



Bank of Morocco – CEMLA – IFC Satellite Seminar at the ISI World Statistics Congress  
on “*Financial Inclusion*”

Marrakech, Morocco, 14 July 2017

## What is financial inclusion and how to stimulate this in the Netherlands?<sup>1</sup>

Michiel van Doeveren,  
Netherlands Bank

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<sup>1</sup> This paper was prepared for the meeting. The views expressed are those of the author and do not necessarily reflect the views of the BIS, the IFC or the central banks and other institutions represented at the meeting.

# What is financial inclusion and how to stimulate this in the Netherlands?

## Strategy to foster financial inclusion

Michiel van Doeveren<sup>1</sup>

### 1. What is Financial inclusion?

Financial inclusion ensures free access to, and use of, appropriate financial services for all people and businesses at affordable cost and participation in society of disadvantaged groups based on equal rights and duties.

Around the world, two billion people do not have access to financial products, such as a current account. In particular, large groups of poor people are excluded from financial services, either because there are no banks in their area or because banks do not consider them creditworthy. Financial inclusion therefore means that these people are given access.

### 2. Financial inclusion in the Netherlands

In the Netherlands, too, some groups have little knowledge of and limited access to financial services. For example, many people are unaware of the ins and outs of complex financial issues, such as pensions. This exposes them to the risk of taking wrong decisions, potentially undermining their financial resilience.

This is why central banks and other financial authorities are committed to promoting financial accessibility and knowledge. Policies aimed at making the financial system more widely accessible contribute to sustainable economic growth and, hence, to financial stability. We use our national Forum on the Payment System to foster accessibility for all vulnerable groups. Moreover we support various financial knowledge projects, such as the Money Week (*Week van het geld*) project for primary school pupils and the Money Wise (*Wijzer in geldzaken*) platform.

International institutions such as the World Bank and the Bank for International Settlements (BIS) are preparing statistics and analyses in the area of financial inclusion. Their data about the availability and demand for financial services and about their quality are needed for strategy development. DNB will contribute in 2016 by refining a financial inclusion indexation methodology.

<sup>1</sup> Senior policy advisor, Netherlands Bank (m.a.j.m.van.doeveren@dnb.nl)

### 3. Innovation boosts financial inclusion

Various innovations help widen financial inclusion. The internet has made it easy to open and use a current account, and mobile phones allow quick and easy payment transfers.

A well-known example is the M-Pesa network to transfer money by mobile phone, which is now operational in Africa (2007), Asia and Romania (2014) and Albania (2015). A key factor in these initiatives is that the exchange of transaction details must be secure.

### 4. Closure

Departing from its key tasks as central bank De Nederlandsche Bank finds it important to stimulate financial inclusion for all consumers and business. Financial accessibility, financial knowledge and financial resilience are three dimensions in the broad definition that DNB uses. The National Forum on the Payment System fosters accessibility for all vulnerable groups in retail payments.



Irving Fisher Committee on  
Central Bank Statistics

BANK FOR INTERNATIONAL SETTLEMENTS

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The background of the slide is a vibrant green and blue gradient. On the right side, there is a stylized globe showing the continents of Africa and Europe. To the left of the globe, there is a vertical line of colorful human figures in blue, purple, and red. The entire slide is overlaid with several curved lines in various colors (blue, yellow, orange, purple) that create a sense of movement and connectivity.

# Strategy to foster financial inclusion

Bank Al-Maghrib – CEMLA-IFC Satellite Seminar on Financial Inclusion, Marrakech, Morocco, Michiel van Doeveren, 14 July 2017

DeNederlandscheBank

EUROSYSTEEM

# Agenda



- What is financial inclusion?
- Elements of a strategy for financial inclusion
- CPMI-WB report Payment Aspects of Financial Inclusion April 2016
- Financial knowledge, Financial Resilience and Financial behaviour in the Netherlands
- Making an index for Financial Inclusion
- Conclusions

# Financial Inclusion

- Full financial inclusion is a state in which all people and businesses who can use them have access to a full range of financial services at an affordable price and good quality.



# Relevance of Financial Inclusion (1)

- Access to a full suite of financial services: credits, savings, insurances and payments
- Provided with quality: convenient, affordable, suitable, provided with dignity and client protection
- To everyone who can use financial services: excluded and under-served people. Special attention to rural, people with disabilities, women, and often-excluded groups



# Relevance of Financial Inclusion (2)

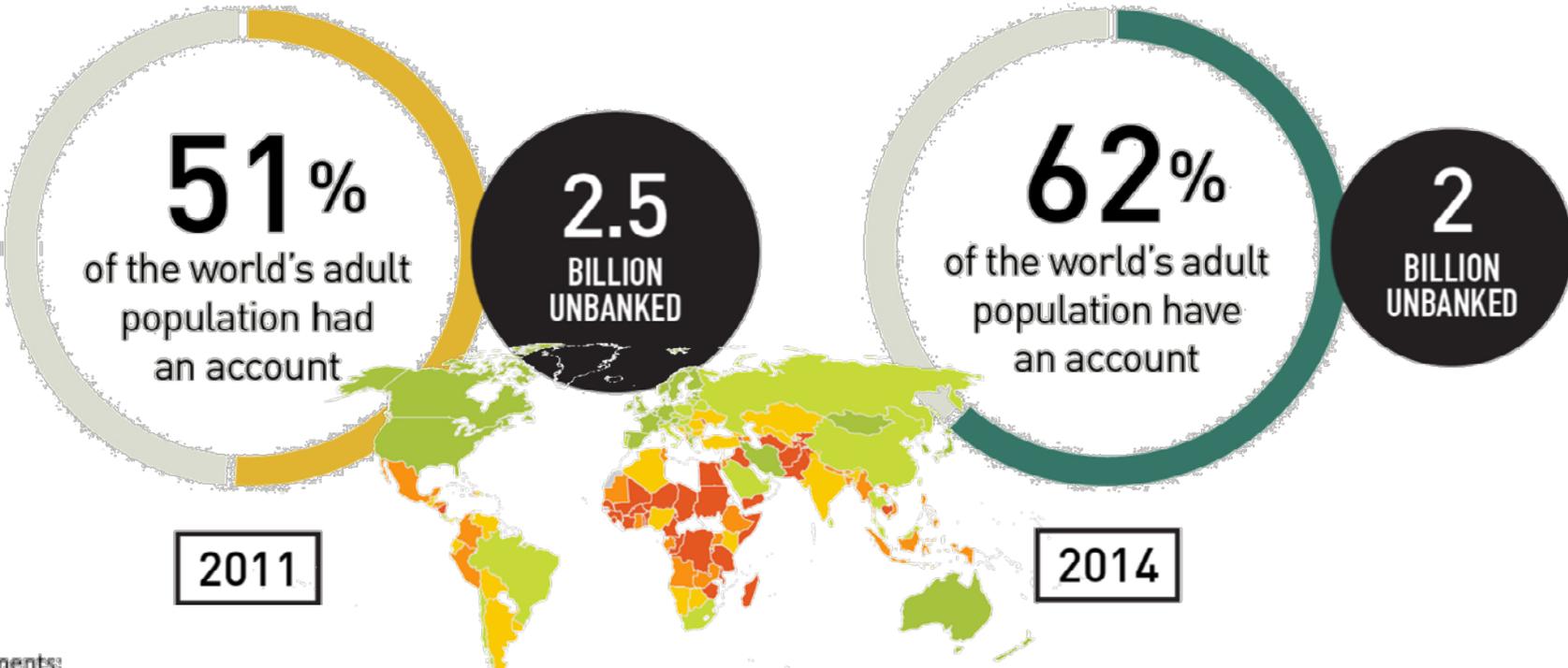
- With financial capability: clients are informed and able to make good money management decisions
- Through a diverse and competitive marketplace: a range of providers, robust financial infrastructures and clear regulatory framework
- Sustainability and Legitimacy



# Financial inclusion

Gap is narrowing, but is still substantial

More adults have an account (with a financial institution or mobile money service) now than three years ago.



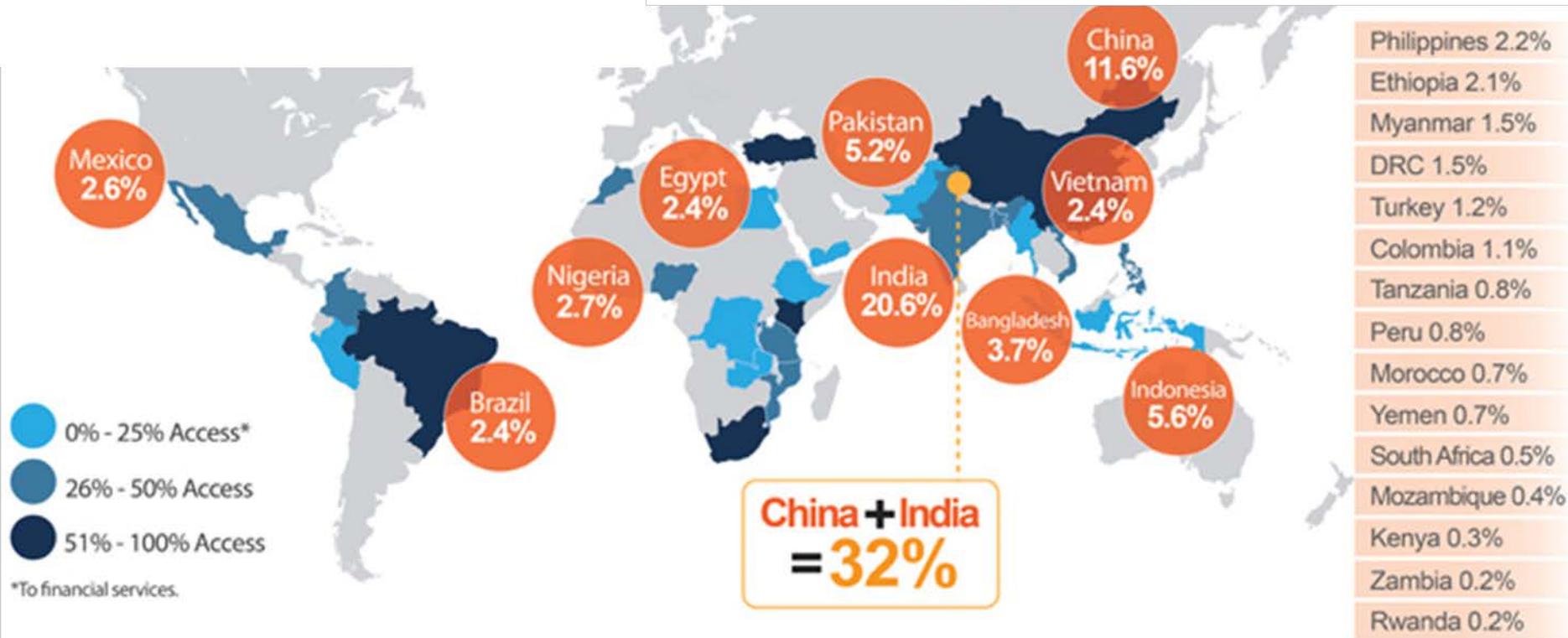
Comments:

Indicator: Account at a financial institution (% age 15+) [ts]

Year: 2014

Legend: No Data (grey), 0 - 20.0 (red), 20.0 - 39.0 (orange), 39.0 - 63.2 (yellow), 63.2 - 87.5 (light green), 87.5 - 100 (dark green)

# 25 countries account for 73% of the world's unbanked



**25 Focus Countries = 73%** of the world's financially excluded

Sources: Global Findex 2014, IMF Financial Access Survey

## Universal Financial Access by 2020

**By 2020, adults globally have access to an account or electronic instrument to store money, send and receive payments as the basic building block to manage their financial lives**

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- Access to a transaction account is a stepping stone to financial inclusion, which includes a full range of formal financial services
- Universal financial access is ambitious, yet achievable for the majority of the world's population by 2020, full financial inclusion will take longer
- Even with financial access, usage will not be universal, and not all countries will reach it

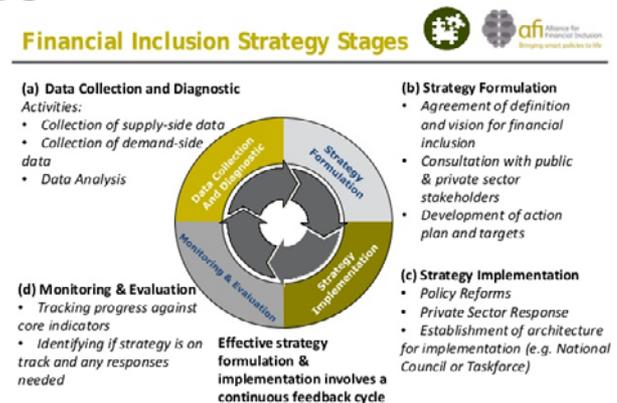
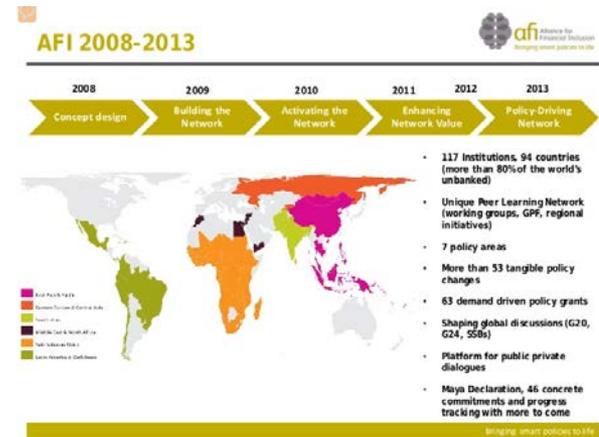
"Many national leaders have already taken bold steps to expand financial access in their own countries. To further that progress, it is important to create the right environment to catalyze private-sector investment and innovation"



H.M. Queen Máxima of the Netherlands, the UN Secretary-General's Special Advocate for Inclusive Finance for Development  
*2015 World Bank Group-IMF Spring Meetings*

# Goals and scope for a strategy on financial inclusion

- Awareness & Knowledge
- Accessibility
- Financial Behaviour
- Sustainability & Entrepreneurship
- Global and regional elements
- Stakeholders & cooperation



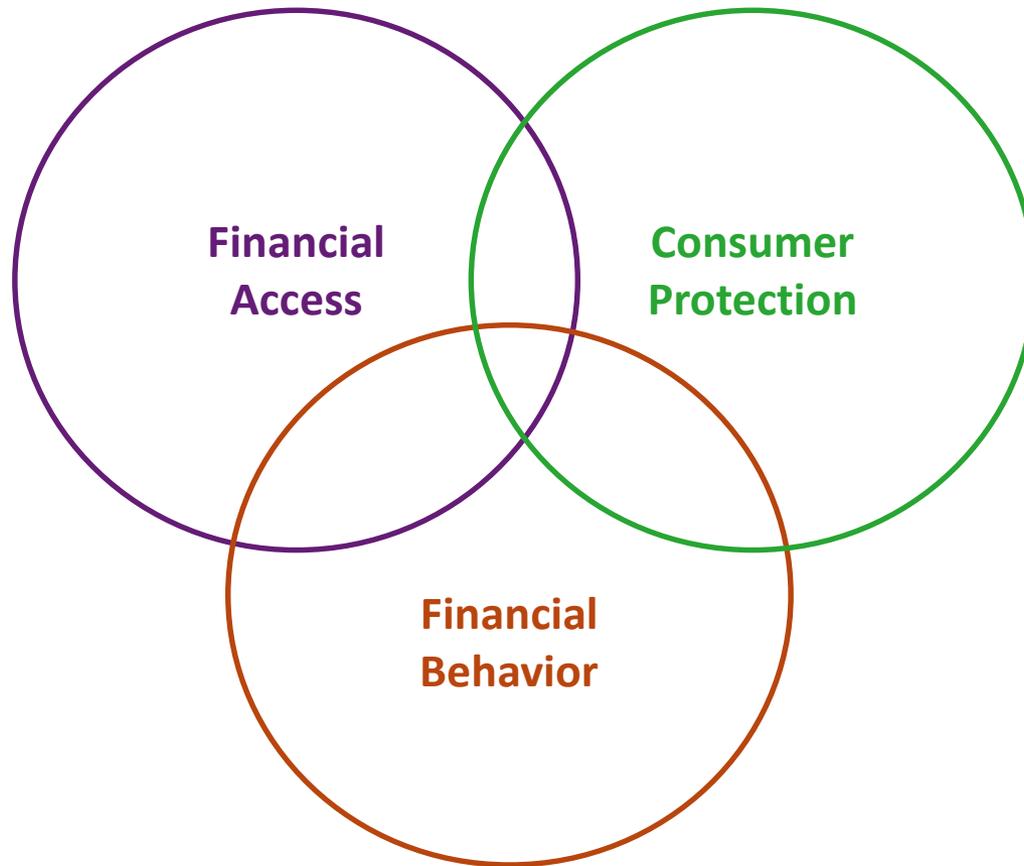
# CPMI-WM Report Payment Aspects of Financial Inclusion



The report is premised on two key points:

- Efficient, accessible, and safe retail payment systems and services are critical for greater financial inclusion
- A transaction account is an essential financial service in its own right and can also serve as a gateway to other financial services

# Financial resilience



# Importance of financial resilience

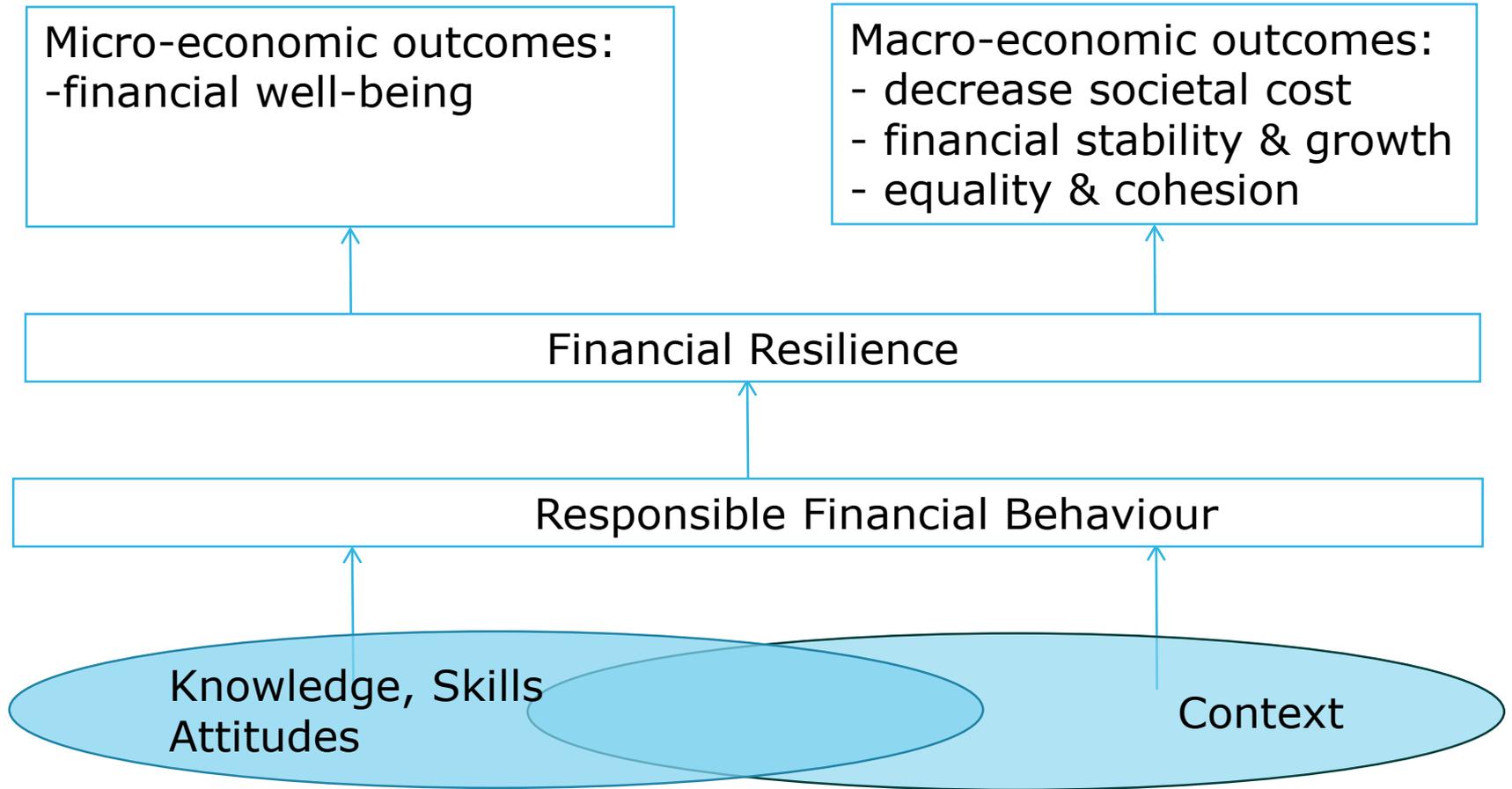
## ... for individual households

- dealing with increased responsibility and complexity
- preventing overindebtedness
- financial well-being

## ... for economies

- societal cost
- financial stability & growth
- wealth equality & social cohesion

# Financial resilience and financial behaviour



# Responsible financial behaviour (1)



- Experience with payment arrears
- Carefulness dealing with finances
- Experience with overdraft
- Managing expenditures
- Use of credit card

# Responsible financial behaviour (2)



- Buying simple financial products: comparing product characteristics, terms and price
- Buying complex financial products: comparing product characteristics, terms and price
- Managing financial products

# Some data on financial literacy



## Debts

- Approximately 1,1M households have problematic debts
- Approximately 2,2M households have payment arrears



## Youth

- Have problems dealing with money
- One in five 18- to 24-year-olds have payment arrears



## Financial resilience

- 41% (5.1 mln) is not prepared for a significant decrease in income or major expenditure

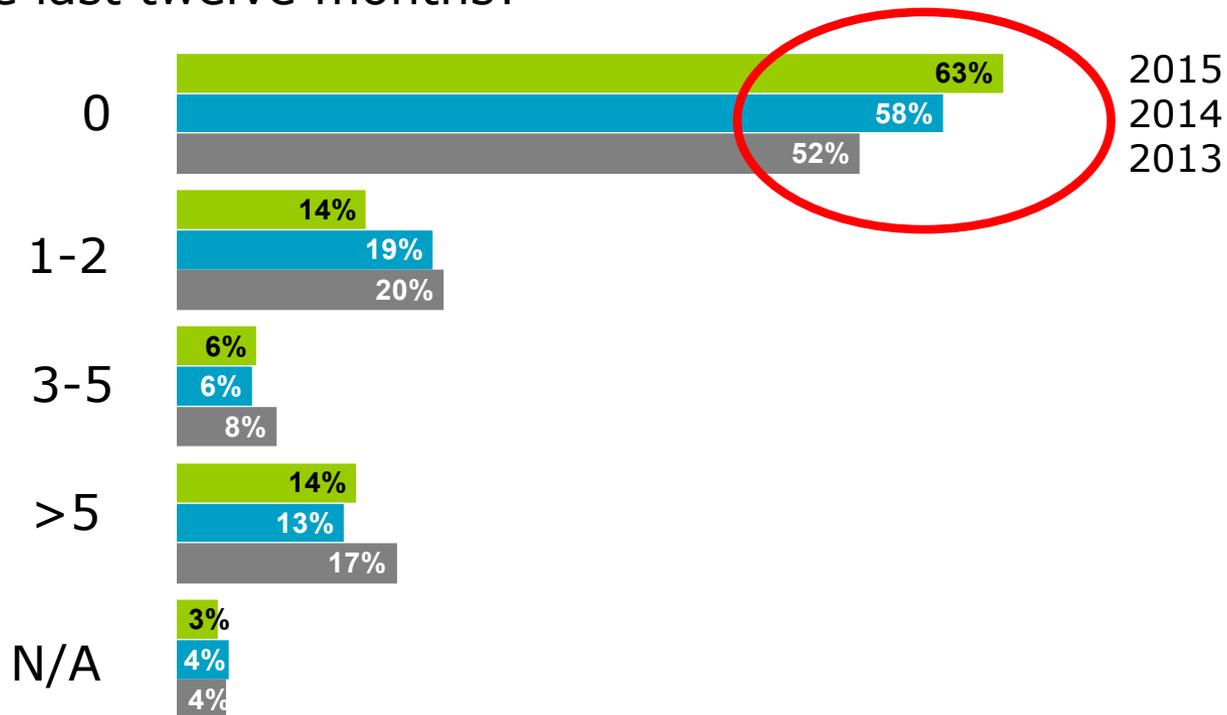


## Pension awareness

- 57% of the working population underestimate their pension age

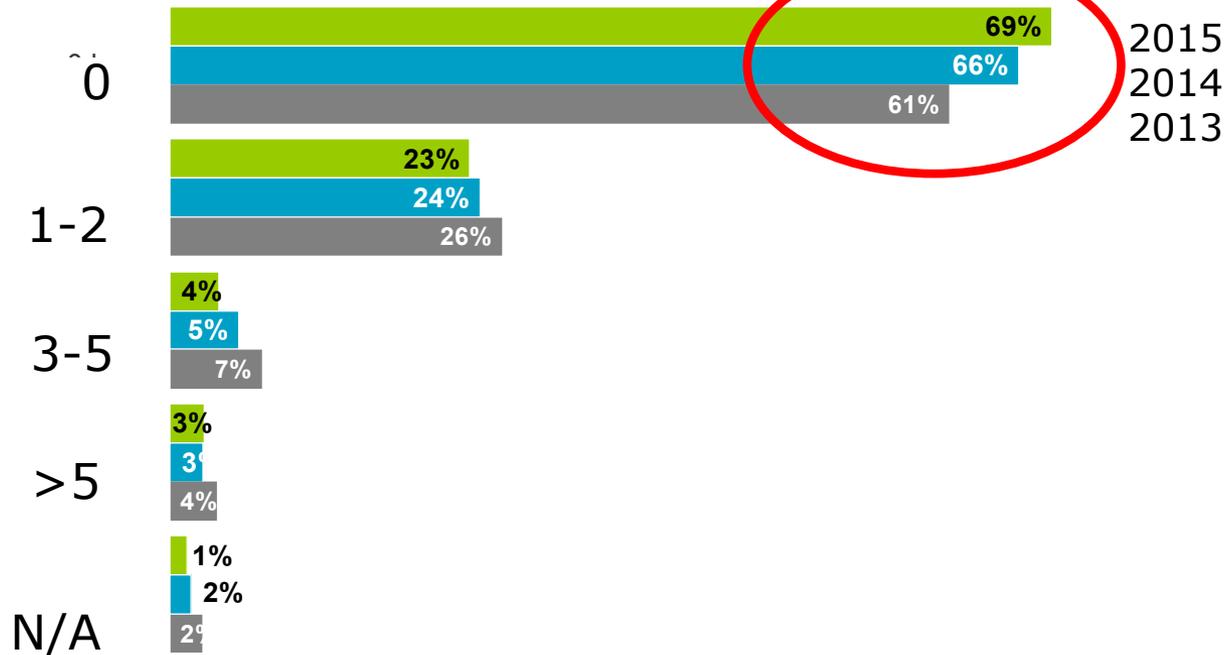
# Financial Behavior Monitor 2015 (1)

How often did you have an overdraft on your current account in the last twelve months?



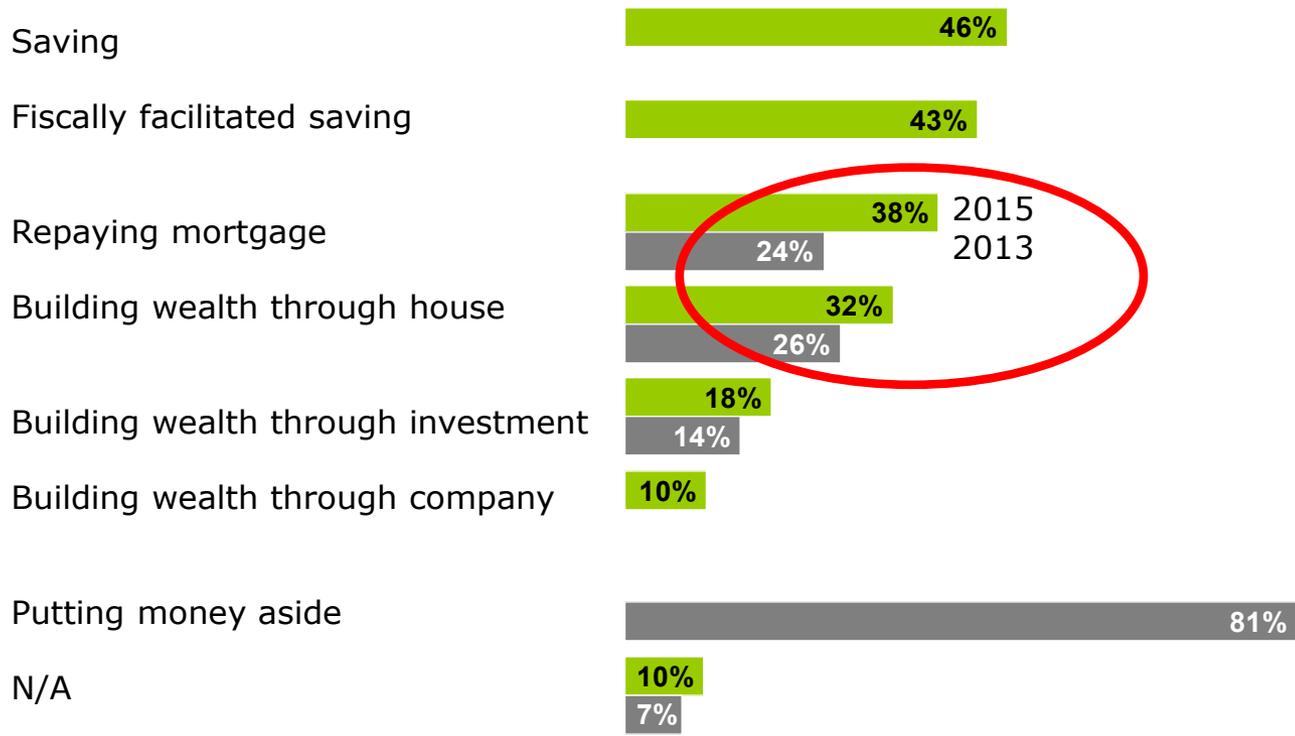
# Financial Behavior Monitor 2015 (2)

How often did your get a payment reminder because you adn't paid a bill in time, in the last twelve months?

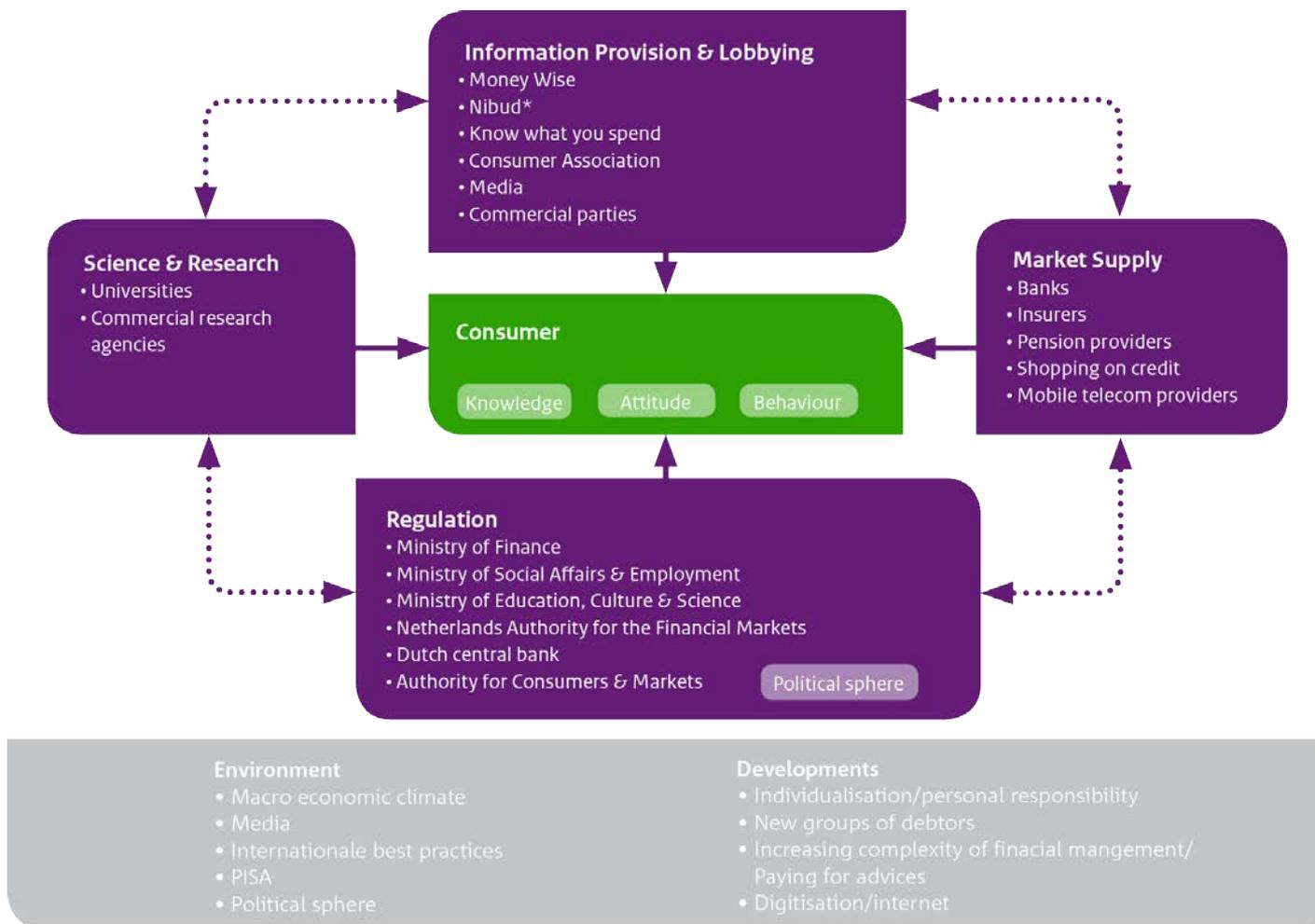


# Financial Behavior Monitor 2015 (3)

What measures did you take to financially prepare for your retirement?



# Financial Education

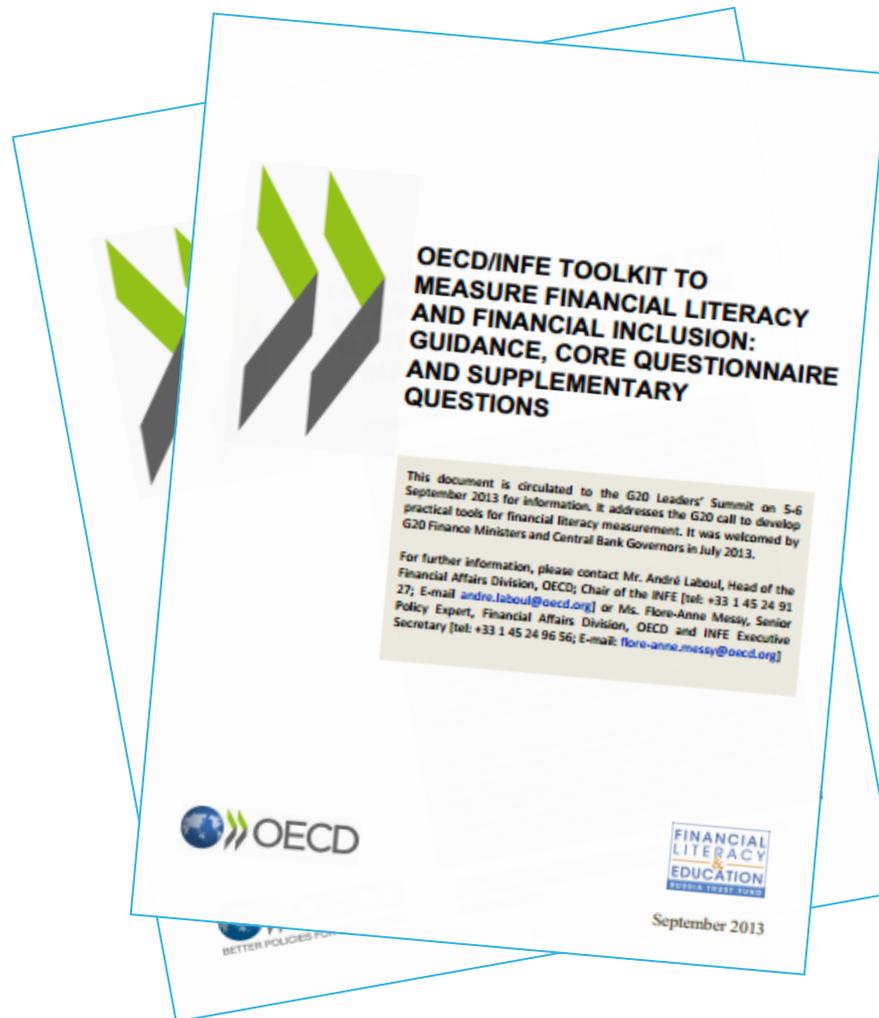


# National Strategy for Financial Education



 Money Wise

# OECD/INFE Tools



# National Money Week

> 100 organizations



National Money Week  
9 – 13 March, 2015

**Weet jij veel over geld?**  
In taal die niet te moeilijk is, maar wel leerzaam.

**1** Valtig bewaren! Kies de veiligste plek om je geld te bewaren (groen).

<input type="checkbox"/> In op zak	<input type="checkbox"/> In een spaarpot
<input type="checkbox"/> In een kluis	<input type="checkbox"/> In je broekzak
<input type="checkbox"/> In een spaarpot	<input type="checkbox"/> Bij de bank
<input type="checkbox"/> Op een spaarrekening	<input type="checkbox"/> In je portemonnee

**Geld heeft waarde**

**2** Welke woorden passen het best bij elkaar? Verbind.

ontdoken	beleggen	verloren betalen
winstgevend	besparen	aflossen
winst	terugkopen	teruggaan
verloren	terugkopen	teruggaan

**4** Je spaarpot is vol. Wat doe je?

Bedenk een vraag die je stelt als je spaarpot vol is.  
Aan wie stel je de vraag?

**Week van het geld krant**  
Wijzer in geldzaken

**ALLES is voor kids!**

**Vijf vragen aan Prinses Mabel, erverzorger van Wijzer in geldzaken**

**De Week van het geld op TV**

**Geld, cash, cloeske, pingping!**

**Wat is er allemaal te doen?**

**Wat is dit?**

# Learnings

- Coordination and leadership are key
- Pooling strengths can work
- Agree on a joint mission and priorities through a national strategy
- Use insights from behavioral economics
- Start at a young age



# Why do we need an index for Financial Inclusion?

- You receive a question from the governor:  
“What is the level of financial inclusion in our country?”
- Most likely (s)he will want an advice if financial inclusion is good or bad and what can/should be improved
- Can answer the question in different ways:
  - Financial inclusion at this point in time
  - Compare changes through time
  - Compare with other countries
- Before answering the question we need numbers that measure financial inclusion
- There is no single measure that captures financial inclusion



# Measuring financial inclusion

Potentially long list of important factors

- Availability/supply of financial services
  - Access to financial services
  - Demand for financial services
  - Effective use of financial services
  - Quality of financial services
  - Financial literacy
  - SME financing
  - Quality of infrastructure
  - ...and probably some other aspects I did not mention
- 
- Not all factors are equally relevant



# Concluding remarks



The success of financial inclusion depends on:

- Effective strategy: promote financial education, financial resilience and sound financial behavior
- User-friendliness, added value of new payment products, security, reachability & accessibility and efficiency compared to the existing products
- Efficient and robust market infrastructures
- Well organised governance model: role for governments and private organisations e.g. Financial Inclusion Committees
- Standardisation, cost reduction and innovations

