

**“Financial Inclusion – measuring progress”
By Thorsten Beck**

Discussion by:

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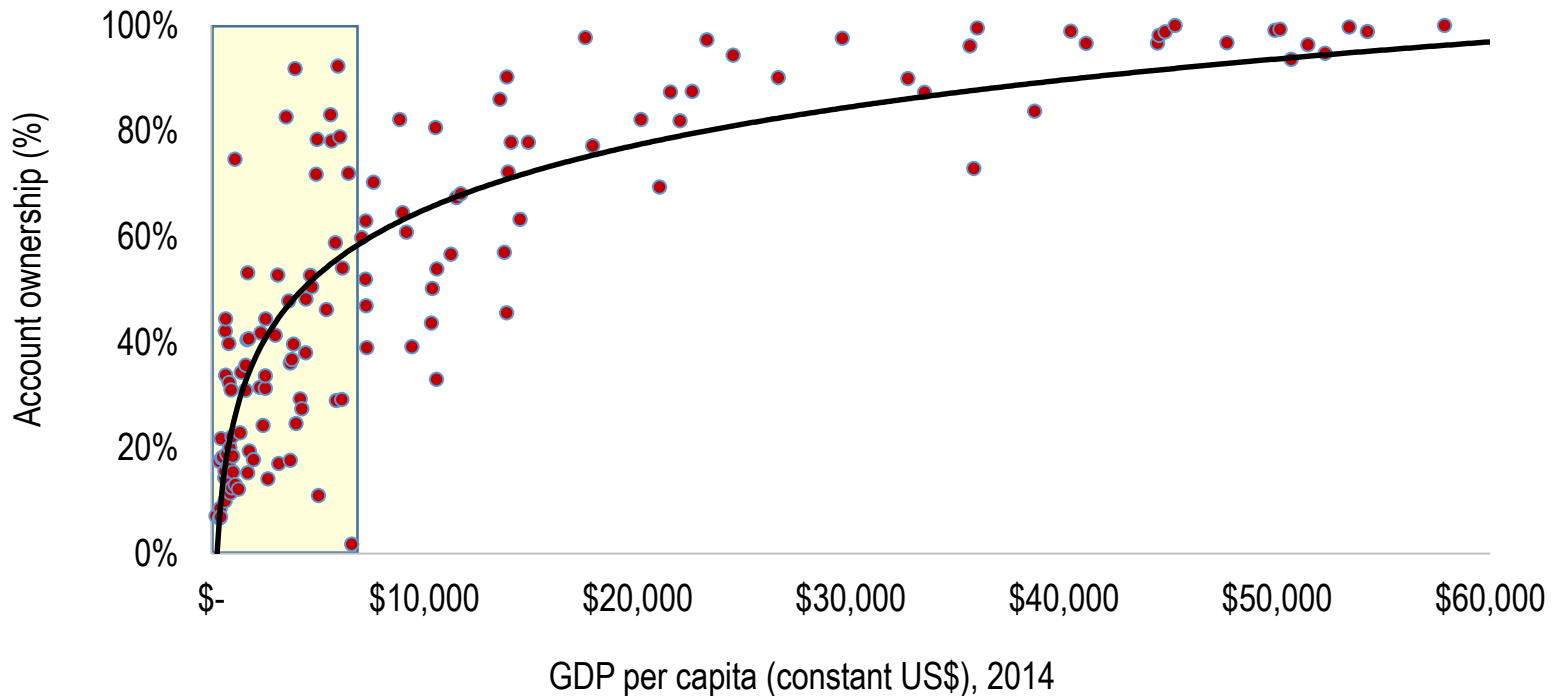
**Finance and Private Sector Development Team
Development Research Group
World Bank**

Sources of Financial Inclusion Data

	Supply side surveys	Demand side surveys
In depth data... but less coverage	<ul style="list-style-type: none"> • Various institution- specific administrative data 	<ul style="list-style-type: none"> • LSMS financial modules • FinScope • EFiNA • Finclusion (Intermedia) • WB Financial Literacy surveys • OECD SME Scorecard
Limited headline numbers... but broader coverage	<ul style="list-style-type: none"> • IMF Financial Access Survey • GSMA • WB Global Payment Systems Survey 	<ul style="list-style-type: none"> • Global Findex • WB Enterprise Surveys • Gallup World Poll, World Value Survey, Pew Research, etc.

Economic Activity and Financial Inclusion

Account Ownership and GDP Per Capita

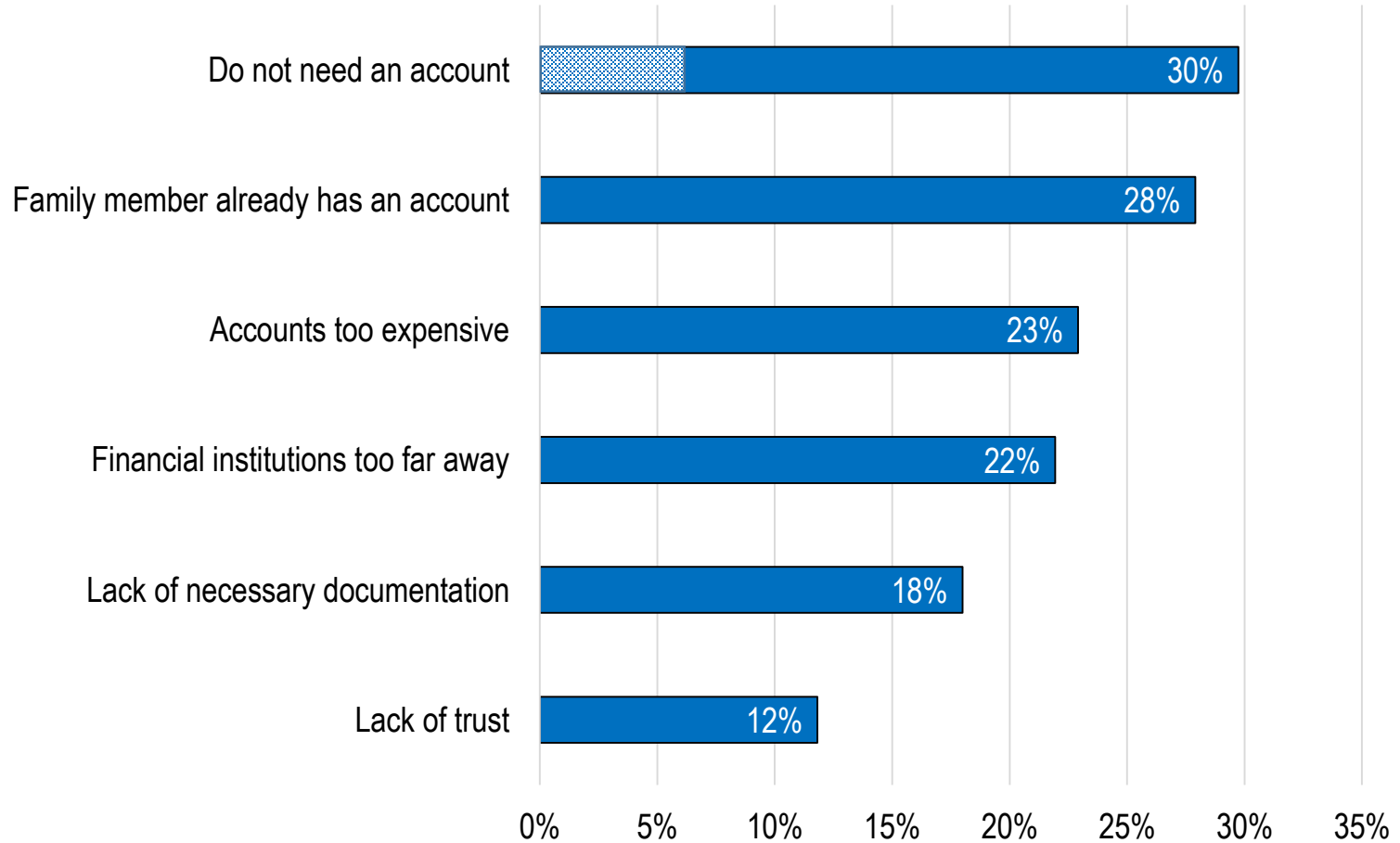


- What country-level factors explain the wide variations in account ownership across emerging economies?
 - *Differences in the legal, regulatory, and tax environment {financial & telecom}*
- Impact of reforms, such as new laws/regulations permitting agents, mobile money accounts (/technology), and tiered KYC

Barriers to Account Ownership Around the World

Barriers to Account Ownership

Total Percentage of Adults



How Can Digital Payments Raise Income?

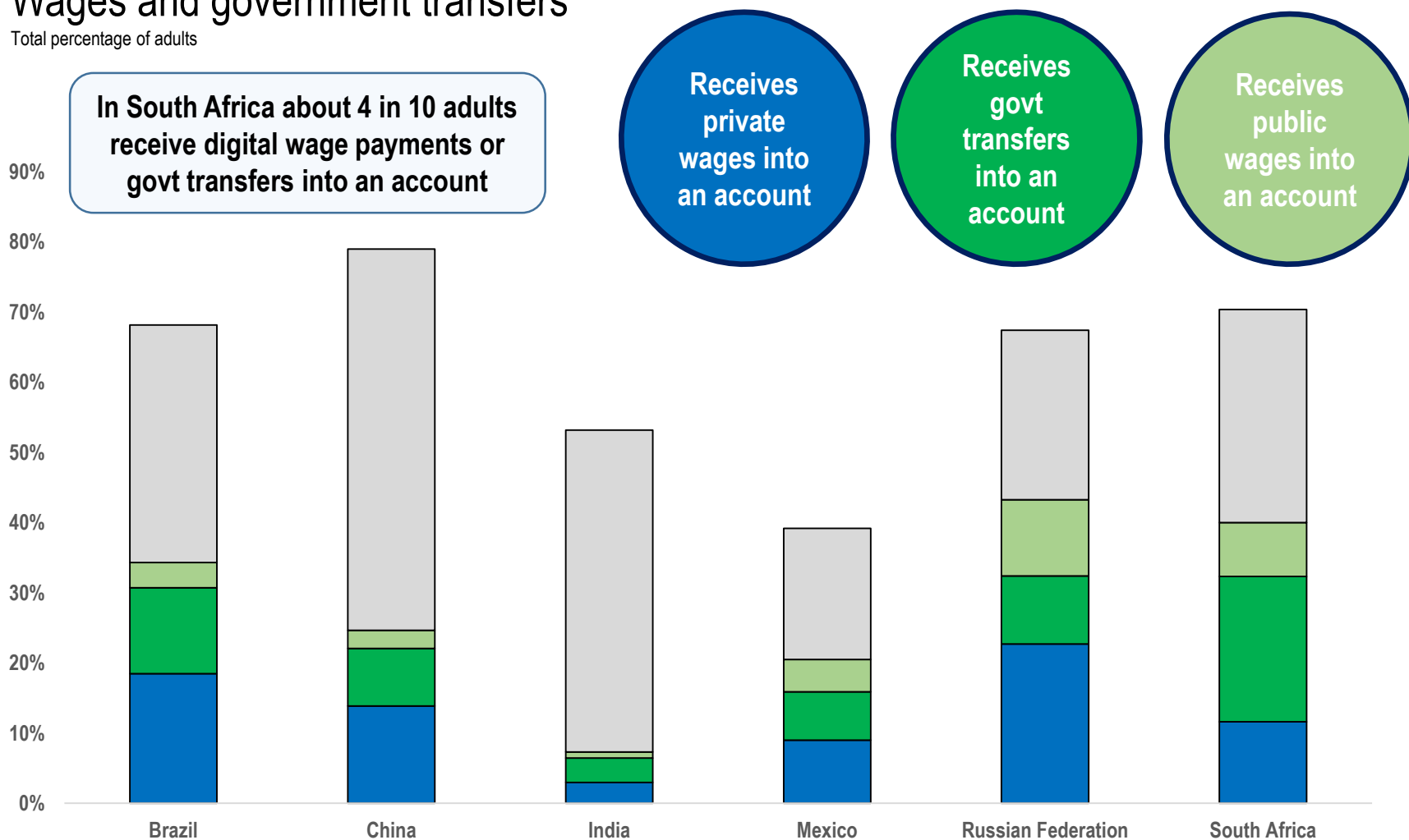
Digital payments can facilitate wage, transfer and remittance payments and has the potential to increase income by allowing households to smooth consumption and accumulate savings

- **Lower cost and time to send and receive payments** (Aker et al., 2013; CGAP, 2011b; Babatz, 2013; Lindert, et al., 2007)
- **Increased security of payments and lower associated crime** (McKenzie and Yang, 2014; Ashraf, et al., 2014; Wright et al., 2014)
- **More transparency and thus lower leakage between sender and receiver** (Muralidharan et al., 2014)
- **Increasing the security, privacy and control over the funds received, especially for women** (Docquier, Lowell and Marfouk, 2009; Dupas and Robinson, 2009; Morawczynski and Pickens, 2009; Duflo, 2012)
- **Helps people meet unanticipated expenses** (Jack and Suri, 2011; Blumenstock et al., 2012)
- **Provides a first entry point into the formal financial system; Encourages savings; Builds transaction history which can improve credit access** (Allen et al., 2013; Li et al., 2014; Aportela, 1999; Prina, 2012; Masino and Nino-Zarazua, 2014; Batista and Vicente, 2013)

Digital Payments via Accounts

Wages and government transfers

Total percentage of adults



Source: Findex (2014); <http://www.worldbank.org/globalfindex>

Note: The height of the bar is the share of adults with an account.

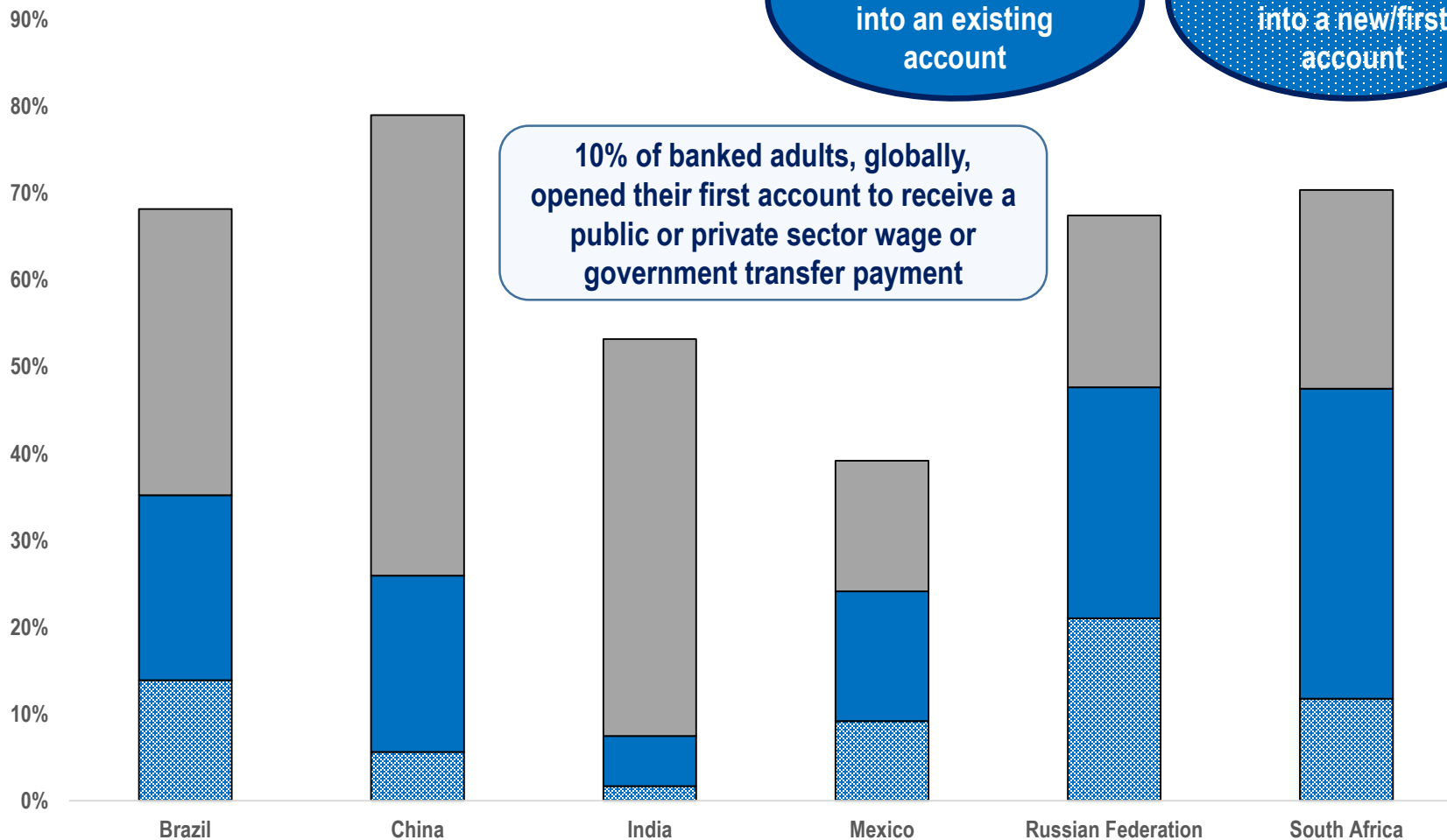
Digital Payments via New Accounts

Wages and government transfers

Total percentage of adults

Receives wages or govt transfers into an existing account

Receives wages or govt transfers into a new/first account



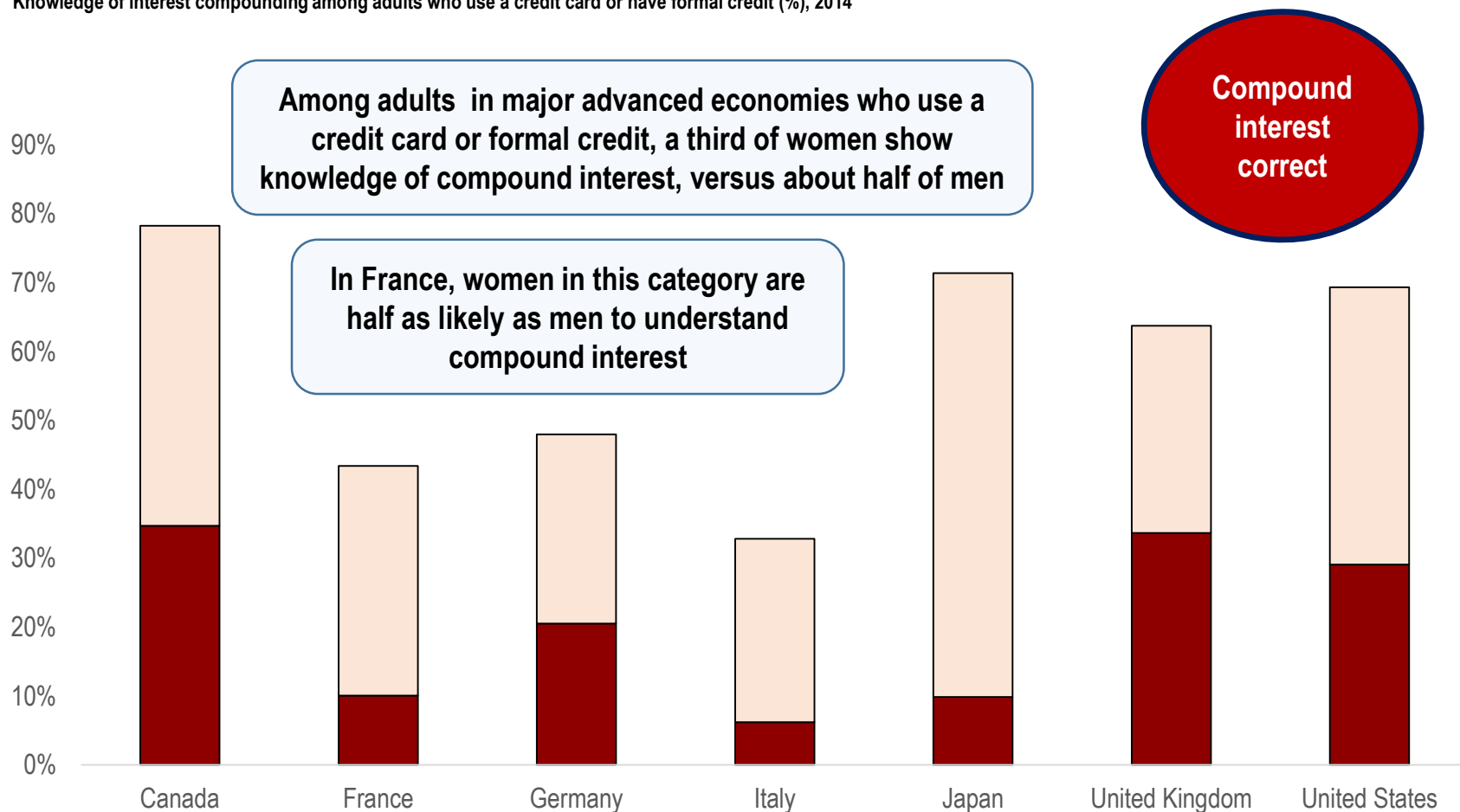
Source: Findex (2014); <http://www.worldbank.org/globalfindex>

Note: The height of the bar is the share of adults with an account.

Challenges in Expanding Financial Inclusion

Financial literacy

Knowledge of interest compounding among adults who use a credit card or have formal credit (%), 2014



Source: S&P FinLit Database (2014); <https://www.spglobal.com/corporate-responsibility/global-financial-literacy-survey>

Note: The height of the bar is the share of adults who use a credit card or formal credit.

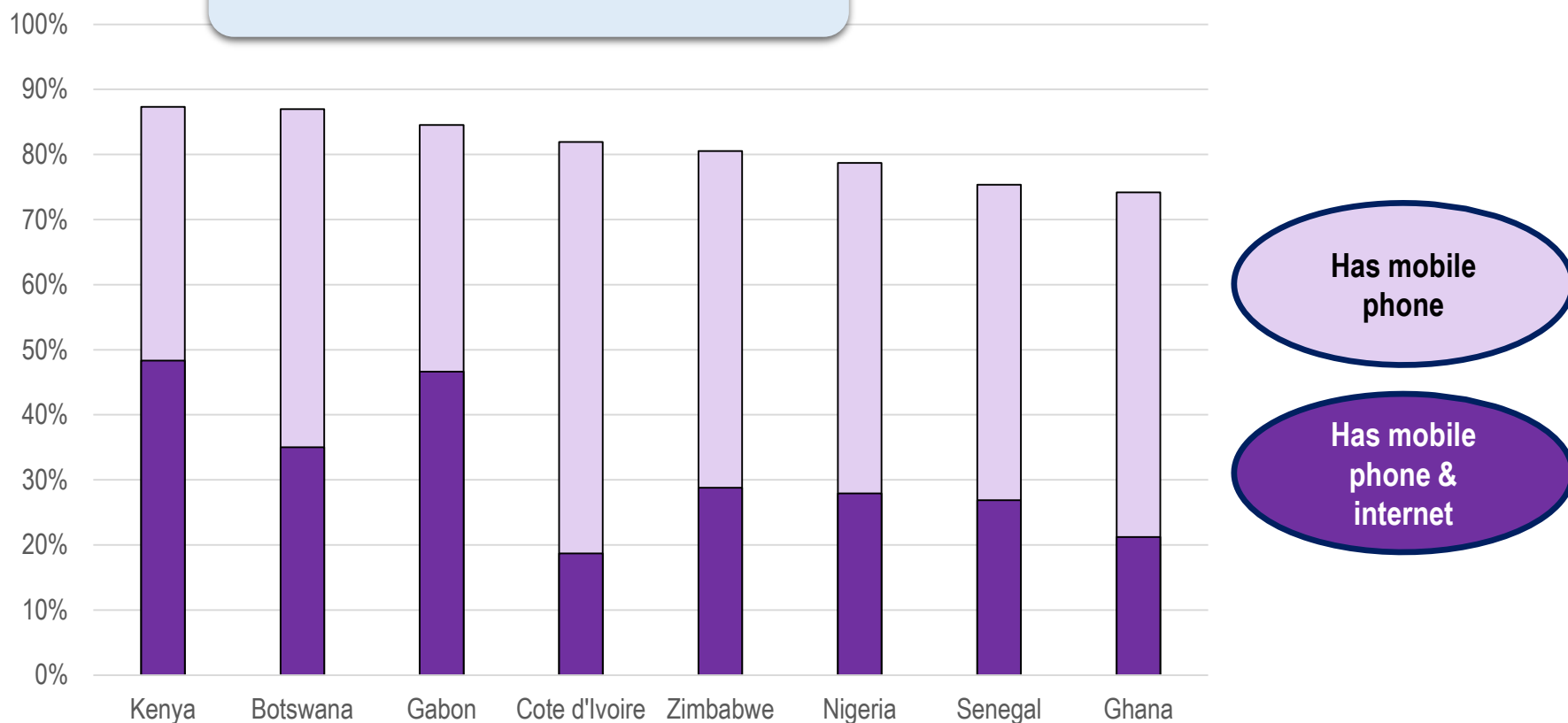
Challenges in Expanding Financial Inclusion

Technology gaps

Total percentage of adults

In South Asia women are half as likely as men to have Internet access in their home

1.7 billion women in low- and middle-income countries do not own a mobile phone



Source: Gallup World Poll (2015 & 2016) and GSMA.

Note: The height of the bar is the share of adults who have their own mobile phone.