



Feasibility (Pty) Ltd

Clarity & Strategy Through Economic Research

Measuring consumer access to financial
services in South Africa
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Measurement of access to financial services

When you cannot measure what you are speaking about, when you cannot express it in numbers, your knowledge is of a meager and unsatisfactory kind

(Lord Kelvin)

⊙ But measurement is confounded by the nature of the subject - **Access to financial services** is about the ability to:

- Make payments
- Save and make investments
- Manage risk
- Obtain credit and loans
- Make provision for old age



What are the difficulties?

When you can measure what you are speaking about, when you can express it in numbers, your knowledge is still of a meager and unsatisfactory kind

(Frank Knight)

- ⊙ **Usage vs. Access**
- ⊙ **Sources of data – regulators, providers, consumers**
- ⊙ **Surveys – weak comparability over time**
- ⊙ **Double counting**
- ⊙ **Equivalence**



A framework for measurement...

But do I thus measure, O my God, and know not what I measure?

(The confessions of St Augustine)

- ⊙ **Data need theory and theory needs data**
- ⊙ **Access Standards by industry – Financial Sector:**
 - **Physical accessibility**
 - **Appropriateness**
 - **Affordability**
 - **Simplicity**
 - **Non-discrimination**



Case Study: Access to credit

- ◉ Different data sources: FinScope, National Credit Regulator, Feasibility survey
- ◉ FinScope - Consumer Survey - 14% reported they have credit of any kind (Around 32 million adults)
- ◉ National Credit Regulator – 36 million accounts, R1.1 trillion book value
- ◉ Feasibility – 32 million accounts, R1 trillion book value
- ◉ Credit Bureaux – 17.6 million credit active adults
- ◉ Type of credit also important – short-term or long term , linked or unlinked, terms and conditions

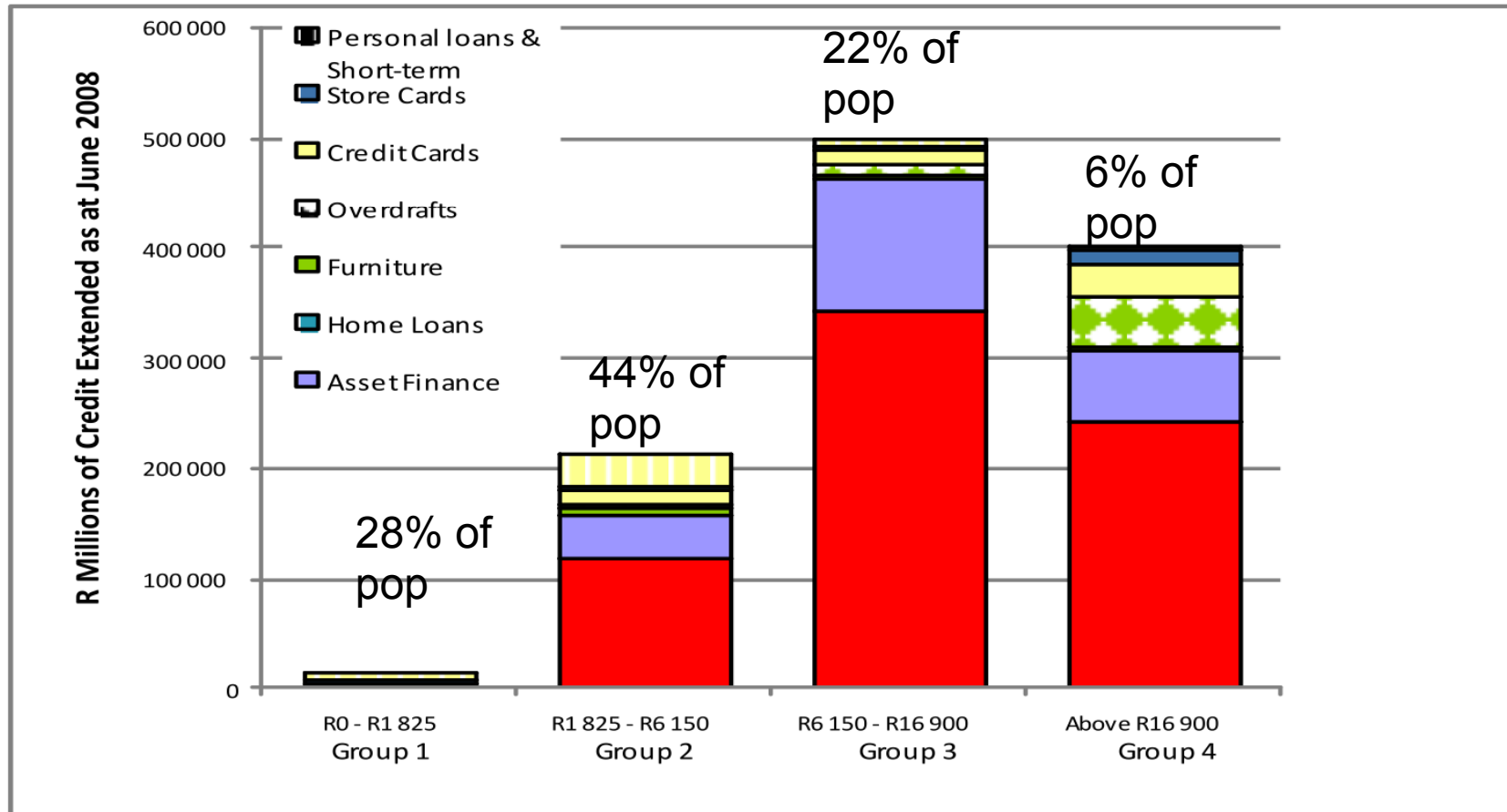


Access to credit

Agreement type	Number of agreements (Millions)		Value of book (R billions)		
	Jun-08	NCR data	Feasibility survey	NCR data	Feasibility survey
Mortgages		1.8	1.9	R706.40	R729.50
Other credit agreements: asset finance, furniture loans		5.8	5.1	R231.10	R188.20
Asset finance			1.8		R176.00
Furniture loans			3.3		R12.20
Credit facilities: overdrafts, credit cards, store cards		22.8	19.8	R133.10	R88.20
Overdrafts			2.0		R37.10
Credit cards			6.1		R36.90
Store cards			11.7		R14.20
Unsecured credit and short-term credit		5.3	5	R45.80	R36.10
Total		35.7	31.8	R1,116.40	R1,042.00



Credit extension by income category



Conclusion

- ⦿ **Necessary starting point is a framework which sets out what is meant by access – such as the Access Standards**
- ⦿ **Use of multiple sources official returns – as well as surveys**
- ⦿ **Help establish trends that inform policy makers, providers and consumer groups**

