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Alliance for
Financial Inclusion

Bringing Smart Policies to Life

The First AFI Global Policy Forum
Nairobi, Kenya
14.09.2009



Financial Inclusion in Latin America and the Caribbean

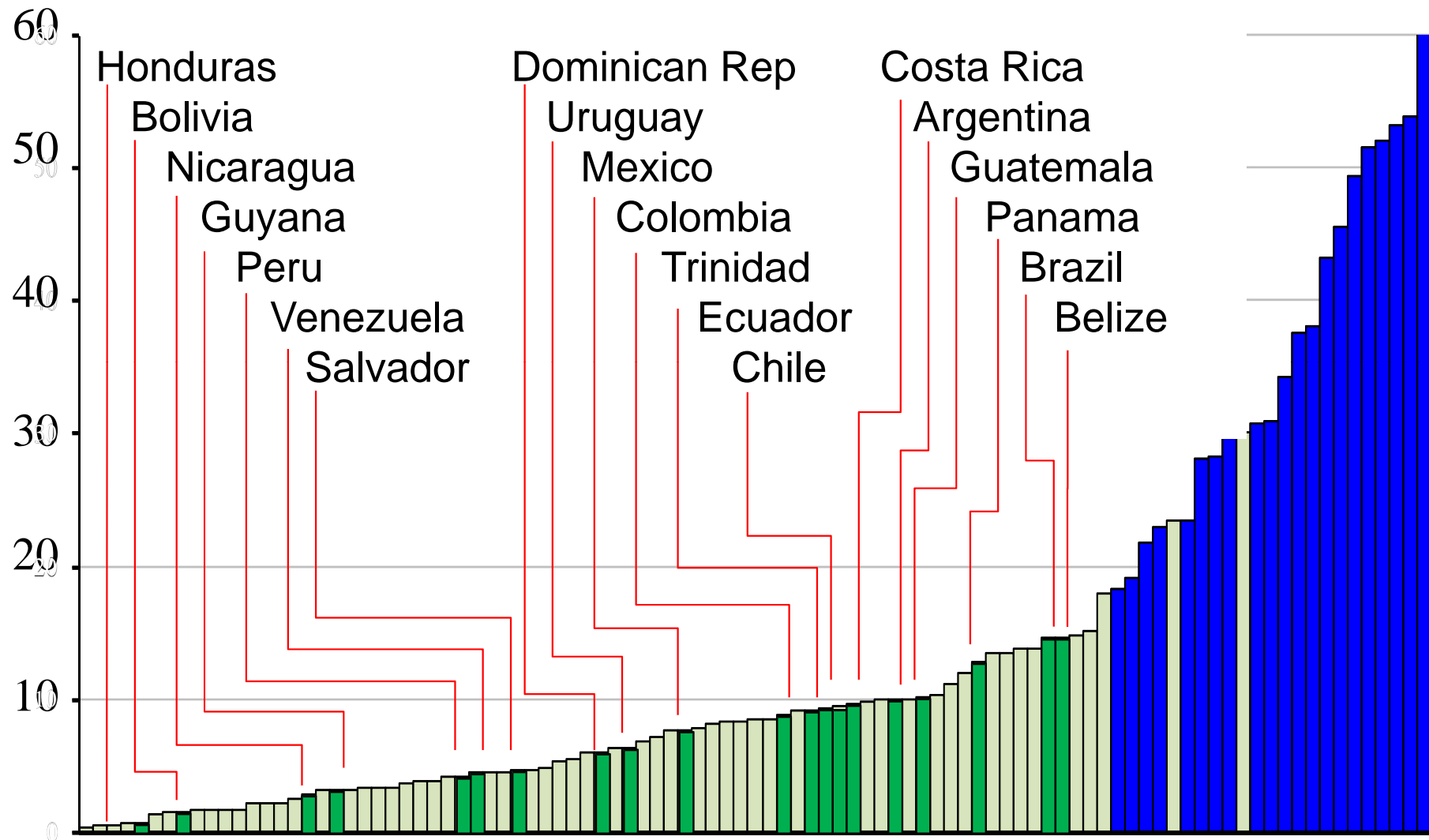
Luis Tejerina
Inter-American Development Bank

September, 2009

Overview of the presentation

- Regional trends: Branches, microcredit
- Segmentation: Poor/non-poor, urban/rural
- Aggregate vs. household data
- Understanding households: Employment transitions
- A new driver of inclusion: Government transfers
- Analyzing impact of microfinance

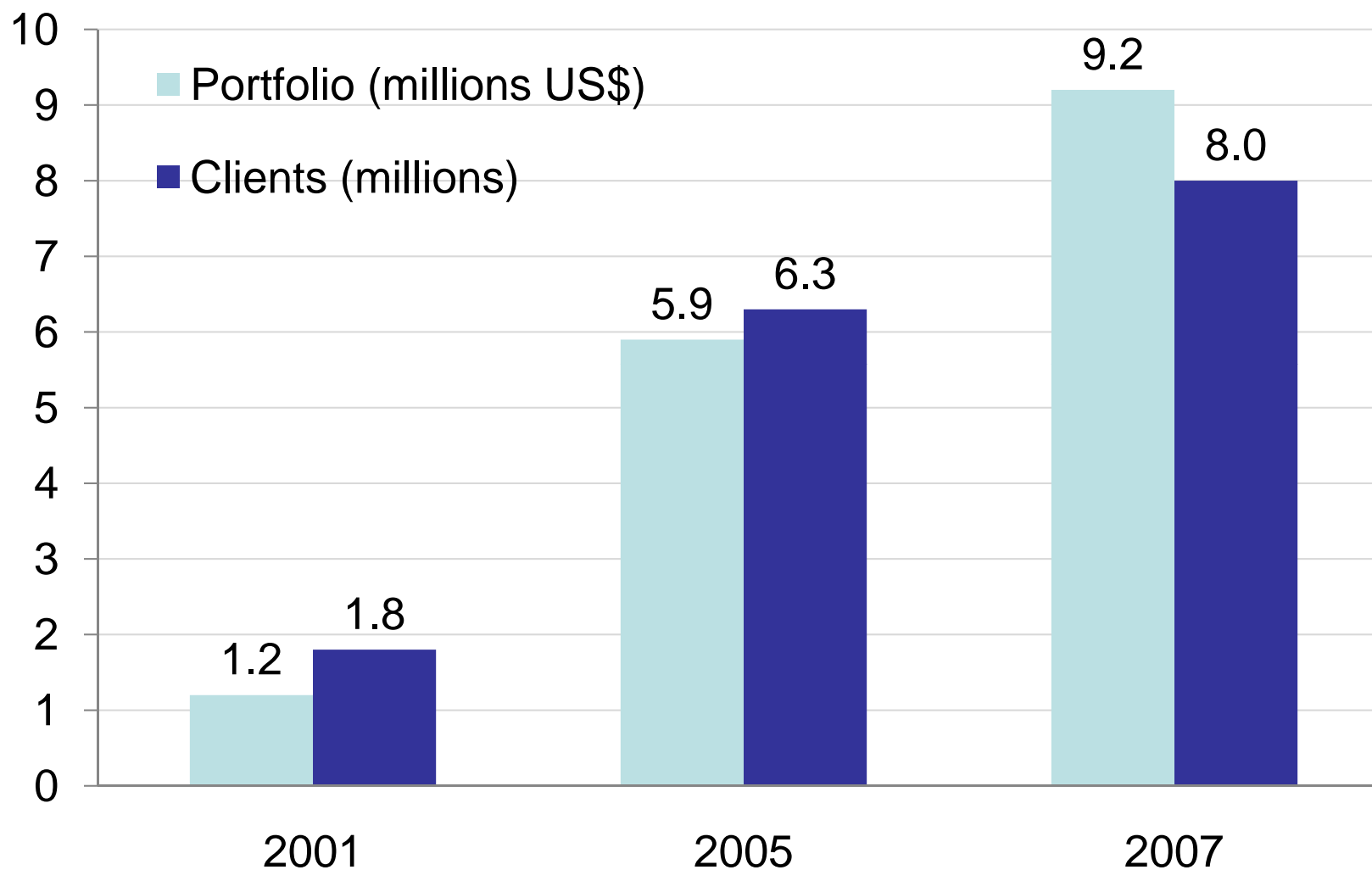
Supply side: Bank branches per 100k individuals



Source: World Bank 2008



Growth of the microcredit sector

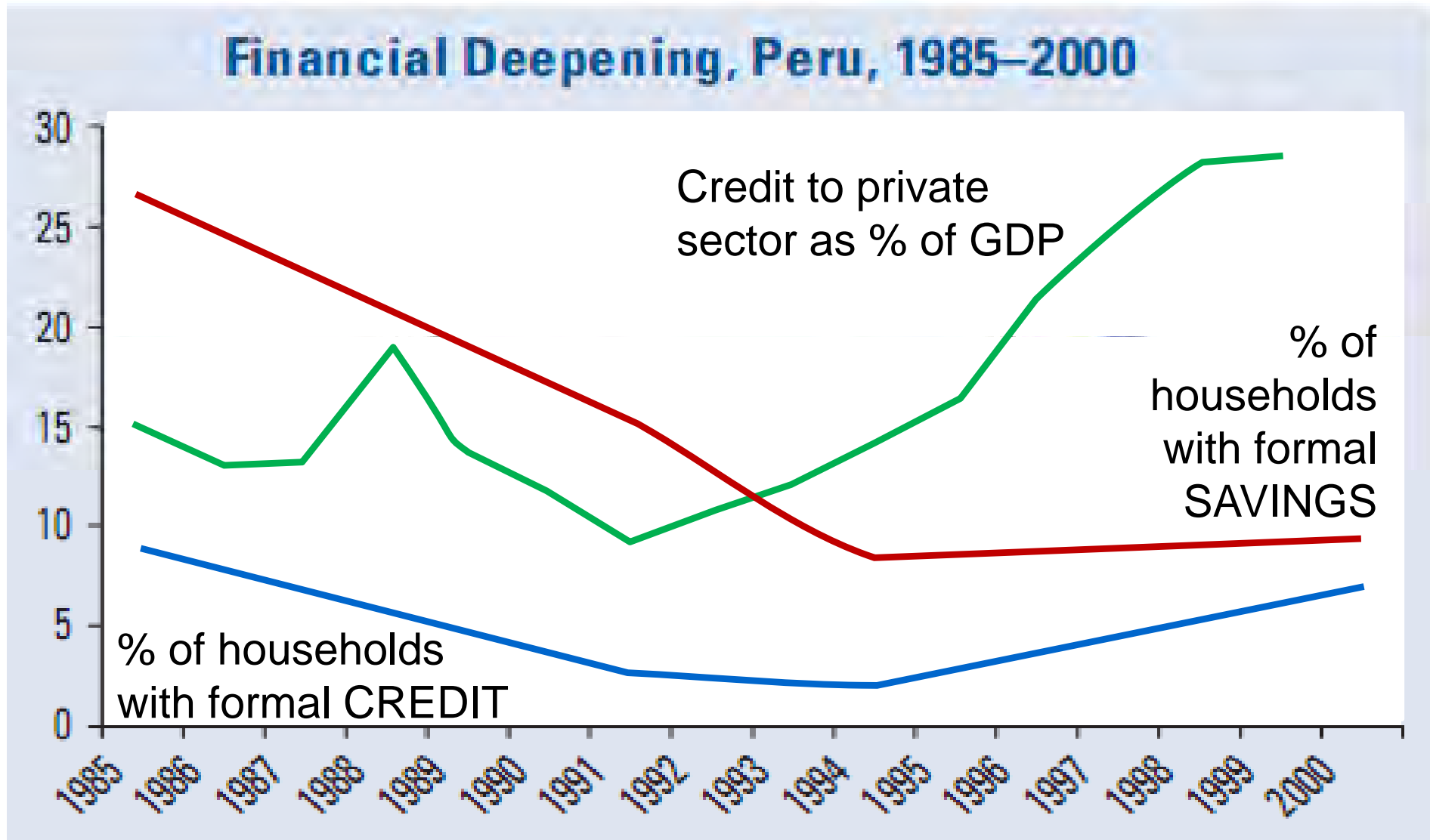


Source: Navajas, 2008

Not just a problem for the poor

<i>Percentage of households with:</i>	Total	Poor	Non-Poor	Urban	Rural
Credit:					
All sources	21.8	19.7	25.4	24.8	19.7
Formal institutions	8.8	6.3	13.6	12.2	7.2
Savings:					
Formal institutions	15.9	9.6	20.2	19.4	9.2

The perils of using aggregate data



Source: Alem, 2006 in Tejerina et. al.

Transitions in employment status

Year 2005: Peru

Year 2005: Mexico

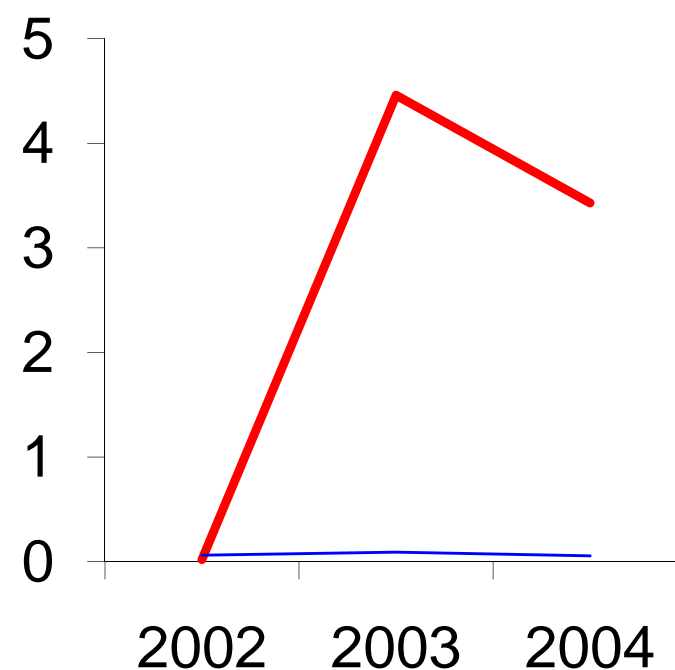
Year 2001	Year 2005: Peru				
	Unemployed	Employee	Self-employed	Entrepreneur	Unpaid worker
Unemployed	65	20	13	2	11
Employee	13	69	16	2	4
Self-employed	17	12	65	6	6
Entrepreneur	3	11	52	34	1
Unpaid worker	48	20	28	3	97

Year 2001	Year 2005: Mexico				
	Unemployed	Employee	Self-employed	Entrepreneur	Unpaid worker
Unemployed	82	10	5	1	2
Employee	21	68	7	2	4
Self-employed	29	22	41	7	7
Entrepreneur	29	20	28	22	10
Unpaid worker	45	20	21	7	14

A new driver of financial inclusion in the region?

- Conditional cash transfer programs cover >20 million households in extreme poverty
- Colombia, Ecuador, Brazil and Mexico (19 million) have started offering financial services linked to their CCT programs
- Evidence of problems in understanding of financial services for program beneficiaries

Mexico Oportunidades: % of households taking up savings + CCT



Little knowledge about the impact of microfinance

Impact evaluations by sector in LAC

	Number of evaluations	Number of countries
Conditional Transfers	16	9
Education	15	7
Labor market		
	10	5
Youth training	10	5
Nutrition	8	4
Social Investment Funds	7	7
Health	5	4
Land titling	4	3
Microenterprise	4	1
Early childhood development	3	3
Microfinance	3	2
Water and sanitation	3	4
Rban development and housing	2	2

Bouillon and Tejerina, 2007

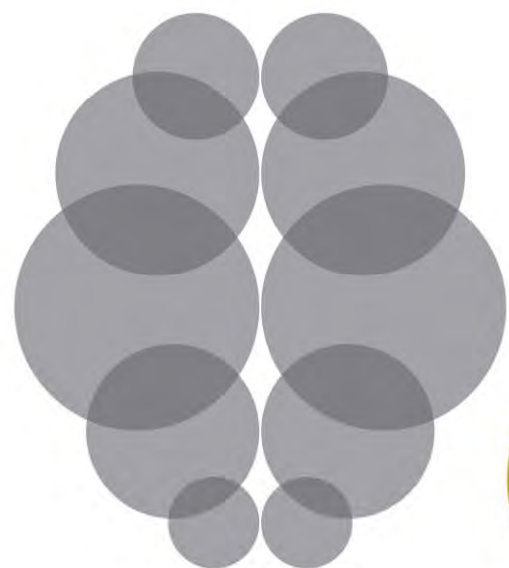
Microfinance impact evaluations by region

	Number of evaluations	Number of countries
Asia	17	5
Africa	5	3
Latin America and the Caribbean	4	2
Eastern Europe	2	2

Goldberg, 2005



Inter-American Development Bank / www.iadb.org



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