

## DIGITAL ECONOMY

# Financial Inclusion Data: Taking Stock

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You are a beneficiary of data. The materials in those shoes you are wearing were chosen over other materials because of data on cost, durability, and consumer opinion. When you go to the supermarket, you can easily find the chocolate bars because data told company marketers that if the chocolate bars are at the front of the store, consumers will be more likely to buy them. When you use public transportation, the fare you pay is based on data on the cost of the system and estimates of how many riders there will be.

Some people think data is boring. For those people, we say “tough luck.” Data is inevitable. Data provides the information on which economic decisions are based. More data provides more knowledge, information and transparency, helping all economic agents make better decisions, and through this, increasing society’s welfare.

It is no wonder, therefore, that data is critical for financial inclusion, as the financial services industry expands its focus toward harder to reach and lower income populations. The data we have on consumers helps to better understand how quickly financial inclusion is catching on and to tool financial services products appropriately to different market segments. Data at higher levels helps too: information about financial services providers is essential for regulators to monitor the market. Data matters, and it will shape the path of financial inclusion.

Last month at the invitation and of the Inter-American Development Bank we met at the IDB’s Washington, D.C. headquarters with a group of people from many institutions across the financial services industry from large international organizations to small research institutions to global banks to take stock of what data is out there, how much information could be available, how it can best be used, and how data efforts can be improved. There have been strong efforts to improve data from the demand side (customers), such as the Global Findex. Despite many data collection initiatives on the supply side (providers), there are still gaps that could be important for improving and evaluating convenience and accessibility of potential financial services for those who are unbanked.

## Major data sources for financial inclusion

In the last few years, the number of data sources measuring aspects of financial inclusion has risen dramatically. Organized into number of markets covered, here are some of our go-to datasets:

- **Large Scope: 50+ markets**

**The World Bank Global Findex:** If you work in financial inclusion you probably already know about the Findex. Conducted in partnership with the Gallup World Poll, it’s a demand-side look at how individuals save, borrow, make payments, and manage risks. Country-level data that was collected in 2014 are available and the 2014 microdata (at the individual level) will soon be released. The survey includes the results of interviews with approximately 150,000 adults in over 140 countries. Along with 2014, Findex data was collected in 2011.

**The IMF Financial Access Survey:** This database offers a country-level assessment of the supply side including indicators like bank branch and ATM density, number of active deposit and mobile money accounts, number of loans, and more. The data span 11 years (the most recent year available is currently 2014) and 189 countries.

**The Global Microscope:** This yearly publication and excel model, carried out by the EIU, examines and ranks the environments for financial inclusion in 55 countries, an effort that has been refined since 2007 when it was focused exclusively on the environment for microfinance in Latin America. The data cover policy, government capacity, infrastructure, and stability, and provide deeper market-level insights in the publicly available Microscope Model.

**The World Bank Enterprise Surveys:** These surveys are conducted on 130,000 small and medium-size businesses in 135 countries, varying in quality, depth, and most recent year. Since about a decade ago, data collection was centralized within the Enterprise Analysis Unit in the World Bank, with a prescribed methodology. Questions relevant to financial inclusion include access to finance and informal sector practices.

**MixMarket:** This source remains the most reliable source on MFIs, including financial and social performance data submissions from over 2000 individual MFIs, covering over 100 markets. Some in-depth information requires a paid subscription, but for many users the free data are enough for research. Data go back as far as the early 2000s.

**Microinsurance Landscape Surveys:** The only major source of data on microinsurance that we could find when CFI wrote its By the Numbers report, these surveys on insurance policy are conducted in a different region each year, and allow for comparison across regions to better understand what types of microinsurance are being used. The most recent data are from 2014. Microdata are not available to our knowledge.

**The GSMA Global Adoption Survey of Mobile Financial Services:** This survey, with its participants including the major telcos who are GSMA members, looks at mobile money: credit, insurance, and savings. For those members who contribute data, GSMA provides an individual benchmarking report to show how the provider fares against its industry peers. For non-participants, a subscription is required to access market-level insights.

**The World Bank Global Payment Systems Survey:** While only conducted in 2008 and 2010, this seems to be the most comprehensive data available on payment systems worldwide. It covers 120 countries, with data dating back in many countries to 2004. The data cover volume and number of transactions in payment and settlement systems and have guided reform efforts in payments policy and regulation.

- **Small To Medium Scope: Up to 50 markets**

**The OECD Pisa Assessment:** Every three years, this survey is conducted to assess the education level, including the financial literacy, of 15 year-olds in over 70 economies. The Financial Literacy Module is available in 18 countries. The most recent survey was conducted in 2012.

**The FinScope Survey:** This survey has been conducted by Finmark Trust in 21 countries, primarily in Africa, to better understand the demand side of financial services (primarily banking). Data can be obtained for a fee in some cases.

**FinAccess:** This survey, conducted by FSD Kenya, was a 2013 deep-dive into financial services access and usage in Kenya. It covers similar information to the FinScope survey, but is conducted by a different institution.

**Financial Inclusion Tracker Survey:** Conducted by InterMedia, this survey and analysis focused on tracking whether and how mobile financial services improve people's lives over time.

**Finclusion.org:** A project of InterMedia, these data include time-series market deep-dives in Bangladesh, India, Indonesia, Kenya, Nigeria, Pakistan, Tanzania, and Uganda. The survey is a comprehensive and reliable source for understanding uptake and use of mobile money services, and the analysis is linked to qualitative research as well.

**FINclusion Lab:** This resource, which is part of the MIX, allows users to see supply-side data on a geospatial map, covering topics at the microdata level in 22 countries. The data come from both public sources, national governments, and industry insights, with MIX actively working with all data providers to ensure accurate and complete information.

**The Brookings Financial and Digital Inclusion Project:** The most recent addition to this list, this dataset assesses and ranks both the environment for and the uptake of mobile money in 21 countries. It uses existing data combined with its own assessment to better understand country commitment, mobile capacity, the regulatory environment, and the adoption of traditional and digital financial services.

## Major uses of data for financial inclusion: A bank's perspective

BBVA Research is an enthusiastic consumer of the data produced by the institutions listed above. When coupled with BBVA's internally-generated data, the result is a resource that helps the bank shape its financial inclusion strategy in new and innovative ways. And, of course, this resource is also a contribution for policy makers and those interested in better understanding the challenges of including those who are not participating in the financial system.

BBVA Research has explored the public information on financial inclusion. Some of this was already detailed and systematized information in the form of microdata, but other portions were scattered data, captured in different disorganized databases. Through BBVA Research's effort to collect and organize this data, the most comprehensive global data base for bank agents (also known as "banking correspondents") has been constructed. This information is considered key in assessing the current status of financial access and inclusion, especially in emerging economies.

Also, by this combining of relevant data bases, BBVA Research was able to construct an influential financial inclusion index, the BBVA Research Multidimensional Financial Index for Financial Inclusion. The BBVA Research index measures the efforts of more than 80 countries on financial inclusion. It considers three key financial inclusion dimensions: access, use, and barriers to use. The first dimension measures all the efforts made by financial institutions to provide different channels for financial intermediation. The second dimension takes into account the current participation of people in the financial system by using the channels available. The third dimension considers the structural factors that block efforts for expanding financial deepening. Variables such as trust of financial institutions, documentary burden for opening an account, cost of financial intermediation, and difficulties for accessing financial channels are some of the most relevant.

Currently, BBVA Research is working on new efforts to improve financial inclusion data by implementing SMS message-based randomized control trials on mobile money, taking advantage of the increasing use of mobile phones in emerging economies and the growing interaction with banking services. The experiment is being applied to BBVA clients considered part of the financial inclusion segment in order to understand how they save and the factors that might be important to improving money management behaviors. The results will contribute to strengthening BBVA's services offerings, and expand the status of data for financial inclusion.

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