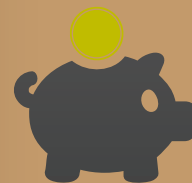




Consejo Nacional de Inclusión Financiera



# Financial Inclusion Report

# 5



2013



# Financial Inclusion Report **5**

2013

2013

## **NATIONAL COUNCIL FOR FINANCIAL INCLUSION**

Luis Videgaray Caso, Minister of Finance (SHCP)  
Fernando Aportela Rodríguez, Vice-Minister of Finance (SHCP)  
Mario Alberto Di Costanzo Armenta, President of the National Commission for the Protection and Defense of Financial Users (CONDUSEF)  
Jaime González Aguadé, President of the National Banking and Securities Commission (CNBV)  
Manuel Aguilera Verduzco, President of the National Insurance and Bonding Commission (CNSF)  
Carlos Ramírez Fuentes, President of the National Commission for the Pension System (CONSAR)  
Lorenzo Meade Kuribreña, Executive Secretary of the Bank Savings Protection Institute (IPAB)  
Irene Espinosa Cantellano, Treasurer of the Federal Treasury Office (TESOFE)  
Agustín Guillermo Carstens Carstens, Governor of the Central Bank (BANXICO)  
Manuel Sánchez González, Vice-Governor of the Central Bank (BANXICO)  
Bernardo González Rosas, Executive Secretary of the National Council for Financial Inclusion

## **MEASURING AND DISCLOSURE WORKING GROUP OF THE NATIONAL COUNCIL FOR FINANCIAL INCLUSION**

María Fernanda Trigo Alegre (CNBV – Chair)  
David Esau López Campos (SHCP)  
Sara Gutiérrez López Portillo (CONDUSEF)  
Gabriela Basurto Lizaola (CNSF)  
Carlos Arturo Marmolejo Trujillo (CONSAR)  
Raúl Castro Montiel (IPAB)  
Galia Borja Gómez (TESOFE)  
José Luis Negrín Muñoz (BANXICO)

## **FINANCIAL INCLUSION REPORT TEAM**

Coordination, editing, design and publishing efforts were led by the National Banking and Securities Commission through the General Management for the Access to Financial Services within the Vice-presidency of Regulatory Policy.

Zaira Viviana Badillo Luna, Alberto López Pacheco, Lucio López Rincón, Francisco Martínez Zárate, Patricia Medina Barrera, Laura Karina Ramos Torres, Sarahi Reyes González y Luis Treviño Garza.

Creativity and design provided by: Noemí Tecanhuey Sánchez, Manuel Schutte Zuñiga y Bernabé Zamora García.

# ACKNOWLEDGEMENTS

We hereby acknowledge the following people for their contributions to the working group: Ramiro Álvarez Hernandez, Marco Ariel Álvarez Miranda, Juan Manuel Andrade Hernández, Luis Arias Osoyo, Yolanda Cué López, Gerardo Escobedo García, José Antonio González Carranca, Laura Isabel León Ochoa, Alejandro Maldonado Viveros, Héctor Mancera Reynoso, Alberto Mendoza Hernández, Beatriz Monroy Noriega, Alfonso Ordiales Bassols, Alejandro Osorio Carranza, Lorenzo Reinoso Dueñas, Roberto Rodríguez Hernández, Mónica Patricia Rodríguez Quintero, Héctor Romero Gatica, Saidé Aranzazú Salazar Altamirano, Francisco Mier Sainz Trápaga, Alejandro Soto Benítez y Yearim Valles Arellano.

We also thank the Alliance for Financial Inclusion for its support to publish this 5th edition of the report on financial inclusion.



# CONTENT

Data Sources  
p.15

Introduction  
p.17

Commitment to financial inclusion p.18  
National Policy for Financial Inclusion p. 8  
National Survey for Financial Inclusion p.19  
Sections of the 5th Financial Inclusion Report p.21

Chapter 1 Access Channels  
p.23

Core access indicators p.24  
Core access indicators at a national level p.26  
Access points p.27  
Branches p.27  
ATMs p.27  
Point of Sale Terminals p.28  
Banking agents p.29  
Mobile banking p.32  
Internet banking p.32  
Coverage p.35  
Presence of each access channel in municipalities p.35  
Integration of access channels p.36  
Indicators at a state level p.37  
Access points p.37  
Branches p.37  
ATMs p.39  
Point of Sale Terminals p.38  
Banking agents p.38  
Mobile banking p.38  
Coverage p.42  
Indicators at a municipal level p.43  
Access points p.44  
Branches p.44  
ATMs p.44  
Point of Sale Terminals p.45  
Banking agents p.46  
Coverage p.47  
ENIF results in regards to channel use p.49  
Branches and ATMs p.49

- Banking agents p.49
- Mobile banking and Internet banking p.50
- Transactions carried out using the main access channels p.50
- Main supply and demand information in the different access channels p.50

## Chapter 2 Deposits p.51

- Core deposit indicators p.52
  - Deposit products p.53
- Deposit indicators at a national level p.55
  - Banking deposit products p.57
  - Bank debit cards p.58
  - EACP deposit products 59
  - EACP debit cards p.59
- Deposit Indicators at a state level p.60
  - Banking sector p.60
  - Popular Savings and Credit Institutions (EACP) p.63
  - Coverage p.65
- ENIF results regarding the usage of deposit products p.68
- Deposit insurance p.69
- Indicators for deposit insurance at a national level p.70
- 2012 ENIF results regarding the knowledge of deposit insurance p.71

## Chapter 3 Credit p.73

- Core usage indicators p.74
- Usage indicators for credit to individuals p.75
  - Banking credit products p.78
    - Credit cards p.78
    - Personal loans p.79
    - Payroll loans p.79
    - Group loans p.83
    - Car loans p.83
    - Mortgage loans p.83
  - EACP credit products p.86
- Credit indicators at a state level p.86
  - Banking sector p.86
  - EACP p.89
  - Coverage p.91
- Credit indicators for enterprises and MSMEs p.93
  - Bank loans to enterprises p.95
  - EACP commercial loans p.96
- ENIF results on usage of credit products p.97

## Chapter 4 Transactions p.100

- General scheme of transactions p.101
- Core transaction indicators p.103
- Transaction indicators at a national level p.104
  - Reported transactions with checks p.104
  - Transactions at ATMs p.105
  - Payments at Point of Sale Terminals p.107
  - Electronic funds transfers p.110
  - Transactions through banking agents p.111
  - Remittances from abroad p.114
- ENIF results regarding transactions p.115
  - Transactions at ATMs p.115
  - Card payments at businesses p.116
  - Remittances p.117

## Chapter 5 Insurance p.118

- Core insurance indicators p.119
- Insurance indicators at a national level p.120
- Insurance indicators at a state level p.123
- Insurance sale channels at a national level p.131
- Main insurance distribution channel at a state level p.135
- Microinsurance p.138
- ENIF Results in regards to financial literacy p.141

## Chapter 6 Retirement Savings Fund System p.145

- Core retirement savings indicators p.146
- Retirement savings indicators at a national level p.148
  - Individual accounts p.148
  - Voluntary and solidarity retirement savings p.153
- ENIF results for retirement savings accounts p.156

## Chapter 7 Government Payments G2P p.159

- Core government payment indicators p.160
- Government payment Indicators at a national level p.161
  - Payroll p.163
  - Pensions p.164
  - Social programs p.164
- Payment of government programs to beneficiaries of social programs p.165
  - Electronic distribution of government grants p.166

## Chapter 8 Financial Education p.169

- Relevance of financial education p.170
- Financial Education: Your gain p.171
- National Financial Education Week p.172

Financial education efforts of public and private  
institutions in Mexico p.174  
ENIF results in regards to financial education p.177

## Chapter 9 Consumer Protection p.182

CONDUSEF p.183  
Core consumer protection indicator p.183  
Defense actions p.185  
Indicator at a national level p.187  
State level Indicators p. 187  
Claims with monetary impact, brought by  
commercial banking clients in Mexico p.189  
Claims per financial products p.189  
Claims per Transaction channels p.190  
Grounds for claim p.191  
Results of claims and average response time p.192  
Amount claimed and credited to the client p.193  
ENIF results in regards to consumer protection p.193

## Chapter 10 Mobile Financial Services in Mexico p. 195

International background p.197  
Mobile financial services in Latin America  
and the Caribbean p.197  
Mobile financial services in Mexico p.198  
Regulation of mobile financial services p.198  
Recent development of products linked with  
mobile financial services p.199  
Mobile financial services indicators in Mexico p.203  
Mobile phone services coverage p.204  
Cashpoints linked to mobile financial  
services p.205  
Contracts linked to mobile financial services  
in Mexico p.207  
Next steps in the development of mobile financial  
services in Mexico p.208

Afterword  
p.209

Bibliography  
p.213

Annex 1      Infographics per state  
p.215

Anexo 2.      SOFOM ENR  
p.248      Multiple Purpose Financial Institutions (SOFOM) p.249  
                Universe of SOFOM E.N.R. (Non-Regulated  
                Multiple Purpose Financial Institutions) p.250  
                Distribution of SOFOM E.N.R. per state p.251  
                Core access indicators p.252  
                SOFOM E.N.R. per 100,000 adults p. 252  
                Coverage of municipalities with access p.254  
                Adult population with possibility of access p.254  
                Regulation of SOFOMs E.N.R. by CONDUSEF p.255



## Financial Inclusion Indicators for Mexico December 2012

Indicator **afi** Alliance for Financial Inclusion

### Access

Indicator	Definition	Value
Access points per 10,000 adults	Regulated cash-in and cash-out access points per 10,000 adults.	9.66
Percentage of municipalities with at least one access point.	Municipalities with at least one regulated cash-in cash-out access point.	68%
Percentage of adults living in a municipality with at least one access point.	Proportion of the adult population living in a municipality with one regulated cash-in cash-out access point.	97%

### Usage

	Indicator	Definition	Value
Deposits	Deposit products per 10,000 adults (Deposit Contracts)	Total number of banking sector contracts for savings, transactional accounts, and term deposits and Popular Savings and Credit Institutions (EACP) savings, sight and term deposits per 10,000 adults.	11,544
	Debit Cards per 10,000 adults	Number of banking sector and EACP debit card contracts per 10,000 adults.	11,326
Credit	Credit products per 10,000 adults (credit contracts)	Total number of credit cards, group, mortgage, consumer and housing credits granted per 10,000 adults	5,407
Transactions	Cash withdrawals in ATMs per 10,000 adults	Cash withdrawals with bank card at ATMs per 10,000 adults during the last quarter of 2012.	45,062
	Payments in stores per 10,000 adults	Number of payments with bank cards (credit and debit) through POS terminals inside stores per 10,000 adults during the last quarter of 2012.	49,684
	Electronic fund transfers per 10,000 adults	Money transfers sent from a bank account to another bank account at the same bank or at a different bank per 10,000 adults, during the last quarter of 2012	34,001
	Average remittance income (USD)	Average amount transferred from abroad to be delivered inside national territory.	269 USD
Insurance	Premium per capita of the total market	Premium per capita in the insurance market (including life, accident, medical and damages insurance) in Mexican pesos.	2,703 pesos
Retirement Savings Fund	Retirement savings accounts per 10,000 adults.	Number of personal accounts from each worker managed by a Pension Fund Administrator (known as AFORE) per 10,000 adults.	5,821

### Consumer Protection

Indicator	Definition	Value
Actions by CONDUSEF per 10,000 adults	Number of claims, controversies, judgments, arbitration and advocacy requests attended by the National Commission for the Protection and Defense of Financial Users per 10,000 adults.	155

The information employed for calculating demographic indicators corresponds to the adult population projection for 2012 taken from the National Council of Population (CONAPO, for its acronym in Spanish). The data is based on subjects that are 15 years of age and older.

"Data sources for the construction of the indicators include:

access data (branches, banking agents, ATMs, Points of Sale Terminals), and figures for deposit products and credit products are taken from reports 040-4A-R1, 26A-R8 of the National Banking and Securities Commission (CNBV for its acronym in Spanish) and from reports submitted directly to the CNBV by authorized EACP; data for the core indicators regarding insurance were provided by the National Insurance and Surety Bonds Commission (CNSF, for its acronym in Spanish); the figures related to retirement savings were provided by the National Commission for the Pension System (CONSAR for its acronym in Spanish); finally, data for the consumer protection indicator was provided by the National Commission for the Protection and Defense of Financial Users (CONDUSEF, for its acronym in Spanish)."



# GLOSSARY

ABM	Mexican Banks Association.
AFI	Alliance for Financial Inclusion.
AFORE	Pension Funds Administrator.
AMAFORE	Mexican Association of Pension Fund Administrators.
AMASFAC	Mexican Association of Insurance and Surety Bond Brokers.
AMIPCI	Mexican Internet Association.
AMIS	Mexican Association of Insurance Institutions.
BANJÉRCITO	National Bank of the Army, Air Force and Navy.
BANSEFI	National Savings and Financial Services Bank.
BANXICO	Central Bank of Mexico (Banco de México).
CECOBAN	Banking Computing Center.
CGAP	Consultative Group to Assist the Poor.
CLABE	Standardized Bank Code associated to bank account.
CNBV	National Banking and Securities Commission.
CNSF	National Insurance and Surety Bond Commission.
COFETEL	Federal Telecommunications Commission.
CONAIF	National Council for Financial Inclusion.
CONAPO	National Council of Population.
CONDUSEF	National Commission for the Protection and Defense of Financial Users.
CONEVAL	National Council for the Assessment of Social Development Policy.
CONSAR	National Commission for the Pension System.
CUT	Single Treasury Account.
DICONSA	Federal agency responsible of the distribution system for the supply of commodities to rural localities of high and very high marginalization.
EACP	Popular Savings and Credit Institutions.
ENIF	National Survey for Financial Inclusion Survey.
ENIGH	National Survey on Household Income and Expenditure.
ENR	Non-regulated Entities.
ER	Regulated Entities.

FONACOT	Institute for the National Fund for Employee Consumption.
G2P	Government-to-Person.
GPFI	G20 Global Partnership for Financial Inclusion.
GSMA	Global System for Mobile Communications Association.
IFC	International Financial Corporation.
IMSS	Mexican Institute of Social Security.
INEGI	National Statistics and Geography Institute.
INFONAVIT	Institute for the National Fund for Employee Housing.
IPAB	Bank Savings Protection Institute.
ISSSTE	Institute for Social Security and Services for State Workers.
LFPRH	Federal Treasury Budget and Liability Law.
PIN	Personal Identification Number.
P2P	Person-to-Person.
PEMEX	Mexican Petroleum (state-owned petroleum company).
GDP	Gross Domestic Product.
SAR	Retirement Savings Fund System.
MFS	Mobile Financial Services.
SIC	Credit Information Companies.
SIEFORE	Investment Company Specialized in Retirement Funds.
SHCP	The Ministry of Finance.
SHF	Federal Mortgage Corporation.
SMS	Short Message Service.
SNEF	National Financial Education Week hosted by CONDUSEF.
SOFIPO	Popular Finance Institution.
SOFOL	Limited Purpose Financial Institution.
SOFOM	Multiple Purpose Financial Institution.
SPEI	Interbank Electronic Payment System.
TELECOMM	Telecommunications of Mexico (Government Agency that forms part of the Public Communications and Transportation sector).
CC	Credit Card.
CD	Debit Card.
ETF	Electronic Fund Transfer.
TESOFE	Federal Treasury Office.
POS	Point of Sale Terminal.
UDI	Investment Unit.
WOCCU	World Council of Credit Unions.
ZMCM	Mexico City Metropolitan Area.

# DATA SOURCES

The information regarding the design of Financial Inclusion core indicators is taken from the Alliance for Finance Inclusion (AFI). The information on adult population to calculate the indicators for Mexico is based on the population forecasts by the National Population Council (CONAPO for its acronym in Spanish). Additionally, this year, the report presents results from the National Survey for Financial Inclusion, conducted by the National Statistics and Geography Institute (INEGI for its acronym in Spanish) in coordination with the National Banking and Securities Commission (CNBV for its acronym in Spanish).

In chapter 1, the information regarding bank branches, ATMs, points of sale terminals and accounts accessed through mobile phones is taken from the regulatory reports that the entities in the Supervised Entities Registry (PES, for its abbreviation in Spanish) submit to the CNBV, specifically from the series (minimum catalog) R01. The information for Popular Savings and Credit Institutions (EACP for its abbreviation in Spanish) was reported to the CNBV directly by the Cooperatives and the Popular Financial Institutions (known as SOFIPO). The analysis for Cooperatives takes into account only those Cooperatives that have received authorization from the CNBV. The data for banking agents is taken from the series (data by banking agent) R26. The information regarding subscriptions to mobile devices comes from the Telecommunications Markets Statistical Information System (SIEMT, for its abbreviation in Spanish) of the Federal Telecommunications Commission (COFETEL, for its acronym in Spanish). Moreover, information on the number of Internet banking users was provided by the Central Bank (Banco de México) and the figures on the usage of Internet Banking correspond to the 2012 study about Internet Banking in México conducted by the Mexican Internet Association (AMIPCI, for its acronym in Spanish).

For chapter 2, there are diverse data sources; the information related to banking deposit products is taken from the series R01, and from the R24 series on operating information reported by CNBV; the information on EACP was reported by the same institutions; the indicators regarding deposit insurance were provided by the Bank Savings Protection Institute (IPAB for its acronym in Spanish).

In chapter 3, the information of banking credit products is taken from the series R01, and the series of credit portfolio R04 reported by the CNBV. Information on EACP was reported directly by the same Institutions. The data related to group loans was provided by Compartamos Bank. The information on mortgage loans by the Institute for the National Fund for Employee Housing (INFONAVIT, for its acronym in Spanish) is taken from the Institute's website. The information on loans from the Institute for the National Fund for Employee Consumption (FONACOT, for its acronym in Spanish) was provided by the same Institute. The data related to the number of MSMEs was taken from the Economic Census conducted by INEGI in 2009.

For chapter 4, the information regarding the core indicators on transactions and remittances was taken from Banco de México. The information on banking correspondents comes from the series R26.

Related to chapter 5, the information to calculate core indicators for the measurement and analysis related to the insurance market comes from the National Insurance and Surety Bonds Commission (CNSF for its acronym in Spanish) and INEGI. The Ministry of Treasury and Public Credit (SHCP, for its acronym in Spanish) provided the conceptual definition for the potential micro-insurance market. Data from the 2010 National Survey on Household Income and Expenditure

(ENIGH, for its abbreviation in Spanish) was also taken into account to define the potential of the micro-insurance market.

Regarding chapter 6, the information on the Retirement Savings Fund System (SAR, for its abbreviation in Spanish), as well as its related core indicators were provided by the National Commission for the Pension System (CONSAR, for its acronym in Spanish).

In chapter 7, the core indicators for government payments are provided by the Federal Treasury Office (TESOFE, for its acronym in Spanish). Data on the section about cash transfers to beneficiaries of government programs has been provided by the National Savings and Financial Services Bank (Bansefi for its abbreviation in Spanish).

For chapter 8, the National Commission for the Protection and Defense of Financial Services Users (CONDUSEF, for its acronym in Spanish) provided the information on the activities it performs according to the Financial Services Users Protection Law. CONDUSEF also provided the information regarding the various actions taken by other government agencies, financial institutions and associations in the field of financial literacy.

On chapter 9, CONDUSEF provided the data reported this section, as well as the information for the core indicator on assistance to financial services users. The numbers of current contracts of financial products were obtained from CONSAR, CNBV and CNSF.

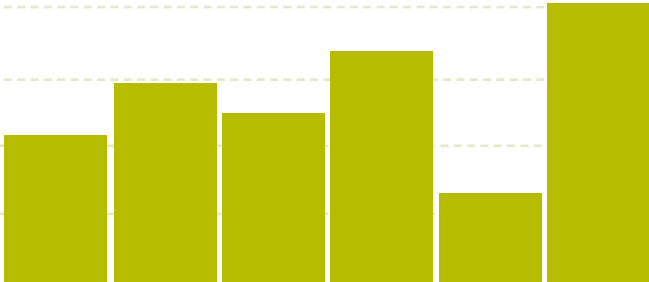
As for Chapter 10, the information related to the structure of mobile financial services worldwide was taken from AFI. The numbers regarding subscriptions to mobile services in Mexico were obtained from COFETEL. The information related to the mobile financial services in México comes from Banco de México and CNBV.

Finally, data from the ENIF results provided in each chapter is taken from INEGI.

The data of the info-graphics by federal entity in Annex 1 derives from the sources for each sector.

The maps provided throughout the report were constructed with the System Integrated Geospatially Referenced Information tool (IRIS, for its abbreviation in Spanish) version 4.2, developed by the Information Systems Editing and Application Management Unit from INEGI.

# INTRODUCTION



In Mexico, financial inclusion is defined as the access and the usage of formal financial services under a proper regulation that will guarantee consumer protection and promote financial education to improve the financial capabilities of all population segments<sup>1</sup>.

1. Based on definition included in the decree by which the National Council on Financial Inclusion was established, published on October 3, 2011.

# INTRODUCTION

## Commitment to financial inclusion

---

Financial inclusion has four key dimensions: i) access, refers to the financial infrastructure available to provide financial services and products such as, branches, ATMs, point of sale terminals, mobile banking and internet banking; ii) usage, related to the number of financial products available to the population, such as, savings, checks and payroll accounts, deposits, debit and credit cards, mortgages, personal and car loans, life, car and medical insurance, retirement savings funds, among others; iii) financial literacy, refers to the knowledge and conscious usage of financial services and products, and; iv) consumer protection, which relates to the creation of equitable conditions between suppliers and consumers of financial services.

On October 3rd 2011, as a sign of the highest commitment to financial inclusion, and in order to strengthen and facilitate the coordination among authorities, the private sector and other relevant members of the financial system, the Mexican government created by presidential decree the National Council for Financial Inclusion (CONAIF for its acronym in Spanish). The CONAIF is the consulting, advising and coordinating organism through which the financial authorities in the country coordinate to formulate, implement and monitor the National Policy for Financial Inclusion.

Also, the CONAIF, through its Measurement and Disclosure Working Group, chaired by the National Banking and Securities Commission (CNBV), coordinates the financial authorities to collect and generate information and statistics in order to carry out a diagnosis on the current situation of financial inclusion in Mexico. One of the objectives of the Measurement and Disclosure Working Group is to provide information that guides the design of public policies and that contributes to the creation of national-level indicators to set and measure financial inclusion goals.

To that purpose, in 2012, the National Survey for Financial Inclusion (ENIF) was designed and applied as one of the key efforts to generate information to portray users of financial services and identify barriers for access and usage of the financial system.

Also, the members of the Council collaborated for a second occasion in the elaboration of the 5th edition of the Financial Inclusion Report, with the intent of giving continuity to the disclosure of detailed information about access, usage and the current situation of the financial system regarding financial inclusion.

## National Policy for Financial Inclusion

---

The National Council for Financial Inclusion has, as one of its priorities, the definition of the National Policy for Financial Inclusion. Specifically, the definition of a National Policy seeks to promote the design of products suitable to the characteristics and needs of those currently excluded, that is, those without access and/or those that do not use the formal financial system, as well as those that participate in the financial system but, for various reasons do not take advantage or do not understand the different products and services.

The policy is an instrument of collective action designed to guide the decisions, actions and interactions of both the CONAIF and its individual members, as it relates to their fields of expertise. Also, it is a tool to consolidate the commitment and the coordination between authorities and to establish common priorities, as well as to guide the efforts of other participants in the field such as financial institutions and non-governmental organisms. The policy reaffirms the intention to implement best practices in financial inclusion and financial literacy.

The main purpose of the policy is to ensure that the Mexican financial system has greater penetration and that it provides service to segments of the population that are currently underserved or unserved, in order to promote greater access and usage of financial services and products. The overall purpose is to promote economic development, increase employment and productivity, contribute to the improvement of population's welfare by expanding development opportunities for families within a strong and stable framework of the financial system. With the definition of the Policy, the following objectives are sought:

- Guide the actions of the Council to aid the consolidation of its consulting and advisory tasks.
- Establish the financial inclusion public policy lines for Federal Government.
- Coordinate the efforts of the various Federal Government agencies that have an impact on financial inclusion.
- Set priorities for the execution of financial inclusion.
- Provide a reference on financial inclusion policies of the Federal Government to financial intermediaries and the general population.

## National Survey for Financial Inclusion

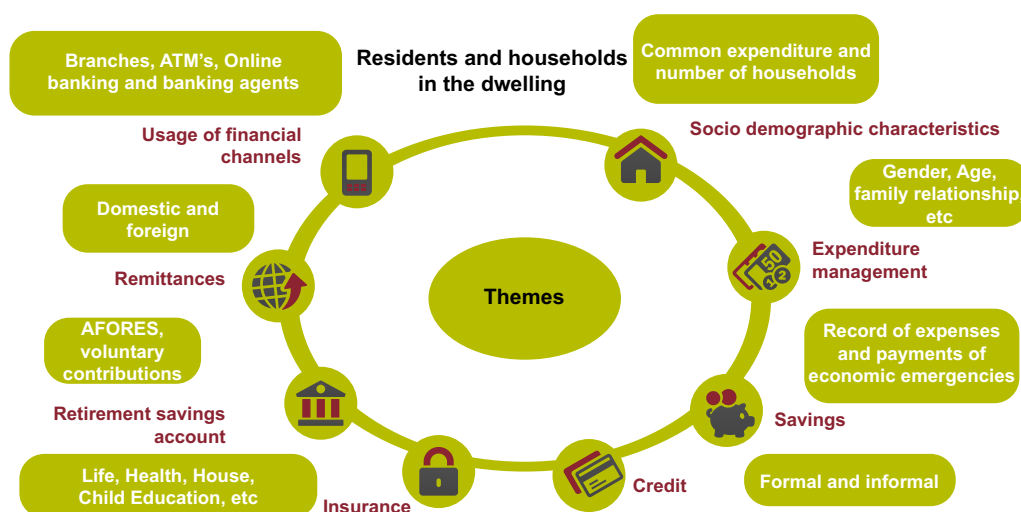
The Federal Government, committed to the development of better instruments and programs to provide financial services to the whole population, has performed several tasks; among them, creating new measuring methodologies for measuring financial inclusion.

To this purpose, the National Banking and Securities Commission (CNBV) and the National Statistics and Geography Institute (INEGI) joined forces and technical capacities to develop the National Survey for Financial Inclusion (ENIF). The ENIF arises in response to the request from financial authorities to have information from adults, both users and non-users of formal financial services. The purpose of conducting the ENIF was to generate information that would provide a complete picture of the range, the challenges and opportunities that the financial system has to provide services appropriate to target population needs.

Therefore, among the general objectives for the survey stands out its function as a measuring instrument to evaluate the progress of the actions related to this matter, generate information to design public policies directed at improving financial inclusion, generate national-level official indicators that allow financial authorities to carry out a financial inclusion diagnosis and establish short and long term goals, and provide elements for financial institutions to increase and focus their efforts on financial inclusion. The overall purpose is to deepen and make more inclusive the Mexican financial system, safeguarding its integrity and stability.

The ENIF covers eight key topics: socio-demographic characteristics, administration of expenses, savings, credit, insurance, retirement savings, remittances, and usage of financial channels.

Graphic A. ENIF topics



The development of the conceptual framework for the survey was a shared task between INEGI and CNBV. The topics included were defined according to the information needed based on the requirements of the CONAIF. The methodological support associated to this project is preented below.

The main methodology references associated with the key goals and objectives of the project include:

Target population: the survey targeted the population segment of 18 to 70 years old that lives permanently within the national territory.

Units selected: primary sampling units included households and persons 18 to 70 years old.

Geographical range: the project was design to obtain information from over seven thousand households across the country, in both urban and rural areas, which allowed for the generation of results with national representation that could be disaggregated by size of locality, those with 15 thousand or more inhabitants and those with less than 15 thousand inhabitants.

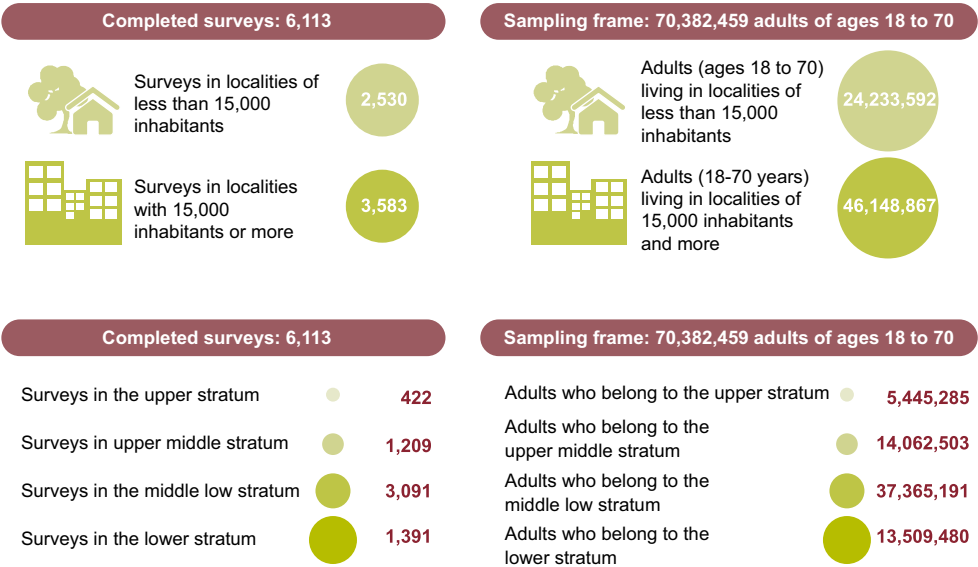
Reference period: in the different survey sections questions referred to the time of the interview. Additionally, the sections on savings, credit and usage of financial services channels questions referred to the period of April 2011 and the date of the interview.

Data collection period: From May 3rd to May 31st, 2012.

Survey method: direct interview applying and electronic questionnaire from a mini laptop. The questionnaire is arranged in a structured way to raise questions in an orderly fashion. Some questions were close-ended while other allowed for multiple answers.

Survey respondents: individuals, 15 years of age or older, household residents that can answer questions in the first two sections regarding household individuals. The remaining sections of the survey must be answered by individuals between 18 to 70 years of age.

Survey’s sample design



## Sections of the 5th Financial Inclusion Report

---

The fifth edition of the Financial Inclusion Report provides an update of the statistical figures of the various access channels, as well as different financial products. The report is divided in five sections. The first four correspond to the dimensions of financial inclusion: access, usage, financial literacy and consumer protection. The fifth section refers to mobile financial services; a section is addressed with special interest due to its novelty and its recent incorporation as an access channel with enormous potential, mainly for providing service to places where the financial infrastructure is scarce or even lacking.

In this report, data is presented from both the supply and the demand side, that is, the data provided by each government institution is complemented with the general results from the ENIF.

The report is composed of the following sections:

### I. Access

Includes an analysis, at a national-level, of the principal access channels: branches, ATMs, points of sale terminals, correspondents, internet banking and mobile banking, as well as their usage by the adult population.

### II. Usage

Presents an analysis of various financial products. Each product is discussed in a separate chapter. Chapter 2 covers deposit products, supplemented with information from deposit insurance; chapter 3 refers to credit; chapter 4 covers the main transactions (cash withdrawals, store payments, electronic funds transfers)

and remittances; chapter 5 refers to insurance; chapter 6 covers retirement savings; and chapter 7 refers to government payments.

### III. Financial Literacy

Chapter eight addresses the national efforts by CONDUSEF on financial literacy, as well as the existing programs that have been developed in coordination with other institutions interested in the subject.

### IV. Consumer Protection

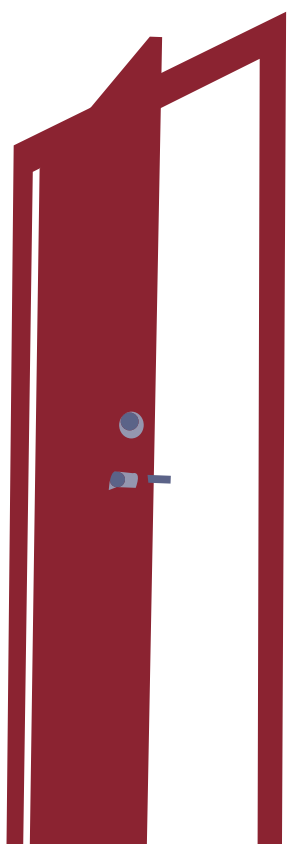
Chapter 9 presents statistics about the attention provided to the users of financial services and offers an outlook of the resolutions in favor or against the users.

### V. Mobile Financial Systems

Finally, chapter 10 presents the subject of mobile financial services, including a brief description of the regulation, usage indicators, and recent developments of mobile financial products.



# ACCESS CHANNELS



Access refers to the penetration of the financial system in terms of the infrastructure available for supplying financial products and services, i.e., points of contact between the financial institutions (access channels) and the population, from a supply standpoint.

# ACCESS CHANNELS

# 1

The National Banking and Securities Commission (CNBV, for its abbreviation in Spanish) has actively engaged with several international authorities and agencies, in the definition of a set of indicators<sup>1</sup> used to measure the level of infrastructure in a country, as well as the level of coverage for the population. These indicators are the basis to assess the progress made, detect opportunity areas, and guide the decision making process.

**Core access indicators**

In recent years, the CNBV has worked together with other international authorities and agencies to design indicators that will help identify the degree of financial inclusion at a national level.

The CNBV uses a series of Core Indicators, defined by the Alliance for Financial Inclusion (AFI), to measure and diagnose access to financial products and services as a first element of financial inclusion.

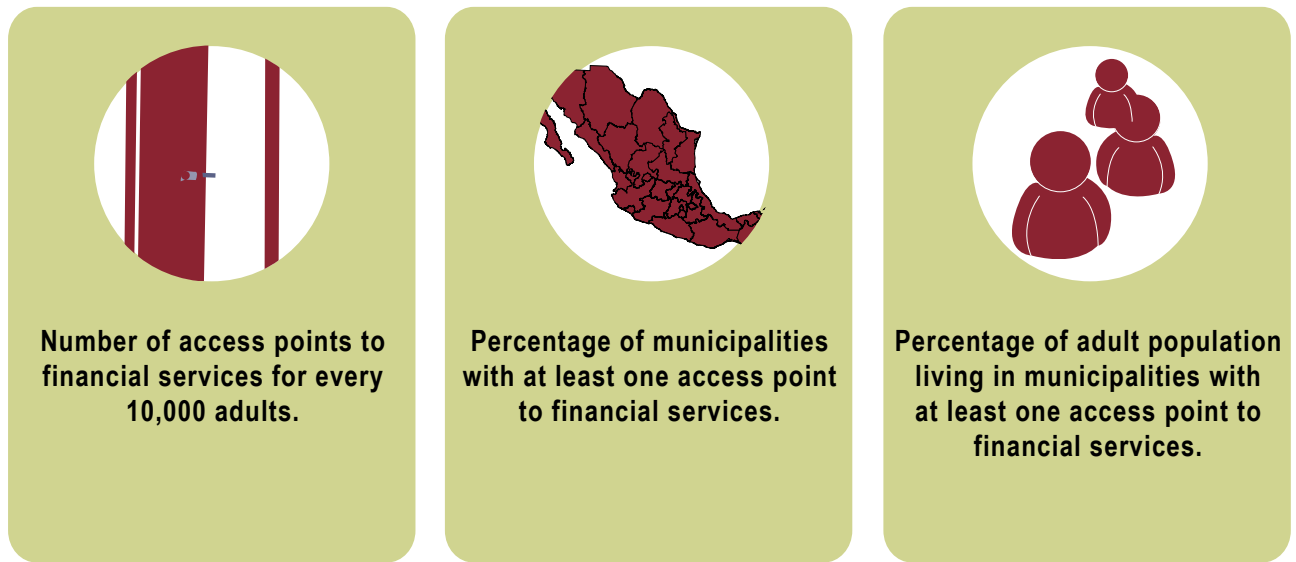
These indicators represent a measurement baseline that will help benchmark Financial Inclusion at an international

level, and create a diagnosis of the status of access to financial services at a national level, in order to support the development, implementation and evaluation of public policies related to financial inclusion. The three core access indicators are shown in Figure 1.1.

The supply-side data in this section comes from regulatory reports periodically submitted by supervised financial institutions to the CNBV. The demand-side data comes from the results obtained from the National Survey for Financial Inclusion (ENIF, for its abbreviation in Spanish) carried out in May 2012.

Data is presented on the banking sector (commercial or retail banking and state-owned banking), credit unions, limited purpose financial institutions (Sofoles, for its abbreviation in Spanish), popular credit and savings entities (including cooperatives and popular finance institutions, known as Sofipos for its abbreviation in Spanish), as well as data on banking agents, who are third parties contracted by a banking institution to manage financial services on its behalf in places where bank branches are not present.

**Figure 1.1 Core set of access indicators defined by AFI**

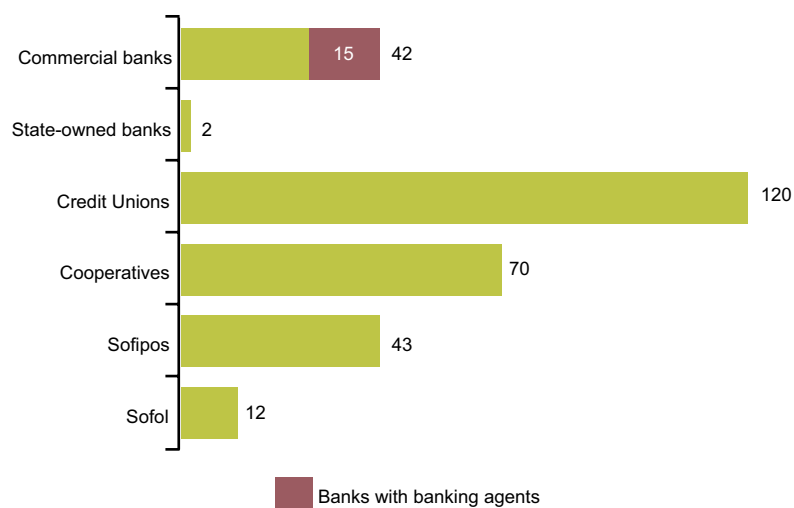


Source: AFI, 2011

1. Alliance for Financial Inclusion: Financial Inclusion Data Working Group, Measuring Financial Inclusion: Core Set of Financial Inclusion Indicators, 2011. G-20: Global Partnership for Financial Inclusion, Sub-Group on Data and Measurement.

Access points to financial services in Mexico are bank branches, ATMs, point of sale (POS) terminals, banking agents, mobile banking and Internet banking.

**Graph 1.2 Number of financial institutions**



Source: CNBV, December 2012

Graph 1.2 shows the number of financial institutions that had been authorized, were being supervised and were carrying out operations as of December 2012. 15 out of 42 commercial banking institutions operate with banking agents. At the end of 2012, there were twelve limited purpose financial institutions (Sofoles<sup>2</sup>) and 120 credit unions.

On the other hand, there were two state-owned banks with direct service to the public, Bansefi and Banjército, 70 cooperatives, and 43 Sofipos.

2. Limited purpose financial institutions (Sofoles), previously contemplated in the Credit Institutions Law, were deregulated in July 2013, except for those entities linked to a bank at an asset level, which shall be converted to multiple purpose financial institutions - regulated entity (SofomER). With this change, Sofom ERs shall comply with the banking regulations and shall continue being supervised by the CNBV.

**Figure 1.3 Core set of indicators established by AFI**

Indicators for the main access points	<b>Branches</b>	Through the fourth quarter of 2012 (4Q12), the number of branches was 16,097, i.e., 1.93 branches for every 10,000 adults, corresponding to an annual average growth rate of 6.5% in contrast to 4Q09.
	<b>ATMs</b>	The number of ATMs remained stable, with 40,770 as of December 2012, which corresponds to 4.89 ATMs for every 10,000 adults.
	<b>POS terminals</b>	Through December 2012, the demographic indicator of point of sales terminals was 66.73 for every 10,000 adults. During the last three years, it has shown an average annual growth rate of 7.6%.
	<b>Banking agents</b>	There were 23,626 points of sale at the end of December 2012. This represents an average annual growth rate of 97.6% since 3Q10, the date in which banking agent regulation was implemented.
	<b>Mobile banking</b>	Accounts linked to a mobile phone are the most recent channel and thus, the channel that has currently grown the most. Through December 2012, there were 883,657 accounts for mobile phone transactions, which represent an average annual growth rate of 182% since 2Q11.
	<b>Internet banking</b>	During the fourth quarter of 2009, there were 1,440 Internet banking users for every 10,000 adults. By the fourth quarter of 2012, this figure rose to 2,370 Internet banking users for every 10,000 adults.

CNBV, December 2012

The status of access to financial services in Mexico for each of the available channels and its evolution from the end of December 2009 (4Q09) to the end of December 2012 (4Q12) according to the available data, is presented next.

## Access points

### Branches

When analyzing the behavior of the number of branches, we find an ongoing growth during the past three years.

Graph 1.4 shows the evolution of the branch infrastructure and the demographic indicator for every 10,000 adults. From 4Q09 through 4Q12, the average annual growth rate of branches was 6.5%, that is, there was an increase of 2,773 branches. It is worth mentioning that the demographic indicator for every 10,000 adults at the end of 2012 is lower than the one reported in 3Q12, in view that the population forecast was updated to 83.4 million adults<sup>3</sup>.

**Graph 1.4 Historical evolution of branches**



Source: CNBV, December 2012

Out of the total branches in the country, at the end of 2012, 80.1% corresponded to commercial banking (12,896), 3.5% to state-owned-banking (554), 9.1% to cooperatives (1,467) and the remaining 7.3% to microfinance institutions (1,180).

### ATMs

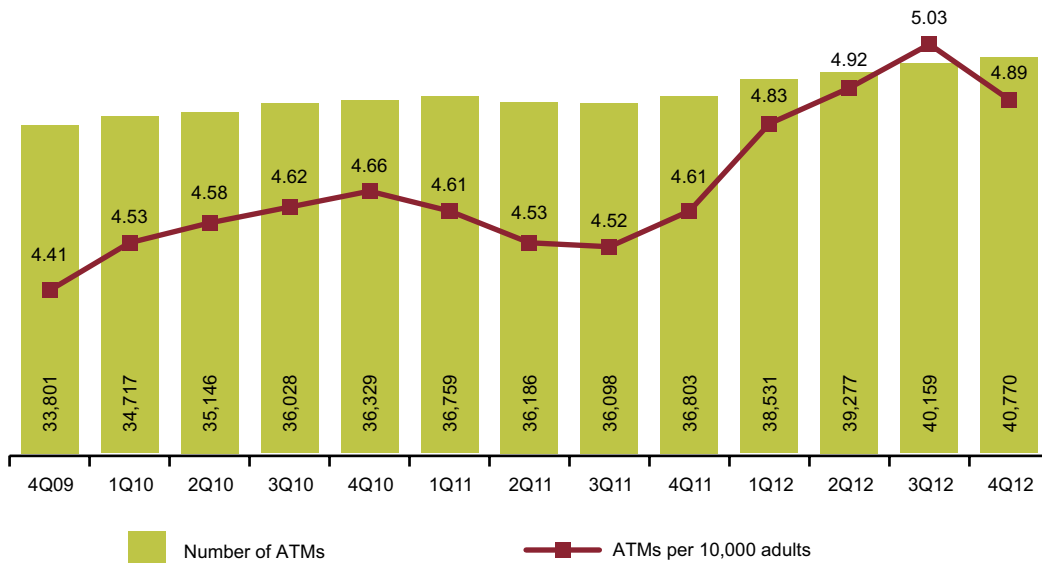
The number of ATMs, like the number of branches, has remained stable during the past two years. From 4Q09

through 4Q12, we find an average annual growth rate of 6.5% in the ATM network, that is, it went from 33,801 to 40,770 ATMs nationwide.

The ATM indicator for every 10,000 adults for 4Q09 was 4.41, increasing to 4.89 by the end of 2012. Graph 1.5 shows the evolution of ATMs in absolute numbers and the demographic indicator for every 10,000 adults.

3. Population forecast for 2013, according to the National Council of Population (CONAPO, for its abbreviation in Spanish).

### Graph 1.5 Historical evolution of ATMs

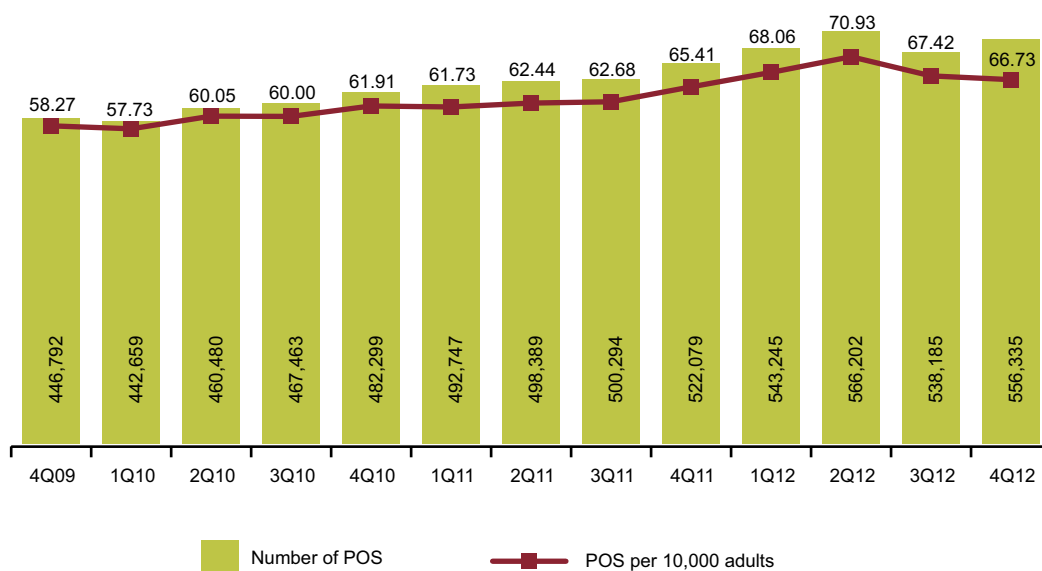


Source: CNBV, December 2012

### Point of Sale Terminals

The number of POS terminals went from 446,792 in 4Q09 to 556,335 in 4Q12, which represents an increase of 109,543 POS terminals and an average annual growth rate of 7.6%. The POS terminal indicator for every 10,000 adults for 4Q09 was 58.27, while, at the end of 2012, it stood at 66.73. Graph 1.6 shows the historical evolution of this access channel.

### Graph 1.6 Historical evolution of POS terminals



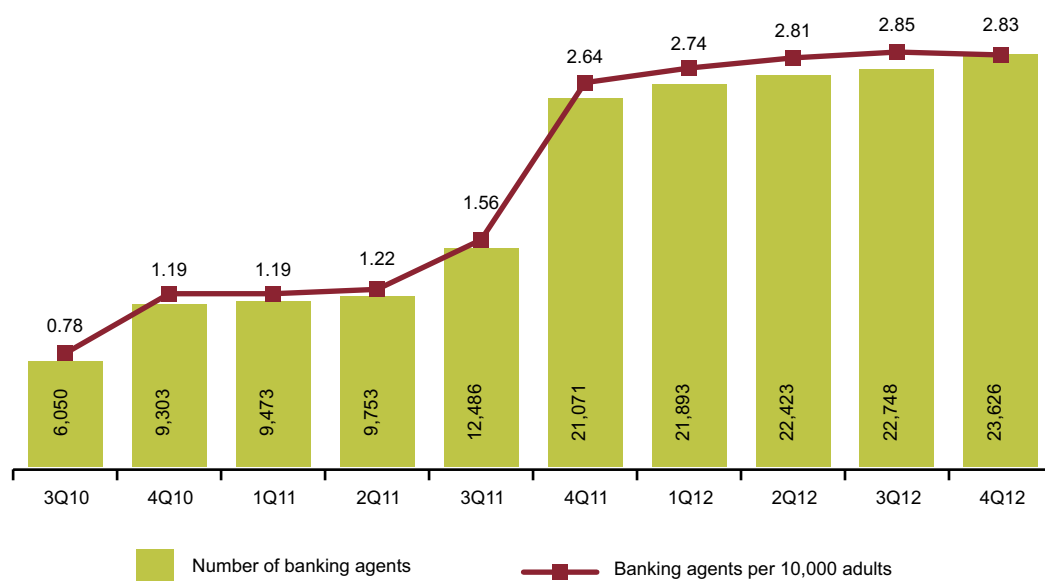
Source: CNBV, December 2012

## Banking agents

Of all access channels, banking agents are those with the greatest percentage increase in number; they started operating in the last quarter of 2010 and, to date, they have 23,626 establishments operating as agents. Banking agents show an annual growth rate of 97.6%.

The evolution of this channel remained stable during 2012; these changes may be observed in Graph 1.7.

**Graph 1.7 Historical evolution of banking agents**

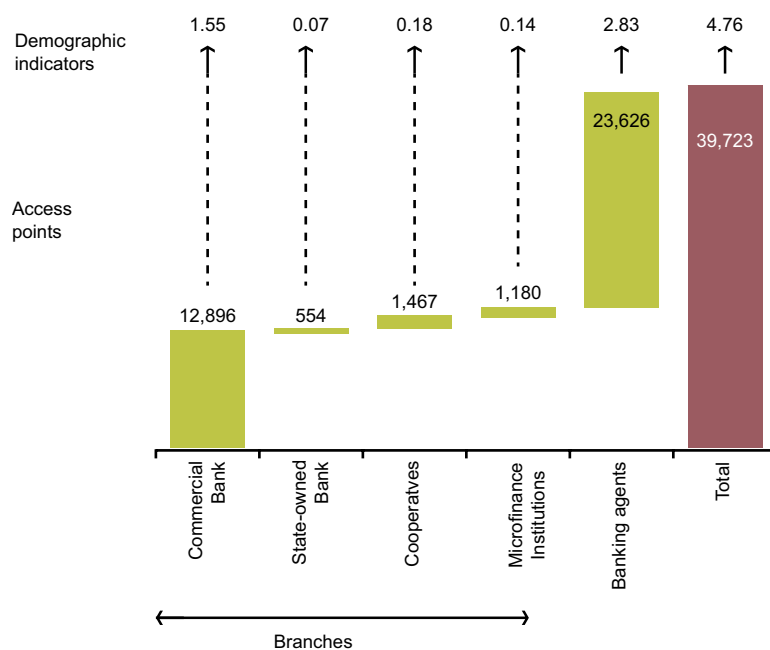


Source: CNBV, December 2012

The indicator of number of branches for every 10,000 adults at a national level stood at 1.93 branches. When including banking agents as access point, this indicator rises to 4.76 access points for every 10,000 adults, resulting in a total of

39,723 access points, as shown in Graph 1.8. In other words, an increase of 47% in regards to the number of access points if only branches are taken into account.

**Graph 1.8 Demographic indicators per type of institution**



\* Includes offices of Compartamos Banco

Source: CNBV, December 2012

## Banking agents

Banking institutions that operate with banking agents are: Afirme, American Express, Banamex, Banco WalMart, BanCoppel, Banorte, Bansefi, BBVA Bancomer, Compartamos Banco, HSBC, Inbursa, Invex, Monex, Santander and Scotiabank.

At the end of 2012, the network of banking agents or administrators of banking agents stood at 24, reaching 749 businesses, with 23,626 access points to financial services in the country.

The banking agent network administrators include:

- |                         |                |
|-------------------------|----------------|
| • 7 Eleven              | • Oxxo         |
| • Afirme                | • Oxxo Express |
| • Banamex Aquí          | • Pítico       |
| • Blockbuster           | • Radio Shack  |
| • Chedraui              | • Sanborns     |
| • Comercial Mexicana    | • Sears        |
| • Coppel                | • Soriana      |
| • Diconsa               | • Suburbia     |
| • Farmacias Benavides   | • Surtifirme   |
| • Farmacias Guadalajara | • Telecomm     |
| • Grameen               | • Vips         |
| • Operadora Merco       | • WalMart      |

The transactions that may be carried out by banking agents are determined by each banking institution and authorized by the CNBV. For each banking agents, different transactions may be authorized, irrespective of the bank which they are linked to.

The transactions that may be carried out at such agent banks are: payment of utilities, cash out, cash in, payment of loans, placement of funds, circulation of payment methods, check cash in, balance inquiry and account opening.

The supply of the services provided by banking agents is limited, since most of them (76%) supply 4 or less services; the most supplied services are the collection of credits (98%) and deposits (92%).

Source: CNBV, December 2012

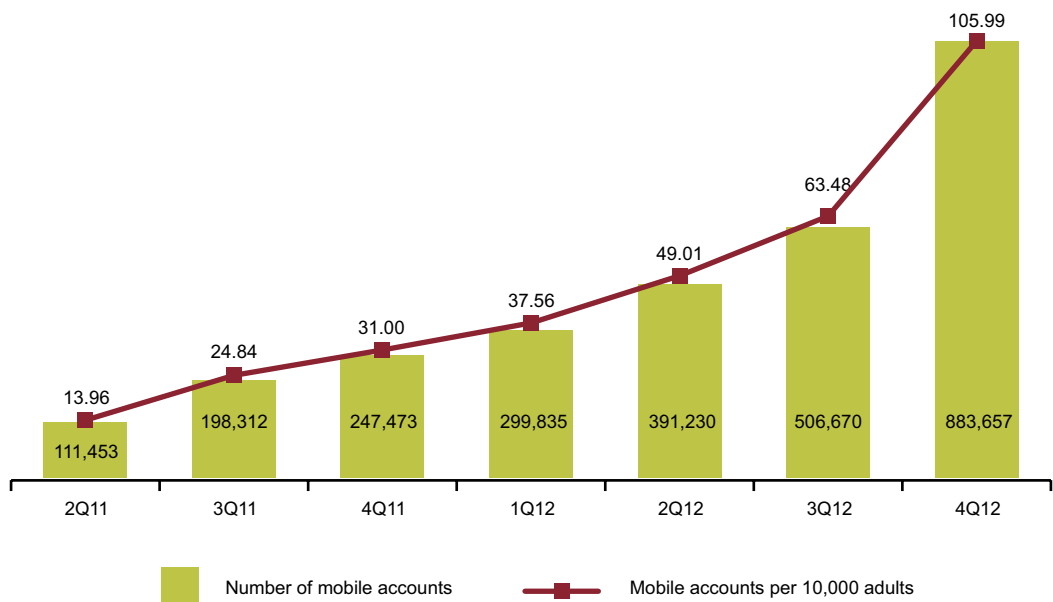
Mobile banking

In Mexico, there are mobile banking products used as access channel through a mobile phone service device. The number of accounts linked to mobile banking has grown more rapidly than in any other access channel, showing an annual growth rate of 182% since they started being reported<sup>4</sup>, i.e., the second quarter of 2011. Through the month of December 2012, the demographic indicator was 105.99 mobile banking accounts for every 10,000 adults. The historical behavior of

accounts linked to mobile phones may be observed in Graph 1.9. Even though the use of mobile banking has increased, it is still below its potential.

Currently, there are only three mobile banking products in the market, promoted by four banks, which shows the need to promote the development of more products.

Graph 1.9 Historical evolution of accounts linked to mobile phones



Source: CNBV, December 2012

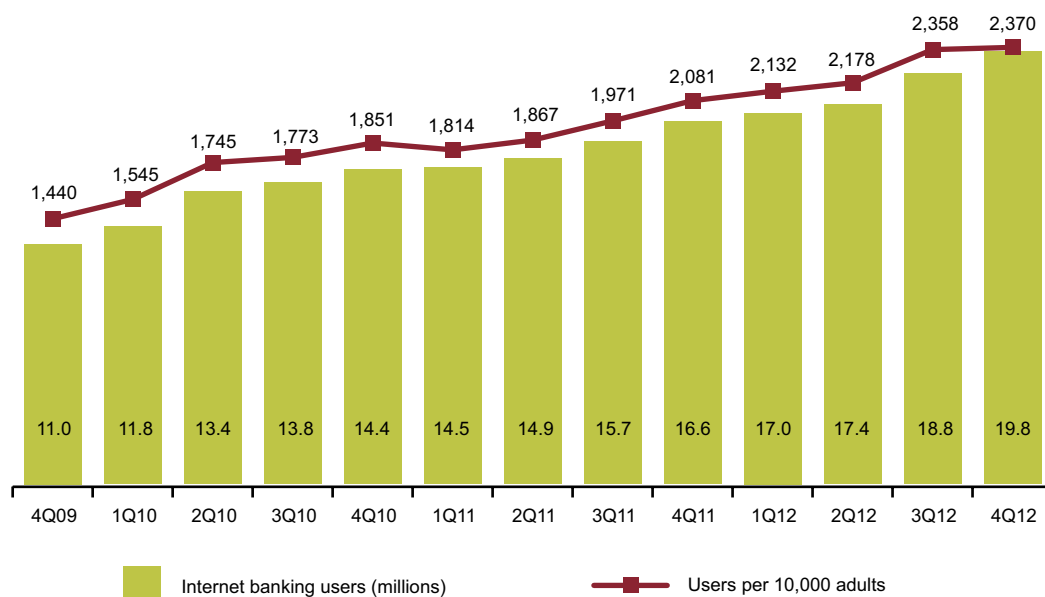
On the other hand, at the end of December 2012, the Federal Telecommunications Commission (COFETEL, for its abbreviation in Spanish) reported 100.7 million mobile phone subscriptions. If we obtain the ratio of the number of mobile banking users to the total number of mobile phone subscriptions<sup>5</sup>, we may observe that such accounts only represent about 1% of the total subscriptions.

Internet Banking

Like mobile banking, Internet banking is considered a product used as access channel through the World Wide Web. The number of Internet banking users has increased 21.4% during the past three years, going from 1,440 users for every 10,000 adults (11 million users in total) in 4Q09, to 2,370 users for every 10,000 adults (19.8 million users in total) in 4Q12. Graph 1.10 shows the historical evolution of this access channel.

4. The number of mobile banking accounts for the three quarters reported in 2011 changed with respect to the Financial Inclusion Report 4 due to the reclassification of this type of accounts.  
5. Subscriptions to mobile phones are reported for the total population.

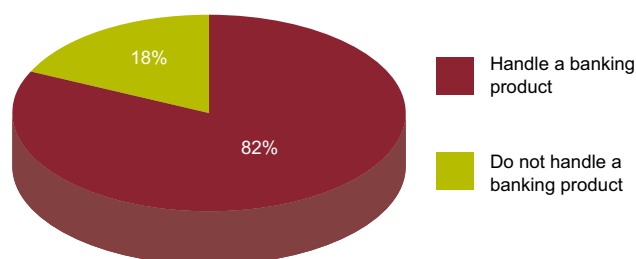
**Graph 1.10 Historical evolution of the number of Internet banking users**



Source: Banco de México, December 2012

As of December 31 2012, out of the total Internet users in Mexico (40.6 millions), 82% had at least a banking product or service (credit or debit card, checking account, payroll account, car insurance, medical insurance, etc.), as shown in Graph 1.11. The above represents an increase of 5% with respect to 2011. Half of the users have had such type of product or service for five years or more.

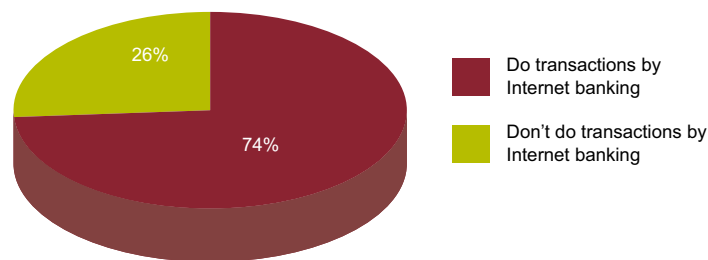
**Graph 1.11 Internet users who have banking products or services**



Source: Study on Internet banking in Mexico, AMIPCI, 2012

Out of the users who have a given banking product or service and who visit bank websites, 74% carry out transactions using Internet banking (Graph 1.12).

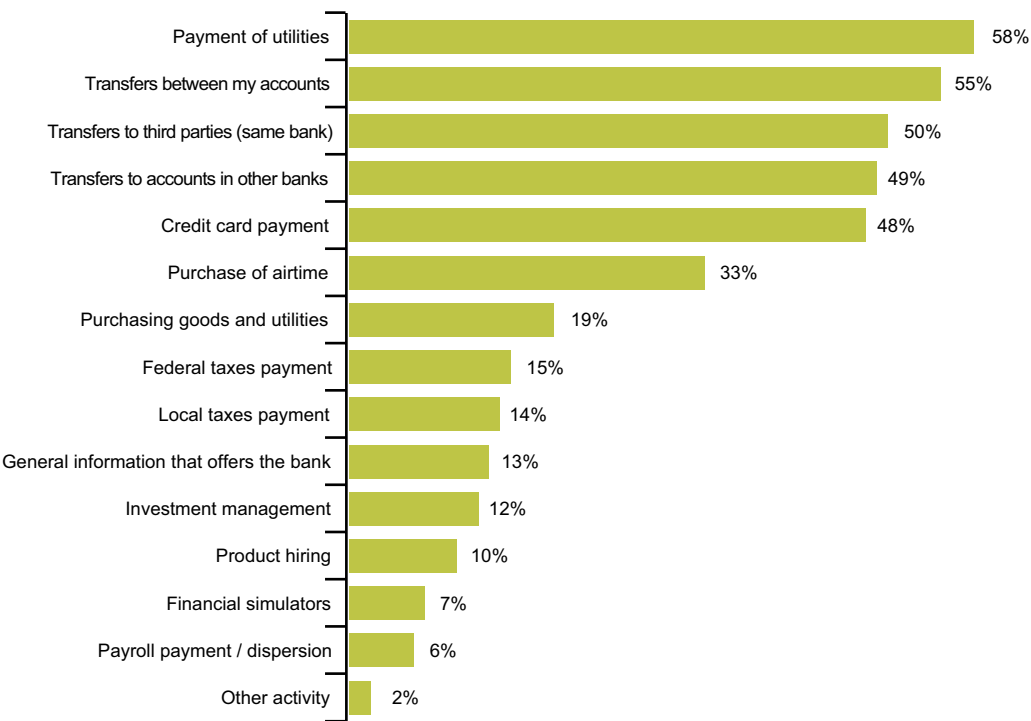
Graph 1.12 Users who carry out banking transactions through the Internet



Source: Study on Internet banking in Mexico, AMIPCI, 2012

Graph 1.13 shows the activities carried out when using Internet banking; payment of utilities seems to be the most frequent transaction among users (58%), followed by transfers between personal bank accounts (55%), and transfers to third parties from the same bank (50%).

Graph 1.13 Transactions carried out using Internet Banking



Source: Study on Internet banking in Mexico, AMIPCI, 2012

## Coverage

Based on the indicators determined by AFI, coverage of financial services measurement is defined using two indicators, as shown in Figure 1.14. By using these indicators, it is possible to study the coverage per channel and as a whole, and to conduct comparative analyses.

**Figure 1.14 Coverage indicators of financial services**

Municipalities having access	Number or percentage of municipalities having at least one access channel to financial services.
Adult population with possible access	Number or percentage of adults living in a municipality with at least one access channel to financial services.

Source: Financial Inclusion Data Working Group, AFI, December 2011

## Presence of each access channel in municipalities

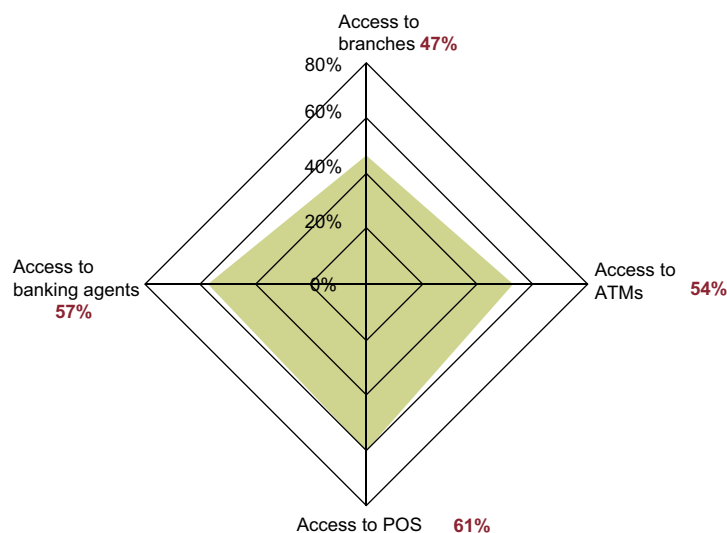
When analyzing separately the presence of each access channel to financial services in the municipalities, we observe that, historically<sup>6</sup>, bank branches are present in 47% of them (1,152). On the other hand, the number of municipalities with access to ATMs has increased by 23% (from 1,078 municipalities in 4Q09 to 1,329 in 4Q12). POS terminals are present in 61% of the municipalities (1,497). Finally,

the number of municipalities with the presence of banking agents has shown an annual growth rate of 23%, resulting in 1,410 municipalities at the end of 4Q12 compared with 1,142 existing in 3Q10. The detailed information per access channel on a quarterly basis is shown in Table 1.15.

**Table 1.15 Number of municipalities with access channels**

Coverage Number of municipalities	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	Variation (%) al 4Q12
Access to branches	1,050	1,046	1,049	1,051	1,074	1,071	1,095	1,116	1,128	1,148	1,152	9%
Access to ATMs	1,093	1,083	1,096	1,098	1,232	1,250	1,273	1,289	1,301	1,317	1,329	23%
Access to POS	1,502	1,502	1,502	1,502	1,462	1,474	1,482	1,491	1,509	1,488	1,497	-0.3%
Access to banking agents	-	1,142	1,168	1,248	1,250	1,265	1,351	1,371	1,386	1,388	1,410	23%

6. From 4Q09 through 1Q11 there was no information on POS terminals at a municipal level, thus, Figure 1.14 and all subsequent graphs do not show changes in the coverage for this access channel.

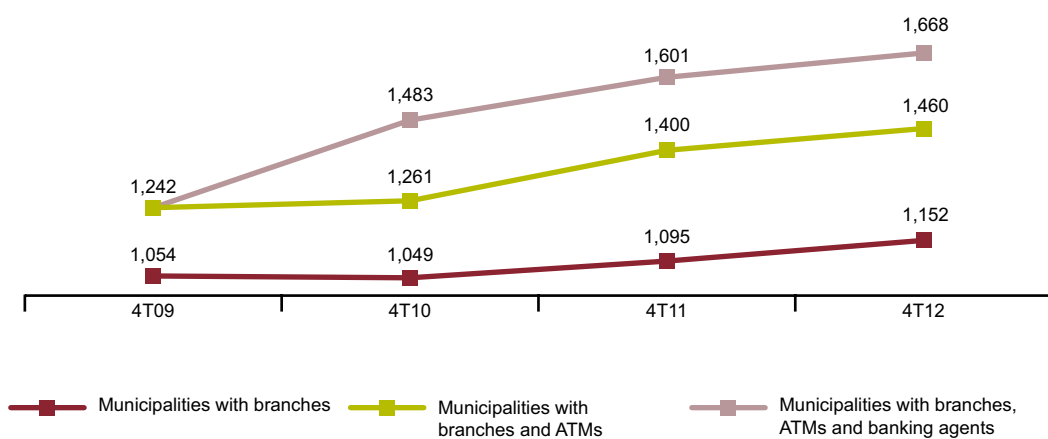


Source: CNBV, December 2012

### Integration of access channels

Of the total municipalities in the country, 68% (1,668) of those, where 97% (80.7 million) of the adult population resides, are covered by at least one access point<sup>7</sup> where cash may be obtained, i.e., branches, ATMs and banking agents. Graph 1.16 shows the historical impact of banking agents in the municipalities.

**Graph 1.16 Coverage of branches, ATMs and banking agents**

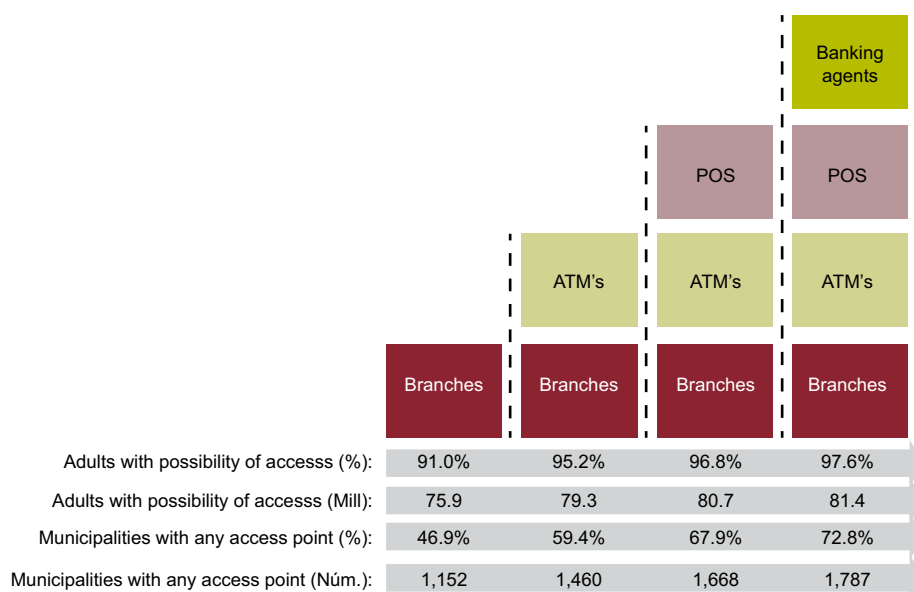


Source: CNBV, December 2012

7. Regulated points of access where cash deposits and withdrawals can be done (cash in, cash out).

Considering all channels<sup>8</sup>, through December 2012, 73% of the municipalities in the country (1,787) had at least one access point. This means that 81.4 million adults could have access to the financial system, which equals 97.6% of adults in the country. The contribution of each channel may be observed in Graph 1.17.

**Graph 1.17 Coverage of the different access channels**



Source: CNBV, December 2012

## Indicators at a state level

In the following section we present the data per state of the country as of December 2012.

In absolute values, the Federal District is the entity having more branches, ATMs, POS terminals and accounts linked to mobile phones. However, Nuevo León is the federal state having more banking agents. Table 1.18 shows the access points per federal state.

## Access points

### Branches

In terms of demographic indicators, at the end of December 2012, Colima was the federal state with the highest indicator of branches, followed by the Federal District and Sinaloa.

8. Branches, ATM's, point of sale terminals and banking agents.

## ATMs

Quintana Roo is the state with the highest demographic indicator of ATMs, followed by Nuevo Leon and the Federal District.

## Point of Sale Terminals

Again, Quintana Roo has the highest demographic indicator of POS terminals, followed by Baja California Sur and the Federal District.

## Banking agents

In terms of access points through banking agents, Nuevo Leon (with an indicator of 6.76 banking agents for every 10,000 adults), Tamaulipas (6.22), Coahuila (5.31), Sonora (5.24) and Baja California (5.11) have the highest demographic indicators.

## Mobile banking

Finally, the Federal District has the highest demographic indicator for accounts linked to mobile phones, followed by Aguascalientes and Tabasco.

**Table 1.18 Access points per federal state (branches, atms, pos terminals, banking agents and accounts linked to mobile phones)**

State	Adult population	Branches	ATMs	POS terminals	Banking agents	Accounts linked to mobile phone	Demographic indicator per every 10,000 adults				
							Branches	ATMs	POS terminals	Banking agents	Accounts linked to mobile phone
Aguascalientes	851,594	146	493	7,214	304	14,837	1.7	5.79	84.71	3.57	174.23
Baja California	2,400,848	393	1,788	18,691	1,227	14,086	1.6	7.45	77.85	5.11	58.67
Baja California Sur	497,222	117	414	9,688	216	6,301	2.4	8.33	194.84	4.34	126.72
Campeche	620,951	119	314	3,531	112	8,393	1.9	5.06	56.86	1.80	135.16
Coahuila	2,036,983	401	1,429	16,114	1,081	11,591	2.0	7.02	79.11	5.31	56.90
Colima	498,134	170	311	4,255	156	2,722	3.4	6.24	85.42	3.13	54.64
Chiapas	3,346,082	398	665	7,674	472	21,231	1.2	1.99	22.93	1.41	63.45
Chihuahua	2,553,891	465	1,416	18,615	740	18,007	1.8	5.54	72.89	2.90	70.51
Federal District	6,914,961	2,090	6,148	98,380	1,937	233,771	3.0	8.89	142.27	2.80	338.07
Durango	1,195,885	166	407	5,139	336	5,230	1.4	3.40	42.97	2.81	43.73
Guanajuato	3,936,449	920	1,423	21,659	882	41,228	2.3	3.61	55.02	2.24	104.73
Guerrero	2,363,270	324	684	7,719	470	23,833	1.4	2.89	32.66	1.99	100.85
Hidalgo	1,953,353	269	585	6,300	378	24,704	1.4	2.99	32.25	1.94	126.47
Jalisco	5,435,085	1,393	2,946	48,602	1,767	70,086	2.6	5.42	89.42	3.25	128.95
Mexico	11,505,586	1,688	3,999	47,554	2,058	87,437	1.5	3.48	41.33	1.79	76.00
Michoacan	3,161,520	602	874	14,830	600	34,497	1.9	2.76	46.91	1.90	109.12
Morelos	1,338,771	290	606	9,088	352	13,476	2.2	4.53	67.88	2.63	100.66
Nayarit	819,274	155	360	4,529	223	10,851	1.9	4.39	55.28	2.72	132.45
Nuevo Leon	3,553,713	987	3,447	38,367	2,404	33,078	2.8	9.70	107.96	6.76	93.08
Oaxaca	2,714,324	365	590	6,824	353	8,475	1.3	2.17	25.14	1.30	31.22
Puebla	4,140,520	667	1,243	17,981	763	29,560	1.6	3.00	43.43	1.84	71.39
Queretaro	1,348,771	347	876	13,520	467	13,221	2.6	6.49	100.24	3.46	98.02
Quintana Roo	1,030,866	217	1,144	24,797	408	9,303	2.1	11.10	240.55	3.96	90.24
San Luis Potosi	1,868,257	299	716	9,311	395	9,681	1.6	3.83	49.84	2.11	51.82
Sinaloa	2,087,253	599	963	15,725	854	14,992	2.9	4.61	75.34	4.09	71.83
Sonora	2,006,264	395	1,244	18,516	1,051	15,057	2.0	6.20	92.29	5.24	75.05
Tabasco	1,629,051	244	644	6,824	332	22,510	1.5	3.95	41.89	2.04	138.18
Tamaulipas	2,470,067	472	1,762	15,255	1,537	11,855	1.9	7.13	61.76	6.22	47.99
Tlaxcala	850,560	102	236	2,462	137	3,583	1.2	2.77	28.95	1.61	42.13
Veracruz	5,684,865	864	2,008	22,480	1,014	54,025	1.5	3.53	39.54	1.78	95.03
Yucatan	1,479,160	269	711	11,065	358	10,641	1.8	4.81	74.81	2.42	71.94
Zacatecas	1,074,572	164	324	3,626	242	5,395	1.5	3.02	33.74	2.25	50.21
National	83,368,102	16,097	40,770	556,335	23,626	883,657	1.93	4.89	66.73	2.83	105.99
National without DF	76,453,141	14,007	34,622	457,955	21,689	649,886	1.83	4.53	59.90	2.84	85.00

Source: CNBV, December 2012

Table 1.19 shows the federal states with the highest and lowest number of branches and banking agents according to the type of financial institution.

In such Table, we find that five states (Baja California, Baja California Sur, Federal District, Sinaloa and Tabasco) have the presence of Commercial Banking in 100% of their municipalities, while Oaxaca is the state who has the lowest presence (7.5%).

In regards to the presence of state-owned banking, the State of Mexico stands out, with the presence of branches in 44% of its 125 municipalities. The states with a lower presence of state-owned banking branches in their municipalities are Durango, Oaxaca and Coahuila (2.6%, 5.8% and 7.9%, respectively).

Regarding the presence of cooperatives, Colima has presence in 100% of its municipalities, followed by Guanajuato, with 97.8%. Baja California Sur still has no presence of cooperatives in its municipalities. However, it has presence of microfinance institutions in 100% of its municipalities. Oaxaca only has the presence of microfinance institutions in 1.1% of its municipalities.

The presence of banking agents had the highest increase during 2012, reaching 100% of municipalities in 11 states<sup>9</sup> (Aguascalientes, Baja California, Baja California Sur, Campeche, Colima, Federal District, Guanajuato, Queretaro, Quintana Roo, Sinaloa and Tabasco). Oaxaca is the state with the lowest presence of banking agents in its municipalities (24.7%).

**Table 1.19 States with greater and lesser presence of access points per type of sector**

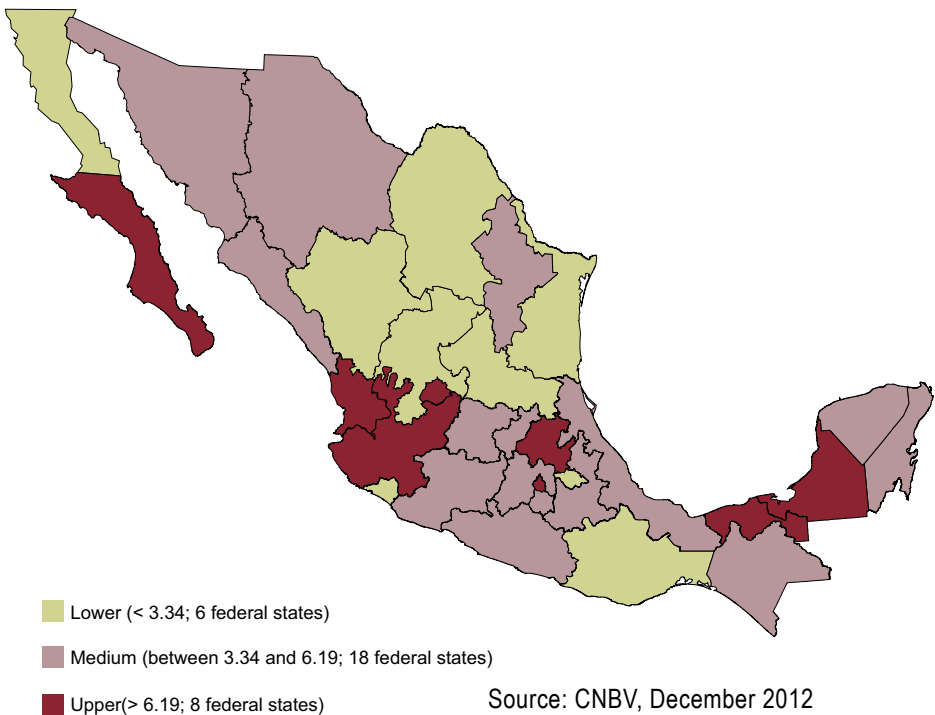
	States with higher presence		States with lower presence	
Commercial Banking	Baja California	100.0%	Chihuahua	34.3%
	Baja California Sur	100.0%	Tlaxcala	23.3%
	Federal District	100.0%	Yucatan	21.7%
	Sinaloa	100.0%	Puebla	20.7%
	Tabasco	100.0%	Oaxaca	7.5%
State-Owned Banking	Federal District	93.8%	Chihuahua	9.0%
	Baja California	60.0%	Sonora	8.3%
	Quintana Roo	44.4%	Coahuila	7.9%
	Mexico	44.0%	Oaxaca	5.8%
	Colima	40.0%	Durango	2.6%
Cooperatives	Colima	100.0%	Oaxaca	7.4%
	Guanajuato	97.8%	Sonora	4.2%
	Queretaro	94.4%	Chiapas	1.7%
	Jalisco	76.8%	Tlaxcala	1.7%
	Nayarit	65.0%	Baja California Sur	0.0%
Microfinance Institutions	Baja California Sur	100.0%	Puebla	11.1%
	Federal District	81.3%	Zacatecas	6.9%
	Baja California	80.0%	Guerrero	6.2%
	Guanajuato	63.0%	Yucatan	3.8%
	Colima	60.0%	Oaxaca	1.1%
Banking agents	Aguascalientes	100.0%	Chihuahua	53.7%
	Baja California	100.0%	Tlaxcala	51.7%
	Baja California Sur	100.0%	Puebla	40.6%
	Campeche	100.0%	Yucatan	38.7%
	Colima	100.0%	Oaxaca	24.7%

Source: CNBV, December 2012

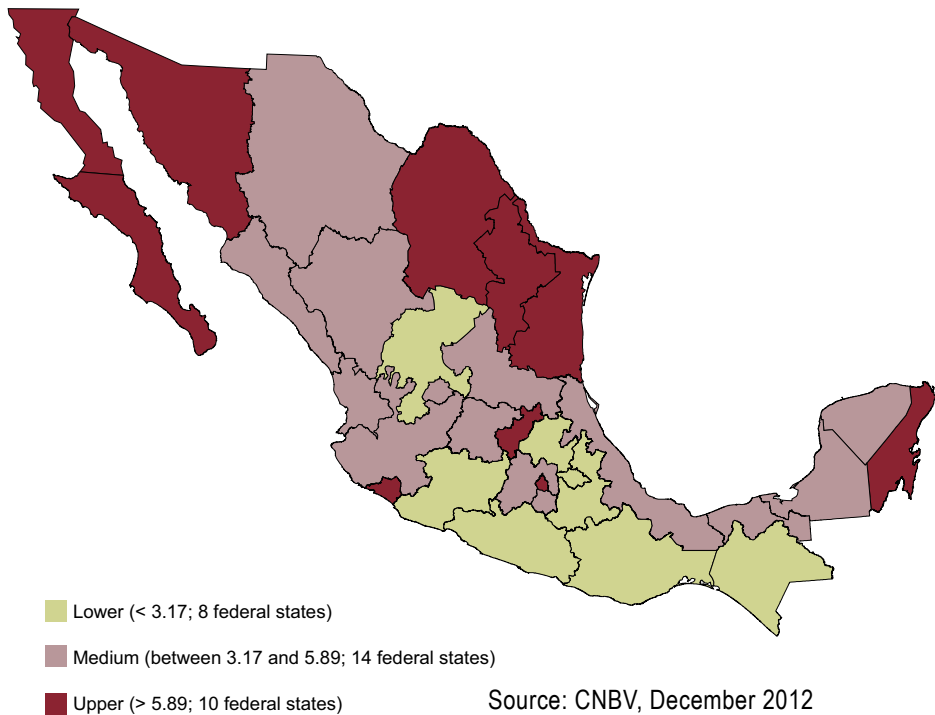
9. Table 1.19 only shows the first five states with 100% coverage in their municipalities, in alphabetical order.

The following maps show state indicators per each access channel.

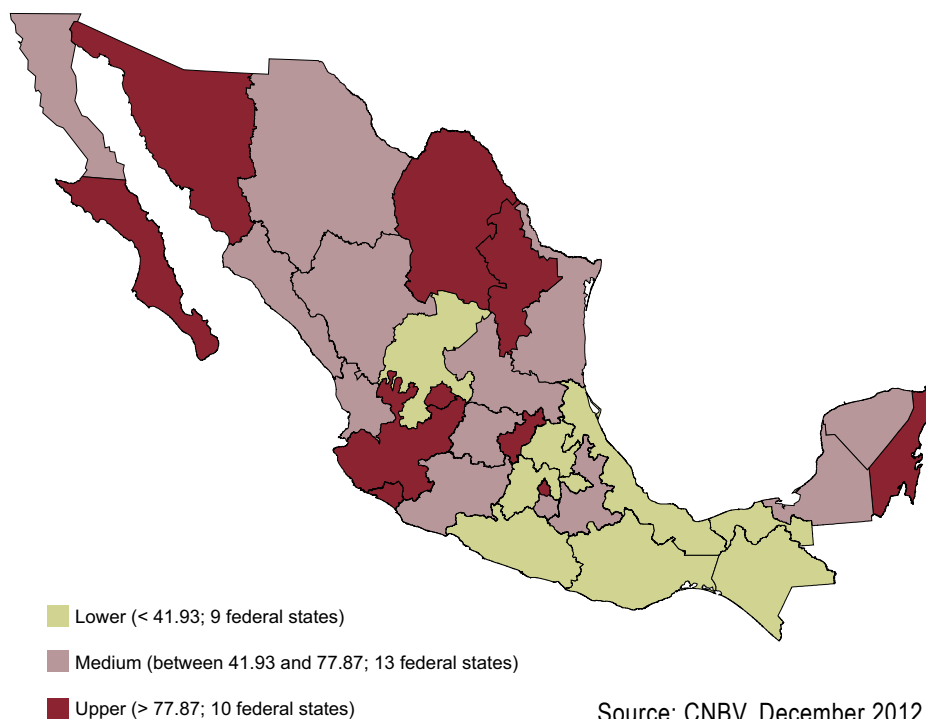
**Map 1.20 Demographic indicator of branches and banking agents per federal state**



**Map 1.21 Demographic indicator of ATMs per federal state**

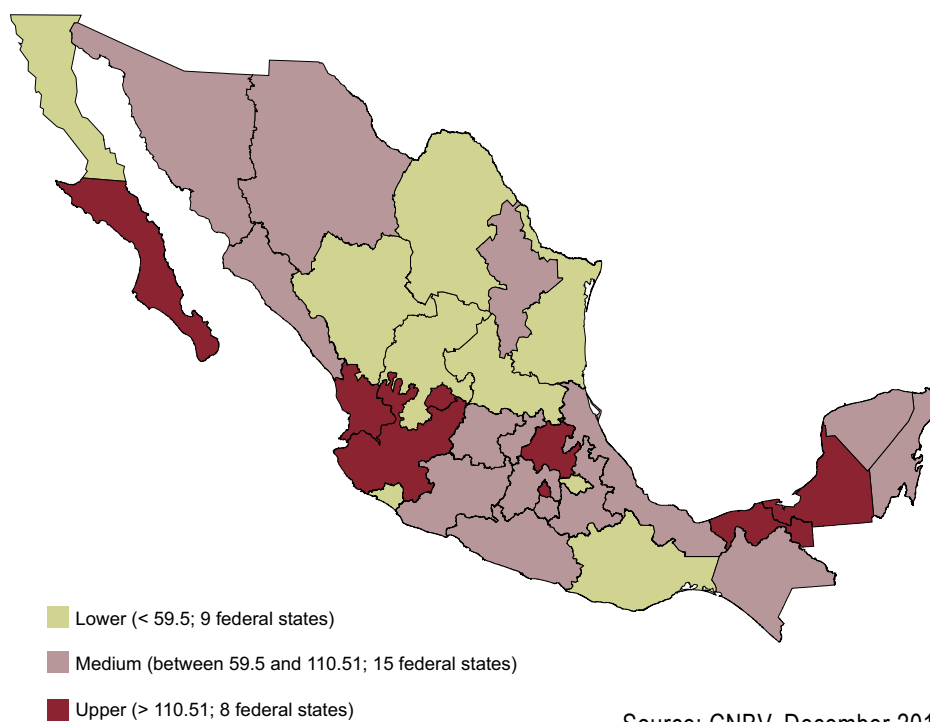


**Map 1.22 Demographic indicator of POS terminals per federal state**



Source: CNBV, December 2012

**Map 1.23 Demographic indicator of accounts linked to mobile phones per federal state**



Source: CNBV, December 2012

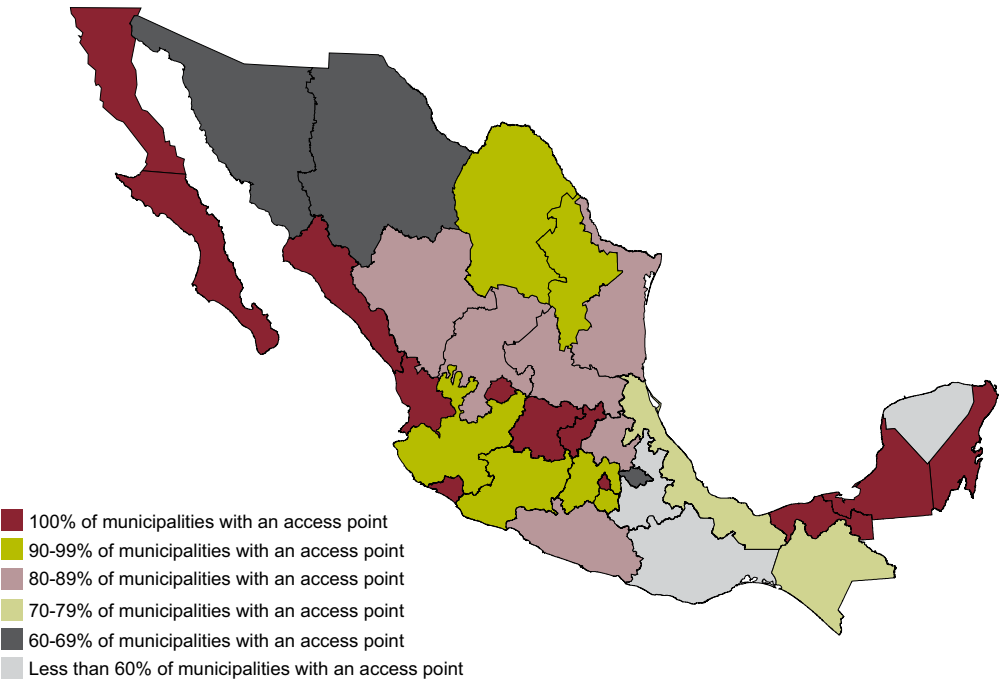
Coverage

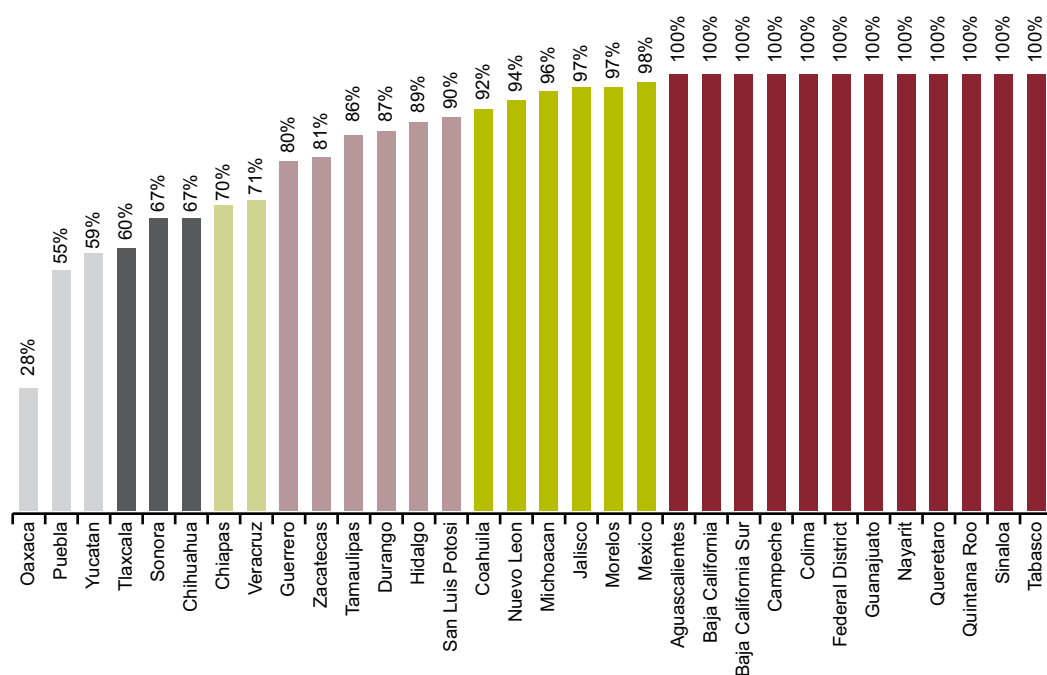
Out of 32 states that form the Republic of Mexico, only nine have presence of branches in all their municipalities: Baja California, Baja California Sur, Campeche, Colima, the Federal District, Queretaro, Quintana Roo, Sinaloa and Tabasco. When adding the effect of ATMs, the number of states with coverage of at least one of these two channels increases to eleven, adding the states of Aguascalientes and Guanajuato.

When adding the effect of banking agents, the number of states with full coverage using these three channels increases to twelve, including Nayarit. However, some states such as Oaxaca (28.2%), Puebla (54.8%) and Yucatán (59.4%) show a low percentage of their municipalities covered by these channels.

Map 1.24 shows the percentage of municipalities with at least one access point, for the federal states of the country.

Map 1.24 Percentage of municipalities with at least one access channel per federal state





**National indicator:** 67.9% of the municipalities at a national level have at least one access point (branch, ATM, agent bank).  
Source: CNBV, December 2012

### Indicators at a municipal level

For this section, municipalities are classified according to the number of inhabitants. Table 1.25 shows the classification of the 2,456 municipalities in the country, with the corresponding number of municipalities per category, as well as the adult population living in those municipalities.

**Table 1.25 Classification of municipalities per number of inhabitants**

Population type					
Rural	In transition	Semi-urban	Urban	Semi-metropolis	Metropolis
672 municipalities	644 municipalities	720 municipalities	344 municipalities	65 municipalities	11 municipalities
1,126,566 adults	4,146,071 adults	13,533,274 adults	26,091,608 adults	26,122,947 adults	11,714,992 adults
0 a 5,000	5,001 a 15,000	15,001 a 50,000	50,001 a 300,000	300,001 a 1,000,000	1,000,001 and over
Number of inhabitants					

Source: CNBV, December 2012

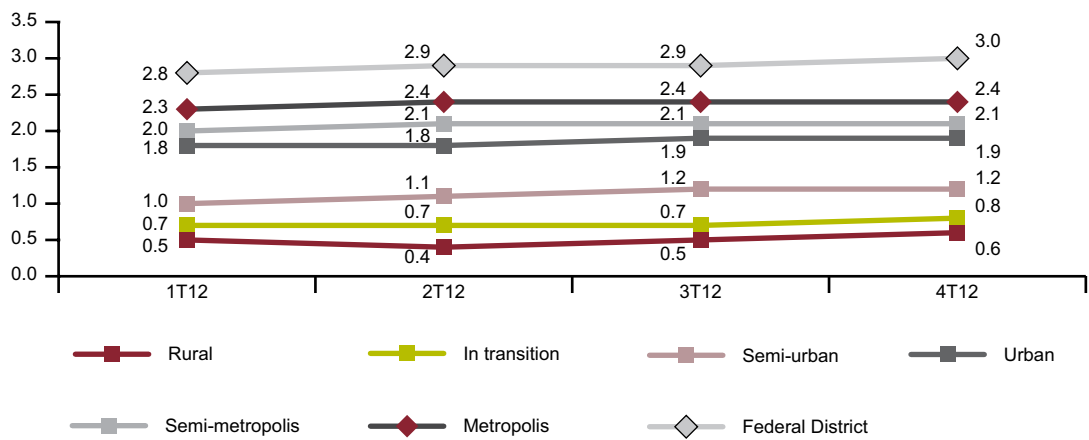
Access points

Branches

The demographic indicator for the number of branches per type of population-based category of municipalities remained practically unchanged during the whole year, showing a greater concentration in urban populations. In order to reduce the concentration effect in the number of branches in the Federal District, it was separated from the rest of the municipalities. Taking into consideration the above, the

metropolis, semi-metropolis and urban populations show the highest indicator for all periods, reaching 2.4, 2.1 and 1.9 branches for every 10,000 adults in 4Q12, respectively, while the lowest indicator is for rural municipalities, with 0.6 branches for every 10,000 adults at the end of year 2012. Graph 1.26 shows the quarterly evolution of the demographic indicator for branches per type of population.

Graph 1.26 Demographic indicator per type of population: branches



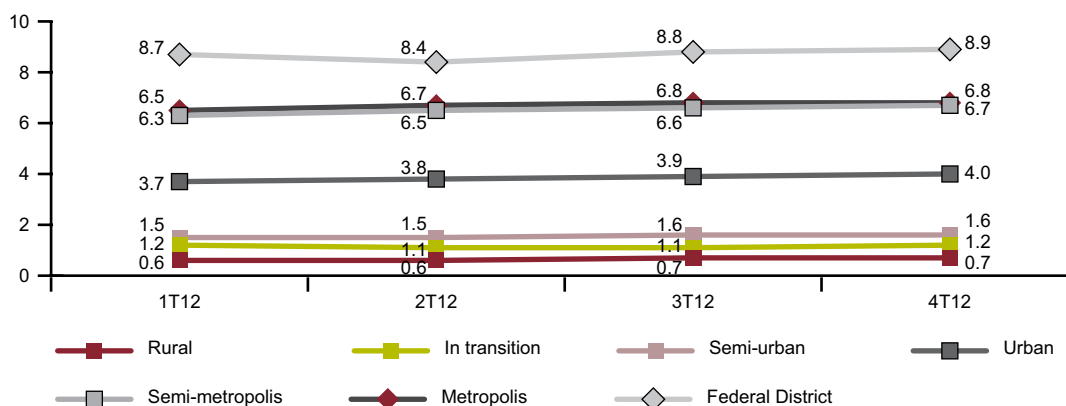
Source: CNBV, December 2012

ATMs

In the case of ATMs, we find a low presence in municipalities with a population of less than 50,000 inhabitants (rural, in transition and semi-urban). In all types of population-based categories the demographic indicator remained constant. As in the case of demographic indicators for branches, urban populations show the highest number of ATMs.

Graph 1.27 shows that the first major difference is found in semi-urban and urban populations, going from 1.6 to 4.0 ATMs for every 10,000 adults. The following indicators show that semi-metropolis and metropolis populations are practically at the same level with 6.7 and 6.8 ATMs for every 10,000 adults. Finally, the Federal District shows the highest demographic indicator for ATMs, with 8.9 ATMs for every 10,000 adults at the end of 2012.

**Graph 1.27 Demographic indicator per type of population: ATMs**



Source: CNBV, December 2012

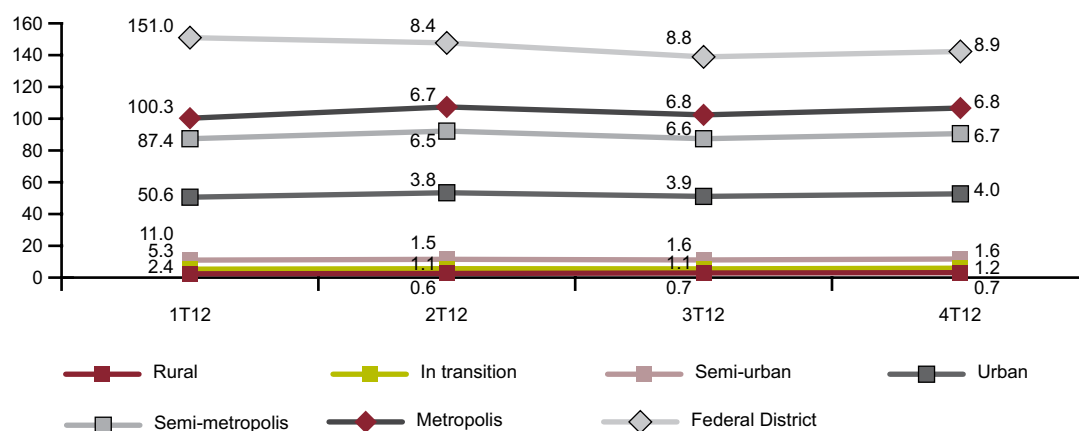
### Point of Sale Terminals

As the population increases in the municipalities, the POS terminals show considerably higher demographic indicators. In this case, the demographic indicator for rural municipalities and municipalities in transition stands at 3.1 and 5.9 POS terminals for every 10,000 adults, respectively. The semi-urban municipality has a demographic indicator of 11.7 POS terminals for every 10,000 adults.

Populations having over 50,000 inhabitants show a greater concentration of POS terminals. Urban, semi-metropolis and

metropolis populations show indicators of 52.7, 90.6 and 106.7 POS terminals for every 10,000 adults, respectively. Like in the previous access channels, the Federal District shows the highest demographic indicator, with 142.3 POS terminals for every 10,000 adults as of 4Q12. Such results may be observed in Graph 1.28.

**Graph 1.28 Demographic indicator per type of population:  
Point of Sale Terminals**

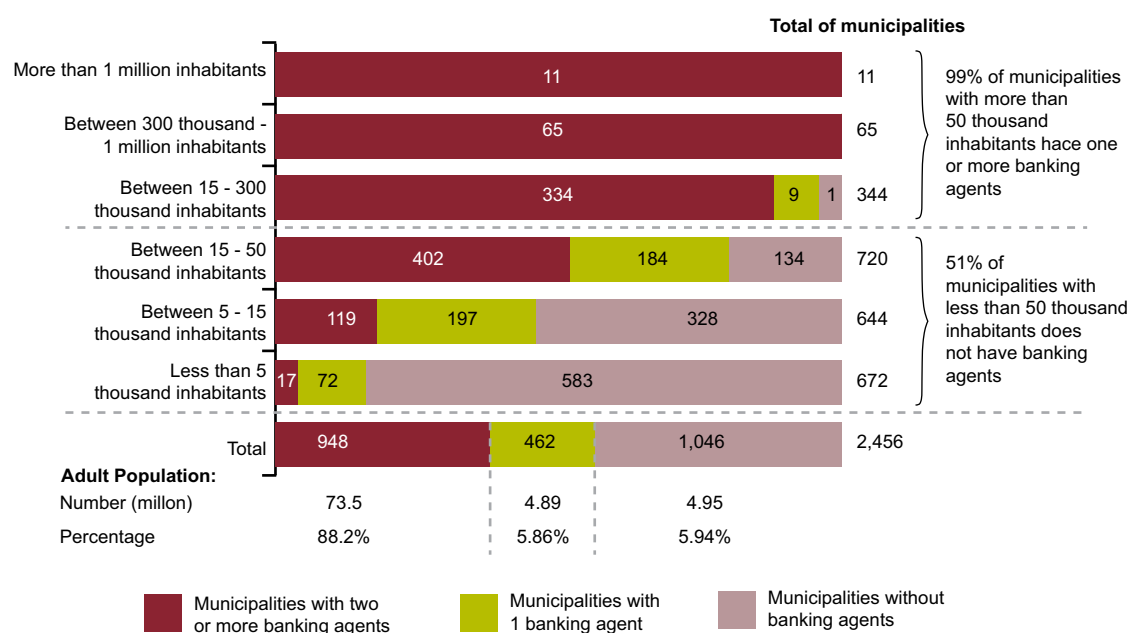


Source: CNBV, December 2012

## Banking agents

Even though banking agents have contributed in expanding the financial infrastructure, they are concentrated in urban areas. In Graph 1.29, we may observe that, 51% of the municipalities with less than 50,000 inhabitants have no banking agents.

**Graph 1.29 Concentration of banking agents per type of population**

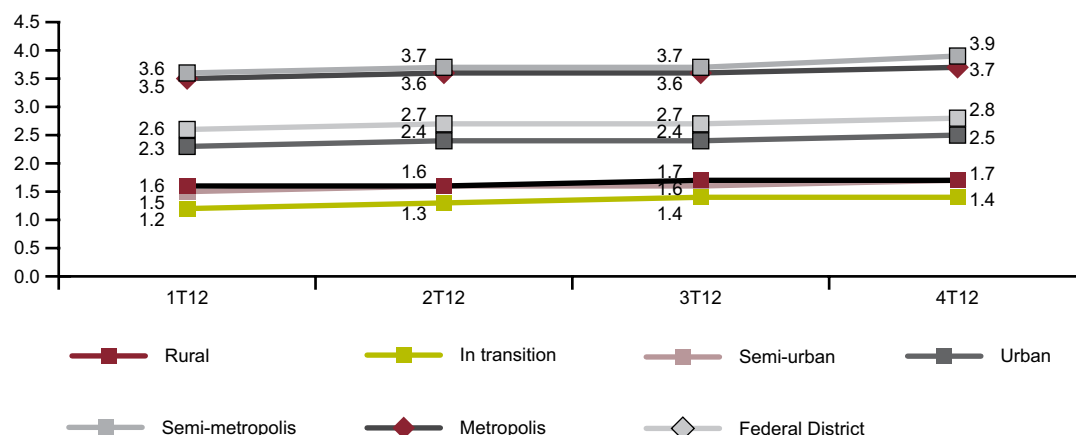


Source: CNBV, December 2012

Graph 1.30 shows the number of banking agents for every 10,000 adults, segmented per type of municipality.

Semi-metropolis and metropolis show the highest demographic indicator, with 3.9 and 3.7 banking agents for every 10,000 adults as of December 2012. Municipalities in transition show the lowest demographic indicator, with 1.4 banking agents for every 10,000 adults in the same period of time.

**Graph 1.30 Demographic indicator per type of population:  
Banking agents**



Source: CNBV, December 2012

## Coverage

The presence of access points of the different types of institutions in each of the population-based categories of municipalities is shown in Graph 1.31.

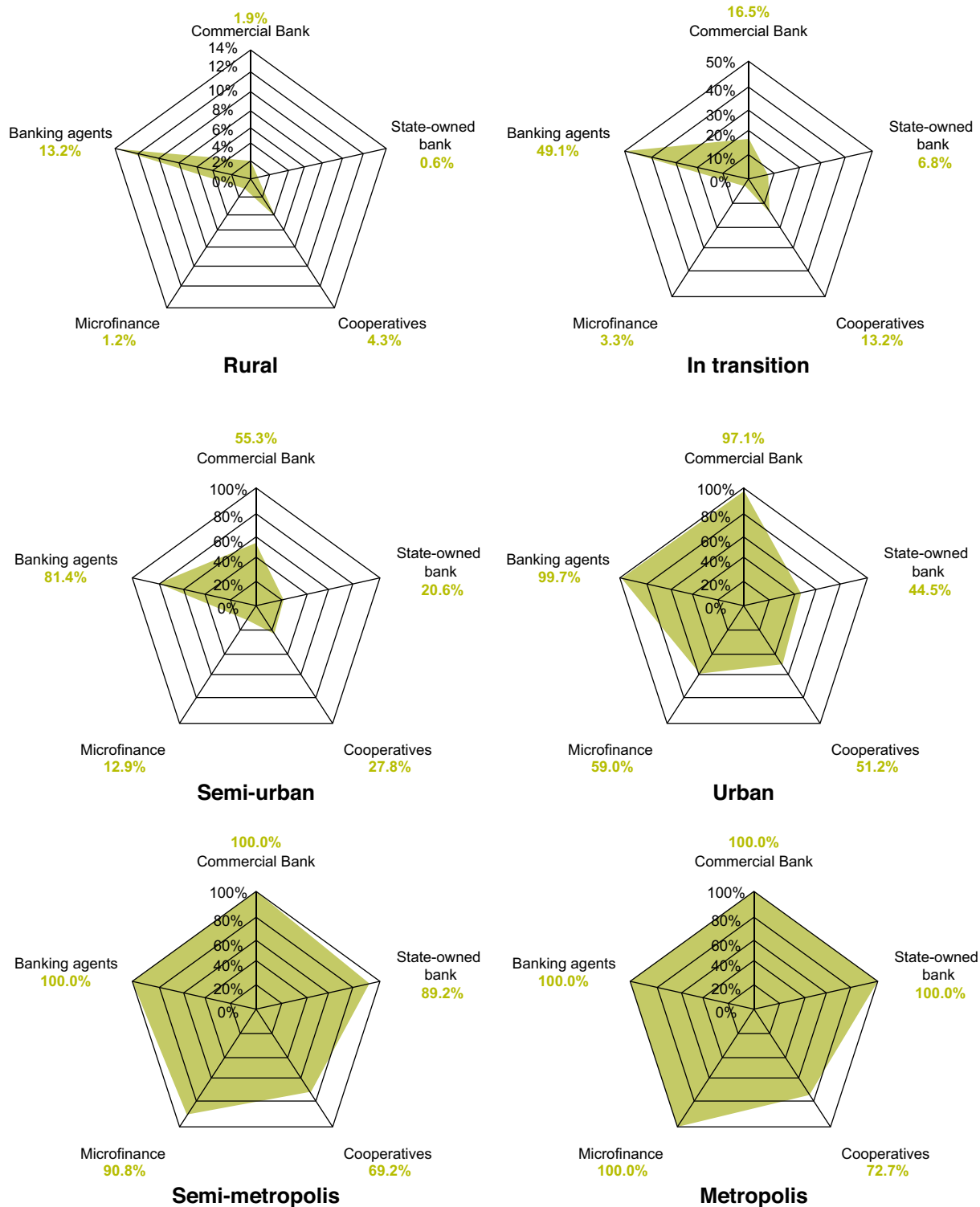
We can observe the increase in the access to financial services achieved by the introduction of banking agents in both rural municipalities (672 municipalities at a national level) and municipalities in transition (644 municipalities). It is worth mentioning the low presence of branches of microfinance institutions and cooperatives, whose products are designed for these population segments.

Semi-urban municipalities are covered almost fully by banking agents (81.4%), though we find as well a significant presence of commercial banking (55.3%).

It is worth mentioning that not all municipalities considered as urban (344 municipalities at a national level) are covered by banking agents, even though these municipalities have between 50,000 and 300,000 inhabitants. Nonetheless, we do find a strong presence of commercial banking institutions. Microfinance institutions and cooperatives hardly have presence in more than 60% of them.

Semi-metropolis and metropolis municipalities show a very similar distribution of access points.

**Graph 1.31 Percentage of municipalities with points of access per type of institution and per type of municipality**



Source: CNBV, December 2012

## ENIF results in regards to channel use

In the past three years, there has been a great progress both in the type and number of access points to financial products and services, as well as in the coverage at a national, state and municipal level. However, it was necessary to have a tool to obtain demand-side data, in order to identify whether the efforts made in increasing the supply of financial products and services were actually having an impact in the usage of these products and services by the excluded population and not only on the population already included in the formal financial system.

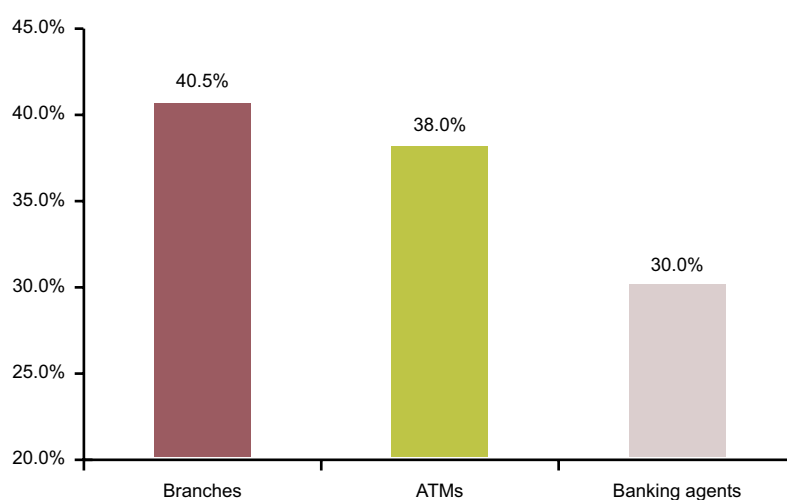
## Branches and ATMs

According to the results of the National Survey for Financial Inclusion (ENIF, for its abbreviation in Spanish), we identified that the channel most used by the population are bank branches, used by 40.5% of the respondents (which represents 28.5 million people if we extrapolate the results to the Mexican Population), followed by ATMs, used by 38% (26.7 million people).

## Banking agents

30% of the population (21.1 million people) mentioned they used banking agents, with a greater percentage use in localities with 15,000 inhabitants and over (37%) than in localities with less than 15,000 inhabitants (16%). In Graph 1.32, we may observe the percentage of the population using the different access channels.

**Graph 1.32 Use of access channels**



Source: CNBV, with data of the National Statistics, Geography and Information Technology Institute (INEGI, for its abbreviation in Spanish)

Mobile banking and Internet banking

Out of the population having a formal savings account (24.9 million people), only 13% (3.3 million people) have Internet banking and 6% (1.4 million people) have mobile banking.

Transactions carried out using the main access channels

Out of the 40.5% of respondents (28.5 million people) who mentioned having used bank branches, over half of them (55.5%) uses them to carry out cash withdrawals, and 49.4% to make deposits, followed by the payment of utilities and of credit cards or loans. Like in the branches, the main transaction carried out by users of ATMs (26.7 million people), is cash withdrawals (98.6%), followed by balance inquiries (76.3%).

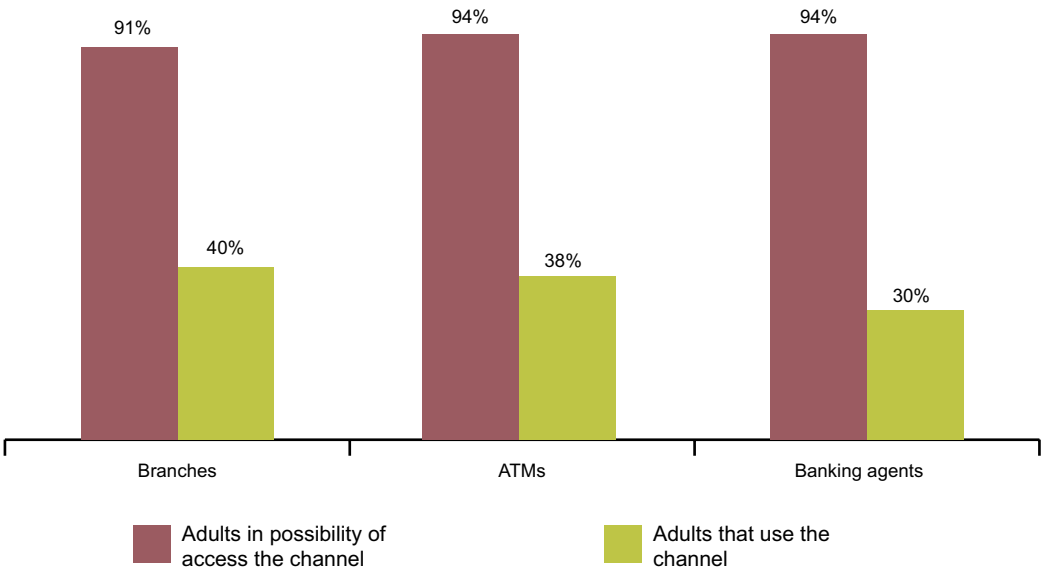
Main supply and demand information in the different access channels

Bank branches cover 47% of the municipalities (1,152), where 91% of the adult population lives, i.e., where they may access such channel. However, only 40% of the adults mentioned having used branches.

ATMs have coverage in 54% in the municipalities (1,329), where 94% of the population lives; only 38% of the adults mentioned their use.

Finally, banking agents have presence in 57% of the municipalities (1,410), where 94% of the adult population lives. However, only 30% of the adult population uses this channel. In Graph 1.33 we may observe the difference between the population with the access to each of the channels and the population who is currently using them.

Graph 1.33 Access and usage of channels



Source: CNBV, with data from INEGI

# DEPOSITS



Usage refers to the purchase of financial products and services by the population and the frequency of use. For the first time, the Financial Inclusion Report includes information obtained from the ENIF in regards to the population that have deposit accounts and the usage given to these products.

# DEPOSITS 2

With the results from the ENIF, we may have an understanding of the population that uses formal savings products, their behavior, needs, and access barriers to such products.

**Core deposit indicators**

Usage is considered to be the second element of the Financial Inclusion definition in Mexico and, as in the case of the access component, the CNBV has defined a set of core indicators to measure the usage of financial products and services. The first level of indicators was intentionally defined by the Alliance for Financial Inclusion and is expected to gradually incorporate new indicators that provide more data to support the design of financial products suitable to the population needs.

Several efforts have been made internationally to obtain Financial Inclusion indicators from countries on an ongoing basis. The purpose of creating these indicators is to provide a solid basis for the authorities to develop and assess public policies.

Previously, only the number of accounts for every 10,000 adults was used as a proxy indicator. This data, just like that of the supply-side, comes from regulatory reports periodically submitted by supervised financial institutions with the CNBV.

As of 2012, this indicator has been complemented with the results of the ENIF, which allows having more detailed information of the situation of the country, from a demand-side standpoint. Graph 2.1 shows this pair of indicators.

**Graph 2.1 Core set of usage indicators defined by AFI**



Source: Financial Inclusion Data Working Group, AFI, December 2011

This information can be used strategically to plan public policies to promote the usage of new financial products or services, as well as to identify and overcome the main barriers faced by the population in getting closer to the financial system.

## Deposit products

Deposit products may be classified according to the type of financial institution that supplies them. Table 2.2 shows the classification of deposit accounts in Mexico.

**Table 2.2 Deposit products per type of institution**

<b>Bank</b>	Commercial Banks State-owned Banks	Savings accounts Term deposits Level 1 Accounts Level 2 Accounts Level 3 Accounts Traditional Accounts
<b>PSLI</b>	Cooperatives Sofipos	Sight deposits Savings deposits Term deposits

Source: CNBV

For purposes of broadening access to banking products, as well as reducing the cost of these products for credit institutions, since August 2011, several legal and regulatory provisions<sup>1</sup> applicable to credit institutions were amended to create a new classification of deposit accounts.

The purpose of the amendments to the regulatory framework was to make the opening of deposit accounts more efficient and rapid while taking into account the risk related to the data requirements of the clients of these accounts.

Therefore, the opening requirements and transactions limits of each account vary depending on the account level, type of transaction and channel used to carry out these transactions.

Table 2.3 shows information per account level.

1. Amendments made by the Ministry of Treasury and Public Credit to the general provisions referred to in Article 115 of the Credit Institutions Law, published in the Official Journal of the Federation, on August 12, 2011; the amendments made by the Central Bank of Mexico, Banco de México, to determine the characteristics of passive, active and service transactions of credit institutions, considering the transaction levels of sight deposit accounts, as well as the means of withdrawal indicated in Circular 2019-95, amended by Circular 14/2011; the amendments made by the National Banking and Securities Commission related to the general provisions applicable to credit institutions contained in Title Fifth, Chapter X, in regards to signing up for use of electronic banking; and in Chapter XI related to hiring of third parties to carry out operations reserved to the credit institutions.

**Table 2.3 Characteristics per type of account**

Characteristics	Level 1 Prepaid Card	Level 2 Low transactionality	Level 3 Low risk	Level 4 Traditional
<b>Required Data</b>	None (anonymous)	Full name Date of birth Gender Address Federal state	Full name Date of birth Gender Address Federal state Country of Birth Nationality Occupation Telephone Email Resident Registration Number (CURP) Federal Taxpayer ID Number (RFC)	Full name Date of birth Gender Address Federal state Country of Birth Nationality Occupation Telephone Email Resident Registration Number (CURP) Federal Taxpayer ID Number (RFC)
<b>Opening Requirements</b>	Remote	In person and remote scheme (verify data) Only data, no copies	Opening in person Only data, no copies	Opening in person Copies of documents
<b>Opening Channel</b>	Branches Banking agents Electronic means Shops	Branches Banking agents Electronic means	Branches Banking agents Internet	Branches
<b>Limits (UDI<sup>1</sup>)</b>	750 monthly deposit 1,000 maximum balance	1,500 monthly deposit <sup>2</sup> 1,500 additional for deposit of subsidies	10,000 monthly deposit Unlimited maximum balance	Unlimited monthly deposit and maximum balance (determined by the banking institution)
<b>Financial Channels</b>	Branches ATMs POS Terminals Banking agents	Branches ATMs POS Terminals Banking agents Electronic banking Mobile phone	Branches ATMs POS Terminals Banking agents Electronic banking Mobile phone	Branches ATMs POS Terminals Banking agents Electronic banking Mobile phone Checking

1 Limits are set in terms of UDIS which are a measurement of Investment Unit. The value of an UDI as of December 31, 2012 = 4.874624 Pesos.

Source: CNBV, Banco de México

2 3,000 if data has been verified up to February 2013. If the account is used to receive government subsidies, the limit increases to 6,000 UDIS.

Based on the indicators determined by AFI, we measure the coverage of financial services using the core indicators shown in Figure 2.4. By using these indicators, it is possible to analyze the coverage of deposit accounts per channel and as a whole, and to make a comparative analysis.

**Figure 2.4 Core indicators for deposit products**

Deposit products for every  
10,000 adults

Total number of savings, term deposits and transactional accounts of Banking Institutions and savings, sight and term deposits of Popular Savings and Credit Institutions (EACP) for every 10,000 adults.

Debit Card for every 10,000 adults

Number of contracts for debit cards of Banking Institutions and EACP for every 10,000 adults.

Source: CNBV

The following section measures the usage of deposit products through this set of indicators.

### Deposit indicators at a national level

Taking into consideration the availability of data on the main indicators at a national level for deposit accounts, we present the data of Commercial Banking and State-Owned Banking

starting in 4Q09, as well as the data of the Popular Savings and Credit Institutions (EACP, for its abbreviation in Spanish), starting in 2Q10.

In order to calculate the core deposit indicator at a national level by the end of 2012, we compiled the data of all the banking and EACP deposit products in a single indicator. The core deposit indicator at a national level and the detail per sector are shown in Table 2.5.

**Table 2.5 Core deposit indicators**

Sector	Deposit accounts	Demographic indicator
Commercial Banking	80,317,195	9,634
State-Owned	5,892,674	707
Sofipos	2,377,197	285
Cooperatives	7,650,760	918
Banking Sector	86,209,869	10,341
EACP	10,027,957	1,203
Total	96,237,826	11,544

Source: CNBV, December 2012

The total core deposit indicator as of December 2012 was 11,544 deposit accounts for every 10,000 adults, totaling 96.2 million deposit accounts<sup>2</sup>.

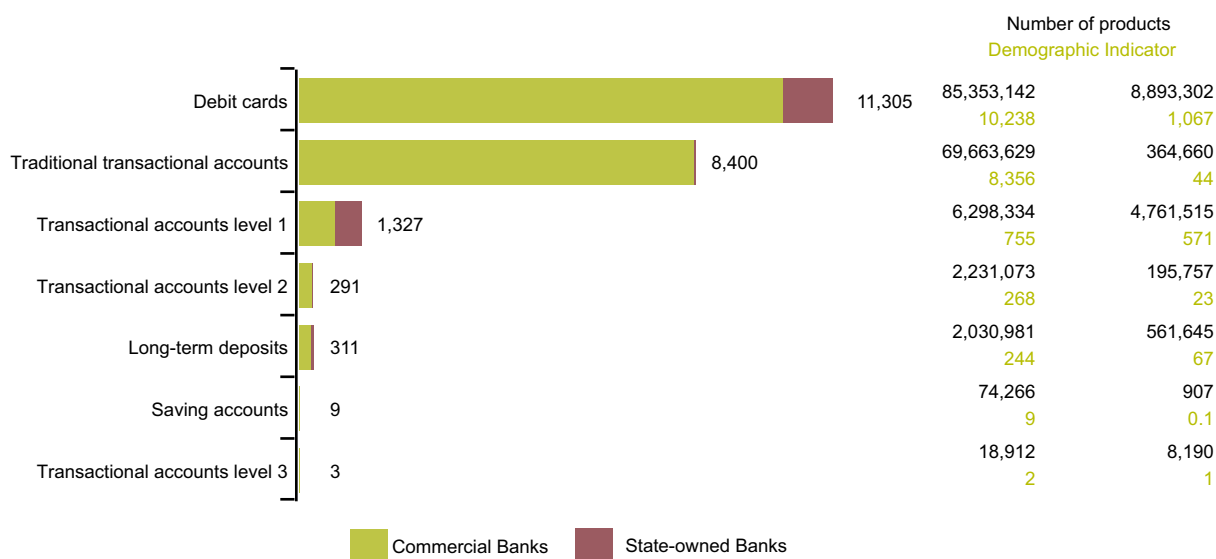
Commercial banking stands out with 80.3 million deposit accounts at the end of December 2012, while State-Owned Banking contributes 5.9 million deposit accounts.

Commercial banks issued 93.2% (80.3 million) of the deposit accounts in the Banking Sector; while Cooperatives issued

76.3% (7.7 million) of the deposit accounts in the EACP sector.

In the following section we present detailed information of the number of accounts and indicators per type of product. Graph 2.6 shows the number of deposit products for Commercial banks and State-owned banks (Banjército and Bansefi).

**Graph 2.6 Banking deposit products**



Note: The banking sector includes level 1, level 2, level 3 and traditional savings, term deposit and transactional accounts.  
Source: CNBV, December 2012

For the Commercial banking sector, traditional accounts (80.8% of all the Banking deposit products) along with level 1 accounts (7.3%) represent most of the products; while savings accounts and level 3 accounts represent only 0.09% and 0.02%, respectively.

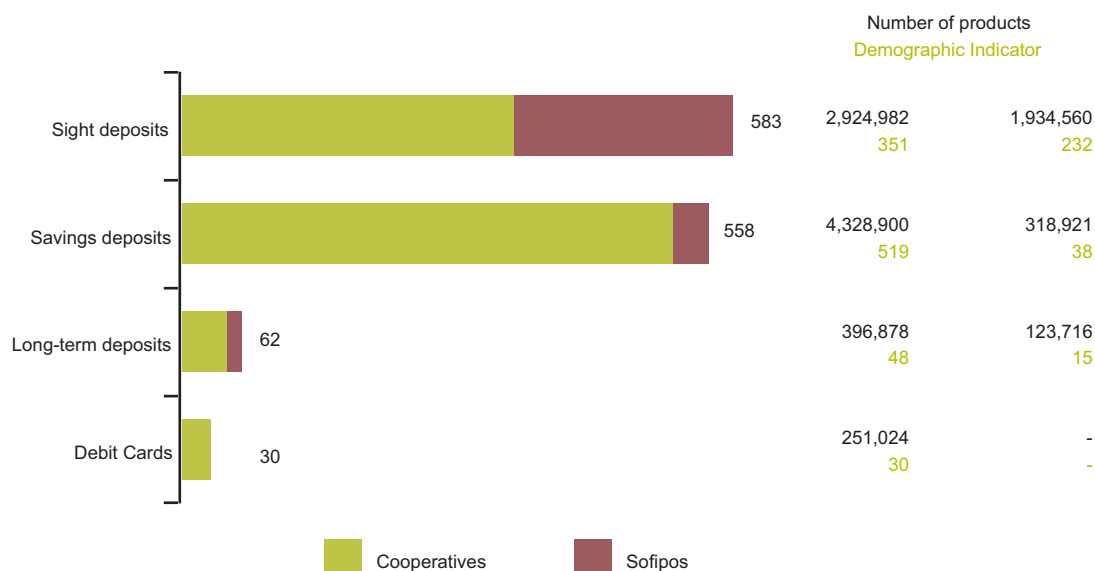
For State-owned banks, level 1 transactional accounts (5.5% of all the Banking deposit products) represent the

most important part of the products, while, analogously with Commercial banking, level 3 transactional accounts and savings accounts have no meaningful representation within deposit products.

In case of EACP, the number of deposit products per type and per institution is shown in Graph 2.7.

2. In this report, the figures used show the number of accounts for every financial deposit and credit product. However, it shall refer to them indistinctly as number of products or number of accounts.

Graph 2.7 EACP deposit products



Note: EACP includes savings, sight and term deposit accounts.

Source: CNBV, December 2012

For Cooperatives, savings deposits represent most of the products (43.2% of all the EACP deposit products), followed by sight deposits (29.2%); while term deposits represent only 3.9%.

In regards to Sofipos, sight deposits represent most of the products (19.3% of all the EACP deposit products), followed by savings deposits and term deposits (3.2% and 1.2%, respectively).

### Banking deposit products

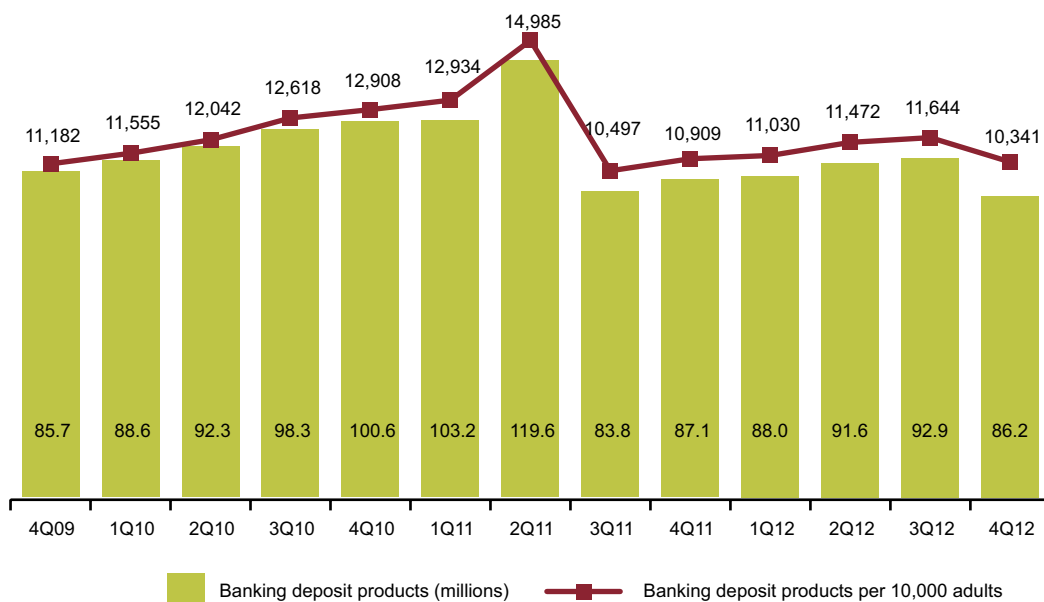
In August 2011, the regulation that established four types of accounts based on the risk of money laundering and fraud was modified. Thus, in 2012, the Banking sector reported deposit products according to this new classification.

As of December 2012, the banking deposit products include savings accounts, term deposits, and transactional accounts (simplified accounts level 1, 2, 3 and traditional accounts), that were formerly reported as payroll and open market accounts.

The number of banking deposit products reached 86.2 million (10,341 for every 10,000 adults) by the end of 2012.

In Graph 2.8 we may observe the historical evolution of banking deposit products.

## Graph 2.8 Historical Evolution of Banking Deposit Products



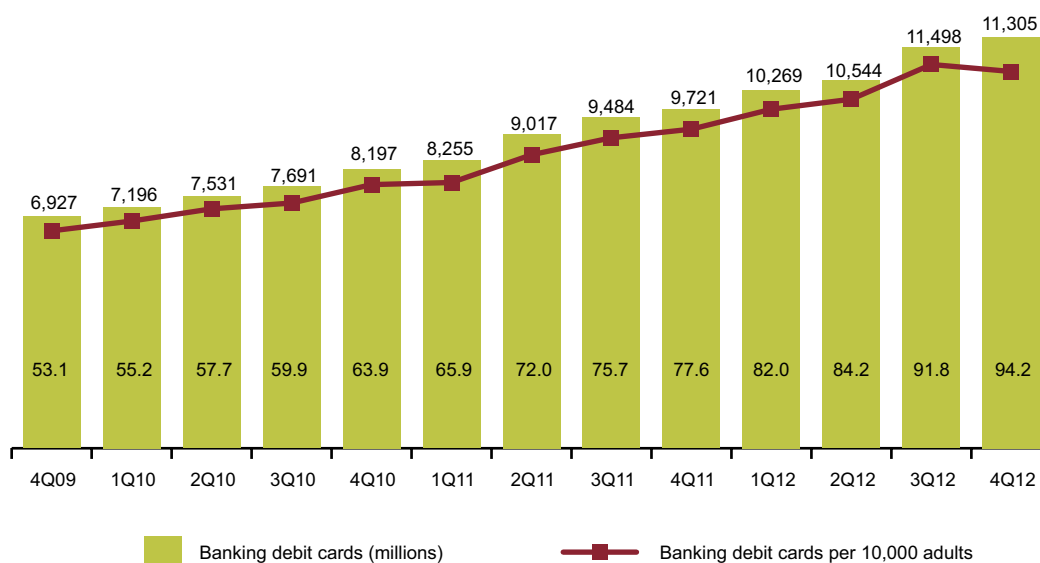
Source: CNBV, December 2012

### Bank debit cards

From December 2009 (4Q09) through December 2012 (4Q12), the number of debit card (DC) accounts had an average annual growth rate of 21.1%, i.e., a little over 40

million additional accounts, going from 53.1 million (6,927 DC for every 10,000 adults) to 94.2 million (11,305 DC for every 10,000 adults) in three years. Such results may be observed in Graph 2.9.

## Graph 2.9 Historical evolution of debit cards (DC) in the banking sector



\* The variation of 3Q11 is due to the integration of a new method for regulatory reports by banks.

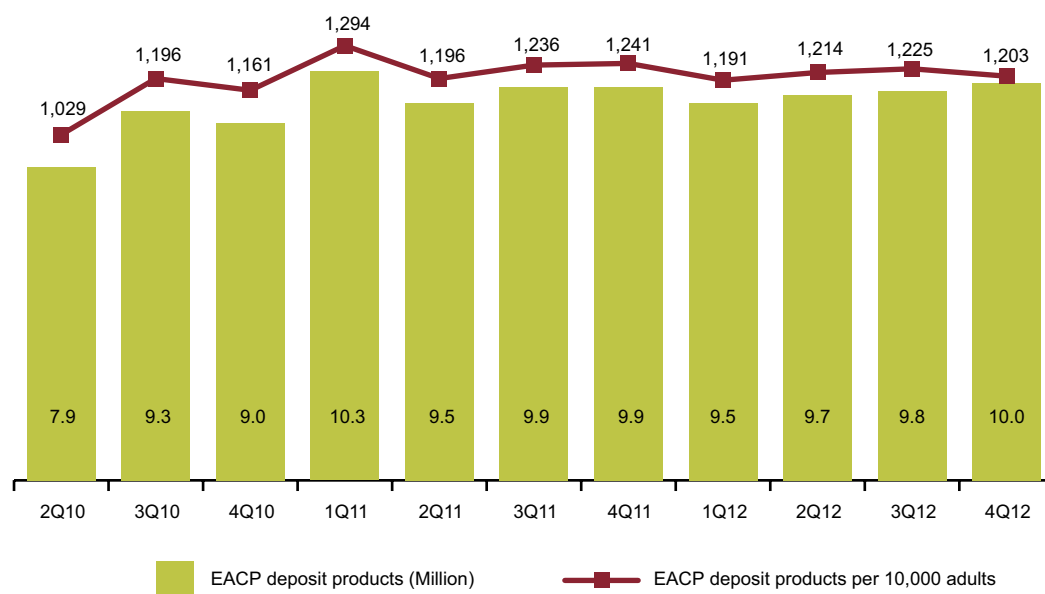
Source: CNBV, December 2012

## EACP deposit products

The deposit products of Popular Savings and Credit Institutions (EACP) include savings deposits, sight deposits and term deposits. From June 2010 (2Q10) through the end of 2012 (4Q12), these products showed an average annual growth rate of 8.3%, i.e., a little over 2 million of additional

deposit products in a two and a half year period, reaching 10 million deposit products by the month of December 2012, which equals 1,203 deposit products for every 10,000 adults. In graph 2.10 we may observe the historical evolution of these products.

**Graph 2.10 Historical evolution of EACP deposit products**



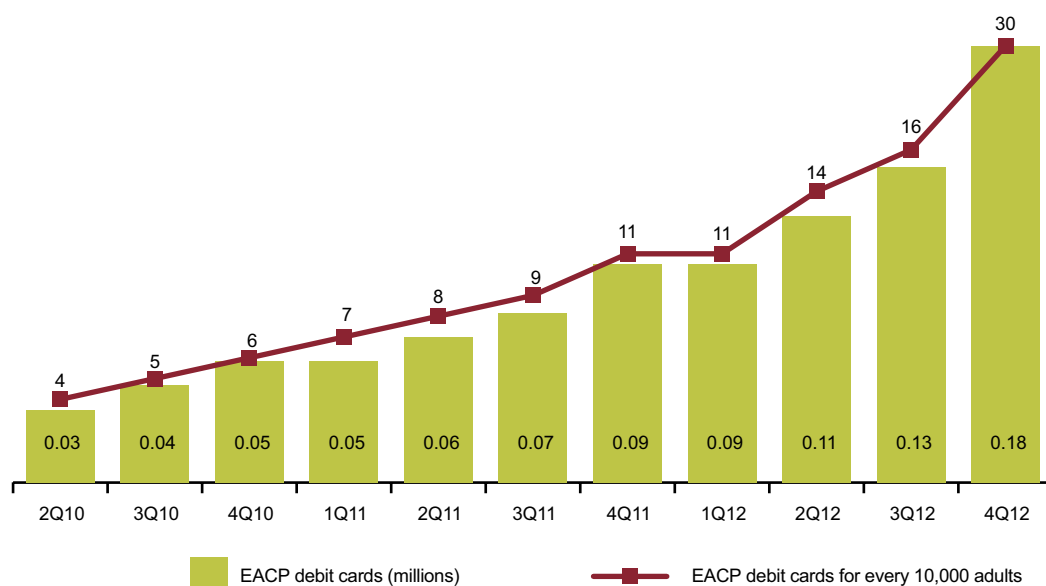
Source: CNBV, December 2012

## EACP debit cards

Despite of being a product not broadly handled by EACP, debit cards have shown a significant growth, going from a little over 30,000 cards in 2Q10 to more than 175,000 cards in 4Q12. This represents an average annual growth rate of

101.1% in the number of cards. By the end of 2012, there were 30 EACP debit cards for every 10,000 adults. Such results may be observed in Graph 2.11.

**Graph 2.11 Historical Evolution of EACP Debit Cards**



Source: CNBV, December 2012

## Deposit Indicators at a State Level

The indicators shown in this section correspond to the month of December 2012.

### Banking sector

Table 2.12 shows the banking deposit products for every 10,000 adults in each federal state. The Federal District has the highest demographic indicators for every 10,000 adults for all deposit products, except for Level 3 transactional accounts, for which Guanajuato has the highest demographic indicator (18).

The Federal District is followed by the subsequent states having the highest demographic indicators: Puebla for savings accounts (16); Zacatecas for term deposits (542); Nayarit for level 1 accounts (3,951); Baja California Sur for level 2 accounts (426), and Nuevo León for traditional transactional accounts (12,440). Sinaloa and Nuevo León have the highest

debit card indicator (15,273 and 14,816, respectively) after the Federal District (33,303).

Map 2.13 shows the states classified according to their total core indicator for banking deposit products. The state of Chiapas, followed by Oaxaca, Tlaxcala, Puebla and Guerrero, is the state with the least deposit products for every 10,000 adults.

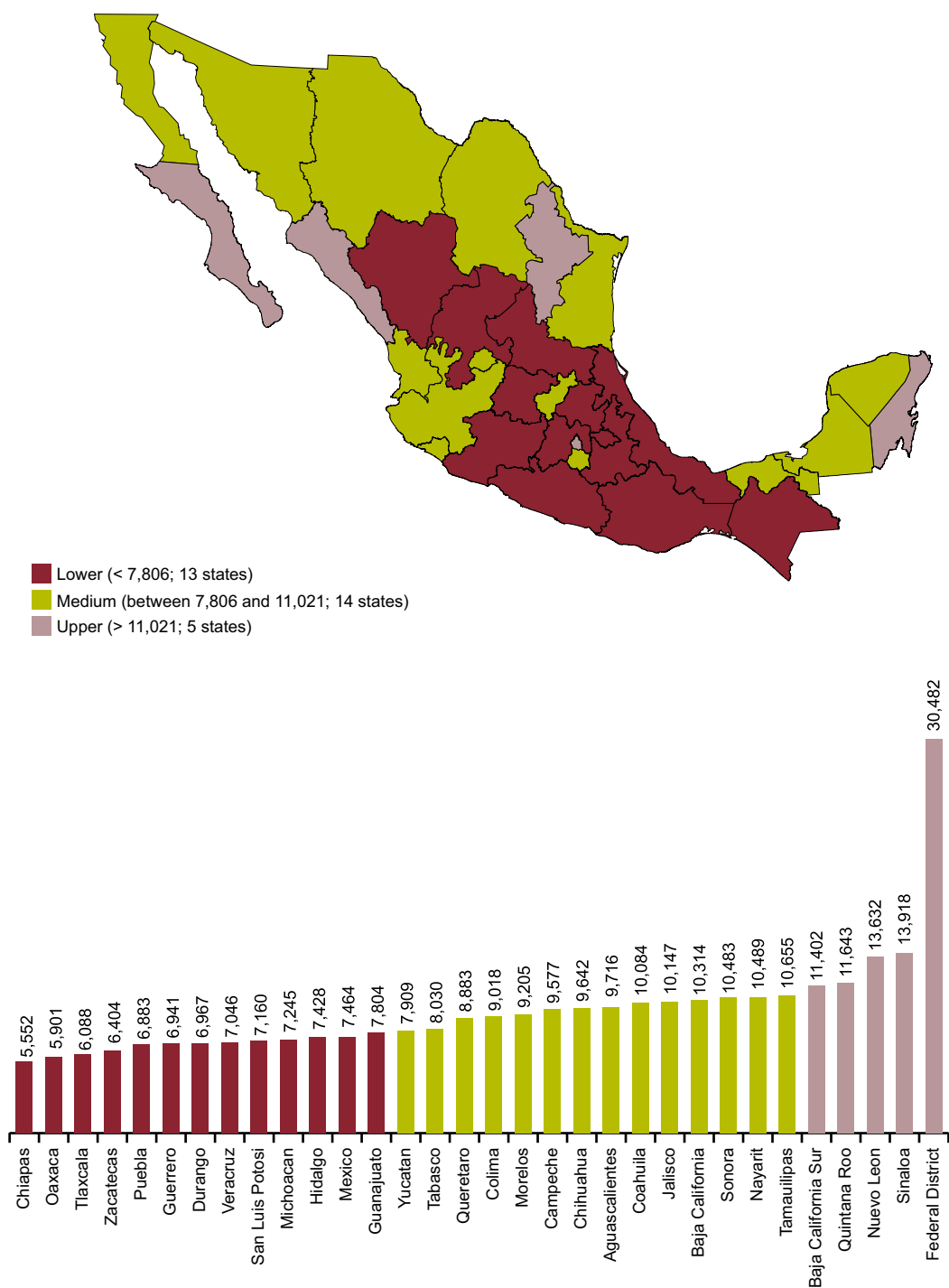
Eight states are over the national indicator (10,341 deposit products for every 10,000 adults): the Federal District, Sinaloa, Nuevo León, Quintana Roo, Baja California Sur, Tamaulipas, Nayarit and Sonora. However, if we take into account the national indicator without considering the Federal District (8,519), nine additional states are over this indicator (Baja California, Jalisco, Coahuila, Aguascalientes, Chihuahua, Campeche, Morelos, Colima and Querétaro).

Table 2.12 Number of banking deposit products for every 10,000 adults

Banking Deposit Products for every 10,000 Adults								
State	Adult population	Savings account	Term deposits	Level 1 transactional accounts	Level 2 transactional accounts	Level 3 transactional accounts	Traditional transactional accounts	DC
Aguascalientes	851,594	13	331	989	315	0	8,068	10,177
Baja California	2,400,848	9	177	478	213	3	9,433	11,851
Baja California Sur	497,222	5	124	571	426	0	10,276	12,191
Campeche	620,951	3	188	875	406	2	8,104	9,854
Coahuila	2,036,983	6	247	604	213	0	9,014	11,728
Colima	498,134	6	234	583	229	1	7,967	11,766
Chiapas	3,346,082	2	177	774	227	2	4,371	6,053
Chihuahua	2,553,891	7	214	707	198	0	8,515	10,978
Federal District	6,914,961	36	664	8,392	558	4	20,828	33,303
Durango	1,195,885	4	228	548	128	0	6,059	8,060
Guanajuato	3,936,449	12	320	603	301	18	6,550	8,733
Guerrero	2,363,270	3	245	716	296	2	5,680	7,638
Hidalgo	1,953,353	3	311	742	346	2	6,023	7,478
Jalisco	5,435,085	10	324	583	348	8	8,873	10,460
Mexico	11,505,586	6	289	706	231	2	6,230	8,206
Michoacan	3,161,520	6	411	549	421	1	5,855	7,223
Morelos	1,338,771	8	323	552	344	1	7,979	9,376
Nayarit	819,274	5	258	3,951	364	1	5,911	10,566
Nuevo Leon	3,553,713	5	449	561	169	8	12,440	14,816
Oaxaca	2,714,324	4	275	541	223	2	4,857	6,155
Puebla	4,140,520	16	287	686	288	1	5,604	7,232
Queretaro	1,348,771	9	230	424	188	0	8,033	9,984
Quintana Roo	1,030,866	3	153	744	192	5	10,546	12,809
San Luis Potosi	1,868,257	6	366	379	224	1	6,184	8,010
Sinaloa	2,087,253	9	218	1,327	238	0	12,126	15,273
Sonora	2,006,264	7	188	566	242	3	9,476	12,043
Tabasco	1,629,051	1	147	441	286	1	7,154	9,220
Tamaulipas	2,470,067	5	302	815	212	1	9,320	12,490
Tlaxcala	850,560	2	201	677	337	1	4,870	6,822
Veracruz	5,684,865	4	230	590	345	3	5,874	7,584
Yucatan	1,479,160	4	258	763	189	1	6,694	8,717
Zacatecas	1,074,572	3	542	574	225	2	5,058	7,627
<b>National</b>	<b>83,368, 102</b>	<b>9</b>	<b>311</b>	<b>1,327</b>	<b>291</b>	<b>3</b>	<b>8,400</b>	<b>11,305</b>
<b>National without Federal District</b>	<b>76,453,141</b>	<b>7</b>	<b>279</b>	<b>688</b>	<b>267</b>	<b>3</b>	<b>7,276</b>	<b>9,315</b>

Source: CNBV, December 2012

Map 2.13 Banking deposit products for every 10,000 Adults



**National Indicator:** 10,341 banking deposit products for every 10,000 adults  
Source: CNBV, December 2012

## Popular Savings and Credit Institutions (EACP)

For EACP deposit products, Colima is the federal state with the highest demographic indicator for savings deposits (3,160 for every 10,000 adults), Querétaro for sight deposits (3,104) and term deposits (421), and Zacatecas for debit cards (723).

The state with the lowest indicators is Baja California for savings deposits (5), term deposits (0.1) and sight deposits (0.3). Five states do not report any EACP debit cards (Baja California, Baja California Sur, Campeche, Chiapas and Sonora). These results may be observed in Table 2.14.

Map 2.15 shows the states classified according to their total core indicator for EACP deposit products. The state of Guanajuato, followed by Queretaro and Colima, is the state having more deposit products for every 10,000 adults.

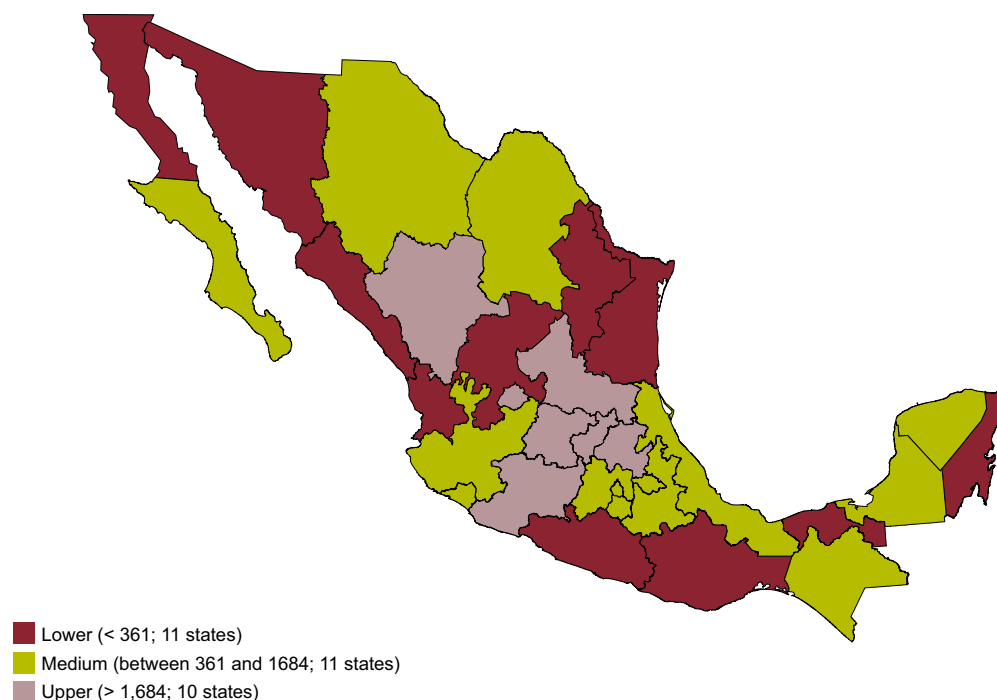
Eleven states are over the national indicator (1,203 deposit products for every 10,000 adults): Guanajuato, Queretaro, Colima, Michoacan, Nayarit, Oaxaca, San Luis Potosi, Jalisco, Aguascalientes, Durango and Zacatecas. The states with the lowest demographic indicators for EACP deposit products are Baja California, Sonora and Baja California Sur.

**Table 2.14 Number of EACP deposit products for every 10,000 adults**

State	EACP deposit products for every 10,000 adults				
	Adult population	Savings deposits	Sight deposits	Term deposits	DC
Aguascalientes	851,594	646	1,037	68	58
Baja California	2,400,848	5	0.3	0.1	0.0
Baja California Sur	497,222	79	54	2	0.0
Campeche	620,951	108	268	22	0.0
Coahuila	2,036,983	718	285	39	2
Colima	498,134	3,160	1,413	113	231
Chiapas	3,346,082	37	259	40	0.0
Chihuahua	2,553,891	423	407	20	11
Federal District	6,914,961	120	39	20	0.03
Durango	1,195,885	717	946	85	12
Guanajuato	3,936,449	2397	2,821	321	122
Guerrero	2,363,270	208	319	22	1
Hidalgo	1,953,353	70	469	29	4
Jalisco	5,435,085	1,121	1,081	104	54
Mexico	11,505,586	65	160	16	0.1
Michoacan	3,161,520	1,799	1,306	168	45
Morelos	1,338,771	574	889	54	24
Nayarit	819,274	1,321	1,361	114	125
Nuevo Leon	3,553,713	402	198	22	10
Oaxaca	2,714,324	1,156	1,419	147	43
Puebla	4,140,520	285	370	28	3
Queretaro	1,348,771	1,892	3,104	421	100
Quintana Roo	1,030,866	80	78	9	0.1
San Luis Potosi	1,868,257	1,705	725	104	38
Sinaloa	2,087,253	138	139	6	0.1
Sonora	2,006,264	17	2	19	0.0
Tabasco	1,629,051	94	129	3	0.01
Tamaulipas	2,470,067	177	191	15	5
Tlaxcala	850,560	95	180	41	0.2
Veracruz	5,684,865	315	390	29	13
Yucatan	1,479,160	120	121	13	1
Zacatecas	1,074,572	847	719	75	723
<b>National</b>	<b>83,368, 102</b>	<b>558</b>	<b>583</b>	<b>62</b>	<b>30</b>
<b>National without Federal District</b>	<b>76,453,141</b>	<b>597</b>	<b>632</b>	<b>66</b>	<b>33</b>
					<b>688</b>

Source: CNBV, December 2012

**Map 2.15 EACP deposit products for every 10,000 adults**



**National indicator:** 1,203 EACP deposit products for every 10,000 adults

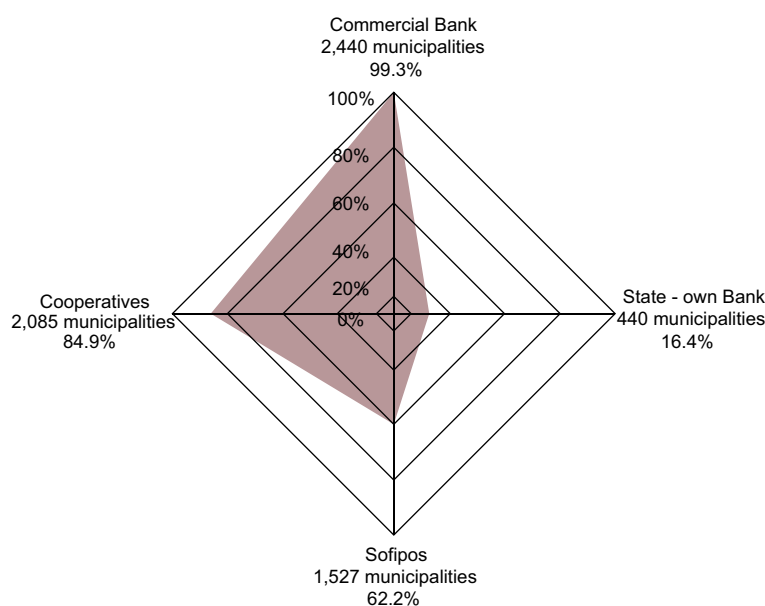
Source: CNBV, December 2012

### Coverage

At the end of 2012, 99.9% (2,454 municipalities) had at least one deposit product in the banking or EACP sectors. Of the total number of municipalities, 99.5% (2,443 municipalities) show at least one banking deposit product, while 94.1% (2,311) shows at least one EACP deposit product.

When analyzing the percentage of municipalities with a given deposit product per sector (see Graph 2.16), we find that Commercial Banking has the greater coverage, with deposit products in 99.3% (2,440) of the municipalities, followed by the Cooperatives in 84.9% (2,085), Sofipos in 62.2% (1,527) and finally State-Owned Banks in 16.4% (404) of the municipalities in Mexico.

**Graph 2.16 Municipalities covered by type of financial entity**



Source: CNBV, December 2012

Graph 2.17 shows the coverage of each type of institution offering deposit products, segmented per type of municipality.

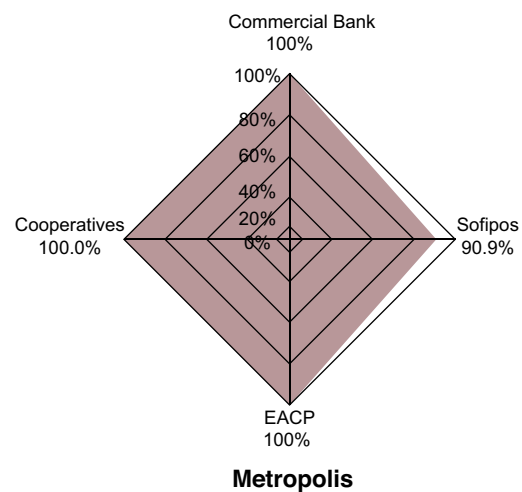
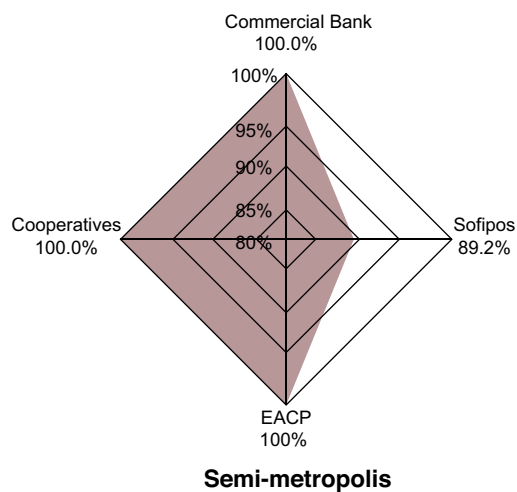
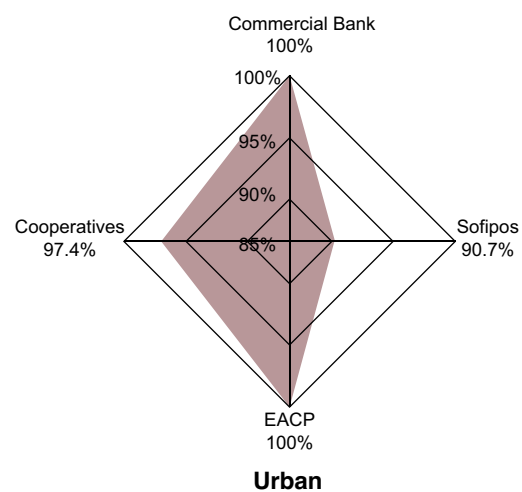
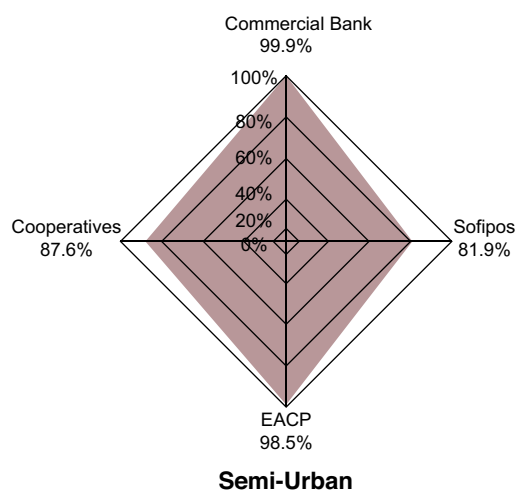
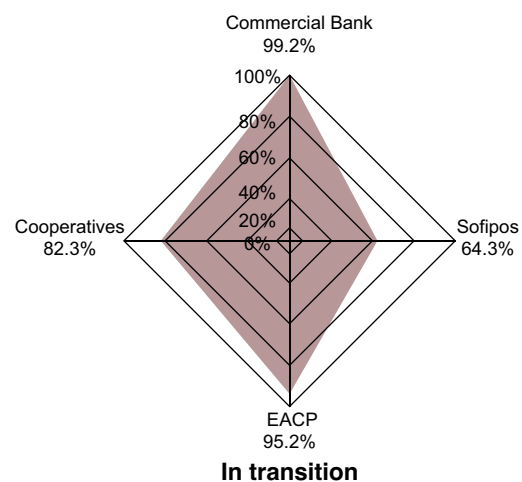
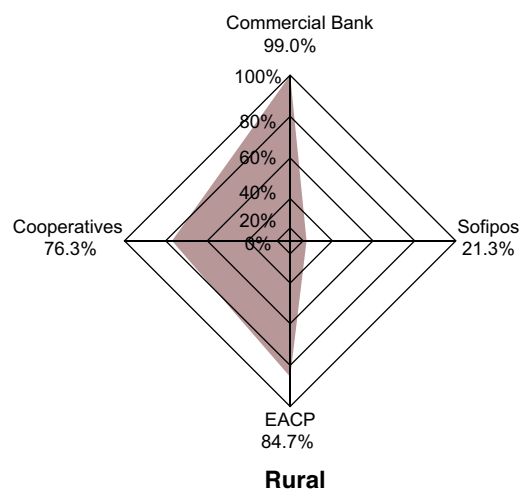
In rural municipalities (672 municipalities in the country), there is a significant presence of commercial banking with deposit products (99%), followed by popular savings and credit institutions (84.7%). It is worth mentioning that these numbers do not necessarily imply the actual presence of these institutions in this type of municipalities, as the numbers are determined based on the address registered when the person acquired the deposit product. Cooperatives are present in 76.3% of the municipalities, and Sofipos only in 21.3% of the municipalities.

In municipalities in transition (644 nationwide), as well as in rural municipalities, commercial banking has presence in 99.2%, followed by popular savings and credit institutions, in 95.2%.

Semi-urban municipalities (720 in the country) are covered almost entirely by commercial banking and popular savings and credit institutions (99.9% and 98.5% respectively).

In municipalities considered as urban (344 nationwide), semi-metropolis (65), and metropolis (11), we find the presence of commercial banking institutions and popular savings and credit institutions in 100% of them. Sofipos are less present, covering 90.7%, 89.2% and 90.0% respectively.

**Graph 2.17 Percentage of municipalities with deposit products per type of sector and per type of municipality**

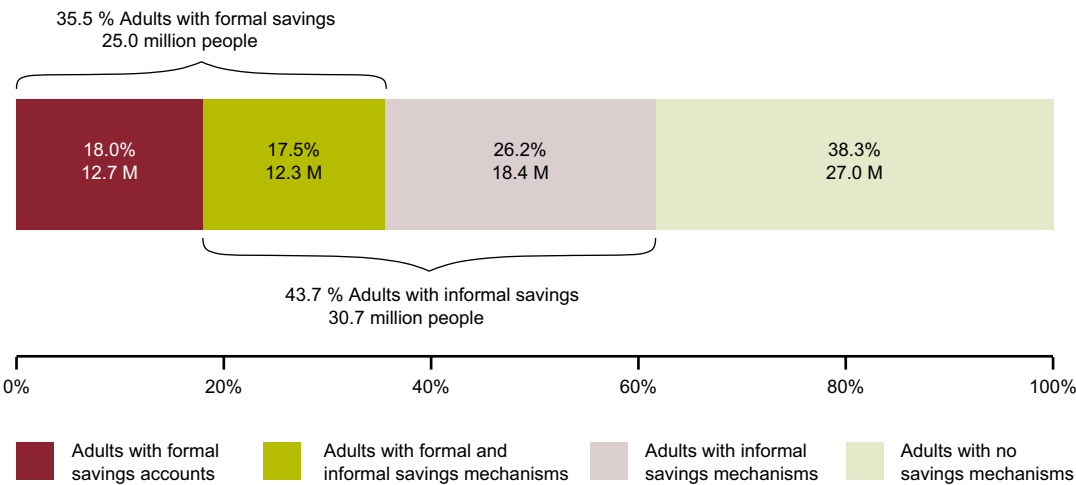


ENIF results regarding the usage of deposit products

In Graph 2.18, we may observe that, according to the results from the ENIF, 35.5% of the interviewed adults (which represent 25 million adults when extrapolating the results) indicated having at least one formal deposit or savings product.

Out of these 25 million users of savings deposit accounts with a financial institution, most of them, approximately 24 million persons, indicated having at least one debit card.

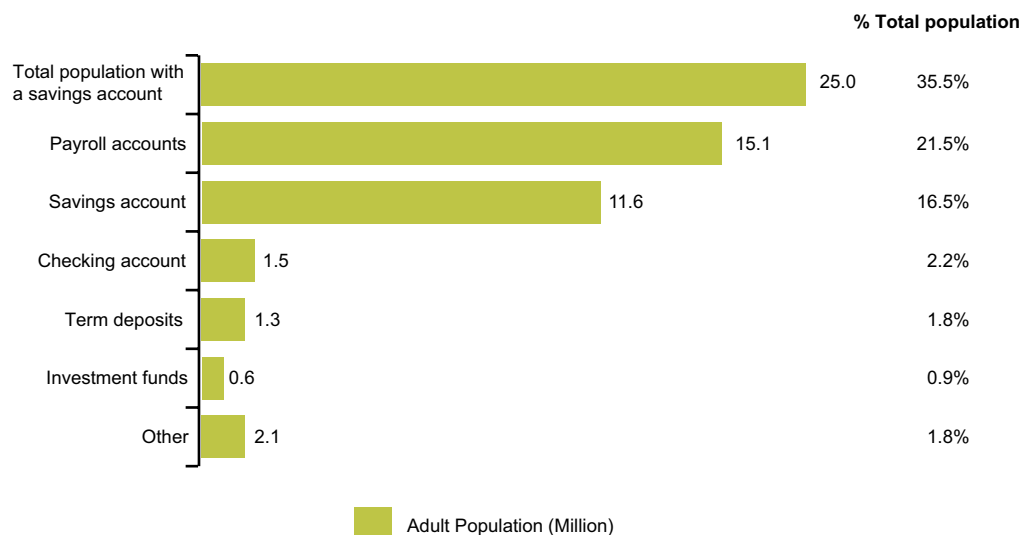
Graph 2.18 Formal savings vs. informal savings



Total Adult Population: 70.4 million  
Source: CNBV, with data of the INEGI

Out of the formal savings products, payroll accounts are the products most used by the population, with 15.1 million users (21.5% of the total adult population), followed by different types of savings accounts, with 11.6 million users (16.5%). Graph 2.19 shows more data on other formal savings products.

**Graph 2.19 Main formal savings products**



Total Population: 70.4 million

Source: CNBV, with data of the INEGI

## Deposit insurance

In Mexico, bank savings are protected by the deposit insurance, managed by the Bank Savings Protection Institute (IPAB, for its abbreviation in Spanish). The IPAB guarantees the payment of deposits to savers up to a sum equal to 400 Investment Units (UDIS) per individual or business entity (regardless of the number and type of obligations secured in favor of the saver), with charge to the same commercial banking institution. As of December 31, 2012, the IPAB coverage equaled \$1,949,849.60 pesos per account.

The IPAB protects all money deposits at commercial banking institutions, irrespective of their investment term and means

of withdrawal, such as sight deposits in checking accounts, payroll accounts, deposits in savings accounts term deposits and deposits in current accounts linked to debit cards.

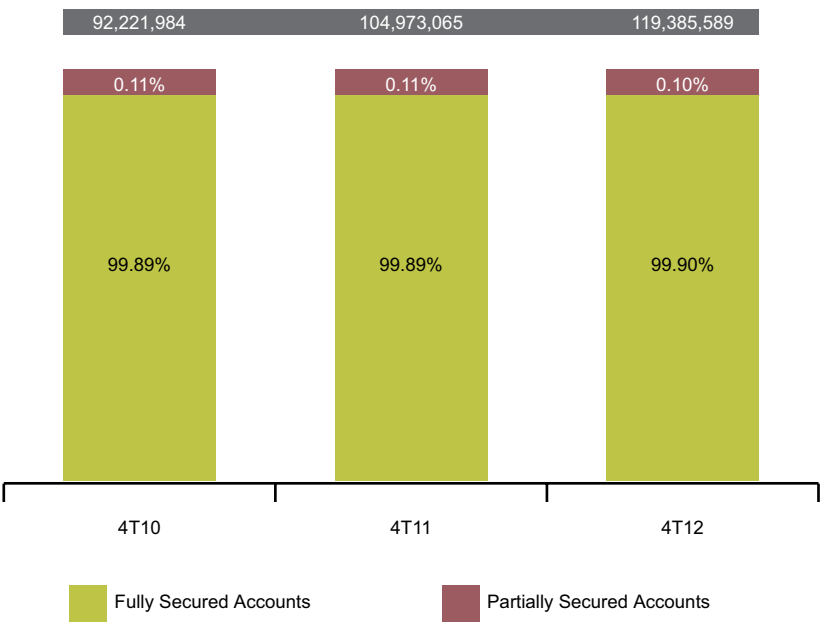
The IPAB increases the confidence of banking users in the financial system by refunding deposits in a timely and efficient manner, in case a bank presents solvency issues. These actions help strengthen the trust in the banking system, promote formal savings and avoid massive withdrawals of deposits (bank runs).

Indicators for deposit insurance at a national level<sup>3</sup>

- At the end of December 2012, there were over 119 million secured accounts, 99.9% of which were covered in full. This represents an increase of 13% compared with the number of accounts in the same term, the previous year.
- By December 2012, the amount of secured obligations covered by the IPAB rose to 1.48 trillion pesos.

At the end of December 2012, there were over 119 million accounts secured by the IPAB, 99.9% of which were fully covered, as we may observe in Graph 2.20. The number of secured accounts increased by 13.7% from December 2011 to December 2012, i.e., the deposit insurance covered over 14 million additional accounts in comparison to those covered in 2011.

Graph 2.20 Number of accounts fully and partially secured per year



Source: IPAB, with data from the Banco de México

3. Core indicators for deposit insurance are defined in the “Fourth Financial Inclusion Report”, National Council for Financial Inclusion, 2011.

At the end of 2012, the amount of secured obligations (OG, for its abbreviation in Spanish) was 2.62 trillion pesos, representing an increase of 7% in comparison to the obligations insured in December 2011.

The value of insured obligations covered by the IPAB amounted to 1.48 trillion pesos in December 2012, which represents an increase of 5.7% in comparison the value covered at the end of 2011. That level of growth has been consistent during the past three years, as we may observe in Table 2.21.

**Table 2.21 Total amount of secured obligations**

Concepto	4Q10	4Q11	4Q12
Total Value of Secured Obligations (OG)*	2,196,893	2,450,269	2,618,421
Total Value of Secured Obligations covered by the IPAB (OGC)*	1,276,298	1,397,783	1,477,779
Total value of No secured Obligations	920,595	1,052,486	1,140,643
Total Debt*	4,624,564	5,196,311	5,373,378
OGC as % of OG	58%	57%	56%
OGC como % from the total debt	28%	27%	28%
OGC as % from the GDP	9%	9%	9%
Nominal GDP*1	13,915,135	15,460,233	16,098,480
Hedge Limit (miles of pesos)	1,811	1,877	1,950

\* Figures expressed in millions of pesos

1. Quarter GDP , base 2008. Source: INEGI

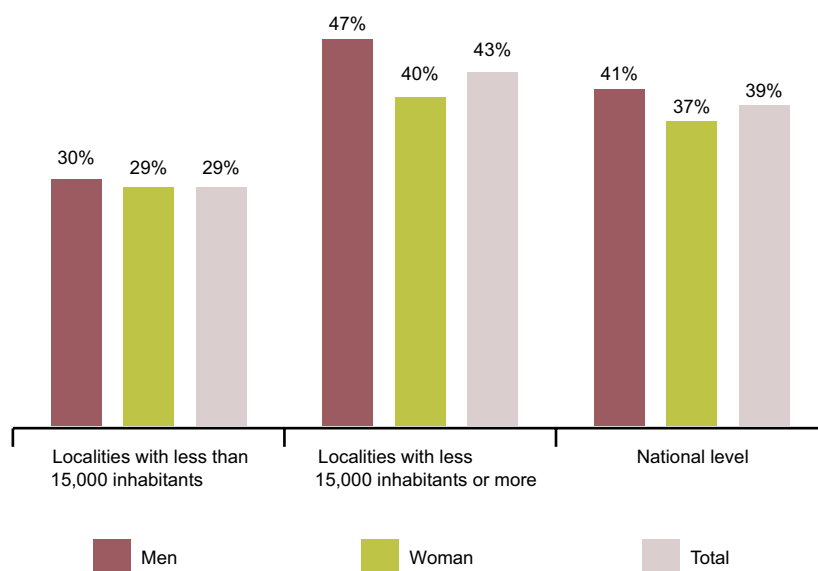
Source: IPAB with information from Banxico y CNBV

## 2012 ENIF results regarding the knowledge of deposit insurance

In the following section we present the percentage of users of savings accounts who had knowledge of the deposit insurance per size of locality and gender (Graph 2.22) according to figures of the 2012 National Survey for Financial Inclusion (ENIF) 2012 <sup>4</sup>.

4. "National Survey for Financial Inclusion: Descriptive Analysis of Results", National Statistics and Geography Institute and National Banking and Securities Commission, September 2012.

**Graph 2.22 Users of savings accounts who have knowledge of the deposit insurance**



Source: CNBV, with data of the INEGI

At a national level, approximately 40% of the population is aware of the fact that their bank deposits are protected in case of a bank's insolvency. Knowledge of this deposit insurance among the population is greater in larger-sized localities than in smaller ones.

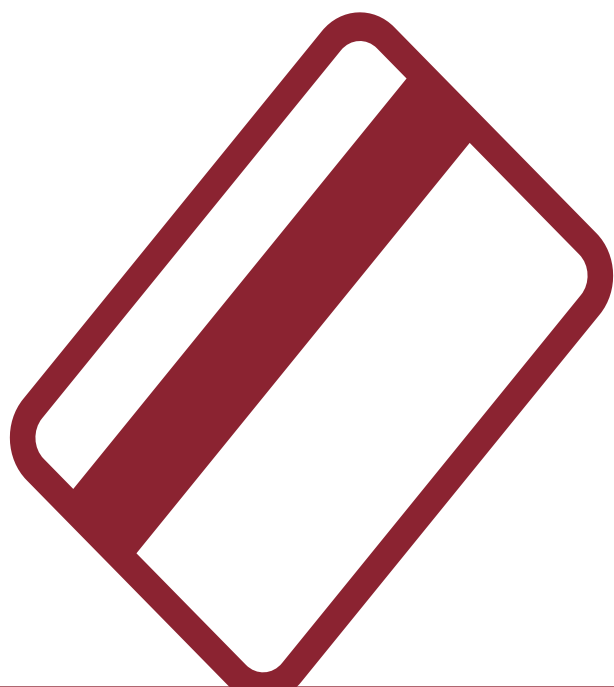
The population having knowledge of deposit insurance is relevant and worth mentioning because, by having certainty that their bank deposits being protected, the population becomes more trusting in the banking system, which in turn promotes formal savings.

In order to strengthen financial education and, thus, contribute to Financial Inclusion, in 2012 several actions were taken

to increase the population's knowledge on the benefits and scope of the deposit insurance, including redesigning the institutional image of the IPAB, through the incorporation of better data tools in their web site. Also, commercial banking institutions have worked in including IPAB information in the advertising of protected products, in the account statements and in their web sites.

In addition, the IPAB has a permanent exhibition named "Your Money is Safe" (Tu Dinero está Seguro) at the Interactive Museum of Economics (MIDE, for its abbreviation in Spanish) and has developed several didactical materials that contribute to a greater knowledge by the population of the benefits of the deposit insurance.

# CREDIT



Credit represents one of the most basic financial services from a financial inclusion standpoint, since, in addition to complementing savings, it allows both households and enterprises to distribute the income and expense flows in time and to obtain goods and services in a more timely fashion within the economic cycles, thus promoting greater economic productivity.

# CREDIT

# 3

Having access to funds in a timely manner and at a reasonable cost is fundamental to ensure a more efficient handling of economic resources among individuals and households, and to improve productivity at an enterprise level.

This chapter shows the general perspective of credit in Mexico, starting with an analysis of the credit products reported by different financial intermediaries at a national, state and municipal level. In addition, a new section proposes indicators of access to financing for enterprises, especially micro, small and medium enterprises (MSMEs), which are basic elements of the recent public policy initiatives being promoted by the federal government. Finally, we disclose some of the results of the ENIF regarding information on the most commonly used credit products, their intended use, and some of the barriers or obstacles that prevent their access or use, as perceived by survey respondents.

### Core usage indicators

---

Recently, special emphasis has been made on the development of indicators that allow the assessment of the level of access to and usage of financial services at an international level, with credit being one of the main financial products.

As stated in previous chapters, the Alliance for Financial Inclusion (AFI) has defined a core set of financial inclusion indicators that help measure financial inclusion and guide public policies. These indicators are also useful when

comparing the status of access to and usage of basic financial services among different countries.

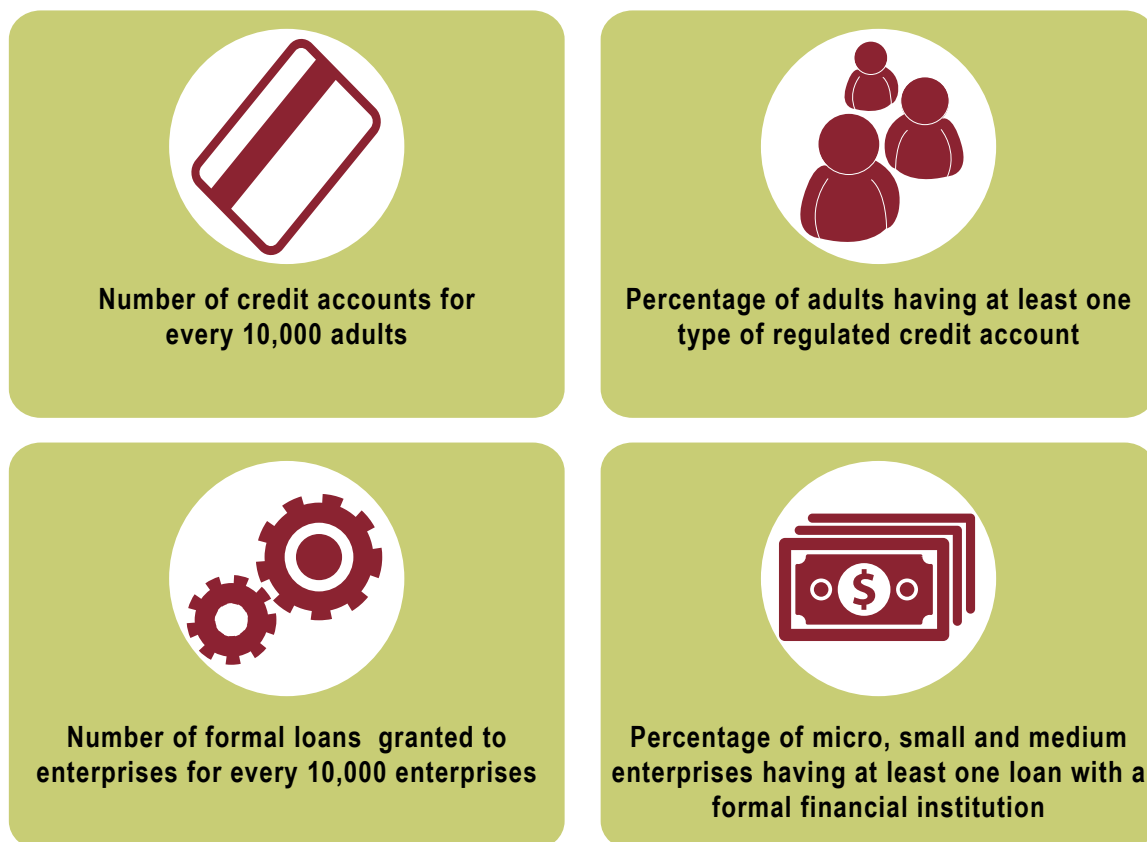
AFI suggests calculating the percentage of adults in a country who have access to at least one credit product or credit line from a formal financial institution, as core indicator of access to credit.

Given that not all countries have created measurement instruments to obtain such indicators, AFI proposes using the number of credit accounts for every 10,000 adults as a proxy indicator. This indicator has been calculated and published in Mexico for some years now, using the information of the regulatory reports submitted to the CNBV by financial institutions.

Also, the G20 Global Partnership for Financial Inclusion (GPFI), in coordination with AFI, has worked in proposing another set of financial inclusion indicators related to enterprise credit. The first indicator is the number of loans granted to enterprises by a formal institution for every 10,000 enterprises; the second one is the percentage of enterprises with access to bank loans. The difference with AFI indicators is that GPFI proposes indicators that may be calculated based on international standardized measurements, developed by international organizations, such as the World Bank, the International Finance Corporation or the International Monetary Fund.

Figure 3.1 Shows the international indicators for access to credit.

**Figure 3.1 Set of credit indicators**



Source: AFI and GPFI

This chapter is divided in two sections. The first section shows a report of credits granted to individuals, and the second one shows information on MSMEs. For both sections, the indicators are segmented according to the type of institution supplying such products, i.e., the Banking Sector and the Popular Savings and Credit Institutions.

### **Usage indicators for credit to individuals**

In this section, we develop credit indicators for products granted to individuals, which are obtained from the information

reported by financial institutions to the CNBV. In case of credits granted to individuals by Commercial and State-Owned Banks, we show the indicators for credit cards, group and mortgage loans, and for the first time, personal loans, payroll loans and car loans. On the other hand, for Popular Savings and Credit Institutions (EACP, for its abbreviation in Spanish), personal loans used for consumption and housing credits are reported.

- At the end of December 2012, 5,407 credit products were reported for every 10,000 adults (45 million accounts) directed at individuals, taking into consideration the Banking Sector and the Popular Savings and Credit Institutions.
- The Banking sector (including Commercial and State-Owned Banks) placed a total of 5,077 loan accounts for every 10,000 adults (42.3 million accounts) including credit cards (CC), personal loans, payroll loans, communal loans, car loans and mortgage loans.
- Credit cards are still the most commonly placed credit product, representing over 60% of credits. At the end of 2012, the number of credit cards for every 10,000 adults was 3,108 accounts (25.9 million).
- In 2012, other banking consumer loans, such as personal loans and payroll loans together reached 1,428 credits for every 10,000 adults (11.9 million accounts).
- Popular Savings and Credit Institutions, including Savings and Credit Cooperatives and popular finance institutions (Sofipos), placed a total of 330 credits for every 10,000 adults (2.7 million credits) including personal loans and housing credits.

Source: CNBV, December 2012

While credit products supplied by Commercial and State-Owned Banks and EACP are different, these products are grouped by type of product to obtain a core indicator that encompasses the credit products offered by all these institutions. Table 3.2 shows a summary of credit products of financial institutions directly supervised by the CNBV.

**CHART 3.2 Credit products aimed at individuals per type of institution**

<b>Bank</b>	<b>Commercial banks</b>  <b>State-owned banks</b>	<b>Credit cards</b> <b>Personal loans</b> <b>Payroll loans</b> <b>Group lending</b> <b>Auto loans</b> <b>Mortgages</b>
<b>EACP</b>	<b>Sofipos</b>  <b>Cooperatives</b>	<b>Consumer loans</b> <b>Housing loans</b>

Source: CNBV

Taking into consideration this segmentation, table 3.3 shows the core indicators for credit to individuals as of the end of December 2012.

**Table 3.3 Demographic indicators for credit aimed at individuals per type of institution**

**Banking sector**

Type of Product	Number of Products	Demographic Indicator
Credit Card	25,906,995	3,108
Personal Loan	7,893,557	947
Payroll Loan	4,012,045	481
Group Loan	2,749,692	330
Car Loan	669,685	80
Mortgage Loan	1,093,208	131
<b>Total</b>	<b>42,325,182</b>	<b>5,077</b>

**Popular savings and credit institutions**

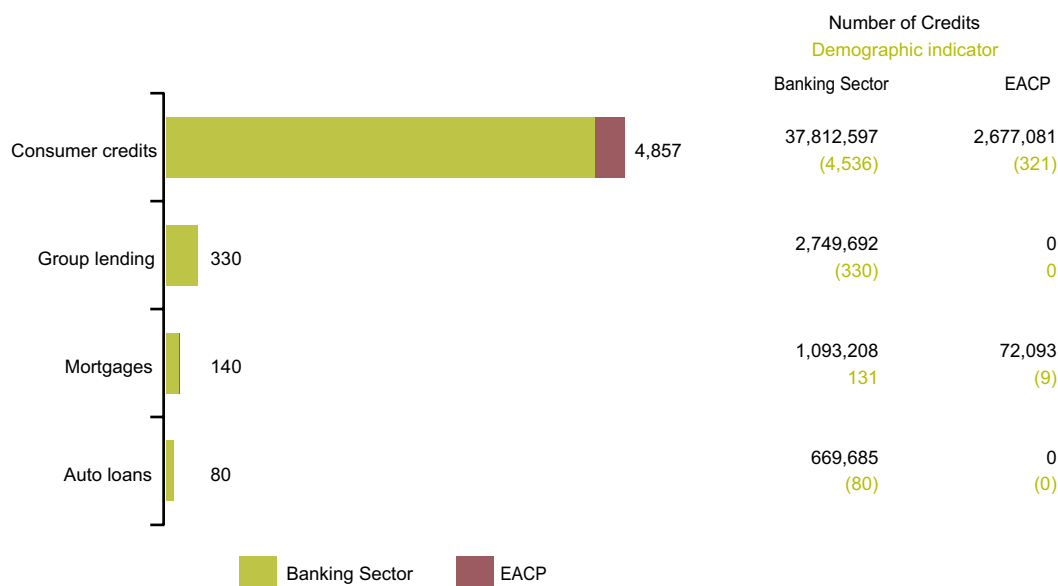
Type of Product	Number of Products	Demographic Indicator
Consumer Loan	2,677,081	321
Housing Credit	72,093	9
<b>Total</b>	<b>2,749,174</b>	<b>330</b>

Source: CNBV, December 2012

The national demographic indicator for credit to individuals is 5,407 for every 10,000 adults. Approximately 90% of credits granted to individuals correspond to consumer loans, and half of these correspond to credit cards. Moreover, 94% (4.3 million) of the total credits correspond to those granted by the Banking Sector, while the remaining 6% (2.7 million) correspond to those supplied by EACP.

When comparing types of product, consumer loans (EACP credit cards, personal loans, payroll loans and consumer loans) represent 90% of the total loans (see Graph 3.4).

### Graph 3.4 Number and indicators for credits to individuals



Source: CNBV, December 2012

#### Banking credit products

Bank loans described in this section correspond to credit cards, group loans and mortgage loans. Additionally, information related to personal, payroll and car loans, is presented for the first time.

Personal loans are not revolving, that is, they are granted for a fixed amount after obtaining some type of guarantee, and they do not have a specific intended use, which allows the population to solve liquidity gaps in the short or medium term. Payroll loans are not revolving either and are similar to personal loans, however credit institutions grant them to their payroll account holders, the payroll accounts become the loan collateral.

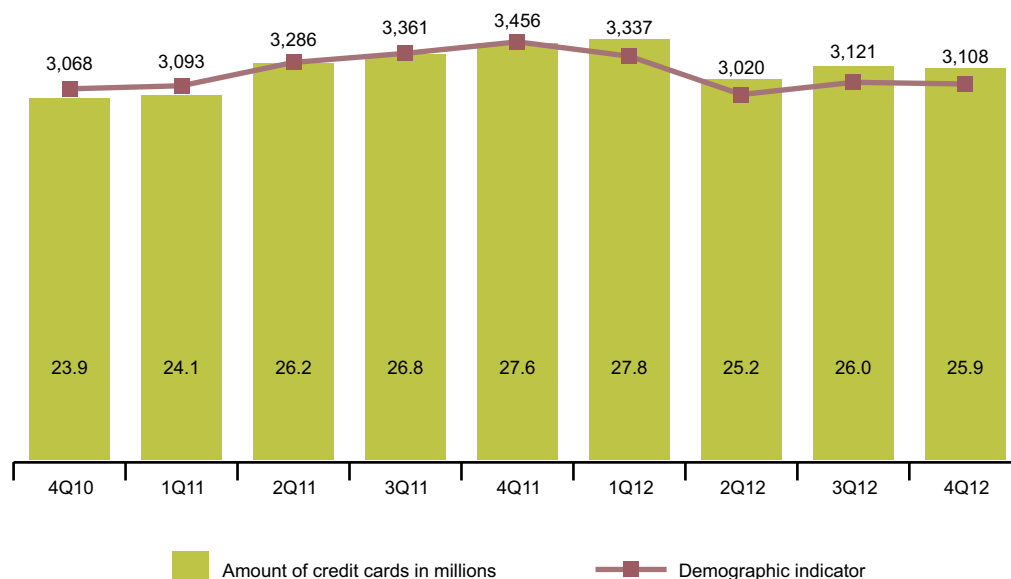
#### Credit cards

Credit cards are a revolving financial product; they serve as means of payment in certain establishments, with the amount spent becoming a loan that shall be repaid on pre-established dates.

The quarterly evolution of bank credit cards shows an annual growth of 4.2% from 4Q10 to 4Q12. This moderate growth may be partly explained by the measures implemented to prevent the card user from becoming over-indebted. The demographic indicator has thus increased only 0.65%, taking into account the same reference period, going from 3,068 to 3,108 credit cards for every 10,000 adults. Such variation is due in part to the increase of the adult population<sup>1</sup>.

1. In order to calculate the indicator, the population forecast for 2012, according to the National Council of Population (CONAPO) was taken into consideration.

**Graph 3.5 Historical evolution of credit cards**



Source: CNBV, December 2012

### Personal loans

In recent years, non-revolving bank loans have seen an increase in their usage as in the case of personal loans. Personal loans are more commonly used than other credit products since they are easy to obtain and they can be granted to individuals that, in spite of not having a formal job, may prove their income level by presenting account statements or tax declarations.

In December 2012, 36 banks (both commercial and state-owned) reported having placed a total of 7.9 million loans, which translates into a demographic indicator of 947 loans for every 10,000 adults.

### Payroll loans

A bank payroll loan is a relatively new product and has become popular as it is easy to obtain and offers flexibility to the client. This type of loan is linked to the payroll account of the client: the client's monthly salary becomes the loan's collateral, and its income level defines the amount of the loan to be granted. Repayments are made automatically, given prior authorization by the client, by discounting the payroll account on the agreed upon dates. To access this type of loan and individual has to belong to the economically active population and have a formal source of employment. The loan is not revolving and the client may opt to repay it before the agreed upon date, thus reducing interest payments thereon.

According to data reported, through December 2012, 16 commercial banks placed a total of 4 million bank payroll loans, which translates into 481 accounts for every 10,000 adults, making payroll loans the third consumer credit product of commercial banking.

## The Institute for the National Fund for Employee Consumption (FONACOT)

In May 1974, the Institute for the National Fund for Employee Consumption (FONACOT, for its abbreviation in Spanish) was created as a public trust under a Presidential Executive Order. In April 2006, the FONACOT Institute became a social decentralized public agency having legal capacity, proprietary assets and its own budget.

The purpose of the FONACOT Institute is to promote savings, grant financing, and ensure access to loans by workers, in order to support social development by improving the living conditions of the workers and their families, as well as to contribute to the economic development and to strengthen the internal market.

### Coverage

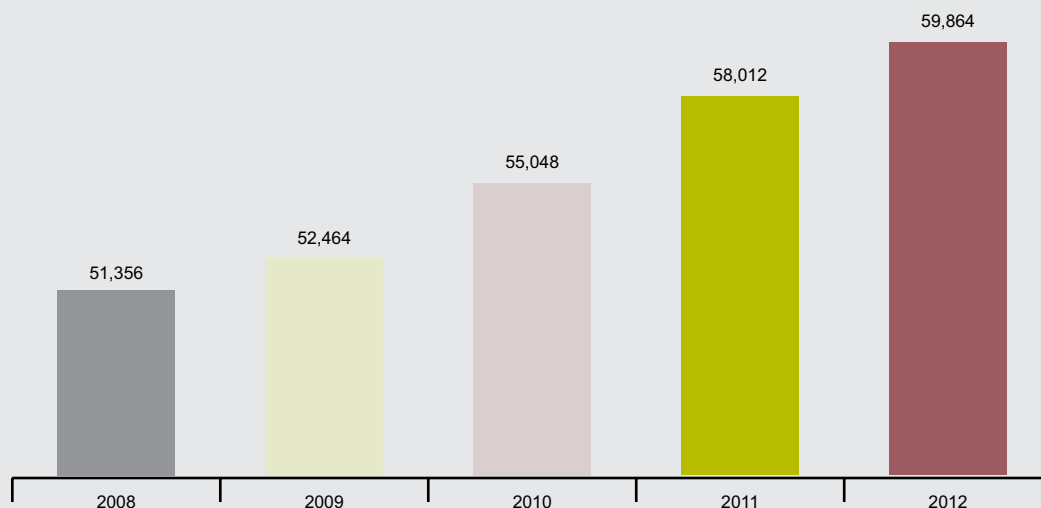
The FONACOT Institute has 80 branches nationwide, including 34 state or local bureaus and 46 representation offices, divided in 6 regional directors' offices.



Source: FONACOT Institute

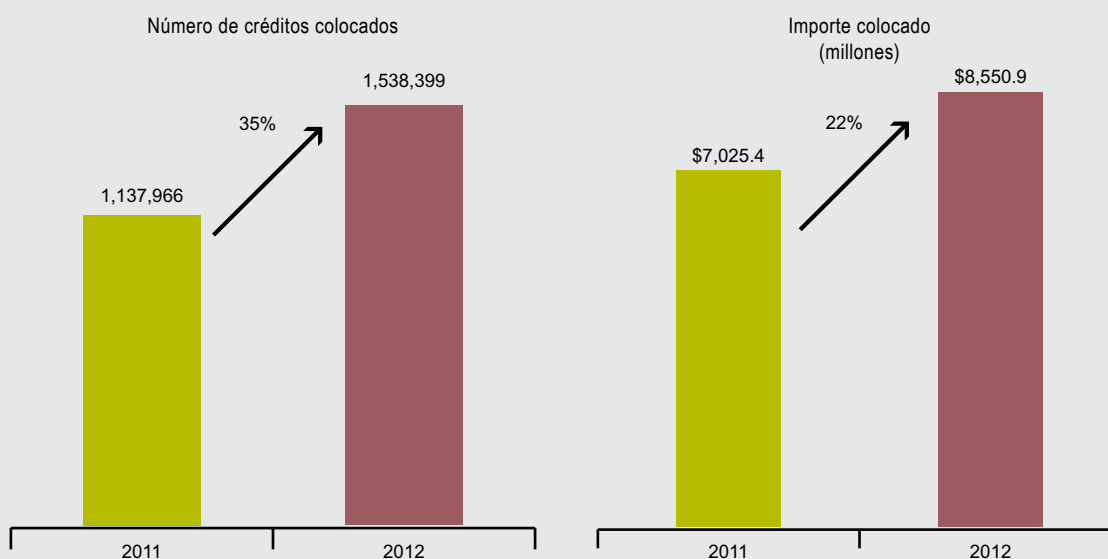
During 2012, the FONACOT Institute affiliated 3,233 work centers, thus reaching the total figure of 59,864 work centers nationwide.

### Work centers affiliated to Fonacot



Source: FONACOT Institute

In addition, during 2012, the FONACOT Institute placed 1,538,399 loans amounting to 8.5 billion pesos, which represented an increase of 35.2% and 21.7% respectively in comparison to 2011. Also, 5.9 million persons were benefitted nationwide.



Source: FONACOT Institute

It is worth mentioning that, in November 2012, the Reform to the Federal Labor Law was approved. Article 132, paragraph XXVI Bis, sets forth employers' obligation "to affiliate the workplace to the National Workers Purchase Assistance Fund Institute, so that the workers may be subject to the loans provided by such entity." The date set for compliance with this article was November 30, 2013.

In the same month, the FONACOT Institute launched the FONACOT Card in partnership with the MasterCard brand. With this, the Institute stopped being a closed circuit of business establishments in order to become a development bank that gives workers the facility and freedom to use their loans in over 500,000 points of sale nationwide that accept MasterCard.

In the following section we present the placement of loans in 2012 per Federal State.

## Granting of loans by the FONACOT Institute

State	Cash		Card		Total	
	Credits	Amount (MXP millions)	Credits	Amount (MXP millions)	Credits	Amount (MXP millions)
Aguascalientes	15,554	\$143.60	36,099	\$49.70	51,652	\$193.40
Baja California	47,213	\$600.90	54,582	\$79.30	101,794	\$680.20
Baja California Sur	8,845	\$124.70	23,333	\$31.60	32,178	\$156.30
Campeche	4,808	\$66.20	5,964	\$20.40	10,772	\$86.50
Coahuila	40,548	\$453.40	68,092	\$157.50	108,640	\$610.90
Colima	13,818	\$84.30	10,246	\$12.00	24,064	\$96.20
Chiapas	5,193	\$55.90	5,370	\$7.40	10,563	\$63.30
Chihuahua	36,657	\$361.20	20,569	\$30.90	57,225	\$392.10
Federal District	45,365	\$809.10	122,150	\$347.30	167,515	\$1,156.30
Durango	7,602	\$83.30	10,596	\$17.60	18,198	\$100.90
Guanajuato	26,944	\$218.80	33,089	\$46.90	60,033	\$265.70
Guerrero	2,939	\$39.80	8,417	\$78.40	11,356	\$118.20
Hidalgo	4,481	\$45.30	7,836	\$11.50	12,316	\$56.80
Jalisco	31,270	\$348.60	38,191	\$49.50	69,460	\$398.10
Mexico	27,930	\$361.40	57,915	\$194.30	85,845	\$555.60
Michoacan	15,153	\$109.20	20,566	\$34.20	35,719	\$143.40
Morelos	6,094	\$65.80	8,118	\$13.10	14,212	\$78.90
Nayarit	9,632	\$61.10	7,368	\$8.80	17,000	\$69.90
Nuevo Leon	21,738	\$277.40	47,832	\$69.20	69,570	\$346.50
Oaxaca	8,299	\$97.60	9,266	\$15.40	17,565	\$113.00
Puebla	11,563	\$140.50	24,279	\$42.10	35,842	\$182.60
Queretaro	16,753	\$149.30	25,177	\$37.50	41,930	\$186.90
Quintana Roo	13,809	\$191.40	22,199	\$48.40	36,008	\$239.90
San Luis Potosi	18,210	\$214.30	39,663	\$83.00	57,873	\$297.40
Sinaloa	28,411	\$222.50	58,851	\$70.70	87,262	\$293.20
Sonora	43,185	\$491.10	75,692	\$91.60	118,877	\$582.70
Tabasco	14,112	\$181.70	10,911	\$32.90	25,023	\$214.60
Tamaulipas	24,227	\$273.20	27,475	\$74.80	51,701	\$348.00
Tlaxcala	4,832	\$33.70	5,747	\$14.80	10,579	\$48.50
Veracruz	13,451	\$158.80	26,317	\$35.00	39,768	\$193.80
Yucatan	17,174	\$162.90	26,691	\$49.00	43,865	\$211.90
Zacatecas	4,787	\$49.80	9,207	\$19.40	13,994	\$69.20
<b>Total</b>	<b>590,594</b>	<b>\$6,676.80</b>	<b>947,805</b>	<b>\$1,874.10</b>	<b>1,538,399</b>	<b>\$8,550.90</b>

Source: FONACOT Institute

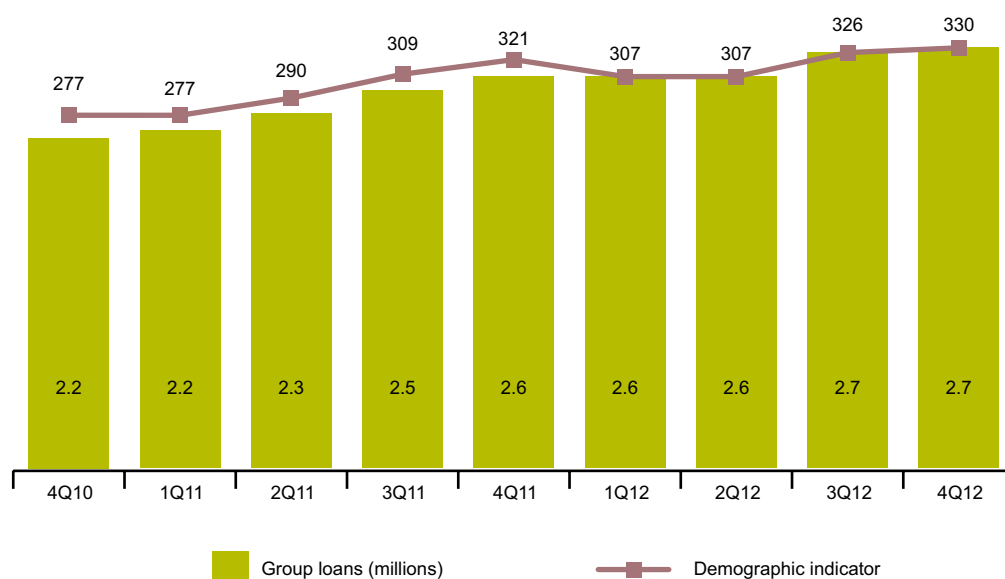
## Group loans

Group loans are more commonly used in semi-urban localities, which are far away from cities. In general, these loans are aimed at women and seek to foster the development of microbusinesses. This type of loans can be granted to individuals who do not have any previous credit history, since the loan obligations are shared among the members of the same group. Even though loans are assigned to groups, mostly women groups, each member of the group receives an individualized loan according to the personal experience

and time in the group; this allows clients to build up a credit history, which may be later used to apply for individual or personal loans of larger amounts.

During the past two years, the number of group loans has presented an annual growth rate of 12.9%, reaching 2.75 million loans by December 2012. The demographic indicator is 330 for every 10,000 adults, which is high when compared to the demographic indicators of the EACP sector.

**Graph 3.6 Historical evolution of group loans**



Source: CNBV

## Car loans

The intended use for this type of loan is to acquire a durable good which, under certain circumstances, may be considered as an investment. Such is the case of the acquisition of a utility vehicle for a small business.

For some years, this market was managed by Limited Purpose Financial Institutions (Sofoles). Today, the banking sector has gained interest in this market and new intermediaries have arisen, seeking to supply car loans through subsidiaries in the form of multiple purpose financial institutions - regulated entities (Sofomes ER) or directly through the credit institutions themselves.

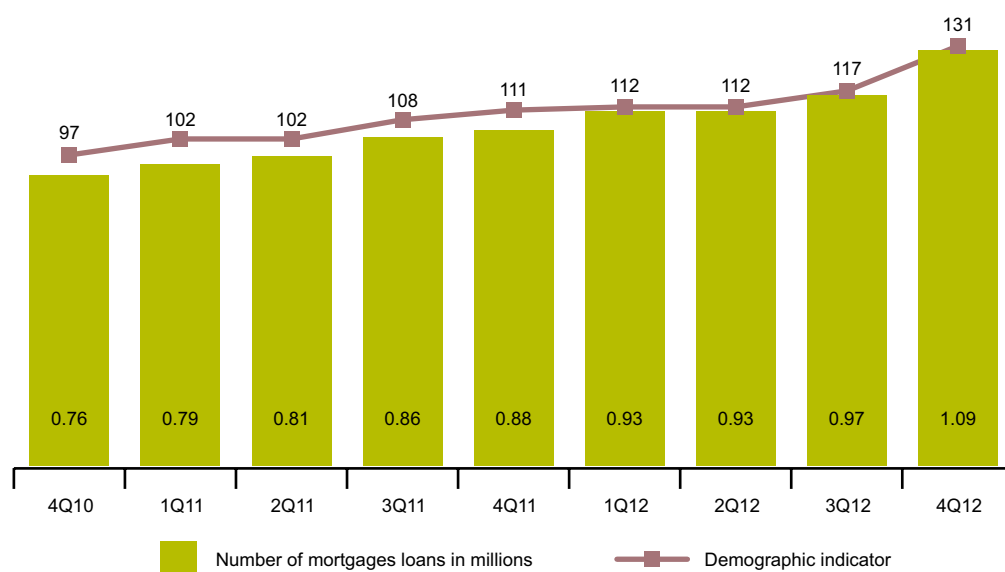
Through December 2012, the indicator was 80 accounts for every 10,000 adults and over 669,000 accounts placed with an average balance higher than 100,000 pesos.

## Mortgage loans

The placement of mortgage loans destined to the construction, acquisition, enlargement or remodeling of real estate property (house, apartment or land) maintains a positive trend due to the cost conditions and tax incentives that prevail in the country.

By the end of December 2012, 23 commercial banks reported a total of 1.09 million mortgage loans, which represents an increase of 23.6% in comparison to the previous year. The demographic indicator for mortgage loans is 131 for every 10,000 adults. Such results may be observed in Graph 3.7.

**Graph 3.7 Historical evolution of mortgage loans**



Source: CNBV

### INFONAVIT Mortgage Loans

The purpose of the Institute for the National Fund for Employee Housing (INFONAVIT, for its abbreviation in Spanish) includes, among others, generating social welfare in competitive and harmonic communities; providing financing to meet the housing needs of the workers, social security beneficiaries and borrowers; and improving the quality of life of its beneficiaries in a sustainable environment for them to develop to their full potential as individuals and citizens.

Loans granted by the INFONAVIT recorded an annual growth rate of 16.6%, from 2008 to 2012, going from 2,356,938 loans to 4,359,179 mortgage loans. In 2012, more than 500,000 loans were granted nationwide. The following table shows the number of loans granted at a state level during the past five years.

### Accumulated number of loans granted by INFONAVIT

State	2008	2009	2010	2011	2012
Aguascalientes	42,588	49,971	58,274	66,777	76,569
Baja California	105,762	130,369	155,849	185,961	219,111
Baja California Sur	50,905	53,437	56,830	60,952	67,045
Campeche	9,557	12,120	14,689	17,567	21,280
Coahuila	30,283	34,342	38,525	61,128	89,833
Colima	153,020	177,548	199,322	203,193	207,061
Chiapas	119,123	140,957	163,282	168,975	174,897
Chihuahua	44,665	48,372	52,571	77,715	110,545
Federal District	160,720	186,266	203,311	229,227	272,324
Durango	34,568	40,746	46,506	53,102	65,513
Guanajuato	114,272	135,618	157,888	181,701	204,643
Guerrero	17,714	20,495	24,272	28,289	32,727
Hidalgo	45,359	54,570	64,082	74,893	85,163
Jalisco	174,599	209,292	246,101	287,204	329,794
Mexico	166,763	197,372	247,887	295,343	341,494
Michoacan	48,952	58,975	69,308	79,606	89,150
Morelos	22,923	27,845	34,444	41,806	49,353
Nayarit	21,914	26,552	31,248	35,305	39,970
Nuevo Leon	242,080	299,909	358,107	415,547	486,530
Oaxaca	11,075	13,844	16,444	18,787	21,622
Puebla	70,401	83,375	98,245	113,747	129,795
Queretaro	51,808	64,697	79,570	93,238	108,269
Quintana Roo	51,664	66,141	80,528	95,501	111,216
San Luis Potosi	50,704	59,391	68,334	78,074	89,552
Sinaloa	73,826	85,888	99,629	113,273	129,189
Sonora	100,333	118,980	138,987	161,349	185,750
Tabasco	19,452	24,158	29,791	36,449	45,057
Tamaulipas	160,669	188,134	212,872	235,017	258,174
Tlaxcala	13,698	15,808	18,008	20,475	24,078
Veracruz	79,533	97,702	118,003	139,094	164,566
Yucatan	54,428	65,883	78,061	89,836	103,426
Zacatecas	13,580	15,662	18,523	21,652	25,483
<b>National</b>	<b>2,356,938</b>	<b>2,804,419</b>	<b>3,279,491</b>	<b>3,780,783</b>	<b>4,359,179</b>

Source: CNBV with data of the INFONAVIT

If INFONAVIT loans were added to banking mortgage loans, we would obtain an indicator of 654 loans for every 10,000 adults. Taking into consideration only INFONAVIT loans, we obtain a demographic indicator of 523 loans for every 10,000 adults, which stands out from the 2011 indicator (474).

## EACP credit products

It is worth mentioning the contribution made by the Popular Savings and Credit Institutions in their capacity as financial intermediaries in markets and localities that, in some cases, are unserved by traditional banks.

By the end of 2012, 68 Savings and Credit Cooperatives reported the placement of a total of 2.2 million loans aimed at individuals; their indicator corresponds to 260 accounts for every 10,000 adults.

Out of the credit products supplied to individuals by the EACP, personal loans are considerably more used by the population.

Cooperatives have a greater market share than Sofipos, as they have granted 2.12 million personal loans (254 for every 10,000 adults) and 56,460 housing credits.

On the other hand, 42 Sofipos maintain an indicator for loans to individuals of 69 accounts for every 10,000 adults (577,000 accounts). Analogously with Cooperatives, the number of personal loans stands out, whose indicator is 67 accounts for every 10,000 adults (562,000 accounts), and the number of housing credits is 15,633, which represents only 2 credits for every 10,000 adults. Table 3.8 shows the figures for EACP loans.

**Table 3.8 EACP loans**

### Personal loans

Institution	Number of Accounts	Demographic Indicator
Cooperatives	2,115,080	254
Sofipos	562,001	67
<b>Total</b>	<b>2,677,081</b>	<b>321</b>

### Housing credits

Institution	Number of Accounts	Demographic Indicator
Cooperatives	56,460	7
Sofipos	15,633	2
<b>Total</b>	<b>72,093</b>	<b>9</b>

Source: CNBV, December 2012

## Credit indicators at a state level

The indicators shown in this section correspond to the month of December 2012 (4Q12).

### Banking sector

The analysis of access to credit products per federal state helps to determine and understand the regional dynamics related with the access to finance. In this regard, we find that, in addition to the metropolitan area of Mexico City (referred to as Federal District), where the market is saturated, there is a greater placement of bank loans in the Northeastern, Northwestern and the Yucatan Peninsula regions. On the other hand, in the Western and Central regions of the country, we find a medium level of placement of bank loans, while, in the Southern states, we find a low presence of bank credit.

In Table 3.9 we may observe the indicators per federal state. The Federal District continues being the entity with the higher demographic indicator for the placement of bank loans. It stands out for the placement of credit cards (11,508), mortgage loans (945) and car loans (150) for every 10,000 adults; also, it is the entity with the lower indicator of group loans, with only 86 accounts for every 10,000 adults. Other entities that stand out (in part due to their population density) are Nuevo Leon, with the highest demographic indicator of personal bank loan accounts (2,455), and Baja California Sur, with the highest demographic indicator for payroll loans (883).

Map 3.10 shows the ranks of demographic indicators for bank credits. At a national level, we find 5,077 bank credits for every 10,000 adults, and, not taking into consideration the Federal District, the indicator decreases to 4,262. Only 15 states maintain an indicator of bank loans higher than the

average indicator (without taking into account the Federal District), of which the Northern states of the country stand out, with Nuevo León, Coahuila, Baja California Sur and Sonora having indicators of 6,946, 6,212, 5,733 and 5,180 accounts

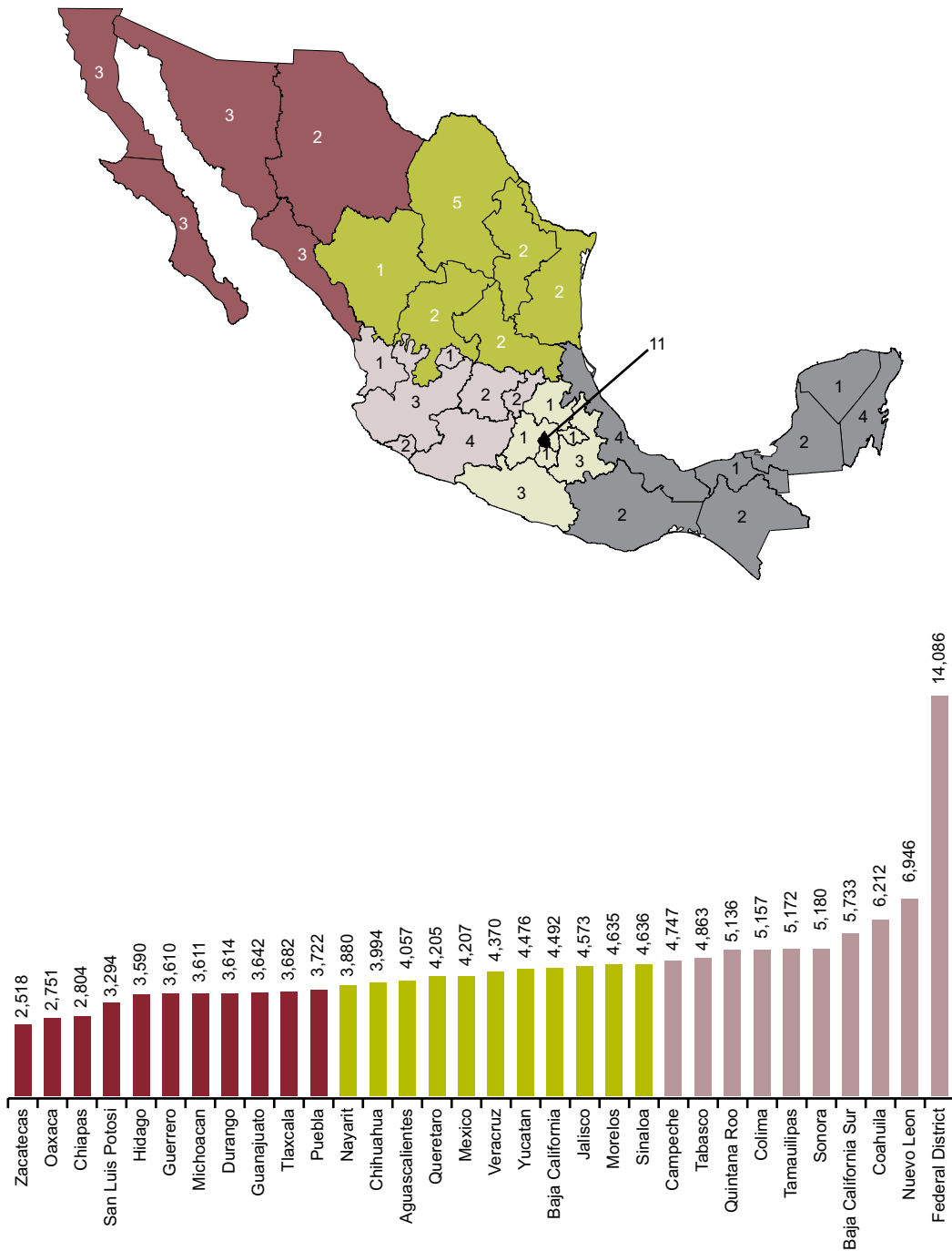
for every 10,000 adults, respectively. In turn, entities having the lowest demographic indicators are Zacatecas, Oaxaca, Chiapas and San Luis Potosí, with 2,518, 2,751, 2,804 and 3,294 loans for every 10,000 adults, respectively.

**Table 3.9 Number of banking credit product accounts for every 10,000 adults**

State	Adult population	Credit cards	Group loans	Personal loans	Payroll loans	Car loans	Mortgage loans	Total
Aguascalientes	851,594	2,446	159	630	593	86	144	4,057
Baja California	2,400,848	2,549	229	825	647	60	181	4,492
Baja California Sur	497,222	3,341	430	813	883	87	181	5,733
Campeche	620,951	2,331	583	1,001	571	137	122	4,747
Coahuila	2,036,983	3,580	524	1,173	663	121	151	6,212
Colima	498,134	3,199	234	893	617	90	125	5,157
Chiapas	3,346,082	1,352	532	586	256	46	32	2,804
Chihuahua	2,553,891	2,351	125	679	607	74	159	3,994
Federal District	6,914,961	11,608	86	1,083	663	150	495	14,086
Durango	1,195,885	1,972	522	624	368	47	80	3,614
Guanajuato	3,936,449	2,135	173	802	380	69	83	3,642
Guerrero	2,363,270	1,526	478	1,150	385	34	37	3,610
Hidalgo	1,953,353	1,921	359	852	353	50	56	3,590
Jalisco	5,435,085	3,210	120	619	431	77	115	4,573
Mexico	11,505,586	2,428	199	937	471	80	92	4,207
Michoacan	3,161,520	2,055	251	869	335	44	57	3,611
Morelos	1,338,771	2,332	450	1,226	468	64	96	4,635
Nayarit	819,274	2,135	338	766	522	53	65	3,880
Nuevo Leon	3,553,713	3,257	237	2,455	619	138	241	6,946
Oaxaca	2,714,324	1,164	490	755	269	51	23	2,751
Puebla	4,140,520	2,029	565	701	304	58	64	3,722
Queretaro	1,348,771	2,388	153	918	432	113	201	4,205
Quintana Roo	1,030,866	3,048	511	690	601	117	168	5,136
San Luis Potosi	1,868,257	1,696	249	769	392	81	107	3,294
Sinaloa	2,087,253	2,887	245	858	484	65	98	4,636
Sonora	2,006,264	2,867	329	1,096	698	83	107	5,180
Tabasco	1,629,051	2,166	740	1,092	702	87	76	4,863
Tamaulipas	2,470,067	2,674	408	1,242	652	86	111	5,172
Tlaxcala	850,560	1,527	805	937	325	53	34	3,682
Veracruz	5,684,865	2,138	716	936	447	67	66	4,370
Yucatan	1,479,160	2,471	377	976	478	85	90	4,476
Zacatecas	1,074,572	1,408	189	443	376	57	45	2,518
<b>National</b>	<b>83,368,102</b>	<b>3,108</b>	<b>330</b>	<b>947</b>	<b>481</b>	<b>80</b>	<b>131</b>	<b>5,077</b>
<b>National without Federal District</b>	<b>76,453,141</b>	<b>2,339</b>	<b>352</b>	<b>935</b>	<b>465</b>	<b>74</b>	<b>98</b>	<b>4,262</b>

Source: CNBV, 2012

Map 3.10 Banking credit products for every 10,000 adults



National Indicator: 5,077 banking credit products for every 10,000 adults  
Source: CNBV, December 2012

## EACP

Table 3.11 shows that, states such as Guanajuato and Querétaro, have the highest demographic indicators for loans placed by EACP; these indicators are considerably higher than national averages. This is mainly due to the fact that these two states have a significant number of Cooperatives<sup>2</sup>

(Guanajuato with 18% out of the total Cooperative branches in the country, and Querétaro with 5%<sup>3</sup>). For the case of other federal states, such as the Federal District and Chiapas, the placement of loans by EACP shows lower values in demographic indicators for both products.

**Table 3.11 Number of EACP credit product accounts for every 10,000 adults**

State	Adult population	Personal loans	Housing credit	Total EACP
Aguascalientes	851,594	537	5	542
Baja California	2,400,848	0	2	3
Baja California Sur	497,222	12	11	22
Campeche	620,951	128	4	132
Coahuila	2,036,983	197	1	198
Colima	498,134	1,664	4	1,668
Chiapas	3,346,082	7	22	29
Chihuahua	2,553,891	244	0	244
Federal District	6,914,961	55	0	56
Durango	1,195,885	564	3	567
Guanajuato	3,936,449	1,493	31	1,524
Guerrero	2,363,270	164	0	165
Hidalgo	1,953,353	170	3	173
Jalisco	5,435,085	625	15	640
Mexico	11,505,586	70	0	71
Michoacan	3,161,520	656	57	713
Morelos	1,338,771	531	1	531
Nayarit	819,274	858	7	865
Nuevo Leon	3,553,713	291	8	298
Oaxaca	2,714,324	651	2	653
Puebla	4,140,520	221	5	226
Queretaro	1,348,771	1,055	69	1,124
Quintana Roo	1,030,866	67	3	70
San Luis Potosi	1,868,257	646	13	659
Sinaloa	2,087,253	95	2	97
Sonora	2,006,264	9	12	21
Tabasco	1,629,051	23	0	23
Tamaulipas	2,470,067	133	2	135
Tlaxcala	850,560	94	6	100
Veracruz	5,684,865	223	1	223
Yucatan	1,479,160	67	1	69
Zacatecas	1,074,572	517	1	518
<b>National</b>	<b>83,368,102</b>	<b>321</b>	<b>9</b>	<b>330</b>
<b>National without Federal District</b>	<b>76,453,141</b>	<b>345</b>	<b>9</b>	<b>355</b>

Source: CNBV, December 2012

2. Colima (0.85 Cooperatives for every 10,000 adults), Guanajuato (0.56) and Querétaro (0.48) have the highest demographic indicators for Cooperatives for every 10,000 adults, and even higher indicators than the national indicator (0.14).

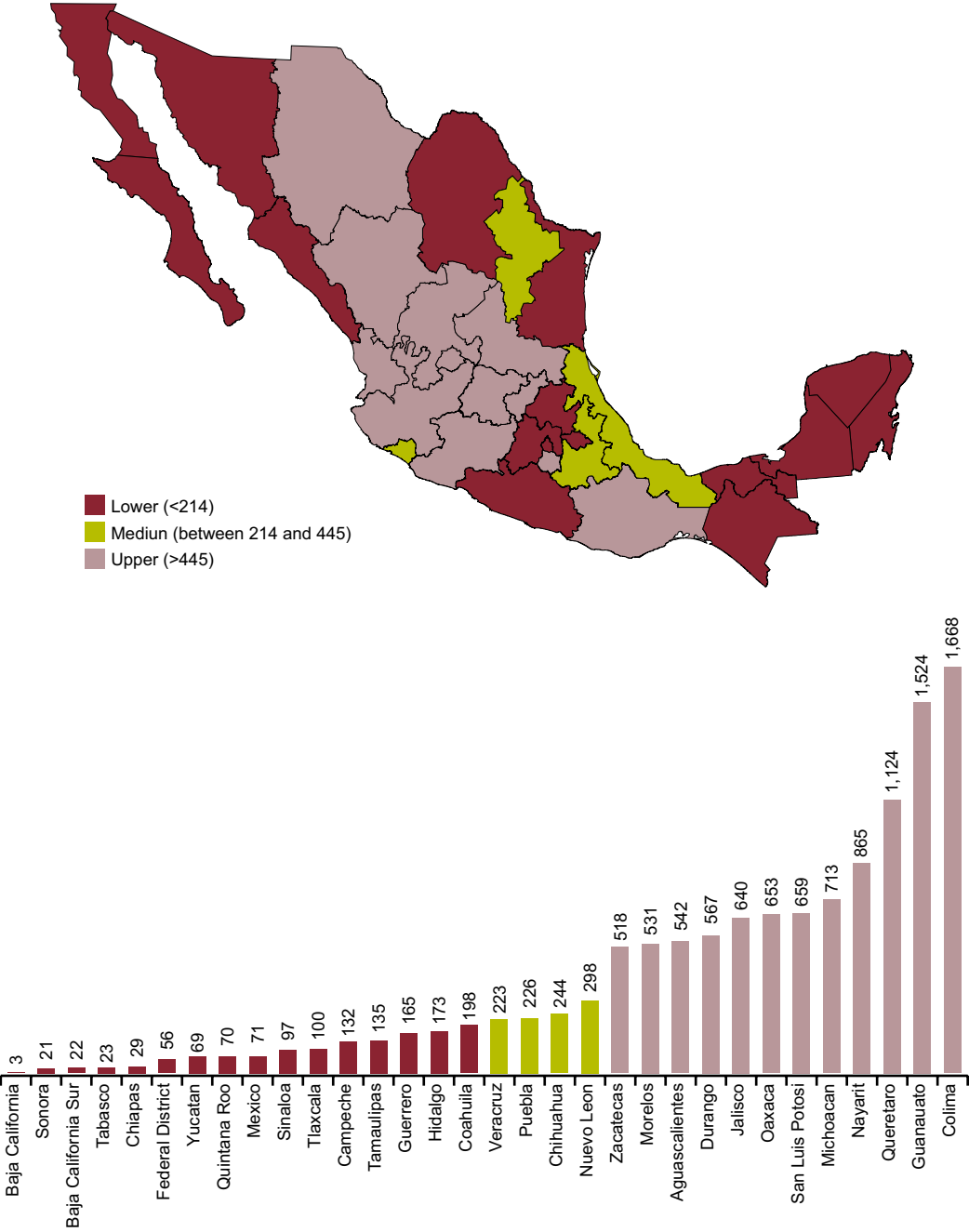
3. Guanajuato (18%), Jalisco (18%), Michoacan (9%), Oaxaca (6%) and Querétaro (5%), are the states with the highest ratio of Cooperative branches out of the total number in the country.

In contrast with the indicators of the Banking Sector, in Baja California there is a very low number of EACP credit products (less than one consumer loan for every 10,000 adults and only two housing credits for every 10,000 adults). This may be explained by the fact that in this state, cooperatives have no presence (only Sofipos are present). Additionally, in the states of Chihuahua, Guerrero, Tabasco and Veracruz, there

is less than one housing credit for every 10,000 adults, despite the fact that such states have the presence of branches of both types of institutions.

At a national level, EACP show an average of 330 credits for every 10,000 adults. Map 3.12 shows the states, per rank, classified according to their demographic indicators.

Map 3.12 EACP credit products for every 10,000 adults



National indicator: 330 EACP credit products for every 10,000 adults  
Source: CNBV, December 2012

## Coverage

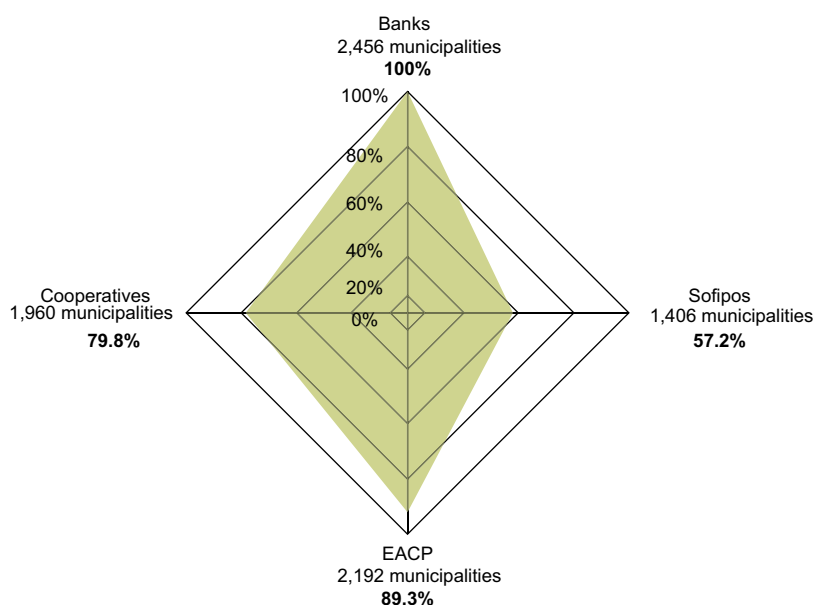
In regards with municipal coverage, in all municipalities of the country (2,456 municipalities) there is at least one bank credit product reported.

report the placement of loans in approximately 80% of the municipalities (1,960), while Sofipos report loans in 57% of the municipalities (1,406).

Of the total municipalities in the country, 89% (2,192 municipalities) showed at least one EACP personal or housing credit product by the end of 2012. Cooperatives

In Graph 3.13 we observe the number of municipalities where there is at least one credit per type of institution.

**Graph 3.13 Credit coverage per type institution**

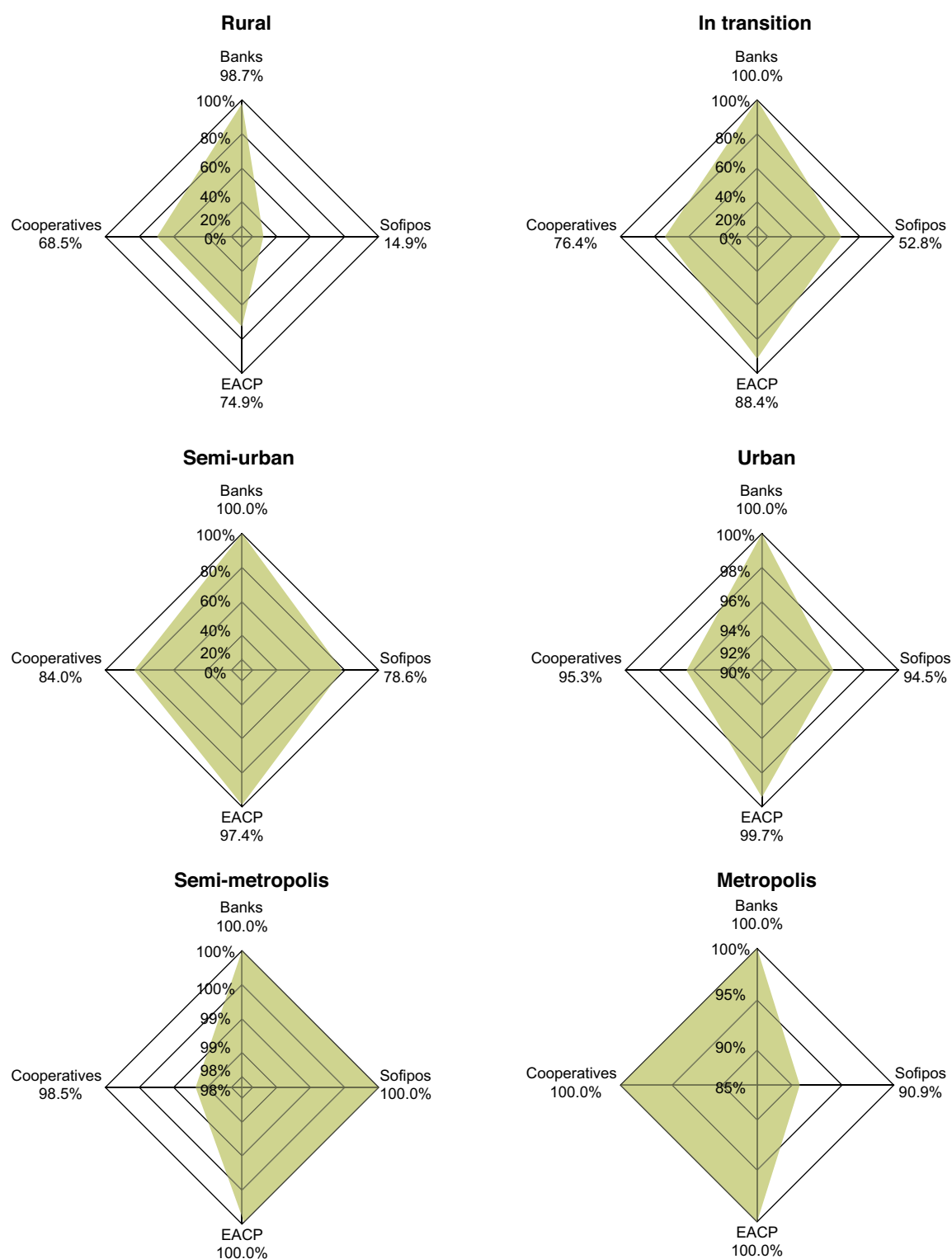


Source: CNBV, December 2012

The banking sector maintains placement of credits in all municipalities, including rural municipalities, in which there is placement of at least a given loan. EACP have credit products in rural municipalities, municipalities in transition and semi-urban municipalities (75%, 98% y 97%, respectively) and

practically cover all the urban municipalities. Also, it is worth mentioning that Cooperatives have a greater presence in less populated municipalities, and Sofipos contribute to the placement of credit products in semi-urban and urban areas.

**Graph 3.14 Percentage of municipalities with at least one credit, per type of municipality**



Source: CNBV, December 2012

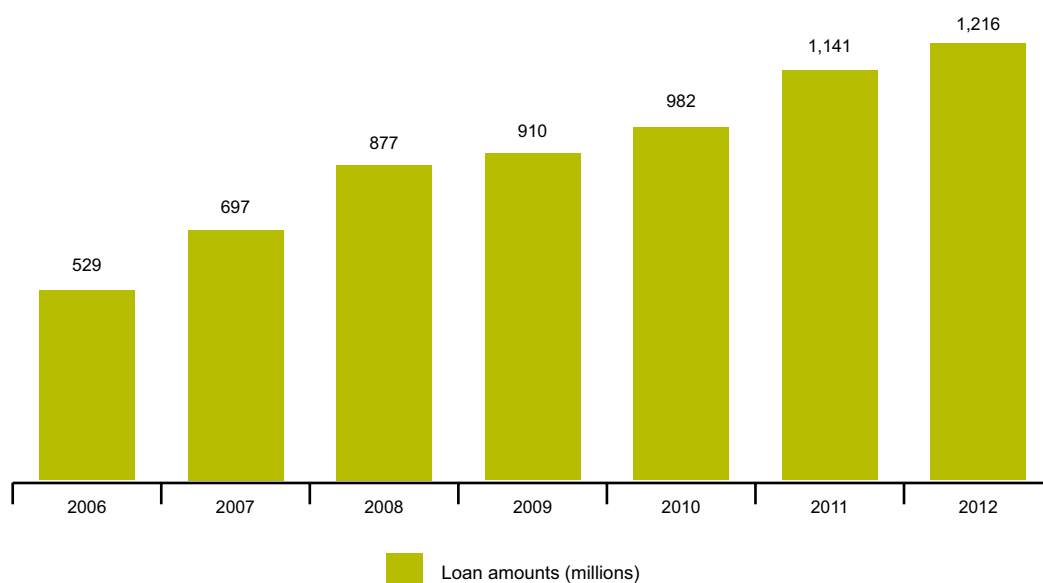
### Credit indicators for enterprises and MSMEs

The growth and development of enterprises, especially MSMEs is important for economic development, since this type of enterprises drive local economies and promote social stability by creating jobs, favoring a competitive business environment, and helping with the expansion of the industrial base. Also, MSMEs involved in production lines on a larger scale have the potential of encouraging international trade and increasing productivity in the region. According to several studies carried out by international organizations<sup>4</sup>, access to finance is one of the main factors that promote the development of the production system.

The business sector and mainly MSMEs, face access barriers to loans that could help them manage their cash flows, make investments, and serve as insurance to reduce risks. Likewise, they face other types of barriers, such as lack of infrastructure that would contribute to making them more competitive, among others.

By the end of 2012, the portfolio of bank loans to enterprises represented approximately 7.6% of the GDP, 60% of which is placed among small and medium sized enterprises, with loan amounts between 1 and 100 million pesos<sup>5</sup>. This type of loans is thus considered to have a great potential.

**Graph 3.15 Amount of bank loans to enterprises**



Source: CNBV

4. International Finance Corporation (IFC). Access to Credit among Micro, Small, and Medium Enterprises, 2010.

5. CNBV and ECLAC. Survey to Banks on Financing to Micro, Small and Medium Enterprises. Report on Results. Mexico, 2011.

On the other hand, by the end of 2012, other non-banks financial intermediaries directly placed an additional commercial loan portfolio in an amount equal to 1.3% of the GDP. These include, among others: Financiera Rural, Cooperatives, Sofipos, financial leasing companies, factoring companies, Sofomes ER, and multiple purpose financial institutions - non-regulated entities (Sofomes ENR, for its abbreviation in Spanish)<sup>6</sup>.

Therefore, it is important to conduct measurements that help assess the access to finance in these sectors of the economy, especially MSMEs, in order to establish a benchmark framework that will serve as a guide to develop measurements of financial services and products to enterprises.

In this regard, the use of enterprise size, in terms of the number of employees reported, is a useful measurement. To gather this information data is taken from, the Economic Censuses<sup>7</sup> of the INEGI, the regulatory reports of the CNBV and data from other financial intermediaries, such as EACP. The enterprise classification according to the number of employees is as follows:

- a) Micro enterprises: enterprises having from 1 to 10 employees
- b) Small enterprises: from 11 to 50 employees
- c) Medium enterprises: from 51 to 250 employees
- d) Large enterprises: more than 250 employees
- e) MSMEs: between 1 and 250 employees

Table 3.16 Enterprise classification according to INEGI

Enterprise Classification	Number of Enterprises	Percentage
Micro enterprises (0 to 10 employees)	3,472,155	93.2%
Small enterprises (11 to 50 employees)	125,376	3.4%
Medium enterprises (51 to 250 employees)	22,999	0.6%
Large enterprises (more than 250 employees)	6,529	0.2%
<b>Total</b>	<b>3,724,019</b>	<b>100%</b>

Source: INEGI, 2009 Economic Censuses

Taking into consideration different international indicators regarding finance to enterprises, we employ a general set of indicators to measure access to credit by enterprises. Two specific measurements are proposed. On one hand, the

percentage of enterprises having credit, in comparison to the universe of enterprises reported in the Economic Censuses. On the other hand, the number of credits aimed at enterprises for every 10,000 enterprises.

Table 3.17 Credit products for enterprises per institution

Bank	Commercial bank	Enterprise loans MSMEs loans
EACP	Sofipos Cooperatives	Commercial loans

Source: CNBV

6. CNBV Financial Savings and Financing in Mexico. Mexico, Federal District, March 2013.  
 7. According to the Economic Censuses, enterprise was defined as “ (...) an economic entity with the capacity, in its own right, of owing assets, assuming liabilities and engaging in economic activities and transactions with third parties.”

**Table 3.18 Credit indicators for enterprises****Commercial banking**

Classification	Percentage of Enterprises with Loans in effect	Number of Loans for every 10,000 Enterprises
Loans to Micro Enterprises	6.5%	1,206
Loans to Small Enterprises	29.2%	9,906
Loans to Medium Enterprises	39.6%	30,799
Loans to Large Enterprises	52.6%	181,129
<b>Total</b>	<b>7.4%</b>	<b>1,966</b>

**Popular Savings and Credit Institutions**

Classification	Percentage of Enterprises with Loans in effect	Number of Loans for every 10,000 Enterprises
Loans granted by Cooperatives	N.D.	376
Loans granted by Sofipos	N.D.	1,338
<b>Total</b>	<b>N.D.</b>	<b>1,714</b>

NA: Not available

Source: CNBV, December 2012; INEGI, 2009 Economic Censuses

**Bank loans to enterprises**

As an indicator of access to finance for enterprises, the proportion of non-financial companies that obtain direct financing from commercial banks is calculated. This indicator is similar to the one proposed by the GPFI. However, unlike the indicators proposed by the GPFI, which use the results of the Enterprise Surveys of the World Bank as source of information, the indicators herein shown are based on data taken from the regulatory reports of financial institutions and available data of the latest Economic Censuses of the INEGI, regarding the total number of enterprises.

**Table 3.19 Proportion of enterprises with access to commercial banking loans**

Enterprise classification	Number of enterprises having Loans	Number of enterprises	Proportion of enterprises having Loans
<b>MSMEs</b>	<b>270,877</b>	<b>3,620,530</b>	<b>7.5%</b>
Micro enterprises	225,207	3,472,155	6.5%
Small enterprises	36,571	125,376	29.2%
Medium enterprises	9,099	22,999	39.6%
<b>Large enterprises</b>	<b>3,434</b>	<b>6,529</b>	<b>52.6%</b>
<b>Total</b>	<b>274,311</b>	<b>3,724,019</b>	<b>7.4%</b>

Note: Economic Censuses

Source: CNBV, December 2012

The results obtained from the data reported to the CNBV are in line with those obtained by the World Bank in the Enterprise Surveys carried out in Mexico in 2010. It is worth mentioning that, in the past years, the commercial banking portfolio directed at micro enterprises (i.e., enterprises having from 1 to 10 employees) has grown substantially, with the increase in credit accounts from 2009 through 2012 representing approximately one third of the total portfolio. This indicator reveals that the proportion of the number of micro enterprises having bank loans is 7.4%.

In turn, when analyzing the SME (small and medium enterprises) segment that ranges from 11 to 250 employees, we calculate that 29% and 40% of them, respectively, are currently receiving direct financing from commercial banks while for larger enterprises this percentage rises to 50%.

These results are similar to those shown by the Enterprise Survey carried out by the World Bank for Mexico in 2010. Small, medium and large enterprises indicated that they received financing from the banking sector<sup>8</sup>: 26.8%, 36.7% and 54%, respectively (the sample of such survey does not take into account micro enterprises).

Alternatively, in order to assess access to finance by enterprises, especially by MSMEs, we propose an additional indicator that measures the number of loans for every 10,000 enterprises registered in Mexico. This indicator is equal to the access to finance indicators used in the previous sections related to credit to individuals, except that the indicators for loans aimed at individuals are measured in terms of the number of adults and, in this section, we measure them in terms of the total number of enterprises.

**Table 3.20 Number of bank loans for every 10,000 enterprises**

Classification	Number of loans to enterprises	Number of enterprises*	Demographic indicator (for every 10,000 enterprises)
Loans to Micro Enterprises	418,707	3,472,155	1,206
Loans to Small Enterprises	124,200	125,376	9,906
Loans to Medium Enterprises	70,835	22,999	30,799
Loans to Large Enterprises	118,259	6,529	181,129
<b>Total</b>	<b>732,001</b>	<b>3,724,019</b>	<b>1,966</b>

\* 2009 Economic Censuses

Source: CNBV, December 2012

This alternate indicator shows that, by the end of 2012, commercial banks granted 1,695 loans to MSMEs for every 10,000 enterprises pertaining to this category. When making the analysis by partitioning the data according to the size of enterprises, we find that the micro enterprise segment is the segment least financed by the banking sector.

### EACP commercial loans

Analogously to credit to individuals, this section shows the loans supplied by EACP to businesses to encourage

productivity. Despite the fact that the number of loans placed by these institutions is quite similar to the portfolio placed by commercial banks, EACP maintain an average loan amount quite inferior to the one granted by the banking sector. In view that there is no information available on the number of enterprises or persons having a commercial loan with any EACP, our calculation of the indicator for the number of loans for every 10,000 enterprises takes as benchmark the total number of MSMEs recorded in the INEGI 2009 Economic Censuses, as we consider that this type of financial institutions (EACPs) serves this business sector.

8. World Bank. Results of the Enterprise Survey for Mexico. 2010.

**Table 3.21 Number of EACP commercial loans for every 10,000 enterprises**

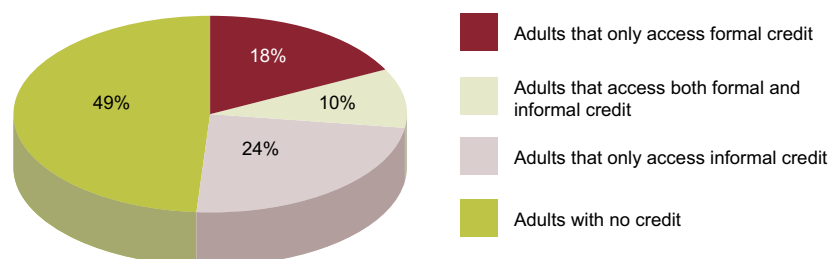
Classification	EACP commercial loans (Number)	Number of enterprises*	Demographic indicator (for every 10,000 enterprises)
Cooperatives	136,301	3,620,530	376
SOFIPO	484,400	3,620,530	1,338
<b>Total</b>	<b>620,701</b>	<b>3,620,530</b>	<b>1,714</b>

Source: CNBV, December 2012

### ENIF results on usage of credit products

According to the results of the National Survey for Financial Inclusion (ENIF), during 2012, approximately 27.5% of adults<sup>9</sup> (19.3 million adults) maintained at least one credit card or credit product with a formal financial institution, or a department store credit card with a business, department or self-service establishment. The ENIF also revealed that approximately 33.7% of adults (23.7 million) use alternate mechanisms other than the financial sector to obtain

financing, such as loans by families and friends, loans from informal savings and loan associations or the pawning of some personal asset. Additionally, 9.8% of adults (6.9 million adults) indicated that they use both credit products with financial institutions and alternate credit mechanisms. Finally, in 2012, almost half of the adults, 48.6% (34.3 million adults) indicated that they do not use any form of credit, whether formal or informal.

**Graph 3.22 Formal credit vs. informal credit**

Total Population: 70.4 million adults  
Source: CNBV, with data of the INEGI

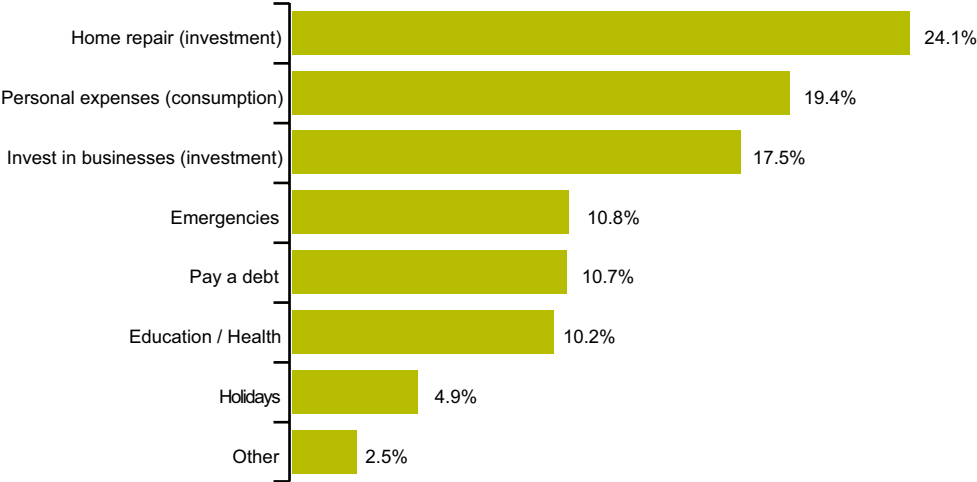
9. The definition of adults used in the National Survey for Financial Inclusion (ENIF) corresponds to persons between 18 and 70 years old.

The ENIF confirms that banking personal loans, after credit cards, are the most used credit product, probably due to their flexibility (they are not subject to a specific intended use) and simplicity (they are not revolving, the repayable amount and interest are fixed, and they usually do not have any penalties for early repayment).

Given that, unlike car or mortgage loans, personal, payroll and group loans do not have a specific intended use, the ENIF

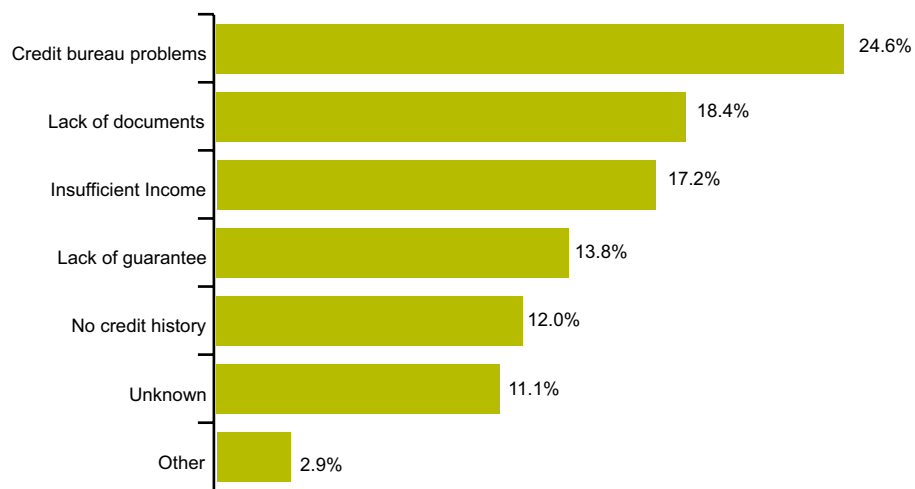
tried to find out the most common intended use given to these loans. It is worth mentioning that approximately 25% of the users of these types of loans indicated that they used them to repair or improve their houses, 19% to pay for personal expenses and, 17% to invest in some business, as we may observe in Graph 3.23. These results show the importance of formal credit to trigger a greater accumulation of assets and generate more productivity at a household level.

Graph 3.23 Intended use of non-revolving loans according to the ENIF



Source: CNBV, with data of the INEGI

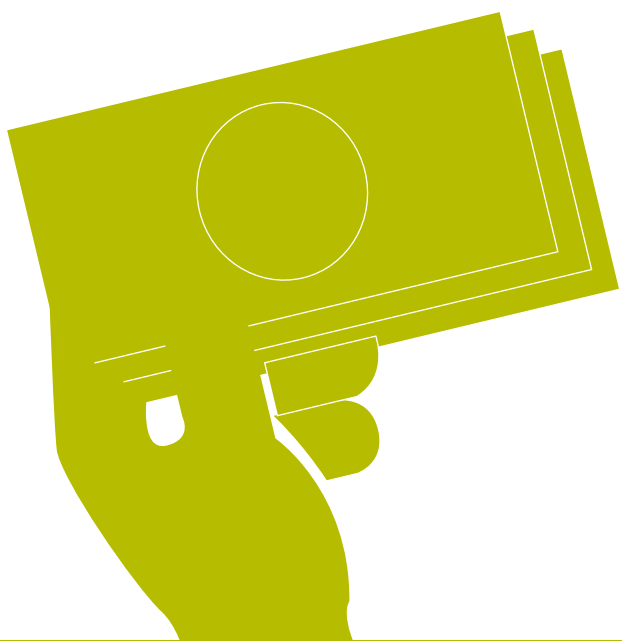
The ENIF also sought to explain which are the major causes or factors perceived by the adults as obstacles or barriers for having access to formal credit. In this regard, almost 60% of the adults (42.1 million adults) indicated they never have applied for a formal credit. Of the remaining 40% (28.3 million adults) who claimed having applied for a loan, approximately 9 million stated that their credit application was rejected. The major reasons for the rejection included unmet requirements, insufficient income or securities, and problems with the credit bureau.

**Graph 3.24 Main reasons for rejecting a loan application**

Source: CNBV, with data of the INEGI

The Federal Government and the financial authorities in particular, are very interested in stimulating a credit expansion based on a more competitive financial market that guarantees its stability and sustainability. The ENIF has become a source of information to better guide public policies seeking to achieve these targets.

# TRANSACTIONS



Transactions represent an opportunity for promoting financial inclusion, as they are increasingly being used by population sectors that previously had no access to these types of services. Indeed the increased use of different financial channels and means of payment to carry out transactions has contributed to making these services less expensive, more time-efficient and more secure.

The existence of diverse means of payment gives the population the possibility of accessing value-added financial services, through which they can save, obtain a loan, or reduce their risks by purchasing insurance products, among other benefits.

In recent years, financial authorities have adjusted the regulation to increase the security and transparency of the financial system, thus improving the operating conditions of the different financial channels and means of payment. These regulatory changes encourage competition and transparency of all the costs and commissions related to financial transactions. . The technology applied to the different means of payment contributes to creating more efficient processes to carry out transactions in a timely, secure and effective fashion.

This section presents the evolution in the number and value of transactions carried out through the different financial

channels, including, for the first time, Banking Agents, which help provide new financial products to those persons living in remote communities. The information related to the levels of transactions shown in this Chapter is taken from data by the Banco de México and the CNBV. Additionally, general results of the ENIF related to remittances are presented.

### General Scheme of Transactions

---

Table 4.1 presents a general overview of the factors intervening in financial transactions. The table links the different payment systems with their corresponding financial channels, means of payment and most common financial transactions, such as payment of utilities, acquisition of goods, and transfer of funds. These transactions do not necessarily involve cash, and can therefore be carried out in a timely, remote manner, with lower operating costs and risks.

**Table 4.1 General Scheme of Financial Transactions in Mexico**

Payment System	Means of payment	Financial Channels	Financial products	Transactions
SPEI1-Banxico (Any amount - same day operations)	Interbank electronic transfers (same day)	Branches Online banking Mobile bank	Sight deposits accounts: - Level 2 - Level 3 - Level 4 (traditional)	Electronic funds transfers
Electronic clearing house CECOBAN2 (Any amount - next day operations)	Interbank check	Branches	Sight deposits accounts level 4 (Traditional)	Payment by check
	Interbank electronic transfers (next day)	Branches Online banking Mobile bank	Sight deposits accounts - Level 2 - Level 3 - Level 4 (traditional)	Electronic funds transfers
	Interbank direct debits and payment via a debit card	Branches Online banking		Payment of services or loans
Processors of card transactions3 (PROSA, E-Global)	Interbank direct debits and payment via a credit card	Branches Online banking	Credit line	Payment of services or loans
	Debit and credit cards (Interbank)	ATMs, branches and POS	Sight deposits accounts - Level 1 - Level 2 - Level 3 - Level 4 (traditional) Credit Line	Cash withdrawals at ATMs, branches and stores with POS  Payments in stores (POS)

1. SPEI. The Interbank Electronic Payment System (SPEI, for its abbreviation in Spanish) allows payments in any amount to third-party accounts, almost in real time; it is managed and regulated by the Banco de México.
2. CECOBAN is a Mexican (private) company owned by the banks. It is the clearing house for checks, electronic transfers and direct debits orders, authorized and regulated by the Banco de México.
3. Card transaction processors are private companies owned by the banks that have a greater share in the card payment market and provide the computer and telecommunication's infrastructure. , These entities handle the authorization, clearance and payment processes between the banks who issue credit or debit cards for their clients (issuing banks) and the banks who affiliate businesses to receive payments using such cards (acquiring banks).

## Core Transaction Indicators

The indicators used to measure are shown in Table 4.2.

**Table 4.2 Transaction Core Indicators**

Transactions reported using checks	Number of transactions with checks, reported for every 10,000 adults.
Transactions at ATMs	Cash withdrawals carried out using banking cards at ATMs per every 10,000 adults.
Payments at point of sale terminals	Number of payments with debit and credit cards carried out at point of sale terminals (POS terminals) for every 10,000 adults.
Electronic funds transfers	Money transfers sent from one bank account to other accounts (including transfers between accounts of the same institution or to accounts of other institutions, through the SPEI, EFT, and payment of credit cards), for every 10,000 adults.
Transactions at Banking Agents	Financial transactions and operations carried out through Banking Agents for every 10,000 adults.
Income from remittances	Money transfers coming from abroad, generated by a sender abroad for delivery to a beneficiary in the Mexican territory.

Source: Banco de México

## Transaction Indicators at a National Level

- In 2012, 378 million transactions with checks were carried out, which represents a reduction of 5.03% in comparison to the previous year.
- The number of cash withdrawals at ATMs was 1,422 million at the end of 2012, which represents an increase of 3.6% in comparison to the previous year.
- The number of payments with debit and credit cards through POS terminals recorded an increase of 22.1% during the past year, reaching 1,475 million transactions at the end of 2012.
- In 2012, 1,045 million electronic funds transfers were processed, with an important growth in Internet Banking transactions.
- At the end of 2012, Banking Agents reported almost 72 million transactions, which represented an annual growth rate of 46.9%.
- At the end of 2012, 22,438 million dollars were received in remittances from abroad.

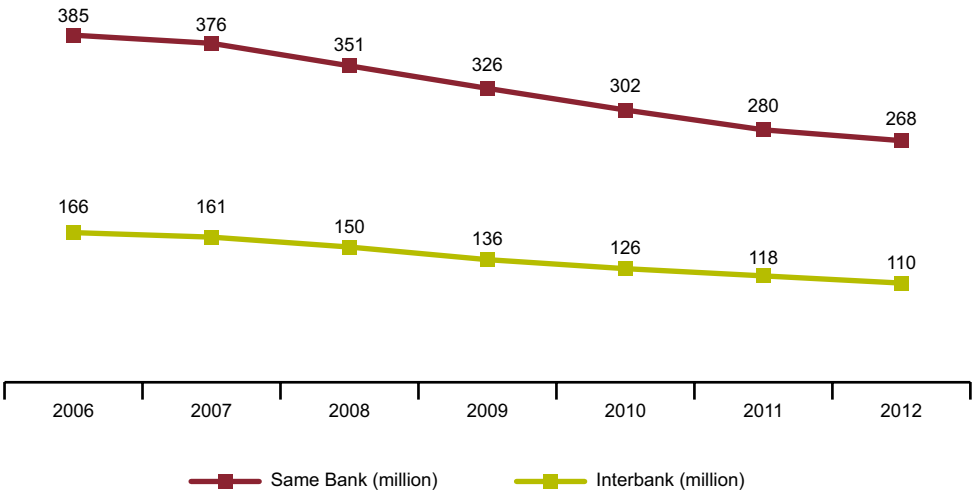
In the next section, the main historical transaction indicators at a national level and on a quarterly basis from the end of 2010 (4Q10) to the end of 2012 (4Q12) are reported. Some indicators are presented annually since end of 2006.

### Reported Transactions with Checks

Checks are still used by a large number of persons and companies to make payments. This payment method can be convenient as that the beneficiary does not need a bank

account to cash the paid amount. Nonetheless, performing electronic payments has become a cheaper and more efficient, secure and timely alternative to paying with checks, due to the use and exploitation of technological innovations by financial intermediaries and the adoption of security procedures and devices. Therefore, from 2006 to 2012, we find a decreasing trend in the use of checks as payment method and a negative annual growth rate (AGR) of 6.12% in the number of transactions, which went from 552 million transactions in 2006 to 378 million transactions in 2012.

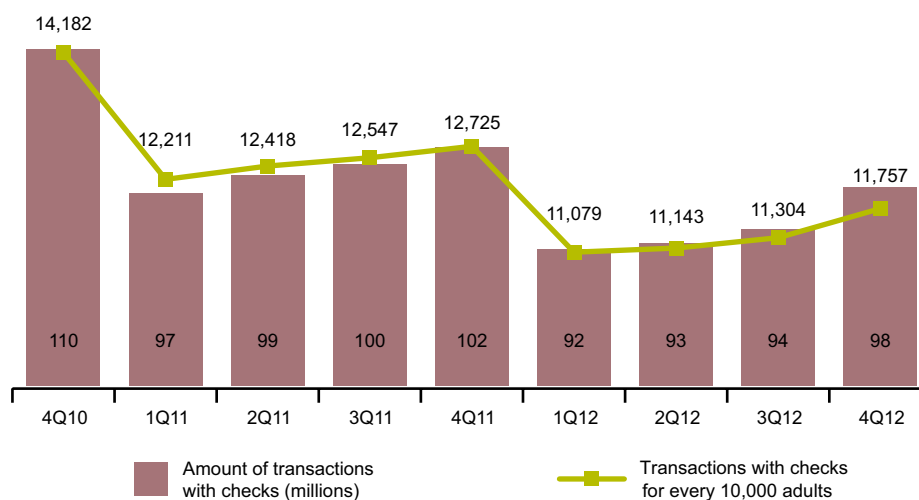
Graph 4.3 Number of Transactions Using Checks



Note: Includes checks in other currencies.  
Source: Banco de México

The number of transactions with checks for every 10,000 adults has decreased by 11.29% from 4Q10 to 4Q12, going from 14,182 transactions for every 10,000 adults (110 million transactions) to 11,757 transactions for every 10,000 adults (98 million transactions).

**Graph 4.4 Evolution of Transactions with Checks per Every 10,000 Adults**



Note: Includes checks in other currencies.

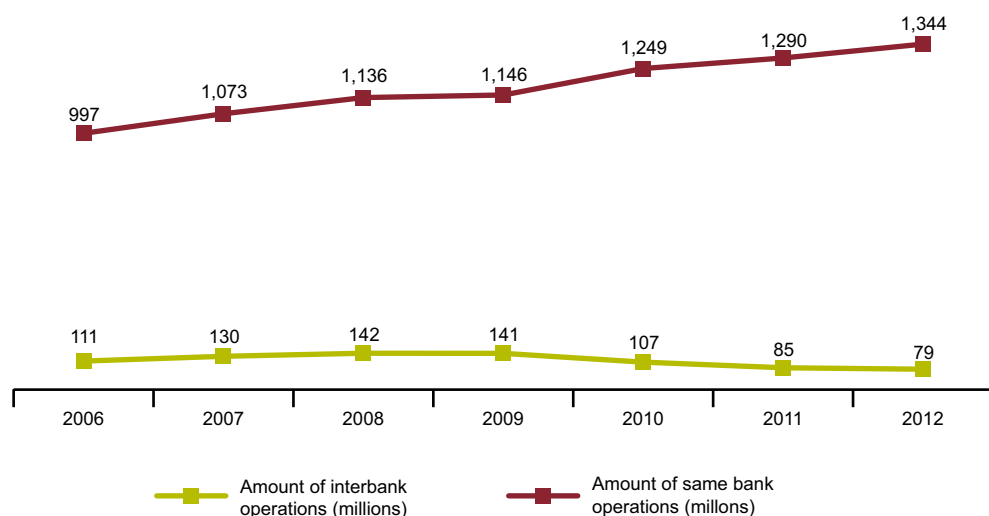
Source: Banco de México

### Transactions at ATMs

ATMs are the main channel through which account holders access the funds deposited in their accounts. Therefore, it is still necessary to promote alternative methods to access these funds, which may be achieved by increasing POS terminals, reducing costs related to connecting small businesses through POS terminals, and promoting innovative channels, such as the use of mobile devices to perform financial services.

In 2012, 1.422 billion cash withdrawals were carried out using ATMs, with a 6 year annual growth rate of 4.26%. It is worth mentioning that, since 2009, we find on one hand, an upward trend in the number and value of withdrawals through same bank transactions and, on the other hand, a downward trend in the number and value of interbank transactions.

**Graph 4.5 Reported Transactions at ATMs per Type of Transaction**



Source: Banco de México

As for cash withdrawals using ATMs, debit cards, continue to be the payment method most widely used. The total value of transactions with debit cards carried out during 2012 corresponded to 2.2 trillion pesos, representing 98% of the total value of withdrawals. The average annual growth rate of the number of cash withdrawals using debit cards at ATMs was 4.8% between 2006 and 2012. Meanwhile, the number of cash withdrawals using credit cards shows an annual reduction of 10.9%.

**Table 4.6 Number and value of Cash Withdrawals at ATMs**

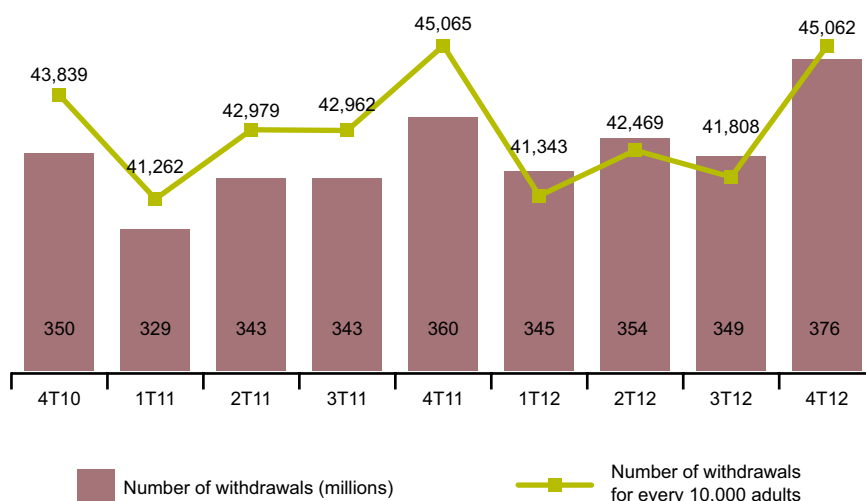
Date	Debit Cards		Credit Cards		Total Withdrawals	
	Number (millions)	Value (billion pesos)	Number (millions)	Value (billion pesos)	Number (millions)	Value (billion pesos)
2006	1,056	1,319	52	67	1,107	1,387
2007	1,147	1,485	56	73	1,203	1,558
2008	1,230	1,649	48	65	1,278	1,714
2009	1,256	1,761	31	40	1,287	1,801
2010	1,332	1,901	24	31	1,356	1,932
2011	1,347	2,065	26	33	1,373	2,098
2012	1,396	2,198	26	35	1,422	2,233

Source: Banco de México

From 4Q10 through 4Q12, the number of cash withdrawals for every 10,000 adults increased by 2.8%, going from 43,839 withdrawals for every 10,000 adults (350 million withdrawals) to 45,062 withdrawals for every 10,000 adults (376 million withdrawals). Please note that the number of withdrawals

shows a periodic pattern, as it increases during the last quarter of each year. In addition, since the demographic indicator is adjusted with the population forecast of each year, the demographic indicator does not necessarily show the same trend as the nominal indicator.

**Graph 4.7 Evolution of Cash Withdrawals at ATMs for every 10,000 Adults**



Source: Banco de México

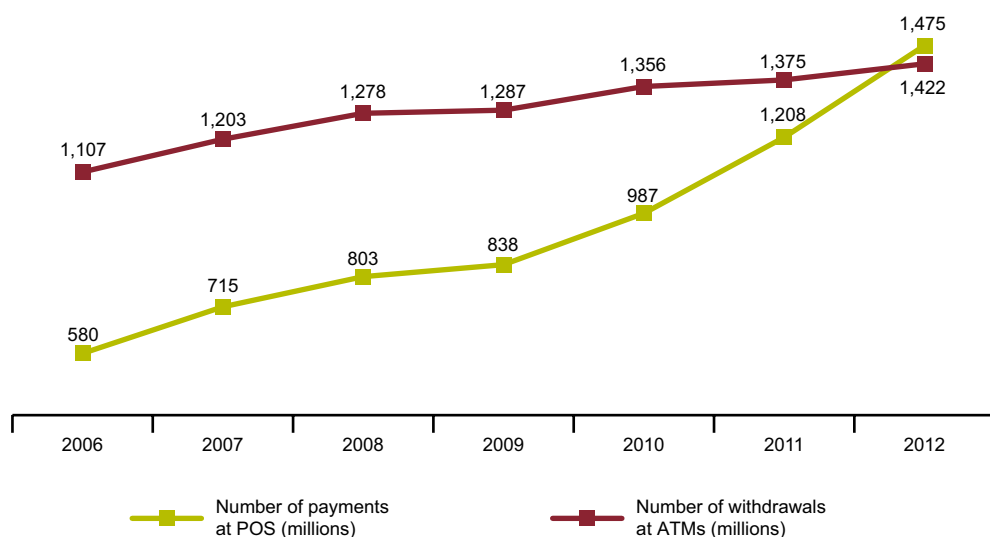
### Payments at Point of Sale Terminals

While cash money is still the most commonly used payment method in Mexico, the use of other means of payment, such as debit or credit cards, is becoming more common. It is worth mentioning that, for the first time, the number of payments with credit or debit bank cards was greater than the number of cash withdrawals at ATMs.

Thus, at the end of 2012, the number of payments with debit and credit cards using POS terminals was 1,475 million, with

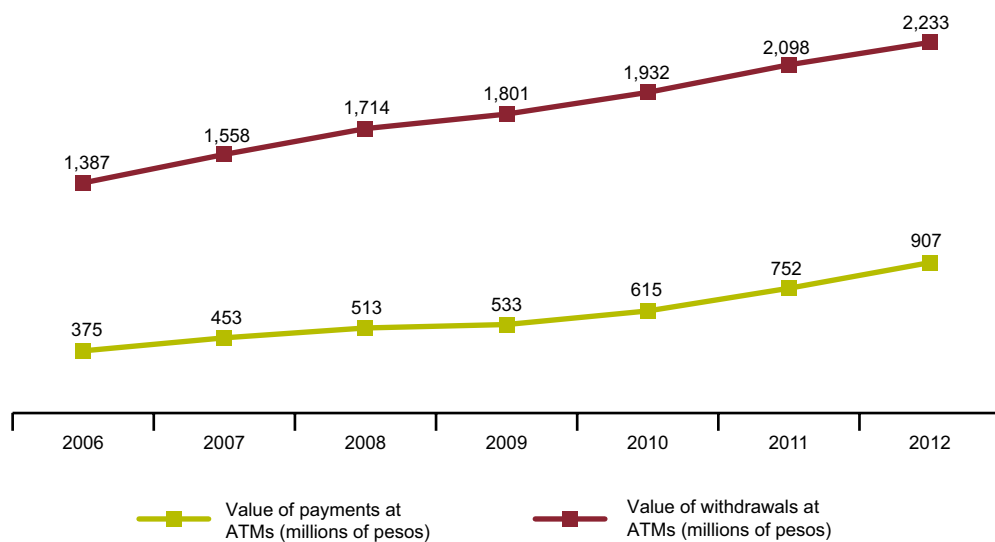
a clear upward trend since 2009. In spite of this trend in the number of transactions using banking cards, it is important to note that the total value of transactions using credit and debit cards through POS terminals only represents 41% of the total value of withdrawals at ATMs and that the gap between the two has not decreased in the recent years..

**Graph 4.8 Number of Transactions at ATMs and POS Terminals**



Source: Banco de México.

**Graph 4.9 Value of Transactions at ATMs and POS Terminals**



Source: Banco de México

When analyzing the type of card used to pay for goods and services using POS terminals, we find that, from 2006 to 2012, the use of debit cards is growing at a faster rate than that of credit cards.. In 2012, debit cards were more widely used, with 914 million payments vs. 561 million payments with credit cards during the same period. Nonetheless, the

total value of payments with debit cards is smaller than the total value of payments made with credit cards. Indeed, in 2012 the value of the transactions with debit cards amounted to 427 billion pesos, while that of credit cards was 480 billion pesos.

**Table 4.10 Number and value of Payments and Purchases Using POS Terminals**

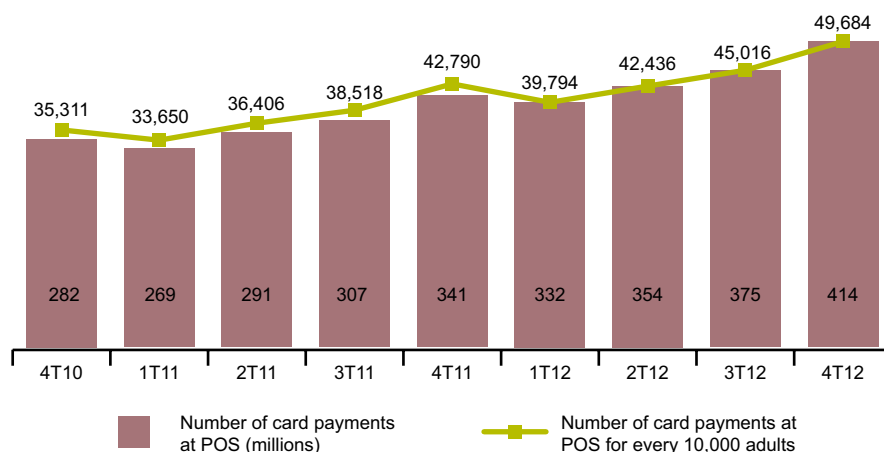
Date	Debit Cards		Credit Cards		Total Payments	
	Number (millions)	Value (billion pesos)	Number (millions)	Value (billion pesos)	Number (millions)	Value (billion pesos)
2006	276	143	304	232	580	375
2007	355	177	360	276	715	453
2008	416	209	387	304	803	513
2009	472	238	366	295	838	533
2010	594	288	393	327	987	615
2011	737	354	471	397	1,208	752
2012	914	427	561	480	1,475	907

Source: Banco de México

In 2012, the number of payments with debit and credit cards maintained, quarter after quarter, the upward trend observed in 2011. Between 4Q10 and 4Q12, the number of

transactions increased by 41%, going from 35,311 payments for every 10,000 adults (282 million payments) to 49,684 for every 10,000 adults (414 million payments).

**Graph 4.11 Evolution of Payments at Businesses per Every 10,000 Adults**



Source: Banco de México

## Electronic Funds Transfers

Payments carried out through electronic funds transfers using the Internet, mobile devices, and debit cards at POS terminals, present a high potential in promoting greater financial inclusion, since, in addition to conducting payments on a timely, accessible and secure fashion, they represent low-cost channels for the users.

During 2012, the financial system processed 1,045 million electronic funds transfers. Out of the total transfers, 210 million (20%) were interbank transfers, of which 172 million were processed through the Interbank Electronic Payment System (SPEI, for its abbreviation in Spanish).

Transactions made through online banking represented almost 68% of the total number of electronic transfers (654 million transactions), and almost 40% of the total value transacted (41.9 trillion pesos in 2012). In contrast, transfers made through electronic banking, represented almost 32% of the total number of transactions (307 million transactions during the year) and slightly over 60% of the total value of the transactions (with a value of 64.6 trillion pesos). On the other hand, transactions by phone represented less than 1% of the total number of electronic transactions.

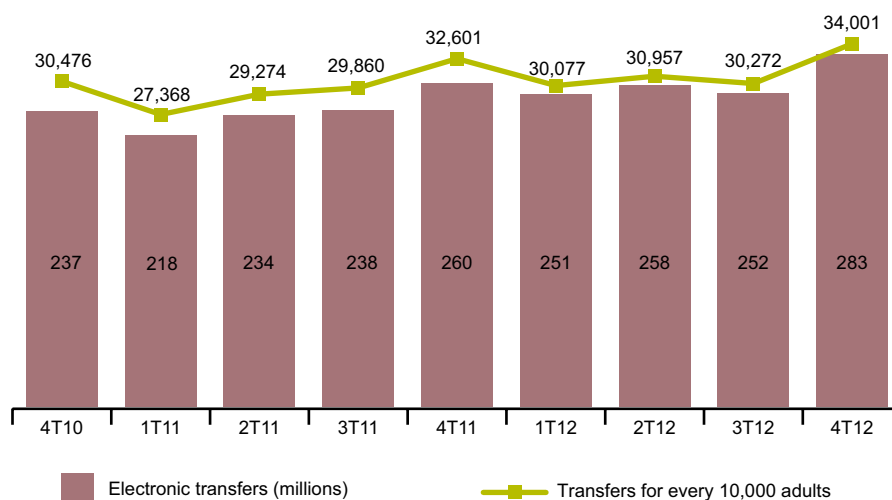
**Table 4.12 Number and value of Electronic Transfers**

Date	Same Bank Transactions		Interbank Transactions		Total Electronic Transfers	
	Number (millions)	Value (billion pesos)	Number (millions)	Value (billion pesos)	Number (millions)	Value (billion pesos)
2006	514	43,701	45	117,547	559	161,249
2007	566	38,988	59	136,349	626	175,337
2008	643	45,301	75	145,667	718	190,967
2009	681	48,464	93	129,393	774	177,857
2010	735	48,817	118	153,881	853	202,698
2011	805	51,967	145	179,771	951	231,738
2012	835	56,316	210	200,118	1,045	256,434

Source: Banco de México

The number of electronic funds transfers for every 10,000 adults increased by 5.6% from 4Q10 through 4Q12, going from 30,476 (237 million transfers) to 34,001 (283 million transfers) for every 10,000 adults.

**Graph 4.13 Evolution of Electronic Funds Transfers per Every 10,000 Adults**



Source: Banco de México

### Transactions through Banking Agents

Banking Agents represent a relatively new access channel to financial services. This channel could carry out a large number of transactions in places that financial institutions, even Popular Savings and Credit Associations, have not been able to reach due to the high costs of installing the required infrastructure.

The purpose of ongoing innovations in IT applied to mobile devices, including mobile phones and mobile points of sale is, among others, to promote the supply of services that enable financial transactions and of savings, credit and insurance products. Banking Agents can contribute to this objective, since they have the potential to act as cash-in and cash-out points, thus creating synergies for improving the local economies.

The basic transactions currently allowed to be carried out through Banking Agents, include:

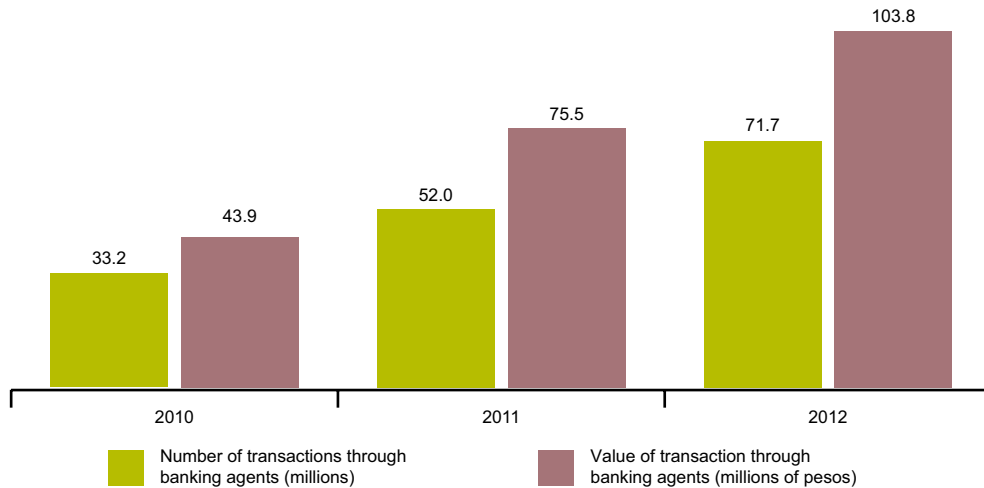
- Credit payments
- Cash deposits to an account
- Cash withdrawals from an account
- Payment of utilities
- Remittances
- Cashing of checks
- Opening of level 1 or 2 accounts

Currently, the credit payment is the transaction most commonly carried out through Banking Agents, followed by cash deposits to bank accounts and cash withdrawals. Transactions involving the payment of remittances and cashing of checks are currently marginal.

Only a few institutions have applied for the authorization to open simplified accounts, even though Banking Agents are authorized to do so since August 2011, when the regulation of simplified accounts was approved.

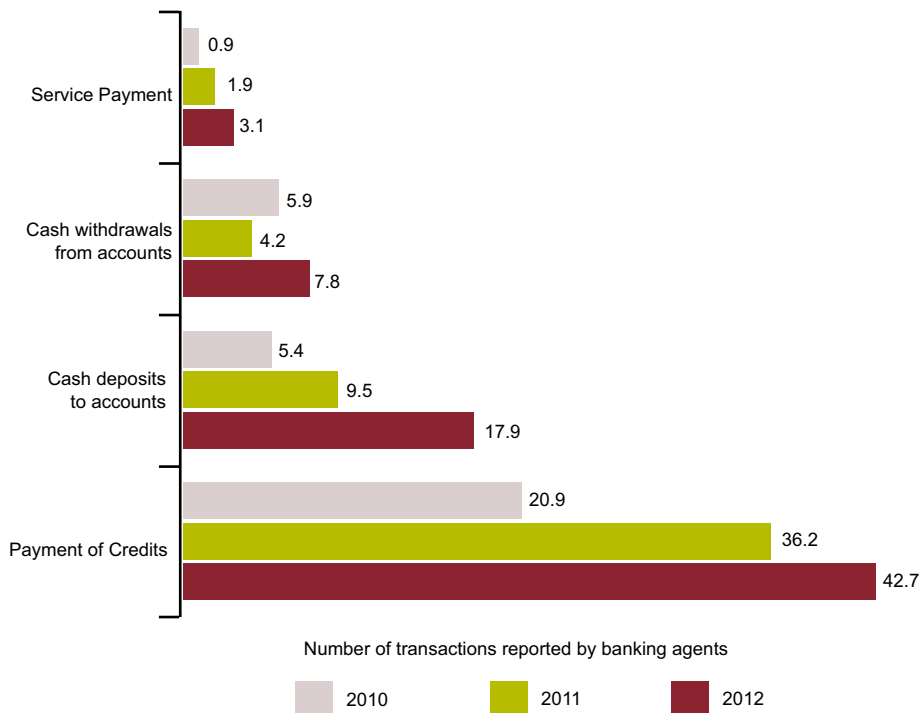
In 2012, a total of 71.7 million transactions through Banking Agents were reported, adding to a value of almost 104 billion pesos. From 2010 through 2012, the growth rate for the number of transactions reported by Banking Agents was 46.9%.

**Graph 4.14 Number and value of Transactions carried out at Banking Agents**



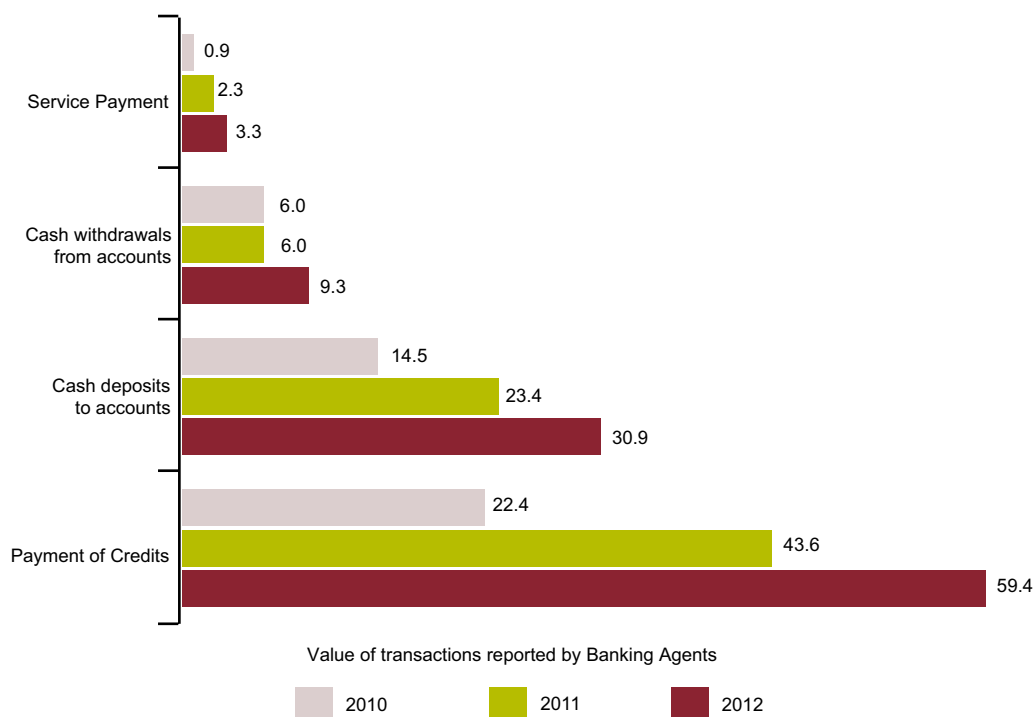
Source: CNBV

**Graph 4.15 Number of Transactions Reported by Banking Agents**



Source: CNBV

### Graph 4.16 Value of Transactions Reported by Banking Agents

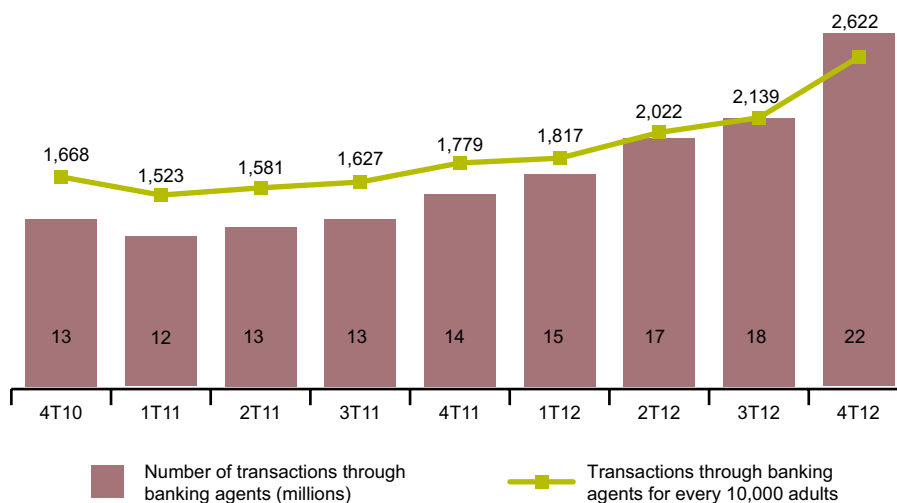


Source: CNBV

One of the future challenges for this channel is to promote the supply of all the types of transactions that can be legally carried out through Banking Agents, including cash deposits and withdrawals.

Transactions at Banking Agents grew at an annual rate of 25.4% from 4Q10 to 4Q12, going from 1,668 transactions for every 10,000 adults (13 million transactions) to 2,622 transactions for every 10,000 adults (21.9 million transactions).

### Graph 4.17 Evolution of Transactions through Banking Agents per Every 10,000 Adults

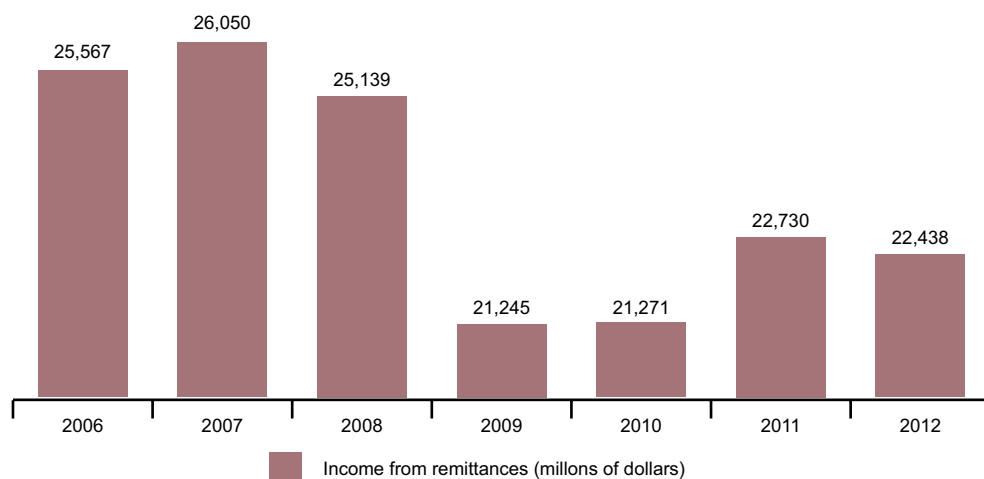


Source: CNBV

## Remittances from Abroad

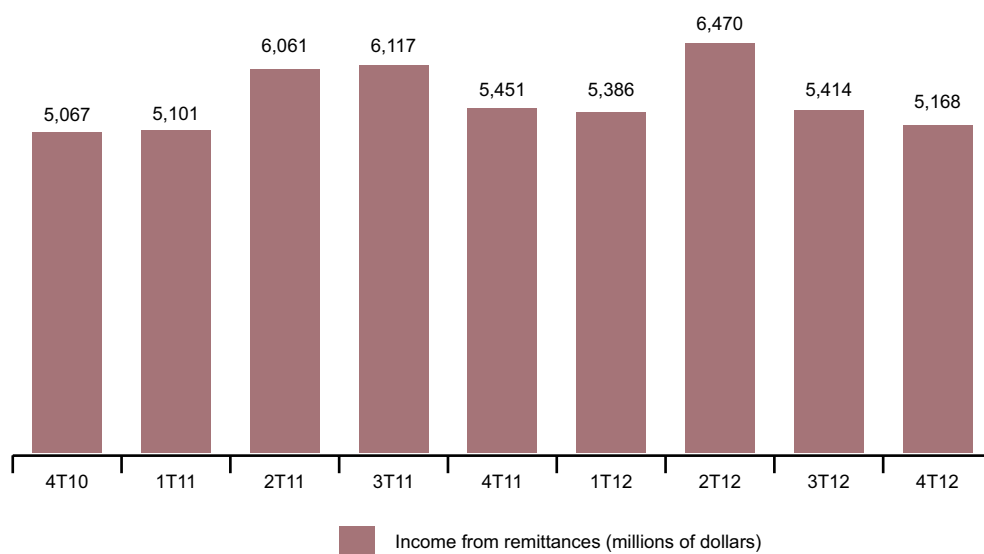
During 2012, families received 22,438 million dollars in international remittances, 1.6% less than in the previous year. .

**Graph 4.18 Income from Remittances**



Source: Banco de México

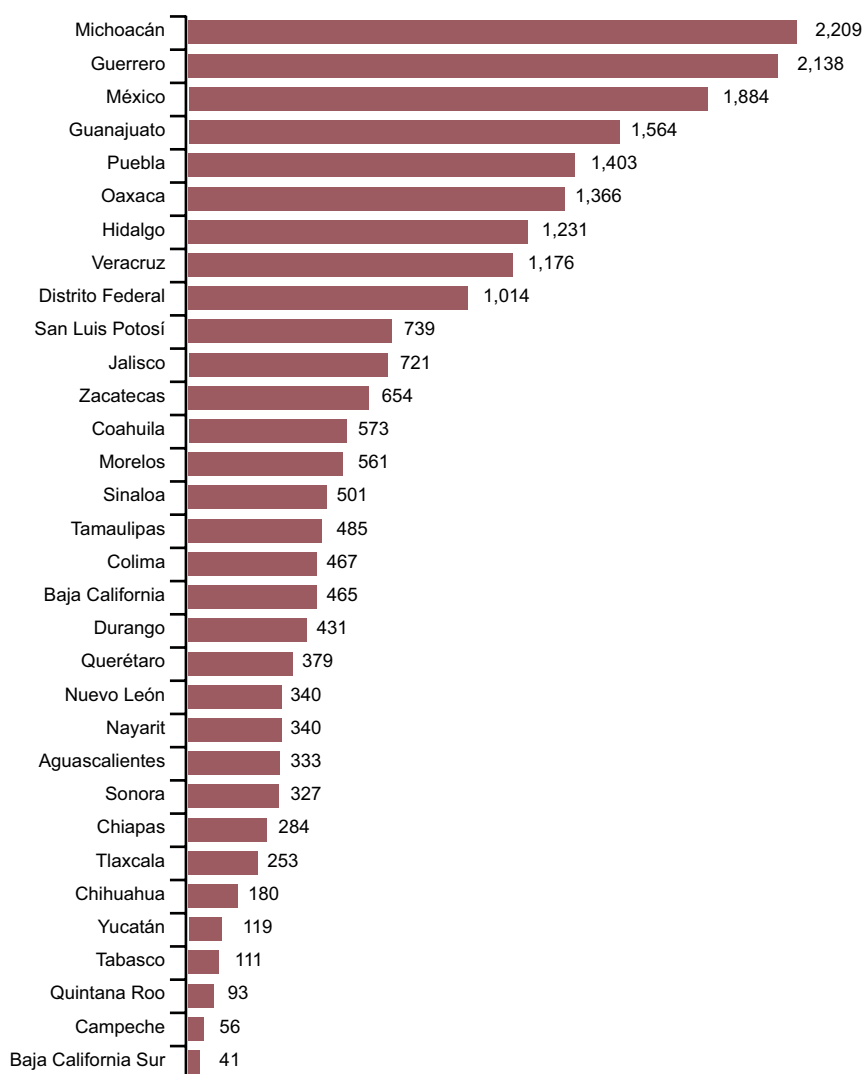
**Graph 4.19 Quarterly Evolution of Income from Remittances**



Source: Banco de México

In 2012, the federal states that received the greater amount of remittances were: Michoacán (9.8% of the total income), Guerrero (9.5%), State of Mexico (8.4%) and Guanajuato (6.7%).

**Graph 4.20 Income from Remittances per Federal State**



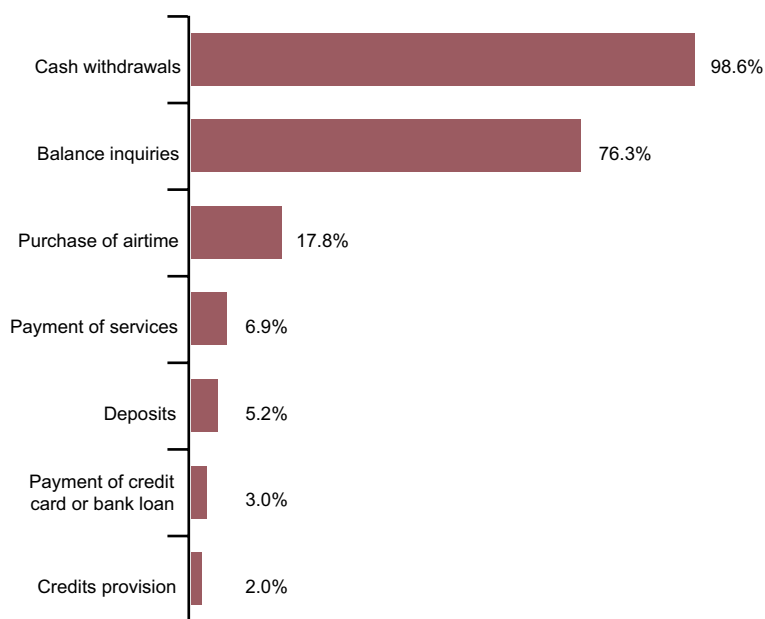
Source: Banco de México

## ENIF results regarding transactions

### Transactions at ATMs

According to the ENIF conducted in 2012, approximately 26.7 million persons between the ages of 18 and 70 (38% of the total adult population in Mexico), indicated having used an ATM to carry out transactions. The transactions most frequently carried out using ATMs were cash withdrawals and balance inquiries as shown in Graph 4.21.

**Graph 4.21 Percentage of Adults carrying out Transactions through ATMs**



Source: CNBV, with data of the INEGI

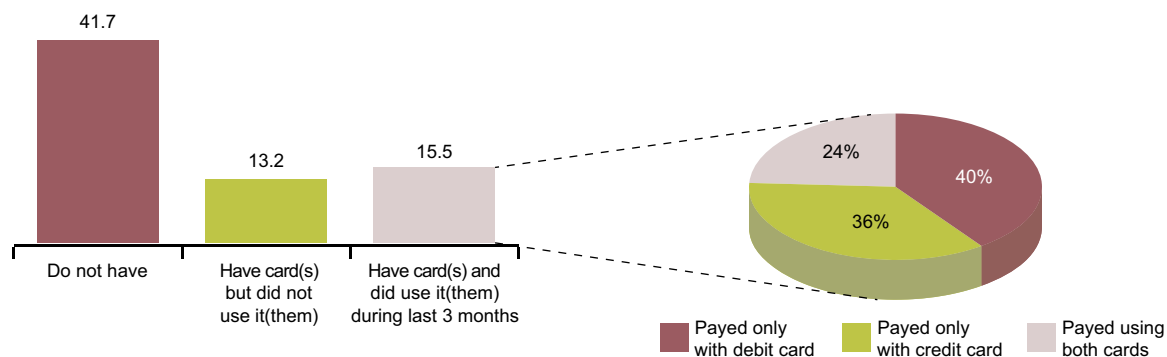
### Card Payments at Businesses

We can also observe that, in 2012, approximately 28.7 million adults (40.7% of the total population between 18 and 70 years old) had a debit or credit card.

However, during the three months prior to the survey, 13.2 million users (45.9%) did not use these types of cards. On

the other hand, 5.5 million adults (19.2% of the total card users) indicated having used credit cards, 6.2 million adults indicated having used debit cards, and 3.7 million users (13%) stated having used both types of cards to pay for products or services. It is worth mentioning that using a debit card does not necessarily imply not having used credit card also.

**Graph 4.22 Debit and Credit Card Users according to ENIF**



Source: CNBV, with data of the INEGI

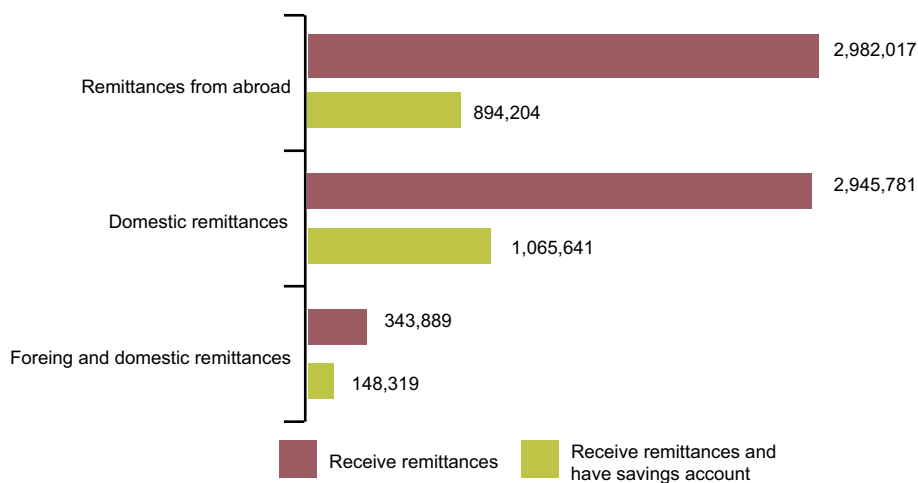
## Remittances

Of the adult population between the ages of 18 and 70, 4.7% (3.3 million) indicated that they received international remittances during the past year; while 4.6% of the adult population (3.28 million) stated they received domestic remittances. Only one third of the population reported having a deposit or savings account with some financial institution.

Moreover, only 22.6% (1.4 million) of the adults who received remittances, including both international and domestic

remittances, made use of a bank account. The remaining 77.4% (4.8 million) received remittances through money transmitters or informal means. This percentage could be used as an indication of the proportion of funds coming from remittances that could be potentially intermediated through the banking system.

**Graph 4.23 Adults Recipients of Remittances**



Source: CNBV, with data of the INEGI

# INSURANCE



The main function of insurance is to provide personal and asset protection to individuals, companies and the government, all of whom are exposed to diverse risks that could cause damages with major economic consequences.

# INSURANCE 5

All human activity involves exposure to risks, and it is necessary to have access to protection and risk-reduction mechanisms. Insurance allows to prepare for risks and have a financial mechanism in place in case of death or illness, or if the need arises to replace an asset or restore productive capacity. Thus, insurance contributes to economic stability and development.

The insurance sector in Mexico has shown dynamic growth and development through an increase in the level of premiums issued, in the number of market participants and products supplied, and in the penetration and density of insurance products. However, the sector is facing challenges to increase its share in the financial system and, moreover, to extend its benefit to larger population segments, as envisioned from a financial inclusion perspective.

In particular, in order to achieve greater financial inclusion in the insurance sector, the insurance distribution channels

must be enhanced to obtain greater access to insurance products for the population. This objective requires using new technologies, developing alternate channels and creative solutions in line with the market characteristics, as well as fostering greater efficiency and effectiveness of the traditional distribution channels.

Another basic aspect for financial inclusion is having in place products that allow a large portion of Mexicans to benefit from mechanisms to transfer and reduce risks. An example of this type of products is microinsurance, which offers protection to low-income population segments against specific risks, in exchange for the payment of an affordable premium.

### Core insurance indicators

The following table summarizes the set of indicators used for the analysis of the behavior, evolution and nationwide distribution of the insurance market.

**Table 5.1 Core Indicators for the performance of the insurance market within the context of financial inclusion**

Direct Premium	Premiums obtained by direct sign-up, without taking into account assignment in reinsurance.
Penetration	Issued premium (includes reinsurance transactions) as a proportion of the annual GDP.
Density	Annual direct premium <i>per capita</i> .
Agents per every 10,000 adults	Number of valid agents per every 10,000 adults.
Individual insurance	Individual insurance policies and group certificates for insurance transactions of individuals (life, accidents and illnesses) covering the national population.
Car insurance	Car insurance policies in effect related to in-service registered motor vehicles.

## Insurance indicators at a National level

- At the end of December 2012, issued premiums of the insurance sector amounted to 2.0% of the GDP.
- The premium per capita rose to 2,703 pesos at the end of 2012, which represented an actual annual increase of 6.7% in comparison to the end of 2011.
- Life insurance policies had the greatest share (40.6%) of the insurance portfolio by the end of 2012, i.e., one percentage point higher in comparison to 2011.

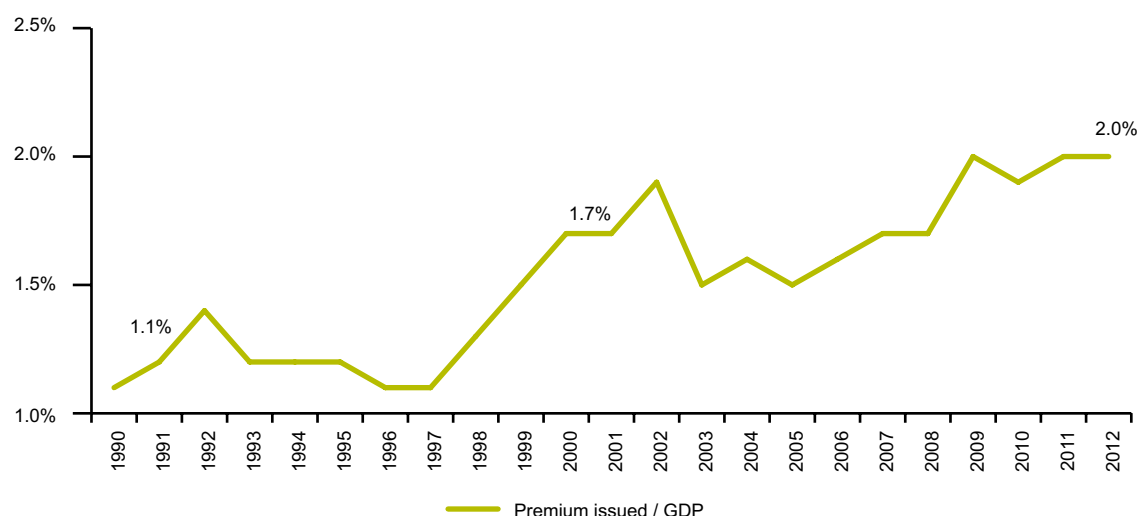
During the past two decades, in Mexico, the insurance sector has shown positive growth and development dynamics. Indeed, it has experienced high and sustained levels of annual growth, higher than those of the economy. At the end of December 2012, the direct premium had a real annual growth of 7.4%, in comparison to an real annual growth of the GDP of 3.9%.

Also, the insurance market managed to increase its number of suppliers, going from 48 insurance institutions in 1994 to

104 in 2012, 59 of which are recognized as affiliates of foreign companies and 45 of which belong to domestic companies.

The level of the insurance sector penetration in the Mexican economy (see Graph 5.2), which is measured as the issued premium<sup>1</sup> in one year divided by the GDP, has experienced a significant increase, with percentages going from 1.1% at the beginning of the 1990s, to 2.0% in 2012.

**Graph 5.2 Penetration of the insurance sector**



Source: National Insurance and Surety Bonds Commission (CNSF, for its abbreviation in Spanish) and INEGI, December 2012.

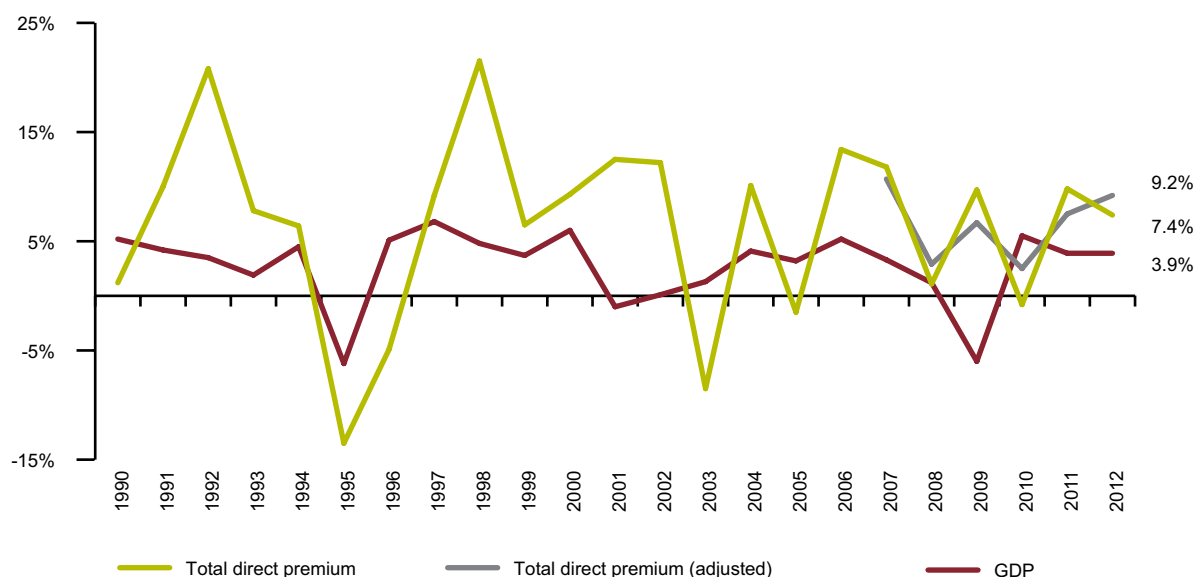
1. In order to maintain the consistency in the analysis of variables at a market level with the figures of premiums at a state level, and the indicator for insurance penetration in the economy (premiums/GDP), the analysis was carried out based on the issued premium.

The premium per capita is an indicator of the density of the sector and measures the average insurance expense per inhabitant, a proxy of the degree of penetration of insurance in the population. Through December 2012, the indicator rose to an average of 2,703 pesos per person, which represented a real annual increase of 6.7% in comparison to December 2011.

At the end of 4Q12, the insurance sector issued an amount of 314.76 billion pesos in premiums, equivalent to a real annual growth rate of 7.4% for the direct premium, in comparison to

2011. This growth rate in the sector is lower than that of the previous year mainly due to the effect of the comprehensive multi-annual renewal insurance policy of Petróleos Mexicanos (PEMEX), which was renewed in 2011, creating a considerable impact on the figures for that year. However, if we analyze the growth of the insurance sector accounting for the effect of the PEMEX policy, with a pro-rata method of the amount of the policy during its effective months, we obtain an adjusted estimate of the real annual growth of 7.5% in 2011 and of 9.2% in 2012 (see Graph 5.3).

**Graph 5.3 Real annual growth of the direct premium**

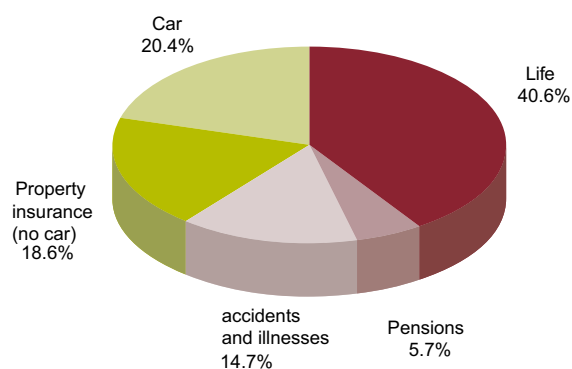


Source: CNSF and INEGI, December 2012

At the end of December 2012, life insurance had experienced a real annual growth of 10.3%, reaching a direct premium of 125.17 billion pesos, and had the largest share in the insurance portfolio, representing 40.6% of the total market, which meant an increase of 1 percentage point (pp.) in comparison to the figures reported in 2011 (see Graph 5.4 and Table 5.5). The car insurance sector is the second most common insurance product, with 20.4% of the insurance market, i.e., 0.1 pp. above the share of the insurance sector in 2011, with a real

growth of 8.3%. In the third place, we find property insurance, excluding the car sector, which had a share of 18.6% of the insurance market, i.e., 0.7 pp. below the percentage of 2011, which reached a real annual growth of 2.3%. In the fourth place, we find accident and illness insurance, with 14.7%, a lower share by 0.4 pp. to the one for 2011, and a real annual growth of 5.2%. Finally, pension insurance deriving from social security, grew 8.1% in comparison to the previous period, with a share of 5.7% in the total insurance market.

**Graph 5.4 Structure of the insurance portfolio**



Source: CNSF, December 2012

**Table 5.5 Insurance portfolio (direct premium)**

Transaction / Sector	Value (million pesos)	Share (%)	Real annual growth (%)
Life	125,175	40.6	10.3
Pensions derived from social security	17,633	5.7	8.1
Accidents and illnesses	45,336	14.7	5.2
Property (no cars)	57,293	18.6	2.3
Cars	62,818	20.4	8.3
<b>Total</b>	<b>308,255</b>	<b>100.0</b>	<b>7.4</b>

Source: CNSF, December 2012

## Insurance indicators at a state level

- By the end of 2011, the Federal District represented 39.9% of the premium issued in the insurance market, Nuevo Leon had a share of 8.8%, the State of Mexico had 7.6%, Jalisco had 5.9% and Veracruz had 2.7%. Together, these 5 states represented 64.9% of the total insurance premiums issued.
- At the end of 2011, 28 federal states showed a lower insurance density than the national level (national premium per capita 2,167 pesos).
- In the case of insurance penetration in the economy, only four states show levels higher than the national level (1.8% of the total GDP) by the end of 2011.

The issued premium for accident and illness insurance was mainly concentrated in the Federal District (39.6%). The following positions were taken by Nuevo Leon (15.4%), State of Mexico (7.5%), Jalisco (7.3%), and Chihuahua (2.9%). Thus, these five states had a joint share of 72.7% of premiums issued nationally for accident and illness insurance, which resulted in a concentrated market at a regional level.

The same concentration occurred with life insurance, where the five states with the greater share represented 65.4% of

the premiums issued at a national level. The Federal District represented 41.7% of the national market; while the State of Mexico, Nuevo Leon, Jalisco and Guanajuato had a share of 7.9%, 7.2%, 5.8% and 2.9%, respectively.

In the case of property insurance, five states had a share of 62.3% in the national market in 2011. The Federal District had a share of 38.3% in the premiums issued nationally; Nuevo Leon had a share of 8.0%, the State of Mexico 7.4%, Jalisco 5.5% and Veracruz 3.1%.

**Table 5.6 Regional distribution of issued insurance premiums in Mexico  
(Million pesos)**

Federal State	Premium issued			
	Life	Accidents and illnesses	Property	Total market
Aguascalientes	766	233	675	1,674
Baja California	1,850	945	2,411	5,207
Baja California Sur	406	96	650	1,152
Campeche	443	87	659	1,189
Chiapas	1,160	168	1,234	2,562
Chihuahua	1,980	1,099	2,415	5,494
Coahuila	1,973	1,032	2,038	5,043
Colima	410	106	502	1,018
Federal District	44,290	14,858	40,853	100,001
Durango	984	163	827	1,974
Guanajuato	3,082	745	2,140	5,966
Guerrero	1,453	124	3,241	4,817
Hidalgo	1,058	152	867	2,077
Jalisco	6,158	2,724	5,898	14,780
Mexico	8,347	2,803	7,854	19,005
Michoacan	2,102	298	1,442	3,843
Morelos	1,153	299	832	2,284
Nayarit	621	70	519	1,211
Nuevo Leon	7,657	5,756	8,528	21,942
Oaxaca	1,157	102	915	2,173
Puebla	2,429	713	2,708	5,850
Queretaro	1,192	704	2,833	4,730
Quintana Roo	652	356	2,150	3,158
San Luis Potosi	1,510	464	1,268	3,242
Sinaloa	2,057	411	2,048	4,516
Sonora	2,540	850	1,827	5,217
Tabasco	1,271	203	1,214	2,687
Tamaulipas	2,205	901	2,514	5,620
Tlaxcala	451	42	299	791
Veracruz	2,940	514	3,359	6,814
Yucatán	1,093	404	1,474	2,971
Zacatecas	911	69	531	1,510
Unkown*	51	15	N.D.	65
Foreign**	3	1	334	338
<b>National</b>	<b>106,355</b>	<b>37,507</b>	<b>107,059</b>	<b>250,921</b>

\* Takes into consideration the premiums issued without specifying an address

\*\* Refers to insurance contracted in Mexico, but whose insured contracting party or property has an address abroad.

Another major indicator is the insurance market density, measured using the premium per capita, which is another element used to verify the existing disparity in the regional distribution of the insurance market.

For the socio-economical and regional analysis the Federal District and surrounding municipalities of the State of Mexico were grouped in the Metropolitan Area of Mexico City (ZMCM, for its abbreviation in Spanish). By adding, in particular, the data of the Federal District<sup>2</sup> to the data of the State of Mexico, we obtained an average premium per capita of

\$4,805, equal to 2.2 times the average national premium of \$2,167 per person<sup>3</sup>. Other states that present higher levels of premium per capita than the national average are Nuevo León, Querétaro and Quintana Roo.

The results indicate that 28 states showed a lower insurance density than the one found at a national level; those that stand out are Chiapas, Oaxaca and Tlaxcala, whose average premium per capita was \$515, \$558 and \$656 per person, respectively.

- 
2. These states are grouped since the recording of the issuance is made in the Federal District, where the headquarters or main offices of insurance companies are located, which overestimates the relevance of the Federal District in terms of its premium per capita.
  3. This figure differs from the one shown at the beginning of this chapter, since the financial series, which constitute the input in the case at issue, are not built at a federal state level; thus, for the analysis per federal state, the statistical figures compiled from the technical series were used.

**Table 5.7A Premium per capita per federal state**

Federal State	Total Market
Federal District	11,203
Nuevo Leon	4,574
Queretaro	2,517
Quintana Roo	2,264
Jalisco	1,960
Sonora	1,886
Coahuila	1,790
Baja California Sur	1,712
Tamaulipas	1,665
Baja California	1,590
Sinaloa	1,569
Chihuahua	1,544
Colima	1,515
Yucatan	1,479
Campeche	1,395
Guerrero	1,388
Aguascalientes	1,379
Morelos	1,251
San Luis Potosi	1,225
Mexico	1,200
Tabasco	1,177
Durango	1,168
Nayarit	1,070
Guanajuato	1,064
Zacatecas	993
Puebla	987
Veracruz	875
Michoacan	863
Hidalgo	761
Tlaxcala	656
Oaxaca	558
Chiapas	515
<b>National</b>	<b>2,167</b>

Federal State	Life
Federal District	4,962
Nuevo Leon	1,596
Sonora	918
Jalisco	817
Sinaloa	715
Coahuila	700
Tamaulipas	653
Queretaro	635
Morelos	632
Aguascalientes	631
Colima	610
Baja California Sur	603
Zacatecas	599
Durango	582
San Luis Potosi	571
Baja California	565
Tabasco	557
Chihuahua	557
Guanajuato	550
Nayarit	549
Yucatan	544
México	527
Campeche	520
Michoacán	472
Quintana Roo	467
Guerrero	419
Puebla	410
Hidalgo	388
Veracruz	378
Tlaxcala	374
Oaxaca	297
Chiapas	233
<b>National</b>	<b>919</b>

Source: CNSF, December 2012

**Table 5.7B Premium per capita per federal state  
(Pesos)**

Federal State	Accidents and Illnesses	Federal State	Property
Federal District	1,665	Federal District	4,577
Nuevo Leon	1,200	Nuevo Leon	1,778
Queretaro	375	Quintana Roo	1,541
Coahuila	366	Queretaro	1,507
Jalisco	361	Baja California Sur	966
Chihuahua	309	Guerrero	934
Sonora	307	Jalisco	782
Baja California	289	Campeche	773
Tamaulipas	267	Colima	747
Quintana Roo	255	Tamaulipas	745
Yucatan	201	Baja California	736
Aguascalientes	192	Yucatan	734
Mexico	177	Coahuila	723
San Luis Potosi	175	Sinaloa	712
Morelos	164	Chihuahua	679
Colima	158	Sonora	660
Baja California Sur	143	Aguascalientes	556
Sinaloa	143	Tabasco	532
Guanajuato	133	Mexico	496
Puebla	120	Durango	489
Campeche	103	San Luis Potosi	479
Durango	97	Nayarit	459
Tabasco	89	Puebla	457
Michoacan	67	Morelos	456
Veracruz	66	Veracruz	431
Nayarit	62	Guanajuato	382
Hidalgo	56	Zacatecas	349
Zacatecas	45	Michoacan	324
Guerrero	36	Hidalgo	318
Tlaxcala	35	Chiapas	248
Chiapas	34	Tlaxcala	248
Oaxaca	26	Oaxaca	235
<b>National</b>	<b>324</b>	<b>National</b>	<b>923</b>

Source: CNSF, diciembre 2012

In regards to penetration per state, measured as the ratio between the state's issued premiums and its GDP, the Federal District stands out with a 4.4% rate, that is, 2.4 times the rate at a national level. Guerrero (2.4%), Nuevo León (2.1%) and Querétaro (1.8%) also stood out, with rates higher than the national average (1.8%). On the contrary, states such as Campeche, Tabasco and Hidalgo showed a major lag according to this sector indicator.

**Table 5.8A Penetration per federal state  
(Percentages)**

Federal State	Total Market	Federal State	Life
Federal District	4.4%	Federal District	1.9%
Guerrero	2.4%	Morelos	0.8%
Nuevo Leon	2.1%	Nayarit	0.8%
Queretaro	1.8%	Nuevo Leon	0.7%
Jalisco	1.7%	Sinaloa	0.7%
Quintana Roo	1.6%	Guerrero	0.7%
Sinaloa	1.6%	Jalisco	0.7%
Yucatan	1.6%	Zacatecas	0.7%
Morelos	1.5%	Sonora	0.7%
Nayarit	1.5%	Mexico	0.6%
Mexico	1.5%	Michoacan	0.6%
Baja California Sur	1.4%	Tlaxcala	0.6%
Baja California	1.4%	Yucatan	0.6%
Tamaulipas	1.4%	San Luis Potosi	0.6%
Chihuahua	1.4%	Guanajuato	0.6%
Sonora	1.4%	Durango	0.5%
Colima	1.3%	Tamaulipas	0.5%
San Luis Potosi	1.3%	Oaxaca	0.5%
Puebla	1.2%	Aguascalientes	0.5%
Coahuila	1.2%	Puebla	0.5%
Michoacan	1.1%	Colima	0.5%
Aguascalientes	1.1%	Baja California Sur	0.5%
Zacatecas	1.1%	Baja California	0.5%
Guanajuato	1.1%	Chihuahua	0.5%
Durango	1.1%	Hidalgo	0.5%
Tlaxcala	1.1%	Coahuila	0.5%
Veracruz	1.1%	Queretaro	0.5%
Oaxaca	1.0%	Veracruz	0.5%
Chiapas	1.0%	Chiapas	0.4%
Hidalgo	0.9%	Quintana Roo	0.3%
Tabasco	0.4%	Tabasco	0.2%
Campeche	0.1%	Campeche	0.1%
<b>National</b>	<b>1.8%</b>	<b>National</b>	<b>0.8%</b>

Source: CNSF, December 2011

**Table 5.8B Penetration per federal state  
(Percentages)**

Federal State	Accidents and Illnesses	Federal State	Property
Federal District	0.6%	Federal District	1.8%
Nuevo Leon	0.6%	Guerrero	1.6%
Jalisco	0.3%	Quintana Roo	1.1%
Chihuahua	0.3%	Queretaro	1.1%
Querétaro	0.3%	Nuevo Leon	0.8%
Baja California	0.3%	Baja California Sur	0.8%
Coahuila	0.2%	Yucatan	0.8%
Sonora	0.2%	Sinaloa	0.7%
Tamaulipas	0.2%	Jalisco	0.7%
Mexico	0.2%	Baja California	0.7%
Yucatan	0.2%	Nayarit	0.6%
Morelos	0.2%	Colima	0.6%
Quintana Roo	0.2%	Tamaulipas	0.6%
San Luis Potosi	0.2%	Mexico	0.6%
Aguascalientes	0.2%	Chihuahua	0.6%
Puebla	0.2%	Puebla	0.6%
Sinaloa	0.1%	Morelos	0.6%
Guanajuato	0.1%	Veracruz	0.5%
Colima	0.1%	San Luis Potosi	0.5%
Baja California Sur	0.1%	Sonora	0.5%
Durango	0.1%	Coahuila	0.5%
Michoacan	0.1%	Chiapas	0.5%
Nayarit	0.1%	Durango	0.5%
Veracruz	0.1%	Aguascalientes	0.5%
Hidalgo	0.1%	Michoacan	0.4%
Chiapas	0.1%	Oaxaca	0.4%
Guerrero	0.1%	Tlaxcala	0.4%
Tlaxcala	0.1%	Guanajuato	0.4%
Zacatecas	0.1%	Hidalgo	0.4%
Oaxaca	0.0%	Zacatecas	0.4%
Tabasco	0.0%	Tabasco	0.2%
Campeche	0.0%	Campeche	0.1%
<b>National</b>	<b>0.3%</b>	<b>National</b>	<b>0.8%</b>

Source: CNSF, December 2011

If we assume that each life, accident or illness insurance policy or certificate<sup>4</sup> covers one person of the national population, in the year 2011 the level of individual insurance would be of 68.6% of the national population. However, this first general approach would need some adjustments to obtain more realistic data, such as taking into account the possible double

or multiple insurance of the same person, since, for example, a person may contract a life insurance, in addition to personal injury insurance and medical expenses insurance.

When considering only personal injury insurance policies related to the national population, the level of individual

4. The accident and illness insurance transaction is comprised by the personal injury, medical expenses and health insurance sectors.

insurance was only 16.2% of the national population in 2011. Of the national population, 6.9% had major medical expenses insurance coverage, while only 0.3% of the national population had health insurance in 2011.

Life insurance, in its group modality, presented the largest amount of insurance certificates issued; we find that 35% of the national population had this type of insurance, while only 10.1% of the national population had an individual life insurance in 2011.

Regarding car insurance in 2011, out of the total vehicles registered and in service nationwide, 38.4% had a car insurance policy in effect. At a federal state level, the Federal District had coverage of 92.7% of the motor vehicles registered and in service, followed by Nuevo Leon with 54.1%, Querétaro with 51.5%, Puebla with 46% and Tabasco with 39.9%. The states with the lowest level of car insurance are Hidalgo (11.6%), Zacatecas (11.4%) and Guerrero (10.2%).

**Table 5.9 Car Insurance per federal state  
(Percentages)**

Federal State	Car Insurance
Federal District	1.8%
Guerrero	1.6%
Quintana Roo	1.1%
Quertaro	1.1%
Nuevo Leon	0.8%
Baja California Sur	0.8%
Yucatan	0.8%
Sinaloa	0.7%
Jalisco	0.7%
Baja California	0.7%
Nayarit	0.6%
Colima	0.6%
Tamaulipas	0.6%
Mexico	0.6%
Chihuahua	0.6%
Puebla	0.6%
Morelos	0.6%
Veracruz	0.5%
San Luis Potosi	0.5%
Sonora	0.5%
Coahuila	0.5%
Chiapas	0.5%
Durango	0.5%
Aguascalientes	0.5%
Michoacan	0.4%
Oaxaca	0.4%
Tlaxcala	0.4%
Guanajuato	0.4%
Hidalgo	0.4%
Zacatecas	0.4%
Tabasco	0.2%
Campeche	0.1%
National	0.8%

Source: CNSF and INEGI, December 2011

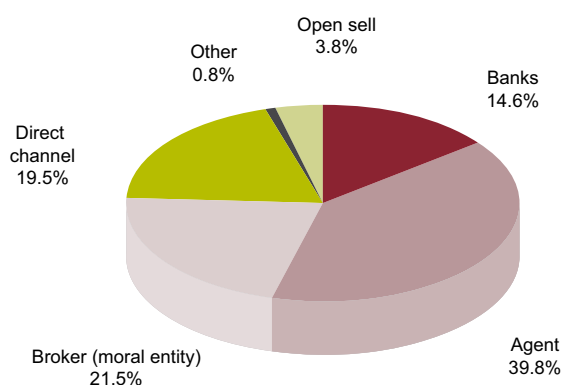
## Insurance sale channels at a national level

- During 2011, insurance agents were the main insurance sale channel in Mexico, with 39.8% of the premium in effect. Brokers (companies) were placed secondly with 21.5% of the premium in effect.
- Life insurance was mainly distributed by insurance agents, with a share of 43% of the premium in effect, as well as by bank branches, with 29.2% of the premium in effect.
- Property insurance, excluding car insurance, was sold directly by insurance companies (39.1% of the premium in effect), brokers (32.1%) and agents (27.5%).

In Mexico, the main insurance sales channel was the insurance agent (individual), whose share, in terms of premiums in effect at the end of 2011, was 39.8% of the total national insurance market. In second place were brokers (companies) with 21.5% of the market at a national level. The third place was occupied by the direct channels, i.e., the sale

to the public by the insurance companies themselves, with 19.5% of the premium in effect at a national level. In fourth place, we find bank branches, with 14.6% of the national insurance market.

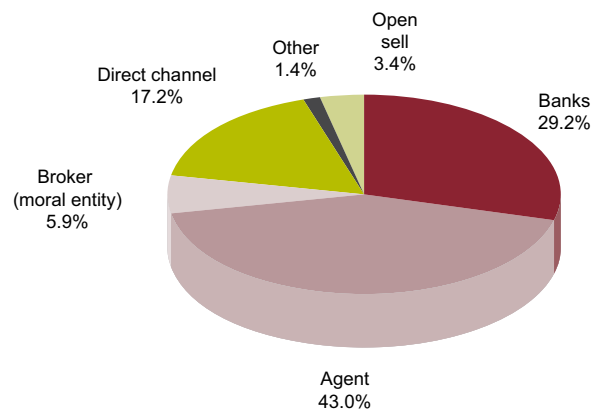
**Graph 5.10 Distribution channels share in the total insurance market**



Source: CNSF, December 2011

The main distribution channel for life insurance was insurance agents, with a share of 43.0% of the premium in effect for such product. Sales through bank branches become particularly relevant in this type of individual insurance, representing 29.2% of the premium in effect of life insurance at a national level. The direct channel took the third place, with 17.1%; and brokers took the fourth place, with 5.9% of the premium in effect for this type of insurance.

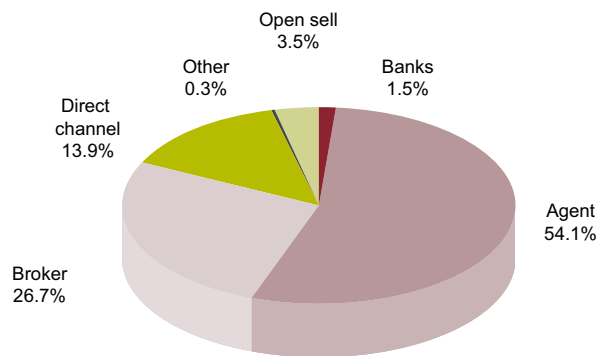
Graph 5.11 Life insurance distribution channels



Source: CNSF, December 2011

The supply of accident and illness insurance was distributed mainly through insurance agents (54.1%); in second place, we found brokers (26.7%); and in third place we found the direct channels (13.9%). In this transaction, the sale by bank branches was considerably low with only 1.5% of the market.

Graph 5.12 Accident and illness insurance distribution channels

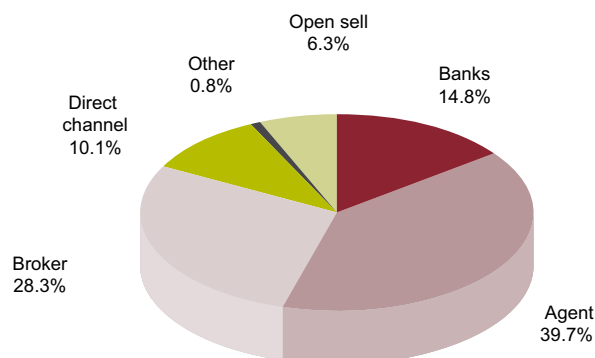


Source: CNSF, December 2011

The sale of car insurance was made in large part through insurance agents, with 39.7% of the premium in effect of the insurance sector. In second place, we found brokers with

28.4% of the premium in effect; and in third place, we found bank branches, with 14.8% of the premium in effect at a national level.

**Graph 5.13 Car insurance distribution channels**



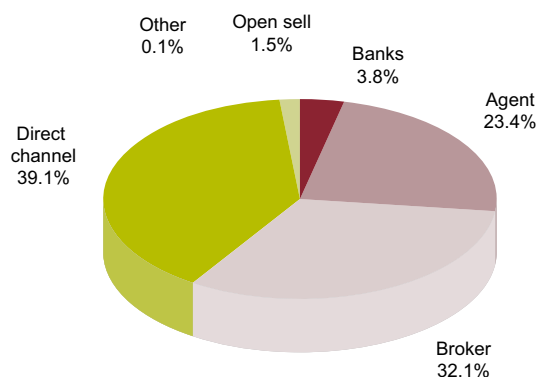
Source: CNSF, December 2011

The main sales channel for property insurance, excluding the car insurance sector, were the direct channels (39.1%); followed by brokers (32.1%) and then by insurance agents (27.5%). Businesses related to asset protection, without taking into account the car insurance sector, are placed, on a larger scale through the direct channel, with brokers in the second place and direct sales channels and insurance agents in third place (Graph 5.14).

Between 2010 and 2011, we found in general, a growth in the placement of insurance policies using the distribution

channels, in terms of premiums in effect. It is important to note the growth of the direct channels in transactions of life (69%), property (70%) and accident and illness (59%) insurance. Insurance intermediation through mass sales had a significant growth in the case of accident and illness insurance (151%). Brokers also showed growth (45%) in the distribution of accident and illness insurance, as shown in Graph 5.15.

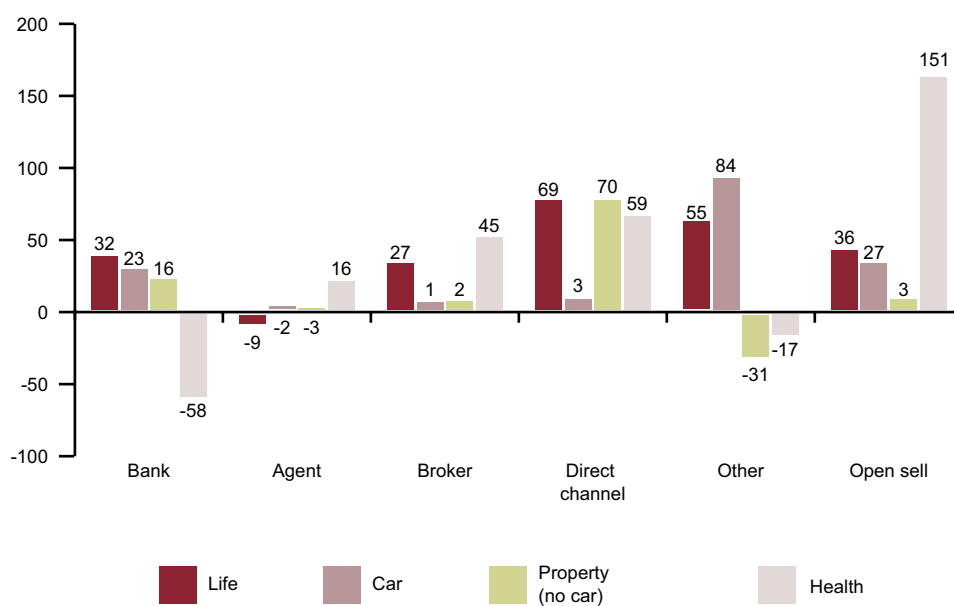
**Graph 5.14 Property insurance distribution channels, without including car insurance**



Source: CNSF, December 2011

On the other hand, a reduction in insurance intermediation through bank branches was recorded in the sale of accident and illness insurance (58%). Also, the reduction percentage is lower in intermediation through insurance agent in life (9%), property (3%), and car (2%) insurance transactions and sectors.

**Graph 5.15 Premiums in effect per type of intermediary and transaction (2010-2011)**



Source: CNSF, December 2011

## Main insurance distribution channel at a state level

- At the end of December 2011, the Federal District accounted for the largest number of insurance agents (25% of the national total), according to the home address of the intermediary. In demographic terms, 12 insurance agents were recorded per every 10,000 adults, in the Federal District.
- The State of Mexico was the second state with the highest number of insurance agents, representing 10% of the national total. Nuevo León and Jalisco tied with 9% of insurance agents at a national level.
- According to the demographic indicator, Nuevo León became relevant with 8 agents per every 10,000 adults; while the State of Mexico only had 3 agents per every 10,000 adults.
- The states with the lowest presence of insurance agents were Nayarit, Campeche, Colima, Zacatecas, Baja California Sur and Tlaxcala.

Given that insurance agents are the main distribution channel at a national level, it is important to know their distribution at a state level, so as to look into the access to this type of financial products from a regional coverage standpoint.

In terms of the number of insurance agents registered according to their home addresses, the Federal District took the first position, with 25% of the total agents at a national level. The State of Mexico follows with 10% of the agents at a national level, while Nuevo Leon and Jalisco are tied in the third place, with 9% of the total agents at a national level.

These four states, together, represented over 50% of the total agents in the country.

In turn, the states with lowest presence of agents were: Nayarit, Campeche, Colima, Zacatecas, Baja California Sur and Tlaxcala, in which very low shares of such intermediaries were found.

In conclusion, the main access channel for insurance in the country is concentrated in the central region of the Republic of Mexico, particularly in the main economic urban areas.

**Table 5.16 Valid agents per federal state**

Federal State	Agents	Percentage
Federal District	8,168	25.0%
Mexico	3,260	10.0%
Nuevo Leon	2,983	9.1%
Jalisco	2,953	9.0%
Guanajuato	1,259	3.8%
Puebla	1,090	3.3%
Veracruz	1,080	3.3%
Chihuahua	1,067	3.3%
Sonora	1,015	3.1%
Baja California	993	3.0%
Tamaulipas	935	2.9%
Sinaloa	870	2.7%
Coahuila	807	2.5%
Yucatan	729	2.2%
Queretaro	670	2.0%
Michoacán	649	2.0%
San Luis Potosi	509	1.6%
Morelos	441	1.3%
Aguascalientes	374	1.1%
Chiapas	349	1.1%
Guerrero	336	1.0%
Tabasco	329	1.0%
Oaxaca	315	1.0%
Hidalgo	297	0.9%
Quintana Roo	262	0.8%
Durango	254	0.8%
Nayarit	157	0.5%
Campeche	147	0.4%
Colima	136	0.4%
Zacatecas	114	0.3%
Baja California Sur	107	0.3%
Tlaxcala	79	0.2%
<b>National</b>	<b>32,734</b>	<b>100%</b>

Source: CNSF, December 2011

The State of Mexico showed a demographic indicator of only three agents for every 10,000 adults. The intermediate position of the State of Mexico in the national context, in terms of the ratio between agents and adult population, is due to its population volume, being the state with the highest adult population in the country, which pushes the demographic indicator downwards, even though this state ranks second in the country per amount of agents according to their home address.

Nuevo Leon becomes relevant in this demographic analysis, ranking second, with 8 agents for every 10,000 inhabitants. In the third place, we find the states of Jalisco, Sonora, Yucatan and Queretaro, with 5 agents for every 10,000 adults.

Oaxaca, Guerrero, Chiapas, Zacatecas and Tlaxcala, with only one insurance agent per every 10,000 inhabitants, stand out as the states with the lowest access to insurance agents

**Table 5.17 Valid agents for every 10,000 adults**

Federal State	Agents	Adult population	Percentage of national share	Agents for every 10,000 adults
Federal District	8,168	7,039,656	8.40%	12
Nuevo Leon	2,983	3,592,237	4.30%	8
Jalisco	2,953	5,445,352	6.50%	5
Sonora	1,015	2,001,893	2.40%	5
Yucatan	729	1,484,062	1.80%	5
Queretaro	670	1,369,244	1.60%	5
Chihuahua	1,067	2,481,136	3.00%	4
Aguascalientes	374	862,095	1.00%	4
Sinaloa	870	2,105,116	2.50%	4
Baja California	993	2,410,111	2.90%	4
Coahuila	807	2,072,549	2.50%	4
Tamaulipas	935	2,458,007	3.00%	4
Morelos	441	1,356,359	1.60%	3
Guanajuato	1,259	4,005,520	4.80%	3
Mexico	3,260	11,330,623	13.60%	3
Colima	136	501,832	0.60%	3
San Luis Potosi	509	1,896,661	2.30%	3
Puebla	1,090	4,086,421	4.90%	3
Quintana Roo	262	1,022,419	1.20%	3
Campeche	147	607,207	0.70%	2
Baja California Sur	107	492,876	0.60%	2
Durango	254	1,193,339	1.40%	2
Michoacan	649	3,194,959	3.80%	2
Tabasco	329	1,622,262	1.90%	2
Nayarit	157	805,885	1.00%	2
Veracruz	1,080	5,639,109	6.80%	2
Hidalgo	297	1,937,371	2.30%	2
Guerrero	336	2,368,680	2.80%	1
Oaxaca	315	2,715,575	3.30%	1
Zacatecas	114	1,064,883	1.30%	1
Chiapas	349	3,310,580	4.00%	1
Tlaxcala	79	837,546	1.00%	1
<b>National</b>	<b>32,734</b>	<b>83,311,565</b>	<b>100%</b>	<b>4</b>

Source: CNSF and INEGI, December 2011

## Microinsurance

---

- At the end of December 2011, the supply of microinsurance in Mexico focused on life insurance (50.6%), followed by medical expenses insurance (38.8%) and personal injury insurance (10.4%).
- In Mexico, there is an estimated potential microinsurance market of 47.6 million persons.
- In Mexico, the target population of the microinsurance market has an estimated savings capacity from 8.9% to 23.4% of its income, which could be partially used for the payment of reduced premiums.

Microinsurance represents the financial protection mechanism offered to low-income population segments to cover specific risks, in exchange for the regular payment of a premium in proportion to the probability and cost of these risks. The purpose of this insurance product is to promote access for the low-income population to insurance protection, using low-cost distribution and operation methods. Microinsurance offers three basic benefits:

1. Reducing the damage caused by certain risks for low-income population, thus enabling their path towards having better living conditions (rising above the poverty line).
2. Increasing the insurance penetration in the society, in the medium and long term, becoming an effective tool to boost the levels of financial inclusion.
3. Increasing the culture of insurance among larger population segments.

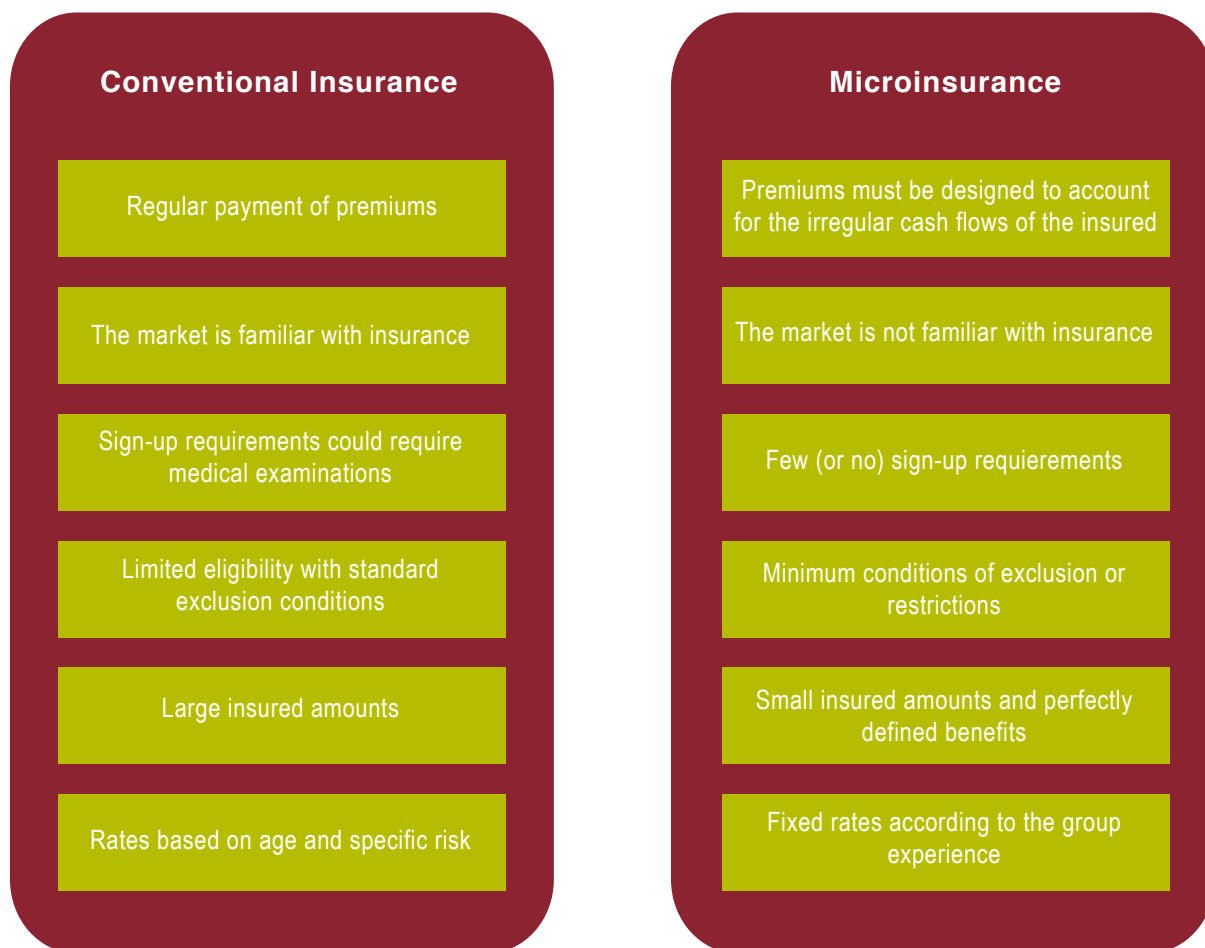
In particular, the sale of these products is carried out using non-traditional distribution channels with low transaction

costs, such as banking networks, Microfinance Institutions or business networks, as well as new distribution networks based on non-traditional intermediaries. Table 5.18 shows a comparative analysis of conventional insurance and microinsurance.

From the analysis carried out, both from a national and state perspective, we find that Mexico has a broad insurance market that can be accessed.

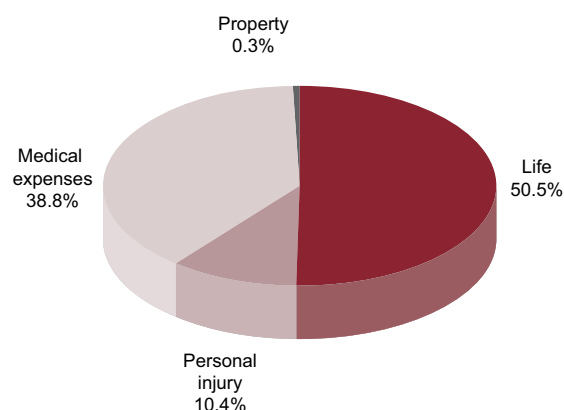
From the regional perspective, the insurance market has been characterized by its high concentration. In this sense, microinsurance has the potential to boost the development of access channels other than traditional channels to reach the low-income population, which could cause higher levels of regional coverage, particularly in those federal states in which the population presents low income levels.

**Figure 5.18 Characteristics of conventional insurance and microinsurance**



Microinsurance in Mexico is mainly focused on life insurance (50.6%), followed by medical expenses insurance (38.8%) and personal injury insurance (10.4%). Together, these types of insurance represent 99.7% of the microinsurance supply.

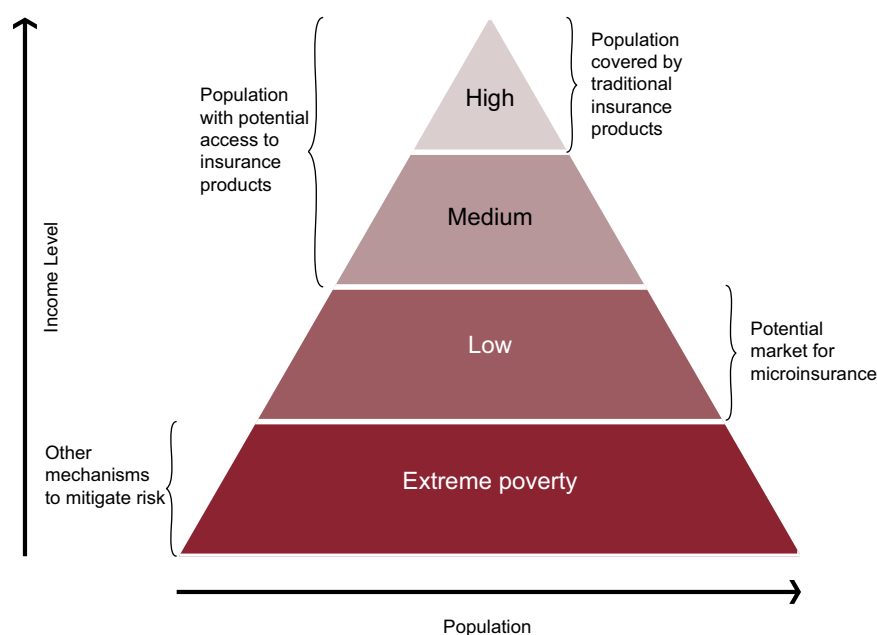
**Graph 5.19 Structure of the microinsurance market in Mexico**



Source: CNSF, December 2011

The population segment characterized by a low income level is identified as the target market of microinsurance, excluding the population in extreme poverty, who depends on other risk reduction mechanisms, such as public social protection and social welfare. Those population segments that have an income level that allows them to access the traditional insurance market are not considered either as potential microinsurance clients, i.e., medium and high-income population (see Graph 5.20).

**Graph 5.20 Conceptual delimitation of the potential microinsurance market**

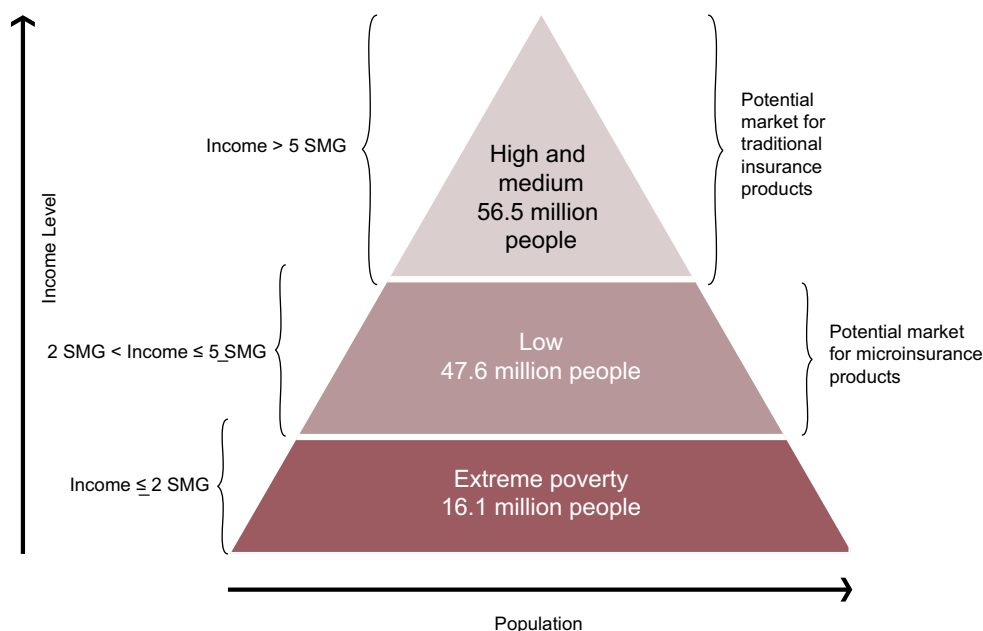


Source: Ministry of Treasury and Public Credit

According to an estimate based on data of the National Survey on Household Income and Expense (ENIGH, for its abbreviation in Spanish), in comparison with the poverty lines estimated by the National Council for the Assessment of Social Development Policy (CONEVAL, for its abbreviation in Spanish), we find that the target population of microinsurance

in Mexico is placed in the range of income from 2 to 5 monthly minimum wages. Such potential microinsurance market rises to almost 47.6 million persons, of which, by the end of December 2010, only 6.9% had been covered, in terms of number of insured.

**Graph 5.21 Potential microinsurance market in Mexico**



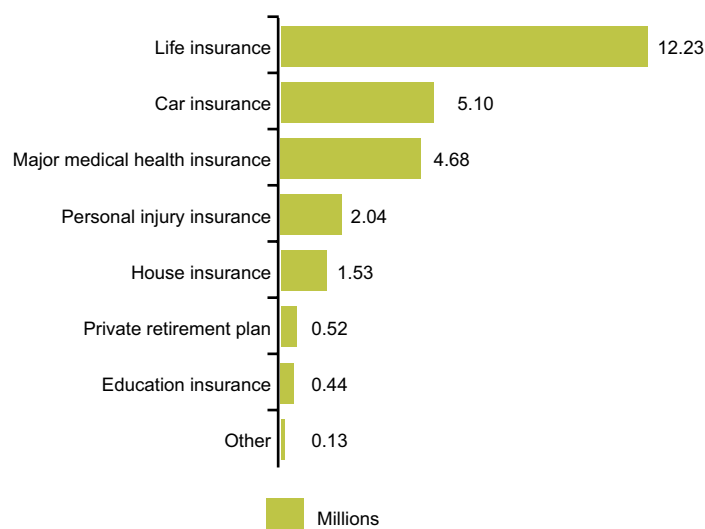
Source: Estimate with data of ENIGH, INEGI 2010 and CONEVAL

### ENIF results in regards to financial literacy

Out of a total of 70.3 million adults represented in the National Survey for Financial Inclusion (ENIF 2012), we found that only 15.5 million adults have some type of insurance, which equals 22% of the adult population in the country.

From the group of persons having insurance, 12.2 million (79%) have a life insurance, followed by car insurance, with 5.1 million (33%) and medical expenses insurance, with 4.7 million (30%). The low figure of private retirement plans (3%) and educational insurance (1%) stand out, as both may be considered as personal assets.

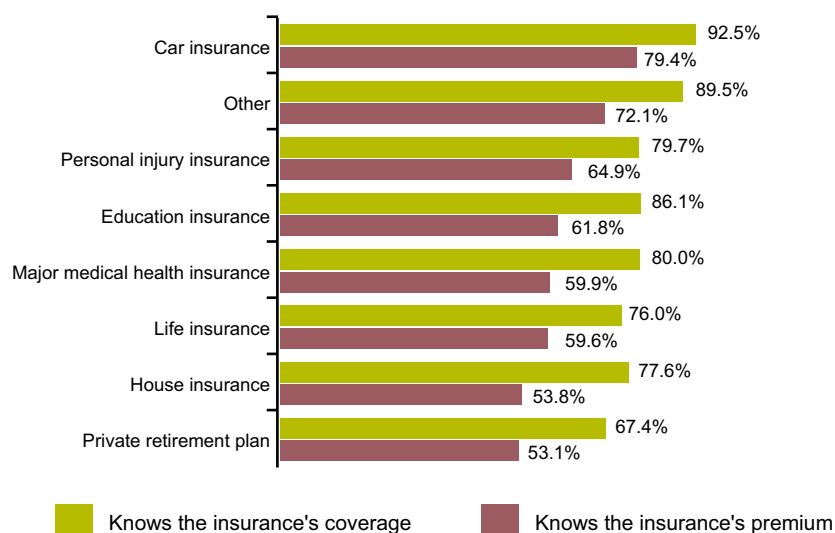
**Graph 5.22 Structure of insurance market in Mexico, according to the ENIF**



Source: CNBV, with data of the INEGI

ENIF results found that in general insurance users are more familiar with the coverage of their insurance than the premium charged to them. It is worth noticing that life insurance is the most popular insurance. However, only 77.6% of the population that owns an insurance product actually knows the coverage of its insurance, and half the users (53.8%) know the premium charged to them. Car insurance is the best known product since, unlike life insurance; it is signed up directly by the person and is more frequently used.

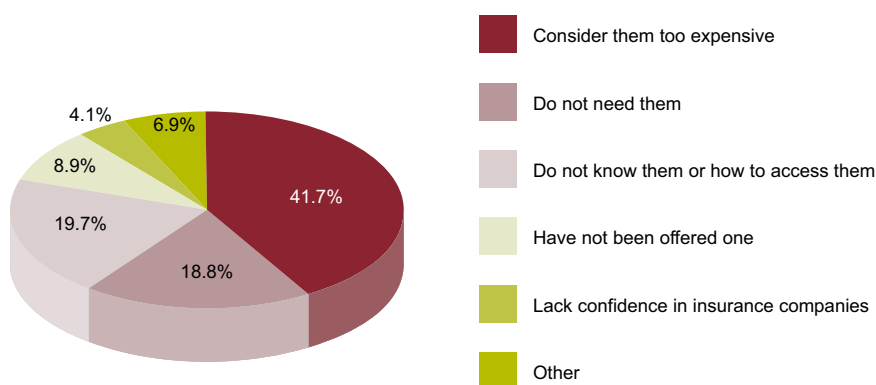
**Graph 5.23 Percentage of users who know their insurance**



Source: CNBV, with data of the INEGI

In regards to the barriers for having insurance, the ENIF identified high cost (41.7%) as the main barrier, followed by the notion that it is not necessary (18.8%). According to the results, it appears that persons do not distrust insurance companies. However, there is a clear lack of information on what insurance is, its relevance as a personal and asset protection mechanism, the benefits offered in case of unforeseen events, and the process and channels through which it can be obtained. Therefore, it is important to promote the education related to risk prevention and mitigation, as well as disseminate the advantages and benefits of this type of financial products (Graph 5.24).

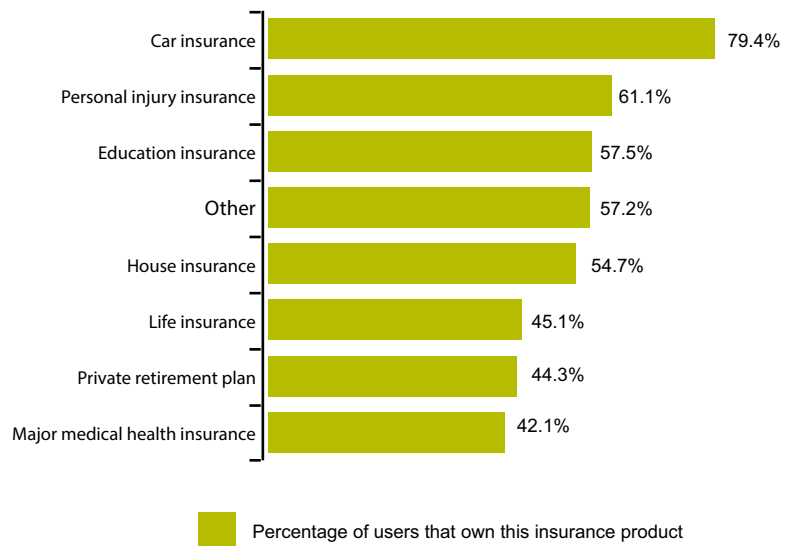
**Graph 5.24 Barriers in the usage of insurance**



Source: CNBV, with data of the INEGI

Most users of car insurance (79.4%) have contracted this service on their own, in contrast with life insurance, where less than half have contracted them directly; this is due to the collective insurance derived from employment relationships. The same applies to medical expenses insurance (see Graph 5.25).

**Graph 5.25 Percentage of users who contracted an insurance**

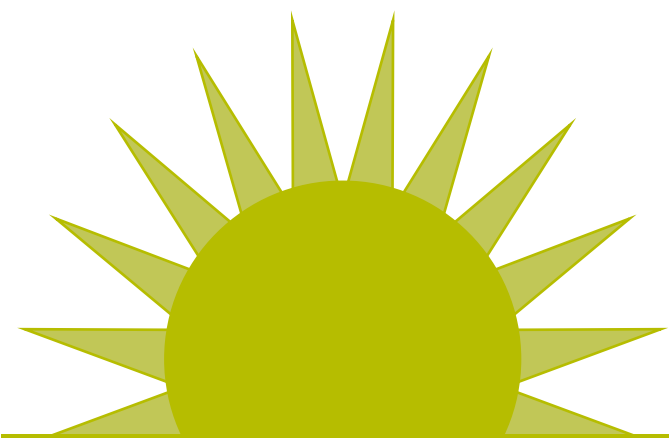


Source: CNBV, with data of the INEGI

# RETIREMENT SAVINGS FUND SYSTEM

This Chapter will address financial inclusion within the scope of the Retirement Savings Fund System (SAR, for its abbreviation in Spanish).

Financial inclusion is a relevant topic within the SAR, as its main function is to protect employees' retirement funds. It is worth mentioning that the SAR can receive savings from any type of employee in the country.



# RETIREMENT SAVINGS FUND SYSTEM

# 6

The SAR is based on a system of individual accounts, owned by the employees, where each account receives contributions from the employee, the employer and the Government in order to accrue a balance, which can be used for social welfare purposes or for obtaining pensions.

With these contributions, the employee receives a pension at the end of his or her working life, according to the contributions made to the individual’s account. Under this scheme, the employee is aware of the funds that are being contributed, and can increase these funds voluntarily through additional personal contributions.

The main task of the National Commission for the Pension System (CONSAR, for its abbreviation in Spanish) is to regulate the stakeholders of the Retirement Savings Fund System. Its mission is to help build the pension wealth of every employee. The CONSAR sets rules so that the SAR can operate properly. It also guarantees that the employees’ rights are respected by the Pension Fund Administrators (Afores, for its abbreviation in Spanish), which are private financial institutions that manage the retirement funds on behalf of the employees.

The benefits of the savings system in Mexico include granting greater pensions to the employees, providing full legal certainty in regards to the ownership of the employees’ funds, and providing portability of rights among different fund administrators.

Two indicators are used in order to measure financial inclusion in the Retirement Savings Fund System. The first indicator presents the growth in the number of accounts

managed by the Afores, which shows the increasing number of employees who could be entitled to a pension at the end of their working life. The second indicator, considered to have an even greater relevance to measure the level of financial inclusion, takes into account the voluntary contributions made by the employees to their individual accounts with an Afore, that is, the voluntary savings made by the account holders to their retirement account for purposes of increasing their pension.

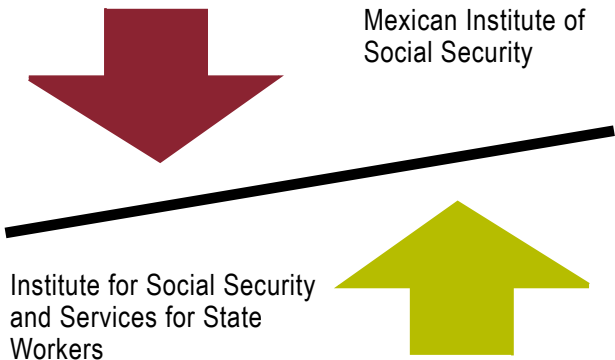
In addition to the quantitative data presented by these two indicators, we include relevant SAR statistics that take into account the demographic distribution of the accounts, among other factors.

**Core retirement savings indicators**

When discussing financial inclusion within the topic of retirement savings, some considerations are relevant, to differentiate the access and usage of these products from those generally found in other financial products (such as deposits, credit and insurance):

- a. Access to an individual retirement savings account with an Afore is not optional or discretionary for a salaried employee in the formal sector, since by law, these employees must pay social security dues to the Mexican Institute of Social Security (IMSS, for its abbreviation in Spanish) or to the Institute for Social Security and Services for State Workers (ISSSTE, for its abbreviation in Spanish). Thus, each salaried employee must legally open an account with an Afore, automatically obtaining “access” to an individual retirement savings account.

**Figure 6.1 Mandatory savings for employees registered in the major social security systems**



Source: CONSAR

- b. In order to achieve greater financial inclusion in the Retirement Savings Fund System it is essential that all employees in Mexico have access to the SAR. "Independent employees", that is, those employees who do not pay social security dues to the IMSS or ISSSTE, have the possibility of voluntarily opening a retirement savings account with any Afore.
- c. The Retirement Savings Fund System allows employees to invest their savings in the Afore of their choice. An important aspect of the system is that access to the SAR is available for all employees since Afores are present throughout the country. Additionally, there are different access channels to these services through multiple electronic means.
- d. Another relevant aspect for financial inclusion related to the usage of individual accounts is voluntary savings. An account holder with an Afore may make contributions additional to those that are mandatory. These discretionary contributions represent a good indicator of the usage and relevance given by a person to this type of financial product. The voluntary contribution may be made in person or through the employer, who discounts them from the employee's salary.

The set of core retirement savings indicators and their definitions are shown in Figure 6.2.

**Figure 6.2 Core retirement savings indicators**

**Individual accounts managed by AFORES**

Number of single and personal accounts managed by AFORES. In these accounts, the contributions collected during the working life of the employee are accrued and invested. Individual accounts are formed by three major subaccounts: retirement (unemployment and old-age), housing, and voluntary contributions. The individual account is an asset owned by each employee and can be inherited.

**Independent accounts**

Individual accounts pertaining to employees not paying social security dues to the IMSS or the ISSSTE and who voluntarily open a retirement savings account with an AFORE.

**Solidarity and voluntary savings accounts**

Both voluntary and solidarity savings are in addition to mandatory contributions that serve as a complement to the pension funds. The first one is not subject to minimum or maximum amounts. Solidarity savings are for persons who pay social security dues to the ISSSTE; for each peso contributed by the holder, the institution contributes \$3.25 pesos. The employee may use up to 2% of the base salary for this purpose.

**Registered employees accounts**

Number of accounts of employees registered with an AFORE, i.e., those employees who signed a contract with an AFORE allowing the institution to manage the funds in the individual account and ISSSTE employees that are part of PENSIONISSSTE.

**Assigned employees accounts**

Individual accounts managed by an AFORE, which correspond to unregistered employees.

**Employee's access to the system**

Location of the centers that give access to the services supplied by AFORES.

Source: CONSAR

Retirement savings indicators at a National level

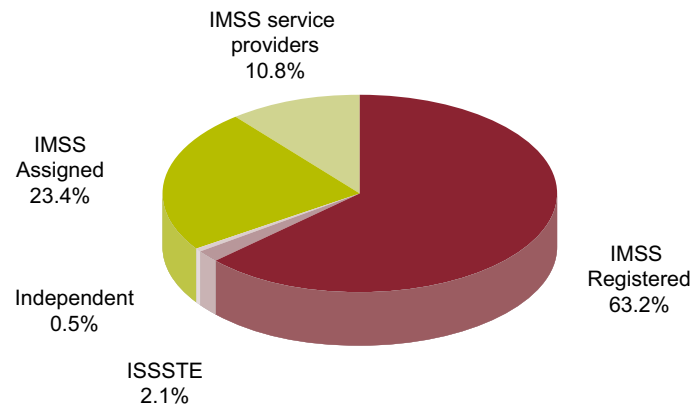
- There were 48,530,475 individual accounts managed by Afores<sup>1</sup>, as of December 2012. This number includes accounts of ISSSTE, IMSS and independent employees, whose funds rose to 1.90 billion pesos, a figure equal to 12.4% of the Gross Domestic Product.
- IMSS is the institution with the highest proportion of these accounts (97%), totaling 47.26 million; 63% corresponds to registered employees and the rest to assigned employees.
- Independent accounts add up to 229,546.
- Voluntary savings accounts grew by 28% and solidarity savings accounts grew by 60%, in comparison to 2011.

Individual accounts

The individual retirement savings account in the Afores is one of the main products through which the population can access the financial system. Employees of all socioeconomic levels can have an individual account. There is no minimum amount

for opening the account, and through the data services available, employees can regularly check their balance, with full transparency. Graph 6.3 shows the total number of individual accounts registered per sector.

Graph 6.3 Distribution of individual accounts



Source: CONSAR

1. This figure includes accounts assigned to the service provider with funds of Banco de México.

By the end of 4Q12, the Afores managed 48.5 million accounts<sup>2</sup>. Of the total accounts, 97% belong to employees affiliated to the IMSS<sup>3</sup>, 2.1% (1.0 million accounts) to employees affiliated to the ISSSTE<sup>4</sup>, and 0.5% to independent employees<sup>5</sup>.

The Retirement Savings Fund System has managed to incorporate a part of the population of the low-income segment to the financial system that would not have access to an account with a financial institution otherwise.

Regarding the historical evolution of individual accounts managed by Afores, in 1997, when the new Social Security Law became effective, there were only 11.2 million registered

employees; by the end of 2012, 48.5 million employees had accounts managed by Afores. The increase in the number of accounts from 1997 to 2012 shows the impact of the SAR as means for providing access to the financial system for employees. It is important to consider that the highest percentage of accounts corresponds to mandatory accounts. However, the increased participation of independent employee accounts and voluntary savings underline an increased in the level of trust of employees in the system.

Table 6.4 shows the evolution of the number of accounts with the SAR per quarter.

**Table 6.4 Historical evolution of accounts managed by Afores**

Concept Description	2005	2006	2007	2008	2009	2010	2011	2012
Total managed accounts	35,276,317	37,412,717	38,562,999	39,292,455	39,891,316	41,236,121	42,512,267	48,530,475
Registered employees	24,466,695	25,657,371	25,645,411	26,685,315	27,782,523	29,203,327	30,454,046	31,900,520
IMSS employees	24,466,655	25,653,482	25,613,991	26,392,224	27,184,330	28,143,403	29,280,568	30,638,470
ISSSTE employees	10	3,389	17,624	247,467	505,338	878,129	961,768	1,032,504
Independent employees	30	500	13,796	45,624	92,855	181,795	211,710	229,546
Assigned employees	10,809,622	11,755,346	12,917,588	12,607,140	12,108,793	12,032,794	12,058,221	16,629,955
Assigned employees with resources deposited in Siefores	N/D	N/D	N/D	N/D	N/D	N/D	N/D	11,379,432
Assigned employees with resources deposited in Banco de México	N/D	N/D	N/D	N/D	N/D	N/D	N/D	5,250,523

Note: The analysis related to the year 2012 includes employees who receive funds from the Banco de México.

Source: CONSAR

2. This data also takes into account those employees having an individual account managed by an AFORE, but whose funds are deposited with the Banco de México.
3. Includes employees registered with IMSS, managed by an AFORE, both registered and assigned.
4. Employees who have only paid social security dues to the ISSSTE.
5. Employees who, upon registration with an AFORE, had not paid any social security dues to the IMSS or the ISSSTE.

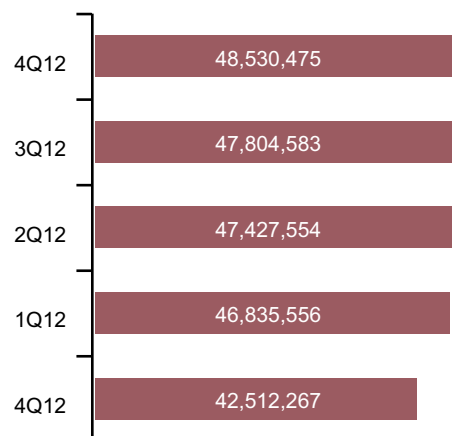
Table 6.5 shows the evolution of the number of accounts in the SAR per quarter.

**Table 6.5 Number of individual accounts managed by Afores**

	4Q11	1Q12	2Q12	3Q12	4Q12
<b>Total managed accounts</b>	42,512,267	46,835,556	47,427,554	47,804,583	48,530,475
<b>Registered employees</b>	30,454,046	30,817,169	31,127,277	31,540,715	31,900,520
IMSS employees	29,280,568	29,622,247	29,917,132	30,302,645	30,638,470
ISSSTE employees	961,768	979,834	992,012	1,016,061	1,032,504
Independent employees	211,710	215,088	218,133	222,009	229,546
<b>Assigned employees</b>	12,058,221	16,018,387	16,300,277	16,263,868	16,629,955
Assigned employees with resources deposited in Siefores	N/A	11,737,551	11,639,792	11,482,241	11,379,432
Assigned employees with resources deposited in the Bank of Mexico	N/A	4,280,836	4,660,485	4,781,627	5,250,523

Source: CONSAR, December 2012

**Graph 6.6 Quarterly historical evolution of individual accounts managed by Afores**



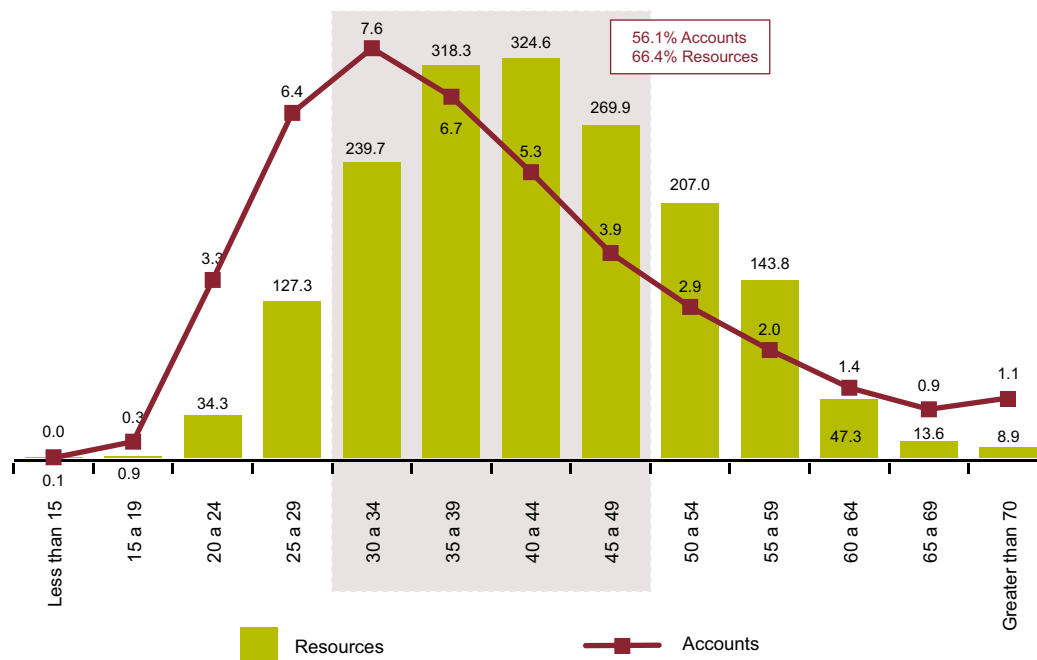
Note: Includes employees who receive funds from Banco de México.

Source: CONSAR, December 2012

During 2012, the number of accounts managed in the SAR for IMSS employees increased by 5%, for ISSSTE employees by 7% and for independent employees accounts by 8%.

For employees who pay or have paid social security dues to the IMSS, 66.4% of the funds correspond to accounts of employees whose ages range from 30 to 49, as we may observe in Graph 6.7.

**Graph 6.7 Distribution of funds by age for IMSS employees**

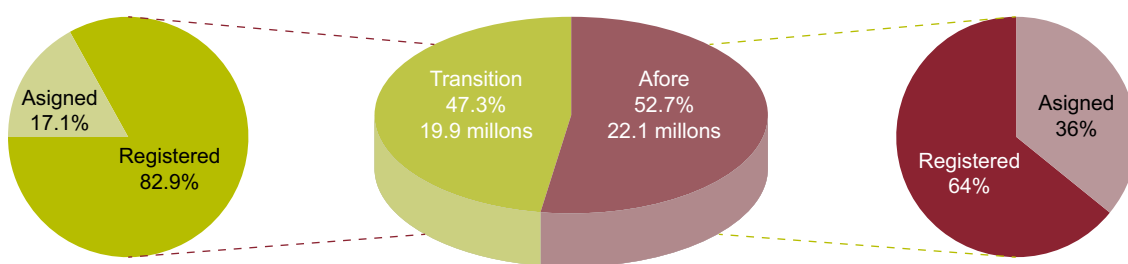


Source: CONSAR, December 2012

Employees may be divided into two main categories: the “Transition Generation” or the “Afore Generation”. Employees that belong to the first group are those that had paid social security dues to the IMSS prior to July 1st 1997, and can chose between the 1997 Social Security Law and the 1973

Social Security Law at the time of their retirement. Employees that belong to the second group are those that started paying social security dues to the IMSS on or after July 1, 1997. Graph 6.8 shows the distribution of IMSS accounts per generation.

**Graph 6.8 Distribution of IMSS accounts per generation**



These figures do not include employees whose accounts are managed by an Afore and whose funds are kept in the Banco de México.

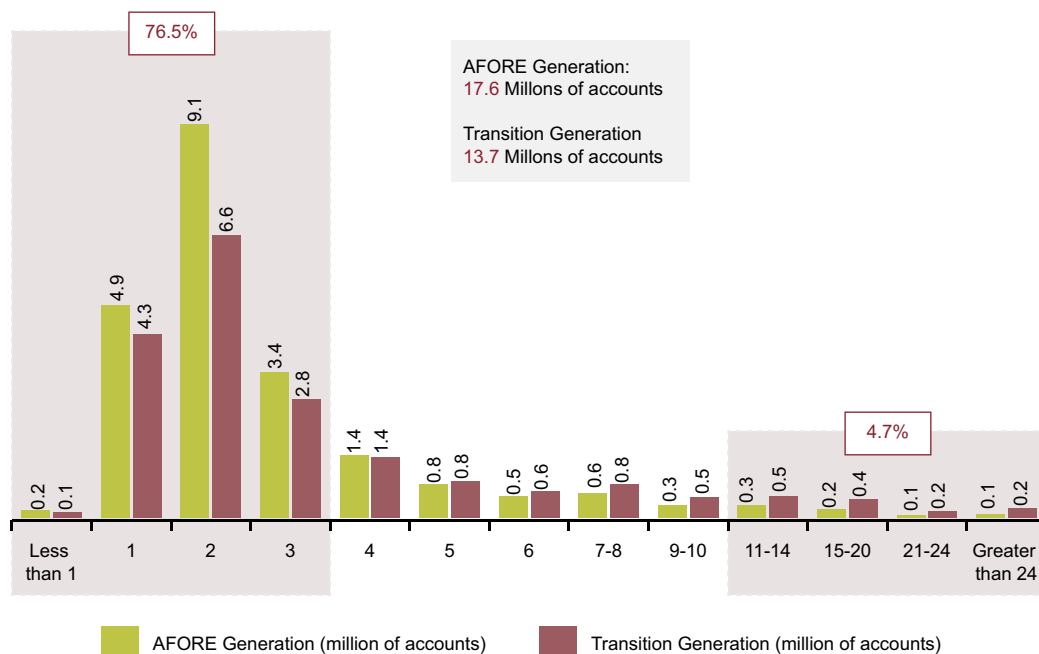
Source: CONSAR

The ratio of registered accounts is greater for the Transition Generation (82.9%) than for the Afore Generation (64.0%).

Of the total funds, 72.1% belong to the Transition Generation, even though the amount of accounts of employees pertaining to the Afore Generation is greater. This is due to the fact that Transition Generation employees have accrued funds during a longer term and have funds that belong to the SAR92<sup>6</sup>.

Regarding the distribution of accounts per salary level, we find that 76.5% of the employees that make social security contributions have salaries lower than three times the minimum wage, and only 4.7% have salaries of more than ten minimum wages, as we may observe in Graph 6.9.

**Graph 6.9 Distribution of accounts per salary level**

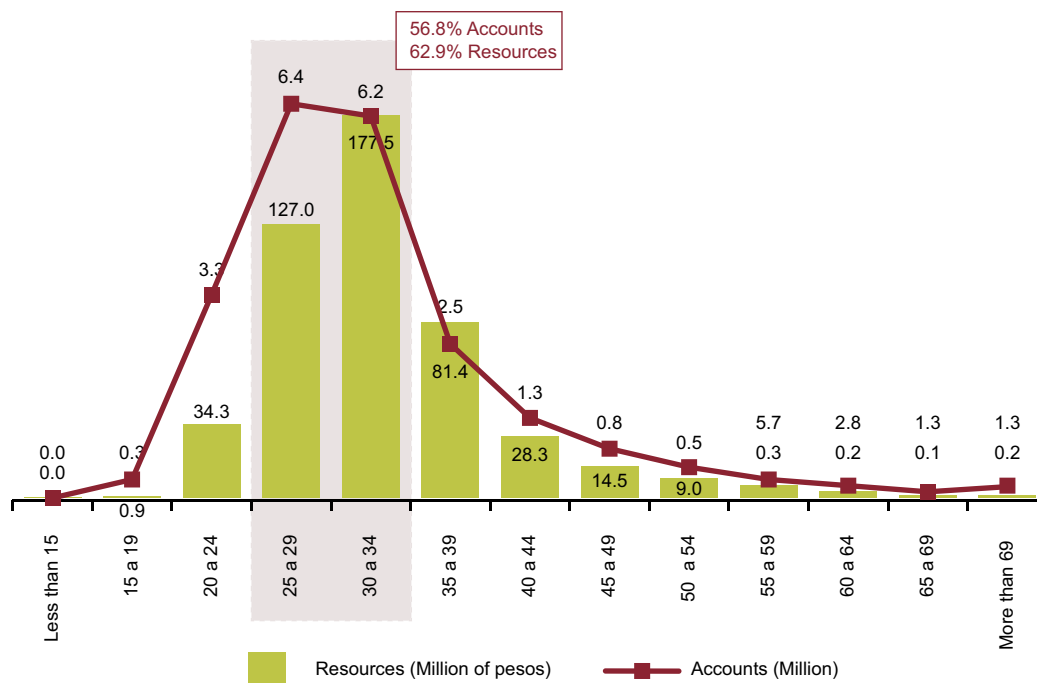


Source: CONSAR, December 2012

6. This refers to contributions accrued by employees who paid social security dues to the IMSS between March 1, 1992 and June 30, 1997, which were deposited with the bank chosen by the employer at that time.

The Afore generation is mostly comprised of young people. Employees whose ages range from 25 and 34 years old represent 56.8% of the accounts and 62.9% of the funds.

**Graph 6.10 Distribution of funds and accounts per age**



Source: CONSAR, December 2012

### Voluntary and solidarity retirement savings

During the past two years there was an increase in the amount of employees making voluntary contributions. It is important to emphasize the incentives related to voluntary savings currently offered; such is the case of Solidarity Savings for employees affiliated to the ISSSTE, which consists of the government agency making a contribution of \$3.25 pesos per every peso contributed by the account holder, which represents an attractive savings method for those having an individual account and seeking to increase their income upon retirement. It is worth noticing that CONSAR is analyzing new mechanisms to promote Voluntary Savings for the entire population, thus pursuing financial inclusion and education.

By the fourth quarter of 2012, there were 669,515 employees making voluntary savings contributions. The average balance of these savings is \$7,595 per account.

By the end of December 2012, there were 227,591 accounts of employees making social security contributions to the ISSSTE through solidarity savings. The average balance of these savings was \$17,766.

The evolution of voluntary and solidarity savings indicators is shown in Table 6.11. The number of employees who made voluntary savings contributions in 2012 grew 28% in comparison to the previous year; the average balance of voluntary contributions made by the employees grew 25%.

**Table 6.11 Accounts with voluntary savings and solidarity savings**

	4Q11	1Q12	2Q12	3Q12	4Q12	Annual growth (%)
Number of voluntary savings accounts	524,571	587,442	656,574	656,108	669,515	28%
Average balance of voluntary savings	6,062	6,145	6,027	6,731	7,595	25%
Number of solidarity savings accounts	186,697	203,503	214,099	224,223	227,591	22%
Average balance of solidarity savings	11,078	12,723	14,003	16,317	17,766	60%

Source: CONSAR, December 2012

An interesting fact is that, in 2012, the number of accounts of employees making social security contributions to the ISSSTE through solidarity savings increased by 22%, and the average balance of the accounts by 60%.

One of the pillars of individual account management is the transparent and clear information that the employees receive on the status of their accounts. Afores periodically send an account statement to registered employees, with information that allows them to identify the initial balance for the period, the contributions made, and the returns obtained for each of the subaccounts that form the individual account. The statement also shows the base salary and the number of days taken into account by the employer to compute social security contributions so that the registered employee can verify if the contributions are in line with the income earned in that period.

All Pension Fund Administrators have points of service throughout the country, through which they provide several services to the employees, such as: registration with an AFORE, transfer of accounts to another AFORE, separation and unification of accounts, selection of an Investment Company Specialized in Retirement Funds (SIEFORE, for its abbreviation in Spanish), issuance of tax withholding certificates, guidance on individual accounts, issuance of latest statement of accounts, inquiry of balance summary, changes of data, fund withdrawals, receipt of voluntary contributions, withdrawal of voluntary contributions, issuance of voluntary contributions certificates for transfers to another AFORE, among others. Table 6.12 shows the number of points of service located in each state.

Table 6.12 Points of service to employees per Federal State

Federal State	Points of service
Mexico	605
Federal District	562
Jalisco	362
Veracruz	346
Nuevo Leon	269
Guanajuato	262
Puebla	203
Michoacan	199
Tamaulipas	174
Baja California	169
Sinaloa	165
Sonora	162
Chihuahua	149
Coahuila	141
Chiapas	130
Oaxaca	126
Guerrero	123
Hidalgo	104
Morelos	96
San Luis Potosi	92
Tabasco	88
Queretaro	86
Yucatan	80
Quintana Roo	67
Nayarit	55
Zacatecas	52
Aguascalientes	50
Durango	50
Colima	49
Campeche	43
Baja California Sur	41
Tlaxcala	40
National	5,140

Note: The points of service provide up to 15 services to account holders.

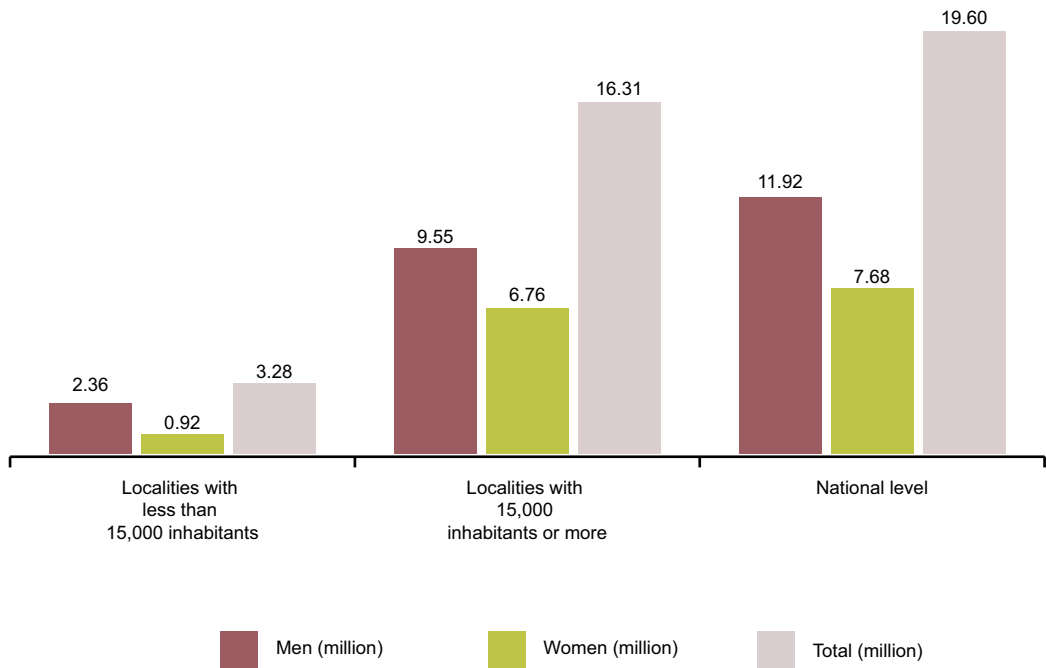
Source: CONSAR, December 2012

ENIF results for retirement savings accounts

Out of a total of 70.4 million adults represented in the 2012 National Survey for Financial Inclusion (ENIF, for its abbreviation in Spanish), it is estimated that only 19.6 million are social security beneficiaries, that is, they are registered as formal employees and are entitled to an individual retirement savings account. Of these social security recipients, 16.3 million of them reside in localities with over 15,000 inhabitants and only the remaining 3.3 million make social security contributions to the IMSS or ISSSTE in localities with less than 15,000 inhabitants.

Out of the total social security beneficiaries, 11.9 million are men and 7.7 million are women. It is important to note that there is less than one million women formally working in localities with less than 15,000 inhabitants.

Graph 6.13 Social Security beneficiaries by gender and type of locality



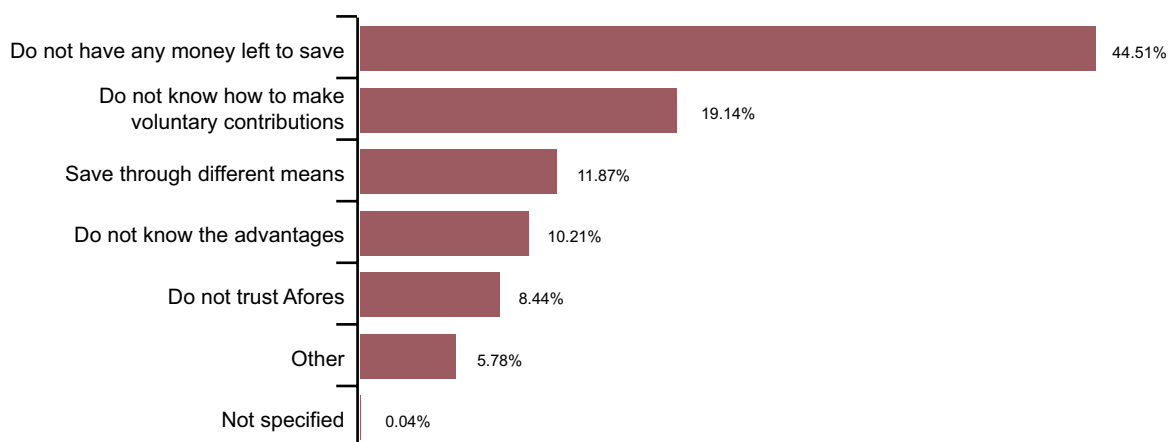
Source: CNBV, with data of INEGI

In the ENIF, the respondents that do make social security contributions were asked if they were aware of how much salary was discounted for their retirement or Afore. Results showed that 4.15 million adults denied that their salary was automatically discounted, and 1.6 million did not know whether they made social security contributions to an Afore. These results highlight the importance to reinforce disclosure, so that employees are properly informed on their retirement savings accounts.

Those adults (13.85 million) that indicated that a salary discount was made for their Afore were asked if they made

additional voluntary contributions. Results showed that only 5.2% (720,827 adults) responded that they did. The reasons given for not making voluntary contributions to their retirement savings account include: they had no money left to save (5.84 million adults), they do not know how to make voluntary contributions (2.51 million), and they preferred to save through other means (1.56 million). These answers reflect the lack of information on this type of social welfare and also a lack of long-term savings culture. It is worth mentioning that 8.4% of the adults mentioned not making voluntary savings because they do not trust the Pension Fund Administrators.

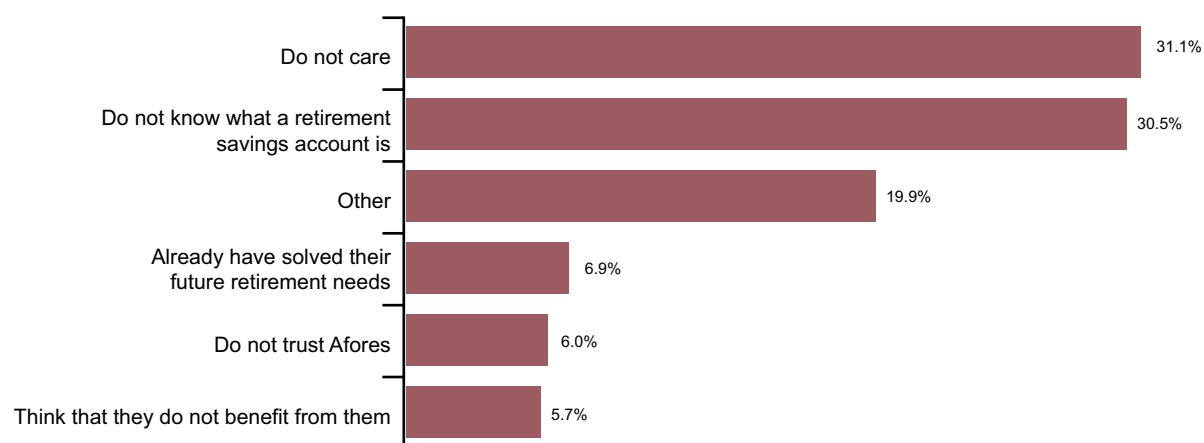
**Graph 6.14 Reasons for not making voluntary contributions to the retirement savings accounts**



Source: CNBV, with data of INEGI

Finally, those who indicated that no discount was made from their salaries for their retirement savings account were asked about the barriers found to open an account independently. The main reasons for not opening an account included: not being interested (1.29 million), and not knowing what a retirement savings account was (1.27 million). In general, there is also a lack of information on the product and how to obtain it. Finally, the survey shows that only 285 thousand adults report having their future retirement needs solved.

**Graph 6.15 Reasons not to open a retirement savings account**



Source: CNBV, with data of INEGI

# GOVERNMENT PAYMENTS G2P



Best international practices in the management of Government Treasuries state that the agreements between the Government and the Banking Sector are a critical factor for the administration and control of public funds.

# GOVERNMENT PAYMENTS G2P

# 7

Treasuries play a key role in guaranteeing that both income and payments are made correctly in due form and time, and that the balances of the government treasury are optimally managed in order to reduce indebtedness costs and to maximize the payment of interests collected on surplus of cash. This management is achieved by establishing a unified structure of government bank accounts, known as Single Treasury Account (CUT, for its abbreviation in Spanish).

The CUT is a prerequisite for the management of modern treasury and is an efficient tool to establish the centralized supervision and control of the government's financial resources. Also, it provides additional benefits that increase the general efficiency of the public finance management system. Therefore, the establishment of a CUT must be a priority in any reform agenda.

With the implementation of a centralized mechanism of payments, the Federal Treasury Office (TESOFE, for its abbreviation in Spanish) has generated operating efficiencies and savings for the Government Units that incur the expenses. These Government Units have to manage a considerably reduced number of bank accounts, since TESOFE is now in charge of making electronic transfers to the bank accounts of the ultimate beneficiaries to cover most of the Government Units' expenses.

The National Savings and Financial Services Bank (BANSEFI, for its abbreviation in Spanish) has implemented several actions during the past years to accelerate the distribution of government program grants through electronic means, i.e., by opening and formalizing accounts and delivering bank cards that allow the most vulnerable population of the country to have a first contact with a financial institution and with formal savings mechanisms.

Electronic government payments can improve the impact of social program transfers, when supported by proper elements such as infrastructure and financial education, by providing access to instruments that people can use to save and transact in a secure manner. In addition, this mechanism allows payees to use these instruments for other financial products, such as transactions and payments, insurance and credit. Government electronic payments, carefully designed

and led by financial institutions provide access to a broader range of financial services that generate a greater wellbeing for Mexican families.

The term G2P refers to payments made by the government to the persons, that is, payments made by the government to individuals or business entities, such as suppliers of goods or services, beneficiaries of social programs, government employees and pensioners.

This chapter addresses the evolution of the Single Treasury Account, which is a bank account system managed by the Federal Treasury Office where the federal funds are deposited and used to cover most federal payments, in order to maximize the efficiency of the management of public funds. The chapter also highlights the efforts undertaken by BANSEFI to promote financial inclusion of the low-income segment through social programs.

TESOFE provides an oversight service for funds and securities of the Federal Government Treasury. Its goal is to manage, in an effective, efficient and transparent manner the funds and securities owned by, and under the care of, the Federal Government; as well as to provide timely information for the decision making and accountability purposes.

BANSEFI is a State-Owned Banking Institution that supplies financial services in low-income regions and to low-income persons. Its mission is to support the institutional development of the popular savings and credit sector, as well as to promote the financial literacy and savings of its members, through the supply of adequate products and services. BANSEFI is part of a strategic framework of the Federal Government to foster savings and aid in the financial inclusion process, by creating institutional mechanisms to bring more products and services to a larger number of regions in the country.

### **Core government payment indicators**

---

Financial Inclusion data and measurement for government payments requires determining core indicators that allow impact assessment in time. This set of indicators and their definitions are shown in Figure 7.1.

**Figure 7.1 Core government payment indicators**

Government payments	Refers to payments made by TESOFE on account of Government Units that incurred expenses that affect the Federal Public Expenditure Budget, as well as any other payment legally made by the Federal Government.
Centralized payroll payments	Remunerations and compensations paid to employees of the Public Federal Administration, provided that the payment is made by the TESOFE directly to the bank accounts of the employees.
Centralized pension payments	Pensions and other social security concepts, provided that the payment is made by the TESOFE directly to the bank accounts of pensioners.

Source: TESOFE

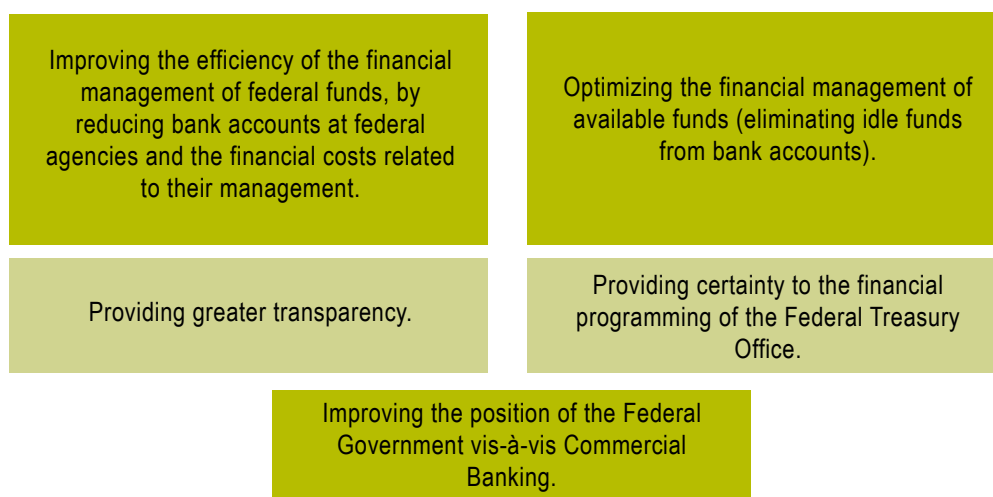
### Government payment indicators at a national level

- At the end of December 2012, the number of payments processed in the Interbanking Electronic Payment System (SPEI, for its abbreviation in Spanish) by the TESOFE was 62.3 million.
- In turn, during 2012, the amount of payments on account of government payroll, disbursed using the SPEI, was 15.8 million.

Article 51 of the Federal Treasury Budget and Liability Law (LFPRH, for its abbreviation in Spanish), indicates that the CUT is an account system owned by the Federal Treasury Office. Funds deriving from the application of the Federal Public Revenue Law and other income earned by the Federal Government on its own or on account of third parties must be directly deposited in the CUT. Also, all authorized payments

that affect the Federal Public Expenditure Budget, as well as any other payments that the Federal Government must legally make to the ultimate beneficiaries of the obligations of government agencies and federal states, must be made through the CUT using electronic payment methods. The objectives for implementing the CUT are shown in Figure 7.2.

**Figure 7.2 Purposes of Implementing the CUT**



Source: TESOFE

This mechanism also contributes in a large extent to promoting the use of electronic payment methods by the Federal Government, as well as the financial inclusion of the ultimate beneficiaries of the payments.

In 2012, the World Bank published “General Guidelines for the Development of Government Payment Programs”, prepared by advisors and the International Advisory Group for Government Payments, which includes public sector institutions of several countries that have experience in enforcing government payment programs (such as the Federal Treasury Office and Central Bank of Mexico). Such guidelines are destined to “be used by the governments, policy makers and other stakeholders, as a benchmark when examining the current situation of the government payment programs in their respective jurisdictions, and the changes needed in the corresponding regulation [...]”. These guidelines call for governments to take the following steps, among others:

- Review and expedite treasury processes and work on their automation;
- Take full advantage of the electronic payment methods;
- Establish an adequate legal framework specifically applicable to government payment programs;

- Develop an appropriate payment infrastructure;
- Adopt a strategic approach for the development of government payment programs;
- Take advantage of the government payment programs to promote financial inclusion.

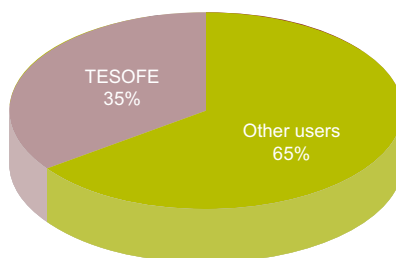
The centralization of government payments in Mexico is consistent with the World Bank guidelines and is, without doubt, a useful complement to guide those countries willing to implement this policy.

By the end of 2012 a decree was published to determine the measures for the efficient, transparent and effective use of the public funds, as well as the budgetary disciplinary actions to be taken when exercising public expenditures and modernizing the Federal Public Administration. This decree was published to ensure federal government expenditures are efficient and transparent, and it reinforces the use of the CUT scheme. Its Article 20 sets forth that the Federal Treasury Office must make electronic payments with a debit to the Federal Public Expenditure Budget, by means of transfers to the bank accounts of the ultimate beneficiaries of the payments except for those cases where there are no banking services in the respective locality. At the same time, the policies issued by the National Council for Financial Inclusion must be followed.

The Federal Treasury Office makes electronic payments to the ultimate beneficiaries of the Federal Government using the Interbanking Electronic Payment System (SPEI). As of December 2012, the total number of payments processed in

the SPEI by the TESOFE, was around 62.3 million payments per year (these include real-time tests to send one cent to each beneficiary), representing 35% of the total volume of payments performed through SPEI (see Graph 7.3).

**Graph 7.3 Total Payments Processed through the SPEI**



Source: Banco de México

As mentioned above, TESOFE disburses payments using SPEI, an interbank payment system that allows the holder of an account to transfer funds to any other account within the banking system. Please note that, in 2012, payments remitted by TESOFE represented only 1% of the total amount of transfers made through the SPEI, but they represented 35% of the transaction volume.

This clearly shows the relevance of TESOFE in the system, as it credits hundreds of thousands of accounts each month, with relatively small amounts per transaction; this may be the only electronic transfer received by many (if not the majority of) employees, pensioners and beneficiaries of subsidies in Mexico. It is worth mentioning that TESOFE carried out more than 250,000 payments using the SPEI per business day during 2012.

### **Payroll**

Due to the significance of the expense item related to personal services, there is an automated process to manage the federal payroll in a centralized manner.

In this sense, it is important to highlight that, in addition to obtaining control, discipline and cost benefits, when payments are centralized, the balance of power between the consumer and the bank changes dramatically. Under the CUT system, the employee may elect the bank of his/her choice. Therefore, banks must provide better service to consumers in order to attract them, instead of concentrating in winning over payroll accounts from government agencies officials. The advantages for the Federal Government include not having to pay disbursement commissions to banks. Benefits for the employee include having the option to receive their payroll at the bank of their choice.

Given the characteristics of payroll payment through SPEI, a special payment named "type 12 - payroll payment" is used, which runs from 19:00 to 23:30 hours, allowing it to coexist in SPEI with other types of transactions, mainly the ones known as "person-to-person" transactions.

TESOFE has continuously increased the volume of payments transferred to payroll accounts using the SPEI, as additional agencies and entities have been included in the centralized payroll system of the Federal Government, as shown in Table 7.4.

**Table 7.4 Centralized Payroll System**

Year	2008	2009	2010	2011	2012
Number of payroll payment transactions per year	1,461,636	7,508,637	13,001,757	14,377,122	15,845,709

Source: TESOFE

It is relevant to note two arguments commonly cited by government agencies to justify not paying 100% of the employees through this system:

- The Federal Labor Law gives the employee the option, not the obligation, to receive his or her payment by means of an electronic transfer.
- The employees' objection to receive their payments through electronic transfers, due to the heavy banking commissions related to such accounts transfers, among others.

### Pensions

Due the high volume of payments related to social security pensions and their similarity with the payroll payments, both social security institutions in Mexico participated in the design of an automated process that enables the payment to 2.4 million pensioners of the Mexican Institute of Social Security (IMSS, for its abbreviation in Spanish) and to 850,000 pensioners of the Institute of Government Worker's Social Security and Services (ISSSTE, for its abbreviation in Spanish) in a centralized manner by means of the Federal Treasury Office. As in the case of payroll, the system must be in line with the process currently used and the responsibilities of each operator in the process shall continue being the same, based on security schemes that endorse the process.

It is worth mentioning that one of the main requirements for the direct payment of pensions is for beneficiaries to have bank accounts with a related standardized bank code ("CLABE", for its abbreviation in Spanish); thus, IMSS and ISSSTE implemented a scheme with their respective banks so that the pension beneficiaries could have this type of accounts.

### Social Programs

Within the framework of the National Council for Financial Inclusion, the Business Models Working Group, together with the Mexican Banks Association, is designing the bases of a business model for federal social programs.

A new model is needed given that, unlike the payroll model, the recurrence of these payments varies (sometimes once per year), the amounts can change greatly; the beneficiaries can live in rural areas with less banking coverage and infrastructure, and there are higher operating costs associated. In addition, beneficiaries could be less familiarized with the usage of banking products.

Also, banks tend to consider beneficiaries of these programs not as potential clients, but as mere payment recipients and, therefore, they do not always serve their claims or demands in the best manner, which potentially pushes this population sector away from bank branches and the banking system in general.

The model in question must include premises such as not charging the beneficiaries certain commissions and making the payment disbursements through the TESOFE by means of the SPEI, in compliance with the inherent characteristics of grant programs. Some of these programs require a proof of life of the beneficiary and, therefore, demand to have physical contact every now and then, usually scheduled on pay days.

Additionally, it is suggested that the usage of bank accounts should be adequate to the amount of the grant; it should include low-cost and oriented withdrawal mechanisms, preferably not using cash (mobile phone and low-cost point of sale terminals); the opening of bank accounts should be at the bank of choice of the beneficiaries; the account should have all the elements of financial inclusion (transfers and payments, savings and investment, insurance and credit); and it should be cost-free for the beneficiary. The model should

also enable the provision of temporary supports from the Federal Government, while remaining financially sustainable and ensuring transparency in prices and collection methods for all banking services. Additionally, how prices should be set and differentiated in agreement with the banking sector is being studied, in an inversely proportionate manner to the size of the strata defined, taking into account the number of inhabitants (demand) and number of existing branches and banking agents (supply).

Another business model is the payment of government programs which has significantly contributed in reaching the target of democratizing access to formal financial services for the population such as the Oportunidades Human Development Program, operated during the past years by BANSEFI.

### **Payment of government programs to beneficiaries of social programs**

- As of December 2012, BANSEFI has had presence in 97.8% of the municipalities of the country through banking networks or POS terminals with closed networks.
- During 2012, BANSEFI paid almost 41.2 million grants to beneficiaries of social programs, such as Oportunidades.
- From 2009 to December 2012, BANSEFI paid \$168 billion in grants and in 2012 it served 7.2 million beneficiaries.

The electronic distribution of government program grants is a public policy mechanism available for BANSEFI, which aids in the process of financial inclusion defined by the Federal Government. It is considered as a trigger of growth, equity and progress of the national economy. In order to accelerate this process and reach the financial inclusion goal established in the National Development Plan, the institution is implementing specific actions for greater access and usage of financial services among the population.

For BANSEFI the electronic service used to supply government grants is an invaluable opportunity to massively bank the low-income population segment that receives these social grants. Thus it allows BANSEFI to fulfill its mandate and close the gap of financial services provided in the country. Indeed, the recipients of these grants can obtain access to basic financial instruments that allow them to face unforeseen events and financial risks, secure a more even consumption throughout time, provide a safe place to save, and thus, contribute to improve their living standard.

For the electronic delivery of social programs, BANSEFI has implemented two strategies to serve the localities where the beneficiaries of social programs reside, and to increase the degree of access to financial services:

- 1) For urban communities, bank accounts are opened massively and debit cards are delivered to the beneficiaries, who may withdraw their grants at any time at BANSEFI branches, ATMs or affiliated establishments, such as self-service stores, where they can also use the grants to purchase goods and services.
- 2) For rural communities, bank accounts are opened massively and smart cards (with biometric ID capacity) are provided. Also, in view of the lack of access to financial services, BANSEFI created a service network by including other government agencies, such as Diconsa and Telecom, as well as Popular Savings and Credit Institutions, and Petróleos Mexicanos (PEMEX)

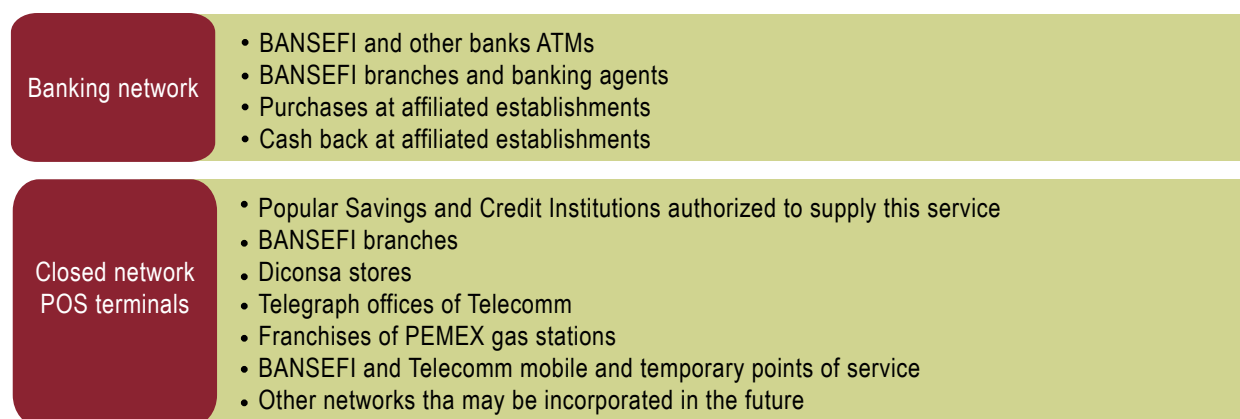
gas stations, in its network of BANSEFI branches and banking agents. This distribution network, which covers 97.8% of the country municipalities, received financial POS terminals with biometric reading capacity to create a closed network, where every beneficiary is assigned a specific point of delivery of grants during a given time.

The scheme creates efficiencies for all stakeholders in connection with the delivery of grants in cash, such as:

- Reducing transactions costs for the beneficiaries (traveling time and cost savings).

- Reducing operating costs of social programs.
- Allowing real-time reconciliation of payments.
- Eliminating the opportunity cost of money that is kept unproductively in bridge accounts.
- Providing a bank account to beneficiaries granting them with access to formal financial services such as savings, insurance and credit.

**Figure 7.5 BANSEFI service channels for beneficiaries of social programs**



Source: BANSEFI

It is important to point out that BANSEFI provides additional benefits to its account holders and the general population, such as financial education programs provided in the communities where social program beneficiaries reside and where BANSEFI banking agents have been enabled. These programs seek to create greater awareness of the advantages of saving through formal mechanisms, the benefits of belonging to a financial institution, and to promote the use of better practices to manage the funds.

Finally, Popular Savings and Credit Institutions (EACP), through the distribution of social programs, have reached a financially underserved population sector, offering additional formal financial products and services, such as credit.

## Electronic distribution of government grants

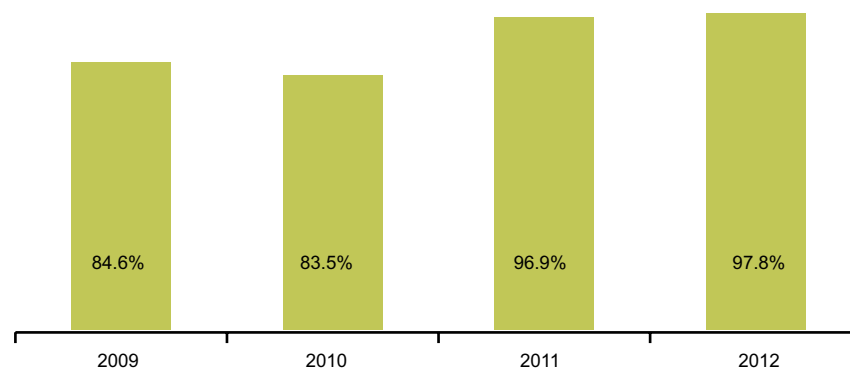
The inclusion of the banking agent model plays a key role to reach the goal of taking financial services to the most vulnerable population by providing services to currently underserved urban areas and rural localities. The delivery of grants through bank accounts linked to cards, the establishment of banking agents, the connection of businesses and Popular Savings and Credit Institutions to POS (point of sales) terminals, and the provision of financial education to those beneficiaries living in rural localities, among others, contribute to complementing the supply of financial services and the usage of formal financial products, such as savings and credit, by the low-income population.

During 2012, BANSEFI incorporated new points of service for the electronic delivery of government programs and significantly increased its agent network. It applied for the permit to operate two new networks in addition to Diconsa, the first institution that BANSEFI partnered with to establish additional service channels for its account holders and the general public.

Using these service networks, as of December 31st 2012, BANSEFI had presence in 97.8% of the 2,456 municipalities of the national territory (Graph 7.6), compared to 28% back in 2006.

It is worth noticing that 100% of the beneficiaries of the Oportunidades program have a savings account linked to a bank card in order to receive their grants on a bimonthly basis. By the end of 2011, all the participants in this grant program massively migrated to the electronic scheme using smart cards (around 4.6 million applications for accounts were processed and 3.8 million cards deliveries and fingerprint registration were performed).

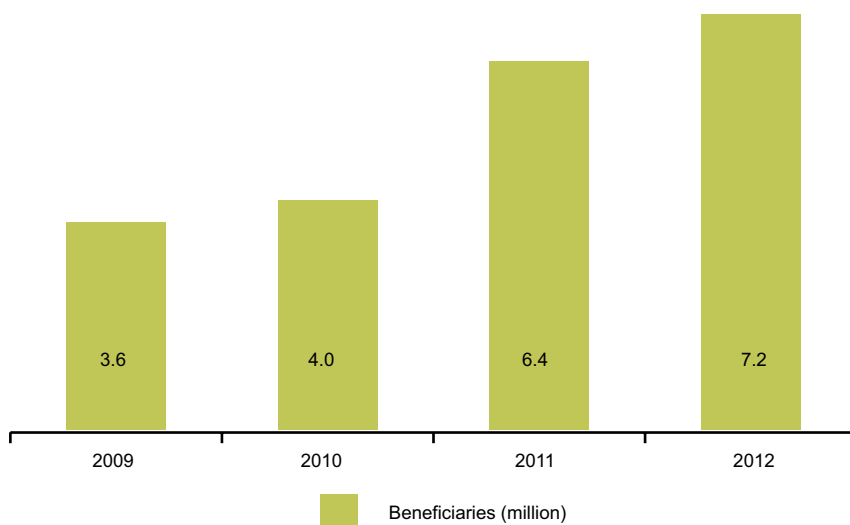
**Graph 7.6 Percentage of municipalities served by BANSEFI through its diverse networks**



Source: BANSEFI

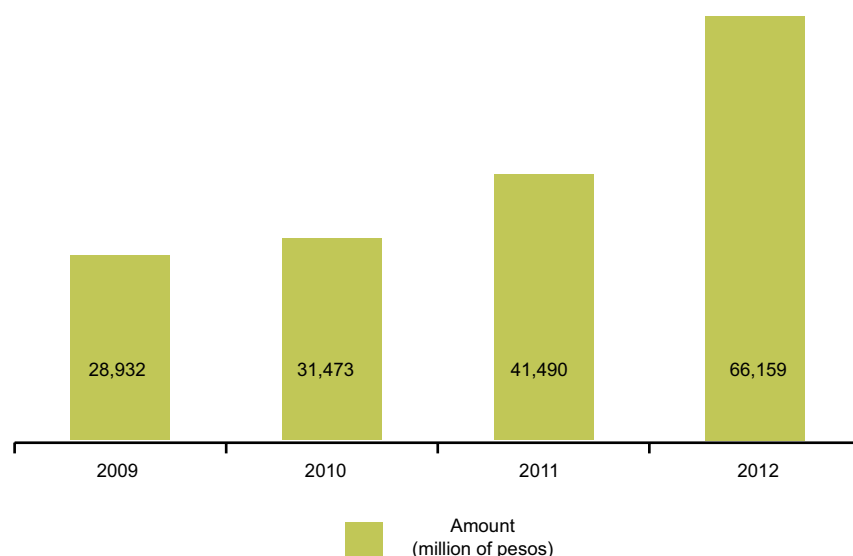
From 2009 through December of 2012, BANSEFI has distributed G2P payments in an amount a little over 168 billion pesos, and it 2012 alone it served 7.2 million beneficiaries, as we may observe in Graphs 7.7 and 7.8.

**Graph 7.7 Beneficiaries of government programs**



Source: BANSEFI

**Graph 7.8 Amount distributed through government programs**



Source: BANSEFI

The result achieved by BANSEFI in regards to financial inclusion during the past years have been acknowledged internationally, not only through donations received to fulfill its goals, such as the Bill & Melinda Gates Foundation grant to create an agent banking network, but also through prizes, such as the Public Service Award, given by the United Nations Organization, with the Agent Banks and Electronic Distribution of Government Grants Program, where the financial inclusion program of BANSEFI obtained the second place in the “Improvement of Delivery of Public Service” category for Latin America.

# FINANCIAL EDUCATION



A well-developed, competitive, efficient, solid and innovative financial system is essential for the proper economic performance of a country, as it provides savings and financing means to all its economic agents.

# FINANCIAL EDUCATIONS 8

Financial inclusion has become a topic of priority for financial authorities, which have set the objective of boosting the creation of an inclusive financial system that has greater penetration and supplies better products and services to the entire population. However, in order to advance in this priority, it is necessary to promote financial education at the same time. Creating the means to supply financial products and services to more individuals is not enough if these individuals do not have sufficient knowledge on how to use the products responsibly.

### Relevance of Financial Education

Financial education refers to the process of acquiring financial knowledge and developing the necessary capabilities and skills to make informed decisions in regards to handling monetary resources, and to use the financial products and services in an accurate and conscious manner, thus fostering personal and family wellbeing.

Rapid market development has caused an increase in the number of both financial institutions and products, whose complexity increases in a progressive manner, making it difficult for individuals to be better informed when making decisions.

In addition, in Mexico, financial education is not a strong component of the country's culture. This shortcoming has negative consequences on the wellbeing of individuals, such

as excessive indebtedness, lack of savings for the future, unproductive usage of remittances, absence of backup for unforeseen events, and little knowledge about the benefits of investing in productive activities. Likewise, the lack of information promotes the usage of informal financial services, which are often disadvantageous, insecure and more expensive for those contracting them.

Financial education provides tools that help maintain healthy finances, manage income and expenditures, create the means to face unforeseen events, build assets, plan for the future, and fulfill life goals, among others.

Conversely, financial education contributes to improving the operation of the financial market, as it stimulates the increase of the financial supply, and promotes its quality and competitiveness. Indeed, informed consumers demand services that meet their needs, which in turn provides financial intermediaries with the necessary information to create customized products and services for consumers.

Likewise, financial education fosters the economic activity of the country, as better informed consumers save more, which usually translates into greater investment and economic growth.

Financial products and services may also fulfill needs and improve living standards, but one must have good knowledge of them in order to use them properly and efficiently (Figure 8.1).

**Figure 8.1 Benefits of financial education and consequences of a lack of financial education**

Consequences of a lack of Financial Education	Benefits of Financial Education
<ul style="list-style-type: none"> <li>Excessive consumer indebtedness.</li> <li>Low retirement savings levels.</li> <li>Abusive sales practices of financial products and/or services.</li> <li>Absence of coverage in case of unforeseen risks.</li> <li>Higher costs.</li> <li>Lack of trust in financial institutions.</li> <li>Usage of informal financial services.</li> </ul>	<ul style="list-style-type: none"> <li>Decrease in the fear of using financial products and services.</li> <li>Increased demand for financial products.</li> <li>Reduction of the information gap between consumers and suppliers of financial services.</li> <li>Awareness of the implicit risks of financial products and services, which can help to neutralize or minimize them.</li> <li>Knowledge of rights and mechanisms to exercise them.</li> <li>Promoting transparency, competitiveness and efficiency of the financial system.</li> <li>Fostering financial development and economic growth.</li> </ul>

Thus, the challenge for authorities and financial institutions is to provide the necessary tools and knowledge for users to make decisions that help improve their living standards and strengthen their wealth.

### Financial Education: Your Gain

In compliance with the Law to Protect and Defend Users of Financial Services, the National Commission for the Protection and Defense of Financial Users (CONDUSEF, for its acronym in Spanish) is the public organization empowered to create and establish financial education programs.

To achieve its objectives, CONDUSEF created the “Financial Education, Your Gain” program aimed at transmitting financial knowledge and developing useful everyday skills, such as managing household expenses, identifying the cheapest credit card, protecting assets with insurance, saving money to face unforeseen events, and preparing for retirement.

The program is led by two guiding principles: first, the program seeks to develop consumers’ capabilities and disseminate information on financial products and services, highlighting that financial capacity and information go hand in hand. Secondly, the program seeks to create concrete dissemination strategies, considering the specific needs of consumers based on to their profile (age, work and family situation).

As a part of this program, CONDUSEF has created a broad range of materials and has carried out diverse activities that attempt to reach all the population segments, including children, young people, adults, older adults, families and companies. Box 8.2 shows the most relevant programs and materials.

### Box 8.2 Financial Educational Programs and Materials Promoted by CONDUSEF

- CONDUSEF has a webpage with financial simulators and calculators for credit products, savings, investments, family budget and insurance; comparative charts of the main financial products and services; financial reports with data such as corporate information, contracts of adhesion and commissions of financial institutions.
- Also, through CONDUSEF website, educational materials can be consulted, including the “Protect your money” magazine, financial education guidelines for teachers, a financial education family guide, leaflets, stories, guides, and flyers.
- Additionally, it has two Internet microsites: the children microsite, containing financial education materials and activities for children; and the Financial Education microsite, containing materials and dynamics for all types of users, from children to older adults and families.
- As part of the strategy, each Friday, CONDUSEF issues via email the bulletin “Advice for your pocket”, which provides practical recommendations for managing resources and making the most out of the usage of financial products and services.
- Through the financial education program for companies, CONDUSEF disseminates financial content using the internal communication channels of companies.
- Additionally, CONDUSEF offers a certification of Financial Culture, taught to its employees and social service providers, university students, and the general population, with multimedia distant learning tools on the Mexican financial system, its legal framework and information on the economic landscape of the country.

### National Financial Education Week

In order to bring financial training to different parts of the country and to different audiences, CONDUSEF has carried out several on-site activities, including the traveling exhibition: “Finances and Wellbeing: the Cycle of Life” and the National Financial Education Week (SNEF, for its acronym in Spanish). The SNEF is an initiative coordinated by CONDUSEF, born in 2008 as part of the financial education actions fostered by the Ministry of Finance (SHCP, for its acronym in Spanish).

The SNEF has been possible thanks to the active participation of CONDUSEF’s regional offices and of several financial institutions of the public, educational, business and social sectors. The purpose of the SNEF is to raise awareness among children, young people, and the general public on the

relevance of financial education to improve the well-being of individuals and families.

During seven days, the following events are carried out nationwide: workshops, forums, working groups, conferences, and theatre plays, among others.

Every year, companies and institutions from all over the country join this endeavor as strategic partners, strengthening the SNEF initiative by replicating financial education messages in diverse population sectors.

Table 8.3 shows key statistical data used to measure the financial education actions carried out by the CONDUSEF during 2012.

Table 8.3 Financial Education Actions taken by the CONDUSEF

Initiative	2012 Results
“Protect your Money” magazine	<ul style="list-style-type: none"><li>• 540,000 printed copies distributed.</li><li>• 4.5 million downloads from the web page.</li></ul>
Financial Education in your Business	<ul style="list-style-type: none"><li>• 29 participating private and public institutions.</li><li>• 839,000 employees and workers benefited.</li></ul>
Traveling exhibition: “Finances and Wellbeing: the Cycle of Life”	<ul style="list-style-type: none"><li>• Interactive Museum in Xalapa, Veracruz (MIX, for its abbreviation in Spanish): 21,866 visitors.</li><li>• Papagayo Interactive Museum in Villahermosa, Tabasco (MIP, for its abbreviation in Spanish): 18,610 visitors.</li></ul>
Electronic newsletter: “Advice for your Wallet”	<ul style="list-style-type: none"><li>• 168,282 subscribed users.</li><li>• 48 electronic newsletters sent during the year.</li></ul>
Distance learning degree in Financial Literacy	<ul style="list-style-type: none"><li>• 15,209 participants.</li></ul>
Comparative Charts	<ul style="list-style-type: none"><li>• 120,000 visits.</li></ul>
Financial Simulators and Calculators	<ul style="list-style-type: none"><li>• 1.5 million visits</li><li>• 4.2 million calculations (39% mortgage loan, 20% car loan, 17% savings and investment, 15% credit card, 7% personal and payroll loan, 0.7% family planner, 0.3% Remesamex remittance calculator).</li></ul>

Initiative	2012 Results
Financial Registries	<ul style="list-style-type: none"> <li>Financial Service Providers Registry (SIPRES, for its abbreviation in Spanish): 4,950 registered institutions.</li> <li>Directory of Specialized Units for User Support (DITUE, for its abbreviation in Spanish): 2,970 registered institutions.</li> <li>Registry of Standardized Basic Insurance Rates (RESBA, for its abbreviation in Spanish): 43,000 visits.</li> <li>Registry of Adhesion Contracts (RECA, for its abbreviation in Spanish): 80,000 visits.</li> <li>Registry of SOFOM E.N.R. Fees (RECO, for its abbreviation in Spanish): 20,000 visits.</li> <li>Public Registry of Users not wishing to receive any Advertisement on Financial Products and Services (REUS, for its abbreviation in Spanish): 361,000 total entries.</li> </ul>
Financial Education Guides for Teachers	<ul style="list-style-type: none"> <li>1.7 million copies distributed to elementary school teachers.</li> <li>1.2 million copies distributed to teachers of 34,000 private and public middle schools.</li> <li>572 downloads from the website.</li> </ul>
Financial Education Family Guide	<ul style="list-style-type: none"> <li>240,000 printed copies distributed.</li> <li>1.4 million downloads from the website.</li> </ul>
National Financial Education Week (SNEF)	<ul style="list-style-type: none"> <li>684 participating institutions.</li> <li>4,200 activities throughout the country, 55% more in comparison to 2011 (conferences, theatre plays, workshops, drawing contests, interviews and many more).</li> <li>367,000 persons benefited.</li> <li>2 million educational materials (leaflets, brochures, financial education guides, magazines, among others).</li> </ul>

Source: CONDUSEF

Despite these efforts, taking financial education to all Mexicans is still a major challenge that requires joint and coordinated actions from the government, financial and educational institutions, as well as social organizations.

In Mexico, several authorities, public organizations, financial institutions, trade associations, non-governmental organizations (NGOs) and educational institutions, actively participate in promoting financial education among all age groups.

### Financial Education Efforts of Public and Private Institutions in Mexico

The Ministry of Finance (SHCP, for its acronym in Spanish), together with CONDUSEF, are the authorities in charge of disseminating financial education in Mexico. In addition, other public organizations have undertaken financial education efforts, including, BANSEFI, the National Commission for the Pension System (CONSAR, for its acronym in Spanish),

the Federal Mortgage Corporation (SHF, for its acronym in Spanish), Banco de México, and the Interactive Museum of Economics (MIDE, for its acronym in Spanish).

Several institutions of the banking, insurance, securities and retirement savings sectors, as well as trade associations, such as the Mexican Banks Association (ABM, for its acronym in Spanish), the Mexican Association of Insurance Institutions (AMIS, for its acronym in Spanish), the Mexican Association of Pension Fund Administrators (AMAFORE, for its acronym in Spanish), among others, also participate in financial education efforts, as shown in Table 8.4.

Academic institutions also contribute to promoting financial literacy in our country; such is the case of two universities: the Universidad Nacional Autónoma de México (UNAM) and the Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM). These institutions actively collaborate with government agencies, financial institutions and trade associations in the area of financial education.

**Table 8.4 Main Financial Education Activities carried out by Public and Private Institutions**

#### Authorities and Public Organizations

Institution	Program	Concrete Actions	Web Page
Ministry of Finance (SHCP)	"Get the Most out of your Money"	Gathers financial education information provided by other public organizations, such as CONDUSEF and BANSEFI.	<a href="http://www.educacionfinanciera.hacienda.gob.mx">www.educacionfinanciera.hacienda.gob.mx</a>
Banco de México	"My Banxico. Economic and Financial Information for Children"	<ul style="list-style-type: none"> <li>Interactive videos on monetary and financial topics for children</li> </ul>	<a href="http://www.banxico.org.mx/mibanxico">www.banxico.org.mx/mibanxico</a>
Comisión Nacional del Sistema de Ahorro para el Retiro (CONSAR)	Sections: "Personal Finance" "SAR for Children and Young People"	<ul style="list-style-type: none"> <li>CURSAR (Course for businesses on SAR)</li> <li>Voluntary savings</li> <li>Pension with voluntary savings calculator</li> <li>Educational printed materials:</li> <li>SARITA and the World of Pensions</li> <li>Grandpa's Saving</li> <li>The Savings Parrot Audiovisual material (videos)</li> <li>Information and advice on specific aspects of the Retirement Savings Fund System (SAR)</li> </ul>	<a href="http://www.consar.gob.mx">www.consar.gob.mx</a>
Bank Savings Protection Institute (IPAB)	IPAB for Children	<ul style="list-style-type: none"> <li>Comic strip "What is the IPAB Good for?"</li> <li>Leaflet "Your Money is Safe at the IPAB"</li> <li>Calculators and simulators</li> </ul>	<a href="http://www.ipab.org.mx/IPAB/ninos">www.ipab.org.mx/IPAB/ninos</a>

## Autoridades y organismos públicos

Institution	Program	Concrete Actions	Web Page
Treasury Bill "Cetes" Direct	"My Savings and Investment... its Child's Play"	<ul style="list-style-type: none"> <li>• Audiovisual comic strips on savings and investments</li> <li>• Glossary</li> <li>• Games</li> <li>• Simulator and calculator</li> </ul>	<a href="http://www.cetesdirecto.com.mx/ninos/swf/cetesdirectoninos.swf">www.cetesdirecto.com.mx/ninos/swf/cetesdirectoninos.swf</a>
Interactive Museum of Economics (MIDE)		<ul style="list-style-type: none"> <li>• Halls and exhibits</li> <li>• Temporary exhibits</li> <li>• Activities</li> <li>• Courses and workshops</li> </ul>	<a href="http://www.mide.org.mx">www.mide.org.mx</a>

## Trade Associations

Institution	Program	Concrete Actions	Web Page
Mexican Association of Insurance Institutions (AMIS)	"Grow Safely, be Ready"	<ul style="list-style-type: none"> <li>• Information and advice on specific aspects of the insurance sector</li> <li>• Interactive audiovisual materials</li> <li>• Videos</li> <li>• Games</li> <li>• Stories</li> </ul>	<a href="http://www.creceseguro.com.mx">www.creceseguro.com.mx</a>
	"Nothing is for Sure, but your Insurance is"	<ul style="list-style-type: none"> <li>• Information and advice on specific aspects of the insurance sector</li> <li>• Videos</li> <li>• Glossary</li> </ul>	<a href="http://www.nadaessegurotusegurosi.com.mx">www.nadaessegurotusegurosi.com.mx</a>
Mexican Association of Pension Fund Administrators (AMAFOR)	"Prepare your Future"	<ul style="list-style-type: none"> <li>• Information and advice on specific aspects of AFORES</li> <li>• Notes and case studies</li> <li>• Calculator</li> <li>• Contests</li> </ul>	<a href="http://www.preparatufuturo.mx/">www.preparatufuturo.mx/</a>
Mexican Association of Insurance and Surety Bond Brokers (AMASFAC)	"National Week of Planning and Responsibility"	<ul style="list-style-type: none"> <li>• Comic strip</li> <li>• Videos</li> <li>• Drawing contest for children</li> <li>• Lectures to children at elementary schools</li> <li>• Information on insurance</li> </ul>	<a href="http://www.amasfac.org/semana_de_la_prevision/seguros/">www.amasfac.org/semana_de_la_prevision/seguros/</a>
Mexican Banks Association (ABM)		<ul style="list-style-type: none"> <li>• Information on credit and forms of payment</li> <li>• College finance newsletters</li> <li>• Calculator</li> <li>• Financial dictionary</li> <li>• Book: "Family Training: For Financial Health"</li> <li>• Book: "Illustrated Finance, Financial Health: My Responsibility"</li> </ul>	<a href="http://www.abm.org.mx">www.abm.org.mx</a>

## Banking Institutions

Institution	Program	Concrete Actions	Web Page
National Savings and Financial Services Bank(BANSEFI)	"Finance for Everyone"	<ul style="list-style-type: none"> <li>• Online courses through educational clips on financial planning, savings, credit, insurance and financial services on three levels (basic, intermediate and advanced)</li> <li>• Training workshops for financial education trainers</li> <li>• Material "Your Money, your Future with the collaboration of Freedom from Hunger and Microfinance Opportunities</li> <li>• Financial education courses in mobile units</li> </ul>	<a href="http://www.finanzasparatodos.org.mx">www.finanzasparatodos.org.mx</a>
Federal Mortgage Corporation (SHF)	"Advisor" your Wealth Counselor	<ul style="list-style-type: none"> <li>• Financial education course "Advisor" your Wealth Counselor</li> </ul>	<a href="http://www.shf.gob.mx">www.shf.gob.mx</a>
BBVA Bancomer	"Go on with your Future"	<ul style="list-style-type: none"> <li>• Free workshops on personal finance and finance for SMEs (on-site or online)</li> <li>• Advice on personal finance and finance for SMEs</li> <li>• Videos</li> <li>• Newsletters on financial topics</li> <li>• Participation at expos</li> </ul>	<a href="http://www.adelantecontufuturo.com.mx">www.adelantecontufuturo.com.mx</a>
Banamex	"Knowing Counts"	<ul style="list-style-type: none"> <li>• Courses, workshops and conferences (on-site and online)</li> <li>• Didactical materials (electronic, audiovisual, board games, etc.)</li> <li>• Publications</li> <li>• Manuals</li> <li>• Expos</li> <li>• Conventions</li> <li>• Contests</li> <li>• Presence in media</li> <li>• Theatre plays</li> <li>• Telephone customer support</li> </ul>	<a href="http://www.banamex.com/demos/saber_cuenta">www.banamex.com/demos/saber_cuenta</a>
VISA	"Practical Finances"	<ul style="list-style-type: none"> <li>• Simulators</li> <li>• Calculators</li> <li>• Comparative charts</li> <li>• Dictionary</li> <li>• Courses and events</li> <li>• Information on the financial system and financial products</li> <li>• Avengers comic "Save the Day" VISA-MARVEL (2011)</li> <li>• "Financial Soccer VISA-FIFA game</li> <li>• News</li> <li>• Financial notes and case studies</li> </ul>	<a href="http://www.finanzaspracticass.com.mx">www.finanzaspracticass.com.mx</a>

## Financial Institutions

Institution	Program	Concrete Actions	Web site
MasterCard	"Intelligent Consumption"	<ul style="list-style-type: none"> <li>• Calculators</li> <li>• Simulators</li> <li>• "Financial University" information on the financial system and financial products</li> <li>• Audiovisual material (videos)</li> <li>• Financial notes and case studies</li> </ul>	<a href="http://www.consumointeligente.org">www.consumointeligente.org</a>
HSBC		<ul style="list-style-type: none"> <li>• On-site conferences</li> <li>• Publication of financial advices on Facebook</li> <li>• Videos on YouTube</li> <li>• Financial education classes at public schools of the country "Beyond Money"</li> </ul>	<a href="http://www.sustentar.mx">www.sustentar.mx</a>
Compartamos Bank		<ul style="list-style-type: none"> <li>• "Let's Share Recommendations" magazine</li> <li>• "Compartips" magazine</li> <li>• Conference "Life Project and Financial Education"</li> <li>• Courses</li> <li>• Theatre plays at elementary schools "Sharing Adventures"</li> <li>• Distribution of flyers and financial education clips</li> <li>• Videos</li> <li>• Articles</li> </ul>	<a href="http://www.compartamos.com">www.compartamos.com</a>

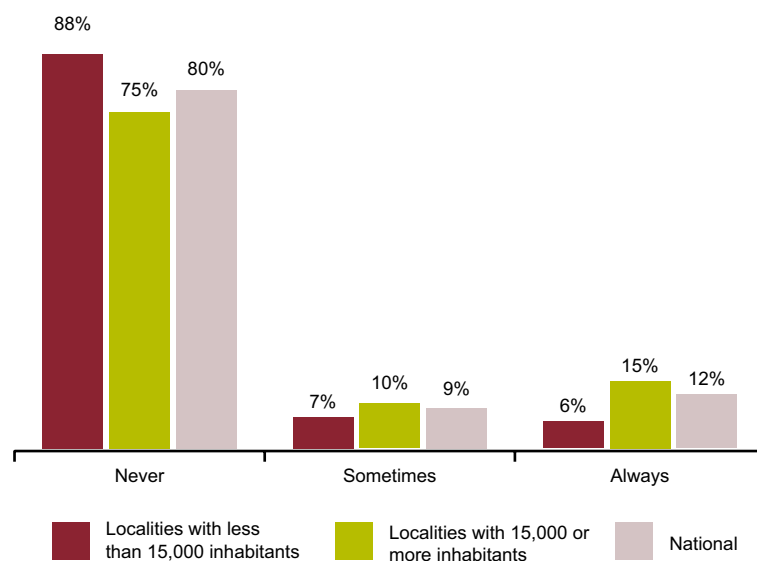
Source: CONDUSEF, based on information published by each institution

### ENIF Results in Regards to Financial Education

Keeping a record of expenses may be considered a financial capability, but is also related to the financial education received by a person, as it will help this person maintain healthy finances. According to figures of the 2012 National

Survey for Financial Inclusion (ENIF, for its abbreviation in Spanish), only around 20% of the adults at a national level had kept or continuously keeps a record of expenses.

**Graph 8.5 Percentage of Population who keeps a Record of Expenses per Type of Locality**



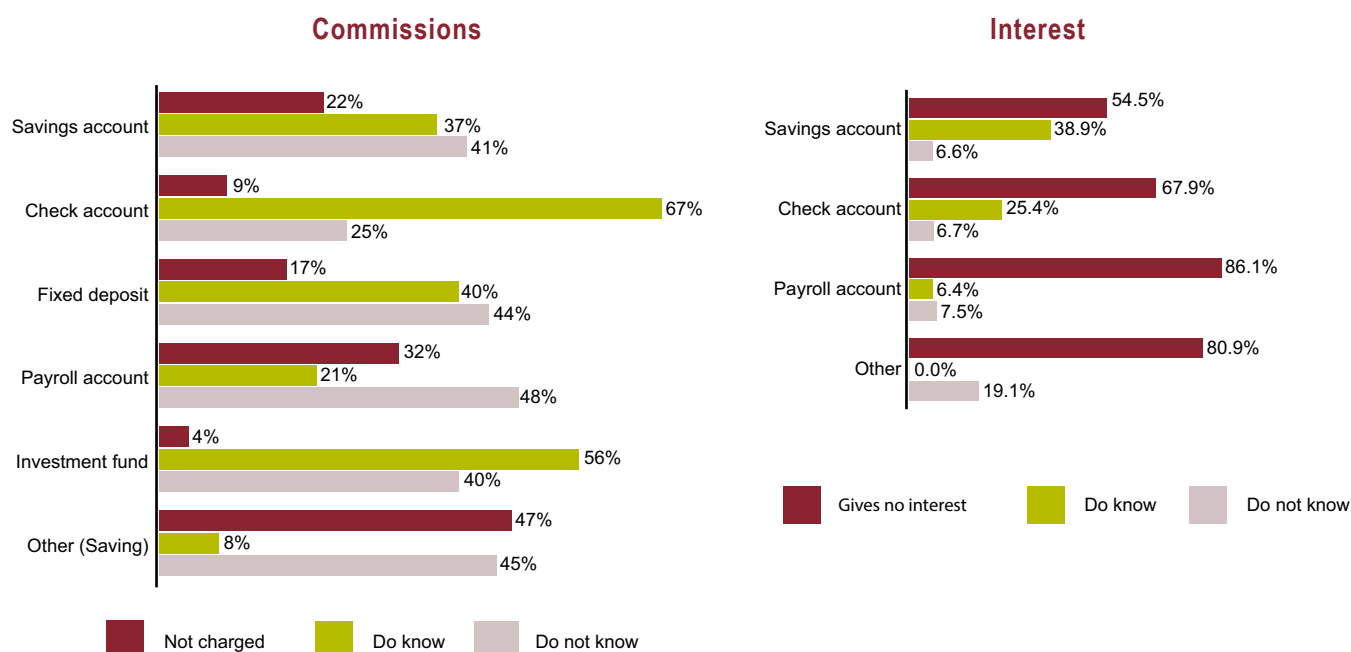
Source: CNBV, with data of INEGI

Results are similar when analyzed by size of locality. However, in the most populated localities, individuals more frequently keep records of their expenses. This may be due to the fact that they are more exposed to different commercial activities and handle more financial products.

Through its different financial education programs and materials, CONDUSEF encourages the population to learn how to make a budget, i.e., keep a written (not mental) record of income and expenses, in order to have a greater control of the expenses, identify the most significant expense lines, be aware of the level of savings, and calculate the capacity of payment. A well-planned and well-managed budget will allow the population not only to handle better their resources, but also to accomplish their financial goals, and increase and protect their assets.

On the ENIF, users of formal savings were asked if they were aware of the commissions charged or the interest received for the products they owned (savings, checking, fixed-term, payroll or investment accounts). According to the survey results, most adults do not know the interest rates offered to them by financial institution for the diverse deposit products they owned. However, regarding for the commission charged, the level of knowledge differs per type of product. Users of checking and investment accounts show a greater knowledge on the commissions paid, while users of payroll and term deposit accounts are those least aware.

**Graph 8.6 Percentage of Formal Savings Users who are aware of Commissions Charged and Interest Paid or Offered by the Institution**

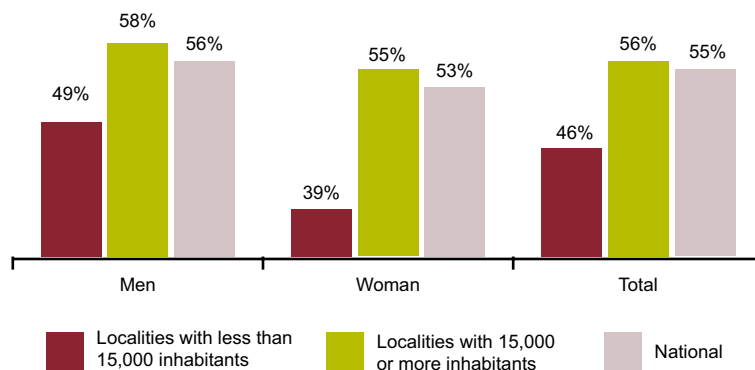


Source: CNBV, with data of INEGI

In regards to portability of payroll accounts, less than half of the users (46%) know that they can transfer their account to another bank free of charge, highlighting the need to reinforce actions aimed at disclosing more information related to this

matter. Difference by gender is notorious in localities with less than 15,000 inhabitants, as we may observe in Graph 8.7.

**Graph 8.7 Population Percentage who knows they can Switch their Payroll Account Free of Charge**

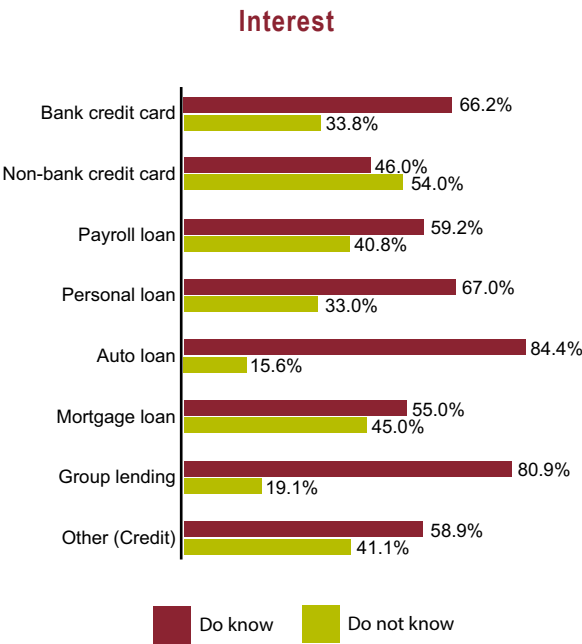
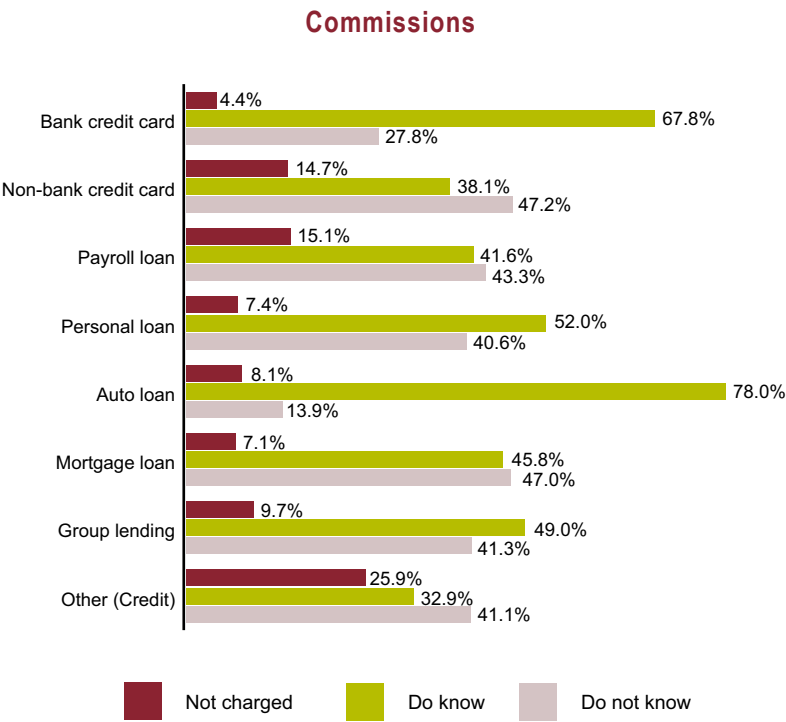


Source: CNBV, with data of INEGI

Credit users have more knowledge on the commissions and interest charged for their acquired products. However, even though non-bank credit cards are the most commonly used product among Mexicans (72% of the adults mentioned

having at least one); these are the product with the highest percentage of unawareness in regards to the costs related to them.

**Graph 8.8 Percentage of Formal Credit Users who are aware of the Commissions and Interest charged for their Financial Products**

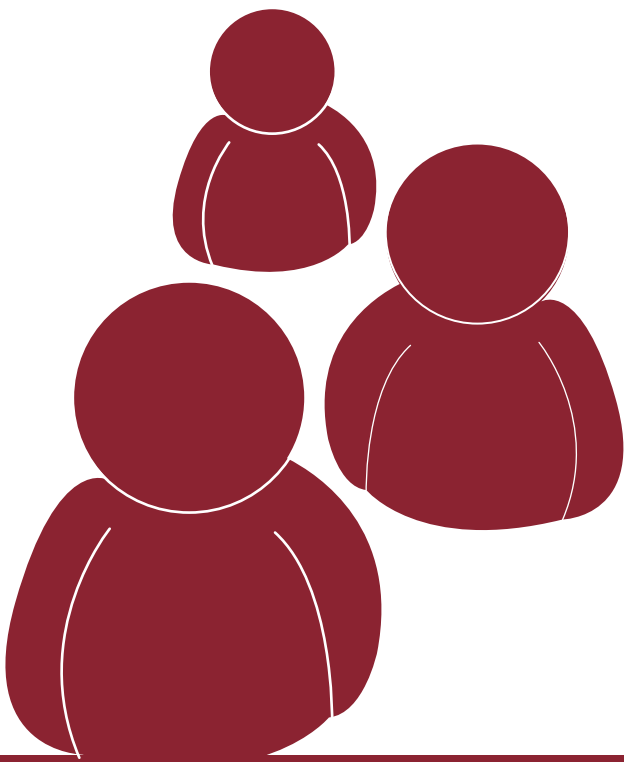


Fuente: CNBV con datos del INEGI

In light of the ENIF results, the Financial Education Committee, established in 2011 by the SHCP, reinforced the financial education coordination initiatives and, in March 2013, it created the Financial Education for Inclusion Working Group to coordinate the respective actions to specifically meet the financial inclusion needs and contribute to achieve the objectives of National Council for Financial Inclusion.

Finally, at an international level the G20, in its 2013 meeting in Saint Petersburg, welcomed the development of measurements and evaluation tools for financial education programs created by the OECD International Network on Financial Education (INFE) and the World Bank. Also during this meeting, the G20 Leaders endorsed the financial education policy guides for girls and women.

# CONSUMER PROTECTION



Every time a consumer faces a problem or requires a clarification regarding a product or service supplied by a financial institution, he or she has the right to contact the institution for help.

# CONSUMER PROTECTION 9

When faced with a problem with a financial product or service, the user can contact the financial institution or a public organization, which in the case of Mexico is the National Commission for the Protection and Defense of Financial Users (CONDUSEF, for its acronym in Spanish).

CONDUSEF is a decentralized public organization with legal capacity and assets of its own, coordinated by the Ministry of Finance (SHCP, for its acronym in Spanish) in charge of developing strategies to protect and defend the rights and interests of the users of financial services in the country.

## CONDUSEF

The Mexican government, focused on protecting and defending the users of financial services, created CONDUSEF on January 18th 1999, through a Law approved by Congress.

Over the years, CONDUSEF has promoted and disseminated financial education and transparency so that financial service users can make informed decisions on the benefits, costs and risks of the products and services supplied by the Mexican financial system. CONDUSEF has also protected the interests of financial service users by supervising and regulating financial institutions and by providing them with advice and support services to defend their rights.

The consolidation of an institutional culture around CONDUSEF has strengthened the transparency, the fight against corruption, and the creation of conditions that enable the political, economic, social and cultural equality between men and women.

CONDUSEF's efforts focus on two main aspects:

- Preventive actions (user protection), and
- Corrective actions (user defense).

Preventive actions refer to the creation and establishment of educational programs on financial matters, which allow Mexican families to acquire knowledge, skills and abilities that help them make better decisions for handling their resources, make informed judgments, keep healthy finances, create the means to face unforeseen events, build assets, and achieve their life goals.

Being better informed and prepared to use financial products and services is fundamental in the current environment, as nowadays there is a greater supply, both of financial products and financial institutions.

CONDUSEF also encourages financial institutions to comply with the legal provisions on financial transparency, to ensure contracts and statements of account are clear, and institutions provide sufficient information on commissions and insurance, among other elements, so that the users can analyze in advance and under better conditions, the products or services they intend to purchase.

Transparency also promotes greater financial education among the population by raising awareness on the rights and obligations, as well as by promoting a healthier and more open competition among institutions.

Corrective actions, on the other hand, refer to the services provided to individuals that contact CONDUSEF (users and non-users of financial services), in order to provide them with guidance and advice on financial matters, help them solve conflicts or complaints with financial institutions, and impartially arbitrate differences to promote equal relationships between financial users and providers, thus contributing to the healthy development of the Mexican financial system.

The following section contains information related to corrective actions (defense actions) carried out by the CONDUSEF during 2012.

## Core consumer protection indicator

The core indicator used to measure consumer protection refers to the number of defense actions carried out by CONDUSEF for every 10,000 adults, considering the place of origin where the action was addressed.

In this sense, the defense actions carried out by CONDUSEF derive from the inquiries or claims submitted by users who already have, or wish to acquire, financial products or services with financial institutions, authorized to be incorporated and operate in such capacity, as well as with those institutions that do not require authorization and who are considered as financial intermediaries.

Table 9.1 shows the universe of financial institutions and products or instruments handled by the CONDUSEF, in effect through the end of 2012.

**Table 9.1 Financial institutions and signed-up financial products**

Number of Financial Institutions		Number of accounts in effect*	
48	Commercial and State-Owned Banking	182	Insurance
3	Credit Information Companies (SICs, for its abbreviation in Spanish)	99	Debit cards
102	Insurance Companies	75	Transactional accounts
14	AFORES (Pension Fund Administrators)	48	AFORE accounts
15	Surety Companies	27	Payroll accounts
35	Brokerage Firms	25	Credit cards
17	SOFOL (Limited Purpose Financial Institution)	15	Other accounts
3,717	SOFOM (Multiple Purpose Financial Institution) <sup>1</sup>	* Million accounts Source: CNSF, CNBV and CONSAR	
566	Mutual Funds		
123	Credit Unions		
110	Popular Savings and Credit Institutions (EACP)		
200	Other		

1. Includes SOFOM incorporated without information.  
Source: CONDUSEF

**Table 9.2 Elements of the core consumer protection indicator**

Counseling	Disputes	Opinion report	Arbitration	Legal defense
Helps the user understand the type of product or service acquired, its characteristics, its form of operation, and the commitment undertaken by the parties. It also guides the client on legal matters when required.	Process the complaints against a financial institution, in order to find a solution. This may be achieved through amicable proceedings or conciliations.	If the parties have not resolved their dispute, CONDUSEF may issue an Opinion Report consisting of a specialized opinion in relation to a technical-legal assessment of the matter, to be presented before a court with competent jurisdiction.	When no settlement is reached at the conciliation stage, the parties may, by mutual agreement, designate CONDUSEF or any third party as arbitrator of the dispute.  CONDUSEF thus issues a ruling to conclude the case, giving the reason to one of the parties.	Should CONDUSEF be rejected as arbitrator by any of the parties, a lawyer may be provided to the party at no cost to handle the case before the court, as long as, there are sufficient elements to demand a lawyer and the party requires economic assistance.

Defense actions of the CONDUSEF per every 10,000 adults

Source: CONDUSEF, December 2012.

In order to have in place an efficient and high quality service, as well as to solve, in a transparent and expedited manner, the inquiries or disputes arising from the interaction between the user and the financial institution, CONDUSEF has established a user support process defined by three stages. These stages comprise the universe of defense actions carried out that shall serve as the basis for creating the indicator (Table 9.2).

## Defense actions

The purpose of the CONDUSEF is to serve the users of financial services and products. It is important for users to know who to turn to for defending their rights and protecting their net worth. For this purpose, several actions have been developed that facilitate the access to guidance for individuals and the resolution of any dispute that may arise, in a more efficient and expedite manner.

Currently, CONDUSEF has 37 regional offices nationwide, which provide a standardized and comprehensive service: 32 of them are distributed in the states, four in the Federal District, and one is a virtual regional office.

The Commission also has a Support Call Center (CAT), with first contact advisors available Monday through Friday from 8:30 to 18:00 hours. Advisors answer any doubts, clarifications or inquiries of the general public through a web page ([www.condusef.gob.mx](http://www.condusef.gob.mx)). This site offers a broad content of topics of the financial sector, as well as the main financial products and services operated in the Mexican market. In 2012, more than 23 million visits were registered.

Today, the population is more familiar with CONDUSEF and recognizes it as an organization that provides protection and defense services.

During 2012, CONDUSEF carried out a little over 1.2 million defense actions for users from 2,159 municipalities in the country.

Of the total defense actions, 82.6%, that is 1,024,340, relate to counseling actions and consultations.

The main causes for consultation were:

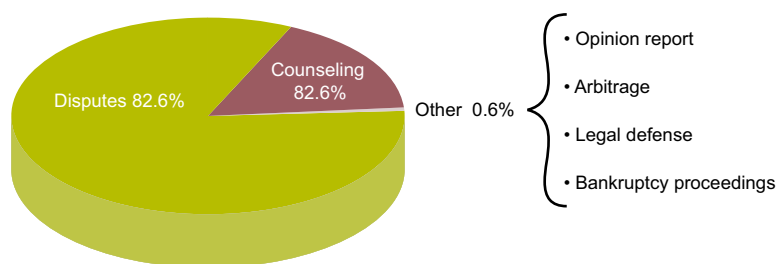
- Operation of financial products or services.
- Request for issuance of the Special Credit Report.
- Information on which Afore they belong to.
- Inquiry to know whether they are beneficiaries of the life insurance of a deceased relative.
- Request for registration with the Public Registry of Users not wishing to receive any Advertisement on Financial Products and Services (REUS, for its abbreviation in Spanish).

Of the total actions 16.8% (208,097) are related to disputes. The main causes are:

- Unrecognized purchases with credit or debit cards.
- Collection negligence by the institutions and/or firms.
- Breach of insurance accounts.
- Non-updated credit record.
- Cancellation of any unsolicited product or service not handled by the institution.

The remaining defense actions carried out by the CONDUSEF (6,931) represent 0.6% of the total actions. These results may be observed in Graph 9.3.

### Graph 9.3 Proportion of defense actions per type



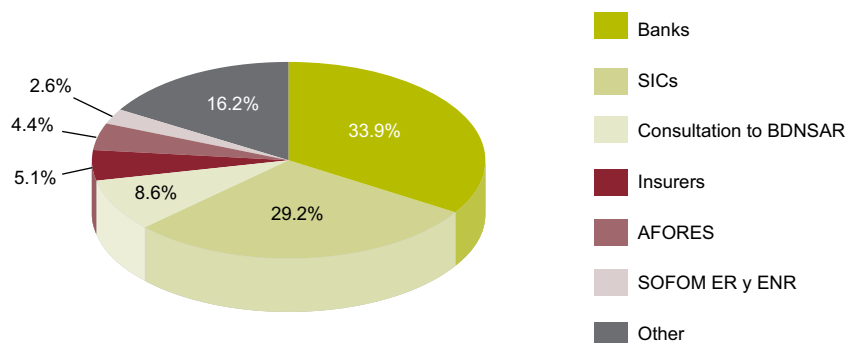
Source: CONDUSEF, December 2012.

The total defense actions may also be analyzed per sector served, that is, per type of institution of the action carried out. Graph 9.4 shows the proportion of actions of each of these sectors.

Most of them (33.9%) correspond to banks, with 420,124 defense actions, followed by Credit Information Companies (SICs) with 362,497 (29.2%) and inquiries to the National SAR

Database (BDNSAR), with 106,394 (8.6%). The remainder corresponds to Insurance Companies, with 63,069 (5.1%), AFORES 53,863 (4.4%), regulated and non-regulated SOFOMs 32,088 (2.6%) and others 201,333 (16.2%), which include, without limitation, the stock market, finance, EACP, SOFOL, Auxiliary Credit Organizations and Activities (OAAC, for its abbreviation in Spanish), state-owned banking sectors.

### Graph 9.4 Proportion of defense actions per sector



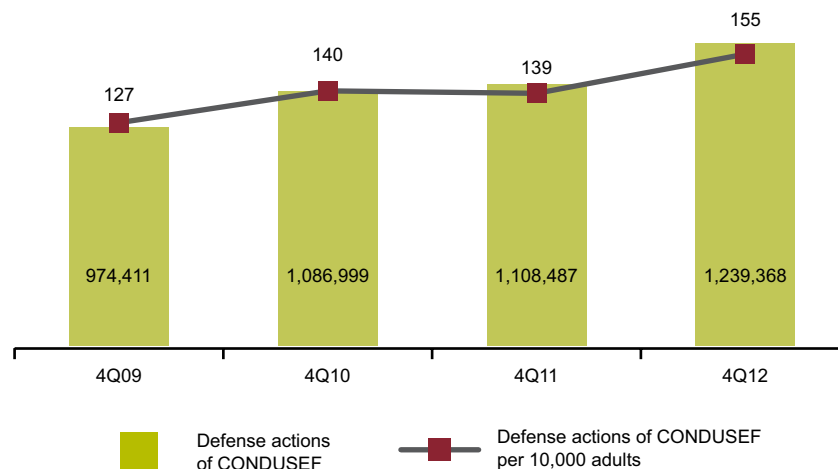
Source: CONDUSEF, December 2012.

## Indicator at a national level

The number of defense actions carried out by the CONDUSEF at the end of the past four years is shown in Graph 9.5. We can observe that, between 2011 and 2012, there was an increase of 11.8% in the number of defense actions, which went from

1,108,487 to 1,239,368. Likewise, the demographic indicator increased (11.5%) at the end of 4Q12, reaching 155 defense actions for every 10,000 adults.

**Graph 9.5 Historical evolution of defense actions by condusef**



Source: CONDUSEF

## State level indicators

Following is the demographic indicator for each State of the country at the end of December 2012.

- Colima has the highest demographic indicator (395) of defense actions carried out for every 10,000 adults, followed by Aguascalientes (388) and Quintana Roo (367).
- On the other hand, the lowest indicator is found in the State of Veracruz (72), followed by Oaxaca (78) and Michoacan (83).
- The Federal District holds the fourth position, with 304 per every 10,000 adults.

**Table 9.6 Demographic indicator per Federal State**

Federal State	Defense actions by the CONDUSEF	Adult population**	Demographic Indicator (defense actions per every 10,000 adults)
Aguascalientes	31,495	810,759	388
Baja California	31,560	2,253,184	140
Baja California Sur	10,611	458,554	231
Campeche	16,564	585,903	283
Chiapas	31,676	3,151,533	101
Chihuahua	53,272	2,424,064	220
Coahuila	26,552	1,951,216	136
Colima	18,690	472,950	395
Durango	26,634	1,137,201	234
Federal District	210,251	6,913,542	304
Guanajuato	34,767	3,779,185	92
Guerrero	25,080	2,264,184	111
Hidalgo	21,279	1,875,609	113
Jalisco	81,939	10,821,948	157
Mexico	116,167	5,214,266	107
Michoacan	25,286	3,046,758	83
Morelos	22,285	1,287,163	173
Nayarit	20,425	769,684	265
Nuevo Leon	45,702	3,394,205	135
Oaxaca	20,404	2,614,567	78
Puebla	37,539	3,980,085	94
Queretaro	27,165	1,282,872	212
Quintana Roo	34,637	944,046	367
San Luis Potosi	20,074	1,799,393	112
Sinaloa	37,091	1,980,225	187
Sonora	20,549	1,894,678	108
Tabasco	20,829	1,569,074	133
Tamaulipas	38,650	2,366,026	163
Tlaxcala	16,496	811,899	203
Veracruz	39,827	5,510,613	72
Yucatan	28,301	1,420,659	199
Zacatecas	16,146	1,034,697	156
No Especificado <sup>1</sup>	31,425	-	-
National	1,239,368	79,820,742	155

<sup>1</sup> The user did not specify his/her address

\*\*2010 Census. INEGI

Source: CONDUSEF, December 2012.

## Claims with monetary impact, brought by commercial banking clients in Mexico

CONDUSEF also works to become familiarized with the claims directly brought by the clients to their respective financial institutions, as an additional approach to protect and defend financial services users.

In this respect, as a first step, CONDUSEF carries out an analysis of the claims brought by clients of Commercial Banking Institutions during the year.

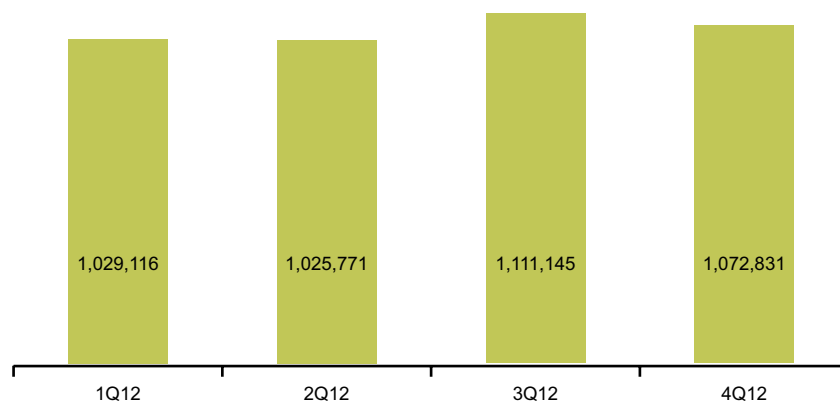
To conduct this analysis, through a cooperation agreement signed with CNBV, CONDUSEF requests and reviews the claims that Commercial Banking Institutions submitted on a quarterly basis to the CNBV, using the R27 regulatory report.

These records contain information on the monetary claims itemized per product, channel and causes that affected the net worth of the clients, as well as the amounts claimed and refunded, if any, to the clients.

A monetary claim is defined as the transaction that presents a value not recognized by the client and directly communicated to the Specialized Unit (UNE, for its abbreviation in Spanish), or to a bank branch or counter, or indirectly to CONDUSEF.

According to the reported data, in 2012 there were over 4.2 million monetary claims against 29 banks (Graph 9.7).

**Graph 9.7 Distribution of monetary claims against banks**



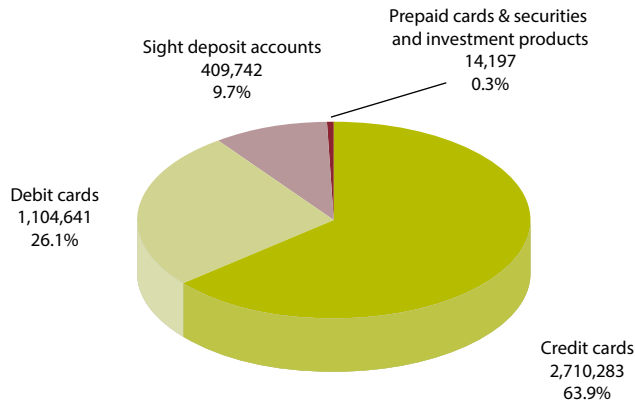
Source: CONDUSEF

## Claims per Financial Products

As we may observe in Graph 9.8, the product having the highest number of reported claims are credit cards, with 2,710,283 claims (63.9% of the total), followed by debit cards, with 1,104,641 (26.1%), and sight deposit accounts, with 409,742 (9.7%).

The remaining claims, 14,197 (0.3%), include prepaid cards and securities and investment instruments.

### Graph 9.8 Distribution of monetary claims per financial product



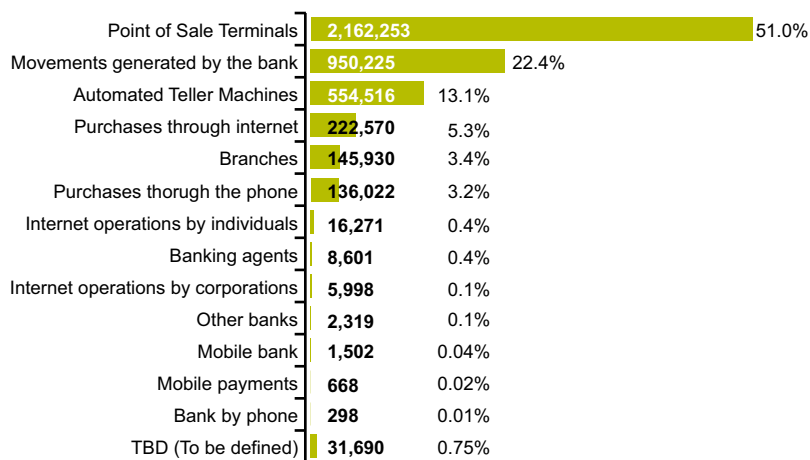
Source: CONDUSEF, with data of CNBV

### Claims per Transaction Channel

Point of sale terminals is the transactional channel with the highest number of reported claims, with 2,162,253 (51.0% of the total), followed by transactions generated by the bank, with 950,225 (22.4%) and ATMs, with 554,516 claims (13.1%).

The transactional channels having the lowest number of claims are telephone banking, with 298 (0.01%), mobile payments, with 668 (0.02%), and mobile banking, with 1,502 (0.04%).

### Graph 9.9 Channels used to make the transaction subject to a claim



Source: CONDUSEF, with data of CNBV.

## Grounds for claim

The most recurring argument given in claims are “Unrecognized charges for purchases not made” directly related to the use of bank cards (credit, debit or prepaid), with 2,454,531 claims (57.9% of the total).

In second and third place we find “Failure to deliver the requested amount” with 302,169 claims (7.1%), and

“Unrecognized charge for other commissions” with 269,247 (6.4%), which refers to commissions other than account handling fees or cash withdrawal fees.

The less recurring claim was “Disagreement with paid yields or capital” with 1,373 claims (0.03%).

**Table 9.10 Grounds for claim**

Grounds	Claims	Share
Unrecognized charge for purchases not made	2,454,531	57.9%
Failure to deliver the requested amount	302,169	7.1%
Unrecognized charges for other concepts	269,247	6.4%
Unrecognized charge for account handling fee	268,944	6.3%
Unrecognized withdrawal	262,399	6.2%
Unrecognized charge of regular and/or past due interest	254,552	6.0%
Automatic payment wrongfully applied, in whole or in part (electronic payments by direct debit)	159,260	3.8%
Non-credited deposit	64,597	1.5%
Mishandled checks	44,988	1.1%
Non-credited payment	35,814	0.8%
Unrecognized charge for cash withdrawal fees	30,663	0.7%
Unrecognized product	25,247	0.6%
Transaction error of the client	14,690	0.3%
Disagreement for alteration of promissory notes	13,425	0.3%
Refund not applied	11,979	0.3%
Unrecognized transfer	10,955	0.3%
Transaction error of the bank	9,398	0.2%
Disagreement with paid yields or capital	1,373	0.03%
To be defined	4,632	0.1%
<b>Total</b>	<b>4,238,863</b>	<b>100%</b>

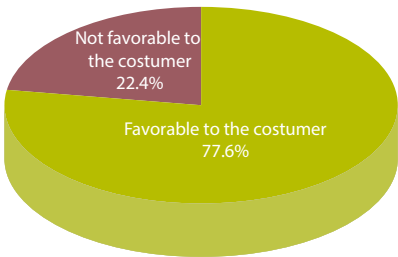
Source: CONDUSEF, with data of CNBV

Results of claims and average response time

Out of the 4.2 million claims registered during 2012, 3.9 million were concluded (94%), while the rest were still pending (6%). Of the concluded claims, 77.6% were favorable for the clients, with an average response time of 12 business days.

The remaining 22.4% were unfavorable for the clients, with an average response time of 13 business days.

Graph 9.11 Results of concluded claims



Source: CONDUSEF, with data of CNBV

The reasons that determined the results (whether favorable or unfavorable) of the claims are shown in Table 9.12.

Table 9.12 Reasons for the ruling

When the result is favorable for the client		Cuando la respuesta es desfavorable al cliente	
Evidence in favor of the client	73%	Evidence in favor of the bank	79%
According to internal policy	26%	Lack of documentation from the client	17%
Expired term for the bank	1%	The client dismissed the claim	2%
		Internal policies*	1%
		Term elapsed for the client	1%
		Claim reported more than once	1%

\* The institution resolves the claim due to any legal or operational aspects, business relationship or any other ruling by the institution.

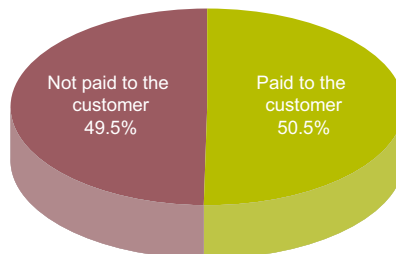
Source: CONDUSEF, with data of CNBV

### Amount claimed and credited to the client

Through the 3.9 million claims concluded in 2012, the clients claimed an amount of 11.31 billion pesos. In those cases where the rulings were favorable for the client, an amount

equivalent to 5.71 billion pesos, i.e., 49.5% of the total amount claimed, was credited.

**Graph 9.13 Amount credited to the client out of the total amount claimed**



Source: CONDUSEF, with data of CNBV

It is important to point out that banks are obligated to report the total number of claims to the CNBV, due to their nature; however, with the Financial Reform CONDUSEF would be able to directly access the total universe of claims of the entire financial sector. With this extended power, we would expect not only a positive impact in the service provided to clients and in the security of financial transactions, but also a positive change in the behavior of the institutions.

CONDUSEF currently considers this topic to be a priority and will promote working groups with the banks, so as to:

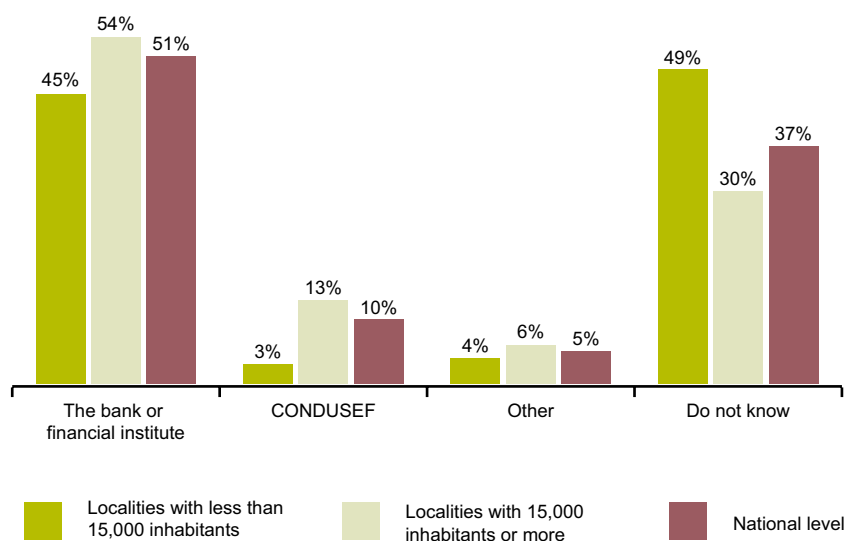
- Define criteria to avoid rejections and reduce the response times.
- Promote transparency and certainty for the users in case of inadmissibility and untimely filing.

- Determine joint and specific actions, both preventive and corrective, in order to reduce the proportions of claims against each of the products, mainly in regards to unrecognized charges for purchases with credit or debit cards.

### **ENIF results in regards to consumer protection**

According to the results of the 2012 National Survey for Financial Inclusion (ENIF), we found that 37% of the population does not know where to turn to in case of a claim or complaint related to a service provided by a financial institution. This percentage is even greater if we only take into account those municipalities with a total population of 15,000 inhabitants. See Graph 9.14.

**Graph 9.14 Institution the individual would contact when having a problem related to the use of a Credit Card per type of locality**



Source: CNBV, with data of INEGI

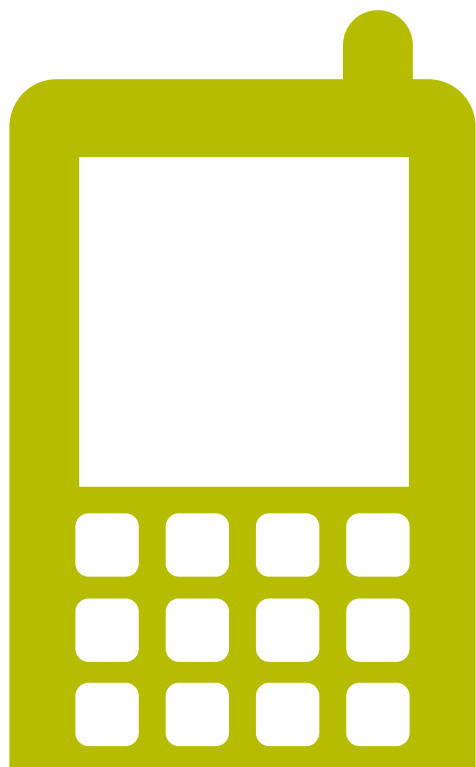
Half of the credit card users (51%) replied they would go directly to the bank or financial institution, if they had any complaint or inconformity regarding the card. It is worth mentioning that 10% of the adults who have a credit card identified CONDUSEF as an organization they could contact in order to resolve a possible dispute with a financial institution.

Based on the financial education efforts made by the CONDUSEF nationwide through its regional offices, we find that, those localities with 15,000 inhabitants and over are better informed of their services since 67% of the credit card users in this type of locality know that, in case of having any

problem with their credit, they can turn to the institution itself or to CONDUSEF. This is very high when compared to the percentage of credit card users (49%) who do not know who to turn to at localities with less than 15,000 inhabitants. These differences highlight the importance of expanding the reach of the actions that promote financial education to service less populated localities.

Finally, the analysis per gender shows that there are no significant differences in the data.

# MOBILE FINANCIAL SERVICES IN MEXICO



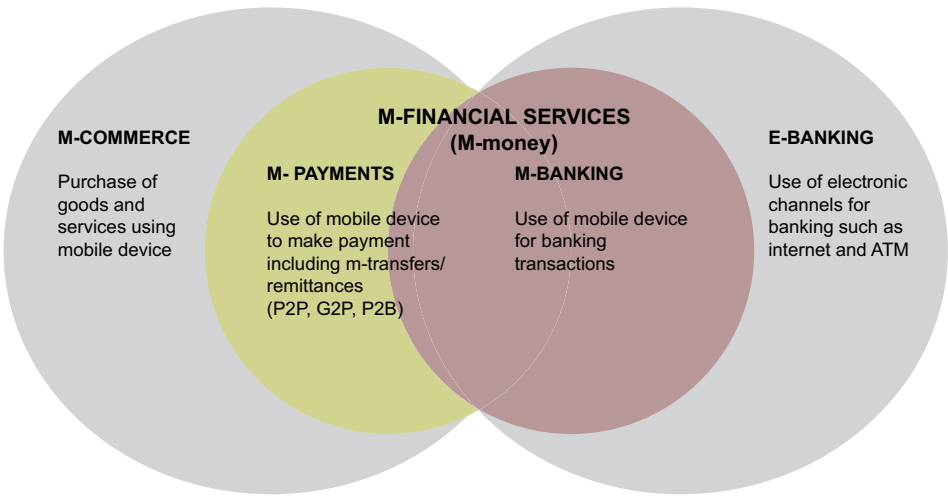
Financial authorities in Mexico have adapted the regulation and have guided public policies to encourage a regulatory framework that, within the financial sector, would favor the development of innovative models to supply financial services outside traditional financial branches, while assuring a high level of security in operations for users, as well as lower transaction costs for both institutions and users.

There is no unique definition for mobile financial services (MFS), partially due to the recent development of the industry; nonetheless, the term suggested by the Alliance for Financial Inclusion (AFI) can be considered. AFI defines mobile financial services as “The use of a mobile phone to access financial services and execute financial transactions. This includes both transactional and non-transactional services, such as viewing financial information on a user’s mobile phone”<sup>1</sup>.

Mobile financial services have emerged in diverse parts of the world during the last decade as a result of an accelerated spread of mobile phone services in the markets of developing

countries, where the high costs of infrastructure to install fixed telephone lines made coverage slow and incomplete. At the same time, the development of mobile telephone services with low costs of installment and innovative schemes to sell mobile communication services, such as prepaid schemes with a decreased cost of mobile devices took off; thus enabling a massive incorporation of this technology. In Mexico, the growth of mobile telephone services users has also been accelerated. In the past ten years, most of the population in Mexico has incorporated the use of a mobile phone in their everyday lives. Given its low cost and high penetration, this channel has become suitable for the development of inclusive financial service models.

**Graph 10.1 General scheme of mobile financial services according to the Alliance for Financial Inclusion**



Source: Alliance for Financial Inclusion. “Mobile financial services: Regulatory approaches to enable access”, November, 2010

1. Alliance for Financial Inclusion (AFI); Guideline Note Mobile Financial Services: Basic Terminology, 2012.

## International background

The provision of financial services through mobile technology started in the Philippines. Since 2001, the Philippines became a pioneer in developing transactional money services through mobile phones by creating a product for remittances and for purchases of national and international airtime. By 2004, a service was developed to offer these features through mobile phones. A recent study<sup>2</sup> reveals that half of the users of mobile money in the Philippines are users that had previously been financially excluded, and a quarter of all users, are persons with low income levels. These financial services have therefore been successful in including more people into the formal financial service market<sup>3</sup>.

In 2007, the most successful mobile financial business model thus far emerged in Kenya, when a dominant telecommunications company started providing a service through a subsidiary that allowed its clients to recharge, send and receive money, using a similar process to the one employed in Mexico to recharge airtime for mobiles phones. The subsidiary rapidly developed an agent network inside small businesses located in suburbs and small communities. The model experienced an impressive expansion of clients for money transfer services, which triggered the growth of financial inclusion in this country. Mobile money in Kenya has evolved over the past six years, from a simple money transfer platform between people, to a platform that allows customers to pay for diverse services through mobile phone accounts, receive remittances from abroad, and acquire assets through low cost savings and loan products. This model started in March of 2007 with 19,671 subscribers, and by early 2013, it already had more than 23 million clients, representing more than half of the country's population.

## Mobile financial services in Latin America and the Caribbean

In Latin America, business models and regulatory policies for mobile financial services have been developed. In countries like Bolivia, Brazil, Colombia, Guatemala, Peru and Paraguay the authorities have revised and modified policies to develop these business schemes safeguarding, on one hand, the users' resources and the integrity of the financial system, and on the other, seeking to increase the supply of financial services by regulated financial institutions.

Some examples of regulatory modifications include:

- Granting new licenses to institutions specialized in electronic means of payment.
- Developing account schemes functioning through a regime of risk mitigation.
- Including new security schemes according to new business models.
- Enabling payment systems that allow the use of new channels for remittances.

The focus to develop a regulation for mobile financial differs by country; it depends on the effort markets have made for the development of these services, on whether there has been an initiative of financial institutions or telecom companies, and on the legal and regulatory structure of the country.

In Paraguay, the development of mobile financial services occurred in a similar way to that of Kenya. The initiatives by telecom companies that sought to offer remittances and money transfers services, led financial authorities to design a payment system based on a regulatory framework that allows these companies to operate and ensure their operations are safe for clients.

In Peru, the legislation was recently modified to include the figure of "electronic money" as a store of value, as well as to define the institutions responsible for regulating electronic money issuance.

In Bolivia's case, the Central Bank is in charge of the regulatory modifications related to the payment system. In markets such as Colombia and Guatemala, with a strong banking sector presence, authorities initially worked to develop a regulatory framework where the banking sector has the primary contractual liability with the client by offering these services. This has led banks to form alliances with telecom companies for the provision of mobile financial services.

Additionally, Colombia is further exploring the development of a regulatory framework, similar to the one in Peru, to allow for the creation of non-financial institutions specialized in regulating the issue of electronic means of payment<sup>4</sup>.

2. GSMA. Mobile Money in the Philippines – The Market, the models and regulation.

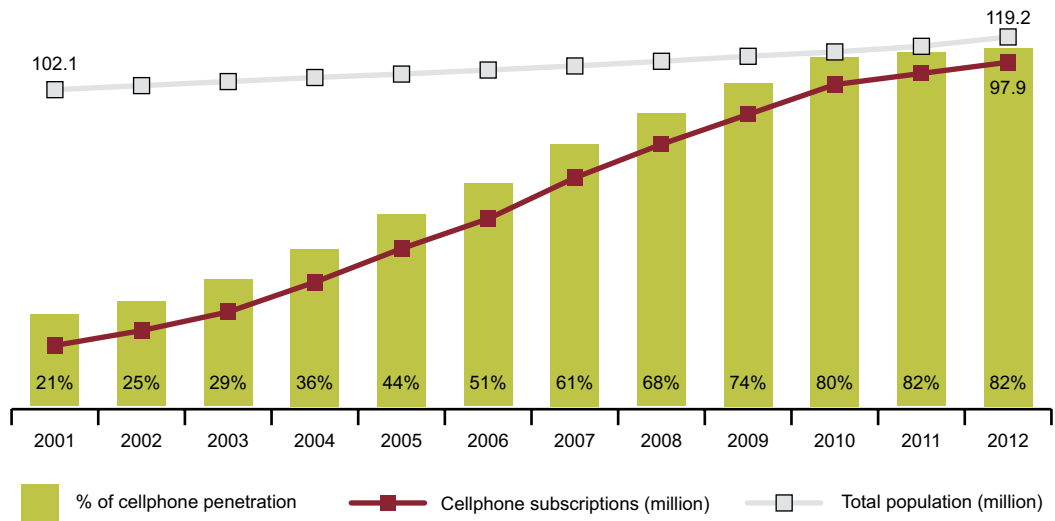
3. AFI. Policy Note: MFS Regulatory Approaches to Enable Access. November, 2010.

4. Alliance for Financial Inclusion. Regulatory approaches for mobile financial services in Latin America, August 2013.

Mobile financial services in Mexico

Considering the rapid penetration of mobile phone services in Mexico, where it is estimated that over 80% of the population owns a mobile phone contract, authorities initiated the development process for a regulatory framework. In its design, this framework had to be flexible enough to trigger competition and to promote the development of various business models and schemes of mobile financial services. At the same time, it had to be based on risks, to promote the orderly development of new businesses models based on new financial products and channels.

Graph 10.2 Evolution of users of mobile phone services



Source: Federal Telecommunications Commission.

In Mexico, financial authorities developed a regulatory structure that followed a “bank-based model”, where the contractual relationship of the client to receive financial services through mobile channels is directly with a regulated commercial banking institution and not with a telecomm company. This model differs from the ones developed in other countries, such as Kenya, where the contractual relationship of the client is directly with the telecomm company (Non-Bank based model).

Regulation of mobile financial services

In Mexico, the regulation was modified to create deposit products that were flexible enough to make it simpler and cheaper for the client to conduct operations through mobile telephone services. It is important to note that this regulation calls for these products to comply with risk guidelines against money laundering and terrorism financing.

The regulatory framework in Mexico allows the user to open bank accounts with a simplified process without requesting onerous documentation. Risks are mitigated by limiting the types of transactions allowed for each type of account or product.

According to the regulation for accounts with a simplified customer due diligence (CDD) process, mobile financial services in Mexico can be linked to level 2 and 3 accounts, as well as to traditional deposit accounts. These types of accounts can be opened at a bank branch, banking agent, and even remotely through a phone call.

In addition, to guarantee the security of these accounts and to avoid frauds, operating rules have been established. These rules include specific requirements for registering accounts; using minimum authentication factors, reporting transactions to clients as required from the institution, including safety factors for passwords and personal identification numbers (PIN), and finally, activating and deactivating (temporarily or permanently) these mobile financial services<sup>5</sup>.

### **Recent development of products linked with mobile financial services**

In some cases, products linked to mobile financial services have emerged through the alliance between banks and mobile phone service companies; while in other cases, the banks have developed apps to facilitate the opening process for transactional accounts that can be linked with any operating phone or mobile device from any mobile telephone service company.

Some characteristics about the products that have been developed thus far include:

The first product developed started operating by leveraging the simplified CDD scheme to massively open low cost accounts. This low cost products with simplified requirements to open the account use second level accounts predominantly. These products offer a debit card as a means of payment, in order to take advantage of ATM networks for cash withdrawals. Also the debit card allow for the payment of services and goods in the affiliated businesses sector. Additionally, these accounts can be linked to almost any mobile device for transfers, balance inquiry and airtime purchases. By the end of 2012, this product reported the highest number of accounts.

The second product that emerged, on April 2012, came to the Mexican market through the alliance between two banks and a mobile phone service company. The target user for the product included the population segments currently not included, or poorly integrated, in the financial system. As in the previous case, this product uses mainly second level deposit product; however, its design includes third level accounts as well (with a wider transactional allowance for small businesses). This product grounds its strategy on the use of cell phone as the main financial channel, and it offers a debit card as an additional option. In this case, the use of a mobile device as a financial channel is key for the product's business scheme. Therefore, it is not only possible to transfer resources directly to another person, but it also allows non-account holders to open an account when a payment is received by mobile phone. It is estimated that this product has 20% of the market.

The third product that arose through a pilot program (see chart 10.3) originated from the strategic alliance between a bank and the telegraph state-owned enterprise Telecom. This product is based, like the previous ones, on the use a second level account. It seeks to offer a flexible process to open an account that can be linked to a cell phone (from any mobile phone supplier company). It also offers an international debit card to make purchases and pay for services. By the end of 2012, this product was just starting to operate with a great growth potential.

Additionally to the previously described products, the World Council of Credit Unions (WOCCU) propelled in Mexico in 2012, a pilot program so that affiliated Cooperative Institutions could offer mobile financial services to their clients through an alliance with an international platform that manages this type of financial service networks, as well as other strategic associates (e.g. processing company of bank card operations and a mobile phone services company).

Since November 2012, a Cooperative initiated a pilot program among its employees, and some selected partners, to carry out tests on diverse mobile services. Some of the offered services included balance inquiries, account transfers, loan payments and airtime purchases.

As a result of this project an expansion of the mobile financial services network as other popular institutions associated to WOCCU find themselves in the authorization process to offer mobile financial services through this platform.

5. For further reference on the regulation for simplified CDD accounts, refer to the modifications to Art. 115 of the Law of Credit Institutions (where the simplified regime for accounts is detailed), as well as the Chapter X of Fifth Title of the General Dispositions for the Law of Credit Institutions.

## Graph 10.3. Pilot program for the adoption of financial services in rural areas

### Pilot Test by Telecomm-Telégrafos to evaluate the adoption of mobile accounts in Santiago Nuyóo<sup>6</sup>, Oaxaca

Telecom-Telégrafos developed in 2012 a pilot test in the locality of Santiago Nuyóo, in Oaxaca to evaluate the financial viability and the economic impact of mobile financial services in rural localities without financial services and/or telecommunications coverage. Santiago Nuyóo was selected because of its population size, less than 2,500 inhabitants; its location, two hours away from access to any kind of financial services; and its lack of mobile telephone service coverage.

The purpose of the study was to measure the impact of mobile phone service usage with bank accounts linked to it. Results would assess the economic viability of installing Telecomm-Telégrafos agencies to offer mobile financial services in rural localities. Additionally, information generated about the transactional profile of the users would help identify the key element that grant value to these services.

#### Test description.

Telecomm-Telégrafos, with the participation of other companies and institutions interested in supporting the development of rural and marginalized localities of the country, opened an office in the locality of Santiago Nuyóo on February of 2011. The "Mobile Payments" pilot test started on January 2012.

The test consisted on installing satellite infrastructure for mobile local use. Also, 316 adults (80% of the adult population in the locality) were given free mobile cell phones to make local calls and send text messages (local SMS). Second level deposit accounts (mobile accounts) were associated to the cell phone<sup>7</sup>. A financial training program was put in place in the locality to facilitate the usage of the devices and mobile accounts among the participating population.

Cell phone users were able to do, for a set cost, balance inquiries, person to person transfers, and calls and send short message services (SMS).

#### Costs for the operations

Operation	Cost
Account deposit	Without cost
Cash withdrawal at Telecomm office	\$12.10
Money transfer by mobile account form person to person	\$3.71
Account balance inquiry through SMS	\$2.00

Source: CGAP 2013

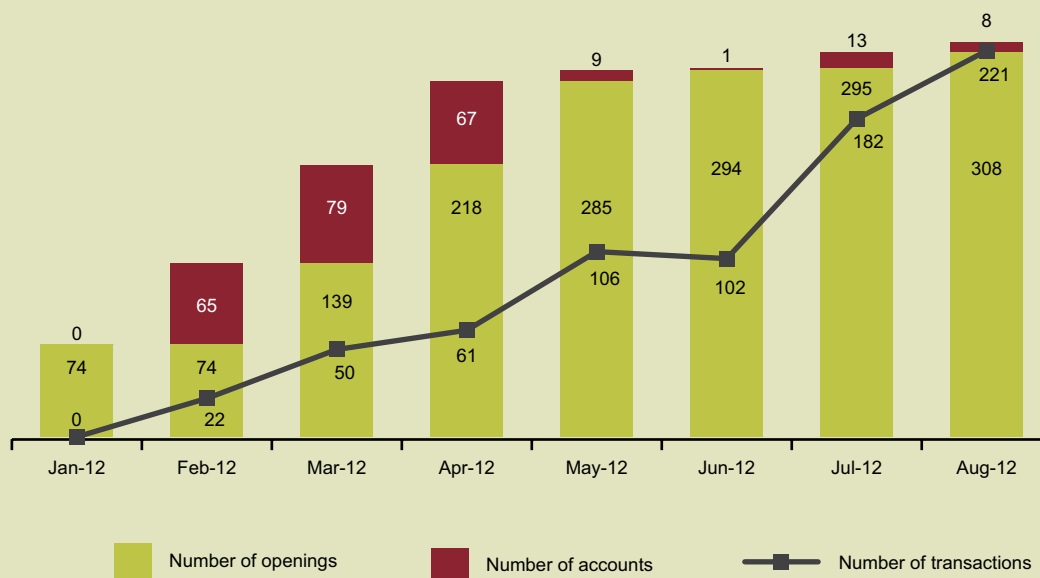
6. Santiago Nuyóo is located in Oaxaca's Mixtec region, inside the district of Tlaxiaco, according to the census made by the INEGI in 2012. It has a population of 1,966 inhabitants. It takes more than two hours for the population to get to any financial institution.
7. The mobile telephone service and financial transactions are limited to the coverage zone (inside the locality). In the locality there are no ATMs or POS terminals, nonetheless, a debit card is associated to the mobile account to allow the use of ATMs and POS terminals outside the coverage zone.

## Test results

From January to August of 2012 the following results were obtained related to the transactional activity:

- 46% of total accounts (146) carried out more than one transaction; meanwhile the remaining 54% (170) performed only one deposit in the account.
- 16% of total accounts performed person to person transfers (P2P).
- Money withdrawal in a Telecomm branch is two times more frequent than the withdrawal at an ATM, even though an ATM withdrawal does not have any cost.

**Number of accounts in the pilot program**



Source: CGAP, 2013

Regarding the profiles of potential users inside the locality, the following were initially identified:

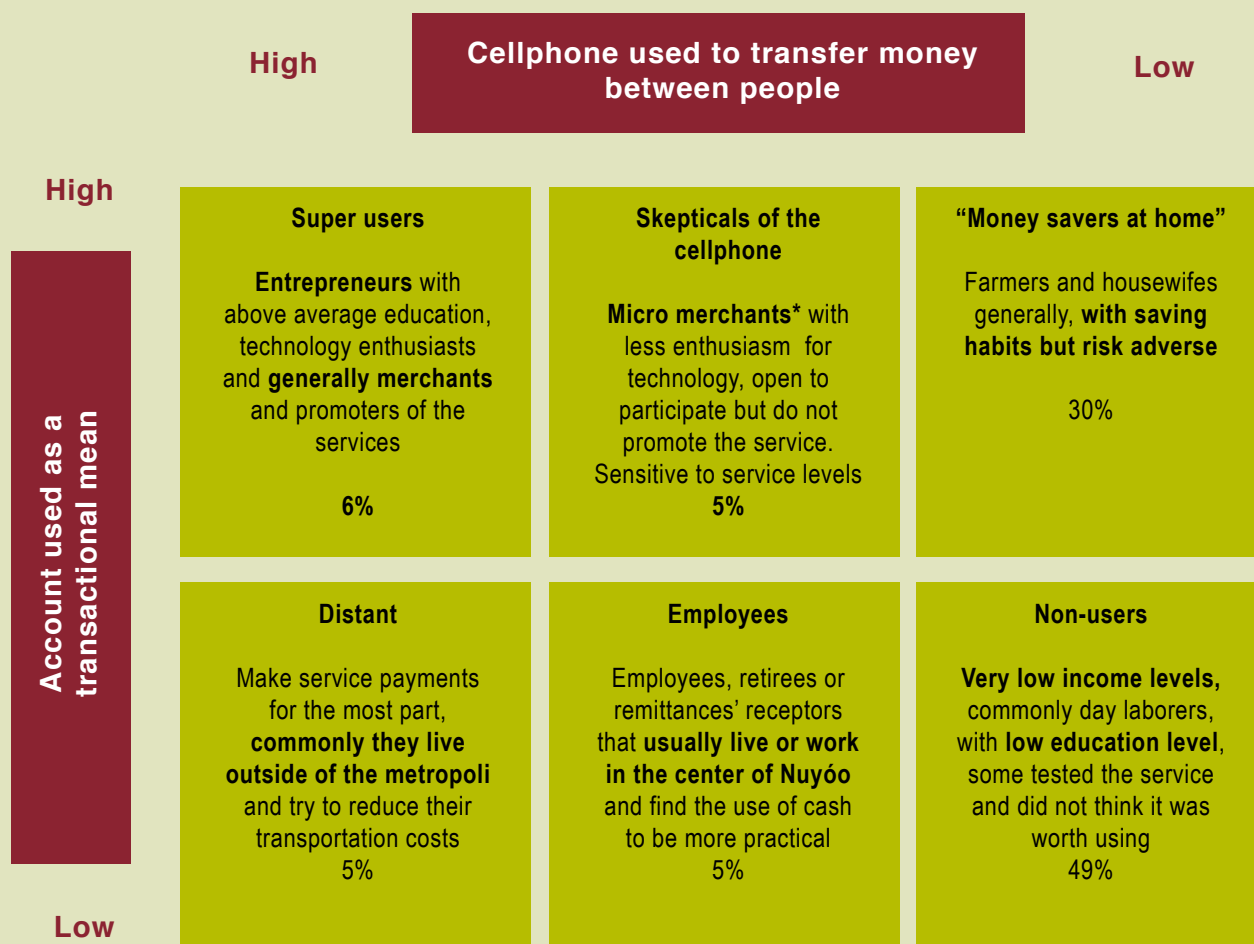
“Saver”: Has a balance inferior to 100 pesos and more than 4 transactions in the period, including withdrawals and deposits.

“Money transmitter”: Accounts that performed 4 or more remittances from their account to another person.

“Transactional”: Has a balance inferior to 100 pesos and more than 12 total transactions, including withdrawals and deposits.

For further analysis, different types of users were interviewed (specifically extreme cases), according to the profiles previously identified. Also, a “focus group” was organized to complement the results. With the information obtained, an additional classification of user profiles was elaborated based on cell phone usage to perform financial transactions and on bank account usage.

The main characteristics of the user profiles after the interviews and the focus group are:



\*Micro-merchants and merchants with a \$50 pesos ticket average.

## Key findings

Test results identified the value attributed to connectivity and financial services by the rural community. Additionally, results showed the correlation between technology and age, economic activity, income and residence.

Another important aspect included the role played by local merchants and external enterprises providing financial services to the community. These two figures are key sponsors for further developing the mobile financial services network so that transactional costs can be reduced promoting higher usage by the community.

It is envisioned to expand the pilot test to other similar communities in order to complement results for the design of national public policy.

Sources:

Telecomunicaciones de Mexico Telecomm-Telégrafos. "Financial Inclusion "; Mexico; November 2012.

Consulting Group to Assist the Poor (CGAP). Results of the pilot program Telecomm/MiFon in the locality of Santiago Nuyóo.

"Analysis of mobile accounts implementation in rural areas." Oaxaca, Mexico, February 2013.

## Mobile financial services indicators in Mexico

The CNBV has worked, alongside AFI's Financial Inclusion Data Working Group (FIDWG) to develop indicators for measuring the evolution and tendencies of these new financial services, from a financial inclusion perspective. Moreover, the international organization that groups mobile telecommunications suppliers (Global System for Mobile Communications Association, GSMA), has proposed similar indicators to evaluate the services of "mobile money for the unbanked"<sup>8</sup>.

**Graph 10.4 Access and usage indicators of mobile financial services in Mexico**

Mobile phone service coverage	Percentage of localities that have mobile cellphone signal.
Number of cash-out points of MFS	Number of cash-out points (branches, banking agents, and/or ATMs) related to mobile financial services per each 10,000 adults.
Municipalities covered by cashpoints of MFS	Percentage of municipalities, where there is a cashpoint presence (branches, banking agents, ATMs) related to the MFS.
Adults with MFS contracts	Percentage of adults that have a financial account linked to their cell phone.
Number of contracts linked to a cell phone per each 10,000 adults.	Number of financial accounts of deposit contracts linked to a cell phone number per each 10,000 adults.

Note: Services linked with MFS' products: (a) non-monetary operations like balance inquiry, etc.; (b) cash withdrawal (cash-out); cash deposit (cash-in); (d) transfers to accounts (P2P); (e) remittances (P2P with no account); (f) government transfers (G2P); (g) utilities payment (P2Businesses), (h) tax payment (P2G); (i) business payments to suppliers and/or other businesses (B2B).

Source: AFI and CNBV

8. GSMA, Claire Penicaud (2013). Mobile Money for the Unbanked. The industry status: Results of 2012's Survey about the adoption of mobile money globally.

## Mobile phone services coverage

This indicator estimates the reach of mobile communications technology and its evolution over time. This is an important factor, as it determines the effectiveness of the business schemes based on technology, in financial inclusion terms.

An analysis with information from Telecomm regarding signal coverage shows that, by end 2012, approximately 53% of Mexico's localities receive mobile phone service signal. It is important to note that the majority of these localities include densely populated areas.

**Table 10.5 Coverage of cell phone signal in localities per federal entity**

State	Number of municipalities	Population	Number of localities	Localities with coverage	Localities without coverage	% of localities with mobile signal coverage
Aguascalientes	11	1,233,923	1,989	1,949	40	98.0%
Baja California	5	3,328,622	4,541	4,394	147	96.8%
Baja California Sur	5	695,409	2,850	1,743	1,107	61.2%
Campeche	11	866,376	2,778	1,289	1,489	46.4%
Coahuila	38	2,854,334	3,823	3,747	76	98.0%
Colima	10	685,395	1,235	1,210	25	98.0%
Chiapas	118	5,050,573	20,047	5,228	14,819	26.1%
Chihuahua	67	3,598,789	12,230	5,588	6,642	45.7%
Federal District	16	8,911,663	547	547	0	100.0%
Durango	39	1,709,743	5,794	2,116	3,678	36.5%
Guanajuato	46	5,668,183	8,995	6,303	2,692	70.1%
Guerrero	81	3,499,511	7,288	2,079	5,209	28.5%
Hidalgo	84	2,768,971	4,714	2,334	2,380	49.5%
Jalisco	125	7,644,153	10,946	7,490	3,456	68.4%
Mexico	125	16,106,488	4,840	3,367	1,473	69.6%
Michoacan	113	4,494,733	9,426	4,407	5,019	46.8%
Morelos	33	1,850,811	1,504	1,266	238	84.2%
Nayarit	20	1,155,450	2,700	1,316	1,384	48.7%
Nuevo Leon	51	4,868,845	5,264	3,833	1,431	72.8%
Oaxaca	570	3,930,832	10,492	2,021	8,471	19.3%
Puebla	217	6,002,165	6,400	3,084	3,316	48.2%
Queretaro	18	1,912,802	2,711	1,592	1,119	58.7%
Quintana Roo	9	1,443,911	1,993	1,636	357	82.1%
San Luis Potosi	58	2,675,311	6,828	3,326	3,502	48.7%
Sinaloa	18	2,905,751	5,845	3,506	2,339	60.0%
Sonora	72	2,809,811	7,266	7,160	106	98.5%
Tabasco	17	2,309,070	2,499	1,202	1,297	48.1%
Tamaulipas	43	3,419,338	7,340	5,230	2,110	71.3%
Tlaxcala	60	1,224,640	1,292	1,117	175	86.5%
Veracruz	212	7,858,609	20,824	8,206	12,618	39.4%
Yucatan	106	2,036,699	2,506	2,456	50	98.0%
Zacatecas	58	1,536,670	4,672	2,269	2,403	48.6%
<b>National</b>	<b>2,456</b>	<b>117,057,581</b>	<b>192,179</b>	<b>103,011</b>	<b>89,168</b>	<b>53.6%</b>

Source: Telecomunicaciones de Mexico (Telecomm-Telégrafos), Documental memory about financial inclusion, 2012

## Cashpoints linked to mobile financial services

By the end of 2012, three operating products were linked to mobile financial services through four authorized banks.

The indicator of cashpoints linked to a mobile financial service per each 10,000 adult on a national level was 8.04 in 2012. These cashpoints include the network of ATMs, banking agents and bank branches that offered mobile financial services. It is important to note that the banking institutions that offered this type of service included those with greater infrastructure of access points nationwide.

**Table 10.6 Indicator of access cashpoints per each 10,000 adults**

Access cashpoints	Adult population (15 years or older) in 2012	Indicator per each 10,000 adults
67,002	83,368,094	8.04

Source: CNBV, 2012

Up to December of 2012, 66% (1,610 municipalities) of total municipalities in the country had at least one access cashpoints through mobile financial services.

Graph 10.7 shows the main services offered by the products linked to Mobile Financial Services.

**Graph 10.7 Offered services through linked products to MFS**

Main services
Balance inquiry through mobile phone
Cash withdrawal at ATMs or own banking agent network
Cash deposits at own banking agent network or branches
Transfers to another account of the same product (P2P)
Payments or purchases in an establishment or a business through a POS terminal (Debit card needed)
Tax payment (P2G)
Interoperability with other money services or mobile payment through the Interbank Electronic Payment System (SPEI, for its abbreviation in Spanish)

Source: CNBV, 2012

According to the ENIF, approximately 1.4 million adults, between 18 and 70 years old, declared using banking services through their cell phone. This represents 2% of all people inside that age range. Also it is worth mentioning, that most of the people, that affirmed they have this type of products, live in urban localities with more than 15,000 inhabitants. In a matter of gender, slightly more than half of these users are men.

Additionally, there is information related with the usage of these services during the three months prior to the date of the interview, where 65% of respondents (1.3% of total population) claimed to have used these services in a similar proportion by type of locality and gender of users. It is expected, as soon as these business models reach maturity, that the service can be brought to rural areas and for their use to be equal in both women and men.

**Table 10.8 Adults with financial products linked to MFS**

**Number of persons that declared they have hired the service**

Size of the locality	Total	Men	Women
Localities with less than 15,000 inhabitants	195,542**	158,962**	36,580**
Localities with 15,000 inhabitants or more	1,242,041	741,718	500,325*
<b>Total</b>	<b>1,437,583</b>	<b>900,678</b>	<b>536,905*</b>

**Percentage of MFS users relative to the total of users of financial services**

Size of the locality	Total	Men	Women
Localities with less than 15,000 inhabitants	0.3%**	0.4%**	0.1%*
Localities with 15,000 inhabitants or more	1.8%	2.0%	1.5%*
<b>Total</b>	<b>2.0%</b>	<b>2.4%</b>	<b>1.7%*</b>

\* Numbers with coefficient of variation from 15% to 25%; \*\* Numbers with coefficient of variation higher than 25%.

Source: ENIF, 2012.

**Table 10.9 Adults that claimed they have used a product linked to a MFS in the past three months**

**Number of users that declared using mobile financial services in the last 3 months**

Size of the locality	Total	Men	Women
Localities with less than 15,000 inhabitants	130,397*	93,817**	36,580**
Localities with 15,000 inhabitants or more	806,903	479,735*	327,168*
<b>Total</b>	<b>937,300</b>	<b>573,552</b>	<b>363,748*</b>

**Percentage of users that declared using mobiles financial services in the last 3 months**

Size of the locality	Total	Men	Women
Localities with less than 15,000 inhabitants	0.2%*	0.2%**	0.1%**
Localities with 15,000 inhabitants or more	1.1%	1.3%*	1.0%*
<b>Total</b>	<b>1.3%</b>	<b>1.5%</b>	<b>1.1%*</b>

\* Numbers with coefficient of variation from 15% to 25%; \*\* Numbers with coefficient of variation higher than 25%.

Source: ENIF, 2012.

### **Contracts linked to mobile financial services in Mexico**

The number of contracts for these mobile services reported periodically by institutions to the CNBV, in respect to 10,000 adults, helps reveal the proportion of people that use mobile financial services.

As of December 2012, institutions reported a total of 883,657 accounts linked to a mobile device, equivalent to 106 contracts linked directly to mobile financial services per each 10,000 adults.

**Table 10.10 Contracts linked to a MFS per each 10,000 adults**

Product	Total
Number of accounts linked	883,657
Indicator per each 10,000 adults	106

Source: CNBV, December 2012

Mobile financial services set the baseline for the first products in the market, which have the purpose to promote greater financial inclusion among the population currently excluded from the formal financial system.

Additionally, indicators give a perspective of the potential that these mobile services have and their level of penetration. These indicators help to identify the necessary next steps for improving the regulation in order to promote this market's growth and to increase the opportunity for providing financial services to the currently excluded population segments. Also, to have a positive impact on the currently excluded population segments through low-cost secure services that, at the same time, are convenient to satisfy their transactional, deposit, loan and insurance financial needs.

### **Next steps in the development of mobile financial services in Mexico**

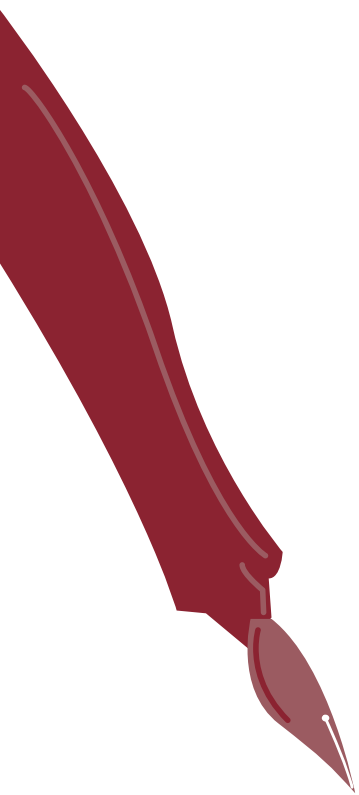
Given that there is great potential in the expansion of mobile financial services, there is great interest to further enhance

the rules and conditions that encourage business models to achieve their potential and achieve scale economies mainly penetrating markets where currently financial inclusion has not been enough. Similarly to what has happened in other countries.

Interoperability between diverse mobile services available today, is a fundamental requirement in order to ensure that the various networks of money deposit and withdrawal financial channels reach enough scale. It is also needed to make these businesses sustainable in a long term, and to solve the financial service needs of a greater proportion of society.

The development of new products by other non-bank financial intermediaries that are also integrated in traditional payment systems, such as the case of the Popular Savings and Loan Institutions, is imperative to favor the integration of these services in rural and marginalized areas of the country.

# AFTERWORD



The fifth report of Financial Inclusion represents a coordinated effort among financial authorities to establish Financial Inclusion indicators based on statistical information collected through regulatory reports and on additional measurements obtained from the ENIF to have a demand-side perspective of financial services and thereby identify the main challenges to promote greater financial inclusion in our country.

# AFTERWORD

The points of access to the financial services that exist in the country include branches, ATMs, points of sale terminals (POS), banking agents, mobile banking, and internet banking. As of the fourth trimester of 2012, the number of branches reached 16,097, that is to say, 1.93 branches for every 10,000 adults. The number of ATMs remained stable, with 4.89 ATMs for every 10,000 adults.

Bank branches offer coverage to 47% of the nation's municipalities, while ATMs provide coverage to 1,329 municipalities (54% of the nation's municipalities). Considering all the cash out access points (branches, ATMs and banking agents), the coverage reaches 68% of municipalities where 97% of the nation's adult population lives.

The 2012 National Survey for Financial Inclusion (ENIF) provides a unique opportunity to analyze financial services from the demand perspective. According to its results, branches are the channel most commonly used by the population, with 40.5% of the adults accessing them, followed by ATMs with 38%. Despite it being a relatively new channel, 30% of the adult population report using banking agents. As of December 2012, there were 11,544 deposit products for every 10,000 adults, that is, 96 million contracts. From these, 10 million contracts (1,203 for every 10,000 adults) were placed by the Popular Savings and Loan Institutions (EACP) and the remaining 86 million contracts (10,341 for every 10,000 adults) by commercial banks. From December 2009 to December 2012, the number of debit card contracts of the Banking sector experienced an annual growth rate of 21.1%, going from 53 to 93 million in three years. For the EACP, debit cards issued by Cooperatives have shown significant growth as they have maintained an annual average rate of 101.1% reaching 250,000 cards by the end of 2012, equivalent to 21 debit cards for every 10,000 adults.

According to the results of the ENIF, 25 million adults have at least one formal savings product; among them, 24 million own a debit card. The most widely used savings products are payroll accounts with 15.1 million users, followed by savings accounts with 11.6 million users.

The new credit products issued by the banking sector (personal loans, payroll credits and auto loans) and EACP (commercial loans) are incorporated into the analysis of indicators to take into account the expansion of credit products.

The number of credit products presented a growth of 28% from 2011 to 2012, going from 4,227 credit products for every 10,000 adults to 5,407, which translates into a total of 45 million contracts in the country. The credit products of commercial banks represent 94% (42.3 million contracts) of the total credit products for individuals, followed by the products from EACP which represent 6% (2.7 million credits).

For the banking sector; the number of credit cards for every 10,000 adults was of 3,108 contracts (25.9 million contracts in total), decreasing by 6% when compared to the number of contracts in the last year. As for consumer credits, personal banking loans represented 947 for every 10,000 adults (7.9 million in total), payroll credits 481 for every 10,000 adults (4 million), group credits 330 for every 10,000 adults (2.7 million) and auto loans reached, 80 for every 10,000 adults (669 thousand).

The ENIF revealed that approximately 27.5% of the adults used a credit card/product from financial institutions or a credit card from a commercial, department, or self-service establishment.

In the context of transactions, cash withdrawals through ATMs has been one of the most frequently used transactions in history; however the usage of other means of payment like debit and credit cards has been growing. In 2012, for the first time, the number of payments through banking cards (1,475 million of payments through POS terminals) was bigger than the number of cash withdrawals at ATMs (1,422 million cash withdrawals).

Banking agents, which have been operating for three years, report approximately 72,000 of transactions during 2012 for an amount of almost 104 billion pesos. The accumulated growth rate for number of transaction from 2010 to 2012 was 46.9% per year.

Mexico received 22,438 million dollars in remittances from the exterior during 2012; the value of remittances declined by 1.6% compared to that of remittances received last year. The average value per remittance was of 269 dollars (approximately 3,497 Mexican pesos).

For insurance products, the market penetration represented 2.0% of the GDP as of December 2012; meanwhile, the premium per capita ascended to 2,703 pesos per person at the end of 2012, which represented an annual real growth of 6.7% compared to the premium at the end of 2011. Life insurance represented 40.6% of the total insurance portfolio by the end of 2012. From a total of 70.38 million adults represented by the ENIF, only 15.49 million reported having an insurance product, which is equivalent to 22% of the country's adult population. Among them, 12.23 million (79%) have life insurance, followed by 5.1 million who have car insurance (33%) and 4.68 million who have health insurance (30%).

As of December 2012, 48.5 million accounts were managed by Afores, of which 224,456 were independent accounts, 47.3 million IMSS accounts and 1.03 million ISSSTE accounts. Nevertheless, approximately 670 thousand accounts used

the mechanism of voluntary saving by the fourth trimester of 2012. The total amount of individual accounts represents 12.4% of the country's GDP, with a total of 1.9 trillion pesos. According to results from the ENIF, it is estimated that 19.6 million adults are entitled to have social insurance; among them, 13.9 million affirmed their payroll had been discounted to contribute to their Afore, while 5.7 million answered their salaries had not been discounted or that they were not aware of the discounts. Also, of the total of adults that affirmed to have been discounted, only 5.2% report making additional voluntary contributions.

The payments made by the Government to individuals, pensioners and beneficiaries of social programs have evolved in the last years due to the implementation of electronic payment systems. These systems, through components such as the unique account for the Treasury, have also improved the financial management of federal funds. By the end of 2012, the number of processed payments in the SPEI by the TESOFE surpassed 62.3 million for that year.

The Bank for National Savings and Financial Services (BANSEFI, for its acronym in Spanish) has implemented diverse actions in the past years in order to accelerate the distribution of government programs granted through electronic means. As of December 2012, BANSEFI was present in 97.8% of the country's municipalities through its banking network and its closed-network POS terminals. During 2012, BANSEFI granted around 41.2 million payments to social program beneficiaries.

CONDUSEF aims to transmit financial knowledge and develop useful skills on a daily basis. To achieve this objective, it has created programs such as "Financial Education, Your Gain", through which it seeks to develop consumer capabilities and spread information related to financial products and services. Furthermore, CONDUSEF has created strategies to provide information according to consumer profiles and their specific needs. Coupled with these efforts, it has coordinated the National Week for Financial Literacy (SNEF,

by its abbreviation in Spanish), created in 2008 with the firm purpose of raising awareness among kids, young people and the general public about the importance of financial literacy in enhancing the well-being of individuals and families.

Also, CONDUSEF focuses on developing strategies to protect and defend the rights and interest of financial services users in the nation. In this respect, it concentrates its efforts in two dimensions: preventive actions, through the elaboration and establishment of financial educational programs; and corrective actions as an arbitrator in the resolution of conflicts or disagreements that may arise between the user and financial institutions.

During 2012, the CONDUSEF performed slightly more than 1.2 million actions in the defense of users, which represents a one year increase of 11.8%, passing from 1,108,487 to 1,239,368. The demographic indicator increased 11.5% by the end of 2012, reaching 155 defense actions for every 10,000 adults. Of the total defense actions, 82.6% are related to counseling and consultations, including questions on the functioning of financial products and information on Afores. Of the total actions performed, 16.8% are related with claims and controversies.

The Mexican financial authorities work jointly to develop regulation and to guide public policies in order to give incentives for the creation of models that would allow for a greater supply of financial services through the usage of new technologies, such as mobile financial services. These models should benefit both users and financial institutions because they can reduce the cost of financial products and services.

There is a great potential inside the development of new models from non-bank regulated financial intermediaries to achieve expansion in rural and underserved areas of the country and thereby promote financial inclusion for the entire population.



# BIBLIOGRAPHY

Alliance for Financial Inclusion (AFI) Work Group "Measuring Financial Inclusion", Core Set of Financial Inclusion Indicator, 2012.

Alliance for Financial Inclusion (AFI) Beatriz Miranda "Enfoques Regulatorios para los Servicios Financieros Móviles en Latino América" (Regulatory Approaches for Mobile Financial Services in Latin America). Published at the AFI's Global Policy Forum at Kuala Lumpur. 2013

Alliance for Financial Inclusion (AFI). Guideline Note, "Mobile Financial Services Basic Terminology", 2012.

Alliance for Financial Inclusion (AFI). Policy Note, "Mobile Financial Services Regulatory approaches to enable access", 2010.

Mexican Internet Association (AMIPCI, for its abbreviation in Spanish), "Estudio sobre la Banca por Internet en México" (Study about Internet Banking in México), 2012.

Central Bank of the Mexican Government. Statistic Information. ([www.banxico.org.mx](http://www.banxico.org.mx)), 2012

World Bank, "General Guidelines for the Development of Governmental Payment Programs". August, 2012.

Consultative Group to Assist the Poor (CGAP)/ International Finance Corporation(IFC), Oya Pinar, Kathryn Imboden and Alexia Latortue. "Financial Access 2012: Getting into a more comprehensive picture", 2013

Consultative Group to Assist the Poor (CGAP).Telecomm Pilot Results/ MiFon in Santiago Nuyóo: "Análisis de la adopción de cuentas móviles en el medio rural", (Analysis of Mobile Accounts adoption in rural areas) Mimeografía, (Mimeograph) México, 2013.

Federal Communication Commission. Statistic Information ([www.cofetel.gob.mx](http://www.cofetel.gob.mx)), México, 2013.

National Banking and Securities Commission (CNBV, for its abbreviation in Spanish). "Ahorro Financiero y Financiamiento en México", (Financial Savings and Financing in México). August, 2013

National Banking and Securities Commission (CNBV). Statistic Information ([www.cnbv.gob.mx](http://www.cnbv.gob.mx)).

National Banking and Securities Commission (CNBV). "Financial Inclusion Report No. 1 ", 2009

National Banking and Securities Commission (CNBV). "Financial Inclusion Report No. 2 ", 2010

National Banking and Securities Commission (CNBV). "Financial Inclusion Report No. 3 ", 2011

National Banking and Securities Commission (CNBV). "Financial Inclusion Report No. 4 ", 2012

# BIBLIOGRAPHY

National Banking and Securities Commission (CNBV). And the Inter-American Development Bank (BID, for its abbreviation in Spanish). "National Survey for Competitiveness, Financing Sources and usage of Financial Services in Companies", México, 2011.

National Banking and Securities Commission (CNBV) and the Economic Commission for Latin-America and the Caribbean (CEPAL, for its abbreviation in Spanish). "Survey for Banks about financing to micro, SMEs. Report of the Results", México, 2011.

National Banking and Securities Commission (CNBV) and the National Institute of Statistics and Geography (INEGI, for its abbreviation in Spanish). National Survey for Financial Inclusion, "Descriptive Analysis of the Results", September, 2012, México, 2013.

National Banking and Securities Commission (CNBV) and the National Institute of Statistics and Geography (INEGI, for its abbreviation in Spanish). National Survey for Financial Inclusion, "El Desarrollo de una Encuesta de Demanda: El caso de México" (The development of a demand survey: México's case), México, 2011.

National Insurance and Surety Bonds Commission (CNSF, for its abbreviation in Spanish). Circular S-8.1.

National Insurance and Surety Bonds Commission (CNSF, for its abbreviation in Spanish). "Statistical Yearbook of Insurance and Surety Bonds 2011", México, 2011.

National Financial Services Users Protection Commission (CONDUSEF, for its abbreviation in Spanish) "Statistical Yearbook 2012", México, 2012.

Official Gazette of the Federation (DOF, for its abbreviation in Spanish) Ministry of Treasury and Public Credit. Agreement on which the National Council for Financial Inclusion was created, México, October 2011.

Official Gazette of the Federation (DOF, for its abbreviation in Spanish). Law of Credit Institutions (LIC, for its abbreviation in Spanish). México, July, 1990 and update by the Decree published in the DOF. México, May, 2010. Law of Retirement Savings Systems. México, May, 1996.

Official Gazette of the Federation (DOF, for its abbreviation in Spanish). General Law of Insurance Institutions and Mutual Societies. México, August 1935.

G-20 Global Partnership for Financial Inclusion, Data and Measurement Subgroup. "Towards a Comprehensive Set of Financial Inclusion Indicators", 2012.

G-20 Global Partnership for Financial Inclusion, Data and Measurement Subgroup. "The G-20 Financial Inclusion Basic Indicators", 2013.

GSMA, Penicaud, Claire. Mobile Money for the Unbanked series "El Estado de la Industria: Resultados de la Encuesta de 2012 sobre la Adopción de dinero Móvil a Nivel Global", (The Status of the Industry: Results of the 2012 Survey about Mobile Money adoption worldwide), 2013.

GSMA. "Mobile Money in the Philippines, the Market, the Models and Regulation", 2012.

National Institute of Statistics and Geography (INEGI, for its abbreviation in Spanish). Several Statistics ([www.inegi.org.mx](http://www.inegi.org.mx)), México, 2012.

National Institute of Statistics and Geography (INEGI, for its abbreviation in Spanish). National Survey for Financial Inclusion. Information of the Results ([www.inegi.org.mx](http://www.inegi.org.mx)), México, 2013.

National Institute of Statistics and Geography (INEGI, for its abbreviation in Spanish). National Survey of Income-Expenditure in Dwellings 2010 (ENIGH, for its abbreviation in Spanish), México, 2010.

Telecomunicaciones de México (Telecomm-Telégrafos). Documental Memory, "Inclusión Financiera" (Financial Inclusion). México, 2012.

# STATISTICS AT STATE LEVEL

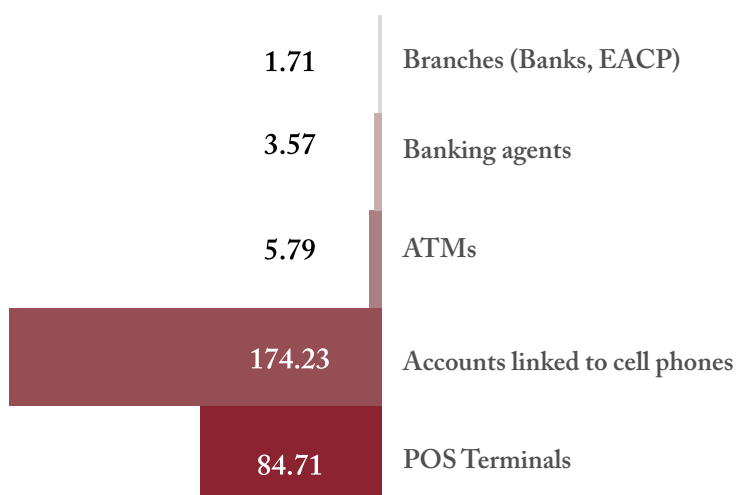
## ANNEX 1

# AGUASCALIENTES



## ACCESS

### Access demographic indicators\*

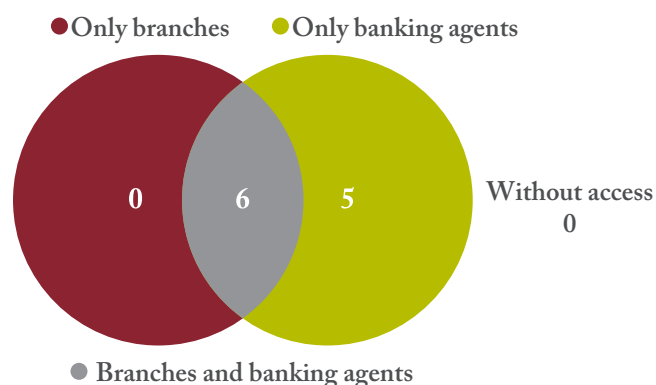


## CONSUMER PROTECTION

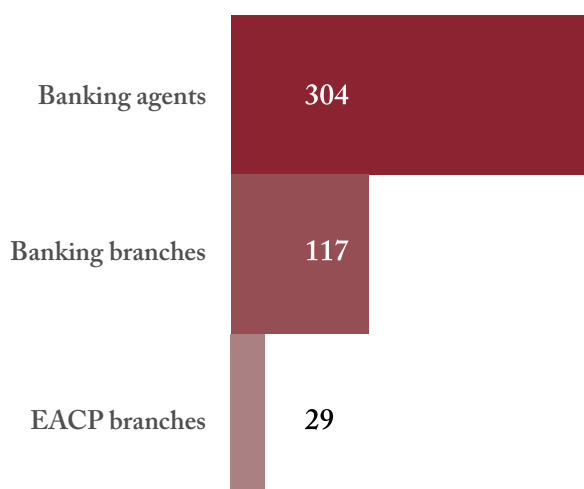
Consumer protection demographic indicator\*

Defense actions by CONDUSEF 388

### Municipalities with at least one access channel



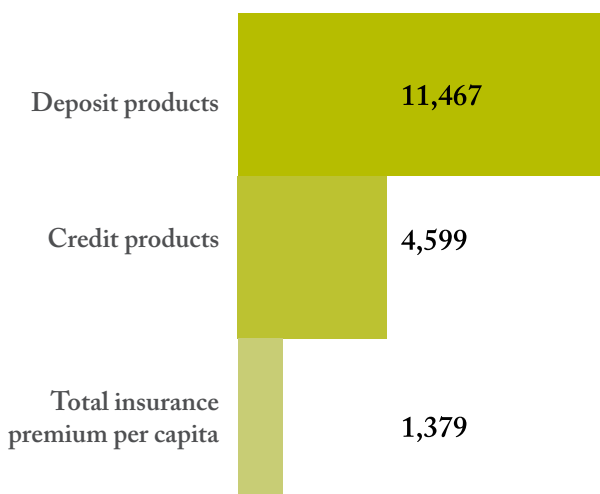
### Financial infrastructure



Adult population with possibility of access ( at least one channel) 851,594

Percentage of the adult population with possibility of access 100%

### Usage demographic indicators\*



## USAGE

\*Demographic indicators are measured for every 10,000 adults

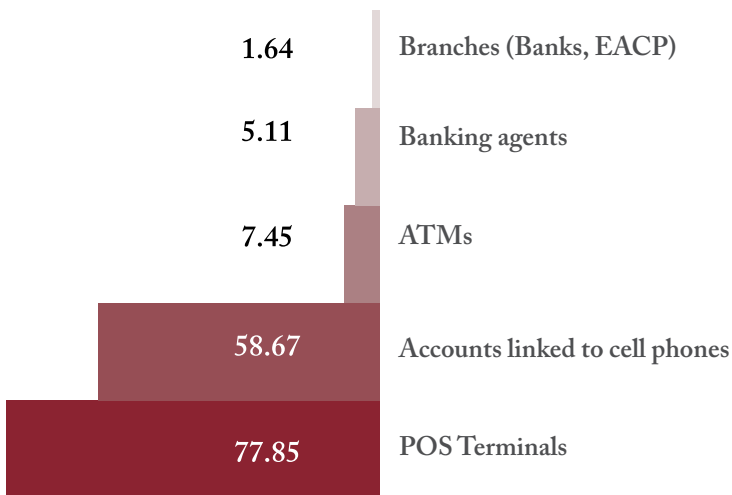


# BAJA CALIFORNIA

Municipalities		5
Adult population		2,400,848

## ACCESS

### Access demographic indicators\*

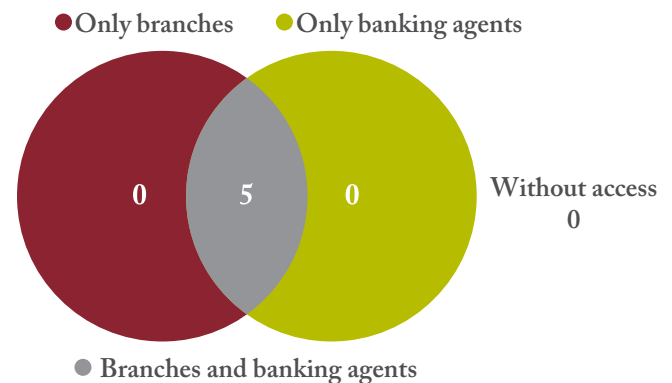


## CONSUMER PROTECTION

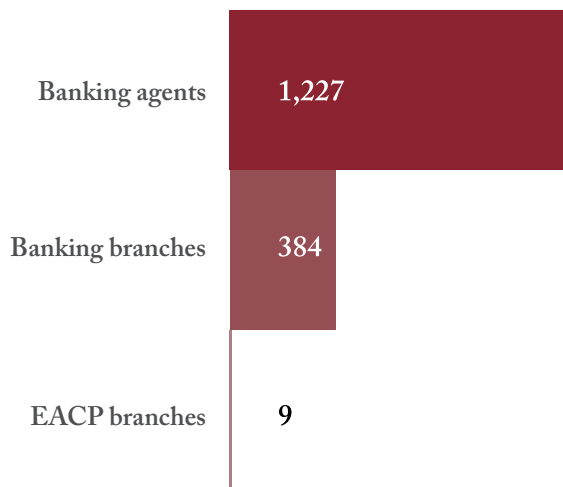
Consumer protection demographic indicator\*

Defense actions by CONDUSEF 140

### Municipalities with at least one access channel



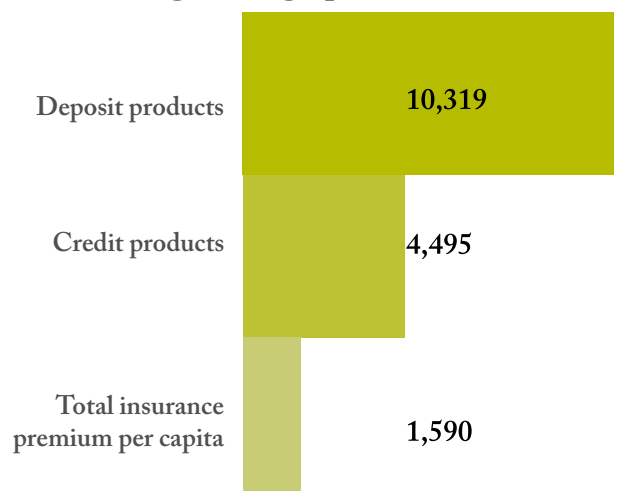
### Financial infrastructure



Adult population with possibility of access ( at least one channel) 2,400,848

Percentage of the adult population with possibility of access 100%

### Usage demographic indicators\*



## USAGE

\*Demographic indicators are measured for every 10,000 adults

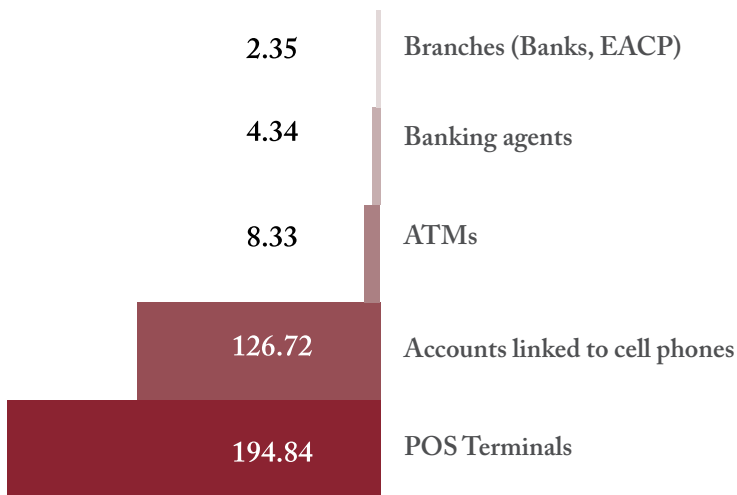


# BAJA CALIFORNIA SUR

Municipalities		5
Adult population		497,222

## ACCESS

### Access demographic indicators\*



## CONSUMER PROTECTION

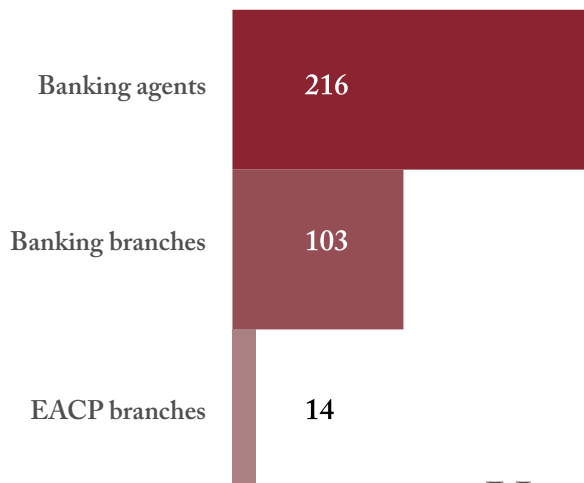
Consumer protection demographic indicator\*

Defense actions by CONDUSEF 231

### Municipalities with at least one access channel



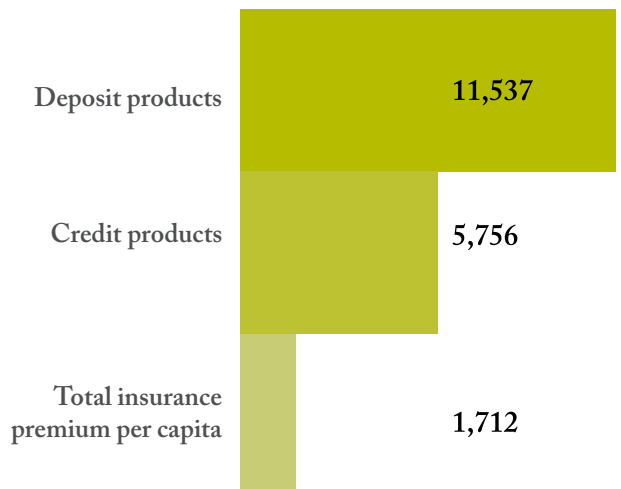
### Financial infrastructure



Adult population with possibility of access ( at least one channel) 497,222

Percentage of the adult population with possibility of access 100%

### Usage demographic indicators\*



## USAGE

\*Demographic indicators are measured for every 10,000 adults

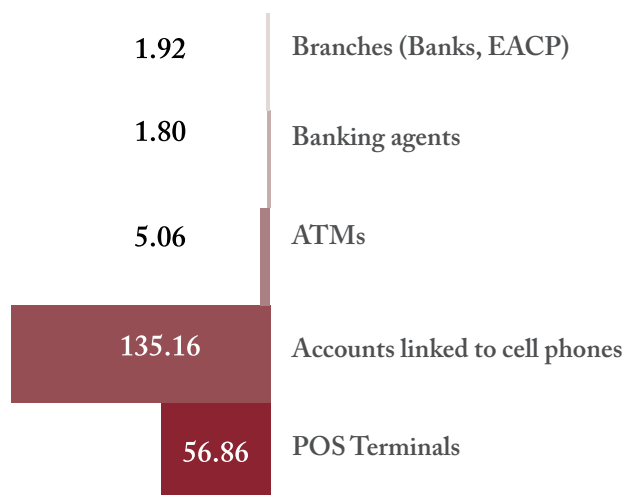
# CAMPECHE



Municipalities		11
Adult population		620,951

## ACCESS

Access demographic indicators\*

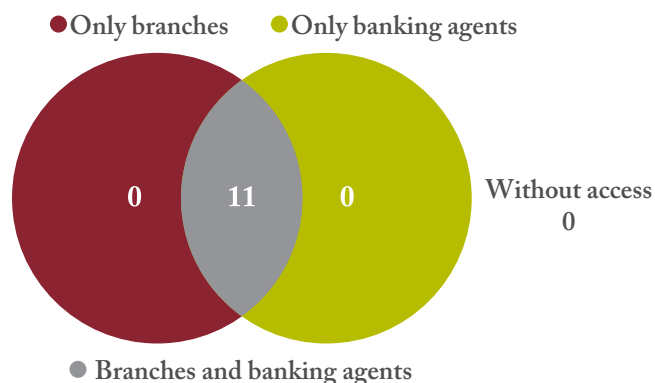


## CONSUMER PROTECTION

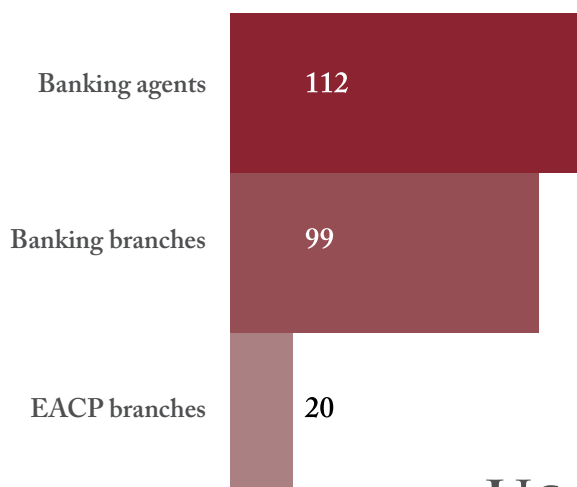
Consumer protection demographic indicator\*

Defense actions by CONDUSEF 283

Municipalities with at least one access channel



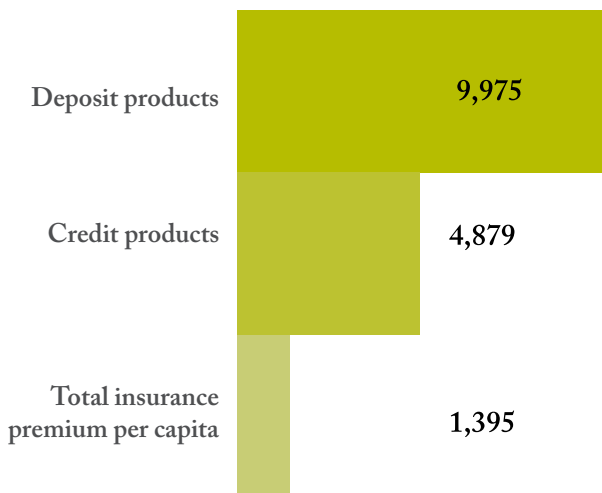
## Financial infrastructure



Adult population with possibility of access ( at least one channel) 620,951

Percentage of the adult population with possibility of access 100%

Usage demographic indicators\*



## USAGE

\*Demographic indicators are measured for every 10,000 adults

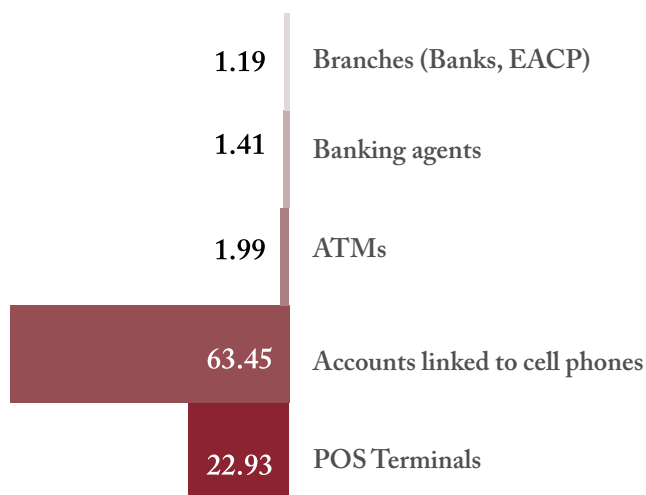
# CHIAPAS



Municipalities		118
Adult population		3,346,082

## ACCESS

### Access demographic indicators\*

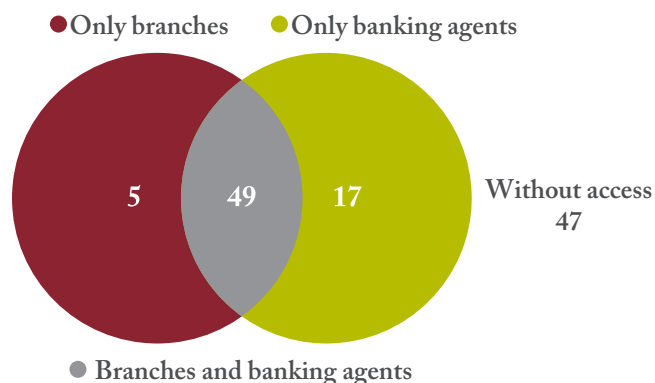


## CONSUMER PROTECTION

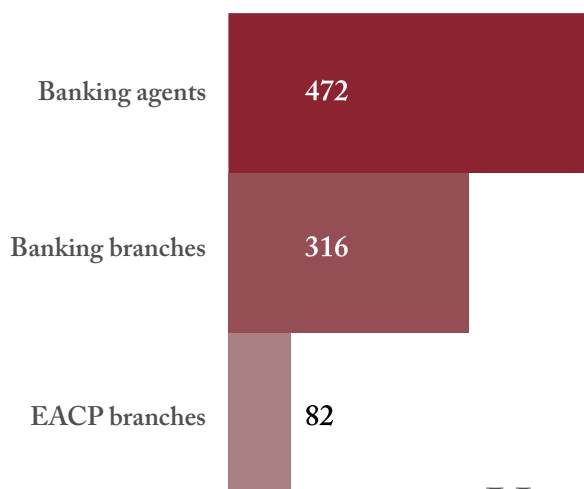
Consumer protection demographic indicator\*

Defense actions by CONDUSEF 101

### Municipalities with at least one access channel



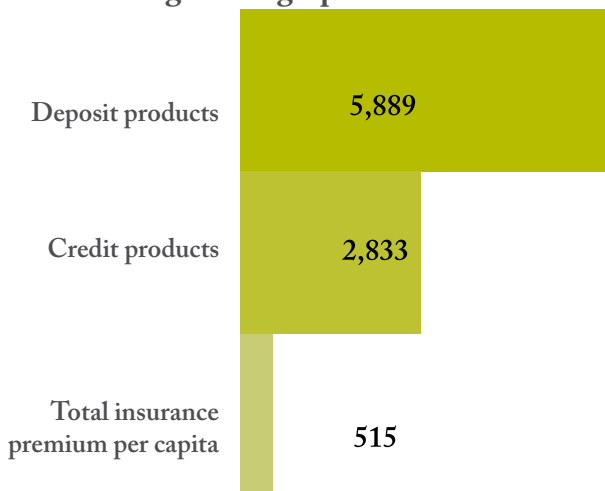
### Financial infrastructure



Adult population with possibility of access ( at least one channel) 2,911,464

Percentage of the adult population with possibility of access 87%

### Usage demographic indicators\*



## USAGE

\*Demographic indicators are measured for every 10,000 adults

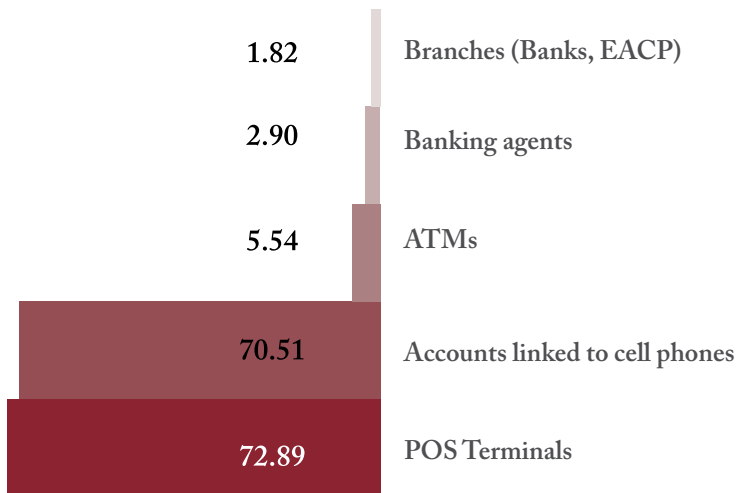
# CHIHUAHUA



Municipalities		67
Adult population		2,553,891

## ACCESS

### Access demographic indicators\*



## CONSUMER PROTECTION

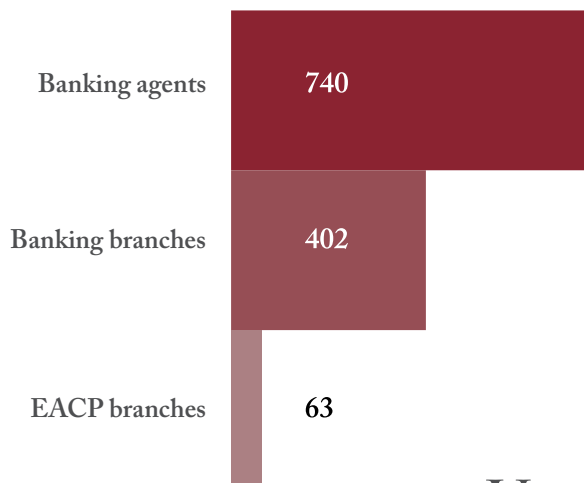
Consumer protection demographic indicator\*

Defense actions by CONDUSEF 220

### Municipalities with at least one access channel



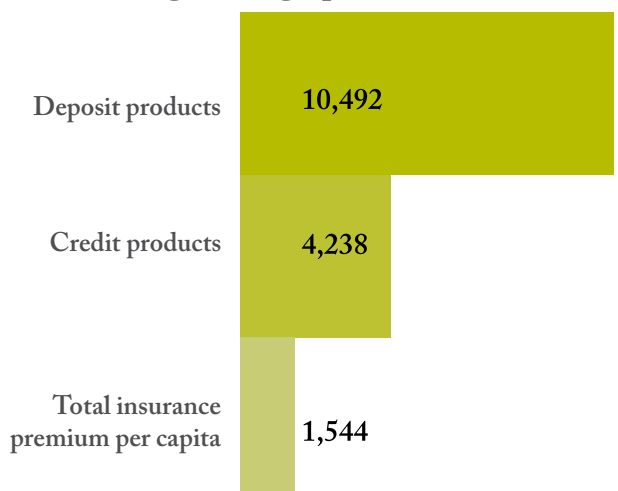
### Financial infrastructure



Adult population with possibility of access ( at least one channel) 2,434,461

Percentage of the adult population with possibility of access 95%

### Usage demographic indicators\*



## USAGE

\*Demographic indicators are measured for every 10,000 adults

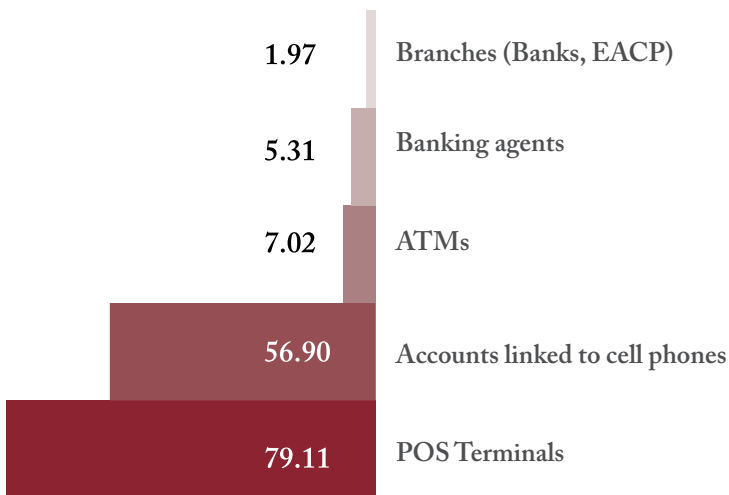


# COAHUILA

Municipalities		38
Adult population		2,036,983

## ACCESS

### Access demographic indicators\*



## CONSUMER PROTECTION

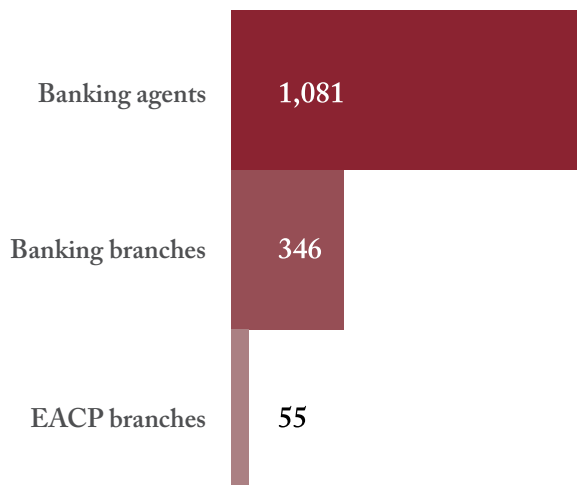
Consumer protection demographic indicator\*

Defense actions by CONDUSEF 136

### Municipalities with at least one access channel



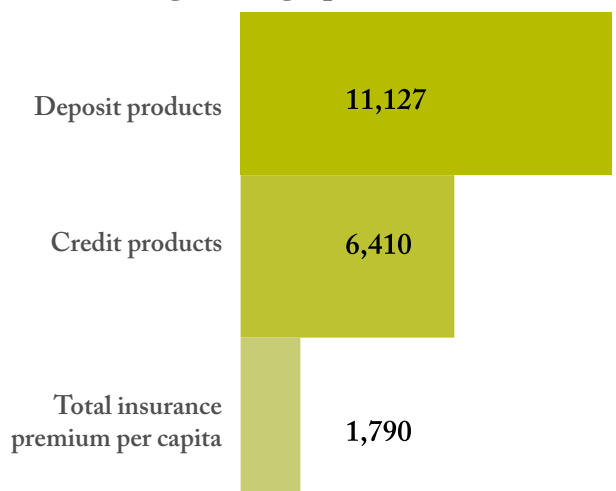
### Financial infrastructure



Adult population with possibility of access ( at least one channel) 2,033,148

Percentage of the adult population with possibility of access 100%

### Usage demographic indicators\*



## USAGE

\*Demographic indicators are measured for every 10,000 adults

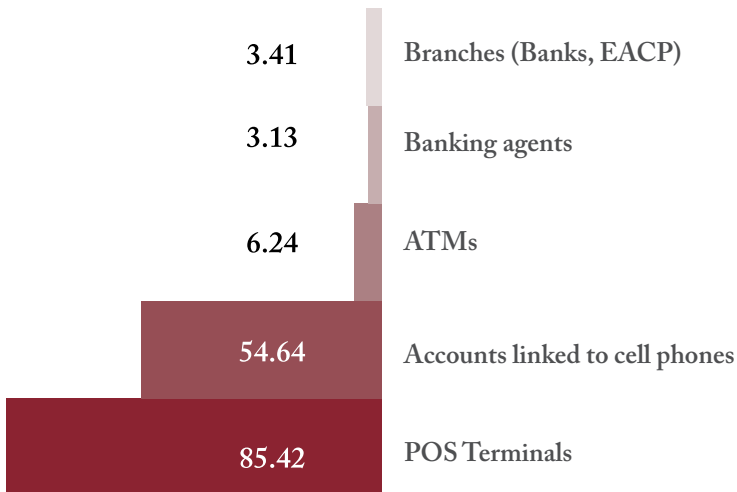
# COLIMA



Municipalities		10
Adult population		498,134

## ACCESS

### Access demographic indicators\*



## CONSUMER PROTECTION

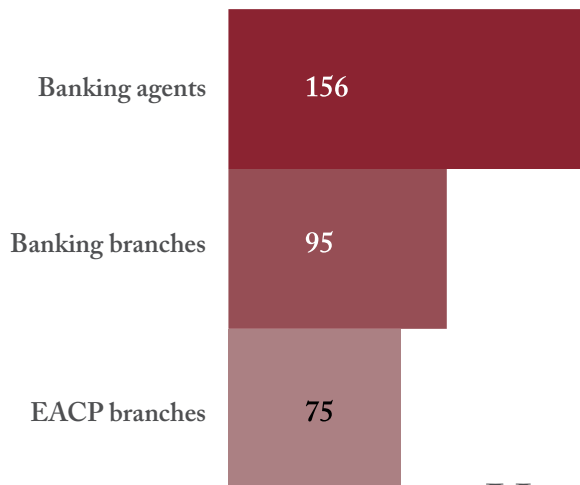
Consumer protection demographic indicator\*

Defense actions by CONDUSEF 395

### Municipalities with at least one access channel



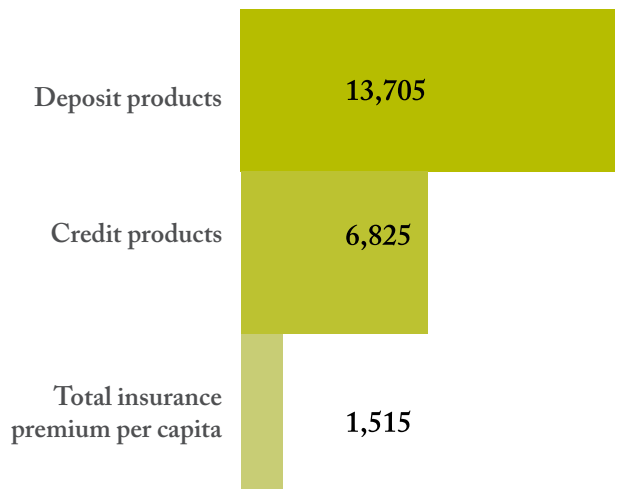
### Financial infrastructure



Adult population with possibility of access ( at least one channel) 498,134

Percentage of the adult population with possibility of access 100%

### Usage demographic indicators\*



## USAGE

\*Demographic indicators are measured for every 10,000 adults

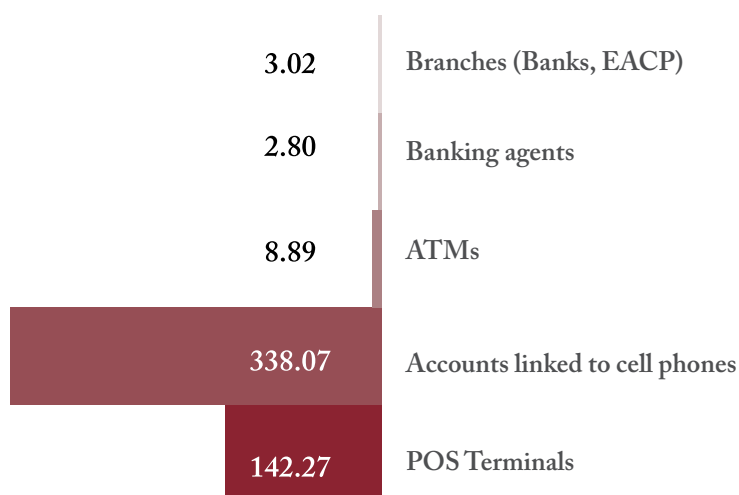
# DISTRITO FEDERAL



Municipalities		16
Adult population		6,914,961

## ACCESS

### Access demographic indicators\*

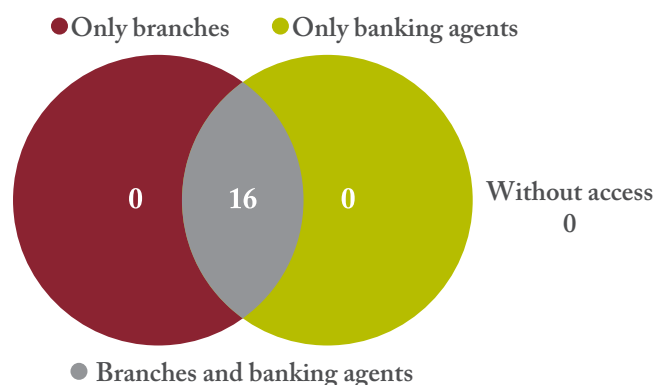


## CONSUMER PROTECTION

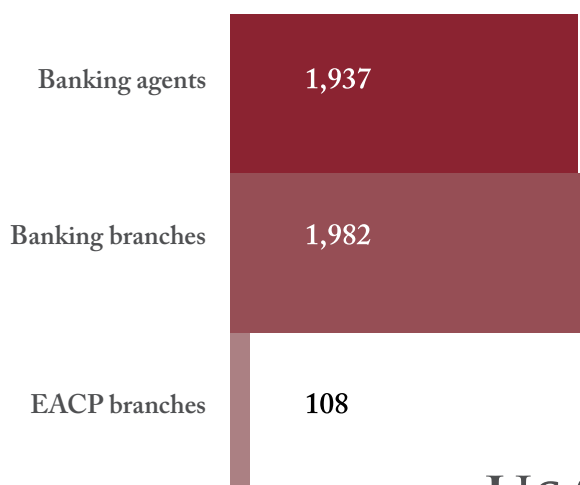
Consumer protection demographic indicator\*

Defense actions by CONDUSEF 304

### Municipalities with at least one access channel



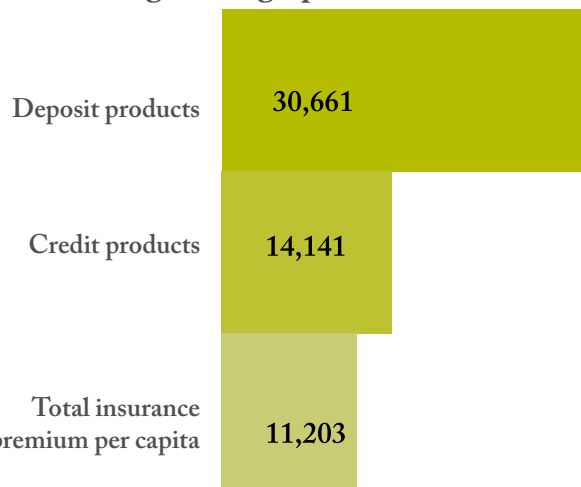
### Financial infrastructure



Adult population with possibility of access ( at least one channel) 6,914,961

Percentage of the adult population with possibility of access 100%

### Usage demographic indicators\*



## USAGE

\*Demographic indicators are measured for every 10,000 adults

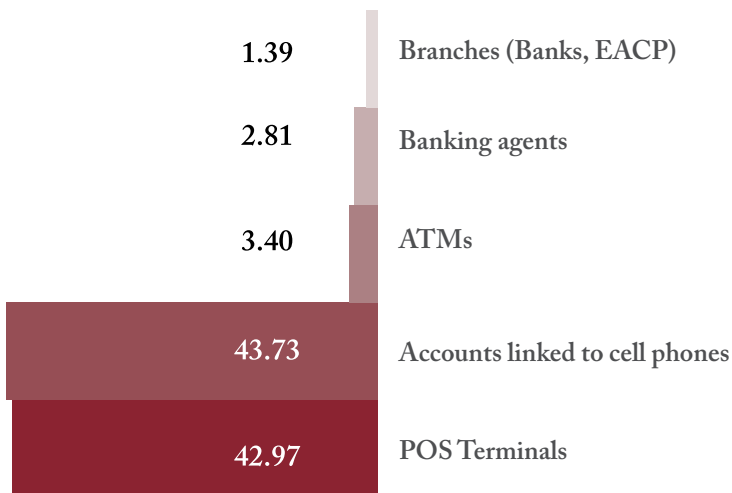
# DURANGO



Municipalities		39
Adult population		1,195,885

## ACCESS

### Access demographic indicators\*

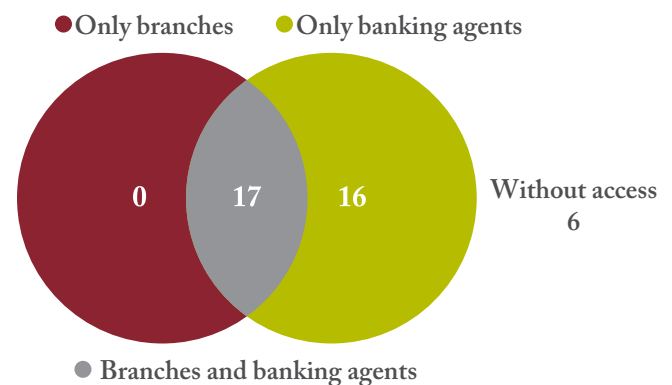


## CONSUMER PROTECTION

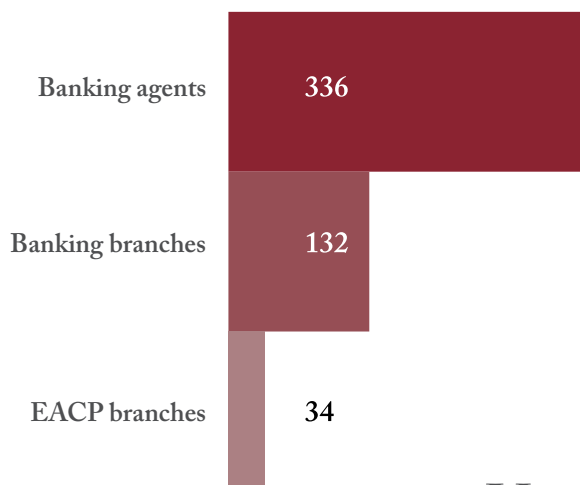
Consumer protection demographic indicator\*

Defense actions by CONDUSEF 234

### Municipalities with at least one access channel



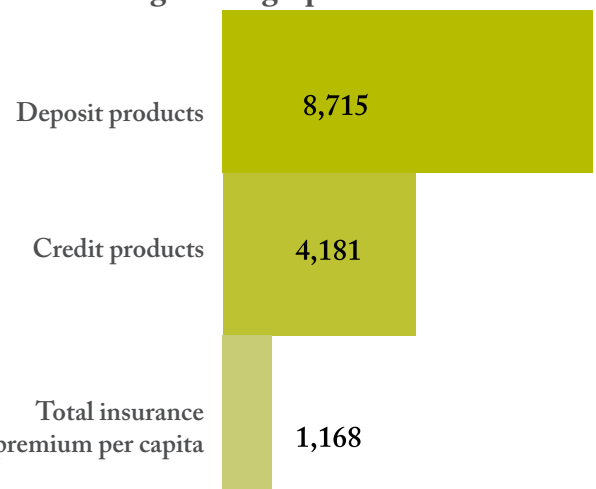
### Financial infrastructure



Adult population with possibility of access ( at least one channel) 1,179,382

Percentage of the adult population with possibility of access 99%

### Usage demographic indicators\*




## USAGE

\*Demographic indicators are measured for every 10,000 adults

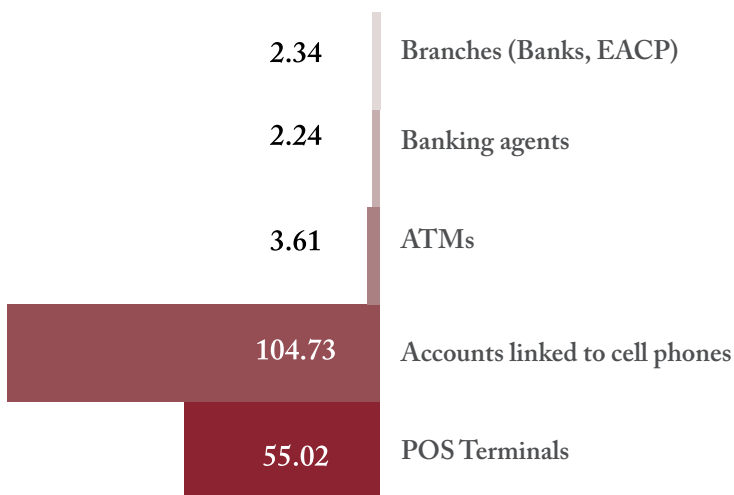
# GUANAJUATO



Municipalities		46
Adult population		3,936,449

## ACCESS

### Access demographic indicators\*

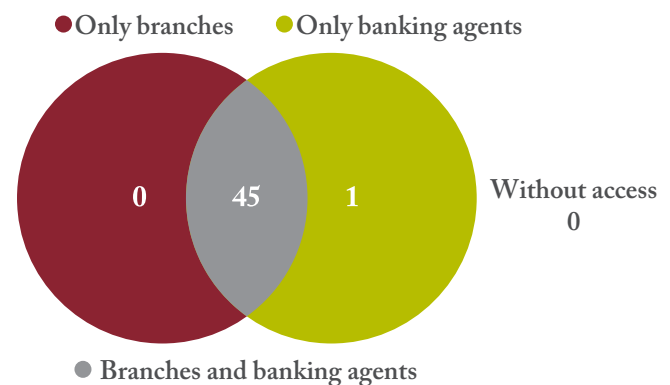


## CONSUMER PROTECTION

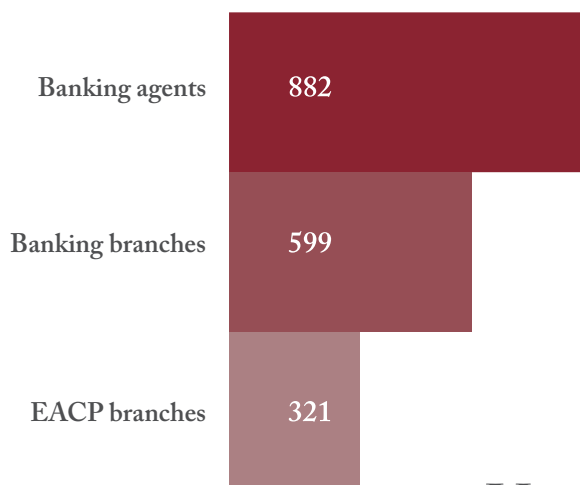
Consumer protection demographic indicator\*

Defense actions by CONDUSEF 92

### Municipalities with at least one access channel



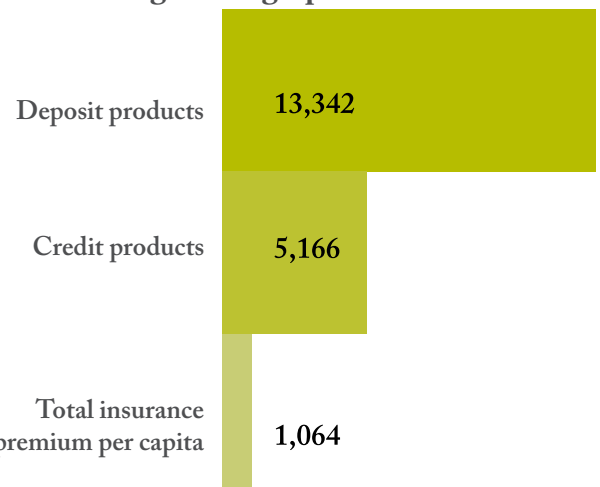
### Financial infrastructure



Adult population with possibility of access ( at least one channel) 3,936,449

Percentage of the adult population with possibility of access 100%

### Usage demographic indicators\*




## USAGE

\*Demographic indicators are measured for every 10,000 adults

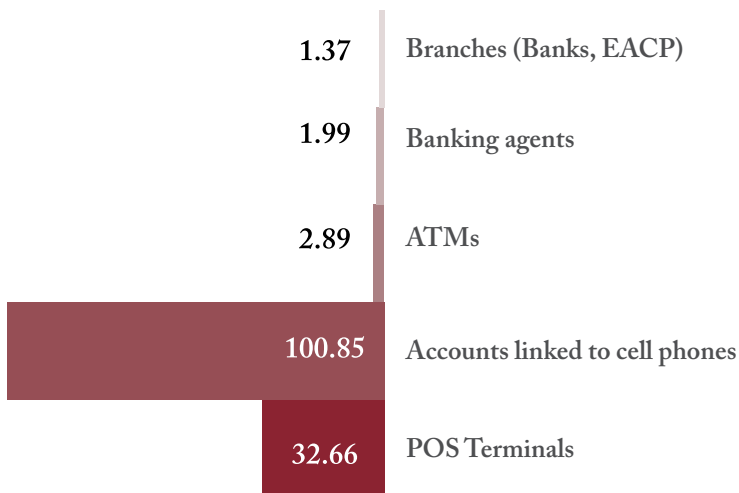
# GUERRERO



Municipalities		81
Adult population		2,363,270

## ACCESS

### Access demographic indicators\*

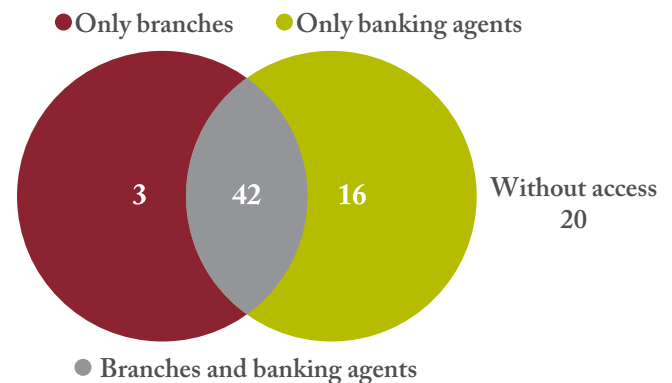


## CONSUMER PROTECTION

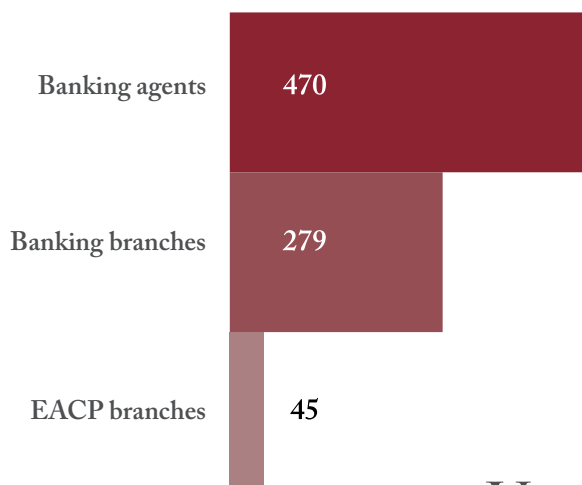
Consumer protection demographic indicator\*

Defense actions by CONDUSEF 111

### Municipalities with at least one access channel



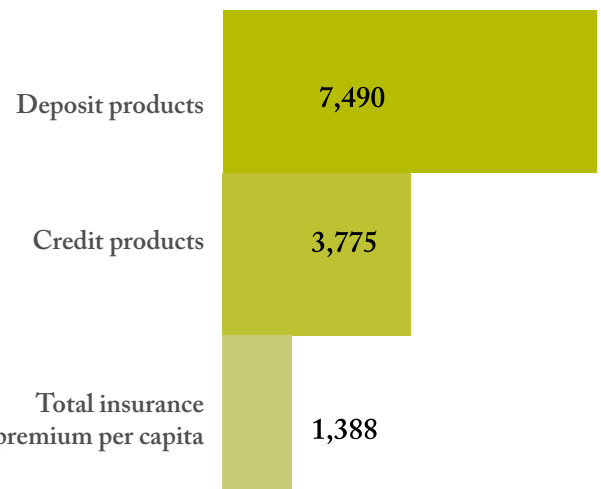
### Financial infrastructure



Adult population with possibility of access ( at least one channel) 2,180,662

Percentage of the adult population with possibility of access 92%

### Usage demographic indicators\*



## USAGE

\*Demographic indicators are measured for every 10,000 adults

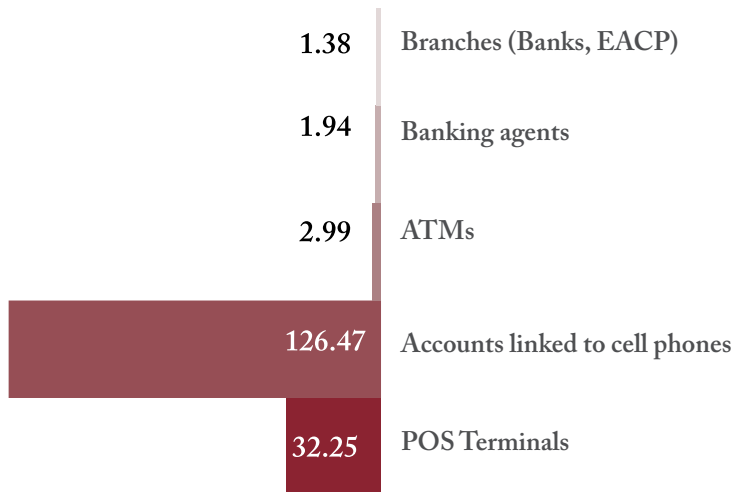
# HIDALGO



Municipalities		84
Adult population		1,953,353

## ACCESS

Access demographic indicators\*



## CONSUMER PROTECTION

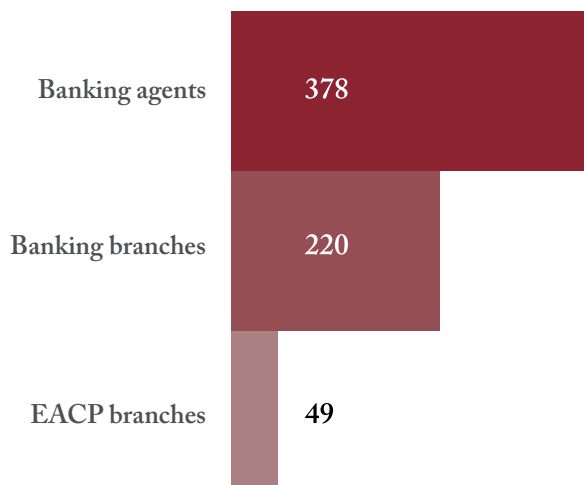
Consumer protection demographic indicator\*

Defense actions by CONDUSEF 113

Municipalities with at least one access channel



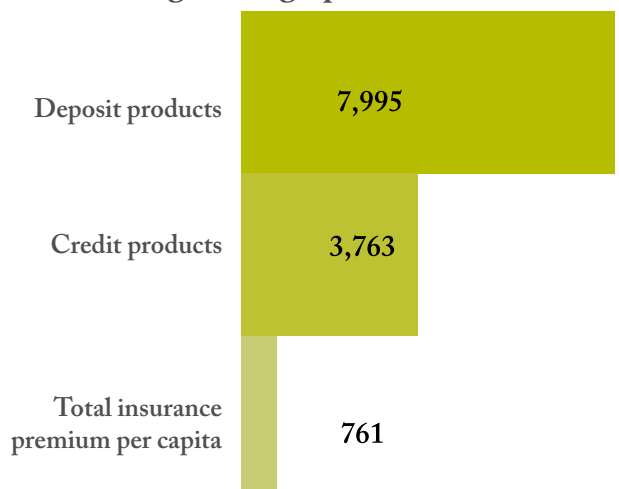
## Financial infrastructure



Adult population with possibility of access ( at least one channel) 1,849,073

Percentage of the adult population with possibility of access 95%

Usage demographic indicators\*



## USAGE

\*Demographic indicators are measured for every 10,000 adults

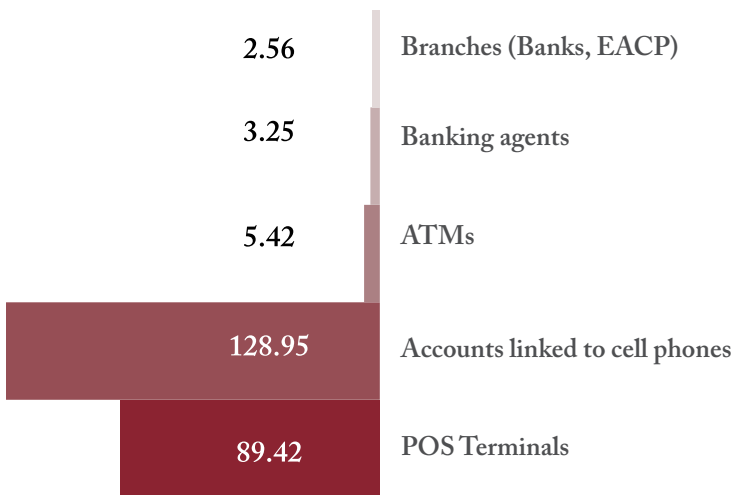
# JALISCO



Municipalities		125
Adult population		5,435,085

## ACCESS

Access demographic indicators\*

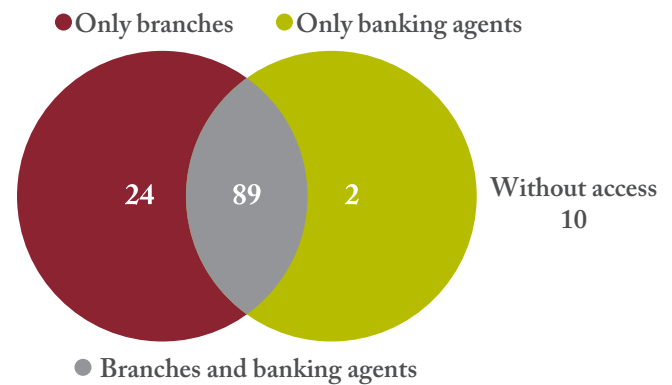


## CONSUMER PROTECTION

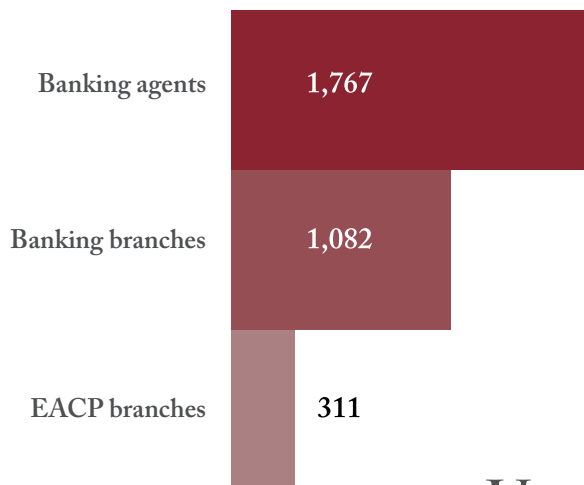
Consumer protection demographic indicator\*

Defense actions by CONDUSEF 157

Municipalities with at least one access channel



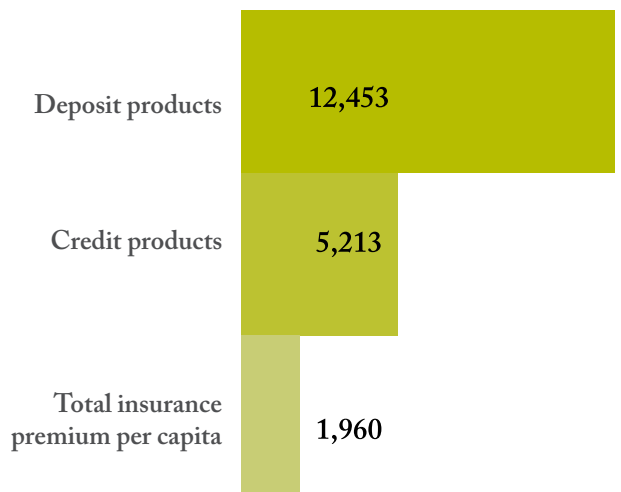
## Financial infrastructure



Adult population with possibility of access ( at least one channel) 5,397,928

Percentage of the adult population with possibility of access 99%

Usage demographic indicators\*



## USAGE

\*Demographic indicators are measured for every 10,000 adults

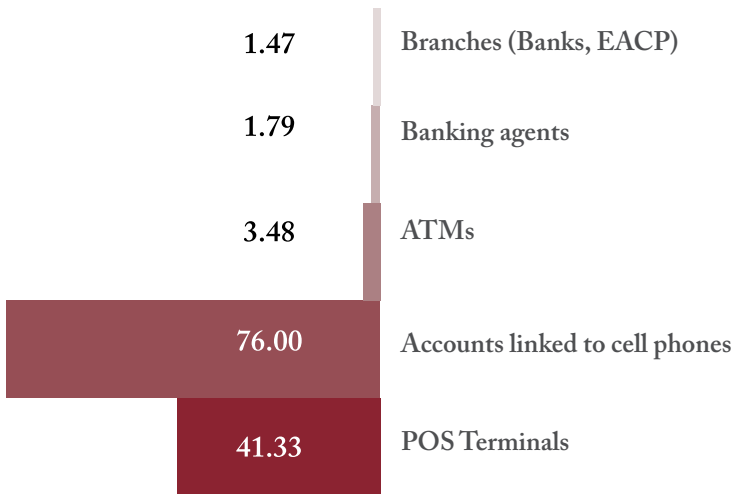
# MÉXICO



Municipalities		125
Adult population		11,505,586

## ACCESS

### Access demographic indicators\*

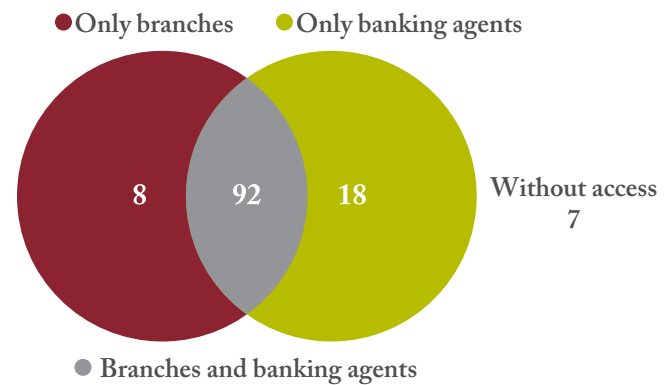


## CONSUMER PROTECTION

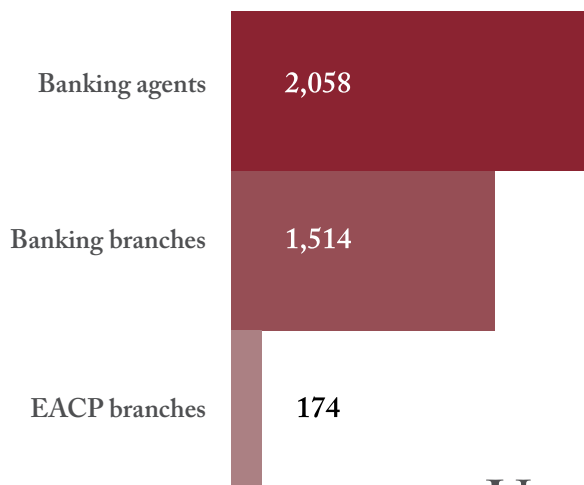
Consumer protection demographic indicator\*

Defense actions by CONDUSEF 107

### Municipalities with at least one access channel



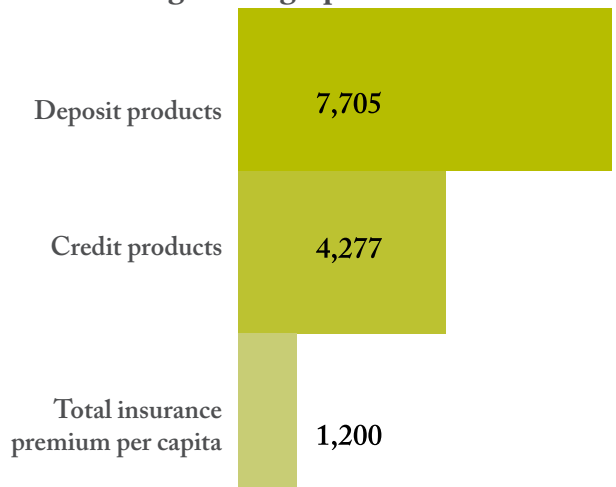
### Financial infrastructure



Adult population with possibility of access ( at least one channel) 11,450,912

Percentage of the adult population with possibility of access 100%

### Usage demographic indicators\*



## USAGE

\*Demographic indicators are measured for every 10,000 adults

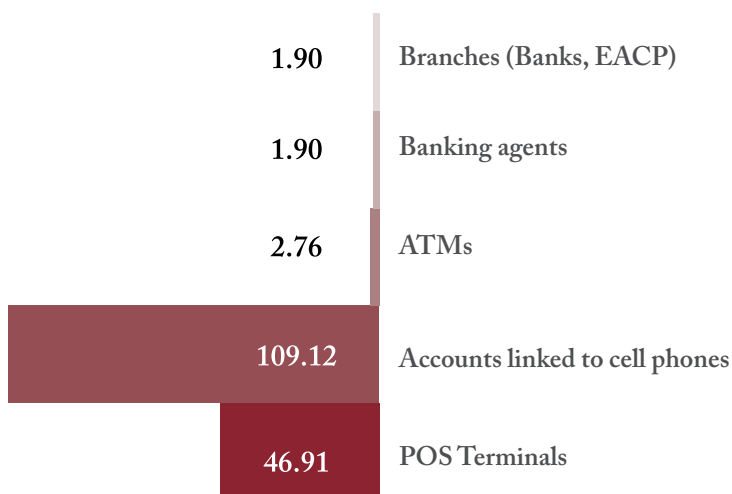
# MICHOACÁN



Municipalities		113
Adult population		3,161,520

## ACCESS

### Access demographic indicators\*

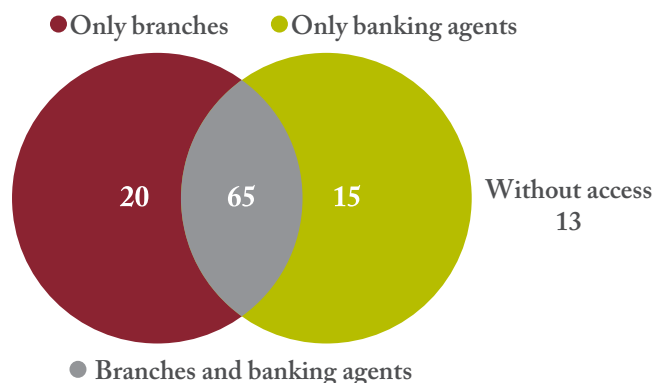


## CONSUMER PROTECTION

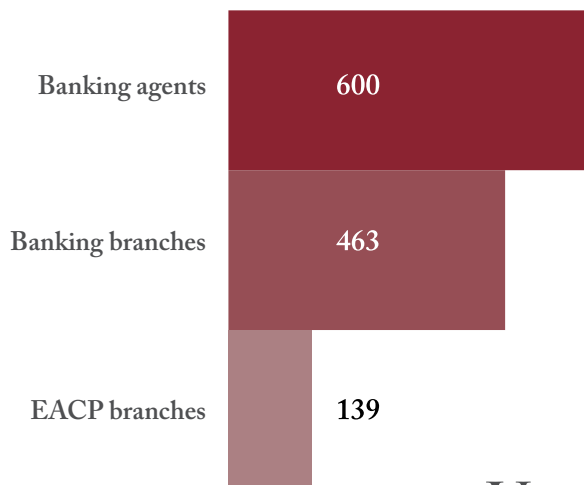
Consumer protection demographic indicator\*

Defense actions by CONDUSEF 83

### Municipalities with at least one access channel



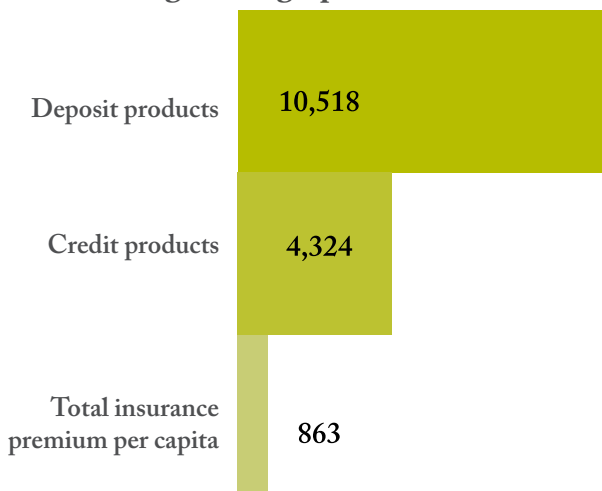
### Financial infrastructure



Adult population with possibility of access ( at least one channel) 3,048,880

Percentage of the adult population with possibility of access 96%

### Usage demographic indicators\*



## USAGE

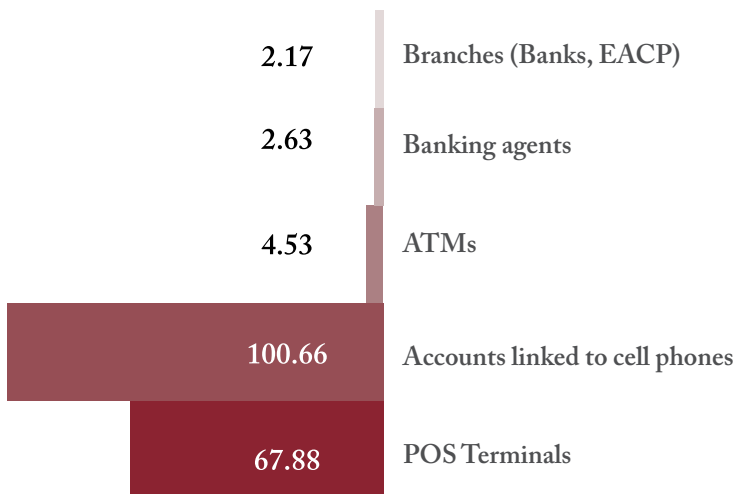
\*Demographic indicators are measured for every 10,000 adults

# MORELOS



## ACCESS

### Access demographic indicators\*

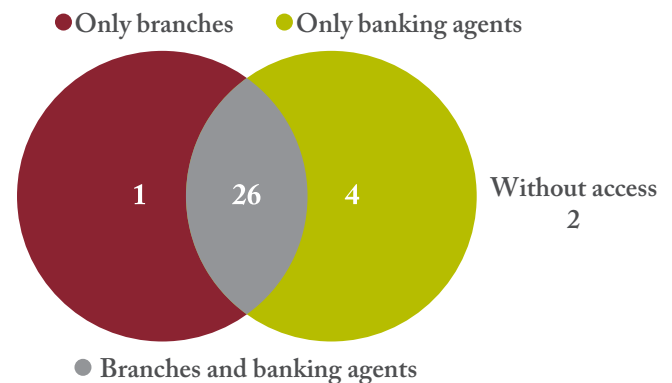


## CONSUMER PROTECTION

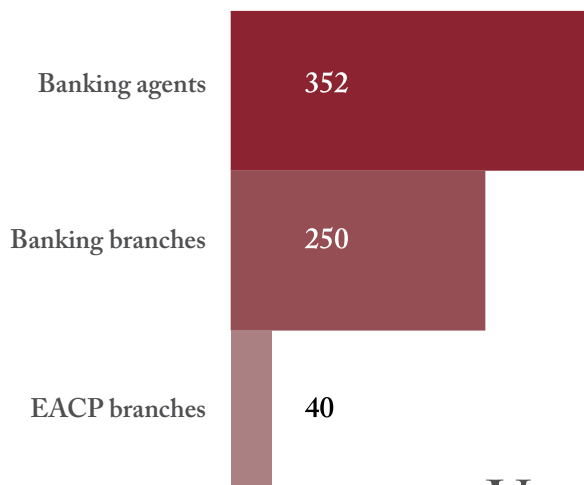
Consumer protection demographic indicator\*

Defense actions by CONDUSEF 173

### Municipalities with at least one access channel



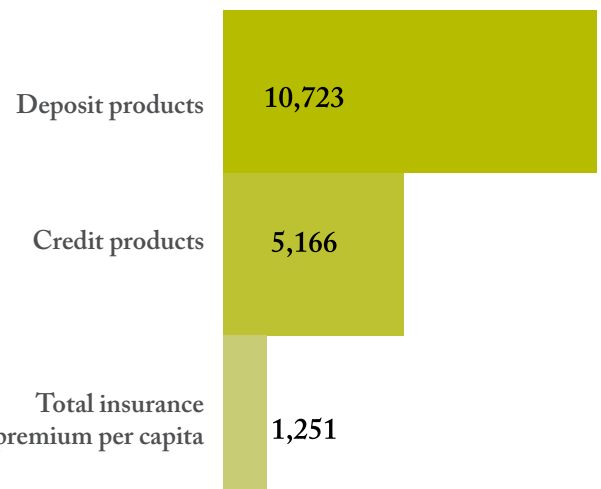
### Financial infrastructure



Adult population with possibility of access ( at least one channel) 1,324,325

Percentage of the adult population with possibility of access 99%

### Usage demographic indicators\*





## USAGE

\*Demographic indicators are measured for every 10,000 adults

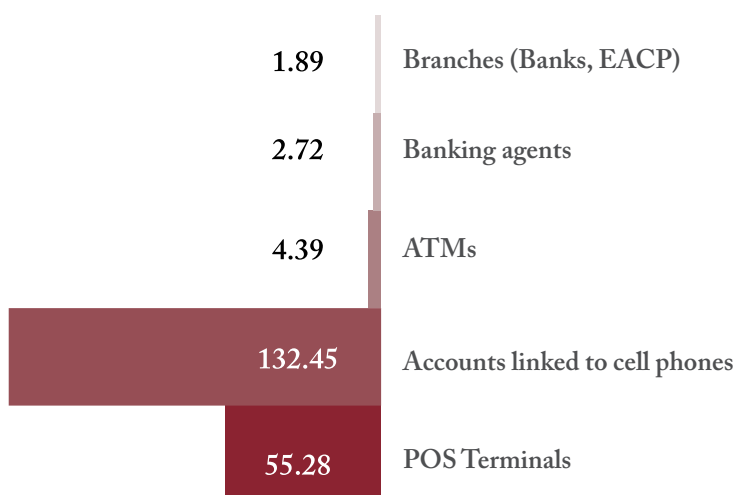
# NAYARIT



Municipalities		20
Adult population		819,274

## ACCESS

### Access demographic indicators\*

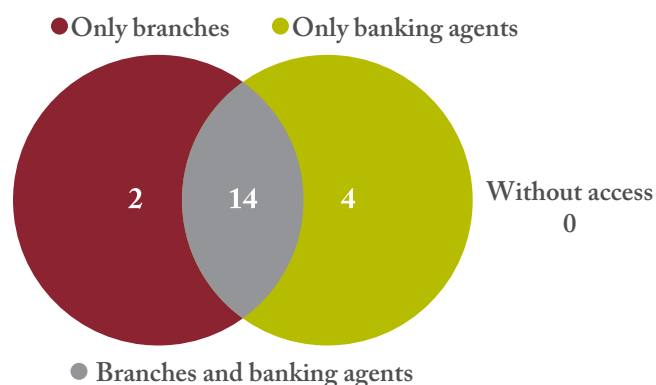


## CONSUMER PROTECTION

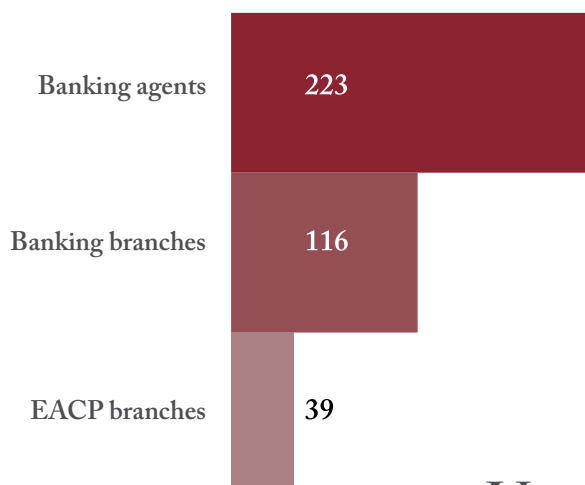
Consumer protection demographic indicator\*

Defense actions by CONDUSEF 265

### Municipalities with at least one access channel



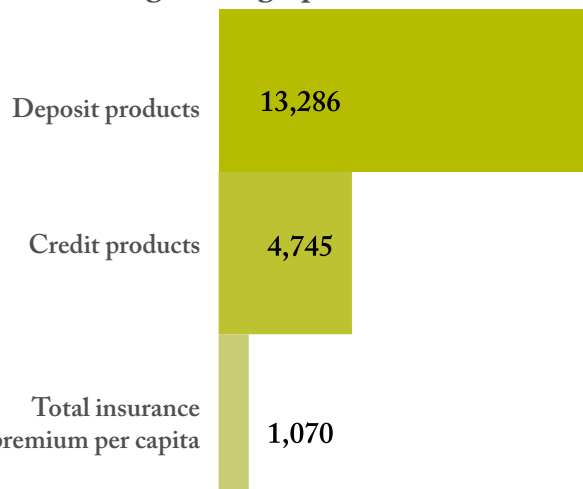
### Financial infrastructure



Adult population with possibility of access ( at least one channel) 819,274

Percentage of the adult population with possibility of access 100%

### Usage demographic indicators\*



## USAGE

\*Demographic indicators are measured for every 10,000 adults

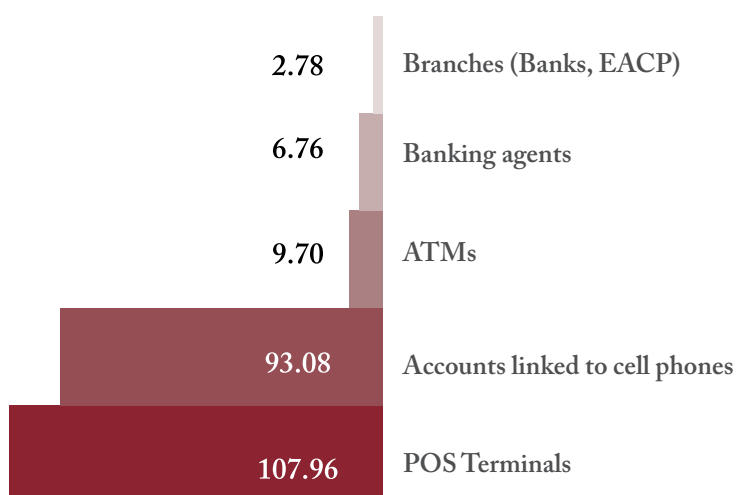
# NUEVO LEÓN



Municipalities		51
Adult population		3,553,713

## ACCESS

### Access demographic indicators\*

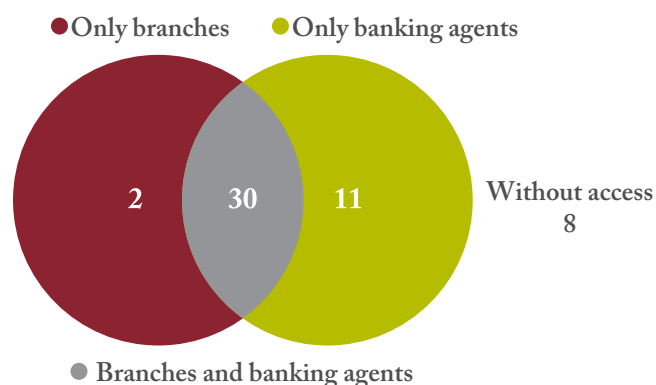


## CONSUMER PROTECTION

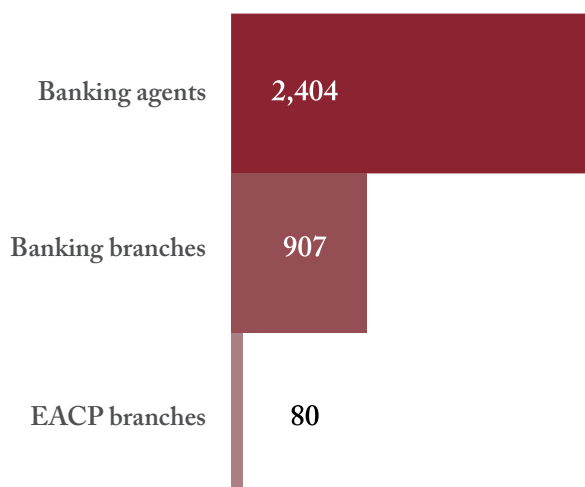
Consumer protection demographic indicator\*

Defense actions by CONDUSEF 135

### Municipalities with at least one access channel



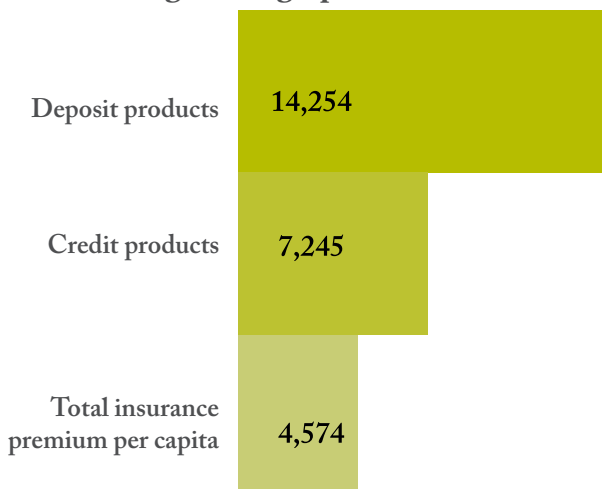
### Financial infrastructure



Adult population with possibility of access ( at least one channel) 3,541,469

Percentage of the adult population with possibility of access 100%

### Usage demographic indicators\*



## USAGE

\*Demographic indicators are measured for every 10,000 adults

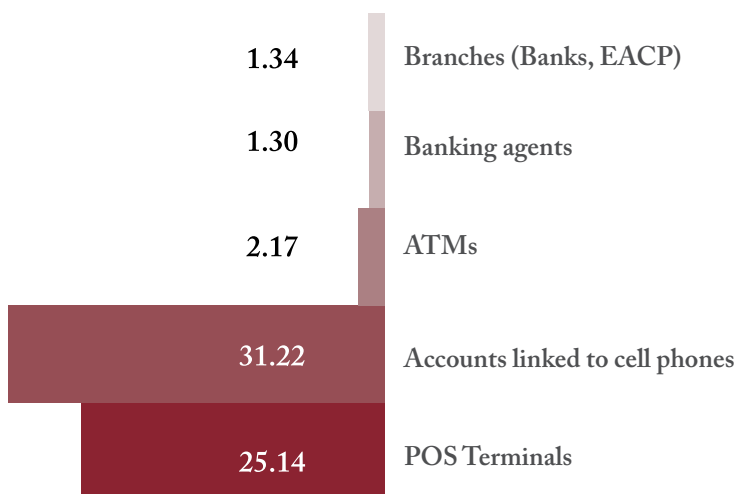
# OAXACA



Municipalities		570
Adult population		2,714,324

## ACCESS

### Access demographic indicators\*

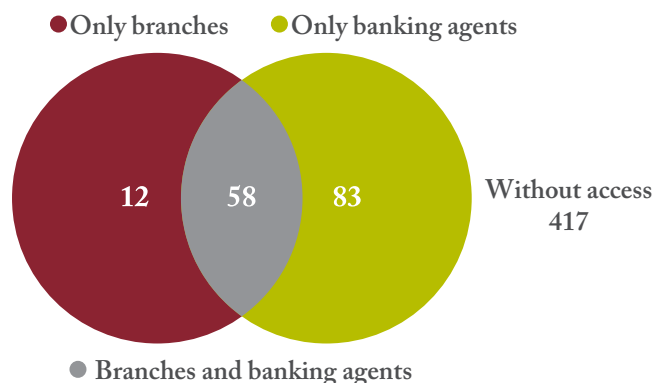


## CONSUMER PROTECTION

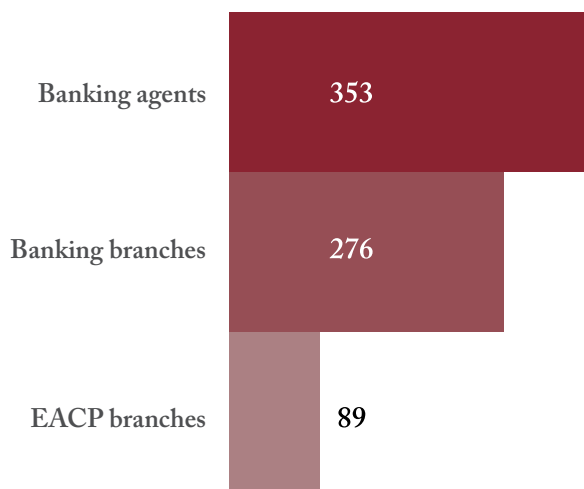
Consumer protection demographic indicator\*

Defense actions by CONDUSEF 78

### Municipalities with at least one access channel



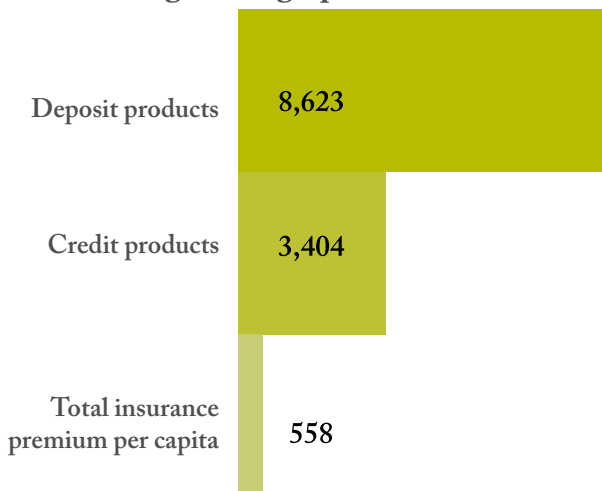
### Financial infrastructure



Adult population with possibility of access ( at least one channel) 1,878,384

Percentage of the adult population with possibility of access 69%

### Usage demographic indicators\*



## USAGE

\*Demographic indicators are measured for every 10,000 adults

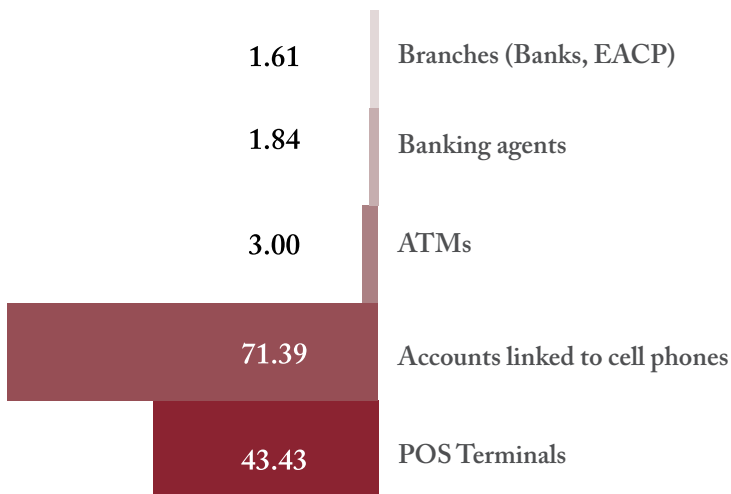
# PUEBLA



Municipalities		217
Adult population		4,140,520

## ACCESS

### Access demographic indicators\*

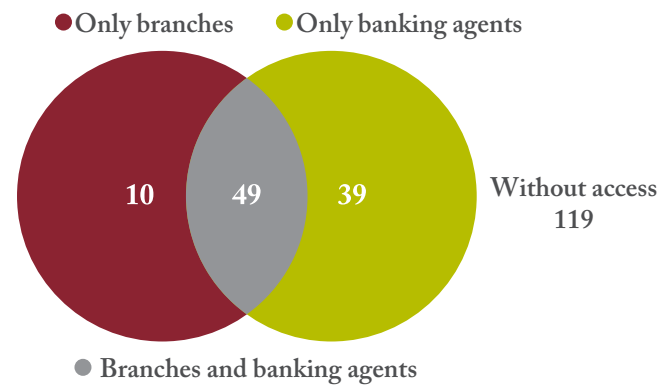


## CONSUMER PROTECTION

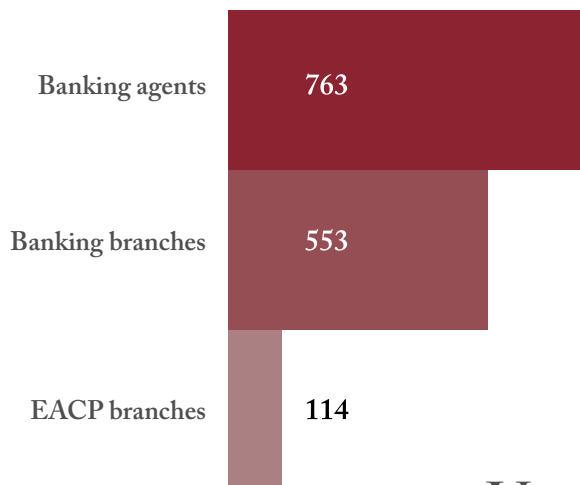
Consumer protection demographic indicator\*

Defense actions by CONDUSEF 94

### Municipalities with at least one access channel



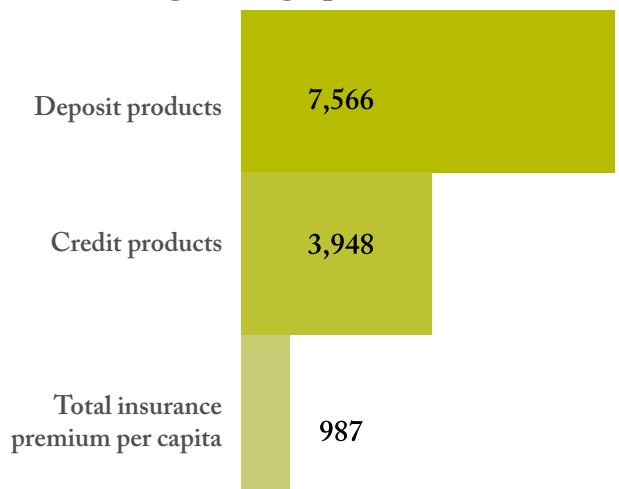
### Financial infrastructure



Adult population with possibility of access ( at least one channel) 3,466,372

Percentage of the adult population with possibility of access 84%

### Usage demographic indicators\*



## USAGE

\*Demographic indicators are measured for every 10,000 adults

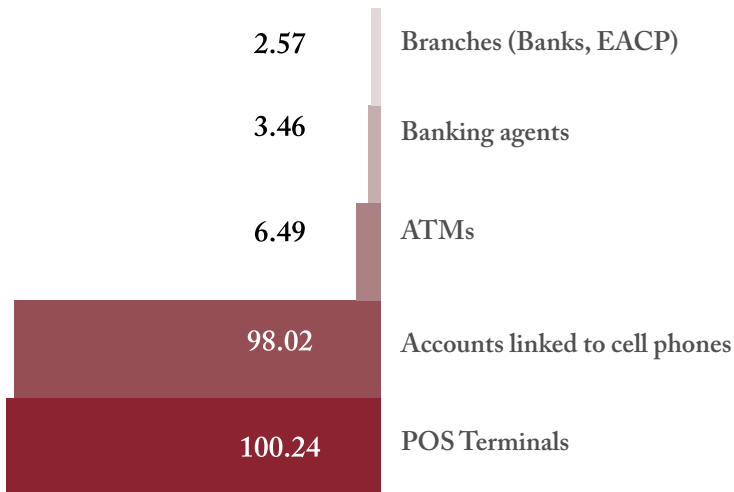
# QUERÉTARO



Municipalities		18
Adult population		1,348,771

## ACCESS

### Access demographic indicators\*



## CONSUMER PROTECTION

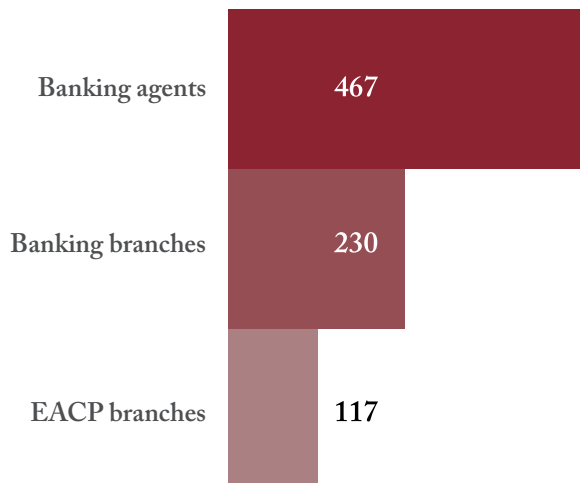
Consumer protection demographic indicator\*

Defense actions by CONDUSEF 212

### Municipalities with at least one access channel



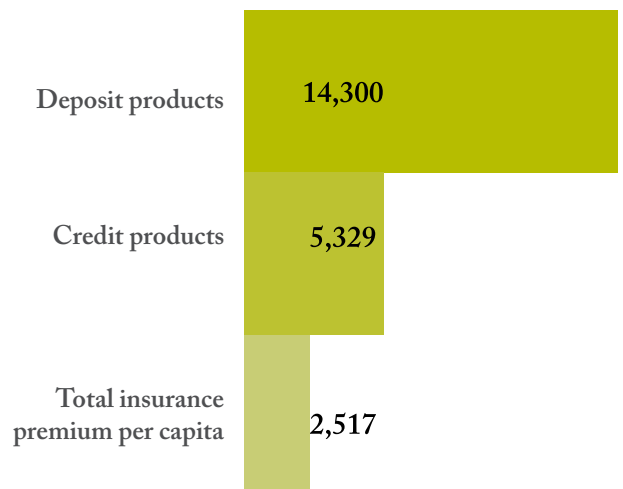
### Financial infrastructure



Adult population with possibility of access ( at least one channel) 1,348,771

Percentage of the adult population with possibility of access 100%

### Usage demographic indicators\*



## USAGE

\*Demographic indicators are measured for every 10,000 adults

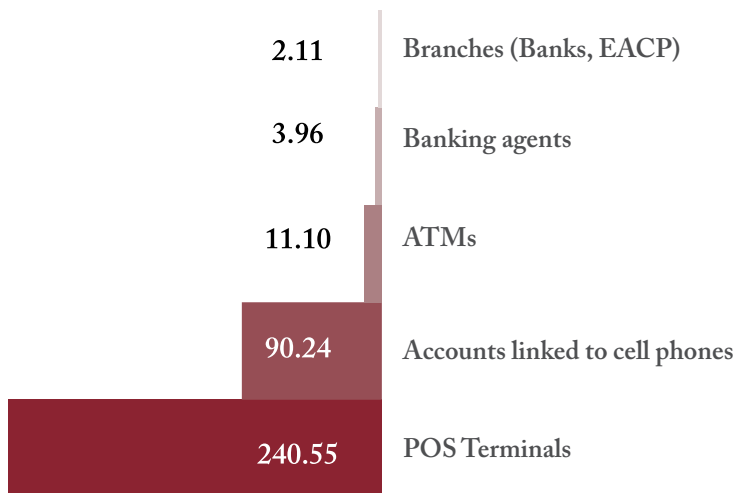


# QUINTANA ROO

Municipalities		9
Adult population		1,030,866

## ACCESS

Access demographic indicators\*



## CONSUMER PROTECTION

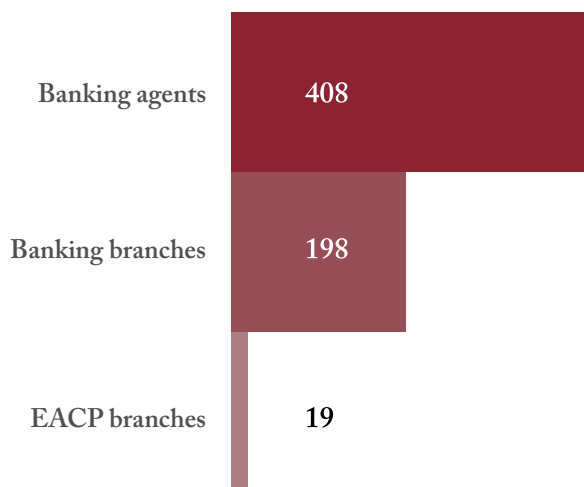
Consumer protection demographic indicator\*

Defense actions by CONDUSEF 367

Municipalities with at least one access channel



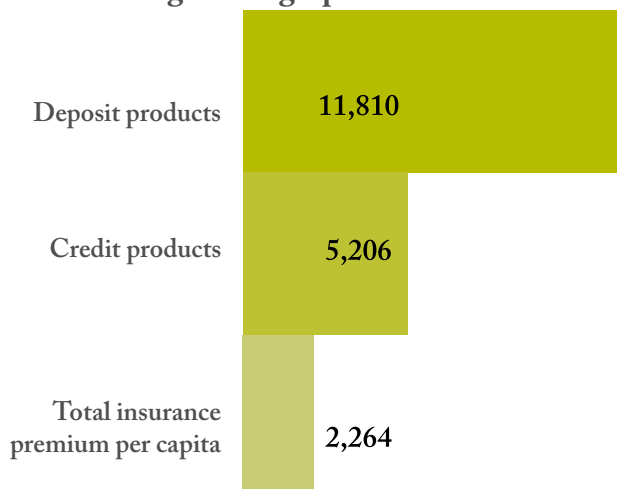
## Financial infrastructure



Adult population with possibility of access ( at least one channel) 1,030,866

Percentage of the adult population with possibility of access 100%

Usage demographic indicators\*



## USAGE

\*Demographic indicators are measured for every 10,000 adults

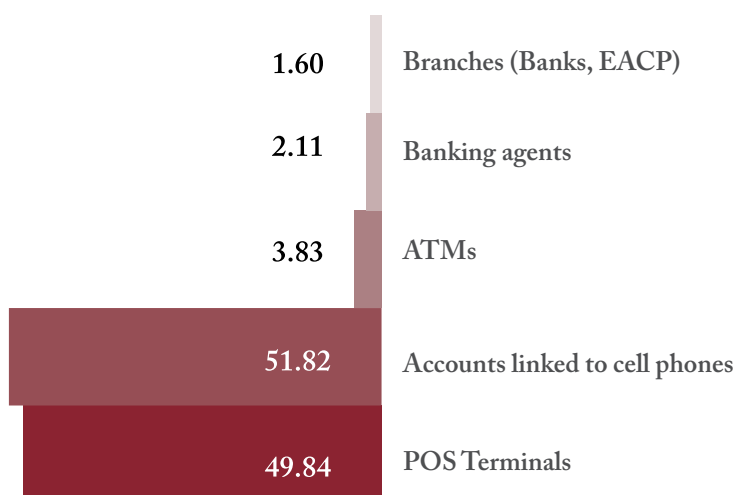
# SAN LUIS POTOSÍ



Municipalities		58
Adult population		1,868,257

## ACCESS

### Access demographic indicators\*

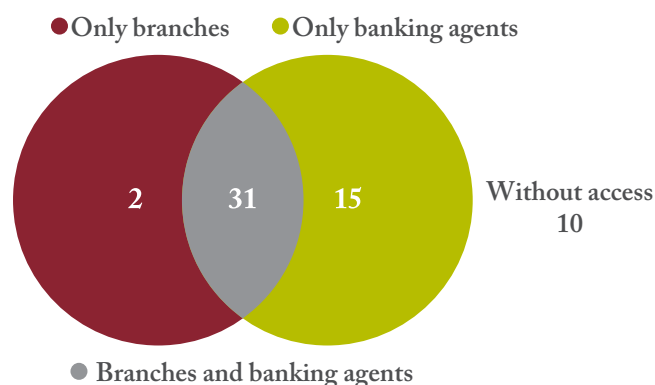


## CONSUMER PROTECTION

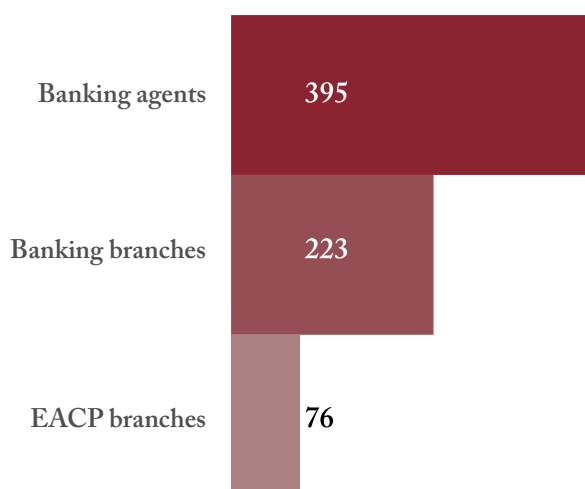
Consumer protection demographic indicator\*

Defense actions by CONDUSEF 112

### Municipalities with at least one access channel



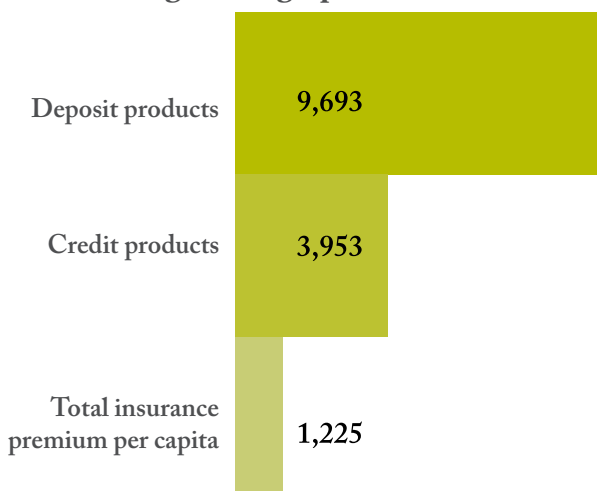
### Financial infrastructure



Adult population with possibility of access ( at least one channel) 1,805,700

Percentage of the adult population with possibility of access 97%

### Usage demographic indicators\*



## USAGE

\*Demographic indicators are measured for every 10,000 adults

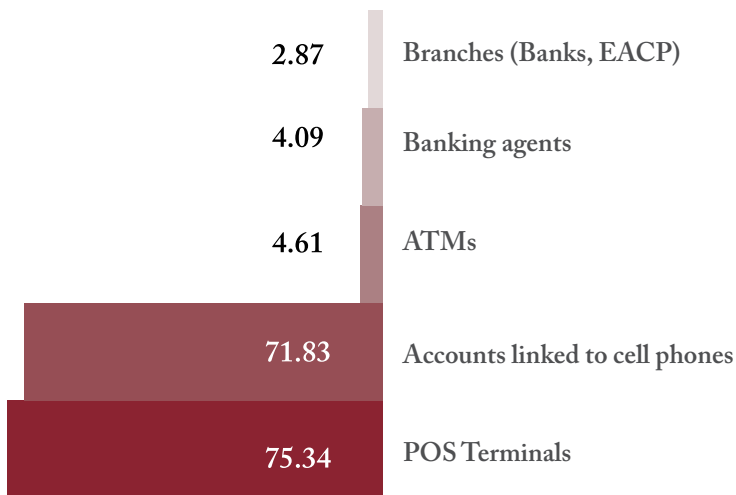
# SINALOA



Municipalities		18
Adult population		2,087,253

## ACCESS

### Access demographic indicators\*

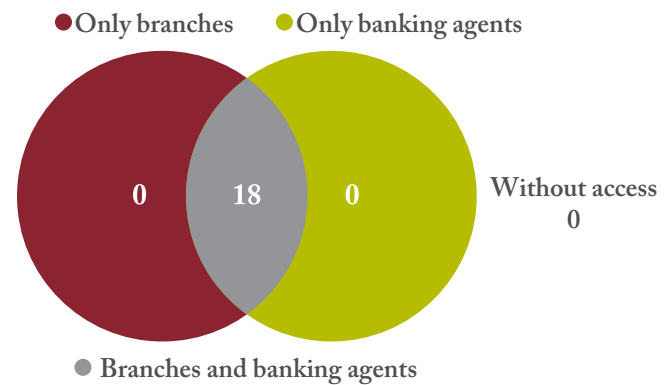


## CONSUMER PROTECTION

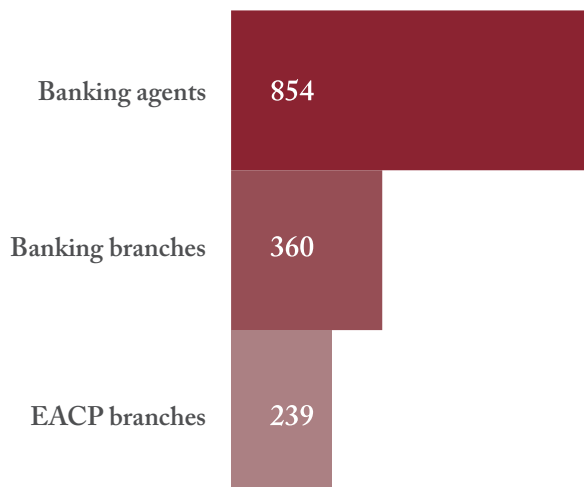
Consumer protection demographic indicator\*

Defense actions by CONDUSEF 187

### Municipalities with at least one access channel



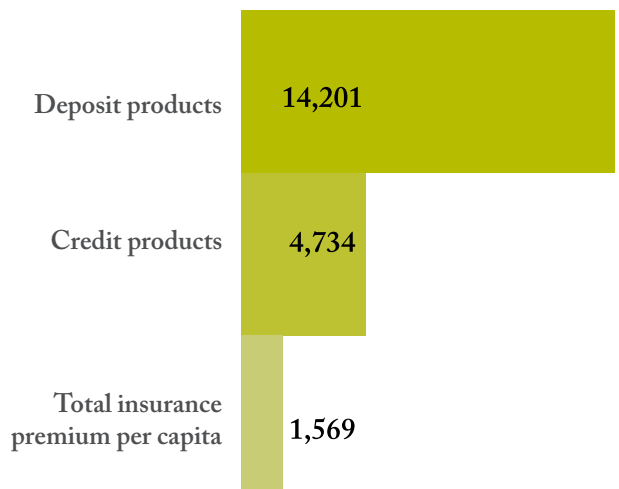
### Financial infrastructure



Adult population with possibility of access ( at least one channel) 2,087,253

Percentage of the adult population with possibility of access 100%

### Usage demographic indicators\*



## USAGE

\*Demographic indicators are measured for every 10,000 adults

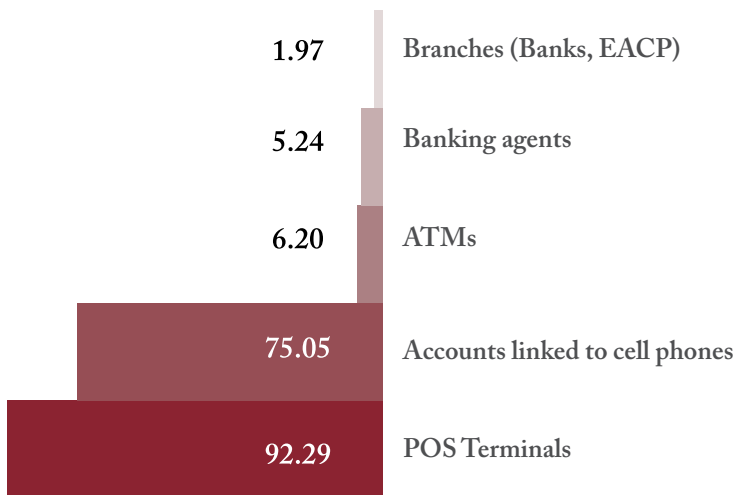
# SONORA



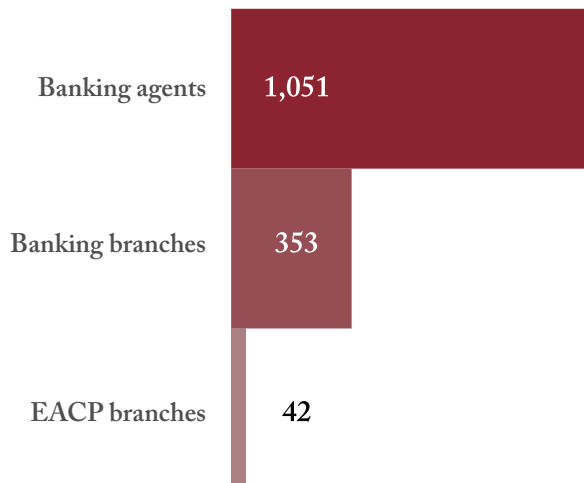
Municipalities		72
Adult population		2,006,264

## ACCESS

### Access demographic indicators\*



### Financial infrastructure

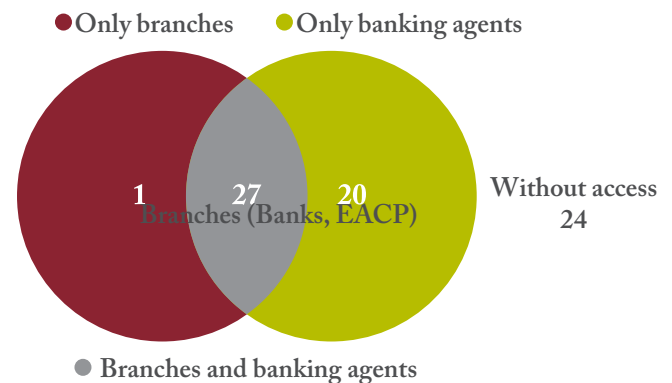


## CONSUMER PROTECTION

Consumer protection demographic indicator\*

Defense actions by CONDUSEF 108

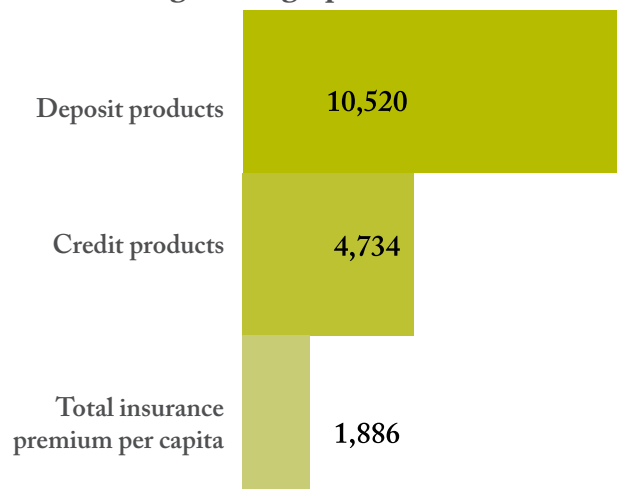
### Municipalities with at least one access channel



Adult population with possibility of access ( at least one channel) 1,983,192

Percentage of the adult population with possibility of access 99%

### Usage demographic indicators\*



## USAGE

\*Demographic indicators are measured for every 10,000 adults

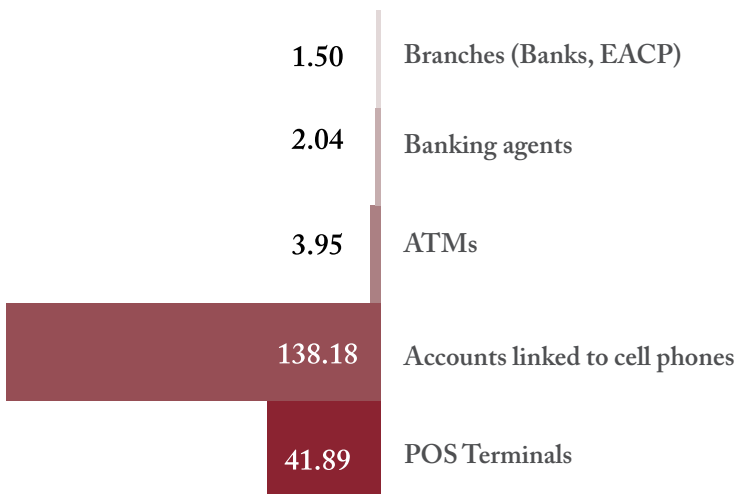
# TABASCO



Municipalities		17
Adult population		1,629,051

## ACCESS

Access demographic indicators\*

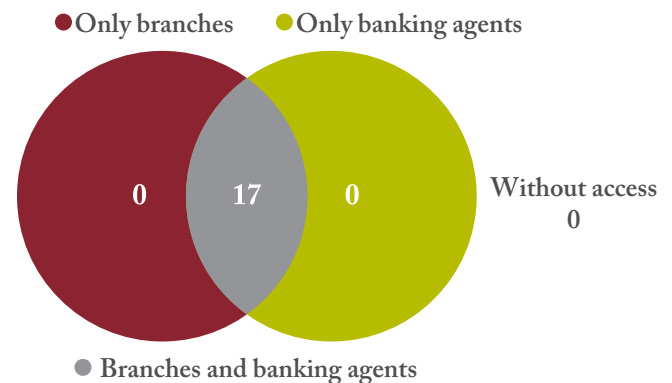


## CONSUMER PROTECTION

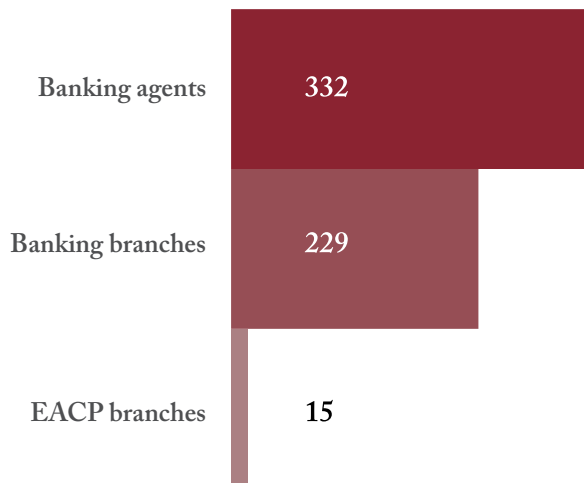
Consumer protection demographic indicator\*

Defense actions by CONDUSEF 133

Municipalities with at least one access channel



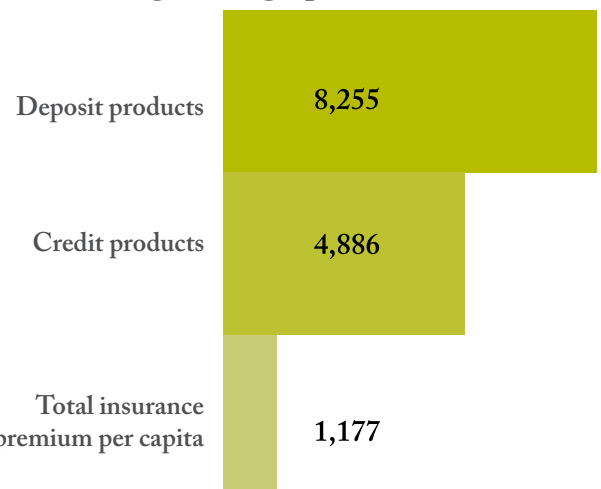
## Financial infrastructure



Adult population with possibility of access ( at least one channel) 1,629,051

Percentage of the adult population with possibility of access 100%

Usage demographic indicators\*



## USAGE

\*Demographic indicators are measured for every 10,000 adults

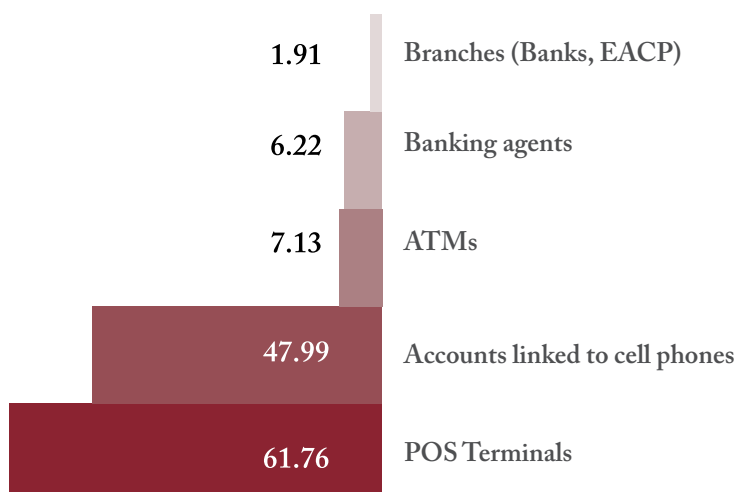
# TAMAULIPAS



Municipalities		43
Adult population		2,470,067

## ACCESS

### Access demographic indicators\*

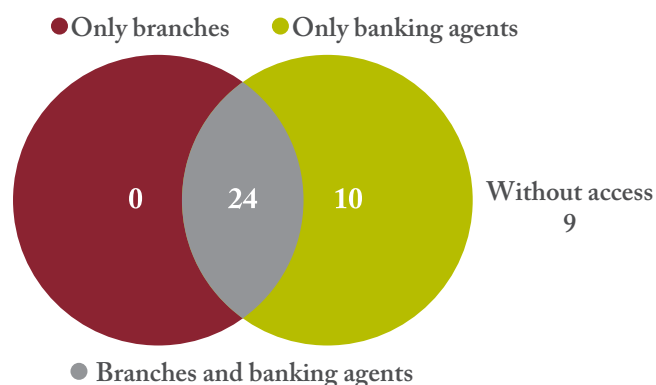


## CONSUMER PROTECTION

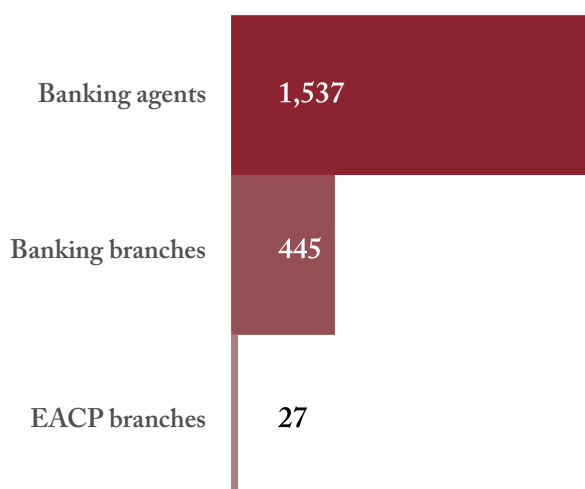
Consumer protection demographic indicator\*

Defense actions by CONDUSEF 163

### Municipalities with at least one access channel



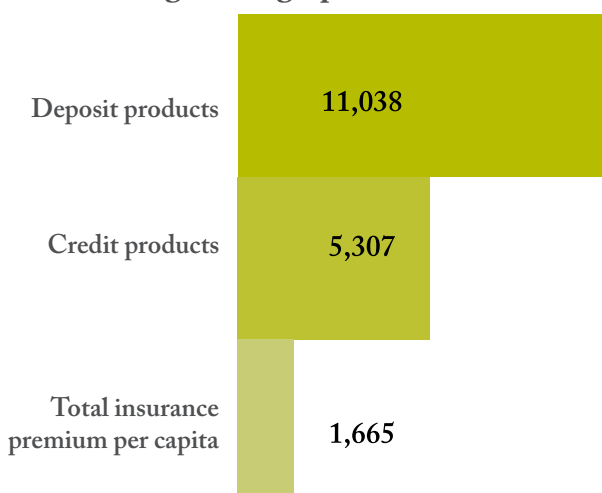
### Financial infrastructure



Adult population with possibility of access ( at least one channel) 2,443,815

Percentage of the adult population with possibility of access 99%

### Usage demographic indicators\*



## USAGE

\*Demographic indicators are measured for every 10,000 adults

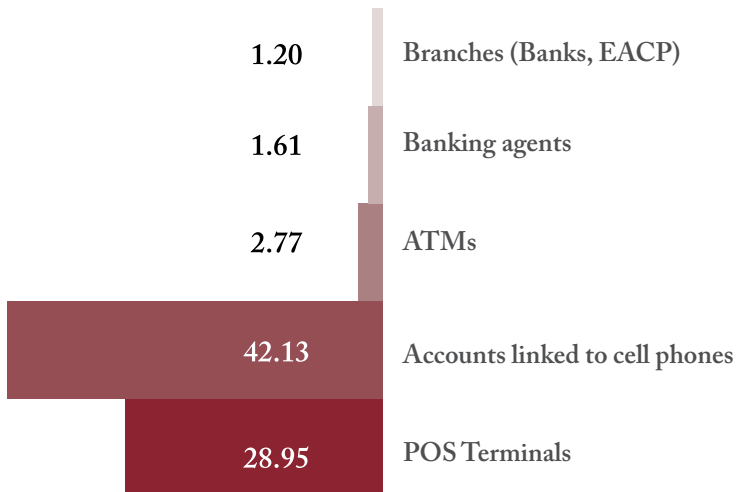


# TLAXCALA

Municipalities		60
Adult population		850,560

## ACCESS

### Access demographic indicators\*

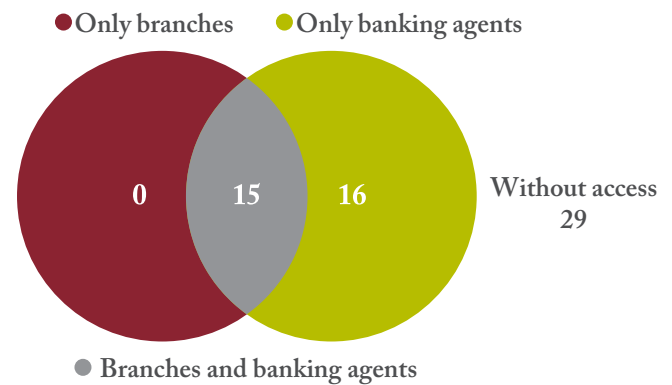


## CONSUMER PROTECTION

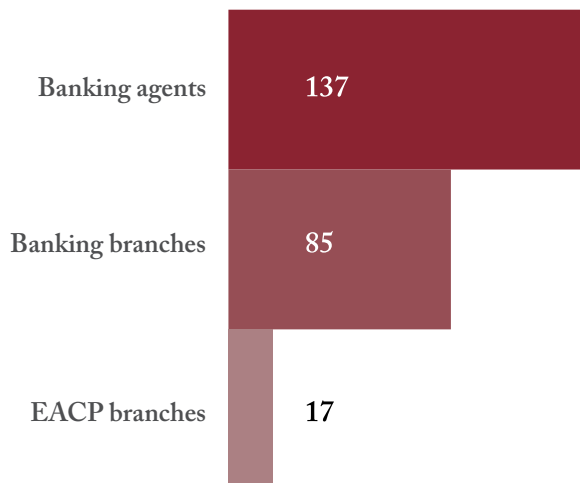
Consumer protection demographic indicator\*

Defense actions by CONDUSEF 203

### Municipalities with at least one access channel



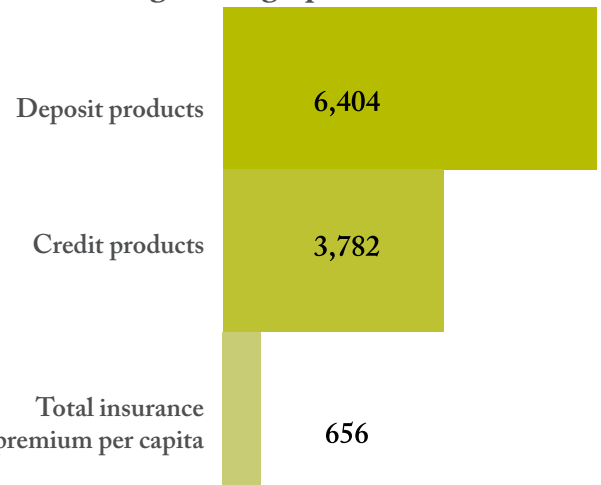
### Financial infrastructure



Adult population with possibility of access ( at least one channel) 670,173

Percentage of the adult population with possibility of access 79%

### Usage demographic indicators\*



## USAGE

\*Demographic indicators are measured for every 10,000 adults

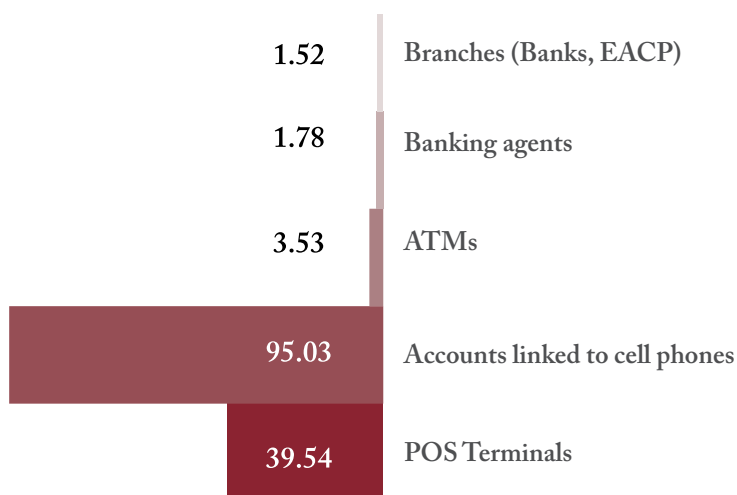


# VERACRUZ

Municipalities		212
Adult population		5,684,865

## ACCESS

### Access demographic indicators\*

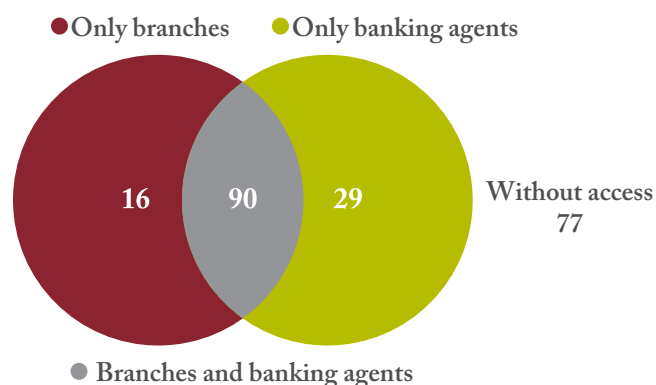


## CONSUMER PROTECTION

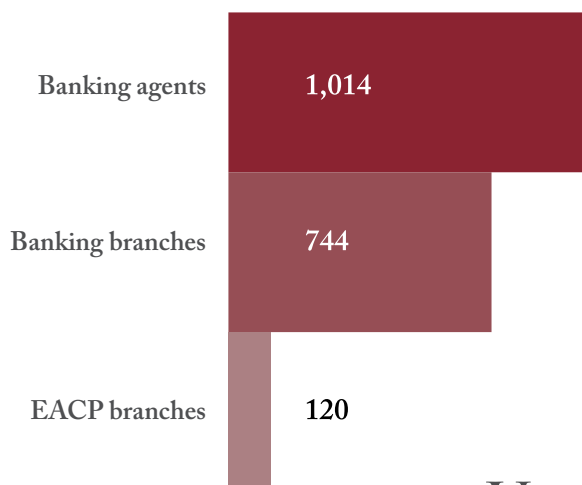
Consumer protection demographic indicator\*

Defense actions by CONDUSEF 72

### Municipalities with at least one access channel



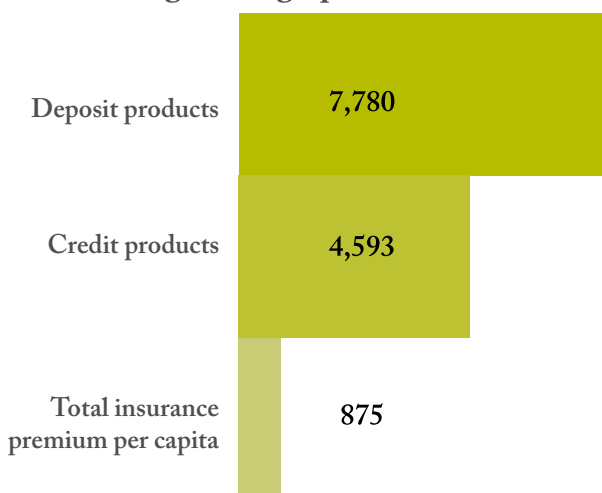
### Financial infrastructure



Adult population with possibility of access ( at least one channel) 5,081,398

Percentage of the adult population with possibility of access 89%

### Usage demographic indicators\*



## USAGE

\*Demographic indicators are measured for every 10,000 adults

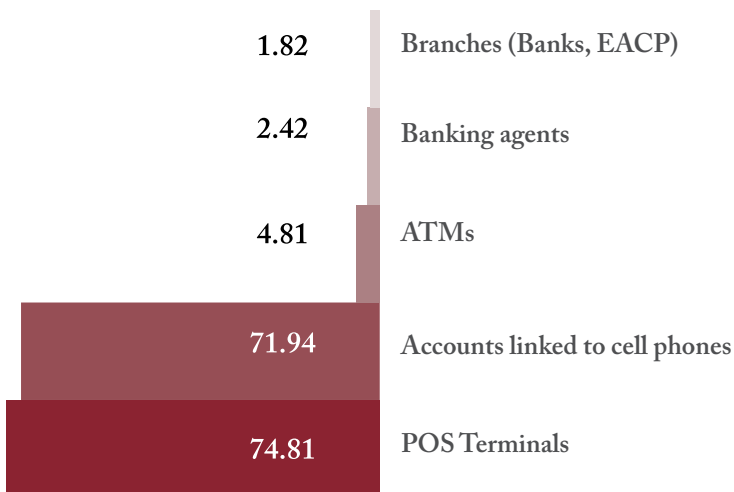
# YUCATÁN



Municipalities		106
Adult population		1,479,160

## ACCESS

Access demographic indicators\*

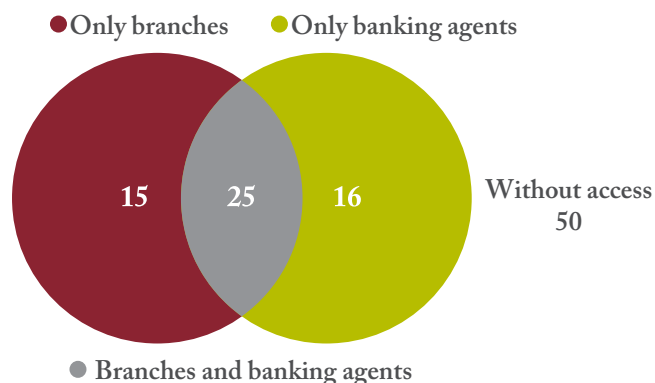


## CONSUMER PROTECTION

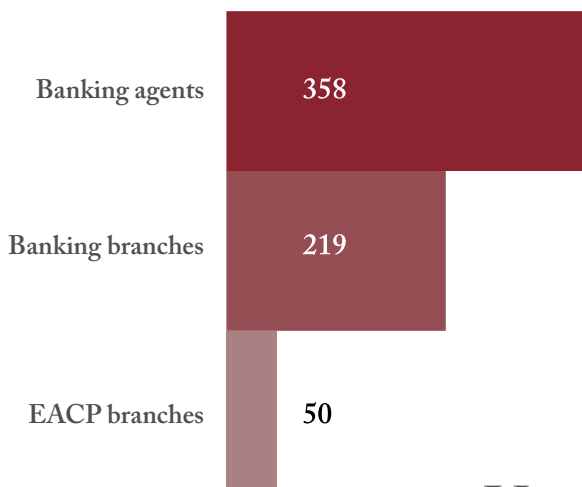
Consumer protection demographic indicator\*

Defense actions by CONDUSEF 199

Municipalities with at least one access channel



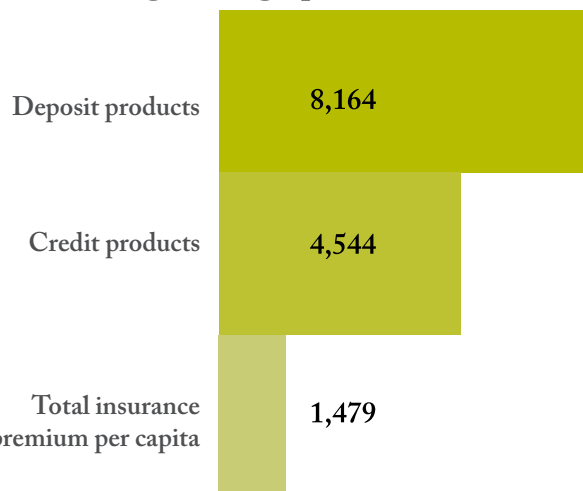
## Financial infrastructure



Adult population with possibility of access ( at least one channel) 1,320,696

Percentage of the adult population with possibility of access 89%

Usage demographic indicators\*



## USAGE

\*Demographic indicators are measured for every 10,000 adults

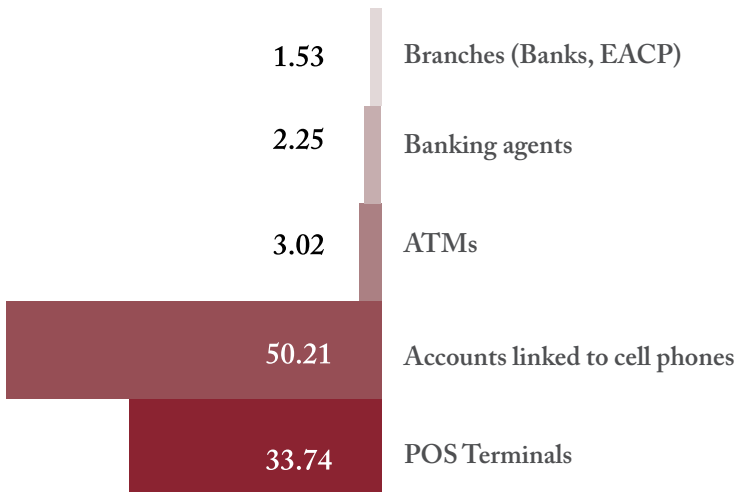
# ZACATECAS



Municipalities		58
Adult population		1,074,572

## ACCESS

### Access demographic indicators\*



## CONSUMER PROTECTION

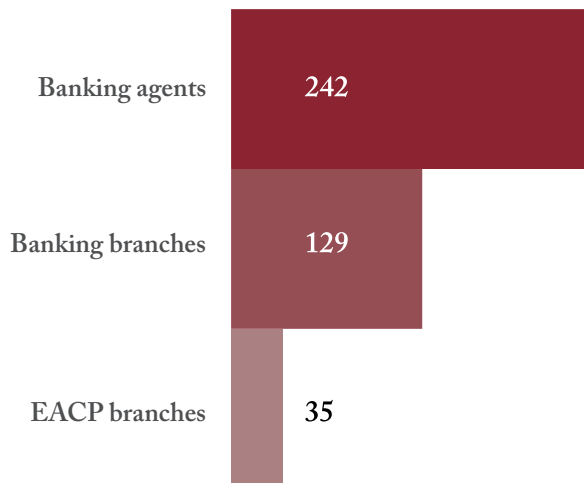
Consumer protection demographic indicator\*

Defense actions by CONDUSEF 156

### Municipalities with at least one access channel



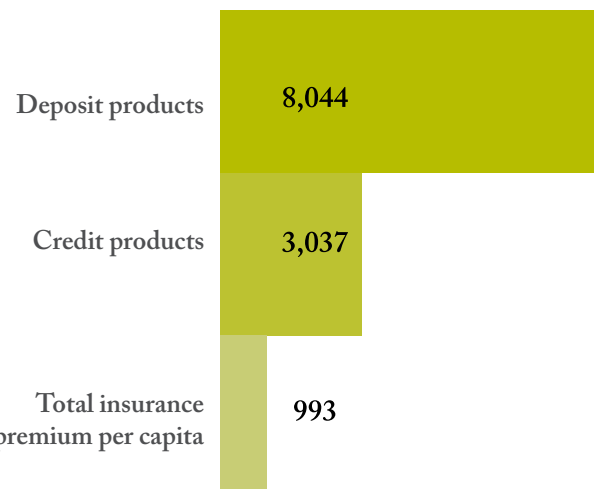
### Financial infrastructure



Adult population with possibility of access ( at least one channel) 988,670

Percentage of the adult population with possibility of access 92%

### Usage demographic indicators\*



## USAGE

\*Demographic indicators are measured for every 10,000 adults

# SOFOM ENR

As part of the modernization of the regulatory framework applicable to the Mexican Financial System, in 2006, an important process of liberalization of diverse lending activities was launched in Mexico. The main focus of this process was the deregulation of credit provision activities, financial leasing and financial factoring operations. These operations can now be performed by any person without the need of a Federal Government's authorization since they are considered deregulated credit operations.

## ANNEX 2

The main triggers for the deregulation of lending activities included: the need to eliminate regulatory barriers that could inhibit credit growth, the aim to increase the competition and access to credit markets for all individuals, the promotion of financial innovation, and the goal of establishing a solid sector through efficiency and competitiveness instead of government protection. In addition, the government wanted to align its regulatory framework with the tendencies observed internationally in the credit sector.

### **Multiple Purpose Financial Institutions (SOFOM)**

Multiple Purpose Financial Institutions (SOFOM, for its abbreviation in Spanish) were created in July 18th 2006 with the publication of a decree in the Federal Official Gazette that

reformed, added and repealed several provisions such as the General Law of Organizations and Auxiliary Activities to Credit and the General Law of Credit Instruments and Operations. These new financial entities can perform credit granting operations, financial leasing and financial factoring on a professional and recurring basis, subject to the guidelines related to these credit operations detailed in the General Law of Credit Instruments and Operations.

With the application of the decree, the SOFOMs became an efficient entity that could provide these three credit activities under a same institution.

To prevent SOFOMs from becoming a mechanism used to evade the prudential regulatory framework, these institutions were classified into two types of categories (Figure A2.1).

**Figure A2.1 Classification of the SOFOM**

#### **Regulated Multiple Purpose Financial Institutions:**

They maintain patrimonial ties with the credit institutions or financial group holdings of which they form part.

These Institutions must add the expression "Multiple Purpose Financial Institution" or its acronym "SOFOM" (by its abbreviation in Spanish) followed by the words "regulated entity" or its abbreviation "E.R." (for its abbreviation in Spanish) to their official name. They are supervised and monitored by the CNBV, through a regulatory framework that is a complement to that of Commercial Banks; and by CONDUSEF in specific topics.

#### **Non-regulated Multiple Purpose Financial Institutions:**

Credit institutions or financial group holdings do not have stakes in the capital of these institutions. These institutions add the expression of "Multiple Purpose Financial Institution" or to their acronym "SOFOM" (by its abbreviation in Spanish), followed by the words "non-regulated entity" or its abbreviation "E.N.R" (by its abbreviation in Spanish) to their legal name. They are supervised by CONDUSEF in specific topics, and by the CNBV in issues related to money laundering.

Both types refer to financial institutions that obtain resources through contributions made by partners, funding from financial institutions and/or public debt issuing. They grant credit to their clients. It is worth mentioning that a SOFOM cannot obtain its financial resources from the public through savings and deposit operations.

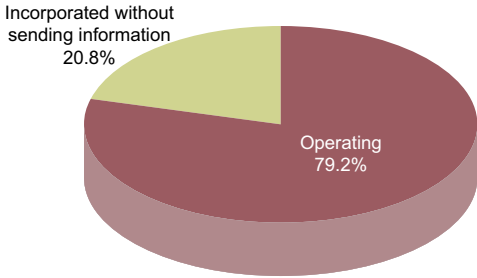
Their objective is to be an efficient financial vehicle: they improve competition and eliminate entry barriers by increasing credit penetration given the specialized services they offer. They also provide a more extensive coverage, offering a wide range of financial products and services to underserved niches, including SME credits, agricultural loans, car loans, micro credits, mortgage loans, and consumer credits.

For purposes of this report, information for SOFOM E.N.R. is presented based on the official records of CONDUSEF.

**Universe of SOFOM E.N.R. (Non-Regulated Multiple Purpose Financial Institutions)**

According to the official records available at the Financial Services Providers Registry System (SIPRES, by its abbreviation in Spanish), at the end of 2012 there were 3,693 registered SOFOM E.N.R. From those, 79.7% (2,942 institutions) were on an “Operating” status which means they have provided corporate information, including their address, the names of their officials, their management and legal status, and their total amount of capital. The remaining 20.3% (751 institutions) were on a status called “Incorporated without sending information”<sup>1</sup>. (Graph A2.2.)

**Graph A2.2 Status of SOFOM E.N.R.**

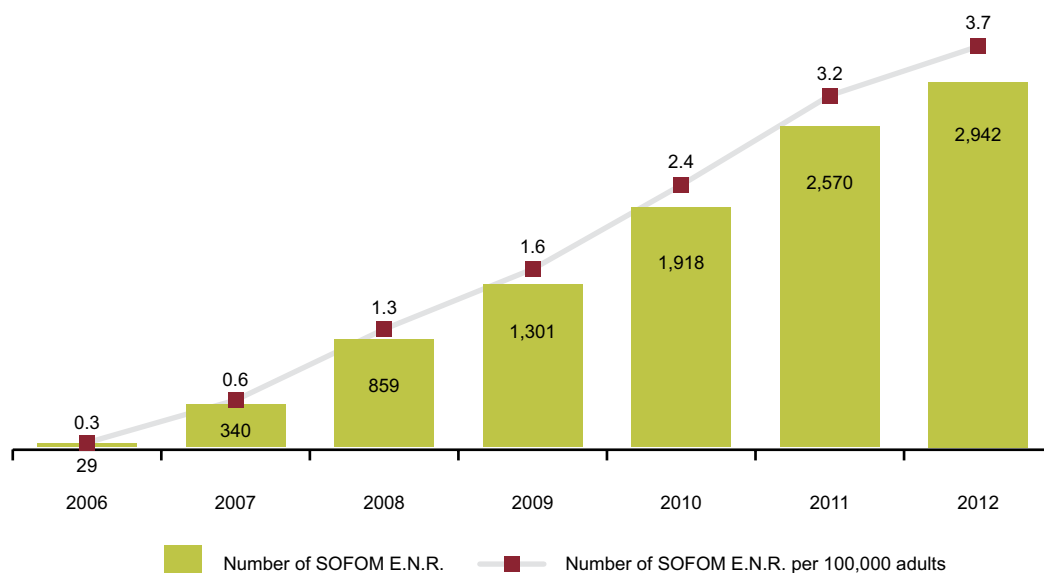


Source: CONDUSEF

The SOFOM E.N.R. sector has shown an accelerated growth. From 2007 to 2012, institutions with an “Operating” status present an annual average growth rate of 60%. These SOFOMs grew 13.9% from 2011 to 2012, going from 2,570 to 2,942 institutions, as it can be seen in figure A2.3. As for the demographic indicator, we can also observe a growth from 3.2 to 3.7 institutions per 100,000 adults.

1. SOFOM identified through the information provided by any authority and that has not given notice of its constitution to CONDUSEF.

**Graph A2.3 Historical evolution of the SOFOM E.N.R (Status “Operating”)**

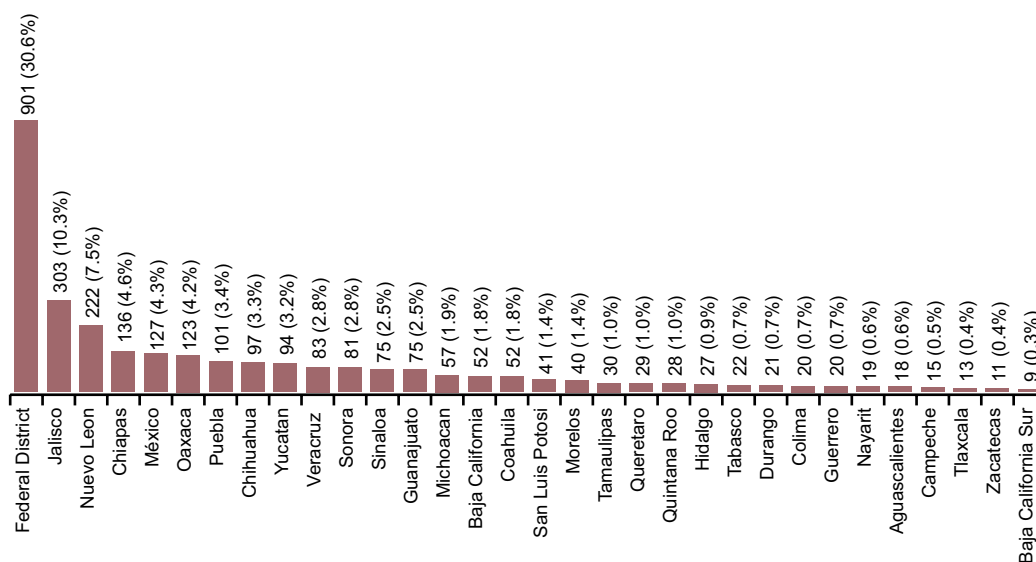


Source: CONDUSEF

### Distribution of SOFOM E.N.R. per state

In each state we can find at least one SOFOM E.N.R., however it is important to note that three states concentrate 48.5% of them: the Federal District with 901 institutions (30.6% of the total), Jalisco with 303 (10.3% of the total) and Nuevo Leon with 222 (7.5%). States with the lowest level of these institutions are Baja California Sur with 9 institutions (0.3%), followed by Zacatecas with 11 (0.4%), and Tlaxcala with 13 (0.4%). See Graph A2.4.

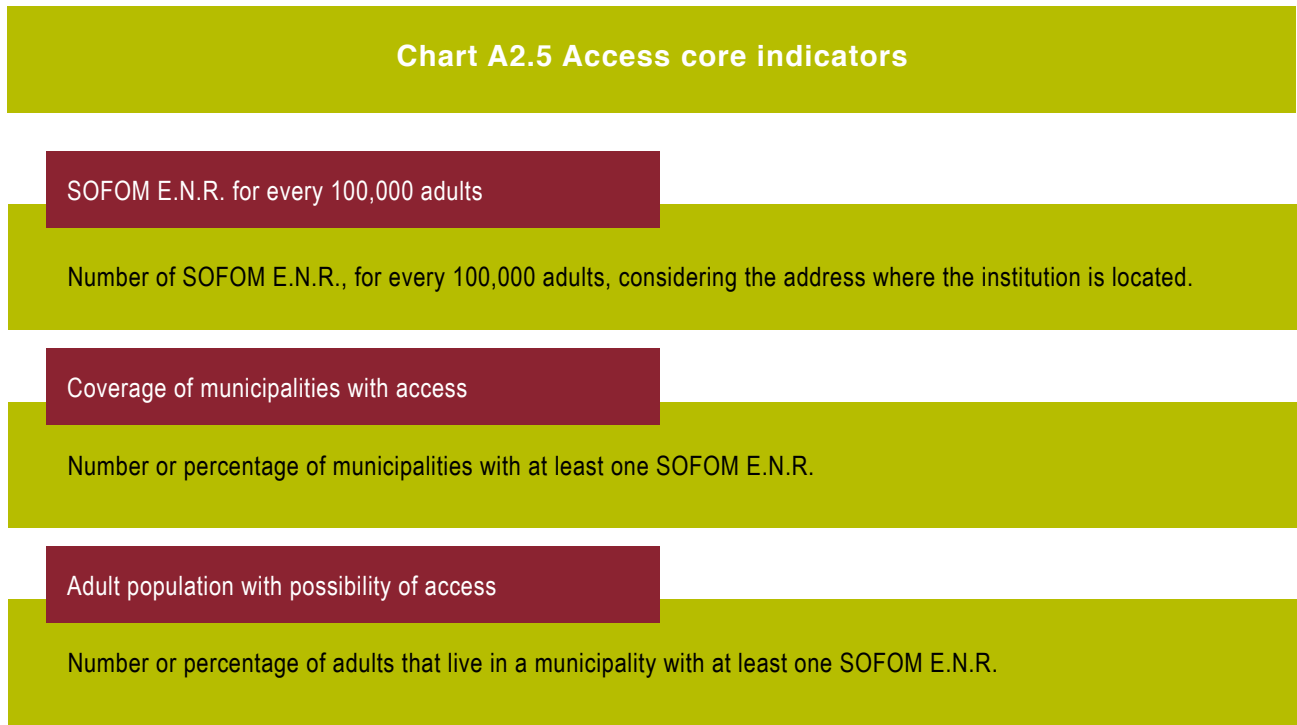
**Graph A2.4 Distribution of the SOFOM E.N.R. per state**



Source: CONDUSEF

Core access indicators

In order to measure and diagnose the dimension of SOFOM E.N.R. as access points to financial services, CONDUSEF used core access indicators defined by AFI (Alliance for Financial Inclusion). These indicators are described in the figure A2.5.



Source: CONDUSEF

SOFOM E.N.R. per 100,000 adults

Table A2.6 presents the access points per state. Distrito Federal is the state with more SOFOM E.N.R for every 100,000 adults followed by Yucatan and Nuevo Leon. On the other hand, Guerrero, Zacatecas, Estado de Mexico, Tamaulipas, Tabasco and Hidalgo only have one entity for every 100,000 adults.

Chart A2.6 Access points per state

State	SOFOMES ENR	Adult Population*	Demographic indicator (SOFOMES ENR per 100,000 adults)
Federal District	901	6,913,542	13
Yucatan	94	1,420,659	7
Nuevo Leon	222	3,394,205	7
Jalisco	303	5,214,266	6
Oaxaca	123	2,614,567	5
Chiapas	136	3,151,533	4
Sonora	81	1,894,678	4
Colima	20	472,950	4
Chihuahua	97	2,424,064	4
Sinaloa	75	1,980,225	4
Morelos	40	1,287,163	3
Quintana Roo	28	944,046	3
Coahuila	52	1,951,216	3
Campeche	15	585,903	3
Puebla	101	3,980,085	3
Nayarit	19	769,684	2
Baja California	52	2,253,184	2
San Luis Potosi	41	1,799,393	2
Queretaro	29	1,282,872	2
Aguascalientes	18	810,759	2
Guanajuato	75	3,779,185	2
Baja California Sur	9	458,554	2
Michoacan	57	3,046,758	2
Durango	21	1,137,201	2
Tlaxcala	13	811,899	2
Veracruz	83	5,510,613	2
Hidalgo	27	1,875,609	1
Tabasco	22	1,569,074	1
Tamaulipas	30	2,366,026	1
Mexico	127	10,821,948	1
Zacatecas	11	1,034,697	1
Guerrero	20	2,264,184	1
National	2,942	79,820,742	3.7

\* INEGI, Census 2010.

Source: CONDUSEF, December 2012.

Coverage of municipalities with access

Of the 2,456 municipalities in the country, 14.2% (349) have at least one SOFOM E.N.R., and 10 municipalities concentrate 45.1% of the total number of institutions. Some of the municipalities with the highest number of institutions are

Miguel Hidalgo, Cuauhtemoc, Guadalajara, Benito Juarez, Alvaro Obregon and Monterrey. Nevertheless, there are 181 municipalities with only one SOFOM E.N.R. Table A2.7 presents the municipalities with at least one point of access.

Chart A2.7 Coverage of SOFOM E.N.R. per municipality

Municipality / State	SOFOM E.N.R.	Participation
Miguel Hidalgo / Distrito Federal	245	8.3%
Cuauhtemoc / Distrito Federal	179	6.1%
Guadalajara / Jalisco	172	5.8%
Benito Juarez / Distrito Federal	158	5.4%
Alvaro Obregon / Distrito Federal	121	4.1%
Monterrey / Nuevo León	109	3.7%
Tuxtla Gutierrez / Chiapas	89	3.0%
San Pedro Garza García / Nuevo Leon	88	3.0%
Zapopan / Jalisco	87	3.0%
Cuajimalpa de Morelos / Distrito Federal	80	2.7%
Otros 339 municipios	1,614	54.9%
Total	2,942	100%

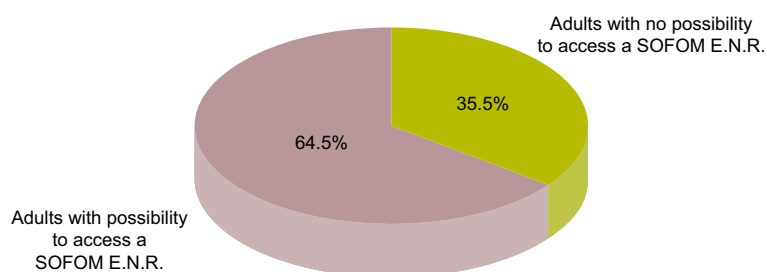
Source: CONDUSEF

Adult population with possibility of access

Another way of measuring the impact of SOFOM E.N.R. is to identify the adult population that lives in the municipalities with at least one point of access.

Based on the total adult population (79.8 million), 51.5 million reside in the 349 municipalities that have a SOFOM E.N.R, where 64.5% of the adults in the country reside.

**Graph A2.8 Adult population with access possibility**



Source: CONDUSEF, December 2012

### **Regulation of SOFOMs E.N.R. by CONDUSEF**

It is important to highlight that even if some SOFOMs have a “Non- Regulated” tag in their corporate name, this does not mean they are exempt from complying with every regulatory framework.

Even though none of the authorities need to be familiar with or responsible for the supervision of financial and accounting aspects of SOFOMs E.N.R. such as capital requirements, financial solvency, technical reserves, transparency of accounting information and approval of financial statements, the Mexican Tax Administration System (SAT) supervises tax collections. Additionally, CONDUSEF monitors and supervises the following aspects:

- Revises and analyzes billing statements, marketing and membership contracts.
- Ensures mortgage credit is granted in accordance to the terms set out in the Guaranteed Credit Transparency Law (LTOSF, for its abbreviation in Spanish).
- Guarantees that the interests are capitalized when parties have convened.
- Monitors that clients have authorized the institution to consult his or her credit history at credit bureaus.

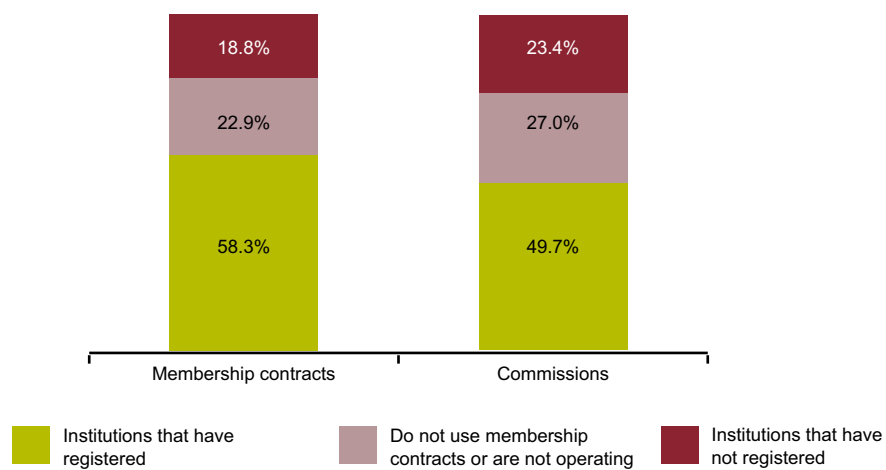
- Ensures that no operations of trust funds are performed. These SOFOM can only perform trust operations for business guarantees related to their own operations.
- Performs all supervisory actions derived from the Law of Transparency (LTOSF).

On the other hand, SOFOMs E.N.R. are obligated to register the following information at CONDUSEF:

- Their Constitution Charters, 10 business days after their inscription.
- Their membership Contracts.
- The commissions charged for performing their operations.
- The number of inquiries and complaints received and attended by their Specialized Units of Attention to Users, as well as their number and address.

Finally, it is important to note the degree of compliance of SOFOMs with what CONDUSEF considers to be the most important aspects of regulation and supervision: registering their membership contracts (81.2% fulfilled this requirement), and registering the commissions that they charge to their customers (76.6% fulfilled this requirement).

**Graph A2.9 Registration of commissions and membership contracts from SOFOMs E.N.R.**



Source: CONDUSEF



The present report is the second dissemination document developed by the Measurement, Diagnostic and Disclosure Working Group from the National Council for Financial Inclusion. In this fifth edition of the Financial Inclusion Report (RIF 5, for its abbreviation in Spanish), we follow up on the information presented in the previous report (RIF 4), which comes from different data sources managed by the institutions that integrate this working group. Additionally, this edition is enhanced by the results of the National Survey for Financial Inclusion (ENIF 2012, for its abbreviation in Spanish), and provides relevant data on the demand-side- of financial products and services in order to complement the information presented on the supply-side. The RIF 5 thus offers a wider overview of the four pillars of financial inclusion: access, usage, consumer protection and financial literacy.