



National Council  
for Financial Inclusion

# NATIONAL POLICY FOR FINANCIAL INCLUSION

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June, 2016, Mexico City



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## CONCEPTUAL FRAMEWORK OF FINANCIAL INCLUSION IN MEXICO

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In Mexico, financial inclusion is defined as the access and usage of formal financial services under a proper regulation that guarantees consumer protection schemes and promotes financial education, to improve the financial capabilities of all population segments.<sup>1</sup> This definition emphasizes the multidimensional nature of financial inclusion, since it clearly indicates its four main components:

- **Acces.** Access refers to the penetration of the financial system in the available infrastructure to supply financial products and services, such as branches, ATMs, correspondents, or agents, and point of sale terminals, among others. In other words, the points of contact between the financial institutions and the population, from a supply-side standpoint.
- **Usage.** Usage refers to the acquisition or contract by the population of one or more financial products or services, as well as the frequency with which these are used. This means that usage refers to the demand of financial services which, in turn, reflects the behavior and needs of the population.
- **Consumer protection.** Consumer protection refers to the supply, or offer, of financial products and services to the population under a framework that guarantees, as a minimum, the transparency of information, fair treatment and effective mechanisms for resolving complaints and advising clients against unfair and abusive practices, as well as the effectiveness of the regulatory framework to favor the population's inclusion and the defense of personal data.
- **Financial education.** Financial education refers to actions taken so that the population may acquire skills, abilities and knowledge to be in a position to correctly administer and plan its personal finance, evaluate the supply of financial products and services, make decisions according to its interests, choose the products that best adjust to its needs, and understand the rights and obligations related to contract for such services.

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1. Order whereby the National Council for Financial Inclusion (CONAIF, for its acronym in Spanish) is organized, published in the Federal Official Gazette on October 3, 2011.

## CURRENT SITUATION OF FINANCIAL INCLUSION IN MEXICO

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The Measurement, Diagnosis and Disclosure Working Group of the National Council for Financial Inclusion<sup>2</sup> works to: i) provide reliable information on the supply and demand of financial services in order to examine the country's situation in terms of financial inclusion and ii) evaluate the actions taken to facilitate access to the Mexican financial system, in order to have in place solid bases for planning any future actions. This information is presented annually in the National Financial Inclusion Report which includes detailed data and statistics related to financial products and services. Following is a summarized diagnosis on the advances and challenges of the current situation of financial inclusion in Mexico, within the four components mentioned in the conceptual framework: access, usage, consumer protection and financial education. This diagnosis displays the financial inclusion issues and challenges sought to be resolved by means of the National Policy for Financial Inclusion.

### Financial inclusion actions being taken in Mexico

The Mexican government and the financial institutions have made diverse efforts during the past years aimed at developing a more stable, solid and inclusive financial system. These actions have positioned Mexico as an international benchmark of innovations to promote greater access to the financial system.

First, the institutions that allow financial inclusion to move forward have been strengthened. The CONAIF was created, which has facilitated more coordinated actions by the financial authorities to define and implement a financial inclusion policy. Also, the diverse regulatory reforms have been important for strengthening the popular savings and credit entities (EACP, for its acronym in Spanish), the creation of basic accounts, mobile banking and niche banks, banks agent service and simplified record accounts.

Second, diverse programs and actions have been implemented that have increased financial inclusion, such as the bancarization of beneficiaries of social programs and those who receive the payment of their payroll. Also, the Insurance for Women Heads of Households of the Ministry of Social Development, the Finance Program for Small Producers of the National Financing Institution for Agricultural, Rural, Forestry and Fishing Development and, the Comprehensive

Financial Inclusion Program (PROIIF, for its acronym in Spanish) of Bansefi, stand out, among others.

Third, efforts have also focused in providing valuable information to guide government actions and disseminate the status of financial inclusion in the country. Thus, since 2009, seven National Financial Inclusion Reports have been published, two National Surveys for Financial Inclusion (2012 and 2015) have been taken and diverse studies have been carried out on the phenomenon in question. These actions have allowed Mexico to obtain the highest score - in 2014 and 2015 - in regards to gathering financial inclusion data from the supply and demand-sides in the evaluations of the Global Microscope study, carried out by the Multilateral Investment Fund (MIF), which belongs to the Inter-American Development Bank (IDB).

Finally, in January, 2014, the Financial Reform was enacted, which contributed to promoting financial inclusion based on five actions. The first one determined the possibility for EACPs to offer simplified record accounts, mobile bank and agent services. The second one strengthened transparency and consumer protection by granting new powers to the Condusef. The third one established the bases so as to increase competition in payment systems networks. The fourth one redefined the mandate of state-owned banks to reinforce their approach towards serving high-priority groups. Finally, the fifth one modified the legal framework so that private institutions may grant more credit, especially to micro, small and medium sized enterprises.

### Advances in financial inclusion

The actions mentioned above have been positively reflected in an increase in financial inclusion. The number of financial institutions that supply services to the population (including the one located at the bottom of the pyramid) has increased, as well as access points (branches, ATMs, point of sale terminals and banking agents). Likewise, the percentage of adults who have an account, an insurance policy, a credit and a retirement savings account has increased; on the other hand, the consumer protection framework has been enhanced and financial education actions have expanded. Following is a description of each one of these advances in greater detail.

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2. Representatives of the institutions that comprise the Council participate in the Measurement, Diagnosis and Disclosure Working Group of the National Council for Financial Inclusion. The main objectives of the working group is to coordinate the design of measurement tools and provide statistical information on the financial inclusion situation of the country.

### Expansion of the supply of financial services

Within the period from 2010 to 2015, the financial services infrastructure increased in terms of the number of access points and financial entities (see Graph 1). In regard to four access channels to the formal financial system (branches, ATMs, banking agents and point

of sale terminals), we find that the financial network has expanded in the last five years, recording an annual average growth rate of 11% from the second quarter (2Q) 2010 to 2Q 2015.

**GRAPH 1.**  
Access points in Mexico: 2010-2015



Of these four access points, banking agents<sup>3</sup> have registered the fastest growth, going from 9,753 in 2Q 2011 to 27,422 in 2Q 2015, which translates to an annual average growth of 29%. On the other hand, from 2010 to 2015, point of sale terminals (POS) have grown 10%, ATMs 5% and branches 3%.

Through June 2015, the financial infrastructure was formed by 16,395 branches, 27,422 banking agents, 44,429 ATMs and 751,669 POS terminals. According to the location of these channels, we find that there is at least one branch in half of the

country's municipalities, at least one ATM and one banking agent in 56% and 57% of the municipalities, respectively, and at least one POS terminal in 66% of the municipalities.

From a different standpoint, we find that when adding the branches infrastructure -which covers 50% of the municipalities- to the ATM network, we have an access point in 62% of the municipalities, providing 96% of the adults the possibility to access the financial system (see Graph 2). Similarly, if the POS terminal network is added to this

3. The concept of banking agent was incorporated to the law in 2010, allowing financial institutions to provide services through third parties. At the end of 2011, we find an accelerated growth caused by the inclusion of the 'Oxxo' convenience store chain to the banking agency sector.

infrastructure, it reaches 71% of the municipalities, where 97% of the adults reside. Finally, when adding the banking agent network the financial infrastructure is complemented,

offering at least one access point in 74% of the municipalities, where the percentage of adults who may benefit from it is 98%.<sup>4</sup>

**GRAPH 2.**  
Coverage of access channels in Mexico

	Branches	ATMs	ATMs	Banking Agents
	Branches	Branches	Branches	Branches
Municipalities with some access point (%)	50%	62%	71%	74%
Municipalities with some access point (number)	1,233	1,528	1,745	1,829
Adults with possible access (%)	92%	96%	97%	98%
Adults with possible access (millions)	81	84	85	86

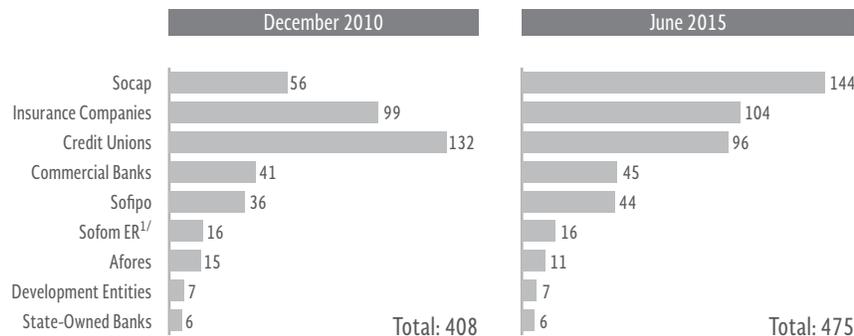
Source: CNBV. Data through June 2015.

In reference to the number of institutions that have fostered financial inclusion, it is observed that during the past the five years they increased from 408 to 475, which is equivalent to a growth rate of 3% (see Graph 3). The savings and credit cooperatives (Socap, for its acronym in Spanish) registered the greater growth with 23%, followed by popular finance institutions (Sofipo, for its acronym in Spanish) with 5% and commercial banks with 2%. The growth of Socap is relevant, since entities in this sector tend to unfold their infrastructure at smaller municipalities than commercial banks.<sup>5</sup> The number of multiple purpose financial institutions (Sofom, for

its acronym in Spanish) has not grown, as is the case with state-owned banks and development entities.

It is worth noticing that the Afores sector consolidated from 2010 to 2015, since the number of Afores decreased, but the number of unique and personal accounts increased from 41.2 to 53.6 million. Also, according to the National Survey for Financial Inclusion (ENIF, for its acronym in Spanish), the adult population from 18 to 70 years old that reported having a retirement savings account went from 28 to 41%, from 2012 to 2015.

**GRAPH 3.**  
Institutions that contribute to financial inclusion: 2010-2015



Source: CNBV.

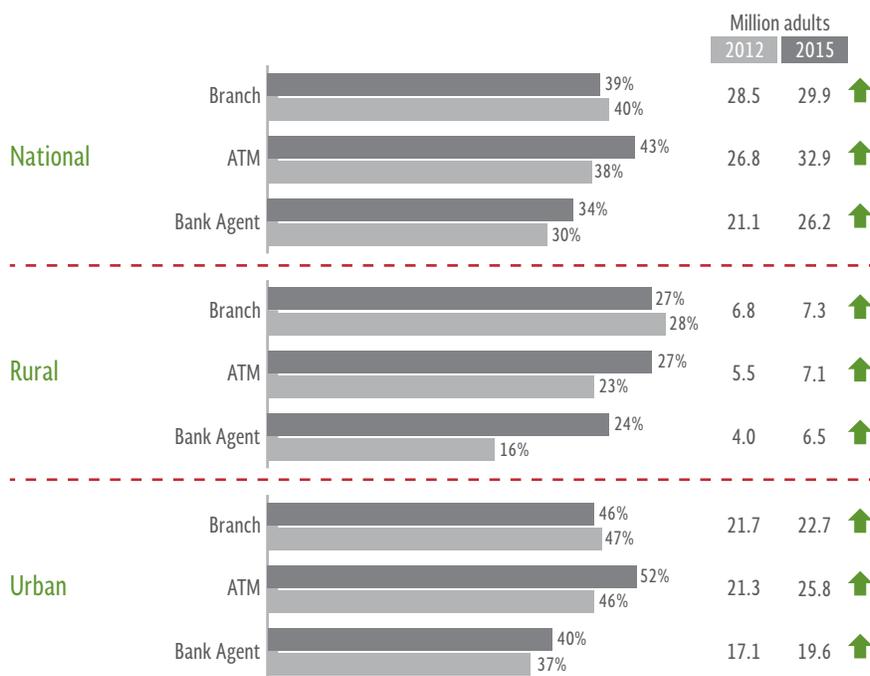
1/ For 2010, the reported number of Sofom ER institutions corresponds to Limited Purpose Financial Institutions (Sofol), whose authorizations became null as from July 19, 2013. The Sofol that decided not to dissolve and become liquidated amended their bylaws to incorporate themselves as Sofom ER.

- Although the coverage has increased at a national level, there are still significant gaps in some areas of the country, which will be analyzed in the section corresponding to challenges.
- Given the accelerated growth of Socap referred to above, it is necessary to continue with the efforts to strengthen the regulation of the popular savings and credit sector, in such way that it conforms to the risks faced by them and with what has been observed during their development. Attention should be paid to prudential aspects related to competition and money laundering, among others. On the other hand, the supervision efforts in the sector must be kept, in order to timely detect any weaknesses that could arise.

Pursuant to the National Survey for Financial Inclusion, from 2012 to 2015 the number of adults who accessed one of the channels to conduct a financial operation increased (see Graph 4). With respect to the percentage of adult population, we find an increase in the use of ATMs and bank agents, but a

reduction in the use of branches. The percentage of adults who used an ATM at least once went from 38 to 43%. Similarly, the use of bank agents increased, as it grew from 30 to 34% of the total adult population. On the contrary, the percentage of adults who used a branch decreased (from 40 to 39%).

**GRAPH 4.**  
Users of financial services in Mexico:



Source: 2012 and 2015 ENIF.

The outlook on the usage of financial channels is modified when data is disaggregated by type of locality (urban-rural).<sup>6</sup> The growth in the percentage of adults who visited some bank agent in rural areas grew 8 percentage points (pp), although it only grew 3 pp in urban localities. This situation is reversed in case of ATMs, as the growth was greater in urban areas (6 pp) than in rural areas (4 pp). Finally, the use of branches fell in both types of localities by one percentage point.

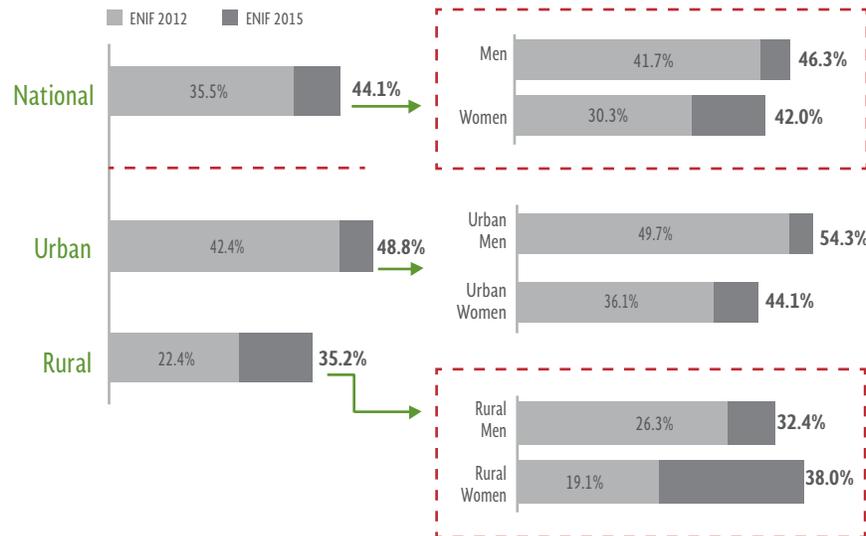
### Greater acquisition and usage of financial products and services

The most significant result of the actions set forth in the preceding section has occurred in the holding of accounts. According to data of the National Survey for Financial Inclusion, from 2012 to 2015, the number of adults who reports having an account with a formal financial institution grew, going from 35.5% (25 million) to 44.1% (33.6 million), i.e., an increase of 8.6 percentage points<sup>7</sup> (see Graph 5).

6. Rural areas are defined as those localities with less than 15,000 inhabitants and urban areas as those having 15,000 or more inhabitants. In turn, it is important to mention that -as we will see below- municipal coverage of the access channels is made in accordance with the six classifications: rural, in transition, semi-urban, urban, semi-metropolis and metropolis.

7. In the 2012 ENIF questionnaire, the question asked was: Do you have any savings, investment, payroll or other account with a bank? On its part, in the 2015 ENIF questionnaire, such question was slightly modified to know also those adults who have an account with a formal financial institution other than a bank. The question in the 2015 ENIF was: Do you have any payroll, savings, pension or other account or card where you receive government aids with any bank or financial institution? It is believed that this amendment had a positive influence on the results; however, it is not considered to explain by itself the total increase, in view that deposit accounts of the non-banking formal sectors (EACP) only represent 13% of the total accounts, while the increase to the number of adults was 34% (from 25 to 33.6 million).

**GRAPH 5.**  
Holding of accounts in Mexico: 2012-2015  
(percentage of adults having at least one account)



Source: 2012 and 2015 ENIF

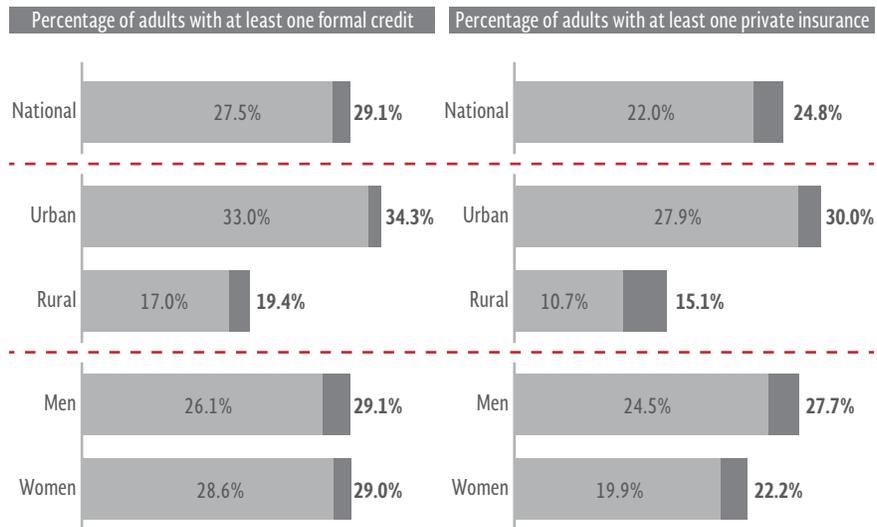
The results segmented per type of population show a greater increase in the holding of an account among those population segments traditionally excluded from the financial system, such as women and rural population. The gender gap decreased to 4.3 pp (46,3% for men in comparison with 42.0% for women), while in 2012 this breach totaled 11.4 pp. In urban localities, the gender gap decreased from 13.6 to 10.2 pp, while in rural localities the breach not only was closed, but it was reverted in favor of women, which seemed to be caused, in part, by the bancarization efforts for the beneficiaries of social programs.

Just like in the holding of accounts, the 2015 ENIF data show that, at the national level, the percentage of adults who have a credit with some formal institution grew from 27.5% to 29.1% (see Graph 6). Although this increase seems small (1.6 pp), the number of adults with credit increased from 19.3 to 22.1

million from 2012 to 2015. It must also be pointed out that there is no gender breach with regard to credit, since the value is the same for men and women (29%).

In contrast, the percentage of adults having private insurance grew from 22.0% to 24.8% (see Graph 6). The greatest growth occurred in adults living in rural areas, going from 10.7 to 15.0%. In regard to insurance, a gender gap is still maintained, which totals a little over five percentage points. One of the factors that explains this difference is the greater labor share of men with respect to women, since, in numerous occasions, employees receive life insurance as part of the benefits related to their employment. In this regard, the 2015 ENIF data show that the main reason to stop having insurance is being unemployed or changing work (44% of the population who once had insurance).

**GRAPH 6.**  
Credit and insurance

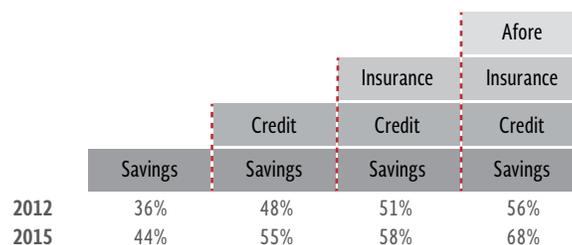


Source: 2012 and 2015 ENIF.

The 2015 ENIF data not only show that a greater percentage of the population holds an account, but also that more adults have at least one financial service (account, insurance, credit and/or retirement savings) (see Graph 7). The percentage of

adults having an account or a credit went from 48 to 55%; having insurance, a credit or an account grew from 51 to 58%; and finally, the percentage of adults having at least one service increased from 56 to 68%.

**GRAPH 7.**  
Acquisition of financial services in Mexico: 2012-2015



Source: 2012 and 2015 ENIF.

Moreover, as indicated in the section related to the most significant actions, the establishment of simplified record accounts has generated greater financial inclusion. These accounts permit credit institutions to open these accounts in a more expedite manner and with no need to create a physical file with the client's information, and even some of them can be opened remotely and be linked to new financial

channels, such as mobile telephone services and/or make cash withdrawals at ATMs without a card. Also, in order to reduce the risk of these accounts being used for illegal activities, limits were established to the amount of their balance, the accrued value of their transactions and the channels to access the funds (for greater information on this type of accounts, see Annex 1).

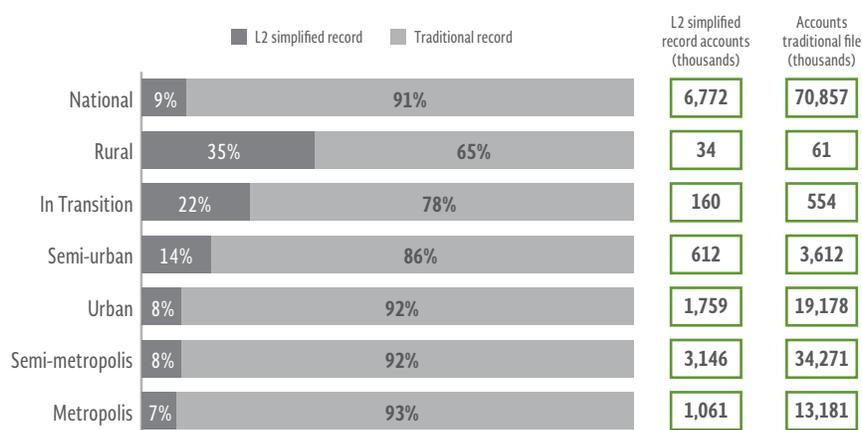
The innovative creation of these accounts included different “levels”, with specific requirements for their opening and narrowed transactionality limits. The final scheme has four levels: three levels of low-risk accounts and the traditional account, which requires the creation of a complete file in person at a financial branch. Also, one of the main benefits is that the first three levels of accounts can be signed-up through alternative channels, such as bank agents or electronic means.

Within the simplified record accounts, level 2 accounts are the most accepted product marketed by commercial banks through June 2015 6.8 million accounts has been registered (see Graph 8). The contracts of level 1 accounts totaled 1.9 million and level 3 accounts totaled 451,000<sup>8</sup>. Although, in

2011, the institutions that offered these accounts to their clients were few, it is important to highlight that, in four years, these accounts represent 8% of total deposit products in the sector.

Due to their characteristics, level 2 accounts have been an appropriate deposit product to develop business models focused on low income population, unbanked clients and even population with residence in those areas where the only access to the financial system is by means of bank agents. In this regard, we find that in municipalities with smaller population, level 2 accounts reach 35% of municipalities, in comparison with 7% in municipalities classified as metropolis.<sup>9</sup>

**GRAPH 8.**  
Simplified record accounts



Source: CNEV. Data through June 2015.

Note. The data of this graph refer only to accounts granted by commercial banks. The accounts of state-owned banks are not included, as all of these are registered at the address of Bansefi's offices in Mexico City, regardless of whether they are granted to residents of other areas.

On the other hand, one of the most significant actions to financially include the population has been the bancarization of the beneficiaries of social programs. As mentioned above, the positive bias in the growth of accounts towards women at rural areas indicates that it is due to such action, in view that

the social program with the greater number of beneficiaries is formed only by women at rural areas.

The importance of the delivery of government subsidies for financial inclusion is shown by the fact that, according to data

8. If we count the accounts opened by the state-owned bank, which only opens level 2 simplified record accounts, then we would have 9 millions in that level, and 13.9 million in the total simplified record accounts.

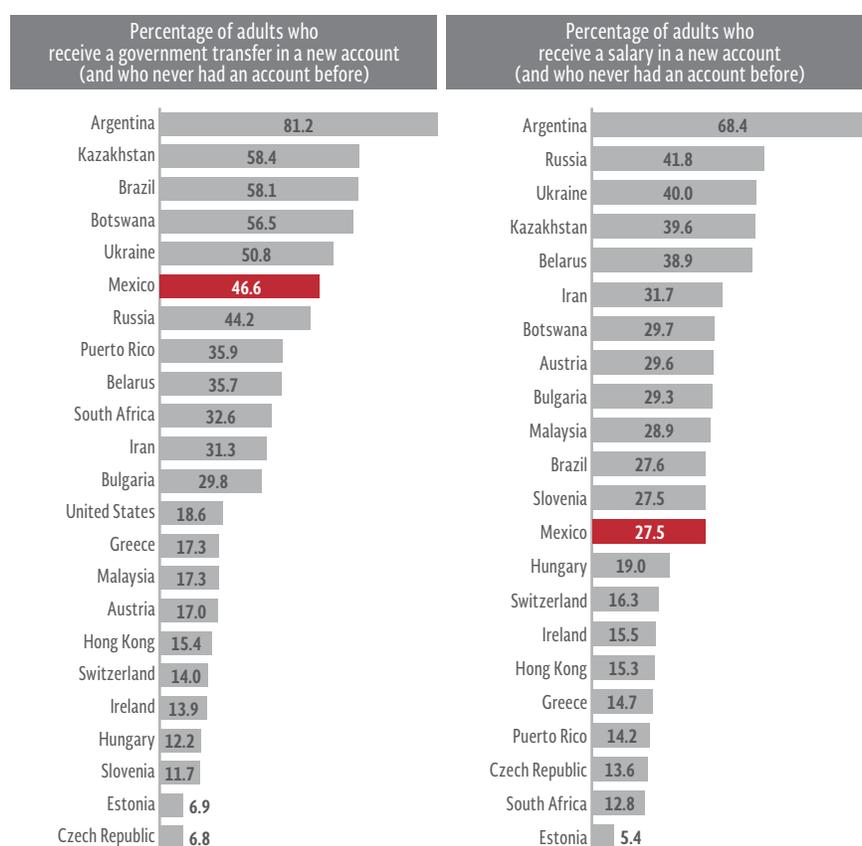
9. The classification for the municipalities is as follows: rural, up to 5,000 persons; in transition, from 5,000 to 15,000 persons; semi-urban, from 15,000 to 50,000 persons; urban, from 50,000 to 300,000 persons, semi-metropolis, from 300,000 to 1 million persons and metropolis, over one million persons.

of the World Bank’s Global Findex, nearly 47% of the persons who receive these transfers in Mexico may obtain -for the first time- an account with a formal financial institution (see Graph 9, left panel)<sup>10</sup>.

Another government action that has shown to have an impact on financial inclusion is the delivery of payroll through an account. In this regard, the Findex reported that for 27% of

adults in Mexico, it represented his/her first account (see Graph 9, right panel)<sup>11</sup>. The importance of this mechanism is also observed in the results of 2015 ENIF, since the main deposit product is a payroll or pension account, with 21 million (63% of the total). Also, out of the total adults whom once had an account -but stopped having it- half (50%) indicated that it was due to the fact that they stopped working and no longer used it to receive the payment of his/her salary.

**GRAPH 9.**  
**Transfers and wages**



Source: 2014 Global Findex. World Bank.

10. The combination of questions and answers of the 2014 Global Findex that give rise to these results were the following two. Question 39 - Have you personally received any economic support from the government during the past 12 months? This money could be the payment of educational or medical expenses, unemployment benefits, payment of subsidies or any other type of social benefit. Please do not include salary, pension nor labor-related payments. Question 42 - Which of the following phrases better describes the account that you use to receive payments from the government? Answer 3) This was my first account and it was opened so that I could electronically receive payments from the government.
11. The combination of questions and answers of the 2014 Global Findex that give rise to these results were the following two. Question 36 - During the past 12 months, has your boss or employer paid to you wages or salaries using any of the following means? Question 38 - Which of the following phrases better describes the account that you use to receive payments from your employer? Answer 3) This was my first account and it was opened so that I could electronically receive payments from my employer.

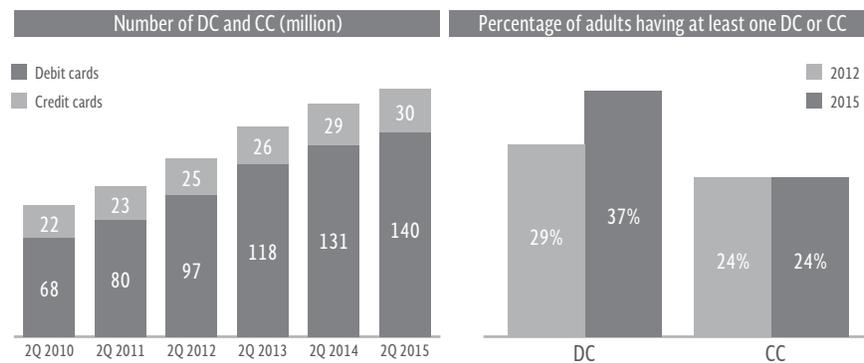
Another outstanding aspect concerning the acquisition of financial products is the sustained increase in the number of debit cards (DC) and the percentage of adults who holds at least one card (see Graph 10). Through June 2015, the number of DC was 140 million, which means that these cards have increased at a rate of 15.5% during the past five years. According to the ENIF, the percentage of adults having at least one account went from 29 to 37% from 2012 to 2015.

Also, another outstanding aspect is that the average amount of purchases with debit cards has slightly decreased, going from

616 to 607 pesos in nominal terms, which could be related to the fact that population segments with lower income start making payments with this type of instrument, or that a larger number of small businesses is accepting card payments.

In turn, the number of credit cards (CC) has also increased, in this case from 22 to 30 million in the same time period of, and show a growth rate of 6.4%. However, the percentage of adults having at least one CC practically stayed unaltered from 2012 to 2015, as it remained at 24% of the adult population.

**GRAPH 10.**  
Debit and credit cards in Mexico



Source: Banxico.

Source: 2012 and 2015 ENIF.

### Greater number of actions related to financial education and strengthening of consumer protection

One of the most relevant advances in this regard occurred with the creation of the Financial Education Committee in 2011. This committee was created to coordinate the financial education efforts and actions, for the purpose of aligning the endeavors of the public and private sectors.

The analysis carried out in the seventh National Financial Inclusion Report of the financial education actions shows not

only that the government institutions have taken part in the provision of financial education (e.g., through the National Week of Financial Education), but also private institutions have made efforts in this area. Both types of institutions have used -increasingly innovative- strategies to provide financial education to the population. For example, museums, theater plays, video games, online courses, guidelines and manuals have been created for students, teachers and parents, among others.

Moreover, with the enactment of the Financial Reform, diverse provisions were amended, added and repealed that

affect financial education. As part of these amendments, the Financial Entities Bureau (the Bureau) was created, whose main purpose is to inform, in a clear and permanent manner, of the performance of financial entities, so as to contribute to improving the decision making process of the users. The Bureau provides two major sources of reference to the public: first, it shows those institutions that have in place financial education programs for the benefit of their clients and the general public; second, it comprises the National Catalogue of Financial Products and Services, which includes information of the financial products and services offered, as well as their main characteristics.

Regarding consumer protection, it is worth mentioning that the financial products and services supplied by financial institutions supervised and regulated by the financial authorities must clearly display the commitments undertaken by each party. Additionally, the process to be followed to file complaints or claims must be established. In this sense, in the past six years, the defense actions carried out by Condusef grew at an average annual rate of 7%, reaching a figure of 158 defense actions per 10,000 adults per year.

Pursuant to the 2015 ENIF, 4.9 million adults have filed some complaint, claim or suit against a financial institution. Of those filed with the Condusef, 44% indicated that it was resolved in less than one month. In turn, 56% of the population who has filed a complaint with a financial institution indicated that it was resolved in less than one month.

Also, in the course of the past years, financial authorities have issued several provisions -some derived from the Financial Reform- for the purposes of providing greater protection to the users of financial products and services. In this regard, the prohibition of tied sales, the early warning system in a bank resolution process and the strengthening of this process, and the deposit insurance applicable to the Sofipo sector are worthy of mention. Additionally, the existing protection mechanisms for the users of services related to mobile banking and bank agents have been strengthened, as well as the transactions using debit or credit cards, by replacing the magnetic stripe by a chip and using the PIN number as an additional security lock.

Also, as a result of the Financial Reform, ( the CNBV and the Bank of Mexico are obligated to jointly issue provisions

to regulate the terms and conditions for providing services related to payment systems networks, as well as the exchange fees and commissions charged directly or indirectly,. These provisions indicate that the payments systems networks must abide by the following principles: promote competition, free access, non-discrimination and protection of the users' interests. With respect to the latter, it is fundamental that stakeholders of networks are transparent in the collection of commissions, fees or charges of any kind per transaction made both by their clients and by other participants in the network.

Finally, in order to prevent identity theft, the CNBV is working to establish a series of regulatory measures in an effort to prevent it, so that banks may verify the authenticity of their users' IDs, as well as to reinforce the control environment inside banking institutions.

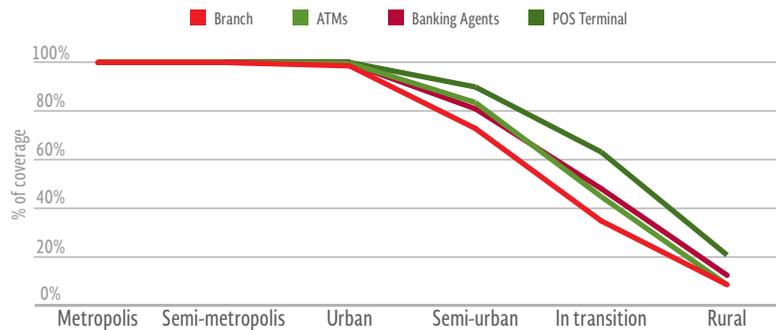
### Challenges of financial inclusion in Mexico

While there has been progress in financial inclusion, there are still multiple challenges that need to be addressed in order to have better results. Following are these challenges grouped in four major categories: insufficient infrastructure, limited usage, scarce knowledge and scarce information.

#### 1. Insufficient financial infrastructure, particularly in rural areas and in the country's south

The infrastructure and supply of financial services are insufficient to serve all the population, since they tend to be concentrated in urban areas and seats of municipalities, which limits access by the population in rural and smaller localities. Municipalities classified as metropolis and semi-metropolis count with all access points; on the contrary, only 8% of rural municipalities (less than 5,000 inhabitants) have at least one branch, 12% have one correspondent and 21% have at least one POS terminal (see Graph 11). The lack of infrastructure is also found in the urban environment, since, through June 2015, there were still five municipalities with over 50,000 inhabitants who did not have any access point. Two of these are located in the State of Chiapas (Chamula and Salto del Agua), two more in the State of Veracruz (Emiliano Zapata and Ixhuatlán de Madero) and another one in San Luis Potosí (Mexquitic de Carmona).

**GRAPH 11.**  
Coverage of access points per type of municipality



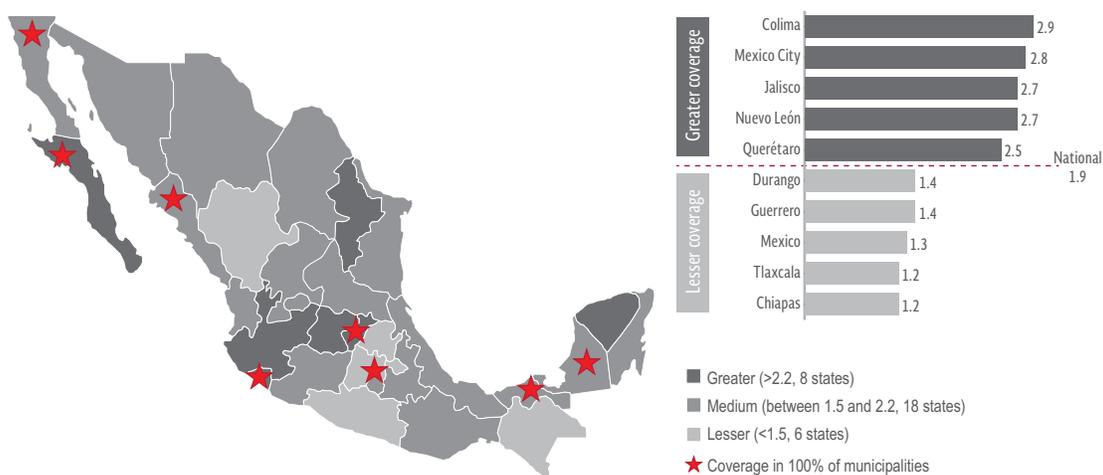
Source: CNBV. Data through June 2015.

There is also a gap in the coverage of access points in rural areas and the country's south. Indicators of the number of branches, ATMs and bank agents per 10,000 adults are lower for the southern states of the country. The national average is 1.9 branches per 10,000 adults, while the average is 1.6 in the south. In the case of bank agents, this figure is 3.1 at a national level, while it barely reaches 2.0 in the south. Similarly, the national average of ATMs is 5.1, while in the south of the country the average is 3.7.

of Chiapas, Tlaxcala, Mexico and Guerrero are the entities with the lower number of branches per 10,000 adults (see Graph 12). In contrast, the State of Colima shows the highest coverage of branches, with 153 branches, that is equivalent to 2.9 branches per 10,000 adults, distributed in the 10 municipalities that comprise the State. The Mexico City is placed second, with 1,945 branches, with a demographic indicator of 2.8. In regards to municipal coverage, the States of Baja California, Baja California Sur, Colima, Querétaro, Tabasco and the Mexico City are the states that have the presence of at least one branch in all of their municipalities.

The analysis of branches at a state level shows that the States

**GRAPH 12.**  
Coverage of branches at a state level

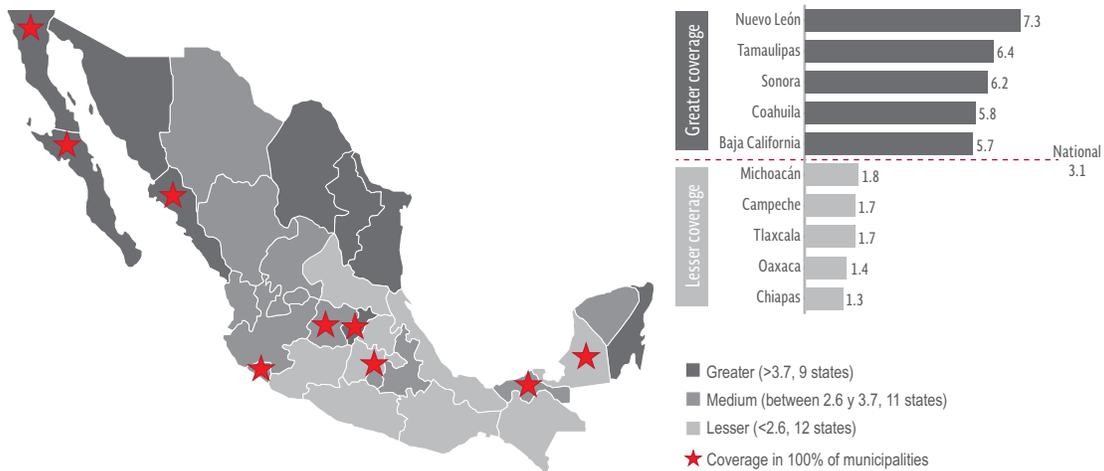


Source: CNBV. Data through June 2015.

For their part, regarding bank agents we find that the lower demographic indices correspond to the states located in the south: Chiapas and Oaxaca (see Graph 13). These states have the presence of bank agents in 54% and 25% of their municipalities. Chiapas, with 459 modules, has an indicator of 1.3 and Oaxaca, with 405 modules, an indicator of 1.4 bank agents per 10,000 adults. On the contrary, Nuevo

León has 7.3 bank agents per 10,000 adults and Tamaulipas an indicator of 6.4 bank agents. With regard to municipal coverage, the States of Baja California, Baja California Sur, Colima, Guanajuato, Querétaro, Sinaloa, Tabasco and the Mexico City are the states that have the presence of at least one bank agent in all of their municipalities.

**GRAPH 13.**  
Coverage of banking agents at a state level

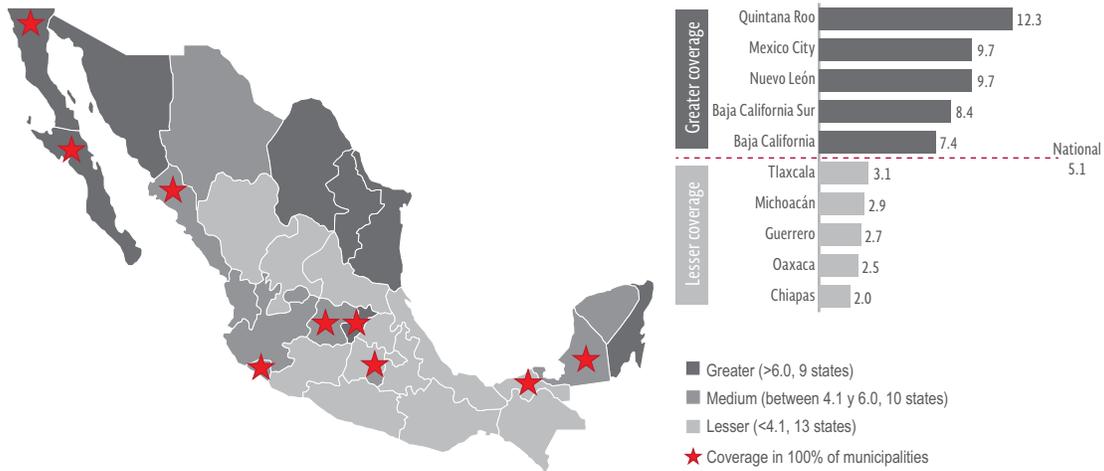


Source: CNBV. Data through June 2015.

In connection with ATMs, we find again that the states having the least availability of this channel correspond to those of the south: Chiapas, Oaxaca and Guerrero (see Graph 14). In contrast, Quintana Roo leads the list of ATMs per 10,000 adults with 12.3, mostly located in the municipality of Benito Juárez (where Cancun is located), followed by the Mexico

City and the State of Nuevo León, both with 9.7. With regard to municipal coverage, the States of Aguascalientes, Baja California, Baja California Sur, Campeche, Sinaloa, Tabasco, Querétaro and Mexico City are the states that have the presence of at least one ATM in all of their municipalities.

**GRAPH 14.**  
Coverage of ATMs at a state level

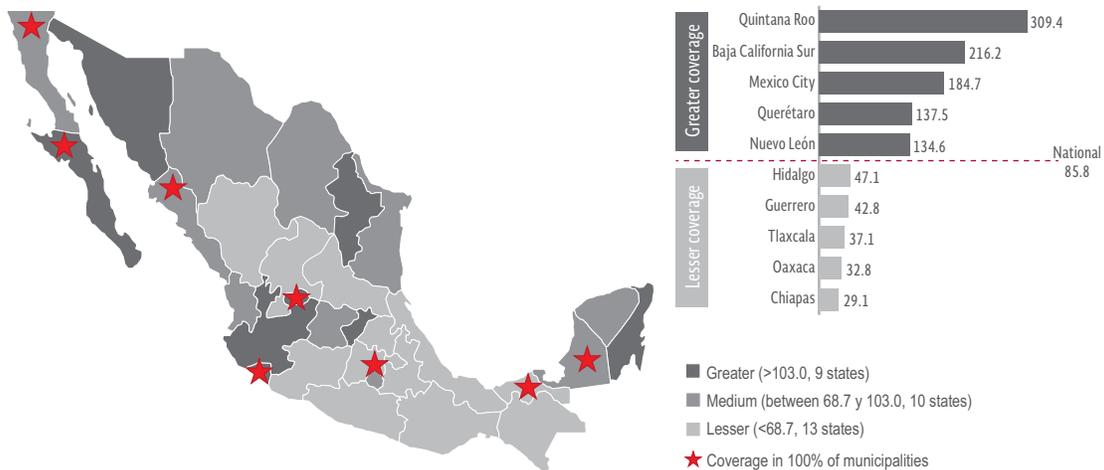


Source: CNBV. Data through June 2015.

In so far as the coverage of point of sale terminals, the States of Chiapas, Oaxaca and Guerrero are among those that are farthest behind. For their part, the States of Quintana Roo and Baja California Sur have an indicator almost three times greater than the national average and most of the point of sale terminals are located in tourist areas of both states. 95% of POS terminals in the State of Quintana Roo are located at

the municipalities of Benito Juárez (Cancun) and Othón P. Blanco (the Mayan Riviera), Solidaridad (Playa del Carmen) and Cozumel. With regards to municipal coverage, the States of Aguascalientes, Baja California, Baja California Sur, Campeche, Colima, Sinaloa, Tabasco, and Mexico City are the states that have the presence of at least one point of sale terminal in all of their municipalities.

**GRAPH 15.**  
Coverage of point of sale terminals at a state level

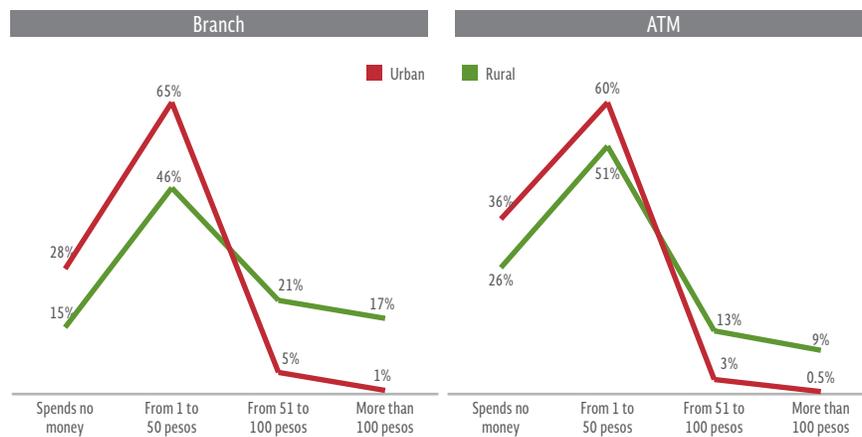


Source: CNBV. Data through June 2015.

The gaps between urban and rural areas and those found per federal state imply that the rural population must travel to other municipalities to have access to its funds, at a higher cost (both in terms of money and time) than those living in urban localities (see Graph 16). The results of the 2015 ENIF show that the percentage of adults who spend no money in

going to a branch is 28% in urban areas, in contrast to only 15% in rural areas. Inversely, 17% of the adults in rural areas who visited a branch spent over 100 pesos to get there, in comparison to 1% at urban areas. This same situation takes place for those adults who visited an ATM.

**GRAPH 16.**  
Average cost for going to a branch or ATM in Mexico



Source: 2015 ENIF.

The bank agent model emerged as a complement to branches in order to reach places that lacked these and provide an access point to the financial system at a lower cost for the financial institution. However, the presence of these modules has not shown a substantial increase in those municipalities usually excluded from financial services. Most bank agents are located in urban areas, where access points are already in place. One of the factors that seems to influence this situation is the authorization process, which shows significant variation in regard to time, thus, banks usually look for a commercial network -generally located at urban areas- that allows them to enable many points simultaneously.

Moreover, the supply of certain services in bank agents considerably limits this channel from becoming a replacement for branches. According to the results of the 2015 ENIF, of the total adults who reported not having been able to conduct some financial transaction at a bank agent, we find in first place the payment of utilities (32%), in second place, cash withdrawal (29%) and, in third place, making deposits (21%).

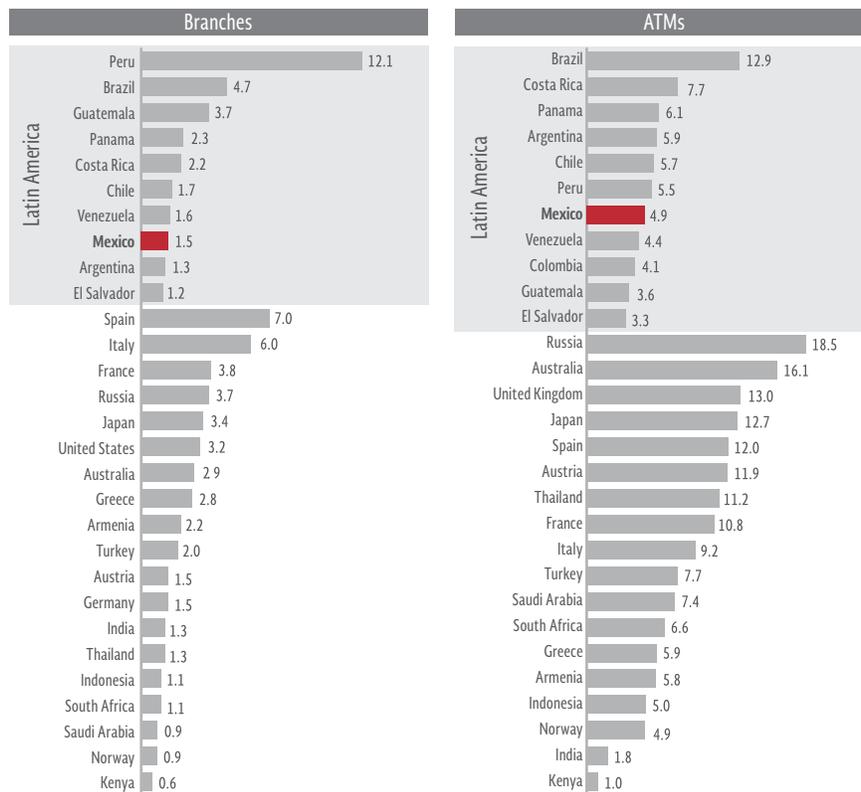
The lag of financial infrastructure is reflected in international measurements, as shown by the Financial Access Survey (FAS) of the International Monetary Fund (see Graph 17). According to such measurement, Mexico is placed below Chile, Guatemala, Brazil and Peru in relation to the number of branches, having 1.5 branches per 10,000 adults. It is also below the worldwide average of the 160 countries that reported to the FAS, which is 2.3, and of the average of Latin America and the Caribbean (LAC) with 2.6. In connection with ATMs, Mexico has 4.9 ATMs per 10,000 adults, it is placed below Peru, Chile, Argentina, Brazil, Panama and Costa Rica. The worldwide average of countries that reported to the FAS was 5.1 and the LAC average was placed at 5.2.

Point of sale (POS) terminals are a fundamental access channel to promote financial inclusion. POS terminals complement the financial ecosystem, allowing the usage of other electronic means (such as debit cards) to make purchases and other payments, reducing the need for having cash. Currently, the efforts to financially include the population in semi-urban

and rural municipalities and municipalities in transition have focused on opening an account; however, these have been limited as there is no sufficient financial infrastructure

(branches, ATMs, banking agents with a full supply of services and POS terminals) in the same locality.

**GRAPH 17.**  
Branches and ATMs at a worldwide level (figures per 10,000 adults)

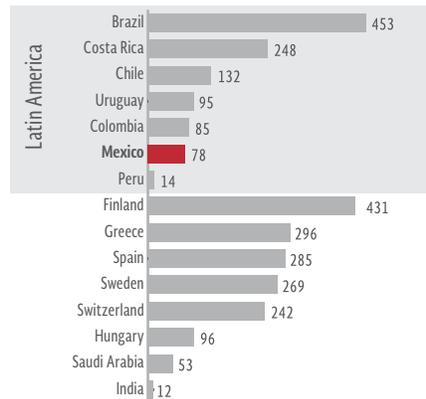


Source: 2015 Financial Access Survey. International Monetary Fund. Data through December 2014.

The need to increase the “connection to POS terminals” of businesses is also observed in the fact that only 10% of the businesses (574,000 of a total of more than 5.6 million) have a POS terminal. From an international standpoint, Mexico surpasses Peru in the POS terminal indicator per 10,000 adults, but its value is inferior to that reported by Colombia, Uruguay, Chile, Costa Rica and Brazil (see Graph 18). The

insufficiency of POS terminals in businesses is shown by the fact that -according to the 2015 ENIF- of the total adult population who responded that they prefer to pay their purchases in cash, 8% asserted that this is because they do not accept debit or credit cards in those businesses where they acquire their products.

**GRAPH 18.**  
Point of sale terminal (figure per 10,000 adults)



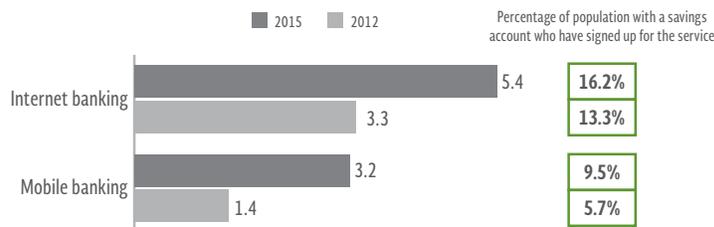
Source: Bank for International Settlements, 2013 Red Book. Regulators of diverse countries. Figures through December 2013.

Switching to electronic banking, advances have also been achieved; nevertheless, the data indicate that it is below the expected potential use of these products as financial inclusion instruments, since the ENIF data show that there are 29.1 million adults who have a mobile phone, but do not have an account.

With respect to the number of adults who reported, in the

ENIF, having mobile banking, this number increased 123%, from 1.4 to 3.2 million (see Graph 19). On the other hand, the number of adults having an account increased (25 million in 2012 and 33.6 million in 2015) going from 5.7 to 9.5%. For its part, the number of adults with Internet banking increased of 3.3 to 5.4 million, which implies a growth rate of 64% and when taking into account the total number of accounts, it grew from 13.3 to 16.2%.

**GRAPH 19.**  
Million adults with mobile banking and Internet banking in Mexico



Source: 2012 and 2015 ENIF.

The number of accounts linked to a mobile phone number went from nearly 200,000 to 6 million in a lapse of four years, which is equivalent to an average annual growth rate of 174% (see Graph 20). However, this figure only represents around

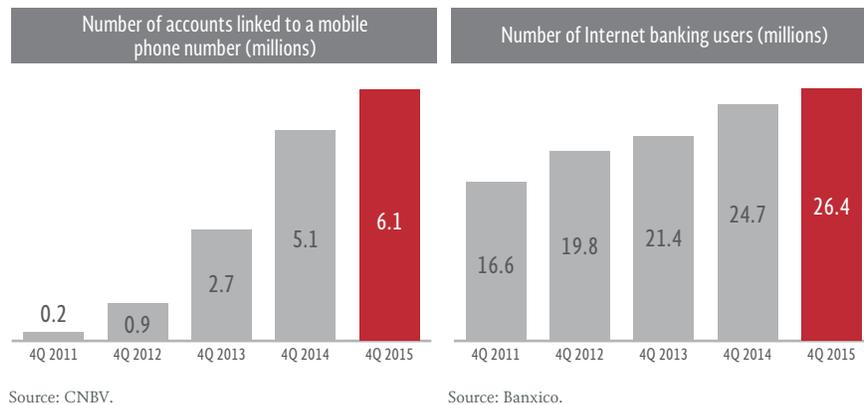
7% of the total of commercial bank accounts (87 million).

From an international standpoint, according to the Financial Access Survey of the IMF, the countries with the greatest

number of mobile accounts are located in Africa: Tanzania (14,766 accounts per 10,000 adults), Kenya (9,853), Uganda (9,340) and Rwanda (9,245), while, at the close of 2014, Mexico reports 570 accounts per 10,000 adults. It is important

to mention that the mobile banking scheme in Mexico is backed by a deposit account protected by the banking deposit insurance.

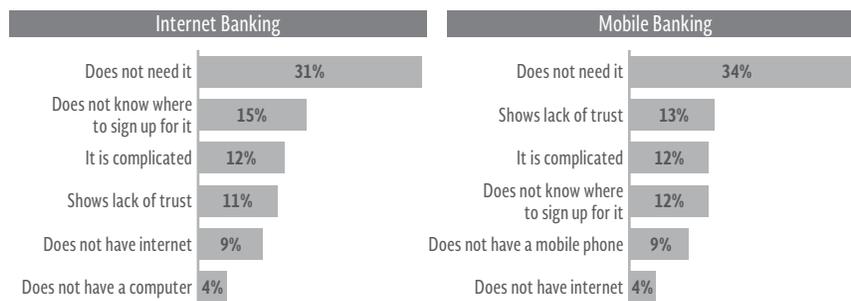
**GRAPH 20.**  
Mobile banking accounts and Internet banking users in Mexico



With respect to Internet banking, for the second quarter of 2015, the Bank of Mexico reported 26.4 million users, who carry out an average of 7.5 transactions per month. Taking as reference the last quarter of 2010, this channel has shown an annual growth rate of 14.1%. However, we may observe the potential of mobile banking and Internet banking in the fact that the Mexican Internet Association (AMIPCI, for its acronym in Spanish) considers that there are 65 million Internet users, and the Federal Telecommunications Institute indicates that, through the fourth quarter of 2015, there were 15 million broadband subscribers and 107.7 million mobile phone services subscriptions.

The 2015 ENIF inquired about the main reasons not to acquire the mobile and Internet banking services for those people having a deposit account. The results indicate that the main reason was that they do not need it (31%), followed by they do not know where to sign up for it (15%), it is complicated to sign up for it (12%) and they show lack of trust (11%) (see Graph 21). The reasons less mentioned were not having access to Internet (9%) and not having a computer (4%). On the other hand, the importance of barriers to acquire mobile banking is quite similar to that of Internet banking, although lack of trust is placed a little above and lack of knowledge has a smaller relevance.

**GRAPH 21.**  
Reasons not to sign up for Internet and mobile banking



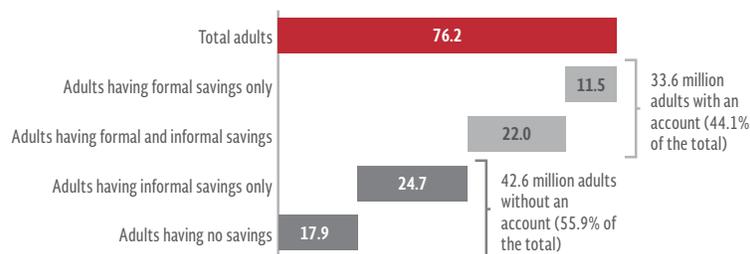
Source: 2015 ENIF.  
Note. Percentages refer to adults who have a deposit account, but who have not signed up for the Internet banking service (left panel) or mobile banking service (right panel). 18% of the surveyees mentioned a different reason not to sign up for Internet banking, while in mobile banking such percentage rose to 16%.

One of the reasons that explains the above is the fact that mobile banking products have been focused –mostly– on clients already banked and not as means to foster financial inclusion. With the amendments included in the Financial Reform, which allow the participation of Sofipo and Socap in the supply of mobile banking products and services, it is expected to increase the usage of this channel.

## 2. Acquisition and limited usage of products and services of the formal financial system

The 2015 ENIF data show the extent of informal savings and of adults who have no savings mechanism. Approximately 25 million adults only use informal savings mechanisms (see Graph 22), which is a larger figure than those who only resort to the formal financial system to save money (11.5 million). It is also observed that almost 18 million adults do not save (whether formal or informal). In turn, –just as in the 2012 ENIF– it is observed that there is a high degree of overlapping between formal and informal mechanisms, as 22 million adults so reported.

**GRAPH 22.**  
Distribution of formal and informal savings in Mexico (million adults)

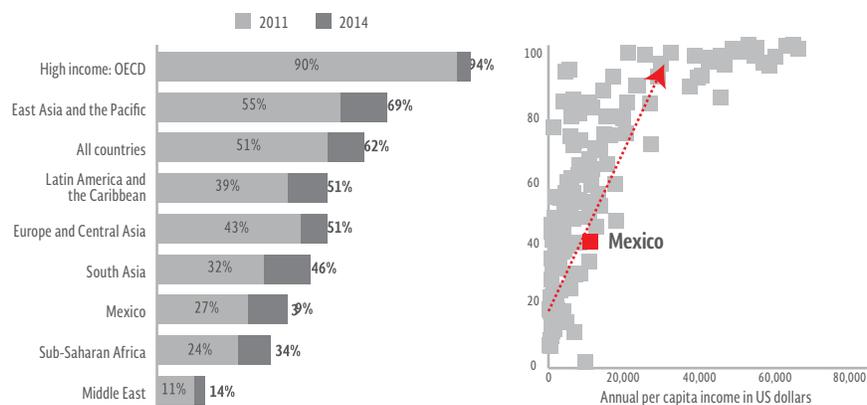


Source: 2015 ENIF.

In addition, from an international perspective, the data of the Global Findex indicate that Mexico is placed below the worldwide average and the average for Latin America and the Caribbean, as well as for the regions of East Asia and the high-income countries of the Organisation for Economic Co-

operation and Development (see Graph 23). The percentage of adults who have accounts in Mexico seems to be lower than the expected according to their income level (measured through the GDP per capita adjusted at purchasing power parity), since the country is below the trend line.

**GRAPH 23.**  
Evolution of the percentage of adults having an account

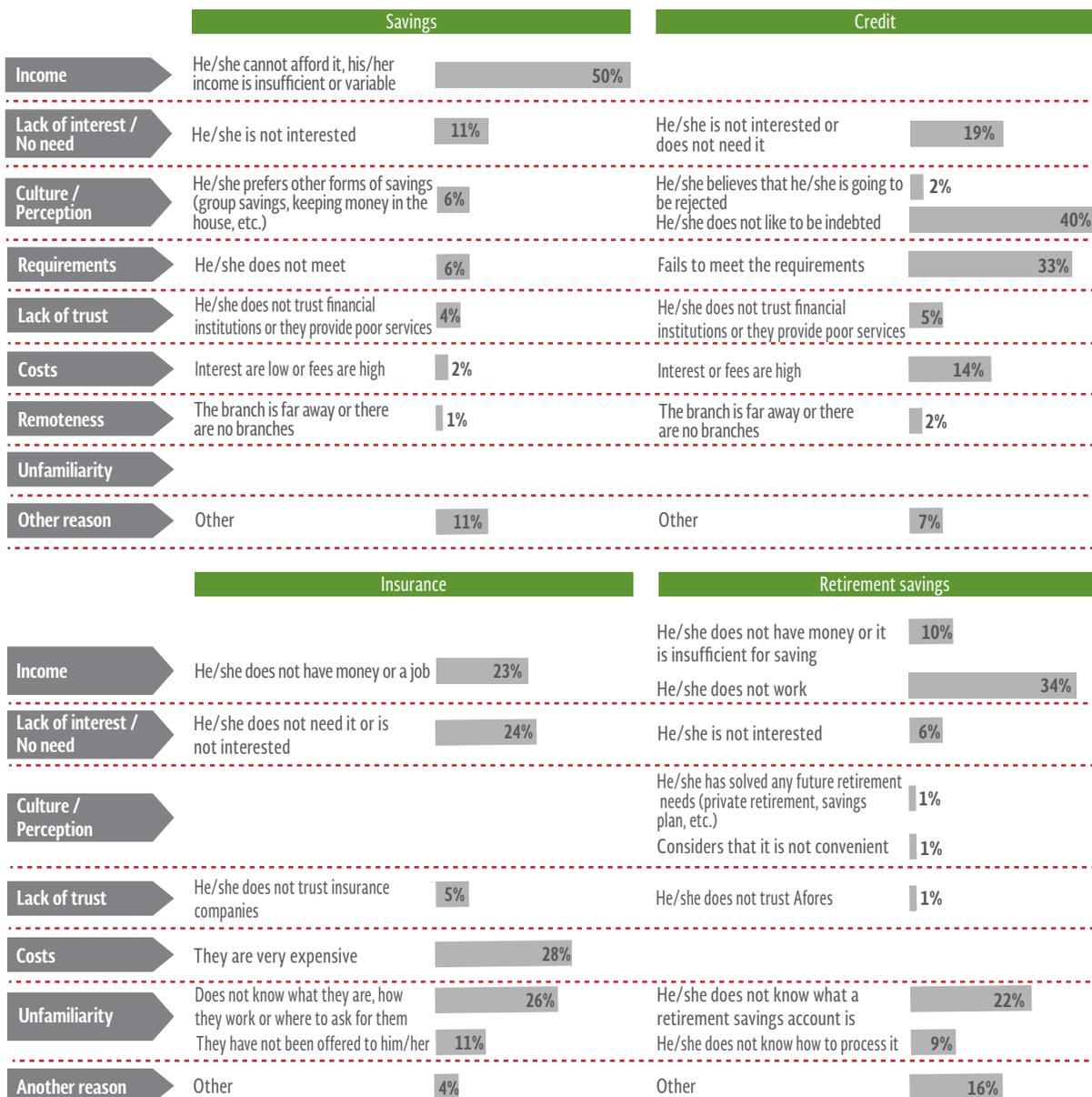


Source: 2011 and 2014 Global Findex. The GDP per capita was obtained from the World Development Indicators database of the World Bank. The analysis includes those countries considered in the 2014 Global Findex. Also, those countries lacking information on the per capita income were not included. 141 countries were included.

According to the 2015 ENIF, the main reasons not to have any of the four financial services are closely related to the income earned by the adult population, although the degree of information on these and on cultural or perception aspects also appear like major barriers for financial inclusion (see

Graph 24). Insufficient income and work were the barriers with the greater number of mentions by the adult population: 50% in the case of accounts and 44% in the case of retirement savings accounts.

**GRAPH 24.**  
Reasons not to acquire some deposit or credit product



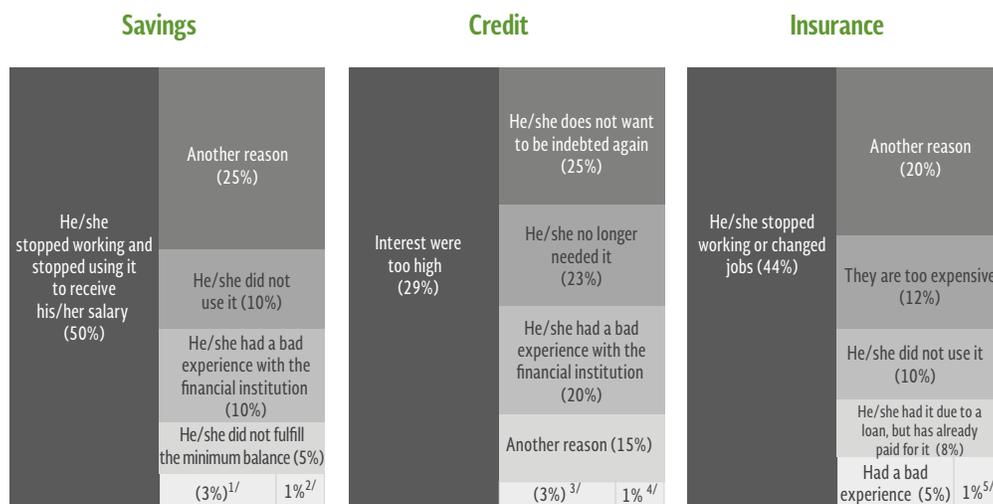
Source: 2015 ENIF.

The main reasons not to acquire or sign up for some financial product or service must be observed along with the reasons why an adult stopped using them (see Graph 25). Thus, for example, the lack of trust towards the institutions or having been mistreated by them was indicated only by approximately 5% of the population having no savings, credit or insurance product.

Notwithstanding, 10% of the persons who stopped having an account indicated that this was due to having a bad experience,

20% mentioned this in the case of credits, and 5% in the case of insurance. Similarly to the barriers to acquire or sign up for some service, the reasons related to income or labor status appeared as the main ones in case of accounts (50%) and in case of insurance (44%). The aspects related to the cost of the services were the main reason to stop having a credit (29%), the fourth reason in case of deposit accounts (5% of the total) and the second reason in case of insurance (12%).

**GRAPH 25.**  
Reasons to stop having financial services



Source: 2015 ENIF.

1/ Interest paid were very low.

2/ The financial institution or branch closed.

3/ He/she does not meet the requirements anymore.

4/ He/she prefers another type of loan (from relatives or friends).

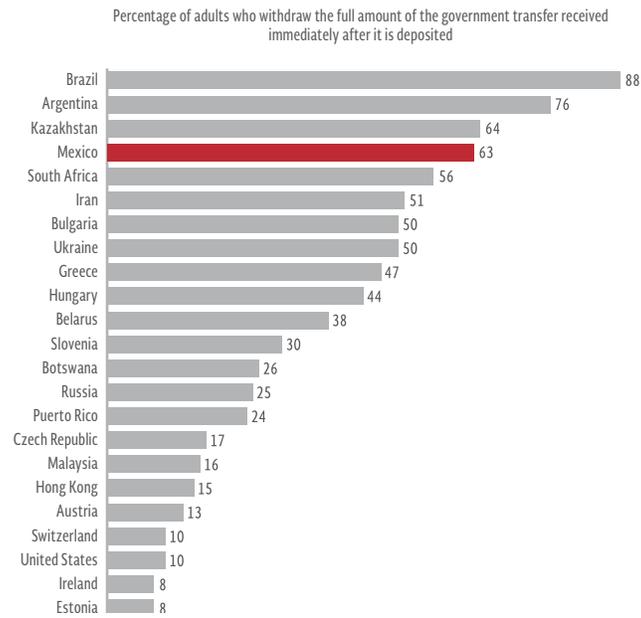
5/ He/she stopped receiving aid from a government program.

Also, the high inactivity of accounts raises concerns. In this regard, it is deemed that little less than half the opened accounts are inactive (46% of the accounts in the commercial banking sector and 43% of the accounts in the state-owned bank sector)<sup>12</sup>. The high inactivity of the accounts is linked to the predominant use of cash and the size of the informal sector in the country. The 2015 ENIF revealed that 92% of the adults stated that cash is the means most frequently used when making purchases. According to the surveyees having a debit card, the habit and lack of trust are the main reasons to pay in cash.

Also, according to the Global Findex, 36% of the adults having an account make no deposits in the course of one month. In some countries like Brazil, 88% of the adults who receive transfers indicated that they withdraw all the money as soon as it is deposited (see Graph 26). In Mexico we find a similar situation although to a lesser extent, as 63% of the adults reported to act likewise. The above generates costs related to cash transportation.

12. Likewise, of the total simplified record accounts, more than 10 million are inactive. Approximately 28% of these were granted by state-owned banking institutions.

**GRAPH 26.**  
Government transfers and account activity



Source: 2014 Global Findex.

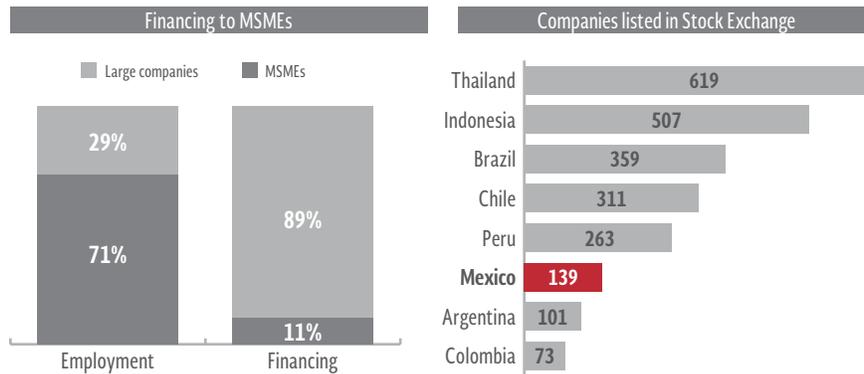
The ENIF data indicate that not using an account is the second most cited reason for people to stop owning it. In turn, of the adult population having a debit card, little more than half (51%) mentioned not having used it to make some purchase during the quarter prior to the 2015 ENIF survey. The lack of use is accompanied by a low activity on the part of persons who actually use it, since two out of three adults use it a maximum of four times per month, despite the great amount of transactions they carry out every day.

On the other hand, it is important to analyze the financial inclusion of micro, small and medium-sized companies

(MSMEs). In this context, we find low penetration of credit to the private sector and the limited usage of other formal financing sources (for example, the stock market). MSMEs contribute with 71% of employment and 51% of income of the enterprise sector; nevertheless, they only receive 11.1% of the loan portfolio of commercial banks (see Graph 27). On this matter, the Enterprise Survey<sup>13</sup> conducted by the World Bank in 2010 found that 29% of the companies in the world identify access to credit like their main barrier; in the case of Mexico this percentage is 30%.

13 Enterprise Survey, World Bank, 2010

**GRAPH 27.**  
**Financing to companies in Mexico**



Source: INEGI 2014 Economic Census, CNBV.  
Data through June 2015.

Source: World Federation of Exchanges.  
Data through June 2015.

Also, in Mexico there are 139 companies listed in the Mexican Stock Exchange, whereas Brazil and Chile have 359 and 311, respectively. The capitalization value of the Mexican Stock Market is 44% with respect to the GDP, while in Chile the market represents 118% of its GDP and in South Korea it represents 97% of its GDP; this means that the size of our stock market is not proportional to the size of our economy. A survey conducted by the Mexican Association Securities Brokers in 2014 shows that, the major issues include lack of formality, cultural aspects, ignorance of the Mexican Stock Exchange as a financing alternative, excessive processes and the perception of high costs, among others.

### **3. Having knowledge of the formal financial system is not enough for taking a better advantage of the products and services**

The third challenge to advance financial inclusion lies in the fact that being aware of the formal financial system is not enough for taking more advantage of the products and services. According to the 2015 ENIF, 34% of the adults indicated not having received any type of savings education, and 63% does not keep any record or account of their expenses. Also, half of the adults is not aware that there are certain accounts that do not charge any fees and that can be used for

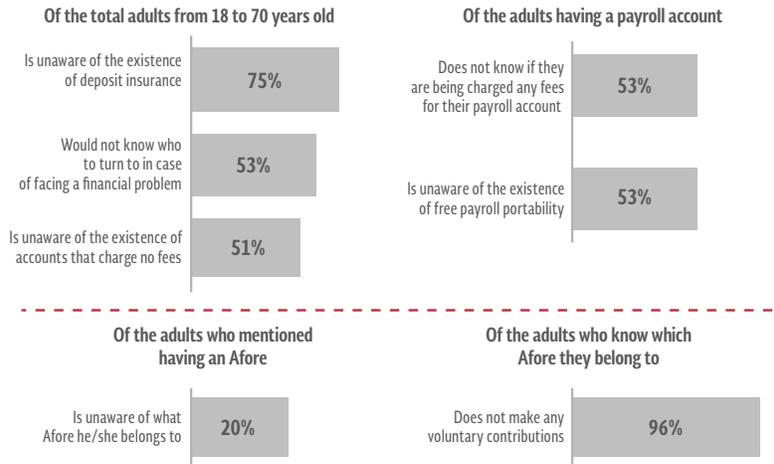
saving even a little amount of money (see Graph 28). This percentage is similar to the percentage of adults who know that they can change their payroll account to the bank of their choice, for free.

In the matter of protection, only 25% of the adult population knows that their savings are protected by the Deposit Insurance. Out of the population who is familiar with the institution that protects them, 29% recognizes the IPAB and 7% another protection scheme. This same issue is shown with regard to the relevance of insurance and savings. In this case, out of the 47 million adults who have no insurance, a little less than half (23 million) indicate that this is due to the fact that they do not know what it is, how it works or where to apply for it, or indicated that they do not need it. In turn, 11% of the adults without an account indicated not having insurance because they are not interested.

In relation to retirement savings, 8.7 million adults indicated not having this because they are not familiar with it, while 2.5 million are not interested and 3.7 million do not know how to process it. Additionally, 20% of those persons having a retirement savings account do not know what Afore administers their account, and almost all of those having an Afore do not make any voluntary contributions.

**GRAPH 28.**

**Knowledge of the characteristics of financial products and services**



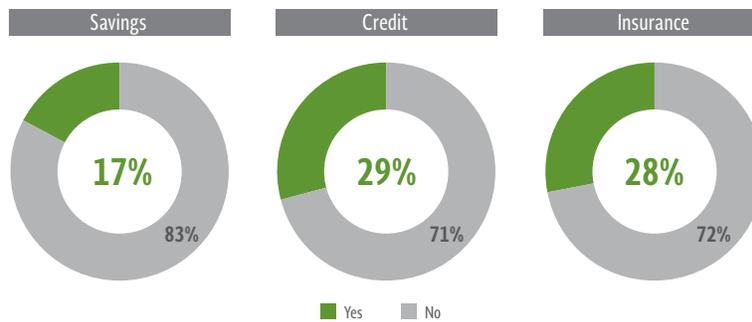
Source: 2015 ENIF.

Additionally, the practice of comparing financial products or services before acquiring them is low among the adult population

who has any of these, since less than one in three adults carried out such comparison (see Graph 29).

**GRAPH 29.**

**Product comparison before acquiring them (adult percentage)**



Source: 2015 ENIF.

**4. Lack of information to analyze the impact of financial inclusion policies and programs**

The final challenge is the lack of measurement of the impact of financial products and services in households and companies. In

Mexico, there are no evaluations showing the impact of financial inclusion on the income level or well-being of households. Also, it is necessary to deepen the efforts to carry out qualitative studies (Financial Diaries) in order to observe the financial management of the low-income population.

Another fundamental aspect is the lack of data on access and usage of the financial system in target sectors. The information reported by supervised institutions to the CNBV does not contain itemization breakdown by gender, age and type of locality. It would not be advisable to ask for this type of data in all cases, in view of the cost that this would imply, but it could be possible to ask for a catalogue of minimum variables breakdown by gender and age.

Finally, we find a variation in the depth of regulatory reports, as the information that is reported by financial institutions to the regulatory authorities (CNBV, CNSF, and Condusef, among others) not always meets the breakdown degree needed for its analysis. For example, information on insurance is not itemized per municipality.

#### **Final note on the current situation of financial inclusion**

**A**fter analyzing the advances and challenges, we may conclude that during the past years progress has been reached with regard to infrastructure, savings, credit, insurance, retirement savings and payments; however, these achievements are insufficient to reach the goal of achieving comprehensive financial inclusion if they do not complement

each other. This means that the expansion of access points -branches, ATMs and banking agents- must be accompanied by a larger number of businesses that accept payments with debit and credit cards, as well as other payment methods. The above would allow reducing the use of cash and creating a full ecosystem of digital payments.

Finally, is important for the population to have at least one financial product, but it is fundamental for the population to have access to a portfolio of financial products and services that satisfies all their needs and protects them from the risks they are exposed to along their life cycle. Thus, the search for comprehensive financial inclusion must include not only the efforts mentioned above (promoting the creation of a payment infrastructure and ecosystem, as well as supplying a broader range of financial products), but it also must be accompanied by actions that foster more financial education. This so because the evidence has shown that opening a new access point and providing an account is not enough if the users do not receive the proper tools to use them correctly and information on the benefits, risks and obligations of the diverse products and services they may have access to. Only then, the financial health of the population and the financial system as a whole may be promoted.

## NATIONAL POLICY FOR FINANCIAL INCLUSION

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The National Policy for Financial Inclusion (the “Policy”) is an instrument designed by the members of the CONAIF to guide the individual actions of its members, in their area of competence, on financial inclusion matters. It is also the coordination tool among authorities of the Mexican financial system to determine common priorities, as well as to guide the efforts of other interested stakeholders, such as public and private financial entities and non-governmental organizations.

The Policy reaffirms the intention of implementing best practices in financial inclusion and education that allow the population to have access to and use formal financial products and services, without prejudice to the efforts to reduce undertaken risks (de-risking), so as to avoid issues such as money laundering.

Additionally, the World Bank<sup>14</sup> reported that the countries that have a national strategy or policy to promote greater access and usage of financial services reach higher levels of financial inclusion in comparison to those not having one. Also, the Alliance for Financial Inclusion (AFI) indicated that the experience of South Africa and the United Kingdom, as well as the cases of Brazil, Malaysia, Namibia and Tanzania confirm this affirmation<sup>15</sup>.

The definition of the National Policy for Financial Inclusion specifies:

1. The vision of the National Policy for Financial Inclusion, i.e., the primary long term objective.
2. The six public policy pillars of financial inclusion provide the conceptual framework and the lines of action to address the challenges and barriers identified in the diagnosis.
3. The coordination structure, which defines the groups in charge of carrying out the planning, implementation, execution and follow-up of the Policy, as well as their roles and responsibilities.
4. The measurement and evaluation framework that describes in detail the core and secondary indicators that will help measure the Policy’s impact and follow up the

financial inclusion actions and programs, according to the goals set.

### Vision

The vision of the National Policy for Financial Inclusion is to ensure that all Mexicans, without any distinction, participate in the benefits generated by the financial system, by means of concrete and properly coordinated strategies among the different stakeholders from the public and private sectors, within a framework that procures the soundness and stability of the financial system<sup>16</sup>.

The above, in the understanding that more access to savings, financing, investment and insurance by Mexicans will foster economic development at a local and regional level, and will contribute to increase productivity and employment, improving the well-being of the population. That is how, having an explicit policy will place the topic of financial inclusion at the same level of relevance than other priorities of public policy, which will foster further progress towards responsible financial inclusion. With the definition of the Policy, the CONAIF seeks to fulfill the following objectives to:

- Define differentiated actions attend the population segments currently underserved and to promote the inclusion of children and young people in the future.
- Promote the development of a regulatory framework that boosts innovation and procures the stability and security of the financial system.
- Establish financial inclusion public policy lines and strategies of the Federal Government to provide clarity to all the stakeholders of the financial system, aimed at coordinating efforts among all government agencies and participants of the private sector who may have an effect on financial inclusion, including financial institutions, the telecommunication and technology companies, among others.
- Use technology to connect the lower-income population to the financial system within a regulatory framework that fosters innovation and seeks to achieve the soundness and stability of the financial system.

<sup>14</sup> World Bank (2013). Global Financial Development Report 2014. Washington, D.C.

<sup>15</sup> For example, in South Africa, the financial inclusion strategy allowed increasing the percentage of banked adults from 46% to 64% in four years and the opening of six million accounts. In the United Kingdom, the strategy implemented contributed to reducing by half la the number of unbanked adults. AFI (2015) National Financial Inclusion Strategies. Current State of the Practice. Kuala Lumpur.

<sup>16</sup> The Vision of the National Policy for Financial Inclusion was formally determined by the members of the National Council for Financial Inclusion at the ordinary meeting held on November 23, 2015.

### National Policy for Financial Inclusion Principles

Six public policy pillars are defined, which will permit the fulfillment of the vision established by the CONAIF. A specific objective is determined for each pillar, in order to address the main financial inclusion challenges identified in the diagnosis. Also there are specific elements that comprise each pillar. These elements will be the guide to define lines of action, programs and initiatives that generate solutions in the short and long term to increase financial inclusion in Mexico.

#### Pillar 1: Development of knowledge for the efficient and responsible use of the financial system by all the population

The objective of this principle is to contribute so that the entire population, including children, young people and adults, have the knowledge needed to efficiently and responsibly use of financial products and services, by means of financial education programs, in coordination with the authorities of the education sector and the Financial Education Committee.

##### Elements:

- 1.1. Coordination with the Ministry of Public Education and the teachers' unions, through the Financial Education Committee, to incorporate contents in the mandatory education curriculum that seek to form habits and behaviors related to financial topics, as well as to provide teachers with financial education programs.
- 1.2. Implementation of communication campaigns to disseminate information on financial products, services and channels that promote the efficient use of the financial system.
- 1.3. Promotion of actions that allow the use of uniform financial terms among authorities and other agents, in order to improve the transparency and foster communication.
- 1.4. Implementation, in coordination with the private sector, of programs and events that promote the financial education of the population, taking advantage of mechanisms and technological innovations that facilitate learning.

#### Pillar 2: Use of technological innovations for financial inclusion

The objective of the second principle of the financial inclusion policy is to take advantage of the technological innovations to expand the usage of financial products and services within a regulatory framework that provides security to all the stakeholders of the financial system.

##### Elements:

- 2.1. Permanent review of the regulatory framework to permit the entry of technological innovations, ensuring the stability and security of the financial system.
- 2.2. Taking advantage of the access to new technologies permitted under the Telecommunications Reform in order to connect the population currently excluded from the financial system.
- 2.3. Establishment of coordination mechanisms among the authorities and representatives of the financial and entrepreneurial sectors of financial technological applications (fintech) to promote the development of viable and secure financial inclusion solutions for the Mexican market.
- 2.4. Promotion of mechanisms that reduce the use of cash, such as mobile banking, electronic wallet, digital remittances, among others; as well as the entry of new business models, such as blockchain, taking into account regulation and supervision measures that strengthen the cyber security in their implementation.
- 2.5. Coordination with the Ministry of Communications and Transportation (SCT, for its acronym in Spanish), the Federal Institute of Telecommunications (Ifetel, for its acronym in Spanish) and telecommunication companies to expand the supply of financial services to target areas through mobile telephones.
- 2.6. Development of an open platform to facilitate the interconnectivity of digital financial services.
- 2.7. Establishment of financing programs with State-Owned Banks to support the financial intermediaries in the implementation of new technologies.

### **Pillar 3: Development of financial infrastructure in unattended areas**

The objective of this pillar is to promote the development of the infrastructure and the supply of financial services to close the gap in underserved areas, mainly the South, South-East and the rural areas of the country. In this regard, actions are considered that foster the competition and the development of all types of financial intermediaries.

#### **Elements:**

- 3.1. Establishment of mechanisms and actions to promote the development of financial infrastructure and the supply of services in the Southern, Southeastern and rural areas of the country, where there is low penetration.
- 3.2. Creation of alliances with non-financial stakeholders, including commercial distribution chains, as well as telecommunications companies to encourage the creation of new business models and access channels to the financial system.
- 3.3. Generation of incentives for businesses and principal means of public transport, in order to increase the acceptance of electronic payments, particularly among small businesses and in areas where the beneficiaries of social programs reside.
- 3.4. Promotion of the usage of electronic payment systems among the population, in order to foster greater efficiency in transactions.
- 3.5. Identification and reduction of the barriers for the use and mobility of financial services to foster competition among intermediaries.
- 3.6. Deepen differentiated regulation, proportionate to the risks, in order to advance the development of financial intermediaries.
- 3.7. Increase of services provided by the State-Owned Banks, to serve the population living in localities with scarce presence of private financial intermediaries.

### **Pillar 4: Greater supply and usage of formal financial services for the underserved and excluded population**

The objective of the fourth pillar of the policy is to increase the

access and promote the usage of formal financial services by groups underserved by or excluded from the formal financial system, including, without limitation, women, young people, low-income population, Mexicans residing abroad, and micro and small enterprises, through the design of products and services suited to their needs.

#### **Elements:**

- 4.1. Positioning of financial inclusion as a benefit of the formal sector.
- 4.2. Establishment of programs between the State-Owned Banks and the Tax Administration Service (SAT, for its acronym in Spanish) to grant financing to MSMEs who are taxpayers in compliance with their tax obligations, based on parametric data.
- 4.3. Creation of synergies with the SAT to facilitate access to formal financial services, including accounts and better financing sources, for persons registered in the Tax Registry Regime (RIF for its acronym in Spanish) and/or taxpayers in compliance with their tax obligations.
- 4.4. Development of programs to increase access to financing sources for MSMEs.
- 4.5. Expansion of the supply of financial services for the beneficiaries of social programs, in order to increase the holding of accounts and other financial products and services, such as insurance, credit and retirement savings accounts.
- 4.6. Issuance of a regulation suited for unfolding collective financing schemes (crowdfunding) that provides certainty to all the stakeholders and does not jeopardize the stability of the system as a whole.
- 4.7. Promotion of signing of contracts of diverse financial products (such as insurance, credit and retirement savings accounts) through alternative channels like convenience stores, in order to encourage the population to acquire a financial service portfolio.
- 4.8. Increase of the use of digital means both for government payments and to enable receiving payments for public services.
- 4.9. Development of products specifically designed for excluded or underserved segments.

- 4.10. Opening of individual retirement savings accounts using mobile devices and greater interaction with the financial sector, in order to facilitate and encourage voluntary contributions.
- 4.11. Incorporation of Mexicans living and working abroad so that they may open, administer and make voluntary contributions to their individual accounts in an easy and secure manner, and at a low cost.

**Pillar 5: Greater confidence in the formal financial system through consumer protection mechanisms**

The objective of the fifth pillar is to strengthen and make known, in a coordinated manner, the protection mechanisms to develop the confidence of the population in the suppliers of financial services and other stakeholders of the Mexican financial system.

**Elements:**

- 5.1. Publicize the protection mechanisms available to formal savers, including the bank deposit insurance and the protection fund for regulated popular savings and credit entities.
- 5.2. Dissemination of the instances and protection mechanisms available to users of financial services, including those provided by the Condusef and the security of retirement savings accounts.
- 5.3. Strengthening of the dissemination and usage of reputation mechanisms, such as the Financial Entities Bureau, that enable the identification of the institutions that better provide financial services, from those that fail to do so.
- 5.4. Make known to the population the fact that the signing up for insurance products, in some transactions and/or sectors, include the protection of a special fund, additional to the insurance policy, as well as the remaining policy's characteristics.
- 5.5. Update of the regulatory framework, so that technological innovations may provide timely, efficient and suited mechanisms for the resolution of disputes.
- 5.6. Implementation of a sound regulatory framework that sets forth measures to handle and minimize identity theft and to protect the personal information and data of the users of financial services.
- 5.7. Establishment of criteria and communication campaigns to inform the public of the risks of irregular deposit schemes.
- 5.8. Development of an analysis on the convenience of adapting regulation to avoid over-indebtedness of the population.
- 5.9. Implementation of measures for financial institutions so that their Internet sites include a specific section on guidance for the correct use of security measures that the clients must take into consideration when using the financial products and services supplied by them.
- 5.10. Disclosure of transaction costs by providing adequate reliable data mechanisms using accessible and appropriate means.

**Pillar 6: Generation of data and measurements to evaluate financial inclusion efforts**

The objective of this pillar is to generate data and measurements to assess the efforts and identify opportunity areas that contribute to the design of financial inclusion programs.

**Elements:**

- 6.1. Application of panel surveys and experimental evaluations to measure the impact of government programs and actions that seek to increase financial inclusion.
- 6.2. Improvement of regulatory reports delivered by financial institutions to the authorities to obtain data that allows measuring, in a more accurate fashion, the existing gaps in access (for example, at a locality level) and in usage (for example, women, young people and MSMEs).
- 6.3. Conducting, the National Survey for Financial Inclusion, every three years, and the National Survey for Financing to and Usage of Financial Services by Companies, in order to measure the progress and impact of financial inclusion actions and efforts.
- 6.4. Establishment of working groups with representatives of the financial sector in order to improve the quality and depth of the data reported, and of the possible exchange of information for a better understanding and use, for purposes of strengthening the actions entrusted to each of them.

- 6.5. Support the development of independent academic research projects on the problems and opportunities for increasing financial inclusion in the country.
- 6.6. Establishment of criteria for the generation of official financial inclusion data. .

### Coordination structure

A coordination structure, among the most relevant financial inclusion stakeholders, is established to ensure a suitable implementation of the National Policy for Financial Inclusion<sup>17</sup>. The purpose of the coordination structure is to establish the specific programs and actions for fulfilling the objectives of the national policy, as well as its implementation, follow-up and evaluation.

This structure is made up of three groups: the CONAIF, a Coordination Committee and a Monitoring Group. Also, additional working groups shall be created, as deemed necessary, to prepare specific proposals and recommendations in connection with financial inclusion.

Likewise, the necessary communication channels will be established with the Financial Education Committee, whose purpose is to coordinate the financial education actions and efforts, since this is one of the pillars of the National Policy for Financial Inclusion.

### National Council for Financial Inclusion

The CONAIF was created on October 3, 2011 by Presidential Accord, and, as a result of the Financial Reform, it was incorporated, in 2014, the Law to Regulate Financial Groups, as a consultation, counseling and coordination body to propose measures for the planning, formulation, implementation, execution and follow-up of a National Policy for Financial Inclusion.

The Policy establishes the following specific functions for the Council:

1. To formulate the guidelines of the National Policy for Financial Inclusion.
2. To establish a specific work plan, tasks and responsibilities for the main stakeholders of financial inclusion.
3. To develop measurement, follow-up and evaluation mechanisms to ensure the compliance with the Policy.

4. To review and assess the implementation of the Policy.
5. To solve any doubts and to approve or reject the proposals made by the Coordination Committee and the Monitoring Group.
6. To propose amendments to the Policy or new initiatives to address the results of the implementation or changes in the financial inclusion outlook.
7. To maintain communication with the Financial Education Committee.

The CONAIF is integrated by 10 members: the Minister and Deputy Minister of Finance and Public Credit (SHCP), the President of the National Commission for Protection and Defense Users of Financial Services (CONDUSEF), the President of the National Banking and Securities Commission (CNBV), the President of the National Insurance and Surety Bonds Commission (CNSF), the President of the National Commission of Retirement Savings System (CONSAR), the Executive Secretary of the Institute for the Protection of Bank Deposits (IPAB), the Treasurer of the Federation, and the Governor and a Deputy Governor, designated by the Governor, of the Bank of Mexico.

The CONAIF holds ordinary meetings at least twice per year and, in addition, it is possible to convene extraordinary meetings. The Secretary of the CONAIF shall attend the meetings of the Financial Education Committee and vice versa and, in order to ensure the coordination of the actions of both groups, inform their members of the resolutions adopted, so that they may detect any common actions and avoid any duplicated efforts.

### Financial Education Committee

The Financial Education Committee (CEF, for its acronym in Spanish) was installed in May, 2011 and in 2014 it was included in the Law to Regulate Financial Groups, as part of the Financial Reform, as the coordinating body of financial education efforts, actions and programs of the members that constitute it.

The main duties of the CEF are:

1. To define the priorities of the financial education policy.
2. To formulate guidelines for the financial education policy.
3. To prepare the National Strategy on Financial Education.

<sup>17</sup> The functions of the CONAIF include to propose general organization schemes for the efficient service, coordination and linkage of the activities related to financial inclusion in the diverse areas of the Federal Public Administration, with the federal states and municipalities, and with the private sector of the country.

4. To plan the activities for the National Financial Education Week.
5. To establish methodologies for the measurement of financial education, and of financial education indicators and of the capabilities of the population.

The Committee is formed in accordance with its Operating Rules and is presided by the Deputy Minister of Finance and Public Credit; it has an Executive Secretary, who is the Head of the Banking, Securities and Savings Unit of the Ministry of Finance and Public Credit and a Technical Secretary, who is designated by the National Commission for Protection and Defense of Users of Financial Services.

#### **Coordination Committee**

The CONAIF shall establish a Coordination Committee with high-level representatives of the public, private and academic sectors, representatives of the financial sector, officials of other Ministries or Agencies who are not part of the Council and one official from the Federal Superior Audit Office. This Committee shall support the CONAIF for purposes of promoting quality in the implementation of actions and programs, including those of the Financial Education Committee.

The Coordination Committee will be in charge of:

1. Proposing actions to contribute to the fulfillment of the Policy's pillars.
2. Identifying issues that may be solved with inclusion actions.
3. Contributing to/or participate in the implementation of financial inclusion actions, programs and initiatives.
4. Establishing working sessions with the Monitoring Group to identify financial inclusion opportunities, as well as additional barriers that could inhibit the development of the Policy.

The CONAIF shall invite the members of the Coordination Committee, designate its President, and shall issue the rules for its operation. Also, the participation in the Coordination Committee is voluntary and non-remunerated. This Committee shall hold ordinary meetings with the CONAIF and hold its own meetings when the nature of the matters to be discussed so require it. The invitation to convene meetings shall be made by the Executive Secretary of the CONAIF.

#### **Financial Inclusion Monitoring Group**

The CONAIF shall have a Monitoring Group, formed by one representative designated by each member of the Council. The designated representatives must have the hierarchic level that allows them to vote resolutions and issue opinions on behalf of the institutions they represent.

This working group shall include, in its duties, the following tasks:

- 1.1. Coordinate the implementation of the National Policy for Financial Inclusion.
2. Define and submit for approval of the members of the Council, the medium and long term financial inclusion goals.
3. Define a work plan that includes the tasks, completion schedule and institutions responsible for each element comprising the pillars of the Policy.
4. Define the indicators and goals to properly monitor the lines of action defined for each pillar.
5. Monitor and issue opinions on the implementation of the Policy and the results of the main financial inclusion actions in Mexico.
6. Control the financial inclusion indicators to ensure the fulfillment the established goals.
7. Propose changes to the indicators, as well as improvements to the measurement, monitoring and evaluation mechanisms.
8. Identify financial inclusion opportunities, as well as additional barriers that could inhibit the development of the Policy.
9. Establish work sessions with the Coordination Committee, as well as with public and private organizations to exchange experiences in implementing the Policy.
10. Coordinate the dissemination efforts made under this Policy to promote the acquisition of knowledge among the population of the characteristics of financial products and services, as well as protection mechanisms and instances.
11. Prepare annual reports for the CONAIF and the Coordination Committee, which include the evolution

of the indicators defined in the Policy and those deriving from the lines of action. Also, such report shall inform on the participation of the institutions that are responsible and that participate in each of the elements that integrate the Policy's pillars.

The Monitoring Group shall hold ordinary meetings at least once per quarter, and hold extraordinary meetings when it is so required.

### Working Groups

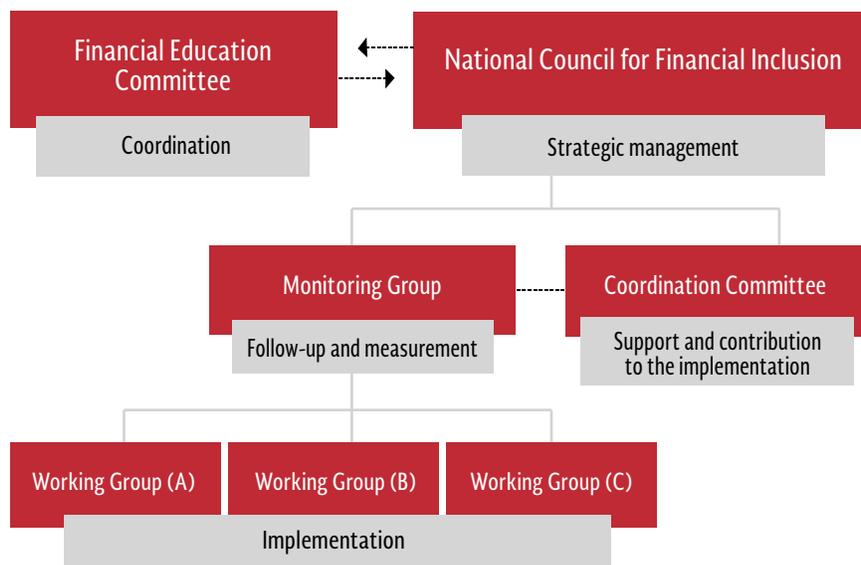
The CONAIF and the Monitoring Group may establish groups to work on the design and implementation of financial inclusion programs and/or initiatives. The working groups may be formed by representatives of the institutions that comprise the CONAIF, as well as

representatives of financial institutions (banking and non-banking), representatives of private non-financial institutions (e.g., telecommunication companies), academicians and experts in financial inclusion topics, including Fintech companies, and representatives of other Government Agencies (e.g., representatives of the Ministry of Education for financial education topics).

These groups will investigate specific topics and prepare proposals and recommendations for the Monitoring Group. They shall also be in charge of issuing proposals for the design and implementation of programs in line with the established policies.

The Monitoring Group shall determine the rules for the operation and functioning of such groups.

### Coordination Structure of the National Policy for Financial Inclusion

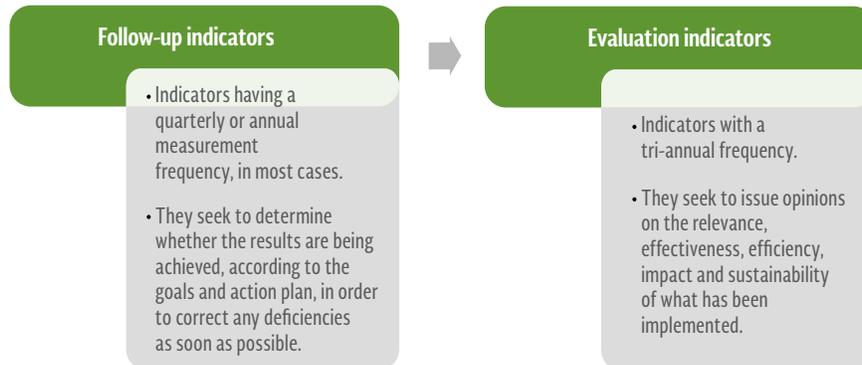


### Measurement and evaluation framework

A framework to monitor and evaluate of the Policy is established to determine whether the results reached are in accord to the financial inclusion goals set out by the CONAIF. The purpose is to issue opinions on the relevance, effectiveness, efficiency, impact and sustainability of what has been implemented. Under this framework, it will be possible to evaluate, in an objective and comprehensive manner, the ongoing, or concluded, programs, projects or policies, so as to establish an action plan, if necessary, to correct the deficiencies as soon as possible.

Therefore, the National Policy for Financial Inclusion will have measurement and evaluation indicators to observe the degree of progress in achieving the objectives and strategies indicated in the preceding section. The measurement indicators shall be part of an ongoing, short-term exercise, when the project, program or policy is being implemented. In contrast, the evaluation indicators will be part of a medium- and long-term exercise for purposes of attributing the changes in the level of financial inclusion to those initiatives that have been already implemented.

### Measurement and evaluation scheme for the National Policy for Financial Inclusion



The baseline of the indicators is 2012 (unless otherwise indicated) and the final goal has a time horizon of 2018, without prejudice if the Policy continues in subsequent administrations. In this case, the members of the CONAIF will set the goals that they will try to achieve in subsequent six-year periods.

It is important to point out that the Policy indicators were built based on the work carried out by the measurement working groups of the Alliance for Financial Inclusion (AFI) and by the Measurement, Diagnosis and Disclosure Working

Group of CONAIF. In this sense, the indicators recapture the best international practices on the creation of financial inclusion indicators. In view that all the dimensions of financial inclusion are equally important, a similar number of indicators is established for each one of its four components, although it is true that there are particular problems in the definition, execution and temporality of some of them, due to the intrinsic difficulties that their measurement implies.

The evaluation and measurement indicators of the Policy are shown below.

Evaluation indicators				
Name of the indicator	Baseline (2012)	Value found in 2015	Target	Dimension
Percentage of adults that used some access point	63%	67%		Access
Percentage of adults having at least one formal financial product	56%	68%		Usage
Percentage of adults having one deposit account or formal savings	36%	44%		Usage
Percentage of adults who are aware of the existence of the national financial protection authority	10%	11%		Consumer protection
Percentage of adults who are aware of the existence of the deposit insurance	39%	25%		Financial education

Follow-up indicators				
Name of the indicator	Baseline (2012)	Value found in 2015	Target	Dimension
Number of access points per 10,000 adults	9.6	10.1		Acces
Percentage of municipalities with at least one access point	67.9%	69.1%		Acces
Percentage of adults living in municipalities with at least one access point	96.8%	97.0%		Acces
Number of mobile banking accounts (mobile phone banking) per 10,000 adults	106	842		Usage
Number of deposit accounts per 10,000 adults.	11,544	12,086		Usage
Number of credit accounts per 10,000 adults.	5,407	5,703		Usage
Percentage of MSMEs with credit	7.7%	7.5%		Usage
Premium per capita of the total market (Pesos)	2,703	3,211		Usage
Number of unique and personal accounts managed by Afores per 10,000 adults.	5,821	6,118		Usage
Number of service actions by the Condusef per 10,000 adults.	155	176		Consumer protection
Response time in case of a claim (days)	13	13		Consumer protection

Finally, it is worth noticing that a data sheet has been prepared for each indicator (see Annexes 1 and 2), which indicates the source of information of the indicator, so that the persons interested in any particular subject may request more information from the responsible institutions. On their part,

indicators contain verification methods, which will contribute to provide confidence on the quality and truthfulness of the reported information, since it will allow the interested parties to calculate their progress on their own.

## ANNEXES

### Annex 1. Characteristics of simplified record deposit accounts

Account level	1	2	3	4
ID requirements	None	Full name, date of birth, address, gender and federal state.	Full name, federal state and date of birth, address, gender, nationality, occupation, activity or business line, telephone number and/or electronic mail, official ID data, population registry number (CURP, for its acronym in Spanish), federal taxpayer ID number (RFC, for its acronym in Spanish), electronic signature (FIEL, for its acronym in Spanish) series.	
Opening requirements	In person and remote Individuals No data	In person and remote <sup>1</sup> Individuals Data, no copies	In person Individuals and Business Entities Data, no copies	In person Individuals and Business Entities Data and copies
Opening Channels	Branches, businesses, bank agents and electronic means <sup>2</sup>	Branches, bankagents and electronic means	Branches, bank agents and business entities	Branches.
Monthly limits [in UDIS (Investment Units)]	750 in deposits 1,000 in balance	3,000 in deposits <sup>3</sup>	10,000 in deposits	Determined by the banking institution
Channels of usage	Branches, ATMs, POS terminals and bank	The same as in level 1 plus electronic banking and mobile phone		The same as in level 3 plus checks
Withdrawal of funds via mobile	No	Yes, subject to the limits per transaction provided in the electronic banking regulation.		
Coverage	National	National and international		

1. The data must be verified by means of an official ID for the opening in person or using a data verification system in the case of remote opening [National Population Registry (RENAPO, for its acronym in Spanish) using the CURP]. In the case of accounts linked to a mobile telephone or another equivalent communication device, the Institutions must validate the CURP obtained and the mobile phone number furnished.
2. Must be activated by the bank or banking agents even if they are distributed by other means.
3. If the account is used to receive funds from support programs, the limit raises to 6,000 UDIS.

### Annex 2. Data sheets of evaluation indicators

Evaluation Indicator 1	
Name of the indicator	Percentage of adults who used some access point
Calculation method	(Number of adults who visited a bank branch, ATM or bank agent / Number of total adults) x 100
Definition	It refers to the number of adults who reported having used a bank branch, ATM or bankagent with respect to the number of total adults in the country.
Dimension	Access
Measurement unit	Percentage
Frequency	Tri-annual
Direction of the indicator	Upward
Year of the baseline	2012
Baseline (BL)	63%
Value found in 2015	67%
Source of information	ENIF (2012, 2015 and 2018)
Verification methods	Database in National Statistics, Geography and Information Technology Institute (INEGI, for its acronym in Spanish) <a href="http://www.inegi.org.mx">www.inegi.org.mx</a>
Possible itemization	Rural-Urban. Man-Woman.

#### Evaluation Indicator 2

Name of the indicator	Percentage of adults having at least one formal financial product
Calculation method	$(\text{Number of adults with at least one formal financial service} / \text{Number of total adults}) \times 100$
Definition	It refers to the number of adults who reported having a savings, payroll or investment account, credit, loan or credit card, insurance (life, car, house, medical expenses, education, accident, private retirement plan) or retirement savings account with respect to the number of total adults.
Dimension	Usage
Measurement unit	Percentage
Frequency	Tri-annual
Direction of the indicator	Upward
Year of the baseline	2012
Baseline (BL)	56%
Value found in 2015	68%
Source of information	ENIF (2012, 2015 and 2018)
Verification methods	Database in INEGI <a href="http://www.inegi.org.mx">www.inegi.org.mx</a>
Possible itemization	Rural-Urban. Man-Woman.

#### Evaluation Indicator 3

Name of the indicator	Percentage of adults having one deposit savings account or formal savings
Calculation method	$(\text{Number of adults having a deposit account} / \text{Number of total adults}) \times 100$
Definition	It refers to the number of adults who reported having a payroll, savings or pension account or card or an account or card where they receive government subsidies with some bank or financial institution with respect to the number of total adults.
Dimension	Usage
Measurement unit	Percentage
Frequency	Tri-annual
Direction of the indicator	Upward
Year of the baseline	2012
Baseline (BL)	36%
Value found in 2015	44%
Source of information	ENIF (2012, 2015 and 2018)
Verification methods	Database in INEGI <a href="http://www.inegi.org.mx">www.inegi.org.mx</a>
Possible itemization	Rural-Urban. Man-Woman.

#### Evaluation Indicator 4

Name of the indicator	Percentage of adults who are aware of the existence of the national financial protection authority
Calculation method	$(\text{Number of adults who is familiar with the Condusef} / \text{Number of total adults}) \times 100$
Definition	It refers to the number of adults who responded that they would go to the Condusef if they had a problem with a loan or an undue credit card charge.
Dimension	Consumer protection
Measurement unit	Percentage
Frequency	Tri-annual
Direction of the indicator	Upward
Year of the baseline	2012
Baseline (BL)	10%
Value found in 2015	11%
Source of information	ENIF (2012, 2015 and 2018)
Verification methods	Database in INEGI <a href="http://www.inegi.org.mx">www.inegi.org.mx</a>
Possible itemization	Rural-Urban. Man-Woman.

Evaluation Indicator 5	
Name of the indicator	Percentage of adults who are aware of the existence of the deposit insurance
Calculation method	$(\text{Number of adults who are familiar with the insurance deposits} / \text{Number of total adults}) \times 100$
Definition	It refers to the number of adults who responded that they were aware of the fact that their savings are protected in case of close or bankruptcy of a financial institution.
Dimension	Financial education
Measurement unit	Percentage
Frequency	Tri-annual
Direction of the indicator	Upward
Year of the baseline	2012
Baseline (BL)	39%
Value found in 2015	25%
Source of information	ENIF (2012, 2015 and 2018)
Verification methods	Database in INEGI <a href="http://www.inegi.org.mx">www.inegi.org.mx</a>
Possible itemization	Rural-Urban. Man-Woman.

### Annex 3. Data sheets of monitoring indicators

Monitoring Indicator 1	
Name of the indicator	Number of access points per 10,000 adults
Calculation method	$[\text{Number of access points} (\text{Number of adults} / 10,000)]$
Definition	It refers to the number of regulated access points where withdrawals and/or deposits can be made per 10,000 adults. The access points taken into account are branches of commercial banks, state-owned banks, cooperatives and microfinance institutions, as well as ATMs and bank agents. Point of sale terminals are not taken into account.
Dimension	Access
Measurement unit	Index
Frequency	Annual
Direction of the indicator	Upward
Year of the baseline	2012
Baseline (BL)	9.6
Value found in 2013	9.9
Value found in 2014	10.1
Value found in 2015	10.0
Source of information	Regulatory reports of CNBV / CONAPO
Verification methods	National Financial Inclusion Reports, available at the Internet portal of the CNBV.
Possible itemization	National-State-Municipality.

Monitoring Indicator 2	
Name of the indicator	Percentage of municipalities with at least one access point
Calculation method	$(\text{Number of municipalities having at least one access point} / \text{Number of municipalities in the country}) \times 100$
Definition	It refers to the percentage of municipalities having at least one regulated access point where withdrawals and/or deposits can be made compared to the total. The access points taken into account are branches of commercial banks, state-owned banks, cooperatives and microfinance institutions, as well as ATM's and bank agents. Point of sale terminals are not taken into account.
Dimension	Access
Measurement unit	Percentage
Frequency	Annual
Direction of the indicator	Upward
Year of the baseline	2012
Baseline (BL)	67.9%
Value found in 2013	68.5%
Value found in 2014	68.6%
Value found in 2015	68.9%
Source of information	Regulatory reports of CNBV / CONAPO
Verification methods	National Financial Inclusion Reports, available at the Internet portal of the CNBV.
Possible itemization	National-State-Municipality.

Monitoring Indicator 3	
Name of the indicator	Percentage of adults living in municipalities with at least one access point
Calculation method	$(\text{Number of adults living at municipalities with at least one access point} / \text{Number of adults in the country}) \times 100$
Definition	It refers to the percentage of adults living in municipalities that have at least one regulated access point where withdrawals and/or deposits can be made compared to the total adults living in the country. The access points taken into account are branches of commercial banks, state-owned banks, cooperatives and microfinance institutions, as well as ATMs and bank agents. Point of sale terminals are not taken into account.
Dimension	Access
Measurement unit	Percentage
Frequency	Annual
Direction of the indicator	Upward
Year of the baseline	2012
Baseline (BL)	96.8%
Value found in 2013	97.0%
Value found in 2014	97.0%
Value found in 2015	97.0%
Source of information	Regulatory reports of CNBV / CONAPO
Verification methods	National Financial Inclusion Reports, available at the Internet portal of the CNBV.
Possible itemization	National-State-Municipality.

#### Monitoring Indicator 4

Name of the indicator	Number of mobile banking accounts (mobile phone banking) per 10,000 adults.
Calculation method	[Number of accounts per mobile phone (Number of adults the country / 10,000)]
Definition	It refers to the number of accounts linked to a mobile phone number to be able to carry out financial transactions using such device per 10,000 adults.
Dimension	Usage
Measurement unit	Index
Frequency	Annual
Direction of the indicator	Upward
Year of the baseline	2012
Baseline (BL)	106
Value found in 2013	318
Value found in 2014	590
Value found in 2015	763
Source of information	Regulatory reports of the CNBV
Verification methods	National Financial Inclusion Reports, available at the Internet portal of the CNBV.
Possible itemization	National-State-Municipality.

#### Monitoring Indicator 5

Name of the indicator	Number of deposit accounts per 10,000 adults.
Calculation method	[Number of deposit products (Number of adults/10,000)]
Definition	It refers to the number of savings accounts, transactional accounts and term deposits of the banking sector, as well as savings, sight and credit deposits of the popular savings and credit institutions per 10,000 adults. This indicator does not include debit cards.
Dimension	Usage
Measurement unit	Index
Frequency	Annual
Direction of the indicator	Upward
Year of the baseline	2012
Baseline (BL)	11,544
Value found in 2013	11,783
Value found in 2014	11,662
Value found in 2015	12,100
Source of information	Regulatory reports of the CNBV
Verification methods	National Financial Inclusion Reports, available at the Internet portal of the CNBV.
Possible itemization	National-State-Municipality.

#### Monitoring Indicator 6

Name of the indicator	Number of credit accounts per 10,000 adults.
Calculation method	[Number of credit products (Number of adults/10,000)]
Definition	It refers to the number of credit cards, group, payroll, mortgage, consumer, car and housing loans per 10,000 adults.
Dimension	Usage
Measurement unit	Index
Frequency	Annual
Direction of the indicator	Upward
Year of the baseline	2012
Baseline (BL)	5,407
Value found in 2013	5,682
Value found in 2014	5,980
Value found in 2015	5,685
Source of information	Regulatory reports of the CNBV
Verification methods	National Financial Inclusion Reports, available at the Internet portal of the CNBV.
Possible itemization	National-State-Municipality.

#### Monitoring Indicator 7

Name of the indicator	Percentage of MSMEs with credit
Calculation method	[Number of MSMEs with credit granted by commercial banks/Number of MSMEs in the country] x 100
Definition	It refers to the number of Micro, small and medium enterprises (MSMEs) with credit granted by the commercial banking sector compared to the total MSMEs in the country. MSMEs were classified as those having up to 100 employees.
Dimension	Usage
Measurement unit	Percentage
Frequency	Annual
Direction of the indicator	Upward
Year of the baseline	2012
Baseline (BL)	7.7%
Value found in 2013	7.4%
Value found in 2014	7.5%
Value found in 2015	7.5%
Source of information	Regulatory reports of the CNBV
Verification methods	National Financial Inclusion Reports, available at the Internet portal of the CNBV.
Possible itemization	National-State-Municipality.

#### Monitoring Indicator 8

Name of the indicator	Premium per capita of the total market
Calculation method	$(\text{Amount of the premium} / \text{Number of persons}) \times 100$
Definition	It refers to the total amount of the premium of the insurance sector compared to the number of inhabitants in the country. Life, accident, medical and damage insurance are included.
Dimension	Usage
Measurement unit	Mexican Pesos
Frequency	Annual
Direction of the indicator	Upward
Year of the baseline	2012
Baseline (BL)	2,703
Value found in 2013	2,414
Value found in 2014	2,980
Value found in 2015	3,211
Source of information	CNSF
Verification methods	National Financial Inclusion Reports, available at the Internet portal of the CNBV.
Possible itemization	National-State-Municipality.

#### Monitoring Indicator 9

Name of the indicator	Number of unique and personal accounts managed by Afores per 10,000 adults.
Calculation method	$[\text{Number of unique and personal accounts} (\text{Number of adults}/10,000)]$
Definition	It refers to the number of unique and personal accounts of each employee that are managed by Afores per 10,000 adults.
Dimension	Usage
Measurement unit	Index
Frequency	Annual
Direction of the indicator	Upward
Year of the baseline	2012
Baseline (BL)	5,821
Value found in 2013	6,001
Value found in 2014	6,101
Value found in 2015	6,118
Source of information	Consar
Verification methods	National Financial Inclusion Reports, available at the Internet portal of the CNBV.
Possible itemization	National-State-Municipality.

#### Monitoring Indicator 10

Name of the indicator	Number of service actions by the Condusef per 10,000 adults.
Calculation method	[(Number of service actions (Number of adults/10,000)]
Definition	It refers to the number of service actions of the Condusef. The defense actions carried out by Condusef derive from the inquiries or claims submitted by users who already have, or wish to sign up for, a financial product or service with several financial institutions, authorized to be incorporated and operate in such capacity, as well as with those institutions that do not require authorization and who are considered as financial intermediaries, as in the case of Sofom ENR.
Dimension	Consumer protection
Measurement unit	Index
Frequency	Annual
Direction of the indicator	Upward
Year of the baseline	2012
Baseline (BL)	155
Value found in 2013	154
Value found in 2014	158
Value found in 2015	176
Source of information	Condusef
Verification methods	National Financial Inclusion Reports, available at the Internet portal of the CNBV.
Possible itemization	National-State-Municipality-Financial Institution.

#### Monitoring 11

Name of the indicator	Response time in case of a claim
Calculation method	(Number of business days needed to respond to a claim/Number of claims)
Definition	It refers to the aggregate business days needed to respond to a claim (regardless of whether or not the result is favorable for the client) divided by the number of claims in one year.
Dimension	Consumer protection
Measurement unit	Business days
Frequency	Annual
Direction of the indicator	Downward
Year of the baseline	2012
Baseline (BL)	13
Value found in 2013	11
Value found in 2014	12
Value found in 2015	13
Source of information	Condusef
Verification methods	National Financial Inclusion Reports, available at the Internet portal of the CNBV.
Possible itemization	National-State-Municipality-Financial Institution.

## GLOSSARY

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Afore	Pension Fund Administrator (Administradora de Fondos para el Retiro). Private financial institution that manages the retirement funds on behalf of workers/employees.
CNBV	National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores). Decentralized agency of the Ministry of Finance and Public Credit responsible for the supervision and regulation of financial entities, individuals, and other business entities, when carrying out the activities provided in the laws related to the financial system, whose aim is to maintain and promote the healthy and balanced development of such system, protecting the public interest.
CONAIF	National Council for Financial Inclusion (Consejo Nacional de Inclusión Financiera). Consultation, advice and coordination body between the financial authorities of the country, whose purpose is to formulate, implement and follow-up the National Policy for Financial Inclusion.
Condusef	National Commission for Protection and Defense of Users of Financial Services (Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros). Public agency in charge of directing, informing, promoting financial education, as well as handling and resolving complaints and claims brought by users of financial products and services.
Basic account	Bank deposit account of money on sight with no commission fees that credit institutions are required to supply under the terms and conditions set forth by the Bank of Mexico. The provision sets forth a payroll account and another account for the general public and specifies the minimum services that these must include, such as having a debit card.
ENIF	National Survey for Financial Inclusion (Encuesta Nacional de Inclusión Financiera). Survey developed by the CNBV, in cooperation with the INEGI, in order to have a measurement of financial inclusion, representative at the national level , for the purpose of generating indicators of access and usage of financial services, allowing the identification of potential challenges in the matter.
INEGI	National Statistics and Geography Institute (Instituto Nacional de Estadística y Geografía). It provides the public service of information, statistic and geography, and promotes the usage of quality, pertinent, truthful and timely information, for purposes of contributing to the domestic development.
Locality	A place, limited to a municipality or borough, occupied by one or more dwellings, which can be or not inhabited. This place is recognized by a name given by law or by custom.

Payment methods	Tool used by the agents of an economy for transferring monetary value in an economic transaction, in order to pay for some good, service or financial asset given in return.
MSME	Micro, small and medium sized enterprise.
Municipality or borough	Political-administrative territorial division of a federal state. In the case of Mexico City, there are 16 political boroughs that are equivalent to the municipalities.
OECD	Organisation for Economic Co-operation and Development. Forum where 34 nations work in cooperation to face the challenges imposed by the globalization on the world economy, the environment and the society.
Adult population	It refers to the inhabitants from 15 years old or older who reside in a territory (country, state, city, municipality, locality), nationals or foreigners, at a given moment in time. It is important to point out that in the 2012 and 2015 ENIF, the adult population refers to individuals between 18 and 70 years of age.
Access point	Financial infrastructure or distribution channel whereby financial services are supplied.
SHCP	Ministry of Finance and Public Credit (Secretaría de Hacienda y Crédito Público). Institution belonging to the Federal Executive Branch, that proposes, leads and controls the economic policy of the Federal Government in regards to financial, tax, expenditure, income and public debt matters, for purposes of consolidating a country with a quality, fair, inclusive and sustained economic growth that strengthens the well-being of all Mexicans.
Placement of funds	Payment at banking offices of commission agents or banking agents, or, through the commission agents themselves, as well as transfers between accounts, even to accounts held with of other institutions.
Socap	Credit and Savings Cooperatives (Sociedad Cooperativa de Ahorro y Préstamo). Credit and Savings Cooperatives incorporated and organized under the General Cooperatives Law whose purpose is to conduct savings and loan transactions with their members, and who comprise the Mexican financial system in their capacity as part of non-profit social sector and acknowledge that they are not for-profit financial intermediaries.
Sofipo	Popular Finance Institution (Sociedad Financiera Popular). Microfinance institutions incorporated as corporations of variable capital (sociedades anónimas de capital variable), whose purpose is to promote popular savings and extend access to finance for those persons who, due to their situation, have been excluded from the traditional credit systems and, in general, to foster the solidarity, the economic and social improvement, and the well-being of its members and of the communities where they operate, based on their education and the individual and collective efforts.

## METHODOLOGICAL NOTE

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The information on the number of institutions, bank branches, ATMs, point of sale terminals and bank agents at a national, state and municipality level is taken from the regulatory reports that the supervised institutions provide to the CNBV, particularly the regulatory report on operational information (historical data) 040-4A-R1. The information used for the calculation of the demographic indicators corresponds to the 2010 Population and Housing Census of the INEGI, where individuals aged 15 years and over are considered adults.

The data used for the comparison with other Latin American countries with regard to the number of branches and ATMs per 10,000 adults is taken from the Access to Finance Survey of the IMF. The information comes from the financial inclusion database of the IMF, which contains annual data for 189 territories, including all the economies of the G20. On the other hand, the information related to the presence of bank agents per size of municipality and the services supplied by them is taken from the regulatory reports R26B 2611 and 2613 of the CNBV.

For the section on usage of financial services, the information on the use of access channels (branches, ATMs, bank agents, Internet banking and mobile banking) is taken from the 2012 and 2015 ENIF. The target population of the ENIF corresponded to individuals ranging from 18 to 70 years old who permanently reside in private dwellings within the Mexican territory. The survey selection units were primary sampling units, dwellings and persons aged 18 to 70 years, while the observation unit corresponded to the habitual residents of the households, aged 18 to 70 years.

The geographical coverage of the survey was designed to obtain data from a little over 7,000 households distributed throughout the country, both at urban and rural localities, which allows producing results with a domestic representativeness itemized per localities having 15,000 inhabitants and over, as well as less than 15,000 inhabitants.

The collection method included direct interviews through an electronic questionnaire, structured with questions posed to the respondent in an orderly fashion, mostly with closed response options, and with open response options in certain topics.

The information related to the usage of deposit and savings, credit and insurance products is taken from the 2012 and 2015 ENIF. The information on simplified accounts is taken from the regulatory report R24 of the CNBV. Also, the data in connection with commercial banking credit and the balance of the portfolio in effect is taken from the regulatory report R04 of the CNBV.

Finally, the information on financial consumer protection is obtained from the regulatory report R27 of the CNBV. The information on the total service actions was provided by the Condusef.