



**UN**  
environment  
programme



finance  
initiative

Principles for  
Responsible Banking

# Guidance for Banks Financial Inclusion and Financial Health Target Setting

UNEP Finance Initiative

February 2023

# Before we begin...

You are in the **right place** if any of the following applies to you:

- Your bank has **prioritized financial health and inclusion** as one of its areas of most significant impact
- You've been charged with **defining the targets for your bank** as well as the action plan for financial health and/or financial inclusion
- You **want to know more about common metrics** banks can use to measure financial health and financial inclusion
- Your bank **signed the Commitment** to Financial Health and Inclusion

# Agenda for this session

ABC of our program - 10min

Common Framework for Financial Inclusion and Financial Health (UNEP FI) - 35 min

Steps for setting financial inclusion and financial health targets – 40 min

**Step 1.** Understand your context

**Step 2.** Set baselines and identify priorities

**Step 3.** Set SMART targets

Group practical exercise: Identification and construction of SMART targets – 30 min

Next steps - 5min

# ABC of our program

**Why?** Once your bank has completed the impact analysis and defined financial health and/or financial inclusion as one of its areas of greatest impact, the next key step in implementing the Principles for Responsible Banking (PRB) is *setting an impact target*.

**For what?** Our goal is to support banks that have signed up to the PRB to set their financial inclusion and financial health targets and align their business with the Sustainable Development Goals.

**For whom?** Staff of PRB signatory banks, members of banks' financial inclusion and financial health teams, members of sustainability teams.

**How?** Online sessions via Microsoft Teams and “walk-ins” between deliverables to resolve questions.

Agenda	Date
<b>Session 1</b> - Introduction   (2hs)	21 February 2023 (14:00 – 15:00 CET)
Walk-ins	27 February 2023 (10:00 – 11:00 CET) / 13 March 2023 (10:00 – 11:00 CET)
Delivery of practical exercise part 1	17 March 2023
Offline feedback from exercise part 1	24 March 2023
Walk-ins	5 April 2023 (10:00 – 11:00 CET) / 25 April 2023 (10:00 – 11:00 CET)
Delivery of practical exercise part 2	19 May 2023
Individual sessions   One to One	29 May – 9 June 2023
<b>Session 2</b> – Collective feedback   (2hs)	June 2023 (day and time TBD)

# What can you expect from our meeting today?

## Participating banks will be able to:

- Identify the **context of financial inclusion and financial health** in the country in which they operate.
- Build **knowledge and skills to select the best indicators** and methodologies to set targets that are aligned with PRB's best practices.
- Understand **how to develop SMART targets** that are aligned with local needs and commitments, as well as with the institution's profile.

# Starting point

Understand the common  
framework for action on  
Financial Inclusion and  
Financial Health (**FI and FH**)



## Definitions



## Pathway to Impact



## Indicators



## Definitions



## Pathway to Impact



## Indicators

Understanding what is meant by financial inclusion, financial health and prioritized groups (vulnerability) to have clarity about the impact you want to generate



# Financial Health\*

A state in which an individual, household, micro, small or medium-sized enterprise can **smoothly manage their current financial obligations and have confidence in their financial future**. This includes four elements:

- managing day-to-day finances to meet short term needs
- capacity to absorb financial shocks (resilience)
- capacity to reach future goals
- feeling secure and in control of finances (confidence)

These can be achieved through the three main drivers of financial health: **increased access to and improved usage of suitable products and services, the provision of transparent advisory services, and the strengthening of the financial skills of individuals and businesses.**

\*Based both on the definitions available in the Guidance for Target Setting on Financial Health and Inclusion and the Commitment on Financial Health and Inclusion

# Financial Inclusion\*

The creation of opportunities for **everyone** to **engage with the financial sector** through the **provision of responsible saving, lending, investment, insurance, and advisory services** (as relevant) that are **available and accessible**, that enables people to continue to benefit further into the future.

With the goal **to leave no one behind while keeping a financial health approach.**

\*Based both on the definitions available in the Guidance for Target Setting on Financial Health and Inclusion and the Commitment on Financial Health and Inclusion

# Prioritized Groups

A group that due to certain socio-economic characteristics is **more likely to need support from banks** to achieve Financial Health and/or Financial Inclusion.

Amongst the prioritized groups that banks can select, **a special focus should be put, as much as possible, on the unbanked, underbanked, and formerly-banked individuals and businesses as well as those sections of the population that are most vulnerable.**

The financial institution must identify **which client groups to prioritize.**

# Prioritized Groups

Examples of prioritized groups are:

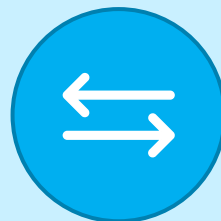
- Groups vulnerable **due to gender**:
  - rural women, female-led MSMEs
  - female entrepreneurs
  - gender-based violence (GBV) victims / survivors of abuse
- Groups vulnerable **due to age**:
  - Elderly
  - Youth
- Groups from a certain **geographical** areas or locations:
  - Rural
  - Urban
  - peri-urban
- Customers who have **low-income or are in financial distress**

### A special note on Vulnerability: The 6 key factors that can increase the risk of vulnerability



#### 1. Physical and mental health

Disabilities or illnesses that affect the ability to carry out everyday tasks.



#### 2. Life Events

Grief, job loss, migration, financial, mental and physical abuse. Homeless and former inmates are also considered.



#### 3. Resilience

Low ability to withstand financial or emotional shocks.

### The 6 key factors that can increase the risk of vulnerability



#### 4. Education and capacity

Little knowledge of financial issues or financial education, low capacity in other relevant areas such as literacy or digital skills.



#### 5. Digital and financial access

Low ability to access beneficial services and products.



#### 6. Culture and demography

Geographies or ethnic groups, such as travelling communities, with less access to financial services.



Definitions



**Pathway to  
Impact**



Indicators

Defines the work path to generate the desired impacts on financial health and inclusion based on the definitions

# Pathway to impact

- **Input** information/data from the country and the bank **should be used to prioritize groups of customers** and guide decision-making when implementing actions.
- Actions can be categorized into four types of enablers or inhibitors: actions related to products and services based on the **portfolio composition**, to **client engagement**, to internal processes and data analytics based on **internal policies and processes**, and to partnerships through the bank's **advocacy**. These can onset positive or negative impacts on financial inclusion and financial health.

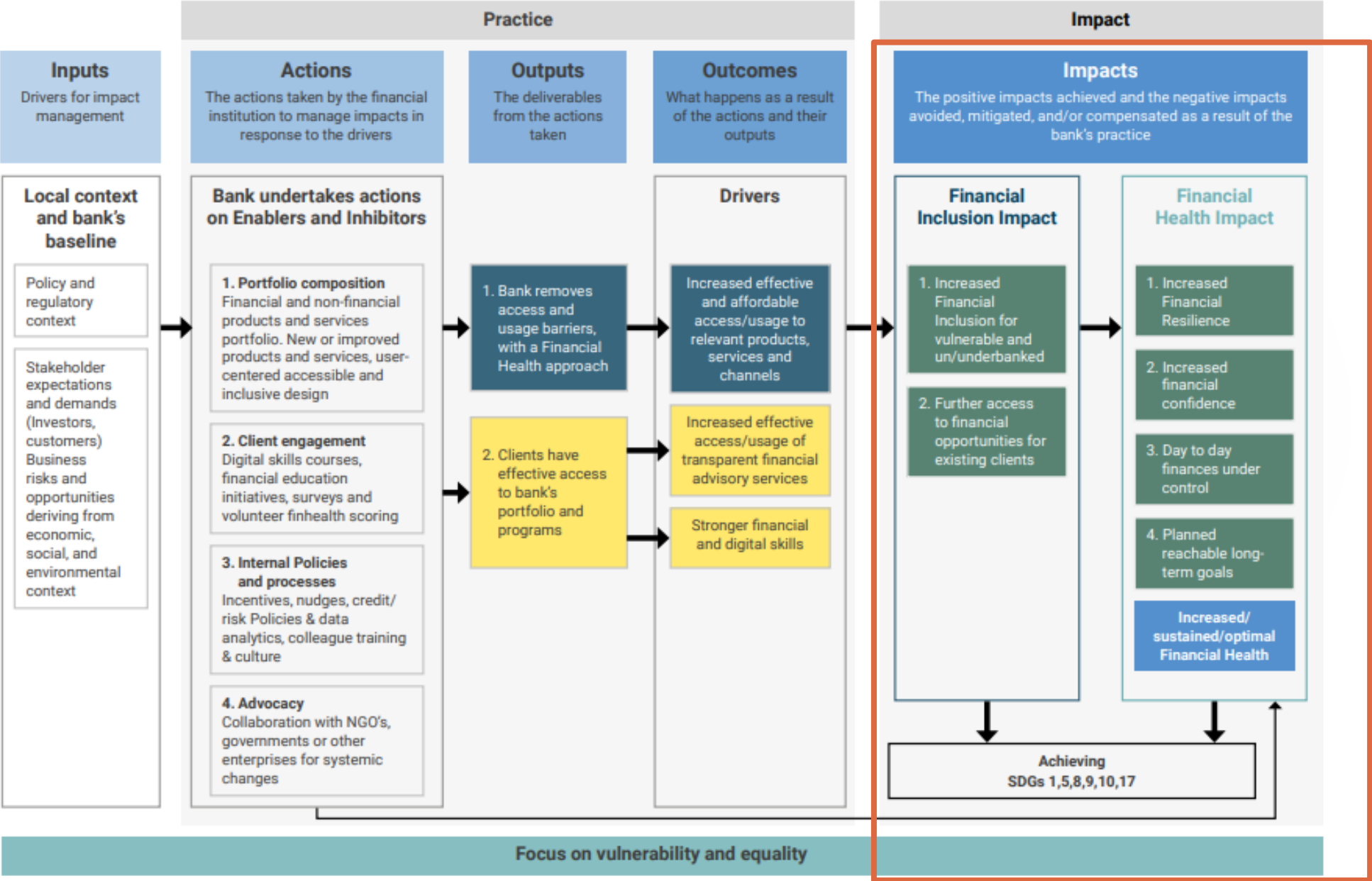


# Pathway to impact

- An action can be deemed **successful if it achieves the desired output** without generating a detriment of other indicators directly associated with negative impacts. Combined successful actions, if closely monitored, should generate the desired outcome and, moreover, impact.
- A **focus on vulnerability and equality** should be continuously kept. Remember: leave no one behind

# Combined Pathway to Impact

Impact Target





**Definitions**



**Pathway to  
Impact**



**Indicators**

Understanding the destination and route, indicators allow you to measure the starting point and progress

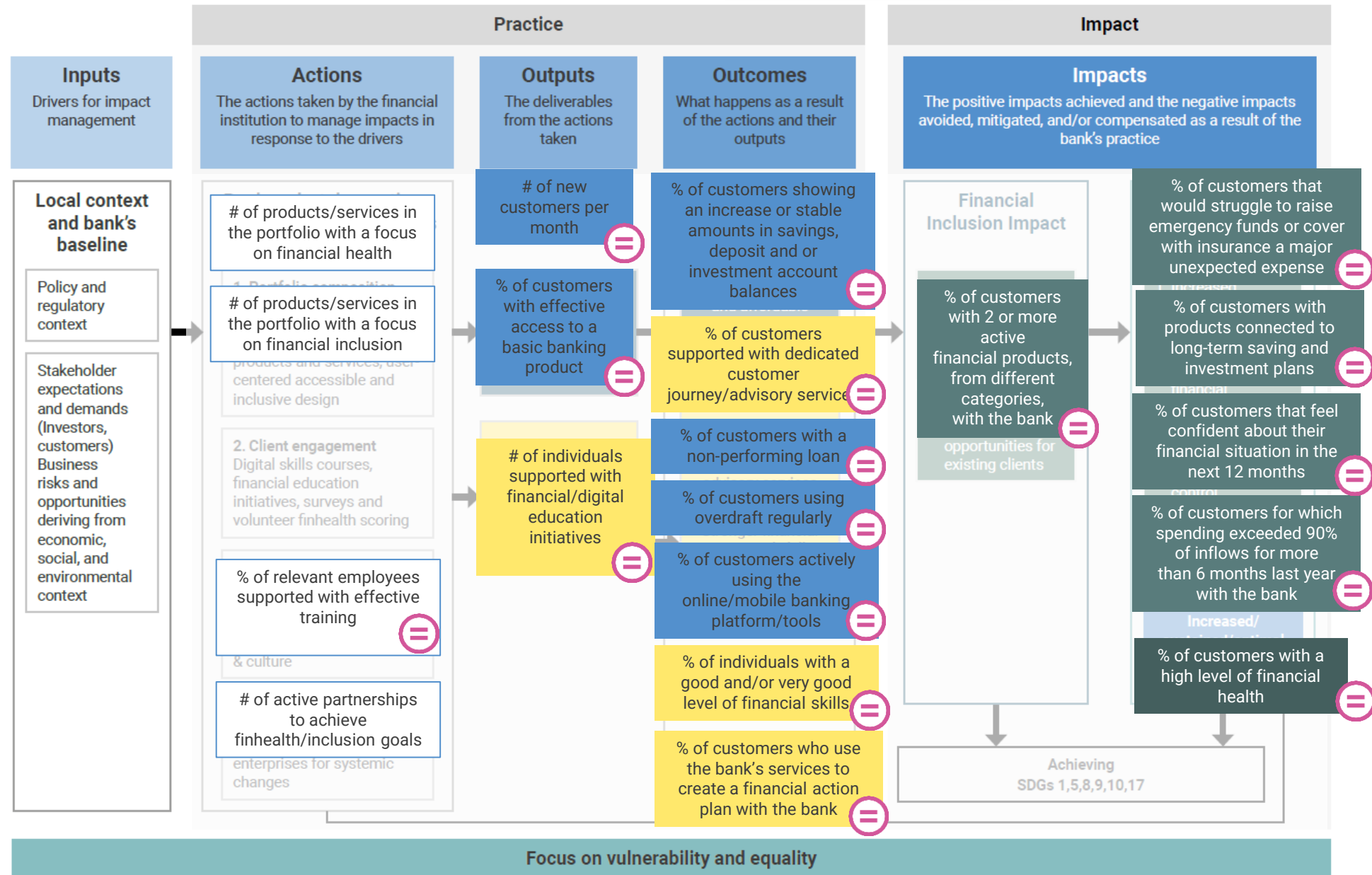
# Core indicators

Within the PRB framework, it establishes **20 indicators** that work for baseline measurement, target setting and monitoring progress.

Additionally, the Working Group has created a **database of indicators for financial health and inclusion** with recommendations on financial health scores, as well as optional indicators to be used with the core set.

# Core Indicators

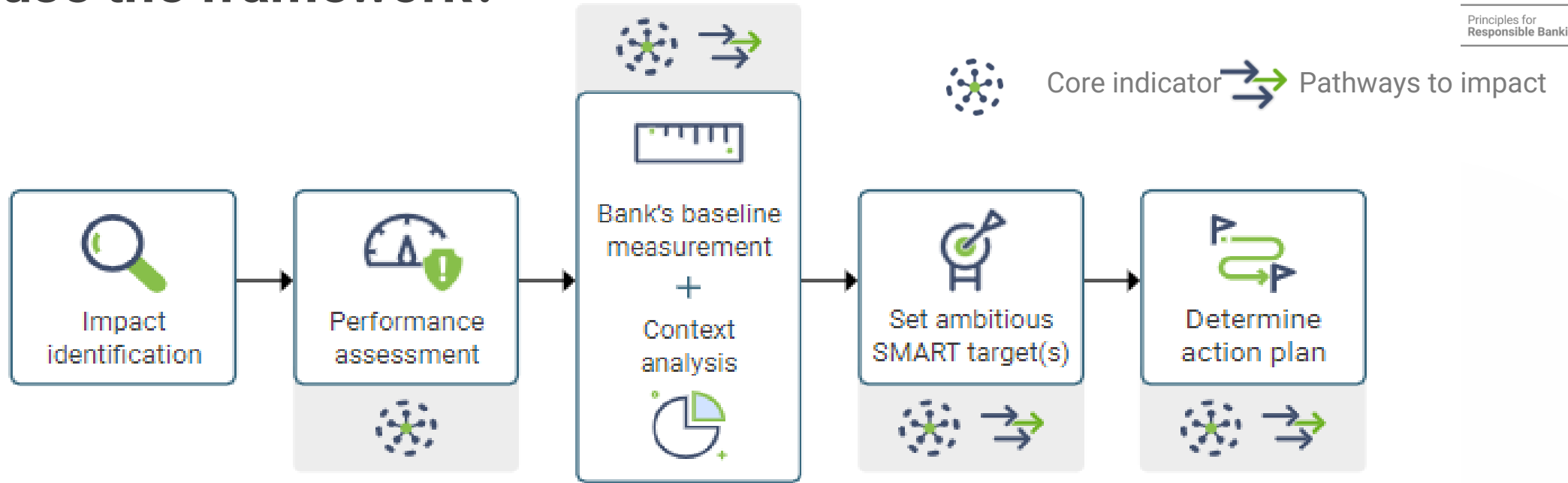
- Impact target
- Client engagement target
- Business/financial target
- Related to gender



**Now, having the context clear, let's see how the use of this framework looks in practice.**

How to use the Framework in your application of PRB?

# How to use the framework?



**Identify and prioritize**  
Financial health and/or  
financial inclusion as  
area of most impact

Complete your  
bank's **performance  
assessment** in  
prioritized impact  
area by:

1. Completing a **baseline** of as many core indicators as possible
2. Completing **country/regional analysis** regarding area of impact

Use the disaggregated data from the performance assessment to:

1. Prioritize groups and areas of work
2. Set a SMART impact target (review **pathway** to see impacts and **core indicators** to see how to measure it)

Using the **pathway to impact**:  
define an action plan to achieve your impact target while mitigating any possible negative impacts

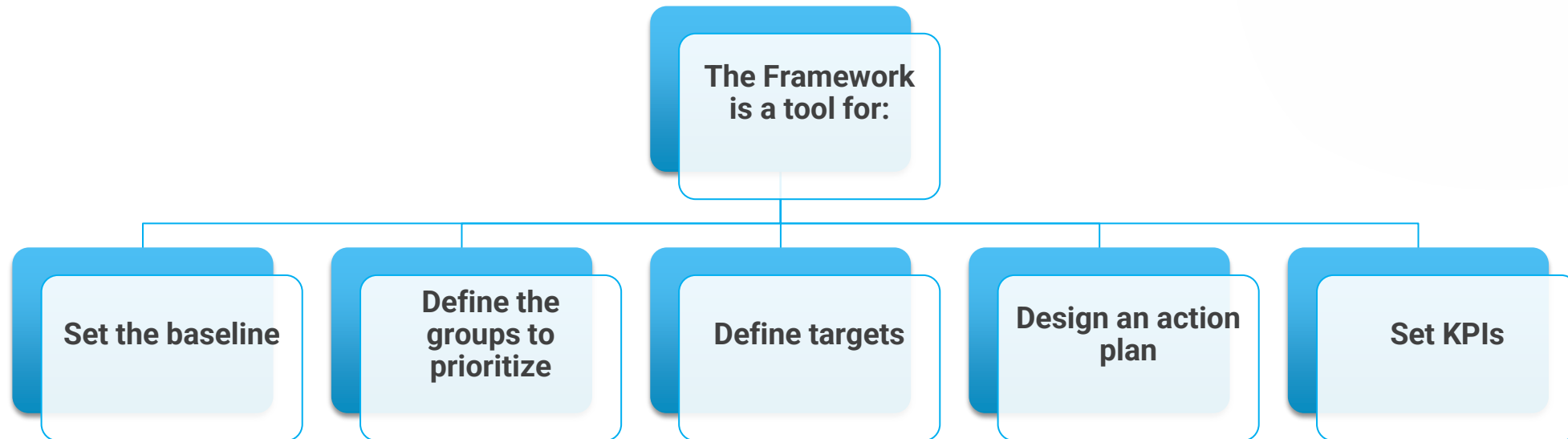
Using the **core indicators**:  
define KPIs you will use to track progress and set milestones for them

# In short

Remember that:

The framework consists of three (3) elements

1. Definitions
2. Pathways to impact (Theory of Change)
3. Core indicators





# New guide available for setting goals

The Financial Health and Inclusion working group has updated the guideline for target setting and includes a database of indicators for health and financial inclusion with recommendations on measures of financial health, as well as optional indicators for use with the core set. In addition, it provides a detailed view of each indicator, periodicity, measurement, among others.

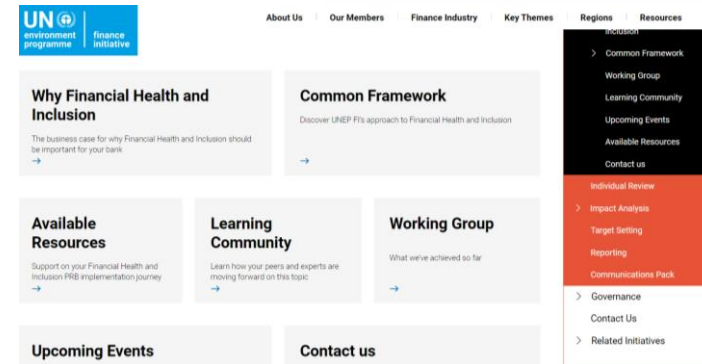
\* For more information click [here](#).



# Financial Health and Inclusion Microsite

The microsite where you can find all the information and resources for financial health and inclusion can be accessed [here](#).

Password: unepfi



We already understand the common framework, now let's look at each of the **steps for defining financial health and inclusion targets in detail**

1

Understand your bank's  
country context



2

Set baselines  
and identify priorities



3

Set SMART targets



4

Determine measures and  
actions



5

Define key performance  
indicators to monitor target  
progress



This topic has a region-specific element

1

Understand your bank's  
country context



2

Set baselines  
and identify priorities



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Set SMART targets



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Determine measures and  
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Define key performance  
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This topic has a region-specific element

# 1. Understand your bank's country context

- Identify relevant targets and priorities at national, regional and global levels.
- Have a good overview of available statistics and databases on financial inclusion
- Understand key indicators and the global perspective

# 1. Understanding the context



Goal 1: End poverty in all its forms everywhere (1.4 and 1.5)



Goal 5: Achieve gender equality and empower all women and girls



Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation (9.3)



Goal 10: Reduce income inequality within and among countries (10.1, 10.2, 10.3 and 10c)



Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development (17.16)

# 1. Understanding the context

## Databases for inclusion and financial health

The platform provides national financial inclusion goals, global policy resources, regulations and financial inclusion outcomes built by its 76 member countries under the Maya Declaration framework.

AFI DATA PORTAL

Search AFI Data Portal

HOME MAYA DECLARATION POLICY PROFILE FDP DEPOSITORY MORE

## Welcome to the AFI Data Portal (ADP)!

The ADP is a unique integrated global database of financial inclusion policies, regulations, and outcomes, built by policy makers and the public.

Mexico

Incorporate economic-financial education contents in the mandatory education study plans and programs in 2021.

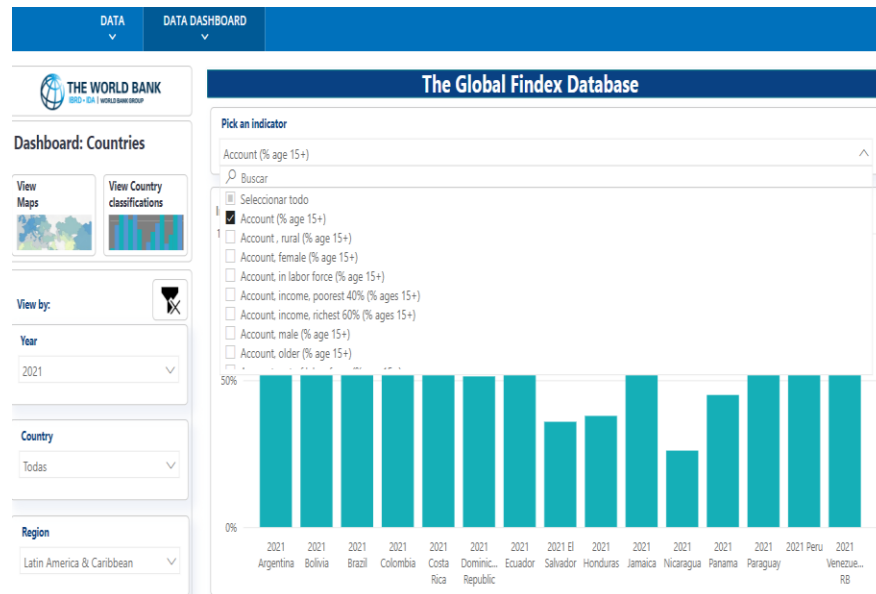
Member Name: Comisión Nacional Bancaria y de Valores (CNBV)  
Target Submission Date: 08-Aug-2020  
Progress last reported on: 17-Jun-2022  
Type: Qualitative  
Primary Thematic Area: Financial Literacy & Financial Education  
Secondary Thematic Area: Financial Literacy & Financial Education  
Indicators: QUAL-6.2

Status: In Progress Progress: View

Source: Targets of the Maya Declaration of the Alliance for Financial Inclusion portal  
Link: [Maya Declaration | Alliance for Financial Inclusion \(afi-global.org\)](https://afi-global.org)

# 1. Understanding the context

## Databases for financial health and inclusion



Fuente: World Bank Global Index 2021 Database

Link: <https://databank.worldbank.org/source/global-financial-inclusion>

The Global Index Database - Measuring Financial Inclusion and the Fintech Revolution compiled data on financial inclusion using nationally representative surveys of more than 150,000 adults aged 15 and over in more than 140 economies

It is possible to filter by Database, Country, Series and Time. Together with other databases, your bank can extract relevant data to understand your main gaps and opportunities.



# 1. Understanding the context

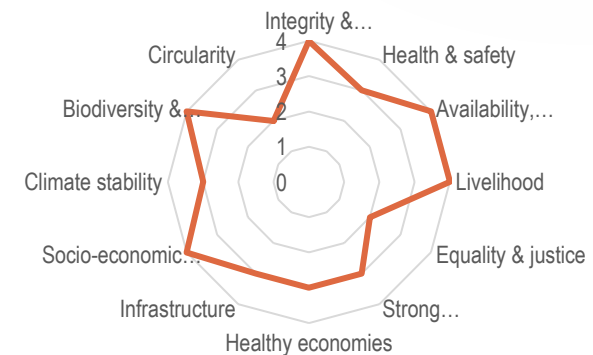
## UNEP FI portfolio impact analysis tools

The UNEP FI Portfolio Impact Analysis Tools (Identification of Impact for Consumer Banking) is useful to identify the positive and negative externalities of the bank and thus base understanding on actions with greater capacity to generate positive impacts in the context analyzed. It also has a built-in assessment of country needs.



Source: UNEP FI Portfolio Impact Analysis Tools

— Guatemala — Guatemala — N/A — N/A — N/A — N/A



## Other databases useful for understanding the national context

### Available Resources

Organization	Relevant topics	Links
<b>World Bank</b>	Reports that provide an overview, complementary to other sources: Ex. SME gaps, alternative data that transform SME financing	<a href="https://www.worldbank.org/en/topic/sme/finance">https://www.worldbank.org/en/topic/sme/finance</a>
<b>OCDE/ World Bank</b>	OECD and World Bank reports providing an overview of the SME sector.	<a href="https://www.oecd.org/cfe/smes/financing-smes-and-entrepreneurs-23065265.htm">https://www.oecd.org/cfe/smes/financing-smes-and-entrepreneurs-23065265.htm</a>
<b>Discrimination and Vulnerable Groups</b>	National perspectives for discrimination and vulnerable groups	<a href="https://www.dlapiperintelligence.com/going-global/employment/index.html?t=09-discrimination">https://www.dlapiperintelligence.com/going-global/employment/index.html?t=09-discrimination</a>
<b>CGAP</b>	Reporting on how the COVID-19 pandemic affected the microfinance sector globally and regionally with the CGAP Global Pulse Survey of Microfinance Institutions. Other issues such as gender issues, financial innovation, SMEs, and more.	<a href="https://www.cgap.org/pulse">https://www.cgap.org/pulse</a>
<b>OECD Financial Literacy</b>	2017 OECD/INFE International Survey on Adult Financial Education Competencies in G20 Countries.	<a href="https://www.oecd.org/daf/fin/financial-education/g20-oecd-infe-report-adult-financial-literacy-in-g20-countries.htm">https://www.oecd.org/daf/fin/financial-education/g20-oecd-infe-report-adult-financial-literacy-in-g20-countries.htm</a>
<b>Centre for Financial Inclusion</b>	Reports on Health and Financial Inclusion - Financial Health Framework	<a href="https://www.centerforfinancialinclusion.org/beyond-financial-inclusion-financial-health-as-a-global-framework">https://www.centerforfinancialinclusion.org/beyond-financial-inclusion-financial-health-as-a-global-framework</a>
<b>CREDICORP</b>	Credicorp Financial Inclusion Index Report (LATAM)	<a href="https://www.grupocredicorp.com/indice-inclusion-financiera/">https://www.grupocredicorp.com/indice-inclusion-financiera/</a>

# 1. Understanding the context

International frameworks

Regional frameworks

National frameworks



A collage of documents related to the 'Financial competence framework for adults in the European Union'. It includes the European Commission and OECD logos, a communication from the Commission to the European Economic and Social Committee, and the EBA 'Final Report - Guidelines on loan origination and monitoring'.



# 1. Understanding the context... In practice

Spain

- Does the country have policies, frameworks, commitments, agreements on Financial Health and Inclusion?
- ~~Has the country set goals in Financial Health and Inclusion?~~



INTERNATIONAL	SDG	<ul style="list-style-type: none"> <li>• <b>Target 8.10.</b> Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all. Indicators used: <b>Indicator 8.10.1.</b> Number of commercial bank branches and automated teller machines (ATMs) per 100,000 adults / <b>Indicator 8.10.2.</b> Proportion of adults (15 years and older) with an account at a bank or other financial institution or with a mobile-money-service provider;</li> <li>• <b>Target 10.5.</b> Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations. Indicator used: <b>Indicator 10.5.1.</b> Financial Soundness Indicators.</li> </ul>
REGIONAL	Financial competence framework for adults in the European Union	<ul style="list-style-type: none"> <li>• Establishes and identifies the competences necessary to understand the different characteristics of money, how to obtain it as income, how to exchange it for goods and services and the importance of keeping track and having records of how it is obtained and exchanged;</li> <li>• Establishes competences for managing the financial situation of an individual or household in the short and long term;</li> <li>• Covers competences related to assessing risks, understanding how to mitigate them through insurance and financial safety nets, and understanding the trade-offs of assuming risk;</li> <li>• Highlights consumer protection and the rights and responsibilities of consumers. Rules on consumer protection help consumers preserve their financial wellbeing;</li> <li>• Similarly to digital financial competences, sustainable finance competences are incorporated horizontally throughout the framework as sustainable finance is relevant to several aspects of personal finance, including beyond investment;</li> <li>• The framework can be used for the development of policies and measures specifically aimed at building financial resilience, in particular of financially vulnerable groups.</li> </ul>
	Digital Finance Strategy for the EU	<ul style="list-style-type: none"> <li>• By 2024, the EU should implement a sound legal framework enabling the use of interoperable digital identity solutions which will enable new customers to access financial services quickly and easily;</li> <li>• By 2024, the EU should implement a sound legal framework enabling the use of interoperable digital identity solutions which will enable new customers to access financial services quickly and easily.</li> </ul>
	EBA Loan Origination GL	<ul style="list-style-type: none"> <li>• 90. Institutions and creditors should have an accurate single customer view that enables an assessment of the borrower's ability to service and repay financial commitments. [...] also points 91 and following are of relevance</li> <li>• 98. When assessing the borrower's ability to meet obligations under the loan agreement, institutions and creditors should take into account relevant factors that could influence the present and future repayment capacity of the borrower, and should avoid inducing undue hardship and over-indebtedness. The factors should include other servicing obligations, their remaining duration, their interest rates and the outstanding amounts, and repayment behaviour, e.g. evidence of any missed payments and their circumstances, as well as directly relevant taxes and insurance if known.</li> </ul>
NATIONAL	Financial Education Plan 2022-2025	<ul style="list-style-type: none"> <li>• Intensification of financial education as a key skill in the 21st Century and essential instrument to develop liberty of the individual and for adequate operation of the financial situation;</li> <li>• Intensifying participation by public and private institutions in encouraging financial education, especially those related to the most vulnerable sectors;</li> <li>• Diffusion of financial education as an essential instrument to deal with the new challenges raised in the post-Covid epoch and the need to reinforce financial resilience, those related to digitization of financial services and key role of sustainable finance in the ecological transition;</li> <li>• Greater knowledge of the public and its needs in financial education and thus adaptation of the messages and channels of communication used by the Financial Education Plan.</li> </ul>

## Baselines | Spain

Financial Inclusion Indicators	Year			
	2011	2014	2017	2021
<b>Relevant data</b>	<b>2011</b>	<b>2014</b>	<b>2017</b>	<b>2021</b>
Account (% age 15+)	93.3	97.6	93.8	98.3
Account, female (% age 15+)	91.7	97.6	91.6	97.5
Account, male (% age 15+)	95.2	97.6	95.9	99.1
Account, primary education or less (% age 15+)	87.6	93.2	89.0	96.4
Income account, poorest 40% (% age 15+)	91.9	96.6	93.1	97.9

Financial Health Indicators	Year			
	2011	2014	2017	2021
<b>Relevant Financial Health Data</b>	<b>2011</b>	<b>2014</b>	<b>2017</b>	<b>2021</b>
Savings for old age, women (% over 15 years)	26.3	24.1	-	43.4
Savings for old age, men (% over 15 years)	27.3	28.7	-	47.4
Create emergency funds: not possible, women (% over 15 years)	-	-	-	16.1
Create emergency funds: not possible, men (% over 15 years)	-	-	-	12.5
% of individuals who paid off all credit card balances in full by the due date (% over 15 years)	-	-	-	48.8

Source: WB Global Findex Database

# 1. Understanding the context... In practice



Spain

What is relevant about this information?

*What is the country's priority?*



- Increase the financial skills of Spanish citizens, including digital literacy
- Facilitating access to financial services
- Improve financial health (saving for old age, financial resilience for vulnerable groups such as seniors, people with disabilities, newcomers, women, etc.)
- Encourage public and private collaboration in promoting financial education initiatives

*How is my bank?*



- In strengthening financial skills and digital literacy in people
- In access to financial services
- In financial health of clients (people and businesses)
- In collaborating with national institutions in the development and implementation of financial education programs
- Credit card usage behavior

**1** Understand your bank's  
country context



**2** Set baselines  
and identify priorities



**3** Set SMART targets



**4** Determine measures and  
actions



**5** Define key performance  
indicators to monitor target  
progress



This topic has a region-specific element

## 2. Set baseline and identify priorities

To **understand the gaps and needs of customers** or their current performance in **relation to national priorities** it is necessary to establish **the indicators that will be accompanied and the baselines**, taking into account what was identified in the previous step and the specific surveys of your bank

It is important **to establish which metrics** will be used to define the strategy and monitor progress throughout the year.

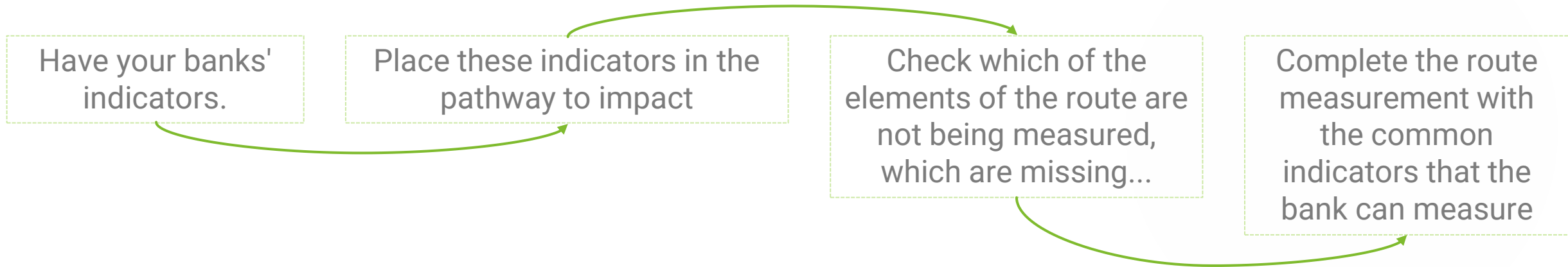
It is also worth **identifying which indicators** should start being measured if they are not all available.

UNEP FI provides **common indicators** on a public basis.

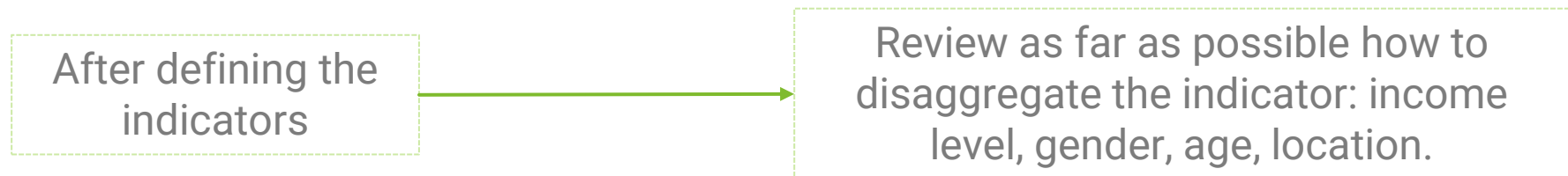


## 2. Set baseline

### a. Define indicators



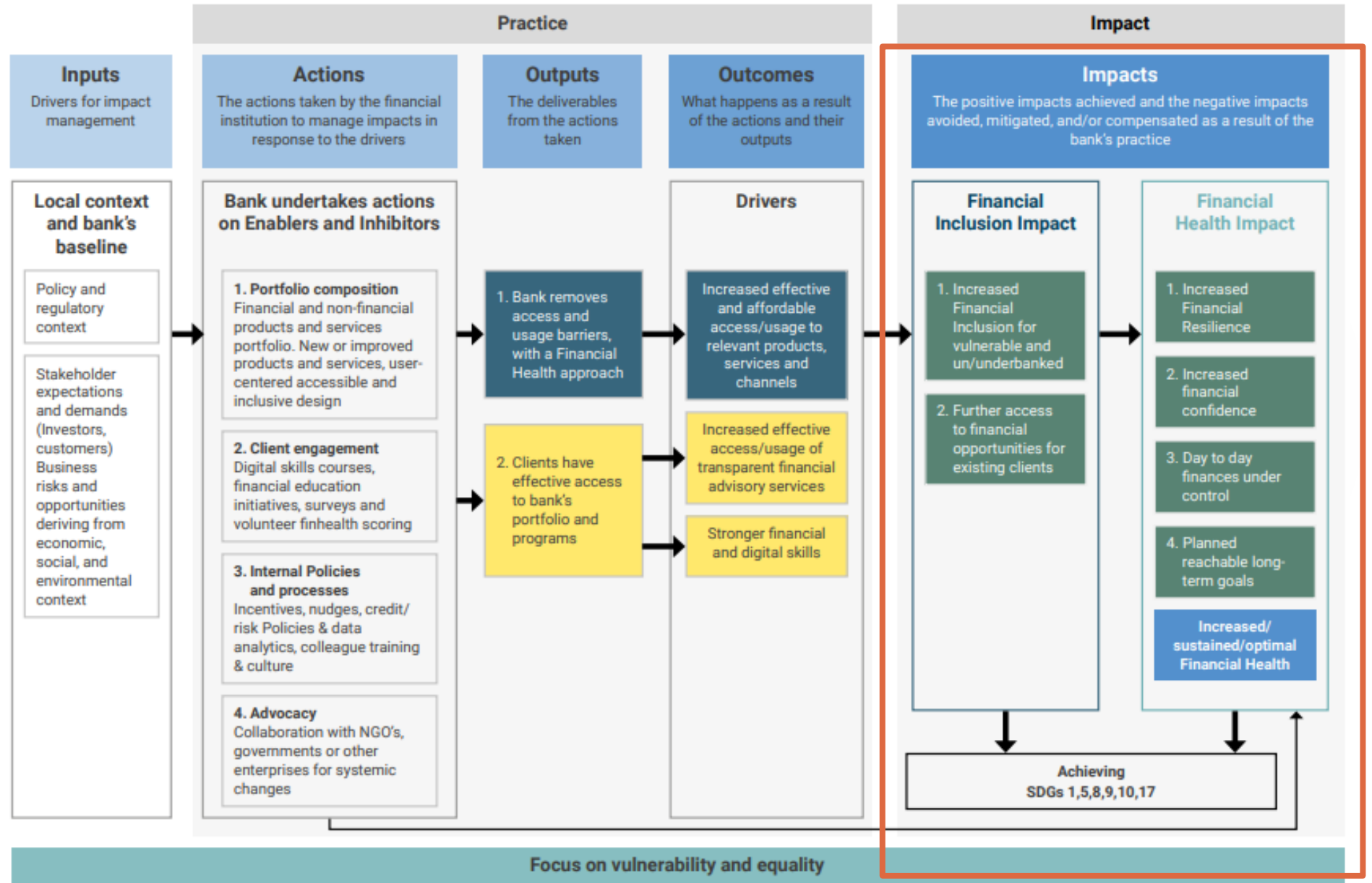
### b. Measure the baseline



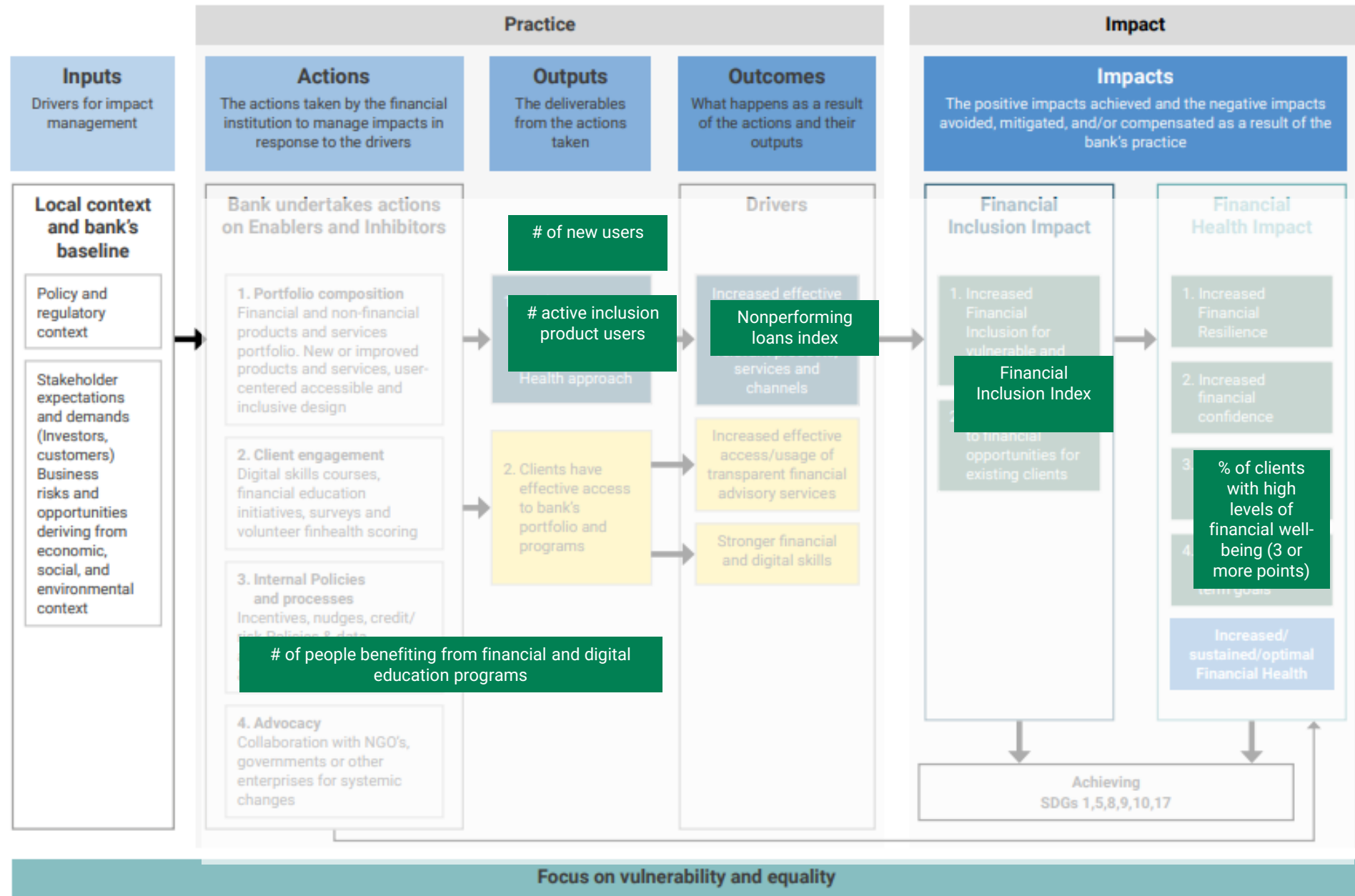
# Combined Pathway to Impact

## Impact Target

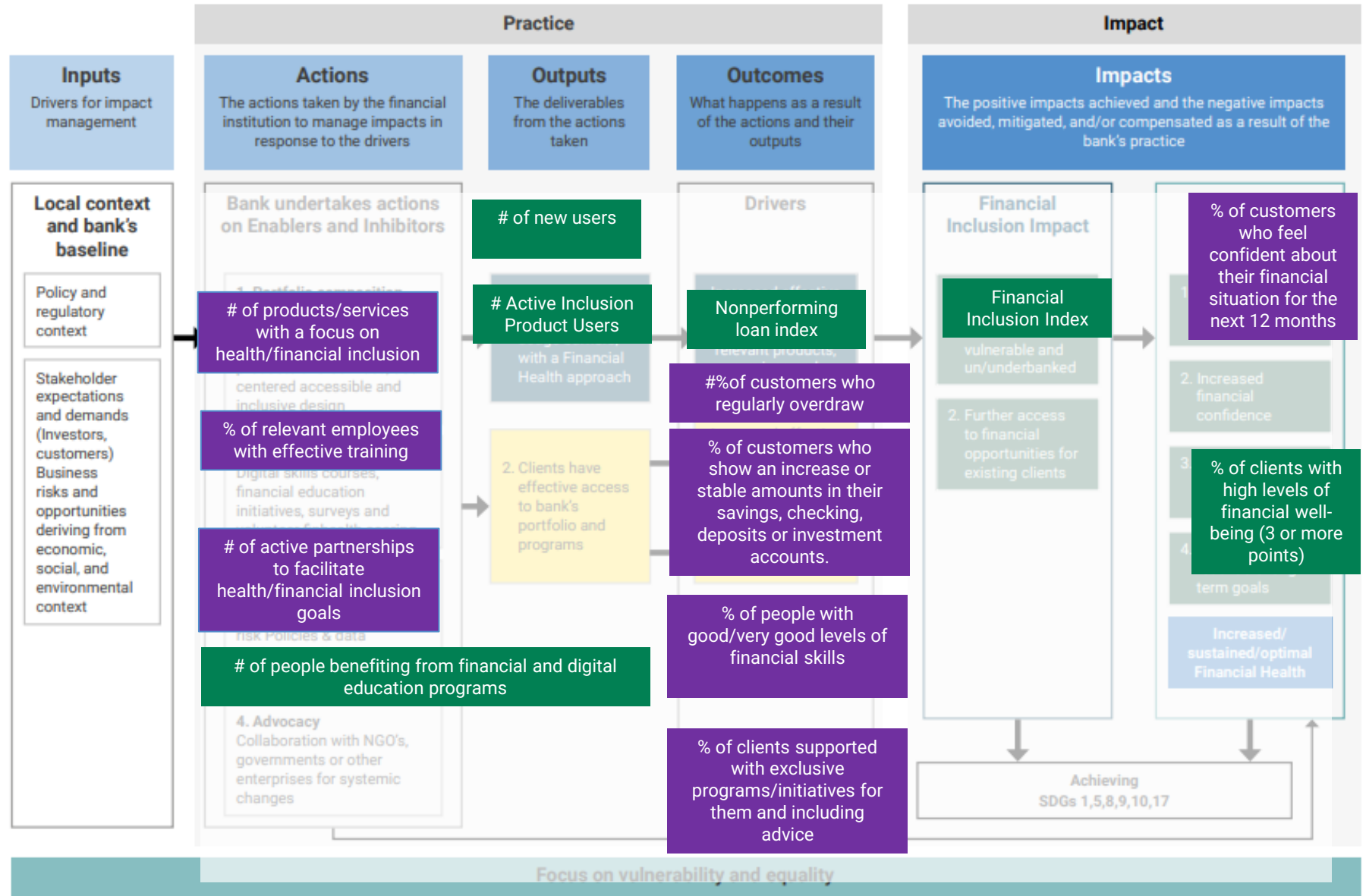
- Impact target
- Client engagement target
- Business/financial target
- Related to gender



# Existing Indicators



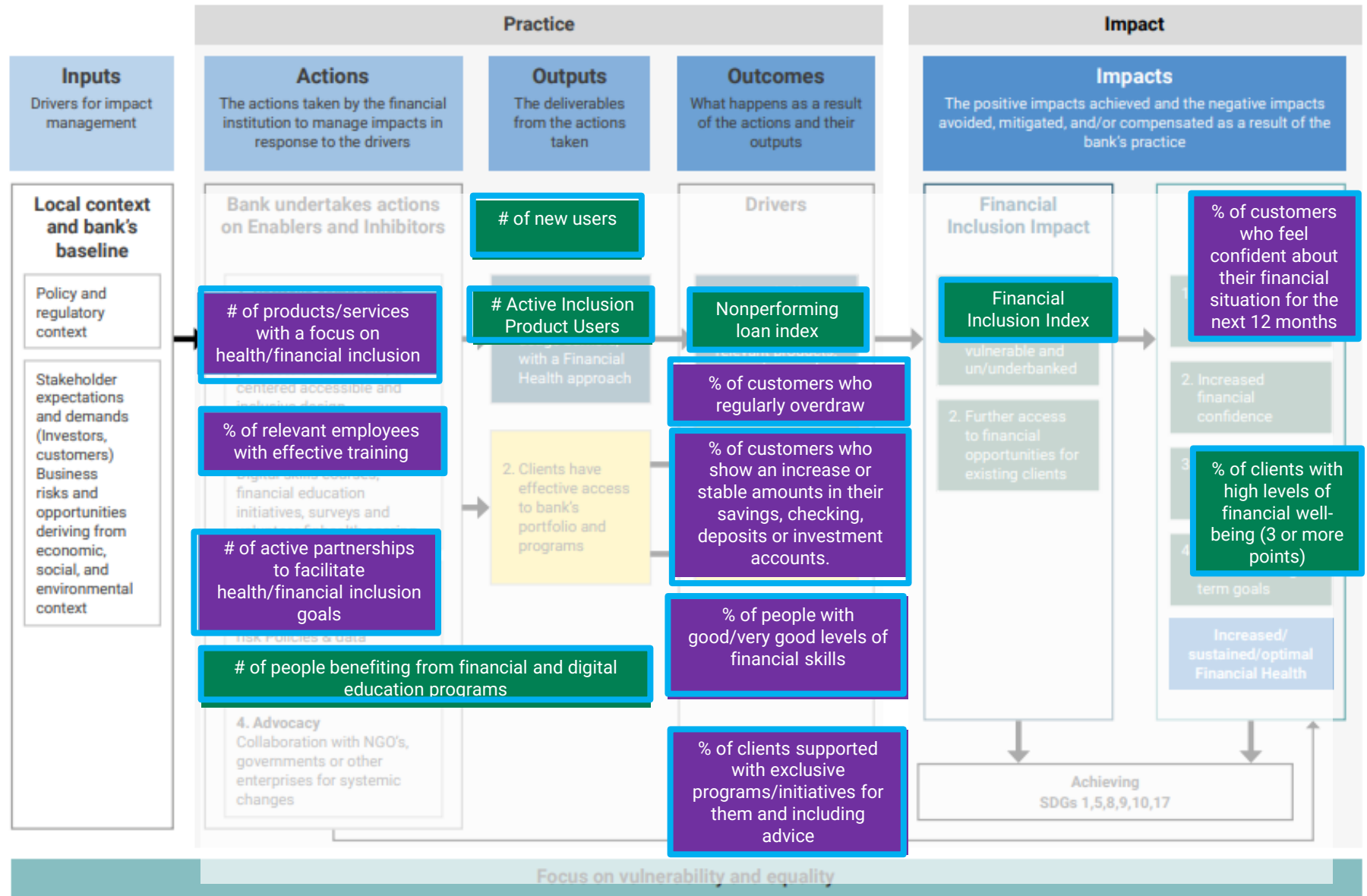
# Recommended Indicators



- Bank A Indicators
- Common Indicators PRB

# Recommended Indicators

- Bank A Indicators
- Common Indicators PRB
- Selected (the bank already measures them, you can start measuring them easily, you can generate the necessary infrastructure to measure them in the next 3-6 months)



## 2. Baseline Analysis: Identify Priorities

In order to define the groups to be prioritized, it is important to be able to disaggregate the data collected when measuring the baseline. Disaggregating by geographical location, gender, ethnicity, educational level, are a few examples. See more at:

[Target Setting Guide. Annex D- Vulnerability and equality.](#)

Once you identify your priority groups, define the **area of work to prioritize**



**Who do I prioritize:**



- Which could be the priority group?
- **Who needs more support from the Bank?**
- Who can we help to close the gaps?

Regarding the context of the country and the bank:

- The result of my prioritized group is in line with the country's priorities (Match between steps 1 and 2)
- Alignment with the country's priorities.

# Frequently asked questions:

## What should I do if there is no information about financial inclusion goals in my country?

Use proxies from similar countries and base the target on national figures, even if there are no targets.

## If my target is set for 2025 or 2030, which year should be my baseline?

Due to the impact of COVID19, we recommend measuring baseline from 2019 to 2021/22 and defining the base year after understanding the effect of the pandemic against pre-pandemic figures.

# Frequently asked questions:

## If my bank does not have disaggregated information, what can I do?

Sometimes local laws prohibit collecting certain data from financial consumers. In such a case, it is impossible to disaggregate based on some characteristics, but you will surely be able to do it with others attributes. In cases where the bank cannot disaggregate the information, even if it is legal, because it does not have it, the recommendation is to start collecting that information from customers. Otherwise, you will need to rely on national figures to build a profile of your customers (which will deliver inaccurate results).

## What should I consider to define my target area?

Is financial inclusion still far from the national goal and can the bank have a direct impact on closing that gap, especially looking at the bank's current customer inclusion figures? If so, the focus should be on financial inclusion. If the problem is not access but use of financial products and build financial resilience, then the bank should focus on financial health.



**1** Understand your bank's  
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progress



This topic has a region-specific element

Ideally, they should set a goal at the **impact** level.

- Analyze the bank's baseline data in light of context analysis. Seek alignment with the country's priorities.
- Identify priority groups (if applicable)
- Determine the reference year for your target (starting point)
- The targets should be ambitious, and your banks should be clear about how they contribute to the SDGs, national targets and/or priorities.

### Set your goal to be

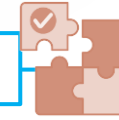
- S** Specific
- M** Measurable
- A** Attainable
- R** Relevant
- T** Time-bound





### Measurable

- Where I want to go/ goal.
- How do I measure it?
- How much?
- I must think of a quantifiable indicator.



### Relevant

- Why?
- For what?
- Is it applicable to my environment? Is it related to my bank's country and reality?

# S M A R T



### Specific

- What I want to achieve/achieve.
- Who would be involved?
- Why do I want to get it?



### Attainable

- It's possible/realistic
- How can I reach it?



### Time-based

- Whe?
- How long will it take?

## SMART Target example for Financial Health

- **Baseline:** December 2020
- **Priorities and targets:** National context taken into account for 2025

### SMART target defined for 2025:

Work with customers from vulnerable groups (who display a low level of financial security and elderly customers (+60)) in order to increase the percentage of customers with recurrent savings, minimum emergency funds and long-term saving plans by 25%



### To achieve this, the bank has set the following milestones/goals:

- Reduce the regular use of overdrafts and over-indebtedness by vulnerable group (which demonstrate a low level of financial security and customers over 60 years) by 30%.
- Decrease the percentage of customers whose spending exceeded 90% of income for more than 6 months last year, from 21% to 15%.
- 
- Improve the financial and/or digital skills of 10 million people with financial and digital education programs, in collaboration with other institutions from different sectors.

\* This target is aligned with SDGs 8 (Decent Work and Economic Growth) and 10 (Reduced inequalities), as well as the relevant country's National Financial Well-being Strategy.

# SMART Target example for Financial Health

- **Baseline:** December 2020
- **Priorities and targets:** National context taken into account for 2025

## Objetivo SMART definido para 2025:

Work with clients from vulnerable groups (showing a low level of financial security and elderly clients (+60)) to increase the percentage of clients with recurring savings, minimum emergency funds and long-term savings plans by 25%.



S	M	A	R	T
Work with clients from vulnerable groups (showing a low level of financial security and elderly clients (+60))	Increase by 25%	To determine the ambition here, it is important to know the organic growth that this indicator has. Assuming that the indicator's annual organic growth is 3% per year, the bank is proposing to double that annual growth. This is ambitious.	Vulnerable groups prioritized by the bank because the baseline showed that they are the ones who most need support from the bank	Base year: 2020 and target year: 2025

\* This target is aligned with SDGs 8 (Decent Work and Economic Growth) and 10 (Reduced inequalities), as well as the relevant country's National Financial Well-being Strategy.

# Next steps

Once we have a clear target, it is time to build an action plan that allows us to achieve the goal. To build the action plan it is very important to have baseline information of indicators that are not at the impact level to make decisions about actions that the bank should carry out and KPIs to measure if the result of those actions was the desired one.

4

Determine measures and actions



5

Define key performance indicators to monitor progress on objectives



# QUESTIONS AND COMMENTS

# Group Practical Exercise

Based on the information on the following slides, complete in teams:

1. **Context analysis:** What are the priorities and goals of the country Genovia
2. **Baseline analysis:**
  - Which are the groups that the bank should prioritize?
  - Taking into account the organic growth of the indicators, and the country's goals, which should be the bank's goal and for which target year?
3. What questions arise from the process?



# Practical Exercise Group X (solution)

Context analysis: What are the priorities and goals of the country  
Genovia

Baseline analysis:

- Which are the groups that the bank should prioritize?

- Taking into account the organic growth of the indicators, and the country's goals, which should be the bank's goal and for which target year?

What questions arise from the process?

# Policies and agreements - GENOVIA

INTERNATIONAL	SDG	<p><b>SDG 8. Decent work and economic growth</b>            SDG 8.1: Maintain per capita economic growth in accordance with national circumstances and, in particular, gross domestic product growth of at least 7 per cent per annum in the least developed countries. As of 2019, there is a 0.40% advance.            ODS 8.10: Proportion of adults (15 years and older) with an account at a bank or other financial institution or with a mobile money service. By 2021 the figure is 84%.</p> <p><b>SDG 10: Reduction of inequalities:</b>            Achieve and sustain income growth for the poorest 40% of the population at a rate higher than the average income of the richest 10%.</p>
NATIONAL	National Alliance for Financial Inclusion	<p>Expand and improve access to financial services at GENOVIA; Promote financial accountability and improve access to financial services information. Ensure that 100% of the population over 15 years of age has access to a basic bank account and the financial system without obstacles.</p>

# Indicators - GENOVIA

Financial Inclusion Indicators	Year		
	2014	2017	2021
Relevant data			
Account (% age 15+)	68.1	70.0	84.0
Account, rural (% age 15+)	19.2	25.3	32.8
Account, female (% ages 15 and over)	64.8	67.5	70.1
Account, male (% age 15+)	71.7	72.9	87.1
Income account, 40% poorer (% over 15 years)	57.2	56.6	82.0
% of adults with financial products by age range (18-25 years)	-	-	30.9
% of adults with financial products by age range (> 65 years)	-	35.7	40.8
National Financial Inclusion Index (0 – 100)	25.9	32.4	48.7

Financial Health Indicators	Year		
	2017	2019	2021
Relevant Financial Health Data			
% low-income population	26.7	26.05	29.60
% Household savings	-	22.4	24.6
Savings for old age, women (% of ages 15 and over)	-	8.9	15.9
Savings for old age, men (% over 15 years)	13.1	17.5	24.3
Create emergency funds: not possible, women (% over 15 years)	-	10.1	11.4
Create emergency funds: not possible, men (% over 15 years)	-	4.9	5.2
Score for Financial Education (0 – 21)	-	11.5	16.7
National Financial Health Index (0 – 100)	-	25.9	32.4

# Baseline – Bank B



The bank has a financial inclusion area that focuses on low-income groups and has 5 products available. It has financial education programs that it delivers with partners and in which it measures the performance of the participants. Otherwise, it has no more initiatives or intentional actions, so the growth you see below is achieved without much effort from the bank. The bank has 60% of Genovia's urban people market and 40% of the rural market. Bank B cannot disaggregate by gender.

Financial Inclusion Indicators	Year		
	2019	2020	2021
Relevant data			
Number of products and services with a focus on financial inclusion	5/50	5/54	5/57
Number of individuals who have participated in financial education programs	350,000	400,000	450,000
Employees trained to facilitate the inclusion of people/businesses	30%	40%	50%
% of individuals with high financial skills	60%	65%	70%
% of rural customers with <b>effective</b> access to a basic financial product	20%	40%	35%
% of (rural) customers with two or more active financial products, of different categories, with the bank	17%	20%	23%
% of customers who actively use the bank's digital platforms and services	45%	70%	80%
% of clients supported with personalized strategies/advisory services	25%	30%	35%

Financial Health Indicators	Año		
	2019	2020	2021
Relevant Financial Health Data			
% of clients with a good level of financial health	39.3%	43.4%	42.7%
% of customers who feel confident about their finances in the next 12 months	45%	27%	35%
Non-performing loan index	47%	44%	41%
Number of products and services with a financial health focus	2/50	2/54	10/57
Employees trained to facilitate the financial health of individuals/businesses	-	-	-
% of customers with long-term savings/investment products	20%	25%	30%
% of clients who materialize a financial wellness plan created with the bank's advisor	-	-	-
% of customers who regularly overdraw	25%	40%	30%