



# Ending Poverty through DIGITAL FINANCIAL INCLUSION

Over 1 in 10 people worldwide live on less than \$1.90 a day.<sup>1</sup>

## THE OPPORTUNITY

Digital financial inclusion provides poor people with affordable and convenient financial services to increase their economic opportunities. For extremely poor families, combining digital financial services with livelihood promotion, safety nets, and mentoring boosts their long-term standard of living.<sup>2</sup>



### CHALLENGES\*



### SOLUTIONS\*

**Sudden illnesses or natural disasters** can wipe out household assets and trap families in a vicious cycle of poverty.<sup>3</sup>

Over 100 million adults globally still receive government transfers, wages, or pensions in cash.<sup>4</sup> Paying transfers in cash is **costly and vulnerable to fraud or theft**.

Across the world, **the poorest 40% of households lack access to an account**, making it nearly impossible for them to accumulate savings or establish a financial history to access other financial services.<sup>5</sup>

Digital financial services help families **cope with shocks, save money, and protect assets against risk**.<sup>6</sup>

Digital financial services, such as digital payments, **allow government transfers, wages, or pensions to reach those targeted**, slashing inefficiencies.<sup>7</sup>

Digital financial services fuel business models that **expand access to low-cost financial services**, potentially reaching another 1.6 billion people.<sup>8</sup>



“End poverty in all its forms everywhere.”

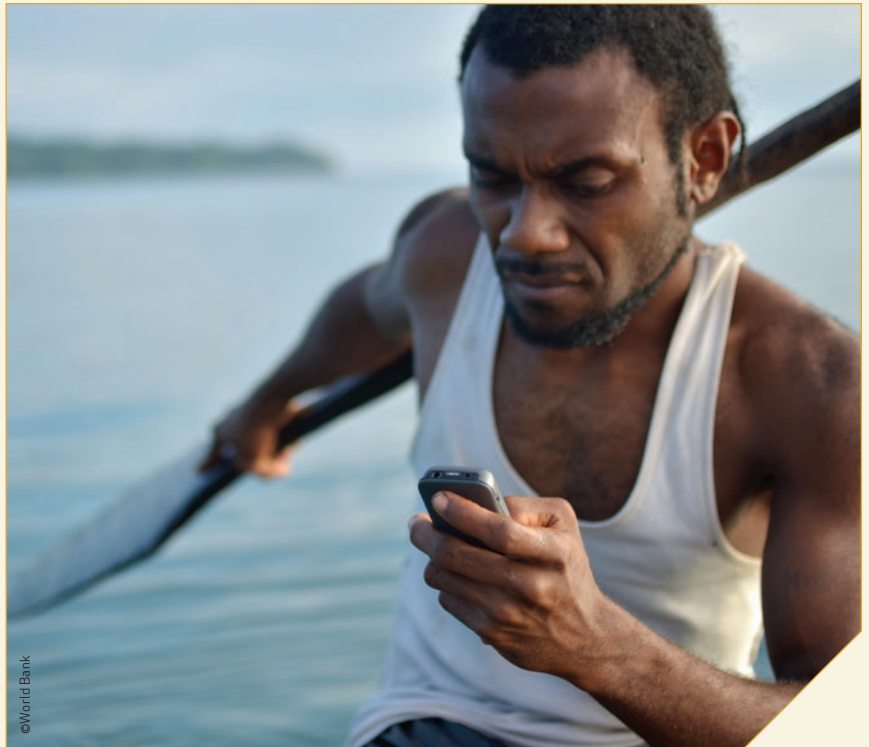
**BRAZIL** Brazil’s conditional social transfer program, Bolsa Família, cut transaction costs from nearly 15% in 2001 to below 3% in 2005 by bundling all benefits onto one electronic payment card.<sup>9</sup> The successful program contributed to a **12–18% reduction in Brazil’s poverty.**<sup>10</sup>

**BURKINA FASO**  
Users of mobile money are **3x more likely** than non-users to save for unpredictable events and health emergencies.<sup>11</sup>

**NIGER** Delivering safety net programs through mobile phones resulted in **time and cost savings equivalent to feeding a family of five for a day.**<sup>12</sup>

**KENYA** The spread of mobile money lifted roughly **1 million people**, the equivalent of 2% of the population, **out of extreme poverty** from 2008 to 2014.<sup>13</sup>

**TANZANIA** Farmers who accessed digital financial services such as microinsurance through mobile money earned **16% more** than their uninsured peers, due to higher investment.<sup>14</sup>



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\* These represent only a few of the many important challenges and solutions. They should not be read as an exhaustive list.

1 World Bank, 2016

2 IPC-IG, 2017; Rincón, 2017

3 Klapper & Singer, 2014

4 Global Findex database 2017

5 Global Findex database 2017

6 Blumenstock et al., 2013;

Jack and Suri, 2013;

Manfre and Nordehn, 2013

7 Klapper & Singer, 2014

8 McKinsey, 2016

9 Lindert et al., 2007

10 Higgins, 2012

11 Ky et al., 2017

12 Aker et al., 2014;

Klapper et al., 2016

13 Suri and Jack, 2016

14 Global Index Insurance Facility, 2016



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