

ARMENIA:

**FINANCIAL INCLUSION
“FINANCIAL INCLUSION” SEL**

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“Armenia: Financial inclusion” is an electronic periodical which aims to analyse and briefly represent the changes of financial inclusion components in RA.

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ARMENIA:” FINANCIAL INCLUSION”: ASSESSMENT ISSUES:

- “Financial Inclusion” has been widely spread after the global financial crisis in 2007-2009 as a term describing the degree of accessibility of financial services to the population and especially to small businesses.
- The importance of “Financial Inclusion” is emphasized by the Leaders of Group of Twenty and a series of measures aimed at enlarging inclusion are proposed by the latter¹.
- Research and development made by international financial institutions and interested initiatives has become a basis for the assessment of financial inclusion in the world, regions and individual countries.
- “Financial inclusion” is the relationship between individuals and official financial institutions from which they receive services and the “financial inclusion” assessment is the quantitative measurement of the preselected indicators through the survey. Financial inclusion estimates are made by means of “four major financial products offered by financial institutions: payments, savings, loans and insurance”².
- The first estimates of financial inclusion indicators which were formed as a result of a survey conducted in 2011 in the world were published in 2012³. The material contains indicators of “financial inclusion” of the regions of the planet and separate countries⁴. Data on Armenia's financial inclusion have been included in the countries of Europe and Central Asia.
- The next took place in 2015. Results of surveys conducted in 2014 have been summarized. The small collection of data also includes Armenia's financial inclusion⁵. By the source the series of indicators should be collected and processed again in 2017⁶.
- Regular implementation of “financial inclusion” in Armenia may serve a basis for strengthening the financial sector in Armenia. The changes of the indicators have the same positive impact on the country's financial sector, as well as on the economic growth.
- Tables 1 and 2 present both Armenia's 2011 and 2014 financial inclusion indicators (parallel to the average

¹ Source- September 2014. Financial Inclusion Action Plan (FIAP). Global Partnership for Financial Inclusion (GPII), pages 1-2: <http://www.worldbank.org/>

² Source- What do we know about the link between financial inclusion and inclusive growth? Asli Devirguc-Kunt, Leora Klapper, Dorothe Singer. <http://blogs.worldbank.org/allaboutfinance/what-do-we-know-about-link-between-financial-inclusion-and-inclusive-growth>

³ Source- Measuring Financial Inclusion. The Global Findex Database. April 2012. The world Bank. Development Research Group Finance and Private Sector Development Team. P.1 <http://www.worldbank.org/>

⁴ Source- The Little Data Book on Financial Inclusion. 2012 by the International Bank for Reconstruction and Development/The World Bank. Report generated on: April 15, 2015. <http://microdata.worldbank.org>

⁵ Source- The Little Data Book on Financial Inclusion. 2015 by the International Bank for Reconstruction and Development/The World Bank. 2015. [http://microdata.worldbank.org_page 25:](http://microdata.worldbank.org_page_25:)

⁶ Source- Armenia - Global Financial Inclusion (Global Findex) Database 2014. Development Research Group, Finance and Private Sector Development Unit – World Bank. Report generated on: October 29, 2015. [http://microdata.worldbank.org_page 3:](http://microdata.worldbank.org_page_3:)

indicators of the regional and lower middle-income countries).

- The 2014 series of indicators was substantially edited and reclassified (see tables). If in 2011 in the general line of conditional "account" shown an account in formal financial institution, then it was accepted as an access to official accounts, the use of those accounts and the mobile payments by subsections, after it in 2014, they were brought to some extent by other subgroups with different editorial and other indicators.
- In 2011 the following groups of financial inclusion indicators include "Savings", "Credit" and "Insurance". Compared with the latter, in 2014, there is no group of indices of "insurance":
- The key generalization depends on the answer to the following question: who does open an account, who does manage it, save it, borrow it, receive an insurance and perform all actions that are derived from the content of the indicators of the relevant groups included in the spreadsheets. The main participant or the actor is adult or that adult who is not interested in personal expediency, knowledge, and perception, performs or fails to do so, participates or does not participate in the consumption of financial services provided by official financial institutions.
- First of all the indicators of "financial inclusion" quantitatively measure the behavior of separate individuals, and then their commonality on financial services. First of all the fundamental unit of research is an individual's "financial behavior" and then also public general "financial behavior".
- The assessment of "financial inclusion" in Armenia is a part of the relevant processes in the international arena. On the planet scale they have entered the stage of financial inclusion indicators propagation, data retrieval and processing, database design and as a result of edge comparability provision. There is an issue about the necessity of disclosure the relationship between financial inclusion and economic growth.

TABLE 1. Armenia: "financial inclusion" outcome indicators in 2011⁷

Europes and Central Asia		Lower middle income		
Population, (mil) 3.1		GNI per capita (\$) ⁸		3.200
		<i>Country data</i>	<i>Europes and Central Asia</i>	<i>Lower middle income</i>
Account at a Formal Financial Institution				
All adults (% , age 15+)		17.5	44.9	28.4
Male adults (% , age 15+)		16.7	49.9	33.9
Female adults (% , age 15+)		18.1	40.0	22.9
Young adults (% , ages 15–24)		13.9	31.9	21.5
Older adults (% , age 25+)		18.4	48.4	31.2

⁷ Source- The Little Data Book on Financial Inclusion. 2012 by the International Bank for Reconstruction and Development/The World Bank. 2012. http://microdata.worldbank.org_page_24:

⁸ Gross National Income (GNI):

Table 1 continuation

Adults with a primary education or less (<i>%, age 15+</i>)	7.0	25.6	20.8
Adults with a secondary education or more (<i>%, age 15+</i>)	20.3	51.4	45.4
Adults in income quintiles I (lowest) and II (<i>%, age 15+</i>)	13.8	36.5	19.7
Adults in income quintiles III, IV, and V (highest) (<i>%, age 15+</i>)	20.3	51.1	36.3
Adults living in a rural area (<i>%, age 15+</i>)	15.4	41.6	25.3
Adults living in an urban area (<i>%, age 15+</i>)	20.4	50.4	36.0
Access to Formal Accounts (<i>%, age 15+</i>)			
0 deposits/withdrawals in a typical month (<i>% with an account</i>)	7.4	4.0	6.8
0 deposits in a typical month (<i>% with an account</i>)	13.2	6.5	11.6
1–2 deposits in a typical month (<i>% with an account</i>)	80.3	80.8	70.9
3+ deposits in a typical month (<i>% with an account</i>)	5.2	5.4	11.8
0 withdrawals in a typical month (<i>% with an account</i>)	19.1	6.9	13.7
1–2 withdrawals in a typical month (<i>% with an account</i>)	59.6	61.8	64.4
3+ withdrawals in a typical month (<i>% with an account</i>)	15.1	22.5	15.1
ATM is the main mode of deposit (<i>% with an account</i>)	12.4	22.4	4.5
Bank teller is the main mode of deposit (<i>% with an account</i>)	41.2	30.7	80.2
Bank agent is the main mode of deposit (<i>% with an account</i>)	0.0	1.6	4.0
ATM is the main mode of withdrawal (<i>% with an account</i>)	55.4	67.1	31.0
Bank teller is the main mode of withdrawal (<i>% with an account</i>)	36.8	20.4	56.8
Bank agent is the main mode of withdrawal (<i>% with an account</i>)	0.0	1.0	3.0
Has debit card	5.2	36.4	10.1
Use of Formal Accounts (<i>%, age 15+</i>)			
Use an account for business purposes	2.5	5.3	4.1
Use an account to receive wages	7.4	27.3	8.5
Use an account to receive government payments	2.5	11.0	3.9
Use an account to receive remittances	2.5	4.8	3.7
Mobile Payments (<i>%, age 15+</i>)			
Use a mobile phone to pay bills	0.8	3.0	2.0

Table 1 continuation

Use a mobile phone to send money	3.0	2.5	2.4
Use a mobile phone to receive money	2.0	2.7	3.8
Savings (% , age 15+)			
Saved any money in the past year	10.5	20.4	27.6
Saved at a formal financial institution in the past year	0.8	7.0	11.1
Saved using a savings club in the past year	0.5	1.3	7.2
Saved for future expenses in the past year	5.6	12.8	19.9
Saved for emergencies in the past year	6.6	13.9	22.1
Credit (% , age 15+)			
Loan from a formal financial institution in the past year	18.9	7.7	7.3
Loan from family or friends in the past year	32.4	28.2	26.6
Loan from an informal private lender in the past year	3.0	1.5	5.3
Outstanding loan to purchase a home	1.0	1.8	2.2
Outstanding loan for home construction	16.0	4.7	4.7
Outstanding loan to pay school fees	3.8	1.7	6.8
Outstanding loan for health or emergencies	15.1	3.6	14.8
Outstanding loan for funerals or weddings	5.4	1.4	3.9
Insurance (% , age 15+)			
Personally paid for health insurance	0.6	4.5	5.1

TABLE 2. Armenia: "financial inclusion" outcome indicators in 2014⁹

Europes and Central Asia Population, age 15+ (mil) 2,4	Lower middle income GNI per capita (\$) 3.800		
	Country info	Europes and Central Asia	Lower middle income
Account (% , age' 15+)			
All adults	17,7	51,4	42,7
Female adults	14,7	47,4	36,3
Adults' belonging to the poor 40%	10,9	44,2	33,2
Young adults (% , պարհիբը' 15-24)	10,4	35,6	34,7
Adults living in a rural area	15,5	45,7	40
Account at a Formal Financial Institution (% , age' 15+)			
Adults	17,2	51,4	41,8

⁹ Արբյուրը՝ The Little Data Book on Financial Inclusion. 2015 by the International Bank for Reconstruction and Development/The World Bank. 2015. <http://microdata.worldbank.org> նյութը: էջ՝ 25: Հեղինակային թարգմանություն:

Table 2 continuation

Adults, 2011	17,5	43,3	28,7
Mobile account (<i>%, age 15+</i>)			
Adults	0,7	0,3	2,5
Access to Formal Accounts (<i>%, age 15+</i>)			
Has debit card	8,4	36,9	21,2
Has debit card, 2011	5,2	36,4	10,1
ATM is the main mode of withdrawal (<i>% with an account</i>)	51,6	66,7	42,4
ATM is the main mode of withdrawal (<i>% with an account</i>), 2011	55,4	72,5	28,1
Use account in the past year (<i>%, age 15+</i>)			
Use an account to receive wages	7.2	22.5	5.6
Use an account to receive government payments	0.7	7.3	3.3
Use an account to make payments for utilities in fin. institutions	1.5	12.5	3.1
Other digital payments in the past year (<i>%, age 15+</i>)			
Use debit card to make payments	3.9	22.9	9.6
Use credit card to make payments	4.2	14.9	2.8
Use the Internet to make payments or to do shoppings	5.0	11.9	2.6
Internal remittances in the last year (<i>%, age' 15+</i>)			
Send remittances	3.2	12.9	14.2
Send remittances by fin. institutions (<i>% senders</i>)	..	31.5	30.9
Send remittances by mobile (<i>% senders</i>)	..	2.5	7.7
Send remittances by the money transfer operator (<i>% senders</i>)	..	11.8	18.3
Received remittances	9.1	15.5	17.8
Received remittances by fin. institutions (<i>% receivers</i>)	..	22.1	26.0
Received remittances by mobile (<i>% receivers</i>)	..	1.0	5.7
Received remittances by the money transfer operator (<i>% receivers</i>)	..	15.6	16.6
Savings in the past year (<i>%, age 15+</i>)			
Savings in fin. institutions	1.6	8.4	14.8
Savings in fin. institution, 2011	0.8	4.9	11.1

Table 2 continuation

Saved using a savings club or somebody out of family	4.8	6.6	12.4
Saved any money	21.0	38.5	45.6
Saved for old age	2.1	11.8	12.6
Saved for agriculture or businesss	3.2	5.1	11.8
Saved for education or school fees	4.7	12.1	20.0
Credit in the past year (<i>%</i> , <i>age</i> ' 15+)			
Loan from a formal financial institution in the past year	19.9	12.4	7.5
Loan from a formal financial institution in the past year, 2011	18.9	7.8	7.3
Loan from family or friends in the past year	26.9	23.6	33.1
Loan from an informal private lender in the past year	2.8	2.1	8.5
Loan any money	47.3	39.5	47.4
Loan for agriculture or businesss	8.6	2.8	9.2
Loan for education or school fees	5.2	6.2	10.1
Mortgage loan in fin. institution	15.2	10.2	4.7