



**Asia-Pacific
Economic Cooperation**

2011/FMP/FIIWG/004

Session 1

Financial Inclusion - Mexico Experience

Submitted by: Mexico



**APEC Financial Inclusion Working Group
Meeting
Bangkok, Thailand
21-22 July 2011**



SHCP

“Financial Inclusion”

Mexico Experience

Ministry of Finance, Mexico

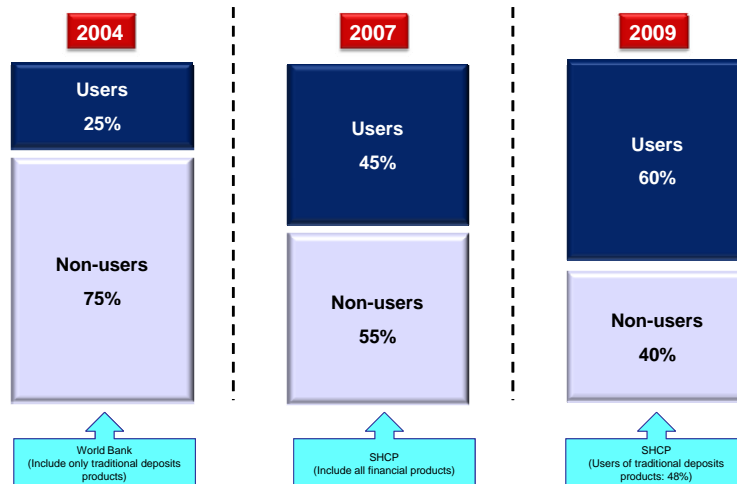
July 2011

Financial Inclusion Process

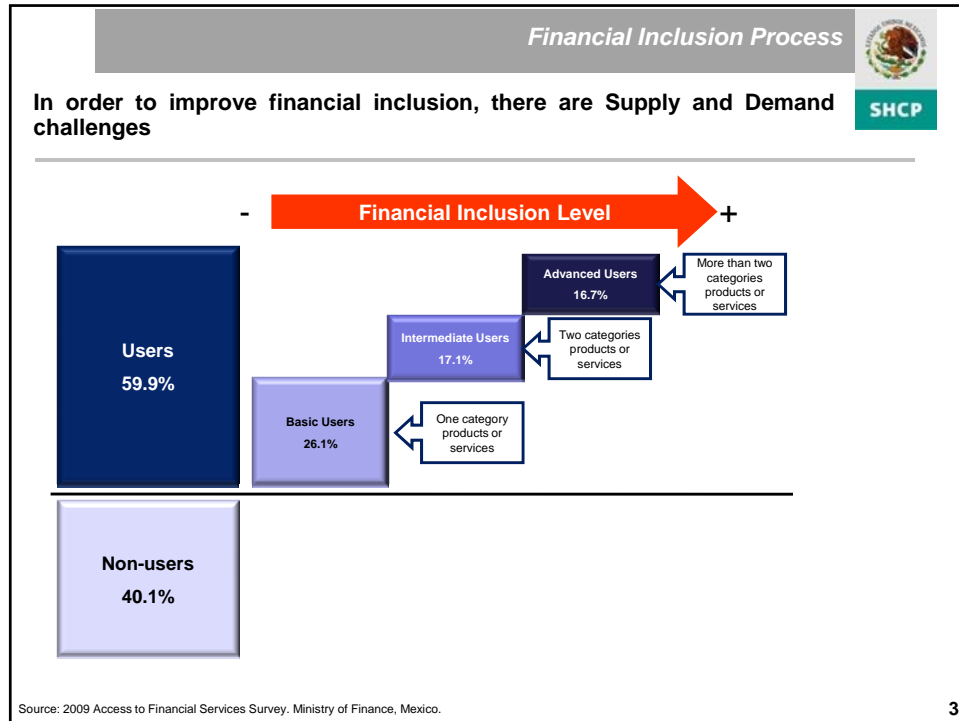


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In the last years, Mexico has been involved in a financial inclusion process. According to a World Bank publication in 2004, only 25% of the population in Mexico had access to a savings account.



Source: *Finance for All? Policies and Pitfalls in expanding Access*, World Bank ; 2007 Financial Education Survey, Ministry of Finance, Mexico; 2009 Access to Financial Services Survey, Ministry of Finance, Mexico.



Financial Inclusion Policy



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Mexican authorities have implemented a series of measures aimed to provide access to unattended population sectors, mainly low income sector:

Low cost-standardized deposit product

- New Transparency Law forces banks to offer fee-less basic deposit product.

Niche Banks and Banks Agents Reform

- Enables the use of non-financial entities as banking agents and allows establishing Specialized Banks "Niche Banks" with a limited scope and lower regulation needs.
- Today, banking agents network authorized is 5,107 sale points, which represents 47% of total traditional bank branches in the country.

CetesDirecto Program

- Savings option that provides access to Treasury Bonds and its returns to any depositor.
- The minimal amount to invest in this program is 100 pesos.

Electronic Subsidies Programs

- Federal Government has worked to implement mechanisms to make pay subsidies through electronic means (Coverage: "Programa de Apoyo Alimentario": 100% - 360 thousands users, "Procampo": 71% - 2.4 million users and "Oportunidades": 35% - 2.3 million users).

POS Program

- Promote electronic payments through tax incentives for banking institutions to participate in a trust for POS terminals installation. From 2004 to September 2010, the POS terminals increased 192%. As of September 2010, there are over 467 thousand POS.

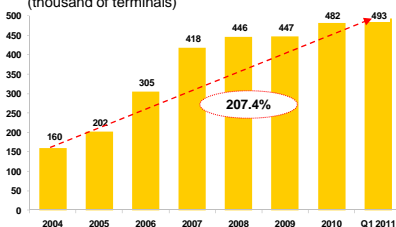
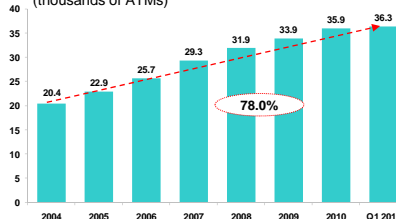
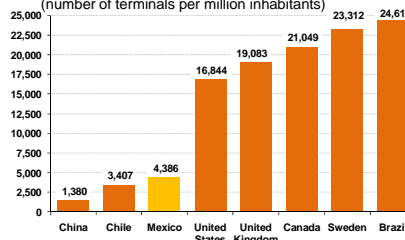
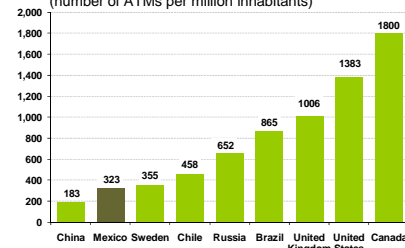
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Banking Infraestructure



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The Mexican banking infraestructure growth has continued; however, it is below the standards of developed countries

POS Terminals
(thousand of terminals)ATM
(thousands of ATMs)POS Terminals
(number of terminals per million inhabitants)ATM
(number of ATMs per million inhabitants)

Source: Mexican AMTs information as of March 2011 of the CNBV, the POS information as of March 2011 of the Mexican central bank and INEGI. The information of the rest of the countries was obtained of the Committee on Payment and Settlement System at 2009.

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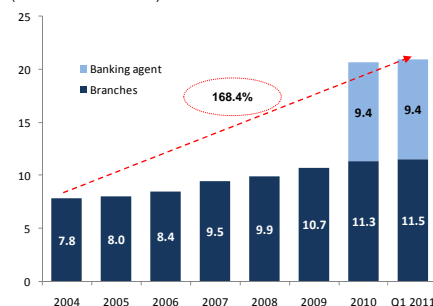
Banking Infraestructure


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The same behavior is observed in the number of bank branches and also have lags compared to the levels of the developed countries

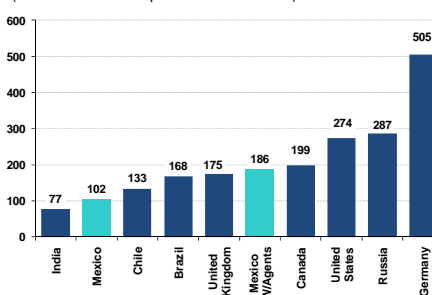
Bank Branches

(thousand of branches)



Bank Branches

(number of branches per million inhabitants)



If we add Banking agents, the growth compared to 2004, is 168.4% instead of 47.5% and also would be in the position after Chile, Brazil and United Kingdom.

Source: Figures of Mexico as of March 2011 with data provided by the CNBV. Brazil (2009) with data of the Brazilian Central Bank, China (2007) with data of The World Bank "Finance for all" and Chile (2010) with data of the Superintendent of Banks. Figures of the rest of the countries were obtained from the Committee on Payments and Settlement System as of 2009.

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Financial Inclusion Policy


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The efforts towards reinforcing the process of financial inclusion has resulted in focusing around three pillars:

Transparency

Precise transparency standards regarding the fees charged by financial institutions, disclosure statements principles and the obligation for banks to offer basic saving product.


Consumer Protection


Establish the fundamental pillars to adequate consumer protection rights by strengthening the powers of the Financial Consumer Protection Agency (CONDUSEF).

Financial Literacy

Ministry of Finance has been working to implement a national financial education strategy aimed to enhance financial literacy in all population segments.

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Challenges

According to the Mexican experience, there are important challenges for financial inclusion.

Promoting the design of financial products and services affordable and easily understood by segments of the population that are not users of financial services (40%) and for segments located at a basic level of inclusion (26%), which only have access to one product.

The convergence of telecommunications and banking services has proved to be a very successful tool in other countries for lower-income segments, There are more than 90 million mobile phones in Mexico, representing a great opportunity to replicate this scheme.

Develop and apply methodologies to measure the level of financial inclusion in order to assess the access and usage of financial products.

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