

FINANCIAL AND DIGITAL INCLUSION PROJECT FREQUENTLY ASKED QUESTIONS

What is the Financial and Digital Inclusion Project?

The Financial and Digital Inclusion Project (FDIP) is a Brookings Institution initiative aimed at evaluating and comparing access to and usage of affordable financial services by persons who have traditionally been excluded from the formal financial system. The project was launched in mid-2014 and has initially focused on comparing financial inclusion commitments and progress in 21 countries. FDIP aims to provide policymakers, members of the private sector, representatives of non-governmental organizations, and the general public with information that can help improve financial inclusion in these countries and more broadly. To that end, FDIP is producing a series of reports and associated scorecards, as well as holding events to facilitate discussion regarding key financial inclusion issues.

What countries do the 2015 FDIP Report and Scorecard examine?

The 2015 FDIP Report and Scorecard examine financial inclusion in the following 21 countries: Afghanistan, Bangladesh, Brazil, Chile, Colombia, Ethiopia, India, Indonesia, Kenya, Malawi, Mexico, Nigeria, Pakistan, Peru, the Philippines, Rwanda, South Africa, Tanzania, Turkey, Uganda, and Zambia.

Why were these countries selected?

The FDIP team selected 21 focus countries that have made recent commitments to financial inclusion in an effort to examine how countries establish and operationalize financial inclusion commitments within diverse geographic, economic, and political contexts.

Why does this work matter?

There are about 2 billion adults around the world without formal financial services. Access to and use of formal financial services allows individuals to make payments efficiently and securely, save for the future, gain independence, and manage economic shocks. At the macroeconomic level, bringing more people in to the formal financial system is an important ingredient in promoting broader economic growth. The data and analysis presented in the FDIP report and scorecard can help governments around the world maximize the effectiveness of efforts to broaden financial inclusion by assessing financial inclusion initiatives and providing actionable policy recommendations.

Why does the report emphasize mobile money solutions and other digital financial services?

Digital financial services, including mobile money solutions, can promote financial inclusion by providing users with financial channels that are often more accessible, less expensive, and more secure than traveling to physical banking infrastructure. For example, mobile money can help provide women in many communities with greater control over their financial lives, since using a mobile phone for financial services is often more convenient and private than transacting in public. Mobile operators surveyed for the GSMA's 2014 "State of the Industry" report noted an overall increase in adoption of mobile money services among women and rural customers.

Frequently Asked Questions (Continued)

Although the World Bank's 2014 Global Financial Inclusion (Global Findex) database report noted that only 2 percent of adults globally had a mobile money account, mobile technology is an increasingly critical component of financial inclusion within the evolving financial services landscape, particularly for people who have traditionally been excluded from the traditional financial system, and particularly in countries that lack an extensive traditional banking infrastructure.

As mobile money offerings become more extensive, mobile money agent outlets become more prevalent, and smartphone technology becomes more affordable and pervasive, the transformative effects of mobile money on the financial lives of the world's financially underserved populations will be accelerated.

If mobile money is so important, why does FDIP also examine traditional financial services?

Financial inclusion isn't a one-size-fits-all endeavor. In some countries mobile money has been highly successful in broadening access to financial services. However, in other countries mechanisms to extend the reach of traditional banks have been more effective to date than mobile money in reaching underserved populations. To capture as comprehensive a picture as possible of the diverse financial inclusion landscapes in our study, we have considered both digital financial services such as mobile money as well as engagement with banks and other formal financial institutions.

What financial services does FDIP focus on?

The 2015 FDIP Report and Scorecard focus on basic financial services such as payments and savings, rather than other services such as insurance. These basic services can serve as an entry point and area of greatest immediate need for those who have limited experience with formal financial services. In subsequent editions of the FDIP report, as data regarding a broader array of traditional and digital services become more widely available and takeup of these services becomes more prevalent, we expect to expand our evaluation of financial services offerings.

Where can I learn more about FDIP?

Visit our website at www.brookings.edu/FDIP to read the full report, learn more about the methodology behind the scorecard, view individual country scores, and compare country scores using the interactive 2015 Scorecard visualization. Comments and feedback regarding FDIP can be sent to FDIPcomments@brookings.edu.