

14/11/2024

UNEP Finance Initiative

# Setting your financial health and inclusion targets

Part 2

Principle for Responsible Banking  
Europe



## Before we begin

- **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



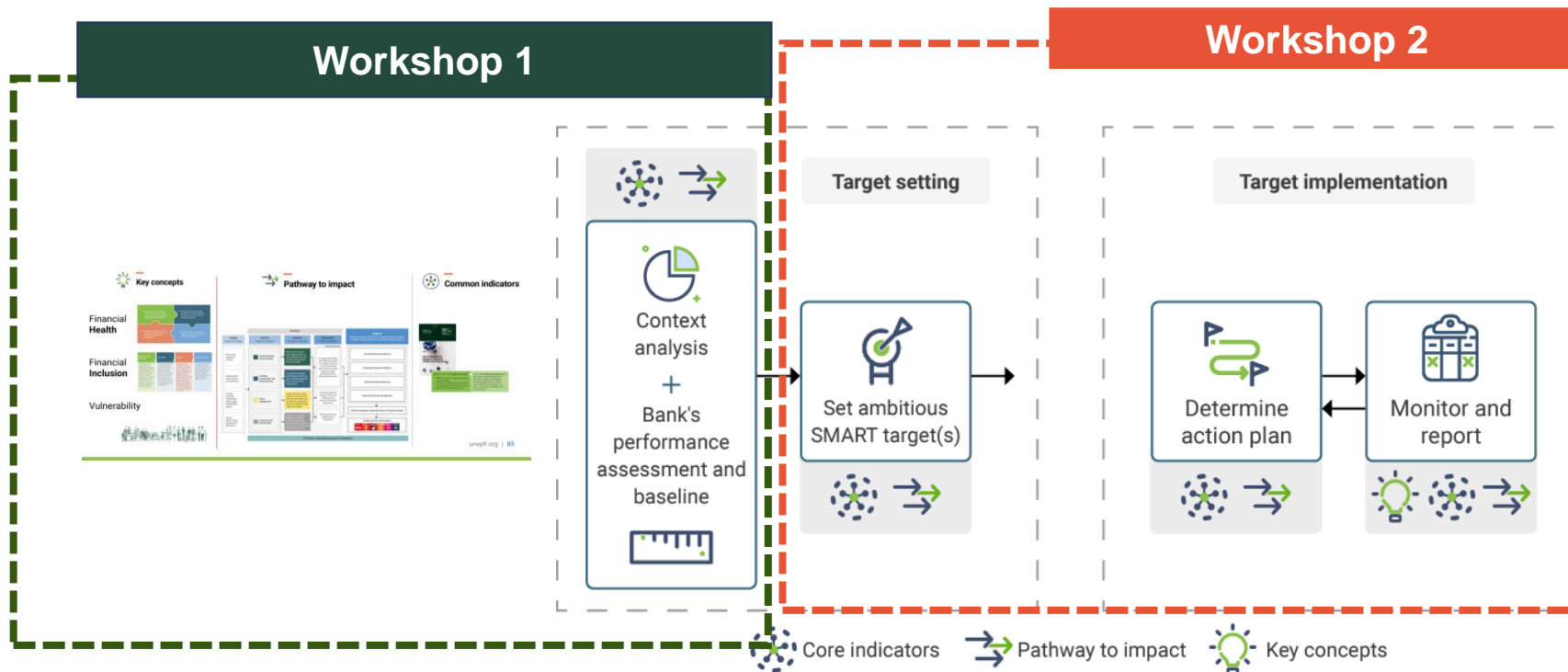
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# PRB Financial Health and Inclusion Programme

- **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**



**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 **Thursday December 5<sup>th</sup>**
- 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 update the information you collected when you completed the impact identification tool for your bank. Available here: <a href="https://70176c0-sibforms.com/serve/MJE4Hm2u3gQovY/B6uXo3o2A3K2P/">https://70176c0-sibforms.com/serve/MJE4Hm2u3gQovY/B6uXo3o2A3K2P/</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 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 audiences prioritized by the policy, if applicable.</i>
Agreements (multilateral or bilateral)	<i>exist in the country related to financial health, financial wellbeing, 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 audiences prioritized by the agreement, if applicable.</i>

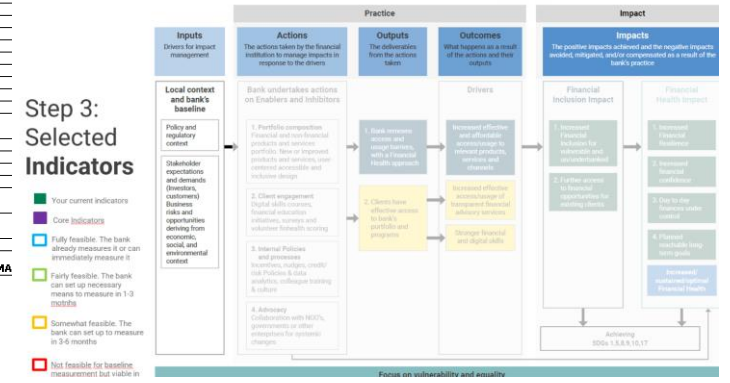
### Key Figures on Financial Health and Inclusion

*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				
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



# 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



**Community of practice** following participation to workshops- registration links 22 November sent

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

# What we discussed in Workshop 1

1 **Recap:** PRB, UNEP Fi methodology the role of banks for FI, direct/indirect impacts and interlinkages

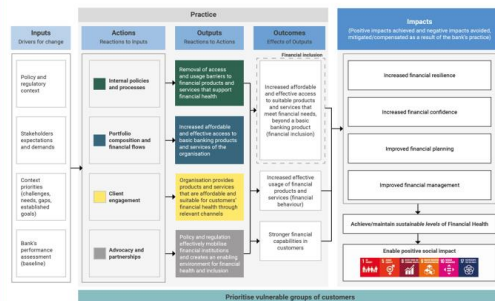


2 **Elements of the UNEP FI approach**

**Key concepts**



**Pathway to impact**



**Common indicators**



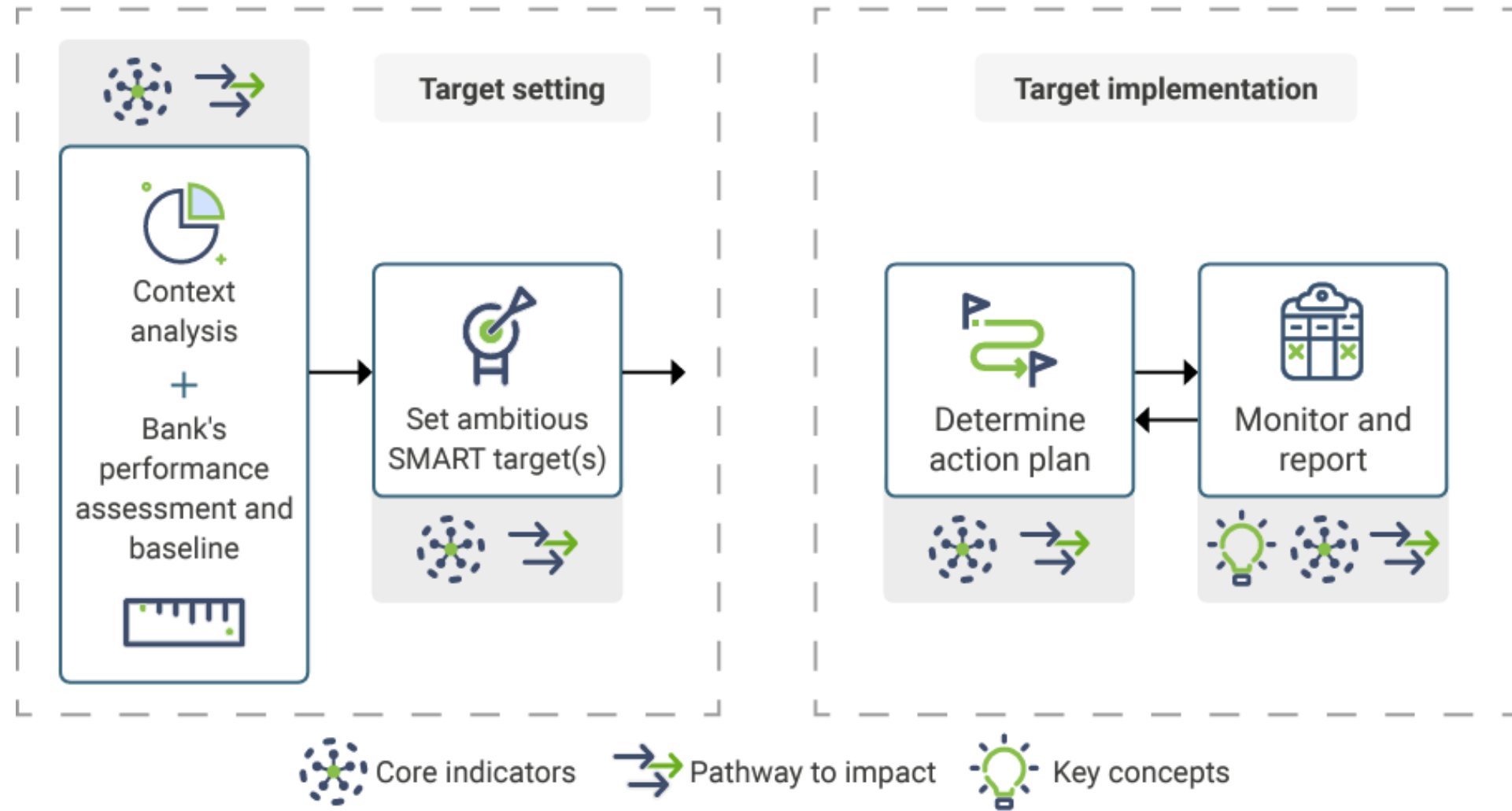
3 What are my country's/countries' priorities (challenges, needs, gaps, prioritised groups, and established goals)? What are relevant policies/data sources/..

4 Where do I (bank) stand vs those priorities, considering my portfolio and clients? What can I (bank) do and should prioritize to have impact on those priorities? => where should I set my targets?

# — Set ambitious SMART targets



# Setting targets





## Defining targets and key performance indicators (KPIs)

For the **positive impact** to be **enabled** and **negative impact** to be **mitigated**, targets define:

- **how much** baseline needs to improve to support context priorities
- **by when** it needs to improve
- **on which metrics** the organisation needs to keep an eye on

### Input needed:

- Results of context analysis.
- Results of the performance assessment/baseline setting of the organisation in FH&I- related metrics.
- Baseline value and year for metrics that measure the organisation's performance in FH&I
- Existing targets in the organization

### UNEP FI resources:

- Targets set by PRB signatories to the Commitment on Financial Health and Inclusion
- UNEP FI Consumer

### Recommended output:

- 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

Examples – see following slides

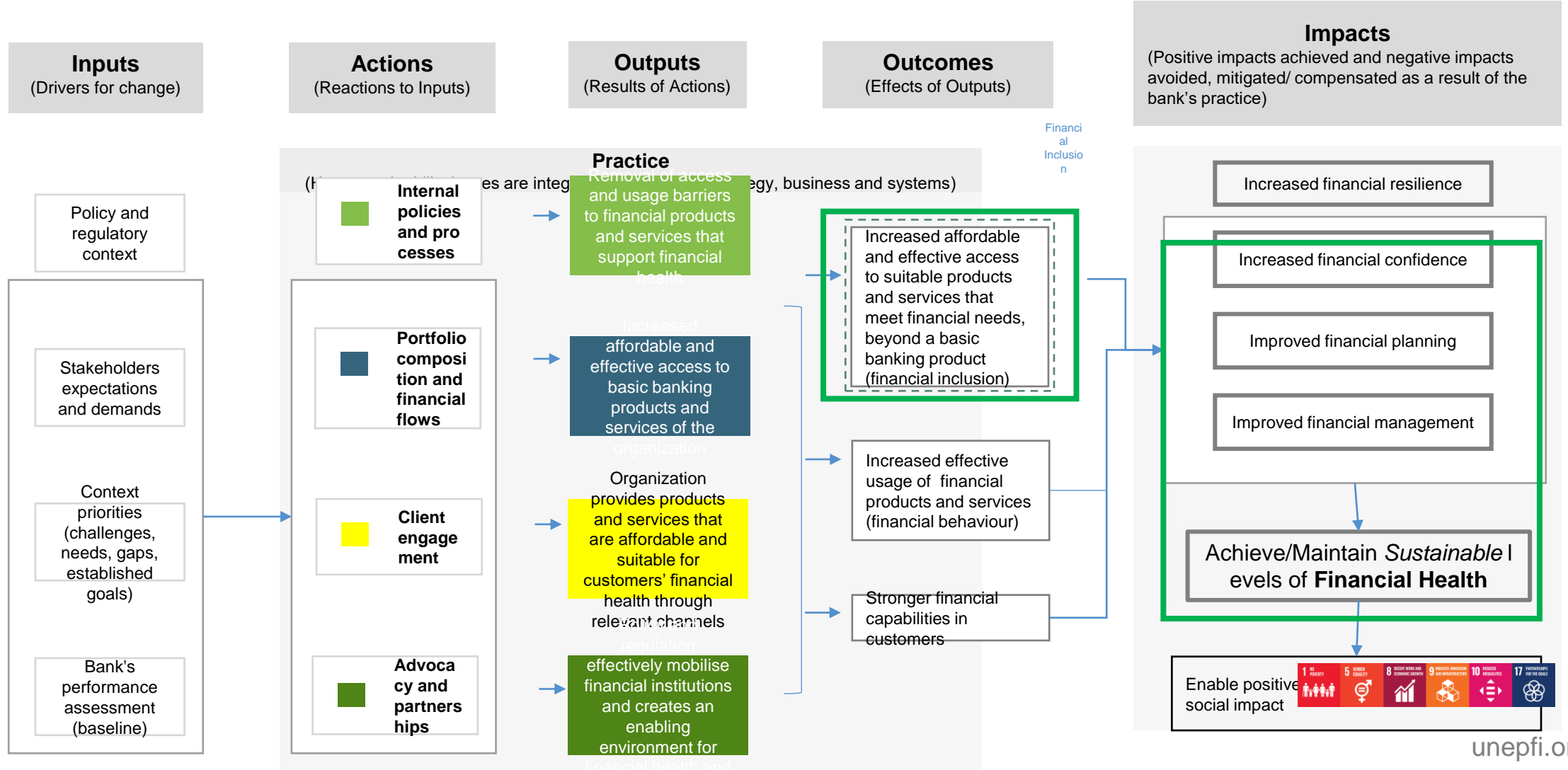


## Requirements for PRB set targets

- Set at **impact level (financial health) / practice (financial inclusion)**
- Be Specific, Measurable, Achievable, Relevant and Time-bound (**SMART**)
- **Ambitious and clear about how they contribute** to the SDGs, national targets and/or priorities
- Include defined **actions and milestones** to meet the target, as well as definitions of **key performance indicators (KPIs)** to measure and monitor progress against the targets
- include **identification/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
- Targets, KPIs and actions should be **approved by Governance**, any changes in these definitions, and any rebasing of baselines should be transparent
- **Publicly disclosed**



# Level of ambition: impact targets vs impact driven (practice) targets





## Defining ambition levels: examples

### Targets at the very least proportional to the market share of the bank

- Given that the national /local gap in access to loans by women-led MSMEs is 30%
- And given that the bank has a market share in the MSME segment of 50%



- bank should target an increase in access to loans of at least 50% of the gap

### Increase or decrease larger than the organic trend

- The bank organically grows the percentage of customers increasing their account balances quarter on quarter about 2% per year



- Bank should set targets involving an increase higher than 2% per year

### Setting ambitious targets to sustain program effectiveness during tough economic times

- Maintaining 42% success rate in a customer arrears prevention program despite a cost of- living crisis

# Example: SMART Target for Financial Health

- **Baseline:** December 2020
- **Priorities and targets:** National context considered for 2025

**SMART goal defined for 2025:**  
Work with vulnerable clients (showing a low level of financial security and elderly +60) to increase the percentage of clients with recurring savings, minimum emergency funds and long-term savings plans by 25%.



S	M	A	R	T
Work with clients from vulnerable groups (showing a low level of financial security and elderly clients (+60))	Increase by 25%	To determine the ambition: consider organic growth and be more ambitious  le : indicator's annual organic growth 3% per year, the bank is proposing to double that annual growth  This is ambitious but still realistic	Vulnerable groups prioritized:  baseline showed that they are the ones who most need support from the bank	Base year: 2020 and target year: 2025
Specific	Measurable	Attainable	Relevant	Time-based

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

# Example: SMART Target for Financial Inclusion

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

**Defined SMART target- 2025:**

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



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

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



## Sub targets (or milestones)

### Financial Inclusion

- **Sub-targets for each product/service category starting from baseline**, i.e., an overarching target on full financial inclusion of the prioritized group, and sub-targets by product category helping to achieve the overarching target.
- Usually on supply/ demand/ rejections of products that are relevant for greater financial health in the target group => **important to analyze rejection rates, participation in products from other categories, etc.**
- **Relevant:** banking the un-banked in line with the national targets and the bank's market share.

### Financial Health

- **Sub-target suggested in indicators that measure savings habits: over-indebtedness** (overdue credits or non-performing loans), **access to products of other categories for customers who already have savings habits,**
- Inclusion for banks in countries that still have gaps.
- **Products aimed at encouraging savings and financial resilience to cover emergencies**

### Example

Increase to 40% the customers with 2 or more active financial products of different categories without generating negative impacts on the financial health of those customers

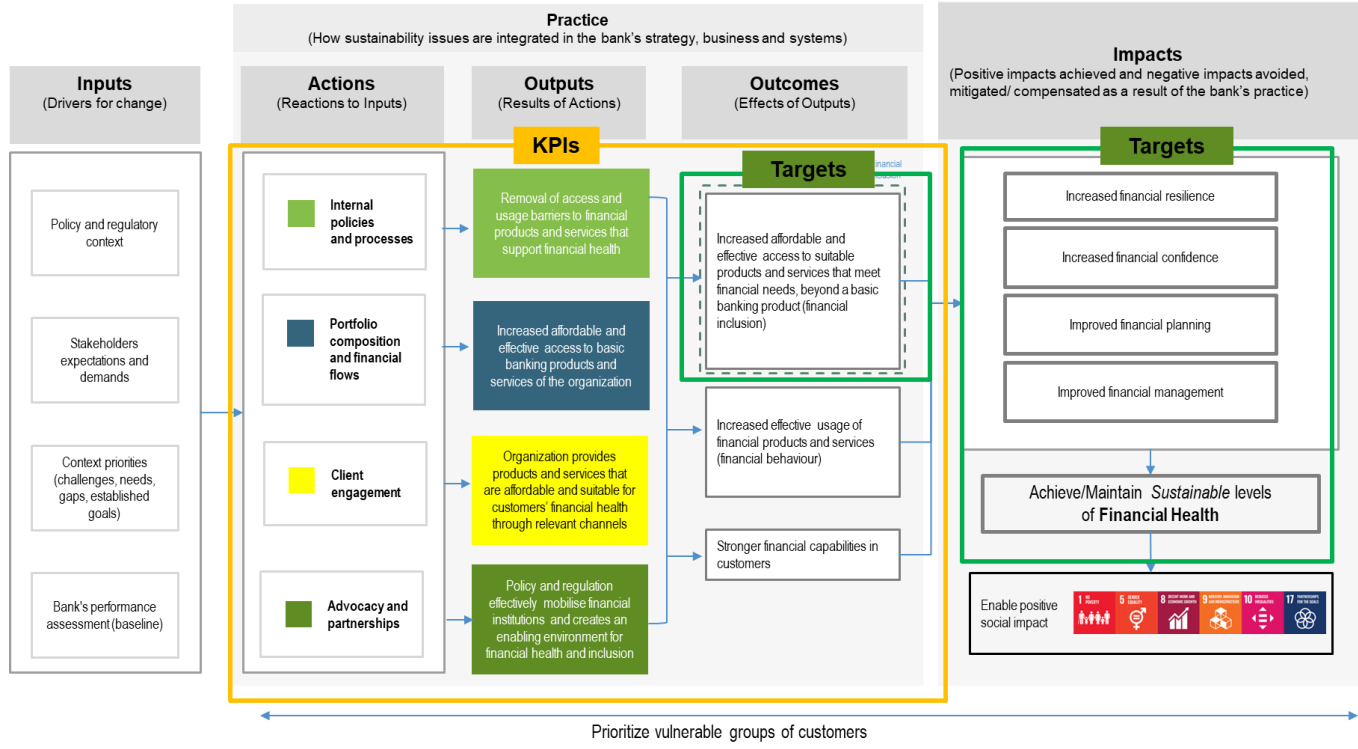
To this end, the following sub-targets are set:

- Increase to 30% the participation of clients of the prioritized group in debt products
- Increase to 50% the participation in investment products or programmed savings
- Achieve a critical mass in banked individuals, in line with national goals



# Key performance indicators

- **KPIs** will show the bank is on track to deliver its targets and sub-targets => **short- and medium-term indicators** are critical for the bank's targets to be achieved
- Before setting targets: good to **establish and monitor financial health indicators**, in order to **understand the correlation with financial inclusion actions**
- Good practice to **disclose baseline of KPI**



**You set a target in Financial Inclusion?**

Good practice is to monitor financial health indicators to make sure your bank is not generating a negative impact.

**Example: you want to increase access to loans => monitor NPLs, arrears, overdrafts, and severely diminished saving capacity. These are all indicators that the loan is generating financial distress**

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

unepfi.org | 19

Reminder: library of indicators presented in [Part 1!](#)

# Example: bringing it together

## Understand country context

In the country the bank operates in, there is a considerable financial health gap, as:

- Only 5/10 individuals have a savings/investment account. 40% of them 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 3 months of living expenses, 59% are confident their insurance policies will cover them in an emergency
- **80% of individuals from vulnerable groups (ie people with low levels of financial security and elderly +60) do not possess sufficient savings for the long-term and/or do not have enough emergency funds for unexpected expenditures**

## Set baselines and

Internally, the bank identified the following (in 2020):

- **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**

## Set SMART Targets

By 2025 the bank will:

- Work with customers from **vulnerable groups** (who display a low level of financial security and elderly customers +60) to **increase the percentage of customers with recurrent savings, minimum emergency funds and long-term saving plans by 25% by 2025.**
- **Bring to 30% (from initial 15%) percentage elderly (+60) customers with products connected to long-term saving and investment plans**

## Define KPIs

The bank will measure:

- **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 in- crease or stable amounts in savings, deposit, and/or investment account balances, quarter or quarter

# Best practices/lessons learned

## Strategy & Governance

- 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
- Consider **time needed to get approval** from governance

## Stakeholder management

- **Engage internal stakeholders early enough** (business departments, Executive Committee and Board of Directors) 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 organization

## Impact management

- **Leverage impact analysis to identify potential negative impacts** of targets. Example: impact analysis identified over-indebtedness as potential negative impact associated with providing more credit
- Take into account all your product portfolio and **categorize products to better understand participation** of each prioritized group in your portfolio

## Targets

- An **overarching target** can be set **covering all prioritized groups** but when reporting, **progress must be shown for each prioritized group** - how your bank is closing the gaps for them
- Think more in terms of **“how many people”** rather than **“how much money”**
- **Multiple geographies:** Complete a context analysis for each country and carry out a performance assessment aligned with results of each context analysis. Set targets for each country and then consolidate those targets at the global or regional level based on the relative country weight in the overall operations

# Impact Targets examples Financial Health

## Bank of Ireland - Ireland

- Increasing to 70% the percentage of customers who are confident (strongly or somewhat) that they have funds available to cover an unexpected day-to-day expense by 2030 from 62% in 2023.
- Increasing to 50% the percentage of customers who are confident (strongly or somewhat) that they have funds (Savings or Insurance) available to cover a major unexpected event by 2030 from 44% in 2023

## Caixa Bank - Spain

- Contribute to the creation of 64,000 jobs (cumulative figure) through its support for entrepreneurs between 2022 and 2025.

## de Volksbank (ASN Bank) - Netherlands

- Increasing the percentage of customers with mortgage loans arrears that have been sustainably recovered from 65% in 2023 to 67% in 2025.

## Gatehouse - UK

- Growing the percentage of young customers (aged 18–30) who have savings funds (quarter on quarter reflected annually) to 10% by 2025

## ING- Netherlands

- A 25% increase by 2030 (from an initial value of 1.07 million in 2022) in the number of Dutch customers with products connected to long-term saving and investment plans, with a 5% increase by year-end 2023.

## La Banque Postale - France

- By 2024, improve the financial situation of financially vulnerable and marginalised customers through targeted advice and support measured by the quarterly evolution of the NPS among vulnerable customers (currently +7) and aiming to achieve a level that is at least identical to the evolution of the NPS among standard customers (currently +10).



[PRB-Fin-Health-progress-report-1.pdf \(unepfi.org\)](https://unepfi.org/prb-fin-health-progress-report-1.pdf)



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# Impact Targets examples

## Financial Health/ Financial Inclusion, Financial Inclusion

### Financial Health/ Financial Inclusion

#### BNP Paribas - France

- By 2025, achieve and maintain a standard 42% in the amount of individual BCEF clients that accepted a dedicated offer of products and services for improvement of their budgetary situation and have not had any new issues, currently at 41.6% (2022). A second impact target is to increase the percentage of women-led businesses with effective access to financing solutions from 30.2% in 2022 to at least 33% by 2025. And a third impact target is to increase the number of temporary workers with effective access to at least one loan from 1,015 in the 2023Q1 to a cumulative number of 20,000 by 2025.

### Financial Inclusion

#### BNP AkBank - Türkiye

- By 2025, achieving a growth rate of 10% per year on the number of women-led business customers that have access to a minimum of one financial product that they did not have access to in the past year and that helps increase financial resilience or support sustainable business growth.

#### BBVA- Spain

- By 2025, support, through the BBVA Microfinance Foundation entities, 4.5 million unbanked or underbanked entrepreneurs to improve their financial resilience by providing them with effective access to financial and non-financial products.

#### Piraeus Financial Holdings -Greece

- Provide at least 3,000 young farmers, by 2025, with effective access to loans to start or continue their own farming business while remaining in rural areas of all 13 regions of Greece.



PRB signatories need to set **SMART impact / impact driven** targets as well as KPIs to measure and monitor, taking into account the country context and the bank's baseline performance.

The **more ambitious the target**, the faster you can contribute to close the gaps in your market

Your bank needs to be **clear about how its targets contribute** to SDGs, national goals, priorities and/or national targets

Targets, KPIs and actions should **be approved by management and should relate to the business strategy**

Any changes in these definitions, and any rebasing of baselines should be **transparent**



# Designing and delivering an action plan

## What

**Structuring actions** articulating them **through engagement strategies**

**Setting milestones** to quickly assess success in achieving the targets set by your organisation

### Input needed:

- Results of the impact and context analysis (incl. the list of existing actions and engagement strategies)
- Established SMART targets for the organisation.
- Defined KPIs

### UNEP FI resources:

Conceptual model for Financial Health and Inclusion

Consumer Banking Assessment Module

### Recommended output:

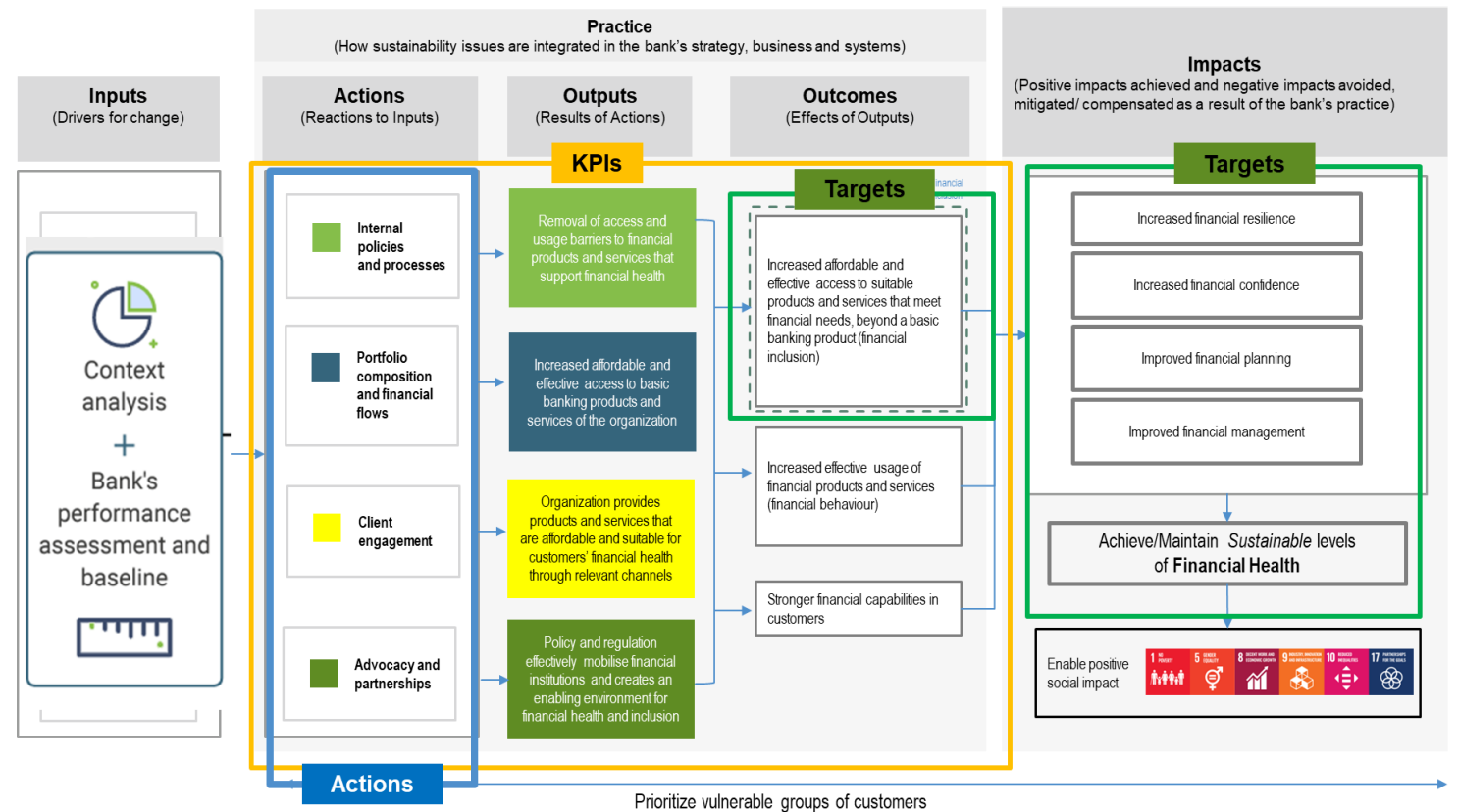
- Action Plan designed to materialise targets set
- Milestones set for KPIs
- Established roles and responsibilities regarding actions in the Action Plan
- Client/customer engagement strategy
- Stakeholder engagement strategy

Examples – see following slides

# Designing the action plan

Tasks organized into a **Pathway to Impact** for the organisation

- context analysis, performance assessment, and priorities and baseline pathway's inputs **informing** the definition of **actions to take**.
- **targets and KPIs** (defined at the impact, outcome, and output level) inform the **result that the actions** taken must have.
- **milestones set for KPIs** allow the organisation to **evaluate how successful** the actions are in delivering results.
- design process also includes **assigning roles and responsibilities** regarding implementing the actions





## Categories of actions & examples

### Internal policies and processes

- Improve **credit/ risk policies/risk models to screen early signs of over indebtedness**, risk appetite by vulnerable groups.
- **Nudges in Internet banking platforms**, e.g., opt-in/opt-out options for pension, low-cost credit lines, warnings for overdraft
- **Targets into remuneration, incentive, and performance management systems** and decision-making processes
- **Educate, raise awareness and train employees** on FH&I strategy/targets, pertaining to their respective areas of work

### Shaping banks' portfolios and financial activities to actively support and advance FH&I objectives

- Improve or develop **new products and services** targeting vulnerable customer groups
- Develop **digital solutions and digital apps** designed for specific needs, e.g., disabilities
- Set up **entrepreneur platforms** or digital solutions to engage rural areas or underbanked groups
- Offer **financial advisory services** for over-indebted individuals.

### Proactively engage clients in line with effective client strategy

- **Financial/digital skills education programmes, toolkits**, advisory services to support people in controlling financial health.
- **Online assessment & recommendations** to allow customers to test their financial skills/ level of financial health
- **Evaluation mechanism** to test appropriateness / tailoring of products and services to specific groups.
- Designing and implementing a **client engagement strategy**.

### Focussed on advocacy and partnerships to promote FH&I

- Collaborate with **NGOs, governments, fintechs**, other on product innovation
- Partnerships with **academia, think tanks or global networks** to develop/improve
- **Advocate for public policies for FH&I**, increase effort for stewardship and/or policy engagement
- Defining and implementing a **stakeholder engagement strategy**

## Examples actions more related to 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”, a program supporting women-owned businesses and committed to double support for women entrepreneurs between 2019 and 2025. In 2020, BMO 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.

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.

## Examples of actions more related to financial health

ANZ: 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. Similar in-person community led workshop program.

AIB 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 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.

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.

## Examples of actions around 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.

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

## Milestones (subtargets)

**Milestones are the sub targets**, referring to specific points or achievements along the target implementation timeline that mark significant progress or accomplishments toward the implementation

They can be **qualitative** => make a particular product or policy available for a prioritised group or **quantitative** => ie achieving 50% of the employee training target.

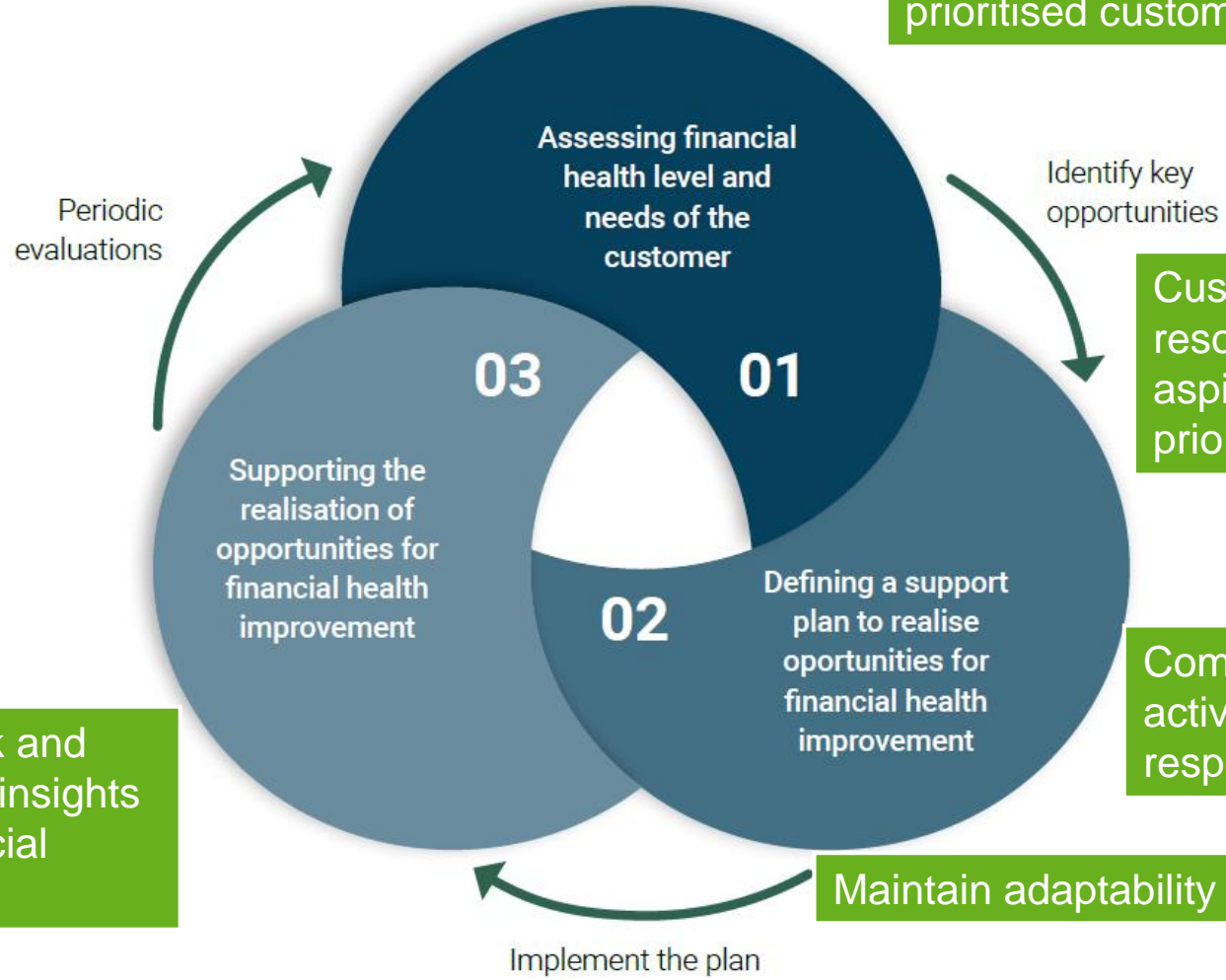
General recommendation is to include milestones in the action plan and associate them with the organisation's KPIs and targets.

Targets	Milestones
<p>Increase the % of young customers that feel confident about their financial situation in the next 12 months, from 30% to 60% by 2025.</p>	<p>To achieve the targets by the target year, Bank A has set the following <b>milestones</b>:</p> <ul style="list-style-type: none"> <li>• Improve the financial skills of at least 70% of the participants of financial literacy initiatives (which should reach 100% of our customers and at least 10.000 of individuals in communities)</li> <li>• Increase the % of young customers with a savings account from 3% to 10%</li> <li>• Increase the % of young customers showing increase or stable amounts in savings, deposit and/or investment account balances, quarter on quarter (saving habit) from 10% to 30%</li> <li>• Increase the % of young customers with products connected to long-term saving and investment plans, from 5% to 35%</li> </ul>
<p>Decrease the % of customers that would struggle to raise emergency funds or cover with insurance a major unexpected expense, from 70% to 35% by 2030</p>	

# Client engagement

Regularly assess and continually refine engagement the impact of engagement initiatives against predefined metrics

Encourage client feedback and participation, valuing their insights to co-create tailored financial solutions and services



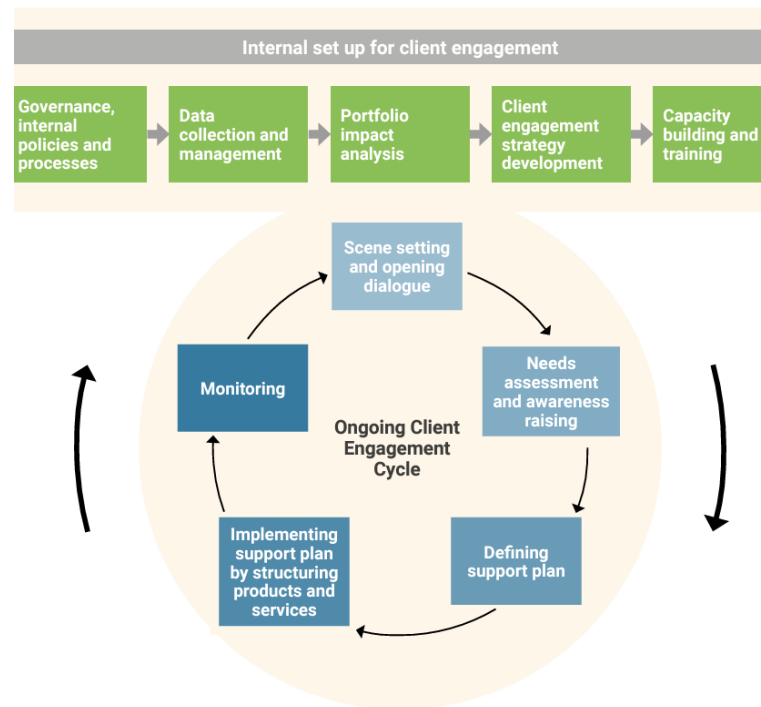
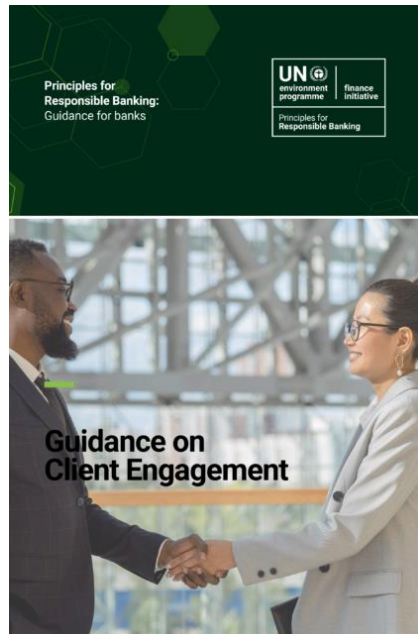
Ensure that engagement strategy addresses the identified needs of prioritised customer groups

Customise engagement strategies to resonate with the specific financial aspirations and challenges faced by prioritised client segments.

Comprehensive plans delineating activities, timelines and responsibilities

Maintain adaptability to meet evolving needs

# Client Engagement additional resources : Guidance - PRB Academy



## Courses:

- Getting Started in Responsible Banking
- Responsible Banking For Board Members and Executives
- **Clients and Customers**
- Climate Change
- Nature Finance
- 6 short applied courses for specialists (2024)




## Best practices/lessons learned

- Create a « **theory of change** » **specific to your bank**
- Manage expectations, **as it takes time** but aim to consistent results
- Set up **actions that responds to needs** (you might need to collect additional market data)
- Assign clear **roles and responsibilities**
- Set up a **good monitoring system** – connected to other processes, ie risk appetite framework, business results, financial monitoring

### Client engagement

- **Self-employed individuals and microbusiness** => take into consideration the financial health level of the business owner in the assessment
- **Integrate Financial Health efforts with other social and environmental impact-driven work** - assessing, for example the gender-responsiveness level of the business, its carbon footprint, or if it is providing decent employment to increase effectiveness and provide holistic solutions to customers
- **Level of customization will depend on the size of the bank and level of digitalisation** - some banks able to create a support plan for each prioritised customer , others might need to cluster groups based on shared financial health conditions
- **Digital platforms** are well suited to deliver support plans – however bank need to pay **special attention** to customers' **groups with low digital literacy**





## Client engagement: Calculating a financial health index/score (individuals and businesses)

- Scoring system, measuring 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). For businesses, add score for owner/key people.
- Incorporate external economic indicators that may impact financial health (socio-economic context)
- Assign weights considering the socio-economic context of the individual (gender, age, income level, etc.)
- Data can be internal, publicly available, transactional, or survey-based

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](#)



- **Build an action plan** towards impact /impact –driven targets – design **your own theory of change** including:
  - **Inputs** (context and performance assessments/baseline)
  - **KPIs** measured through actions, outcomes and impacts
  - **Set milestones** (subtargets)
- Establish **roles and responsibilities** regarding actions
- Define a **client/customer engagement** strategy
- Work with stakeholders



## Formulating a transparent monitoring and reporting system

Monitoring and reporting, internally and externally on metrics connected to the FHI strategy, targets, KPIs, and/or milestones, to :

- enabling a comprehensive assessment of progress
- compass for continuous improvement within the organisation
- Measures its strides towards positive impact and instils a culture of accountability and continuous improvement.
- Crucial for steering the organisation toward meaningful outcomes while fostering a culture of adaptability and sustained improvement

### Input needed:

- Targets set by the organisation.
- Defined KPIs and milestones.

### Resources:

Reporting and Self-Assessment Resources  
IFRS Disclosure Standards  
SASB Standards  
GRI Standards  
ESRS Standards

### Recommended output:

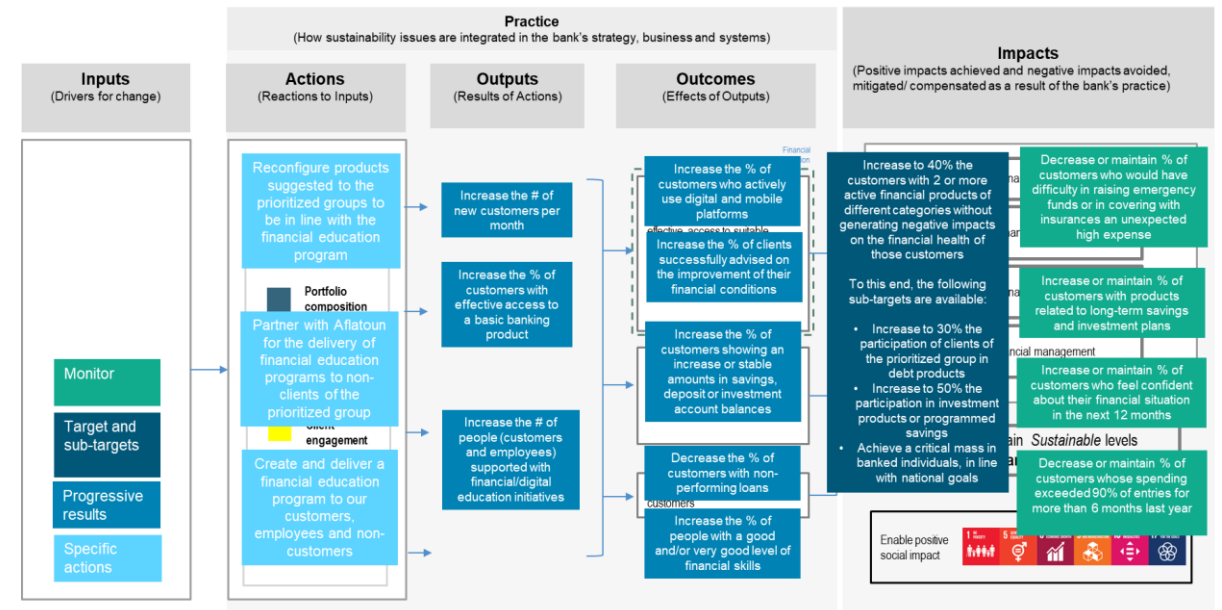
- Roles and responsibilities for monitoring and reporting connected to the governance system.
- Periodicity of monitoring.
- Periodicity of reporting and metrics to report.
- Stakeholders (internal and external) with whom reports will be shared.

# Monitoring

- **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.
- Impact metrics monitored at least annually, outcome metrics at least semi-annually, ideally quarterly. Action-oriented metrics, regular checks at least quarterly recommended – optimal frequency monthly
- Assign **roles and responsibilities** to gather data, leveraging internal systems / data governance



You can set up a dashboard that consolidates all critical metrics so teams can assess progress and introduce necessary improvements quickly



## Reporting/transparency – Principle 6

### Internal stakeholders:

report progress **every quarter** to inform the ones who are not operational stakeholders of the Financial Health and Inclusion strategy

**External stakeholders:** recommendation to **publicly report progress at least once a year**

### Amendments to the approach of PRB reporting requirements (Newsletter 24/10 on Banking Board decision)

Reducing reporting and relying on recognised disclosure frameworks and other forms of sustainably reporting (ie ESRs/CSRD)

**Assurance:** PRB continues to recommend assurance of sustainability data as best practice—strongly encouraged— but assurance of PRB reporting will no longer be required

### Webinar on November 21<sup>st</sup> :

- Session 1 | 21 November | 9am CET | [Register here](#)
- Session 2 | 21 November | 4pm CET | [Register here](#)

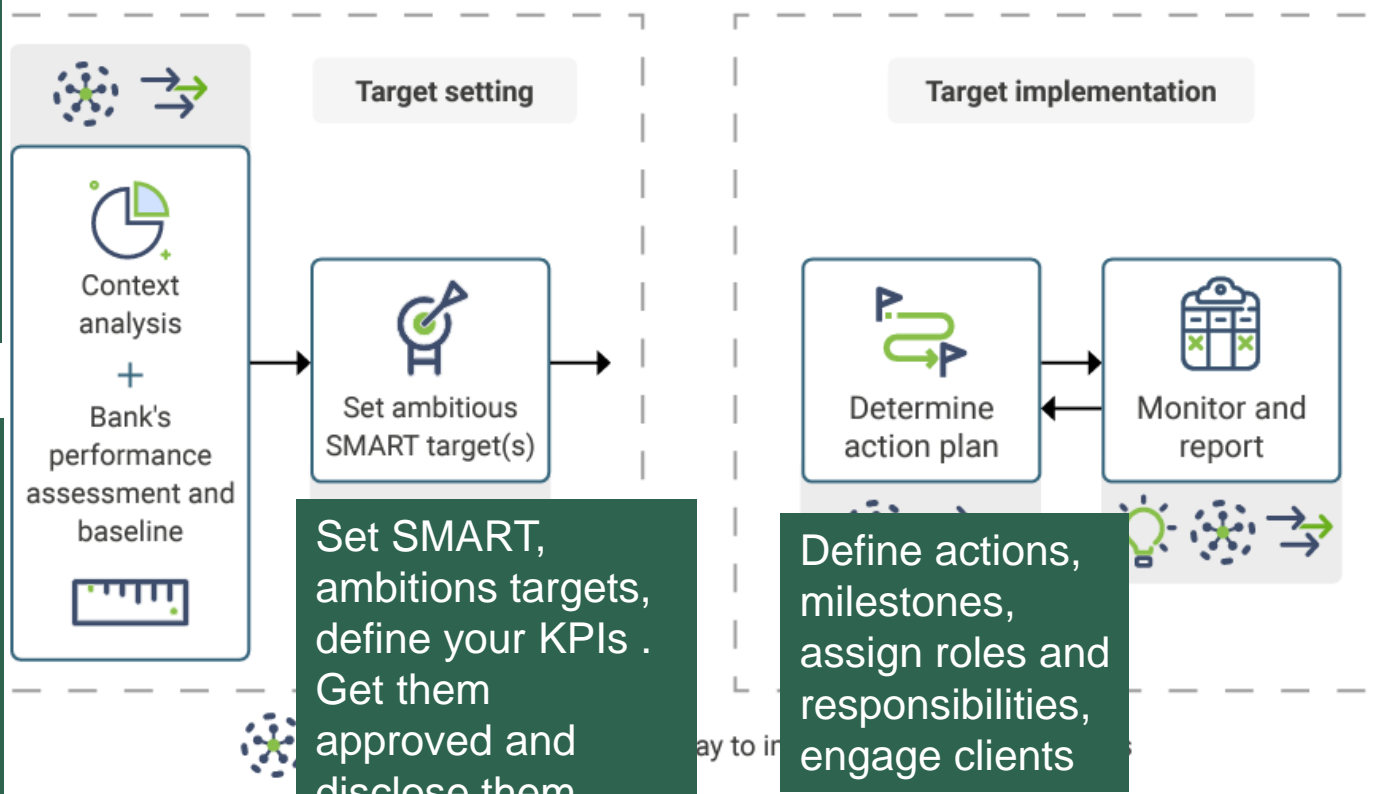
# Setting Targets

## Wrap up

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

Where do I (bank) stand vs those priorities, considering my portfolio and clients?

What can I (bank) do and should prioritize to have impact on those priorities? => where should I set my targets?



Set SMART, ambitions targets, define your KPIs . Get them approved and disclose them publicly

Define actions, milestones, assign roles and responsibilities, engage clients

Monitor and report, internally and externally, on metrics connected to the FHI strategy, targets, KPIs, and/or milestones, to measure progress and steer organization strategically

# Target setting accelerator programme – optional

We designed a programme 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 **Thursday December 5<sup>th</sup>**
- 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

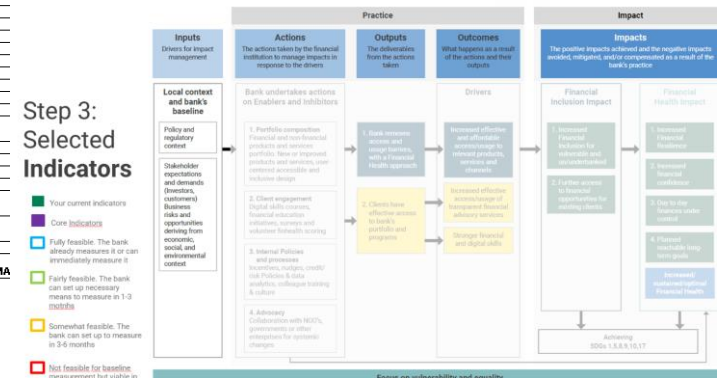
Scope	which you will complete the context analysis				
(COUNTRY 1)		Where did you find the information?	Do you have goals (yes/no)	What are the goals?	What are the priority target audiences?
Policies	the country related to financial health, financial wellbeing, financial inclusion, financial education, etc. (one row per policy)	Write here the link to where you found the information.	Answer yes or no	Write here the goals of each policy, if applicable	Write here the audiences prioritized by the policy, if applicable
Agreements (multilateral or bilateral)	exist in the country related to financial health, financial wellbeing, financial inclusion, financial education, etc. (one row per agreement)	Write here the link to where you found the information.	Answer yes or no	Write here the goals of each agreement, if applicable	Write here the audiences prioritized by the agreement, if applicable

### Key Figures on Financial Health and Inclusion

Remember to only 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 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



# Have questions?

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