CHAPTER 2

Use of Financial Services

2.1 Digital payments
2.2 Savings
2.3 Borrowing
2.4 The financial ecosystem
2.5 Opportunities for expanding the use of accounts
2.6 Opportunities for increasing account ownership for the unbanked through digitalizing payments
Introduction

The increases in formal financial account ownership and the narrowing of equity gaps documented in chapter 1 are good news. The goal of financial inclusion, however, is for account owners to benefit from the use of accounts for digital payments, savings, and appropriate credit because such uses provide a range of positive benefits, which extend far beyond convenience. Among those benefits, account holders, and especially women, enjoy greater security and greater privacy for their transactions. In other benefits, a field experiment in Bangladesh found that factory workers saved more when they received their wages through direct deposit—but there was no such effect for the control groups paid in cash.1 Likewise, workers in Afghanistan who automatically deposited part of their salary into a mobile savings account had higher savings and financial security than workers who did not adopt automatic deposits.2

For recipients, digital payments can also be cheaper than receiving payments in cash. In Liberia, for example, by receiving their salaries as digital deposits teachers saw the cost of collecting their money (including bus fare) fall by 92 percent, from $25 per paycheck to $2, and they were able to spend more time in the classroom because they no longer had to take time off to travel into town to collect their wages.3 Teachers were also able to avoid traveling with cash in their pockets, a safety benefit confirmed by research that associates digital payments with reductions in crime.4

Government payments are one category of digital payments known to produce benefits for both the sender and the recipient. In India, internal fraud and leakage from pension payments dropped by 47 percent when the country transitioned from cash to sending payments to biometric smart cards. Recipients also spent less time collecting payments, and they received more money because of reductions in fraud. The government saved millions of dollars annually in administrative costs—more than enough to cover the cost of the new system.5

Also in India, a government workfare program that reached over 100 million people found that women who received benefits paid directly into their own account in a financial institution (and not into the account of a male household head) were more likely to find employment than those paid in cash. Women whose husbands had been most opposed to their working saw the biggest impact. These patterns suggest that gender norms can be influenced by giving women greater control over their income, which can increase household bargaining power.6

Beyond South Asia, a study of safety net payments made primarily to women after a drought in Niger found that social benefits paid through mobile phones instead of in cash offered women greater privacy and greater

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4. An analysis of 20 years of crime data from the US state of Missouri and nearby areas found that the introduction of digital safety net payments reduced burglary, assault, and larceny, lowering overall crime rates by about 9 percent (Wright et al. 2017).
control over their funds, and it boosted their spending on nutritious food. The administrative costs for the social benefits program were 20 percent less for mobile transfers than for cash payments. Digital payments can also speed up the collection of social benefits payments. A recent study in Bangladesh on the impact of moving education subsidies from cash to digital channels found that nearly 80 percent of mothers preferred the digital payments, largely because receiving the subsidies digitally did away with the need to travel and wait for cash disbursements and instead allowed mothers to draw down money securely and at their convenience.

Digital payments can also expand financial inclusion among farmers—and encourage the use of additional formal financial services such as credit and insurance. Farmers in Malawi whose earnings were deposited into savings accounts spent 13 percent more on farming equipment and increased their crop value by 15 percent. A large-scale coffee buyer in Uganda worked to digitize payments to 7,000 smallholder coffee farmers, which saved time and money and reduced risk.

Beyond payments, using financial accounts helps people build savings and access credit, which leads to higher income-generating investments, such as in new equipment or in a business. Business owners are given a gateway to the digital economy, where they can connect with more buyers, suppliers, and service providers than is possible through analog networks. For women in low- and middle-income countries, savings, credit, and payment services can serve as a critical link to the formal economy and a gateway to greater economic security and personal empowerment. Meanwhile, an emerging body of evidence indicates that access to these services also pays dividends for their families in the form of better health and education. Unfortunately, the converse is also true—in India, a reduction in microfinance was associated with significant decreases in wages, income, and consumption.

However, the introduction of digital payments to low-income adults is accompanied by risks to consumers, such as fraud and phishing scams targeting accounts, overindebtedness in digital credit, and customers receiving incomplete or incorrect information on the fees and costs of financial products. Chapter 3 discusses opportunities to identify consumer issues and improve consumer use and trust of new financial technology.

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7. Aker et al. (2016).
11. See chapter 1 for a review of the literature on ways that the use of formal financial services can increase savings and income and lead to achievement of development goals such as greater spending on health care, education, and nutritious food.
Global Findex 2021 survey headline findings on the use of financial services

Like the growth found in account ownership, the Global Findex 2021 survey revealed growth in the use of accounts to make digital payments, as well as to save and borrow, and highlights the ways in which these financial services overlap in the broader financial ecosystem. The key findings are as follows:

**Digital payments**

- The share of adults making or receiving digital payments in developing economies grew from 35 percent in 2014 to 57 percent in 2021—an increase that outpaces growth in account ownership over the same period.

- Thirty-nine percent of adults in developing economies—or 57 percent of those with a financial institution account—opened their first account at a financial institution specifically to receive a wage payment or money from the government.

- Twenty percent of adults living in developing economies, excluding China, made a merchant payment using a card, mobile phone, or the internet—and about 40 percent of them did so for the first time after the start of the pandemic. About one-third of adults in developing economies who paid a utility bill directly from an account did so for the first time after the start of the COVID-19 pandemic—evidence of the role of the pandemic in accelerating digital adoption.

**Savings**

- Twenty-five percent of adults in developing economies saved using an account, and an even higher share, 39 percent, used an account to store money for cash management purposes.

- More than half of the people in developing economies who saved any money did so in a formal account in 2021—the first year that formal methods were the most common method of saving.

- Mobile money accounts are an important method of saving in Sub-Saharan Africa, where 15 percent of adults—and 39 percent of mobile money account holders—used one to save. Equal shares of adults in Sub-Saharan Africa used a mobile money account and a formal savings account at a financial institution.

**Borrowing**

- About 50 percent of adults in developing economies borrowed money, although fewer than half used formal means such as taking out a loan from a financial institution, using a credit card, or borrowing through their mobile money account.

- Credit cards were the dominant form of borrowing in high-income economies and in some developing economies such as Argentina, Brazil, China, the Russian Federation, Türkiye, and Ukraine.

- Borrowing only from family and friends is as common in developing economies as borrowing formally, although in some developing economies it far outstripped formal mechanisms.
The financial ecosystem

• In both high-income and developing economies the most common use for an account is to make or receive a payment, followed by saving and borrowing.

• In developing economies, 36 percent of adults received a payment into an account. Of those, 83 percent also reported that they made a digital payment. Almost two-thirds of payment recipients used their account to store money, about 40 percent to save money, and about 40 percent to borrow money. This finding suggests that digital inflows can pave the way for wider use of financial services.

Opportunities to improve financial inclusion by leveraging specific services

These findings reveal new opportunities to drive financial inclusion by increasing account ownership among the unbanked and expanding the use of financial services among those who already have accounts, in particular by leveraging digital payments:

• Hundreds of millions of unbanked adults receive payments in cash—such as wages, government transfers, or proceeds from the sale of agricultural goods. Shifting these payments to financial institution or mobile money accounts could create an entry point for increasing account ownership among the unbanked.

• About 620 million adults with an account pay their utility bills in cash. Promoting digital payments could expand the use of financial services among adults who already have an account and increase investment in pay-as-you-go sustainable electrification.

• Digitalizing merchant payments could also help expand the use of accounts among adults who already have an account and help business owners build alternative credit information histories and promote formalization. In developing economies, 1.6 billion adults with an account made merchant payments in cash only.

• Enabling actors such as governments, telecommunications providers, and financial services providers must create an environment in which safe, affordable, and convenient products and functionality are more appealing than cash.

This chapter presents detailed Global Findex 2021 data on the trends in the use of financial services at the global and regional levels and offers examples from specific economies that exemplify, or contradict, the trends. Sections 2.1, 2.2, and 2.3 describe the trends in payments adoption, savings, and borrowing, respectively, and section 2.4 explores the ways in which account owners leverage all three within the broader financial ecosystem. Sections 2.5 and 2.6 in turn explore opportunities to expand financial services adoption by banked and unbanked adults.
2.1 Digital payments
2.1 DIGITAL PAYMENTS

In developing economies, growth in digital payments outpaced growth in account ownership

In the Global Findex 2021 survey, 64 percent of adults around the world—or 84 percent of account owners—made or received at least one digital payment. In high-income economies, 95 percent of adults (98 percent of account owners) did so, compared with 57 percent (80 percent of account owners) of adults in developing economies (figure 2.1.1). As defined, digital payments include the use of a mobile money account, a debit or credit card, or a mobile phone or the internet to make a payment from an account, or the use of a mobile phone or the internet to send money to relatives or friends or to pay bills. Digital payments also include in-store or online merchant payments; paying utility bills; sending or receiving domestic remittances; receiving payments for agricultural products; or receiving wages, government transfers, or a public pension directly from or into an account. Survey respondents were prompted to answer based on their experience during the past year.

In high-income economies, the use of digital payments has been virtually universal since 2014, when such data were first collected as part of the Global Findex survey (figure 2.1.1, panel a). In developing economies (panel b), the share of adults making or receiving digital payments has grown rapidly in recent years and rose by 13 percentage points between 2017 and 2021, from 44 percent to 57 percent. In 2014, the share was 35 percent. Indeed, growth in the use of digital payments outpaced growth in account ownership in developing economies: the share of account owners making or receiving a digital payment increased to 80 percent in 2021, up from 69 percent in 2017 and 63 percent in 2014.

FIGURE 2.1.1
In developing economies, the share of account owners using digital payments has grown rapidly in recent years
Adults with an account (%), 2014–21

![Graph showing the increase in digital payments in high-income and developing economies from 2014 to 2021.]

Source: Global Findex Database 2021.
People who use digital payments most commonly both make and receive payments, compared with only making or only receiving digital payments (figure 2.1.2). Between 2014 and 2021, the share of adults making a digital payment in developing economies doubled from 26 percent to 51 percent, while the share of account owners doing so increased from about half to over two-thirds. The share of adults receiving a digital payment increased from 25 percent in 2014 to 36 percent in 2021 in developing economies, but remained steady for account owners, half of whom received a digital payment in 2021. The share of adults receiving digital payments increased in parallel with account ownership from 2014 to 2021. However, adults receiving a digital payment are now more likely to make a digital payment than ever before. Among those who received a digital payment in developing economies, 83 percent made a digital payment in 2021, up from 70 percent in 2017 and 66 percent in 2014. The overlap in the use of financial services is discussed in greater detail in section 2.4.

Some developing economies have a gender gap in the use of digital payments

Women are less likely to have an account than men, as discussed in chapter 1, but does the gender gap also apply to how women use their account? Among account owners in high-income economies, the use of digital payments is nearly universal for both women and men. In developing economies, however, men with an account are, on average, 6 percentage points more likely than women with an account to use digital payments. This gender gap in the use of digital payments among account owners has remained virtually unchanged since 2014, despite the overall increase in digital payments.

The gender gap in the use of digital payments among account owners varies substantially across developing economies. In six economies, including four in South Asia, it reaches double digits. In India and Sri Lanka—countries with no gender gap in account ownership—it is 17 percentage points and 18 percentage points, respectively. Bangladesh and Nigeria have similarly large gender gaps in the use of digital payments at 15 percentage points and 16 percentage points, respectively, on top of a gender gap in account ownership of...
about 20 percentage points. The Arab Republic of Egypt and Nepal have double-digit gaps in the use of digital payments among account owners (12 percentage points and 14 percentage points, respectively), even though their gender gaps in account ownership are smaller. In many other economies, there is no payments gender gap, including in some economies with double-digit gaps in account ownership. In Pakistan, for example, men and women account owners are equally likely to use their account for digital payments and most do (84 percent), despite low overall account ownership and an ownership gender gap of 15 percentage points.

Not surprisingly, there are also differences in digital payment adoption between account owners with incomes in the poorest 40 percent of an economy’s households and those with incomes in the richest 60 percent. In high-income economies, poorer and richer account owners are equally likely to use digital payments. In developing economies, by contrast, 83 percent of richer account owners use digital payments, and 74 percent of poorer account owners do—a 9 percentage point gap. In those economies, the gap between poorer and richer in the use of accounts for digital payments has narrowed substantially since 2014, when it was 15 percentage points, and 2017, when it was 13 percentage points.

The remainder of this chapter explores the different types of payments that people receive or make. In developing economies, the survey collected data on all types of payments discussed here. In most high-income economies, however, the survey did not collect data on some types of payments because of the time limits on phone-based interviews.

The chapter distinguishes mainly between payments using an account and payments made only in cash. For domestic remittances, it includes payments made using a money transfer service provider such as Western Union that transfers money on behalf of the sender and recipient. Some people who reported sending or receiving a payment, when asked about the payment channel used, responded with “no,” “don’t know,” or “refuse” to all possible options. These respondents, typically representing only a small share of adults in any economy, are reported as “using other method.” This category could include people making or receiving payments by check.

## Receiving payments

**Government payments were mostly paid into accounts in both high-income and developing economies**

Globally, 28 percent of adults received at least one payment from the government, whether it came in the form of public sector wages, a public sector pension, or government transfer payments. Government transfer payments include any kind of social benefits such as subsidies, unemployment benefits, or payments for educational or medical expenses. Not surprisingly, the share of adults receiving government payments is more than twice as high in high-income economies (52 percent) as in developing economies (22 percent)—see figure 2.1.3. In high-income economies, the overwhelming majority (84 percent) of those receiving government payments do so into an account. Another 13 percent received such payments in some other way than into an account or in cash, probably in the form of either checks or vouchers. Similarly, adults in developing economies most often receive government payments into an account: on average, 67 percent of those receiving government payments do so into an account, ranging from 78 percent in upper-middle-income economies to just over half in lower-middle-income and lower-income economies.

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14. Gallup, Inc., imposes a time limit on phone interviews collected in high-income economies, where phone interviews are the typical survey method. This restriction limits the number of Global Findex survey questions that can be added to the Gallup World Poll core questionnaire. In 14 high-income economies included in the Global Findex 2021 database, however, Gallup, Inc., typically conducts face-to-face rather than phone interviews. In these economies, data were collected for all types of payments. In one developing economy included in the database, Gallup, Inc., also typically conducts phone interviews, similarly limiting the number of questions that could be asked in this economy.

15. Payments are considered to have been received into an account if the respondent reported receiving them directly into an account at a financial institution; into a card, which is assumed to be linked to an account or to support a card-based account; or through a mobile phone. Payments are considered to have been sent from an account if the respondent reported sending them directly from a financial institution account or through a mobile phone. However, a payment to or from a mobile phone is considered a payment into or from an account only if the respondent lives in an economy where mobile money accounts are provided by a service that was in the GSM Association’s Mobile Money for the Unbanked (GSMA MMU) database at the time of the survey.
Of the types of government payments in developing economies, 3 percent of adults, on average, received a public sector wage payment, and 20 percent received a government transfer or pension payment. The average share of adults receiving a government transfer or pension payment varies widely based on an economy’s income level, from 7 percent in low-income economies, to 19 percent in lower-middle-income economies, to 23 percent in upper-middle-income economies (figure 2.1.4). Shares also vary by country, from 5 percent or less of adults receiving a government transfer or pension payment in Nigeria, South Sudan, and Tanzania to 87 percent receiving one in Mongolia. In high-income economies, 44 percent of adults reported having received such a government payment. Compared with 2017, the share of adults receiving government transfer and pension payments increased in lower-middle, upper-middle, and high-income economies. This expansion likely reflects the fact that many governments expanded government transfer payments in response to the economic impact of COVID-19.16

Except in low-income economies, most adults receiving government transfer or pension payments received them into an account, and in both developing and high-income economies the share of adults receiving a public sector wage into an account is virtually universal. Over time, the share of adults receiving a public sector wage payment has remained steady in both high-income economies (13 percent in 2021) and developing economies (3 percent in 2021).

In many developing economies, including Brazil, Colombia, Ghana, Russia, and Uzbekistan, a higher share of government wage payments than government transfer and pension payments is paid into an account (figure 2.1.5). One explanation may be that wage payments are recurrent, whereas government transfer payments may be less frequent, and they are harder to digitize when issued to people living in more remote areas and so less likely to be served by financial institutions. Thus it is easier for governments to digitalize wage payments first.

**FIGURE 2.1.5**

*Government wage payments were more likely than government transfer and pension payments to be paid into an account*

Adults receiving public sector wages or government transfers or pensions in the past year (%), 2021

Source: Global Findex Database 2021.
In both high-income and developing economies, private sector wage payments were mostly paid into accounts

Globally, 31 percent of surveyed adults received at least one wage payment from a private sector employer—43 percent in high-income economies and 28 percent in developing economies. In high-income economies, 87 percent of wage earners received their wage payments into an account (a share that has remained steady over time), compared with 61 percent in developing economies—an increase from just 37 percent in 2014 and 45 percent in 2017 (figure 2.1.6).

These averages mask large variations among developing economies, both in the share of adults receiving private sector wage payments and in how they receive these payments. Although some economies have achieved levels of digitalization of private wage payments comparable to those in high-income economies, others still have room for growth. Consider economies in the East Asia and Pacific region. In China and Thailand, two upper-middle-income economies, about 45 percent of adults received a private sector wage payment, and the vast majority (about 80 percent) received it into an account. In Cambodia, Indonesia, the Lao People’s Democratic Republic, and the Philippines, all lower-middle-income economies, about a quarter of adults received a private sector wage payment, with the share of wage earners receiving the payment into an account ranging between 17 percent in Lao PDR and 41 percent in the Philippines (figure 2.1.7).

Country income group does not necessarily predict the proportion of people who receive private sector wage payments into an account. In Mongolia, a lower-middle-income economy with nearly universal account ownership, the percentages of adults who received a private sector wage payment (about 40 percent) and who received that payment into an account (about 90 percent) are similar to those in Malaysia, an upper-middle-income economy. However, in Myanmar, a lower-middle-income economy like Mongolia and one in which a similar proportion of adults (about 40 percent) receive private sector wage payments, just about one-fifth of these adults received their wages in an account.

**FIGURE 2.1.6**

*Most private sector wages were paid into an account*

Adults receiving private sector wages in the past year (%), 2014–21

<table>
<thead>
<tr>
<th>2014</th>
<th>2017</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. High-income economies</td>
<td>40%</td>
<td>40%</td>
</tr>
<tr>
<td>b. Developing economies</td>
<td>15%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Source: Global Findex Database 2021.
Agricultural payments were received predominantly in cash, with some exceptions

In developing economies, 11 percent of surveyed adults received payments for the sale of agricultural products, and most of the payments were in cash. On average, across developing economies only one-fourth of recipients received such a payment into an account, which translates to 3 percent of adults receiving such a payment into an account in developing economies, including 2 percent in South Asia. However, in Sub-Saharan Africa, where the share of adults receiving agricultural payments is more than twice the developing economy average of 26 percent, some economies saw a much higher share of recipients receiving agricultural payments into accounts. Sixty-three percent in Kenya, 39 percent in Mali, and 35 percent in Uganda—more than 10 percent of all adults in each of these three countries—reported receiving agricultural payments into an account, most often into a mobile money account (figure 2.1.8). In Kenya and Uganda, the share of all adults who received an agricultural payment into an account remained at about the same level as in 2017. In Mali, the share of adults who did so in 2021 was more than double the share in 2017.
In Sub-Saharan African economies, payments for agricultural products were usually in cash, with notable exceptions.

Adults receiving payments for agricultural products in the past year (%), 2021

Source: Global Findex Database 2021.
Most domestic remittance payments were received and sent using an account

Domestic remittances are an important part of the economy in many places around the world. In developing economies, 33 percent of adults sent or received a domestic remittance to or from a relative or friend living elsewhere in the country. Domestic remittances are particularly important in Sub-Saharan Africa, where 53 percent of adults sent or received such payments. Ghana has the highest share at 77 percent, with Cameroon, Gabon, Kenya, Namibia, Senegal, and Uganda in the 60–70 percent range (figure 2.1.9). The most common way of sending or receiving domestic remittances is through an account. On average, a little over two-thirds of adults in Sub-Saharan Africa who reported having sent or received domestic remittances said they used an account.

Other ways to send or receive domestic remittances include using cash or a money transfer service, such as Western Union. Financial institutions and mobile money operators also offer money transfer services for domestic remittances. Payments are classified as money transfers if the sender or recipient did not use an account but instead brought cash to a service provider, which transferred the funds electronically.

Outside of Sub-Saharan Africa, Thailand has the highest share of adults (67 percent) who sent or received domestic remittances (figure 2.1.10). About half of adults in Cambodia, Mongolia, the Philippines, Russia, and República Bolivariana de Venezuela sent or received them. Much like in Sub-Saharan Africa, the use of accounts for such payments dominated in Mongolia, Russia, and Thailand. By contrast, a money transfer service was more commonly used in Cambodia (71 percent). In the Philippines, both accounts and money transfer services were generally used for such payments.

FIGURE 2.1.9
In Sub-Saharan African economies, remittances were sent and received mainly using an account

Adults sending or receiving domestic remittances in the past year (%), 2021

<table>
<thead>
<tr>
<th>Country</th>
<th>Using an account</th>
<th>Using a money transfer service</th>
<th>In cash only</th>
<th>Using other method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cameroon</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gabon</td>
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<td>Ghana</td>
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<td>Kenya</td>
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<tr>
<td>Namibia</td>
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<tr>
<td>Senegal</td>
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<tr>
<td>Uganda</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Source: Global Findex Database 2021.

17. The Global Findex 2021 survey did not cover international remittances. Although international remittances are economically important for some economies, the share of adults in developing economies who reported sending or receiving them is, on average, 4 percent (Gallup World Poll 2017, https://www.gallup.com/analytics/318875/global-research.aspx).

18. In developing economies, 21 percent of adults reported having sent domestic remittances in the past year; 25 percent reported having received them; and 13 percent reported having both sent and received them.

19. In Sub-Saharan Africa, 35 percent of adults reported having sent domestic remittances in the past year; 42 percent reported having received them; and 24 percent reported having both sent and received them.
Making payments

The share of adults paying utility bills from an account grew in developing economies, accelerated by COVID-19

Globally, 54 percent of adults made regular payments for water, electricity, or trash collection. In high-income economies, 76 percent of adults reported making such payments, with the vast majority (83 percent) making payments directly from an account. In developing economies, about half of surveyed adults made a utility payment, with equal shares (about 40 percent) making payments directly from an account and in cash only (figure 2.1.11).

The share of adults in developing economies paying utility bills directly from an account has steadily increased, from 8 percent in 2014 to 18 percent in 2021 (figure 2.1.12). In 2021, more than a third of adults in developing economies who paid utility bills directly from an account did so for the first time after the outbreak of COVID-19. In high-income economies, the share of those paying utility bills from an account remained about steady over this period.

20. The Global Findex 2021 survey asks whether the respondent personally, not the household, made such a payment.
Across developing economies, utility bill payment practices vary widely. In Egypt, for example, virtually everyone who made utility payments did so in cash, as did more than 80 percent of those paying utility bills in Indonesia, Morocco, Myanmar, and Pakistan, among others (figure 2.1.13). But in many economies in Sub-Saharan Africa (including Kenya and Uganda) and in Brazil, the Islamic Republic of Iran, Malaysia, Mongolia, Russia, and Türkiye, among others, a majority of those paying utility bills did so directly from an account.

COVID-19 accelerated the digitalization of utility payments in some developing economies. The share of adults who made a utility payment from an account for the first time after the outbreak of COVID-19 was especially high in many economies in Latin America and the Caribbean. On average, 15 percent of adults in the region did so—almost twice the developing economy average. In Bolivia, for example, 23 percent of adults made their first utility payment from an account after the onset of the COVID-19 pandemic, accounting for about 80 percent of all those who reported having made a utility payment from an account (figure 2.1.13). In Colombia, Ecuador, Honduras, and Peru, about 15 percent of adults made such payments for the first time after COVID-19 emerged, representing two-thirds or more of all those who made a utility payment from an account. In Brazil, 18 percent of adults made such payments for the first time, almost doubling the share of adults making utility payments from an account.
FIGURE 2.1.13
The methods used by adults in developing economies to make utility payments varied widely

Adults paying utility bills in the past year (%), 2021

Source: Global Findex Database 2021.
Note: Data on making a payment from an account for the first time after the start of COVID-19 are available only for developing economies.
The share of adults making digital merchant payments increased in developing economies after the outbreak of COVID-19

In 2021, for the first time, the Global Findex survey included an expanded module on digital merchant payments in developing economies, where 37 percent of adults made digital merchant payments (figure 2.1.14). This average is heavily skewed by the pervasive use of digital merchant payments in China (82 percent of adults). Excluding China, the average share of adults in developing economies making digital merchant payments is 20 percent. This percentage includes all respondents who made a purchase in a store using a debit or credit card or a mobile phone or the internet to pay directly from their account (digital in-store merchant payment). It also includes all respondents who made a purchase online and paid for it online directly from their account (digital online merchant payment).

The share of adults making a digital merchant payment increased after the outbreak of COVID-19. In developing economies, excluding China, 8 percent of adults, on average, made their first digital merchant payment after the start of the pandemic, accounting for about 40 percent of those who made a digital merchant payment.

The use of digital merchant payments varies considerably across developing economies. In Brazil, Mongolia, and South Africa, more than half of adults made a digital merchant payment (figure 2.1.15). About 20 percent of adults in these economies made a digital merchant payment for the first time after the onset of COVID-19. Social distancing and hygiene concerns during the pandemic may have accelerated the adoption of digital merchant payments in economies where a significant share of adults already made such payments pre–COVID-19 and where the infrastructure to accept these payments was in place.

By contrast, in India, only about 12 percent of adults—fewer than 20 percent of account owners—made a digital merchant payment. However, two-thirds of those who made a digital merchant payment did so for the first time after the onset of COVID-19, suggesting that the pandemic may have spurred the adoption of digital payments even in economies with low adoption of digital merchant payments.

**FIGURE 2.1.14**

*In China, 8 in 10 adults made a digital merchant payment, whereas in other developing economies, 2 in 10 adults did so, including about 40 percent who did so for the first time after COVID-19 emerged*

Adults with an account (%), 2021

Developing economies

China

Developing economies, excluding China

- Made digital merchant payments for the first time after the start of COVID-19
- Made digital merchant payments, but not for the first time after the start of COVID-19
- Did not make digital merchant payments

Source: Global Findex Database 2021.
FIGURE 2.1.15
The use and adoption of digital merchant payments during COVID-19 varied across developing economies
Adults with an account (%), 2021

Argentina
Brazil
India
Kenya
Mongolia
Peru
Philippines
South Africa
Türkiye

- Made digital merchant payments for the first time after the start of COVID-19
- Made digital merchant payments, but not for the first time after the start of COVID-19
- Did not make digital merchant payments

Source: Global Findex Database 2021.
Digital in-store merchant payments

Nearly all adults in developing economies (96 percent) who made a digital merchant payment did so in-store. Much like overall digital merchant payments, 36 percent of adults in developing economies made a digital in-store payment, but this average is heavy skewed by the use of such payments in China (79 percent). In developing economies, excluding China, 19 percent of adults made a digital in-store merchant payment, with 7 percent of adults (about 40 percent of digital in-store merchant payment users) making their first such payment after the onset of the pandemic (figure 2.1.16).

**FIGURE 2.1.16**

*In developing economies, excluding China, one in five adults made a digital in-store merchant payment*

Adults with an account (%), 2021

- Developing economies
- China
- Developing economies, excluding China

- Made digital in-store merchant payments for the first time after the start of COVID-19
- Made digital in-store merchant payments, but not for the first time after the start of COVID-19
- Did not make digital in-store merchant payments

Source: Global Findex Database 2021.
Digital online merchant payments

In developing economies, 26 percent of adults made a digital online merchant payment (figure 2.1.17). The widespread use of such payments in China (71 percent of adults) again drives this average. Four percent of adults in China made their first online merchant payment after the start of the pandemic. Excluding China, just 9 percent of adults in developing economies made a digital online merchant payment. Less than 2 percent of adults in developing economies, excluding China, made their first online payment after the outbreak of the pandemic. This finding highlights that online payments require a supportive infrastructure, including technology, security, and delivery logistics, which takes time to build.

Despite this generally low average number, digital online merchant payments were relevant in some economies. In Malaysia, Mongolia, Russia, and Thailand, more than one-third of adults made such a payment (figure 2.1.18).

FIGURE 2.1.17
In China, many adults made digital online merchant payments—but few did so in other developing economies
Adults with an account (%), 2021

Developing economies

China

Developing economies, excluding China

Made digital online merchant payments for the first time after the start of COVID-19
Made digital online merchant payments, but not for the first time after the start of COVID-19
Did not make digital online merchant payments

Source: Global Findex Database 2021.
FIGURE 2.1.18

The use and adoption of digital online merchant payments during COVID-19 varied across developing economies, but was typically small

Adults with an account (%), 2021

<table>
<thead>
<tr>
<th>Country</th>
<th>Made digital online merchant payments for the first time after the start of COVID-19</th>
<th>Made digital online merchant payments, but not for the first time after the start of COVID-19</th>
<th>Did not make digital online merchant payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
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<td>Brazil</td>
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<td>Russian Federation</td>
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<tr>
<td>Thailand</td>
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</tbody>
</table>

Source: Global Findex Database 2021.

The majority of adults making online purchases paid online

Not everyone who buys something online also pays for it online. In many developing economies, people can pay in cash on delivery for internet orders. To understand how common that practice is, the Global Findex 2017 survey asked for the first time how people in developing economies pay for their online purchases. The 2021 edition of the survey refined the question to include the additional option to answer “both” online and in cash.

In China, 80 percent of adults bought something online. Virtually all of these buyers also paid for their purchase online (94 percent, including 9 percent who answered “both”). Although the survey did not pose a question about payment platforms, it is likely that many online buyers used popular third-party online and mobile payment platforms such as Alipay and WeChat, which were developed specifically to facilitate online payments.

In developing economies, excluding China, 15 percent reported having bought something online (figure 2.1.19). About two-thirds of these buyers (including 15 percent who answered “both”) also paid for their purchase online. In 2017, the majority (53 percent) of online shoppers in developing economies, excluding China, paid with cash on delivery. Thus the 2021 finding indicates a major shift toward online payments for adults making online purchases, which is a small share of the total adults in most developing economies. Indeed, in every economy surveyed in the Middle East and North Africa (excluding Iraq, where 21 percent of adults bought something online), South Asia, and Sub-Saharan Africa, the share of adults who bought something online was under 20 percent.\(^{21}\)

\(^{21}\) In the Islamic Republic of Iran, 31 percent of adults bought something online; however, no question was posed on how those purchases were paid for.
Despite the general trend toward online payments, cash on delivery remains a common way to pay for online purchases in some economies. In the Philippines, 36 percent of adults bought something online, and three in four online shoppers paid only in cash for their purchase. The share of online shoppers that paid both online and in cash was low across nearly all of the surveyed economies, but in a handful of economies in the East Asia and Pacific region, including Malaysia, and in Europe and Central Asia, the proportion was greater than 10 percent.

Modes of making digital payments

Using a debit or credit card or a mobile phone or the internet to make digital payments

A digital payment can be made directly from an account without withdrawing cash in primarily two ways: using credit or debit cards or using a mobile phone or the internet. In high-income economies, 90 percent of adults (93 percent of account owners) used one of these modes to make a payment, while in developing economies 45 percent of adults (64 percent of account owners) did so (figure 2.1.20). In both high-income and developing economies, adults who made digital payments were most likely to have used both methods—
a card payment and a mobile phone or the internet. This could include adults who made a card payment using a mobile phone or the internet. The second most common approach in high-income economies was use of only a debit or credit card (12 percent of adults, or 12 percent of account owners), whereas in developing countries the second most common approach was to only use a mobile phone or the internet (16 percent of all adults, or 22 percent of account owners).

The mode of making a digital payment varies considerably across developing economies, reflecting differences in payment infrastructure (figure 2.1.21). In Sub-Saharan African economies such as Côte d’Ivoire and Kenya, where mobile money accounts are common, use of a mobile phone or the internet to make a payment was widespread among account owners (82 and 88 percent, respectively), and only using a mobile phone or the internet was by far the most common mode of making a payment (reported by three out of four account owners). The use of debit or credit cards was virtually nonexistent as the sole mode of making a payment in these economies. In China, the use of a mobile phone or the internet to make a digital payment was similarly universal. However, most account owners (60 percent) used both a debit or credit card and a mobile phone or the internet to make a digital payment. In many other developing economies, usage was distributed more evenly across the three groups: account owners who used a debit or credit card only; those who used a mobile phone or the internet only; or those who used both a debit or credit card and a mobile phone or the internet.

In some developing economies, the share of adults making a digital payment was low, and there is much room for growth in the use of payment cards or mobile phones or the internet to make payments directly from an account. In Egypt and India, for example, about 70 percent of account owners have not used payment cards nor a mobile phone or the internet to make a digital payment.

Using a mobile phone or the internet for sending money and paying bills

In addition to the questions reported previously in this chapter on domestic remittances and utility bill payments, the Global Findex 2021 survey included two questions that asked more broadly about using a mobile phone or the internet to send money to family and friends and for any type of bill payment.

Sending money to family and friends (distinct from domestic remittances)

Globally, 35 percent of adults used a mobile phone or the internet to send money to relatives or friends—43 percent of adults in high-income economies and 33 percent in developing economies, or about 45 percent of account owners, on average, in both income groups (figure 2.1.22). Sending money to relatives or friends is broader than domestic remittances, which is typically understood as sending money to relatives or friends back in communities of
origin—in other words, in another city or area within a country. In developing economies, where the Global Findex 2021 survey also asked about domestic remittances, 21 percent of adults used a mobile phone or the internet to send money to relatives or friends but did not send a domestic remittance payment using an account.

**Bill payment**

Globally, 34 percent of adults used a mobile phone or the internet to make bill payments—56 percent of adults in high-income economies and 29 percent in developing economies (figure 2.1.23). However, these averages mask large variations. Although 10 percent or fewer of surveyed adults in economies in South Asia and the Middle East and North Africa (with the exception of the Islamic Republic of Iran) made such payments, in China and Russia more than half of adults do so. Even in high-income economies, the variation between countries was large: the share of adults using a mobile phone or the internet to make a bill payment ranged from 85 percent or more of adults in Estonia, Finland, and Norway to just over 30 percent in Italy and Japan.
FIGURE 2.1.22
Many adults used a phone or the internet to send money to family or friends
Adults with an account (%), 2021

Source: Global Findex Database 2021.
Note: Sending money to relatives or friends is a broader definition than domestic remittances.

FIGURE 2.1.23
Many adults used a phone or the internet to make bill payments
Adults with an account (%), 2021

Source: Global Findex Database 2021.
2.2 Savings
2.2 SAVINGS

People save for several reasons: for large future expenses, for investments in education or a business, for their needs in old age, or for emergencies. Globally, 49 percent of adults responding to the Global Findex 2021 survey saved or set aside money in the past 12 months. In high-income economies, 76 percent of adults reported having saved, while 42 percent of adults saved in developing economies. The Global Findex 2021 survey data further highlight how and why people save. New data also reveal that a larger share of adults reported using their account to store money for cash management purposes than to save money.

Most savers used an account

People go about saving money in different ways. Globally, 31 percent of adults—or about two-thirds of people who saved any money—reported having saved formally at a financial institution or using a mobile money account. Among all adults, the share who reported saving formally averaged 58 percent in high-income economies and 25 percent in developing economies (see figure 2.2.1 and map 2.2.1). Among those who saved in any form, three out of four in high-income economies and more than half in developing economies saved formally. This marks the first time that formal savings is the most common mode of saving in developing economies.

A common alternative to saving formally in developing countries is to save semiformally by using a savings club or relying on a person outside the family. In 2021, 9 percent of adults reported saving in this manner, including 4 percent of adults who saved semiformally but not formally. One common type of savings club is a rotating savings and credit association (ROSCA). These associations generally operate by pooling weekly deposits and disbursing the entire amount to a different member each week. Saving semiformally is especially common in Sub-Saharan Africa, where 25 percent of adults reported having saved that way, including 16 percent who saved semiformally but not formally. In Sierra Leone, the share of those saving semiformally but not formally is as high as 26 percent of adults, or more than half of savers.

The options for saving go beyond doing so formally or semiformally. In both high-income and developing economies, about 14 percent of adults, on average, reported having saved only in some other way. This may include saving cash at home (“under the mattress”) or saving in the form of assets such as livestock, jewelry, or real estate. It may also include using investment products offered by equity and other traded markets or by purchasing government securities. In 26 developing economies, more than half of those who saved did so only using some other way. In the Philippines, for example, 30 percent of...
The Global Findex Database 2021

MAP 2.2.1

Worldwide, the share of adults who save varies widely

Adults saving at a financial institution or using a mobile money account in the past year (%), 2021

Source: Global Findex Database 2021.

adults (55 percent of savers) saved in only some other way, making it one of the economies with the highest share of adults doing so.24

The share of adults saving formally grew around the world

The share of adults saving formally has increased over the past decade in both high-income and developing economies by 14 percentage points and 7 percentage points, respectively (figure 2.2.2). Because account ownership is a prerequisite for formal savings, it is no surprise that high-income economies, where account ownership is much higher, on average, than in developing economies, also have a higher average share of adults reporting that they saved formally.25 Because those who have an account also tend to be wealthier and likelier to participate in the labor force, they may also have a greater capacity to save.

Mobile money accounts are becoming a popular way of saving formally in Sub-Saharan Africa

As mobile money account ownership has expanded in recent years, so has the use of these accounts—in some economies—to save money. The Global Findex 2021 survey asked for the first time about saving formally using a mobile money account. The share of adults who reported doing so is small (5 percent) in developing economies overall. However, in Sub-Saharan Africa, the region in which mobile money account ownership is most widespread, 15 percent of adults, on average—or 39 percent of mobile money account owners—reported

24. Only in Armenia (30 percent), Lao PDR (32 percent), and Moldova (38 percent) were the same or a higher share of adults saving only in some other way.
25. Globally, 0.6 percent of unbanked adults reported having saved formally.
having saved using their mobile money account. Indeed, in Sub-Saharan Africa, the average share of adults saving using a mobile money account is equal to the share of adults saving at a financial institution, including about one-third (5 percent of adults) who used both a mobile money account and a financial institution account for that purpose (figure 2.2.3). Saving using a mobile money account is especially widespread in Ghana and Kenya, where 37 percent of adults reported doing so, as well as in Senegal and Uganda, where about 30 percent did so. Meanwhile, in Gabon and Zambia between 22 and 26 percent did so, rounding out the list of economies with a mobile money savings share of at least 20 percent.

The share of adults who saved any money in Sub-Saharan Africa in 2021 was essentially unchanged from 2017 (figure 2.2.3). But saving using a mobile money account significantly expanded the share of adults who saved formally. On average, 26 percent of adults—or about half of savers—saved formally in 2021 in Sub-Saharan Africa, up from 15 percent in 2017. This increase in formal saving stemmed almost entirely from adults who reported having saved using a mobile money account but not at a financial institution.

Indeed, in some economies in the region the share of adults saving formally nearly or more than doubled thanks to the inclusion of saving using a mobile money account (figure 2.2.4). In Kenya, for example, the share of adults who saved any money in the past year was about 70 percent in both 2017 and 2021. But the share who saved formally increased to 45 percent in 2021, up from 27 percent in 2017. Notably, the share of adults saving at a financial institution fell by 5 percentage points over that period. At the same time, the share of adults who saved semiformally stayed about the same—about 32 percent in both 2017 and 2021. But close to two-thirds of these adults also saved using a mobile money account. As a result, these respondents show up in the “saved formally using a mobile money account” category based on how the mutually exclusive categories are constructed in figure 2.2.4. The fact that adults saved using a mobile money account in addition to saving semiformaly or using other methods illustrates the convenience and security of mobile money accounts as a tool for saving.

Source: Global Findex Database 2021.
Note: Data for 2021 include saving using a mobile money account.
Saving for old age was more common in high-income economies

The Global Findex 2021 survey asked whether people had saved money for their old age. Globally, 26 percent of adults were saving for old age—53 percent in high-income economies and 19 percent in developing economies. Among those saving for old age, about two-thirds in developing economies and more than three-quarters in high-income economies reported having saved money formally. The Global Findex 2021 survey asked adults in Russia a few additional questions on pension and retirement planning to better understand how adults prepare for and fund their retirement.26 Respondents were questioned about their main sources of income once they are retired and receive a so-called old-age pension—a statutory compulsory pension insurance scheme—and about any retirement planning they might have done.27 Those not yet receiving an old-age pension were asked about their expectations and planning for retirement. One question specifically

26. The data for the additional module on pension and retirement planning in Russia will be published separately.
27. OECD (2019).
FIGURE 2.2.4
Mobile money accounts are an important mode of formal saving in Sub-Saharan Africa
Adults saving any money in the past year (%), 2017–21

Source: Global Findex Database 2021.
Note: People may save in multiple ways, but categories are constructed to be mutually exclusive. “Saved formally” includes all adults who saved any money formally. “Saved semiformaly” includes all adults who saved any money semiformaly but not formally. Data on semiformal saving are not collected in most high-income economies. The Global Findex survey collected data on saving using a mobile money account for the first time in 2021.
posed was whether those who do not yet receive a pension—74 percent of adults—have taken any action to plan for retirement such as saving money or making investments. Most responded that they had not taken any action. Of those who had not yet received an old-age pension but reported having taken action to plan for retirement (such as by saving money or making investments), one-third reported having saved for old age. Among those who reported they had not taken action, only one in 20 had saved for that purpose (figure 2.2.5).

More adults used their account for cash management than for saving

Saving is a broad concept that can mean different things to different people. Many people think of savings as money put aside for longer-term goals or larger expenses that go beyond their day-to-day basic needs. But people also set aside money in the short term to pay for day-to-day basics, including bills due at the end of the month. Most do not think of setting aside money for day-to-day basics as savings; they think of doing so simply as cash management.

To better understand cash management behavior, the Global Findex 2021 survey asked adults for the first time whether they typically keep—“store”—any money in their accounts for shorter-term purposes. Globally, 48 percent of adults, or 63 percent of account owners, did so. Among adults in high-income economies, that share is 84 percent, or 88 percent of account owners, and in developing economies, the share is 39 percent, or 55 percent of account owners (figure 2.2.6). The share of account owners who used their account to store money is highest in high-income economies and lowest in developing economies.
owners in developing economies using their account to store money is as high as 75 percent in Kenya and 80 percent in Ghana—two economies in which mobile money accounts are common and make it convenient to store money. The share of account owners who store money is similarly high in Malaysia and Mauritius, where most adults have an account at a financial institution.

Not surprisingly, a larger share of adults reported using their account to store money than to save money. Globally, 48 percent of adults stored money and 31 percent saved money using an account, including 26 percent who did both. Among adults in high-income economies, 84 percent stored money and 58 percent saved using an account, including 55 percent who did both (figure 2.2.7). Of adults in developing economies, 39 percent stored money and 25 percent saved money using an account, including 20 percent who did both.
2.3 Borrowing
2.3 BORROWING

In 2021, 53 percent of adults worldwide reported having borrowed any money in the past 12 months, including by using a credit card. The share of adults with new credit, formal or nonformal, averaged 65 percent in high-income economies and 50 percent in developing economies.

Formal borrowing is increasing as providers embrace additional methods

In high-income economies, formal borrowing—whether through a loan from a financial institution, using a credit card, or through a mobile money account—was by far the most common source of credit (figure 2.3.1 and map 2.3.1). In developing economies, by contrast, 46 percent of borrowers did so formally. About an equal share of borrowers in developing economies cited family and friends as their only source of credit. In developing economies, 2 percent of adults borrowed semiformally from a savings club, such as rotation savings and credit associations, but did not borrow formally. Other sources of borrowing were reported by 5 percent of adults globally.

The share of adults who borrowed formally grew in developing economies

The share of adults borrowing formally is, on average, low in developing economies, but it has increased over the last decade from about 16 percent of adults in 2014 and 2017 to 23 percent in 2021 (figure 2.3.2). In high-income economies, the share remained stable at about 56 percent.

**FIGURE 2.3.1**

*Formal borrowing was the most common source of credit in both high-income and developing economies*

Adults borrowing any money in the past year (%), 2021

<table>
<thead>
<tr>
<th></th>
<th>High-income economies</th>
<th>Developing economies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowed formally</td>
<td>80 -</td>
<td></td>
</tr>
<tr>
<td>Borrowed semiformally</td>
<td>40 -</td>
<td></td>
</tr>
<tr>
<td>Borrowed from family or friends</td>
<td>20 -</td>
<td></td>
</tr>
<tr>
<td>Borrowed from other sources only</td>
<td>0 -</td>
<td></td>
</tr>
</tbody>
</table>

Source: Global Findex Database 2021.

Note: People may borrow from multiple sources, but the categories in the figure are constructed to be mutually exclusive. “Borrowed formally” includes all adults who borrowed any money from a financial institution or through the use of a credit card or mobile money account. “Borrowed semiformally” includes all adults who borrowed any money semiformally (from a savings club) but not formally. “Borrowed from family or friends” excludes adults who borrowed formally or semiformally.

**FIGURE 2.3.2**

*In developing economies, formal borrowing increased over the past decade*

Adults borrowing any money from a financial institution or through the use of a credit card or mobile money account in the past year (%), 2014–21

<table>
<thead>
<tr>
<th></th>
<th>High-income economies</th>
<th>Developing economies</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>80 -</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>80 -</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>80 -</td>
<td></td>
</tr>
</tbody>
</table>

Source: Global Findex Database 2021.

Note: Data for 2021 include borrowing using a mobile money account.

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28. The Global Findex survey asked about borrowing using a mobile money account only in economies where mobile money accounts exist and only of adults who reported having a mobile money account.

29. Other sources of borrowing can include private informal lenders.
Formal borrowing using credit cards dominated in high-income economies and is growing in developing economies

In high-income economies, the dominant way to borrow was by credit card, which is both a payment instrument and a source of credit. Credit cards provide short-term credit whenever they are used, even when credit card holders pay their balance in full each statement cycle and thus pay no interest on that balance. The introduction of credit cards in an economy might therefore have affected the demand for and use of short-term credit.

In high-income economies, 51 percent of adults used a credit card in the past 12 months. Among those who reported borrowing formally, about one-third borrowed from a formal financial institution or mobile money provider, whereas two-thirds borrowed using a credit card but not from a formal financial institution or mobile money provider (figure 2.3.3).

In developing economies, despite continuing growth in credit card use, on average only 14 percent of adults reported having used one. Exceptions were China, as well as Russia, Türkiye, and Ukraine in Europe and Central Asia, and Argentina and Brazil in Latin America and the Caribbean. In these economies, the share of adults borrowing by using a credit card, but not through a loan from a financial institution or mobile money provider, ranged from close to 40 percent in the three economies in Europe and Central Asia, about 50 percent in China, and about 60 percent in the two economies in Latin America and the Caribbean.

Most users paid off their credit card balance each month

To better understand practices around paying off credit card balances, the Global Findex 2021 survey asked for the first time whether adults who used a credit card paid off all their balances in full by the due date. In high-income economies, on average, 85 percent of adults who used a credit card paid off their balances in full (figure 2.3.4). In the six developing economies in which the share of credit card users exceeds 20 percent, payment patterns varied. In China, 90 percent of credit card users paid off their balances in full, while in Argentina and Brazil, 72 percent did so. In Russia, Türkiye, and Ukraine, about 60 percent did so.

In both high-income and developing economies, some adults own a credit card, but they have not used it in the past 12 months.
FIGURE 2.3.3
Credit card use dominated formal borrowing in high-income economies and in some developing economies
Adults borrowing formally in the past year (%), 2021

High-income economies
- Argentina
- Brazil
- China
- Russian Federation
- Türkiye
- Ukraine

Source: Global Findex Database 2021.

FIGURE 2.3.4
Most credit card users reported paying off their balance in full in high-income economies and in some developing economies with high credit card use
Adults with a credit card (%), 2021

High-income economies
- Argentina
- Brazil
- China
- Russian Federation
- Türkiye
- Ukraine

Source: Global Findex Database 2021.
Mobile money accounts are playing a growing role in formal borrowing in some economies in Sub-Saharan Africa

As mobile money account ownership has expanded in recent years, so, too, have account features in some economies that allow account owners to borrow. The Global Findex 2021 survey asked for the first time about formal borrowing through the use of a mobile money account. This credit could be directly from a mobile money service provider or provided in partnership with a bank. Not surprisingly, the share of adults who reported having borrowed any money using their mobile money account was small (3 percent). Even in Sub-Saharan Africa, where mobile money account ownership is most widespread, just 7 percent of adults reported having borrowed using their mobile money account.

Economies with some of the highest mobile money account ownership rates nonetheless stand out with much higher-than-average borrowing patterns. In Kenya, the pioneer in mobile money in the region and the economy with the most mature mobile money market, 30 percent of adults reported having borrowed money using their mobile money account. In Uganda, that share was 16 percent. In both Kenya and Uganda, about one-third of borrowers using a mobile money account also borrowed from a financial institution or by using a credit card. Rounding out the list of economies where at least 10 percent of adults borrowed any money using a mobile money account are Ghana and Tanzania, each with a share of about 10 percent. In these two economies, the overwhelming majority (more than 80 percent) of those who borrowed using a mobile money account did not also borrow from a financial institution or through a credit card (figure 2.3.5).

**FIGURE 2.3.5**

*Borrowing using a mobile money account is becoming more common in some economies in Sub-Saharan Africa*

Adults borrowing any money in the past year (%), 2021

Source: Global Findex Database 2021.

Note: People may borrow from multiple sources, but the categories in the figure are constructed to be mutually exclusive. “Borrowed formally” includes all adults who borrowed any money from a financial institution or through the use of a credit card or mobile money account. “Borrowed semiformal” includes all adults who borrowed any money semiformaly (from a savings club) but not formally. “Borrowed from family or friends” excludes adults who borrowed formally or semiformaly.
In some developing economies, family and friends are the most common source of credit

As noted earlier, almost half of borrowers in developing economies borrowed formally, and about an equal share of borrowers cited family and friends as their only source of credit. But in some developing economies, family and friends are by far the most common source of credit. Afghanistan has the highest share of adults who borrowed only from family and friends in both absolute and relative terms: 59 percent of adults or 87 percent of borrowers (figure 2.3.6). Other economies where borrowing only from family and friends dominated include Morocco, where 77 percent of borrowers did so, and Egypt, Jordan, and Pakistan, where about two-thirds did so.

In addition, in some economies the share of adults borrowing semiformally only from a savings club, such as a rotating savings and credit association (ROSCA), was much higher than the average of 2 percent in developing economies. Usually, ROSCAs are structured around monthly contributions, which are paid out monthly to members on a rotating basis. Another type of savings club, an accumulating savings and credit association (ASCA), requires all members to make monthly contributions and allows some members to borrow from the group, which is repaid to the group with interest. Some economies with large shares of adults saving semiformally (see section 2.2) also have much higher rates of semiformal borrowing. For example, in seven Sub-Saharan Africa economies—Cameroon, Liberia, Malawi, Sierra Leone, South Africa, Togo, and Uganda—10–14 percent of adults only borrowed semiformally. In Liberia, Malawi, and Sierra Leone, this share translates to about a quarter of borrowers who only borrowed semiformally, the largest share in the world.

**FIGURE 2.3.6**

*Family and friends were the dominant source of credit in some developing economies*

Adults borrowing any money in the past year (%), 2021

<table>
<thead>
<tr>
<th>Country</th>
<th>Borrowed formally</th>
<th>Borrowed semiformally</th>
<th>Borrowed from family or friends</th>
<th>Borrowed from other sources only</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan</td>
<td></td>
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<tr>
<td>Egypt, Arab Rep.</td>
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<tr>
<td>Jordan</td>
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<td>Morocco</td>
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<tr>
<td>Pakistan</td>
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</tbody>
</table>

Source: Global Findex Database 2021.

Note: People may borrow from multiple sources, but categories are constructed to be mutually exclusive. “Borrowed formally” includes all adults who borrowed any money from a financial institution or through the use of a credit card or mobile money account. “Borrowed semiformally” includes all adults who borrowed any money semiformally (from a savings club) but not formally. “Borrowed from family or friends” excludes adults who borrowed formally or semiformally.
Some adults borrow for health or medical purposes

The Global Findex 2021 survey asked whether people borrowed money in the past 12 months for health or medical purposes. In developing economies, 17 percent of adults reported having borrowed money for this reason, up from about 11 percent of adults who reported having done so in 2017 and 2014. This increase may stem from fielding the Global Findex 2021 survey during the pandemic, although the survey did not ask whether such borrowing was due to COVID-19. By contrast, in high-income economies the share of adults who reported having borrowed money for health or medical purposes remained steady at about 6 percent.
2.4 The financial ecosystem
2.4 THE FINANCIAL ECOSYSTEM

Owning an account is an important step toward financial inclusion. To fully benefit from an account, however, people must be able to use it safely and conveniently. The first three sections in this chapter looked at the use of accounts for payments, savings, and borrowing. This section looks at how these services interact as part of a broader financial ecosystem.

Do people commonly use all three types of financial services, or just one or two? Among those who receive a payment into an account, what type of payments do they receive? What types of payments do they make? And do they also use their accounts to formally save, store, or borrow money? Finally, how do mobile money account owners in Sub-Saharan Africa use their accounts? Responses to the Global Findex 2021 survey help to answer these questions.

Globally, payments are the most-used financial service

In developing economies, 57 percent of adults, on average, used their account for payments, followed by 24 percent who formally saved and 22 percent who formally borrowed (figure 2.4.1, panel a). Of the possible combinations of payments, borrowing, and savings, the use of payments alone was most common: 24 percent of adults used their account only for payments. About 10 percent of adults used their account for all three financial services. About the same share of adults (10 percent) used their account for payments and savings or for payments and credit. Virtually no one used their account only for savings or only for credit.

When the definition of saving is expanded to include both those who saved formally and those who used their account to store money (see section 2.2), the share of those who did so increases to 43 percent (figure 2.4.1, panel b). Considering all the possible combinations of financial services, combining payments with saving formally or storing money was the most common—22 percent of adults did so—followed by 16 percent who used their account for all three financial services and 15 percent who used it only for payments.

As in developing economies, adults in high-income economies used their accounts most commonly for payments: 95 percent did so, followed by 58 percent who formally saved and 56 percent who formally borrowed (figure 2.4.1, panel c). However, the most common combination of financial services in high-income economies was use of all three services: 39 percent of adults used payments, savings, and borrowing. About 20 percent of adults used their account only for payments, and somewhat equal shares of adults (about 20 percent) used their account for payments and savings or for payments and borrowing.

When the definition of saving in high-income economies includes both those who saved formally and those who used the account to store money, the share of those who did so increased to 88 percent, and there was a near-perfect overlap with those who used their account for payments (figure 2.4.1, panel d). The share of adults who used their account for all three financial services expanded to 53 percent.

30. The numbers here refer to adults with an account who saved formally or borrowed formally. In developing economies, 1 percent of unbanked adults reported having saved formally and 1 percent having borrowed formally. As a result, the numbers here are lower than the numbers for all adults reported in the sections on savings and borrowing.

31. The numbers here refer to adults with an account who have saved formally or borrowed formally. In high-income economies, fewer than 0.2 percent of unbanked adults saved formally and 0.2 percent borrowed formally. As a result, the numbers here are lower than the numbers for all adults reported in the sections on savings and borrowing.
FIGURE 2.4.1

Globally, payments are the most-used financial service, and use of other financial services in combination differs across developing and high-income economies

a. In developing economies, the biggest share of adults only used payments

Adults using an account for financial services in developing economies (%), 2021

- 24% Only digital payments
- 11% Only borrowed formally
- 10% Only saved formally
- 22% Borrowed formally
- 57% Digital payments

b. In developing economies, when storing money is considered part of saving, the biggest share of adults combines payments with saving or storing money

Adults using an account for financial services in developing economies (%), 2021

- 15% Only digital payments
- 5% Only borrowed formally
- 16% Only stored money or saved formally
- 22% Borrowed formally
- 57% Digital payments
- 43% Stored money or saved formally

(figure continues on next page)
c. Many more adults in high-income economies than in developing economies use all three financial services

Adults using an account for financial services in high-income economies (%), 2021

- 21% Only digital payments
- 17% Only stored money or saved formally
- 18% Borrowed formally
- 39% Digital payments
- 95% Saved formally

Source: Global Findex Database 2021.

d. In high-income economies, the share of adults who either store or save money overlaps almost entirely with those who use accounts to make or receive payments

Adults using an account for financial services in high-income economies (%), 2021

- 5% Only digital payments
- 3% Only borrowed formally
- 1% Only stored money or saved formally
- 53% Digital payments
- 88% Stored money or saved formally
- 56% Borrowed formally

Source: Global Findex Database 2021.
In developing economies, receiving a payment into an account was a gateway to using other financial services

In developing economies, 36 percent of adults received a payment into an account. Types of incoming payments include a private or public sector wage payment, a government transfer or pension payment, a domestic remittance payment, or a payment for the sale of agricultural products (figure 2.4.2). Of those who received a payment into an account, most (83 percent) also reported that they made a digital payment. Payment recipients make one or more of the following digital payments: digital merchant payments (made by 65 percent of those who received a payment into an account), bill payments using a mobile phone or the internet (53 percent), a utility payment (33 percent), or a domestic remittances payment from an account (32 percent). Because many adults who received a payment into an account made more than one type of digital payment, the percentages add up to more than 83 percent.

Almost two-thirds of those who received a payment into their account also used the account to store money. About 40 percent of payment recipients reported saving money formally and about 40 percent borrowed money formally.

It is not surprising that adults who received a payment into an account were more likely than the general population to make a digital payment and to store, save, or borrow money. In developing economies, for example, the 83 percent of digital payment recipients making a digital payment was far higher than the 51 percent of all adults making a digital payment. Likewise, 63 percent stored money using an account, compared with 39 percent of all adults; 42 percent saved formally, compared with 25 percent of all adults; and 39 percent borrowed formally, compared with 23 percent of all adults.

Once money is received into an account, it is typically easiest for it to remain there until needed and then make a payment from the account. Similarly, once money is in an account, it is relatively easy to keep it there for savings. Receiving a payment into an account—especially if the payment can be used to document a regular income stream over time—can also make it easier to borrow money formally. As chapter 1 has shown, account owners are typically richer than adults without an account. There are important variations, however, between how recipients of different kinds of payments use their account.

Figure 2.4.2 shows the relationship between payment inflows and the use of financial services among payment recipients as developing economy averages. As discussed in previous sections, there are large variations in the use of accounts across economies.

The majority of adults receiving wage payments into an account also made digital payments and stored or saved money

Twenty percent of adults in developing economies received a wage payment—from the private sector or from the government—into an account (figure 2.4.3). Almost all (91 percent) of those recipients also made a digital payment from their account. This share includes the 79 percent who made a digital merchant payment, the 65 percent who made a bill payment using a mobile phone or the internet, and the about 35 percent each who made a utility payment or sent a domestic remittance payment. At the same time, about 70 percent of those who received a payment into their account also used their account to store money. Meanwhile, about half saved money formally and about half borrowed money formally.

When comparing adults who received a wage payment into an account with all payment recipients who received the money into an account, a larger share of them also made a digital payment—especially a digital merchant payments.
FIGURE 2.4.2
In developing economies, adults who receive a payment into an account are more likely than the general population to also make digital payments and to save, store, and borrow money.

Source: Global Findex Database 2021.
Note: Inflows and usages are shown as percentages of the 36 percent of adults receiving a payment into an account.

payment and a bill payment using a mobile phone or the internet. Wage recipients were also more likely than overall payment recipients to use their account to store, save, and borrow money. Because those receiving a wage payment tend to receive such payments on a regular basis and tend to be relatively wealthier than adults receiving one of the other three types of payments, it is not surprising that they were more likely to also use these other services.

Many adults receiving a government transfer or pension payment into an account also made payments, but a smaller share stored, saved, or borrowed money

In developing economies, 13 percent of adults received a government transfer or pension payment into an account (figure 2.4.4). Of these payment recipients, 70 percent also made a digital payment from their account, including 50 percent who made a digital merchant payment; 40 percent who made a bill payment
using a mobile phone or the internet; 32 percent who made a utility payment from an account; and 22 percent who sent a domestic remittance payment from an account. At the same time, about half of those who received a government transfer or pension payment into their account also used their account to store money. About one-third of government transfer or pension recipients saved money formally, and one-third borrowed money formally.

Compared with recipients of wage payments, adults receiving a government transfer or pension payment were less likely to have made a digital payment, to have used their account to store money, or to save or borrow. Because government transfer and pension payments are typically much smaller in value and their recipients are likely relatively poorer, it is not surprising that a smaller share used their account for any of the financial services described. As for transfer payments, recipients may also receive such payments less frequently and potentially just as a one-off payment.
FIGURE 2.4.4
In developing economies, most adults receiving a government pension or transfer payment into an account also made digital payments

Source: Global Findex Database 2021.
Note: Usages are shown as percentages of the 13 percent of adults receiving a government transfer or pension payment into an account.

In Sub-Saharan Africa, recipients of domestic remittance payments into an account often sent domestic remittances as well

As discussed in section 2.1 on digital payments, domestic remittance payments are especially important in Sub-Saharan Africa, where 24 percent of adults, on average, received such a payment into an account (figure 2.4.5). Of those recipients, virtually all (94 percent) also made a digital payment. This share includes the 62 percent who sent a domestic remittance payment—likely passing on some of the funds they received to relatives or friends. Adults may be both recipients and senders of remittances at different points in time, if, for example, their income is seasonal or fluctuates widely within a year for other reasons, especially more than the income of relatives or friends. One-third of account owners who received their domestic remittances into an account also made a digital merchant payment, a utility payment from an account, or a bill payment using a mobile phone or the internet. About 70 percent of those who received a domestic remittance payment into their account also
used their account to store money or for cash management. Just over half saved formally, while about one-third borrowed formally.

A relatively small share of domestic remittance recipients in Sub-Saharan Africa made a digital merchant payment—around one-third—compared with the share of wage recipients in developing economies who went on to make digital merchant payments (79 percent) and even the share of wage recipients in Sub-Saharan Africa (52 percent). One explanation may be that recipients of domestic remittance payments live in more rural areas where the opportunities to make digital merchant payments are more limited.

**Adults in Kenya used mobile money accounts to receive payments for the sale of agricultural products**

Most adults in developing economies who were paid for agricultural products received their payment in cash. But, as discussed in section 2.1 on digital payments, Kenya—along with Mali and Uganda—stands out in
terms of the share of adults receiving agricultural payments into an account. In Kenya, 19 percent of adults—63 percent of all those who received agricultural payments—received such a payment into an account, including 16 percent of adults who did so into a mobile money account. The comparatively high share of adults receiving agricultural payments into mobile money accounts in Kenya is an aspirational example for other Sub-Saharan African economies, where the share of adults receiving agricultural payments was more than twice the developing economy average and mobile money account ownership is high.

Among the 16 percent of adults in Kenya who received a payment into a mobile money account for the sale of agricultural products, 95 percent made a digital payment (figure 2.4.6). This share included 62 percent who made a digital merchant payment, 57 percent who used a mobile phone or the internet to make a bill payment, 54 percent who sent a domestic remittance payment from an account, and 40 percent who paid a utility bill directly from an account. About 70 percent of those who received an agricultural payment into their mobile money account used the account to store money. Half saved money using their mobile money account, and a little over 40 percent borrowed money using their mobile money account.

**FIGURE 2.4.6**

*In Kenya, adults receiving payments for the sale of agricultural products into a mobile money account made digital payments and stored, saved, or borrowed money*

Source: Global Findex Database 2021.

Note: Usages are shown as percentages of the 16 percent of adults receiving a payment for the sale of agricultural products into a mobile money account.
Mobile money accounts in Sub-Saharan Africa are used for more than person-to-person payments

In Sub-Saharan Africa, 33 percent of adults have a mobile money account (figure 2.4.7). Of those who have such an account, two in three (68 percent) received a payment into their mobile money account. This share included about half of mobile money account owners who received a domestic remittance payment, 22 percent who received a wage payment, 13 percent who received a payment for the sale of agricultural products, and 8 percent who received a government transfer or pension payment. Virtually all mobile money account owners (98 percent) made a digital payment. This share included almost half who made a domestic remittance payment from an account, 37 percent who used a mobile phone or the internet to make a bill payment, about 30 percent who made a digital merchant payment, and about 30 percent who paid a utility bill directly from an account. Just over half of adults with a mobile money account used it to store money. About 40 percent reported having saved money using their mobile money account, and 20 percent borrowed money using their mobile money account.

FIGURE 2.4.7
In Sub-Saharan Africa, adults with a mobile money account used it for a range of purposes beyond person-to-person payments

Source: Global Findex Database 2021.
Note: Inflows and usages are shown as percentages of the 33 percent of adults with a mobile money account.
The fact that a large share of mobile money account owners in Sub-Saharan Africa used their account for domestic remittance payments should come as no surprise. When the mobile money operator M-PESA launched its business in Kenya in 2007, it specifically targeted the domestic remittance market, promoting its services with the slogan “Send money home.” As mobile money accounts spread across Sub-Saharan Africa, their use for domestic remittance payments also expanded, as well as their use for other types of payments. In 2021, about three in four (74 percent, or 25 percent of all adults) mobile account owners used their mobile money account to make or receive at least one payment that was not person-to-person. By contrast, just 18 percent (6 percent of adults) used their mobile money account only to send or receive person-to-person payments, and 7 percent (2 percent of adults) used their mobile money account only to make or receive an unspecified type of payment.33

33. Person-to-person payment is defined as sending or receiving a domestic remittance payment or sending money to a relative or friend using a mobile phone or the internet.
2.5 Opportunities for expanding the use of accounts
## 2.5 Opportunities for Expanding the Use of Accounts

As described throughout this chapter, many account owners used their account to make or receive payments, to save or store money, or to borrow money. Yet 13 percent of account owners in developing economies did not use their account at all in the previous year. This section explores the data on account owners with “inactive” accounts and the reasons account owners with an inactive account in India gave for not using the account (India has the highest share of people who have accounts but do not use them). This section also explores opportunities for increasing the use of accounts among account owners, both those with inactive accounts and those who still make some financial transactions only in cash.

### The Share of Account Owners with an Inactive Account Has Fallen Since 2017

In developing economies, 9 percent of adults overall—13 percent of account owners—have what could be considered an inactive account—that is, an account with no deposits or withdrawals and no incoming or outgoing digital payments in the past year (figure 2.5.1). The share of account owners in developing economies with an inactive account fell from 17 percent in 2017 to reach about the level (12 percent) it was in 2014.34 In high-income economies, virtually all account owners have an active account.

The share of account owners with an inactive account varies across developing economies, but it is especially high in India at 35 percent, the highest in the world. That share is about seven times larger than the 5 percent average for all developing economies, excluding India (figure 2.5.2). One reason for India’s high share of account inactivity may be that many of these accounts were opened as part of the Indian government’s Jan Dhan Yojana scheme to increase account ownership. Launched in August 2014, the program had by April 2022 brought an

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### Figure 2.5.1

*In developing economies, 13 percent of account owners had an inactive account in the past year*

Adults with an account (%), 2014–21

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2017</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. High-income economies</td>
<td>100</td>
<td>80</td>
<td>60</td>
</tr>
<tr>
<td>b. Developing economies</td>
<td>100</td>
<td>80</td>
<td>60</td>
</tr>
</tbody>
</table>

Source: Global Findex Database 2021.

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34. The definition of an inactive account has been updated since Global Findex data on inactive accounts were first reported in 2017. The updated definition includes not having received or made a digital payment in the past year. It has been applied to all years in the database. The old definition was based only on the criterion of no deposit or withdrawal in the past year.
In India, about one-third of account owners had an inactive account in the past year

Adults with an account (%), 2021

![Graph showing active and inactive accounts in India and developing economies excluding India.](source)

Source: Global Findex Database 2021.

additional 450 million Indians into the formal banking system. Most of the new accounts had already been opened when the Global Findex 2017 survey was conducted. The share of adults with an inactive account in India remained about the same between 2017 and 2021.

In developing economies, women account owners are, on average, 5 percentage points more likely than men account owners to have an inactive account. However, India is driving this gap with a 12 percentage point difference between women account owners who had an inactive account (42 percent) and men account owners who did so (30 percent). The data on account inactivity in developing economies, excluding India, reveal that women and men have, on average, equal rates of inactivity.

Adults in India did not use their accounts for three main reasons: distance from a financial institution, lack of trust, and having no need

To shed light on why a large share of adults in India has inactive accounts, the Global Findex 2021 survey asked those with an inactive account why they did not use it. The three most common reasons were that financial institutions were too far away; lack of trust in financial institutions; and no need for an account. Each of these reasons was cited by about half of adults with an inactive account. As for other reasons, nearly 40 percent said they did not have enough money to use an account, and about 30 percent cited not feeling comfortable using an account by themselves (figure 2.5.3).

Notably, more men with an inactive account (34 percent) than women with an inactive account (26 percent) said they did not feel comfortable using an account by themselves. There was no income or educational attainment gap for inactive account holders who gave this reason.

Digitalizing payments, if offered in a context of reliable products and infrastructure, may increase the use of accounts by banked adults

Many account owners receive cash payments from a range of sources. For example, about 90 million account owners worldwide received a government payment in the form of a wage, pension, or transfer payment in cash, and 225 million account owners received a private sector wage in cash. In developing economies, 160 million account owners received cash payments for the sale of agricultural products. Although recipients
often did not control how these payments were made, the sheer volume suggests opportunities to digitalize those transactions.

Payments made in cash by account owners likewise suggest opportunities to expand the use of accounts. For example, worldwide, 620 million adult account owners made utility bill payments in cash, and more than 1.6 billion account owners in developing economies used only cash for merchant payments.

Digitalizing cash payments is not simply a matter of incentivizing account owners to use an account, however. Financial infrastructure—enabled by actors such as governments, telecommunications providers, payment processors, and financial service providers (including fintechs)—also is needed to create an environment in which safe, affordable, and convenient products and functionality are widely available.

Progress is already under way, catalyzed by the wider availability of digital products and services offered by mobile money account providers, financial institutions, and third-party payment service providers, and executed through mobile phones, apps, and the internet. But mobile phones and the internet can only facilitate the use of accounts in locations with reliable electricity, data connectivity, and mobile networks. People will be less inclined to use digital payments if they view them as undependable because of network outages or other technical problems. This is just one way in which the broader business environment is an enabler of financial access.

Telecommunications access is a key enabler. Globally, 70 percent of adults have access to the internet via a mobile phone or a computer, according to the Gallup World Poll (map 2.5.1). In high-income economies, that share is 91 percent, and in developing economies it is 67 percent. In South Asia and Sub-Saharan Africa, less than half of adults have internet access. Most adults in these two regions do have a mobile phone, however—70 percent in South Asia and 81 percent in Sub-Saharan Africa—which may still enable them to use mobile money accounts, even on a text-based, non–internet-enabled phone.
Highlighting opportunities for account owners to make digital payments

There are many opportunities to further increase the use of accounts to make digital payments. Globally, 1 billion adults who have an account did not make a single digital payment in 2021 (map 2.5.2), which means that about a quarter of account owners globally did not make any digital payments. That share is much higher in some major developing economies. In India, about 70 percent of account owners did not make a single digital payment—one of the world’s highest shares (figure 2.5.4). India’s large population and the fact that 78 percent of adults have an account makes India home to about half—540 million—of the world’s 1 billion adults who have an account but made no digital payment. Egypt has a similarly high percentage of account owners who did not make a digital payment, but on a smaller population base and with only about a third of India’s account ownership rate.

By contrast, only 4 percent of adults in China with an account did not use it to make digital payments—one of the smallest shares among developing economies. In fact, use of accounts to make digital payments was nearly universal among China’s 89 percent of adults with an account. In Kenya, as in many other Sub-Saharan African economies, making digital payments is also nearly universal among account owners because of the widespread use of mobile money accounts. About 17 percent of adults with an account in Brazil, South Africa, and Türkiye did not make a digital payment.
MAP 2.5.2
**Globally, 1 billion adults who have an account made no digital payments—including 540 million in India**
Adults with an account making no digital payment in the past year, 2021

Source: Global Findex Database 2021.
Note: Data are not displayed for economies for which no data are available.

FIGURE 2.5.4
**Globally, about a quarter of account owners made no digital payments**
Adults with an account (%), 2021

Source: Global Findex Database 2021.
Utility bill payments present an opportunity to increase the use of accounts by account owners

One of the best ways to increase account use is to more fully digitalize payments for water, electricity, and other utility bills. Globally, 620 million adults with an account paid their utility bills in cash in 2021 (map 2.5.3). This share translates into about 14 percent of account owners worldwide having paid utility bills in cash in 2021, with higher rates in certain major developing economies. For example, about 20 percent of account owners in Brazil and India paid utility bills in cash, 35 percent in Nigeria, and 55 percent in Indonesia. In Egypt, 72 percent of account owners paid utility bills in cash (figure 2.5.5). In some economies, people have the option of paying utility bills digitally, but choose not to because of high fees, lack of proof of payment, or other concerns. If more utilities offered convenient, reliable, and low- or no-cost options for digital utility payments, they could improve efficiency and usage.

MAP 2.5.3
Globally, about 620 million adults who have an account still paid utility bills in cash
Adults with an account paying utility bills in the past year in cash only, 2021

Source: Global Findex Database 2021.
Note: Data are not displayed for economies for which no data are available.
Banked adults who make merchant payments only in cash present another opportunity for increasing the use of digital payments

Another large opportunity to increase account use is to more fully digitalize merchant payments. In developing economies, 1.6 billion adults with an account made merchant payments only in cash (map 2.5.4). Although the Global Findex 2021 survey did not directly ask whether adults made at least one merchant payment, it is reasonable to assume that all adults had done so, meaning that, on average, almost half of adults with an account made merchant payments only in cash. This average is heavily skewed by the fact that just 8 percent of account owners in China only used cash to make merchant payments. Examining the data for developing economies without China reveals that two-thirds of adults with an account made merchant payments only in cash. In India, that share was 85 percent—or 670 million adults. In Bangladesh and Tanzania, more than 90 percent of adults with an account made merchant payments only in cash, and that share was 75 percent in Indonesia, 54 percent in Kenya, and about 40 percent in Brazil, South Africa, and Türkiye (figure 2.5.6).

Ideally, people with an account—and, in particular, those who receive a payment into their account—would keep their funds in the account and use them to make purchases or payments directly from the account. The Global Findex 2021 survey payments data show that many account owners did just that. However, in many developing economies digital payments are not yet widely accepted for everyday purchases at local retail stores and markets. Merchants may not find it attractive to accept digital payments if fees are high or if the enabling physical infrastructure—such as electricity and data network connectivity—is unreliable. A regulatory environment that makes it cumbersome to formalize a business, or one that taxes digital payments, may also discourage merchants from accepting digital payments.36 Thus the challenge of transitioning more adults to digital payments is not just a matter of motivating demand, but also a matter of enabling supply, so that account owners have the option to pay digitally.

MAP 2.5.4
In developing economies, 1.6 billion adults with an account made no digital merchant payment—including 670 million in India
Adults with an account making no digital merchant payment in the past year, 2021

36. See Klapper, Miller, and Hess (2019) for a discussion of how digital financial services—including those accessed through mobile phones and the internet—can encourage businesses to formalize their operations.
FIGURE 2.5.6

*In developing economies, about half of account owners made no digital merchant payment*

Adults with an account (%), 2021

Source: Global Findex Database 2021.
2.6 Opportunities for increasing account ownership for the unbanked through digitalizing payments
2.6 OPPORTUNITIES FOR INCREASING ACCOUNT OWNERSHIP FOR THE UNBANKED THROUGH DIGITALIZING PAYMENTS

This chapter opened with evidence on the ways in which using financial services—in particular, payments—gives recipients better privacy, security, and control over their money, while also increasing savings and financial resilience. For example, digital payments of wages can encourage workers to save using their account, and digital payments for agricultural products can make it easier for farmers to access additional financial products such as input financing and crop insurance. Digitalizing wage or government payments also helps recipients by reducing the time and cost of receiving such payments, and it can help payers by ensuring the money goes to the intended recipients and by reducing leakage. However, these benefits can accrue only to those who have an account and use it. This section explores opportunities to further increase account ownership based on the Global Findex 2021 survey findings on the use of financial services.

Digitalizing cash transactions offers a pathway to increasing account ownership

Just as there are opportunities to help people who have an account make more use of it, there are also opportunities to increase account ownership by digitalizing cash transactions for the unbanked.

Millions of unbanked adults around the world still receive regular payments in cash from employers or from the government. Digitalizing such payments is a proven way to increase account ownership. In developing economies, 39 percent of adults—or 57 percent of those with a financial institution account—opened their first account at a financial institution specifically to receive a wage payment or to receive money from the government (figure 2.6.1).37

The share is higher in some economies. In India, Malaysia, South Africa, and República Bolivariana de Venezuela, 70 percent of account owners opened their first account at a financial institution to receive a wage or government payment. The same is true for about two-thirds of account owners in Mongolia, as well as in a few economies in Europe and Central Asia, including Bosnia and Herzegovina, Kazakhstan, and Serbia.

FIGURE 2.6.1

Millions of adults opened their first account at a financial institution to receive a wage or government payment

Adults with an account at a financial institution (%), 2021

<table>
<thead>
<tr>
<th>Developing economies</th>
<th>Bosnia and Herzegovina</th>
<th>India</th>
<th>Kazakhstan</th>
<th>Malaysia</th>
<th>Mongolia</th>
<th>Serbia</th>
<th>South Africa</th>
<th>Venezuela, RB</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Opened first account to receive a wage payment or money from the government</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Global Findex Database 2021.

37. This question was asked in different ways in the Global Findex 2021 survey and the Global Findex 2017 survey.
Digitalizing government payments

The Global Findex 2021 survey data reveal that digitalizing government payments has already resulted in higher account ownership. Among adults in developing economies with an account at a financial institution, roughly 865 million opened their first account to receive money from the government, including 423 million women.

Governments send several types of payments to people. They pay wages to public sector employees, distribute public sector pensions, and provide those receiving social benefits with transfers. Globally, about 5 percent of unbanked adults—85 million people—received such payments in cash (map 2.6.1). They included about 45 million women, as well as 40 million adults with incomes in the poorest 40 percent of households in their economy. Among the unbanked adults receiving government payments in cash, many have a mobile phone, suggesting both potential and means for increasing account ownership by moving these payments into accounts.

Although the overwhelming majority of public sector wages are paid into an account (less than 1 percent of unbanked adults around the world received a government wage payment in cash), important opportunities remain in some economies to increase account ownership by paying government transfers and pensions into accounts. In Cambodia and the Philippines, about 20 percent of unbanked adults—or about 10 percent of all adults—received government transfer payments in cash (figure 2.6.2). More than 80 percent of the unbanked receiving such payments in these economies have a mobile phone. In Albania and Uzbekistan, 16 percent of unbanked adults—or nearly 10 percent of all adults—received pension payments in cash. In Moldova and Romania, the share of unbanked adults receiving a pension payment is even higher, 24 percent and 33 percent, respectively, translating into a similar share of nearly 10 percent of all adults in these economies who could be brought into the formal financial system if these payments were paid into accounts. Among the adults receiving a government pension payment in cash in these four Europe and Central Asia economies, at least half have a mobile phone.

MAP 2.6.1
Globally, about 85 million unbanked adults received government payments in cash

Adults without an account receiving government payments in the past year in cash only, 2021

Source: Global Findex Database 2021.
Note: Public sector wage questions were not posed in China in 2021. Data are not displayed for economies where the share of adults without an account was 5 percent or less or the share receiving government payments was 10 percent or less or for economies for which no data are available.
Digitalizing private sector wage payments

Global Findex 2021 survey data reveal that businesses, like government, could also boost account ownership by paying their unbanked employees through accounts rather than in cash. Globally, 12 percent of unbanked adults—about 165 million people—received private sector wage payments in cash, including about 50 million women and about 70 million adults with incomes in the poorest 40 percent of households in their economy (map 2.6.2). Many of these wage earners already have a mobile phone.

Digitalizing private sector wage payments could reduce the share of unbanked adults by up to 36 percent in Myanmar and by up to about 20 percent in Cambodia, Egypt, Indonesia, and Pakistan, among other economies. In Pakistan, such digitalization would result in a 13 percentage point increase in account ownership and would bring around 20 million unbanked adults into the formal financial system. In Indonesia, digitalizing private sector wage payments could reduce the share of unbanked adults by up to 10 percent.
sector wage payments would similarly reduce the number of unbanked by up to 17 million adults and increase the account ownership rate by 9 percentage points (figure 2.6.3). Mobile phones could help facilitate electronic wage payments because more than 80 percent of adults who received private sector wages in cash in Cambodia, Egypt, and Pakistan, and about two-thirds in Indonesia, have a mobile phone.\footnote{Data in Myanmar were collected by phone survey and, by design, virtually all adults surveyed had a mobile phone.}

Digitalizing payments for agricultural products

Another opportunity to increase account ownership is by digitalizing payments for the sale of agricultural products. About 11 percent of unbanked adults in developing economies—145 million people—received agricultural payments in cash, according to the Global Findex 2021 survey findings, among them about 65 million women and 70 million adults with incomes in the poorest 40 percent of households in their economy (map 2.6.3). Nearly half of these

\FIGURE{Digitalizing private sector wages could reduce the number of unbanked adults}{2.6.3}{Adults without an account (%), 2021}{Cambodia}{Egypt, Arab Rep.}{Indonesia}{Myanmar}{Pakistan}{Source: Global Findex Database 2021.}{Received private sector wages in cash only}

\MAP{In developing economies, about 145 million unbanked adults received agricultural payments in cash}{2.6.3}{Adults without an account receiving payments for agricultural products in the past year in cash only, 2021}{Source: Global Findex Database 2021.}{Note: Data on payments for agricultural products were not collected in most high-income economies. Data are not displayed for economies where the share of adults without an account was 5 percent or less or the share receiving payments for agricultural products was 10 percent or less or for economies for which no data are available.}
145 million adults are in Sub-Saharan Africa. Digitalizing agricultural payments could increase the share of banked adults in this region by, on average, up to 10 percentage points, including by up to 30 percentage points in South Sudan, 24 percentage points in Sierra Leone, and up to 16 percentage points in Guinea, Nigeria, and Togo (figure 2.6.4).

Making agricultural payments through mobile phones could be especially helpful for unbanked farmers living in remote rural areas, many of whom have access to a phone. Fifty-five percent of unbanked adults in Sub-Saharan Africa who received agricultural payments in cash have a mobile phone.

**Moving semiformal savings to accounts**

Unbanked adults use a variety of methods to save, including semiformal methods such as entrusting money to a person outside the family or participating in a savings club. Rotating savings and credit associations are particularly important in Sub-Saharan Africa. Many people who choose this method may be drawn to the social aspect of savings clubs. But using an account might be an attractive alternative if financial institutions offered free or low-cost, interest-bearing savings products requiring little or no minimum balance.

Moving semiformal savings into accounts is an important opportunity to increase financial inclusion in some economies. The Global Findex 2021 survey finds that in developing economies about 85 million people—6 percent of unbanked adults—saved semiformaly. In Sub-Saharan Africa alone, about 50 million unbanked adults saved semiformaly, including about 35 million women. Moving semiformal savings into accounts could reduce the share of adults without an account by up to 19 percentage points in Sierra Leone and about 12 percentage points in Guinea, Liberia, Malawi, Mali, and Nigeria (figure 2.6.5). Outside of Sub-Saharan Africa, moving semiformal savings into accounts could reduce the share of adults without an account by up to 6–8 percent in Egypt, Iraq, Jordan, and Morocco.
Creating an enabling environment to leverage payments for increased financial inclusion

Shifting payments from cash into accounts can serve as an entry point to the formal financial system. The challenge for businesses and governments, however, is to ensure that digital payments are safer, more affordable, and more transparent than cash-based alternatives. Moreover, because the benefits of account ownership can accrue only to those who use an account to manage their finances, it will be important to design financial products to ensure that first-time users are able to use their account for more than simply cashing out the payment they receive into it.

Mobile phones and the internet can drive financial inclusion only if they are underpinned by reliable physical infrastructure—such as reliable electricity and mobile networks—and financial infrastructure—such as an adequate payments system with interoperability between providers, including both financial institutions and mobile money providers, and infrastructure and mechanisms to identify and verify users’ identification. Financial infrastructure also includes a physical network to deliver payments to all corners of an economy and the regulations that protect consumers, help them develop the financial literacy skills they need to effectively use accounts, and create incentives for financial providers to deliver high-quality services.

Installing a physical network of branches or automated teller machines (ATMs) in every place that currently has none is not always a cost-effective way to reach an unbanked population. A common alternative is to form partnerships with post offices or retail shops to offer basic financial services using an “agent banking” model. The benefit is that these agents give account holders a way to deposit and withdraw cash safely, reliably, and conveniently at cash-in and cash-out points. Even if the ultimate goal is to promote digital payments, cash is still likely to be part of the financial ecosystem for a long time to come, especially where digital payments are not yet widely accepted for everyday purchases. A reliable cash-out experience is key to the success of digital payments.39 Here, the “agent” could be a bank agent, a mobile money agent, or an ATM.40

It is important as well for governments to ensure that appropriate regulations and consumer protection safeguards are in place so that all users, and especially first-time account owners, benefit from digital financial services. Regardless of how people access and use their accounts, financial services need to be accessible for disadvantaged groups, including those who may have low literacy and numeracy skills. It is also important to determine the level of access that targeted users have to the devices they need to use digital financial services.

Finally, efforts to expand financial access through usage must take into account product design and operations to ensure their success. Although government payments have successfully increased the number of people worldwide who have accounts, past efforts have suffered from solvable shortcomings. A common complaint among those receiving government transfers as digital payments is, for example, that the payment products are difficult to use. Recipients have reported long lines at bank agents and have said that they struggle to get help when they have a question or a problem with their payments. Financial service providers now have a great opportunity to create value by designing and delivering positive customer experiences grounded in customer needs.41

40. See Klapper and Singer (2017).
41. See CGAP (2016).
References


