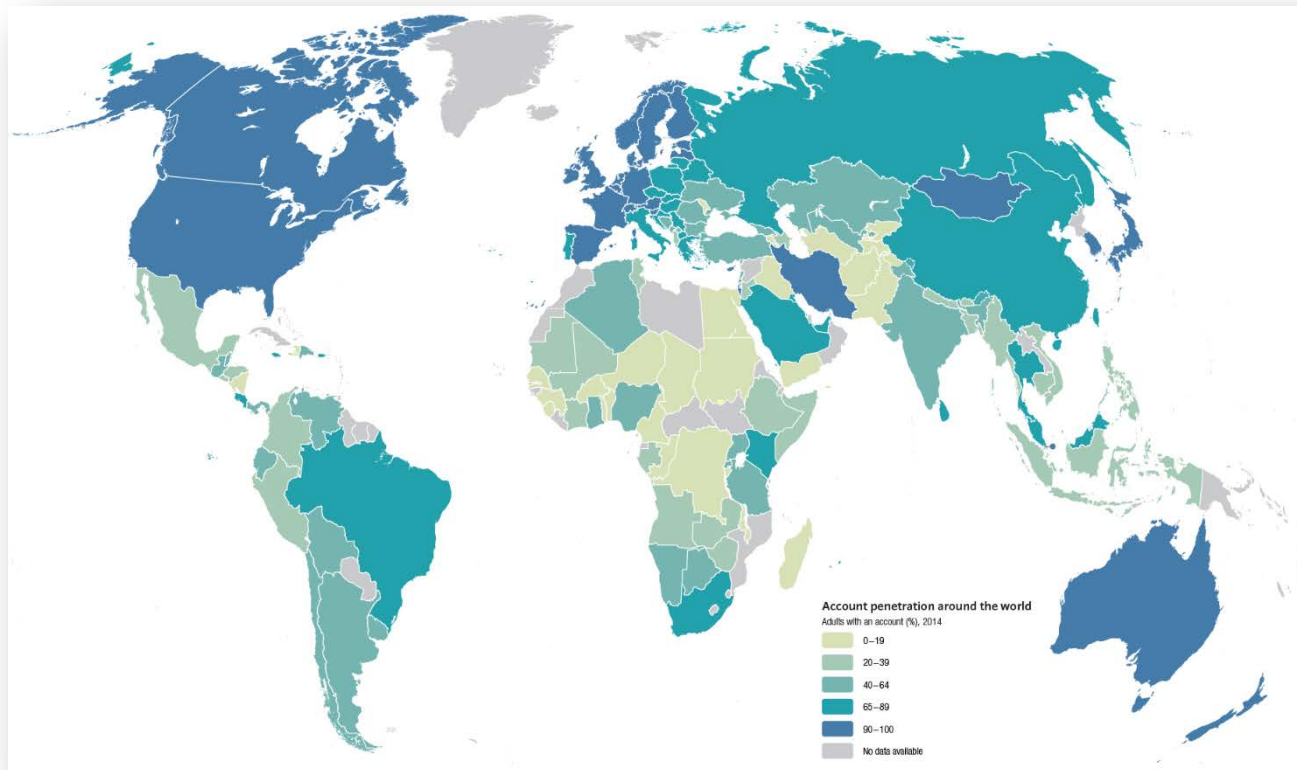


Measuring Financial Inclusion: The Global Findex Data

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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 countries worldwide.

Why is Financial Inclusion important?

- Financial inclusion means that households and businesses have access and can effectively use appropriate financial services. Such services must be provided responsibly and sustainably in a well regulated environment.
- Financial inclusion can be a key driver of economic growth and poverty alleviation, as access to finance can boost job creation, reduce vulnerability to shocks and increase investments in human capital.
- Without inclusive financial systems, poor people must rely on their own limited savings to invest in their education or become entrepreneurs – and small enterprises must rely on their limited earnings to pursue promising growth opportunities.
- **Growing evidence that financial inclusion has significant beneficial effects for individuals.** Providing individuals access to savings instruments increases savings, female empowerment, productive investment, consumption (e.g. Aportela, 1999; Dupas and Robinson, 2009; Ashraf et al., 2010).

2014 Findex

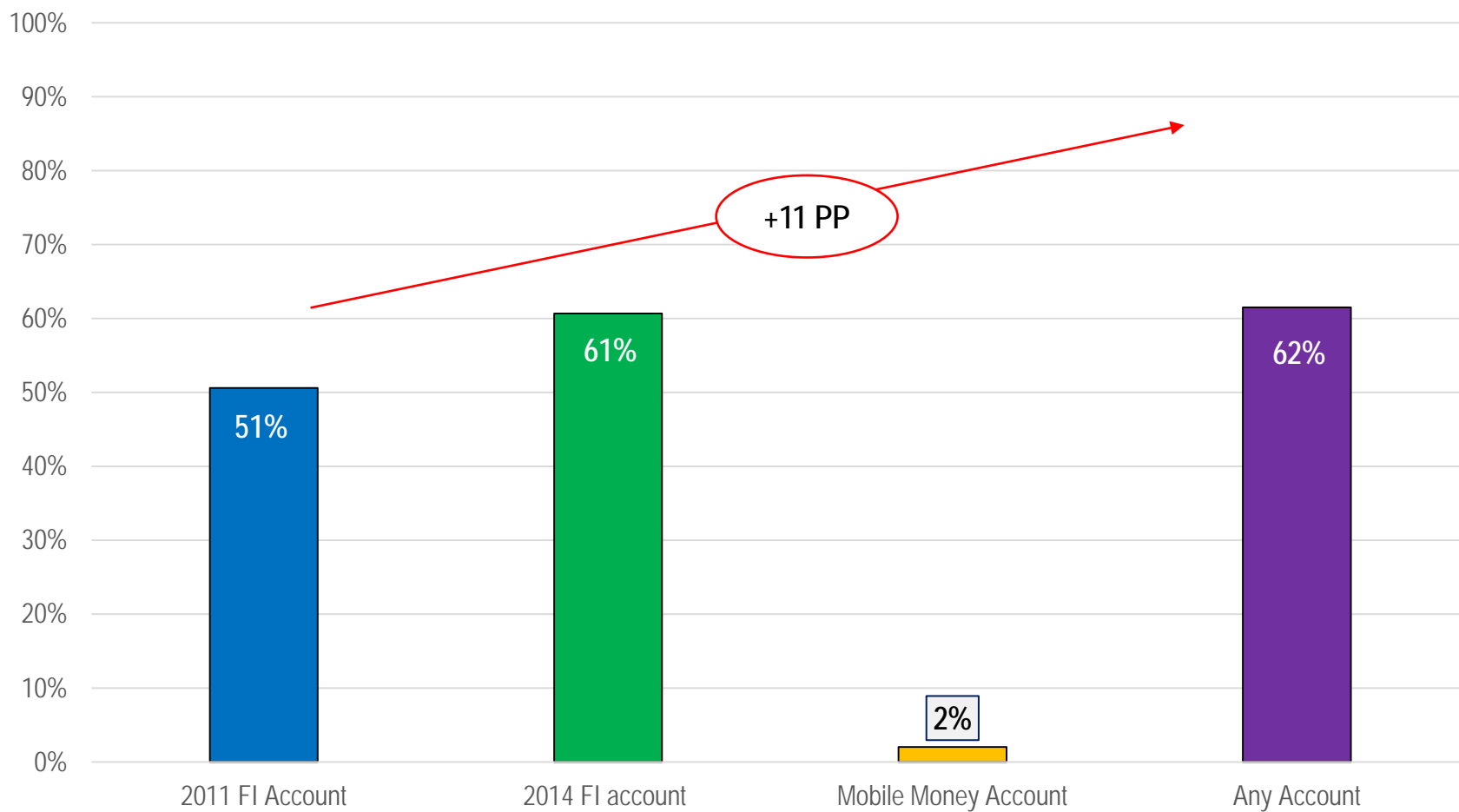
- Triennial update of Findex data will add time-series dimension to database
- In 2013, additional funding from the Bill & Melinda Gates Foundation was granted to expand the 2014 Findex to include more nuanced questions on mobile money and an extended module on DOMESTIC PAYMENTS

Message Framework

- *Measuring ownership and usage of accounts*
- *Opportunities to expand financial inclusion among the unbanked*
 - Receive cash payments for wages, government transfers, remittances, and agricultural sales
 - Semi-formal savings
- *Opportunities to increase usage among people with accounts*
 - Pay utilities and school fees in cash
 - Send remittance payments in cash

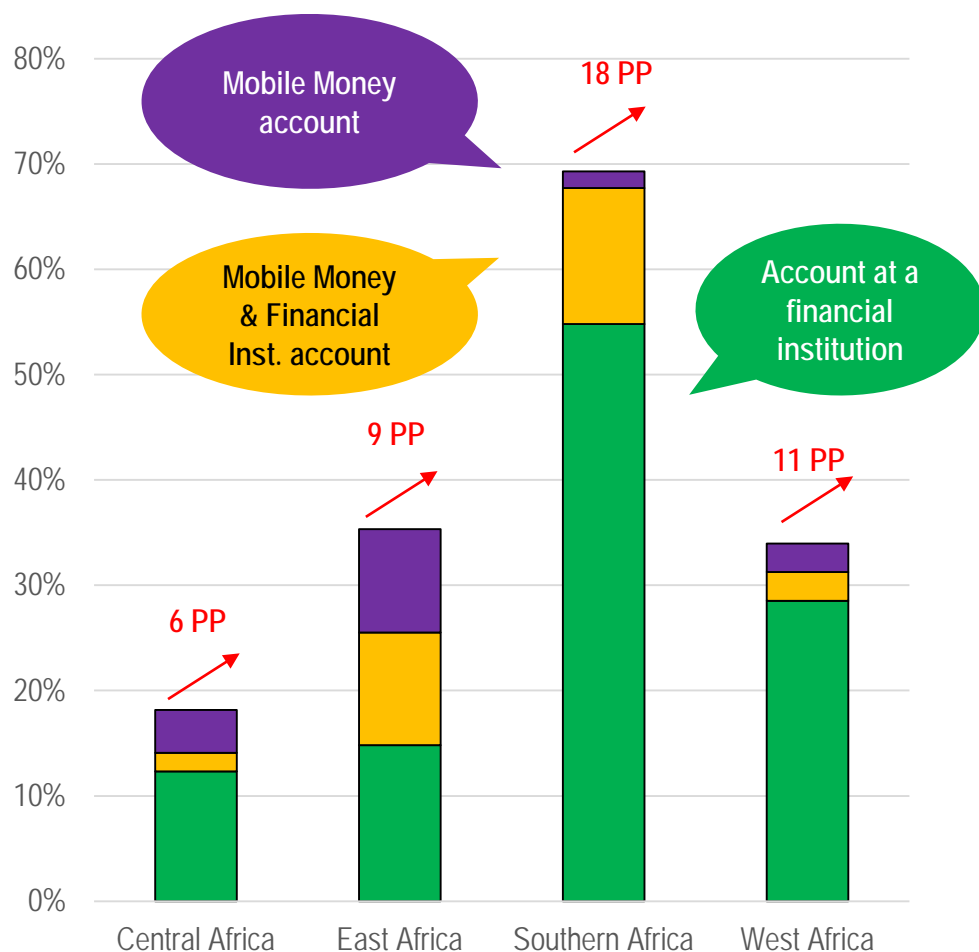
World: Financial Inclusion

Total Percentage of Adults



Financial Inclusion

Total Percentage of Adults



In Sub-Saharan Africa, 12% of adults (64 million adults) have mobile accounts (compared to just 2% worldwide); 45% of them (28 million) have only a mobile account

While just one percent of adults globally say they use a mobile account and nothing else, an estimated 10 percent of adults in East Africa report using only a mobile account

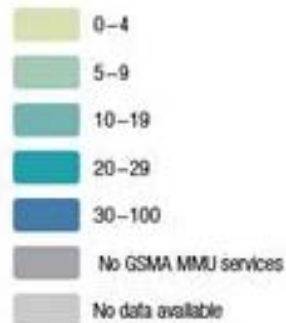
*Note: The change in account ownership from 2011 to 2014 is shown in red above each bar.

Mobile Account Penetration: Sub-Saharan Africa

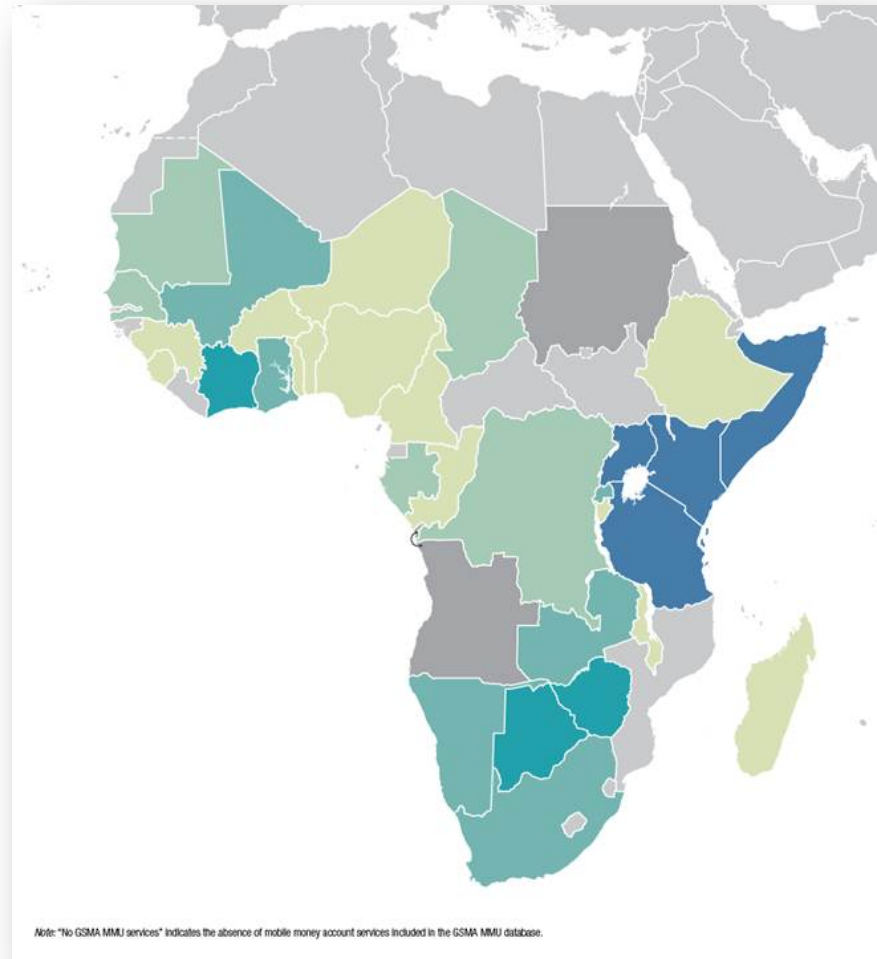
Total Percentage of Adults

Mobile account penetration in Sub-Saharan Africa

Adults with an account (%), 2014

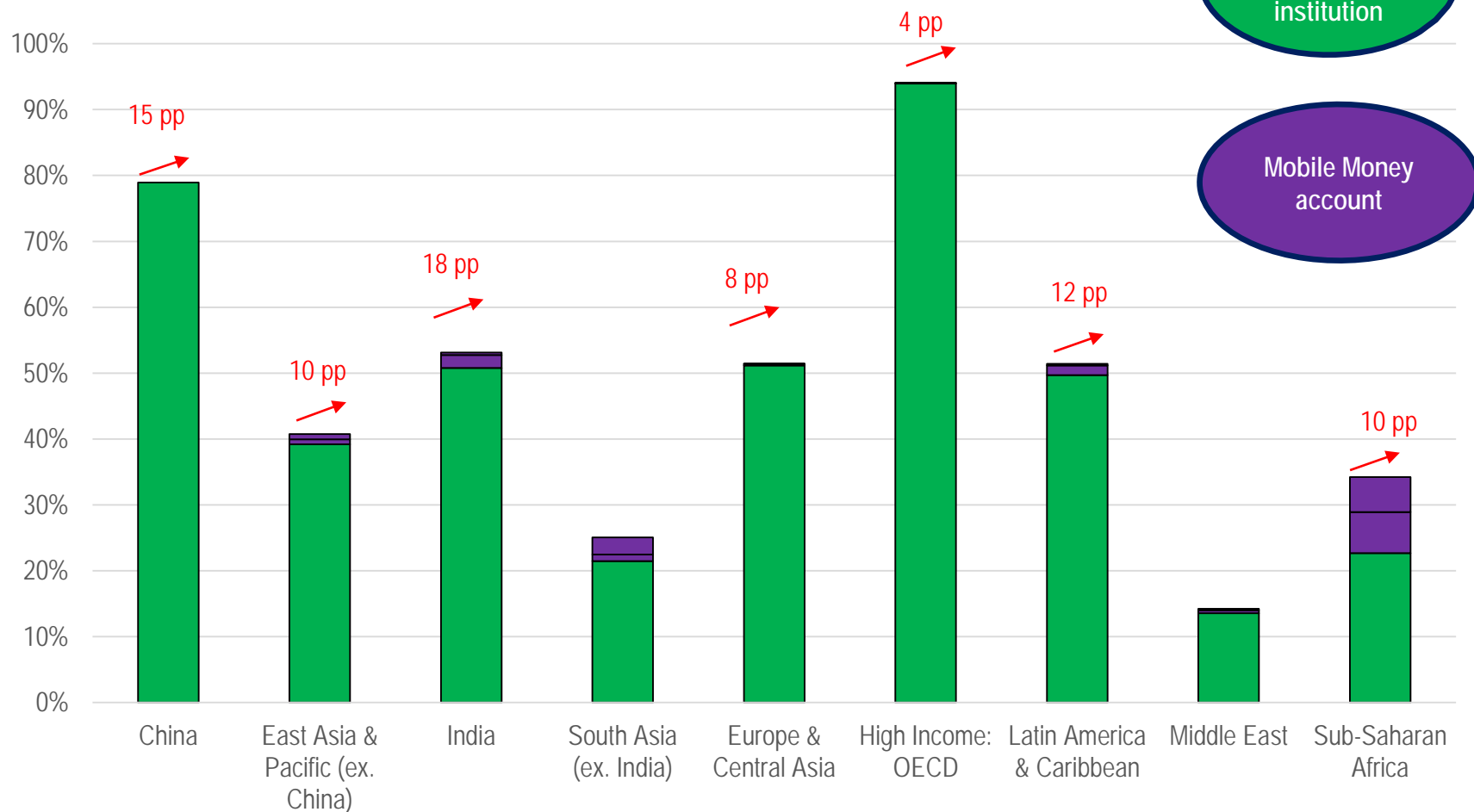


Data point to the powerful role that new technology – such as mobile money accounts – can play in rapidly moving many adults into the financial system, especially in Africa



Financial Inclusion

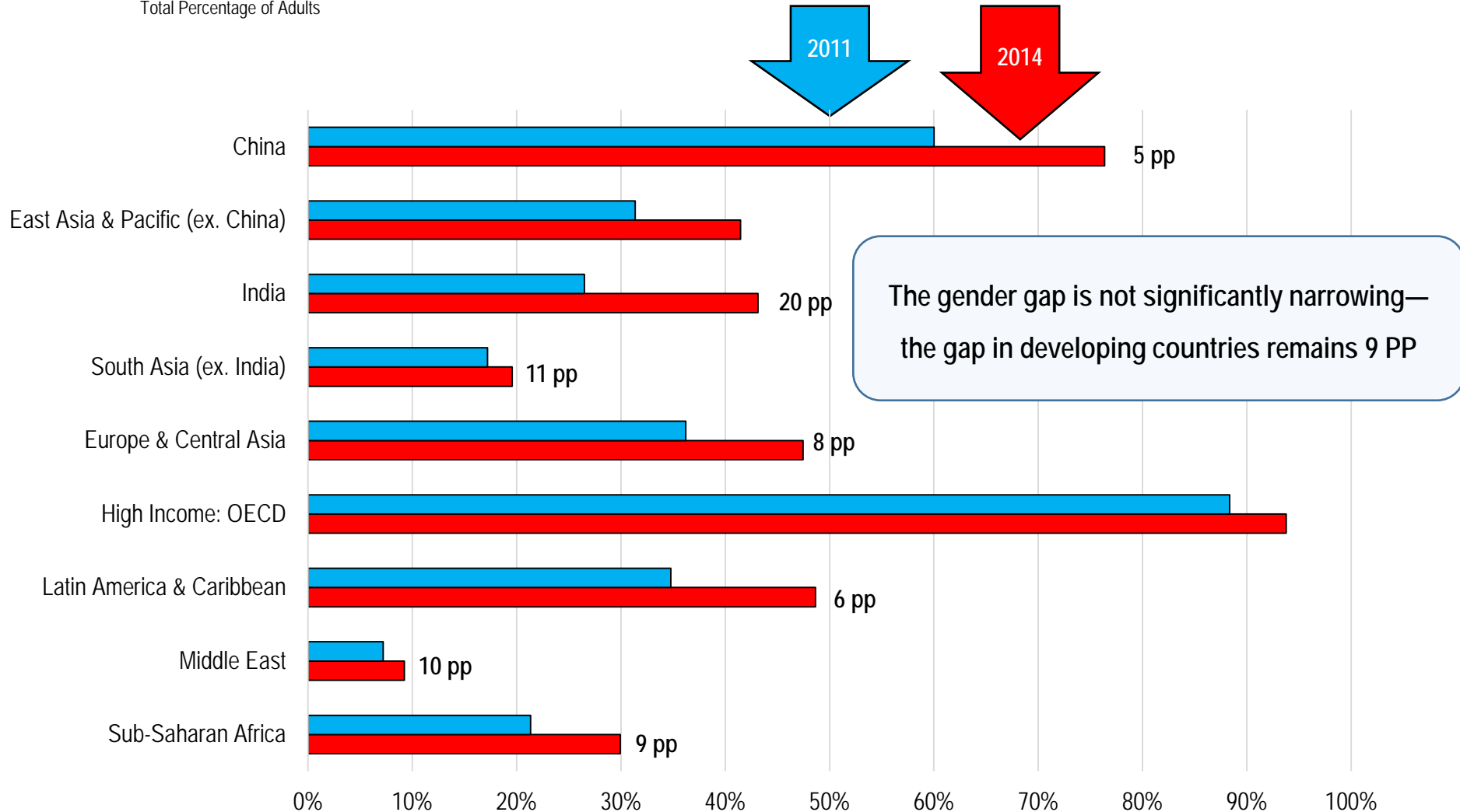
Total Percentage of Adults



*Note: The change in account ownership from 2011 to 2014 is shown in red above each bar.

Financial Inclusion: Women

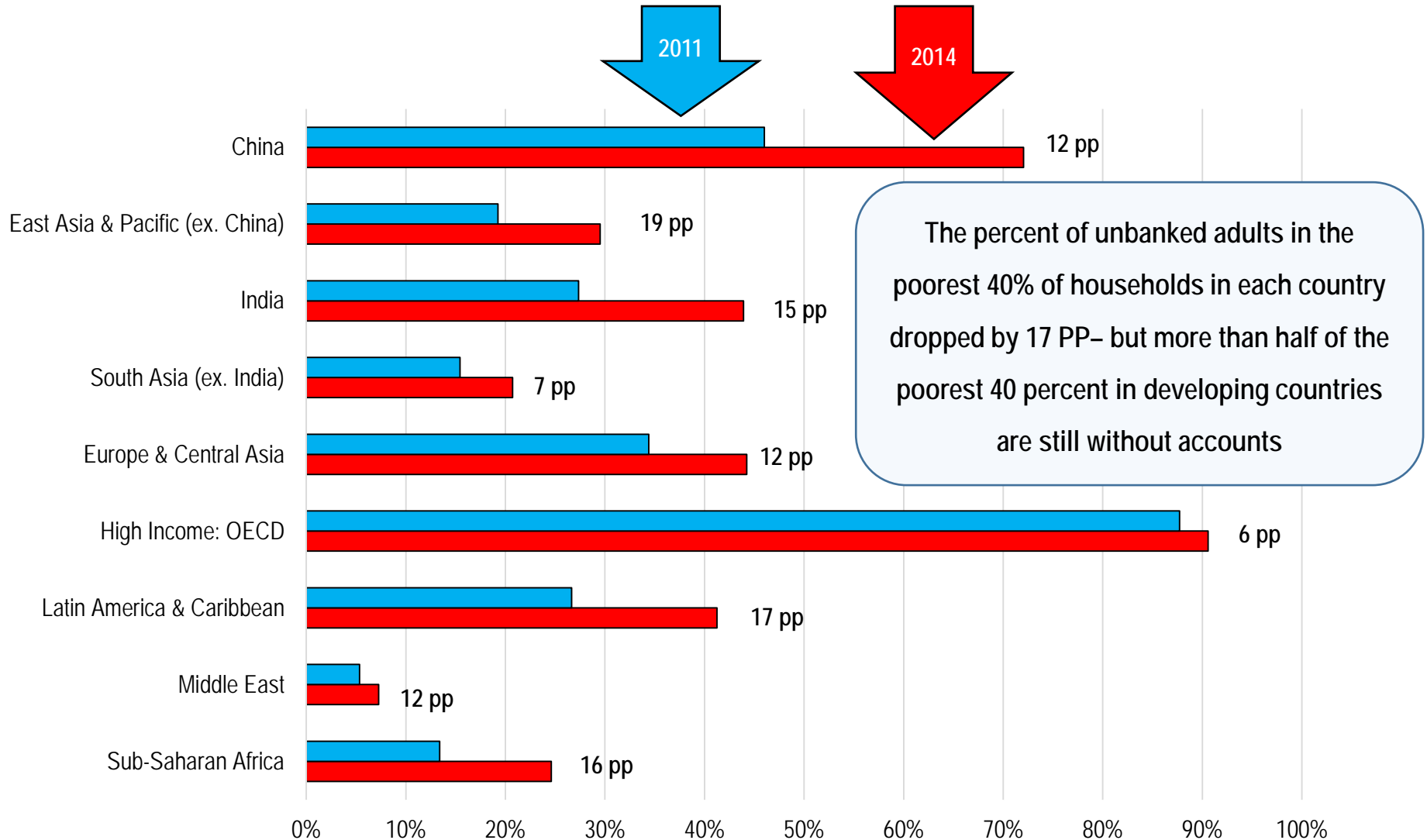
Total Percentage of Adults



Note: The gender gap between women and men is shown in black.

Financial Inclusion: Poorest 40%

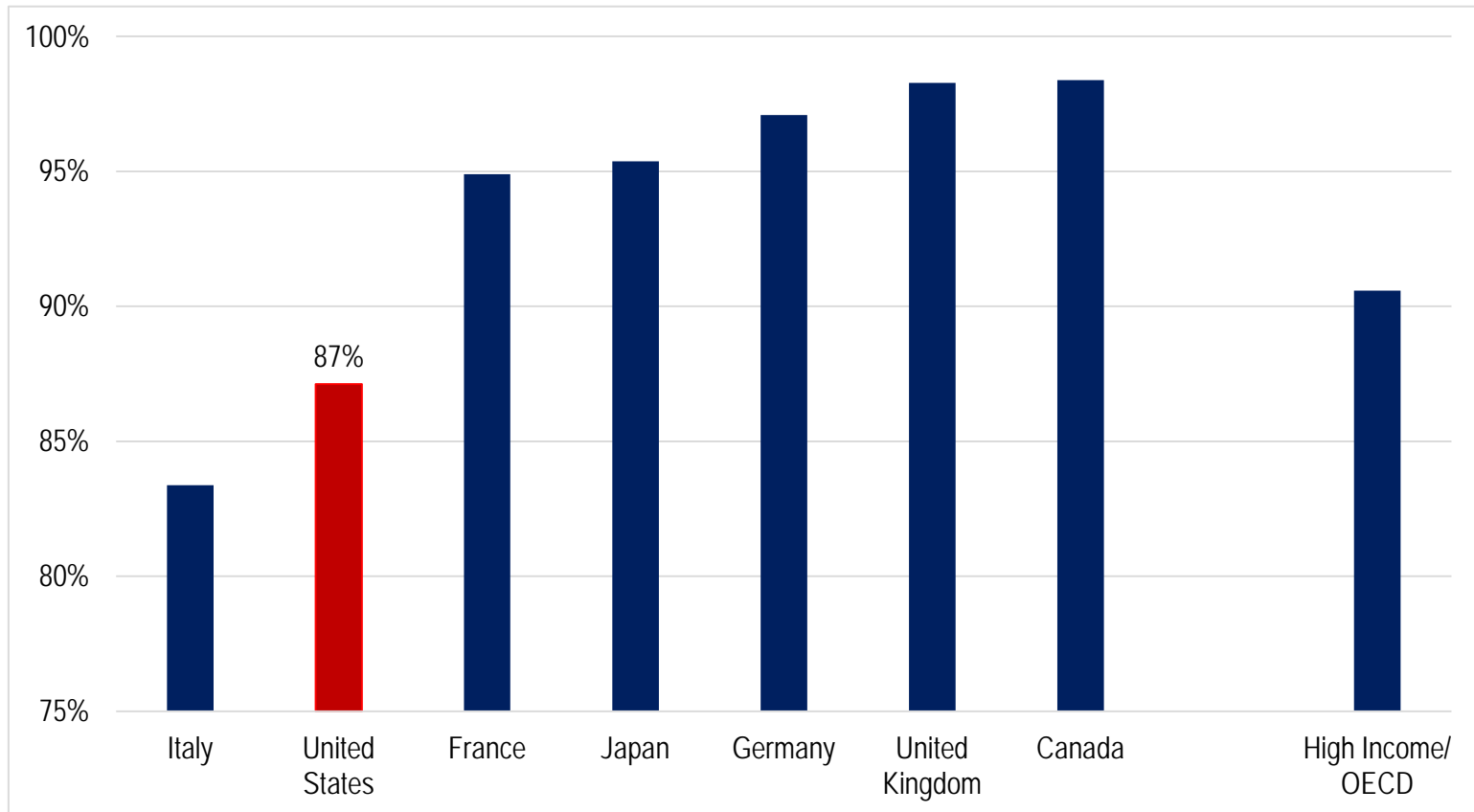
Total Percentage of Adults



Note: The income gap between the richest 60% and poorest 40% is shown in black.

Financial Inclusion in G7 Countries: Poorest 40%

Total Percentage of Adults

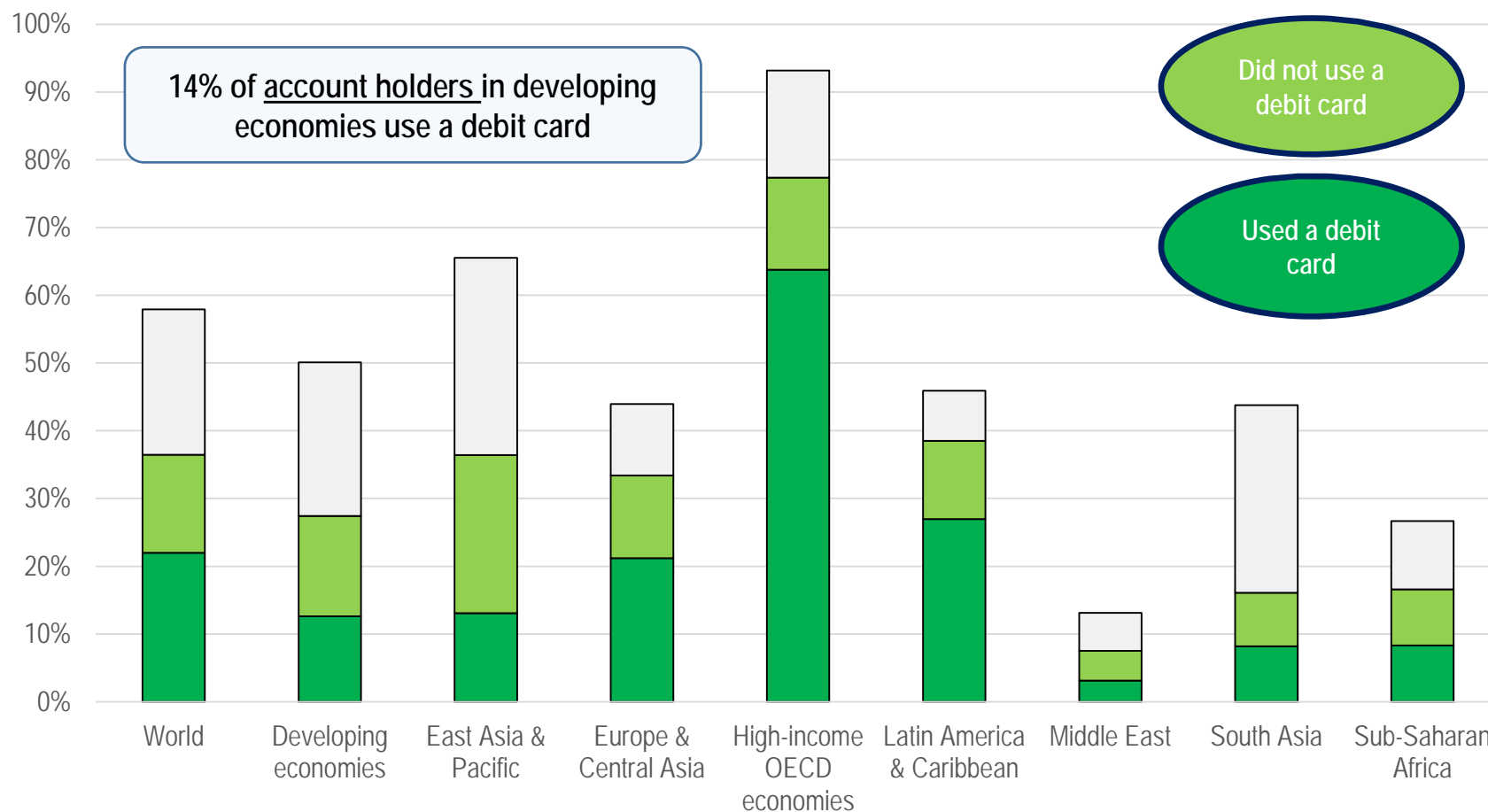


What is the impact on financial inclusion of moving from cash-based to digital payments?

- *Providing a first entry point into the formal financial system* (Allen et al., 2013; Li et al., 2014; Aportela, 1999; Prina, 2012; Masino and Nino-Zarazua, 2014; Batista and Vicente, 2013)
- *Making payments more efficient by lowering the cost of disbursing and receiving payments* (Aker et al., 2013; CGAP, 2011b; Babatz, 2013; Lindert, et al., 2007)
- *Increasing the transparency of the payment and thus making it less likely for there to be leakage between the sender and receiver* (Muralidharan et al., 2014)
- *Increasing individuals' risk management capacity* (Jack and Suri, 2011; Blumenstock et al., 2012)
- *Increasing women's economic empowerment* (Docquier, Lowell and Marfouk, 2009; Dupas and Robinson, 2009; Morawcynski and Pickens, 2009; Duflo, 2012)
- *Increasing the security, privacy and control over the funds received, especially for women* (McKenzie and Yang, 2014; Ashraf, et al., 2014; Wright et al., 2014)

Use of debit cards for direct payments

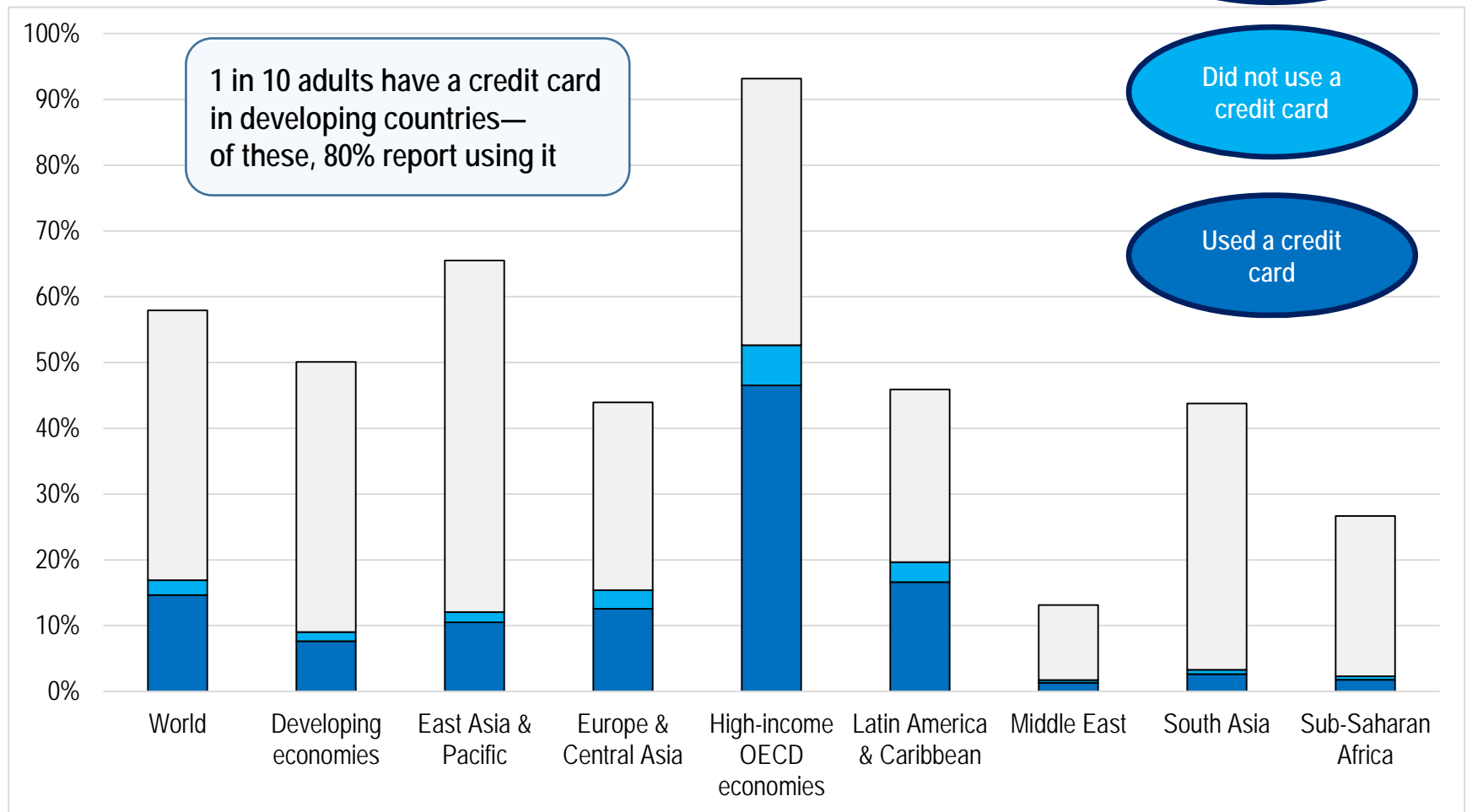
Total Percentage of Adults



Note: the height of the bar is the percentage of adults with an account at a financial institution

Use of credit cards

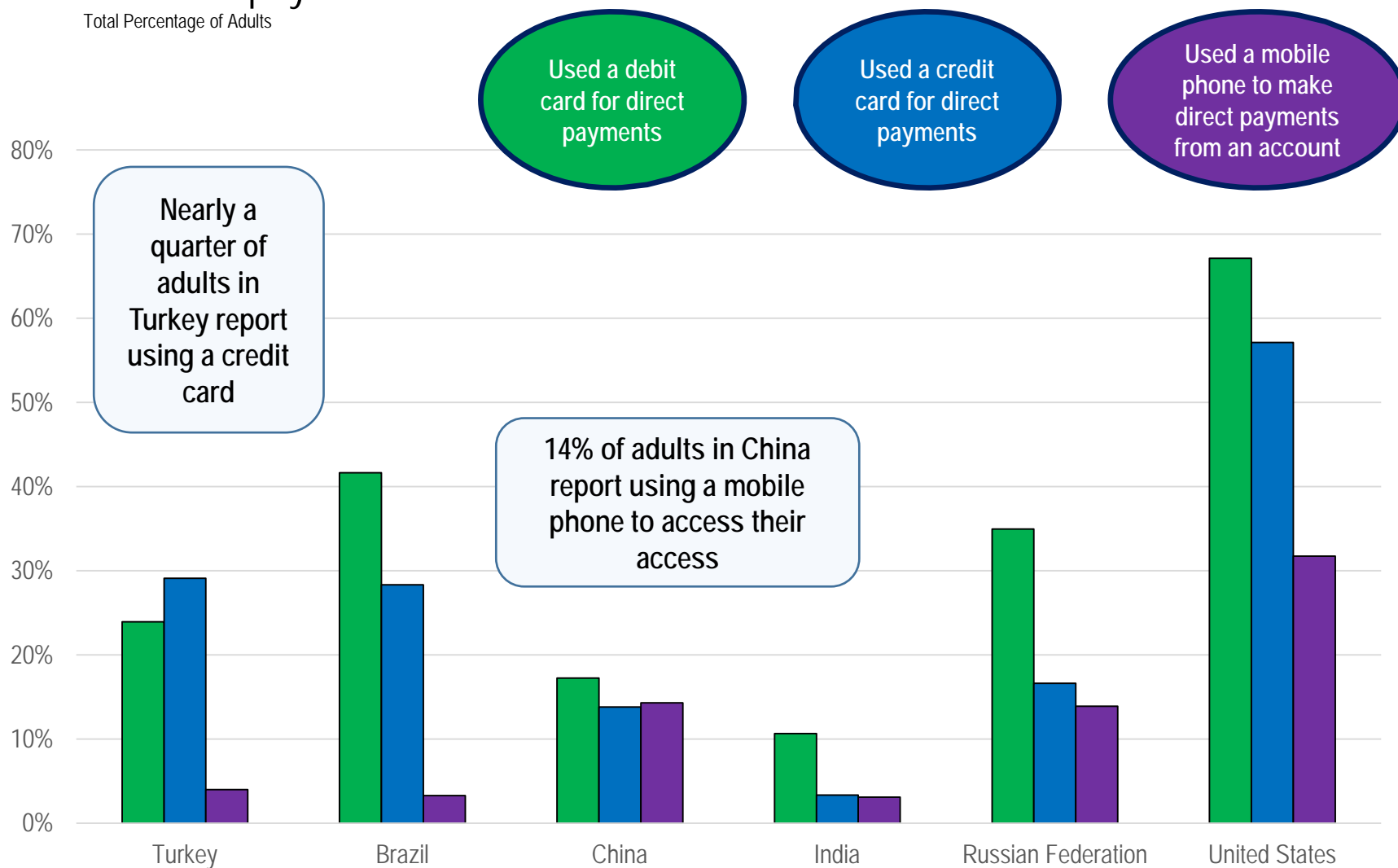
Total Percentage of Adults



Note: the height of the bar is the percentage of adults with an account at a financial institution

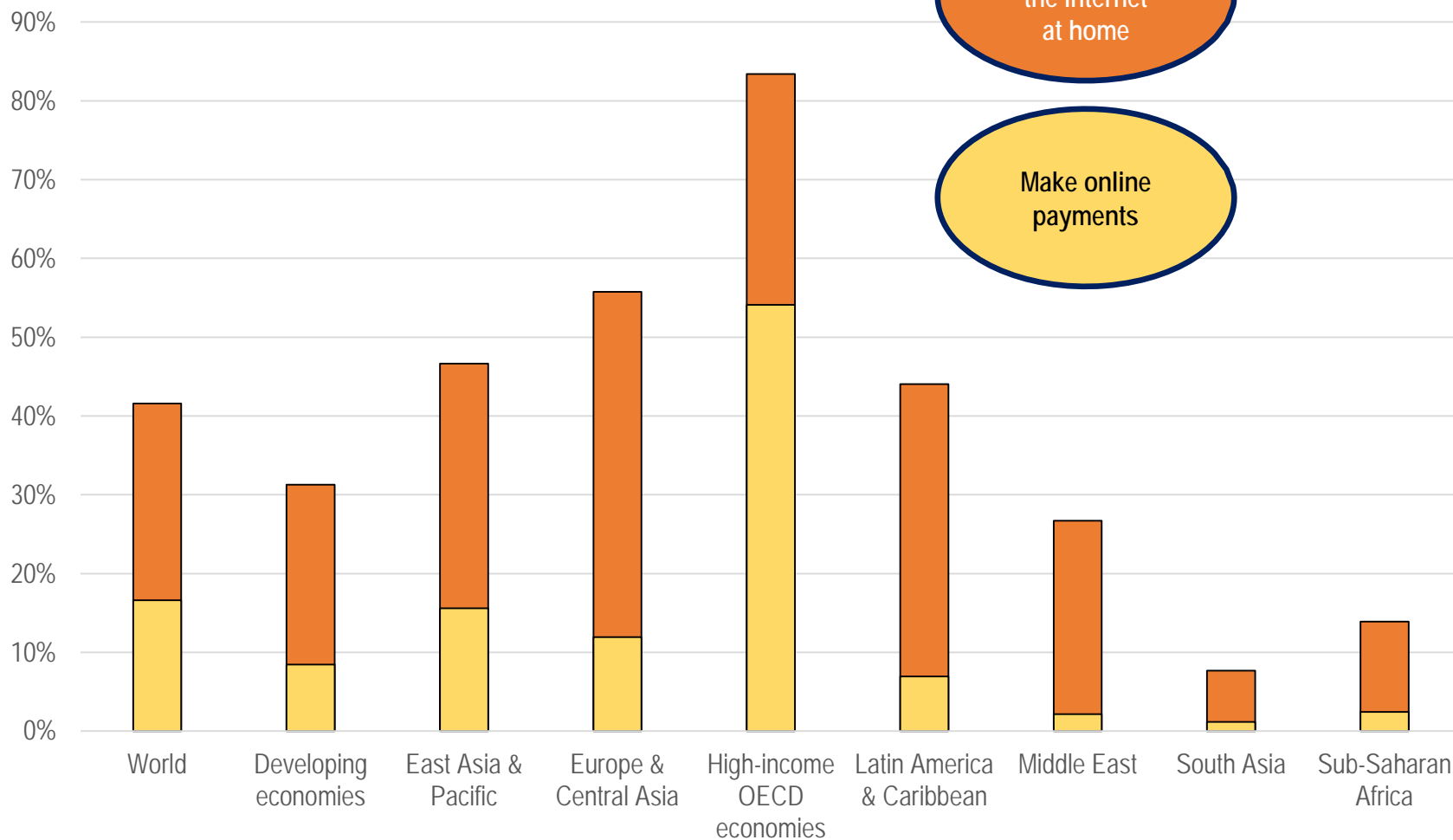
Modes of payments from accounts

Total Percentage of Adults



Internet payments

Total Percentage of Adults



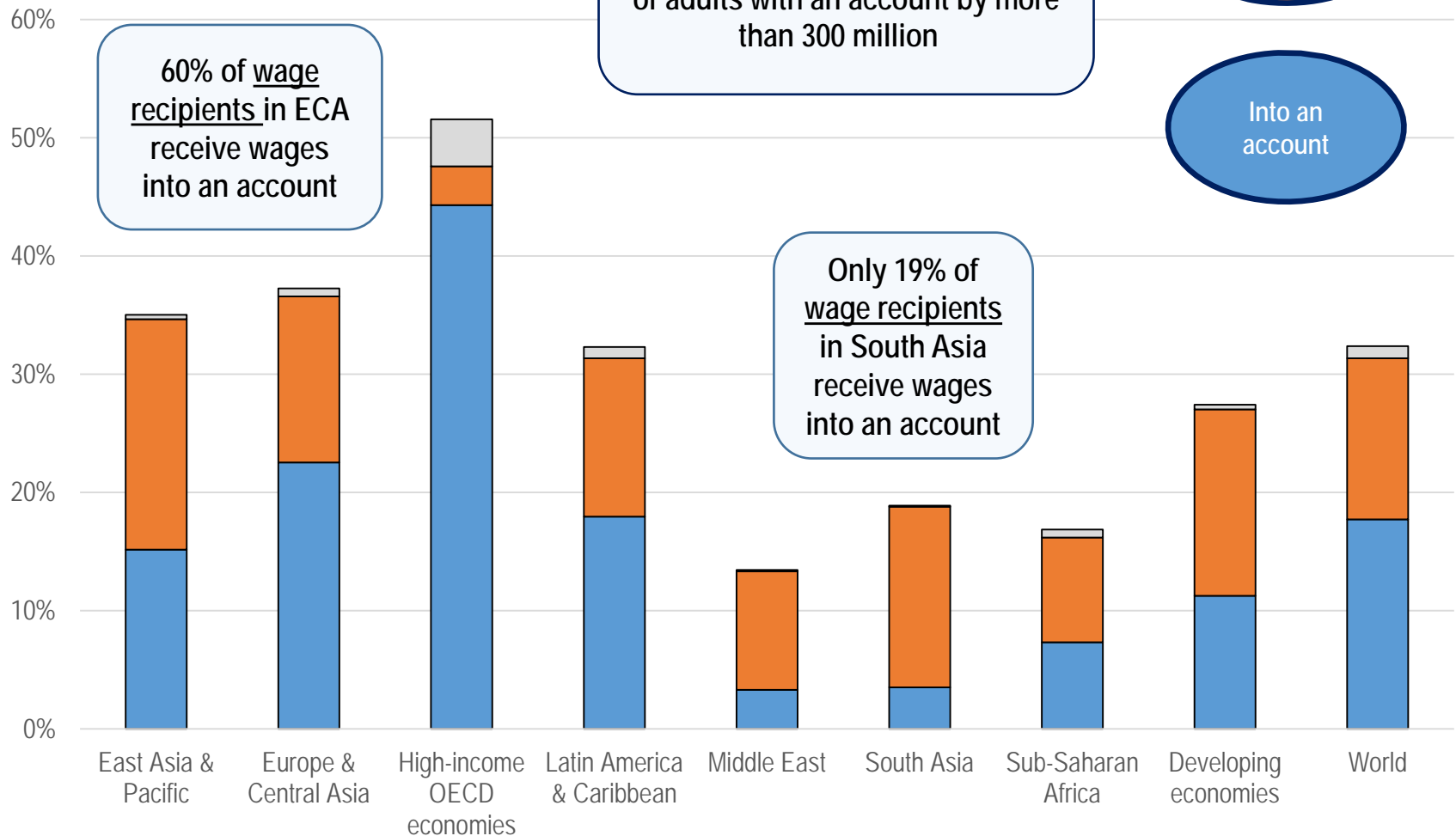
Note: the height of the bar is the percentage of adults with access to internet.

What is the impact of moving to digital payments on entrepreneurship?

- *Speeds-up business registration & payments for business licenses and permits* (Klapper et al., 2007; Daye, Serna et al, 2014)
- *Increases participation in e-commerce and improves interaction with clients, vendors and financial institutions* (Hejazi, 2014; Adractas et al, 2015, Denecker et al. 2014)
- *Improves operational efficiency by improving supply chain management and risk management* (Rai, Patnayakuni, Seth, 2006., Manfre & Nordehn, 2013)
- *Provide ways to reduce gender gap in business ownership by improving access to formal financial products, market place* (Salma, 2014; Malhotra, Kanesathasan & Patel, 2012)
- *For medium-to large sized businesses, digital applications like e-filing and e-payment of taxes can help reduce the cost of tax compliance* (Che Azmi et al, 2012; Handbook for Tax Simplification, IFC, 2009; Yilmaz and Coolidge , 2013)
- *Can help build credit history*

Wage Payments

Total Percentage of Adults

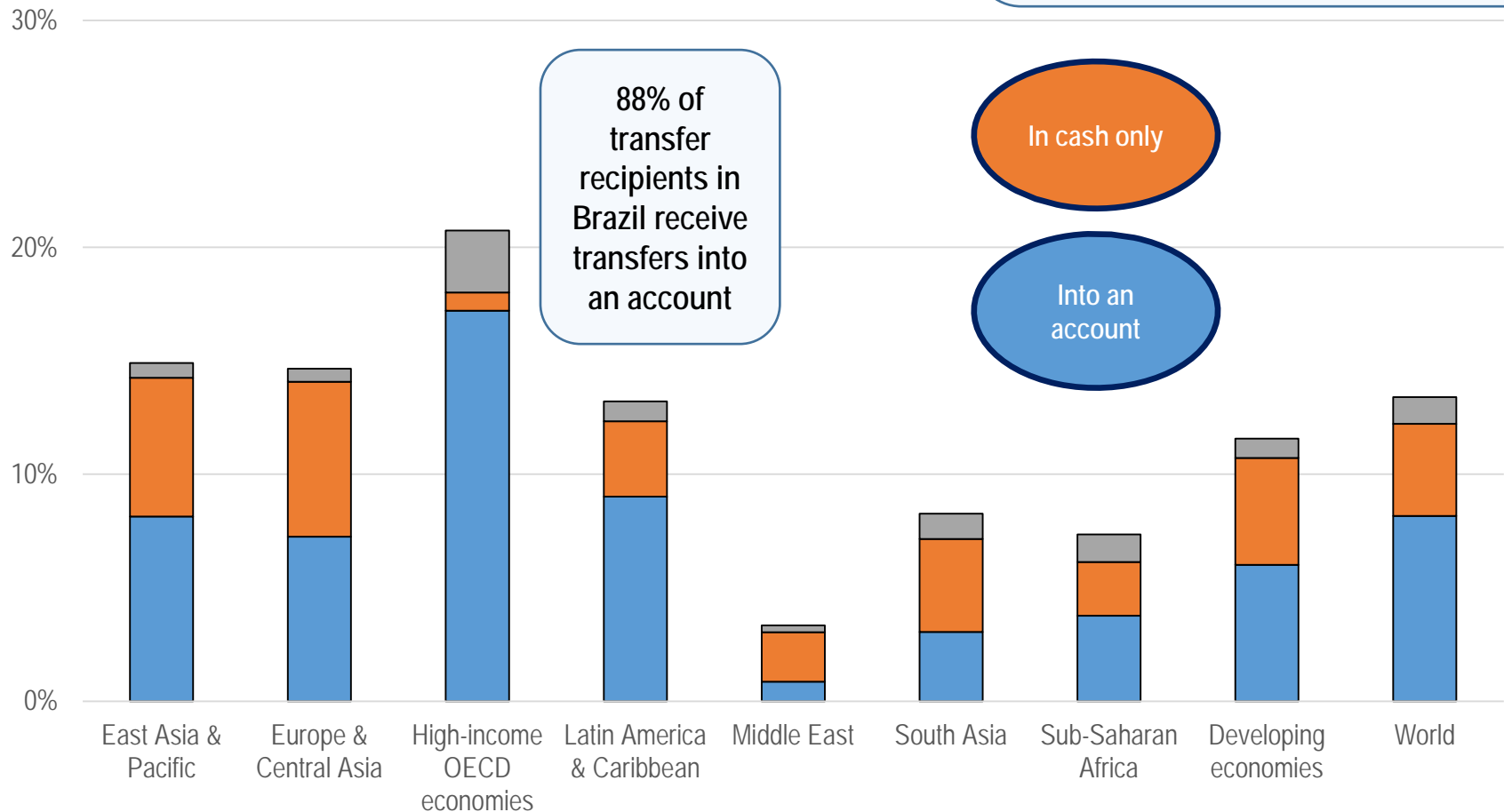


Note: the height of the bar is the percentage of adults receiving wage payments.

Globally, government transfers through accounts can increase the number of adults with an account by up to 130 million

Government Transfer Payments

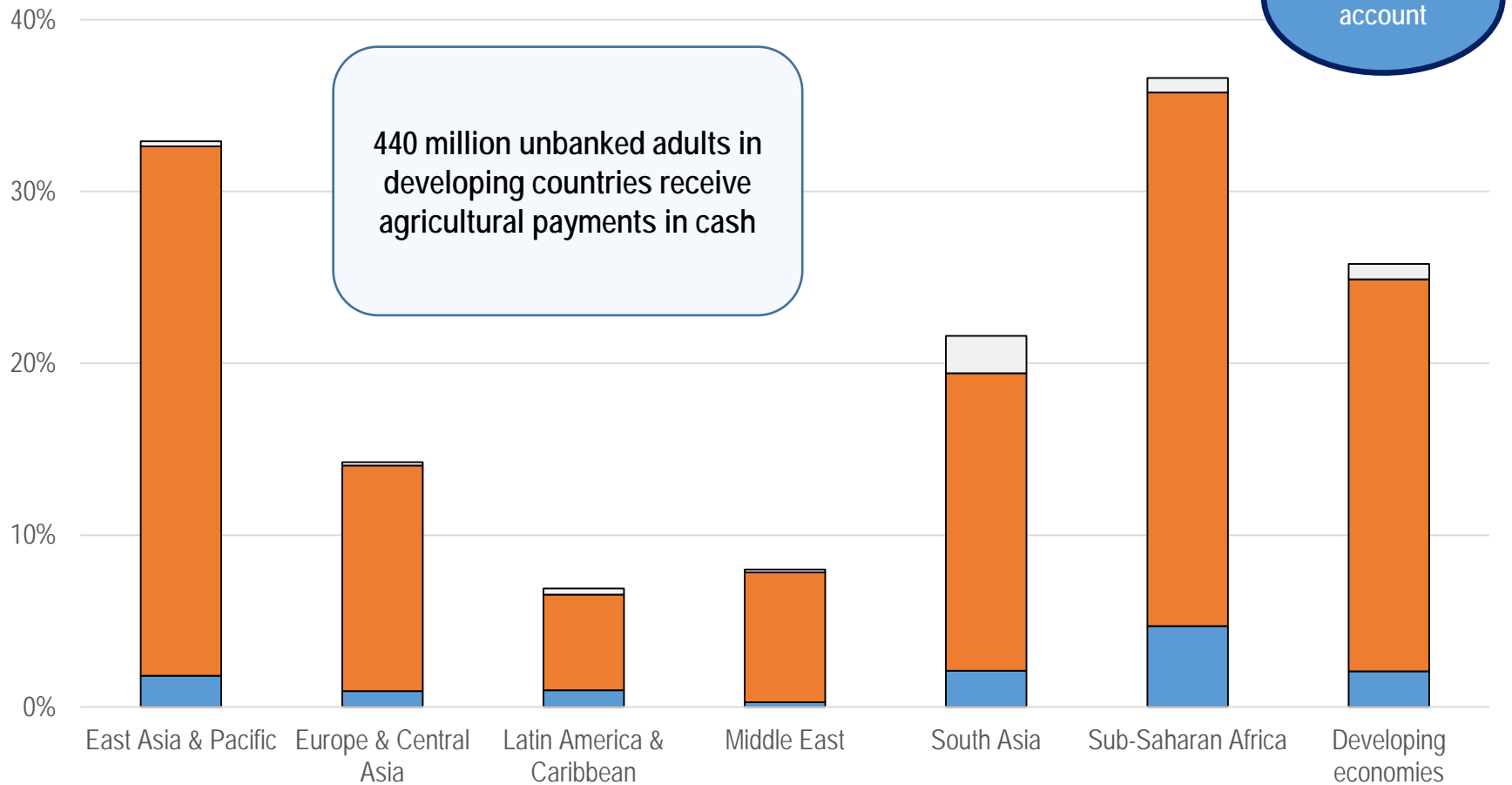
Total Percentage of Adults



Note: the height of the bar is the percentage of adults receiving government transfer payments.

Agriculture payments

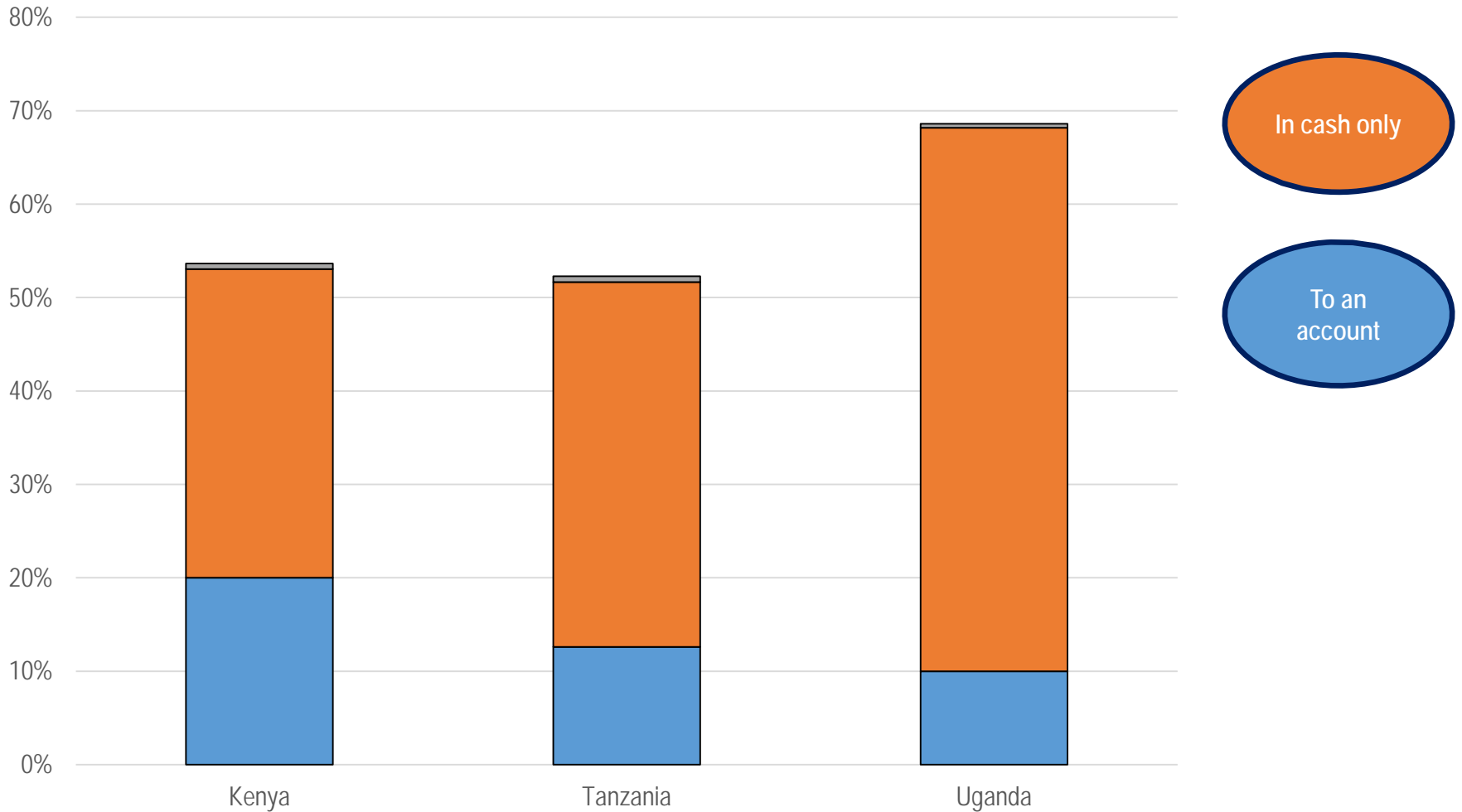
Total Percentage of Adults



Note: the height of the bar is the percentage of adults receiving agriculture payments

Agriculture payments

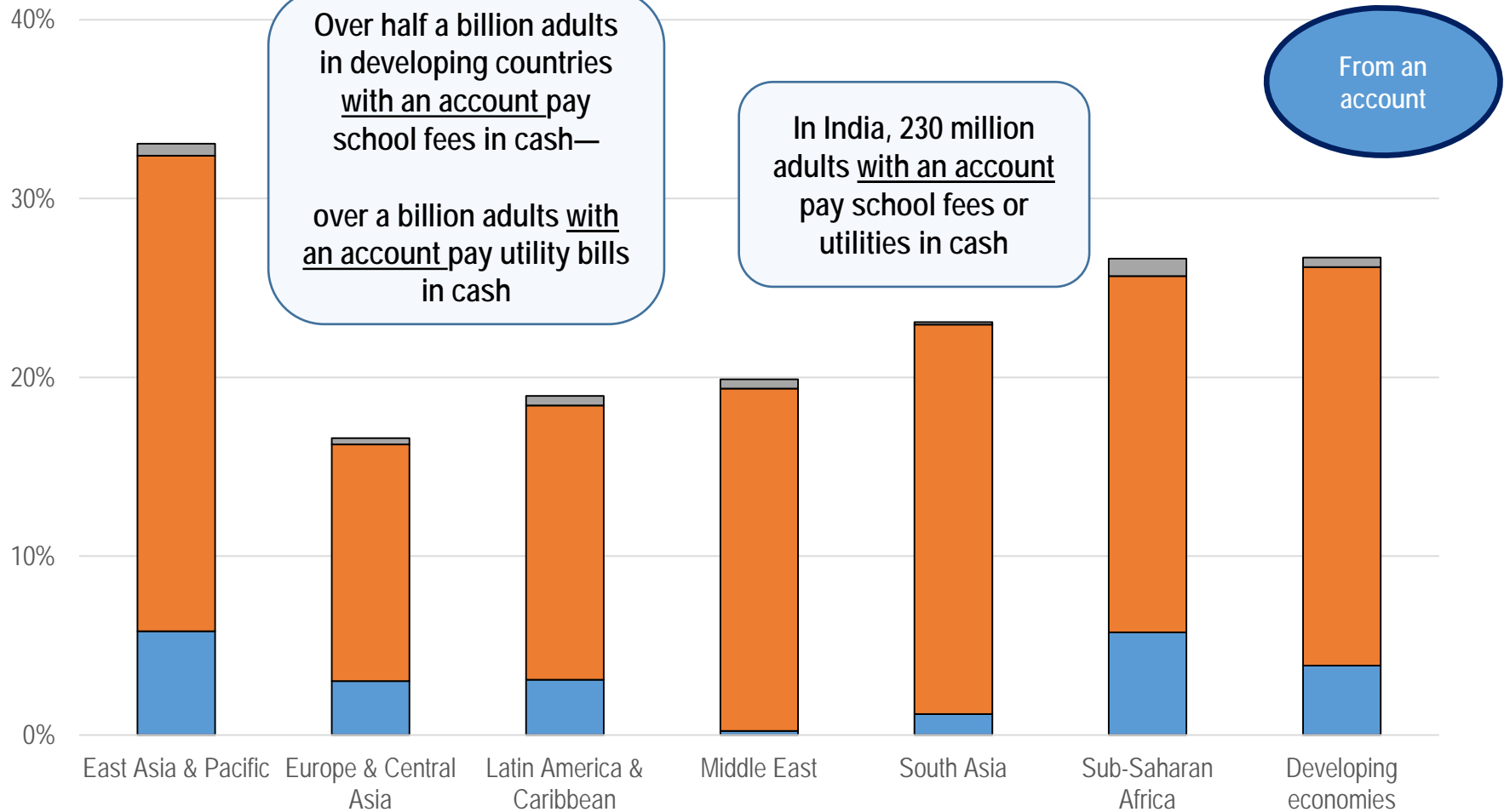
Total Percentage of Adults



Note: the height of the bar is the percentage of adults receiving agriculture payments

School fee payments

Total Percentage of Adults

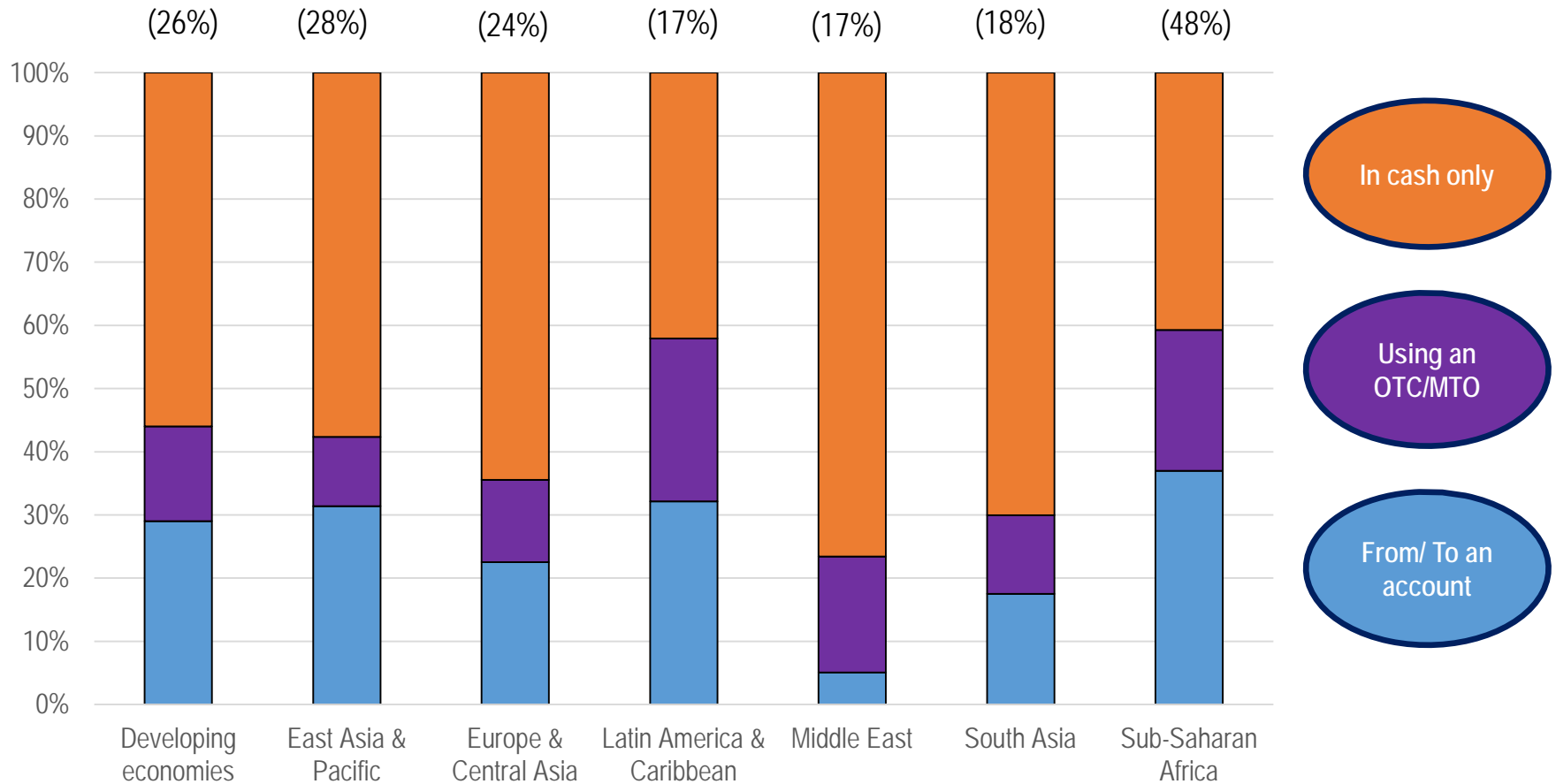


Note: the height of the bar is the percentage of adults paying school fees.

In Sub-Saharan Africa, 11% of unbanked adults report sending or receiving domestic remittance payments in cash/OTC

Domestic Remittances

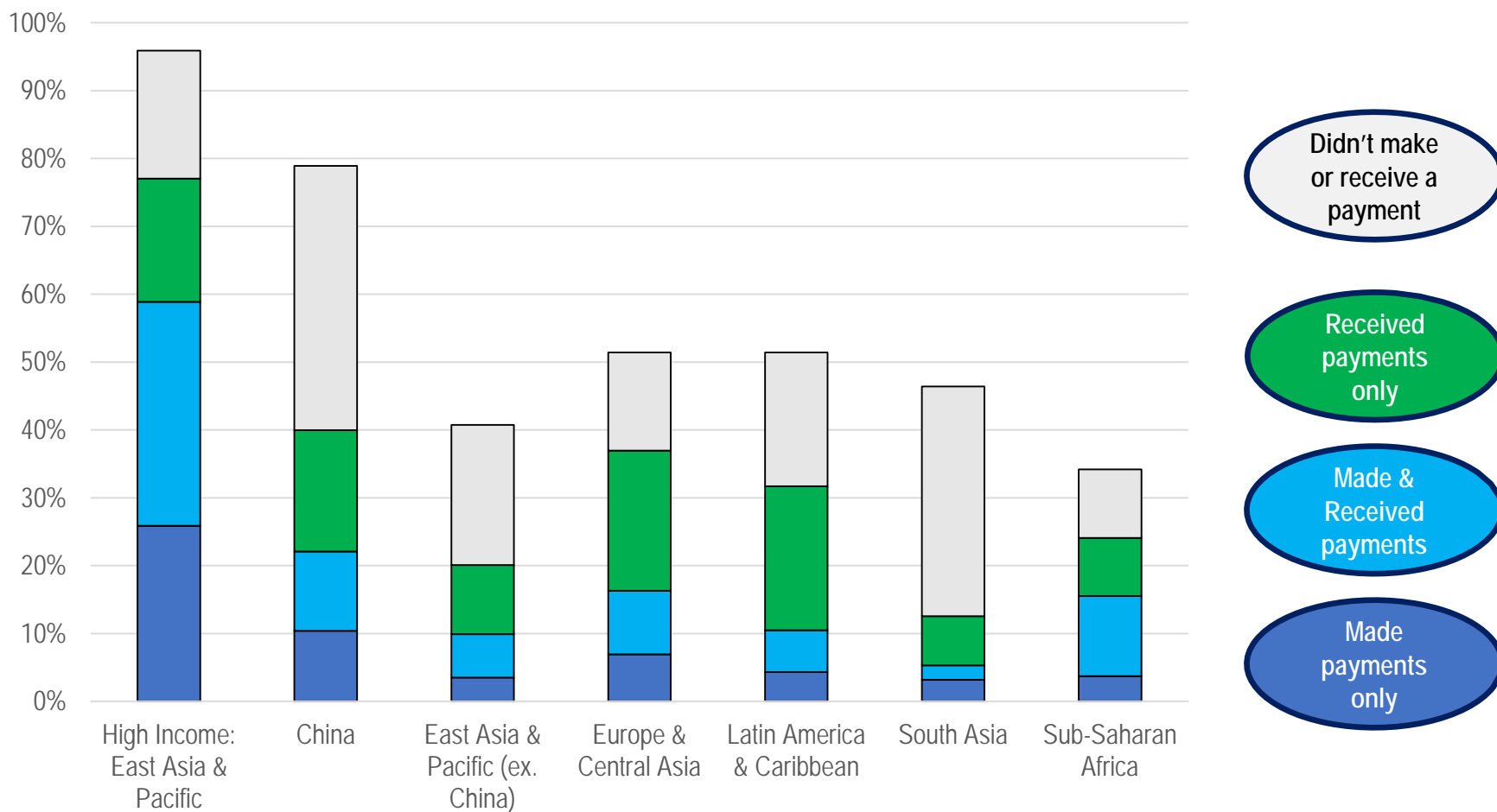
Share of Adults sending or receiving domestic remittances, normalized



Note: the percentage of adults that report sending or receiving domestic remittances is shown in parentheses.

Make and Receive Payments

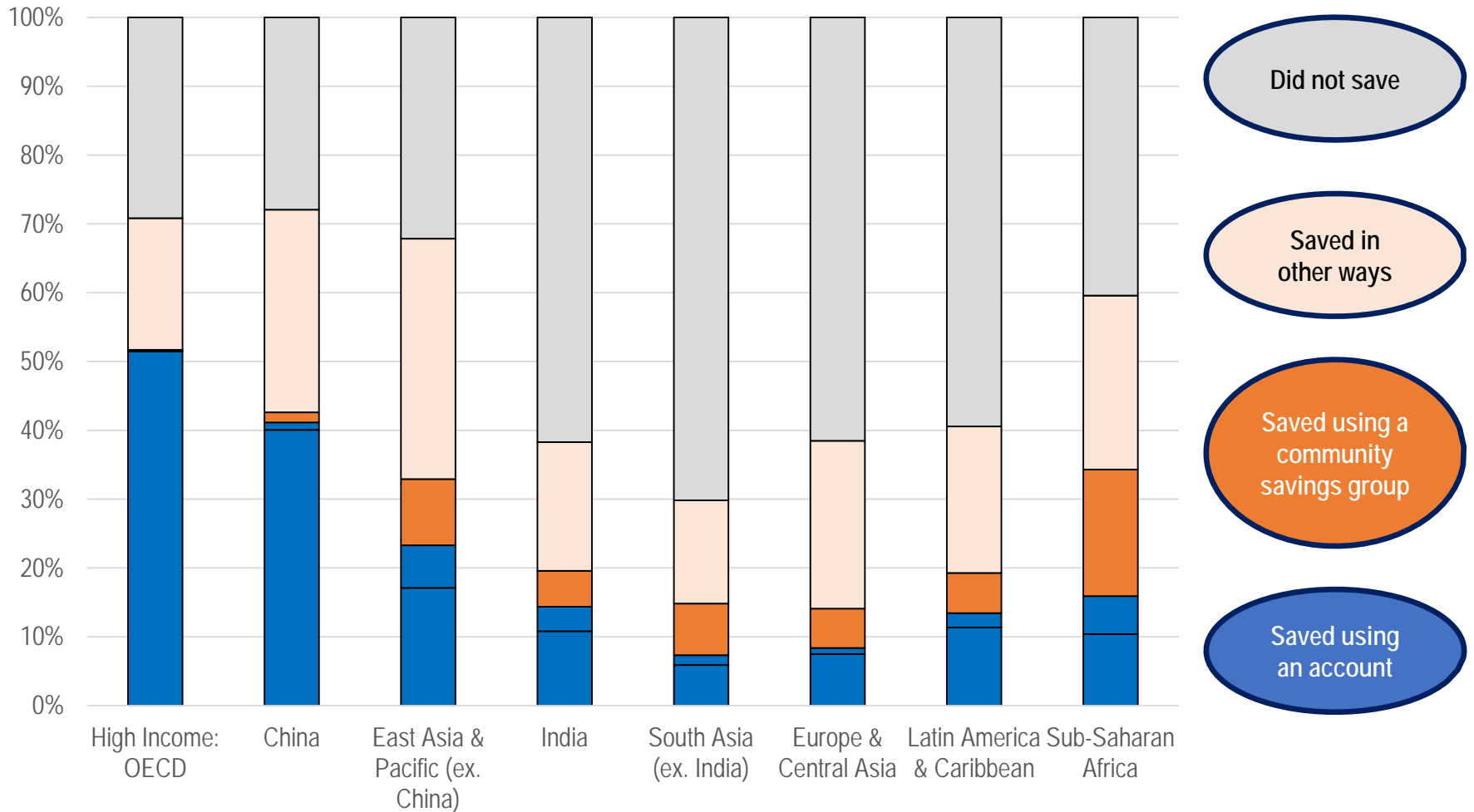
Total Percentage of Adults



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

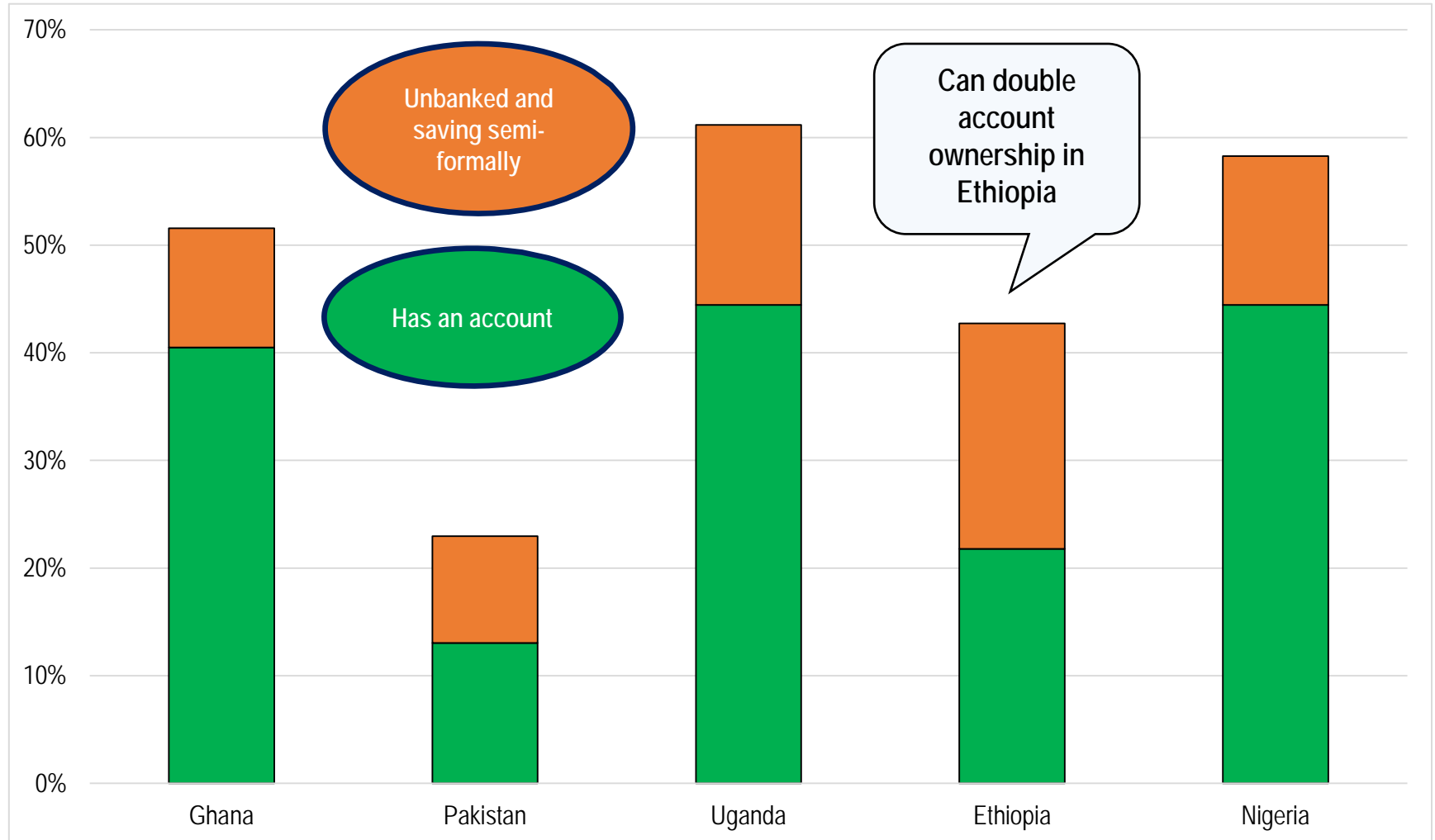
Savings behavior

Total Percentage of Adults



Financial Inclusion: Semi formal savings

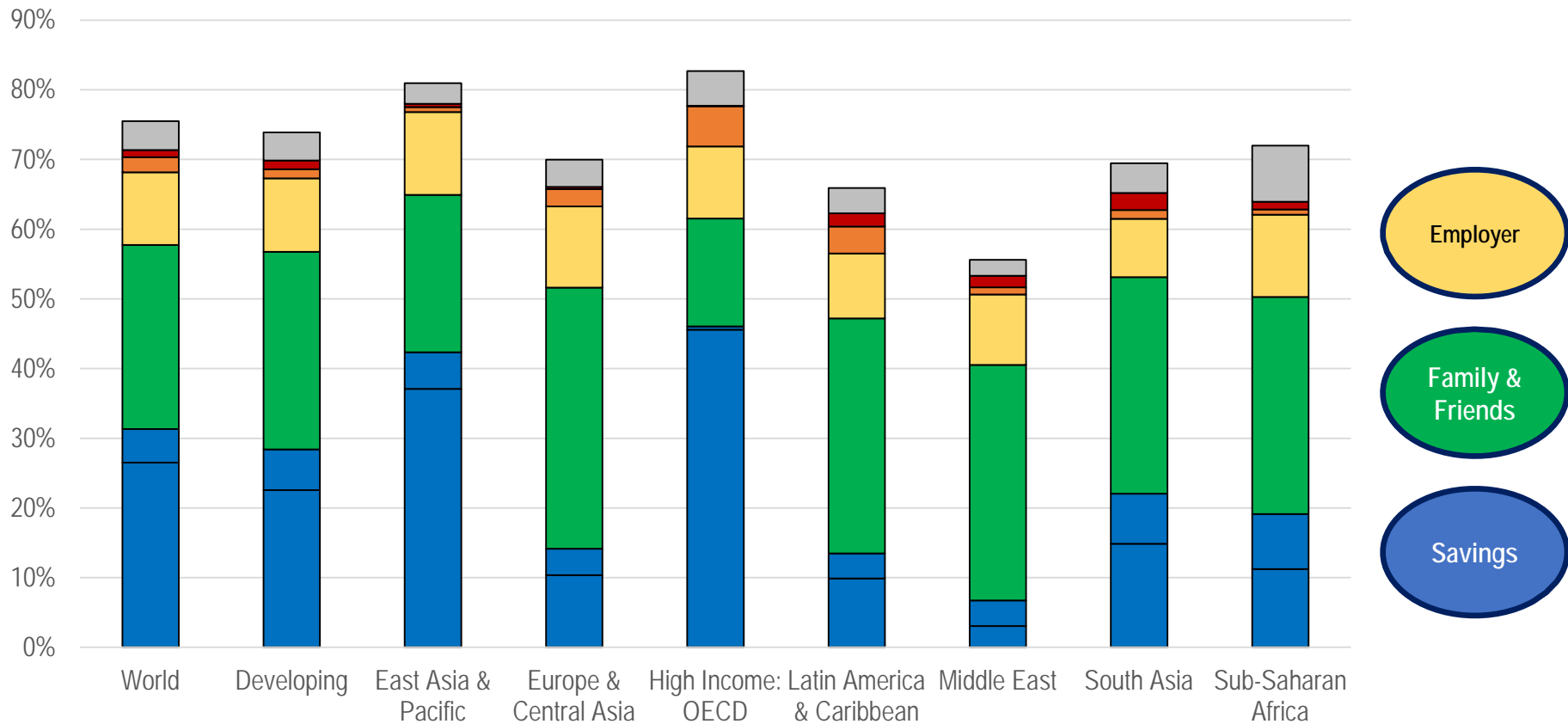
Total Percentage of Adults



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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