

The Global Findex Database

Measuring Financial Inclusion
and the Fintech Revolution

2017

Asli Demirgüç-Kunt
Leora Klapper
Dorothe Singer
Saniya Ansar
Jake Hess

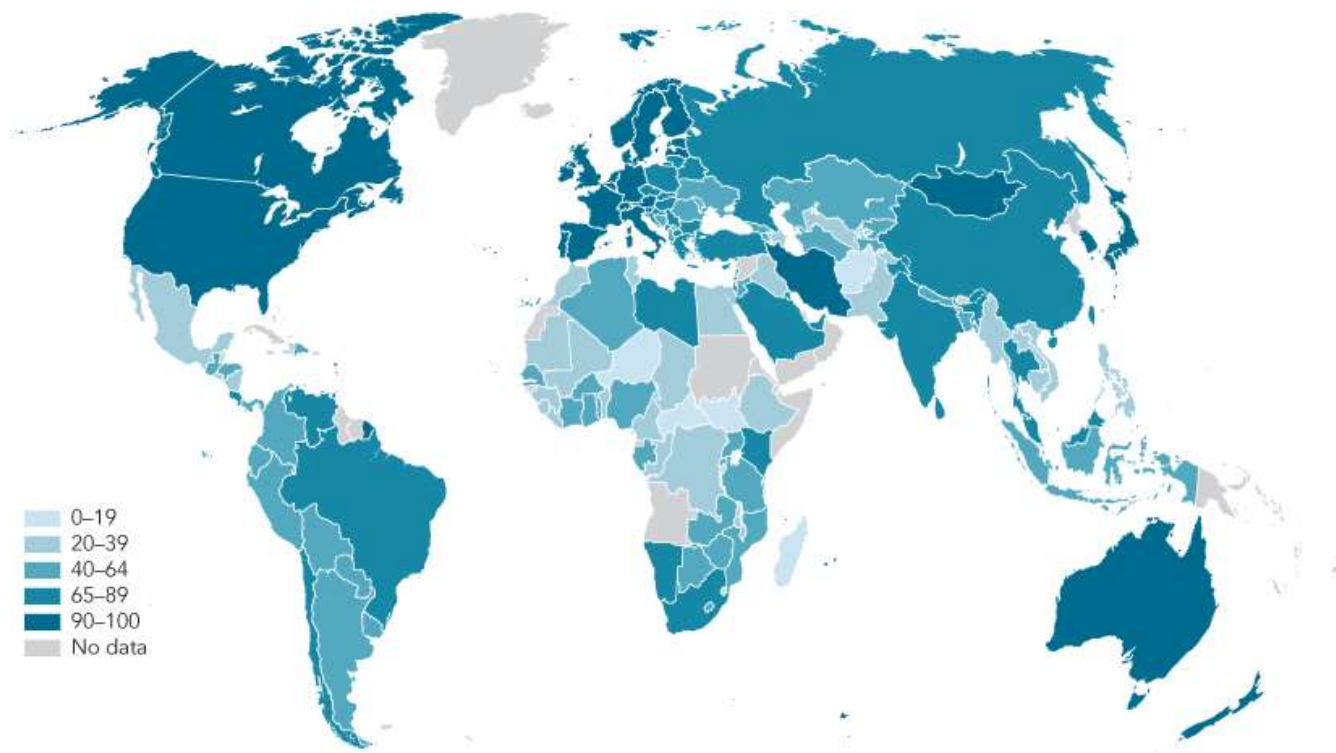
DEC Policy Research Talk
May 17, 2018

Financial inclusion is on the rise globally

- The third edition of the Global Findex database shows that 1.2 billion adults have gotten an account since 2011, including 515 million since 2014.
- Between 2014 and 2017, account ownership rose globally from 62% to 69%. In developing economies, it went from 55% to 63%.

Today, 69 percent of adults around the world have an account

Adults with an account (%), 2017



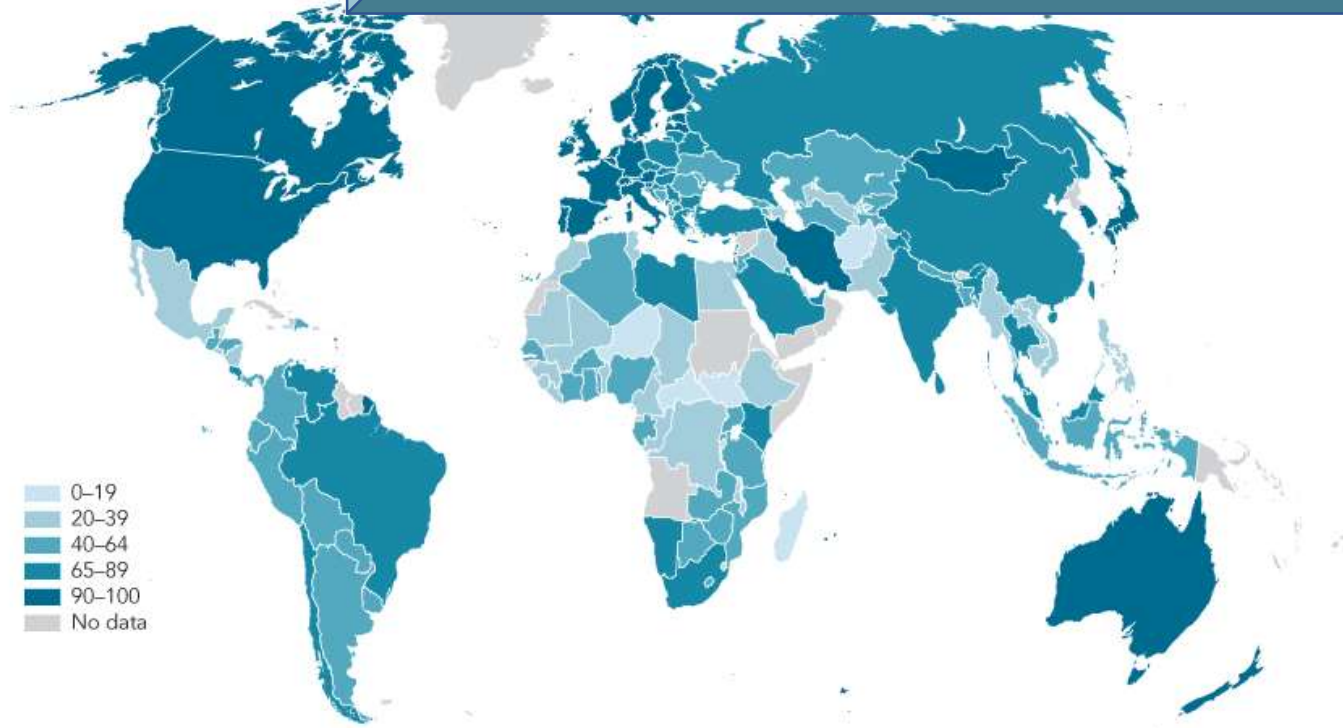
Source: Global Findex database.

Financial inclusion is on the rise

- The third edition of the Global Findex Database is now available, showing that 69 percent of adults have an account since 2011, including 80 percent of women.
- Between 2014 and 2017, account ownership in emerging and developing economies, it went from 55% to 69%.

Progress was driven by India, where a government policy to increase financial inclusion lifted account ownership to 80%, up from 53% in 2014, with big gains among women and poorer adults.

Today, 69 percent of adults have an account
Adults with an account (%), 2017



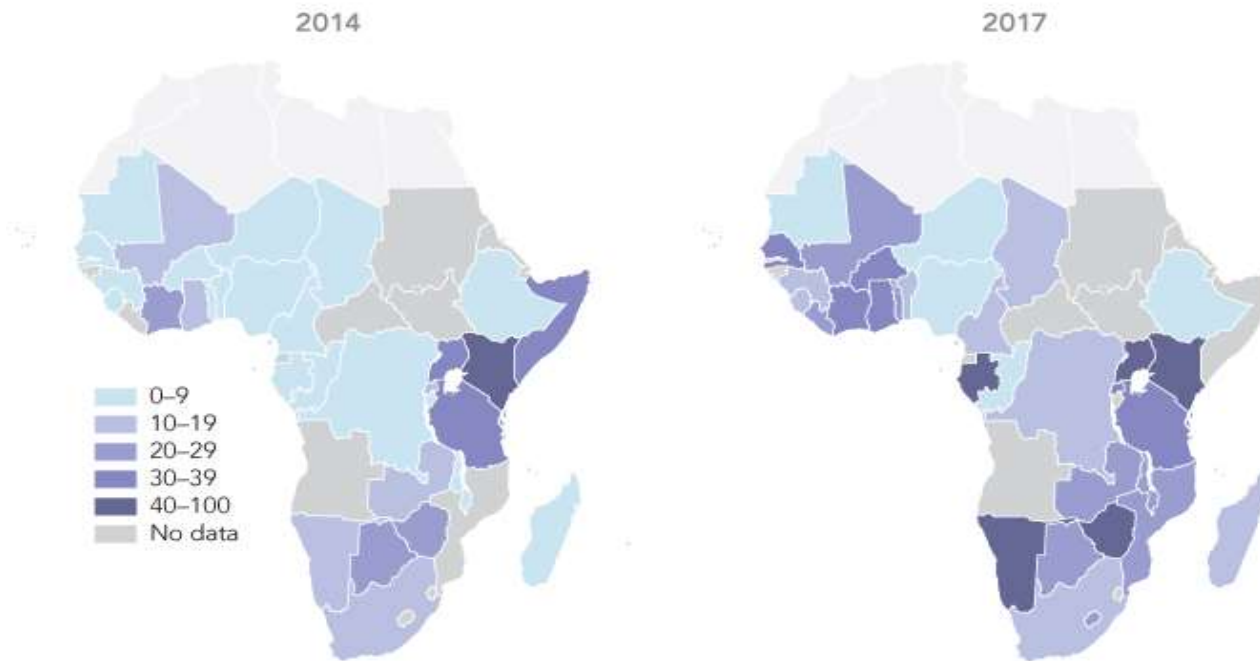
Source: Global Findex database.

Digital technology is driving access to and use of financial services

- In Sub-Saharan Africa, mobile money account ownership rose from 12% to 21%.
- Mobile money spread from East Africa to West Africa and beyond, and plays an important part in some fragile and conflict affected economies.

Mobile money accounts have spread more widely in Sub-Saharan Africa since 2014

Adults with a mobile money account (%)



Source: Global Findex database.

Note: Data are displayed only for economies in Sub-Saharan Africa.

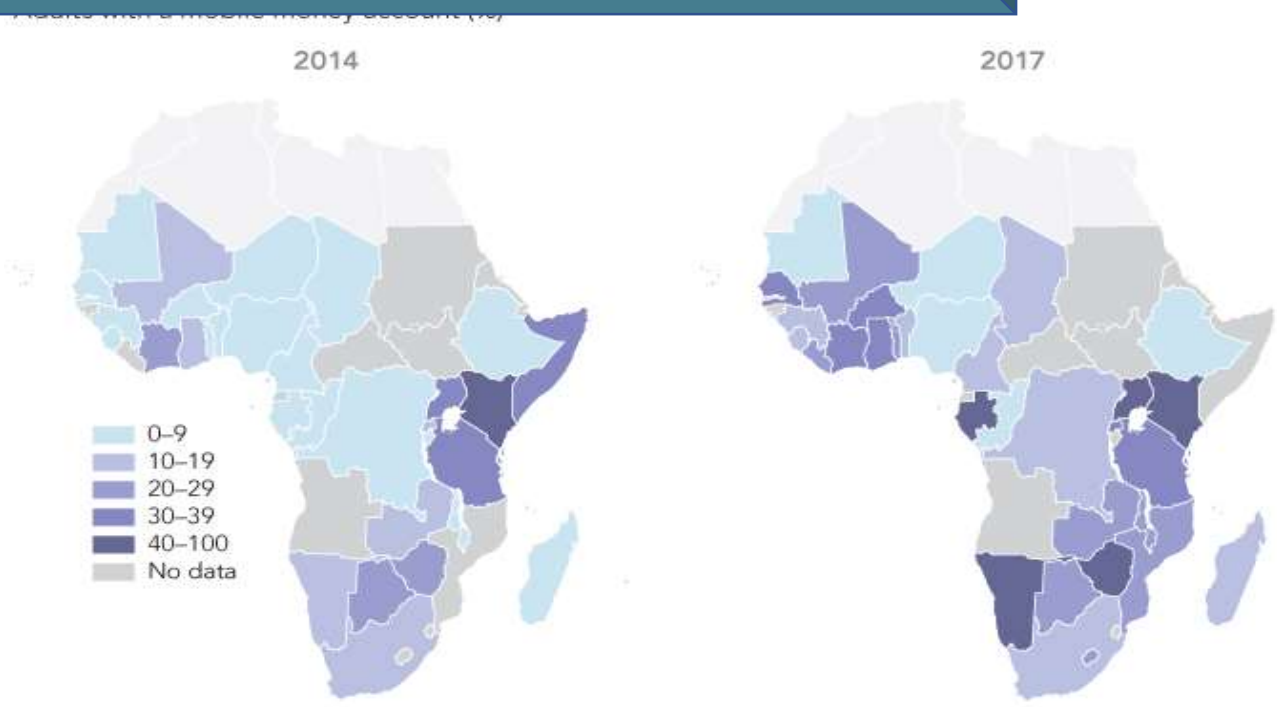
Digital technology is driving access to and use of financial services

SSA is home to all eight economies where 20% or more of adults use a mobile money account only (Burkina Faso, Côte d'Ivoire, Gabon, Kenya, Senegal, Tanzania, Uganda, and Zimbabwe)

from 12% to 21%.

and, and plays an important

Sub-Saharan Africa since 2014

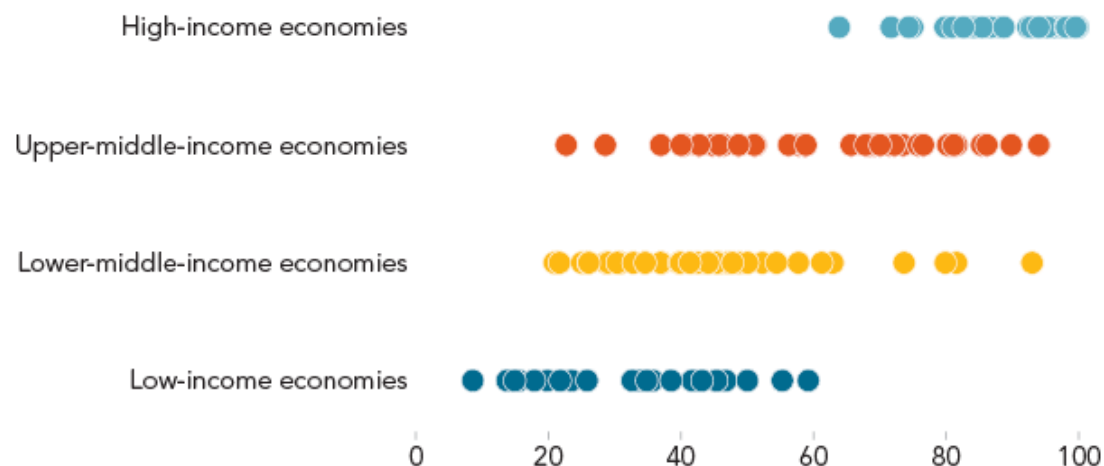


Source: Global Findex database.
Note: Data are displayed only for economies in Sub-Saharan Africa.

Account ownership and GDP per capita

Account ownership differs substantially even within income groups

Adults with an account (%), 2017



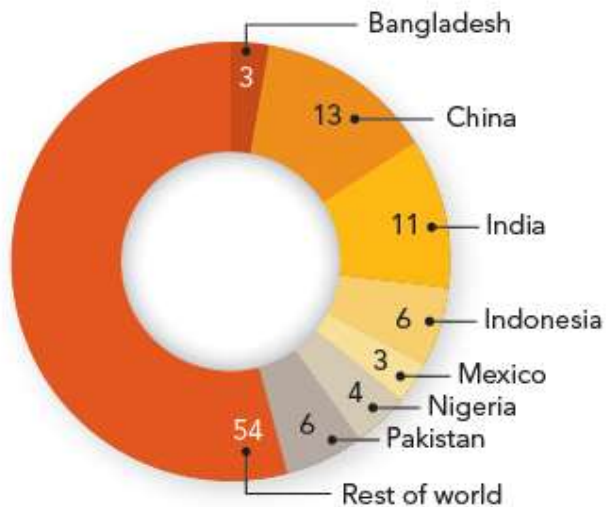
Source: Global Findex database.

- There are large variations within country-level income groups.
 - Within the lower-middle income group: Account ownership ranges from about 20% percent in Cambodia & Pakistan to as high as 93% in Mongolia

Who are the unbanked?

Nearly half of all unbanked adults live in just seven economies

Adults without an account by economy (%), 2017



Source: Global Findex database.

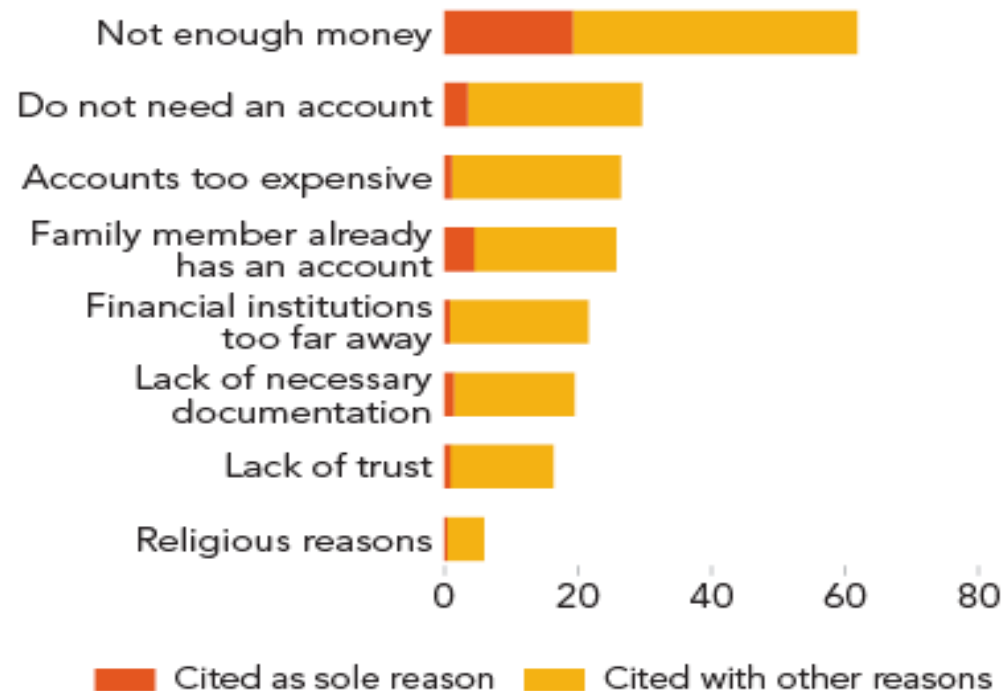
Globally, of the 1.7 billion unbanked adults

- 56 percent are women
- 50 percent live in the poorest 40 percent of households within economies
- 62 percent have a primary education or less
- 47 percent are out of the labor force

Why do people not have financial institution accounts?

Lack of enough money is the most commonly cited barrier to account ownership

Adults without a financial institution account reporting barrier as a reason for not having one (%), 2017



Source: Global Findex database.

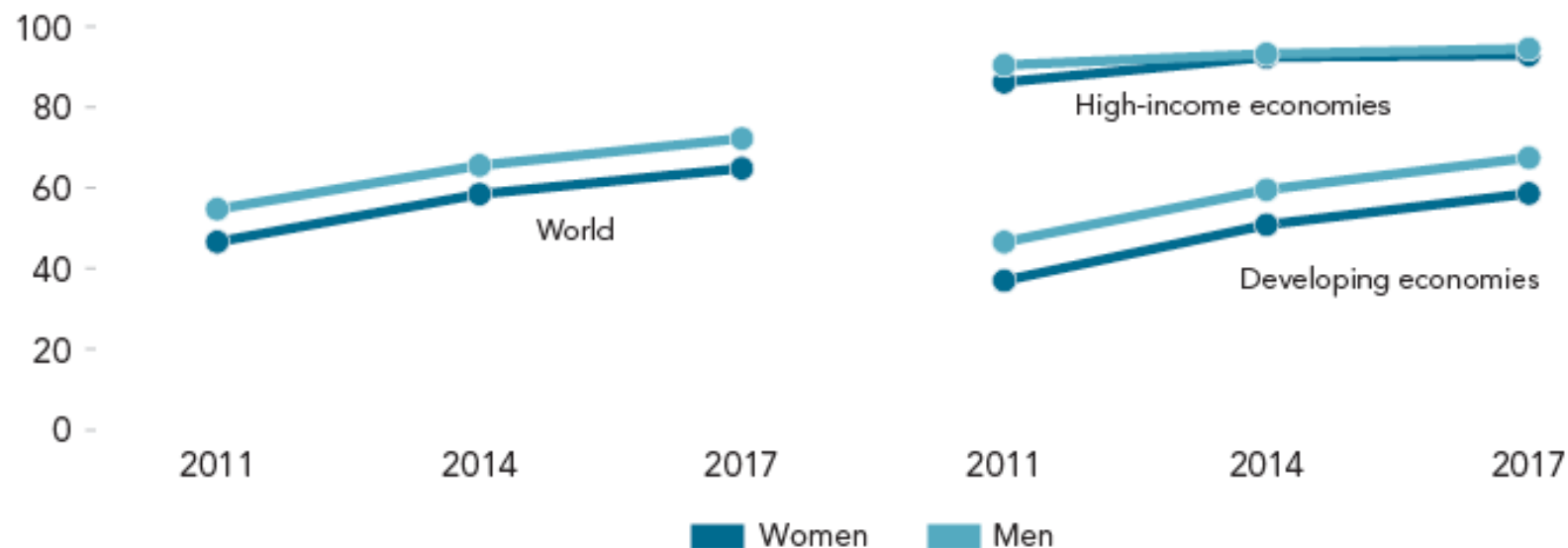
Note: Respondents could choose more than one reason.

However, women are less likely than men to have a bank account

- The gender gap in developing economies remains unchanged at 9 percentage points since 2011.

Gender gaps in account ownership have persisted over time

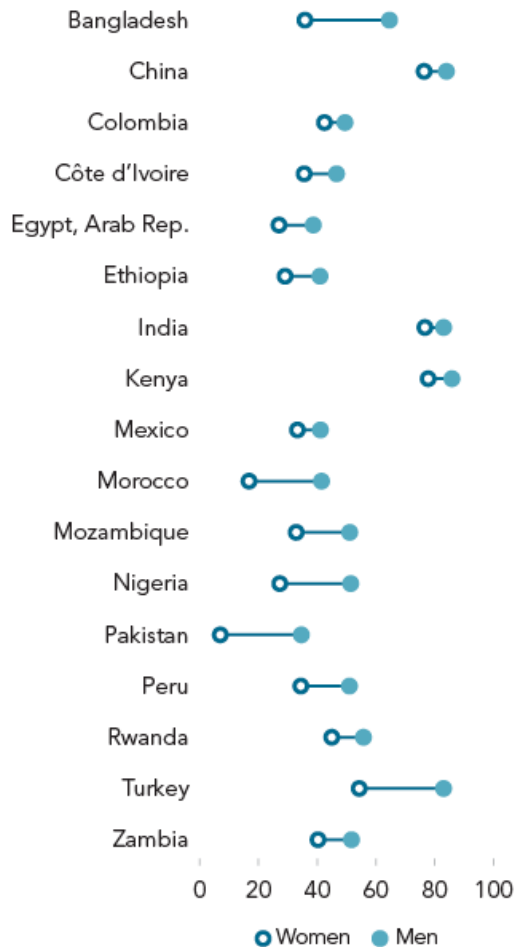
Adults with an account (%)



Source: Global Findex database.

Women are less likely than men to have a bank account

The size of the gender gap in account ownership varies across economies
Adults with an account (%), 2017



- Some economies have seen inclusive growth
 - In India, the gender gap fell from 20 percentage points to 6 percentage points.
 - In Indonesia, women are 5 percentage points more likely than men to have an account
- But in other economies gender gaps have deepened with growth in account ownership
 - In Bangladesh, 65% of men have an account—against only 36% of women
 - In Algeria, 56% of men have an account but only 29% of women do

Can financial inclusion increase resilience for women?

Financial services help women shape household spending decisions, make investments, and manage economic risk.

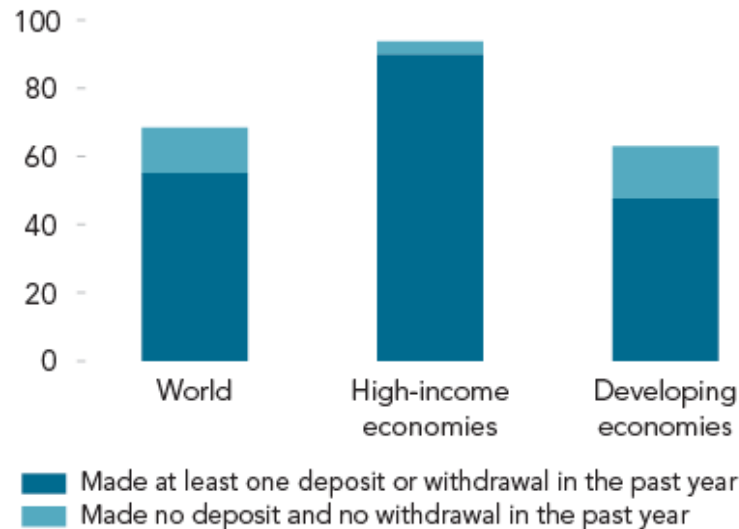
- Access to insurance helped women farmers in Burkina Faso and Senegal **increase yields** and better manage food security (Delavallade et al., 2015)
- In Niger, mobile cash transfers strengthened women's bargaining power, **boosted spending on nutritious foods**, and allowed women to spend more time on productive tasks by reducing the need to travel to receive cash payments (Aker et al., 2015)
- Women in the Philippines who used a savings account reported greater control over household decisions and **increased spending on items they needed**, such as washing machines and kitchen appliances (Ashraf et al., 2010)
- In Kenya, women merchants who received a basic account **invested more in their businesses**; they also spent 13% more on food and 38% more on private expenses (Dupas and Robinson, 2013)
- Women-headed households in Nepal **spent 20% more on education** and 15% more on meat and fish after receiving a savings account (Prina, 2015)
- Garment workers in Bangladesh increased local savings and **control over their money** after employers switched to electronic wage payments (Breza, et al., 2018)

A quarter of accounts in developing countries are inactive

- In India 48% of account owners have an inactive account – twice the developing world average of 25%.

Globally, one in five account owners has an account that was inactive in the past year

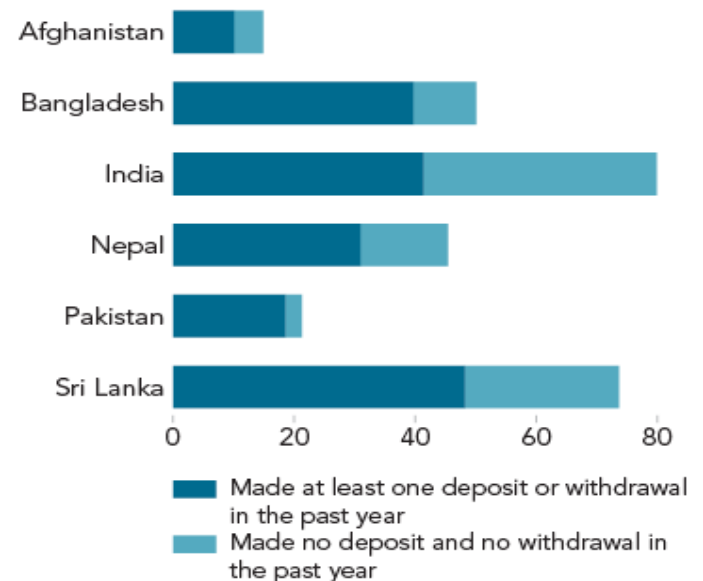
Adults with an account (%), 2017



Source: Global Findex database.

In India almost half of account owners have an account that remained inactive in the past year

Adults with an account (%), 2017

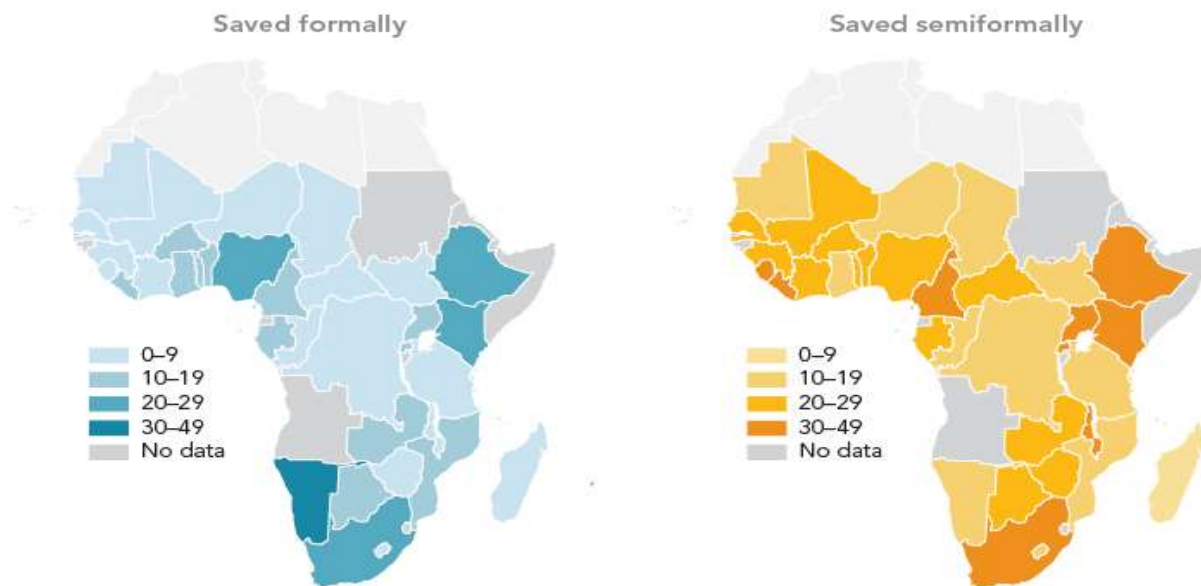


Source: Global Findex database.

Saving patterns

- Globally, 27% of adults saved formally
 - 55% in high income, and 21% in developing economies
- In Sub-Saharan Africa, 26% percent of adults reported having saved in the past year using a savings club or a person outside the family

In Sub-Saharan Africa saving semiformally is much more common than saving formally
Adults saving in the past year (%), 2017



**160 million
banked adults in
developing
economies still
save semi-
formally only**

Source: Global Findex database.

Note: Data are displayed only for economies in Sub-Saharan Africa.

Formal savings products can increase income by allowing households to accumulate assets; Some evidence suggests that access to formal credit and insurance can increase income and/or smooth consumption for rural farmers

Savings (Aportela, 1999; Dupas and Robinson, 2009; Ashraf et al., 2010).

- Higher investments in business and agriculture
- Easier to cope with income shocks
- Increased women's economic empowerment through greater confidentiality and control over savings

Credit (Murdoch, 1999; Banerjee et al. 2015; Angelucci et al., 2015; Attanasio et al., 2015; Karlan & Zinman, 2010)

- Access to credit is associated with higher agricultural incomes and increase and/or smoother consumption for rural farming populations
- But ambiguous impact of credit on personal welfare like income and consumption

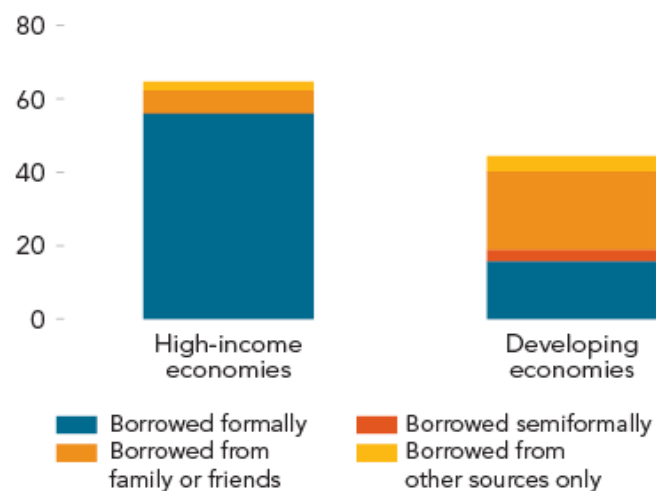
Insurance (Karlan and Morduch, 2010; Cole et al., 2013; Karlan et al., 2014)

- Agricultural insurance can encourage farmers to invest in riskier crops and lead to higher yields

Borrowing patterns

The most common source of credit in high-income economies is formal borrowing—in developing economies, family or friends

Adults borrowing any money in the past year (%), 2017



Source: Global Findex database.

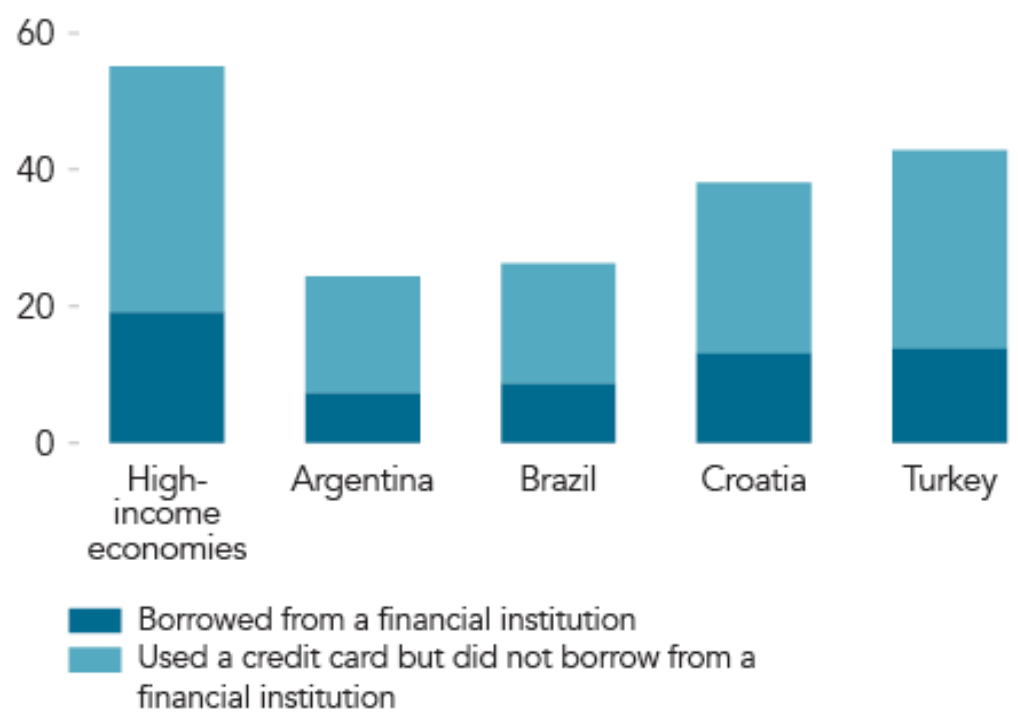
Note: People may borrow from multiple sources, but categories are constructed to be mutually exclusive. *Borrowed formally* includes all adults who borrowed any money from a financial institution or through the use of a credit card. *Borrowed semiformally* includes all adults who borrowed any money semiformally (from a savings club) but not formally. *Borrowed from family or friends* excludes adults who borrowed formally or semiformally.

- Individual developing economies show much variation in the most common source of credit
 - Formal borrowing was the most common source in Brazil, China, Turkey, etc.
 - Semiformal borrowing was more common in Sub-Saharan African economies, for example, Rwanda.

Use of Payment Cards: Credit Cards for Formal Borrowing

Credit card use dominates formal borrowing in high-income economies

Adults borrowing formally in the past year (%), 2017



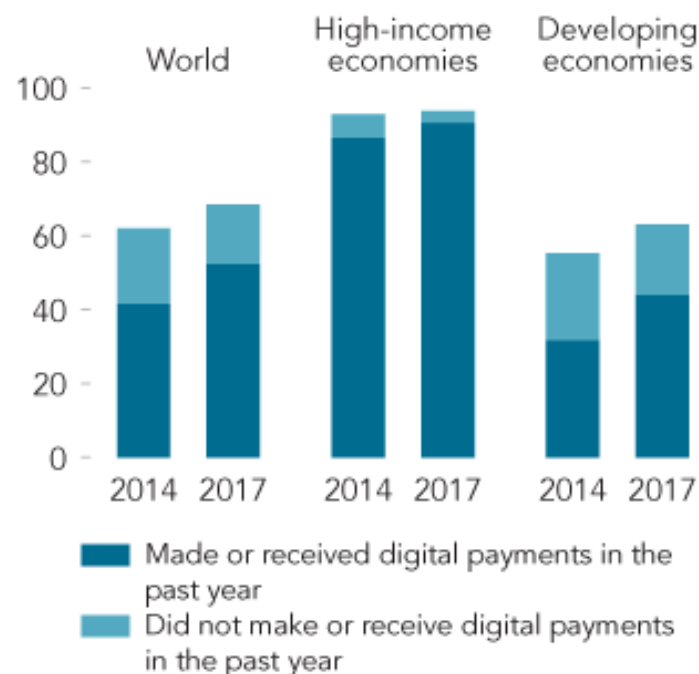
Source: Global Findex database.

Use of digital payments is increasing in developing economies

- Globally, 52% of adults (three-quarters of account holders) reported having made or received at least one digital payment using their account in the past year.
- In developing economies, the share of adults using digital payments rose by 12 percentage points, to 44%.
- In some economies, this share increased by more than 20 percentage points, such as in Bangladesh (27 pp), China (23 pp), and Thailand (29 pp).

More people who have an account are using it for digital payments

Adults with an account (%)



Source: Global Findex database.

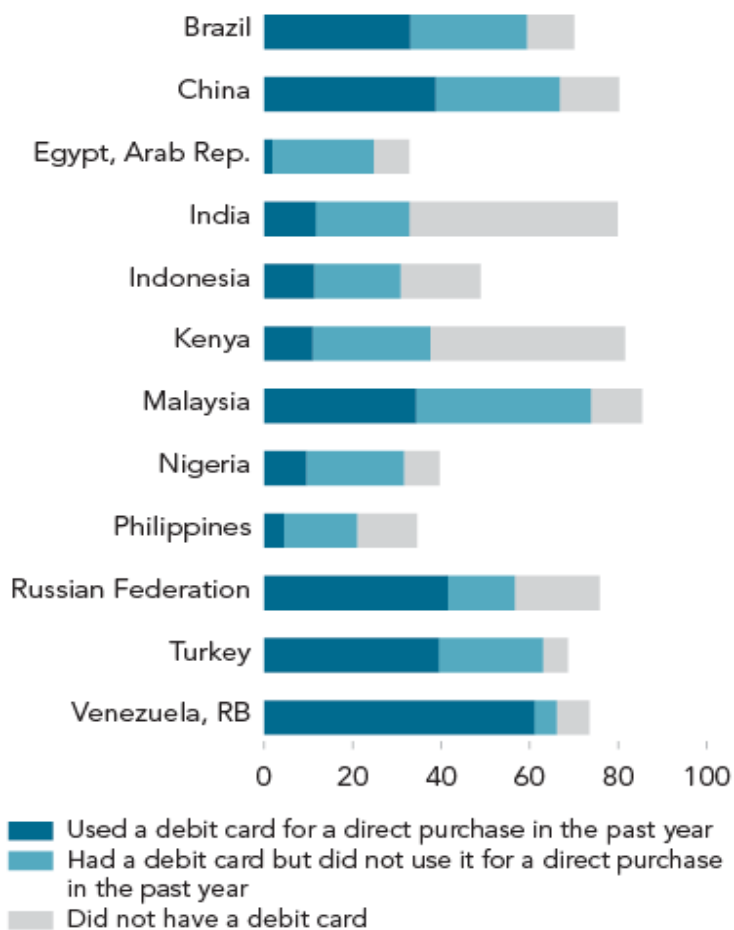
Digital payments can increase income by facilitating wage, transfer and remittance payments and has the potential to increase income by allowing households to smooth consumption and accumulate savings

- **Increasing the security, privacy and control over the funds received** (Docquier, Lowell and Marfouk, 2009; Dupas and Robinson, 2009; Morawczynski and Pickens, 2009; Duflo, 2012)
- **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)
- **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)

Use of Payment Cards: Debit Cards

Debit card ownership and use vary widely among developing economies

Adults with an account (%), 2017



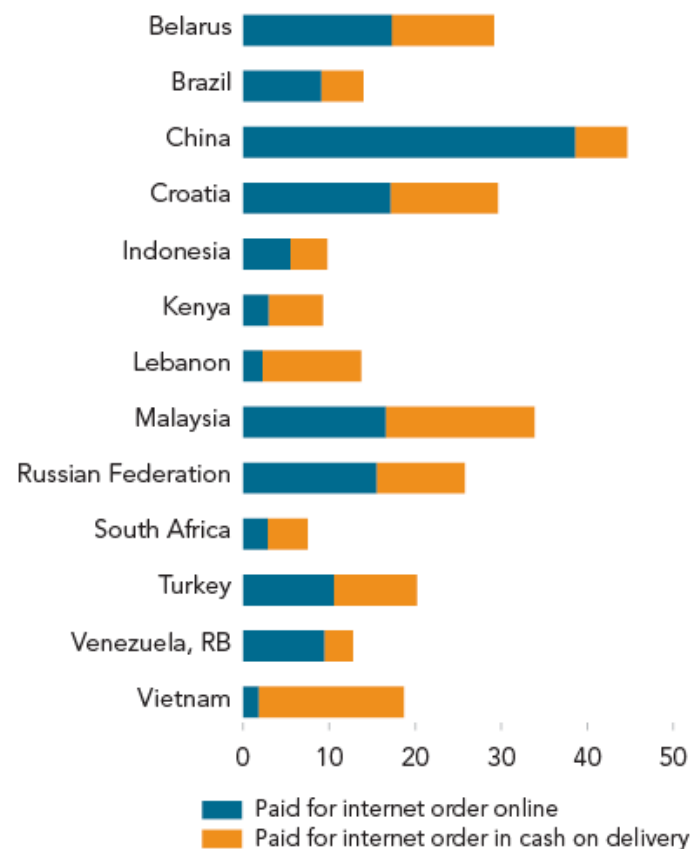
- In developing economies, 63 percent of account owners said they had a debit card, and just half of them reported using it to make a direct purchase in the past year.

Using the internet to shop online

- In high-income economies 59% of adults used the internet to shop online
- In China, 45% of adults did so – but on average, just 7% of adults in developing economies excluding China did so.
 - In Lebanon and Vietnam, more than 80% of adults who bought something online paid in cash on delivery
 - In China, by contrast, 85% of online shoppers paid online

Online shoppers tend to pay online in China—but in cash on delivery in most other developing economies

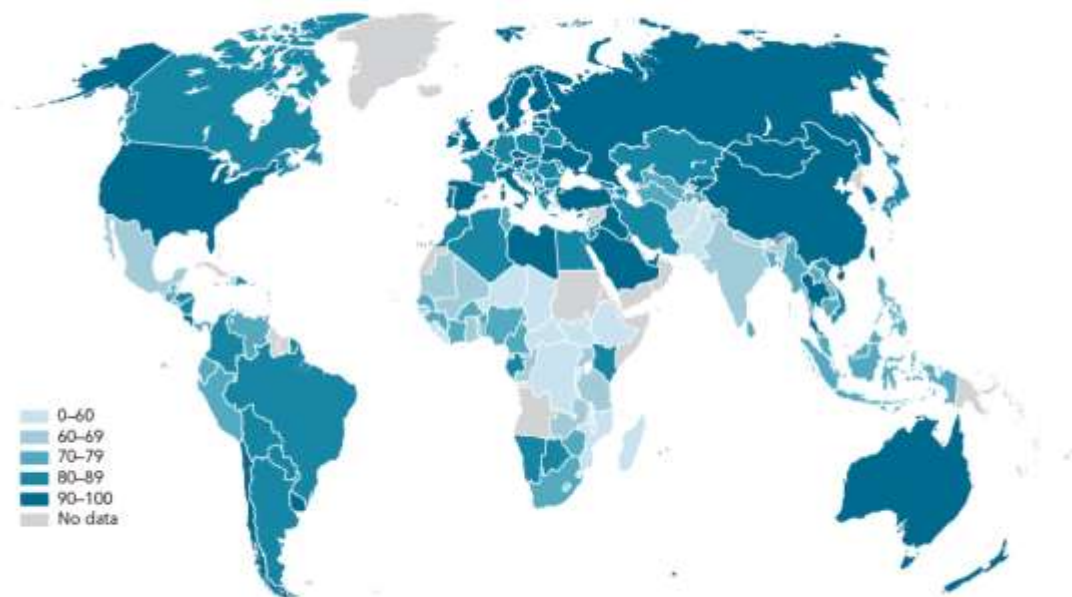
Adults using the internet to buy something online in the past year (%), 2017



Source: Global Findex database.

Access to mobile phones and the internet around the world

Mobile phone ownership around the world
Adults with a mobile phone (%), 2017



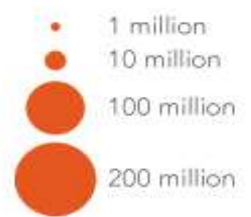
Source: Gallup World Poll 2017.

- 93% of adults in high-income economies have their own mobile phone, compared to 79% in developing economies.
 - In India 69% of adults have a mobile phone, as do 85 percent in Brazil and 93 percent in China.
 - In developing economies 84% of men and 74% of women own a mobile phone.
- 42% of adults -- roughly 1.85 billion adults -- have internet access.
- 39% of women and 45% of men having internet access.
 - In Bangladesh, Burkina Faso, India, Nigeria, Uzbekistan, and Zimbabwe, men are roughly twice as likely as women to have internet access.

Advances in fintech hold the key to expanding access to financial services

Two-thirds of unbanked adults have a mobile phone
Adults without an account owning a mobile phone, 2017

1.1 billion unbanked adults have a mobile phone



In the developing world, 71% of unbanked men have a mobile phone, against 61% of unbanked women

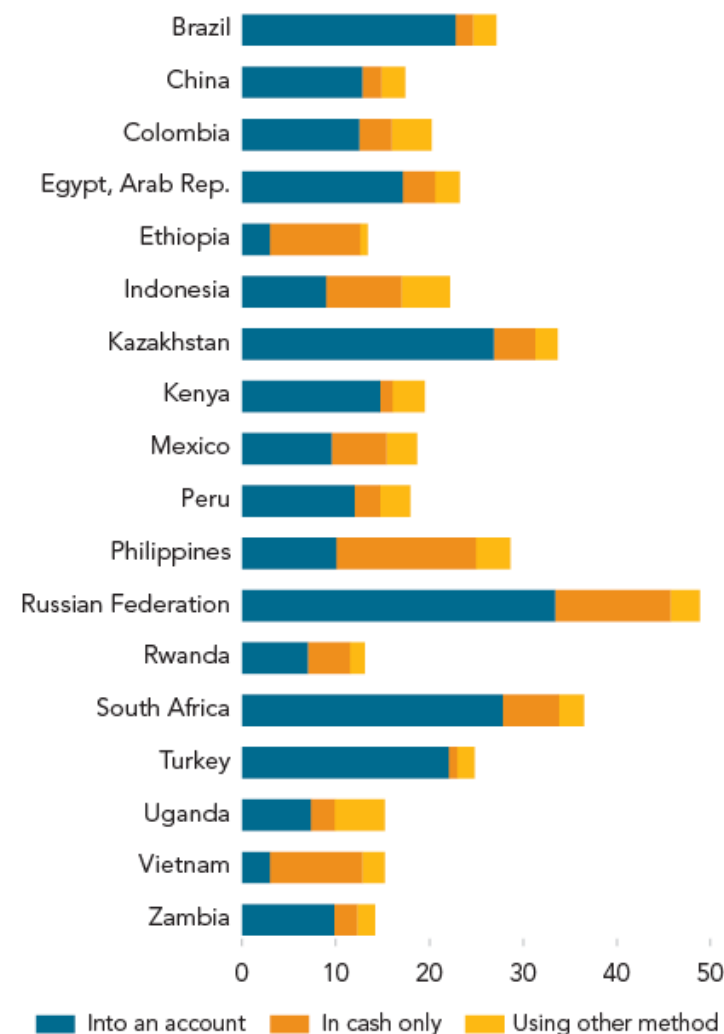
Sources: Global Findex database; Gallup World Poll 2017.
Note: Data are not displayed for economies where the share of adults without an account is 5 percent or less.

Government payments

- In high income countries, 43% of adults receive a government payment, compared with 19% in developing economies
- While in Brazil and South Africa, 80% percent of government payment recipients receive the payments into an account, those in Indonesia are about equally likely to receive them into an account or in cash.
- In the Philippines, Ethiopia, and Vietnam, recipients are more likely to receive government payments in cash.

In most developing economies governments make payments to people primarily into accounts

Adults receiving government payments in the past year (%), 2017

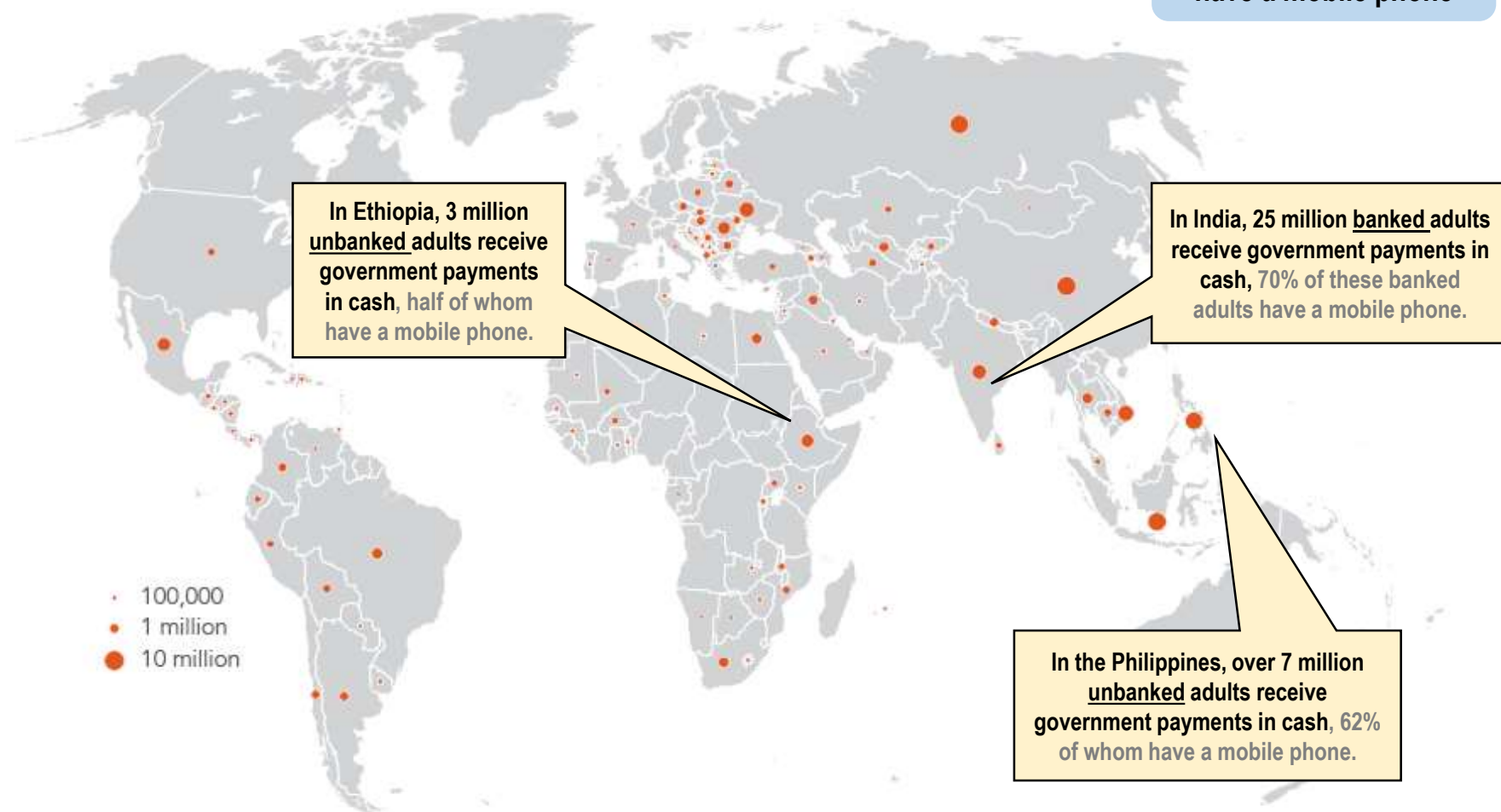


Source: Global Findex database.

About 100 million unbanked adults receive government payments in cash

Adults without an account receiving government payments in the past year in cash only, 2017

... nearly 70% of whom have a mobile phone



Source: Global Findex database.

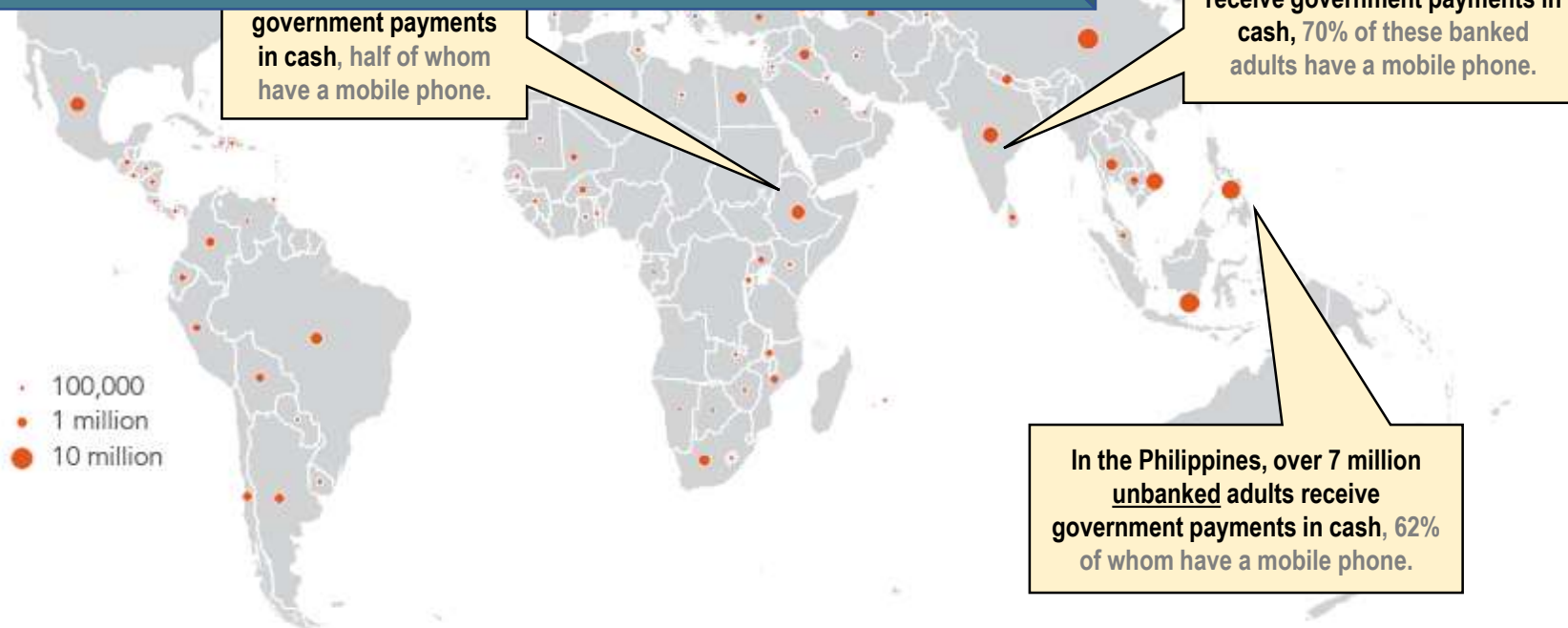
Note: Data are not displayed for economies where the share of adults without an account is 5 percent or less or the share receiving government payments is 10 percent or less.

About 100 million unbanked adults receive government payments in cash

Adults without an account receiving government payments in the past year in cash only, 2017

... nearly 70% of whom have a mobile phone

In Europe and Central Asia nearly 1 in 5 banked adults opened their first account to receive government payments



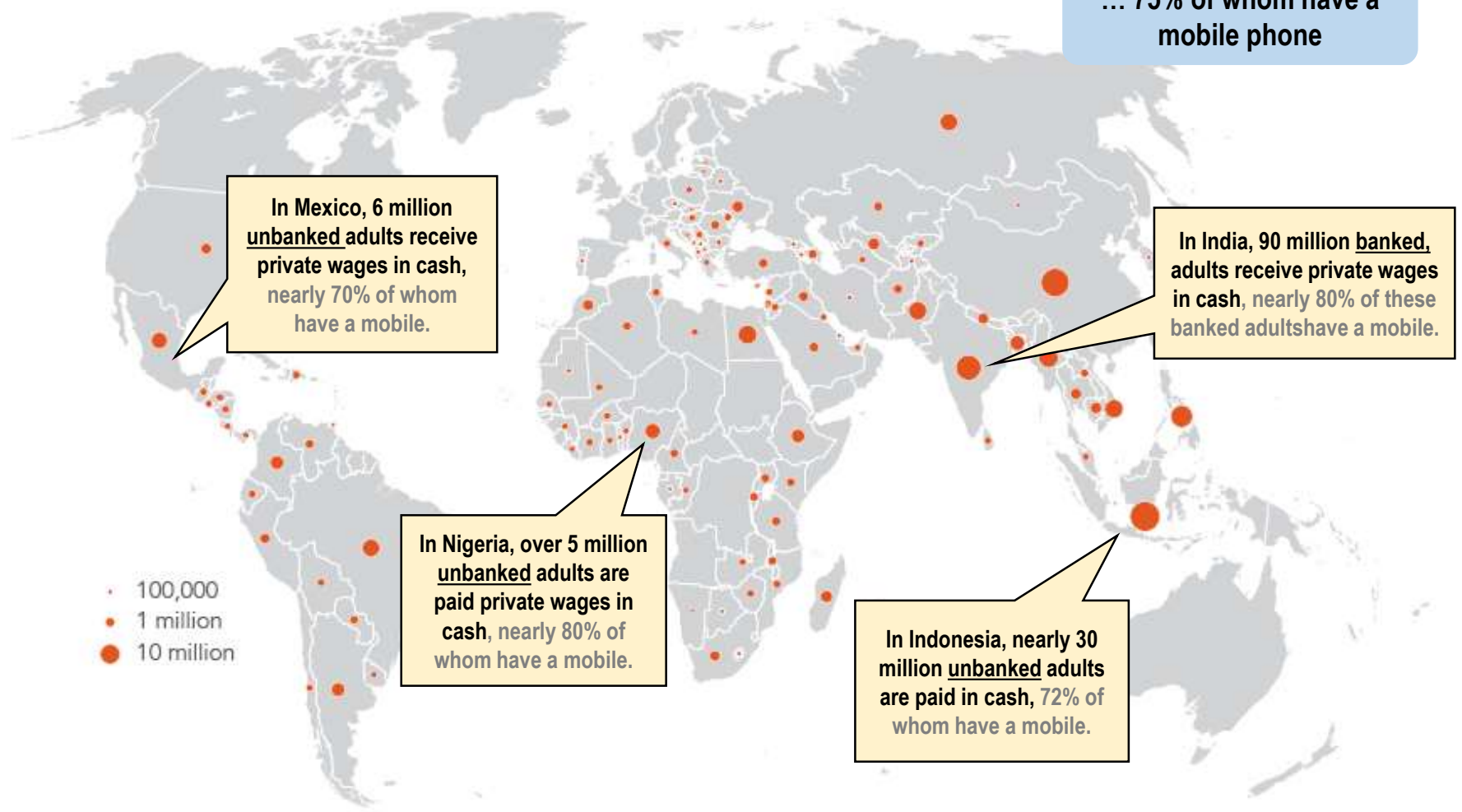
Source: Global Findex database.

Note: Data are not displayed for economies where the share of adults without an account is 5 percent or less or the share receiving government payments is 10 percent or less.

About 230 million unbanked adults in private sector jobs are paid in cash

Adults without an account receiving private sector wages in the past year in cash only, 2017

... 75% of whom have a mobile phone



Source: Global Findex database.

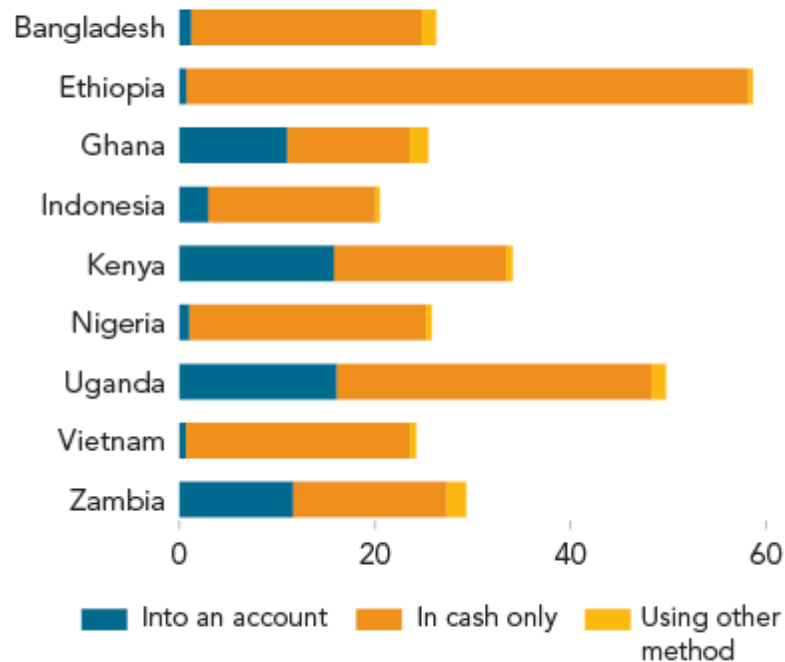
Note: Data are not displayed for economies where the share of adults without an account is 5 percent or less or where the share receiving private sector wage payments is 10 percent or less.

Agricultural payments

- Globally, 15% of adults receive agricultural payments. In Sub-Saharan Africa, the share is twice as high.
- On average, 1 in 5 adults who receive agricultural payments, report receiving them into an account
- Nearly 280 million banked adults globally receive agricultural payments in cash, 85 percent of whom have a mobile.
 - In India, 65 million banked adults receive agricultural payments in cash, over 70% of whom have a mobile.

In most developing economies, though not all, agricultural payments are received mainly in cash

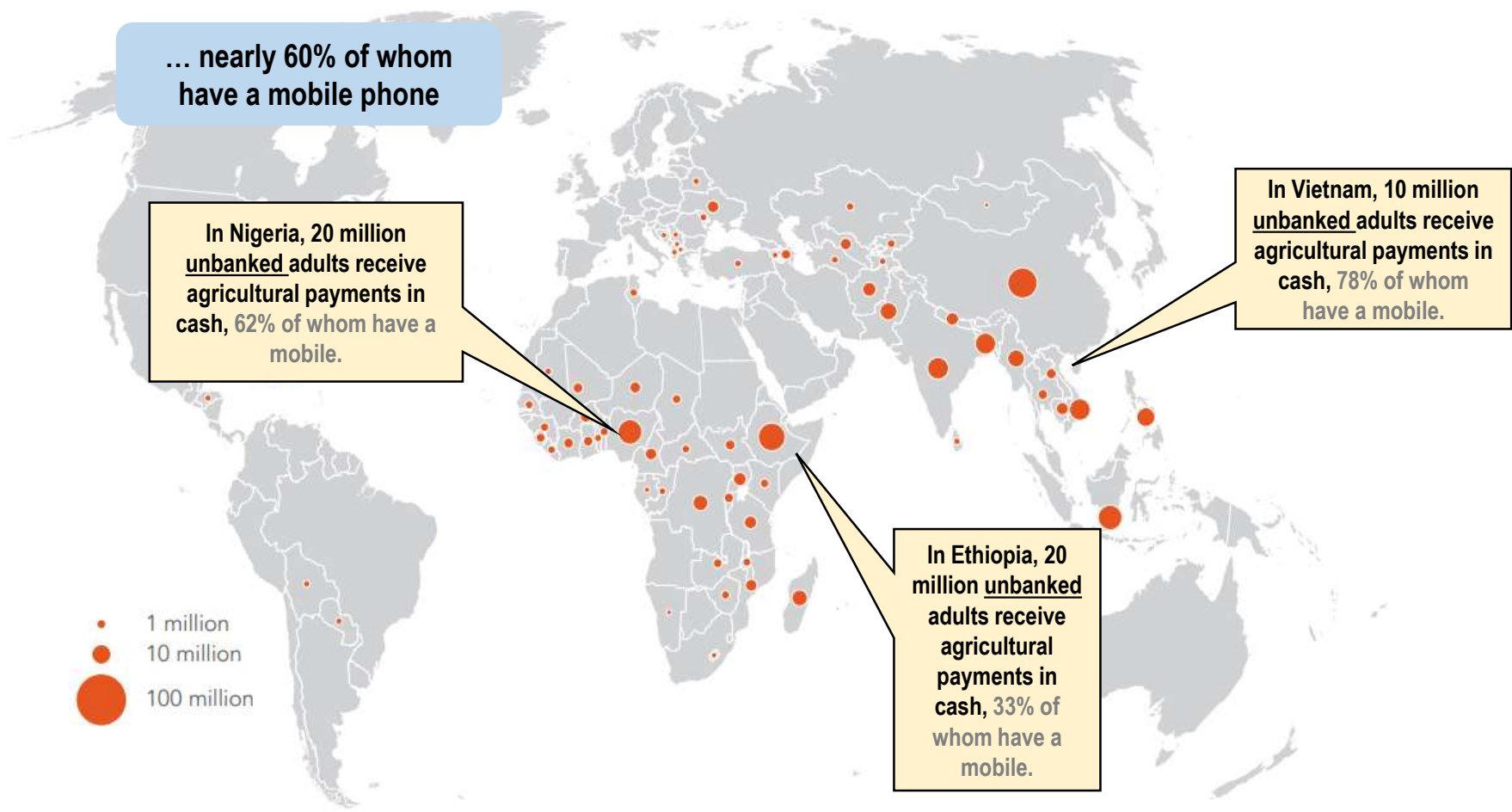
Adults receiving payments for agricultural products in the past year (%), 2017



Source: Global Findex database.

About 235 million unbanked adults receive agricultural payments in cash

Adults without an account receiving payments for agricultural products in the past year in cash only, 2017



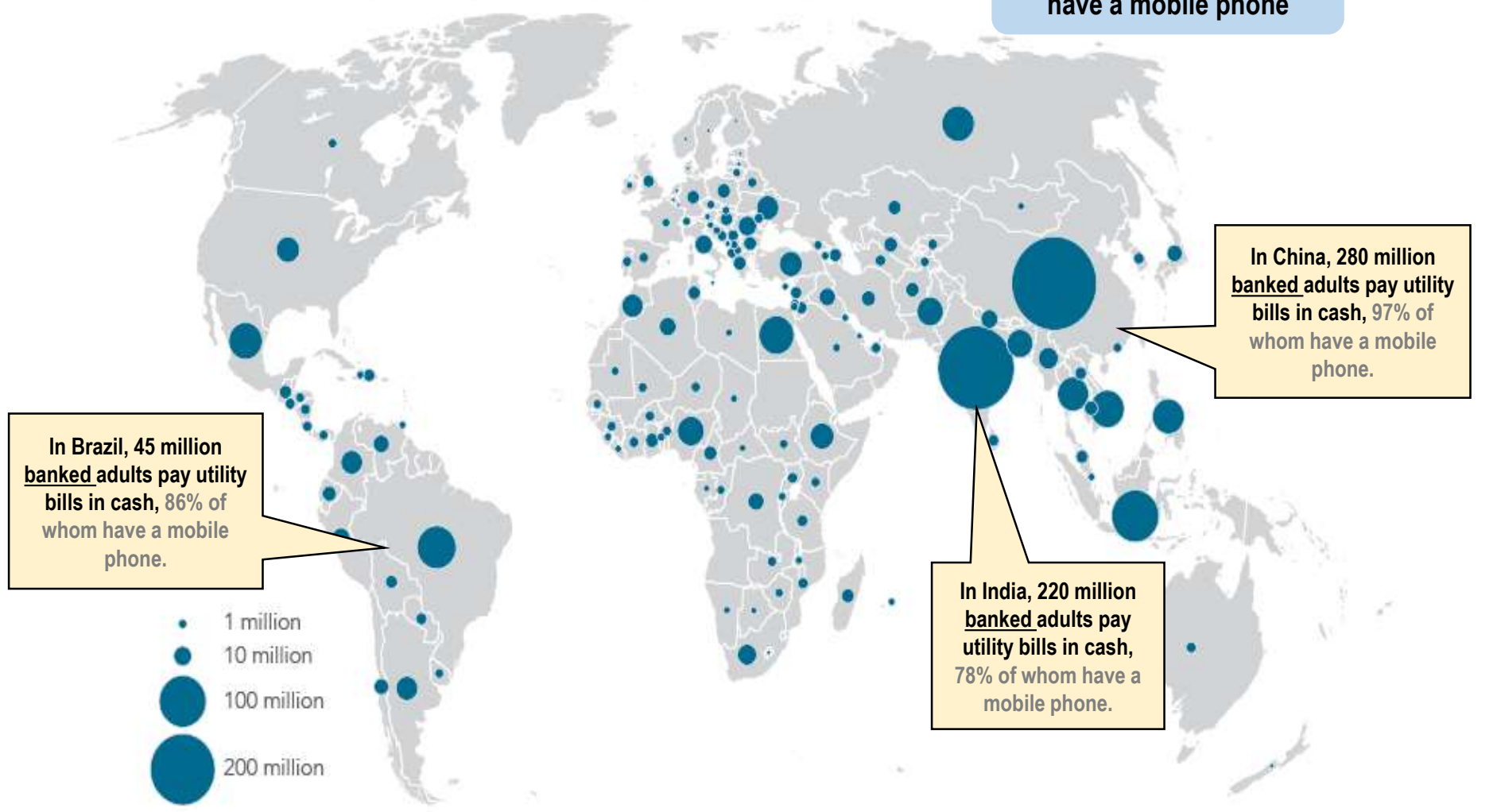
Source: Global Findex database.

Note: Data are not displayed for economies where the share of adults without an account is 5 percent or less or where the share receiving payments for agricultural products is 10 percent or less.

A billion adults who have an account still pay utility bills in cash

Adults with an account paying utility bills in the past year in cash only, 2017

... 910 million of whom have a mobile phone



In Brazil, 45 million banked adults pay utility bills in cash, 86% of whom have a mobile phone.

In China, 280 million banked adults pay utility bills in cash, 97% of whom have a mobile phone.

In India, 220 million banked adults pay utility bills in cash, 78% of whom have a mobile phone.

Source: Global Findex database.

Opportunities:

Increasing ownership of accounts:

- Two-thirds of the 1.7 billion unbanked adults in the world have a mobile phone.
- 235 million unbanked adults receive agricultural payments in cash, including 140 million who have a mobile phone.
- Paying government wages, pensions, and social benefits directly into accounts could bring formal financial services to up to 100 million unbanked adults globally.
- Similarly, 230 million unbanked adults who work in the private sector get paid in cash

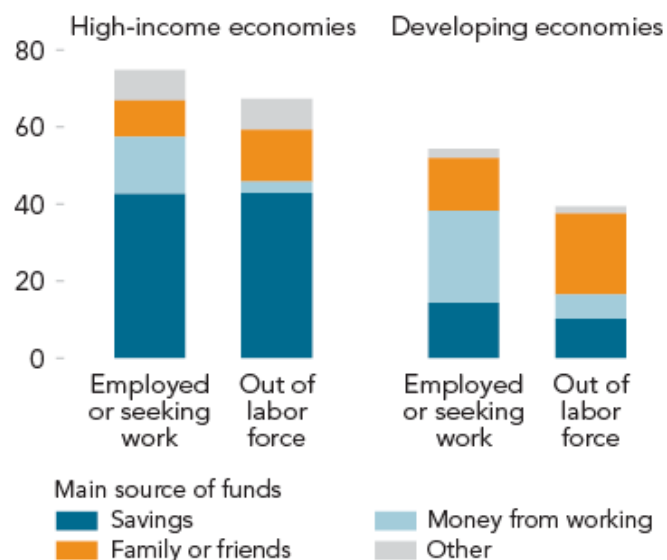
Increasing use of accounts:

- Nearly 90 percent of banked adults have a mobile phone.
- A billion banked adults make utility payments in cash, including 910 million who have a mobile phone

Financial resilience: Ability to come up with 1/20 of GNI in a month

For adults active in the labor force in developing economies, money from working is the main source of emergency funds

Adults able to raise emergency funds (%), 2017



Sources: Global Findex database; Gallup World Poll 2017.

Note: Other includes all respondents who chose "borrowing from a bank, an employer, or a private lender," "selling assets," "other sources," "don't know," or "refuse" as their response for main source of emergency funds.

- 73% in high income economies, and 50% in developing economies said it would be possible
- In developing economies, women were 11 percentage points less likely than men, and poor were 27 percentage points less likely than the rich, to report this.

In developing economies, among those who reported savings as their main source of funding, only half reported saving at a financial institution

Key Takeaways:

- Financial inclusion is on the rise globally
- Digital technology, and especially widespread access to cell phones and the internet, is driving access to and use of financial services
- However, women are less likely than men to have an account
- Advances in digital financial services, starting with digital payments and including savings, credit and insurance products delivered through digital platforms, are key to achieving inclusive financial inclusion

Materials for download & sharing:

- Full report (English)
- Overview of key findings (English, Arabic, Chinese, French, Spanish)
- Little Data Book
- The complete database in Excel, Stata, and DataBank
- Report figures and maps and underlying data for all countries
- Press release including 3 annotated maps in 9 languages
- Video animation of key trends (English, Arabic, French, Spanish)
- Shareable images for social media



2018 | **THE LITTLE
DATA BOOK ON
FINANCIAL INCLUSION**

<https://globalfindex.worldbank.org>

@globalfindex