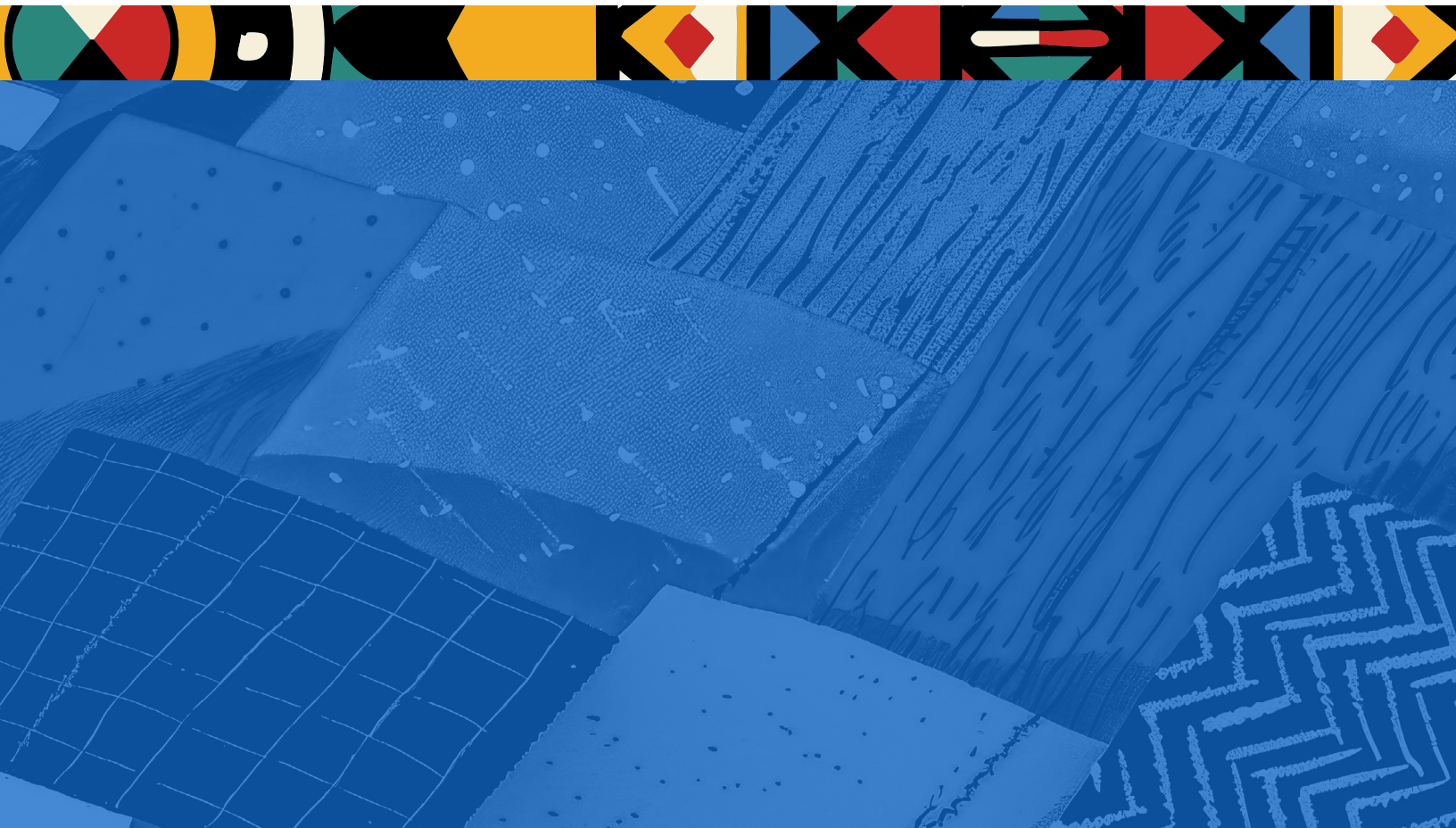
G20 POLICY RECOMMENDATIONS FOR MOVING FROM FINANCIAL ACCESS TO USAGE

October 2025

G20
SOUTH AFRICA 2025

GPFI Global Partnership for Financial Inclusion

WORLD BANK GROUP



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Acknowledgements

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Acronyms and Abbreviations

AA	Account Aggregator
AFI	Alliance for Financial Inclusion
AI	Artificial Intelligence
AML/CFT	Anti-Money Laundering/Countering Financing of Terrorism
API	Application Programming Interface
ATM	Automated Teller Machine
BB	Bangladesh Bank
Bd'I	Banca d'Italia
BTCA	Better than Cash Alliance
CPMI	Committee on Payments and Market Infrastructures
DFS	Digital Financial Services
DPI	Digital Public Infrastructure
EAP	East Asia and the Pacific
ECA	Europe and Central Asia
EMDEs	Emerging Markets and Developing Economies
FCAC	Financial Consumer Agency of Canada
FCP	Financial Consumer Protection
FIAP	Financial Inclusion Action Plan
FPS	Fast Payments Systems
FSP	Financial Service Provider
G2P	Government-to-Person
G20	Group of Twenty
GDP	Gross Domestic Product
GPFI	Global Partnership for Financial Inclusion
GPSS	Global Payment Systems Survey
ICT	Information and Communication Technology
IMF	International Monetary Fund
J-FLEC	Japan Financial Literacy and Education Corporation
LAC	Latin America and the Caribbean
MENA	Middle East and North Africa
MSMEs	Micro, Small, and Medium Enterprises
NBR	National Bank of Rwanda

NFIS	National Financial Inclusion Strategy
OECD	Organisation for Economic Co-operation and Development
OECD/INFE	OECD International Network on Financial Education
PAFI	Payment Aspects of Financial Inclusion
PISP	Payment Initiation Service Providers
POS	Point of Sale
QR Code	Quick Response Code
RBI	Reserve Bank of India
RPW	Remittances Prices Worldwide
RSP	Remittance Service Providers
SA	South Asia
SDG	Sustainable Development Goals
SSA	Sub-Saharan Africa
SMEs	Small and Medium enterprises
SMS	Short Message Service
UNSGSA	United Nations Secretary-General's Special Advocate
USSD	Unstructured Supplementary Service Data
WBG	World Bank Group

Executive Summary

This report, led by the South African G20 Presidency, comes as emphasis pivots from expanding broad financial access towards usage of financial products and services, which is critical to reaching tangible development outcomes. Building on 15 years of G20 efforts in financial inclusion, this paper provides an analysis of progress to date, classifies metrics by which to measure usage, identifies persistent barriers, and proposes actionable policy recommendations to further support usage by individuals. "Usage" is deployed in this paper to denote usage of financial products and services by consumers, which is what ultimately unlocks development outcomes, including poverty reduction and growth. It is distinct from mere passive account ownership or enrollment and incorporates responsible practices to avoid risks. While this paper focuses on usage by individuals, rather than MSMEs, the discussion does encompass entrepreneurs given the continuum in which the financial behaviors of micro and small enterprises are often that of their individual owners.

Substantial progress has been made in global account ownership, which reached 79 percent in 2024, up from 51 percent in 2011. While mobile financial services, especially in Sub-Saharan Africa (SSA), have been instrumental in driving progress, significant gaps persist across regions and demographic groups, including women, the poor, youth, the less educated, those outside the labor force, and rural residents. Though some regions have closed financial inclusion gaps between men and women and improved account ownership among women, disparities remain, particularly in SSA and MENA and among the poorest segments.

The progress in financial access has not been matched by financial services usage. In 2024, 62 percent of adults reported making or receiving digital payments, with SSA and South Asia (SA) showing the fastest growth. However, the proportion of account owners using their accounts has remained steady, suggesting that recent gains reflect broader access rather than deeper engagement. The adoption of digital merchant payments and online shopping varies significantly by region, and while utility bill payments have become more digitized, cash remains dominant in many countries. Peer-to-peer payments are widely used, especially in SSA, where over 70 percent of adults use digital channels. Borrowing is widespread but dominated by informal sources, especially where formal credit access is limited, and amongst women, poorer households, rural residents, and those outside the labor force. Savings behavior has shown signs of recovery by 2024, following a decline between 2014 and 2021. Insurance remains underutilized, with non-life insurance outpacing life insurance and significant disparities in coverage.

To support policymakers to track progress on usage, Chapter 3 provides an expanded list of globally relevant usage indicators. These indicators build on GPFI efforts to refine financial inclusion measurement since 2011. They are disaggregated by product type (payments, credit, savings, insurance, and remittances) and by demographic characteristics such as sex, age, income level, and rural-urban status. The metrics span supply and demand-side data, applying existing global and national databases, and focus on objective, quantifiable measures of use levels and patterns. For completeness, this list also notes indicators that may be difficult to measure or where there are no current international data collection efforts. International examples of financial inclusion indices also feature.

Addressing usage gaps requires identifying impediments to usage, which are reviewed in depth in Chapter 4. In line with previous research, these encompass both supply and demand-side barriers, spanning enabling environment, affordability, inadequate regula-

tory frameworks, financial and digital literacy, sociocultural barriers and differences between men and women; and then examining product-specific barriers. Enabling environment barriers include unreliable information and communication technology (ICT) infrastructure, especially in rural areas, and interoperability issues between non-bank and traditional banking systems. Policy and regulatory constraints, such as restrictive licensing and anti-competitive practices, limit the availability and variety of financial products. Affordability remains a major issue, with high costs and interest rates deterring usage among low-income individuals. Inappropriate regulatory frameworks and a lack of responsible digital financial ecosystems further contribute to these challenges, as do weak financial consumer protection frameworks and concerns about data protection and privacy. Low levels of financial and digital literacy, particularly among vulnerable (such as elderly people, migrants and displaced persons) and underserved groups (which include women, youth and people living in rural areas),[1] impede meaningful engagement. Sociocultural and norms-based barriers also contribute to persistent gaps. Product-specific barriers, such as dormant accounts, limited diversity in digital payment products, and misalignment between savings product design and users' financial realities, further constrain usage. While broader economic drivers and constraints are relevant, they are not discussed in this paper.

To address these barriers, policymakers can undertake a holistic approach centered on five key themes: enhancing competition and innovation, improving digital and financial infrastructure (including governments leading by example through digitizing their own payments), enhancing product suitability, ensuring safe and responsible design and delivery of financial products, and mobilizing public sector commitment through data-driven approaches and comprehensive policy frameworks to drive usage and address structural market failures. By implementing these measures in a coordinated and context-specific manner, such as through national financial inclusion strategies, policymakers can advance the transition from financial access to usage, ultimately contributing to broader development outcomes.

Further analysis to review the existing literature on the relationship between the usage of financial services and development outcomes could potentially disentangle and elaborate measures of beneficial aspects of financial services usage and help clarify current evidence against gaps in knowledge. Moreover, research interrogating the degree to which consumers do not use formal financial services even when appropriate products and services are available could help disentangle voluntary and involuntary financial exclusion and tailor policy action accordingly.

1 The 2023 GPFI Financial Inclusion Action Plan specifies a focus on enhancing financial inclusion of "vulnerable (such as elderly people, migrants and displaced persons) and underserved groups (which include women, youth and people living in rural areas)" and this paper correspondingly deploys the same terminology.

1.

I. Context and Introduction

In the 15 years since it was first endorsed as a G20 Priority at the 2010 Seoul Summit—and the subsequent creation of the G20 Global Partnership for Financial Inclusion (GPFI)—financial inclusion has significantly advanced as a recognized global development priority. Because of the evidence linking financial inclusion to development outcomes, including poverty reduction, entrepreneurship and business growth, and empowerment of women, among others,[2] the United Nations in 2015 recognized financial inclusion as a key enabler of seven of the 17 UN Sustainable Development Goals (SDGs).

Since then, the GPFI has served to focus actions towards emergent and strategic actions to enhance financial inclusion. The GPFI has encouraged governments worldwide to promote digital financial inclusion, through the G20 High-Level Principles for Digital Financial Inclusion under the leadership of the Chinese G20 Presidency, and corresponding practical guidance and examples in the Implementation Guide for the G20 High-Level Principles for Digital Financial Inclusion under the leadership of the Indonesian G20 Presidency. Subsequently, the Indian G20 Presidency explored the role of Digital Public Infrastructures (DPIs) in advancing financial inclusion and put forth the G20 Policy Recommendations for Advancing Financial Inclusion and Productivity Gains Through Digital Public Infrastructure. As financial access has grown (as measured by growth in transaction account ownership), it has sparked further interest in focusing on both the quality of financial inclusion and the outcomes that it can support. This was the case as part of the Brazilian G20 Presidency, which both proposed a measurement framework for quality as part of the G20 Policy Options to Improve Last Mile Access and Quality of Inclusion Financial Inclusion Access Plan deliverable, and established a preliminary conceptual framework and a working definition for financial well-being in the G20 Policy Note on Financial Well-being.[3] In parallel, the mandate of Her Majesty Queen Máxima of the Netherlands—the Honorary Patron of the GPFI—has evolved in recognition of this shift towards ensuring that formal access can translate into positive outcomes. H.M. Queen Máxima was thus appointed the United Nations Secretary-General's Special Advocate (UNSGSA) for Financial Health in September 2024 in continuation of this advocacy.[4]

The South African G20 Presidency has prioritized moving from financial access to usage of financial products and services. While significant progress has been made globally in expanding transaction accounts, fully realizing the benefits of these accounts lies beyond their opening. Financial access has been considered a gateway to a more complete set of financial services,[5] including credit, savings, insurance, and payments, but usage of these is not inevitable. Rather, the global experience in expanding financial access can be exemplified in South Africa's remarkable achievements: the high levels of broad financial access in South Africa is contrasted by substantial use of accounts as cash-in/cash-out

2 Extensive literature covers the impacts of financial inclusion. Notable references include Cull, Ehrbeck, and Holle, 2014; Suri and Jack, 2016; Biljon 2018; Ayyagari, Beck, and Hoseini 2013, among others.

3 As part of this effort, a temporary Sub-Committee was created by the GPFI to work on Financial Well-Being during the G20 2024 Brazilian Presidency.

4 UNSGSA, https://www.unsgsa.org/financial-health.

5 Many publications cover this, including for example: 5 ways universal financial access can help people build a better life, World Bank Group; Payment Aspects of Financial Inclusion (English), Committee on Payments and Market Infrastructures and World Bank Group (2016).

accounts with limited further use of the accounts. Nor has resultant uptake of a broader range of other financial services—i.e., savings, credit, insurance, payments, and remittances—been observed.

Financial services usage is of critical interest because of its link to development outcomes. Broader financial inclusion (use of appropriate credit, savings, insurance, payments, and remittances) has demonstrated positive results, including towards resiliency and poverty reduction.[6] In the case of credit, while the evidence has been mixed in function of product design and context, using appropriate products has been associated with enabling business creation and expansion by entrepreneurs, and has been observed to support women's economic empowerment by helping to increase agency and decision-making power.[7] Savings help people smooth consumption, cope with economic shocks, and invest, leading to improved welfare and reduced vulnerability.[8] Insurance similarly supports individuals to manage risks and recover from shocks, and can help drive improvements in health and education.[9] And digital payments and remittances have been demonstrated to improve earning potential, savings, resilience to shocks, and efficiencies (including improving security, privacy and control over funds, lowering costs, and saving time).[10,11]

This paper thus focuses on the usage aspects of financial inclusion to help drive development imperatives. To that end, it provides an updated analysis of global trends in financial service usage, offers timely insights on progress and remaining gaps (Chapter 2), and reviews relevant measurement indicators for usage to help policymakers track progress in a structured and targeted way (Chapter 3). It then examines key barriers to usage of financial services (Chapter 4) and provides potential policy options to address these (Chapter 5). Several illustrative case studies from a variety of country contexts are provided in Annex 1.

In this paper, the term usage is deployed in different respects. When discussing barriers and policy options to promoting usage (Chapters 4 & 5), the paper reflects usage of financial products and services, rather than mere passive account ownership or enrollment. Usage can potentially include an integration of financial services into financial behaviors. The usage of responsible and quality financial services is considered instrumental in moving from access to usage, which can help realize development outcomes.

However, more research is needed. For the purposes of measurement (Chapter 3), only objectively quantifiable measures of levels and patterns of use of financial products and services are examined, without revisiting prior research in this area. In addition, the paper does not propose a new conceptual framework or theory of change linking usage to development outcomes nor quantify the level or quality of financial inclusion necessary to achieve these outcomes, which has been undertaken in separate efforts by the GPFI and UNSGSA.[12] Further analysis to review the existing literature on the relationship between the usage of financial services and development outcomes could potentially elaborate measures of benefits of financial services usage and help clarify current evidence against gaps in knowledge. Moreover, additional attention could be devoted to examining the difference between voluntary and involuntary low usage, the degree to which consumers who are not using financial services are doing so voluntarily, even when suitable and appropriate products and other enabling conditions are in place. Such research could involve additional data collection on consumer preferences, including examining the degree to which the use of informal services act as a substitute for formal financial services, and thus become a demonstration of involuntary exclusion. This distinction could help tailor policy to focus on action and resources for populations that are involuntarily excluded, as well as interventions that go beyond financial inclusion. These topics warrant separate, focused studies that go beyond this paper's scope.

6 Suri and Jack, 2016; Lee et al, 2021; Pomeranz and Kast, 2022.

7 Saniya Ansar; Leora Klapper; Dorothe Singer.2025. Financial Inclusion and Economic Development: A Review of the Data and Evidence.

8 World Bank.2025. Policy Note: Pathways and Opportunities for scale Economic Inclusion—Expanding Economic Inclusion for Jobs and Resilience in the Sahel. Washington, D.C.: World Bank Group.

9 The Lancet Global Health Commission on financing primary health care: findings and recommendations. Kruk, M. E., Gage, A. D., Arsenault, C., et al. (2022).

10 Suri, T., and W. Jack. "The Long-Run Poverty and Gender Impacts of Mobile Money." Science 354, no. 6317 (2016): 1288–92, and Jack, W., and T. Suri. "Risk Sharing and Transactions Costs: Evidence from Kenya's Mobile Money Revolution." American Economic Review 104, no. 1 (2014): 183–223.

11 D'souza, 2016; Aker et al., 2016; Lasse et al., 2016; Demirgüç-Kunt et al., 2021; Haseeb and Cowan, 2021.

12 For example, as part of the G20 Policy Note on Financial Well-being produced under the Brazilian Presidency in 2024.

II. Global Progress in Moving from Access to Usage

Expanding financial access is the necessary first step toward financial inclusion. Without an account, whether at a bank, a mobile money provider, or another regulated institution, individuals are largely excluded from the regulated financial system and the range of services it offers. An account provides the entry point to saving securely, receiving wages and transfers, making payments, and accessing credit. Measuring progress in account ownership is therefore a vital first step in understanding global financial inclusion. While access has expanded significantly over the past decade, important gaps remain across regions, income levels, sexes, and other demographic groups. This section explores the progress in closing the access gap and lays the foundation for examining whether and how that access is being translated into usage in the sections that follow.

2.1 Account Ownership: Progress and Remaining Gaps

Global account ownership[13] (access) has grown substantially, reaching 79 percent in 2024—up 28 percentage points from 51 percent in 2011 (Figure 1). However, gains have moderated: between 2021 and 2024, a 5 percentage-point increase was observed, similar to the gain from 2017 to 2021. This leveling off reflects a natural effect of starting from a higher base: as account ownership expands, the remaining unbanked population becomes smaller and often harder to reach.[14] Among the different income groups,[15] low-income countries[16] recorded the most progress in the latest period (2021-2024), with account ownership increasing by 11 percentage points to reach 46 percent. Lower middle-income countries have seen more modest growth, with an 8 percentage-point rise in account ownership, reaching 70 percent. In contrast, upper middle-income countries maintained almost the same level of account ownership as in 2021, while high-income countries enjoy nearly universal financial access at 95 percent. These trends highlight that developing countries must accelerate progress to catch up with the financial access levels of high-income countries.

Mobile financial services, either alone or in combination with bank account ownership, played a key role in driving the overall increase in account ownership across developing countries in 2024 (Figure 2). While bank accounts remain the dominant form in many regions, mobile financial services[17] continue to be a major driver of financial access, particularly in Sub-Saharan Africa (SSA), where telecom-led mobile money services operating independently of banks reached 40 percent

13 Global Findex 2025 defines 'account ownership' as having an account at a bank or similar institution such as a credit union, microfinance institution, or post office, or with a provider that is included in the GSMA's Mobile Money Deployment Tracker.

14 For further discussion on this point, see the G20 Policy Options to Improve Last Mile Access and Quality of Inclusion.

15 The World Bank Group classifies the world's economies for analytical purposes into four income groups: **low, lower middle, upper middle, and high income.** These classifications, updated each year on July 1, are based on the previous year's Gross National Income (GNI) per capita, expressed in U.S. dollars using the Atlas Method. For more refer to: https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups.

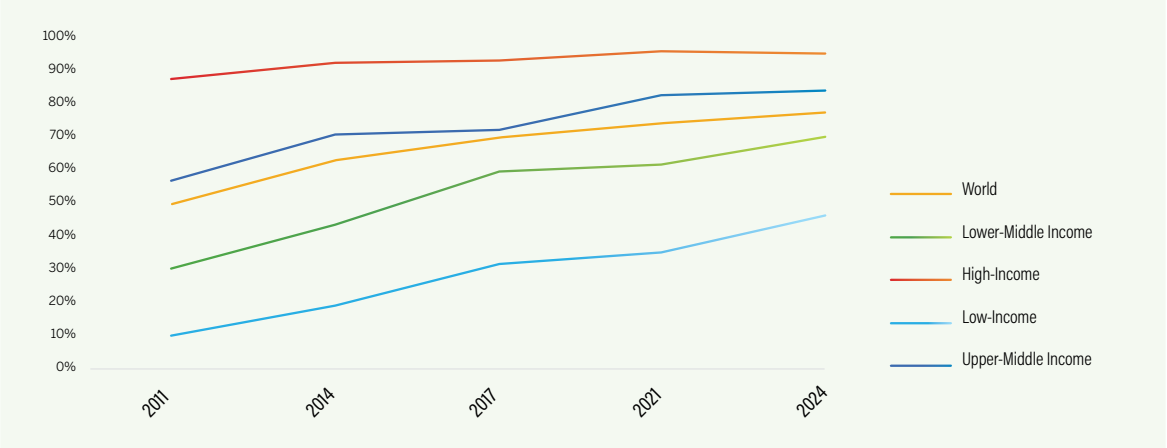
16 Estimates for low-income countries should be interpreted with caution. The group comprises only a small number of countries, and survey coverage can vary by year due to conflict or other factors. For example, Afghanistan and Yemen were not included in the 2024 data collection, which may partly explain the observed increase in account ownership for this group.

17 According to the Global Findex 2025, 'Adults with a mobile money account' refers to adults who have personally used a mobile phone in the preceding 12 months to make payments, purchase goods or services, or send or receive money using a provider included in the GSMA Mobile Money Deployment Tracker, which includes telecom and fintech-led platforms that offer financial services via mobile phones and typically operate independently of traditional banks.

in 2024. This represents a 13 percentage-point increase since 2021, building on an already high base. In contrast, in Latin America and the Caribbean (LAC), mobile account ownership grew from 22 percent in 2021 to 37 percent in 2024, but most adults with mobile money accounts also have bank accounts, suggesting these are fintech products designed to make bank accounts easier and more accessible to use. Mobile financial services are also growing in South Asia (SA), with accounts reaching 22 percent in 2024, up 10 percentage points since 2021.

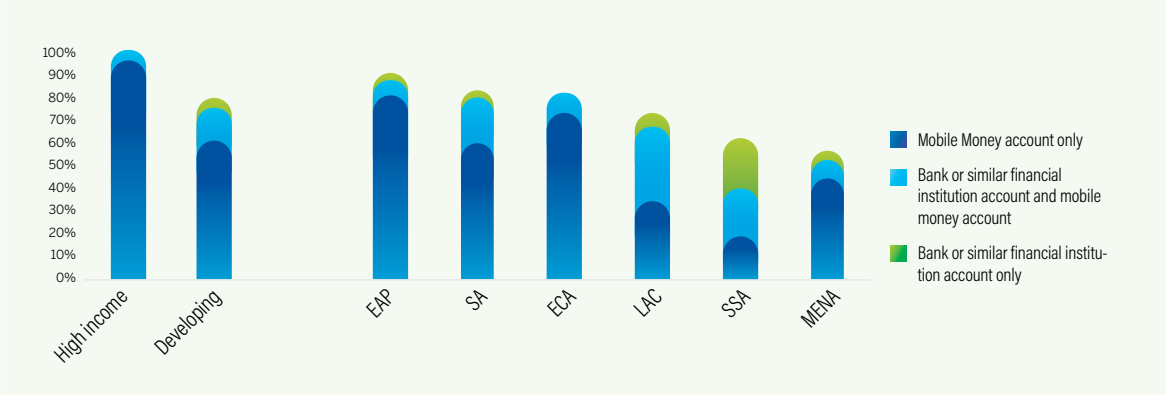
Account ownership progress remains uneven across regions and demographic groups, with persistent gaps among women, the poor, youth, the less educated, those outside the labor force, and rural residents. East Asia and the Pacific (EAP) stands out, having closed the access gap between men and women by 2024, a trend in most countries in the region.[18] SA has made major strides, with women's account ownership tripling since 2011 to 75 percent, while in SSA it has more than doubled, though a 12 percentage-point gap remains. Other regions like Europe and Central Asia (ECA), LAC, and Middle East and North Africa (MENA) have also seen strong gains for women, though MENA retains a 14 percentage-point gap. For the poorest 40 percent, SA and SSA have achieved more than threefold increases since 2011. Yet income gaps persist: 18 percentage points in SSA; and in other regions, such as LAC, 17 percentage points. Age and education disparities remain, older adults, better-educated individuals, and those in the labor force are more likely to own accounts. Rural residents also lag urban ones, especially in SSA, where the rural-urban gap is 17 points.

Figure 1: Adults with an account (%, age 15+), 2011-2024



Source: Global Findex Database 2025

Figure 2: Adults with an account (%, age 15+), 2024[19]



Source: Global Findex Database 2025

18 While China had a large impact on the regional average, the progress extends across EAP.
19 Note that regional aggregates exclude high-income countries.

2.2 Bridging the Gap: From Access to Usage of Financial Services

While having an account is a foundational step, the usage of these accounts is critical. This transcends financial access, which primarily denotes the availability and ownership of an account or enrollment, and can lead to achieving broader development goals, as reviewed in Chapter 1.

Trends in transaction volumes reveal distinct regional patterns, with bank-based digital channels dominating in most regions and mobile money leading in SSA. Mobile and internet banking transactions per 1000 adults have risen steadily in EAP, ECA, LAC, and SA, building on the observed surge in digital financial services during the COVID-19 pandemic (Figure 3). Growth in MENA has been modest while mobile money transactions are heavily concentrated in SSA, where usage continues to expand as services scale across nearly all reporting countries.

Figure 3: Number of transactions (per 1,000 adults) [20]

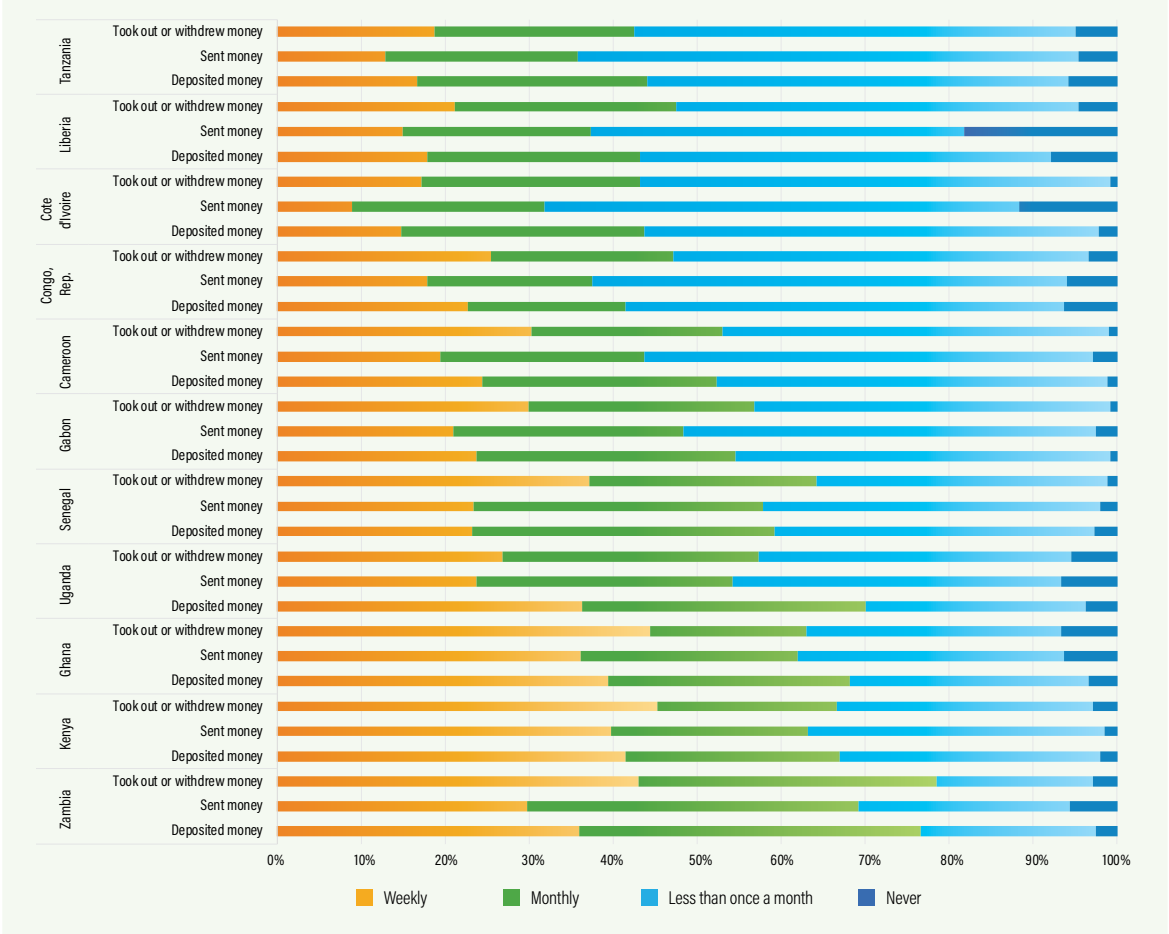
Source: Authors' calculations using IMF Financial Access Survey Database

20 Mobile money is a digital medium of exchange and store of value using mobile money accounts, facilitated by a network of mobile money agents. A bank account is not required to use mobile services. Mobile and internet banking is the use of an application on a mobile or another electronic device to execute banking services. These charts show the weighted average by region for economies whose data are available for 2020–2024.

While transaction volumes illustrate the scale of digital activity across regions, looking at how frequently individuals engage with their accounts provides a complementary perspective on the intensity and regularity of usage. Latest Findex data show that in low and middle-income economies, around 40 percent of account holders (banks and similar institutions) deposit money into their account monthly and only 11 percent do so weekly, while one-third withdraw or send money from their account monthly and just 19 percent do so weekly. In regions like MENA, where both deposits and withdrawals tend to happen monthly, accounts often function as pass-through tools for receiving payments, with funds quickly withdrawn and used in cash. By contrast, in regions such as EAP, ECA, and LAC, some users show patterns of monthly inflows and more frequent outflows, which may indicate a mix of digital transactions, efforts to store money safely, or greater day-to-day account engagement.

Sub-Saharan Africa, where mobile money plays a central role in financial access, highlights both the potential and the unevenness of regular account use. In countries like Zambia, Ghana, and Kenya, large shares of mobile money account holders transact weekly, indicating strong integration into daily financial life (Figure 4). Yet in other countries such as Tanzania, Liberia, Côte d'Ivoire, and Republic of Congo, many account holders transact less than once a month or not at all for certain activities[21]. These differences show that while access and occasional use are becoming more common, accounts have yet to become an integral part of managing money.

Figure 4: Frequency of usage of mobile money accounts in select countries of SSA, adults with mobile money accounts (standardized to 100 percent), 2024 [22]



Source: Global Findex Database 2025

21 These activities refer to taking out or withdrawing money, sending and depositing money.

22 Deposited money = share of respondents depositing into their mobile money account; Sent money = share sending from their mobile money account; Withdrew money = share taking money out of their mobile money account.

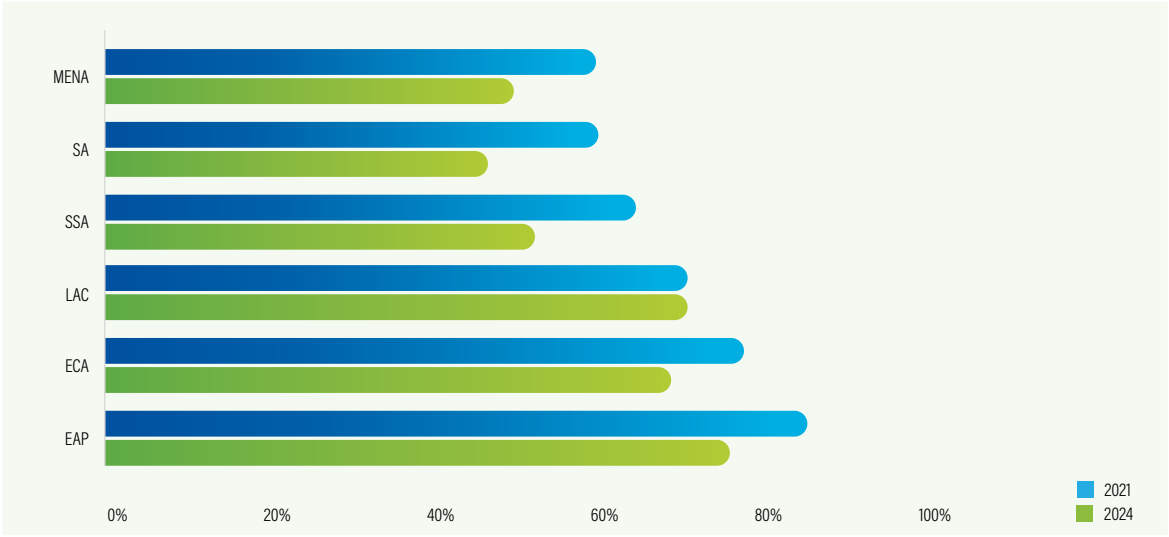
2.2.1 Using Accounts for Everyday Money Management

2.2.1.1 Making or Receiving Digital Payments

Digital payments are critical for driving financial services usage—particularly in contexts where access alone (for example, having an account) does not translate into meaningful engagement with the financial system—and have remained the most widely used formal financial service in low and middle-income countries, with adoption continuing to expand in recent years. By 2024, 62 percent of adults and 82 percent of account owners reported either making or receiving at least one digital payment in the 12 months before taking the Findex Survey.

This level of usage among account owners far exceeds that of formal saving (40 percent) and borrowing (24 percent). Since 2021, making or receiving digital payments among adults has increased by 7 percentage points. Among accountholders, however, usage has held steady at around 80 percent, indicating that recent gains are likely to reflect broader access rather than increased activity by accountholders. Regionally, SA and SSA recorded the fastest growth, 31 percent and 21 percent, respectively (Figure 5). MENA also made progress, with a 15 percent increase. In contrast, making or receiving digital payments grew more modestly in regions with higher baseline levels, such as EAP (7 percent) and ECA (6 percent). In LAC, digital payment usage has remained largely unchanged since 2021.

Figure 5: Made or received a digital payment (%, age 15+) [23]



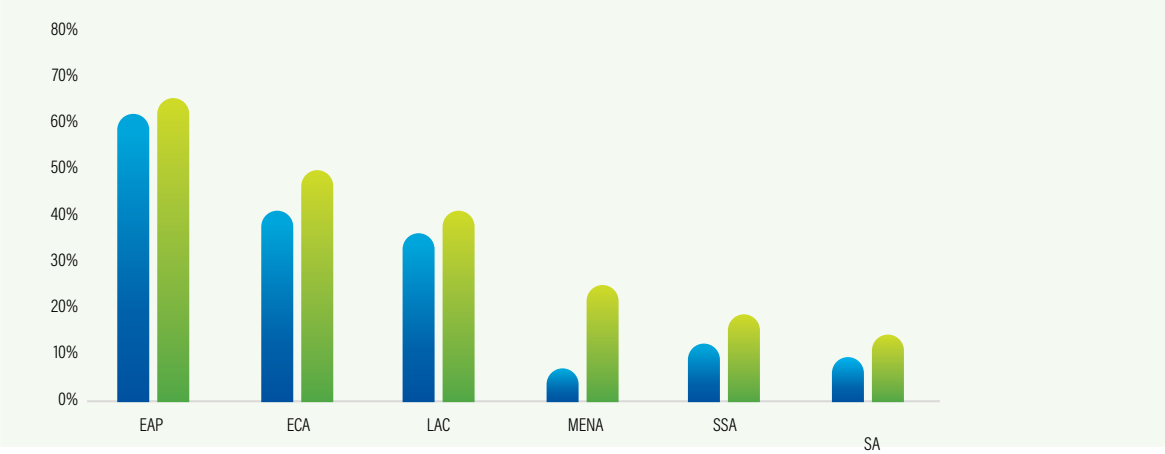
Source: Global Findex Database 2025

Despite broader gains in digital payment usage, persistent disparities remain across demographic groups. EAP has closed the digital payment usage gap between adult men and women, but a sizable gap of 15 percentage points persists in SA and ECA followed by MENA with a 12 percentage-point gap *(See Annex 2. Figure 1)*. Income-related disparities are most pronounced in SA and SSA, where usage among the richest 60 percent exceeds that of the poorest 40 percent by 19 percentage points—gaps that have widened since 2014. LAC follows closely, with an 18 percentage-point income gap. Age-related gaps have narrowed in EAP and LAC but remain high in ECA at 22 percentage points, where progress reversed in 2024; SSA experienced a similar reversal. Education gaps are also substantial, with usage among adults with secondary education or more far outpacing those with primary education or less, by 33 percentage points in SSA, 32 in LAC, and 28 percentage points in ECA.

23 Note that for most high-income economies and the Russian Federation, the Global Findex survey 2025 includes only questions on account ownership and not questions on payments. As a result, there are no global or high-income averages in this chapter, and Russia is excluded from all averages for Europe and Central Asia. In Algeria, China, the Islamic Republic of Iran, Libya, Mauritius, and Ukraine, an abridged questionnaire was administered by phone, and it did not include any of the questions on receiving payments. Regarding making payments, the questionnaire in these economies included questions on merchant payments and bill payments, but not on utility bill payments and making domestic person-to-person payments.

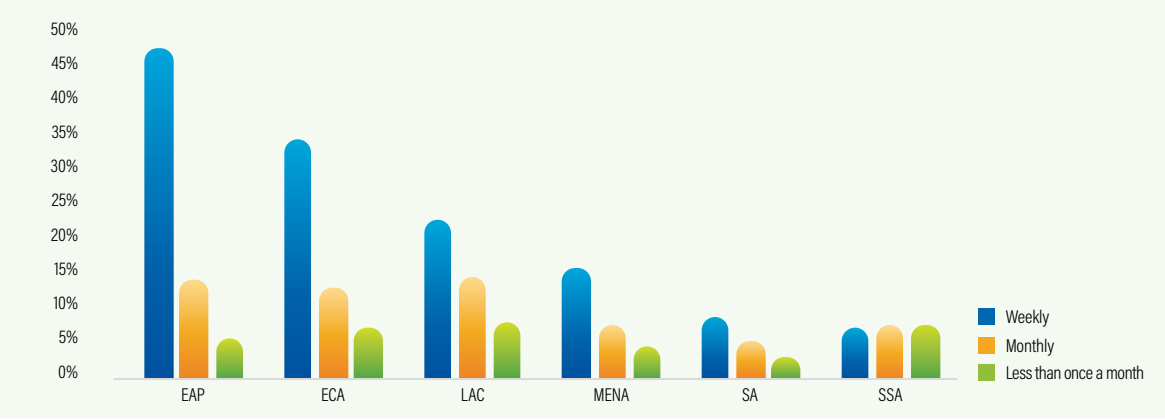
Understanding how people use their accounts, particularly for making payments, reveals persistent gaps in financial inclusion depth. While the overall adoption of digital payments has expanded, making digital payments for purchases, bill payments, or person-to-person transfers among account holders has held steady at 69 percent since 2021, indicating limited progress in deepening usage. Digital merchant payment[24] adoption has continued to grow but with wide regional variation. EAP leads at 67 percent in 2024 (Figure 6), largely driven by China,[25] but with notable progress in Cambodia, Lao PDR, and Vietnam. ECA (51 percent) and LAC (42 percent) follow while MENA has tripled usage, largely due to growth in Iran. SA and SSA show more moderate regional progress despite remarkable advances in individual markets such as Kenya, Senegal, Ghana, Nigeria, Zambia, and Cameroon. Frequency of in-store digital payments shows even greater disparity (Figure 7): nearly half of adults in EAP use them weekly, compared to about one-third in ECA, fewer than one in four in LAC, and only 15 percent in MENA. In South Asia and Sub-Saharan Africa, fewer than 10 percent of adults make even monthly in-store digital payments, underscoring the challenge of embedding digital transactions in everyday commerce.

Figure 6: Made a digital merchant payment (%, age 15+)



Source: Global Findex Database 2025

Figure 7: Frequency of using a mobile phone or card to pay for an in-store purchase (%, age 15+)



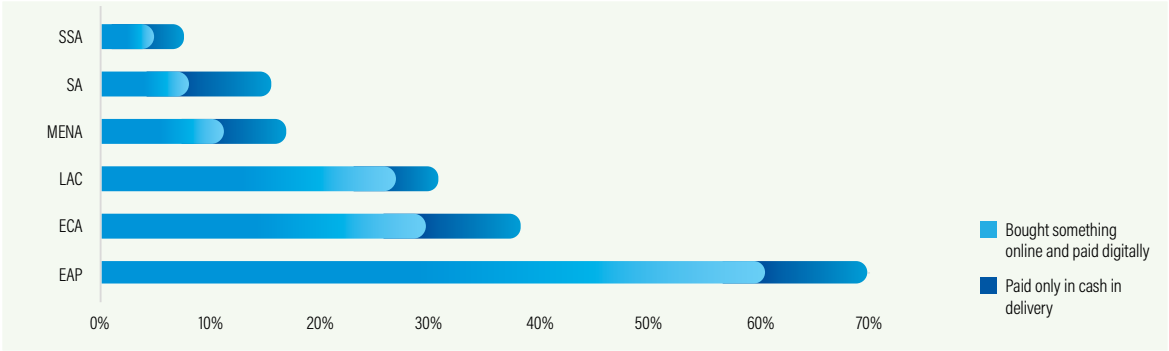
Source: Global Findex Database 2025

24 Digital merchant payments refer to the percentage of respondents who report using a debit or credit card, or a mobile phone, to make a purchase in-store or to pay online for an internet purchase.

25 In China, an abridged questionnaire was administered by phone, and it did not include any of the questions on receiving payments. Regarding making payments, the questionnaire included questions on merchant payments and bill payments, but not on making utility bill payments and making domestic person-to-person payments.

E-commerce can provide a lens into how consumers choose between digital and cash payments. EAP has the highest rate of online shopping, with 57 percent of adults participating and 87 percent of these shoppers paying online, largely driven by China's high usage (Figure 8). However, cash on delivery is the preferred option in countries like the Philippines (79 percent), Indonesia (77 percent), and Thailand (41 percent). In contrast, LAC has the highest proportion of online shoppers paying digitally, with 24 percent of adults shopping online and 87 percent of them paying online. SSA has the lowest rate of digital payments among online shoppers, with 4 percent shopping online followed by SA and MENA at 7 and 10 percent respectively. These patterns indicate that despite the growth of digital payments in online shopping, cash remains prevalent in many markets, which can be shaped by issues of trust, consumer protection, and security, among other things.

Figure 8: Adults who made an online purchase (%, age 15+)



Source: Global Findex Database 2025

Figure 9: Received private sector wages into an account or in cash only (%, age 15+)
Figure 10: Received government payments into an account or in cash only (%, age 15+)

Source: Global Findex Database 2025

Use cases such as utility bills, wages, government payments, agricultural payments, and person-to-person (P2P) transfers show a similarly uneven picture. Some countries like Kenya, Mongolia, Kazakhstan, and Zambia have achieved near-universal digitalization of utility payments among those who pay them regularly, while others such as Albania, Egypt, and Tunisia remain almost entirely cash-based. Digitalization of private sector wages and government payments has progressed most in ECA, with MENA and SA showing strong growth in government payments but continued reliance on cash for private sector wages (Figure 9 and 10).[26] Agricultural payments remain overwhelmingly cash-based in most economies, although in Kenya, 71 percent of recipients were paid digitally, followed by 63 percent in Senegal. P2P payments are widely used in SSA, where over 70 percent of senders and recipients in countries such as Ghana, Senegal, and Uganda use digital channels. Outside SSA, digital P2P usage exceeds 50 percent in most regions, except in a few countries such as Morocco (29 percent), Egypt (37 percent) and Niger (37 percent).

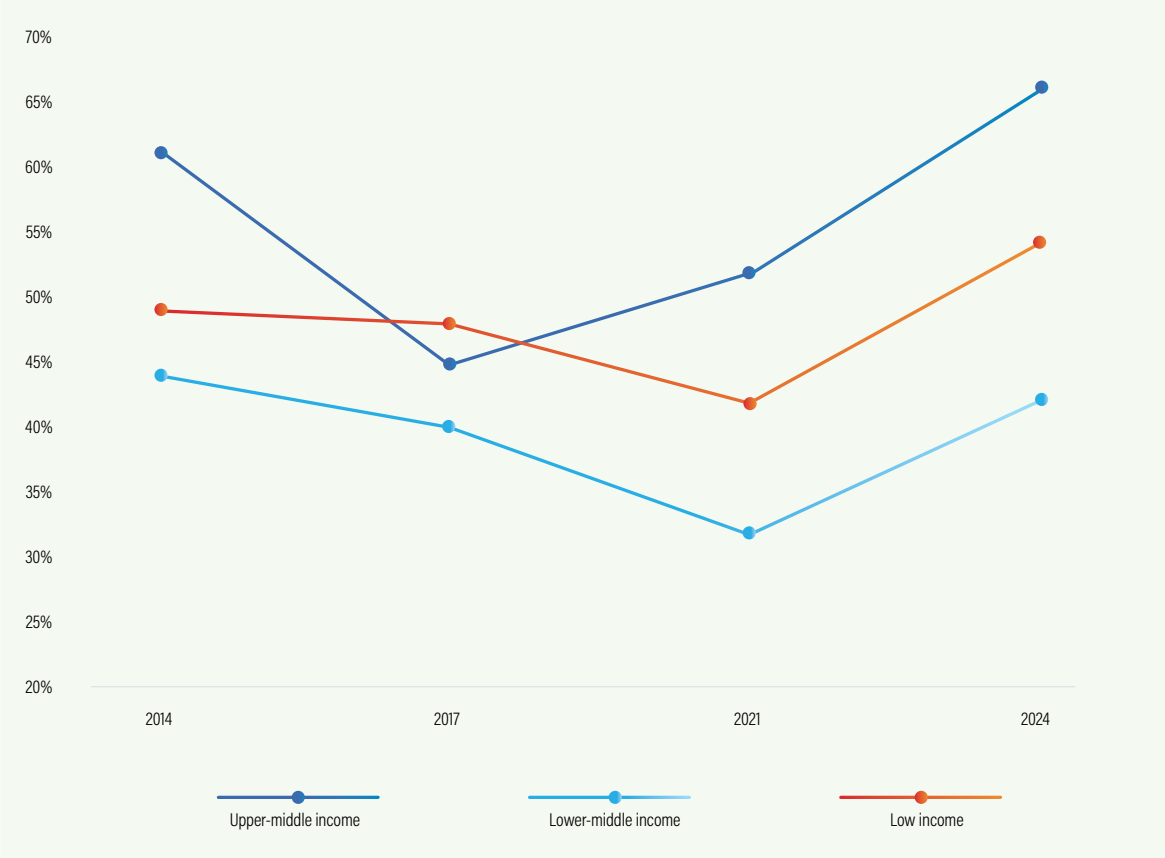
26 In Algeria, China, the Islamic Republic of Iran, Libya, Mauritius, and Ukraine, an abridged questionnaire was administered by phone, and it did not include any questions on receiving payments.

2.2.2 Using Financial Services to Build Resilience

2.2.2.1 Saving Behavior

Savings are a core component of financial usage, helping individuals build resilience, smooth consumption, and invest in future opportunities—yet saving behavior declined across all income groups between 2014 and 2021 but showed signs of recovery by 2024.[27] In upper middle-income economies, the share of adults who reported saving rose to 67 percent, the highest level since 2014 (Figure 11). Low-income economies experienced a significant increase, with the share rising from 42 percent in 2021 to 55 percent in 2024. In lower middle-income economies, savings rebounded to 43 percent in 2024 after a sharp dip to 33 percent in 2021, though this remains below the 2014 level of 45 percent. These trends suggest renewed financial resilience and a possible recovery from pandemic-related economic shocks, although gaps between income groups persist.

Figure 11: Saved any money (%, age 15+)

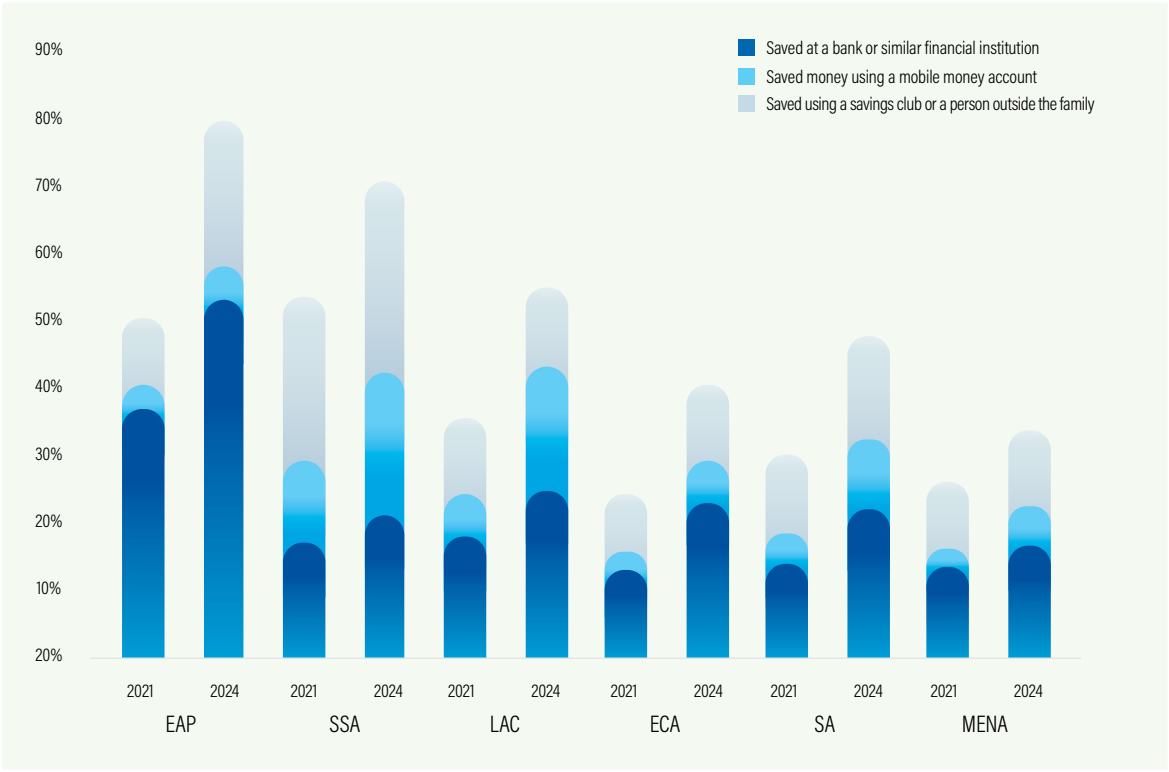


Source: Global Findex Database 2025

Across low and middle-income economies, there has been a notable shift towards formal savings. Currently, 40 percent of adults save formally, either through a bank account, a similar financial institution, or a mobile money account. Regional trends show wide variation (Figure 12). EAP leads with 59 percent of adults saving formally. SSA and Latin America and LAC are catching up, with formal savings growing to 35 and 29 percent, respectively, driven in part by a sharp increase in saving using mobile money accounts, which more than doubled in both regions. In SA and ECA, formal savings also doubled between 2021 and 2024, although from a lower starting point.

27 For most high-income economies and the Russian Federation, the survey included only questions on account ownership, not questions on saving. As a result, this chapter does not report global averages or those for high-income economies.

Figure 12: Adults saving any money in the past year (%, age 15+)



Source: Global Findex Database 2025

The share of adults accessing formal savings via their mobile money account continues to be highest in SSA, where 23 percent of adults reported doing so in 2024, almost double than in 2021. However, a closer look at selected SSA economies reveals notable disparities in how men and women save. In countries like Uganda, Ghana, Nigeria, Côte d'Ivoire, and Kenya, men are significantly more likely than women to save using mobile money accounts. Women, by contrast, tend to rely more on semi-formal mechanisms, such as savings clubs or using a person outside the family. This pattern suggests that women in these economies are not benefiting from mobile money-based financial services to the same extent as men, despite broader gains in access and usage.

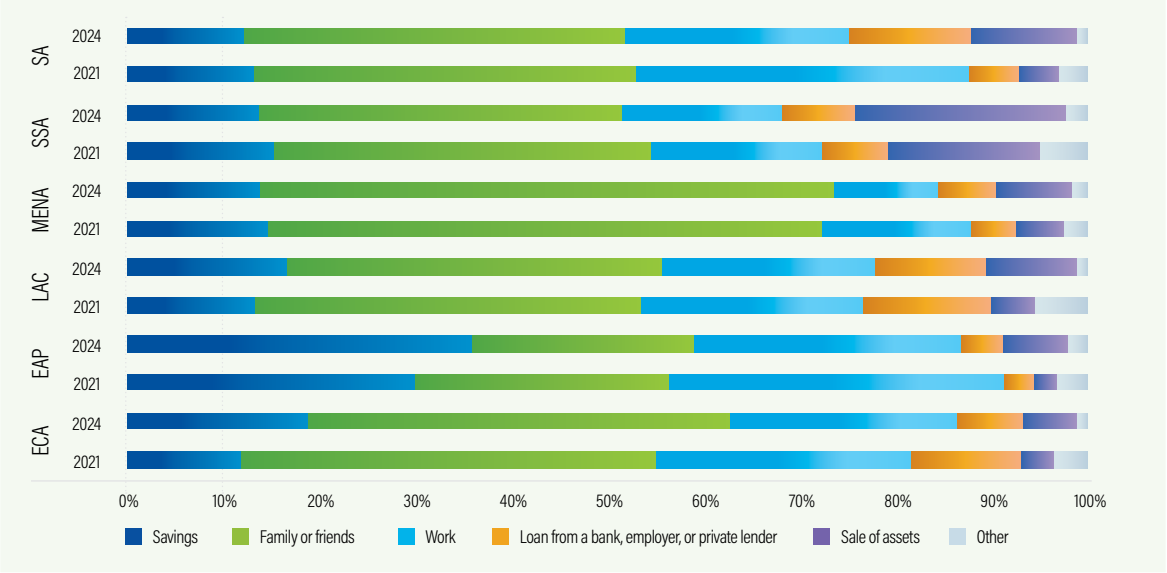
2.2.2.2 Emergency preparedness

The ability to handle unexpected expenses is a critical indicator of financial resilience and one that is improving across regions. By 2024, 91 percent of adults in low and middle-income economies reported that it was possible[28] for them to come up with emergency funds within 30 days, up from 88 percent in 2021.[29] At the same time, the share of adults who said they could not mobilize such funds declined from 12 percent to 7 percent in 2024. Across regions, a similar pattern emerges. This improvement is closely linked to greater engagement with financial services. Adults who use accounts for saving, receiving wages or transfers, or accessing credit are more likely to accumulate resources and manage financial shocks. When it comes to sources of emergency money (Figure 13), in regions like EAP and ECA, where financial services usage is more widespread, people rely more on personal savings than on informal sources like family or friends. In contrast, in SSA, SA, and MENA, where formal financial services usage remains more limited, adults are still more likely to seek help from social networks or sell assets. These differences underscore how use of financial services strengthens households' preparedness, while reliance on informal mechanisms can leave them more vulnerable.

28 The percentage of respondents who say it is possible—whether "difficult,"" somewhat difficult," or "not very difficult"—for them to come up with emergency funds in 30 days.

29 For most high-income economies and the Russian Federation, however, the survey included only questions on account ownership. As a result, this chapter does not report global or high-income economy averages.

Figure 13: Source of emergency money in 30 days or less, % (standardized to 100 percent) 2024

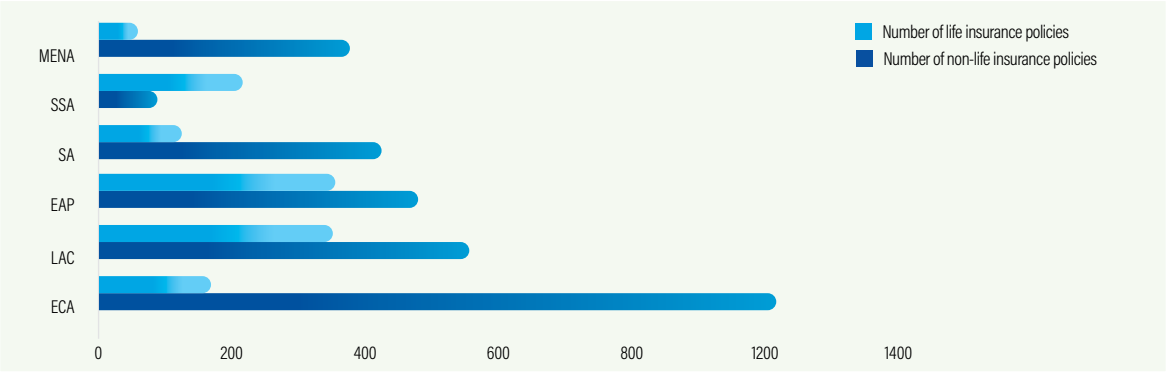


Source: Global Findex Database 2025

2.2.2.3 Insurance

Insurance remains a critical tool for financial resilience, helping households manage risks, recover from shocks, and avoid falling into poverty when faced with unexpected losses. Coverage levels and active participation, however, vary widely across regions. Non-life insurance outpaces life insurance almost everywhere (Figure 14), with the widest gaps in ECA, MENA, and SA, while EAP and LAC show relatively balanced uptake, and SSA have low overall coverage (both life and non-life insurance). In EAP, largely driven by China and Mongolia, around 40 percent of adults make regular payments to an insurance agent or company, compared with less than 20 percent in all other regions; ECA follows at 18 percentand SA where it is least common to make regular payments to insurance agent-at 9 percent (Figure 15). These disparities highlight that in many countries, insurance products remain underused, leaving large segments of the population without sustained financial protection. At the same time, efforts are underway to expand inclusive and sustainable insurance. Global initiatives such as the Nairobi Declaration on Sustainable Insurance[30] bring together insurers and development partners to align risk protection with SDGs, while country-level programs—for example, Financial Sector Deepening Africa's support for flood insurance—are piloting tailored products to protect vulnerable and underserved[31] communities from natural disaster-related risks.[32]

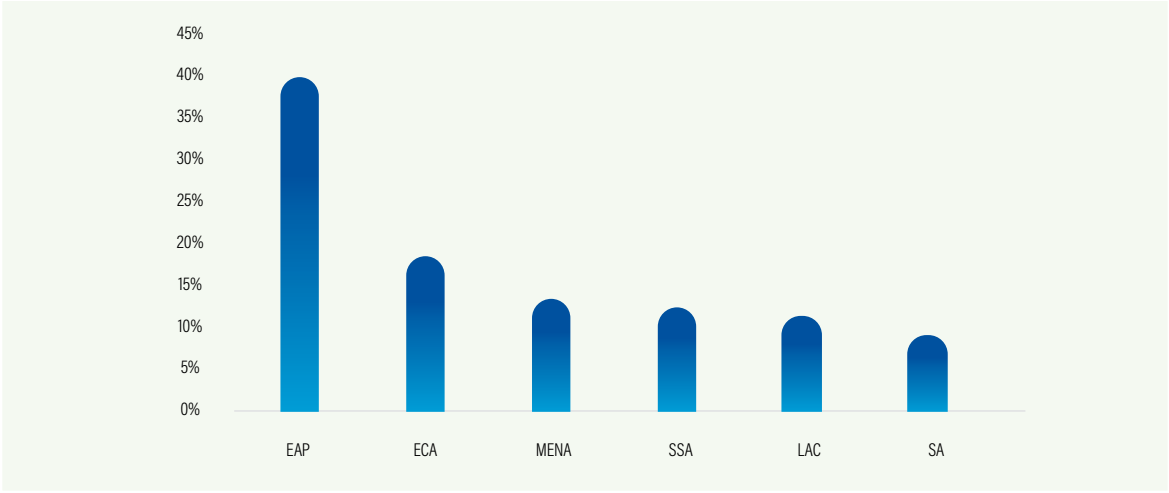
Figure 14: Average number of life and non-life insurance policies per 1,000 adults, 2023[33]



Source: Authors' calculations using IMF Financial Access Survey Database

30 The Nairobi Declaration on Sustainable Insurance.
31 As defined by GPFI FIAP 2023, noted above.
32 Financial Sector Deepening (FSD) Africa. Flood Insurance: Safeguarding lives and livelihoods in Kenya.
33 This chart shows the weighted average by region for economies whose data is available for 2023.

Figure 15: Made regular payments to insurance agent or company (%, age 15+)



Source: Global Findex Database 2025

2.2.2.4 Borrowing

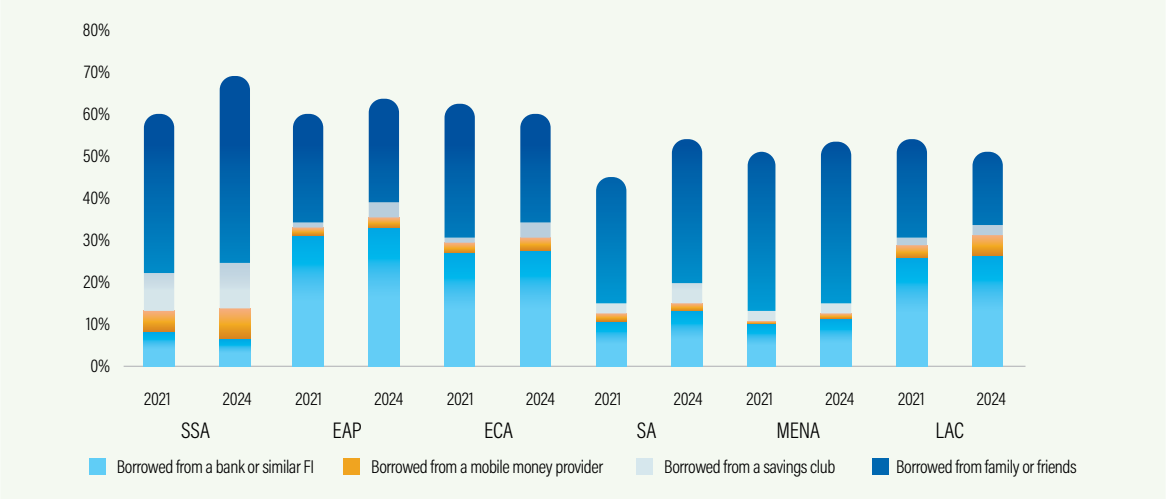
Borrowing is widespread, with formal borrowing more common in some regions but informal sources still playing a major role where access to credit is limited.[34] In 2024, about one in three adults borrowed from a bank or a similar financial institution in EAP, ECA, and LAC, making formal borrowing most prevalent in these regions (Figure 16). Accessing formal credit using a mobile money account is also beginning to play a role in SSA and LAC, though it remains limited overall. In countries with high mobile money penetration, uptake is stronger—32 percent of adults in Kenya and 22 percent in both Ghana and Uganda borrowed using mobile money accounts. At the same time, informal borrowing continues to dominate in regions with more constrained access to formal credit. In SSA, 46 percent of adults borrowed from family or friends in 2024—the highest share globally, followed by 40 percent in MENA and 35 percent in SA.

Credit card usage remains limited in most low and middle-income economies, but notable exceptions reveal important differences in borrowing behavior and repayment practices. In 2024, only 15 percent of adults in low and middle-income economies reported using a credit card, indicating limited reliance on this form of borrowing. However, credit card usage was notably higher in a few economies like Brazil (40 percent), Türkiye (39 percent), China (33 percent), Ukraine (27 percent), and Argentina (25 percent). Payment behavior varied across these economies. While nearly 90 percent of credit card users in China paid off their balances in full, only about 60 percent did so in Argentina and Türkiye, with Brazil (81 percent) and Ukraine (68 percent) falling in between. These patterns suggest varying levels of credit card management and financial discipline across countries with high credit card penetration.

Formal borrowing in 2024 shows clear demographic disparities. Men are more likely than women to borrow formally, with gaps of 12 percentage points in ECA (35 vs. 23 percent) and 9 points in LAC (33 vs. 24 percent). Adults 25 and older also borrow more than young people (15-24), particularly in EAP (37 vs. 18 percent). Education and income strongly shape access. In LAC, 34 percent of adults with secondary education or more borrowed formally compared with 16 percent among those with primary schooling or less, while in ECA the gap is even wider—32 vs.12 percent. Income disparities follow a similar pattern: in LAC, the richest 60 percent were nearly twice as likely as the poorest 40 percent to borrow (35 vs. 18 percent). Labor force participation also matters—formal borrowing is far higher among adults in the workforce, especially in ECA (43 vs.14 percent) and LAC (35 vs. 17 percent). By contrast, in MENA, SSA, and SA, demographic gaps are much narrower, generally under 10 percentage points across groups.

34 For most high-income economies and the Russian Federation, the survey included only questions on account ownership, not questions on borrowing. As a result, this section does not report global or high-income averages.

Figure 16: Adults borrowing any money in the past year (%, age 15+)



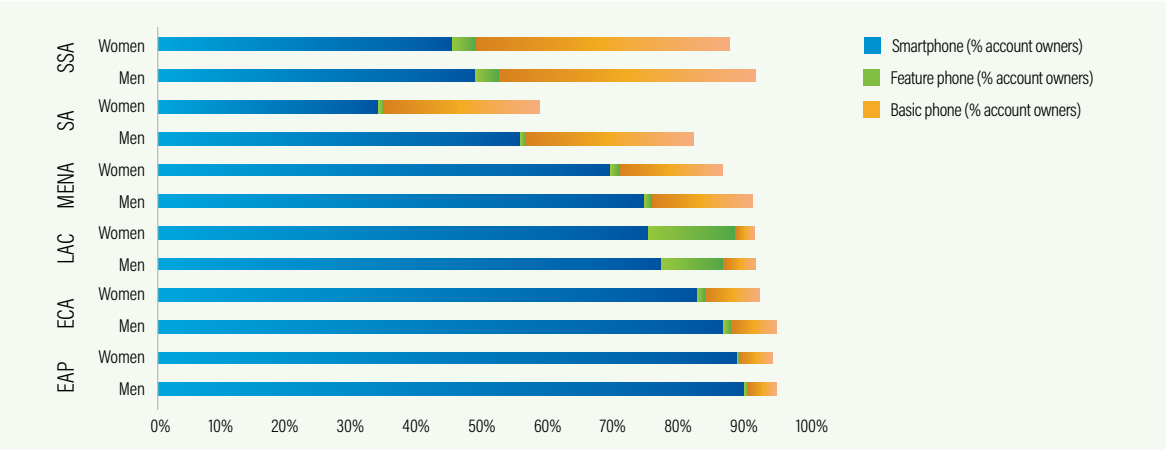
Source: Global Findex Database 2025

2.3 Digital Connectivity and Financial Services Usage

Having a phone and using the internet regularly shape both whether people use digital financial services and what they can do with them. Basic feature phones (2G, unstructured supplementary service data (USSD)/short message service (SMS)) support simple, text-based interactions, whereas smartphones allow providers to offer an "enhanced user experience and a wider range of financial products and services."[35]

Access gaps compound these differences. While phone ownership is widespread among adults with an account, ownership gaps between men and women persist across all regions, particularly in SA and SSA, where women are more likely to lack access to a mobile phone or to rely on basic models with limited functionality (Figure 17). Internet usage shows similarly stark regional divides (Figure 18). While over 85 percent of account owners in EAP, ECA and LAC used the internet in the past three months, the share drops to around three-quarters in MENA and to less than half in SA and SSA. In SSA and, to a lesser extent, SA, most everyday transactions (airtime top-ups, bill payments, P2P transfers, cash-in/out) are designed for feature phones via USSD/SMS. By contrast, app-based wallets, e-commerce checkouts, and digital savings/credit—with dashboards, alerts, and integrated support—generally work best (or only) on smartphones. In this regard, with proper design, device and connectivity gaps can sustain basic access and usage, but may constrain take-up of smartphone-dependent services, limiting the depth and quality of digital financial engagement.

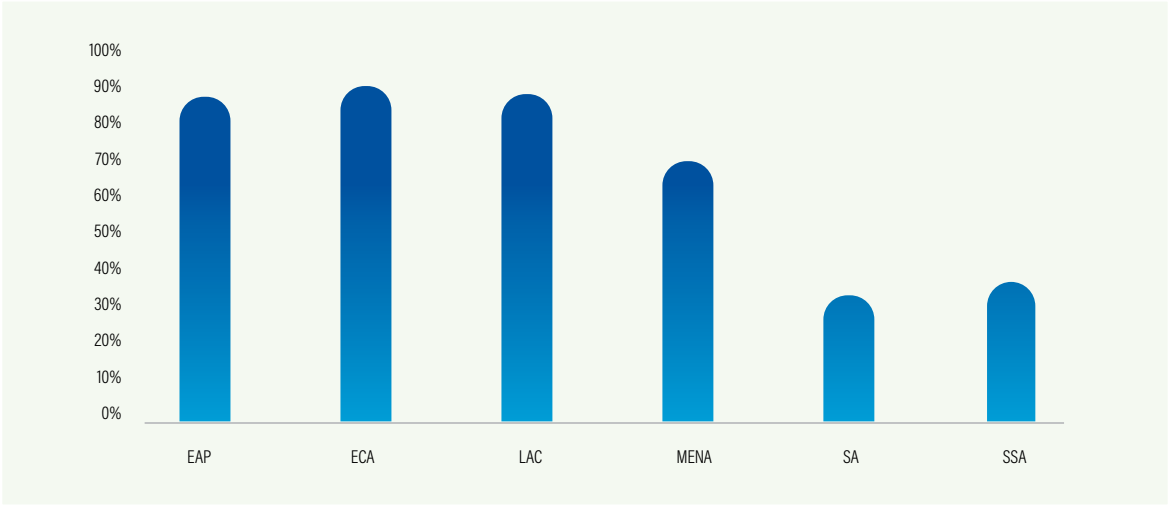
Figure 17: Phone ownership among account owners (%)



Source: Global Findex Database 2025

35 GSMA (2018). The State of the Industry Report on Mobile Money.

Figure 18: Internet use among account owners (%)



Source: Global Findex Database 2025

2.4 Non-Traditional Access Points have been Gaining Momentum in Recent Years

The shift toward non-traditional access points, such as mobile money or bank agents, underscores the growing role of digital financial services, particularly in regions where traditional banking infrastructure is limited. Indeed, the number of traditional outlets (bank branches and automated teller machines (ATMs) per 100,000 adults between 2019 and 2024 has remained stagnant across most regions, while the number of non-traditional outlets expanded rapidly (Figure 19). This trend is especially evident in SSA followed by ECA, where active mobile money agent outlets per 100,000 adults surged past 1000 in 2024, far surpassing the reach of bank branches. In contrast, regions like MENA, LAC and EAP exhibit slower adoption of non-traditional models, with relatively flat growth in agent networks. SA region shows moderate expansion in mobile money agent networks, complementing existing infrastructure.

Agent networks, whether mobile money, bank correspondents, or fintech-based outlets, play a critical role not just in widening access but in enabling regular, convenient, and diversified use of digital financial services. Well-designed and regulated agent networks improve accessibility and lower the cost-of-service delivery, while customer-centric approaches such as sensitivity to local norms and contexts help build trust and encourage more frequent use of digital financial services[36]. They are particularly important for last-mile communities, where they enable deposits, withdrawals, bill payments, and remittances that might otherwise be conducted in cash. For women, youth, and low-income customers, well-trained agents can especially help overcome social and cultural barriers, encouraging uptake and sustained use of digital financial services.

36 Alliance for Financial Inclusion (2020). Regional Policy Framework to strengthen agent networks for digital financial services (DFS).

37 These charts show the weighted average by region for economies whose data are available for 2019–2024. Country coverage differs across indicators depending on data availability.

Figure 19: Number of traditional and non-traditional access points (per 100,000 adults), 2019-2024 [37]

Source: Authors' calculations using IMF Financial Access Survey Database

3.

III. Measuring Financial Inclusion: A Proposed List of Indicators for Usage of Financial Services

3.1 Background: G20 Financial Inclusion Indicators

The GPFI has been working on refining and improving the measurement of financial inclusion for over a decade. In 2011, the GPFI Subgroup on Financial Inclusion Data and Measurement conducted a financial inclusion data stocktaking analysis to understand the data landscape and the existing gaps.[38] Based on this analysis, the GPFI recommended the G20 leaders adopt the G20 Basic Set of Financial Inclusion Indicators in 2012. This Basic Set included five high-level indicators from existing robust global data efforts to track global and national financial inclusion progress at a high level. Subsequently, in 2013, the GPFI endorsed an expanded set of indicators, including indicators to measure financial literacy, use and quality of financial services, and renamed the Basic Set of indicators to the "G20 Financial Inclusion Indicators." In 2016, the GPFI further revised and expanded on the G20 Financial Inclusion Indicators[39] driven by the development of new digital models, as well as the availability of new data on both the demand for and supply of DFS.

Given the developments in the financial sector and the advances in account ownership over the past decade, policymakers are increasingly interested in measuring usage in greater detail. At the same time, global data collection efforts have evolved to include more nuanced data on the usage of financial services. This chapter provides a list of usage indicators building on the existing G20 Financial Inclusion Indicators,[40] reflecting developments in financial inclusion data collection and analysis. This list of indicators includes disaggregation of usage by product type (payments, credit, savings, remittances) by individuals.[41] These indicators are not dependent on the existing data sources identified in this chapter and can be computed using other similar national databases—thus an analysis of data collection processes and survey methodologies is not provided. The chapter concludes by highlighting the challenges and limitations of measuring usage of financial services with these indicators, and key areas for further consideration.

3.2 Existing Data Sources and Indicators for Measurement of Usage of Financial Services

The GPFI measures financial inclusion through indicators along three commonly used dimensions—access, usage, and quality. These indicators help policymakers set national financial inclusion targets, identify barriers, craft policies, and monitor progress.

The measurement of financial services usage relies on both supply and demand-side data sources. Supply-side data is collected from financial services providers (FSPs) through financial institution surveys and

38 GPFI (2011). Financial Inclusion Data—Assessing the Landscape and Country-Level Target Approaches, Prepared by the International Finance Corporation for GPFI.

39 G20 Financial Inclusion Indicators, 2016.

40 Usage-related indicators for individuals in the 2016 G20 Financial Inclusion Indicators are: Adults with an account, Number of accounts, Adults with credit at regulated institutions, Adults with insurance, Cashless transactions, Adults using digital payments, Payments using a mobile phone (from an account), Payments using the internet, Payments using a bank card, Payments using accounts, High frequency of account use, and Saving propensity. Note that definitions and data collection methodologies for some of these indicators have evolved over several iterations over the years.

41 Note that financial inclusion of enterprises is outside the scope of this chapter.

regulator surveys, and demand-side data are collected from the users through household or individual and firm surveys. These data sources are complementary, and the data collected should ideally be used in combination. More generally, supply-side data is more frequent as they are collected from regulated FSPs, while demand-side data is less frequent and more expensive to collect for regulators. Demand-side data can provide more granular information on the patterns of usage. Demand-side data can also shed light on informal use and reasons for non-use or partial usage of financial products.

Several global-scale data initiatives exist on the supply and demand sides. The International Monetary Fund's Financial Access Surveys (IMF FAS)[42] collects the core supply-side data on access and usage on a global scale. The World Bank also has various supply-side data sources, including the Global Financial Inclusion and Consumer Protection Survey,[43] the Global Payment Systems Survey (GPSS),[44] and the Remittances Prices Worldwide (RPW).[45] Supply-side data is also reported into the Alliance for Financial Inclusion (AFI's) Data Portal by AFI members on a voluntary basis. On the demand side, the World Bank's Global Findex Database,[46] launched in 2011, provides data from individual-level surveys to globally measure financial inclusion across countries and over time. Numerous indicators based on these global data collection efforts are constructed to measure various aspects of financial inclusion, including usage.[47]

National surveys also collect supply and demand-side data and report financial inclusion metrics at regular intervals.[48] On the supply side, regulatory and supervisory data is collected directly from FSPs to create financial inclusion indicators. Administrative data from electronic clearing houses can be combined with population databases to generate indicators for different demographic groups. Data reported to credit reporting systems can also be used to generate data to analyze credit access to different borrower profiles. Demand-side surveys may either focus on the overall population or on specific demographic groups.[49] Demand-side surveys can also be used to understand consumer choice and behavior regarding the use and partial use or non-use of financial products and services, both formal and informal.

3.3 List of Indicators to Measure Usage of Financial Services

With advances in financial inclusion and the availability of more granular data sources over the last decade, the classification of usage and access indicators has evolved. In parallel, the measurement of financial inclusion has also evolved, as reflected in the changes in the indicators constructed in successive iterations of global databases like Global Findex and the IMF FAS. The G20 Financial Inclusion Indicators from 2016 and other similar efforts from the last decade classify account ownership among individuals as a usage indicator, while the measurement of access was mostly based on indicators of financial access points. However, account ownership is now widely viewed as a mere entry point for financial access. In other words, account ownership only indicates that a consumer owns an account but does not indicate any consequential usage of the account. Policymakers now focus on account activity and the uptake of other financial products and services to assess usage beyond account ownership.

The list of usage indicators is disaggregated along several dimensions. They cover both the breadth of usage versus depth of usage (for example, number of users versus frequency or volume of use) including proxy indicators where direct indicators are not sufficient. Additionally, usage indicators are further disaggregated by key product types: payments, credit, savings, insurance, and remittances. The list also includes a few thematic sub-components within these product categories to support policymakers in forming a more nuanced

42 Financial Access Survey, The International Monetary Fund.

43 Collects data on legal, regulatory, supervisory and policy frameworks on financial inclusion and consumer protection, https://www.worldbank.org/en/topic/financialinclusion/brief/ficpsurvey.

44 Collects data on payment systems and payment services, https://www.worldbank.org/en/topic/financialinclusion/brief/gpss.

45 Collects information on the cost of sending international remittances, https://remittanceprices.worldbank.org.

46 Global Findex Database.

47 These include the World Bank's Global Findex Database, the IMF FAS, the Alliance for Financial Inclusion's Core Set of Financial Inclusion (AFI) Indicators, AFI Quality Indicators, DFS Indicators, the OECD/INFE Financial Literacy Survey, and The FinMark Trust's FinScope Surveys among others. As this report covers the usage of financial services by individuals only, the databases which include the measurement of financial services usage only by MSMEs are not included in this paragraph.

48 For example, the Finscope Surveys by the Finmark Trust that focus mainly on the SADC region and South Asia.

49 See, for example, the FDIC Household Survey.

understanding of usage gaps in financial products and services in their jurisdiction.

Measurement of usage varies by financial products. For accounts, usage measurement focuses on reasons for and frequency of use. For payments (and remittances), in addition to reasons and frequency, measurement of channels and instruments used is important. For savings, usage measurement instead focuses on active and deliberate uptake along with ongoing use. In some cases, accounts with inflows exceeding outflows may also be evidence of saving behavior. For credit, in many cases accessing credit implies usage, but its relevance can depend on the product type. For example, a credit line can have recurrent use, even if for different purposes (whether for housing, productive asset purchases, or routine consumption). Wherever possible, this may be supplemented with data on repayment of existing credit products to provide a more comprehensive view on credit usage. In the case of insurance, usage may be measured at the point of accessing the product, recurring payment of insurance premiums to maintain a policy, or when claims against the various insured risk events (whether health, agriculture, disaster risk, etc.) are made, since in both instances the consumer has been covered by the purchased insurance policy.

3.3.1 General Indicators to Measure Transaction Account/Account Usage

The table below provides a list of key indicators used to measure general use of accounts, as well as instances of account dormancy. All demand-side (and supply-side, where feasible) data may be further disaggregated by demographic group (sex, age, income level, education, and rural-urban divide). The selection of applicable indicators will depend on the individual country's context and should be supplemented with additional indicators that are relevant to each country. These indicators are intended to assist countries in assessing their usage-related goals and are not necessarily designed for international comparison or benchmarking (see Section 3.4 on Limitations).

Key: Green = High Importance Indicator; Yellow = Medium Importance Indicator; Blue = Sub Indicator

Category	Indicator Name	Demand or Supply Side	Suggested Data Source	Frequency	Rationale and Further Explanation
Account Ownership (General)	Adults with a transaction account (or 'account') (%, ages 15+)	Demand side	Global Findex	Triennial	Primary indicator to measure transaction account (account) ownership among adults, disaggregated by the type of account owned. *Note:* *These indicators are now typically considered 'access' indicators though these were historically considered 'usage' indicators.*
	► Adults with a bank or similar financial institution (FI) account (%, ages 15+)	Demand side	Global Findex	Triennial	
	► Deposit accounts per 1000 adults (can be disaggregated by institution type)	Supply side	IMF FAS	Annual	
	► Number of depositors per 1000 adults (can be disaggregated by institution type)	Supply side	IMF FAS	Annual	
	► Adults with a mobile money account (%, ages 15+)	Demand side	Global Findex	Triennial	
	► Registered mobile money accounts per 1,000 adults	Supply side	IMF FAS	Annual	
Mobile and Internet Use (General)	Number of mobile and internet banking transactions (during the reference year) per 1000 adults	Supply side	IMF FAS	Annual	Indicators to measure the use of the internet and mobile phones for general account usage from the demand side and supply side (to understand the depth of usage) A related indicator in the 2023 OCED International Network on Financial Education (OECD/INFE) Survey of Adult Financial Literacy[50] is: Adults who checked the balance or transactions of a bank account online (%).
	Used a mobile phone or the internet to access an account in the past year (%, ages 15+)	Demand side	Global Findex	Triennial	
	► Used a mobile phone or the internet to access an account (% of those with an account, ages 15+)				
	► Used a mobile phone or the internet to check account balance (%, ages 15+)				
	► Received information about account balance from bank through email, SMS, or text message on mobile in last 12 months (%, age 15+)				

50 OECD/INFE 2023 International Survey of Adult Financial Literacy.

Category	Indicator Name	Demand or Supply Side	Suggested Data Source	Frequency	Rationale and Further Explanation
Withdrawals and Transfers from Accounts	Sent or withdrew money from a bank or similar FI—weekly, monthly, less than once a month (% with a bank or similar FI account)	Demand side	Global Findex	Triennial	Indicators to measure the general usage of accounts from the demand and supply sides Related indicators in the 2023 OECD/INFE Survey of Adult Financial Literacy are: ► Adults who transferred money to others online (%) ► Adults who managed financial products and services online (%) *Note:* *The transaction costs associated with domestic person-to-person transfers can also be tracked as a percentage of the transaction cost. Indicators should consider the cheapest instrument available as well as payment system interoperability.*
	Sent from a mobile money account—weekly, monthly, less than once a month (% with a mobile money account)				
	Took out money from a mobile money account—weekly, monthly, less than once a month (% with a mobile money account)				
Deposits into Accounts	Deposited money into a bank or similar FI—weekly, monthly, less than once a month (% with a bank or similar FI account)	Demand side	Global Findex	Triennial	
Storing Money	Deposited money into a mobile money account—weekly, monthly, less than once a month (% with a mobile money account)				
Mobile Money Account Activity	Store money[51] in an account (%, ages 15+)	Demand side	Nationally representative surveys	Triennial	
	Number of active mobile money accounts per 1,000 adults	Supply side	IMF FAS	Annual	
	Number of mobile money transactions (during the reference year) per 1000 adults				
	Number of active mobile money agent outlets (per 100,000 adults)				
Account Dormancy	Number of mobile money transactions (during the reference year) per 1000 adults	Supply side	Country-specific data sources	-	Indicators to measure account dormancy (that is, lack of usage) *Note:* *Inactive accounts are measured by the percentage of respondents who report neither depositing into nor withdrawing from their accounts or making or receiving a digital payment in the past year.*
	Has an inactive account (% of those with an account)	Demand side	Global Findex	Triennial	

3.3.2 Indicators for Specific Financial Products and Services

This section provides a list of key indicators that may be used to measure the usage of specific financial products and services—payments, credit, savings, insurance, and remittances. It also includes indicators related to informal financial practices to help identify barriers to the use of formal financial products and services. All demand-side (and supply-side, where feasible) data may be further disaggregated by demographic group (sex, age, income level, education, and rural-urban divide). The selection of applicable indicators will depend on the individual country's context and should be supplemented with additional indicators that are relevant to each country. These indicators are intended to assist countries in assessing their usage-related goals and are not necessarily designed for international comparison or benchmarking (see Section 3.4 on Limitations).

Key: Green = High Importance Indicator; Yellow = Medium Importance Indicator; Blue = Sub Indicator

51 This indicator is defined in the Global Findex database as the percentage of respondents who reported keeping their money in an account.

Payments

Category	Indicator Namew	Demand or Supply side	Suggested Data Source	Frequency	Rationale and Further Explanation
Cashless Transactions	Retail cashless transactions per capita	Supply Side	World Bank GPSS	Every 2-3 years	*Indicators to measure cashless transactions at an aggregate level in an economy from the supply side (to understand depth of usage)*
Digital Payments	Made or received a digital payment (%, ages 15+)—may be further disaggregated by payment channel and instrument	Demand side	Global Findex	Triennial	*Indicators to measure the making and receiving of digital payments by adults in the past year, including specific indicators for using the internet/ mobile phones and cards for making payments.* *A related indicator in the 2023 OECD/INFE Survey of Adult Financial Literacy is: Adults who bought goods or services online (%).* *Notes: (a) These indicators include adults who made at least a single relevant digital payment in the past year. Therefore, these indicators should not be used to measure the frequency of usage of digital payments. These indicators may be supplemented with national-level survey data to measure the frequency of payments* *(b) These indicators may be further disaggregated by the type of payment instrument (for example, cash, payment cards, e-money, credit transfer, etc.), as well as the use of payment channels (for example, Quick Response Codes (QR codes), USSD, app, POS, etc.) to obtain more granular insights on digital payments usage. The use of specific payment systems could also be considered, such as fast payments or card payment systems.*
	► Made digital payments (%, ages 15+) ► Received digital payments (%, ages 15+)				
Mobile Phone and Internet Use for Making Payments	Used a mobile phone or the internet to pay bills in the past year (%, ages 15+)	Demand side	Global Findex	Triennial	
	Used a mobile phone or the internet to buy something online in the past year (%, ages 15+)	Demand side	Global Findex	Triennial	
	► Used a mobile phone or the internet to buy something online and paid for purchase online (%, ages 15+) (excluding those who reported only paying in cash on delivery)				
Debit and credit card use	Used a debit or credit card (%, ages 15+)	Demand side	Nationally representative surveys	Triennial	
	► Used a debit card (%, ages 15+)	Demand side	Nationally representative surveys	-	
	► Used a credit card (%, ages 15+)	Demand side	Global Findex	Triennial	
Additional Indicators					
Digital Merchant Payments	Made a digital merchant payment (%, ages 15+)—may be further disaggregated by payment channel and instrument	Demand side	Global Findex	Triennial	Indicators to measure digital merchant payments by adults in the past year. Digital payments include payments using a card or a mobile phone. *Notes:* *(a) These indicators may be supplemented with national-level survey data to measure the frequency of payments.* *(b) These indicators may be further disaggregated by the type of payment instrument (for example, cash, payment cards, e-money, credit transfer, etc.), as well as the use of payment channels (for example, QR codes, USSD, app, POS, etc.) to obtain more granular insights on digital payments usage. The use of specific payment systems could also be considered, such as fast payments or card payment systems.*
	► Made a digital online merchant payment for an online purchase (%, ages 15+) ► Used a mobile phone or card for an in-store purchase—weekly, monthly, less than once a month (%, ages 15+) ► Used mobile phone or card to pay for household food or cleaning supplies (%, age 15+)				
Utility bill payments	Made a utility payment: using an account (% who paid utility bills)	Demand side	Global Findex	Triennial	Indicators to measure the making and receiving of specific payments by adults in the past year ***Note:*** *The relevance of each of these categories will vary by country context.*
School Fees Payments	Paid school fees: using an account (% paying school fees)	Demand side	Nationally representative surveys	Triennial	
Payments for Agricultural Goods	Received payments for agricultural products: into an account (% of agricultural payment recipients)	Demand side	Global Findex	Triennial	
	► Received payments for agricultural products: into a bank or similar account (% of agricultural payment recipients)	Demand side	Global Findex	Triennial	

Credit

Note: While measuring usage for credit products, quantitative measures should be analyzed in the context of complementary indicators, such as the cost of credit based on the tenure and type of credit (for example, unsecured consumer loans, mortgage, guaranteed/secured loans, etc.), as well as the potential for over-indebtedness from each type of credit.

Category	Indicator Name	Demand or Supply side	Suggested Data Source	Frequency	Rationale and Further Explanation
General Borrowing Behavior	Borrowed any money in the past year (%, ages 15+)	Demand side	Global Findex	Triennial	Indicators to measure general borrowing behaviors among adults. *Notes:* *(a) These indicators do not indicate account usage in and of themselves, and these should be used in conjunction with indicators on Formal and Semi-Formal Borrowing Behaviors.* *(b) Other possible indicators, based on national-level data, could include: Borrowed to purchase an automobile; Borrowed to make improvements to a house or property.* *(c) National authorities may consider defining and collecting additional data on "loans in arrears" (supply side) and "consumers who are borrowing and in financial distress" (demand side) to better understand usage patterns.*
	▶ Borrowed for health and medical purposes (%, ages 15+) ▶ Borrowed to start or operate a business (%, ages 15+)	Demand side	Global Findex	Triennial	
	▶ Borrowed for education or school fees (%, ages 15+) ▶ Borrowed for an emergency (%, ages 15+)	Demand side	Nationally representative surveys	-	
Formal Borrowing Behavior	Borrowed any money from a formal bank or similar FI or using a mobile money account in the past year (%, ages 15+)	Demand side	Global Findex	Triennial	Indicators to measure formal borrowing behaviors from the demand and supply sides. Additionally, national-level surveys to measure access to credit may include indicators to measure the rate of formal borrowing among individuals specifically seeking to borrow formally. These indicators should be analyzed along with national-level indicators related to over-indebtedness, such as the number of defaulted loans and outstanding loans. *Notes:* *(a) The 2023 iteration of the OECD/ INFE Survey of Adult Financial Literacy covers 39 countries. Similar data can be collected through nationally representative demand-side surveys.* *(b) It might be more appropriate to measure borrowing at the household level rather than at the individual level in some country contexts* *(c) The relevance of indicators related to credit cards might vary by country context*
	Adults with at least one type of regulated credit account (%)	Supply side	AFI Core Set of Indicators	To be collected by national authorities	
	Adults who hold any credit product (%)	Demand side	OECD/INFE Adult Financial Literacy Survey or other Nationally representative surveys	-	
	▶ Adults who have taken out credit online (%)				
	Number of loan accounts per 1,000 adults *(Note: This can be disaggregated by institution type)*	Supply side	IMF FAS	Annual	
	Number of borrowers per 1,000 adults (can also be disaggregated by institution type)	Supply side	IMF FAS	Annual	
	Number of credit cards per 1,000 adults (total)	Supply side	IMF FAS	Annual	
	Used a credit card (%, ages 15+)	Demand side	Global Findex	Triennial	
	▶ Paid off all credit card balances in full by their due date (% who used a credit card)	Demand side	Global Findex	Triennial	
	Has an outstanding housing loan (individually or with someone else) (%, ages 15+)	Demand side	Nationally representative surveys	-	
Informal Borrowing	Borrowed from a savings club in the past year (%, ages 15+)	Demand side	Global Findex	Triennial	Indicators to measure informal borrowing behaviors among adults, which can indicate gaps in formal borrowing. *Notes:* *(a) Informal borrowing might be more suitable in some circumstances* *(b) Some countries have formalized regulatory frameworks for savings associations, which are not included under this indicator.*
	Borrowed from a store by buying on credit in the past year (%, ages 15+)	Demand side	Nationally representative surveys	-	
	Borrowed from family or friends in the past year (%, ages 15+)	Demand side	Global Findex	Triennial	

Category	Indicator Name	Demand or Supply side	Suggested Data Source	Frequency	Rationale and Further Explanation
Additional Indicators					
Debt to income ratio	Average or median debt to income ratio (%)	Supply side	Country-specific data sources	-	Indicators to track population-wide usage of credit for assessing financial stability and consumer vulnerability related issues. *Note: May be measured at the household level instead of the individual level, depending on country context.*
	Average interest payment to income ratio (%)	Supply side	Country-specific data sources	-	
Credit scores	Average or median credit score per adult individual	Supply side	Country-specific data sources	-	Supplemental Indicators to assess consumer credit risk profiles, financial health, and financial behavior to contextualize usage patterns. *Note:* *Data on credit scores may not exist for all jurisdictions.*
	Adult population in different credit score bands (%)	Supply Side	Country-specific data sources	-	

Savings

Note: While measuring usage of formal savings products, quantitative measures should be analyzed in the context of complementary indicators such as the type of savings product and the terms associated with them (for example, short-term savings, long-term savings, restrictions around withdrawal, penalties, and interest rates).

Category	Indicator Name	Demand or Supply side	Suggested Data Source	Frequency	Rationale and Further Explanation
General Saving Behavior	Saved any money in the past year (%, ages 15+)	Demand side	Global Findex	Triennial	Indicators to measure general saving behavior among adults *Note:* *These indicators may be used in conjunction with indicators for formal and informal savings.*
	▶ Saved for old age (%, ages 15+) ▶ Saved for education or school fees (%, ages 15+) ▶ Saved to start or operate a business (%, ages 15+) ▶ Saved for emergencies (%, ages 15+) ▶ Saved for a targeted purchase; for example, automobile, television, school uniforms (%, ages 15+)	Demand side	Nationally representative surveys	-	
	▶ Main source of emergency funds in 30 days: savings (%, age 15+)	Demand side	Global Findex	Triennial	
Formal savings	Outstanding deposits as a percentage of Gross Domestic Product (GDP) (%)	Supply side	IMF FAS	Annual	Indicator to measure overall formal saving behavior among the population.
	Saved at a FI or using a mobile money account (%, ages 15+)	Demand side	Global Findex	Triennial	Indicators to measure formal saving behaviors among adults *Note:* *National-level surveys may be used to collect data to measure formal savings as a percentage of income.*
	▶ Saved or set aside money in an account—weekly, monthly, less than once a month (%, ages 15+) ▶ Saved formally for old age (%, ages 15+) ▶ Received interest or additional money for savings in an account in the past 12 months (%, age 15+)	Demand side	Global Findex	Triennial	
Informal (or Semi-formal) savings	Saved using a savings club or a person outside the family (%, ages 15+)	Demand side	Global Findex	Triennial	Indicators to measure informal saving behaviors among adults as a pathway to more formal saving behaviors

Insurance

Note: In countries where insurance uptake is low, measuring usage for insurance products should be largely focused on indicators related to overall insurance uptake. However, in countries where insurance is offered by the government as part of social protection programs, the presence of these insurance policies alone might not reflect their use. Indicators that measure insurance usage should be supplemented with country-level data on insurance claims made and rejected to obtain a complete picture of how insurance is used in such countries.

Category	Indicator Name	Demand or Supply side	Suggested Data Source	Frequency	Rationale and Further Explanation
General	Made regular payments to insurance agent or company (%, age 15+)	Demand side	Global Findex	Triennial	Indicators to measure insurance payments as a measure uptake of insurance products.
	Adults who hold any insurance product (%)	Demand side	OECD/INFE Adult Financial Literacy Survey or other Nationally representative surveys	-	Indicators to measure the percentage of the adult population that holds insurance products and the use of online channels. *Note:* *The 2023 OECD/ INFE Survey of Adult Financial Literacy covers 39 countries. Similar data can be collected through nationally representative demand-side surveys.*
	► Adults who subscribed to an insurance policy online (%)	Demand side			
Life insurance policies	Number of life insurance policies per 1,000 adults	Supply side	IMF FAS	Annual	Indicators to measure the number of life insurance policies from the supply side (to understand the depth of usage) and percentage of policyholders from the demand side.
	► Number of life insurance claims made per 1000 adults ► Number of life insurance claims rejected per 1000 adults	Supply side	Country-specific data sources	-	
	Adults with a life insurance policy (at least one) (%, ages 15+)	Demand side	Nationally representative surveys	-	
	Number of life insurance policyholders per 1,000 adults	Supply side	IMF FAS	Annual	
	Insurance penetration (%)	Supply side	OECD Insurance Statistics / Country-specific data sources	Annual	
	Insurance density (currency per adult)	Supply side	OECD Insurance Statistics / Country-specific data sources	Annual	
Non-life insurance policies	Number of non-life insurance policies per 1,000 adults	Supply side	IMF FAS	Annual	Indicators to measure the number of non-life insurance policies from the supply side (to understand the depth of usage) and percentage of policyholders from the demand side. *Note:* *Government-provided or employer-provided insurance that is automatically available to some segments of the population may not imply usage of financial services (such as social security, workmen's insurance for informal workers). In such cases, insurance usage should be disaggregated by the type of insurance.*
	► Number of non-life insurance claims made per 1000 adults ► Number of non-life insurance claims rejected per 1000 adults	Supply side	Country-specific data sources	-	
	Adults with non-life insurance policy (at least one) (%, ages 15+) (Note: This can be disaggregated by insurance type, including agricultural insurance, motor insurance, health insurance, etc.)	Demand side	Nationally representative demand-side surveys	-	
	Number of non-life insurance policyholders per 1,000 adults (Note: This can be disaggregated by insurance type, including agricultural insurance, motor insurance, health insurance, etc.)	Supply side	IMF FAS	Annual	
	Insurance penetration (%)	Supply side	OECD Insurance Statistics/Country-specific data sources	-	
	Insurance density (currency per adult)	Supply side	OECD Insurance Statistics/Country-specific data sources	-	
Insurance Premiums	Average insurance premium per capita (domestic currency)	Supply side	Country-specific data sources	-	Indicators to measure overall insurance penetration through insurance premiums. *Note:* *These indicators should be used in conjunction with the indicators listed above.*
	Total insurance premiums as a percentage of GDP (%)	Supply side	Country-specific data sources	-	

Remittances

Note: The indicators related to remittances are cross-border remittances and not domestic transfers between adults.

Category	Indicator Name	Demand or Supply side	Suggested Data Source	Frequency	Rationale and Further Explanation
Sending or receiving remittances	Sent or received cross-border/ international remittances (%, ages 15+)	Demand side	Nationally representative surveys	-	Indicators to measure the sending and receiving of cross-border remittances by adults *Note:* *The relevance of these indicators will vary depending on the country's context.*
	▶ Sent cross-border/ international remittances (%, ages 15+)	Demand side	Nationally representative surveys	-	
	▶ Received cross-border/ international remittances (%, ages 15+)	Demand side	Global Findex	Triennial	
	Sent or received cross-border remittances digitally (%, ages 15+)	Demand side	Nationally representative surveys	-	
Cost of remittances	Average cost of sending remittances from a specific country (%)	Supply side	Remittance Prices Worldwide	Half-Yearly	Indicators to measure the cost of cross-border remittances as a possible enabler or barrier to usage.
	Average cost of sending remittances to a specific country (%)	Supply side	Remittance Prices Worldwide	Half-Yearly	

3.4 Challenges and Limitations

The indicators listed above can all be calculated based on country-level data collection efforts, while most of them also have existing global data sources. To enable international comparisons, it is important to ensure harmonization of definitions, collection processes, survey methodologies, and indicator computations. Differences in methodologies, processes, and definitions lead to differences in measurement, and hinder the comparability of indicators across countries (See Box 3.1). For example, as noted by the GPFI Subgroup on Financial Inclusion Data and Measurement,[52] countries may have varying definitions for active versus dormant accounts, MSMEs (where enterprise-level data is used), and demand-side data. Household and firm surveys that are tailored to country-specific needs do not necessarily produce indicators that are comparable with other countries due to differences in the way the surveys are framed and implemented. Additionally, definitions and data collection efforts can sometimes vary between surveys conducted by different authorities in the same country.

Box 3.1. A Recap of GPFI's Earlier Key Messages on Financial Inclusion Measurement Challenges

- Harmonization of definitions, standardization of data collection methodologies and indicator computation, and coordination of data collection efforts within and across countries are important for comparability across countries and over time, and to develop informed policies and strategies.
- National statistical capacity is crucial to achieve reliable and consistent data sources, not only at the national level, but also on a global scale, as international data collection and compilation efforts rely heavily on country-level statistics and data collection by national statistical agencies.
- The use of internationally standardized concepts, classifications, and methods facilitates data transparency and consistency.
- Promoting open data access will improve the quality of data. Data available in the public domain facilitates knowledge creation and a shared understanding of challenges, ultimately leading to better policies and higher-quality data.
- Progress toward a comprehensive set of financial inclusion indicators requires special attention to developing indicators for the dimensions of financial inclusion that are yet to be measured consistently.

Source: Financial Inclusion Data—Assessing the Landscape and Country-Level Target Approaches, Prepared by the International Finance Corporation for GPFI (2011)

52 Financial Inclusion Data—Assessing the Landscape and Country-Level Target Approaches, Prepared by the International Finance Corporation for GPFI (2011).

The most appropriate set of usage indicators may differ from one country to another. The most useful set of indicators for a national authority will depend on country context. The list provided in this chapter can be customized and expanded for the country context, based on:

- **Economic, cultural, and behavioral factors.** These should be factored into country-level demand-side collection and the interpretation and analysis of data, especially for benchmarking and comparisons. For example, individual-level metrics may miss showing actual usage in countries where a culture of saving at the household level is important.

- **Readily available comprehensive supply-side data.** Supply-side data is largely reported by FSPs to financial sector authorities and can often be more readily available. However, the reliability and usefulness of supply-side data is dependent on its consistency and comprehensiveness.

- **Local statistical capacity to implement demand-side surveys.** While demand-side data allows for more granular measurement of the entire population (and not just those who are formally financially included), sampling biases, omissions, and perceptions by respondents may affect the quality of demand-side data. Therefore, local statistical capacity to collect this data is crucial.

- **Availability of financial products and services offered.** Depending on the set of financial products and services offered in the country, more nuanced product, and context-specific usage indicators can be utilized for policymaking.

- **Changing landscape.** As financial products and services rapidly evolve, existing metrics may become outdated or insufficient to capture new trends, requiring constant updates and adjustments. Financial service offerings evolve rapidly, requiring reviewing metrics to remain relevant over time.

- **Multi-dimensional measurement.** Some countries have also developed indices to understand complex and multidimensional concepts related to financial inclusion. (see Box 3.2 for examples).

Box 3.2. Examples of Financial Inclusion Indices[53]

Financial inclusion or usage indices can help summarize these multi-dimensional concepts by reducing the size of the set of individual metrics to be monitored. Indices can be easier to interpret than a set of multiple indicators, and they can enable comparisons of complex dimensions. They also provide a synthetic measure of a country's relative performance and progress over time.[54] However, indices often assign weights to their various dimensions subjectively and different dimensions of financial inclusion might be treated as substitutable. Additionally, using corresponding indicators from the demand side and supply side in the same index can lead to over-indexing on one indicator.[55] Nor is it always easy to interpret the underlying reason for a change in the value of the index (and take corrective measures as needed) as multiple dimensions may change simultaneously. Some examples of indices globally include:

India's Financial Inclusion Index (FI-Index): The Reserve Bank of India (RBI) developed a composite Financial Inclusion Index (FI-Index), first published in August 2021, in consultation with the Government and sectoral regulators. This index measures the extent of financial inclusion across India, integrating data from banking, investments, insurance, postal, and pension sectors. It ranges from 0 (complete exclusion) to 100 (full inclusion) and is based on three weighted parameters: Access (35%), Usage (45%), and Quality (20%), evaluated through 97 indicators.

Financial Health Index of Brazilians (I-SFB): The Financial Health Index of Brazilians (I-SFB) for 2024, developed by FEBRABAN in partnership with the Banco Central do Brasil, is a tool to assess financial health in Brazil. It is based on a structured questionnaire comprising 15 mandatory questions that evaluate five key dimensions: Financial Skills, Financial Behavior, Financial Security, Financial Freedom, and Financial Foundation. These dimensions are measured using statements that respondents rate based on how well they describe their financial knowledge, habits, and experiences. The index categorizes individuals into seven levels from 0-100, reflecting financial stability, freedom, and stress. Aligned with international benchmarks, the I-SFB serves not only as a diagnostic instrument but also as a strategic enabler for targeted financial education interventions.

The Payments Aspects of Financial Inclusion (PAFI) radar: The PAFI radar is a visual representation of the PAFI results framework, designed to help countries assess and track their progress in applying the PAFI guiding principles.[56] The PAFI results framework includes a structured set of core indicators—both quantitative and qualitative—that measure how well a country is implementing the PAFI guiding principles. These indicators are used to establish a baseline scenario and monitor improvements over time. The PAFI radar tool provides a visual representation of the multi-dimensional PAFI results framework. It also enables benchmarking and comparisons of the status in one country against specific reference groups (for example, regional averages, income group averages, G20 countries).

3.5 Further Areas for Consideration

The indicators listed in this chapter provide a starting point to understand the patterns of usage of financial services. In addition to these, countries may consider developing additional indicators that reflect the usage patterns in their jurisdictions in greater depth. For a more comprehensive analysis of usage, these need to be disaggregated, combined with other indicators, or used alongside other data sources.

53 India: https://rbi.org.in/scripts/FS_PressRelease.aspx?prid=58259&fn=2754; Brazil: https://indice.febraban.org.br/ and PAFI: https://www.bis.org/cpmi/publ/d195.pdf.

54 Organisation for Economic Co-operation and Development. (2008). Handbook on constructing composite indicators: Methodology and user guide. Brussels: OECD.

55 For example, indicators to measure accounts per 1000 adults and percentage of adults with an account measure the same dimension of financial inclusion from supply-side and demand-side perspectives respectively.

56 CPMI and World Bank (2016). Payment Aspects of Financial Inclusion.

- **To have a more nuanced understanding of usage patterns, it is essential to use indicators disaggregated by demographic characteristics.**[57] The types of disaggregation include sex, income group, rural-urban divide, education, and age group. The analysis of sex-disaggregated data can help identify gaps between men and women and patterns in the usage of specific financial products. An analysis of the rural-urban divide in the usage of specific financial products and services can be complemented with geospatial mapping of financial access points to identify barriers to usage of financial products.[58] Analyzing usage patterns across different demographic groups can help policymakers come up with effective policies to increase usage within specific underserved groups.

- **Indicators related to financial capability and resilience are increasingly recognized as complements to usage indicators.**[59] These indicators can serve to capture the quality of financial service usage and help assess financial inclusion outcomes. Global measurement efforts—such as the 2024 Global Findex module on financial health—can support countries in integrating such outcome indicators into their monitoring frameworks. The OECD/INFE Survey of Adult Financial Literacy also contains an extensive list of indicators related to financial health and resilience. Simple metrics like the ability to raise emergency funds, confidence in managing money, or frequency of financial stress can provide insights into whether usage is translating into improved financial health.

- **Transactional or alternative data sources also have growing applications in understanding usage patterns.** Real-time supply-side data—such as mobile money transaction records (by volume and value), and other digital data trails—can offer additional insights into overall usage patterns, consumer behaviors, and related outcomes. In these cases, transaction data may be collected on a real-time or frequent basis from FSPs or system operators and be used to analyze usage patterns.

- **For a deeper understanding of the reasons for low usage, it is important to analyze usage indicators along with indicators on barriers, including those on the enabling environment.** The World Bank offers several key data sources to support such analysis, including the Global Financial Inclusion and Consumer Protection Survey and the GPSS. These resources provide valuable insights into regulatory frameworks, existing policies and financial infrastructure, which are critical for identifying constraints and informing evidence-based policy responses. Additionally, policymakers may consider including granular usage indicators related to innovative technologies that not only increase access to financial products and services but also enhance their usage due to specific design features. Examples include QR codes, Near Field Communication payments, smart POS devices, automated credit scoring using alternative data, and authentication tools.

57 The World Bank's Global Findex database indicators are disaggregated by demographic characteristics. IMF's FAS also has sex-disaggregated data for selected indicators.

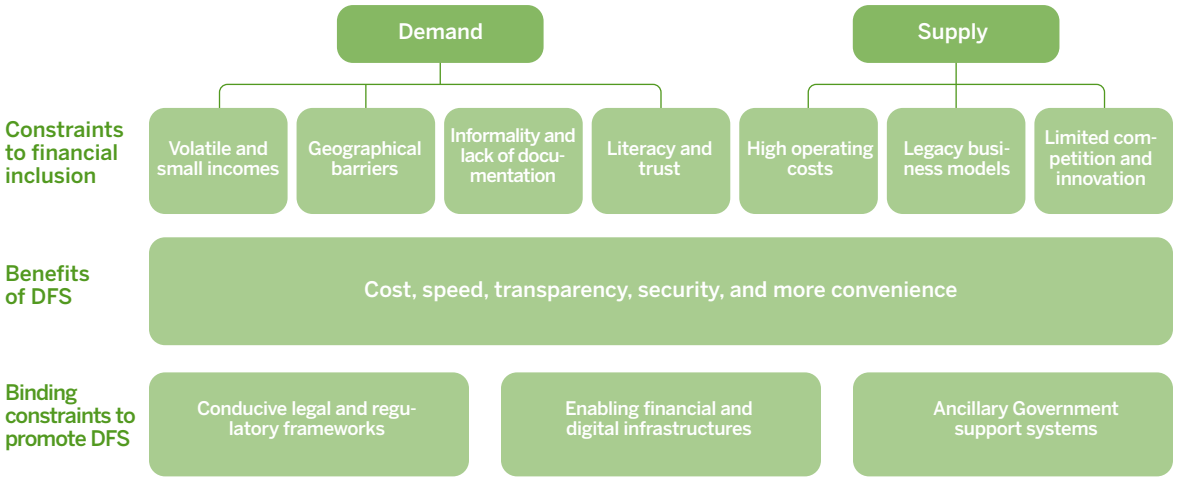
58 Leveraging Geospatial Technology for Financial Inclusion.

59 Financial capability indicators can include those on ability to use digital channels. accounts or other financial products and services; knowledge of financial products and services; ability to make decisions on specific financial products and services. Financial resilience indicators can include those on financial worrying, sources of emergency funds, ability to come up with emergency funds, and ability to pay debts.

IV. Impediments to the Usage of Financial Products and Services

Significant literature exists identifying the key constraints to financial inclusion and the development of DFS with the objective of expanding access to finance and deepening inclusion.[60] The analysis presented in Chapter 2 provides evidence of the persistence of these impediments, as illustrated in Figure 20 below. Building on existing research, including GPFI publications, this chapter focuses on barriers that affect usage. Recognizing that supply and demand-side barriers are often interwoven, distinctions between them are not made; rather, their intersections across various financial products, including transaction accounts, payments, credit, savings, insurance, and remittances, are examined. The analysis begins by reviewing overarching enabling environment barriers, then examines affordability, regulatory frameworks, financial capability, and social norms. Following this overview, specific impediments associated with payments, credit, savings, insurance, and remittances are then examined.

Figure 20: Constraints to financial inclusion and the development of digital financial services



Source: World Bank (2020): Digital Financial Services

60 See G20 Policy Options to Improve Last Mile Access and Quality of Inclusion. GPFI, November 2024. See also Foundational Building Blocks for Financial Inclusion: Insights and Call to Action to Reach the Last Mile. UNSGSA, September 2024. See also: World Bank (2020): Digital Financial Services.

4.1 Enabling Environment Barriers

DFS may reshape access to and usage of financial tools by lowering costs, increasing transaction speed, security and transparency, and enabling more customized services for underserved populations.[61] Many of these benefits derive from technological innovations reducing costs and improving efficiencies across the various steps of financial services—from account opening to assessing creditworthiness. However, the effectiveness of DFS depends on critical enablers: reliable mobile broadband infrastructure, especially in remote and underserved areas; widespread digital approaches to verify and onboard users; and open application programming interfaces (APIs) that foster interoperability, competition, and innovation; in addition to sound legal and regulatory frameworks that promote consumer protection, market integrity, private sector participation, and innovation. Design and deployment of digital technologies must also be carefully managed to mitigate risks presented by new technologies or broadened uptake through DFS, particularly for vulnerable and underserved[62] groups, not to deepen existing inequalities or introduce new barriers to access and usage. Around 850 million people lack ID globally—which is critical for meeting customer due diligence requirements—disproportionately affecting women in low-income countries and limiting access to essential services and economic participation.[63] Income volatilities and lack of income sustenance can deter the usage of all types of financial services, impeding usage by creating financial instability, risk aversion, and unpredictability for individuals.

Digital and financial infrastructure barriers can significantly impede the usage of a wide range of financial products and services. The delivery of DFS is often compromised by unreliable internet connectivity, particularly in rural and underserved areas and in regions affected by conflict or political instability. For example, individuals who possess mobile wallets or online banking accounts may be unable to conduct transactions when mobile networks are disrupted or when the cost of data is prohibitively high. These digital access constraints exacerbate existing financial infrastructure challenges, such as ATMs running out of cash or bank branches becoming inaccessible due to security threats or being reduced because of reliance on alternative channels. Users of savings products may be unable to make regular deposits or access their accounts, weakening savings discipline and reducing trust in digital platforms. Credit services are similarly impacted when borrowers face delays in loan disbursement or are unable to apply due to connectivity issues, increasing the risk of exclusion and repayment challenges. For insurance, digital barriers can prevent timely premium payments or claims processing, leading to lapses in coverage and discouraging uptake. Remittances, a critical financial lifeline for many households, are also vulnerable—network outages or liquidity shortages can delay transfers or force recipients to travel long distances to access funds, increasing costs and reducing reliability. Together, these limitations create a fragile ecosystem that undermines financial inclusion and resilience.

4.1.1 ICT infrastructure

Barriers in ICT infrastructure can affect competition and scalability. Limited access to FSP service points, combined with unreliable or limited digital infrastructure, can restrict opportunities for greater usage for consumers and prevent new entrants from competing effectively with established institutions, leading to market concentration and reduced innovation to serve customers.[64]

4.1.2 Interoperability Challenges

Interoperability challenges can create significant barriers to the usage of financial services and products by driving inefficiencies and higher costs to customers.[65] Interoperability can come in many forms and can be described as technical or legal compatibility that enables a system or mechanism to be used in conjunction with other systems or mechanisms. Interoperability allows customers to transact seamlessly with a broader set of

61 World Bank (2020): Digital Financial Services.

62 GPFI FIAP 2023, defined as vulnerable (such as elderly people, migrants, and displaced persons) and underserved groups (which include women, youth, and people living in rural areas).

63 Women's World Banking (2025): Prioritizing Digital ID and Inclusive Payments to Unlock Economic Growth for All.

64 World Bank (2020): Digital Financial Services.

65 Garcia Arabehety, P., Chen, G., Cook, W., & McKay, C. (2016). Digital Finance Interoperability & Financial Inclusion: A 20-Country Scan. CGAP.

consumers and businesses.[66,67] In many developing countries, despite technical operability, limited interoperability between non-bank payment service providers (PSPs), such as mobile money operators and traditional banking systems, restricts seamless fund transfers. Excessive service fees to cover switching and interchange costs often render alternative infrastructure economically unviable. In addition to elevating costs for service providers, this operational fragmentation makes it more inconvenient and expensive for people to use their existing payment products and transaction accounts.[68]

4.1.3 Policy and Regulatory Constraints: Limiting Innovation

Government policies and arrangements can reduce competition in the financial sector, negatively impacting innovation and the availability and variety of financial products for individuals. Restrictive or poorly designed licensing frameworks can limit the ability of diverse FSPs, such as fintech firms, to participate in the market, thereby curbing the introduction of novel financial solutions and technologies. Certain design features, policies, and operational aspects of digital and financial infrastructure whether managed by public or private entities can hamper competition. These include access restrictions not based on risk considerations and unfair terms of services. These factors can slow down the pace of innovation and reduce the sector's responsiveness to evolving consumer needs.

Regulatory or policy barriers might also impede the introduction of innovative approaches by incumbents or inadvertently promote anticompetitive practices. In some countries, for example, salaries for public sector employees must be transferred through specific state-owned banks, which can limit the reach of digital financial services and reduce incentives for innovation in payment systems.

Interventions such as price-setting or imposing caps on transaction fees, where they do not reflect market realities, can distort incentives and reduce participation. These distortions may discourage investment in innovative business models or technologies that rely on flexible pricing structures. Such policies may also result in higher fees, reduced service quality, and fewer consumer-friendly innovations.

4.1.4 Informal Sector Dynamics

The informal sector is an integral part of the economic landscape and often operates in parallel to the formal sector, creating a complex financial environment that can hinder the usage of formal financial services. This can also lead to market fragmentation and reduced efficiency, as consumers navigate between formal and informal providers, hindering the broader adoption and usage of formal financial products. However, informal financial service providers (FSPs) can serve a purpose, particularly in contexts where formal financial services are not well developed or accessible. Their presence may reflect gaps in the formal sector's value proposition—if formal services cannot compete, it may be because they are not offering better alternatives in terms of convenience, trust, or relevance. Digital merchant payments are illustrative here: small and rural merchants mostly operate in the informal economy, relying heavily on cash. PSPs often have difficulty in acquiring smaller or rural merchants. This can lead to a dual economy where digital payments are widespread in large cities, while cash is the only payment instrument elsewhere. Moreover, risk assessment for provision of credit and insurance is premised on reliable data on income, which can be challenging to provide without digital trails.

4.2. Affordability

Affordability is a significant impediment as high fees for financial services, such as account maintenance charges or transaction costs, can be prohibitive for low-income individuals.[69] High interest rates and fees associated with loans, payment services, and other financial products can deter individuals and microenterprises from utilizing such products, as they often face less favorable terms compared to larger businesses.[70] For microenterprises, these costs can hinder business formation and growth, stifling start-up activity.

66 BIS, 2016. A glossary of terms used in payments and settlement systems.

67 BIS, 2025: Let's speak the same language: a formally defined model to describe and compare payment system architectures, defined specific functions—issuance/withdrawal, holding, and transfer—across diverse payment system architectures, offering central banks and industry stakeholders a standardized tool for analysis and visualization.

68 UNSGSA Foundational Building Blocks Policy Note 2024. United Nations Secretary-General's Special Advocate for Inclusive Finance for Development (UNSGSA).

69 IMF. 2024. "IMF Financial Access Survey Results, 2024". International Monetary Fund.

70 Beck et al. Access to financial services: measurement, impact, and policies (English). Washington DC: World Bank.

4.3 Inappropriate Regulatory Frameworks and Lack of a Responsible Digital Financial Ecosystem

Poorly calibrated and tailored regulations may lead to excessive compliance costs and operational complexities, which can disproportionately affect smaller financial institutions and fintech firms. Compliance costs and regulatory requirements for financial institutions that do not reflect a risk-based approach may create barriers for smaller banks and fintech firms, reducing competition and innovation in the financial sector.

Trust in DFS hinges on strong consumer protection, data privacy, mitigation of fraud, cyber and financial integrity risks. However, DFS users encounter risks such as data breaches, unauthorized data sharing, opaque fee structures, aggressive digital marketing, and rising incidents of digital fraud and scams. These issues can erode user confidence and limit the uptake and sustained use of DFS, particularly among underserved populations and in the absence of legally mandated security measures. When providers (including public sector service providers) are not legally required to implement specific safeguards, or mandated dispute resolution mechanisms and consequently fail to adopt adequate protective measures, it creates inconsistencies in protection standards and leaves users vulnerable to fraud and data breaches, undermining consumer confidence and usage.

4.3.1 Financial Consumer Protection (FCP)

Poor and irresponsible practices by FSPs, such as lack of transparency, unfair terms, and abusive treatment of consumers can further undermine trust. Issues like unclear terms and hidden fees with opaque, complex contracts make informed choices difficult and discourage use.[71] Fair treatment is crucial as consumers may face discriminatory practices or misleading marketing practices, which can result in reputational damage, regulatory sanctions, and diminished market share for FSPs. Ineffective complaints-handling mechanisms leave consumers without recourse and dispute resolution processes are often slow, costly or inaccessible.

From a business perspective, investing in fair and responsible practices yields long-term benefits. Effective complaints handling mechanisms and accessible dispute resolution processes not only protect consumers but also reduce operational risks and improve customer satisfaction. Conversely, non-compliant actions by FSPs, including poor-value product offerings, poor financial advice from unqualified sources,[72] and dishonest sales practices threaten consumer protection and market integrity, exposing FSPs to legal liabilities, eroding long-term profitability and public confidence.[73] Many FCP frameworks require strengthening, particularly to address new manifestations of risks from DFS, and authorities responsible for enforcing FCP are often under-resourced.

4.3.2 Data Protection and Privacy

Without robust data-protection measures, consumers have little control over their personal information. Data protection plays a crucial role in ensuring transparency and accountability in the collection and use of vast amounts of data generated by digital transactions. Data protection is especially relevant with the growth of DFS and associated risks like identity fraud and non-transparent use of data. Other risks include algorithmic decision-making that may lead to unfair or opaque outcomes; cybersecurity vulnerabilities that expose consumers to data breaches and service disruptions, and business model failures that jeopardize consumer funds. Moreover, inadequate disclosures and conflicted product recommendations can result in poor financial decisions and over-indebtedness.[74] Responsible use of consumer data by public and private FSPs can lower costs and operational barriers, thereby enabling more tailored financial products to vulnerable and underserved consumers.[75]

71 World Bank Group. 2017. Good Practices for Financial Consumer Protection, 2017 Edition. World Bank. http://hdl.handle.net/10986/28996 License: CC BY 3.0 IGO.

72 OECD (2024), Consumer Finance Risk Monitor, OECD Publishing, Paris.

73 OECD (2024), Consumer Finance Risk Monitor, OECD Publishing, Paris.

74 Boeddu, Gian Luciano; Chien, Jennifer; Grady, Rosamund Clare; Istuk, Ivor. Consumer Risks in Fintech—New Manifestations of Consumer Risks and Emerging Regulatory Approaches : Policy Research Paper (English). Finance, Competitiveness and Innovation Global Practice Washington, D.C.: World Bank Group.

75 GPFI FIAP 2023 definition.

However, these may compromise consumer data privacy.

Inadequate data protection and privacy measures can result in data misuse and cybercrime, diminishing trust and reducing financial services usage.[76] When public and private FSPs fail to safeguard sensitive personal information, such as personal ID numbers, financial records, and biometric data, companies become targets for data breaches, identity theft, and ransomware attacks—discouraging consumers from engaging with these services.

AI has significant potential benefits for the financial sector and the provision of services to individuals, but it also has potential for consumer harms, for example through AI-driven credit scoring models that may inappropriately discriminate against certain groups based on race, religion, language, sex, nationality, age, sexual orientation, and other characteristics.[77] The complexity and opacity of AI-driven decisions make it difficult for consumers to understand how their data is being used. For example, young applicants may be penalized for having limited credit histories,[78] women may face bias due to historical data on disparities in income and employment,[79] and individuals with disabilities could be excluded, for example, due to inaccurate identification by facial or speech recognition systems.[80] Business models using algorithms that focus on maximizing profit in the short term might also exclude segments of customers.[81]

The issue is not only the presence of these biases, which existed prior to AI, but their perpetuation through AI systems that rely on historical data. If the data sources used to train AI models are essentially the same as those used prior to AI reflecting entrenched societal inequities, then AI risks amplifying and automating discriminatory outcomes rather than correcting them. This underscores the need for critical scrutiny of training data, model design, and deployment practices to ensure AI systems promote fairness rather than reinforce existing disparities.

4.3.3 Lack of Supervisory and Oversight Capacity

The absence of robust market conduct supervision undermines the effectiveness of FCP frameworks. While legal and regulatory provisions establish the foundation for responsible financial service provision, they are insufficient without active and capable supervisory mechanisms to enforce compliance and deter misconduct. Weak supervision allows harmful practices to persist, eroding consumer trust and usage. Effective market conduct supervision requires oversight bodies with clear mandates, operational independence, and adequate resources to monitor and enforce standards. Without these elements, supervisory authorities struggle to ensure that FSPs uphold fair treatment, transparency, and accountability, especially in cross-border contexts where coordination is essential.

Low prudential supervision capacity can hinder financial inclusion. Weak supervision increases the risk of financial instability or failures in the financial sector and possibly erosion of public trust and discouraging individuals to use formal financial services. In addition, inadequate supervisory capacity reduces regulators' ability to manage innovations in the financial sector, potentially enabling fraudulent providers or leading to overly restrictive regulatory frameworks.

In addition to institution-specific supervision, oversight arrangements are required for supporting safety and efficiency of digital payments. Oversight provides a broad system-level view and helps identify market distortions, buildup of systemic risks, competition restrictions, and adequacy of existing legal and regulatory frameworks and regulatory perimeter. Inconsistent regulatory procedures and inadequate international coordination exacerbate systemic risks exclude non-traditional FSPs from participating under fair and transparent conditions, especially in the context of cross-border financial activities.[82]

76 CGAP. 2020. Data Privacy and Protection.

77 See G20 report (2025) on: 'Artificial Intelligence and Financial Sector Supervision in Emerging Market and Developing Economies' (forthcoming).

78 Bailey, K. 2025. "AI Ethics in Finance: How to Detect and Prevent Bias." Corporate Finance Institute. https://corporatefinanceinstitute.com/resources/data-science/ai-ethics-in-finance-detect-prevent-bias/.

79 Charlene H Chu, et al., Digital Ageism: Challenges and Opportunities in Artificial Intelligence for Older Adults, The Gerontologist, Volume 62, Issue 7, September 2022, Pages 947–955.

80 Welker, Y. 2023. Algorithmic Diversity: Mitigating AI Bias And Disability Exclusion. Forbes Technology Council.

81 Women's World Banking. 2021. Algorithmic Bias, Financial Inclusion, and Gender.

82 CPMI-WB (2016): Payment aspects of financial inclusion.

The growing diversity of participants in the digital finance space, including fintech firms, mobile money operators, and other non-bank entities, presents a challenge for traditional oversight mechanisms. Many of these actors operate outside the scope of conventional financial regulation, leading to uneven application of security protocols and operational resilience standards. Without risk-based licensing, supervision and regulatory cooperation between agencies, these gaps can undermine the integrity of the entire financial system.

4.3.4 Fraud, Cyber and Financial Integrity Risks

Digitalization has exposed consumers to online scams and fraud and FSPs to cyberattacks, and it may be challenging for policymakers to keep pace with rapid innovation. As noted in 4.3.2, this can undermine trust and limited digital and financial literacy can exacerbate this (see 4.4 below).

Inadequate cybersecurity risk management can impact development of DFS cybersecurity and regulatory frameworks. The World Bank's GPSS indicates strong progress in cyber resilience, with most jurisdictions adopting standardized risk-management frameworks aligned with global best practices for asset protection, threat detection, and incident response.[83] However, one-quarter of respondents to the GPSS still do not have in place a specific framework to manage cyber risks.[84] The ecosystem comprising fast payment systems (FPS), digital wallets, remittances, and other services often operates with inconsistent security standards and limited regulatory coordination. This fragmentation creates vulnerabilities that can be exploited by malicious actors, especially in real-time environments where rapid transaction processing leaves little room for error detection or intervention.

Another critical barrier is the limited capacity of many jurisdictions to detect, respond to, and recover from cyber incidents. The lack of sector-wide cyber threat intelligence sharing, insufficient red-teaming and penetration testing, and the absence of coordinated crisis management protocols hinder timely and effective responses. This leaves digital financial infrastructure vulnerable to systemic shocks that could disrupt essential services and erode public trust.

4.4 Financial and Digital Literacy

Financial literacy[85] is a critical enabler of meaningful engagement with financial services, especially as DFS expands. Consumers must be equipped to safeguard personal information, avoid scams, manage data responsibly, understand consent mechanisms, and operate confidently within digital financial environments.[86] Low-income women and rural populations—who generally have lower digital and financial literacy,[87] less awareness of their rights, and greater mistrust in financial services, technology, and complaints mechanisms—are especially affected.[88]

Limited financial literacy contributes to misunderstandings of financial products and unhealthy financial behaviours. This can result in inadequate coverage during emergencies or unexpected fees that lead to financial distress. Such disparities are frequently rooted in unequal access to quality education and a lack of tailored financial information.

4.5 Sociocultural Barriers and Challenges Faced by Women

As reviewed in Chapter 2, the financial inclusion gap between men and women has persisted. Due to systemic barriers—such as limited mobility, lack of documentation, and social norms—many women continue to rely on informal financial tools, which often lack security and growth potential.[89]

Cultural practices often place financial decision-making authority with male family members, thereby

83 World Bank (2025). Cyber risks in fast payments systems.

84 Ibid.

85 Financial literacy, defined as "a combination of financial awareness, knowledge, skills, behaviors and attitudes and behaviours necessary to make sound financial decisions and ultimately achieve individual financial well-being." See OECD Recommendation on Financial Literacy. It is also crucial to build the resources needed to cope with financial shocks and to support financially resilient behaviors around budgeting, saving, making safe use of credit, and developing other savvy strategies to manage risk. G20/OECD-INFE (2021) Supporting Financial Resilience And Transformation Through Digital Financial Literacy, www.oecd.org/finance/supporting-financial-resilience-and-transformation-through-digital financial-literacy.

86 World Bank (2025), Building a Financial Education Approach.

87 OECD (2021), G20/OECD-INFE Report on supporting financial resilience and transformation through digital financial literacy.

88 Women's World Banking (2024): The Case for Gender-Intentional Consumer Protection.

89 Women's World Banking (2023), Making Financial Products and Services Work for Women.

reducing women's autonomy in using financial services. The Financial Sector Conduct Authority (2023) found that unmarried women in South Africa are more likely to report poor treatment by financial institutions, including dismissiveness and lack of responsiveness to complaints.[90] In contrast, married women often rely on their husbands to resolve issues, highlighting gaps in agency. In many societies, women require approval from husbands, fathers, or other male relatives to open accounts or apply for loans, which limits their financial independence.

Lower literacy rates among vulnerable and underserved groups make it challenging for them to understand and utilize financial products and services effectively. The lack of information in local languages further restricts accessibility and usage, as individuals may not fully comprehend the available options.

The absence of sex-disaggregated data presents challenges for FSPs to understanding men's and women's specific needs and behaviors. This results in products that are not tailored to their respective realities, ultimately limiting their usage and impact. If a product's design does not account for individuals' preferences and usage habits, it may hinder their willingness or ability to use it.[91]

Cash continues to play a vital role in the financial lives of a wide range of user groups, including both older and younger populations. While older individuals and those less comfortable with digital technologies may prefer cash due to familiarity and trust, younger people also actively engage with cash—not out of necessity or struggle, but because of its perceived benefits. While global trends indicate a decline in cash usage, cash remains relevant for many users due to its perceived advantages in terms of privacy, budgeting control, resilience during digital outages, and its function as a store of value. Recent research from the European Central Bank shows that younger cohorts consistently hold cash for precautionary reasons and increasingly value the option to pay with it, underscoring that cash use is not merely a function of age or digital exclusion.[92] Across the euro area, cash continues to be widely used in point-of-sale transactions and is appreciated for its privacy, budgeting control, and resilience during digital outages. Its role as a store of value has grown, particularly during periods of uncertainty. The perceived importance of retaining cash as a payment option has increased across all age groups, reflecting broader concerns about digital vulnerabilities and a desire for payment choices. In some contexts, skepticism toward formal FSPs and technology contributes to a continued reliance on traditional financial practices.[93]

4.6 Product-Specific Barriers

All financial products: savings, credit, insurance, and remittances face distinct barriers that can severely impact users and require tailoring to ensure usage.[94] For example, savings products may suffer from irregular deposits or limited account access. Credit services can be disrupted by delays in disbursement or connectivity issues, increasing exclusion risks. Insurance products face lapses when digital barriers prevent timely payments or claims, discouraging uptake. Remittance services are vulnerable to network outages and liquidity shortages, which delay transfers and raise costs. This section reviews product-specific impediments.

Dormant accounts often arise when the initial motivation for opening accounts is insufficient to sustain usage. The usage of transaction accounts is hindered by several barriers, in particular product design, demand-side barriers, and infrastructure barriers.[95] The lack of acceptance of electronic payment systems, limited places to transact, tax or fee avoidance, a preference for cash, and understanding of the benefits of transaction accounts affect perception of utility of these accounts, and thus their usage.

4.6.1 Accounts and Payments

Retail payments are in the midst of rapid technological and market change. There are a multiplicity of private companies advancing new technological

90 FSCA (2023): South African financial customer behaviour and sentiment study.

91 Women's World Banking (2024): Making Financial Products and Services Work for Women.

92 ECB (2025), "Cash is alive... and somewhat young? Decoupling age, period and cohort from euro cash use", ECB Economic Bulletin, Issue 5/2025.

93 OECD (2025), "Safeguarding consumers' access to cash in the digital economy: Policy considerations and approaches", OECD Business and Finance Policy Papers, No. 81, OECD Publishing, Paris.

94 Chalwe-Mulenga, M; Duflos, E. (2022). "The Evolution of the Nature and Scale of DFS Consumer Risks: A Review of Evidence." CGAP.

95 A "transaction account" refers to a financial account that can be used for deposits and withdrawals from a variety of services related to payments, savings, credit, and insurance.

solutions and payment platforms. However, digital payment usage can face various barriers, including limited product diversity, bank-centric systems that exclude the unbanked, and outdated merchant infrastructure.[96] Lack of fast, 24/7 payment options, restricted access to key payment systems by non-bank PSPs, regulatory imbalances between banks and non-bank PSPs, and lack of incentives such as tax benefits or value-added-services may reduce the motivation for using digital payments for both consumers and merchants. High cash dependency, often linked to informality or potential transaction fee or tax avoidance, further undermines digital payment adoption.

The adoption of digital payments for government and merchant use cases is hindered by persistent structural and operational challenges. For government payments, barriers include limited interoperability between systems, insufficient digital infrastructure in rural areas, and the absence of standardized frameworks for real-time disbursements. Despite progress in digitalizing Government-to-Person (G2P) transfers, many recipients remain excluded from further transacting due to lack of digital IDs, limited mobile phone ownership, restrictions on account usage, lack of user-focused product design, or inadequate agent networks. On the merchant side, adoption is constrained by high onboarding costs, limited awareness of digital tools, and a perceived lack of a business case to transition to digital payments.

4.6.2 Credit Products[97]

Despite their potential, credit products face significant barriers. Digital credit in many countries is often associated with high interest rates, short repayment periods, limited consumer protection, and risks of over-indebtedness and data misuse. Microcredit can reinforce social roles for men and women, impose social pressure through group lending, and face challenges in scalability and cost. Agricultural credit is exposed to weather and price volatility risk, lacks tailored products for smallholders, and is constrained by rural infrastructure and sex-based land access issues. Housing credit faces obstacles such as informal employment, weak property rights, and high collateral demands. Education loans are often unavailable in low-income regions and carry high default risks due to uncertain future income and lack of credit history among youth. Consumption credit does not generate income, increases the risk of over-indebtedness, and is affected by poor financial literacy, predatory lending, cultural mistrust, and income volatility. Productive credit is limited by high collateral requirements, weak credit-reporting systems, lack of alternative scoring methods, disparities between men and women, poor infrastructure, and competition from sovereign borrowing.

Credit usage is significantly affected by supply-side and demand-side barriers. Low-income individuals and businesses often face challenges in understanding credit terms and assessing the risks associated with borrowing. Poor financial literacy can leave borrowers vulnerable to predatory lending practices, where high interest rates and opaque conditions lead to cycles of debt and financial distress, in particular where market conduct frameworks are inadequately developed or implemented. Yet, rather than deterring usage, these exploitative practices often persist precisely because borrowers lack viable alternatives—especially in contexts of economic desperation. Complex credit products, limited access to formal financial institutions, and the rapid expansion of digital credit without adequate safeguards further compound the problem. In such environments, individuals may continue to engage with high-cost lenders despite negative experiences, driven by urgent needs and constrained choices.

Income volatility can further impede the usage of financial services and products by creating financial instability and unpredictability for individuals. When income is inconsistent, individuals may struggle to meet the eligibility criteria for credit products, which often require proof of steady income. This can lead to reliance on alternative financial services that charge higher fees and offer less favorable terms or lead people to borrow informally.

Ineffective credit-reporting systems are a barrier for around 30 percent of potential borrowers in developing countries. In the absence of well-functioning credit-reporting systems, assessing the creditworthiness of new-to-credit individuals can be difficult. Without a credit history, lenders would be unable to assess an individual's repayment habits, making them hesitant to extend credit.[98]

96 World Bank (2022): Incentives for Electronic Payment Acceptance.
97 For discussion on types of credit, please see Annex III.
98 IMF. 2024. IMF Financial Access Survey Results, 2024. International Monetary Fund.

A structural impediment to development of credit markets in many developing countries is the limited availability of long-term financing and risk capital for financial institutions. This constraint is particularly acute in sectors requiring long-term credit—such as housing finance—or those involving higher-risk borrower segments, including small enterprises, low-income households, and students from underserved backgrounds lacking guarantors. Financial institutions often lack the balance sheet strength or incentives to extend such credit without access to stable, long-term funding sources and risk capital. In response, the public sector may play a pivotal role in fostering an enabling environment for long-term finance by establishing credit guarantee mechanisms, incentivizing institutional investor participation through regulatory and fiscal measures, and promoting financial engineering solutions such as securitization. (Also see Annex IV + V).

Weaknesses in debt enforcement and collection mechanisms compound these issues. In many jurisdictions, legal systems are slow, costly, or ineffective in resolving defaults, particularly for unsecured or small-scale lending. Creditors often face significant barriers in recovering assets, including limited access to borrower information, judicial backlogs, and weak collateral enforcement. These inefficiencies increase the cost of credit and discourage lending to households and small businesses, especially in the informal sector. As a result, even when credit is available, it is often rationed or priced prohibitively high, undermining usage of credit products and economic dynamism.

Finally, the broader macroeconomic context plays a critical role in the supply of credit. High levels of government borrowing can crowd out private sector credit by absorbing a disproportionate share of available financial resources. When banks prioritize lending to the government, because it is perceived as a safer or more politically expedient borrower, credit to businesses and households suffers. This crowding out effect is particularly acute in shallow financial markets, where the pool of lendable funds is limited.[99] As government borrowing drives up interest rates, private borrowers face higher costs of capital, further inhibiting usage.

4.6.3 Savings Products

Without proper savings strategies, consumers may face financial instability and lack of funds for future needs.[100] Many underserved individuals face significant socioeconomic challenges such as income inequality, unemployment, and the high cost of living, which leave little room for discretionary savings. In such contexts, short-term borrowing often becomes a substitute for saving, reflecting deeper structural issues.[101] This underutilization stems from a combination of supply-side and demand-side barriers that affect how individuals engage with savings mechanisms after account opening. Macroeconomic instability such as high inflation or currency devaluation can further reduce the perceived value of saving in formal financial institutions. In such environments, individuals may prefer to hold assets in cash or tangible goods, viewing formal savings as risky or ineffective.[102]

A major supply-side barrier is the misalignment between product design and users' financial realities. Many savings products fail to reflect the irregular income patterns, cashflow timing, and transaction habits of low-income or informal workers. This issue is often rooted in a lack of market research and product testing, which results in offerings that are irrelevant or impractical for the target population.

Complex product features such as rigid withdrawal restrictions, unclear terms, or limited flexibility can discourage regular engagement. If users feel they cannot access their funds when needed or do not understand the benefits of the product, they are less likely to use it. This is especially true in the absence of clear communication and user-centered design.

High costs and logistical challenges also prevent many from using savings products. Account maintenance fees, penalties for early withdrawals, minimum balance requirements, and long distances to bank branches or agents can be prohibitive.[103] For instance, the

99 World Bank (2024): Finance and Prosperity 2024: Special Focus: Sovereign nexus, climate and the banking sector, https://openknowledge.worldbank.org/server/api/core/bitstreams/06f02e01-b4d1-4bb5-8a6c-0199d51cf84c/content.

100 World Economic Forum. 2025. Saving is Key to Financial Resilience.

101 Sahu. S et al (2025): Behavioural barriers to financial inclusion: a study of savings and borrowing behaviour in rural India, https://epra journals.com/IJMR/article/16448/abstract.

102 Ibid.

103 There is empirical evidence on the positive impact of access to mobile money and mobile banking on savings. See JPAL 2025. Digital

lack of proximity to access points and the absence of digital channels might deter individuals from using formal savings mechanisms, as these factors increase the costs required to access their funds.[104] These non-monetary and monetary costs reduce the attractiveness and feasibility of formal savings. They create financial disincentives that are particularly burdensome for low-income users, who may already be managing tight budgets.

Demand-side barriers, including behavioral biases and the influence of social networks, are recognized as key constraints to the regular use of savings products. The influence of social networks, such as peer-induced spending behaviors and social pressure to share resources, along with behavioral biases (for example, present bias and self-control challenges), are relevant to the usage of savings products.[105] When these factors are not considered in the design of savings products, they can adversely affect adoption rates. In some contexts, norms further restrict women's mobility and ability to interact with the financial sector, as evidenced by women's lower savings rates.[106]

A lack of trust in the financial sector, often stemming from inadequate consumer protection mechanisms and the absence of effective safety nets, further impedes usage of formal savings products. Consumers may fear they will not be able to withdraw their savings during emergencies and thus avoid using formal savings products altogether. This fear is often reinforced by weak regulatory environments, lack of deposit insurance, and poor crisis preparedness, all of which undermine confidence in the safety and reliability of financial services.

Another key factor influencing savings behavior is risk aversion, especially among rural households engaged in agriculture.[107] These households often experience volatile incomes due to seasonal fluctuations, crop failures, and natural disasters, prompting a preference for liquid and informal savings methods like cash or gold. Such methods offer a sense of control and security, though they limit structured wealth accumulation.[108]

4.6.4 Insurance Products

While the insurance sector is complex, this section focuses on basic insurance solutions—specifically, life insurance and disaster risk coverage for assets. Insurance usage is shaped not only by demand but also by supply-side factors, including product availability, distribution infrastructure, regulatory conditions, and insurers' risk-management capacity. Integrating insurance is essential to building long-term financial resilience, particularly in the face natural disaster losses. Insurance protects households and businesses from financial shocks, reduces reliance on emergency aid, and supports recovery and stability.

A widespread lack of awareness and understanding of insurance remains a fundamental barrier to usage, especially among low-income populations. Many individuals may not understand how insurance works or may view it as irrelevant or unreliable.

Weak regulatory frameworks and limited distribution channels hinder the expansion of inclusive insurance. In some cases, community-based or informal insurance providers face unsustainable claims due to operating outside formal regulations. These challenges can be mitigated through strategic partnerships and integration into formal regulatory frameworks to help ensure sustainability and consumer protection.

Despite the rising impact of natural catastrophes, significant impediments continue to constrain the effective use of insurance as a risk-management tool for natural catastrophes, particularly in low-income African and Asian countries. Rising insurance costs driven by increasing exposure, render coverage inaccessible to low-income households. Limited financial literacy, low risk awareness, and cultural mistrust of insurers—which is often rooted in poor past experiences or inadequate service quality—further inhibit uptake. In many jurisdictions, individuals and enterprises rely on post-disaster government assistance or donor support, reducing

financial services to improve formalized access and inclusion.

104 There is empirical evidence on the positive impact of access to mobile money and mobile banking on savings. See JPAL 2025. Digital financial services to improve formalized access and inclusion. and Shirono Kazuko and others 2024. Understanding barriers to financial access: Insights from Bank Pricing data. IMF Working Paper. Volume 2024.

105 Di Giannatele Sonia and Roa Maria Jose, 2016. Formal savings in developing economies: barriers, interventions and effects. IDB Working Paper Series IDB-WP-766.

106 CGAP (2025).

107 McKay (2021): Eight truths about savings and four principles for inclusion, The Aspen Institute.

108 Chatterjee, R. (2015). Risk Aversion and Savings Behaviour in Rural India. Journal of Economic Studies, 25(4), 201-215.

incentives to engage with formal insurance mechanisms and weakening the culture of proactive risk financing.[109]

Affordability is a persistent challenge, rising risk premiums make insurance even less affordable for vulnerable populations. Misunderstanding of insurance policies can lead to inadequate coverage and financial vulnerability during emergencies. Aggressive marketing, deceptive advertising and sales practices (such as bundling or tying), and unfair pricing practices targeting low-income, vulnerable, or underserved groups further erode trust and engagement.[110,111]

Supply-side constraints compound these challenges. Many emerging market and developing economies (EMDEs) face underdeveloped insurance markets with limited product diversity, inadequate technical capacity among insurers and supervisors, and insufficient access to reliable data and catastrophe risk models, including the ability to model vulnerability effectively. These deficiencies hinder accurate risk assessment and pricing, resulting in products that are either unaffordable or misaligned with local needs. Limited availability of global reinsurance and overreliance on international markets expose EMDEs to volatility and reduce resilience.

The use of insurance as a risk-management tool for natural catastrophes remains constrained.[112] Despite the high frequency and impact of such events, demand for disaster insurance is low. Individuals and enterprises often rely on post-disaster government aid or donor support, weakening incentives to engage with formal insurance mechanisms. Emerging parametric microinsurance and microcredit initiatives may offer more scalable and resilient alternatives in underdeveloped markets.

Socioeconomic barriers further limit usage. Lower-income individuals, people with disabilities, and those with irregular employment often face exclusion from insurance products due to affordability issues or discriminatory underwriting practices. Health insurance frequently excludes maternity care and pregnancy-related injuries, while covering conditions more common among men.[113]

4.6.5 Remittances

Remittances provide financial support and act as a conduit for recipients to engage with the formal financial system, thereby enhancing their financial inclusion and stability. In remittance-reliant receiving countries, the regularity of international remittance payments and relative size to per capita incomes, are a valuable use case for driving adoption and use of transaction accounts, as well as driving demand for using a broader array of financial services such as savings, loans, payment, and insurance, including through expanding data trails (for example, see Annex 1).[114]

Cross-border payments face significant challenges due to differences in laws, regulations, and practices between countries. The harmonization of APIs for cross-border payments is a complex and time-consuming process, requiring coordination among a wide array of stakeholders including regulators, financial institutions, and technology providers. This fragmentation impedes interoperability and slows down the implementation of seamless cross-border payment solutions.[115] These discrepancies can lead to operational disparities across countries, increasing costs and risks for businesses and individuals.

Remittance costs can exceed 7 percent of the amount sent in some regions, and banks remain the most expensive type of service provider, with an average cost of 14.5 percent; digital remittances are substantially lower at 4.85 percent.[116] The usage of remittance services is impeded by a trust deficit in remittance service providers (RSPs). Regulatory and policy constraints can hinder the adoption of cost-saving digital remittance

109 IAIS-WB (2025): G20 Sustainable Finance Working Group input paper: Identify and address insurance protection gaps, World Bank, IAIS, https://www.iais.org/uploads/2025/07/G20-SFWG-input-paper-Identify-and-address-insurance-protection-gaps.pdf.

110 IAIS. 2024. Draft Application Paper on how to achieve fair treatment for diverse consumers. International Association of Insurance Supervisors. and OECD (2024). Consumer Finance Risk Monitor.

111 GPFI FIAP 2023 definition.

112 World Bank (2025): Finance and Prosperity 2024 (forthcoming).

113 IAIS. 2024. International Association of Insurance Supervisors. Draft Application Paper on how to achieve fair treatment for diverse consumers. International Association of Insurance Supervisors.

114 GPFI (2021): Resilience in the market for international remittances during the COVID-19 crisis, World Bank, International Fund for Agricultural Development.

115 CPMI (2024): Promoting the harmonisation of application programming interfaces to enhance cross-border payments: recommendations and toolkit, Bank of International Settlement.

116 World Bank (2025). Remittances Prices Worldwide-quarterly.

technologies, limiting innovation and competition.

Digital remittances[117] offer lower cost, averaging 4.85 percent globally compared to 6.92 percent for non-digital methods, but adoption remains limited due to user experience barriers.[118] These include high internet fees, poor connectivity, complex onboarding, limited digital and financial literacy, inadequate customer support, and concerns about transaction tracking and safety. [119]

High remittance costs are rooted in the structural inefficiencies of the global remittance ecosystem. The market is dominated by specialized RSPs, particularly money transfer operators, that operate proprietary systems that bypass traditional banking infrastructure for most of the transaction lifecycle, relying on interbank platforms only for net settlement. Costs are driven by (i) costs of maintaining origination networks, (ii) foreign exchange conversion margins, and (iii) and costs of maintaining disbursement networks. These are compounded by compliance-related expenditures, especially those linked to Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) obligations. The persistent reliance on cash-based transactions further inflates costs due to the need for physical infrastructure, manual processing, and agent commissions. During the COVID-19 pandemic, the availability of cash-based services declined while their costs increased, highlighting the need for resilient digital alternatives.[120]

Box 4.2. Systemic Barriers in Small States

In corridors with low transaction volumes, such as those serving Small States, limited competition allows dominant players to maintain high prices. De-risking practices by global financial institutions, which involve the closure of correspondent banking relationships with smaller money transfer operators, have further concentrated the market, reducing service diversity and affordability. Exclusivity clauses between global money transfer operators and local agents restrict market entry and innovation, undermining competitive dynamics. The speed of international remittance transactions is another challenge. While the average transaction takes 25 hours, bank-based transfers can take up to 69 hours, against 17 hours for non-bank providers.[121]

Beyond cost, several systemic limitations constrain the broader utility and efficiency of remittances in Small States. Weak regulatory capacity to enforce AML/CFT standards in receiving jurisdictions creates compliance risks that deter service providers. Financial exclusion among recipients and migrant workers, coupled with underdeveloped domestic retail payment systems, limits the adoption of digital remittance channels. The lack of access to mobile phones, internet connectivity, and digital literacy further restricts the use of digital remittances, especially in rural and underserved areas.[122] RSPs often lack access to national payment infrastructures, preventing seamless integration and innovation.

The absence of robust digital identity (ID) systems complicates customer onboarding and verification. Regional collaboration remains underutilized, with few initiatives to build shared remittance platforms among geographically linked Small States. Limited awareness gaps among FSPs and migrant workers regarding alternative remittance models and cost-saving options further limit the potential of remittances to serve as an inclusive and affordable financial tool.

Source: World Bank (2022): Global Patterns of Fintech Activity and Enabling Factors.

Remittance channels can also result in loss of funds and financial hardship for recipients. Digital remittances have yet to effectively reach underserved segments, particularly women, who face barriers to accessing and utilizing these services due to factors such as limited digital literacy, high transaction costs, overly complex onboarding processes, limited in person customer service, inadequate tracking information, limited control over choosing the provider, and safety and trust issues in the use of services.[123] About four in ten users report needing help with basic tasks like account setup and first-time transfers, implying a need for better onboarding and user support.[124] As a result, many women continue to use more expensive, informal, or agent-led cash-based channels.

117 A digital remittance must be sent via a payment instrument in an online or self-assisted manner, and received into a transaction account, that is, bank account, transaction account maintained at a non-bank deposit-taking institution, mobile money or e-money account.

118 World Bank (2022): Global Patterns of Fintech Activity and Enabling Factors, and World Bank (2025). Remittances Prices Worldwide-quarterly.

119 UNCDF (2024). Bridging the Digital Divide: Gender Insights on Remittance Access, Usage, and Financial Health.

120 World Bank (2022): Global Patterns of Fintech Activity and Enabling Factors.

121 Ibid.

122 Ibid.

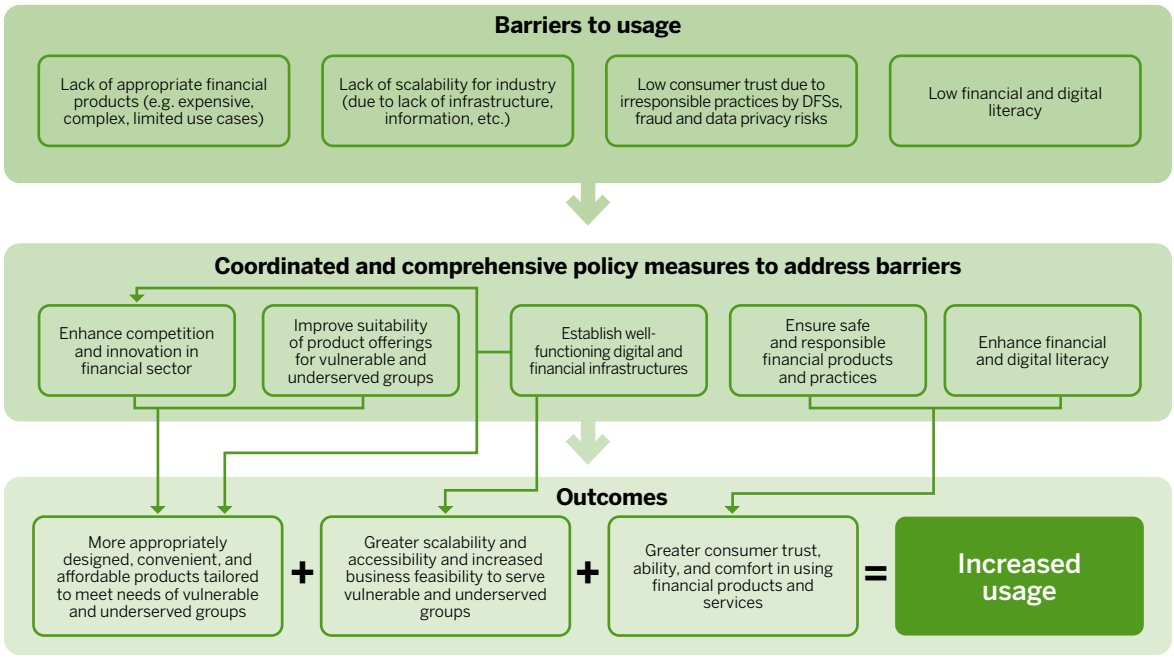
123 Ibid.

124 Ibid.

V. Policy Recommendations

The multi-dimensional nature of barriers to usage requires policymakers to employ a holistic approach. Recent research, including by GPFI, has already studied specific policy measures to expand usage by expanding DFS,[125] reaching "last mile" consumers, improving financial well-being, or by leveraging DPI.[126] This section synthesizes and expands on past research and draws from the case studies presented in Annex I to provide a set of policy measures that span from the product level to the consumer and market level to the infrastructure level (see Figure 21 below). These measures are centered around five key themes that can all contribute to increasing usage: (1) enhancing competition in the financial sector, including enabling innovation, non-banks, and new business models, (2) establishing well-functioning digital and financial infrastructures, (3) improving suitability of product offerings for vulnerable and underserved groups,[127] (4) ensuring safe and responsible delivery of financial services, and (5) developing a coordinated and comprehensive policy approach to address market failures.

Figure 21: How a holistic set of policy measures can lead to increased usage



Source: Author's own elaboration

125 See Pazarbasioglu et al. Digital Financial Services. World Bank Group, April 2020.

126 See G20 Policy Options to Improve Last Mile Access and Quality of Inclusion. GPFI, November 2024; Foundational Building Blocks for Financial Inclusion: Insights and Call to Action to Reach the Last Mile. UNSGSA, September 2024; G20 Policy Note on Financial Well-Being. OECD, November 2024; G20 Policy Recommendations for Advancing Financial Inclusion and Productivity Gains Through Digital Public Infrastructure. GPFI, 2023.

127 2023 Financial Inclusion Action Plan. GPFI, July 2023.

DFS has long been recognized as a transformative force for financial inclusion by reducing delivery costs, expanding reach and scalability, and enabling more customized financial products and services. These advantages are critical for policymakers aiming to overcome barriers and boost the usage of financial services, while also managing associated risks (see Box 5.1). Accordingly, policy measures and enabling frameworks to expand and strengthen DFS are integrated throughout this chapter, aligned with the five key themes outlined above.

Box 5.1. Critical Policy Issues for Enabling DFS[128]

- How to enable basic digital connectivity and mobile phone penetration
- Whether and how to permit non-banks to have access to national payment infrastructure and to issue electronic money
- How to enable and regulate widespread 'agent networks' that meet the need for the cashing-in and cashing-out of digital accounts because most economies remain cash based
- Robust digital and financial infrastructure
- Rolling out digital government services
- How to enable access to government data platforms
- How to ensure competition for DFS, considering dominant platforms that engage in DFS
- How to regulate non-traditional players that offer financial services

5.1 Enhancing Competition in the Financial Sector, Including Enabling Innovation, Non-Banks, and New Business Models

At the market level, policymakers can work to facilitate greater competition and innovation. The digital transformation of financial services has reshaped market dynamics, introducing new players and business models that challenge traditional banking structures. Competition is essential to drive innovation, reduce costs, and improve service quality, especially for vulnerable and underserved groups.[129,130] Greater competition and innovation can lead to lower costs and more affordable products[131] for vulnerable and underserved groups,[132] as well as more innovative products and services that are better tailored to the needs of such consumers, leading to greater usage.

Policymakers can foster innovation by developing appropriate, proportionate regulatory and supervisory frameworks that allow for new types of FSPs, products, and business models, while adequately mitigating risks. Regulatory frameworks often favor incumbents and risk creating barriers for fintech firms, mobile money operators, and other non-bank entities. To ensure a level playing field, regulators must adopt activity-based, proportional, and risk-based regulation and supervision, allowing non-banks to compete fairly while maintaining financial stability and thereby unlocking the full potential of non-banks to drive financial inclusion and competition. For example, regulatory and supervisory frameworks that are appropriately adapted for the unique characteristics of microfinance, while also ensuring responsible lending practices, can enable provision of microcredit on a broader scale. To increase competition down market, policymakers can also take active measures to strengthen semi-formal FSPs serving low-income consumers, such as via training or shared infrastructure, to enable such providers

128 Pazarbasioglu et al. Digital Financial Services. World Bank Group, April 2020.

129 2023 Financial Inclusion Action Plan. GPFI, July 2023.

130 See Pazarbasioglu et al. Digital Financial Services. World Bank Group, April 2020.

131 For example, recent research by the International Monetary Fund (IMF) found that greater competition in the banking sector was associated with lower banking fees. See Beyene, Berhe, Fozan Fareed, Christiaan Loots, Andrea Quevedo, Kameshnee Naidoo, and Kazuko Shirono. Understanding Barriers to Financial Access: Insights from Bank Pricing Data. IMF, July 2024. Active efforts by the Competition Authority of Kenya to promote competition in the mobile money market also led to a drop in price of mobile money services. See See Pazarbasioglu et al. Digital Financial Services. World Bank Group, April 2020.

to expand their reach and increase linkages to the formal sector. Appropriate regulatory frameworks may also be needed to facilitate the ability of FSPs to use innovative credit-scoring models that go beyond reliance on collateral and credit history, fostering greater provision of productive microcredit.

Innovation facilitators can be employed to assist policymakers in assessing innovation and formulating appropriate regulatory frameworks. Regulatory sandboxes may help test and scale innovative models while managing systemic risks. For example, policymakers can establish regulatory sandboxes or create national or regional financial product innovation labs that bring together regulators, FSPs, and consumer groups to collaborate on the development of innovative new customer-centric offerings. For example, the Central Bank of the United Arab Emirates' Fintech Office vulnerable and underserved groups.

Control of data and underlying infrastructures by incumbents can negatively impact competition. Many EMDE markets are dominated by large players that benefit from network effects, economies of scale, and control of data and underlying infrastructure, constraining competition and innovation. Policymakers should therefore actively seek to promote healthy competition by encouraging fair and transparent access to critical infrastructure and ensuring a level playing field for all players.

Open finance can help to foster increased competition and innovation, allowing consumers to access a broader range of more tailored financial services, potentially at lower costs. Open finance refers to "the sharing of customer-permissioned account data by banks with other banks or third parties for the purpose of building and offering applications and services."[133] By breaking down data silos, open finance enables a broader range of FSPs to leverage customer data to offer financial products that are personalized to meet a consumer's specific needs, increasing usage and potential benefits to consumers. Policymakers can consider several key factors to develop effective open finance frameworks that enhance financial inclusion benefits while mitigating associated risks. This includes setting up effective governance arrangements, implementing risk-based and proportionate regulation regarding customer-permissioned data access, ensuring robust consumer protection and data protection frameworks are in place, enabling broad participation of FSPs, and monitoring pricing arrangements, among other factors.[90] For example, in India, the Reserve Bank of India introduced the Account Aggregator (AA) framework in 2016 to facilitate seamless and secure exchange of financial information between financial information providers and users, with an explicit focus on customer consent for data sharing (see Annex I for further details).

5.2 Establishing Well-Functioning Digital and Financial Infrastructures

5.2.1 Establishing Well-Functioning Digital and Financial Infrastructures

Foundational digital infrastructure provides the critical underlying infrastructure for the digital ecosystem, including digital financial services. Broadband and devices, data centers and cloud, energy, AI and big data, and public key infrastructure all provide the underlying foundation enabling DFS, use, and innovation.[134] Establishing this core digital infrastructure is therefore critical for the broader ecosystem.

Digital public infrastructures (DPI) are increasingly highlighted for their role in providing the critical underlying infrastructure to allow for further digital transformation in an inclusive manner by promoting competition and catalyzing further innovation.[135] These systems vary across country contexts and can include protocols, frameworks, and governance arrangements by market players, for the purposes of identification, payments, and data exchange across different sectors, including in the financial sector. These systems must embed principles such as inclusion, openness, modularity, inclusivity, user-centricity, privacy-by-design, private sector participation, and strong governance. These efforts must be underpinned by comprehensive legal and regulatory frameworks, human-centered design principles, coordinated leadership, efficient resource allocation, and inclusive stakeholder engagement.[136]

133 Key Considerations for Open Finance. CGAP/BIS/IMF/UNSGSA/World Bank, November 2024.
134 Digital Public Infrastructure and Development: A World Bank Group Approach. World Bank, March 2025.
135 G20 Policy Recommendations for Advancing Financial Inclusion and Productivity Gains Through Digital Public Infrastructure.
136 Ibid.

Shared digital building blocks can lead to new services with lower cost and better service quality. Emphasizing inclusion, accountability, data privacy and protection, and user control, DPIs can enhance consumer empowerment, the quality of services and data, and online trust and security. Fast payments and data sharing via open finance may improve convenience and affordability of financial products and services, and foster competition and innovation, thereby leading to improved product offerings. Open APIs, data portability, and interoperability policies can leverage the modular delivery of DFS by various providers including banks and fintech firms. Fast payments can encourage innovation by reducing fixed costs and opening up traditionally closed markets.[137]

5.2.2 Improving Convenience and Usability of Products via Enhanced Payments Infrastructure

Interoperability can lead to lower costs and more convenient payment products and services for consumers, thereby facilitating greater usage. Interoperability allows consumers to transact easily regardless of the service provider or platform being used, and typically at lower transaction fees. For example, the introduction of interoperability in Africa reduced mobile money transaction fees, with on-network fees decreasing by 20 percent and cross-network fees decreasing by 35 percent, with greater reductions for small transactions.[138] Interoperable payments also facilitate more use cases for consumers, including merchant and bill payments. This increase in the value proposition of digital payments can encourage greater usage by consumers. In contrast, fragmented systems lead to multi-step, expensive, and inconvenient transactions. Further, interoperability boosts competition by ensuring new entrants' services are usable widely and increasing speed to market.

Policymakers can advance payments interoperability if the private sector faces coordination problems. Policymakers can play the role of a catalyst to encourage and foster interoperability and support establishment of systems and institutional arrangements. Policymakers can also ensure transparency and fairness across all system participants. For example, the Bank of Ghana required mobile money services to be interoperable among themselves and with bank accounts, resulting in a 250 percent increase in transactions within a year.[139] Policies to promote interoperability should be complemented with considerations on governance models that balance competing interests, economic incentives and impacts on various actors, as well as timing and the stage of maturity of the market.[140]

Developing FPS can also contribute to greater usage, as their design can help address the needs of vulnerable and underserved groups.[141] Unlike traditional payment systems, FPS allow for immediate fund availability to users and are accessible on a 24/7/365 basis. Fast payments can offer faster, more efficient, and safer retail payment options and support a range of payment use cases, increasing access, affordability, and convenience for consumers with inherent interoperability. Policies aimed at promoting innovation and broad participation of PSPs in the FPS are key drivers of success. About 120 jurisdictions have access to fast payments, mainly motivated by financial inclusion, through domestic or regional FPS, and several others are in preparation.[142]

5.2.3 Expanding Reliable ICT Infrastructure

ICT infrastructure is essential for digital financial inclusion. Robust, safe, widely reachable, and affordable ICT infrastructure enables FSPs to reach vulnerable and underserved groups and areas cost-effectively and sustainably. Both the reach of ICT infrastructure and the quality and affordability of its services are critical in supporting increased usage of financial services. IMF research shows that an increase in digital connectivity correlates with lower costs of financial products and services.[143]

Policymakers should take policy action to enable improved ICT infrastructure, both mobile networks and internet connectivity, for vulnerable and underserved groups. Effective measures include public-private partnerships, shared infrastructure, and direct

137 G20 Policy Recommendations for Advancing Financial Inclusion and Productivity Gains Through Digital Public Infrastructure.
138 Brunnermeier et al. Mobile money, interoperability, and financial inclusion. National Bureau of Economic Research, 2023.
139 Pazarbasioglu et al. Digital Financial Services. World Bank Group, April 2020.
140 For further details on steps to promote interoperability, see Negre, Alice and Will Cook. Interoperability in Digital Financial Services: Emerging Guidance for Funders. CGAP, January 2021. See also Interoperability in Fast Payment Systems. World Bank, September 2021.
141 2023 Financial Inclusion Action Plan. GPFI, July 2023.
142 https://fastpayments.worldbank.org/
143 Beyene, et al. Understanding Barriers to Financial Access: Insights from Bank Pricing Data. IMF, July 2024.

subsidies to vulnerable and underserved groups for acquiring mobile devices or purchasing data.[144] For example, in Nigeria, shared infrastructure among major mobile network operators lowered the price of mobile internet access as a percentage of gross national income per capita by 3 percentage points.[145] In addition, expanding broadband coverage is shown to increase digital financial inclusion in China, especially where physical presence of FSPs are higher.[146] Policymakers should also identify and address any anti-competitive practices or market monopolies that hinder ICT infrastructure development.

Beyond infrastructure, addressing affordability and usability challenges remains important. Even in areas with networks coverage, high costs and low digital literacy can hinder meaningful access. Regulatory reforms that promote competition among service providers and policies to reduce data costs and tax incentives such as zero-rating can be implemented. Complementary measures such as targeted subsidies and digital literacy programs are also critical to empower individuals and small businesses to engage confidently with digital platforms.

5.2.4 Improving Credit Infrastructure

Enhancing credit infrastructure reduces the cost of lending and encourages responsible lending. Policymakers should ensure that credit infrastructure is robust and comprehensive, covering the full range of credit providers. Modernization of credit infrastructure may be needed for accurate, higher quality, and comprehensive data; strong data protection and privacy; and advanced real-time analysis.

Policies to encourage responsible use of alternative data can improve effectiveness of credit risk assessments of new-to-credit customers. With digitalization, there is a growing variety of alternative data sources available, such as mobile phone usage, utility and rent payments, cash flow data, social media and app use, geolocation, biometrics, and e-commerce activity. Advances in data analytics and processing capabilities now make it possible to use both structured and unstructured data for improved credit scoring models that can help reach vulnerable and underserved groups, especially those with limited credit histories, often women. However, regulatory uncertainty about the appropriate use of alternative data for credit risk assessments remains due to concerns about data privacy, accuracy, consent, transparency, and fairness of algorithmic models. Policymakers should establish clear legal and regulatory frameworks that balance promoting the sharing and use of alternative data while putting in place necessary consumer protection safeguards.[147]

5.3 Improving Suitability of Product Offerings for Vulnerable and Underserved Groups

For usage of financial products and services by vulnerable and underserved groups to increase, products and services must be suitable for the specific needs and behaviors of such consumers. Increasing usage means improving convenience and usability, addressing affordability, and ensuring products are tailored to meet the needs of vulnerable and underserved groups. For example, mainstream financial products in the market are often unaffordable for low-income consumers, have overly complex product design, or have design features that do not work for such consumers (such as high minimum deposit requirements for savings products or rigid repayment schedules for loan products), deterring greater usage by such consumers.

There are increasing examples and insights from around the world of microsavings, inclusive insurance, and financial products designed for women all using a customer-centric approach that considers the specific needs and behaviors of target client segments in the product design process. For example, "savings pockets" are being offered by FSPs in Asia, Africa, Latin America, and other regions to facilitate the ability to easily save in small increments towards concrete goals, typically as sub-accounts within a main digital transaction account.[148] Common features include automated savings and visuals to easily track progress, which are designed to help consumers stay committed to meeting savings goals. Similarly, inclusive insurance

144 G20 Policy Options to Improve Last Mile Access and Quality of Inclusion. CGAP, BTCA, GPFI, and World Bank, 2024.

145 Strusani, Davide and Georges V. Houngbonon. Accelerating Digital Connectivity Through Infrastructure Sharing. IFC, Feb 2022.

146 Niu, Geng & Jin, XiaoShu & Wang, Qi & Zhou, Yang, 2022. Broadband infrastructure and digital financial inclusion in rural China, China Economic Review, Elsevier, vol. 76(C).

147 For further details, see The Use of Alternative Data in Credit Risk Assessment: Opportunities, Risks, and Challenges. WBG/International Committee on Credit Reporting (ICCR), 2024.

148 For example, see GX Bank in Malaysia, Jago in Indonesia, NuBank in Brazil, PiggyVest in Nigeria, and Dialog Finance in Sri Lanka.

products are emerging in the market that are tailored to meet the needs of vulnerable and underserved groups[149] by using simple product design (for example, simple user interfaces, streamlined processes, fewer exclusions) and offering micropayments and pay-as-you-go options.[150]

Several common themes can be found across these tailored products. Product design is often simple, appealing, and designed to meet the specific needs of vulnerable and underserved groups by leveraging data and behavioral insights to better understand such consumers. Similarly, there is a need to understand the specific barriers such consumers face in financial inclusion, and their behavioral preferences, and to center the design process around these learnings in order to create well-tailored and useful products.[151] Other common themes are products that are lower in cost and more affordable in that they are designed for making payments or savings in small increments, which is better suited to the realities of low-income consumers. Use of technology and partnerships for distribution also commonly underpin innovative product offerings, allowing FSPs to reach and service vulnerable and underserved groups more effectively and efficiently. For women specifically, there is evidence that women transact more with women agents, highlighting the need for FSPs to ensure that there are sufficient women agents in their agent network.[152]

Policymakers can play a proactive role in fostering greater availability of these types of tailored, customer-centric products for vulnerable and underserved groups. Policy measures that can have a direct impact include providing grants or offering tax breaks to support and incentivize the piloting of innovative, customer-centric products tailored to meet the needs of such consumers or to encourage greater use of channels that are more effective in reaching such groups. Requirements regarding customer-centric product design could be incorporated into existing financing windows related to financial inclusion.

Policymakers should also look to leverage existing government activities as opportunities to foster the supply of customer-centric offerings that meet the needs of vulnerable and underserved groups. For example, FSPs could be encouraged to integrate digital savings options with government-to-person (G2P) payments[153] or contracting for new types of affordable insurance products for public employees, such as in the case of Met99 in Mexico.[154] Such efforts can help to introduce new products into the market or increase their availability more broadly across vulnerable and underserved groups.

Greater levels of merchant acceptance of electronic payments, particularly among small merchants serving low-income consumers, can also increase convenience and usability of accounts and payment products for consumers, enabling digital payments for everyday transactions. A range of policy measures can be employed to increase electronic payments acceptance by small merchants,[155] including the development of alternative infrastructures leveraging new technologies to increase acceptance at lower costs, such as dongles attached to mobile phones or QR codes, promoting digital payments for specific use cases, fiscal incentives, financial literacy and awareness, as well as incentives for banks and PSPs to expand their digital payment offerings into unserved markets. For example, Argentina mandated electronic payment acceptance, including debit cards, prepaid cards, and QR code payments, also allowing for digital tips for workers at stores, restaurants, and hotels where tipping is customary.[156]

Policy measures can also be employed to ensure that suitable, quality products are offered to consumers on a wider, mainstream basis. The importance of suitable, quality financial products is underscored in Principle 8 on Quality Financial Products of the G20/OECD High-Level Principles on Financial Consumer Protection.[157] Quality financial products are defined as "those

150 Inclusive Insurance: Closing the Protection Gap for Emerging Customers. Center for Financial Inclusion at Accion and the Institute of International Finance, January 2018.
151 Revolutionizing Product Design in Financial Services. Women's World Banking, June 2023.
152 See Why Advocate for More Women Banking Agents? Women's World Banking, April 2023.
153 Ardic et al. Financial Inclusion Beyond Payments: Policy Considerations for Digital Savings. World Bank, 2019.
154 Inclusive Insurance: Closing the Protection Gap for Emerging Customers. Center for Financial Inclusion at Accion and the Institute of International Finance, January 2018.
155 For further details, see Guidance for the Implementation of Electronic Payment Acceptance Reforms. World Bank, 2020.
156 Executive Orders 731/2024 and 737/2024, Argentine Executive Branch.
157 G20/OECD High-Level Principles on Financial Consumer Protection. OECD, 2022.

that are designed to meet the interests and objectives of the target consumers and to contribute to their financial well-being." FSPs and intermediaries should have appropriate product oversight and governance, including with respect to the design, approval, management, and monitoring of products throughout their life cycles, to ensure that suitable, quality financial products are designed for specific consumer segments and then marketed to such segments. For example, providers could be required to identify a target market, perform research, and incorporate behavioural insights before bringing a product to market.[158, 159]

5.4 Ensuring Safe and Responsible Design and Delivery of Financial Products

Building trust in financial services will also be essential to increase usage among vulnerable and underserved groups. Such consumers often do not trust in FSPs. Many may have already experienced fraud, loss of their funds, abusive behavior by agents, or aggressive and misleading marketing of products. More convenient, higher quality, and customer-centric products and more competitive and innovative markets will not have their full intended benefits if irresponsible actors persist in the market. In contrast, frequent and positive interactions can help to build trust and reliability in FSPs and financial products and services, leading to greater usage.

5.4.1 Establishing Robust Financial Consumer Protection (FCP) Frameworks

To build trust and ensure responsible delivery of safe financial products, policymakers should take active measures to establish robust FCP frameworks. The international standard for effective FCP frameworks is the G20/OECD High-Level Principles on Financial Consumer Protection.[160] FCP frameworks should ensure fair and equitable treatment of consumers, disclosure and transparency, quality financial products, responsible business conduct, protection against fraud and scams, data privacy, and dispute resolution. For example, FSPs should be required to ensure that all fees and charges, terms and conditions, risks to consumers, and information on their rights are clearly disclosed to consumers prior to obtaining a financial product or service. High-pressure and misleading sales tactics and pre-approved, unsolicited offers for credit should be restricted. For more complex or high-risk products, FSPs should be required to ensure that a product or service is suitable for a particular consumer's needs and circumstances before delivering the product. Minimum standards should also be established for accessible and efficient complaints handling. Policy actions may also be needed to ensure that vulnerable and underserved groups are not subject to discriminatory practices, such as unwarranted higher rates of credit denials.

These requirements should apply to all retail financial products and services, with product-specific tailoring as needed. Requirements should be adapted to address new and enhanced risks posed by DFS, fintech[161] and use of AI in the financial sector. Policymakers should ensure that FCP frameworks apply to all retail FSPs consistently, including new types of providers. Where gaps exist in the regulatory perimeter, such as with respect to digital credit apps, policymakers should address these gaps to ensure comprehensive protection for consumers and a positive experience, regardless of provider type. Regulating by activity type rather than provider type, where feasible, can help address these challenges.

5.4.2 Building Strong Supervisory and Oversight Capacity

FCP legal and regulatory frameworks should be complemented by robust market conduct supervision. While legal and regulatory frameworks set minimum standards and requirements for responsible business conduct of FSPs, they alone cannot prevent poor practices or build trust without strong and proactive market conduct supervision. Strong supervisory and enforcement mechanisms are necessary to ensure compliance

158 For further information on product oversight and governance, see Product Design and Distribution: Emerging Regulatory Approaches for Retail Banking Products. World Bank, August 2019. See also Financial product governance and culture. FinCoNet, 2021. See also Quality financial products: What are the roles of product oversight and SupTech? FinCoNet, 2025.

159 Note that such requirements are typically included in robust, cutting-edge financial consumer protection frameworks (discussed further in Section 5.4.1).

160 G20/OECD High-Level Principles on Financial Consumer Protection 2022. OECD, 2022. See also Good Practices for Financial Consumer Protection. World Bank, 2017.

161 For further details on the new and enhanced risks posed by fintech and emerging regulatory approaches, see Boeddu, Gian, Jennifer Chien, Ivor Istuk, and Ros Grady. Consumer Risks in Fintech: New Manifestations of Consumer Risks and Emerging Regulatory Approaches. World Bank, April 2021.

with FCP rules, deter misconduct, and prevent harm. As outlined in Principle 2 of the G20/OECD High-Level Principles on Financial Consumer Protection, oversight bodies should have well-defined and objective responsibilities, strong governance, independence, accountability, and sufficient authority, resources, and expertise.[162]

Supervision of FSPs regarding their risk management, compliance with regulations, and prudential requirements should be complemented with adequate attention to market conduct at the individual institution level (conduct supervision) as well as at the broader financial system level (oversight). For example, payment systems oversight complements supervision of individual PSPs by taking an overall system view in ensuring the safety and efficiency of payments, thereby contributing to building trust in the financial sector by enforcing rules that protect users from risks. Effective oversight can also promote access and competition by ensuring interoperability and transparency in the provision of payment services and by facilitating innovation, thus contributing to increased usage.[163]

5.4.3 Establishing Sound Frameworks to Address Fraud, Cyber, and Financial Integrity Risks

DFS face growing cyber, fraud, and financial integrity risks due to their real-time nature, diverse participants, inconsistent security standards, and limited regulatory coordination. Unmanaged integrity risks can lead to failures or scandals, eroding trust and discouraging vulnerable and underserved groups[164] from using financial services. Addressing these vulnerabilities across this expanding ecosystem is crucial for building trust and increasing usage.

Well-designed frameworks to mitigate financial integrity risks can contribute to building trust and improving usage of financial services. However, measures to mitigate integrity risks should be risk-based and proportional to avoid unintended consequences, such as excessive know-your-customer implementation leading to exclusion of vulnerable and underserved groups.[165] New guidance from the Financial Action Task Force reiterates the need to take a risk-based approach, including considering the risks of financial exclusion and the benefits of bringing people into the regulated financial system.[166]

Similarly, well-designed frameworks for mitigating fraud and cyber risks can build trust by improving safety and thereby boosting usage of financial services. For example, to mitigate cyber and fraud risks in FPS, baseline cybersecurity standards can be mandated for all participants, enforcing strong authentication protocols, and requiring real-time fraud monitoring systems.[167] Promoting interoperability and ensuring consistent application of security protocols across domestic and cross-border transactions are also essential. A risk-based approach to licensing and oversight of non-bank participants can help ensure that all actors meet minimum security and operational resilience requirements.

5.4.4 Enhancing Financial and Digital Literacy

Policy measures to enhance financial and digital literacy are essential for consumers to safely and effectively use financial products. Boosting these skills can help consumers understand the value of financial services and make it easier for low-income consumers to use them. Policies should address both financial and digital literacy, especially among vulnerable and underserved groups.[168] Policymakers should seek to implement the OECD Recommendation on Financial Literacy, which lays out the essential elements to consider when designing, implementing, and evaluating financial literacy policies and programs.[169] Coordinated implementation across a range of stakeholders will be important.

Financial or digital literacy initiatives should have clear objectives. While general financial and digital literacy initiatives can be useful, targeted initiatives focused on concrete, high-priority issues (for example, increasing savings behavior, building confidence in DFS, promoting

162 Principle 2, G20/OECD High-Level Principles on Financial Consumer Protection,
163 Payment aspects of financial inclusion. CPMI and World Bank, 2016.
164 2023 Financial Inclusion Action Plan. GPFI, July 2023.
165 Ibid.
166 Financial Inclusion and Anti-Money Laundering and Terrorist Financing Measures. FATF, June 2025.
167 Cyber risks in fast payments systems. World Bank, 2025.
168 2023 Financial Inclusion Action Plan. GPFI, July 2023.
169 OECD Recommendation on Financial Literacy. OECD, 2020. For information on key steps to designing digital financial literacy initiatives, see also Digital Financial Literacy Toolkit. AFI, 2021.

the uses and benefits of specific products) are essential. These programs should complement FCP interventions. For example, if regulators see evidence of scams as a rapidly increasing risk to consumers, stronger regulatory requirements for FSPs complemented with awareness and literacy programs for consumers can provide a more holistic, multi-dimensional approach to fraud mitigation.

Financial and digital literacy initiatives should define clear target population segments (for example, women, elderly, youth) and understand their particular needs and behaviors.[170] Relevant public and private stakeholders should be identified to design and deliver literacy initiatives and monitor the outcomes of these programs to assess whether they have real-world impact. For example, in Italy, Banca d'Italia (BdI) instituted a rigorous process to implement financial education initiatives, including utilizing impact evaluations to evaluate the effectiveness of programs (see Annex I for further details).

Financial and digital literacy programs are most effective when they incorporate proven good practices that affect behavioral change. Existing literature identifies several practices, often utilizing behavioral insights, that can increase the effectiveness of literacy programs: conveying financial literacy messages during "teachable moments" when a consumer is about to make an important financial decision or use a financial service; leveraging nudges, reminders, and default options to encourage healthy financial behaviors; and making financial literacy fun and social, helping to increase knowledge retention and reinforce good behavior.[171]

Financial and digital literacy programs should leverage all appropriate channels to efficiently reach their target audiences. Integrating financial literacy content into popular TV shows, such as South Africa's Scandal!, has proven effective: viewers showed better financial knowledge and behaviors, including more formal borrowing, less gambling, and lower use of installment plans.[172] Financial or digital literacy programs could be delivered via large employers to staff members,[173] or integrated into G2P programs to target low-income consumers during teachable moments.[174] Leveraging women agents can enhance outreach to women and increase women's digital and financial literacy.[175] Lastly, digital channels and tools (such as websites, social media, and apps) can be utilized for tailored and targeted financial education programming that reaches more consumers at lower cost.[176]

5.5 Developing a Coordinated and Comprehensive Policy Approach

5.5.1 Developing a Strategic Approach to Increase Usage

Given the wide range of barriers and policy measures reviewed in the preceding chapters, policymakers can undertake several key steps to assess and address usage in a coordinated, strategic manner:

- **Step 1. An in-depth analysis of usage trends and patterns to pinpoint gaps, drawing from the indicators discussed in Chapter 3.** More sophisticated and nuanced indicators of usage and its enablers tailored to a particular country context may also need to be developed, by expanding or enhancing existing data sources and employing new types of data collection methods. For example, sex-disaggregated data by product is needed to monitor trends with respect to women. In Rwanda, the National Bank of Rwanda undertook a policy initiative to enhance the collection, production, analysis, and dissemination of sex-disaggregated data to design policies responsive to women's financial needs (discussed in Annex I).

- **Step 2. An analysis of the main barriers and market failures that are contributing to the identi-**

170 For example, for information on designing digital financial literacy programs for women, see Making Digital Financial Capability Programs Work for Women. Center for Financial Inclusion/ACCION, June 2022. See also Empowering Women on a Journey Towards Digital Financial Capability. Women's World Banking, 2021.

171 The majority of the following good practices are from Arnold, Julia and Elisabeth Rhyne. A Change in Behavior: Innovations in Financial Capability. Center for Financial Inclusion/ACCION, April 2016. See also The Application of Behavioural Insights to Financial Literacy and Investor Education Programmes and Initiatives. OECD, 2018.

172 Berg, Gunhild and Bilal Zia. Harnessing Emotional Connections to Improve Financial Decisions: Evaluating the Impact of Financial Education in Mainstream Media. World Bank, 2013.

173 For more information, see Policy handbook on financial education in the workplace. OECD, 2022.

174 For more information, see Zottel, Siegfried and Helen Luskin Gradstein. Integrating Financial Capability into Government Cash Transfer Programs. World Bank, July 2018.

175 Why advocate for more Women Banking Agents. Women's World Banking, 2023.

176 For more information, see Digital Delivery of Financial Education: Design and Practice. OECD, 2021. See also OECD/INFE Guidance on Digital Delivery of Financial Education. OECD/INFE, 2022.

fied gaps in usage. The range of potential barriers discussed in Chapter 4 could be used as a resource for this purpose. Additional factors driving low usage may need to be considered as well.

- **Step 3. A holistic and tailored approach to address identified barriers.** The range of policy measures discussed in this chapter should be used as a resource and should be tailored to address the specific barriers to increased usage in each country, addressing demand-side, supply-side, and enabling environment barriers. The suitability of specific policies will depend on country's stage of financial development from basic access to broader adoption of financial services.[177]

A holistic approach to improving usage will require coordinated efforts from both public and private stakeholders. Policymakers could address low usage by making it a core theme and a target in a National Financial Inclusion Strategies (NFIS) or similar national-level strategic policy frameworks. The process of NFIS development provides an opportunity and a formal vehicle for all stakeholders to come together and align on shared goals and define concrete, sequenced actions.

5.5.2 Collecting and Analyzing Data on Usage Regularly to Ensure Informed Policymaking

Regular collection and analysis of usage data across a broad range of financial services contributes to evidence-based policy development. This includes both supply-side and demand-side data on digital payments, transaction accounts, credit, insurance, remittances, and savings. Disaggregated data, particularly by sex, geography, and income level, is vital to uncover disparities and ensure that policies are equitable and responsive to the needs of vulnerable and underserved groups. Reviewing data trends allows policymakers to identify specific gaps, diagnose barriers, and design appropriate interventions.

Each financial product category will require specific data for effective analysis. For digital payments and transaction accounts, usage frequency by digital payment use case is the key metric. In credit markets, especially credit reporting systems, data on borrower profiles, repayment behavior, and credit access disparities can inform responsible lending policies and credit bureau reforms. Insurance data should include coverage types, claim ratios, and demographic penetration to assess risk-protection gaps. For remittances, tracking costs, payment instruments, and usage channels enable understanding the barriers related to the market structure. Savings data should reflect account dormancy rates, balances, and savings goals to understand financial resilience.

5.5.3 Leveraging the Role of Government in Driving Usage

Public sector authorities should also leverage existing government programs to help drive increased usage. For example, as discussed in Section 5.3, public sector authorities can play the role of fostering markets for innovative products that are better tailored to the needs of vulnerable and underserved groups,[178] such as by contracting new types of affordable insurance products for public employees.

Digitalizing G2P payments has long been recognized as an important policy measure to increase financial inclusion. G2P payments, particularly social transfers, directly target vulnerable and underserved groups.[179] Digitalizing G2P payments creates the necessary scale and a steady stream of payment flows to attract investment in more service points and delivery options, addressing a lack of supply-side incentives, while also providing the opportunity to link to other products and services, such as savings.

Policymakers should promote further digitalization of G2P payments in a manner structured to encourage ongoing usage and as part of a whole-of-government approach. While country-specific challenges exist, common best practices include stakeholder coordination and designing mechanisms around recipient needs, barriers, and preferences.[180] Policymakers, regu-

177 For a description of the four stages of development of DFS and the policy actions most relevant for each stage, see Pazarbasioglu et al. Digital Financial Services. World Bank Group, April 2020.

178 2023 Financial Inclusion Action Plan. GPFI, July 2023.

179 Ibid.

180 For a comprehensive resource on the key building blocks of digitized G2P architecture, see Next Generation G2P Payments: Building Blocks of a Modern G2P Architecture. World Bank Group, 2022.

lators, and FSPs should all provide input into the design to ensure effective achievement of intended policy objectives. Some beneficiaries withdraw funds instead of regularly using their accounts to conduct transactions, often due to concerns about clawback clauses that enable the government to reclaim funds. Additionally, recipients limited to one payment provider tend to use their account less than recipients who have a choice of providers.[181] Greater choice of providers can also enhance competition, benefiting consumers. These design factors should be considered to foster greater usage via digitalization of G2P payments. Beyond G2P payments, policymakers can digitalize person-to-government payments, such as tax and utility payments. In addition to the greater convenience for consumers and affordability, such efforts can contribute to creating a broader digital payment ecosystem and encourage greater usage of accounts.

In parallel to driving usage through public sector payments digitalization initiatives, public authorities should also seek to address fundamental structural constraints in the supply of long-term finance and utilize financing and guarantees to develop underserved markets. For example, development finance institutions can play an important role in providing wholesale financing to the MFI and fintech sector, while partial credit-guarantee programs can be utilized to create a more viable business case for serving underserved regions or sectors.

181 See Early Experiences of Beneficiary Choice in Government-to-Person Payment Architecture in Indonesia. World Bank, 2023.

Annex I

Case Studies

Based on inputs from The Better Than Cash Alliance, Women's World Banking, AFI, GPFI members, and existing reports.

In line with the policy options identified in Chapter 5, this section presents a series of brief case studies to demonstrate ways in which the policy recommendations can be implemented in different country contexts. Where possible, the observed, self-reported results of these initiatives have been provided, but data was not available in all cases, nor has it been independently verified.

1. Establishing Well-Functioning Digital and Financial Infrastructures

▸ Digitizing Payments

Philippines:
Digitizing More Payment Streams

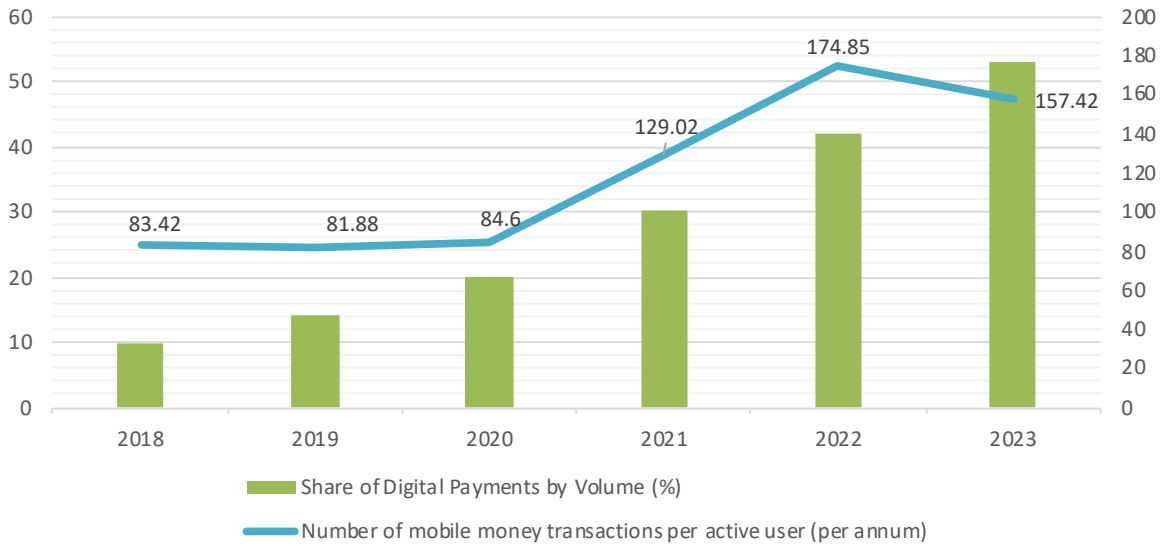
The Philippines achieved impressive growth in the use of digital payments through a program that included a consistent vision from Bangko Sentral ng Pilipinas, national coordination of stakeholders, targeted interventions, and continuous monitoring of the outcomes. The objective was to digitize at least half of all payments. To meet this goal, a complete country diagnostic of the digital payment landscape was undertaken in 2019,[182] resulting in core recommendations on the approach to adopt to increase the use of digital payments, including five use cases to consider: merchant payments, supplier payments, remittances, utility payments, and social benefit transfers.
The following program characteristics ensured the success of the subsequent multi-faceted program to improve digital payments usage:

- Constant evaluation of progress against transparent targets.
- Policies crafted to meet evolving needs. This included the use of a policy simulator to evaluate different policy options.
- Institutionalizing data systems and investing in capacity.[183]

182 Better Than Cash Alliance 2019.
183 Better Than Cash Alliance 2023.

Under this program, legal and regulatory environments for digital payments were established, the initial digital payments infrastructure was operationalized (including the electronic funds transfer automated clearing house PESONet), and specific use cases were enabled. These included person-to-merchant payments (QR Ph P2M) and national bill payment facility (Bills Pay Ph). These and other related initiatives led to a substantial increase in the use of digital payments: in 2023, an estimated 52.8 percent of payments in the Philippines were digital payments.

Figure 22: Evolution of digital payments use in the Philippines



Source: Author, based on IMF FAS and Bangko Sentral ng Pilipinas data

El Salvador:

Implementing Real-Time Payments

El Salvador's Transfer365, a real-time retail payment system launched by the Central Reserve Bank, has significantly advanced financial inclusion by enhancing access to, and usage of, financial products and services across the country.[184] Transfer365 enables free, 24/7 interbank transfers eliminating the need for physical bank visits and reducing transaction costs. Since its implementation, Salvadorians have saved tens of millions of dollars in fees previously incurred for payment and money transfer commissions.

The real-time payment system is open to all financial institutions in El Salvador, including cooperative and commercial banks as well as savings and loan companies. Widespread adoption has also contributed to greater engagement with, and usage of, formal financial services, beyond payments by both individuals and businesses. In its first year more than 20,000 transfers were processed totaling US$6.2 billion.

Transfer365 is complemented by other Central Reserve Bank initiatives to drive an inclusive financial ecosystem including the National Financial Inclusion Policy and National FinTech Strategy, as well as financial education programs such as Mi Viaje Financiero, designed to improve financial literacy levels across the country.

184 AFI, Transfer365 Instant Payment System in El Salvador (2024), Transfer365 Instant Payment System in El Salvador—Case Study.

Figure 23: Transfer365 amounts and transactions period: second quarter 2021 to second quarter 2024 (in millions USD)

Source: AFI 2024, with data from Central Reserve Bank of El Salvador

▸ Expanding ICT Infrastructure

European Union:

Expanding Mobile Coverage

The European Union has promoted public-private partnerships to expand mobile networks through tower-sharing schemes. The initiative has reduced unit costs, produced higher returns on investment, and increased competition, resulting in lower prices and improved reach and quality of coverage in rural areas.

Nigeria:

Lowering the Cost of Mobile Internet Access

Once the country's three largest mobile network operators transferred their assets to independent tower companies, the price of mobile internet access as a percentage of gross national income per capita declined by 3 percentage points per year compared to just 0.4 percentage points the year prior.

▸ Improving Credit Infrastructure

India:

An Account Aggregator Framework to Enable Seamless and Secure Exchange of Financial Information

Part of the evolution of open finance in India is the introduction of the Account Aggregator (AA) framework by the RBI in 2016. The AA framework facilitates a seamless and secure exchange of specified financial information through Non-Banking Financial Company-Account Aggregators, acting as intermediaries between Financial Information Providers, and Financial Information Users.

The emphasis of regulatory framework for AAs in India is on explicit customer consent for data sharing, which is obtained in a standardized electronic consent artefact as prescribed under regulations. The data sharing happens through standardized APIs and financial information schema, which ensures security, robustness, and uniformity in data sharing. Customers can control data access, purpose, and duration. This approach empowers individuals to share their financial information across financial institutions with other financial entities to receive personalized financial services. Unlike the traditional model, where financial institutions hold data in isolated silos, the AA framework ensures that financial information can be viewed at one place, shared securely and only for the consented purpose.

The AA framework spans 19 different types of financial information and is integrated with entities regulated by various financial sector regulators (including RBI, Securities and Exchange Board of India, Insurance Regulatory and Development Authority of India, and Pension Fund Regulatory and Development Authority) and government departments. The ecosystem sparked by AA is expected to aid in the development of delivery of financial services through digital modes and has the potential to penetrate underserved market segments, including low-income groups, small businesses, and gig workers who often face barriers due to lack of credit history or documentation. Further, the Goods and Services Tax Network, a tax information repository, has been onboarded as a Financial Information Provider. When consent is provided by MSMEs, this will allow lenders to access Goods and Services Tax Network data on a real-time basis, providing direct insight into the cash flows of these enterprises. This additional information should facilitate more informed lending decisions and improve access to credit, including for women-led microenterprises.

2. Improving Suitability of Product Offerings for Vulnerable and Underserved Consumers

▸ Customer-Centric Product Design

Rwanda:

Building Data Infrastructure to Expand Women's Financial Inclusion

National Bank of Rwanda (NBR), responsible for regulating and supervising the banking sector, insurance companies, microfinance institutions, and payment service providers, is at the forefront of collecting and using sex-disaggregated data to design responsive policies and increase the number of women with access to finance.

The NBR designed a policy initiative to enhance the comprehensive collection, production, analysis, and dissemination of sex-disaggregated data across all NBR functions. As a starting point, the team assessed the need for and current state of sex-disaggregated data, then organized internally to adjust NBR practices to collect sex-disaggregated data (including on women involved in farming, entrepreneurship, and savings and credit groups). These efforts culminated in the development of the new NBR Gender Mainstreaming Strategy to ensure all policy design is done with a lens to better financially include women in Rwanda.

In tandem with the Gender Mainstreaming Strategy and as part of the NBR's broader strategy, the NBR has established a department dedicated to financial inclusion and financial sector development with a mandate to enhance women's financial inclusion. The department leverages tools like the electronic data warehouse, an advanced system that acts as a centralized repository and facilitates the collection, storage, and analysis of data pertaining to women's economic activities, banking behaviors, and financial needs. It collects granular data directly from more than 600 financial services providers (FSPs). Using this data, the NBR launched the publicly Financial Inclusion Dashboard, which captures FSP data disaggregated by sex, age, institution type, account status, location, and date, and is automatically updated weekly.

Bangladesh:

Encouraging Market Action to Increase the Offering of Products Designed for Women

Levels of financial Inclusion in Bangladesh has increased steadily, but a significant gap between men and women remains: 62.8 percent for men and 43.5 percent for women at the end of 2023.[185] This gap has resulted in a variety

185 Bank of Bangladesh 2024.

of policy guidelines and actions from the Bangladesh Bank (BB) to address the situation. These actions include:

- The active implementation of the NFIS for Bangladesh. One of the key priority areas of the NFIS is to broaden and deepen financial inclusion of women and other underserved groups in the country. This section of the policy requires all regulatory bodies in the financial sector to develop separate policies and conduct specific programs for women to:
  - Focus on meeting the financial needs of women in urban and rural areas
  - Enable convenient service delivery channels for women
  - Have a separate women-specific focus in the provisioning of DFS.
- Setting up specific regulatory and financial service provider units dedicated to women entrepreneurs' financial inclusion.

The BB established the Women Entrepreneurs Development Unit in the bank, as well as in all branches of the bank. The BB also instructed all banks and finance companies to similarly set up such units and to establish a Women Entrepreneurs Dedicated Desk in all their branches. The main aim is to increase the participation of women in the use of financial services.

- The BB introduced a Women's Financial Inclusion Data Dashboard.

The bank aggregates data from banks, non-bank financial institutions, microfinance providers, and mobile financial service providers to construct a detailed sex-disaggregated landscape of women's participation in financial services. This serves as a strategic tool for financial service providers to identify gaps and opportunities in the market for women's financial services.

- The Bangladesh government has prioritized support for the cottage and MSME sector in the country.

The BB responded by issuing policies and regulations for financial services to the cottage and MSME sector, including formulating a guideline for the banks and finance companies to ensure more financial facilities for women entrepreneurs. The BB set a target of at least 15 percent of the cottage and MSME loan portfolio of banks and finance companies to be allocated to women entrepreneurs.

Largely in response to these measures, banks have devised a range of products tailored to the needs of women.[186] These cover all product types, are designed with women's needs in mind, and carry incentives for continued usage; for example, higher interest rates in deposit accounts and privileges associated with debit and credit cards. Some banks have SME credit programs specifically aimed at women entrepreneurs and typically administered by women banking officials, thereby encouraging access and use of these facilities.

One of the private sector developments that deals with both women's needs and extending access and usage in rural areas is a bKash[187] initiative that started in 2016. Women agri-producers were offered the opportunity to become rural bKash agents, benefitting these agents directly as well as befitting women users of mobile money in the agency areas. This initiative has contributed to the growth in women mobile financial service agents in the country. Coupled with deliberate efforts to enrol more women users through payroll credits and savings programs, this bodes well for decreasing the gap between men and women.

▸ Improving Convenience and Usability of Transaction Accounts and Payment Products

Spain:

Improving Account Usability for the Elderly and Rural Dwellers

186 Asian Development Bank 2022.

187 bKash is the major mobile financial service provider in Bangladesh.

The change in banking and financial services service delivery topology, with many services digitized and available online, has resulted in fewer brick-and-mortar outlets and a reduced focus on ATMs and other cashpoints, especially in developed countries. Spain is a case in point, where the decreased physical presence of banking outlets has resulted in the elderly having difficulty in accessing and using their accounts. While most elderly people have a bank account, many do not use online facilities and rely on face-to-face interactions to use banking services. This problem has resulted in a form of "usage exclusion" for many people over the age of 65, which constitute nearly 20 percent of the population in Spain.[188]

To deal with this reality, the government of Spain together with the Bank of Spain, has promoted the adoption of a voluntary protocol by the sector. In 2021, the main banking associations signed a strategic protocol to strengthen the social and sustainable commitment of the banking sector. This approach focuses on public-private collaboration, frequent dialogue with stakeholders (including industry, clients, seniors' associations, and the Bank of Spain), and voluntary commitment rather than legal enforcement. Some of its provisions have later been incorporated into the Spanish legal framework through different legally binding acts. The aforementioned strategic protocol has been amended twice: first, to strengthen the measures directed toward the elderly and second, to strengthen measures directed to the rural population.

The Protocol for senior customers includes:[189]

- Simplified versions of cashpoints (ATMs), websites, and banking apps
- The maintenance of savings booklets, a service valued by many senior customers.
- Free training for senior customers and others on online banking and fraud prevention
- Tollfree telephone assistance, with specific training for staff
- Expanded service hours at bank branches with priority queues for people 65+
- Branches or cashpoints, in sparsely populated areas.

Spain has also undertaken a Roadmap for Financial Inclusion in Rural Areas, for which a key success factor has been the deployment of mobile banking units (ofibuses), which have served as the main tool for reducing the number of municipalities without access to a bank branch. The percentage of the population without access to cash has been cut in half, from 1.4 percent in 2021 to 0.7 percent by the end of 2024, which means providing cash access points to an additional 330,000 people over the past three years.

Nepal:

Mobilizing Deposits via Remittance Receivers

A few governments are taking proactive steps to encourage migrants and their families to shift from cash-based remittances to formal remittance services—and in the case of Nepal, beyond this, toward remittance-linked savings through DFS. These strategies aim to enhance financial inclusion, support asset-building and resilience, and increase the development impact of remittance flows.

In Nepal, where remittances account for nearly 27 percent of GDP, the Nepal Rastra Bank mandates banks and financial institutions to offer at least one percentage point higher interest on savings accounts opened by Nepali workers abroad for receiving remittances. As of 2023, this policy had mobilized over NPR88 billion (approximately US$662 million) in remittance-linked deposits, with more than 86 percent held in fixed-term accounts—demonstrating a clear shift from basic access to financial usage.

3. Ensuring Safe and Responsible Design and Delivery of Financial Products

▸ Establishing Robust Financial Consumer Protection (FCP) Frameworks

188 Reuters 2022.
189 ThinkSPAIN news article 24/02/22.

Rwanda[190]:

In 2021, the Republic of Rwanda passed Law No. 017/2021 Relating to Financial Service Consumer Protection. Together with regulations issued under it, the Framework was intended to address the lack of any comprehensive FCP regulatory framework in the country. The law is applicable to all regulated FSPs, including, among others, providers of deposit, payment, credit, and insurance products. The law addresses a range of FCP issues, including transparency and disclosure, fair treatment and business conduct, and powers of the financial regulators in Rwanda to supervise FCP. National Bank of Rwanda has also formalized its dedicated FCP supervision unit in support of this framework.

Canada:

Canada's Financial Consumer Protection Framework, introduced in 2022, holds banks to a higher standard and requires them to take greater responsibility for consumer outcomes. The framework requires banks to implement policies and procedures to ensure that financial products and services are appropriate for consumers' financial needs and circumstances. It also includes provisions under the Bank Act to prevent incentive structures that could lead to the sale of unsuitable products.

Financial Consumer Agency of Canada's (FCAC)'s Appropriate Products and Services Guideline sets out expectations for banks to assess consumer profiles, clearly communicate product suitability, and ensure that employee incentives align with consumer interests. For example, when offering premium credit cards—with higher fees and features like travel rewards and insurance—banks are expected to assess whether the product aligns with the consumer's financial situation and usage patterns. Additionally, FCAC's Guideline on Existing Consumer Mortgage Loans in Exceptional Circumstances outlines expectations for supporting consumers facing financial stress. This includes early identification of at-risk consumers and relief measures such as extending amortization periods, waiving fees, and avoiding interest on interest.

Together, these measures demonstrate Canada's commitment to strengthening product appropriateness and supporting financial resilience, particularly for consumers that may experience financial vulnerabilities over the life cycle of a product.

▸ Enhancing Financial and Digital Literacy of Underserved Consumers

Italy:

Designing and Testing Financial Literacy Effectiveness

Addressing low financial literacy is a crucial priority in facilitating the transition from access to usage, empowering customers to interact "on equal footing" with financial intermediaries and enabling them to choose the products that are most effective for their needs. However, financial education initiatives are only effective if tailored to the specific needs of various population segments.

The Bd'I has instituted a rigorous process to implement financial education initiatives. First, the design of these programs is guided by insights derived from Bd'I's surveys and analyses, and effectiveness of programs is evaluated through rigorous impact evaluations.

For instance, in 2024, Bd'I collaborated with the national public broadcaster RAI to integrate basic financial education content into TV programs. A preliminary impact evaluation, conducted through a randomized survey experiment involving approximately 1,000 participants, revealed a 10 percent improvement in economic and financial knowledge among those exposed to the content compared to those who were not. The effect was particularly significant among women. Additionally, Bd'I assessed the impact of long-term financial education program for schoolteachers on over 1,500 Italian students of various ages. Using randomized control trials, it demonstrated that the program significantly enhances students' financial literacy by approximately 8 percent, with similar improvements

190 World Bank, The Global State of Financial Inclusion and Consumer Protection 2023.

observed for both boys and girls.[191] Moreover, an impact evaluation of a collaboration with Italy's three main trade union confederations on a dedicated initiative for adult women—Le donne contano (women count)—revealed that participants in the program improved their financial literacy scores by an average of 30 percent.[192]

Canada:

Undertaking a National Financial Literacy Strategy

The FCAC is responsible for protecting the rights and interests of consumers of financial products and services. FCAC's National Financial Literacy Strategy 2021–2026 sets out a five-year plan to create a more accessible, inclusive, and effective financial ecosystem that supports diverse Canadians in meaningful ways. The Strategy emphasizes that improving financial outcomes is a shared responsibility and calls on all stakeholders to reduce barriers and catalyze action so Canadians can build the skills, capacity, and behaviors that lead to greater financial resilience. "The ability to build financial resilience does not lie in the hands of the consumer alone but is rather a function of both individual actions and systemic facilitation."

FCAC's measurement plan, titled Counting Change, is a cornerstone of the National Financial Literacy Strategy It provides a structured, evidence-based framework for tracking progress toward improving Canadians' financial resilience. The Plan equips stakeholders with tools like the Measures Library and Intake Form to align their initiatives with Strategy-Aligned Measures, enabling consistent, outcome-driven evaluation across the financial ecosystem. By fostering a shared measurement approach, the Plan enhances transparency, encourages collaboration, and supports data-informed decision-making—ultimately amplifying the impact of financial literacy efforts nationwide.

The measurement plan encourages stakeholders to use impact measures to track and report on the impact of their Strategy-aligned initiatives. This provides a direct and quantitative way to measure effectiveness over time.

FCAC employs a multi-layered, evidence-based approach to assess the impact of its policies, grounded in both strategic planning and operational execution. At the core is the use of evaluation frameworks that align with the National Financial Literacy Strategy, supported by tools like the Implementation Roadmap, which tracks progress against 18–19 strategic commitments.

To ensure rigor, FCAC integrates behavioral research, pilot studies, and public opinion surveys into its policy cycle. For example, the agency has conducted studies on high-cost credit, open banking, and stablecoin use, with findings directly informing legislative reviews and consumer protection strategies. The Monthly Financial Well-being Dashboard and tools like the Budget Planner are also used to track behavioral outcomes and financial resilience at the population level.

Importantly, FCAC acknowledges the limitations of attributing macroeconomic outcomes solely to its interventions. The agency is cautious about over-relying on national survey data for impact attribution, recognizing the influence of broader economic conditions and the limited reach of its interventions.

Japan:

Public-Private Cooperation for Financial Literacy and Education

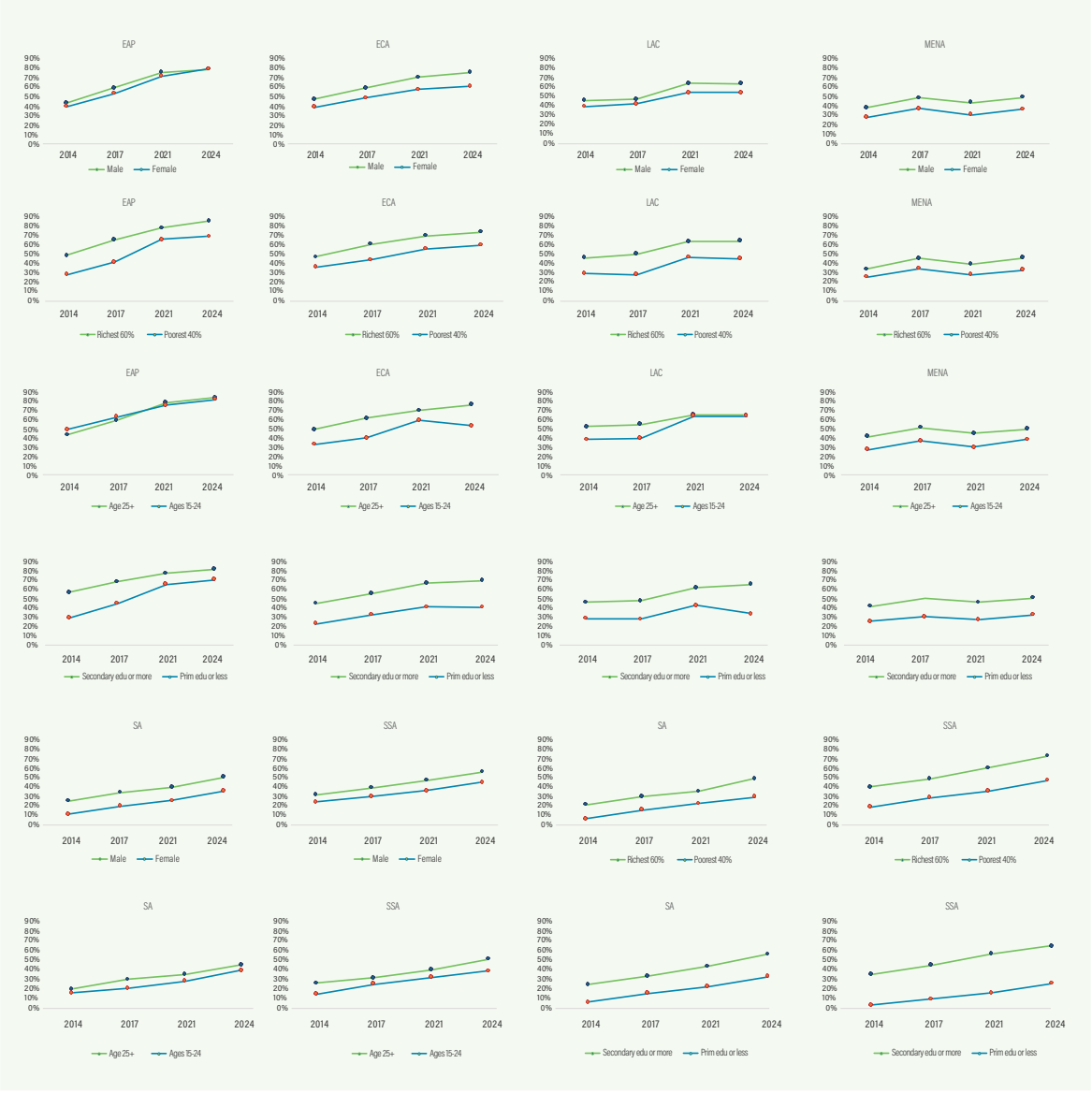
In April 2024, Japan launched the Japan Financial Literacy and Education Corporation (J-FLEC), a government-led public-private initiative aimed at enhancing financial literacy. J-FLEC was introduced as part of broader efforts to channel household savings into more productive investments and promote stable asset-building. By providing financial education, the initiative seeks to equip individuals with the knowledge and skills necessary to make informed financial decisions, ensuring the effective use of financial services and fostering financial competency. J-FLEC aims to encourage the effective utilization of financial services, including through encouraging asset-building for long-term financial security.

191 Banca d'Italia (October 2024) As soon as possible: the effectiveness of a financial education program in Italian schools.
192 Banca d'Italia (2024) Tackling the gender gap in financial literacy. Evidence from a financial education program in the workplace.

Annex II

Supplementary Charts

Figure 24: Making or receiving digital payments across different demographic groups (%, age 15+) 2014-2024



Source: Global Findex Database 2025

Annex III

Types of Credit

Credit can broadly be categorized into consumption and productive credit. Consumption credit is typically used for non-income-generating purposes such as household expenses, social obligations, or emergencies. While it can help smooth short-term financial shocks, it often does not contribute to a borrower's ability to repay, increasing the risk of over-indebtedness. In contrast, productive credit refers to financing income-generating activities, such as investments in small enterprises, agricultural inputs, or other livelihood-supporting ventures. This type of credit plays a critical role in improving household welfare and enabling sustainable repayment.

A diverse range of credit products has been developed to enhance access to financial services across various population segments. Digital credit facilitates rapid, remote access to small loans through mobile platforms. Microcredit offers small loans to low-income individuals or groups, frequently with a focus on women. Agricultural credit provides funding for inputs, equipment, and seasonal expenditures for farming activities. Housing credit enables individuals to purchase, construct, or renovate residential properties, while education loans assist students in covering tuition fees and related academic expenses. Personal loans constitute another important category, offering flexible financing for a wide array of individual needs, such as medical emergencies, travel, or debt consolidation without being restricted to a specific end use.

More broadly, credit instruments can be differentiated based on their intended purpose and underlying structure. Some loans are purpose-specific, tied to a defined end use (for example, housing, education, agriculture), whereas others, such as personal loans, are general purpose in nature. Credit products may be either secured, backed by collateral such as property or equipment, or unsecured, relying solely on the borrower's creditworthiness. These distinctions have significant implications for both accessibility and risk management within financial systems.

Annex IV

Lack of Adequate Long-Term Finance and Risk Capital for Financial Institutions

The housing and MSME sectors are especially affected by these structural financing constraints. In the housing sector, underdeveloped credit markets and the scarcity of long-tenor instruments, for example, long-term loans and bonds, limit the supply of housing finance. The absence of mechanisms such as covered mortgage bonds, liquidity facilities, and institutional investor engagement further impedes the development of sustainable housing finance systems.
Capital markets solutions for MSME debt financing are still limited and largely concentrated in advanced economies. Nonetheless, recent developments in advanced and larger EMDEs underscore the potential of capital markets to support MSME finance. Securitization is increasingly employed by MSME finance providers, including alternative lenders, to access long-term funding.[193] Debt funds are being utilized to pool various MSME assets, such as minibonds, loans, and receivables, while instruments like minibonds enable more established medium-sized enterprises to directly access capital markets.

193 GPFI (2024): Action Plan for Micro, Small, and Medium Enterprise Financing, GPFI, World Bank, SME Finance Forum, OECD.

Annex V

Sovereign Risk and its Systemic Impact on Credit Markets and Financial Stability

When governments face severe fiscal imbalances or default, the repercussions extend beyond public finances and deeply affect the financial sector. This is especially true in countries where banks hold significant amounts of domestic sovereign debt. The deterioration of sovereign creditworthiness can directly undermine bank solvency, as the value of government securities—often treated as risk-free—plummets. This dynamic was starkly illustrated in cases like Ghana and Sri Lanka, where sovereign defaults or restructuring led to substantial losses for domestic banks.

One of the core issues lies in the accounting and regulatory treatment of local currency sovereign debt. Despite mounting fiscal pressures, banks have often continued to treat such debt as riskless, failing to provision adequately for potential losses. This misrepresentation of risk has led to inflated capital adequacy ratios, masking the true vulnerability of the banking sector. In Ghana, for instance, banks did not reflect the deteriorating value of government bonds in their balance sheets until the crisis was well underway, leading to a sudden and severe erosion of capital buffers. Similarly, in Sri Lanka, the delayed recognition of sovereign risk contributed to a sharp decline in banking sector stability once the government's fiscal position became unsustainable.[194]

Another layer of complexity arises from government guarantees on debt issued by state-owned enterprises (SOEs). These guarantees are often treated as credible by banks and regulators, allowing exposures to SOEs to be excluded from stringent capital requirements. However, in practice, such guarantees may lack credibility, especially when the sovereign itself is under fiscal strain. This misalignment between perceived and actual risk further distorts the capital position of banks and can lead to systemic vulnerabilities.

194 World Bank (2024): Finance and Prosperity 2024: Special Focus: Sovereign nexus, climate and the banking sector, https://openknowledge.worldbank.org/server/api/core/bitstreams/06f02e01-b4d1-4bb5-8a6c-0199d51cf84c/content.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