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The Global Findex Database 2014

Measuring Ownership and Use of Accounts

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Recent years have seen explosive progress in financial inclusion. Worldwide, 62 percent of adults have an account at a financial institution or through a mobile money provider, up from 51 percent in 2011. Back then, 2.5 billion adults struggled to get by without banking services; today, their ranks have been reduced by a fifth, to 2 billion. Drawing on new data from the 2014 Global Financial Inclusion (Global Findex) database, this note measures the extent of account ownership and explores how accounts are used. It concludes by outlining ways governments and the private sector can encourage people to more actively use their accounts.

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Financial inclusion not only helps low-income people feed their families, collect government social benefits, access credit, and save for retirement. It also lays a foundation for stability and shared economic growth.

Before 2011, little was known about the financial system's global reach, including how many people owned accounts and the extent to which such groups as women and the poor were excluded. The first Global Findex database was a landmark, delivering unprecedented insights into how people in more than 140 economies were saving, borrowing, making payments, and managing risk.

Three years later, the second edition provides an update on the indicators collected in 2011 while adding new data on mobile money and domestic payments. As in the first edition, indicators are constructed with survey data from interviews with nationally representative and randomly selected adults age 15 and older—about 150,000 people were surveyed in 143 economies during the 2014 calendar year.

Account Ownership Increasing Worldwide

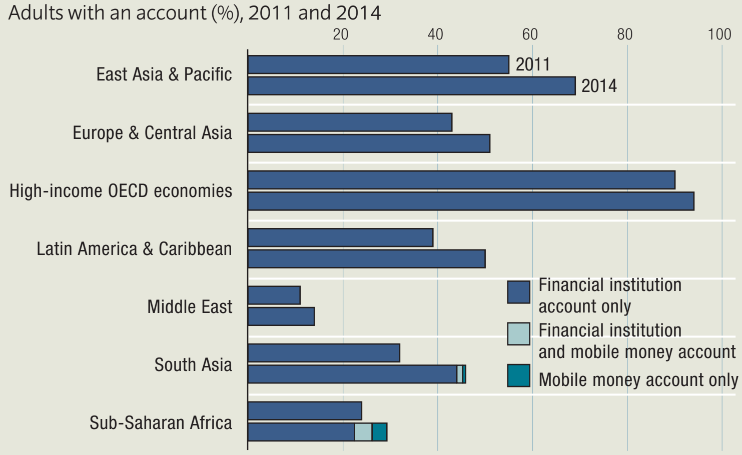
Globally, 62 percent of adults have an account either at a financial institution or through a mobile money provider. The first category includes accounts at banks and other financial institutions, such as credit unions, cooperatives, and microfinance institutions. The second consists of phone-based mobile money accounts used to pay bills, send or receive remittances, or collect payments.

Account penetration remains highly uneven across economies (figure 1). At 94 percent, it is almost universal in high-income OECD economies, compared with just 54 percent in developing economies. Yet even though half of adults in developing economies remain excluded from the formal financial system, there is good news: account penetration in the developing world has shot up by 13 percentage points since 2011

FIGURE 1

Account penetration higher, but still uneven

Adults with an account (%), 2011 and 2014



Source: Global Findex database.

Mobile Money Accounts Rising in Sub-Saharan Africa

Financial institution accounts drove the global increase in account penetration. The one exception is Sub-Saharan Africa, where almost a third of account holders dial into the financial system using mobile money accounts. The rising popularity of these accounts helped push overall account penetration in the region to 34 percent, up from 24 percent in 2011. Outside Sub-Saharan Africa, use of mobile money accounts remains limited. Just 3 percent of adults in South Asia, 2 percent in Latin America and the Caribbean, and less than 1 percent in all other regions have a mobile money account.

There are 13 countries around the world where at least 10 percent of adults have a mobile money account—and not surprisingly, all 13 are located in Sub-Saharan Africa (map 1). The share of adults with a mobile money account ranges from 10 percent in Namibia to 58 percent in Kenya. And in 5 of the 13 countries—Côte d'Ivoire, Somalia, Tanzania, Uganda, and Zimbabwe—more adults have a mobile money account than an account at a financial institution. East Africa has the highest average share of adults with a mobile money account among African subregions, with 20 percent, followed by southern Africa with 14 percent.

MAP 1

Mobile money account penetration in Sub-Saharan Africa

Adults with an account (%), 2014

- 0–4
- 5–9
- 10–19
- 20–29
- 30–100
- No GSMA MMU services
- No data available

Note: "No GSMA MMU services" indicates the absence of mobile money account services included in the GSMA MMU database.

Source: Global Findex database.

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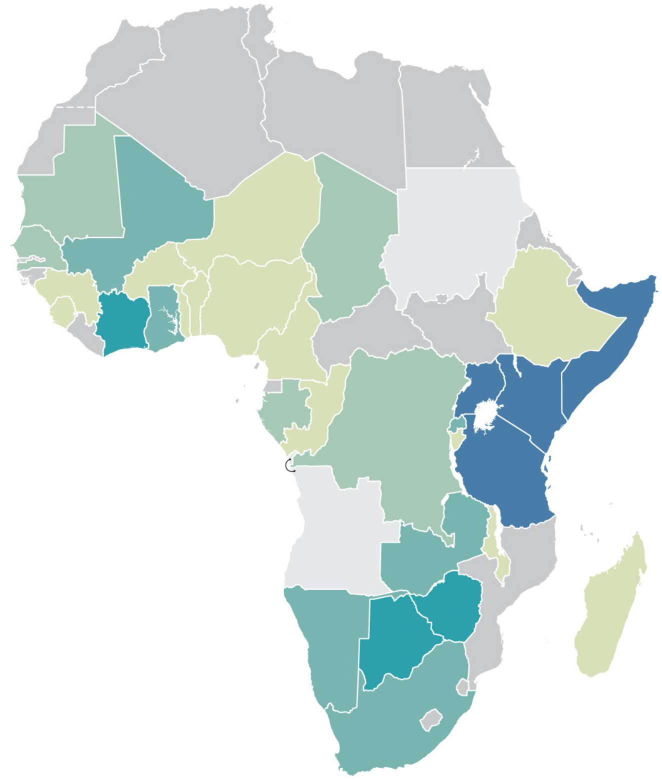

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GSDPM Map Design Unit

This map was produced by the Map Design Unit of The World Bank. The boundaries, colors, denominations and any other information shown on this map do not imply, on the part of The World Bank Group, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries.

How and Why Do People Use Accounts?

Global figures on account ownership provide a proximate measure of financial inclusion, but they obscure important differences in how and why people use accounts. Although about 20 percent of adults in the developing world who have an account have left it unused for at least a year, there are promising signs of widespread, frequent account use: About 70 percent of account holders in Europe and Central Asia and Sub-Saharan Africa used their account in the past year to make or receive such payments as wages, government transfers, or domestic remittances (figure 2).

In high-income OECD economies, almost all wage-employed adults are paid directly into an account. In developing economies, a considerably smaller share—41 percent—receive their wages into an account. But here, too, there is good news: In Europe and Central Asia, 60 percent of adult wage earners are paid into an account, followed by 56 percent in Latin America and the Caribbean.

The story is similar for government transfers—social benefit payments such as subsidies, unemployment benefits, or payments for educational or medical expenses. Globally, 13 percent of adults receive government transfers. In high-income OECD economies, the overwhelming majority of recipients receive these payments into an account. In developing economies, by contrast, around half of recipients receive them this way. Latin America leads, with 68 percent of recipients using an account.

Among adults who pay utility bills, the majority in high-income OECD economies do so directly from an account; in developing economies, almost 90 percent make the payments in cash. The picture is much the same for school fees. The vast majority—83 percent—of adults in developing economies who make payments for school fees do so exclusively in cash; just 14 percent use an account. Only in a few countries do a substantial share of adults who pay school fees do so digitally.

New data collected for the 2014 Global Findex database illustrate the ways people send money to friends or relatives living in a different part of the country or receive such payments. In the developing world, 26 percent of adults sent or received at least one such domestic remittance in the past year; Sub-Saharan Africa registers the highest regional rate, at 48 percent. Among those sending or receiving domestic remittances in developing economies, just 29 percent use an account to do so, while 15 percent use an over-the-counter transaction—such as through a money transfer operator like Western Union.

Cash predominates; in developing economies generally, 56 percent send or receive domestic remittances only in this way. There are two regional exceptions. In Latin America and the Caribbean, almost 60 percent of adults who send or receive domestic remittances do so digitally—with 32 percent using an account and 26 percent an over-the-counter transaction. The situation is comparable in Sub-Saharan Africa, where 37 percent use an account and 22 percent an over-the-counter transaction.

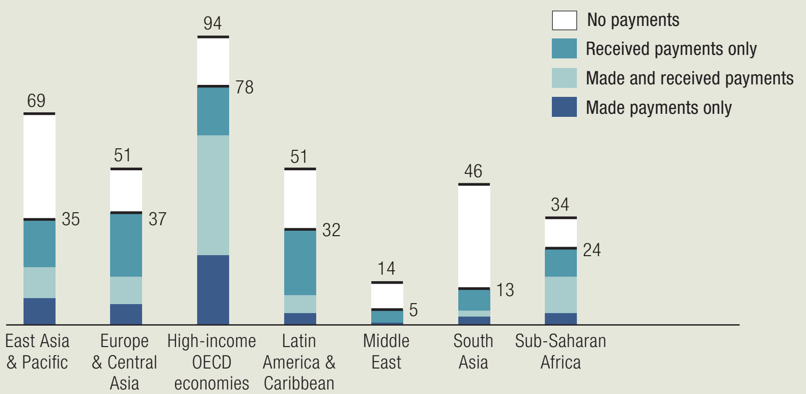
The share of adults using their account at a bank or another type of financial institution to save increased compared with 2011. In high-income OECD economies, it went up by 7 percentage points to 52 percent in 2014, while in developing economies the share increased by 4 percentage points to 22 percent. But these figures mask wide disparities between regions. In the Middle East, less than 5 percent of adults save formally, compared with about 36 percent in East Asia and the Pacific.

How to Increase People's Use of Their Accounts

FIGURE 2

Many account owners are using their accounts to make or receive payments

Adults with an account by its use for payments in the past year (as % of all adults), 2014



Source: Global Findex database.

Getting an account is a vital first step toward financial inclusion, but the benefits really come from frequent use of that account. And despite the encouraging Global Findex data on this point, governments and the private sector can still do more to boost account use among adults worldwide. This is especially true in South Asia, where about 40 percent of adults with an account have left their account dormant—unused for a year or more.

In developing economies, 1.3 billion adults with an account pay utility bills in cash, while more than 500 million do the same for school fees. Shifting from cash to accounts would make these payments more efficient and allow those who have an account to benefit more fully from financial inclusion. Huge opportunities exist in East Asia and the Pacific, Latin America and the Caribbean, and the Middle East, where more than 60 percent of adults with an account pay utility bills or school fees in cash. Many of the beneficiaries of a shift to digital payments would be women: In developing economies, about 570 million women who have an account still pay utility bills in cash, while roughly 250 million pay school fees this way. And many would be poor people: About 450 million account holders in the poorest 40 percent of households within economies pay utility bills in cash, and around 200 million pay school fees in cash.

Another opportunity for increasing account use is to encourage people who have an account but send or receive domestic remittances exclusively in cash or through a money transfer operator to use their account instead. In developing economies, 355 million adults with an account send or receive domestic remittances in cash or through over-the-counter transactions, including 35 million adults in Sub-Saharan Africa.

Encouraging formal savings practices is another way to increase account use. In developing economies, 110 million adults with an account keep their savings outside the formal financial system, instead relying on a semiformal savings club or a person outside the family. Sub-Saharan Africa stands out: about 28 million adults with an account in the region save using semiformal means.

Conclusion

Worldwide, 62 percent of adults now own an account, up from 51 percent in 2011. Although most of the increase was concentrated in accounts at banks and other financial institutions, mobile technology drove the growth in account penetration in Sub-Saharan Africa. Yet the use of accounts varies dramatically across regions, and 2 billion poor adults remain excluded from the financial system altogether. By presenting nuanced data on how people around the world save, borrow, make payments, and manage risk, the Global Findex database reveals ways that governments and the private sector can help underserved populations benefit more fully from financial services.

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The reference citation for the 2014 Global Findex data is as follows:

Demirguc-Kunt, Asli, Leora Klapper, Dorothe Singer, and Peter Van Oudheusden. 2015. "The Global Findex Database 2014: Measuring Financial Inclusion around the World." Policy Research Working Paper 7255, World Bank, Washington, DC.