

# Inclusión Financiera en Latinoamérica: Evidencia para México

**David A. Tuesta**

Sesión invitada: "Construyendo el camino a la inclusión financiera"

Asociación de América Latina y del Caribe (LACEA) & Encuentro Lationamericano de la Sociedad de Econometría (LAMES)

Reunión Anual 2013, 31 Oct - 2 Nov 2013, Mexico D.F.

# Summary and goals

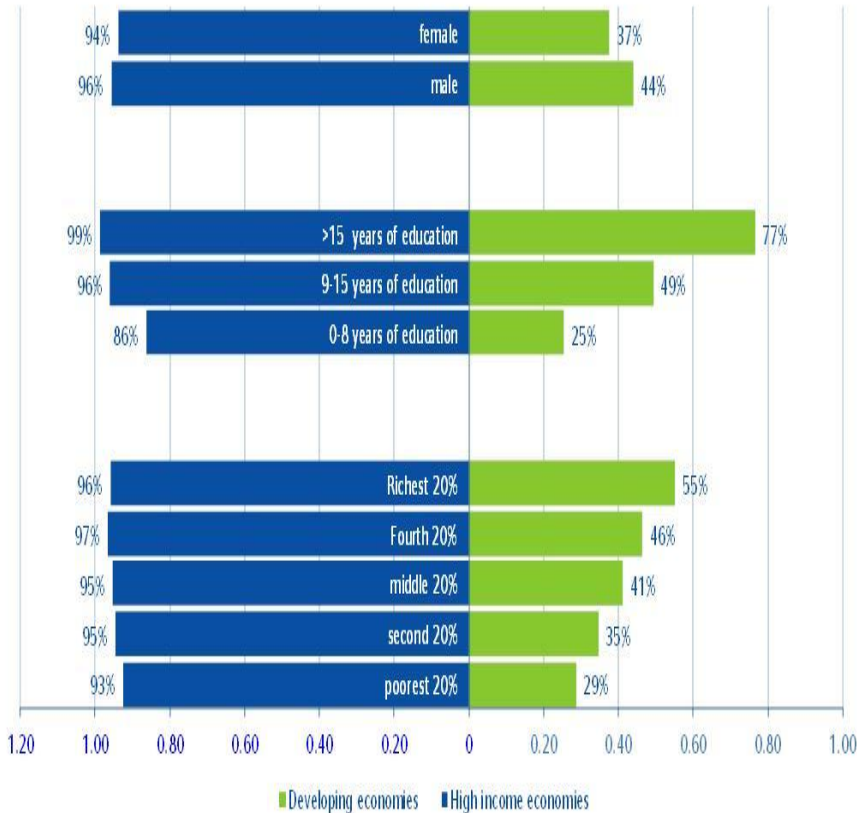
- To discuss the relevance of Financial Inclusion in the policy agenda
- To describe the state-of-the-art in LatAm and explore new available information (ENIF) on financial inclusion in Mexico
- To analyze the importance of socioeconomic individual's characteristics that affect the probability to be excluded by a specific barrier
- To think through about some hypotheses behind the results

# Financial inclusion: meaning and relevance

- «... *effective access to credit, savings, payments and insurance from formal service providers*» (CGAP)
- Affordability and sustainability. Not at any cost. The importance of economic development, product/service, innovation and regulation
- FI contributes to sustainable economic growth; welfare; savings; female empowerment, productive investment; and reducing the likelihood to fall in the poverty trap

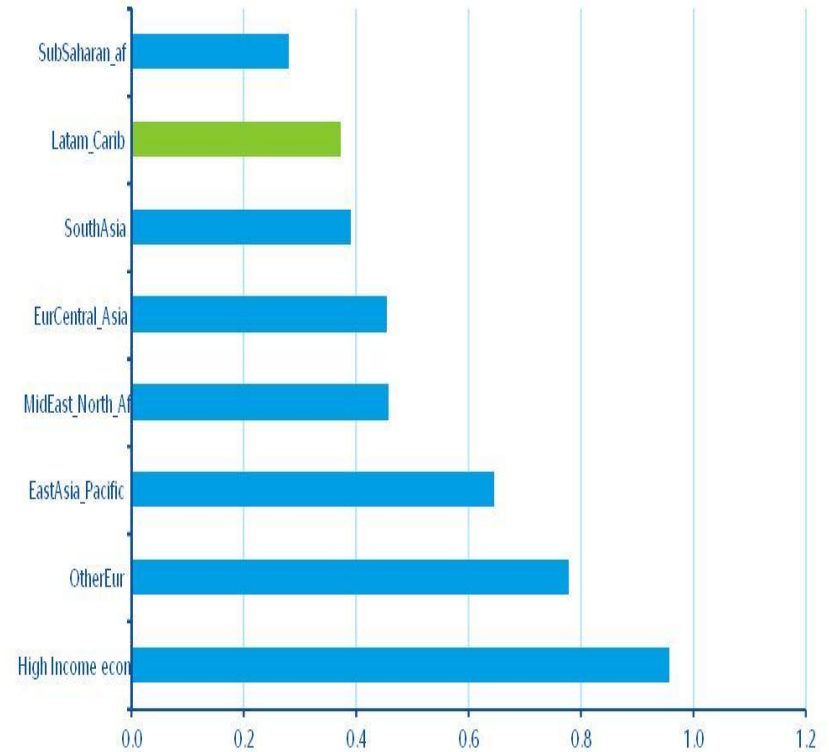
# Worldwide FI snapshot

## Worldwide Financial Inclusion, country's development and socioeconomic characteristics:



## Financial Inclusion by geography:

Source:BBVA Research with Global Findex



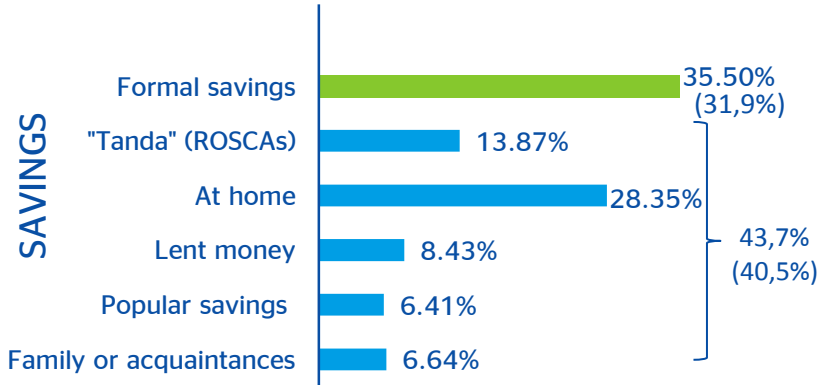
# National Survey on Financial Inclusion (ENIF) in Mexico

- An important initiative to track demand of formal and informal financial services. Credit and savings
- Data collection period: May 2012
- Interviews: 7012 households
- Target population: Adults (age between 18 and 70)
- Mode of interviewing: Face to face
- The sample was designed to be representative. Inference on 70 million adults

# FI in Mexico - ENIF

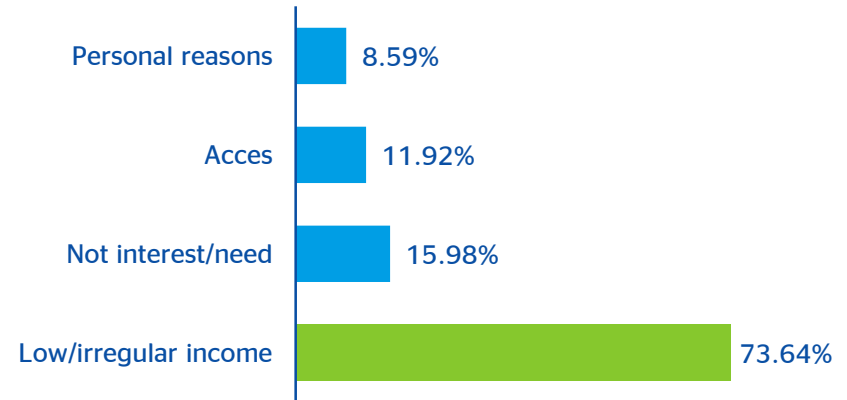
## Savings methods and sources of loans

Source:BBVA Research with ENIF

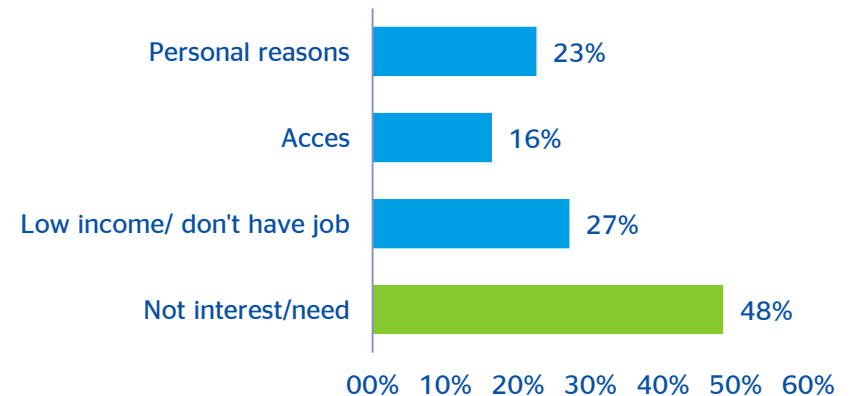
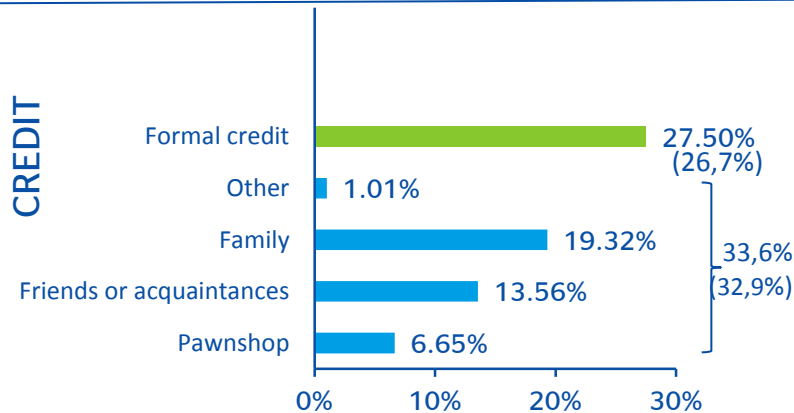


## Self-reported barriers to use formal financial services

Source:BBVA Research with ENIF



## CREDIT



# Probit self-reported barriers to use financial services (ENIF)

	Not interested		Low/irregular income		Access		Personal reasons	
	Coef.	Sign.	Coef.	Sign.	Coef.	Sign.	Coef.	Sign.
Female	-0.056**		-0.036*		0.016		0.022	
Age	-0.010**		0.001		0.005		0.001	
Age squared	0.000*		0.000		0.000		0.000	
Household size	-0.005		0.001		-0.004		0.002	
Household head	-0.033		0.035*		-0.004		0.008	
Married	-0.037		0.023		0.003		-0.012	
Primary or less	-0.010		0.104***		-0.026		-0.006	
Secondary	-0.010		0.042*		0.000		-0.009	
Housewife	-0.024		0.084**		0.027		0.102**	
Out of workforce	-0.032		0.078**		-0.009		0.030	
Remittances	-0.025		0.000		-0.040*		-0.002	
Home savings	0.043*		-0.147***		0.052***		0.120***	
Ability to manage shoks	0.077***		-0.175***		0.004		0.054**	
Municipalities with less than 15000 inhabitants	-0.011		0.062***		0.058***		0.021	
Income less than 3000 pesos	-0.082*		0.153***		-0.002		-0.011	
Income between 3000 and 4999	-0.081*		0.069**		-0.001		0.019	
Income between 5000 and 7999	-0.015		-0.004		0.065		-0.008	
Without income	-0.021		0.074**		-0.034		-0.106***	
Observations	3826		3826		3826		3826	
Wald test p-value	74.200		394.34		41.93		73.55	
Prob>chi2	0.000		0.000		0.000		0.000	
Pseudo R2	0.021		0.1411		0.0132		0.0229	

Source:BBVA Research with ENIF 2012

# Barriers to financial inclusion: ENIF México

Low/irregular income barrier		Not interested (self-exclusion)	
Increase	Reduce	Increase	Reduce
Lower Income (15.3% Income less than 3,000 pesos)	Female (-3.6%)	Ability to manage shock's (7.7%)	Less than 5,000 pesos (-8%)
Lower Education (Primary or less 10.4%)	Ability to manage shock's (-17.5%)	Households with savings (4.3%)	Female (-5.6%)
Head of Household (3.5%)	Households with savings (-14.7%)		Age (-1% , turning age: 54 year old)
Housewife (8.4%)			
Out of workforce (7.8%)			
Municipalities with less than 15,000 inhabitants (6.2%)			



# Demand barriers to financial inclusion: ENIF México

Access		Personal reasons	
Increase	Reduce	Increase	Reduce
Households with savings (5.2%)	Households with remittances (-4%)	Ability to manage shock's (5.4%)	Without income (-10.6%)
Municipalities with less than 15,000 inhabitants (5.8%)		Households with savings (12%)	
		Housewife(10%)	

## Concluding Remarks

- The analysis based on this new available information, give us a glimpse into how specific barriers affect people's perception on FI
- The estimates confirm the effect of well known variables on FI, especially those related with income and labor markets
- Gender, market size and the role of remittances stand out as potentially relevant issues for policy agenda
- Some results highlights the importance to think about the constraints imposing to FI by a long lasting interaction of individuals in the informal financial market
- In a context where FI is becoming a top issue in the global policy agenda, it is necessary further research on the topic and more detailed information at the individual level in Latin America

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## APPENDIX

**¿Por qué no tiene una cuenta bancaria?**

		%
Low income	No le alcanza, sus ingresos son insuficientes o variables	73.64%
Not interest	No le interesa o no la necesita	15.98%
	Los intereses son bajos	1.30%
	Las comisiones son altas	3.18%
	La sucursal le queda lejos o no hay	2.32%
Acces	Piden requisitos que no tiene	5.12%
	Prefiere otras formas de ahorro (tanda, guardar en su casa, etc.)	4.22%
Personal	No confía en los bancos	4.37%
	Otro	1.09%

**¿Por qué no tiene un préstamo, crédito o tarjeta de crédito?**

		%
Low income	No cumple con los requisitos (no tiene trabajo, ingresos insuficientes)	27.2%
Not interest	No le interesa, no lo necesita o no lo ha solicitado	48.4%
	Los intereses o las comisiones son altos	13.7%
	La sucursal le queda lejos o no hay	2.7%
Acces	No confía en los bancos o le dan mal servicio	3.2%
	No le gusta endeudarse	18.3%
Personal	Cree que lo van a rechazar	1.2%
	Otro	1.2%

# Self-reported variables for unbanked in Latin America - Global Findings

## Respondents could choose more than one reason

\* refers to the percentage of adults who reported only this reason

Source: BBVA Research with Global Findex data

