


Global Financial Access Snapshots: Assessment of Feasibility and Potential Risks

Presentation on behalf of the Bill and Melinda Gates
Foundation

Alliance for Financial Inclusion Global Policy Forum
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Agenda

Introduction

- *Objectives would the GFAS*
- *Methodology for assessing the feasibility and desirability of the GFAS.*

Issues
considered

Robustness of Sample Size

Questionnaire content

Dissemination and Usage

Organization / Governance

Tell us

- *We think it is feasible to produce GFAS.*
- *Is it desirable to produce GFAS?*

GFAS is.....

A set of “Global Financial Access Snapshots” (i.e. indicators)

- Produced for 100+ countries
- At regular, 2 year intervals
- Created from data gathered from individuals (*rather than institutions*)
- Through a short, 10 item questionnaire added onto an already existing survey

We engaged in a highly consultative process to understand the desirability and feasibility of producing the GFAS

Academics	<ul style="list-style-type: none"> -Thorsten Beck* –University of Tilburg - Jonathan Morduch* – New York University - Antoinette Schoar* – MIT - Angus Deaton – Princeton University - PatrickHonohan – Trinity College, Dublin
Donors	<ul style="list-style-type: none"> - Alfred Hannig – Alliance for Financial Inclusion - Karen Ellis – Overseas Development Institute - Kerry Nelson, Xavier Lechacheur – DFID - Yvette Van Eechoud, Bahia Tahzib - Private Secretaries of HRH Princess Maxima of the Netherlands -Macha Kemperman – Royal Netherlands Embassy - Frank DeGiovanni – Ford Foundation
Intra-governmental agencies	<ul style="list-style-type: none"> -StijnClaessens – IMF -LeoraKlapper – World Bank
Surveyors	<ul style="list-style-type: none"> - Bob Cull,Asli Demirgüç-Kunt,Bilal Zia – Development Economics Research Group, World Bank - Maya Makanjee, Mark Napier – FinMark Trust -Nataliya Mylenko, Jake Kendall, Alejandro Ponce-Rodriguez, CGAP, World Bank -Kinnon Scott – LSMS, World Bank -Armida San Jose – IMF - Luis Tejerina, Suzanne Duryea - IDB - Blaine Stephens, Peter Wall – The Mix
Policy Makers	<ul style="list-style-type: none"> - Crispin Bokea, Alfred Shem – Central Bank of Kenya (Kenya) -Raúl Hernández – ComisiónNacionalBancariay de Valores (Mexico) - Pia Roman – BangkoSentralngPilipinas (Philippines)

* Member of GFAS Academic Advisory Committee

What objectives would the GFAS fulfill?

- Heightened clarity around the existing state of global and country-specific financial inclusion and ability to monitor progress across time
- Segmented data to identify ‘at risk’ populations
- Increased interest in fact-based discussions about financial access across multiple stakeholders
- Heightened ability to identify specific questions that require further exploration

Currently, there is a gap in survey options to fulfill those objectives

	Supply side	Demand Side
Deepen Understanding	<ul style="list-style-type: none"> - The MixMarket - WSBI dataset - Microcredit Summit data - Various institution- specific administration data 	<ul style="list-style-type: none"> - World Bank Access to Finance surveys - LSMS Financial Access modules - FinScope - IDB - MECOVI - Country-specific HH surveys
Measurement	<ul style="list-style-type: none"> - CGAP Access to Finance - IMF IFS (recently approved) 	<p>????</p>

Deepen understanding

- Identifying robust relationships between financial inclusion and other variables
- Measuring the impact of particular programs

Measurement

- Identifying priorities
- Incentivizing reform
- Measuring progress over time

Sampling

1. Is the survey methodology robustness enough for the GFAS?
2. Will the sample provide sufficient visibility into low-income and rural populations?

The Gallup World Poll provides a sampling methodology that is “good enough” to produce the GFAS

	LSMS	FinScope	Gallup World Poll
No. of Countries Covered	• 31	• 15	• 130 - 135
Interview technique	• Face to Face	• Face to Face	• Face to Face in developing countries
Translation Process	• Forward and back once	• Back translated and piloted	• 2 independent – forward and backward
Length	• 3 Hours	• 45 – 90 minutes	• 1 Hour
Unit of Analysis	• Household	• Individual	• Individual
Household Selection	• Random Route	• Random Route	• Random Route
Household Replacement	• Extra replacement selected <i>a priori</i>	• 3 attempts; replacement selected <i>a priori</i> or replace with house to the left	• Try 3 times; replace with house to the left
Respondent Selection	• Usually entire household	• Kish Grid	• Kish Grid
Sample Size Per Country	• 2000-5000	• 2000-5000	• 1000

Gallup's sample provides sufficient representation of low-income and rural populations

Region	Gallup: Average Sample Size	Gallup: Less than \$1 per day	UN MDG: Less than \$1.25
Asia	1594	34%	31%
Emerging Europe and North Africa	1316	10%	9%
Sub Saharan Africa	1063	43%	42%
Latin America	968	9%	11%

Region	Gallup		WDI	
	Rural	Urban	Rural	Urban
Asia	55%	45%	63%	37%
Emerging Europe	53%	47%	42%	59%
Sub- Saharan Africa	73%	27%	64%	36%
Latin America	40%	60%	34%	66%

Percent of sample, average across countries in region

Questionnaire content

What questions should be included within a GFAS questionnaire?

How many questions are “enough” to accomplish the objectives of GFAS?

Sample Questionnaire

Banking

1. Do you currently have, or have you had in the past year, a bank account?
2. What type of bank account is (was) it? Note: this would need to be tailored appropriately to each country
 - a. Savings?
 - b. Checking?
 - c. Fixed deposit?
3. What is the average time you spend (spent) travelling to the bank (one way)? _____ Minutes
4. Do you currently have, or have you had in the past year a (an):
 - a. ATM / debit card?
 - b. Credit card?
 - c. Access to an overdraft?

Non-bank savings

5. Have you used a credit union or formal savings association in the past 12 months?
6. Have you used an informal savings scheme to save money in the last 12 months?

Credit

7. Do you currently use, or have you used in the past year, one of the following to borrow money?
 - a. Formal institution (e.g. bank)?
 - b. Microfinance institution?
 - c. Employer?
 - d. Pawn Shop?
 - e. Family and friends?
 - f. Credit from a shop?

Insurance

8. Do you currently have, or have you had in the past year, any of the following types of insurance?
 - a. Health / medical?
 - b. Home owners?
 - c. Accident / disability?
 - d. Vehicle?
 - e. Life insurance?
 - f. Funeral insurance?

Payments

9. Do you receive money from family members working elsewhere?
10. Which method do you primarily use to receive money?
 - a. Post office?
 - b. Bank check?
 - c. Western Union?
 - d. Bank wire transfer?
 - e. Informal money travel?
 - f. Through family/friends?
 - g. You bring yourself?

Appropriate dissemination and usage of the results could mitigate key risks

Key risks that can be mitigated include...

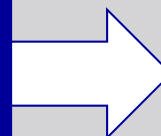
1. Crowd out of country-level surveys
2. GFAS being used as a blunt ranking tool
3. Confusion due to multiple financial inclusion indicators

Key Risk 1: Crowding out other surveys

Risk

Possibility of GFAS crowding out in-depth, country level surveys

- Donors might lose interest in supporting country level surveys.
- Country level surveys stop attracting interest because they are thought to be less credible / robust compared to the GFAS.
- Policymakers may stop inviting other survey teams into their countries because they would feel the GFAS gives them enough data to make policy decisions.



Mitigation

Intentionally keep the GFAS extremely simple and high level

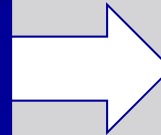
- Keep the questions limited.
- Emphasize GFAS as a cross-country comparable measurement tool.
- Recognize the importance of in-depth, country-level surveys for policy making decisions.

Key Risk 2: Blunt ranking

Risk

Possibility of the GFAS being used to rank of participant countries in terms of their “financial inclusion.”

- Creating a single headline indicator of financial inclusion may belie the differences in problems that countries face, putting some unjustifiably below others and creating frustration.



Mitigation

Appropriate dissemination

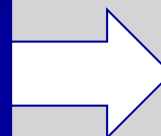
- Present the results as multiple indicators that will ultimately recognize several countries for their specific strengths and weaknesses, rather than one composite indicator for “financial inclusiveness”
- Portray the ranking within an appropriate contextual framework, i.e. adjusted for income levels and compared against countries within similar regions/circumstances only.

Key Risk 3: Indicator Confusion

Risk

Different indicators being cited by different parties in different contexts

- One of the roles of data is to help resolve debates.
- If there are already a number of indicators in circulation, none become effective in this role, particularly if the data conflict with each other.



Mitigation

Appropriate dissemination

- Housing institution for GFAS must understand:
 - the environment in which these data will be used
 - what other data sets are available
 - how will GFAS compare.

Organization / Governance of the GFAS is a key factor to its success

Key characteristics of a housing institution

Possible characteristics for a housing institution

High Institutional Profile	Institutional reputation amongst a diverse array of potential users
	Apolitical i.e. not seen to linked to a particular narrow cause
	No implicit financial consequences for poor survey findings
Ability to contract and oversee	Reputed experience with financial access issues
	Past experience with managing country surveys
Credible analytical abilities	Strong internal management controls and processes already in place
	In house capabilities / partnerships in place
	Core senior team with sufficient experience to manage and oversee analytics (strong academic background in relevant fields)
Resources to launch	Papers previously published / distributed and well received
	Ability to market new data with sensitivity to crowding out or ranking challenges raised in report
	Strong marketing capabilities
	Already established relationships with relevant country authorities (both for permission and endorsement)
	Sufficient resources to travel and host regional sessions on the findings
Resources to update	Experience working in multiple countries with multiple stakeholders
	Secure and sufficient future funding
	Ability and inbred interest to keep abreast of trend shifts in issues regarding financial access

*Which attributes are the most important?
Any other suggestions?*

We would like to hear from you.....

• *We believe it is feasible to produce a useful set of global financial access snapshots.*

• *Is it desirable to produce the global financial access snapshots?*

• *Would you be able to use GFAS?*

• *How would you use GFAS?*