FINANCIAL ACCESS SURVEY

2021 Trends and Developments

STATISTICS

FINANCIAL ACCESS SURVEY—ENTERING THE SECOND YEAR OF THE COVID-19 PANDEMIC

The COVID-19 pandemic continues to disrupt people's lives around the world. Progress in the vaccine rollout has varied widely across countries (Agarwal and Gopinath 2021), while a new variant of the virus has created a new wave of infections in many economies.

The 2021 round of the Financial Access Survey (FAS) takes place in the second year of the COVID-19 pandemic, collecting data on access to and use of financial services in the midst of the crisis. Focusing on 2020 outturns, the 2021 FAS round offers a glimpse of what has happened during the pandemic on the financial access front.

Despite the ongoing challenges posed by the COVID-19 pandemic, countries' commitment to the FAS data collection remains strong. As of October 2021, 165 jurisdictions have submitted data to the FAS, with improved data reporting of gender-disaggregated data and digital financial services. The number of jurisdictions reporting gender-disaggregated data has risen to 71—a ten percent increase relative to the previous round—reflecting both growing demand for such data and increased statistical capacity for data collection. Five additional jurisdictions started to report data on the use of mobile money, increasing the number of mobile money reporters to 83, which accounts for roughly 90 percent of countries where mobile money services are available.

This edition of the FAS Trends and Developments showcases some evidence on the impact of the COVID-19 pandemic on financial inclusion. Aggregated data from the current round suggest that both access to and use of financial services at commercial banks continued to be stable despite the pandemic even though country-level data point to some reversals. Use of digital financial services grew during the past year, helping undisrupted access to financial services. Data for SMEs and women show mixed outcomes for these vulnerable groups.

FINANCIAL ACCESS AND USE: TRENDS DURING THE PANDEMIC

The aggregated FAS data from the 2021 round do not show major disruptions in the access to and use of financial services at commercial banks even though country-level data reveal some varying outcomes. For low- and lower middle-income economies, the number of commercial bank branches per 100,000 adults and ATMs per 100,000 adults—two FAS indicators for the UN Sustainable Development Goals (SDGs) Target 8.10[1]—have remained stable at 12 and 23 respectively over the past few years, with a slight increase in 2020.[2]

The average number of deposit and loan accounts continued to grow in 2020 across all country income groups (Figure 1, top charts). The number of deposit accounts per 1,000 adults grew at a higher rate than in the previous year in upper middle-income economies. In terms of usage financial services, the outstanding amounts of both deposits and loans grew faster on average in 2020, relative to the previous year in all country income groups (Figure 1, bottom charts).[3]

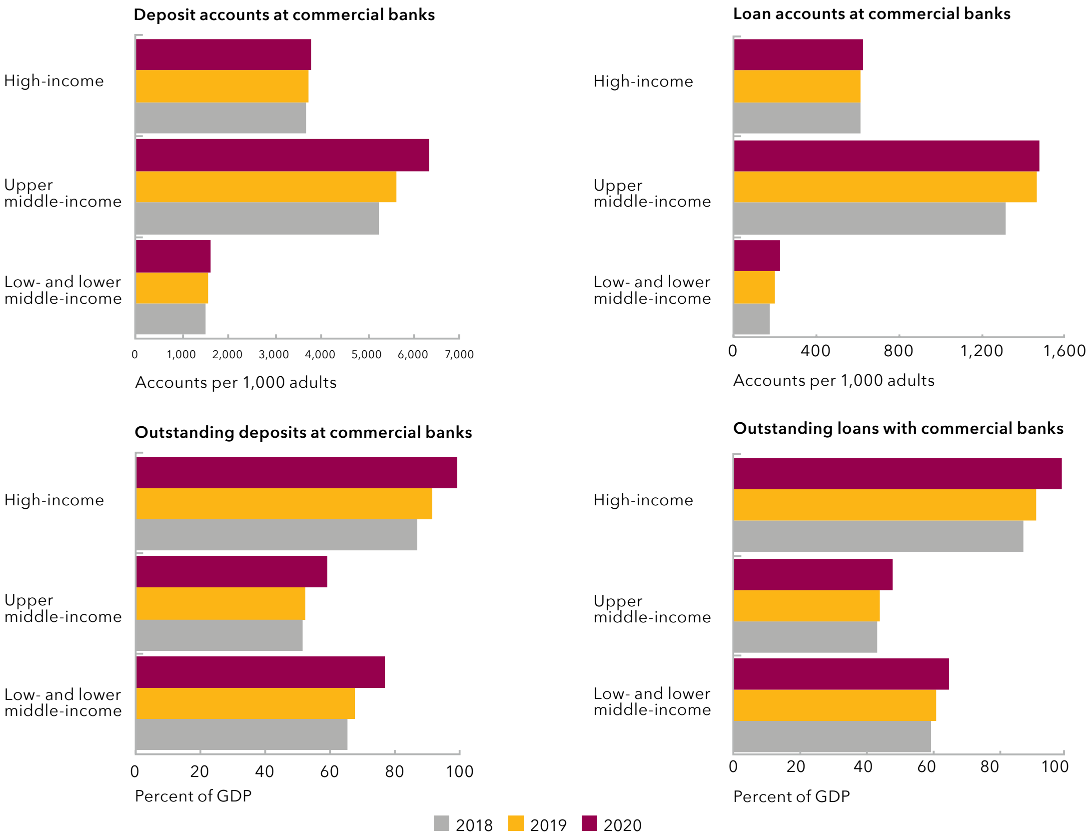
---

[1] The UN SDG Goals Target 8.10 is to strengthen the capacity of domestic financial institutions to expand access to banking, financial services, and insurance for all.

[2] These indicators continued to decline in upper middle- and high-income countries in 2020 as in the preceding years—a trend likely reflecting cost-cutting efforts by banks and a shift to digitalization rather than a reversal of financial access (Espinosa-Vega et al. 2020; and IMF 2020). The income classification used in this note is based on the definitions of the World Bank.

[3] In 2020, deposits as a percent of GDP increased by 9.2, 6.9, and 7.9 percentage points in low- and lower middle-income, upper middle-income, and high-income countries respectively. Similarly, loans as a percent of GDP increased by 4.0, 3.9, and 8.0 percentage points in low- and lower middle-income, upper middle-income, and high-income countries respectively.

Figure 1: On average FAS indicators show an increase in the use of financial services in 2020[4]



Source: IMF Financial Access Survey and staff calculations.
Note: These charts show the weighted average of the indicators for respective groups. All indicators cover both households and firms.

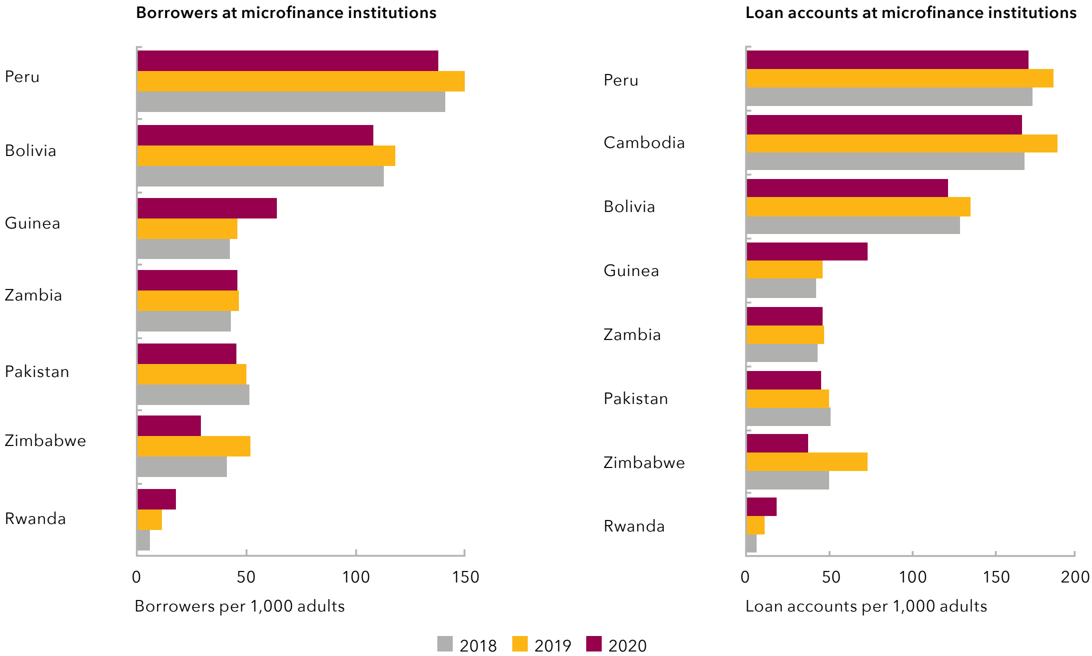
These findings may in part reflect the fact that many economies have implemented policy measures to support individuals and enterprises during the pandemic. Income support measures were adopted by many countries to provide a safety net to vulnerable households and enterprises.[5] In an environment of social distancing and lockdowns, cash transfers (for households) and financial assistance (for enterprises) would often need to be deposited directly to a beneficiary account, which could have necessitated the opening of (new) deposit accounts for beneficiaries in case they did not have an existing account, also resulting in an increase in deposits. For example, the central bank in Bangladesh allowed government disbursement program information to be used to open permanent accounts on behalf of individuals (Michaels 2020). In addition, other measures such as loan assistance in the form of moratoriums (e.g., Kazakhstan and Malaysia), guarantees (e.g., Mali and Rwanda), and lower interest rates (e.g., Nepal and Morocco) might have led to the increase in outstanding loans in 2020 (IMF 2021).

[4] The number of deposit accounts per 1,000 adults is larger for upper-middle economies than high-income economies because of the large number of deposit accounts in China (see also Chen and Yuan, 2021). For loan accounts, this is because of the large number of loan accounts in Brazil.

[5] For emerging market economies and low-income developing countries, the average above the line measures (i.e., additional spending or forgone revenue) was close to 6 percent and 3 percent of GDP, respectively, as of September 2021. See the IMF's Fiscal Monitor Database of Country Fiscal Measures in Response to the COVID-19 Pandemic for further information.

Aggregated numbers by country income group can mask cross-country variations. In some countries, including some fragile and conflict-affected states (FCS), financial access indicators, particularly lending-related indicators, fell in 2020 (see Box 1). For example, the number of borrowers from commercial banks per 1,000 adults declined in Botswana, Colombia, and the Solomon Islands in 2020, reversing the previous year's gain. Similarly, the number of loan accounts at commercial banks also fell in some economies, including Honduras, Costa Rica, and Estonia.

Figure 2: Borrowers and loan accounts with microfinance institutions declined in some countries during the pandemic



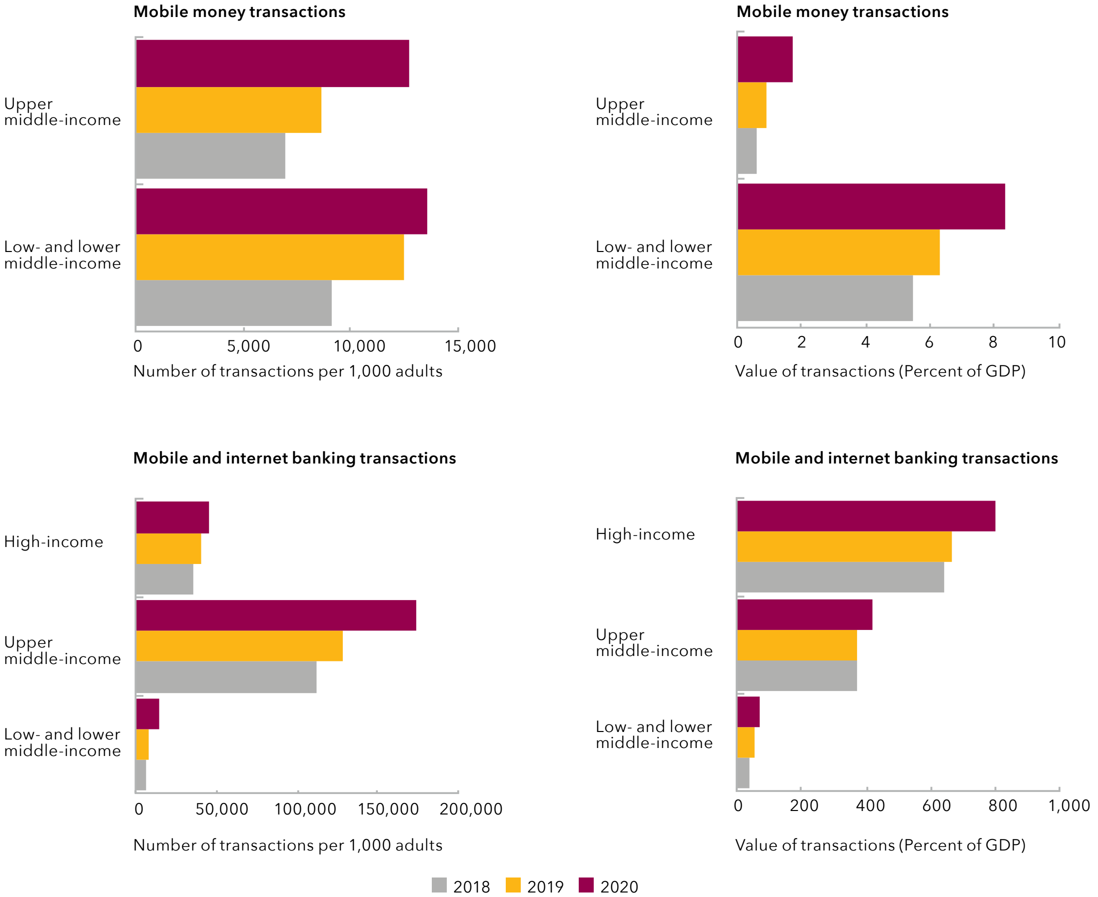
Source: IMF Financial Access Survey and staff calculations.
Note: Microfinance institutions include both deposit taking and non-deposit taking microfinance institutions.

This analysis would be incomplete without looking at microfinance institutions—key financial service providers to vulnerable sections of the population in developing economies, especially women (Espinosa-Vega et al. 2020). In some countries, the number of loan accounts and borrowers at microfinance institutions declined—in a few cases receding back below pre-pandemic levels (Figure 2). This could be due to weaker demand and/or more cautious lending practices in the face of uncertainty (CGAP 2021). These findings underscore the risk of reversal in financial inclusion among poorer and more vulnerable clients.

ROLE OF DIGITAL FINANCIAL SERVICES DURING THE PANDEMIC

Social distancing and lockdowns have necessitated a move towards digital financial services to carry out financial transactions without disruption (Agur, Martinez, and Rochon 2020). The latest FAS data confirm this development. The FAS collects data on two types of digital financial services: mobile money, and mobile and internet banking. Of these, mobile money is more prevalent in low- and middle-income economies, and mobile and internet banking in developed economies. These FAS data point to increased usage of digital financial services during the pandemic period, including in some of the FCS (see Box 1).

Figure 3: The volume of mobile money and mobile and internet banking transactions increased during the pandemic



Source: IMF Financial Access Survey and staff calculations.
Note: These charts show the weighted average of the indicators for respective groups.

Mobile Money

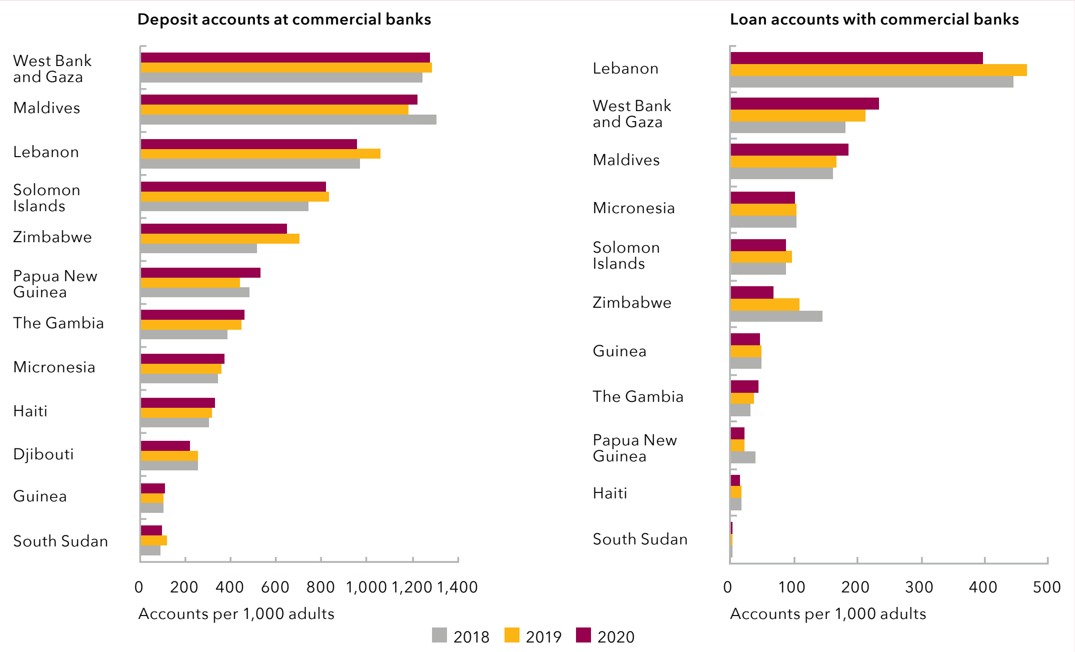
Mobile money has several features that can support undisrupted financial transactions during the pandemic, especially in developing economies. First, mobile money has high levels of market penetration in many low- and middle-income economies. Second, transactions can be carried out with minimal physical contact. Third, it has high levels of usage among the unbanked and underbanked, making it a key mode of using financial services for the most vulnerable parts of the population (Bazarbash et al. 2020).

Currently there are 310 live mobile money services in 96 countries (GSMA 2021). Of these, 83 report data on the use of mobile money to the FAS. The 2020 data show a significant increase in mobile money usage among low- and middle-income economies. For example, the value of mobile money transactions as a share of GDP rose by 2 percentage points on average in low- and lower middle-income economies and almost doubled for upper middle-income economies in 2020, although from a low base and still below 2 percent (Figure 3, top charts).

Box 1: Financial Inclusion in Fragile and Conflict-Affected States (FCS)

Financial markets in fragile and conflict-affected states (FCS) are markedly underdeveloped and have low levels of financial inclusion, relative to other low- and middle-income countries (Barajas, Chami, and Fullencamp 2021). Out of the 42 FCS, 39 report data to the FAS. Some of them also report data on digital financial services as well as gender-disaggregate data.

Deposit and loan accounts at commercial banks in FCS



Source: IMF Financial Access Survey and staff calculations.
Note: The sample is based on data availability for 2018-2020.

The FAS data show a mixed picture (see figure above)—some FCS remained resilient (e.g., The Gambia, Micronesia) while others saw a decline in the number of deposit and/or loan accounts (e.g., Zimbabwe, Djibouti, Haiti). The use of digital financial services seems to have become more prominent also in a few FCS during the pandemic. For example, in Maldives, the value of mobile and internet banking more than doubled in 2020, compared with the preceding years.

Mobile and Internet Banking

Mobile and internet banking provides another channel for the existing banked population to carry out transactions either using a mobile phone or another electronic device. These services, like mobile money, can be used to carry out financial transactions with minimal physical contact and have high penetration and usage in higher income economies.

The number of mobile and internet banking transactions grew significantly for upper middle-income economies in 2020. On the other hand, high-income economies experienced a substantial growth in the value of mobile and internet banking transactions as a share of GDP—an increase of 133 percentage points in 2020 (Figure 3, bottom charts).

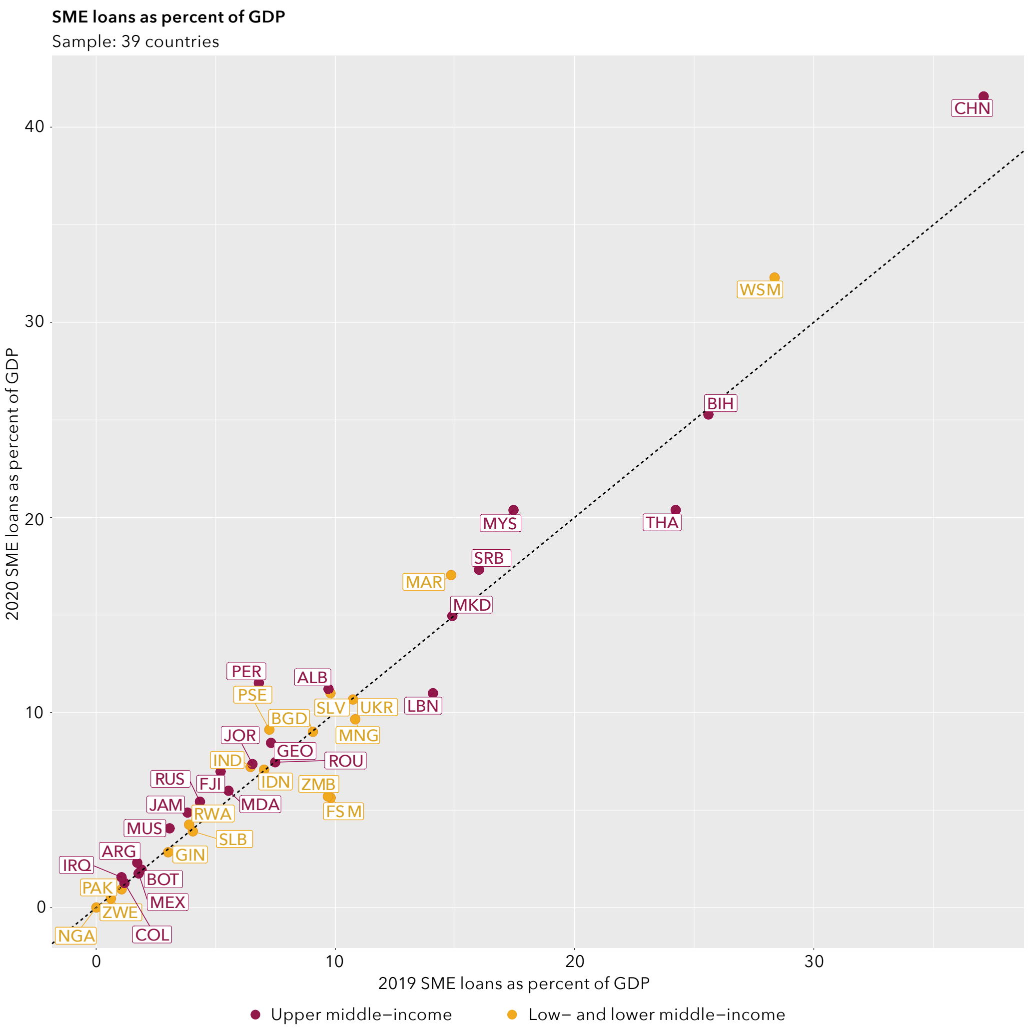
FINANCIAL ACCESS AMONG VULNERABLE GROUPS

Small and Medium Enterprises (SMEs)

SMEs are central to many countries' economic activity. They account for around 90 percent of businesses, 50 percent of employment worldwide, and contribute close to 40 percent of national income in emerging economies (World Bank 2019). At the same time, SMEs tend to be more vulnerable given the greater constraints they face in accessing finance compared with larger firms, especially during economic crises.

Given the importance of SMEs in the economy, governments around the world have taken several measures to support SMEs. Without this support, the failure rate of small businesses could have risen by as much as 9 percentage points (Kalemli-Ozcan et al. 2020). The IMF's Financial Access COVID-19 Policy Tracker shows that financial assistance such as grants have been the most used SME policy measure, followed by public guarantees on loans, delays in loan repayments, tax relief, and lowering of interest rates (Shirono et al. 2021a).

Figure 4: Outstanding SME loans remained mostly stable for many low- and lower-middle income economies



Source: IMF Financial Access Survey and staff calculations.

Note: The black line is a 45-degree line. Observations below (above) the 45-degree line indicate a decline (increase) in the loan amount in 2020 compared with 2019.

Many jurisdictions reporting SME data to the FAS recorded little change or an increase in outstanding loans to SMEs by commercial banks in 2020 (above the 45-degree line in Figure 4), likely reflecting the above-mentioned supporting policies. The majority of the economies with increased outstanding loans to SMEs were upper middle-income countries. For example, in Peru the increase in loans to SMEs during the pandemic was mostly due to a government program facilitating companies' access to working capital for the payment of their short-term obligations.[6] In Iraq, the central bank allowed loan repayments for SMEs to be suspended for three months at the start of the pandemic and encouraged banks to extend loans to SMEs.

On the other hand, some economies experienced a decline in outstanding loans to SMEs—in some cases considerably.[7] For example in Thailand, where many SMEs are concentrated in the tourism industry, the prolonged economic uncertainty has impaired financial access of these businesses (Bank of Thailand 2021). In Zambia, a survey reports that businesses struggle to secure loans, facing severe liquidity constraints since the onset of the pandemic (Manda et al. 2021).

Women's Financial Access

The economic impact of the COVID-19 pandemic has not been gender-neutral, particularly in terms of labor market outcomes as evidenced in greater employment losses among female population (Fabrizio et al. 2021; Bluedorn et al. 2020). Similar concerns have been raised regarding women's financial access during the pandemic.

The latest FAS gender-disaggregated data reveal mixed outcomes in 2020 in terms of women's access to and use of financial services. The outstanding female-owned deposits and loans remained stable or even increased in some countries. The number of female depositors and female owned deposit accounts also held up in many countries. These results may be in part due to gender-sensitive measures implemented to support women's financial access (Shirono et al. 2021b). However, the number of female borrowers per 1,000 female population fell in several economies, including Panama, Peru, and Uganda, where gains from previous years were reversed in 2020 (Figure 5). In addition, in several economies which report FAS gender-disaggregated data on microfinance institutions, the number of female borrowers and female-owned loan accounts declined in 2020, likely reflecting adverse effects from the COVID-19 pandemic.

Men were also affected, with the lower number of male borrowers and male-owned accounts in 2020. On average, most indicators point to unchanged gender gaps. Nevertheless, given the pre-existing gender gap, these findings present further challenges and a difficult way ahead in advancing women's financial access in low- and middle-income economies.[8]

A caveat of the above findings is that these annual data may not necessarily capture the full impact of the COVID-19 pandemic due to various factors, including the timing effects and varying degree of lockdowns. For example, the effects of the pandemic might have been more pronounced in the second half of 2020, depending on when mitigation measures such as a lockdown were introduced and enforced.[9]

---

6 For more information, see Reactiva Perú.

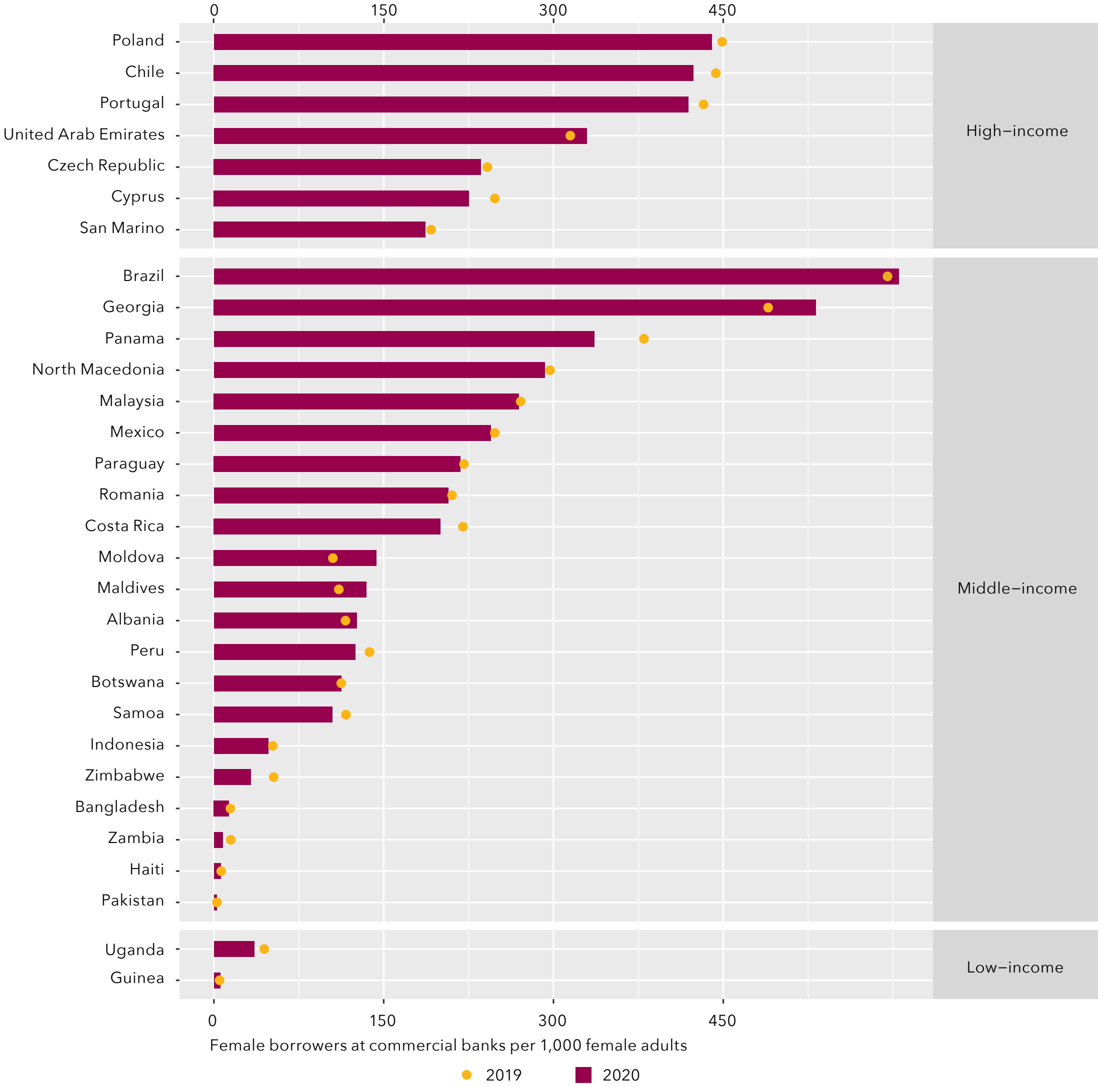
7 The decline in SME loans in Lebanon can be in part attributed to the ongoing economic difficulties, not just the COVID-19 pandemic.

8 See Shirono et al. (2021b) for further discussion on the pre-existing gender gap in financial access as well as 2020 outturns from the gender perspective.

9 The FAS 2020 data cover the calendar year in principle, but some countries may report the data based on their financial year, and thus the 2020 data may not necessarily correspond to the calendar year but also include part of 2021.

The FAS data can nevertheless help track the developments of financial access during the pandemic. It remains important to continue to strengthen data collection and reporting, including gender-disaggregated data, so that policy makers can better monitor financial inclusion and formulate informed policies in these testing times.

Figure 5: The number of female borrowers declined in many economies



Source: IMF Financial Access Survey and staff calculations.
Note: The sample is based on data availability for both 2019 and 2020.

ABOUT THE IMF'S FINANCIAL ACCESS SURVEY

The Financial Access Survey, launched in 2009, is a unique supply-side dataset that enables policymakers to measure and monitor financial inclusion and benchmark progress against peers. The FAS is based on administrative data collected by central banks or financial regulators from financial institutions and service providers.

The dataset covers 189 jurisdictions spanning from 2004 to 2020 and contains 121 time series on financial access and use (such as the number of ATMs and depositors). To facilitate meaningful comparison, the FAS also publishes 70 indicators that are normalized relative to the size of the adult population, land area, and gross domestic product.

FAS 2021 is supported by the IMF's Data for Decisions (D4D) Fund.

REFERENCES

1. Agarwal, R., and Gopinath, G. 2021. A Proposal to End the COVID-19 Pandemic. IMF Staff Discussion Note. SDN/2021/004.
2. Agur, I., Martinez Peria, S., and Rochon, C. 2020. Digital Financial Services and the Pandemic: Opportunities and Risks for Emerging and Developing Economies. IMF Special Series on COVID-19.
3. Bank of Thailand. 2021. The Bank of Thailand, the Ministry of Finance, and related parties proposed two new measures to support business recovery and transformation post-COVID-19.
4. Barajas, A., Chami, R., and Fullenkamp, C. 2021. The State of Finance in Fragile States. In Macroeconomic Policy in Fragile States (pp. 186-208). Oxford University Press.
5. Bazarbash, M., Carcel Villanova, H., Chhabra, E., Fan, Y., Griffin N., Moeller, J., and Shirono., K. 2020. Mobile Money in the COVID-19 Pandemic. IMF Special Series on COVID-19.
6. CGAP. 2021. Microfinance institutions maintain rebound, but solvency questions loom COVID-19 Briefing.
7. Bluedorn, J., Caselli, F., Hansen, N., Shibata, I., and Tavares, M.M., 2021. Gender and Employment in the COVID-19 Recession: Evidence on "She-cessions," IMF Working Paper, WP/21/95.
8. Chen, W., and Yuan, X. 2021. Financial inclusion in China: an overview. Frontiers of Business Research in China. 15(1):1-21.
9. Espinosa-Vega, M., Shirono, K., Carcel-Villanova H., Chhabra E., Das B., and Fan Y. 2020. Measuring Financial Access: 10 Years of the IMF Financial Access Survey. IMF Departmental Paper No. 20/08.
10. Fabrizio, S., Gomes, D.B.P., and Tavares, M.M. 2021. COVID-19 She Cession: The Employment Penalty of Taking Care of Young Children. IMF Working Paper 58.
11. GSMA. 2021. State of the Industry Report on Mobile Money.
12. International Monetary Fund. 2020. 2020 FAS Trends and Developments.
13. International Monetary Fund. 2021. Financial Access COVID-19 Policy Tracker.
14. Kalemli-Ozcan, S., Gourinchas, P.O., Penciakova, V. and Sander, N. 2020. COVID-19 and SME Failures. IMF Working Paper 20/207.
15. Manda, C., Mwansa, F., Massawe, S., and Mazzotta, B. 2021. How micro- and small enterprises (MSEs) leveraged informal financing and digital technology during the COVID-19 pandemic in Zambia. FSD Zambia.
16. Michaels, L. 2020. Three Ways Governments Expedited Social Payments During COVID. CFI Policy Brief.
17. Shirono, K., Chhabra, E. and Fan, Y. 2021a. How Countries Are Helping Small Businesses Survive COVID-19. IMF Chart of the Week Blog.
18. Shirono, K., Carcel-Villanova, H., Chhabra, E. and Fan, Y. 2021b. Women's financial access in times of COVID-19. IMF COVID-19 Special Series Note.
19. World Bank. 2019. Improving SMEs' access to finance and finding innovative solutions to unlock sources of capital.

This content was prepared by Hector Carcel-Villanova, Esha Chhabra, Yingjie Fan, and Andrea Cristina Quevedo Acuna of the IMF's Statistics Department, under the supervision of Kazuko Shirono.

INTERNATIONAL MONETARY FUND
700 19th Street, NW
WASHINGTON, DC 20431 USA
stafas@IMF.org
data.IMF.org/FAS