

afi Alliance for
Financial Inclusion
Bringing smart policies to life

**Session 7:
Big Data: Friend or Enemy for Financial Inclusion**

Measuring Access to Finance in Belarus

ECA Regional Forum on Financial
Inclusion Policy, Skopje, Macedonia

About the Republic of Belarus



**Total land area of
Belarus**

207,600 km²

**Population – 9.458
million**

Population living in
cities – 75.8%

The capital is **Minsk**
– 1.889,1 million
inhabitants

About the Republic of Belarus



Measuring Access to Finance: Developing Evidence-based Access Policies in Belarus



The objective of the Project was to assess the conditions that constitute access to financial services in Belarus (market conditions, policy environment and other factors relevant for access) and to develop a strategy to broaden and deepen access to finance based on local market reality and data

Measuring Access to Finance: Developing Evidence-based Access Policies in Belarus



Overview of the Methodology

Level and Complexity of Analysis	Measurement		Instrument Characteristics / Frequency of Research
	Access to Finance: Individuals and Households	Access to Finance: Firms (SMEs)	
Basic measures of access to finance	Total Financial Inclusion _ Households Financial Participation Index _ Households	Total Financial Inclusion I _ Firms Financial Participation Index _ Firms	Two separate surveys (households and firms) Repeated on a regular basis annually
Comprehensive assessment of access to and use of financial services	-Summative (aggregate) indices of access to finance -Analytical indices specific to various aspects of access to finance as defined by the Access Score card	Not considered in this research – to be developed separately depending on the interest of the Belarus partners outside of AFI sponsored research	Comprehensive analysis of the three dimensions of access to finance: -Demand for financial services -Supply of financial services -Pro-access policies and regulation Administered every 3-4 years
Impact evaluation	Not considered for now	Not considered for now	Impact evaluation requires a separate research approach

Overview of the Methodology



TOTAL FINANCIAL INCLUSION (TFI) INDEX

Overview of the Methodology

TOTAL FINANCIAL INCLUSION (TFI) INDEX I

Ownership/usage of financial products		
# of financial products	Level of use of financial services	% of Adult Population using Financial Services
0	No use = total financial exclusion	
1-2	Basic use (but must have current account and/or savings account)	
3-5	Intensive use	
6-8	Advanced use	
8 +	Extensive use	

Total Financial Inclusion I (%) = 100% - No Use (%)

Total Financial Inclusion (TFI) Index II

Use of financial services categorized in four major types of financial services:

- Payment/cash transactions,
- Credit,
- Savings,
- Investment and protection.

Overview of the Methodology

Percentage of population who uses each specific type of services (credit, savings, etc.)

$\text{TFI-II}_{\text{payment}} = \% \text{ of population using payment/cash transactions}$

$\text{TFI-II}_{\text{credit}} = \% \text{ of population using credit services}$

$\text{TFI-II}_{\text{savings}} = \% \text{ of population using saving services}$

$\text{TFI-II}_{\text{investment}} = \% \text{ of population using financial products for investment and protection}$

TOTAL FINANCIAL INCLUSION (TFI) INDEX I

Percentage of people who use multiple types of services

TFI-II_{multiple} = % of population using two or more types of financial services

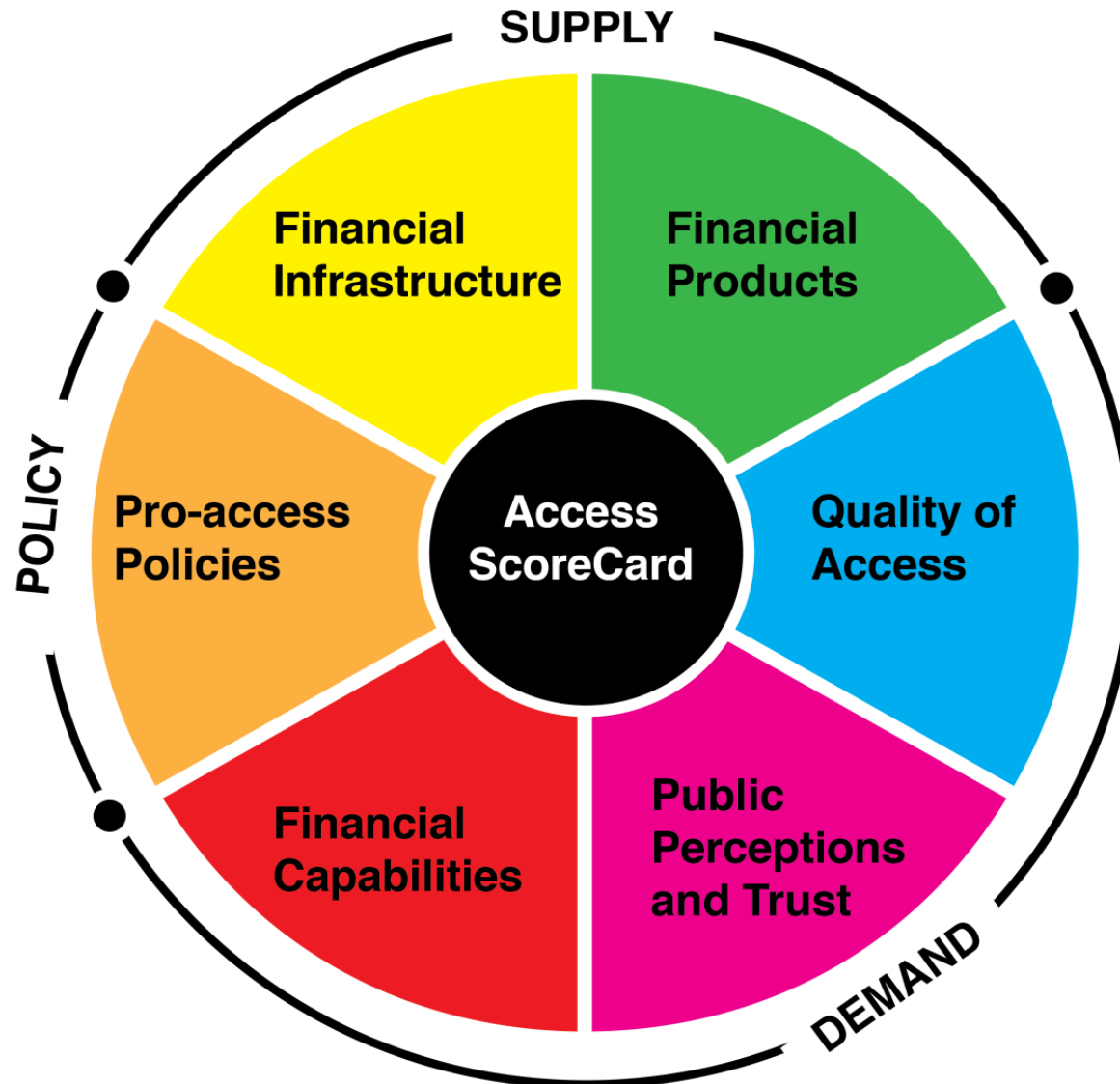
- Low (less than 20% of population using the services)
- Average (20% - 40% of population using the services)
- Intensive (40%-60% of population using the services)
- High (more than 60% of population using the services)

Overview of the Methodology



ACCESS TO FINANCE SCORECARD (AFS)

Access to Finance Score Card



Research process

- Preliminary survey of financial inclusion (total financial inclusion)
- Full access to finance research and analysis
 - Supply side
Review of currently available information about the financial institutions and products
 - Demand side
Extensive survey of various aspects
 - Policy side
Review of the regulations and policies impacting financial inclusion

General Characteristics of the Poll

Polling Organization:

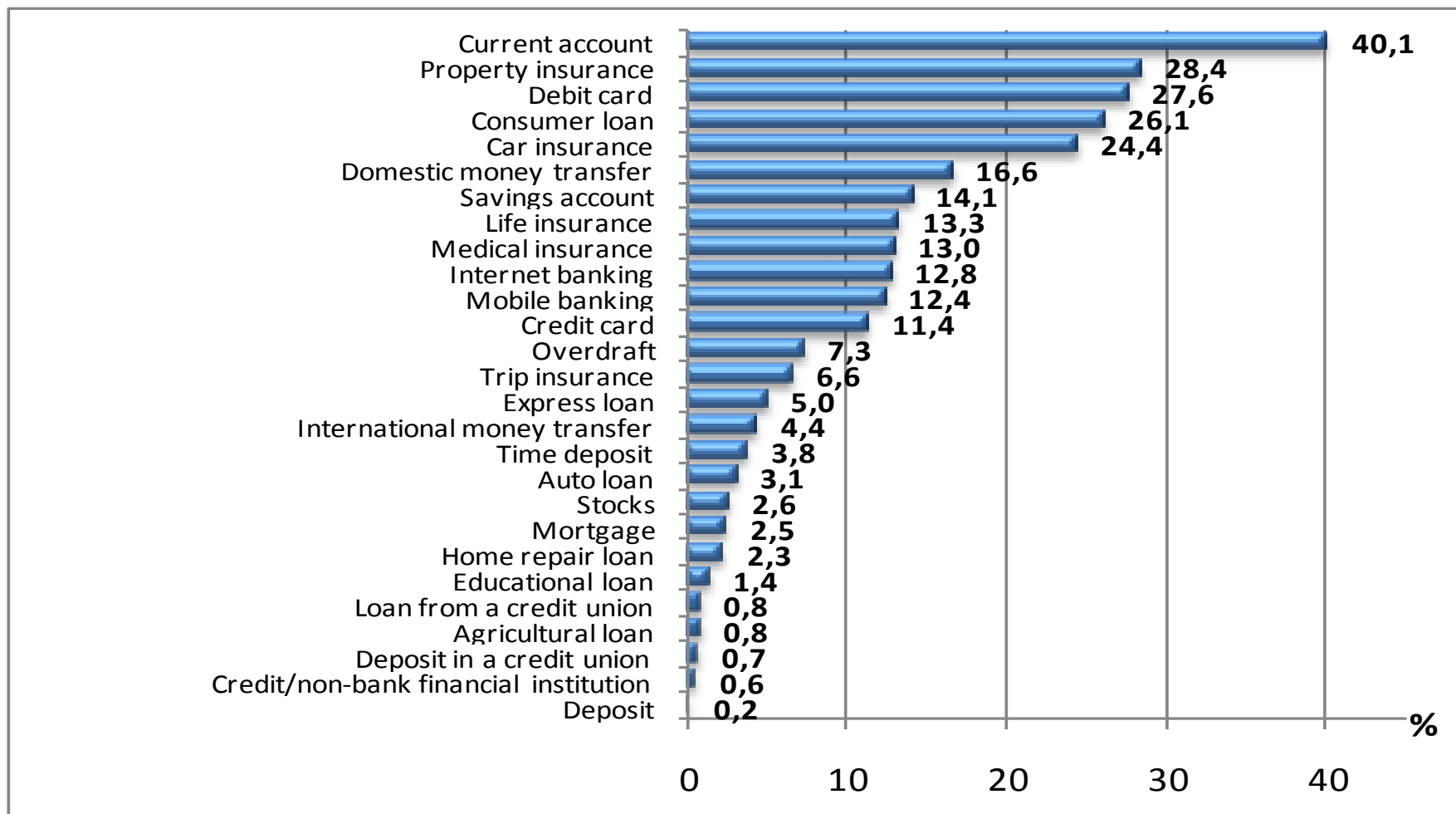
Institute of Sociology of the Academy of Sciences of Belarus

Period: 13 January – 13 February 2012

Polling Method: individual interview of the grown-up population of Belarus

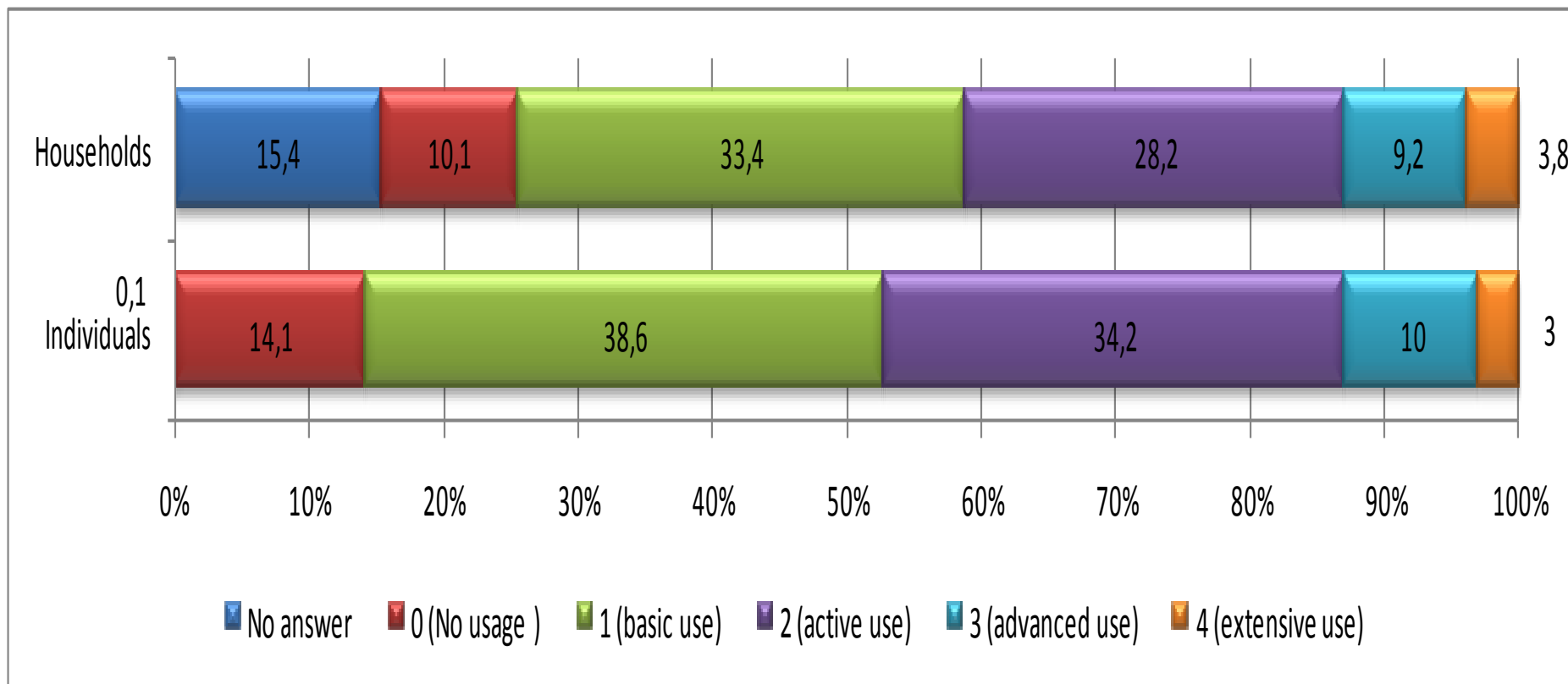
Polling Sample: 2500 individuals

Preliminary Survey Results



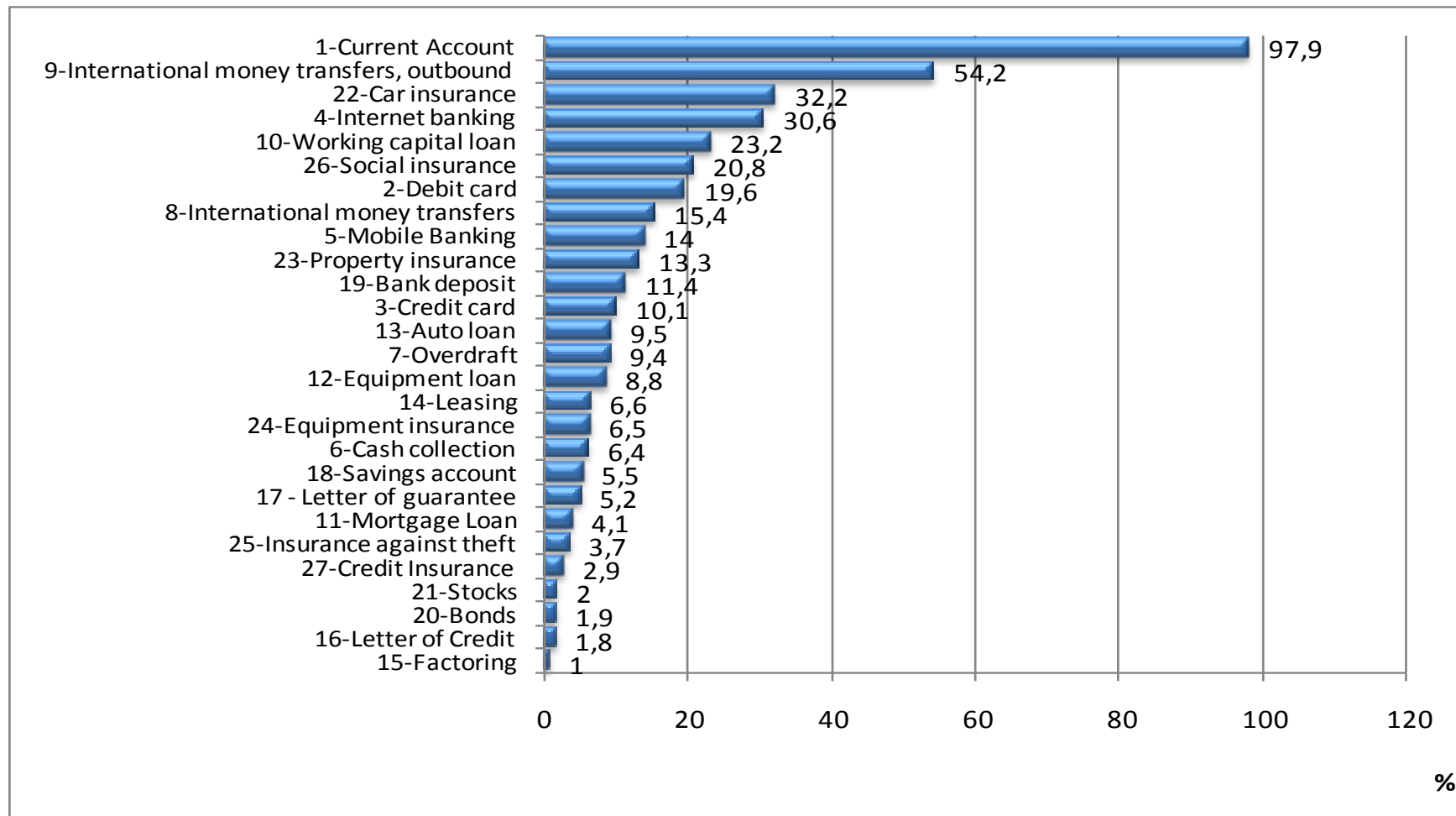
Use of financial services by individuals

Preliminary Survey Results



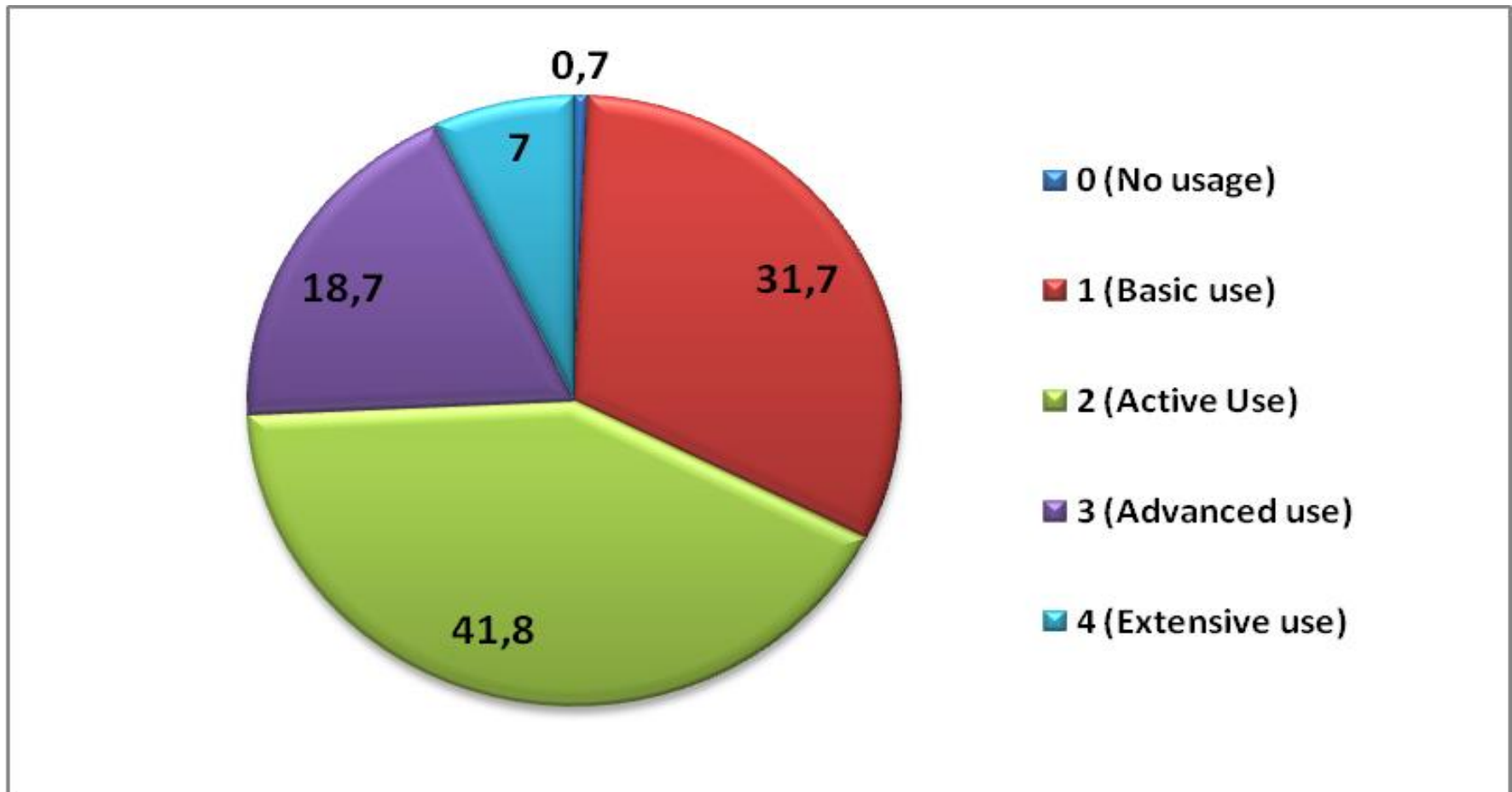
**Components of the Total financial inclusion index TFI-I
(individuals and households)**

Preliminary Survey Results



Usage of financial services among SMEs

Preliminary Survey Results



Components of the Total Financial Inclusion Index (firms)

Assessment of 10 categories of policies

- Pro-inclusion regulation and banking provisions
- Promotion of access to the national payment system and other forms of payments
- Interest rate policies
- Transparency and disclosure requirements
- Consumer protection
- Policies and regulations promote competition in the financial sector
- Credit bureau and collateral registry
- Deposit insurance
- Active government policies to increase access to and use of financial services
- Financial inclusion as an important policy issue

Diagnostic assessment

- ✓ Review of all relevant documents (policies and regulations)
- ✓ Analysis from the point of view of the impact on financial inclusion, that is whether the policies stimulate the use of financial services without creating an unnecessary burden or danger for the users (such as risk of over-indebtedness).
- ✓ Scores from 1 to 5 assigned to each of the categories of policies

Experts' assessment

Insurance companies
Universities
Research institutes
National Bank of Belarus
Commercial banks
Ministry of Finance of Belarus
Ministry of Justice of Belarus
Ministry of Economy of Belarus
Independent think tanks
Leading reporters specialising in economics
Belarusian Banks Association

Objectives

Quality of Access

Experience and actual usage of financial products available for consumers

Public Confidence in the Financial System

Trust in the financial market (in general), in banks, bankers, financial advisors, etc.

Financial Capabilities

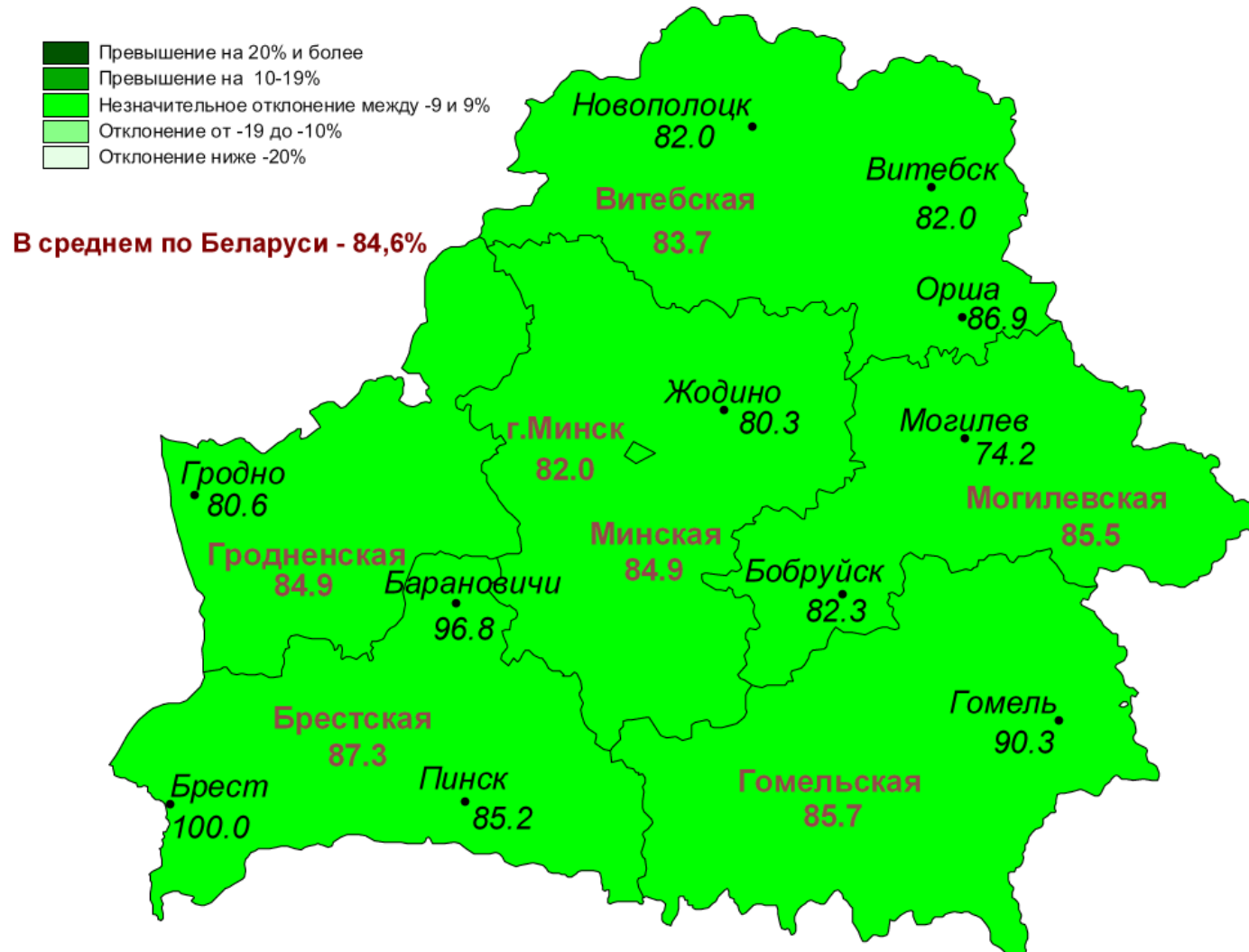
Financial skills and knowledge of individuals

Questionnaire

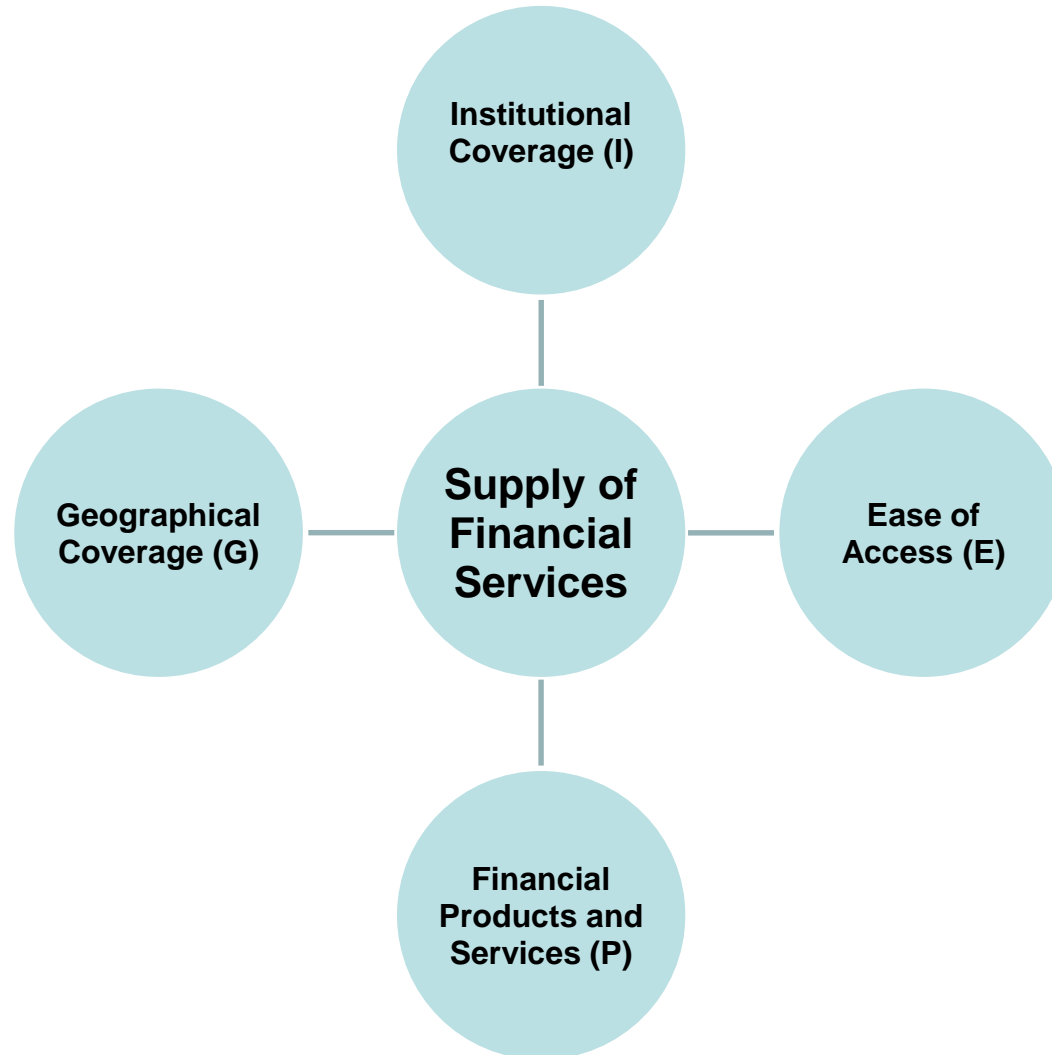
60 questions organized in five sections of the questionnaire:

- A) Ownership and use of financial services
- B) Public perceptions and trust
- C) Financial behavior
- D) Financial literacy
- E) Socio-demographic profile

Access to finance in different regions of Belarus, % number of respondents.



Supply side dimensions



Assessment of the supply of financial services

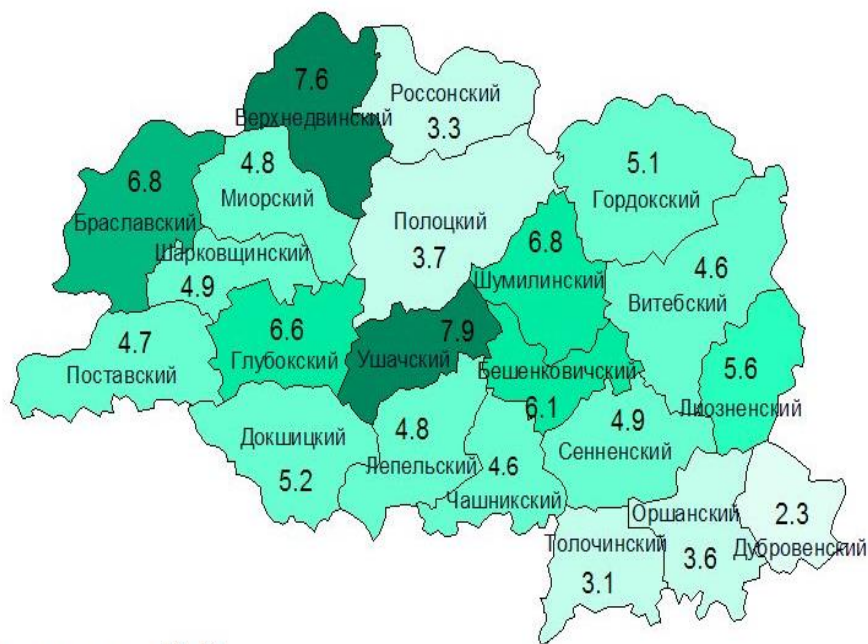
- Calculation of the value of indicators
- Calculation of the score in relation to benchmark
(Benchmark – Value of indicator)/Benchmark

Explanation	Measure	Benchmark Target for Belarus	Benchmark (B)	Value for Belarus (V)	Distance to target (D)
Physical presence of exchange offices	number per 100,000 population	Avg for 10 East European countries	21	8	0.62
Physical presence of post offices	number per 100,000 population	Avg for 10 East European countries	30	38	0.00

Comprehensive Survey: Supply

Number of bank branches for 10000 grown-ups (16 and older) in Vitebsk region of Belarus

Витебская область



В среднем по Беларуси - 3,8

Thank you!

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