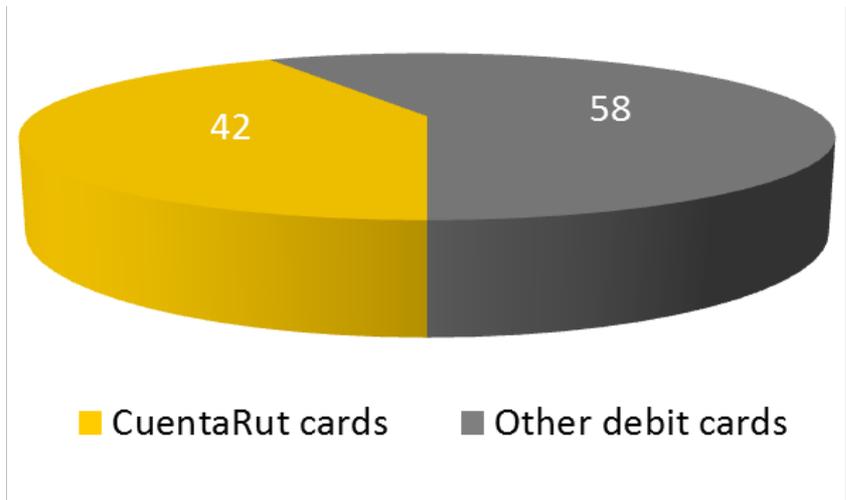


The number of CuentaRut debit cards has grown from 0.6 million in 2007 to 9.2 million in 2016, reaching a 42% share.

Number of CuentaRut cards
(millions of cards)



Market share on 2016
(percent)





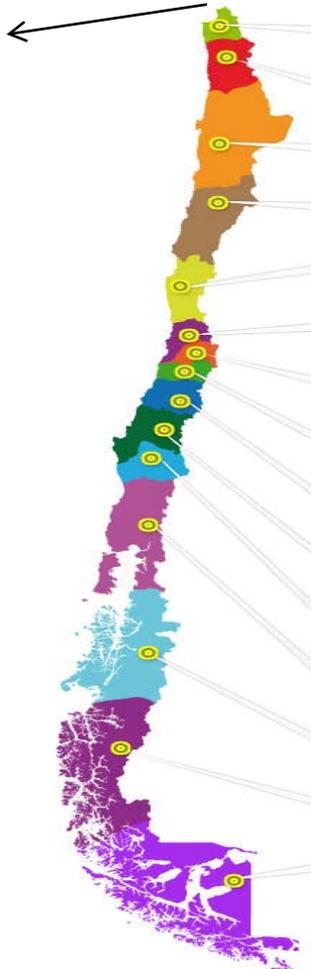
What is CuentaRut?

- CuentaRut is a sight deposit account developed by the state owned bank BancoEstado, aimed for natural persons, launched in 2007.
- Its main characteristic is its widespread presence because the only requirement to get it is to have an Identity Card (ID or Rut in Chile), whether the holder is Chilean or foreign, issued by the Civil Registry and Identification Service of Chile.
- It is available for every woman over 12 years old or men over 14 years old without requiring a minimum income or commercial background. The latter are mandatory to apply for any other banking account.
- It is used to receive wages, pensions, tax returns, social grants, and benefits coming from disaster relief programs. It also allows the payment of services and taxes, shopping using POS, electronic transfers and cash withdrawals.
- Even though it does not have fees or maintenance costs, it has a transactional costs mainly related to cash withdrawal from ATM.



BancoEstado is present in every place in Chile through the CuentaRut, even though Chile is a long and centralized country.

Putre:
Coverage 77%

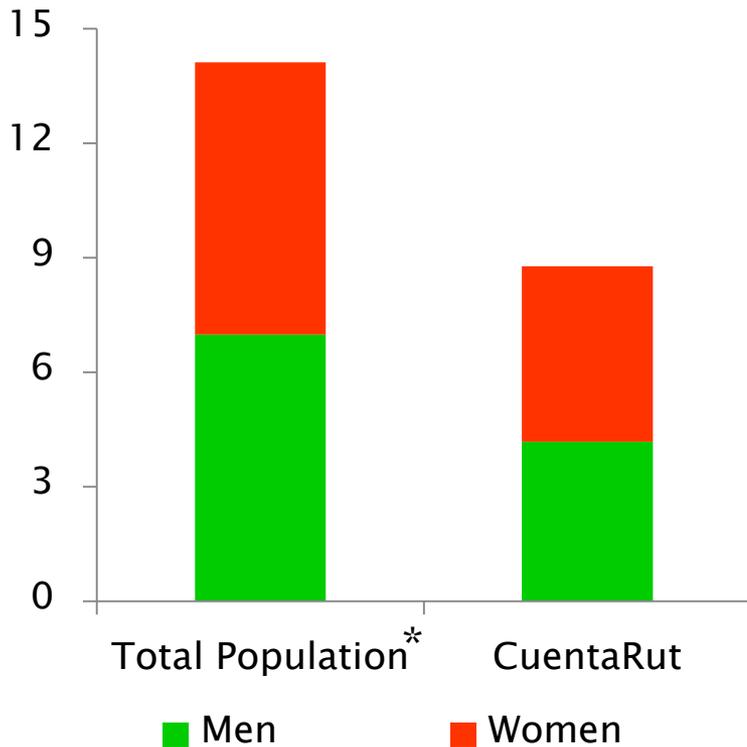


<u>Region:</u>	<u>Number of CuentaRUT:</u>	<u>Population coverage:</u>
XV: Arica	115,473	63%
I: Tarapacá	162,518	64%
II: Antofagasta	304,938	64%
III: Atacama	161,233	68%
IV: Coquimbo	389,917	65%
V: Valparaíso	920,782	64%
RM: Metropolitana	3,505,508	61%
VI: O'Higgins	451,016	63%
VII: Maule	505,310	62%
VIII: Bío-Bío	1,028,279	62%
IX: Araucanía	484,112	63%
XIV: Los Ríos	195,966	62%
X: Los Lagos	410,334	63%
XI Aysén	56,292	68%
XII: Magallanes	82,709	64%
Whole Country	8,774,388	62%

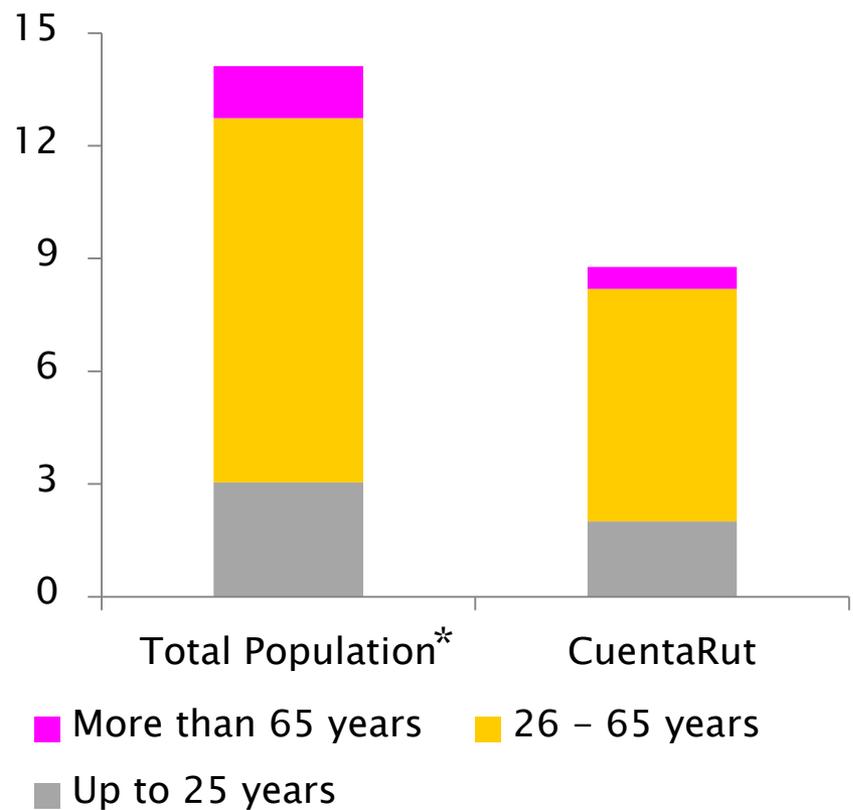


Who are CuentaRut holders?

By gender
(millions)



By age
(millions)



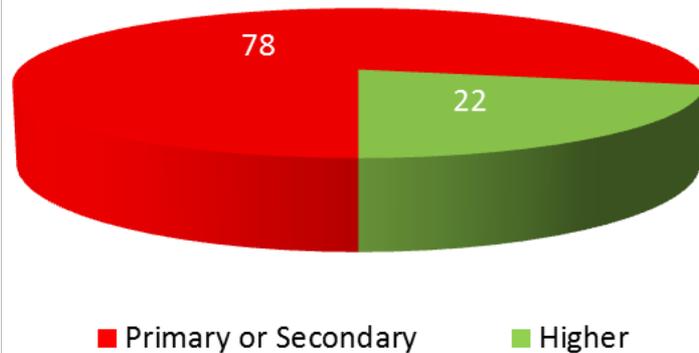
(*) It corresponds to women over 12 years old and men over 14 years old.

Source: BancoEstado and National Statistics Institute. Data of June 2016.

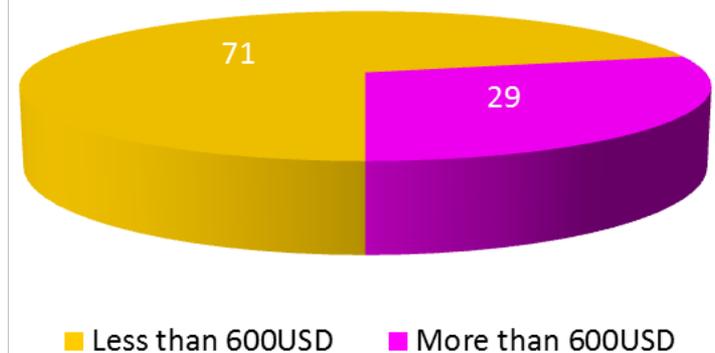


Who are CuentaRut holders?

By educational level
(percent)



By income level
(percent)



Source: BancoEstado. Data of June 2016.

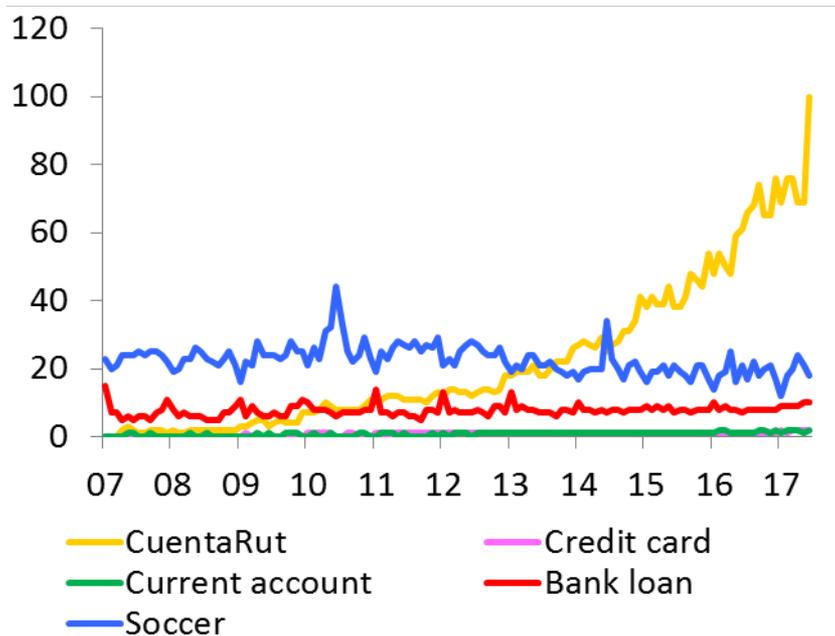
- Immigrant population in Chile has been increasing in recent years. The most efficient and applicable way to access the banking system, is utilizing this product. In fact, almost 60% of foreigners have a CuentaRut on June 2016.



The information from Google Trends shows a growing interest in CuentaRut, greater than other banking products or popular searches like “soccer”. There is a positive correlation between searches and the poorest locations.

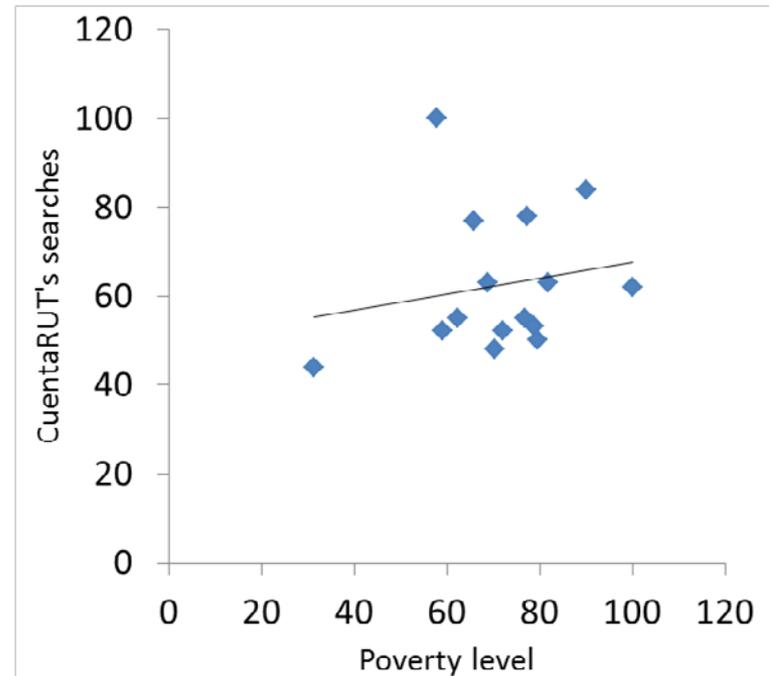
Google searches

(index June 2017 CuentaRut = 100)



CuentaRut's searches and poverty level by region

(region with more searches or poorer = 100)





Summary

- In the last decade, CuentaRut has generated a sustained increase in the number of debit cards in Chile, allowing to exceed the performance of its peers in the region, as well as a number of developed economies.
- Nowadays, more than 9 millions of Chileans have a CuentaRut. The holders are distributed homogeneously throughout the territory, even though Chile is a long and centralized country.
- Behind this phenomenon is BancoEstado, a state owned bank, which has the mission of promoting financial inclusion.
- The absence of requirements to get this product has given access to the financial system to individuals that probably were marginalized before because of their income restriction or an inadequate or incomplete commercial background.
- The access to the financial system allows individuals to normalize consumption, manage risks and invest in education or new business and, therefore, promote the development of nations.



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