PROGRAM AREA BRIEF

Financial Inclusion

Helping the poor manage and grow their money

Innovations for Poverty Action (IPA) works to identify and rigorously evaluate innovative products and programs that enhance poor households' access to and usage of improved financial services.

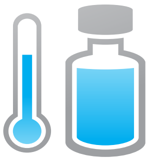
Across developing and advanced economies alike, low-income households need effective and affordable tools to save and borrow money, make and receive payments, and manage risk. In recent years, access to financial services has increased thanks to the expansion of digital finance and the efforts of financial service providers and governments to reach the unbanked. As access grows, however, we must ensure that the tools available to the poor are effective in helping them manage and grow their money.

IPA partners with financial service providers, governments, and researchers to design and test financial products and programs that help households better manage their finances. With over 130 completed and ongoing randomized evaluations in 29 countries, IPA's Financial Inclusion Program seeks to identify effective solutions to promote healthy financial behavior and share results to inform the work of financial service providers and governments around the world.

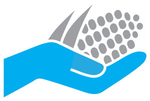
The Financial Inclusion Program (FIP) *provides technical and financial support to rigourous evaluations and pilot projects related to financial service design, digital finance, and financial capability. The Program's projects, which range in scale from pilots to multi-country randomized evaluations, are implemented across developing and advanced economies and focus on innovations that are informed by behavioral insights, are cost-effective, and present a promising business case for scale-up. FIP identifies new research projects and promising partnerships through open calls for proposals and periodic matchmaking and training events, and disseminates recent results through conferences, webinars, and publications.*

Key Findings

IPA has worked with researchers to create evidence from more than 130 financial inclusion studies. Explore a few of our key findings below and find all of our financial inclusion findings at www.poverty-action.org/fip

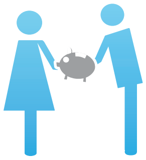


Members of Rotating Savings and Credit Associations in Kenya **increased their spending on preventative health products by 66 percent** when they were given individual savings boxes labeled for health expenses and by 128 percent when they contributed to a separate, health-oriented group savings fund.



Smallholder farmers in Ghana **invested 13 percent more in farm inputs, cultivated 17 percent more land**, and increased the share of their land planted with maize, a rainfall-sensitive crop, by 29 percent when they were offered access to rainfall index insurance.

ATM cards can reduce the transaction costs associated with bank accounts. However, among low-income married couples in Kenya, **the offer of ATM cards had no effect on accounts held by women,** potentially due to differences in intra-household bargaining power. Joint accounts and accounts held by men, together, showed an increase in the number of deposits by 51-57 percent and withdrawals by over 100 percent.



Married women with low bargaining power in the Philippines **nearly doubled their expenditure on female-oriented durable goods** (sewing machines, kitchen appliances, etc.), an increase of about $30, when they were offered an individually owned commitment savings account that restricted withdrawal of funds until a specified goal date or savings amount was reached.

Existing bank clients who set amount- or time-based savings goals in the Philippines, Peru, and Bolivia **increased their savings by 6 percent** when they received monthly savings reminders. In Peru, savings increased by 13 percent when clients were reminded of their specific savings goals and the interest income they would receive if they achieved them.

Households that gained access to microcredit in Mexico through joint liability loans **increased revenue and business-related expenditures by 27 percent and 36 percent,** respectively. However, there was no evidence of an increase in the number of new businesses.

Workers participating in a national workfare program in India **spent 19 percent less time collecting each payment,** and collected payments 10 days sooner when they received their wages through a biometric smartcard. Household incomes increased significantly from lower leakage of transferred funds.

Micro-entrepreneurs in the Dominican Republic **were 6 – 12 percentage points more likely to improve business practices** by keeping accounting records, and to maintain separate books for business and personal expenses when they were offered financial education training based on simple rules-of-thumb.

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Innovations for Poverty Action (IPA) is a research and policy non-profit that discovers and promotes effective solutions to global poverty problems. IPA designs, rigorously evaluates, and refines these solutions and their applications together with researchers and local decision-makers, ensuring that evidence is used to improve the lives of the world's poor. Our well-established partnerships in the countries where we work, and a strong understanding of local contexts, enable us to conduct high-quality research. This research has informed hundreds of successful programs that now impact millions of individuals worldwide.