

“Measuring Financial Inclusion: The Global Findex Database”

Presenter: Atisha Kumar, World Bank

Atisha Kumar is a financial sector specialist in the finance and private sector development team of the Development Research Group at the World Bank. Her work at the World Bank focuses on measurements of financial inclusion, including the Global Financial Inclusion (Global Findex) database, and access to finance. Her past research has focused on the political economy of trade and development.

Coauthors: Asli Demirguc-Kunt, World Bank; Leora Klapper, World Bank

Summary and Findings: Access to financial services plays a critical part in development by facilitating economic growth and reducing income inequality. Inclusive financial systems allow poor people to smooth their consumption and ensure themselves against economic vulnerabilities. Financial inclusion enables poor people to save and borrow—allowing them to build their assets, to invest in education and entrepreneurial ventures, and thus to improve their livelihoods. Inclusive finance is especially likely to benefit disadvantaged groups such as women, youth, and rural communities. For all these reasons, financial inclusion has gained prominence in recent years as a policy objective to improve the lives of the poor. Recognizing the need for better data to support the financial inclusion agenda, the World Bank’s Development Research Group, with a 10-year grant from the Bill & Melinda Gates Foundation, has constructed the Global Financial Inclusion (Global Findex) database. The data show that 50 percent of adults worldwide have an account at a formal financial institution, though account penetration varies widely across regions, income groups, and individual characteristics. Globally, 23 percent of adults living below U.S. \$2 a day do not own a formal account. Within the United States, 26 percent of those in the poorest fifth of the population remain unbanked.

Implications for Policy and Practice: As the first public database of indicators that consistently measure people’s use of financial products across economies and over time, the Global Findex database fills a major gap in the financial inclusion data landscape. Covering a range of topics, the database can be used to track financial inclusion policies globally and develop a deeper and more nuanced understanding of how people around the world save, borrow, make payments, and manage risk. The data come from a survey carried out by Gallup Inc. as part of the annual Gallup World Poll. The survey covered at least 1,000 adults in each of 148 economies using randomly selected, nationally representative samples over the 2011 calendar year.