

Demand factors that influence financial inclusion in Mexico: analysis of the barriers based on the ENIF survey

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Abstract

In Mexico 62% of adults between the ages of 18 and 70 do not have formal savings or credit products, even though 97% of adults have access to them through different channels. The difference between the supply and the effective use of the financial system means the existence of demand barriers that have not been explored fully so far. Thanks to the interest of the Mexican government in measuring and evaluating financial inclusion from the point of view of supply and demand, the first National Financial Inclusion Survey (Encuesta Nacional de Inclusión Financiera, ENIF) was applied in 2012 in Mexico. It has become a model in Latin America for the study of demand for financial services. Using ENIF data, and a probit model, we have analyzed the socioeconomic factors that from the point of view of individual demand, influence the decision of whether or not to use formal saving or credit financial services in Mexico. According to our analysis, the insufficiency or variability of income and self-exclusion are the most important barriers in the Mexican market. They are influenced by three types of factors: 1) variables that denote individual vulnerability, such as income level, gender, education and occupation; 2) geographical variables with respect to the size of the community in which the individual lives (towns with a population of less than 15,000 or more than 15,000; and 3) variables that appear related to a preference for the informal financial market, such as the capacity to respond to exogenous shocks and belonging to households with a capacity to save.

Keywords: financial inclusion, financial institutions, barriers, personal finance.

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