Global Financial Inclusion Index 2022

Developing the benchmark for financial inclusion and security across global economies

Singapore (pictured above) ranked No. 1 for financial inclusion out of 42 markets analyzed, reflecting strong government and financial system support.

Principal®

ACCORDING TO THE WORLD BANK, FINANCIAL INCLUSION IS DEFINED AS:

"individuals and businesses having access to useful and affordable financial products and services that meet their needs—transactions, payments, savings, credit, and insurance—delivered in a responsible and sustainable way."[1]

[1] World Bank

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Foreword

DAN HOUSTON
Chairman, president, and CEO of Principal Financial Group®

Financial inclusion means individuals and businesses have access to useful and affordable financial products and services to meet their needs—from savings, credit, and insurance to education and advice—and that these tools are delivered in a responsible and sustainable way.

In our view, financial inclusion is foundational to financial security and global economic progress.

As an organization focused on helping more people access financial security, we believe inclusion is an integral component of a market's ability to prepare for and recover from adversity, grow sustainably, and build a brighter future. As global economies continue to grapple with the ongoing impact of the pandemic, war in Ukraine, commodity scarcity, and rising inflation, the challenge of fostering financial inclusion around the world has never been more relevant or urgent.

As a key step in helping address this challenge, we partnered with the Centre for Economics and Business Research (Cebr) to develop a robust measurement framework to track financial inclusion on a global scale—the Global Financial Inclusion Index (Index). In our inaugural year, we discovered several interesting insights on a market-by-market basis. Overall, very few markets score consistently high across all three pillars (government, financial system, and employer support). Even in the top ranked economies, there are still identifiable weak points. This suggests there is a significant opportunity to provide greater support to enable financial inclusion across all pillars. The scores in each pillar serve as an initial benchmark against which the Index will measure progress on a regular basis.

So, how do we move the needle? When considering the data holistically, there were three main takeaways that stood out as integral to improving financial inclusion around the world.

Responsibility for a market's financial inclusion cannot be shouldered by one system; it lies in finding a balance between government, financial system, and employer support.

Strengths and weaknesses in these systems vary, but a balance of public and private sector support is crucial to ensure a financially inclusive society which can drive broader economic growth and productivity.

The Index showed markets that provide strong support from the government and the financial system tend to provide a lower level of employer support—and vice versa. Only five markets out of 42—Singapore, the United States, Hong Kong, Finland, and Norway—ranked in the top 15 across every pillar analyzed. Only Hong Kong ranks in the top 10 across every pillar.

The financial system must address its perception problem.

Despite the Index demonstrating how a well-functioning financial system can benefit financial inclusion in a market, the survey results on how people perceive the industry tell a different story. There is a large gap between how the Index ranks markets on the impact of the financial system on inclusion versus how individuals in each market feel they are included in the financial system. We interpret this to mean there's little understanding about the role, actions, and contributions of financial companies in driving financial security. As an industry, we must better communicate how the products and services we develop can help people protect and grow their financial well-being, and to consider what additional support we can offer to help ensure these solutions are relevant and useful.

Improving financial inclusion can help combat wider societal concerns.

The United Nations identifies financial inclusion as an enabler for economic growth as well as a key component in several of its 2030 Sustainable Development Goals. We dug deeper into this by analyzing the Global Financial Inclusion Index against indices which track some of the most significant forces facing society today: food security, standards of living, and climate change, to name a few. The strong positive correlations within the research encourage us to consider how improving access to relevant financial tools, services, and advice might help markets make progress against other societal concerns such as hunger, climate resiliency, and overall health and well-being.

As we look ahead, the Index will enable Principal® and our partners to take a more nuanced and informed approach to financial inclusion as a core component of financial security. We will track over time how financial inclusion increases or decreases around the world. The use of data-driven insights will allow a clearer understanding of the barriers to financial security and produce alternative pathways that broaden access to financial solutions and support.

Principal believes financial systems should help enable long-term financial security for more people and businesses. The Index's holistic analysis across the three pillars of support will help us to identify the structural gaps in financial inclusion globally and how to address them, thereby building a more productive and protected workforce and society. We intend to use this research to determine impactful collaboration opportunities to help drive positive change and will actively engage and encourage others to do the same.

We hope you find the results of the inaugural Index thought-provoking and useful.

Executive summary

The Global Financial Inclusion Index is built around three pillars—government, financial system, and employer support—each of which consists of multiple indicators. The methodology, developed by the Centre for Economics and Business Research (Cebr), combines various data sources into one unified measure of financial inclusion at the market level.

Key findings

Singapore tops the Index, fueled by strong scores in the government and financial system support pillars. The United States ranks a close second, and Argentina ranks last out of the 42 markets analyzed.

Markets that provide strong support from the government and the financial system—usually developed economies—tend to provide a lower level of employer support. Markets that have stronger employer support scores—usually emerging economies—tend to have lower scores in the government and financial system pillars. There are notable exceptions which we will explore in greater detail in this report.

Developed economies pool at the high end of the Index, and emerging and developing economies cluster at the bottom.

The four Nordic markets analyzed—Sweden, Finland, Denmark, and Norway—rank in the top 10 for overall financial inclusion, driven by strong scores in government support.

While six of the top 10 economies are European, Europe's larger economies—the United Kingdom, Germany, France, Spain, and Italy—fall lower in the rankings.

There is a significant range of overall financial inclusion scores for Asian economies. Singapore and Hong Kong rank in the top 10, however markets such as Indonesia and Vietnam rank 28th and 30th respectively.

Latin America and sub-Saharan Africa rank lower for financial inclusion compared to other regions, largely driven by weaker scores in government support. Eight out of the bottom 10 markets are in these two regions, including the bottom five.

Top 10 markets for financial inclusion

1. Singapore
2. United States
3. Sweden
4. Hong Kong
5. Finland
6. Denmark
7. Australia
8. Switzerland
9. Norway
10. The Netherlands

Understanding the role and impact of the three pillars underpinning financial inclusion offers valuable insight into the economic resilience of different regions and indications about those which may be poised to experience an acceleration in their development into real capital and wealth markets.

Analyzing financial inclusion can offer investors insight into the degree to which economies are able to manage risks and sustain future financial shocks. Observing the financial inclusion scores of different markets, we believe there are four distinct categories that provide an indication of some of the short-, medium-, and long-term risks to which economies are exposed.

These categories are: mature forward-looking economies, mature backward-looking economies, young forward-looking economies, and reliant economies. The outliers to these categories are major global economies, such as the U.S., China, and India.

There are strong, positive correlations between the Index rankings and the rankings of markets in several other indices which track these key factors affecting global populations today.

Markets that rank highly for financial inclusion tend to also perform well on other societal factors such as food security, productivity, economic and social resilience, standards of living, and climate change.

Employers within professional sectors with typically higher wages, such as financial services, information management, and real estate, reported providing employees with greater support and tools to enable financial inclusion compared to industries that tend to be lower wage and more likely to employ informal and/or part-time workers like retail, leisure and hospitality, and personal services.

In the U.S., large businesses report higher levels of financial support and benefits (guidance, insurance, pension/retirement contributions, and pay initiatives) than their small and midsize counterparts.

Despite ranking second for overall financial inclusion, the U.S. consumer survey data strongly indicates there's uneven access to financial security across gender and racial demographics:[2]

- Women report feeling more excluded from the financial system than men.
- Black and Hispanic communities in the U.S. find it harder than white communities to access financial products, tools, services, and advice.
- People in full-time employment feel they have better access to financial support than those who work part-time.

[2] The research only collects this level of demographic detail in the U.S.

Explore an interactive map of the findings, market-specific fact sheets, and additional insights into financial inclusion at **principal.com/financial-inclusion**.

Defining the pillars of financial inclusion

The broad-based and complex nature of financial inclusion implies that there is no single, catch-all metric that can be employed to observe the state of financial inclusion globally.

As such, the Index is built around three clearly defined pillars—government support, financial system support, and employer support—each of which consists of multiple indicators.

The pillars

GOVERNMENT SUPPORT

Evaluates the degree to which governments promote financial inclusion

FINANCIAL SYSTEM SUPPORT

Examines the availability and use of various types of financial products and services that are central to financial inclusion

EMPLOYER SUPPORT

Relates to the level of support employers provide their employees

The government support pillar examines:

- the state of public pensions and retirement offerings,
- the existence and coverage of deposit protection schemes,
- the scope of consumer championing regulations,
- employment levels (adjusted to account for informal employment),
- the awareness and uptake of government-mandated pension schemes,
- education levels,
- the complexity of corporate taxation systems (used as a proxy for the complexity of income taxation systems due to lack of reliable data for the former),
- the availability and scope of government-provided financial education,
- relative levels of financial literacy across societies, and
- the levels of online connectivity in each market.

The financial system support pillar scores markets on:

- their volume of real-time payments (weighted by population),
- relative levels of access to credit,
- borrowers' and lenders' protection rights,
- access to bank accounts,
- developments made in the financial technology space,
- how well the financial system in each market enables small and midsize enterprises to thrive, and
- the overall effectiveness of making financial services/products accessible to businesses, organizations, and individuals.

Lastly, the employer support pillar examines the efficacy of business support to employee financial well-being and inclusion across various dimensions such as:

- employee pension and retirement contributions,
- employee insurance programs, and
- employer pay initiatives.

The Index market scores are accompanied by two sector indices, which compare markets through the lens of the performance of two main industry groupings (either services or production and construction) in promoting financial inclusion, measured through the employer support pillar.

Table 1 defines the Index indicators, which form its building blocks.[3] The righthand column shows which pillar each indicator belongs to. Indicators within each category are weighted to calculate the pillar's score. Each market receives a score reflecting its place in relation to the others.

Table 1: *List of indicators used in the Global Financial Inclusion Index*

Indicator name	Indicator description	Source(s)	Pillar
State of public pensions	The adequacy, sustainability, and integrity of its public pension system	Mercer CFA Institute Global Pension Index	Government support
Deposit protection schemes	Quality and coverage of deposit protection schemes	Econstor Deposit Insurance System Design Report IMF Deposit Insurance Database	Government support
Consumer championing regulations	Laws and regulations which prioritize financial protection for consumers such as data privacy and protection, fraud protection, and trading standards	Cebr Global Survey of Business Management Teams (See Appendix D)	Government support
Employment levels	Levels of employment, including informal employment	World Bank	Government support
Awareness and uptake of government-mandated pension schemes	Awareness and uptake of government-mandated retirement/pension schemes and sign up options	Cebr Global Survey of Business Management Teams (See Appendix D)	Government support
Education levels	Education levels and attainment of population	OECD Programme for International Student Assessment Scores	Government support
Complexity of corporate taxation systems	Complexity of tax system (using complexity of corporate income tax system as a proxy)	Tax Complexity Index	Government support
Availability of government-provided financial education	The quality of government-provided guidance and resources for businesses to support employees around financial matters	Cebr Global Survey of Business Management Teams (See Appendix D)	Government support
Financial literacy levels	Share of population considered financially literate	S&P Global Finlit Survey	Government support
Online connectivity	Fixed broadband subscriptions per 100 people Mobile cellular subscriptions per 100 people	World Bank	Government support
Real-time transactions	Volume of real-time transactions per capita	ACI Prime Time Report	Financial system support
Access to credit	Ease of access to loans	World Economic Forum Global Competitiveness Index	Financial system support
Borrowers' and lenders' protection rights	Degree of legal protection of borrowers' and lenders' rights	World Economic Forum Global Competitiveness Index	Financial system support
Access to bank accounts	Percentage of population with bank account	World Bank	Financial system support
Presence and quality of fintechs	Quantity and quality of fintech businesses	Findexable Global FinTech Rankings	Financial system support
Enabler of small/medium enterprise (SME) growth and success	Extent to which businesses believe the financial system enables SMEs to grow	Cebr Global Survey of Business Management Teams (See Appendix D)	Financial system support
Enabler of general business confidence	Extent to which businesses see financial system as an obstacle or help Extent to which businesses are satisfied with financial services/products currently at their disposal	Cebr Global Survey of Business Management Teams (See Appendix D)	Financial system support
Provision of guidance and support around financial issues	Extent to which businesses/organizations support their employees in common financial practices	Cebr Global Survey of Business Management Teams (See Appendix D)	Employer support
Employee pension/ retirement contributions	Existence and scope of pension contributions	Cebr Global Survey of Business Management Teams (See Appendix D)	Employer support
Employee insurance schemes	Existence and scope of insurance provided by businesses/organizations	Cebr Global Survey of Business Management Teams (See Appendix D)	Employer support
Employer pay initiatives	Existence and scope of initiatives provided by businesses/organizations to support employees with their finances	Cebr Global Survey of Business Management Teams (See Appendix D)	Employer support

[3] For further technical details and sources of indicators, please see Appendix.

Methodology

The Global Financial Inclusion Index methodology, developed by Centre for Economics and Business Research (Cebr), combines various data sources into one unified measure of financial inclusion at the market level. Structurally, the Index is split into three pillars (government, financial system, and employer support), which in turn consist of a varying number of indicators.

An indicator can consist of a single or multiple variables derived from a combination of publicly available quantitative data sources and survey-based data. The data points are combined to provide an indicator score, subsequent pillar score, and headline Index ranking by market.

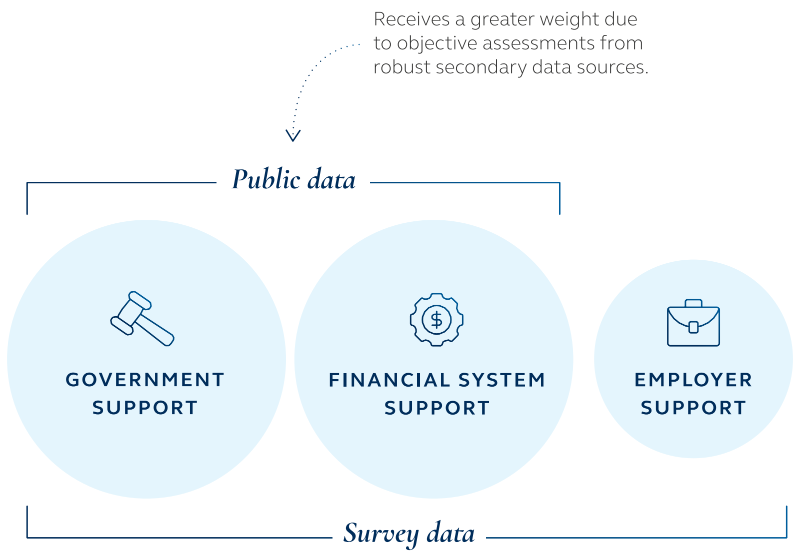
Scores for each market are generated based on its performance as measured by the particular indicator. For each indicator we follow the same steps, allowing us to assign a value between 0 and 100 to each market. The values are relative to each other.

- In order to account for outliers, we check each data point to determine if it falls outside of the mean +/– 2 standard deviations (SD) range. If it does, we assign the market a value equal to either mean + 2 SD or mean – 2 SD.
- For each indicator, scores are normalized within a range from 0 to 100. Given that a higher overall Index score indicates better performance, for indicators and sub-indicators where a lower figure signifies a better performance (e.g., estimates for informal employment output), we use the inverse of the data point or its negative equivalent.
- Once we assign scores between 0 and 100 to each market for each indicator based on the previous steps, we weight indicators to calculate the overall pillar score. These are then aggregated into the overall Index score.

Here, our default approach is to use an equal weighting for indicators and pillar; given that the Index has three pillars, each should receive a weight of 33%. However, there are cases when it can be justified to deviate from this default assumption. With the Global Financial Inclusion Index, we employed a weighted approach to give greater weight to the government and financial system support pillars.

This is because the employer support pillar is based exclusively on survey data. While the survey data is an important part of the data inputs required for the Index, we acknowledge that the information based on robust secondary data sources should be attributed a greater weight, as it is more likely to reflect an objective assessment of the respective measures. For the same logic we have also assigned a lower weight to the survey-based indicators within pillars. This helps minimize any potential bias introduced through market-specific answer patterns in the survey results.

This approach provides a unique market score for each metric, which allows us to present separate figures for each indicator and pillar as well as an overall market score.



2022 results and analysis

The Global Financial Inclusion Index 2022

RESULTS OVERVIEW

Singapore tops the overall Global Financial Inclusion Index, ranking first out of 42 markets with a score of 68.9, fueled by strong scores in the government support and financial system support pillars. The United States ranks a close second, with a score of 68.3.

Developed economies pool at the high end of the Index, and emerging and developing economies cluster at the bottom.

The four Nordic markets analyzed—Sweden, Finland, Denmark, and Norway—all rank in the top 10 for overall financial inclusion, driven by strong scores in government support.

All four Nordic markets rank in the top six under the government pillar, along with Singapore (first) and Switzerland (third).

While six of the top 10 economies are European, Europe's larger economies—the United Kingdom, Germany, France, Spain, and Italy—fall lower in the rankings.

- The U.K. is 13th with a score of 56.9, between New Zealand and Israel.
- Germany is 15th (56.2).
- France is 23rd (45.5).
- Spain is 29th (42.3).
- Italy (32.8) is Europe's biggest outlier—37th, between Mexico and Peru.

There's a large range of financial inclusion scores for Asian economies.

- Singapore and Hong Kong rank in the top 10.
- However, markets such as Indonesia and Vietnam rank 28th and 30th respectively.

The lower half of the table consists mainly of markets in Latin America and sub-Saharan Africa. Eight out of the bottom 10 are located in these two regions, including the bottom five markets.

- Chile is the highest ranked Latin American market at 24th and Kenya is the highest ranking sub-Saharan African market at 31st. These are the only markets from these two regions outside of the bottom 10 in the Index.
- A key factor in the two regions' comparatively low scores is the government support pillar.
- This reflects the extensive literature establishing a clear link between economic development and financial inclusion.[4]

Table 2: *Markets ranked by financial inclusion scores*

Rank	Market	Score	Government support score	Government support rank	Financial system support score	Financial system support rank	Employer support score	Employer support rank
1.	Singapore	68.85	69.45	1	70.17	3	60.23	14
2.	United States	68.28	56.95	14	76.72	1	81.28	2
3.	Sweden	65.44	65.29	5	68.91	4	50.52	23
4.	Hong Kong	65.13	62.10	8	67.12	6	69.85	8
5.	Finland	64.66	66.91	2	62.42	9	64.62	11
6.	Denmark	63.87	65.01	6	64.31	8	56.77	19
7.	Australia	63.62	59.10	10	73.14	2	41.17	31
8.	Switzerland	63.37	66.67	3	61.08	11	58.86	16
9.	Norway	63.08	66.19	4	59.44	12	65.49	10
10.	The Netherlands	59.85	64.40	7	57.93	14	47.97	24
11.	Canada	59.56	58.43	12	66.51	7	33.37	37
12.	New Zealand	58.58	58.98	11	67.47	5	16.83	41
13.	United Kingdom	56.92	59.34	9	61.84	10	23.94	39
14.	Israel	56.83	56.98	13	56.86	16	56.02	21
15.	Germany	56.20	56.27	15	58.94	13	43.54	27
16.	Taiwan	53.57	49.49	20	56.87	15	57.13	18
17.	China	53.26	50.05	18	52.77	18	69.94	7
18.	United Arab Emirates	51.23	49.37	21	50.15	21	64.50	12
19.	Thailand	50.04	45.26	23	50.35	20	70.16	6
20.	Malaysia	49.70	44.94	24	49.61	23	71.57	5
21.	Ireland	48.59	54.22	16	47.28	24	29.10	38
22.	Japan	47.71	51.32	17	51.07	19	16.39	42
23.	France	45.47	47.47	22	43.93	27	43.35	28
24.	Chile	45.40	49.51	19	42.72	28	38.96	35
25.	Poland	44.86	42.84	27	44.03	26	57.66	17
26.	India	44.58	26.68	37	54.53	17	80.38	3
27.	South Korea	44.15	43.90	26	49.95	22	19.23	40
28.	Indonesia	43.34	41.03	29	41.98	30	59.82	15
29.	Spain	42.28	42.66	28	42.59	29	39.15	34
30.	Vietnam	41.25	44.16	25	28.08	39	87.41	1
31.	Kenya	40.10	34.25	33	45.73	25	41.08	32
32.	Saudi Arabia	38.51	37.88	30	31.09	36	74.71	4
33.	Turkey	36.07	31.01	34	34.17	34	67.32	9
34.	South Africa	34.26	34.96	31	32.97	35	36.95	36
35.	Brazil	33.94	27.35	36	35.68	33	55.77	22
36.	Mexico	33.32	25.51	39	38.43	31	45.51	25
37.	Italy	32.81	34.72	32	28.70	38	42.72	29
38.	Peru	32.66	28.98	35	30.06	37	60.87	13
39.	Colombia	32.21	25.72	38	36.43	32	42.43	30
40.	Nigeria	26.85	21.90	40	25.29	40	56.18	20
41.	Ghana	22.20	17.81	42	22.45	41	40.90	33
42.	Argentina	19.17	21.38	41	11.22	42	44.96	26

[4] "How Financial Inclusion is Driving Fairer Growth in Emerging Markets," Lazard Asset Management, 2021

Assessing the three pillars of financial inclusion

Government support

- Seven out of the top 10 ranking markets for government support are Northern European. All markets ranking in the bottom 10 for the government pillar are emerging or frontier markets.
- The deposit protection scheme provision and online connectivity indicators are where markets most commonly receive low scores within the 42 markets analyzed. Employment levels, consumer championing regulations, and awareness and uptake of government-mandated pensions/retirement and savings plans are the indicators where markets most commonly receive high scores.

Financial system support

- All of the top 10 ranked economies in this pillar are developed markets. Four are in Europe, and two are in Asia. Italy is the only developed market ranking in the bottom 10.
- Access to bank accounts, the presence and quality of fintechs, and access to credit are the indicators where markets most commonly receive high scores while the real-time payment transactions indicator is far and away the indicator where most markets score the lowest.

Employer support

- The top markets for employer support are largely emerging markets with the exception of the U.S., Hong Kong, and Norway. Six out of the bottom 10 markets within this pillar are developed economies.
- Emerging markets dominate in the insurance scheme indicator, with Vietnam, Thailand, and Malaysia ranking first, second, and third respectively. Japan, New Zealand, and the U.K. rank among the bottom three.
- For pension contributions, five out of the top 10 ranked markets are in Asia or Southeast Asia: China, India, and Vietnam are second, third, and fourth respectively. The U.S. ranks first.
- Markets in Africa make up three out of the bottom 10 alongside Japan and South Korea.
- Professional sectors with typically higher wages, such as financial services, information management, and real estate, reported providing employees with greater support and tools to enable financial inclusion compared to industries that tend to be lower wage and more likely to employ informal workers like retail, leisure and hospitality, and personal services.
- In the U.S., large businesses report higher levels of financial support and benefits (guidance, insurance, pension/retirement contributions, and pay initiatives) than their small to midsize counterparts.

KEY THEME NO. 1

Strong support from the government and the financial system often results in lower employer support.

Full analysis

Markets that have strong support from the government and the financial system are usually developed markets and tend to have a lower level of employer support.

For example, the U.K. ranks ninth for government support and 10th for financial system support, but 39th for employer support. Similarly, Canada ranks 12th for government support, seventh for financial system support, but 37th for employer support. Australia ranks 10th and second, but 31st for the same pillars respectively.

However, the opposite is true for scores in the employer support pillar. Here we see high-income economies performing worse than emerging markets. Six out of the bottom 10 markets for employer support are developed economies, including the U.K., Japan, and New Zealand. Conversely, with the exception of the U.S., Hong Kong, and Norway, the top 10 economies in this pillar are largely developing markets such as Vietnam, India, Malaysia, and Thailand.

Again, where emerging economies rank highly on employer support, they rank comparatively poorly on government and financial system support. Vietnam ranks first for employer support but 25th and 39th for government and financial system respectively. Similarly, India ranks third for employer support but 37th for government and 17th for financial system support.

Key insight

Our interpretation of this data is that given the relatively affluent populations and the comparatively effective safety nets afforded by the governments and financial systems in developed markets, the need for employers to ensure the financial inclusion of their employees is potentially considered less urgent. By contrast, in the absence of effective support from government and the financial system in emerging markets, there's a more immediate requirement for employers to promote financial inclusion.

KEY THEME NO. 2

Singapore's top position in the Index is linked to high performance in two pillars.

- The No. 1 ranking reflects strong scores in government support and financial system support, where it ranked first and third respectively.
- Singapore has the least complex tax system among all the markets in the Index.
- It ranks second for education levels and access to credit but lower for online connectivity, enabler of small and medium enterprise (SME) growth and success, and enabler of general business confidence.
- Singapore's comparatively low position in the employer support pillar (14th) is the primary reason the market does not attain an even higher overall score.

Full analysis

Singapore's No. 1 position is reflective of its robust performance in the government support and financial system support pillars, where it ranked first and third respectively. Its high score in the former is partly due to its streamlined corporate tax system; the data shows Singapore has the least complex system among all the markets in the Index.

Singapore separates itself from the other top five ranked markets in the government pillar with strong scores in the education and employment indicators. In particular, Singapore attained an indicator score of 90.6 for education levels, placing it second, just behind China.

Key insight

According to Kay Neufeld, director and head of forecasting at Cebr, having a relatively less complex corporate tax system is a common theme among four of the top five performing markets in the Global Financial Inclusion Index, with the U.S. being the only exception, making the complexity of corporate taxation systems indicator a reliable predictor of where a market ranks in the government support pillar.

However, Singapore performs relatively less well for the availability of government-provided financial education and deposit protection schemes indicators, which create a drag on its otherwise high government support ratings, with ranks of 24th and 37th respectively. For online connectivity, Singapore ranked sixth but still attained a relatively low score of 54.8. By contrast, Hong Kong ranked first for online connectivity with a score of 95.4. The online connectivity indicator is based on fixed broadband subscriptions (per 100 people) and mobile cellular subscriptions (per 100 people). Singapore has 25.1 and 144.1 people per broadband and mobile subscription, whereas Hong Kong has 38.3 and 291.7, highlighting the divide in online connectivity.

Conversely, the market's high ranking in financial system support can be explained by relatively easier access to credit, a greater share of the population having access to bank accounts, and the quality of developments in the fintech space.

That said, Singapore lags in some other indicators that make up the financial system pillar. In particular, it scores somewhat poorly in the enabler of SME growth and success and enabler of general business confidence indicators, reflecting relatively lower reported business confidence in the financial system.

Singapore ranks 10th in the real-time transactions indicator but with a low score of just 24.3, implying the use of real-time transactions is not yet very prevalent. Cebr points to relatively low online connectivity in the market as a potential barrier to increasing the volume of real time transactions.

While not in the top 10, Singapore is 14th out of 42 for employer support, scoring well for employee pension contributions (ranked sixth overall) but lower in the rest of the pillar's indicators.

KEY THEME NO. 3

Resilient government support ushers Nordics into the top 10.

- The four Nordic markets analyzed all rank in the top 10 for overall financial inclusion, driven by strong performances in the government support pillar. The scores for these markets reflect the link between strong regulatory governance and the soundness of a market's financial system.
- All Nordic markets also rank in, or just outside, the top 10 for the financial system pillar.

Full analysis

The four Nordic markets analyzed—Sweden, Finland, Denmark, and Norway—all rank in the top 10 for overall financial inclusion. This is driven by strong performances in government support, with all four Nordic markets ranking in the top six under this pillar, along with Singapore (first) and Switzerland (third).

Key insight

"Given the Nordic model is renowned for its promotion of economic equality and generous welfare programs, their elevated positions within the Global Financial Inclusion Index are not unexpected," says Kay Neufeld, director and head of forecasting at Cebr.

Indeed, aspects of the features associated with the Nordic economic model are reflected in the Index. For instance, all four Nordic markets rank highly in the state of public pensions indicator, attaining scores in the range of 77 to 100. Meanwhile, Denmark, Sweden, and Norway all see high rates of financial literacy, with each market scoring 100 in the financial literacy levels indicator, the highest possible score. Finland ranks slightly lower, albeit with a score of 83.

Several academic studies and research have focused on the inextricable link between strong regulatory governance and the soundness of a market's financial system.[5] This link is evident in the data pertaining to the Nordic markets.

It's reasonable to link high levels of government support for financial inclusion with correspondingly high levels of financial system support, given the effect of regulatory governance on ensuring the robustness of a financial system.

The Nordic markets, along with Singapore, are prime examples of this relationship, with Sweden, Denmark, and Finland ranking in the top 10 for the financial support pillar. Norway, meanwhile, ranks just outside the top 10, at 12th. The Nordic markets are among the top scoring in the access to bank accounts indicator, with the lowest score among the four standing at 99.7. With the exception of Denmark, which scored 50.3, the other three performed also exceptionally well in the access to credit indicator, with scores of 78.8 for Sweden, 80.9 for Norway, and 91.7 for Finland.

[5] "Does Regulatory Governance Matter for Financial System Stability? An Empirical Analysis" (PDF)

KEY THEME NO. 4

Latin America and sub-Saharan Africa are among the lowest ranking for financial inclusion.

- In these regions, the relatively low scores for government support for financial inclusion are correlated with similarly low scores for financial system support, reflecting the relationship between regulatory governance and the soundness of the financial system which we saw reflected positively in the Nordics.
- The rankings of these regions also reflect the impact of economic downturns on business confidence in the financial system.

Full analysis

Eight out of the bottom 10 ranked markets for overall financial inclusion are located in Latin America and sub-Saharan Africa, including the bottom five. The highest ranked markets in these two regions are Chile at 24th and Kenya at 31st.

Looking at the underlying data, a key factor in the regions' comparatively low scores is the government support pillar.

Key insight

"Given that a majority of these markets in Latin America and sub-Saharan Africa are emerging or frontier, we can expect government support for financial inclusion to be less effective than the support provided by governments in developed economies. This is consistent with the academic literature which has found a 'strong relationship exists between nations' development, economic growth, stability, and the education system.'[6] Indeed, while Italy also ranks in the bottom 10, its score in the government support pillar, at 34.7, is markedly higher than the corresponding scores of Latin American and African markets in the bottom 10, with the exception of South Africa," says Kay Neufeld, director and head of forecasting at Cebr.

[6] "Education, Economic Growth, and Social Stability: Why the Three Are Inseparable" (PDF)

Notably, most markets in these regions rank poorly in education and financial literacy indicators, suggesting that financial inclusion is held back by low literacy rates, both generally and in financial matters.

A driving factor of Argentina's position at the foot of the Index is its below average financial system support score (11.2)—10 points below the next closest market in this pillar. This could be reflective of the state of the Argentinian economy in general; it has repatriated much of its financial system and dealt with high inflation and sovereign defaults over the years, all of which has crippled the economy and likely damaged business confidence in the financial system.

The effects of economic downturns on business confidence in the financial system are apparent in our Index. Argentina records low scores in the enabler of SME growth and success and enabler of general business confidence indicators.

Additional markets in the bottom 10 noted poor scores in the financial system support pillar. This emphasizes the potential relationship between regulatory governance and the soundness of the financial system which was reflected positively in the Nordics (see key theme no. 3). In Latin America and sub-Saharan Africa, the relatively low scores for government support for financial inclusion are correlated with the similarly low scores for financial system support.

Principal insights by KAMAL BHATIA

KAMAL BHATIA
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Financial inclusion as a powerful indicator of next generation capital and wealth markets across the globe

As global economies manage through growth and recession, understanding the role and impact of the three pillars underpinning financial inclusion offers valuable insights. It can help indicate the economic resilience of different markets, or offer clues into which markets may be set to experience more rapid development into mature capital and wealth markets.

The scores in the Global Financial Inclusion Index suggest there are three phases to the evolution of financial inclusion within a market, which correspond to its economic maturity and the way in which it engages with institutions and citizens.

This evolution can only begin once the rule of law has been established and governments have helped develop the basic safety net programs to support citizens' most fundamental needs. It's then we see businesses step in, serving as the primary source of financial guidance and support for employees. At this first stage, many governments essentially lack the resources and infrastructure to provide this comprehensively at a state level.

The second phase begins when the business environment in the market matures and starts fueling a stronger economy, giving the government greater firepower and resources to introduce measures which promote financial inclusion. These measures lay the foundation for the third phase where supportive employers and governments help drive progress and are complemented by a more developed financial ecosystem. This allows for more sustainable and equitable participation across society.

The three phases ultimately create a virtuous circle. A well-evolved financial system becomes an enabler of business growth and confidence which, in turn, allows businesses to support their workforces more generously and meaningfully—triggering a new cycle.

The financial inclusion scores of a number of developing economies show this virtuous circle in action. Developing markets tend to rank lower within the Index compared to developed markets and, in general, are primarily reliant on the employer support pillar. However, the higher ranked developing markets have greater balance across the three pillars in Index scoring.

The benefits of this balance come to life in the United Arab Emirates (UAE), Thailand, and Malaysia, ranked 18th, 19th, and 20th respectively—all in the top half of the table. These markets rank well compared to other emerging economies for employer support. Although they slip down the rankings for government and financial system support, they still feature in, or only just outside, the top half of the table in each pillar. Compare this to other markets, such as Indonesia and Vietnam, which rank highly for employer support but far lower across the government and the financial system.

Let's consider how the three-phase cycle of financial inclusion has played out in Thailand, Malaysia, and the UAE, and how their scores across the three pillars could suggest that they're set for rapid economic opportunity and greater output of wealth creation for its participants. Their Index results indicate a stage of development where economic growth, based on the right conditions at a government level, can be accelerated rapidly by the private financial sector.

Thailand, Malaysia, and the UAE are all ranked in the top 10 as enablers of SME business growth and the UAE and Thailand rank in the top 10 for enablers of general business confidence (Malaysia ranks just outside at 11th). They also rank highly on access to credit—the UAE ranks sixth, Malaysia 16th, and Thailand 18th.

These strong scores indicate that markets have reached a point in their development where businesses can borrow with confidence to invest for the future. Global financial partners entering the system can participate in exponential upside if they remain committed to enabling the cycle by helping strengthen the pillars in phase three. Elsewhere in this report we highlight how financially-inclusive economies tend to be more productive ones; this is simply one illustration of that relationship in action. This builds resilience into the macroeconomic cycles with internal support that is deeply attractive to financial institutions.

To reach the stage where their financial systems become more financially inclusive and more effective at promoting economic growth, Thailand, Malaysia, and the UAE have undergone significant reforms at a state level. The establishment of the National Pension Fund in Thailand has been in the works for more than a decade. Although it has not yet been formally launched, its development has prompted some employers to attempt to get ahead of its introduction and created better awareness among employees about the importance of a long-term savings culture that encourages credit creation.

In Malaysia, as a wealthy middle class grows, there's been a push to create a retail investment culture by reducing state-owned stakes in government linked companies and promoting equity purchases across the population that encourages intelligent risk taking.

The UAE has undergone a number of reforms in its pension system and its financial regulatory framework in recent years. It's a reflection of the region's social and economic ambition that it has a Ministry of Possibilities and a Minister for Happiness that help to build wealth.

Of course, for the virtuous circle to continue, the employer, government, and financial system all need to keep evolving as their economy—and, with it, their society—develops. If a fracture emerges in one pillar, it will inevitably impact the others and risk breaking the cycle.

The macroeconomic challenges facing economies globally will no doubt put some stress on these markets but, on a long-term view, we remain generally positive on their investment prospects. Within our global asset management business, we are largely bullish about the long-term growth prospects for Malaysia, reflected by our equity investments in local companies and significant human capital commitment in the country. We continue to accelerate our wealth management relationships across the UAE while actively participating in real estate strategies with marquee institutions in the region. This study is informing our renewed interest and increased capital commitment to Thailand, with a focus on the savings culture outside of the banking system.

Better financial inclusion is not the only, or even the main, cause of better productivity, just as greater productivity is not the main cause of greater financial inclusion. Both are contributors to and characteristics of a healthy economy. Markets which evolve through the financial inclusion cycle—particularly those that demonstrate strong scores in enabling business growth and confidence—are well positioned to trigger a leap forward in their maturity as a capital market. We are going to be long-term partners and contributors to this journey. Financial inclusion is part of our mission.

United Arab Emirates

	Score	Rank
Overall Index score	51.23	18
Government support score	49.37	21
Financial system support score	50.15	21
Employer support score	64.50	12

Thailand

	Score	Rank
Overall Index score	50.04	19
Government support score	45.26	23
Financial system support score	50.35	20
Employer support score	70.16	6

Malaysia

	Score	Rank
Overall Index score	49.70	20
Government support score	44.94	24
Financial system support score	49.61	23
Employer support score	71.57	5

Examining employer support by sector

The overall Global Financial Inclusion Index is accompanied by two sector rankings, tracking how employer support of financial inclusion shows up across different industries in surveyed markets. These sectors are: 1) services industries, and 2) production and construction industries, with the latter being combined to accommodate for sample sizes.

The employer support pillar scores are derived from survey data based on polling businesses in each market (management-level employees). The services and production and construction indices target a respondent base of 50 businesses per market, but due to the nature of each discrete economy, this was not possible in all cases. We included all economies with survey sample sizes of more than 20 businesses to allow for the least attrition and robust comparisons on a global scale. Markets with sample sizes of less than 30 (**) businesses and between 30 (inclusive) and 50 businesses (*) are flagged.

Services sector index

The services index tracks the state of employer support in the services sector across the 42 markets analyzed, using the same indicators as the employer support pillar in the overall Index:

- Provision of guidance and support around financial issues
- Employee pension contributions
- Employee insurance schemes
- Employer pay initiatives

The business types surveyed are:

- Retail trade
- Finance and insurance
- Information management
- Education
- Wholesale trade
- Management consultancy
- Health services
- Real estate
- Leisure and hospitality
- Transportation
- Personal services
- Administrative services

RESULTS OVERVIEW

The services ranking is a subset of the employer support pillar. It's no surprise the trend of emerging or frontier markets scoring higher than developed markets is evident in the services ranking, as it is in the overall employer support pillar.

The U.S. is the only high-income developed economy to feature in the top 10 for the services sector, just behind Vietnam in second, while seven of the markets in the bottom 10 are developed economies.

As in the overall Index, the U.S. services sector scores well for the employer pension contributions indicator, ranking first among all 42 markets in the sample.

- Contributing to the market's high score is American service firms' large pension/retirement contributions, which averages 9.7% of employee wages, second to only Chinese services firms' (12.2%).
- Close to two-thirds (63.2%) of U.S. service sector businesses' contributions are above government-mandated levels, easily the highest share across all other markets' service sectors.

Firms operating in the services sector in Asian markets tend to outperform their counterparts in the rest of the world—providing more support to aid in employees' financial inclusion.

- Nine out of the top 10 markets are in Asia, and all the Asian markets included in our sample rank in the top 20, with the exception of Singapore, Israel, Japan, and South Korea.
- This result is especially pertinent given the fact that the four listed markets above are well-established economies, while the rest of the high-ranking Asian markets are emerging economies.
- South Korea and Japan rank last in the services index, highlighting the divide between these markets and their Asian counterparts.

Asian services-focused companies offer a high degree of support to their workforces regarding common financial practices.

- Excluding Hong Kong and Turkey, all Asian markets in the top 20 score well in the provision of guidance and support around financial issues indicator, with scores of at least 80.
- The level of guidance offered to employees on financial matters appears to be broadly correlated with the generosity of company insurance schemes. The same set of Asian markets, except for the notable outliers of Vietnam (88.5) and China (53.1), achieve scores in the range of 65 to 80 for the employee insurance schemes indicator.

Table 3: *Global Financial Inclusion Index employer support pillar—services sector*

Rank	Market	Score	Provision of guidance and support around financial issues	Employee pension/ retirement contributions	Employee insurance schemes	Employer pay initiatives
1.	Vietnam	83.2	88.2	70.5	88.5	98.5
2.	United States	80.0	85.1	86.2	67.5	75.1
3.	India	78.5	93.3	77.1	69.1	75.9
4.	Saudi Arabia	73.9	93.4	62.5	71.6	79.8
5.	Malaysia	73.3	90.5	62.0	71.2	81.0
6.	Thailand	72.5	90.4	56.6	79.9	79.2
7.	Hong Kong	69.4	72.2	61.6	75.5	76.0
8.	China	69.1	82.7	80.6	53.1	48.5
9.	United Arab Emirates	66.6	85.5	54.7	72.0	65.9
10.	Turkey	65.2	72.8	60.4	69.5	63.1
11.	Indonesia	62.7	81.7	46.2	66.6	73.0
12.	Taiwan	62.7	77.7	47.2	73.3	67.9
13.	Norway*	62.3	76.1	65.6	55.9	48.1
14.	Finland	60.3	74.1	55.6	62.7	53.5
15.	Switzerland	58.6	63.9	57.3	64.9	49.8
16.	Poland	58.5	71.3	41.3	72.0	66.7
17.	Peru	57.4	63.5	61.6	42.5	57.6
18.	Denmark	56.5	83.5	39.1	63.2	57.4
19.	Nigeria	56.4	78.1	45.1	48.5	65.0
20.	Brazil	55.6	66.1	48.9	58.0	56.1
21.	Singapore	55.5	56.9	64.6	47.7	43.6
22.	Sweden	51.8	62.6	49.5	56.9	40.5
23.	Chile**	49.9	48.8	52.7	52.7	42.4
24.	Israel	49.7	57.8	39.6	53.1	58.5
25.	Italy	47.7	61.5	40.4	48.0	48.4
26.	Netherlands	47.0	54.4	44.4	50.7	40.8
27.	Colombia	42.0	42.8	28.8	40.8	69.1
28.	Argentina	41.9	27.8	44.7	50.6	41.8
29.	Mexico	41.3	42.5	32.9	43.5	54.7
30.	France	40.9	44.2	36.3	48.1	39.7
31.	Kenya	40.8	63.6	20.8	33.0	65.9
32.	Germany	39.7	35.7	45.8	33.0	37.9
33.	Canada	37.5	7.3	42.3	48.3	47.6
34.	Spain	37.1	36.6	28.5	51.9	39.7
35.	Ghana*	37.0	36.4	34.4	30.4	49.6
36.	Australia	35.2	21.1	54.2	28.1	18.6
37.	South Africa	34.5	46.0	17.0	45.6	46.7
38.	Ireland	25.9	23.5	31.8	26.4	16.2
39.	New Zealand	24.7	24.8	30.8	16.3	20.8
40.	United Kingdom	22.8	0.0	46.2	4.6	17.1
41.	South Korea	18.6	2.9	24.8	27.1	13.4
42.	Japan	18.6	10.1	21.0	20.4	20.3

* 30 ≤ n < 50, where n is sample size, ** 20 ≤ n < 30, where n is sample size

Production and construction sector

The production and construction rankings track the state of employer support in the production and construction sectors across all listed economies,[7] using the same indicators as the employer support pillar in the overall Index:

- Provision of guidance and support around financial issues
- Employee pension contributions
- Employee insurance schemes
- Employer pay initiatives

As noted, the two sectors were combined to account for smaller sample sizes.

The business types surveyed which are classed as production and construction are:

- Manufacturing
- Agriculture
- Utilities
- Mining and forestry
- Scientific/technical services
- Construction

RESULTS OVERVIEW

Similar to the services index, Asian markets score well for employer support in the production and construction sector. With the exception of Japan and South Korea, all other Asian markets with sufficiently large sample sizes ranked in the top 20. As with the services index, Vietnam leads the table.

Singapore, the top-ranked market in our overall Index, places fourth in the production and construction ranking—a stark contrast to its 21st place in the services ranking.

Once again, Asian markets in the top 20 performed comparatively better in the provision of guidance and support around financial issues indicator, with scores in the range of 65 to 100, compared to the other economies outside of Asia in the top 20, where the corresponding range stands at 30 to 81.

[7] For this Index in particular, five markets that featured in the overall Index are absent (Chile, Norway, Hong Kong, Taiwan, and Ghana), indicating that that the sample sizes for the respective markets were less than 20. There are also 17 markets with sample sizes between 20 and 50, and these have been flagged accordingly.

Table 4: *Global Financial Inclusion Index employer support pillar—production and construction sector*

Rank	Market	Score	Provision of guidance and support around financial issues	Employee pension/ retirement contributions	Employee insurance schemes	Employer pay initiatives
1.	Vietnam	87.8	93.8	84.5	82.2	94.2
2.	India*	83.5	98.0	82.3	77.7	77.3
3.	United States	79.2	80.1	78.8	84.0	74.3
4.	Singapore	68.6	67.6	79.9	63.8	51.6
5.	Malaysia*	68.4	68.6	64.1	78.3	66.8
6.	Finland*	67.4	78.8	64.4	78.2	51.4
7.	China	67.3	82.4	77.9	52.8	45.8
8.	Peru*	67.1	74.5	68.7	57.3	66.3
9.	Turkey	65.5	75.8	63.8	68.8	55.1
10.	Thailand	63.7	87.4	45.5	78.7	61.6
11.	Israel*	63.3	77.6	52.4	68.9	65.1
12.	Saudi Arabia*	63.0	84.7	56.2	49.7	68.1
13.	Nigeria*	61.4	76.6	56.4	56.3	61.0
14.	Indonesia**	61.2	86.8	45.7	63.1	64.7
15.	Australia	60.2	52.8	64.2	59.6	60.2
16.	Denmark*	60.0	77.7	56.6	52.8	56.4
17.	Poland	57.1	63.1	44.5	68.3	65.4
18.	Switzerland**	56.4	30.2	75.9	61.3	38.7
19.	United Arab Emirates*	56.0	66.4	48.3	56.2	60.7
20.	Mexico	54.6	54.0	57.3	48.1	56.5
21.	Argentina	52.8	43.0	49.2	63.5	59.0
22.	Brazil*	52.7	55.7	45.3	51.0	66.5
23.	Netherlands*	49.0	67.6	43.3	50.8	39.6
24.	Sweden*	48.1	45.0	44.6	64.7	41.7
25.	Germany**	42.7	48.5	49.3	33.6	33.0
26.	France	42.0	32.3	47.2	34.7	48.8
27.	South Africa	42.0	39.4	37.1	41.3	55.2
28.	Spain	41.6	35.7	43.5	41.7	43.5
29.	Colombia	41.4	40.8	30.4	37.1	68.1
30.	Kenya	40.4	62.9	20.4	36.5	61.9
31.	Italy*	37.2	34.5	37.1	33.1	44.2
32.	Ireland*	29.9	25.8	41.5	29.3	11.4
33.	Canada	29.9	21.5	26.9	51.5	22.6
34.	United Kingdom	27.7	16.9	44.1	15.7	17.8
35.	South Korea	26.7	14.5	39.4	22.3	17.9
36.	Japan	18.7	7.7	19.3	26.6	20.7
37.	New Zealand	13.8	4.7	26.1	7.5	4.6

* 30 ≤ n < 50, where n is sample size, ** 20 ≤ n < 30, where n is sample size

Employer support within global industries

As mentioned above, on a per market basis, low sample sizes of businesses mean that employers have been segmented into services or production and construction sectors. However, sample sizes globally are large enough to allow for a more granular industry breakdown across a range of sectors.

The industry-by-industry ranking tracks the state of employer support across each industry globally, using the same indicators as the employer support pillar in the overall Index:

- Provision of guidance and support around financial issues
- Employee pension contributions
- Employee insurance schemes
- Employer pay initiatives

RESULTS OVERVIEW

It's hard to draw definitive conclusions around how well or poorly employers support financial inclusion on a global sector basis, as such initiatives and systems will differ significantly between markets. However, the analysis does reveal some notable trends.

Professional sectors with typically higher wages (finance and insurance, information management, management consultancy, administrative services, and real estate), reported providing employees with greater support and tools to enable financial inclusion compared with industries that tend to be lower wage and more likely to employ informal workers (education, agriculture, retail, leisure and hospitality, and personal services such as hairdressing, beauty, etc.).

Globally, more businesses perform better for their employee pension/retirement contributions compared to employee insurance scheme provisions, provision of guidance and support around financial issues, and employer pay initiatives.

However, some of the lowest scores in the global sector analysis are the employee pension contributions and employee insurance schemes indicators. For example, the personal services industry scores 16.32 on pension contributions and 11.5 on insurance provisions, and the leisure and hospitality industry scores 21.21 and 12.61 on the same metrics respectively.

This suggests that while pay initiatives clearly have a significant impact on financial inclusion, within certain sectors there is a notable lack of benefits and financial protection offered to employees, particularly within sectors that employ a high number of part-time staff.

Table 5: *Global Financial Inclusion Index employer support pillar—global sector*

Rank	Sector	Score	Provision of guidance and support around financial issues	Employee pension/ retirement contributions	Employee insurance schemes	Employer pay initiatives
1.	Finance and insurance	94.39	98.16	96.45	94.76	86.11
2.	Information management	92.66	86.96	96.57	88.33	94.85
3.	Management consultancy	69.60	76.99	68.95	73.85	59.23
4.	Administrative services	69.25	71.81	64.47	75.08	70.44
5.	Real estate	63.88	59.08	65.20	60.60	69.31
6.	Manufacturing	62.82	51.54	66.28	65.90	64.12
7.	Mining and forestry	53.63	79.48	50.23	53.05	35.16
8.	Utilities	51.44	60.61	52.68	51.17	40.07
9.	Wholesale trade	48.12	41.93	55.72	46.19	41.04
10.	Health services	46.48	43.47	55.88	46.37	30.81
11.	Transportation	44.03	41.98	53.32	46.23	25.30
12.	Construction	42.41	35.89	39.90	50.46	45.90
13.	Scientific/technical services	40.82	18.43	53.16	49.73	29.63
14.	Education	36.28	41.35	47.72	26.35	18.26
15.	Agriculture	30.46	43.06	23.70	23.69	38.18
16.	Retail trade	21.30	4.96	25.37	17.47	33.36
17.	Leisure and hospitality	19.09	9.38	21.21	12.61	31.06
18.	Personal services	18.59	20.21	16.32	11.50	28.60

Principal insights by AMY FRIEDRICH

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Bridging the financial inclusion gap among U.S. employers: Opportunities and challenges to fostering greater financial inclusion in small businesses

According to the Global Financial Inclusion Index, the United States boasts a high level of financial inclusion support from employers for their employees. It's in many ways an outlier, especially among other developed markets in the Index, scoring well across all aspects of financial inclusion measured.

However, this headline coming out of the employer support pillar research masks a key challenge facing financial inclusion in the U.S.—specifically that, the smaller the business, the less support available to employees.

Putting the challenge into perspective

This is no small issue, especially since small businesses employ such a significant proportion of U.S. workers. According to the U.S. Small Business Administration's (SBA) latest count, in December 2021, there were 32.5 million small businesses (about 6 million with one or more employees) in the U.S. compared to just 20,516 large businesses.[8] These businesses comprise 99.7% of firms with paid employees and create millions of new jobs. From 1995 to 2020, small businesses created 12.7 million net new jobs while large businesses created 7.9 million.[9]

Considering the number of people employed by small businesses in the U.S., the challenges this group faces in providing financially inclusive support systems to their staff start to look more complex. The largest U.S. employers score far higher for providing guidance around financial issues, employee pension contributions, insurance coverage, and pay flexibility. Scores fall markedly as businesses get smaller.

The reasons for the drop off are varied. Some of the most challenging examples include a combination of a lack of resources (whether financial or personnel-related) and a tendency to overestimate the cost to provide employee benefits. There's also more work needed to help small businesses better understand support available at a government level and empower them to make use of these initiatives—for example around tax breaks and wider employer incentives. These issues demand more creative solutions—and holistic financial system and government support.

These complex issues are without a doubt frustrating to small business owners, many of whom are understandably more focused on the day-to-day running of their business rather than employee benefits packages. Small business owners need a starting point. There are three opportunities that stand out.

[8] The U.S. Small Business Administration classifies small employers as those employing between one and 500 employees. https://cdn.advocacy.sba.gov/wp-content/uploads/2022/08/30121338/Small-Business-Economic-Profile-US.pdf
[9] https://cdn.advocacy.sba.gov/wp-content/uploads/2021/12/06095731/Small-Business-FAQ-Revised-December-2021.pdf

1. **Employees' trust in their employer can play an important role.**
According to the 2022 Edelman Trust Barometer, business, generally, is the most trusted global institution, ahead of non-governmental organizations (NGOs), government, and media.[10] On top of that, 77% of global respondents trust their employer. The trust in the employer-employee relationship is incredibly strong and is a driving force behind greater financial inclusion. This suggests that if employers were to proactively encourage their employees to take advantage of the benefits resources available, many would be likely to do so.

2. **Small businesses need more information and education.**
There's an untapped opportunity to better equip small businesses with the right information to support employees in their financial security.

In small enterprises, often management teams are acting as employers for the first time. When beginning in this new human resources (HR) role, their first focus is payroll and then usually health insurance. As they consider additional benefits, they often significantly overestimate the cost per employee and may shy away from providing more benefits as a result.[11] Perceptions around cost, coupled with the daunting task of narrowing which benefits to offer and a provider to work with, can deter many of these businesses from pursuing more comprehensive support.

There's a huge education gap that must be filled within the small business community in order for smaller employers in the U.S. to become greater enablers of financial inclusion. Better professional training and support is a key solution to the problem, but there's also a need for the financial services industry to simplify the process for employers. Simple, intuitive, and easy-to-understand solutions can help small businesses prioritize employee benefits and build a comprehensive foundational package, which combines income protection, insurance coverage, and retirement savings options.

3. **Public-private partnership is key.**
The public sector has a significant role to play in creating and promoting solutions which help employers bridge these gaps in the U.S. At the federal, state, or local levels, initiatives such as the SECURE Act, the American Rescue Plan, the Paycheck Protection Program, small business tax credit programs, the Restaurant Revitalization Fund, and SBA debt relief, along with an additional 60 plus grants, loans, and programs, offer a variety of options for the unique needs of business owners.[12]

However, small businesses are often not fully aware of the help available and how to access it. As a result, many smaller businesses do not fully maximize the support that's available and are not able to deliver the best possible benefit packages to their workforce. This is where the financial system, particularly financial services providers, can play an important role in amplifying the good work of the government to drive awareness for these programs and help facilitate uptake.

It's only through the combined efforts of the financial system, government, and employers that employees can get the education, solutions, and services they need to build long-term financial security. The public and private sectors must work in tandem to improve the state of financial inclusion within U.S. small businesses.

> "It's only through the combined efforts of the financial system, government, and employers that employees can get the education, solutions, and services they need to build long-term financial security."

[10] https://www.edelman.com/sites/g/files/aatuss191/files/2022-01/2022%20Edelman%20Trust%20Barometer%20FINAL_Jan25.pdf
[11] https://www.principal.com/businesses/trends-insights/what-does-it-really-cost-add-more-employee-benefits
[12] https://www.uschamber.com/co/run/business-financing/government-small-business-grant-programs

Financial inclusion for economies and their populations

What does better financial inclusion mean for economies and their populations?

Financial inclusion is positioned prominently by the United Nations (UN) as an enabler of other developmental targets within the 2030 Sustainable Development Goals (SDGs), where it is featured as a component of eight of the 17 goals:[13]

- SDG1 on eradicating poverty
- SDG 2 on ending hunger, achieving food security, and promoting sustainable agriculture
- SDG 3 on profiting health and well-being
- SDG 5 on achieving gender equality and economic empowerment of women
- SDG 8 on promoting economic growth and jobs
- SDG 9 on supporting industry, innovation, and infrastructure
- SDG 10 on reducing inequality
- SDG 17 focuses on strengthening the means of implementation, suggesting there's an implicit role for greater financial inclusion through greater savings mobilization for investment and consumption, which can spur growth.

As such, we considered the correlation between the Global Financial Inclusion Index and several other indices which demonstrate how advanced different markets are in relation to various economic and social objectives.

For example, there's an opportunity to analyze—and to measure over time—the relationship between financial inclusion and productivity. Do financially inclusive economies typically have a higher output? Similarly, are financially inclusive economies more resilient to market downturns? Are they home to happier populations? And is there a link between better financial inclusion and a market's ability to adapt to, and mitigate the effects of, climate change?

The analysis does not seek to imply any causal link between higher financial inclusion and the ability of economies to meet wider socioeconomic challenges. However, the fact that the UN acknowledges the connection between them suggests that improving financial inclusion can accelerate progress toward meeting the SDGs and combatting global challenges around hunger, climate resiliency, economic resilience, productivity, and overall health and well-being.

This report therefore analyzes the relationship between the Global Financial Inclusion Index and other indices that best reflect the aims of these SDGs.

[13] https://sdgs.un.org/goals

This graphic only represents eight of the 17 UN SDGs.

RESULTS OVERVIEW

The correlations between the Global Financial Inclusion Index rankings and the rankings of the same markets in the other indices listed in Table 6 are strongly positive and significant.

Rankings are compared using Spearman's rank correlation coefficient and scored between –1 and 1 where 1 is a perfect positive correlation.

All correlations show a strong, positive relationship between financial inclusion and other factors which shape a resilient and thriving society.

Correlation does not imply causation and it's likely that the relationship between financial inclusion and other indices is driven in large part by other factors these economies have in common. For example, developed economies tend to rank highly across all of the indices to which we compared our own results.

- More developed markets are more likely to have the structures in place to promote financial inclusion and have larger budgets (public and private) to spend on requirements around food security, health care, climate change, etc.
- One way of reading these correlations is as a reflection of a market's stage of development.

The strongest relationship is between financial inclusion and climate change adaptation which has a correlation coefficient of 0.81.

- The high correlation may be explained by the fact that more advanced economies are further along the path in addressing the climate crisis—and have the financial means to do so—just as they are further along the path to addressing financial inclusion.
- By contrast, extensive existing research suggests that emerging economies need trillions of dollars of investment to allow them to meet net-zero targets while continuing to grow and prosper.[14]
- India, China, and Indonesia, for example, all rank far higher for financial inclusion than they do for climate change adaptation.
- The U.S. also exhibits a large gap, ranking second for financial inclusion but 16th for climate change resilience.

The correlation between financial inclusivity and economic resilience is also strongly positive at 0.78.

- Research from the World Bank demonstrates not only that "access to financial services is essential for resilience and economic recovery" but also that economic shocks, such as COVID-19, disproportionately impact lower income households, small businesses, and individuals in predominantly emerging markets without, for example, easy access to credit, digital payments, and microfinance.[15]
- The top five largest market gaps where the Index rankings are higher than the economic resilience rankings are all in emerging economies (China, Hong Kong, Thailand, India, and Vietnam).
- Equally, four out of the top five markets which rank better on economic resilience than financial inclusion are European (Germany, France, Italy, and Spain).

When comparing the rankings for financial inclusion and happiness, the correlation stands at 0.68, which although lower than the other relationships we explored, is still a strongly positive relationship.

- The markets with the largest ranking gaps are Hong Kong and Singapore which rank fourth and first for financial inclusion but 35th and 19th respectively for happiness.
- By contrast, Italy, Saudi Arabia, and Argentina rank significantly higher for happiness than financial inclusion.

Table 6: *Global Financial Inclusion Index correlations to comparative indices and economic metrics*[16]

Theme	Index	Correlation
Climate change adaptation	The ND-Gain Market Index	0.81
Economic resilience	The FM Global Resilience Index	0.78
Human development	The Human Development Index	0.77
Productivity	ILOSTAT statistics on labor productivity	0.74
Food security	Global Food Security Index	0.72
Happiness	World Happiness Report 2022	0.68

[14] https://www.weforum.org/agenda/2022/04/emerging-developed-economies-net-zero-transition/
[15] https://openknowledge.worldbank.org/bitstream/handle/10986/36883/9781464817304_Spot1_1.pdf
[16] For further details on comparative indices, please see Appendix B.

Principal insights by SEEMA SHAH

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Analyzing risks to resilience and growth through the lens of financial inclusion

Understanding and encouraging financial inclusion is a major consideration not only for policymakers worldwide, but also for investors. Financial inclusion can boost productive investment and consumption, enabling economies to better manage risks and sustain future financial shocks. Observing the financial inclusion scores of different markets, we believe there are four distinct categories into which the 42 markets analyzed can be segmented. These categorizations provide an indication of some of the short-, medium-, and long-term risks to which economies are exposed.

1 Mature, forward-looking economies

The first category comprises markets which are both older, wealthy economies and exhibit actions related to financial inclusion—and other societal factors more broadly—which support long-term economic growth and resilience through business cycle peaks and troughs. Smaller Northern European economies are good examples.

The four Nordic markets analyzed—Sweden, Finland, Denmark, and Norway—all rank in the top 10 for overall financial inclusion. This is largely driven by strong performances in government support, with all four ranking in the top six under this pillar. Sweden, Finland, and Denmark also rank in the top 10 in the financial system pillar, with Norway placing 12th.

Although the Nordics demonstrate the same inverse relationship as other markets (whereby higher scores in the government and financial system pillars are usually paired with lower scores in the employer pillar), their rankings for employer support are notably higher than the other larger European economies, such as the United Kingdom, France, and Germany.

These Northern European economies have constructed stable government systems, while their tried-and-tested financial infrastructure has evolved and strengthened through multiple economic cycles. This economic maturity is married with consideration of—and investment into—productivity requirements for the next 50 to 100 years.

These markets have been built on well-developed banking systems, which facilitate easy access to bank accounts and credit, by ensuring the financial infrastructure is tech-enabled and fit for purpose in a modern, digitized economy. These markets are considered some of the most technologically advanced nations in the world. Their scores for volume of real time transactions and presence, and quality of fintechs are generally strong and compare favorably with other major European markets.

The support offered at a state, employer, and financial system level in the Nordics is reflected in other aspects of their society. All four economies rank in the top 10 in the 2022 World Happiness Report and in the top 20 against indices tracking productivity. Equally, indices which measure an economy's vulnerability to disruptive events and its ability to recover swiftly place three out of four of these markets in the top 10, with Finland just outside at 12th. These markets occupy four out of the top five spots in the Notre Dame GAIN Index, which summarizes an economy's vulnerability to climate change and other global challenges in combination with its readiness to improve resilience.

Comparative indices rankings[17]

Market	Global financial inclusion	Food security	Happiness	Producitivity	Economic resilience	Climate change adaptation	Human development
Sweden	3	12	20	8	12	4	19
Finland	5	3	1	15	8	2	10
Denmark	6	15	2	6	1	6	9
Norway	9	17	40	38	42	1	41

Mature, forward-looking economies combine solid support across all three pillars of financial inclusion with strong performances in areas which are long-term risk factors, such as tech adoption, susceptibility to the effects of climate change, and the ability to maximize the potential of the workforce. By investing in these pillars, these markets are well equipped to not only withstand the challenges of the various megatrends facing society over the coming decades but to thrive in spite of them.

2 Mature, backward-looking economies

By contrast, the Global Financial inclusion Index suggests that Europe's largest, oldest economies have not sufficiently invested in businesses and technology to futureproof financial inclusion for their own populations.

The U.K., Germany, Italy, France, and Spain receive underwhelming scores across the three pillars of financial inclusion. None of these economies feature in the top 10 overall; the U.K. ranks 13th, Germany 15th, France 23rd, Spain 29th, and Italy is a particular outlier at 37th.

Europe's larger, older economies are wealthy nations which means that some of the cracks in the system and their failings in relation to financial inclusion are partially papered over. However, we believe that the actions of their governments, financial systems, and employers offer insights into significant long-term risks facing their economies.

Mediocre scores in the government and financial system support pillars are combined with universally low scores in the employer support pillar. This suggests that Europe's older economies are becoming overly reliant on their government and financial support structures.

[17] Rankings for these Indices have been rebased to include only the 42 markets in the Global Financial Inclusion Index. For further details on the comparative indices, please see Appendix B.

Sweden

		Rank
Overall Index score	65.44	3
Government support score	65.29	5
Financial system support score	68.91	4
Employer support score	50.52	23

Finland

		Rank
Overall Index score	64.66	5
Government support score	66.91	2
Financial system support score	62.42	9
Employer support score	64.62	11

Denmark

		Rank
Overall Index score	63.87	6
Government support score	65.01	6
Financial system support score	64.31	9
Employer support score	56.77	19

Norway

		Rank
Overall Index score	63.08	9
Government support score	66.19	4
Financial system support score	59.44	12
Employer support score	65.49	10

United Kingdom

		Rank
Overall Index score	56.92	13
Government support score	59.34	9
Financial system support score	61.84	10
Employer support score	23.94	39

Germany

		Rank
Overall Index score	56.20	15
Government support score	56.27	15
Financial system support score	58.94	13
Employer support score	43.54	27

France

		Rank
Overall Index score	45.47	23
Government support score	47.47	22
Financial system support score	43.93	27
Employer support score	43.35	28

Spain

		Rank
Overall Index score	42.28	29
Government support score	42.66	28
Financial system support score	42.59	29
Employer support score	39.15	34

Italy

		Rank
Overall Index score	32.81	37
Government support score	34.72	32
Financial system support score	28.70	38
Employer support score	42.72	29

Four of the five markets land in the top half of the rankings for the state of public pensions, excluding Italy. However, when considering employee pension contributions, they drop much lower in the rankings with Germany ranking the highest at 17th out of 42. This reliance on public pensions versus individual contributions means as the aging population grows, so does the burden on the state. Over time, this becomes less sustainable without increased contributions from employers and workers. As populations age, the burden on the state increases and relying on government-provided pensions becomes less sustainable without increased contributions from employers and employees.

Not only does the data indicate that employer-sponsored pension systems are behind the curve in Europe's major markets, but it also suggests that education and understanding around long-term savings is low. Scores for awareness and uptake of government-mandated pensions and savings are, with the exception of Italy, fairly weak, and all five markets rank in the bottom half of the table for availability of government-provided financial education.

	Government support pillar			Employer support pillar	
Market	State of public pensions rank	Awareness and uptake of government-mandated pensions rank	Availability of government-provided financial education rank	Employee pension/ retirement contributions rank	Provision of guidance and support around financial issues rank
France	18	19	38	27	31
Germany	13	30	39	17	35
Italy	31	9	27	32	29
Spain	21	37	36	35	32
United Kingdom	8	18	41	21	39

By failing to engage their aging populations around the threats of inadequate retirement income—neither at an employer nor government level—many of the continent's largest markets could be facing a potential pension crisis. The relatively generous level of state pension provision and comparatively high degree of household wealth means that this issue does not result directly in economic pressure today, but unfortunately may encourage complacency and poses a serious long-term risk to economic health and resilience over the next several decades.

Within France, Germany, Italy, and Spain in particular, this has the potential to create financial strains within the European Union and could become a source of regional destabilization. To combat this headwind, adapting current systems to align with the Nordic pension model or even a hybrid model with some aspects borrowed from the Nordics or the United States, could improve retirement outcomes and drive greater financial inclusion.

Conversely, a long-term risk factor Europe does appear better positioned to manage than many other global markets is its exposure to the threats of climate change. Like pensions, environmental risks are much longer term in nature. Europe's largest five economies all rank in the top quartile for their capacity to improve resilience to climate change, as measured by the Notre Dame GAIN Index.[18]

The long-term investment prospects for the mature, backward-looking economies are clouded by risk—in particular, risk linked to failing to modernize a long-term savings culture that keeps pace with aging demographics. While these economies attract significant global investment today due to their maturity, wealth, and ample capital markets, it's important they invest more in the financial futures of their populations to remain attractive for the long-term.

[18] https://gain.nd.edu/our-work/country-index/

3 Young, forward-looking economies

While the highest ranked markets for financial inclusion overall include many Northern European nations, the data shows that several newer economies, particularly in Asia, Southeast Asia, and the Middle East, are investing in initiatives now which could make a significant difference to financial inclusion, as well as growth and economic resilience, in the future. Notably, Singapore ranks first overall, and Hong Kong ranks fourth, but an analysis of the underlying data reveals further trends of note.

Comparatively young economies, such as Singapore, Hong Kong, the United Arab Emirates, Thailand, Malaysia, and Saudi Arabia score, on average, quite favorably on indicators such as employer guidance, pensions and insurance, financial technology and digital infrastructure, consumer protection, and government sponsored financial education.

Notably, some of the "young" markets which rank highly on the above indicators also rank in the bottom 10 for financial literacy levels and for overall education levels. With the exceptions of Singapore and Hong Kong, these markets rank in the bottom half of the table for both indicators.

In other words, in young economies where financial literacy is relatively low, but where the middle class is growing, governments, financial systems, and employers are working effectively in collaboration, investing in forward-looking initiatives which will help their populations manage their increasing wealth and ensure that this is distributed back into the economy to stimulate growth.

Newer economies have dynamic governments and private sectors; they are often purpose-built and have taken the most financially inclusive aspects of other markets to shape their society. The wealthier among them (such as Singapore and Hong Kong) can cherry-pick the infrastructure, regulation, and the structure of their financial systems around the growing wealth of their populations, with a view to creating the leading global economies of the next 100 years.

Technology and online connectivity are key components of success, enabling these markets and their citizens to benefit economically from globalization. What took hundreds of years to achieve in older markets, newer economies are managing in fractions of the time. Hong Kong, the UAE, Thailand, and Singapore all rank in the top 10 for online connectivity, and Singapore and Thailand appear in the top 10 for real time payments. Singapore ranks fourth and Hong Kong 13th for the presence and quality of fintechs indicator. Digital finance is equipping people to smooth their consumption, allowing them to save for rainy days and invest in their businesses, pushing income potentials higher.

New, forward-looking economies, which are investing in financial inclusion now, have huge long-term growth potential. However, in the near-term, when faced with the prospect of a global downturn, they are potentially more exposed to volatility given their financial systems have not been stress-tested through multiple economic cycles in the same way as more mature markets.

Singapore

		Rank
Overall Index score	68.85	1
Government support score	69.45	1
Financial system support score	70.17	3
Employer support score	60.23	14

Hong Kong

		Rank
Overall Index score	65.13	4
Government support score	62.10	8
Financial system support score	67.12	6
Employer support score	69.85	8

United Arab Emirates

		Rank
Overall Index score	51.23	18
Government support score	49.37	21
Financial system support score	50.15	21
Employer support score	64.50	12

Thailand

		Rank
Overall Index score	50.04	19
Government support score	45.26	23
Financial system support score	50.35	20
Employer support score	70.16	6

Malaysia

		Rank
Overall Index score	49.70	20
Government support score	44.94	24
Financial system support score	49.61	23
Employer support score	71.57	5

Saudi Arabia

		Rank
Overall Index score	38.51	32
Government support score	37.88	30
Financial system support score	31.09	36
Employer support score	74.71	4

4

Reliant economies

The fourth category comprises markets which, to date, have lacked the resources to invest in the financial and social systems—including those promoting financial inclusion—which contribute to economic resilience and growth. The economies which score poorly for financial inclusion are predominantly developing markets situated in Latin America and sub-Saharan Africa.

In these regions, scores for education levels and financial literacy are very low, as are the scores for online connectivity and key factors relating to the financial system, such as access to bank accounts and credit. In short, economic weakness has resulted in a limited ability to invest in the foundations for stability and growth. The majority of the markets toward the foot of the rankings for financial inclusion are heavily reliant on overseas aid and support from the International Monetary Fund.

Newer, forward-looking economies in Asia and the Middle East are illustrations that at the point in time when investments in financial and social systems become possible, economic development can be rapid. In a digitized global economy, relatively modest investments in businesses, technology, and financial infrastructure can have very significant and quick impacts, meaning J-curve growth versus the slow incline of the more mature markets.

But many of the markets in Latin America and Africa do not currently have the public or private sector capital to achieve this on their own. The decision by richer nations to provide financial support for poorer regions to invest in the building blocks of a more resilient economy is not only a moral choice but enlightened self-interest. Globalization, complex supply chains, and mobile populations mean that a failure to significantly improve financial conditions in struggling economies can have dramatic effects in developed markets.

For example, while several studies have argued the longer-term benefits of introducing younger, migrant workers to a market, the influx of refugees into Germany following the Syrian war had a destabilizing short-term impact.[19] By supporting and investing in financial inclusion in markets facing severe social and economic challenges, richer nations can reduce poverty and spur greater economic growth, thereby reducing struggling nations' migration needs.

In a globalized economy, long-term growth—and many of the financial and social factors which underpin it, such as financial inclusion—is not achieved on a purely national basis. Major threats in one market have the potential to pose significant risks to others. For the foreseeable future, any economy is only as strong as its neighbors.

[19] https://www.aicgs.org/publication/burden-or-blessing-the-impact-of-refugees-on-germanys-labor-market/

World's largest economies among outliers

There are a number of large economies that stand apart from these four categorizations. The financial inclusion scores of the U.S., China, and India do not comfortably fit into a box of mature or new, forward or backward-looking economies.

The U.S., for example, achieves scores comparable to a mature, backward-looking economy in terms of its government infrastructure but performs more like a young, forward-looking economy in terms of its tech adoption and pro-business philosophy. Its overall score is pulled down by its rankings for the complexity of corporate tax system and state of public pensions—broadly in keeping with the performance of continental Europe.

By contrast, the U.S. shares high rankings with new, forward-looking economies on indicators promoting business growth, technology, and employer support. The volume of real time payments indicator is weighted for population so even the United States' comparatively low rank of 25th should be read in the context of the large untapped market opportunity once a greater share of the population is using online banking. The U.S. has embraced digital innovation and online connectivity—and invested accordingly in the sector as a growth area—whilst empowering and incentivizing employers to create a stronger, more resilient economy.

China also defies categorization. It performs strongly against metrics which indicate that it should be well positioned to grow, including ranking in the top three for its financial system enabling business confidence, and just outside the top 10 for the presence and quality of fintechs. However, across its vast population, financial literacy and access to credit are low, creating barriers to productivity.

India ranks in the top 10 across all indicators under the employer support pillar, ranking first for provision of guidance and support around financial issues. It also scores highly on consumer championing regulation and availability of government-provided financial education. However, it places in the bottom two for online connectivity and financial literacy. As evidenced by the new, forward-looking economies, small investments into financial and social systems in India could have rapid impacts on both financial inclusion and broader economic development, which would position the economy well for future resilience and growth.

For further detail on the rankings of particular indicators by market, please refer to **Appendix C: Markets ranked by indicator.**

Populations' perceptions of financial inclusion

As previously discussed, the Global Financial Inclusion Index models financial inclusion based, predominantly, on quantitative secondary data sources. However, to provide a complete and holistic picture of global financial inclusion, it's important to also consider the view of individuals across the 42 markets and analyze the extent to which these populations recognize and understand how governments, financial systems, and their employers support their financial well-being.

The Index has therefore been supplemented with a comprehensive consumer survey of 500 people from each of the 42 markets to determine how people rate the access they have to financial support, products, tools, and services, and how this stacks up to programs, provisions, and performance of these institutions as measured by the Index.

Table 7 provides a ranking of financial inclusion by market according to the results of this survey.

- The overall rank is based on individuals' responses to the question: *To what extent do you feel financially included in your market?*
- The government, financial system, and employer support columns are based on individuals' responses to the question: *To what extent do you feel the following groups act in a way which is helpful for you to feel financially included?*

Across all columns, the table shows the percentage of those who feel financially included.

RESULTS OVERVIEW

Half of the top 10 ranked markets by populations' perceptions are in Asia, specifically China, Vietnam, India, Singapore, and Hong Kong. In stark contrast to the Index, only two European markets, Switzerland and Finland, feature in the top 10 overall survey rankings.

China, India, and Saudi Arabia rank in the top five markets overall and across each of the three pillars. China ranks first in every pillar under the consumer survey.

As in the Index, large European economies pool towards the lower quartiles of the ranking when it comes to how individuals feel about financial inclusion.

Only France sits in the upper half of the table with a rank of 14th. Germany is 21st, the United Kingdom is 24th along with Norway, Italy ranks 31st, Spain ranks 33rd, and Ireland is the lowest ranked European economy at 36th, flanked by Brazil and Peru.

The bottom 10 ranked markets by consumer sentiment are dominated by Latin America, which is also reflective of the Index's data.

Three out of five of the top ranked markets by government support (China, Saudi Arabia, and Vietnam) are described by the Economist Intelligence Unit as "authoritarian regimes."[20] These nations also have a high number of state-owned enterprises.

Seven out of the top 10 ranked markets by consumers for government support are Asian or Southeast Asian (China, Vietnam, India, Singapore, Malaysia, Hong Kong, and Taiwan) and only two are European (U.K. and Denmark). Saudi Arabia ranks sixth on this metric.

Half of the markets ranked in the bottom 10 for government support are in Latin America (Peru, Chile, Argentina, Brazil, and Colombia) and four out of bottom 10 are European economies (Turkey, Italy, Spain, and Ireland).

European economies rank poorly in relation to the perceived supportiveness of their financial systems in promoting financial inclusion.

- Seven out of the bottom 10 economies ranked under this pillar are European markets (Turkey, Norway, Italy, Spain, Ireland, Germany, and Sweden).
- No European market features in the top 10 rankings by consumers for financial system support.
- The top 10 markets ranked by populations for financial system support all fall within Asia, Southeast Asia, and Africa.

When it comes to how populations perceive their employers' actions toward financial inclusion, the United States is the only Western market to feature in the top 10.

- Notably, certain market rankings are significantly dragged down by their perceived performance in employer financial inclusion. Hong Kong, for example, ranks 40th for employer support, compared to eighth for financial system and ninth for government support.
- Similarly, Taiwan ranks 41st for employer support but sixth for financial system and 10th for government support, according to the consumer survey results.

[20] Economist Intelligence Unit: Democracy Index 2021

Table 7: *Population survey rankings of financial inclusion by market*[21]

Rank	Market	Score	Government support percentage and rank		Financial system support percentage and rank		Employer support percentage and rank	
1.	China	97.24%	96.65%	1	95.46%	1	92.49%	1
2.	Vietnam	95.12%	89.06%	3	91.41%	2	87.77%	7
3.	India	92.20%	88.40%	4	88.00%	3	90.59%	2
4.	Saudi Arabia	91.63%	90.44%	2	87.65%	4	89.83%	3
5.	Hong Kong	88.42%	74.45%	9	81.64%	8	66.12%	40
6.	Singapore	87.35%	80.83%	6	81.42%	9	78.75%	18
7.	Switzerland	85.63%	69.06%	14	65.07%	26	78.33%	20
8.	United Arab Emirates	85.46%	84.66%	5	83.07%	7	83.09%	10
9.	Finland	85.12%	66.67%	15	67.66%	24	80.87%	13
10.	United States	84.75%	71.68%	12	77.03%	13	84.05%	8
11.	Denmark	83.07%	74.70%	8	62.15%	29	79.65%	15
12.	Taiwan	82.14%	73.02%	10	84.13%	6	63.54%	41
13.	Thailand	81.36%	58.64%	22	77.67%	11	78.07%	21
14.	France	80.40%	60.20%	20	62.60%	28	75.26%	27
15.	Poland	79.80%	50.20%	29	73.40%	17	79.87%	14
16.	Canada	79.20%	60.80%	19	72.40%	20	76.35%	24
17.	Indonesia	78.10%	72.29%	11	77.13%	12	83.69%	9
18.	The Netherlands	77.51%	62.45%	18	65.24%	25	79.51%	17
19.	Israel	76.60%	54.00%	27	62.00%	31	73.37%	28
20.	Malaysia	76.25%	78.04%	7	76.05%	14	78.51%	19
21.	Germany	76.20%	54.80%	26	53.80%	41	75.53%	26
22.	South Korea	75.54%	69.23%	13	74.95%	15	69.77%	36
23.	Nigeria	75.00%	58.20%	23	79.88%	10	88.33%	5
24.	Norway	***73.85%***	62.48%	17	59.08%	35	73.22%	29
24.	United Kingdom	***73.85%***	46.91%	36	62.08%	30	79.55%	16
26.	Ghana	72.65%	56.69%	25	72.85%	19	81.65%	12
27.	New Zealand	71.73%	59.26%	21	61.01%	32	72.82%	30
28.	Turkey	69.80%	48.80%	33	60.80%	33	62.34%	42
29.	Sweden	69.40%	50.40%	28	52.20%	42	71.55%	31
30.	Kenya	68.73%	57.37%	24	84.66%	5	87.93%	6
31.	Italy	68.00%	48.40%	34	58.40%	36	70.47%	33
32.	Australia	67.64%	49.22%	32	54.84%	37	77.61%	22
33.	Spain	67.20%	43.20%	37	***54.80%***	*38*	69.34%	37
34.	South Africa	65.94%	49.60%	30	73.31%	18	82.02%	11
35.	Brazil	64.60%	48.20%	35	73.80%	16	88.59%	4
36.	Ireland	62.25%	41.50%	39	54.35%	40	70.08%	35
37.	Peru	61.09%	41.44%	40	72.18%	21	67.13%	39
38.	Mexico	60.80%	49.40%	31	69.00%	22	75.68%	25
39.	Argentina	56.19%	31.83%	42	60.12%	34	71.54%	32
40.	Chile	54.80%	36.80%	41	***54.80%***	*38*	70.30%	34
41.	Japan	51.15%	64.23%	16	68.85%	23	68.75%	38
42.	Colombia	48.35%	41.75%	38	64.85%	27	77.11%	23

[21] Where scores are bold italics, it indicates a joint rank and score with another market.

Key trends in the relationship between the Global Financial Inclusion Index and populations' perceptions of financial inclusion in their market

Five markets rank in both the top 10 overall for the Global Financial Inclusion Index analysis and also by consumer sentiment: Singapore, the U.S., Hong Kong, Finland, and Switzerland.

Similarly, five markets rank in both the bottom 10 for the Index analysis and consumer sentiment: South Africa, Brazil, Mexico, Peru, and Colombia.

The overall correlation coefficient between the Index rankings and consumer sentiment rankings is 0.48. This implies a positive relationship between both data sets. However, it's not very strong and there are some notable trends and outliers.

Population sentiment rankings are higher than the Index rankings in 19 markets. The opposite is true in 20 other markets, where individuals reported feeling less positive about financial inclusion than their market's rankings in the Index. In three markets, consumers' perceptions of financial inclusion matched their Index rankings.

In most cases (64%), the difference in the rankings of a given market between the two data sets falls within a 10-point margin, yet some markets show significant discrepancies between the financial inclusion support which governments, financial services companies, and employers provide, versus how their populations perceive financial inclusion.

- Of the 19 markets in which population sentiment rankings are higher than the Index, 14 are in Asia, Southeast Asia, the Middle East, and Africa.
- For nine out of 14 European markets tracked, the Index ranking is higher than the ranking given by the population survey.
- The largest gaps where the population survey ranks financial inclusion higher than the Index can be seen in developing and emerging markets: Saudi Arabia (28 points), Vietnam (28 points), India (23 points), Nigeria (17 points), and China (16 points).
- The largest gaps where the Index ranks markets higher than the population survey can be seen in developed economies: Sweden (26 points), Australia (25 points), Japan (19 points), Ireland (15 points), and New Zealand (15 points).

In general, the survey suggests that emerging market populations appear more satisfied with the extent to which their local institutions provide for their financial inclusion than the underlying data analyzed in the Index suggest they do.

One interpretation of this might be that in lower income economies with higher poverty levels and large wealth divides, the expectation people have for their own financial well-being is lower. By contrast, the populations of larger, wealthier, developed economies have greater expectations and hold their institutions to a higher standard. In these markets, there are government and regulatory financial safety nets in place and access to credit is easier, which in turn creates a higher bar for what an individual believes their financial circumstances ought to be.

Spotlight on the United States

Spotlight on the United States

United States

Overall score	Rank
68.28	2
Government support score	
56.95	14
Financial system support score	
76.72	1
Employer support score	
81.28	2

The strong performance of the United States in the Index, ranking second out of all 42 markets, can be attributed to its excellent scores in the financial system support and employer support pillars, at 76.7 and 81.3 for each pillar respectively. The U.S. ranks second for employer support while securing the top spot for financial system support.

For the financial system support pillar, the market's performance is remarkable: The world's largest economy attains scores of above 90 for five out of the seven indicators. In particular, the U.S. leads all markets in the enabler of small and medium enterprise (SME) growth and success indicator—which tracks business sentiment on whether a market's financial system enables small and midsize businesses to thrive—showcasing the optimism surrounding the U.S. financial system.

Other indicators in which the U.S. scored exceptionally well include the ease of access to credit, borrowers' and lenders' protection rights, access to bank accounts, and the quality of and developments in the fintech space. Nonetheless, the U.S. performs far below average in the use of real-time payments indicator, with a score of just 3.6, ranking 25th. Though the U.S. saw approximately 1.2 billion real-time transactions in 2020, it's a market that remains almost completely untapped, and this is reflected in its low score when adjusting for population size.[22]

The U.S. also is a leader in employer support, with scores of at least 70 in each of the pillar's four indicators. A key driver for its overall second place ranking is its score in the employee pension contributions indicator (88.2), ranking first across all markets analyzed.

In particular, pension contributions by U.S. firms/organizations amounted to, on average, 9.6% of wages, based on results from the bespoke survey conducted, second only to China, where the corresponding figure stood at 11.6%. Moreover, a majority of U.S. firms' (57.4%) pension/retirement contributions were above government-mandated levels, further fueling the market's strong performance in the indicator.

Nonetheless, the U.S. misses out on the top spot in the Index due to its score in the government support pillar. Its score of 56.9 is the lowest among the markets in the top 10 of the Index. This is partly fueled by the market's poor score in the complexity of corporate taxation systems indicator, where it scored 30.1 and ranked 32nd. Given the well-documented inefficiencies that affect the U.S. taxation system, its weak score is not surprising.[23] Other indicators which fueled the comparatively low government support score include the state of public pensions and online connectivity indicators, where the U.S. registered scores of just 49.9 (17th) and 53.9 (eighth) respectively.

[22] ACI Worldwide – 2021 Prime Time Report
[23] The U.S. Tax System: Inefficiency and Complexity

Analysis of U.S. employer support by business size

The analysis also investigates whether employer support in the U.S. varied with business size by reconstructing the employer support pillar for the U.S., this time segmenting the U.S. sample based on the size of businesses. The results below illustrate our findings.[24]

Table 8: *Employer support scores in the U.S. by business size*

Rank	Market	Employer support score	Provision of guidance and support around financial issues	Employee pension/ retirement contributions	Employee insurance schemes	Employer pay initiatives
1.	More than 1000 employees	90.8	98.6	87.2	90.7	90.3
2.	501–1000 employees	86.5	96.8	82.9	82.0	88.0
3.	101–500 employees	70.4	84.2	49.9	90.1	78.0
4.	11–100 employees	65.4	64.4	81.5	58.3	41.1
5.	2–10 employees	4.0	0.0	9.9	0.0	0.0

Our findings showcase a clear association between business size and employer support, with larger businesses scoring higher on this pillar. A definitive trend can be seen for the provision of guidance and support around financial issues and employer pay initiatives indicators, where performance across the two indicators improves as business size increases.

This trend is disrupted due to outliers in the employee pensions contributions and employee insurance schemes indicators, though generally larger businesses continue to score better than their smaller counterparts.

A possible explanation for the disparity in scores for employer support by business size could be attributed to the resources available to larger businesses which, along with the likelihood of being able to provide greater benefits to their employees, go a long way in promoting financial inclusion. Scale is also a factor; when businesses reach a certain size, they're able to source external professional advice around benefits, and the process becomes more cost effective than it would be for a smaller business with less ability to negotiate on price.

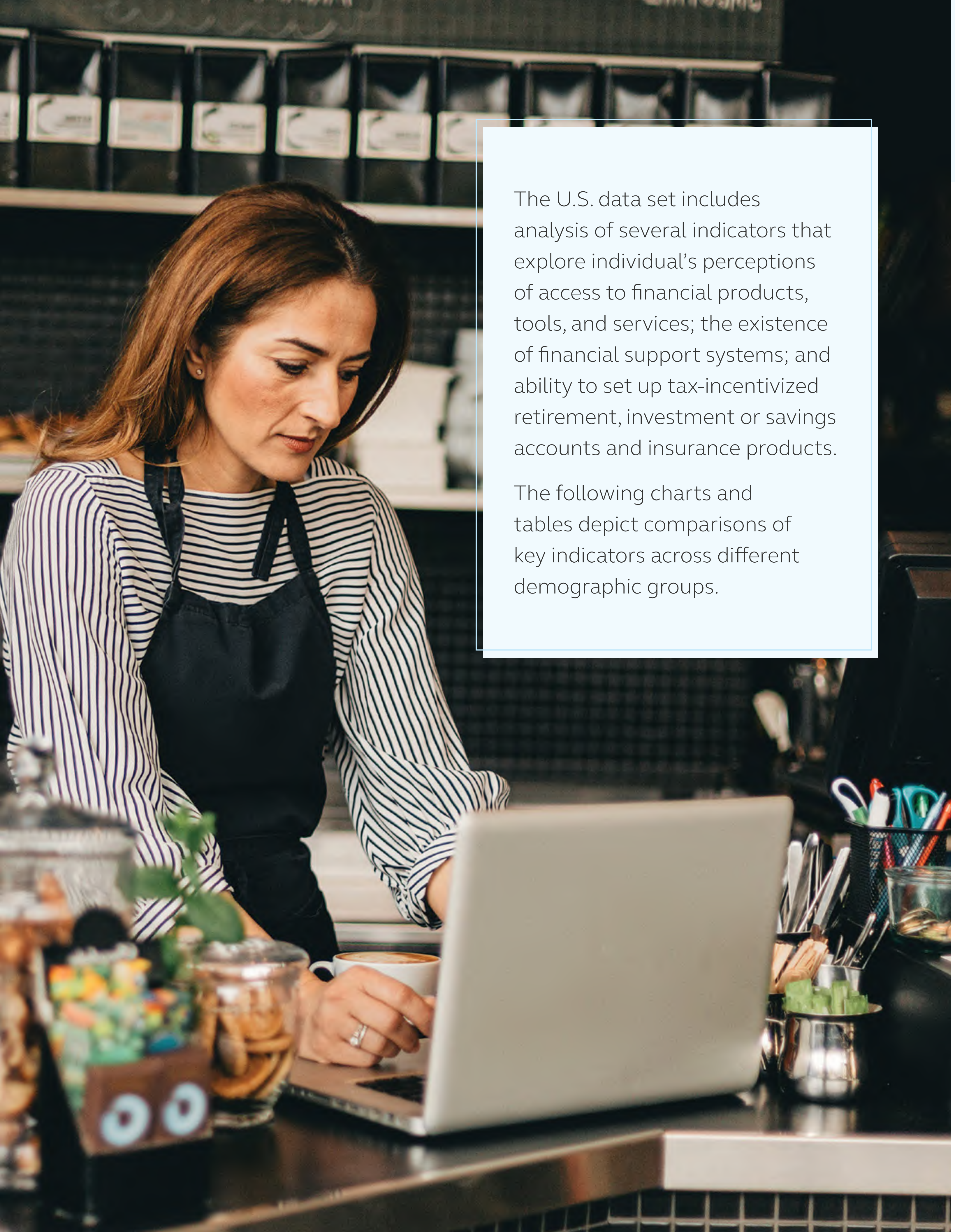
Deep dive on population perceptions of financial inclusion in the U.S.

While the U.S. performs strongly in the Global Financial Inclusion Index (ranking second overall) and its population generally feels financially included (ranking 10th in the consumer survey), this report explores at a deeper level the degree to which different demographics experience financial inclusion across the market.

To supplement the data relating to different demographic groups in the U.S., a further survey ascertains the extent to which people from different racial and socioeconomic backgrounds feel financially included.

As this data was gathered three months later (May 2022) than the data which forms the basis of the consumer financial inclusion global rankings—during which time financial markets and household finances were significantly impacted by rapidly rising inflation and the war in Ukraine—the data sets have not been combined. Instead, the demographic analysis is derived from a standalone data set. The numbers in this section, therefore, do not correspond to the number used in the overall Consumer Financial Inclusion ranking and are used solely to enable comparisons within the U.S. and establish broad racial, gender, and socioeconomic trends. This separate study surveys over 2,000 household financial decision makers in the U.S.[25]

[24] Note that the scoring is relative to the top and bottom performer across business size categories (i.e., the business size category with the worst score will be assigned a 0 for a given indicator while the top performer will be assigned a score of 100). The scores cannot be compared to other values outside this specific ranking.
[25] Quotas have been put in place to ensure a nationally representative fallout across demographics.



The U.S. data set includes analysis of several indicators that explore individual's perceptions of access to financial products, tools, and services; the existence of financial support systems; and ability to set up tax-incentivized retirement, investment or savings accounts and insurance products.

The following charts and tables depict comparisons of key indicators across different demographic groups.

KEY FINDING NO. 1

Women feel they have less access to financial products, tools, services, and safeguards than men.

For the vast majority of indicators analyzed, women feel they have sufficiently less access than men. There are two exceptions - access to banks accounts and access to online banking - and even then, the margin is mere percentage points.

The most notable gaps include:

Confident they could get a mortgage:

Women 44%

Men 60%

Feel they have sufficient access to financial education:

Women 48%

Men 60%

Say they have sufficient access to affordable loans/debt products:

Women 46%

Men 64%

Feel they'd be able to quickly withdraw money from retirement savings for emergencies:

Women 50%

Men 63%

Feel they have sufficient access to affordable professional financial advice and planning:

Women 49%

Men 63%

Are confident in their ability to get a job:

Women 59%

Men 69%

Think there's opportunity to earn a fair wage:

Women 50%

Men 62%

Feel they are adequately protected against fraud and financial abuse:

Women 47%

Men 60%

The following table provides the percentages of those who responded positively to the question: *How sufficient, if at all, is the access you have to the following financial products, tools, and services?*

Indicator	Women	Men
Access to retirement planning	49%	61%
Access to online banking	81%	78%
Access to investment products	49%	66%
Access to easy to use online financial services	64%	69%
Access to budgeting advice	54%	65%
Access to affordable and comprehensive insurance protection	61%	68%
Access to a bank account	81%	79%
Managing debt	47%	65%
Managing income and expenditures	64%	69%
Managing household bills	71%	73%

The following table provides the percentages of those who responded positively to the question: *To what extent do you agree or disagree with the following statements "In my market there is/are…"*

Indicator	Women	Men
Affordable education	41%	54%
A fair tax system	31%	50%
Access to government-run guaranteed income programs for retirement	41%	59%
Safeguards to ensure my financial data is protected and private	52%	61%
Regulatory protection against uncompetitive business practices	39%	56%

The following table provides the percentages of those who responded positively to the question: *How easy would you say is it to set up the following in your market?*

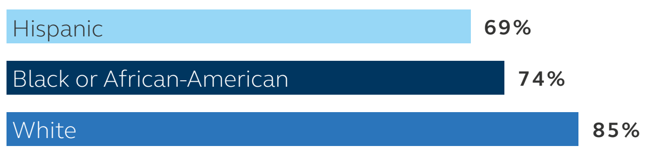
Indicator	Women	Men
Setting up tax-incentivised savings accounts	36%	52%
Setting up tax-incentivised retirement accounts	37%	51%
Setting up tax-incentivised investment accounts	35%	50%
Setting up insurance products	53%	56%

KEY FINDING NO. 2

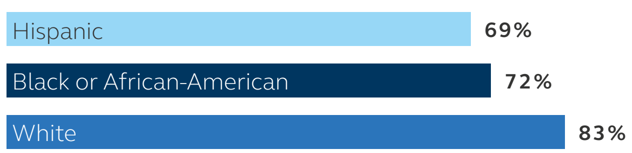
Black and Hispanic communities in the U.S. find it harder than white communities to access financial products, tools, services, and advice.

Find managing their income and expenditure achievable:

Say it's sufficiently easy to get access to a bank account:



Say they have good access to digital services (online banking):



Think getting a job is achievable:

Find it easy to understand and pay their taxes:

The following table provides the percentages of those who responded positively to the question: *How easy would you say is it to set up the following in your market?*

Indicator	Hispanic	Black or African-American	White
Setting up insurance products	43%	54%	59%
Setting up tax-incentivised investment accounts	47%	43%	42%
Setting up tax-incentivised retirement accounts	45%	44%	45%
Setting up tax-incentivised savings accounts	43%	45%	45%

The following table provides the percentages of those who responded positively to the question: *How sufficient, if at all, is the access you have to the following financial products, tools, and services?*

Indicator	Hispanic	Black or African-American	White
The ability to earn a fair wage	55%	57%	56%
Access to budgeting advice	57%	63%	60%
Access to affordable professional financial advice	55%	61%	56%
Access to easy to use online financial services	61%	65%	70%
Managing household bills	66%	65%	75%
Managing debt	57%	63%	63%
The ability to quickly withdraw money from retirement savings for emergencies	61%	58%	55%
Staying on top of my savings	63%	64%	64%
The ability to easily make domestic payments and transactions	63%	68%	74%
Access to investment products	56%	56%	59%
Ability to get a mortgage	52%	51%	53%
Access to affordable debt products	53%	54%	55%
Staying on top of my retirement plan/pension	54%	55%	57%
Access to retirement planning	51%	56%	56%
Access to affordable and comprehensive insurance protection	58%	66%	65%

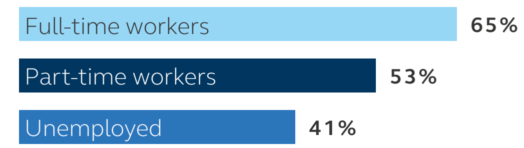
The following table provides the percentages of those who responded positively to the question: *To what extent do you agree or disagree with the following statements "In my market there is/are…"*

Indicator	Hispanic	Black or African-American	White
Access to government-run guaranteed income programs for retirement	56%	49%	50%
Safeguards to ensure my financial data is protected and private	55%	60%	57%
Protection against fraud and financial abuse	54%	57%	54%
The ability to securely make e-commerce transactions	55%	56%	56%

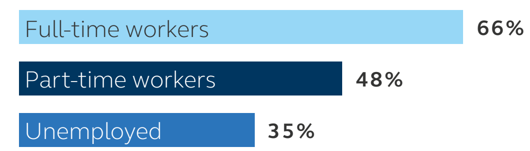
KEY FINDING NO. 3

People in full-time employment feel they have better access to financial support than those who work part-time.

Feel they have sufficient access to the products and services provided by the government, the financial system, and their employer:



Feel they have sufficient access to affordable debt products:

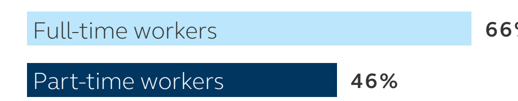


Feel they have good access to financial education:

Say they have sufficient access to retirement planning services:

Say they have sufficient access to tax incentivized savings and investment accounts:

Feel they can easily get a mortgage:



Those who work part time, and who are therefore more likely to be part of an informal or freelance economy, report substandard access to retirement, savings, and investment products. The statistics regarding those who are unemployed are substantially lower.

The following table provides the percentages of those who responded positively to the question: *How sufficient, if at all, is the access you have to the following financial products, tools, and services?*

Indicator	Unemployed	Part-time workers	Full-time workers
Access to affordable and comprehensive insurance protection	43%	60%	71%
Access to online banking	63%	73%	82%
Access to a bank account	61%	75%	84%

The following table provides the percentages of those who responded positively to the question: *To what extent do you agree or disagree with the following statements "In my market there is/are…"*

Indicator	Unemployed	Part-time workers	Full-time workers
The ability to earn a fair wage	45%	53%	63%
The ability to get a job	50%	62%	73%

The following table provides the percentages of those who responded positively to the question: *How easy would you say is it to set up the following in your market?*

Indicator	Unemployed	Part-time workers	Full-time workers
Setting up tax-incentivised retirement accounts	28%	36%	54%

Epilogue by DAN HOUSTON

DAN HOUSTON
Chairman, president, and CEO of Principal Financial Group®

Turning insights into action

The inaugural edition of the Global Financial Inclusion Index illuminates how governments, the financial system, and employers enable financial access around the world. The data collected across 42 economies provides the basis for developing a financial inclusion benchmark, from which each market can track progress across individual indicators, pillars, and the globe.

For organizations like Principal Financial Group® and the Principal® Foundation, the Index will sharpen our approach and help guide the various choices we make as we advance financial inclusion in our global markets, expanding access to financial security for more individuals, businesses, and communities.

Recognizing more leadership is needed from financial services

The Index identifies a gap between a financial system's score for the support it provides within a market (as measured by the Index) and how supported a market's population feels by the financial system (as measured by consumer survey). This gap spotlights the opportunity ahead of us.

With the benefit of this additional data from the Index, we'll seek out new ways to expand the impact of established partnerships—and forge new relationships to help us focus on areas of greatest opportunity for the financial system.

Principal will share the Index's insights with existing partners to influence actions that enable financial inclusion. Specifically, Principal will activate its partners in the UN Global Compact and its CFO Coalition for the SDGs, and, as a founding member of the American Council of Life Insurers' 360 Community Capital initiative, Principal will ensure that our impact investment program is informed by the Index's findings.

We also already regularly advocate with global policymakers, regulators, and public officials to support sustainable financial systems designed to enable long-term security and wealth creation for all individuals.

With further data from the Index serving as a backdrop, we're focused on driving conversations at the government level around three critical areas: the role of the pension system, support for financial technology and education, and how governments can incentivize employers to enable financial security for their workforce.

> "We'll seek out new ways to expand the impact of established partnerships—and forge new relationships to help us focus on areas of greatest opportunity for the financial system."

Building new pathways to promote financial security

Through the Principal Foundation, we're focused on helping more people meet basic needs, developing pathways to economic mobility, and supporting financial empowerment and development. The Foundation is focused specifically on supporting entrepreneurs, small businesses, and diverse—and often underrepresented—populations.

Throughout 2021 and 2022, the Principal Foundation has invested $30 million with global organizations to enable greater financial inclusion around the world. For example:

- Through a collaboration with Kiva, the Foundation supports 31,554 women-owned micro and small businesses in 35 countries with microloans.
- The Foundation supports a program run by World Central Kitchen that provides crucial support for small businesses, helping them retain employees through market and social volatility, while boosting nutrition security in local communities.
- And through its long-standing relationship with EVERFI, the Foundation has launched a program delivering a data science curriculum to more than 70,000 middle and high school students. The program expands not only the financial literacy of these students and their families but also informs youth on future, high earning career possibilities.

With data insights from the Index, we're actively pursuing new partnerships with organizations that share our commitment to helping people and communities make economic progress.

Helping employers enable greater financial inclusion

As evidenced by the Index, employers play a significant role in supporting their employees' financial progress. This is unsurprising as, according to the 2022 Edelman Trust Barometer, business generally is the most trusted global institution, ahead of non-governmental organizations (NGOs), government, and media. On top of that, 77% of global respondents trust their employer. This suggests that the trust in the employer-employee relationship is a strong driving force behind greater financial inclusion.

As an organization that works with hundreds of thousands of businesses—particularly those small and midsized—we're focused on how we can further support employers with relevant financial education and information as well as meaningful tools and solutions to make a difference in the lives of workers globally.

We recognize the need to more intentionally consider the needs of part-time workers who tend to receive less access to financial support, as spotlighted by the Index, and to develop digital-first solutions, which tend to be more efficient and cost effective for smaller operations. We've joined groups like the U.S. Small Business Digital Alliance to accelerate support for small business owners and, in turn, their employees.

In addition to the actions outlined above, we're committed to extending the dialogue around financial inclusion with private industry, government, academia, and the not-for-profit sector. Together, we can help address the challenges and opportunities identified in the Global Financial Inclusion Index to advocate and act for greater financial security for all.

OUR PURPOSE AT PRINCIPAL®:

Foster a world where financial security is accessible to all.

Appendices

Appendices

APPENDIX A: Indicator details and sources

Indicator name	Indicator description	Source(s)	Pillar
State of public pensions	The adequacy, sustainability, and integrity of its public pension system	Mercer CFA Institute Global Pension Index	Government support
Deposit protection schemes	Quality and coverage of deposit protection schemes	Econstor Deposit Insurance System Design Report IMF Deposit Insurance Database	Government support
Consumer championing regulations	Laws and regulations that prioritize financial protection for consumers such as data privacy and protection, fraud protection, and trading standards	Cebr Global Survey of Business Management Teams (See Appendix D, question Q1)	Government support
Employment levels	Levels of employment, including informal employment	World Bank	Government support
Awareness and uptake of government-mandated pension schemes	Awareness and uptake of government mandated retirement/pension schemes and sign up options	Cebr Global Survey of Business Management Teams (See Appendix D, questions Q2 and Q3)	Government support
Education levels	Education levels and attainment of population	OECD Programme for International Student Assessment Scores	Government support
Complexity of corporate taxation systems	Complexity of tax system (using complexity of corporate income tax system as a proxy)	Tax Complexity Index	Government support
Availability of government-provided financial education	The quality of government-provided guidance and resources for businesses to support employees around financial matters	Cebr Global Survey of Business Management Teams (See Appendix D, question Q4)	Government support
Financial literacy levels	Share of population considered financially literate	S&P Global Finlit Survey	Government support
Online connectivity	Fixed broadband subscriptions per 100 people Mobile cellular subscriptions per 100 people	World Bank	Government support
Real-time transactions	Volume of real-time transactions per capita	ACI Prime Time Report	Financial system support
Access to credit	Ease of access to loans	World Economic Forum Global Competitiveness Index	Financial system support
Borrowers' and lenders' protection rights	Degree of legal protection of borrowers' and lenders' rights	World Economic Forum Global Competitiveness Index	Financial system support
Access to bank accounts	Percentage of population with bank account	World Bank	Financial system support
Presence and quality of fintechs	Quantity and quality of fintech businesses	Findexable Global FinTech Rankings	Financial system support
Enabler of small/medium enterprise (SME) growth and success	Extent to which businesses believe the financial system enables SMEs to grow	Cebr Global Survey of Business Management Teams (See Appendix D, question Q5)	Financial system support
Enabler of general business confidence	Extent to which businesses see financial system as an obstacle or help Extent to which businesses are satisfied with financial services/products currently at their disposal	Cebr Global Survey of Business Management Teams (See Appendix D, questions Q6 and Q7)	Financial system support
Provision of guidance and support around financial issues	Extent to which businesses/organizations support their employees in common financial practices	Cebr Global Survey of Business Management Teams (See Appendix D, question Q11)	Employer support
Employee pension/ retirement contributions	Existence and scope of pension contributions	Cebr Global Survey of Business Management Teams (See Appendix D, questions Q8, Q9, and Q10)	Employer support
Employee insurance schemes	Existence and scope of insurance provided by businesses/organizations	Cebr Global Survey of Business Management Teams (See Appendix D, question Q12)	Employer support
Employer pay initiatives	Existence and scope of initiatives provided by businesses/organizations to support employees with their finances	Cebr Global Survey of Business Management Teams (See Appendix D, questions Q13 and Q14)	Employer support

APPENDIX B: Details of comparative indices

- ILOSTAT statistics on labour productivity: The International Labor Organization produces data on labor productivity, measured by gross domestic product per hour worked.
- World Happiness Report 2022: The World Happiness Report has run for over a decade; it measures and explains national differences in well-being based on an assessment of life evaluations, positive emotions, and negative emotions across 146 markets.
- Global Food Security Index: The Global Food Security Index (GFSI) considers the issues of food affordability, availability, quality and safety, and natural resources and resilience across a set of 113 markets.
- The Human Development Index: HDI is a summary measure of average achievement in key dimensions of human development: a long and healthy life, being knowledgeable, and having a decent standard of living.
- The ND-GAIN Market Index summarizes a market's vulnerability to climate change and other global challenges in combination with its readiness to improve resilience.
- The FM Global Resilience Index measures a market's vulnerability to disruptive events and its ability to recover swiftly across 15 key drivers of resilience, such as a changing climate, political risk, and control of corruption.

APPENDIX C: Markets ranked by indicator

Government support pillar

Market	State of public pensions rank	Deposit protection schemes rank	Consumer championing regulations rank	Employment levels rank	Awareness and uptake of government-mandated pension schemes rank
Singapore	9	37	23	5	13
United States	17	10	2	10	10
Sweden	7	24	18	20	11
Hong Kong	16	29	9	23	23
Finland	6	15	11	22	3
Denmark	2	25	12	19	17
Australia	5	13	16	12	14
Switzerland	10	***33***	22	2	5
Norway	4	14	15	13	2
The Netherlands	1	22	14	8	12
Canada	11	27	13	15	32
New Zealand	14	39	25	3	24
United Kingdom	8	17	26	11	18
Israel	3	***39***	20	21	7
Germany	13	20	28	17	30
Taiwan	32	11	8	18	20
China	25	19	1	4	33
United Arab Emirates	***19***	***39***	4	6	25
Thailand	***41***	***1***	17	34	26
Malaysia	***19***	7	10	28	15
Ireland	12	28	19	14	34
Japan	35	23	35	7	4
France	18	16	29	26	19
Chile	15	***1***	34	27	35
Poland	24	5	21	29	28
India	39	36	6	32	8
South Korea	37	30	40	24	21
Indonesia	34	3	7	9	27
Spain	21	9	31	31	37
Vietnam	29	***33***	5	1	1
Kenya	27	35	32	16	31
Saudi Arabia	23	18	3	25	6
Turkey	38	21	38	38	16
South Africa	30	***39***	30	41	38
Brazil	28	6	33	40	29
Mexico	36	4	36	33	42
Italy	31	12	27	39	9
Peru	26	8	39	37	36
Colombia	22	32	***41***	36	41
Nigeria	33	26	24	42	22
Ghana	***41***	38	37	35	40
Argentina	40	31	***41***	30	39

Where scores are bold italics, it indicates a joint rank and score with another market.

Government support pillar (cont.)

Market	Education levels rank	Complexity of corporate taxation systems rank	Availability of government-provided financial education rank	Financial literacy levels rank	Online connectivity rank
Singapore	2	***1***	24	12	6
United States	20	32	6	***13***	8
Sweden	14	5	31	***1***	12
Hong Kong	3	4	25	***18***	1
Finland	8	3	26	10	17
Denmark	***15***	14	30	***1***	14
Australia	17	23	14	9	32
Switzerland	18	***1***	23	***13***	9
Norway	19	6	15	***1***	28
The Netherlands	13	20	28	***7***	13
Canada	***6***	15	18	***4***	36
New Zealand	12	7	34	11	10
United Kingdom	11	16	41	6	20
Israel	24	18	29	***4***	16
Germany	***15***	22	39	***7***	11
Taiwan	***6***	10	12	***25***	27
China	1	30	11	***35***	25
United Arab Emirates	28	29	8	***23***	2
Thailand	31	19	2	38	3
Malaysia	29	17	10	27	26
Ireland	10	9	32	15	35
Japan	4	13	37	***18***	4
France	21	24	38	16	19
Chile	26	31	35	22	22
Poland	9	35	17	***20***	21
India	27	39	5	***40***	42
South Korea	5	8	42	29	5
Indonesia	38	27	4	***30***	33
Spain	22	21	36	17	23
Vietnam	39	25	1	***40***	15
Kenya	40	28	3	***23***	37
Saudi Arabia	37	38	9	34	29
Turkey	25	11	20	***40***	38
South Africa	32	12	13	***20***	7
Brazil	35	37	21	28	39
Mexico	30	33	19	***30***	40
Italy	23	41	27	***25***	18
Peru	34	26	22	***35***	30
Colombia	33	40	33	***30***	24
Nigeria	***41***	34	7	39	41
Ghana	***41***	42	16	***30***	34
Argentina	36	36	40	***35***	31

Where scores are bold italics, it indicates a joint rank and score with another market.

APPENDIX C: Markets ranked by indicator (cont.)

Financial System support pillar

Market	Real-time transactions rank	Access to credit rank	Borrowers' and lenders' protection rights rank	Access to bank accounts rank	Presence and quality of fintechs rank	Enabler of SME growth and success rank	Enabler of general business confidence rank
Singapore	10	3	***7***	12	4	15	16
United States	25	2	***3***	21	2	***1***	7
Sweden	4	***9***	***21***	4	7	***20***	29
Hong Kong	12	***9***	***7***	15	***13***	8	10
Finland	23	4	***11***	2	11	28	18
Denmark	***1***	23	***7***	1	17	38	26
Australia	9	11	***3***	7	6	13	21
Switzerland	16	13	***21***	10	5	17	20
Norway	7	8	***27***	3	19	33	27
The Netherlands	5	***24***	***35***	6	9	14	28
Canada	13	14	6	5	12	12	22
New Zealand	***36***	1	***1***	8	23	25	30
United Kingdom	6	22	***11***	13	3	37	34
Israel	***36***	15	***21***	22	1	19	25
Germany	17	7	***21***	9	8	34	32
Taiwan	14	17	***11***	17	26	11	12
China	31	20	***31***	28	***13***	***1***	3
United Arab Emirates	32	6	***38***	23	22	9	6
Thailand	***1***	18	***35***	26	38	7	9
Malaysia	27	16	***11***	25	34	10	11
Ireland	***36***	38	***11***	14	16	22	19
Japan	15	5	***31***	11	18	41	41
France	21	28	***31***	18	20	26	36
Chile	8	12	***31***	30	35	***20***	35
Poland	29	***24***	***11***	24	28	35	33
India	11	21	***21***	29	21	6	5
South Korea	***1***	37	***27***	16	24	39	38
Indonesia	***36***	19	***21***	36	31	3	2
Spain	24	35	***27***	20	15	36	40
Vietnam	***36***	33	***11***	42	41	5	1
Kenya	34	29	***11***	27	25	24	13
Saudi Arabia	***36***	32	***38***	31	40	4	4
Turkey	18	27	***35***	34	29	***31***	17
South Africa	30	31	***27***	33	32	29	31
Brazil	22	36	***38***	32	10	18	23
Mexico	20	34	5	41	27	23	14
Italy	28	41	***38***	19	30	***31***	37
Peru	33	26	***7***	39	39	27	15
Colombia	35	30	***1***	38	33	40	39
Nigeria	19	42	***11***	40	37	16	8
Ghana	***36***	39	***11***	35	42	30	24
Argentina	26	40	***38***	37	36	42	42

Where scores are bold italics, it indicates a joint rank and score with another market.

Employer support pillar

Market	Provision of guidance and support around financial issues rank	Employee pension/retirement contributions rank	Employee insurance schemes rank	Employer pay initiatives rank
Singapore	22	6	22	28
United States	6	1	5	4
Sweden	24	18	17	33
Hong Kong	14	11	4	7
Finland	11	13	10	20
Denmark	10	24	18	22
Australia	36	14	37	37
Switzerland	25	8	12	26
Norway	15	5	21	27
The Netherlands	23	22	24	34
Canada	38	34	29	36
New Zealand	39	38	41	42
United Kingdom	42	21	42	39
Israel	19	26	15	14
Germany	31	17	36	35
Taiwan	18	19	13	21
China	5	2	19	25
United Arab Emirates	9	15	11	12
Thailand	4	16	2	6
Malaysia	8	10	3	5
Ireland	37	33	38	40
Japan	40	42	40	38
France	30	27	27	31
Chile	35	30	32	30
Poland	17	29	6	10
India	1	3	8	3
South Korea	41	39	39	41
Indonesia	7	28	14	9
Spain	33	35	25	32
Vietnam	3	4	1	1
Kenya	21	41	35	11
Saudi Arabia	2	7	9	2
Turkey	13	9	7	15
South Africa	29	40	33	23
Brazil	20	20	16	18
Mexico	27	31	28	19
Italy	26	32	30	29
Peru	16	12	23	17
Colombia	28	37	31	8
Nigeria	12	23	26	13
Ghana	32	36	34	16
Argentina	34	25	20	24

Where scores are bold italics, it indicates a joint rank and score with another market.

Survey participant screening questions

Approximately how many employees are working for your company? Please enter as a number representing all office locations.
[input with validation]

Which option best reflects your current role in the business where you work?
a. President / CEO
b. Owner
c. Partner
d. Senior management
e. Middle management
f. Trained professional
g. Administrative

Which best describes your role in the decisions for which employee benefits providers to use such as retirement and pension plans, employee benefits, or medical insurance?
a. I have sole responsibility.
b. I share responsibility with others.
c. I have substantial influence on the decisions, but someone else makes them.
d. I have little to no influence on the decisions.

Which of the following best describes the industry you primarily work in? [Randomize presentation order]
a. Administrative services
b. Agriculture
c. Construction
d. Education
e. Finance and insurance
f. Health services
g. Information management
h. Leisure and hospitality
i. Management
j. Manufacturing
k. Market research
l. Mining and forestry
m. Personal services
n. Professional / scientific / technical services
o. Real estate
p. Retail trade
q. Transportation
r. Utilities
s. Wholesale trade
t. Other

Questions

Financial inclusion measures the degree to which people have access to useful and affordable financial products, services and support that meet their needs. These products and services include those provided by the government, the financial services industry, and employers. Examples of such products and services include basic bank accounts, savings accounts, credit and loans, mortgages, insurance products, investments, retirement/pension plans, access to employment, etc.

GOVERNMENT

Evaluate the degree to which governments promote financial inclusivity in your market.

Q1. Based on the above definition, how sufficient is the consumer protection offered by law in the following categories in your market?

	Completely sufficient	Somewhat sufficient	Neither sufficient nor insufficient	Completely insufficient	Somewhat insufficient	N/A – Not aware of consumer protection legislation for this purpose
Data privacy and protection						
Making e-commerce transactions easily and securely						
Fraud protection						
Trading standards (protection against misleading pricing, trademark infringement, etc.)						
Product safety and liability						
Access to affordable consumer credit (loans, limiting fees, etc)						

Q2. Are you aware of government-mandated retirement and/or pension plans in your market?
a. I'm aware of such a scheme and our business participates in it.
b. I'm aware of such a scheme but our business does not participate in it.
c. I'm not aware of any government-mandated retirement/pension scheme.
d. Not sure.

If aware of government-mandated workplace pension schemes:

Q3. How do employees sign up for the government-mandated retirement and/or pension plans?
a. Employees are automatically enrolled with no option to opt out.
b. Employees are automatically enrolled, but can opt out if they wish.
c. Employees have to opt in to participate in the pension scheme.
d. Others (please state)
e. Not sure

Q4. How helpful do you find government-provided syllabus/guidance in providing your business with resources to support employees in any of the following financial practices?

	Very helpful	Somewhat helpful	Neither helpful nor unhelpful	Somewhat unhelpful	Very unhelpful	N/A (My business is unaware of any form of syllabus/guidance provided by the government for this topic.)
Budgeting (managing income and expenses)						
Managing financial risk						
Paying taxes						
Insurance protection						
Accessing short-term/emergency savings						
Accessing long-term savings						
Retirement/ pension planning						
Tax incentives for savings						
Managing debt						
Legacy and estate planning						
Financial education and literacy						
Financial technology education						
Accessing employee benefits (e.g., health/medical, disability, retirement)						

FINANCIAL SYSTEM

The next set of questions will ask about the financial services industry in your market—namely banks, investment managers and insurers. These questions examine the availability and uptake of various types of financial products and services that are central to financial inclusion.

Q5. How strongly, if at all, do you agree with the following statement? "*The financial services industry in my market enables small and medium enterprises (SMEs) to achieve their long-term growth goals.*"
a. Strongly agree
b. Agree
c. Neither agree nor disagree
d. Disagree
e. Strongly disagree
f. Not sure

Q6. On balance, do you think the financial services industry in your market is more likely to act as an obstacle or as an opportunity for your business's operations?

The financial services industry in our market …

a. Poses a significant obstacle
b. Poses a slight obstacle
c. Poses an obstacle and opportunity in equal measure
d. Poses a slight opportunity
e. Poses a significant opportunity

Q7. Thinking about those obstacles and opportunities, as a business decision maker, how satisfied are you with the performance of the financial services industry in your market with respect to the following business-related financial practices?

	Fully satisfied	Somewhat satisfied	Neither satisfied nor unsatisfied	Somewhat unsatisfied	Very unsatisfied
Access to credit for businesses					
Cost of credit for businesses					
Ability to make domestic payments and transactions					
Ability to make international payments and transaction					
Deposit protection					
Fraud protection					
Providing support for business growth					
Providing advice on regulatory compliance					
Providing advice on tax compliance					
Debt management					
Promoting financial literacy and education for businesses					
Accessing affordable employee benefits					
Providing real-time/emergency financial support for businesses for example when a business is in on the verge of bankruptcy or is in urgent need of liquidity					

EMPLOYER

The next set of questions will ask about how your business acts as an employer. These questions relate to the level of support provided by employers in each market to their employees.

Q8. Does your company contribute to employee retirement/pensions?

a. Yes
b. No
c. Not sure

If firm contributes to employee pensions:

Q9. How does your firm's retirement or pension contributions compare to government-mandated levels?

a. Our firm's contributions are above government-mandated levels.
b. Our firm's contributions are in line with government-mandated levels.
c. Our firm's contributions are below government-mandated levels.
d. N/A—there are no government-mandated minimum levels.
e. Not sure.

If firm contributes to employee retirement / pensions:

Q10. Please state, as a percentage of wages, on average, how much your business contributes to employee retirement or pensions every month:

a. 0.1-1%
b. 1.1-2%
c. 2.1-3%
d. 3.1-4%
e. 4.1-5%
f. 5.1-6%
g. 6.1-7%
h. 7.1-8%
i. 8.1-9%
j. 9.1-10%
k. 10.1-12.5%
l. 12.6-15%
m. 15.1%-20%
n. More than 20%
o. Not sure

Q11. Does your business support your employees in the following common financial practices?

	Yes, to a large extent	Yes, to a limited extent	No, we don't do provide support in this matter
Budgeting (managing income and expenses)			
Managing financial risk			
Paying taxes			
Insurance protection			
Accessing short-term/emergency savings			
Accessing long-term savings			
Retirement / pension planning			
Tax incentives for savings			
Managing debt			
Legacy and estate planning			
Financial education and literacy			
Financial technology education			
N/A—my business is does not provide any financial support to employers			

Q12. Please select which insurances you offer your employees as a business supported policy:

	Selection
Personal accident	
Life assurance/insurance	
Income protection	
Private medical	
Critical illness/disability	
Others (please state)	
N/A—my business does not offer any type of insurance to employees	

Q13. Please select the frequency at which your firm typically pays its employees:

	Selection
Daily	
Weekly	
Monthly	
Yearly	
Others (please state)	

Q14. What initiatives does your business use to support employees with their finances? Select all which apply.

a. The option to choose the frequency at which they get paid
b. The option to attain an advance/an interest-free loan on their salary
c. The option to choose their method of payment (cash, cheque, deposit, etc.)
d. Loans for costs of travelling to and from work

Survey participant screening questions

Qa. What is your role in making decisions concerning financial matters in your household?

a. I have sole responsibility.
b. I share responsibility with someone else.
c. Someone else is the primary decision maker.

Qb. Which of the following best describes your current employment status?

a. Work full time
b. Work part time
c. Retired [SKIP Qvii]
d. Home-maker / full-time parent [SKIP Qvii]
e. Student [SKIP Qvii]
f. Unemployed
g. Other [SKIP Qvii]

Caveat 1: Financial inclusion measures the degree to which people have access to useful and affordable financial products, services, and support that meet their needs. These products and services include those provided by the government, the financial services industry, and employers. Examples of such products and services include basic bank accounts, savings accounts, credit and loans, mortgages, insurance products, investments, retirement/pension plans, access to employment, and the opportunity to earn an income.

1. Based on that definition, to what extent do you feel financially included in your market?

a. Very included
b. Quite included
c. Not very included
d. Not at all included

2. To what extent do you feel the following groups act in a way which is helpful for you to feel financially included?

	Very helpful	Quite helpful	Not very helpful	Not at all helpful	N/A–I have never been employed
The government					
The financial services industry					
Your employer. If you are not currently employed, please think about your most recent employer.					

3. This question asks about your access to financial products, tools, and services. How sufficient, if at all, is the access you have to the following financial products, tools, and services?

	Very sufficient	Quite sufficient	Not very sufficient	Not at all sufficient	N/A
Access to a bank account					
Access to online banking					
Access to affordable and comprehensive insurance protection					
Access to retirement planning / pensions					
Staying on top of my retirement plan/pension					
Access to affordable loans / debt products					
Access to micro loans					
Ability to get a mortgage					
Access to investment products					
The ability to easily make international payments and transactions					
The ability to easily make domestic payments and transactions					
Staying on top of my savings					
The ability to quickly withdraw money from my retirement savings for emergencies					
Managing my income and expenditure					
Managing my debt					
Managing my household bills					
Access to easy to use online financial services					
Access to affordable professional financial advice and planning					
Access to budgeting advice					
Understanding and paying my taxes					

4. This question asks about your access to financial products, tools, and services. How sufficient, if at all, is the access you have to the following financial products, tools, and services?

	Strongly agree	Agree	Neither agree or disagree	Disagree	Strongly disagree
Safeguards to ensure my financial data is protected and private					
The ability to securely make e-commerce transactions					
Protection against fraud and financial abuse					
The ability to reach financial 'life goals,' for example buying my own home, paying for weddings or funerals, raising children					
Affordable education					
Access to financial education					
A fair tax system					
Stability in the cost of living					
Regulatory protection against uncompetitive business practices					
The ability to get a job					
The ability to earn a fair wage					
Access to government-run guaranteed income programmes for retirement					

5. How easy or difficult would you say is it to set up the following in your market?

	Very easy to set up	Fairly easy to set up	Neither easy nor difficult to set up	Fairly difficult to set up	Very difficult to set up	I am aware of this, but I don't personally use it.	I am not aware of the existence of this.
Tax-incentivised savings accounts							
Tax-incentivised retirement accounts							
Tax-incentivised investment accounts							
Insurance products							

6. How knowledgeable, if at all, do you feel about financial matters?

a. Very knowledgeable
b. Quite knowledgeable
c. Not very knowledgeable
d. Not at all knowledgeable

7. How confident, if at all, do you feel in making financial decisions?

a. Very confident
b. Quite confident
c. Not very confident
d. Not at all confident

Survey participant profile questions

Qi) What is your gender?

a. Male
b. Female
c. Non-binary
d. Other
e. Prefer not to say

Qii) Which age group do you fit into? [Dropdown box of exact ages from 16-100+, and then grouped when reporting]

To be reported as:

- 16-24
- 25-34
- 35-44
- 45-54
- 55-64
- 65-74
- 75-80
- 81+

Qiii) Which of the following best describes you? Select all that apply. Note: This question was not asked in select markets due it being considered culturally insensitive or offensive.

a. Caucasian / White
b. Black / African American
c. Hispanic / Latinx / Spanish origin
d. American Indian or Alaska Native
e. Asian or Pacific Islander
f. Mixed background
g. Other, please specify [open text]
h. Prefer not to answer

Qiv) Do you have any long-standing illness, disability, or infirmity which affects your ability to work/earn income?
(Long-standing means anything that has troubled you over a period of time or that is likely to affect you over a period of time.)

a. Yes
b. No
c. Prefer not to say

Qv) Which group best describes your annual total pre-tax household income in U.S. dollars? Please combine all incomes in your household.

a. Less than $50,000
b. $50,000 to $74,999
c. $75,000 to $99,999
d. $100,000 to $149,999
e. $150,000 to $249,999
f. $250,000 or more

Qvi) Apart from valuable items you may own like your house(s), car(s), jewelry, or collectibles, what is the total of your savings and investments? Please take into consideration, where applicable, any bank accounts, mutual funds, stocks, bonds, cash value life insurance, and individual voluntary and mandatory retirement /pension accounts and/or non-qualified executive benefits held by yourself and family members in your household.

a. Less than $25,000
b. $25,000 to $49,999
c. $50,000 to $99,999
d. $100,000 to $249,999
e. $250,000 to $499,999
f. $500,000 to $999,999
g. $1 million or more
h. I have no savings or investments

Qvii) Which of the following best describes the industry you primarily work in? If you are not currently employed, please think about your most recent employer. [Randomize presentation order]

a. Administrative services
b. Agriculture
c. Construction
d. Education
e. Finance and insurance
f. Health services
g. Information management
h. Leisure and hospitality
i. Management
j. Manufacturing
k. Market research
l. Mining and forestry
m. Personal services
n. Professional / scientific / technical services
o. Real estate
p. Retail trade
q. Transportation
r. Utilities
s. Wholesale trade
t. Other
u.N/A—never been employed
[show if 'Unemployed' is selected at Qb]

Qviii) Which one of the following best describes your relationship status?

a. Single
b. In a relationship
c. Living with partner
d. Married
e. Divorced
f. Widowed
g. Civil partnership
h. Other

Qix) Which of these best describes your parental status? (Tick all that apply.)

a. Dependent children under 18 living at home
b. Dependent children under 18 not living at home
c. Adult children living at home
d. Adult children not living at home
e. N/A I don't have any children *Exclusive*

Qx) What age were you educated up to?

a. 16 or younger
b. 17 [hide if respondent is younger than 17]
c. 18 [hide if respondent is younger than 18]
d. 19 [hide if respondent is younger than 19]
e. 20 [hide if respondent is younger than 20]
f. 21 [hide if respondent is younger than 21]
g. 22 [hide if respondent is younger than 22]
h. 23 [hide if respondent is younger than 23]
i. 24 [hide if respondent is younger than 24]
j. 25 or older [hide if respondent is younger than 25]
k. I am still studying

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