



Banking for All

Closing the Financial Inclusion Gap

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FROM THE EDITOR

The patterns and behaviours that the poor households exhibit around financial management, shed light on the complex financial lives they lead in order to survive on variable low incomes. While research and policy debates have focused on access to credit, poor and marginalised groups require access to a full range of financial services to effectively manage their economic lives. Financial inclusion in Bangladesh must hence be studied as a spectrum of services, in order to encapsulate the different dimensions of the populations they aim to service.

Innovations and policy interventions aim primarily at reducing barriers to access existing financial institutions and bringing banking options geographically closer to people, but far more needs to be done. We must develop enabling systems that help reach the unbanked and under-banked such as tele-density (cell phones and landlines) and broadband networks.

For example, the partnership among banks with agent banking operations and with MFS will not only benefit the customers, but will also benefit the banks and providers. Both banks and providers can extend their offerings to customers at a lower cost. It also gives both of them access to each other's customer base. Thus, collaboration ensures a win-win for all.

contents

Banking with the Underbanked: Using Brand Storytelling to Drive Financial Inclusion	4
Climate Resilience through Financial Services	7
Banking for All Closing the Financial Inclusion Gap	9
Financial Inclusion Journey –Achievements and Challenges	12
My Money, My Dream: A Women’s Fight for Financial Inclusion	14
Progress in Global Financial Inclusion	19
Prosperity - Training Professionals on Financial Inclusion and Sustainable Development	20
Unlocking Financial Inclusion Using Grocery Shopping Data	21

Banking with the Underbanked: Using Brand Storytelling to Drive Financial Inclusion



In today's financial landscape, the underbanked—a group of individuals who have limited access to traditional banking services—represent a significant opportunity for institutions that invest in the resources to reach them. Globally, over 1.4 billion people remain unbanked, and in many countries, millions still face barriers to full financial participation.

For the financial services industry, reaching this underserved audience is not just about expanding market share; it is about driving financial inclusion and offering solutions that foster trust and empowerment. This is where brand storytelling plays a pivotal role, allowing

banks to connect with the underbanked through authentic narratives that reflect their needs and aspirations.

Understanding the Underbanked Market

The underbanked often include individuals who may have a bank account but still rely on alternative financial services such as payday loans, check-cashing services, or money orders. These individuals tend to avoid traditional banking due to factors like high fees, lack of trust, or limited access to physical bank branches. Many face economic disadvantages and may also belong to a myriad of groups, including

single parents, minority groups, women, and the poor and disadvantaged. Financial institutions looking to engage with this demographic must adopt a customer-first mindset, focusing on solutions that address these barriers while empowering the underbanked to achieve financial stability.

Brand Storytelling as a Tool for Connection

Brand storytelling is an effective way to humanise financial services and present the value of banking in a way that resonates with the underbanked. It goes beyond selling products and services, aiming to create a narrative that reflects the challenges and aspirations of the target audience. Stories help brands illustrate how their offerings can positively impact customers' lives, particularly those with limited access to financial resources.

Building Trust through Relatable Narratives

One of the primary reasons many individuals are underbanked is a lack of trust in traditional financial institutions. Banks have historically been viewed as inaccessible, especially for marginalised groups. By telling stories that showcase real-life examples of individuals overcoming financial obstacles, brands can break down these barriers.

Consider a campaign that highlights customers who have successfully transitioned from relying on payday loans to using banking services for long-term savings and investment. By telling these stories, brands can highlight the transformative power of their services, demonstrating that they understand the struggles of the underbanked and are committed to offering viable, supportive solutions.

Showcasing Financial Empowerment Storytelling

This allows financial institutions to frame their products and services as tools for empowerment. For the underbanked, access to credit, savings accounts, and financial education can be life-changing. Through storytelling, banks can present these tools as pathways to financial independence, encouraging individuals to take control of their financial futures.

Banks can create stories around specific products, such as low-fee checking accounts or

mobile banking solutions, that are designed with the underbanked in mind. These stories can emphasise how the brand is helping people build credit, save money, and achieve milestones like owning a home or starting a business.

Leveraging Video in Brand Storytelling

While written content and social media campaigns play a key role in brand storytelling, video is a particularly powerful medium for reaching the underbanked. Given the prevalence of mobile devices, video content is easily accessible to a wide audience and can communicate complex ideas in an engaging and relatable way.

Humanising the Financial Experience

Videos that feature real people sharing their financial journeys can make banking feel more personal and accessible. Financial brands can create short, impactful videos that highlight individuals from underbanked communities who have benefited from financial services. These customer stories can break down financial jargon, making banking services feel more relatable to those who may not be familiar with traditional banking terms or products.

For example, a video series featuring interviews with underbanked individuals who successfully navigated challenges like improving their credit score or saving for their family's future could inspire others in similar situations to take action.

Explaining Financial Products and Services

Financial products can often seem intimidating or confusing, especially to those who have had limited exposure to them. Explainer videos that break down how services like mobile banking, microloans, or low-fee savings accounts work can go a long way in educating the underbanked.

A bank could produce a video series that walks viewers through the steps of opening an account, applying for credit, or using online budgeting tools. By simplifying the process, brands can demystify banking and encourage more individuals to engage with financial services.

Highlighting Community Involvement

Many banks are actively involved in community outreach and financial education programmes aimed at underserved populations. Video content

that showcases a brand's involvement in community development can enhance its reputation as a socially responsible institution.

Banks can produce documentaries or short clips featuring their partnerships with local nonprofits, NGO-MFIs, workshops they have conducted on financial literacy, or scholarships they have provided to underserved communities. These videos can serve as a call to action for other members of the underbanked community, showing them that the bank is committed to making a tangible difference in their lives.

Overcoming Challenges in Storytelling

While storytelling offers numerous advantages for reaching the underbanked, there are challenges as well. One potential pitfall is appearing disingenuous or exploitative. Banks must ensure that their stories are authentic and that they truly represent the needs of the underbanked.

To avoid these challenges, brands should collaborate with community organisations and leaders to co-create stories that are reflective of the real needs and experiences of the underbanked. Additionally, it is important for banks to deliver on the promises they make in their storytelling campaigns, ensuring that the products and services they promote truly meet the needs of this demographic.

Getting Over Underbanking

As financial institutions seek to engage with the underbanked at present and beyond, brand storytelling will be a vital tool for building trust, empowering individuals, and driving financial inclusion. By using authentic narratives and leveraging the power of video, banks can connect with this underserved population in meaningful ways. Through stories that highlight real-life transformations and practical solutions, brands can inspire the underbanked to take the first step towards financial stability.

Climate Resilience through Financial Services



Prior to the disaster struck by the Cyclone Aila in 2009, Shefali and her family cultivated a small piece of land in Khulna District in the southwest delta of Bangladesh. They used to grow rice, mangoes, and lemons and earn some income for the family. The storm significantly impacted agricultural land and communities in the region, and Shefali and her family were no exception. The coastal embankments were washed away and areas around Shefali's home were flooded, submerging the land and washing away her home. Her livelihood was also destroyed – for her smallholder farmer family, their primary asset (land) had been decimated. Compounding these losses, both Khulna's proximity to the coast and ongoing extreme heat caused a significant spike in salinity, which devastated traditional rice varieties, a staple of the community's diet.

When an extreme climate event such as Cyclone Aila occurs and households are not well prepared, women like Shefali may resort to coping strategies that have greater negative effects on their immediate and future well-being than those experienced by men. Interactions between gender, climate change, and financial

inclusion create many disproportionately negative impacts on women and girls. In such situations, the role that financial services can play in improving women's resilience and coping mechanisms can be critical. Coping and adapting beyond a major climatic event are important in such situations.

The effect of Cyclone Aila on Shefali's community was clear: one in five families migrated to other areas in Bangladesh and never returned. While migration may be a resilience strategy, for Bangladeshi women, it is often a last resort as it means leaving extended family members, animals, and crops behind. At the same time, staying often means living in damaged homes without clean drinking water or sanitation facilities. For Shefali and her community, there were no good options, only trade-offs.

The government, alongside the NGO-MFIs, offered support in the cyclone's wake – providing temporary shelters, rebuilding homes, sending cash transfers, and offering food baskets; however, the losses Shefali's family faced far exceeded the support provided. Rebuilding from a natural disaster like Cyclone Aila takes years

and money: for Bangladeshi women, this may mean being forced to sell their wedding jewelry, an asset that can act as an independent safeguard for women. Moreover, domestic costs may need to be cut, which primarily means food – typically the top expense for these households. In such cases, women often reduce their food intake so that other family members can eat. Shefali's community has also seen an increased number of health complications due to climate disasters and the increased level of salinity in water, resulting in rashes, urinary tract infections, and infertility.

It took several years for Shefali and her family's crop production to reach pre-Cyclone Aila levels. However, the increased frequency and severity of cyclones, storms, heat, and flooding seen in Bangladesh today leave households in a continuous and vicious recovery cycle, with many women facing more negative impacts than men. Climate change intersects with existing social norms and economic inequalities, such as land ownership rights and patriarchal power structures, that increase the exposure and vulnerability of women and girls to the effects of a changing climate.

Gender inequality exists in various contexts and climate change is no exception. Shefali and women in Bangladesh are not alone in experiencing the negative impacts of climate change. Globally, women – especially in low-income countries – are often more exposed and more vulnerable to the impacts of climate change than men. Evidence shows that gender-based barriers to climate adaptation limit women's resilience and adaptive capabilities. The differential impact women face has knock-on effects on health and livelihoods. In Bangladesh, while many men have adapted to new livelihoods (e.g. migrating for work or working as agri-labourers in nearby farms), for women, diversifying crops is often the only accessible livelihood adaptation path. Even for women who are able to work as agri-labourers, their daily earnings are around half those earned by men.

Overall, women face higher exposure, greater vulnerability, and fewer tools and strategies to cope with the climate-related risks faced. Financial services are a valuable tool, yet women have less access to them. Financial services help

people manage climate risk and build resilience. Borrowing money is often key to self-employment and women's livelihoods. Shefali noted the vital role that credit played in rebuilding her family's livelihoods. However, she was only eligible for limited financing, as ownership of the household land is under her husband's name. In most cases, for women to obtain loans, the bank requires a personal guarantee and, in many cases, the men in the household end up using the loan despite it being under the woman's name.

The key is to make sufficient progress and innovation around making financial services more responsive to the climate needs of people living in poverty, let alone to the specific needs of women. At present, a product scan can identify only a few climate-responsive financial products other than agricultural index insurance, and almost none developed explicitly with women in view. In the context of Bangladesh, insurance is essentially non-existent in rural areas. Immediate and sufficient funding remains limited, often resulting in households taking costly and exploitative credit from informal money lenders or selling important assets (such as women's jewelry). Insufficient financing impacts women more due to existing barriers, such as limited land ownership.

Low levels of literacy, which impact digital financial literacy, cannot be overstated in women's adoption and usage of financial services for climate resilience strategies. For example, a cash-in cash-out agent in Khulna notes that he personally carries out almost all transactions for clients, particularly for women, and that women agents are absent in the area.

To better understand how financial inclusion can play a role in bolstering women's climate resilience and adaptation, it is necessary to explore the nexus of climate change, financial inclusion, and gender. This will help to identify clear and important action agendas for development practitioners working on gender, financial inclusion, and climate change. Addressing gender inequities around climate change is a long journey, but is a critical one in Bangladesh to develop solutions that help women like Shefali build their resilience.



Banking for All

Closing the Financial Inclusion Gap

Financial inclusion that ensures access to savings, credit transactions, insurance and other financial services often means vulnerable people can manage risks, invest in education, healthcare and sustainable livelihoods, and secure their bright future.

Financial inclusion contributes to at least seven of the 17 United Nations' Sustainable Development Goals (SDGs), including those addressing poverty, hunger, health and gender equality. Access to finance empowers underserved people to actively participate in the economy and helps individuals and micro and small entrepreneurs' transition from informal economies to become more financially secure, promoting long-term growth.

Around one-quarter of the world's population does not have access to a bank or mobile phone account. This means they are trapped in cash-based systems, unfair financing or predatory lending, unable to effectively save, invest or increase their assets. Closing this gap is not just about enhancing personal financial stability; it is about fostering equitable and sustainable development on a global scale.

Global dimensions of financial inclusion

Financial inclusion often revolves around integrating marginalised communities into the formal financial system, addressing the exclusion faced by minorities and low-income individuals. In the Global South, however, it takes a more transformative role, particularly for those at the base of the pyramid and for micro, small and medium enterprises (MSMEs).

Financial inclusion drives economic progress and poverty alleviation in today's interconnected and rapidly evolving world. It makes sure that individuals and entrepreneurs, regardless of their

social or economic standing, can access essential financial services like banking, credit and insurance. This often means vulnerable people can manage risks, invest in education and healthcare, and secure their financial future.

Migration provides a useful example. Like two sides of the same coin, migration trends have driven the need for financial innovation to meet the diverse needs of migrants and their families. Immigrants require access to credit cards, loans and mortgages. At the same time, their families in the Global South look for efficient ways to manage remittances. These dual needs underscore the importance of developing tailored financial solutions that help people build prosperity.

Immigrants to the US provide an example of how these competing needs play out in practice, and how they can be addressed. Without a US Social Security number or credit history, many individuals face challenges to access loans and credit cards, which hinders their ability to build credit history. A solution may be arrived at by accepting Individual Taxpayer Identification Numbers (ITINs) for customers without Social Security numbers. This initiative has now expanded due to its success, offering immigrants access to essential financial services like car loans, helping them avoid predatory lending.

Homeownership is one of the most effective ways to create generational wealth and avoid exclusion. But many immigrant communities often struggle to secure a mortgage to buy a home, without a credit

history. In response, banks have developed a mortgage programme that allows immigrants without a Social Security Number (SSN) to arrange a home mortgage, and works with borrowers to guide them through the process.

In Latin America, there has been an increase in clients who depend on remittances. Banks have created Crédito Remesas (Remittances Loan), a loan that provides options for individuals to use their remittances in a way that creates higher returns.

Reaching out where the needs are

Banks can exemplify value-based banks' proactive approach to reaching their clients, particularly in microfinance institutions (MFIs), with the aim to break generational cycles of poverty. In this respect, banks can take a hands-on approach. It can directly engage with underserved communities in the field to better understand their needs. These banks may need to maintain an extensive network of agents who travel to remote rural areas, offering personalised financial solutions that help improve the quality of life for people with unique needs. This on-the-ground outreach can be complemented by the use of social networks and digital media. Bank employees can travel from village to village helping enterprising people start a business. The banks can focus on microfinance and provide micro, rural, agro and MSME loans and other financial services. By lending to small-scale businesses and individuals, banks can create new jobs and enable people to progress both as individuals and as entire communities.

Banks can partner with NGO-MFIs and other organisations who are close to the real needs of local communities and can make the connection between the banks and the beneficiaries. In other cases, the banks can finance NGO-MFIs and social businesses that provide these services directly.

Long-term relationships of trust

The experience shows that there are three key ingredients to successful financial inclusion.

First, build long-term relationships and trust between financial institutions and their clients. By understanding customers' needs, banks can tailor products and services that facilitate their financial wellness.

Second, provide financial education and entrepreneurial counseling. Particularly in banks working with microfinance, counseling clients has

profound, long-term benefits.

Third, guarantee accessibility to banking services, including digital services and making sure you are present in remote areas.

The approach focuses first on the client and their needs, and only then on offering products or services. When trust and strong relationships are established, a customer who initially takes out a small loan may later feel confident to ask for more products and services, deepening their engagement with the institution.

Banks can promote financial inclusion by offering a range of accessible services, including payment cards, loans, deposits and digital products like the mobile app. The banks can cater to diverse customer needs, providing both traditional and digital banking services for all age groups. The apps can allow users to access over banking services remotely, including ordering credit cards. To simplify payments, the banks may implement QR code payments across retail outlets, enabling customers to make purchases or transfers with ease. The banks may operate through a large and smart agent network, especially covering remote parts of the country. It could offer services like cash withdrawals, loan repayments, and QR code payments in everyday locations such as stores and other convenient outlets.

The banks may create Community Support Department which can play a crucial role in promoting financial and digital literacy, while also offering specialised training in agribusiness and other potential activities. Given that agriculture is vital to Bangladesh's economy, with more than 40 per cent of the workforce engaged in this sector, the banks need to support farmers by providing agribusiness loans, training and connections with local suppliers and support efforts to improve nutrition and agricultural skills.

Bridging financial gaps

Value-based banks often emerge to fill existing financial gaps in underserved communities, providing financial inclusion where traditional institutions have fallen short. Some banks may specialise to address the financial exclusion experienced by specific groups and communities such as ethnic minorities and other underprivileged and left behind communities. These can provide support to their businesses, women, youth, and seniors with low-interest loans and business development services, contributing to sustainable community growth.

Some value-based banks may specifically support existing NGOs or cooperatives. These can extend financial services to individuals and small businesses previously excluded from the formal banking sector, providing a pathway out of poverty.

One key aspect in this respect is empowerment through entrepreneurship and education. Financial education and counseling are essential components of financial inclusion. These services provide crucial support for micro-entrepreneurs and offer educational courses and events tailored to low-income savers. By empowering individuals with knowledge and resources, financial institutions can help them make informed decisions and build a more secure financial future.

These efforts can create new waves through their focus on financial education, particularly for women and rural communities. A key element of the strategy would be to offer financial literacy programmes that empower clients to manage their resources more effectively, start small businesses and improve their overall economic well-being.

The trainings need to be designed to help clients better understand how to use credit, manage savings and make informed financial decisions. These efforts should align with broader development goals, such as reducing poverty and promoting gender equality, by giving marginalised populations the tools to lift themselves out of economic hardship.

Through strategic partnerships with social integration networks, producer associations, and local financial entities, banks can facilitate loans that empower rural producers and artisans, helping their communities thrive. Additionally, the banks can offer a website dedicated to financial education with videos, resources, and practical tips for managing personal and business finances, including advice on financial security and debt management.

For example, special programmes may be designed to empower individuals, families and communities with practical financial advice they can readily apply. Throughout the journey, the bank teams can collaborate closely with well-informed coaches who can provide personalised strategies and resources to facilitate meaningful change.

The banks also need to focus on innovative ways to access banking. Value-based banks always look for ways to connect with the communities they serve so that financial services are accessible to all. This can mean expanding services to remote,

underserved or low-income areas with new branches; or using vans where customers can conduct basic transactions and get training and information.

Technology plays a key role in financial inclusion, especially in remote areas, by making banking services more accessible.

However, for older or less educated individuals, digital tools can be challenging to use. To address this, many banks offer a mix of traditional and digital banking, along with financial literacy programmes. Value-based banks combine these approaches, ensuring that all customers can access and benefit from financial services.

Similarly, third-party banking system can be provided by trained agents, selected and appraised by the banks and approved by the Central Bank. With a large network of agents, especially retail shops and service companies, the banks can ensure that its services are accessible to a wide range of customers. The banks can also emerge as pioneers in offering basic banking services via WhatsApp.

Banks can develop an application to process and disburse credit to support microentrepreneurs throughout the country. These can use AI tools to obtain, analyse and process information from the banks' customers. In this way, these can significantly reduce the processing time of credit applications to the benefit of the customers.

Banks can create tailored lending solutions to serve and support those who have been historically excluded from traditional financial services. And they need to be keen to innovate where they can. Traditional credit scoring models leave many qualified borrowers out for different reasons, including unconscious biases and systemic flaws. To address this, AI-powered underwriting system can ensure more equitable and efficient credit decisions.

By using AI-driven insights, banks can improve loan performance tracking and significantly increase automated approvals for auto loans, personal and other loans and credit cards. This allows providing faster decisions and expanding access to credit for marginalised groups.

Whether through AI, mobile banking vans, WhatsApp banking, agent networks, or traditional branches in remote areas, the key for value-based banks is to innovate solutions to ensure everyone has access to financial services.

Financial Inclusion Journey:

Achievements & Challenges



Affordable financial products and services — such as savings, credit, transactions, payments and insurance — help the people to manage risks, build assets and invest in enterprises and businesses. Financial inclusion means that individuals and businesses have access to and use of affordable financial products and services that meet their needs and which are delivered in a responsible and sustainable way. Financial inclusion has been identified as an important catalyst for achieving seven of the 17 Sustainable Development Goals (SDGs). It fosters economic growth and employment, promotes economic empowerment of women, and contributes to eliminating poverty.

Financial inclusion supports entrepreneurship and business growth: Access to credit and capital, secure savings, and efficient payment services enable small businesses to expand, create jobs, and drive rapid and inclusive growth and development. Access to insurance services enhances resilience by offering protection against unforeseen risks and financial shocks providing individuals with peace of mind and allowing entrepreneurs to undertake ventures with greater confidence. By bringing more people and enterprises into the formal economy, financial inclusion strengthens economic activity, boosts productivity, and lays the foundation for inclusive and sustainable economic growth and development.

Financial inclusion empowers women and girls: By reducing barriers to economic participation, financial services equip women with tools and resources to start and grow businesses, manage

household finances, and invest in their futures. This strengthens their voice in decisions affecting them and narrows gender gaps in financial access, promoting broader social and economic equality.

Financial inclusion helps build resilience for people and businesses vulnerable to climate change and natural disasters: Over 80 per cent of the world's 1.4 billion adults without financial accounts reside in places at risk from climate change, intensifying their susceptibility to economic and environmental shocks. Financial services enable individuals and businesses to invest in climate-resilient infrastructure, adopt sustainable agricultural practices, and implement energy-efficient technologies, thereby contributing to climate adaptation and mitigation. Moreover, availability of insurance and savings products speed recovery from environmental shocks.

Key Challenges Ahead

Transaction accounts enable people to securely store funds and efficiently conduct transactions and are typically the first step to use of other financial services. The expansion of digital financial services has helped decrease the number of adults without access to an account from 2.5 billion in 2011 to 1.4 billion in 2021, with 76 per cent of the global adult population owning an account by 2021. Despite these advancements, challenges still persist. The disparity in account ownership between low- and high-income countries underscores the need for

continued efforts to bridge the financial inclusion gap and ensure equitable access to financial services worldwide.

Between 2017 and 2021, the gender gap in account ownership in developing countries narrowed from 9 to 6 percentage points. Despite these advancements, the persistent disparity continues to impede women's ability to fully manage their financial lives. Early indications suggest that mobile money accounts are playing a major role in bridging this gap across various nations. The adoption of mobile money has contributed to the general increase of access and has been successful in closing the gender gap in financial inclusion. The challenge is to adopt a focused Gender Strategy, setting ambitious goals to boost economic opportunities for women, including women economic empowerment and support women-owned enterprises and businesses.

At the same time, for countries where, say, 80 per cent or more of the population holds accounts, the next frontier is transitioning from access to active usage of a broader range of financial services. Between 2011 and 2021, savings increased globally, yet the gap between advanced economies and the developing ones widened, with savings rates at 58 per cent and 25 per cent, respectively. Similarly, while borrowing also saw improvement, the divide remains pronounced, with rates of 56 per cent in advanced economies compared with 23 per cent in the developing ones.

Small businesses also face a substantial and growing financing gap, estimated at \$5.7 trillion, equivalent to 19 per cent of GDP, or 1.5 times the current supply of funding. This shortfall affects 40 per cent of formal micro, small and medium enterprises (MSMEs) in these regions, leaving their financing needs unmet. When informal enterprises are considered, the gap widens further. The MSMEs are vital to economic growth, making up more than 50 per cent of employment in these regions. However, limited access to finance restricts their ability to expand operations, invest in new technologies, and enhance productivity. Closing the persistent finance gap will help boost productivity, drive long-term growth, and create more and better jobs in developing countries such as Bangladesh.

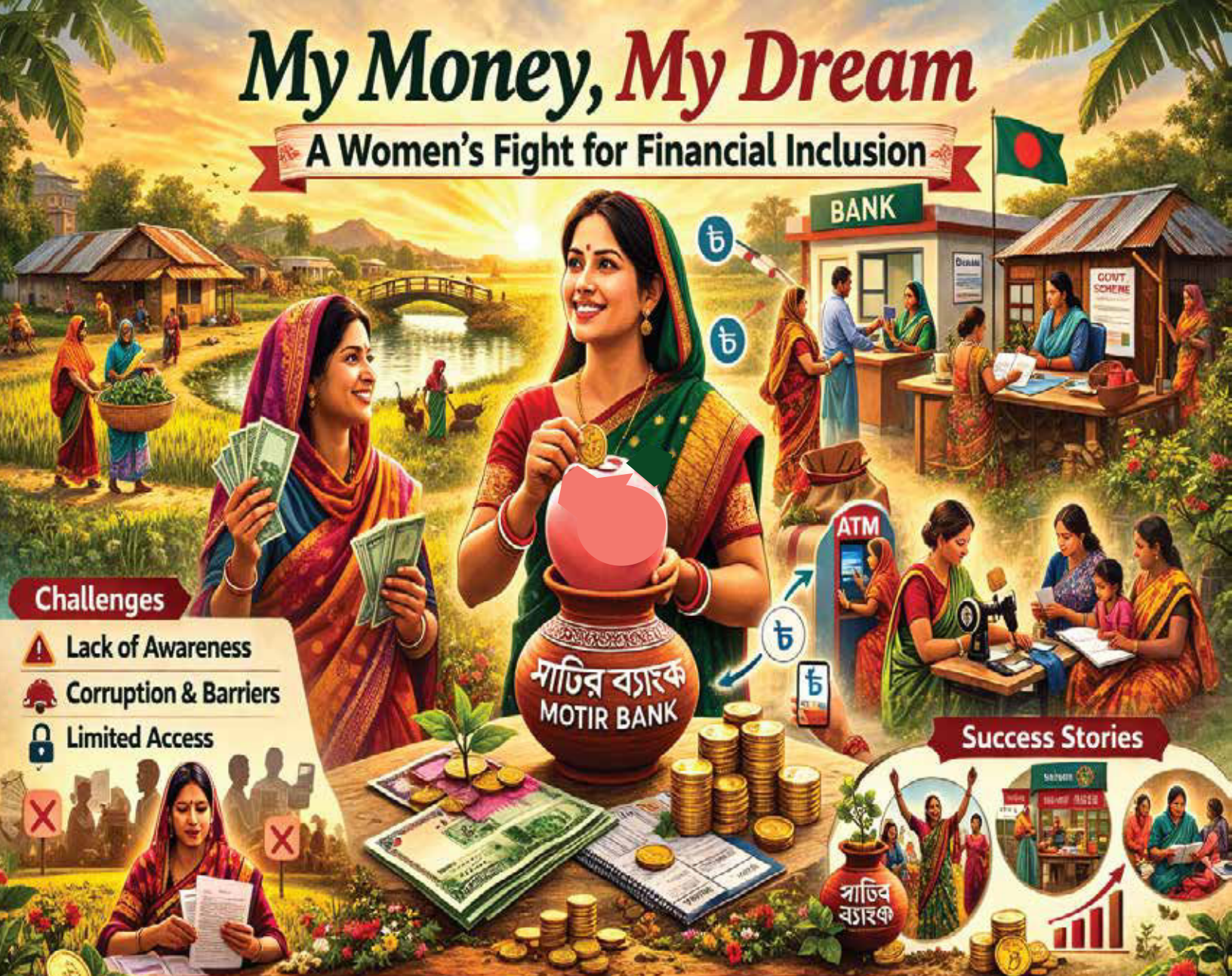
Since 2010, many of the developing countries have either launched or adopted National Financial Inclusion Strategies, uniting diverse stakeholders to coordinate efforts, including financial regulators and institutions, relevant ministries, and private stakeholders. Countries achieving significant progress have implemented innovative policies to provide citizens with universal digital identification, facilitating the opening of digital accounts. Leveraging government payments has also been instrumental; for instance, adults in low-income countries who receive government payments can open their first financial account for this purpose.

In fostering uptake and market development of financial products and services, policymakers must address the range of risks financial consumers may face, and to be responsive to new and changed consumer issues from innovative products and providers. Effective financial consumer protection regulation and market conduct supervision assists in ensuring that uptake and usage of financial products and services is beneficial to consumers. International good practices and trends clearly show the importance for a country to have a regulatory framework and supervision addressing financial consumer and market conduct issues.

The World Bank actively collaborates with the G20 to advance financial inclusion worldwide and advocates for implementation of the G20 High-Level Principles for Digital Financial Inclusion. Additionally, the G20 has endorsed the G20/OECD High-Level Principles on SME Financing, which support efforts to enhance access to a diverse range of financing instruments for small and medium enterprises, including micro-enterprises and entrepreneurs. Through this partnership, the World Bank and the G20 strive to ensure that all individuals and businesses have access to affordable and effective financial services, fostering inclusive economic growth and development.

My Money, My Dream

A Women's Fight for Financial Inclusion



Challenges

- ⚠️ Lack of Awareness
- 🚧 Corruption & Barriers
- 🔒 Limited Access

Success Stories

In a remote village of Rangpur, women's dreams of entrepreneurship are often stifled before it takes flight. Despite a staggering number of women yearning for a business loan, their aspirations are suffocated by fear and mistrust of the banking system. The heartbreaking stories of women, gathered by InM during a survey in some rural areas of Rangpur, bring out the hard reality of the ground.

The survey exposes a stark truth: a vast gap exists between women's financial ambitions and their access to resources. During the survey, InM research has witnessed firsthand the root causes and crippling effects of this disconnect in the rural areas of Rangpur, characterised by high levels of poverty and low social development parameters. Within this harsh landscape, women suffer a double blow. Plagued not only by the region's

deprivation, they also endure the scourge of domestic violence, abandonment by husbands, poor health, and illiteracy. Financial inclusion becomes a crucial tool for them to gain control over their lives.

The research unpacks the reasons behind the grim findings of the survey, informed by field observations and interactions with the participants and local stakeholders.

First, corruption and logistical barriers fuel financial exclusion. Only a small percentage of women possess a bank account – that is also a deceptive piece of information masking the reality of their financial exclusion. These accounts, opened under the obligation of accessing government welfare benefits, most often lie dormant. A miniscule of the women surveyed,



deposit their money in banks, and leverage the banks in times of need.

More than three-quarters of women remain unaware of even the nearest bank's location, their access further restricted by societal norms demanding male chaperones for such outings. This isolation leaves them vulnerable to predatory money lenders who charge exorbitant fees. Sometimes they also become victims of unofficial facilitators for basic transactions and services, such as opening bank accounts – charging for the convenience of offering services at their doorstep.

However, this too is not an easy option available always. Then there are a number of logistical problems. Some banks mandate in-person visits, a daunting task in the traditional social system and sometimes under extreme weather conditions. Transporting bank representatives to villages where women have gathered with their documents is not always feasible, given they often lack equipment like laptops or tablets. Power outages and server malfunctions add further delays, underscoring the obstacles faced by women seeking financial inclusion.

An essential component of achieving financial inclusion involves leveraging government welfare initiatives. In the locations, there exists several government schemes designed to provide financial assistance and support specifically for women. Many of these can be seamlessly integrated with bank accounts. However, many of women's bank accounts lack such linkages to

government schemes; but even in cases where these are linked, they do not become effective in ensuring financial inclusion primarily due to a lack of awareness and their associated benefits.

Additionally, there is a lack of clarity regarding eligibility criteria and required documents. Many women face challenges with paperwork, such as discrepancies in names, especially if their surnames have changed after marriage but have not been updated in official documents like in NID.

Even when the papers are complete, women fall prey for petty corruption because of the mediators. At most times since the women lack know-how, they get their accounts opened through Bank Agents/Correspondents. But they usually charge some amount for their services which is not officially authorised. They also resist any changes on the ground due to losses that they might suffer due to improving the operations.

The digital divide also plays a major role in keeping women out of the banking system. The digital divide exacerbates the existing barriers to financial inclusion, leaving women reliant on exploitative middlemen and bureaucratic hurdles.

While online and mobile banking have revolutionised financial access in many parts of the country, this is driven mostly by men. Rural women in Rangpur, like in most rural areas of Bangladesh, remain largely excluded from this progress. Most lack access to smartphones, the gateway to digital banking, while those few with

bank accounts lack even a basic ATM card. Very few considers using banks for investments, and they lack knowledge about different savings and investment methods such as fixed deposits or other available banking services.

Furthermore, the low literacy rates among women in the region compound the issue, making the prospect of mobile banking daunting and inaccessible without dedicated support and training.

Another factor that exacerbates women's aversion to formal financial institutions is the dismissive, unempathetic and unhelpful behaviour of the staff present in the banks. Many women share stories of being turned away by bank officials with flimsy excuses or facing arbitrary withdrawal limits. These experiences have sown seeds of doubt about their ability to access their own funds during emergencies, fueling anxieties about potential obstacles and delays. As a result, many women choose to keep their savings in cash, hidden away under their beds, tucked inside sugar jars, or in the nooks and crannies of their cupboards.

In one village, when a group of women accompanied the researcher to a bank, their instinctive act of sitting on the floor while men occupied the chairs spoke volumes. This stark visual of inequality exposed banks not as empowering institutions but as mere extensions of the oppressive conditions women endure within their homes. The message is clear: even in a supposedly neutral space, the patriarchal power dynamics that confine women remain firmly entrenched outside the four walls of their homes.

It is also observed that women in the villages tend to downplay their economic contributions and lack ownership over their hard-earned income. Most of the surveyed women report being unemployed, with the large majority identifying themselves as housewives. Despite shouldering the backbreaking burden of farming by many of them, often under scorching heat, while male members engage in construction or transport, women rarely claim a share of the family's income.

Reliant on their husbands even for personal expenses, these women typically receive a paltry Tk. 750-3000 per month. This meager amount,

euphemistically termed 'own expenses', is expected to cover not only their personal needs but also those of their children and the family.

Despite this financial constraint, women strive to save, with nearly a third managing to squirrel away a mere around Tk. 200 from their personal budget. This desperate longing for financial independence, for the dignity and comfort of 'my money', reinforces the urgent need for support systems.

For the future, the key is to ignite a spark of interest in banking among these women. The process will be to facilitate their opening of bank accounts, empower these women with the knowledge that they don't need to pay any money to anybody for the purpose, and most importantly, link these accounts to a multitude of financial services needed by them, which will not only directly benefit the women themselves but also extend crucial support to their daughters.

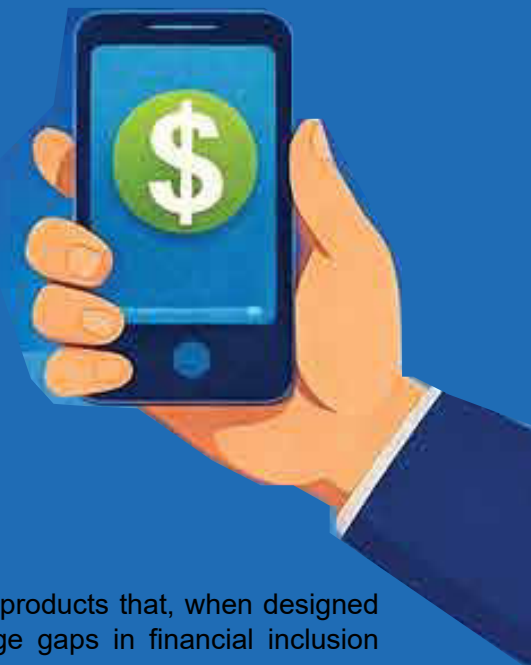
It is evident that for these women, a multifaceted approach is needed that covers:

☒ **Empowering with information:** Equipping women with knowledge about banking products and government schemes, and how linking these to their bank accounts can bring tangible benefits. This includes education on financial literacy, savings, and investment opportunities.

☒ **Challenging systemic barriers:** Tackling the bureaucratic hurdles and discriminatory practices that hinder women's access to financial services. This involves advocating for policy changes, raising awareness among bank officials, and building partnerships with local stakeholders.

☒ **Promoting success stories and bringing about mindset shifts:** Showcasing inspiring examples of women who have achieved financial independence through banking and entrepreneurship. These stories serve as powerful motivators, shifting mindsets and challenging traditional gender norms.

Progress in Global Financial Inclusion



The digitalisation of financial services has helped the society to make progress in many areas, especially in financial inclusion, by increasing access to and use of payments, savings and other products and services. The World Bank's Global Findex report, with data on the use of financial services up to 2021, tells us more.

The World Bank's Global Findex Database on access to financial services — from payments to savings and borrowing — is one of the world's most renowned financial inclusion surveys. Conducted every three years since 2011, it determines how many people have bank accounts. The Global Findex 2021, taken by 128,000 adults in 123 countries, contains updated indicators on access to and the use of formal and informal financial services and digital payments.

2011-2021

+50 per cent

adults with a bank account.

On the whole, the report's findings are encouraging. Between 2011 and 2021, the number of adults with a bank account at a financial institution or through a mobile money provider grew 50 per cent from 51 per cent to 76 per cent. In developing countries, bank account ownership jumped 30 percentage points from 42 per cent in 2011 to 71 per cent in 2021, largely due to digitalisation.

The Global Findex 2021 report covers the impact of mobile payments on financial inclusion; equity in Africa and other developing regions; and how Covid-19 has changed how we use financial services, especially in regard to digital payments. It also includes new data on financial resilience and

on the policies and products that, when designed well, can help bridge gaps in financial inclusion and banking.

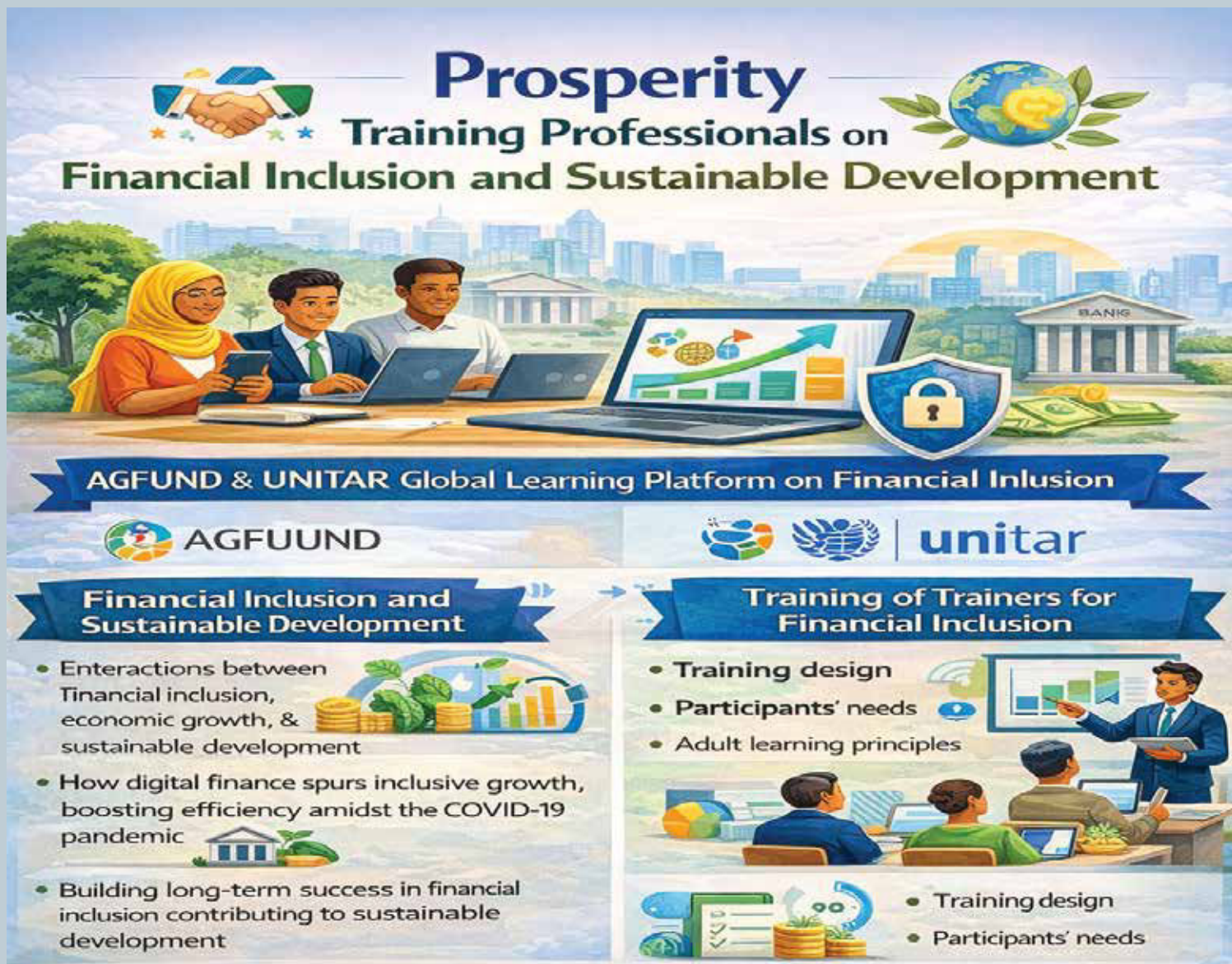
Financial inclusion is key to the progress of developing economies. It means more investment, business creation, and financial security, with lower transaction fees and greater access to savings and insurance products that help households tackle financial crises.

Global Findex 2021 delivers these key messages based on the survey:

- ☒ The gender gap in account ownership is narrowing down.
- ☒ Covid-19 caused a spike in digital payments.

The overarching challenge for the future is to integrate the 1.4 billion unbanked adults worldwide into the financial system. According to the World Bank, that means harnessing digital payments, as one-third of adults globally still receive state benefits in cash or through methods other than direct debit.

Financial inclusion initiatives are an opportunity to make the bank's services available to the most underserved groups. As the Global Findex 2021 report points out, households and businesses that can access financial services are better off in financial crises than people who can't.



Prosperity
Training Professionals on
Financial Inclusion and Sustainable Development

AGFUND & UNITAR Global Learning Platform on Financial Inclusion

AGFUND

Financial Inclusion and Sustainable Development

- Interactions between Financial inclusion, economic growth, & sustainable development
- How digital finance spurs inclusive growth, boosting efficiency amidst the COVID-19 pandemic
- Building long-term success in financial inclusion contributing to sustainable development

unitar

Training of Trainers for Financial Inclusion

- Training design
- Participants' needs
- Adult learning principles

• Training design

• Participants' needs

As part of the AGFUND and UNITAR Global Learning Platform on Financial Inclusion initiative, e-workshops can be organised to enhance the capacities of professionals in the areas of financial inclusion and sustainable development. One example, is the e-workshops on "Financial inclusion and sustainable development" and "Training of Trainers for financial inclusion". These e-workshops are targeted professionals working in microfinance or financial institutions.

The main objective of the e-workshop on "Financial inclusion and sustainable development" is to provide participants with a better understanding of the interactions between financial inclusion, economic growth and sustainable development, as well as how to build long-term success in financial inclusion to contribute to the fostering of long-term value creation. The e-workshop also emphasises how digital finance spurs inclusive growth by leading

to greater efficiency and new business models, highlighting the context of the COVID-19 pandemic.

The "Training of trainers for financial inclusion" e-workshop focuses on equipping participants with the necessary knowledge and skills to design and conduct training in the area of financial inclusion. The course content covers information on training and participants' needs, training design, learning styles and principles of adult learning, drafting and evaluating learning objectives, and communication and presentation skills.

Details of this AGFUND-UNITAR online courses on financial inclusion can be found on the website at the following link: <https://unitar.org/about/news-stories/stories/prosperity-enhancing-capacities-financial-inclusion-through-online-courses>

Unlocking Financial Inclusion Using Grocery Shopping Data



- ✕ **Grocery data offers a unique insight into an individual's financial status and behaviour.**
- ✕ **This data can then be used to determine the credit score of people with no credit history.**
- ✕ **Using AI and privacy-enhancing technology, banks and grocers can help improve financial inclusion.**

Access to affordable credit is fundamental to personal resilience and socioeconomic advancement. It helps fund housing, education, small businesses, and insurance to protect against financial shocks.

Globally, 1.4 billion adults have no access to formal financial services because they lack a credit history, which is only acquired once someone has been granted credit. This means millions of people are financially excluded.

This is not only a problem in emerging and developing markets, but also in developed markets like the US and the UK where millions remain underserved: approximately 45 million Americans are either credit invisible or have unscorable credit files, and around 5 million UK residents lack a mainstream credit history.

For financial institutions, this represents not just a moral imperative, but also a major opportunity to unlock a new and largely untapped market through innovative and ethical data use.

Grocery shopping data is emerging as one of the most powerful alternative data sources for understanding the financial behaviour of “credit invisibles”.

Why is grocery shopping data the key to financial inclusion?

Following four key characteristics highlight why grocery data is so insightful for credit scoring people with no credit history:

1. Universality

Everyone buys groceries. Grocery shopping is a universal necessity that cuts across socioeconomic, geographic, and demographic boundaries. This makes grocery data uniquely representative of the broader population, which is a rare attribute among alternative data sources.

2. Recency

Unlike many traditional data sources, grocery data is continually refreshed. Most consumers shop for groceries weekly, if not more often. This

regularity offers a real-time view into consumer behaviour, enabling financial institutions to assess an individual's current financial situation with striking accuracy.

3. Granularity

Grocery shopping data captures detailed behavioural signals. For example, consistent purchasing of staple goods at the same time each month can indicate budgeting discipline. Price sensitivity and use of discounts may suggest cautious financial management. A high-percentage of healthy food items and lack of junk food can be an indicator of financial responsibility.

4. Frequency

The high frequency of grocery shopping offers a dense timeline of behavioural data, allowing models to detect consistent financial habits, patterns, and anomalies. Unlike once-off data points like loan applications, grocery data builds a behavioural track record over time.

Research by scholars, using grocery data for credit decisions, finds that variables such as shopping frequency, consistency in spending, choice of products, and use of discount programmes correlate strongly with credit risk profiles. Importantly, it demonstrates that these behavioural patterns could significantly improve the predictive power of credit models, particularly for consumers without formal credit histories.

While this remains theoretical for many markets, many countries have started to put it into practice at scale.

For example, in South Africa, the theoretical promise of grocery data was realised through a groundbreaking collaboration between the continent's largest grocery retailer and its leading banks. The objective: to determine whether shopping behaviour could serve as a reliable proxy for creditworthiness.

Crucially, this partnership was designed with consumer privacy at its core. Rather than sharing or exchanging consumer data, the banks and retailer worked within a privacy-preserving data collaboration platform powered by Privacy-Enhancing Technologies (PETs).

These technologies enabled each party to contribute anonymised data and extract shared

insights without ever exposing personally identifiable information. This approach ensured full compliance with stringent data privacy regulations while unlocking valuable insights.

Using the platform's built-in AI and machine learning capabilities, anonymised datasets from both parties were securely overlapped and analysed to uncover behavioural patterns. By identifying shopping traits common among individuals with strong credit histories, the banks were able to build and train predictive models capable of scoring previously unscored individuals without ever revealing personal identities.

The results were transformative:

☒ Around 8 million previously credit-invisible individuals were scored, increasing the number of credit-visible individuals by more than 50 per cent (from a pool of 15 million who were previously unscored).

☒ A total of 3.2 million of those qualified for affordable credit, who would previously have been declined.

☒ Credit models using grocery data saw a Gini lift of 41 per cent, indicating a significantly improved ability to distinguish between low- and high-risk borrowers.

☒ One bank predicted a 29 per cent increase in credit revenue as a result of being able to serve this new market.

A blueprint for financial inclusion

What began as an experiment in South Africa is now a replicable blueprint for driving financial inclusion on a global scale. From Asia and Africa to America, and from the US to Europe, millions of people remain outside of the margins of the financial system.

Grocery shopping data is recent, frequent, universal, and rich in behavioural insights. Coupled with banking data within a privacy-preserving data collaboration environment, it is opening the path to financial inclusion and protection for millions.

Financial inclusion still remains out of reach for far too many, for far too long. Grocery data, used responsibly and collaboratively, may be the innovation that can change the scenario at scale.

