



# Strategy for and challenges in financial inclusion

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EUROSYSTEEM



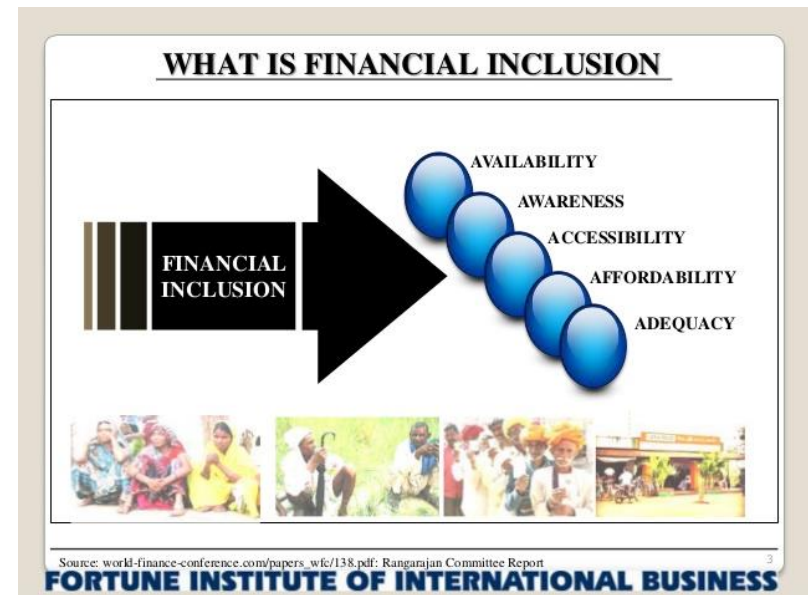
# Agenda



- What is financial inclusion?
- The relevance of retail payments for financial inclusion
- CPMI-WB report Payment Aspects of Financial Inclusion April 2016
- Financial Resilience and Financial behaviour in the Netherlands
- Making an index for Financial Inclusion
- Conclusions and discussion points

# Financial Inclusion

- Full financial inclusion is a state in which all people and businesses who can use them have access to a full range of financial services at an affordable price and good quality.



# Relevance of Financial Inclusion (1)

- Access to a full suite of financial services: credits, savings, insurances and payments
- Provided with quality: convenient, affordable, suitable, provided with dignity and client protection
- To everyone who can use financial services: excluded and under-served people. Special attention to rural, people with disabilities, women, and often-excluded groups



# Relevance of Financial Inclusion (2)

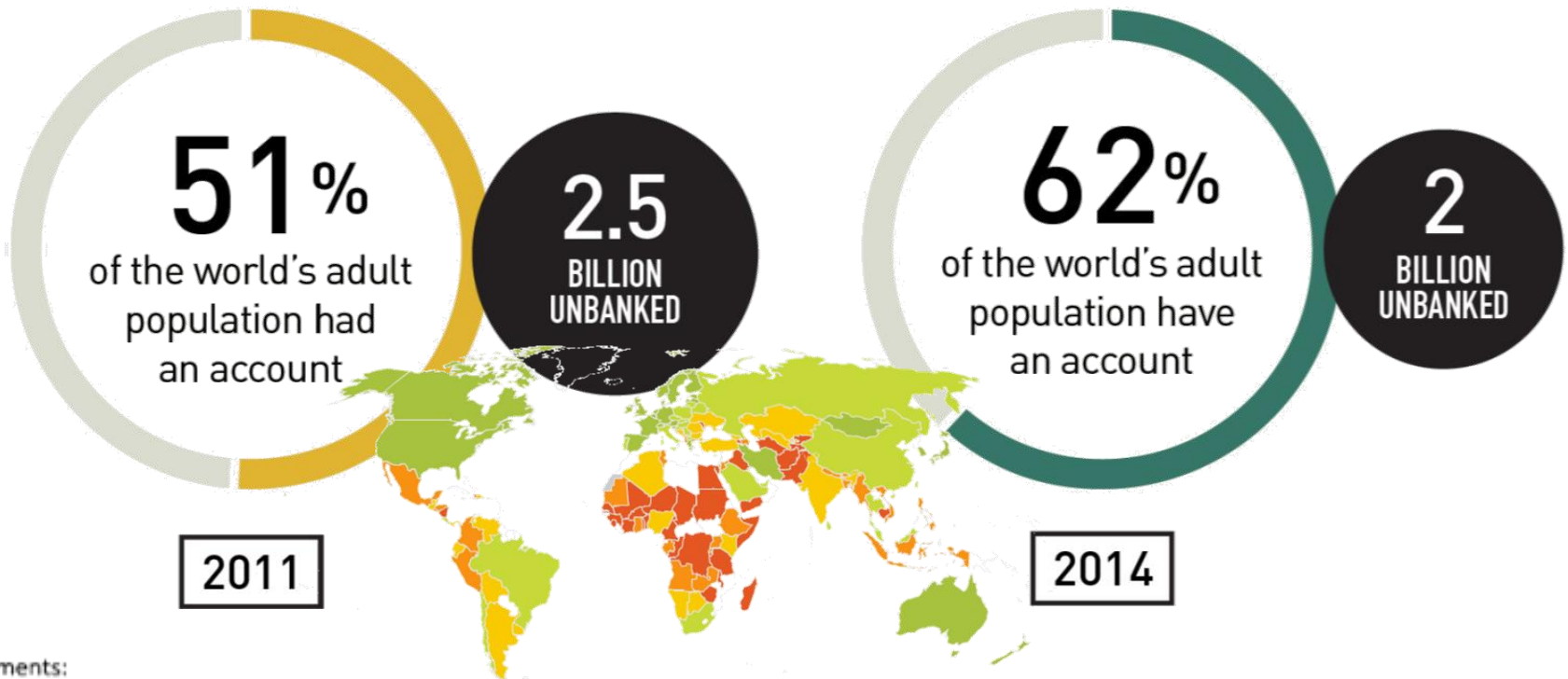
- With financial capability: clients are informed and able to make good money management decisions
- Through a diverse and competitive marketplace: a range of providers, robust financial infrastructures and clear regulatory framework
- Sustainability and Legitimacy



# Financial inclusion

Gap is narrowing, but is still substantial

More adults have an account (with a financial institution or mobile money service) now than three years ago.



Comments:

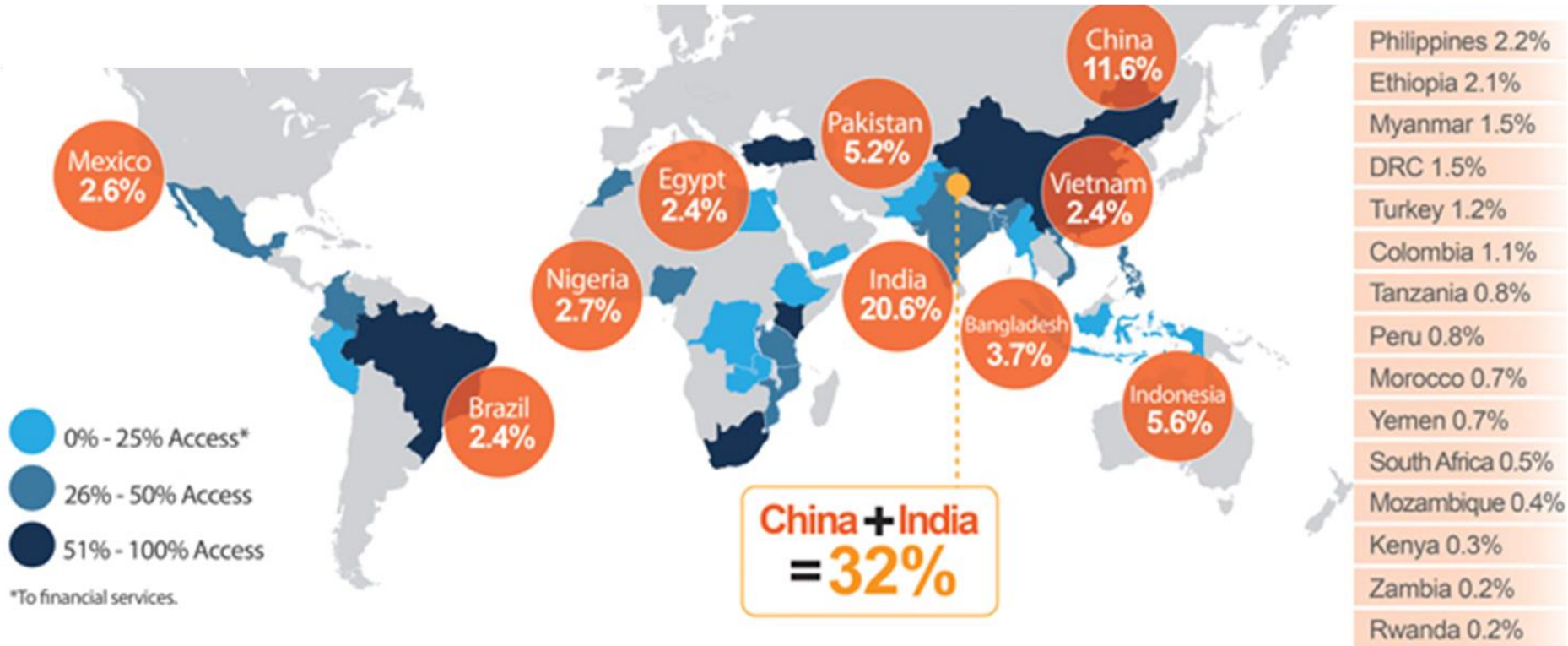
Indicator: Account at a financial institution (% age 15+) [ts]

Year: 2014

■ No Data ■ 0 - 20.0 ■ 20.0 - 39.0 ■ 39.0 - 63.2 ■ 63.2 - 87.5 ■ 87.5 - 100



# 25 countries account for 73% of the world's unbanked



**25 Focus Countries = 73%** of the world's financially excluded

Sources: Global Findex 2014, IMF Financial Access Survey

## Universal Financial Access by 2020

By 2020, adults globally have access to an account or electronic instrument to store money, send and receive payments as the basic building block to manage their financial lives

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- Access to a transaction account is a stepping stone to financial inclusion, which includes a full range of formal financial services
- Universal financial access is ambitious, yet achievable for the majority of the world's population by 2020, full financial inclusion will take longer
- Even with financial access, usage will not be universal, and not all countries will reach it



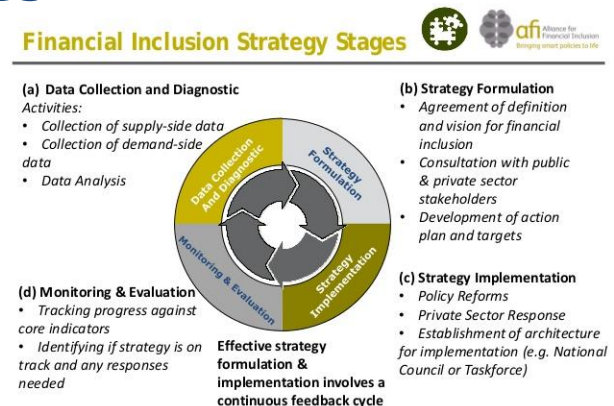
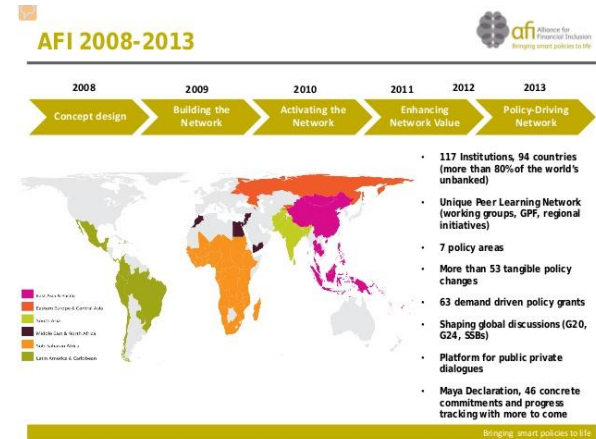
"Many national leaders have already taken bold steps to expand financial access in their own countries. To further that progress, it is important to create the right environment to catalyze private-sector investment and innovation"



H.M. Queen Máxima of the Netherlands, the UN Secretary-General's Special Advocate for Inclusive Finance for Development  
*2015 World Bank Group-IMF Spring Meetings*

# Goals and scope for a strategy on financial inclusion

- Awareness & Knowledge
- Accessibility
- Financial Behaviour
- Sustainability & Entrepreneurship
- Global and regional elements
- Stakeholders & cooperation



# Stakeholders in Financial inclusion

- People
- Business
- Governments
- Central banks
- Supervisors
- Private organisations (NGOs)



# CPMI-WM Report Payment Aspects of Financial Inclusion



The report is premised on two key points:

- Efficient, accessible, and safe retail payment systems and services are critical for greater financial inclusion
- A transaction account is an essential financial service in its own right and can also serve as a gateway to other financial services

# Guidance: foundations – critical enablers

Guiding Principle 1: Commitment

Guiding Principle 2: Legal and Regulatory Framework

Guiding Principle 3: Financial and ICT Infrastructures





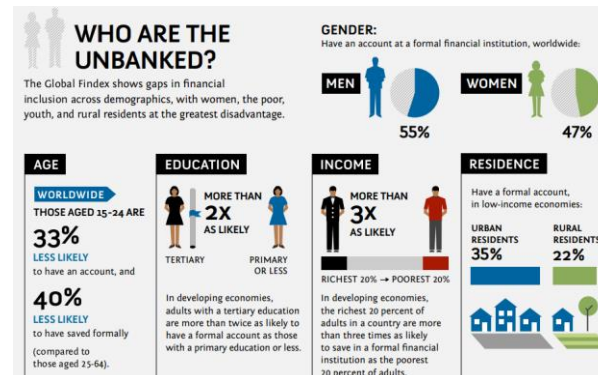
# Guidance: Catalytic pillars – drivers of access and usage

Guiding Principle 4: Transaction account and payment product design

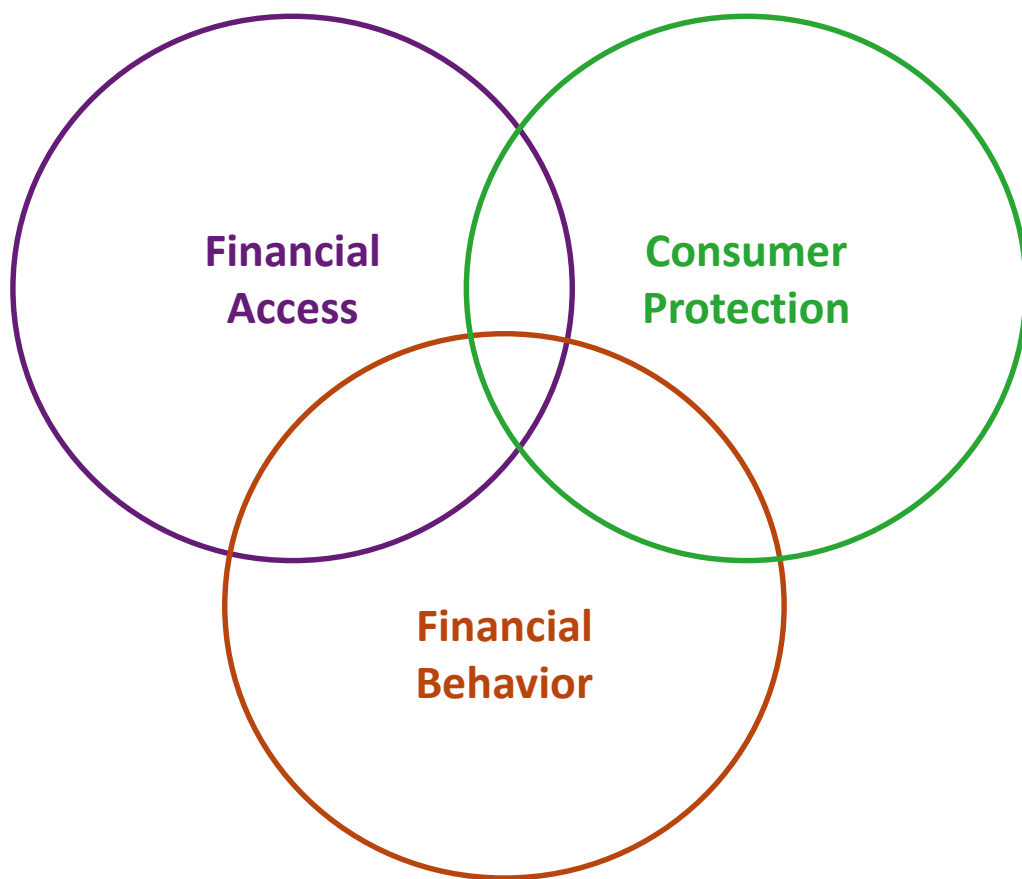
Guiding Principle 5: Readily available access points

Guiding Principle 6: Financial literacy

Guiding Principle 7: Large-volume, recurrent payment streams



# Financial resilience



# Importance of financial resilience

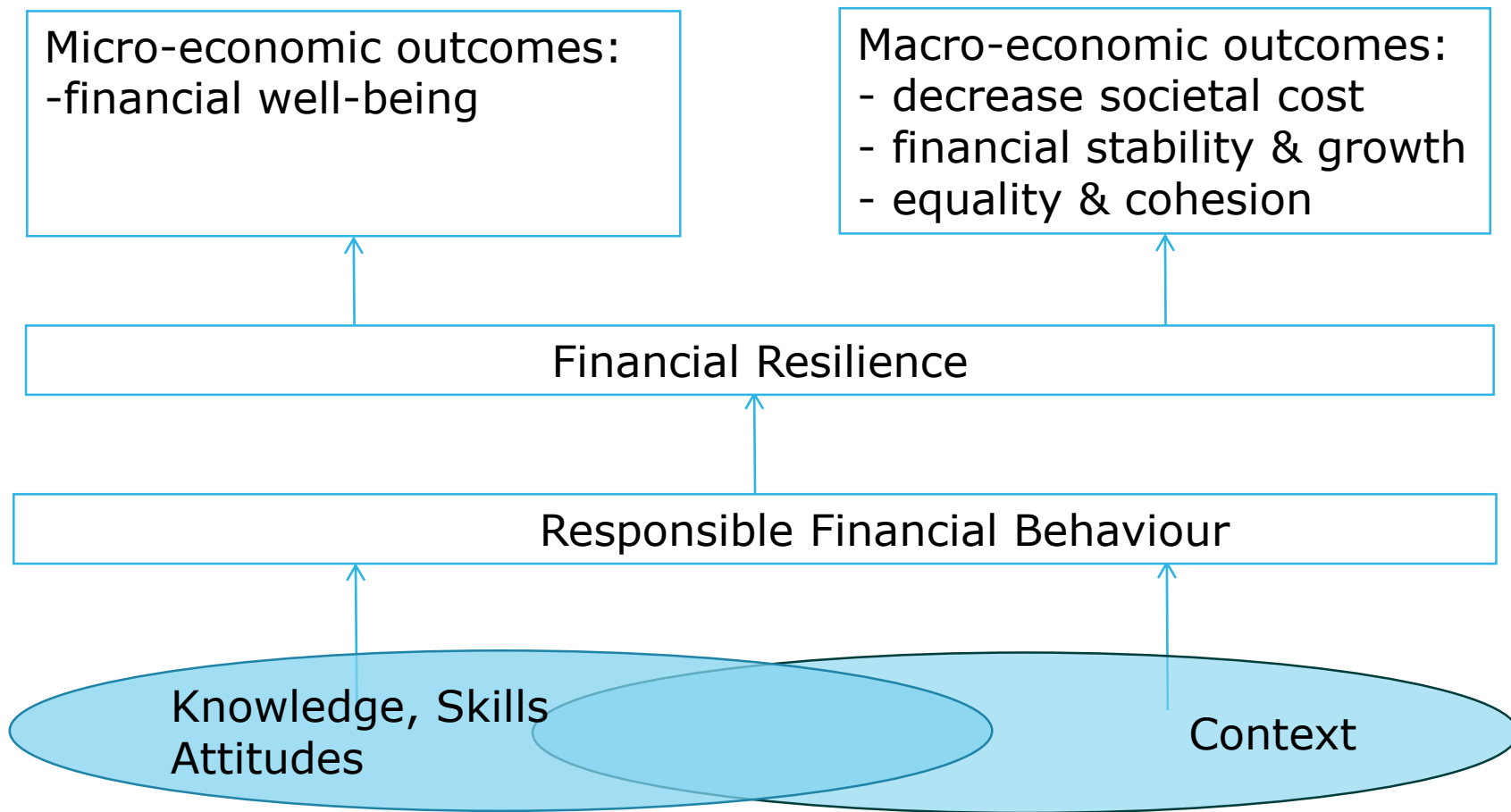
## ... for individual households

- dealing with increased responsibility and complexity
- preventing overindebtedness
- financial well-being

## ... for economies

- societal cost
- financial stability & growth
- wealth equality & social cohesion

# Financial resilience and financial behaviour



# Responsible financial behaviour (1)



- Experience with payment arrears
- Carefulness dealing with finances
- Experience with overdraft
- Managing expenditures
- Use of credit card



# Responsible financial behaviour (2)



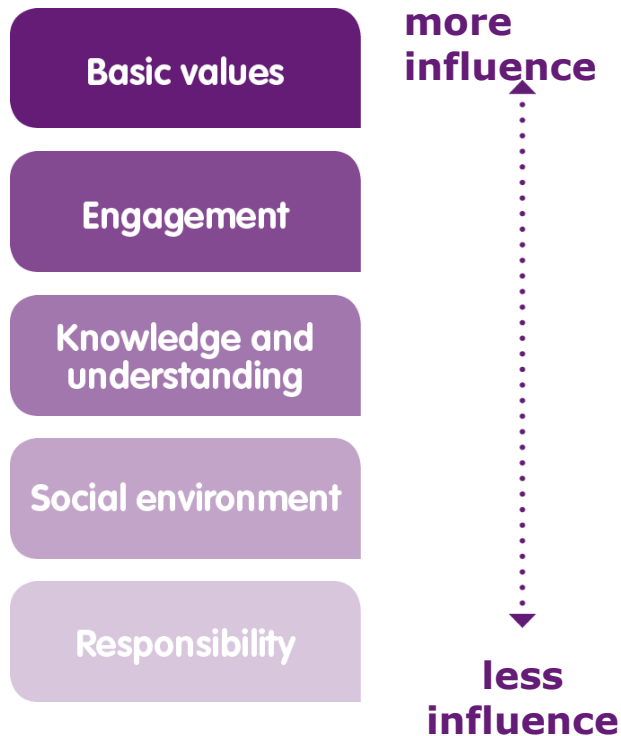
- Focus on the future
- Anticipating life events
- Buffer for unforeseen expenditures
- Saving on a savings account

# Responsible financial behaviour (3)



- Buying simple financial products: comparing product characteristics, terms and price
- Buying complex financial products: comparing product characteristics, terms and price
- Managing financial products

# Personal factors that influence financial behaviour



# Some data on financial literacy



## Debts

- Approximately 1,1M households have problematic debts
- Approximately 2,2M households have payment arrears



## Youth

- Have problems dealing with money
- One in five 18- to 24-year-olds have payment arrears



## Financial resilience

- 41% (5.1 mln) is not prepared for a significant decrease in income or major expenditure

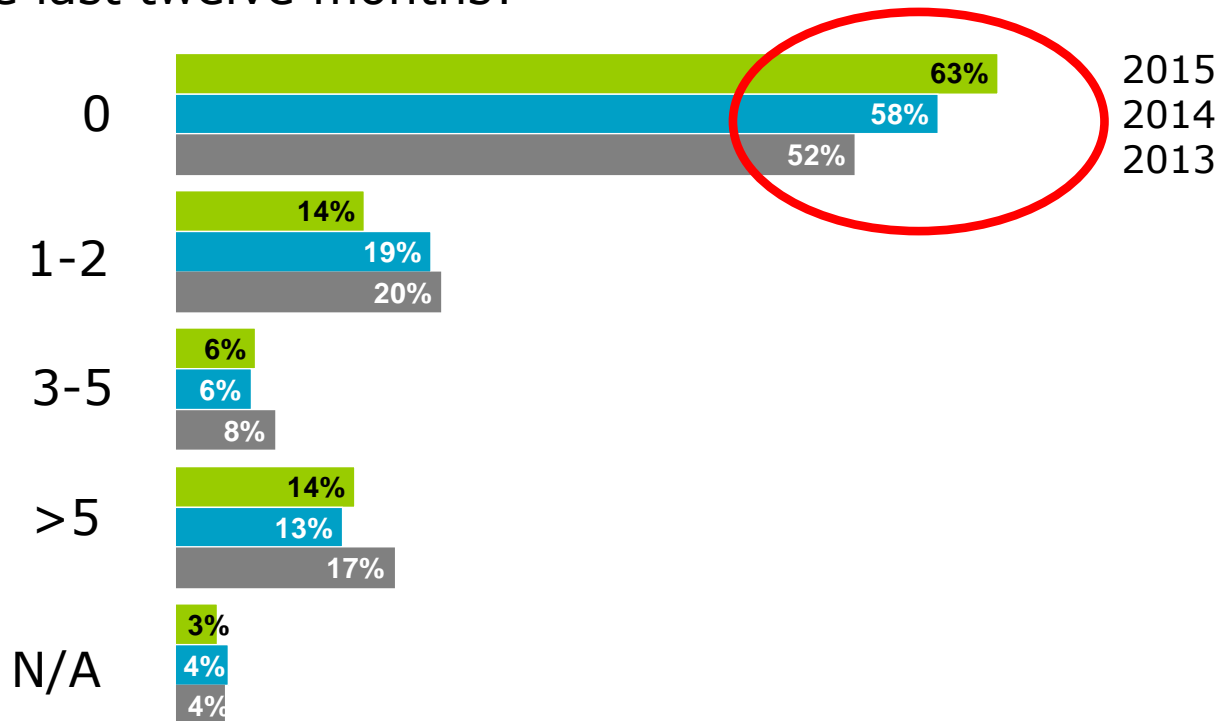


## Pension awareness

- 57% of the working population underestimate their pension age

# Financial Behavior Monitor 2015 (1)

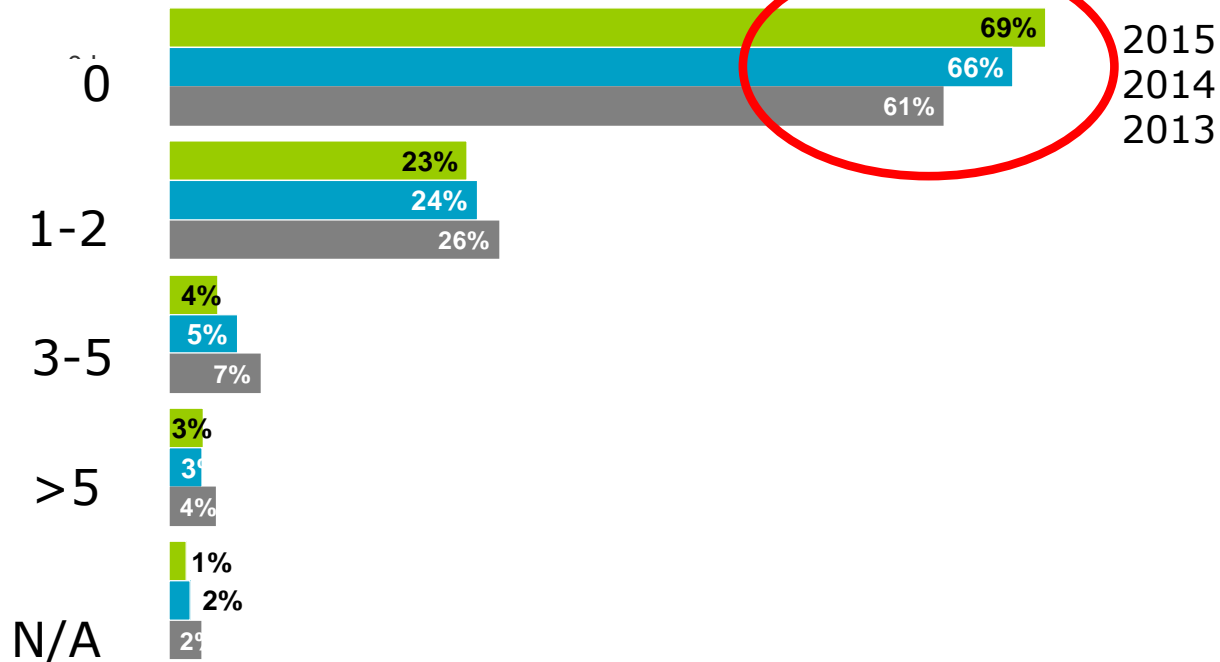
How often did you have an overdraft on your current account in the last twelve months?





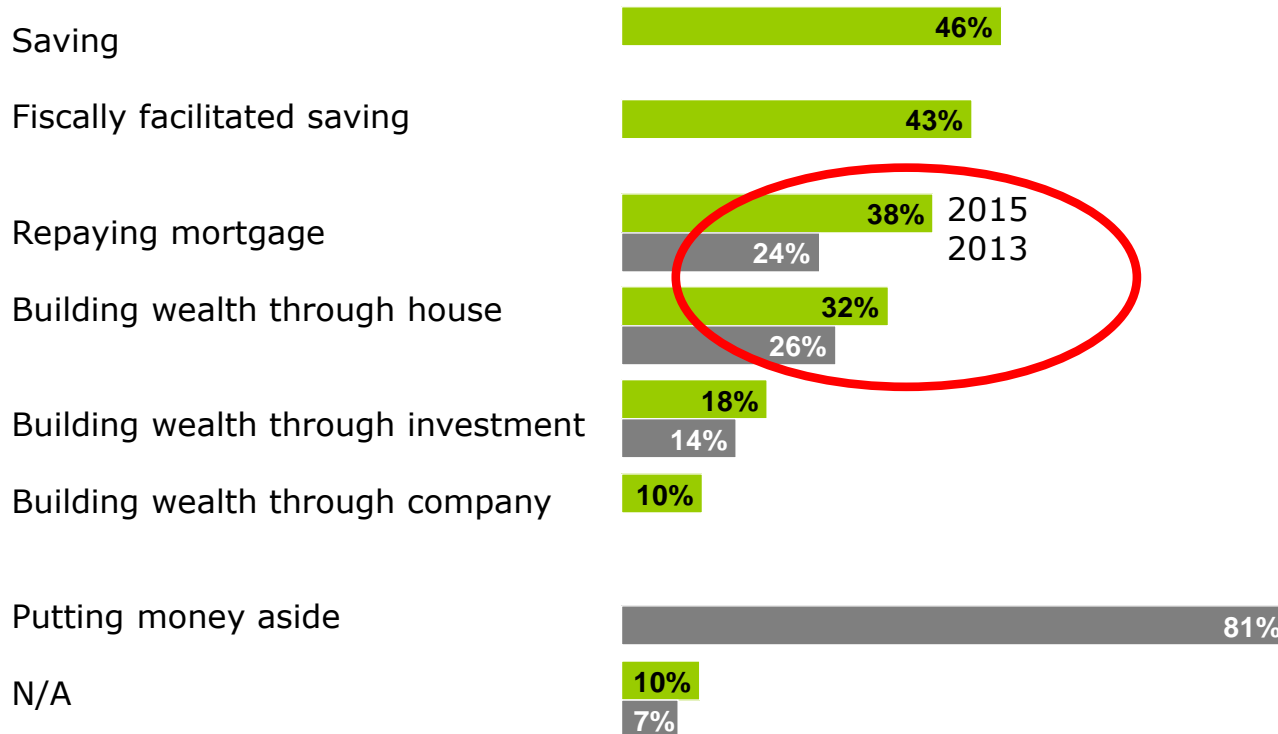
# Financial Behavior Monitor 2015 (2)

How often did your get a payment reminder because you adn't paid a bill in time, in the last twelve months?

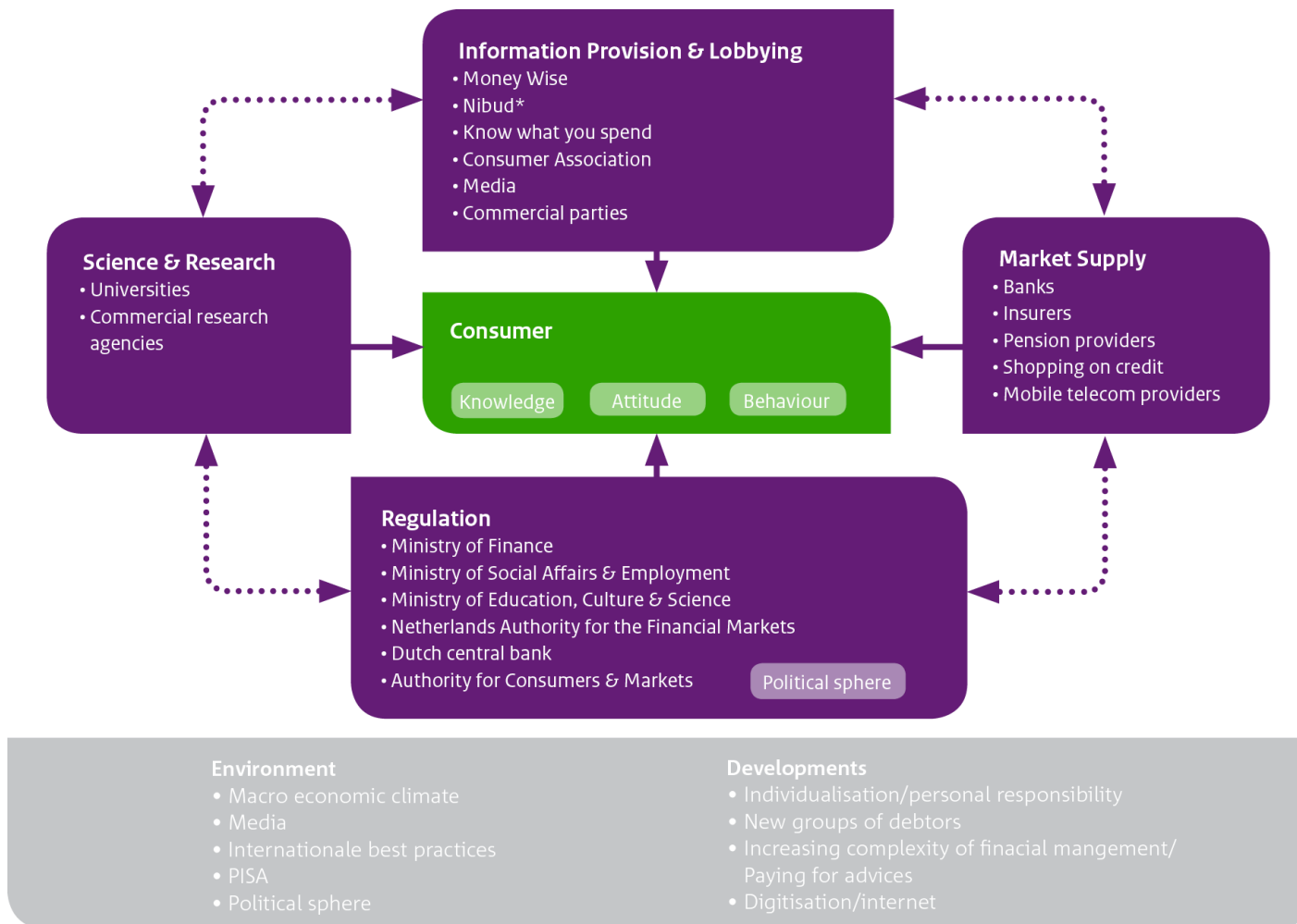


# Financial Behavior Monitor 2015 (3)

What measures did you take to financially prepare for your retirement?



# Financial Education



# National Strategy for Financial Education



 Money Wise

# International Network for Financial Education

## A

Albania | Angola | Argentina | Armenia | Australia | Austria | Azerbaijan |

## B

Bangladesh | The Republic of Belarus | Belgium | Bhutan | Bosnia and Herzegovina | Brazil | Bulgaria |

## C

Cambodia | Cameroon | Canada | Cape Verde | Chile | People's Republic of China | Colombia | Côte d'Ivoire | Croatia | Czech Republic |

## D

Denmark | Dominican Republic |

## E

Ecuador | Egypt | Estonia | Et

## F

Fiji | Finland | Former Yugoslav Republic of Macedonia (FYROM) | France |

## G

Germany | Ghana | Greece | Guatemala |

## H

Haiti | Hong Kong (China) | Hungary |

## I

Iceland | India | Indonesia | Ireland | Israel | Italy |

## J

Jamaica | Japan |

## K

Kazakhstan | Kenya | Korea |

## L

Latvia | Lebanon | Lesotho | Libya | Lithuania | Luxembourg |

## M

Macau (China) | Malawi | Malaysia | Malta | Mauritania | Mexico |

The Federated States of Micronesia | Morocco |

## N

Namibia | Nepal | Netherlands | New Zealand | Nicaragua | Nigeria | Norway |

## P

Pakistan | Palestinian Authority | Papua New Guinea | Paraguay | Peru | Philippines | Poland | Portugal |

## Q

Qatar |

240 public institutions  
from  
112 economies

Russian Federation |

Rwanda | Senegal | Serbia | Singapore | Slovak Republic | South Africa | Spain | Sri Lanka | Sweden | Switzerland |

## T

Chinese Taipei | Tanzania | Thailand | Trinidad and Tobago | Turkey |

## U

Uganda | Ukraine | United Arab Emirates (Abu Dhabi) | United Kingdom | United States | Uruguay |

## V

Vanuatu | Venezuela | British Virgin Islands (UK) |

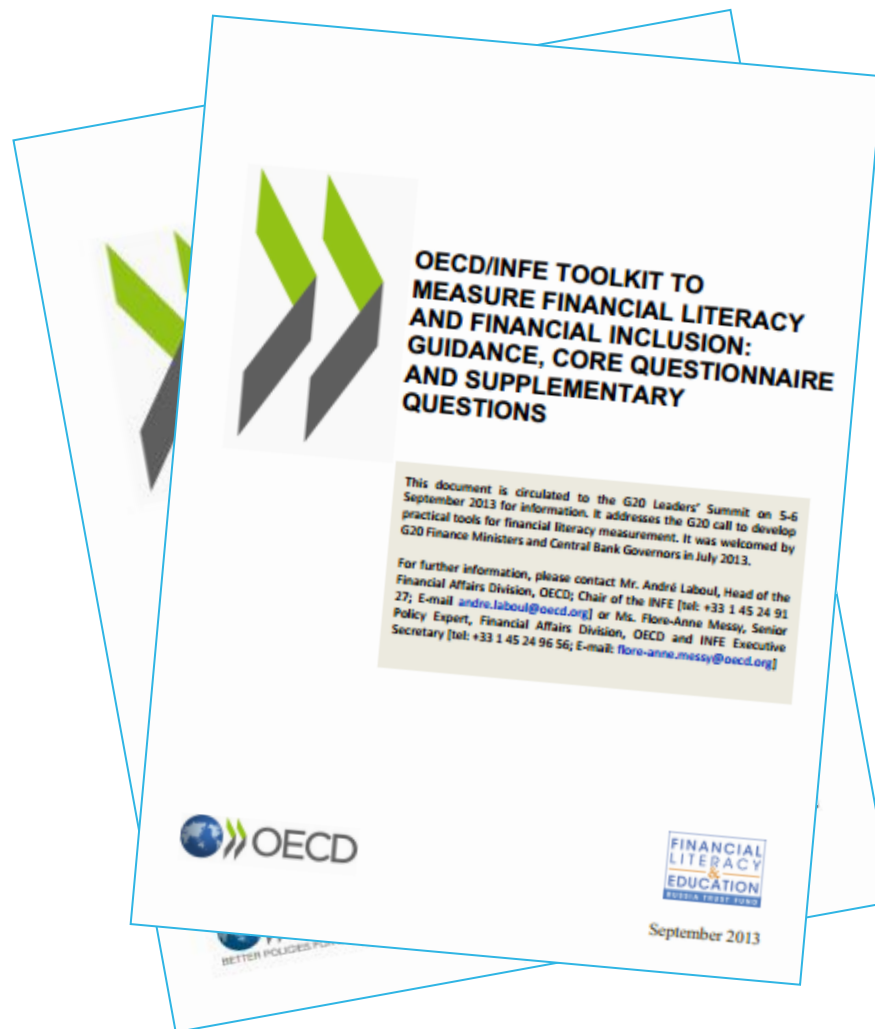
## Z

Zambia | Zimbabwe



BETTER POLICIES FOR BETTER LIVES

# OECD/INFE Tools



# National Money Week

> 100 organizations



National Money Week  
9 – 13 March, 2015

**Weet jij veel over geld?**  
In haast twee uur heb je al weer over geld. Je leert meer over geld.

**1** Veilig bewaren! Kleur de veiligste plek om je geld te bewaren groen.

<input type="checkbox"/> In een safe	of	<input type="checkbox"/> In een spaarpot
<input type="checkbox"/> In een kluis	of	<input type="checkbox"/> In je broekzak
<input type="checkbox"/> In een spaarpot	of	<input type="checkbox"/> Bij de bank
<input type="checkbox"/> Op een spaarrekening	of	<input type="checkbox"/> In je portemonnee

**Geld heeft waarde**

**2** Welke woorden passen het best bij elkaar? Verbind.

opdoen	→	spaarpot	→	contant betalen
winkelgeld	→	kluis	→	pinpas
pin	→	bank	→	rekening

**4** Vraag je slim  
Je spaarpot is vol. Wat doe je?  
Bedenk een vraag die je stelt als je spaarpot vol is.  
Aan wie stel je de vraag?

**Week van het geld krant**

**ALLESN voor kids!**

**Wijzer in geldzaken**

**Vijf vragen aan Prinses Máxima, erevoorzitter van Wijzer in geldzaken**

**De Week van het geld op TV**

**Geld, cash, doekeos, pingpong!**

**Wat is er allemaal te doen?**

**Wet je dat...?**



# Pension3days

> 250  
organizations



Wijzer in geldzaken

3-5 November 2015

The screenshot shows a web application interface with a blue header bar containing the text "Dia's" and "Overzicht". The main content area is divided into three numbered slides:

- Slide 1:** Features a green background with the text "Heb jij het goed voor elkaar?" and several images of people holding signs that say "PENSIOEN".
- Slide 2:** Has a white background with the same title "Heb jij het goed voor elkaar?". It lists four bullet points: "Life-events", "Jouw pensioenregeling", "Samen betalen", and "Pensioen3daagse". It includes a small image of a person holding a "PENSIOEN" sign.
- Slide 3:** Titled "Wist je dat?", it contains three small informational graphics with icons and text. The first graphic shows a green bag of money and text about "Maakt u's van de...". The second shows two people and text about "Voor kaart van...". The third shows a person and the numbers "66" and "67" with text about "Van de...".



# Learnings

- Coordination and leadership are key
- Pooling strengths can work
- Agree on a joint mission and priorities through a national strategy
- Use insights from behavioral economics
- Start at a young age



# Why do we need an index for Financial Inclusion?

- You receive a question from the governor:  
“What is the level of financial inclusion in our country?”
- Most likely (s)he will want an advice if financial inclusion is good or bad and what can/should be improved
- Can answer the question in different ways:
  - Financial inclusion at this point in time
  - Compare changes through time
  - Compare with other countries
- Before answering the question we need numbers that measure financial inclusion
- There is no single measure that captures financial inclusion



# Measuring financial inclusion

Potentially long list of important factors

- Availability/supply of financial services
  - Access to financial services
  - Demand for financial services
  - Effective use of financial services
  - Quality of financial services
  - Financial literacy
  - SME financing
  - Quality of infrastructure
  - ...and probably some other aspects I did not mention
- 
- Not all factors are equally relevant



# Concluding remarks



The success of financial inclusion depends on:

- Effective strategy: promote financial education, financial resilience and sound financial behavior
- User-friendliness, added value of new payment products, security, reachability & accessibility and efficiency compared to the existing products
- Efficient and robust market infrastructures
- Well organised governance model: role for governments and private organisations e.g. Financial Inclusion Committees
- Standardisation, cost reduction and innovation



# Discussion points



- What are successful payment solutions that increase the possibilities of financial inclusion in your country?
- What should be the role of the government and financial authorities to stimulate innovations and financial inclusion?
- What should be the role of private sector organisations to support the role of governmental organisations?
- What could be the role of financial education in your country and how could this be organised?

