Banking the Poor

MEASURING BANKING ACCESS IN 54 ECONOMIES

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Preface

How many people use formal banking services in poor countries? What services do they value most? How could access to banking services be expanded to include more people? This study explores these questions and more through responses to surveys conducted in 54 developing countries, mostly in Africa.

Banking the Poor *presents new data collected from two sources: central banks and leading commercial banks in each surveyed country. It explores associations between countries' banking policies and practices and their levels of financial access, measured in terms of the numbers of bank accounts per thousand adults. It builds on the previous work measuring financial access through information obtained from regulators, banks, and individual respondents to household surveys.*

Findings

The extent to which people are banked depends primarily on how wealthy they are. Even in the poorest countries, rich urban customers get access to good banking. Although there are a range of financial services used by the poorest, these are usually provided outside the formal banking system. Banks are used by those above this threshold, especially salaried employees, who have the steady income that makes being banked useful and that encourages banks to seek them as clients. Expanding credit for enterprises leads to the creation of a salaried class that wants to bank: this is the primary way to increase bank access.

Our other main findings are as follows:

- *Complexity in opening accounts, applying for loans, or obtaining other financial services is associated with reduced access.*
- *Recurring costs, as well as multiple fees and charges, reduce access to banking.*
- *Convenience features, such as after-hours services, may enhance the usefulness of banking for those already banked, but they do not bring new entrants across the threshold. Access to account services by telephone or Internet appeals primarily to those who already have accounts.*
- *Basic banking, as practiced by commercial banks, increases access to banking services, but, in areas where commercial banks have not embraced basic banking, laws and regulations to promote it have done little to increase access.*
- *Good credit information, effective protection of the legal rights of creditors, and flexibility in collateral helps make more credit available to entrepreneurs.*
- *More information about loans, greater transparency in loan processes, and the existence of consumer protection laws tend to be associated with wider access to banking services.*

Some of our results may be surprising. The absence of any association between access and tax-advantaged or matched savings schemes is one example. The lack of an association may be explained by the fact that tax advantaged schemes are of little use to poorer clients, despite their wide prevalence, while matched savings schemes, which could help attract poor clients, are rarely used. As regards better retail payments systems and expanded access, clients who are beginning to bank are not likely to explore sophisticated issues such as the extent to which networks are interlinked. Eventually, however, such benefits may be reflected indirectly in reduced costs and greater efficiency in the provision of banking services, for example by reducing the distance to a usable ATM.

Banking via mobile technologies appears to be an additional service for existing clients. But a measurement issue makes it difficult to give a definitive answer to this question. Some large mobile banking services offered by telecommunications companies (such as Vodafone's M-Pesa service in Kenya) use a single clearing bank account for large numbers of clients. Users of such systems are not captured by the measure of access used in this study (numbers of bank accounts). More generally, enabling clients to use cell phone services for a wider spectrum of banking functions could imply the need for linkages with retailers or "correspondents."

What is next

Four areas relevant to banking the poor are not studied here. These will be analyzed in future reports.

The first is how location affects the likelihood that an individual will use banking services. This study does not deal with rural banking. In rural areas that have bank branches, bank usage seems as high as in urban areas. In areas where no bank branches or correspondent outlets operate, we would expect usage to be substantially lower.

A second aspect is the impact of financial education. In Afghanistan, the Central African Republic, Côte d'Ivoire, and Gabon, bankers say that illiteracy, the lack of general education, and the lack of financial education are major barriers to opening a bank account. These assertions remain to be tested: bankers may be putting the blame in the wrong place. Among developing countries, programs of evaluation of financial literacy are being launched on a large scale in countries such as India and Indonesia.

Studies in rich countries suggest that households with limited education and financial literacy are less likely to seek out and use banking services. In the United States, participation in financial education programs is a compulsory adjunct to participation in savings schemes and has been shown to be correlated with successful outcomes from such savings programs. Other researchers have shown that school-based financial education programs in the United States increase asset accumulation in later life. Work-based programs also suggest increased participation in voluntary savings schemes, especially for low-paid workers.

Third, our analysis does not investigate bank usage by specific segments of the population—women, for example. When asked whether women require signatures of a male family member to open an account, only five banks in four countries (Namibia, Rwanda, Swaziland and Uganda) said yes. And when asked if a man's signature was necessary for domestic money transfers, only three (in Lesotho, Sudan, and Uganda) said yes. However, even these bankers would not admit to discrimination. Yet a recent study—Doing Business: Women in Africa—*suggests that discrimination is widespread. A mystery-shopper methodology will be needed to study this topic.*

Finally, our study does not investigate the potential for micro-financiers to grow into commercial banks that offer a wide range of banking services. There are some examples of such growth—for example, the Grameen Bank in Bangladesh and BancoSol in Bolivia. Their success presumably has brought greater numbers of people into the formal banking system.

Future work can also shed additional light on several questions that were covered in this study. The basic measure of access used here, accounts per thousand adults, can be refined. At present, there are variations across countries in regulators' statistics for such accounts. In some countries, these may include accounts still open but little used, while in others inactive accounts may be regularly or occasionally netted out. In some countries, a single client may have multiple accounts; in other countries, and in some banks, these multiple accounts are considered as subaccounts and not reported.

Likewise, one might go beyond the top five commercial banks to collect data. This is particularly so because, in some cases, banks with relatively small asset bases may make efforts to cater to larger numbers of clients. Also, by focusing on the top five commercial banks we may have overlooked banking institutions with large client bases, such as savings banks, which are not listed in all countries as commercial banks. While bank clients make up the largest part of those using financial services in most countries, incorporating other formal financial institutions would yield a more comprehensive picture of the population that enjoys access to modern financial services.

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1. Overview

In Chad, one of the world's poorest countries, there are barely nine bank accounts per thousand adults. In Rwanda, Liberia, and Madagascar, where per capita incomes are higher, the figure is about 35 accounts per thousand adults. South Africa is one of the richest countries in Africa, with a per capita income of more than $5,300, about 10 times that of Chad. There, one finds about 550 bank accounts for every thousand adults. Mauritius, another relatively rich country in Africa, has the subcontinent's highest density of accounts—2,010 per thousand adults (figure 1.1).[1]

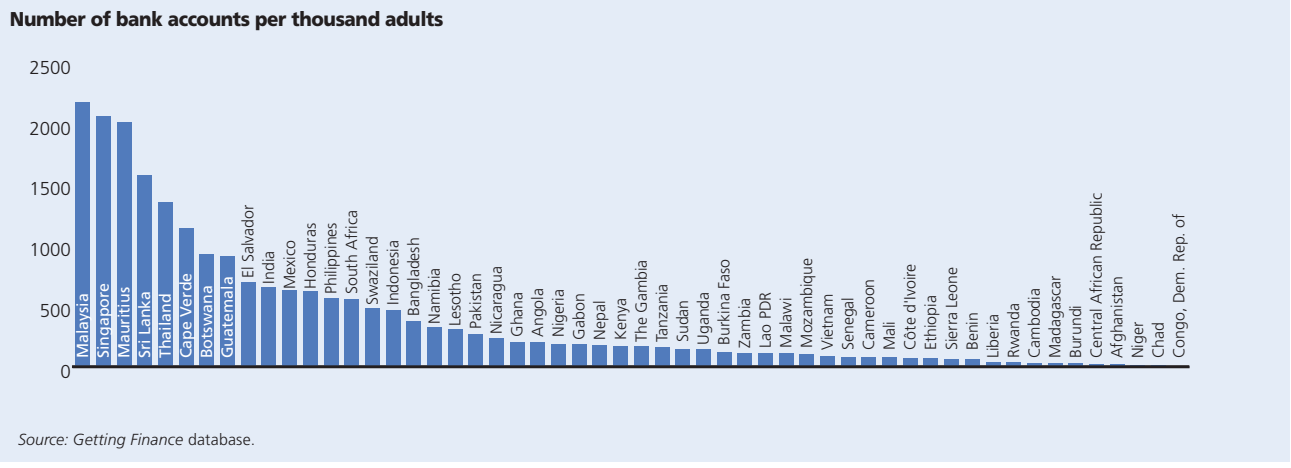
Among countries with similar levels of per capita income, one finds different levels of access to banking services. Mali and Bangladesh, for example, have a similar per capita income of around $425, but the number of accounts per thousand adults is five times as high in Bangladesh as in Mali. Cape Verde and Swaziland also have similar levels of income ($2,200–$2,350 per capita). But Cape Verde has almost twice as many bank accounts per thousand adults as Swaziland. Cost and convenience may explain a good part of the difference. Monthly fees for holding an account in Mali are three times as high as in Bangladesh, and the number of documents needed to open an account in Swaziland is 3.6, compared with 2.0 in Cape Verde.

The access to banking services in developing countries is even lower than suggested by the figures on density of bank accounts, because some people have multiple bank accounts. Regulators count checking, savings, and time-deposit accounts separately—yet each banked person may have all three. Also, the numbers of accounts do not separate business accounts from individual accounts. Taking this into consideration, the number of banked adults in a country like Chad may be as low as three in 1,000.

Want to bank? Get a formal job

Among the several factors that affect the likelihood that an individual will have a bank account, the most powerful is income (figure 1.2).[2] The poorest people in many countries do not use the banking system because they do not have enough money to make it worthwhile. And banks may not find it worthwhile to provide them with services. FinMark Trust of Africa notes that "the greatest perceived barrier to access is the absence of

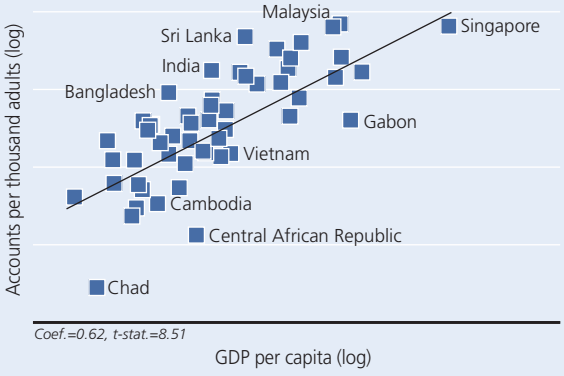
FIGURE 1.1
The likelihood of being banked varies widely by country



Source: Getting Finance database.

FIGURE 1.2

More bank accounts in rich countries



Source: Getting Finance database.

sufficient income" (FinScope/Bankable Frontiers 2007).[3] A recent World Bank study, *Finance for All?*, reaches a similar conclusion (Demirguc-Kunt, Beck, and Honohan 2008).

Of the reasons cited for being unbanked in a survey done in South Africa, (FinScope/Bankable Frontiers 2007) lack of income (or lack of a job) was cited by 78 percent of respondents, compared with only 13 percent who cited documentation needs, fees, or distance. Another 9 percent of respondents said that they were unbanked by choice, did not need an account, or did not trust banks.

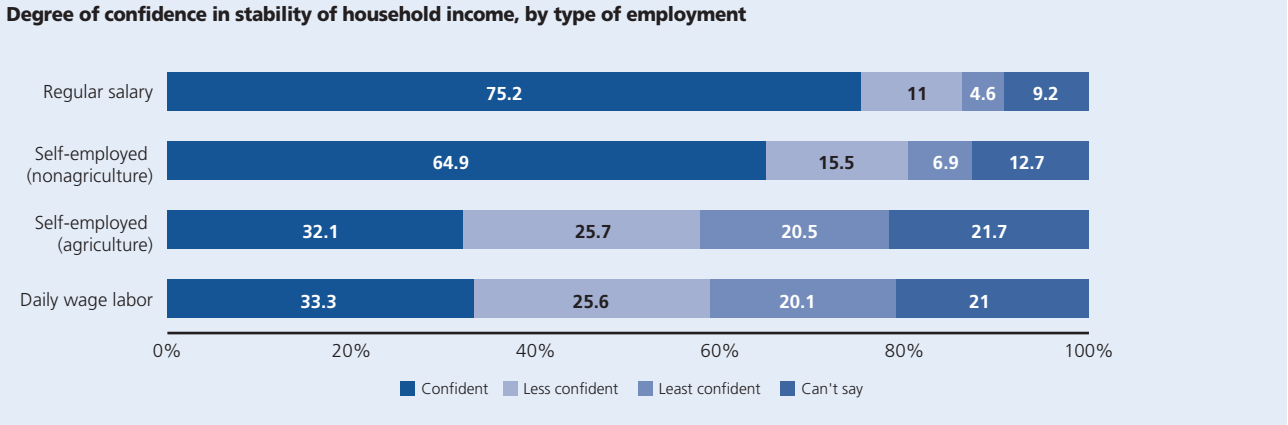
In most developing countries, the middle class consists largely of people who hold formal, salaried jobs (Banerjee and Duflo 2006). It is also true that few of the poor hold such jobs. In urban Indonesia, for example, only 38 percent of the poor, defined as those whose daily per capita spending is less than $1 a day, are salaried.[4] By contrast, 77 percent of the lower-middle class, those with daily per capita spending of between $2 and $4, have a salaried job. For those in the upper-middle class (with daily per capita spending of between $6 and $10), that proportion jumps to nearly 90 percent. In poor countries, most people are employed in the informal sector and lack a steady income. In Mozambique, for instance, more than 80 percent of the population works in the informal sector.

People who have a formal job are more likely to need and use formal banking services. In India, for example, 91 percent of the households in which the main earner holds a salaried job are banked, in contrast to 38 percent of the households in which the chief earner is a daily wage laborer. Those with formal jobs that pay a regular salary not only have more income but also expect stable income in the future (figure 1.3). They are likely to find banking services useful, just as banks are likely to find them to be desirable customers.

To create more formal jobs, businesses need to grow. But credit constraints often limit that growth. Easing access to credit, by contrast, can boost revenue and employment growth. In a sample of Eastern European firms surveyed

FIGURE 1.3

Salaried workers are more confident about future income



Note: The survey, conducted in 2006–07, focused on the saving and insurance habits of Indian households using a nationally representative sample of 63,000 households.
Source: Shukla 2007.

in 2002 and 2005, the firms that gained access to bank credit for investment and working capital registered 9 percent higher growth in employment, compared with firms that had no change in access to bank credit.[5] Revenue growth was higher by 36 percent for the firms that enjoyed bank credit. Job creation was even bigger for small firms (those with fewer than 20 employees). Small firms that gained access to bank credit for new investments registered 20 percent more jobs.

No formal jobs, no stable income. No income, little reason to use a bank. Some 90 percent of the unbanked in Mexico have below-median income. In Colombia, 53 percent of the unbanked earn less than half the minimum wage. In Brazil, only 15 percent of persons in the bottom quintile of income have a bank account, compared with 64 percent in the top quintile. Moving from the bottom to the second quintile increases the probability of having a bank account by 11 percentage points. Even in the United States, 79 percent of the unbanked have below median income. In the United Kingdom, seven in ten of the unbanked are unemployed.[6] Increasing income, through creating formal jobs, is the main way to increase bank access.

In addition to relatively low incomes, the unbanked have another common characteristic: less education. Does more education increase the likelihood of using banking services? In Brazil, education beyond the primary level doubles the probability of having a bank account. In Mexico, banked households are better educated than the unbanked (Djankov and others 2008). However, education correlates very strongly with income.[7] Controlling for income, there is no evidence that education alone increases an individual's inclination to use a bank.

To increase access to banking, reduce bureaucracy

The surest way to increase popular use of formal banking services is to raise incomes. Short of that ambitious goal, some small, practical steps can bring the benefits of banking to more people. Making it easier to open an account is a good example. In many countries opening an individual bank account is neither simple nor cheap. More stringent know-your-customer requirements that have taken effect in recent years have contributed to this situation, suggesting trade-offs between the need for regulatory precautions and the desirability of expanding popular access to banking services.

The typical bank in Côte d'Ivoire or Nicaragua, for example, demands five documents to establish an applicant's identity, income, and residence. In Gabon, banks require a government-issued identity document to open an account. In Lesotho, identification cards do not exist, which makes it difficult for poor people lacking other forms of identification to enter the banking system. Proof of address is a standard requirement to open a bank account in many countries. Yet, many poor people live in informal dwellings with no postal address. Some banks in Lesotho that target lower income groups reported a sharp drop in new account openings following the implementation of new regulations that called for three documents, including proof of income, to open an account.

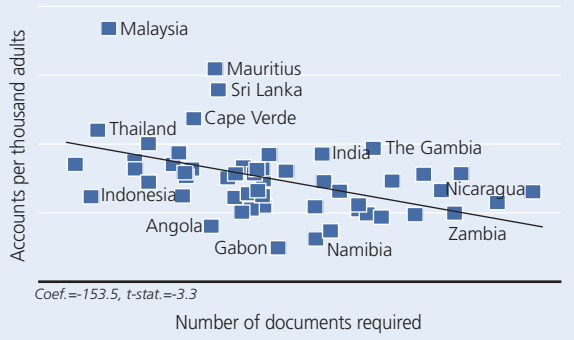
Some banks charge fees to open an account. In Burundi, for example, these fees are as much as 3 percent of annual per capita income. Many banks also impose other types of fees, such as charges for checkbooks and ATM cards. Accounts are not always opened on the spot. It can take up to 3 days in Gabon, Mexico and South Africa, for example, to open an account. Across countries, the greater the bureaucratic hurdles faced in opening an account, the lower the number of bank accounts (figure 1.4).

Businesses are also hurt by complexity in banking. Entrepreneurs want to be able to access credit quickly and easily without complicated application procedures. Where loan application procedures are difficult, bank credit to the private sector tends to be lower (figure 1.5a). The more complex the procedure, the less likely it is that entrepreneurs will access bank credit for working capital (figure 1.5b).

FIGURE 1.4

More documents, fewer accounts

Accounts per thousand adults and number of documents needed to open an account



Source: Getting Finance database.

Small firms are particularly hurt. Such firms often lack the expertise to produce detailed business plans and financial statements. In Botswana, it is common practice for new and small enterprises to use professional consultants to produce the business plans required as part of the credit application. The fee for the consultant's services depends on the loan amount. For small loans, it may be a flat fee of 10,000 pulas, but for large loans running into several million pulas, the fee may be 1 percent of the requested loan amount.

Some costs hinder access to banking

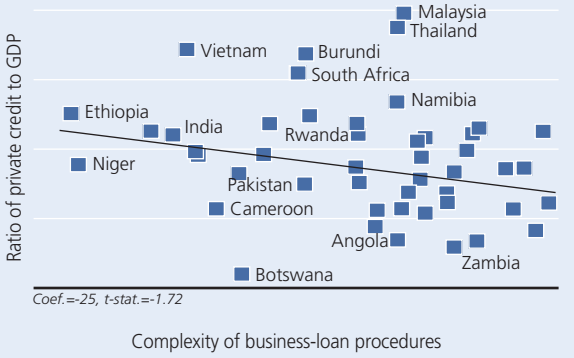
Ongoing maintenance fees also reduce the number of bank accounts. The monthly maintenance fee for a bank account costs the typical formal worker in Rwanda 3 percent of her monthly wage, whereas a Singaporean worker pays only 0.05 percent of her monthly wage for the same service. More than half of all banks report that they charge a monthly account maintenance fee. Banks in Africa are most likely to charge such fees; those in South Asia, least likely. Moreover, the fees levied in Africa tend to be higher than elsewhere, even in much wealthier East Asia. The average monthly fee for account maintenance is close to $4 in Africa, whereas it is only about 50 cents in South Asia.

Banks levy many other charges, such as fees for a checkbook or an ATM card. More than 20 percent of banks report other types of account-opening charges. Banks in the poorest countries of our sample—among them Burundi, Côte d'Ivoire, the Democratic Republic of the Congo, and Mali—are more likely to impose a variety of such charges than those in richer countries. Countries where banks follow this practice tend to have lower rates of bank access, even after controlling for

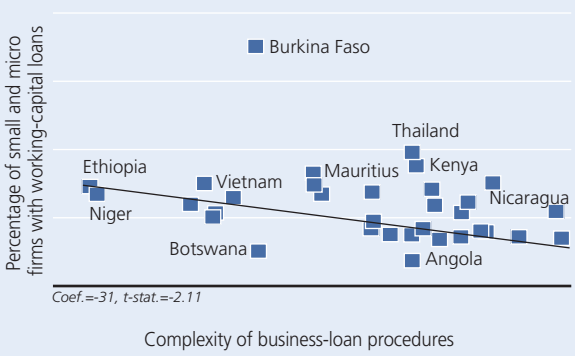
FIGURE 1.5

Access to bank credit and complexity of loan applications

a. Private credit and complexity of business-loan procedures



b. Prevalence of working-capital loans among small firms and complexity of business-loan procedures



Note: In panel (a), a regression of private credit to GDP on the index of complexity of business loan procedures, controlling for income and legal rights, shows that a 0.1 increase in the complexity index is associated with a 2.5 percentage point drop in the ratio of private credit to GDP (t-stat: –1.72). In panel (b), a regression of the proportion of firms using bank credit for working capital on the index of complexity of business loan procedures (controlling for income and legal rights) shows that for small firms (those with fewer than 50 employees), a 0.1 increase in the index is associated with a 3.1 percent drop in small firms accessing credit (t-stat: –2.11).
Source: Getting Finance database.

income. Potential bank clients who may shrug off modest account-opening fees are likely to dislike paying a variety of fragmented charges for other items, as this may make banking appear more complicated. A single, transparent fee is best.

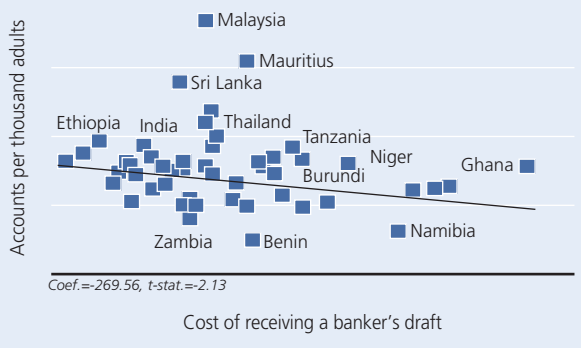
Other costs that reduce bank usage are charges for remittances. The higher the fee charged for receiving a foreign draft, the lower the number of accounts per thousand adults (figure 1.6). The same applies to the fee charged for sending a foreign draft.

Among factors associated with greater numbers of bank accounts, the availability of "basic banking" services stands out. Basic banking is the provision of a package of free or low-cost services to clients, usually with some restrictions on the menu of services and on the amounts held in the accounts. For example basic accounts may be entitled to free transactions up to some limit, provided they are carried out using an ATM card rather than through tellers. Alternatively, fees and charges for some transactions may be waived.

A majority of banks in all developing regions offer one or more accounts with characteristics of a basic account.

FIGURE 1.6
Higher fees, fewer accounts

Density of bank accounts and the cost of receiving a banker's draft of $250



Note: A movement from the 25th to 75th percentile on the index cost of receiving a bank draft is associated with 269 fewer accounts per thousand adults, controlling for GDP per capita. The index is constructed by normalizing the cost ($) so that the lowest-cost country is assigned a 0 and the highest-cost country a 1, and the rest are scaled in between.
Source: Getting Finance database.

In addition, regulators in 12 countries, almost a quarter of the sample, report some form of regulation requiring basic or simplified accounts for the poor. The scope of such regulations varies widely, however. In some countries, the law gives poor people the right to a basic bank account, but no policy exists to inform them of that right or encourage them to exercise it. The gap between law and practice may explain why having regulations for basic banking are not linked to more accounts. Where banks actually offer basic banking services, there is a positive association between principle and practice.[8]

What doesn't work?

It might be thought that the presence of a well-developed retail payment system—with many different payment instruments, extensive interoperability of retail payment networks (such as ATM networks), and a greater choice of channels for retail payments—would be associated with more bank accounts, but we have not found that to be the case. Similar results are obtained for alternative payments channels and access (checks, payment cards on bank premises, payment cards at ATMs, direct credits on bank premises, direct credits over the phone, and direct debits) across three different channels (person to person, person to business, and person to government). This is understandable. A prospective new client of modest means is unlikely to weigh sophisticated aspects of the banking infrastructure when making the decision of whether or not to use a bank.[9]

Sophistication aside, even the ordinary convenience features of a standard bank account appear not to attract new bank customers, and probably for similar reasons. Such features include after-hours access to withdrawal services, overdraft provisions, overdraft notification, and exemption from the need to present a passbook when making withdrawals and deposits. In fact, an index of such convenience features is negatively associated with the number of accounts per capita. This does not mean that the availability of such features reduces access.

Rather, banks appear more likely to provide such services in countries where banking is the preserve of the elite few—perhaps to compete for the best clients. Poor countries with low rates of popular access to banking services, such as Senegal, Kenya, and Chad, have some of the highest scores on the index of convenience features.

Once this is understood, it should not come as a surprise that unlimited supplies of free services, such as balance inquiries and withdrawals, do not increase the ranks of the banked. Such services are widespread. For example, around 90 percent of banks in the sample offer unlimited free balance inquiries. Ethiopia, Mexico, and Mozambique are the only countries in which three or more of the sampled banks do not do so. Three quarters of banks also offer unlimited free withdrawals on their standard accounts. But we found wide variation in ATM and checking account services. In 10 countries, across all regions and income levels, none of the banks offers a free ATM card, while in four, all banks do so. All banks in Burkina Faso, Burundi, the Central African Republic, Gabon, Madagascar, Nepal, Uganda, and Senegal provide free checking account services, while in 16 of the 54 sampled countries none of the banks does so. Also, very few banks (only 4 percent of all banks surveyed) offer a free credit card. One reason for the apparent lack of association between free bank services and the density of accounts may be that banks offer unlimited or very generous free services to their rich clients. More marginal clients may receive very limited free services, or none at all.

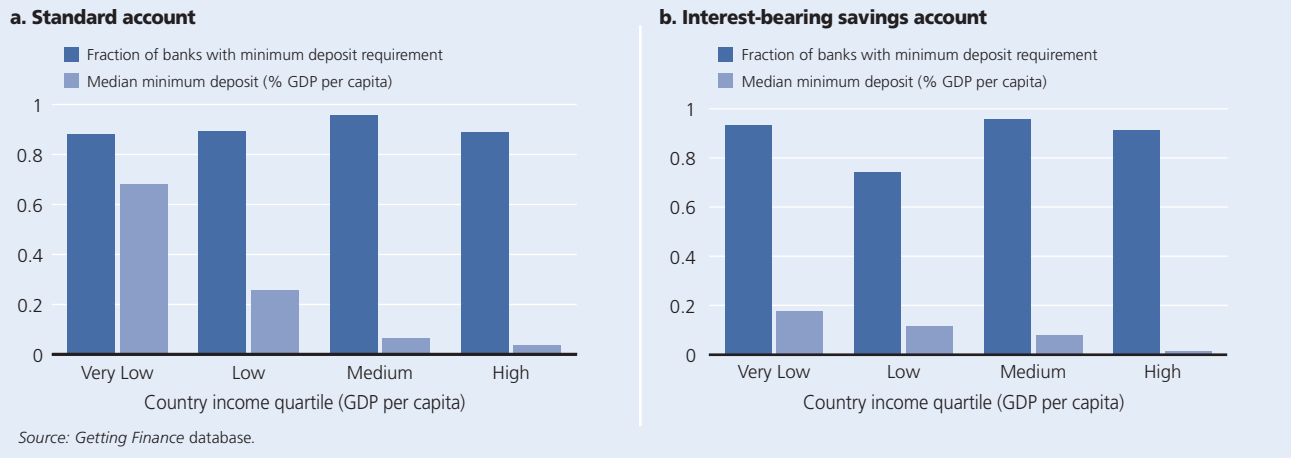
A surprising finding is that potential inconveniences such as minimum balance requirements for opening or maintaining an account do not appear to have a negative impact on the number of accounts.[10] In 37 countries, all banks require a minimum deposit to open an account. The amount required can be as much as three times the per capita income of poorer countries (3.3 times per capita GDP in Burundi; 2.3 times in Madagascar). Although the ratio of the minimum deposit to per capita GDP tends to decline in richer countries (to less than 1 percent in Malaysia, Thailand, and South Africa), the requirement for a minimum deposit is highly prevalent (figure 1.7). But neither the existence of such a requirement, nor its amount, is significantly associated with access. When examining results separately for savings accounts, as opposed to checking accounts, there is still no association. One explanation may be that opening balances are less of a deterrent to access than are repeated costs, such as the penalties for falling below a minimum balance.

Some special savings schemes hold promise

Our analysis looks at regulations pertaining to matched savings schemes, tax-advantaged savings schemes, and so-

FIGURE 1.7

Minimum deposit requirements are common—but more burdensome—in poor countries



Source: Getting Finance database.

called doorstep collection schemes. At the level of commercial banks, we investigate an additional savings product: periodic (or commitment) savings.

We find no correlation between account density and the availability of special savings vehicles offered by governments or banks. A likely explanation is that of these various plans, those that are most likely to appeal to poor people, and thus to draw them into the banking system, are little used. Only one country in our sample—Singapore—has a regulatory scheme for matched savings. By contrast, 22 countries in our sample offer tax incentives for savings. Matched savings plans require governments to make matching contributions to private savings, in some agreed proportion. Such plans have been demonstrated to be effective vehicles for increasing savings by poor people in developed countries, among them the United States and the United Kingdom. (Sherraden 2006). However, they require subsidies. Tax-advantaged savings schemes also represent a cost to the government, in terms of tax revenues forgone, but many governments prefer to forgo revenue through tax waivers rather than spend collected revenues on subsidies. Tax-advantaged schemes are useful for persons who do not expect to need to access their savings for long periods (until their retirement, for example), and such people tend to be better off than those who would be targeted by matched-savings plans. Because they are better off, they are also more likely already to have a bank account.

Doorstep collection schemes, also known as commitment schemes, have been used successfully by microfinance institutions. They are now being introduced by banks in some countries to collect funds from small savers. In Ghana, India, Indonesia, and the Philippines, regulators assert that doorstep collection schemes are in operation for low-income clients. Two countries—Indonesia and the Philippines—have adopted guidelines to manage the risks of doorstep collection schemes operated by nonbank agents. Of the varieties of these schemes, those that provide for periodic savings are the most common in our sample. In Bangladesh, Cape Verde, the Central African Republic, Gabon, India, Senegal, and Thailand, all sample banks offer commitment savings products; in another 10 countries, at least three out of five banks offer such products. Such savings schemes are well adapted to the needs of poor clients.

New technology has yet to make a difference

What about technology? Has it helped, as many thought it would, to expand people's access to banking services? The answer is, not yet. Banking services can be provided by ATMs, via the Internet, or via cell phones. All of these technologies have the potential to make banking services less costly by reducing unit and marginal costs and eliminating expenses associated with branches. There is little evidence that this potential has been realized as yet.

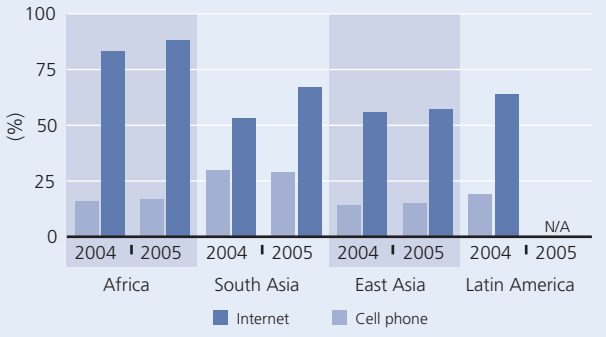
We found that banks are much more likely to offer services over the Internet than over the phone (figure 1.8a). We also found only a few differences in the levels of service provided by cell phones compared with landline phones. Finally, we found that the range of remote assistance remains narrow in most places. Balance inquiry is the most frequently offered remote aid. In East Asia and Latin America, account holders can check their balance over the Internet at 83 and 88 percent of all banks and by cell phone at 60 percent and 35 percent of banks. All banks in Indonesia, Thailand, El Salvador, and Honduras offer their customers balance inquiries via the Internet, but only around half offer the same help via cell phone (figure 1.8b). Next in popularity are "ministatements" (information on the last few transactions) and checking the status of payments. Remote services for money transfers and bill payments are rare.

We constructed a mobile technology index that works as follows: the more banks in a country that offer banking services through cell phones, the higher the index. We found no correlation between account density and the

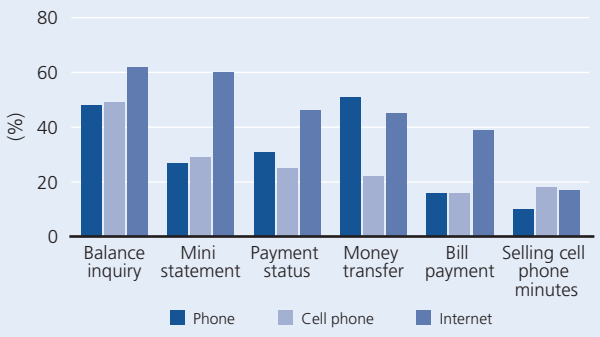
FIGURE 1.8

Remote banking services have not kept pace with spread of cell phones

a. Internet users as percentage of all telecommunications users, and cell phone subscribers as percentage of all telephone subscribers



b. Share of banks offering various services by phone and Internet



Source: Getting Finance database; *World Development Indicators*, World Bank, 2008a.

index. The likely explanation is that mobile banking is a convenience feature designed to retain existing customers rather than attract new ones—only people who are already banked use it. For example, in Botswana, First National Bank launched its mobile banking service in November 2006. By May 2008, the service had 23,000 subscribers, but it is available only to existing FNB account holders.

It appears that owning a cell phone in itself is not enough to induce the unbanked to start banking. While mobile banking via cell phones does not yet offer full banking solutions, it may grow in the future, especially for money transfers.

[1] The numbers of bank accounts are based on information provided by national regulatory authorities and central banks.

[2] For the sample as a whole, there is a significant correlation between income per capita and accounts per 1,000 adults (R2=0.47; t=4.26).

[3] FinMark Trust has undertaken household surveys of access to finance in several African countries, using an approach referred to as FinScope. FinScope finds that in Uganda, Kenya, and Namibia, 18, 19, and 51 people are banked per 1,000 adults, compared to 16, 16, and 32 in this study. For two countries, the estimates here are somewhat higher: 160 adults per 1,000 in Tanzania, and 550 in South Africa, compared with 90 and 500 in FinScope.

[4] Household surveys typically lump daily and casual workers with salaried employees in one category—wage workers. But casual workers have little job security, work fluctuating hours, and move often from job to job. They are usually paid by the hour or at the end of the day. Salaried employees are in secure jobs. These jobs pay on a weekly or a monthly basis.

[5] The data are available at www.enterprisesurveys.org.

[6] See surveys in Solo, Caskey, and Ruiz Duran (2006), Solo and Manroth (2006), and Kempson and Whyley (2000).

[7] The literacy rate does not affect the likelihood of being banked, controlling for income.

[8] Some countries such as South Africa, where basic banking is popular and widespread, do not have a regulation for basic banking, as this has been adopted as a result of a voluntary agreement of banks.

[9] However, there is a significant positive association between network interoperability and private credit. While such features of the retail payments infrastructure may facilitate overall financial flows, they are unlikely to entice the marginal consumer to open a bank account.

[10] This is in contrast to earlier findings of others. See, for example, Beck, Demirguc-Kunt, and Martinez Peria (2007a).

2. Banking the poor

Jyothi works as a wandering deposit collector in the slums of the southeastern town of Vijayawada, India. Her clients are slum dwellers, mostly women. Their savings are irregular, small, and often geared toward accumulating a lump sum for their family short-term needs: children's textbooks, for example. The largest expenditure to save for is a daughter's marriage.[11]

Jyothi's clients pay to save. She gives each a simple card, divided into 220 boxes, and each client agrees to save a certain amount per box. At the end of 220 days her client takes back her savings. However, she does not get it all back, since Jyothi's fees are equivalent to 20 out of the 220 payments, or 9 percent. By adding back the interest forgone by the client (which Jyothi is able to earn by investing the money), Jyothi's annual percentage rate of interest is about 30 percent. In other words, the client is "earning" interest at minus 30 percent per year.[12]

Yet Jyothi's clients are happy with this arrangement. Jyothi is flexible about the days when no contributions are possible and also helps arrange pickups and dropoffs at convenient times and locations.

Few poor people choose to save at banks

Seventy six percent of all bank accounts in the sample countries are opened for savings. In half of the sample countries, more than 80 percent of all deposit accounts are savings accounts (figure 2.1). In a fifth, more than 90 percent of all accounts are savings accounts. In only three countries—Madagascar, Cape Verde, and Rwanda—do savings accounts make up less than half of all deposit accounts.

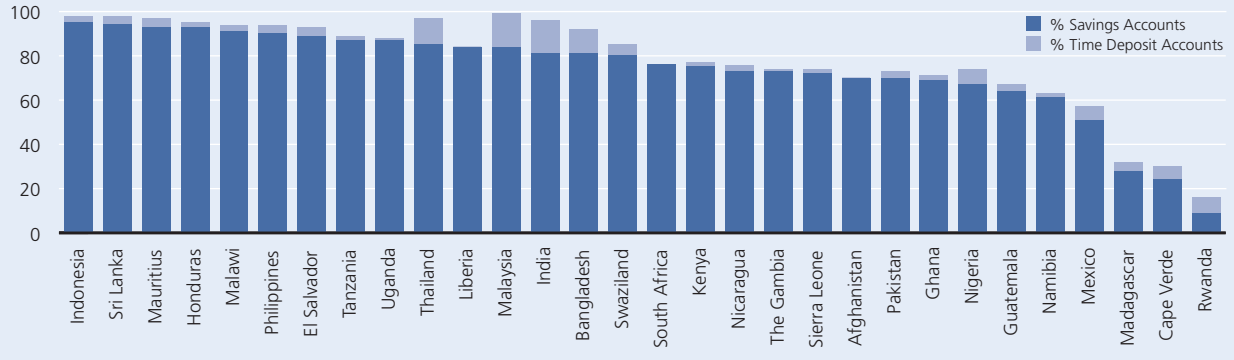
Time deposits account for up to 7 percent of total accounts. In just four countries—Bangladesh, India, Thailand, and Malaysia—they account for between 10 and 15 percent of the total number of accounts. But in terms of value, time deposits account for more than a quarter of total accounts (figure 2.2). In seven countries, they account for more than half the total value of all deposit accounts. Since poor people are unable to put aside money for long periods, it is the rich who make extensive use of this type of banking.

Poor people prefer to save outside the home to avoid the temptation to spend and diversion of funds by other family members for less urgent needs. Many women report, for

FIGURE 2.1

In terms of numbers, most bank accounts are for saving

Savings and time deposit accounts as shares of all bank accounts, by country

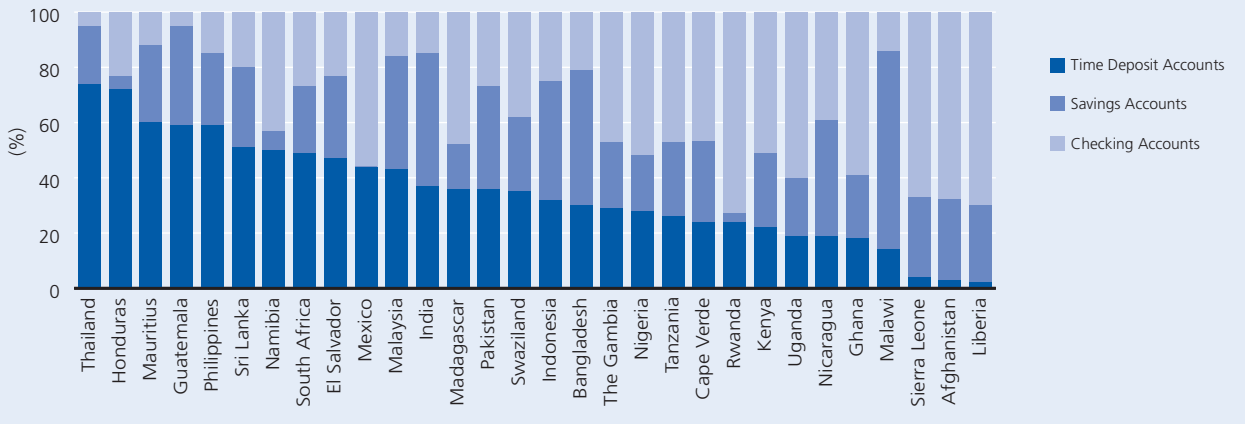


Source: Getting Finance database.

FIGURE 2.2

Measured by value, time deposits and checking accounts represent a large share of all accounts

Value of time deposits, savings accounts, and checking accounts as shares of total account value in sample countries



Source: Getting Finance database.

example, coming home to find that their husbands have spent their hard-earned savings on alcohol (Rutherford 2000). Income earners also face great pressure to provide financial support to their extended families.

But only 14 percent of households living on less than $2 dollars a day have a formal savings account (Banerjee and Duflo 2006). For the most part, their incomes are too low and too unstable to make an account worthwhile. Sometimes complicated bank procedures are to blame. Often, the reason is psychological: the poor feel unwelcome as clients. Or the bank is too far: the cost of getting to the bank can be expensive for those with small incomes. Informal savings may be preferred, even if they are less secure.[13]

The poor often save for different needs through different means. They save most in the form of real assets such as livestock, gold, jewelry, or, sometimes, construction materials. Next in popularity are rotating savings groups or savings clubs, which are present in a variety of forms in most countries. The *rotulas* of Brazil, the *tandas* of Mexico, the *tontines* and *stokvels* of South Africa, the chit funds of India, and the *hui* of Taiwan, China, share many features in common.

In South Africa, a large range of *stokvels* meet different needs, ranging from Christmas funds (saving for a generous December food shopping spree) to burial funds. Members contribute a fixed amount of money to a common pool, and money is drawn either in rotation or when a particular need or occasion arises.

Many microfinance institutions use the same group-based commitment. They loan to members only, thereby preserving group liability and cohesion.

Formal banks usually do not meet the needs of the poor, who are not able to put money away for long and cannot afford to travel far. The time and expense of transport explains why doorstep collection has been popular with poor savers in some countries.

Few poor people use banks to channel remittances

Oliveira Guzman, a 27-year-old Mexican emigrant in the United States, sends an average of $300–$500 of his monthly salary of $1,800 to his parents in the town of Chahuayito. Oliveira's remittance is typical of the amounts sent by Mexican workers. His mother, Señora Guzman, explains that Oliveira's contribution helps cover

basic expenses. With spiraling prices of tortillas and other staples, Señora Guzman finds it harder to save (Malkin 2007; Roig-Franzia 2007; Hernandez-Coss 2007). The typical Mexican family of four consumes about one kilo—2.2 pounds—of tortillas each day. In some areas of Mexico, the price has risen from 63 cents a kilo in 2006 to more than $2 now. Señora Guzman and her husband spend more than $30 each month on tortillas alone. Important forms of saving for Mexican rural families, such as buying a cow or a horse, cost between $800 and $1,400, which seems to be more than they can afford.

Officially recorded remittances from overseas workers amounted to $240 billion in 2007 (World Bank Remittance Database 2007). Unrecorded flows are estimated to range from $80 billion to $185 billion (Freund and Spatafora 2008). The overwhelming share of remittances passes through money transfer operators (figure 2.3). In major recipient countries, banks have a share, too—mostly in partnership with money transfer operators. Examples in India are the ICICI and State Bank of India; in Turkey, Esbank, Disbank, Pamukbank, Isbank, and others; in the Philippines, National Bank and Equitable Bank; and, in Ghana, Commercial Bank, which partners with Fast International Money Transfers. This trend is also popular in Gabon, where banks partner with money transfer operators by acquiring a license and operating under the Western Union brand.

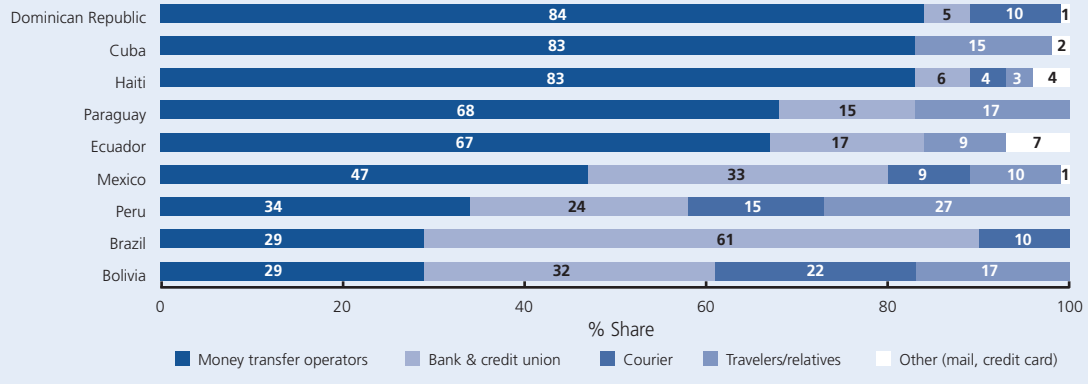
Formal money transfer operators are not cheaper than banks. Their minimum fees are around $15, amounting to 10 percent of the average transaction value (Sander and Maimbo 2003). Banks' minimum fees range between $5 to $50, or around 8 percent to 20 percent of the remittance value, depending on sum and destination (El-Qorchi, Maimbo, and Wilson 2003). In contrast, informal remittance channels in Bangladesh have been estimated to cost around a third of the formal channels (Siddiqui and Abrar 2003). One estimate for sending a remittance of R250 from South Africa, puts the costs at R150 through banks, R120 through money transfer operators and from R25-R50 through informal channels (Genesis Analytics 2003).

Informal channels can take a variety of forms: ethnic stores, travel agencies, money changers, the hawala dealers of the Middle East (and equivalent systems elsewhere in the world), courier services, and hand delivery. In Mexico, designated members of a community are often responsible for remitting funds—usually a person of integrity, like a teacher or a school principal, who is well known to members of the community and its emigrants abroad. In the town of Muna, in Yucatan, Señor Pacheco, a primary school teacher, is responsible for receiving funds and disbursing remittances to recipients in his town (Hernandez-Coss 2007). He is one of the three options available in this town, together with

FIGURE 2.3

Money transfer operators and other remittance channels

Share of various channels for workers' remittances to selected countries



Source: Inter-American Development Bank and Bendixen Associates 2003-2006.

a branch of the Banco Nacional de Mexico that opened in December 2003 and Caja Popular Crecencia A. Cruz, which has operated since 2004. However, Señor Pacheco establishes a link between the sending and recipient communities and offers easy access.

If banks are no more expensive than money transfer operators, why are they used so much less for remittance flows (see figure 2.3)? The slower pace of transfers through banks and the difficulties faced by recipients in the retrieval of funds are the main reasons. If the family member in the home country has to travel to a distant bank branch to retrieve the remittance, a money transfer operator usually will be preferred to a bank. New technologies that sidestep the need for remittance recipients to have accounts further erode the banks' edge. An example are the stored value cards offered by telephone companies in the Philippines and elsewhere.

Remittance recipients in Latin America are more likely to use banks than those in other regions, probably because households in the region tend to accumulate their savings in banks (Orozco 2004). There is also some evidence that remittances are associated with the availability of private bank credit.[14]

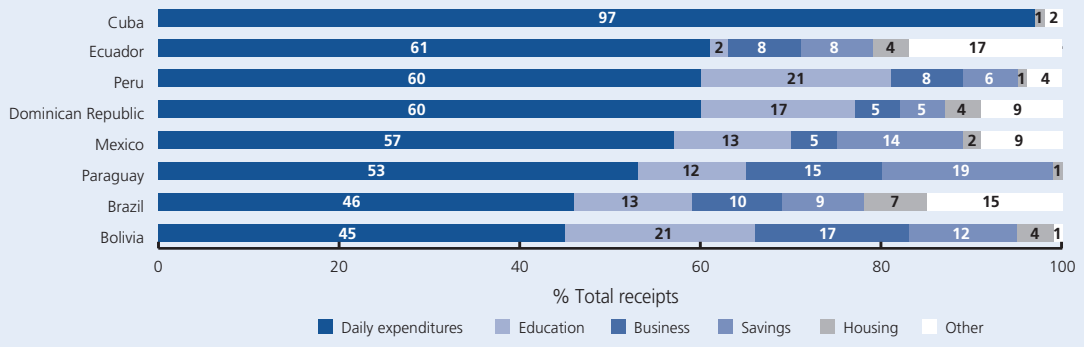
How are remittances used? According to one estimate in Ghana, 70 percent of the total is spent on immediate household needs (consumption); less than 30 percent is invested in assets such as land, cattle, or construction (Schoorl and others 2000). Another estimate, in Mali, suggests that 80 to 90 percent is spent on consumption, with almost no investment in business (Martin and others 2002). In the Philippines, 68 percent is used to repay debt or meet current needs, 13 percent on consumer goods, and 1 percent on education. Only 5 percent is used for business capital, only 3 percent on land and buildings and 1 percent on personal savings.[15] Findings for Latin America are similar (figure 2.4).

Postal banks help payments but offer limited services

The branch networks of postal banks usually have greater reach than those of commercial banks. For instance, India has about 155,000 post offices, more than three times the 45,000 estimated bank branches. In rural areas, the postal branch network has the potential to serve as a platform for financial services. In many countries, post offices have a history of offering savings products and some limited payment services, but the market penetration of postal savings accounts varies. For example, in Namibia, 20 percent of the adult population has an account at the Namibian Post Office Savings Bank. On the other hand, only 5 percent of

FIGURE 2.4
Uses of remittances—consumption first, education next

Share of remittance receipts used for various purposes in selected countries



Source: Inter-American Development Bank and Bendixen Associates 2003-2006.

households in India save in post office accounts, even though the postal network reaches remote corners and has a long history of offering savings products. Even where popular, postal savings accounts tend to be small deposits. In Namibia, postal savings comprise 45 percent of all savings by number of accounts, but only 13 percent by value. In Sri Lanka, a country with a population of almost 20 million, there are 4.8 million savings accounts, of which only 900,000 are active. And these are small deposits with an average balance of $75–100 (World Bank 2006).

In many countries, the postal branch network is a major player in money orders and other cash payments. Sri Lanka's post office, for example, processes more than 17 million payments a year—money orders, pension disbursements, utility bill payments. But postal networks rarely handle cashless payments. Nor do they disburse credit. Finally, they tend to account for a small share of the flow of international remittances, estimated at less than 1 percent in Africa and Latin America. The main reason is that postal services are not full members of the interbank payment and clearing systems.

Country experiences with banking services offered through postal networks vary greatly. In general, postal branch networks typically lack the skills in marketing, banking, and technology needed to offer anything more than a very basic savings product and some payment services. They are further hampered by lack of a full banking license. For every success story, such as in Namibia, there are many failures.

Government transfers to the poor could make more use of banks

Banks could serve poor people by channeling government transfers. Rich and poor countries alike have programs of government support for poor families. These usually take the form of cash transfers, conditional upon looking for a job, keeping children in school, feeding children nutritional supplements, or another social target.

Cash transfers have been used, for example, in the Kolomo district of Zambia. The aim of the program was to allow poor households to buy a second meal per day; $10 could buy a 50-kilogram bag of maize. The Chilean *Solidario* program, which targets the nation's poorest families, provides income support together with other forms of social support. Other national schemes that combine income support with unemployment support (linked to an obligation to seek work) are Argentina's *Jefes de Hogares* program, introduced after the crisis at the beginning of this decade, and Bulgaria's guaranteed minimum income program. In some poor countries, cash transfers have been combined with public work programs, such as the Rural Maintenance Program in Bangladesh, where poor women earn a stipend in exchange for maintaining rural roads (Ahmed 2005). The National Rural Employment Guarantee Program in India is similar in scope (Grosh and others forthcoming; Ramji 2007).

Transfer programs to support health and education are widespread. One of the largest examples, Brazil's *Bolsa Familia* program, covers 8.7 million families and 35 million people, or close to a fifth of the country's population. The program pays conditional stipends to poor families to keep their children in school. Mexico has a similar program, *Oportunidades*, that covers 5 million families. In Bangladesh, the Primary Education Stipend Program also provides cash transfers to keep children in school.

Banks can ensure that payments are made directly to beneficiaries. They also can provide wide geographical coverage, using branches and other distribution channels, such as ATMs, mobile units, and point-of-sale terminals at agents' places of business. Moreover, banks have established systems for handling and accounting for cash. For example, in Bangladesh's Rural Maintenance Program, uncollected funds are sent back to a central account (Grosh and others forthcoming).

The U.S. experience with electronic transfer accounts began in 1996 with legislation that required all federal payments to be made electronically. Individual recipients of federal payments were required to have an account at a bank. Because the account had to be provided at "reasonable cost," the Electronic Transfer Account was created, with a maximum monthly fee of $3 and a minimum number of free withdrawals. The U.S. Treasury reimbursed banks that are ETA providers with a one-time payment of $12.60 per new account. Follow-up studies indicated that most beneficiaries already used electronic transfers. The biggest obstacle remained for those who did not already have bank accounts: about 11 million people. Only 36,000 ETAs were opened in the first few years, amounting to less than 1 percent of unbanked beneficiaries (Government Accountability Office 2002).

A similar basic account was used in India for transfers under the National Rural Employment Guarantee scheme (Ramji 2007). Most of the new "no frills" accounts were opened for benefits transfers. In South Africa, Standard Bank established a partnership with the Eastern Cape Department of Social Development to disburse social welfare grants to its 70,000 recipients. Arrangements allow recipients to choose to receive payments automatically and free of charge into a newly opened or existing "E Plan" account. Cash withdrawals from the account can be made at any ATM. The province agreed to pay the bank R13.50 ($1.65) per recipient per month to cover the account maintenance fee and two free ATM withdrawals. The arrangement was much less costly than the R31.50 ($3.90) the province was spending to administer each grant (Rose 2003).

Cost savings were also achieved in Bangladesh. The government found that the cost of the bank transaction required to deliver cash benefits under its Income Generation for Vulnerable Groups program was nominal. The Primary Education Support Program pays bank transaction fees equivalent to just 2.5 percent of the benefits paid out by the government.

Credit services to small borrowers are often through special programs

Most banks will not lend to the poor because they have few assets to serve as collateral. Some of the sampled banks, such as those in Gabon and Mozambique, said that they had liquidity but lacked entrepreneurs to whom they could offer credit. Banks find it expensive to screen and monitor small borrowers, who often must resort to a combination of formal and informal markets to meet their needs. In many countries, they turn to microfinance institutions. One estimate of small enterprises in India puts the proportion of informal borrowing by small enterprises at two-thirds of the total credit used by this segment (Jain 1999).[16]

When banks do lend to small borrowers it is often through special programs that incorporate microcredit programs as a way of reducing risk. Take the example of ICICI in India (Nair and von Pischke 2007). ICICI set up a large-scale program of partnership with so-called self-help groups that practice group lending (Chakraborty and Duflo 2006). By merging with a smaller bank that already had a network of 1,200 self-help groups, ICICI was able to expand to 12,000 such partnerships within three years.

ICICI then began to experiment with partnerships with microfinance institutions. Microfinanciers were willing to take on the risk of clients' financial performance. They would form groups, disburse and collect cash, and keep records. ICICI would lend to the microfinancier on the basis of its balance sheet and portfolio performance.

Other commercial banks with large-scale microfinance programs have used the model of partnership with microfinance groups or service companies. Banco ABN AMRO in Brazil has partnered with ACCION, a well-known microfinance group. Their operating subsidiary, Real Microcredito, in which ABN AMRO has a 97

percent stake and ACCION has invested 3 percent, provides microfinance know-how. Banco de Pinchina, the largest bank in Ecuador, used a similar model to start Credife in 1999, and Sogebank, the largest bank in Haiti, began Sogesol, both in partnership with ACCION. The Unit Desas of the Banka Rakayat Indonesia and CrediAmigo of Banco Nordeste of Brazil are other examples in which a microfinance operation has become a profit center for the bank (Nair and von Pischke 2007). Grameen Bank of Bangladesh and BancoSol of Bolivia provide evidence that microfinanciers can grow into commercial banks.

Another model that has been used with some success is that of Wells Fargo, whose business of lending to small and micro businesses relies heavily on credit-scoring models. The model can operate only in an environment rich in credit information, to compensate for the risks associated with less-known borrowers.

[11] Rutherford (2000, 2002) provides a series of fascinating descriptions of savings services for the poor. The high discounting of future needs by the poor and consequent reluctance to start saving has been discussed by, among others, Hogarth, Hazembuller, and Wilson (2004), who describe how hard it is for poor people in the United States to save. Banerjee and Duflo (2006) discuss spending patterns of the poor, pointing out that funds spent on festivals, for example, might otherwise have been saved.

[12] Hirschland (2005) describes the importance of distance and doorstep collection. Ashraf, Karlan, and Yin (2006a) analyze the success of a doorstep savings arrangement in the Philippines.

[13] Bertrand, Chugh, and Mullainathan (2004) describe the "rational behavior theory" of the poor to explain their preference for convenience and avoiding the formalities of formal systems.

[14] Aggarwal, Demirguc-Kunt, and Martinez Peria (2006), in a 99-country study from 1975 to 2003, find an association between remittance flows and financial development.

[15] http://www.ercof.org/papers/migrationimpact.html. Similar findings are reported by Gammeltoft (2002), Taylor (1999), and Acosta, Fajnzylber, and Lopez (2008).

[16] Cole and Park (1983) and Biggs (1991) report similar findings for Republic of Korea and Thailand.

3. Starting to bank

Mempe, a young entrepreneur in Ghana, recently started earning enough to set aside some money on a regular basis. She soon thought of opening a savings account that she could use to make and receive payments. Over time, she will gain access to credit through a credit card.

These are among the benefits of being banked. But often opening an account is neither simple nor cheap. A typical bank in Côte d'Ivoire or Nicaragua will ask for five documents to establish the applicant's identity, income, and residence. Some banks levy fees to open an account; in Burundi, the fee can be as high as 3 percent of annual per capita income. Many banks also impose other types of fees when an account is opened. For example, new customers may face separate fees for checkbooks and debit cards. Accounts are not always opened on the spot. It can take up to three days to open an account in Mexico and South Africa. Across countries, the greater the obstacles to opening an account, the lower the number of the banked.

Banks in countries with more competitive banking sectors seem to be less bureaucratic. Thailand's top three banks account for less than 45 percent of the banking system's total assets, making for a relatively competitive environment. Also, Thai banks require, on average, only one document to open an account. By contrast, in Nicaragua, where the top three banks hold 95 percent of all banking assets, banks demand, on average, five documents to open an account.

Potential customers care about the recurring costs of being banked. These include account-maintenance fees and charges for commonly used banking services. African banks—especially those in Burkina Faso, the Democratic Republic of the Congo, Liberia, Malawi, Senegal, and Tanzania—impose the highest charges for basic payment services such as debit cards, bank drafts, and remittances.

Opening an account

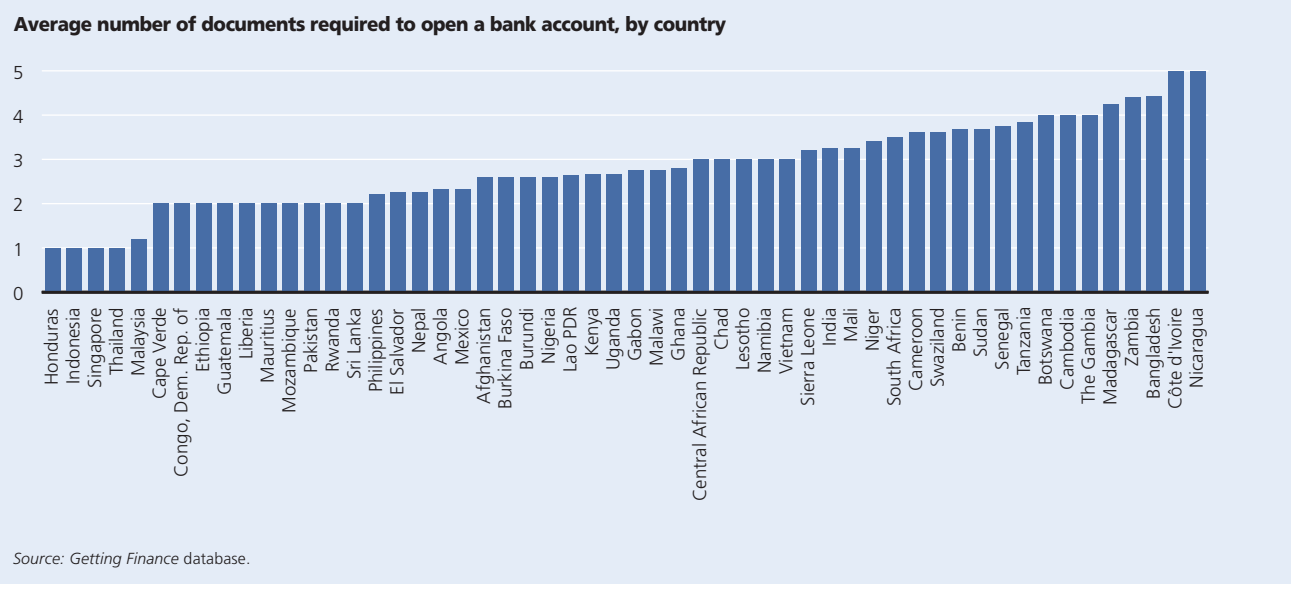
The average number of documents required to open an account varies from close to five in Côte d'Ivoire and Nicaragua to just one in Honduras, Indonesia, Singapore and Thailand (figure 3.1). The overall average is three. Most commonly required document is a government identity card, but many banks demand multiple identity documents as well as proof of income, proof of employment, and references from people who already hold bank accounts.

Banks in richer countries require fewer documents: typically a driver's license or a national identity card. But in some very poor countries, such as the Democratic Republic of the Congo, Liberia, Mozambique, and Rwanda, only two documents are generally required. Banks in Africa are the most demanding in their documentation requirements; East Asian banks are the least demanding.

Producing multiple documents can be a challenge for even wealthy and resourceful individuals. Many poor people find it a daunting task that involves time-consuming trips to government offices. Bribes are sometimes exacted. Government officials may ask for various types of documents, which applicants may not have ready at hand. In Angola, for example, many people displaced by the civil war do not have an identity card. Prospective bank clients wishing to obtain a replacement have to travel to an earlier place of residence or even to their place of birth to obtain a birth certificate before applying for a new ID.

FIGURE 3.1

Country differences in the documents required to open a bank account

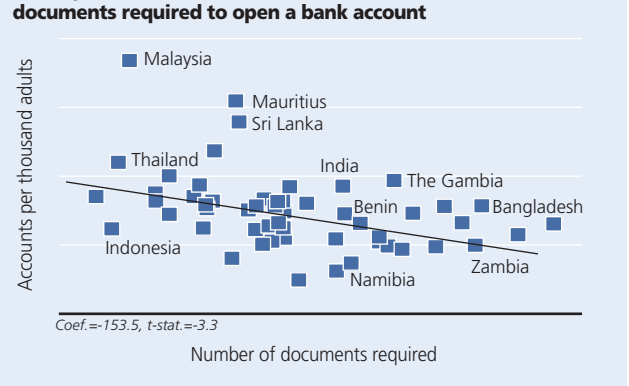


Source: Getting Finance database.

Producing other types of documents can be difficult for certain groups. The self-employed and those working in transient jobs cannot provide proof of income or employment. Migrant workers do not have proof of domicile. The more onerous the documentation requirement, the less attractive it is for a person on the banking threshold to open an account. The numbers tell the story: the more documents required, the fewer the bank accounts (figure 3.2). For every additional document required, one finds 153 fewer bank accounts per 1,000 adults.[17]

FIGURE 3.2

Burdensome documentary requirements, fewer accounts



Note: Each additional document implies 153 fewer accounts per thousand, significant at 1 percent. Controls for GDP per capita, population, and population density.
Source: Getting Finance database.

Passports and national identity cards are the most trusted identity documents, with almost all of the sampled banks regarding them as acceptable forms of ID. Only about half of banks will take a driver's license or military ID card. Less than a quarter take voter ID cards, which may be because many countries do not issue separate voter ID cards. About half of banks accept other ID formats. For instance, banks in Cambodia, Ethiopia, Indonesia, Malaysia, Philippines, and Swaziland take student IDs. Banks in many countries also accept employer-issued IDs.

Banks decide on how many documents they need to open an account. In part, the decision is dictated by the regulatory authorities. But even within a single country, one finds variations in the number of documents required. For example, in Madagascar and Mali, some banks ask for six documents; others just one. In Angola, Kenya, Malawi, and Sierra Leone, the difference can be as great as four documents. Some banks in Mozambique seek up to five documents to open an account—national identification card, passport, proof of address, proof of employment, and a utility bill—while others need only a government-issued ID. In richer countries, all banks ask for the same type and number of

documents. This is to be expected—richer countries have widely acceptable standard IDs.

Stringent know-your-customer standards are becoming the norm as a result of the worldwide campaign against money laundering and terrorist financing. The new measures have increased documentation requirements and reduced the discretion available to banks. Lesotho implemented new rules in January 2007. The country's banks must now ask for three documents, including proof of income, when an account is opened. Some banks that target lower-income segments have noticed a sharp drop in new account openings after new regulations went into effect.

Where can a bank account be opened?

Almost all banks allow clients to open an account at any branch (table 3.1). More than a quarter of the banks accept applications at correspondent outlets such as kiosks at retail outlets, post offices, and so on. Only 17 percent allow clients to apply remotely either over the Internet or the phone—the Internet much more so than the phone. About 14 percent of banks offer other ways to apply for an account. In particular, many banks in Africa use mobile sales agents to approach potential customers at home or work.

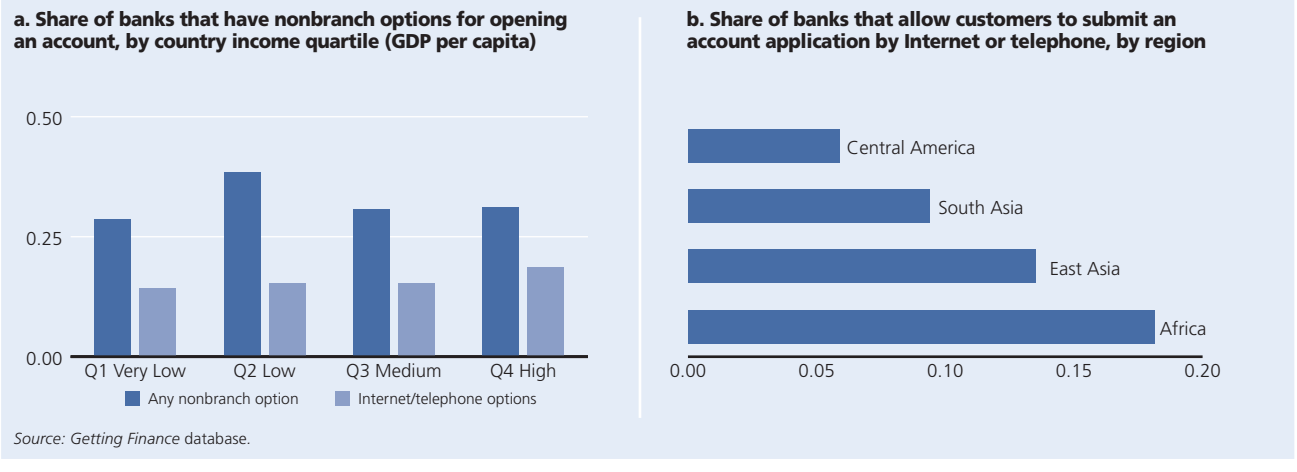
TABLE 3.1
Where do banks accept account applications?

Location	Percentage of Banks
At any branch	95
At correspondent outlets	27
Over the Internet	15
At select branches only	8
Over the telephone	4
Other (work, home, etc.)	14

Source: Getting Finance database.

Commentators often cite the difficulty of getting to the bank as a reason why people remain unbanked. But using an index of accessibility—an index that rises with the number of locations at which to apply for an account—we found no significant association between the average index value for a country and the number of bank accounts. The share of banks offering nonbranch and mobile options to apply for an account does not vary much by country income (figure 3.3a). In fact, African banks are more likely than others to offer electronic options to open an account (figure 3.3b), yet the density of account holders in Africa remains low. Making it physically easier for people to apply for bank accounts by itself does not affect bank usage.

FIGURE 3.3
Nonbranch and mobile options for opening an account do not vary by income



Source: Getting Finance database.

TABLE 3.2
Account-opening fees—top 10 countries

Country rank	Account opening fees	Other opening charges
1	Côte d'Ivoire	Chad
2	Burundi	Sudan
3	Congo, Dem. Rep. of	Namibia
4	Mali	Nigeria
5	Madagascar	Pakistan
6	Vietnam	Zambia
7	Mexico	Burundi
8	Cameroon	Rwanda
9	Sudan	Tanzania
10	Cambodia	Cambodia

Source: Getting Finance database.

The cost of opening an account

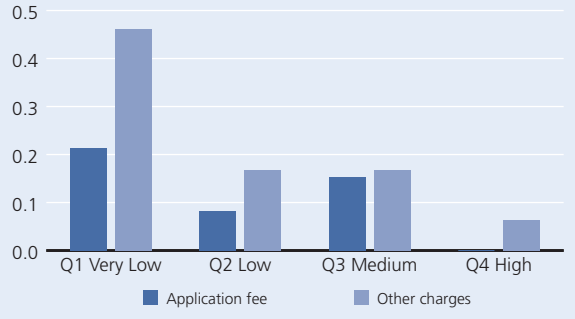
Charging fees to open an account or to obtain a checkbook or ATM card discourage people from using banks. Fortunately, account-opening fees are rare—only 9 percent of the sample banks have them. They are charged by one or more banks in Burundi, Cambodia, Côte d'Ivoire, the Democratic Republic of the Congo, Laos, Mali, Madagascar, Sierra Leone, and Sudan (table 3.2). The fees in some cases can be substantial. For example, banks in Burundi charge fees equivalent to 2–3 percent of per capita GDP to open an account. Many more banks, more than 20 percent of the sample, report other types of account-opening charges. Most of these banks do not have an account-opening fee but instead charge separately for checkbooks or ATM cards. One bank passes through to customers the tax on services to which it is subject.

Banks in the poor countries in our sample—such as Burundi, Côte d'Ivoire, the Democratic Republic of the Congo, and Mali—are more likely to charge account-opening and other types of fees than those in the richer countries (figure 3.4). The pattern is especially striking for the latter category of charges. Across regions, banks in Africa are more likely to assess application fees and other charges than are banks in other regions. This may be because income from such fees is a big part of banks' earnings, all the more necessary where there are few sound lending opportunities.

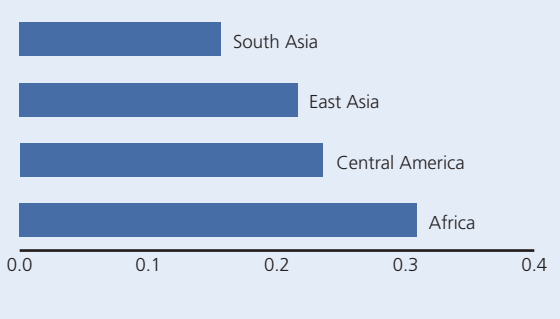
Countries in which banks tack on charges when opening an account tend to have lower rates of financial access, even after adjusting for income. Potential bank clients may shrug off account-opening fees, but they dislike paying separate charges for items such as checkbooks and ATM cards. They may prefer a transparent single fee instead of a complicated fee structure.

FIGURE 3.4
Account-opening charges are relatively higher in poorer countries

a. Share of banks that assess application fees and other charges to open an account, by country income quartile (GDP per capita)



b. Share of banks that assess account-opening charges, by region



Source: Getting Finance database.

The time required to open an account

Eighty-six percent of banks open a new account within minutes of the application or on the same day. But banks in Mexico, Pakistan, and South Africa can take up to three days to open an account. Countries in which banks take longer to open an account tend to have a lower density of bank accounts, even after adjusting for national income. Banks in Central America take the longest, on average, to open an account—about one and a half days. East Asian banks are much faster, taking only half as long, on average (figure 3.5). On average, customers wait six times longer to open an account in Mexico than in Thailand (table 3.3)

TABLE 3.3
How long must customers wait to open an account?

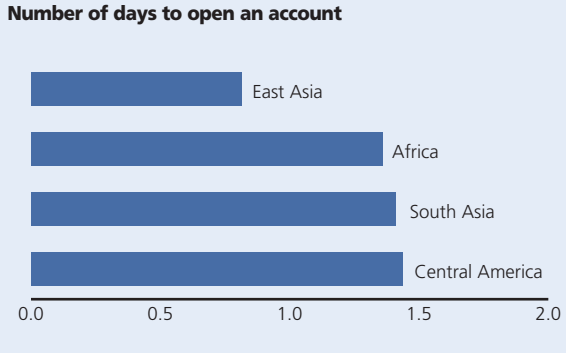
Longest wait		Shortest wait	
Country	**Days**	**Country**	**Days**
Mexico	3.0	Cameroon	0.5
Pakistan	2.8	Chad	0.5
South Africa	2.8	Malaysia	0.5
Gabon	2.5	Thailand	0.5
Botswana	2.3	Ethiopia	0.6
India	1.8	Angola	0.67
Nigeria	1.8	Burkina Faso	0.7
The Gambia	1.7	Sri Lanka	0.7
Tanzania	1.7	Benin	0.75
Malawi	1.6	Honduras	0.8
Congo, Dem. Rep. of	1.5	Niger	0.8

Note: In the numbers reported here, responses such as "on the spot," "immediately," or "10 minutes" are treated as 0.5 days.
Source: Getting Finance database.

The cost of maintaining an account

The monthly fee to maintain a bank account in Liberia is equivalent to half of the typical factory worker's monthly income. A Singaporean worker pays far less—0.05 percent. More than half the banks in our sample report charging a monthly account-maintenance fee. In five countries—Afghanistan, India, Namibia, Nepal, and Vietnam—none of the sampled banks charges such a fee.

FIGURE 3.5
Opening an account takes longer in some regions than others



Source: Getting Finance database.

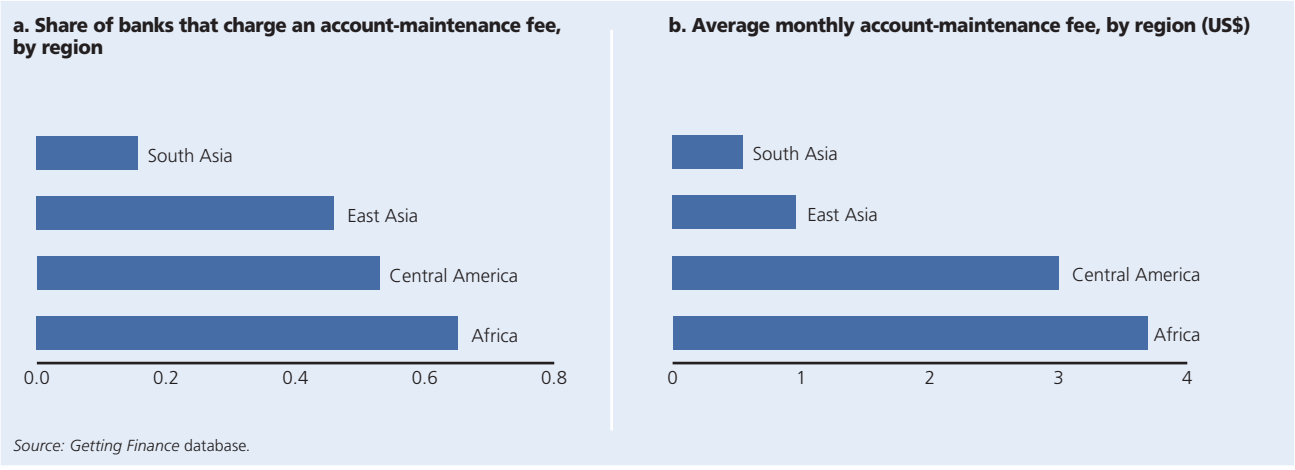
Banks in Africa are the most likely to charge such fees, while those in South Asia are least likely. The fees are higher in Africa, as well. For instance, the average monthly charge for account maintenance is close to $4 in Africa, but just over $0.50 in South Asia, the other low-income region (figure 3.6). Strikingly, these fees are higher in Africa than in much wealthier East Asia. For a bank customer in Africa, such high fees imply a much higher burden relative to income. As noted, the fees are as much as 51 percent of average monthly income in Liberia, 45 percent in Ethiopia, 28 percent in Niger, and more than 23 percent in Malawi.

The cost of making payments

One of the main reasons people open bank accounts is to make and receive payments. Banked households have access to a variety of payment instruments—among them checks, bank drafts, direct debits, and debit and credit cards. But the use of such services can come with a price tag, sometimes a hefty one. For example, the annual fee for a credit card represents almost 132 percent of the average monthly income in Mali. And that fee comes on top of other regular charges, such as account-maintenance fees. When one begins to add up the costs

FIGURE 3.6

Account-maintenance fees are most common in Africa



Source: Getting Finance database.

of payment services, they can take a big bite out of the budget of the average worker in a developing country. Here, as elsewhere, fees vary. For example, it costs $42 to issue a banker's draft in the Central African Republic, compared with just $0.57 in the Philippines.

We considered five major payment-related banking services: (i) the fee charged for a checkbook, (ii) the annual fee for a debit card, (iii) debit card fees per transaction at merchants, (iv) the monthly fee for account maintenance, and (v) the fee for issuing a banker's draft. Two banking services have a fixed cost—an annual or monthly fee—whereas the others are assessed by transaction. The fixed costs are the ones that impose the greatest burden on customers. Across countries, the mean fee for annual account maintenance is as high as $36.

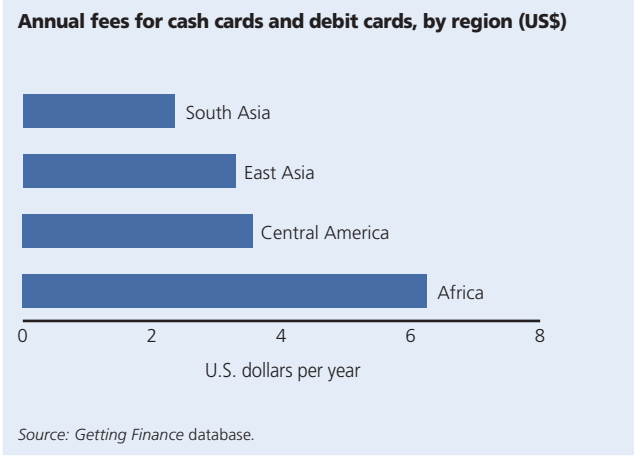
Africa is the region where payment services are most expensive. The average cost per checkbook issued in Africa is $4.11, compared with $3.87 in East Asia and $2.15 in South Asia. The price of bank drafts, annual fees for cash cards (figure 3.7), and transaction-based fees for cash cards are higher in African banks than elsewhere. For example, the average fee assessed per card transaction at merchants is $0.18 in Africa, $0.08 in Central America, $0.03 in South Asia, and $0.02 in East Asia. Africa is also the most expensive region for obtaining a banker's draft ($9.56 per draft, on average), followed by East Asia ($7.52), Central America ($4.79), and South Asia ($3).

The same pattern holds for fees on cross-border transactions. It costs about four times as much to send a $250 bank draft from Africa as it does from South Asia, and six times as much to receive the same amount. Central America comes in second for cross-border sending and receiving fees, followed by East Asia. Residents of the last two regions pay about the same to receive remittances. But, on average, it costs slightly more to send a remittance from East Asia than from Central America.

Checkbooks are relatively expensive in East Asia because the countries of the region are moving toward a cashless

FIGURE 3.7

Cash cards and debit cards also cost more in Africa



Source: Getting Finance database.

economy. They have started to introduce banking policies in which checks are made more expensive in order to encourage a switch to electronic modes of payment.

Several factors may account for Africa's high costs. The infrastructure needed to support effective electronic payment systems is weak. Electricity is expensive; power outages are frequent, and Internet connections unreliable. Most African banks lack economies of scale in their ATM networks, thus raising costs. Africa is also the region where asset concentration among banks is highest. The resulting lack of competition can result in higher fees for consumers. Finally, the credit-to-deposit ratio is low in Africa, and lending is not always a big source of revenue. African banks appear to derive a larger-than-normal share of their revenue from fees on depositors' transactions.

No single country can boast the highest or lowest fees in every cost category. For example, the fee for a checkbook is 45 percent of average monthly income in Liberia, second-highest in our sample, but Liberia is not among the countries that charges high fees for a debit card (tables 3.4 and 3.5). However, bank fees are consistently high in some countries, and occasionally higher, when added up, than the average monthly income. For example, the cost of a new checkbook and a debit card may be as high as 133 percent of monthly income in the Democratic Republic of the Congo, which also has the lowest access in our sample.

In most of the high-cost countries the banking sector is dominated by foreign banks that tend to charge higher fees. For example, in Tanzania, apart from a state controlled bank, the six largest by asset size are foreign subsidiaries (Bank of Tanzania 2005). The same applies to Liberia, whose five major banks have a majority of Portuguese and South African capital or are foreign-owned. Moreover, both in Liberia and in the Democratic Republic of the Congo, the banking industry is highly dollarized, and most of the banks' clients are international and top-tier local companies, the public sector, and wealthy individuals (IMF 2007). Under such circumstances, many commercial banks charge their customers in dollars rather than in the local currency. Such fees are onerous for the average consumer, however, as there is no adjustment for purchasing power.

Countries such as Sierra Leone, Sudan, and the Democratic Republic of the Congo still operate in a cash-based economy. Weak infrastructure—unreliable electricity, poor roads, insufficient technological resources, and a shortage of skilled professionals—imply that most transactions are done by cash or check. Debit and credit cards are rarely used, thus accounting for the high fees.

In contrast, Singapore, the richest country of our sample, has 2,058 accounts per 1,000 adults and, as expected, is among the countries where banking fees, expressed in income per capita, are lowest. The other nine countries with the lowest bank fees are El Salvador, Mauritius, Afghanistan, The Gambia, India, Madagascar, Niger, Philippines, and Vietnam. In this group, the average number for accounts per 1,000 adults is 629, with six having over 100 accounts per 1,000 adults. El Salvador's banking industry is well-diversified. Of its twelve large commercial banks, five are privately owned, two are state-

TABLE 3.4

Checkbooks and debit cards are unaffordable in some countries

Fees for checkbooks and debit cards, as percentage of average monthly income, by country

Highest fees, checkbook issue	%	Highest fees, debit card	%
Congo, Dem. Rep. of	75	Burkina Faso	70
Liberia	45	Congo, Dem. Rep. of	58
Burundi	39	Madagascar	47
Malawi	33	Senegal	47
Central African Republic	30	Ghana	36
Tanzania	26	Mozambique	35
Afghanistan	25	Mali	27
Sierra Leone	23	Chad	26
Ethiopia	21	Nepal	20
Mozambique	21	Ethiopia	19

Source: Getting Finance database.

TABLE 3.5

Highest and lowest fees for five banking services

Number of times country is ranked in the top 10 for highest or lowest fees in five distinct categories, and bank accounts per thousand adults

Country	Highest fees	Accounts per 1,000	Country	Lowest fees	Accounts per 1,000
Tanzania	4	159	El Salvador	4	693
Congo, Dem. Rep. of	4	2	Mauritius	4	2,011
Burkina Faso	3	121	Afghanistan	3	19
Ethiopia	3	66	The Gambia	3	165
Liberia	3	36	India	3	656
Malawi	3	108	Madagascar	3	31
Senegal	3	79	Niger	3	15
			Philippines	3	566
			Singapore	3	2,058
			Vietnam	3	82

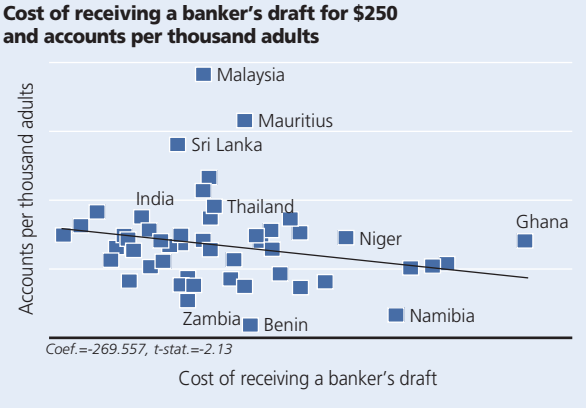
Note: Values for the Democratic Republic of the Congo, Ethiopia, and Vietnam are imputed. See chapter 9.
Source: Getting Finance database.

owned, and five are foreign-owned. This diversification fosters competition and lowers fees. Moreover, currency dollarization has mitigated exchange-rate risks.

In Mauritius, domestic bank assets represent more than 100 percent of GDP, and savings exceed 40 percent of GDP. Systems for payment, securities trading, and settlements are efficient, which explains the low fees of the country's commercial banks. Other countries in the top 10—such as India, the Philippines, and Vietnam—have experienced high growth in the last decade and also have relatively well-developed banks.

FIGURE 3.8

Fees for common services are higher where the density of accounts is lower



Note: A movement from the 25th to 75th percentile on the index of costs of receiving a bank draft is associated with 269 fewer accounts per thousand adults, controlling for GDP per capita.
Source: Getting Finance database.

More people are banked in countries where banks charge lower account-maintenance fees. The costs of using certain types of payment services, such as bank drafts remittances, are also associated with account density. The higher the fee charged for receiving a foreign banker's draft of $250, the lower the number of bank accounts (figure 3.8). The same applies to the fee charged for sending a foreign draft.[18]

[17] Beck, Demirguc-Kunt, and Martinez Peria (2007a) report similar findings from a survey of 193 banks across 58 countries—more documentation at account opening is associated with fewer accounts per capita and lower demographic branch penetration.

[18] These findings are consistent with Beck, Demirguc-Kunt, and Martinez Peria (2006b). They report a significantly negative association between accounts per capita and annual fees to checking and savings accounts. They also find a negative association between the cost of making international payments and accounts per capita, although the effect is not significant.

4. Adding customer services

The quality and convenience features of a bank account—after-hours withdrawals, overdraft provisions, and overdraft notification—add to its ease of use. But do they encourage more people to open accounts? We constructed an index combining the conveniences just mentioned, plus exemption from the need to present a passbook when making withdrawals and deposits. Banks in poorer countries have high scores on the index—Senegal, Kenya, and Chad have the highest scores (figure 4.1).

Free services

Banks offer some free services. For example, about 90 percent of banks in the sample permit unlimited balance inquiries at no cost. Ethiopia, Mexico, and Mozambique are the only countries in which three or more of the five sampled banks do not offer unlimited balance inquiries. Three-quarters of banks also allow free withdrawals on their standard accounts. In 28 out of 54 surveyed countries, all commercial banks do so. But in Liberia, Namibia, and South Africa none of the banks offer free withdrawals, and in India, Mexico, and Swaziland less than a third do so.

There is wide variation in the availability of ATM services and checking services. In 10 countries (Afghanistan, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Gabon, the Gambia, Liberia, and Thailand) none of the banks offers a free ATM card. In Côte d'Ivoire, Honduras, Nigeria, and Rwanda, all the banks offer free ATM cards. All banks in Burkina Faso, Burundi, the Central African Republic, Gabon, Madagascar, Nepal, Senegal, and Uganda offer free checking services, but in 16 of 54 sampled countries none of the banks does so. It is interesting that in countries such as Botswana, long-established traditional banks offer checks as a convenience feature despite a widespread problem of bounced checks. But newer entrants to the market are offering more innovative products; their standard product is a transactions account without a checkbook.

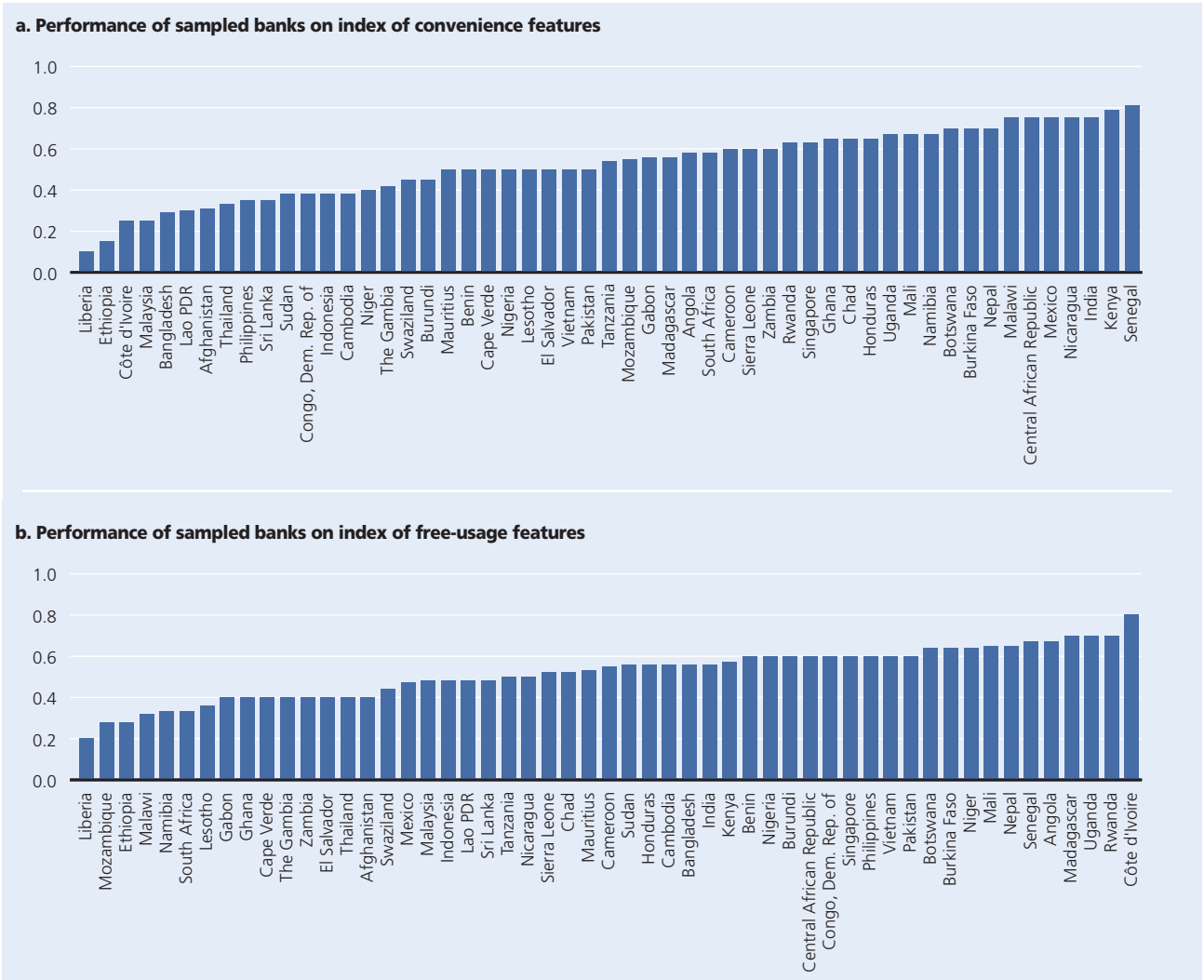
Only 4 percent of the banks surveyed offer a free credit card. Nicaragua is the only country where as many as half of all banks surveyed offer a credit card free of charge.

The index of free usage is an equally weighted sum of the five features discussed above. Again, low-income countries such as Côte d'Ivoire and Rwanda have high mean values on this index (figure 4.1); those values show no significant association with the density of accounts in the country.[19]

We also examined potential inconveniences to see if they affect the number of accounts per thousand adults. Most common among the inconveniences are banks' requirements for minimum opening deposits or minimum balances. Eighty-eight percent of banks reported minimum-deposit requirements to open their standard account. Rwanda and Gabon are the only two countries in which none of the banks requires a minimum deposit to open a standard account. In 37 countries, all banks require a minimum deposit to do so. The amount required can be as much as three times per capita income in poorer countries (3.3 times in Burundi, 2.3 times in Madagascar). While the proportion of the minimum deposit to income per capita tends to decline for richer countries, to less than 1 percent of per capita income in Malaysia, Thailand, and South Africa, the requirement of a minimum deposit remains highly prevalent. The relationship of minimum deposit and income is not linear; thus in Mexico and Singapore, minimum requirements are as high as 2 percent and 6 percent of income per capita, respectively.

FIGURE 4.1

Convenience features and free usage features offered with bank accounts, by country



Note: The index of convenience features is the equally weighted sum of after-hours access to withdrawal services, overdraft provision, overdraft notification, and waiver of the need to present a passbook when making withdrawals and deposits. Free usage index is the equally weighted sum of free balance inquiries, free withdrawals, a free ATM card, free checking, and a free credit card.
Source: Getting Finance database.

However we find no significant association between the density of accounts and the presence of a minimum opening-deposit requirement. Separating savings accounts from checking accounts, we find minimum-balance requirements to be similarly widespread. All commercial banks in 43 of 54 sample countries have an opening balance requirement for savings accounts. Sudan is the only country in which none of the banks imposes a minimum opening-balance requirement. While, as expected, there is a negative association between account density and the minimum balance required to open a standard savings account, the association is insignificant.

Requirements for minimum ongoing balances needed to maintain an interest-bearing savings account are more varied. Such requirements exist in 43 percent of the sampled countries. Mozambique, Singapore, and Sudan are the only countries in which no bank has them. In Angola, El Salvador, and Mauritius, a couple of the banks in each country require a minimum balance to maintain a savings account. In 23 of our 54 sample countries, all of the sampled banks impose such a minimum on interest-bearing savings accounts. In Africa, all of the banks in 16 of 35 countries have an ongoing balance requirement for savings accounts. In the South Asia

region, banks in India, Pakistan, and Sri Lanka, together with Indonesia, Laos and Malaysia in East Asia and Nicaragua in Latin America, all require a minimum balance to sustain an account without incurring a penalty. Ongoing balance requirements are less frequent than opening balances in countries of all income categories (figure 4.2). However, the levels of ongoing balances, as a percentage of income per capita, vary less than do those of opening balances. Thus, while the levels of ongoing balances in poorer countries are not as high as opening balances, the gap between the two requirements is less than it is in richer countries.

Facilities for making and receiving payments

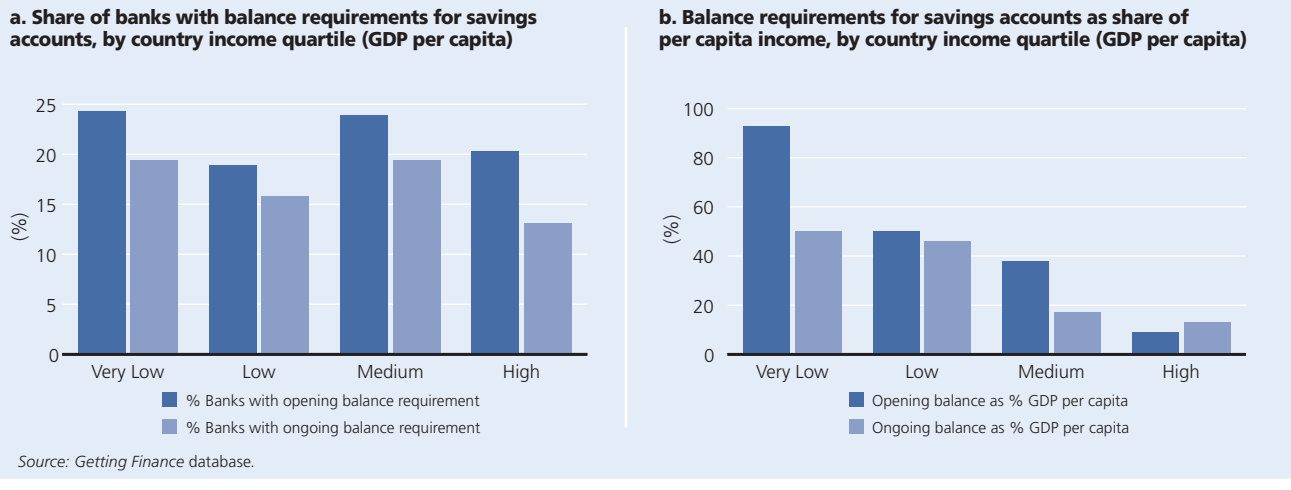
It is often said that more people would use bank services if it were easier to make payments through the banking system. To determine if that is true, we examined four aspects of retail payment services in relation to national levels of popular access to banking. First, we looked at the range of payment instruments offered by banks with their standard account—checks, cash cards, debit cards, direct debit facilities (interbank and intrabank), and credit cards. Second, we examined the quality of ATM networks and their degree of interoperability. Third, we explored the payment options offered by banks for retail payments, person-to-person payments, payment of bills and taxes, and receipt of government transfers. Fourth, we examined the time it takes to complete a range of domestic payment transactions.

Payment instruments available with standard accounts

Banks in all regions are more likely to offer checking and debit facilities than other payment instruments (figure 4.3a). Virtually all banks in all regions offer checking facilities. Debit cards and direct debit facilities are more common than cash cards in all regions, confirming a universal trend toward the substitution of more sophisticated services for less sophisticated ones. Some interregional variations emerge: fewer African banks offer debit cards (58 percent) compared with other regions (78 percent and 82 percent in South Asia and Central America; 88 percent in East Asia). None of the banks offers debit cards in Chad, Liberia, or Niger, whereas all do so in Indonesia, Malaysia, Thailand, and Vietnam. East Asia leads in terms of direct debit services (offered by 97 percent of banks, compared with 79 percent in Africa and only 54 percent in Latin America), debit cards (88 percent, compared with 82 percent in Central America and 58 percent in Africa), and cash cards (78 percent). East Asia also has the lowest ratio of check use (84 percent, compared with 100 percent in South Asia), which probably reflects a move away from checks in favor

FIGURE 4.2

Minimum-balance requirements for savings accounts can be very high in poor countries

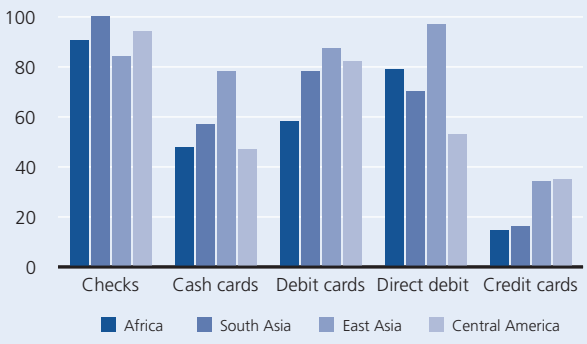


Source: Getting Finance database.

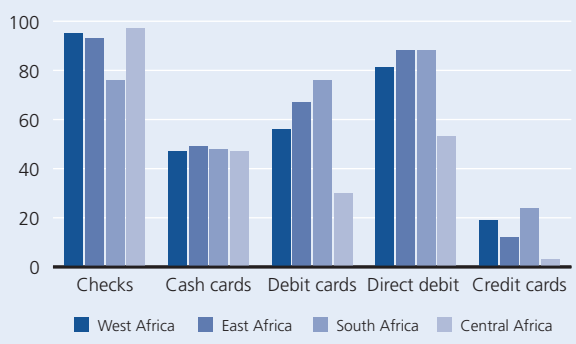
FIGURE 4.3

Some payment instruments are more common than others, regardless of region

a. Share of banks offering selected payment instruments with standard accounts, by world region



b. Share of African banks offering selected payment instruments with standard accounts, by subregion



Source: Getting Finance database.

of electronic payments. Only half of the sampled banks in Cambodia, Malaysia, and Thailand offer checking services with a standard account. Latin American and East Asian banks lead in terms of credit card services (35 percent and 34 percent, compared with 16 percent and 14 percent in South Asia and Africa). For example, four of five banks in Honduras offer a credit card with their standard account, as do three of five banks in Malaysia and Vietnam.

Even within Africa, variation by instrument is high compared with variation by region, although some regional patterns are discernible. Southern African banks use a lower proportion of checks (76 percent) than do their regional neighbors (more than 90 percent in each of the other regions); they also use a high proportion of direct debit (88 percent). Only two of five banks offer checks in Swaziland, and three of five in Botswana and Lesotho, versus *all* in the West African group—Benin, Cameroon, Cape Verde, Côte d'Ivoire, Gabon, The Gambia, Ghana, Liberia, Senegal, and Sierra Leone. East Africa's banks engage equally heavily in direct debit, and West Africa is not far behind, at 81 percent. Only Central Africa appears to lag (53 percent).[20]

Central Africa lags similarly in the use of debit cards. Only 30 percent of sampled banks offer such cards on their standard account, compared with at least 55 percent elsewhere, and 76 percent in South Africa (figure 4.3b). The region's banks are far behind in credit cards as well (3 percent, compared with 19 percent in the next-lowest region of West Africa and 24 percent in Southern Africa). No banks offer debit cards in the Central African Republic, Chad, or Niger; only one bank does so in Burundi and the Democratic Republic of the Congo.

We found no significant association between the range of standard payment instruments offered and the number of accounts per thousand adults or the ratio of private credit to GDP. One reason may be that newer electronic models of payments substitute for more traditional modes as countries grow wealthier.

Network payment capabilities

We next examined the relationship between the capabilities of the payment network and bank accounts per thousand adults. The first part of this question involves the extent to which networks are interoperable. Can ATM cards be used only at the issuing bank, or are they interoperable across networks of different banks? Can ATM cards also be used to make payments at point-

of-service terminals, such as those available in stores? Most of the bankers we sampled reported that ATM networks in all regions had fairly high levels of interoperability. While Latin America and East Asia lead in terms of linked networks (88 percent and 90 percent respectively), South Asia and Africa also achieve substantial interoperability (62 percent and 54 percent, respectively). All banks in Honduras, Mexico, and Nicaragua allow other banks' ATM cards to be used at their networks and at merchants' point-of-service terminals. Guatemala's lower level of network linking is the exception in Central America. Furthermore, since 2005, all commercial banks in Pakistan have been directed to join one of two ATM networks, M-Net or I-Link, and to offer their customers the possibility of electronic banking. After the change, transactions rose by 47 percent from 2005 to 2007. In Kenya, many debit cards can operate through KenSwitch, Pesapoint, or VISA—interoperability of networks is high. Regionally, the proportion of ATM cards that can also be used to make payments at point-of-service terminals is not much lower than the rates of interoperability, at 82 percent and 87 percent in Latin America and East Asia, and 62 percent and 53 percent in South Asia and Africa.

Better network capabilities are positively correlated with the density of accounts, but the association is not significant. By contrast, there is a significant positive association between network interoperability and the overall depth of the financial system, as measured by the ratio of private credit to GDP. This suggests that while better network capabilities are associated with an aggregate increase in flows through the financial system, individual retail customers do not take such capabilities into account in their decisions about whether to open and maintain a bank account.

Payment channels

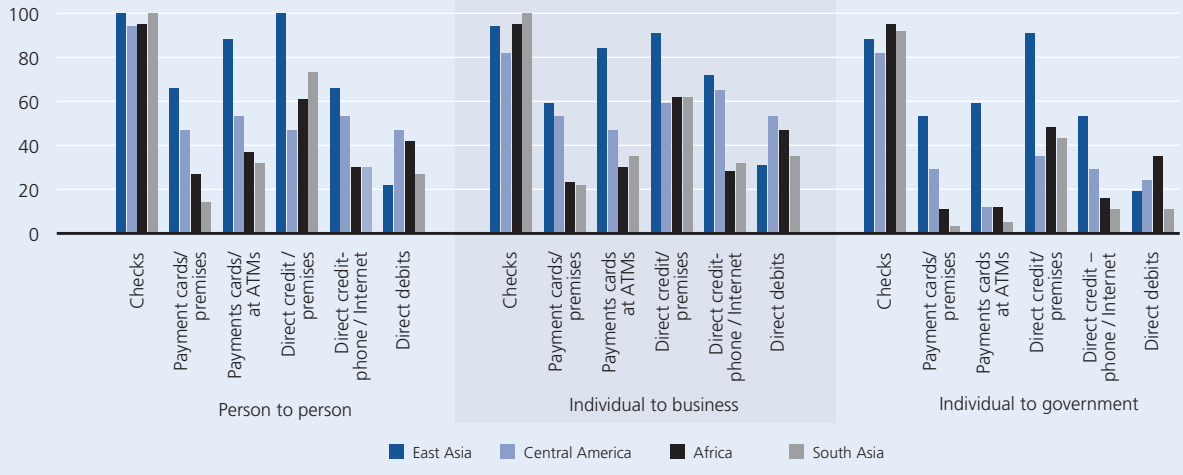
Payment channel options are more numerous in East Asia and Central America than in South Asia and Africa. They are most highly developed for person-to-person payments; somewhat less so for payments to or from businesses. The options for payments to and from the government are the least developed (figure 4.4).

For example, 66 percent of East Asian banks (including all banks in Indonesia, Malaysia, the Philippines, Thailand, and Vietnam) and 47 percent of Latin American banks permit payments between persons over

FIGURE 4.4

Some payments are more common than others, with some regional variations

Percentage of sampled banks offering various payment options for individual payments to other individuals, to businesses, and to government, by region



Source: Getting Finance database.

ATMs at their premises, as opposed to 27 percent for Africa and 14 percent for South Asia. Fifty-three percent of East Asian banks and 29 percent of Latin American banks are capable of transactions with the government via ATMs at their premises. Only 11 percent of African banks and 3 percent of South Asian banks enable such transactions with the government (figure 4.4). Indeed, no banks in India, Nepal, or Sri Lanka offer such transactions. This illustrates the limitations that present payment networks have in facilitating transfer payments to citizens.

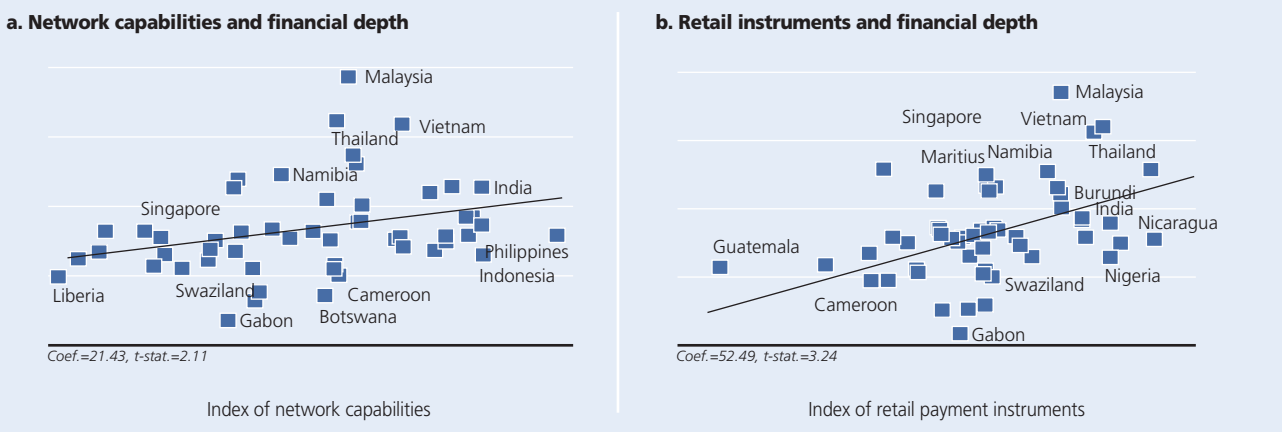
In Africa, patterns again vary more by service type than by region. Southern Africa tends to use more sophisticated payment options than do the other regions; East Africa comes in second. West Africa and Central Africa typically have lower levels of service provision. Payment channels between government and citizens are less-developed than are person-to-person and individual-to-business channels. For example, 58 percent of Southern African banks allow person-to-person payments via ATMs (especially in Angola, South Africa, and Zambia), compared with 40 percent in East Africa, 25 percent in West Africa, and 23 percent in Central Africa. Only 21 percent of Southern African banks offer the same facility for government payments or transfers—and that rate is a good deal higher than the 12 percent recorded for East Africa, 10 percent for West Africa, and 3 percent for Central Africa. Only one bank in the entire Central African region, in Burundi, offers this service.

We examined the association between retail payment systems and the availability of alternative payment channels using an index of network capabilities consisting of equally weighted responses to the six payment options across the three different channels (figures 4.5a and 4.5b).[21] As with network capabilities, the availability of alternative payment options is positively correlated with account density—but not significantly so. However, the association between network capabilities (and the availability of payment channels) with the ratio of private credit to GDP is highly significant, even after controlling for income (figure 4.5a). This finding suggests that while the features of the national infrastructure for retail payments may facilitate overall financial flows, they do not entice the marginal consumer to open a bank account.

Processing domestic payments

There can be considerable variation between countries in the time required to process payment transactions (table 4.1). Sending a domestic payment to a rural area takes

FIGURE 4.5
Private credit, network interoperability, and availability of payment channels



Note: A cross-country regression of the ratio of private credit to GDP on an index of network capabilities (panel a) shows that a 10 percent increase in the index value is associated with a 2.1 percentage point increase in the credit ratio (t-stat: 2.11). A similar regression on an index of the range of available retail payment instruments (panel b) shows that a 10 percent increase in the index value is associated with a 5.2 percentage point increase in the credit ratio (t-stat: 3.24).
Source: Getting Finance database.

barely half a day in the Philippines, but it can take eight days or more in the Central African Republic. Sending a payment to an urban area takes two days in India but half a day in the Philippines. Cross-border bank drafts take a month in the Philippines but evidently less than four days in Sudan

We found the expected negative association between the index of domestic payment transactions and the density of accounts. However, the relationship was not significant. The cross-border payments index likewise has no significant association with the density of accounts. This could reflect the low cost of processing time to the relatively poor marginal client, whose immediate preoccupation is with the cash cost of the service. Such a client may place a relatively low marginal value on the additional time taken for the transaction. Also, longer payment time reflects weaknesses in the financial system that may make the system unattractive to the marginal client for various other reasons, such as cumbersome account-opening procedures. There is no significant association between the time indices we constructed and the ratio of private credit to GDP.

A more efficient system of retail payments does not appear to be associated with access to banking services, as measured in terms of the number of accounts per thousand adults. However, better network interoperability and better retail payment services are positively and significantly associated with financial depth, which may, over time, make banking more useful for more people.

[19] If low-end users are sensitive to costs, how do we explain the lack of sensitivity to free features? More analysis is needed.

[20] Southern Africa includes Angola, Botswana, Lesotho, Namibia, South Africa, Swaziland, Zambia. East Africa in our sample comprises Ethiopia, Kenya, Madagascar, Mauritius, Malawi, Mozambique, Sudan, Uganda and Tanzania. West African countries are Benin, Cameroon, Cape Verde, Côte d'Ivoire, the Gambia, Ghana, Liberia, Nigeria, Senegal and Sierra Leone. The Central region is defined to include Burkina, Burundi, Chad, the Democratic Republic of the Congo, Mali, Niger and Rwanda.

[21] The index is defined in the glossary. See "Index of network quality and interoperability."

TABLE 4.1

Processing domestic and cross-border payments

Mean, minimum, and maximum time (in days) required to process various transactions in sample countries

Time required for payment to…	Number of countries	Mean	Minimum	Maximum	Country (minimum)	Country (maximum)
Domestic transactions						
Reach the second-largest city in the country	52	1.1	0.4	2.3	Thailand	India
Reach a rural area	50	2.1	0.6	8.5	Philippines	Central African Republic
Clear a check from another bank	52	2.6	0.8	6.3	Chad	South Africa
Clear a direct credit	49	1.6	0.6	3.3	Malaysia	Ethiopia
Clear a direct debit	50	1.7	0.5	3.4	Niger	Sri Lanka
Cross-border transactions						
Send a cross-border bank draft	52	11.6	3.3	30.8	Sudan	Philippines
Send a cross-border wire transfer	52	2.3	0.8	5.5	Indonesia	Nicaragua

Source: Getting Finance database.

5. Building branchless banking

Reducing the distance between clients and services can increase the number of bank accounts. Distance imposes costs of transportation and the opportunity cost of time forgone. Some of the ways to bridge that distance and thereby increase the density of bank services are to add branches and nonbank service points, or to make services available over telephone and Internet.

The problem of distance is the most acute in rural areas, where populations are sparse and communications infrastructure is generally less extensive than in urban areas. For instance, the Ghanzi district in Botswana has a population of 33,000 in an area of 118,000 square kilometers. In Mozambique, 100 of 128 districts have no banking institution, ATM, or point-of-sale banking facility. Those 100 districts cover almost 78.5 percent of the national territory.

One study of the effect of mandated rural branch banking in India suggests that the resulting rise in deposits and credit has had a positive effect on rural poverty (Burgess and Pande 2004). Increases in deposits made possible by shrinking distances have also been documented in Mexico (Aportela 1999). A study in the Philippines shows that doorstep collection schemes produced net growth in the number of households saving in banks (Ashraf, Karlan, and Yin 2006a). A common thread in all these studies is that small savers are prepared to trade positive financial returns for the convenience of shorter trips to deposit-taking facilities (Rutherford 1998).[22]

Recent attention has focused on the advantages of nonbank partnerships in bringing people and banks closer together. Brazil introduced 32,000 new bank service outlets in five years through partnerships with the postal franchise, lottery shops, drug stores, and other agents (Kumar and others 2006). The number of municipalities that had no banking facilities was reduced from 1,659 to zero, and 6.5 million new accounts were opened. Uganda built a bank-agency partnership system based on point-of-service terminals at merchants and gas stations (Firpo 2005). In South Africa, Standard Bank's E plan provided staffed ATM machines; the bank claims that, as a result of this innovation, its client base grew by 12 million between 1994 and 2004 (Cracknell 2004; Porteous and Hazelhurst 2006).

Studies point out that lack of physical access to a bank branch does not translate into fewer accounts in urban areas. Regional differences in the availability of banking services, especially in Mexico and Brazil, are shown to reflect income differences.[23] In South Africa, most rich people and almost half the urban population agree that there is a bank nearby. In other words, banks tend to open branches in wealthy and middle-income neighborhoods where they can reach a larger and more profitable clientele. Furthermore, studies of the United States show that more than 90 percent of nonbank service providers are located no more than a mile from a bank or credit union (Fellowes and Mabanta 2008).

Banking over the telephone and the Internet has grown rapidly and offers great potential for further growth. Cell phones, becoming ubiquitous even in poor countries, account for a large share of that potential. However, banks are still more likely to offer common services such as balance inquiries, bill payment, and statements over the Internet than via cell phones. The scale of cell-phone based banking services has remained small, with some exceptions, such as M-Pesa in Kenya and Smart in the Philippines. The services offered tend to be simple, usually balance inquiries and money transfers.

The degree of availability of electronic banking does not appear to be associated with more accounts per capita. One reason could be that such services are primarily intended for and used by those who already have bank accounts. Electronic banking faces infrastructural constraints, especially unreliable power supply, which hampers coverage and increases the cost to users of charging their phones. There is also a challenge of secure cash handling when using the Internet or a cell phone to transfer money.

Opening an account—branch vs. branchless banking

As noted earlier, almost all banks (95 percent) accept account applications at any branch—Mali and Chad have the most restrictions. Just 18 banks (of 235) reported that they accept applications only at select branches; they include banks in Mozambique and Ghana in Africa, Cambodia and Vietnam in East Asia, and Honduras in Central America. A quarter of banks (27 percent) report that correspondent outlets are at other locations where people can apply to open an account. That subsample includes three or more of the sampled banks in Burkina Faso, Chad, and South Africa. However in 10 of the 35 African countries covered, all banks agreed that correspondent outlets could *not* be used for account-opening purposes. Sixteen percent of banks accept applications over the Internet, and just 4 percent accept applications by telephone. Singapore is the only country in which most banks accept applications by phone; yet most or all banks accept applications over the Internet in Côte d'Ivoire, Mauritius, Namibia, and Sri Lanka.

We considered separately, and by country income, the options for opening accounts at branch and at nonbranch locations. There is little discernible difference across countries (grouped by income quartiles) with respect to the share of banks that offer a nonbranch option (correspondent banks, Internet, phone, or other locations, such as home or workplace) or an electronic option (telephone and/or Internet) for opening an account. About 42 percent of banks in the richest quartile offer nonbranch options, as compared with 36 percent in the poorest quartile. The percentages for the Internet and telephone options are 20 and 16, respectively. Country scores on the index of nonbranch accessibility are shown in figure 5.1. The index of nonbranch accessibility is set to 1 if the bank offers one or more of the following options to apply for an account: over the telephone, via Internet, at a correspondent outlet, and at other locations, such as home or the workplace. Singapore and South Africa have high values for nonbranch accessibility, but so do Senegal and Chad. Conversely, Mexico and Malaysia have relatively low scores. Overall, there is no cross-country evidence that nonbranch options for opening accounts are associated with a higher number of bank accounts per capita.

While banks in higher-income countries may offer convenient electronic access for transactions, most appear to require physical presence at a branch to open an account, as do their counterparts in low-income countries. The relation between nonbank options for opening an account and the number of bank accounts per thousand adults is positive but insignificant.

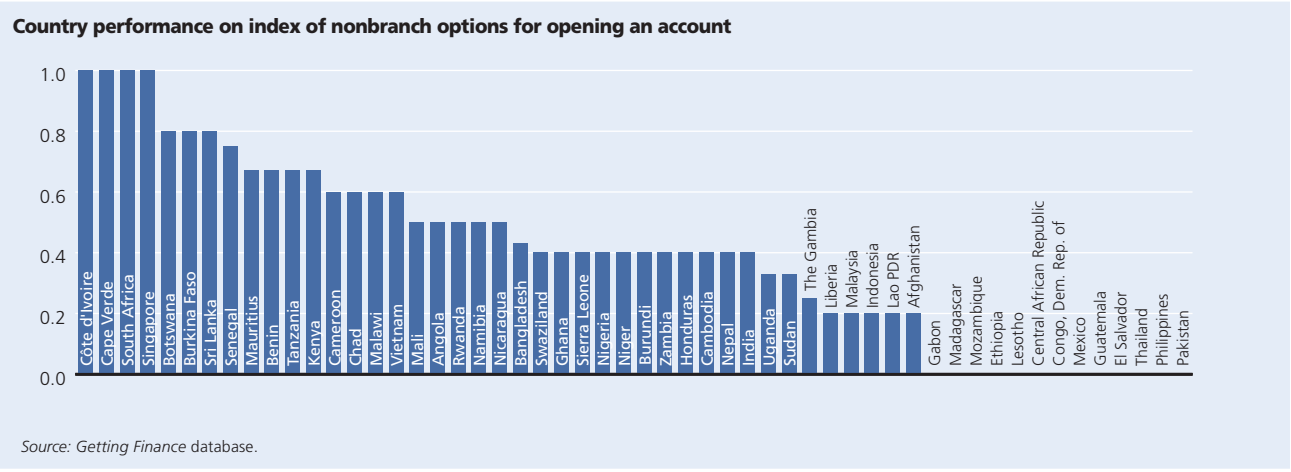
Electronic banking

ATMs, the Internet, cell phones, and other new technologies make banking available without need for tellers or branches. They aid financial transactions in two ways. First, they make services accessible when bank branches are closed or far away. They can also be used to make long-distance domestic and foreign payments. Second, automated services are cheap, because electronic messaging is costless.

The cost reduction potential of automated services is enormous. Conducting a banking transaction through a teller at a bank costs more than a dollar. The same transaction costs less than $0.30 at an ATM and less than

FIGURE 5.1

Opening an account remotely is easier in some countries than in others



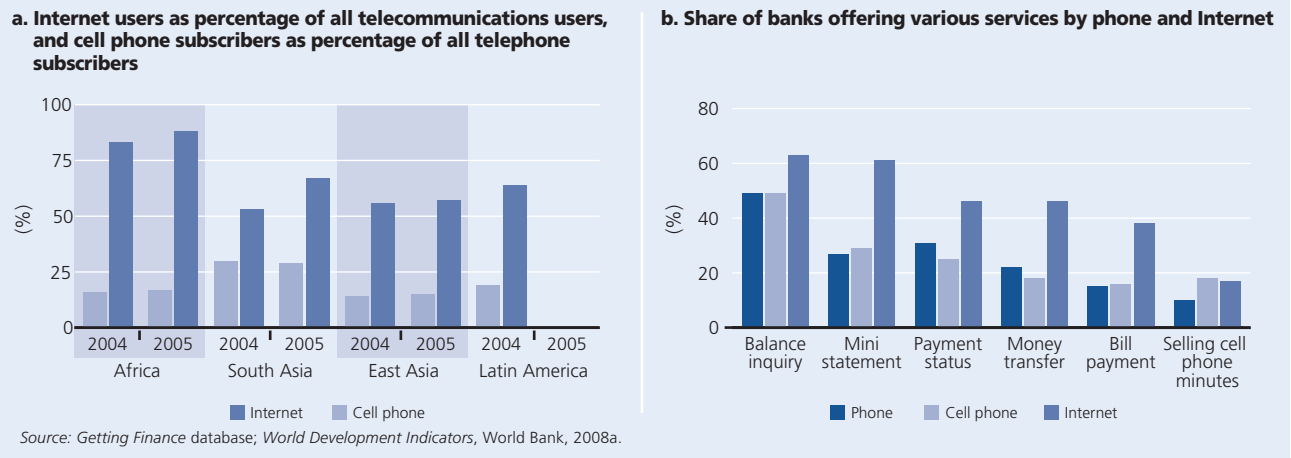
Source: Getting Finance database.

$0.10 via Internet or mobile phone. The low unit cost of Internet banking and mobile phone banking in particular permits banks and other operators to make profits on very small transactions. In a case study of the WIZZIT system in South Africa, a cell-phone based banking facility aimed at the estimated 16 million unbanked or underbanked South Africans, annualized costs were estimated at around $70 per year, compared with typical costs of $103 at one of South Africa's four big banks.[24] The cost of using a basic Mzansi account, which has no minimum balance, no monthly maintenance fee, and a limited number of free monthly deposits and withdrawals, is in between, at $94 a month (Cracknell 2004).

Internet users still make up just a small fraction of all telecommunication users, whereas cell phones now dominate fixed lines (figure 5.2a). But banks are much more likely to offer services over the Internet than over the phone. We considered five common needs—balance inquiries, ministatements, status-of-payment checks, money transfers, and bill payments—all of which were more widely available by Internet than by phone (figure 5.2b). In India, all banks, public and private, allow payments over the Internet, but only public sector banks provide (limited) services by phone. There are few differences in the levels of service provided through cell phones and landline phones, which suggests that commercial banks are not, at present, providing services in a manner designed to facilitate access to banking for

FIGURE 5.2

Remote banking services have not kept pace with spread of cell phones



Source: Getting Finance database; *World Development Indicators*, World Bank, 2008a.

cell phone users. This situation may be ascribable to the lower costs and greater security of Internet transactions.

The most frequently offered remote service, in all regions, is balance inquiry. In East Asia and Latin America, this service is offered over the Internet by 83 and 88 percent of all banks and via cell phone by 60 percent and 35 percent of all banks (figure 5.3). All banks in Indonesia, Thailand, El Salvador, and Honduras allow their customers to make balance inquiries over the Internet, but only about half offer the same service via cell phones. Forty-nine percent of banks in South Asia and Africa also offer balance inquiries by cell phone. Internet services for balance inquiries are offered by 60 percent of African banks (including all banks in Burkina Faso, the Democratic Republic of the Congo, the Gambia, and Senegal) and 49 percent of South Asian banks, particularly in India and Sri Lanka.

Next in popularity are ministatements (information on the last few transactions). Twenty-six percent of banks in Africa and 32 percent in South Asia offer this service by cell phone, compared with 58 percent and 46 percent that offer it over the Internet. Only one bank in Burkina Faso offers ministatements via cell phone, whereas four banks offer statements via the Internet. Cell phone availability for ministatements is considerably lower than for balance inquiries. Ratios are lower still for money transfers and bill payments. Only 9 percent of banks in Africa offer bill payments by cell phone, and 12 percent offer money transfers, compared with 43 percent and 37 percent, respectively, in East Asia.

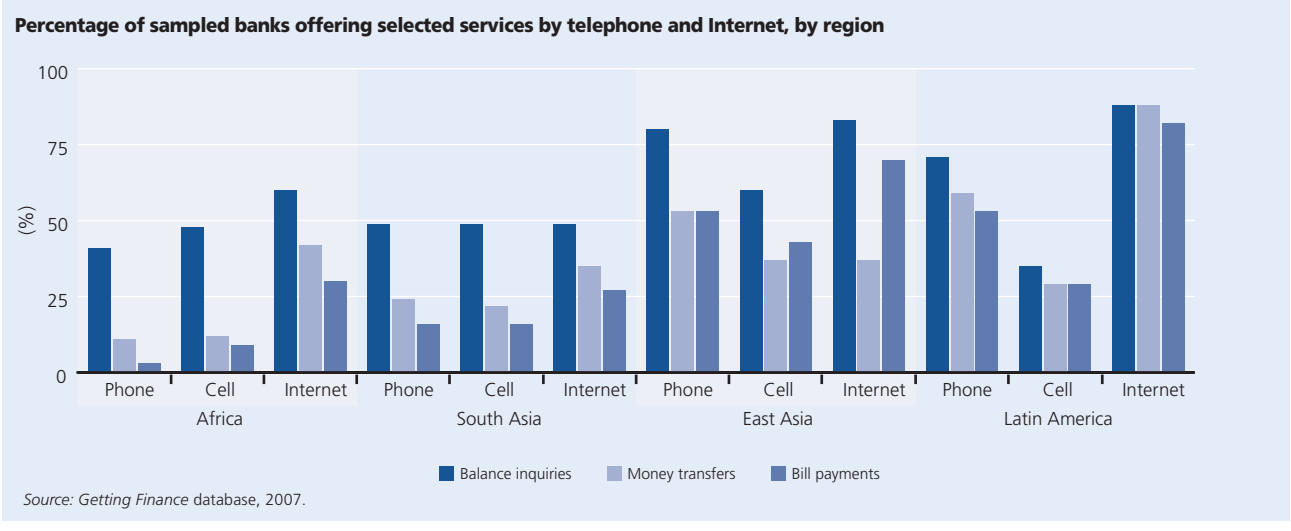
After simple transactions such as checking one's balance and recent activity, payments and other money transfer services are the most common banking transactions available by cell phone (Ivatury and Pickens 2006; CGAP 2008), although purchasing air time (or cell phone minutes) is increasingly common. For example, more than half of the transactions on the mobile banking service recently launched by Botswana's First National Bank are purchases of air time. The use of cell phones to pay bills lags in many environments because bill aggregation services have not yet been developed.

The promise of cell phones

The intense interest in the use of mobile phones to deliver banking services in developing countries is explained by the wide and rapidly growing use of mobile phones in these countries. Internet-based banking, though well established in developed countries and growing in the developing world, requires access to a computer, ideally a personal computer, a luxury item to

FIGURE 5.3

Balance inquiries are the most common service – Bill payments are the least common



Source: Getting Finance database, 2007.

all but a minority in most developing countries. By contrast, cell phones are relatively inexpensive, and their recent growth has been colossal. More than 800 million mobile phones were sold in developing countries from 2002 to 2005 (Ivatury and Pickens 2006).

The marked growth in both Internet and mobile phone users is not matched by increases in the ranks of those employing landline phones to reach their bank. In Africa, East Asia, and South Asia, landline phone use rose from 11 percent to 13 percent between 2004 and 2005. During the same period, the number of Internet users increased by 24 percent in East Asia and as much as 71 percent in Africa. Annual Internet growth rates of 41 percent and 53 percent were observed in Latin America and South Asia, respectively. Slower growth in East Asia reflects high levels at the beginning of the period, compared with the low base in Africa. Cell phone use during the same period grew by 66 percent in Africa and 98 percent in South Asia.

Most important in terms of the potential to extend financial services, the absolute number of cell phone subscribers now greatly outstrips that of Internet users and landline subscribers (see figure 5.2). In 2005, there were 17 landline telephone subscribers per thousand persons in Africa and 39 in South Asia, far fewer than the 123 cell phone subscribers per thousand in Africa and 79 in South Asia. Four times as many people use cell phones than the Internet in Africa, 2.5 times as many in Latin America, and 1.6 times as many in South Asia.

Emerging cell phone banking models encompass a range of relationships between banks, telecommunications providers, and nonbank institutions. Bank-led models are linked to clients' bank accounts; users can send funds via any telecommunications provider. Those funds can be dispensed or received at banks and other bank-authorized outlets. Banks may also enter into joint ventures with specific telecommunications providers (such as MTN Mobile Money in South Africa, or Smart in the Philippines) to transmit payment instructions, with the bank serving as the cash-processing point. Telecommunications companies dominate other models in which a bank's services may be retained mainly for the purpose of cash processing (M-Pesa in Kenya, WIZZIT in South Africa). In some cases the telecommunications company may also take on cash-processing functions (Globe in the Philippines).

Is cell phone banking associated with more bank accounts? We constructed a mobile technology index, defined as the equally weighted responses from sampled banks regarding the availability of five transactions (balance inquiries, ministatements, checking payment status, transferring money, and bill paying bills), using cell phones.

Although the density of accounts is positively associated with the index, the association is not significant (figure 5.4a). Conversely, there is a positive and significant association between the index and the ratio of private credit to GDP (figure 5.4b). One explanation is that mostly people who are already banked utilize mobile banking. Mobile banking services are convenience features designed to retain existing customers rather than attract new ones. In Botswana and Lesotho, for example, mobile banking services are tied to bank account ownership.

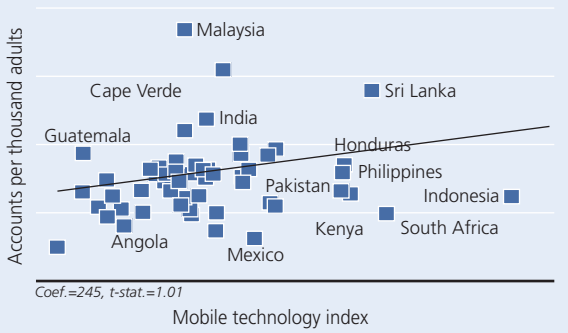
Cell phone banking is penetrating new markets—among them China, India, Indonesia, Mongolia, North Africa, and Pakistan, and tentatively Ecuador, Mexico, and Nicaragua. For instance, Barclays India launched a mobile banking service for its urban customers using a technology with mass-market potential and trials to reach more rural customers (Kamel and Hassan 2003; Donner 2003, 2006).

Botswana provides another example of the successful use of cell phones in the banking sector. Roughly the size of France but with less than 3 percent of the inhabitants, Botswana is among the most sparsely settled countries in

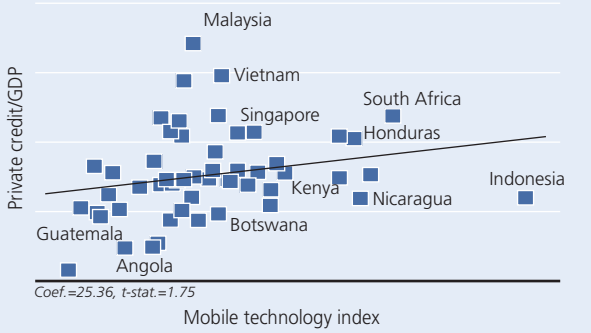
FIGURE 5.4

Cell-phone banking; good for financial depth, no relation to account density

a. Mobile technology and density of bank accounts



b. Mobile technology and the ratio of private credit to GDP



Note: A cross-country regression of the number accounts per 1,000 adults on an index of mobile banking services (panel a) shows that the association is positive but insignificant (t-stat: 1.01). A cross-country regression of the ratio of private credit to GDP on an index of mobile banking services shows that the association is positive and significant (t-stat: 1.75).
Source: Getting Finance database.

the world. To bridge its great distances, the First National Bank has made a serious commitment to cell phone banking. The bank acquired 23,000 subscribers within months of releasing its new service, most of whom already had an account with First National. To date, most of the cell phone transactions services used have been for the purchase of air time.

But most mobile payment models still operate at limited scale. Kenya and South Africa have relatively major service providers among African countries. Yet WIZZIT in South Africa, one of the better known examples, has only 50,000 clients (Ivatury and Pickens 2006; Donner 2007). Larger scale examples are the operators of the Philippines, estimated to have 5.5 million clients (CGAP 2008).

Most users of cell phone banking are urban dwellers who are relatively well off. M-Pesa users in Kenya and Afghanistan appear to be less wealthy than their peers elsewhere but may well belong to the already banked. In a recent paper, CGAP (2008) estimates that of about a million mobile banking customers in South Africa, fewer than 100,000 fall below South Africa's poverty line. Globe Telecom's GXI Inc., which offers the G-Cash mobile wallet service in the Philippines, estimates that nearly all of its 500,000 active users live in urban areas and thus are likely to be wealthier than rural clients.

The future growth of mobile banking faces infrastructural, technological, and legal challenges. As described by *The Economist* (February 7, 2008), "To go high tech, you need to have gone medium tech first."[25] The lack of reliable power supply is a major barrier. Motorola now provides free solar-powered charging kiosks to female entrepreneurs in Uganda, who use them to sell air time. Also being tested are wind- and solar-powered base stations in Namibia, aimed at reducing the cost of extending coverage to remote areas. In the absence of reliable power, users face problems charging their phones. Many have to charge their phones at shops that have diesel-fueled generators. In Bangladesh, Grameen Bank is now equipping its "cell phone ladies" (poor women who received a loan to buy a cell phone that they lend to villagers for a fee) with kits that contain long-lasting batteries—but the kits cost $150 each.

Issues in cash handling also pose a challenge to the wider use of cell phones for banking. In principle, a migrant worker could send money home by texting his or her family to collect the remittance from a local point of service in their village—for example, the grocer. The migrant instructs the grocer to pay the remitted amount (possibly less a commission) using text messaging. If the grocer and the emigrant have accounts in a common bank or are at least linked to a common clearinghouse, the

grocer's account is credited while the worker's is debited. But this is not a likely scenario in most poor countries.

Alternatively, as in Uganda, the worker may transfer air time up to the value of the remittance if the grocer and the worker are with the same cell phone provider. In practice, there remain the issues of security and the liquidity of the grocer. For instance, the population of San Juan in the Mixtec region of Mexico depends on remittances from younger family members in the United States. The nearest big town is Tlaxiaco, 35 kilometers away. Recipients must travel to Tlaxiaco to pick up their remittances, but the trip takes two to three hours and is a dangerous one since travelers are often robbed.

Branchless banking has great potential for improving banking services—and possibly for attracting new clients. However, owing to the multiple impediments discussed in this chapter, banks in developing countries still have a way to go before mobile technology can become an integral part of banking services.

[22] In a cross-country sample of 91 countries, Beck, Demirguc-Kunt, and Martinez Peria (2007b) suggest that wider branch and ATM penetration is associated with a more even distribution of deposit and loan services among clients.

[23] Djankov and others (2008) and Solo, Caskey, and Ruiz Duran (2006) for urban Mexico; Solo and Manroth (2006) for Colombia; and Kumar (2005) for Brazil show that income differentials largely explain banking differences.

[24] http://www.wizzit.co.za/.

[25] Citing the World Bank's *Global Economic Prospects* (2008b).

6. Promoting access to banking

In December 2005, India introduced a new type of bank account designed for the poor. The Zero Balance account required no minimum balance. Application forms were simple, and few identity documents were needed. Moreover, account-maintenance charges were low, a small overdraft facility was included, and the limits of free transactions were plainly disclosed. Banks were urged to give wide publicity to the new no-frills accounts.

India, like many developing countries, was seeking new ways to increase access to banking. Until recently, extending credit to small clients was thought to be too costly and too risky for commercial banks. To support small clients, India's national government, and others, created publicly owned development finance institutions. In some cases, these institutions supplemented their credit activities by providing subsidies that allowed commercial banks to offer credit at a lower rate of interest than would otherwise have been possible.

However, none of these initiatives significantly increased the numbers of bank accounts. Special programs were used largely by the rich or politically connected (Adams, Graham, and Von Pischke 1984; Yaron, Benjamin, and Piprek 1997). One study found lending to be correlated with election years.[26] Development-finance institutions had high failure rates, and commercial banks handling large government-directed credit programs fared only slightly better (Caprio and others 2004). Cross-country studies found that government ownership of banks and directed-credit programs was associated with slower subsequent financial development, lower productivity, and retarded economic growth.[27]

This experience prompted a search for other solutions to increase bank accounts. One measure introduced in recent years is basic banking—a package of free or low-cost services, with some restrictions on the menu of services and on the amounts held in accounts. For example, basic accounts may enjoy free transactions up to a specified limit, provided they are carried out using ATM cards and not through tellers. Fees and charges for some transactions may be waived—subject to limits on the number and volume of transactions.

Governments are also exploring new ways to promote savings. Many rich countries and some developing countries are experimenting with matching schemes and tax-advantaged schemes. Savings methods that have worked for microfinance—doorstep collection and periodic-contribution programs (also known as commitment programs)—are being offered by some banks in developing countries.

Basic banking

Basic banking has long been offered in some countries—among them Canada, France, Sweden, and the United States. In the United States, a concept known as lifeline banking was introduced in several states during the 1980s and 1990s. For example, New York State mandates basic accounts in which initial deposits need not exceed $25, and the minimum balance is no more than $0.10. At least eight free withdrawals are permitted, as well as unlimited free deposits. In the United Kingdom, basic bank accounts were launched at bank branches and post offices in 2003. They allow account holders to withdraw cash through bank branches, ATMs, and post office counters. By November 2005, an estimated 1.52 million accounts had been opened (British Bankers Association 2005).

Other rich countries have less detailed provisions. In Sweden, banks are not allowed to refuse applicants wishing to open a savings or deposit account. French

citizens have a right to open a bank account, in the sense that if a person is refused an account by three banks, the government will select a bank and require it to open an account. In Canada, all citizens have the right to open a personal bank account and to cash government checks free of charge at any bank.

There has been no rigorous evaluation of the success of these schemes. A study of the effectiveness of lifeline banking in the United States, based on a 1995 survey of consumer finances, points out that many commercial banks already offered services as cheaply as lifeline schemes (Doyle, Lopez, and Saidenberg 1998). That finding has not stopped others from trying similar schemes. A growing group of developing countries, including 12 countries in our sample, is adopting the concept of basic banking.[28] For example, Pakistan introduced a basic-account regulation in November 2005 that includes a minimum initial deposit of Rs1000 (around $17) for a transactions account. There is no maintenance fee and no minimum balance. Two free deposits and two free check withdrawals are allowed each month. An unlimited number of withdrawals may be made at no charge from the banks' own ATMs and an annual statement of account is issued. If the account runs a zero balance for six months, it will be closed.

More recent is Mexico's basic banking regulation of July 2007. It provides a list of minimum services that banks must offer free of charge to anyone who meets the requirements, and accounts must be below a certain size. For such accounts there is no minimum opening amount, though banks may set their own requirements for an ongoing minimum balance. The maximum balance is 165 times the daily minimum wage, above which the bank may charge commissions for client transactions. The minimum services include: opening and maintaining an account, providing a debit card, accepting free deposits, and allowing free withdrawals and account inquiries from the bank's ATMs. Mexican regulations also provide for employer-sponsored basic accounts. Employees of firms that have a payroll-deposit arrangement with a bank need not maintain a minimum balance in their personal accounts with the bank. However, when the employee leaves the firm, the bank may charge commissions on the account.

Even when not mandated by regulation, banks in some countries offer accounts with basic characteristics: no opening fee, no maintenance fees, and no minimum-balance requirements. In 16 countries of our sample, at least half of the banks offer such accounts. This suggests that bankers also consider basic accounts to be lucrative, as they draw in new customers.

South Africa offers a good example of voluntary commitment to basic banking. The country's Financial Charter of 2003 called for open access to banking; the following year, the government encouraged banks to offer so-called Mzansi accounts. Now offered by four major South African banks, the accounts have no minimum balance, no monthly maintenance fee, and a limited number of free monthly deposits and withdrawals. In addition, ministatements are available by cell phone.

While basic banking has grown in popularity, information about its impact is still limited. One assessment was done in India's Gulbarga district, where 400,000 new no-frills accounts were opened between August 2006 and June 2007 during a government-supported drive (Ramji 2007). The study found that most respondents (75 percent) opened accounts for the purpose of receiving government funds under the National Rural Employment Guarantee Program. Very few persons opened accounts to save (4 percent) or to make transactions. Overall, the study found no large-scale impact on bank access.

The evidence from South Africa is more positive. The voluntary code led to the opening of a million new accounts in the first year alone, amounting to an additional 8.5 percent of total accounts, representing 4 percent of the

population. More than 91 percent of the new account holders were new to the banking system. Recent estimates of the use of the Mzansi account suggest 3.5 to 4 million users, of whom 60 percent are new to the banking system (Teschler and Schneider 2008). But graduation from the Mzansi account to regular banking is difficult. Banks complain that these accounts are unprofitable, with relatively low use and high rates of dormancy and abandonment.

In 2003, regulators in the areas covered by the BCEAO (Banque Centrale des Etats de l'Afrique de l'Ouest) adopted the basic banking concept developed in France. All citizens now have a right to a bank account; if they are denied by three commercial banks, the Central Bank can order one of the banks to provide services. But many poor people, unaware of complaint procedures, will probably find it difficult to exercise that right.

Our examination of the links between basic banking and access focused on regulations, on the one hand, and the activities of commercial banks, on the other. Twelve countries, almost a quarter of our sample, reported having regulatory provisions for basic accounts. Among them are some countries with sophisticated banking systems—such as India, Mexico, Pakistan, and South Africa—as well as countries in Central and West Africa, such as Burkina Faso, Chad, Mali, and Niger.

Across the sample, we found no association between regulations mandating a right to basic banking and accounts per thousand adults. One reason for the weak association between basic banking regulations and bank accounts could be that while regulations in the BCEAO countries provide for the right to a bank account, the procedures for exercising that right are not widely understood. A second reason is that, in all countries, the introduction of basic banking is relatively recent—dating from 2003 or later. More time may have to pass before the impact of basic banking is felt.

Next, we constructed an index of basic account provision at commercial banks. The index compiles the following four account characteristics: no opening fee, no monthly fee, no minimum balance, and free transaction bundles. Such features are fairly common. For example, the Central African Republic is the only country in which banks do not provide an account without an opening fee. In just four countries of the sample (Indonesia, Laos, Nepal, and Uganda) the majority of banks fail to offer any of the basic-account features. Our index of basic account availability is positively associated with accounts per thousand adults (figure 6.1). Clearly, the practice of offering basic banking matters more than regulations mandating such a practice.

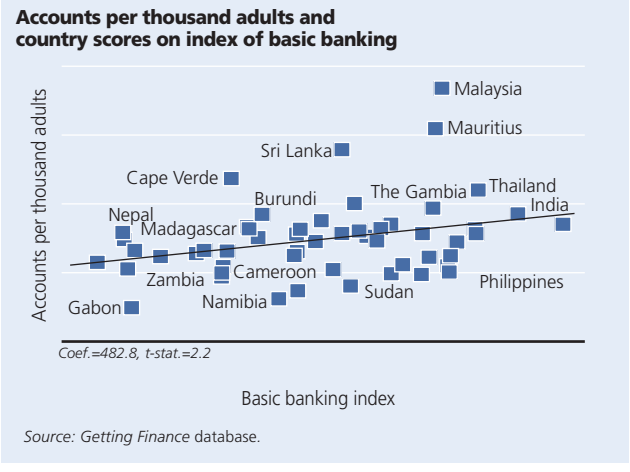
Encouraging savings

Providing a way for poor people to save is an important aim of basic banking, and saving services are important to poor clients. Most of the accounts opened in our sample countries are savings accounts (76 percent, on average). The share of savings accounts in total accounts increases as countries move away from poverty (figure 6.2).

At financial institutions, savings deposits provide funds for credit operations and at the national level, increased savings provide funds for investment. Governments offer incentives to expand savings because higher private savings imply less dependence on public savings for health and education as well as for social security.

FIGURE 6.1

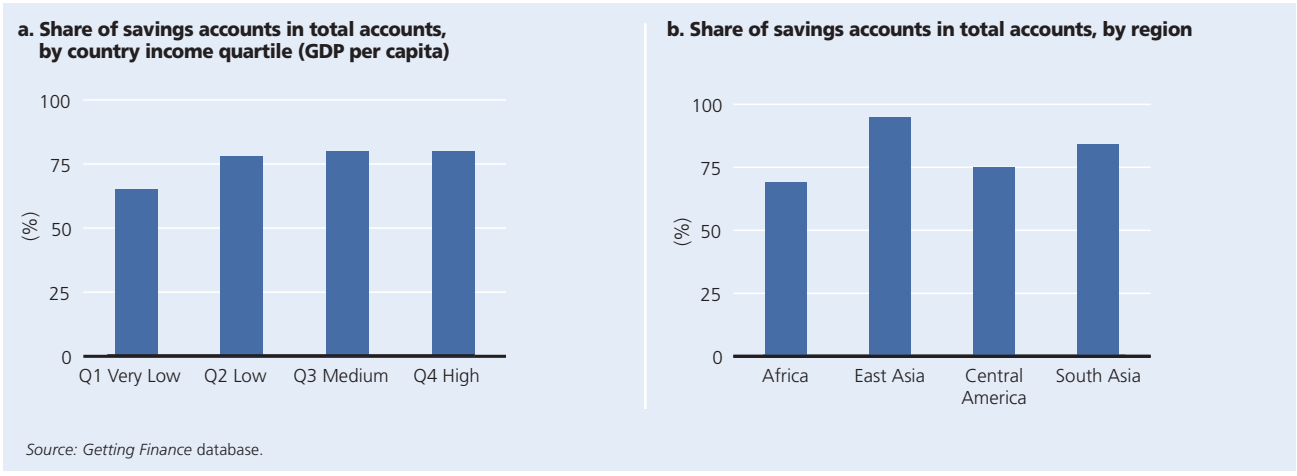
Where commercial banks offer basic banking, more people use banks



Source: Getting Finance database.

FIGURE 6.2

Savings accounts make up a greater share of total accounts in wealthier countries, and in Asia



Source: Getting Finance database.

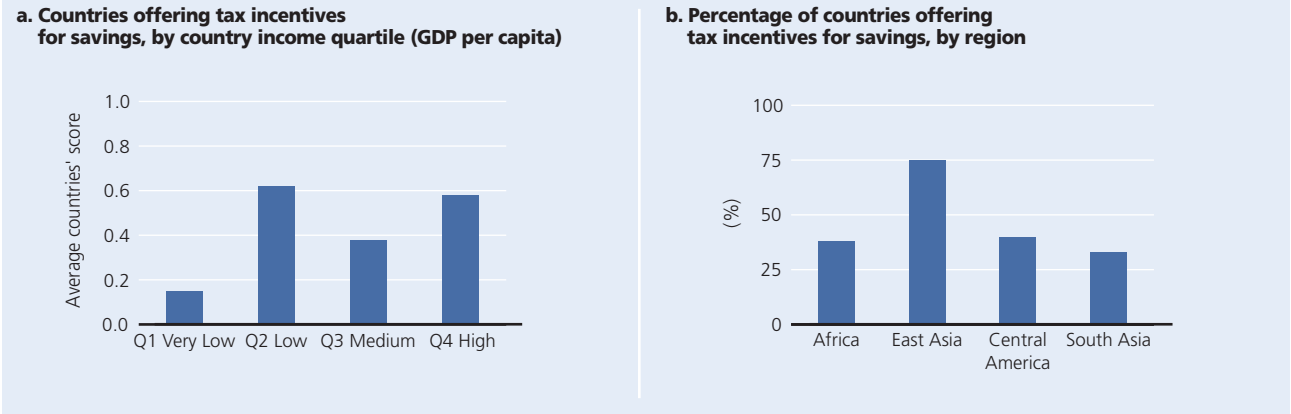
We examined three savings vehicles offered by governments: matched savings, tax-advantaged savings, and doorstep collection. We also investigated periodic or commitment savings, a product offered by commercial banks.

Only Singapore has a regulatory scheme for a matched savings product.[29] In contrast, 22 countries in our sample offer tax incentives for savings (figure 6.3). Low-income countries are less likely to offer tax incentives for savings; such incentives are more prevalent in East Asia (Indonesia, Philippines, Singapore) than elsewhere. Matched savings plans require governments to make contributions to private savings in some agreed proportion. Although they have been shown effective in helping poor people save (Sherraden 2006), they imply cash subsidies. Tax-advantaged savings schemes also represent a cost to the government, in terms of tax revenues forgone. But many governments prefer to forgo tax revenue than to spend cash that they have collected.

The regressive implications of preferences for tax-advantaged schemes have been widely discussed. In the United States, for example, the distributive effects of matched savings schemes, such as Individual Development Accounts, are compared with tax-advantaged retirement savings schemes.[30] In developing countries, tax-advantaged savings schemes are most common in East Asia and are used less in Africa and South Asia (figure 6.3b). Around two-

FIGURE 6.3

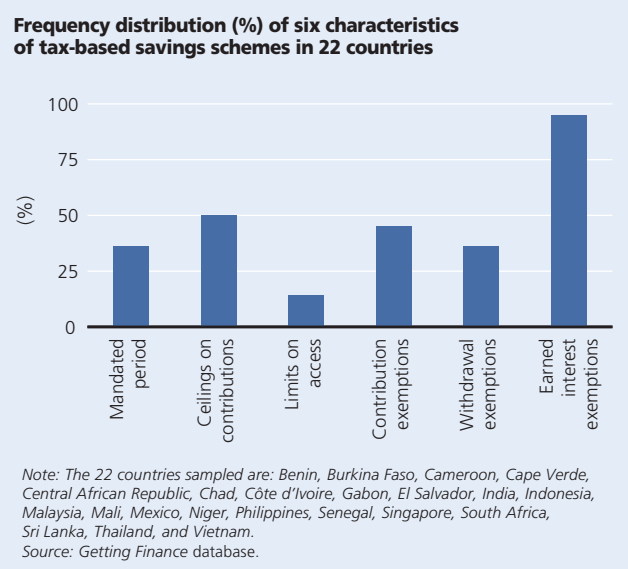
Tax-advantaged savings schemes are more common in wealthier countries, and in East Asia



Note: Country scores on tax-advantaged savings measure the following five subcategories: the mandated saving period, ceilings on contributions, limits on access, contribution exemptions, withdrawal exemptions, and earned-interest exemptions.
Source: Getting Finance database.

FIGURE 6.4

Some common characteristics of tax-based savings schemes



Note: The 22 countries sampled are: Benin, Burkina Faso, Cameroon, Cape Verde, Central African Republic, Chad, Côte d'Ivoire, Gabon, El Salvador, India, Indonesia, Malaysia, Mali, Mexico, Niger, Philippines, Senegal, Singapore, South Africa, Sri Lanka, Thailand, and Vietnam.
Source: Getting Finance database.

fifths of South Asian and Central American countries offer tax-advantaged savings schemes. Many poorer countries, including Benin, Burkina Faso, Côte d'Ivoire, Indonesia, the Philippines, and Sri Lanka, offer such schemes.

Tax-advantaged schemes typically have mandated investment periods and restrictions on access to saved funds. This makes them unsuitable for lower income persons who face greater income fluctuation and need to draw on savings to maintain consumption levels when income drops. The schemes take many forms, with tax exemptions applied during the contribution, growth, or withdrawal phases. Tax exemptions on interest earned are the most common benefit (figure 6.4). Thailand provides tax exemptions on interest earned on special fixed deposits of up to 20,000 baht, or $650; Malaysia's tax exemptions apply to special fixed deposits of up to 100,000 ringgit, around $25,000.

Doorstep collection and commitment savings

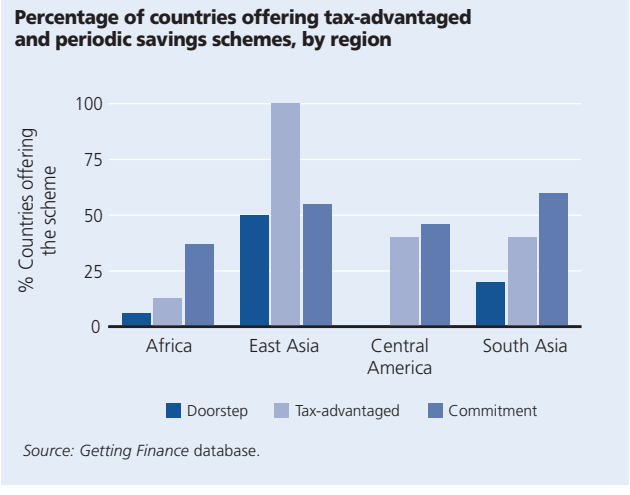
We examined two additional types of periodic savings products: doorstep collection and commitment savings products. Doorstep collection schemes have been used successfully by microfinance institutions to collect funds from small savers. Their convenience is so great, especially in remote areas, that small savers are prepared to put up with a negative rate of return.[31] Banks in some countries are attempting to adopt the practice to serve small depositors. In Ghana, India, Indonesia, and the Philippines, banks have doorstep-collection schemes for low-income clients. Two countries—Indonesia and the Philippines—have adopted guidelines to manage the risks of doorstep-collection schemes practiced by nonbank agents.

In seven countries—Bangladesh, Cape Verde, the Central African Republic, Gabon, India, Senegal, and Thailand—all sampled banks offer commitment savings products; in another ten, at least three out of five banks offer such products. However, there are exceptions. For instance, no banks in Cambodia, Laos, and Pakistan, and none in seven African countries, offer commitment savings schemes.

After tax incentives for savings, periodic savings schemes are the most widely available savings device in our sample countries (figure 6.5). These allow savers to prevent family members from siphoning off savings. They also have been shown to produce superior saving outcomes among poor people than other types of savings plans

FIGURE 6.5

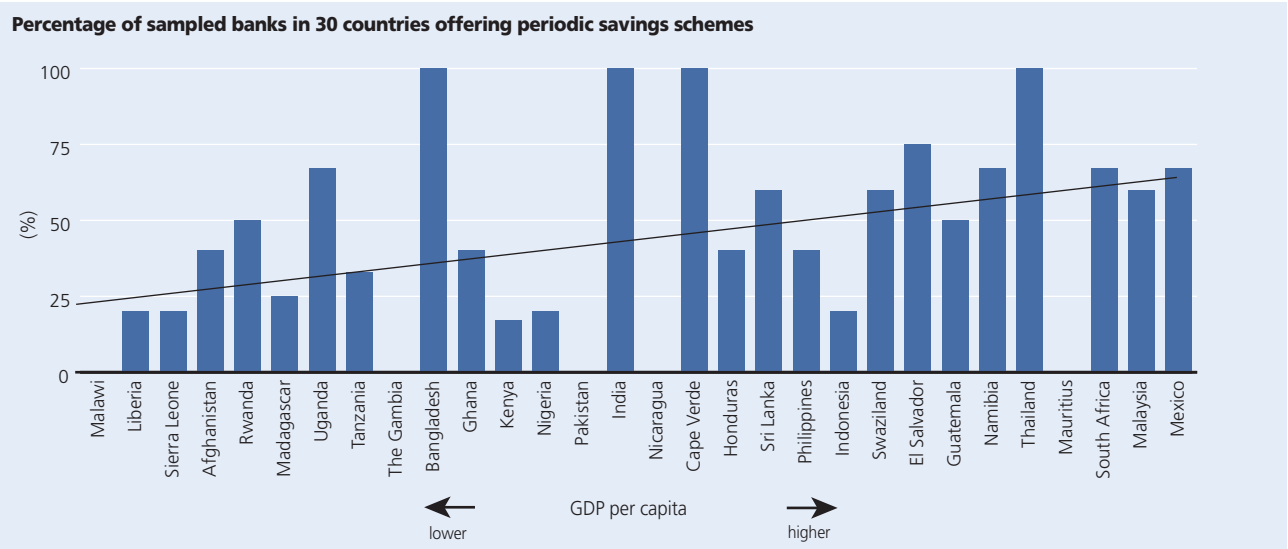
Tax-advantaged schemes are the most common and periodic savings schemes come next



Source: Getting Finance database.

FIGURE 6.6

The prevalence of periodic savings schemes rises with country income



Note: Data on periodic savings schemes were available from only 30 countries of the sample.
Source: Getting Finance database.

(Ashraf, Karlan, and Yin 2006a, 2006b). Periodic savings schemes are present in all regions (figure 6.6), and their prevalence increases with a country's income.

[26] See Khwaja and Mian (2005) on government banks in Pakistan.
[27] For example, La Porta and others (2002), in a 92-country study.
[28] Benin, Burkina Faso, Côte d'Ivoire, India, Malaysia, Mali, Mexico, Mozambique, Niger, Pakistan, Senegal, and Vietnam. Brazil, not included in our sample, introduced such legislation in 2003.
[29] An example is the Post-Secondary Education Account (PSEA), to support investment in children's further education. Starting in 2008, all the Singaporean citizens between the age of 17 and 20 have PSEA accounts opened for them and the government periodically adds funds to the PSEA accounts of low-income families.
[30] For example, Sherraden and Schreiner (2007).
[31] Hirschland (2005) discusses the value of doorstep schemes.

7. Extending credit to entrepreneurs

Business is booming for Farida, a young entrepreneur in Bangladesh. She needs to purchase more equipment and hire two more employees to meet growing demand. Since she has no credit history she will need to apply for a startup loan at the local branch of her commercial bank. If her application is approved, she will be able to expand her client base and compete with better-established businesses in Dhaka.

Farida's business is the kind of small firm that can grow and generate jobs. Many middle-class people in poor countries are entrepreneurs; most run small-scale businesses with few assets. Family members supply labor; paid staff are few.

Obtaining startup finance is not always simple or easy, however, even for successful entrepreneurs. Business loan applications can be onerous, often requiring detailed financial projections and business plans. Proof of employment, letters of reference, or other documents may be required in some countries, such as in Liberia and Zambia. New entrepreneurs and small firms typically lack the expertise to prepare detailed business plans. In Botswana and Lesotho, professional consultants are hired to prepare the business plans that are required as part of credit applications. The fees charged by these consultants can be as much as 1 percent of the requested loan amount. In Sudan, the fee to apply for a startup loan can be up to 5 percent of the value of the loan.

Loan terms typically are short and inflexible, making it challenging to borrow for larger, longer-term investments. In Rwanda and Vietnam, for example, the longest term available for a startup is one year. Collateral requirements can present a further obstacle. When banks accept only houses or buildings as collateral, entrepreneurs are unable to leverage their assets to obtain additional capital. In Gabon, some banks are trying to lower lending risks with innovative solutions such as group lending to small and medium enterprises, a concept similar to Grameen Bank's schemes for women entrepreneurs.

Complex applications screen out potential customers who may be deterred by unnecessary and onerous requirements. We found that high complexity is associated with lower rates of use of the banking system and lower levels of private credit. The efficiency of application processing is important to firms, which may have short-term cash-flow needs or may need to exploit opportunities with limited time horizons. But banks sometimes take a long time to evaluate applications—up to three weeks in Thailand, for example. When application processes take longer, firms report being more financially constrained.

Ratios of collateral to loan values are high in Africa and South Asia, ranging up to 150 percent in the Central African Republic and 137 percent in Pakistan. However, higher values of collateral relative to loan size are not associated with lower access to bank credit among firms. But when entrepreneurs can use business assets such as equipment, accounts receivable, and inventory to secure loans they are less constrained.

The lending environment is an important factor in increasing access to credit for entrepreneurs. Strong creditors' rights, a functioning credit information system, and a competitive banking sector mean more finance for entrepreneurs. Unfortunately, these conditions are not met in many of the countries we sampled.

Still, there are some success stories. A bank in Mozambique has begun to offer credit for salaried

individuals who have worked for the same company for at least a year. The minimum amount available is $500. People have up to five years to repay the loan, at 25 percent interest. An additional 1.5 percent is charged with each delayed payment. People use this product not only to buy consumer goods, such as bicycles and washing machines, but also to start income generating activities. The bank has about 12,000 clients who use this mass credit.

Poor people as entrepreneurs

Many poor people in low-income countries are entrepreneurs. In Indonesia, Nicaragua, and Pakistan, about half of the urban poor run their own business, but they are usually not specialized. In fact, poor households tend to have multiple occupations. Consider the typical case of a poor slum inhabitant from Guntur, a town in India. In the morning, she sells dosas and pancakes made of rice, dal, or beans on the roadside. In the afternoons, she makes and sells saris, traditional attire for Indian women. Almost half of the poor urban households in Côte d'Ivoire and Indonesia derive their income from more than one source. Likewise, the rural poor do more than just work on their own land; they often work as nonagricultural labor. For instance, in Pakistan, 51 percent of very poor rural households earn some income from supplying labor to nonagricultural firms, and 35 percent run a nonagricultural business.

So the poor are enterprising, but their businesses operate on a small scale. Most use family members as labor and paid staff are rare. Only one in ten businesses run by the urban poor in Côte d'Ivoire employ a paid staff member. These businesses also lack tangible assets. In Pakistan, only 4 percent of such businesses had a motor vehicle, and none had any machinery. The overall picture is one of penniless entrepreneurs—small in scale, unskilled, and with little capital.

Microcredit helps, but can it provide jobs?

The enterprising poor are hobbled by a lack of credit. Banks will not lend to them because they have few assets to post as collateral and because banks find it expensive to screen and monitor small-scale borrowers. In response to the dearth of credit, microcredit programs have taken off in developing countries over the past decade. Grameen Bank in Bangladesh and Bank Rayat in Indonesia are leading examples. As of December 2005, 3,133 such institutions were reported to be lending to more than 110 million people (Daley-Harris 2006). Microcredit has made a difference to the lives of many beneficiaries, especially women. A study from Bangladesh finds that annual household consumption increases by 18 percent of the amount borrowed by women (Pitt and Khandker 1998).

Microcredit helps the poor smooth consumption and build assets. However, it plays only a modest role in creating new jobs. Often the loans are used for household consumption and not invested in household businesses. In Indonesia, for instance, low-income households use microcredit for consumption purposes about 30 percent of the time. Even households with enterprises use loans for consumption purposes such as school fees, medical needs, and social and holiday spending (Johnston and Murdoch 2007).

Also, the beneficiaries of microcredit programs are not the poorest of the poor. In northeast Thailand, microfinance schemes run by nongovernmental organizations that explicitly target the very poor tend to operate in the wealthier villages. Even within a given village, the schemes lend more to wealthier households (Coleman 2006). Similarly in Indonesia, Bank Rayat borrowers have incomes that are 40 percent higher than those of nonborrowing households in the target group (Hulme and Mosley 1996).

In low-income countries, the middle-class consists largely of people who hold steady salaried jobs. This is what distinguishes them from the poor. In urban Indonesia, for example, only about 38 percent of the very poor, whose daily per capita spending is less than $1 a day, hold a salaried job.[32] In contrast, 77 percent of the lower-middle class, those with daily per capita spending of between $2 and $4, hold a salaried job. For those in the upper-middle class—whose daily per capita spending is between $6 and $10—that proportion exceeds 87 percent.

Needless to say, the middle class has its entrepreneurs. However, the average middle-class entrepreneur runs a small business with few, if any, paid employees—as few as 0.2 paid staff per business in Côte d'Ivoire. The businesses have few assets and do not require much in way of skills. For instance, in Hyderabad, India, lower-middle-class households run general stores, phone booths, tailor shops, and fruit-and-vegetable stands. Their enterprises are as undercapitalized as those run by the poor. Yet they have better access to bank credit. For example, banks in urban Indonesia account for just 23 percent of the loans taken out by very poor households but 74 percent of the loans contracted by upper-middle-class households. Of course, much of credit may be tied to purchases of consumer durables and not be available for investment. Yet the middle class generates enough income to be able to save. They buy assets such as televisions, radios, and larger houses. Their businesses, meanwhile, tend to remain undercapitalized—savings are not invested in growing the business.

For poor people who aspire to increase their income and enter the middle class, entrepreneurship is not the most common route. The easiest way to middle-class status is a secure, well-paid job. The jobs provided by a new factory, for example, can stimulate investments in children's health and education, and those children in turn can move up the income ladder. In India, an investment policy favoring rural development led to the rapid growth of factories located in and near villages. Between 1980 and 1999, rural factory employment multiplied tenfold. Those factories employed mostly unskilled labor. The growth in employment was twice as effective in boosting rural income as were gains in agricultural productivity (Foster and Rosenzweig 2004).

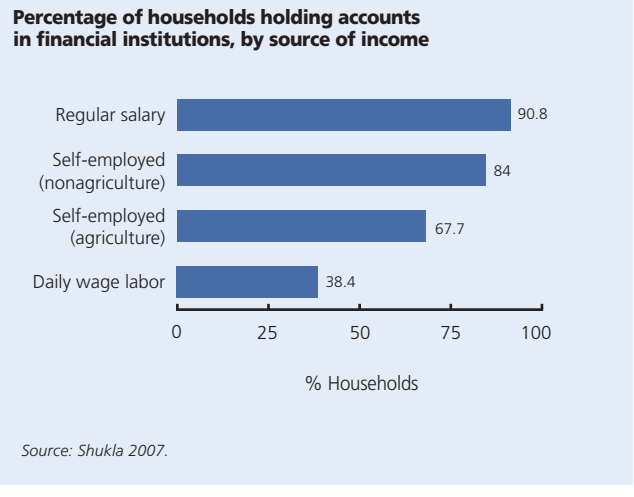
Families with one or more salaried earners are much more likely to use banking services. In India, 91 percent of the households in which the chief earner holds a salaried job are banked, in contrast to 38 percent of those in which the chief earner is a daily wage laborer (figure 7.1). More than 58 percent of daily-wage households hold their cash at home, compared with 20 percent of the salaried. Conversely, 68 percent of the salaried households save in bank deposits, whereas only 25 percent of daily-wage families do so.

Those with formal jobs that pay a regular salary not only have more income; they also have longer planning horizons and are more confident about the stability of future income, making a bank account seem worthwhile.

Credit to firms boosts jobs

Growing businesses generate jobs. But credit constraints hamper firm growth, as a study from India finds (Foster and Rosenzweig 2004). The researchers used the following reasoning: if firms become eligible for directed credit at

FIGURE 7.1
The salaried are more likely to bank



Source: Shukla 2007.

subsidized, below-market rates of interest, then both constrained and unconstrained firms would seek to use it. But the two types of firms would use it differently. If a firm is credit-constrained, then it will use the directed credit to expand production. If a firm is unconstrained, then it will replace existing market loans with the directed credit. It will not expand production. When additional firms become eligible for directed credit, they expand production, and revenue and employment rise.

If firms are operating in a credit-constrained environment, easing access to credit can greatly affect revenue and employment growth. A sample of East European firms was surveyed in 2002 and again in 2005. We find that some of the firms gained access to bank credit for investment and working capital during that period. These firms registered 9 percent higher growth in employment between 2002 and 2005 compared with the firms that had no change in access to bank credit. Moreover, revenue growth was higher by 36 percent. The effect on employment was even greater for small firms with less than 20 employees. Small firms that gained access to bank credit for new investments registered 20 percent higher employment growth.

Another example of large variation in access to credit comes from the knitted-garment industry in Tirupur, South India. Here, community ties mediate large differences in access to capital (Banerjee and Munshi 2004). Tirupur has been traditionally dominated by Gounders, a Tamil-speaking people of southern India. In recent years, people from other parts of India have set up shops in Tirupur. New Gounder firms are set up with almost three times as much fixed capital as comparable outside firms. Gounder firms also stay much more capital-intensive than outsiders' firms.

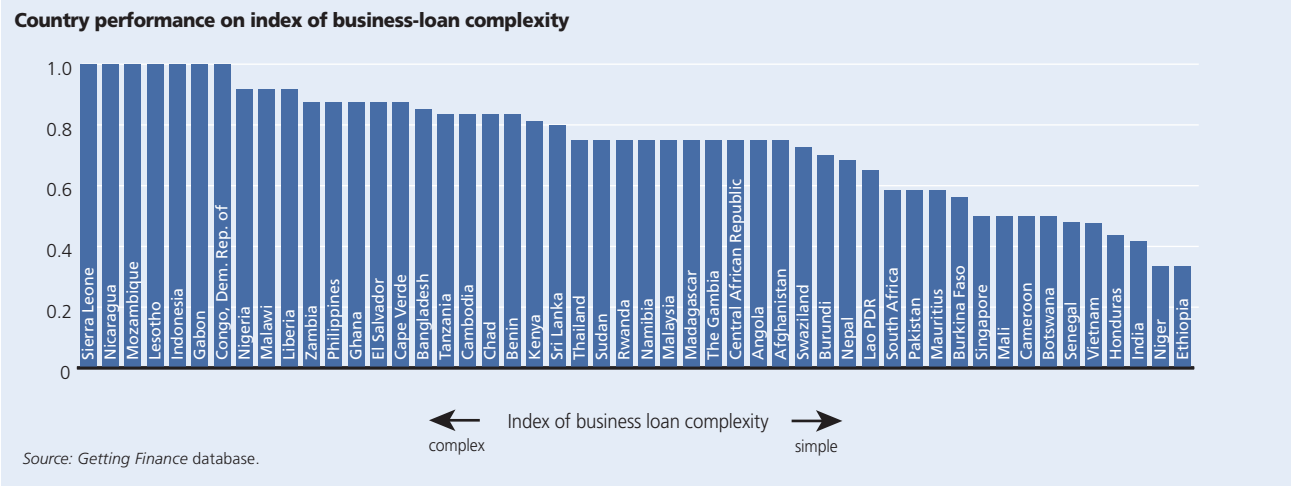
The balance of this chapter presents a new analysis of requirements for business startup loans across countries. We examine the association between those requirements and firms' access to bank credit.

Business-loan applications: how simple?

Entrepreneurs, particularly small entrepreneurs, want to access credit quickly, without lengthy application procedures. But do they succeed in doing so in our sample countries? To answer that question, we constructed an index that captures four dimensions of complexity: whether the borrower is required to have an account with the bank, whether a letter of reference is required, whether the borrower needs to provide proof of employment, and whether there is a fee to process the application. The index ranges from 0 to 1, and the average score in our sample of countries is 0.74 (figure 7.2).

FIGURE 7.2

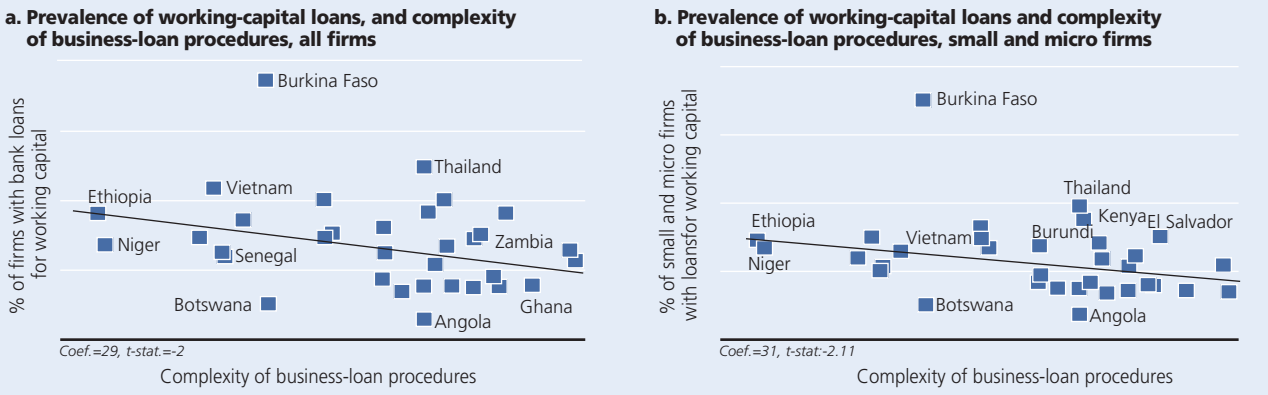
Applying for a business loan is much simpler in some countries than in others



Source: Getting Finance database.

FIGURE 7.3

Complexity of loan applications limits access especially for small firms



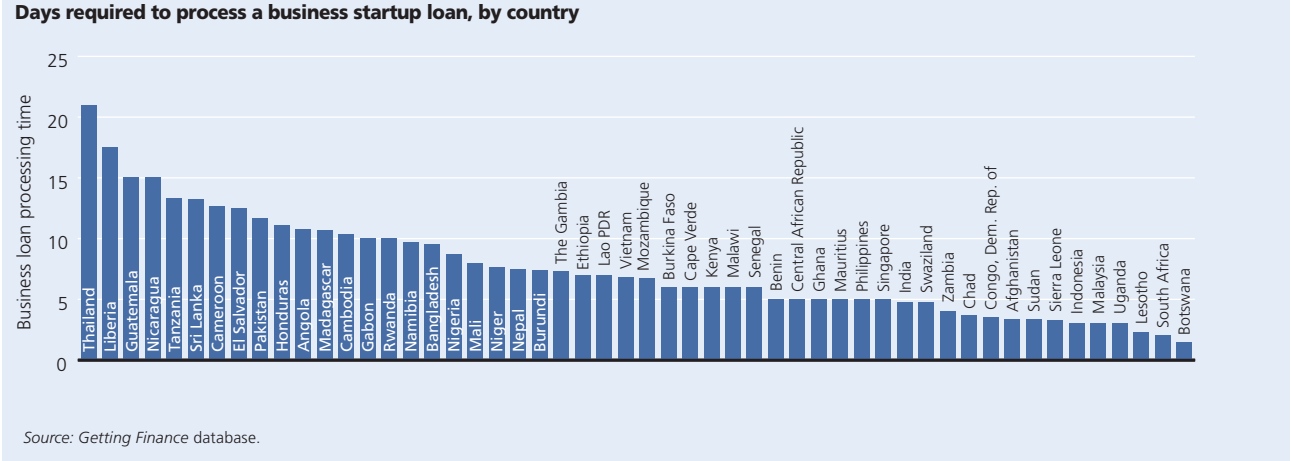
Note: In panel a, a cross-country regression of the proportion of firms using bank credit for working capital on the index of complexity of business-loan procedures, controlling for income and the legal rights environment, shows that a 0.1 increase in the complexity index is associated with a 2.9 percent point drop in firms accessing credit for working capital (t-stat: –2). A similar regression for small firms (less than 50 employees) shows, in panel b, that a 0.1 increase in the index is associated with a 3.1 percent drop in small firms accessing credit (t-stat: –2.11).
Source: Getting Finance database.

We found that bank access varied inversely with the index, even after controlling for a country's income and legal environment (figure 7.3). The result also holds for the amount of private credit available. For instance, Ethiopia and Sierra Leone have similar GDP per capita, but Ethiopia's loan procedures are much less complicated than those in Sierra Leone (which has the maximum possible index score of 1). Correspondingly, Ethiopia has a much higher ratio of private credit to GDP (27 percent) than does Sierra Leone (just over 4 percent). The association between complexity and bank access also holds for small enterprises, with a correlation that is stronger and more robust.

Another dimension of the loan application process is the efficiency with which applications are processed. On average, it takes just over a week (7.5 days) to process a business startup loan in the sample countries (figure 7.4), with Botswana and South Africa having the fastest processing times (1.5 and 2 days respectively), compared with a high of 17.5 days in Liberia and 21 days in Thailand. Viewed regionally, loan applications take the longest to process in Central America, where the average is almost 15 days, while African banks are the quickest, processing applications in an average of just over 6 days.

FIGURE 7.4

Countries differ in the efficiency with which their banks process loans



Source: Getting Finance database.

There are positive and significant associations between loan-processing time and various dimensions of access to investment finance.[33] The associations hold for small and micro firms as well as large and medium-sized enterprises. Longer processing times are also associated with more firms reporting access to finance as a major constraint. One explanation is that banks in low-income countries may have fewer automated systems to evaluate business applications, particularly loans for startup businesses. Applications have to be reviewed more carefully by loan officers and may require more face-to-face screening or other labor-intensive evaluation processes.

How much does it cost to apply for startup loans? The fees vary considerably across countries, with banks in Uganda charging as much as 3 percent of the loan value, while banks in Vietnam charge only 0.01 percent of loan value (figure 7.5). In general, fees are considerably higher in Africa and Central America than in the two Asian regions.

Terms and conditions for startup loans

The terms available for business startup loans vary considerably across countries. They are shortest in the Democratic Republic of the Congo, Rwanda, and Vietnam—at 1.5, 1, and 1 years, respectively. At the other extreme, in Honduras, banks offer 10-year startup loans. (Banks in Central America offer longer terms, on average.) The length of a bank loan does not appear in measures of access, but it does affect the overall depth of the credit market. Loan terms are significantly and positively associated with the ratio of private credit to GDP, but not with measures of bank access for firms.

Collateral requirements are relatively high in our sample, with countries in South Asia and Africa having higher requirements (on average, about 90 percent of loan value) than those in Central America and East Asia (on average, 75 percent of loan value). Banks in the Central African Republic have the highest average collateral requirement, at 150 percent of the value of the loan. South Africa has the lowest, at less than 15 percent.

The value of the collateral required to secure a loan is not associated with lower bank access for firms, but the type of collateral that is acceptable to a bank does appear to affect access. We constructed an index of acceptable collateral for a business startup loan that captures the range of assets that a bank might consider as valid collateral to secure a business startup loan. The assets include immovable property (such as land, a house, or a building), movable property (such as inventory and equipment), and liquid assets (cash). Higher scores indicate a wider range of acceptable collateral (figure 7.6).

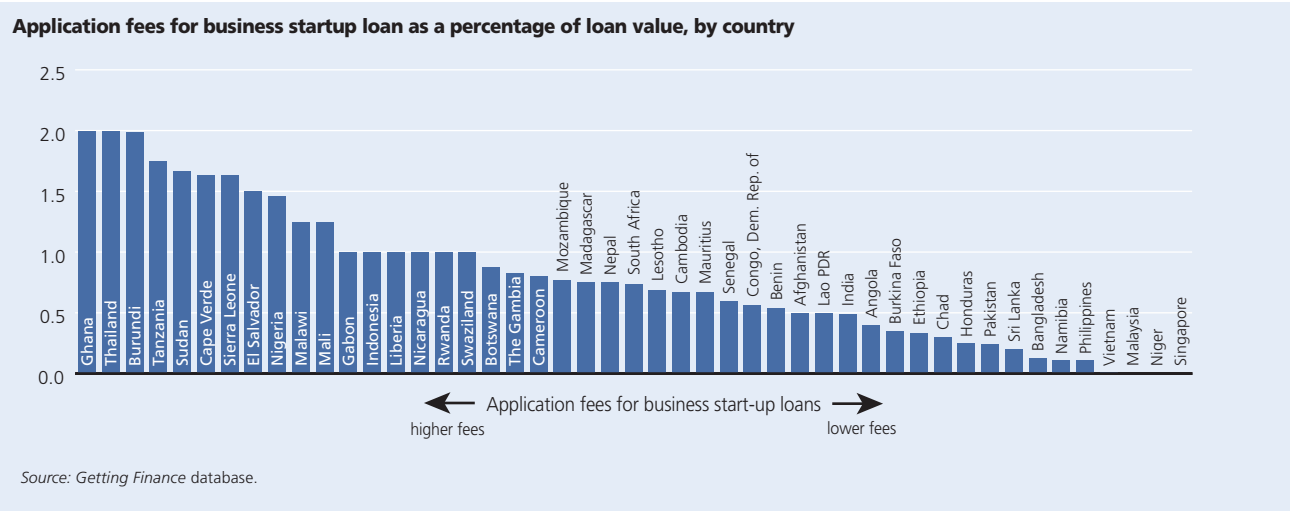
Where banks accept as collateral only titled houses, land, or other immovable property, many businesses are excluded from credit markets. However, these same businesses may have an array of productive assets that could be harnessed to serve as collateral. When businesses can use productive business assets, such as inventory, accounts receivable, or equipment, as means to secure additional capital, financing constraints are lower (figure 7.7a). This pattern also holds for small and micro firms (figure 7.7b).

Regulations that can increase access

Banks' loan procedures, terms, and conditions matter for business borrowers, but the broader institutional environment for lending matters for creditors. The soundness of that environment therefore affects access to finance. The degree to which creditors can credibly enforce contracts and the availability of information on current and prospective borrowers both play important roles in reducing credit risks for banks. Better legal protections enable lenders to offer entrepreneurs money on better terms, and creditors' rights are associated with higher ratios of private credit to GDP. Stronger creditors' rights are also associated with longer loan terms and lower interest rates.[34] We found that the strength of legal

FIGURE 7.5

The cost of applying for a loan to start a business



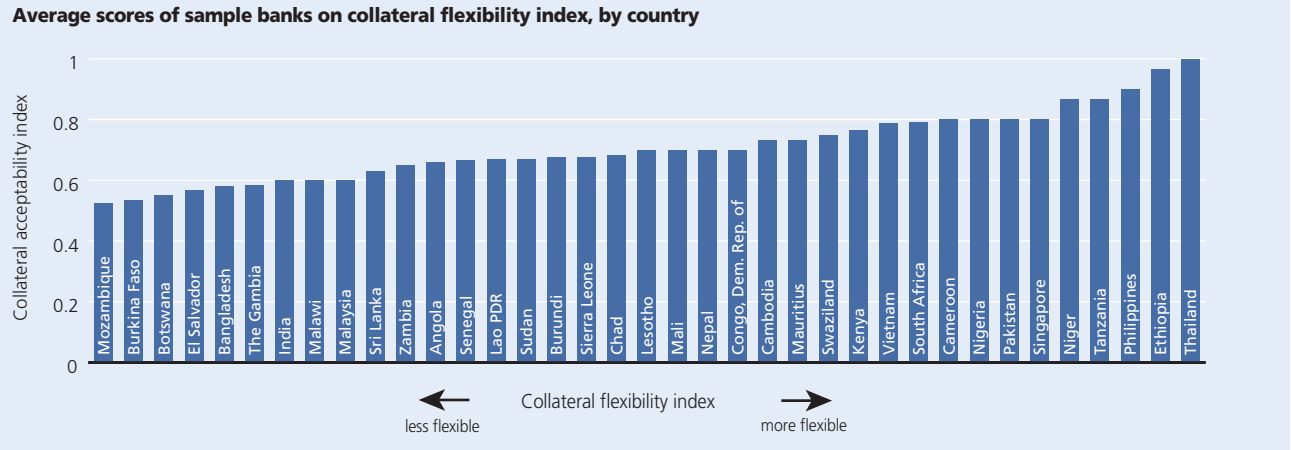
Source: Getting Finance database.

protections for creditors is associated with higher ratios of private credit to GDP, higher shares of bank borrowing in firms' financing structure, and higher percentages of firms with access to loans from commercial banks.

Systems that facilitate the sharing of credit information are equally important. Well-functioning credit information systems improve banks' knowledge of applicants' characteristics and permit more accurate predictions of the probability of repayment. Credit information also increases repayment incentives for borrowers (Jappelli and Pagano 2002b; Padilla and Pagano 1997; Jappelli and Pagano 1993). An abundance of empirical evidence supports the links between credit information and financial access. The presence of credit registries is associated with a higher ratio of private credit to GDP. In countries with no registries, firms perceive higher financing constraints; while in countries where private credit registries are present, firms perceive lower financing constraints and have a higher share of bank borrowing in their financing structure (Djankov, McLeish, and Shleifer 2007).

FIGURE 7.6

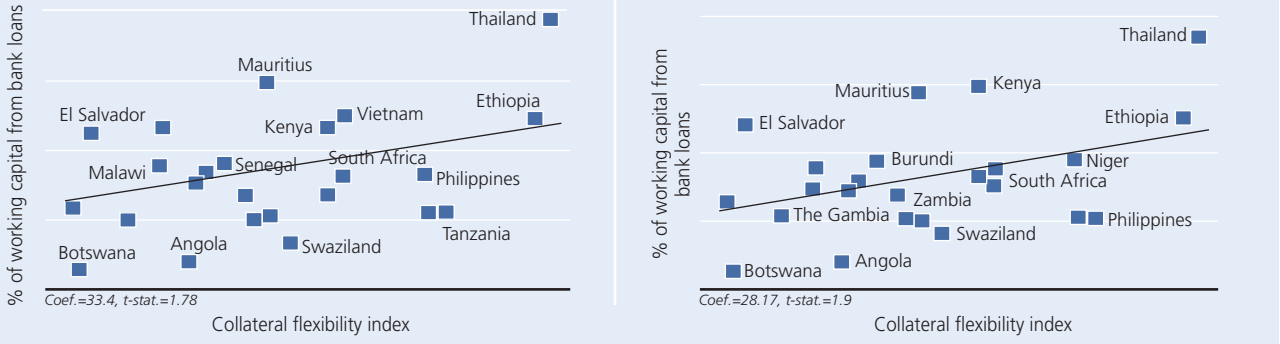
Banks' flexibility concerning collateral for business startup loans



Note: The collateral flexibility index is an equally weighted index of the sum of responses concerning the acceptability of various types of assets as collateral for a business startup loan. The asset types are: cash and liquid assets, land, house with title, house without title, equipment, livestock, inventory, accounts receivable, and other. Higher scores indicate a wider range of acceptable collateral.
Source: Getting Finance database.

FIGURE 7.7

Use of credit increases with the range of assets accepted as collateral



Note: A cross-country regression of the percentage of firms with working capital funded by bank loans on the index of acceptable collateral (panel a) shows that a 10 percent increase in the index is associated with a 3.3 percent increase in firms using bank loans to fund working capital (t-stat: 1.78). A cross-country regression of the percentage of small firms with working capital funded by bank loans on the index of acceptable collateral (panel b) shows that a 10 percent increase in the index is associated with a 2.8 percent increase in small firms using bank loans to fund working capital (t-stat: 1.9).
Source: Getting Finance database.

Our results corroborate the earlier findings. The use of credit registries (public or private) is associated across countries with more private credit to GDP and a larger percentage of firms with access to commercial bank loans. The presence of credit registries is associated with lower financing constraints for small and micro firms as well. (This makes sense, because small and micro firms are the most opaque.)

Finally, the level of competition in the banking sector, measured by the top three banks' share of banking sector assets, also affects financial access for enterprises, particularly in low-income countries and countries with underdeveloped financial and institutional infrastructure.[35] Competition in these countries has been associated with more credit for the private sector, and lower levels of collateral requirements. This is because banks' scope for extracting rent through collateralization decreases with competitive pressure and leads to a higher share of domestic credit being made available to enterprises (Beck, Demirguc-Kunt, and Maksimovic 2004; Hainz 2003).

In the sample of 54 economies studied here, competition among banks is significantly and positively associated with domestic private credit, but not with the number of bank accounts per 1,000 adults. In other words, it increases private credit but not bank access.

[32] Household surveys typically lump daily and casual workers with salaried employees in one category—wage workers. But casual workers have little or no job security, work fluctuating hours, and often move from job to job. They are usually paid by the hour or at the end of the day. Salaried employees will be in relatively secure, stable jobs that pay on a weekly or monthly basis. Frequency of payment is a useful proxy for job security.

[33] We measure access to investment finance in two ways: first, the average share of investment financing obtained through commercial bank loans, and, second, the average share of firms with access to investment finance from commercial banks.

[34] See Djankov, McLeish, and Shleifer (2007); Safavian and Sharma (2007); Qian and Strahan (2005); Jappelli and Pagano (2002a); La Porta and others (1997).

[35] In high-income countries, or those with well-developed institutions, the empirical evidence is more mixed. See Beck, Demirguc-Kunt, and Maksimovic (2004); Bonaccorsi di Patti and Dell'Ariccia (2003); Black and Strahan (2002); Berger and others (1998); Peterson and Rajan (1995).

8. Increasing disclosure

Better disclosure of the procedures and fees involved in opening and maintaining bank accounts is associated with more people being banked. Although many countries recognize the importance of better disclosure, there have been few analyses of its beneficial impact. Stipulations on disclosure are often embedded in financial regulations pertaining to access to banking. In the area of basic banking, U.S. Lifeline Banking laws call for the obligatory disclosure of charges assessed after the customer exceeds the limited number of free transactions. Pakistan's basic banking regulation has similar provisions. In India, basic banking regulations require banks to publicize the plans they offer.

In the area of credit, a truth-in-lending law has existed in the United States since 1968. The U.S. Community Reinvestment Act of 1977 protects against discriminatory lending practices, and at least 25 U.S. states also have regulations against predatory lending. Similarly, Australia adopted a Uniform Consumer Credit Code in 1993 and the European Community issued its first directive for consumer protection in credit markets in 1986.

Our analysis reveals that greater disclosure of loan processes is associated with a higher density of bank accounts. These associations are significant after controlling for differences in income per capita and the overall credit environment, measured in terms of the legal rights accorded to creditors and borrowers.

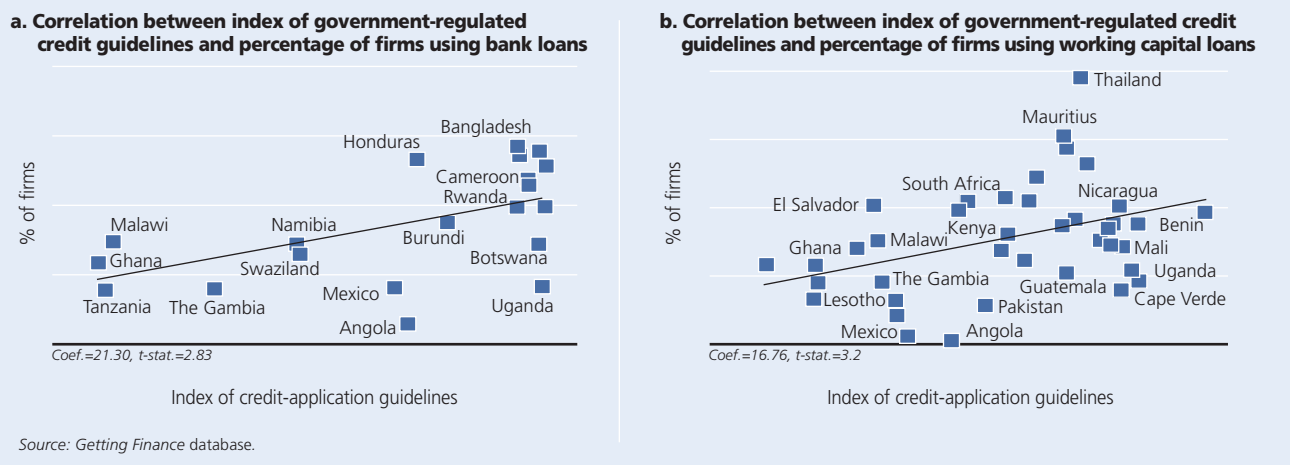
Guidelines and support for credit applications

First, we examine existing regulations pertaining to the type and number of documents required to obtain credit. We measure the extent of this regulation using an index of credit-application guidelines, which includes guidelines for prospective borrowers on proof of identity, tax identification, credit history, and the need for personal guarantors. We found a strong positive association between our constructed variable and the overall percentage of firms with bank loans in a given country. Countries such as Bangladesh, Cameroon, Niger, and Rwanda have highly regulated credit application requirements and procedures. In these countries, the percentage of firms with bank loans is comparatively high. But in Ghana, Malawi, and Tanzania, regulations on credit applications are absent, and few small businesses have bank loans.

There is also a strong positive association between our variable and the percentage of firms that use loans to finance working capital (figure 8.1). In Benin, Cape Verde, and Uganda, many small businesses use bank loans to finance working capital, while in countries in

FIGURE 8.1

Small business loans are more prevalent in countries with credit application guidelines



Source: Getting Finance database.

which credit applications are unregulated or only loosely regulated (El Salvador, Ghana, and Lesotho, for example), a smaller proportion of firms use bank loans to finance working capital.

Changes in credit terms and denial of credit

We focused next on the degree to which information on the credit application process and on the outcome of applying for credit is associated with access to banking. Our index of disclosure of credit decisions measures the extent to which central banks have adopted guidelines that require banks to advise clients of unfavorable changes in credit terms and of denials of credit.

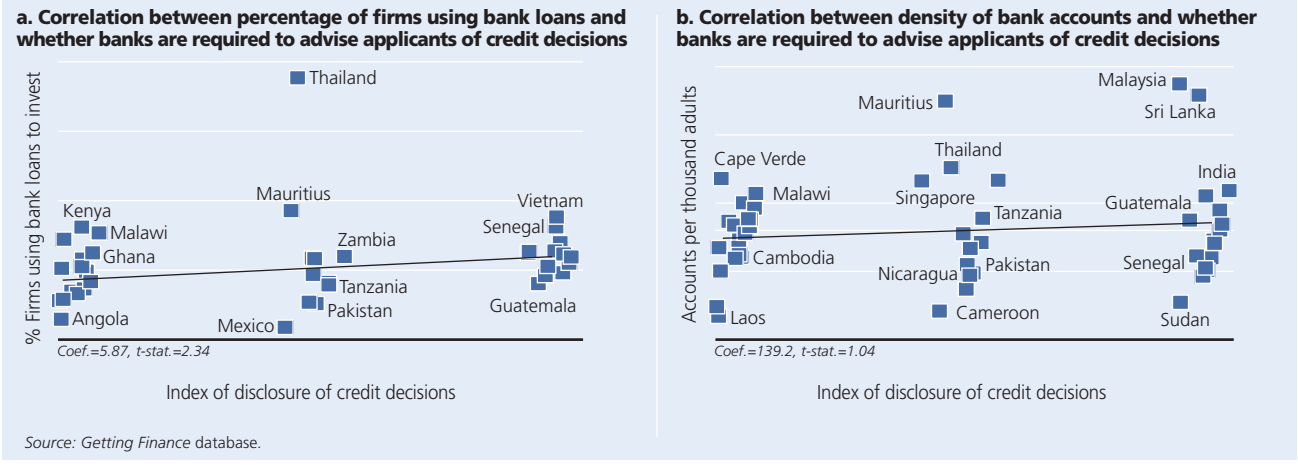
In 60 percent of the countries in our sample, regulators require banks to advise the account holder of a change in terms that may be considered unfavorable. However, 14 of 32 African counties surveyed do not have such requirements. Nor do Cambodia or the Lao People's Democratic Republic in East Asia or Afghanistan and Bangladesh in South Asia. Guidelines for advising applicants when credit is denied are even less common.

We found a weak positive association between bank access and better information on loan processes (figure 8.2b). By contrast, the association between access and whether banks are required to advise applicants of credit decisions is strongly positive (figure 8.2a). For instance, Benin, Botswana, and Senegal have regulations on advising applicants of credit denials and of any unfavorable changes in loan terms. The percentage of small businesses with bank loans in these countries is higher than in Angola, Ghana, Malawi, and Kenya, where such regulations are absent. The implication is that entrepreneurs are more likely to initiate a loan application if they are reasonably sure that they will be notified of the outcome.

Does disclosure help?

The final piece of our analysis assesses the relationship between overall transparency in banking procedures and bank access. It is based on an index with 12 components that measure the extent of national regulations that pertain to public disclosure of banking practices.[36] Most countries have adopted some disclosure requirements to protect consumers, some more than others. For example, 89 percent of the countries we sampled have regulations on disclosing interest rates and other fees. Thirty-six percent of countries require that banks employ an ombudsman to deal with customer complaints. The three countries that lack any sort of disclosure regulation are Lesotho, Malawi, and Rwanda. The countries that have the most extensive disclosure requirements are India, Sri

FIGURE 8.2
Small business loans are more prevalent in countries with better disclosure of credit decision outcomes



Source: Getting Finance database.

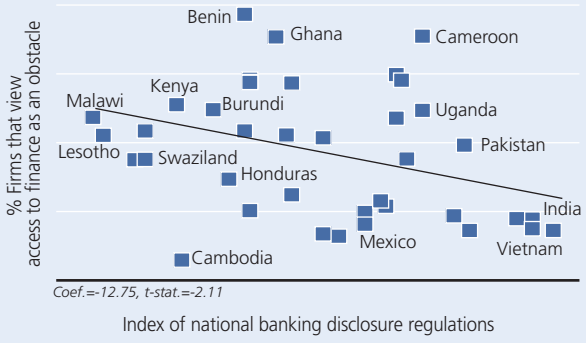
Lanka, and Vietnam. Among the 13 countries in the lowest income quartile, the highest degree of transparency is found in Madagascar and Uganda.

India and Sri Lanka each have positive responses for 10 of 12 items in the transparency index. Also, both India and Sri Lanka have high levels of access relative to their income per capita (figure 8.3). In Africa, Uganda has the highest score on the index of transparency and consumer protection, with seven positive responses; Madagascar has six, and Cape Verde has five. Conversely, in Malawi and Rwanda, which both have a transparency index of zero, many firms view access to finance as a constraint. Entrepreneurs' perceptions of finance as a constraint decrease significantly as countries' scores on the index rise.

FIGURE 8.3

Firms in countries with better disclosure on banking terms are less likely to see access to finance as a problem

Correlation of firm perceptions of finance as an obstacle to doing business and country performance on index of national banking disclosure regulations



Note: A cross-country regression of the percentage of firms that view access to finance as an obstacle on our index of transparency and consumer protection reveals that a 10 percent increase in the index is associated with a 1.3 percent point drop in the proportion of firms that view finance as an obstacle (t-stat: –2.11.)
Source: Getting Finance database.

[36] The components ask whether or not (i) whether the central bank provides public information on fees and charges on commercial banking transactions; (ii) whether banks disclose interest rates and charges to customers; (iii) whether banks disclose the interest rates applied to overdrawn accounts; (iv) whether banks provide printed information on charges applied to savings accounts and credit arrangements; (v) whether banks read or explain terms to illiterate customers; (vi) whether banks provide information in local or regional languages in addition to the official national language; (vii) whether banks have internal procedures for customer complaints; (viii) whether banks are subject to regulations for maintaining records of complaints for a specified period; (ix) whether a consumer protection law applicable to bank customers is in force; (x) whether an ombudsman is in place to deal with customer complaints; (xi) whether the ombudsman's decisions are binding on the parties; and (xii) whether rules or guidelines are in place to support advisory services for certain categories of clients (such as women entrepreneurs and first-time borrowers).

9. Data sources and methodology

This study is based on data from 54 countries. The core of the sample are poor countries in Africa (35 countries) and Asia (12), along with 4 Central American countries. Malaysia, Mexico and Singapore were added as comparators.

We designed two questionnaires for collecting data. One was designed to be administered to the top five commercial banks in each country; the other to central banks and financial regulatory agencies. The goal was to capture information from commercial banks on the transactional aspects of bank access and to examine obstacles to banking from the regulatory perspective. The regulators' questionnaire also collects basic statistical information on access to banking in each country.

We collected information from commercial banks in two ways. The first was through local consultants who knew the countries' financial systems and had contacts in the banking system. The second was through direct communication with institutions via electronic mail, fax and telephone, undertaken by World Bank staff. Information from central banks was collected only by World Bank staff. Of 282 surveys sent to commercial banks, 235 were returned, an overall response rate of 82 percent (table 9.1). In the case of central banks and regulators, responses were obtained for 52 of the 54 countries solicited (a 96 percent overall response rate).

Each questionnaire contained questions pertaining to three aspects of financial services: opening and using a bank account, savings services, and credit services. The commercial bank questionnaire also included a fourth section on payments and remittance services.

Questions about payment services were not included in the regulators' questionnaire, as information on the regulation of retail payment services was being collected in a parallel exercise (World Bank 2008c).

Constructing a measure of access as an outcome variable

The analysis in this study is based on the association between access to banking services, as measured by the number of bank accounts per thousand adults in each country, and several other factors. Those factors are transactions offered at banks, or required by banks, and regulations adopted by country authorities that may affect banking access. Our principal outcome variable, access to banking services, is based on information on the total numbers of bank accounts per country provided by regulators or central banks. Such data were available for 45 countries. Data on another nine countries were added by extrapolation from the figures on numbers of accounts provided by the commercial banks sampled in those countries, using information from Bankscope on the shares of the sampled banks in the assets of the national financial system. Data on the numbers of bank accounts per thousand adults are computed from numbers of total accounts and World Bank population data, notably the proportion of the population aged 15 and older.

We recognize that our data on the numbers of accounts may exceed the total numbers of the banked, as some people may have multiple accounts (though in some countries net numbers are clearly presented). It is difficult to separate business and individual accounts, and to make adjustments for accounts that have fallen into disuse. Some countries systematically close inactive accounts after a defined period of inactivity; others allow inactive accounts to remain open indefinitely. We hope that ways to overcome these shortcomings can be found in time; for the moment, it is the best measure of access that we were able to devise.

Our access measures correlate strongly with several other access measures used in the literature. FinScope has

produced estimates, based on household surveys, of the proportion of households with access to banking in some African countries. The correlation between our measure and the FinScope measure across five countries (Kenya, Namibia, South Africa, Tanzania, and Uganda) is 0.7. Moreover, *Finance for All?* (in table A.1) provides a composite measure of access to financial services—the percentage of adult population that has an account with a financial intermediary.[37] For the 51 overlapping countries, the correlation between the *Finance for All?* measure and the measure used here is 0.82.

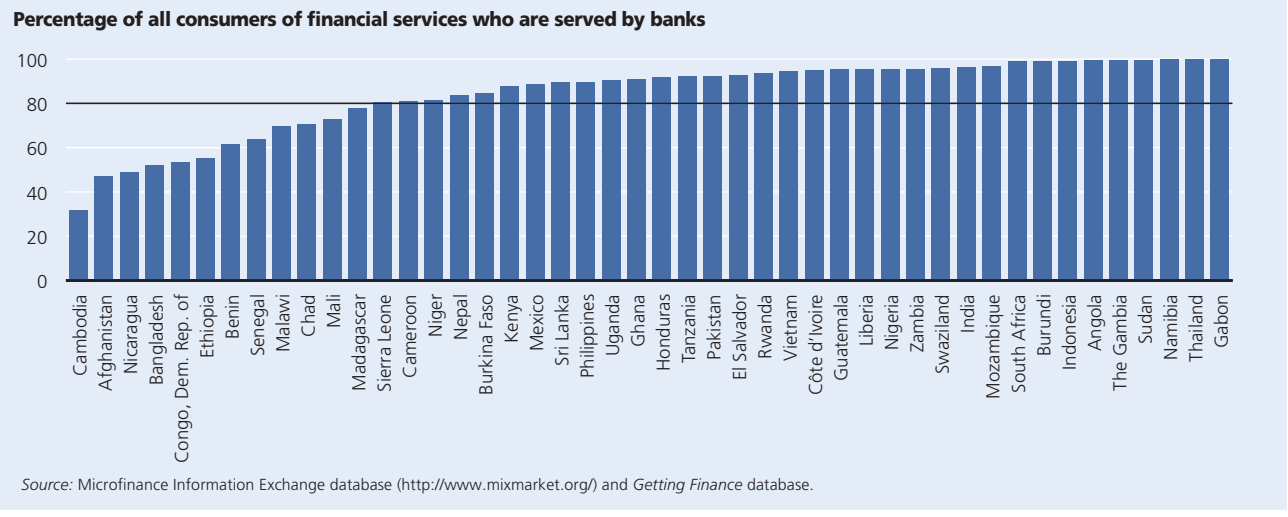
To what extent does our measure of financial access, a measure based on the banking system alone, capture the full extent to which persons are served by financial institutions? To estimate the relative importance of banks, as compared with microfinance institutions and other nonbank or nongovernmental providers of financial services, we assembled central-bank data on numbers of account holders at banks in each of our countries. We then compared those data with the numbers of clients of nonbank institutions in each of these countries, using data from the Microfinance Information Exchange (MIX) database (figure 9.1).

The MIX database contains cross-country data on microfinance providers, including data on numbers of clients per institution, for 46 of the 54 countries of our sample.[38] By adding these to the numbers of bank clients, as reported by central banks, we were able to estimate the proportion of people who use banks.[39] Banks serve more than 90 percent of all those who consume financial services in 25 of the 46 countries, and more than 80 percent in 34 of 46 common countries. Banks therefore capture the vast majority of people who use formal financial services. The only countries in which bank coverage falls below 50 percent are Afghanistan, Cambodia, and Nicaragua. Nonbank microfinance institutions in those countries appear to serve a relatively large number of people.[40]

Our analysis of terms and conditions in business startup loans employs outcome variables constructed from World Bank enterprise surveys. These surveys collect data from firms on their operations, and on their perceptions of the business environment. The respondents are managing directors, accountants, human resource managers, and other staff. Among the data collected are measures of the fraction of working capital and new investment financed by bank credit, and firm perceptions of the degree of difficulty in accessing finance. Between 2002 and 2007, the World Bank conducted enterprise surveys in 38 of the countries sampled here. Sample sizes ranged from 98 to 1,480 firms, with an average being 445.

FIGURE 9.1

Banks serve the majority of financial service clients substantially exceeding microfinance



Source: Microfinance Information Exchange database (http://www.mixmarket.org/) and *Getting Finance* database.

Explanatory variables—data from commercial banks and from regulators

The survey of commercial banks targeted the top five banks in each country, based on banking assets. Lower-ranking banks were substituted if the largest ones declined to participate. Asset shares were computed from the latest available Bankscope data. The commercial bank sample consists of 235 banks in 54 countries (table 9.1).

The largest banks in terms of assets may not necessarily be those with the most accounts. In particular, some institutions, such as specialized savings banks or postal banks, may have a large number of accounts but a relatively small share of national assets because many of their accounts are very small.[41] Nevertheless, we had two reasons for defining our sample using asset shares. First, bank-level data on the number of accounts are not available on a cross-country basis, whereas data on asset shares are available from Bankscope. Second, our study focuses on access to a standard bank account, which allows the full spectrum of commercial banking services—checking, saving, payments, and credit. Many of the excluded institutions, such as postal banks, specialize only in savings. As a check, however, we compared asset shares of the participating banks to their shares of accounts (using numbers of accounts reported by the banks as a proportion of the total number of accounts in the nation where those data were reported by the central bank). The correlation is positive and robust—a regression of account share on asset share yields a coefficient of 0.81 (and a significant t-statistic of 7.2).

Control variables

Several identifiable factors affect the level of banking access across countries. In all of our cross-country regressions, we use four country-level socioeconomic and demographic control variables that plausibly affect the propensity to bank. Most obvious is a country's level of economic development, as represented by income per capita. We use the literacy rate as a proxy for financial sophistication and ability to deal with formal institutions. Population density and urbanization are used as proxies for remoteness. The Gini coefficient, which measures income inequality and may also affect overall access, would have been used as a control if information on this variable had not been unavailable for too many countries in our sample.

The World Bank's annual *Doing Business* report publishes a legal rights index and a creditors' information index for 181 countries. These are used as controls when analyzing the effects of the terms and conditions of business startup loans on firm-level access to bank credit.

Methodology

We tested our hypotheses using cross-country regressions of bank access on measures of the cost and complexity of using services offered in each of four transaction categories: opening an account, making payments, saving, and borrowing. Data were constructed at the country level. To date, we have not done bank-level analysis or examined intracountry variation among banks. Bank-level results are averaged by country using a simple average to construct one data point per country.

Examining the correlation between access and alternative explanatory variables

Given the large numbers of explanatory variables and the limited degrees of freedom in terms of countries covered, the analysis examines the effect of each explanatory variable on the outcome variable separately, through regressions that control for income per capita, literacy, population density, and urbanization. These depict the cross-country association between the outcome of interest—usually accounts per thousand adults but sometimes the proportion of firms with access to bank

finance—and the explanatory variable. The slope coefficient and t-statistic accompany each figure in which regression results are presented.

The results reported are cross-country correlations, controlling for income and four country-level socioeconomic and demographic variables. They do not prove or imply causation. For that, panel data estimates are needed. As this is the first year of collecting data on bank access, such estimates will be available only after additional years of work.

[37] The measure used in *Finance for All?* draws on household surveys where available, surveys of bank regulators, data from the World Bank Savings Association, and interpolations based on the regression fit between share of households with accounts and aggregate indicators of deposit accounts and branch penetration. See Beck, Demirguc-Kunt, and Maksimovic (2007a, 2007b), Honohan and Beck (2007), Peachy and Roe (2006), and World Bank (2008c).

[38] The MIX database did not contain information on the following eight countries included in our sample: Botswana, Cape Verde, Central African Republic, Lao PDR, Lesotho, Malaysia, Mauritius, and Singapore. In the few cases where MIX data included commercial banks that provide microfinance services, these were not included in the totals of nonbank providers so as to avoid double counting.

[39] While the MIX database may not be comprehensive and the completeness of its coverage may vary over countries, it is the best currently available global database of microfinance service providers and gives a reasonable first estimate of the extent of coverage of clients.

[40] For instance, in Afghanistan, nonbank microfinance institutions and commercial banks appear to serve a similar number of clients—297,808 and 267,435 respectively.

[41] A FinScope survey provides a list of the top five banks by number of accounts in seven African countries. The overlap with our sample is as follows: Botswana (4), Kenya (3), Namibia (4), South Africa (4), Tanzania (3), Uganda (3), and Zambia (4). The banks missing from our sample but appearing on the FinScope list are almost all savings institutions such as the Botswana Savings Bank and Uganda's Post Bank.

TABLE 9.1
Characteristics of data sample

	Commercial banks, asset shares in the financial system and in the sample				Outcome variable		
Country	Number of sampled banks	Asset share of top 5 banks (% total financial assets)[a]	% coverage of total financial system assets[b]	% asset share of banks reporting data on accounts[c]	Regulators	Firm access to bank credit	Y = number of accounts per 1,000 adults
Afghanistan	5	100	100	100	X	—	19
Angola	6	86	89	60	X	X	202
Bangladesh	7	54	59	59	X	—	373
Benin	3	100	73	73	X	X	60
Botswana	5	94	93	56	No	X	923
Burkina Faso	5	78	78	64	X	X	121
Burundi	5	100	100	100	X	X	25*
Cambodia	5	76	74	65	X	X	32
Cameroon	5	81	81	66	X	X	77
Cape Verde	2	100	36	25	X	X	1,139
Central African Republic	1	100	30	30	X	—	21*
Chad	5	100	100	73	X	—	9*
Côte d'Ivoire	1	90	18	0	X	—	71
Congo, Dem. Rep. of	3	74	33	26	No	X	2*
El Salvador	4	90	60	60	X	X	693
Ethiopia	5	94	94	87	No	X	66*
Gabon	4	100	18	0	X	X	183
The Gambia	4	100	100	93	X	X	165
Ghana	5	72	72	46	X	X	204
Guatemala	3	61	32	12	X	X	910
Honduras	5	65	65	42	X	X	625
India	5	48	47	15	X	X	657
Indonesia	5	58	32	32	X	X	464
Kenya	6	59	61	46	X	X	169
Lao PDR	5	100	100	48	X	—	108*

continued

TABLE 9.1 *continued*

Characteristics of data sample

	Commercial banks, asset shares in the financial system and in the sample				Outcome variable		
Country	Number of sampled banks	Asset share of top 5 banks (% total financial assets)[a]	% coverage of total financial system assets[b]	% asset share of banks reporting data on accounts[c]	Regulators	Firm access to bank credit	Y = number of accounts per 1,000 adults
Lesotho	5	100	100	66	X	—	307
Liberia	5	100	100	100	X	X	36
Madagascar	4	96	53	53	X	—	31
Malawi	5	99	92	91	X	X	108
Malaysia	5	56	56	56	X	X	2,177
Mali	4	97	70	70	X	—	76
Mauritius	3	80	59	59	X	X	2,011
Mexico	3	81	49	32	X	X	631
Mozambique	5	96	93	33	X	—	103
Namibia	4	96	65	62	X	X	323
Nepal	5	69	63	42	X	—	178
Nicaragua	2	96	43	18	X	X	232
Niger	5	100	100	100	X	X	16
Nigeria	5	67	58	44	X	—	185
Pakistan	5	60	60	18	X	—	268
Philippines	5	60	57	57	X	X	566
Rwanda	2	92	32	32	X	X	35
Senegal	4	89	55	20	X	X	79
Sierra Leone	5	100	100	100	X	—	65
Singapore	2	99	61	43	X	—	2,058
South Africa	3	96	69	48	X	X	552
Sri Lanka	5	84	84	84	X	X	1,578
Sudan	6	58	25	14	X	—	144*
Swaziland	5	94	94	76	X	X	483
Tanzania	6	75	66	51	X	X	159
Thailand	5	65	62	62	X	X	1,352
Uganda	3	59	37	37	X	X	141
Vietnam	5	80	77	53	X	X	83*
Zambia	5	82	82	82	X	X	115

Note: Number of countries covered: 54; number of commercial banks covered: 235.
X = survey received.
— = data not available.
** Imputed values. Imputed by extrapolation from figures on numbers of accounts provided by the commercial banks sampled in these countries, using information from Bankscope on the shares of those banks in the national financial system.*
a. BankScope Data, 2006–07.
b. BankScope Data, 2006–07. Based on survey coverage of this study.
c. Survey data collected for this study.

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Glossary of variables, indexes, and other terms

Variable/index	Definition
Number of accounts	
Accounts per thousand adults	The total number of deposit accounts (checking, savings, and time deposits) per thousand adults aged 15 years and older, based on data from *World Development Indicators*. Data for 45 countries were obtained from surveys of central banks and regulators conducted by the Getting Finance project. For nine countries, marked with an asterisk, this value was imputed on the basis of data on numbers of accounts reported to the Getting Finance project by surveyed commercial banks. Those data were scaled up to represent total numbers of accounts in the country based on the share of the surveyed banks in the total assets of the banking system, using data from BankScope.
Opening an account	
Index of accessibility	The index of accessibility measures the ease of opening an account in terms of the range and number of locations where an account application can be submitted. The index is the weighted sum (weights in parentheses) of survey responses on different modes of applying: at any branch (.33), phone (.167), Internet (.167), correspondent banks (.167), and other (.167).
At least one nonbranch option to apply for an account (0–1)	This value is set to 1 if the bank offers any one or more of the following options to apply for an account: over the telephone, via Internet, at a correspondent outlet, and at other locations, such as home or the workplace.
At least one electronic option (0–1)	This value is set to 1 if the bank offers one or both of the following options to apply for an account: over the telephone, via Internet.
Convenience features	
Index of convenience features (0–1)	The index of convenience is an equally weighted mean of responses to the following survey questions: passbook not required, after-hours access available, overdraft provision, and notification of overdraft.
Index of free features (0–1)	The index of free features is an equally weighted mean of responses to the following survey questions: unlimited free withdrawals, unlimited free balance inquiries, free ATM card, free checking, and free credit card.
Domestic and cross-border payments	
Index of time required for domestic payments (0–1)	The domestic time index comprises five variables: time for a remittance to reach its destination in the country's second-largest city and in a remote rural area, time to clear a check from another bank, time to clear a direct credit sent to a recipient at another bank, and time to clear a direct debit if initiated by another bank. The five variables are normalized and given equal weight (0.2).
Index of time required for cross-border payments (0–1)	The cross-border time index comprises two variables: time for a check to be sent to the country's most common overseas destination and collected by the recipient, and time for a wire transfer sent to the country's most common overseas destination to be collected by the recipient. These two variables are normalized and given equal weight (0.5).

Variable/index	Definition
Retail payments, availability and quality	
Index of range of payment services with standard bank account (0–1)	The range of payments services index consists of five variables that reflect the availability, with a standard account at a commercial bank, of checks, debit cards, interbank services, intrabank services, and credit cards, with all variables equally weighted (0.2).
Index of mobile banking technology (0–1)	The mobile banking technology index reflects the availability by cell phone of five transactions: checking one's balance, obtaining a statement of recent activity, checking the status of a payment, transferring money, and paying bills. Each transaction has the same weight.
Index of network quality and interoperability (0–1)	The index of network quality and interoperability comprises two variables that assess the interoperability of payments networks: whether debit cards can be used at ATMs belonging to other banks that share the bank's network; and whether debit cards can be used at merchants through point-of-service devices. The two variables have different weights: 0.4 for the former and 0.6 for the later.
Index of retail payment channels (0–1)	The index of retail payment channels comprises six retail payment transactions and assesses their availability in each of three different channels: person to person, individual to business, and individual to government. Each has equal weight. The six transactions are: check payment; payment cards used on bank premises; payment cards used at ATMs; direct credits initiated on bank premises; direct credit via telephone, Internet, or mobile banking technology; and direct debits initiated by the beneficiary.
Credit	
Index of complexity of business-loan application	This index is an equally weighted sum of survey responses on four aspects of the process of applying for a business loan: whether the borrower is required to have an account at the bank, whether a letter of reference is required, whether the borrower has to furnish proof of employment, and whether an application fee is charged.
Index of collateral flexibility	The index of collateral flexibility is an equally weighted sum of survey responses on the acceptability of various types of assets as collateral for a business startup loan. The asset types are: cash and liquid assets, land, house with title, house without title, equipment, livestock, accounts receivable, and other.
Basic banking	
Government, offers basic banking*	Based on regulators' answers to the question of whether national regulations require that a basic or simplified account must be made available to some or all segments of the population. The questionnaire explains that such accounts may be designed for low-income persons and may have the following characteristics: no opening fee, no monthly fee, a basic package of transactions free of charge (such as a limited number of free withdrawals, balance inquiries, and payments), and restrictions on check writing and card-only transactions.
Government, basic accounts exempted from ID requirements*	Value set to 1 if regulator responds positively to the following question: "Are there provisions for any exemptions from ID requirements for low-income or other clients?"
Basic banking (0–1)*	This variable measures whether commercial banks actually offer accounts that have the features of basic accounts, based on the equally weighted sum of survey responses on the following four account characteristics: no opening fee, no monthly fee, no minimum balance, and bundle of free transactions.

Variable/index	Definition
Savings schemes	
Doorstep collection	Value set to 1 if regulator responds positively to the following question: "Are there any doorstep deposit collection schemes for low-income clients in your country?"
Government-matched savings	Value set to 1 if regulator responds positively to the following question: "Are there any guidelines on government-supported matched savings schemes?"
Tax incentives for savings	Value set to 1 if regulator responds positively to the following question: "Does your country provide tax incentives for specific saving accounts?"
Periodic deposit	The questionnaire sent to commercial banks provides the following description of periodic deposit schemes: "Some banks offer savings schemes in which persons have to agree to contribute a fixed amount at regular intervals of time—e.g., on a monthly basis. These periodic savings schemes offer clients a disciplined way to save, especially for small savers." The questionnaire then asks: "Does your bank offer any periodic savings schemes?" The value of this variable is set to 1 if the response to the preceding question is positive.
Credit-related transparency and consumer protections	
Advising applicants of credit decisions (0–1)	The index of disclosure of credit decisions reflects the presence of national guidelines requiring banks to advise clients of an unfavorable change of credit terms and to notify clients when credit is denied.
Documents required for credit applications (0–1)	The index of documents required for credit applications ranges from 0 to 1, based on the number of additional documents required, expressed as a proportion of the maximum number of documents. Countries are averaged within each income and regional category, using equal weights.
Guidelines related to credit documents (0–1)	The index of guidelines on credit documents consists of four subindexes that measure the presence or absence of guidelines on identity papers, tax identification, recorded credit history, and the need for personal guarantors.
Transparency and consumer protection (0–1)	The variable is composed of 12 subindexes that require a yes or no answer: The central bank provides public information on fees and charges levied on transactions at commercial banks as well as disclosure of interest rates and charges to the customer.

Indexes of financial access: mean values by region and country

	All countries	South Asia	East Asia	Latin America	Africa	Afghanistan	Angola	Bangladesh	Benin	Botswana	Burkina Faso	Burundi
Number of accounts												
No. of accounts per thousand adults[1]	463.87	512.27	854.91	618.12	240.21	19.05	202.00	372.95	59.80	923.00	120.92	25*
No. of accounts per thousand inhabitants[1]	317.23	363.50	825.30	389.00	158.70	10.67	108.52	243.47	33.51	..	65.31	13.90
Opening an account												
Number of documents required	2.82	2.75	2.00	2.52	3.05	2.60	2.33	4.43	3.67	4.00	2.60	2.60
Third-party reference required (average yes/no)	0.38	0.40	0.10	0.72	0.39	0.60	0.17	1.00	0.33	0.80	0.20	0.00
Index of accessibility (0–1)[1]	0.42	0.41	0.41	0.35	0.44	0.37	0.47	0.40	0.44	0.50	0.53	0.46
At least one nonbranch option to apply for an account (0–1)[1]	0.40	0.37	0.33	0.18	0.45	0.20	0.50	0.43	0.67	0.80	0.80	0.40
At least one electronic option (0–1)[1]	0.17	0.10	0.16	0.04	0.20	0.00	0.17	0.00	0.00	0.20	0.20	0.20
Application fee? (average yes/no)	0.10	0.00	0.10	0.11	0.11	0.00	0.00	0.00	0.00	0.00	0.00	0.60
Other costs? (average yes/no)	0.18	0.16	0.10	0.09	0.22	0.20	0.17	0.14	0.00	0.00	0.00	0.60
Days to open an account	1.29	1.41	0.81	1.44	1.36	1.00	0.67	1.29	0.75	2.30	0.70	0.90
Convenience features												
Index of convenience features (0–1)[1]	0.52	0.48	0.39	0.66	0.55	0.31	0.58	0.29	0.50	0.70	0.70	0.45
Index of free usage features (0–1)[1]	0.52	0.54	0.53	0.48	0.52	0.40	0.67	0.56	0.60	0.64	0.64	0.60
Minimum balance required when opening a standard account? (average yes/no)	0.90	0.97	0.89	1.00	0.87	1.00	0.83	1.00	1.00	0.80	1.00	1.00
Mean minimum deposit for a standard account (fraction GDP per capita)	0.30	0.09	0.05	0.03	0.43	0.21	0.14	0.04	0.34	0.00	0.08	3.42
Minimum balance required when opening a savings account? (average yes/no)	0.93	0.93	0.94	1.00	0.92	1.00	0.50	1.00	1.00	1.00	1.00	0.80
Minimum ongoing balance needed for a savings account? (average yes/no)	0.71	0.85	0.64	0.68	0.71	0.50	0.33	0.80	1.00	0.60	1.00	0.40
Fees and costs for standard domestic transactions (% monthly income)												
Cost per checkbook issued	10.67	5.95	3.72	2.00	14.42	24.63	1.08	0.87	0.00	0.49	0.00	39.46
Annual fee for cash card/debit card	11.51	6.36	3.88	1.69	15.97	0.00	0.00	10.74	2.09	0.00	70.10	..
Cash card/debit card fees per transaction at merchants	0.16	0.05	0.02	0.08	0.22	0.00	0.00	0.04	0.00	0.03	0.67	..
Fee for issuing a banker's draft	21.61	10.32	4.34	2.92	30.44	44.07	4.68	0.75	13.79	1.61	10.05	85.05
Monthly fee for account maintenance	8.30	0.91	0.51	1.03	12.04	0.00	0.10	3.34	7.17	1.08	13.50	12.76
Fees and costs for standard domestic transactions (US$)												
Cost per checkbook issued	3.67	2.15	3.88	2.19	4.11	5.87	2.67	0.30	0.00	2.32	0.00	3.47
Annual fee for cash card/debit card	5.19	2.35	3.29	3.56	6.47	0.00	0.00	3.74	1.00	0.00	28.01	..
Cash card/debit card fees per transaction at merchants	0.13	0.03	0.02	0.08	0.18	0.00	0.00	0.01	0.00	0.17	0.27	..
Fee for issuing a banker's draft	8.01	2.99	7.52	4.79	9.56	10.50	10.67	0.26	6.63	7.63	4.02	7.48
Monthly fee for account maintenance	3.05	0.55	0.96	3.75	4.23	0.00	0.22	1.16	3.45	5.14	5.39	1.12
Fees and costs for remittances (% monthly income)												
Fee to send payment via bankers' draft, foreign currency	69.75	15.13	14.56	10.27	98.26	22.81	13.08	22.18	47.21	2.24	161.42	136.08
Fee to send payment via wire transfer	67.79	30.77	18.23	18.06	93.00	53.19	14.28	32.26	48.05	2.03	127.38	117.18
Fee to use money transfer operator to send money	66.67	28.57	12.06	4.37	84.37	91.23	..	5.74	32.21	..	85.42	382.10
Fee to receive a check issued abroad	59.91	7.75	12.50	4.76	86.13	0.00	9.48	2.50	42.83	3.74	39.57	391.23
Fee to receive payment via wire transfer	26.54	16.08	3.54	5.70	36.08	62.77	10.92	4.08	32.03	2.10	48.36	30.24
Fee to receive remittance through money transfer operator	19.17	4.80	1.17	0.00	29.37	0.00	..	4.08	0.00	..	0.00	191.06
Fees and costs for remittances (US$)												
Fee to send a $250 payment via banker's draft in foreign currency	24.19	6.12	17.26	0.90	31.82	5.43	29.33	7.72	22.69	10.61	64.50	11.97
Fee to send $250 payment via wire transfer	27.49	12.60	20.55	23.78	32.23	12.67	31.89	11.22	23.09	9.62	50.90	10.31
Fee to use money transfer operator to send $250	18.58	7.86	13.25	4.08	24.36	21.74	..	2.00	15.48	..	34.13	33.61
Fee to receive $250 check issued abroad	18.85	3.63	9.29	4.06	25.60	0.00	21.27	0.87	20.58	17.74	15.81	34.41
Fee to receive $250 payment via wire transfer	9.93	5.56	4.89	5.95	12.40	14.96	24.41	1.42	15.39	9.95	19.32	2.66
Fee to receive $250 remittance through money transfer operator	5.44	0.91	1.76	0.04	7.96	0.00	..	1.42	0.00	..	0.00	16.81

	All countries	South Asia	East Asia	Latin America	Africa	Afghanistan	Angola	Bangladesh	Benin	Botswana	Burkina Faso	Burundi
Domestic and cross-border payments, time indexes												
Domestic payment time index (0–1)*	0.49	0.56	0.39	0.45	0.51	0.38	0.50	0.55	0.39	0.58	0.36	0.46
Cross-border payment time index (0–1)*	0.44	0.38	0.40	0.43	0.46	0.46	0.39	0.27	0.28	0.53	0.69	0.44
Retail payments, availability and quality												
Range of payment services with standard bank account index (0–1)[1]	0.64	0.68	0.75	0.60	0.61	0.52	0.77	0.49	0.60	0.72	0.64	0.32
Mobile banking technology index (0–1)[1]	0.26	0.36	0.33	0.22	0.23	0.20	0.10	0.17	0.13	0.20	0.28	0.08
Network quality and interoperability index (0–1)[1]	0.62	0.69	0.76	0.83	0.54	0.20	0.67	0.63	0.33	0.80	0.88	0.12
Retail payment channels index (0–1)[1]	0.47	0.43	0.65	0.50	0.44	0.29	0.48	0.31	0.28	0.63	0.37	0.40
Credit												
Business loan processing time (days)	7.42	8.02	7.64	13.41	6.53	3.33	10.75	7.67	5.00	1.50	6.00	7.40
Startup loan processing fee (%)	0.89	0.38	0.54	0.92	1.07	0.50	0.40	0.13	0.54	0.88	0.35	1.99
Collateral-to-loan-value ratio (%)	88.32	96.12	80.14	73.82	90.45	41.67	58.75	137.50	83.33	100.00	83.33	106.00
Maximum terms for startup loan (years)	4.55	4.43	3.31	6.25	4.60	1.83	5.00	3.67	7.00	2.00	5.00	4.50
Index of business loan application complexity[1]	0.66	0.68	0.73	0.77	0.75	0.75	0.75	0.81	0.83	0.50	0.56	0.69
Index of collateral flexibility*	0.48	0.66	0.80	0.52	0.71	0.00	0.61	0.56	0.00	0.56	0.56	0.61
Basic banking												
No opening fee (average yes/no)	0.77	0.81	0.80	0.94	0.74	1.00	0.83	0.86	1.00	0.60	1.00	0.60
No monthly fee (average yes/no)	0.61	0.83	0.73	0.76	0.53	1.00	0.83	1.00	0.33	0.60	0.40	0.00
No minimum balance (average yes/no)	0.52	0.42	0.51	0.54	0.53	0.80	0.67	0.14	0.67	0.80	0.60	0.40
Basic package of free transactions (average yes/no)	0.56	0.60	0.58	0.66	0.54	0.80	0.67	0.43	0.67	0.60	0.80	0.25
Basic banking (0–1)*	0.61	0.67	0.64	0.73	0.59	0.90	0.75	0.61	0.67	0.65	0.70	0.31
Government policy (commercial bank response) (average yes/no)	0.57	0.70	0.62	0.36	0.56	0.60	0.00	1.00	0.67	0.40	0.00	0.00
Government, offering basic banking[1]	0.23	0.33	0.25	0.20	0.22	0.00	0.00	0.00	1.00	0.00	1.00	0.00
Government, exempt basic accounts from ID requirements[1]	0.06	0.17	0.13	0.00	0.03	0.00	0.00	1.00	0.00	..	0.00	0.00
Savings schemes												
Doorstep collection[1]	0.08	0.17	0.25	0.00	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Government-matched savings[1]	0.02	0.00	0.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tax incentives for savings[1]	0.42	0.33	0.75	0.40	0.38	0.00	0.00	0.00	1.00	0.00	1.00	0.00
Periodic deposit[1]	0.40	0.53	0.48	0.46	0.36	0.40	0.33	1.00	0.33	0.00	0.50	0.60
Transparency and consumer protection												
Advising applicants index (0–1)[1]	0.46	0.58	0.56	0.40	0.42	0.00	0.00	0.00	1.00	0.50	1.00	0.50
Additional document requirements index (0–1)[1]	0.10	0.17	0.13	0.13	0.08	0.38	0.00	0.13	0.00	..	0.00	0.00
Guidelines on credit documents index (0 –1)[1]	0.71	0.67	0.72	0.90	0.68	0.00	0.75	1.00	1.00	0.75	1.00	0.75
Transparency and consumer protection index (0–1)[1]	0.40	0.60	0.50	0.40	0.33	0.25	0.33	0.58	0.25	0.83	0.25	0.08
Firms using bank loans (% all firms)												
Firms with bank loans	31.06	50.80	..	36.30	27.78	..	4.14	50.80	..	27.24	..	35.26
Firms that use loans for investment	16.25	12.71	23.95	10.83	15.70	..	2.13	11.64	20.81	11.32	..	12.25
Firms that use loans for expenses	28.20	34.47	33.27	28.16	25.58	..	2.32	43.07	29.44	15.88	..	25.51
Firms that view access to finance as constraint	35.62	27.76	15.11	22.06	46.17	..	55.26	42.55	73.20	41.43	..	50.94
Small and micro firms using bank loans (% firms)												
Small firms with bank loans	27.23	37.00	28.00	27.00	27.00	..	2.68	..	27.01	15.36	107.87	23.23
Micro firms with bank loans	20.33	34.00	21.00	22.00	19.00	..	2.44	..	19.46	13.60	14.41	19.65
Small firms that use loans for working capital	10.76	13.63	13.18	12.41	9.82	..	1.22	..	10.63	4.66	7.22	7.74
Micro firms that use loans for working capital	8.97	10.48	9.55	11.19	8.35	..	1.08	..	7.11	4.30	5.63	6.05
Small firms that use loans for investment	13.65	10.41	16.87	16.80	12.51	..	4.74	..	10.56	12.66	10.88	14.48
Micro firms that use loans for investment	11.20	6.25	13.77	15.27	10.06	..	3.45	..	5.97	11.83	9.91	11.83
Small firms that view access to finance as constraint	75.25	34.00	53.00	74.00	81.00	..	98.59	..	94.85	83.92	96.40	94.81
Micro firms that view access to finance as constraint	59.67	18.00	34.00	56.00	67.00	..	92.24	..	84.54	71.35	..	88.15

	All countries	South Asia	East Asia	Latin America	Africa	Afghanistan	Angola	Bangladesh	Benin	Botswana	Burkina Faso	Burundi
Demographic and socioeconomic variables												
Per capita GDP (US$)	2041.69	662.42	5486.02	3136.88	1334.40	263.37	2686.17	429.25	549.28	5876.38	456.70	102.97
Population (millions)	53.25	292.20	63.38	27.20	20.51	32.00	16.00	144.00	9.00	2.00	14.00	8.00
Percentage of the population aged 15 years and older	61.00	65.00	70.00	63.00	57.00	56.00	53.72	65.28	56.04	64.91	54.01	55.28
Population density (/sq km)	245.56	370.96	920.71	124.00	87.11	38	13.15	1108.9	78.59	3.1	49.66	305.03
Urban population (%)	39.14	24.08	47.71	58.07	37.05	23.28	53.96	25.54	40.5	58.16	18.7	10.32
Literacy (15+)	64.17	53.40	85.79	79.46	58.89	28.00	67.41	47.49	34.66	81.19	22.69	59.30
Ratio of private credit to GDP	28.85	37.00	55.25	35.00	20.53	..	8.00	36.00	17.00	20.00	17.00	26.00
Banking assets covered (%)	68.35	68.67	64.88	49.80	72.06	100.00	89.00	59.00	73.00	93.00	78.00	100.00
Legal rights index	4.12	4.00	4.75	3.60	4.06	0.00	3.00	7.00	4.00	4.00	..	1.00
Credit information index	2.22	2.50	3.00	5.60	1.44	0.00	4.00	2.00	1.00	1.00	0.00	1.00

[1] Construction of index or variable explained in glossary of terms.

* Figures for accounts per thousand adults are imputed. See chapter 9.

Source: Getting Finance database.

	All countries	South Asia	East Asia	Latin America	Africa	Cambodia	Cameroon	Cape Verde	Cent. African Rep.	Chad	Côte d'Ivoire	Congo, Dem. Rep. of
Number of accounts												
No. of accounts per thousand adults[1]	463.87	512.27	854.91	618.12	240.21	32.08	78*	1138.98	21*	9*	71.41	2*
No. of accounts per thousand inhabitants[1]	317.23	363.50	825.30	389.00	158.70	20.30	..	694.92	..	..	41.85	..
Opening an account												
Number of documents required	2.82	2.75	2.00	2.52	3.05	4.00	3.60	2.00	3.00	3.00	5.00	2.00
Third-party reference required (average yes/no)	0.38	0.40	0.10	0.72	0.39	0.60	0.00	0.00	..	0.00	..	1.00
Index of accessibility (0–1)[1]	0.42	0.41	0.41	0.35	0.44	0.47	0.43	0.58	0.33	0.46	0.50	0.33
At least one nonbranch option to apply for an account (0–1)[1]	0.40	0.37	0.33	0.18	0.45	0.40	0.60	1.00	0.00	0.60	1.00	0.00
At least one electronic option (0–1)[1]	0.17	0.10	0.16	0.04	0.20	0.20	0.00	0.50	0.00	0.00	1.00	0.00
Application fee? (average yes/no)	0.10	0.00	0.10	0.11	0.11	0.20	0.20	0.00	0.00	0.00	1.00	0.67
Other costs? (average yes/no)	0.18	0.16	0.10	0.09	0.22	0.40	0.20	0.00	0.00	1.00	0.00	0.00
Days to open an account	1.29	1.41	0.81	1.44	1.36	1.00	0.80	0.50	1.00	1.80	1.00	1.50
Convenience features												
Index of convenience features (0–1)[1]	0.52	0.48	0.39	0.66	0.55	0.38	0.60	0.50	0.75	0.65	0.25	0.38
Index of free usage features (0–1)[1]	0.52	0.54	0.53	0.48	0.52	0.56	0.55	0.40	0.60	0.52	0.80	0.60
Minimum balance required when opening a standard account? (average yes/no)	0.90	0.97	0.89	1.00	0.87	1.00	0.80	1.00	1.00	1.00	1.00	1.00
Mean minimum deposit for a standard account (fraction GDP per capita)	0.26	0.09	0.05	0.03	0.43	0.10	0.33	0.05	0.83	0.81	0.11	3.97
Minimum balance required when opening a savings account? (average yes/no)	0.93	0.93	0.94	1.00	0.92	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Minimum ongoing balance needed for a savings account? (average yes/no)	0.71	0.85	0.64	0.68	0.71	0.60	1.00	0.50	1.00	0.50	1.00	0.50
Fees and costs for standard domestic transactions (% monthly income)												
Cost per checkbook issued	9.26	5.95	3.72	2.00	14.42	16.39	0.00	3.09	30.10	10.88	..	149.16
Annual fee for cash card/debit card	10.31	6.36	3.88	1.69	15.97	7.50	5.33	3.09	..	26.28	..	115.00
Cash card/debit card fees per transaction at merchants	0.16	0.05	0.02	0.08	0.22	0.00	0.52	..	..	..	..	0.00
Fee for issuing a banker's draft	20.41	10.32	4.34	2.92	30.44	23.43	0.00	2.47	132.82	..	..	115.00
Monthly fee for account maintenance	7.42	0.91	0.51	1.03	12.04	0.49	3.94	..	9.30	5.55	13.33	69.00
Fees and costs for standard domestic transactions (US$)												
Cost per checkbook issued	3.48	2.15	3.88	2.19	4.11	6.92	0.00	5.97	9.56	6.23	..	17.88
Annual fee for cash card/debit card	5.05	2.35	3.29	3.56	6.47	3.17	5.12	5.97	..	15.06	..	13.80
Cash card/debit card fees per transaction at merchants	0.13	0.03	0.02	0.08	0.18	0.00	0.50	..	..	..	..	0.00
Fee for issuing a banker's draft	7.76	2.99	7.52	4.79	9.56	9.90	0.00	4.78	42.16	..	..	13.80
Monthly fee for account maintenance	3.01	0.55	0.96	3.75	4.23	0.21	3.78	..	2.95	3.18	11.04	5.64
Fees and costs for remittances (% monthly income)												
Fee to send payment via bankers' draft, foreign currency	63.59	15.13	14.56	10.27	98.26	35.41	43.46	9.28	189.74	83.21	..	577.44
Fee to send payment via wire transfer	64.26	30.77	18.23	18.06	93.00	61.99	42.21	7.73	189.74	104.07	72.72	345.60
Fee to use money transfer operator to send money	65.05	28.57	12.06	4.37	84.37	30.69	17.92	17.32	..	58.94	..	120.00
Fee to receive a check issued abroad	54.06	7.75	12.50	4.76	86.13	73.80	37.30	6.19	24.19	90.73	35.15	576.00
Fee to receive payment via wire transfer	25.31	16.08	3.54	5.70	36.08	17.71	16.17	7.73	24.19	6.89	0.00	115.00
Fee to receive remittance through money transfer operator	19.17	4.80	1.17	0.00	29.37	0.00	0.00	17.32	..	0.00	..	0.00
Fees and costs for remittances (US$)												
Fee to send a $250 payment via banker's draft in foreign currency	23.14	6.12	17.26	0.90	31.82	14.96	41.76	17.91	60.23	47.68	..	69.24
Fee to send $250 payment via wire transfer	26.75	12.60	20.55	23.78	32.23	26.19	40.56	14.93	60.23	59.63	60.23	41.54
Fee to use money transfer operator to send $250	18.39	7.86	13.25	4.08	24.36	12.96	17.22	33.44	..	33.78	..	14.40
Fee to receive $250 check issued abroad	17.94	3.63	9.29	4.06	25.60	31.17	35.84	11.94	7.68	51.99	29.11	69.24
Fee to receive $250 payment via wire transfer	9.54	5.56	4.89	5.95	12.40	7.48	15.54	14.93	7.68	3.95	0.00	13.84
Fee to receive $250 remittance through money transfer operator	5.44	0.91	1.76	0.04	7.96	0.00	0.00	33.44	..	0.00	..	0.00

	All countries	South Asia	East Asia	Latin America	Africa	Cambodia	Cameroon	Cape Verde	Cent. African Rep.	Chad	Côte d'Ivoire	Congo, Dem. Rep. of
Domestic and cross-border payments, time indexes												
Domestic payment time index (0–1)*	0.49	0.56	0.39	0.45	0.51	0.45	0.64	0.44	..	0.27	0.62	0.36
Cross-border payment time index (0–1)*	0.44	0.38	0.40	0.43	0.46	0.41	0.43	0.45	0.26	0.51	0.46	0.30
Retail payments, availability and quality												
Range of payment services with standard bank account index (0–1)[1]	0.64	0.68	0.75	0.60	0.61	0.68	0.56	0.80	0.20	0.48	0.40	0.47
Mobile banking technology index (0–1)[1]	0.26	0.36	0.33	0.22	0.23	0.20	0.24	0.30	0.00	0.16	0.40	0.20
Network quality and interoperability index (0–1)[1]	0.62	0.69	0.76	0.83	0.54	0.20	0.72	0.80	0.00	0.00	0.40	0.53
Retail payment channels index (0–1)[1]	0.47	0.43	0.65	0.50	0.44	0.39	0.27	0.69	0.17	0.26	0.17	0.37
Credit												
Business loan processing time (days)	7.42	8.02	7.64	13.41	6.53	10.33	12.67	6.00	..	4.50	..	3.50
Startup loan processing fee (%)	0.89	0.38	0.54	0.92	1.07	0.67	0.80	1.63	..	0.30	..	0.56
Collateral-to-loan-value ratio (%)	88.32	96.12	80.14	73.82	90.45	75.00	100.00	105.00	..	100.00	..	85.00
Maximum terms for startup loan (years)	4.55	4.43	3.31	6.25	4.60	3.83	4.50	3.00	..	2.50	..	1.50
Index of business loan application complexity[1]	0.66	0.68	0.73	0.77	0.75	0.83	0.50	0.88	0.00	0.88	0.00	1.00
Index of collateral flexibility*	0.48	0.66	0.80	0.52	0.71	1.00	0.81	0.00	0.00	0.63	0.00	0.72
Basic banking												
No opening fee (average yes/no)	0.77	0.81	0.80	0.94	0.74	0.80	1.00	0.50	0.00	1.00	1.00	1.00
No monthly fee (average yes/no)	0.61	0.83	0.73	0.76	0.53	0.80	0.40	0.50	0.00	0.60	0.00	1.00
No minimum balance (average yes/no)	0.52	0.42	0.51	0.54	0.53	0.80	0.40	0.50	1.00	1.00	0.00	1.00
Basic package of free transactions (average yes/no)	0.56	0.60	0.58	0.66	0.54	0.40	1.00	0.50	0.00	0.80	0.00	1.00
Basic banking (0–1)*	0.61	0.67	0.64	0.73	0.59	0.70	0.70	0.50	0.25	0.85	0.25	1.00
Government policy (commercial bank response) (average yes/no)	0.57	0.70	0.62	0.36	0.56	0.60	0.40	0.00	1.00	0.60	0.00	0.00
Government, offering basic banking[1]	0.23	0.33	0.25	0.20	0.22	0.00	0.00	0.00	0.00	0.00	1.00	..
Government, exempt basic accounts from ID requirements[1]	0.06	0.17	0.13	0.00	0.03	0.00	0.00	0.00	0.00	0.00	0.00	..
Savings schemes												
Doorstep collection[1]	0.08	0.17	0.25	0.00	0.03	0.00	0.00	0.00	0.00	0.00	0.00	..
Government-matched savings[1]	0.02	0.00	0.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	..
Tax incentives for savings[1]	0.42	0.33	0.75	0.40	0.38	0.00	1.00	1.00	1.00	1.00	1.00	..
Periodic deposit[1]	0.40	0.53	0.48	0.46	0.36	1.00	0.00	0.20	1.00	0.40	0.00	..
Transparency and consumer protection												
Advising applicants index (0–1)[1]	0.46	0.58	0.56	0.40	0.42	0.00	0.50	0.00	0.50	0.50	1.00	..
Additional document requirements index (0–1)[1]	0.10	0.17	0.13	0.13	0.08	0.13	0.13	0.13	0.13	0.13	0.00	..
Guidelines on credit documents index (0 –1)[1]	0.71	0.67	0.72	0.90	0.68	0.25	1.00	1.00	1.00	1.00	1.00	..
Transparency and consumer protection index (0–1)[1]	0.40	0.60	0.50	0.40	0.33	0.08	0.58	0.42	0.58	0.58	0.25	..
Firms using bank loans (% all firms)												
Firms with bank loans	31.06	50.80	..	36.30	27.78	..	42.11	46.94	..	..	..	..
Firms that use loans for investment	16.25	12.71	23.95	10.83	15.70	6.76	18.02	25.51	..	..	..	..
Firms that use loans for expenses	28.20	34.47	33.27	28.16	25.58	5.77	41.86	19.39	..	..	..	..
Firms that view access to finance as constraint	35.62	27.76	15.11	22.06	46.17	9.39	68.02	38.78	..	..	..	..
Small and micro firms using bank loans (% firms)												
Small firms with bank loans	27.23	37.00	28.00	27.00	27.00	4.08	32.00	19.35	..	..	..	5.03
Micro firms with bank loans	20.33	34.00	21.00	22.00	19.00	3.49	22.58	18.92	..	..	..	3.68
Small firms that use loans for working capital	10.76	13.63	13.18	12.41	9.82	1.41	10.55	11.26	..	..	..	1.62
Micro firms that use loans for working capital	8.97	10.48	9.55	11.19	8.35	1.25	7.76	11.69	..	..	..	1.42
Small firms that use loans for investment	13.65	10.41	16.87	16.80	12.51	1.79	5.37	18.32	..	..	..	3.61
Micro firms that use loans for investment	11.20	6.25	13.77	15.27	10.06	1.79	4.75	15.14	..	..	..	2.90
Small firms that view access to finance as constraint	75.25	34.00	53.00	74.00	81.00	99.75	80.81	96.94	..	..	..	95.88
Micro firms that view access to finance as constraint	59.67	18.00	34.00	56.00	67.00	87.56	70.35	82.65	..	..	..	88.82

	All countries	South Asia	East Asia	Latin America	Africa	Cambodia	Cameroon	Cape Verde	Cent. African Rep.	Chad	Côte d'Ivoire	Congo, Dem. Rep. of
Demographic and socioeconomic variables												
Per capita GDP (US$)	2041.69	662.42	5486.02	3136.88	1334.40	501.22	1098.14	2207.17	362.87	654.95	946.51	143.97
Population (millions)	53.25	292.20	63.38	27.20	20.51	14.00	17.00	1.00	4.00	10.00	18.00	59.00
Percentage of the population aged 15 years and older	61.00	65.00	70.00	63.00	57.00	63.29	58.53	61.01	57.52	53.78	58.61	52.74
Population density (/sq km)	245.56	370.96	920.71	124.00	87.11	81.30	35.85	128.61	6.57	7.93	58.07	26.17
Urban population (%)	39.14	24.08	47.71	58.07	37.05	20.32	55.46	58.04	38.18	25.76	45.44	32.72
Literacy (15+)	64.17	53.40	85.79	79.46	58.89	70.47	67.90	81.22	48.57	25.65	48.73	67.17
Ratio of private credit to GDP	28.85	37.00	55.25	35.00	20.53	10.00	9.00	50.00	7.00	2.00	14.00	..
Banking assets covered (%)	68.35	68.67	64.88	49.80	72.06	74.00	66.00	..	100.00	100.00	18.00	24.00
Legal rights index	4.12	4.00	4.75	3.60	4.06	0.00	3.00	5.00	3.00	3.00	..	..
Credit information index	2.22	2.50	3.00	5.60	1.44	0.00	2.00	3.00	2.00	1.00	..	..

[1] Construction of index or variable explained in glossary of terms.

* Figures for accounts per thousand adults are imputed. See chapter 9.

Source: Getting Finance database.

	All countries	South Asia	East Asia	Latin America	Africa	El Salvador	Ethiopia	Gabon	Gambia, The	Ghana	Guatemala	Honduras
Number of accounts												
No. of accounts per thousand adults[1]	463.87	512.27	854.91	618.12	240.21	693.45	66*	183.24	164.81	204.12	909.72	624.80
No. of accounts per thousand inhabitants[1]	317.23	363.50	825.30	389.00	158.70	459.70	..	..	97.24	125.33	519.65	378.51
Opening an account												
Number of documents required	2.82	2.75	2.00	2.52	3.05	2.25	2.00	2.75	4.00	2.80	2.00	1.00
Third-party reference required (average yes/no)	0.38	0.40	0.10	0.72	0.39	0.25	0.00	0.00	0.67	0.60	0.67	1.00
Index of accessibility (0–1)[1]	0.42	0.41	0.41	0.35	0.44	0.25	0.33	0.33	0.39	0.37	0.33	0.40
At least one nonbranch option to apply for an account (0–1)[1]	0.40	0.37	0.33	0.18	0.45	0.00	0.00	0.00	0.25	0.40	0.00	0.40
At least one electronic option (0–1)[1]	0.17	0.10	0.16	0.04	0.20	0.00	0.00	0.00	0.25	0.20	0.00	0.20
Application fee? (average yes/no)	0.10	0.00	0.10	0.11	0.11	0.00	0.00	0.00	0.00	0.00	0.00	0.20
Other costs? (average yes/no)	0.18	0.16	0.10	0.09	0.22	0.25	0.00	0.00	0.33	0.40	0.00	0.20
Days to open an account	1.29	1.41	0.81	1.44	1.36	0.88	0.67	2.50	1.67	1.00	..	0.88
Convenience features												
Index of convenience features (0–1)[1]	0.52	0.48	0.39	0.66	0.55	0.50	0.15	0.56	0.42	0.65	0.00	0.65
Index of free usage features (0–1)[1]	0.52	0.54	0.53	0.48	0.52	0.40	0.28	0.40	0.40	0.40	..	0.56
Minimum balance required when opening a standard account? (average yes/no)	0.90	0.97	0.89	1.00	0.87	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Mean minimum deposit for a standard account (fraction GDP per capita)	0.26	0.09	0.05	0.03	0.43	0.00	0.02	0.11	0.33	0.06	0.03	0.02
Minimum balance required when opening a savings account? (average yes/no)	0.93	0.93	0.94	1.00	0.92	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Minimum ongoing balance needed for a savings account? (average yes/no)	0.71	0.85	0.64	0.68	0.71	0.25	0.40	1.00	1.00	0.60	..	0.80
Fees and costs for standard domestic transactions (% monthly income)												
Cost per checkbook issued	9.26	5.95	3.72	2.00	14.42	0.16	21.14	1.69	6.37	9.11	0.92	4.97
Annual fee for cash card/debit card	10.31	6.36	3.88	1.69	15.97	0.84	18.87	2.53	0.00	36.43	3.46	0.00
Cash card/debit card fees per transaction at merchants	0.16	0.05	0.02	0.08	0.22	0.00	0.00	0.00	0.00	..	0.00	0.40
Fee for issuing a banker's draft	20.41	10.32	4.34	2.92	30.44	0.05	5.28	1.35	48.49	18.21	2.02	3.47
Monthly fee for account maintenance	7.42	0.91	0.51	1.03	12.04	0.23	45.29	..	0.20	9.47	0.58	1.61
Fees and costs for standard domestic transactions (US$)												
Cost per checkbook issued	3.48	2.15	3.88	2.19	4.11	0.34	3.19	10.04	1.75	4.35	2.10	5.24
Annual fee for cash card/debit card	5.05	2.35	3.29	3.56	6.47	1.83	2.85	15.06	0.00	17.39	7.87	0.00
Cash card/debit card fees per transaction at merchants	0.13	0.03	0.02	0.08	0.18	0.00	0.00	0.00	0.00	..	0.00	0.42
Fee for issuing a banker's draft	7.76	2.99	7.52	4.79	9.56	0.11	0.80	8.03	13.30	8.70	4.59	3.65
Monthly fee for account maintenance	3.01	0.55	0.96	3.75	4.23	0.50	6.83	1.46	0.05	4.52	1.31	1.69
Fees and costs for remittances (% monthly income)												
Fee to send payment via bankers' draft, foreign currency	63.59	15.13	14.56	10.27	98.26	0.26	40.76	3.38	64.48	245.87	0.00	2.01
Fee to send payment via wire transfer	64.26	30.77	18.23	18.06	93.00	1.47	95.11	..	70.46	132.04	12.29	39.98
Fee to use money transfer operator to send money	65.05	28.57	12.06	4.37	84.37	1.10	..	..	..	56.91	0.06	10.45
Fee to receive a check issued abroad	54.06	7.75	12.50	4.76	86.13	0.68	18.12	2.99	16.25	145.70	0.00	4.77
Fee to receive payment via wire transfer	25.31	16.08	3.54	5.70	36.08	0.47	89.07	..	11.44	22.77	2.31	11.85
Fee to receive remittance through money transfer operator	19.17	4.80	1.17	0.00	29.37	0.00	41.52	..	0.00	0.00	0.06	..
Fees and costs for remittances (US$)												
Fee to send a $250 payment via banker's draft in foreign currency	23.14	6.12	17.26	0.90	31.82	0.57	6.15	20.08	17.68	99.67	0.00	2.12
Fee to send $250 payment via wire transfer	26.75	12.60	20.55	23.78	32.23	3.20	14.35	..	19.32	63.04	27.95	42.12
Fee to use money transfer operator to send $250	18.39	7.86	13.25	4.08	24.36	2.40	..	..	..	27.17	0.13	11.01
Fee to receive $250 check issued abroad	17.94	3.63	9.29	4.06	25.60	1.49	2.73	17.73	4.46	69.57	0.00	5.03
Fee to receive $250 payment via wire transfer	9.54	5.56	4.89	5.95	12.40	1.03	13.44	..	3.14	10.87	5.25	12.49
Fee to receive $250 remittance through money transfer operator	5.44	0.91	1.76	0.04	7.96	0.00	6.26	..	0.00	0.00	0.13	..

	All countries	South Asia	East Asia	Latin America	Africa	El Salvador	Ethiopia	Gabon	Gambia, The	Ghana	Guatemala	Honduras
Domestic and cross-border payments, time indexes												
Domestic payment time index (0–1)*	0.49	0.56	0.39	0.45	0.51	..	0.66	..	..	0.64	..	0.45
Cross-border payment time index (0–1)*	0.44	0.38	0.40	0.43	0.46	0.31	0.55	..	0.54	0.44	..	0.26
Retail payments, availability and quality												
Range of payment services with standard bank account index (0–1)[1]	0.64	0.68	0.75	0.60	0.61	0.65	0.40	0.65	0.40	0.56	0.13	0.84
Mobile banking technology index (0–1)[1]	0.26	0.36	0.33	0.22	0.23	0.30	0.12	0.00	0.40	0.16	0.00	0.60
Network quality and interoperability index (0–1)[1]	0.62	0.69	0.76	0.83	0.54	0.90	0.20	0.75	0.00	0.60	0.27	1.00
Retail payment channels index (0–1)[1]	0.47	0.43	0.65	0.50	0.44	0.47	0.33	0.60	0.38	0.38	0.06	0.64
Credit												
Business loan processing time (days)	7.42	8.02	7.64	13.41	6.53	12.50	7.00	1.00	7.33	5.00	15.00	11.13
Startup loan processing fee (%)	0.89	0.38	0.54	0.92	1.07	1.50	0.33	1.00	0.83	2.00	..	0.25
Collateral-to-loan-value ratio (%)	88.32	96.12	80.14	73.82	90.45	75.00	116.67	..	140.00	90.00	131.95	63.33
Maximum terms for startup loan (years)	4.55	4.43	3.31	6.25	4.60	6.00	6.00	..	2.33	5.00	5.00	9.00
Index of business loan application complexity[1]	0.66	0.68	0.73	0.77	0.75	0.88	0.33	0.00	0.75	0.88	0.00	0.50
Index of collateral flexibility*	0.48	0.66	0.80	0.52	0.71	0.00	0.44	0.89	0.56	0.00	0.00	0.00
Basic banking												
No opening fee (average yes/no)	0.77	0.81	0.80	0.94	0.74	0.75	0.60	0.75	1.00	0.80	..	1.00
No monthly fee (average yes/no)	0.61	0.83	0.73	0.76	0.53	0.75	0.60	0.75	0.67	1.00	..	0.80
No minimum balance (average yes/no)	0.52	0.42	0.51	0.54	0.53	0.25	0.40	0.25	1.00	1.00	..	0.40
Basic package of free transactions (average yes/no)	0.56	0.60	0.58	0.66	0.54	0.50	0.60	0.00	1.00	0.60	0.50	0.80
Basic banking (0–1)*	0.61	0.67	0.64	0.73	0.59	0.56	0.55	0.44	0.92	0.85	..	0.75
Government policy (commercial bank response) (average yes/no)	0.57	0.70	0.62	0.36	0.56	0.25	0.20	0.00	1.00	1.00	..	0.20
Government, offering basic banking[1]	0.23	0.33	0.25	0.20	0.22	0.00	..	0.00	0.00	0.00	0.00	0.00
Government, exempt basic accounts from ID requirements[1]	0.06	0.17	0.13	0.00	0.03	0.00	..	0.00	0.00	0.00	0.00	0.00
Savings schemes												
Doorstep collection[1]	0.08	0.17	0.25	0.00	0.03	0.00	..	0.00	0.00	1.00	0.00	0.00
Government-matched savings[1]	0.02	0.00	0.13	0.00	0.00	0.00	..	0.00	0.00	0.00	0.00	0.00
Tax incentives for savings[1]	0.42	0.33	0.75	0.40	0.38	1.00	..	1.00	0.00	0.00	0.00	0.00
Periodic deposit[1]	0.40	0.53	0.48	0.46	0.36	0.75	..	1.00	0.00	0.40	0.50	0.40
Transparency and consumer protection												
Advising applicants index (0–1)[1]	0.46	0.58	0.56	0.40	0.42	0.00	..	0.50	0.50	0.00	1.00	0.00
Additional document requirements index (0–1)[1]	0.10	0.17	0.13	0.13	0.08	0.13	..	0.13	0.00	0.00	0.13	0.25
Guidelines on credit documents index (0 –1)[1]	0.71	0.67	0.72	0.90	0.68	1.00	..	1.00	0.25	0.00	1.00	0.75
Transparency and consumer protection index (0–1)[1]	0.40	0.60	0.50	0.40	0.33	0.33	..	0.58	0.33	0.33	0.25	0.25
Firms using bank loans (% all firms)												
Firms with bank loans	31.06	50.80	..	36.30	27.78	48.93	..	..	16.55	22.18	33.56	46.87
Firms that use loans for investment	16.25	12.71	23.95	10.83	15.70	17.27	..	..	7.59	16.02	12.81	8.51
Firms that use loans for expenses	28.20	34.47	33.27	28.16	25.58	39.04	..	..	14.32	21.43	22.77	36.04
Firms that view access to finance as constraint	35.62	27.76	15.11	22.06	46.17	24.82	..	..	40.32	66.24	20.50	26.71
Small and micro firms using bank loans (% firms)												
Small firms with bank loans	27.23	37.00	28.00	27.00	27.00	42.46	32.95	..	13.29	12.26	26.61	32.89
Micro firms with bank loans	20.33	34.00	21.00	22.00	19.00	36.66	26.72	..	7.14	10.00	24.69	25.34
Small firms that use loans for working capital	10.76	13.63	13.18	12.41	9.82	21.26	17.67	..	4.51	3.56	10.12	16.38
Micro firms that use loans for working capital	8.97	10.48	9.55	11.19	8.35	19.84	14.16	..	3.29	2.79	10.53	12.71
Small firms that use loans for investment	13.65	10.41	16.87	16.80	12.51	27.53	5.41	..	8.00	3.11	16.32	16.10
Micro firms that use loans for investment	11.20	6.25	13.77	15.27	10.06	26.52	3.70	..	4.75	2.49	16.32	12.13
Small firms that view access to finance as constraint	75.25	34.00	53.00	74.00	81.00	71.66	81.94	..	92.53	94.97	71.51	69.91
Micro firms that view access to finance as constraint	59.67	18.00	34.00	56.00	67.00	51.19	65.91	..	75.86	86.36	50.69	54.63

	All countries	South Asia	East Asia	Latin America	Africa	El Salvador	Ethiopia	Gabon	Gambia, The	Ghana	Guatemala	Honduras
Demographic and socioeconomic variables												
Per capita GDP (US$)	2041.69	662.42	5486.02	3136.88	1334.40	2618.81	183.19	6790.60	328.90	572.95	2735.13	1255.61
Population (millions)	53.25	292.20	63.38	27.20	20.51	7.00	73.00	1.00	2.00	23.00	13.00	7.00
Percentage of the population aged 15 years and older	61.00	65.00	70.00	63.00	57.00	66.29	55.85	64.61	59.00	61.40	57.12	60.58
Population density (/sq km)	245.56	370.96	920.71	124.00	87.11	337.44	72.71	5.46	155.27	99.03	118.99	65.73
Urban population (%)	39.14	24.08	47.71	58.07	37.05	60.10	16.28	84.08	54.74	48.54	47.66	46.96
Literacy (15+)	64.17	53.40	85.79	79.46	58.89	80.64	35.90	84.02	43.00	57.90	69.10	80.01
Ratio of private credit to GDP	28.85	37.00	55.25	35.00	20.53	44.00	27.00	9.00	16.00	18.00	27.00	49.00
Banking assets covered (%)	68.35	68.67	64.88	49.80	72.06	60.00	94.00	100.00	..	61.00	32.00	65.00
Legal rights index	4.12	4.00	4.75	3.60	4.06	3.00	..	3.00	4.00	5.00	3.00	6.00
Credit information index	2.22	2.50	3.00	5.60	1.44	6.00	..	2.00	0.00	0.00	5.00	6.00

[1] Construction of index or variable explained in glossary of terms.

* Figures for accounts per thousand adults are imputed. See chapter 9.

Source: Getting Finance database.

	All countries	South Asia	East Asia	Latin America	Africa	India	Indonesia	Kenya	Lao PDR	Lesotho	Liberia	Madagascar
Number of accounts												
No. of accounts per thousand adults[1]	463.87	512.27	854.91	618.12	240.21	656.78	464.47	169.39	108*	306.95	35.97	30.63
No. of accounts per thousand inhabitants[1]	317.23	363.50	825.30	389.00	158.70	443.09	334.31	97.18	..	..	19.06	17.29
Opening an account												
Number of documents required	2.82	2.75	2.00	2.52	3.05	3.25	1.00	2.67	2.63	3.00	2.00	4.25
Third-party reference required (average yes/no)	0.38	0.40	0.10	0.72	0.39	0.60	0.00	0.33	0.20	0.40	0.40	0.25
Index of accessibility (0–1)[1]	0.42	0.41	0.41	0.35	0.44	0.43	0.37	0.53	0.30	0.33	0.37	0.33
At least one nonbranch option to apply for an account (0–1)[1]	0.40	0.37	0.33	0.18	0.45	0.40	0.20	0.67	0.20	0.00	0.20	0.00
At least one electronic option (0–1)[1]	0.17	0.10	0.16	0.04	0.20	0.00	0.00	0.50	0.00	0.00	0.20	0.00
Application fee? (average yes/no)	0.10	0.00	0.10	0.11	0.11	0.00	0.00	0.00	0.20	0.00	0.00	0.50
Other costs? (average yes/no)	0.18	0.16	0.10	0.09	0.22	0.00	0.20	0.17	0.20	0.00	0.00	0.00
Days to open an account	1.29	1.41	0.81	1.44	1.36	1.80	0.50	1.25	1.00	1.00	1.00	1.38
Convenience features												
Index of convenience features (0–1)[1]	0.52	0.48	0.39	0.66	0.55	0.75	0.38	0.79	0.30	0.50	0.10	0.56
Index of free usage features (0–1)[1]	0.52	0.54	0.53	0.48	0.52	0.56	0.48	0.57	0.48	0.36	0.20	0.70
Minimum balance required when opening a standard account? (average yes/no)	0.90	0.97	0.89	1.00	0.87	1.00	1.00	0.17	0.80	1.00	0.80	0.75
Mean minimum deposit for a standard account (fraction GDP per capita)	0.26	0.09	0.05	0.03	0.43	0.05	0.01	0.08	0.18	0.01	0.17	2.30
Minimum balance required when opening a savings account? (average yes/no)	0.93	0.93	0.94	1.00	0.92	1.00	1.00	0.67	1.00	1.00	0.80	0.75
Minimum ongoing balance needed for a savings account? (average yes/no)	0.71	0.85	0.64	0.68	0.71	1.00	1.00	0.60	1.00	0.60	0.60	0.50
Fees and costs for standard domestic transactions (% monthly income)												
Cost per checkbook issued	9.26	5.95	3.72	2.00	14.42	1.62	0.72	6.16	7.00	6.87	45.43	0.00
Annual fee for cash card/debit card	10.31	6.36	3.88	1.69	15.97	0.97	1.17	0.00	12.00	0.00	..	46.66
Cash card/debit card fees per transaction at merchants	0.16	0.05	0.02	0.08	0.22	0.00	0.10	0.03	..	0.43	..	0.00
Fee for issuing a banker's draft	20.41	10.32	4.34	2.92	30.44	1.30	2.67	11.04	2.00	16.11	42.99	1.17
Monthly fee for account maintenance	7.42	0.91	0.51	1.03	12.04	0.00	1.22	11.23	1.00	5.91	51.52	3.36
Fees and costs for standard domestic transactions (US$)												
Cost per checkbook issued	3.48	2.15	3.88	2.19	4.11	1.13	1.00	3.21	3.59	4.59	6.89	0.00
Annual fee for cash card/debit card	5.05	2.35	3.29	3.56	6.47	0.68	1.62	0.00	6.16	0.00	..	11.92
Cash card/debit card fees per transaction at merchants	0.13	0.03	0.02	0.08	0.18	0.00	0.14	0.01	..	0.29	..	0.00
Fee for issuing a banker's draft	7.76	2.99	7.52	4.79	9.56	0.90	3.70	5.76	1.03	10.76	6.52	0.30
Monthly fee for account maintenance	3.01	0.55	0.96	3.75	4.23	0.00	1.69	5.86	0.51	3.95	7.82	0.86
Fees and costs for remittances (% monthly income)												
Fee to send payment via bankers' draft, foreign currency	63.59	15.13	14.56	10.27	98.26	4.09	3.37	22.36	61.41	16.75	155.13	53.46
Fee to send payment via wire transfer	64.26	30.77	18.23	18.06	93.00	22.25	4.81	63.50	41.20	25.34	188.37	38.40
Fee to use money transfer operator to send money	65.05	28.57	12.06	4.37	84.37	0.00	4.11	338.20	44.84	..	137.40	..
Fee to receive a check issued abroad	54.06	7.75	12.50	4.76	86.13	15.82	1.92	24.02	8.29	25.77	182.83	19.44
Fee to receive payment via wire transfer	25.31	16.08	3.54	5.70	36.08	7.31	1.52	19.05	6.17	10.31	166.21	16.03
Fee to receive remittance through money transfer operator	19.17	4.80	1.17	0.00	29.37	0.00	1.30	5.19	3.90	8.59	0.00	0.00
Fees and costs for remittances (US$)												
Fee to send a $250 payment via banker's draft in foreign currency	23.14	6.12	17.26	0.90	31.82	2.85	4.66	11.67	31.50	11.19	23.53	13.65
Fee to send $250 payment via wire transfer	26.75	12.60	20.55	23.78	32.23	15.48	6.65	33.14	21.13	16.93	28.57	9.81
Fee to use money transfer operator to send $250	18.39	7.86	13.25	4.08	24.36	0.00	5.68	17.10	23.00	..	20.84	..
Fee to receive $250 check issued abroad	17.94	3.63	9.29	4.06	25.60	11.01	2.66	12.54	4.25	17.22	27.73	4.97
Fee to receive $250 payment via wire transfer	9.54	5.56	4.89	5.95	12.40	5.08	2.11	9.94	3.17	6.89	25.21	4.09
Fee to receive $250 remittance through money transfer operator	5.44	0.91	1.76	0.04	7.96	0.00	1.80	2.71	2.00	5.74	0.00	0.00

	All countries	South Asia	East Asia	Latin America	Africa	India	Indonesia	Kenya	Lao PDR	Lesotho	Liberia	Madagascar
Domestic and cross-border payments, time indexes												
Domestic payment time index (0–1)*	0.49	0.56	0.39	0.45	0.51	0.71	0.28	0.54	0.54	0.60	..	0.65
Cross-border payment time index (0–1)*	0.44	0.38	0.40	0.43	0.46	0.40	0.16	0.36	0.24	0.71	0.78	0.48
Retail payments, availability and quality												
Range of payment services with standard bank account index (0–1)[1]	0.64	0.68	0.75	0.60	0.61	0.80	0.80	0.83	0.40	0.52	0.60	0.55
Mobile banking technology index (0–1)[1]	0.26	0.36	0.33	0.22	0.23	0.32	1.00	0.40	0.04	0.00	0.32	0.15
Network quality and interoperability index (0–1)[1]	0.62	0.69	0.76	0.83	0.54	1.00	1.00	0.93	0.20	0.48	0.00	0.40
Retail payment channels index (0–1)[1]	0.47	0.43	0.65	0.50	0.44	0.60	0.61	0.62	0.30	0.33	0.24	0.31
Credit												
Business loan processing time (days)	7.42	8.02	7.64	13.41	6.53	4.75	3.00	6.00	7.00	2.25	17.50	10.67
Startup loan processing fee (%)	0.89	0.38	0.54	0.92	1.07	0.49	1.00	2.13	0.50	0.69	1.00	0.75
Collateral-to-loan-value ratio (%)	88.32	96.12	80.14	73.82	90.45	73.33	125.00	121.75	70.00	56.67	140.00	106.16
Maximum terms for startup loan (years)	4.55	4.43	3.31	6.25	4.60	5.00	3.00	4.00	3.00	4.33	1.75	5.00
Index of business loan application complexity[1]	0.66	0.68	0.73	0.77	0.75	0.42	1.00	0.81	0.65	1.00	0.92	0.75
Index of collateral flexibility*	0.48	0.66	0.80	0.52	0.71	0.33	0.00	0.70	0.67	0.89	0.00	0.00
Basic banking												
No opening fee (average yes/no)	0.77	0.81	0.80	0.94	0.74	1.00	0.40	1.00	0.20	0.60	0.40	0.33
No monthly fee (average yes/no)	0.61	0.83	0.73	0.76	0.53	1.00	0.20	1.00	0.20	0.40	1.00	0.00
No minimum balance (average yes/no)	0.52	0.42	0.51	0.54	0.53	1.00	0.20	0.33	0.00	0.20	0.60	0.50
Basic package of free transactions (average yes/no)	0.56	0.60	0.58	0.66	0.54	0.80	0.40	0.67	0.20	0.00	1.00	0.00
Basic banking (0–1)*	0.61	0.67	0.64	0.73	0.59	0.95	0.30	0.75	0.15	0.30	0.75	0.17
Government policy (commercial bank response) (average yes/no)	0.57	0.70	0.62	0.36	0.56	1.00	0.00	0.67	0.00	0.60	1.00	0.00
Government, offering basic banking[1]	0.23	0.33	0.25	0.20	0.22	1.00	0.00	0.00	0.00	0.00	0.00	0.00
Government, exempt basic accounts from ID requirements[1]	0.06	0.17	0.13	0.00	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Savings schemes												
Doorstep collection[1]	0.08	0.17	0.25	0.00	0.03	1.00	1.00	0.00	0.00	0.00	0.00	0.00
Government-matched savings[1]	0.02	0.00	0.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tax incentives for savings[1]	0.42	0.33	0.75	0.40	0.38	1.00	1.00	0.00	0.00	0.00	0.00	0.00
Periodic deposit[1]	0.40	0.53	0.48	0.46	0.36	1.00	0.20	0.17	0.00	0.40	0.20	0.25
Transparency and consumer protection												
Advising applicants index (0–1)[1]	0.46	0.58	0.56	0.40	0.42	1.00	1.00	0.00	0.00	0.00	0.00	1.00
Additional document requirements index (0–1)[1]	0.10	0.17	0.13	0.13	0.08	0.13	0.13	0.00	0.13	0.00	0.00	1.00
Guidelines on credit documents index (0 –1)[1]	0.71	0.67	0.72	0.90	0.68	0.25	1.00	0.50	1.00	0.00	0.00	1.00
Transparency and consumer protection index (0–1)[1]	0.40	0.60	0.50	0.40	0.33	0.83	0.67	0.25	0.75	0.00	0.17	0.50
Firms using bank loans (% all firms)												
Firms with bank loans	31.06	50.80	..	36.30	27.78	..	..	..	..	..	..	..
Firms that use loans for investment	16.25	12.71	23.95	10.83	15.70	19.41	13.88	25.70	13.82	6.67	..	12.97
Firms that use loans for expenses	28.20	34.47	33.27	28.16	25.58	33.92	29.73	43.66	17.89	13.33	..	19.80
Firms that view access to finance as constraint	35.62	27.76	15.11	22.06	46.17	15.83	17.53	44.07	19.11	39.44	..	59.14
Small and micro firms using bank loans (% firms)												
Small firms with bank loans	27.23	37.00	28.00	27.00	27.00	..	15.10	52.76	..	..	..	12.78
Micro firms with bank loans	20.33	34.00	21.00	22.00	19.00	..	5.41	48.61	..	..	..	10.58
Small firms that use loans for working capital	10.76	13.63	13.18	12.41	9.82	..	7.51	27.93	..	..	..	6.28
Micro firms that use loans for working capital	8.97	10.48	9.55	11.19	8.35	..	2.57	28.53	..	..	..	4.47
Small firms that use loans for investment	13.65	10.41	16.87	16.80	12.51	..	8.02	38.04	..	..	..	10.68
Micro firms that use loans for investment	11.20	6.25	13.77	15.27	10.06	..	3.21	38.72	..	..	..	7.65
Small firms that view access to finance as constraint	75.25	34.00	53.00	74.00	81.00	..	36.89	56.30	..	..	..	71.68
Micro firms that view access to finance as constraint	59.67	18.00	34.00	56.00	67.00	..	8.27	43.33	..	..	..	53.41

	All countries	South Asia	East Asia	Latin America	Africa	India	Indonesia	Kenya	Lao PDR	Lesotho	Liberia	Madagascar
Demographic and socioeconomic variables												
Per capita GDP (US$)	2041.69	662.42	5486.02	3136.88	1334.40	816.63	1634.22	602.96	590.46	825.05	186.68	288.10
Population (millions)	53.25	292.20	63.38	27.20	20.51	1110.00	223.00	35.00	6.00	2.00	3.00	19.00
Percentage of the population aged 15 years and older	61.00	65.00	70.00	63.00	57.00	67.46	71.98	57.37	61.05	59.86	52.99	56.44
Population density (/sq km)	245.56	370.96	920.71	124.00	87.11	373.27	123.12	61.75	24.95	58.94	35.09	32.82
Urban population (%)	39.14	24.08	47.71	58.07	37.05	28.98	49.22	21.00	21.00	18.98	58.78	27.08
Literacy (15+)	64.17	53.40	85.79	79.46	58.89	61.01	90.38	73.61	68.73	82.22	51.94	70.68
Ratio of private credit to GDP	28.85	37.00	55.25	35.00	20.53	46.00	25.00	28.00	6.00	9.00	8.00	10.00
Banking assets covered (%)	68.35	68.67	64.88	49.80	72.06	47.00	32.00	61.00	100.00	100.00	100.00	..
Legal rights index	4.12	4.00	4.75	3.60	4.06	6.00	5.00	8.00	2.00	5.00	4.00	1.00
Credit information index	2.22	2.50	3.00	5.60	1.44	4.00	3.00	4.00	0.00	0.00	0.00	0.00

[1] Construction of index or variable explained in glossary of terms.

* Figures for accounts per thousand adults are imputed. See chapter 9.

Source: Getting Finance database.

	All countries	South Asia	East Asia	Latin America	Africa	Malawi	Malaysia	Mali	Mauritius	Mexico	Mozambique	Namibia
Number of accounts												
No. of accounts per thousand adults[1]	463.87	512.27	854.91	618.12	240.21	107.72	2176.89	76.24	2011.11	630.69	102.68	322.69
No. of accounts per thousand inhabitants[1]	317.23	363.50	825.30	389.00	158.70	57.05	1503.11	39.93	1528.25	440.09	..	199.07
Opening an account												
Number of documents required	2.82	2.75	2.00	2.52	3.05	2.75	1.20	3.25	2.00	2.33	2.00	3.00
Third-party reference required (average yes/no)	0.38	0.40	0.10	0.72	0.39	0.80	0.00	0.00	0.00	0.67	0.40	0.67
Index of accessibility (0–1)[1]	0.42	0.41	0.41	0.35	0.44	0.37	0.37	0.50	0.50	0.33	0.27	0.67
At least one nonbranch option to apply for an account (0–1)[1]	0.40	0.37	0.33	0.18	0.45	0.60	0.20	0.50	0.67	0.00	0.00	0.50
At least one electronic option (0–1)[1]	0.17	0.10	0.16	0.04	0.20	0.20	0.20	0.00	0.67	0.00	0.00	0.50
Application fee? (average yes/no)	0.10	0.00	0.10	0.11	0.11	0.00	0.00	0.50	0.00	0.33	0.00	0.00
Other costs? (average yes/no)	0.18	0.16	0.10	0.09	0.22	0.25	0.00	0.25	0.00	0.00	0.00	0.67
Days to open an account	1.29	1.41	0.81	1.44	1.36	2.33	0.50	1.50	1.50	3.00	1.00	1.00
Convenience features												
Index of convenience features (0–1)[1]	0.52	0.48	0.39	0.66	0.55	0.75	0.25	0.67	0.50	0.75	0.55	0.67
Index of free usage features (0–1)[1]	0.52	0.54	0.53	0.48	0.52	0.32	0.48	0.65	0.53	0.47	0.28	0.33
Minimum balance required when opening a standard account? (average yes/no)	0.90	0.97	0.89	1.00	0.87	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Mean minimum deposit for a standard account (fraction GDP per capita)	0.26	0.09	0.05	0.03	0.43	0.12	0.01	0.22	0.02	0.02	0.12	0.01
Minimum balance required when opening a savings account? (average yes/no)	0.93	0.93	0.94	1.00	0.92	1.00	1.00	1.00	1.00	1.00	0.75	1.00
Minimum ongoing balance needed for a savings account? (average yes/no)	0.71	0.85	0.64	0.68	0.71	0.60	1.00	1.00	0.33	0.67	0.00	0.67
Fees and costs for standard domestic transactions (% monthly income)												
Cost per checkbook issued	9.26	5.95	3.72	2.00	14.42	33.20	0.28	1.69	0.54	0.00	20.68	1.54
Annual fee for cash card/debit card	10.31	6.36	3.88	1.69	15.97	0.78	1.08	26.92	0.00	0.79	35.34	0.00
Cash card/debit card fees per transaction at merchants	0.16	0.05	0.02	0.08	0.22	0.00	0.00	..	0.00	0.00	0.00	0.17
Fee for issuing a banker's draft	20.41	10.32	4.34	2.92	30.44	70.26	0.17	0.00	0.77	1.37	13.09	4.91
Monthly fee for account maintenance	7.42	0.91	0.51	1.03	12.04	23.42	0.44	10.77	0.19	1.71	3.40	0.00
Fees and costs for standard domestic transactions (US$)												
Cost per checkbook issued	3.48	2.15	3.88	2.19	4.11	4.58	1.42	0.63	2.04	0.00	6.08	3.87
Annual fee for cash card/debit card	5.05	2.35	3.29	3.56	6.47	0.11	5.38	10.04	0.00	5.33	10.40	0.00
Cash card/debit card fees per transaction at merchants	0.13	0.03	0.02	0.08	0.18	0.00	0.00	..	0.00	0.00	0.00	0.43
Fee for issuing a banker's draft	7.76	2.99	7.52	4.79	9.56	9.69	0.85	0.00	2.91	9.19	3.85	12.34
Monthly fee for account maintenance	3.01	0.55	0.96	3.75	4.23	3.23	2.18	4.02	0.73	11.49	1.00	0.00
Fees and costs for remittances (% monthly income)												
Fee to send payment via bankers' draft, foreign currency	63.59	15.13	14.56	10.27	98.26	184.54	0.28	..	1.44	..	103.79	15.86
Fee to send payment via wire transfer	64.26	30.77	18.23	18.06	93.00	323.13	1.47	..	2.21	3.69	119.76	15.86
Fee to use money transfer operator to send money	65.05	28.57	12.06	4.37	84.37	249.75	0.79	82.28	2.11	..	2.62	..
Fee to receive a check issued abroad	54.06	7.75	12.50	4.76	86.13	117.98	1.58	80.76	0.96	0.56	29.45	15.86
Fee to receive payment via wire transfer	25.31	16.08	3.54	5.70	36.08	84.10	1.47	67.30	0.67	0.60	8.90	15.86
Fee to receive remittance through money transfer operator	19.17	4.80	1.17	0.00	29.37	74.26	0.85	82.28	0.77	0.00	52.35	..
Fees and costs for remittances (US$)												
Fee to send a $250 payment via banker's draft in foreign currency	23.14	6.12	17.26	0.90	31.82	25.45	1.42	..	5.47	..	30.54	39.89
Fee to send $250 payment via wire transfer	26.75	12.60	20.55	23.78	32.23	44.56	7.37	..	8.39	24.82	35.23	39.89
Fee to use money transfer operator to send $250	18.39	7.86	13.25	4.08	24.36	34.44	3.97	30.68	8.01	..	0.77	..
Fee to receive $250 check issued abroad	17.94	3.63	9.29	4.06	25.60	16.27	7.93	30.12	3.64	3.79	8.66	39.89
Fee to receive $250 payment via wire transfer	9.54	5.56	4.89	5.95	12.40	11.60	7.37	25.10	2.56	4.04	2.62	39.89
Fee to receive $250 remittance through money transfer operator	5.44	0.91	1.76	0.04	7.96	10.24	4.25	30.68	2.91	0.00	15.40	..

	All countries	South Asia	East Asia	Latin America	Africa	Malawi	Malaysia	Mali	Mauritius	Mexico	Mozambique	Namibia
Domestic and cross-border payments, time indexes												
Domestic payment time index (0–1)*	0.49	0.56	0.39	0.45	0.51	0.58	0.32	0.50	0.45	0.44	0.41	0.54
Cross-border payment time index (0–1)*	0.44	0.38	0.40	0.43	0.46	0.60	0.45	0.41	0.76	0.29	0.28	0.32
Retail payments, availability and quality												
Range of payment services with standard bank account index (0–1)[1]	0.64	0.68	0.75	0.60	0.61	0.44	0.84	0.55	0.87	0.80	0.76	0.70
Mobile banking technology index (0–1)[1]	0.26	0.36	0.33	0.22	0.23	0.08	0.28	0.20	0.33	0.20	0.32	0.40
Network quality and interoperability index (0–1)[1]	0.62	0.69	0.76	0.83	0.54	0.48	1.00	0.35	1.00	1.00	0.80	0.75
Retail payment channels index (0–1)[1]	0.47	0.43	0.65	0.50	0.44	0.51	0.78	0.32	0.43	0.63	0.66	0.60
Credit												
Business loan processing time (days)	7.42	8.02	7.64	13.41	6.53	6.00	3.00	8.00	5.00	..	6.75	9.67
Startup loan processing fee (%)	0.89	0.38	0.54	0.92	1.07	1.25	0.00	1.25	0.67	..	0.77	0.11
Collateral-to-loan-value ratio (%)	88.32	96.12	80.14	73.82	90.45	123.33	60.00	110.00	100.00	..	43.36	35.00
Maximum terms for startup loan (years)	4.55	4.43	3.31	6.25	4.60	3.33	..	8.00	6.83	..	5.50	11.00
Index of business loan application complexity[1]	0.66	0.68	0.73	0.77	0.75	0.92	0.75	0.50	0.58	0.00	1.00	0.75
Index of collateral flexibility*	0.48	0.66	0.80	0.52	0.71	0.44	0.67	0.67	0.83	0.00	0.44	0.00
Basic banking												
No opening fee (average yes/no)	0.77	0.81	0.80	0.94	0.74	0.60	1.00	0.75	1.00	1.00	0.80	0.50
No monthly fee (average yes/no)	0.61	0.83	0.73	0.76	0.53	0.60	1.00	0.75	1.00	1.00	0.40	0.33
No minimum balance (average yes/no)	0.52	0.42	0.51	0.54	0.53	0.40	0.80	0.25	0.67	1.00	0.60	0.00
Basic package of free transactions (average yes/no)	0.56	0.60	0.58	0.66	0.54	0.80	1.00	0.75	0.67	1.00	0.20	1.00
Basic banking (0–1)*	0.61	0.67	0.64	0.73	0.59	0.60	0.95	0.63	0.83	1.00	0.50	0.50
Government policy (commercial bank response) (average yes/no)	0.57	0.70	0.62	0.36	0.56	0.60	1.00	0.25	0.33	1.00	0.80	1.00
Government, offering basic banking[1]	0.23	0.33	0.25	0.20	0.22	0.00	1.00	1.00	0.00	1.00	1.00	0.00
Government, exempt basic accounts from ID requirements[1]	0.06	0.17	0.13	0.00	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Savings schemes												
Doorstep collection[1]	0.08	0.17	0.25	0.00	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Government-matched savings[1]	0.02	0.00	0.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tax incentives for savings[1]	0.42	0.33	0.75	0.40	0.38	0.00	1.00	1.00	0.00	1.00	0.00	0.00
Periodic deposit[1]	0.40	0.53	0.48	0.46	0.36	0.00	0.60	0.50	0.00	0.67	0.20	0.67
Transparency and consumer protection												
Advising applicants index (0–1)[1]	0.46	0.58	0.56	0.40	0.42	0.00	1.00	1.00	0.50	0.50	0.00	0.00
Additional document requirements index (0–1)[1]	0.10	0.17	0.13	0.13	0.08	0.00	0.00	0.00	0.00	0.00	0.00	0.38
Guidelines on credit documents index (0 –1)[1]	0.71	0.67	0.72	0.90	0.68	0.00	0.50	1.00	0.75	0.75	1.00	0.50
Transparency and consumer protection index (0–1)[1]	0.40	0.60	0.50	0.40	0.33	0.00	0.58	0.25	0.58	0.67	0.08	0.50
Firms using bank loans (% all firms)												
Firms with bank loans	31.06	50.80	..	36.30	27.78	29.56	..	..	..	11.39	..	24.00
Firms that use loans for investment	16.25	12.71	23.95	10.83	15.70	20.62	23.84	16.77	36.32	2.61	..	8.07
Firms that use loans for expenses	28.20	34.47	33.27	28.16	25.58	33.75	51.77	21.29	53.30	5.93	..	19.54
Firms that view access to finance as constraint	35.62	27.76	15.11	22.06	46.17	42.77	17.77	56.29	33.00	15.09	..	18.43
Small and micro firms using bank loans (% firms)												
Small firms with bank loans	27.23	37.00	28.00	27.00	27.00	23.19	..	20.97	52.27	6.97	..	19.00
Micro firms with bank loans	20.33	34.00	21.00	22.00	19.00	9.52	..	13.33	52.63	5.24	..	18.07
Small firms that use loans for working capital	10.76	13.63	13.18	12.41	9.82	9.52	..	7.28	28.94	2.11	..	6.65
Micro firms that use loans for working capital	8.97	10.48	9.55	11.19	8.35	2.62	..	4.22	32.89	1.74	..	5.89
Small firms that use loans for investment	13.65	10.41	16.87	16.80	12.51	13.16	..	10.74	29.86	5.41	..	18.12
Micro firms that use loans for investment	11.20	6.25	13.77	15.27	10.06	8.00	..	7.33	27.76	4.67	..	15.37
Small firms that view access to finance as constraint	75.25	34.00	53.00	74.00	81.00	53.46	..	90.07	55.67	74.93	..	92.40
Micro firms that view access to finance as constraint	59.67	18.00	34.00	56.00	67.00	30.82	..	72.85	34.98	56.82	..	77.51

	All countries	South Asia	East Asia	Latin America	Africa	Malawi	Malaysia	Mali	Mauritius	Mexico	Mozambique	Namibia
Demographic and socioeconomic variables												
Per capita GDP (US$)	2041.69	662.42	5486.02	3136.88	1334.40	169.57	5778.80	426.21	5144.27	8052.09	377.68	3107.05
Population (millions)	53.25	292.20	63.38	27.20	20.51	13.00	26.00	14.00	1.00	104.00	20.00	2.00
Percentage of the population aged 15 years and older	61.00	65.00	70.00	63.00	57.00	52.96	69.05	52.37	75.99	69.78	55.69	61.69
Population density (/sq km)	245.56	370.96	920.71	124.00	87.11	139.91	78.43	11.40	617.46	54.60	25.69	2.49
Urban population (%)	39.14	24.08	47.71	58.07	37.05	17.66	68.20	31.06	42.48	76.26	35.28	35.68
Literacy (15+)	64.17	53.40	85.79	79.46	58.89	64.13	88.69	21.52	84.30	90.85	39.00	85.04
Ratio of private credit to GDP	28.85	37.00	55.25	35.00	20.53	12.00	113.00	17.00	78.00	22.00	12.00	64.00
Banking assets covered (%)	68.35	68.67	64.88	49.80	72.06	64.00	56.00	70.00	59.00	49.00	93.00	65.00
Legal rights index	4.12	4.00	4.75	3.60	4.06	7.00	8.00	3.00	5.00	3.00	3.00	5.00
Credit information index	2.22	2.50	3.00	5.60	1.44	0.00	6.00	1.00	1.00	6.00	3.00	5.00

[1] Construction of index or variable explained in glossary of terms.

* Figures for accounts per thousand adults are imputed. See chapter 9.

Source: Getting Finance database.

	All countries	South Asia	East Asia	Latin America	Africa	Nepal	Nicaragua	Niger	Nigeria	Pakistan	Philippines	Rwanda
Number of accounts												
No. of accounts per thousand adults[1]	463.87	512.27	854.91	618.12	240.21	178.81	231.95	15.53	185.05	268.32	565.95	34.86
No. of accounts per thousand inhabitants[1]	317.23	363.50	825.30	389.00	158.70	110.40	145.63	8.08	103.45	170.73	363.26	19.84
Opening an account												
Number of documents required	2.82	2.75	2.00	2.52	3.05	2.25	5.00	3.40	2.60	2.00	2.20	2.00
Third-party reference required (average yes/no)	0.38	0.40	0.10	0.72	0.39	0.20	1.00	0.00	0.20	0.00	0.00	0.50
Index of accessibility (0–1)[1]	0.42	0.41	0.41	0.35	0.44	0.40	0.42	0.47	0.47	0.27	0.33	0.42
At least one nonbranch option to apply for an account (0–1)[1]	0.40	0.37	0.33	0.18	0.45	0.40	0.50	0.40	0.40	0.00	0.00	0.50
At least one electronic option (0–1)[1]	0.17	0.10	0.16	0.04	0.20	0.00	0.00	0.20	0.40	0.00	0.00	0.50
Application fee? (average yes/no)	0.10	0.00	0.10	0.11	0.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other costs? (average yes/no)	0.18	0.16	0.10	0.09	0.22	0.00	0.00	0.00	0.60	0.60	0.00	0.50
Days to open an account	1.29	1.41	0.81	1.44	1.36	1.00	1.00	0.80	1.80	2.63	1.00	1.00
Convenience features												
Index of convenience features (0–1)[1]	0.52	0.48	0.39	0.66	0.55	0.70	0.75	0.40	0.50	0.50	0.35	0.63
Index of free usage features (0–1)[1]	0.52	0.54	0.53	0.48	0.52	0.65	0.50	0.64	0.60	0.60	0.60	0.70
Minimum balance required when opening a standard account? (average yes/no)	0.90	0.97	0.89	1.00	0.87	1.00	1.00	0.80	1.00	1.00	0.80	0.00
Mean minimum deposit for a standard account (fraction GDP per capita)	0.26	0.09	0.05	0.03	0.43	0.16	0.08	0.49	0.05	0.10	0.01	0.00
Minimum balance required when opening a savings account? (average yes/no)	0.93	0.93	0.94	1.00	0.92	1.00	1.00	0.80	1.00	0.80	1.00	1.00
Minimum ongoing balance needed for a savings account? (average yes/no)	0.71	0.85	0.64	0.68	0.71	0.80	1.00	1.00	0.60	1.00	0.60	0.50
Fees and costs for standard domestic transactions (% monthly income)												
Cost per checkbook issued	9.26	5.95	3.72	2.00	14.42	3.42	3.94	0.00	8.20	2.10	3.10	17.34
Annual fee for cash card/debit card	10.31	6.36	3.88	1.69	15.97	19.93	3.34	0.00	5.71	5.44	0.00	..
Cash card/debit card fees per transaction at merchants	0.16	0.05	0.02	0.08	0.22	0.00	0.00	0.00	0.00	0.20	0.00	..
Fee for issuing a banker's draft	20.41	10.32	4.34	2.92	30.44	12.13	7.68	190.44	2.16	1.73	0.47	..
Monthly fee for account maintenance	7.42	0.91	0.51	1.03	12.04	0.00	..	28.25	0.25	0.41	0.34	6.45
Fees and costs for standard domestic transactions (US$)												
Cost per checkbook issued	3.48	2.15	3.88	2.19	4.11	0.84	3.28	0.00	5.38	1.40	3.72	3.92
Annual fee for cash card/debit card	5.05	2.35	3.29	3.56	6.47	4.92	2.78	0.00	3.74	3.61	0.00	..
Cash card/debit card fees per transaction at merchants	0.13	0.03	0.02	0.08	0.18	0.00	0.00	0.00	0.00	0.13	0.00	..
Fee for issuing a banker's draft	7.76	2.99	7.52	4.79	9.56	3.00	6.39	40.96	1.42	1.15	0.57	..
Monthly fee for account maintenance	3.01	0.55	0.96	3.75	4.23	0.00	..	6.08	0.16	0.27	0.41	1.46
Fees and costs for remittances (% monthly income)												
Fee to send payment via bankers' draft, foreign currency	63.59	15.13	14.56	10.27	98.26	20.33	..	297.98	57.90	15.58	6.97	335.77
Fee to send payment via wire transfer	64.26	30.77	18.23	18.06	93.00	36.78	25.05	243.19	71.33	23.80	11.35	248.12
Fee to use money transfer operator to send money	65.05	28.57	12.06	4.37	84.37	..	3.34	150.21	..	11.58	8.56	235.21
Fee to receive a check issued abroad	54.06	7.75	12.50	4.76	86.13	21.35	12.02	210.12	82.27	4.85	2.98	223.36
Fee to receive payment via wire transfer	25.31	16.08	3.54	5.70	36.08	28.47	8.35	22.87	17.12	2.47	3.38	223.36
Fee to receive remittance through money transfer operator	19.17	4.80	1.17	0.00	29.37	6.83	..	0.00	0.00	2.47	2.10	223.36
Fees and costs for remittances (US$)												
Fee to send a $250 payment via banker's draft in foreign currency	23.14	6.12	17.26	0.90	31.82	5.02	..	64.09	37.97	10.34	8.39	75.90
Fee to send $250 payment via wire transfer	26.75	12.60	20.55	23.78	32.23	9.09	20.83	52.30	46.78	15.79	13.66	56.08
Fee to use money transfer operator to send $250	18.39	7.86	13.25	4.08	24.36	..	2.78	32.31	..	7.68	10.30	53.17
Fee to receive $250 check issued abroad	17.94	3.63	9.29	4.06	25.60	5.27	10.00	45.19	53.95	3.22	3.58	50.49
Fee to receive $250 payment via wire transfer	9.54	5.56	4.89	5.95	12.40	7.03	6.94	4.92	11.23	1.64	4.07	50.49
Fee to receive $250 remittance through money transfer operator	5.44	0.91	1.76	0.04	7.96	1.69	..	0.00	0.00	1.64	2.52	50.49

	All countries	South Asia	East Asia	Latin America	Africa	Nepal	Nicaragua	Niger	Nigeria	Pakistan	Philippines	Rwanda
Domestic and cross-border payments, time indexes												
Domestic payment time index (0–1)*	0.49	0.56	0.39	0.45	0.51	0.52	..	0.29	0.49	0.62	0.39	0.66
Cross-border payment time index (0–1)*	0.44	0.38	0.40	0.43	0.46	0.27	0.84	0.40	0.38	0.52	0.67	0.38
Retail payments, availability and quality												
Range of payment services with standard bank account index (0–1)[1]	0.64	0.68	0.75	0.60	0.61	0.68	0.60	0.40	0.88	0.76	0.68	0.70
Mobile banking technology index (0–1)[1]	0.26	0.36	0.33	0.22	0.23	0.52	0.00	0.12	0.60	0.32	0.32	0.00
Network quality and interoperability index (0–1)[1]	0.62	0.69	0.76	0.83	0.54	0.72	1.00	0.08	1.00	1.00	1.00	1.00
Retail payment channels index (0–1)[1]	0.47	0.43	0.65	0.50	0.44	0.38	0.72	0.18	0.70	0.48	0.83	0.39
Credit												
Business loan processing time (days)	7.42	8.02	7.64	13.41	6.53	7.50	15.00	7.67	8.67	11.67	5.00	10.00
Startup loan processing fee (%)	0.89	0.38	0.54	0.92	1.07	0.75	1.00	0.00	1.46	0.24	0.11	1.00
Collateral-to-loan-value ratio (%)	88.32	96.12	80.14	73.82	90.45	110.75	25.00	100.00	72.50	136.67	70.00	60.00
Maximum terms for startup loan (years)	4.55	4.43	3.31	6.25	4.60	4.33	5.00	4.00	3.00	5.33	4.00	..
Index of business loan application complexity[1]	0.66	0.68	0.73	0.77	0.75	0.67	1.00	0.33	0.92	0.67	0.88	0.75
Index of collateral flexibility*	0.48	0.66	0.80	0.52	0.71	0.67	0.00	0.89	0.83	0.83	0.94	0.00
Basic banking												
No opening fee (average yes/no)	0.77	0.81	0.80	0.94	0.74	0.20	1.00	0.80	0.60	1.00	1.00	1.00
No monthly fee (average yes/no)	0.61	0.83	0.73	0.76	0.53	0.20	0.50	0.40	0.40	1.00	1.00	0.50
No minimum balance (average yes/no)	0.52	0.42	0.51	0.54	0.53	0.00	0.50	0.40	0.40	0.60	0.80	0.50
Basic package of free transactions (average yes/no)	0.56	0.60	0.58	0.66	0.54	0.20	0.50	1.00	0.20	1.00	1.00	1.00
Basic banking (0–1)*	0.61	0.67	0.64	0.73	0.59	0.15	0.63	0.65	0.40	0.90	0.95	0.75
Government policy (commercial bank response) (average yes/no)	0.57	0.70	0.62	0.36	0.56	0.20	0.00	1.00	0.80	1.00	1.00	1.00
Government, offering basic banking[1]	0.23	0.33	0.25	0.20	0.22	0.00	0.00	1.00	0.00	1.00	0.00	0.00
Government, exempt basic accounts from ID requirements[1]	0.06	0.17	0.13	0.00	0.03	0.00	0.00	0.00	0.00	0.00	1.00	0.00
Savings schemes												
Doorstep collection[1]	0.08	0.17	0.25	0.00	0.03	0.00	0.00	0.00	0.00	0.00	1.00	0.00
Government-matched savings[1]	0.02	0.00	0.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tax incentives for savings[1]	0.42	0.33	0.75	0.40	0.38	0.00	0.00	1.00	0.00	0.00	1.00	0.00
Periodic deposit[1]	0.40	0.53	0.48	0.46	0.36	0.20	0.00	0.20	0.20	0.00	0.40	0.50
Transparency and consumer protection												
Advising applicants index (0–1)[1]	0.46	0.58	0.56	0.40	0.42	1.00	0.50	1.00	0.00	0.50	0.50	0.00
Additional document requirements index (0–1)[1]	0.10	0.17	0.13	0.13	0.08	0.00	0.13	0.00	0.13	0.13	0.13	0.00
Guidelines on credit documents index (0 –1)[1]	0.71	0.67	0.72	0.90	0.68	1.00	1.00	1.00	0.50	0.75	1.00	1.00
Transparency and consumer protection index (0–1)[1]	0.40	0.60	0.50	0.40	0.33	0.42	0.50	0.25	0.58	0.67	0.42	0.00
Firms using bank loans (% all firms)												
Firms with bank loans	31.06	50.80	..	36.30	27.78	..	40.73	48.00	..	..	..	37.58
Firms that use loans for investment	16.25	12.71	23.95	10.83	15.70	..	12.97	14.40	..	3.63	5.45	15.90
Firms that use loans for expenses	28.20	34.47	33.27	28.16	25.58	..	37.04	26.40	..	13.99	17.18	32.50
Firms that view access to finance as constraint	35.62	27.76	15.11	22.06	46.17	..	23.16	55.65	..	37.55	13.52	35.95
Small and micro firms using bank loans (% firms)												
Small firms with bank loans	27.23	37.00	28.00	27.00	27.00	..	24.68	28.70	..	..	15.62	27.51
Micro firms with bank loans	20.33	34.00	21.00	22.00	19.00	..	20.46	27.37	..	..	13.46	19.62
Small firms that use loans for working capital	10.76	13.63	13.18	12.41	9.82	..	12.17	11.35	..	..	6.25	12.55
Micro firms that use loans for working capital	8.97	10.48	9.55	11.19	8.35	..	11.11	10.92	..	..	5.01	9.92
Small firms that use loans for investment	13.65	10.41	16.87	16.80	12.51	..	18.61	7.71	..	..	7.93	16.18
Micro firms that use loans for investment	11.20	6.25	13.77	15.27	10.06	..	16.72	4.58	..	..	6.45	12.28
Small firms that view access to finance as constraint	75.25	34.00	53.00	74.00	81.00	..	84.29	93.55	..	..	51.60	89.62
Micro firms that view access to finance as constraint	59.67	18.00	34.00	56.00	67.00	..	67.09	83.87	..	..	34.74	78.30

	All countries	South Asia	East Asia	Latin America	Africa	Nepal	Nicaragua	Niger	Nigeria	Pakistan	Philippines	Rwanda
Demographic and socioeconomic variables												
Per capita GDP (US$)	2041.69	662.42	5486.02	3136.88	1334.40	291.13	1022.77	245.83	792.41	810.05	1381.96	269.79
Population (millions)	53.25	292.20	63.38	27.20	20.51	28.00	5.00	14.00	145.00	159.00	85.00	9.00
Percentage of the population aged 15 years and older	61.00	65.00	70.00	63.00	57.00	61.54	62.79	52.02	55.90	63.63	64.19	56.92
Population density (/sq km)	245.56	370.96	920.71	124.00	87.11	193.41	43.24	11.38	158.90	206.26	283.70	374.72
Urban population (%)	39.14	24.08	47.71	58.07	37.05	16.28	59.38	17.00	49.00	35.32	63.44	20.22
Literacy (15+)	64.17	53.40	85.79	79.46	58.89	48.59	76.68	28.67	69.12	44.64	92.60	64.90
Ratio of private credit to GDP	28.85	37.00	55.25	35.00	20.53	..	33.00	9.00	..	29.00	30.00	..
Banking assets covered (%)	68.35	68.67	64.88	49.80	72.06	62.00	43.00	100.00	58.00	60.00	57.00	35.00
Legal rights index	4.12	4.00	4.75	3.60	4.06	4.00	3.00	3.00	7.00	4.00	3.00	1.00
Credit information index	2.22	2.50	3.00	5.60	1.44	2.00	5.00	1.00	0.00	4.00	3.00	2.00

[1] Construction of index or variable explained in glossary of terms.

* Figures for accounts per thousand adults are imputed. See chapter 9.

Source: Getting Finance database.

	All countries	South Asia	East Asia	Latin America	Africa	Senegal	Sierra Leone	Singapore	South Africa	Sri Lanka	Sudan	Swaziland
Number of accounts												
No. of accounts per thousand adults[1]	463.87	512.27	854.91	618.12	240.21	78.98	65.46	2057.76	551.63	1577.67	144*	482.96
No. of accounts per thousand inhabitants[1]	317.23	363.50	825.30	389.00	158.70	45.87	37.42	1671.00	375.42	1203.14	..	293.59
Opening an account												
Number of documents required	2.82	2.75	2.00	2.52	3.05	3.75	3.20	1.00	3.50	2.00	3.67	3.60
Third-party reference required (average yes/no)	0.38	0.40	0.10	0.72	0.39	0.33	0.80	0.00	0.00	0.00	0.80	0.60
Index of accessibility (0–1)[1]	0.42	0.41	0.41	0.35	0.44	0.62	0.40	0.67	0.67	0.57	0.33	0.40
At least one nonbranch option to apply for an account (0–1)[1]	0.40	0.37	0.33	0.18	0.45	0.75	0.40	1.00	1.00	0.80	0.33	0.40
At least one electronic option (0–1)[1]	0.17	0.10	0.16	0.04	0.20	0.50	0.40	0.50	0.00	0.60	0.17	0.00
Application fee? (average yes/no)	0.10	0.00	0.10	0.11	0.11	0.00	0.20	0.00	0.00	0.00	0.20	0.00
Other costs? (average yes/no)	0.18	0.16	0.10	0.09	0.22	0.00	0.40	0.00	0.00	0.00	0.67	0.40
Days to open an account	1.29	1.41	0.81	1.44	1.36	1.25	1.00	1.00	2.83	0.75	2.17	1.20
Convenience features												
Index of convenience features (0–1)[1]	0.52	0.48	0.39	0.66	0.55	0.81	0.60	0.63	0.58	0.35	0.38	0.45
Index of free usage features (0–1)[1]	0.52	0.54	0.53	0.48	0.52	0.67	0.52	0.60	0.33	0.48	0.56	0.44
Minimum balance required when opening a standard account? (average yes/no)	0.90	0.97	0.89	1.00	0.87	1.00	1.00	0.50	0.33	0.80	0.67	0.80
Mean minimum deposit for a standard account (fraction GDP per capita)	0.26	0.09	0.05	0.03	0.43	0.17	0.29	0.03	0.00	0.01	0.29	0.00
Minimum balance required when opening a savings account? (average yes/no)	0.93	0.93	0.94	1.00	0.92	1.00	1.00	0.50	1.00	0.80	0.00	1.00
Minimum ongoing balance needed for a savings account? (average yes/no)	0.71	0.85	0.64	0.68	0.71	1.00	1.00	0.00	1.00	1.00	0.00	1.00
Fees and costs for standard domestic transactions (% monthly income)												
Cost per checkbook issued	9.26	5.95	3.72	2.00	14.42	0.00	22.97	0.38	0.16	3.05	10.59	1.06
Annual fee for cash card/debit card	10.31	6.36	3.88	1.69	15.97	46.61	0.00	..	1.81	1.06	0.00	3.62
Cash card/debit card fees per transaction at merchants	0.16	0.05	0.02	0.08	0.22	0.72	0.00	..	0.10	..	0.59	0.38
Fee for issuing a banker's draft	20.41	10.32	4.34	2.92	30.44	15.32	41.57	1.38	1.32	1.95	10.59	6.93
Monthly fee for account maintenance	7.42	0.91	0.51	1.03	12.04	13.74	7.08	0.05	0.50	1.69	17.64	1.06
Fees and costs for standard domestic transactions (US$)												
Cost per checkbook issued	3.48	2.15	3.88	2.19	4.11	0.00	4.88	9.80	0.72	3.34	8.96	2.01
Annual fee for cash card/debit card	5.05	2.35	3.29	3.56	6.47	30.55	0.00	..	7.89	1.16	0.00	6.89
Cash card/debit card fees per transaction at merchants	0.13	0.03	0.02	0.08	0.18	0.47	0.00	..	0.43	..	0.50	0.72
Fee for issuing a banker's draft	7.76	2.99	7.52	4.79	9.56	10.04	8.83	35.95	5.74	2.14	8.96	13.20
Monthly fee for account maintenance	3.01	0.55	0.96	3.75	4.23	9.00	1.50	1.31	2.18	1.86	14.93	2.01
Fees and costs for remittances (% monthly income)												
Fee to send payment via bankers' draft, foreign currency	63.59	15.13	14.56	10.27	98.26	..	48.61	2.11	4.94	4.91	42.35	6.56
Fee to send payment via wire transfer	64.26	30.77	18.23	18.06	93.00	45.95	57.56	2.11	4.71	10.33	58.81	8.67
Fee to use money transfer operator to send money	65.05	28.57	12.06	4.37	84.37	..	35.32	..	3.46	..	88.22	9.04
Fee to receive a check issued abroad	54.06	7.75	12.50	4.76	86.13	..	174.08	..	3.46	1.27	..	3.77
Fee to receive payment via wire transfer	25.31	16.08	3.54	5.70	36.08	19.71	29.59	0.25	3.23	2.96	..	3.77
Fee to receive remittance through money transfer operator	19.17	4.80	1.17	0.00	29.37	..	0.00	..	3.46	0.64	..	..
Fees and costs for remittances (US$)												
Fee to send a $250 payment via banker's draft in foreign currency	23.14	6.12	17.26	0.90	31.82	..	10.32	55.00	21.52	5.38	35.82	12.48
Fee to send $250 payment via wire transfer	26.75	12.60	20.55	23.78	32.23	30.12	12.22	55.00	20.52	11.33	49.75	16.50
Fee to use money transfer operator to send $250	18.39	7.86	13.25	4.08	24.36	..	7.50	..	15.06	..	74.63	17.22
Fee to receive $250 check issued abroad	17.94	3.63	9.29	4.06	25.60	..	36.96	..	15.06	1.39	..	7.17
Fee to receive $250 payment via wire transfer	9.54	5.56	4.89	5.95	12.40	12.92	6.28	6.54	14.06	3.25	..	7.17
Fee to receive $250 remittance through money transfer operator	5.44	0.91	1.76	0.04	7.96	..	0.00	..	15.06	0.70	..	..

	All countries	South Asia	East Asia	Latin America	Africa	Senegal	Sierra Leone	Singapore	South Africa	Sri Lanka	Sudan	Swaziland
Domestic and cross-border payments, time indexes												
Domestic payment time index (0–1)*	0.49	0.56	0.39	0.45	0.51	0.56	0.45	0.47	0.55	0.60	0.31	0.50
Cross-border payment time index (0–1)*	0.44	0.38	0.40	0.43	0.46	0.66	0.48	0.50	0.54	0.38	0.17	0.39
Retail payments, availability and quality												
Range of payment services with standard bank account index (0–1)[1]	0.64	0.68	0.75	0.60	0.61	0.70	0.40	1.00	0.93	0.84	0.60	0.48
Mobile banking technology index (0–1)[1]	0.26	0.36	0.33	0.22	0.23	0.55	0.36	0.30	0.73	0.64	0.20	0.04
Network quality and interoperability index (0–1)[1]	0.62	0.69	0.76	0.83	0.54	0.60	0.20	1.00	1.00	0.60	0.70	0.48
Retail payment channels index (0–1)[1]	0.47	0.43	0.65	0.50	0.44	0.43	0.36	0.78	0.95	0.51	0.48	0.57
Credit												
Business loan processing time (days)	7.42	8.02	7.64	13.41	6.53	6.00	3.25	5.00	2.00	13.20	3.33	4.75
Startup loan processing fee (%)	0.89	0.38	0.54	0.92	1.07	0.60	1.63	0.00	0.74	0.20	1.67	1.00
Collateral-to-loan-value ratio (%)	88.32	96.12	80.14	73.82	90.45	116.67	110.00	..	10.00	76.78	121.00	25.00
Maximum terms for startup loan (years)	4.55	4.43	3.31	6.25	4.60	6.50	2.50	..	5.00	6.40	1.70	5.75
Index of business loan application complexity[1]	0.66	0.68	0.73	0.77	0.75	0.42	1.00	0.50	0.58	0.80	0.75	0.75
Index of collateral flexibility*	0.48	0.66	0.80	0.52	0.71	0.67	0.70	0.78	0.72	0.61	0.69	0.83
Basic banking												
No opening fee (average yes/no)	0.77	0.81	0.80	0.94	0.74	0.75	0.60	1.00	1.00	0.80	1.00	0.60
No monthly fee (average yes/no)	0.61	0.83	0.73	0.76	0.53	0.25	0.80	1.00	1.00	0.80	1.00	0.40
No minimum balance (average yes/no)	0.52	0.42	0.51	0.54	0.53	1.00	0.20	0.50	0.67	0.00	1.00	0.20
Basic package of free transactions (average yes/no)	0.56	0.60	0.58	0.66	0.54	0.00	0.60	1.00	0.67	0.40	0.17	0.20
Basic banking (0–1)*	0.61	0.67	0.64	0.73	0.59	0.50	0.55	0.75	0.83	0.50	0.79	0.35
Government policy (commercial bank response) (average yes/no)	0.57	0.70	0.62	0.36	0.56	0.50	0.80	1.00	1.00	0.40	1.00	0.40
Government, offering basic banking[1]	0.23	0.33	0.25	0.20	0.22	1.00	0.00	0.00	0.00	0.00	0.00	0.00
Government, exempt basic accounts from ID requirements[1]	0.06	0.17	0.13	0.00	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Savings schemes												
Doorstep collection[1]	0.08	0.17	0.25	0.00	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Government-matched savings[1]	0.02	0.00	0.13	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00
Tax incentives for savings[1]	0.42	0.33	0.75	0.40	0.38	1.00	0.00	1.00	1.00	1.00	0.00	0.00
Periodic deposit[1]	0.40	0.53	0.48	0.46	0.36	1.00	0.20	0.00	0.67	0.60	0.00	0.60
Transparency and consumer protection												
Advising applicants index (0–1)[1]	0.46	0.58	0.56	0.40	0.42	1.00	0.00	0.50	1.00	1.00	1.00	0.00
Additional document requirements index (0–1)[1]	0.10	0.17	0.13	0.13	0.08	0.00	0.00	0.50	0.00	0.25	0.00	0.00
Guidelines on credit documents index (0 –1)[1]	0.71	0.67	0.72	0.90	0.68	1.00	0.00	0.25	0.50	1.00	1.00	0.50
Transparency and consumer protection index (0–1)[1]	0.40	0.60	0.50	0.40	0.33	0.25	0.17	0.17	0.42	0.83	0.67	0.08
Firms using bank loans (% all firms)												
Firms with bank loans	31.06	50.80	..	36.30	27.78	..	..	..	..	..	..	21.92
Firms that use loans for investment	16.25	12.71	23.95	10.83	15.70	26.34	..	..	24.21	16.15	..	7.72
Firms that use loans for expenses	28.20	34.47	33.27	28.16	25.58	25.19	..	..	43.45	46.90	..	15.97
Firms that view access to finance as constraint	35.62	27.76	15.11	22.06	46.17	55.43	..	..	12.60	15.11	..	32.89
Small and micro firms using bank loans (% firms)												
Small firms with bank loans	27.23	37.00	28.00	27.00	27.00	20.77	..	..	46.45	37.01	..	18.22
Micro firms with bank loans	20.33	34.00	21.00	22.00	19.00	14.73	..	..	37.31	34.00	..	16.74
Small firms that use loans for working capital	10.76	13.63	13.18	12.41	9.82	10.47	..	..	16.75	13.63	..	6.73
Micro firms that use loans for working capital	8.97	10.48	9.55	11.19	8.35	6.51	..	..	14.39	10.48	..	6.47
Small firms that use loans for investment	13.65	10.41	16.87	16.80	12.51	14.66	..	..	18.95	10.41	..	13.36
Micro firms that use loans for investment	11.20	6.25	13.77	15.27	10.06	9.82	..	..	11.94	6.25	..	11.24
Small firms that view access to finance as constraint	75.25	34.00	53.00	74.00	81.00	77.52	..	..	32.01	34.22	..	85.67
Micro firms that view access to finance as constraint	59.67	18.00	34.00	56.00	67.00	62.02	..	..	14.10	17.56	..	75.24

	All countries	South Asia	East Asia	Latin America	Africa	Senegal	Sierra Leone	Singapore	South Africa	Sri Lanka	Sudan	Swaziland
Demographic and socioeconomic variables												
Per capita GDP (US$)	2041.69	662.42	5486.02	3136.88	1334.40	749.15	255.80	30091.90	5380.78	1364.10	1015.04	2351.36
Population (millions)	53.25	292.20	63.38	27.20	20.51	12.00	6.00	4.00	47.00	20.00	37.00	1.00
Percentage of the population aged 15 years and older	61.00	65.00	70.00	63.00	57.00	58.08	57.17	81.20	68.06	76.26	59.67	60.79
Population density (/sq km)	245.56	370.96	920.71	124.00	87.11	61.95	78.76	6376.21	39.02	305.92	15.57	65.47
Urban population (%)	39.14	24.08	47.71	58.07	37.05	41.86	41.44	100.00	59.78	15.10	41.68	24.38
Literacy (15+)	64.17	53.40	85.79	79.46	58.89	39.28	34.83	92.55	82.00	90.68	60.93	79.56
Ratio of private credit to GDP	28.85	37.00	55.25	35.00	20.53	24.00	4.00	99.00	78.00	..	13.00	21.00
Banking assets covered (%)	68.35	68.67	64.88	49.80	72.06	55.00	100.00	61.00	69.00	84.00	17.00	79.00
Legal rights index	4.12	4.00	4.75	3.60	4.06	3.00	5.00	9.00	5.00	3.00	4.00	5.00
Credit information index	2.22	2.50	3.00	5.60	1.44	1.00	0.00	4.00	6.00	3.00	0.00	5.00

[1] Construction of index or variable explained in glossary of terms.

* Figures for accounts per thousand adults are imputed. See chapter 9.

Source: Getting Finance database.

	All countries	South Asia	East Asia	Latin America	Africa	Tanzania	Thailand	Uganda	Vietnam	Zambia
Number of accounts										
No. of accounts per thousand adults[1]	463.87	512.27	854.91	618.12	240.21	159.07	1351.68	141.37	83*	114.60
No. of accounts per thousand inhabitants[1]	317.23	363.50	825.30	389.00	158.70	88.49	1062.35	71.74	..	62.00
Opening an account										
Number of documents required	2.82	2.75	2.00	2.52	3.05	3.83	1.00	2.67	3.00	4.40
Third-party reference required (average yes/no)	0.38	0.40	0.10	0.72	0.39	1.00	0.00	0.67	0.00	1.00
Index of accessibility (0–1)[1]	0.42	0.41	0.41	0.35	0.44	0.47	0.33	0.39	0.46	0.43
At least one nonbranch option to apply for an account (0–1)[1]	0.40	0.37	0.33	0.18	0.45	0.67	0.00	0.33	0.60	0.40
At least one electronic option (0–1)[1]	0.17	0.10	0.16	0.04	0.20	0.17	0.00	0.00	0.40	0.00
Application fee? (average yes/no)	0.10	0.00	0.10	0.11	0.11	0.00	0.00	0.00	0.40	0.00
Other costs? (average yes/no)	0.18	0.16	0.10	0.09	0.22	0.50	0.00	0.00	0.00	0.60
Days to open an account	1.29	1.41	0.81	1.44	1.36	1.67	0.50	3.00	1.00	1.20
Convenience features										
Index of convenience features (0–1)[1]	0.52	0.48	0.39	0.66	0.55	0.54	0.33	0.67	0.50	0.60
Index of free usage features (0–1)[1]	0.52	0.54	0.53	0.48	0.52	0.50	0.40	0.70	0.60	0.40
Minimum balance required when opening a standard account? (average yes/no)	0.90	0.97	0.89	1.00	0.87	1.00	1.00	1.00	1.00	0.80
Mean minimum deposit for a standard account (fraction GDP per capita)	0.26	0.09	0.05	0.03	0.43	0.06	0.00	0.13	0.01	0.05
Minimum balance required when opening a savings account? (average yes/no)	0.93	0.93	0.94	1.00	0.92	1.00	1.00	1.00	1.00	1.00
Minimum ongoing balance needed for a savings account? (average yes/no)	0.71	0.85	0.64	0.68	0.71	1.00	0.40	1.00	0.50	1.00
Fees and costs for standard domestic transactions (% monthly income)										
Cost per checkbook issued	9.26	5.95	3.72	2.00	14.42	25.80	1.57	8.43	0.28	7.11
Annual fee for cash card/debit card	10.31	6.36	3.88	1.69	15.97	15.69	1.59	15.80	3.80	0.00
Cash card/debit card fees per transaction at merchants	0.16	0.05	0.02	0.08	0.22	0.89	0.00	0.84	0.00	0.49
Fee for issuing a banker's draft	20.41	10.32	4.34	2.92	30.44	58.22	0.23	31.61	..	16.29
Monthly fee for account maintenance	7.42	0.91	0.51	1.03	12.04	19.42	0.50	7.37	0.00	7.52
Fees and costs for standard domestic transactions (US$)										
Cost per checkbook issued	3.48	2.15	3.88	2.19	4.11	6.91	4.38	2.30	0.17	5.45
Annual fee for cash card/debit card	5.05	2.35	3.29	3.56	6.47	4.20	4.44	4.31	2.28	0.00
Cash card/debit card fees per transaction at merchants	0.13	0.03	0.02	0.08	0.18	0.24	0.00	0.23	0.00	0.38
Fee for issuing a banker's draft	7.76	2.99	7.52	4.79	9.56	15.59	0.64	8.61	..	12.48
Monthly fee for account maintenance	3.01	0.55	0.96	3.75	4.23	5.20	1.39	2.01	0.00	5.76
Fees and costs for remittances (% monthly income)										
Fee to send payment via bankers' draft, foreign currency	63.59	15.13	14.56	10.27	98.26	109.63	1.75	42.67	..	27.04
Fee to send payment via wire transfer	64.26	30.77	18.23	18.06	93.00	109.63	4.97	47.94	..	27.04
Fee to use money transfer operator to send money	65.05	28.57	12.06	4.37	84.37	111.98	8.45	26.34	..	2.86
Fee to receive a check issued abroad	54.06	7.75	12.50	4.76	86.13	111.38	2.20	77.46	..	18.34
Fee to receive payment via wire transfer	25.31	16.08	3.54	5.70	36.08	36.12	1.24	26.34	..	2.92
Fee to receive remittance through money transfer operator	19.17	4.80	1.17	0.00	29.37	37.33	0.00	26.34	..	0.04
Fees and costs for remittances (US$)										
Fee to send a $250 payment via banker's draft in foreign currency	23.14	6.12	17.26	0.90	31.82	29.36	4.88	11.63	..	20.72
Fee to send $250 payment via wire transfer	26.75	12.60	20.55	23.78	32.23	29.36	13.87	13.06	..	20.72
Fee to use money transfer operator to send $250	18.39	7.86	13.25	4.08	24.36	29.98	23.58	7.18	..	2.19
Fee to receive $250 check issued abroad	17.94	3.63	9.29	4.06	25.60	29.82	6.13	21.11	..	14.06
Fee to receive $250 payment via wire transfer	9.54	5.56	4.89	5.95	12.40	9.67	3.47	7.18	..	2.24
Fee to receive $250 remittance through money transfer operator	5.44	0.91	1.76	0.04	7.96	9.99	0.00	7.18	..	0.03

	All countries	South Asia	East Asia	Latin America	Africa	Tanzania	Thailand	Uganda	Vietnam	Zambia
Domestic and cross-border payments, time indexes										
Domestic payment time index (0–1)*	0.49	0.56	0.39	0.45	0.51	0.56	0.24	0.84	0.39	0.52
Cross-border payment time index (0–1)*	0.44	0.38	0.40	0.43	0.46	0.39	0.45	0.24	0.31	0.58
Retail payments, availability and quality										
Range of payment services with standard bank account index (0–1)[1]	0.64	0.68	0.75	0.60	0.61	0.77	0.68	0.87	0.92	0.76
Mobile banking technology index (0–1)[1]	0.26	0.36	0.33	0.22	0.23	0.17	0.24	0.07	0.28	0.28
Network quality and interoperability index (0–1)[1]	0.62	0.69	0.76	0.83	0.54	0.67	0.88	0.67	0.80	0.68
Retail payment channels index (0–1)[1]	0.47	0.43	0.65	0.50	0.44	0.57	0.79	0.44	0.68	0.47
Credit										
Business loan processing time (days)	7.42	8.02	7.64	13.41	6.53	13.33	21.00	3.00	6.80	4.00
Startup loan processing fee (%)	0.89	0.38	0.54	0.92	1.07	1.75	2.00	3.00	0.01	2.25
Collateral-to-loan-value ratio (%)	88.32	96.12	80.14	73.82	90.45	135.00	50.00	60.00	111.00	80.00
Maximum terms for startup loan (years)	4.55	4.43	3.31	6.25	4.60	7.00	5.00	4.00	1.00	5.00
Index of business loan application complexity[1]	0.66	0.68	0.73	0.77	0.75	0.83	0.75	0.00	0.50	1.00
Index of collateral flexibility*	0.48	0.66	0.80	0.52	0.71	0.78	1.00	0.00	0.72	0.78
Basic banking										
No opening fee (average yes/no)	0.77	0.81	0.80	0.94	0.74	1.00	1.00	0.33	1.00	0.60
No monthly fee (average yes/no)	0.61	0.83	0.73	0.76	0.53	0.50	1.00	0.00	0.60	0.20
No minimum balance (average yes/no)	0.52	0.42	0.51	0.54	0.53	0.33	0.80	0.33	0.20	0.40
Basic package of free transactions (average yes/no)	0.56	0.60	0.58	0.66	0.54	0.67	0.60	0.33	0.00	0.40
Basic banking (0–1)*	0.61	0.67	0.64	0.73	0.59	0.63	0.85	0.25	0.45	0.40
Government policy (commercial bank response) (average yes/no)	0.57	0.70	0.62	0.36	0.56	0.83	0.60	0.67	0.75	1.00
Government, offering basic banking[1]	0.23	0.33	0.25	0.20	0.22	0.00	0.00	0.00	1.00	0.00
Government, exempt basic accounts from ID requirements[1]	0.06	0.17	0.13	0.00	0.03	0.00	0.00	1.00	0.00	0.00
Savings schemes										
Doorstep collection[1]	0.08	0.17	0.25	0.00	0.03	0.00	0.00	0.00	0.00	0.00
Government-matched savings[1]	0.02	0.00	0.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tax incentives for savings[1]	0.42	0.33	0.75	0.40	0.38	0.00	1.00	0.00	1.00	0.00
Periodic deposit[1]	0.40	0.53	0.48	0.46	0.36	0.33	1.00	0.67	0.60	0.00
Transparency and consumer protection										
Advising applicants index (0–1)[1]	0.46	0.58	0.56	0.40	0.42	0.50	0.50	0.00	1.00	0.50
Additional document requirements index (0–1)[1]	0.10	0.17	0.13	0.13	0.08	0.25	0.00	0.00	0.00	0.13
Guidelines on credit documents index (0 –1)[1]	0.71	0.67	0.72	0.90	0.68	0.00	1.00	1.00	0.75	0.75
Transparency and consumer protection index (0–1)[1]	0.40	0.60	0.50	0.40	0.33	0.08	0.50	0.58	0.83	0.58
Firms using bank loans (% all firms)										
Firms with bank loans	31.06	50.80	..	36.30	27.78	16.25	..	17.22	..	..
Firms that use loans for investment	16.25	12.71	23.95	10.83	15.70	6.79	74.73	7.67	29.20	17.39
Firms that use loans for expenses	28.20	34.47	33.27	28.16	25.58	17.33	72.56	14.02	38.00	38.65
Firms that view access to finance as constraint	35.62	27.76	15.11	22.06	46.17	40.63	15.22	47.81	13.21	53.66
Small and micro firms using bank loans (% firms)										
Small firms with bank loans	27.23	37.00	28.00	27.00	27.00	14.53	61.38	10.58	41.71	32.93
Micro firms with bank loans	20.33	34.00	21.00	22.00	19.00	11.31	51.32	9.55	32.64	31.03
Small firms that use loans for working capital	10.76	13.63	13.18	12.41	9.82	5.08	36.11	3.61	14.61	11.88
Micro firms that use loans for working capital	8.97	10.48	9.55	11.19	8.35	4.14	28.05	3.24	10.87	9.34
Small firms that use loans for investment	13.65	10.41	16.87	16.80	12.51	3.58	50.64	9.93	15.95	10.71
Micro firms that use loans for investment	11.20	6.25	13.77	15.27	10.06	1.54	48.95	8.62	8.44	10.00
Small firms that view access to finance as constraint	75.25	34.00	53.00	74.00	81.00	84.01	30.44	91.30	44.73	54.15
Micro firms that view access to finance as constraint	59.67	18.00	34.00	56.00	67.00	72.32	10.85	76.20	29.45	38.54

	All countries	South Asia	East Asia	Latin America	Africa	Tanzania	Thailand	Uganda	Vietnam	Zambia
Demographic and socioeconomic variables										
Per capita GDP (US$)	2041.69	662.42	5486.02	3136.88	1334.40	323.73	3185.81	312.04	723.83	919.74
Population (millions)	53.25	292.20	63.38	27.20	20.51	39.00	65.00	30.00	84.00	12.00
Percentage of the population aged 15 years and older	61.00	65.00	70.00	63.00	57.00	55.63	78.59	50.75	71.12	54.36
Population density (/sq km)	245.56	370.96	920.71	124.00	87.11	44.66	126.69	151.57	271.26	15.96
Urban population (%)	39.14	24.08	47.71	58.07	37.05	24.64	32.64	12.74	26.88	35.14
Literacy (15+)	64.17	53.40	85.79	79.46	58.89	69.43	92.65	66.81	90.28	68.00
Ratio of private credit to GDP	28.85	37.00	55.25	35.00	20.53	12.00	88.00	8.00	71.00	10.00
Banking assets covered (%)	68.35	68.67	64.88	49.80	72.06	66.00	62.00	37.00	77.00	82.00
Legal rights index	4.12	4.00	4.75	3.60	4.06	5.00	5.00	3.00	6.00	6.00
Credit information index	2.22	2.50	3.00	5.60	1.44	0.00	5.00	0.00	3.00	0.00

[1] Construction of index or variable explained in glossary of terms.

* Figures for accounts per thousand adults are imputed. See chapter 9.

Source: Getting Finance database.

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THE WORLD BANK

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