Factors that Matter for Financial Inclusion: Evidence from Peru

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Abstract

This study comprises a quantitative approach to the determinants of financial inclusion in Peru based on micro-data from surveys. Significant correlations are used to identify those socioeconomic characteristics that may affect financial inclusion (or exclusion) of households and enterprises. We also analyse the sensitivity to some barriers on the part of individuals who do not use banking services. The results show that the traditionally more vulnerable groups (women, individuals living in rural areas and young people) are those with the greatest difficulties in accessing the formal financial system. When it comes to financial products, loans and mortgages appear to be better drivers for financial inclusion than saving products. For enterprises, formality and education stand out as significant factors for financial inclusion. Finally, for individuals excluded from the financial system, factors such as age, gender, education and income level seem to affect perception of the barriers to financial inclusion. The identification of individual characteristics that could affect financial inclusion provides useful empirical evidence for designing policies that promote more inclusive financial systems.

Keywords: financial inclusion, economic development, personal finance.

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