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UNITED NATIONS SECRETARY-GENERAL'S
SPECIAL ADVOCATE FOR FINANCIAL HEALTH

Webinar: Financial Health and Financial Inclusion

Pacific Alliance
Financial Education Working Group

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Today's Agenda

INTRODUCTION

FINANCIAL HEALTH: DEFINITIONS AND CONCEPTUAL FRAMEWORK

FINANCIAL EDUCATION AND FINANCIAL HEALTH

MEASUREMENT FRAMEWORKS

GLOBAL EXAMPLES

Q&A

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Introduction – UNSGSA

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HM Queen Máxima of the Netherlands

- UN Secretary-General's Special Advocate for Financial Health
- Building on 15 years as Special Advocate for Inclusive Finance.
- Collaborates with governments (heads of government and state, regulators, supervisors, ministers), private sector leaders, civil society, and international development organizations to empower people with suitable financial products and tools that deepen financial health.
- Leadership roles in global convenings (e.g., G20, WEF, SSBs, GFTN)
- Over 50 country visits including past UN visits to Mexico, Peru, Colombia, and Argentina.
- Drive global dialogue on emerging topics including FH measurement, and past work on financial innovation, open finance and inclusive green finance.

UNSGSA meeting with private sector leaders at the World Economic Forum's Annual meetings in Davos, Switzerland

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How do we define financial health?

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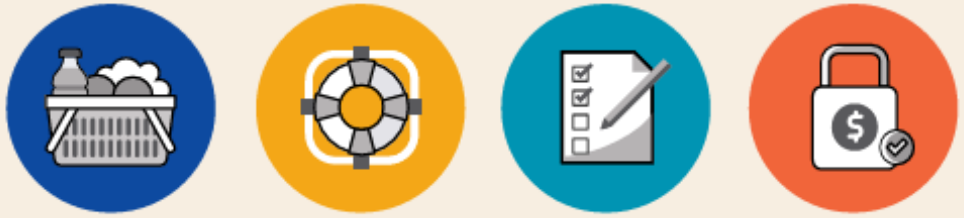
What is Financial Health?

Financial health or well-being is the extent to which a person or family can smoothly manage their current financial obligations and have confidence in their financial future. It means people are empowered with suitable financial products and tools that enhance their ability to:



Manage their day-to-day finances | Build resilience to financial shocks | Plan for the future | Feel confident about their financial lives

The UNSGSA first defined financial health in 2020 through a cross-sector working group, providing a guiding framework for the field of study.

Keynote Statement:

As a global UN advocate, UNSGSA Queen Máxima focuses on transforming the financial system to support financial health. The UNSGSA & partners envision a financial system that helps all people meet their daily needs, strengthen resilience, invest in their futures, & build long-term prosperity & confidence.

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Substantial financial inclusion progress over a decade and a half

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Advancing financial inclusion through investments in digital public infrastructure (DPI), supportive regulations, and essential foundational elements.

- Account ownership up to 76% (from 51% in 2011). Digital payment usage rose to 64% (from 52% in 2015). Formal borrowing up to 29% (from 9% in 2011).
- Gender gap in account ownership narrowed to 6% in developing countries.
- 70% of adults in LAC (excluding high-income economies) owned a financial account in 2024, marking a three percentage points rise from 2021 and a significant increase from 54% in 2017 and 39% in 2011.

However, access and usage do not always result in better financial outcomes, including in advanced economies

- In Kenya (an FI success story), 82% of people are not financially healthy.
- >50% of South Africans spent >40% of take home pay on debt servicing.
- 40% of Brazilians (~60 million) have overdue payments.
- Global insurance penetration was barely 7 percent on average. In Africa, less than 3 percent.

Sources

1. 2021 Findex Survey
2. South Africa. 2024 NedFin Health Monitor
3. Brazil. Agencia Brazil.
4. India. Finology survey. Cited here.
5. Insurance. Allianz Global Insurance Report. 2024. 2023.
6. UK. Office of National Statistics.

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Why does financial health matter?

Individuals

- Builds resilience to shocks, emergencies, and crises
- Helps individuals accumulate assets for investment and aspirations

Economies

- Boosts labor productivity and contributes to growth
- Might also increase consumption and reduce fiscal spending

Regulators, Supervisors and Policymakers

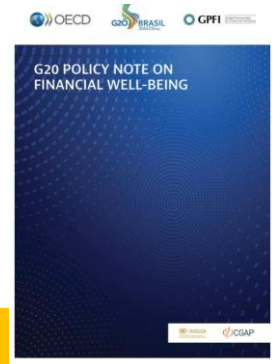
- Enables early-warning indicators for individual and system-level risks and can support systemic surveillance
- Guides targeted policies, consumer protection, and supervision

Private sector

- Financially healthier customers have lower credit risk, more stable repayment, and higher lifetime value, thus driving stronger portfolios and more durable revenues.
- Improves worker productivity, retention, and mental health.
- Supports better risk-adjusted returns, lower volatility, and more resilient business models.

Phyu Aye Pwint, 2017 CGAP Photo Contest

Per G20, How does financial health relate to financial sector policies?



Financial sector factors and policies

Financial sector and related policies and other interventions

Digital Public Infrastructure (DPI) and other infrastructures
Digital rails and vehicles for facilitating access (e.g., connectivity, IDs, interoperability, open finance/data)

Policies and other interventions – supply side
Policies, regulation and other interventions to promote sustainable flows of finance into, and incentivise and capacitate the responsible provision of inclusive quality financial products and services

Financial Consumer Protection

Policies and other customer-centric interventions –demand side
Policies and other interventions to protect, inform, empower, foster trust and enhance financial and digital inclusion and literacy/capability among consumers

Provision and use of financial services

Fair, efficient and competitive markets
Sustainable and responsible supply of inclusive, quality and needs-informed financial products/services

Informed and safe use of financial products and services
Financial inclusion: access to and sustained use of financial products and services by all

Financial skills, attitudes and behaviours

Financial well-being/ financial health of individuals and households

Financial Well-being/ Health

Are able to smoothly manage their financial needs and obligations

Can cope with negative shocks

Can pursue aspirations, goals and capture opportunities

Feel satisfied and confident about their financial lives

Development outcomes

Contribution to development outcomes, including:

- Women's economic empowerment (WEE)
- Poverty reduction
- Access to essential services (clean water, electricity, education, housing, and health care)
- Resilience to shocks, including climate-related ones
- Jobs and entrepreneurship
- Economic growth and financial stability

Contextual and influencing factors

Events: Life stages and events, shocks with financial consequences and economic opportunities

Individual level: economic resources, psycho-socio-demographic factors, such as education, skills, age, gender, psychological traits, agency
Household, community and societal level : household resources and interactions, community support, social and gender norms, cultural values

Country context: e.g. Macro-economic stability; good governance; economic, social and sectoral policies and instruments; peace and social stability, climate and health risks

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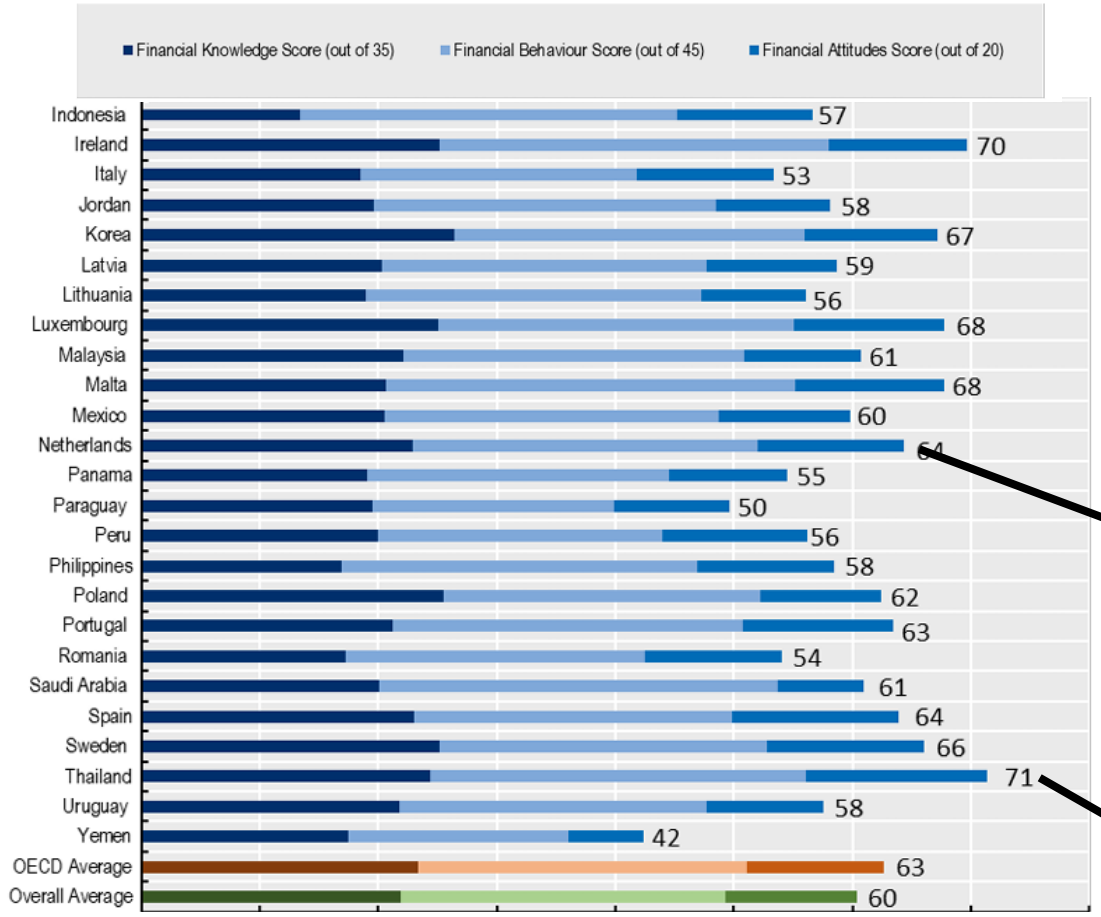
Financial Health: A Missing Link in Latin America's Development Agenda

Development Challenge	Financial Health Dimension	Why It Matters
Low growth & constrained investment	Households and SMEs lack savings buffers and investment capacity	**30% of SMEs** cite access to finance as a major constraint (vs. 12% in OECD economies)
Economic vulnerability	Limited ability to manage shocks	Only **20% of adults in LAC** could raise emergency funds within 30 days (vs. ~60% in developed economies)
Household financial stress	Difficulty meeting monthly expenses	In Mexico, **50% of women** report rarely or never having money left at month-end
Digital transformation	Opportunity to move beyond payments toward outcomes	Platforms such as **Pix (Brazil)** and **Bre-B (Colombia)** can enable savings, insurance, and responsible credit
Social and human development	Financial resilience supports broader welfare outcomes	Better savings, insurance, and cash-flow management improve health, education, and labor market outcomes

Financial literacy is foundational, but not enough on its own

OECD/INFE 2023 international survey of adult financial literacy

Average financial literacy scores (out of 100)



- Financial literacy is part of the foundation for financial health. It helps people understand choices, build confidence, and engage with financial systems. But on its own, it is not sufficient to deliver better outcomes.
  - Financial health is an outcome of a system, not just an individual responsibility. Only focusing on financial education initiatives puts the onus on consumers.
  - The financial system is far more complex than ever before

- What matters is not just what people know, but whether they can act on that knowledge at the right moment, and the available products can actually support them.

- Around 47% of Dutch households are classified as financially vulnerable (barely making ends meet, low buffers) or unhealthy (cannot make ends meet, high debt risk).

- Thailand has high level of household debts, with the ratio of household debt to GDP at 87% at the end of Q4 2025
- In October 2025, Thailand spent 1~US$307 million to buy household bad debt

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Questions for Discussion

What do you see at the biggest financial health challenges in Latin America today?

Do you see opportunities to evolve the financial sector to support improvements in financial health, including leveraging technology?

Financial Health Measurement

- **What gets measured gets managed:** measurement provides a common framework for defining and tracking financial health.
- **Data drives better decisions:** measurement helps evaluate interventions and informs policy, supervision, and product design.

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Global guidance on measuring financial health - in progress

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- **CGAP & the Office of the UNSGSA are developing the first guidance targeted at regulators and supervisors (Expected end of Q2 2026)**
- **The framework will offer globally applicable indicators that countries can adopt and adapt.**
- **It will draw on both demand-side survey data and supply-side administrative and transactional data.**
- **The goal is to provide a practical, harmonized approach that supports better policy design and monitoring of financial health outcomes.**

CGAP Financial Health Measurement Framework

G20/GPFI Financial Health Dimension	Measurement constructs	CGAP Metric*
Able to smoothly manage financial needs and obligations	1. Pays for basic needs without significant financial or material strain	(1) Positive net cashflow (+) (2) Material deprivation (-) (3) Bills in arrears (-) (4) Account overdrafts and/or non-sufficient funds events (-)
	2. Transacts safely with financial system infrastructure	(5) Financial loss due to fraud or deception (-)
	3. Has a sustainable debt load and repays loan obligations	(6) Debt in arrears or delinquency (-) (7) Sustainable debt service ratio (+)
Able to cope with negative shocks	4. Has resources to cover unexpected expenses	(8) Reliable access to emergency funds (+) (9) Liquid savings (cash) buffer (+) (10) Active insurance coverage (+)
Able to pursue aspirations, goals and capture opportunities	5. Participates in long-term savings and/or investments	(11) Long-term saving and/or financial asset accumulation (+) (12) Investment in long-term productive and/or physical assets (+) (13) Pension or retirement account holder (+)
Feels satisfied and confident about financial life	6. Has financial confidence, control & satisfaction	(14) Satisfaction with financial situation (Present state) (+) (15) Perceived financial control (Agency / locus of control) (+) (16) Confidence in future financial outlook (Expectations / optimism) (+) (17) Financial stress or worry (Emotional burden) (-)

Note: *The symbols after each metric name denote whether the metric represents a positive (+) or negative (-) in relationship to the construct.*

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What the framework makes possible: three use cases for Financial Sector Authorities

USE CASE 1

Diagnose population vulnerability

Understand how the adult population is faring across the six constructs, and where vulnerability is concentrated by income, gender, age, and geography.

Illustrative questions:

—*Do women show systematically lower emergency savings buffers and higher financial stress than men?*

—*Which segments combine high debt arrears, no insurance, and depleted savings — a compounding vulnerability profile no single metric can reveal?*

USE CASE 2

Evaluate policy impact

Measure whether specific regulatory actions, e.g.. on digital credit, financial literacy, account access, are shifting household-level outcomes. Establishing a measurement framework creates a baseline to evaluate future policies.

Illustrative questions:

—*After simplified account-opening rules, are newly included customers showing positive net cashflow — or has expanded access mainly increased formal debt?*

—*After enhanced digital credit disclosure requirements, have debt arrears and unsustainable debt ratios declined among first-time borrowers?*

USE CASE 3

Detect early warning signals

Use household-level metrics to see consumer harm and systemic stress before it appears in institutional balance sheets or NPL ratios — the gap the 2008 crisis exposed.

Key metrics:

—*Rising overdraft incidence and bills in arrears signal emerging cashflow stress*

—*Debt delinquency rising at specific provider types may signal mis-selling before complaints reach a supervisory threshold*

—*Depleting savings buffers and unsustainable debt ratios can precede deterioration in prudential ratios*

Requires granular regulatory data

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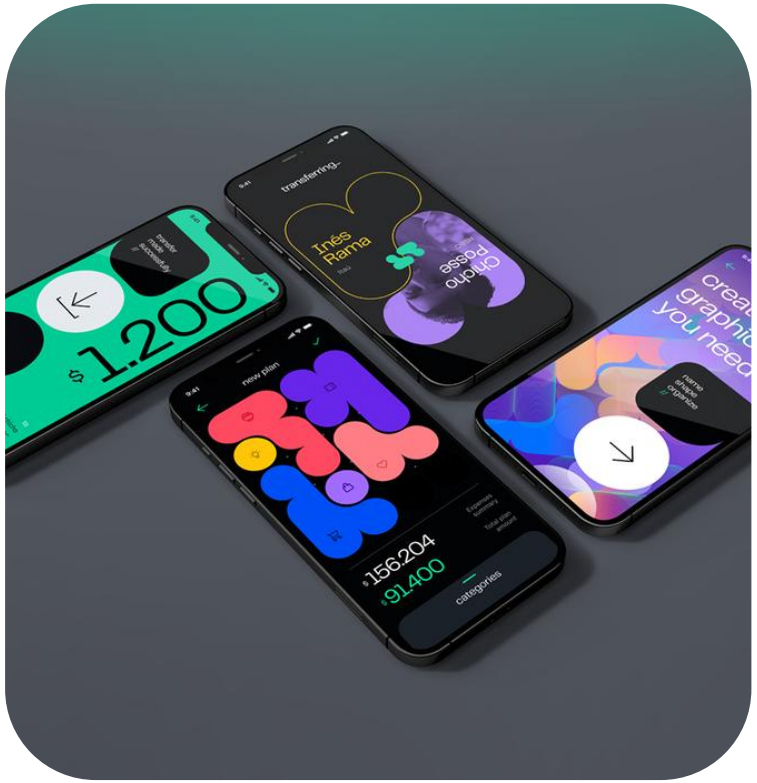
Global examples

Policy & Regulatory Approaches

Product & Market Design



From Financial Literacy to Outcome

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Financial health as a policy objective

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FCA FINANCIAL CONDUCT AUTHORITY

UK: FCA Consumer Duty – Outcomes-Based Regulation

What is Consumer Duty?

- Introduced by the Financial Conduct Authority
- A regulatory framework requiring firms to deliver "good outcomes" for retail customers
- Applies across:banks, insurers, and financial service providers

Core Principle

- Firms must act to deliver good outcomes, not just avoid harm
- Three cross-cutting rules: 1) Act in good faith; 2) avoid foreseeable harm; and 3) enable and support customers

1. Products & Services
- Designed to meet customer needs (suitability)
- Regularly reviewed for performance

1. Price & Value
- Products must provide fair value
- Avoid excessive or hidden costs

1. Consumer Understanding
- Information must be:
  - Clear
  - Simple
  - Timely

1. Consumer Support
- Ongoing support, especially:
  - During financial stress
  - For vulnerable customers

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Workplace as a channel for financial health-focused products

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Why the workplace matters

- Regular income flows - natural entry point for financial services
- Employers have direct, trusted relationship with workers

Financial stress impacts:

- Productivity: Employees often lose 3-7 hours/week, over $183bn per year in the US
- Absenteeism
- Employee wellbeing

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Workplace FWB benefits example

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Payroll-linked savings

- Automatic, opt-out savings
- Builds resilience

Emergency funds & insurance

- Small, accessible buffers
- Protection from shocks

Responsible credit & Earned Wage Access

- Reduce reliance on high-cost borrowing
- Smooth cash flow

Financial tools & support Budgeting tools

- Budgeting tools
- Just-in-time guidance

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Workplace savings are popular, inclusive, and effective

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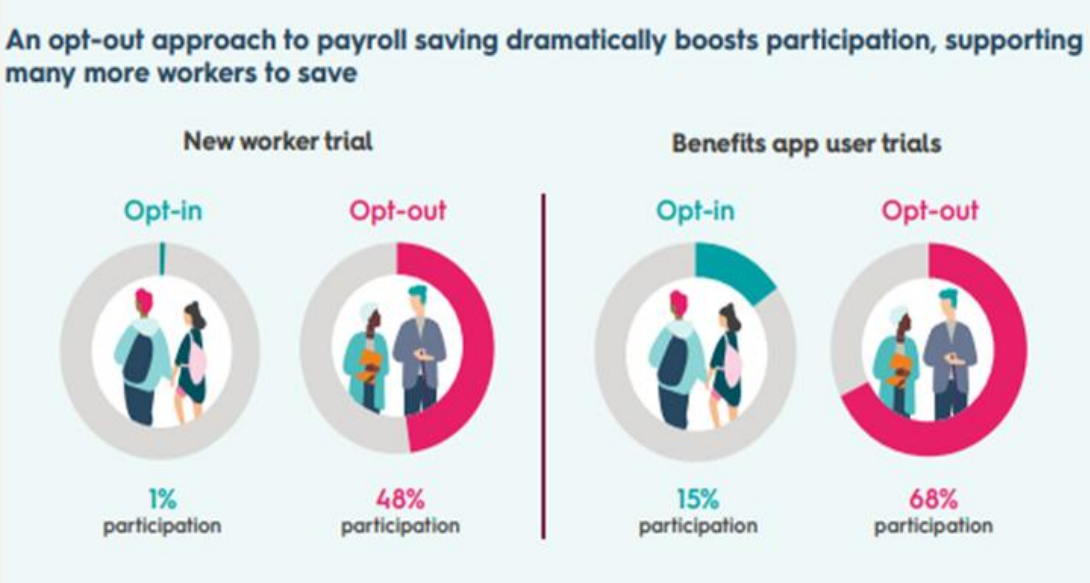

In Nest Insight's pilots, savings participation was dramatically boosted – up from 1% to 48% of employees at SUEZ and from 15% to 68% at Bupa and Co-op.

- **Evidence from the United Kingdom shows the potential of workplace savings programs.** In pilots led by Nest Insight with employers, emergency savings options integrated into payroll systems saw strong participation, with nearly half of workers opting in and building modest financial buffers within months. Participating employees were significantly less likely to withdraw from their 401K retirement plans. Workers with emergency savings were also 700% more likely to contribute to their company-sponsored retirement plan.

- The UK Financial Conduct Authority has issued a statement in support of workplace saving as an employee benefit, and HM Treasury encourages more employers to adopt innovative workplace saving approaches and to offer behavioral support to boost saving take up in the Financial Inclusion Strategy.

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Case of Brazil: Better credit card statements to improve financial decisions (I)

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The problem

- Credit cards are widely used: ~65 million users (~40% of adults)
- High risk: Interest rates >300% annually
- Significant share of household debt
- Key issue: Complex, confusing statements lead to poor understanding and costly decisions. E.g. 'anchor effect'

The approach (experiment)

- ~3,000 participants across Brazil
- Randomized into:
  - Control → current statement
  - Treatment → simplified, redesigned statements
- Tested:
  - Understanding of costs
  - Repayment decisions

What changed in design

- Simpler language
- Better organization of information
- Clearer display of:
  - Costs & fees
  - Repayment options
  - Highlighting key choices (nudges)

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Case of Brazil: Better credit card statements to improve financial decisions (II)

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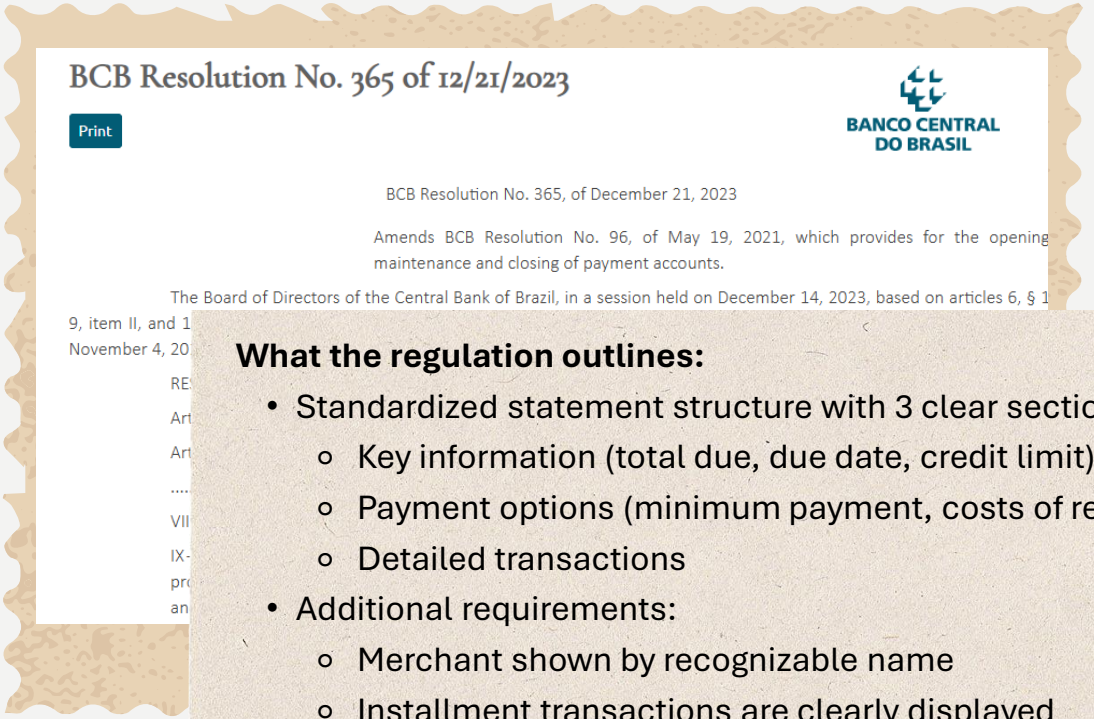
Key findings: small design changes led to better financial outcomes

- Major improvement in understanding:
  - Cost of revolving credit
  - Consequences of repayment choices
- Better financial decisions: Participants chose to repay more of their balance, even when cash-constrained
- Strong impact on vulnerable groups. Even larger effects for lower-income and lower-education users
- Power of nudges (defaults)
  - Pre-filled payment amounts led to much higher repayment


BCB Resolution No. 365 of 12/21/2023

Print

BANCO CENTRAL DO BRASIL

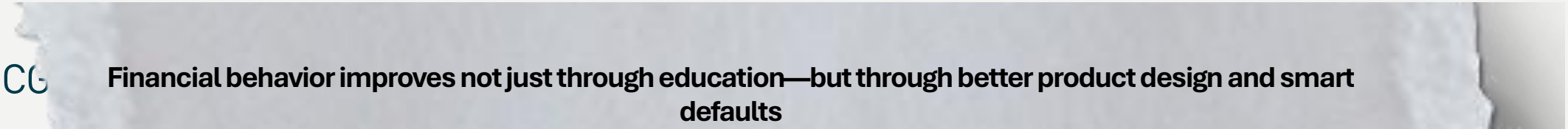
BCB Resolution No. 365, of December 21, 2023

Amends BCB Resolution No. 96, of May 19, 2021, which provides for the opening maintenance and closing of payment accounts.

The Board of Directors of the Central Bank of Brazil, in a session held on December 14, 2023, based on articles 6, § 1

What the regulation outlines:

- Standardized statement structure with 3 clear sections:
  - Key information (total due, due date, credit limit)
  - Payment options (minimum payment, costs of revolving debt)
  - Detailed transactions
- Additional requirements:
  - Merchant shown by recognizable name
  - Installment transactions are clearly displayed
  - At least 3 due date options for consumers


Financial behavior improves not just through education—but through better product design and smart defaults

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The UNSGSA intends to ramp up LAC engagement in 2027, including in cooperation with the IDB. We look forward to keeping in touch and to further discussing financial health in your respective jurisdictions.

Thank you!

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