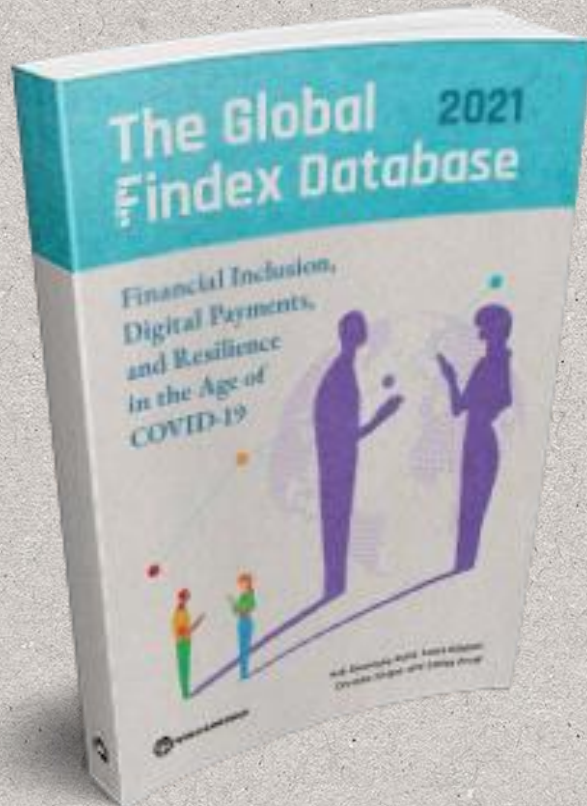


The Global Findex Database 2021

Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19



REPORT HIGHLIGHTS

DECRG Policy Research Talk

November 15, 2022

Why does financial inclusion matter?

- **Financial inclusion** means that adults have access to appropriate financial services and can effectively use them to safely manage their money, save, and invest in their financial wellbeing. “Appropriate” services are provided *responsibly* and *sustainably* in a *well-regulated* environment.
- Financial Inclusion serves development goals in the following ways:
 - **Increases income**
 - **Increases resilience**
 - **Increases transparency**

Financial inclusion can increase incomes, resilience, and transparency, *especially for women*

Households with accounts are better able to smooth consumption and accumulate savings

- **Accounts enable more income-generating investments**
 - In Kenya, women merchants who received a basic account invested more in their businesses; and spent 13% more on food and 38% more on private expenses
- **Accounts increase privacy and control over money**
 - In Niger, mobile cash transfers strengthened women's bargaining power, boosted spending on nutritious foods, and increased time on productive tasks
 - Women in the Philippines who used a savings account reported greater control over household decisions and increased spending on items they needed
- **Direct payments are less expensive to send and receive, are more secure, and are less vulnerable to theft**
 - Garment workers in Bangladesh increased local savings after employers switched to electronic wage payments
- **Savings and insurance help households meet unanticipated expenses**
 - Access to insurance helped women farmers in Burkina Faso and Senegal increase yields and manage food security

Global Findex: Motivation & methodology

- Since 2011, the first and only comprehensive source of global demand-side data on financial inclusion
- Answers questions about how adults worldwide manage their money, make and receive payments, save, borrow, and manage financial risks
- Provides metrics on women, rural residents, and low-income households
- Tracks global policy and progress on improving financial inclusion
- Encourages further research



Global Findex 2021 Thematic Main Messages

Technology enabled accounts:

- Digital financial services (mobile money, cards, and e-wallets) have catalyzed account usage by facilitating payments, saving, storing money, and borrowing
- Mobile money in Sub-Saharan Africa and Asia has driven growth in account ownership, digital payments, and formal savings

Gender:

- In developing economies, the gender gap across access and usage remains—but has significantly narrowed

COVID-19:

- In some economies, the pandemic accelerated the use of digital payments

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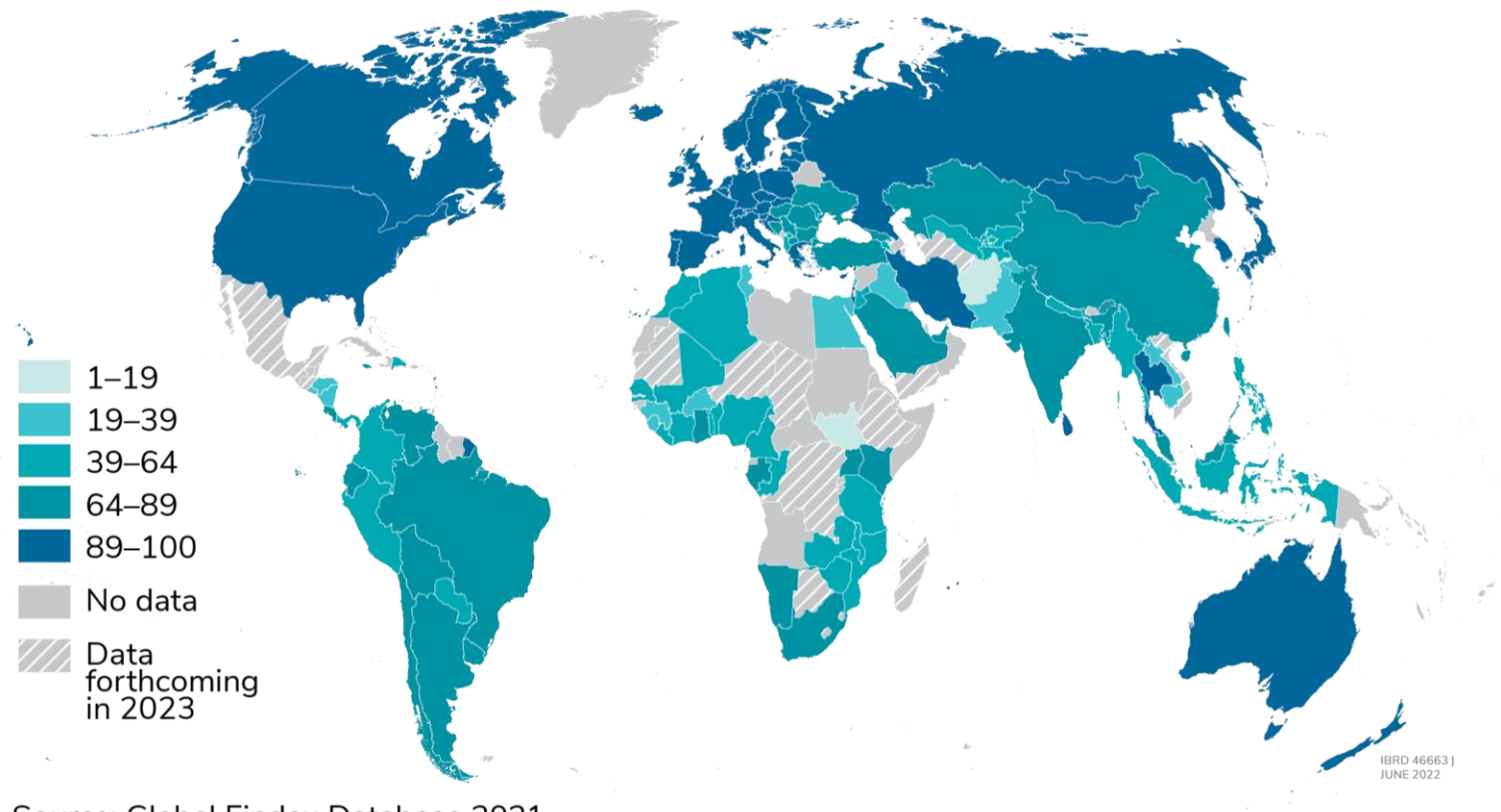
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Account Ownership

Financial account ownership continues rise globally

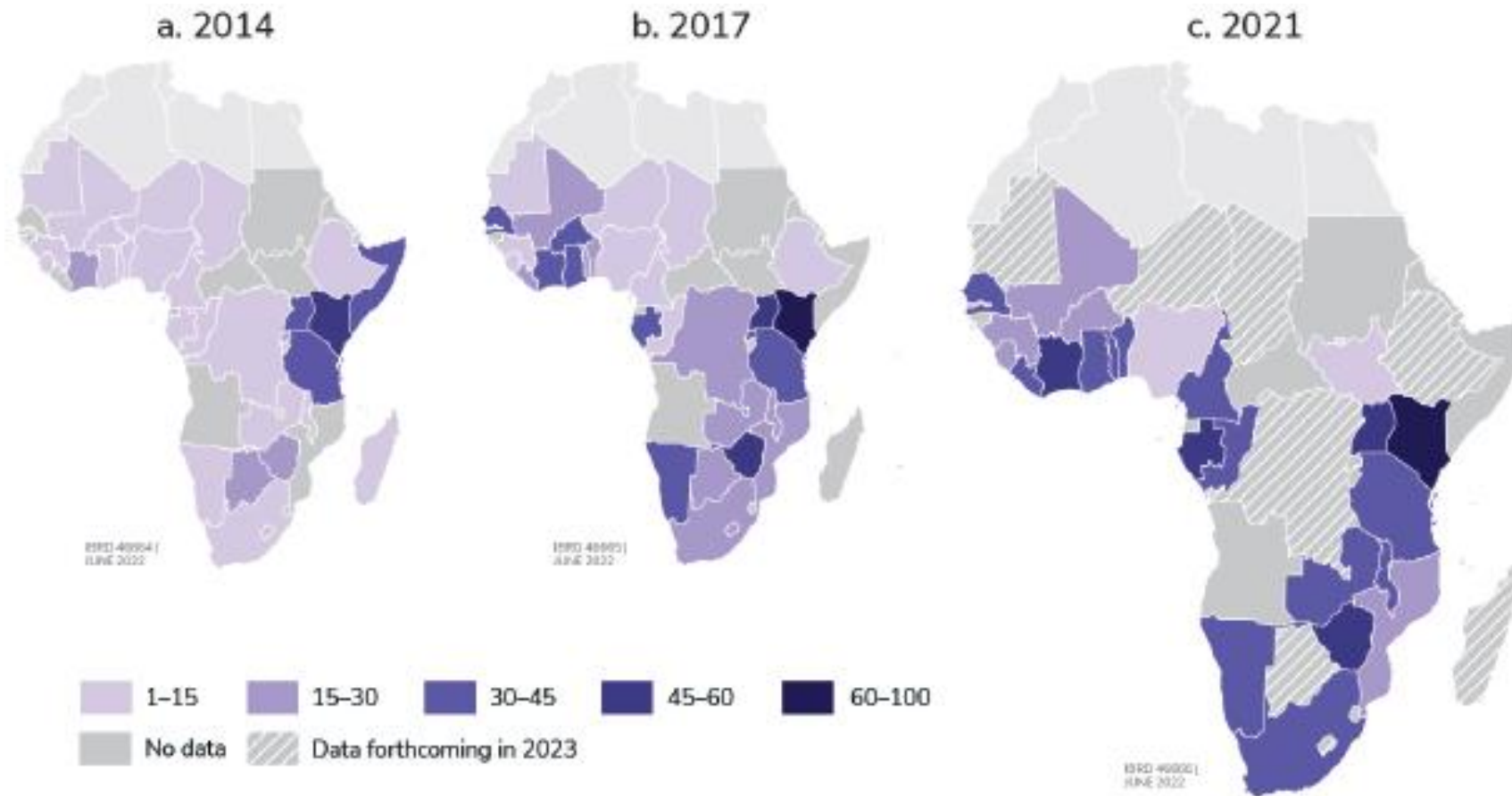
Account ownership rates vary across the world
Adults with an account (%), 2021



Source: Global Findex Database 2021.

Mobile money has become an important enabler of financial inclusion in Sub-Saharan Africa and some other economies

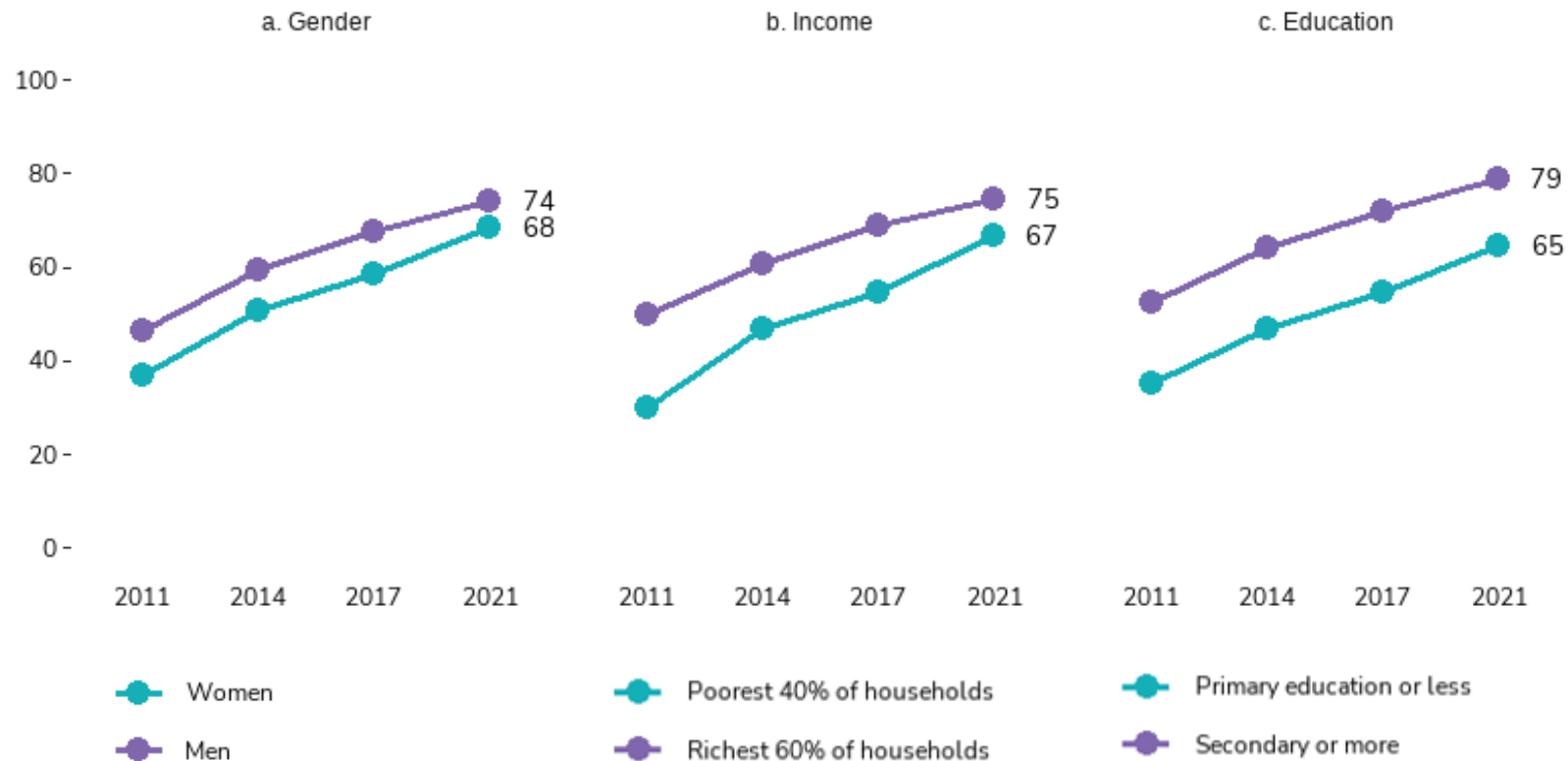
Adults with a mobile money accounts (%), 2014, 2017, 2021



Source: Global Findex Database 2021.

Account ownership is close to 80 percent in most large developing economies

Account ownership in developing economies Adults with an account (%), 2011- 2021

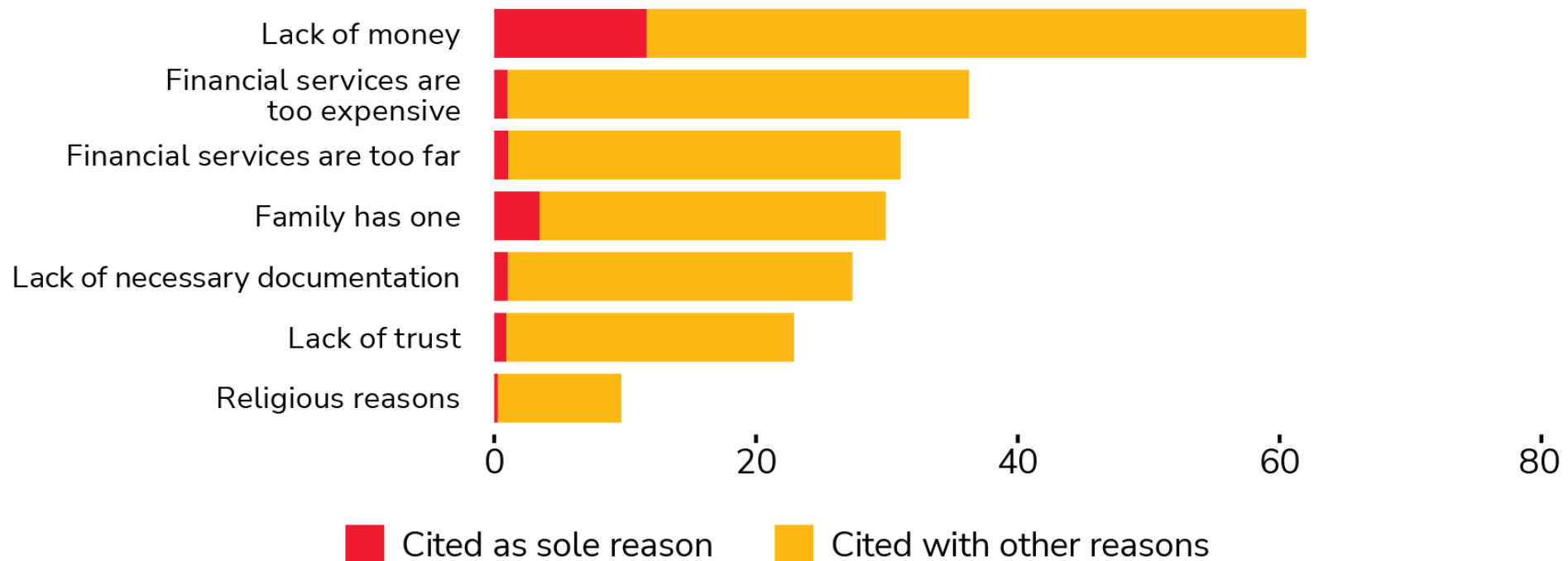


Source: Global Findex Database 2021.

1.4 billion adults worldwide remain unbanked

Lack of money, among other reasons, is often a barrier for not having a financial Institution account (excluding mobile money)

Adults with no account (%) citing a given barrier as a reason for having no financial institution account, 2021

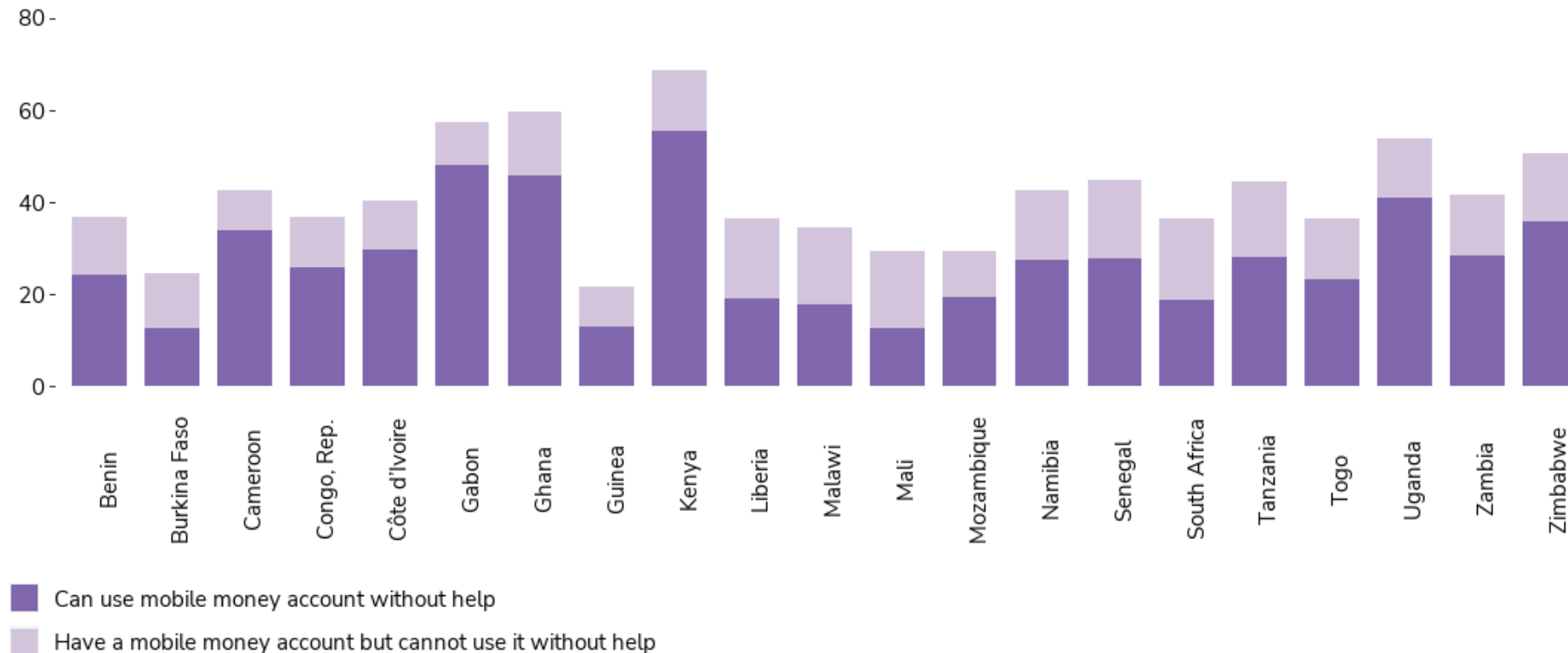


Source: Global Findex Database 2021.

Note: Respondents could choose more than one reason.

In Sub-Saharan Africa, about 30% of mobile money account owners need help using their account

Adults with a mobile money account, 2021



Source: Global Findex Database 2021.

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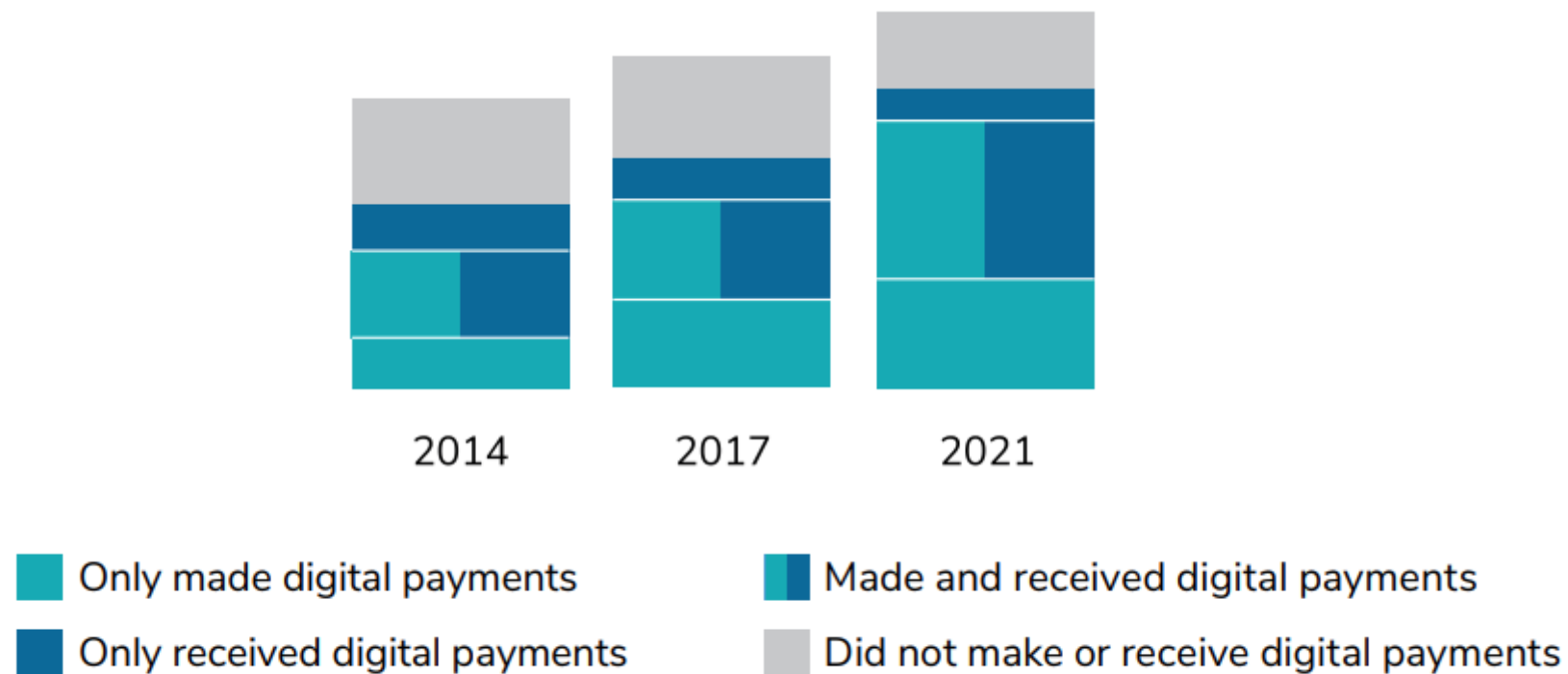


Usage of Accounts

More adults in developing economies are making or receiving digital payments: 57% in 2021 up from 35% in 2014

The largest share of digital payment users both made and received payments (versus only made or only received)

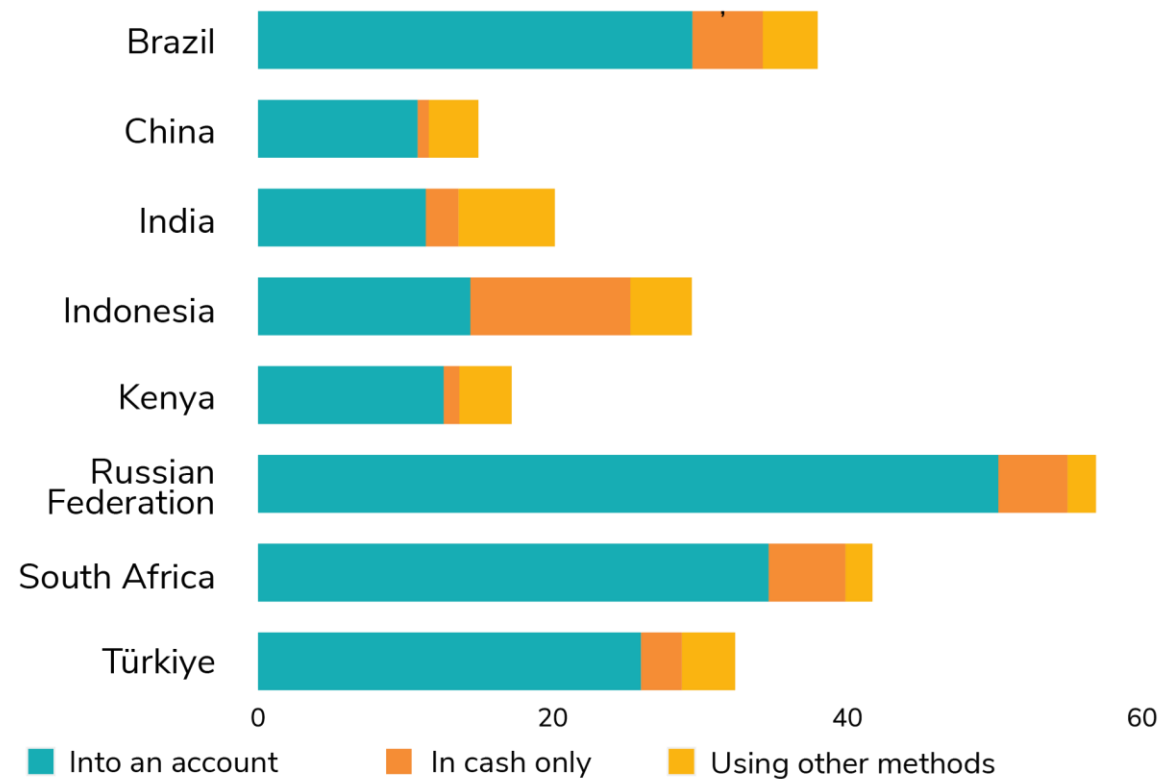
Adults with an account(%), 2021



Source: Global Findex Database 2021.

Most adults receiving government payments did so into an account

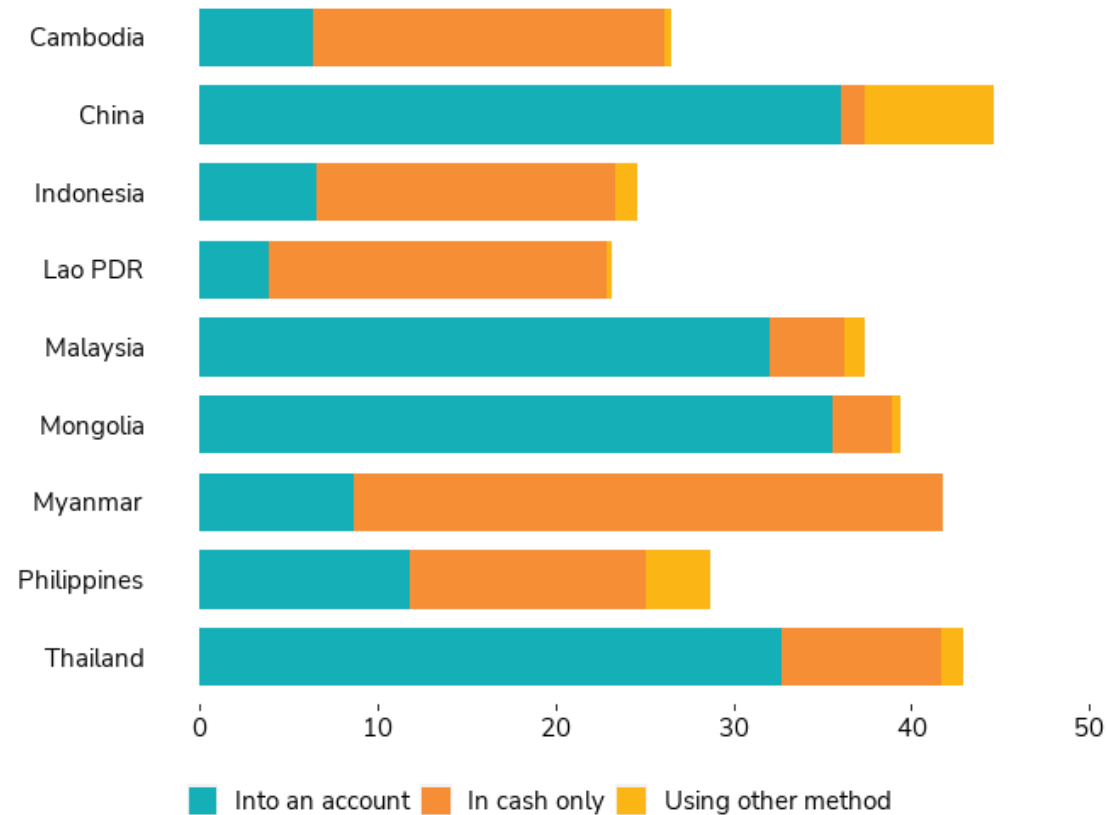
Adults receiving public sector wage or government transfers or pensions in the past year (%), 2021



Source: Global Findex Database 2021.

Digitalization of private sector wage payments varied across economies in East Asia

Adults receiving private sector wages in the past year (%), 2021



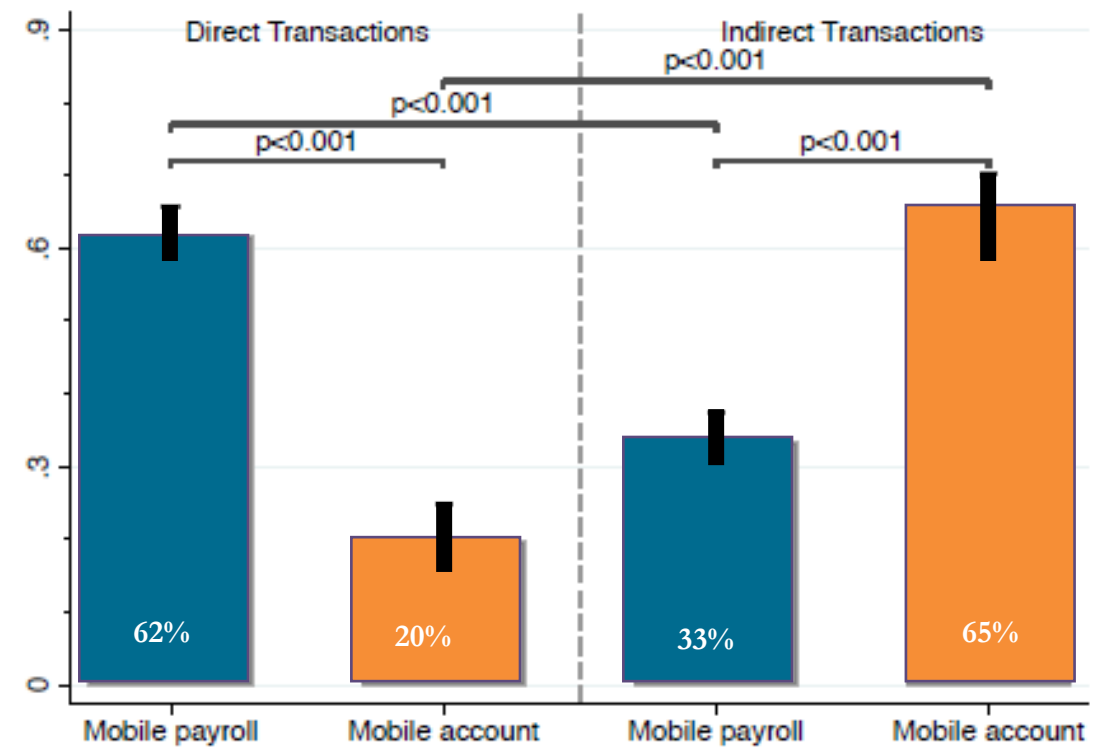
Source: Global Findex Database 2021.

Learning to Navigate a New Financial Technology: Evidence from Payroll Accounts

Emily Breza, Martin Kanz & Leora F. Klapper

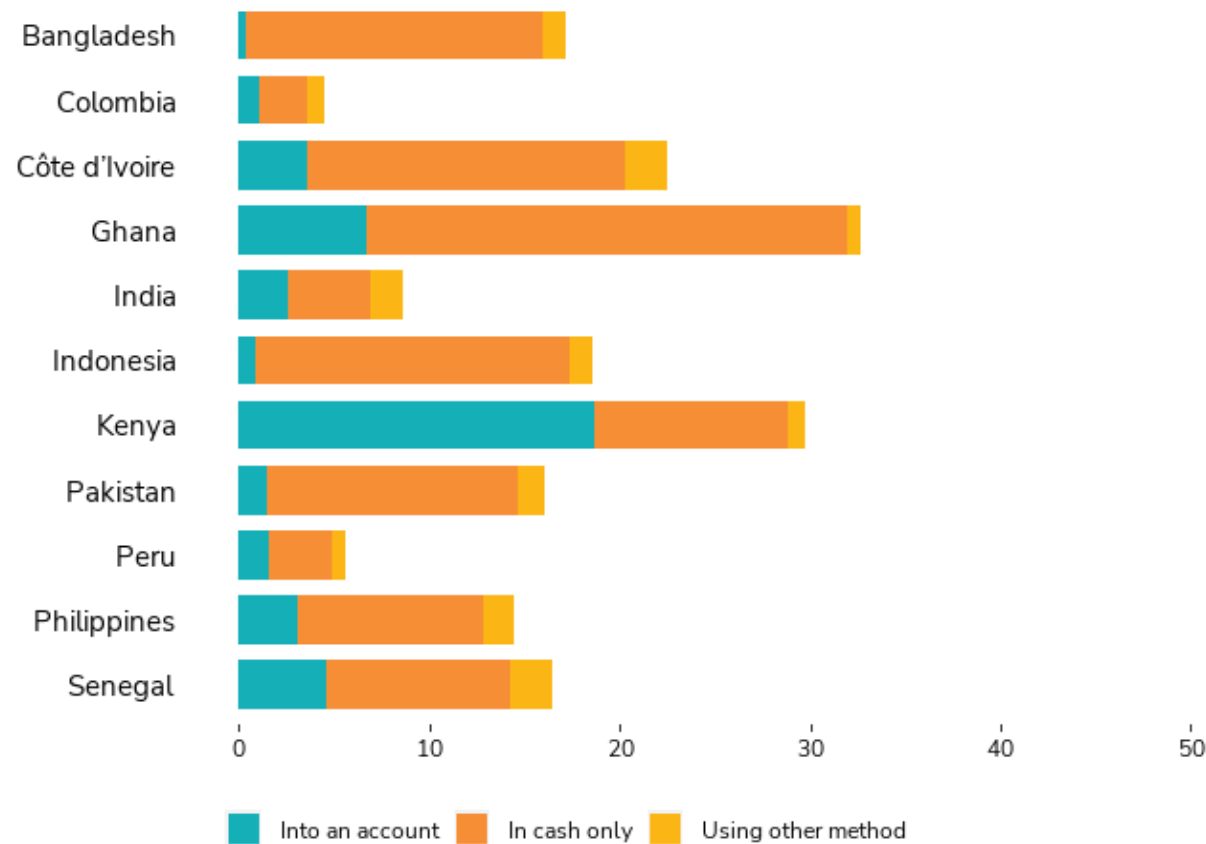


Learning: Direct versus Indirect Transactions



In Sub-Saharan African economies, payments for agricultural products were usually in cash

Adults receiving payments for agricultural products in the past year (%), 2021

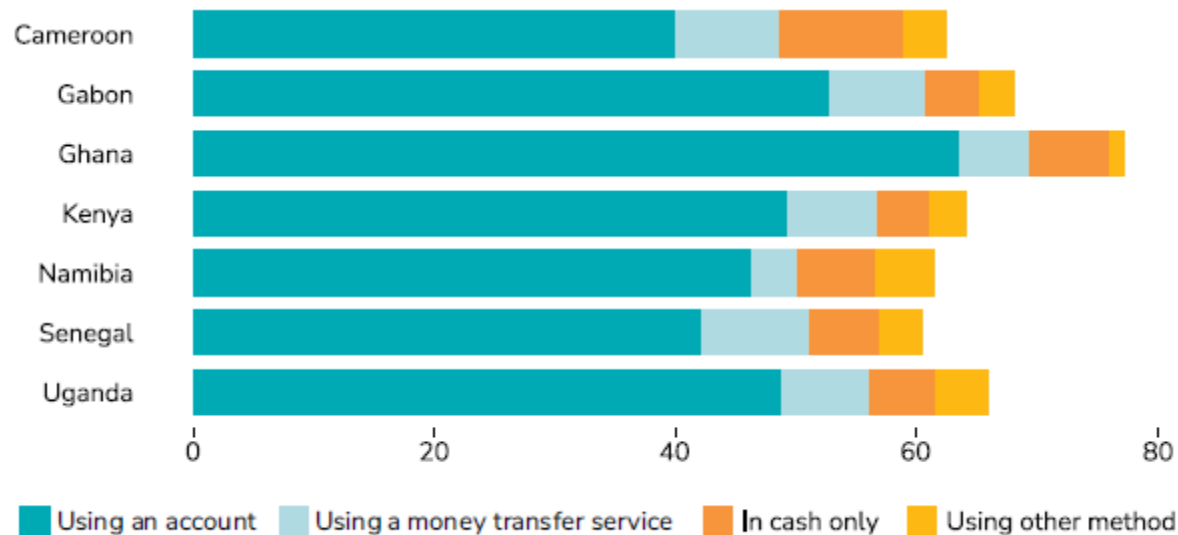


Source: Global Findex Database 2021.

Mobile money accounts are commonly used to receive and send domestic remittance payments

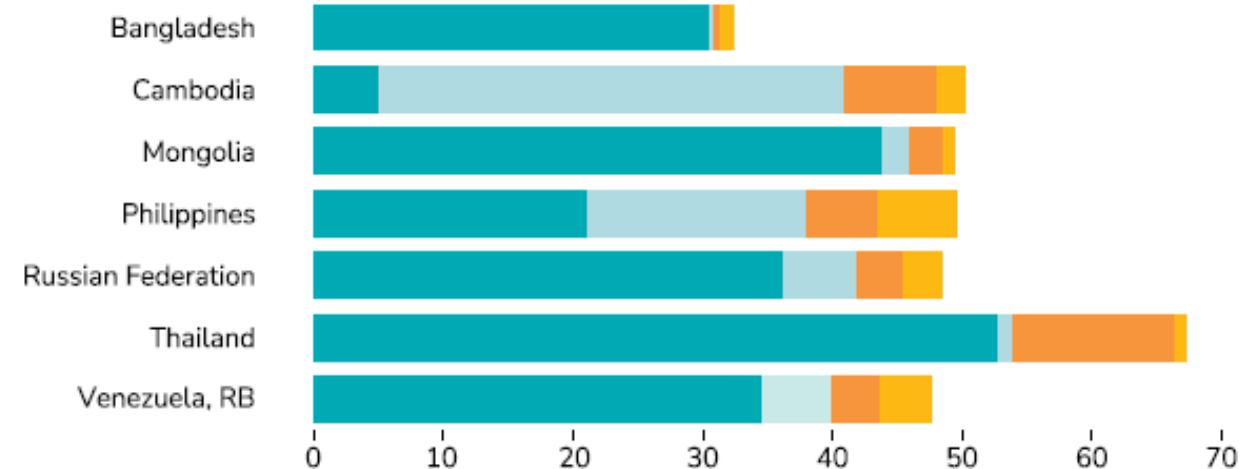
Adults sending or receiving domestic remittances in the past year (%), 2021

In Sub-Saharan African economies, remittances were sent and received mainly using an account



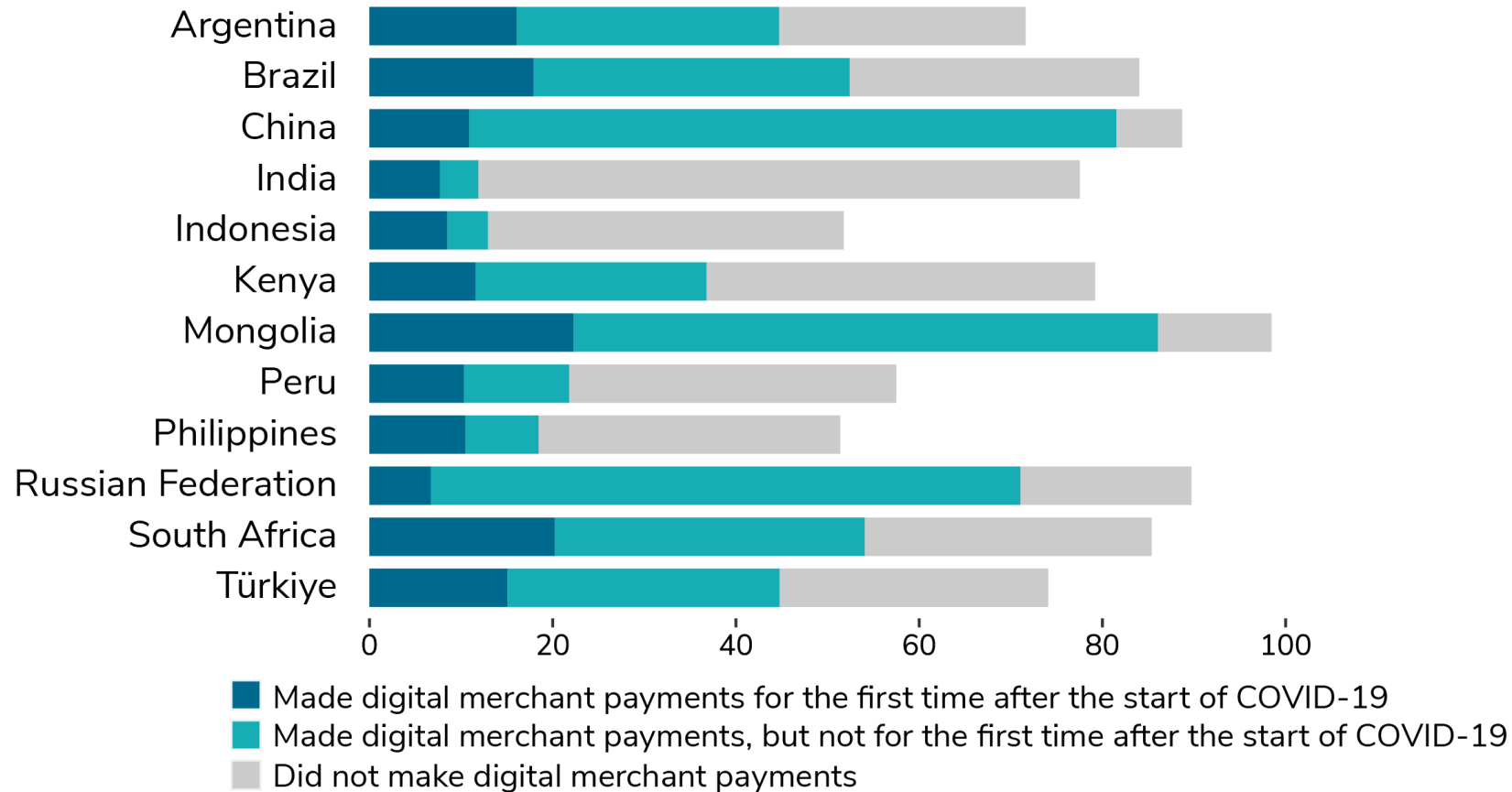
Source: Global Findex Database 2021.

Money transfer services play an important role in domestic remittance payments in some countries outside of Sub-Saharan Africa



Some developing economies saw rapid increases in digital merchant payments after the start of COVID-19

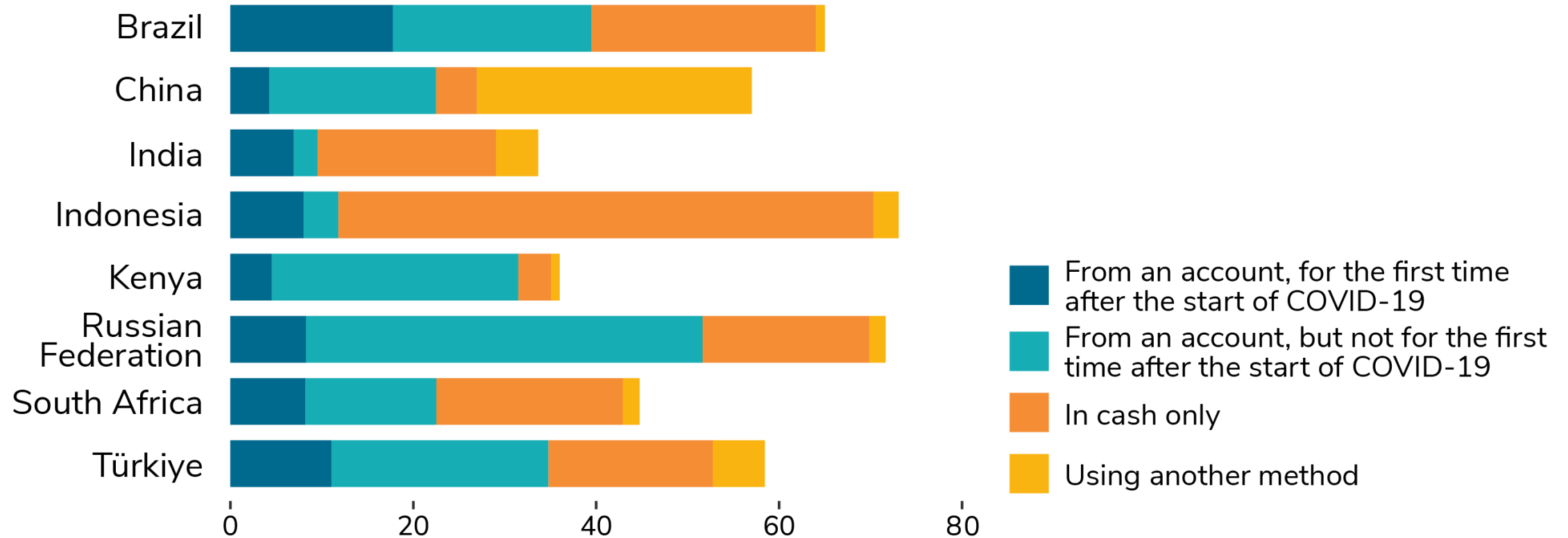
Adults with an account (%), 2021



Source: Global Findex Database 2021.

Methods for making utility payments varied widely across developing countries

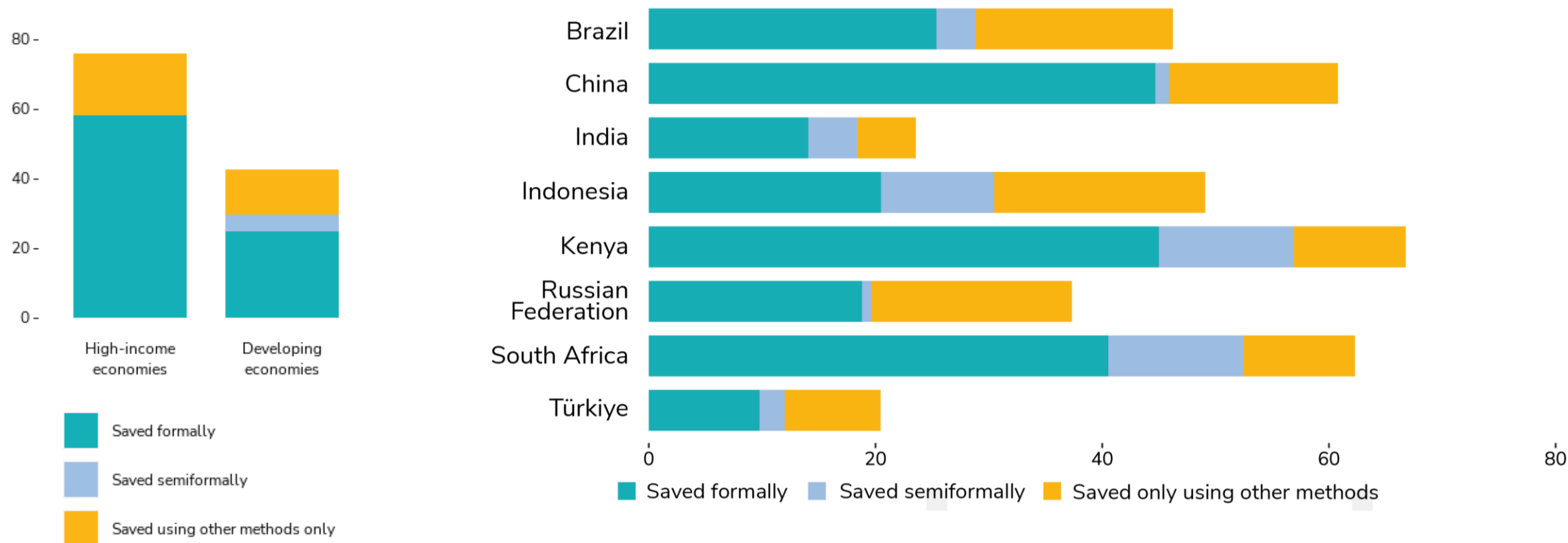
Adults paying utility bills in the past year (%), 2021



Source: Global Findex Database 2021.

In developing economies, more than half of adults who saved chose to do so formally

Adults saving any money in the past year (%), 2021

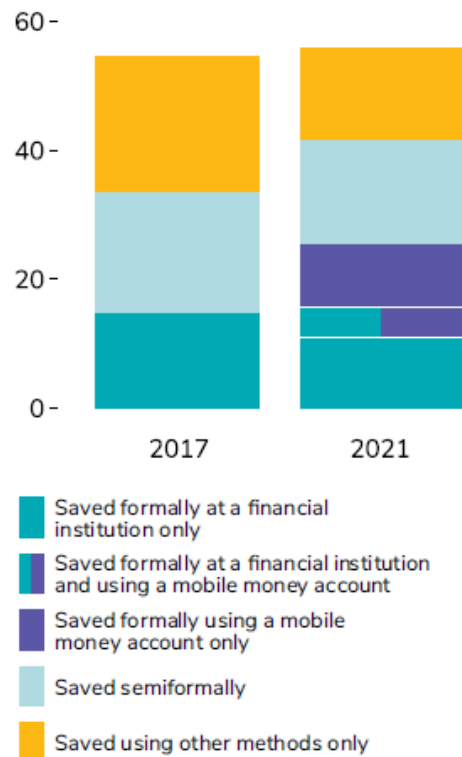


Source: Global Findex Database 2021.

Note: Though people may save in multiple ways, the categories in the figure are constructed to be mutually exclusive. Savings data is not collected in most high-income countries.

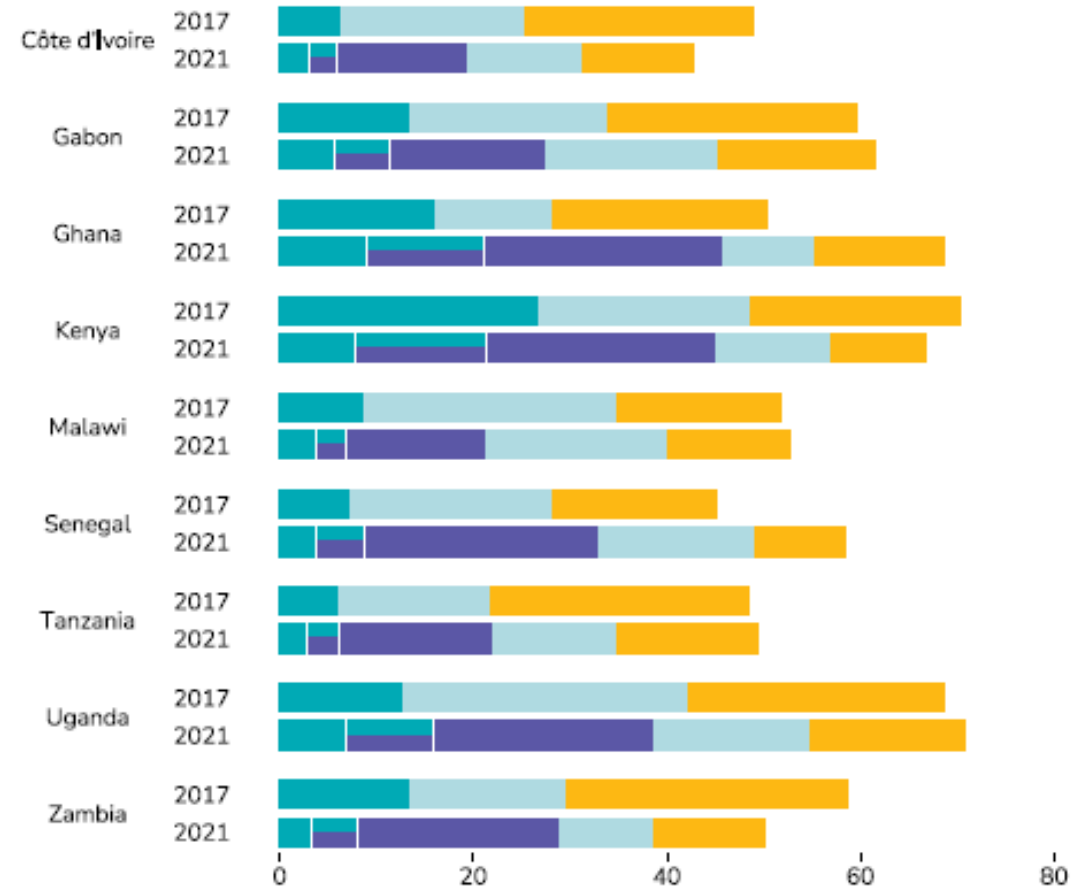
Mobile money accounts are an important mode of formal saving in Sub-Saharan Africa

Adults saving any money in the past year (%), 2017-2021



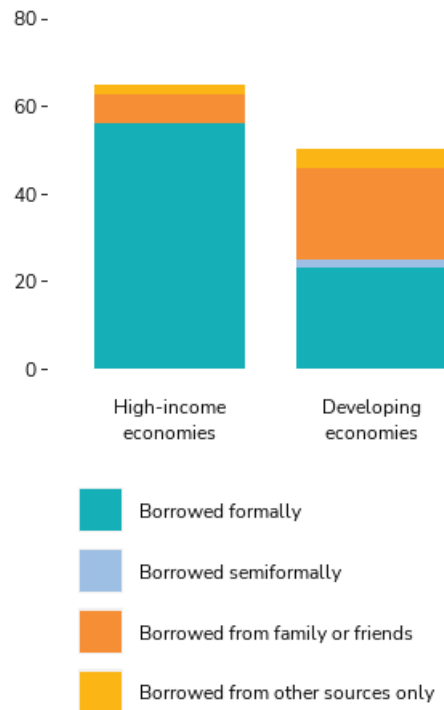
Source: Global Findex Database 2021.

Note: People may save in multiple ways, but categories are constructed to be mutually exclusive. "Saved formally" includes all adults who saved any money formally. "Saved semiformally" includes all adults who saved any money semiformally but not formally. Data on semiformal saving are not collected in most high-income economies. The Global Findex survey collected data on saving using a mobile money account for the first time in 2021.

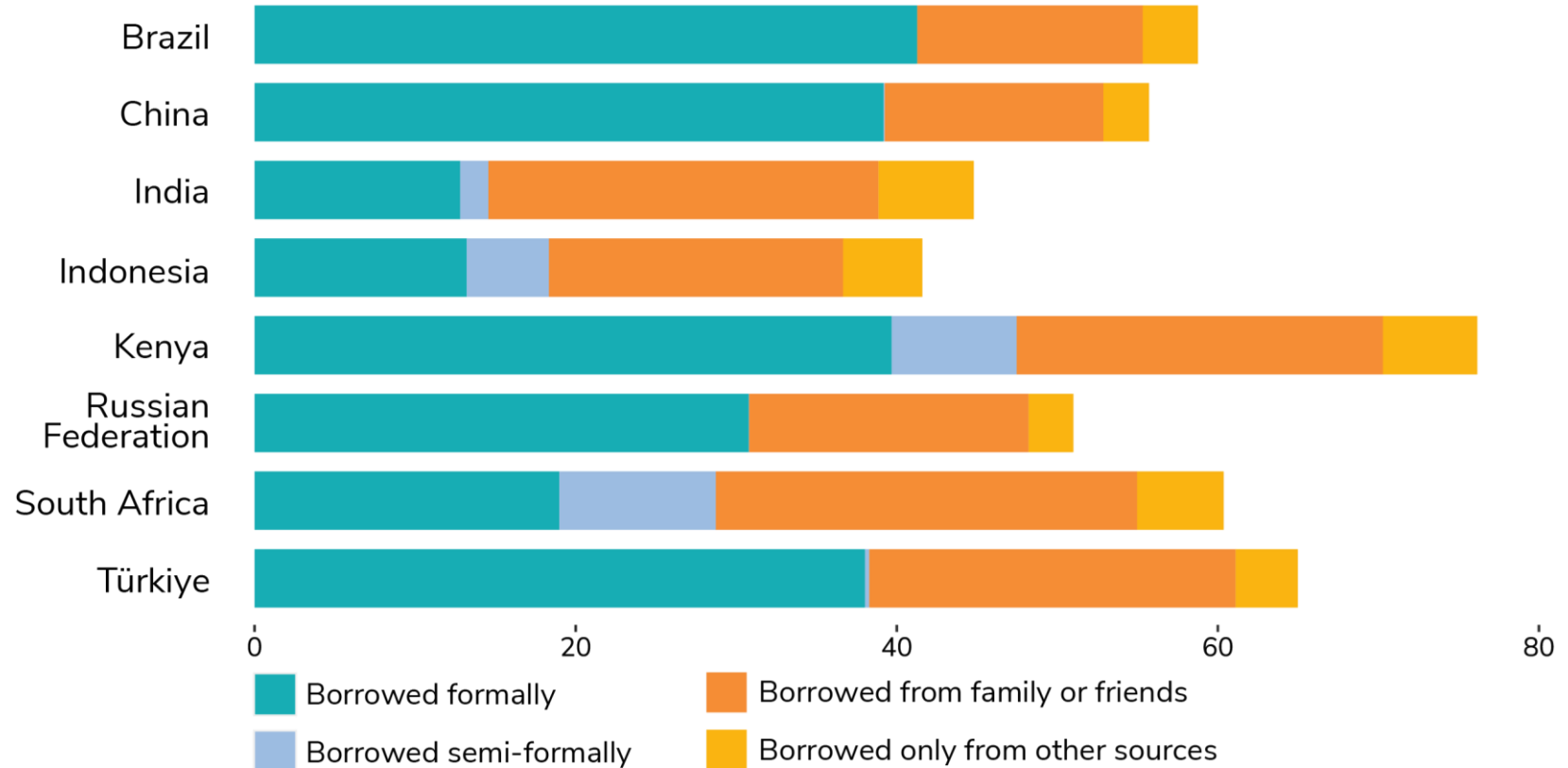


Formal borrowing was the most common source of credit in developing economies

Adults borrowing any money in the past year (%), 2021



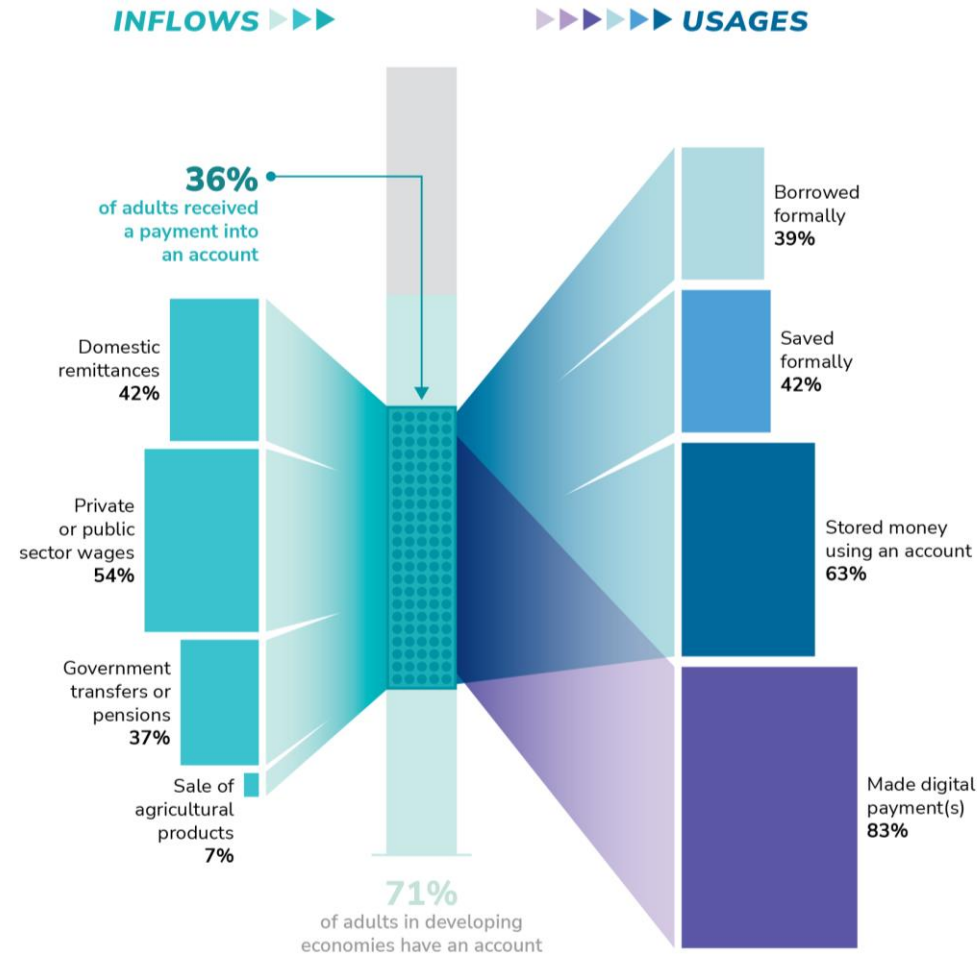
Source: Global Findex Database 2021.



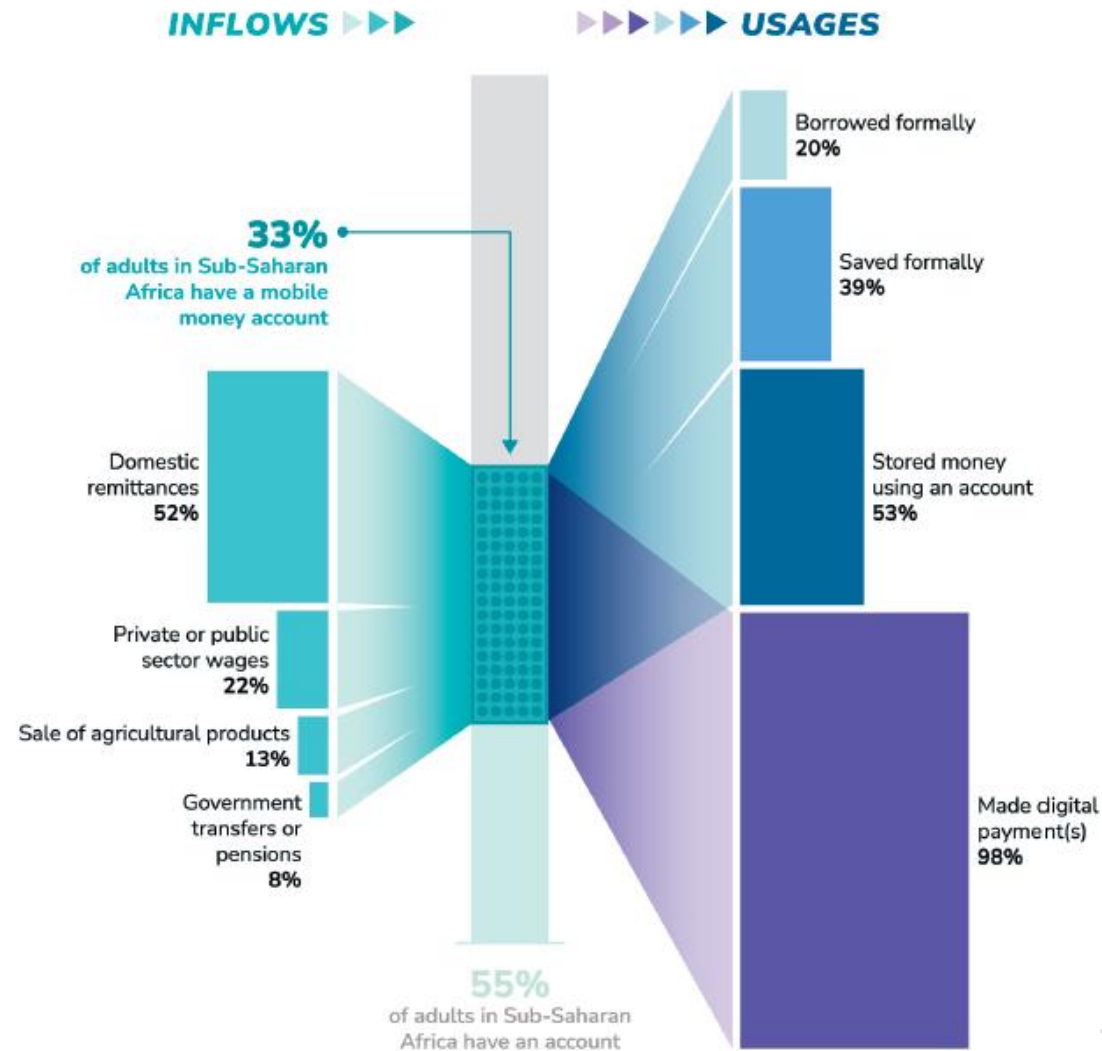
Source: Global Findex Database 2021.

Receiving a digital payment can be a catalyst for the use of accounts

In developing economies, adults who receive a payment into an account are more likely than the general population to also make digital payments and to save, store, and borrow money



Adults in Sub-Saharan Africa with a mobile money account use it for a range of purposes



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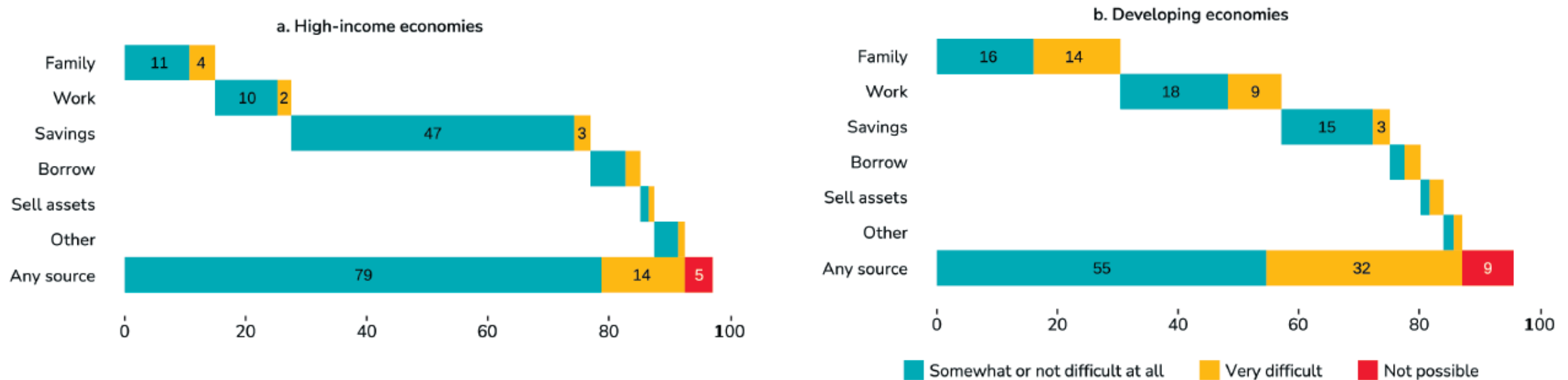
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Financial Wellbeing

In developing economies, social networks and work are the most common sources of emergency money—and unreliable

Adults identifying the source of, and assessing how difficult it would be to access, emergency money (%), 2021

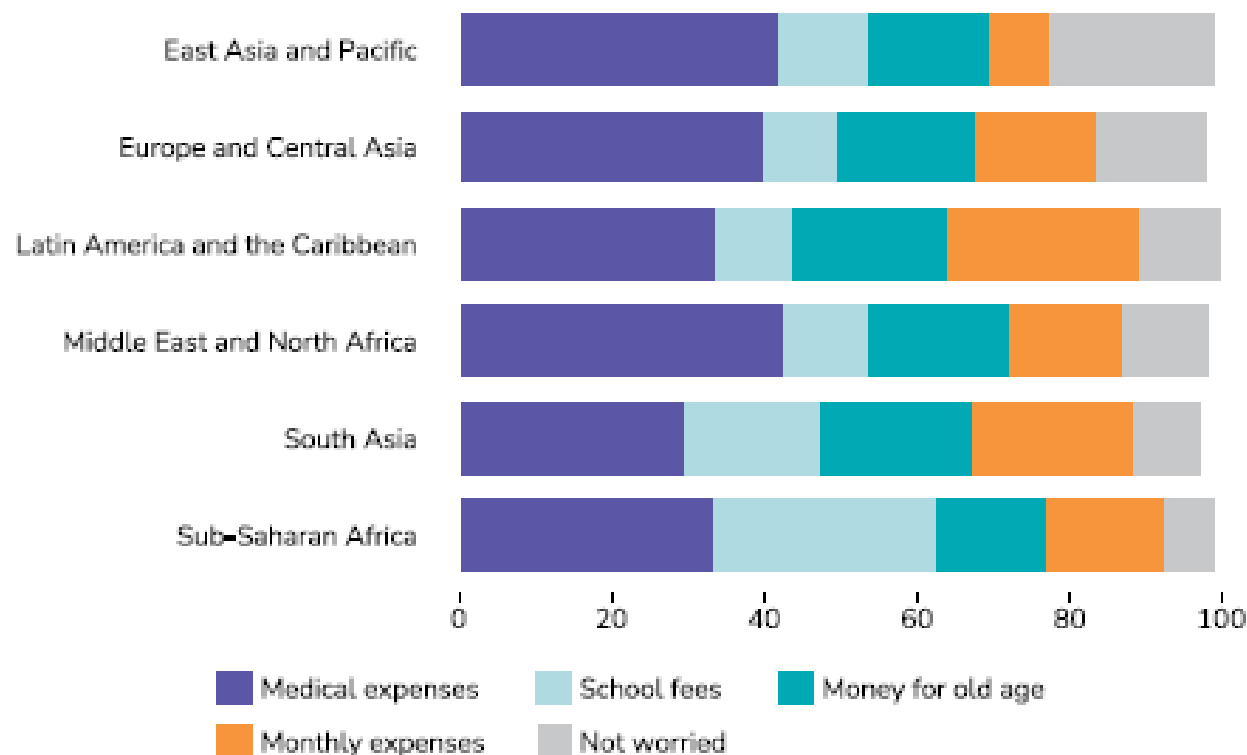


Source: Global Findex Database 2021.

Note: A small share of adults did not know or refused to disclose their main source of emergency money.

In developing economies in every world region, medical expenses were the biggest financial worry

Adults identifying their biggest financial worry (%), 2021



Source: Global Findex Database 2021.

Note: A small share of adults did not know or refused to disclose their main cause of worry.

Financial sector transformations can encourage account ownership and usage

OPPORTUNITIES

Physical branches	→	Agents and mobile technology
Cash-based government payments	→	Electronic deposits into accounts
Cash-based bill payments	→	Direct payments from an account
Cash-based merchant payments	→	Direct payments using a card, phone, or internet
Saving at home	→	Automatic transfers into savings

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Thank you

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