Principles for Responsible Banking: Guidance for banks

UN environment programme | finance initiative

Principles for Responsible Banking

Driving Impact on Financial Health and Inclusion of Individuals and Businesses:

From setting targets to implementation

Cover image: Quang Nguyen Vinh

Suggested citation: United Nations Environment Programme Finance Initiative (2024). *Driving impact on Financial Health and Inclusion of Individuals and Businesses: From setting targets to implementation*. Geneva.

Production: United Nations Environment Programme Finance Initiative.

Acknowledgements

This guidance is based on discussions and work undertaken in the Principles for Responsible Banking (PRB) Financial Health and Inclusion Working Group 2022–2023.

We wish to specially acknowledge the active role of the Working Group co-leads: Dawn Bailey, Head of Financial Wellbeing, and Jillian Clarkin, Head of Customer Journeys & SME Sectors, from **Bank of Ireland**; Shanning Dong, General Manager of Green Finance Department, and Haoqi Kuai, Green Finance Analyst, from **Bank of Jiangsu**; Lidia del Pozo Mateos, Director of Inclusive Growth and Community Investment from **BBVA**; Javier Angulo, Sustainability and Financial Education Manager, from **Grupo CS**; and Lorraine den Bieman-Peters, Head of Digital Sales & Personalization for Business Banking, and Stefan van Woelderen, Financial Health Lead and Sustainability Manager, from **ING**.

We also wish to acknowledge crucial contributions made by the following individuals and organisations: Nancy Widjaja and Elizabeth Rhyne from the **Office of United Nations Secretary-General's Special Advocate for Inclusive Finance for Development** (UNSGSA), Rakhi Sahay from the **United Nations Capital Development Fund** (UNCDF), Professor Emeritus Elaine Kempson at University of Bristol, Emily Gaston from the **International Sustainability Standards Board** (ISSB), Diana Mejia from the **Development Bank of Latin America and the Caribbean** (CAF), Brenton Peck and Trey Waters from the **Financial Health Network**, Eloise Duncan from the **Financial Resilience Institute**, Marisela Alvarenga from **IDB Invest**, Alice Oldfield from **Unltd**, and Chris Fitch from the **Money Advice Trust**.

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Foreword

Written by H.M. Queen Máxima of the Netherlands

United Nations Secretary-General's Special Advocate for Inclusive Finance for Development

Reflecting on the stories I have encountered as the United Nations Secretary-General's Special Advocate for Inclusive Finance for Development, the experience of Magreth Masawe remains particularly telling. Magreth, a smallholder farmer near Kilimanjaro whom I met during a visit to Tanzania in 2022, faced a dire challenge when drought reduced her maize harvest from 25 bags to seven. This loss threatened more than just her livelihood—it put her family's survival at risk. Today, Magreth is crafting a new chapter for herself, using a climate insurance product from Acre Africa to safeguard against the very climate risks that once made her vulnerable.

Magreth's journey is a stark reminder of why we push for financial inclusion. Globally, nearly one in four adults remain outside the financial system, and in developing countries, only 55% can access emergency funds swiftly when a crisis strikes. These are not mere statistics; they represent people's ability to survive and thrive. Financial health and inclusion are about advancing human progress and ensuring dignity for all.

This new publication, "Driving Impact on Financial Health and Inclusion of Individuals and Businesses," by the United Nations Environment Programme Finance Initiative (UNEP FI), embodies this mission. It provides a strategic framework for financial institutions to enhance sustainable development and economic well-being through responsible banking. It shows how financial services can be a powerful tool for empowerment and resilience, especially for those most exposed to economic and environmental challenges, such as the poor, women, smallholder farmers, and small enterprises.

unsplash.com/@hitobywong

There is a clear business case for prioritizing financial health. By focusing on the financial well-being of consumers, financial institutions not only build trust and loyalty but also open the door to increased spending and investment by consumers. This can lead to new opportunities for cross-selling and a reduction in credit risks. Financially healthy customers are the bedrock of a stable and flourishing financial system.

The interconnected nature of economic shocks, climate crises, and financial exclusion calls for our immediate and unified action. Financial institutions have a clear mandate: to quickly adapt, to be attuned to consumer needs, and to develop services that address immediate concerns while building long-term financial health.

This publication is a clarion call to action. It distills the collective wisdom of diverse stakeholders and charts a course for financial institutions to impact lives tangibly. It serves as a blueprint for embedding the principles of responsible banking deep into the fabric of financial services, ensuring they align with and support the Sustainable Development Goals (SDGs).

Therefore, I urge all financial institutions, policymakers, and stakeholders to embrace the vision laid out in this guide. Our collective efforts can build a financial ecosystem that is inclusive, resilient, and sustainable—one that translates into a future where the financial health and inclusion of individuals like Magreth are not mere aspirations but enduring realities for all.

H.M. Queen Máxima of the Netherlands

United Nations Secretary-General's Special Advocate for Inclusive Finance for Development

Introduction

With shifts in economic, political, and environmental conditions increasingly straining the coping mechanisms of families and businesses worldwide, the concepts of financial health and financial inclusion have emerged as a cornerstone of sustainable and equitable development. As stewards of the financial lives of their customers, financial institutions bear a special responsibility to promote and foster the Financial Health and Inclusion of all the individuals, businesses, and communities they serve through all aspects of their operations and engage their ecosystems to drive systemic change.

Recognising the need for a concerted and unified approach in addressing this responsibility, the PRB Working Group on Financial Health and Inclusion has been working since 2022 in shaping a common understanding for the financial sector on what financial health is, which are its components, the pivotal role of financial inclusion in increasing financial health and what other enablers are at hand for financial institutions to generate financial well-being, how does a pathway to impact look like in this area of work, how to measure progress, how to set targets and how to successfully implement actions that materialise those targets.

This work has culminated in this PRB Guidance, *Driving Impact on Financial Health and Inclusion of Individuals and Businesses: From Setting Targets to Implementation*, which delves deeper into the components of financial health and financial inclusion. It introduces additional key concepts to those which might be more common to financial institutions, presents a robust Pathway to Impact to better align with implementation needs, and proposes standard indicators adaptable to varying degrees of digitalisation and data access of the organisation as well as to use with individuals and businesses alike. Moreover, the guidance puts forth a simplified methodology for crafting a robust Financial Health and Inclusion strategy, emphasising Specific, Measurable, Achievable, Relevant, and Time-bound (SMART) target setting and the implementation of holistic action plans and monitoring and reporting systems. This focus ensures an impact-driven approach, emphasising the specific needs of individuals and businesses within the broader context of Financial Health and Inclusion.

The purpose of this document is to give financial institutions the tools to set impactful targets and create robust strategies that will ultimately deliver real-world impact. The goal is to support individuals and households alleviate poverty by helping them become more financially healthy as well as to support the creation of healthier and more inclusive economies by helping businesses become more financially healthy and capable of improving their financial outcomes.

Executive summary

As stewards of economic well-being, financial institutions possess a unique vantage point to catalyse positive change, fostering individual prosperity and contributing to the creation of resilient, inclusive economies. This report encapsulates comprehensive guidance designed to empower financial institutions on their journey towards prioritising Financial Health and Inclusion so that their endeavours drive meaningful impact and resonate with the evolving needs of a diverse and interconnected world facing multiple risks.

Understanding financial health and financial inclusion: Key concepts

The best place to begin is to understand what financial health entails and how financial inclusion, if done well, can support the financial health of individuals and businesses. Financial Health refers to a state in which an individual or business can smoothly manage their current financial obligations and have confidence in their financial future. It can be used interchangeably with financial well-being and is a key determinant of an individual's or business's overall well-being. It involves four highly interdependent components:[1]

- **A.** Managing day-to-day finances to meet *short-term needs* and support long-term goals (Day-to-day Financial Management)
- **B.** Being able to absorb financial shocks and non-financial shocks that require a financial solution (financial resilience)
- **C.** Being able to plan, execute, and achieve long-term goals (financial planning and execution)
- **D.** Feeling secure and in control of personal and business finances (financial confidence and self-efficacy)

1 It is recommended that interdependency levels of these components as well as other aspects of financial health like inclusion, behaviors, capability, etc always be assessed and confirmed based on context of operation of the financial institution.

When financial institutions prioritise financial health, there is a higher likelihood that customers will recommend them, acquire additional products and services, and maintain ongoing relationships with the financial institution.[2] This not only yields positive benefits for the customers but also contributes to the overall success and sustainability of the organisation.

Financial institutions can positively impact these four components through the following three enablers:

- Financial inclusion: by ensuring affordable and effective access for all individuals and businesses to suitable financial products and services via relevant channels that will support them to maintain or increase their financial health,
- Financial behaviour and capability: by supporting and improving how income is managed and used, and
- Financial literacy: by strengthening the financial awareness, knowledge, understanding, skills, attitudes, and capabilities that enable individuals to make informed financial decisions, effectively manage their finances and those of their businesses, and navigate various financial situations.

The Pathway to Impact on Financial Health and Inclusion

With the common purpose of improving overall levels of financial health in individuals and businesses, financial institutions can implement actions aligned with applicable policies and regulations, stakeholder expectations, priorities of the context of operation, and baseline performance of the organisation (inputs). These actions encompass internal policies and processes, portfolio composition and financial flows, client engagement, and advocacy and partnerships. Success is measured by how much these actions helped remove access barriers, provide affordable and accessible banking services, deliver suitable products, and foster an enabling environment for financial health (outputs). In turn, these results should help increase levels of financial inclusion, improve financial behaviours, and strengthen financial literacy and capabilities of individuals and businesses (outcomes), which directly support financial resilience, financial confidence and self-efficacy, and financial planning and execution.

Using common indicators to measure Financial Health and Inclusion

To know both the starting point and the organisation's current performance, standardised impact-driven indicators can be used to measure its efforts on Financial Health and Inclusion. This guidance proposes 27 core metrics or headline indicators that can be used when assessing initial performance, setting targets and milestones, monitoring progress, and reporting both internally and externally.

2 According to the Financial Health Network's Financial Health Report.

A critical aspect of assessing the performance of the organisation is being able to measure the levels of financial health in its customers/clients and the capacity of the organisation to improve their overall financial health. This is why is important to advance the data infrastructure of the organisation to a higher level of maturity and engage various stakeholders both within and outside the organisational realm.

Building a Financial Health and Inclusion strategy

The way to materialise purpose is by building a good strategy that follows the pathway to impact and measures its success with impact-driven indicators. The proposed process for building a holistic Financial Health and Inclusion strategy is based on the PRB Framework and the conceptual model and approach[3] presented in this Guidance, as follows:

- Crafting a governance structure
- Defining Financial Health and Inclusion
- Ensuring seamless integration into the organisation's strategy
- Identifying priority groups
- Setting SMART targets
- Embedding the actions on financial inclusion and financial education into the Financial Health strategy
- Engaging customers/clients and stakeholders through impactful actions (action plan)
- Formulating a transparent monitoring and reporting system

Vulnerable groups of people and businesses that due to specific socio-economic characteristics, are more likely to need additional or dedicated support from financial institutions to be financially included, increase their financial literacy, improve their financial behaviours and/or increase their overall financial health should be prioritised at all times.

Setting and implementing targets

Setting SMART targets encompasses three interdependent tasks: (1) Completing a context analysis, (2) Carrying out a performance assessment of the organisation and setting a baseline for the data gathered, and (3) Defining targets and KPIs. Once targets have been set, an action plan to deliver on those targets and a system to monitor and report progress are needed. Thus, implementing SMART targets encompasses: (1) Designing and delivering an action plan and (2) Formulating a transparent monitoring and reporting system.[4]

3 This guidance's conceptual model is based on the one created by Elaine Kempson and Christian Poppe in 2017 and revised in 2018

4 More details can be found in UNEP FI's Impact Protocol

General recommendations for setting and implementing targets on on Financial Health and Inclusion:

- Prioritise areas with tangible impact to initiate action, starting with one market or specific target areas.
- Emphasise the importance of continuous learning throughout the process, evaluating potential behavioural impacts and the effectiveness of chosen metrics.
- Ensure clarity in defining indicators and feasibility in measurement discussions.
- Highlight transparency regarding the organisation's ability, benefits, downsides, and willingness to publicly disclose specific information.
- Engage stakeholders early on to secure buy-in for the set targets.
- Conduct thorough research to identify gaps and determine impactful targets, considering the state of the nation and consumer concerns.
- Perform a comprehensive context analysis, evaluating the current economic situation, demographics, poverty rates, housing, savings, and financial literacy/resilience, referencing existing research.
- Scrutinise each core indicator in detail to identify those with the most impact, considering the bank's existing infrastructure, resources, budgets, and ongoing programs or partnerships that can be leveraged for progress.
- Recognise internal support as a crucial starting point, ensuring a collaborative and informed approach.

How to use this guidance

This guidance is organised into three parts:

Part 1: Towards a common understanding of Financial Health and Inclusion

1

Focuses on establishing a common ground for the financial ecosystem with a common language, a shared roadmap, and the metrics to measure progress and success similarly.

- Understanding Financial Health and Financial Inclusion
- Key concepts
- Pathway to impact
- Common indicators

Part 2: Building a Financial Health and Inclusion strategy: From target setting to implementation

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Focuses on guiding financial institutions, especially banks, through setting impact-driven targets to better inform their business strategies and operations and implementing said targets.

- Building a Financial Health and Inclusion strategy
- Setting targets
- Implementing targets
- Monitoring and reporting

Part 3: Supplements and additional resources

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This part contains complementary materials, tools, and resources that can support the bank's work on Financial Health and Inclusion.

- Complementary terms
- Recommendations on assessing financial health
- Financial Health and Inclusion self-assessment questionnaire
- Databases for context analysis
- Approach to client engagement
- Examples of actions carried out by PRB signatories
- Knowledge Hub
- References

PART 1:
Towards a common understanding of Financial Health and Inclusion

Photo by Kourosh Qaffar

Understanding Financial Health and Financial Inclusion

Drawing from existing models,[5] PRB guidance, global frameworks, national strategies, guidelines, and academic research, the Working Group has crafted a conceptual model (Figure 1) to ease the understanding of the symbiotic connection between financial inclusion and financial health, and what financial institutions can do to increase and support them.

It is important to note that, in the case of **individuals**, these components result from their behaviours, financial attitudes, financial empowerment, locus of control, self-efficacy, and knowledge and experience of the financial system and their finances. These partially derive from their personality traits, but also depend on the socioeconomic environment as well as personal circumstances (e.g., level of income, unforeseen life events like disease, bereavement, divorce).[6] Conversely, in the case of **businesses**, especially self-employed, micro and small-sized businesses, it is suggested that the business context of operation can influence the level of financial health[7] of the business, which can also be influenced by the level of financial health of the business owner and the customers of the business.

As shown in Figure 1, a financial institution looking to generate financial health must focus on supporting individuals and businesses in achieving a series of financial outcomes. These four financial outcomes are the main **components** of financial health, as seen in Figure 2.

5 Based on Kempson, E., & Poppe, C. revised model for financial wellbeing and capability (2018).
6 Based on Kempson, E., & Poppe, C. revised model for financial wellbeing and capability (2018).
7 Based on Gusman, N., et al, research on SME financial soundness determinants (2021).

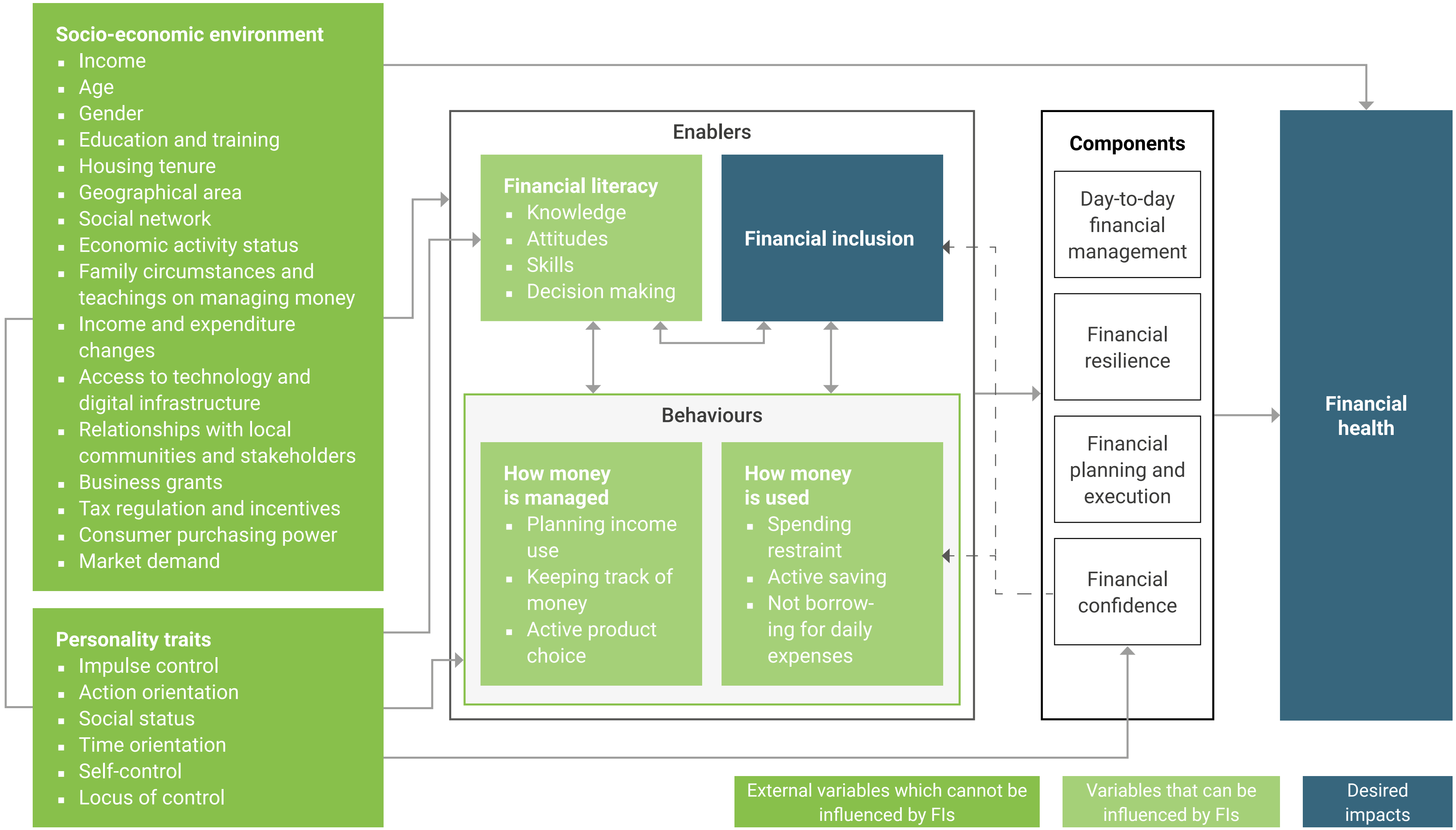

Figure 1: Conceptual model of Financial Health

*Factors that affect the financial health of businesses, specifically.

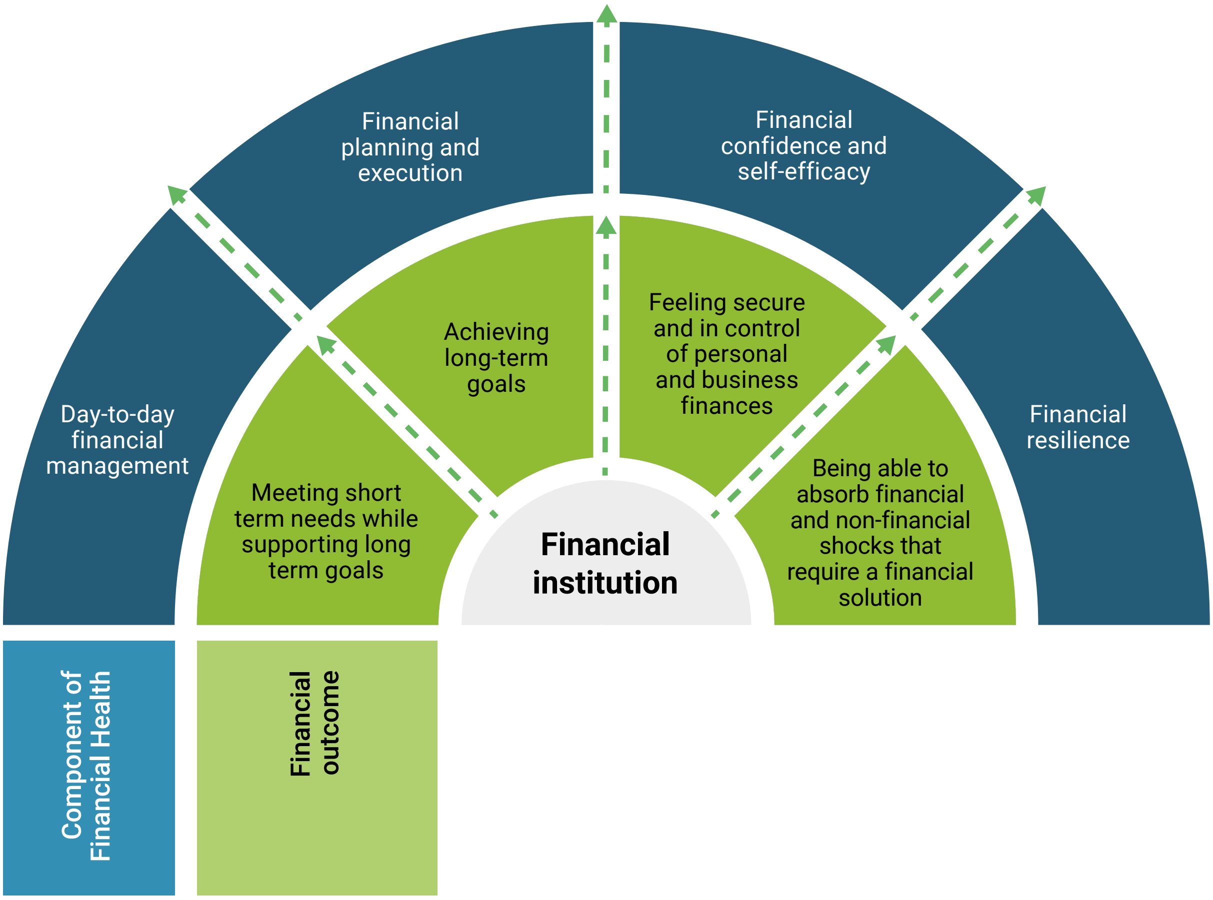

Figure 2: Financial outcomes and components of financial health.

Improving the financial health of individuals and businesses is a **shared responsibility** among all actors in the financial ecosystem (such as customers/clients, financial institutions, regulators, etc). Financial institutions, especially banks, can contribute to improving the financial health of individuals and businesses by holistically supporting the four components of financial health[8] through three **enablers** they have at hand:

1. **Financial inclusion:** Increasing effective access to affordable and suitable products and services that meet financial needs. This is essential in country contexts with significant shares of the population being un-banked or under-banked and in any case the pre-requisite to work on financial health.
2. **Financial behaviour and capability:** Supporting and improving appropriate usage and management of income using the organisation's financial and non-financial products and services.
3. **Financial literacy:** Strengthening financial knowledge and skills that support financial awareness and better financial decision-making for individuals regarding their finances and those of their businesses.

These enablers can be directly influenced by a financial institution but can also be shaped or influenced by the socio-economic environment of the individual or the business and the personality traits of the individual or the business owner. Which is why

8 The type and level of support will depend on the country context in terms of financial inclusion, the level of vulnerability experienced by the customer.

financial institutions must consider these externalities when implementing actions to increase financial inclusion levels, reinforcing positive financial behaviours of money usage and management, and strengthening financial literacy.

Achieving a common understanding

Having a conceptual model to navigate the intricate relationships between the concepts presented in Figure 1 is not enough for a Financial Institution to drive impact on Financial Health and Inclusion. Understanding each of these concepts, what type of results must be achieved to improve them, and how to measure that improvement is also critical. This is why the working group put together a common approach that encompasses three key elements (Figure 3) to drive impact in the Financial Health and Inclusion of individuals and businesses and that can help shape a more robust business strategy.

The following sections in this Guidance will explore each of these key elements.

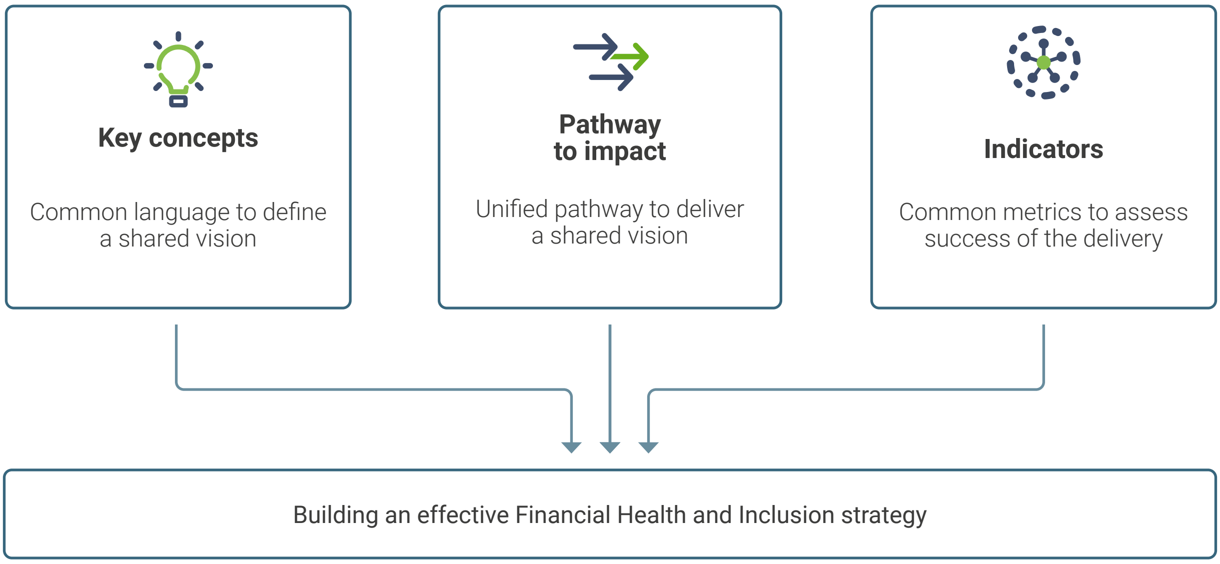

Figure 3: Key elements for a common understanding

Key concepts

What is financial health?

Financial health is a state in which an individual or business can smoothly manage their current financial obligations and have confidence in their financial future. It can be used interchangeably with financial well-being and is a key determinant of an individual's or business's overall well-being, including their mental health.[9]

As explained in the previous section, it includes four highly interdependent components:[10]

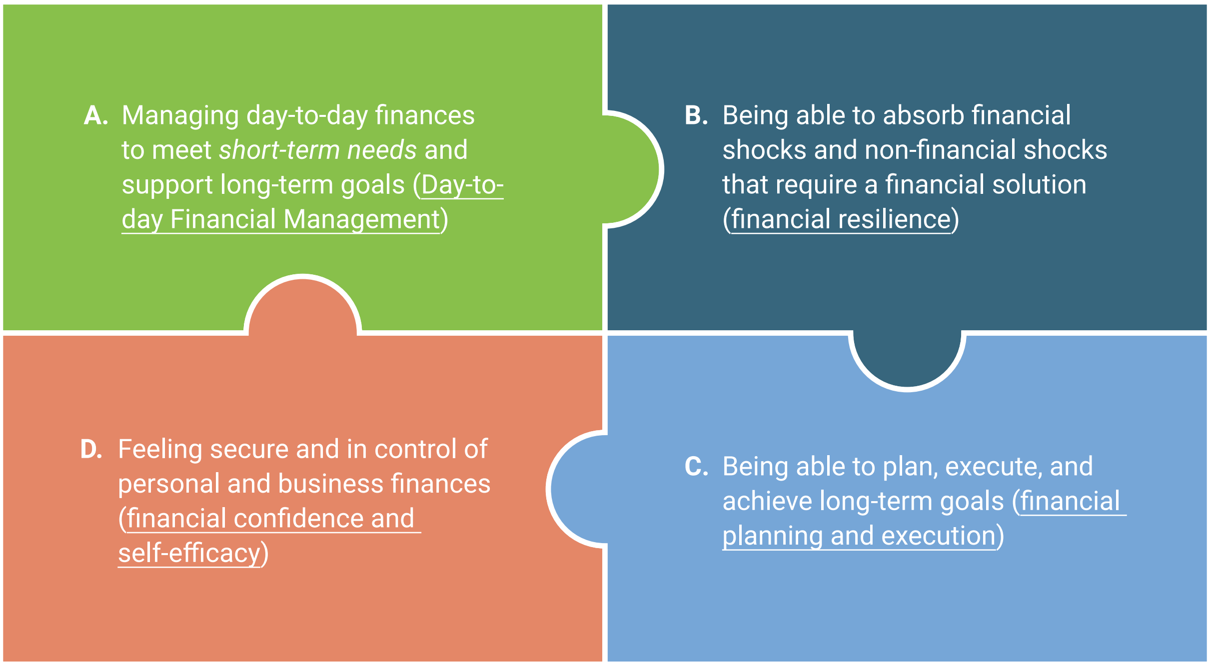

Figure 4: Components of Financial Health

9 According to Financial Health Network

10 Is recommended that interdependency levels of these components as well as other aspects of financial health like inclusion, behaviours, capability, etc always be assessed and confirmed based on context of operation of the financial institution.

Financial health components

Day-to-day financial management

Managing day-to-day finances to meet short-term needs and long-term goals.

Refers to how well an individual or business is able to meet their current day to day needs and financial commitments without risking its capacity to meet future needs. This is achieved through good financial management and, among many things, it is essential for:

- Maintaining financial soundness and/or security.
- Keeping manageable levels of debt.
- Optimising the use of resources and preventing overspending.
- Achieving short and long-term goals.
- Supporting financial resilience through sound financial practices.
- Growing wealth in individuals and economic growth in businesses.

Overall, day-to-day financial management lays the foundation for sustained financial health, enabling individuals and businesses to navigate their financial journey with prudence, control, and confidence.

	In individuals	In businesses
Definition	Having sufficient funds for daily expenses, current financial obligations, and future financial needs. Depends strongly on managing cash flow effectively and on **how income is used** by the individual, which is influenced by the socio-economic environment and their financial attitudes, confidence, knowledge, and experience.	Having sufficient funds available to meet daily operational needs, financial obligations, and future financial needs or growth opportunities. Depends strongly on managing cash flow effectively and on **how income is used** by the business, which is influenced by the socio-economic environment of the business owner and their financial attitudes, confidence, knowledge, and experience.
Main predictors	▪ Not borrowing to cover daily expenses and debt payment ▪ Actively saving ▪ Limiting borrowing to maintain manageable levels of debt ▪ Managing spending to improve income-to-expense ratio	▪ Availability of cash reserves and liquidity ▪ Limiting borrowing to maintain manageable levels of debt ▪ Optimising spending to improve profitability and operational efficiency ▪ Separating personal finances of the business owner from those of the business

	In individuals	In businesses
Common needs	▪ Timely payment of bills (utilities, rent/mortgage, credit card, loan instalments) and other recurring payments. ▪ Setting aside a portion of income for savings, such as emergency funds or other short-term financial goals. ▪ Allocating funds for investments, such as retirement accounts or long-term financial goals and insurance. ▪ Making timely debt payments, avoiding unnecessary debt, and working towards reducing outstanding debts. ▪ Prioritising essential expenses over discretionary spending to maintain financial stability. ▪ Maintaining accurate financial records (receipts, bank statements, and tax documents). ▪ Meeting fiscal obligations on time. ▪ Creating and managing a budget that includes income and outgoing fixed and variable expenses, and savings and investment goals. ▪ Possessing good financial capability to make informed decisions and foster healthy financial behaviours.	▪ Managing accounts payable to pay vendors on time and accounts receivable to ensure timely collection of customer payments. ▪ Efficiently managing inventory levels to avoid overstocking or stockouts and minimise carrying costs. ▪ Controlling and optimising expenses to improve profitability and operational efficiency. ▪ Managing working capital to strike a balance between short-term assets and liabilities. ▪ Creating budgets and financial forecasts to plan and monitor financial performance. ▪ Maintaining accurate financial records (receipts, bank statements, and tax documents). ▪ Meeting fiscal obligations on time. ▪ Generating regular financial reports, such as income statements, balance sheets, and cash flow statements, to assess the business's financial health and profitability. ▪ Guidance in the formalisation of the business. ▪ Business owners possessing good financial capability to make informed financial decisions, use advisors, and access credit and other financial solutions to achieve business goals.
Recommendation for financial institutions	Responding to financial management needs holistically[11] by providing a suite of products and services that enable financial management, allowing for the socio-economic environment, and supporting better financial behaviours on how income is used. **Examples:** High-yield savings accounts, debt-consolidation loans, automated (opt-out) savings and investment products with goals, and automated budgeting and expense tracking functionalities within digital banking. Supporting financial decision-making or providing resources and tools to increase financial knowledge. **Example:** Financial education initiatives, transparency and simplification in communication to customers.	Responding to financial management needs holistically[4] by providing a suite of products and services configured to facilitate financial needs, allowing for the socio-economic environment, and supporting better financial behaviours on how income is used. **Examples:** Merchant services, business current accounts and savings accounts, business loans and lines of credit, and financial management advisory services (or referrals to respective partners). Supporting financial decision-making and providing resources and tools to increase the financial knowledge of the business owner. **Examples:** Accelerator and mentorship programs, advisory services, facilitating invoices' payment.

11 This entails that customers have tools for banking (saving, investing, insuring, paying, and lending), cashflow management, record keeping and reporting, etc that work together instead of independently.

Financial resilience

Being able to absorb financial and non-financial shocks that require a financial solution.

Refers to the ability of an individual or business to withstand, and recover from financial setbacks, major unexpected events, or economic challenges while maintaining financial stability. Achieving financial resilience is, among many things, essential for:[12]

- Reducing financial vulnerability and financial hardship.
- Coping with emergencies, disruptive events, financial stressors and challenges.
- Reducing financial stress and improving financial wellness.
- Maintaining stability during times of economic uncertainty and through unplanned life events.
- Achieving overall financial well-being, as a foundation for overall well-being and resilience.
- Achieving long-term life and financial goals despite short-term and mid-term challenges.

	In individuals	In businesses
Definition	Having the ability to get through financial hardship, stressors and shocks as a result of unplanned life events. This entails having access to sufficient funds (from savings, loans, insurance, and other sources) to withstand a significant unexpected expense or loss in income in such a way that current and future financial stability is maintained. Depends strongly on **how income is—managed** by the individual, which is influenced by the socio-economic environment, especially the level, stability and predictability of income, gender and age.	The business owner and/or business having the ability to financially sustain and/or grow the value of their business, while achieving their business financial goals, weathering unforseen business challenges or financial shocks. This means creating the capacity to pursue opportunities and fund growth and entails having sufficient funds (from cash reserves/liquid assets, loans, insurance, and other sources) to withstand unforeseen business challenges, economic downturns, or disruptive events so that operational continuity is maintained and business goals can still be achieved. Depends strongly on **how income is—managed** by the business, which is influenced by the socio-economic environment of the business owner, and the income of the business.

12 According to the Financial Resilience Institute

	In individuals	In businesses
Main predictors[13]	▪ Actively saving. ▪ Not borrowing to cover daily expenses and/or debt payment. ▪ Limiting borrowing to maintain managea-ble levels of debt. ▪ Managing spending to improve income-to-expense ratio. ▪ Sufficient insurance protection to protect against the unexpected. ▪ Social capital. ▪ Liquid savings buffer. ▪ Planning ahead financially for upcoming and unexpected expenses or to save for long-term goals.	▪ Not borrowing to cover daily operational needs and debt payment. ▪ Availability of cash reserves and liquidity. ▪ Limiting borrowing to maintain managea-ble levels of debt. ▪ Optimising spending to improve profitabil-ity and operational efficiencies. ▪ Adequate liquidity (or retained earnings, excluding credit) to cover operating expenses. ▪ In case of a large unexpected business expense (e.g. three month's of operat-ing costs) ability to access funds (e.g. utilizing cash, savings etc.) to cover the expense. ▪ Planning ahead financially from a busi-ness financial management perspective (e.g. projected cashflow). ▪ Sufficient business insurance to mitigate business issues and risks.
Common needs	▪ Effectively managing risks (like unemploy-ment for individuals or loss of crops due to flooding for a business) that require a financial response to maintain current and future financial stability. ▪ Having sufficient emergency savings to cover essential expenses during unex-pected events (job loss, medical emergen-cies, or major repairs).	▪ Effectively managing risks that will require a financial response to maintain current and future financial stability. ▪ Identifying, assessing, and mitigating financial risks, such as credit, market, and operational risks and sustainability risks, such as climate risks.

13 Some of these predictors are based on Financial Resilience Institute's peer-reviewed Financial Resilience Index model called the Seymour Financial Resilience Index ®

	In individuals	In businesses
Common needs (cont.)	▪ Having manageable debt levels. ▪ Having predictable income streams, potentially from diversified sources. ▪ Having a financial buffer for unforeseen events/shocks (e.g. a stock of assets) ▪ Building an emergency fund as part of budget management. ▪ Having appropriate insurance coverage (i.e. health insurance, life insurance, property insurance or car insurance) to protect against financial risks. ▪ Having a close family member or friend that the person can turn to and would be prepared to turn to for financial help or advice in times of financial hardship (social capital). ▪ Having good financial capability to make informed decisions and foster healthy financial behaviours.	▪ Implementing robust financial planning and forecasting to assess future financial needs, risks, and growth opportunities. This involves having sectoral and macroeconomic knowledge, which are key to the impact of sustainability risks on business. ▪ Effectively managing working capital to ensure sufficient liquidity (operational reserves or retained earnings) for day-to-day operations and other expenses in the face of unexpected events. ▪ Reducing dependence on a single revenue source by diversifying products, services, or target markets. ▪ Maintaining an optimal capital structure and managing debt levels to avoid excessive financial leverage. ▪ Implement initiatives that increase the ease with which the business can adapt to changes in its context. ▪ Business owners possessing good financial capability to make informed financial decisions, use advisors, and access credit and other financial solutions to achieve business goals.
Recommendations for financial institutions	Responding to financial resilience needs by providing a suite of products and services configured to answer to the socio-economic environment and the financial behaviours of the individual. **Examples:** Dedicated emergency funds, high-yield savings accounts, insurance products, emergency loans/overdrafts. Supporting financial decision-making or providing resources and tools to increase financial knowledge. **Example:** Financial education initiatives.	Responding to financial resilience needs by providing a suite of products and services configured to account for the socio-economic environment and to support better financial behaviours. **Examples**: Insurance products, invoice discounting, overdraft facilities, savings and current accounts, asset-based financing, business needs reviews. Supporting financial decision-making and providing resources and tools to increase the financial knowledge of the business owner. **Examples:** Accelerator and mentorship programs, advisory services.

Financial planning and execution

Having the resources to plan, execute, and reach long-term goals.

Supporting this component involves helping the customer navigate the systematic process of setting financial goals, assessing current financial resources, developing strategies, and creating and successfully implementing a comprehensive roadmap to achieve those goals. Financial planning is, among many things, essential for:

- Mitigating future financial risks and achieving long-term goals.
- Increasing financial resilience.
- Increasing financial confidence and improving financial mindset.
- Facilitating wealth accumulation and transfer among individuals.
- Facilitating economic growth in businesses.
- Better preparing for all stages in the life cycle (individual) or a business cycle.

It is important to note that good financial planning comes through financial management. If financial plans are not embedded into day-to-day finances, long-term goals won't materialise.

	In individuals	In businesses
Definition	Effectively manage income, expenses, assets, debts, and investments **to achieve long-term financial goals and evaluate the current level of success**. It depends strongly on **how income is managed** by the individual, which is influenced by some socio-economic factors and psychological traits, as well as their financial attitudes, confidence, locus of control, knowledge, and experience.	Effectively manage income, expenses, assets, liabilities, and investments **to maximise business opportunities and achieve long-term business goals**. Depends strongly on **how income is managed** by the business, which is influenced by some socio-economic factors and psychological traits, as well as the financial attitudes, confidence, locus of control, knowledge, and experience of the business owner, as well as trends and socio-economic aspects of the business context of operation.
Main predictors	▪ Planning income use, especially in low-income conditions, to support active saving. ▪ Active product choice to ensure financial needs are being met. ▪ Informed decision-making that supports active saving and spending restraint.	▪ Planning income use, especially in beginning stages or low-income conditions, to support liquidity increase. ▪ Active product choice to ensure financial needs are being met. ▪ Informed decision-making that supports revenue growth and operational efficiency.

	In individuals	In businesses
Common needs	▪ Analysing income sources, evaluating expenses, calculating net worth, and understanding cash flow to comprehend the current financial position. ▪ Financial literacy. ▪ Defining specific and achievable life goals, such as buying a home, saving for education, building an emergency fund, planning for retirement, or pursuing travel and leisure activities. ▪ Estimating retirement needs, calculating the required savings, and designing an investment plan to maintain a comfortable lifestyle during retirement. ▪ Developing an investment strategy based on risk appetite, time horizon, and financial goals to grow wealth to meet future needs. ▪ Creating a detailed budget that outlines income and expense categories to manage cash flow effectively and direct savings toward achieving financial goals. ▪ Assessing and addressing potential risks that may impact financial security, such as insurance coverage for life, health and property. ▪ Ensuring that estate-related matters are organised and executed according to the individual's wishes (estate planning). ▪ Having the financial capability to make informed decisions and foster healthy financial behaviours.	▪ Analysing financial statements, cash flow projections, and budgetary performance to assess the company's financial health and identify areas for improvement. ▪ Establishing specific financial goals and targets for the business, such as revenue growth, profitability, market expansion, or capital investment. ▪ Implementing robust financial planning and forecasting to assess future financial needs, risks, and growth opportunities. This involves having sectoral and macroeconomic knowledge, which are key to the impact of (sustainability) risks on business. ▪ Identifying, assessing, and mitigating financial risks, such as credit, market, and operational risks and sustainability risks, such as climate risks. ▪ Creating detailed budgets and financial forecasts to plan for expenses, capital investments, and revenue projections. ▪ Evaluating potential projects and investments to allocate resources efficiently and maximise returns. ▪ Developing strategies for raising capital and financing business operations through equity, debt, or other financial instruments. ▪ Managing short-term liquidity needs and optimising the use of current assets and liabilities. ▪ Assessing growth opportunities. ▪ Planning the transfer of ownership, control, and business continuity. ▪ Business owners having the financial capability to make informed financial decisions, use advisors, and access credit and other financial solutions to achieve business goals.

	In individuals	In businesses
Recommendations for financial institutions	Supporting financial planning needs by providing a suite of products and services that considers the individual's personality traits and evidenced financial behaviours. **Examples:** Financial/estate planning advisory services, robo-advisors and investment platforms, insurance products, retirement accounts, health savings accounts and flexible spending accounts, education savings accounts, and mortgage deposit savings accounts. Supporting financial decision-making or providing resources and tools to increase financial knowledge. **Example:** Financial education initiatives.	Supporting financial planning needs by providing a suite of products and services configured to account for trends and changes in the business's market contexts and the business owner's financial behaviours. **Examples**: Insurance products, business financial planning services, employee retirement plans, business continuation and succession planning, risk management solutions, and banking services that optimise cash flow, manage accounts, and maximise liquidity for the business. Supporting financial decision-making and providing resources and tools to increase the financial knowledge of the business owner. **Examples:** Acceleration and mentorship programs, advisory services.

Financial confidence and self-efficacy

Feeling secure and in control of personal and business finances

It refers to individuals having a positive and assured mindset regarding their financial situation and/or that of their business, their decision-making abilities, and their financial future. It goes beyond the freedom from financial stress or worry. It reflects a belief in one's ability to influence financial outcomes (self-efficacy). Low self-efficacy is often a consequence of low incomes and certain mental health conditions and is usually determined by past experiences. It is, therefore, affected by the actions of financial services firms, which can help overcome or reinforce low self-efficacy. Financial confidence and self-efficacy are pivotal in shaping the financial health in both personal and business finances. This is because financial confidence is, among many things, essential for:

- Making better financial decisions.
- Fostering the improvement and maintenance of healthy financial habits.
- Negotiating with financial service providers when payment difficulties arise or problems are encountered.
- Seeking help when payment difficulties arise or problems are encountered.
- Alleviating stress about money matters.
- Enhancing preparedness to handle financial setbacks and recover from challenges (financial resilience).
- Facilitating goal planning and achievement (financial planning).

<table>
<tr><th></th><th>In individuals</th><th>In business owners</th></tr>
<tr><td>Definition</td><td>Feel confident about their abilities with regards to day-to-day money management, long-term planning, and making important decisions about using financial products and services to leverage financial success.

Financial confidence and self-efficacy affects how income is used and managed, directly affecting informed financial decision-making.

Depends strongly on the financial experience (and to some extent knowledge) of the individual and their financial attitudes that derive from personality traits and socio-economic environment (income and gender, especially).</td><td>Feel confident about their abilities with regards to day-to-day money management, long-term planning, and making important decisions about using financial products and services to leverage business success.

Depends strongly on the financial experience (and to some extent knowledge) of the business owner and their financial attitudes that derive from personality traits and socio-economic environment (income and gender, especially).</td></tr>
<tr><td>Main predictors</td><td colspan="2">▪ Knowledge of money management and how to choose financial products.
▪ Experience in the financial ecosystem and money management.[14]
▪ Understanding of risk.
▪ Self-efficacy of the individual.
▪ Levels of impulse control.
▪ Orientation towards action.</td></tr>
<tr><td>Common needs</td><td colspan="2">▪ Support in handling financial situations when they seek advice from financial institutions or others.
▪ Stronger financial literacy that can lead to healthier financial behavior and better decision-making.
▪ Feeling supported when taking calculated risks to pursue financial opportunities and growth.</td></tr>
<tr><td>Recommendations for financial institutions</td><td>By supporting positive results in financial management and planning that improve the individual's experience of the financial ecosystem.

Configuring financial products and services with nudges to increase impulse control and self-control of individuals.

Supporting financial decision-making or providing resources and tools to increase financial knowledge, especially knowledge of money management, choosing products and services, and understanding risk.</td><td>Supporting positive results in financial management and financial planning that improve the experience the business owner has of the financial ecosystem.

Configuring financial products and services with nudges to increase impulse control and self-control of individuals.

Supporting financial decision-making and providing resources and tools to increase the financial knowledge of the business owner. Examples: Boot-camps and mentorship programs, advisory services.</td></tr>
</table>

14 It is important to note that experience of the financial marketplace and money management is improved by the results of financial management and financial planning. Success increases confidence, while failure in management, planning and product choice/access diminish confidence.

Financial health enablers

Financial inclusion

Refers to ensuring **affordable** and **effective access and usage** for all individuals and businesses[15] to **suitable** financial products (payments, remittances, saving, lending, investment, and insurance) and services (financial and non-financial) via **relevant channels** that will support them to maintain or increase their financial health. Figure 5 shows the key attributes of financial inclusion in more detail.

Effective access and usage	Affordable	Suitable	Relevant channels
Access beyond first usage (evidenced transactionality beyond first usage) and with the intended periodicity of usage for the product/service. It includes elements of accessibility, especially for customers with any kind of disability or lower levels of digital literacy (see prioritised groups).	Ensuring that financial services are affordable, with reasonable/equitable fees and charges for different levels of income and/or socio-economic conditions. High costs can be a significant barrier to entry, particularly for low-income individuals and businesses.	Tailoring financial products to meet the specific needs of different customer groups (see prioritised groups). Suitable products address the unique financial needs of these groups, ensuring that financial services are not only accessible but also designed to meet the customers' needs to increase their financial health levels.	Customer can actually access products and services based on their existing limitations (i.e. geographical location, connectivity, digital literacy, disabilities, etc). Digital inclusivity is paramount here.

Figure 5: Critical attributes of financial inclusion

Financial inclusion is, among many things, essential for:

- Reducing poverty and inequalities, especially gender and income inequality.
- Reducing financial vulnerability and hardship for more vulnerable and/or under-served groups.
- Improving access to capital and promoting economic growth.
- Enhancing financial stability and security through formality.
- Empowering individuals and enhancing financial resilience.
- Fostering digital inclusion.
- Improving financial behaviours and financial literacy.

Overall, financial inclusion is a cornerstone of sustainable development, poverty reduction, and economic progress. It ensures that all members of society can participate in the formal financial system, regardless of their income level, gender, age, or location. Doing so contributes to broader social and economic goals and helps build healthier and inclusive economies.

15 Based on the central principle of the 2030 Agenda for Sustainable Development of "leaving no-one behind"

	In individuals	In businesses
Depends on	▪ Knowledge of money management and how to choose financial products. ▪ Experience in the financial ecosystem and money management. ▪ Understanding of risk.	▪ Knowledge of money management and how to choose financial products for the business. ▪ Experience in the financial ecosystem and money management of the business. ▪ Understanding of risk.
Common needs	▪ Accessing basic banking services. ▪ Affordable remittance fees. ▪ Accessing inclusive payment options. ▪ Accessing microfinance solutions, loans supporting wealth generation, insurance supporting resilience, investment options, etc. ▪ Strengthening financial capability.	▪ Accessing basic banking services. ▪ Facilitating compliance and formalisation. ▪ Accessing affordable and flexible financing solutions. ▪ Accessing financial solutions for businesses like credit lines, insurance, merchant services, etc. ▪ Supporting business owners in business development. ▪ Strengthening the financial capability of business owner.
Recommendation for financial institutions	Collaboration between financial institutions, government agencies, NGOs, and fintech companies to expand coverage of the financial ecosystem and facilitate access. Providing a suite of products and services designed to meet individuals' needs to increase their financial health levels. Configuring financial products and services with nudges to increase impulse control and self-control of individuals and foster active product choice. Supporting financial decision-making or providing resources and tools to increase financial knowledge, especially knowledge of money management, choosing products and services, and understanding risk.	Collaboration between financial institutions, government agencies, NGOs, and fintech companies to expand coverage of the financial ecosystem and facilitate access. Providing a suite of products and services designed to meet businesses' needs to increase their financial health levels. Configuring financial products and services with nudges increases impulse control and self-control of business owners and fosters active product choice. Supporting financial decision-making or providing resources and tools to increase business owner's financial knowledge, especially knowledge of money management, choosing products and services, and understanding risk.

The initial goal of financial inclusion should be to bring vulnerable groups of individuals and businesses into the system through the effective access to basic banking products (basic access). Once this is achieved, financial institutions should focus on providing further access to financial opportunities where the individual or business has faced barriers in the past, such as loans, insurance, investment funds, etc. (effective access), while supporting healthy financial behaviours that will eventually lead to higher levels of financial health (i.e. helping avoid over-indebtedness, staying safe from fraud and scams, providing transparent advisory services, etc.). Does this access to the financial ecosystem help improve individuals' knowledge and experience and support healthier money management behaviours, support financial management and financial planning, and in turn, facilitate financial resilience?

Financial behaviour and capability

Refers to the actions, habits, decisions, and patterns that individuals or entities exhibit in managing their finances, making financial choices, and interacting with financial products, services, and systems.

There are two types of financial behaviours: those connected to how money or income is managed and those connected to how cash or income is used. Table 1 shows the behaviours included in each type and what they depend on.[16] For detailed definitions, see Annex A.

Table 1: Types of behaviours

	Involves	Influenced by	Focus for banks
Money management behaviours	▪ Planning how income is used. ▪ Keeping track of money. ▪ Active product choice. ▪ Informed decision-making.	▪ Knowledge and experience in money management. ▪ Knowledge of how to choose financial products. ▪ Gender. ▪ Income level.	Increasing knowledge.
Money use behaviours	▪ Spending restraint. ▪ Active saving. ▪ Not borrowing for daily expenses. ▪ Restrained consumer borrowing.	▪ Attitudes towards spending, saving, and borrowing. ▪ Impulse control and self-control. ▪ Time orientation. ▪ Confidence and locus of control. ▪ Income level.	Shaping attitudes and overcoming behavioural biases emanating from personality traits such as time orientation, impulse, self-control and locus of control rather than on increasing knowledge.

Financial literacy

The Organization for Economic Cooperation and Development (OECD) defines it as a combination of awareness, knowledge, skill, attitude, and behaviour necessary to make sound financial decisions and ultimately achieve individual financial well-being. It involves:

- Knowing financial products and services and how to utilise them effectively to increase financial health.
- Knowing how to make informed financial decisions.
- Knowing how to manage money actively.
- Understanding risk.
- Having a healthy attitude towards saving, borrowing, and investing.
- Having the necessary skills to use financial solutions to manage finances.

16 Based on Kempson, E., & Poppe, C. revised model for financial wellbeing and capability (2018).

Financial literacy helps to increase financial confidence, supports good day-to-day financial management, facilitates planning and saving for the future, and helps prepare for unexpected events.

For **individuals**, OECD/INFE has defined four areas of competency that cover more than 400 topics. The areas cover money and transactions, planning and managing finances, risks and rewards, and financial landscape.[17]

In the case of **businesses**, the business owner must strengthen a set of four core areas of competency as part of its financial literacy to steer the business in the right direction based on the current stage of the life cycle in which the business is (Informal, formal, growing, closing), as shown in Figure 6.

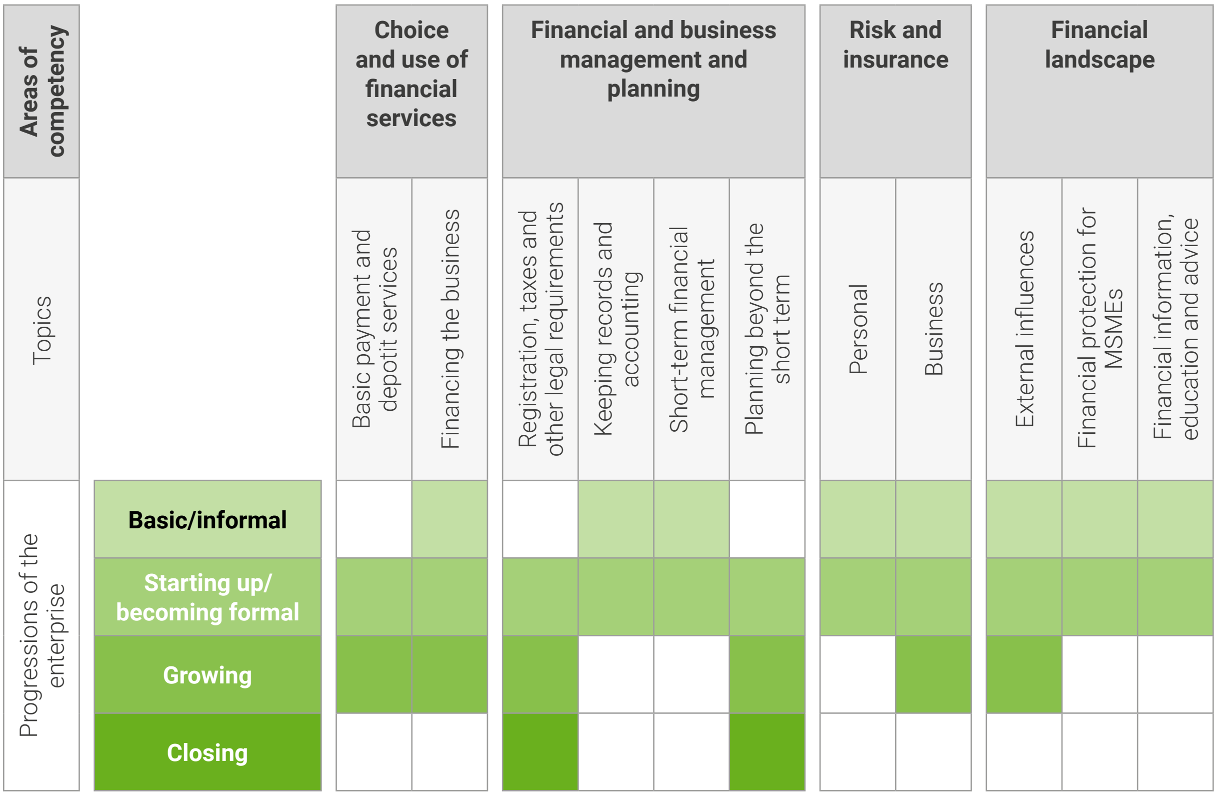

Figure 6: Core areas of financial competency for businesses[18]

Financial institutions are encouraged to understand how their financial education initiatives support strengthening these competency areas.

17 Based on OECD/INFE Financial Competence Framework for Adults in the EU (2022)
18 Based on OECD/INFE Core Competencies Framework on Financial Literacy for MSMEs (2018).

Prioritised groups and vulnerability

Based on the central principle of the 2030 Agenda for Sustainable Development of "leaving no one behind" and the goal of reducing inequalities through equitable actions, financial institutions are encouraged to prioritise individuals or businesses that, due to specific socio-economic characteristics or circumstances, are more likely to need additional or dedicated support from them to be financially included, increase their financial literacy, improve their financial behaviours and/or increase their financial health. More commonly, these groups are likely to encompass individuals with no access or low access to the financial system (unbanked, underbanked, or formerly banked) and segments of the population facing actual or potential vulnerability.

Banks are encouraged to prioritise groups of customers based on assessing their vulnerability.[19] This prioritisation may result in an alternative segmentation of the customer base.

Vulnerability

Customer vulnerability correlates with socio-economic characteristics but can also be present when customers face personal circumstances that expose them to increased susceptibility to damage, harm, or loss when interacting with financial institutions. Customers can become vulnerable at any point; thus, understanding vulnerability is critical to better supporting individuals in improving their financial health and businesses.

Vulnerable groups should be treated fairly and consistently across the financial services sector. The vulnerability may result in consumers having additional or different needs and may limit their ability or willingness to make financial decisions or represent their interests. These consumers may be at greater risk of harm, mainly due to lower resilience when unexpected circumstances occur, and can have a low ability to withstand financial shocks. Banks should understand the nature and scale of characteristics of vulnerability that exist in their target market and customer base, its impacts, what types of harm or disadvantage their customers may be vulnerable to from a financial perspective, and how this might affect the customer's experience and outcomes. Table 2 showcases the six key drivers of vulnerability and provides a non-exhaustive list of examples applicable to individuals.

19 Practical guidance on how to meet data protection regulation and support customers in vulnerable circumstances has been made available by Money Advice Trust.

Table 2: Six key drivers of vulnerability in individuals[20]

Actual Vulnerability		Potential Vulnerability			
Health	**Culture, social, and demographics**	**Life events**	**Resilience**	**Capability**	**Digital and financial access**
Physical disability	Ethnicity	Caring responsibilities	Inadequate (spending exceeds income) or erratic income	Low knowledge or confidence in managing finances	Low or no ability to access financial products and services
Severe or long-term illness	Geographical location (rural, urban, peri-urban)	Bereavement	Over-indebtedness	Poor literacy or numeracy skills	Low ability to get information and updates online
Hearing or visual impairments	Religion and beliefs	Income shock or job loss	Low savings	Poor or non-existent digital skills	
Mental health condition or disability	Age (i.e. youth, elderly)	Relationship breakdown	Low emotional resilience	Learning difficulties	
Low mental capacity or cognitive disability	Low or unstable income (gig workers, freelancers, and self-employed)	Retirement	In financial distress	No or low access to help or support	
	Language	Domestic abuse (including economic control)			
	Gender (i.e. Rural women, Female business owners, Gender-based violence (GBV) victims/survivors of abuse) and sexual orientation	Migrants, asylum seekers, survivors of human trafficking or modern slavery, convictions)			

20 Based on UK Financial Conduct Authority's Guidance for firms on the fair treatment of vulnerable customers (2021) and discussions held in the 2023 Working Group on Financial Health and Inclusion.

Conversely, when examining vulnerability within businesses, evaluating the susceptibility of the business itself and its owner is crucial. Assessing the business's exposure to social, economic, and environmental risks, considering factors such as business size, revenue stability, formalisation level, maturity, and more, aids in gauging the business's vulnerability. Simultaneously, employing the drivers delineated in Table 2 can assist in evaluating the vulnerability of the business owner.

Examples of prioritisation of individuals:	**Examples of prioritisation of businesses:**
▪ Elderly with Alzheimer's or Dementia. ▪ Elderly living alone or in care facilities. ▪ Rural women. ▪ Survivors of domestic violence. ▪ Victims of human trafficking or exploitation. ▪ Population with limited access to technology. ▪ People with low or unstable income (gig workers, freelancers, and self-employed). ▪ New immigrants or refugees. ▪ Individuals belonging to Indigenous groups. ▪ Individuals with reduced mobility and other disabilities. ▪ (Formerly) incarcerated individuals. ▪ Young professionals. ▪ College/university students. ▪ Farmers.	▪ Businesses owned or led by individuals from underrepresented communities: ▫ Indigenous and ethnic minorities. ▫ Women. ▫ LGBTQIA+. ▫ Youth and elderly. ▫ People with disabilities. ▫ Migrants or refugees. ▪ Level of formalisation: Formalised businesses vs informal businesses. ▪ Business in sectors that are more vulnerable to environmental risks like climate change: ▫ Agricultural businesses. ▫ Tourism businesses. ▪ Size of the business: ▫ Microbusiness. ▫ Small-sized business. ▫ Self-employed individuals. ▪ Maturity: New businesses (less than two years) vs Established businesses (more than two years).

Pathway to impact

In line with UNEP FI's Impact Protocol, a pathway to impact uses a theory of change approach to equip financial institutions, especially banks, with a deeper understanding of the sequential nature of their actions, the resulting outputs, and the ultimate outcomes required to drive impact on Financial Health and Inclusion based on the key concepts explained in the previous section.

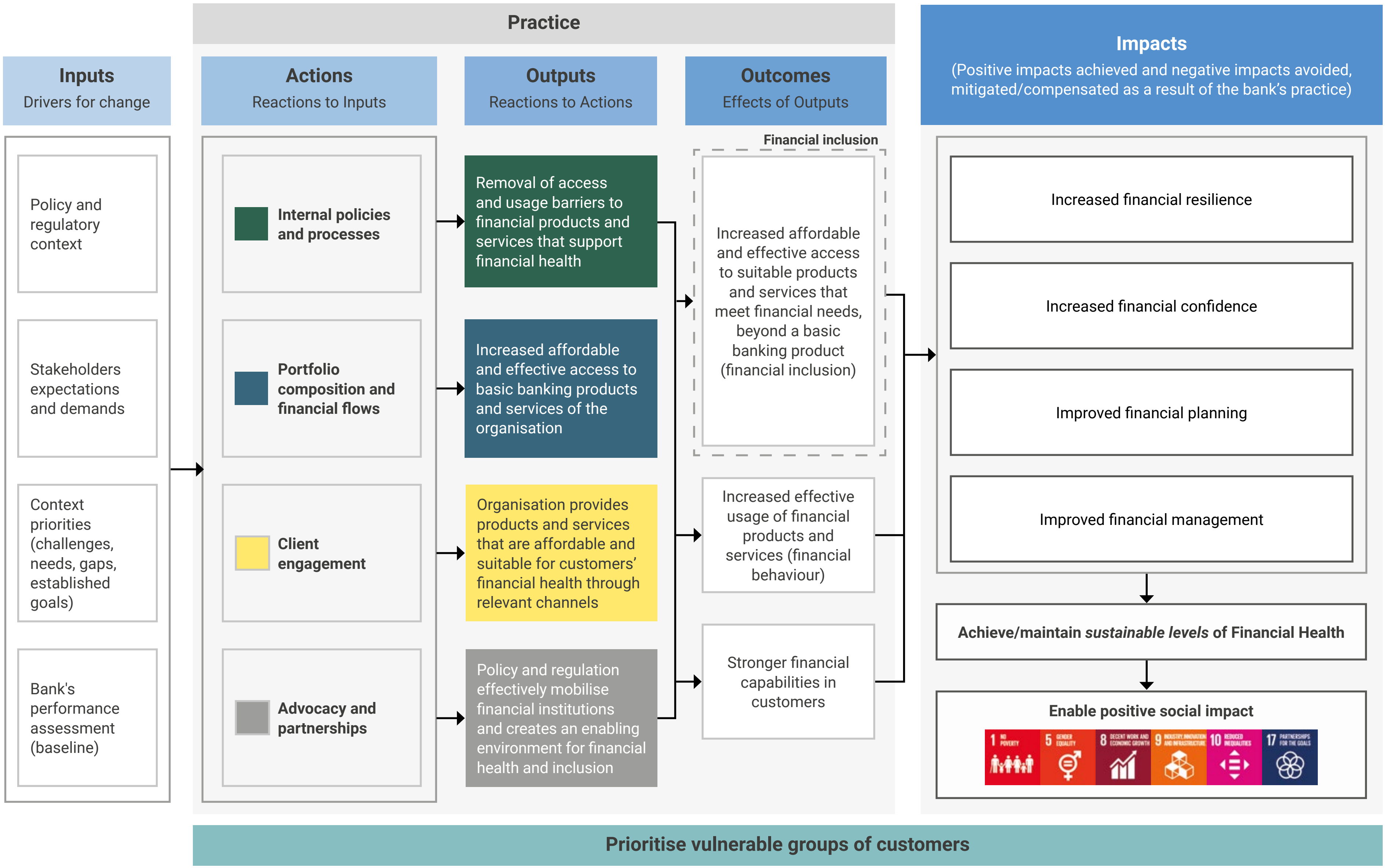

Figure 7: Pathway to Impact for Financial Health and Inclusion

Understanding the pathway to impact

Figure 7, shown above, illustrates the Pathway to Impact for Financial Health and Inclusion. Understanding the pathway to impact can better support a financial institution in managing their impacts proactively and efficiently design better strategies and action plans while driving systemic change in their contexts of operation.

For a more precise grasp of the Pathway, consider the following key points (from left to right):

- **Inputs: The data that informs the actions to be taken by financial institutions to support financial inclusion and financial health.** Most common inputs are targets and requirements outlined by national policies (connected to financial literacy, financial inclusion, and financial well-being), consumer protection regulations, and MSME development policies (regional or national); needs and challenges experienced by individuals and businesses, statistical data of the country connected to Financial Health and Inclusion, and current performance assessment (baseline) of the organisation connected to Financial Health and Inclusion elements. This last one should also allow the organisation to visualise its vulnerable groups to prioritise. More detail on this can be found in Part II.
- **Actions: Activities the bank undertakes to create the desired impact. These can be categorised into four groups:** (1) actions that transform internal policies and processes, (2) those that shift the portfolio composition for products, services, and customers, (3) those that engage the client or customer, and (4) those that, through advocacy and collaboration of the organisation with its ecosystem (regulators, other financial and non-financial institutions), support systemic change in Financial Health and Inclusion. More detail on these can be found in Part II.
- **Outputs: Immediate results that actions should yield.** (1) Actions that transform internal policies and processes should focus on removing any access and usage barriers to financial products and services; (2) Actions that shift the portfolio composition for products, services, and customers should focus on increasing affordable and effective access to basic banking products and services; (3) Actions to engage clients or customers should focus on allowing the organisation to offer products and services (financial and non-financial)[21] that are suitable for said clients' financial health through relevant channels; and (4) Actions that support systemic change through advocacy and partnerships should focus in materialising policy and regulation that effectively mobilise financial institutions and creates an enabling environment for Financial Health and Inclusion.
- **Outcomes: The effects of the outputs are the enablers of financial health.** Three primary outcomes that financial institutions should strive for which will enable them to generate financial health in their customers: (1) Increased Financial inclusion, (2) Healthier financial behaviour, and (3) Strengthened financial literacy. These outcomes result from the previously outlined outputs and have been described as the drivers

21 This includes initiatives and solutions that support financial literacy, digital literacy, decision-making, and financial knowledge and skills, in other words initiatives that support financial capability.

for financial health in previous chapters. As the organisation removes access barriers, expands the availability of suitable products and services, involves clients and customers, and cultivates an environment supportive of Financial Health and Inclusion, enhancements in financial inclusion, behaviour, and literacy should become evident. In other words, if the organisation is growing its reach effectively, then customers will go beyond basic access (financial inclusion), improve the way they use their financial products and services to improve their financial management and planning (financial behaviour) and show stronger financial skills that translate into better decision making, increased financial awareness, and financial empowerment.

- **Impacts:** As explained in the key concepts section, financial institutions can influence three elements directly related with the improvement of financial health in individuals and businesses. If the outcomes are achieved, an improvement in the components of financial health can be expected. That is because when the organisation increases access to a suite of products and services designed and configured to support financial health (especially those that were prioritised), fosters healthier financial behaviours and strengthens financial capabilities, it supports the generation of financial health through the improvement of financial planning and execution, day-to-day financial management, financial resilience, and financial confidence.

A final recommendation when analysing the Pathway: Maintain a continuous focus on vulnerability and equality as the organisation progresses. This is achieved by clearly defining prioritised groups when inputs are being identified and by making sure indicators used to measure performance of the organisation are being disaggregated to inform how successful the actions are in improving the conditions for those prioritised groups.

Common indicators

After crowdsourcing more than 500 indicators from the financial ecosystem and academia, a selection and improvement of core metrics was done based on their validity, insightfulness, alignment with the Pathway to Impact, and feasibility.

The proposed set of common indicators for the financial sector includes:

27 core metrics or **headline indicators:**

- **16** that work for both businesses and individuals
- **7** that are individual-focused (three of which apply to business owners)
- **4** that are businesses-focused

+

A list of **47 additional indicators** that can further support assessment and offer a degree of flexibility, allowing organisations to tailor their measurement approach to their unique goals, strategies, and circumstances

Tables 3 and 4 showcases the headline indicators in connection to the Pathway to Impact, and include keys to how to source the data for these metrics as follows:

Indicators that require a financial health assessment, like a score or index	
Indicators that can also be used to target gender equality	
Indicators whose data is based on internal or transactional data gathered by the organisation	
Indicators whose data is based on surveys carried-out by the organisation	

It's important to note that this set of indicators is flexible and is designed to complement metrics already being measured by financial institutions to assess performance in Financial Health and Inclusion. For a detailed description of both headline and additional indicators download the Financial Health and Inclusion indicator database.

Table 3: Indicators for individuals

	Actions			
	Internal policies and processes	Portfolio composition and financial flows	Client engagement	Advocacy and partnerships
Indicator	Relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health	Percentage of products/services in the portfolio configured to improve financial health and/or inclusion	Customers assessed with financial health metrics/score	

	Outputs			
	Removal of access and usage barriers to financial products and services that support financial health	Increased affordable and effective access to basic banking products and services of the organisation	Organisation provides products and services that are affordable and suitable for customers' financial health through relevant channels	Policy and regulation effectively mobilise financial institutions and creates an enabling environment for financial health and inclusion
Indicator	Capital deployment (USD) for Financial health and inclusion by bank	Percentage of customers with effective access to a basic banking product Number of new customers per month	Customers supported with dedicated customer journey/ advisory services Number of individuals supported with dedicated and effective financial and/or digital education initiatives	Partnerships for Financial Health and Inclusion

Outcomes			
	Financial inclusion	Financial behaviour	Financial literacy
Indicator	Customers who were provided with new access beyond a basic banking product (Financial Inclusion) Customers with two or more active financial products, from different categories, with the organisation	Customers with non-performing loan ratios Customers showing an increase or stable amounts in savings, deposit and/or investment account balances, quarter on quarter Active usage of Digital Financial Services Customers regularly using overdraft Customers using tools, services and functionality made available by the organisation specifically designed to improve their financial health	Customers with evidenced improvement in financial lliteracy

Indicators that require a financial health assessment, like a score or index	Indicators whose data is based on internal or transactional data gathered by the organisation
Indicators that can also be used to target gender equality	Indicators whose data is based on surveys carried-out by the organisation

Impacts

	Financial resilience	Financial confidence and self-efficacy	Financial planning and execution	Day-to-day financial management
Indicator	Customers who would struggle to raise emergency funds or cover with insurance a major unexpected expense	Customers that feel confident about their financial situation in the next 12 months	Customers with active products connected to long-term saving and investment plans	Customers for which spending exceeded 90% of inflows for more than 6 months last year

	Financial health	
Indicator	Average level of financial health in customers	Customers who improved financial health based on previous assessment

Indicators that require a financial health assessment, like a score or index	Indicators whose data is based on internal or transactional data gathered by the organisation
Indicators that can also be used to target gender equality	Indicators whose data is based on surveys carried-out by the organisation

Table 4: Indicators for businesses

	Actions			
	Internal policies and processes	Portfolio composition and financial flows	Client engagement	Advocacy and partnerships
Indicator	Relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health	Percentage of products/services in the portfolio configured to improve financial health and/or inclusion	Customers assessed with financial health metrics/score	

	Outputs			
	Removal of access and usage barriers to financial products and services that support financial health	Increased affordable and effective access to basic banking products and services of the organisation	Organisation provides products and services that are affordable and suitable for customers' financial health through relevant channels	Policy and regulation effectively mobilise financial institutions and creates an enabling environment for financial health and inclusion
Indicator	Financial health and inclusion Capital deployment (USD)	Percentage of customers with effective access to a basic banking product Number of new customers per month	Customers supported with dedicated customer journey/ advisory services Number of business owners supported with dedicated and effective financial and/or digital education initiatives	Partnerships for Financial Health and Inclusion

Outcomes			
	Financial inclusion	Financial behaviour	Financial literacy
Indicator	Customers who were provided with new access beyond a basic banking product (Financial Inclusion) Customers with two or more active financial products, from different categories, with the organisation	Customers with non-performing loan ratios Business customers that report stable or growing revenue turnover Active usage of Digital Financial Services Customers using tools, services and functionality made available by the organisation specifically designed to improve their financial health	Business owners with evidenced improvement in financial literacy

Indicators that require a financial health assessment, like a score or index	Indicators whose data is based on internal or transactional data gathered by the organisation
Indicators that can also be used to target gender equality	Indicators whose data is based on surveys carried-out by the organisation

Impacts

Financial resilience	Financial confidence and self-efficacy	Financial planning and execution	Day-to-day financial management
Indicator: Customers that would struggle to raise emergency funds or cover with insurance a major unexpected expense; Business customers that report unchanged or higher liquidity ratios	**Indicator:** Business owners that feel confident about the financial situation of their business in the next 12 months	**Indicator:** Business customers that report unchanged or lower debt-to-assets ratios (unchanged or higher solvency ratios)	**Indicator:** Business customers that report growing profit

Financial health

Indicator	
Average level of financial health in customers	Customers who improved financial health based on previous assessment

Indicators that require a financial health assessment, like a score or index	Indicators whose data is based on internal or transactional data gathered by the organisation
Indicators that can also be used to target gender equality	Indicators whose data is based on surveys carried-out by the organisation

PART 2:

Building a Financial Health and Inclusion strategy: From target setting to implementation

Photo by FOX:

How PRB banks identify Financial Health and Inclusion as an area of impact

As part of the PRB commitment, banks undertake an impact analysis and thus identify the impacts the organisation has on people and the planet which is a crucial step to complete for setting relevant targets. UNEP FI has made a series of impact management tools[22] available for financial institutions to complete a thorough impact analysis that leads to identification of significant impact areas. Once these have been identified, the tool helps organisations make informed decision on which ones to manage first, as they are aligned with priorities in the organisation's countries of operation. In these tools, Financial Health and Inclusion are captured by the 'finance' impact topic of the UNEP FI Impact Radar, within the broader impact area called 'Availability, accessibility, affordability, quality of resources & services' since finance is one category of services.[23]

For organisations that use the Portfolio Impact Analysis Tool for Banks, there are a couple of scenarios that lead to identifying Financial Health and Inclusion as an area of most significant impact:

1. The organisation uniquely involves consumer banking in countries prioritising Financial Health and Inclusion.
2. The organisation has a significant consumer banking portfolio in countries prioritising Financial Health and Inclusion.

22 Namely, the context module and consumer banking identification modules of the Portfolio Impact Analysis Tool for Banks.

23 See Impact Radar for more details

Building a Financial Health and Inclusion strategy

To build an effective Financial Health and Inclusion strategy, a bank should cover the following elements, in line with the PRB Framework and the conceptual model presented in this guidance. It entails:

- **Crafting a governance structure** that engages all levels of the organisation in the strategy's creation and execution (if none is in place) or integrating the work into an existing governance system to ease implementation. A robust governance structure is fundamental for any strategy's success and establishes a common purpose to pursue. Before formulating a strategy, it's essential to establish a governance system that guarantees a comprehensive approach to formulation, transparent oversight, and accountability while streamlining decision-making processes. This system should establish an organisation definition for Financial Health and Financial Inclusion, clearly define roles, responsibilities and decision-making structures (incl. board-level responsibility and oversight of target implementation) and cultivate effective leadership across strategic, tactical, and operational levels of the organisation, ensuring full involvement across all critical areas necessary for the action plan's realisation.[24]
- **Defining Financial Health and Inclusion** in a manner that seamlessly integrates with the organisation's overarching purpose.
- **Ensuring seamless integration into the organisation's strategy**, aligning with the organisation's mission, vision, and purpose. **Identifying priority groups** based on a comprehensive analysis of both the context of operation and the organisational performance. The aim is to gain a comprehensive understanding of your bank's current performance in alignment with its context, including assessing existing resources and strengths while ensuring alignment with your bank's mission and vision.
- **Setting clear targets** for both the societal impact the organisation aims to contribute to and specific milestones to bridge crucial gaps necessary to realise that impact, emphasising their pivotal role by making them integral components within the corporate dashboard. Establishing specific, measurable, achievable, relevant, and time-bound (SMART) targets should reflect the organisation's strategic aspirations connected to Financial Health and Inclusion and the groups prioritised.

24 More information on governance structure design can be found in the PRB Guidance document.

- **Embedding the actions on financial inclusion and financial education** into the Financial Health strategy and specifying the bank's detailed actions and initiatives to achieve the defined goals. These actions should directly support targets and align with the bank's mission and vision. It should outline tasks, responsibilities, timelines, and resources to achieve the targets defined.
- **Engaging customers/clients and stakeholders** (e.g., employees and suppliers) through impactful actions.
- **Formulating a transparent monitoring and reporting system**, complete with key performance indicators (KPIs), to track and monitor progress towards targets set by the organisation. Implementing a robust monitoring and reporting system enables the organisation to track progress, measure success, and collect valuable data and insights. It should include targets and KPIs defined should serve to measure an action's success.

Approaches taken by PRB members:

Basic integration approach:
In this streamlined approach, PRB members integrate the Financial Health and Inclusion strategy within the existing Sustainability governance system. Utilising established committees and existing structures, the strategy becomes an integral part of routine discussions. Key internal stakeholders are invited when needed, ensuring alignment with sustainability goals without the creation of new governance bodies. This straightforward integration maintains organisational simplicity and efficiency.

Comprehensive governance approach:
For a more comprehensive strategy, PRB members establish a dedicated Financial Health and Inclusion governance system. This involves creating a new Financial Health and Inclusion department within the VP of Sustainability and Innovation. The department, with regional capacity, is formed by merging financial inclusion and financial education teams from all countries. Additional resources, including robust data analytics, direct liaisons to personal and business banking teams, are allocated.

Key elements of the comprehensive approach:

1. **Leadership integration:**
   - Leader of the Financial Health and Inclusion department becomes part of both strategic and tactical sustainability committees.
2. **Committee structure:**
   - Strategic and tactical sustainability committees report to the Board's Sustainability Committee.

3. **Discussion frequency:**
- Monthly tactical and quarterly strategic discussions on Financial Health and Inclusion Strategy within committees.

4. **Reporting mechanism:**
- Bi-annual reports on Financial Health and Inclusion presented to the Board.

This approach ensures a dedicated focus on financial well-being, with specific governance bodies and committees designed for effective oversight and decision-making. The creation of a specialised team reflects a commitment to a comprehensive and proactive approach to Financial Health and Inclusion.

How to set and implement targets for Financial Health and Inclusion

Setting SMART targets encompasses three interdependent tasks: (1) Completing a context analysis, (2) Carrying out a performance assessment of the organisation and setting a baseline for the data gathered, and (3) defining targets and KPIs. Once targets have been set, an action plan to deliver on those targets and a system to monitor and report progress are needed.

Implementing SMART targets encompasses: (1) Designing and delivering an action plan and (2) Formulating a transparent monitoring and reporting system. Figure 8 shows the target implementation process as a linear series of tasks since each task's output informs the next task's completion.

Figure 8 showcases the process of setting targets and implementing them, based on the impact management framework created by UNEP FI.

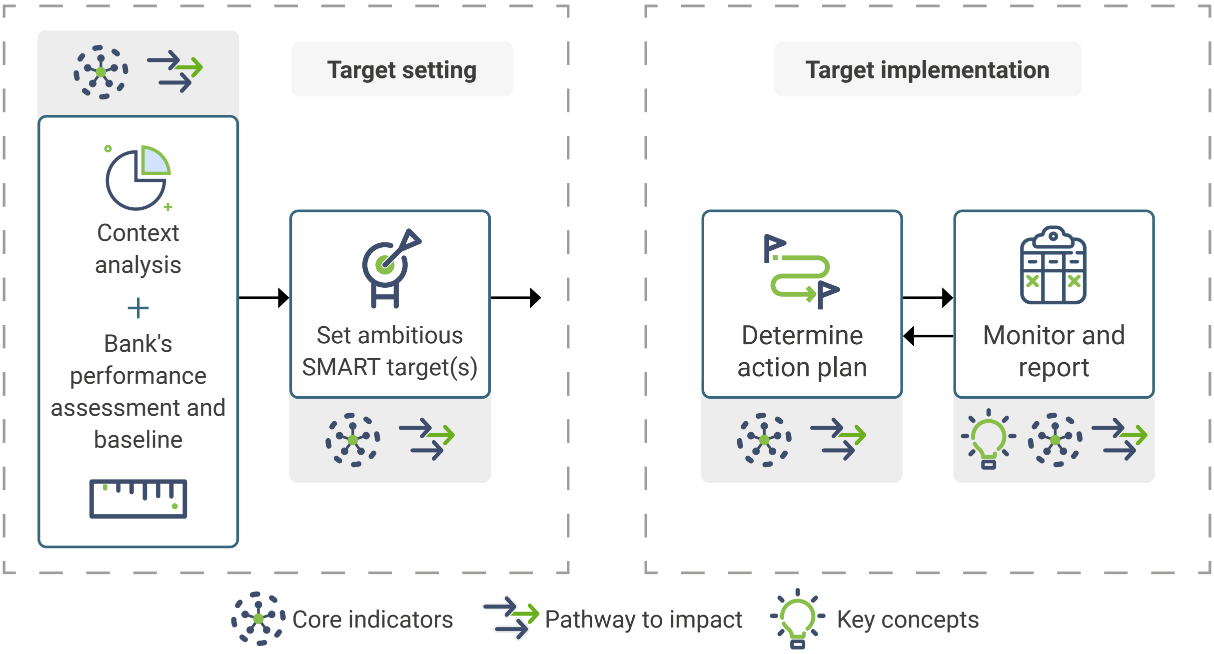

Figure 8: Target setting and implementation process

The following sections in this guidance focus on supporting your organisation in the target-setting and target-implementation processes.

Context analysis and alignment

As recommended by UNEP FI's impact protocol, financial institutions should carry out a general analysis of the context as part of their impact analysis process. Once Financial Health and Inclusion is identified as an area of impact to work on, the already existing information on the context should be further completed with in-depth data about the state of Financial Health and Inclusion in the country(ies) of operation to determine if the organisation should focus its efforts initially on targets that help close financial inclusion gaps in the country or if it can already set targets connected to financial health.

A robust context analysis allows the organisation to set relevant targets and design an action plan aligned with the needs, challenges, and priorities of the context(s) of operation. Completing the context analysis and defining key elements to align the Financial Health and Inclusion strategy is vital.

Input needed for this task	▪ Countries of operation within the scope of analysis. ▪ Initial context analysis conducted as part of the impact identification phase.
Resources available from UNEP FI	Annex D in this Guidance Context module—UNEP FI Impact Analysis Tools Disclosed context analyses by PRB members
Recommended output for this task	▪ Applicable policies and regulations to align with. ▪ Applicable context priorities (challenges, needs, gaps, prioritised groups, and established goals) to align with. ▪ External stakeholders mapped and consulted regarding their expectations to be considered by the organisation.

Data needed

For each country of operation defined within the scope of this analysis, your organisation needs the data necessary to answer the following questions:

	Examples
Are there any **existing policies, regulations, and/or strategies** at the national, regional, or global levels that the organisation should align with when working on Financial Health and Inclusion?	▪ Financial Inclusion National Strategy. ▪ Financial Wellbeing National Strategy.[25] ▪ Regulation on providing financial education. ▪ Policies on MSME. ▪ Regulation on access to credit. ▪ General Data Protection Regulation (GDPR). ▪ Sustainable Development Goals (SDGs) National Plans. ▪ Anti-discrimination regulation. ▪ National development plan.
Do these policies, regulations, and/or strategies focus on a specific **vulnerable group** within the country's general population?	▪ Women-led Business or Female entrepreneurs. ▪ Racial minorities. ▪ Younger population access to first-home. ▪ Farmers.
Do these policies, regulations, and/or strategies have **established targets that can be adapted for the organisation**?	▪ Poverty reduction targets. ▪ Employment generation targets. ▪ Access to loans and financing targets. ▪ Financial inclusion targets. ▪ Financial resilience targets.
Based on statistical data, what are the **country's main challenges, needs, and gaps** regarding Financial Health, its components, financial behaviours, financial inclusion, and financial literacy?[26]	▪ Do men have more access than women to financial products and services? ▪ Are women saving more for emergencies than men? ▪ Are ethnic groups less financially resilient? ▪ Are younger generations able to purchase their first home? ▪ Is the population overindebted? ▪ Is credit card debt rising alarmingly?
Which are the **key stakeholders in the country** connected to Financial Health and Inclusion?	▪ Fintech Association. ▪ National Association of Banks. ▪ Other financial service providers Superintendent of Finance. ▪ Ministry of Finance or Treasury Department. ▪ NGOs providing financial education. ▪ Influencers. ▪ Industry associations. ▪ Impact investors. ▪ Consumer protection agencies.
Do they have any **expectations** regarding your organisation's role in improving Financial Health and Inclusion in the country?	▪ Innovation in products and services provided. ▪ Easier access to global markets. ▪ Equitable access to financial products and services. ▪ Closing the racial wealth gap. ▪ Protecting wealth from cyberattacks. ▪ Easy access to personal finance advisory services.

25 Examples of national strategies are the one from the United Kingdom or the one available in Canada.
26 Revisit definitions for these Key Concepts here.

Based on the answers to the previous questions, how should the organisation **focus its efforts**?[27]	▪ Focus on Financial Inclusion while paving the way to generating financial health. ▪ Focus on Financial Health by facilitating financial inclusion, improving financial behaviours, and strengthening financial literacy.

Where to find the data needed?

Country policies, regulations, strategies, initiatives, and/or goals may be found in National Development Plans, policy databases, regulation databases, published national strategies, international agreements signed, etc. Resources from the World Bank, Central Bank databases, and national statistics agencies can help your organisation determine national priorities. Annex D in this Guidance provides a non-exhaustive list of helpful sources.

Organisations using UNEP FI's impact management tools have access to an in-built Country needs assessment connected to the different countries of operation established in the scope of analysis. Nonetheless, there is a need to go beyond this initial information and complete an analysis of the context based on the common understanding of Financial Health and Inclusion.

The more data the organisation can gather about the historical and current state of Financial Health and Inclusion in the country or countries of operation, the more informed the target setting and implementation processes will be. This is because the data will allow the organisation to understand if it should first focus on closing financial inclusion gaps because access to the financial system is relatively low, especially for certain groups in the population, or if it should focus on improving financial health. After all, access is good, but not a sufficient condition for financial resilience or people saving for old age. More details on this are presented in the Defining Targets section.

27 More details can be found here

The following is a non-exhaustive list of examples of metrics that can facilitate an understanding of the main country-specific challenges, needs, and gaps.

Examples of relevant data connected to Financial Inclusion

- Account (% age 15+)
- Account, female (% ages 15+)
- Account, male (% age 15+)
- Financial institution account (% age 15+)
- Account for the poorest 40% of households (% age 15+)
- Access to loans with a formal financial institution
- Access to loans with friends and family
- Access to loans through a private lender
- Access to investment products (% age 15+)
- Access to insurance products (% age 15+)
- Usage of remittances
- Received or made a digital payment
- National Financial Inclusion Index

Examples of relevant data connected to Financial Health

- Savings for old age, women (% age 15+)
- Savings for old age, men (% age 15+)
- Saved using an account
- Create emergency funds: not possible, women (% age 15+)
- Create emergency funds: not possible, men (% age 15+)
- Creating emergency funds: not possible; poorest 40% of households
- Percentage of individuals that feel confident about their financial situation in the next 12 months
- Percentage of individuals who paid off all credit card balances in full by the due date (% age 15+)
- Percentage of individuals who have money left at the end of the month
- National Financial Health Index

Performance assessment and baseline setting

Once the organisation understands the priorities, challenges, needs, and goals of its context and the policies or regulations it must align with, the next task is to know how the organisation is performing against them. Ideally, this assessment extends beyond present performance to encompass historical insights. This comprehensive review allows the organisation not only to understand its current standing but also to track its past successes in advancing financial inclusion and/or financial health and make an informed decision on which groups of customers and non-customers[28] it should prioritise and which year's performance it will set as its baseline.

Input needed for this task	▪ Results of context analysis. ▪ List existing metrics being measured in the organisation and the disaggregation possibilities. ▪ Applicable data regulation.
Resources available from UNEP FI	Indicators to measure Financial Health and Inclusion Annex B in this Guidance UNEP FI Consumer Banking Assessment Module UNEP FI's Indicator Library
Other resources available	Vulnerability, GDPR, and disclosure guidance by Money Advice Trust
Recommended output for this task	▪ Historical and current performance of the organisation against priorities identified in the context analysis and metrics related to those priorities at the organisational level. ▪ Baseline performance for target setting defined. ▪ Prioritised groups of customers defined. ▪ Definition of core work areas for the organisation in Financial Health and Inclusion.

28 When an organisation focuses on financial inclusion, bringing the unbanked, underbanked, and formerly banked individuals and businesses from prioritised groups into the financial system should be one of the targets to aim for. Said individuals and businesses might be non-customers for the organisation.

Deciding which indicators to measure

The following items should be taken into account when assessing performance and setting a baseline:

1. Get an overview of the indicators the organisation already measures and the teams responsible for them. Use internal data, transactional data, and/or survey data-based indicators.
2. Assess which of those indicators are connected to the results of the context analysis.
3. Evaluate which aspects resulting from the context analysis are not being measured yet by the organisation.
4. Consult the list of indicators[29] in this Guidance to find relevant indicators.
5. Assess how quickly your organisation can measure them to include them in the performance assessment or if some need to be included in the action plan for future monitoring.
6. Understand which team would be responsible for measuring the new indicators.

Ensure your organisation is measuring indicators that will allow you to understand its progress towards impact; this means indicators at the practice and impact levels connected to the priorities of the context (see Pathway to Impact). This will fast-track the process of designing an action plan later on.

Measuring indicators

After your team has defined which indicators need to be measured and analysed, the next step is to measure with the help of the teams responsible for the indicators within the organisation. Data then needs to be consolidated and readied for analysis.

Here are a few recommendations to do so:

- Get data before 2020 to understand the effects of external solid shocks, like the COVID-19 pandemic, on your organisation's performance assessment.
- Disaggregate data, initially, based on the groups prioritised in your context of operation and then expand to other groups in your customer base based on actual and potential vulnerabilities.
- Calculate organic growth rates to understand how the indicators improve or deteriorate through time without strategic focus.
- It is possible and encouraged to use representative transactional data or to run specific surveys to measure performance and set baselines, enabling your organisation to understand gaps, client needs or your organisation's current performance with national priorities.
- UNEP FI Portfolio Impact Analysis Tools for Banks include the indicators in this Guidance to support the performance assessment and prioritisation process.

29 The indicators shared in this Guidance are meant to complement existing indicators measured by the organisation to allow for a robust and holistic assessment of the organisation's performance on Financial Health and Inclusion.

As chosen indicators might involve data points coming from internal data, transactional data, and survey data which might be protected by local regulation, the general recommendation is to measure as many indicators as possible and be able to disaggregate the data gathered by the law and as advised by compliance experts within the organisation and complement it with market data, other local data, research from other providers, and partner surveys.[30]

New data protection frameworks and regulations are emerging worldwide to safeguard consumers in digitalised industries, responding to increased concerns regarding data breaches and privacy violations. According to the United Nations Conference on Trade and Development (UNCTAD), over 70% of countries have implemented legislation protecting data and privacy, with nearly 10% drafting new regulations. These regulations ensure data protection, foster trust with financial consumers, and improve their overall banking experience.

Navigating data protection through shifts in internal policies and processes and utilising available customer and market data to drive the design of innovative personalised financial services is crucial in generating Financial Health and Inclusion. Thus, any indicators that cannot yet be assessed due to regulation should be accounted for in the Action Plan.

Analysing the data and defining priorities

Completing the performance assessment of the organisation in alignment with the priorities of the context of operation allows the organisation to better determine the groups that currently have the most significant gaps in access (financial inclusion) and/or lower levels of financial health among the customer base.

Ideally, your team analyses the information gathered in the performance assessment to:

- Identify gaps in the levels of financial inclusion and financial health of customers.
- Identify which customers and vulnerable groups are experiencing the most significant gaps.
- Identify which aspects of their financial inclusion and/or financial health are lagging the most.

These, in turn, inform your governance bodies to define the groups to prioritise in the Financial Health and Inclusion Strategy and the core areas of work where the organisation needs to focus targets, actions, and milestones. Both groups and areas of work need to align with the context analysis your team completed before.

30 There are NGOs working on guidelines to apply regulation like the General Data protection Regulation (GDPR) in the work on Financial Health and Inclusion. See Knowledge Hub for details.

Establishing a baseline

Establishing a baseline is critical to determine the starting point against which your organisation can set its targets and monitor progress. Baselines will also help tailor the organisation's long-term strategy to increase positive and decrease negative impacts.

To establish a baseline:

1. Focus on the indicators measured in the performance assessment that are connected to the priorities set by your organisation.
2. Analyse historical data for those indicators.
3. For each indicator, choose a baseline year and highlight the respective value of the indicator for that year.

PRB signatories must disclose the baseline year and values for those indicators used to establish targets and milestones.

Defining targets and key performance indicators (KPIs)

SMART targets are critical to chart the organisation's pathway to impact. This task defines how much the baseline needs to improve to support context priorities, by when it needs to improve, and on which metrics the organisation needs to keep an eye on so that positive impact is enabled and negative impact is mitigated.

Input needed for this task	▪ Results of context analysis. ▪ Results of the performance assessment/baseline setting of the organisation in Financial Health and Inclusion-related metrics. ▪ Baseline value and year for metrics that measure the organisation's performance in Financial Health and Inclusion. ▪ Existing targets in the organisation.
Resources available from UNEP FI	Targets set by PRB signatories to the Commitment on Financial Health and Inclusion UNEP FI Consumer Banking Assessment Module
Recommended output for this task	▪ SMART output and outcome targets set and approved by relevant governance bodies. ▪ SMART impact targets set and approved by relevant governance bodies. ▪ Established roles and responsibilities regarding targets that were set. ▪ Targets referenced in the overall sustainability strategy.

PRB signatories need to set SMART impact-driven targets as well as KPIs to measure and monitor, taking into account the country context and the bank's baseline performance. Targets should be ambitious, and your bank needs to be clear about how its targets contribute to SDGs, national goals, priorities and/or national targets. Additionally, your bank needs to include the identification or acknowledgement of significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and steps to mitigate these should be taken as far as feasible to maximise the net positive impact of the target in the Action Plan.

Setting SMART targets

The process is straightforward but requires buy-in from all levels of the organisation and all teams involved. This is why it is crucial to establish a governance system that involves key internal stakeholders before embarking on the process to set targets.

The following aspects are recommended to consider, based on effective practice from PRB signatories:

1. Understand the target approval mechanisms and plan the estimated time to go through the approval processes so your team can meet internal deadlines.
2. Review existing organisational targets to see if some of your priorities are already being addressed.
3. For priorities without targets, agree with your internal stakeholders on the targeted value and year for the indicators measuring those priorities. Ensure your organisation sets targets on the impact level for financial health, on the practice level for financial inclusion, based on the Pathway to Impact.
4. Define KPIs to monitor progress towards targets set.
5. Identify any possible negative impacts[31] that can be offset as the organisation works on its targets and define KPIs to monitor them.
6. Get approval from necessary governance bodies so that the targets can be publicly disclosed and included in your organisation's corporate dashboard.
7. Disclose your targets publicly.

Three key recommendations, based on effective practice from PRB signatories:

- Align the target setting with other aspects of your corporate strategy so it is not independent, but rather incorporated into the DNA of the organisation at all levels.
- Engage internal stakeholders early on and add any stakeholders that become relevant as you advance through the target setting process.
- Assess which, if any, external stakeholders should be consulted regarding the targets set by your organisation.

Defining ambition levels

Three elements define the level of ambition for targets in Financial Health and Inclusion:

1. **Market share:** Targets, at the very least should be proportional to the market share of the bank, especially for targets focusing on financial inclusion. This means for example that if the gap in access to loans by women-led MSMEs is 30% and the bank has a market share in the MSME segment of 50%, then the bank should target an increase in access to loans of at least 50% of the gap.

2. **Organic growth rate of indicators used to set targets:** Targets should imply an increase or decrease that is larger than the organic one; this is because resources

31 A good reference for identifying potential negative impacts of targets is banks' impact analysis—this may include details of impacts you should be aware of, and for which your organization periodically screens. For example, your impact analysis probably identified over-indebtedness as an impact topic associated with providing credit.

will be directed towards the core areas of work prioritised by the bank, and as such, results should be better than without the resources. This means that if, for example, the bank organically grows the percentage of customers increasing their account balances quarter on quarter about 2% per year, it should set targets involving an increase higher than 2% per year.

3. **Maintaining effectiveness through severe economic conditions:** Setting ambitious targets to sustain program effectiveness during tough economic times, such as maintaining a 42% success rate in a customer arrears prevention program despite a cost-of-living crisis, is challenging but important. This goal is significant as it aims to keep performance steady even as economic conditions worsen, potentially increasing the number of customers at risk of falling into arrears.

A note on setting targets for multiple geographies
Organizations with multiple countries of operation within scope should complete a context analysis for each country and carry out a performance assessment aligned with the results of each context analysis completed. Based on the output of these two tasks, the organisation must set targets for each country and then consolidate those targets at the global or regional level based on the participation those countries have in the overall operations of the organisation.

Here is an example: A bank with presence in multiple European and Latin-American countries must complete a context analysis for all countries within scope. In this case, the bank includes Spain, Portugal, and Italy from its European market and Colombia, Mexico, and El Salvador from its Latin-American market. Results of the context analyses show that priorities for European countries are to go beyond financial inclusion and focus on increasing the financial resilience of low-income households and MSMEs while the priorities for Latin-American countries, albeit varied, are still very centred on financial inclusion, specially of rural communities. This means that the bank must complete a performance assessment of the operations and target setting in each European country within scope focused on Financial Health while for Latin-American countries it must focus on Financial Inclusion but monitor financial health elements. The bank can then define and report targets by country and/or by region.

Illustrative examples of target setting

The tables below showcase illustrative examples of targets for financial inclusion and financial health.[32]

Table 5: For Financial Inclusion

	Understand country context	Set baselines and priorities	Set SMART Targets	Define KPIs
	In the country the bank operates in, there is a considerable financial inclusion gap:	**Internally, the bank identified the following regarding its clients (in 2020):**	**The bank's formulated SMART Target (by 2025):**	**The bank's prioritised KPIs**
Effective access to Basic Banking (the bank should consider the number and percentage of low-income population and microentrepreneurs in the country in accordance to national definitions)	40% of the country's population can be considered low-income and 50% of adults do not have effective access to a basic banking account	20% of our basic banking accounts are from low-income customers	Increase the percentage of basic bank accounts held by low-income customers by 46% (achieving 30% of the total consumer banking accounts), and business clients that are micro-entrepreneurs by 40% (achieving 20% of SMEs accounts) by 2025.	Percentage of low-income customers' basic banking accounts versus total customers' banking accounts, increase by 8% per year (including mobile accounts, fee free accounts and virtual wallets)
	There are 2.5 million SMEs in the country, of which 90% are micro-enterprises and 30% do not have effective access to a basic banking account	15% of our basic business accounts are from micro-entrepreneurs		Percentage of micro-entrepreneur basic accounts versus total SMEs banking accounts per year, increase by 6% per year (including mobile accounts, fee-free accounts and virtual wallets)

32 For additional examples of targets set by PRB signatories to the Commitment on Financial Health and Inclusion, see the Member commitments to Financial Health and Inclusion webpage

	Understand country context	Set baselines and priorities	Set SMART Targets	Define KPIs
	In the country the bank operates in, there is a considerable financial inclusion gap:	**Internally, the bank identified the following regarding its clients (in 2020):**	**The bank's formulated SMART Target (by 2025):**	**The bank's prioritised KPIs**
Impact: Financial Inclusion	40% of low-income individuals in the country have access to credit and of those, 30% are over-indebted	15% of our loan allocation focuses on low-income customers whose over-indebtedness is 40% higher compared to the total individual customer base	Increase loan Allocation for customers (individuals and microentrepreneurs) with previous rejections by 20% each, disbursing USD 300bn on loans for low-income clients and microentrepreneurs (2020–2025); and substantially decrease the level of over-indebtedness for low-income customers and microentrepreneurs, by 2025.	Volume of loans for low-income customers and microentrepreneurs per year, including recurrence of use of products, increase by around 4% per year. Disburse approx. USD 60bn per year for both categories.
	70% of microentrepreneurs don't have access to credit	10% of our loan allocation focuses on micro-entrepreneurs whose over-indebtedness is 30% higher compared to the total SMEs customer base		100k over-indebted low-income clients to participate in financial advisory programs annually, with an impact analysis carried out in two-year cycles to determine efficiency.
Outcome: Active usage of digital platforms and tools	40% of financial account holders in the country made a transaction using a mobile phone in the previous twelve months	60% of low-income customers and 40% of microentrepreneurs use the bank's digital tools for transactions (a 20% lower rate compared to total customer and SMEs clients base, respectively)	Raise the % of low-income customers and microentrepreneurs actively using the online/mobile banking platform/tools by 25%	10,000 new customers per month 80% of customers with effective access to a basic banking product
Output: Financial and digital education	50% of the adult population do not have financial literacy and digital skills	The bank already offers a financial inclusion program for customers and non customers for 10k individuals per year	Improve the financial and digital skills of 10 million individuals with financial and digital education programmes, in partnership with other institutions across sectors.	2 million customers and non-customers engaged in financial education and digital skills programmes per year. An impact analysis will be carried out in a three-year cycle.
	The country has a National Financial Inclusion Strategy, with a goal of ensuring that 20 million have access to a bank account and responsible credit by 2025, and to substantially increase access to finance for micro-enterprises during the same period.			

Table 6: For Financial Health

	Understand country context	Set baselines and priorities	Set SMART Targets	Define KPIs
	In the country the bank operates in, there is a considerable financial health gap:	**Internally, the bank identified the following regarding its clients (in 2020):**	**The bank's formulated SMART Target (by 2025):**	**The bank's prioritised KPIs**
Impact: Day-to-day financial management	85% of the adult population in the country have a banking account/ access to financial services	20% of our customer base are considered vulnerable groups (who display a low level of financial security, elderly customers (+60), 50% utilise overdraft credit regularly which is 30% more compared to total customer base	Decrease the regular use of overdraft and over-indebtedness of the vulnerable group (who display a low level of financial security and elderly customers (+60) by 30% by 2025 Take the percentage of customers for which spending exceeded 90% of inflows for more than 6 months last year, from 21% down to 15%	Percentage of customers (classified as being from a vulnerable group) using overdraft regularly, decrease this percentage by 6% per year, and decrease over-indebtedness by 4% per year. % of customers for which spending exceeded 90% of inflows for more than 6 months last year % of customers with a non-performing loan, % of customers using overdraft regularly
	25% of the population in the country regularly use overdraft 10% of the population is over-indebted	25% of the customers in the vulnerable group are over-in-debt « 21% of customers for which spending exceeded 90% of inflows for more than 6 months last year »		
	30% of the adult population have low level of financial security and elderly individuals are at the top of the list 85% Spend less than or equal to income 71% Pay all bills on time 54% Have a manageable amount of debt 70% Have a prime credit score			

	Understand country context	Set baselines and priorities	Set SMART Targets	Define KPIs
	In the country the bank operates in, there is a considerable financial health gap:	**Internally, the bank identified the following regarding its clients (in 2020):**	**The bank's formulated SMART Target (by 2025):**	**The bank's prioritised KPIs**
Impact: Financial resilience	Out of 10 individuals, only 5 have a savings/investment account. And from those, 40% have low volume of savings/ investments. 20% of the population did not save money in the last year. 61% Have enough savings to cover at least three months of living expenses, 59% Are confident their insurance policies will cover them in an emergency	20% of customers can be classified as vulnerable groups (low level of financial security, elderly (+60)), of which 80% have low rates of medium and long-term savings and 35% do not have sufficient emergency funds. 5% of elderly (+60) customers with products connected to long-term saving and investment plans	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% by 2025. Take the percentage elderly (+60) customers with products connected to long-term saving and investment plans from 15% down to 30%	Number and volume of customers from the defined vulnerable groups with recurrent savings and having emergency funds— increase by 5% per year. % of customers with products connected to long-term saving and investment plans % of customers showing an increase or stable amounts in savings, deposit, and/or investment account balances, quarter or quarter.
	80% of individuals from vulnerable groups (such as people with low levels of financial security and elderly (+60)) do not posses sufficient savings for the long-term and/or do not have enough emergency funds for unexpected expenditures			Number and volume of customers with low level of financial security with long term saving plans, increase by 5% per year.
Outcome: Financial literacy	40% of the population of the country have limited financial knowledge and digital skills. There is a National Financial Wellbeing Strategy to have 2 million more people saving and 20 million more people understanding financial planning for the long term by 2030. The country, according to the OECD International Survey of Adult Financial Literacy scored 4/7 for Knowledge, 5.9/9 for Behavior, and 3.2/5 for Attitude.	We conducted a survey and 30% of customers stated that they have low levels of financial knowledge. This percentage is even higher for vulnerable groups. We used the OECD's International Survey of Adult Financial Literacy and we surveyed a sample of our customers participating in Financial Initiatives showing that at least 50% of them have low levels of financial knowledge and even lower for vulnerable groups.	Improve the financial and/ or digital skills of 10 million individuals with financial and digital education programmes, in partnership with other institutions across sectors by 2025. Increasing % of individuals that score high or very high in their level of financial skills from 50% to 80%	2 million customers and non-customers engaged (eldery and low level of financial security groups) in these programmes by, with an impact analysis carried out in three-year cycles # of individuals supported with dedicated and effective financial and/or digital education initiatives

Designing and delivering an action plan

This task refers to structuring actions, articulating them through engagement strategies, and setting milestones to quickly assess success in achieving the targets set by your organisation.

Input needed for this task	▪ Results of the impact and context analysis (incl. the list of existing actions and engagement strategies). ▪ Established SMART targets for the organisation. ▪ Defined KPIs.
Resources available from UNEP FI	Conceptual model for Financial Health and Inclusion Consumer Banking Assessment Module
Recommended output for this task	▪ Action Plan designed to materialise targets set. ▪ Milestones set for KPIs. ▪ Established roles and responsibilities regarding actions in the Action Plan. ▪ Client/customer engagement strategy. ▪ Stakeholder engagement strategy.

Designing the action plan

An action plan puts all the previous tasks into what could be considered the Pathway to Impact for the organisation. The context analysis, performance assessment, and priorities and baseline set by the organisation make up the pathway's inputs and inform the definition of actions to take. All targets and KPIs defined at the impact, outcome, and output level inform the result that the actions taken must have. Lastly, milestones set for KPIs allow the organisation to evaluate better how successful the actions are in delivering results.

The design process also includes assigning roles and responsibilities regarding implementing the actions.

Defining milestones

Milestones refer to specific points or achievements along the target implementation timeline that mark significant progress or accomplishments toward the implementation. They can be qualitative, like making a particular product or policy available for a prioritised group, or quantitative, like achieving 50% of the employee training target. The general recommendation is to include milestones in the action plan and associate them with the organisation's KPIs and targets.

Types of actions

The table below shows the four categories in which actions can be grouped.

Table 7: Categories of actions

	Definition	How success looks like	Examples of actions
Internal policies and processes	Actions focused on enhancing the bank's internal policies, protocols, and governance structures to actively promote Financial Health and Inclusion.	Supported the removal of any access and/or usage barriers to financial products and services that the prioritised groups are facing. + Milestones achieved on related KPIs.	▪ Ongoing assessment of barriers for vulnerable groups to get access to the financial system. ▪ Improve credit and risk policies to mitigate over-indebtedness, e.g., risk models to screen early signs of over-indebtedness, behaviour and income assumptions, and appetite risk by vulnerable groups. ▪ Incorporate nudges in Internet banking platforms, e.g., opt-in/opt-out options for pension funds, low-cost credit lines, warnings for overdraft protection, and just-in-time warnings. ▪ Develop or refine financial consumer protection policies and initiatives, e.g., responsible marketing, responsible lending, understandable language, and no misleading advertisements. ▪ Embed your organisation's Financial Health and Inclusion targets into its remuneration, incentive, and performance management systems, e.g., incentivising long-term customer relationships and financial inclusion of customers that are less profitable in the short run rather than incentivising short-term sales targets and provisions. ▪ Integrate Financial Health and Inclusion objectives and targets into your organisation's decision-making processes. Regularly review existing management systems and processes to assess whether these need to be modified or strengthened to enable your organisation to deliver on its sustainability-related goals. ▪ Communicate internally and externally on your organisation's Financial Health and Inclusion approach and performance. Actively communicate top-level buy-in from CEOs and the C-suite with statements, quotes and interviews in internal and external media, and regularly address Financial Health and Inclusion topics to raise awareness, understanding, knowledge and interest among staff. ▪ Educate and train employees on your organisation's Financial Health and Inclusion strategy and targets in general, particularly on issues pertaining to their respective areas of work, to develop appropriate awareness and expertise at all levels. (i.e. inclusive design guidelines to facilitate financial inclusion be given to the product design team).

	Definition	How success looks like	Examples of actions
Portfolio composition and financial flows	Actions are directed at shaping the bank's portfolios and financial activities to support and advance Financial Health and Inclusion objectives actively.	Helped increase affordable and effective access to basic banking products and services of the organisation. + Milestones achieved on related KPIs.	▪ Improve or develop new products and services targeting and designing for vulnerable customer groups and groups with protected characteristics as standard. ▪ Establish free-of-charge accounts for specific vulnerable groups. ▪ Develop digital solutions and digital apps designed for specific needs, e.g., disabilities. (Organisations should be aware of the risk when offering standardised digital solutions that could lead to further exclusion. Financial institutions should find ways to improve digital access, motivation, and skills. Organisations should also mitigate the risk of bias in implementing artificial intelligence and algorithms design). ▪ Set up entrepreneur platforms or digital solutions to engage rural areas or underbanked groups, e.g., women and microentrepreneurs. ▪ Offer financial advisory services for over-indebted individuals.
Client engagement	Actions aimed at proactively engaging clients to enhance their financial health and foster inclusion, in line with an effective client engagement strategy.	Helped the organisation provide products and services that are affordable and suitable for customers' financial health through relevant channels. + Milestones achieved on related KPIs.	▪ Develop financial and/or digital skills education programmes, financial and digital toolkits, and advisory services as a preventive measure to avoid over-indebtedness and support people in controlling their financial health. ▪ Deliver financial education and/or digital skills-building courses, programs, contents, etc., to individuals, both customers and non-customers. ▪ Allow customers to test their financial skills with an online assessment that gives recommendations and tips. ▪ Allow customers to test their level of financial health with an online assessment that gives recommendations and tips. ▪ Have employees who were trained as financial coaches reach out to customers who tested low in their financial health assessment. ▪ Set up an evaluation mechanism to test the appropriateness / tailoring of products and services to specific vulnerable groups. ▪ Designing and implementing a client engagement strategy.

	Definition	How success looks like	Examples of actions
Advocacy and partnerships	Actions focused on advocating for policies and building collaborations that promote Financial Health and Inclusion within broader society.	Supported the creation of an enabling environment for Financial Health and Inclusion, including missing policies and regulations in the country. + Milestones achieved on related KPIs.	▪ Collaborate with NGOs, governments, fintechs, other enterprises, and organisations on product innovation. ▪ Set up partnerships with academia, think tanks or global networks to develop and improve methodologies to measure Financial Health and Inclusion. ▪ Advocate for public policies for financial inclusion and financial health. ▪ Collective effort for stewardship and/or policy engagement. ▪ Defining and implementing a stakeholder engagement strategy.

A note on actions related to data analytics:

- Improve data capture (including disaggregated data) and run data analytics to understand the behaviours of different groups.
- Improve risk models and behaviour anticipation with transactional and/or survey data.
- Review the risk of discrimination or bias in service offerings, mainly using algorithmic decision-making, and mitigate identified risks through appropriate internal processes.

Work and collaborate with partners across sectors to obtain missing data, e.g., utility companies, debt registers, governments, academia, and NGOs.

Increasing the digitalisation level of the organisation and its data intelligence capabilities is critical when working on increasing financial inclusion and generating financial health. Nonetheless, efforts for digitalisation cannot come at the expense of vulnerable groups. There is still often a need for a human touch in at least some interactions to build trust with customers and answer questions one-on-one. Whether sales and other interactions are conducted virtually or in person, there is an imperative for them to be done responsibly and transparently, educating consumers and allowing them to make informed decisions. In this way, customers are empowered to build their resilience.[33]

General recommendations on effectively integrating Financial Health and Inclusion into the bank's client engagement strategy

Based on PRB's Principle 3 which addresses clients and customers:

- Ensure that the bank's client engagement strategy addresses the identified needs of prioritised customer groups and that these clients for advancing Financial Health and Inclusion initiatives are embedded in the bank's client engagement strategy.
- Ensure representation across diverse client segments, including under-served communities, vulnerable individuals, and businesses seeking financial empowerment.
- Establish clear engagement objectives aligned with the institution's commitment to enhancing financial health and fostering inclusion.
- Customise engagement strategies to resonate with the specific financial aspirations and challenges faced by prioritised client segments.
- Cultivate an environment of transparency, ensuring accessible and clear communication about financial products, services, and opportunities.
- Encourage client feedback and participation, valuing their insights to co-create tailored financial solutions and services.
- Develop comprehensive engagement plans delineating tailored activities, timelines, and responsibilities to advance client Financial Health and Inclusion.
- Maintain adaptability to meet evolving client needs and preferences in financial inclusion.

33 See UNEP FI's Just Transition Guidance.

- Regularly assess the impact of engagement initiatives against predefined metrics tied to client Financial Health and Inclusion.
- Continually refine engagement strategies based on client feedback, emerging financial needs, and evolving inclusion dynamics.
- Demonstrate sustained commitment to client engagement, fostering enduring relationships built on trust and shared commitment to financial well-being.

As a final suggestion for financial institutions, especially banks, the members of the Working Group discussed a possible approach to client engagement using three cyclical steps. The details of this approach are presented in Annex E.

Formulating a transparent monitoring and reporting system

All the tasks completed so far are part of managing an organisation's impact[34] on people and the planet, in this case, on the Financial Health and Inclusion of individuals and businesses. Essential to this ongoing process is the need for monitoring and reporting, internally and externally, enabling a comprehensive assessment of progress. This dual approach serves as the compass for continuous improvement within the organisation. By diligently monitoring advancements and transparently reporting these outcomes, the organisation measures its strides towards positive impact and instils a culture of accountability and continuous improvement. Such monitoring and reporting mechanisms are crucial for steering the organisation toward meaningful outcomes while fostering a culture of adaptability and sustained improvement.

According to the governance system established, some internal stakeholders are tasked with the responsibility of monitoring and reporting metrics connected to the Financial Health and Inclusion strategy, targets, KPIs, and/or milestones.

Input needed for this task	▪ Targets set by the organisation. ▪ Defined KPIs and milestones.
Resources available from UNEP FI	PRB Guidance for Assurance Providers Reporting and Self-Assessment Template
Other resources available	IFRS Disclosure Standards SASB Standards GRI Standards ESRS Standards
Recommended output for this task	▪ Roles and responsibilities for monitoring and reporting connected to the governance system. ▪ Periodicity of monitoring. ▪ Periodicity of reporting and metrics to report. ▪ Stakeholders (internal and external) with whom reports will be shared.

34 See Step 5 of the Impact Protocol for more details.

Monitoring

Impact management is an ongoing process that needs to be reviewed regularly to monitor whether it produces the expected and desired results and to consider what adjustments might be required. This means reviewing the targets set by your organisation and their corresponding action plans and milestones to see if the latter have been appropriately implemented and whether they have successfully delivered the expected outcomes and impacts.

The general recommendation is to monitor metrics connected to targets, KPIs, and milestones with a periodicity that allows teams in the organisation timely insights for proactive decision-making and strategy refinement. Typically, impact metrics should be monitored at least annually, while outcome metrics benefit from evaluation at least semi-annually, ideally quarterly. For output or action-oriented metrics, regular checks at least quarterly are recommended, with the optimal frequency being monthly.

Reporting

Furthermore, as banks hold responsibility towards their stakeholders, public disclosure plays a crucial role as it allows both internal and external stakeholders to evaluate an organisation's societal impact and the strides it is taking. Consequently, this fosters trust in the bank's commitment to sustainability, setting it apart from competitors. Regular progress updates are vital in validating the efficacy of strategies, inspiring employees, benchmarking against peers, fostering innovation, and fortifying an organisation's reputation and credibility.[35]

The general recommendation is to publicly report progress at least once a year to inform external stakeholders and to report progress every quarter to inform internal stakeholders who are not critical operational stakeholders of the Financial Health and Inclusion strategy. For those that are key, the recommendation is to set up a dashboard that consolidates all critical metrics so teams can assess progress and introduce necessary improvements quickly.

As part of the Advocacy practice, banks are encouraged to include their commitment to Financial Health and Inclusion initiatives in their annual reports, corporate governance statements, and/or sustainability reports where relevant. This provides credibility in the banks' statements, raises awareness over the significance of Financial Health and Inclusion, and encourages the users in the wider financial ecosystem to consider their own role with regards to the subject.

35 See PRB Principle 6: Transparency and Accountability for more details.

How to report based on the PRB?

PRB signatories are required to provide information on their PRB implementation in their existing public reporting within the first 18 months of becoming a signatory and every year after that. To ease reporting efforts in line with Principle 6, UNEP FI has created a Reporting and Self-Assessment Template.

The outputs of all tasks covered in this Guidance are expected to be included in the bank's PRB reporting. Based on the structure of the Reporting and Self-Assessment Template, table 8 below shows how the tasks, as described in this Guidance, feed the Template:

Table 8: Using this Guidance to populate the Self-Assessment and Reporting Template

Task in this Guidance	Related sections in the Template
A governance system in place	5.1
Impact identification	2.1. c
Context Analysis and Alignment	2.1.c, 2.2.a
Baseline setting	2.1.d, 2.2.b, 3.2
Target setting and KPIs	2.2.c
Action plan design	2.2.d, 3.1, 4.1, 5.2, 5.3

Integrating your Financial Health and Inclusion reporting with other frameworks

IFRS Sustainability Disclosure Standards

As stated in paragraphs 45–53 of the IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information,[36] organisations shall disclose metrics required by an IFRS Sustainability Disclosure Standard, metrics developed by the organisation or metrics taken from other sources. If using metrics developed by a source other than IFRS Sustainability Disclosure Standards including your organisation, IFRS S1 requires organisations to disclose information about the metrics used including the name of the metric and its source. If your organisation uses metrics from this Guidance, you can refer to UNEP FI as the source of the metric and disclose code and name of the indicator.[37]

Remember that metrics that are part of the IFRS Sustainability Disclosure Standards have been included in the list of Additional Indicators. Thus, the code in that list is the same as it shows in the respective IFRS standard or SASB Standard.[38]

CSRD/ESRS Framework

Banks can leverage the European Sustainability Reporting Standards (ESRS)[39] **as mandated** for use by all companies subject to the Corporate Sustainability Reporting Directive (CSRD) for reporting on their Financial Health and Inclusion policies. Key standards like ESRS-G1 provide an overview of their sustainability approach and financial inclusion efforts, while ESRS-S1 focuses on customer welfare and financial literacy. Other standards, such as ESRS-S2 and S3, address human rights and supply chain due diligence, linking bank operations to community financial health. Additionally, ESRS-G2 covers governance and risk management, ensuring the **bank's initiatives and policies** are effectively implemented and monitored.

36 Financial Health and Inclusion fall within the scope of IFRS S1. Visit IFRS.org for more details
37 See Common Indicators for more details
38 Sustainability Accounting Standards Board (SASB) Standards vary by industry and include multiple metrics. Visit SASB.org for more details
39 ESRS Framework

Global Reporting Initiative (GRI)

At the time of publication of this Guidance, GRI did not have sector-specific standards for financial services or material topic standards related to Financial Health and Inclusion.[40] In this case, an organisation that reports using GRI standards and that has prioritised Financial Health and Inclusion as a material topic should disclose how it manages the material topic (i.e. baselines, targets, actions, KPIs, etc) and include disclosures developed by the organisation and disclosures from other sources. For the latter, if your organisation uses metrics from this Guidance, you can refer to UNEP FI as the source of the metric and disclose the code and name of the indicator.[41]

> Keep in mind that the structure of the PRB reporting template meets GRI reporting standards.

Integrated Reporting Framework

Banks employing an Integrated Report approach[42] are encouraged to consider the broader impacts of Financial Health and Inclusion on the six capitals, as well as how they contribute to the institution's larger value creation, in line with the framework standards. For example, Financial Health and Inclusion initiatives might build social and relationship capital by fostering community trust and loyalty, or human capital by training staff in new skills.

40 Organisations that report using GRI standards should meet general requirements plus sector-specific and topic-specific requirements. See globalreporting.org for more details

41 See Common Indicators for more details

42 See Integrated Reporting Framework for more details

PART 3:

Supplements and additional resources

Photo by Nikita Belokhonov

Annex A: Complementary terms

Business

In the context of this guidance, the term 'business' encompasses three distinct types: self-employed individuals, microbusinesses, and small-sized businesses. Classification can be based on many variables, but for simplicity, this Guidance has based classification on three variables: number of employees, revenue turnover, and total assets. Table 9 showcases suggested thresholds based on general information gathered from various sources, including industry publications, economic reports, and government guidelines from multiple countries worldwide. Additionally, Table 10 shows a non-exhaustive list of these types of businesses' financial needs.

Table 9: Types of businesses and thresholds

	Enterprise Type	No. Employees	Assets (USD)	Rev. Turnover (USD)
Developed	Self-Employed[43]	Sole proprietors, freelancers	<= 500,000	100,000–1,000,000
	Micro Businesses	1–10	<= 500,000	100,000–1,000,000
	Small Businesses	10–49	500,000–4,000,000	1,000,000–4,000,000
	Medium Businesses	50–250	4,000,000–20,000,000	4,000,000–20,000,000
Developing	Self-Employed[44]	Sole proprietors, freelancers	<= 100,000	5,000–250,000
	Micro Businesses	1–10	<= 100,000	5,000–250,000
	Small Businesses	10–49	100,000–1,000,000	250,000–2,000,000
	Medium Businesses	50–250	1,000,000–10,000,000	2,000,000–10,000,000

43 Self-employed enterprises are those with a single shareholder and no employees. This guidance covers those similar in size to micro enterprises. Note they are likely to be amongst the more vulnerable.

Thresholds in Table 9 are indicative only and subject to significant variations influenced by industry types, geographic locations, economic circumstances, and currency exchange rates. Their purpose is to outline the diverse thresholds utilised in defining businesses based on employee count, total assets, and revenue turnover. They also present a broad understanding of global classifications rather than specific to any individual country. Financial institutions are highly encouraged to adapt these thresholds to comply with local regulations, align with the unique economic sectors they serve, and disclose how these thresholds were determined in their annual reports, ensuring transparency, and facilitating benchmarking.[44]

Table 10: Financial needs of businesses

Financial needs	Self-employed individuals	Microbusinesses	Small businesses
Basic banking services	Personal banking accounts, Business accounts	Business accounts, basic financing	Business accounts, loans, credit lines
Funding	Equipment financing, professional development	Working capital, equipment, or inventory funding	Business loans, working capital
Payment solutions	Personalised invoicing tools, online payments	Basic payment solutions, invoicing tools	Customised payment solutions
Financial planning	Personal savings accounts, tax guidance, business formalisation guidance	Basic financial planning, budgeting tools, business formalisation guidance, tax guidance	Comprehensive business planning
Risk management	Personal insurance, liability coverage	Equipment or project insurance	Comprehensive business insurance

Behavioural finance

It is a field of study within finance that combines principles of psychology and economics to examine how cognitive biases, emotions, and other psychological factors can influence financial decisions and market outcomes. It seeks to understand how individuals and groups make financial choices, often deviating from traditional economic theories that assume rational decision-making.

Formalised business

Formalised businesses are legally registered and recognised entities that adhere to established laws and regulations. In contrast, informal businesses operate outside the formal legal framework but offer legal products and services, often lacking registration, tax compliance, and access to formal financial services. Formalised businesses contribute to the formal economy, while informal businesses typically engage in cash-based or off-the-books transactions.

44 All values are in US dollars. Author compilation based on industry publications, economic reports, and government guidelines from various countries worldwide. See Knowledge Hub for more details.

Financial capability

Refers to the capacity individuals have of making informed financial decisions, effectively manage their finances and those of their businesses, and navigate various financial situations.[45] A key element of financial capability is financial literacy.

Financial education

Based on the OECD's definition, it refers to the process by which financial consumers, through information, education, and advice, develop the skills and confidence to make informed financial decisions, understand financial risks and opportunities, and ultimately improve their financial well-being.

Financial empowerment

Refers to equipping individuals and communities with the necessary knowledge, skills, resources, and access to financial tools to take control of their financial lives and make informed financial decisions. It surpasses the provision of financial products, aiming to empower individuals to understand and navigate the intricacies of personal finance, fostering healthier financial behaviours and realising their financial aspirations. As individuals become more financially empowered through education, access to resources, and developing skills, they tend to develop an internal locus of control regarding their finances. This means they are more likely to believe in their ability to influence financial outcomes through informed decision-making and actions, increasing financial confidence and self-efficacy.

Locus of control

Refers to an individual's belief about how much they can control events or outcomes. In the context of personal finance, it relates to the perception of control over financial circumstances and outcomes and where it lies. It delineates between an internal location of control that can empower individuals to shape their financial state through their own actions, and an external location of control which, attributes financial results to external forces. Assessing an individual's financial locus of control unveils insights into their financial attitudes, behaviours, and decision-making in money management, spending, saving, investing, and overall financial health, significantly shaping financial outcomes.

Positive money management behaviours

- **Planning income use:** Often plans how to use the income, has precise plans, and often keeps to those plans.
- **Keeping track of money:** Knows how much was spent last week, often checks accounts.
- **Active product choice:** Often check if they have the best product for financial needs, conduct an information search before buying products, and carefully check the terms and conditions of products bought.
- **Informed decision-making:** Always gets information when there is a financial decision to be made, tries to stay informed about money matters, and spends a lot of time considering options before making financial decisions.

45 Based on the definitions included in the UK Financial Capability Strategy and Financial Wellbeing Strategy by the Money & Pensions Service

Positive money use behaviours

- **Spending restraint:** Consumption levels don't cause a lack of money at the end of the month; before buying something, consider carefully whether one needs it, buy things they can afford, and are more of a saver than a spender.
- **Active saving:** Often saves money to cover unexpected expenses, tries to save money for the future, tries to save money regularly, and makes sure always has money saved.
- **Not borrowing for daily expenses:** Don't use credit for food and daily expenses, borrow money to pay off debts, or use overdraft regularly.
- **Restrained consumer borrowing:** Has a manageable number of consumer credit commitments (secured and unsecured), isn't overindebted, and the total amount owed in unsecured credit commitments is low.

Sustainable growth

Based on the OECD's definition and the UN's work on SDGs, Sustainable growth refers to economic growth that meets the needs of the present without compromising the ability to meet future needs. In the context of businesses and organisations, sustainable growth involves pursuing growth strategies that are environmentally responsible, socially inclusive, and financially viable. Financial institutions should aim to support their business customers in more sustainable operations and their customers in leading more sustainable lives that allow for sustainable growth.

Annex B: Recommendations on assessing Financial Health

As UNEP FI keeps working with financial institutions and partners around the world in establishing a standardised methodology for assessing financial health, the Social Issues and Human Rights Team has put together a series of recommendations for your organisation when establishing indexes or scores for assessing financial health. These recommendations are based on conversations with experts, scholars, and financial well-being teams at our member banks.

Calculating a financial health index/score for Individuals:

To establish a robust scoring system, carefully measure indicators for each component (financial resilience, financial planning and execution, day-to-day financial management, and financial confidence) and each enabler (financial inclusion, financial literacy, and financial behaviours). Ensure that the data used for calculations is accurate, up-to-date, and verifiable.

> That is, measuring what the financial institution can directly influence and adjust based on what it cannot directly control.

Assign weights to these indicators based on their significance, considering the socio-economic context of the individual (gender, age, income level, etc.). Understand that the socio-economic context influences both the enablers and components of Financial Health. Consider incorporating external economic indicators that may impact an individual's financial health, providing a more comprehensive evaluation. Implement a dynamic system that allows for adjustments of weights over time, acknowledging the changing economic conditions and societal factors. Additionally, introduce a benchmarking system, enabling individuals to compare their financial health against peers that match their socio-economic context but also against past assessments so they can track their progress over time.

Calculating a financial health index/score for businesses

To adopt a similar comprehensive approach for businesses, measure indicators for each component and enabler, and include the financial health score of the business owner as in individual as an additional variable, given that the financial results of micro and small-sized businesses is intrinsically connected to those of the owner. To calculate the overall score for the business, implement a dynamic weighting system based on the significance of all variables and adjust based on the socio-economic context of the business (economic sector, industry-specific economic trends, etc.).

Introducing a benchmarking system, enabling business owners to compare their businesses' financial health against peers that match their socio-economic context but also against past assessments so they can track their progress over time, is recommended.

Recommendations on obtaining the data for the index/score

Keep in mind that data can be internal, publicly available, transactional, or survey-based. Scores that include all three types of data will be more robust and will show a more accurate picture of the current level of financial health of the individual or business. Additionally:

- Consider incorporating mechanisms to verify the accuracy of self-reported data, especially when dealing with perceptions on individual financial behaviour.
- Navigate data protection regulations diligently when collecting, processing, and storing customer data. Ensure that data practices adhere to privacy standards and obtain explicit consent for data usage where required.
- For primary financial institutions, scrutinise inflows and outflows for a holistic financial picture, encompassing all four components of financial health.
- Non-primary financial institutions can focus on gathering data to assess the levels of financial resilience and day-to-day financial management for both individuals and businesses. Evaluate customer behaviour and capabilities needed for handling unexpected financial challenges Available transactional data and survey-based data can be used here, within data protection guidelines.
- Leverage credit scores intelligently as an indicator of financial behaviour and capability for both individuals and businesses, considering how well customers manage their debt and meet their financial commitments. Use publicly available credit scores in combination with internal scores.
- Implement automated methods to collect data.
- Explore blockchain data, credit reference bureau data, and other relevant sources to enhance the depth of assessment across financial health components and enablers.
- Incorporate insights from behavioural economics to understand customer decision patterns.
- Implement advanced transaction categorisation algorithms to understand spending patterns, savings behaviours, and other aspects relevant to financial health components.
- Explore the use of machine learning models to analyse historical financial data and predict future trends for each component of financial health for both individuals and businesses, factoring in the influence of financial inclusion, literacy, and positive behaviours.

Some available tools and resources for Financial Health assessment:

- United States' Consumer Financial Protection Bureau's guide to measuring financial well-being
- ANZ's financial well-being calculator
- Bank of Ireland's financial well-being assessment available for customers and non-customers
- CAF's work on Financial Well-being determinants in Latin America
- UNCDF's financial health scorecard

Annex C: Financial Health and Inclusion self-assessment questionnaire for banks

Use this quick self-assessment questionnaire to understand your bank's starting point before building your bank's strategy for Financial Health and Inclusion.

Question	Yes	No	Additional details
Does the bank have an official definition of Financial Inclusion? What is it?			
Does the bank have an official definition of Financial Health? What is it?			
If you were to randomly ask a bank employee about these definitions, would they know them?			
Are these definitions in line with those in the Principles for Responsible Banking (PRB) Guidance on Financial Health and Inclusion?			
Has your bank already defined the groups it will prioritise? Which are they? How did the bank decide on those prioritised groups?			
Are there any vulnerable groups you might be leaving behind by focusing on the ones you currently have?			
Are you currently carrying out actions that address financial health and/or financial inclusion as explained in the PRB Guidance on Financial Health and Inclusion? Which are they?			
Are you measuring all aspects of the Pathway to impact described in the PRB Guidance on Financial Health and Inclusion when assessing the performance of your organisation? Is there anything you are not measuring yet?			
Can you disaggregate the data provided by your existing indicators to understand how your prioritised groups are performing?			
Have you identified opportunities for improvement in your performance assessment? Which ones?			
Have targets already been set for the indicators measured? Which ones?			
Have those targets been established considering the current gaps, challenges, policies, and regulations in your country of operation? How many?			

Question	Yes	No	Additional details
Are those targets part of the corporate dashboard of the bank? How many?			
Is there a financial health strategy in place that articulates all the above?			
If not, does your bank have a financial inclusion and/or financial literacy strategy?			
Is the strategy signed at board level?			
Is there a governance structure to oversee these strategies? How does it work?			

Annex D: Databases for context analysis

Most relevant data on a country's Financial Health and Inclusion can be found on the World Bank's Global Findex Database. This database compiles data about financial inclusion using nationally representative surveys of over 128,000 adults aged 15 and above in over 180 economies. In the full report, your organisation can see the main results and findings useful to understand your country context.

You can also access different World Bank databases for respective countries here.

For additional global and regional databases that can support context analysis, consult the table below:

Organisation	Relevant topics	Link to information
AFI	To check if your country has signed the Maya Declaration and if it has set targets.	AFI data portal
Centre for Financial Inclusion	Reports on Financial Health and Financial Inclusion—Financial Health Framework.	centerforfinancialinclusion.org/beyond-financial-inclusion-financial-health-as-a-global-framework
CREDICORP	Credicorp Financial Inclusion Index Report.	grupocredicorp.com/indice-inclusion-financiera/
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.	cgap.org/pulse
Discrimination and vulnerable groups	Country perspectives for discrimination and vulnerable groups.	dlapiperintelligence.com/goingglobal/employment/index.html?t=09-discrimination
OECD—Financial Literacy	2017 OECD/INFE International Survey on Adult Financial Education Competencies in G20 Countries.	oecd.org/daf/fin/financial-education/g20-oecd-infe-report-adult-financial-literacy-in-g20-countries.htm

Organisation	Relevant topics	Link to information
OECD—SME	OECD and World Bank reports provide an overview of the SME sector.	oecd.org/cfe/smes/financing-smes-and-entrepreneurs-23065265.htm
United Nations Environment Programme Finance Initiative	Context Module	unepfi.org/impact/unep-fi-impact-analysis-tools/portfolio-tool/
United Nations—UNSGSA	2022 Little Data Book on Financial Inclusion summarises data found in the Global Findex database, allowing for country-to-country comparison as well as regional and global benchmark	unsgsa.org/sites/default/files/resources-files/2023-01/Findex%20Data%20Book%202021.pdf
United Nations—SDGs	SDG progress per country	unstats.un.org/sdgs/dataportal
United Nations—UNCDF	Global Dashboard for Financial Health	communityforfinancialhealth.com/financial_health_dashboard
World Bank—SME	Reports that provide an overview, complementary to other sources: Ex. SME gaps, alternative data that transform SME financing	worldbank.org/en/topic/smefinance

Annex E: Approach to client engagement

Maximising the generation of financial health in individuals and businesses requires that financial institutions understand the financial needs they can address and the gaps they can help close. To enhance a Financial Health and Inclusion strategy, effectively covering a significant portion of the customer portfolio in which Individuals and businesses are included, the Working Group has envisioned an approach to client engagement (Figure 9) to generate financial health in prioritised groups, covering approaches for both individuals and businesses. It is important to understand that in case of businesses, one key aspect is to work on both the financial health of the business owner (i.e., the individual) as well as the financial health of the business itself.

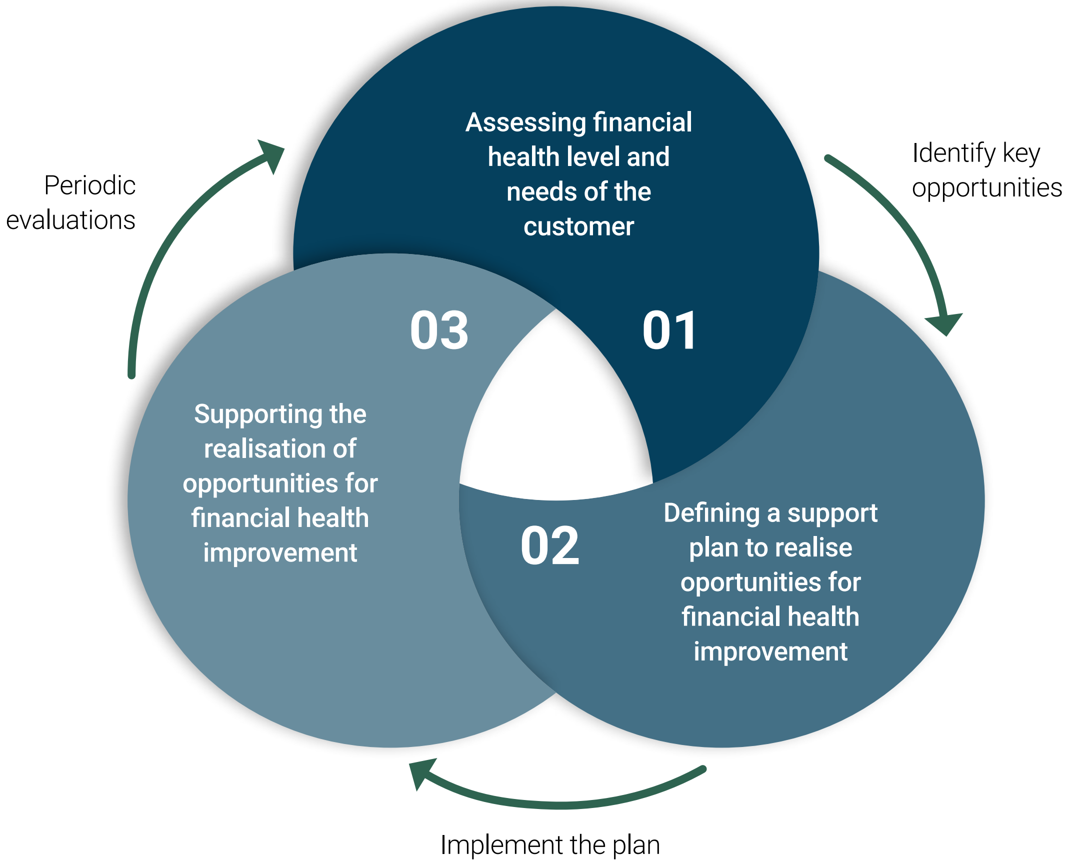

Figure 9: Approach to client engagement

This approach to client engagement requires proactive actions on portfolios, policies and processes, and advocacy before and during implementation.

Finally, to understand the effectiveness of implementing the approach, we recommend the bank use the KPIs defined in the Financial Health and Inclusion Strategy of the bank and set milestones for those KPIs, like several prioritised customers assessed and engaged with a personalised plan to reach 5,000, for example.

A note on availability of data for assessment: The more data available, the more holistic the solutions proposed by the bank will be, but not having a high level of data intelligence should not deter your bank from moving into action. Work the steps based on what is available and what regulation allows and use the gaps as opportunities for improvement in the category of policies and processes in your action plan.

Step	Individual/business owner	Business
1. Assess financial health	▪ Conduct a holistic evaluation of the individual/business owner's financial health, including cash flow, planning, resilience, and financial and digital literacy levels. ▪ Consider utilising a Financial Health Score for individuals; if not feasible, measure financial confidence, resilience, planning, and financial management indicators.	▪ Conduct a comprehensive evaluation of the business's financial state, covering aspects like cash flow, profitability, liquidity, solvency, and operating efficiency. ▪ Utilise a Financial Health Score tailored to the business type or measure key indicators to analyse financial resilience, planning, and management. If possible, also evaluate the business's ESG performance.
2. Define a support plan	▪ Use the assessment results to pinpoint opportunities for enhancing financial health. This involves identifying training needs, access to pertinent products/services, and financial advisors. ▪ Develop personalised support plans to improve financial health or segregate personal and business finances. The level of personalisation depends on bank size and digitalisation. ▪ It is crucial to consider the behavioural biases of individuals and business owners when defining support plans. Thus, it is recommended to involve behavioural finance aspects in creating said plans as well as products, services, and customer experiences.	▪ Identify opportunities for enhancing the business's financial health, addressing training needs, access to specific products/services, and guidance on sustainable practices. ▪ Develop a tailored support plan aligned with the owner's personal finance plan, considering behavioural biases and varying digital literacy. ▪ It is crucial to consider the behavioural biases of business owners when defining support plans for their businesses. Thus, it is recommended to involve behavioural finance aspects in creating support plans as well as products, services, and customer experiences.

Step	Individual/business owner	Business
3. Support opportunities for improving the customer's financial health	▪ As financial health is a shared responsibility, collaborate with the individual/business owner to implement the support plan effectively. Design products, services, and financial/digital literacy resources to enhance financial awareness and skills. ▪ Monitor improvements using relevant KPIs and periodically triage to spot customers who are not thriving and assess ways to help.	▪ Collaborate with business owners to implement the support plan, providing resources to advance sustainable practices and financial health. ▪ Provide technical assistance for sound business plans and affordable funding options. ▪ Monitor improvements using relevant KPIs and periodically triage to spot customers who are not thriving and assess ways to help.
Recommendations	▪ Especially with self-employed individuals and microbusiness, take into consideration the financial health level of the business owner in the assessment. ▪ Sustainable growth depends on the business' current ESG performance. Assessing, for example the gender-responsiveness level of the business, its carbon footprint, or if it is providing decent employment allows the bank to integrate its Financial Health efforts with other social and environmental impact-driven work and provide more holistic solutions to its customers. ▪ The level of personalisation will depend on the size of the bank and level of digitalisation. Some banks might be able to create a support plan for each prioritised customer while others might need to cluster prioritised groups based on share financial health conditions. ▪ A good way to deliver support plans is through digital platforms, which requires the bank to pay special attention to customers from prioritised groups with low digital literacy.	

Annex F: Examples of actions carried out by PRB signatories

Actions on financial inclusion

Access Bank launched the W initiative to support female entrepreneurs in Nigeria. The W initiative includes capacity-building programs, mentoring, loans and credit facilities, and an innovative savings product, "LIVE B3TA", targeted at women groups in rural and peri-urban areas with limited financial services.

BMO launched "BMO for Women" in 2016, a program supporting women-owned businesses and boldly committed to double support for women entrepreneurs between 2019 and 2025. In 2020, BMO Financial Group announced The Zero Barriers to Inclusion 2025, a multi-year diversity strategy focused on providing access to opportunities and enabling growth for colleagues, customers, and the communities they serve. More information here.

Bradesco launched the Micro individual Entrepreneur Website to provide financial and non-financial services, encouraging the opening of their MEI company and boosting their trajectory, as an entrepreneur:

CaixaBank has created MicroBank, the social bank of the group, which is a leader in financial inclusion through micro-loans and financing with a social impact. CaixaBank offers a social account in their product portfolio, which is free of charge for those on "minimum vital income".

Standard Bank Group develops many digital products to improve access and affordability of financial services in Africa: instant money transfer services, low-cost online accounts, and Joint Public-Private Efforts.

Westpac created an Access and Inclusion strategic plan to foster financial inclusion.

Actions on financial health

ANZ offers a self-paced online money management program for customers to develop techniques for effective budgeting, managing debt, smart banking and future planning including superannuation and saving. Specifically aimed at Indigenous Australian communities, they offer a similar in-person community led workshop program.

AIB has established a Vulnerable Customer Programme to support customers in vulnerable circumstances and focuses on critical areas such as Financial Abuse, Addiction, Dementia, Mental Health, Accessibility and Economic Resilience.

Bank of Ireland has developed an online financial well-being hub for personal and business clients.

Bancamia designed an innovative insurance product, Mi maternidad protegida, to protect female owners of microbusinesses during their maternity leaves so they wouldn't have a loss in income during those months and support their financial health.

BNZ provides comprehensive information for customers experiencing financial difficulty and engages in initiatives to support these customers, e.g., combating predatory lending practices. The bank also has a guide for businesses to have a happier, healthier workforce.

ING has different strategies to promote the financial health of customers. More details here.

Lloyds Bank uses a blend of transactional and survey data to understand levels of digital skills and capabilities, as well as a site for financial well-being support.

NatWest provides several programs for young adults, youth and children to familiarise themselves with basic money concepts and a financial health check-in.

Virgin Money encourage customers to conduct regular financial health check-ups, and offer assistance in doing so. They also offer extensive guidance in the form of anecdotal and context-relevant articles/blog posts.

Actions on financial education

AIB launched The Future Sparks Programme, a financial literacy programme for post-primary schools.

Bancolombia offers a program to facilitate financial and professional skills among rural communities to promote financial wellbeing and social mobility.

BBVA launched the Center for Financial Education and Capability providing research and wide-ranging initiatives to promote financial education around the world.

Caixa provides a corporate volunteering program that carries out basic finance workshops for adults at risk of exclusion and young students.

Santander provides extensive initiatives and workshops to boost financial well-being, including programs on how to prevent scamming.

Unicredit carry out financial education and awareness initiatives across its countries of operations, specifically targeting priority groups such as young people, women, and vulnerable groups.

Vancity partnered with the 'Namgis First Nation and the Village of Alert Bay to bring financial services and literacy to an Indigenous community in remote British Columbia. More details here.

Wema runs a program that targets financial education amongst women in Nigeria through workshops, talks, and community events.

Annex G: Knowledge hub

In addition to databases available for context analysis, this annex compiles a list of available resources on Financial Health and Inclusion.

Independent organisations/think-tanks/agencies/NGOs

Financial health

- Financial Health Network
- Financial Resilience Institute
- Aspen Institute's Financial Security Program
- US Financial Diaries by NYU Wagner's Financial Access Initiative (FAI) and The Center for Financial Services Innovation (CFSI)

Financial inclusion

- Center for Financial Inclusion
- Mastercard Center for Inclusive Growth
- Money Awareness and Inclusion Awards

Financial literacy/education

- Global Financial Literacy Excellence Center (GFLEC)
- G53 Financial Literacy and Personal Finance Research Network (G53 Network)

Vulnerability

- Guidance on applying the Financial Conduct Authority Guidance on Vulnerability by Money Advice Trust
- Money Advice Trust—Vulnerability Academy by Money Advice Trust
- Vulnerability, GDPR, and disclosure guidance by Money Advice Trust
- Vulnerability resources by Money Advice Trust
- Standards for accessibility of web-based services for people with disabilities

Academic resources

Behavioural finance

- Journal of Behavioral Finance
- Frontiers in Behavioral Economics (Journal)

Financial health

- Conceptual models by Elaine Kempson and Christian Poppe:
  - 2017 Version and 2018 Version
  - Model applied in Ireland and New Zealand
  - Video on International Comparison

Financial literacy

- Journal of Financial Literacy and Wellbeing

Databases/toolkits

MSMEs

- SME Finance Forum
- OECD/INFE Core Competencies framework on financial literacy for MSMEs

Financial inclusion/literacy

- OECD/INFE Toolkit for measuring financial literacy and financial inclusion 2022

International and governmental resources

Financial health

- Financial Health Community of Practice hosted by UNCDF

Financial inclusion

- World Bank's Financial Inclusion site

Financial literacy/education

- International Network on Financial Education (INFE) at OECD
- EC/OECD/INFE Financial Competence Framework for Adults in the European Union
- OECD/INFE Core Competencies frameworks for financial literacy

Vulnerability

- Guidance for firms on the fair treatment of vulnerable customers from the UK Financial Conduct Authority

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UN environment programme finance initiative

UNEP Finance Initiative brings together a large network of banks, insurers and investors that collectively catalyses action across the financial system to deliver more sustainable global economies. For more than 30 years the initiative has been connecting the UN with financial institutions from around the world to shape the sustainable finance agenda. We've established the world's foremost sustainability frameworks that help the finance industry address global environmental, social and governance (ESG) challenges.

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