

Access to Finance

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# Financial Access 2011

## An Overview of the Supply-Side Data Landscape

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## Abbreviations

A2F	Access to finance
AFI	Alliance for Financial Inclusion
ATM	Automatic teller machine
BIS	Bank of International Settlements
CGAP	Consultative Group to Assist the Poor
CNBV	Comisión Nacional Bancaria y de Valores
ECB	European Central Bank
ECB MFI	ECB Monetary and Financial Institutions database
ECB BLS	ECB Bank Lending Survey
ECB HFCS	ECB Household Finance and Consumption Surveys
G-20	Group of Twenty
G-8	Group of Eight
GDP	Gross domestic product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GPFI	Global Partnership for Financial Inclusion
IFC	International Finance Corporation
IMF	International Monetary Fund
IMF FAS	IMF Financial Access Survey
IMF FSI	IMF Financial Soundness Indicators
IMF IFS	IMF International Financial Statistics
IMF WEO	IMF World Economic Outlook
MECOVI	Measurement of Living Conditions in Latin America and Caribbean
MSME	Micro, small, and medium enterprise
OECD	Organisation for Economic Co-operation and Development
SME	Small and medium enterprise
UN	United Nations
WB	World Bank
WB SFS	WB Survey of Financial Services
WB LSMS	WB Living Standards Measurement Study
WB CP/FL	WB Consumer Protection and Financial Literacy surveys
WB WDI	WB World Development Indicators database
WBG	World Bank Group
WOCCU	World Council of Credit Unions
WSBI	World Savings Banks Institute



## Foreword

**T**here is real momentum behind the belief that better, more consistent, and increasingly comprehensive data are key for better decision-making and tracking progress in advancing access to financial services for the poor. A growing number of countries are paving the way nationally and informing global data efforts. Global data initiatives are learning from these country experiences and, in turn, provide guidance and examples for others. While different countries may be in different places in terms of measuring financial inclusion, the foundation for country-owned efforts, tailored to national priorities, is being laid in many markets.

These efforts are informed by important progress on both demand-side and supply-side survey tools, and a greater recognition of how the two work together. On the demand side, the World Bank released in 2012 the Global Financial Inclusion (Global Findex) Database, a comprehensive, comparable, cross-country dataset that measures how women, men, and youth save, borrow, make payments, and manage risks. The project, which covers 148 economies, is funded by the Bill & Melinda Gates Foundation and is implemented in partnership with Gallup. On the supply side, the International Monetary Fund has enhanced its globally comparable Financial Access Survey database to distinguish between small and medium enterprises and households as well as different types of financial institutions that serve the poor. As a result of these efforts, a robust international financial inclusion data architecture is emerging.

The G-20 has also embraced financial inclusion data as a priority. One of the three subgroups of the Global Partnership for Financial Inclusion (GPFI) is focusing on advancing the data and measurement agenda as a strong base for informed policy action and market knowledge. As Implementing Partners of GPFI, we are pleased to contribute this report on the supply-side landscape of financial inclusion data.

Although this year's *Financial Access* does not contain new data, it provides an overview of data sources and discusses select methodological supply-side data issues. It also includes a discussion with leading policy makers and market actors that give voice from the field as to why and how data can advance access to finance. They comment on what's been achieved and point to continued work ahead.

We are pleased to share this report as GPFI is proposing the G-20 Basic Set of Financial Inclusion Indicators for the leaders' consideration at the 2012 G-20 Summit in Mexico. G-20 recognition is a sign of how far financial inclusion has come. Among the many champions along the road, we would like to specially thank H.R.H. Princess Máxima of the Netherlands, UN Secretary-General's Special Advocate for Inclusive Finance for Development and Honorary Patron of the GPFI, who has tirelessly and passionately spoken out for investing in financial inclusion data.

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## Introduction

The lack of data has long been recognized as a major barrier to extending access to financial services to low-income households and small businesses. Considerable progress has been made in recent years. In June 2004 at a meeting of heads of state at Sea Island, Georgia, United States, the Group of Eight (G-8) endorsed the “Key Principles of Microfinance” developed by CGAP. In September 2009, the G-20 leaders made important commitments to financial services for the poor at the Pittsburgh Summit, and their commitment to financial inclusion has been reaffirmed at each subsequent Summit. At the Seoul Leaders’ Summit in November 2010, the Global Partnership for Financial Inclusion (GPII) was established to institutionalize and implement the G-20 Financial Action Plan. A central theme of GPII is data and measurement, with one of the three GPII subgroups tasked with identifying the existing financial inclusion data landscape, assessing data gaps, and developing key performance indicators. National governments have also taken action, commissioning demand-side data surveys, setting national financial inclusion targets, and establishing cross-governmental agencies to tackle the issue.

We are now at a tipping point. Interest in financial inclusion is at an all-time high. Policy makers and standard-setters, ranging from local central banks to global standard-setting bodies, increasingly view stability and inclusion as complementary, mutually reinforcing goals. Innovations in technology and business models offer new possibilities for reaching low-income households and small businesses more cost-effectively. Global, regional, and national social investors are seeking opportunities at the base of the pyramid that can provide returns while fulfilling environment, social, and governance standards. And importantly, there is increasing focus on clients and delivering a range of quality services that respond to their needs and enhance their well-being and performance.

A number of new data initiatives have also emerged to offer better and more meaningful demand- and supply-side data. This report comes at a time when the results of some new or improved surveys are being published—the World Bank’s Global Financial Inclusion (Global Findex) Database funded by the Bill & Melinda Gates Foundation and the enhanced Financial Access Survey (FAS) of the International Monetary Fund (IMF). Together, these will offer a far more comprehensive picture of the state of financial inclusion.

This year's *Financial Access* presents an overview of the landscape of financial inclusion data, with a focus on supply-side data. It is markedly different from the two previous reports, published by CGAP and the World Bank Group, which provided data on the state of financial inclusion. The next *Financial Access* will include new financial access data.

The overview that follows discusses the landscape of financial inclusion data, with a presentation of key demand- and supply-side data sources and a brief look at the findings from *Financial Access 2010*. Part 3 provides a discussion of supply-side data, with information on country-level data and how global-level data build on it. Part 4 focuses on the gaps in financial inclusion data and recommends ways these can be addressed by different stakeholders. The final section offers the perspectives of leading experts on financial inclusion data. Their first-hand experiences and reflections provide insights on why data are important and how the creators and users of data can make progress, both in data collection and in the use of data to further financial inclusion.



## Overview: Landscape of Financial Inclusion Data

**F**inancial inclusion is increasingly a policy priority for governments and a goal of the financial system. *Financial Access 2010* showed that almost half of the reporting countries had financial inclusion strategies, and a majority of these strategies were created in 2004 or later. Data play a crucial role in establishing a common understanding of the current state of financial inclusion, informing action needed from various stakeholders, and assessing progress. Financial institutions can use data to better understand market opportunities. Regulators can use it to understand trends, identify risks, and make evidence-based policies. Policy makers can look for gaps, establish priorities, and monitor change over time. All of these users have a need for the data, and they can also play a role in increasing the availability and quality of data.

However, financial inclusion is neither a simple concept nor easy to measure. Financial inclusion refers to a state in which all working-age adults have effective access to credit, savings, payments, and insurance from formal service providers.<sup>1</sup> By this high standard, financial *exclusion* would include those underserved in addition to those not served at all. Moreover, inclusion does not mean the mere availability of services but rather whether various dimensions of the financial system are working effectively to extend demand-driven services to clients. In addition to access, there are at least two more dimensions to inclusion that, over time, should be part of measurement:

**1. Access to financial services and reach of financial infrastructure.** Access reflects the depth of outreach. The physical reach of branches, automatic teller machines (ATMs), and agent locations is often a necessary (though not sufficient) condition for inclusion. This enables the formal system's infrastructure to reach clients across a

variety of channels. Access points are often measured in proportion to population and are also assessed by the reach and spread of different access points, increasingly including nonbranch locations, such as ATMs and mobile phone networks.

**2. Usage of services.** The purest measure of inclusion is the extent to which clients use different services. In its simplest form this would include the number of savings or loan accounts in proportion to the population. However, more sophisticated data can also provide further insight into which market segments use different services. Market segments may be broken down by income, gender, age, location, occupation/livelihood, and other demographic variables. When such data are available, they can help guide planning and targeting to improve financial inclusion by showing where there are segments or services with the greatest opportunities. The level and frequency of activity or usage is also pertinent. Setting an optimal level of usage across different market segments and the range of financial services is a complex and much discussed issue, and there is a need for more research.

**3. Quality of products and service delivery.** The gap in access to finance for the unbanked and underserved has been so large that, for a long time, the focus was simply on closing the gap. As recent microcredit crises have shown, the poor match of credit products to customer capacities can have deleterious effects on inclusion. More attention is needed to deliver the portfolio of services that will meet low-income people's underlying financial needs. Beyond product diversification and suitability to clients, quality involves features such as transparency, safety, fair pricing, client value, and other basic core tenets of consumer protection and financial capability. Price and

1. See CGAP (2011).

nonprice barriers to access, such as fees or minimum balance requirements, are an important component of product design. In addition, better financial infrastructure, for example, credit reporting systems or secured transactions frameworks, provide a sound foundation for the high-quality delivery of financial services.

Capturing the various dimensions of financial inclusion through the collection of comprehensive indicators can help inform the policy dialogue and accelerate progress toward responsible financial inclusion. To have the power to persuade and influence policy making and the business decisions of financial institutions, data need to be credible and consistent. Finally, data also ought to converge toward standard definitions so that comparisons can be made over time and across countries.

## Data Sources—Supply and Demand

Financial inclusion data are derived from two main sources. Demand-side data are collected from the users of financial services, such as individuals, households, and firms. Typically data collection is done through surveys or focus groups, including qualitative research. The second source is supply-side data that are collected from financial service providers, such as banks, cooperatives, microfinance institutions, and other financial institutions. In some contexts, other businesses, such as mobile operators, may also be big players in financial inclusion. Typically, supply-side data are collected at the national level by the financial regulator for regulated institutions via regular reporting. Globally, associations of different types of providers often collect data, as does the IMF and other international organizations or specialized data analysts.

Demand- and supply-side data are complementary. Figure 1 provides a look at global and multi-country financial inclusion data initiatives, organized by data source (demand- or supply-side) and depth of coverage. Broad coverage initiatives provide data on a basic set of indicators, while deeper coverage initiatives include a larger

number of indicators, usually on one or more specific dimensions of financial inclusion.

Demand-side data often offer rich information on how services are used and which customers are being reached. Demand-side surveys, however, tend to be quite costly, take time, and are not always comparable over time. Supply-side data are quite different in that they often require gathering data from providers and are generally collected at regular intervals. Supply-side data, however, usually offer aggregate-level numerical data—except for financial institution surveys—and most of the time capture only organizations that report to the financial regulator, thus leaving out important sources of financial services, especially informal finance, upon which large numbers of poor and low-income people count.

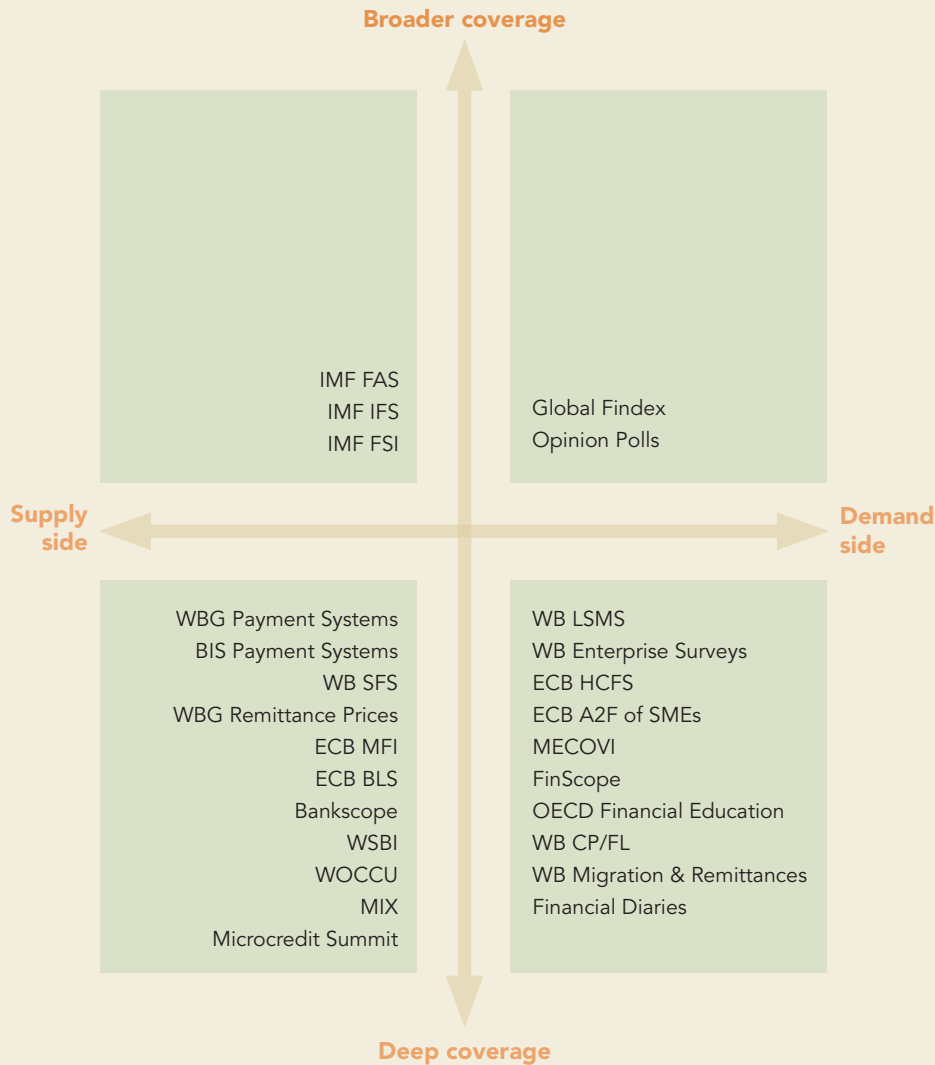
## CGAP/World Bank Group Financial Access Series

*Financial Access 2010* was the second in the series of annual reports by CGAP and the World Bank Group to monitor statistics for financial access in the world and inform policy debate. The 2010 survey included specific questions on survey initiatives at the national level to monitor access to financial services. Survey respondents were the primary financial regulators—central banks or bank superintendents in most cases. The survey included questions on whether countries used household, firm, and/or financial institution surveys to monitor the state of financial access. The survey also asked whether access to finance by small and medium enterprises (SMEs) was monitored specifically. This information, gathered by the CGAP/WBG *Financial Access* survey, is as of end-2009 and is summarized in annexes available online.<sup>2</sup> Figures 2 and 3 highlight responses received to questions on financial inclusion surveys, monitoring, and strategies from participating countries.

2. <http://www.cgap.org/financialindicators> and <http://www.ifc.org/accesstofinance>. The annexes include country-by-country lists of (i) household, firm, and financial institution surveys, along with the frequency of data collection and (ii) specific efforts to monitor access to finance by SMEs.

FIGURE 1

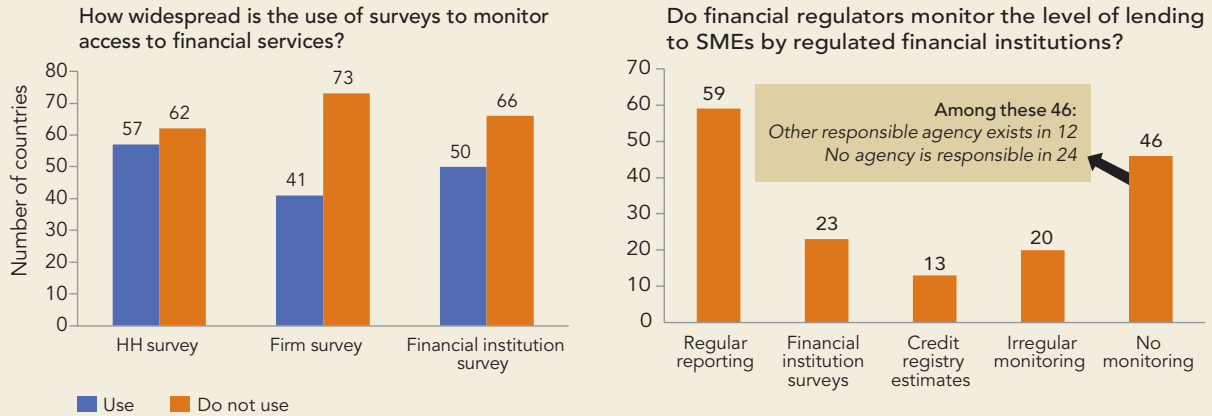
Existing global/multi-country demand- and supply-side data sets



Source: Matrix representation is adapted from Bill & Melinda Gates Foundation (2010). "The Measurement Challenge," Note prepared for the Global Savings Forum. See page ii for list of abbreviations and page 11 for brief descriptions of supply-side data initiatives.

FIGURE 2

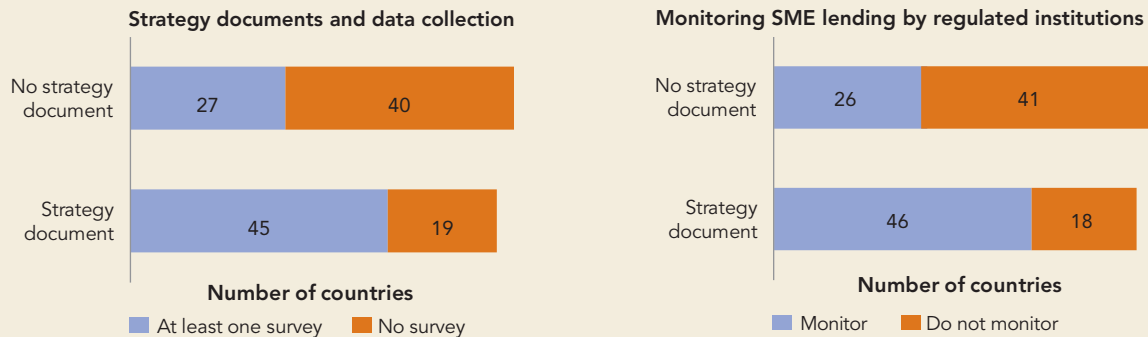
### Country-level monitoring and data collection efforts



Source: CGAP/WBG Financial Access database. Left panel is based on responses by 120 countries. Right panel is based on responses by 120 countries, 23 of which use more than one method to monitor SME lending.

FIGURE 3

### National strategy documents and data collection and monitoring efforts



Source: CGAP/WBG Financial Access database. Based on responses from 131 countries.

*Financial Access 2010* highlights four important findings about data collection as illustrated in figures 2 and 3. First, about half of the respondents monitor demand-side access to financial services through some form of household survey, firm survey, or financial institution survey. Second, household surveys are the most widely used, and firm

surveys are the least used. Third, SME finance indicators are collected by the majority of countries, though usually by ministries promoting business development rather than by financial regulators. Fourth, countries that have national financial inclusion strategy documents also tend to prioritize financial inclusion data.

## Supply-Side Data

**P**roviders of financial services, the supply-side, track the services they deliver as a basic function of their business. Provider data often include total numbers on loan or savings accounts (including volume of loans and deposits); they may also include more detailed data on the types of products as well as on the points of service (number of branches, mobile banking penetration, etc.). In some cases, there may even be client data—number of individuals, number of firms, location, gender, income levels, and other data that identify different market segments.

### Country-Level Data Are Fundamental

The link between data analysis and policy design is strengthened when using country-level data. That is both because there is often greater ownership and understanding of data collected at the country-level, and because surveys are tailored to specific questions or market issues identified by national actors. The level of disaggregation needed with regard to ethnicity-based exclusion or urban–rural divide, for example, is often country and context specific.

Country-level data collection is increasingly common as policy makers recognize the importance of tracking levels of financial inclusion. Most often supply-side data are collected by regulators, typically the central bank, and are often included as part of regular reporting required of financial institutions. Providers understand that reporting on data is an obligation of a licensed and regulated institution; though there are also cases where lightly regulated or unregulated providers also provide data to the regulator. Beyond the regulator, apex institutions, associations, or networks of smaller organizations also consolidate data at the country level. Examples include national microfinance associations or networks/federations of credit unions.

In some countries apex funders for many small unregulated institutions centralize data on a large number of institutions, often with significant financial inclusion implications.

Often the data reported to regulators and apexes are a matter of standard and regular periodic reporting. In such cases, formats for reports can be developed and improved over time. The cost of data collection also decreases as providers become more accustomed to regularly collecting and reporting data. Formats and definitions are built into standard information collection systems. Regular, standard reporting also allows for comparisons and for trends to emerge over time.

Ad hoc data collection efforts may also be used to examine a specific issue relevant to a particular market that would not come to light in a global or regional survey.

### Global-Level Data Build on Country-Level Data

Supply-side data sets on a global scale are useful for making comparisons across countries and over time, as well as for assessing trends in financial access around the world. Policy makers use globally comparable data sets to benchmark financial inclusion.

Multi-country supply-side data sets are most often based on country-level data. The IMF's FAS and World Bank Group's Payment Systems Survey collect data that central banks have already collected. Currently, FAS is the only supply-side data source on a global scale that produces basic access and usage indicators, enabling comparisons across countries and over time. Box 1 provides a snapshot of the global trends in access to finance based on FAS.

For global-level data to be useful, and to enable cross-country comparisons, it is helpful to harmonize definitions and standardize data collection methodologies. This includes convergence toward

## The State of Financial Inclusion through the Lens of the IMF's FAS Database

### Access to Financial Services Continues to Grow, Albeit at a Slower Rate

Over the past years, the IMF's FAS has been collecting comparable time series data on the geographical and demographic outreach of financial services provided by a range of regulated financial institutions that report to their countries' central bank. FAS data show trends in financial inclusion and reveal that the number of savings and loan accounts has continuously increased from 2005 to 2010 (See Figure B1 A).

The number of new deposit accounts created in commercial banks globally has increased every year from 2005 to 2010, with the exception of 2009, which coincided with the global financial crisis. However, after slowing down in 2009, the growth rate of both new deposit accounts and new loans rebounded in 2010. Interestingly, the number of new deposit accounts has consistently outpaced that of new loan accounts since 2006.

Other deposit-taking institutions, such as credit unions, financial cooperatives, postal savings banks, and deposit-taking microfinance institutions, have experienced a decrease in the new accounts created and new loans made per 1,000 adults at the aggregate since 2008. Other financial intermediaries, such as nondeposit taking microfinance institutions, did not expand the number of their customers (per 1,000 adults) overall during 2004–2010 and experienced declines in the number of new borrowers every year during the same period, except in 2007. Between 2008 and 2009, the total number of insurance policies globally declined by 110 million.

These findings are not entirely new. *Financial Access 2010* reported that access to financial services

continued to expand throughout the crisis. With the trend data available from FAS for 2004–2010, it is now possible to construct Figure B1A, which plots the number of new deposit accounts and new loans in the world by commercial banks, each year for which data are available (left scale), and contrasts these with the growth rate of world GDP (right scale). With the significant drop in world GDP in 2009, we see the expansion of financial service use slowing down as well.

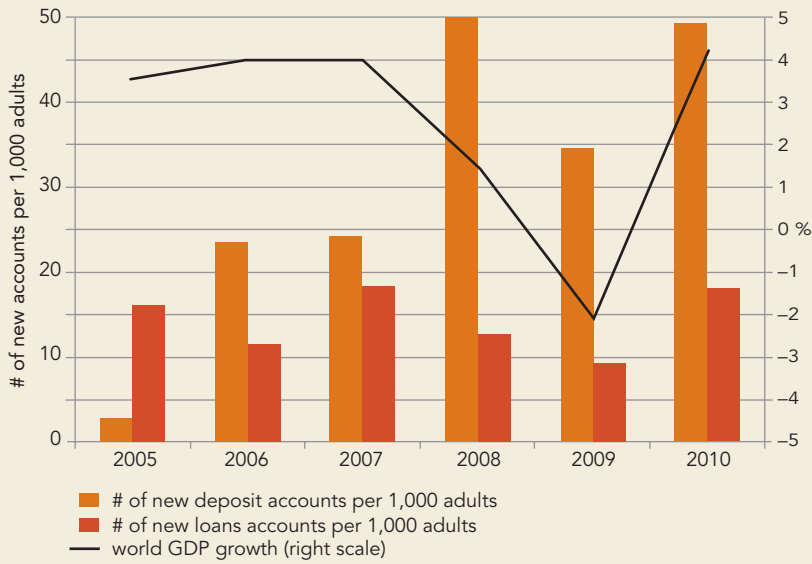
ATM networks expanded during 2005–2010 at a faster rate than branches of commercial banks and other deposit-taking institutions (see Figure B1B). Over the period, an average of 3.5 new ATMs per 100,000 adults was added per year.

However, commercial banks and other deposit-taking institutions also continued to build branches during this period. While branch networks of other deposit-taking institutions expanded more rapidly than those of commercial banks in 2005, from 2006 to 2008, commercial bank branches expanded more rapidly. In 2009, the trend reversed once again as other deposit-taking institution branch networks started expanding faster.

The positive story of growth in financial access, even with the financial crisis, however, masks large regional and local variations. In 2010 developing countries, on average, had 539 deposit accounts in commercial banks per 1,000 adults, while high-income Organisation for Economic Co-operation and Development (OECD) countries had 1,560 deposit accounts per 1,000 adults. Similarly, commercial bank loans per 1,000 adults average 149 and 478 in developing and high-income OECD countries, respectively.

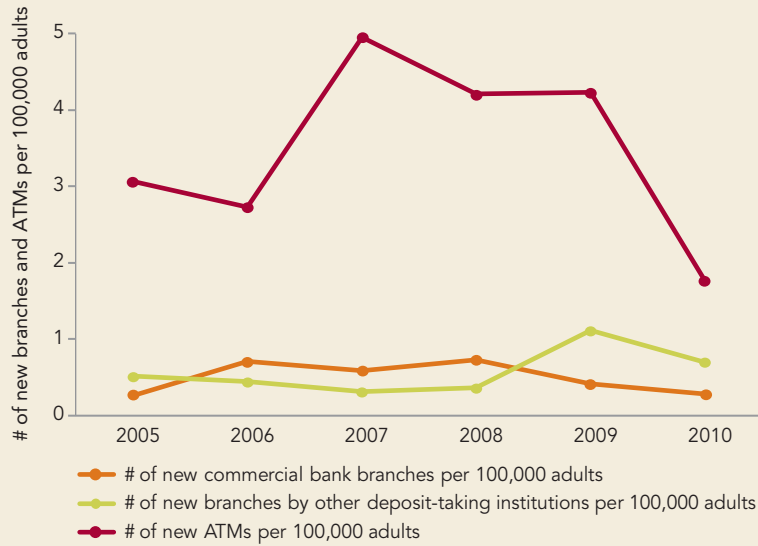
*Note:* The source for all the financial access data used here is IMF's FAS. IMF started collecting data on financial access indicators in 2010, going back to 2004. The data are available at <http://fas.imf.org>.

**FIGURE B1A Expansion of deposit and credit services in commercial banks**



Note: The figure plots the number of new deposit accounts and new loans by commercial banks in the world each year, normalized by the number of adults (left scale), and the growth rate of world GDP (right scale).  
Data sources: IMF FAS for number of deposit accounts and number of loans; World Bank WDI for growth rate of world GDP.

**FIGURE B1B Expansion of the physical outreach of the financial system**



Note: Data source—IMF FAS

the use of the same definitions and more common data collection and indicator computation methods. Convergence toward common use of terms ensures comparability across countries and over time, helps devise development strategies, and can be used to adapt or design informed policies. Some countries prefer an approach that is customized to their own unique circumstances, even though the more customized the approach, the less comparable such data are. For example, Brazil tracks data on banking agents because this delivery channel is key to reaching the underserved and unserved market in Brazil. Yet, banking agent data may have less meaning in another context. Indeed, *Financial Access 2009* indicated that regulation in many countries do not allow

banks to formally contract companies to act as banking agents (80 out of 135 countries did not allow for agents as of the end of 2009).

To inventory the full range of global and multi-country data sources available, IFC and CGAP conducted a financial inclusion data stocktaking exercise. This exercise inventoried resources and helped to identify key gaps in the global data resources (IFC and CGAP 2011). A key global resource is the IMF FAS supply-side initiative, which collects the majority of the core indicators of financial access that enable annual comparisons across countries.<sup>3</sup> It collects data from financial regulators of more than 150 countries in a two-stage process: financial regulators collect data from financial institutions

**TABLE 1 Selected global and multi-country supply-side data collection efforts: A comparison**

	IMF FAS	WBG Payment Systems Survey	WB Survey on Fin. Services	MIX	IMF IFS	IMF FSI					
BASICS	Publicly Available	Yes	No	No	Yes	No	Yes				
	Frequency	Annual	Bi-annual	Irregular	Annual	Varies	Varies				
	Coverage	Global	Global	Global	Developing Countries	Global	Global				
DATA COLLECTION	Basic Usage Indicators	S P	C I	P	S P	C	S C	S C	S C	S C	S C
	Access/Infrastructure	S P	C I	P	S P	C	S C				
	Barriers to Access		Yes								
	Regulatory/Enabling Environment		P								
USER	Aggregated	Yes	Yes		Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Firm										
	Household/Individual	Yes									
PROVIDER	Commercial Banks	Yes		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Co-ops & Credit Unions	Yes *			Yes	Yes	Yes	Yes *	Yes *	Yes *	Yes *
	Specialized State Fin. Inst.	Yes *			Yes	Yes	Yes	Yes *	Yes *	Yes *	Yes *
	Microfinance Institutions	Yes *			Yes	Yes	Yes	Yes *	Yes *	Yes *	Yes *
	Insurance Providers	Yes			Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Finance Companies	Yes			Yes	Yes	Yes	Yes	Yes	Yes	Yes
Informal providers**											

\* IMF data sets categorize deposit-taking institutions as “commercial banks” and “others.”

\*\* Informal providers include informal NGOs and savings groups.

S – Savings, C – Credit, I – Insurance, P – Payments

■ Problem areas ■ Major data gaps

3. Core indicators are suggested by Beck, Demirgüç-Kunt, and Martínez Peria (2007).



and aggregate at the country level, and FAS collects data from regulators and compiles these at the global level. This underscores that the key building block is country-level data collection that is sufficiently consistent to be consolidated into a global database.

The IMF FAS is not the only supply-side survey available. There are numerous databases on payments, financial services, microfinance, and other categories that complement FAS. Table 1 provides a summary of selected current global or multi-country supply-side data collection efforts, with a focus on those that have broad coverage in terms of products, countries, have dimensions of financial inclusion, and are most relevant for low-access financial markets. Table 1 illustrates that basic usage and access indicators are reasonably well-developed in the form of country-level aggregates, especially for commercial banks.

A more complete list of supply-side data collection efforts follows. The list (presented alphabetically) includes surveys or initiatives that collect data uniquely from their members. Note that, in many cases, it is necessary to use several data sources to get a more complete picture. (See Box 2 for a brief example).

### ***Access to Finance***

**Financing SMEs and Entrepreneurs—An OECD Scoreboard.** This initiative provides a framework to monitor access to finance by SMEs at country and global levels, in addition to a tool to support policy design and evaluation. The framework consists of 13 core indicators, the majority of which are supply-side, spanning multiple dimensions of access to finance for SMEs.

**IMF Financial Access Survey.** FAS was launched in October 2009; it aims to collect high-quality, cross-country, annual geographic and demographic data on access to basic financial services on a global scale for use by policy makers and researchers. The latest round of data went online in June 2011 and includes data on more than 150 countries for 2004–2010. FAS is the only source of supply-side data from regulators worldwide that contains the majority of the basic access and usage indicators. The 2012 round of FAS data collection is being conducted in collaboration with CGAP and IFC. The 2012 questionnaire features the following changes: (i) the addition of time series for

credit unions, financial cooperatives, and microfinance institutions and (ii) the separate identification of SMEs, households, life insurance, and nonlife insurance companies. <http://fas.imf.org>

### **Microfinance Information Exchange (MIX).**

MIX includes data on a significant majority of organizations globally that self-identify as microfinance institutions. These include a range of financial institutions that primarily provide services to low-income market segments. Some are regulated as banks, cooperatives, or nonbank finance companies, while others are nonprofits. The data include raw outreach numbers but also cost and financial performance indicators. As of 2012, 2,000 institutions have reported to MIX. <http://www.mixmarket.org>

**Microcredit Summit Campaign Report.** This initiative collects data on microfinance institutions and verifies these data against reports by practitioners and network or umbrella institutions to avoid double-counting. The data set includes the number of active clients of microfinance institutions based on their poverty levels and gender. This effort is updated annually. <http://www.microcreditsummit.org>

### **World Council of Credit Unions (WOCCU).**

Country-level aggregated indicators on the number of credit unions, the number of credit union members, penetration, and volume are compiled in the WOCCU database, based on reporting by member credit unions. This initiative is similar to those of MIX and Bankscope, though only country-level aggregates are publically provided; institution-level data are not provided. <http://www.woccu.org>

### **World Savings Banks Institute (WSBI).**

The WSBI database consists of institution-level data on WSBI member savings banks, including loan and deposit volume information. <http://www.wsbi.org>

### ***Financial Sector***

#### **European Central Bank (ECB) Monetary Financial Institutions.**

This is a database that summarizes monthly information reported by monetary financial institutions to ECB. Monetary financial institutions are defined to include central banks, resident credit institutions, and other resident financial

institutions that take deposits, give credit, or invest in securities. The database provides balance sheet information of reporting institutions and aggregates these data at a national level as well as for the entire euro zone. <http://www.ecb.int/stats/money/mfi>

**IMF Financial Soundness Indicators (FSI).** FSIs aim to support macroprudential analysis and to assess strengths and vulnerabilities of financial systems. The FSI database provides data reported on a regular basis by a number of IMF member countries for 12 core and 28 optional indicators. Countries may report monthly, quarterly, semiannual, or annual FSIs. Measures such as deposit-to-loan and household debt-to-GDP ratios can be derived from these data, which add another dimension to financial inclusion tracking. <http://fsi.imf.org>

**IMF International Financial Statistics (IFS).** IFS is a database of regularly updated statistics on international and domestic finance on a global scale. For most countries, IFS data are collected monthly, quarterly, semiannually, and annually. IFS provides global standardized data on money and banking aggregates that are helpful to indicate the overall size and trends in the financial sector, though they do not necessarily provide detailed information on financial inclusion.

#### ***Payment Systems and Remittances***

**Bank for International Settlements (BIS) Payment Systems Data.** The Committee on Payment and Settlement Systems (CPSS) of BIS publishes statistics on payment and settlement systems by member countries periodically. Data are collected by central banks and include indicators of retail payment systems, payment instruments, and wholesale systems used among banks, trading platforms, clearing houses, and settlement systems for securities as well as on the systems used to perform cross-border transactions. [http://www.bis.org/statistics/payment\\_stats.htm](http://www.bis.org/statistics/payment_stats.htm)

**WBG Payment Systems Survey.** This bi-annual survey of the World Bank Group collects data on payment products; physical outreach of payment systems, such as ATMs; legal and regulatory framework regarding payment systems; and related reforms. Data are collected from central banks on a global scale. <http://www.worldbank.org/paymentsystems>

**WBG Remittance Prices Worldwide.** This World Bank Group database provides the cost of sending small amounts of money internationally. Data are collected through a mystery shopping approach designed to be representative of global pricing. The database is updated semiannually.

#### ***Banks***

**Bankscope.** This database by Bureau van Dijk includes detailed information on public and private banks worldwide, including the volume of deposits and loans.

**ECB Bank Lending Survey (BLS).** This is a survey of euro-area banks implemented four times a year by ECB to assess financing conditions, for which the respondents are senior loan officers. Credit standards for loan approval, credit terms and conditions for firms and individuals, and conditions affecting credit demand are among the topics covered by the survey. <http://www.ecb.int/stats/money/surveys/lend>

**WBG Survey on Financial Services (SFS).** This survey, implemented by the Finance and Private Sector Development Research Group at the World Bank Group, is a direct survey of financial institutions. Questionnaires are sent out to some of the largest commercial banks around the world, and respondents are asked about the products and services they offer as well as the associated fees and procedures to assess the barriers to access globally. This survey is not conducted regularly. Data are aggregated at the country level and are available publicly.

BOX 2

## Piecing Together the Full Picture in Africa

Financial diaries and demand-side surveys have repeatedly shown that the financial lives of the poor are complex. Poor people rely on a range of different providers for financial services, often many at once. While commercial banks are part of that picture, regulated providers are only part of that story. Properly reflecting the true financial access of poor people in financial inclusion measurement efforts ought to include a wide range of data sources.

Information gaps are especially prominent for sub-Saharan Africa. Africa has a diverse landscape of financial services providers—banks, credit unions, postal savings banks, village savings-and-loan associations, and specialized microfinance institutions. Data for these different initiatives are often held in different sources. Some databases on access to finance, such as the IMF’s FAS, have only limited coverage in Africa. For example, only five African countries—Comoros, Ethiopia, Madagascar, Mauritius, and Rwanda—report data on total credit outreach

to FAS, and even then, these data cover only regulated providers of credit.

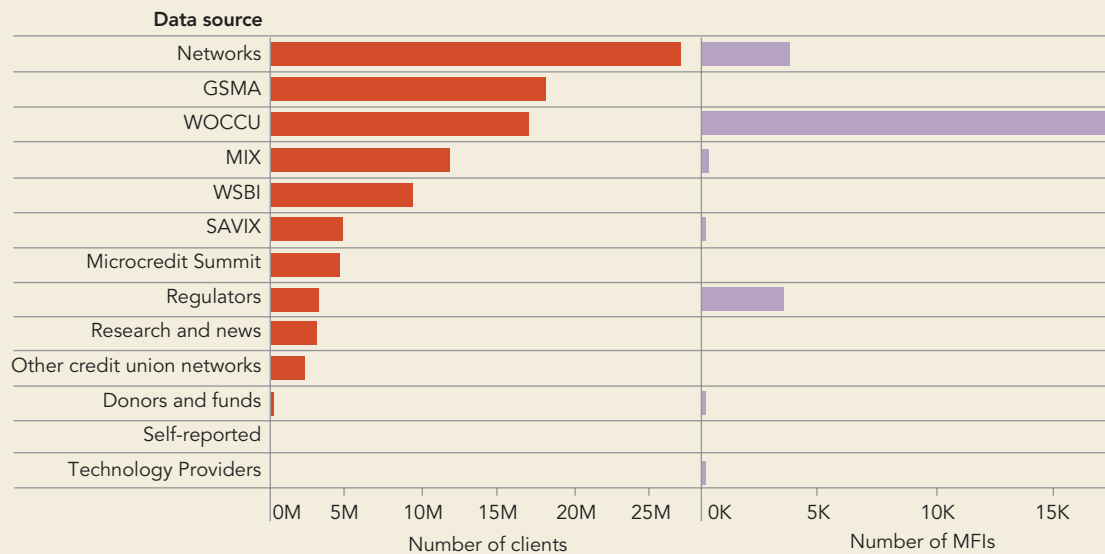
### Building better knowledge on Africa

Despite the challenges to building reliable and realistic estimates for financial inclusion in Africa, there are bright spots. Many regulators provide public listings of regulated institutions and high-level statistics on monetary indicators. Local and international networks and industry associations have stepped forward to fill gaps for other financial service providers.

Using this information, MIX built an access-to-finance dataset for sub-Saharan Africa that compiles data from over 60 distinct sources. These data cover some 23,000 providers holding 71 million accounts. Figure B2A shows the share of data provided by different types of organizations; the main international data aggregators are grouped separately.

The important role of local networks and industry aggregators, such as WOCCU for credit unions and

**FIGURE B2A** Types of Data Sources for Sub-Saharan Africa



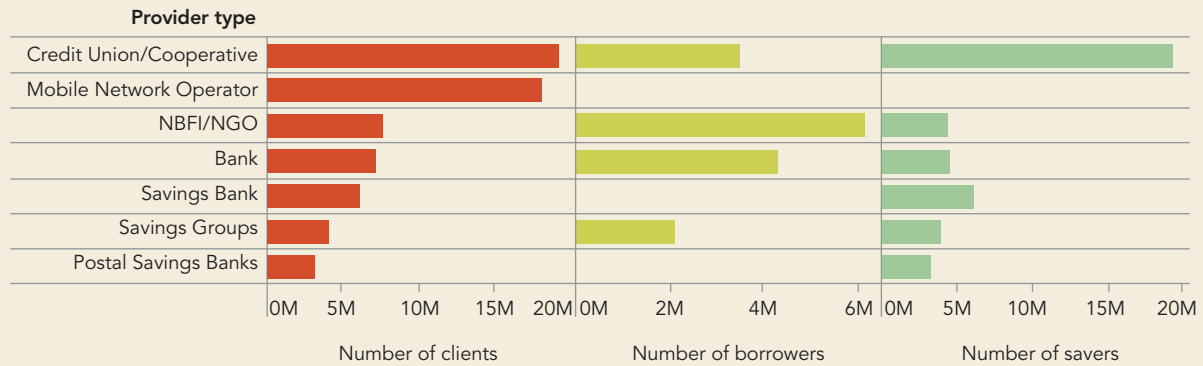
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the Savings Group Information Exchange reporting system for community-managed microfinance, is clear from Figure B2B. Note that many of the providers covered by these sources are unregulated or informal providers. If data are grouped by the type of financial services provider, the same picture emerges: credit unions, savings groups, and specialized microfinance institutions all play a significant role in providing financial services to the poor. Mobile banking is

of obvious importance and also falls outside most existing surveys on access to finance. A more meaningful picture of financial inclusion is possible only by accessing a range of data sources well beyond the traditional regulated banking system.

*This box is contributed by Scott Gaul, MIX. For further information, see <http://africa.mixmarket.org>.*

**FIGURE B2B Types of Data Sources for Sub-Saharan Africa**



## Improving Financial Inclusion Data

For financial inclusion data to effectively inform decisions made by policy makers and financial institutions, they must meet a range of criteria. Not every country or every database will meet all the criteria, but the more that can be met the more useful data can be. Data must be credible and consistent. Inconsistencies or irregularities undermine credibility. Data also ought to converge toward standards that apply nationally and internationally. Full compliance may be illusive, but close alignment is critical so that comparisons can be made between countries and trends can emerge over time. Collecting data on a regular basis helps to promote the standardization of report formats and lowers costs over time as reporting becomes a matter of routine.<sup>4</sup>

The analysis of global financial inclusion indicators reveals a wide range of different indicators, collected through various sources and often with slightly different definitions. Systematic gaps in the data landscape persist. There is considerable variation as countries differ in their data collection efforts (IFC 2011).

To help bring coherence and focus across countries and at the global level, the GPFII Data and Measurement Sub-group is proposing G-20 Basic Financial Inclusion Indicators that are built on the AFI Core Set, a series of indicators developed jointly by developing country policy makers and focused on country-owned data sources.<sup>5</sup> Although basic, the indicators are selected from existing global surveys that meet standards of quality, robustness, sustainability, and continuity. Table 2 presents the proposed G-20 Basic Financial Inclusion Indicators

that will be discussed at the Los Cabos Summit in June 2012. In a second stage, the Data and Measurement Sub-group will develop a process for integrating additional indicators as they become available and standardized over time. It is preferred that each country takes responsibility for collecting and monitoring its financial inclusion indicators, but the table does list the appropriate data sources in case country-level data are not available.

### *Gaps in Data Collected*

- Indicators on access and aggregate usage levels are usually good but often leave out details on customer segments, the full suite of financial services (e.g., insurance), and inactive (dormant) from active accounts.
- There is little tracking of the quality or price of services.
- Commercial banks are often the best documented institutional type of provider since, as regulated institutions, they must report to the central bank. Other kinds of organizations that include cooperatives, credit unions, or smaller, less formal organizations are typically less documented. Yet, in many countries, unregulated and informal services provide the lion's share of poor people's financial services.
- Data on access by households are more developed than data for firms or enterprises (see Table 1).

### Challenges

- The people and resources to track financial inclusion indicators are usually limited at the country level, leading to spotty collection and weaker quality.
- Some data sets are not publicly available (see Table 1).

4. The UN Statistical Commission adopted the Fundamental Principles of Official Statistics in 1994, based on earlier work by the Economic Commission for Europe, to guide the policy makers and implementing agencies. For further details see <http://unstats.un.org/unsd/methods/statorg/FP-English.htm> and <http://www.imf.org/external/data.htm>.

5. For further details, see AFI Financial Inclusion Data Working Group (2011) and Annex I.

**TABLE 2 The Proposed G-20 Basic Financial Inclusion Indicators (as of April 2012)**

Categories	Indicators	Existing Global / Multi-country Source	Dimension of Financial Inclusion Measured
1 Formally banked adults	% of adults with an account at a formal financial institution	Global Findex	Usage
	Number of depositors per 1,000 adults OR number of deposit accounts per 1,000 adults	IMF FAS	
2 Adults with credit by regulated institutions	% of adults with at least one loan outstanding from a regulated financial institution	Global Findex	Usage
	Number of borrowers per 1,000 adults OR number of outstanding loans per 1,000 adults	IMF FAS	
3 Formally banked enterprises	% of SMEs with an account at a formal financial institution	WBG Enterprise Surveys	Usage
	Number of SMEs with deposit accounts/number of deposit accounts OR number of SME depositors/number of depositors	IMF FAS	
4 Enterprises with outstanding loan or line of credit by regulated institutions	% of SMEs with an outstanding loan or line of credit	WBG Enterprise Surveys	Usage
	Number of SMEs with outstanding loans/number of outstanding loans OR number of outstanding loans to SMEs/number of outstanding loans	IMF FAS	
5 Points of service	Number of branches per 100,000 adults	IMF FAS	Access

- Lack of financial identity weakens the reliability of supply-side data on usage. As users cannot be uniquely identified in forming country-level aggregates, supply-side indicators on usage are prone to multiple counting.
- Lack of harmonized definitions, standardized data collection, and indicator construction (for example, SMEs, active vs. dormant accounts) lead to challenges with comparability of indicators over time and across countries.

### **RECOMMENDATION 1**

#### ***Build Country-Level Data Capacity***

Building or improving national capacity to meet national, regional, and international data needs on financial inclusion is a critical step toward constructing a comprehensive data landscape. This is especially important in countries where financial inclusion is an explicit objective. It is also helpful to have the necessary capacity to standardize and harmonize data collection in line with international norms. Investment in capacity often requires early effort and expense, but once data collection is standardized it can become a matter of routine, incurring relatively little cost or effort, especially when compared to the benefits of having credible data for making decisions.

For example, in an effort to improve data and measurement of financial inclusion, the Superintendent of Banking, Insurance Companies, and Private Pension Funds in Peru developed a set of financial inclusion indicators for tracking the state of financial inclusion in the country (see Box 3 for details).

### **RECOMMENDATION 2**

#### ***Use Harmonized Definitions and Standardized Methodologies***

Harmonization of data definitions and standardization of methodologies and indicator computation are essential to ensure comparability across countries and over time. These also enable consistency and transparency and help to avoid misinterpretation of data. Harmonization of definitions is especially important for those dimensions of financial inclusion for which data and indicators are currently under development or lacking, such as access to finance by SMEs and women-owned SMEs, active versus dormant accounts, and the quality of financial products and services. Standardization is important for developing common data collection methods and indicator computation methods. Efforts for standardization may borrow existing standards/classifications from similar fields. For example, FAS uses definitions and standards consistent with the IMF's Monetary and Financial Statistics Manual.

### BOX 3

## Financial inclusion data and measurement in Peru

- Peru experienced an average annual per capita real GDP growth of 6.7 percent over 2005–2010. This growth was accompanied with an expansion of commercial bank deposit volume and loan volume (both as percentages of GDP) by an average annual rate of 5.2 percent and 10.2 percent, respectively, over the same period.
- In spite of this progress, Peru lags behind the regional average in terms of financial penetration, measured by deposit-to-GDP ratio.
- To address the situation, Superintendencia de Banca, Seguros y AFP (SBS, the Superintendent of Banking, Insurance Companies, and Private Pension Funds) in Peru developed and started measuring a set of indicators of financial inclusion in 2010.
- The data and measurement effort aims to do the following:
  - Assess the depth of access and usage
  - Track the trends in financial inclusion in the past decade
  - Design policy measures to expand financial access
- SBS uses 13 indicators:
  - Access indicators*
    1. Number of branches per 1,000 km<sup>2</sup>
    2. Number of branches per 100,000 adults
    3. Number of ATMs per 1,000 km<sup>2</sup>
    4. Number of ATMs per 100,000 adults
    5. Number of agents per 1,000 km<sup>2</sup>
    6. Number of agents per 100,000 adults
  - Usage indicators*
    7. Number of depositors per 1,000 adults
    8. Number of borrowers per 1,000 adults
    9. Average deposit size as a ratio of GDP per capita
    10. Average loan size as a ratio of GDP per capita
  - Indicators on geographical inequality in terms of financial inclusion*
    11. Difference between participation of loans and participation of deposits originating outside of Lima (numbers)
    12. Index of total loans in provinces to total deposits outside of Lima (values)
    13. Gini indexes for loans, deposits, and access points
- While the first and the second groups of indicators are commonly used and mostly standardized indicators (based on Beck et al., 2007), the third group is developed based on country-specific needs to assess the degree of inequality in accessing and using financial services.

Sources: Data referenced are from the IMF FAS and World Bank Group WDI. More information on the Peruvian experience on financial inclusion data and measurement can be found in Reyes, Canote, and Mazer (2011) and Superintendencia de Banca, Seguros y AFP (2011). Background on indicators on access and usage can be found in Beck, Demirgüç-Kunt, and Martínez Peria (2007).

### RECOMMENDATION 3

#### *Proactively Seek Data from a Range of Providers, Beyond Commercial Banks*

Supply-side country-level aggregates on access to and usage of financial services draw heavily on data from commercial banks since these are the primary providers of financial services that can be easily tracked, often through one regulator. However, savings groups, financial cooperatives, and microfinance institutions are often equally important, if not more significant, sources of finance for poor and low-income people. They often do not report to the main financial regulator, but instead

provide data to a range of different authorities or apexes. More effort should go toward communicating with alternate regulators, where they exist, and/or data aggregators and networks, such as MIX, SAVIX, and WOCCU, etc., that collect data on certain types of institutions to complement data from primary financial regulators. Additional data from national associations or apexes can also be helpful in aggregating data on certain categories of institutions. In many markets, unregulated or informal providers have substantial financial inclusion coverage.

#### **RECOMMENDATION 4**

##### ***Use Unique Financial Identity More Systematically***

Financial identity can help supply-side data collection by serving as a unique identifier for counting the number of users of formal financial services. The primary functions of establishing financial identity are enabling access to financial services, complying with know your customer (KYC) requirements, screening, and monitoring financial activities. Another important use of financial identity is enabling the aggregation of the number of users of financial services across different financial institutions and products at the country level. In the absence of such a unique identifier, supply-side data collection is prone to multiple counting, as households or enterprises with accounts in more than one bank would be counted more than once, leading to an over-estimation of access. An example of unique identity systems includes the Aadhar unique number in India, which meets KYC requirements and could soon be linked to all individual-level accounts.

#### **RECOMMENDATION 5**

##### ***Collect More Detailed Data on Customer Segments***

Financial institutions collect a variety of information on their clients. Mining existing data of financial service providers can help to disaggregate customer segments to accompany supply-side usage data, such as gender, age, income level, occupation/livelihood and combine this with usage indicators across different financial services.

#### **RECOMMENDATION 6**

##### ***Include More Firm Data, Especially That of MSMEs***

Financial inclusion is not only about households or individuals; it also includes micro, small, and medi-

um enterprises (MSMEs), which also require a suite of financial services. However, currently, few international or multi-country data collection and compilation initiatives focus extensively on MSMEs. Data on access to finance by microenterprises are especially challenging as it is not easy to count such enterprises. In many cases, microenterprises are unregistered businesses, and their use of formal financial services is difficult to distinguish from personal finance. The larger and more formal the firm, the easier tracking data ought to be. A major challenge in collecting cross-country comparable data on access to finance by SMEs is the lack of consensus across countries in how SMEs are defined. A variety of criteria is used by different countries or even by different agencies within one country, which are, in general, based on number of employees, assets, volume of sales, or loan sizes. Furthermore, within each criterion, different cutoffs are used by different countries. For example, while the majority of countries use having less than 250 employees as the cutoff for an SME, some have 50 employees as the cutoff.<sup>6</sup>

#### **RECOMMENDATION 7**

##### ***Promote Open Access to Data***

Ensuring open data access will lead to further knowledge creation and an improved understanding of problems and challenges, and as a result, better solutions and policies. However, some existing financial inclusion data initiatives—both at country level and on a global scale—are publicly unavailable in part if not fully. The benefits of open data access include increased awareness and transparency by encouraging use and also greater integration of different data sets to draw a more complete picture of financial inclusion.

6. For a variety of SME definitions used within and across countries, see CGAP and the World Bank Group (2010).



## Conversations on Data: Five Experts Share Their Perspectives

The previous sections describe the data landscape, with a focus on supply-side data. In this section we learn the perspectives of five experts who use data for practical purposes and as a tool in decision making. We interviewed policy makers from Asia, Africa, and Latin America and two market analysts from leading international groups in financial inclusion:

- **Diane Jocelyn Bizimana** is a supervisor in the Department of Bank and Microfinance Supervision at the Bank of the Republic of Burundi and is a member of the AFI Financial Inclusion Data Working Group.
- **Raúl Hernández-Coss** is director general for Access to Finance at the Mexican National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores [CNBV]), where he established a new area responsible for promoting financial inclusion. He is deputy executive secretariat for the National Council on Financial Inclusion of Mexico, co-chair of the Subgroup on Data and Measurement for GPF, and policy champion on data with AFI.
- **Marten Leijon** is chief executive officer of MIX, which provides objective, qualified, and relevant microfinance performance data and analysis on the institutions that provide financial services to the world's poor. He has many years of experience in leading advisory, information, and research businesses, with a primary focus on financial services.
- **David Porteous** is managing director of Bankable Frontier Associates, a consultancy firm based in Boston. He has undertaken consultancy assignments in the areas of financial strategy and policy for a wide range of public and private sector clients. Before relocating to Boston in 2004, he was active in executive leadership roles in the

development finance sector of South Africa with private and public financial institutions as well as FinMark Trust.

- **Hassan Zaman** is the senior economic adviser to the governor at Bangladesh Bank. His responsibilities include advising on financial inclusion issues. Before joining Bangladesh Bank, he was lead economist at the World Bank. During his 13-year career at the World Bank, his various responsibilities included working on microfinance projects in several countries. Before joining the World Bank, Zaman worked on microfinance issues at BRAC in Bangladesh.

### Data and transparency are vital for promoting financial inclusion

- Good data can help rally all stakeholders around a common goal or vision.
- Better data are vital for
  - Understanding and meeting client needs
  - Building stronger business models and improving the quality of financial services
  - Developing effective markets
  - Informing evidence-based policy development
  - Measuring progress on financial inclusion
- Data offer a factual basis for productive discussion and dialogue, setting the stage for analysis, consensus building, and informed decision making.

**BIZIMANA:** Unless you know what's going on from both the demand and supply sides, you can't know as a policy maker, what to do. It is through data that policy makers can comprehend how customers perceive financial services and products offered to them, to what extent those services and products meet clients' needs, and how providers can be more transparent to end-users. **Data are “a light” to see where we are and where we have to go.** Data collection is an issue that no country can avoid if one wants to make financial inclusion a reality.

**PORTEOUS:** Getting the big picture on financial inclusion is a bit like getting the view of the Earth from the moon landing in 1969, which led to a whole new appreciation of the Earth as a small planet, forming the basis for the growth of the ecological movement. We can't have a sense of proportion and needs without an overall view of financial inclusion and financial exclusion.

**HERNÁNDEZ-COSS:** The “why” of data collection has several angles, but there are three that are key: the important influence of data on policy to improve financial inclusion, support for financial institutions in developing business models that address financial inclusion, and the necessary information to measure progress on the actions implemented by authorities.

**LEIJON:** Collecting data is critical to enabling more effective markets for funding and delivering services that meet clients' needs and the sectors' aspirations for access and quality. From a more practical perspective, it comes down to rallying stakeholders around a goal—providing a fact base for productive discussion, a common language, an understanding of gaps and tools to track progress made.

**ZAMAN:** Without the right data, you can't know who's included in the financial system and who's

not, and there's no way a policy maker can make policy. Transparency is important for everyone, from the regulator to the consumer. Bangladesh Bank has launched an Open Data Initiative, with online access and downloadable files. There is a range of data (economic, exchange rates, national income data), and we will next bring in scheduled bank statistics. Beyond this, we need to have a good mapping of how the various initiatives Bangladesh Bank has in place for financial inclusion is making a difference in access indicators plus understand why there are variations in access. **We need to have wide availability of data: having an open data initiative requires a mindset shift.**

## Effective data collection requires starting with what you already have and building over time

- Getting started may be the hardest part; build on whatever you already have and take an incremental approach to make progress.
- Data collection costs money. Not every government will prioritize funding for financial inclusion data so, for some countries, external (donor) funding may be required.
- Data collection requires capacity, tools, and a systematic approach.
- There is not one approach to build useful data—the sources, institutional partnerships, methodologies, and choices in terms of breadth and depth of data differ.
- Rapid data feedback mechanisms to test the outcomes of policy changes and make adjustments as needed are critical.

**BIZIMANA:** Until now, all that the Bank of the Republic of Burundi has collected are regular data on providers' performance in compliance with the legal and regulatory frameworks in use. A project is underway, funded by GIZ/AFI, that will be the first national financial inclusion survey to be completed. It will be demanding and costly, and in a country like Burundi, it would not be possible without external funding.

**HERNÁNDEZ-COSS:** What's important is to trigger the first step. In Mexico, the creation of the National Council on Financial Inclusion puts a greater emphasis on measurement, because the discussion within Mexico requires data to inform policy. We wanted to know where we were because we cannot advance a financial inclusion agenda without knowing more about where we are coming from. The National Survey for Financial Inclusion will gather information to create a baseline for measuring financial inclusion in Mexico. Whatever the country context, identify the sources of data that a country already has.

**PORTEOUS:** National surveys are not for every country—they are often expensive, and there are risks of not doing it right. What may be more important and needed is to set up rapid data feedback mechanisms to test the outcomes of policy changes and make adjustments as needed. To be effective, these feedback mechanisms need to be designed in conjunction with the policy change, not left until it is too late.

**ZAMAN:** The Institute of Microfinance conducts a demand-side survey, and the microfinance data module from the 2010 national household income and expenditure survey is now being exploited. We want to embed this data collection in the national statistical office. ***It is vital to build data collection into existing structures and initiatives.*** Ideally, part of the national data collection effort would be funded by the public exchequer. The ideal would be for financial inclusion data to be given the importance of prices, national income, money supply, but financial inclusion will never get to this level of importance. Donor funding is therefore necessary, for periodic updates of the state of financial inclusion.

## Country ownership of data collection, across concerned agencies, is fundamental

- Country ownership of data collection processes and analysis is indispensable.
- Leadership ought to convene all national actors that can both source—and use—financial inclusion data.
- The right national champion can provide leadership while fostering commitment to data collection efforts among the range of financial inclusion stakeholders.
- Data can help break silos across country structures and set the stage for open, fact-based conversations and consensus building on policy.

**HERNÁNDEZ-COSS:** *Financial Access 2009* (CGAP and World Bank 2009) helped a lot to build awareness. Now countries need to take ownership of the process to link progress on their domestic agendas on financial inclusion with measurement. The actual institution collecting data doesn't matter as long as it champions the idea among other authorities. In our case, the president of CNBV was very supportive. One important institutional player is the National Institute of Statistics. You need to understand and determine the institutional arrangements in the country, whatever the name and position, to promote financial inclusion policies, which are often done in silos, without overall planning. ***Data could be a means to put the cards on the table; data are less controversial than policies and can get policy makers and regulators to start talking.***

**LEIJON:** Although there are clear benefits to fully scaled technology and global coordination to keep costs down and cross-market exchange strong, ultimately, local ownership of issues and possible solutions helps ensure that data inform decisions.

There are a wide variety of answers to who should “own” related processes. Regulators have a strong mandate in the regulated part of their market, but this can lead to an incomplete view of the full market. There is also a very important role played by local networks and associations, across a diverse landscape.

**ZAMAN:** Ownership should lie with national stakeholders. In our case, for financial inclusion broadly, there is a balance to be struck among the national statistical office, Bangladesh Bank, and the Microcredit Regulatory Authority. This is a shared responsibility. We need to rack our brains on how to do a better job of incorporating financial inclusion into data collection across agencies.

### **As data collection efforts progress, the integration and consolidation of data sets offer greater usefulness of data**

- The greatest value comes from putting different data sets together to tell a more complete and coherent narrative of financial inclusion.
- Getting to integration and consolidation is a process—you cannot move too quickly, but need to know where you want to get.
- Technology is playing an increasingly greater role and is opening the door to new opportunities.

**HERNÁNDEZ-COSS:** *Different dimensions of financial inclusion require different tools to measure progress.* Access requires supply-side data. Usage requires demand-side data. For financial literacy and consumer protection issues, demand-side data are not enough, focus groups or in-depth interviews with actual users will yield far richer insights. One critical point we need to address is timing. We may want to move faster, but we may not have the right tools to measure. We need to enhance the data. We need to cross data sets, for example, branch data with population data, identifying indicators that correlate poverty reduction with financial inclusion.

**LEIJON:** We are still learning about the range of data sets emerging across financial inclusion: their quality, scope, and freshness. We need to make sure that the information is meaningful for decision-making. Local data are stronger today than five years ago, by far. However, improvements can be made in connecting demand-side and supply-side data, for example, for addressing the goal of having a maximum distance to a bank, or the question of striking a balance between mobile banking versus branches. There is an opportunity for increasing granularity and integrating data with geographic overlay, such as linking branch-level data with physical infrastructure details. There is movement underway to have data sets speak to each other, and it needs to be accelerated. Integrating data sets is a focus of MIX. ***The issue is how to build bridges between islands of data in a meaningful way. It is the connection of data sets that will inform the broader debate.***

**PORTEOUS:** In more and more places, my wish is not for more data but for better integrated, conformable data that can be pieced together to form a coherent view of what’s going on in the country. Some of the financial inclusion reports being published by central banks start this process of combining and testing various sources of data into a coherent, credible narrative of inclusion.

## Moving from data to better policy and business decision-making

- Data alone are of nominal use. The goal is to inform better policy-making and business decisions and drive change.
- Understanding how to integrate data analysis into decision-making cycles and processes is key. It does not happen automatically.
- The “providers” of data and the “users” of data have to be in close contact.

**BIZIMANA:** Policy makers will depend on results of our survey to frame policy and strategies. For example (1) data on the geographic coverage of financial institutions may show that one area has a big concentration of financial institutions—this could lead to giving no new licenses where there is too much concentration of financial services already; (2) if it is found that a population is not using financial services, this information could lead to adding financial education programs to school curricula. Financial service providers can see what customers really need and what the barriers to access are (e.g., the conditions to open an account).

**HERNÁNDEZ-COSS:** There is value in the data in themselves (plain data, with angles on geographic access and usage, that everyone can access online and exploit) and in an analytical report, which becomes a tool to disseminate information on financial inclusion. It’s a great vehicle to keep financial inclusion on the map.

**LEIJON:** Data matter if they inform decisions and help drive change. At some level, you have to look at the locus of decisions and the locus of where data collection is owned. If there is too much distance between the two, data may be ineffective to drive change.

**PORTEOUS:** Governments are becoming more interested in evidence-based policy making. But what is evidence-based policy making? *Progress has been made on raw data collection; the current challenge is integrating the appropriate use of data into the policy making cycle and into product and channel design.*

One challenge is designing feedback loops so that the right indicators to assess the outcomes of policy are identified upfront and then collected and reported in a timely manner. It is no good relying on a triennial national survey to judge the outcome of new agent regulations, for example. These indicators then have to be reviewed in a disciplined fashion to draw conclusions and make adjustments where needed. Another is building measurement into the policy process. I heard recently of how Reserve Bank of India watched the implementation of the business correspondent model and realized that it wasn’t working. This allowed it to adjust the model.

**ZAMAN:** Bangladesh Bank has implemented financial inclusion initiatives via the banks and is using data to look at who’s doing more and who’s doing less. For example, the data used to monitor the financial institutions include data with regard to “10 Taka accounts.” It’s not about a target, but rather having Bangladesh Bank look at the banks’ performance, and for those who are lagging, call them up to gently encourage them to increase the number of accounts.

## International efforts play an important role in promoting data collection and use at the country level

- Global efforts and national efforts are mutually reinforcing.
- GPF’s Data and Measurement Sub-Group and AFI’s data measurement initiatives are paving the way to consensus on core indicators.

**HERNÁNDEZ-COSS:** We should move into an international agreement of the core set of financial inclusion indicators, and GPFI is planning to do just this, building on the AFI Financial Inclusion Data Working Group's core set of indicators (see Annex I). Sharing knowledge horizontally with other countries is powerful. Pulling together countries that share similar challenges is effective. One example is the establishment of a financial inclusion report for Brazil (Banco Central do Brasil 2010) following the establishment of the Mexican financial inclusion report (Comisión Nacional Bancaria y de Valores 2009).

**LEIJON:** Regional and global information helps to identify patterns, thereby driving new insights, helping to avoid mistakes, and identifying leverage points in multiple markets. For most countries,

there is a clear benefit of learning from others. Multilateral organizations shape policy. They need to work from a consistent database, recognizing patterns. International entities can ensure that there is international coordination that doesn't hamper local initiatives, can promote fascinating exchanges on infrastructure for aggregations, can promote the increased use of technology, and can develop standards.

**PORTEOUS:** *The international institutions can create greater coincidence of interests.* Countries are increasingly seeing the value of better data, so that collection is no longer forced on them by international bodies but also helps them directly. International organizations help ensure that surveys are repeated consistently to give trend data.



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## Annex I. The AFI Core Set

As a first step in establishing a common and basic set of financial inclusion indicators, AFI Financial Inclusion Data Working Group compiled the core set of indicators in 2011. This set includes a limited number of quantitative indicators that aim to measure and track the state of access and usage dimensions of financial inclusion for households.

The Core Set is, by design, a limited set constructed to guide countries in collecting a minimum number of indicators using a common framework for informed policy action, but it is not a comprehensive set of financial inclusion indicators. Table A lists the core set of indicators along with definitions.

**TABLE A AFI Core Set of Indicators**

Dimension	Definition of dimension	Core indicator	Proxy indicator	Definitional comments
Access	Ability to use formal financial services, i.e., minimal barriers to opening an account <ul style="list-style-type: none"> <li>Physical proximity</li> <li>Affordability</li> </ul>	<ol style="list-style-type: none"> <li>1. Number of access points per 10,000 adults at a national level and segmented by type and relevant administrative units</li> <li>2.1. Percent of administrative units with at least one access point</li> <li>2.2. Percent of total population living in administrative points with at least one access point</li> </ol>		Regulated access points where cash-in (including deposits) and cash-out transactions can be performed. Demand side indicators of distance may help here, but would be nationally determined.
Usage	Actual usage of financial services/ products <ul style="list-style-type: none"> <li>Regularity</li> <li>Frequency</li> <li>Length of time used</li> </ul>	<ol style="list-style-type: none"> <li>3.1. Percent of adults with at least one type of regulated deposit account</li> <li>3.2. Percent of adults with at least one type of regulated credit account</li> </ol>	<ol style="list-style-type: none"> <li>3.a. Number of deposit accounts per 10,000 adults</li> <li>3.b. Number of loan accounts per 10,000 adults</li> </ol>	Adult is 15 or older, or an age defined by country. Define active accounts and seek to measure in the future.

Note: Table reproduced courtesy of AFI (2011). *Measuring Financial Inclusion: Core Set of Financial Inclusion Indicators*. AFI Financial Inclusion Data Working Group Report, p. 3. <http://www.afi-global.org>





