USAID
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EADS Snapshot on Financial Access Survey

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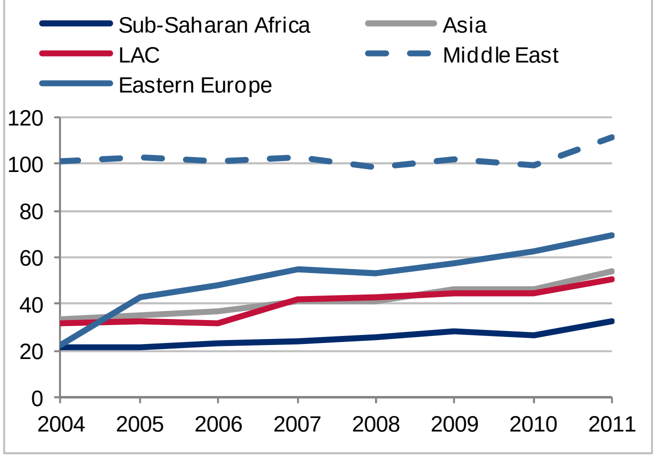
The Financial Access Survey (FAS) is an annual survey of the supply of financial services in 187 countries and territories. The IMF has produced the FAS since 2004 and it currently serves as the data source for the G-20 Basic Set of Financial Inclusion Indicators. The FAS covers topics such as the number and extensiveness of financial institutions, including commercial banks, credit unions, microfinancial institutions, and other financial intermediaries. The FAS covers 87 countries that received at least $2 million in assistance in fiscal year 2010, in all five USAID regions.

Despite the global financial crisis, access to financial institutions has been increasing in USAID assisted countries. The level of deposits in commercial banks in each USAID region has increased since the start of the FAS. The Middle East has the highest level of deposits, over 100 percent of GDP on average, and the level of deposits more than doubled in Europe and Eurasia since 2004. The increasing outstanding deposits as a percent of GDP indicate primarily that these countries have excess monies to deposit and could indicate that regional commercial banks are becoming increasingly trusted with deposits.

USAID assisted countries have seen mixed results in increasing access to finance since 2004. The global financial crisis slowed down or reversed expansion of commercial banks in every USAID assisted country, including China. The number of commercial banks per 100,000 adults has mostly increased, despite the slowdown in their expansion. Cyprus was the country with the largest number of commercial banks per 100,000 adults in 2007 and 2011, despite seeing a slight decrease. Cyprus has a greater density of commercial banks (in both the number of banks per 1,000 square kilometers and per 100,000 adults) than any other country in the FAS. Peru saw the largest total increase in commercial banks per capita between 2007 and 2011 for USAID assisted countries, more than tripling over that period. The countries with the lowest density of commercial banks tend to be in Sub-Saharan Africa. Congo-Kinshasa and Chad have been the bottom two countries in terms of commercial bank density since 2005. However, their commercial bank density has increased each year.

Average outstanding deposits with commercial banks
(as a percentage of GDP)



Commercial bank branches per 100,000 adults

Country	2007	2011
Top Five		
Cyprus	111.97	103.86
Mongolia	52.86	66.36
Peru	18.76	58.66
Uzbekistan	44.81	47.72
Brazil	40.90	46.15
Bottom Five		
Burma (Myanmar)	1.44	1.69
Ukraine	3.86	1.60
Madagascar	1.35	1.43
Chad	0.37	0.72
Congo (Kinshasa)	0.47	0.66

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Regional Analysis of Financial Access

This report focuses its analysis on examining financial access in each of the five USAID regions. The analysis is limited to those countries that received at least $2 million in assistance in fiscal year 2010. The analysis for each region focuses on four data series:

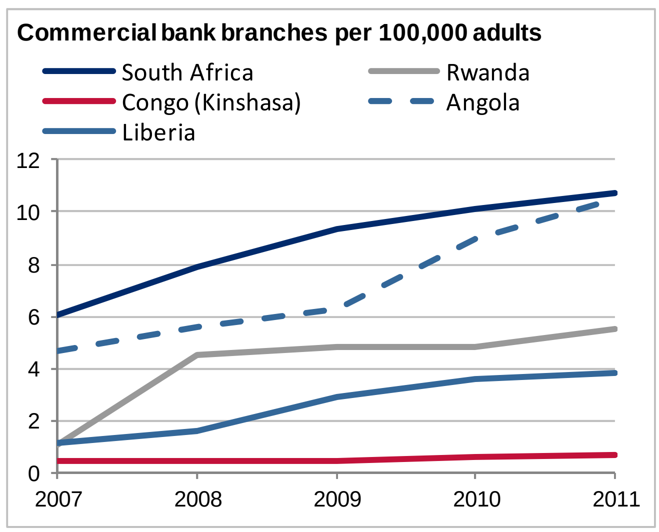
- the number of microfinancial institutions per 100,000 adults,
- the number of commercial banks per 100,000 adults,
- outstanding commercial bank deposits as a percent of GDP,
- and depositors with commercial banks per 1,000 adults.

The FAS defines these financial institutions as follows:

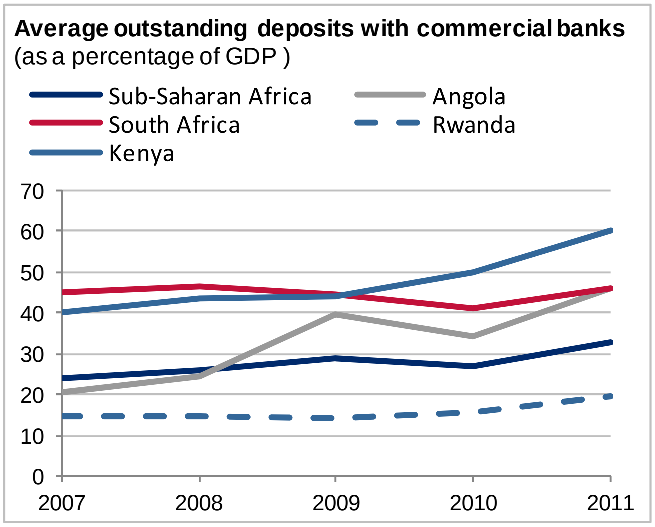
- **Commercial banks** are resident commercial banks and other banks functioning as commercial banks that are mainly engaged in financial intermediation and that issue liabilities included in the national definition of broad money, excluding the central bank.
- **Microfinancial institutions (MFIs)** include those that take deposits and those that do not. All MFIs lend to self-employed or informally employed poor, micro-entrepreneurs, and small businesses, often using specialized methodologies such as group lending.

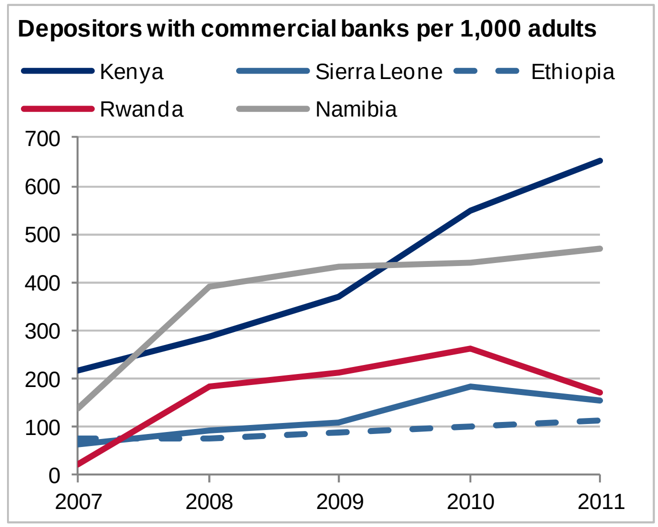
Sub-Saharan Africa

Sub-Saharan Africa has a lower level of financial access than the other USAID regions. It has fewer commercial bank branches overall and per capita and also has a lower deposit rate. However, financial access has been expanding in Africa. MFIs have grown in Africa since 2007, as has the presence of traditional commercial banks. Between 2007 and 2011, Rwanda saw a fivefold increase in the number of commercial banks per 100,000 adults and the number of MFIs went from 0.46 per 100,000 adults to almost 4. Despite fluctuations in the number of commercial banks—likely caused by the global financial crisis—all Sub-Saharan Africa countries saw an increase in the density of commercial banks between 2007 and 2011. South Africa has the most commercial banks per 100,000 adults, but Angola is close behind and Rwanda saw the greatest percentage increase in the density of commercial banks.

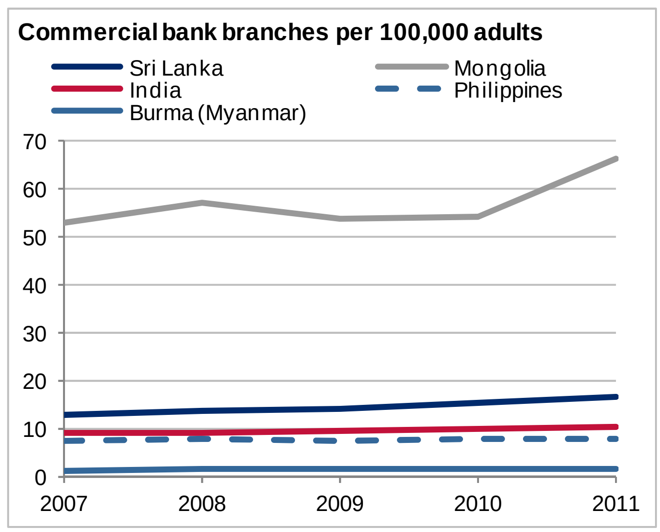


Despite the global financial crisis, and the problems remaining with banks in developed countries, Sub-Saharan African countries are seeing an increase in bank deposits and an increase in the number of people depositing funds in commercial banks. Both of these factors could indicate that banks in some countries are becoming more trusted. Kenya has both the highest outstanding deposits as a percent of GDP and the most depositors per 1,000 adults. South Africa saw a decline in its outstanding deposits during the global financial crisis, but that figure has returned to slightly above its 2007 level. Chad and Congo-Kinshasa are at the bottom of commercial bank branches per 100,000 adults, outstanding deposits as a percent of GDP and depositors per 1,000 adults. However, the access to finance in these countries has been increasing and did not see significant slowdowns or slippage during the crisis.





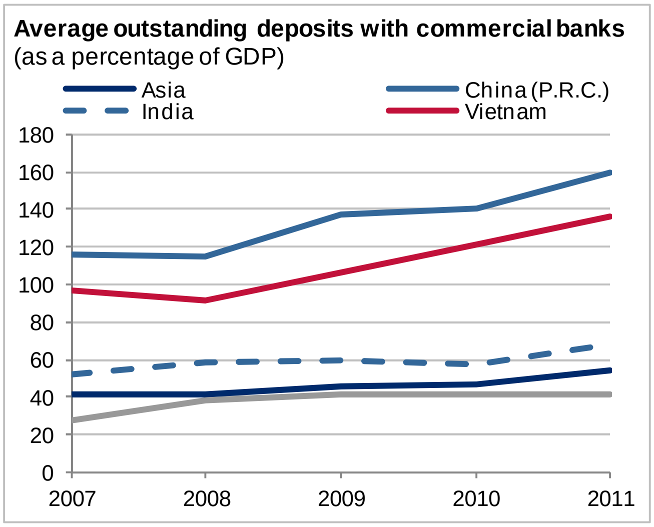
Asia

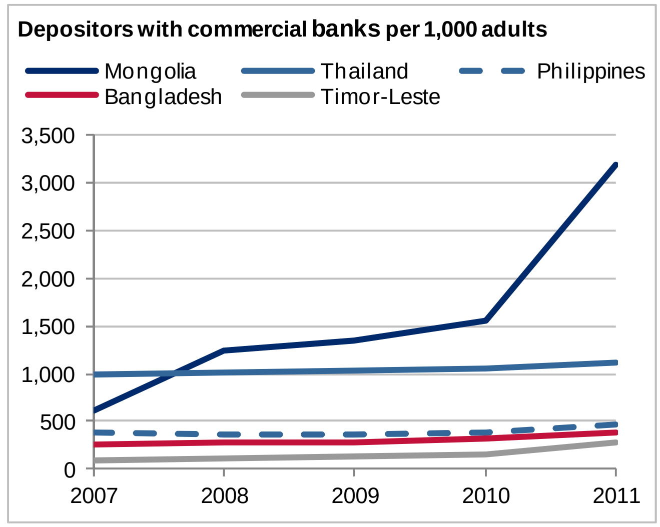


The Asian countries have a level of financial access roughly on par with countries in Latin American and the Caribbean, though Asia's growth surpassed LAC's in 2011. MFIs are not widely spread throughout Asia. Only three countries reported values for MFIs per 100,000 adults. Bangladesh has the largest number of MFIs per 100,000 adults with over 35. A lack of MFIs is not necessarily a negative financial access indicator. Microfinance is traditionally seen in countries where the commercial financial institutions do not provide sufficient access for the demands of small-scale borrowers. The level of access to commercial banks can be seen in Asia's relatively high density. Mongolia has the most commercial banks per 100,000 adults with 66 in 2011. This scale of density is on par with Italy's density of commercial banks. Most Asian countries have a density of commercial banks clustered in the 7–12 per 100,000 adults range. For much of the FAS data in this analysis, China did not report values.

Asian countries also exited the global financial crisis with increased deposits as a percent of GDP. China and Vietnam not only saw their deposits increase, but both reported commercial bank deposits in excess of their entire GDP. India saw some initial decline in deposits in 2010, but reported an increase in 2011, bringing its commercial bank outstanding deposits to 68 percent of GDP. The country with the smallest outstanding deposits is Burma, with the same level of deposits as Chad. Mongolia has the highest number of depositors with commercial banks per 1,000 adults with 3,183 depositors. Essentially, each adult would have three deposit accounts with commercial banks. However, that figure includes both nonfinancial corporations and households. Thailand and

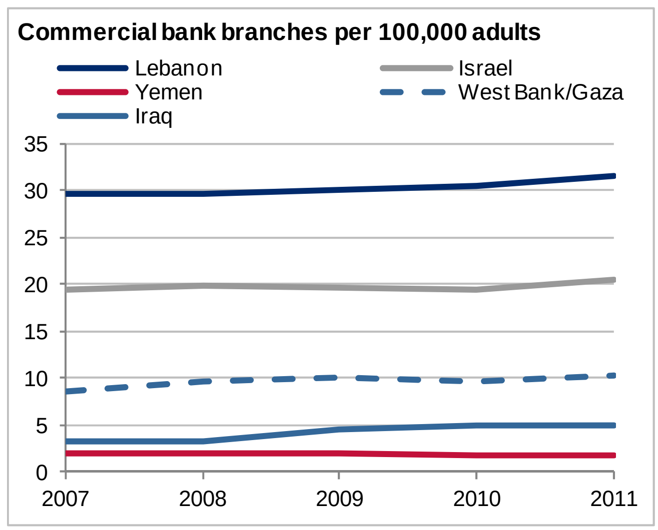
Kazakhstan also reported having more than one deposit account holder per person in 2011, but most other countries reported figures in the 200–500 depositors per 1,000 adults range.



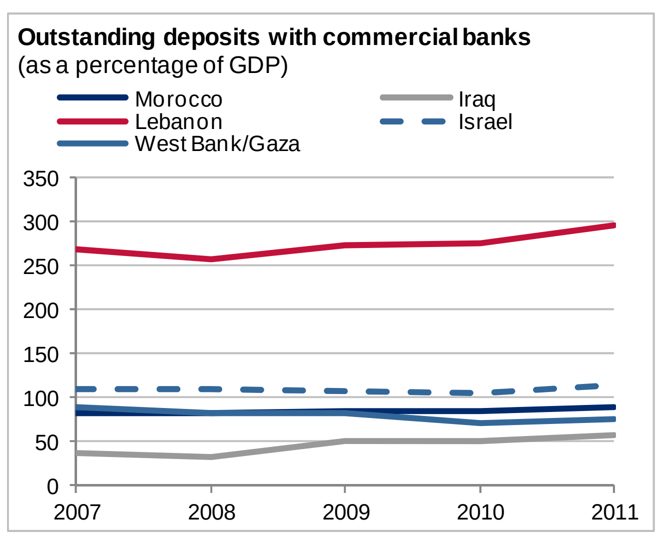


Middle East

The Middle East reported the second fewest MFIs per 100,000 adults of any region. Only two countries reported figures and by 2011, only Yemen reported having any MFIs. The West Bank/Gaza did not report values for 2010 or 2011, but had more than 3 MFIs per 100,000 adults in 2009. Compared to other regions, the Middle East has a relatively consistent concentration of commercial banks. The density of commercial banks has also increased since 2007 in every country except for Yemen. Lebanon has the most banks per 100,000 adults with 31.5 in 2011 and Morocco, Jordan and Israel all have about 20. Yemen and Iraq have the fewest commercial banks per 100,000 adults at 1.8 and 5 in 2011, respectively.

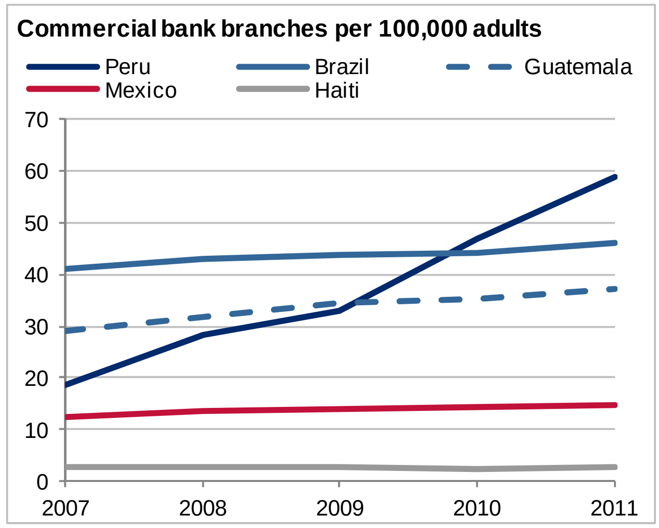


Most Middle East countries saw a dip in outstanding deposits as a percent of GDP during the global financial crisis, but have returned to slightly higher levels of deposits in 2011. Lebanon has almost three times its GDP in deposits and Israel and Jordan both have more than 100 percent of their GDP in deposits. Having such a large percentage of funds in deposits has both positive and negative aspects. It indicates that commercial banks are trusted in the respective countries to properly secure deposits. However, it also indicates that there are potentially not enough opportunities for these funds to be invested in activities other than deposits. Only four countries report-



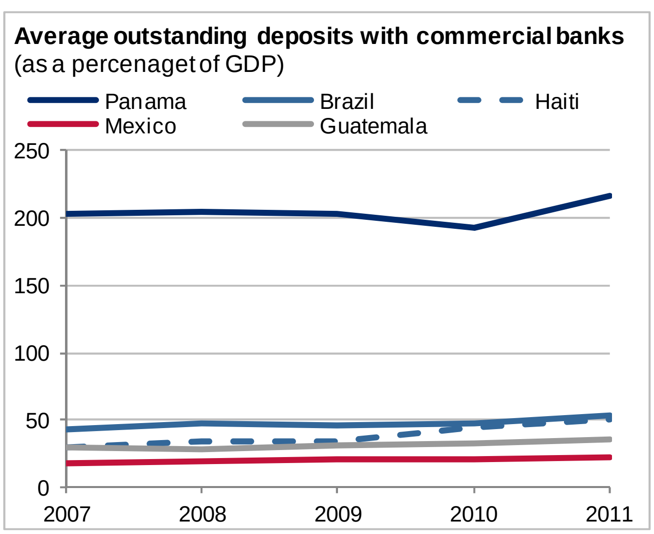
ed values for the number of depositors with commercial banks per 1,000 adults. Of those, Israel reported over 1,100 depositors and Lebanon reported nearly 950 in 2011. The high number of depositors in these select countries aligns with their high amount of outstanding deposits.

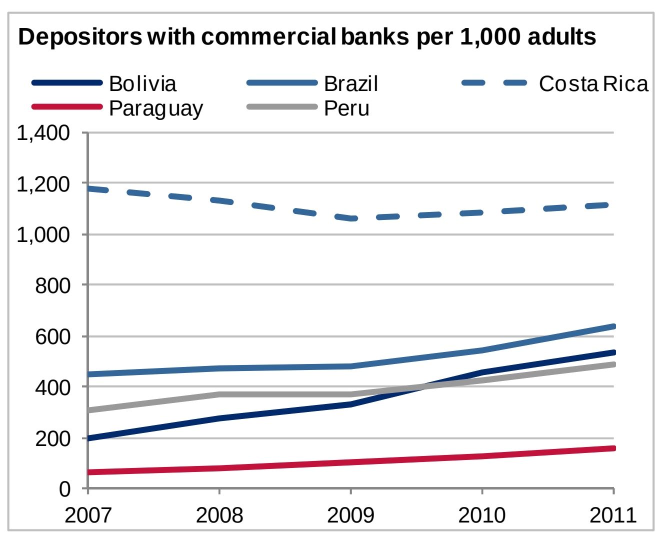
Latin America and the Caribbean



Latin America and the Caribbean and Asia share a similar level of financial access and this similarity extends to presence of MFIs in Latin America countries. With few exceptions, MFIs were not present in Latin America in 2011. Only Peru reported MFIs in any appreciable number, most likely due to well-developed traditional financial institutions throughout the region. Peru reported 34.8 MFIs per 100,000 adults in 2011, a nearly sevenfold increase from 2007 and the second highest value of USAID assisted countries. Mexico and Brazil reported low numbers of MFIs. Peru has seen a dramatic increase in the density of commercial banks since 2007. The number of commercial banks has increased by more than 200 percent and did not see much slowdown during the global financial crisis. Brazil has also reported a steady increase in the density of commercial banks. One of the few countries to see a decline in its commercial bank density was Haiti, which also has the fewest banks per 100,000 adults in the region.

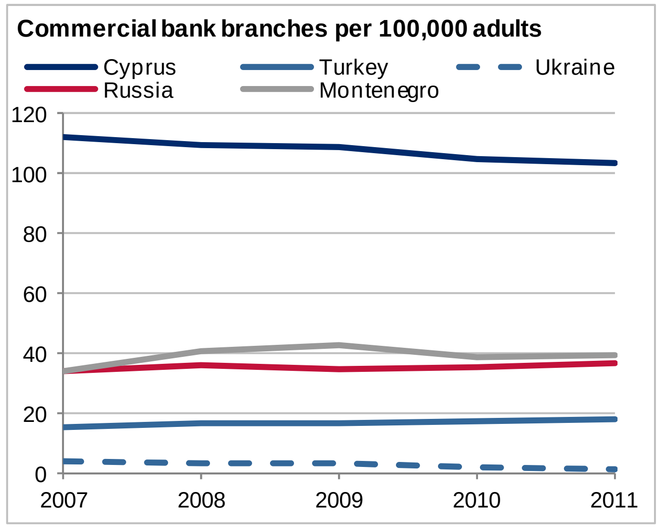
Latin America and the Caribbean has seen steady, if slowly, rising outstanding deposits as a percent of GDP since 2007. Some countries saw slight dips in deposits, but most have returned to their pre-crisis level. One outlier is Panama, which has more than twice its GDP in deposits and has seen that figure rise despite a slight reversal in 2010. Mexico had the lowest level of deposits in 2011 with only 22.7 percent of its GDP in deposits; the regional average was over 50 percent. The region also has two countries with more than one deposit account per person. Costa Rica leads the region with 1,118 depositors per 1,000 adults. Colombia also reported more than one depositor per capita. Paraguay reported the lowest number of depositors at commercial banks per 1,000 adults with only 154 in 2011; however this figure is more than twice its reported amount in 2007.



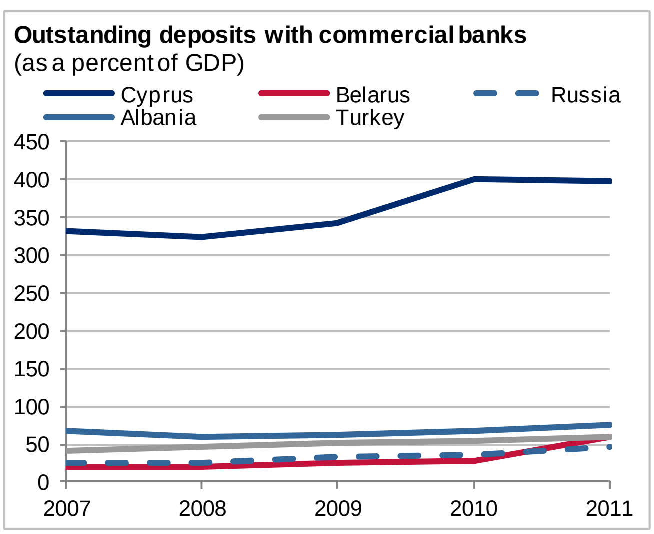


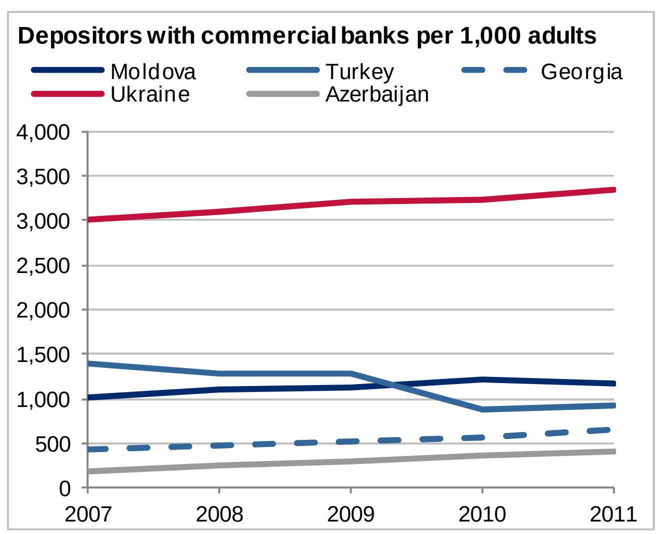
Europe and Eurasia

Europe and Eurasia only had two countries report any MFIs in 2011. Kosovo and Georgia reported 8 and 6 MFI branches per 100,000 adults in 2011, respectively. These figures place the countries third and fourth among the countries receiving USAID assistance. In both countries, the number of MFIs has been increasing since 2007. Cyprus has the most commercial bank branches per 100,000 adults of any country in the FAS and its commercial bank density has declined since 2007. Luxembourg and Spain previously had a higher commercial bank density in 2007, but since the global financial crisis, Cyprus has become the highest reported country. Montenegro and Russia round out the top three countries with 39 and 37 commercial bank branches per 100,000 adults in 2011, respectively. However, Montenegro, Belarus, Bosnia and Herzegovina, and Cyprus saw their commercial bank density decline since 2007.



Outstanding deposits largely rose in Europe and Eurasia from 2007 to 2011, however most countries saw some decline and rebound. Cyprus has almost four times its GDP in outstanding deposits, but most countries are in the range of 40 to 60 percent of GDP. Armenia and Azerbaijan were the countries with the lowest deposit rates, but these figures have improved greatly since 2007. In terms of the number of depositors with commercial banks, Ukraine tops Europe and Eurasia with over 3,000 depositors per 1,000 adults in 2011, or more than 3 deposit accounts per person. Moldova also reported more than 1,000 depositors per 1,000 adults and Turkey over 900. Between 2007 and 2011, Turkey was the only country that saw a decline its number of commercial bank depositors, falling from over 1,300 per 1,000 adults in 2007 to its current level.





Additional Information

For questions or more information, please contact the author, Matt Gyory, at mgyory@devtechsys.com.

To access the complete dataset from the Financial Access Survey, please visit the Economic and Social Database (ESDB) at http://esdb.eads.usaidallnet.gov/. The ESDB website offers other indices on social and economic development and governance, including Heritage Foundation's Index of Economic Freedom, Millennium Challenge Corporation country category indicators, and the World Bank's Doing Business Database. Through the ESDB website, you can access this data, other country ratings and rankings, and analytical tools such as Economic Freedom Radar Graphs.