Methodology

Financial Access 2009 introduces new data from a survey of financial regulators in 139 countries. It presents indicators of access to savings, credit, and payment services in banks and regulated nonbank financial institutions. Building on earlier work, it is the first in a series of annual reports documenting access to financial services around the world.[1]

Survey design

Data were collected through a survey sent to countries' main financial supervisors, such as central banks or bank supervisory agencies. The survey questionnaire consisted of two parts: statistical tables and policy questions.

Statistical tables

The survey collected data on the numbers and volumes of deposit accounts and loans; number of bank branches, automated teller machines, and point-of-service terminals; and other measures of use of financial services by banks and formal regulated nonbank financial institutions. A formal financial institution is a registered business whose primary activity is provision of financial services. Formal financial institutions can be regulated or nonregulated. A financial institution is considered regulated when it is subject to regulation or supervision by a state regulator. The regulatory requirements that apply to such institutions can be prudential or nonprudential. Data were collected for commercial banks and for regulated nonbank financial institutions, adding value to other studies that have come before it. To make the cross-country comparison of the services provided by the different types of financial institutions possible, respondents were asked to classify existing types of regulated institutions into four broad categories:

- ***Commercial banks***—banks with a full banking license. Majority state-owned banks are included in this category when they perform a broad set of retail banking functions.
- ***Cooperatives***—institutions with a mutual ownership structure, including credit unions.

- ***Specialized state financial institutions***—specialized financial institutions fully owned by the state or extensions of the government whose main purpose is to lend in support of economic development or to provide savings, payment, and deposit services to the public. This group includes postal banks, government savings banks, small and medium-size enterprise lending facilities, agricultural banks, and development banks.

- ***Microfinance institutions***—financial institutions whose primary business model is to lend to and possibly take deposits from the poor.

The data collected using this institutional classification necessarily understates the scale of microfinance because many banks, cooperatives, and specialized state financial institutions provide microfinance services as well.

Policy questions

The second part of the survey contains questions on regulations relating to access to financial services, including:

- Financial services provided though post offices.
- Use of agents and correspondents.
- Bank account management.
- Bank branch regulations.
- Collateral and lending.
- Transparency and consumer protection.
- Promotion of access to finance.

Survey sample

Questionnaires were sent to 144 countries: 13 in East Asia and Pacific, 27 in Europe and Central Asia, 21 in Latin America and the Caribbean, 14 in Middle East and North Africa, 6 in South Asia, 40 in Sub-Saharan Africa, and 23 in high-income Organisation for Economic Co-operation and Development countries. For practical reasons most small island and conflict-affected countries were not included. The sample covers more than 94 percent of the world's population and nearly 98 percent of world GDP.

The questionnaires were sent directly to the governors' offices of central banks. When appropriate, they were also sent to monetary authorities or banking supervisory agencies. Depending on the country and the structure of its regulatory authority, questionnaires were filled out by one or more of the following departments: research, statistics, supervision, and foreign relations. Of 162 questionnaires sent, 139 countries responded.

The data passed several robustness checks. First, the numbers of deposit and loan accounts for banks were compared with those collected in recent cross-country surveys.[2] Numbers for *Financial Access 2009* were larger, reflecting growth in the years between surveys. The loan values are also closely correlated with domestic credit in *International Finance Statistics*.

Multiple checks for internal consistency and rationality were also conducted. When anomalies were found, the respondents were asked to provide clarifications. In the absence of adequate clarity, the data points were dropped (which occurred in only a few cases).

Main limitations

The survey collects information on regulated financial institutions only, leaving out nonregulated providers of financial services. This is likely to understate significantly the scale of credit services, which are often not regulated, unlike deposit services. Even though the main financial regulator was asked to provide data on all regulated financial institutions, when some financial institutions are regulated by other regulators, these data are rarely available. As a result available data understate the true scale of financial services provided by regulated financial institutions.

Data on the number of borrowers and depositors are available in only a few countries. Instead, the number of deposit and loan accounts is used as a basis for core access indicators, double-counting clients with multiple accounts. Another imperfection stems from differing treatment of dormant accounts—some banks close dormant accounts after six months of inactivity, while others keep such accounts open for many years.

Global estimates and maps

Maps for deposit and loan account ownership use data from the Financial Access Survey where available. Where data were not available, number of deposit and loan accounts from previous World Bank surveys were used.[3] For countries where no data were available, estimates were derived using simple regression framework.

For deposit accounts a margin of error was calculated, in the form of a conservative estimate, a preferred estimate, and a high estimate to give a sense of the range of values that may apply. To generate the map for deposit accounts, the preferred estimate for commercial banks, based on actual data and predictions from regression model, was added to the conservative estimate for cooperatives, specialized state financial institutions, and microfinance institutions, based on data from the Financial Access Survey and other sources.[4] The confidence interval for the global estimate of the total number of deposit accounts (the high estimate minus the conservative estimate) is 15 percent of the preferred estimate. To generate the map for loan accounts, only the number of commercial bank loans was estimated, not loans from other institutions, whose data are much less comprehensive than those for deposits.[5]

Notes

1. Beck, Demirguüç-Kunt, and Martinez Peria 2007; World Bank 2008a.
2. Beck, Demirgüç-Kunt and Martinez Peria 2007; World Bank 2008; CGAP 2004.
3. Beck, Demirgüç-Kunt and Martinez Peria 2007; World Bank 2008a .
4. CGAP 2004; World Council of Credit Unions website (www.woccu.org); Microfinance Exchange website (http://microfinance exchange.com).
5. For further detail, see Kendall, Mylenko, and Ponce (forthcoming).