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BUILDING AN INCLUSIVE FINANCIAL SYSTEM

A Global Economic & Social Imperative for this Decade

FINANCIAL SECURITY PROGRAM
aspen institute

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ABOUT THE GLOBAL INCLUSIVE GROWTH PARTNERSHIP (GIGP)

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ABOUT THE ASPEN INSTITUTE FINANCIAL SECURITY PROGRAM

The Aspen Institute Financial Security Program's mission is to illuminate and solve the most critical financial challenges facing American households and to make financial security for all a top national priority. We aim for nothing less than a more inclusive economy with reduced wealth inequality and shared prosperity. We believe that transformational change requires innovation, trust, leadership, and entrepreneurial thinking. Aspen FSP galvanizes a diverse set of leaders across the public, private, and nonprofit sectors to solve the most critical financial challenges. We do this through deep, deliberate private ad public dialogues and by elevating evidence-based research and solutions that will strengthen the financial health and security of financially vulnerable Americans.

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Publication Objective

The purpose of this publication is to support national economic policymakers to enter into and facilitate cross-sector conversations on inclusion and financial systems. Policymakers can use the evidence and expertise from global practitioners contained herein to make the case for and define the elements and principles of an inclusive financial system. These conversations must influence and shape the development of next-generation national financial inclusion strategies that become core to economic policy agendas in the aftermath of the global pandemic. Such integrated agendas to build an inclusive financial system represent a powerful tool for a stronger, more inclusive economy for all.

I. Introduction

A decade of global progress. Since 2011, more than 1.2 billion adults globally have obtained a bank or transaction account according to the Global Findex database—increasing the share of adults with an account to 69 percent, up from 51 percent. Such broad gains occurred across both developed and developing countries. In the US, unbanked rates fell by nearly one-third in the decade ending in 2019.[1] Such rapid progress has been made possible through a series of actions taken across stakeholders in government, the financial industry, and the social sector. The Group of 20 (G20) elevated financial inclusion in 2010 onto the global agenda through its Global Partnership in Financial Inclusion (GPFI). The Alliance for Financial Inclusion (AFI) has since expanded to include financial authorities from nearly 90 developing economies. Its 2011 Maya Declaration was the first global, measurable set of financial inclusion commitments by nations. Sixty-six Maya Declaration Commitments with over 600 concrete targets toward achieving financial inclusion have since been made.[2] The World Bank Group launched its ambitious Universal Financial Access (UFA) program and reports that more than 50 countries have now developed explicit national financial inclusion strategies.[3]

Technology and market developments have also driven gains. New digital technologies coupled with the adoption of smart and feature phones has given rise to a dynamic, digital financial services (DFS) sector this decade. This technological shift has allowed for new market entrants, especially fintechs. As of 2020, there are now more than 20,000 fintechs globally, according to the Boston Consulting Group.[4] Adoption of these new technologies and the addition of new, technology-driven market entrants have been large contributors to the rapid gains in inclusion.[5]

Meanwhile, the value of inclusion to economies and societies has become clear. An inclusive financial system represents a powerful economic tool. Research from the International Monetary Fund (IMF) shows there is a 2-to-3 percentage point GDP growth difference over the long-term between financially inclusive countries and their less inclusive peers.[6] It is estimated that widespread DFS adoption specifically could increase the annual GDP of economies by $3.7 trillion by 2025, according to the McKinsey Global Institute, as compared to the status quo.[7] Further, progress toward inclusion is integral to achieving 13 of the 17 Sustainable Development Goals (SDGs) according to the United Nations and World Bank.[8]

However, challenges remain for both developed and developing economies to make financial services inclusive, useful, and valuable to all people. Regardless of national income or size, financial systems still have challenges reaching "last mile" populations,

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1 Federal Deposit Insurance Corporation. "How America Banks: Household Use of Banking and Financial Services 2019 FDIC Survey." October 2020. https://www.fdic.gov/analysis/household-survey/.
2 Alliance for Financial Inclusion. "The Maya Declaration." https://www.afi-global.org/global-voice/maya-declaration/.
The World Bank. "Universal Financial Access 2020." https://ufa.worldbank.org/en/ufa.
4 Boston Consulting Group. "FinTech Control Tower." https://fintechcontroltower.bcg.com/#/home.
5 Sahay, Ratna, et al. "The Promise of Fintech: Financial Inclusion in the Post COVID-19 Era." International Monetary Fund, July 1, 2020. https://www.imf.org/en/Publications/Departmental-Papers-Policy-Papers/Issues/2020/06/29/The-Promise-of-Fintech-Financial-Inclusion-in-the-Post-COVID-19-Era-48623.
6 Sahay, Ratna, et al. "Financial Inclusion: Can it Meet Multiple Macroeconomic Goals?" International Monetary Fund, September 15, 2015. https://www.imf.org/en/Publications/Staff-Discussion-Notes/Issues/2016/12/31/Financial-Inclusion-Can-it-Meet-Multiple-Macroeconomic-Goals-43163.
7 Manyika, James, Susan Lund, Marc Singer, Olivia White, and Chris Berry. "Digital Finance for All: Powering Inclusive Growth in Emerging Economies." McKinsey Global Institute, September 2016. https://www.mckinsey.com/featured-insights/employment-and-growth/how-digital-finance-could-boost-growth-in-emerging-economies#.
8 United Nations. "Igniting SDG Progress Through Digital Financial Inclusion." UNSGSA, September 2018. https://sustainabledevelopment.un.org/index.php?page=view&type=400&nr=2655&menu=1515.

many of whom are vulnerable or historically excluded. Further, an intense focus on financial access has crowned banked/unbanked rates as the most important measure of success. While access is critical, it does not capture whether that access is meaningfully contributing to people's financial security, well-being, and health. Groundbreaking studies like Portfolios of the Poor reveal the often yawning gap between access to, use of, and benefit from formal financial services. Emerging, outcome-based frameworks from public sector actors like the Consultative Group to Assist the Poor (CGAP)[9] and the US Consumer Financial Protection Bureau (CFPB)[10], as well as from social sector contributors like the Financial Health Network[11] and the Aspen Institute,[12] point to an ideological evolution underway away from financial access and toward financial outcomes.

The experience of the COVID-19 pandemic has further challenged our financial system. Globally, financial and social support systems were stressed in 2020 like never before, revealing both successes and new vulnerabilities in the infrastructure and design behind our financial system. In some places, the financial system facilitated rapid, incredibly effective responses, underscoring the deep interconnectedness between financial and social support systems; in others, the financial system severely limited options. Everywhere, the remaining gaps in financial services exacerbated existing economic inequities.

Given this global context, there is a recognized need to refocus on the role and power of finance to drive a stronger, more inclusive economy. A financial system can entrench inequality, or it can be a powerful tool for enabling national growth and household well-being. An inclusive financial system provides everyone—all people and small businesses—with the ability to access, utilize, and reap the benefits of a full suite of financial products and services that facilitate stability, resilience, and long-term financial security. While "inclusion" refers to both people and small businesses, the challenges faced by each are distinct and this paper focuses on people as individuals and families specifically.

In response, the Aspen Institute convened a global working group on inclusive financial systems in a post-COVID world. These 20 experts represent a cross-section of geographies, organizations, and sectors, each with a distinct perspective on inclusive financial systems. Further, the Aspen Institute consulted with leaders at multilaterals, funding institutions, financial service providers, national policymakers, and other key global groups involved in building, regulating, and using inclusive financial systems. Additional research methods included review of existing subject literature and practitioner surveys. This paper represents the synthesis of these expert discussions.

The systems and actors involved in building an inclusive financial system are broad. Therefore, this paper is written to support national economic policymakers to enter into and facilitate conversations on inclusion and financial systems. The main objective is to support economic policymakers in their efforts to:

1. Make the case that building an inclusive financial system that delivers measurable improvements in household well-being and growth must be a national policy priority, as explored in Part II;

2. Understand the elements of and key stakeholders (across public, private, and social sectors) in building an inclusive financial system, as explored in Part III;

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9 Storchi, Silvia, Emilio Hernandez, and Elizabeth McGuinness. "A Research and Learning Agenda for the Impact of Financial Inclusion." Consultive Group to Assist the Poor, December 2020. https://www.cgap.org/research/publication/research-and-learning-agenda-impact-financial-inclusion.

10 Consumer Financial Protection Bureau. "Measuring Financial Well-Being: A Guide to Using the CFPB Financial Well-Being Scale." December 2015. https://www.consumerfinance.gov/data-research/research-reports/financial-well-being-scale/.

11 Financial Health Network. "FinHealth Score Toolkit." https://finhealthnetwork.org/score/score-methodology/.

12 Berlin, Loren, Genevieve Melford, and Ida Rademacher. "The State of Financial Security 2020: A Framework for Recovery and Resilience." Aspen Institute FSP, November 9, 2020. https://www.aspeninstitute.org/publications/the-state-of-financial-security-2020-framework/.

3. Ensure the key principles underpinning an inclusive financial system inform their policy agenda, as explored in Part IV; and

4. Develop a policy agenda to build an inclusive financial system relevant to their national context and formalized in a next-generation financial inclusion strategy, as explored in Part V.

II. The Case for an Inclusive Financial System

The financial system has a profound impact and magnifying effect on both economic growth and inequality.[13] However, too often the role and power of financial systems in facilitating both inclusive economic growth and lessening inequality is overlooked. A well-functioning, inclusive financial system should facilitate commerce, economic growth, and financial security for all people, businesses, and communities.

What is an inclusive financial system?

An inclusive financial system provides all people with the ability to access, utilize, and reap the benefits of a full suite of financial products and services that facilitate stability, resilience, and long-term financial security.

An inclusive financial system produces several key national benefits. These benefits include:

1. a stronger, more inclusive, and more resilient economy;
2. financial benefits for individuals;
3. lower inequality; and
4. access to other economic and social support systems.

1. **A stronger, more inclusive, and more resilient economy.** An inclusive financial system supports economic activity and commerce by enabling all individuals and businesses to pursue economic gain, invest in themselves and their communities, manage risks, and build wealth. Research across developed and developing countries consistently ties stronger, deeper, and more inclusive financial systems with stronger and more inclusive national economic growth.[14] [15] The IMF estimates there is a 2-to-3 percentage point GDP growth difference over the long-term between financially inclusive countries and their less inclusive peers.[16] The McKinsey Global Institute estimates widespread adoption of DFS can boost the annual GDP of all emerging economies by $3.7 trillion by 2025, as compared to the status quo.[17] This illustrates that as an inclusive financial system supports a stronger, more inclusive economy, all people benefit from more plentiful jobs, economic activity, and higher incomes overall.[18] [19]

2. **Financial benefits for individuals.** Direct financial benefits for individuals include access to affordable, useful financial products that facilitate financial stability, security, and wealth building. For example, greater access to high-quality, consumer-friendly savings and credit gives people the tools to successfully buy homes, pursue higher education, and start businesses. These individual benefits also drive growth for

13 Georgieva, Kristalina. "The Financial Sector in the 2020s: Building a More Inclusive System in the New Decade." International Monetary Fund, January 17, 2020. https://www.imf.org/en/News/Articles/2020/01/17/sp01172019-the-financial-sector-in-the-2020s.

14 Barajas, Adolfo, Thorsten Beck, Mohammed Belhaj, and Sami Ben Naceur. "Financial Inclusion: What Have We Learned So Far? What Do We Have to Learn?" International Monetary Fund, August 7, 2020. https://www.imf.org/en/Publications/WP/Issues/2020/08/07/Financial-Inclusion-What-Have-We-Learned-So-Far-What-Do-We-Have-to-Learn-49660.

15 Ellwood, David T., Mary Bogle, Gregory Acs, Kelly Mikelson, and Susan J. Popkin. "Creating Mobility from Poverty: An Overview of Strategies." US Partnership on Mobility from Poverty, August 2016. https://www.urban.org/sites/default/files/publication/83636/2000906-Creating-Mobility-from-Poverty-An-Overview-of-Strategies.pdf.

16 Sahay, Ratna, et al. "Financial Inclusion: Can it Meet Multiple Macroeconomic Goals?"

17 Manyika, James, Susan Lund, Marc Singer, Olivia White, and Chris Berry. "Digital Finance for All: Powering Inclusive Growth in Emerging Economies."

18 Sahay, Ratna, et al. "The Promise of Fintech: Financial Inclusion in the Post COVID-19 Era."

19 Hardie, Simon. "Unravelling the Web of Inclusion." Mastercard, March 2019. https://newsroom.mastercard.com/eu/files/2019/03/MCC1-FinInc-Report-PR_web.pdf.

the broader economy.[20] Conversely, when people cannot make efficient payments or access affordable financing for goods and services, this reduces net economic activity. The poor and small businesses who have been excluded are prime beneficiaries too. It is estimated that 131 million, or 41 percent of all small businesses, have a collective $5 trillion in unmet credit need.[21] Further, research consistently shows the importance of the financial system for alleviating poverty.[22] For example in Kenya, the spread of mobile money has lifted 1 million people out of extreme poverty, equal to 2 percent of the population.[23] Additionally, household financial health has significant macroeconomic implications particularly in consumer-driven economies like the US—research shows a correlation between household financial health and economic boom/bust cycles.[24]

3. **Lower Inequality.** Excessive inequality slows growth and can fuel social unrest and societal instability. Exclusive financial systems magnify inequality and, in fact, make it much harder for lower-income households and communities to gain a foothold on the economic ladder. For example, research from the US Federal Reserve Bank of Atlanta demonstrates that financial exclusion impedes economic mobility.[25] Instead, an inclusive financial system reduces inequality in the short and long term.[26] IMF research finds a strong connection between increasing financial access, particularly bank accounts, and reducing income inequality. This is particularly true when historically excluded populations benefit. For example, the IMF found inclusion gains among women lead to the largest reductions in income inequality.[27]

4. **Access to other economic and social support systems.** An inclusive financial system also facilitates access to other key economic and social support systems crucial to financial security for all. As demonstrated by the COVID-19 pandemic and its response by governments globally, there is a strong intersection between social support programs for households and the financial system. Governments in more than 200 countries relied on the financial system to distribute such relief.[28] Expanding access and inclusion when a crisis hits is too late—the system needs to already be inclusive for government action to have maximum effect. Further, inclusive financial services are key to many aspects of human development. Inclusion has also been proven integral to achieving 13 of the 17 Sustainable Development Goals (SDGs) according to the United Nations and World Bank.[29]

An inclusive financial system also provides broader national security and social benefits. Inclusion of more people within the financial mainstream reduces social and political isolation, helping to foster social belonging, dignity, and

20 Sahay, Ratna, et al. "Rethinking Financial Deepening: Stability and Growth in Emerging Markets." International Monetary Fund, May 2015. https://www.imf.org/external/pubs/ft/sdn/2015/sdn1508.pdf.
21 SME Finance Forum. "MSME Finance Gap." https://www.smefinanceforum.org/data-sites/msme-finance-gap.
22 Beck, Thorsten, Asli Demirguc-Kunt, and Ross Levine. "Finance, Inequity and the Poor." Journal of Economic Growth, March 2007. https://ideas.repec.org/a/kap/jecgro/v12y2007i1p27-49.html.
23 Suri, Tavneet, and William Jack. "The Long-Run Poverty and Gender Impacts of Mobile Money." Science, December 9, 2016. https://science.sciencemag.org/content/354/6317/1288.full.
24 Bernstein, Jared. "Financial Vulnerability is a Problem: An Economist's View." What It's Worth. Federal Reserve Bank of San Francisco and Prosperity Now, 2015. http://www.strongfinancialfuture. org/es says/financial-vulnerability-is-a-problem/.
25 Federal Reserve Bank of Atlanta. "Lack of Access to Financial Services Impedes Economic Mobility." October 16, 2018. https://www.atlantafed.org/economy-matters/community-and-economic-development/2018/10/16/lack-of-access-to-financial-services-impedes-economic-mobility.
26 Čihák, Martin, and Ratna Sahay. "Finance and Inequality." IMF Staff Discussion Note, January 17, 2020. https://www.imf.org/en/Publications/Staff-Discussion-Notes/Issues/2020/01/16/Finance-and-Inequality-45129.
27 Sahay, Ratna, et al. "Financial Inclusion: Can it Meet Multiple Macroeconomic Goals?"
28 Gentilini, Ugo, Mohammed Almenfi, and Pamela Dale. "Social Protection and Jobs Responses to COVID-19: A Real-Time Review of Country Measures." The World Bank, December 11, 2020. https://documents1.worldbank.org/curated/en/467521607723220511/pdf/Social-Protection-and-Jobs-Responses-to-COVID-19-A-Real-Time-Review-of-Country-Measures-December-11-2020.pdf.
29 United Nations. "Igniting SDG Progress Through Digital Financial Inclusion."

respect.[30] [31] It also moves informal, underground transactions into the supervised marketplace, reducing opportunities for criminal activities and other undesirable outcomes.[32]

In conclusion, an inclusive financial system is a powerful tool in building a stronger, more inclusive economy following the COVID-19 pandemic. It provides benefits at multiple levels, supporting both the macro-economy, commerce, and society overall, as well as improvements in the financial lives of all people. Next, the focus turns to the underlying elements of an inclusive financial system which facilitates these benefits.

30 Wherry, Frederick F., Kristin S. Seefeldt, and Anthony S. Alvarez. Credit Where It's Due: Rethinking Financial Citizenship (New York, Russell Sage Foundation, 2019). https://www.russellsage.org/publications/credit-where-its-due.

31 Aspen Institute FSP. "Why Now is the Time for a National Strategy to Build an Inclusive Financial System." 2019. https://www.aspeninstitute.org/wp-content/uploads/2019/10/Why-Now-is-the-Time-for-a-National-Strategy-to-Build-an-Inclusive-Financial-System.pdf.

32 The World Bank, "National Financial Inclusion Strategies Resource Center," January 29, 2019. https://www.worldbank.org/en/topic/financialinclusion/brief/financial-inclusion-strategies-resource-center.

III. Elements of an Inclusive Financial System

The financial system plays a critical role in either reducing or exacerbating economic inequities. It can be a crucial tool in the fight against poverty and inequality, or it can fan the flames of inequality.[33] To understand how a financial system can advance an inclusive economy and society, it is important to deconstruct its components and identify the elements from a nation's larger economic system contained within an inclusive financial system.

In an inclusive financial system, stakeholders in the public, private and social sectors develop underlying financial infrastructure and provide all people with safe, affordable, and useful financial products and services. Through this lens, an inclusive financial system can be deconstructed into core and related elements. The core is the financial infrastructure, which includes underlying payments, credit, short- and long-term savings, and insurance infrastructure. The products and services that utilize this financial infrastructure are the related elements.

At the same time, an inclusive financial system is highly interconnected with other key social and economic systems. These include:

- Enabling non-financial infrastructure, such as identity and digital connectivity;
- Government programs, especially social support programs; and
- Commerce and the financialized parts of non-financial systems.

Each of these elements are discussed below.

THE FINANCIAL INFRASTRUCTURE AND PRODUCTS OF AN INCLUSIVE FINANCIAL SYSTEM

An inclusive financial system is composed of four underlying sets of financial infrastructure in consumer finance, as well as the products and services that use this infrastructure. The collective and individual benefits of an inclusive financial system rely on four sets of financial infrastructure that together facilitate stability, resilience, and long-term financial security for people. These include: (1) payments, (2) credit, (3) short- and long-term savings, and (4) insurance. The breadth of useful, affordable payment, credit, savings, and insurance products offered by financial service providers in an inclusive financial system is made possible through the strength and availability of its underlying infrastructure, as follows:

1. **Payments.** The payments infrastructure is what allows for the movement of money between individuals, businesses, and governments, and is the backbone of a financial system, as it enables efficient arms-length transactions. Payment systems, networks and payment processors provide this payments infrastructure, such as mobile money, check clearing, and card networks, among others. Overall, the payments infrastructure enables transactions well beyond the constraints of physical, in-person transactions between trusted parties. Without a payments infrastructure that is universally available, certain parts of the economy are shut out of the overall economic system and incur much higher costs in transactions they can conduct.

33 Čihák, Martin, and Ratna Sahay. "Finance and Inequality."

2. **Credit.** The credit infrastructure is what allows for the collection of data on borrower's ability to repay and repayment practices, allowing many participants in the financial system to make sound credit decisions. Credit bureaus, credit registries, data aggregators, and credit score providers facilitate the collection, reporting, and usage of credit data and credit-related data. The credit infrastructure also includes systematic debt collection practices such as the reporting of bankruptcies and fraud from credit products. Credit products, including mortgages, education loans, credit cards, and small-dollar lending are each enabled through this credit infrastructure.

3. **Short- and Long-Term Savings.** The savings infrastructure is two parts. First, it enables people to build emergency savings to manage near-term liquidity needs through deposit insurance and licensing, which generates trust in the overall banking system. Second, it enables people to generate long-term wealth through channeling savings into ownership within capital markets. Products that use this infrastructure range from savings accounts and CDs to investment products, such as retirement or brokerage accounts.

4. **Insurance.** The insurance infrastructure is what allows for people to pool collective risks together to protect against adverse shocks and advance longer-term financial security. Just as the credit infrastructure is data-driven, so is the insurance infrastructure. Data aggregators inform insurance policy decisions, as well as re-insurers which move and balance systemic risk; these actors are the key providers of this infrastructure. Insurance products enabled by this infrastructure help to protect against events that can reduce income or devalue critical assets such as a home, a storefront, a vehicle, or livestock.

THE ENABLING INFRASTRUCTURE OF AN INCLUSIVE FINANCIAL SYSTEM

Widespread access to an inclusive financial system is dependent on two other forms of enabling, non-financial infrastructure. First, inclusive identification infrastructure must exist to provide individuals, government, and financial providers with a simple way to verify the identity of individuals as they participate in the financial system. Second, and critically important in a world of increasingly digital finance, is for households to have consistent, secure digital access. Removing the barriers that prevent individuals from accessing and using this enabling infrastructure is a precondition of a well-functioning financial system.

1. **Identity schemes.** An effective financial system requires a method for verifying an individual's identity. Because this verification is fundamental to access the financial system, both private and public identity schemes must be designed to be secure, accessible, and inclusive. Unfortunately, roughly 300 million people—about 18 percent of the 1.7 billion unbanked adults globally—indicate that a lack of proper identity documentation represents the key barrier to opening an account and becoming "banked," according to the 2017 World Bank Findex Survey.[34]

2. **Devices and digital connectivity.** Digital connectivity, such as SMS, USSD, and mobile broadband, is the linchpin of digital financial services. Because digital services have grown and today represent a large part of the financial system, it is hard to engage consumers who lack digital access. However, here the question is not simply one of access, but also of affordability. Consumers must be able to afford the cost of their local digital services. While half of the world's population, 3.8 billion people, use mobile internet, there remain 3.4 billion who live within a covered

34 Demirguc-Kunt, Asli, Leora Klapper, Dorothe Singer, Saniyar Ansar, and Jake Hess. "Global Findex Database 2017." The World Bank, 2018. https://globalfindex.worldbank.org/.

area but are not accessing it.[35] And while digital connectivity may sound like a problem limited to lower-income countries, it is not. In the US, approximately 14 million people lack access to high-speed internet, including nearly one-fourth of residents of rural communities, and one-third of people living in tribal areas.[36]

THE LINKAGE BETWEEN AN INCLUSIVE FINANCIAL SYSTEM AND EFFECTIVE SOCIAL SUPPORT PROGRAMS

An inclusive financial system acts as a bridge between social support programs and household financial well-being. The financial system often is an intermediary, facilitating social support programs especially in times of crisis. In 2020, governments in more than 200 countries relied on the financial system to deliver critical aid in response to COVID-19, collectively extending cash-based and other social support to roughly 1.8 billion people.[37] [38] The financial system has been instrumental in delivering such social protection programs as direct payments to households, wage subsidy programs to keep workers employed and small businesses operational, and investment funds and loan guarantees to stabilize commercial enterprises.[39] As the COVID-19 pandemic illustrates, the widespread use of these cash-based social support programs has meant a greater reliance on the financial system to distribute such benefits.

However, the success of these social support programs often depends on the inclusivity of the financial systems that underpins them. On the one hand, the financial system could deliver benefits to households and businesses quickly where the prerequisite infrastructure was in place. On the other hand, inequities in access to financial services hindered the speed and effectiveness of government relief efforts. The social protection payments contained in the US CARES Act provides a recent case study of this duality: where individuals had existing access to bank accounts, the financial system worked effectively. However, there were gaps elsewhere: after its first two months between 30 and 35 million people were still waiting to receive their social support payments.[40] Considered through this lens, an inclusive financial system both ensures that all people benefit from financial products and services, as well as benefit from the other critical resources that rely on, or are distributed through, the financial system.

As a final element, an inclusive financial system also accounts for the financialized parts of non-financial systems. Over time, non-financial systems whose purpose is to deliver non-financial goods, like healthcare, housing, education, or criminal justice, may levy costs on users with fees, interest, and penalties, especially without regard to people's ability to pay. Such financial costs can be too costly to ignore. This is also increasingly true of actors that use data collected by credit registries or bureaus for non-financial uses—such as for employment—and the debt collection methods of these new actors. The addition of more products, actors, or systems does not by itself make the financial system

35 Bahia, Kalvin, and Anne Delaporte. "The State of Mobile Internet Connectivity 2020." GSMA, 2020. https://www.gsma.com/r/wp-content/uploads/2020/09/GSMA-State-of-Mobile-Internet-Connectivity-Report-2020.pdf.

36 Federal Communications Commission. "Fourtheenth Broadband Progress Report." January 19, 2021. https://docs.fcc.gov/public/attachments/FCC-21-18A1.pdf

37 Consultive Group to Assist the Poor. "Social Assistance Payments in Response to COVID-19: The Role of Donors." September 15, 2020. https://www.cgap.org/research/covid-19-briefing/social-assistance-payments-response-covid-19-role-donors.

38 Gentilini, Ugo, Mohammed Almenfi, and Pamela Dale. "Social Protection and Jobs Responses to COVID-19: A Real-Time Review of Country Measures."

39 Wieler, Lothar H., Ute Rexroth, and Rene Gottschalk. "Emerging COVID-19 Success Story: Germany's Strong Push to Maintain Progress." June 30, 2020. https://ourworldindata.org/covid-exemplar-germany.

40 House Committee on Ways & Means. "Economic Impact Payments Issued to Date." June 5, 2020. https://waysandmeans.house.gov/sites/democrats.waysandmeans.house.gov/files/documents/2020.06.04%20EIPs%20Issued%20as%20of%20June%204%20FINAL.pdf.

more inclusive.[41] Instead, it reveals the need to embrace the principles of an inclusive financial system as described in the next section.

As the elements understood to be involved in an inclusive financial system expands, so too should the stakeholders involved expand across public, private, and social sectors. Within the public sector, this includes regulators and ministries with direct involvement in the financial system, such as the Central Bank or the Treasury ministry. It also includes regulatory agencies and ministries with involvement or authority in related domains, such as broadband, social protection programs, and competition. Within the private sector, important actors include providers of financial infrastructure across payments, credit, savings, and insurance, as well as financial service providers—especially new tech-driven providers like fintechs and mission-driven providers like cooperatives, MFIs, credit unions, CDFIs, and non-profits. As inclusive financial systems are increasingly enabled by digital services, actors in the digital economy, including telecommunication companies (e.g., MNOs) and Big Tech, have become important intermediaries, as well as direct providers of financial services. Finally, this growing list of stakeholders also includes social sector organizations such as donors, researchers, advocates, and community-based organizations.

41 Berlin, Loren, Genevieve Melford, and Ida Rademacher. "The State of Financial Security 2020: A Framework for Recovery and Resilience."

IV. Principles of an Inclusive Financial System

Inclusive financial systems are a powerful tool for building an inclusive economy. At the heart of an inclusive financial system is a commitment to shared prosperity. Such a commitment necessitates a focus on the people who have been overlooked and underserved for too long. However, that commitment should not come at the expense of other people that are already successfully engaging with, and benefiting from, the financial system. Instead, when done correctly, an inclusive financial system can improve the financial lives of all people and, in doing so, foster stronger economic growth overall.

An inclusive financial system benefits and reaches all people. To do so, our existing financial system must evolve to benefit and reach all people, especially those who are currently excluded, whether due to poverty, ethnicity, geographic isolation, systemic racism or sexism, illiteracy, or any other of the many social divisions that fuel inequality and impede progress today. Such a system prioritizes the needs of people and communities that have been targets of predation or historically overlooked and underserved by the traditional financial system.

Who is an inclusive financial system for?

While an inclusive financial system provides for all members of society, it also recognizes that certain populations face higher barriers to participate and benefit from the financial system. Therefore, an inclusive financial system targets market gaps or other barriers that prevent historically underserved populations from being full system participants and beneficiaries.

THE FOUR PRINCIPLES OF AN INCLUSIVE FINANCIAL SYSTEM

An inclusive financial system can be built by embracing four principles. These principles are as follows:

1. Prioritize historically excluded and underserved populations;
2. Measure success by outcomes;
3. Establish and enforce a strong regulatory regime; and
4. Promote growth and integrity.

1. **Prioritize historically excluded and underserved populations.** Genuine inclusion requires a system to be able to serve the needs of all people across the income and wealth spectrum, including individuals living in deep poverty, rural communities, women as well as men, ethnic or racial minorities, and other "last mile" households. In practice, this means:

   a. **Inclusive design.** Products must be designed for, and in partnership with, the vulnerable populations they are meant to serve. The process acknowledges the structural inequities upon which the existing financial system was built and centers historically excluded and vulnerable populations in its redesign. This requires us to design affordable products that are based in trust, respect, and dignity, as well as the day-to-day financial realities of people's lives.

   b. **Productive financial products.** Underserved individuals and small businesses must have access to and benefit from the wide availability of productive credit and savings products with affordable interest rates and fees.

Such products allow for productive investments in human capital and business investment.

c. **Inclusive capital.** Investment must be directed to vulnerable or traditionally underserved communities. This also includes investment in the financial institutions who operate, are owned by, or are led by people representative of these communities with track records of prioritizing underserved or excluded individuals and communities.

2. **Measure success by outcomes.** Improving access to high-quality and affordable financial products and services is critical to an inclusive financial system. But an inclusive financial system moves beyond access and recognizes it as a necessary, though inadequate, total measure of success of the financial system. To effectively foster inclusion, the outcomes of the financial system related to national and individual financial well-being must be measured—as defined by both objective and subjective measures including economic mobility and stability, financial health, and wealth accumulation. In practice, this means:

   a. **New metrics.** The frameworks used to measure inclusion and impact must move beyond financial access and instead emphasize improvements in the financial outcomes of people.

   b. **Shifting perspectives of financial providers.** In addition to their own measures of financial performance, providers must incorporate into their definition of a successful product its impact on customers, as measured by outcomes. Affordable products empower people to gain financial security, and with it, confidence and agency.

3. **Establish and enforce a strong regulatory regime.** An inclusive financial system requires authorities to facilitate a competitive, safe, and fair system that fosters growth, innovation, trust, and responsible products, while protecting consumers from fraudulent, deceptive, or abusive practices. In practice, this means:

   a. **A strong, broadened consumer protection framework.** Globally, there is a strong association between greater usage of financial products, particularly savings products, and countries with strong consumer protection frameworks.[42] A strong consumer protection regime must also incorporate and set standards for data, privacy, and cybersecurity protections within the overarching framework. This expansion of the regulatory framework accounts for the broader set of systems within an inclusive financial system and the involvement of associated regulatory authorities beyond finance, such as communications, data, and competition.

   b. **Encouraging growth, innovation, and competition.** Regulators assess both the opportunity to expand inclusion and the risk associated with new actors, technologies, and business models and intervene in a risk-based manner. Regulators must use their authorities to encourage the sorts of responsible growth and competition that benefit all people.

42 Klapper, Leora, Saniya Ansar, Jake Hess, and Dorothe Singer. "Financial Inclusion and Financial Regulation." World Bank Group, February 2021. https://globalfindex.worldbank.org/sites/globalfindex/files/referpdf/FindexNote8_17.pdf.

c. **Adequate resources.** Authorities must have the appropriate skills, tools, and capacity to develop risk-based frameworks and be both responsive to market innovations and developments, as well as proactive in enforcing this regulatory regime to minimize current and potential harm to people.

4. **Promote growth and integrity.** As with any financial system, an inclusive system must encourage growth and employment on the one hand, along with stability, integrity, and resiliency on the other. Both are simultaneously attainable. Research from the IMF shows that an inclusive financial system supports higher economic growth without increasing financial instability so long as there is a strong regulatory regime.[43] Where there are trade-offs between stability and inclusion, it is important they are made in a risk- and cost-proportional way. In practice, this means:

   a. **Financial deepening.** Increasing the ability of the financial sector to serve more and more of the economy can have a significant positive effect on a country's economic performance. However, there is a point at which financial deepening turns and is associated with exacerbated inequality and less inclusive growth. An inclusive financial system focuses on growing and deepening productive financial applications within an economy, rather than simply adding more financial products to the system.

   b. **A balanced approach to stability and integrity.** Within an inclusive financial system, a strong regulatory regime can slow, cushion, or protect against financial or debt bubbles. At the same time, KYC (know your customer), AML (anti-money laundering), and CFT (counter financing of terrorism) regulations should be risk- and cost-proportional. This balanced approach to prudential supervision both protects the financial system and encourages inclusion.[44]

   c. **Cyber-resiliency.** The financial system—including financial providers, people, and its infrastructure—must be equipped for protection from cybersecurity breaches, loss of privacy, and other malicious risks and bad actors.

The design and implementation of new and future technologies must be done with an eye toward building an inclusive financial system. The next set of emerging technologies, such as blockchain and advanced analytics in artificial intelligence, will carry implications for inclusion. By embracing these principles from the onset, governments and financial services providers can be poised to anticipate and address future challenges, while also encouraging these developments to advance, rather than hinder, inclusion.

In conclusion, global progress on these principles shows more must be done. To date, global progress has been most advanced on principles three and four related to developing a stronger regulatory regime and in advancing growth and inclusion. As an example, the US Federal Reserve Bank is the latest financial authority to publicly indicate a renewed emphasis on employment and growth alongside its price and system stability mandates. At the same time, principles one and two related to prioritizing last mile households and measuring success through outcomes demonstrate continued need for improvement. Some 1.7 billion people remain outside the global financial

43 Sahay, Ratna, et al. "Financial Inclusion: Can it Meet Multiple Macroeconomic Goals?"
44 Aspen Institute FSP. "Why Now is the Time for a National Strategy to Build an Inclusive Financial System."

system.[45] Meanwhile, the experience of Kenya demonstrates that despite gains in financial access, household financial health has actually declined—showing that gains in access do not automatically translate into gains in financial outcomes.[46] And in 2019, at the end of the longest economic growth streak in US history, only 29 percent of US adults were considered financially healthy.[47]

45 Global Findex Database. "The Unbanked." The World Bank. https://globalfindex.worldbank.org/sites/globalfindex/files/chapters/2017%20Findex%20full%20report_chapter2.pdf

46 Heyer, Amrik. "The Financial Health Index." FSD Kenya, October 29, 2020. https://www.fsdkenya.org/blog/from-financial-inclusion-to-inclusive-finance-the-power-of-frameworks-to-catalyse-change/.

47 Brockland, Beth, Thea Garon, Andrew Dunn, Eric Wilson, and Necati Celik. "US Financial Health Pulse: 2019 Trends Report." Financial Health Network, 2019. https://finhealthnetwork.org/research/u-s-financial-health-pulse-2019-trends-report/.

V. The Path Forward to an Inclusive Financial System

In a well-functioning system, a combination of stakeholders in the public, private, and social sectors provide key financial services to an entire society. While market forces are powerful, inclusive financial services recognize they must also be proactively designed with inclusion in mind to ensure that they serve all people. Without proactive design and the correct incentives, investment flows primarily to products with higher profit potential, typically serving higher-income people. As a result, financial systems and capital markets that do not embed inclusion can perpetuate historical exclusion of vulnerable populations. Even when products are available, they can be more expensive, or lower quality, under the argument these populations have lower profitability. The data bears this out: globally, 1.7 billion or 31 percent of adults remain unbanked.[48] Instead, an inclusive financial system blends market-based products and services, public investment, public action, and socially driven nonprofits and providers to ensure that everyone, particularly the most vulnerable, have access to affordable, safe, and useful financial services.

Within this context, the government has a distinct role to play. Even with strong intentions from all actors, building an inclusive financial system does not happen by accident. The national government is the rare actor with full purview and responsibility for the well-being of all its people. Therefore, it is a fundamental responsibility of the government to facilitate a competitive, safe, fair, and inclusive financial system that fosters growth, trust, and responsible products and protects consumers from fraudulent, deceptive, or abusive practices. To accomplish this, the government has two unique responsibilities and four other tools available, referred to here as "choice points."

Creation of a national financial inclusion strategy helps to strike the appropriate balance between market-based services and public action. Action will look distinct for each country and will depend on local conditions and nuances. Given the array of public, private, and social sector actors with responsibilities in managing a well-functioning financial system, the creation of a national inclusion strategy or commission can help governments strike the appropriate approach so that all sectors are making gains in unison. To date, more than 50 countries have implemented explicit national financial inclusion strategies or commissions to help coordinate national action, such as the United Kingdom's Financial Inclusion Commission and Mexico's National Council for Financial Inclusion.[49 50 51]

48 Global Findex Database. "The Unbanked."
49 The World Bank, "National Financial Inclusion Strategies Resource Center." January 29, 2019. https://www.worldbank.org/en/topic/financialinclusion/brief/financial-inclusion-strategies-resource-center.
50 Financial Inclusion Commission. "Making Financial Inclusion a Top Political Priority in the UK." https://financialinclusioncommission.org.uk/.
51 Secretaria de Hacienda y Credito Publico. "National Council for Financial Inclusion." https://www.cnbv.gob.mx/en/Inclusion/Paginas/CONAIF.aspx.

GOVERNMENT RESPONSIBILITIES AND CHOICE POINTS TO BUILD AN INCLUSIVE FINANCIAL SYSTEM

Broadly, national governments have six primary tools to support the development of a well-functioning inclusive financial system. The first two relate to the regulation and enforcement of rules and the protection of people; both are unique powers of national governments. The remaining four represent policy choice points. The role of national policymakers then is to apply an inclusion lens. They must work across key public, private, and social sector actors to identify where—among these responsibilities and policy choice points—further public and/or private and social action is needed and understand the implications of various approaches.

Unique responsibilities of government:

1. Regulate
2. Protect

Additional choice points of government:

3. Invest
4. Facilitate
5. Build
6. Provide

This list is meant to be indicative, rather than exhaustive. While these choice points represent roles that must be fulfilled across sectors in a well-functioning financial system, how governments approach their financial sector will vary and depend on both the policy objective and local conditions. The list below describes each responsibility and choice point with country examples in greater depth:

1. **Regulate for inclusion and enforce conduct and standards.** Governments are uniquely positioned to set and enforce the rules that promote inclusion via their ability to regulate conduct, set standards, intervene to encourage competition, license providers or products, and implement mandates. This authority empowers governments not only to demand effective consumer protections, but also to enable interoperability, competition, or other critical components of an inclusive financial system. Regulation, of course, does not also come without imposing compliance costs on providers, so a cost-benefit approach is necessary to affordably reach all people and keep pace with technology and shifting consumer preferences.

Global Examples

In Kenya, the Central Bank has moved to regulate and limit access to its credit bureaus by unlicensed digital credit providers following substantial digital lending growth. The move is intended to benefit the more than 3.2 million people who have been blacklisted and risk becoming permanently excluded from the nation's nascent credit system.[52]

In the United Kingdom, regulators are implementing its open banking regime requiring financial institutions to share consumer data (following applicable laws and regulations on consumer consent) with the goal of creating competition and fostering innovation in financial services. There, researchers believe open banking will generate substantial savings in the years to come for unbanked and vulnerable people, in the range of 0.8 percent to 2.5 percent of their income.[53]

52 Paul, Emmanuel. "Kenya Blocks Rogue Digital Lenders from Blacklisting Borrowers." Techpoint Africa, April 15, 2020. https://techpoint.africa/2020/04/15/kenyas-digital-lenders-blacklisting/.

53 Staschen, Stefan, and Ariadne Plaitakis. "Open Banking: 7 Ways Data-Sharing Can Advance Financial Inclusion." Consultive Group to Assist the Poor, May 4, 2020. https://www.cgap.org/blog/open-banking-7-ways-data-sharing-can-advance-financial-inclusion.

2. **Protect consumers and enforce protections.** Regulatory authorities are the sole actors with full purview to protect people from harm via bad actors, and predatory, abusive, unfair, or deceptive products or practices. In an inclusive financial system, this also accounts for a broader framework that includes data, privacy, and cybersecurity protections.

Global Examples

In practice, financial systems have dedicated consumer protection authorities, such as the United Kingdom's Financial Conduct Authority or the US Consumer Financial Protection Bureau. In the European Union, its General Data Protection Regulation (GDPR) is among the first comprehensive regulatory frameworks for data and privacy protections.

The following represent additional tools and policy choice points for governments to consider as part of developing their next-generation national financial inclusion strategy:

3. **Invest directly or incentivize private sector capital.** In a financial system, the movement (or lack thereof) of private sector capital is consequential for inclusion as gaps or suboptimal levels of capital to underserved economic sectors or communities can perpetuate historical exclusion. Governments can act directly as a financier and investor, or indirectly by encouraging and rewarding behaviors, such as the flow of capital, that increase inclusion. As a direct investor, governments can allocate and direct public funds to invest in financial providers, financial markets, or financial infrastructure. The government can also act indirectly, incentivizing the private flow of capital toward areas of higher social return within the economy through tax credits or loan guarantees. Such actions shape the behavior of market-based actors within the financial system toward inclusive outcomes.

Global Examples

In developing economies, government support has been most common in the advancement of the microfinance sector. In Indonesia and India, direct lending requirements to priority sectors have moved private sector capital and contributed to the growth of a robust microfinance sector in both countries. In Indonesia, 60,000 microfinance institutions now reach more than 50 million people.[54]

In the US, mortgage loan guarantees and securitization provided by government-sponsored entities (GSEs) Fannie Mae and Freddie Mac are attributed to lowering mortgage rates and providing wider access to home ownership to target populations over time.[55] Today, these GSEs guarantee over $5 trillion in US mortgages.[56] More recently, the US government has begun to act as a direct investor as well, as demonstrated through its $12 billion direct investment in the nation's network of community development financial institutions (CDFIs). This investment acknowledges the role CDFIs play in serving people of color specifically and is in addition to the $15 billion in lending

54 Global Business Guide. "Finance: An Outlook on Indonesia's Microfinance Sector." 2013. http://www.gbgindonesia.com/en/finance/article/2013/an_outlook_on_indonesia_s_microfinance_sector.php.

55 Bhutta, Neil, and Daniel Ringo. "The Effect of Interest Rates on Home Buying: Evidence from a Discontinuity in Mortgage Insurance Premiums." Federal Reserve System Working Paper, September 7, 2017. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3029736.

56 Federal Housing Finance Agency. "Fannie Mae and Freddie Mac." https://www.fhfa.gov/SupervisionRegulation/FannieMaeandFreddieMac/Pages/About-Fannie-Mae---Freddie-Mac.aspx.

capacity specifically allocated through the Paycheck Protection Program (PPP).[57]

4. **Facilitate partnerships and other collaborations.** Partnerships, consortiums, public-private collaborations, and other forms of collaboration can be a great way to address a critical need that neither the government nor a single company would be willing or able to address alone.

Global Examples

Consider Kenya's Universal Service Fund, a public-private partnership established in 2010 to finance the expansion of affordable broadband services to "support widespread access to Information and Communication Technology (ICT) services, and promote capacity building and innovation in ICT services in the country."[58] Financed largely with levies on licensees, government appropriations, and grants and donations, the Fund is "expected to finance national projects that have significant impact on the availability and accessibility of ICTs in rural, remote and poor urban areas."[59]

In Egypt, 25 of the nation's financial providers banded together with the regulatory guidance and support of the national government to develop the Egyptian Credit Bureau, or "I-Score." It is the largest credit bureau within the country.[60]

5. **Build critical infrastructure.** High-quality, financial infrastructure is something everyone uses and something both the government and private sector benefit from—whether to provide quality, affordable financial products to people, to facilitate economic commerce, or for the safe, reliable, and efficient delivery of social programs. Within a financial system, gaps may exist within a nation's financial infrastructure. Or perhaps the prerequisite infrastructure may be in place, but it is unaffordable or may not serve the needs of last mile or other historically vulnerable populations. As such, public investment may be needed—either through building such critical infrastructure directly or through partnerships with private providers to ensure such critical financial infrastructure is universally available across payments, credit, short- and long-term savings, or insurance.

Global Examples

Public credit registries are common in many economies in Latin America and often operate alongside private credit bureaus to facilitate accurate collection, reporting, and usage of credit data. Notably, Peru's public credit registry helps aggregate and facilitate access to credit data across its banking and microfinance sectors. The registry shares its database with private sector credit bureaus as well, allowing for standardized information to be collected and used across financial providers.[61]

Governments can also build enabling infrastructure for digital connectivity. In the US, local governments in more than 500 communities have established publicly owned broadband networks. The expansion of public digital infrastructure is credited with boosting the local economies

57 US Department of the Treasury. "Treasury to Invest $9 Billion in Community Development Financial Institutions and Minority Depository Institutions Through Emergency Capital Investment Program (ECIP)." March 4, 2020. https://home.treasury.gov/news/press-releases/jy0047.
58 Communications Authority of Kenya. "Purpose of the Fund." https://ca.go.ke/industry/universal-access/purpose-of-the-fund/.
59 Ibid.
60 I-Score. "About the Egyptian Credit Bureau 'I-Score'." https://www.i-score.com.eg/en/about-i-score/about-the-egyptian-credit-bureau-i-score.
61 Rodriguez Saavedra, Maritza, and Damian von Stauffenberg. "Public Credit Registries, Credit Bureaus, and the Microfinance Sector in Latin America." Calmeadow, CAF, and the Multilateral Investment Fund, November 2012. http://www.microrate.com/media_microrate/uploads/ficha_reporte/MicroRate-Report-Public-credit-registries-credit-bureaus-and-the-microfinanc.pdf.

of urban areas with faster and more affordable internet speeds and expanding access in other areas, particularly rural communities.[62]

6. **Provide necessary services.** In instances where the private or social sector actors are either unwilling or unable to provide a critical good or service, the government can step in to fill the gap by directly providing the service or using publicly backed corporations in doing so. However, the direct public provision of financial services also has challenges: it opens the government to direct competition from private or social financial services providers. Further, government-run financial institutions may produce rigidity and inefficiencies at best, or nepotism and corruption at worst.

Global Examples

In Germany, the Sparkassen, a network of about 400 savings banks throughout the country, operates under a government mandate of public service and regional development. Their success is measured not with traditional financial metrics but instead based on their positive impact on local communities. With more than 15,300 branches and over €1.16 billion in business, the Sparkassen has financed more than 70 percent of the country's small and medium enterprises, and more than 40 percent of businesses countrywide.[63]

Postal banking by state-owned financial providers is common in many nations. In France, Banque Postale operates under its own national banking license and serves more than 10 million customers.[64] KiwiBank in New Zealand has over 1 million customers.[65] Both postal banks are well capitalized and consistently profitable.

WHERE TO START AND WHO TO INVOLVE

All governments should work toward a next-generation national financial inclusion strategy centered on building an inclusive financial system. Because the context of each country's financial system is different, policymakers should work to energize relevant action at the national level. Such an approach includes:

1. Understanding the national context via research and engagement with real people, particularly those from underserved populations;
2. Convening key stakeholders across private, public, and social sectors to discuss the state of the financial system and gaps toward building an inclusive financial system; and
3. Determining a priority list and action agenda, including how to collect data and measure progress.

The outcome of these conversations is to develop a next-generation national economic policy agenda and financial inclusion strategy that centers on building an inclusive financial system as a powerful tool for a stronger, more inclusive economy for all. Where a national financial inclusion strategy or commission does not already exist, governments should consider its creation to support this effort.

62 Community Networks. "Community Network Map." Institute for Local Self-Reliance, January 2020. https://muninetworks.org/communitymap.
63 Centre for Public Impact. "Sparkassen Savings Banks in Germany." March 27, 2017. https://www.centreforpublicimpact.org/case-study/sparkassen-savings-banks-germany.
64 Groupe La Banque Postale. "Civic-Minded Bank." https://www.labanquepostale.fr/en/about-us/presentation.html.
65 Kiwibank. "Kiwibank Marks Growth in NZ Economy." August 23, 2019. https://www.kiwibank.co.nz/about-us/news-and-updates/media-releases/2019-08-23-kiwibank-marks-growth-in-nz-economy/

Governments that have an existing national financial inclusion strategy should review and update it using the principles. With a new perspective of the principles, new actors, and new elements involved in building an inclusive financial system, policymakers should review their existing strategy and ask critical questions: Where are there gaps? Where is there a need to define the role of new actors within an inclusive financial system? Further, a next-generation policy agenda should set ambitious, achievable inclusion goals with the ability to measure its progress toward delivering stronger financial outcomes for all people. This may require updates to the data collected and/or its measurement framework so that policymakers can understand how or whether their strategy is driving the intended outcomes.

VI. Looking Forward

Now is the time to build an inclusive financial system—one that enables all people to access and utilize a full suite of financial products and services, and reap their benefits, including financial stability, resilience, and long-term security and mobility.

The foundation is being laid today for a post-COVID-19 future. Will the economic, social, and racial inequities of the past persist? Or will we chart a new, more inclusive path shared by all individuals, families, and communities? A renewed economic agenda focused on building inclusive financial systems will lead to a more inclusive, stronger economic recovery in the decade ahead.

Continued exclusion also has its costs. It prevents people from achieving their full potential and keeps businesses from investing and growing. In the years ahead, as we graduate from a focus on access to the financial outcomes for people and businesses from our financial system, we can deliver real, tangible results, particularly to historically vulnerable and excluded peoples.

An inclusive financial system is an incredible tool for inclusive growth shared by all people, communities, and small businesses. Building such a system is the global economic and social imperative for this decade.

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