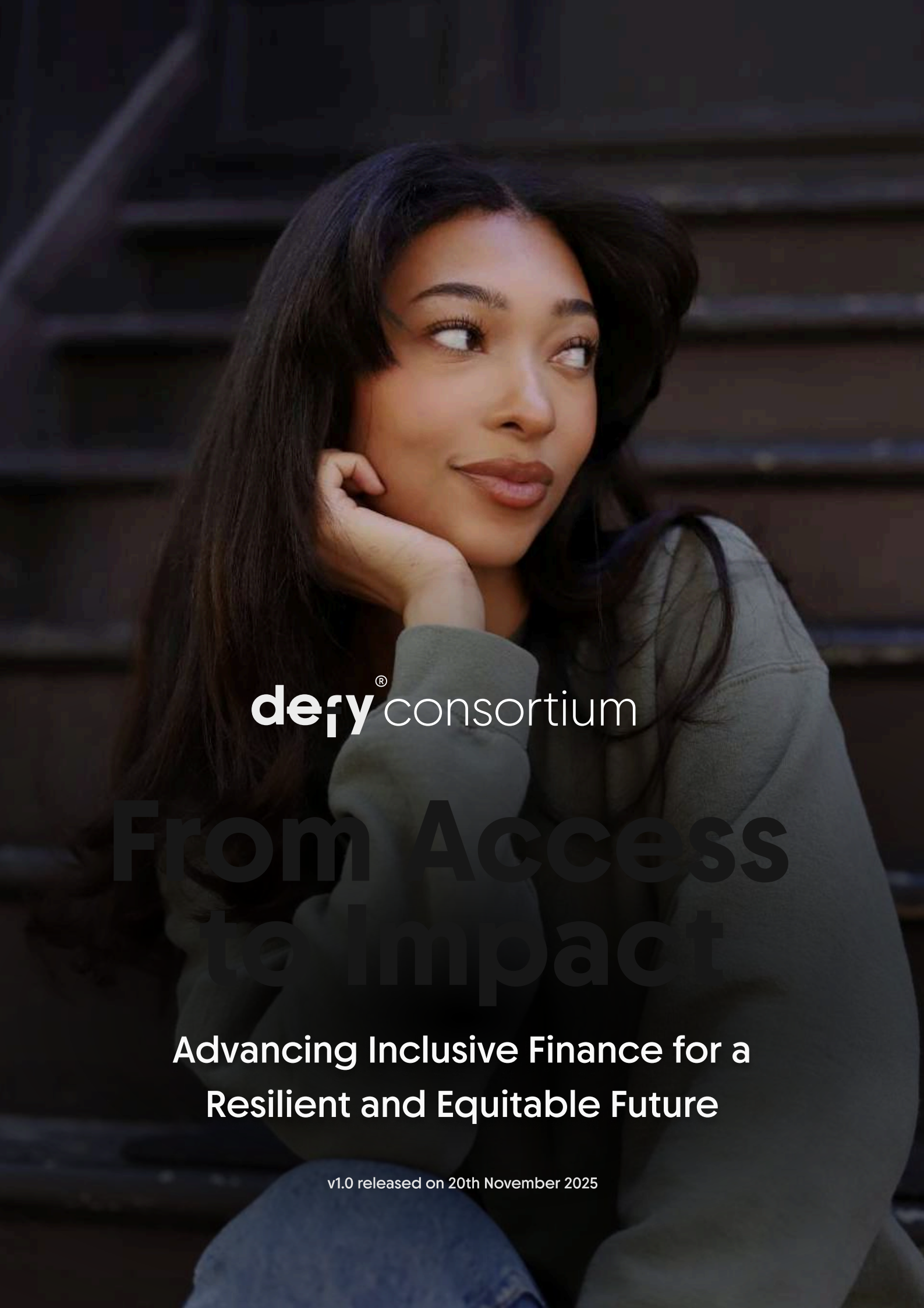


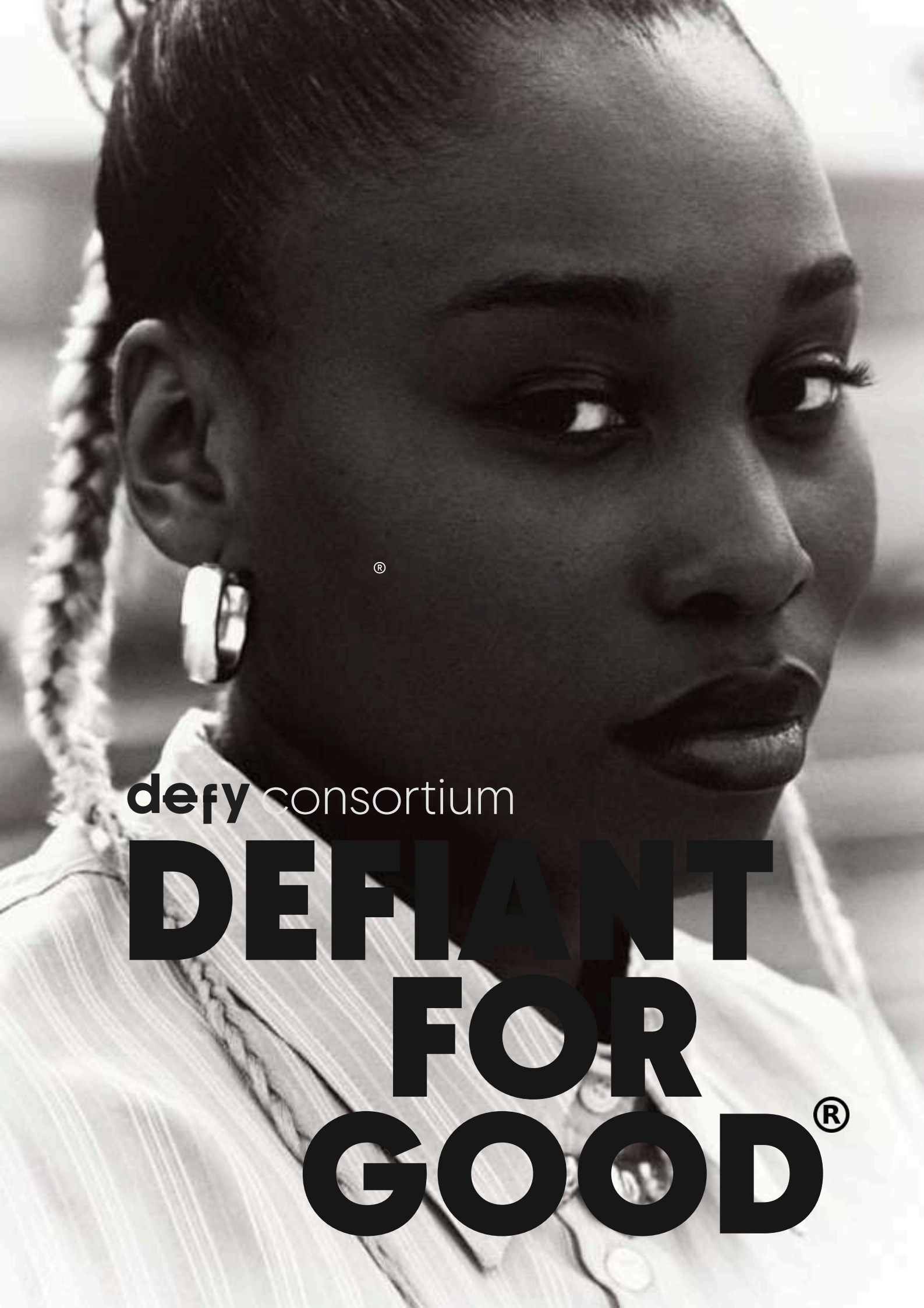


de:fy[®] consortium

From Access to Impact

**Advancing Inclusive Finance for a
Resilient and Equitable Future**

v1.0 released on 20th November 2025

A black and white close-up portrait of a woman with dark skin and her hair styled in braids. She is wearing a large, light-colored hoop earring. The background is blurred, suggesting an outdoor setting. The text 'defy consortium' is overlaid on the lower left of her face.

defy consortium

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Acknowledgement

This White Paper was developed through a combination of rigorous research and extensive dialogue with key stakeholders across governments, multilateral agencies, the private sector, civil society, and academia. We extend our sincere appreciation to everyone who contributed time, insights, and constructive challenge throughout the drafting process.

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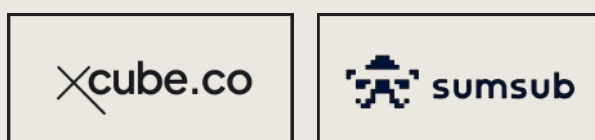
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About Defy Consortium: Defy Consortium is a private industry alliance uniting corporates, venture builders, startups, Development agencies and NGOs to co-design the inclusive finance ecosystems of tomorrow (<https://www.defyconsortium.org/>).

About xcube.co: xcube.co is a venture studio that designs, builds, and funds Corporate Venture Portfolios (CVPs), creating new growth pathways for corporates beyond their existing core business. We enable corporates to co-innovate with startups, de-risk strategic investments, and build future-ready innovation ecosystems that enhance competitiveness, strengthen resilience, unlock long-term value, and drive meaningful impact (<https://www.xcube.co/>)

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Foreword

In an era defined by rapid technological advancement and shifting socio-economic landscapes, the imperative to build inclusive financial systems has never been more urgent. After more than a decade of digitalisation and ambitious financial inclusion drives, 1.4 billion of people remain unbanked or poorly served. The paradox is clear: access has multiplied, yet impact lags behind. Digital or mobile accounts have reached rural villages and remote workers, but meaningful usage — the kind that transforms lives — remains elusive. **As Financial inclusion has improved, did Inclusive finance? Are our solutions fit for purpose?**

This white paper is a testament to the transformative power of innovation in bridging the financial divide and unlocking opportunities for underserved communities across the globe.

What sets this work apart is its commitment to human-centered innovation. **It recognizes that technology alone cannot solve inequality**; it must be guided by empathy, inclusivity, and a deep understanding of local contexts. Through case studies, data-driven insights, forward-thinking and sharing policy recommendations, this paper provides a roadmap for stakeholders—governments, financial institutions, startups, and civil society—to collaborate in building a future where financial services are accessible, affordable, and equitable for all.

Financial inclusion is not merely a matter of access; it is a catalyst for empowerment, resilience, and sustainable development. Yet, millions remain excluded from formal financial services due to systemic barriers, geographic isolation, or lack of digital infrastructure. The solutions explored in this paper challenge these limitations head-on, offering bold,

scalable strategies that leverage emerging technologies—from decentralized finance and mobile banking to AI-driven credit scoring and digital identity systems. But the core argument goes further: inclusion is no longer just a policy aspiration, it is an infrastructure agenda.

This moment calls for a new conceptual lens. One that moves beyond Financial inclusion as mere access, toward an ecosystems-based inclusive finance: a framework that connects technology, regulation, and trust to real human outcomes. Inclusive finance must now be recognised as its own vertical—with distinct user segments, unique risk profiles, and specialised business models that cannot be served effectively through mainstream banking or generic fintech rails.

Inclusive Finance requires tailored business models, risk-calibrated prudential rules, dedicated licensing regimes, and progressive identity systems that reflect local realities. Much like Virtual Asset Service Providers (VASPs) reshaped digital asset supervision, inclusive finance now demands its own ecosystem space to grow safely and sustainably, to build equitable economic systems and a transformative force to enable universal Financial inclusion.

The structural barriers are sizable: affordability, infrastructure, weak digital connectivity, identity constraints, credit data, and limited financial literacy. Market innovation alone cannot resolve these frictions. Without ecosystem intent and shared ownership — inclusion as an explicit design principle — progress will stall.

Yet hope lies in the examples already emerging. Thailand's "3 Opens" strategy, India's JAM trinity, Rwanda's Mojaloop switch, and Vietnam's NDACHain demonstrate that when digital public infrastructure aligns with inclusion

goals, impact follows. Each of these models shows what becomes possible when regulation, innovation, collaboration and social equity converge. It illustrates that inclusive finance succeeds when public–private ecosystems adopt a coordinated architecture —what we call Digital Public–Private Finance (DPPF). Public Development Banks—through platforms like Finance in Common— could further reinforce this momentum by mobilising patient and anchoring long-term inclusive capital.

This white paper demonstrates that success depends more on collective design.

Ecosystem design is now the capability that defines progress: shared data , trusted identity systems, gender-sensitive design, literacy initiatives, and frameworks for responsible innovation. These elements form the backbone of resilient and inclusive markets It positions ecosystem governance—not technology alone—as the real determinant of scale and sustainability.

This white paper offers both explanation and directions. It reframes inclusive finance as a structural pillar of modern financial systems, supported by evidence from Africa, Southeast Asia, Latin America, and the Middle East. It presents a practical ecosystem blueprint and actionable policy guidance for regulators, development partners, and private-sector innovators alike.

Its goal is not only to inform debate but to shape collective action.

The call to leadership has never been clearer. No single actor — whether central bank, fintech, bank or NGO — can close the inclusion gap alone. The next chapter will be written through public–private ecosystems

collaboration: open, interoperable systems built by many, for the many.

Emerging markets, long treated as testbeds for innovation, are now more than ever proving grounds for solutions the world urgently needs.

Inclusive finance is not charity, nor compliance — it is the foundation for equitable growth and development.

As we stand at the intersection of possibility and responsibility, this white paper invites us to reimagine finance not just as a system, but as a force for good. Let it inspire action, inform strategy, and ignite the shared responsibility and collective will to create a more inclusive financial world.

The invitation is open: to policymakers, entrepreneurs, investors, and citizens — to help build financial systems that leave no one behind.

Isabelle Lessedjina

Chair, Defy Consortium.

Special Envoy, Finance in Common

Preface

In today's interconnected world, financial systems are the backbone of economic participation, personal empowerment, and societal progress. Yet billions remain excluded or underserved by formal financial institutions. For these individuals, the absence of accessible financial services — credit, savings, insurance, payments — perpetuates vulnerability and restricts socioeconomic mobility.

Inclusive finance offers a more progressive and nuanced response to this challenge. It goes beyond traditional financial inclusion. It is not simply about opening accounts or issuing loans; it is about designing a financial ecosystem that meets people where they are economically, socially, and culturally. It means creating services that are affordable, adaptable, and tailored to the needs of underserved populations: women facing structural and cultural biases, gig workers managing volatile incomes, MSMEs struggling to scale, and communities excluded by systemic barriers.

At its core, inclusive finance is a catalyst for human and economic transformation. It enables individuals to save securely, invest confidently, and protect themselves against risk. It fuels micro and small enterprises with capital to innovate, grow, and create jobs. At the societal level, it reduces inequality, strengthens community resilience, and accelerates progress toward the Sustainable Development Goals (SDGs).

This white paper takes you into the evolving landscape of inclusive finance. It examines the continuum of financial inclusion, from the unbanked to the fully integrated, and the

structural obstacles that prevent progress, including digital inequality, affordability constraints, and regulatory fragmentation. It highlights how frontier technologies such as blockchain, artificial intelligence, and decentralised finance are reshaping the delivery of financial services, making them more accessible, more transparent, and more effective.

Through case studies from Africa, Southeast Asia, and Latin America, we demonstrate how innovative models of inclusive finance are already driving measurable impact. The paper provides concrete, actionable recommendations for governments, private-sector players, development organisations, and civil society to confront systemic barriers, rebuild trust, and co-create equitable financial ecosystems.

Inclusive finance is not just an enabler of economic growth — it is a foundation for equity and empowerment. This white paper is a roadmap for how the global community can expand opportunity, close structural gaps, and build financial systems that truly leave no one behind.

This is an invitation to reimagine what our financial ecosystems can achieve.

Sebastien Picard, PhD

Founder and CEO of
xcube.co

Executive Summary

From Financial Inclusion to Inclusive Finance

Financial inclusion has evolved into a cornerstone for achieving equitable economic growth and sustainable development. Yet, the journey to achieving universal financial inclusion remains fraught with challenges. Over 1.4 billion adults globally lack access to formal financial systems, with women, rural populations, and small businesses disproportionately excluded. This exclusion perpetuates cycles of poverty, inequality, and missed opportunities for economic empowerment. Inclusive finance, as a targeted and innovative approach, aims to address these gaps by creating a financial ecosystem that is accessible, equitable, and impactful for all.

Unlike financial inclusion, which primarily emphasises access to financial products and services, inclusive finance focuses on ensuring that these solutions are affordable, relevant, and tailored to meet the diverse needs of underserved populations. It takes into account barriers such as geographic isolation, systemic biases, irregular incomes, and digital divides that prevent many from engaging meaningfully with financial systems. Through inclusive finance, individuals and businesses can transition from being unbanked or underbanked to fully included participants in the global economy.

A Symbiotic Relationship

The relationship between inclusive finance and financial inclusion is symbiotic. Financial inclusion creates the foundation by expanding access to basic services like bank accounts and digital payments, while inclusive finance drives deeper participation by designing products and systems that cater to specific demographic, economic, and cultural contexts. Together, they form a powerful framework that accelerates progress toward a more resilient and equitable financial ecosystem.

Unlike financial inclusion, which primarily emphasises access to financial products and services, inclusive finance focuses on ensuring that these solutions are affordable, relevant, and tailored to meet the diverse needs of underserved populations.

Inclusive Finance as a Driver of Transformative Change

At its core, inclusive finance emphasises the development of financial services that are affordable, adaptable, and tailored to meet the unique needs of marginalised populations. These include low-income households, women, rural communities, gig workers, small and medium enterprises (SMEs), and individuals facing systemic biases. As such, inclusive finance recognises that a one-size-fits-all approach is inadequate and instead champions solutions that account for the economic, social, and cultural contexts of its target users.

Additionally, this white paper argues that the importance of inclusive finance lies in its potential to drive transformative change. It enables individuals to save securely, manage risks, invest in opportunities, and build resilience against economic shocks. For businesses, particularly SMEs, inclusive finance provides critical access to capital and resources, fostering innovation, job creation, and sustainable growth. On a macroeconomic level, inclusive finance supports poverty reduction, narrows income disparities, and accelerates progress toward Sustainable Development Goals (SDGs).

The Imperative for Ecosystem-Based Strategies

Nevertheless, to overcome the persistent barriers to financial inclusion, it is imperative to adopt ecosystem-based strategies that address challenges holistically and foster collaboration among diverse stakeholders. Inclusive finance cannot thrive in isolation; its success relies on an interconnected system that brings together governments, financial institutions, technology providers, NGOs, and civil society. These stakeholders must align their efforts to build an enabling environment where innovation can flourish, and the underserved can access meaningful financial opportunities.

Ecosystem-based strategies are essential for tackling the multifaceted challenges hindering inclusive finance:

Infrastructure Gaps: Limited access to reliable electricity, internet connectivity, and financial service points in rural and remote areas creates significant barriers. Developing infrastructure through public-private partnerships can bridge these gaps, enabling underserved populations to connect with formal financial systems.

Affordability and Accessibility: High transaction costs and complex processes often exclude low-income populations. Ecosystem collaboration can streamline service delivery, reduce costs, and introduce affordable financial products tailored to specific needs, such as microloans and nano-saving schemes.

Regulatory Constraints: Complex compliance requirements, such as rigid Know Your Customer (KYC) protocols, often exclude individuals without formal identification. Flexible regulatory frameworks that incorporate tiered KYC and innovative identity solutions can enable access for excluded groups.

The Digital Divide: Unequal access to technology, including smartphones and internet connectivity, limits the reach of digital financial services. Ecosystems that combine technological innovation with affordable hardware and digital literacy programmes can empower users to engage effectively with digital platforms.

Systemic Biases: Gender, socioeconomic, and cultural biases perpetuate exclusion. Inclusive financial ecosystems must prioritise gender-sensitive and culturally aware strategies, such as women-centric financial products and services designed to overcome these systemic barriers.

Low Financial Literacy: A lack of understanding about financial services often prevents individuals from using available tools effectively. Ecosystem strategies that include education campaigns, community-driven outreach, and gamified learning platforms can build trust and confidence among underserved populations.

By fostering collaboration within structured ecosystems, stakeholders can create financial systems that are not only inclusive but also scalable and sustainable. Governments play a central role in setting policies and investing in infrastructure, while the private sector drives innovation and resource mobilisation. NGOs and civil society act as bridges, addressing trust deficits, fostering accountability and promoting financial literacy. Together, these players can design impactful solutions that align with local contexts and global development goals.

A Shared Responsibility for Universal Financial Inclusion

This white paper reframes inclusive finance as a systems-level capability, not a stand-alone policy goal. It argues that inclusive finance requires interoperable rules, shared infrastructure, community-centred delivery models, and new forms of cross-sector collaboration that allow financial solutions to be designed for real-life constraints. Financial inclusion (access) and inclusive finance (impact) must be viewed as mutually reinforcing components of a broader national strategy.

It outlines a practical pathway for countries and organisations aiming to translate access into long-term impact. It proposes an integrated approach anchored in:

- 1. Developing National Financial Inclusion Frameworks (NFIF)** aligned with inclusive-finance outcomes.
- 2. Enhancing regulatory frameworks**, including fit-for-purpose licensing, tiered KYC, and sandboxes.
- 3. Building Digital Public-Private Infrastructure (DPPI)** to enable scalable, secure, and context-adapted solutions that reach underserved users.
- 4. Strengthening ecosystems through PPPs**, local-actor engagement, and cross-sector coordination.

Ultimately, inclusive finance is a collective endeavour. It demands coordinated leadership—across governments, industry, NGOs, and international organisations—to build financial systems that are accessible, affordable, interoperable, and resilient. As emphasised in the Call for Partnership, advancing inclusive finance is not the mandate of any single actor but a shared mission that requires long-term commitment, practical collaboration, and evidence-driven design.

This white paper provides a conceptual framework, a policy roadmap, and an infrastructure vision to support that mission, and an invitation for stakeholders to join in shaping the inclusive financial systems of the future.

“ Unlike financial inclusion, which primarily emphasises access to financial products and services, inclusive finance focuses on ensuring that these solutions are affordable, relevant, and tailored to meet the diverse needs of underserved populations.

A close-up photograph of two women wearing traditional Vietnamese conical hats (nón lá). The woman on the right is looking at a smartphone held in her hands, while the woman on the left points at the screen. They are both wearing light-colored, possibly pink or lavender, traditional clothing. The background is softly blurred, showing hints of a wooden structure.

1. Inclusive Finance and Its Relationship with Financial Inclusion

1.1 What is Inclusive Finance?

Inclusive finance refers to the provision of progressive, affordable, accessible, and appropriate financial services—such as savings accounts, credit, insurance, and payment systems—to all segments of society, particularly those traditionally excluded from the formal financial system. It is the ecosystem of solutions that focuses on addressing the challenges faced by underserved populations, including low-income individuals, women, rural communities, and MSMEs. Inclusive finance aims to create equitable opportunities for economic participation while fostering resilience and reducing poverty.

1.2 What is Financial Inclusion?

While the terms inclusive finance and financial inclusion are sometimes used interchangeably, they have distinct nuances. Financial inclusion represents the overarching goal of ensuring universal access to useful, affordable and responsible financial products and services. The outcome in which individuals and firms actually use those services to transact, save, borrow, insure and invest.

Conceptually, financial inclusion can be understood as a continuum that spans from being completely unbanked to having full access to a comprehensive suite of financial services.

- **Unbanked:** At one end of the spectrum are individuals or businesses with no access to formal financial services. This group often relies on informal mechanisms such as cash savings, community lending groups, or informal moneylenders. They face significant barriers to entry into the formal financial system due to factors like lack of identification, geographic isolation, or mistrust of institutions.
- **Underbanked:** In the next segment are those with limited access to basic financial products such as bank accounts or payment systems but without the full range of services needed for economic growth and resilience. For example, an underbanked individual may have a savings account but lack access to credit or insurance.
- **Situationally Underserved:** A third group consists of individuals who face difficulty accessing the financial products and services they need due to their specific personal circumstances. This includes people with irregular income (e.g., gig workers, migrants), people with unique situations (e.g., person with disabilities, digital nomads, expats) those affected by systemic biases such as gender discrimination. While these individuals may technically have access to financial services, their personal situations often make those services inadequate or inaccessible in practice.
- **Fully Included:** At the other end of the spectrum are those with full access to a comprehensive suite of financial services. This group benefits from advanced tools such as investment products, insurance policies tailored to their needs, digital payment systems, and personalised financial advice. They can leverage these resources for wealth creation, risk management, and long-term financial planning.

This continuum highlights that achieving financial inclusion is not just about providing access but also about ensuring that financial products and services are relevant, usable, and equitable for all segments of society. The situationally underserved group underscores the importance of designing inclusive finance solutions that address specific barriers faced by diverse populations. By moving individuals along this continuum—from unbanked to fully included—stakeholders can create a more inclusive and equitable global financial system.

1.3 The Relationship Between Inclusive Finance and Financial Inclusion Policies

The relationship between inclusive finance and financial inclusion is inherently symbiotic, with each concept reinforcing the other to create a more equitable and comprehensive financial system. While financial inclusion establishes the overarching goal of universal access to financial services, inclusive finance provides the targeted tools, strategies, and innovations necessary to address the specific needs of underserved populations. Together, they form a dynamic framework for driving economic participation and reducing inequality.

Inclusive Finance as a Driver of Financial Inclusion

Inclusive finance plays a critical role in advancing financial inclusion by addressing the unique barriers faced by different groups along the financial inclusion continuum. By focusing on underserved populations such as the unbanked, underbanked, and situationally underserved, inclusive finance ensures that solutions are not only accessible but also relevant and impactful. For example:

- **For the Unbanked:** Inclusive finance introduces entry-level solutions like mobile money platforms or on-chain community-based savings groups that provide a first step into formal financial systems.
- **For the Underbanked:** Tailored products such as microloans, affordable insurance, or digital payment systems help individuals and businesses expand their economic opportunities and build resilience.

- **For the Situationally Underserved:**

Inclusive finance addresses specific challenges through flexible solutions like alternative credit scoring for gig workers, accessible banking interfaces for persons with disabilities, or gender-sensitive financial products designed to empower women.

By targeting these groups with progressive solutions, inclusive finance drives progress along the continuum, helping individuals move from exclusion or partial inclusion toward full participation in the financial system. It is the ecosystem that cause wider uptake.



Financial Inclusion Policies as an Enabler for Inclusive Finance

Conversely, financial inclusion strategy creates an enabling environment for inclusive finance to thrive. As financial inclusion efforts expand access to basic services such as bank accounts or digital payment platforms, they lay the foundation for more advanced and tailored solutions offered by inclusive finance. For instance:

- **Infrastructure Development:** Financial inclusion initiatives often involve investments in digital infrastructure such as mobile networks or real-time payment systems. These developments provide the technological backbone that inclusive finance leverages to deliver innovative services.
- **Regulatory Support:** Policies aimed at promoting financial inclusion — such as tiered Know Your Customer (KYC) requirements or open banking frameworks — reduce barriers to entry for underserved populations and create opportunities for inclusive finance providers to scale their offerings.
- **Market Competition:** As financial-inclusion policies standardise digital rails and relax entry barriers, regulators must set the policies and platform such as sandboxes to attract a wider mix of providers to drive down price, enhance service quality and accelerate innovation in inclusive-finance offerings.

In this way, financial inclusion not only sets the vision but also creates the conditions necessary for inclusive finance to operate effectively and sustainably.

A Feedback Loop of Progress

The interplay between inclusive finance and financial inclusion creates a positive feedback loop that accelerates progress toward universal access:

- As inclusive finance addresses specific barriers faced by underserved populations, it brings more people into the formal financial system.
- The expansion of financial inclusion increases demand for tailored products and services that meet diverse needs, driving innovation in inclusive finance.
- Over time, this cycle strengthens the overall ecosystem by fostering trust, improving financial literacy, and building resilience among users.

Ultimately, the mutual reinforcement between inclusive finance and financial inclusion ensures that progress is not just about increasing account ownership but about enabling meaningful participation in economic systems.

This means:

- Providing tools that empower individuals to save securely, invest wisely, and protect themselves against risks.
- Ensuring that services are designed with equity in mind so that no one is left behind due to their income level, gender, geography, or personal circumstances.
- Building resilient ecosystems where all segments of society can contribute to—and benefit from—economic growth.

By recognising their interdependence and leveraging their strengths together, stakeholders can accelerate progress along the continuum—from unbanked to fully included—while creating a global financial system that is not only accessible but also equitable and impactful. This integrated approach will be key to achieving sustainable development goals (SDGs) such as poverty reduction (SDG 1), gender equality (SDG 5), and economic growth (SDG 8).

1.4 Why Does Inclusive Finance Matter?

Inclusive finance is a vital enabler within the broader framework of financial inclusion. It plays a critical role in accelerating progress along the financial inclusion continuum by:

1. Targeting Marginalised Groups:

It addresses specific challenges faced by women, rural communities, and informal businesses that are often overlooked by traditional financial systems.

2. Promoting Economic Growth:

By empowering underserved populations with tools like credit and insurance, inclusive finance fosters entrepreneurship, job creation, and economic stability.

3. Reducing Inequality: It bridges gaps in financial access caused by socioeconomic disparities and geographic isolation.

4. Aligning with Development Goals:

Inclusive finance supports global objectives such as poverty reduction (SDG 1), gender equality (SDG 5), and economic growth (SDG 8).

[Insight]

Thailand's "3 Opens" financial-sector framework

In April 2025 the Bank of Thailand (BOT) publicly set out its "3 Opens" strategy—Open Infrastructure, Open Data and Open Competition— as the organising framework for the kingdom's next phase of digital-finance policy.

Deputy-Governor Roong Mallikamas told the Money20/20 Asia forum that the goal is to move "from open finance to an inclusive digital society," removing supply-side frictions so that innovative, low-cost services can reach the unbanked and under-banked.

Open Infrastructure

Building on PromptPay, the national real-time retail-payment rail, the BOT is widening non-bank access and extending cross-border links (e.g., the PayNow–PromptPay corridor) so that any licensed provider can plug into instant, low-fee payments. The central bank acknowledges that earlier restrictions on non-banks "inadvertently stifled innovation" and is now prioritising full interoperability.

Open Data

Under the "Your Data" project, a draft regulation on data portability will oblige major deposit-taking, lending and payment institutions to build APIs that let customers share account, loan-repayment and even utility-bill data with third-party providers. The phased timeline requires individual deposit data to be portable by Q4 2026, expanding to SMEs and other data sets by 2027.

Open Competition

The policy's competitive pillar is anchored in Thailand's new virtual-bank licensing regime. After a two-year consultation, the Ministry of Finance—on BOT's advice—approved the first successful applicants in June 2025, signalling that branchless banks backed by telecoms, fintechs or retailers will soon compete head-to-head with incumbents.

By stitching these three policy tracks together, the BOT is using today's financial-inclusion gains (millions already on PromptPay; progressive KYC tiers) to clear the runway for tomorrow's inclusive-finance products—AI-driven micro-credit, usage-based insurance, nano-investing and more. The framework illustrates exactly how wide-reach inclusion efforts create the conditions—rails, data and market access—for a richer ecosystem of inclusive-finance solutions to emerge and scale.



2. The Case for Inclusive Finance

Inclusive finance is emerging as the next big frontier in fintech, transforming the way financial services are designed and delivered. By leveraging technologies like blockchain, AI, and digital payments, cross sector partnerships and business mode innovation, it addresses the unmet needs of over a billion underserved individuals and businesses. As a \$3.5 trillion market opportunity, inclusive finance combines innovation with social impact, unlocking new growth avenues while driving equity and economic empowerment globally.

2.1 Market Analysis^{[1][2][3][4][5][6][7][8][9][10][11][12][13][14][15][16]}

The inclusive finance market is experiencing rapid growth, driven by technological advancements, regulatory support, and the rising demand for financial services among underserved populations. In 2023, the market was valued at approximately USD 1.2 trillion and is projected to grow to USD 3.5 trillion by 2032, reflecting a compound annual growth rate (CAGR) of 12.5% over the forecast period. This growth underscores the increasing focus on financial inclusion as a critical driver of socioeconomic development.

Key trends shaping the inclusive finance market include:

- Digital Financial Services (DFS):** The rise of mobile banking, digital wallets, and mobile money has revolutionised access to financial services in developing regions. For instance, mobile money allows individuals to store, send, and receive money digitally without the need of a bank account.
- Decentralised Finance (DeFi):** DeFi has emerged as a transformative force in inclusive finance. By leveraging blockchain technology and smart contracts, DeFi eliminates intermediaries, reducing costs and increasing access to financial services for underserved populations. For example, DeFi platforms enable peer-to-peer lending, cross-border payment, and decentralised insurance solutions that cater to individuals excluded from traditional banking systems.
- Artificial Intelligence (AI):** Machine-learning systems now analyse alternative data (e.g., mobile-phone usage, e-commerce history) to produce faster, more accurate credit-risk assessments; chatbots deliver 24/7 multilingual support; and real-time anomaly detection curbs fraud. By lowering operating costs and improving risk models, AI expands the commercial case for serving previously unbanked segments.
- Impact Investing:** There is a growing emphasis on directing funds toward activities that address social and environmental challenges while ensuring financial returns. Impact investing is becoming a significant driver in the fintech space.

[Data Point]

Underserved Populations: A Catalyst for Fintech Revenue and Reach

Fintech's increasingly tailored financial services to traditionally underserved segments of the population, which constituted a large share of their customer base.

On average, MSMEs, low-income individuals, and women make up 57%, 47%, and 41% of users, respectively. These segments are more prominent in emerging markets and developing economies (EMDEs), where low-income and rural customers dominate, while advanced economies (AEs) see a higher share of senior users.

These groups are not only growing but also driving revenue—MSMEs contribute 55% and low-income customers 43%. Regions such as Sub-Saharan Africa and MENA report the highest revenue shares from underserved segments, highlighting their rising economic importance to fintechs.

Source: The World Economic Forum and the Cambridge Centre for Alternative Finance (CCAF), *The Future of Global Fintech: From Rapid Expansion to Sustainable Growth*, 2025.

2.2 Regional Dynamics

While inclusive finance is relevant globally, regions like Southeast Asia (SEA), Africa, Latin America (Latam), and the Middle East have emerged as key players in driving financial inclusion. They demonstrate how tailored approaches—leveraging technology, regulatory reforms, and public-private partnerships—can drive inclusive finance forward and highlight the transformative potential of inclusive finance in fostering economic growth and reducing inequality globally.



2.2.1 Southeast Asia (SEA)^{[17][18][19][20][21]}

Southeast Asia is a vibrant hub for digital financial services (DFS), driven by high smartphone penetration and government-backed initiatives to promote financial inclusion. Despite rapid economic growth, around 70% of the region's population remains unbanked or underbanked, creating a vast market opportunity for inclusive finance solutions.

- **Digital Financial Services Boom:** Revenues in SEA's DFS sector are projected to grow from \$22 billion in 2022 to \$33 billion in 2024, with digital lending accounting for 65% of this revenue. Innovations such as mobile wallets, peer-to-peer lending, and embedded finance are addressing unmet needs among individuals and MSMEs.
- **Government Support:** Countries like Indonesia and the Philippines have leveraged digital ecosystems to close financial access gaps. Digital finance could boost GDP by 2–3% in these markets and up to 6% in Cambodia.
- **Cross-Border Payments:** SEA is also leading in instant and affordable cross-border payment systems, enhancing financial accessibility for migrant workers and SMEs engaged in regional trade.



2.2.2 Africa^{[22][23][24][25]}

Africa leads the world in mobile money adoption, with 33% of adults owning a mobile money account compared to just 10% globally. This innovation has significantly improved access to savings, credit, and remittance services across the continent.

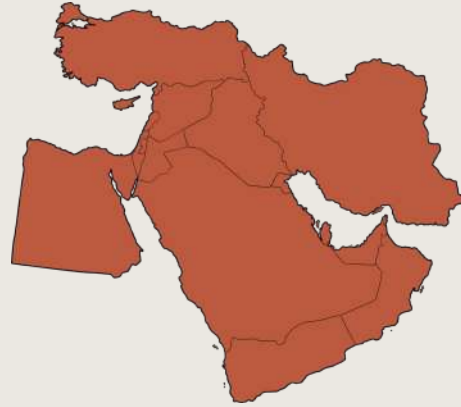
- **Mobile Money Revolution:** Platforms like Kenya's M-Pesa have been transformative, enabling millions to access financial services without traditional banking infrastructure. In sub-Saharan Africa, mobile money accounts are used by 39% of holders for formal savings.
- **Fintech Growth:** The number of African fintech companies tripled between 2020 and 2024, reaching over 1,200 firms. These startups are addressing challenges like limited credit access and high transaction costs while fostering economic empowerment.
- **Challenges:** Despite progress, nearly half of Africa's adult population remains unbanked. Gender disparities persist, with only 49% of women having access to financial accounts compared to 61% of men.



2.2.3 Latin America (LatAm)^{[26][27][28][29]}

Latin America has experienced the highest increase in financial inclusion globally over recent years, with account ownership rising from 55% in 2017 to 74% in 2021. However, significant gaps remain in advanced financial services like loans and insurance.

- **Digital Wallets and Payments:** Innovations such as Brazil's PIX payment system have revolutionised transactions, enabling faster and cheaper payments while reducing reliance on cash. Mobile wallets now account for over half of all transactions in countries like Peru.
- **Fintech Ecosystem:** With over 1,500 fintech companies in the region as of 2023, LatAm is a global leader in fintech-driven financial inclusion. Companies like Nubank are offering fully digital banking solutions tailored to underserved populations.
- **Barriers to Inclusion:** Challenges such as low financial literacy (68% of Latin Americans have never received formal financial education) and uneven rural access highlight the need for targeted interventions.



2.2.4 Middle East^{[30][31][32][33]}

The Middle East is undergoing a fintech revolution fueled by open banking initiatives and government-backed sustainable finance programmes. However, financial inclusion rates remain among the lowest globally.

- **Open Banking Growth:** The open banking market is expected to grow at an annual rate of 25%, reaching \$1.17 billion by 2024. This trend is fostering collaboration between banks and fintechs to deliver personalised financial products.
- **Real-Time Payments:** The region is the fastest-growing real-time payments market globally, with transactions projected to triple from 855 million in 2023 to over 3 billion by 2028. This shift is expected to create millions of new bank account holders while boosting GDP growth.
- **Central Bank Digital Currencies (CBDCs):** Countries like Saudi Arabia and the UAE are exploring CBDCs to enhance cross-border payments and improve accessibility for underserved populations.

2.3 Key Market Segments

Each region faces unique challenges but also presents significant opportunities for growth and development, demonstrating the diverse ways inclusive finance can address the needs of underserved populations and create a more accessible and equitable financial ecosystem globally.

The inclusive finance market can be categorised by service type, with each segment addressing traditional barriers to financial inclusion. This ensures that underserved populations have access to secure, affordable, and efficient financial products, while also promoting regulatory compliance and building trust in the system.

2.3.1 Payments

Digital payment systems, including mobile wallets and real-time payment platforms, reduce transaction costs and improve efficiency, particularly in rural areas where physical banking infrastructure is limited. Innovations like microtransaction and QR code payments are further simplifying access to financial transactions.



2.3.2 Savings and Investment

Community-based savings groups, when integrated with digital platforms, offer safer and more transparent alternatives to informal savings methods. Similarly, nano-investment platforms have eliminated traditional barriers to investing, such as high minimum investment thresholds and complex procedures, making it easier for a broader population to participate in wealth building and economic growth incrementally. Together, these tools foster financial discipline and empower individuals to create a financial safety net.

2.3.3 Loans

Microloans and peer-to-peer lending platforms cater to individuals and businesses excluded from traditional credit systems. These services provide critical capital for small enterprises and low-income households, enabling them to invest in growth and resilience.

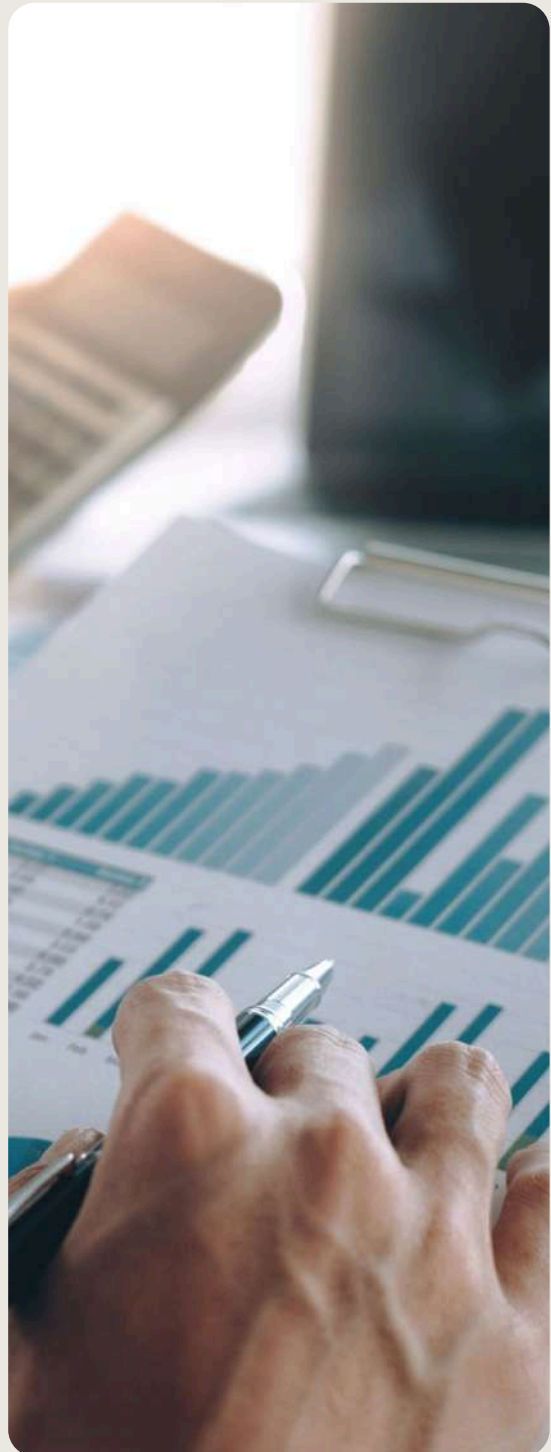
2.3.4 Insurance

Micro-insurance products offer affordable coverage options tailored to the needs of low-income populations. These solutions protect against risks such as health emergencies, crop failures, and natural disasters, fostering financial stability.

2.3.5 Regtech for Financial Inclusion

Regulatory technology (regtech) is emerging as a critical enabler of inclusive finance by streamlining compliance processes and reducing regulatory barriers for fintech companies serving underserved populations. Key applications include:

- **Digital Identity Verification:** Regtech solutions use biometrics and AI-driven tools to simplify Know Your Customer (KYC) processes, enabling faster onboarding for individuals without formal identification documents.
- **Anti-Money Laundering (AML) Compliance:** Automated AML monitoring ensures that financial services remain secure while reducing the cost of compliance for providers targeting low-income markets.
- **Risk Management:** Regtech tools help financial institutions assess creditworthiness in real-time using alternative data sources, expanding access to credit for those without traditional credit histories.
- **Cross-Border Compliance:** Regtech facilitates seamless cross-border transactions by ensuring adherence to international regulatory standards, benefiting migrant workers and SMEs engaged in global trade.



2.4. Technological Advancements Driving Growth

Technological advancements such as mobile technology, AI, blockchain, DeFi, data analytics, and IoT are powering the inclusive finance landscape. These innovations not only reduce costs but also enhance accessibility, security, and personalisation of financial services for underserved populations. By leveraging these tools responsibly while addressing challenges like data privacy concerns and regulatory hurdles, these innovations are enabling financial service providers to reach underserved populations more effectively, offering tailored solutions that meet the unique needs of the unbanked and underbanked.

2.4.1 Mobile Technology

Mobile technology continues to be a cornerstone of inclusive finance by bringing banking services directly into the hands of users:

Mobile Money Platforms: Mobile money service providers have become lifelines for millions of unbanked individuals by enabling them to save money, transfer funds, and access credit through their mobile phones.

Digital Wallets: Mobile wallets simplify payments and enhance accessibility for rural populations with limited physical banking infrastructure.



2.4.2 Artificial Intelligence (AI)

- AI is playing a pivotal role in enhancing financial inclusion by addressing systemic barriers and creating more efficient, accessible, and personalised financial services:
- **Alternative Credit Scoring:** AI-powered credit scoring models utilise non-traditional data sources, such as utility payments, mobile phone usage, and social media activity, to assess creditworthiness. This allows individuals without formal credit histories to access loans and other financial products.
- **Personalised Financial Services:** AI-driven tools like chatbots and virtual advisors provide real-time financial advice, budgeting tips, and investment recommendations, making financial guidance accessible to underserved populations.
- **Fraud Detection and Risk Management:** AI algorithms analyse large datasets in real-time to detect fraud and assess risks, enabling secure transactions for vulnerable groups like women and smallholder farmers who were previously excluded from traditional banking systems.



2.4.3 Blockchain Technology ^{[39][40][41]}

Blockchain technology is revolutionising financial access and tailored services by providing decentralised, secure, and transparent platforms for financial transactions:

- **Decentralised Financial Services:** Blockchain enables peer-to-peer lending, decentralised insurance, and tokenised asset platforms that bypass traditional banking infrastructure. These solutions are particularly beneficial in regions with limited banking access.
- **Cross-Border Payments:** Blockchain significantly reduces the cost and time of cross-border remittances. For example, stablecoins and blockchain-based payment systems offer faster settlements with lower fees compared to traditional correspondent banking systems.
- **Identity Verification:** Blockchain-based digital identities allow individuals without formal identification documents to access financial services securely and efficiently

2.4.4 Data Analytics ^{[42][43]}

Data analytics is transforming the way financial services are designed and delivered by leveraging insights from diverse data sources:

- **Market Insights:** By analysing transaction histories, demographic information, and social media activity, data analytics helps identify underserved populations and their specific needs.
- **Tailored Products:** Financial institutions can use data analytics to develop customised products such as microloans or savings plans that cater to the unique requirements of low-income households or small businesses.
- **Risk Assessment:** Alternative credit scoring models powered by data analytics reduce information asymmetry between lenders and borrowers, enabling more equitable access to credit.

^{[44][45]}

2.4.5 Internet of Things (IoT)

IoT is emerging as a game-changer for financial inclusion by integrating everyday devices into financial ecosystems:

- **Agricultural Financing:** IoT devices that monitor agricultural productivity provide data that can be used by financial institutions to assess creditworthiness for smallholder farmers.
- **Contactless Payments:** Wearable devices equipped with IoT technology facilitate seamless transactions in remote areas where traditional payment infrastructure is unavailable.

[Insight]

Decentralised Finance (DeFi) as a Catalyst for Inclusive Finance

DeFi protocols assemble “moneyLegos” on public blockchains, letting low-income users mix and match services that were once gate-kept by banks. Key use-cases already advancing inclusive finance include:

Inclusive-finance need	DeFi mechanism	Real-world example
Affordable credit for the under-banked	Peer-to-peer lending pools remove costly intermediaries; algorithmic rate-setting lets small savers fund micro-borrowers at globally competitive rates.	Aave & Compound have issued billions in on-chain loans, many under US\$100, with collateral and interest handled automatically by smart contracts.
Low-cost, transparent insurance	Decentralised mutuals pool community capital and vote on claims, cutting back-office costs.	NexusMutual covers risks (e.g., smart-contract failure) for less than 1% of the insured amount per year—pricing now viable for micro-enterprises.
Protection against local-currency inflation	Crypto-collateralised stablecoins give households a dollar-pegged store of value.	In Argentina, adoption of DAI surged as a hedge against peso volatility; merchants increasingly accept it for everyday payments.
Mobile-native savings and remittances	Local-currency stablecoins integrate with airtime-for-crypto on-ramps, allowing users to earn on-chain yields via phone wallets.	The Celo network’s cKES (Kenyan shilling) stablecoin, paired with Fonbnk’s airtime rails, funnels diaspora remittances straight to mobile money.
Low-cost cross-border payments & FX	Decentralised FX liquidity pools (AMMs) and off ramps rails offer alternative route cross border payments enabling senders to automatically convert between stablecoins and local currency at on-chain rates.	MoneyGramRamps lets users deposit cash and receive USDC on Stellar; Soroban path-payments then tap USDC/XLM and other pools for instant settlement, while Stellar’s native AMM keeps FX spreads razor-thin, making a US\$50 remittance economical.

These examples show how open, programmable networks can lower costs, widen access and tailor products to the needs of underserved users—advancing the broader goal of inclusive finance.

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3. The Benefits of Inclusive Finance



The benefits of inclusive finance extend far beyond individual users—it drives business growth for financial service providers, strengthens the resilience of financial systems, boosts economic development, promotes social equity, and supports environmental sustainability. By fostering greater participation in formal financial systems across all segments of society, inclusive finance not only addresses pressing global challenges but also creates opportunities for sustainable growth and innovation worldwide.

3.1 Business Benefits

- **Market Expansion:** By targeting unbanked and underbanked populations, inclusive finance opens up vast untapped markets. For example, the global unbanked population of 1.4 billion adults represents a significant opportunity for financial service providers to grow their customer base.
- **Revenue Growth:** Financial institutions and fintech companies can generate new revenue streams by offering microloans, digital payments, and other tailored products to underserved segments. For instance, mobile money services in sub-Saharan Africa generated \$50 billion in revenue in 2022 alone.
- **Customer Loyalty:** Providing accessible and affordable financial services fosters trust and long-term relationships with customers. This is particularly true for low-income households and MSMEs that rely on these services for economic stability.
- **Innovation Opportunities:** The need to serve diverse customer bases encourages innovation in product design, delivery mechanisms, and technology adoption. Companies that invest in inclusive finance often develop cutting-edge solutions that can be scaled globally.

3.2 Financial System Benefits

- **Increased Financial Stability:** Inclusive finance contributes to a more resilient financial system by broadening the customer base and distributing risk across a wider pool of participants. For example, enabling MSMEs to access credit reduces their vulnerability to economic shocks, thereby stabilising local economies.
- **Higher Savings Rates:** By integrating underserved populations into the formal financial system, inclusive finance encourages savings behaviour, which strengthens financial institutions by increasing deposits.
- **Improved Credit Markets:** Alternative credit scoring models used in inclusive finance improve lenders' ability to assess risk accurately. This reduces default rates and enhances the overall health of credit markets.
- **Efficient Resource Allocation:** Digital payment systems and mobile money platforms reduce transaction costs and improve the efficiency of resource allocation within the financial system.

3.3 Economic Impact

- **Poverty Reduction:** Access to financial services enables low-income households to save, invest, and manage risks more effectively, lifting them out of poverty over time. According to the World Bank, financial inclusion could reduce income inequality by up to 17% in developing countries.
- **Entrepreneurship Growth:** Inclusive finance empowers MSMEs by providing access to credit and working capital.

These businesses are critical drivers of job creation and economic growth in emerging markets.

- **Enhanced Productivity:** Financial tools like microloans and insurance enable individuals and businesses to invest in productive assets such as education, equipment, or agricultural inputs, boosting economic output.

[Data Point]

Digital financing boosts MSME financial health and business growth

A study encompassing seven emerging markets and developing economies (EMDEs) in Asia found that approximately 80% of MSME businesses experienced growth in revenue, net profit, and customer base after using digital finance platforms. This trend was especially strong among sole traders, with a large majority of businesses (70%) of various sizes showing improvement in these key areas. The access to finance helped their business growth through expansion, asset acquisitions, and boosting inventory or raw materials.

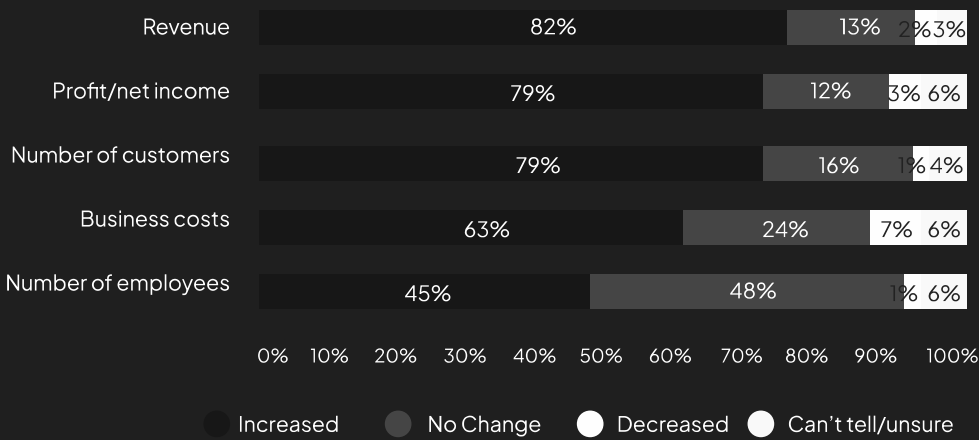


Figure: Impact of digital finance on business performance

Source: Cambridge Centre for Alternative Finance, University of Cambridge and the Asian Development Bank Institute, The MSME Access to Digital Finance Study - In Selected EMDE Countries in Asia, 2025.



3.4 Social Impact

- **Gender Equality:** Inclusive finance plays a crucial role in empowering women by providing them with access to credit, savings accounts, and insurance products tailored to their needs. Women who control financial resources are more likely to invest in health care, education, and nutrition for their families.
- **Resilience Against Shocks:** Financial tools like micro-insurance and savings accounts help vulnerable populations manage risks associated with health emergencies, natural disasters, or economic downturns.
- **Improved Quality of Life:** Access to affordable financial services enables individuals to meet basic needs such as housing, education, and healthcare more effectively.

3.5 Environmental Impact

- **Sustainable Development Financing:** Inclusive finance supports green initiatives by funding renewable energy projects or providing microloans for sustainable agricultural practices.
- **Climate Resilience:** Insurance products tailored for smallholder farmers protect against climate-related risks such as droughts or floods, fostering resilience in vulnerable communities.

A woman with dark, wavy hair is leaning against a light-colored wall. She is wearing a black jacket and looking over her shoulder towards the camera. The background is a blurred city street with a railing and some buildings.

4. Global Best Practices

The success of inclusive finance initiatives hinges on the creation of a robust ecosystem that brings together diverse stakeholders, including governments, private sector players, development organisations, and civil society. Structured partnerships—particularly public-private partnerships (PPPs)—are essential to scale financial inclusion efforts and ensure that underserved populations gain access to affordable and impactful financial services. Below are examples of global best practices that demonstrate how ecosystems and partnerships can drive inclusive finance.

4.1 The Need for Ecosystem-based Strategies

The need for structured ecosystems cannot indeed be overstated when it comes to driving inclusive finance at scale. Governments must create enabling environments through supportive policies and infrastructure investments. The private sector must bring innovation in product design and delivery mechanisms.

NGOs can address social barriers like gender inequality or low financial literacy. Communities must be empowered and accountable to foster trust in the system.

Finally, public-private partnerships serve as the glue that binds these efforts together into cohesive ecosystems capable of delivering impactful solutions. This holistic approach not only ensures sustainable growth but also creates equitable opportunities for all worldwide.

4.2 Government-Led Ecosystem Development

Governments play a central role in creating an enabling environment for inclusive finance by implementing supportive policies, investing in digital infrastructure, and fostering collaboration among stakeholders.



4.3 Public-Private Partnerships (PPPs)

PPPs are critical for scaling inclusive finance solutions by leveraging the strengths of both sectors—governmental oversight and private sector innovation.

- **Kenya's M-Pesa Ecosystem:** M-Pesa, a mobile money platform launched through a partnership between Safaricom (private sector) and the Kenyan government, has become a global benchmark for financial inclusion. The platform's success lies in its ecosystem approach, which integrates telecom operators, banks, merchants, and NGOs to deliver seamless financial services across urban and rural areas.
- **Pakistan's Ehsaas Program:** The Ehsaas program combines government welfare initiatives with private sector delivery mechanisms to provide cash transfers and financial literacy training to low-income households. Partnerships with fintech companies ensure efficient distribution of funds through mobile wallets.



4.4 Private Sector Collaboration

Private sector players, including fintech companies, traditional banks, and technology providers, are key drivers of innovation in inclusive finance ecosystems.

- **Latin America's Fintech Boom:** In countries like Brazil and Mexico, fintech companies have partnered with traditional banks to deliver digital solutions tailored to small businesses. For example, Nubank collaborates with local partners to offer affordable credit products while leveraging data analytics for risk assessment.
- **Africa's Fintech Ecosystem:** African fintech startups are forming strategic alliances with telecom providers to expand mobile money services. For instance, Wave in Senegal partners with local merchants to enable cash-in/cash-out services for unbanked individuals.

4.6 Capacity Building Through Partnerships

Building financial literacy and trust is essential for the success of inclusive finance initiatives. Partnerships between governments, NGOs, and educational institutions play a crucial role in capacity building.

- **Bangladesh's BRAC Model:**
BRAC works with local governments and private microfinance institutions to provide financial literacy training alongside access to credit for women entrepreneurs. This holistic approach ensures that beneficiaries can effectively use financial services.
- **ASEAN Financial Literacy Initiatives:** In Southeast Asia, regional partnerships between central banks and NGOs focus on improving digital literacy among rural populations as part of broader financial inclusion strategies.

4.7 Cross-Sector Collaboration

Inclusive finance ecosystems thrive when diverse stakeholders work together to address systemic barriers such as gender disparities, rural isolation, and lack of financial literacy.

- **G20 Principles for Digital Financial Inclusion:** The G20 developed high-level principles that emphasise cross-sector collaboration among governments, private companies, NGOs, and international organisations. These principles encourage stakeholders to align their efforts on issues like digital identity verification, data privacy standards, and consumer protection.
- **Women-Centred Financial Ecosystems:** Programmes like CARE International's Village Savings and Loan Associations (VSLAs) integrate NGOs, local governments, and private microfinance institutions to empower women through savings groups. These ecosystems not only provide financial access but also foster community development.



[Insight]

Government-led Inclusive Finance Initiatives

Country & initiative	How the policy stack works	Inclusive-finance impact
India JAM Trinity (Jan Dhan + Aadhaar + Mobile)	552 million no-fee bank accounts (Jan Dhan) linked to biometric IDs (Aadhaar) and ubiquitous mobile connectivity create a digital public-infrastructure stack for payments and welfare transfers.	Direct-benefit transfers now reach households instantly and at low cost, giving fintechs verified KYC rails and transaction data to build credit-scoring and micro-insurance products for previously excluded customers.
Thailand “3 Opens” Strategy (Open Infrastructure, Open Data, Open Competition)	Announced by the Bank of Thailand in 2025, the framework widens non-bank access to the PromptPay instant-payment rail, mandates customer-directed data portability (“Your Data”) and introduces virtual-bank licences to intensify competition.	Lower entry barriers plus richer data streams give DeFi wallets, AI-based microlenders and usage-based insurers the regulatory certainty and market access they need to scale affordable products.
Vietnam NDACHain National Blockchain Platform	Launched July 2025, NDACHain is a permissioned Layer-1 network (49 public-private validators, PoA + ZKP) that underpins digital ID (NDADID), e-government records and supply-chain traceability.	By providing a trusted, tamper-proof layer for identity and smart-contracts, NDACHain lets licensed fintechs issue micro-loans, remittances and insurtech policies with instant, on-chain KYC verification—cutting costs and fraud for low-income users.
Rwanda National Financial Inclusion Strategy & instant-payment switch	The government’s NFIS couples ambitious inclusion targets with a national Mojaloop-based real-time payment platform, lowering rural transaction costs and opening APIs to banks and MFIs.	Formal-financial inclusion reached 92% by 2024; mobile-money and micro-savings products ride the same switch, pushing usage far beyond mere account ownership.



5. Challenges in Inclusive Finance

Despite its transformative potential, inclusive finance faces numerous challenges that hinder its widespread adoption and effectiveness. These barriers span across supply-side constraints, demand-side limitations, and systemic issues, creating a complex landscape that requires multi-stakeholder efforts to overcome.

However, these multifaceted challenges facing inclusive finance are not insurmountable. By tackling affordability issues, expanding infrastructure, enhancing financial literacy, leveraging alternative data sources, addressing cultural barriers, and fostering trust through transparent practices, the coordinated action from governments, private sector players, NGOs, and international organisations stakeholders can unlock the full potential of inclusive finance to drive equitable economic growth globally.^{[1][2][3][4][5][6][7]}

5.1 Limited Infrastructure

Physical infrastructure remains inadequate in many developing regions, particularly in rural and remote areas. Limited access to reliable electricity, internet connectivity, and banking facilities restricts the reach of financial services.

Impact: Geographic isolation exacerbates financial exclusion by making it difficult for individuals to access ATMs, bank branches, or even digital financial services.

Solution: Expanding mobile networks, deploying agent banking models, and investing in renewable energy solutions for off-grid areas can help bridge the infrastructure gap.

5.2 Affordability of Financial Services

The cost of accessing formal financial services remains a significant barrier, particularly for low-income populations. In many low- and middle-income countries, maintaining a bank account or conducting transactions can consume over 2% of an individual's average monthly income, with costs exceeding 5% in some regions like West African Economic and Monetary Union (WAEMU) and Southern African Development Community (SADC). This high cost discourages participation in the formal financial system, especially for those with limited earnings.

Impact: Affordability issues disproportionately affect marginalised groups, including women and rural populations, who often have lower disposable incomes.

Solution: Fintechs and financial institutions need to design affordable products and services tailored to the needs of underserved populations while leveraging technology to reduce operational costs.

5.3 Regulatory Barriers

Regulatory frameworks often fail to adequately support inclusive finance initiatives. Complex compliance requirements such as Know Your Customer (KYC) protocols can exclude individuals who lack formal identification documents.

Impact: Regulatory constraints disproportionately affect informal workers, migrants, and rural populations who may not have access to official documentation or proof of address.

Solution: Governments should adopt flexible regulatory approaches such as tiered KYC systems that allow individuals to access basic financial services with minimal documentation.



5.4 Lack of Alternative Data for Credit Assessment

Traditional credit scoring models rely on formal credit histories that many underserved populations lack. This creates barriers for individuals and MSMEs seeking loans or other credit products.

Impact: The absence of credit histories limits access to essential financing for small businesses and individuals in informal economies.

Solution: Financial institutions should leverage alternative data sources such as mobile phone usage patterns, utility bill payments, and behavioural analytics to assess creditworthiness more inclusively.

5.5 Operational Risks

Inclusive finance initiatives often involve working with new partners or intermediaries who may lack the capacity or experience needed for effective implementation. This increases operational risks such as fraud, inefficiency, or reputational damage.

Impact: Poor execution can undermine the credibility of inclusive finance programmes and discourage further investment.

Solution: Rigorous due diligence processes for selecting partners and continuous capacity-building efforts are essential to mitigate operational risks.

5.6 Low Financial Literacy

Financial literacy is a critical enabler of financial inclusion but remains low in many underserved communities. Individuals often lack the knowledge required to understand and utilise financial products effectively.

Impact: Low financial literacy leads to poor decision-making, mistrust of formal financial institutions, and vulnerability to predatory practices such as high-interest loans or scams.

Solution: Governments, NGOs, and private sector players must collaborate to implement targeted financial education programmes. Gamification techniques, like interactive learning tools or mobile apps, can make education more engaging and accessible.

[Data Point]

Need to promote digital financial literacy among users

MSME businesses cited difficulty in operating devices such as mobile phones, lack of understanding of fintech product and service offerings and lack of transparency in borrowing costs as key concerns with digital finance platforms. While most users reported no major issues, these challenges were more common among those with lower education levels—even among those with undergraduate or technical degrees, suggesting that even educated users need clearer information (transparency) and simpler terms from fintech providers. This highlights the need to promote adequate disclosure and digital financial literacy among users of digital finance to foster greater adoption and responsible usage of fintech solutions across diverse user segments.

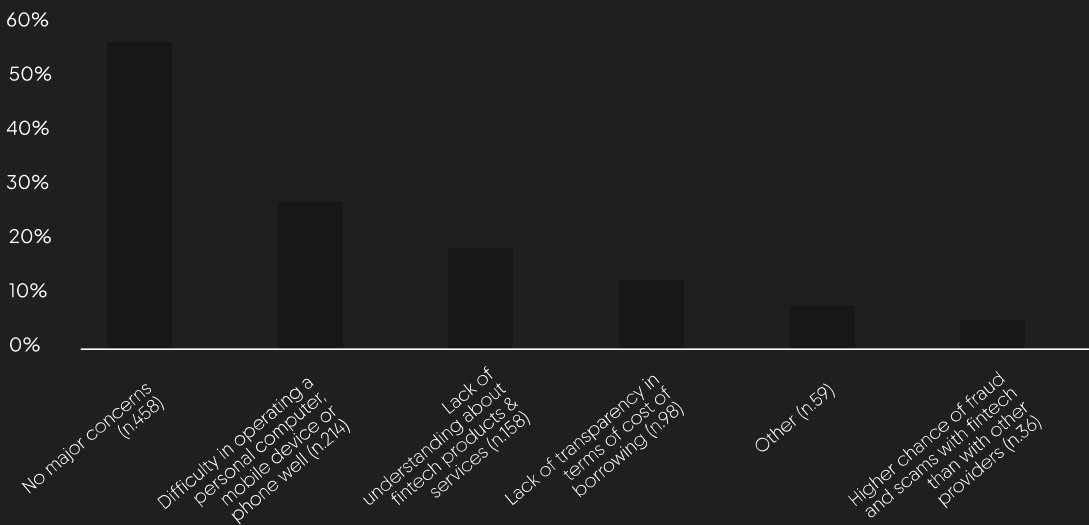


Figure: Major concerns of business financing through digital finance providers

Source: Cambridge Centre for Alternative Finance, University of Cambridge and the Asian Development Bank Institute, The MSME Access to Digital Finance Study - In Selected EMDE Countries In Asia, 2025.

5.7 Digital Divide

While digital financial services (DFS) have expanded access significantly, a digital divide persists due to unequal access to smartphones or internet connectivity.

Impact: Rural communities and older populations are particularly disadvantaged by this divide.

Solution: Governments and private sector players must invest in affordable devices and data plans while promoting digital literacy programmes tailored to specific demographics.

5.8 Socio-Cultural Barriers

Cultural norms and social dynamics can discourage certain groups from participating in formal financial systems. For example:

- Gender norms may limit women's ability to open accounts or access credit independently.
- A preference for cash-based transactions persists in many communities due to mistrust of digital platforms or fear of fraud.

Impact: These barriers perpetuate exclusion among marginalised groups such as women, youth, ethnic minorities, and rural populations.

Solution: Community-driven initiatives that address cultural sensitivities while promoting trust in digital platforms are essential. For example, women-focused self-help groups have proven effective in empowering female entrepreneurs.

5.9 Trust Deficit

A lack of trust in formal financial institutions is a significant challenge in many regions. Past experiences with fraud or poor customer service often deter individuals from engaging with banks or fintech platforms.

Impact: Mistrust leads to continued reliance on informal mechanisms like cash savings or moneylenders, which often come with higher risks and costs.

Solution: Building trust requires transparent communication, strong consumer protection measures, and user-friendly interfaces that cater to the needs of first-time users.

5.10 Fragmented Efforts

The lack of coordination among stakeholders often results in fragmented efforts that fail to address systemic barriers effectively.

Impact: Duplication of efforts wastes resources while leaving critical gaps unaddressed.

Solution: Structured ecosystems involving public-private partnerships (PPPs) are essential for aligning goals and pooling resources effectively.

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A photograph of two women in hijabs shaking hands outdoors. The woman on the left is wearing a light blue hijab with a floral pattern and a light blue long-sleeved shirt. She is smiling and looking towards the right. The woman on the right is wearing a purple hijab and a purple long-sleeved shirt. They are standing in front of a modern building with large windows and columns. The text '6. Recommendations for Advancing Inclusive Finance' is overlaid on the image in white, bold font.

6. Recommendations for Advancing Inclusive Finance

6.1 Introduction

Advancing inclusive finance requires moving beyond isolated interventions toward coordinated, system-level strategies. The preceding chapters highlight that financial exclusion is driven by structural constraints, fragmented infrastructures, regulatory barriers, trust deficits, and gaps in product relevance for underserved populations. Addressing these challenges demands a holistic approach that strengthens national policy frameworks, aligns public and private incentives, and builds the enabling infrastructure required to deliver affordable, appropriate, and impactful financial services at scale.

This section outlines a set of strategic recommendations centred on three pillars:

- 1. Developing robust National Financial Inclusion Frameworks (NFIFs)** that provide coherent policy direction and regulatory alignment.
- 2. Building Digital Public-Private Infrastructure (DPPI)** to create the shared rails, safeguards, and community distribution systems required for inclusive finance.
- 3. Implementing key national and ecosystem initiatives** that translate these frameworks into measurable impact.

6.2 National Financial Inclusion Framework (NFIF)

A National Financial Inclusion Framework provides the overarching policy and institutional architecture needed to advance inclusive finance in a coordinated and sustainable manner. An effective NFIF should:

- **Establish a unified national vision:** Define inclusive finance not only as access, but as affordability, relevance, usage, and impact, ensuring that national targets reflect the needs of unbanked, underbanked, and situationally underserved groups.
- **Strengthen governance and coordination mechanisms:** Create cross-agency steering committees that bring together central banks, ministries, financial regulators, social-sector departments, and statistical agencies to ensure policy coherence and integrated planning.
- **Expand enabling regulatory approaches:** Adopt progressive tools such as tiered KYC, proportionate compliance requirements, consumer-protection standards adapted for vulnerable users, and sandbox mechanisms for innovation aligned with national development goals.
- **Incentive the development of national inclusive finance infrastructure:** Accelerate the deployment of inclusive digital payments, digital ID, data-portability frameworks, real-time rails, and open-API ecosystems that enable innovation while ensuring equitable access across regions and population groups.

- **Integrate financial capability and trust-building measures:** Embed national programmes for digital financial literacy, grievance redress mechanisms, and community-based trust systems to support responsible usage and long-term engagement.
- **Build a national data and monitoring system:** Strengthen the collection and analysis of granular financial inclusion data – disaggregated by gender, geography, income segment, and socioeconomic status – to drive evidence-based policymaking and impact measurement.

A well-structured NFIF provides the foundation on which inclusive finance ecosystems can scale, achieve impact, and remain resilient over time.



6.3 Digital Public-Private Infrastructure (DPPI)

Digital Public-Private Infrastructure (DPPI) is the infrastructure model required to translate national financial inclusion ambitions into practical, scalable, and impactful inclusive-finance solutions. While existing digital public infrastructure—such as national identity systems, real-time payments, and data-portability frameworks—provides important foundations, it is not sufficient for the realities faced by underserved populations. Inclusive finance operates at the intersection of social policy, financial regulation, technology, and community ecosystems, and therefore requires an infrastructure paradigm that integrates all these dimensions.

DPPI is defined as the shared digital, institutional, and governance layer co-built by public authorities, private innovators, development actors, and community organisations to enable the safe, affordable, and scalable delivery of inclusive-finance products and services. It is not a technology stack alone; it is a multi-stakeholder system that aligns digital rails, innovation capabilities, community delivery mechanisms, regulatory frameworks, and trust-building systems.

DPPI integrates the following elements:

- Digital rails such as identity, payments, data portability, and a global unified ledger.
- Innovation layers including alternative credit scoring, wallets, micro-insurance, and DeFi rails.
- Community delivery systems such as NGOs, cooperatives, women's groups, and MSME networks.



- regulatory enabling environments including tiered KYC, sandboxes, and proportional compliance
- trust, literacy, and protection mechanisms designed specifically for underserved users
- impact-measurement systems to track progress and guide continuous improvement

A core characteristic of DPPI is multi-stakeholder co-ownership. Governments and industry partners provide governance, standards, and rails; Inclusive Finance Service Providers (IFSPs) supply products and risk models; non-profit organisations ensure reach, literacy, and trust; and Development Finance Institutions (DFIs) provide financing and safeguards. This shared accountability model ensures that infrastructure is aligned to both public-interest outcomes and private-sector sustainability.

DPPI is also built on inclusion-by-design principles, embedding affordability, gender-responsive and culturally relevant UX design, support for low-literacy and offline users, universal design for persons with disabilities, and accessible grievance-redress mechanisms. Its regulatory foundation relies on progressive and proportional regulation, incorporating tiered KYC, alternative data, community-verified identity options, and low-risk compliance corridors for nano-transactions.

DPPI's functional architecture consists of six interconnected pillars:

- **Inclusive Identity & Onboarding:** Tiered and alternative KYC, community-verified identity, offline authentication
- **Low-Cost Digital Transaction Infrastructure:** Instant payments, micro-transaction fee caps, interoperability across providers
- **Alternative Data & Open-Access Innovation:** Privacy-preserving credit models, inclusive open APIs, customised risk frameworks
- **Community-Embedded Interface Layer:** Agent networks, cooperatives, NGOs, hybrid online-offline channels, culturally adapted UX
- **Safeguards, Financial Literacy & Trust Systems:** Digital financial education, fit-for-purpose protections, accessible grievance mechanisms
- **Public-Private Governance & PPP Financing Models:** Shared governance councils, co-funded regulatory sandboxes, blended financing mechanisms

[Data Point]

Digital finance firms, benefit from improved digital public infrastructure as well as a supportive and clear regulatory frameworks

A study from the CCAF and World Economic Forum shows that, although digital finance companies find the regulatory frameworks supportive for their business (62%) and appreciate clarity in the regulatory approach, some actions can be taken by public and private sectors to advance sustainable growth, such as streamlined compliance processes, coordination and capacity of financial authorities related to regulatory approaches to their sectors.

Additionally, digital finance firms benefit from effective mechanisms to scale open banking and open finance frameworks and improve digital public infrastructures (see Figure), important conduits to their business growth and enablers of new opportunities for innovation and expansion. For instance, digital finance firms deemed investing in integrated eKYC and AML platforms, seamless digital payment system, comprehensive open data initiative, and integrated digital identity the main DPI improvements, suggesting those are key initiatives to be taken by decision-makers to advance inclusive finance.

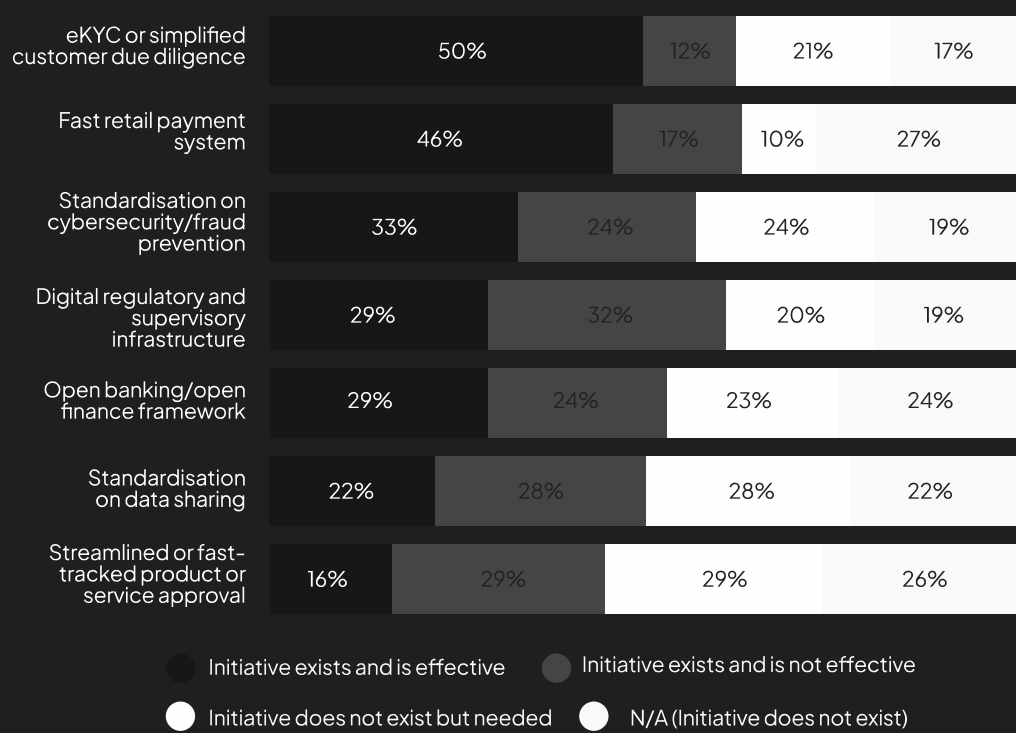


Figure: Effectiveness of supporting mechanisms for fintech business growth

Source: The World Economic Forum and the Cambridge Centre for Alternative Finance (CCAF), The Future of Global Fintech: From Rapid Expansion to Sustainable Growth, 2025.

DPPI is essential because it addresses the most persistent gaps in inclusive-finance ecosystems:

- Users may have accounts but lack usable or appropriate services.
- Digital rails exist but fees and compliance requirements remain exclusionary.
- Innovation exists but trust, literacy, and cultural barriers suppress adoption.
- Regulation exists but is not proportionate for irregular income patterns and nano-transactions.
- Community actors hold trust but lack digital integration.

By unifying these components into one enabling system, DPPI transforms inclusive finance from fragmented initiatives into a coherent, system-level capability, enabling innovation that is both commercially viable and socially impactful.

6.4 Key Initiatives

To translate National Financial Inclusion Frameworks (NFIFs) and Digital Public-Private Infrastructure (DPPI) into measurable progress, stakeholders should prioritise a set of concrete initiatives. These initiatives are organised around the six DPPI pillars and are intended to guide governments, regulators, Inclusive Finance Service Providers (IFSPs), DFIs, and ecosystem partners in moving from strategy to implementation.

6.4.1 Establish Inclusive Digital Identity & Onboarding Pathways

- Implement tiered KYC frameworks that allow low-risk, low-value accounts to be opened with simplified documentation, progressively upgrading as users build a track record.
- Develop alternative and community-verified identity models (e.g., recognition through cooperatives, NGOs, or local authorities) for individuals lacking formal IDs.
- Enable offline-capable authentication mechanisms to reach users in low-connectivity or fragile settings (e.g., USSD, agent-assisted verification).

These measures lower entry barriers while preserving system integrity and consumer protection.

6.4.3 Operationalise Alternative Data & Open-Access Innovation

- Develop regulatory guidance for the use of alternative data in inclusive credit and insurance models, with clear safeguards for privacy and non-discrimination.
- Establish open-API standards for low-risk data access, enabling IFSPs and innovators to build tailored products for underserved users on top of national rails.
- Encourage inclusion-specific risk-scoring frameworks that recognise irregular income patterns, informal economic activity, and MSME realities.

These initiatives expand responsible access to credit, insurance, and resilience-building tools for users who are invisible to traditional risk systems.

6.4.4 Strengthen the Community-Embedded Interface Layer

- Formalise partnerships with NGOs, cooperatives, women's groups, MSME associations, and community-based organisations as distribution and trust partners within NFIFs.
- Support hybrid online–offline delivery channels, including agents, kiosks, local hubs, and assisted-digital services designed for low-literacy and first-time users.
- Promote culturally adapted user experiences (UX), including language localisation, visual cues, and context-relevant product design.

Leveraging trusted community actors ensures that digital infrastructure is translated into real usage at the last mile.

6.4.5 Build Safeguards, Financial Literacy & Trust Systems

- Roll out national digital financial literacy programmes anchored in schools, community centres, women's networks, and MSME platforms, with content tailored to local contexts.
- Adapt consumer-protection regimes for vulnerable users (simple disclosures, capped penalties, clear consent flows, and robust data-protection standards).
- Design accessible grievance and redress mechanisms, including hotline, agent-based, and community-mediated channels that do not rely solely on advanced digital tools.

Trust, understanding, and effective recourse are preconditions for sustained engagement with inclusive-finance services.

6.4.6 Create Public–Private Governance & PPP Financing Models

- Establish multi-stakeholder governance councils for inclusive finance and DPPI, involving government agencies, regulators, IFSPs, DFIs, NGOs, and industry associations.
- Launch co-funded regulatory and commercialisation sandboxes focused on inclusive-finance use cases (micro-insurance, nano-credit, community-based savings, climate resilience products).
- Develop blended financing mechanisms (e.g., guarantees, first-loss capital, outcome-based financing) to de-risk early-stage inclusive-finance innovations while crowding in private capital.

These mechanisms align incentives across stakeholders and accelerate the path from pilots to sustainable scale.





6.4.7 Institutionalise Impact Measurement and Learning

- Define a national impact-measurement framework for inclusive finance, aligned with SDGs and NFIF targets, and disaggregated by gender, geography, and income segment.
- Require ecosystem actors benefiting from DPPI to report standardised indicators on reach, usage, quality, and outcomes (e.g., resilience, income stability, enterprise growth).
- Create learning platforms and knowledge exchanges where regulators, IFSPs, DFIs, and community organisations can share evidence, iterate on models, and refine policies.

Embedding measurement and learning into DPPI ensures that inclusive finance evolves as a continuously improving system rather than a static set of interventions.



7. Conclusion: A Call to Action for Advancing Inclusive Finance

Inclusive finance is more than just a tool for economic growth—it is a transformative force that can empower individuals, uplift communities, and drive sustainable development. By addressing the systemic barriers that exclude billions of people from formal financial systems, inclusive finance has the potential to create a world where everyone, regardless of income level, gender, or geography, can participate in and benefit from economic progress.

This white paper has outlined the critical need for inclusive finance and highlighted best practices, technological innovations, and actionable recommendations that can guide stakeholders in building a more equitable financial ecosystem. However, achieving meaningful financial inclusion requires coordinated efforts across governments, private sector players, civil society organisations, and international development agencies. It is not the responsibility of any single entity but a shared mission that demands collaboration and commitment.



The Imperative for Action

The challenges are significant—ranging from infrastructure gaps and regulatory barriers to socio-cultural constraints and low financial literacy. Yet, the opportunities are even greater.

The global unbanked population of 1.4 billion represents not just a challenge but also an untapped market with immense potential for growth and innovation. By integrating underserved populations into formal financial systems, we can unlock new economic opportunities, reduce inequality, and build resilience against future crises.

The time to act is now. With advancements in technology such as artificial intelligence (AI), blockchain, decentralised finance (DeFi), and mobile money platforms, we have the tools needed to overcome many of the traditional barriers to financial inclusion. Moreover, growing interest in impact investing and sustainable finance provides the capital required to scale these solutions effectively.

A Call for Collective Action

To realise the full potential of inclusive finance, we must take bold steps to foster collaboration and build ecosystems that prioritise equity and accessibility. This requires action on multiple fronts:

- **Governments:** Must lead by creating National Financial Inclusion Framework (NFIF) and enabling regulatory environments that encourage innovation while protecting consumers. Policies should prioritise digital infrastructure expansion, flexible KYC requirements, and gender-sensitive financial inclusion strategies.
- **Investors:** Impact investors must direct capital toward inclusive finance initiatives that deliver both financial returns and measurable social outcomes. Blended finance models can de-risk investments in underserved markets.
- **Private Sector:** Financial institutions, fintech companies, and technology providers must innovate to design affordable, user-friendly products tailored to the needs of underserved populations. Partnerships with governments and NGOs can amplify their impact.
- **Ecosystem Enablers:** Regulatory sandboxes, venture studios, incubators, accelerators must develop programs that cultivate a vibrant fintech pipeline by providing safe spaces for experimentation, structured entrepreneurial support, and rapid market validation.
- **Development Organisations:** International agencies and NGOs must continue their critical role in addressing socio-cultural barriers, providing financial literacy training, and advocating for inclusive policies.
- **Civil Society:** Community-based organisations must act as bridges between formal financial systems and marginalised groups by fostering trust, building capacity, accountability and advocating for local needs.



A Vision for the Future

Imagine a world where every individual has access to affordable credit to start a business or manage emergencies; where women in rural areas can save securely without fear of theft; where smallholder farmers have insurance against climate shocks; where migrant workers can send remittances home instantly at minimal cost; and where no one is excluded from economic opportunities due to their circumstances.

This vision is within our reach - but only if we act decisively today. Inclusive finance is not just about expanding access; it is about creating meaningful participation in the global economy for all segments of society. It is about empowering people with the tools they need to improve their lives while fostering resilience against adversity.

The journey toward inclusive finance is complex but essential. It requires visionaries who see beyond profit margins to recognise the profound social value of financial inclusion. It demands innovators who leverage technology to solve real-world problems. And it calls for leaders who are willing to collaborate across sectors to achieve shared goals.

The time for incremental change has passed - what we need now is bold action on a global scale. Let us work together to make inclusive finance not just an aspiration but a reality for millions around the world. In doing so, we will not only drive economic growth but also build a fairer, more resilient future for generations to come.



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Join Us in Driving Change

Inclusive finance is not just an opportunity - it is a responsibility we all share.

Let's act now!

is not just a research document - ***it is a blueprint for collective action***. Turning its vision into reality requires coordinated, cross-sector partnerships capable of transforming insight into measurable impact. This is why we created the ***Defy Consortium***.

We invite corporates, venture builders, startups, NGOs, and international organisations to join the Defy Consortium and co-design the inclusive finance ecosystems of tomorrow.

For more information, please visit: <https://defyconsortium.org/>

Connect with us to explore partnership opportunities, contribute expertise, sponsor initiatives, or co-create pilot programmes that deliver tangible, scalable impact.

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