



The *Financial Inclusion Compass 2023*: Reflections with CGAP on the Present and Future of Inclusive Finance

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- Began in 2018; 2023 is sixth *Compass* edition
- Mixed-methodology survey various stakeholder groups' perceptions of sector trends, future priority areas, challenges and opportunities
- 2023: 185 total respondents from 58 countries
- S1: score importance of 20 *current* trends on 1-10 scale – and optional comments
- S2: rank top five – subjectively – of 15 Future Priority Areas – and optional comments
- S3: rotating open-ended questions: in 2023: Challenges and opportunities; legacy of the pandemic; and future avenues of research



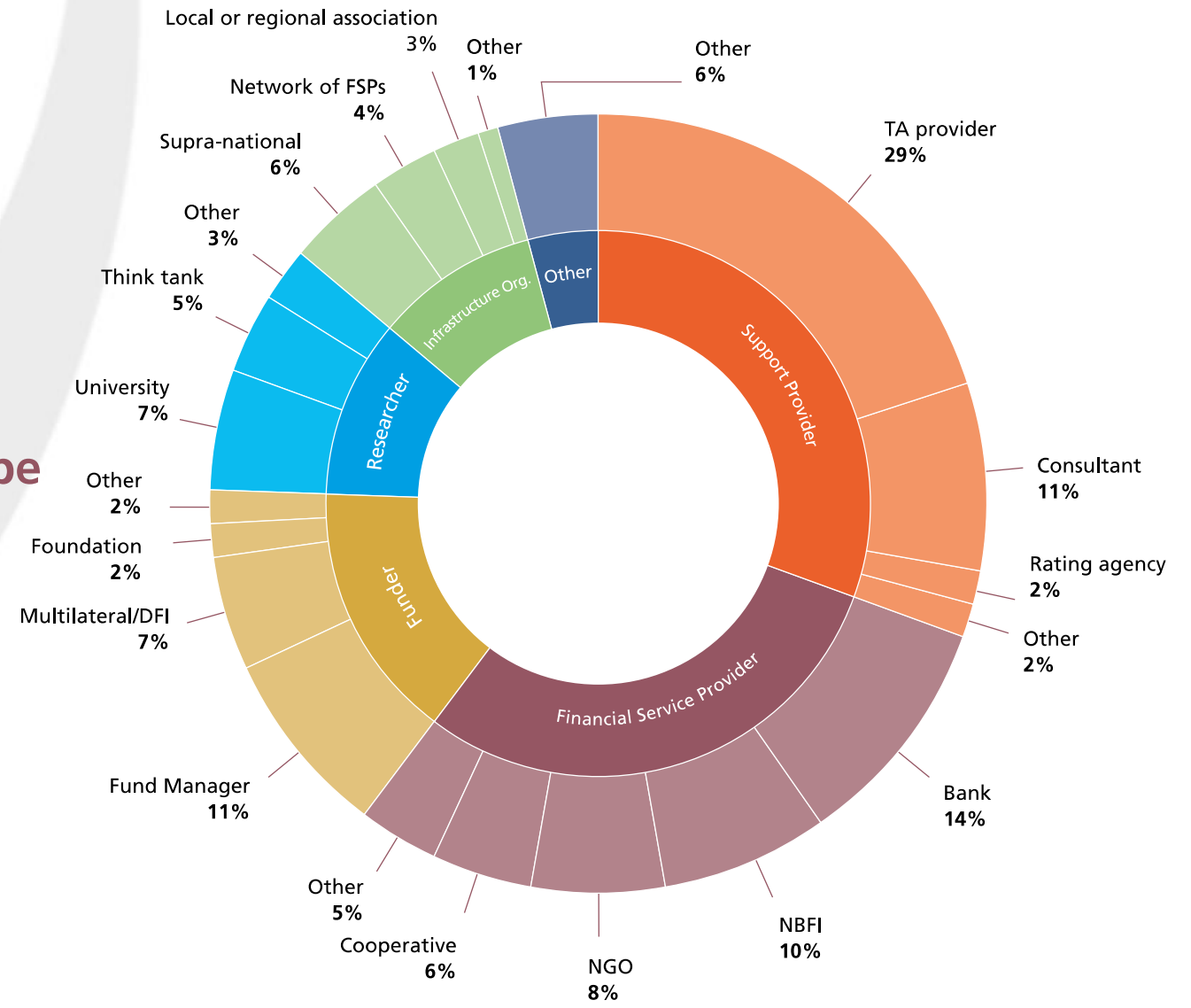
*The Financial Inclusion
Compass 2023*

The e-MFP Survey of Financial Inclusion Trends

By Sam Mendelson

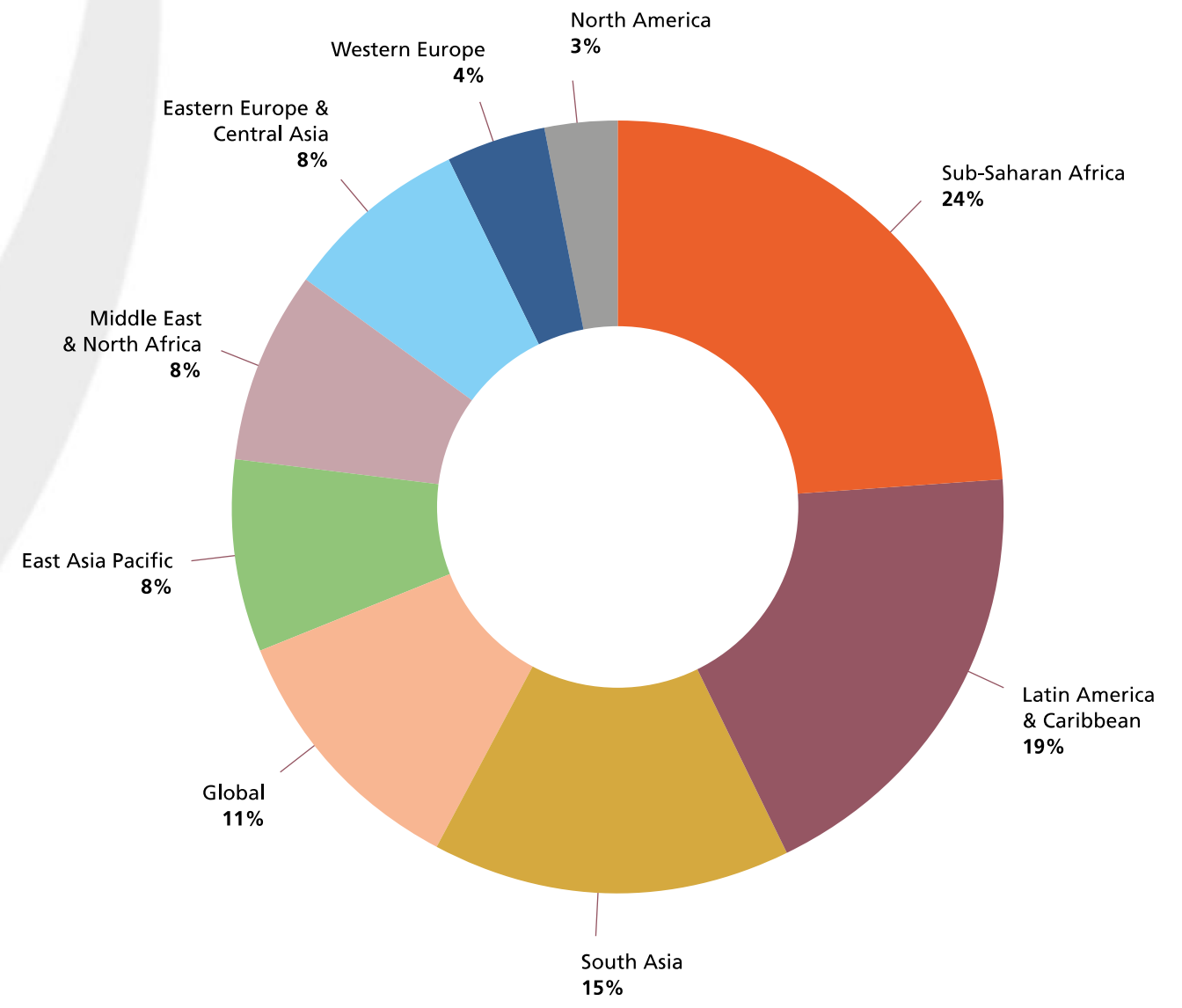


Compass respondents by organization type





And geographic focus of work...





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Rankings of Present Trends

Rank	Trend	Score	2022
1	Client protection (including for digital financial services)	8.22	5
2	Climate change adaptation and mitigation	8.13	8 ¹
3	Client and household resilience to shocks	7.96	3 ²
4	Institutional digital transformation	7.69	1
5	Client-side digital products and channels	7.67	2
6	Gender equity within financial service providers	7.53	11 ³
7	New financing instruments (e.g. green finance/social/ gender bonds; blended finance, etc.)	7.51	20 ⁴
8	Governance	7.45	9
9	Social performance management and/or impact measurement	7.42	6
10	Financial health	7.38	7
11	New financial product development	7.32	4
12	Financial inclusion regulation	7.18	12
13	Institutional and sector-level resilience	6.94	10
14	New FSP providers (fintechs, consumer lenders, banks downscaling, etc.)	6.84	14
15	Institutional strategy and change management	6.78	NEW
16	Human resources management	6.58	16
17	Non-financial services	6.56	13
18	Institutional and market-level information (ratings, credit bureau data, etc.)	6.49	17
19	New financial technologies (artificial intelligence, cryptocurrencies, blockchain, etc.)	6.24	19
20	Agent banking	5.57	15 ⁵



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Future Priority Areas

Rank	Future Priority Areas	Index score	2022 rank
1	Green and climate-smart finance	42.4	3
2	Women's empowerment and gender equality	36.0	4
3	Agri-finance	31.7	2
4	SME finance	31.3	1
5	Financial health (including financial and digital literacy)	25.8	7 th
6	Food security & nutrition	17.2	6
7	Disaster resilience	16.4	9
8	Financial inclusion for the ultra-poor	15.3	5
9	Financial inclusion for youth	15.1	12
10	Water, sanitation and hygiene (WASH)	12.9	10
11	Services for refugees/displaced populations	12.6	14
12	Access to education	11.4	11
13	Housing	11.4	13
14	Health care	10.1	8
15	Renewable/off-grid energy	8.7	16



Some selected themes to kick off discussion

- Green and climate smart finance as *de facto* theme of the 2023 survey
 - ...in present trends, FPAs, and challenges & opportunities
- Increasing importance of gender mainstreaming within FSPs, recognition that pandemic widened certain gender gaps, and enormous work to be done on gender equity
 - Probably understates the actual importance (see 'gender bonds, etc.') pushing 'new financial instruments' from 20th to 7th)
- Client protection overlapping with DFS now, are these topics inseparable? Concerns about implications of AI on CP
- Threats to household resilience, external factors, cost of living, climate and inflation are major concerns
- Client-centricity and focus beyond access and usage to financial health, mentioned more and more
- Serving FDPs/refugees a huge emerging challenge
- Increased research focus should be on AI opportunities, household resilience, delivery of NFS and implications and impact of climate change on vulnerable segments

e-MFP & CGAP Reflections on *Compass* themes – and future of inclusive finance...

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