

Bankarization and Determinants of Availability of Banking Services in Argentina

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Summary

The use of banking services in Argentina is relatively low, both in terms of historical standards and in comparison with similarly developed countries. This low *bankarization* level involves not only use but also availability of banking infrastructure and access to that services. However during the last decade, there has been an increase in the availability of infrastructure, especially through ATMs, concentrated in already financially developed places.

The present paper analyzes a unique database with information on use and availability of regulated banking services at a local level for the 1998-2009 period. The analysis of economic determinants of use and availability of banking services indicate a significant positive correlation with population and socioeconomic indicators of the locality, department spatial extension, provincial economic activity level and business environment. These determinants depend on the ownership structure of banks (private, foreign and/or public), reflecting their different business strategies. In fact, only public banks operate in places with relatively small population and low competition. Foreign banks operate mainly in large urban centers, whereas private bank services availability heavily depends on the provincial business environment. Finally, a *bayesian* econometric approach indicates the presence of spatial dependence in the use level of financial services. Results suggest the importance of extending the availability of banking financial services in order to increase banking and financial deepness.

JEL: C10, C11, G21, G28.

Key words: *bankarization*, access to and use of banking services, locality, banking regulation.