



# **International Conference on Financial Education**

**Greater Financial Access through Education**

**Guillermo Zamarripa Escamilla**

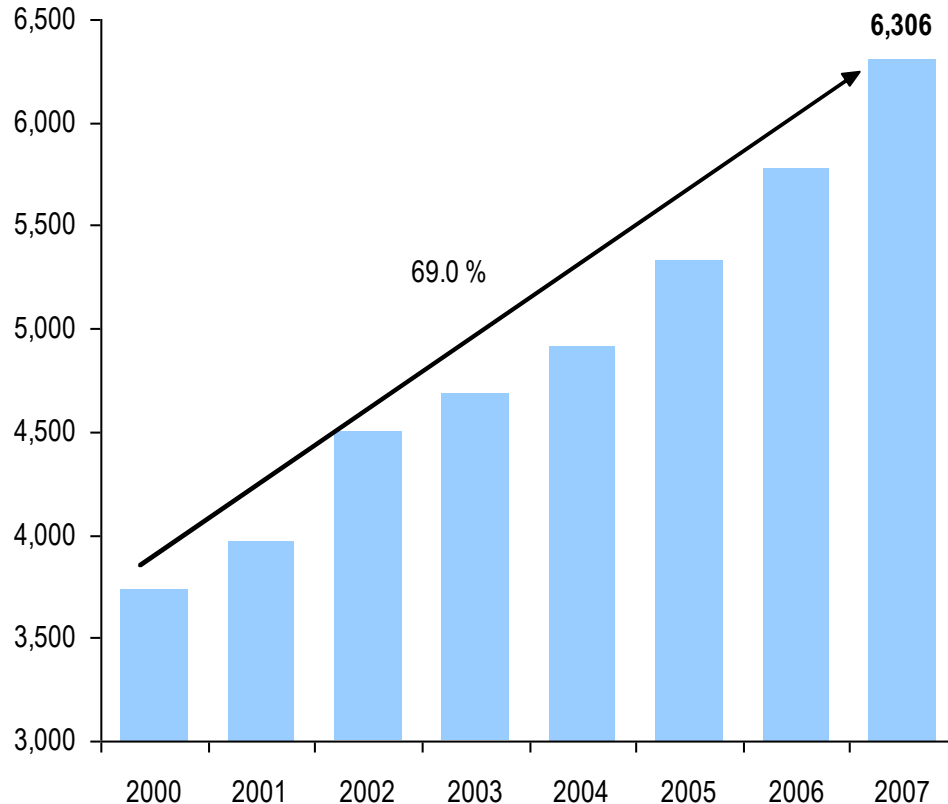
**Head of the Banking, Securities and Savings Unit**

**May 2008**

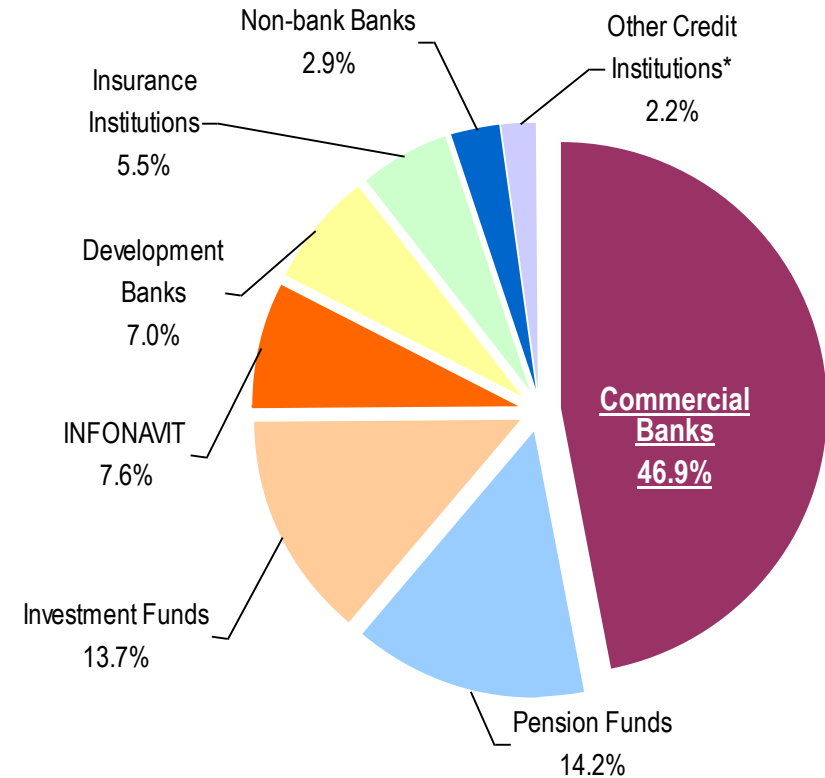
**In the last 7 years, the financial system in Mexico has had cumulated growth of 69% in real terms.**

### Evolution of the Financial System in Terms of Assets

(thousand million pesos as of December 31, 2007)

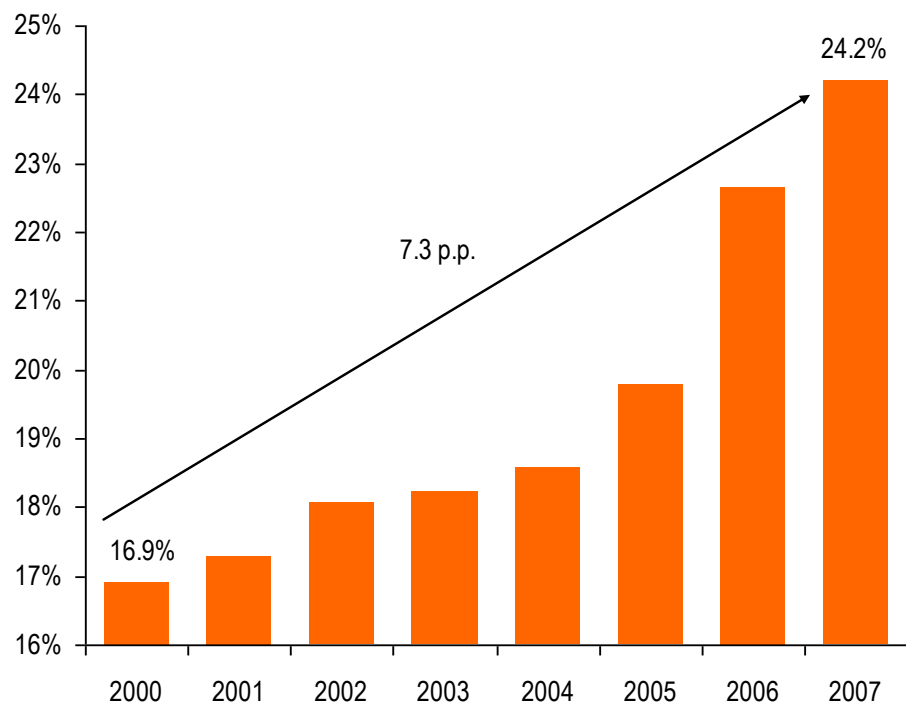


### Financial System Structure in Terms of Assets as of December 31, 2007

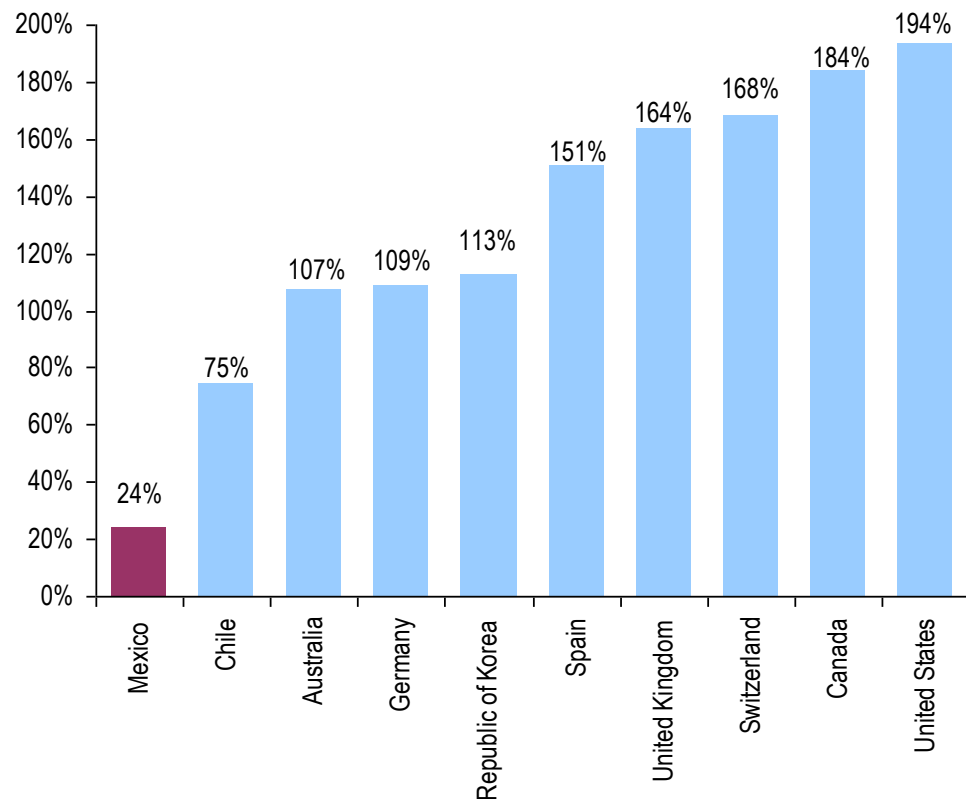


**Financing to the private sector has experienced substantial growth. Nevertheless, this financing as a percentage of GDP is low when compared to other countries.**

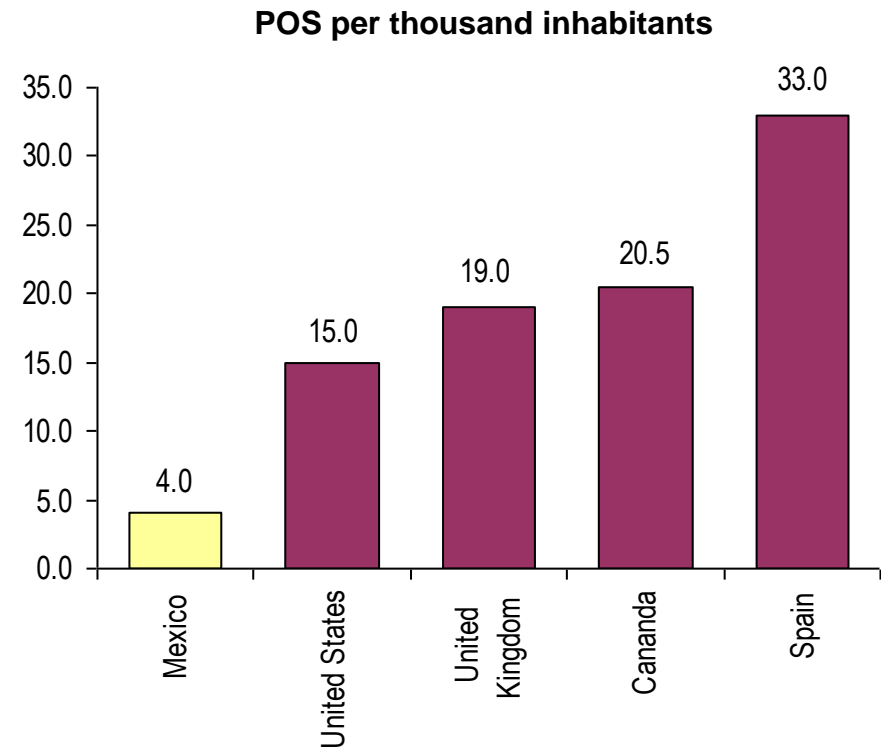
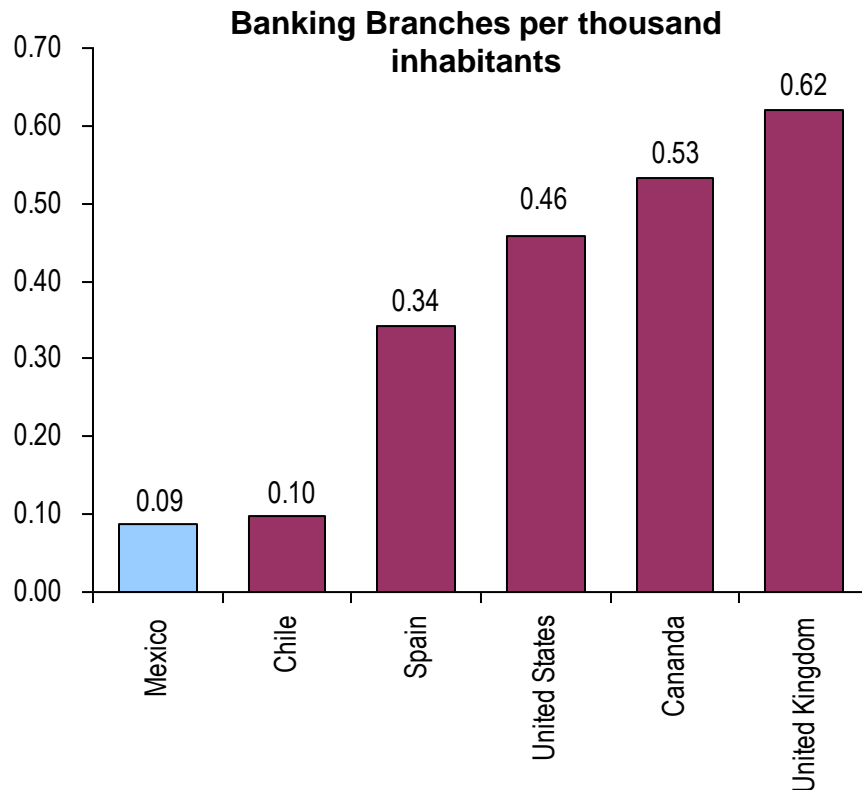
**Evolution of Credit to the Private Sector / GDP**



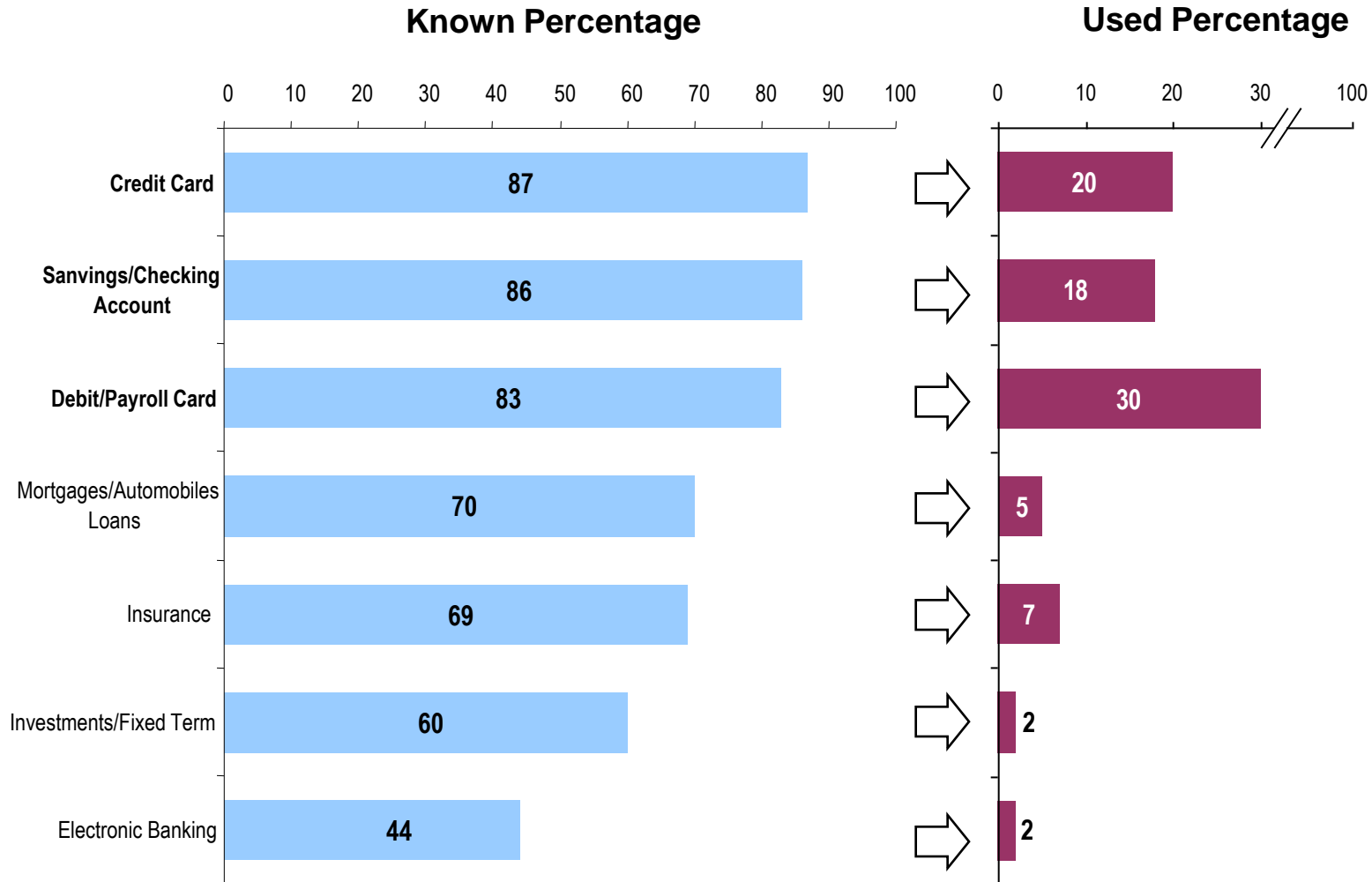
**Credit to the Private Sector / GDP**



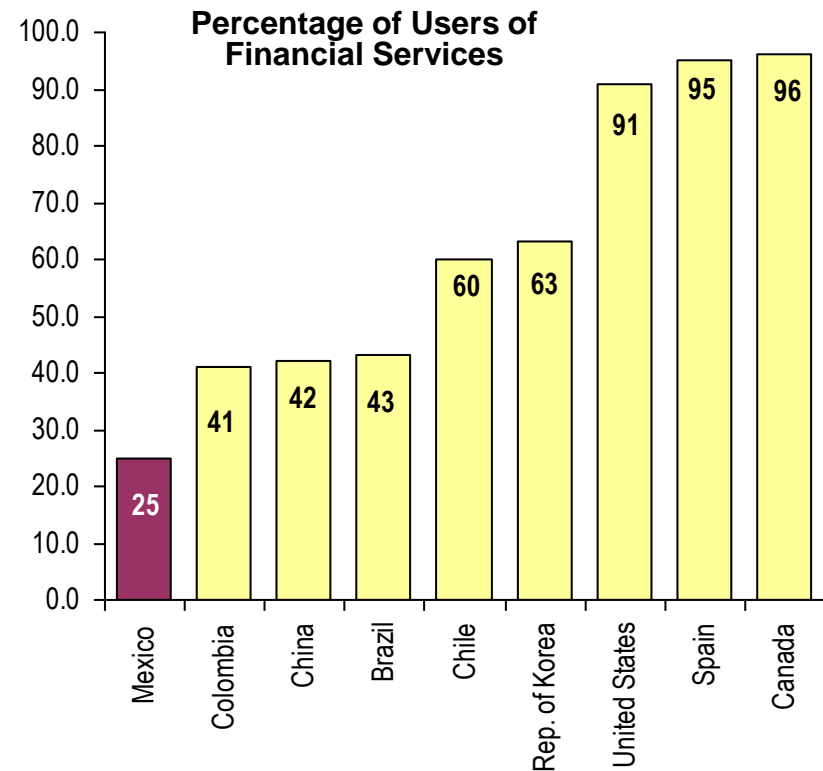
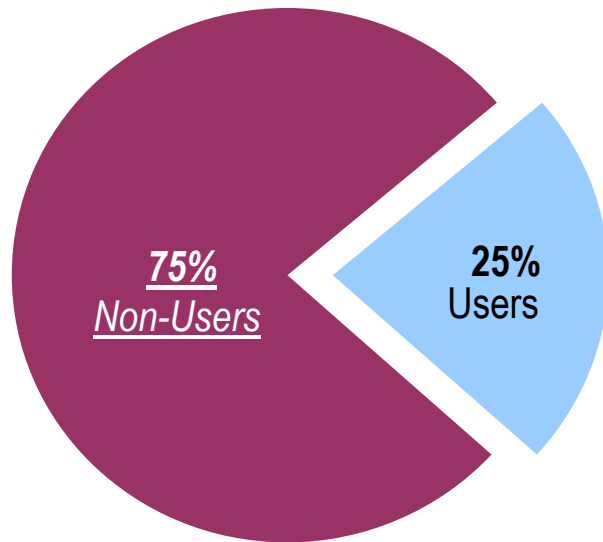
**On the other hand, although access in terms of infrastructure has increased during the last years, Mexico still reflects a delay in comparison to other countries.**



**With respect to the financial services coverage, on average 85% of the population has heard about the 3 main financial products, but just 22.7% use them.**



**According to a World Bank publication (*Finance for All?*<sup>\*</sup>), only 25% of the population in Mexico has access to financial services<sup>\*\*</sup>. When compared at the international level, the access to the Mexican Financial Market is low.**



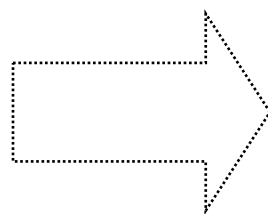
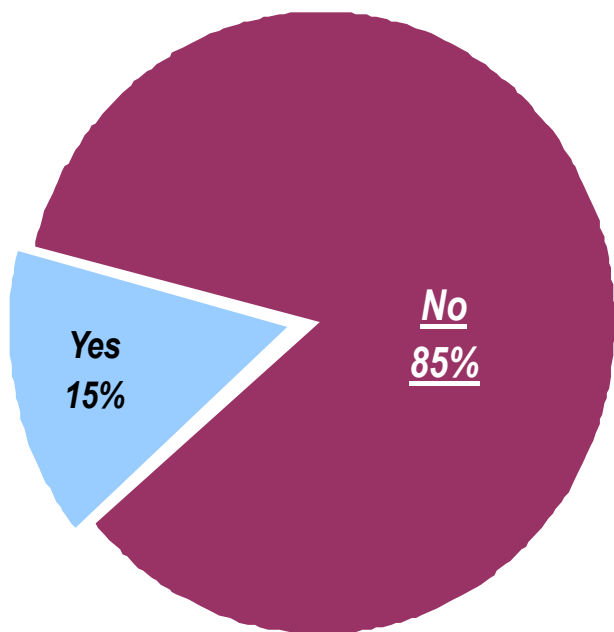
Most of the underserved population is located in the lower income levels, lower education levels and live in rural communities.

<sup>\*</sup>Source: *Finance for All? Policies and Pitfalls in expanding Access*. A World Bank policy research report.

<sup>\*\*</sup>The Composite indicator measures the percentage of the adult population with access to an account with a financial intermediary.

**Within a context of low access to financial services, the authorities conducted a survey to determine the main entry barriers to the financial system. The results were centered in 2 aspects: absence of available resources and the lack of information.**

*Are you interested in having any product/service with a financial institution?*

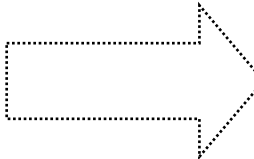


<i>What is the reason you are not interested?</i>	<i>%</i>
"Do not have money"	22
"Interest rates are high"	12
"Do not feel like / Not interested"	11
"Do not need"	7
"I do not have a job"	5
"They ask for too many requisites"	3

Note: Most frequent mentioned reasons were only included, the sum does not add up to 1000%.

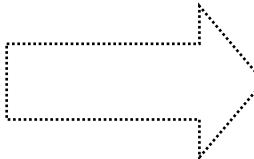
**Nevertheless, the underserved sector meet their financial needs through alternatives from the informal financing sector, which some of the times are unsafe and expensive.**

18.2% of the individuals assume that informal saving communities are the only way how to save.



Savings	%
Informal savings community ("tanda")	26
Cash at home	22
Grant a loan	11
Family, neighborhood or community savings group	5
A family member takes care	5

The informal financing sector provided 75% of the loans during the last 12 months.

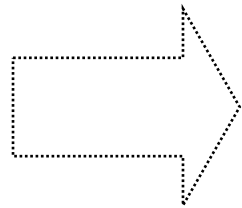


Financing	%
Family & Friends	81
Employer thrifts	10
Neighbors	2
Moneylenders	1
Others	3



**One of the main objectives of the financial authorities in Mexico is to promote the use of formal financial services. This, given the fact that more access to financial services is correlated to higher living standards.**

The benefits of having access to financial services is correlated to the households wealth.

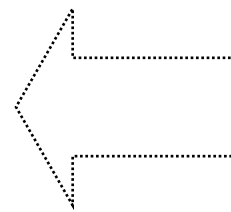
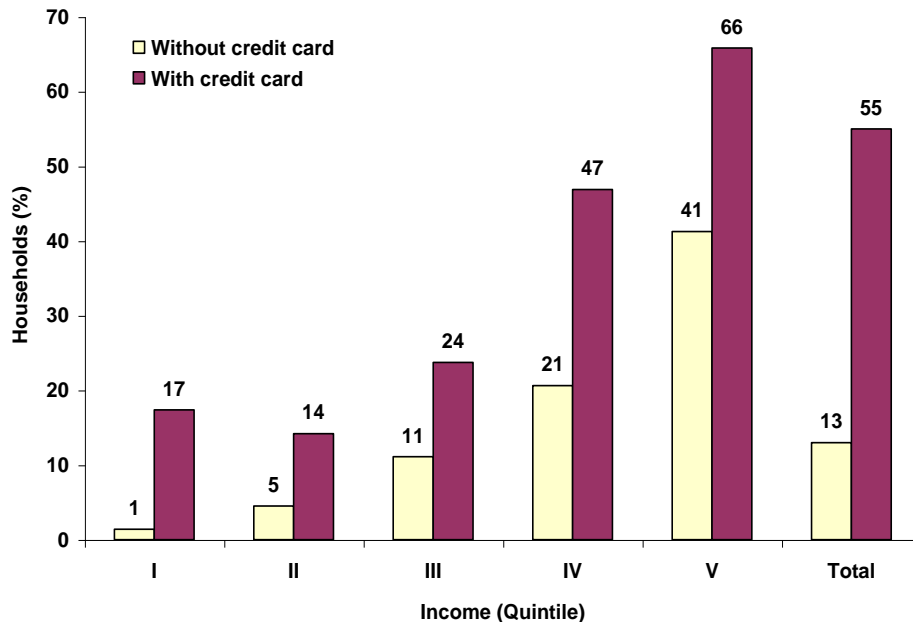


Differences between households holding a credit card loan

	Without	With
Households that own a car (%)	21.8	65.0
Households with internet (%)	4.3	30.5
Households with cable tv (%)	15.3	54.4
Households with cellular phones (%)	42.3	85.7
Households with a telephone line (%)	45.4	83.4

Source: ENIGH 2006

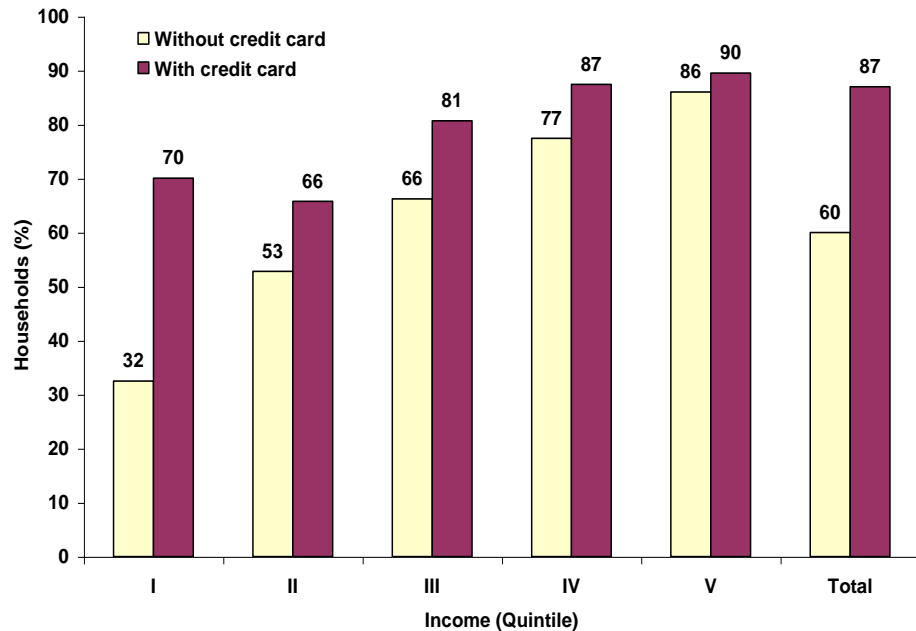
Households that own a computer per income level (quintile)



Access to financing carries unfolded benefits: an individual can afford to buy a computer which in turn could be used to access the internet.

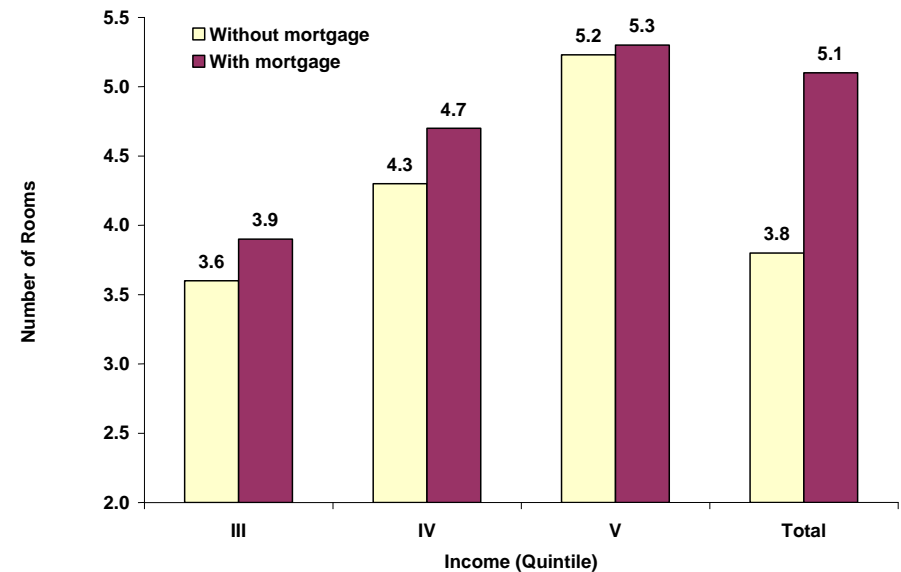
**Also, other statistics confirm the fact that access to financial services entails more benefits correlated to quality of living, such as the size of the house and the property of appliances.**

Households that own a washing machine per income level (quintile)



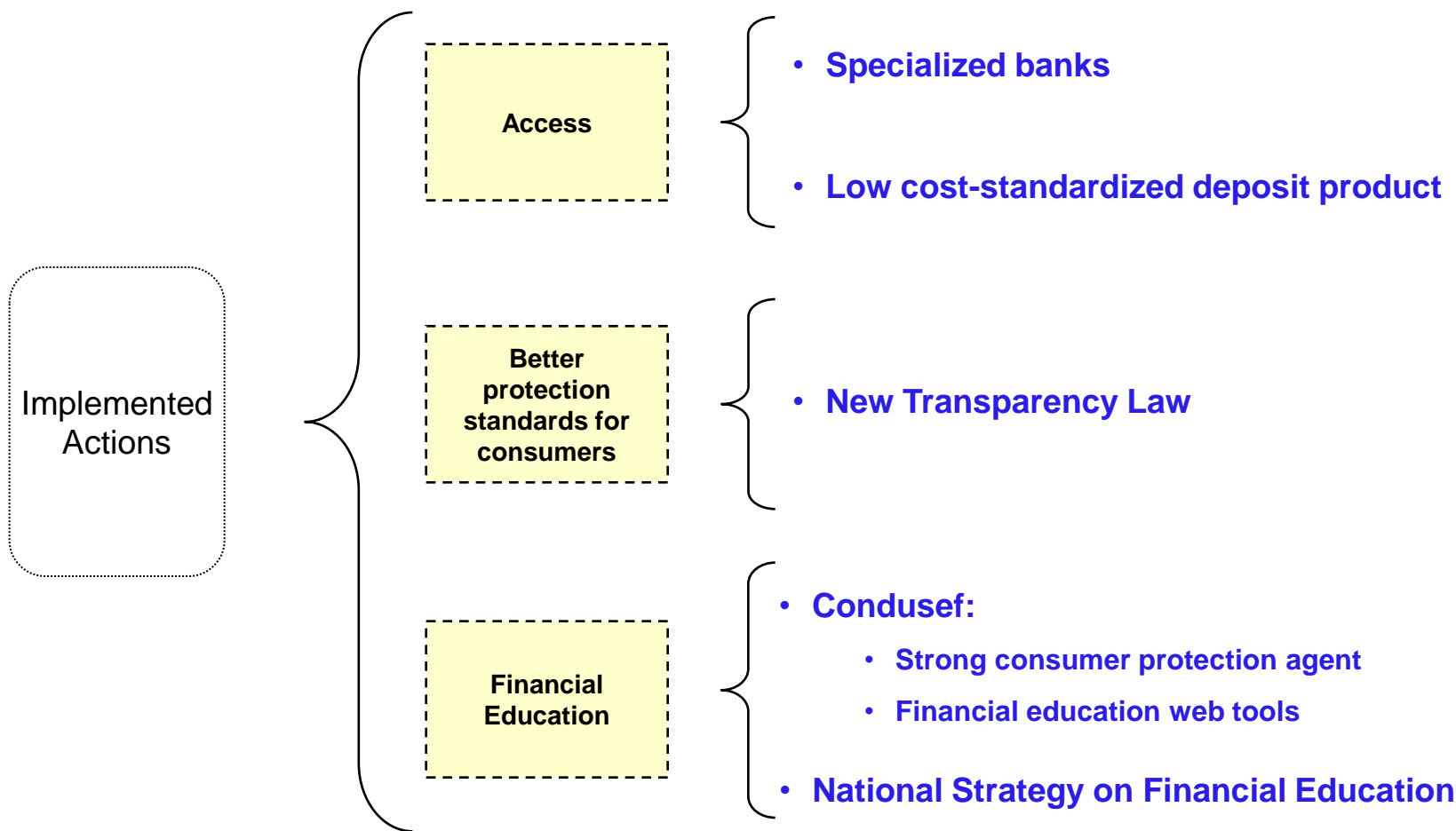
Source: ENIGH 2006.

Number of rooms in a house per income level (percentages)



Source: ENIGH 2005.

**In this context, the Mexican authorities have focused in promoting greater access to financial services together with actions addressed to foster stronger consumer protection.**



Also, the largest banks in Mexico have financed an education campaign and provided for individual of all ages the distribution of banks sponsored brochures with financial advices.

# In addition to the National Strategy on Financial Education, the Mexican authorities will continue to undertake actions aimed to increase financial inclusion.

## 1. National Strategy on Financial Education

*Communication strategy (including a media campaign)*

*Promote the Mexican consumers protection agency, CONDUSEF*

*Introduce financial education material in the textbooks of the Mexican elementary schools*

*Financial literacy programs at the work place*

*Workshops (including training programs)*

## 2. Other actions

*Outsourcing*

*Mobile Banking*



# **International Conference on Financial Education**

**Greater Financial Access through Education**

**Guillermo Zamarripa Escamilla**

**Head of the Banking, Securities and Savings Unit**

**May 2008**