

Financial Inclusion Report

May 2021



BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

Financial Inclusion Report

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About inclusive language in the Spanish version of this report

The Central Bank of Argentina is committed to encouraging the use of a non-discriminatory language that promotes the acceptance of all gender identities. It should be noted that all those who have contributed to this report acknowledge that language influences ideas, feelings, ways of thinking, as well as principles and core values.

Therefore, efforts have been made to avoid sexist and binary language in this report.

Foreword

The Central Bank of Argentina (BCRA) has adopted a policy to achieve greater financial inclusion by expanding and democratizing financial services so that all the segments of the population may contribute to and benefit from economic growth.

Apart from driving growth, financial inclusion is an essential tool for mitigating some of the negative consequences of the COVID-19 pandemic. It is essential to have a widespread financial system that allow individuals and companies to use physical and digital financial services in order to meet their actual needs.

Over the years, the BCRA has issued regulations new financial products and services, promoted the development of a service infrastructure, regulated prices or fees for basic financial services, and enhanced the transparency of financial contracts. This has contributed to economic development with social equality and has extended the protection for users of financial services. Households and companies' integration to financial services is a must to achieve a deeper, stronger, wide-ranging and fairer financial system for all the population.

For the purpose of assessing financial inclusion progress, the BCRA monitors the variables related to the access to and usage of financial services on an ongoing basis. These metrics are disaggregated as follows: in the case of natural persons, by gender, age and location; and in the case of companies, by size, activity sector, and location. This enables the BCRA to assess the development of financial inclusion in Argentina before making policy decisions.

The outcome is released every six months in the Financial Inclusion Report (IIF) together with the measures adopted in this regard. This report includes, for the first time, an analysis of holders of bank accounts and of payment accounts with payment service providers (PSPs), based on information provided by Compensadora Electrónica S.A. (COELSA).

The next issue of the IIF will be published in October 2021.

Autonomous City of Buenos Aires (CABA), May 7, 2021.

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Executive Summary

- **In 2020, the capillarity of the financial system was expanded** | The rate of municipalities with at least one access point to financial services (PDA) rose from 41.9% in December 2019 to 48.3% in December 2020. There was net creation of all access points in public banks—which largely outweigh private banks in terms of branches and automated teller machines (ATMs), especially in small populations—whereas private banks closed ATMs, self-service terminals (TASs), as well as branches across the country, but expanded supplementary agencies of financial services (ACSFs).
- **Coverage of bank accounts reached 91% of the adult population** | More than 31 million people had at least one bank account by the end of 2020. This rate was relatively high compared to other countries with similar income levels, striking a record of more than 5 million bank accounts opened in the second quarter of 2020—mostly for the payment of social security benefits to the most vulnerable segments of the population. This involved 3 million new bank account holders, achieving a figure comparable to that of developed economies.
- **Electronic means of payment (MPEs) gained momentum as a result of the COVID-19 pandemic and social distancing measures** | In 2020, for every 100 cash withdrawals per adult, more than twice as many transactions were made through MPEs (222, up 19% against 2019), which can be broken down as follows: 110 transactions on debit cards, 77 on credit cards, 7 on prepaid cards, and 28 electronic transfers.
- **Remote payments gathered great momentum in terms of MPEs** | The volume of electronic transfers per adult rose 90% in 2020 as more transactions were channeled through online banking (86%) and mobile banking (167%). In the same period, remote payments on debit cards grew 227% and increased their share in total payments on this kind of cards by 15 percentage points (p.p.)
- **The massive opening of bank accounts for transactional purposes associated with social security benefits reduced the time deposits/bank account holders ratio** | As of the end of 2020, time deposits averaged 10.5 every 100 bank account holders, below the average of the past two years (11.5). However, the stock of natural persons' time deposits in pesos in terms of amounts increased by 9.3% in real terms in 2020, whereas time deposits of the non-financial private sector rose by nearly 30%. Also, time deposits adjusted by units of purchasing power (UVAs) with an early termination option gained greater momentum.
- **In the first ten months of 2020, the rate of the adult population with at least one credit product shrank at a faster pace compared with the same period of 2019** | The fall was even greater for non-financial credit providers (PNFCs). However, there was a significant slowdown in the reduction of the average balance per debtor. This evidences that the financial system had a better performance in terms of financed balances compared to 2019 due to the measures adopted by the National Government to boost credit.

Table of Indicators | Financial inclusion in Argentina

	Indicator	last data	2016	2017	2018	2019	2020
Infrastructure	Access points to financial services	Feb-21 (1)	25,306	26,553	29,050	30,726	44,534
	Access points to financial services every 10,000 adults	Feb-21	7.7	8.0	8.6	9.0	12.9
	Percentage of municipalities with at least one access point	Feb-21	40%	41%	41%	42%	48%
	Non-bank withdrawal points	Dec-20 (2)	-	-	-	17,483	18,136
Accounts	Percentage of the adult population with at least one single banking code (CBU)	Dec-20	78%	78%	80%	82%	91%
	Percentage of the of adult population with at least one CBU (women)	Dec-20	78%	78%	81%	85%	91%
	Percentage of the of adult population with at least one CBU (men)	Dec-20	-	-	-	78%	91%
	Percentage of the adult population with at least one single virtual code (CVU)	Dic-20	-	-	-	7%	24%
Transactions	Number of payments on debit cards per adult	Dec-20 (3)	1.7	1.9	2.2	2.6	3.0
	Number of payments on credit cards per adult	Dec-20 (3)	2.1	2.2	2.3	2.4	2.1
	Number of electronic transfers per adult	Dec-20 (3)	0.2	0.2	0.3	0.4	0.8
	Number of cash withdrawals through ATMs per adult	Dec-20 (3)	2.3	2.6	2.7	3.0	2.7
Savings	Number of time deposits every 10,000 adults (in ARS and UVAs)	Dec-20	759	771	925	849	831
	Number of time deposits every 100 account holders	Dec-20	-	-	-	11	10.5
Credit	Percentage of adults with financing from financial institutions	Oct-20	36%	37%	38%	37%	36%
	Percentage of women with financing from financial institutions	Oct-20	34%	35%	36%	35%	34%
	Percentage of adults with financing in the broad financial system (BFS)	Oct-20	49%	49%	50%	49%	47%
	Percentage of women with financing in the BFS	Oct-20	45%	46%	47%	46%	45%

Note:

(1) Including financial institutions' access points (branches, mobile branches, ATMs, TAsS and ACSFs) and non-financial institutions' ATMs.

(2) Based on the available information, it is estimated that 50% of the points identified belong to non-bank collection networks, which could overlap with ACSFs, whereas the remaining 50% are stores. See Note on Methodology for more details on the indicator.

(3) Monthly average for each year.

For the historical series of indicators, see [Financial Inclusion Indicators](#).

Local Context

After the latest issue of the IIF, the local context was characterized by the relaxation of restrictions on movement, which led to a recovery of the economy compared to the onset of the health crisis. The measures adopted by the BCRA regarding financial inclusion sought to continue cushioning the effects of the COVID-19 pandemic on both the population and micro-, small- and medium-sized enterprises (MSMEs), and to broaden the reach of financial services for all the segments of society. Moreover, the Council of Financial Inclusion Coordination—which coordinates the work of different government departments on public policies on the matter—approved the new 2020-2023 Financial Inclusion National Strategy in December 2020.

Most countries have adopted measures seeking to attain the same goals. The core initiatives consisted of emergency money transfers through the financial system for the most affected segments,¹ as well as credit measures for MSMEs and individuals. The former led to the opening of new bank accounts for those falling outside the financial system. The latter were implemented through extraordinary credit lines; guarantees and deferral of repayment of principal and interest, in the case of companies; and relief for credit card payment—including a reduction in interest rates—in the case of individuals.²

At a global level, the importance of developing financial systems that ensure adequate access to and usage of financial services became evident. Digital financial services gained momentum as a consequence of the need to transact remotely. This meant a change in the global population's behavior related to transactions. There is consensus on the advantages of digital financial inclusion, mostly for vulnerable segments of the population and those living in remote areas, both in developed and developing countries. However, its rapid growth entails risks and challenges, such as the lack of digital skills, risks related to cyberattacks and digital fraud, and the lack of Internet connection infrastructure.

In this sense, following the world trend during the pandemic, the Argentine population used MPEs to a larger extent—in particular, remote payments—and reduced the number of cash withdrawals for the first time in the past few years. The volume of electronic transfers per adult rose 90% in 2020, as more transactions were channeled through online banking and mobile banking, whereas remote payments on debit cards grew 227% in the same period, increasing their share in total payments with that instrument by 15 p.p. In 2020, for every 100 cash withdrawals per adult more than twice as many transactions were made through MPEs.

At the same time, the BCRA approved the Payment by Transfer Program³ with a view to further boosting electronic payments. The program was launched in December 2020 and will be completed by November 2021. This scheme seeks to expand the reach of instant transfers and

¹ See IIF. [First Half of 2020. Local Context.](#)

² [Consolidated Text \(TO\) on Financial Services during the Health Emergency established by Executive Order No. 260/2020 COVID-19.](#)

³ [Payment by Transfer.](#)

is based on an open-payment ecosystem that is interoperable (bank and non-bank accounts), immediate (automatic crediting of funds for merchants), and flexible (cards, QR codes, biometrics), just to name a few characteristics.

The increased use of MPEs relied on the nearly universal penetration of bank accounts among the adult population. Although bank account holding was high in the Argentine financial system before the pandemic, around 3 million people joined the system in the second quarter of 2020 by accessing a bank account. As a result, 91% of the adult population had a bank account. The main reason lying behind such rise in bank account holding was the income transfers made by the National Government to those individuals that had been most affected by the pandemic.

In parallel, the level of holding of accounts offered by PSPs was remarkable, with over 8 million people (24% of the adult population) using at least this type of instrument as of December 2020. The change rate of non-bank accounts, like that of bank accounts, shot up as a result of the health crisis in the first and second quarters of 2020 (51% and 55%, i.e. 1.2 and 2 million new holders, respectively).

In turn, the geographical reach of financial services improved greatly in 2020. The number of municipalities with at least one access point rose from 41.9% in December 2019 to 48.3% in December 2020, covering 92.1% of the adult population.⁴ Despite the growth in ACSFs, just 2% was located in municipalities with no prior access point at all. Although ACSFs contribute additional service points, as stated in the IIF of November 2020, they are not necessarily open in municipalities with vulnerable population—which are still served mostly by public financial institutions through branches, ATMs and TASs. Also, private banks closed ATMs, TASs and branches, while public banks moved in the opposite direction.

In order to facilitate their use, ATMs were required to be equipped with fingerprint readers so that users have the option of validating their identity using biometric data.⁵ In addition, financial institutions that delegate transactions to ACSFs were required to be authorized in advanced by the BCRA. This measure is aimed at increasing and enhancing services provided by financial institutions, and encouraging financial inclusion, particularly among the most vulnerable segments and underserved municipalities, without neglecting security and financial user protection.⁶

As for credit access by natural persons, the downward trend in the percentage of the adult population with at least one credit product that had started in 2019 continued in 2020. Additionally, a significant slowdown was observed in the reduction of the average balance per debtor compared to 2019, which is mainly associated with credit card assistance and, to a lesser extent, with personal loans. The BCRA maintained the debtors' classification criteria that had been relaxed at the beginning of the isolation stage, and extended the payment conditions for

⁴ The remaining part of the population (7.9%) lives either in municipalities with no access points or in rural areas.

⁵ [Communication A 7208](#).

⁶ [Communication A 7182](#).

outstanding loans and caps on interest rates on credit cards. These measures sought to cushion the impact of the pandemic on credit.⁷

The BCRA has recently approved a policy aimed at achieving two objectives: to foster financial inclusion through credit promotion and greater use of MPEs; and to improve the ATMs' operation and geographical distribution. This measure focuses on: (i) expanding credit for natural persons and MSMEs with no loans granted by financial institutions; (ii) boosting the use of electronic checks (ECHEQ) and electronic credit invoices; (iii) encouraging the use of MPEs associated with sight accounts in pesos held by natural persons; and (iv) improving the operation of ATMs to reduce downtime and extending the network to reach cities and towns where there is no such service today. These incentives consist in lowering the portion of non-remunerated minimum reserve requirements as long as financial institutions meet the provisions laid down in the new regulation.⁸

In the field of financial education, the BCRA and the Argentine Ministry of Education have been conducting a Financial Education Digital Campaign⁹ to expand financial knowledge among households by way of tutorials on the use of electronic channels and means of payment, and financial planning, among other topics. In addition, the BCRA held Virtual Training for Teachers¹⁰ in three provinces (Catamarca, San Luis and Neuquén), and is working on the development and implementation of federal educational programs with a view to providing financial education across the country and, at the same time, fostering greater financial inclusion among the most vulnerable sectors.

Moreover, the BCRA continues carrying out actions for promoting, developing, and implementing policies to advocate for genders, diversity, and equality in the financial system. In this respect, a measure was adopted to fight gender-based violence and discrimination in financial institutions' advertising,¹¹ and training on financial tools was provided to women civil servants with the Argentine Ministry of Economy and the National Securities Commission.¹² In addition, section 2 of this report presents an analysis of holdings of bank accounts and accounts with PSPs broken down by gender for the first time. Likewise, section 3 continues examining credit use by natural persons with a gender perspective.

⁷ [Communication A 7198.](#)

⁸ [Communication A 7254.](#)

⁹ [Financial Education Digital Campaign.](#)

¹⁰ [Virtual Training for Teachers.](#)

¹¹ [Communication A 7162.](#)

¹² [Financial Tools for Women Civil Servants.](#)

1. Financial Infrastructure

Financial infrastructure is essential for individuals and companies to access the financial system either in person or through electronic channels. The COVID-19 pandemic has evidenced the importance of a financial system whereby the population may access and use financial services in a fast and safe manner.

The BCRA implemented a set of regulations aimed at facilitating access to financial services since the latest IIF. In order to reduce the barriers to the use of ATMs, the BCRA decided that these should be equipped with fingerprint readers so that users have the option of validating their identity using biometric data.¹³ This way, users do no longer need to use a debit card. They may now use their fingerprint and national identity document (*documento nacional de identidad, DNI*) or personal identification number (PIN) to carry out transactions.

In turn, financial institutions delegating their service for customers and the public in general to ACSFs are required to be authorized in advance by the BCRA.¹⁴ This measure is aimed at increasing and enhancing services provided by financial institutions in general, and encouraging financial inclusion, particularly among the most vulnerable segments and underserved municipalities, without neglecting security and financial user protection.

a. Evolution of access points. In 2020, the total number of access points rose by 45%, largely exceeding past years' growth rate, which ranged from 5% to 9% year-on-year since 2017. ACSFs emerged by the end of 2018 and hit a peak in 2020, when financial institutions delegated bank transactions to more than 12,000 points.

In a context affected by the COVID-19 pandemic, branches, ATMs and TASs exhibited a heterogeneous performance. As regards electronic devices, the growth rate of ATMs (bank and non-bank devices) slowed down in 2020, rising by 2%, whereas TASs grew by around 10% in the same year.¹⁵ In turn, branches fell 0.6% year-on-year, following the global trend.¹⁶

Out of total access points, 76.6% belongs to private banks, 22% to public banks, and 0.4% to finance companies. Non-financial institutions, which operate non-bank ATMs, have gained share in total PDAs since the incorporation of non-bank ATMs in the financial system in 2016¹⁷—reaching 492 devices in 2021 (1% of total PDAs). This institutional group reported, along with private banks, the largest growth in 2020: 65% and 82%, respectively.

¹³ [Communication A 7208](#).

¹⁴ [Communication A 7182](#).

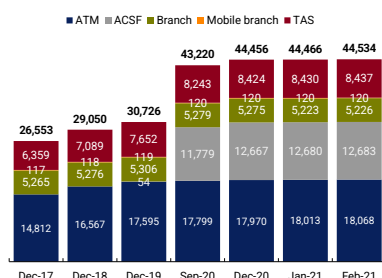
¹⁵ The increase in TASs may be attributed to the data update by a public financial institution.

¹⁶ [Number of bank branches](#), Latin American Federation of Banks (*Federación Latinoamericana de Bancos, FELABAN*) and [Financial Access Survey](#) from the International Monetary Fund (IMF).

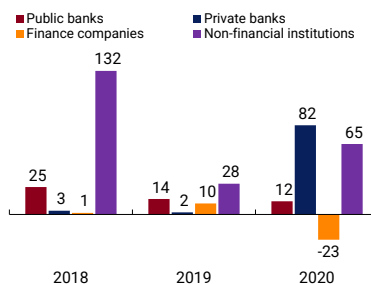
¹⁷ [Communication A 5928](#).

Chart 1 | Access points

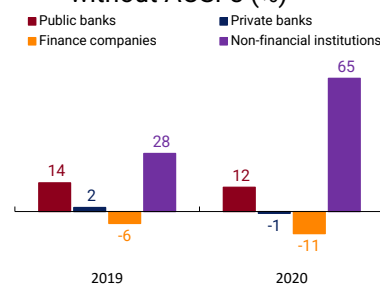
Access point by type



Y.o.y. change by group (%)



Y.o.y. change by group without ACSFs (%)



Note | ATMs include bank and non-bank ATMs. “Non-financial institutions” include companies operating non-bank ATMs.

Source | BCRA and networks.

An in-depth analysis at institutional level reveals that private banks chose ACSFs in 2020 to expand their presence across Argentina to the detriment of ATMs (-1%), TASs (-0.6%) and branches (-1.2%). Most ACSFs mainly offer cash deposits and withdrawals, and bill payment and loan repayment, and to a lesser extent, account opening for new users, time deposits and loan granting.

As for public banks, ATMs rose by 4.5%, TASs grew by 95.2% and branches increased 0.4%, whereas ACSFs went up from 20 units in December 2019 to 54 in December 2020. This institutional group thus showed that the number of access points having been installed—regardless of their type—outweighed removals.

Although ACSFs contribute additional service points, as stated in the last IIF,¹⁸ they are not necessarily open in municipalities with vulnerable population. This type of population continues to be served mostly by public financial institutions through branches, ATMs and TASs.

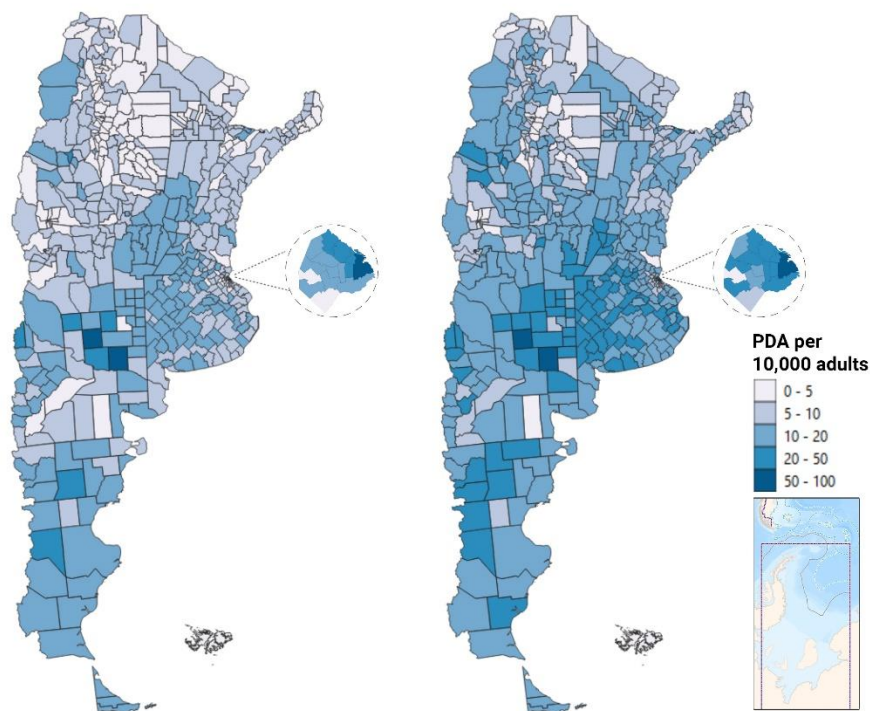
As for location, just 2% of over 12,000 ACSFs opened in 2020 was located in municipalities which had had no access point before. Thus, most ACSFs started to operate in municipalities that were already covered. Against this backdrop, financial institutions were required to obtain authorization in advance from the BCRA for licensing new ACSFs as from December 2020. Upon this request for authorization, the BCRA analyzes the existence of branches, among other aspects. Agencies located in stores (such as groceries and pharmacies) or in non-bank collection networks may take financial services to distant areas, thus making the financial system more inclusive. However, this potential is seemingly not fully exploited, as ACSFs have usually replaced or overlapped with existing access points. Therefore, the BCRA will closely monitor the impact of ACSF opening on the performance of other access points, along with the characteristics and conditions of customer service.

¹⁸ IIF, November 2020.

Map 1 | Access points every 10,000 adults by district

December-19

December-20



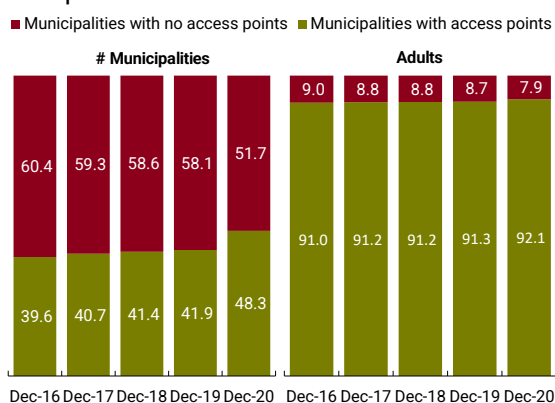
Source | BCRA, networks and INDEC.

As shown in previous IIFs, the level of coverage of municipalities rises, as does the adult population living there. Therefore, municipalities with more inhabitants usually have a higher number of access points. Delving into a deeper analysis, municipalities with larger population have a broader range of access points available. The existence of different types of access points affects coverage quality, as they offer different services and transactions. Furthermore, access points' hours of operation depend on the type (branches, ATMs, TAs, ACSFs or mobile branches) and their location (inside or outside branches). Likewise, access through electronic devices differs from access at branches and ACSFs, which are served by banking staff. Coverage quality varies depending on the type of access point and the way they are combined.

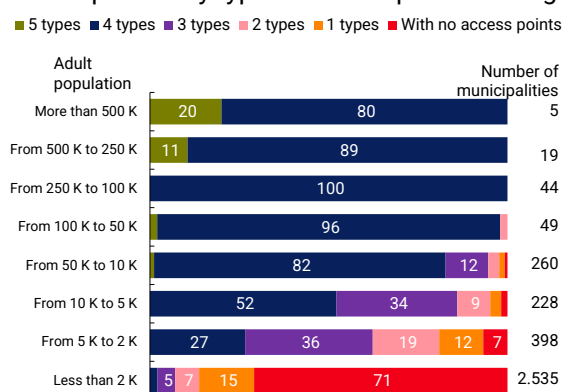
This analysis shows that all the municipalities of more than 100,000 inhabitants have at least four types of access points. Although these municipalities represent 2% of all municipalities across the country, they account for 56% of the adult population. This means that 19 million adults live in municipalities with a wide range of access points. At the other end of the spectrum, the relative proportion of municipalities with no access points or with less varied access points is higher in municipalities with fewer than 5,000 adults.

Chart 2 | Coverage of municipalities

Municipalities and adults



Municipalities by type of access point coverage



Note | Figures stated as a percentage. K = thousand. Data for the graph on the right as of Dec-20.

Source | BCRA and networks.

Breaking down coverage by institutional group, the incorporation of ACSFs considerably improved the coverage of municipalities by private banks, whose access points rose from covering 889 municipalities in December 2019 to 1,553 in December 2020. In this sense, ACSFs cover a significant number of sparsely populated municipalities (fewer than 10,000 adults). On another note, private banks exhibited a minor net drop in number of branches, ATMs and TASs, but this did not adversely affect the coverage of municipalities. In fact, a slight increase in coverage was observed for all types of access points.

Public banks also improved coverage through ATMs, TASs and ACSFs in 2020, while the number of municipalities with at least one branch remained unchanged. It should be noted that the share of public banks' branches and ATMs is considerably larger than that of private banks. As shown in Table 1, this difference is bigger as the adult population decreases, which evidences the social role played by public financial institutions in serving vulnerable population with varied services and better security conditions than ACSFs.

Table 1 | Number of municipalities with at least one access point by type and institutional group

Adult population	# Munic.	Branches			ACSF			ATM			
		Private banks	Public banks	Finance companies	Private banks	Public banks	Finance companies	Private banks	Public banks	Non-financial institutions	Finance companies
More than 500 K	5	5	5	5	5	-	-	5	5	5	4
From 250 K to 500 K	19	19	19	16	19	-	-	19	19	19	9
From 100 K to 250 K	44	44	44	28	44	1	1	44	44	36	16
From 50 K to 100 K	49	47	46	22	49	2	-	48	46	28	6
From 10 K to 50 K	260	207	218	12	254	8	-	215	222	60	7
From 5 K to 10 K	227	107	144	-	219	1	-	125	158	16	-
From 2 K to 5 K	399	116	159	-	337	5	-	191	178	15	-
Less than 2 K	2,535	77	141	2	436	8	-	237	289	15	-
Total	3,538	622	776	85	1,363	25	1	884	961	194	42

Note | K = thousand. Data as of Dec-20.

Source | BCRA, networks and INDEC.

Apart from this, the growth in coverage by non-financial institutions is remarkable: their presence at municipality level rose by 47% thanks to non-bank ATMs. These devices, which are usually

placed in gas stations and stores, help to increase the capillarity of the financial infrastructure and to use cash more efficiently.

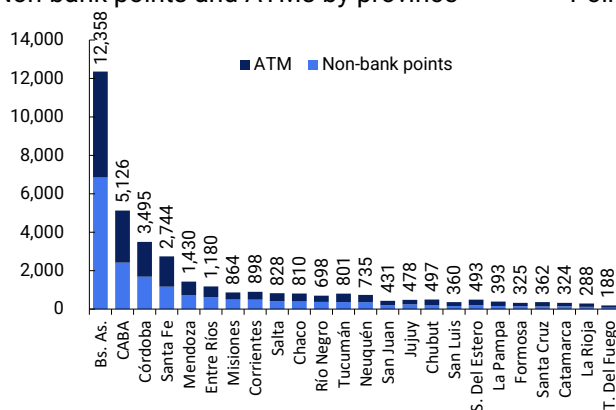
b. Non-bank withdrawal points. In addition to access points, there are alternative channels in stores (supermarkets, gas stations, and pharmacies, among others) and non-bank collection networks that provide cash withdrawal services. These non-bank withdrawal points supplemented ATMs and ACSFs in providing cash to the population during the social isolation and distancing stages.

As of December 2020, there were 18,000 stores¹⁹ available for cash withdrawal. This system let people withdraw cash at the same time they were making a purchase on a debit card at a store, which in turn helped to reduce the use of bank withdrawal points and to handle cash more efficiently. This system is more efficient, as stores may reduce the risks and costs of handling cash.

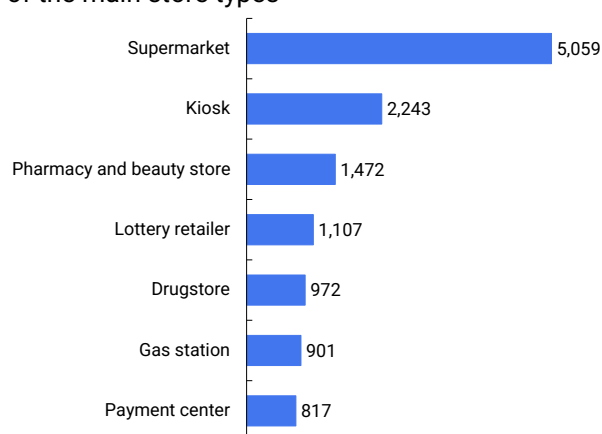
The provincial distribution of non-bank withdrawal points is comparable to that of ATMs and ACSFs, with 67% of the total concentrated in CABA, Buenos Aires, Córdoba and Santa Fe. In 7 out of the 24 provinces, the number of non-bank points exceeds that of ATMs, and stand for 80% of these devices in the remaining jurisdictions.

Chart 3 | Non-bank withdrawal points

Non-bank points and ATMs by province



Points of the main store types



Note | Data as of Dec-20. This breakdown shows the major types of stores identified, not all of them.
Source | BCRA survey based on data provided by Fiserv, Cabal, Prisma, Rapipago, Pagofácil, Cobro Express, Multipago, Pago24, Provincia Net and Bica Ágil.

Sorted out by type of stores, supermarkets held the highest share (28% in the total), followed by kiosks (12%) and pharmacies and beauty stores (8%). Some of them were not considered essential during the pandemic, so they were closed during the most restrictive period of the social isolation stage to reduce the risk of COVID-19 transmission. Therefore, the number of stores available to withdraw cash was reduced, and open stores reported fewer clients due to lower

¹⁹ This information was obtained from a survey on companies offering this service. In this issue, one of the respondents reported active stores instead of stores offering the service, which led to a considerable difference in the total number of identified points compared to the latest data released. See Note on Methodology for more details on the survey.

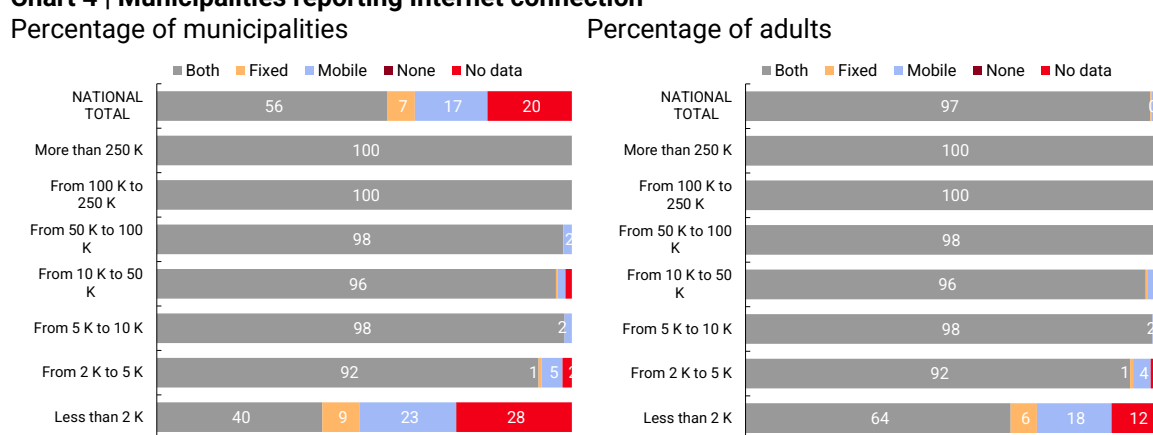
movement of people. These factors affected the number and amount of transactions, as described in Section 2.2.

c. Connection. In addition to physical access points, financial institutions offer electronic channels to their clients. Online banking and mobile banking have increased significantly in the past few years. Their role is fundamental, as they bring digital financial services closer to the people. Users can use these channels for a variety of transactions, such as making transfers (see 2.2.), paying bills, activating loans or making investments. The digitalization of financial transactions turned out to be a key factor for mitigating the consequences of the pandemic and the restrictions on movement.

Digital financial services may contribute towards increasing financial inclusion. However, the access to electronic channels depends on different factors, such as ownership of electronic devices (computers, tablets or cell phones), Internet connection, as well as the population’s skills in the use of devices. Given that the infrastructure for Internet access is not evenly developed across the country, Internet connection at municipality level should be monitored as it is a condition necessary for access to digital financial services.

In this respect, 80% of municipalities—in which 97% of the population lives—have some type of Internet connection (fixed, mobile or both).²⁰ Then, 3% of the adult population in Argentina lives in municipalities that do not report Internet connection (fixed or mobile).

Chart 4 | Municipalities reporting Internet connection



Note | Data as of Dec-20.
Source | BCRA and ENACOM.

The extension of connection is of paramount importance as in small populations which are far from urban areas Internet access allows people to interact with financial services without traveling to a municipality with an access point. Comparing coverage with access points and

²⁰ Based on data provided by the National Communications Authority (ENACOM), a municipality is deemed to have Internet connection if it has at least one type of connection, based on whether an Internet provider reports at least one active user in that municipality to the ENACOM. The subtypes of connection are (1) fixed: asymmetric digital subscriber line (ADSL), cable modem, fiber optic, dial-up; satellite; and (2) mobile: wireless, 3G, 4G.

Internet connection, 64% of municipalities without access points (1,164 municipalities) have Internet connection (fixed, mobile or both). Therefore, their inhabitants can interact with the financial system through their electronic devices.

Although other factors should be considered, such as connection quality, ownership of devices and technological skills, the data on connection availability show that electronic channels have the potential to increase access to and usage of financial services, especially in municipalities with less physical infrastructure.

2. Deposit Accounts, and Payment and Savings Methods

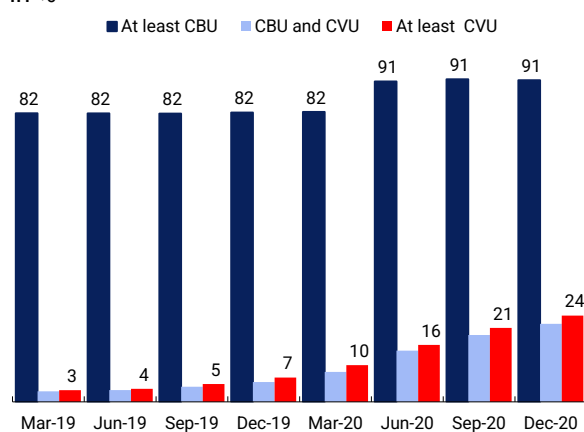
Ownership of bank or non-bank accounts²¹ as a percentage of the adult population is one of the most frequently used indicators for measuring the level of financial inclusion in a jurisdiction. This metric is globally used to ascertain the number of users of financial services and excluded people as well. However, access to an account does not entirely entail frequent or automatic use. Hence, saving and borrowing are still challenges of financial inclusion.

This measure is challenging as countries generally do not have supply-side data on account ownership and usually resort to demand-side surveys. This kind of local or international surveys provide first-hand information on people's perception, but they lack accuracy as respondents' answers are subjective.

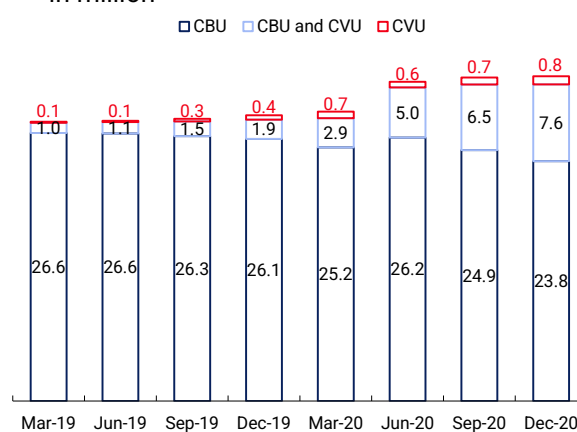
This IIF presents for the first time the full picture of account ownership in Argentina based on supply-side data furnished by COELSA.²² The processing of this new database in combination with other databases of the BCRA offers a comprehensive picture of bank and non-bank account ownership in Argentina, broken down by gender, age and location.

Chart 5 | Bank and non-bank account ownership

Adult population with at least one account
—in %—



People with one type of account only or both
—in million—



Note | Graph on the left: (a) at least one CBU: holders of at least one bank account—who may also hold non-bank accounts; (b) at least one CVU: holders of at least one non-bank account; and (c) CBU and CVU: people with at least one bank account and one non-bank account.

Source | COELSA, INDEC and BCRA.

2.1. Bank and Non-Bank Accounts

The penetration rate of bank accounts was 91% of the adult population as of December 2020, which means that more than 31 million people had at least one account of this type. In early 2019, this rate was relatively high compared to other countries with a similar income level. However,

²¹ In this IIF, a bank account or CBU is defined as that provided by a financial institution under the scope of Law No. 21,526 on Financial Institutions, whereas a non-bank account or CVU is a payment account offered by a PSP.

²² Clearing house that processes low-value payments electronically.

the record high opening of more than 5 million bank accounts in the second quarter of 2020 explains the 9-p.p. rise observed between March and June 2020 (slightly above 3 million people). This rate proved to be comparable to that of developed economies.²³ Most of the accounts were opened for the income transfers made by the National Government to mitigate the effects of the pandemic and to use financial services during the social distancing stage.

Apart from this, the performance of non-bank account ownership, accounts offered by Payment Service Providers (PSPs) was remarkable, climbing from 3% of the adult population in March 2019 to 24% in December 2020 (more than 8 million people). As with bank accounts, the health crisis caused their change rate to shoot up in the first and second quarters of 2020 (51% and 55%, i.e. 1.2 and 2 million new holders, respectively), but they also grew in all the quarters.

The joint holding of at least a bank account and a non-bank account has changed on a par with non-bank account holding, which shows that banked people are those that have mostly opted for using this type of account as well (Chart 5). Barely 2% of the adult population—around 800,000 people—had non-bank accounts only as of the end of 2020, 60% of which were between 15 and 24 years. Therefore, non-bank accounts have not boosted access by people with no accounts, as it happened in other countries.²⁴ They rather played a complementary role as for the access to and usage of certain financial and payment services.

A particular behavior is observed in the average number of accounts per account holder: those who held bank accounts only had twice as many accounts (2.6) than those who held non-bank accounts only (1.2), whereas those holding both instruments had even more accounts (4.7). This may be explained by three factors: the opening and maintenance of some bank accounts are free of charge; different types of income are channeled through bank accounts; and non-bank accounts allow for other transactions, such as investing in other kind of assets and buying online.

Breaking down bank account holding by type of financial institution,²⁵ 2 out of 3 adults had at least an account with a private bank, while 1 out of 2 adults had at least a bank account with a public bank as of the end of 2020. The evolution in both institutional groups remained virtually unchanged up to June 2020, when the number of account holders increased by 13% in public banks, and 9% in private banks.

For each group of banks, that meant widening coverage by about 2 million people. Finance companies—the lowest share—exhibited great momentum, with change rates of 86% (nearly 410,000 people) and 18% in the second and third quarters of 2020, respectively. They thus increased their penetration from 1% before the pandemic to 3% by the end of 2020. The average number of bank accounts per account holder referred to above mainly derives from the

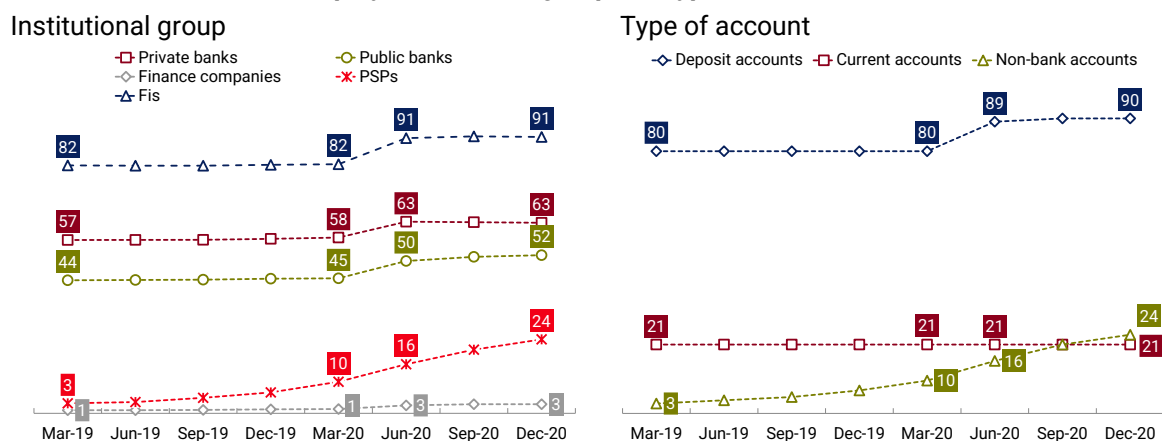
²³ [Global Findex \(2017\)](#).

²⁴ In parts of Sub-Saharan Africa. [Global Findex \(2017\)](#).

²⁵ The analysis by institutional group applies to bank accounts only, as non-bank accounts are provided by only one type of PSP.

performance of private banks, which reported the highest number (2.6), followed by finance companies (1.7), and public banks (1.6) as of December 2020.

Chart 6 | Account ownership by institutional group and type of account



Note | Percentage of the adult population with at least one account. In both graphs, the sets are not exclusive. Fis: Financial institutions.
Source | COELSA, INDEC and BCRA.

In turn, breaking down information by type of account, 90% of the adult population had at least one deposit account by the end of 2020, whereas current account holding stood at 21%, remaining unchanged in the past two years. In contrast, deposit accounts rose significantly (11.3%) between March and June 2020 as a result of the measures implemented to mitigate the effects of the pandemic.

It should be noted that deposit accounts grouped those used for the collection of income—wages, retirement pay, pensions and social security benefits—and traditional savings accounts, including the universal free account (CGU). In turn, the distinctive feature of current accounts is that they serve as a borrowing facility, since funds may be withdrawn when the balance is negative.²⁶ The features of each type of account, along with the related costs, are the main factors behind the different penetration rates.

Also, non-bank accounts proved to be the type of transactional account with second largest coverage as of the end of 2020. They are offered by legal persons other than financial institutions (PSPs) with at least one function in a retail payment scheme, such as offering payment accounts.²⁷ Clients' funds deposited in payment accounts must be available at all times, and be legally separate from the PSPs' property. These accounts achieved the largest growth in the past two years, mostly because of their ease of use and the ability to channel remote transactions during the preventive and compulsory social isolation (ASPO) stage.

²⁶ This type of account is sometimes offered, as an option, with a deposit account. For more information on both types of account, see section 2.1 of the IIF, [Second Half of 2019](#).

²⁷ [Communication A 6859](#).

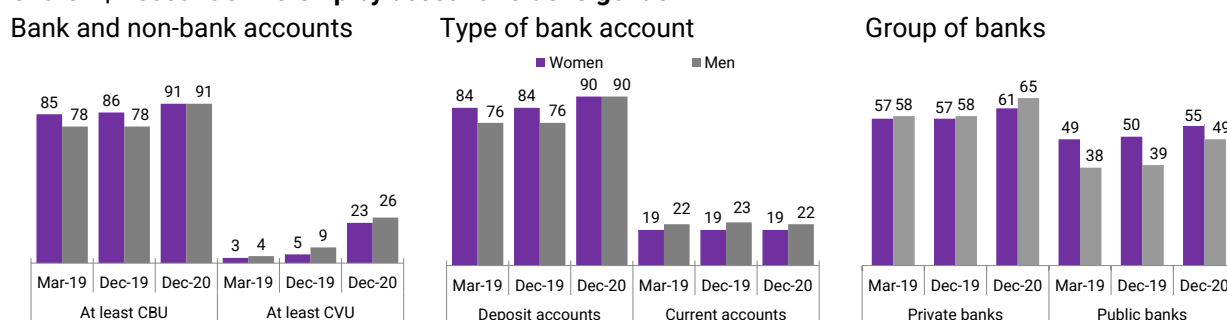
a. Gender. From 2019 through to March 2020, the reverse gender gap among bank account holders ranged from 7 to 8 p.p., dropping to 1 p.p. in June 2020, and disappearing in the subsequent months,²⁸ mainly as a result of the behavior of deposit account holders.

This is associated with accounts related to retirement pay, pensions and social security benefits, which are mostly held by women.²⁹ Most recipients of social security benefits were historically women (for example, the universal child allowance, *Asignación universal por hijo*, AUH), which raised the rate of female account holders. However, the measures adopted temporarily by the National Government at the beginning of the ASPO, such as the emergency family bonus (IFE), sought to cut the income reduction of the most vulnerable households,³⁰ without focusing on the gender of the beneficiary.

As for non-bank accounts and current accounts, holders who are men exceed women's rate. These differences may be explained by the fact that informality and unemployment are higher among women, whose wage is, on average, lower than men's and are over-represented in the decile of lowest income.³¹ The ownership of non-bank accounts and current accounts, which are not opened for collecting a specific income, clearly reflects the social and economic situation of women in Argentina, which is consistent with the gender gap observed at a global level³² (see Chart 7).

The 3-p.p. gap among those holding current accounts remained unchanged throughout the period. This reveals that men had a relatively larger share in the 9-p.p. rise in deposit account holders. This led to a reduction in the reverse gap, and the percentages of men and women with at least a bank account and at least a deposit account became even.

Chart 7 | Account ownership by account holder's gender



Note | Percentage of the population with at least one account.

Source | COELSA, INDEC and BCRA.

²⁸ In previous IIFs, there was a 0.6-p.p. gender gap in favor of women among bank account holders as of March 2018.

²⁹ See section 2.1, [IIF, Second Half of 2019](#). According to the latest data available at the Argentine Social Security Administration (ANSES) (June 2019), 3.6 million women and 2.1 million men were beneficiaries of at least one retirement pay or pension, whereas 2.1 million women and 81,000 men received the AUH.

³⁰ Informal workers, self-employed workers of low resources under a simplified tax scheme, and household workers.

³¹ [Gender Gaps in Argentina. State of Affairs and Challenges. Ministry of Economy.](#)

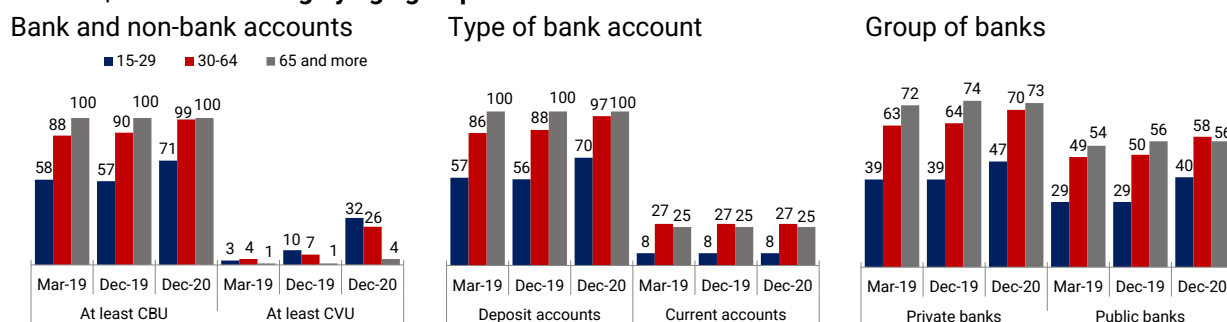
³² [Global Findex \(2017\).](#)

Broken down by institutional group, the reverse and null gap among deposit account holders was due to the performance observed in public banks. These financial institutions reported a difference of 11 p.p. in favor of women by the end of 2019, and of 6 p.p. by the end of 2020. The gap in private banks rose from 1 p.p. in 2019 to 4 p.p. in 2020 to the detriment of women. The evolution in access to non-bank accounts shows a gap in all periods, ranging from 2 to 4 p.p.

b. Age group. A different age profile is observed among bank and non-bank account holders. There is a positive relation between age and bank account access. As age increases, account ownership approaches full coverage.³³ This could be explained, once again, by bank accounts used for collecting a specific income—*wages, retirement pay, pensions and social security benefits*—which cover a significant portion of people of all ages. In turn, the bankarization process undergone during the pandemic had the greatest impact on the 15-29 age group, in which the population with a bank account rose 14 p.p., from 57% to 71%.

On the contrary, non-bank account holders mostly belong to younger segments. The 15-29 age group reached a high in terms of its population (32%) in December 2020, whereas barely 4% of older people (over 65) had a non-bank account. This might be explained by the need to have technological devices and skills to use these accounts—usually on a mobile phone—which mostly concentrate on young people.³⁴

Chart 8 | Account holding by age group



Note | Percentage of the population with at least one account.

Source | COELSA, INDEC and BCRA.

A combination of gender and age across the population with a bank account shows that the reverse gap was greater before the pandemic among younger people (15-29 years), probably because the share of women in accounts for the payment of social security benefits³⁵ was higher. After June 2020, as already stated, negative gaps were reduced in the first and second age group

³³ Bankarization of people aged 65 and over is complete. This is explained by a high share of people collecting at least a retirement pay or pension, and those having a bank account before retiring (30-65 age group). It should be noted that the series for the adult population is prepared based on the population projections of the INDEC, and that 94% of deposit accounts held by women 60 years and older, and men 65 years and older are social security accounts (latest data available: June 19; source: ANSES).

³⁴ Ninety-five percent for the 18-64 age group. [Access and use of information and communication technologies. Permanent Household Survey \(Encuesta Permanente de Hogares, EPH\). Q4 2019. INDEC.](#)

³⁵ Forty-five percent of AUH beneficiaries belonged to the 15-29 age group (latest data: June 19, ANSES).

as new holders were mostly men, outnumbering women in relative terms.³⁶ Older people, both women and men, had full coverage in all the periods.

The gender gap among non-bank account holders exhibits no big difference as to age. Indeed, there was a 1-p.p. gap for each age group as of December 2020, and it ranged from 0.5 to 4 p.p. in previous periods, with no specific age pattern being identified.

The analysis by age group and type of bank account shows that deposit accounts had the same performance as all bank accounts, with coverage increasing with age. In turn, current accounts exhibited a different pattern, as penetration was greater in the most productive age group (30-64 years) and relatively lower in younger people, who are entering the labor market.

Looking at institutional groups, the age structure of account holders was similar between public and private banks. In both cases, there was a positive relation between coverage and age, except for public banks as of December 2020, when coverage of the second age group was slightly higher than the third group. Broken down by age group, new bank accounts had been mostly opened by people up to 64 years; the population aged 65 and over with a bank account had no significant changes.

c. Geography. As of December 2020, the five regions of Argentina had more than 85% of their adult population covered with at least one bank account. There was a 7-p.p. gap between the region with the highest coverage (northeastern region (NEA)) and that with the lowest coverage (Cuyo). Between March and June 2020, the NEA and the northwestern region (NOA) reported the highest growth rates in bank account holding (12% and 17%, respectively), reaching the coverage levels of the Center and Patagonia, which were historically at the top (~90%).

Such improved coverage in NEA and NOA focused on the 15-29 age group, exhibiting the highest increase in account holders (28% and 37%), followed by the 30-64 age group with more moderate rates (8% and 14%). As for the gender of account holders, the greatest change occurred in men both in NEA and NOA (18% and 26%, respectively), whereas women showed far lower rates (6% and 10%, respectively).

It should be highlighted that there is no correlation between households' income gap by region in Argentina³⁷ and the share of adults with a bank account. Nonetheless, this correlation is found among countries.³⁸ This may be due to different reasons, such as free savings accounts, payment of wages through bank accounts, and payment of social security benefits, retirement pay and pensions through bank accounts.

³⁶ In the second quarter of 2020, 1 million men and 500,000 women in the 15-29 age group were new holders (19% and 10% of each segment, respectively). In turn, 1 million men and 450,000 women in the 30-64 age group became new holders (11% and 5% of each segment, respectively).

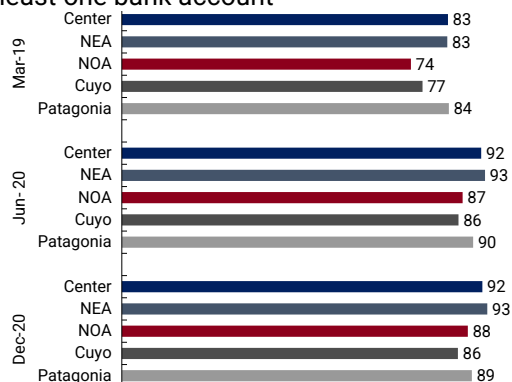
³⁷ Regional gap in household per capita income compared to the national average: Patagonia +27%, Greater Buenos Aires (GBA) +11%, Pampas +4%, Cuyo -19%, NOA -32% and NEA -41%. [INDEC: National Survey on Households' Expenses 2017-2018. Report on Incomes.](#) June 2020.

³⁸ [Global Findex \(2017\).](#)

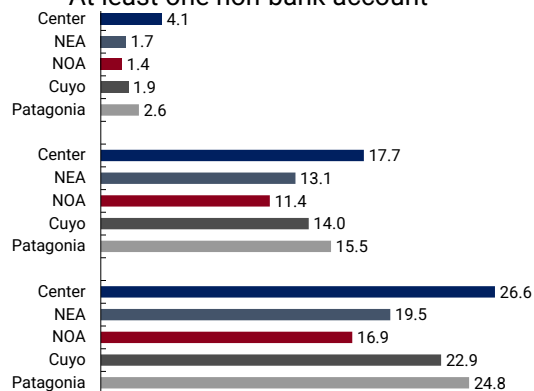
As from June 2020, NEA—with the greatest negative difference in household per capita income against the national average—started to rank first, a position that was traditionally occupied by the Center and Patagonia. This occurred as a consequence of the massive opening of bank accounts for mitigating the adverse effects of the pandemic on the income of the most vulnerable population.

Chart 9 | Account ownership by region

At least one bank account



At least one non-bank account

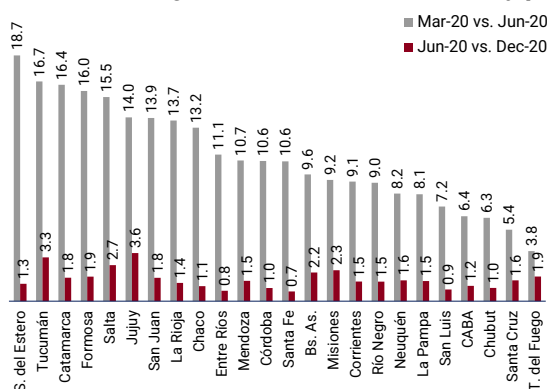


Note | Percentage of the adult population with at least one account.

Source | COELSA, INDEC and BCRA.

In turn, non-bank accounts increased in all the regions, though there are more significant gaps among them. In the Center and Patagonia, coverage reached around 26% of the adult population, and in NOA, 17%. In this kind of accounts, the household income level by region along all quarters is associated with the number of non-bank accounts held by the adult population. Unlike bank accounts, non-bank accounts are not used for the payment of social security benefits, like transfers from the National Government to mitigate the effects of the pandemic.

Chart 10 | Change rate of account holders by province



Note | Including people with bank accounts, non-bank accounts and both.

Source | COELSA, INDEC and BCRA.

Finally, the analysis of each province reveals that the number of bank and non-bank account holders continued on the rise, though at a slower pace, after June 2020—when the payment of social security benefits strengthened in the context of the pandemic. The arrival of new holders of bank and non-bank accounts may help to overcome barriers to access financial facilities and other services, and to make previously excluded groups enter the mainstream.

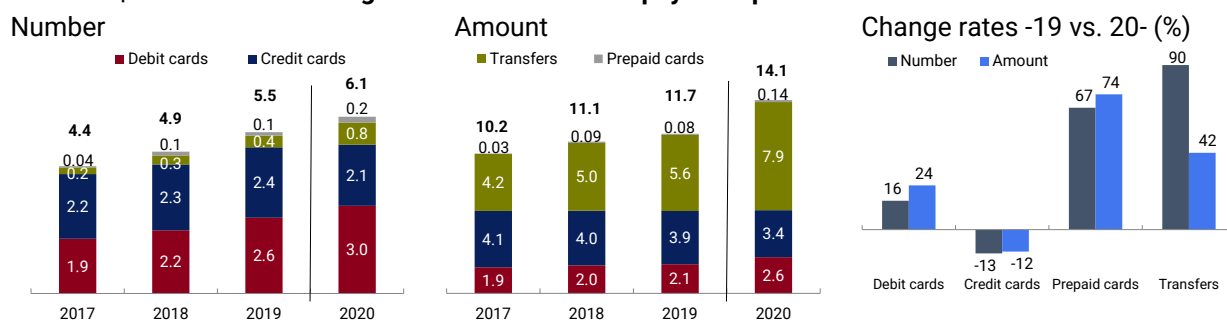
2.2 Transactions through Electronic Means of Payment and Cash Withdrawals

The COVID-19 pandemic and the ensuing social distancing measures adopted to minimize the exposure to infection risk have changed people’s payment behavior worldwide: temporary decrease of cash withdrawals, increase of contactless payments in shops—contactless cards, quick response (QR) payments—and higher remote use of payment instruments, mainly driven by electronic commerce or e-commerce.³⁹

Argentina experienced similar changes in 2020: the number of cash withdrawals fell for the first time in the last few years, while the use of MPEs was further on the rise. The payment of bills and e-commerce⁴⁰ are the main explanatory factors for the improvement of remote payments.⁴¹

In 2020, MPEs’ growth rates grew by 10% in number and 21% in amount (in real terms). However, this improvement was not perceptible enough due to each instrument’s relative share. The fall of transactions on credit cards, which remain the second most used means of payment, influenced the change rates of MPEs. Excluding transactions on credit cards, the change rates in 2020 were the highest in the last few years (27% in number and 37% in amount).

Chart 11 | Transactions through electronic means of payment per adult



Note | These figures show the monthly average for each year and amounts are expressed in thousand ARS at constant prices (CPI base 100 = Jan-2019).

Source | BCRA and INDEC.

a. Payments of goods and bills with cards. Payments on debit cards per adult continue consolidating as the electronic means mostly used to make retail payments. Five out of ten

³⁹ Inclusive payments for the post-pandemic world. SUERF Policy Note. Issue No. 193, September 2020.

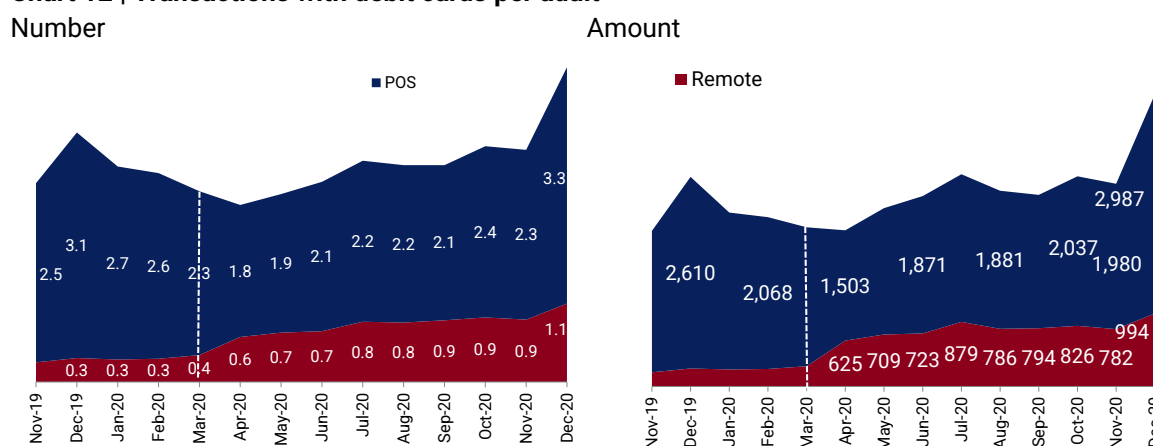
⁴⁰ In 2020, e-commerce billing grew by 124%, purchase orders by 84% and the number of purchasers increased by 1 million against 2019. Source: yearly research on e-commerce by Cámara Argentina de Comercio Electrónico (Argentine Chamber of Electronic Trade) [Statistics](#) and [Summary](#).

⁴¹ The term “remote payments” comprises digital (not face-to-face) payments on cards and electronic transfers.

payments made through electronic means were carried out on debit cards in the last 12 months, in other words, three transactions per month per adult.

During the pandemic,⁴² the average monthly growth rate of remote payments on debit cards was nearly three times higher than that of transactions made in-person through devices at points of sale (POS), both for amounts (20%) and number (14%). The accelerated increase of remote payments on debit cards resulted in a rise of more than 10 p.p. in payments' share in the total between March and December 2020. However, as for specific transactions in an e-commerce environment, the share of payments on debit cards remains low among the means of payment preferred (7% in 2020).⁴³

Chart 12 | Transactions with debit cards per adult



Note | Amounts in constant pesos (CPI base 100 = Jan 2019).

Source | BCRA and INDEC.

It is worth highlighting that at the beginning of the ASPO remote payments on debit cards replaced in part POS payments. When ASPO measures were relaxed, the former went on following the same trend, while POS payments got to recovering the number of lost transactions.

As regards the number of deposit accounts, transactions on debit cards per bank account only grew by 5% in 2020, driven by the record rise of deposit accounts in this period (16%, more than 8 million accounts). However, each bank account channeled higher-amount payments (in real terms) during 2020, which recorded a 13% annual growth. This rate had been nearly 0% in the previous three years.

Payments on credit cards reached the lowest figures of the series in 2020, but they remain the second most used instrument. The number per adult exhibited an annual contraction (-13%) for the first time, while amounts (in real terms) paid on these cards showed a further downward decrease with a negative rate of 12%, which was four times the 2019 fall. This performance could

⁴² From April to December 2020.

⁴³ CACE. [Statistics](#) and [Summary](#).

be explained by credit cards' characteristics as financing tool in a context of economic activity reduction forced by the pandemic.

On the contrary, payments on prepaid cards recorded great dynamism, exhibiting the highest figures of the last few years. Payments made in 2020 were five times above the figures recorded in 2017, with positive rates of 67% for numbers, and 74% for amounts, in real terms. This growth is associated with a rise in the number of people with a non-bank account (see Chart 5), which flags its expansion potential. Yet, in 2020, these payments stood for only 3% and 1% of transactions with MPEs per adult in number and amount, respectively.

b. Electronic transfers. Electronic transfers stood out among MPEs in 2020, recording the highest change rates over the last few years, both as for amount—in real terms—and number, evidencing an extraordinary performance. In 2017, 2 monthly electronic transfers were carried out per ten adults on average, rising to 8 in 2020.

Mobile banking stood out among all channels, recording a growth of 167% for number of transactions and 114% for amounts at constant prices. As a result, it became the second channel used for transfers after online banking. The widespread use of mobile phones, mentioned in the previous IIF, in addition to the supply of FI's apps and media campaigns have surely contributed to this performance.

Table 2 | Electronic transfers

Per adult

Year	Number				Amount											
	ATMs	OB	MB	TOTAL	ATMs	OB	MB	TOTAL								
#	y.o.y variation	#	y.o.y variation	#	y.o.y variation	\$	y.o.y variation	\$	y.o.y variation							
2017	0.05	25%	0.16	33%	0.02	100%	0.23	35%	575	24%	3,414	37%	176	98%	4,165	37%
2018	0.06	20%	0.22	38%	0.03	50%	0.31	35%	603	5%	4,076	19%	278	58%	4,957	19%
2019	0.06	0%	0.28	27%	0.06	100%	0.40	29%	568	-6%	4,609	13%	388	40%	5,565	12%
2020	0.08	33%	0.52	86%	0.16	167%	0.76	90%	691	22%	6,384	39%	828	114%	7,904	42%

Per bank account

Year	Number				Amount											
	ATMs	OB	MB	TOTAL	ATMs	OB	MB	TOTAL								
#	y.o.y variation	#	y.o.y variation	#	y.o.y variation	\$	y.o.y variation	\$	y.o.y variation							
2017	0.03	13%	0.12	25%	0.01	82%	0.16	26%	410	14%	2,429	25%	125	82%	2,964	25%
2018	0.04	12%	0.14	24%	0.02	62%	0.20	25%	399	-3%	2,692	11%	184	47%	3,275	10%
2019	0.04	16%	0.18	29%	0.04	65%	0.26	31%	370	-7%	3,003	12%	253	38%	3,626	11%
2020	0.05	12%	0.31	67%	0.09	149%	0.45	70%	410	11%	3,766	25%	485	92%	4,660	29%

Note | Amounts in constant pesos (CPI base 100 = Jan-2019). y.o.y.=year-on-year change rate.

Source | BCRA and INDEC.

The number of electronic transfers per bank account recorded the highest growth rate in the last few years in total transactions, and in online banking and mobile banking as well. As regards amounts, they grew in the total and in mobile banking. Transfers per bank account grew by 70% against 2019, with a 29% increase in amounts in real terms.

In order to continue boosting electronic payments, the BCRA launched a program called Payment by Transfer⁴⁴ with the aim of broadening the scope of instant transfers. This program is based on an open payment digital ecosystem which is: interoperable (bank and non-bank accounts),

⁴⁴ Payment by Transfer.

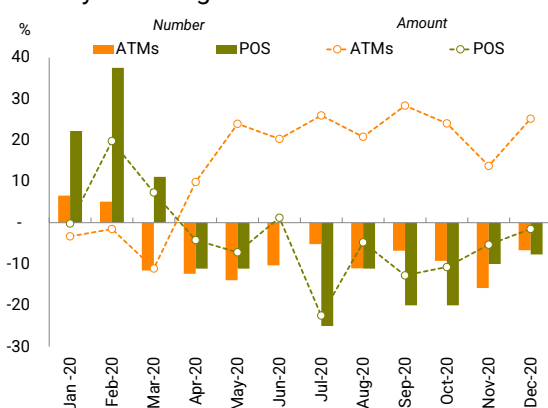
immediate (automatic crediting of funds for shops), and flexible (transactions with debit cards, QR codes, biometrics), just to name a few. The new system was launched in December 2020 and will reach full implementation in November 2021.

c. Cash withdrawals. Before the health crisis broke out, MPEs and the number of cash withdrawals per adult had risen while the amount withdrawn per adult had fallen at constant prices. This performance, which could be explained by an increase of access points and the availability of other means for cash withdrawal, came to a halt in 2020 due to the pandemic and the restrictions on circulation.

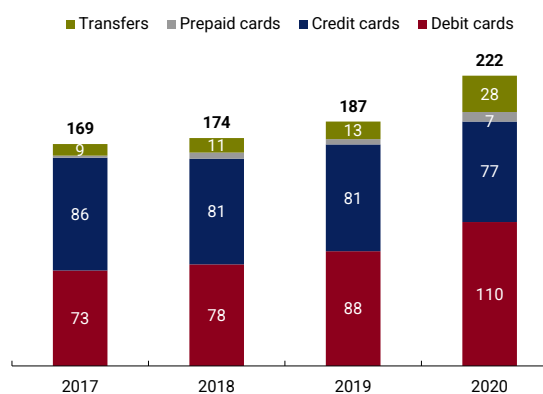
In 2020, the number of cash withdrawals at ATMs per adult went down by 8% against 2019, while the amounts withdrawn (at constant prices) and the average withdrawals increased 15% and 24%, respectively, vis-à-vis the same year. This performance persisted in the lower number of withdrawals at non-bank points, but not in the amounts withdrawn since they also fell.

Chart 13 | Cash withdrawals per adult

Year-on-year change rate



Transactions through MPEs every 100 withdrawals



Note | Stock in thousand constant pesos (CPI base 100 = Jan 2019).

Source | BCRA and INDEC.

The evolution of both channels was influenced by the regulations adopted due to the pandemic, which resulted in lower circulation of people that led to lower attendances at ATMs, but higher amounts of cash withdrawn than before the pandemic. During the most restrictive period, only some essential shops became an alternative to ATMs. It is worth remembering that the BCRA adopted a number of measures seeking to reduce exposure to infection: increasing the limit of withdrawal amounts at ATMs—ARS 15,000 per day at present; and removing transaction charges⁴⁵ until the end of March 2021, when the scheme would resume the one in effect before the beginning of the ASPO. Thus, withdrawals for holders of salary accounts, social security accounts and accounts opened for the payment of social security benefits remain free of charge. In addition, withdrawals made in ATMs of the financial institution itself located within the branches for holders of savings accounts and CGUs also remain with no cost. In the case of

⁴⁵ [Communication A 6957](#).

CGUs, up to eight transactions—withdrawals included—at ATMs belonging to other financial institutions are also free of charge.⁴⁶

In 2020, the adult population made more than twice transactions through electronic means of payment than cash withdrawals. This ratio grew by 19% against 2019 and stands above the figures recorded in the last period. These dynamics are explained by the growth of transactions on debit cards and electronic transfers.

Last, online payments are a knee-jerk tool to answer the impact of the pandemic. However, they face challenges and risks in terms of use, which may be particularly complex for some parts of the population, such as the elderly and people with fewer digital skills. Also, they may be at risk from cyber-attacks and digital fraud. In this sense, the BCRA made progress and launched the Financial Education Digital Campaign aimed at families (together with the Ministry of Education),⁴⁷ carried out actions to prevent online scams,⁴⁸ and set guidelines on cyber security.⁴⁹

2.3 Savings Methods

In previous IIFs, measuring on the use of savings products was carried out by relating the number of current natural persons' time deposits (hereon, time deposits) to the adult population and the number of deposit accounts. In this report, the extended information available has allowed analyzing the evolution of time deposits in relation to the number of natural persons who are holders of accounts at financial institutions (hereon, bank account holders).

By the end of 2020, the metrics recorded 10.5 time deposits every 100 bank account holders, nearly the same as in March 2020, when the ASPO was adopted in answer to the COVID-19 pandemic. Even though both the number of time deposits and of bank account holders improved 8.2% and 10.7%, respectively, from March to December 2020, the evolution of the indicator exhibits a reduced share of bank account holders who used time deposits as a savings product.

Table 3 | Time deposits every 100 bank account holders in terms of FIs' size

Quintiles	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20
First quintile	14.5	16.9	17.2	21.0	40.9	16.3	18.3	19.9
Second quintile	7.1	7.7	7.7	6.5	6.4	6.5	6.6	5.6
Third quintile	5.3	5.6	5.3	4.9	4.5	4.5	4.6	4.3
Fourth quintile	5.1	5.1	4.7	4.5	4.3	4.5	4.6	4.3
Fifth quintile	8.9	9.3	8.6	7.5	7.3	7.2	7.5	6.9
Financial institutions	12.6	13.2	12.3	11.0	10.8	10.7	11.3	10.5

Note | Quintiles group FIs in terms of the number of bank account holders, the first quintile involving FIs with the fewest account holders. Limits vary in each quarter. If a person holds an account in FIs of two different quintiles, they are recorded in each of them. Time deposits include those in pesos, UVA, and foreign currency.

Source | COELSA and BCRA.

⁴⁶ See section 2.1, IIF, Second Half of 2019.

⁴⁷ Tutorials on the management of passwords, payments through online banking, security features for online transactions, among others.

⁴⁸ Online scams.

⁴⁹ Guidelines on Cyber Security.

During the COVID-19 pandemic, the National Government offered social aid to people who faced losses or significant falls in their incomes as a result of the health emergency. This policy involved the opening of a high number of bank accounts, together with money transfers to individuals who have already had a bank account but they were facing a decrease in their incomes. Social aid, such as the IFE, was offered with the aim of allowing access to basic services and goods to the whole population and mainly to those in need. So, the massive opening of accounts with transactional goals associated to social aid gave room to a lower ratio of time deposits/bank account holders.

As regards time deposits' yields, in 2020, the BCRA adopted different measures to get interest rates under the monetary policy in harmony, and keep positive real yields of savings in pesos: (i) it gradually increased overnight interest rates on reverse repos with the BCRA (assets for FIs); (ii) it offered seven-day reverse repos with the BCRA; (iii) it adjusted the monetary policy interest rate on several occasions; (iv) it raised the minimum interest rates on traditional time deposits in pesos in order to ensure returns in line with the inflation rate, so as to favor saving in domestic currency. In addition, in 2020, it launched early-termination UVA time deposits—which may be cancelled as from the 30th day over a total 90-day term—expanding the savings options in pesos at a positive real interest rate. Likewise, the BCRA has been working with different provincial governments and national instrumentalities to encourage financial education as a whole and savings in particular.

However, the performance in terms of the amounts invested was different during 2020. The stock of natural persons' time deposits in pesos recorded an annual increase of 9.3% in real terms, whereas time deposits of the non-financial private sector rose by nearly 30%. Also, time deposits adjusted by units of purchasing power (UVA) with an early termination option gained greater momentum.

It is worth noting that the reduced share of time deposits in terms of account holders is influenced by a number of factors, such as the population's inclination to saving, their saving capacity—surely endangered during the pandemic—and their awareness about the financial system's savings products, a cornerstone for the BCRA's financial education policy. On the contrary, the minimum amounts set by FIs to make time deposits are virtually low (mainly between ARS 500 and ARS 1,000). Anyway, this limit is not a barrier to access this savings instrument.

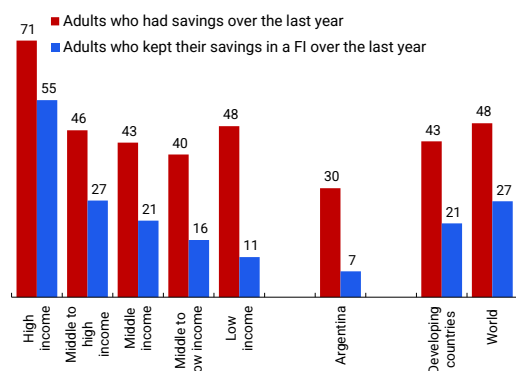
When analyzing the number of FIs' account holders in terms of their size, it is observed that all groups of institutions record less use of time deposits throughout the period under analysis, except for those institutions with a lower number of account holders. In 2020, FIs belonging to the second quintile recorded the greatest fall in annual terms (-12.6%), while smaller FIs went through a lower decrease (-4.9%).

Likewise, the gap between bigger and medium-sized FIs is significant. Third and fourth quintile FIs should improve their performance by 60% and 70% to reach the performance of FIs with a bigger number of account holders. It is worth mentioning that the indicator of first quintile FIs is much higher than that of the rest of FIs. Considering that the shares of account holders and of time deposits are extremely low (below 1%), small changes have a significant impact on the indicator.

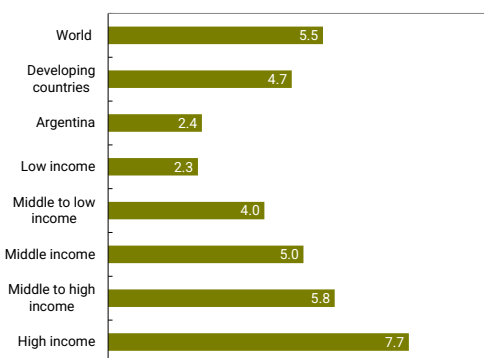
According to Global Findex⁵⁰ data, the global gap between the adult population who have savings and those who save money in a FI is significant (48% vs. 27%). Out of 10 adults who have savings, 5 keep their savings in the financial system of medium-income countries, and 2 in low-income countries.

Chart 14 | Savings performance by per capita income

Share of adult population



How many savers out of 10 kept their savings in the financial system?



Source | Global Findex, World Bank, 2017.

The results of Global Findex (2017) show that Argentina’s savings performance in terms of FIs is more typical of a low-income country: 2 out of 10 adults keep their savings in the financial system. Furthermore, the Argentine population’s savings tendency is lower than that in medium and low-income countries (30%). Even with this limitation and given the limited use of time deposits as savings product in all FI’s segments, the significant gap between the adult population who have savings and those who keep their savings in a FI leaves room for the inclusion of more people in financial system’s savings products.

The rise in the number of account holders, which is nearly the same as the whole adult population, and the growing financial services digitalization provide a favorable context to boost the use of financial system savings products. Taking the massive adoption of electronic means of payment as a benchmark, which took place when the pandemic started, FIs’ savings products settled in current technologies to strengthen their growth. In line with this, the literature posts two main aspects for savings products: (i) *the expansion of distribution channels*; and (ii) *the development of new characteristics and attributes*.

A wide-range of customer service channels—both physical and electronic—made available by FIs allows different segments of the population to deposit their savings through the nearest channels. Given Argentina’s extensive geographical coverage of financial infrastructure, the number of access points has been increased for users to have more access to saving, regardless of the institution and network involved. The same happens with electronic channels, such as online banking and mobile banking, since most FIs provide users with the chance of operating through both platforms. It is worth highlighting that mobile phones, in contrast to online banking, are frequently used across all age groups.

⁵⁰ 2017 Global Findex.

3. Credit to Natural Persons

When the COVID-19 pandemic broke out, Argentina was in a vulnerable financial and economic condition and is still affected by its consequences. The relaxation of social distancing measures allowed people to move around to a greater extent and some economic activity to recover compared to the first months of the pandemic.⁵¹ In the face of the epidemiologic evolution, recovery is still an uncertain scenario.

The measures that the BCRA adopted in response to the pandemic sought to mitigate the consequences of the economic situation for BFS's debtors. In particular, the BCRA implemented different credit assistance programs aimed at boosting the credit channel to the private sector.⁵² In addition, the BCRA maintained the relaxation of debtors' classification criteria and of payment conditions for outstanding loans, as well as the caps on interest rates charged on credit cards issued by FIs.⁵³

a. Credit providers and credit lines. In 2020, the share of adults with at least one credit product kept the falling trend that had started in 2019. The steady fall of economic activity—observed as from the second quarter of 2018 through 2019—was translated into fewer adults with access to financing. Moreover, as from 2020, the pandemic gave room to new elements which furthered the fall of the indicator.

During the social isolation and social distancing periods, access to credit was affected on account of different factors. First, the measures on social distancing adopted to mitigate the risk of infection hindered new financing since users are still required to apply for and manage loans in-person. Also, the uncertainty regarding the evolution of health conditions and its impact on income made part of the population and the financial system be more prudent in relation to credit. In addition, the fall of the economic activity since 2018 and its impact on income also lessened the population's chance of having access to financing. In response to the pandemic, the National Government in conjunction with the BCRA implemented measures to ease credit to natural persons (zero percent credit line for self-employed workers whether or not under a simplified tax scheme and credit line for culture) and to MSMEs through credit lines at subsidized interest rates and the credit line for productive investment.⁵⁴

Within this framework, from December 2019 to October 2020, the share of adults with at least one credit product with FIs shrank 1.4 p.p.; with PNFCs, 2 p.p.; and with BFS, 1.9 p.p. This contraction was higher than the one observed in the same period of 2019 (0.5-p.p. fall for FIs, 1.7 p.p. for PNFCs, and 1 p.p. for BFS). The difference in such falls might be associated to a lower

⁵¹ The [Monthly Estimator of INDEC's National Classification of Economic Activities](#) shows a significant month-on-month fall in the seasonally-adjusted index in March and April, to resume the path of improvement in May. However, the economic activity at the end of 2020 exhibited a 3% y.o.y. decrease (Dec-19 vs. Dec-20), in spite of the positive trend observed as from September 2020.

⁵² [Report on Banks, BCRA, January 2021](#).

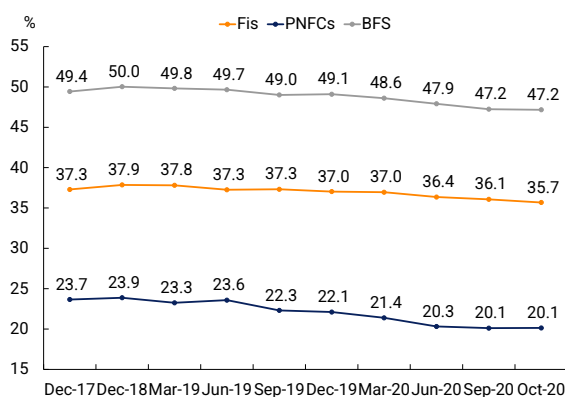
⁵³ [Communication A 7181](#) and [Communication A 7198](#).

⁵⁴ For further details, see local context of [IIF, November 2020](#) and [Communication A 7140](#).

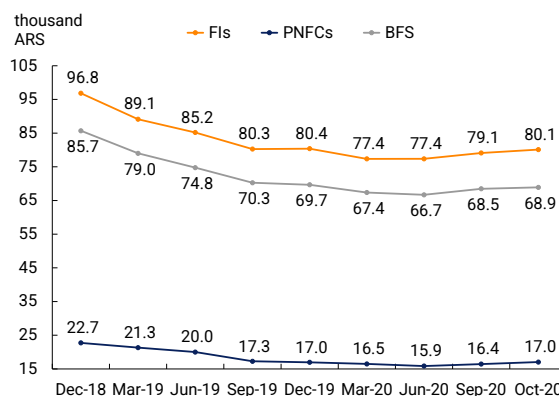
incidence of formal labor⁵⁵ among PNFC's debtors, probably involving a higher impact of the income fall due to the pandemic. The need to reduce people's circulation and, thus, the exposure to COVID-19, entailed the temporary closure of large retailers that operate as Other Non-Financial Credit Providers (OPNFC), such as electrical appliances shops. Accordingly, credits might have been impaired.

Chart 15 | Number of debtors and stock per debtor

Adult debtors



Average stock per debtor



Note | Stock in thousand constant pesos (CPI base 100 = Jan 2019).

Source | BCRA and INDEC.

The average balance per debtor was significantly lower compared to 2019 (with a fall of 16% for FIs, 24% for BFS, and 17% for PNFC). In the first ten months of 2020, FIs' and BFS' average stock in real terms dropped 0.3% and 1.1%, respectively; while PNFC's increased 0.4%. Between March and October, the stock per debtor recovered 3.6% for FIs, and 3.3% for PNFC. These results evidence that the performance of the financial system was more favorable in terms of financed real stocks compared to 2019 thanks to the credit incentives implemented by the National Government in response to the pandemic.

Broken down by institutional group, the performance of public banks differs from that of private banks and financial companies, recording a subtle tendency to include new debtors as from 2019. This performance was replicated in 2020. Among PNFC, Non-Bank Credit Card Issuers (ETCNB) record a lower reduction in debtors' share than OPNFC, which might be associated with more in-person applications for personal loans in the latter, and with the temporary closure of large retailers that operate as OPNFC.

On the other hand, the minimum wage (SMVM) variable is included in order to measure average balances per debtor in terms of people's income. BFS' debtors recorded balances equal to 6.8 SMVM, while the balances for debtors in FIs reached 7.9 SMVM, and those in PNFC stood at 1.7 SMVM. Different performances were also observed among different institutional groups: public banks held higher balances on a sustained basis than the other FIs and PNFC, with balances of

⁵⁵ It is represented by fewer holdings of salary accounts among their debtors (see previous IIF)

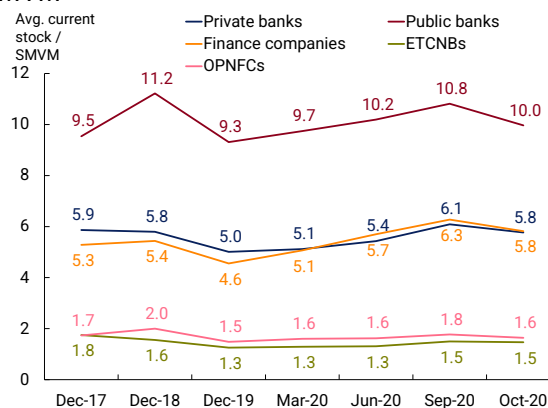
around 10 SMVM in October 2020. A second group includes private banks and financial companies with 5.8 SMVM, whereas average balances of ETCNB and OPNFC's debtors ranged from 1.5 and 1.6 SMVM.

Table 4 | Debtors and stocks by institutional group

Share of adults with at least one credit product and average stock

Group of suppliers	Share of debtors			Average stock per debtor		
	Dec-18	Dec-19	Oct-20	Dec-18	Dec-19	Oct-20
Private banks	30.6	29.5	27.5	67.3	56.9	58.4
Public banks	10.9	11.1	11.3	130.3	105.7	100.9
Finance companies	3.0	2.4	1.9	63.2	51.7	58.9
Fis	37.9	37.0	35.7	96.8	80.4	80.1
ETCNBs	17.2	16.1	15.0	18.1	14.3	14.8
OPNFCs	10.0	8.7	7.3	23.2	16.8	16.6
PNFCs	23.9	22.1	20.1	22.7	17.0	17.0
BFS	50.0	49.1	47.2	85.7	69.7	68.9

Average current stock in terms of SMVM



Note | Stock in thousand constant pesos (CPI base 100 = Jan 2019).

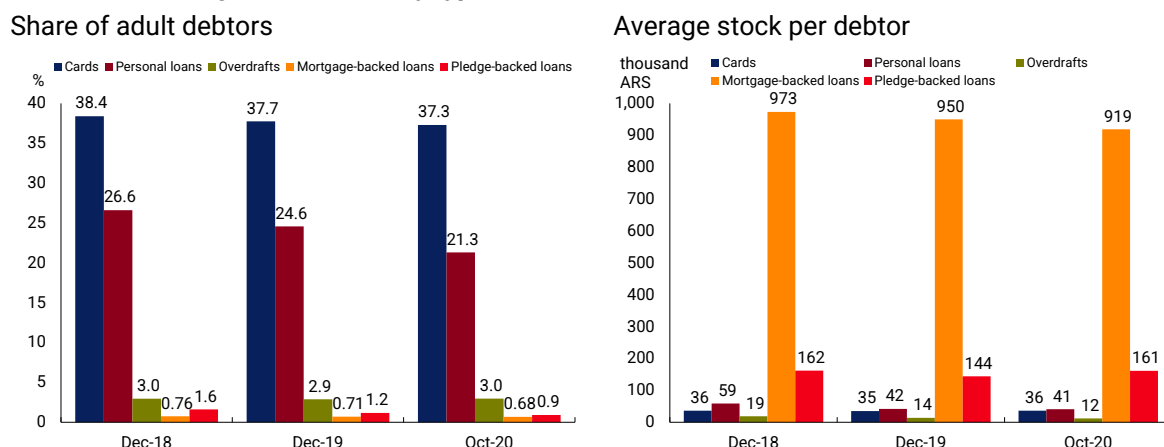
Source | BCRA, INDEC and Ministry of Labor, Employment and Social Security.

In terms of stocks, the average portfolio of financial companies' debtors increased 14% at constant prices between December 2019 and October 2020, while that of private banks' debtors rose 2.7% over the same period. This performance posts a clear change against the reductions observed in 2019. As for public banks, even though in 2020 they exhibited a decrease in average stocks per debtor in constant terms (4.5% in the first 10 months of 2020), this fall was significantly lower than the same period in 2019 (16.6%). Among PNFCs, ETCNBs posted an increase in financed real stocks, while OPNFCs recorded a 1.2% fall.

Segregated by type of financing, personal loans exhibited the greatest reduction in the share of adults with at least one credit product, with a 3.3-p.p. fall over the first 10 months of 2020. The performance of personal loans, usually borrowed in person, might have been affected by reduced circulation that was required to reduce the risks of infection, people's prudential behavior as a response to COVID-19, and a fall of incomes. Credit cards stood in the second place with a 0.5-p.p. fall, and overdrafts reached figures close to those in December 2019. As for longer-term and greater-amount financing, pledge-backed loans kept a falling trend, down from 1.2% of the adult population in December 2019 to 0.9% in October 2020.

As regards stocks, between December 2019 and October 2020, the average stock per personal loan debtor posted a 3% fall in real terms, which meant a clear slowdown in the trend observed (-24% in the same period of 2019). Overdrafts exhibited a similar performance, recording a 13% decrease in average stocks per debtor from December 2019 to October 2020 (against a 33% fall in the first 10 months of 2019).

Chart 16 | Funding from the BFS by type of assistance



Note | Stock in thousand constant pesos (CPI base 100 = Jan 2019).

Source | BCRA and INDEC.

In turn, the average stock of credit cards per debtor grew by 3% in 2020, which shows that they were used to finance consumption in the face of income falls due to the pandemic. It is worth noting the positive impact of Zero Interest Rate Credit Lines for self-employed workers, whether or not under a simplified tax scheme (implemented by the National Government in the framework of the Emergency Assistance for Work and Production program⁵⁶), on debt stocks. This may be explained by the fact that this assistance is credited in credit cards.

b. Characteristics of debtors. In terms of debtors' geographical distribution, the share of the population with access to financing from FIs decreased in all first-order jurisdictions, except for the provinces of Chaco and La Pampa, in 2020. The share of debtors with financing from PNFC fell across all jurisdictions. The province of Tierra del Fuego recorded the greatest contraction for both indicators, down 3.1 p.p. for the share of FIs' debtors and 4.4 p.p. for PNFC's debtors.

Average stocks per debtor in real terms also posted heterogeneous performances in 2020. As regards FIs, 17 out of 24 first-order jurisdictions recorded an average stock increase; meanwhile, in terms of PNFC, 14 jurisdictions posted a stock increase and 10, a reduction. Provinces with a relative lower share of the population with at least one credit product recorded the greatest increase.

⁵⁶ Zero Interest Rate Credit Lines.

Table 5 | Debtors and stocks by province

Province	FIs Debtors		FIs Average stock		PNFC Debtors		PNFC Average stock	
	Oct-20	Dec-19 to Oct-20	Oct-20	Dec-19 to Oct-20	Oct-20	Dec-19 to Oct-20	Oct-20	Dec-19 to Oct-20
	%	p.p.	\$	%	%	p.p.	\$	%
Bs. As.	34.4	-1.5	76.8	-1.4	15.2	-2.3	15.2	-2.3
CABA	67.6	-1.1	105.3	-6.3	17.8	-2.3	20.5	-4.4
Catamarca	27.5	-1.9	67.5	5.7	31.8	-2.4	20.0	-2.4
Chaco	27.7	0.7	66.2	5.2	24.5	-1.9	16.2	2.9
Chubut	37.6	-2.3	94.4	0.7	23.3	-2.6	21.7	-0.3
Córdoba	35.4	-1.1	93.0	6.5	26.4	-2.1	15.8	-0.5
Corrientes	22.9	-2.6	67.4	4.3	24.5	-0.8	17.7	6.3
Entre Ríos	32.2	-0.5	69.3	1.7	22.2	-1.0	21.9	2.6
Formosa	26.1	-1.9	59.3	7.4	21.3	-1.2	16.7	11.3
Jujuy	26.5	-1.5	61.2	-5.0	22.5	-1.5	15.0	-1.0
La Pampa	43.0	0.7	91.4	3.7	15.1	-1.4	15.7	11.2
La Rioja	25.1	-2.4	57.3	0.3	31.0	-3.1	19.4	-0.7
Mendoza	30.2	-1.6	76.7	2.8	22.6	-2.2	16.5	2.0
Misiones	29.1	0.0	57.9	0.0	20.6	-1.1	15.9	6.4
Neuquén	42.2	-1.8	95.8	-0.4	28.2	-2.2	23.4	3.8
Río Negro	35.9	-1.9	71.5	0.4	23.5	-2.0	19.5	5.0
S. del Estero	32.5	-1.3	44.0	3.3	23.3	-0.8	14.5	2.4
Salta	27.9	-1.8	79.0	5.0	23.6	-1.7	15.5	1.2
San Juan	25.3	-1.1	53.7	1.9	26.5	-2.1	17.0	-1.8
San Luis	30.8	-2.1	60.3	8.5	24.7	-2.7	16.2	4.7
Santa Cruz	39.5	-2.7	88.8	-0.8	27.0	-2.6	20.8	-0.3
Santa Fe	38.4	-0.4	71.9	-0.1	19.5	-1.6	19.3	4.7
T. del Fuego	49.8	-3.1	131.4	-6.4	27.4	-4.4	22.0	-8.6
Tucumán	28.0	-2.5	78.5	7.3	28.3	-1.0	16.8	1.6
National total	35.7	-1.4	80.1	-0.3	20.1	-2.0	17.0	0.4

Note | Share of the adult population with at least one credit product and stocks in thousand constant pesos (CPI base 100 = Jan 2019).

Source | BCRA and INDEC.

In turn, the pandemic had an unequal impact on access to credit by men and women. As regards FIs, the share of women with at least one credit product exhibited a greater reduction compared to men, which was mainly explained by the performance observed in private banks. The fall in the number of men with credit products from financial companies was slightly higher than women, whereas public banks recorded a higher rise in the share of men than women in total debtors. Within PNFC, the performance was relatively more homogeneous, though a small bias is observed in favor of women.

In turn, stocks exhibited deeper differences since the average stock for men debtors at private banks and financial companies was significantly higher than that for women debtors. The average stock fall at PNFC was virtually the same for debtors of both genders.

Table 6 | Gender gaps

Group of suppliers	Share of debtors			Average stock			
	Dec-19	Oct-20	Dec-19 to Oct-20	Dec-19	Oct-20	Dec-19 to Oct-20	
Women	Private banks	27.5	25.3	-2.1	44.8	45.2	0.4
	Public banks	11.3	11.4	0.1	85.7	80.8	-4.9
	Finance companies	2.3	1.8	-0.4	34.8	38.7	3.9
	Fis	35.3	33.8	-1.5	64.5	63.1	-1.3
	ETCNBs	16.0	14.9	-1.1	12.8	13.5	0.6
	OPNFCs	8.3	6.9	-1.4	16.0	15.8	-0.2
	PNFCs	21.6	19.7	-2.0	15.7	15.8	0.1
	BFS	46.2	44.4	-1.8	57.6	55.8	-1.8
Men	Private banks	31.6	29.7	-1.9	68.2	70.5	2.3
	Public banks	11.0	11.2	0.3	127.7	122.6	-5.1
	Finance companies	2.6	2.1	-0.5	67.7	78.5	10.8
	Fis	38.8	37.6	-1.2	96.0	96.5	0.5
	ETCNBs	16.2	15.0	-1.2	15.8	16.3	0.6
	OPNFCs	8.9	7.6	-1.3	17.6	17.4	-0.2
	PNFCs	22.5	20.5	-2.0	18.3	18.4	0.1
	BFS	52.0	49.9	-2.0	81.4	81.6	0.2

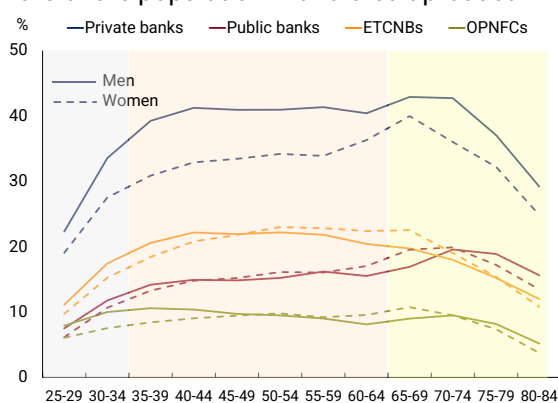
Note | Stock in thousand constant pesos (CPI base 100 = Jan 2019).

Source | BCRA and INDEC.

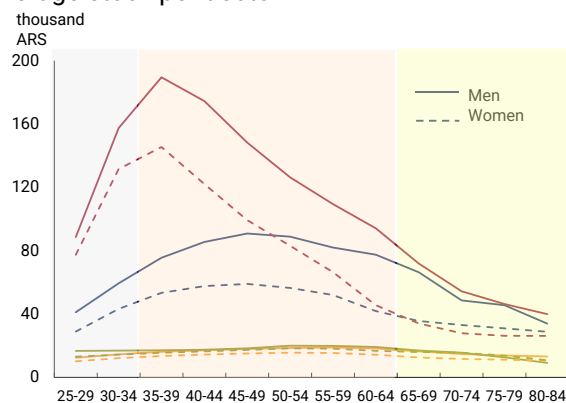
Last, delving into age groups, private banks show larger differences in access to credit by men and women among the 30 to 64 years of age, while for the younger and elder people the gender gap is not as significant. Average debt stocks were significantly higher for men than for women of all age groups at public and private banks, though at public banks the gender gap was higher. As for ETCNB and OPNFC, the gap between men and women in all age groups was slighter and more homogeneous.

Chart 17 | Financing by age, group and gender

Share of the population with a credit product



Average stock per debtor



Note | Data as of Oct-20. Stocks in thousand constant pesos (CPI base 100 = Jan 2019).

Source | BCRA and INDEC.

Exhibit 1 | Approach to Comprehensive Measuring of Financial Inclusion in Argentina

The financial inclusion process certainly requires monitoring actions that go beyond the simple record of indicators for access to and usage of financial services. As seen in Exhibit 3, there are deeper concepts such as financial well-being and health that are more comprehensive and useful to assess improvements in financial inclusion and to make detailed policy more effective for dealing with exclusion situations. Anyway, for a first analysis, it is useful to have an aggregate indicator that summarizes different aspects related to the access to and usage of financial services. The construction of an index faces a challenge: to summarize its multiple dimensions in only one figure, and to make comparisons over time.

First, the creation of an index requires the selection of variables and the definition of their relative weights in the calculation. Given that the index was compiled for the first time, the selection of variables and the calibration of their relative weights was based on the guidelines of a document in which the Economic Commission for Latin America and the Caribbean (ECLAC)⁵⁷ developed financial inclusion indexes for Uruguay. This document uses the deterministic approach technique (DA) to construct three financial inclusion indexes —access, usage and global indexes. Thus, weighing figures result from a context analysis carried out by a research team.

In addition, variables were standardized on the basis of their minimum and maximum figures over the period under analysis⁵⁸, which means that indexes vary from 0 to 1. These indexes compare the degree of financial inclusion between different time units (months or quarters) in the period under analysis, so time evolution becomes more prominent than the specific value. That is, closeness to index 1 in one month does not mean ideal financial inclusion, but it simply means that it is better than other months included in the calculation.

As regards the access dimension, the elements in the physical infrastructure are presented individually, given the different functionality that each of them develops. ATMs were allocated the highest weight since they stand for 40% of all access points.⁵⁹ Branches were considered in a second place of importance judging by the range of transactions offered. In addition, self-service terminals (TASs) and supplementary agencies of financial services (ACSFs) are undergoing an expansion process.⁶⁰ However, they are still on the way to meet people's financial needs more comprehensively.⁶¹

⁵⁷ Sanroman Graciela, Ferre Zuleika and Rivero José Ignacio, September 2016, "[Financial Inclusion in Uruguay: Analysis through synthetic indexes](#)".

⁵⁸ $(X - \text{minimum}) / (\text{maximum} - \text{minimum})$

⁵⁹ As of December 2020.

⁶⁰ See Chapter 1, section 1.1. Evolution of PDAs in [Financial Inclusion Report, April 2020](#).

⁶¹ An alternative to this calculation may be to determine the weights on the basis of the number of transactions made in each access point, but this data is not available by now.

Table A.1.1 | Selection of indicators and weights⁶²

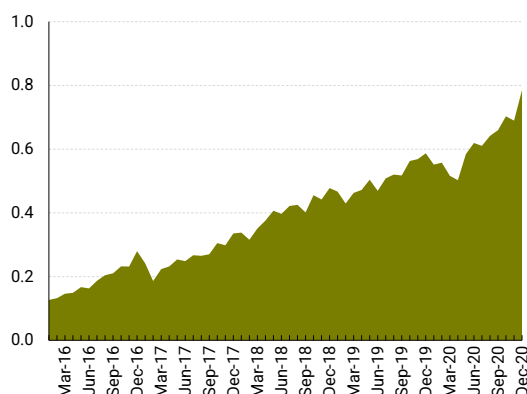
Access	0.5	Usage	0.5
<i>Physical Infrastructure:</i>		<i>Electronic means of payment:</i>	
-Branches per adult;	0.20	-Electronic transfers per adult;	0.25
-ATMs per adult;	0.30	-Payments on debit cards per adult;	0.30
-TAS per adult;	0.15	-Payments on credit cards per adult;	0.20
-ACSF per adult;	0.10	-Payments on prepaid cards per adult;	0.10
<i>Bank accounts:</i>		<i>Other debits:</i>	
-Deposit accounts per adult.	0.25	-Debits per adult.	0.15

The metrics of the usage dimension have been mainly represented according to electronic transfers and payments on different types of cards. Debit cards and electronic transfers, which use increased over the last few years, had a higher relative weight compared to the rest of electronic means of payment.

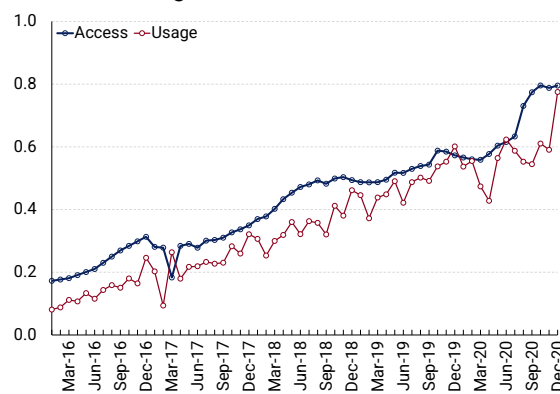
As a result, the access index together with the usage index exhibited an improvement in the global index of financial inclusion in the period under analysis, with a five-time growth. The upward trend of the global index, with positive y.o.y. change rates over all months, replicated the variations in the usage index, which posted seasonal peaks and a growth that more than doubled the access index. Also, the occasional modest jumps of the access index were usually triggered by specific needs such as the opening of accounts to channel income transfers due to the COVID-19 pandemic.

Chart A.1.2 | Evolution of financial inclusion indexes

Financial inclusion index



Access and usage indexes



Source | BCRA and INDEC.

The significant increase in the usage index over the period under analysis is explained by the growing use of electronic means of payment. It is worth noting that electronic transfers per adult grew by five times between January 2016 and December 2020. In turn, payments on debit cards⁶³ and debits in terms of the population increased 97% and 99%, respectively. The higher adoption

⁶² In this first stage, data on financing and saving have not been included, even though their role is important for the evolution of financial inclusion.

⁶³ See Chapter 2, section 2.2. Transactions through Electronic Means of Payment and Cash Withdrawals in [Financial Inclusion Report, April 2020](#) and [Communications A 6212](#) and [A 6425](#).

of electronic means of payment was boosted by new regulations which sought to expand the number of suppliers, to reduce interchange rates, and to offer more payment alternatives, with safer and quicker transactions in a framework of technology advance.⁶⁴

The access index recorded a slighter rise, up 3.6 times. Some of the factors that triggered this growth were as follows: a rise in the number of deposit accounts per adult; a higher number of ATMs throughout the period (30%); and the launching of ACSFs that reached 3.67 every 10,000 adults in December 2020.

Certainly enough, the index is at a germinal stage and naturally calls for more exhaustive work. However, it may be concluded that the construction of a global index contributes to the measuring of financial inclusion by quantifying, in a single metric, its improvement over time and allowing the comparison of its components' dynamics.

⁶⁴ Some regulations on this topic are: payments through QR codes, creation of single virtual code (CVU)—it identifies PSP customers and streamlines interoperability—, expansion of the electronic transfers system (through banks and PSPs), among others.

Exhibit 2 | Access Tools for the Visually Impaired

Interaction with both physical and digital financial services may pose a challenge to people with disabilities if appropriate applications are not available to ensure adequate access and usage. In line with the goal of achieving greater financial inclusion for all segments of the population, the BCRA has required FIs to include certain elements that allow such people to use financial services safely and on their own, thus taking part in the economic and financial system on an active basis.

The specific case of financial users with severe sight loss is addressed in this exhibit. In Argentina, 2.6% of the population suffers from some type of sight disability, out of which 96% have severe sight loss and 4% cannot see at all.⁶⁵

The audio system is the main tool for such people to access financial services more easily. This system guides users on the steps to make the transactions available in physical and remote electronic channels. It also warns users about undesirable events such as leaving their debit card behind at an ATM. This tool is available at ATMs, online banking, and mobile banking. Using it with headphones provides users with self-sufficiency and security.⁶⁶

Additionally, in-person electronic channels, such as ATMs, have keyboards in Braille or standard keyboards with high contrast letters,⁶⁷ which help users with visual impairments to make any transactions (from the creation of a password to a fund transfer) on their own. Also, in the near future, ATMs will be equipped with fingerprint readers⁶⁸ so that users have the option of validating their identity, thus, seeking to facilitate the interaction between users and electronic devices. By mid-2022, all ATMs in Argentina will be equipped with biometric readers.

These devices are intended to be mainly connected to ATMs, the most numerous access points to financial services in the financial system: 41% of Argentine municipalities have ATMs—most of them are open 24/7, and offer many and different transactions, such as cash withdrawals, payment of bills, and funds transfers.

By the end of 2020, the number of ATMs for users with visual impairments reached 7,561, i.e., 43% of all ATMs and 2.19 units every 10,000 adults. In the last few years, the number of such ATMs grew over all the regions, even exhibiting a rise above the growth of the total number of ATMs, except for Cuyo.

⁶⁵ [“National Study on the Profile of People with Disabilities”](#), National Institute of Statistics and Censuses (INDEC), 2018 final results.

⁶⁶ See item 2.2.2 in Consolidated Text on [“Financial Services Consumer Protection”](#).

⁶⁷ See item 2.2.2 in Consolidated Text on [“Financial Services Consumer Protection”](#).

⁶⁸ [Communication A 7208](#).

Table A.2.1 | ATMs' geographical distribution for the visually impaired

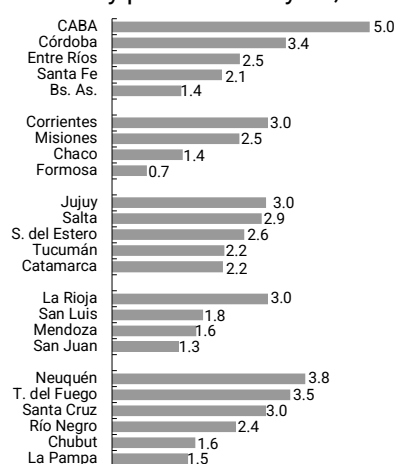
(a) Number of ATMs

Region	Dec-18	Dec-19	Dec-20	18 vs. 20
Center	4,512	4,739	4,879	8.1%
NOA	894	937	1,001	12.0%
NEA	530	558	629	18.7%
Patagonia	453	537	569	25.6%
Cuyo	460	488	483	5.0%
Financial System	6,849	7,259	7,561	10.4%

(b) Share in the total of ATMs

Region	Dec-18	Dec-19	Dec-20	18 vs. 20
Center	40.0	40.2	41.2	1.2
NOA	65.4	63.7	65.6	0.2
NEA	46.2	44.7	47.6	1.4
Patagonia	32.8	35.7	37.0	4.3
Cuyo	39.7	38.3	38.3	-1.3
Financial System	41.9	42.0	43.3	1.3

Distribution by province every 10,000 adults



Note | Distribution by province every 10,000 adults as of Dec-20.

Source | BCRA and COELSA.

Likewise, all the regions posted a significant number of ATMs for users with visual impairments compared to the total number of ATMs. The northwestern region holds the highest share of ATMs for such users in the total (66%), almost twice the share recorded in Patagonia (37%), which posts the lowest figure.

However, as for the adult population, the distribution of ATMs for users with visual impairments by province has dissimilar results. Most ATMs are allocated in CABA with 5 ATMs every 10,000 adults, doubling the national average. The province of Buenos Aires, though being the jurisdiction with the highest absolute number of ATMs for users with visual impairments, exhibits a much lower number (1.4).⁶⁹

Within each region, the province with the highest number of ATMs for users with visual impairments in relation to the adult population more than doubles the province with the lowest number, posting an unequal intraregional distribution. The northwestern region is the exception: the province of Jujuy exceeds the province of Catamarca by 1.4 times, but all the provinces that make up this region have more than 2.15 ATMs every 10,000 adults. Thus, the share of ATMs for users with visual impairments, both in the total and in terms of the adult population, is not necessarily in line with the geographical distribution of total ATMs.

Moreover, the supply of ATMs for users with visual impairments was analyzed in terms of FIs' size. FIs were sorted in quintiles in ascending order according to the number of account holders, where the first quintile stood for the lowest number of account holders and the fifth, for the highest. In 2020, the share of ATMs for users with visual impairments grew in all groups, except for the first quintile that remained constant and exhibits the lowest ratio. Likewise, such ATMs

⁶⁹ A more precise metrics would be to express the number of ATMs for users with visual impairments in terms of the number of adults with such difficulties. However, the denominator used was the adult population in general, in the absence of data by region and by province.

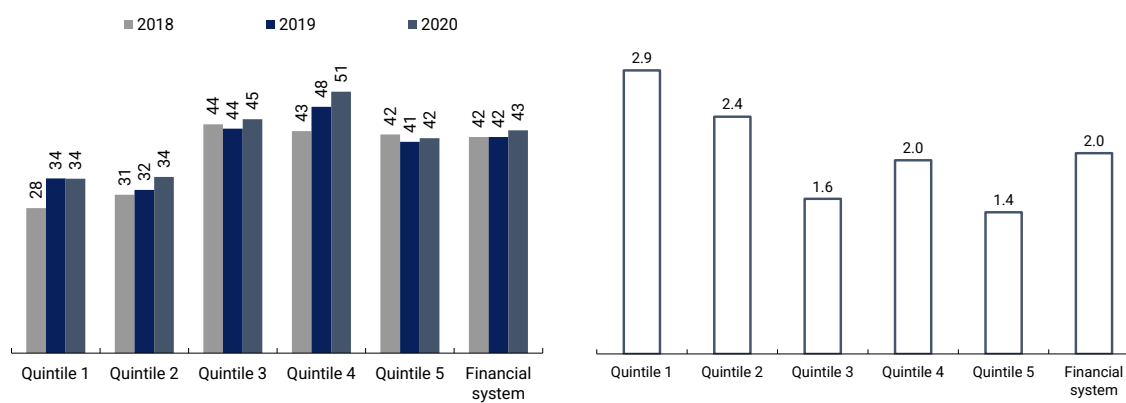
recorded higher growth than total ATMs in the same period, which implies that new ATMs are already equipped with the tools for visual impaired people and/or with the inclusion of functionalities to preexisting ATMs.

In turn, no significant differences are observed when considering the coefficient of ATMs for users with visual impairments in terms of the number of account holders. It is worth noting that the first quintile posts a slightly higher figure since the FIs computed in this group hold very few account holders compared with the rest of the groups.

Chart A.2.2 | ATMs for the visually impaired in terms of the number of account holders

Share in total ATMs

Devices every 10,000 account holders



Note Quintile 1: 0 K - 75 K, Q2: 75 K - 345 K Q3: 345 K - 750 K Q4: 750 K - 1,600 K Q5: 1,600 K - 10,000 K: Quintiles and devices every 10,000 account holders are estimated as of Dec-20 and “K” means thousands. Source | BCRA and COELSA.

It is worth mentioning that, in terms of geographical coverage and share of FI’s account holders the supply of ATMs for users with visual impairments is thoroughly higher than the one the regulation requires.⁷⁰ Going beyond in-person assistance, there are also access and usage barriers to financial services through other electronic channels, in particular the difficulties that users with visual impairments face when they interact with a computer or a mobile phone. This is exacerbated by the transition to the virtual world and by the COVID-19 pandemic. Accordingly, online banking and mobile banking gain momentum. The challenge of the financial system is called to expand the tools for users with visual impairments to a higher number of ATMs and TAS and design functionalities in all assistance channels to streamline its use.

⁷⁰ The regulation requires FIs to have audio systems in at least 10% of total ATMs (“Financial Services Consumer Protection”).

Exhibit 3 | What Is Financial Health and Why Should It Be Taken into Account?

Researchers in the field of financial inclusion are addressing a rather new concept which gained momentum with the impact of the COVID-19 pandemic on the economy and financial markets. It has even been considered in some recent initiatives, such is the case of national financial inclusion strategies,⁷¹ among others.

The notion of financial health, on which there is still no full consensus regarding its definition and measurement, emerged in 2015, when the Center for Financial Services Innovation⁷² (CFSI) defined it and created the framework of its implementation in the United States of America. Unlike narrower metrics used in that country such as credit scores,⁷³ financial health is a global measurement of a person's financial life: *it assesses whether individuals spend, save, borrow, plan their financial life, and look for opportunities over time*. The framework included 8 indicators to assess behaviors and financial results of individuals.⁷⁴

In turn, international organizations, research centers, governments, among others, have been boosting financial inclusion for a decade as a way to strengthen economic development. Accordingly, the global community has begun to wonder about the link between financial inclusion and economic development. From the perspective of the financial inclusion impact on people's well-being, a need has emerged to address and adapt, if necessary, the concept of financial health for the rest of the world and, in particular, for developing countries.

In 2017, the CFSI⁷⁵ concluded that the main aspects of financial health could be applicable to other economies: *daily financial management, resilience and ability to take advantage of opportunities*. However, according to research, the measuring framework should consider developing countries' background factors. A group of 6 (instead of 8) financial health indicators was presented for developing countries and 4 external factors linked to each background that determine a person's financial health (see Computer graphics A.3.1).

Even though supporters of financial inclusion agreed with the new CFSI approach, the work posts important challenges: (i) the research was based only on two countries (India and Kenya) where it was not representative at national level; (ii) the use of abstract terms could hardly be translated into gradable questions.⁷⁶ This shows that data collection through large-scale surveys posts a challenge for sure.

⁷¹ OCDE/CAF (2020), National financial inclusion and education strategies in Latin America and the Caribbean: implementation challenges.

⁷² At present, [Financial Health Network](#).

⁷³ The *credit score* indicates an individual's capacity to be eligible for a loan.

⁷⁴ [Financial Health Measurement](#).

⁷⁵ With the support of Center for Financial Inclusion at Accion, Bill & Melinda Gates Foundation and Dalberg's Design Impact Group. [Beyond Financial Inclusion: Financial Health as a Global Framework](#). March 2017

⁷⁶ [Measuring Financial Health: Not as Easy as It Looks](#). CGAP. April 2017

Graphics A.3.1 | Financial health for developing countries



Source | Beyond Financial Inclusion Financial Health as a Global Framework. March 2017.

Similarly, the literature has delved into the relationship between financial education and financial health. Recent research based on Latin American evidence has found that financial education has a positive effect on financial health, highlighting the importance of educational programs to improve financial knowledge, behavior and awareness⁷⁷

The concept of financial health is a remarkable contribution to financial inclusion, as it focuses on the measuring of the effects of financial services usage. As access to and usage of financial services spread, researchers wonder whether individuals satisfy their needs or not.⁷⁸ Consequently, the idea of financial health supplements and sheds light on, at least in part,⁷⁹ a key aspect of financial inclusion: an improvement in the population's quality of life. Focusing on the impact of people's financial lives, it allows building bridges on the understanding of how the access and usage of financial services influence their financial well-being. *For instance, does access to a bank account or a loan really improve financial health?* Last, but not least, the idea of financial health highlights a critical and visible aspect in the face of the world health crisis. It offers a mechanism to get to know if people manage their daily financial resources effectively and if they are ready to face unexpected situations. Thus, it provides key information to develop policies seeking to strengthen individuals' financial performance and to monitor its evolution over time.

⁷⁷ Arellano, A., Camara, N. and Mejia, D. (2019). "Disentangling Vulnerability through Consumer Behavior: The Role of Financial Health," Working Papers 19/11, BBVA Bank, Economic Research Department.

⁷⁸ [Measuring financial health. What policymakers need to know.](#) Insight2impact & Cenfri. May 2020

⁷⁹ Since it does not consider non-financial results. See [A Research and Learning Agenda for the Impact of Financial Inclusion.](#) CGAP. December 2020

Note on Methodology

Data on Population

This Financial Inclusion Report presents indicators that are disaggregated by demographic and geographic variables. These indicators were calculated on population projection data handled by the National Institute of Statistics and Censuses of Argentina (INDEC). Given that the INDEC does not release a series that simultaneously contains all the disaggregations used in this Report of Financial Inclusion (gender, age group, and geographical location for each province, district and municipality), different series were used according to the definition of each indicator.

In the case of national and provincial indicators, the series known as “Population by Sex and 5-Year Age Groups across the Country and Provinces. Years 2010-2040” was used. District-level indicators were based on the series known as “Population Estimated as of July 1 of each Calendar Year by Sex, according to District”. Finally, as the INDEC does not publish a projection on the number of inhabitants of each municipality over time, it was necessary to build the series for the indicator based on the results of the 2010 National Census (CN2010).

In this Financial Inclusion Report, an “adult” is any person aged 15 and over, following the standard used by the World Bank for its financial inclusion indicators.

Regionalization

This Financial Inclusion Report follows the regionalization criterion proposed by the Ministry of Economy and Public Finance (today Ministry of Economy) that sets out five regions, namely:

- NOA region (Northwestern Argentina): Salta, Jujuy, Tucumán, Catamarca and Santiago del Estero.
- NEA region (Northeastern Argentina): Formosa, Chaco, Misiones and Corrientes.
- New Cuyo: Mendoza, San Juan, San Luis and La Rioja.
- Patagonia: La Pampa, Neuquén, Río Negro, Chubut, Santa Cruz and Tierra del Fuego.
- Center and Buenos Aires: Córdoba, Santa Fe, Entre Ríos, Buenos Aires and the Autonomous City of Buenos Aires.

In this Report, “New Cuyo” is referred to as Cuyo, and “Center and Buenos Aires” as Center.

Non-Bank Withdrawal Points

A survey was conducted to determine the number of shops that provide cash withdrawal services. Once data was collected and consolidated, the address reported by each withdrawal point was used to identify the shops operating through more than one brand of debit card simultaneously, and to make a list of shops, thus avoiding duplications. It is worth mentioning that there are differences in the number of reporting sources for different survey issues. In this issue, one of the respondents reported stores that recorded cash withdrawals in the last quarter of 2020 instead of the stores that usually offer the service, which led to a considerable difference in the total number of identified non-bank withdrawal points compared to the last data released.

Data on Internet Connection

The information on Internet connection is disaggregated by municipality and by type as published by ENACOM. Given the different types of connections, access to the Internet in each municipality is assessed using a binary indicator (“yes/no” pattern), whereby “yes” shows that municipalities with, at least, one type of connection available are deemed to have connectivity. This applied to access to both fixed Internet (ADSL, dial-up, fiber optic, satellite, landline phones) and mobile Internet (Wireless, 3G, 4G), regardless of the connection quality.

Then, the fixed and mobile connectivity of municipalities (out of 3,538 surveyed in the CN2010) was assessed in terms of the “yes/no” indicator. In some cases, the data on Internet connection is reported at a lower disaggregation level than that of a municipality (neighborhood or institution involved). In other cases, the municipality with the highest number of inhabitants in the district does not have available information, but the other municipalities in the same district do. Based on this information, the “Yes” value assigned to the jurisdictions under analysis shows that 50% or more of their towns or the municipalities around them have connectivity. Last, a group of 717 municipalities could not be surveyed for lack of information.

Non-Financial Credit Providers (PNFC)

Among PNFC, some providers are recorded as both non-bank credit card issuers (ETCNB) and other non-financial credit providers (OPNFC). For the purpose of this report and with the aim of avoiding double count, natural persons with financing from these providers are allocated to the institutional group (either ETCNB or OPNFC) in which the provider first enrolled.

Financial Inclusion Index

ECLAC document [“Financial Inclusion in Uruguay: Analysis through synthetic indexes”](#) was taken as a reference. The selection of variables was comparable to that of Uruguay, taking January 16-December 20 as the period under analysis due to the data availability.

Like ECLAC, weights were obtained by taking the deterministic approach, whereby the research team chooses the weights according to the information from economic facts. For indexes calculation, the variables were standardized by means of the $(X - \text{minimum}) / (\text{maximum} - \text{minimum})$ formula so that indexes vary from 0 to 1. Once variables are standardized, access, usage and global indexes are calculated using the chosen weights according to this formula.

Access and usage financial inclusion indexes: For n standardized variables X $X = \{X1, X2, X3 \dots Xn\}$ Provided $0 < Xi < 1$ With n weights W	Global financial inclusion indexes: In order to calculate the global index, a 0.5 weight was allocated to the access and usage sub-indexes. $IIFg = 0.5 \cdot IIFa + 0.5 \cdot IIFu$
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$W = \{W_1, W_2, W_3 \dots W_n\}$ <p>Provided</p> $0 < W_i < 1 \text{ and}$ $\sum W_i = 1$ $IFa = \sum W_i \cdot X_i$ $IFu = \sum W_i \cdot X_i$	
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It is worth mentioning that these indexes compare the financial inclusion situation between different time units (months or quarters) in the period under analysis, so time evolution becomes more prominent than the specific value. That is, closeness to index 1 in one month does not mean ideal financial inclusion, but it simply means that it is better than other months.

The selection of variables that measure different aspects of financial inclusion and the bearing of its relative weighting were based on ECLAC's document *Financial Inclusion in Uruguay: Analysis through synthetic indexes*". In this document, different indexes are analyzed to measure financial inclusion in Uruguayan households. The Central Bank of Uruguay has information available on retail payments and banking systems, which is critical to the construction of a financial inclusion index from the supply side on a quarterly basis. Indicators are built on the access and usage dimensions.⁸⁰

⁸⁰ For further information on methodology and results in Uruguay, read the following paper: Sanroman Graciela, Ferre Zuleika and Rivero José Ignacio, September 2016, "[Financial Inclusion in Uruguay: Analysis through synthetic indexes](#)"

Abbreviations and Acronyms

ACSF	<i>Agencia Complementaria de Servicios Financieros</i> (supplementary agency of financial services)
AFIP	<i>Administración Federal de Ingresos Públicos</i> (Federal Administration of Public Revenue)
ANSES	<i>Administración Nacional de la Seguridad Social</i> (Argentine Social Security Administration)
ASPO	<i>Aislamiento Social Preventivo y Obligatorio</i> (preventive and compulsory social isolation)
ATM	Automated teller machine
BCRA	<i>Banco Central de la República Argentina</i> (Central Bank of Argentina)
BFS	Broad Financial System
CABA	<i>Ciudad Autónoma de Buenos Aires</i> (Autonomous City of Buenos Aires)
CBU	Clave Bancaria Uniforme (single banking code)
CENDEU	<i>Central de Deudores del Sistema Financiero</i> (Debtors' Database of the Financial System)
CFSI	Center for Financial Services Innovation
CGU	<i>Cuenta Gratuita Universal</i> (universal free account)
COELSA	<i>Cámara Compensadora Electrónica</i> (Electronic Clearing House)
CPI	Consumer Price Index
CVU	<i>Clave Virtual Uniforme</i> (single virtual code)
ECLAC	Economic Commission for Latin America and the Caribbean
ENACOM	<i>Ente Nacional de Comunicaciones</i> (National Communications Authority)
ETCNB	<i>Emisora de Tarjetas de Crédito No Bancarias</i> (non-bank credit card issuer)
FAS	Financial Access Survey
FI	Financial institution
IIF	<i>Informe de Inclusión Financiera</i> (Financial Inclusion Report)
INDEC	<i>Instituto Nacional de Estadística y Censos</i> (National Institute of Statistics and Censuses)
K	Thousand
MPE	Medios de pago electrónico (electronic means of payment)
MSME	Micro-, small- and medium-sized enterprise
NEA	<i>Noreste Argentino</i> (northeastern region)
NOA	<i>Noroeste Argentino</i> (northwestern region)
OPNFC	<i>Otro proveedor no financiero de crédito</i> (other non-financial credit provider)
p.p.	Percentage point
PDA	<i>Punto de acceso</i> (access point)
PNFC	<i>Proveedor no financiero de crédito</i> (non-financial credit provider)
POS	Device at point of sale
PSP	Payment service provider
TAS	<i>Terminal de autoservicio</i> (self-service terminal)
TO	<i>Texto Ordenado</i> (consolidated text)
UVA	<i>Unidad de Valor Adquisitivo</i> (unit of purchasing power)