# 4 USE OF ACCOUNTS

Owning an account is an important first step toward financial inclusion. But to fully benefit from having an account, people need to be able to use it in safe and convenient ways. This chapter explores different ways in which people access and use their accounts.

## Use of accounts for digital payments

According to the 2017 Global Findex survey, 52 percent of adults—or 76 percent of account owners—around the world reported making or receiving at least one digital payment in the past year (figure 4.1). In high-income economies 91 percent of adults (97 percent of account owners) reported doing so; in developing economies 44 percent of adults (70 percent of account owners) did. These percentages include all respondents who reported using mobile money, a debit or credit card, or a mobile phone to make a payment from an account, or reported using the internet to pay bills or to buy something online, in the past 12 months. They also include those who reported paying bills, sending or receiving remittances, receiving payments for agricultural products, or receiving wages, government transfers, or a public sector pension directly from or into a financial institution account or through a mobile money account in the past 12 months.[1]

### What are the overall changes since 2014?

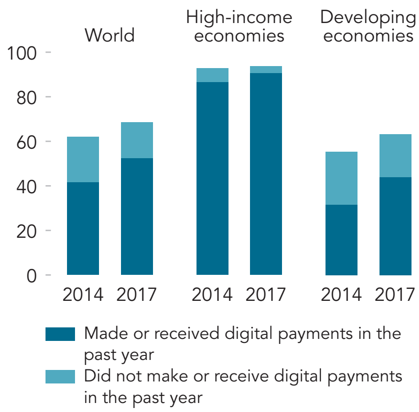
The use of digital payments is on the rise. Between 2014 and 2017 the share of adults around the world making or receiving digital payments rose by 11 percentage points, from 41 percent to 52 percent (see figure 4.1).[2] Indeed, the growth in the share using digital payments outpaced the growth in the share owning an account, which hit 7 percentage points. In developing economies the share using digital payments increased by 12 percentage points—from 32 percent to 44 percent—among all adults, while it grew from 57 percent to 70 percent among account owners. In high-income economies the use of digital payments was already nearly universal among account owners in 2014, and it remained so.

While the use of digital payments is generally high in developing economies—reported by more than two-thirds of account owners on average—there is also

**FIGURE 4.1**

**More people are using their account to make or receive digital payments**

Adults with an account (%)

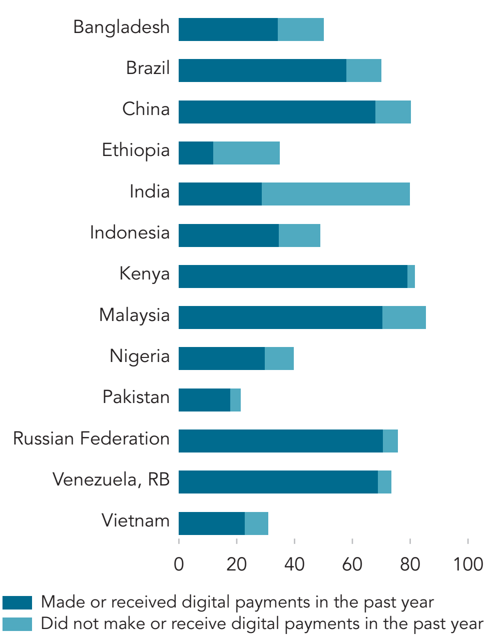



*Source:* Global Findex database.

**FIGURE 4.2**

**The share of account owners using digital payments varies widely across developing economies**

Adults with an account (%), 2017




*Source:* Global Findex database.

much variation among these economies (figure 4.2). In Kenya, thanks to the widespread adoption of mobile money accounts, the use of digital payments is nearly universal among account owners; indeed, the share reporting their use, at 97 percent, is as high as that in high-income economies. In the Russian Federation and República Bolivariana de Venezuela the share of account owners using digital payments is similarly high, and in China it is 85 percent. By contrast, Ethiopia and India stand out for low use of digital payments: only about a third of account owners in these two countries reported making or receiving at least one digital payment in the past 12 months.[3]

What do the data show about the use of digital payments in major developing economies that already had a high rate of account ownership in 2014? These include Brazil, China, Kenya, Malaysia, Russia, South Africa, and Thailand, where the share of adults with an account had reached about 70 percent or more. While account ownership remained largely unchanged in these countries, the share of adults using their account for digital payments generally grew substantially. In China, for example, the share of adults using digital payments increased by about half, from 44 percent in 2014 to 68 percent in 2017 (figure 4.3). In Thailand the share almost doubled, to 62 percent. Economies such as Brazil, Malaysia, and Russia also saw increases, though much more modest ones from a larger base. In Kenya and South Africa the share of account owners using digital payments had already surpassed 85 percent in 2014.

Does the use of accounts for digital payments vary by gender and by income? As explored in the chapter on account ownership, women and poorer adults are less likely to have an account. But does the use of accounts vary among those who do have one?

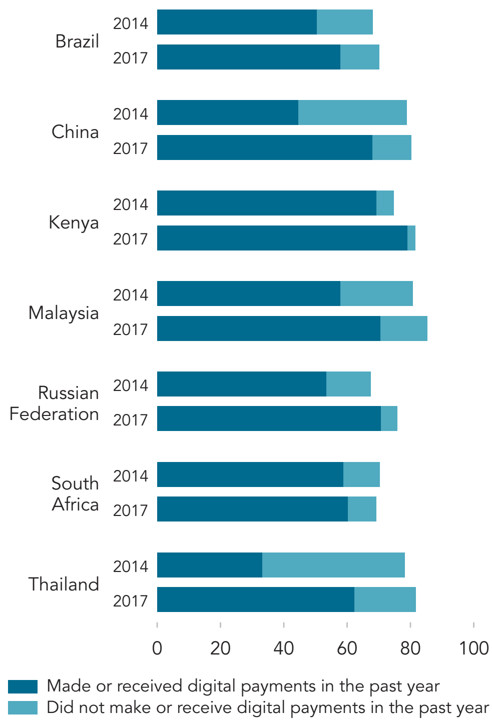
Among account owners in high-income economies, the use of digital payments is nearly universal for both men and women. Among those in developing economies, however, men are on average 5 percentage points more likely than women to make or receive digital payments—72 percent of male account owners use digital payments, compared with 67 percent of female account owners. This gender gap of 5 percentage points remains unchanged since 2014 despite an overall increase in the use of digital payments.

The gender gap in the use of digital payments varies substantially among developing economies. In some it reaches double digits. These include economies that also have a double-digit gender gap in account ownership, such as Bangladesh, the Arab Republic of Egypt, Ethiopia, Morocco, and Pakistan. By contrast, in Turkey, despite a gender gap in account ownership of almost 30 percentage points, the use of digital payments is nearly universal among both male and female account owners. Conversely, a double-digit gender gap in the use of digital payments also exists in some economies that have a smaller gender gap in account ownership. In India, for example, 42 percent of male account owners use digital payments, while just 29 percent of female account owners do. And in the Philippines, one of the few developing economies where women are more likely than men to have an account, the share of account owners using digital payments is 9 percentage points higher among men than among women.

**FIGURE 4.3**

**In developing economies where most adults already had an account, a growing share are using theirs for digital payments**

Adults with an account (%)




*Source:* Global Findex database.

Not surprisingly, there are also differences between richer and poorer account owners in the share using digital payments. Globally, 80 percent of account owners living in the richest 60 percent of households within economies make or receive digital payments, while 70 percent of those in the poorest 40 percent of households do so. In high-income economies richer and poorer account owners are equally likely to use digital payments. In developing economies, by contrast, 74 percent of richer adults use digital payments, while 61 percent of poorer adults do. The gap between richer and poorer in the use of accounts for digital payments has narrowed by a third since 2014, when it was 22 percentage points on average in developing economies and 15 percentage points globally.

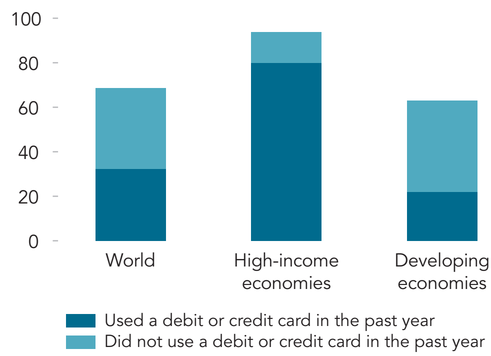
## How many people use debit and credit cards to make purchases?

Payment cards such as debit or credit cards provide account owners a convenient way to make payments from their account without having to withdraw cash. In high-income economies 80 percent of adults reported using a debit or credit card to make at least one payment in the past 12 months, while in developing economies only 22 percent did so (figure 4.4).[4]

**FIGURE 4.4**

**In high-income economies four-fifths of adults use a debit or credit card**

Adults with an account (%), 2017



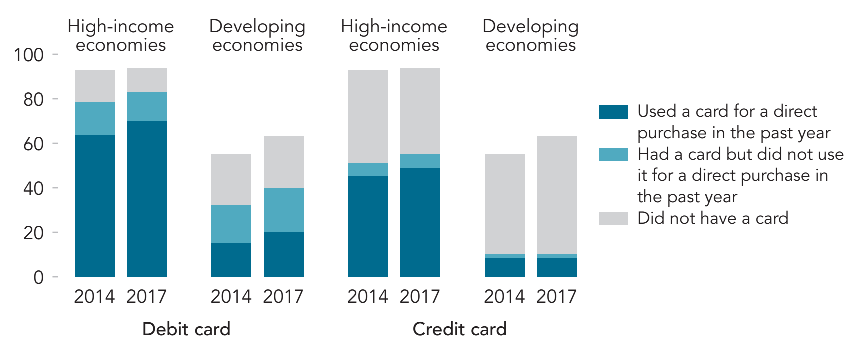

*Source:* Global Findex database.

People can use a debit card both to make direct payments from their account and to withdraw money from it through an automated teller machine (ATM) rather than a bank teller. In high-income economies on average, 89 percent of account owners (83 percent of adults) reported owning a debit card in 2017, and three-quarters of account owners said that they had used their card to make a direct purchase in the past 12 months (figure 4.5). In developing economies only 63 percent of account owners (40 percent of adults) said that they had a debit card, and just half of them reported using it to make a direct purchase in the past year. While debit card ownership and use have grown in developing economies since 2014, they have done so only modestly: The share of account owners with a debit card has increased by only 5 percentage points, from 58 percent to 63 percent. And the share using a debit card for a direct purchase has similarly increased by only 5 percentage points.[5]

**FIGURE 4.5**

**Debit card ownership and use have grown in developing economies, though slowly**

Adults with an account (%)



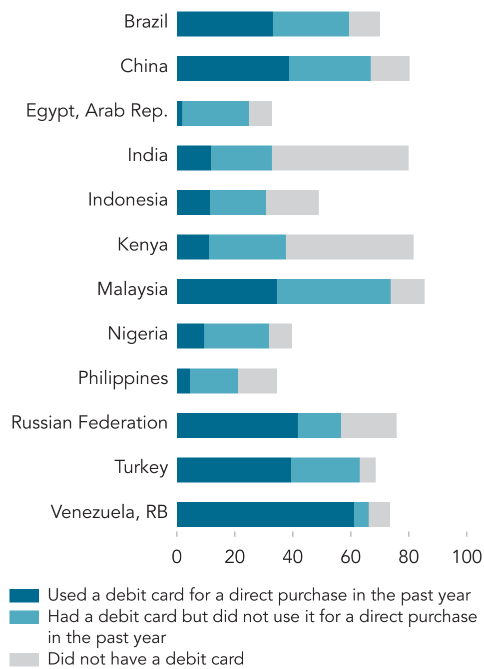

*Source:* Global Findex database.

Debit card ownership and use vary considerably across developing economies (figure 4.6). Brazil, China, Malaysia, Russia, and Turkey follow the general pattern among developing economies of relatively high debit card ownership and use, with about half of those with a debit card using it to make a direct purchase in the past year. In India and Kenya, by contrast, less than half of account owners have a debit card, and among those who do, only about a third used it to make a direct purchase. And in such economies as Egypt, Indonesia, Nigeria, and the Philippines the number of account owners with a debit card is relatively high, but only a third or fewer of those who have one used it for a direct purchase. República Bolivariana de Venezuela stands out for very high debit card ownership and use—nearly universal among adults. A key reason is that the country's economic challenges have led to a severe shortage of bank notes, so that out of necessity many people making a purchase use a debit card whenever possible.[6]

**FIGURE 4.6**

**Debit card ownership and use vary widely among developing economies**

Adults with an account (%), 2017




*Source:* Global Findex database.

In many economies people use a credit card rather than a debit card to pay bills and make everyday purchases.[7] In high-income economies 55 percent of adults reported owning a credit card. In developing economies, despite recent growth in some, credit card ownership remains low and unchanged from 2014: on average only 10 percent of adults reported having one.

Those who own a credit card are very likely to use it. Across both high-income and developing economies the share of credit card holders who reported having used their card in the past 12 months exceeds 80 percent.

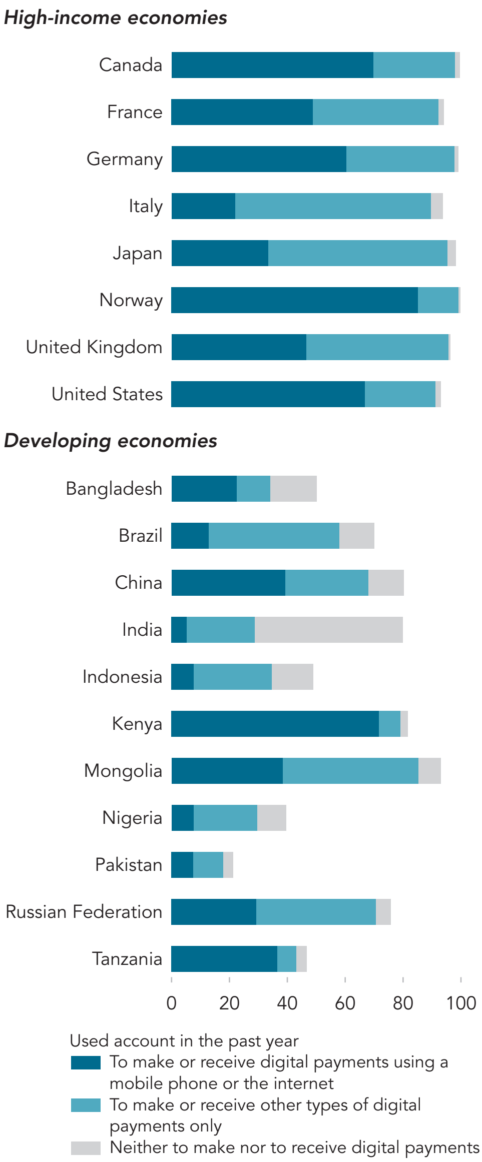
## Where are payments using a mobile phone or the internet catching on?

Mobile phones and the internet increasingly offer an alternative way to make direct payments from an account—either a mobile money account or, through an app or a website, a financial institution account. In high-income economies 51 percent of adults (55 percent of account owners) reported making at least one financial transaction in the past year using a mobile phone or the internet.[8] But this average masks a large variation: in Norway the share was as high as 85 percent while it was just 33 percent in Japan and 22 percent in Italy (figure 4.7).

**FIGURE 4.7**

### Half of adults in high-income economies use a mobile phone or the internet to make transactions from their account

Adults with an account (%), 2017




*Source:* Global Findex database.

In developing economies 19 percent of adults (30 percent of account owners) reported making at least one financial transaction in the past year using a mobile money account, a mobile phone, or the internet. But this figure similarly masks large differences. In economies where a large share of adults have a mobile money account, such as Kenya and Tanzania, the use of a mobile phone to make transactions through an account is close to universal among account owners—in Kenya 88 percent of account owners (72 percent of adults) reported using a mobile phone or the internet to make a transaction through their account in the past year. By contrast, in India less than 10 percent of account owners reported doing so. In China 49 percent of account owners (40 percent of adults) reported using a mobile phone to make a financial transaction.

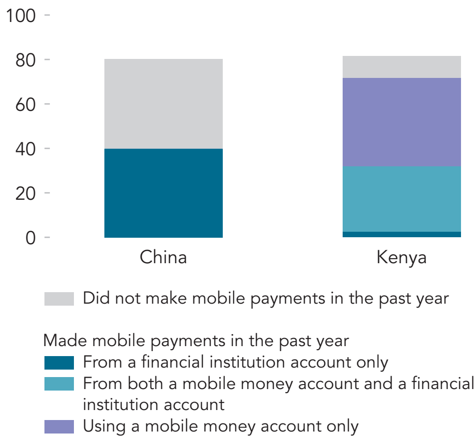
When it comes to using a mobile phone for financial services, China and Kenya represent two different models. In China mobile financial services are provided primarily through third-party payment service providers such as Alipay and WeChat using smartphone apps linked to an account at a bank or another type of financial institution (figure 4.8). By contrast, in Kenya mobile financial services are offered by mobile network operators, and mobile money accounts do not need to be linked to an account at a financial institution.

In Kenya most account owners have both a financial institution account and a mobile money account. This is reflected in how people make mobile payments. Forty percent of adults use only a mobile money account to make such payments. Another 29 percent rely on two methods—using a mobile money account and using a mobile phone or the internet to access their financial institution account. And 2 percent make mobile payments only by using a mobile phone or the internet to access their financial institution account. In China 40 percent of adults make mobile payments from their financial institution account.

**FIGURE 4.8**

**Account owners in China tend to make mobile payments through apps, those in Kenya through mobile money accounts**

Adults with an account (%), 2017

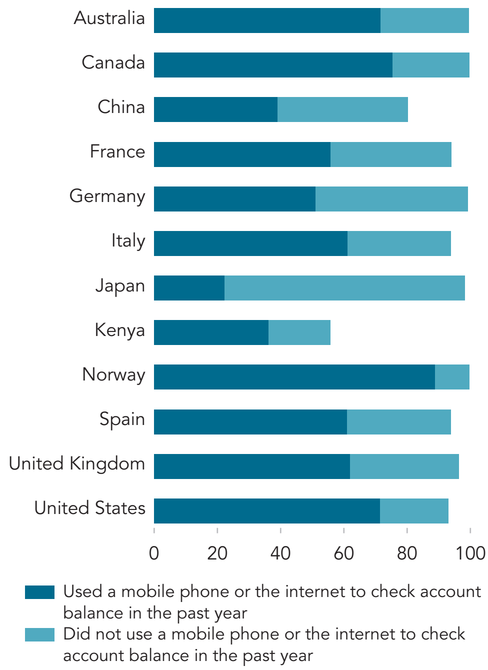



*Source:* Global Findex database.
*Note:* Data on the use of mobile money accounts include adults making or receiving payments through such accounts.

**FIGURE 4.9**

**More than half of adults in high-income economies use a mobile phone or the internet to check the balance in their financial institution account**

Adults with a financial institution account (%), 2017




*Source:* Global Findex database.

In 2017, for the first time, the Global Findex survey also asked respondents with a financial institution account whether they used a mobile phone or the internet to check their account balance. In high-income economies 56 percent of adults reported having done so, including almost 90 percent of adults in Norway (figure 4.9). In developing economies on average, 18 percent of adults reported having used a mobile phone or the internet to check their balance. But in a handful of economies about twice that share reported having done so. For example, in China 39 percent of adults did so, and in Kenya 32 percent did. And in Mongolia and Russia about 45 percent did so, the largest share among developing economies.

Most people who use a mobile phone or the internet for checking their account balance also use this technology for making transactions from their financial institution account. But this is not true everywhere: Italy and Spain are two notable exceptions. In these two countries 61 percent of adults reported using a mobile phone or the internet to check the balance in their financial institution account, but less than half of this group also reported doing so to make a transaction from their financial institution account.

## How many people use the internet to shop and pay bills?

Globally, 22 percent of adults reported using the internet to pay bills in the past 12 months, and 24 percent using it to buy something online. Overall, 29 percent of adults around the world reported using the internet to either pay bills or buy something online—68 percent of adults in high-income economies and 21 percent in developing economies.

In high-income economies the share of adults who reported having used the internet to pay bills averages 52 percent—but it exceeds 80 percent in Denmark, Finland, the Netherlands, Norway, and Sweden (figure 4.10). In developing economies few adults use the internet to pay bills. The highest shares doing so—about 40 percent—are in Belarus, China, Croatia, and the Islamic Republic of Iran (figure 4.11). In Russia and Turkey about a third of adults pay bills online. But on average in developing economies only 16 percent of adults do so, and the share is less than 5 percent in low- and lower-middle-income economies.

Similarly, high-income economies have a larger share of adults who reported having used the internet to buy something online in the past year—59 percent on average, including up to three-quarters of adults in Denmark, the Netherlands, Norway, and the United Kingdom. In China 45 percent of adults reported having bought something online—by far the largest share among developing economies. Malaysia followed, with 34 percent. In Belarus, Croatia, the Islamic Republic of Iran, and Russia just under 30 percent of adults reported having made online purchases, and in Turkey and Vietnam about 20 percent did. On average, however, just 7 percent of adults in developing economies excluding China reported having bought something online.

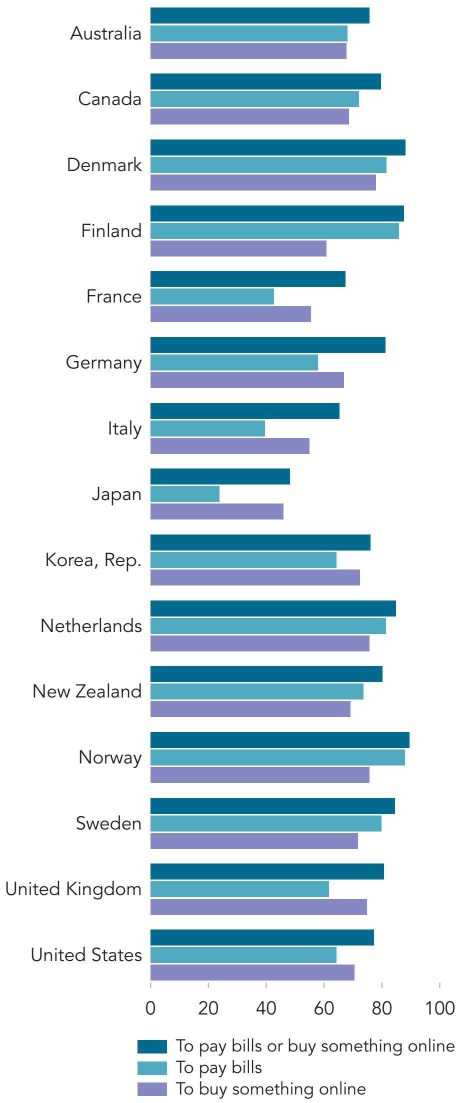
Buying something online does not necessarily mean paying for it online. In many developing economies people commonly pay in cash on delivery for internet orders. To measure how common that practice is, the 2017 Global Findex survey asked people in developing economies how they pay for internet purchases. On average in all developing economies except China, 53 percent of adults who reported making an internet purchase in the past 12 months said that they paid for it in cash on delivery. Even in economies where a relatively large share of adults reported having made an online purchase, such as Malaysia and Turkey, only about half of them reported paying for it online. In Lebanon and Vietnam, for example, more than 80 percent of adults who bought something online paid in cash on delivery.

In China, by contrast, 85 percent of adults who bought something online also paid for it online (figure 4.12). Many of them probably used popular third-party online and mobile payment platforms such as Alipay and WeChat, which were developed specifically to facilitate online payments. Indeed, Alipay's slogan is "experience fast, easy and safe online payments."

**FIGURE 4.10**

**On average in high-income economies, two-thirds of adults use the internet to pay bills or shop online**

Adults using the internet for specified purpose in the past year (%), 2017

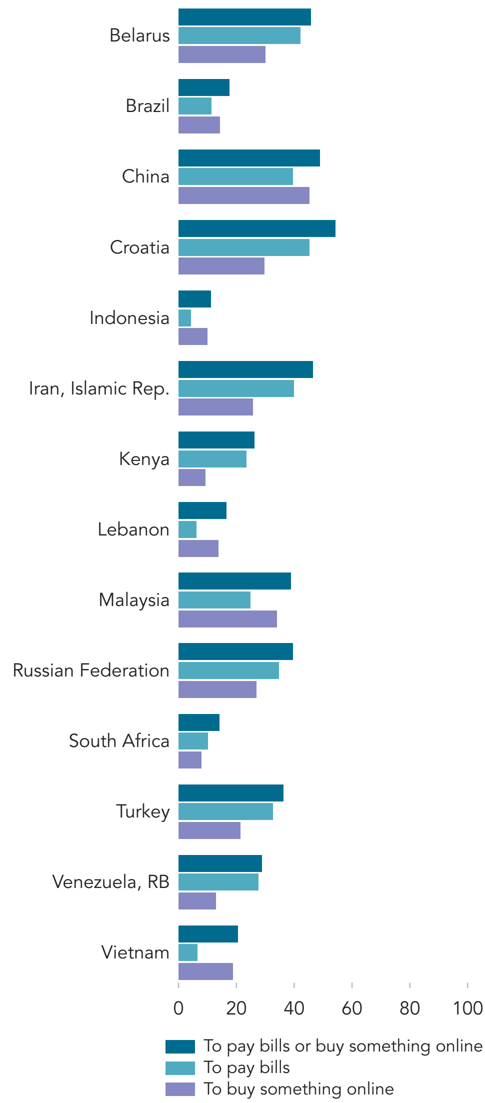



*Source:* Global Findex database.

**FIGURE 4.11**

**In developing economies a far smaller share of adults use the internet for paying bills or shopping online**

Adults using the internet for specified purpose in the past year (%), 2017

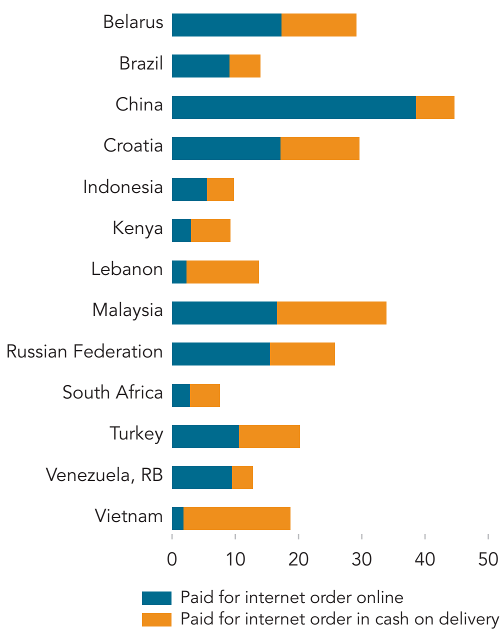



*Source:* Global Findex database.

FIGURE 4.12

**Online shoppers tend to pay online in China—but in cash on delivery in most other developing economies**

Adults using the internet to buy something online in the past year (%), 2017

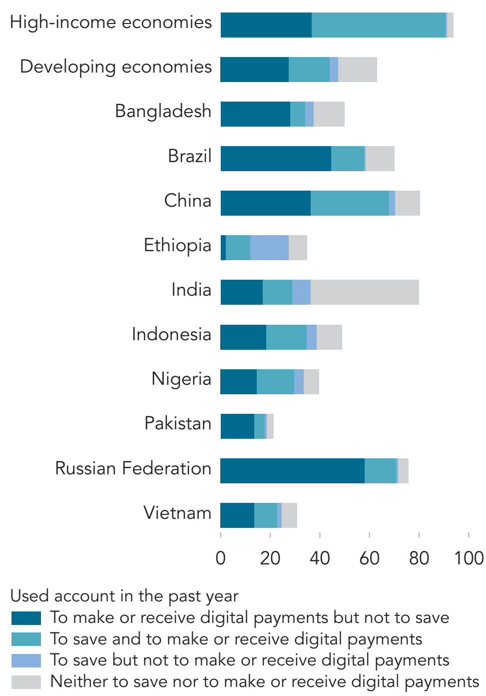



*Source:* Global Findex database.

FIGURE 4.13

**Most people who use their account to save also use it to make or receive digital payments**

Adults with an account (%), 2017




*Source:* Global Findex database.

## Use of accounts for saving

Making or receiving digital payments is one important use of an account. Saving is another. But few people reported using their account for saving but not also for making or receiving digital payments in the past year. In developing economies only 3 percent of adults did so (figure 4.13). Ethiopia is an exception to this pattern, with 15 percent of adults reporting using their account for saving but not for digital payments. Indeed, it is the only economy where this share exceeded 10 percent. In India the share was 7 percent.

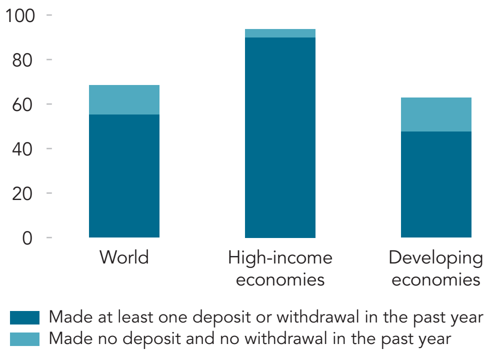
## Accounts that remain inactive

Globally, 13 percent of adults, or 20 percent of account owners, reported having what can be considered an inactive account, with no deposit or withdrawal —in digital form or otherwise—in the past 12 months (figure 4.14).[9] The share of

FIGURE 4.14

**Globally, one in five account owners has an account that was inactive in the past year**

Adults with an account (%), 2017

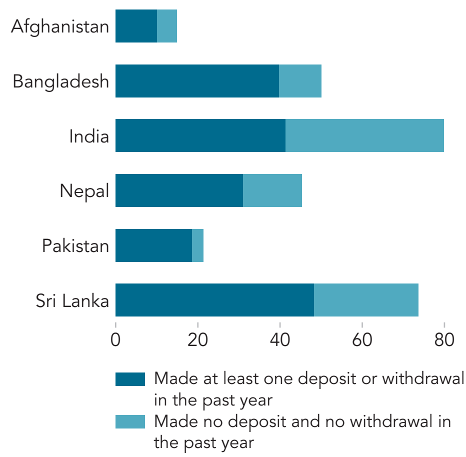



*Source:* Global Findex database.

FIGURE 4.15

**In India almost half of account owners have an account that remained inactive in the past year**

Adults with an account (%), 2017




*Source:* Global Findex database.

account owners with an inactive account varies across economies, but it is especially high in many South Asian economies (figure 4.15). In India the share is 48 percent—the highest in the world and about twice the average of 25 percent for developing economies. Part of the explanation might be India's Jan Dhan Yojana scheme, developed by the government to increase account ownership. Launched in August 2014, the program had brought an additional 310 million Indians into the formal banking system by March 2018, many of whom might not yet have had an opportunity to use their new account.[10] In Afghanistan, Nepal, and Sri Lanka about a third of account owners have an inactive account, while in Bangladesh 21 percent do. And Pakistan has a rate of just 13 percent, though it also has a low rate of account ownership compared with other economies in the region. In high-income economies only 4 percent of account owners have an inactive account.

In developing economies female account owners are on average 5 percentage points more likely than male account owners to have an inactive account. In India, however, this gender gap is about twice as large: while 54 percent of women with an account reported having made no deposit or withdrawal in the past year, only 43 percent of men with an account did so.

In developing economies 76 percent of adults with an inactive account have a mobile phone, including 66 percent in India. This represents an opportunity for expanding the use of accounts through digital technology—a topic explored in detail in the chapter on opportunities for expanding financial inclusion through digital technology.

## Notes

1. Globally in 2017, 0.28 percent of adults reported receiving payments from self-employment into an account in the past year but not making or receiving any other digital payments. Data on payments from self-employment were not collected in 2014.
2. No comparable data on digital payments were collected in 2011.
3. Myanmar and Nepal are the only other two economies with a similarly low share of adults who reported having made or received digital payments.
4. This does not include using a card for a cash withdrawal at an ATM. No data are collected on prepaid cards not linked to an account.
5. In 2011, 69 percent of account owners in high-income economies reported having a debit card, while 57 percent of account owners in developing economies did so. No data are available on the use of cards for direct purchases for 2011.
6. "Cash Crunch: How Venezuela Inadvertently Became a Cashless Economy," *Guardian,* November 30, 2017.
7. While a credit card does not have to be linked to an account, less than 0.5 percent of adults around the world reported owning a credit card but not having an account at a financial institution.
8. Mobile money accounts are offered in only three high-income economies—Chile, Singapore, and the United Arab Emirates.
9. It is not possible to ascertain whether accounts with no deposit and no withdrawal in the past 12 months are "dormant," as they may be used for long-term saving.
10. "Pradhan Mantri Jan Dhan Yojana Progress-Report," Department of Financial Services, Indian Ministry of Finance, March 21, 2018, https://pmjdy.gov.in/account.