



Surveying the Field: Applied Research in Practice

EMW 2022

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Global Findex: Motivation & Methodology

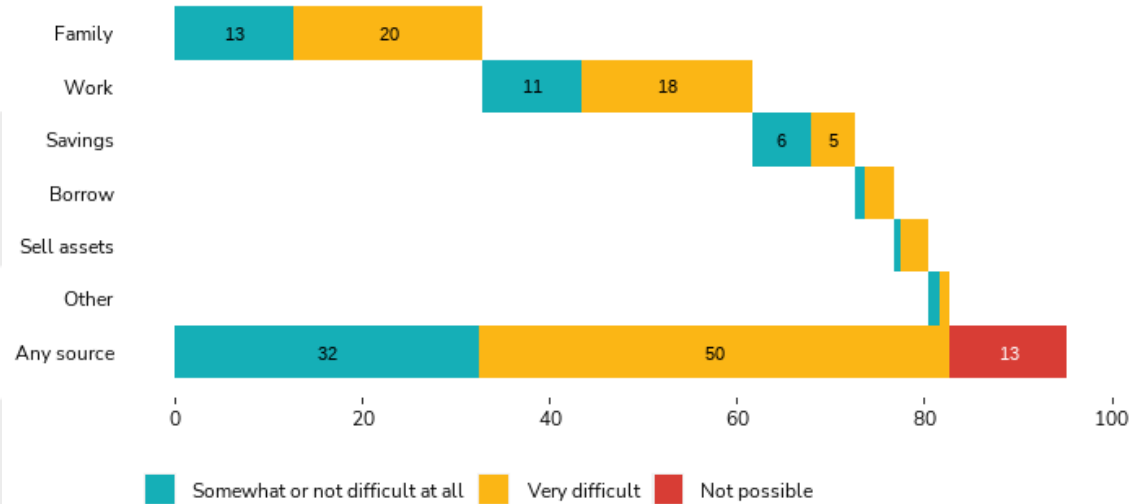
- Since 2011, the first and only comparable and comprehensive source of global demand-side data on financial inclusion
- Answers questions about how adults worldwide manage their money, make and receive payments, save, borrow, and manage financial risks
- Provides metrics on women, rural residents, and low-income households
- Tracks global policy and progress on improving financial inclusion
- Encourages further research



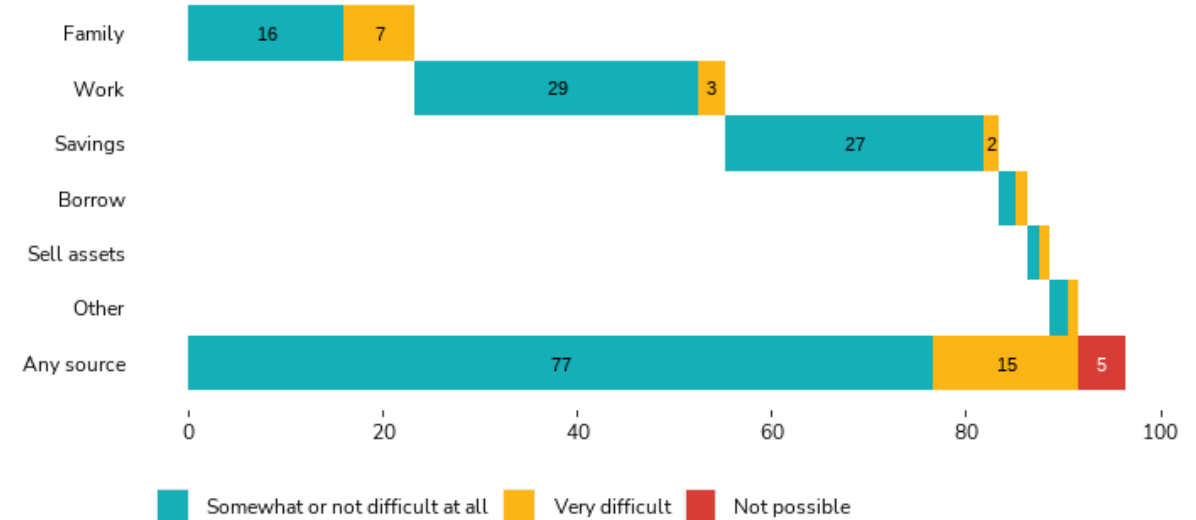
<https://Globalfindex.worldbank.org>

Adults identifying the source of, and assessing how difficult it would be to access, emergency money (%), 2021

South Asia



East Asia



Source: Global Findex Database 2021.

Note: A small share of adults did not know or refused to disclose their main source of emergency money.

60 Decibels Microfinance Index

1st

Comparable impact
performance report based on
microfinance customer voice

41

Countries around the
globe

72

Microfinance Organizations

17,956

Microfinance clients we listened to

5
Impact Themes

18
Indicators

37
Questions

The 60dB Microfinance Index

The Dimensions	Indicators
 <p>Access</p>	<ul style="list-style-type: none"> > Clients accessing a loan for the first time > Clients without access to good alternatives > Inclusivity Ratio
 <p>Business Impact</p>	<ul style="list-style-type: none"> > Very much increased business income > Increased number of paid employees
 <p>Household Impact</p>	<ul style="list-style-type: none"> > Very much improved quality of life > Very much increased spending in <ul style="list-style-type: none"> • Home improvements • Education • Healthcare • Quality Meals > Very much improved ability to achieve financial goal
 <p>Financial Management</p>	<ul style="list-style-type: none"> > Clients who strongly agree they understand all terms & conditions of loan > Very much improved ability to manage finances > Very much improved stress levels > Clients saying their loan repayments are not a burden
 <p>Resilience</p>	<ul style="list-style-type: none"> > Clients whose savings balance has very much increased > Clients who have a very much improved resilience because of the MFI > Clients who never reduce food consumption to make repayments

Access

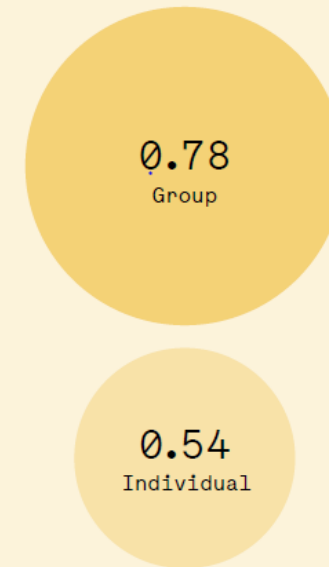
1 Microfinance is doing a good job of reaching people without access to financial services.

Figure 9: First Access to MFI Loan by Gender & Region
(n = 17,601)



2 Group lenders are more likely to reach lower-income clients.

Figure 11: Inclusivity Ratios by MFI Primary Lending Methodology
(n = 12,952)

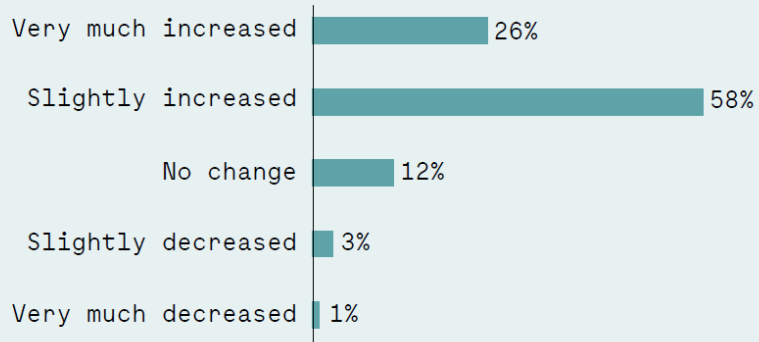


Business Impact

1 74% used loan for a business purpose.
About 1 in 4 say business income has 'very much increased.'

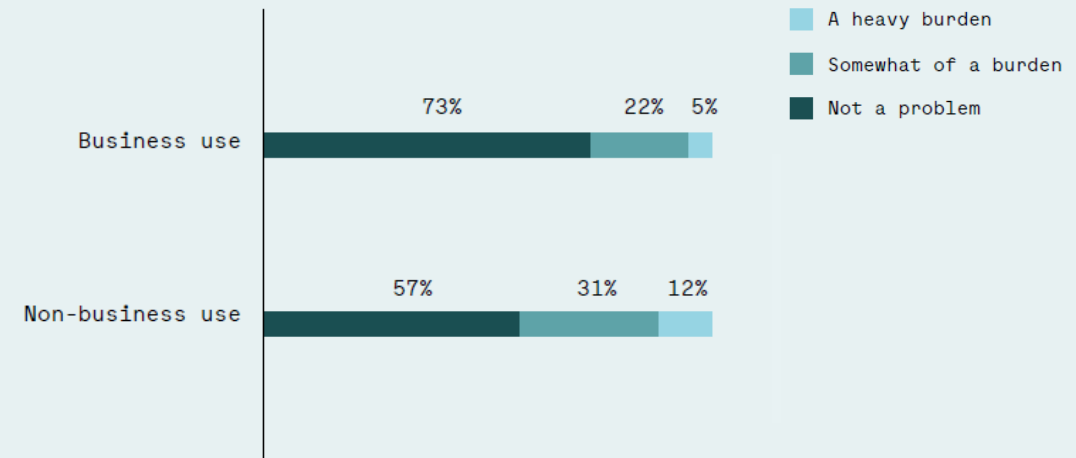
Figure 13: Business Income Changes

For the 74% of clients who used their loan for a business purpose (n = 13,155)



2 Repayment burden is much higher for clients not using loans for business

Figure 17: Loan Repayment Burden by Loan Use
(n = 17,618)



COVID-19 and the Impact on MSEs

A Longitudinal Survey in India, Indonesia, Nigeria and Colombia

CENTER *for*
FINANCIAL
INCLUSION

ACCION



Conducted a longitudinal survey of over 1,600 MSME owners from June 2020 to October 2021 over six waves. And conducted focus groups of 130 MSME owners from March to April 2022 in the following countries:



AVERAGE MSE IN OUR SAMPLE

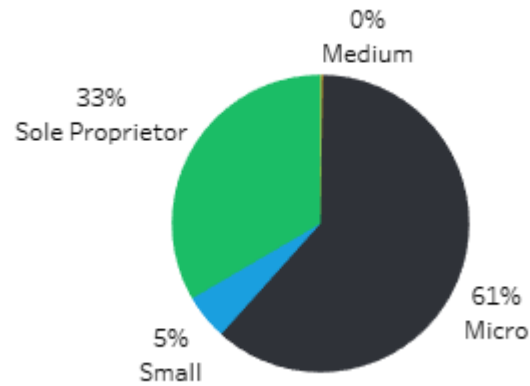
Gender varied by country



Country	Women (%)	Men (%)
Indonesia	91%	9%
Nigeria	54%	46%
Colombia	44%	56%
India	17%	83%

MSME owners are more likely to be women in Nigeria and Indonesia, but men in Colombia and India.

Operates as a microenterprise



Most businesses in the sample are sole proprietors or micro businesses.

Is a retail business



Retail	58%
Service	14%
Manufacturing	13%
Other	14%

Most businesses in the sample are retail stores.

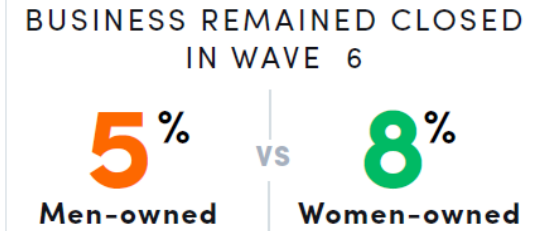
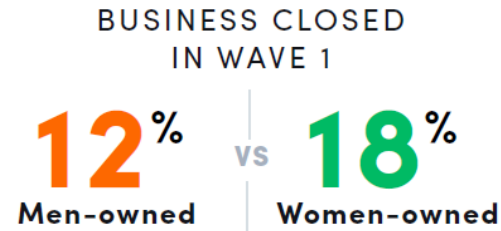
Had a growing business before COVID



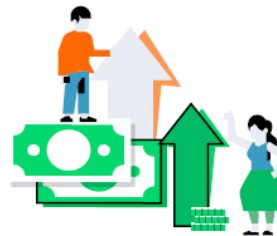
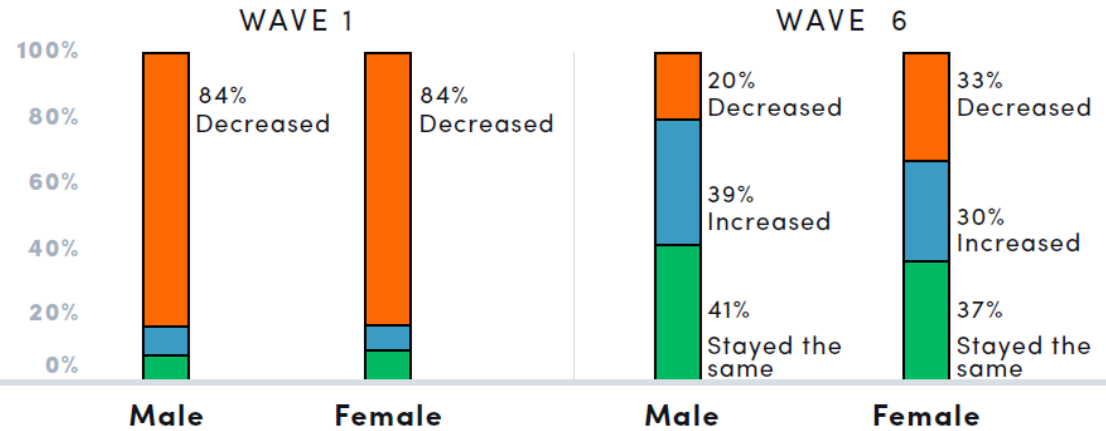
Profits prior to pandemic	% of respondents
↑ (Increased)	47%
↔ (Stayed the same)	28%
↓ (Decreased)	25%

75% of clients reported their profits had increased or stayed the same in the year before COVID-19.

1. Women MSE owners struggled more than men



PROFIT TRENDS BY WAVE AND GENDER

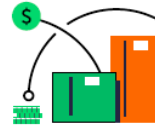


Men-owned businesses saw overall better profit trends, with **80%** reporting that profits stayed the same or increased, compared to **67%** for women-owned MSMEs

2. Higher Financial and Business Capabilities associated with better business outcomes

MSMEs with higher levels of financial and business capability successfully used a range of coping mechanisms to quickly adapt their activities to adjust for the circumstances.

4 EXAMPLES OF COPING STRATEGIES



Shifted inventory and inputs approach to improve liquidity



Introduced delivery to reach more customers and/or continue operating during movement restrictions



Used social media for marketing

but **12%** used digital platforms to conduct transactions

Reduced workforce

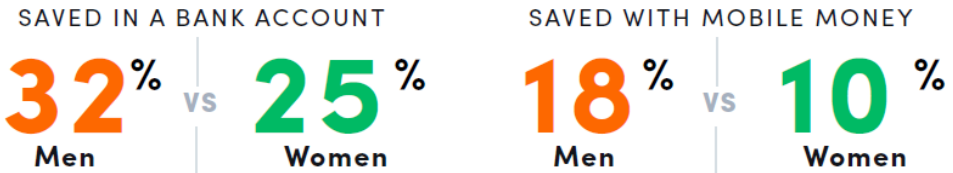


by Q3 2021, employments levels were just **50%** of what they were pre-pandemic in Colombia and between **60-70%** of pre-pandemic levels in India, Indonesia, and Nigeria

3. MSE owners used a variety of financial services, but many needs remained unmet

SAVINGS

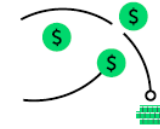
When COVID hit, the number of MSMEs who reported saving dropped. By Q3 2021:



CREDIT



As savings depleted, business owners turned to credit. Business owners with declining profits were more likely to prefer informal loans.



INSURANCE

Although many owners said that insurance was important, only a few reported having insurance coverage prior to the pandemic

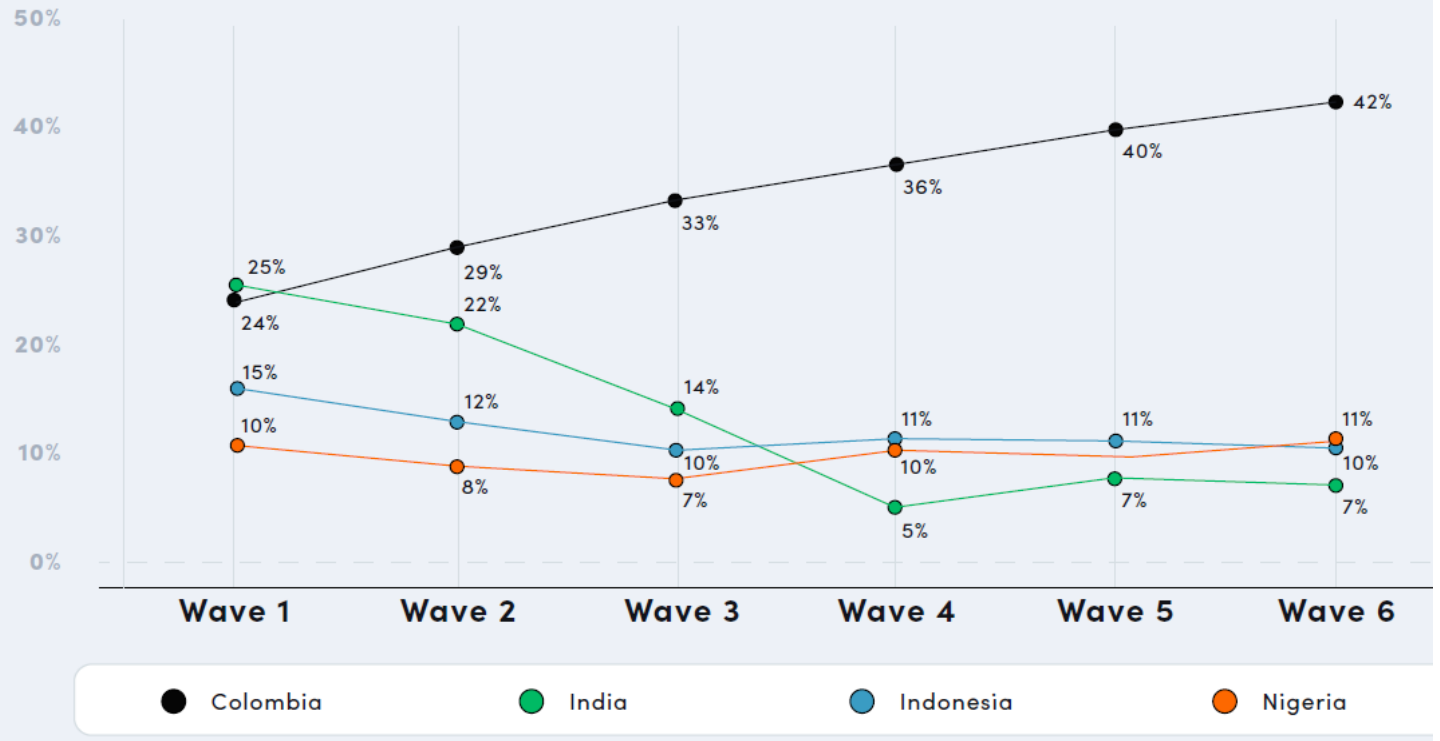


GOVERNMENT SUPPORT

A low number of respondents received government cash transfer payments



4. Few MSEs in Our Sample Sold on Digital Platforms During the Pandemic




Type of Digital Tool	Definition	Examples
Low-stakes	Low cost, does not require resource commitment	Communicating digitally with customers (e.g., WhatsApp) or marketing their business on social media (e.g., Facebook, Instagram)
High-stakes	Requires formal business registration and often includes a financial transaction or commitment	Use of delivery platform, e-commerce platform, online stores

Financial Inclusion Compass 2022

Sam Mendelson



Financial Inclusion Specialist and lead author, *Financial Inclusion Compass*
e-MFP

Background to *Financial Inclusion Compass*





**The Financial Inclusion
Compass 2018**
The inaugural e-MFP Survey
of Financial Inclusion Trends

By Sam Mendelson




**The Financial Inclusion
Compass 2019**
The e-MFP Survey of Financial Inclusion Trends

By Sam Mendelson
With support from Gemma Cavallini, Rachelle Cotonale,
Candice Gray, Gabriela Erick, Daniel Rose and Niamh Waters




**The Covid-19
Financial Inclusion Compass**
A special edition e-MFP survey
of sector challenges & priorities

By Sam Mendelson
With support from Candice Gray, Gabriela Erick, Daniel Rose and Joana She Alonzi



**The Financial Inclusion
Compass 2021**
The e-MFP Survey of Financial Inclusion Trends

By Sam Mendelson





**The Financial Inclusion
Compass 2022**

The e-MFP Survey of Financial Inclusion Trends

By Sam Mendelson



**El Financial Inclusion
Compass 2022**

La encuesta de la e-MFP sobre las tendencias
en el sector de la inclusión financiera

Autor: Sam Mendelson



**Le Financial Inclusion
Compass 2022**

Sondage de l'e-MFP sur les tendances
de l'inclusion financière

Par Sam Mendelson



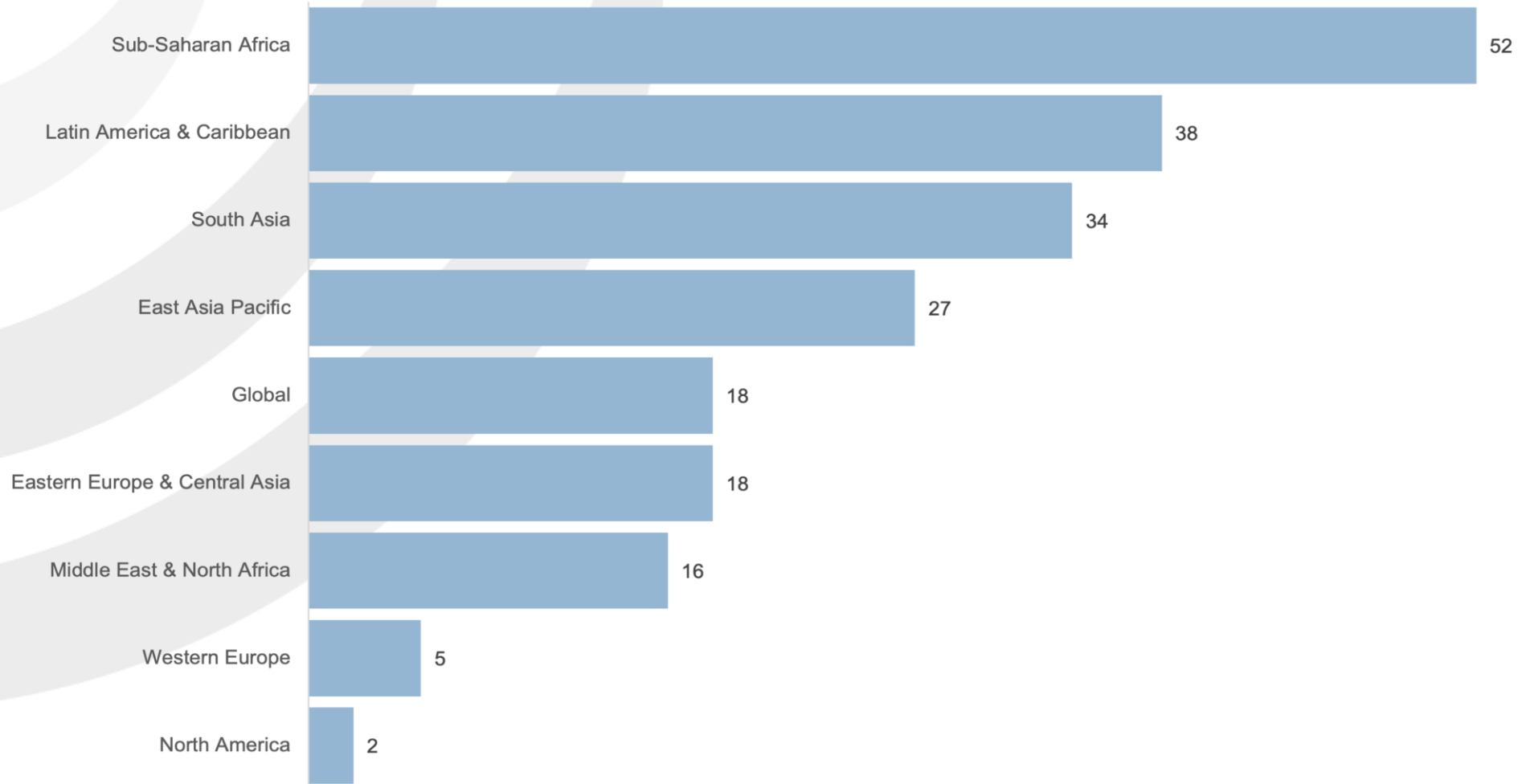
Methodology & Respondents

- Mixed methods, online survey open for 4 weeks in May-June, in 3 languages
- Promoted through our own members, social media, industry publications, regional networks, etc.
- 112 *complete* from a record 46 countries

In 2022, respondents invited to:

- Part 1 – Rate 20 Trends by in terms of **current importance** on a 0-10 scale, and add optional comments
- Part 2 – Choose top 5 (ranked) **personal Future Priority Areas** from a list of 16, and add optional comments
- Part 3 – three optional open-ended questions

Number of respondents by geographical focus of work



Distribution of respondents by organisation type (%)





EUROPEAN MICROFINANCE WEEK

connecting the inclusive finance world

The Trends

Rank	Trend	Score	2021
1	Expansion of digital transformation (institutional-side)	8.08	5
2	Expansion of digital innovations (client-side)	8.04	3
3	Strengthening of client resilience	7.97	1
4	Innovation in financial product development	7.71	6
5	Development of client protection	7.64	7
6	Increasing social/environmental and/or impact measurement and reporting	7.64	NEW
7	Emerging focus on clients' financial health	7.48	NEW
8	Acceleration of strategic responses to the effects of climate change	7.37	NEW
9	Promotion of good governance	7.34	10
10	Building institutional and sector-wide resilience	7.26	8
11	Mainstreaming gender equity within financial inclusion organisations	7.06	NEW
12	Innovation in financial inclusion regulation	6.97	11
13	Development of non-financial services	6.89	14
14	Increase in new categories of financial service provider (fintechs, consumer lenders, banks downscaling, etc.)	6.77	17
15	Development of new outreach/marketing channels (e.g. agents)	6.74	13
16	Support of HR and institutional capacity development	6.72	15
17	Improved availability and usage of institutional and market-level information (ratings, credit bureau data, etc.)	6.54	16
18	Increase in the relevance of financial inclusion research	6.45	20
19	Increase in new financial technologies and platforms (machine learning, cryptocurrencies, blockchain, etc.)	6.42	NEW
20	Entry of new investors and/or new investment vehicles	6.13	18



**EUROPEAN
MICROFINANCE WEEK**
connecting the inclusive finance world

Rank	Future Priority Areas	Index score	2021 rank
1	Small and medium enterprise (SME) finance	36.3	1
2	Agri-finance	31.6	3
3	Green and climate-smart finance	30.6	2*
4	Women's empowerment and gender equality	29.7	6*
5	Financial inclusion for the very poor	28.4	NEW
6	Food security	21.8	NEW
7	Financial literacy (incl. digital literacy)	21.2	4
8	Access to health care	15.8	9
9	Disaster resilience	14.7	12
10	Water, sanitation and hygiene (WASH)	13.7	11
11	Access to education	13.2	7
12	Financial inclusion for young people	12.4	8
13	Access to housing	10.5	13
14	Services for refugees/displaced populations	8.6	10
15	Financial inclusion for the elderly	6.2	NEW
16	Access to energy	5.3	15

Qualitative questions

- Each year, 3 x open-ended questions (which rotate)
- Generate 10s of thousands of words in contributions
- Unattributed but verbatim quotes, mixed with analysis
- In 2022:

What are the most significant challenges facing the FI sector today, and what will stakeholders need to do to meet them?

What are some of the biggest opportunities ahead in the financial inclusion sector?

The past two years have seen several sector-wide infrastructure initiatives closing (Smart Campaign, SEEP, MIX), while new ones were created (Atlas, Client Protection Pathway). What do you see as the likely effects of these changes and how will they influence your work over the medium term?



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THANK YOU!