



NATIONAL POLICY FOR FINANCIAL INCLUSION



GOBIERNO DE MÉXICO

HACIENDA
SECRETARÍA DE HACIENDA Y CRÉDITO PÚBLICO

EDUCACIÓN
SECRETARÍA DE EDUCACIÓN PÚBLICA



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COORDINATION STRUCTURE OF THE NATIONAL POLICY FOR FINANCIAL INCLUSION

Strategic Management

Policy Objectives

1 2 3 5 6

4

Monitoring & Strategy

Financial Inclusion Monitoring Group

Monitoring Group, Development and Investigation of the Financial Education Committee

Analysis & Implementation

Working Group (A)

Working Group (B)

Working Group (C)

Public-private roundtables about financial inclusion and education

Working Group (A)

Working Group (B)

Working Group (C)

Government group

Academic group

Banking group

International development organisms & agencies

Non-banking financial institutions group

Consultation & contribution to implementation

POLICY OBJECTIVES

Financial inclusion refers to the access and usage of formal financial services (accounts, insurance, credits, and retirement savings accounts) under proper regulation that guarantees users protection schemes and promotes financial literacy among the population.

Financial inclusion contributes to economic growth and welfare, as it gives tools for the population and businesses to improve their liquidity management, prepare and overcome any financial emergency, achieve financial goals, and seize opportunities. Also, allow them to have greater control over their financial resources, that is, achieve better financial health.

The National Council for Financial Inclusion (CONAIF, for its acronym in Spanish) and the Financial Education Committee (CEF, for its acronym in Spanish) present the National Policy for Financial Inclusion (PNIF, for its acronym in Spanish). Its main objectives are:



Ease **access to financial products and services** for people and micro, small & medium enterprises.



Increase **digital payments** among the population, retailers, enterprises, and the three levels of the government.



Strengthen infrastructure to facilitate access and provision of financial products and services, then, reduce information asymmetries.



Raise financial literacy of the population.



Reinforce the access to **information tools and financial protection mechanisms**.



Encourage the financial inclusion of vulnerable groups, such as **women, migrants, elderly, indigenous, and rural populations**.

MAIN HIGHLIGHTS OF THE POLICY

- 1 Population welfare.** The Policy establishes that the increase in financial inclusion and education is a way to reach financial health, which contributes to population welfare.
- 2 Goal.** The Policy will allow 77% of the Mexican population to hold at least one financial product by 2024.
- 3 Linkage with other government policies.** The Policy is seeking to create synergies with other relevant public policies, such as the unprecedented deployment of new social programs and the increase of financial infrastructure through Banco del Bienestar (development bank), and a connectivity expansion through telecom authorities.
- 4 Cooperative efforts.** The Policy integrates into a single document, the strategies to be followed in both education and financial inclusion; and, the efforts that will be conducted by CONAIF and CEF. This will allow going towards a financial inclusion that considers the provision of economic-financial knowledge, behaviors, and skills to the population.
- 5 Open government.** During the Policy formulation, roundtables with business associations, scholars, academics, members of the civil society, and international development organizations and agencies were carried out, to have feedback and make them partaken of the process.
- 6 Public, private, and social sector participation.** The Policy establishes that CONAIF and CEF will coordinate activities with business associations, academics, government parties, and international development entities through public-private roundtables during its implementation.
- 7 Monitoring and evaluation.** The Policy includes at least one indicator for each of the more than 20 strategies and sets goals for the indicators that measure the progress of each objective. A website will be developed to monitor these indicators.
- 8 Transparency and accountability.** The Policy establishes that CONAIF and CEF will publish an annual report with the Policy's assessment of progress and the memories of their meetings, including those of the public-private roundtables. Each action line has at least one responsible from the members of CONAIF or CEF.
- 9 Cash reduction.** The action lines of the Policy will contribute to the increase in retailers, transportation, and government offices receiving digital payments. Also, there will be an expansion and improvement of digital payment offerings.
- 10 Alignment.** The Policy adjusts to the objectives of the National Development Plan 2019-2024, contributes to the achievement of the National Development Financing Program 2020-2024, and supports the Sustainable Development Goals.

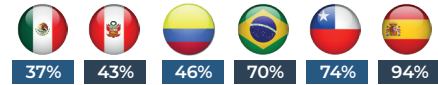
DIAGNOSING FINANCIAL EXCLUSION IN MEXICO

1

Low levels of holdings and usage of financial products and services

- Mexico lags in terms of adults' accounts holding with respect to countries with similar income levels.¹
- The population tends to assign a low value to formal financial services.²

Percentage of adults with an account¹

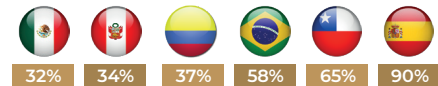


2

Low levels of usage of digital payments

- Almost 80% of the adults in Mexico pay in cash, although they have an account or credit card.³
- Only one in three businesses in Mexico accept card payments.⁴

Percentage of adults that made or received digital payments¹

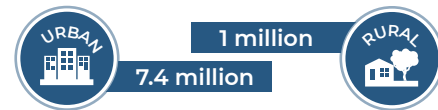


3

A deficient infrastructure that inhibits the access and provision of financial products and services

- There are 577 municipalities without at least one banking branch location, ATM, or banking agent.⁵
- Rural populations spend more than 50 pesos (approx 2.7 USD, considering a daily minimum wage of 6.6 USD) to commute to a branch or ATM.^{3 6}

Adults with mobile banking³



4

Low levels of financial literacy

- Only one in three Mexican adults maintain a budget.³
- Just half of the adult population would know where to go in case of a problem with their financial products or services.³

Percentage of adults with financial concepts knowledge³

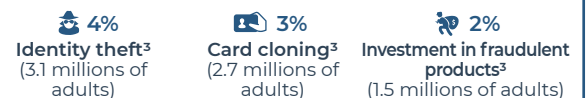


5

Insufficient information tools and financial protection mechanisms

- Only 29% of the population compared a financial product against others before purchasing it.³
- Also, 7% of the population has suffered some fraud or crime, like identity theft or card cloning.³

Percentage of adults who have suffered an incident in the financial system



6

Limited financial inclusion of vulnerable groups

- The gender gap in financial products holding is more than seven percentage points.³
- The difference in possession of financial products between the urban and rural population is 15 percentage points.³

Financial inclusion gender gap³

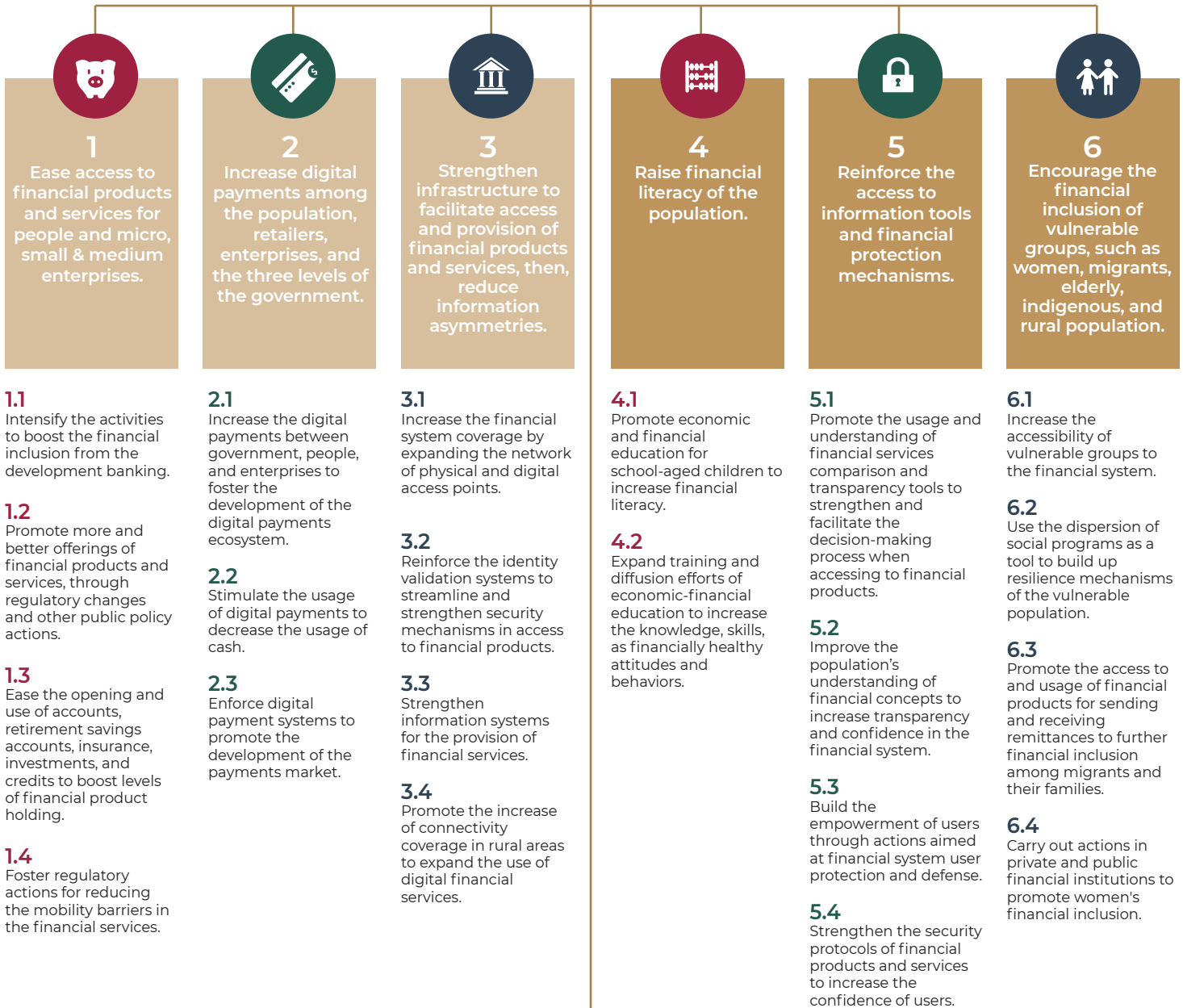


Source: 1 Worldbank(2017), Findex.
2 Izi-CNBV (2019). The financial needs of Mexicans.
3 CNBV-INEGI (2018), ENIF.
4 CNBV-INEGI (2019), ENAFIN.
5 CNBV (2018). Quarterly bases of financial inclusion.
6 DOF (2019). Minimum wages as of January 1, 2020; Banxico. FIX USD: 18.77, February, 2020.

OBJECTIVES AND STRATEGIES OF THE POLICY

Strengthen the financial health of the Mexican population, through the increase in the efficient access and usage of the financial system, the development of financial literacy, and the empowerment of the user

Cross-sectional: Generate information and investigation to identify financial inclusion barriers and areas for improvement.



Objectives focused on supply

Objectives focused on demand

FINANCIAL HEALTH IN MEXICO



PRIORITY ACTIONS LINES FOR FINANCIAL INCLUSION AND EDUCATION

- Establish mechanisms, so development banking prioritizes serving the population underserved in the past.
- Promote the opening of individual retirement savings accounts among the population, regardless of gender, employment status, age, nor where they live.
- Promote the remote opening of accounts (digital onboarding), through regulatory flexibility.
- Promote the use of digital means for payments and transfers between government, individuals or enterprises, and vice versa.
- Encourage the use of CoDi (digital collection and payment platform) in retailers; also, between individuals and government.
- Increase the branches, ATMs, banking agents, and access points of development banking in underserved localities.
- Promote the procurement of financial products and services through digital channels.
- Coordinate with the competent authorities, the design of a unique identification system with biometric information.
- Collaborate with other authorities for the adequate operation of open finance through application programming interfaces (APIs).
- Collaborate with authorities and institutions that are seeking to improve connectivity in the country.
- Introduce economic-financial content during mandatory school levels, including the secondary level.
- Provide digital and economic-financial education to beneficiaries of social programs.
- Enable the use of ATMs and digital financial services for persons with disabilities, illiterates, indigenous, elderly, among others.
- Transfer the payments of national social programs to bank accounts in the name of beneficiaries so they can carry out transactions in the payments market.
- Promote and ease in person or remote opening of accounts, retirement savings accounts, and other financial products for migrants and their families.
- Make mandatory for development banking to design and manage women-oriented programs.

POLICY GOALS

Indicator	Línea base (2018) ¹	Meta para 2024 ¹
Percentage of adults with at least one financial product ²	68%	77%
Percentage of enterprises that had credits since they started operations	46%	63%
Percentage of adults with at least one account ³	47%	65%
Number of accounts ³ for every 10 thousand adults	12,970	16,681
Number of annual transactions and digital transfers per capita	37	60
Percentage of adults that use their accounts to make payments	64%	85%
Percentage of adults living in localities within a radius of 4 km around at least one access point ⁴	87%	90%
Percentage of municipalities with at least one access point ⁴	77%	90%
Percentage of adults that used an access point ⁴	69%	80%
Score of Financial Literacy Index	58.2	60.5
Percentage of adults that compared a financial product against others before purchasing it	29%	35%
Annual visits to the comparators tools of Banxico and Condusef for every 10 thousand adults	47	94
Simple average of urban-rural gap in financial products holding	15	8
Simple average of gender gap in financial products holding	7	0
Gender gap in the number of accounts ³	1	0

Source: ¹ The base lines and goals are rounded.
² It refers to accounts, credits, insurance, and retirement savings accounts.
³ Include accounts from banks, development banking, MFI's, and electronic payment funds institutions.
⁴ Branches, ATMs, and banking agents.

POLICY POSITIVE IMPLICATIONS ON ECONOMIC GROWTH AND POPULATION WELFARE

Women



- Women will be able to meet their financial needs with credit programs and products designed on development banks' actions.
- Women will have access to more decision-making jobs in financial institutions, once policy actions make clear gender differences in employment in those positions.
- Women will benefit from more access to financial services thanks to a policy-oriented boost to academic research on financial inclusion.

Children, teenagers and students



- Financial education in elementary and secondary school curricula will contribute to provide children and teenagers with knowledge of financial concepts, tools for managing their finances, and start saving habits.
- Financial concepts will be taught in entertaining and interactive settings like museums.
- Students will be taught in the relevance of insurance products to face financial risks and that of retirement savings accounts to face old-age financial needs.
- The students will find spaces to express their proposals to reduce financial exclusion like research awards.

The elderly and indigenous population



- The elderly will have access to a more friendly financial system, with a growing number of ATMs and bank branches especially designed for them.
- Indigenous people will have a more extensive network of physical and digital financial access points.
- Indigenous people will get information about financial products and services in their native languages, starting with new contracts offered in those languages.

Social programs beneficiaries



- Social programs beneficiaries will receive financial and economic information to help them improve their decision-making on their economic resources.
- Beneficiaries will be encouraged to start saving for their retirement to live their elder life with dignity by linking their social transfers with a retirement savings account or an account. Also, the Policy will promote that they get life insurance products.
- Thanks to the development of the digital payments ecosystem, the beneficiaries of social programs will find more access points for digital payments.

Micro and small enterprises owners



- Micro and small enterprises owners will have access to more credits, offered by development and commercial banks, MFI's, and fintech startups.
- The CoDi (digital collection and payment platform) and other means of payments will increase the access to a more extensive and diversified supply of financial products and services.
- Policy actions will promote credits to enterprises' growth through guarantees schemes.

Open population



- Disclosure of relevant information about financial products and services in friendly and straightforward ways will contribute to a more informed decision-making process of the population when acquiring those products and services.
- Fintech startups will play an essential role in providing a more extensive and more diversified supply of credit and payment products and services.
- The number of retailers, transportation, and enterprises receiving digital payments will grow.
- More people will make financial transactions through mobile phones and other electronic devices.

The PNIF was enriched by the valuable comments from business associations, international organizations and agencies, government parties, academics, scholars, and colleagues. CONAIF and CEF are deeply grateful for their contributions.



<http://bit.ly/PNIF2024>

Download the complete National Policy for Financial Inclusion and this brochure.