PRINCIPLES FOR
RESPONSIBLE
BANKING
Welcome. We will begin shortly.
UN environment programme
finance initiative
Principles for
Responsible Banking

UN environment programme | finance initiative

Principles for Responsible Banking

Guidance for Banks

Financial Inclusion and Financial Health Target Setting

UNEP Finance Initiative

February 2023

Our partners in this program

Global Sponsor

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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 (PBR) is *setting an impact tar*get.

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
Session 1 - Introduction | (2hs)	16 February 2023 (9:00 – 11:00 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
Session 2 – Collective feedback | (2hs)	19-23 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. The homeless and former inmates are also considered.

3. Resilience

Low ability to withstand financial or emotional shocks.

Prioritized groups

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.

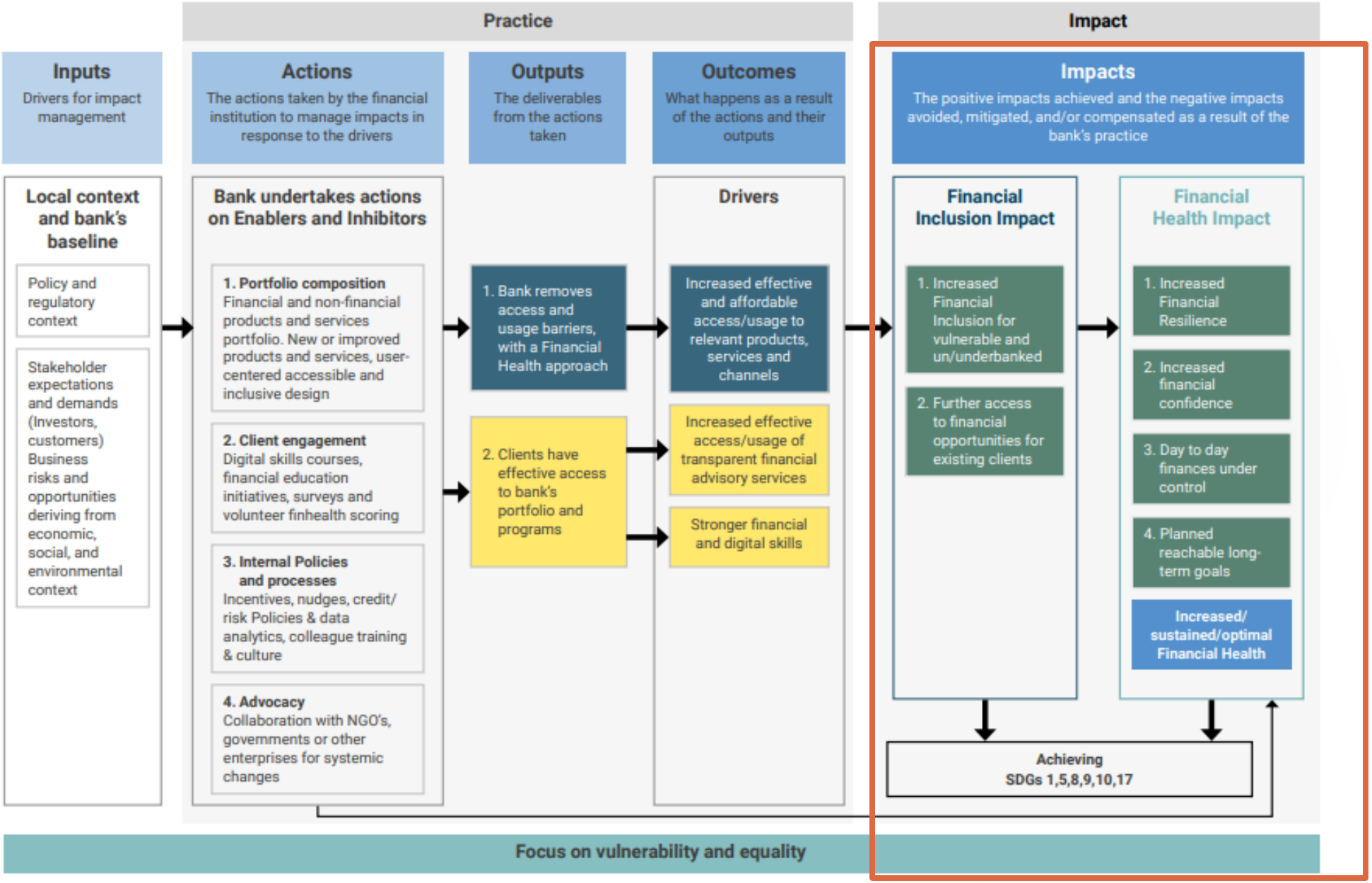
Pathway **to impact**

- 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

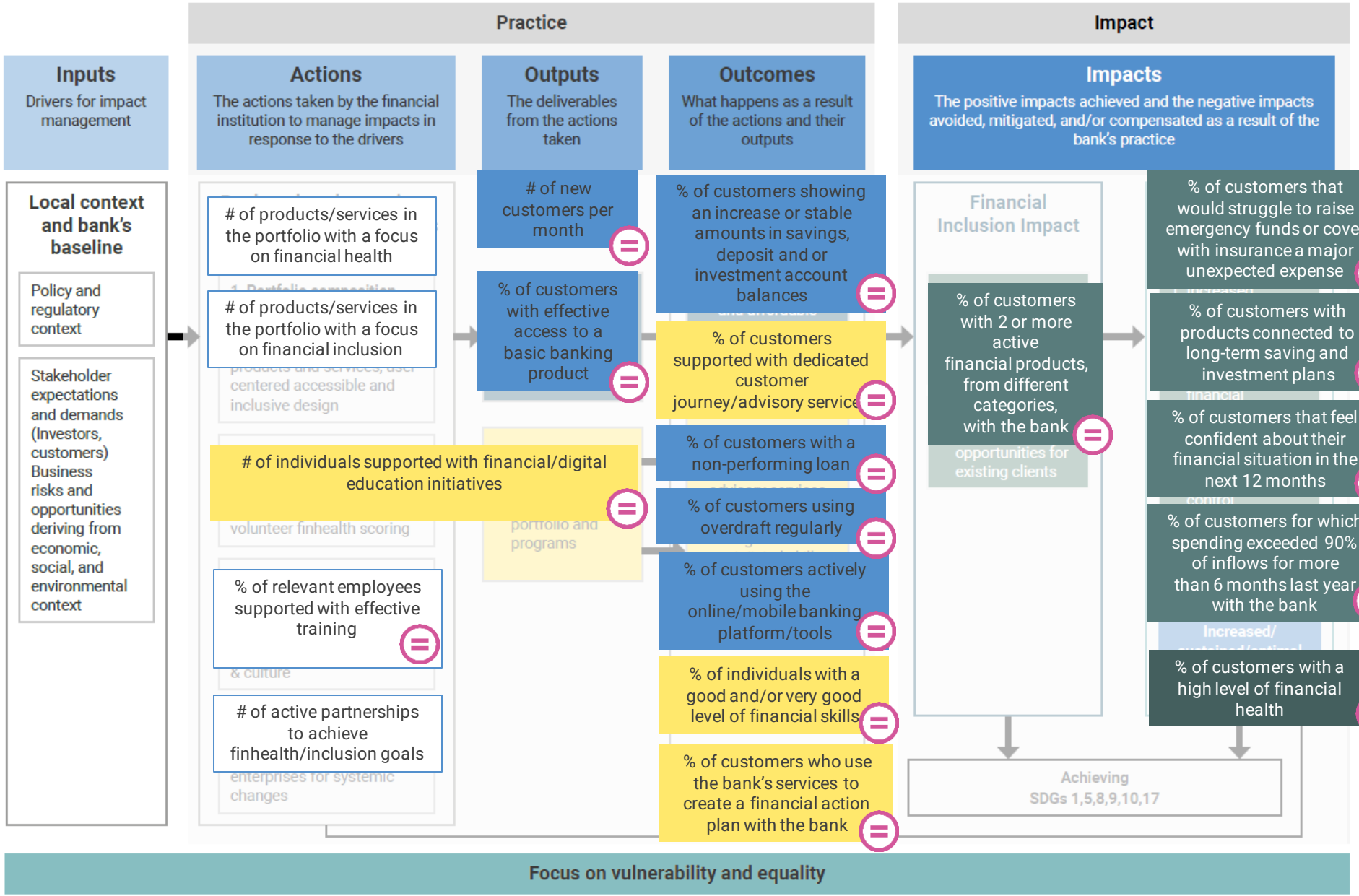
Core indicators

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**

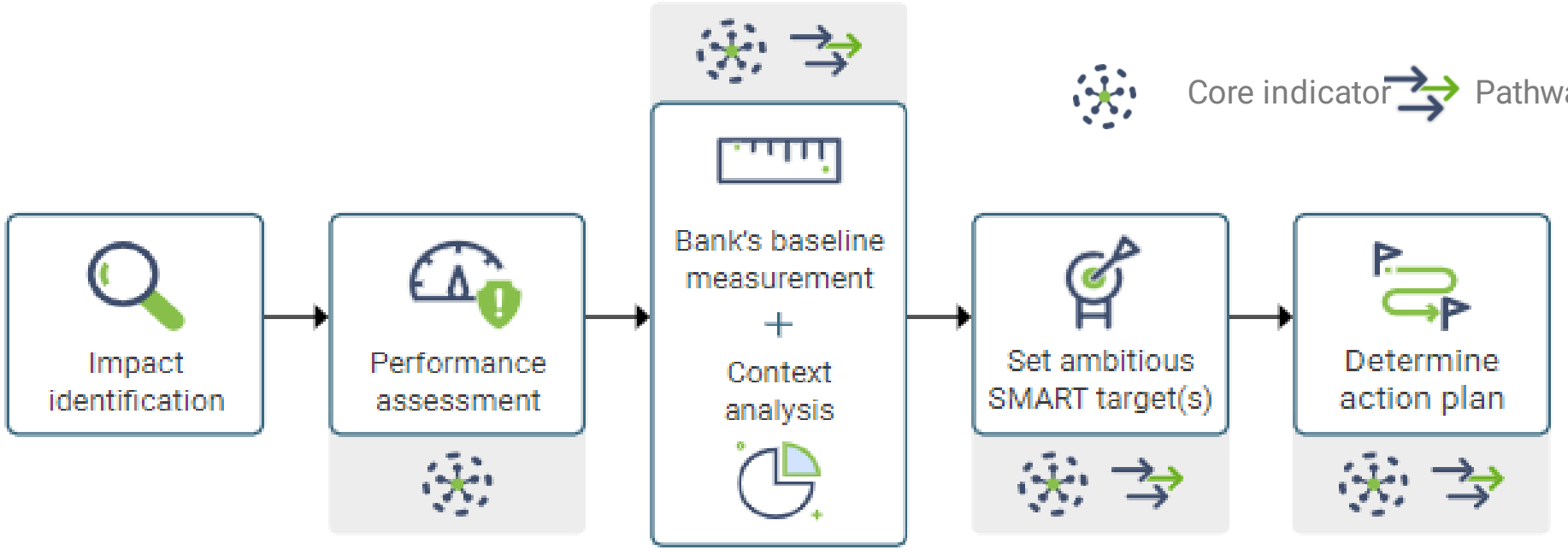
- Impact target
- Client engagement target
- Business/financial target
- (=) Related to gender



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

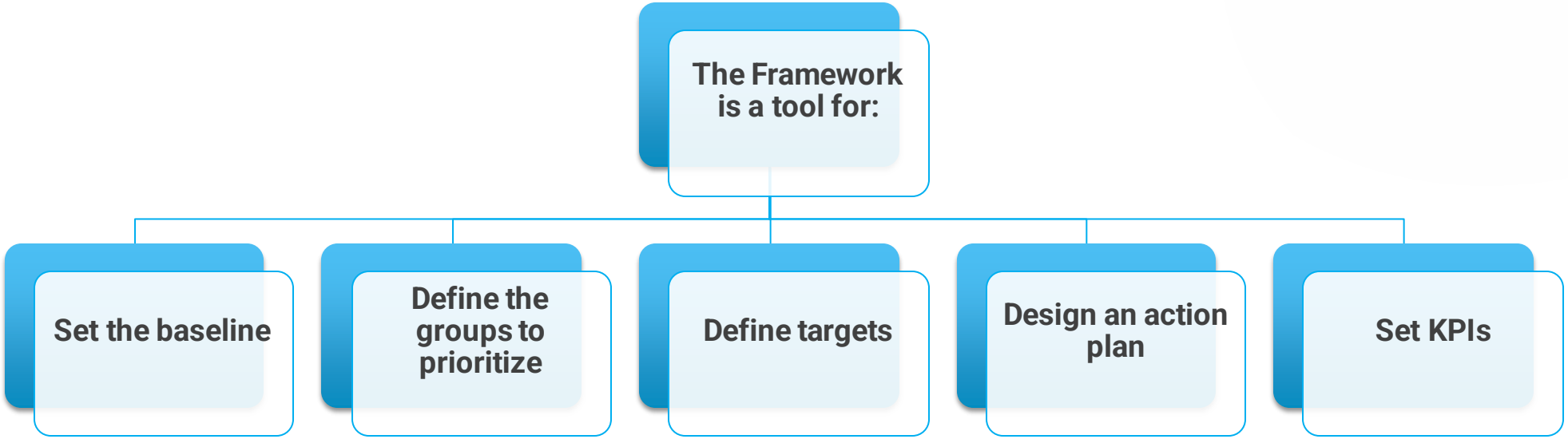
Using the **core indicators**: define KPIs you will use to track progress and set milestones for them

In short

Remember that:

The framework consists of three (3) elements

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



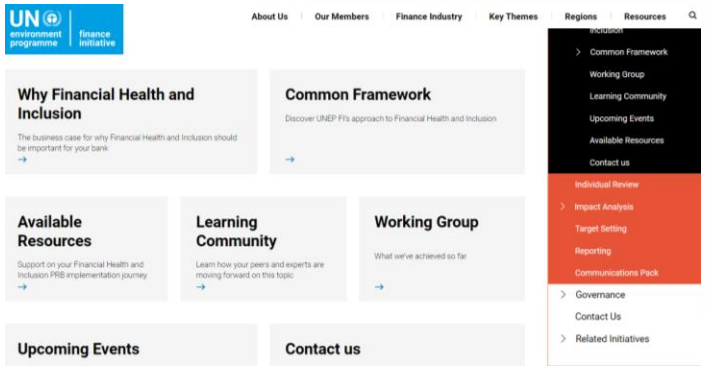
New guide available for setting goals

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



QUESTIONS AND COMMENTS

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 Sey 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

- Identify relevant targets and priorities at national, regional and global levels.
- Have a good overview of available statistics and databases on financial inclusion and health
- 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)

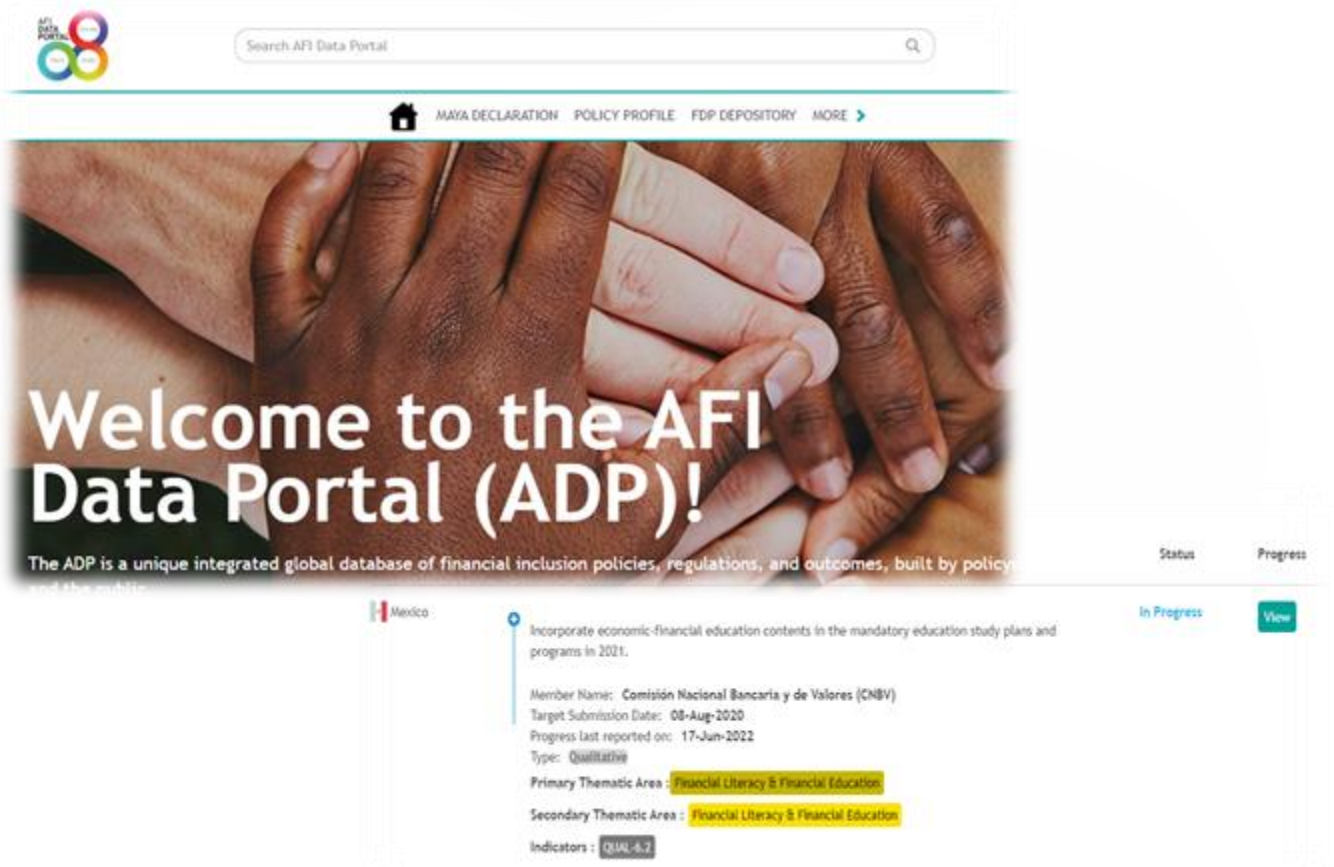
Goal 10: Reduce income inequality within and among countries (10.1, 10.2, 10.3 and 10c)

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

1. Understanding the context

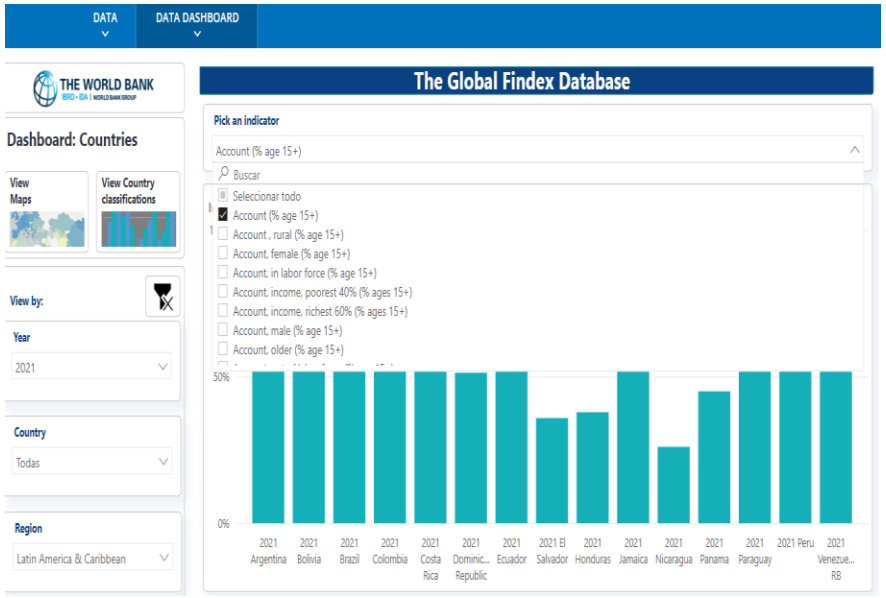
Databases for inclusion and financial health

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.



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

1. Understanding the context



Fuente: World Bank Global Findex 2021 Database
Link: https://databank.worldbank.org/source/global-financial-inclusion

Databases for financial health and inclusion

The Global Findex 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

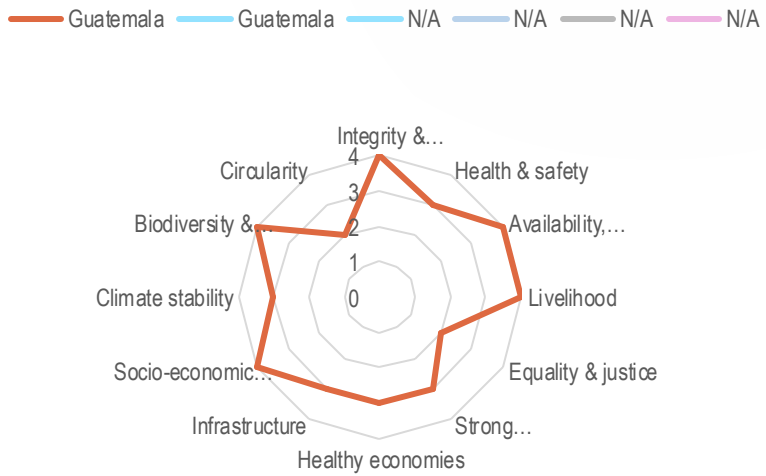
It is possible to filter by Database, Country, Series and Time. Together with other databases, your bank can extract relevant data to understand your main gaps and opportunities.

1. Understanding the context

UNEP FI portfolio impact analysis tools

Source: 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.



Other databases useful for understanding the national context
Available Resources

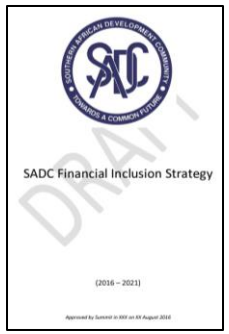
Organization	Relevant topics	Links
World Bank	Reports that provide an overview, complementary to other sources: Ex. SME gaps, alternative data that transform SME financing	https://www.worldbank.org/en/topic/smefinance
OCDE/ World Bank	OECD and World Bank reports providing an overview of the SME sector.	https://www.oecd.org/cfe/smes/financing-smes-and-entrepreneurs-23065265.htm
Discrimination and Vulnerable Groups	National perspectives for discrimination and vulnerable groups	https://www.dlapiperintelligence.com/goingglobal/employment/index.html?t=09-dis-%20crimination
CGAP	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.	https://www.cgap.org/pulse
OECD Financial Literacy	2017 OECD/INFE International Survey on Adult Financial Education Competencies in G20 Countries.	https://www.oecd.org/daf/fin/financial-education/g20-oecd-infe-report-adult-financial-literacy-in-g20-countries.htm
Centre for Financial Inclusion	Reports on Health and Financial Inclusion - Financial Health Framework	https://www.centerforfinancialinclusion.org/beyond-financial-inclusion-financial-health-as-a-global-framework
CREDICORP	Credicorp Financial Inclusion Index Report (LATAM)	https://www.grupocredicorp.com/indice-inclusion-financiera/

1. Understanding the context

International frameworks

Regional frameworks

National frameworks



Draft

1. Understanding the context... In practice

South Africa

- 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**	• **SDG 8: Decent Work and Economic Growth - Target 8.10**: Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all – Indicator: (a) Number of commercial bank branches per 100 000 adults and (b) number of automated teller machines (ATMs) per 100 000 adults.
NATIONAL	**An Inclusive Financial Sector for All (Draft)**	• Promote the beneficial use of transactional accounts • Build appropriate payment options to drive usage • Position remittances as a springboard for further financial inclusion • Support increased formal savings for low-income earners • Increase the financial inclusion impact of social grant distribution • Improve efficiencies in financial services' client on-boarding • Improve access to credit by building credit infrastructure for small businesses • Broaden the range of financing instruments available to SMMEs • Use of transaction accounts and payment services by SMMEs • Strengthening financial co-operatives and the developmental microfinance sector • Enable a broad base of agents in the provision of financial services • Leveraging fintech disruptors to promote and support financial inclusion
	National Consumer Financial Education Strategy (2013)	• All South Africans, particularly those that are vulnerable and marginalised, are empowered to participate knowledgeably and confidently in the financial marketplace and to manage their financial affairs, deal with their day-to-day financial decisions and make good choices about allocating their incomes from school-going age, during working age and through to retirement. **Focus areas:** Financial control, financial planning, product choice and financial knowledge
	FSCA Financial Inclusion Strategy	• FSCA will provide financial customers and potential financial customers with financial education programs. Financial Institutions are required in terms of the Financial Sector Code to spend 0.4 % of their after-tax income on financial education programmes. • FSCA will engage with the fintech sector to create awareness of financial inclusion issues that need to be addressed in South Africa, to encourage the development of appropriate solutions. • FSCA will roll out regulatory support programmes aimed at ensuring small business wanting to enter the financial services industry understand and comply with licensing requirements • FSCA will work with stakeholder partners to drive the delivery of appropriate financial products and services specifically designed for SMMEs operating in the country. • The FSCA has a statutory objective of protecting customers by ensuring that financial institutions treat customers fairly.

1. Understanding the context... In practice

Baselines | South Africa

Financial Inclusion Indicators	Year			
Relevant data	**2011**	**2014**	**2017**	**2021**
Account (% age 15+)	53.7	70.3	69.2	85.4
Account, female (% age 15+)	51.0	70.4	70.0	86.2
Account, male (% age 15+)	56.4	70.3	68.4	84.6
Account, primary education or less (% age 15+)	42.6	60.7	64.0	76.0
Account, income, poorest 40% (% age 15+)	39.6	56.4	62.6	77.8

Financial Health Indicators	Year			
Relevant Financial Health Data	**2011**	**2014**	**2017**	**2021**
Savings for old age, women (% over 15 years)	-	15.9	10.6	19.8
Savings for old age, men (% over 15 years)	-	15.9	10.1	19.2
Create emergency funds: not possible, women (% over 15 years)	-	-	-	25.6
Create emergency funds: not possible, men (% over 15 years)	-	-	-	25.5
% of individuals who paid off all credit card balances in full by the due date (% over 15 years)	-	-	-	7.1

1. Understanding the context... In practice

South Africa

What is relevant about this information?

What is the country's priority?

- Increase the financial skills of South Africans, including digital literacy
- Expand the supply of technological and fair financial inclusion support
- Improve financial health (financial resilience for vulnerable groups)
- Broaden the range of financing instruments available to SMMEs
- Develop more structured financial institutions and infrastructure

How is my bank?

- In strengthening financial skills and digital literacy in people through financial education programmes
- In access to affordable, technological and fair financial advice and services
- In financial health of clients (mainly vulnerable groups)
- In SMMEs-targeted initiatives and services

QUESTIONS AND COMMENTS

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

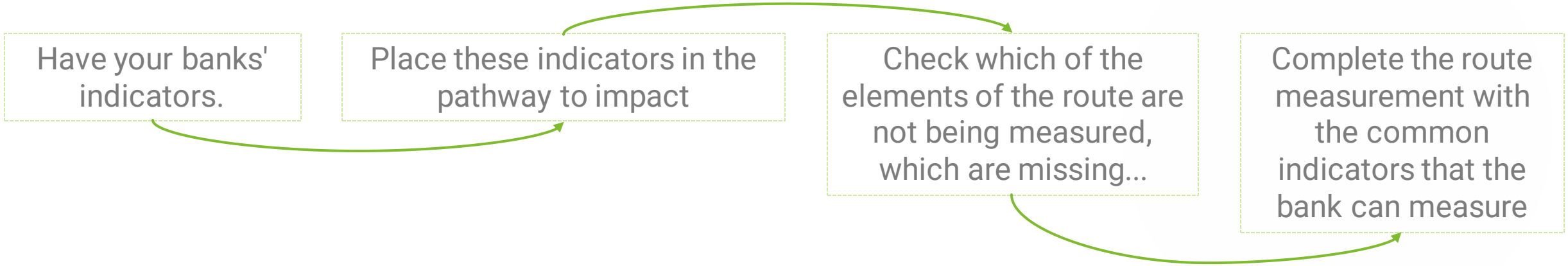
It is important **to establish which metrics** will be used to define the strategy and monitor progress throughout the year.

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

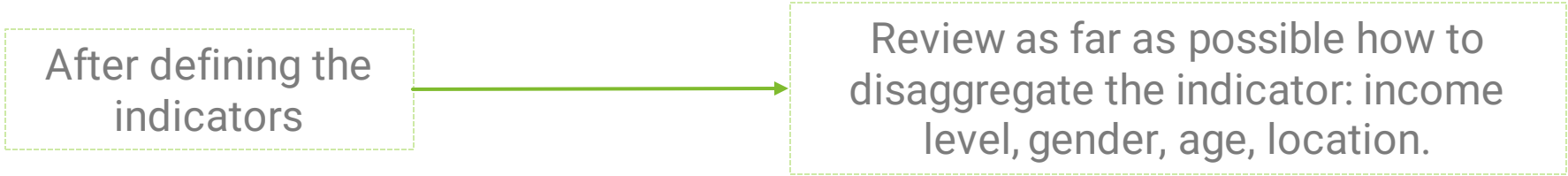
UNEP FI provides complementary **core indicators**.

2. Set baseline

a. Define indicators



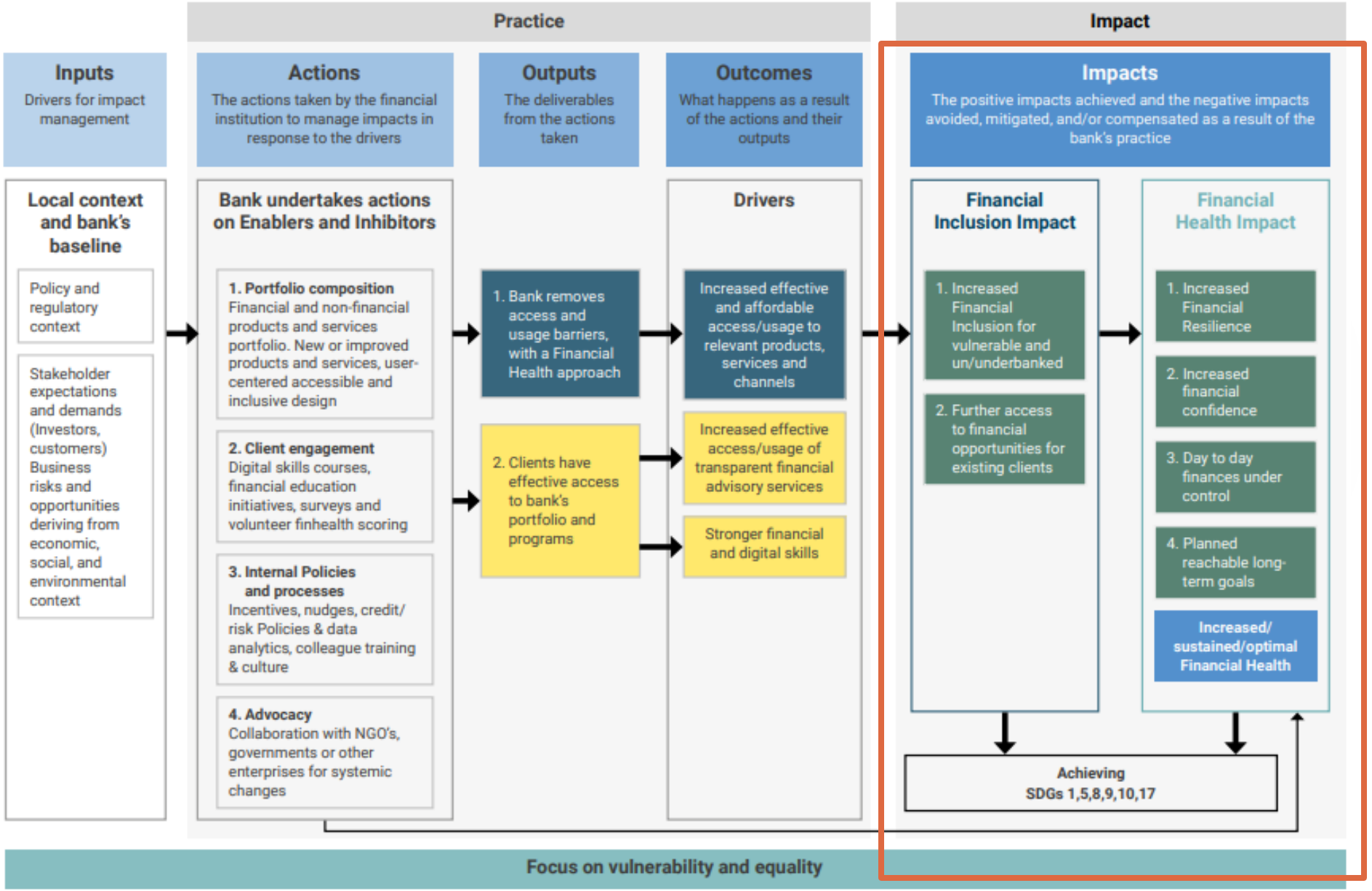
b. Measure the baseline



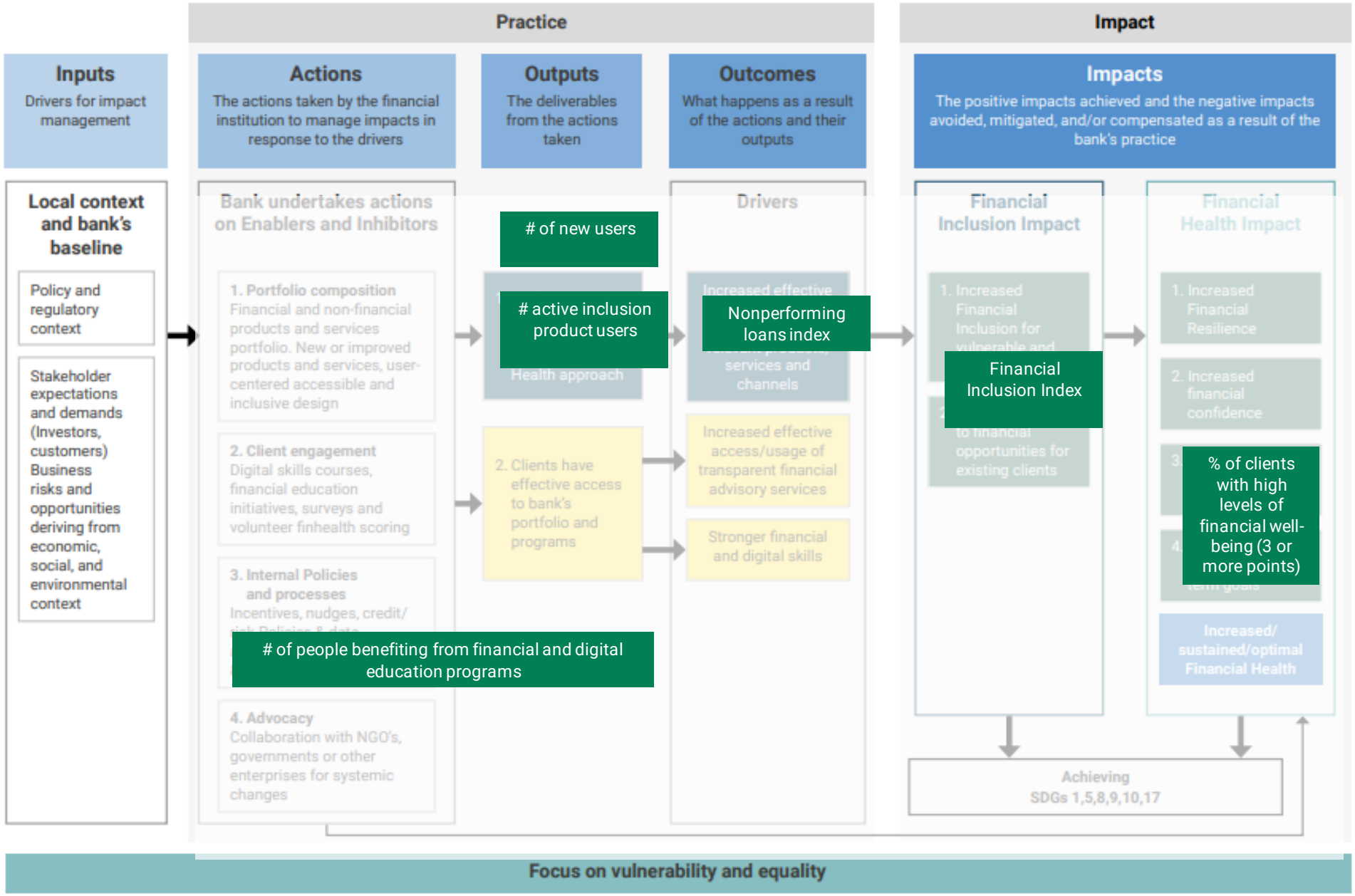
Combined **Pathway** to Impact

Impact Target

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

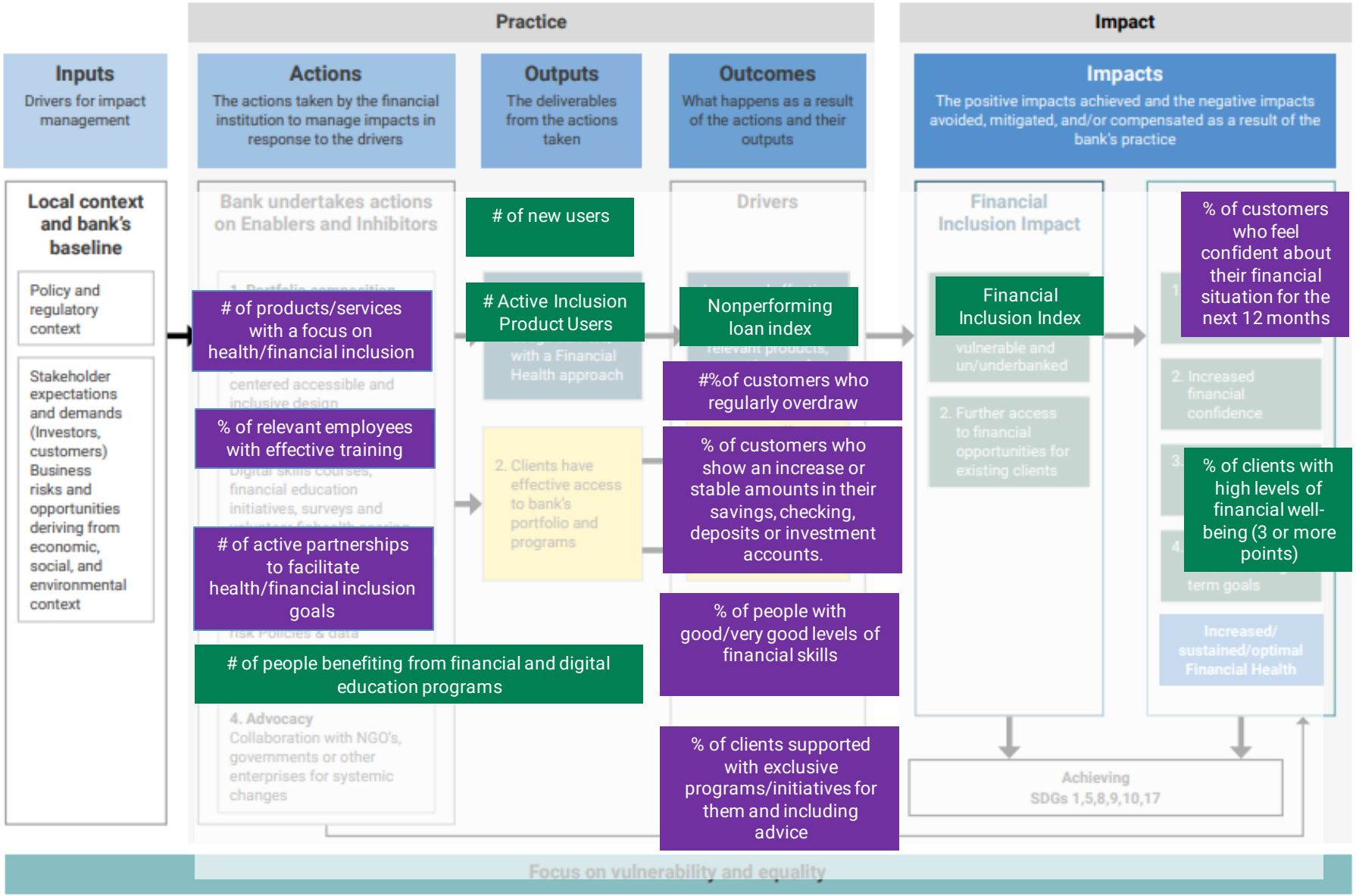


Existing Indicators



Bank A Indicators

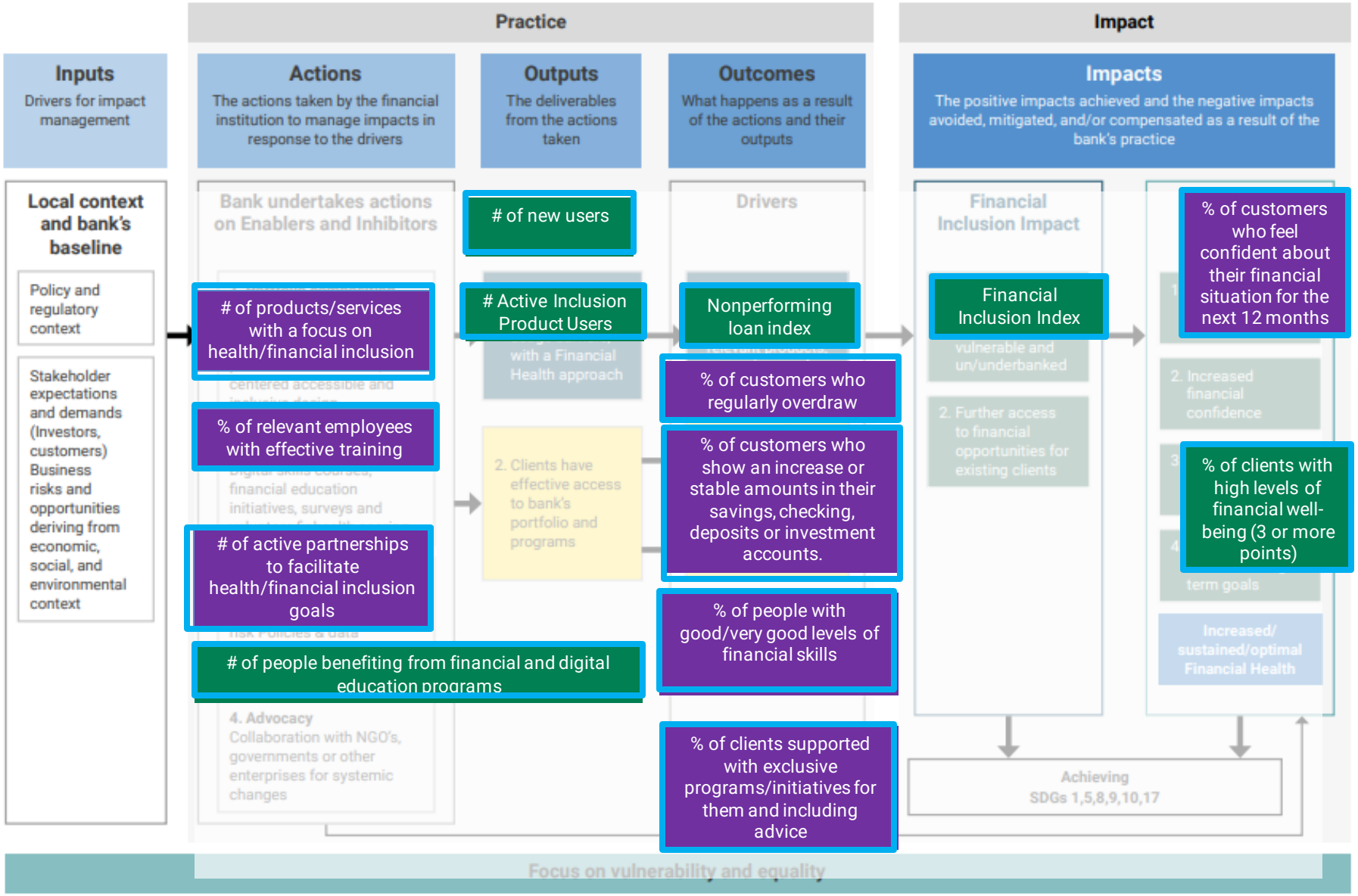
Recommended Indicators



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.]

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?

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

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/health 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 other 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.

QUESTIONS AND COMMENTS

1 Understand your bank's country context

2 Sey baselines and identify priorities

3 Set SMART targets

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5 Define key performance indicators to monitor target 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.

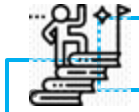
Relevant

- 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 Inclusion

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

SMART target defined for 2025:

Increase by 20% the allocation of loans for customers (individuals and microentrepreneurs with bank accounts) with previous rejections, disbursing USD 300 billion in loans for low-income customers and microentrepreneurs; substantially reducing the level of over-indebtedness of low-income clients and microentrepreneurs from 45% to 35%

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

- Increase the percentage of bank accounts of low-income customers by 46% (reaching 30% of total consumer bank accounts), and of micro-entrepreneur customers by 40% (reaching 20% of SME accounts)
- Increase the use of digital services (actively and consistently used) by 25%.
- 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.

* The target is aligned with SDGs 1 (No poverty), 8 (Decent work and economic growth) and 9 (Industry, innovation and infrastructure) and the country's National Strategy for Financial Inclusion.

SMART Target example for Financial Inclusion

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

Defined SMART target- 2025:

Increase loan allocation for customers (individuals and microentrepreneurs) with previous rejections by 20% each, disbursing USD 300 bn on loans for low-income clients and microentrepreneurs (2020–2025); and substantially decrease the level of over-indebtedness for low-income customers and microentrepreneurs

S	M	A	R	T
Increase the allocation of loans for customers (individuals and microentrepreneurs) While substantially reducing the level of over-indebtedness	Increase by 20% the placement of loans in prioritized groups and reduce over-indebtedness from 45% to 35%	20% means disbursing USD 300 billion in loans and going from 45% to 35% means reducing by 10% the percentage of over-indebted people in 3 years	For low-income clients and microentrepreneurs because the baseline showed that the problem is in access to credit	Baseline 2020 and target year 2025

* The target is aligned with SDGs 1 (End Poverty), 8 (Decent Work and Economic Growth) and 9 (Industry, Innovation and Infrastructure) and the country's National Financial Inclusion Strategy.

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

SMART goal defined for 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?

Policies and agreements - GENOVIA

INTERNATIONAL	**SDG**	**SDG 8. Decent work and economic growth** 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%. **SDG 10: Reduction of inequalities:** Achieve and sustain income growth for the poorest 40% of the population at a rate higher than the average income of the richest 10%.
NATIONAL	**National Alliance for Financial Inclusion**	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.

Indicators - GENOVIA

Financial Inclusion Indicators	Year		
Relevant data	2014	2017	2021
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		
Relevant Financial Health Data	2017	2019	2021
% 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		
Relevant data	**2019**	**2020**	**2021**
·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 **effective** 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		
Relevant Financial Health Data	**2019**	**2020**	**2021**
% 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%

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**	**SDG 8. Decent work and economic growth** 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%. **SDG 10: Reduction of inequalities:** Achieve and sustain income growth for the poorest 40% of the population at a rate higher than the average income of the richest 10%.
NATIONAL	**National Alliance for Financial Inclusion**	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.

The country has a clear priority and that is financial inclusion beyond a basic bank account for 100% of the population over 15 years of age

Indicators - GENOVIA

Financial Inclusion Indicators	Year		
Relevant data	2014	2017	2021
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
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National Financial Inclusion Index (0 – 100)	25.9	32.4	48.7

Financial Health Indicators	Year		
Relevant Financial Health Data	2017	2019	2021
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Score for Financial Education (0 – 21)	-	11.5	16.7
National Financial Health Index (0 – 100)	-	25.9	32.4

Groups to prioritize: rurality and women to achieve 100% in bank account. And to all groups for barrier-free access to more financial products. Financial health indicators are the clear result of a country with a low index of financial inclusion. By not having goals in financial health, the bank can focus on inclusion while maintaining a lens of financial well-being.

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.

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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%

Practical **Exercise** (solution)

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

Financial inclusion of rural communities and women. Understood as access to all financial products without barriers.

Baseline analysis:

- Which groups should the bank prioritize?

Rural clients and having initiatives that are intentional for women

- 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?

The bank should focus, initially, on financial inclusion. Taking into account the organic growth of the impact indicator for inclusion, the bank should aim at a target between 45% and 50% by 2025 (ambitious).

We hope that the learning objectives have been met

- ✓ Identify **the context of financial health and inclusion** in the country in which they operate.
- ✓ Have **knowledge and skills to select the best indicators** and methodologies to establish goals that are aligned with the good practices foreseen by PRB.
- ✓ Understand **how to develop SMART targets** that are aligned with local needs and commitments, as well as the profile of the institution.

Upcoming activities

Part 1: Complete the context analysis for your chosen markets and define the indicators you will use.
Part 2: Complete your baseline analysis from selected indicators and define your bank's target (taking into account feedback from the UNEP FI team)

Send each part of the completed exercise to laura.diazzea@un.org (with gabor.gyura@un.org CC'ed) according to the informed dates. (March and May)

You must be aware of the scheduling of your 1:1 session with the UNEP FI expert in May 2023... Don't forget to attend session 2 on financial health and inclusion that will take place in June 2023.

Upcoming activities

Agenda	Date
Session 1 - Introduction | (2hs)	16 February 2023 (9:00 – 11:00 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
Session 2 – Collective feedback | (2hs)	19-23 June 2023 (day and time TBD)

Have questions?

Laura Diaz Zea
PRB Implementation Support Coordinator
Financial Health and Inclusion Lead
Banking Team
UNEP FI
laura.diazzea@un.org

Gabor Gyura
PRB Capacity Building Coordinator
Banking Team
UNEP FI
gabor.gyura@un.org

UN environment programme | finance initiative
Principles for Responsible Banking