What is Financial Inclusion?

Think about how easy it is to open a bank account. As young people in the United States near high school graduation, they are bombarded with credit card applications, bank account offers, and ads to entice them to take out loans with certain banks for college tuition or their first car. With so many financial services readily available, it may be hard to believe that over 2.5 billion working-aged adults around the world have no access to any of these formal banking services. Imagine if you and your family were never able to use a bank, had never seen a credit card, and were denied access to loans for things like a house, car, your college tuition, or their business.

What is Financial Inclusion?

Financial inclusion is ‘banking the unbankable’ (think: the opposite of exclusion). It means ensuring affordable access to banking services to those who otherwise would not have had access, such as those in living in very remote locations or living in poverty.

The United Nations defines the goals of financial inclusion as:

1) Providing affordable access to a range of financial services.
2) Ensuring that financial institutions are managed with good governance and transparency.
3) Supporting financial sustainability to help ensure the soundness of investments.
4) Creating competition to provide an array of options at affordable cost.

”The stark reality is that most poor people in the world still lack access to sustainable financial services… Together, we can and must build inclusive financial sectors that help people improve their lives.” -Former UN Secretary-General Kofi Annan, 2003