

Banking Watch

Mexico

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Economic Analysis

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The Mexican financial system retreated two places on the World Economic Forum's Financial Development Index 2012, despite an improvement in its overall score

- While the financial systems of the countries analyzed in the Financial Development Report appear to have slowed their progress on average, Mexico's score on the Global Financial Development Index improved by 0.09 points to 3.25 points. However, it fell back to 43rd place out of the 62 countries from 41st out of 60 in 2011.
- This result was influenced by changes in the measurement of some variables making up the indicator and the number of countries analyzed. Nevertheless, the increase in Mexico's score was lower in 2012 than in 2011, although higher than that of most countries in the EAGLE and EAGLE's Nest groups identified by BBVA Research.
- The biggest fall in Mexico's position was in the Financial Access pillar (44th vs 39th, down 0.14 points), partly due to changes in the variables used to measure access to financial services in this pillar, such as the addition of usage variables from a World Bank survey in which Mexico has a relatively low position. Its position also fell in the pillars of Business Environment (46th vs 44th, down 0.05 points) and Financial Markets (46th vs 43rd, up 0.04 points). In contrast, it improved its ranking in the other pillars of Institutional Environment (44th vs 45th, up 0.08 points), Banking Financial Services (43rd vs 47th, up 0.45 points), Non-Banking Financial Services (33rd vs 34th, up 0.03 points) and, in particular, Financial Stability (14th vs 21st, up 0.25 points).
- Mexico has to carry out reforms in the Institutional Environment, Banking Financial Systems, Non-Banking Financial Services, Financial Markets and Financial Access in order to close the gap with the five countries in the EAGLE and EAGLE's Nest groups with higher rankings in the Global Financial Development Index: South Korea (15th, 4.42 points), Malaysia (18th, 4.24 points), China (23rd, 4.00 points), South Africa (28th, 3.71 points) and Chile (29th, 3.69 points).

1. Adjustments to the construction of the 2012 Global Financial Development Index

The World Economic Forum (WEF) published its first Financial Development Report in 2008. In it financial development is defined as the factors, policies, and institutions that lead to effective financial intermediation and markets, as well as deep and broad access to capital and financial services. Financial development is measured by constructing a Global Financial Development Index (Global Index), with seven pillars constructed using over 120 variables; some of them measured qualitatively, through the Executive Opinion Survey that the WEF carries out each year, and others quantitatively, using various international and local sources (BIS, IMF, World Bank, etc.).

Some methodological adjustments have been made to the Global Index, although the structure of its seven pillars of financial development has been maintained. Although the most important adjustment was made in 2009, some variables were eliminated or replaced in 2012. Of particular note in terms of their impact on Mexico's score is the elimination of the variable measuring centralization in the design of economic policies, within the institutional environment pillar, and that measuring the number of point-of-sale terminals, within the access to financial services pillar. Both of these variables represented a competitive advantage for Mexico, as its score for each was higher than the average of the countries analyzed.

In fact, the access to financial services pillar was subjected to most adjustments, as in addition to eliminating the number of point-of-sale terminals, three new variables were included to measure use from the Global Financial Inclusion Index (Global Findex) that the World Bank began to collect last year through surveys of financial services users in 148 economies.¹ The three variables in question are:

- In the Market Penetration of Bank Accounts indicator the number of commercial bank accounts per 100,000 adults was replaced with the percentage of the population (of 15 years or older) with an account in a formal financial institution.
- The Total Number of Point-of-Sales terminals was replaced with Debit Card Penetration, measured as the percentage of respondents with a debit card.
- A Loan from a Financial Institution indicator was added, measured as the percentage of respondents who have borrowed from a financial institution in the past year.

In the table with Mexico's scores and ranking in the variables making up the Global Index presented in the appendix can be appreciated that Mexico's scores on these three new variables are clearly low among the sample of 62 countries.

The number of countries whose financial development was analyzed in 2008 was 52. Since then 11 countries have been added: Denmark, Jordan and Bangladesh in 2009; Morocco and Romania in 2010; Ghana, Tunisia and Tanzania in 2011; and Greece, Kenya and Portugal in 2012. This year, 62 of the 63 countries were analyzed as an important structural break was found in the Executive Opinion data in Tunisia, so this country was excluded.

The average score on the Global Index in 2012 was 3.72 points, higher than in 2011. The same is true in the average of the 60 countries analyzed in 2011, where the increase was from 3.67 to 3.73 points, and in the other samples of similar size of countries in 2012 with respect to other available years (Table 1). This is important to keep in mind because the changes in the measurement of this indicator in 2011 led to a slight reduction in 2011 on the previous year among the 57 countries sampled in 2010. Once more in 2012, the five countries with the highest scores in the Global Index were Hong Kong (5.31), the United States (5.27), the United Kingdom (5.21), Singapore (5.10) and Australia (5.01).

¹ For more details about the construction of the Global Findex, see:
<http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTRESEARCH/EXTPROGRAMS/EXTFINRES/EXTGLOBALFIN/O,contentMDK:23172731-pagePK:64168182-piPK:64168060-theSitePK:8519639,00.html>

Table 1

Score in the Global Financial Development Index of the countries analyzed in the WEF Financial Development Report: comparison by year and sample

Sample	Average score				
	2012	2011	2010	2009	2008
62 countries analyzed in 2012	3.72				
60 countries analyzed in 2011	3.73	3.67			
57 countries analyzed in 2010	3.76	3.72	3.75		
55 countries analyzed in 2009	3.79	3.75	3.77	3.79	
52 countries analyzed in 2008	3.79	3.74	3.76	3.77	4.06

Source: BBVA Research, using data from the WEF Financial Development Reports for 2011, 2010 and 2009.

Mexico's score in the Global Index increased by 0.09 points in 2012 on the 2011 figure, more than the average of the countries analyzed in both years. However, the rise was below the figure for the ten countries with the biggest annual growth in the Global Index (Table 2). This group of countries is made up of six developed and six emerging countries. It is worth noting that within the group South Korea is the only one of the countries that BBVA Research has identified as an EAGLE (E), defined as countries whose economic size and growth rates over the next 10 years will make a significant contribution to global economic growth; while Thailand is the only one classified as an EAGLE's NEST (N) country.²

Table 2

The ten countries that improved their score most in the Global Financial Development Index 2012

Country	Position	Score	Change 2012-2011		BBVA Research classification
			Position	Score	
Average of the 60 countries analyzed in both years		3.73		0.06	
Kuwait	21	4.03	-7	0.30	EAGLE
South Korea	15	4.42	-3	0.29	
Germany	11	4.61	-3	0.28	
Denmark	12	4.53	-3	0.23	EAGLE's NEST
Thailand	34	3.55	-1	0.23	
United Kingdom	3	5.21	0	0.21	
Sweden	10	4.71	-1	0.20	
Japan	7	4.90	-1	0.19	
Panama	36	3.42	-1	0.19	
Switzerland	8	4.78	-1	0.15	

Note: A negative change in position over 2012-2011 indicates a rise in the ranking.

Source: BBVA Research, using data from the WEF Financial Development Reports for 2012 and 2011 and García-Herrero, Navia and Nigrinis (2011).

This situation contrasts with that observed in 2011 when the 10 countries with the biggest growth in the Global Index included eight emerging countries (among them South Korea) that were classified as either E or N: Mexico (E), China (E), Brazil (E), the Philippines (N), Peru (N), South Korea (E), Poland (N) and South Africa (N).

2. The effects of the composition of the sample on Mexico's relative position

The growth in the sample size over the five years in which the Global Index has been calculated has affected Mexico's relative position. This effect can be illustrated if we compare the country's position within the complete sample (CS) with the position it would have occupied if the original sample of 52 countries had been maintained (fixed sample, FS). Chart 1 shows that its position in the complete sample has remained practically constant since 2008. However, using the fixed sample there were slight but constant falls until 2011, with an improvement between 2008 and 2012 of 3 places.

² The nine countries currently making up the group of EAGLEs (Emerging And Growth-Leading Economies) are: China, India, Brazil, Indonesia, South Korea, Russia, Mexico, Taiwan and Turkey. The 15 countries currently making up the EAGLE's Nest group are: Egypt, Chile, Thailand, Nigeria, Poland, Colombia, South Africa, Malaysia, Vietnam, Pakistan, Bangladesh, the Philippines, Argentina, Peru and the Ukraine. For more details on the methodology used to classify the economies as EAGLE or EAGLE's Nest, see García Herrero, A., Navia, D. and Nigrinis, M. (2011), "Las Economías Emergentes que Liderarán el Crecimiento. EAGLEs," ICE La Nueva Geografía de la Internacionalización, March-April 2011. No. 859. New approaches and changes in these classifications can be consulted at www.bbva.com.

The effect is seen more clearly in the case of the Institutional Environment (Chart 2). Within the complete sample the deterioration between 2008 and 2012 is of 13 places, while within the fixed sample it is of 7 places.

Chart 1
Global Financial Development Index
Comparison between complete (CS) and fixed (FS)
samples

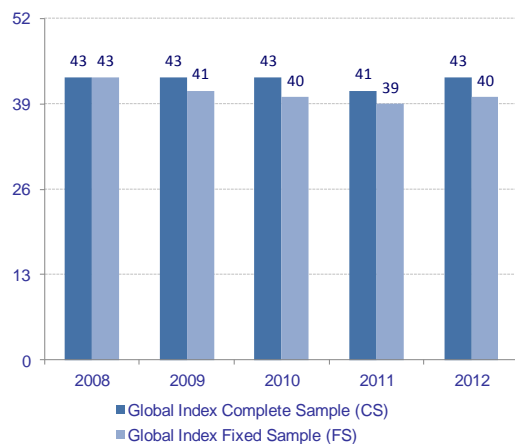
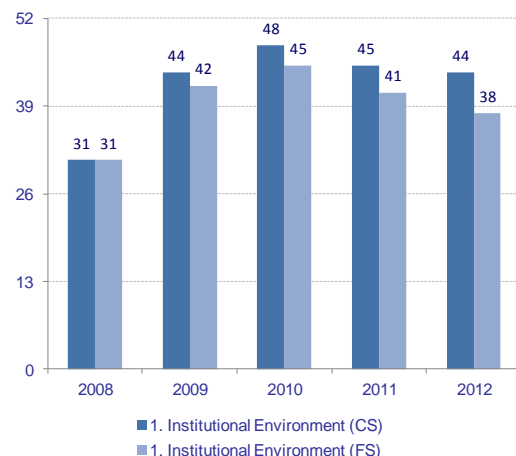


Chart 2
Pillar 1: Institutional environment
Comparison between complete (CS) and fixed (FS)
samples



Source: BBVA Research, using data from the WEF Financial Development Reports, various years.

In the case of Banking Financial Services, after the deterioration in 2009 constant improvements have been recorded, again more marked in the fixed sample. An improvement of 13 places was recorded in the fixed sample from 2009 to 2012, while in the complete sample this improvement was only of 9 places (Chart 3). In Financial Access there was a fall of 3 places over the last year in the fixed sample and 5 places in the complete sample (Chart 4). The above shows that the changes in the number of countries has a considerable effect on the relative position of Mexico year by year, regardless of the changes in the variables that make up the pillars, or any progress made in specific variables.

Chart 3
Pillar 4: Banking financial services
Comparison between complete (CS) and fixed (FS)
samples

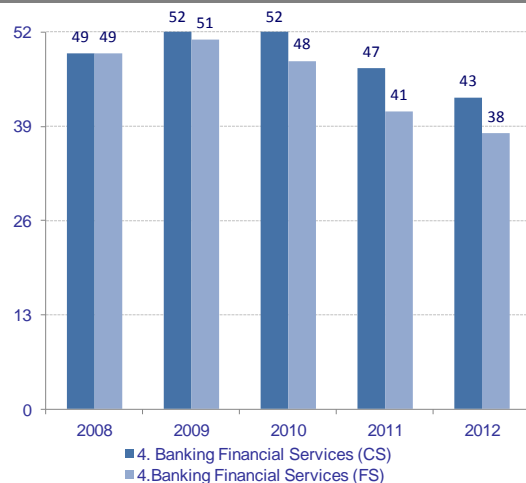
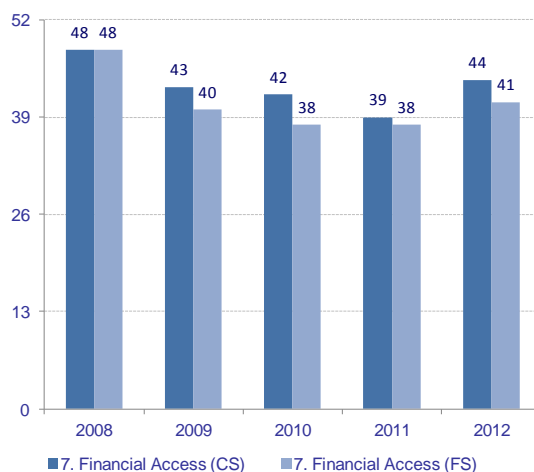


Chart 4
Pillar 7: Financial access
Comparison between complete (CS) and fixed (FS)
samples



Source: BBVA Research, using data from the WEF Financial Development Reports, various years.

3. Mexico's scores improved in five of the seven Global Index pillars

Mexico improved its score for five of the seven pillars of the Financial Development Index in 2012 compared with its 2011 figure: Pillar 1, Institutional Environment (3.78 vs 3.70 points); Pillar 3, Financial Stability (5.05 vs 4.80 points); Pillar 4, Banking Financial Services (3.25 vs 2.8 points); Pillar 5, Non-Banking Financial Services (2.03 vs 2.0 points); and Pillar 6, Financial Markets (1.64 vs 1.60 points). Despite the improved position in the financial markets pillar, there was a drop of 3 places in the ranking. In contrast, the score for the Pillar 2 Business Environment (4.05 vs 4.10) and Pillar 7 Financial Access (2.96 vs 3.1 points) fell (Table 3; for more details, see the appendix with information from the FDR).

Table 3

Score for Mexico in the WEF Financial Development Report by pillar: 2012 vs 2011

Category	2012		2011		Change 2012-2011	
	Score	Position	Score	Position	Score	Position
Global Index	3.25	43	3.20	41	0.05	2
Pillar 1: Institutional environment	3.78	44	3.70	45	0.08	-1
Pillar 2: Business environment	4.05	46	4.10	44	-0.05	2
Pillar 3: Financial stability	5.05	14	4.80	21	0.25	-7
Pillar 4: Banking financial services	3.25	43	2.80	47	0.45	-4
Pillar 5: Non-banking financial services	2.03	33	2.00	34	0.03	-1
Pillar 6: Financial markets	1.64	46	1.60	43	0.04	3
Pillar 7: Financial access	2.96	44	3.10	39	-0.14	5

Note: A negative change in position over 2011-2010 indicates a rise in the ranking.

Source: BBVA Research, using data from the WEF Financial Development Reports for 2012 and 2011.

The pillars with an improved score compared with 2011 were:

- Institutional Environment: Three of the four components of this pillar recorded an improved score in 2012 compared with 2011: corporate governance (0.10 points), legal and regulatory issues (0.20 points) and contract enforcement (0.10 points). The remaining subpillar, which registered a fall of 0.10 points, measures financial sector liberalization.
- Financial stability: This was the pillar in the Global Index where Mexico recorded the biggest progress, from 21st to 14th place. The Report highlights it as "a particular strength" of its financial system. This year there were improved scores in its three subpillars: the risk of currency crises (0.20 points); systemic banking crises (0.40 points); and sovereign debt crises (0.10 points). It is worth pointing out that in 11 of the 16 variables measured the scores obtained represent a comparative advantage, as they are higher than the average of the countries analyzed.
- Banking financial services: The subpillars encompassed by this pillar that measure size and efficiency showed increases of 2.00 and 1.10 points respectively; while the subpillar of financial information disclosure remained constant. Within the efficiency index, there were improved scores in four of the five variables: aggregate operating ratios (up 1.90 points); bank overhead costs (down 17.40 points); public ownership of banks (down 0.20 points); and the ratio of non-performing loans in the bank portfolio (down 0.70 points). The score obtained in the ratio of bank operating costs to assets remained constant.
- Non-banking services: Mexico gained places in this pillar, from 34th to 33rd, due to a slightly improved score (0.03 points). In fact, within the pillar it only improved its score for the subpillar measuring insurance (0.70 points), due to the growth in the variable measuring real growth of direct insurance premiums (up 9.90). This increase offsets the falls of 0.20 and 0.50 points in the subpillars of IPO activity and securitization, respectively. The score for M&A activity remained stable.

The pillars with the lowest score compared with 2011 were:

- Business environment: This pillar, which recorded a fall in its score (down 0.05 points) contains four subpillars. The scores for human capital and infrastructure fell by 0.10 and 0.20 points, respectively; while the score for the cost of doing business increased by 0.20 points. The score for taxes remained stable.

- Financial markets: Although the improved score for this pillar was better than for business environment (0.40 points), Mexico lost three places from 43rd to 46th. The scores for equity market development and derivatives markets both improved by 0.10 points, while that for foreign exchange markets remained constant, and for bond market development fell by 0.10 points.
- Financial access: This pillar recorded the biggest fall in both score (down 0.14 points) and relative position (from 39th to 44th place). It contains a component that measures commercial access and another that measures retail access. In the commercial access component, which is measured mainly through the qualitative variables of the WEF Executive Opinion Survey, Mexico's score improved by 0.20 points. In contrast, the score for retail access, which is measured through variables collected in the Global Findex, fell by 0.40 points. As mentioned before, contributing to this deterioration was the addition of usage variables in which Mexico has a relatively low ranking (market penetration of bank accounts and debit card penetration). In addition, although both the number of commercial bank branches and the number of ATMs increased, by 0.50 and 2.50 points respectively, in the case of branches there was a rise from 39th to 31st place, resulting in a comparative advantage, while in the case of ATMs there was a drop from 31st to 37th. In addition, the variable measuring loan accounts at microfinance institutions is important, because it only affects the score of the 27 countries in which such institutions exist, and because Mexico remains in third place with 57.7 accounts per 1,000 adults, in third place to Peru (121.19) and Vietnam (100.50) and slightly above Colombia (50.34) and Bangladesh (45.99). This ranking is also classified as a comparative advantage in the report.

4. Mexico's scores with respect to the EAGLE (E) and EAGLE's NEST (N) countries

As pointed out in section 1, in 2012 various developed countries saw their respective positions in the Global Index rise significantly. Mexico was not among the group of 10 countries with the biggest growth in this indicator. However, comparing Mexico with the group of E and N countries reveals that Mexico's annual growth of 0.09 points in the Global Index was greater than the average of E countries (0.07), N countries (0.02) and both taken together (0.03) (Table 4). Nevertheless, Mexico still requires a significant improvement in its Global Index score to rise to the level of countries with better ranked financial systems in these reference groups, such as South Korea (4.42), Malaysia (4.24), China (4.00), South Africa (3.71) and Chile (3.69), as except for the financial stability and business environment pillars these five economies have higher scores than Mexico (Chart 5).

Assessment

Because the Global Index is a relatively recent indicator, the regular revision of the countries included and the variables in each pillar shows the importance of putting the changing positions into context and focusing on the points obtained, as these are a better reflection of development in the financial systems.

Mexico fell two places in its relative ranking in the 2012 Global Index compared with 2011 levels. This is due to three factors. First, there were changes in the variables measured to construct this indicator, which affected Mexico's position adversely with respect to the countries analyzed in 2011. It scores worse on these changed variables, particularly those relating to the use of financial services, which were added to the retail access pillar. Second, the addition of a country with a more developed financial system than Mexico (Portugal) also contributed to its decline. Third, the score on the Global Index that Mexico recorded in 2012 compared with 2011 did not increase as much as in 2011 with respect to 2010. This fact is not trivial, and indicates the importance of renewing progress in legal and regulatory reforms that boost financial development, including both specific reforms of the financial sector and the institutional and business environment.

Among the reforms to improve the financial sector are those that allow credits and deposits to be increased as a proportion of GDP. In previous issues of *Mexico Banking Watch* there was mention of the benefits that would be achieved by, for example, having a universal credit bureau or expanding the network of access points to banking services through new platforms of correspondents and mobile banking. This would improve access conditions, particularly in small towns and remote areas. In both cases, coordination and joint action is required between government and the financial institutions. Reforms to improve the business environment include

the areas of telecommunications infrastructure (Internet, fixed telephony and mobile telephony) and electrical power. Better quality infrastructure would undoubtedly also improve the conditions of financial services available.

Table 4

EAGLE and EAGLE's NEST countries: ranking according to the 2012-2011 change in the Global Financial Development Index score

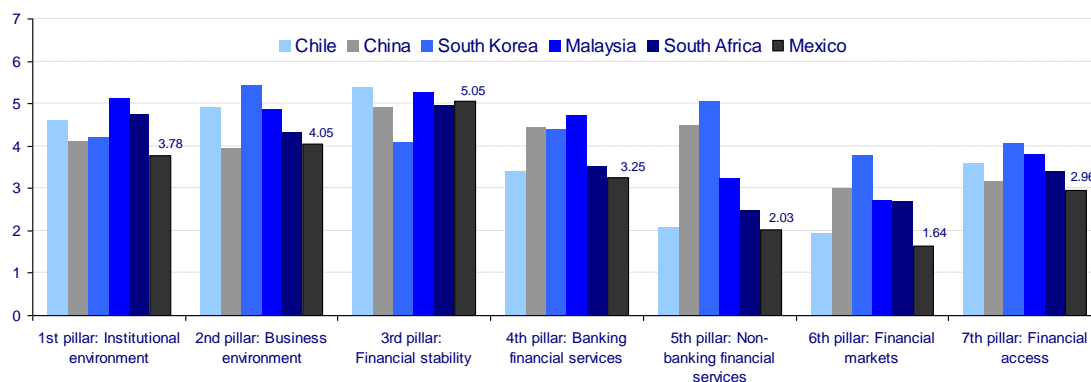
Country	Position	Score	Change 2012-2011		BBVA Research classification
			Position	Score	
Average of 8 EAGLE (E) countries		3.51		0.07	
Average of 15 EAGLE's Nest (N) countries		3.12		0.02	
Average of both groups		3.26		0.03	
South Korea	15	4.42	-3	0.29	E
Thailand	34	3.55	-1	0.23	N
Turkey	42	3.27	-1	0.13	E
Russia	39	3.30	0	0.12	E
Peru	41	3.28	1	0.12	N
Mexico	43	3.25	2	0.09	E
Chile	29	3.69	-2	0.08	N
South Africa	28	3.71	-1	0.07	N
Colombia	46	3.15	1	0.06	N
Bangladesh	57	2.62	1	0.04	N
Indonesia	50	2.95	-1	0.03	E
Pakistan	58	2.61	3	0.03	N
Nigeria	61	2.46	1	0.02	N
Malaysia	18	4.24	2	0.00	N
Brazil	32	3.61	2	0.00	E
India	40	3.29	4	0.00	E
Philippines	49	3.12	5	-0.01	N
Argentina	55	2.68	2	-0.01	N
Poland	37	3.41	4	-0.04	N
Vietnam	52	2.92	2	-0.06	N
Ukraine	59	2.56	5	-0.06	N
China	23	4.00	4	-0.12	E
Egypt	53	2.78	4	-0.21	N

Note: A negative change in position over 2012-2011 indicates a rise in the ranking.

Source: BBVA Research, using data from the WEF Financial Development Reports for 2012 and 2011 and García-Herrero, Navia and Nigrinis (2011).

Table 4

Mexico and the five EAGLE or EAGLE's NEST countries with the highest score in the Global Financial Development Index



Source: BBVA Research, using data from the WEF Financial Development Reports for 2012 and García-Herrero, Navia and Nigrinis (2011).

Appendix

Mexico's scores in the WEF Financial Development Report: 2012, 2011 and 2010

|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

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Source: BBVA Research with data from the WEF Financial Development Reports for 2012, 2011 and 2010

Mexico's scores in the WEF Financial Development Report: 2012, 2011 and 2010 (contd.)

Pillar	Code	Variable	Executive Opinion Survey?	Weight in Global Index (%)	Development advantage in 2011?	Development advantage in 2012?	Score 12	Rank 12	Score 11	Rank 11	Score 10	Rank 10	Variation Score 12-11	Variation Rank 12-11	Variation Score 11-10	Variation Rank 11-10
5th pillar: Non-banking financial services				14.29			2.03	33	2.00	34	2.00	39	0.03	-1	0.00	-5
IPO activity				25.00			1.30	36	1.50	39	1.60	27	-0.20	-3	-0.10	12
	5.01	IPO market share			Yes	Yes	0.40	27	0.50	18	0.90	24	-0.40	9	-0.10	-6
	5.02	IPO proceeds amount					0.10	37	0.10	31	0.10	38	0.00	6	0.00	-8
	5.03	Share of world IPOs			Yes	Yes	0.20	30	0.30	30	0.20	40	-0.10	0	0.10	-10
M&A activity				25.00			1.90	33	1.90	31	1.40	43	0.00	2	0.50	-12
	5.04	M&A market share			Yes	Yes	0.40	20	0.90	19	0.50	25	-0.50	1	0.40	-6
	5.05	M&A transaction value to GDP					2.10	40	2.40	39	1.60	49	-0.30	1	0.80	-10
	5.06	Share of total number of M&A deals					0.40	32	0.40	31	0.40	31	0.00	1	0.00	0
Insurance				25.00			2.50	42	1.80	49	2.10	45	0.70	-7	-0.30	4
	5.07	Life insurance density					0.90	40	0.90	38	0.90	39	0.00	4	0.00	-3
	5.08	Non-life insurance density					1.10	48	1.00	46	1.10	43	0.10	2	-0.10	3
	5.09	Real growth of direct insurance premiums				Yes	9.90	11	0.00	42	0.00	18	9.90	-31	0.00	24
	5.10	Life insurance coverage			Yes	Yes	1.00	17	0.90	18	0.90	77	0.10	-1	0.00	-59
	5.11	Non-life insurance coverage				Yes	1.20	17	1.10	17	1.20	16	0.10	0	-0.10	1
	5.12	Relative value-added of insurance to GDP					0.40	53	0.30	55	0.30	54	0.10	-2	0.00	1
Securitization				25.00			2.40	19	2.90	16	2.90	19	-0.50	3	0.00	-3
	5.13	Securitization to GDP			Yes	Yes	0.60	20	0.70	16	1.30	28	-0.10	4	-0.60	-12
	5.14	Share of total number of securitization deals			Yes	Yes	1.10	13	1.60	9	1.30	11	-0.50	4	0.30	-2
6th pillar: Financial markets				14.29			1.64	46	1.50	43	1.60	47	0.04	3	0.00	-4
Foreign exchange markets				20.00			1.30	27	1.30	27	1.30	23	0.00	0	0.00	4
	6.01	Spot foreign exchange turnover			Yes	Yes	0.30	23	0.30	23	0.40	22	0.00	0	-0.10	1
	6.02	Overnight forward foreign exchange turnover			Yes	Yes	0.20	28	0.20	28	0.10	32	0.00	0	0.10	-4
	6.03	Foreign exchange swap turnover			Yes	Yes	0.40	21	0.40	21	0.50	21	0.00	0	-0.10	0
Derivatives markets				20.00			1.50	28	1.40	28	1.50	29	0.10	0	-0.10	-1
	6.04	Interest rate derivatives turnover: Forward rate agreements					0.00	32	0.00	31	0.10	24	0.00	1	-0.10	7
	6.05	Interest rate derivatives turnover: Swaps			Yes	Yes	0.10	23	0.10	23	0.20	21	0.00	0	-0.10	2
	6.06	Interest rate derivatives turnover: Options			Yes	Yes	0.00	23	0.00	23	0.10	21	0.00	0	-0.10	2
	6.07	Foreign exchange derivatives turnover: Currency swaps			Yes	Yes	0.30	23	0.30	23	0.00	34	0.00	0	0.30	-11
	6.08	Foreign exchange derivatives turnover: Options			Yes	Yes	0.10	24	0.10	23	0.10	26	0.00	1	0.00	-3
Equity market development				30.00			1.60	50	1.50	45	1.50	47	0.10	5	0.00	-2
	6.09	Stock market turnover ratio					33.00	43	47.80	33	37.50	39	-14.80	10	10.30	-6
	6.10	Stock market capitalization to GDP					39.50	39	64.70	38	51.50	39	-25.20	1	13.20	-1
	6.11	Stock market value traded to GDP					9.20	45	23.20	36	17.20	36	-14.00	9	6.00	0
	6.12	Number of listed companies per 10,000 people					0.00	61	0.00	52	0.00	50	0.00	9	0.00	2
Bond market development				30.00			2.00	34	2.10	28	2.00	32	-0.10	6	0.10	-4
	6.13	Private domestic bond market capitalization to GDP			Yes	Yes	15.50	25	16.10	25	17.70	23	-0.60	0	-1.60	2
	6.14	Public domestic bond market capitalization to GDP					22.00	34	22.00	35	22.80	32	0.00	-1	-0.80	3
	6.15	Private international bonds to GDP					5.90	35	5.80	34	6.10	30	0.30	-1	-0.50	4
	6.16	Public international bonds to GDP			Yes	Yes	4.00	28	4.20	27	5.00	22	-0.20	1	-0.80	5
	6.17	Local currency corporate bond issuance to GDP			Yes	Yes	0.60	23	1.00	14	0.50	27	-0.40	9	0.50	-13
7th pillar: Financial access				14.29			2.96	44	3.10	39	3.00	42	-0.14	5	0.10	-3
Commercial access				50.00			3.30	41	3.10	46	2.80	52	0.20	-5	0.30	-4
	7.01	Financial market sophistication			Yes		4.90	33	4.90	33	4.60	37	0.00	0	0.30	-4
	7.02	Venture capital availability			Yes		2.60	40	2.50	44	2.30	48	0.10	-4	0.20	-4
	7.03	Ease of access to credit			Yes		3.70	34	3.40	32	2.50	46	0.30	-2	0.90	-14
	7.04	Financing through local equity market			Yes		3.60	44	3.50	50	3.00	49	0.10	-6	0.50	-1
	7.05	Ease of access to loans			Yes		2.60	43	2.40	49	2.40	48	0.20	-6	0.00	1
	7.06	Foreign direct investment to GDP					1.70	42	1.80	34	2.50	42	-0.10	8	-0.70	-8
Retail access				50.00			2.70	42	3.10	26	3.10	23	-0.40	16	0.00	3
	7.07	Market penetration of bank accounts			Yes		23.40	51	109676.30	20	109676.30	20	N.A.	31	0.00	0
	7.08	Commercial bank branches			Yes	Yes	15.20	31	14.70	29	14.70	29	0.50	-2	0.00	0
	7.09	Total number of ATMs					47.30	37	44.80	31	44.80	31	2.50	6	0.00	0
	7.10	Debit card penetration					22.30	45					22.30	N.A.		
	7.10	Total number of point-of-sale (POS) devices			Yes				692-49	24	692-49	24	-692-49	-24	6-99	-9
	7.11	Loan accounts at MFIs			Yes	Yes	57.70	3	42.70	3	21.00	4	15.00	0	21.70	-1
	7.12	Loans from a financial institution					7.60	45					7.60	N.A.		

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