



Mobile Financial Services Working Group (MFSWG)

Mobile Financial Services Indicators for Measuring Access and Usage

This guideline note covers one category of AFI's Second Tier Set of Financial Inclusion Indicators, developed jointly by AFI's Mobile Financial Services Working Group (MFSWG) and Financial Inclusion Data Working Group (FIDWG) as a tool for measuring access and usage of mobile financial services.

The Second Tier Set of Indicators are a broader set of financial inclusion indicators considered important but not 'core', which are being developed to allow policymakers to select the most useful indicators for their particular country context and level of development.

Recognizing the potential of mobile financial services (MFS), the Mobile Financial Services Working Group (MFSWG) was created to provide a platform within the AFI network for policymaker discussion on regulatory issues related to MFS. The working group promotes the broad use of MFS as a key solution for greater financial inclusion in emerging and developing countries. The group aims to stimulate discussion and learning among policymakers and promote greater coordination between the many different MFS actors, such as financial and telecommunications regulators and bank and non-bank providers.

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Context

AFI believes that good data is critical to financial inclusion policymaking. Data and measurement help policymakers to properly diagnose the state of financial inclusion in their countries and to develop appropriate policies to improve access to financial services. AFI is working constantly to develop and improve indicators for tracking financial inclusion. The indicators in this guideline note focus specifically on measuring access and usage of mobile financial services (MFS).

Purpose and Critical Issues

Six key principles guide the development of AFI's indicators:

- The indicators should be useful and relevant to domestic policymaking
- Existing data should be relatively easy to use and collect
- Definitions should be consistent or standardized and aligned with other data initiatives
- The indicators should be flexible enough to customize measurement in different country contexts
- A balanced amount of data should be collected from supply- and demand-side sources
- Policymakers should aspire to conduct more complex measurements

The Core Set of Indicators

AFI's Core Set of Financial Inclusion Indicators was developed to address the three dimensions of financial inclusion: *access*, *usage* and *quality* of financial services.

The Core Set was developed to measure the most basic and important aspects of financial inclusion and is the first step for those seeking to assess the state of financial inclusion in their countries and expand access to financial services.

The Second Tier Set of Indicators

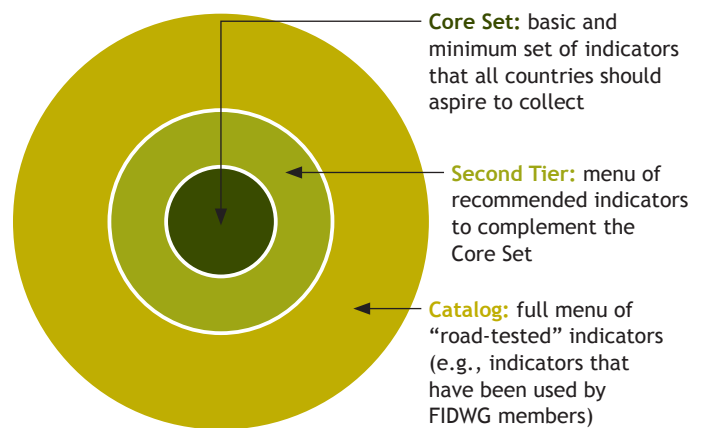
The Second Tier Set of Indicators are being developed to allow AFI members to explore deeper levels of detail and apply other lenses of measurement in their national data initiatives. The Second Tier indicators are a broader set of financial inclusion indicators considered important but not 'core', and which allow policymakers to select the most useful indicators for their particular country context and level of development.

The Second Tier Set includes:

- indicators for MFS access and usage;
- indicators for tracking financial inclusion aspects of the SME sector; and
- quality indicators that measure barriers to financial access, market conduct, and consumer protection and empowerment.

The Catalog of Indicators

The Catalog is the full menu of indicators that have been "road-tested" by FIDWG members.



In addition to the Core Set and Second Tier Set, AFI also sees the need for special purpose indicator sets that incorporate regional and other perspectives. For example, the Pacific Islands Working Group (PIWG) has developed a wide-ranging set of indicators that capture aspects of financial inclusion specifically relevant to policymakers in the Pacific Islands.

Guidelines

Definitions for MFS access and usage

Adults: persons 15 years and older or an age defined by the country.

MFS models: all bank-based and non-bank-based models actively deployed in a country.

Mobile phone population: the segment of the population that owns a mobile phone.

MFS cash points: all locations where users can perform cash-in and/or cash-out transactions. Types of cash points may include active cash outlets, such as bank agents, ATMs, telco agents and cash merchants where MFS services are offered.

Active MFS cash points: MFS cash points that have performed at least one transaction in the last 90 days.

Indicators for Measuring Access to MFS

Access	1. Number of MFS cash points per 10,000 adults	Supply	$\frac{\text{Number of MFS cash points}}{\text{Total adult population}} \times 10,000$
	2. Number of MFS cash points by model	Supply	$\frac{\text{Number of MFS cash points per model}}{\text{Total adult population}} \times 10,000$
	3. Percentage of relevant administrative units with MFS cash points	Supply	$\frac{\text{Number of relevant administrative units with MFS cash points}}{\text{Total number of administrative units}}$
	4. Percentage of active MFS cash points	Supply	$\frac{\text{Active MFS cash points}}{\text{Total MFS cash points}}$
	5. Average number of MFS types offered by MFS deployment	Supply	$\frac{1}{n} (x_1 + x_2 + x_3 + \dots + x_n)$ where x is the number of MFS types by MFS deployment, and n is the total number of MFS deployments

Indicators for Measuring MFS Usage

Usage	6. Percentage of adults with at least one MFS account	Demand	$\frac{\text{Number of adults with at least one MFS account}}{\text{Total adult population}}$
	Proxy:		Proxy:
	6.1 Number of MFS accounts per 10,000 adults		$\frac{\text{Number of MFS accounts}}{\text{Total adult population}} \times 10,000$
	6.2 Number of MFS accounts per 10,000 adults by deployment	$\frac{\text{Number of MFS accounts by deployment}}{\text{Total adult population}} \times 10,000$	
	7. Percentage of active MFS accounts	Supply	$\frac{\text{Number of active MFS accounts}}{\text{Total number of MFS accounts}}$
8. Percentage of active MFS accounts by deployment	Supply	$\frac{\text{Number of active MFS accounts by deployment}}{\text{Total number of MFS accounts}}$	
9. Value in USD of MFS transactions monthly by MFS deployment	Supply	$(x_1; x_2; x_3; \dots + x_n)$ where x is the value in USD of MFS transactions per month and deployment, and n is the number of deployments	
10. Average number of MFS transactions per active MFS cash point monthly	Supply	$\frac{1}{n} (x_1 + x_2 + x_3 + \dots + x_n)$ where x is the number of MFS transactions per month per active MFS cash point	

MFS accounts: all accounts that are linked to mobile phones; may include both bank accounts and non-bank accounts, e.g., e-money accounts or mobile wallets.

Active MFS accounts: MFS accounts that have had at least one transaction in the last 90 days.

Administrative units: relevant administrative units are country-specific and based on each country's definition, taking into account geographical, political, cultural or other considerations.

For example: Tier 1: nation; Tier 2: region or state; Tier 3: county, town, province; Tier 4: municipality, district; Tier 5: village.

MFS types: P2P, P2B, B2P, B2B, G2P, P2G, B2G and non-transactional MFS (i.e., checking the bank account balances via a mobile phone).

MFS deployment: a specific product offered by an MFS provider (e-money, mobile banking and/or agent banking).

Background Indicators

There are a number of background indicators that provide context for the size and potential of a country's MFS market:

1. Number of deposit accounts in financial institutions
2. Number of active deposit accounts in financial institutions
3. Number of active mobile phones
4. Total by scheme (prepaid schemes/postpaid schemes)
5. Number of SMS messages sent per 10,000 adults
6. Number of financial institutions (by type: banks and non-banks) offering MFS models in the country and outreach (active MFS clients) of each financial institution offering MFS models
7. Number and percentage of market share of mobile network operators (MNOs) that operate non-bank MFS models in the country
8. Number of non-banks and banks that are interoperable by MFS model
9. Number of MFS deployments
10. Number of MFS cash points
11. Mobile phone penetration (active mobile phones/ total population)

About AFI Mobile Financial Services Working Group Guideline Notes

The AFI Mobile Financial Services Working Group guideline notes are based on the experience of group members and attempt to provide guidance on the definition of common standards, approaches, and practices for MFS regulation and supervision within AFI member institutions. The notes are not summaries of best practices nor do they propose new principles or revisions to existing core principles. Instead, they highlight key MFS policy and regulatory issues and identify challenges to be addressed. The definitions here are intended to complement rather than replace similar MFS definitions drafted by International Standard Setting Bodies (SSBs).

About AFI

The Alliance for Financial Inclusion (AFI) is a global network of financial inclusion policymaking bodies, including central banks, in developing countries. AFI provides its members with the tools and resources to share, develop and implement their knowledge of financial inclusion policies. We connect policymakers through online and face-to-face channels, supported by grants and links to strategic partners, so that policymakers can share their insights and implement the most appropriate financial inclusion policies for their countries' individual circumstances.

Learn more: www.afi-global.org

Alliance for Financial Inclusion

AFI, 399 Interchange Building, 24th floor, Sukhumvit Road, Klongtoey - Nua, Wattana, Bangkok 10110, Thailand
t +66 (0)2 401 9370 f +66 (0)2 402 1122 e info@afi-global.org www.afi-global.org

www.facebook.com/AFI.History  [@NewsAFI](https://twitter.com/NewsAFI)

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