

# Mexican banking data reveal cities and villages that borrow more have a better quality of life

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Mexican cities and villages where credit exceeds savings deposits offer a higher quality of life and a more educated citizenry, according to 12 years of financial data released by Mexico's National Banking and Securities Commission (CNBV). The research was funded by the Consortium on Financial Systems and Poverty at the University of Chicago.

The data provide a detailed look at the spending and saving habits of [Mexicans](#) for the past decade. For example, in 2010, 94 percent of every peso deposited in banks and other financial institutions went to finance credit: 41 percent went to consumer and mortgage credit, 37 percent to firms and 16 percent to governments.

"This database is unique for it will allow finding and studying patterns of savings and intermediation across Mexican cities," said Carlos Serrano, CNBV's Vice-President for Regulatory Policy. "It will be a useful input for policy makers to define sound financial inclusion policies in Mexico. It will also help researchers to build theories that connect financial development with economic growth."

The researchers are making the database, called Mexico's Municipalities Savings and Intermediation, available to other researchers. The data cover the period from 2001 to 2012, and compare borrowing and savings for each of the 2,456 Mexican municipalities, which include urban

cities, towns and rural villages.

Among the findings:

- Savings patterns differ across Mexican states. Between 2000 and 2010, the Federal District had the highest amount of bank deposits as a percentage of its GDP (53 percent). Campeche had the lowest (1 percent).

Regulated non-bank financial institutions play an important role for those in more [rural areas](#) where populations are less educated and have a lower per capita income.

- Banks had a median balance of \$8,800 pesos (\$677 USD) per account while the median deposit in non-banking institutions was \$3,600 pesos (\$279 USD) per account.
- Banks loan more credit than regulated non-banking institutions, which are more prevalent in cities and villages that have lower population densities, lower schooling and lower overall quality of life.
- Quintana Roo had the highest ratio of credit to companies: one peso lent per peso deposited. Oaxaca had the lowest: 8 cents lent per peso deposited.
- Baja California had the highest ratio of consumer credit: 44 cents lent per peso deposited. Michoacan had the lowest consumer [credit](#) ratio with 11 cents lent per peso deposited.

"This database demonstrates how non-banking institutions play an important role in the Mexican financial system: They offer services in communities with no access to banking services," Serrano said. "With this data we can now identify where and why non-banking institutions

are complements or substitutes for banks. This information is a treasure for analysts, researchers and [financial institutions](#)."

The data aim to arouse interest among researchers and analysts about the Mexican financial system. These data will allow identifying historical patterns of savings and intermediation for different regions in Mexico. It will also encourage the study of the relationship between the use of financial services with socioeconomic factors.

CNBV has formed connections with many top research organizations, like CFSP. The data is the result of this collaboration. It is an attempt to break information barriers by facilitating a deeper and more comprehensive assessment of the evolution of the Mexican [financial system](#) at the municipality level. The researchers hope the information contributes to the development and evaluation of public policies and promotes research on financial systems.

**More information:** The complete data are available on the CFSP website: [www.cfsp.org/research/research...s-and-intermediation](http://www.cfsp.org/research/research...s-and-intermediation)

Provided by Consortium on Financial Systems & Poverty

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