In a time of rising inequality, leading policy makers, development and civil society organizations, and business leaders around the world are increasingly embracing financial inclusion as a powerful tool for equal progress.

Global support for financial inclusion is effectively unanimous and numerous countries are successfully expanding financial access. But legitimate concerns exist. Can technology cause problems for the financial sector? Are we exposing the poor to new unforeseen dangers? Will access really translate into usage and then impact?

Financial inclusion cannot afford to stall. When the next iteration of the Global Findex is released in less than a year, we will see how far we have come since its last update in 2014—what is working, what isn't, and where.

**Digital rewards and risks**

The financial inclusion community has identified digital technology as the most promising way to lower costs and reach excluded populations. These solutions continue to evolve with dizzying speed. Efficient and effective fintech innovations that could hardly be imagined five years ago will change the face of financial inclusion decisively in the future.

Some of the most significant of these new ideas involve digital data. Biometric forms of ID are already being used in India and Pakistan. In China, Ant Financial has provided credit to more than 4 million small businesses using customers’ data rather than banking history. Other solutions include digitized government payments, crowdfunding, and person-to person lending.

The future of our societies will be shaped by technology, for good and for bad. Threats related to digital financial services are hard to predict and preparation is vital. Growing digital inequality may reinforce rising economic inequality, including in the arena of financial inclusion but extending far beyond it. And a World Bank study suggests that technology could also put great pressure on traditional paths to economic growth, particularly in low-income countries.

**Laying the foundations**

How best to bring alive positive innovations while preparing for risks? The Special Advocate and her partners have identified a set of prerequisites—policies and infrastructure—needed in order for digital finance to take off and unleash financial inclusion.

These include data privacy, cybersecurity, IDs, infrastructure such as reliable electricity, connectivity, interoperability, financial and digital literacy, and fair competition. Notably, their provision falls largely outside the financial sector. The financial inclusion community must make a vigorous case on behalf of these elements with the governments, regulators, and businesses best positioned to make progress quickly.

**Co-creation**

With a strong interest in exploring promising solutions for increased usage and impact of financial services, the Special Advocate will continue to look closely at the benefits of customer-centricity. The key to this approach lies in its commitment to co-creation. This means financial providers working closely with customers to develop products and services that really work for both parties. A collaborative approach like this shows particular promise for one of financial inclusion's biggest hurdles: the fact that, as things stand now, customers in the
developing world are not actively using the services provided.

This kind of cooperation offers the larger financial inclusion movement a powerful tool that has not yet been fully embraced. Finding solutions that work for everyone will require regulators and providers to engage actively with low-income customers; governments and businesses to co-design the objectives and action plans of national financial inclusion strategies; fintech innovators to help regulators create supportive rules; and digital operators to work with the standard-setting bodies to design principles that can protect the financial system as well as customers.

To find a breakthrough in digital finance, avoid serious setbacks that could harm customers, and change the trajectory of economic empowerment for the poor, we need to co-create solutions that work for many.

Read the UNSGSA 2017 Report