

# **International Workshop on Policy Development Research in the Greater Mekong Sub region (GMS)**

*A Landscape of Financial Inclusion in the GMS through the Lens of  
FinScope's nationally representative Surveys*

**Bank of Thailand, Bangkok**

**12 May 2017**

# What is FinScope?

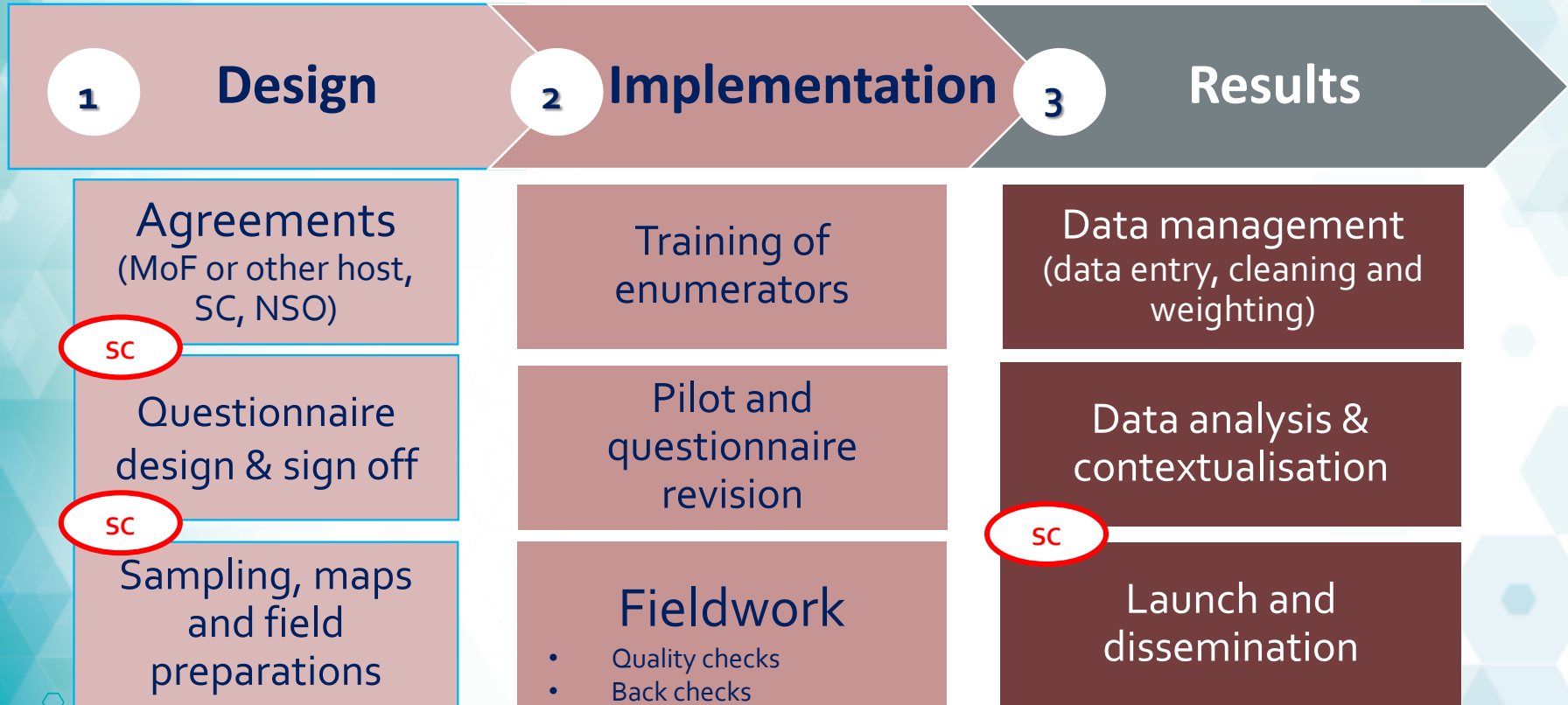


- The FinScope survey is a research tool which was developed by FinMark Trust. It is a nationally representative survey of how individuals source their incomes, and how they manage their financial lives, attitudes and perceptions, financial behaviour, etc.
- FinScope was the first reputable “currency” to comprehensively measure financial inclusion
- FinScope is a key ingredient in the ‘The Making Access Possible (**MAP**)’ which is a diagnostic and programmatic framework to support expanding access to financial inclusion in partnership with the UNCDF. The MAP programme has been implemented in four of the GMS countries
- The FinScope survey is dynamic and the content is evaluated by a number of stakeholders including the private sector, NGOs and Government to ensure that the most relevant consumer data is collected
- FinScope Consumer Surveys have been completed in 29 countries. This allows for cross-country comparison and sharing of findings which are key in assisting on-going growth and strengthening the development of financial markets globally and regionally (SADC, Non-SADC Africa & ASEAN). Surveys are currently underway in 4 countries – 2 in SADC, 2 non-SADC. FinScope also has MSME and agriculture surveys



# Financial inclusion

## The FinScope Process



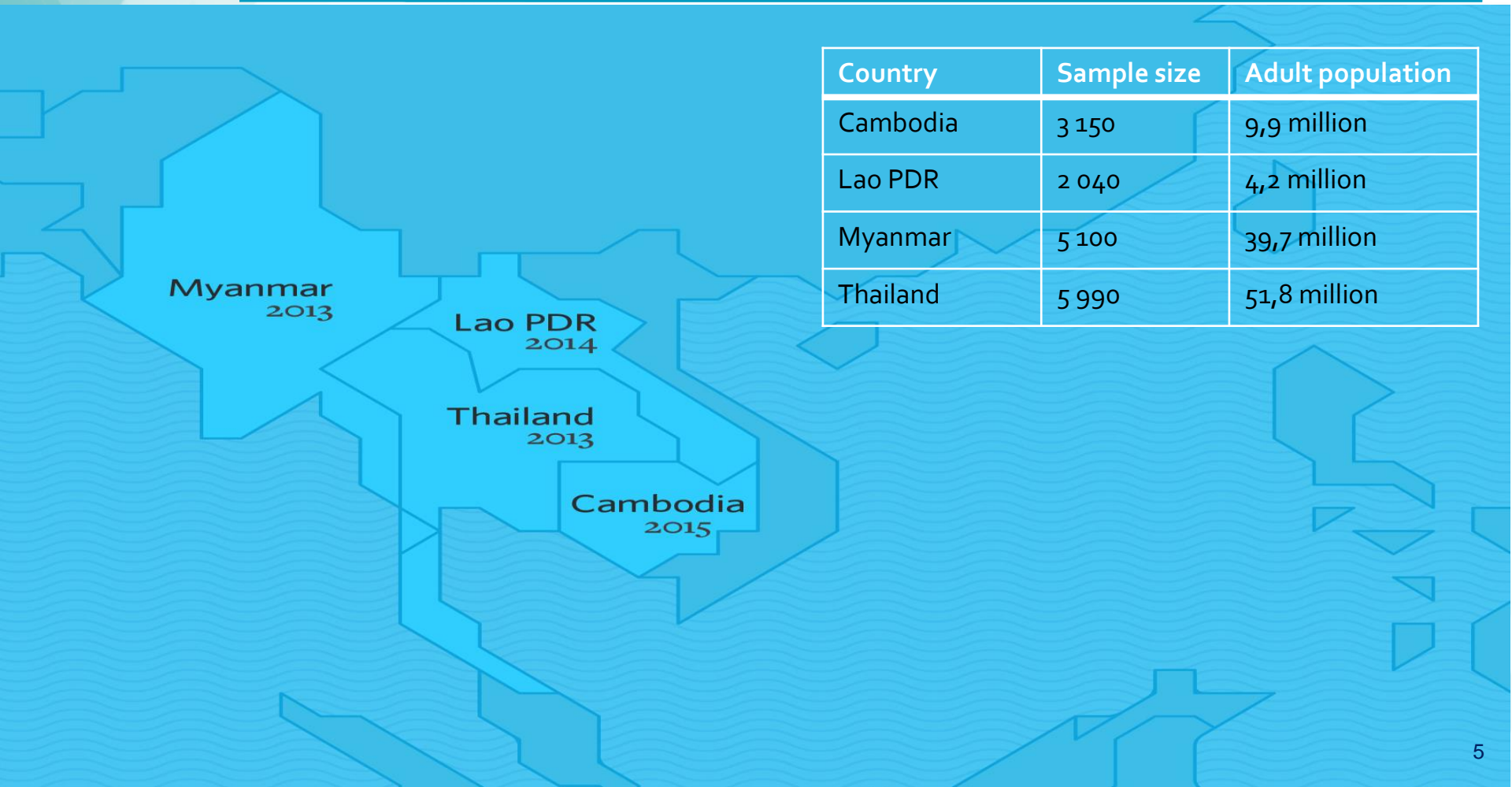
# Comprehensiveness, competitiveness and comparability of FinScope surveys

## FinScope in the context of other demand side surveys

	FinScope Consumer Survey	Global Findex Survey	Financial Inclusion Insights (FII)	Financial Inclusion Tracker Survey (FITS)
DEMOGRAPHICS - INDIVIDUAL	●	●	●	● <i>Household head</i>
DEMOGRAPHICS - HOUSEHOLD	●		●	●
COMMUNICATION DEVICES	●	●	●	●
PAYMENTS	●	●	●	●
MOBILE MONEY	●	●	●	●
BANKING	●	●	●	●
SAVINGS AND INVESTMENTS	●	●	●	●
BORROWING AND CREDIT	●	●	●	●
INSURANCE AND RISK MANAGEMENT	●	●	●	●
FINANCIAL LITERACY AND AWARENESS	●		●	

Source – FMT report on FinScope independent review by Eighty20

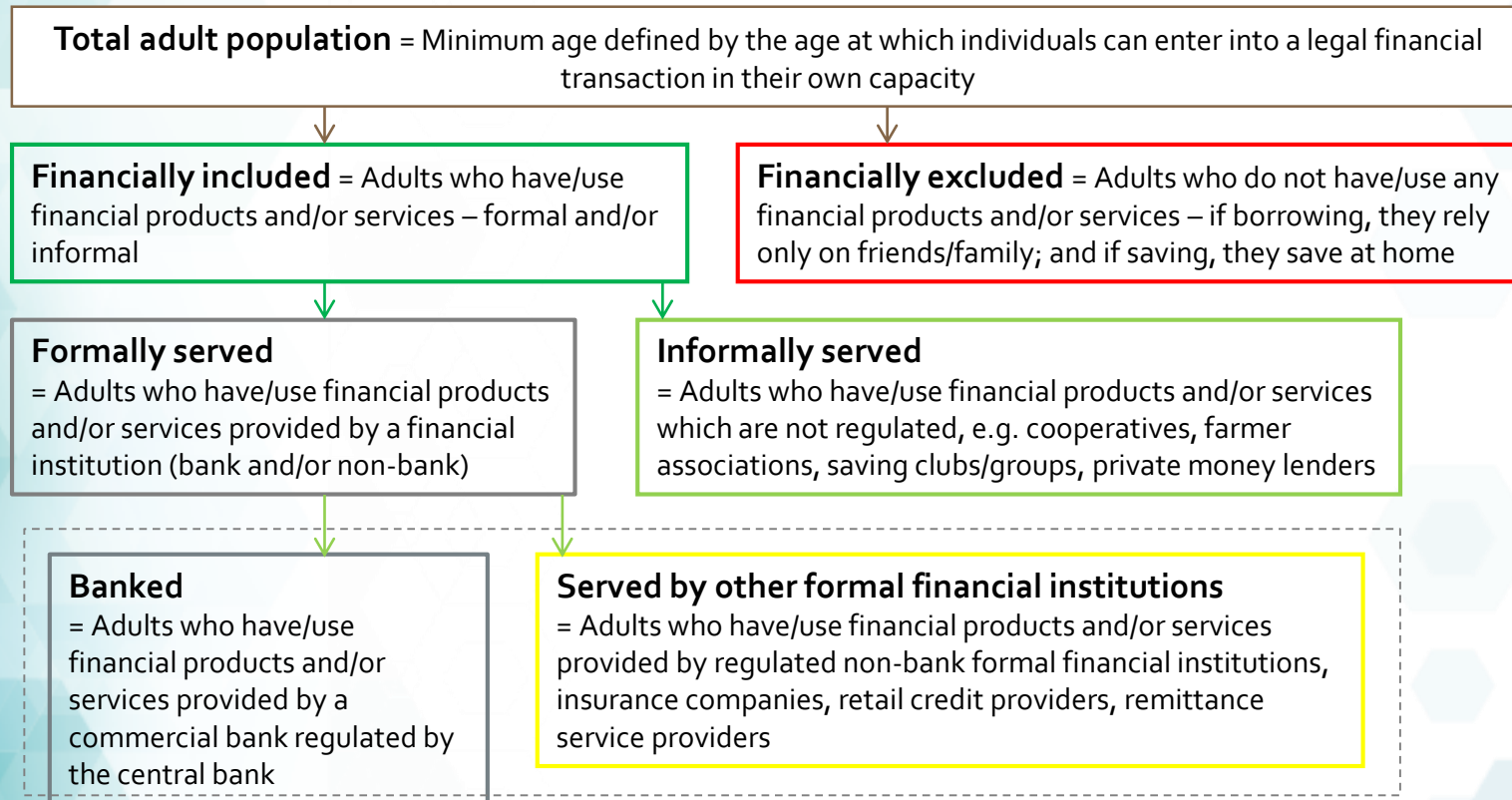
# FinScope Footprint in the Mekong region



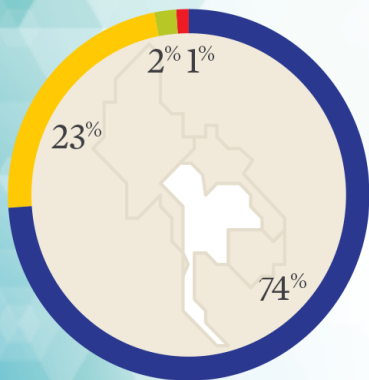
Country	Sample size	Adult population
Cambodia	3 150	9,9 million
Lao PDR	2 040	4,2 million
Myanmar	5 100	39,7 million
Thailand	5 990	51,8 million

# Analytical framework of FinScope surveys

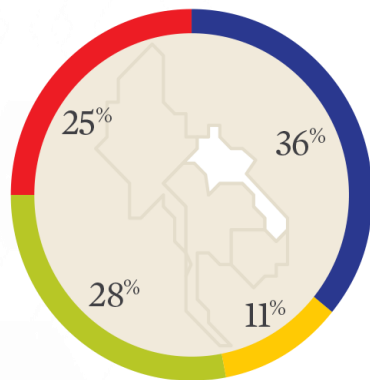
## Financial inclusion approach



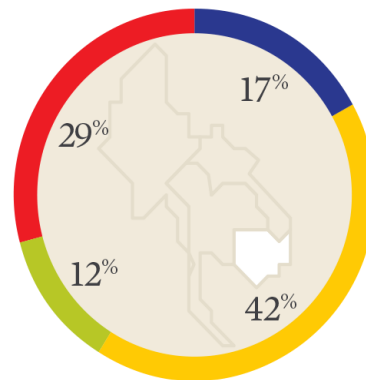
# Financial Consumer Access Strand



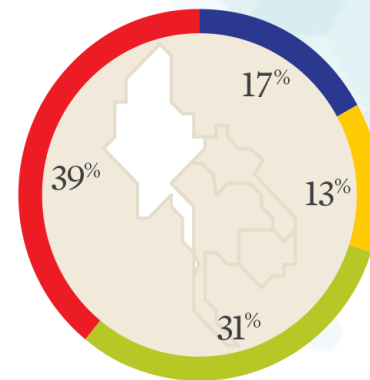
**Thailand**  
2013



**Lao PDR**  
2014



**Cambodia**  
2015



**Myanmar**  
2013

Banked

Other Formal

Informal Only

Excluded



# Summary Strands: Credit and Savings

Thailand  
2013



Lao PDR  
2014



Myanmar  
2013



Cambodia  
2015



■ Banked 
 ■ Other formal (non-bank) 
 ■ Informal only 
 ■ Excluded



# Barriers to Financial Inclusion

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- **Cambodia 2015** – Infrastructure access to financial service points is a challenge particularly to rural adults. Financial illiteracy largely encumbers the uptake of insurance products that could be bundled in the MFI penetration space
- **Lao PDR 2014** – A significant number of adults voluntarily exclude themselves linked to cultural beliefs and lack of information about financial services. Remittances can be further developed through the adoption of mobile money. Bank savings products are fairly related to actual savings indicating a high usage of these for transactional purposes
- **Myanmar 2013** – High level of informal product uptake. Low uptake of formal savings and insurance. Addressing the attitudes and perceptions around formal institutions and largely cash based economy. Credit may well have been under-reported
- **Thailand 2013** – Village Fund and Specialised Financial Institutions (SFIs) borrowers have more debt than commercial bank. Mechanisms in which credit is granted should be more stringent (41% of those that have borrowed from a Village Fund have also borrowed from SFI's). Aligning usage and function of the financial products and promoting awareness of correct usage of financial products may deepen the level of financial inclusion

# Cambodia: Infrastructure accessibility

Percentage of people going to or aware of destination and take 30 minutes or less to get to destination

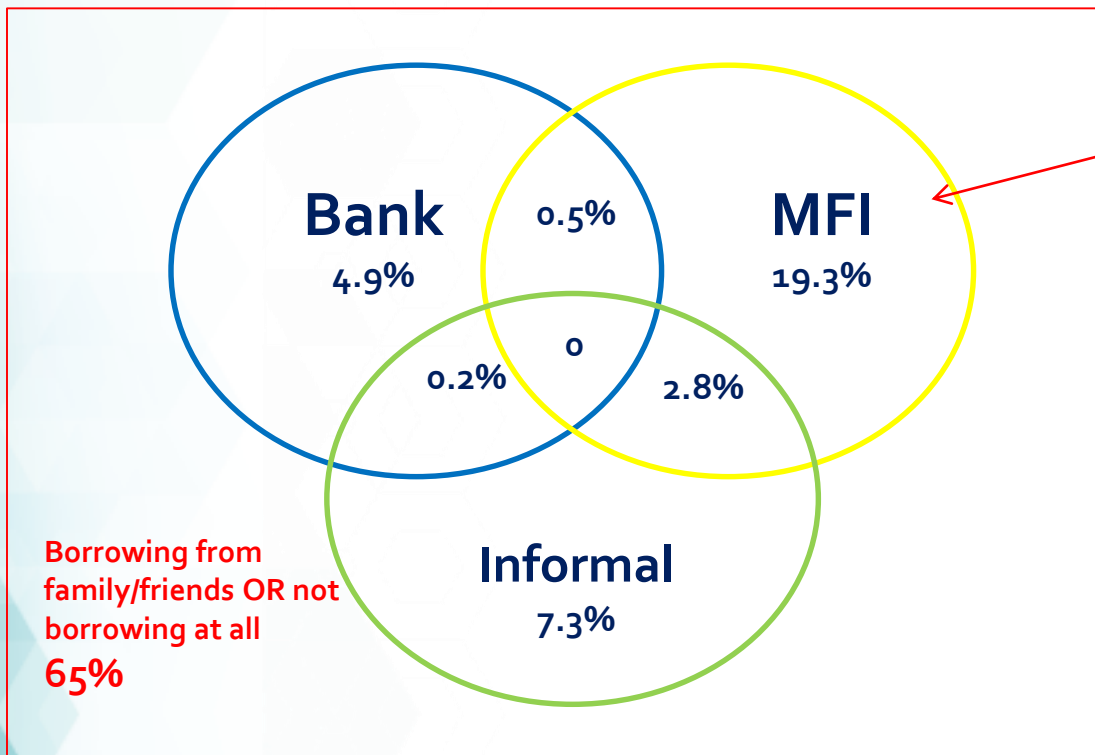
Rural access to FSPs is a challenge

P R O X I M I T Y	Nearest ↑ ↓ Furthest	Rank	Destination	Adults using or aware of destination	Take 30 minutes or less		
					Total	Urban	Rural
		1	Grocery store	99%	97%	99%	96%
		2	Public transport / Bus stop	96%	68%	92%	59%
		3	Market	99%	67%	98%	56%
		4	Mobile money agent	96%	56%	94%	42%
		5	Bank branch/ATM	98%	47%	92%	31%
		6	MFI	98%	49%	93%	33%
		7	Post office	81%	37%	68%	25%

# Cambodia: Borrowing and credit

## Access to multiple lending sources (by category)

When excluding those borrowing from family/friends those borrowing from different categories are only 3.6% (354,000)



Borrowing from family/friends OR not borrowing at all  
**65%**

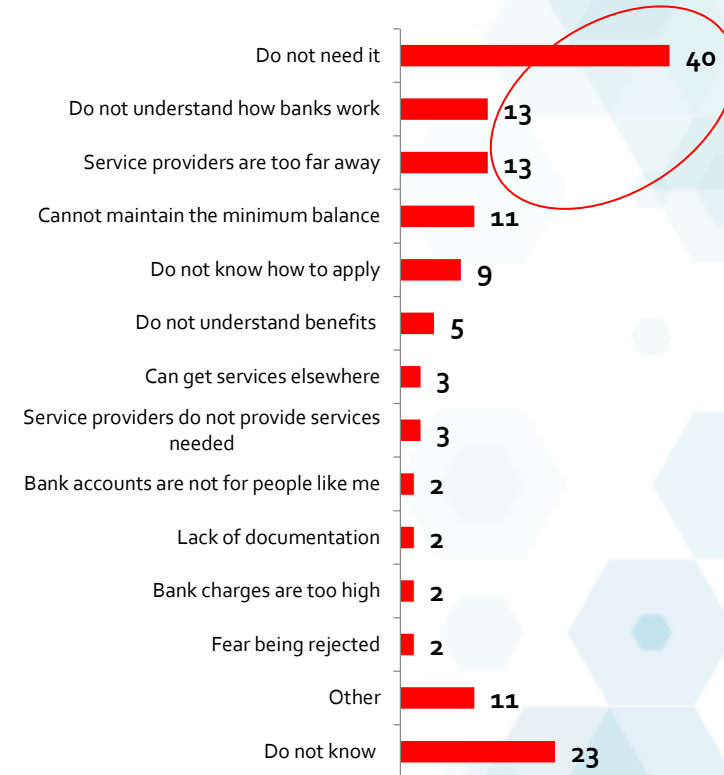
Most borrowers are in the MFI category

# Lao PDR: Banking Drivers and Barriers

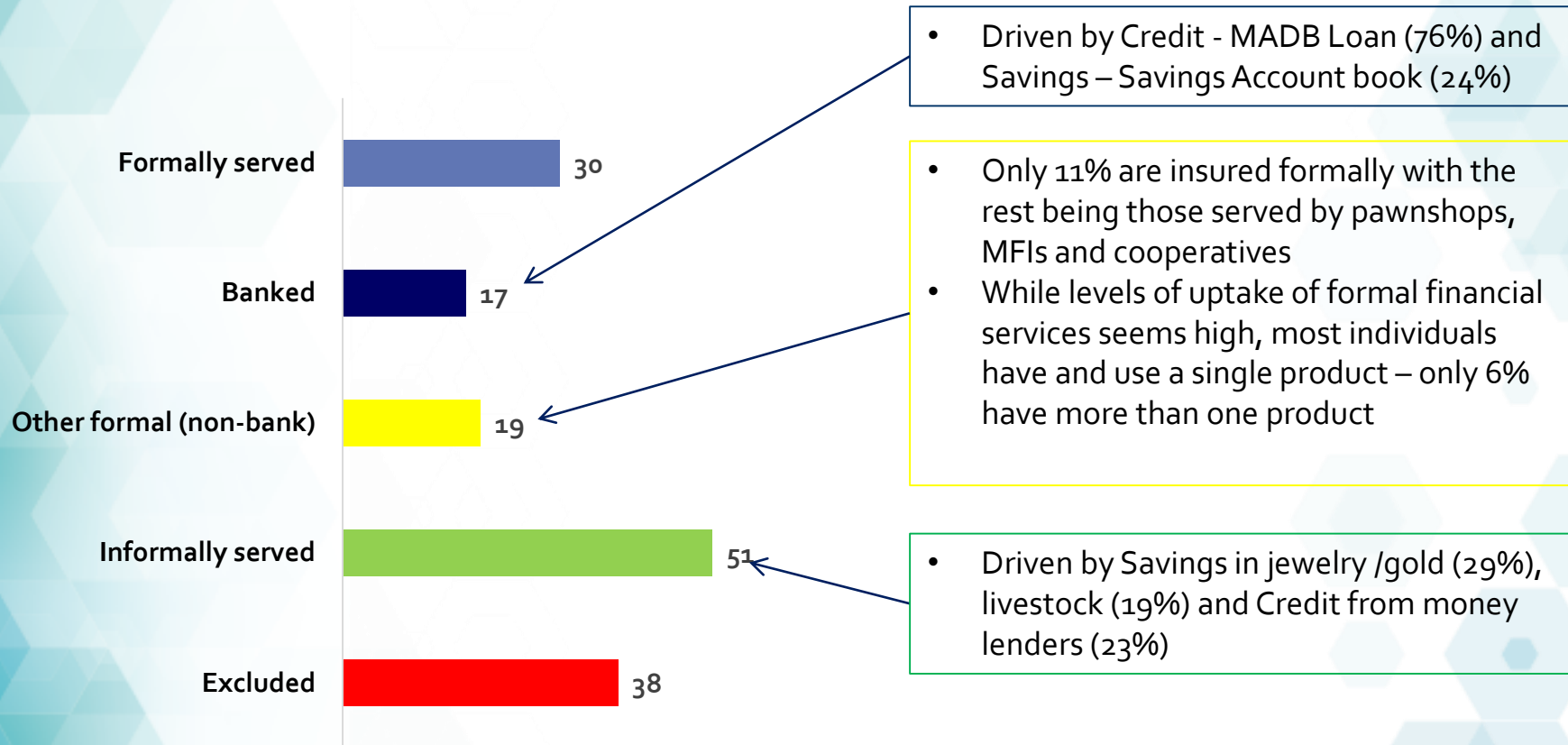
**36%** of adults are banked



**64%** of adults are not banked



# Myanmar: Huge informal product uptake



# Thailand: Credit driven by Village fund and Specialised Financial Institutions (SFIs)



Making financial markets work for the poor

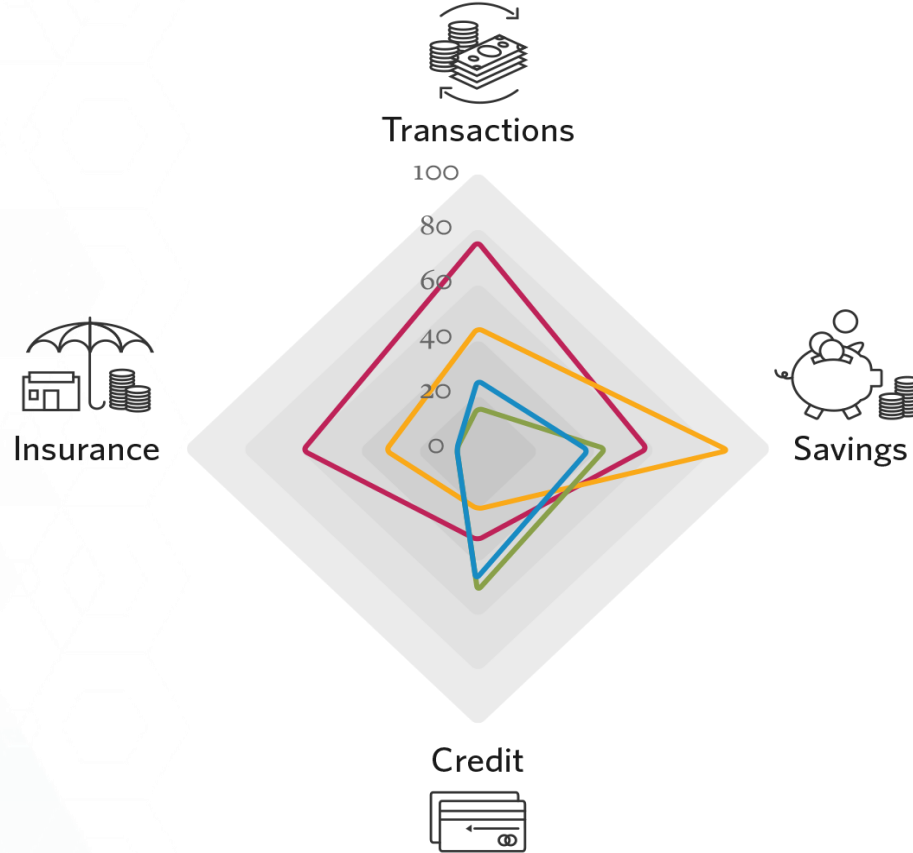
Main reason for borrowing is farming and living expenses

Institution	# of people	Mean Monthly Income	Total debt	Reasons	Region
Commercial bank	2 088 926	THB 27 217	THB 176 034	Means of transport Buying/building dwelling	Bangkok 24% Central 24% South 24%
SFI	7 146 243	THB 17 012	THB 189 361	Farming expenses Living expenses	North East 44% North 29%
NBFI under BoT	1 374 340	THB 18 456	THB 229 255	Vehicle Living expenses	Central 41% Bangkok 21%
Savings Group	1 566 990	THB 14 148	THB 237 038	Farming expenses Living expenses	North East 41% North 25%
Village Fund	7 423 963	THB 10 177	THB 322 366	Farming expenses Living expenses	North East 51% North 32%
Cooperative	1 043 897	THB 24 322	THB 222 506	Farming expenses Living expenses	Central 33% North 27%

# Mekong Region Landscape of Access

(of those with any financial product)

The Landscape of Access is used to illustrate the extent to which financially included individuals have/use financial products/services (excluding those borrowing from family/friends and those who save at home/hiding in secret place)



- Cambodia
- Lao PDR
- Myanmar
- Thailand



# Drivers to Financial Inclusion

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- **Cambodia 2015 – Remittances** are the biggest driver of financial inclusion mainly via mobile money. Overall, MFI penetration is higher than banks. **Credit** from MFIs particularly in rural areas is higher than in urban areas
- **Lao PDR 2014 – Savings** through savings book or savings account drive the banked population translating to high use of **transactional** products through ATM/Debit cards linked to the accounts.
- **Myanmar 2013 – Credit** is the biggest driver with MADB loans and **savings** through savings book or savings accounts
- **Thailand 2013 – Savings** are the biggest driver mainly savings book or savings account also linked to high **transactional** product uptake (Debit card/ATM card). Insurance is largely driven by funeral fund and motor vehicle insurance



# Priorities for Deepening Financial Inclusion

- ❖ MAP through the FinScope studies identified some of the following priorities for enhanced financial inclusion:
  - Cambodia 2015:
    - Mobile money to reach the poor – with four in five adults that currently use mobile money using to remit, extending other services like savings and credit may increase reach of financial services through this cheaper channel vs brick and mortar
    - Credit is the second biggest driver of financial inclusion in Cambodia largely driven by MFIs - Reduce credit costs and educate about good credit for developmental purposes
  - Lao PDR 2014:
    - Financial literacy can positively change attitudes and perceptions and gradually change the beliefs around formal financial services.
    - Aligning of financial products with use will be key in the success of bank related financial products, e.g. relaunching the savings account for actual savings and developing a transactional account
  - Myanmar 2013:
    - Strengthening the financial sector to be able to better support financial inclusion
    - Improved financial access in agriculture, MSMEs and low income households
  - Thailand 2013:
    - More efficient financial intermediation
    - Rural development and agricultural production



# Thank you

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More information can be obtained from:

[www.finmark.org.za/finscope/](http://www.finmark.org.za/finscope/)



Making financial markets work for the poor