

Weekly Report

Financial Services for the Poor: Lack of Personal Identification Documents Impedes Access

Without a birth certificate, no identity card can be issued and without identity card, there is no access to formal financial services. This link seems to be trivial in industrialized countries, where the ability of the individual to participate in economic life is rarely hindered by a lack of identification. In many developing countries, however, access to financial services is often denied, because potential customers cannot be identified based upon official identity documents—a basic due diligence requirement under international anti-money laundering regulations. In many developing and emerging countries, poor people have no opportunity to obtain such documents, as a large portion of the population has not been registered at birth. Without a birth certificate, however, no identity card can be issued, which is required by banks for customer identity verification. To date, the problem of identification has not played a prominent role in research concerning access to financial services. In the past, researchers have primarily focused on microfinance.

In order to expand access to formal financial services, new methods for customer identification must be developed which address the realities in developing countries. Initial steps to expand access for the poor population have already been taken in countries such as India and South Africa. Aside from addressing problems associated with missing identification, it is also necessary to introduce basic financial products such as micro accounts, where the low risk associated with them is taken into account. Less demanding identification means for low-risk financial products ought to be internationally recognized and instituted in order to dispel legal ambiguities.

Birth certificates, civil registration, and government-issued identity cards are the general standard for identification in many industrialized countries—official identity documents are needed if an individual enters formal contracts. Civil records such as birth certificates are generally taken as given, and are a basic requirement for the identification as citizen and for the exercising of civil rights.

In Germany, the Law on Identity Cards (*Gesetz über Personalausweise*) requires citizens to obtain a valid personal identification card or passport by the age of 16.¹ The identity card certifies a person's name, age and nationality, among other items. A national identification system does not exist in all European countries, in Great

Nicola Jentzsch
njentzsch@diw.de

JEL Classification:
K, G21, G28

Keywords:
Credit markets, Regulation,
Identification

¹ Law on Identity Cards (*Gesetz über Personalausweise*) in the version as of April 21, 1986 (BGBl. I S. 548), last amended by Article 2 of the Law of July 20, 2007 (BGBl. I S. 1566).

Britain, Ireland and Sweden, for instance, substitute means of official identification have developed such as driver's licenses, passports, and social security numbers which are used instead of identity cards.

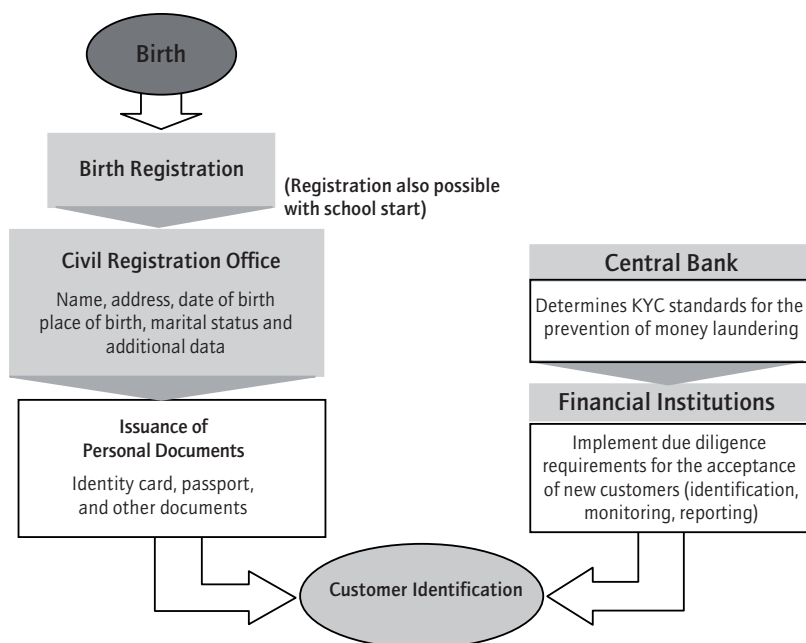
Their role in the exercise of civil rights aside, personal identification documents are necessary for banking. Customers must present an official form of identification to open an account or when they demand further services, such as loans or insurance. By verifying personal identity, banks fulfill their customer due diligence requirements to which they have been obliged by international agreements aimed at preventing money laundering, organized crime, and the financing of terrorism.

Due diligence requirements encompass identifying the customer and verifying the customer's identity (or that of the legal representative) on the basis of independent-source documents (so-called *Know Your Customer*; *KYC*). Secondly, the financial institution ought to collect information on the purpose and nature of the business relationship, and, thirdly, it is required to monitor account activities on an ongoing basis.² The identification of customers is particularly challenging in developing and emerging countries that lack a national identity card system (hereafter referred to as "ID system"). Poorly developed civil registration systems and ineffective or corrupt local authorities create a situation, where a portion of the population is not registered at birth and lacks any official identification later on in life. The figure displays the relationship between civil registration systems and customer identification. UNICEF has estimated that in 2003, approximately 48 million births worldwide were not registered.³ Moreover, the ratio of children (below the age of five) who are not registered ranges from 10 percent of all births in Latin America to 59 percent in South Asia, and stunning 66 percent in Sub-Saharan Africa.⁴ Even in countries, where civil registration systems exist, many poor persons cannot provide the basic information required for an ID card, such as their exact date of birth (unknown or insufficiently documented) or a residential address (due to habitation in informal settlements).

The phenomenon of "missing identities" is endemic in many developing and emerging countries. For in-

Figure

Civil Registration and Customer Identification



Source: Created by DIW Berlin.

DIW Berlin 2009

stance, Bangladesh and India—countries that combine an economically active population of over 579 million people—did not have national ID systems in the past.⁵ While alternative forms of documentation such as driver's licenses and passports are used for identification in these countries, such documents are only accessible for a portion of the population. The challenge of missing identification also plays a role in the newly established *Alliance for Financial Inclusion (AFI)*, a global initiative aimed at increasing access to finance in developing countries.⁶ The table details the prevalence of missing identification in three countries. It shows that, even in countries with national ID systems (Pakistan and Cameroon), around 30-40 percent of the economically active population does not own an official identification card.

The expansion of access to financial services has a positive impact on economic growth and the reduction of poverty.⁷ However, the lack of a functioning infrastructure for registration and identification of

² This is mandated in Article 8 of the Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing.

³ UNICEF: Child Protection Information Sheet—Birth Registration. 2006. www.unicef.org/protection/files/Birth_Registration.pdf.

⁴ It ought to be noted that in many countries children are registered when they enter primary school. The numbers are based on the UNICEF Global Database and represent average statistics of the years 1987-2006.

⁵ The figure is based on UN population statistics from 2005 and statistics from the International Labor Organization on the percentage of the population engaged in economic activity. India plans to introduce a multi-purpose ID card for its population and Bangladesh has started to roll-out cards.

⁶ AFI was founded in September 2008 by the GTZ with a grant from the Bill & Melinda Gates Foundation.

⁷ World Bank: *Finance for All? Policies and Pitfalls in Expanding Access*, Washington, DC 2008.

the population can significantly impair international efforts to improve access to finance. International organizations have promoted a number of strategies to expand such access, including the greater usage of mobile banking services as well as linkage banking⁸ and the establishment of credit registers for the registration of borrowers. Especially technology-based solutions such as mobile banking or credit registers depend on a functioning technical infrastructure for unique customer identification, which is, as stated, either poorly developed or non-existent in many developing countries.

Microfinance is another favored strategy for increasing economic participation of the poor. The significance of microfinance in development policies was underscored in 2006 with the granting of the Nobel Peace Prize to Muhammad Yunus, the founder of Grameen Bank.⁹ The implementation of microfinance methods, however, can also be impaired by inadequate ID systems. One of the main ideas of microfinance is the use of local and informal knowledge in people, this is also a key component of its success. The participants in microfinance mechanisms establish their own groups and guarantee for each other's liabilities. Furthermore, the granting of loans is often associated with the use of non-traditional criteria for creditworthiness evaluation, alternative forms of collateral and credit officers who, in many instances, provide additional support and advice.¹⁰ Since microfinance lenders are often locally based and borrowers typically have known each other for years (otherwise they would not guarantee for one another), formal identification is not always necessary. Nevertheless, many microfinance institutions still require borrowers to provide official identity documents.¹¹

Despite Revisions: The Legal Framework is Still too Narrow

Due diligence obligations in establishing business relationships originate from guidelines issued by international organizations, the most prominent ones are the Financial Action Task Force on Money Laundering (FATF), associated with

⁸ In linkage banking, community-based organizations are linked to financial institutions in order to expand access to banking services.

⁹ In many developing countries, microfinance reaches only a small percentage of the population. In Mozambique, for example, there were 100,000 microfinance customers registered at the central bank in the fourth quarter of 2007. This represents just 0.85 percent of the economically active population.

¹⁰ Microfinance loans are granted to promote economic activity. In Europe the amount is generally between 1,000 and 25,000 Euros, while in developing countries these sums can be smaller.

¹¹ This information is based upon interviews conducted by the author with microfinance institutions in Mozambique and Tanzania.

Table

Country Cases

Pakistan (mandatory ID card system)	
Total population	172,800,048
Economically active population (15 years and older: 62.2%)	107,481,630
Identified population (with national ID card)	62,000,000
Unidentified population	45,481,630
Percentage of unidentified population	42
Indicator of access to financial services ¹ (in percent)	12
Cameroon (mandatory ID card system)	
Total population	18,060,382
Economically active population (15 years and older: 58.7%)	10,601,444
Identified population (with national ID card)	7,209,916
Unidentified population	3,391,528
Percentage of unidentified population	31
Indicator of access to financial services ¹ (in percent)	24
Tanzania (no ID card system)	
Total population	39,477,000
Economically active population (15 years and older: 56.1%)	22,146,597
Identified population (with passport)	est. 500,000
Unidentified population	21,646,597
Percentage of unidentified population	97
Indicator of access to financial services ¹ (in percent)	5

¹ Percentage of adult population with access to an account at a formal financial intermediary.

Sources: 2007 CIA World Factbook; Beck, Demirgüç-Kunt, Martínez Peria (2007); calculations by DIW Berlin.

DIW Berlin 2009

the OECD, as well as the Basel Committee on Banking Supervision, which is part of the Bank for International Settlements (BIS). Since its establishment at the G-7 summit in 1989, the FATF has published recommendations that are generally known as the *40 + 9 Recommendations*.

These Recommendations are a compilation of standards and guidelines issued by the BIS¹² and other organizations,¹³ and include measures concerning the prevention and criminalization of money laundering, government oversight, and international co-operation.¹⁴ The nine Special Recommendations are aimed at preventing terrorist financing. The International Monetary Fund and World Bank have recognized these guidelines as international standards. In addition, there is a mechanism within the FATF for monitoring countries with respect to their progress in combating money laundering.

¹² The Basel Committee has published the following documents: Customer Due Diligence for Banks, October 2001; General Guide to Account Opening and Customer Identification, February 2003; Consolidated KYC Risk Management, October 2004.

¹³ Among them are the International Association of Insurance Supervisors and the International Organization of Securities Commissioners.

¹⁴ Countries that do not implement these measures may be placed on an international black list by the FATF.

Box

General Guidelines for Opening Accounts and Establishing Customer Identity

The bank should verify this information by at least one of the following methods:¹

- confirming the date of birth from an official document (e.g. birth certificate, passport, identity card, social security records);
- confirming the permanent address (e.g. utility bill, tax assessment, bank statement, a letter from a public authority);
- contacting the customer by telephone, by letter or by e-mail to confirm the information supplied after an account has been opened (e.g. a disconnected phone, returned mail, or incorrect e-mail address should warrant further investigation);
- confirming the validity of the official documentation provided through certification by an authorized person (e.g. embassy official, notary public).

The examples quoted above are not the only possibilities. In particular jurisdictions there may be other documents of an equivalent nature which may be produced as satisfactory evidence of customers' identity.

¹ General Guide to Account Opening and Customer Identification, February 2003, Bank for International Settlements, <http://www.bis.org/publ/bcb85annex.htm>, accessed 8 June 2009.

The due diligence requirements for financial institutions regarding customer identification are set out in Recommendations 5 to 12. They specify the circumstances in which due diligence requirements apply (for example, when initiating a business relationship). In Recommendation 5, financial institutions are obliged to verify a customer's identity based upon reliable documents, data, and information from an 'independent source.' In addition, information regarding the nature of the business relationship must be obtained. Recommendation 5 states, "In certain circumstances, where there are low risks, countries may decide that financial institutions can apply reduced or simplified measures." At the same time, Recommendation 9 specifies that financial institutions can rely upon intermediaries (third-party certification) for the fulfillment of KYC requirements.

According to the Interpretive Notes published by the FATF, simplified due diligence rules are applicable in situations where the risks of money laundering and terrorist financing are lower. Basic financial services for the poor, however, are *not* explicitly mentioned. The examples cited by the FATF refer to public institutions, specialized types of products (life insurance within certain limits, pension schemes, and others) and specific types of transactions. The list of examples is presented in the Recommendations as "not exhaustive," which leaves open which additional areas might fall under simplified due diligence standards. None of the cited exceptions deals specifically with the application of simplified standards to business relationships with poor people. The application of simplified identification standards could be justified on the grounds

that poor customers represent a lower risk with regard to money laundering and terrorist financing.¹⁵ Indeed, critics in developing countries have pointed out the ambiguity of rules concerning simplified due diligence standards. They view the lack of clear rules as a potential barrier to financial services, particularly for the poor population. The identification criteria listed in the box show how difficult it is for developing countries without public ID systems to implement the required standards.

Although the introduction of effective registration and identification systems is costly, their implementation should be pursued in the long run. At the moment, there is a heated debate in the US as well as Great Britain about the introduction of a national identity card. The British Home Office has estimated the average cost at 85 million pounds (96 million euros) per year over the first ten years.¹⁶ An additional 50 million pounds (57 million euros) per year would also be necessary over this same time period for verification services. The cost of introducing registration and identification systems is a great burden for many developing countries. Over the short and medium term, new methods for customer identification need to be found. Despite the introduction of customer identification methods that are more risk-based and despite the revision of the FATF Recommendations in 2004, there has been no explicit acknowledgement to date that KYC

¹⁵ This is also discussed in a study by Genesis: Implementing FATF Standards in Developing Countries and Financial Inclusion: Findings and Guidelines. Final Report, Johannesburg 2008.

¹⁶ Home Office: Identity Card Bill—Regulatory Impact Assessment, www.homeoffice.gov.uk/documents/ria-identity-cards-bill-251104-7view=Binary.

principles should be further adapted to financial products such as basic bank accounts.

The FATF has hesitated in the past to tackle the challenge and has responded slowly to pressure from governments in this respect. In a document issued in 2008, the problem of customer identification was acknowledged, however, no concrete proposals for the implementation of alternative identification methods were made.¹⁷ An explicit recognition of the challenging circumstances for unique identification in developing countries is necessary such that basic financial products can be *explicitly* included in the FATF's list of low-risk exceptions.

Such a clarification of simplified due diligence rules could ease legal uncertainties while also allowing financial institutions to offer a larger range of products specifically designed for the poor, such as basic bank accounts. The establishment of such accounts enables the provision of micro-loans, micro-insurance, and other financial services. The existing legal framework should be explicitly expanded to below-average risks to eliminate legal uncertainty in this area. A combination of reduced tiered due diligence requirements and intelligent design of basic financial products could reduce the risk that such products are misused by money launderers or terrorists. For instance, it could be necessary to ensure that one person cannot hold multiple bank accounts.¹⁸

At present, countries are free under the FATF Recommendations to institute simplified due diligence procedures for their financial institutions under the "special circumstances" provision, but this is a legal gray area, as stated. Countries that introduce new approaches to customer identification appear to lower their standards to an extent that might not be regarded as FATF-conform anymore. At the same time, basic financial products are becoming ever more successful. There is a high demand potential among the poor for basic financial products, a demand that has remained unmet in part because of rigid due diligence provisions.

Affordable and Accessible Basic Financial Products Are Needed

With the adaptation of KYC-principles to special circumstances in developing countries, the crea-

tion of specialized financial products is another approach for expanding access to financial services. As early as the mid-1990s, basic bank accounts were introduced in a number of European countries. In some places such as in Belgium in 1996 and in France in 1992, the introduction of such accounts was based upon legislation. Elsewhere—such as in Germany in 1995—the introduction took place as voluntary commitment by the banking sector.¹⁹ The European Commission is also considering steps in this area based on a study which has been published recently.²⁰

There is cautious experimentation in some developing and emerging countries with regard to basic bank accounts. Pioneers are India and South Africa. In 2004, for example, a basic bank account was introduced in South Africa (the so-called Mzansi account) which can be opened at any bank or post office.²¹ In 2006, two million South Africans held such an account, in 2008 this number reached three million (South Africa's total population is 48 million, of whom 33 million are economically active). Most account holders are poor people living in informal settlements.²²

In order to ensure the widest possible geographical outreach, the South African government legislated that customers may use the branch offices of any bank to open Mzansi accounts and may use teller machines of competing banks. Although proof of identity (based upon the official South African identity card) is technically required under the provisions of the *Financial Intelligence Center Act (FICA)*, an informal proof of address is sufficient under Exception 17 of the FICA for first-time account holders and specific products. A spouse, landlord, or employer may provide such informal proof of address. If an individual is unable to provide any identification, the financial institution may also determine whether it will accept a "similar document."²³ To open a mobile banking account, essentially only a name and identification number are required, which the financial institution then compares to information stored in a database. The account holder is only

¹⁷ Financial Action Task Force: Guidance on Capacity Building for Mutual Evaluation and Implementation of the FATF Standards with Low Capacity Countries, Paris 2008.

¹⁸ De Koker, L.: Money Laundering and Terror Financing Risk Management of Low Risk Financial Products and Services in South Africa, Report for FinMark Trust, Cape Town 2008.

¹⁹ In Germany, such accounts are known as "Checking Account for Everyone" (Girokonto für Jedermann). It is subject to standard due diligence practices. Consumer advocate groups have criticized that it is not sufficiently accessible by individuals with very low incomes due to a lack of legal obligation for banks to provide this account.

²⁰ European Commission: Financial Services Provision and Prevention of Financial Exclusion, Brussels 2008.

²¹ Mzansi means "South" and is also used to refer to the nation of South Africa.

²² This is based upon a study by FinScope in South Africa that was published in 2008, www.finscope.co.za/documents/2008/PR_SA07_Mzansi.pdf.

²³ Legal and administrative guidelines are: Regulation 4, Money Laundering Control Regulations, Banks Act Circular 6/2006 as well as Circular 6/2007.

required to appear personally at the bank if his or her cell-phone-based account activity exceeds certain limits.²⁴

India has taken this even further. As early as 2004, the Reserve Bank of India recognized that it was essentially impossible for the very poor to provide formal verification of their identity and residential address. Deviating from FATF-standards, the central bank allowed three categories of risk (low, normal, high), among them a low category *explicitly* for basic financial products. For example, customers who have been KYC-identified and who have been with a bank for at least six months may recommend another person to become a bank customer. A requirement is to provide a photograph of the potential customer and the existing client must certify the residential address. India's central bank also provides for other forms of identity and address verification to be used if to the satisfaction of the bank.²⁵

In Brazil, large commercial banks have as well discovered the “basic account.” When opening a basic account, simplified KYC requirements apply. Brazil has managed to increased access to financial services by expanding the number of locations which serve as “bank correspondents,” including local retailers, post offices, lottery kiosks, and pharmacies. While the opening of an account is subject to the requirement that an “official identity document” is presented, banks may accept alternative documents.²⁶

In Europe, financial institutions can—in individual cases—accept other forms of identity proof which is not conform with standard practice. For instance, in Great Britain the Financial Services Authority has clarified that in cases where an individual cannot present an official identification document, letters from local authorities or an “appropriate person” may be accepted (for example, a teacher or social worker).

In general, it should be noted that basic financial services such as micro-accounts allow a first-time customer to establish a relationship with a bank, thus enabling—based on account activity—an assessment of the risk associated with that customer. This creates the opportunity for financial institutions to determine whether existing financial services

are sufficient or if additional services could be offered. As soon as a customer's economic situation stabilizes and improves, and transactions exceed limits of the basic account, normal KYC measures should be applied. Accounts may also be blocked if a customer attempts to avoid identification. However, typically, a customer would move from the “low risk” category to the “average risk” category. Currently, this three-tiered categorization of risk is not explicitly recognized by the FATF's money-laundering guidelines. As a signal to developing and emerging countries, such a categorization should to be officially added to the FATF's Recommendations in the near future.

Economic Aspects of Personal Identification

In general, the government has a monopoly on the official certification of identity. If a bank accepts an identity document, this implies the acceptance of an assertion about the individual holding the ID document.

With the identity card, the government documents specific characteristics (identifiers) pertaining to an individual (such as personal data, appearance, biometric characteristics). The central bank or another authority, on the other hand, establishes KYC standards. Banks have some leeway in their application of these regulations and in their definition of risk classes. The setting of risk classes depends on strategic considerations about the penetration of specific market segments, the security and quality of identity documents as well as risks of money laundering. Regulators must to prevent a “race to the bottom” where financial institutions compete for new customers by successively lowering their security standards.

In many developing countries, banks must take measures against imprecise identification, as identity documents may be outdated, forged, or otherwise problematic. For instance, in Indonesia many individuals hold more than one identity card, as various regional authorities were permitted in the past to issue them to one and the same individual. This is a challenge in terms of clear identification of an individual, as one person may be linked to different ID numbers. In Cameroon, the introduction of a new identity card led to a rush of applicants, many of whom submitted false information in their application forms.

If there is no established ID system in a country or if it is inadequate, the identification of individuals is more cumbersome. According to an initial

²⁴ CGAP: Notes on Regulation of Branchless Banking in South Africa, Washington, D.C. 2008.

²⁵ Reserve Bank of India: Master Circular—Know Your Customer (KYC norms) / Anti-Money Laundering (AML) Standards / Combating of Financing of Terrorism (CFT) / Obligations of Banks under PMLA. 2002.

²⁶ Resolution CMN 2025/1993 and CMN 3211/2004, see also CGAP: Notes on Regulation of Branchless Banking in Brazil. Washington, D.C. 2008.

estimate by the author, there is a significant difference between countries in terms of the number of documents that must be presented for opening a bank account. In countries without an identity card system, an average of 3.4 documents is required; in countries with such a system, the average is only 2.4.²⁷ This suggests that the administrative burden is higher in countries without an ID system, and that the obstacles to financial services are greater.

Expansion of Certification Intermediaries is Necessary

In the value-added chain of financial services provision, identification (the government's collection and processing of personal data) is located upstream, whereas customer identification at financial institutions is located downstream. Legal identification thus represents an external (and publicly financed) input to downstream financial services provision.

In many developing countries, this is the bottleneck. In thinly populated regions, residents are often forced to travel long distances to reach a local or provincial government office that issues identity documents. For this reason, many developing countries experiment with mobile registration teams. In Uganda, biometric financial identification cards are issued by banks. Similar measures are introduced in rural Malawi, in order to prevent farmers from taking out loans at multiple institutions.

From an economic perspective, a number of questions arise with regard to the potential reorganization of the value-added chain through a disassociation of the identification process from financial institutions or through the establishment of additional points for certification of an individual's identity. An optimization of the identification process would possibly promote the expansion of the formal financial sector. The disassociation of identity certification has been previously considered for Internet services.²⁸ Banks could use local correspondents as alternative identity-certifying intermediaries, such as village chiefs, teachers, physicians, and employees of NGOs. Moreover, one bank or a group of banks could collectively take responsibility for the local certification intermediaries.

²⁷ This estimate is based upon a database of 159 countries and information about the existence of ID card systems. For countries in the high-income group (OECD classification), it was assumed that official substitute forms of identification exist.

²⁸ Hunger, P.: Die (Kunden-)Identifikation von natürlichen Personen im Internet-Banking—Gedanken zu den „Mindeststandards für reine Internet-Banken und Effektenhändler zur Kontoeröffnung auf dem Korrespondenzweg und zur Kontoüberwachung“ der Eidgenössischen Bankenkommission (EBK), JurPCWeb-Dok 198/2001, para. 1-25.

In Germany, new customers of direct banks are identified by using the so-called “Post-Ident procedure,” whereby employees of the German postal service (Deutsche Post AG) carry out the identity verification. The verification procedure is disassociated from the financial institution. Legally binding signatures can also be obtained using the procedure. This system could potentially serve as a model for developing countries. The decoupling of the verification process could also be combined with expanded recommendation systems for potential micro-account customers. At the same time, local structures which already exist due to microfinance could be better utilized. For instance, the certification of group identities would be thinkable, as in many countries, microfinance institutions already manage group accounts. Through linkage programs, microfinance customers could migrate to providers of formal financial services. Overall, there is already a growing range of new approaches promoted by central banks in developing countries that take into account the realities of the financial sector.

Conclusion

For the poor population in many countries, a lack of formal identity documents represents a significant obstacle to access formal financial services, combined with reduced geographical outreach and affordability of such services. The FATF is increasingly aware of this problem, but has not yet drawn the necessary conclusions. Anti-money laundering recommendations need to be reformulated to create three risk categories—one of them *explicitly* for poor people. This would help to resolve the legal uncertainty currently faced by financial institutions across countries. Beyond its significance as signal, such a step would further support measures already being implemented to broaden access to financial services in developing countries. Overall, the FATF's Recommendations must be much better adapted to the market realities in the developing countries. The examples presented herein demonstrate that three key factors are of importance for the expansion of access to finance: legitimacy, affordability, and accessibility. Identification standards for basic bank accounts and associated services ought to be lowered in the short term. In the long run, many countries will introduce official identification systems. Without such an adjustment, large segments of the poor population will be excluded from financial services until new identification systems are introduced.

New forms of identity certification must be explicitly recognized at the international level. However, a reduced standard for due diligence can only solve

one part of the problem. Beyond identification, financial services ought to be created which are inexpensive and especially designed for the needs of the poor. Financial institutions could be legally required to provide such products as there might be incentives to slow down the introduction and customers might often not be informed about the existence of such products.

An analysis of the bottlenecks of identification in developing countries reveals that there is also a need for a higher number of certification points, where potential customers can be identified. This is also important for bridging geographic distances by means of new technologies (such as mobile banking). The increase in the number of certification intermediaries is especially important for the extension of financial services to the rural population. Yet, any policy aimed at increasing the identification of the population must be adapted to the specific social and political environment. For instance, it can be advantageous for individuals in autocratic states to remain unidentified. On the whole, the expansion of financial services in most developing and emerging countries should have a positive impact on economic growth and the reduction of poverty.

DIW Berlin
Mohrenstraße 58
10117 Berlin

Tel. +49-30-897 89-0
Fax +49-30-897 89-200

ISSN 1860-3343
Price: Euro 10.–
[www.diw.de/english/produkte/
publikationen/weeklyreport](http://www.diw.de/english/produkte/publikationen/weeklyreport)
Translated from the German.
All articles are protected
by copyright.