

23/10/2024

UNEP Finance Initiative

# Setting your financial health and inclusion targets

Part 1

Principle for Responsible Banking  
Europe



## Before we begin

- As much as you can **keep the camera on, as** we want to start building a community; let us know if you **DO NOT AGREE** to share contacts with the other participants
- **Recordings** and material will be made available on the UNEP FI Members' area [Target Setting – United Nations Environment – Finance Initiative \(unepfi.org\)](#)
- **PRB Capacity Building calendar & registration:** <https://www.unepfi.org/banking/unep-fi-banking-members-space/capacity-building-activities>

## Before we begin



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Social Impact Lead for  
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# PRB Financial Health and Inclusion Programme

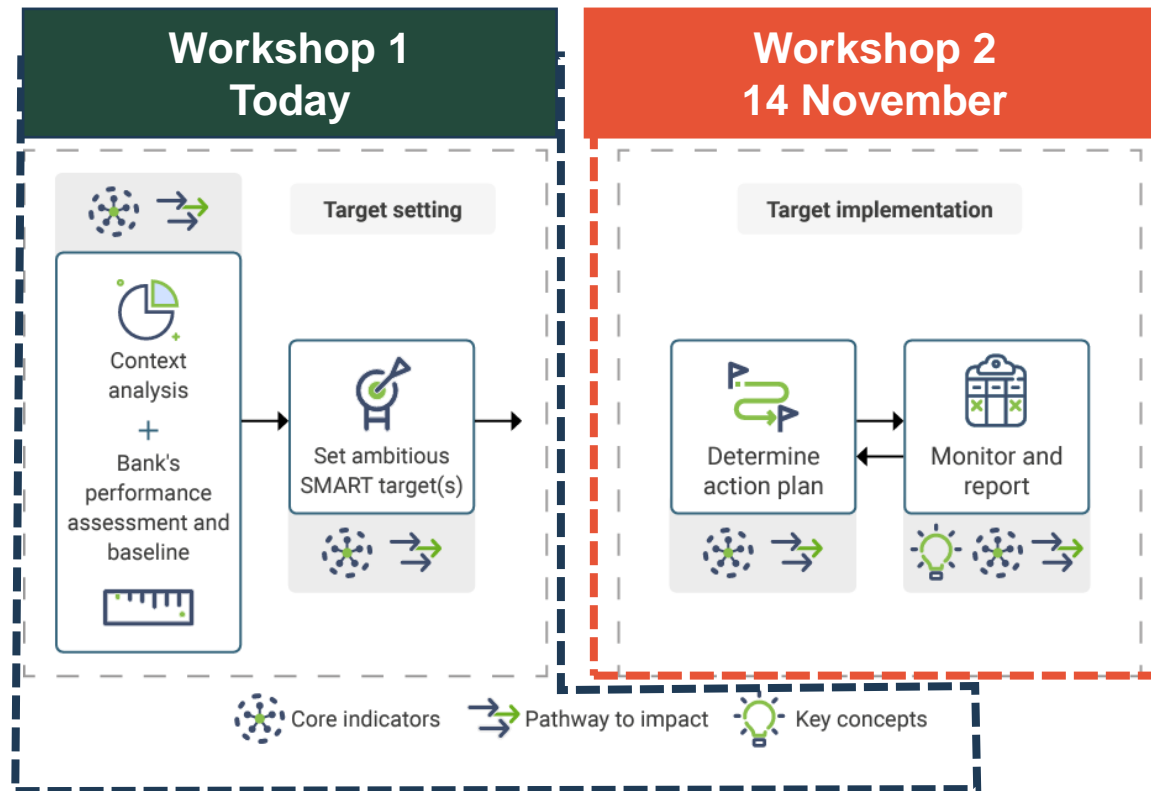
- **Main purpose:** support PRB signatories in setting targets in the Financial Health and Inclusion area
- Addressed to **all relevant people in the bank working on Financial Health and Inclusion** (Sustainability Team, Product, Risk, Strategy etc..) and **PRB implementation**

Elements of the UNEP FI framework for FH&I

Identify the **context of financial inclusion and financial health** in the country in which you operate

Measure **bank's performance assessment and set a baseline**

Define **targets and KPIs**



Understand how to **develop SMART targets** that are aligned with local needs and commitments, as well as with the institution's profile

Getting started with the **action plans to implement the targets**

**Target setting accelerator program - Optional**  
**By Q12025**

- Additional tools
- 1 One to one session
- 1 Walk-in session

# Target setting accelerator program – optional

We designed a program designed to help you fast track your target setting process. If your bank is interested, please contact Flora Petrucci by 14<sup>th</sup> November

The 3-month programme includes:

- Kick off session end November
- Simple tools to walk you through the steps
- 1-1 sessions with thematic expert
- Walk-in sessions to ask questions to thematic expert

Finalization/target drafting: end Q1 2025

Scope		which you will complete the context analysis			
<i>Don't forget to upload the information you collected when you completed the impact identification tool for your bank. Available here: <a href="https://710176e0-8bforms-com?serve[MJUEAHm2of3qDovvYB6uXo3c2A9ZP2]">https://710176e0-8bforms-com?serve[MJUEAHm2of3qDovvYB6uXo3c2A9ZP2]</a></i>					
(COUNTRY 1)		Where did you find the information?	Do you have goals (yes/no)	What are the goals?	What are the priority target audiences?
Policies	<i>the country related to financial health, financial wellbeing, financial resilience, financial inclusion, financial education, etc. (one row per policy)</i>	<i>Write here the link to where you found the information.</i>	<i>Answer yes or no</i>	<i>Write here the goals of each policy, if applicable.</i>	<i>Write here the audience prioritized by the policy, if applicable.</i>
Agreements (multilateral or bilateral)	<i>exist in the country related to financial health, financial wellbeing, financial resilience, financial inclusion, financial education, etc. (one row per agreement)</i>	<i>Write here the link to where you found the information.</i>	<i>Answer yes or no</i>	<i>Write here the goals of each agreement, if applicable.</i>	<i>Write here the audience prioritized by the agreement, if applicable.</i>

### Key Figures on Financial Health and Inclusion

*Remember to try to include historical figures. Not just for the current year but hopefully 2019-2022.*

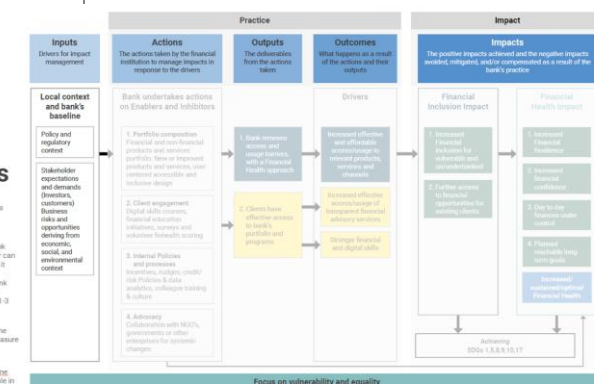
What indicators to include? Here are some	2019	2020	2021	2022
Financial inclusion index				
Adults with savings account				
Adults with credit card				
Adults with credit				
SMEs with credit				
MSMEs with credit				
Women with savings account				
Banked rural population				
Banked urban population				
Rural population with access to credit				
Rural population with access to long-term savings and/or investment products				
Adults with some type of insurance				
Level of adult financial capability				
Adults with over-indebtedness				
Adults with savings for old age				
Adults who can handle an unexpected expense without a problem				
Adults feeling confident about their financial situation in the next 12 months				
Financial health index				

### CONCLUSIONS/FINDINGS FROM REVIEW OF COUNTRY INFORMATION

**Legend:**

- Green: Your current indicators
- Purple: Core indicators
- Blue: Fully feasible: The bank already measures it or can immediately measure it
- Light Blue: Fairly feasible: The bank can set up to measure in 1-3 months
- Yellow: Somewhat feasible: The bank can set up to measure in 3-6 months
- Red: Not feasible for baseline measurement but viable in

### Step 3: Selected Indicators





—  
**A brief recap**

# A recap on the Principles



PRINCIPLE 1:  
**ALIGNMENT**

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.



PRINCIPLE 2:  
**IMPACT & TARGET SETTING**

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.



PRINCIPLE 3:  
**CLIENTS & CUSTOMERS**

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.



PRINCIPLE 4:  
**STAKEHOLDERS**

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.



PRINCIPLE 5:  
**GOVERNANCE & CULTURE**

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.



PRINCIPLE 6:  
**TRANSPARENCY & ACCOUNTABILITY**

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

# Financial Health and Inclusion as area of impact

- Banks will identify impacts on people and the planet through an impact analysis - UNEP FI developed a series of tools/guidance
- Financial Health and Inclusion captured by the ‘finance’ impact topic (Impact Radar) within ‘Availability, accessibility, affordability, quality of resources & services – other indirect impacts / interlinkages
- The [Portfolio Impact Analysis Tool for Banks](#) includes scenarios leading **directly** to Financial Health and Inclusion as significant impact area, if:



Analyzing your bank's Impact on Planet & People

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





## Example: Affordable sustainable/green housing



Climate mitigation/  
energy efficiency



Finance:  
Affordable for  
business and  
owners

Housing: reducing  
source of wealth  
gap



- **Belfius Bank** (Belgium) has established a connection between resource efficiency and housing affordability in their context- see [2023 Sustainability Report](#), page 158.

- **De Volksbank** (Netherlands) supports customers with limited financial resources in making their homes more sustainable, seeking appropriate financing solutions, in cooperation with partners such as the National Heat Fund, to help them improve their homes and save costs See their 2023 [Climate Action Plan](#), page 38.

- **Nationwide Building Society** (UK): Committed to supporting first-time buyers and elderly clients and increasing home energy efficiency. See their [Annual Report & Accounts 2022](#), pages [36](#) and [27](#).

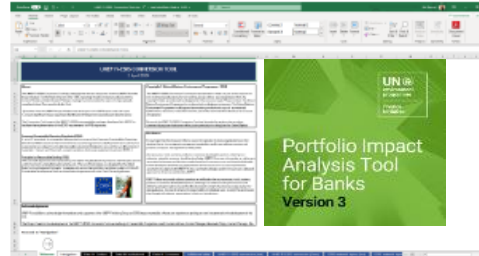
# Translating UNEP FI results for ESRS: CSRD/ESRS – PRB/UNEP FI Interoperability Package



UNEP FI-ESRS Interoperability Guide



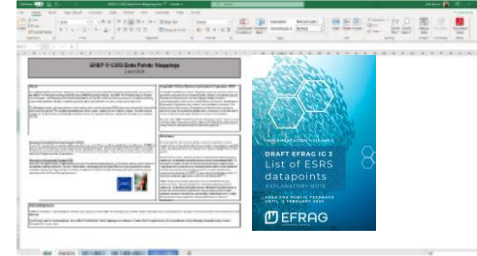
Review of UNEP FI/PRB and CSRD/ESRS alignment (key steps and concepts)



UNEP FI-ESRS Conversion Tool



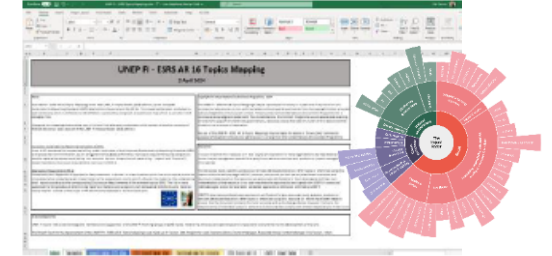
Conversion of UNEP FI Impact Analysis Tool outputs into ESRS Impact Materiality Assessment requirements



UNEP FI-ESRS Data Points Mappings



Mapping between ESRS data points and PRB reporting template & Impact Analysis Tool for Banks data points



UNEP FI-ESRS Topics Mappings



Mapping between AR16 topics and UNEP FI Impact Radar topics

Find out more on the Interoperability package [here](#).

CSRD programme support here <https://www.unepfi.org/policy-and-regulation/csrd-esrs-implementation-programme/>

# Translating UNEP FI results for ESRS: CSRD/ESRS – PRB/UNEP FI Interoperability Package

UNEP FI – PRB / ESRS Interoperability Package helps banks leverage the close alignment between the Corporate Sustainability Reporting Directive (CSRD) and the Principles for Responsible Banking (PRB), using the UNEP FI Holistic Impact Methodology.

UNEP FI Impact Radar	
Impact Area	Impact Topic
Availability, accessibility, affordability, quality of resources & services	Finance

European Sustainability Reporting Standards (ESRS) AR16		
Topic	Sub-topic	Sub-sub-topic
Consumers and end-users	Information-related impacts for consumers and/or end users	Privacy

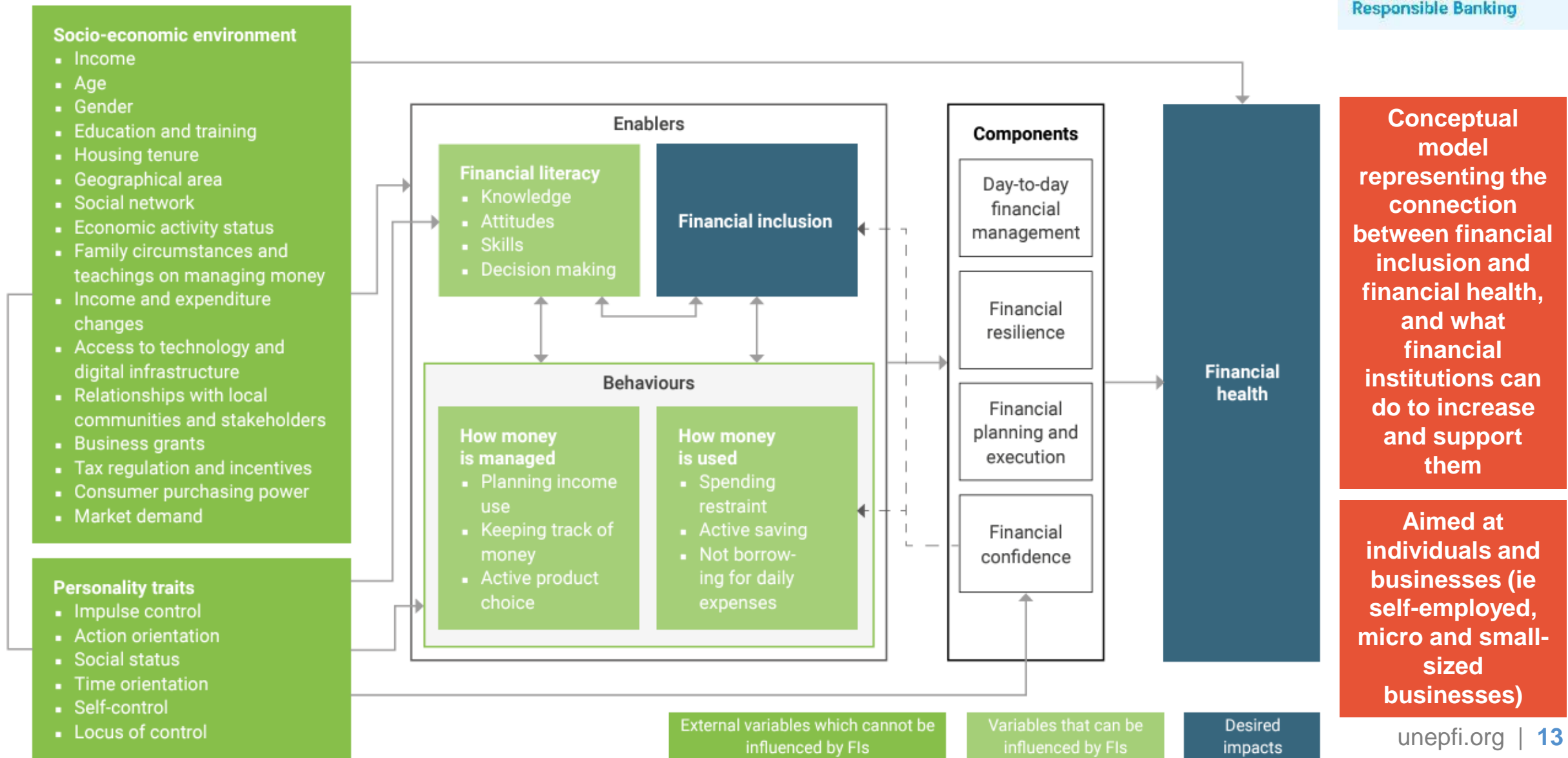
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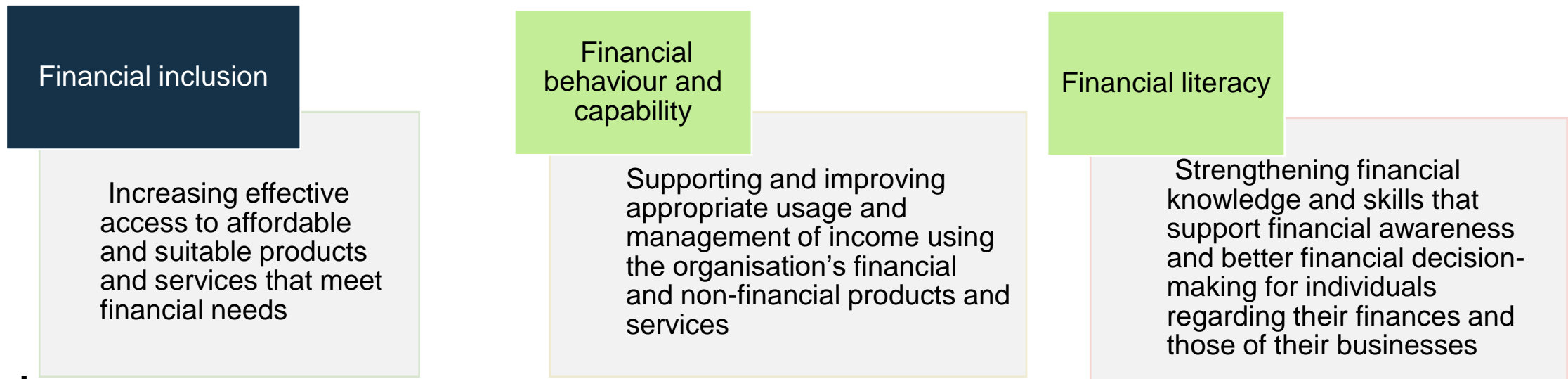
# How to drive positive impact in Financial Health and Inclusion (FH&I)

# The role of banks in Financial Health and Inclusion: a conceptual model



# The role of financial institutions for FH&I

- Shared responsibility among all actors in the financial ecosystem
- Financial institutions, especially banks, can contribute through three enablers:



# The role of financial institutions for FH&I

Financial institutions to consider externalities (socio economic environment and personality traits) when implementing actions to increase financial inclusion levels, reinforcing positive financial behaviours of money usage and management, and strengthening financial literacy



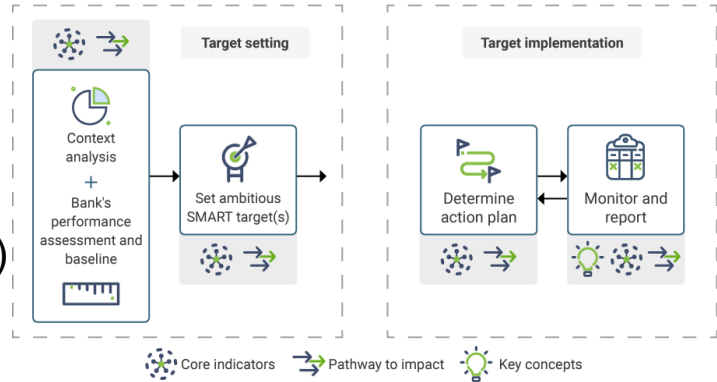
Importance of working with ecosystem, your clients/ customers and stakeholders – real economy, regulators, civil society, academia , etc..

<p><b>PRINCIPLE 1: ALIGNMENT</b></p> <p>We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</p>	<p><b>PRINCIPLE 2: IMPACT &amp; TARGET SETTING</b></p> <p>We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.</p>	<p><b>PRINCIPLE 3: CLIENTS &amp; CUSTOMERS</b></p> <p>We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.</p>
<p><b>PRINCIPLE 4: STAKEHOLDERS</b></p> <p>We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.</p>	<p><b>PRINCIPLE 5: GOVERNANCE &amp; CULTURE</b></p> <p>We will implement our commitment to these Principles through effective governance and a culture of responsible banking.</p>	<p><b>PRINCIPLE 6: TRANSPARENCY &amp; ACCOUNTABILITY</b></p> <p>We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.</p>

# Building a Financial Health and Inclusion strategy

The proposed process for building a holistic Financial Health and Inclusion strategy:

- 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



You can use a quick self-assessment questionnaire to understand your bank’s starting point before building your bank’s strategy for Financial Health and Inclusion



# Governance: approaches taken by PRB members

## Basic integration approach

FH&I strategy integrated within existing Sustainability governance system:

- leveraging established committees and existing governance structures
- strategy as integral part of routine discussions ensuring alignment with sustainability goals

**Advantage :** organisational simplicity and efficiency

## Comprehensive governance approach

Dedicated Financial Health and Inclusion governance system: FH&I department created by merging financial inclusion and financial education teams from all countries/ regions, plus additional resources (data analytics, links to HR and business). Key elements:

### Leadership integration:

Leader of the Financial Health and Inclusion department becomes part of both strategic and tactical sustainability committees.

### Committee structure:

Strategic and tactical sustainability committees report to the Board's Sustainability Committee.

### Discussion frequency:

Monthly tactical and quarterly strategic discussions on Financial Health and Inclusion Strategy within committees.

### Reporting mechanism:

Bi-annual reports on Financial Health and Inclusion presented to the Board.

**Advantage:** Dedicated focus on financial well-being, specific governance bodies and committees (effective oversight and decision-making), stronger commitment to a comprehensive and proactive approach to Financial Health and Inclusion.

# Relevant material



Guidance



Report / best practice



Guidance

## Financial Health and Inclusion Microsite (members-only)

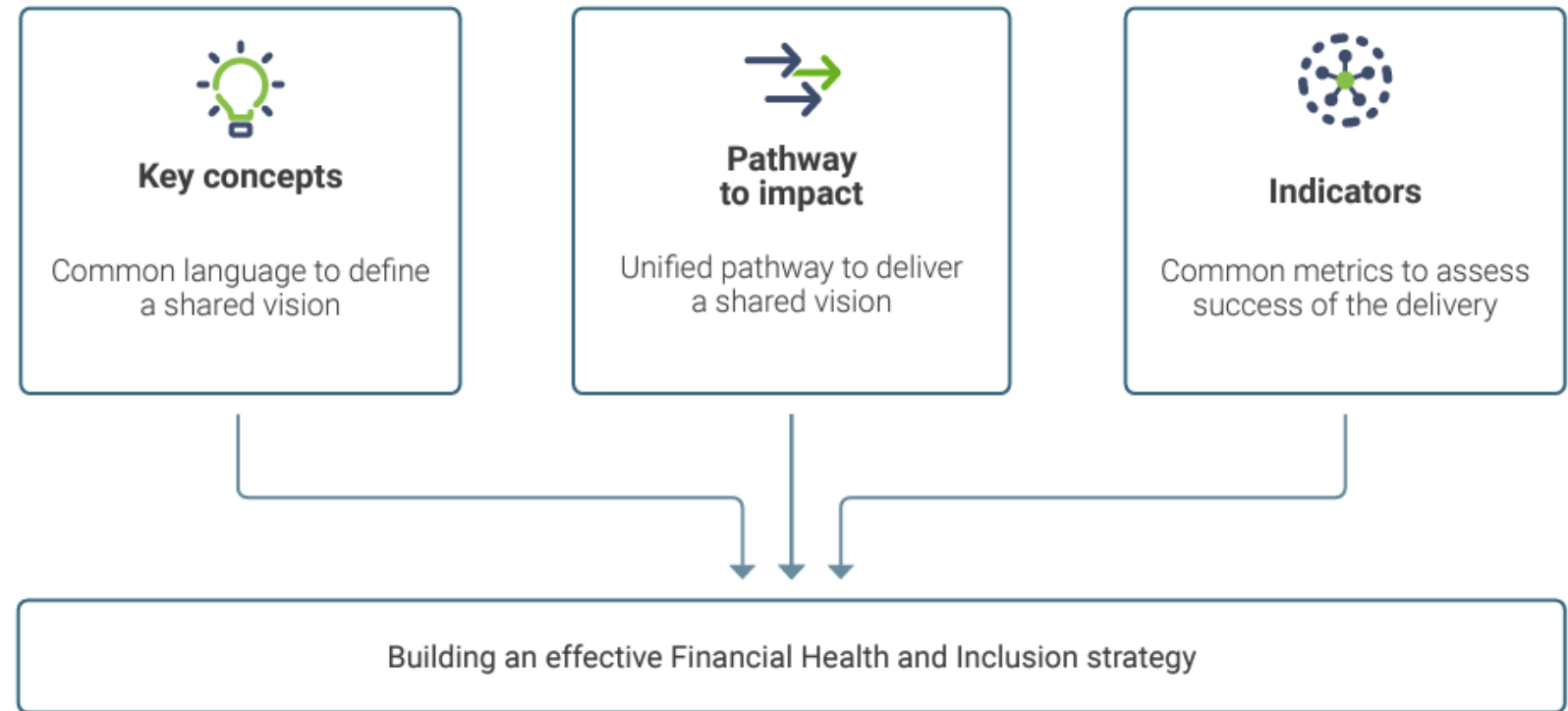
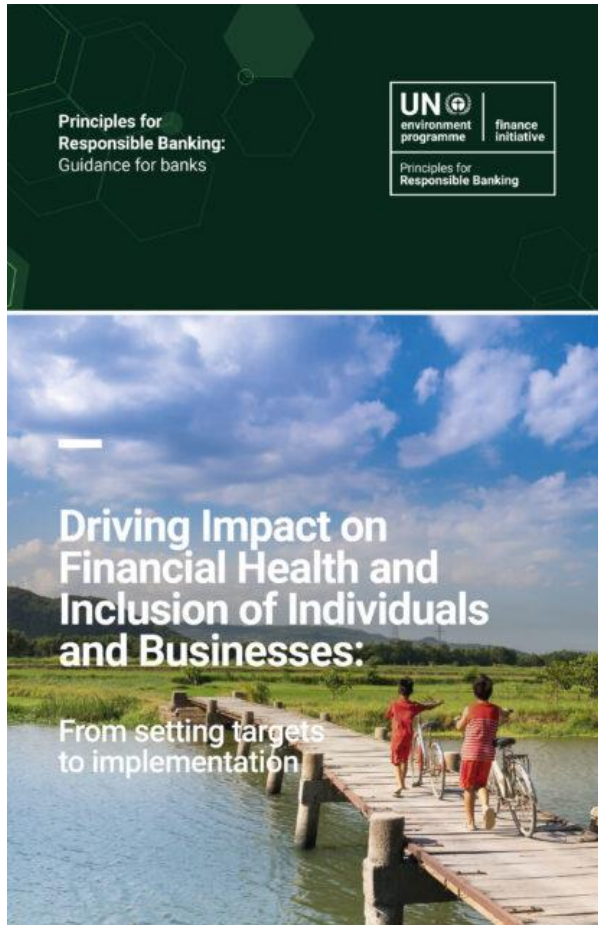
Information and resources for financial health and inclusion can be accessed [here](#). Password: unepfi



Invitation to join the **Community of practice** following participation to workshops

let us know if you **DO NOT AGREE** to share contacts with the other participants

# Elements of the common approach



[Driving Impact on Financial Health and Inclusion of Individuals and Businesses: From Setting Targets to Implementation – United Nations Environment – Finance Initiative \(unepfi.org\)](https://www.unepfi.org/)

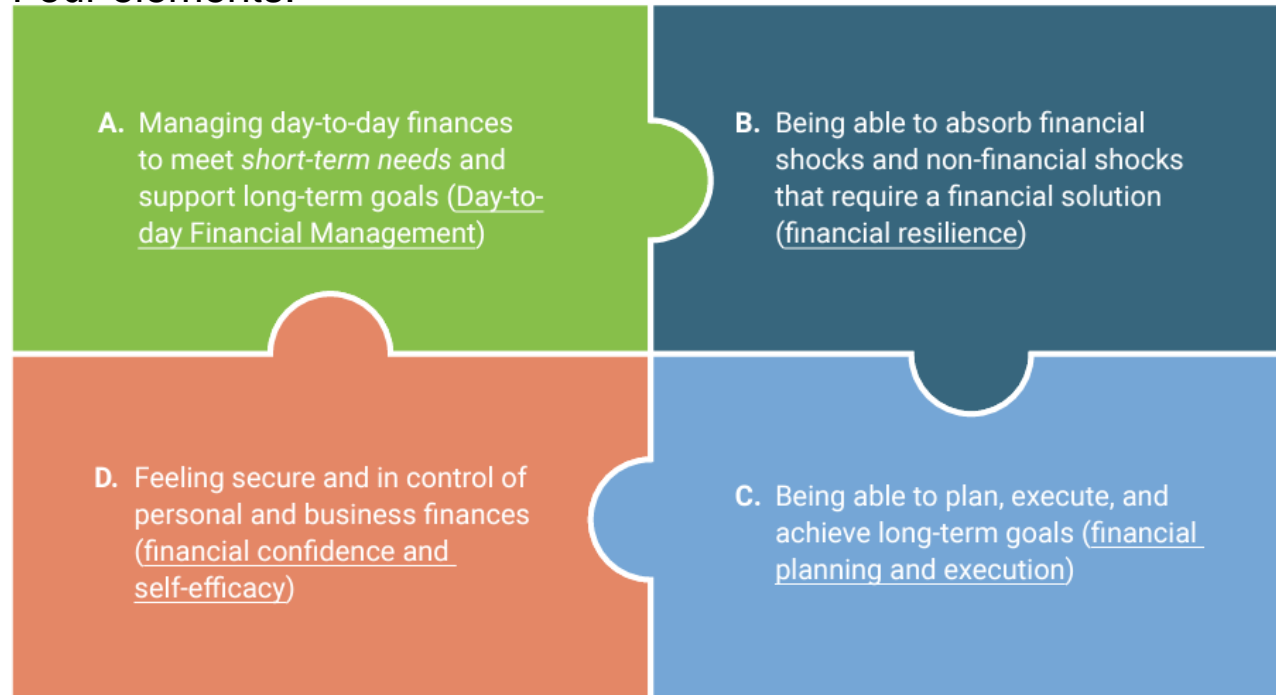
# Financial Health



A state in which an individual or business can **smoothly manage** their **current financial obligations** and **have confidence** in their **financial future**

It can, for now, 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**

Four elements:



For each of the elements please refer to the Guidance for (split for individuals and businesses):

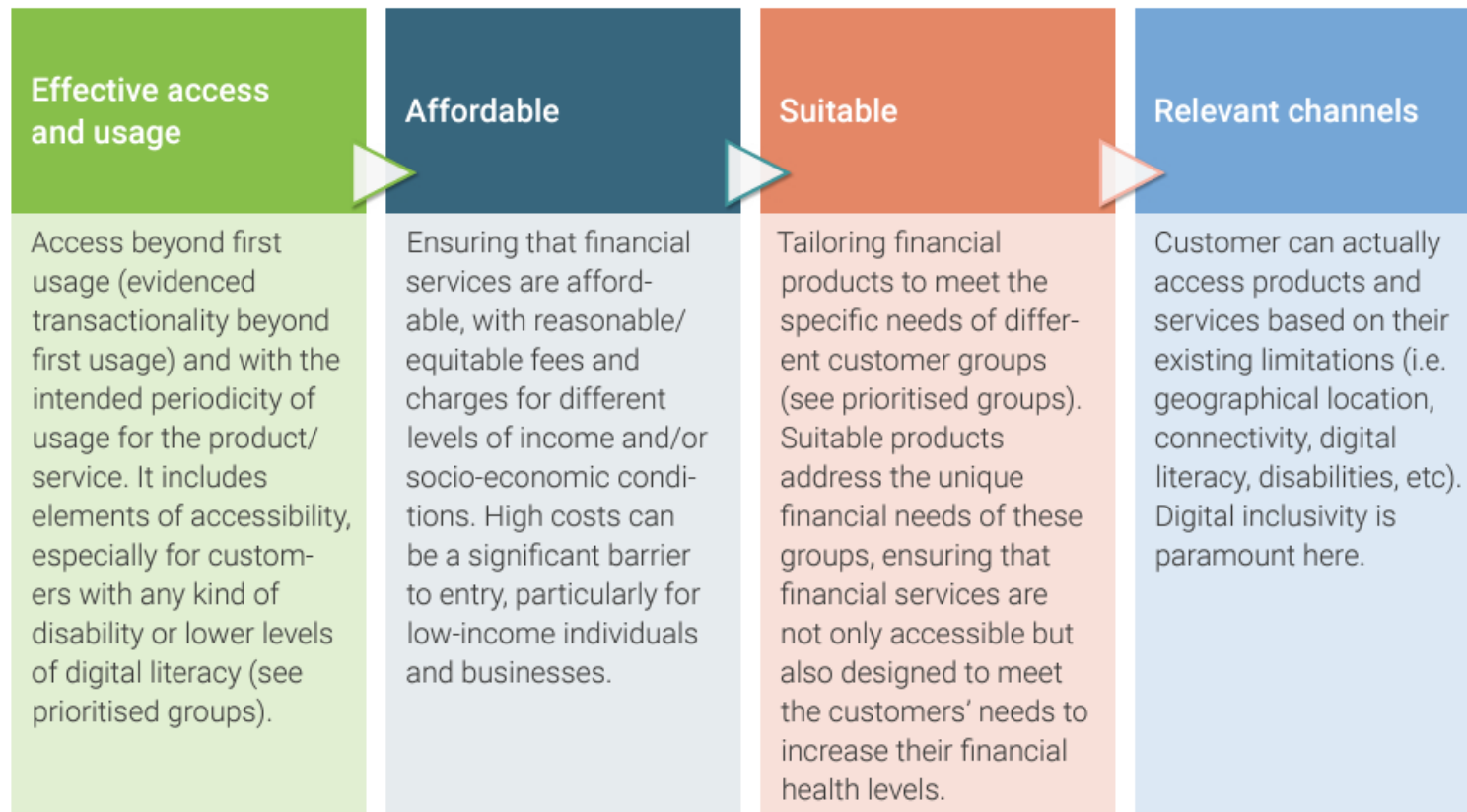
- Definition
- Main predictors
- Common needs
- Recommendations for financial institutions

# Financial Inclusion



Financial inclusion refers to ensuring **affordable** and **effective access and usage** for **all individuals and businesses** 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**

## Key attributes of financial inclusion



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**

# Vulnerable Groups



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

Vulnerable Groups are defined as groups of people and businesses that due to certain 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

And should be prioritized at all times



# The 6 key drivers of vulnerability – Individuals



Actual



## Physical and mental health

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



## Culture, social and demography

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

Potential



## Life Events

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



## Resilience

Over indebtedness, erratic income, low savings, etc...



## Capabilities

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



## Digital and financial access

Low ability to access beneficial services and products; etc..



## Key concepts

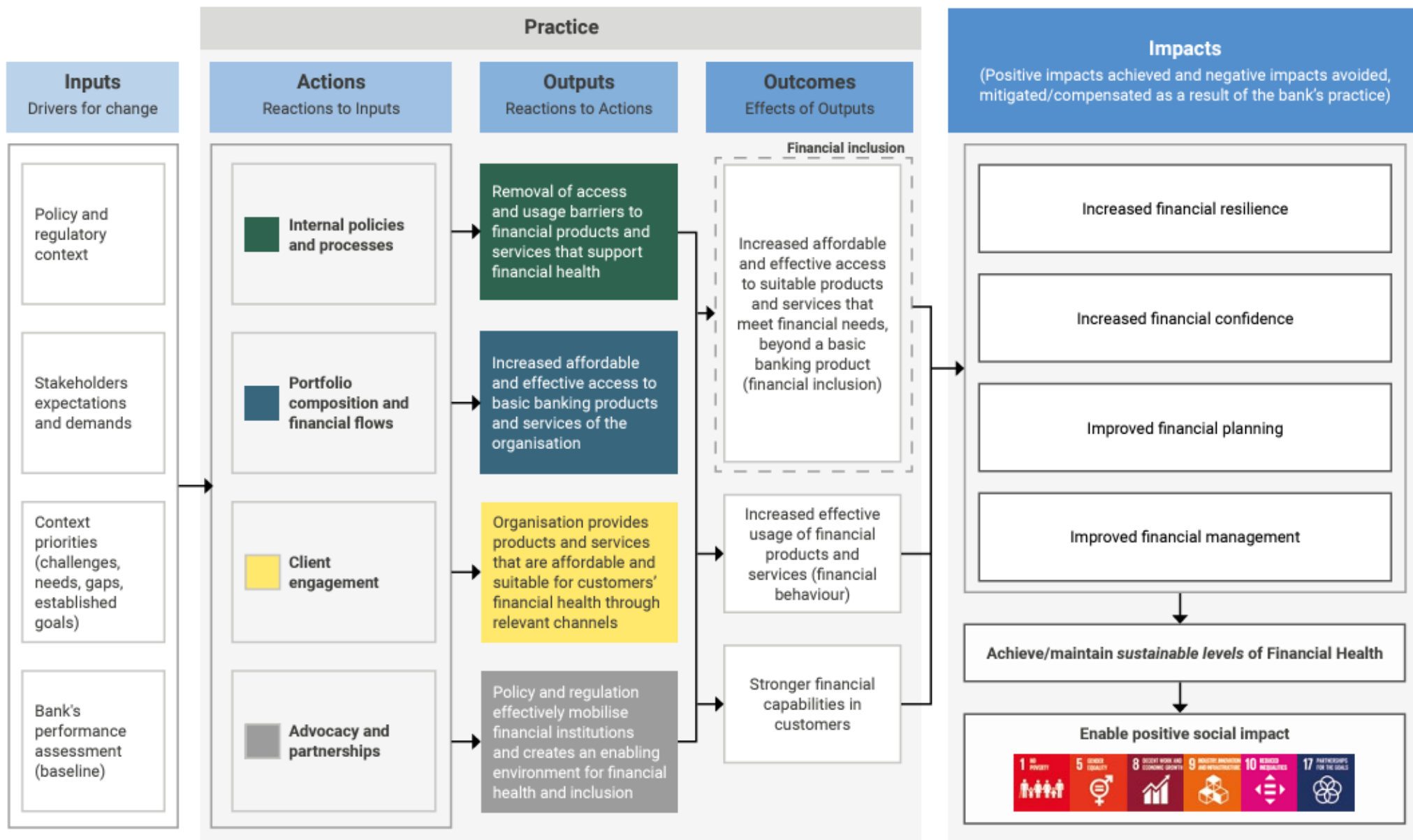
### Examples of prioritisation of individuals:

- 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.

### Examples of prioritisation of businesses:

- 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:





Prioritise vulnerable groups of customers

### Recommendation:

Maintain continuous focus on vulnerability and equality as organisation progresses



- clearly define prioritised groups (at inputs identification)

- ensure indicators are disaggregated to inform success of actions in improving conditions for prioritised groups.

# Examples of prioritization

Financial Health



Financial Health/Financial Inclusion

Financial Inclusion

## Bank of Ireland - Ireland

- Adults, aged 18+, living in the Republic of Ireland who claim Bank of Ireland as their main day-to-day Bank as well as adults, aged 18+ who have lower levels of financial literacy and who are not confident that they have funds available to cover an unexpected day-to-day expense

## Caixa Bank - Spain

- Women, immigrants

## de Volksbank (ASN Bank) - Netherlands

- All households with a mortgage in the Netherlands/Eurowijs is a continuing learning pathway for all groups of children at primary schools, special education and lower secondary education. Teachers can give the lessons on their own or they can engage one of our employees to act as a guest teacher—throughout the year, and every year.

## Gatehouse - UK

- Young customers (18–30)

## ING - Netherlands

- Digital primary customers for 12 months

## La Banque Postale - France

- Financially vulnerable and marginalised customers; all retail clients in or at risk of financial difficulties

## BNP Paribas- France

- Fragile Individual Clients in France, women-led businesses in France and temporary workers in France

## AkBank - Türkiye

- Women business owners

## BBVA - Spain

- Unbanked or underbanked entrepreneurs

## Erste Group- CEE

- Private individuals, micro and new entrepreneurs, social organisations and special social projects; especially persons at risk-of-poverty or social exclusion

## Piraeus Financial Holdings- Greece

- Young farmers up to 40 years old located in rural areas of Greece. According to 2020 data young farmers range around 40,000.



## Common indicators

Working Group selected **core indicators (out of 500 collected)** for common understanding and definitions, to be used to:

- determine your baseline – current performance
- define targets
- monitor progress throughout the year

Designed to complement metrics already being measured by financial institutions to assess performance in Financial Health and Inclusion

### 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

- Additional [database of indicators for financial health and inclusion](#) with recommendations on financial health scores, as well as optional indicators to be used with the core set

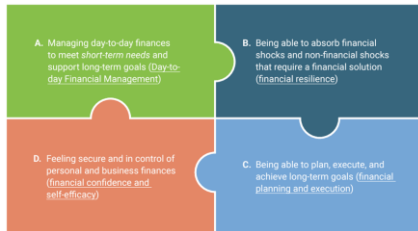
# Elements of the common approach: Wrap up

## Key concepts

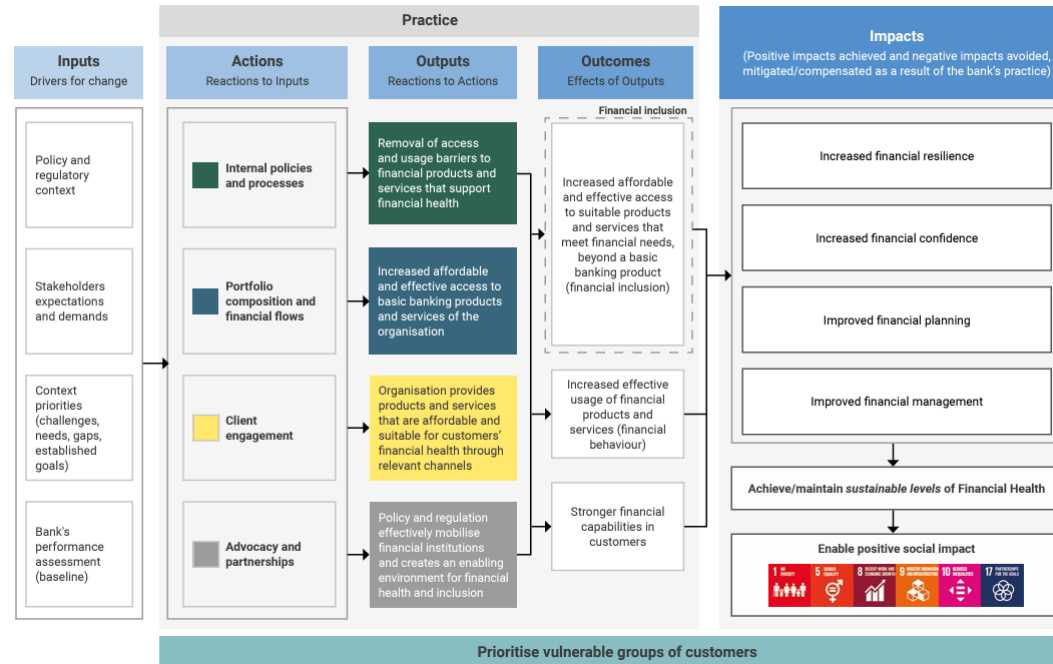
Financial Health

Financial Inclusion

Vulnerability



## Pathway to impact

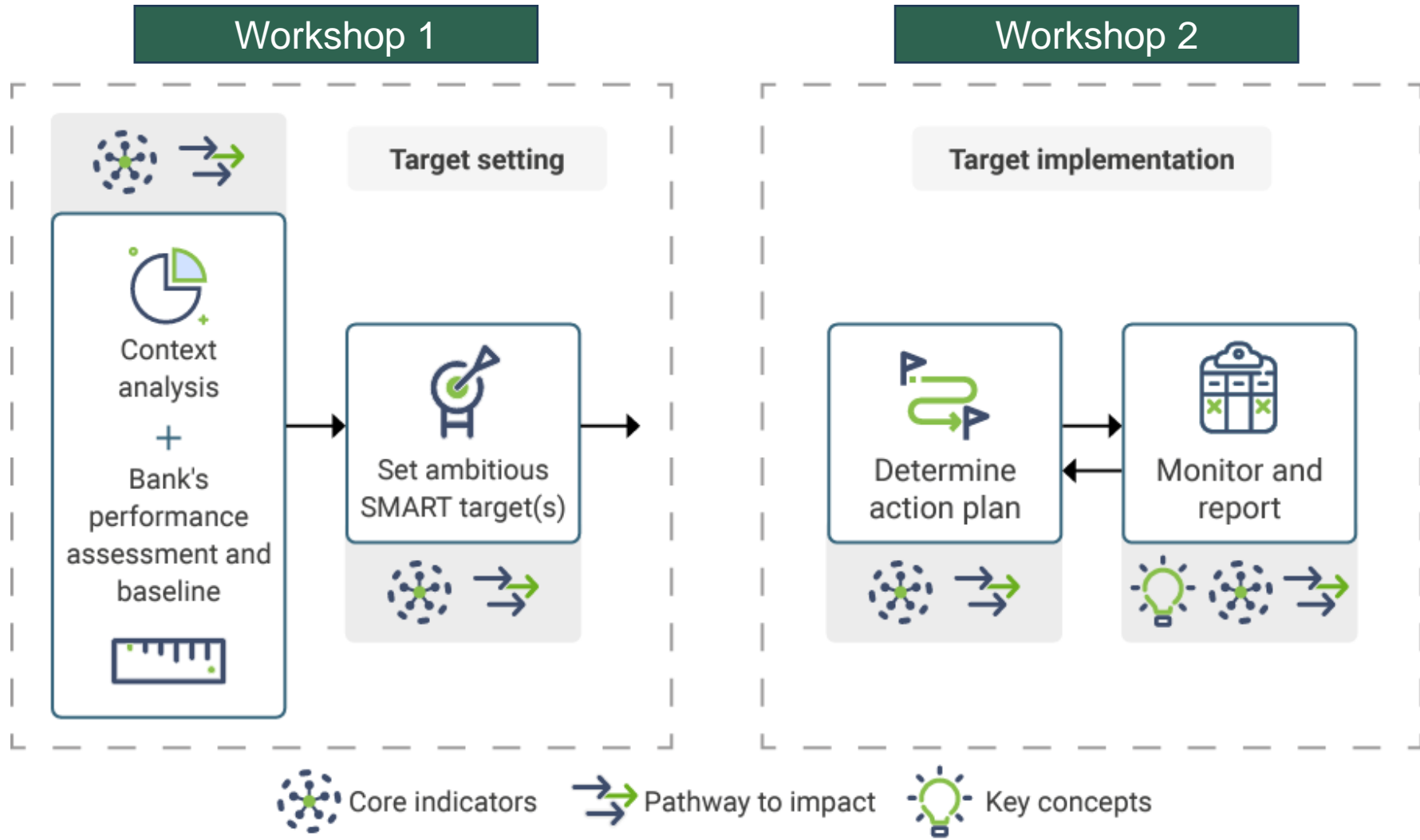


## Common indicators

- 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

# — Using the common approach

# Setting Targets





## Context analysis and alignment

A good context analysis:

- Allows identification of relevant targets aligned with priorities at national/regional/global levels.
- Gives a good overview of available statistics and databases on financial inclusion and health
- Help to understand key indicators and the global perspective

### Input needed:

- Countries of operation within the scope of analysis
- Initial context analysis conducted as part of the impact identification phase

### UNEP FI resources:

- Annex D in Guidance
- Context module—UNEP FI Impact Analysis Tools
- Disclosed context analyses by PRB members

### Recommended output:

- 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

Examples – following slides

# Example: country needs in UNEP FI Tools



Understanding the context of the bank's portfolio/s to identify banks' most significant impact areas => it ensures that prioritization of impact areas for target setting is aligned with society's needs

A variety of sources to assess needs:

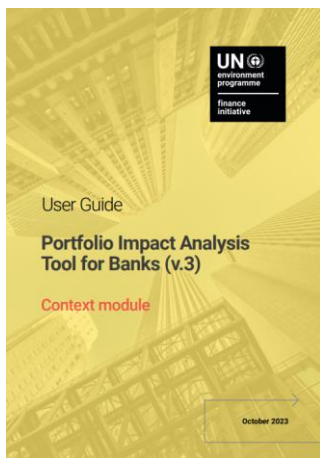
- topic specific statistical data sets and/or research produced by authoritative or recognised entities
- consultation/exchange with relevant stakeholders (government entities and/ or expert organisations, including, for example, civil society organisations)



## Reporting Tip: PRB Reporting & Self Assessment Template:

### 2.1 Impact Analysis (Key Step 1)

*c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis*

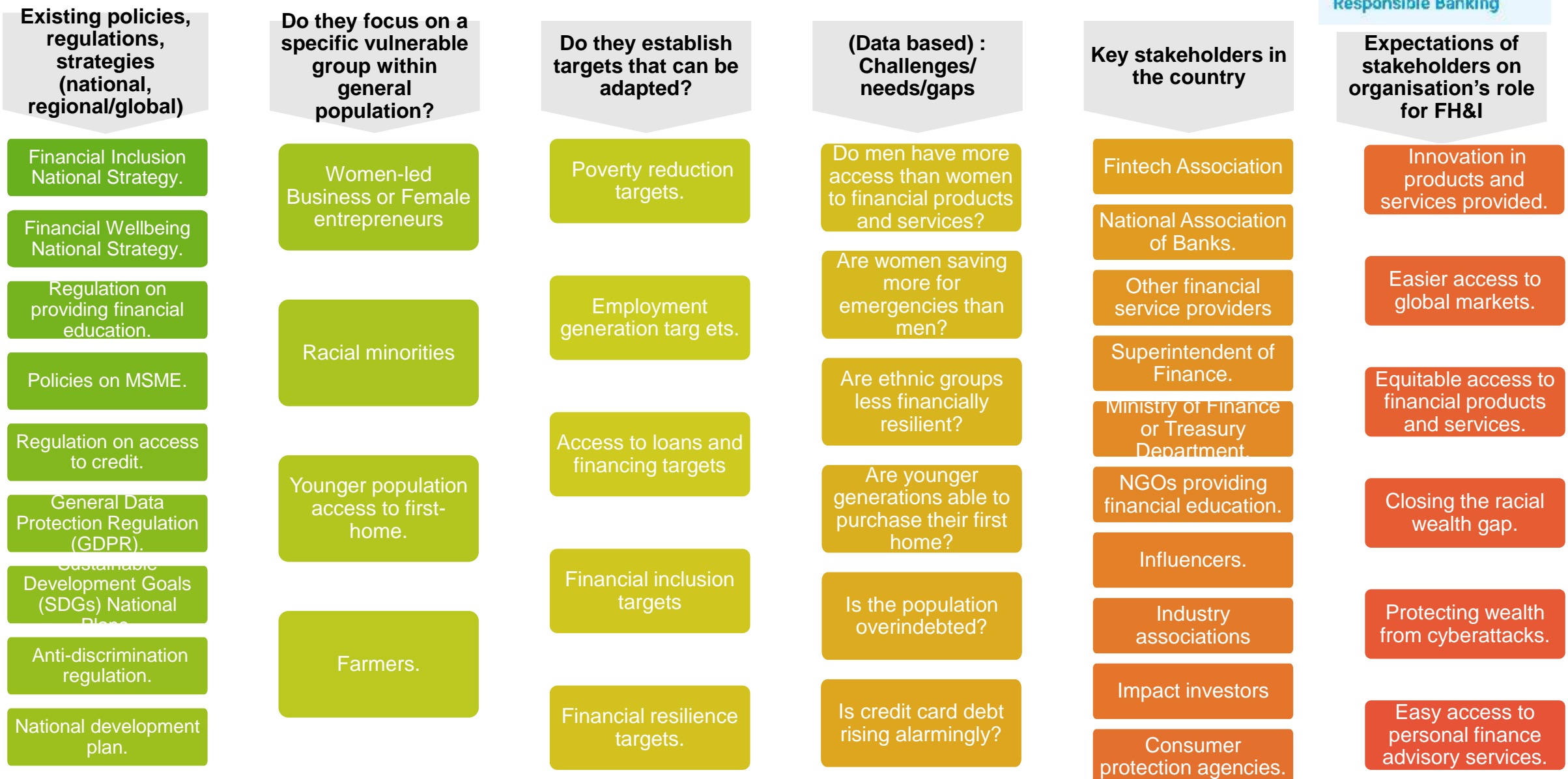


- **UNEP FI Impact Analysis Tool for Banks/Context Module/Needs Database** enables to assess environmental, social and economic context of the banks' portfolios, at the global, country and local levels.
- Based on official statistical data sets, research and policy documents, compiled by the current community of practice and is updated on a regular basis.
- Use of the Module is not mandatory for PRB compliance but recommended



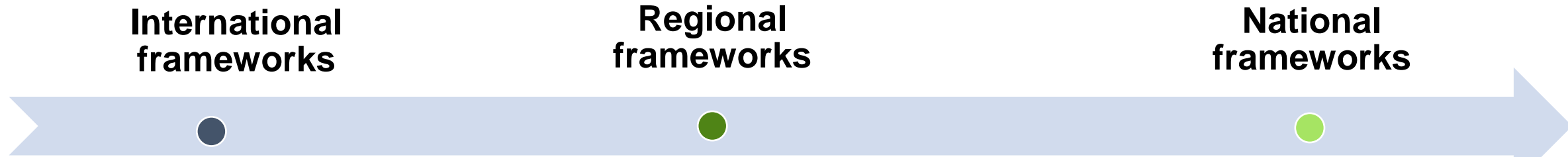
# Data needs for context

Context analysis and alignment



# Data needs: policies, framework, regulation

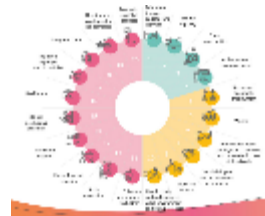
Context analysis and alignment



## International frameworks



## Regional frameworks

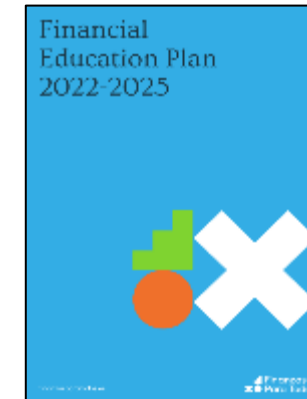


**20. Access to essential services**  
Everyone has the right to access essential services of good quality, including water, sanitation, energy, transport, **financial services and digital communications. Support for access to such services shall be available for those in need.**

[The European Pillar of Social Rights in 20 principles - Employment, Social Affairs & Inclusion - European Commission \(europa.eu\)](#)



## National frameworks



[Financial Inclusion Report\\_002...pdf \(publishing.service.gov.uk\)](#)



# Data needs: policies , framework, regulation

Context analysis and alignment



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



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



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



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



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



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

# Data needs: policies, initiatives

## Europe: National level policies on financial literacy

EBA Repository 2021-2022  
[PDF](#)



### Thematic repository on financial education and digitalisation initiatives in the EU and UK

Information on financial education and digitalisation initiatives of National Competent Authorities (NCAs)

- 127 national initiatives to provide consumers with helpful information on how to improve their **financial literacy** (focus on scam and fraud). It addresses consumers in general and some target specific groups (retail investors, elderly people, students, children/young people, families or other particular groups)
- general repository of national education initiatives in the banking sector, which contains another 200 initiatives on diverse topics - self-assessment on financial literacy, Deposit Guarantee Schemes, responsible lending, fees and charges comparison tools

[PDF EBA Repository 2019-2020](#)

Financial education | European Banking Authority (europa.eu)

# Data needs: policies

## UK Financial Inclusion - Building Financial Capability and Resilience

### Financial Capability

- UK Strategy for Financial Wellbeing
- Talk Money Week 2022
- Improving how government engages with the public on financial issues



### Financial Resilience

- Help to Save
- ISAs, Junior ISAs and Child Trust Funds

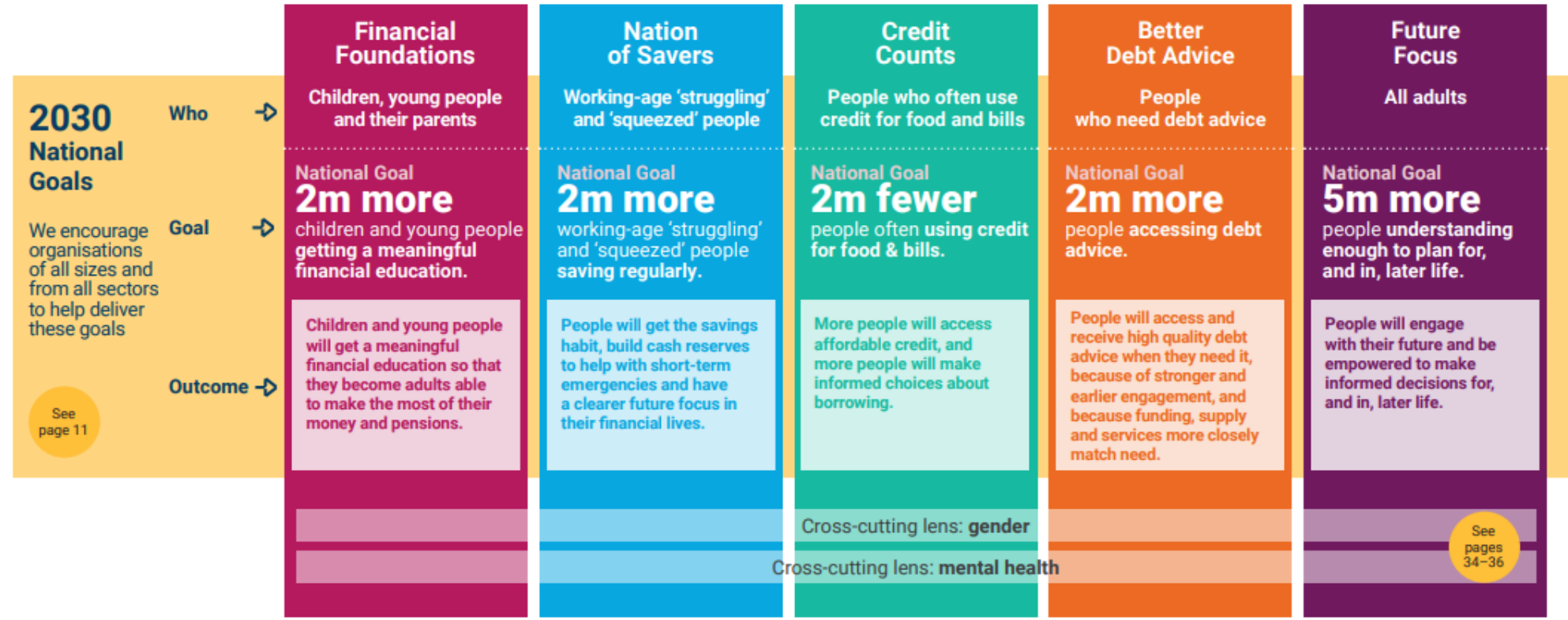
### Helping Consumers with Problem Debt

- Debt advice provision
- Breathing Space
- Statutory Debt Repayment Plan (SDRP)



# Data needs: policies

## UK strategy for Financial Wellbeing



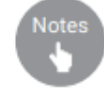
See page 13



→ Northern Ireland delivery plan + Scotland delivery plan + Wales delivery plan + England delivery plan +



Statistical notes and definitions start on page 42, including an important note about the goal for 'Future Focus' 1



# Data needs: policies , framework, regulation

## Example: assessing financial inclusion in Spain



**In Spain the degree of basic financial inclusion is considered practically universal, with more than 95% of the population having bank accounts.**

**The “unpopulated rural Spain” is a challenge for the provision of basic services in general, not just financial services.**

**To ensure that the digitalization of financial services is a tool that facilitates financial inclusion, it will be necessary to have a strong and, above all, homogeneous regulatory and consumer protection framework (under the principle of “same regulation for the same activity”)**

### **Banco de Espana report**

Summary of (public and private) initiatives in UK, Sweden the Netherlands and Spain

The most common public sector initiatives consist of aid for the instalment of ATMs in rural areas. However, legislation regulating minimum provision of cash access points is only in force in Sweden, where the use of cash is so low that its potential disappearance poses a threat to the viability of cash infrastructure

[Iniciativas contra la exclusión financiera - Cliente Bancario, Banco de España \(bde.es\)](#)



[Un repaso de las diversas iniciativas desplegadas a nivel nacional e internacional para hacer frente a los riesgos de exclusión financiera. Documentos Ocasionales N.º 2305 \(bde.es\)](#)

# Data needs: policies EU SME strategy inclusion and resilience (health) - examples

SMEs / MSMEs Backbone of Europe's economy - 99% of all businesses in the EU / around 100 million people employed

## Supporting entrepreneurship

- Entrepreneurship education
- Women entrepreneurs
- Transfer of businesses
- Family business
- Insolvency prevention and second chance
- Erasmus for Young Entrepreneurs
- European Enterprise Promotion Awards
- Enterprise Europe Network
- Migrant entrepreneurs

[SMEs \(europa.eu\)](#)

**Access to finance** is one of the most pressing issues for many small enterprises

The Commission aims at improving the financing environment for SMEs and provides information on funding

[Access to finance \(europa.eu\)](#)

## Next Generation EU (NGEU)/ national recovery and resilience plans (NRRPs)

Capacity building and support for transition to sustainability and digitalization

Reducing the regulatory burden and improving market access

Enhancing access to financing



# Examples of relevant data



## 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

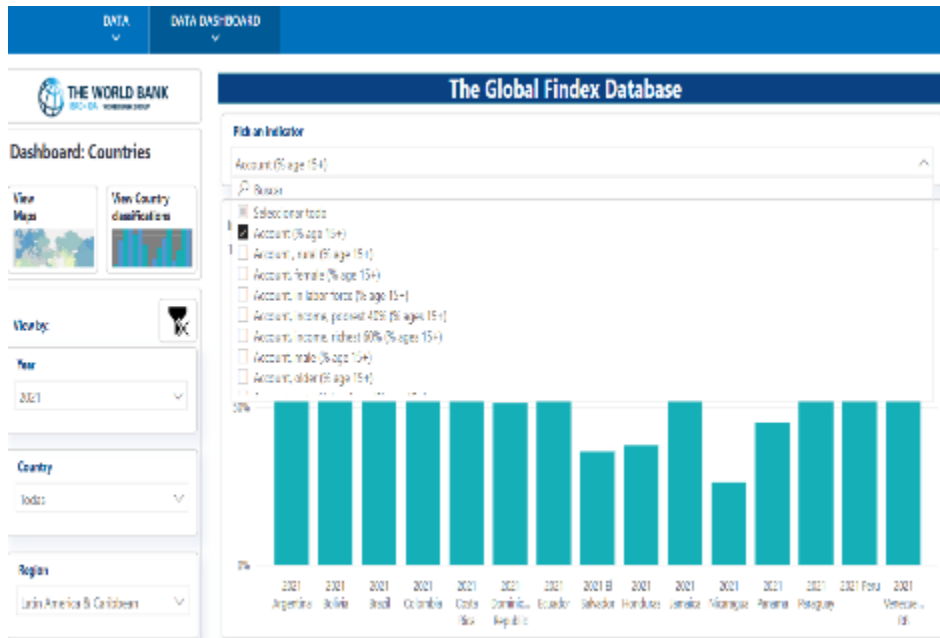
## Financial Health

- 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

# Data sources



## Global Findex database for financial health and inclusion



Financial Inclusion Indicators	2021
Account (% age 15+)	98.3
Account, female (% age 15+)	97.5
Account, male (% age 15+)	99.1
Account, primary education or less (% age 15+)	96.4
Income account, poorest 40% (% age 15+)	97.9

Financial Health Indicators	2021
Savings for old age, women (% over 15 years)	43.4
Savings for old age, men (% over 15 years)	47.4
Create emergency funds: not possible, women (% over 15 years)	16.1
Create emergency funds: not possible, men (% over 15 years)	12.5
% of individuals who paid off all credit card balances in full by the due date (% over 15 years)	48.8

Findex uses nationally representative surveys of more than 150,000 adults aged 15 and over in more than 140 economies

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

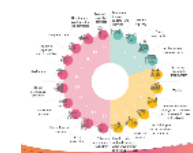
# Data sources

## European Pillar of Social Rights - Access to basic financial services in the EU



[Access to essential services: key challenges for the most vulnerable – report - Employment, Social Affairs & Inclusion - European Commission \(europa.eu\)](https://ec.europa.eu/economic_finance_affairs/dbp/essential-services-report)

- “In only 3 Member states fewer than 90% of individuals aged 15 and above hold a bank account (88% in Hungary, 84% in Bulgaria and 69% in Romania).
- **Main barriers** to opening a bank account for **disadvantaged groups: high fees, lack of information and legal requirements** (people on low incomes, homeless people and undocumented migrants)
- Other vulnerable groups: individuals who **lack financial literacy** and those who have low digital skills
- Persons with disabilities and older people also face problems because of lack of, or limited, accessibility: no significant lack of financial products, services and/or intermediaries, more problems exist in terms of **availability of bank branches and ATMs** – worse for disabled people also for barriers to physical access to bank branches or inaccessible ATMs.
- Problems concerning **lack of digital skills**”



Data based on EU SILC database

# Data sources

## Financial Health & inclusion indicators

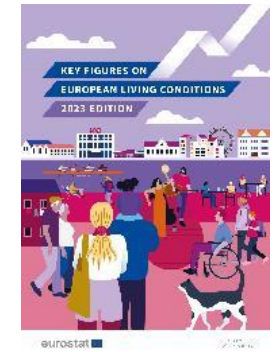
### European statistics on income, social inclusion and living conditions - EU SILC

The European statistics on **income, social inclusion and living conditions** cover objective and subjective aspects in monetary and non-monetary terms for households and individuals. The following aspects are covered:

- income
- poverty
- social exclusion
- housing
- labour
- education
- health

The main source for the compilation of statistics on income, social inclusion and living conditions is the EU statistics on income and living conditions (EU-SILC) instrument.

[information on data](#)



#### 3.1 Households

Living conditions, indebtedness, the SITC database is available for most European countries at regional level , among others:

Labour & Housing conditions

Over-indebtedness, consumption and wealth

The data set is here

[Main tables - Income and living conditions - Eurostat \(europa.eu\)](#)

In particular see

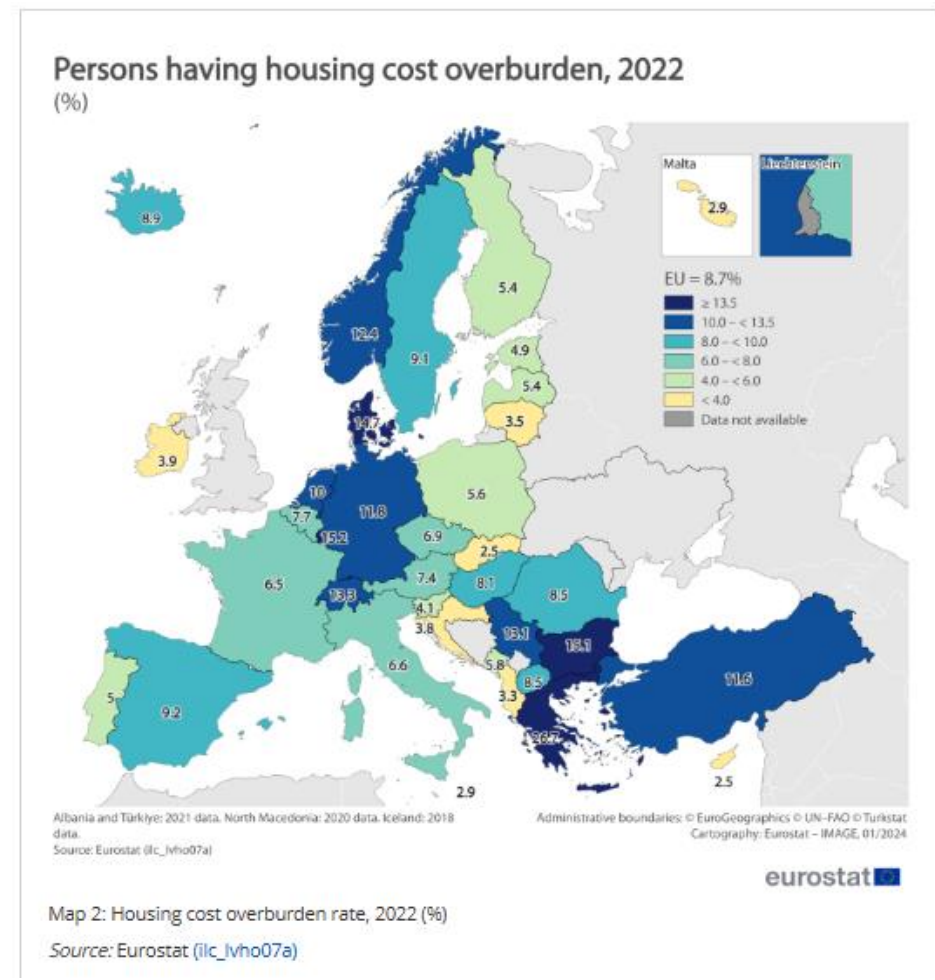
Housing cost burden (t_ilc_lvho_hc)	
	Housing cost overburden rate by sex - EU-SILC survey (tessi160)
	Housing cost overburden rate by age group - EU-SILC survey (tessi161)
	Housing cost overburden rate by income quintile - EU-SILC survey (tessi162)
	Housing cost overburden rate by poverty status - EU-SILC survey (tessi163)
	Housing cost overburden rate by tenure status - EU-SILC survey (tessi164)
	Housing cost overburden rate by degree of urbanisation - EU-SILC survey (tessi165)
	Housing cost overburden rate by household type - EU-SILC survey (tessi166)
	Median of the housing cost burden distribution by sex - EU-SILC survey (tessi300)
	Median of the housing cost burden distribution by age group - EU-SILC survey (tessi301)
	Median of the housing cost burden distribution by poverty status - EU-SILC survey (tessi302)
	Median of the housing cost burden distribution by degree of urbanisation - EU-SILC survey (tessi303)

# Data sources

## Example from EU – SILC

### Housing: maps, tables and figures

The housing cost overburden rate measures housing affordability as the percentage of the population living in households where the total housing costs ('net' of housing allowances) represent more than 40 % of disposable income ('net' of housing allowances). Housing costs refer to the monthly expenditures connected with a household's occupancy of their accommodation. These costs include utilities (water, electricity, gas, heating) based on actual usage. Only costs that are actually paid are considered, regardless of the payer. For owners, housing costs encompass mortgage interest payments (net of tax relief), structural insurance, mandatory services and charges (like sewage and refuse removal), regular maintenance and repairs, taxes, and utilities. Tenants (both at market and reduced prices) have similar housing costs, including rental payments, structural insurance (if paid by tenants), services and charges (if paid by tenants), taxes on dwelling (if applicable), regular maintenance and repairs, and utilities. Rent-free tenants incur housing costs potentially covering structural insurance, services and charges, dwelling taxes (if applicable), regular maintenance and repairs, and utilities. In all cases, housing benefits are not deducted from the total housing cost.



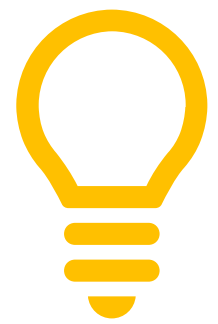


# Data sources

## Other international databases useful for understanding the national context

Organization	Relevant topics	Links
<b>World Bank</b>	Reports that provide an overview, complementary to other sources: Ex. SME gaps, alternative data that transform SME financing	<a href="https://www.worldbank.org/en/topic/smefinance">https://www.worldbank.org/en/topic/smefinance</a>
<b>OCDE/ World Bank Es</b>	OECD and World Bank reports providing an overview of the SME sector.	<a href="https://www.oecd.org/cfe/smes/financing-smes-and-entrepreneurs-23065265.htm">https://www.oecd.org/cfe/smes/financing-smes-and-entrepreneurs-23065265.htm</a> <a href="https://www.worldbank.org/en/topic/smefinance">https://www.worldbank.org/en/topic/smefinance</a>
<b>Discrimination and Vulnerable Groups</b>	National perspectives for discrimination and vulnerable groups	<a href="https://www.dlapiperintelligence.com/goingglobal/employment/index.html?t=09-dis-%20crimination">https://www.dlapiperintelligence.com/goingglobal/employment/index.html?t=09-dis-%20crimination</a>
<b>CGAP</b>	Reporting on how the COVID-19 pandemic affected the microfinance sector globally and regionally with the CGAP Global Pulse Survey of Microfinance Institutions. Other issues such as gender issues, financial innovation, SMEs, and more.	<a href="https://www.cgap.org/pulse">https://www.cgap.org/pulse</a>
<b>OECD Financial Literacy</b>	2017 OECD/INFE International Survey on Adult Financial Education Competencies in G20 Countries.	<a href="https://www.oecd.org/daf/fin/financial-education/g20-oecd-infe-report-adult-financial-literacy-in-g20-countries.htm">https://www.oecd.org/daf/fin/financial-education/g20-oecd-infe-report-adult-financial-literacy-in-g20-countries.htm</a>
<b>Centre for Financial Inclusion</b>	Reports on Health and Financial Inclusion - Financial Health Framework	<a href="https://www.centerforfinancialinclusion.org/beyond-financial-inclusion-financial-health-as-a-global-framework">https://www.centerforfinancialinclusion.org/beyond-financial-inclusion-financial-health-as-a-global-framework</a>
<b>CREDICORP</b>	Credicorp Financial Inclusion Index Report (LATAM)	<a href="https://www.grupocredicorp.com/indice-inclusion-financiera/">https://www.grupocredicorp.com/indice-inclusion-financiera/</a>

# Data sources Recommendations



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

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

## Wrap up



### Context analysis and alignment

*What are my country's/countries' priorities (challenges, needs, gaps, prioritised groups, and established goals)?*

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

*What can my bank do to contribute to reach the goal? Where do I set my priorities?*



### Performance assessment and baseline setting



# Performance assessment and baseline setting

## A good performance assessment

means understanding how the organization performs against priorities, challenges, needs, and goals of its context and the policies or regulations it must align with, ideally including historical insights) . It helps to:

- understand the organization current standing
- track its past successes in advancing financial inclusion and/or financial health
- make an informed decision on which groups of customers and non-customers it should prioritise
- which year's performance it will set as its baseline

## Input needed:

- Results of context analysis
- List existing metrics being measured in the organisation and the disaggregation possibilities
- Applicable data regulation

## UNEP FI resources:

- Indicators to measure Financial Health and Inclusion
- Annex B of Guidance
- UNEP FI Consumer Banking Assessment Module
- UNEP FI's Indicator Library
- Examples other resources: Vulnerability, GDPR, and disclosure guidance by Money Advice Trust

## Recommended output:

- 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

Examples – see following slides

## Which indicators should I measure assessing performance and setting a baseline?

1. Get an overview of the indicators you already measure and the teams responsible for them (**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 in the 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

[Potential indicators to set baselines and targets](#)



We recommend measuring as many core indicators as possible to get a more complete picture of the state of your customers for establishing baselines and it will be easier to set an impact-driven target

# Recommendations

## Performance assessment and baseline setting

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

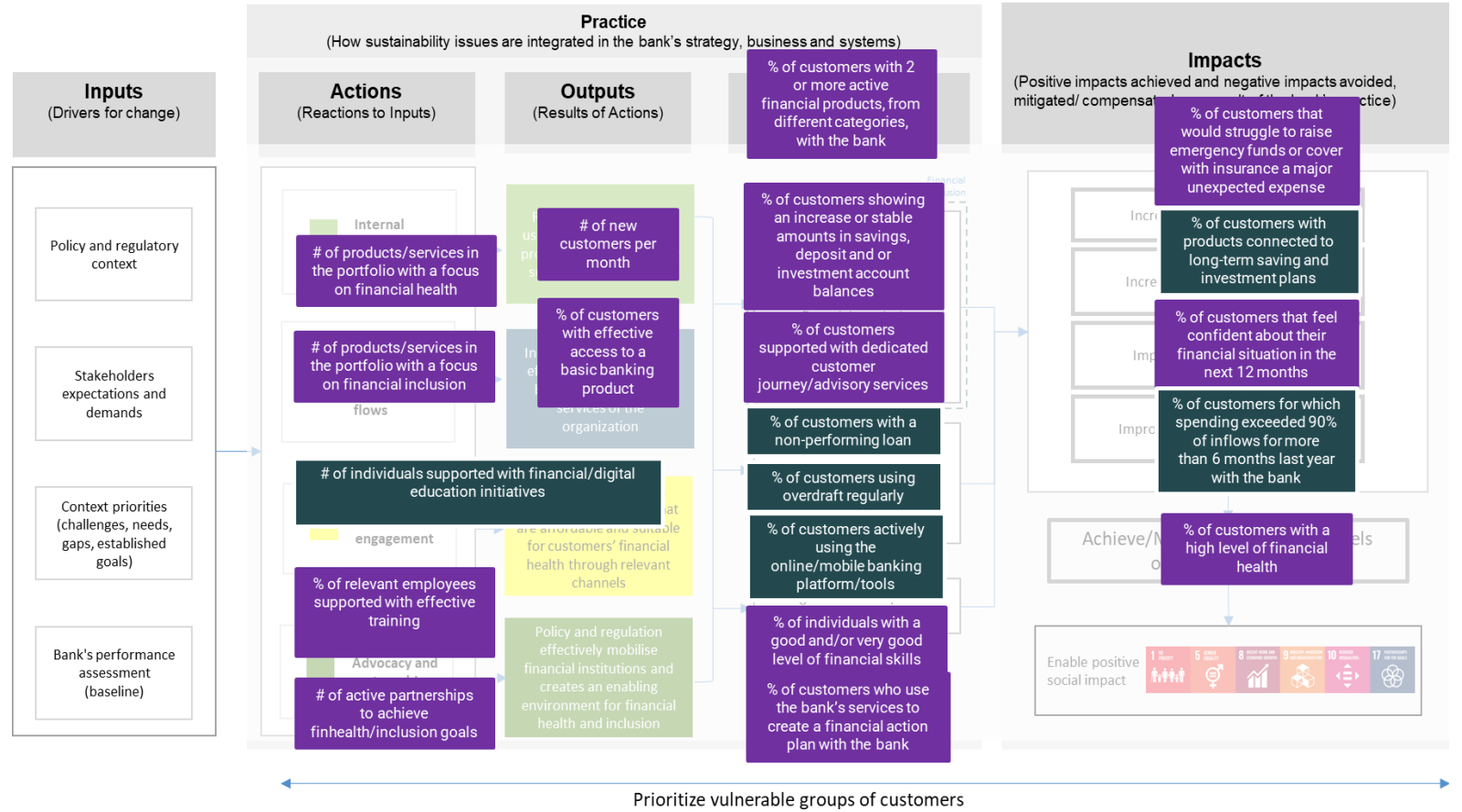


Mapping of the PRB Core Indicators to the 'Practice' and 'Impact' sections of the 'Finance/Equality & Justice' worksheet of the Consumer Banking Assessment Module Annex 3

## Assessment Modules



Find [here](#) all Modules



# Recommendations



- You can **use representative transactional data** or **run specific surveys** to understand gaps, client needs or current performance vs national priorities.
- **Identify sectors , industries, types of customers** causing the strongest actual positive or negative impacts
- Whenever possible, **include historical data** (ideally pre-pandemic) that can be **disaggregated by vulnerable groups** (actual /potential)
- **Calculate organic growth rates** to understand how the indicators improve or deteriorate through time without strategic focus.

## How to work with data protection frameworks (ie GDPR?):

They ensure data protection, foster trust with financial consumers, and improve banking experience but can impact ability to collect information.

Thus, any indicators that cannot yet be assessed due to regulation should be accounted for in the Action Plan.

UNEP FI Portfolio Impact Analysis Tools for Banks include the indicators in this Guidance to support the performance assessment and prioritisation process.

# Data disaggregation example

 Performance assessment and baseline setting

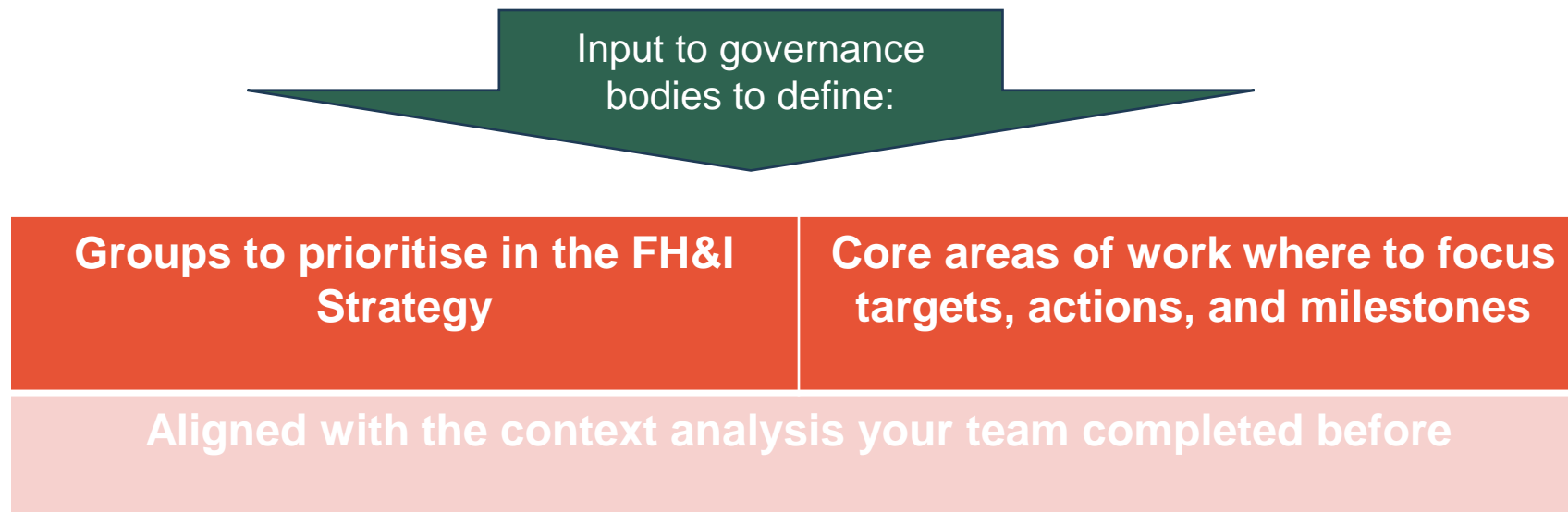
		Low income (%)	Middle income (%)	High income (%)	Male (%)	Female (%)	Vulnerable groups (%)	Age (18–30)	Age (30–60)	Age (60+)
Consumer bank portfolio (70% of total AUM)	Number of banking accounts	20	50	30	52	48	2	20	50	30
	Volume of credit	10	38	52	83	17	0.05	10	70	20
	Clients in overindebt	30	20	5	51	49	20	15	5	20
	Volume of savings accounts	5	10	85	80	20	3	5	65	30
	Level of financial resilience (1–10))	2	5	7	5	5	1	2	6	5
	Volume of home loans	5	60	40	80	20	1	5	75	20
	Others	5	30	65	60	40	1	20	60	20
National context		30% without banking account, low level of credit for women, 30% of the population do not save money, low level of final education, low financial resilience								

# Analyzing data



An analysis of collected data allows to identify:

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



# Recommendations



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

In cases where banks cannot disaggregate the information:

- start collecting that information from customers
- alternatively, you will need to rely on national figures to build a profile of your customers (which will deliver inaccurate results)



## Financial Health or Financial Inclusion?

- Case 1: Financial inclusion still far from national goal and bank have a direct impact on closing that gap - looking at the bank's current customer inclusion figures? => **focus on financial inclusion**
- Case 2: problem is not access but use of financial products and build financial resilience => **focus on financial health**

# Setting a baseline



- Set a baseline against a specific year - this is your “**starting point**”
- Focus on the **indicators measured in the performance assessment** that are **connected to the priorities** set by your organisation.
- Analyse **historical data** for those indicators.
- 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.



- It is good practice not to measure the baseline too far from the moment of setting targets => example: 2018 data as baseline measurement while we set targets in 2024
- You can restate your baseline, but not too often – and you need to be transparent on the underlying reasons



# Examples of prioritization

— Performance assessment and baseline setting



Financial Health

Financial Health/Financial Inclusion

Financial Inclusion

- Bank of Ireland - Ireland**
  - Adults, aged 18+, living in the Republic of Ireland who claim Bank of Ireland as their main day-to-day Bank as well as adults, aged 18+ who have lower levels of financial literacy and who are not confident that they have funds available to cover an unexpected day-to-day expense
- Caixa Bank - Spain**
  - Women, immigrants
- de Volksbank (ASN Bank) - Netherlands**
  - All households with a mortgage in the Netherlands/Eurowijs is a continuing learning pathway for all groups of children at primary schools, special education and lower secondary education. Teachers can give the lessons on their own or they can engage one of our employees to act as a guest teacher—throughout the year, and every year.
- Gatehouse - UK**
  - Young customers (18–30)
- ING - Netherlands**
  - Digital primary customers for 12 months
- La Banque Postale - France**
  - Financially vulnerable and marginalised customers; all retail clients in or at risk of financial difficulties
- BNP Paribas - France**
  - Fragile Individual Clients in France, women-led businesses in France and temporary workers in France
- AkBank - Türkiye**
  - Women business owners
- BBVA - Spain**
  - Unbanked or underbanked entrepreneurs
- Erste Group - CEE**
  - Private individuals, micro and new entrepreneurs, social organisations and special social projects; especially persons at risk-of-poverty or social exclusion
- Piraeus Financial Holdings - Greece**
  - Young farmers up to 40 years old located in rural areas of Greece. According to 2020 data young farmers range around 40,000.

# Wrap up

 Performance assessment and baseline setting

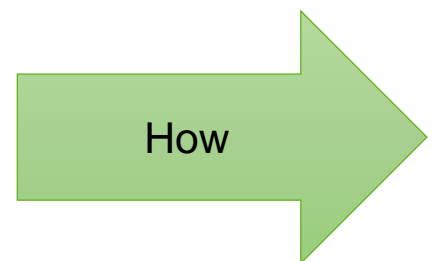
1. it is important to disaggregate data collected when measuring the baseline in order to define the groups to be prioritized

*Examples: Disaggregating by geographical location, gender, ethnicity, educational level*



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

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



- Is the performance of my prioritized group in line with the country's priorities => **alignment with the country's priorities.**

# Wrap up



## *What are my country's/countries' priorities?*

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



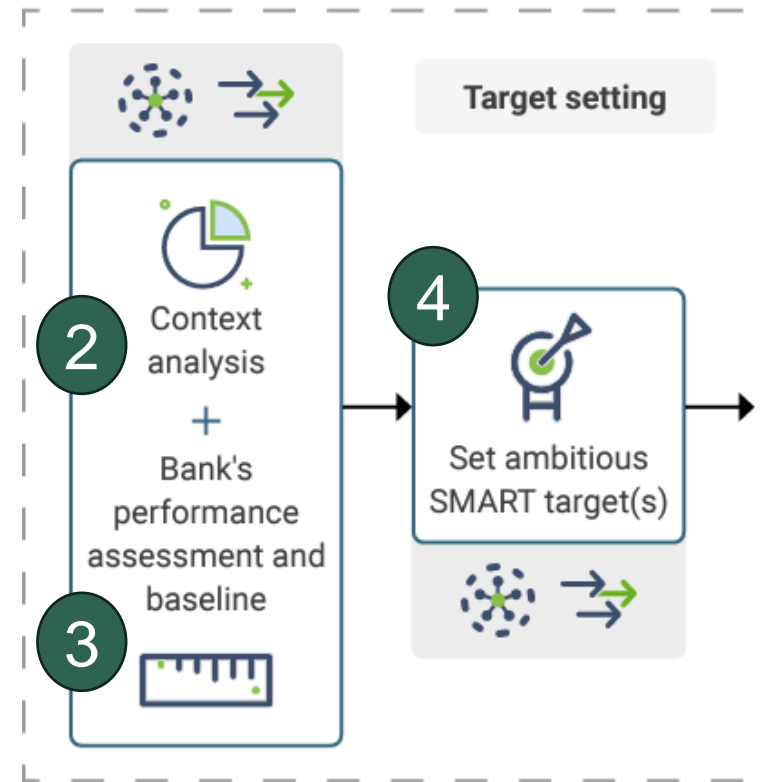
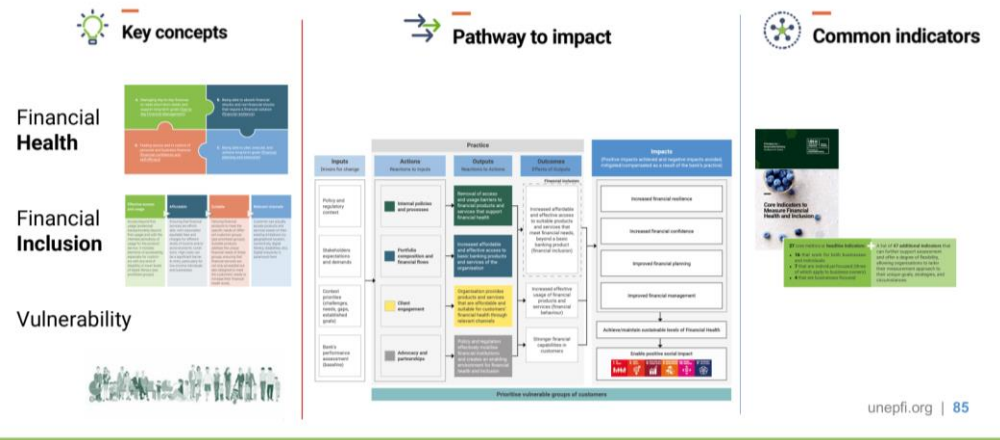
## *What can my bank do to contribute to reach the goal? Where do I set my priorities?*

Examples:

- In strengthening financial skills and digital literacy in people I can reach out to (clients/ community)
- In increasing access to financial services by underbanked groups
- In financial health of my clients (people and businesses)
- In collaborating with national institutions in the development and implementation of financial education programs
- In encouraging good credit card usage behavior

# Wrapping up Part 1

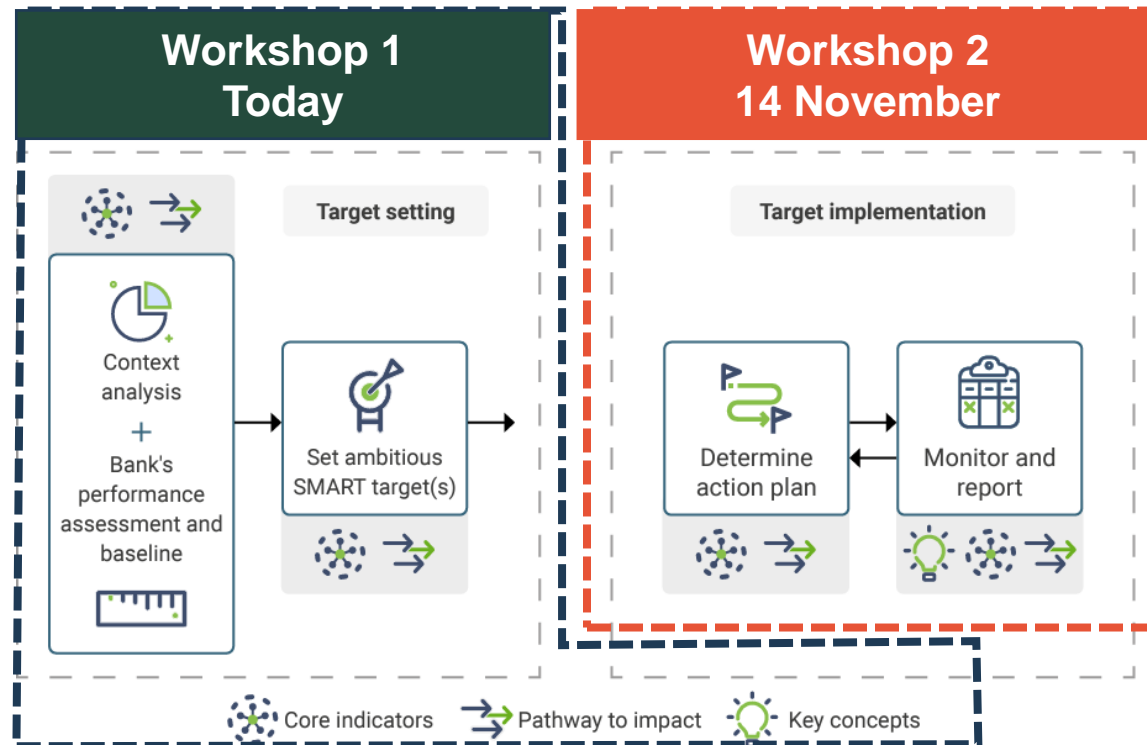
## 1 Elements of the approach



We hope the following targets were met:

- To get familiar with the UNEP FI framework for FH&I
- To identify the **context of financial inclusion and financial health** in the country in which they operate
- To build **knowledge and skills to select the best indicators** and methodologies to set targets that are aligned with PRB's best practices

# PRB Financial Health and Inclusion Programme



**Target setting accelerator program - Optional**

- Additional tools
- 1 One to one session
- 1 Walk-in session

- Let us know if you are interested in the accelerator programme
- Let us know if you DO NOT AGREE to share contacts with participants / community of practice

# Have questions?

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