

# Financial Inclusion is Rapidly Growing but the Access to Financial Services Remains Modest

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Received: Jan. 8, 2023    Accepted: Feb. 7, 2023    Published: June 1, 2023

doi:10.5296/ajfa.v15i1.18963    URL: <https://doi.org/10.5296/ajfa.v15i1.18963>

## Abstract

Financial inclusion refers to people's ability to hold a current account with a bank. The degree of financial inclusion is measured by the share of individuals and businesses that use the financial services offered by banks and other financial institutions. Financial inclusion has become extremely relevant among financial sector operators and supervisory authorities as a mean to evaluate both growth and development potential and to guarantee adequate controls to safeguard the stability of the system. Interest in this topic has also been growing because it is included in the UN's sustainable development goals (the 2030 Agenda for Sustainable Development). This note intends to identify where countries currently stand in relation to the inclusion target, with a focus on Central, South and Eastern European (CESEE) countries, by using the new data from Global Findex, updated by the World Bank in July 2022. The Global Findex is a vital source of data that is only partially used here to evaluate the degree of diffusion of accounts and basic banking services (deposits and credit) in the CESEE sample. Financial inclusion had improved further by 2021. In many countries, it has become very high and is now at the level of major high-income countries. Most of the unbanked are still concentrated in a few Asian countries. Digital payments strengthened in all regions, especially in Asia. However, the gap between ownership and utilisation of credit and debit cards remained large in 2021, suggesting there is a need to further incentivise use. Customers often have an account but still prefer to use cash. Ownership is not utilisation. The UN's Sustainable Development Goal could realistically be reached by 2030, but now it is necessary to improve financial education and digital literacy to encourage more effective and extensive

use of financial accounts. Nevertheless, the ample diffusion of financial inclusion can be reached mainly with a more even income distribution, in all countries and in all the different development models which are spreading in the world.

**Keywords:** Financial inclusion, unbanked, sustainable development goals, UN Agenda 2030

## 1. Introduction

Financial inclusion refers to people's ability to hold a current account with a bank. The degree of financial inclusion is measured by the share of individuals and businesses that use the financial services offered by banks and other financial institutions (Note 1). However, financial inclusion considered in its broadest meaning - which includes capability, confidence and well-being - constitutes a basis on which the various development models that are spreading throughout the world are based, as well as for all financial intermediaries, to the benefit of the entire population.

Financial inclusion has become extremely relevant among financial sector operators and supervisory authorities as a mean to evaluate both growth and development potential and to guarantee adequate controls to safeguard the stability of the system. Interest in this topic has also been growing because it is included in the UN's sustainable development goals. The 2030 Agenda for Sustainable Development, adopted by all the UN Member States at the UN General Assembly in September 2015, includes a set of 17 goals and 169 targets that all the countries have committed to achieving by 2030. Financial inclusion is included in Target No. 10 of SDG No. 8 (Decent work and economic growth), which focuses on "strengthening the capacity of domestic financial institutions to encourage and to expand access to banking, insurance and financial services for all".

Considering the fact that financial inclusion plays a key role in reducing poverty and inequality, in spreading wellbeing and in promoting sustainable development, financial inclusion is relevant to many of the other ESG goals (Deloitte 2021), namely: no poverty (Goal 1), quality education (Goal 4), gender equality (Goal 5) and reduced inequality (Goal 10).

This note intends to identify where countries currently stand in relation to the inclusion target, with a focus on Central, South and Eastern European (CESEE) (Note 2) countries, by using the new data from Global Findex, updated by the World Bank in July 2022. The 2021 Global Findex database defines account ownership as "having an individual or jointly owned account, either at a financial institution or through a mobile money provider". The first category includes accounts at banks and other types of formal, regulated financial institutions, such as credit unions, cooperatives and microfinance institutions (Note 3). The second consists of mobile phone-based services, which are not necessarily linked to a financial institution but are used to pay bills or to send or receive money. These mobile money accounts allow people to store money and to send and receive electronic payments (IMF 2022).

The Global Findex is a vital source of data that is only partially used here to evaluate the degree of diffusion of accounts and basic banking services (deposits and credit) in the CESEE sample.

## 2. Financial inclusion vs. access to finance

The degree of financial inclusion is linked to the structure of a country's financial system, i.e., the number of banks, branches, ATMs and other banking channels. As explained by the

OECD (OECD 2022), financial inclusion is usually monitored through indicators on the number of commercial bank branches and automated teller machines (ATMs) per 100,000 adults and the share of adults with a bank account. Nevertheless, while greater access to financial services may be related to a higher number of ATMs and commercial branches, digital technologies significantly reduce the importance of geographical proximity to these facilities. As the OECD has said, the importance of physical locations for providing financial services has fallen considerably over time, thereby reducing the usefulness of this measure.

However, the number of banks and branches is gradually falling in developed countries because of M&A operations or bankruptcies, as well as the adoption of more efficient business models, thanks to the massive utilisation of technology. Considering technology is not a complete substitute for physical bank branches, this trend can make the relationship between the intermediary and the customer more difficult in places not well served enough, usually areas that are isolated or too far away from cities. This is true not only in emerging countries, but also in advanced economies (Note 4).

Bank and branch density reflects the degree of financial inclusion only to a certain extent. Indeed, the share of adults holding bank accounts ranged from 5.8% in South Sudan (even lower than in 2017, when it was 9%) to 100% in many Northern European countries, Canada and New Zealand (in 2011 the lowest percentage was 1% in Turkmenistan, which had improved significantly, to 41% by 2017, though data from 2021 was not available).

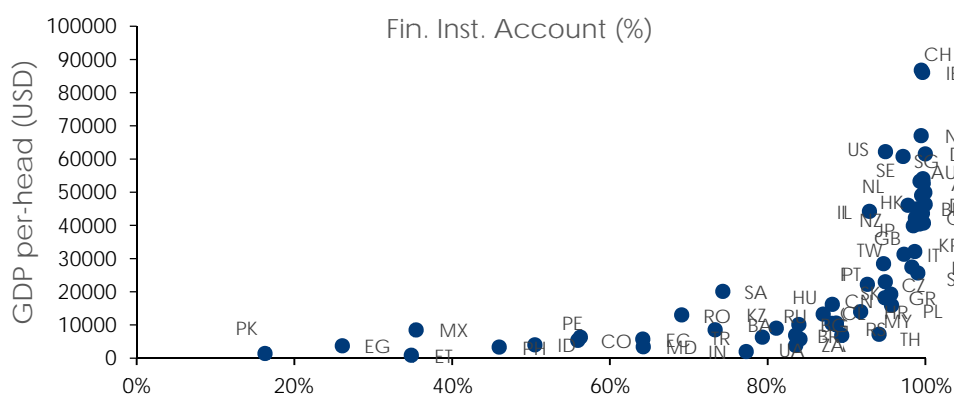


Figure 1. Financial inclusion and GDP per head (2021 and 2020, % and USD)

Source: elaborations on World Bank data (GFID), EIU and central banks.

Needless to say, the higher the GDP per head, the greater the financial inclusion. In the advanced economies, financial inclusion is closed to 100%. Nevertheless, if we consider the connection between these two variables, many countries – as indicated in the ellipse in the graph – show a high level of financial inclusion but a still-modest GDP per head. This is particularly true for China (Note 5) (with high financial inclusion at 87%, but a still-low GDP per head of USD 10,500), Russia (Note 6) (with 89% inclusion but GDP per head lower than USD 10,000), Brazil (with 84% and USD 7,000, respectively), Serbia (89% and USD 6,800, respectively) and Thailand (94% and USD 7,500, respectively).

Looking at the contribution of finance to GDP growth, the distribution of countries might signal that finance may be supportive for GDP growth, presuming a further improvement of it (converging to high-income countries). Thus, financial inclusion has anticipated the GDP per head growth. However, a higher financial inclusion can also be explained by the fact that account diffusion can be strongly supported – imposed actually – in order to use public services (to pay taxes, to receive the pension, to pay bills), not only for strictly financial business reasons (Note 7).

Similarly, a high number of loans granted in a country does not necessarily translate into a high level of financial inclusion (Note 8). Lending could be concentrated on businesses and individuals with high creditworthiness. In fact, the use of financial accounts is poorly correlated to the degree of financial depth, as measured by the loan/GDP ratio. Vietnam is a representative example: though lending to the private sector is about 200% of GDP, only 31% of adults (21% in 2011, but data in 2021 was not available) held a bank account. Conversely, in the Czech Republic, which has a low loan/GDP ratio (53% in 2021), bank accounts are extremely widespread (95% in 2021, rising from 81% in 2017). In Slovenia too, the loan/GDP ratio was low (41% in 2021, 44% in 2017), but 97.5% of adults held a bank account.

In addition, in developed countries the loan/GDP ratio has different values depending on the role played by banks in the broader financial intermediation process; in European countries (bank-oriented) the ratio is high, while in market-oriented countries (e.g., the US), the ratio is low. Clearly, there is no balancing share, a sort of “magic” number that all countries must aim for, as financial inclusion derives not only from business motivations and economic needs, but also from cultural and social factors.

Furthermore, in many countries, unconventional intermediaries and social networks of close relatives, friends and other entities (often religious) account for a significant portion of financial flows. Similarly, shadow banking (i.e., banking activity carried out by non-banking subjects), which is spreading rapidly in large countries such as China, represents the other side of the coin, addressing many supervisory and financial stability issues. Nevertheless, in China, more than 88% of adults (from 80% in 2017) had an account in 2021. Data elaborated on by the World Bank offer insight on inclusion among both financial institution accounts and accounts from other intermediaries. It is interesting to note that it is only in the Sub-Saharan African countries that accounts from intermediaries other than banks play a significant role (15.4% in 2021) (EIB 2022), in line with data on mobile money accounts. According to the income level classifications, these accounts were concentrated in low-income countries.

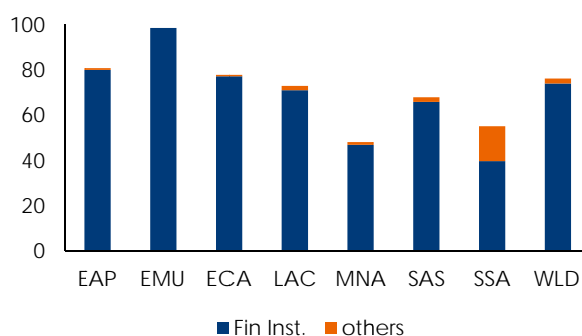


Figure 2. Financial Institution accounts and accounts by region (% age 15+, 2021)

*Note.* EMU=Euro area; ECA\*=Europe & Central Asia; EAP\*=East Asia & Pacific; SAS=South Asia; MNA\*=Middle East & North Africa; SSA\*=Sub-Saharan Africa; LAC\*=Latin America & Caribbean; WLD=World. \* Excluding high income. *Source:* Global Findex database 2021.

Financial inclusion and access to financial services are not synonymous. Failure to use a service does not necessarily mean an individual or corporation doesn't have access to it. Some people can have access to financial services but abstain from their use due to high costs or other barriers (regulatory or otherwise). Thus, anyone who does not access financial services due to these sorts of issues is considered excluded. There is no exclusion when lack of access is attributable to a lack of demand for financial services (voluntary exclusion).

The main barrier preventing households and businesses from accessing accounts is a lack of availability of sufficient funds (relevant for more than 60% of adults without a financial account in developing countries; no data are available on high-income countries). A significant portion of people and corporates were also unbanked either because they relied on accounts held by other family members or because they chose not to participate because of high account fees (Note 9). "Psychological" reasons, such as a lack of confidence in financial institutions, are present but are not widespread (accounting for approximately 24%), and religious reasons do not appear to be very relevant (9.9%).

To achieve financial inclusion, the products/services offered must meet customer needs and their use must be continuous and on a long-term basis. Opening a bank account is not equivalent to using it. Not all people who have an account actively use it. Globally, about one-fifth of account holders reported not making any deposits or withdrawals – in digital form or otherwise – in the past 12 months and therefore had what can be considered an inactive account (Note 10). The share holding an inactive account varied across economies but was especially high for many economies in South Asia. In this area, 22% of the population had an inactive account in 2021, while the average across the world was much lower (7.5%).

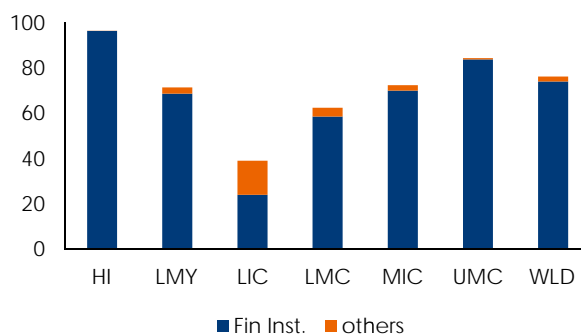


Figure 3. Financial Institution accounts and accounts by income (% age 15+, 2021)

*Note.* LIC=low income (\$1,085 or less); LMC=lower-middle income (\$1,086 to \$4,255); UMC=upper middle income (\$4,256 to \$13,205); HI=high income (\$13,205 or more); LMY=low & middle income; MIC=middle income; WLD=World. *Source:* Global Findex database 2021.

### 3. Factors promoting growing financial inclusion

Several studies, to which reference is made (Note 11), have found that financial inclusion strongly contributes to economic growth, favouring the match between the sectors in surplus and those in financial deficit, and at the same time supporting the use of all available financial resources even if modest. There are different factors promoting the growth of financial inclusion that are linked to both demand from households and businesses, and to supply by banks and other operators, whether financial or not (Note 12).

Governments play a key role in promoting growing financial inclusion by introducing and changing legal regulations, as well as by improving infrastructure (e.g., telephone networks and the internet) (Note 13). Credit bureaux and guarantee registers are very effective, especially for businesses and financial institutions (Note 14). On the other hand, in cases where financial accounts have ample diffusion, adequate deposit protection is required to avoid financial instability and a run on deposits (Note 15).

Public incentives, of course, play a relevant role. Sub-Saharan Africa – which showed impressive growth in financial inclusion (+12p.p. in 2021 in comparison to 2017) – has been the main global recipient of financial inclusion funding in the past decade. More precisely, in 2019, for the first time, Sub-Saharan Africa received more funding than any other region, with USD 7.6 billion (CGAP 2021) in active commitments, representing about 30% of all international financial inclusion projects.

Moreover, technology represents a fundamental driver supporting financial development, especially by cutting costs and making access to financial services more cost-effective (Note 16). This concerns not only mobile banking and mobile payments, but also more recently the introduction of biometric identification (e.g., through fingerprints), which – as highlighted by the World Bank – substantially reduces the distortion of information, as well as the moral hazard in the credit market.

The adoption of new technologies in financial areas is following different routes around the globe. It is worth noting that in regard to mobile technology, a clear correlation has not yet been found between the spread of mobile phone use and mobile banking. Across the world, almost 86% of the population (% aged 15+) owned a mobile phone and payments by mobile phone were quite widespread (almost 40% of the population used a mobile phone or the internet to make payments, buy things, or to send or receive money using a financial institution account) in 2021. However, a large part of the population had not used a mobile for such purposes.

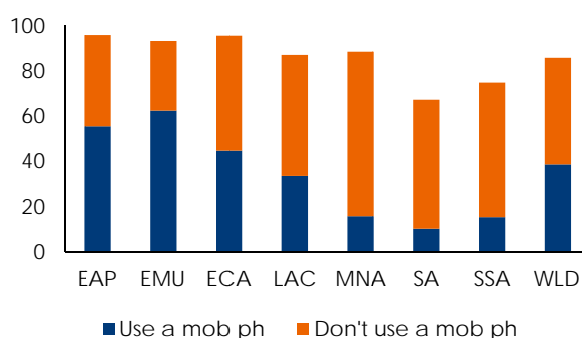


Figure 4. Use of a mobile phone or the internet to make payments, buy things, or to send or receive money using a financial institution account (regional areas, %, age 15+)

Source: Global Findex database 2021

The Middle East & North Africa (excluding high-income) region is one of the areas with the highest mobile phone coverage (88.3% of the population owns a mobile phone) but only 15.6% used a mobile to access a financial institution account. Among CESEE countries, the SEE region, particularly Albania and Bosnia shows still-low rates of citizens using mobile phones or the internet to make payments, buy things or to send or receive money using a financial institution account.

Another factor that significantly affects the spread of financial services is the degree of competition between financial operators (Note 17). In this regard, central authorities must pay particular attention to avoiding any spreading of conditions that could jeopardise the stability of the system (such as excessive credit (Note 18)).

Following the spread of technology, one important factor that can support growing financial inclusion is also financial education, which is included in Goal No. 4 of the UN's 17 SDGs (Quality education). Financial exclusion still affects some people more than others (low-income earners, the unemployed, single parents or people who are unable to work due to illness or disability), but this also depends on their degree of knowledge of the financial services available.



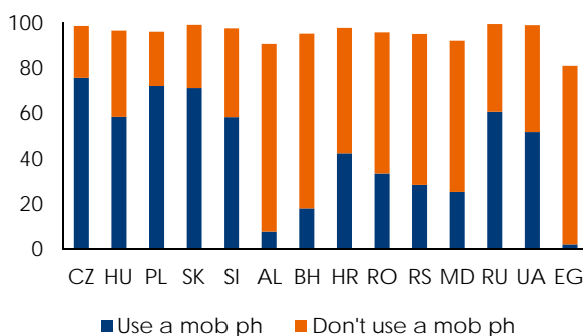


Figure 5. Use of a mobile phone or the internet to make payments, buy things, or to send or receive money using a financial institution account (CESEE countries, %, age 15+)

Source: Global Findex database 2021

### 3.1 Open banking supports financial inclusion

Open banking (Note 19) refers to the use of open APIs – application program interfaces, or the interfaces that link a bank's database with an outside program or application – that enable third-party services access to consumer banking, transaction and other financial data from banks and non-bank financial institutions, providing they have the customer's consent. More and more countries are working on regulating open banking. In the European Union, the revised Payment Services Directive (PSD2) regulation entered into force in 2018 and has been the main catalyst for open banking. While the open banking market leaders are still the UK, Europe and the Nordic region, countries such as Canada, Brazil and Mexico have all taken determined steps to define legislation that will drive open banking.

Open banking could have a relevant impact on the financial services industry in advanced economies. By breaking open the data silos of traditional banks, open banking regimes allow fintechs and other innovators to access customer data, including transaction data, and use these data to develop new products and services that are better suited to the needs of consumers. For emerging and developing economies (EMDEs), open banking holds the promise to foster innovation and lower costs in ways that will make it more economical to serve the underserved and unbanked and offer products and services better suited to their needs (Note 20).

Financial inclusion refers not only to payments, but to all financial services (mortgages, consumer credit, insurance, pensions, etc.). In the context in which intermediaries of a different nature operate, not just banks, it is important to consider open banking because it supports financial inclusion.

Open banking could play a significant role in the affordability assessments carried out by lenders, although it will need to “complement” credit bureau data. Open banking data can be used as a complement or a counterweight, either where bureau data is missing or thin, or where an applicant's problem go further back in history than can be seen from open banking data. Open banking technology is sometimes thought of simply as a way to exchange

financial data, but it can also support financial inclusion in three key ways:

1 - Access to the mainstream. Very often, different segments of the population in many countries are either completely excluded or systematically pushed towards sub-optimal financial products because they do not meet standard risk profile criteria. People can be excluded when they don't have enough financial history on traditional databases. In this case, open banking can allow companies to aggregate data (from current accounts to other financial services such as mortgages and insurance) and therefore to better understand customer profiles. It could also be useful when people move to another country, meaning their financial history may not be visible to new companies, which leaves the customer at risk of being rejected. It is possible to gather more meaningful and detailed information using open banking, which in turn increases the chances of institutions approving people. The fact that companies can quickly and easily gain a more detailed understanding of someone's financial history should fundamentally increase the number of people who can access traditional financial products.

2 - Improved sub-prime approval rates. Furthermore, a paper-based process can facilitate fraud, as highlighted by central authorities. Using open banking, information on income can instead be shared instantly and verified in real time, directly from the bank. Fraudulent or anomalous accounts can be identified more easily.

3 - Proof of ownership and identity. Giving more people access to financial services also means being better able to prove who they are (overcoming the documentation barrier) (IAMTN 2021). At the same time, open banking requires strong data and consumer protection, which should be safeguarded by central authorities (Note 21).

#### **4. The degree of financial inclusion improved further in 2021**

According to the most recent release of the World Bank's new Global Findex database (Note 22), 76% of adults worldwide had one or more accounts (Note 23) in 2021, up from 69% in 2017, 62% in 2014 and 51% in 2011, highlighting a further improvement since the previous update.

Nonetheless, the data concerning access varied considerably, especially among developed countries and emerging countries. Although account ownership increased, on average, in both high-income and developing economies, the average rate of growth in developing economies was steeper. Overall, account ownership in developing economies has grown by almost 30p.p. over the past decade, rising from 42% in 2011 to 71% in 2021. However, individual economies have seen different rates of growth over the past decade.

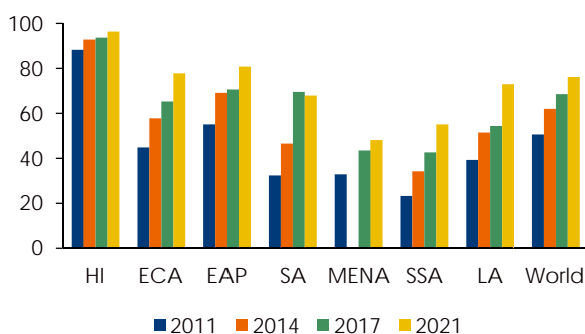


Figure 6. Adults with an account (by region, % age 15+)

*Note:* HI=high income, ECA=Europe & Central Asia; EAP=East Asia & Pacific; SA=South Asia; MENA=Middle East & North Africa; SSA=Sub-Saharan Africa; LA=Latin America.  
*Source:* Global Findex database 2021.

Among the CESEE countries, the improvement has been significant but dispersion has remained very high (Note 24). Data varied from 44% in Albania (increasing by 4p.p. from 2017) to 99.1% in Slovenia (where the percentage of adults was higher than the euro area average of 98.5%). The increases from 2017 to 2021 were very significant in Bosnia (from 59% to 79%, or +20p.p.), in Moldova (from 44% to 64%, also +20p.p.) and Ukraine (+21p.p. to 84%), probably due to both their low starting points and the difficult social and economic context, which led to security concerns and precautionary saving. Furthermore, in Serbia, the diffusion of bank accounts among adults rose from 71% in 2017 to 89% in 2021.

It is interesting to note that the range within regions is particularly wide in South Asia, while in the Sub-Saharan Africa region, where countries are more similar both in terms of income and social habits/standard of living, the range is narrower. In most areas, the biggest country of each area shows an account diffusion higher than the average. This is the case with Russia in the ECA region (90% vs. 68%), China among EAP countries (89% vs. 66%), India in the SAS (78% vs. 51%) and Brazil in Latin America (84% vs. 59%). In contrast, Egypt in the MENA countries and Nigeria in the SSA area show an account diffusion that is very modest and significantly lower than the average for the area (27% vs. 40%; 45% vs. 54%, respectively).

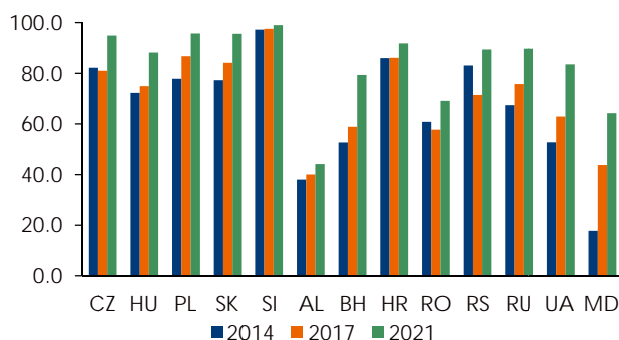


Figure 7. Adults with an account (CESEE countries, % age 15+)

Source: Global Findex database 2021.

The use of a bank account is, of course, strictly related to income: the higher the income, the greater the banking penetration. In high-income countries, 96% of adults had an account (up from 94% in 2017 and 88% in 2011); in developing countries, the percentage was lower (71%), but had improved from 63% in 2017. The vast majority of account owners have an account at a bank, a microfinance institution or another type of regulated financial institution.

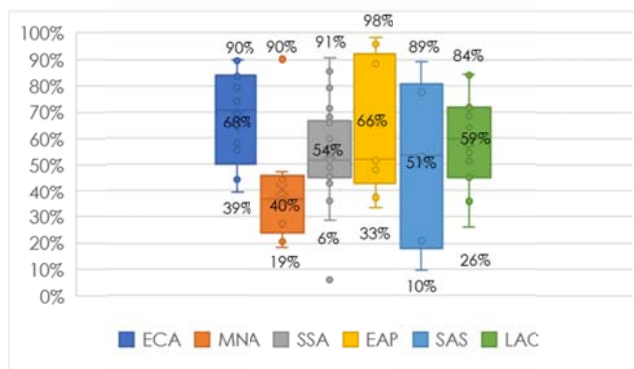


Figure 8. Financial inclusion (distribution, by region)

Source: World Bank data (GFID).

The environment and lower bank fees, as well as bank proximity and the documents requested, are also important. On average, the share of banked adults varied from 39% in 2021 (35% in 2017) in low-income countries to 96% (93.7% in 2017) in high-income countries. All high-income countries benefit from ample account distribution (from 74% in Saudi Arabia to 98% or more in 23 countries out of 42).

Furthermore, it is relevant to note that 54% of the unbanked – 740 million people – live in just seven economies. Meanwhile, despite having relatively high rates of account ownership, China and India claim large shares of the global unbanked population (130 million and 230 million, respectively) because of their sizes.

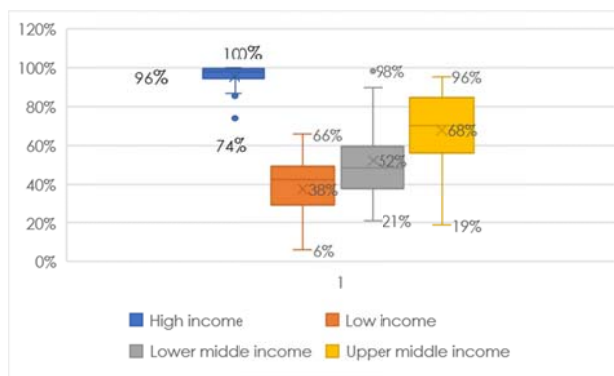


Figure 9. Financial inclusion (distribution, by income)

Source: World Bank data (GFID).

Women face particular barriers to accessing and using financial systems, which makes achieving women’s financial inclusion challenging. These barriers include macro-level challenges, such as laws that prohibit female account ownership or asset inheritance, cultural norms that restrict their mobility and ability to travel what may be long distances to the nearest bank, and unequal levels of education and economic assets. Digital technology offers a promising mechanism to expand financial services to women, but women are often in developing countries far less comfortable and familiar with smartphones than men. Women are also often not entitled to have control over their finances.

Nevertheless, account ownership among women has continued to grow and the gender gap – included in SDG No. 5 of the UN’s 17 SDGs, gender equality - shrank significantly in 2021. Seventy-eight percent of men had an account in 2021 (72% in 2017; 66% in 2014) vs. 74% of women (65% in 2017; 59% in 2014). Therefore, the gender gap fell from 7p.p. in 2017 to 4p.p. in 2021 (a gap of 7p.p. was observed in 2014) (Note 25).

However, the gender gap changes varied strongly among regions (WEF 2022). The diffusion among women increased in all areas, mainly in Latin America (from 51% to 69% in 2021) and in the ECA region (from 62% to 75%), but in these areas the gender gap persisted (7p.p. and 6p.p., respectively). The gap shrank particularly in the South Asia region (from 11p.p. to 4p.p.) and in the MENA countries (from 17p.p. to 13p.p.). In Asia (not including India) only 31% of women had a bank account, compared to 45% of men. In Afghanistan, the proportion fell to 5% of women and 15% of men (Long 2022).

Finally, it is interesting to note that the gender gap in high-income countries became slightly negative, highlighting a higher diffusion of accounts among women than among men in 2021. This result is surprising if we consider that the gender wage gap – defined as the difference between the median earnings of men and women – was still 11.7% in the OECD countries and 10.9% in the European Union (27 countries) in 2020.

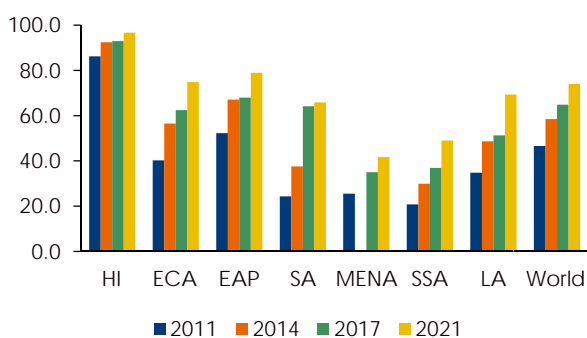


Figure 10. Women with an account (% age 15+) by region

Source: Global Findex database 2021.

As far as CESEE countries are concerned, the distribution among females was very similar to the total distribution, with the only exceptions being Albania, Russia and Serbia, where female distribution was higher than average, even if only very modestly. Furthermore, in

these countries, there was a significant increase in women’s accounts (+20p.p. in Serbia and +14p.p. in Russia between 2017 and 2021). The percentage of women who had an account varied from 46% in Albania to 98% in Slovenia. A strong increase also occurred for women in both Moldova (from 45% to 63%) and Ukraine (from 61% to 81%) among the Eastern Europe countries.

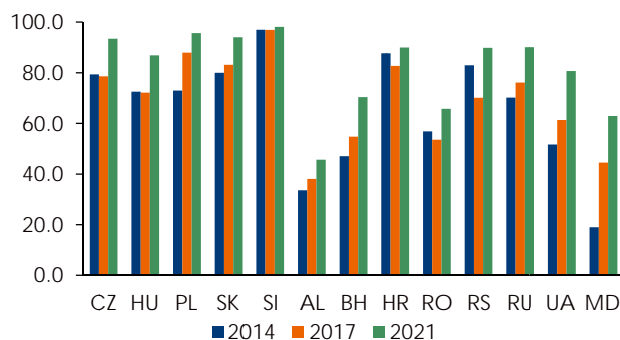


Figure 11. Women with an account (% age 15+, CESEE countries)

Source: Global Findex database 2021.

Consequently, the gender gap (defined as the difference between the male and the female account diffusion) decreased in many countries, but surprisingly increased further in Bosnia and slightly in Ukraine (from 4p.p. to 6p.p.). Russia, Serbia and Albania had no gender gap in 2021.

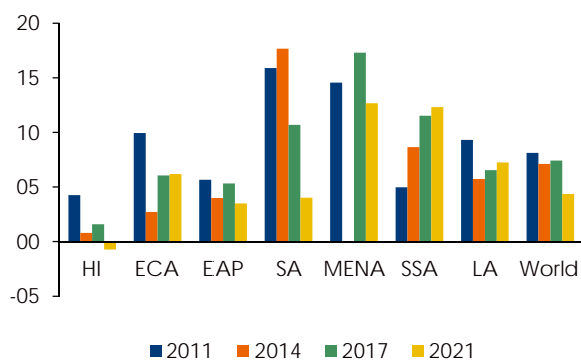


Figure 12. Gender gap (p.p., by region)

Source: Global Findex database 2021.

The growth or decline of the gender gap has different patterns, depending on the economy, but no single set of circumstances drives gender equity in relation to account growth overall. In some economies, the gender gap has narrowed as overall account ownership has increased (as in the CEE countries). Other economies that saw growth in account ownership over the past decade missed the opportunity for greater progress because of a lack of inclusive growth. In Bosnia and Herzegovina in particular, account ownership grew by 20p.p. between 2017 and 2021, but over the same period the gender gap more than doubled from 8p.p. to 18p.p.

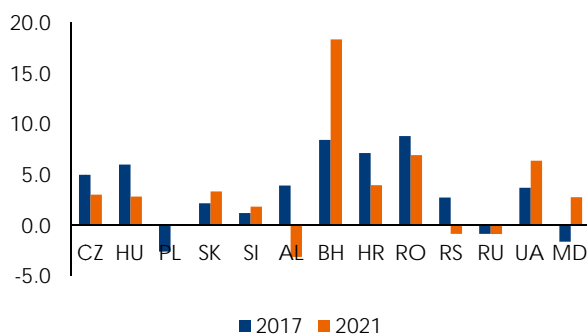


Figure 13. Gender gap (p.p., CESEE countries)

Source: Global Findex database 2021.

Young people were less likely to have bank accounts, along with the unemployed, the less educated and with people living in rural areas. In particular, only 66% of young adults (aged 15-24) in the world had an account in 2021 (56% in 2017), but the share was much higher in high-income countries (93% in 2021, 82% in 2017 and 2014) than in developing countries (about 60% in 2021 and less than 50% in 2017) (Note 26). In some regions in the world, particularly in ECA and Latin America, the percentage of young adults with accounts has risen dramatically (from 50% in 2017 to 73% in the former and from 39% to 66% in the latter) (Note 27). Young people account for a large portion of the population in many developing countries, showing there is great potential for financial services growth, despite the fact that they are often not considered “good clients”, because of their lack of collateral, uncertainty over their future, etc.

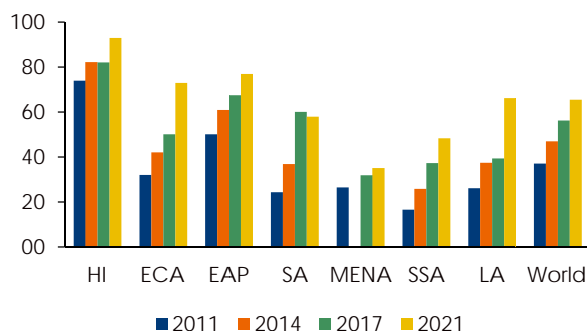


Figure 14. Accounts, young adults (by region, % ages 15-24)

Source: Global Findex database 2021.

Among CESEE countries, it is very interesting to note the jump shown by young adults’ (aged between 15-24) accounts in the CEE countries (now well over 90% in all countries), but also in the Eastern Europe countries, particularly in Ukraine (from 54% to 91%). This is probably linked to the growth in mobile phone ownership.

Account ownership also continues to be low among less educated adults. In Romania and Ukraine, for example, account ownership rates among more educated adults are almost twice

those of less educated adults. In Bosnia, less educated adults are 32p.p. less likely than their more educated counterparts to have an account.

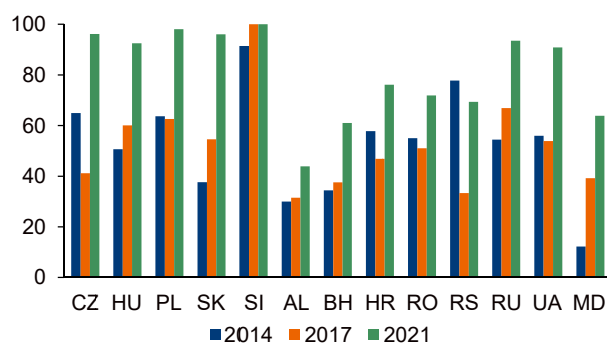


Figure 15. Accounts, young adults (CESEE countries, % ages 15-24)

Source: Global Findex database 2021.

As far as mobile money is concerned, Sub-Saharan Africa remained the global leader in the use of mobile money in 2021; 33% of adults (21% in 2017) in the region had a mobile money account. Among this group, nearly half reported having only a mobile money account, while the other half reported also having a financial institution account. Mobile money accounts are particularly widespread in Kenya, where 69% of adults have one, as well as in Uganda and Zimbabwe (about 50% in each).

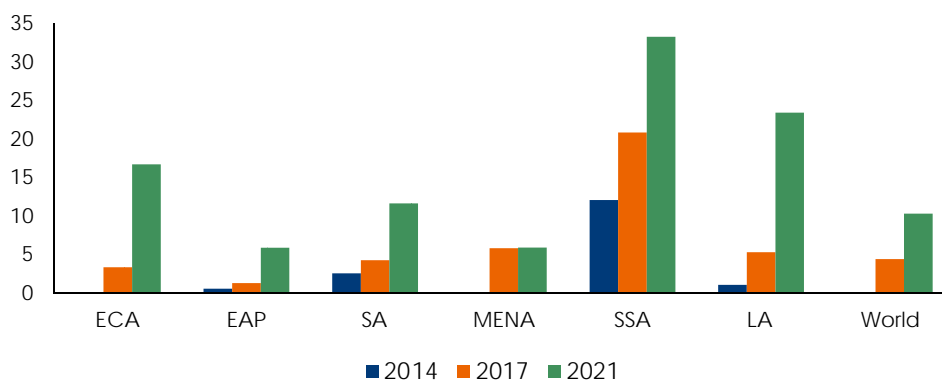


Figure 16. Mobile money account (% age 15+)

Source: Global Findex database 2021.

The Global Findex survey first collected data on mobile money accounts in 2014, which showed a low number of mobile money accounts in both Sub-Saharan Africa (12% of adults had a mobile money account) and globally (2%) (Note 28). Unfortunately, in other CESEE countries, data are not available or aggregates cannot be calculated because of missing data.

As far as the gender gap for financial institution accounts is concerned, it increases as women age, but it remains small for men and women who only have mobile money accounts. There is no gender gap in mobile money account ownership as adults age. Twenty-five percent of



young women have only a mobile money account and 27% of men do; the gender gap for mobile money accounts remains insignificant as adults age.

Technology can create barriers for older consumers, who may prefer traditional methods of carrying out transactions, and for those who may lack the familiarity, confidence or digital literacy to engage with digital financial services.

### 5. The unbanked: the reasons why

Globally, 24% of adults were unbanked in 2021 (31% in 2017). The 2021 Global Findex survey data helps inform our understanding of why adults did not have accounts at a financial institution. Respondents could offer more than one reason, and in the Global Findex report most gave two.

The most commonly cited barrier was lack of sufficient funds. Nearly two-thirds of adults without an account at a financial institution said that they had too little money to use one (as was the case in 2017). Among the regions, in the MENA countries 81% of respondents did not have enough money.

Cost was another important barrier, one which was cited by 38% of adults without an account at a financial institution (28% in 2017). We note that the share reporting that accounts were too expensive was much higher in Latin America and the Caribbean (61%, as was the case in 2017) than in other areas. Globally, a similar share, 27%, said that they did not have an account because a family member already had one (25% in 2017). Distance was a barrier for many as well: on average, 28% of adults without an account said that financial institutions were too far away (20% in 2017). In LA, SSA, SA and EAP, adults cited distance as a factor in percentages ranging from 32% to 36%. Documentation requirements also hampered account ownership. Almost 27% of adults without an account at a financial institution (20% in 2017) reported lacking the documentation needed to open one.

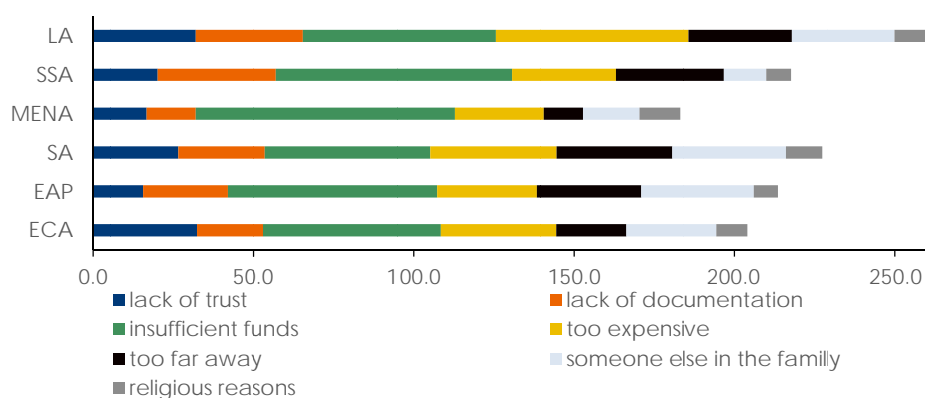


Figure 17. Unbanked (reasons, developing countries, % without a financial institution account, 2021)

Note: respondents could offer more than one reason Source: Global Findex database 2021.

Distrust in the financial system featured as a greater barrier in some regions than in others (Note 29). Globally, 24% of adults without an account at a financial institution cited this barrier (16% in 2017), particularly in the ECA and in Latin America countries (both more than 30%). Only 10% of adults without an account at a financial institution (6% in 2017) cited religious concerns as a reason. This factor was slightly higher than the global average in MENA countries (12%), and substantially higher in some economies with a predominantly Muslim population (for example, Morocco at 19% and Iraq at 24%).

Among the CESEE countries, the most relevant barrier was insufficient money, cited by about 50% of adults. In any case, the dispersion was very high: this varied between 40% of adults who didn't have an account in Croatia to 74% in Albania. In the EE countries, accounts were considered too expensive by about 46-48% of adults. In Russia, the limited competition (Note 30) (and therefore high prices) may explain the high percentage of adults (48%), the highest among CESEE countries, who considered accounts "too expensive".

Another relevant reason was that someone else in the family had an account, particularly in Serbia and Croatia (52% of adults) and Bosnia (47%). In Ukraine, 54% of unbanked adults cited "lack of trust". It is very surprising that more than one in three unbanked adults also cited the same barrier in Russia, where banks are mostly state-owned. Distance was important only in Ukraine and Moldova (32%).

As far as the mobile accounts are concerned, reasons for not having a mobile money account are available only for the "developing country" category, where 60% of adults had not an account because they didn't have enough money to use a mobile money account, a similar percentage as for bank accounts.

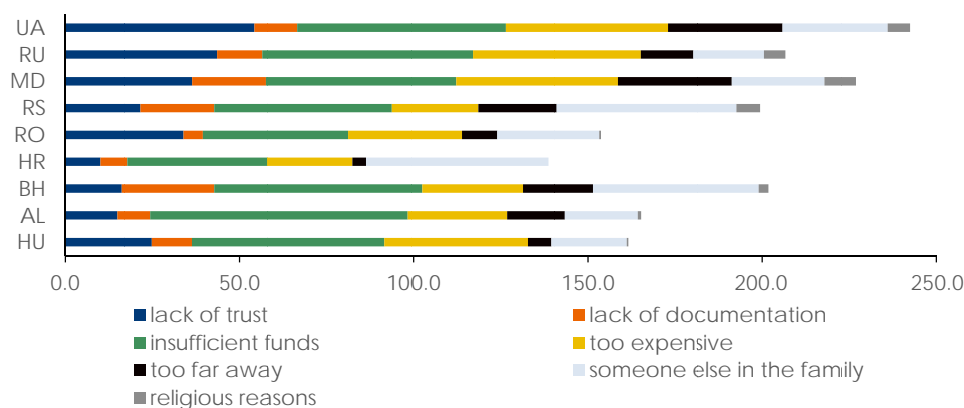


Figure 18. Unbanked (reasons, CESEE countries \*, % without a financial institution account, 2021)

Note: \* data not available for CZ, PL, SK, SI. Respondents could offer more than one reason. Data as of 2017 are not available Source: Global Findex database 2021.

## 6. Use of financial services – digital payments

The Global Findex provides further data on the use of accounts and on some main financial instruments (payments, credit and debit cards). According to the 2021 Global Findex survey,

64% of adults – or 84% of account owners – around the world reported making or receiving at least one digital payment in the past year. In high-income economies, 95% of adults (98% of account owners) reported doing so; in developing economies, 57% of adults (80% of account owners) reported doing so. These percentages include all respondents who reported using mobile money, a debit or credit card, or a mobile phone to make a payment from an account or who reported using the internet to pay bills or to buy something online in the past 12 months. They also include those who reported paying bills, sending or receiving remittances, receiving payments for agricultural products, or receiving wages, government transfers or a public sector pension directly from or into a financial institution account or through a mobile money account in the past 12 months.

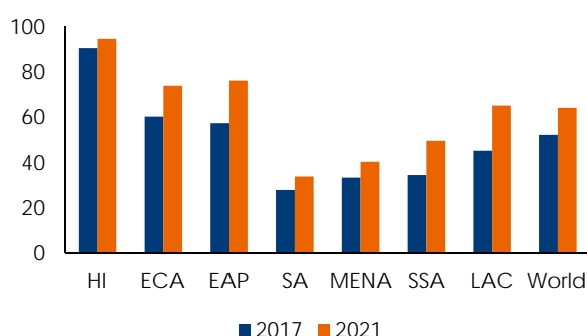


Figure 19. Made or received digital payments (regions, % age 15+)

Source: Global Findex database 2021.

In high-income economies, the use of digital payments has been virtually universal since 2014, when such data were first collected as part of the Global Findex survey. In developing economies, the share of adults making or receiving digital payments has grown rapidly in recent years and rose by 13p.p. between 2017 and 2021, from 44% to 57%. Indeed, the growth in the use of digital payments outpaced the growth in account ownership in developing economies; the share of account owners making or receiving a digital payment increased to 80% in 2021, up from 69% in 2017. Egypt has double-digit gaps in the use of digital payments among account owners (12pp).

Globally, 28% of adults received at least one payment from the government, whether it came in the form of public sector wages, a public sector pension or government transfer payments. Government transfer payments include any kind of social benefits such as subsidies, unemployment benefits or payments for educational or medical expenses (Note 31).

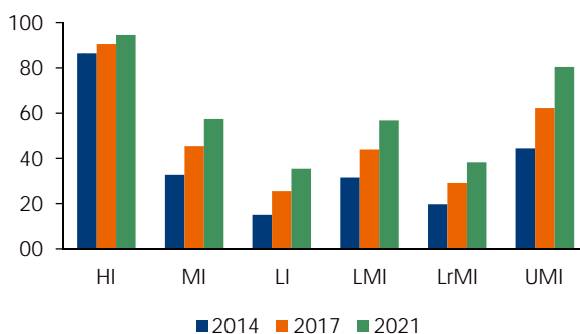


Figure 20. Made or received digital payments (income categories, % age 15+)

Source: Global Findex database 2021.

Except in low-income countries, most adults receiving government transfers or pension payments received them into an account, and in both developing and high-income economies almost all adults receiving a public sector wage had this paid into an account. Furthermore, in many developing countries, including Russia, a higher share of government wage payments than government transfers and pension payments was paid into an account. One explanation may be that wage payments are recurrent, whereas government transfer payments may be less frequent, and they are harder to digitise when issued to people living in more remote areas and so less likely to be served by financial institutions. Furthermore, about half of adults in Russia sent or received remittances.



Figure 21. Remittances (sent or received, %, age 15+, 2021)

Source: Global Findex database 2021

International remittances play an essential role in supporting economic development and policy objectives related to financial inclusion (Ardic et al. 2022). In developing economies, 33% of adults sent or received a domestic remittance to or from a relative or friend living elsewhere in the country. Remittances are particularly important in Sub-Saharan Africa, where 53% of adults sent or received such payments (Note 32), in line with the higher presence of “other” intermediaries (remittance service providers) and mobile accounts, which are strongly increasing in this segment, with positive effects on costs (Note 33). About half of adults in Russia sent or received remittances.

Among CESEE countries, remittance inflows were particularly high as a percentage of GDP in Moldova (15.2%), Albania and Bosnia (9.4% and 10.5%, respectively) in 2021.



Figure 22. Remittances (sent or received, CESEE countries, %, age 15+, and in % of the GDP, 2021)

*Note:* remittance inflows as % of GDP *Source:* Global Findex database 2021.

## 7. Payment (credit and debit) cards

To fully benefit from having an account, people need to be able to use it in safe and convenient ways. People may access and use their accounts in different ways. Payment cards, such as debit or credit cards, provide account owners with a convenient means of making payments from accounts without having to withdraw cash.

A remarkable difference can be noted in the use of credit and debit cards in both high-income and developing countries. Across the world, 20.6% used a credit card (15.5% in 2017). Among high-income countries, the use of credit cards was much higher (50.5% in 2021, 49% in 2017) than in EAP (24%) and Latin America (23%), with data not available for other regions.

Debit card use was much more widespread (35% across the world in 2021, from 29% in 2017), both in high-income countries (74%) and emerging countries (37% in EAP, 35% in Latin America and more than 23% in MENA countries, but only about 10% in the other two areas of SA and SSA). People can use debit cards either to make direct payments from their account or to withdraw money through automated teller machines (ATMs) rather than via bank tellers in branches.

It is worth noting that the gap between adults who had a debit or a credit card and adults who used one was still high in the world (20p.p.), especially in EAP countries (30p.p.).

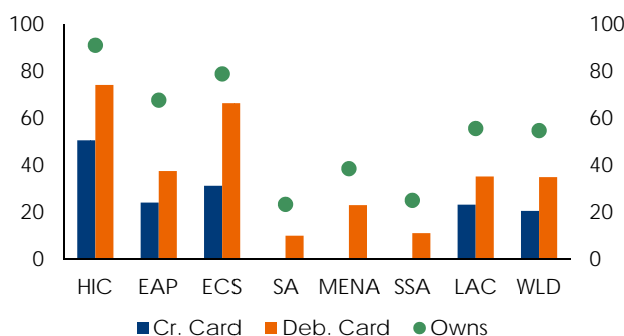


Figure 23. Credit and debit card (used and owned, by region, % age 15+, 2021)

Source: Global Findex database 2021.

In CESEE countries, the use of electronic payments was quite low, especially in the SEE area (Albania and Bosnia) and Moldova.

The use of debit cards was much higher than the use of credit cards in all countries, especially in the CEE countries (80% vs. 20%, respectively, in 2021).

In the other countries, debit and credit card use remained much lower (about 37% and 16%, respectively). Debit card use increased strongly in the Czech Republic, Hungary and Slovakia between 2017 and 2021, and also in Bosnia (+13p.p.) and Romania (+16p.p.) among the SEE countries. In EE, the use of debit cards increased strongly as well, by almost 20p.p. in Moldova and Ukraine in 2021 vs. 2017, and by 13p.p. in Russia.

The use of credit cards was much lower in all the countries covered. The highest percentages were in Slovenia (38%), Croatia (28%) and the Czech Republic (24%) in 2021, with data improving slightly from the previous survey conducted in 2017. In Ukraine, the use of credit cards was also relevant (rising to 27%, from 19% in 2017). The use of credit cards increased slightly in almost all countries, particularly in Poland (+6p.p.), or remained stable.

Furthermore, we also see a gap between use and ownership among CESEE countries, one which is very high in SEE (16p.p., on average) and EE (ex-Russia) (15p.p.) countries in comparison to CEE countries (5p.p.). This result was surprising, especially with regard to debit cards, which are a useful (almost indispensable) way to use current accounts held with financial institutions. Nevertheless, this could be explained by the direct use of bank accounts at branches, which is typical of aged or less educated people.

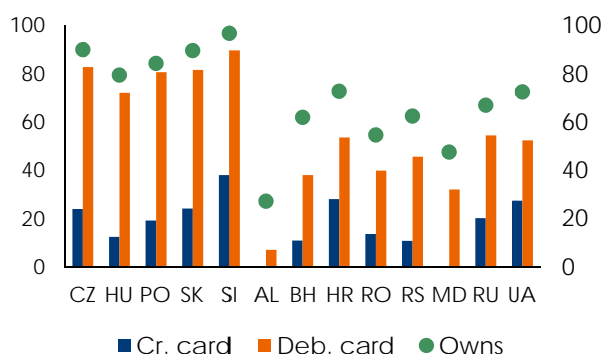


Figure 24. Credit and debit card (used and owned, CESEE countries, % age 15+, 2021)

Notes: Owns refers to owning a debit or a credit card. Data on credit card are not available for Albania, Moldova and Egypt Source: Global Findex database 2021.

### 8. Savings showed a slight increase

Global Findex data also showed how and why people saved and borrowed. In 2021 48.8% of adults in the world had saved some money in the past 12 months (in high-income economies, 76% of adults; in developing countries 42%), only a slight increase in comparison with 2017 (48%), which is surprising considering the strong deposit increase registered across the world during the pandemic. This slight increase therefore suggests an increase in availability essentially with savers who already held an account and therefore not an expansion of the user base.

People saved money in different ways. Globally, in 2021 29% (27% in 2017) of adults — or about two-thirds of people who saved any money — reported having saved formally in the past 12 months, at a bank or other type of financial institution. Among all adults, the share who reported saving formally averaged 58% in high-income economies and 25% in developing economies.

Among savers, the share saving formally (Note 34) was more than three-quarters in high-income economies, and more than half in developing economies. It is worth noting that this was the first time formal savings was the most common mode of saving in developing countries.

In developing countries, a common alternative to saving at a financial institution is to save semi-formally, by using a savings club or a person outside the family. In 2021, 9% of adults reported saving in this manner, including the 4% of adults who saved semi-formally but not formally.

In the SSA countries 10% of adults reported saving using a mobile money account. In Egypt, only 3.6% of adults (from 6.2% in 2017) reported having saved formally in the past year, one of the lowest data points in the entire sample (close to Pakistan and Iraq at 2%, Lebanon and Uzbekistan at 3% and Zimbabwe and Paraguay at 4%), but 21% of adults saved some money (down from 30.6% in 2017), therefore mainly with other intermediaries (16%).

As far as the main reasons for saving were concerned, 26% of adults globally reported having saved in the past 12 months for old age, 53% in high-income economies and 19% in developing countries (44% and 16% in 2017, respectively).

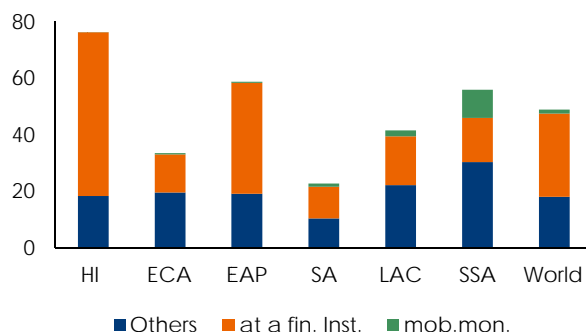


Figure 25. Saved any money and saved at a financial institution (region, % age 15+)

Source: Global Findex database 2021.

Among CESEE countries, in Slovakia and the Czech Republic, 80% of adults saved some money, mostly (60%) “at a financial institution”, while in Slovenia 25% saved using other methods and 40% saved formally. In Hungary 27% used other methods and 32% a financial institution. Savings at a financial institution strengthened between 2017 and 2022, especially in the Czech Republic (+14p.p.), among the CEE countries, but at a lower rate in the SEE countries (in Croatia these even decreased by 10p.p. in favour of other intermediaries).

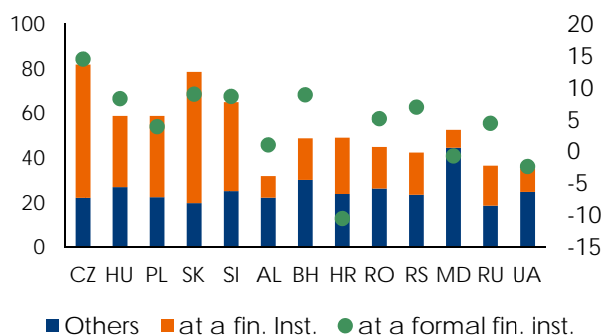


Figure 26. Saved any money and saved at a financial institution (CESEE countries, % age 15+)

Source: Global Findex database 2021

“Other methods” were more relevant in Moldova (44% vs. 8% at a financial institution) and Ukraine (25% vs. 10% at a financial institution) for many reasons: first, because of the lack of money (not enough to have an account), but also because of low interest rates and the lack of trust in financial institutions (Note 35). Savings at a financial institution decreased both in Ukraine (-2p.p.) and Moldova (-1p.p.).



### 9. Borrowing increased and not only formal borrowing

Globally, in 2021 53% (47% in 2017) of adults reported having borrowed money in the past 12 months, including through the use of a credit card. The share of adults with new credit, formal or non-formal, averaged 65% across high-income economies and 50% across developing economies.

In high-income economies, formal borrowing was by far the most common source of credit: almost 90% of borrowers reported borrowing from a financial institution or through the use of a credit card. In developing economies, 46% of borrowers used the formal method and family and friends were the most common sources. Few people borrowed from a savings club (2%), but the number was higher in the case of Sub-Saharan Africa (9% of adults).

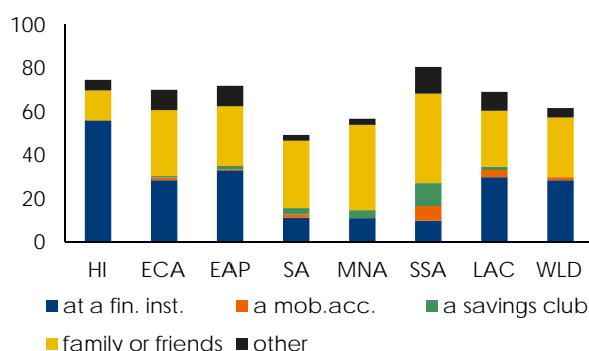


Figure 27. Adults borrowing (region, % age 15+)

Source: Global Findex database 2021.

In the CESEE countries, almost 50% of adults, on average, had borrowed some money in the last year, in line with the world average. Many people borrowed from a financial institution, particularly in Slovenia (42%) and Slovakia (34%), among the CEE countries, in Croatia (33%) in the SEE area, and in UA (34%). Nevertheless, in many countries, the percentage of adults who borrowed from family or friends remained higher, especially in SEE and EE countries, particularly in Moldova (32% from a family vs. only 13% from a financial institution in 2021), showing there is room for bank lending growth.

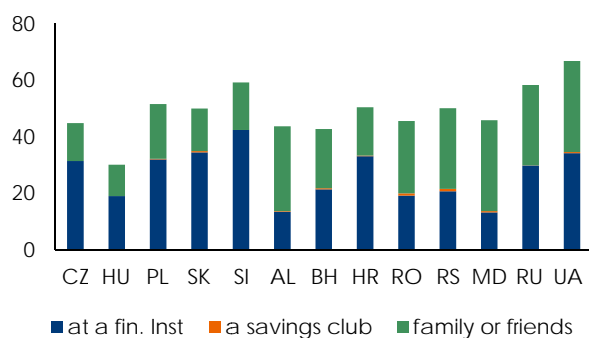


Figure 28. Adults borrowing (CESEE countries, % age 15+)

Source: Global Findex database 2021.

In the CESEE countries, almost 50% of adults, on average, had borrowed some money in the last year, in line with the world average. Many people borrowed from a financial institution, particularly in Slovenia (42%) and Slovakia (34%), among the CEE countries, in Croatia (33%) in the SEE area, and in UA (34%). Nevertheless, in many countries, the percentage of adults who borrowed from family or friends remained higher, especially in SEE and EE countries, particularly in Moldova (32% from a family vs. only 13% from a financial institution in 2021), showing there is room for bank lending growth.

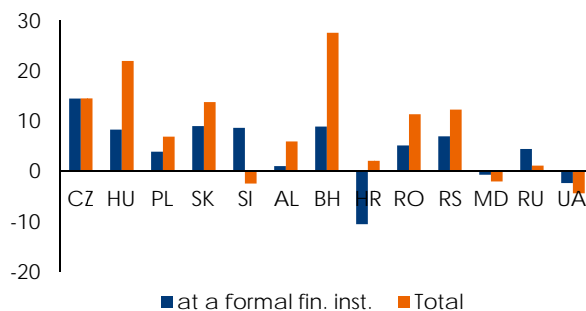


Figure 29. Savings % changes from 2017 to 2022 (pp, CEE/SEE/EE countries)

Source: World Bank data (GFID).

Changes in total borrowing in the 2017-2021 period were positive in many CESEE countries, indicating a higher number of borrowers, especially in Slovakia and Slovenia in the CEE countries, in Bosnia and Serbia in the SEE countries, and in Russia and Ukraine among the remaining countries, in nominal terms. In contrast, the percentage of adults who borrowed money from a financial institution in the past year decreased in a few countries (four countries, particularly Croatia, where this fell by 5p.p.), in line with the countries that reported a decrease in the “saved any money” category (three countries, namely Croatia and Ukraine). The simultaneous decrease of formal borrowing and savings may highlight a substantial shift to other intermediaries.



Figure 30. Savings % changes from 2017 to 2022 (pp, CEE/SEE/EE countries)

Source: World Bank data (GFID)

In high-income countries, the majority of those able to come up with emergency funds cited

savings as their main source (49.5% of all adults), while 15% cited family or friends, which was the main source of funds in MENA countries (50.3%). In contrast, in developing countries, the two most common sources of such funds were money from family or friends and earnings from work – nearly 60% of adults relied on one of these as their main source of emergency money.

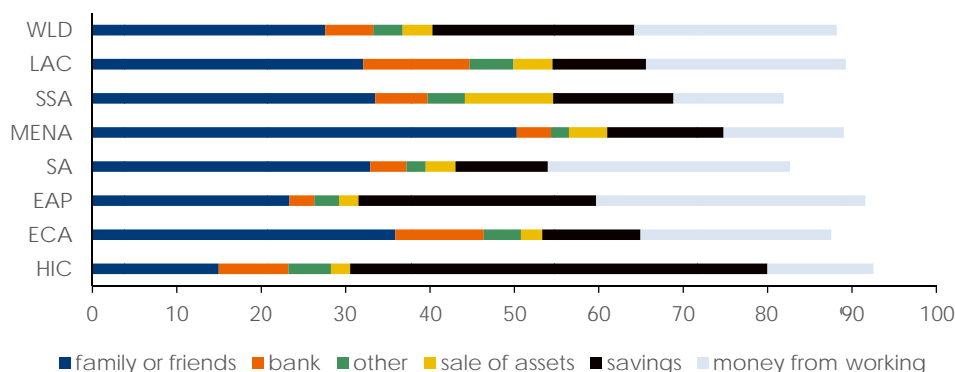


Figure 31. Main source of emergency funds (% able to raise funds, age 15+, 2021)

Source: Global Findex database 2021

In the case of financial need, banks were chosen by few adults in the CESEE countries (about 6% in both CEE and SEE countries).

In CEE countries, the main source of funds was savings (about half of adults), in line with HI countries. In contrast, in the other CESEE countries, both the SEE and EE countries, the main sources of emergency funds remained family or friends (about 30% and 40% of adults, respectively) in 2021, according to the WB survey, while savings accounted for lower percentages (about 20% vs. 13%). Bank credit was chosen by a negligible share of adults in all three areas (CEE 7%, SEE 5.5% and EE 8.3%), showing there is still potential for banks to reach new customers.

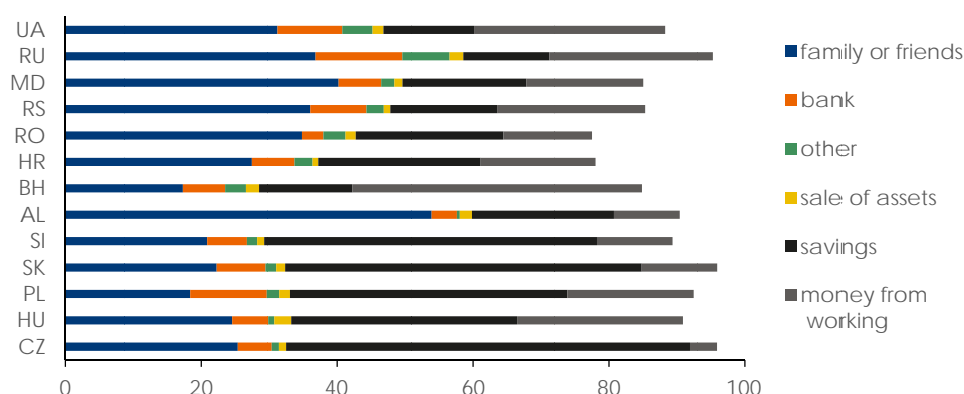


Figure 32. Main source of emergency funds (CESEE countries, % able to raise funds, age 15+, 2021)

Source: Global Findex database 2021

## Conclusion

The most important data analysed in this note showed first, that financial inclusion had improved further by 2021, both despite and also because of the COVID-19 crisis. On the one hand, the impact of the economic crisis led to a fall in income and consumption, but on the other, there were numerous measures adopted by central authorities to support households and corporates and this softened the impact.

In many countries, for example, the CEE area, financial inclusion has become very high and is now at the level of major high-income countries. Most of the unbanked are still concentrated in a few Asian countries.

Digital payments strengthened in all regions, especially in the EAP. However, the gap between ownership and utilisation of credit and debit cards remained large in 2021, suggesting there is a need to further incentivise use. The Global Findex does not capture the volumes of transactions, only the number of accounts. It is worth noting that customers often have an account but still prefer to use cash.

As far as banking is concerned, the simultaneous decrease in borrowing and savings that occurred in many countries highlighted a substantial shift to other financial intermediaries.

The Sustainable Development Goal related to financial inclusion included in the UN Agenda 2015 could realistically be reached by 2030, but ownership is not utilisation. It is necessary now to improve financial education and digital literacy to encourage more effective and extensive use of financial accounts. Nevertheless, the ample diffusion of financial inclusion can be reached mainly with a more even income distribution, in all countries and in all the different development models which are spreading in the world.

## Notes

Note 1. Various international institutions — in particular, the World Bank, OECD, IMF and, IIF — follow the topic. Our analysis is based on the Global Financial Inclusion database (Global Findex), which the World Bank processed based on a survey carried out with households and enterprises in 123 countries in 2021, during the COVID-19 pandemic. The 2021 Global Findex was compiled using nationally representative surveys of about 125,000 adults aged 15 and above.

Note 2. The expression “CESEE countries” refers to the following countries: Czech Republic, Hungary, Poland, Slovakia and Slovenia (CEE area); Albania, Bosnia and Herzegovina, Croatia, Romania and Serbia (SEE area); Moldova, Russia and Ukraine (EE area).

Note 3. The definition of formal financial institution used by the Global Findex database encompasses all types of financial institutions that offer deposit, chequing and savings accounts — including banks, credit unions, microfinance institutions and post offices — and that fall under prudential regulation by a government body. The definition does not include non-bank financial institutions, such as pension funds, retirement accounts or insurance companies, or equity holdings, such as stock. As used throughout the report, the term ‘financial institution’ refers to a formal financial institution. It can be useful to remember that

financial service providers are divided into the following institutional categories: commercial banks (licenced for taking deposits from the general public subject to supervision); other banks (i.e., postal banks); financial cooperatives (governed by “one member one vote”); other deposit-taking institutions (which collect savings, but do not fit the definition of bank or financial cooperative); microcredit institutions (which do not take deposits but do provide microcredit targeting low-income customers); and non-bank e-money issuers (an issuer of e-money that is not a bank).

Note 4. It has been the case in Italy, for instance, where in more than 3,000 municipalities out of 8,000 (Comuni) bank branches are not present. In 2021 the number of branches decreased by 8%; since 2012, the decline has been 34%. Based on the latest data available for comparison with the other main European countries (referring to 2020), the average number of inhabitants per branch rose to more than 2,500, an intermediate value between that of France and Spain (about 2,100) and that of Germany (more than 3,400). See Bank of Italy, Annual Report 2021, p.160. While digital channels will continue to play an essential role, experts predict a rising demand for face-to-face customer interactions and new hybrid solutions. (Wind 2023).

Note 5. Super apps have been especially popular in China, where Alipay and WeChat Pay have succeeded in establishing a large and highly engaged customer base and expanding into financial services beyond payments. Furthermore, prominent examples of virtual banks exist in China (MyBank, AiBank and WeBank) (World Bank, April 2020).

Note 6. Since 2018, some major credit institutions with a wide network of regional coverage have been involved in Bank of Russia initiatives to enhance financial inclusion in remote, underpopulated and hard-to-reach areas, as well as to develop ‘simplified’ formats of presence. The Bank of Russia still considers a greater financial inclusion for consumers and SMEs a key policy area and a strategic goal of Russian financial market development. (Bank of Russia, 2021).

Note 7. The relationship between finance and economic growth has been deeply proved by academia. The topic is complex, of course, and requires to consider not only financial account distribution, but also the other financial products and services (asset management, trading, insurance, etc.) offered by banks and other financial intermediaries. Financial inclusion has been included among the 2030 Agenda for Sustainable Development Goals precisely because it is supportive of growth and equality.

Note 8. An alternative measure of the degree of financial depth is represented by the total bank assets/GDP ratio, but this data is not as easily available. In this respect, it should be considered that lending represents the greater part of TA in most countries. In some countries (such as Egypt), however, the other items of TA, firstly portfolio securities, cover a significant part, to such an extent that while the loan to the private sector/GDP ratio was equal to 25.8% (2021), TA/GDP exceeded 120%. Furthermore, Egypt shows one of the lowest financial inclusion rates (26% in 2021).

Note 9. Barriers remained very similar to those highlighted in 2017, in the previous Global Findex survey.

Note 10. It is not possible to ascertain whether accounts with no deposits and no withdrawals

in the past 12 months are “dormant”, as they may be used for long-term saving.

Note 11. IMF examined 95 countries and found that not only did individuals’ access to and use of financial services promote growth, but it also decreased inequality, particularly when financial inclusion was in its early stages (Sahay, 2015). Furthermore, World Bank researchers have found that improving low-income households’ access to finance contributed to economic development and higher income for poor households, (Sarma et al. 2011; Kim et al. 2018).

Note 12. For an updated overview of international experiences in many countries, see the numerous presentations at Financial Inclusion Week 2022, 17-20 October 2022, available on demand on the following website: <https://app.swapcard.com/event/financial-inclusion-week-2022>.

Note 13. For an in-depth examination of the big role played by the states in finance during the recent economic and financial crisis, refer to IMF (b, October 2022).

Note 14. In developing the UN Vision 2030 to the formal completion of the 2030 Agenda, each country summarises the visioning exercise results, reflecting a shared picture of the country’s sustainable development challenges and objectives. Egypt’s Vision 2030, for instance, included in the Sustainable Development Strategy (SDS) a prioritisation of women’s financial inclusion. See Alliance for Financial Inclusion, Integrating gender and women’s financial inclusion into the Central Bank of Egypt’s framework, 2019.

Note 15. A deposit run due to the war has been avoided in 2022 in Ukraine, Russia and Moldova by central authorities imposing limits on withdrawals. In Vietnam, a deposit run was recently sparked because of financial fraud, but it was limited to the Saigon Joint Stock Commercial Bank. The Vietnamese case highlights the governance risks at banks, another essential component of ESG themes.

Note 16. The use of technology in finance is rapidly extending through new channels and tools, such as the internet and virtual currencies (such as bitcoin). See presentations on this topic from Financial Inclusion Week 2022, as mentioned above.

Note 17. Different sorts of businesses are engaged in this market: commercial banks offering formal finance; mobile-network operators that provide infrastructure for making payments, which represents the basic factor supporting inclusive financial services; “fintech”, financial-technology start-ups; and “platforms”, i.e., internet service firms.

Note 18. This is the case in Kenya, where indebtedness has risen rapidly, with one in four adults having borrowed some money from a formal financial institution in 2021 (19% in 2017).

Note 19. The term “open banking” is widely used in the industry, although the term “data sharing” technically may be more suitable. In certain instances, the data shared do not relate to banking but to other financial services. Also, the data are not “open,” per se, but rather shared only with certain authorised third parties.

Note 20. For a deep analysis and some cases (Brazil, Mexico), see Plaitakis (2020).

Note 21. The CGAP – a trust-funded consortium of 32 members with a mandate of advancing access to financial services to the world’s poor, which is housed in the World Bank’s

Equitable Growth, Finance and Institutions Global Practice – worked to strengthen consumer protection during fiscal year 2022, a period of intense crisis (CGAP 2022).

Note 22. The World Bank processes the Global Financial Inclusion database (Global Findex), based on a survey conducted among households and businesses in 123 countries. Surveys were previously conducted in 2011, 2014 and 2017 (World Bank 2021).

Note 23. The World Bank considers current accounts held with banks, but also with post offices, cooperatives and micro-credit institutions

Note 24. The relevant increase of account diffusion can be connected to the vigorous dynamic of banking aggregates, both lending and deposits, and several measures adopted by central banks to face the COVID-19 crisis (IMF a October 2022).

Note 25. Fintech adoption significantly improves female employment and reduces gender inequality, the effect being more pronounced in firms without traditional financial access. Fintech not only increases the number and ratio of female employees in the workforce, but also mitigates the financial constraints of female-headed firm (Loko et al. 2022).

Note 26. Young people as a target for financial products may seem to be a marginal business opportunity, due to their modest capacity for savings and demand for credit, as well as the likely irregularity of transactions. However, this cohort should be viewed as part of a broader strategy of approaching full families as a means of gaining greater customer loyalty and as a cross-selling opportunity (young people help parents use mobile devices).

Note 27. People have also been grouped by other specific characteristics (available in the World Bank Report), such as age, education level, employment status and rural residence, which reveal some differences in account ownership.

Note 28. Based on a sample of 1,049 African fintechs as of April 2022, Nigeria is now the top country market, with 24% of the companies sampled, South Africa is second at 20%, Kenya is third with 17% and Egypt ranks fourth with 9% (with 94, increased to 112 as of September). See EIB, Finance in Africa: Navigating the financial landscape in turbulent times, 2022, p. 90.

Note 29. The Global Findex survey was referred to the trust in the banking system, but also the trust in central authorities (supervisors and governments) would have to be considered. In 1992, the Italian government imposed the forced retroactive withdrawal of 6% from the current accounts of Italian banks, on the night of Friday 10 July 1992.

Note 30. The biggest Russian state-owned banks accounted for more than 50% of the total assets of the system in 2021.

Note 31. Argentina – where government programmes involved 5 million recipients (more than 10% of the population) – is a significant example, as highlighted by Pablo García Arabéhéty in Financial Inclusion Week, which began on 17 October 2022 (IMF March 2022).

Note 32. For a more detailed analysis of remittances in Africa, see European Investment Bank, Banking in Africa: financing transformation amid uncertainty, 2020, which examines the relationship between remittances, financial sector development, financial inclusion and investment.

Note 33. In September 2015, the United Nations approved, among the Sustainable

Development Goals (UN SDGs), a target for remittance cost reduction. The UN SDGs included an ambitious version of the G8/G20 remittance cost target (UN SDG 10.c.1). The target aims to reduce the global average cost of sending USD 200 to less than 3% by 2030 and to ensure that by then, each corridor's cost for sending USD 200 is less than 5%.

Note 34. "Saved formally" refers to the percentage of respondents who reported saving or setting aside any money at a bank or other type of financial institution in the past 12 months. "Saved semi-formally" refers to the percentage of respondents who reported saving or setting aside any money in the past 12 months by using a savings club or a person outside the family. Savings groups provide members with a secure place to save, the opportunity to borrow in small amounts and on flexible terms, and affordable basic insurance services. Savings groups are composed of 15-25 self-selected individuals who meet regularly and frequently to save; amounts are based on each member's ability. Groups then pool the savings to make loans on which they charge a relatively high service fee or interest rate, which in turn increases the loan fund. Members' savings and loans are recorded in individual passbooks or one central ledger. Common alternatives in developing economies are rotating savings and credit associations (ROSCAs), which operate by pooling member deposits weekly and disbursing the entire sum to a different member each week. Such practices are especially common in Sub-Saharan Africa. Savings clubs often require a commitment to regular periodic saving outside the home, but they may not ensure that money is safe from theft or loss, and they do not allow those who use them to make payments from an account or to build a personal savings history.

Note 35. As highlighted in the drivers behind a lack of an account. Having an account is a prerequisite for saving formally.

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