

The Global State of Financial Inclusion & Consumer Protection



WORLD BANK GROUP

© 2023 International Bank for Reconstruction and Development / The World Bank

1818 H Street NW
Washington DC 20433
Telephone: 202-473-1000
Internet: www.worldbank.org

This work is a product of the staff of The World Bank with external contributions. The findings, interpretations, and conclusions expressed in this work do not necessarily reflect the views of The World Bank, its Board of Executive Directors, or the governments they represent.

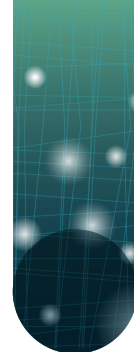
The World Bank does not guarantee the accuracy, completeness, or currency of the data included in this work and does not assume responsibility for any errors, omissions, or discrepancies in the information, or liability with respect to the use of or failure to use the information, methods, processes, or conclusions set forth. The boundaries, colors, denominations, and other information shown on any map in this work do not imply any judgment on the part of The World Bank concerning the legal status of any territory or the endorsement or acceptance of such boundaries.

Nothing herein shall constitute or be construed or considered to be a limitation upon or waiver of the privileges and immunities of The World Bank, all of which are specifically reserved.

RIGHTS AND PERMISSIONS

The material in this work is subject to copyright. Because The World Bank encourages dissemination of its knowledge, this work may be reproduced, in whole or in part, for noncommercial purposes as long as full attribution to this work is given.

Any queries on rights and licenses, including subsidiary rights, should be addressed to World Bank Publications, The World Bank Group, 1818 H Street NW, Washington, DC 20433, USA; fax: 202-522-2625; e-mail: pubrights@worldbank.org.



CONTENTS

Acronyms and Abbreviations	x
Acknowledgments	xi
EXECUTIVE SUMMARY	1
INTRODUCTION	5
FINANCIAL SECTOR LEGAL, REGULATORY, AND SUPERVISORY FRAMEWORKS	7
2.1 Financial Sector Landscape	7
2.2 Permissible Activities	11
2.3 Consultative Processes for Developing Financial Service Regulation	12
SELECTED CATALYSTS FOR FINANCIAL INCLUSION	13
3.1 Financial Inclusion and Digital Inclusion Strategies	14
3.2 Policies and Programs to Promote Financial Inclusion and Digital Financial Inclusion	18
3.3 Data Collection	20
3.4 Access to Basic Accounts	21
3.5 Simplified Customer Due Diligence	24
3.6 Remote Account Opening and e-KYC	25
3.7 Use of Agents and Other Third-Party Distribution Channels	27
3.8 E-Money	28
3.9 Fintech Innovations	31
3.10 Credit Reporting Systems	35
FINANCIAL CONSUMER PROTECTION	36
4.1 Introduction	38
4.2 Laws and Regulations	38
4.3 Institutional Arrangements	42
4.4 Industry Self-Regulation	44
4.5 Licensing	45
4.6 Supervisory and Enforcement Activities	46
4.7 Disclosure and Transparency	49
4.8 Fair Treatment and Business Conduct	53
4.9 Responsible Lending	57
4.10 Complaints Handling, Dispute Resolution, and Recourse	60
4.11 Data Protection	66

FINANCIAL EDUCATION AND CAPABILITY	69
KEY TAKEAWAYS AND POLICY IMPLICATIONS	77
REFERENCES	79
APPENDICES	82
Appendix A: List of Responding Jurisdictions	82
Appendix B: Overlapping Jurisdictions Under the Time Series Analysis	85
Appendix C: Institutional Arrangement Models for Financial Consumer Protection	86
Appendix D: Data by Region and Income Group	86
LIST OF BOXES	
Box 3.1: Digital Strategies and Financial Inclusion	16
Box 3.2: Leveraging Geospatial Data for Financial Inclusion	20
Box 3.3: Basic Account Features	24
Box 3.4: Consumer Risks in Fintech	31
Box 3.5: World Bank Global Payment Systems Survey	31
Box 3.6: Digital Credit: A Double-Edged Sword	33
Box 4.1: Good Practices and Resources to Help Authorities Build an Effective FCP Approach	38
Box 4.2: Moving to More Comprehensive FCP Regulatory Frameworks	41
Box 4.3: Establishing and Strengthening Market Conduct Supervision Units	44
Box 4.4: General Data Protection Regulation	66
Box 5.1: Comparing Financial Literacy, Financial Education, and Financial Capability	70
Box 5.2: Integrating Financial Capability into Government Cash Transfer Programs	73
Box 5.3: Building More Effective Financial Education Approaches: Lessons for policymakers	76
LIST OF TABLES	
Table 1.1: Composition of 2022 FICP Survey Respondents	6
Table 2.1: FSP Institutional Categories and Definitions	8
Table 2.2: Financial Sector Landscape, 2022	8
Table 2.3: Number of Providers across Institutional Categories	11
Table 2.4: Permissible Activities Across Institution Types	12
Table 3.1: Types of Financial Inclusion Strategies and Instruments	14
Table 3.2: Elements of NFISs, for All Responding Jurisdictions and in Selected Jurisdictions	18
Table 3.3: Additional Policy Approaches to Advance Financial Inclusion	19
Table 3.4: Data Collection Measures, 2022	21
Table 3.5: Basic Account Features, 2022	23
Table 3.6: Use of Agents by Institutional Category, 2022	27
Table 3.7: Rules Regulating the Relationship between FSPs, Agents, and Consumers, 2022	28
Table 3.8: E-Money Regulatory Landscape	29
Table 3.9: Type of E-Money Issuers	29
Table 3.10: Legal and Regulatory Requirements on Separation of Customer E-Money Funds, 2022	30
Table 3.11: Types of Accounts Used for Safeguarding E-Money Funds, 2022	30
Table 3.12: Innovation Related Activities Undertaken by Authorities	35
Table 3.13: Access to and Usage of Credit Bureaus and Credit Registries	37
Table 4.1: Approaches to FCP Legal Frameworks	39
Table 4.2: FCP Regulation Types	40
Table 4.3: Institutional Arrangement Models for FCP	42
Table 4.4: FCP Unit Relationship with the Prudential Function	43
Table 4.5: Code of Conduct on Social Performance and FCP	44
Table 4.6: Supervisory and Regulatory Activities Undertaken by Authorities	46
Table 4.7: Prevalence of FCP Enforcement Activities	48
Table 4.8: Complaints Data Collection and Storage by FSPs, 2022	49

Table 4.9: Disclosure Requirements at the Shopping or Pre-Contractual Stage	51
Table 4.10: Requirements for FSPs to Provide Information to Consumers in a Document with a Standardized Format	52
Table 4.11: Requirements for FSPs to Provide Customers with Account Statements	52
Table 4.12: Disclosure Requirements for Periodic Statements	53
Table 4.13: Approaches for Regulating Product Design and Distribution	55
Table 4.14: Market Assessment Requirements for Product Design and Distribution	55
Table 4.15: Management of Conflict of Interest	55
Table 4.16: Restrictions or Prohibitions on Limiting Customer Mobility	56
Table 4.17: Assessing Product Suitability	58
Table 4.18: Requirements to Collect/Validate Customer Information to Determine Repayment Capacity,	58
Table 4.19: Types of Unsupervised CCPs across Regions, 2022	60
Table 4.20: Requirements for IDR	62
Table 4.21: Types of Data Protection Regimes	66
Table 4.22: Requirements for Data Protection	67
Table 5.1: Financial Education Activities Undertaken by Authorities	71
Table D.1: Types of Unregulated CCPs in a Jurisdiction	86
Table D.2: Practices Pertaining to Industry Consultations across Jurisdictions, 2022	87
Table D.3: Practices Pertaining to Consultation with Consumers across Jurisdictions, 2022	87
Table D.4: Strategies to Promote Financial Inclusion	88
Table D.5: Fintech Products for Financial Inclusion, 2022	88
Table D.6: Requirement to Offer Basic Accounts	89
Table D.7: Eligibility Criteria for Basic Accounts	89
Table D.8: Simplifications or Exemptions to CDD Requirements	89

LIST OF FIGURES

Figure 2.1: Financial Sector Landscape, 2017 vs. 2022	9
Figure 2.2: Extent of Supervision and Regulation of CCPs	10
Figure 2.3: Issuance of E-Money by Non-Bank Financial Institutions	10
Figure 3.1: Digital Strategies to Promote Financial Inclusion	15
Figure 3.2: Public and Private Sector Involvement in the Development of Various Strategies	16
Figure 3.3: Lead Entity in the Development of Various Financial Strategies, 2022	17
Figure 3.4: Selected Provisions Contained in Financial Strategies	17
Figure 3.5: Requirement to Offer Basic Accounts	22
Figure 3.6: Document Requirements for Account Opening	25
Figure 3.7: Remote Account Opening, 2022	26
Figure 3.8: Pathways of Remote CDD, 2022	26
Figure 3.9: Fintech Product Innovations for Financial Inclusion, 2022	32
Figure 3.10: Most Common Regulatory Protocols around Fintech Products, 2022	32
Figure 3.11: Adoption of Data-Sharing Models, 2022	34
Figure 3.12: Access to Credit Bureaus and Credit Registries, 2017 vs. 2022	37
Figure 4.1: FCP Legal Frameworks, 2017 vs. 2022	40
Figure 4.2: FCP Regulation Types, 2017 vs. 2022	41
Figure 4.3: Institutional Arrangement Models for FCP, 2017 vs. 2022	43
Figure 4.4: FCP Criteria as Licensing Requirement	45
Figure 4.5: Supervisory and Regulatory Activities Undertaken by Authorities, 2013 vs. 2017 vs. 2022	47
Figure 4.6: Comparison of FCP Enforcement Activities, 2013 vs. 2017 vs. 2022	48
Figure 4.7: Disclosure Requirements by Stage of Customer Relationships	50
Figure 4.8: Restrictions or Prohibitions on Unfair Business Practices, 2017 vs. 2022	54
Figure 4.9: Restrictions or Prohibitions on Limiting Customer Mobility, 2017 vs. 2022	56
Figure 4.10: Laws or Regulations on Competency of Staff or Agents	57
Figure 4.11: Access to Credit Registries and Bureaus for Financial Institutions Required to Assess a Borrower's Ability to Repay a Loan	58
Figure 4.12: Interest Rate Caps or Limitations on Loan Pricing, 2022	59

Figure 4.13: Provisions in Law or Regulations Establishing Minimum Standards for Debt Collection Practices, 2017 vs. 2022	59
Figure 4.14: Presence of Laws or Regulations for IDR, 2022	61
Figure 4.15: Requirements for IDR, 2017 vs. 2022	62
Figure 4.16: Prevalence of ADR Mechanisms	63
Figure 4.17: ADR Fee Structure	64
Figure 4.18: Funding Sources for ADR Entities	64
Figure 4.19: Institutional Models of ADR Entities	64
Figure 4.20: Issues Commonly Addressed by ADR Entity	65
Figure 4.21: Financial Products Commonly Addressed by ADR Entity	65
Figure 4.22: Distribution Channels Commonly Addressed by ADR Entity	65
Figure 4.23: Functions of ADR Entities with Respect to Complaints Data, 2017 vs. 2022	65
Figure 4.24: Conditions for Sharing and Disclosing Customer Data to Other Parties, 2022	68
Figure 4.25: Consent Requirements for Sharing Personal Data, 2022	68
Figure 5.1: Types of Institutional Arrangements for Financial Education, 2017 vs. 2022	71
Figure 5.2: Coordination Structure to Promote and Coordinate Financial Education, 2017 vs. 2022	71
Figure 5.3: Requirement for FSPs to Provide Financial Education	72
Figure 5.4: Issuance of Written Guidelines on Integrating Financial Education	72
Figure 5.5: Elements of M&E Systems for Financial Education	73
Figure 5.6: Incorporation of Financial Education in Government Programs	73
Figure 5.7: Types of Financial Education Programs Regularly Implemented	74
Figure 5.8: Financial Education Programs Specifically Focused on Digital Literacy and Awareness	75
Figure 5.9: Differentiation of Financial Education Programs by Segment	75

ACRONYMS AND ABBREVIATIONS

ADR	Alternative Dispute Resolution
CCP	Consumer Credit Provider
CDD	Customer Due Diligence
DFS	Digital Financial Services
e-KYC	Electronic Know Your Customer
EMI	E-Money Issuer
FCP	Financial Consumer Protection
FICP	Financial Inclusion and Consumer Protection
FSP	Financial Service Provider
IDR	Internal Dispute Resolution
M&E	Monitoring And Evaluation
MNO	Mobile Network Operator
NBEMI	Non-Bank E-Money Issuer
NFIS	National Financial Inclusion Strategy
ODTI	Other Deposit-Taking Institution

ACKNOWLEDGMENTS

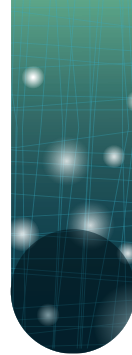
This report is a product of the Financial Inclusion, Infrastructure & Access team in the World Bank Group's Finance, Competitiveness and Innovation Global Practice. The Global State of Financial Inclusion and Consumer Protection Report 2022 was undertaken by a team led by Buddy Buruku and comprising Saba Bint Abbas, Arpita Sarkar, and Fiorella Risso Brandon.

The team is grateful for the substantive inputs in the questionnaire and report development stage from the following World Bank staff and consultants: Jennifer Chien, Gian Boeddu, Minita Varghese, Veronica Trujillo, Fredesvinda Montes, Nicola Sladden, Sergio Mesquita, Aute Kasdorp, Anna Zita Metz, Harish Natarajan, Doug Pearce, Stefan Staschen, Juan Carlos Izaguirre, Matei Dohotaru, and Sharmista Arpaya. We also thank the following external experts for their inputs: Ahmed Dermish (UNCDF), Rafe Mazer (Innovations for Poverty Action), Anna Wallace (Bill and Melinda Gates Foundation), and Mayada El-Zoghbi (Center for Financial Inclusion).

Finally, the team is also very thankful to Oya Pinar Ardic Alper,

Douglas Randall, and Marco Nicoli (Senior Financial Sector Specialists, World Bank), Eric Duflos and Juan Carlos Izaguirre (Senior Financial Sector Specialists, CGAP), and Anna Wallace (Head of Consumer Protection and RegTech, Bill and Melinda Gates Foundation) for serving as peer reviewers. Charles Hagner provided editorial assistance, and Gail Welsh provided design and layout assistance. The team benefited from the overall guidance of Mahesh Uttamchandani, Niraj Verma, and Jean Pesme.

Finally, the team would like to thank the officials in the 118 responding jurisdictions for their generous contributions of time and expertise in responding to the survey.



EXECUTIVE SUMMARY

The Global State of Financial Inclusion and Consumer Protection (FICP) Report, 2022 – which is an update to the 2013 and 2017 iterations of the Global FICP Survey report – details the key findings and provides a source of global data to benchmark efforts by financial sector authorities to improve the enabling environment for financial inclusion and consumer protection.

Globally, the overall landscape of financial institution types is a robust ecosystem of non-bank financial institutions, with Consumer Credit Providers (CCPs) being the most prevalent category. CCPs remain unregulated in many jurisdictions, which poses consumer protection risks. The highest unregulated number is in South Asia. Non-bank e-money issuers (NBEMIs) are most active in emerging markets and developing economies (EMDEs), unsurprising given the rise of mobile money as a means of financial inclusion among underserved groups in EMDEs. Jurisdictions have also become more proactive in implementing measures to safeguard customer funds held by NBEMIs. In 2017¹, 59 responding jurisdictions prohibited their NBEMIs from using customer e-money funds for purposes other than redeeming e-money and executing fund transfers. By 2022, this number had risen to 73 jurisdictions.

Policymakers are deploying a variety of strategies and other policy instruments to achieve financial inclusion goals. National Financial Inclusion Strategies (NFIS) are the most common of these, with 63 jurisdictions having or developing one. Between the 2017 and 2022 cycles, jurisdictions that had or were developing an NFIS increased from 28 to 34, while the number without such a strategy reduced from 68 to 59. Beyond NFIS, policymakers are also strategizing around digital financial services (DFS) and fintech. National-level strategies focused on digital development, DFS and fintech to advance financial inclusion are all on the rise. There are now

nearly as many jurisdictions with or developing a DFS or fintech strategy as those that either have or are developing a NFIS.

Fintech innovations are on the rise across the globe and can serve as catalysts for financial inclusion. Fintech has the potential to lower costs while increasing speed and accessibility, allowing for more tailored financial services at scale. Digital credit is the most widely used – and still growing – fintech innovation globally. The second, third, and fourth most common fintech innovations, respectively, are crypto-assets (issuance, exchange, and custody), crowdfunding, and peer-to-peer lending. These developments do raise concern among regulators on new and enhanced risks to consumers from fintech. Crypto-assets, in particular, pose significant risks related to financial integrity, financial stability, fair competition, and monetary sovereignty. To address these risks, regulators must take a step-by-step and risk-based approach that is tailored to their country context and balances risk mitigation with financial sector development and innovation. For countries where e-money has not been codified in law, lawmakers should strengthen this important enabling legal framework among lower-income jurisdictions.

Regulators frequently face challenges in balancing policies on AML/CFT against imposing the least burden and costs on outreach to the financially excluded. As financial services have increasingly moved to digital forms, the customer due diligence (CDD) of individuals looking to open such accounts has also become more digital. The combination of this trend and lockdowns during the Covid-19 pandemic, have encouraged authorities to allow financial service providers (FSPs) to onboarding their customers either partially or fully remotely. An overwhelming majority of jurisdictions (91) report that they permit some form of remote account opening. Of those that do, a majority allow people to self-enroll using mobile

¹When reporting on time-series trends across 2017 and 2022 survey cycles, this report looks at responses of the 95 jurisdictions that responded to both cycles, unless otherwise specified

or web-based apps/devices. These trends should be leveraged along with the risk-based approach for identification and onboarding of clients, in line with Financial Action Task Force (FATF) requirements and to help minimize documentation hurdles for the poorest and most vulnerable populations.

In recent years, there has been a growing focus on financial consumer protection (FCP) regulation. Over 97 percent of responding jurisdictions have some form of legal framework for FCP. Many jurisdictions employ several, often overlapping, approaches to FCP. Though this is a welcome trend, simply having an FCP framework is not sufficient. It is important for jurisdictions to implement FCP regulatory frameworks that comprehensively cover all types of financial products and services while maintaining the flexibility required for an evolving financial sector. And while industry self-regulation can sometimes temporarily fill regulatory gaps, it is not a substitute for a comprehensive FCP regulation.

Institutional arrangements for FCP supervision vary considerably. An integrated sectoral financial sector agency model of supervision is present in seventy jurisdictions, where the mandate to oversee FCP falls under multiple authorities with broader supervisory responsibilities over specific sectors. The next most popular model is the integrated single agency model, followed by the general consumer protection agency, and then by the dedicated market conduct authority model. High- and middle-income countries are more likely to have prudential and market conduct supervision functions separated but at an equal hierarchical level. Low-income economies, however, are more likely to have market conduct supervision embedded within supervision functions or have them separate but at differing hierarchical levels. While no single institutional model has been shown to be most appropriate across the board, it is imperative that prudential supervision and market conduct supervision functions (the latter focused on FCP) be kept separate.

Effective supervision, enforcement and monitoring are essential to ensure that FCP frameworks have their intended positive impact. The topmost supervisory activity undertaken by authorities is the drafting and provision of inputs into relevant legislation. The next most prevalent activity is the collection and analysis of consumer complaints data. Despite the growth of this activity, market conduct supervisors are still too reluctant to take more punitive enforcement actions against FSPs beyond issuing warnings and reprimands. Authorities in middle income countries tend to be unwilling to impose harsher penalties, limiting their effectiveness.

Financial sector authorities around the world are experiencing a profound shift to data-driven supervision, enabled by robust technology and data solutions. Eighty-four jurisdictions have strategies to enable data-driven supervision. Web scraping on provider websites/social media/news articles and the use of natural language processing to analyze complaints data are two of the innovations most used for market conduct supervision. That said, most regulators use these methods only for supervising commercial banks rather than the broad spectrum of financial institution types. Supervisors also appear to be lagging in the adoption of supotech solutions for the supervision of non-banks, and in particular fintech/DFS providers.

An accessible and efficient recourse mechanism for customers is essential to an effective FCP framework. Ninety-two percent of the responding jurisdictions have laws or regulations establishing internal dispute resolution (IDR) standards. While most jurisdictions with these requirements are in higher income regions, 5 out of 9 jurisdictions that don't have such requirements are upper middle-income economies, suggesting a need to build out IDR mechanisms beyond low-income economies. Collection of complaints data in a standardized format that allows for analysis across providers allows supervisory authorities to analyze consumer satisfaction with specific FSPs, identify emerging consumer issues early, and track inquiries and complaints trends over time. Despite this, only 49 jurisdictions (42 percent) require this. Finally, in addition to standardized classification and format, supervisory authorities should consider the level of granularity of data needed as well as the amount and frequency collected. Data should not be collected for its own sake but with an eye towards how it can be analyzed and used to improve supervision.

Alternative dispute resolution (ADR) mechanisms can be a useful resource where financial consumers are unable to resolve their complaints with an FSP. The number of jurisdictions with an out-of-court ADR mechanism has increased globally, across all income groups. Except for South Asia, there has been an increase in both the absolute number and percentage of jurisdictions by region with an ADR mechanism between 2017 and 2022. There are a few areas of concern. Only about 41 percent of respondents said they follow international good practice of issuing decisions binding on the FSP, while 40 percent offer mediation services. The remaining 28 percent issue non-binding decisions or recommendations. Additionally, about half the respondents report that ADR mechanisms are located within the financial regulator itself. This underscores the need to separate FCP regulatory and supervisory functions from dispute resolution to avoid diversion of valuable supervisory resources towards complaints handling.

Data privacy and security are more important than ever before. Customer consent is imperative in situations such as open banking, the use of alternative data for creditworthiness evaluation, or when data is used for purposes other than those for which it was originally collected. Ninety eight percent of responding jurisdictions require that customers provide informed consent, having understood the nature and purpose of the data sharing/disclosure. However, even if consent is the appropriate lawful basis for processing personal data, it is just the first step. Data controllers should minimize the amount of data they collect, limit third party sharing, limit the purposes for which this data is used, and ensure that data is stored for only for as long as it is needed. Policymakers should also consider frameworks to enhance data protection particularly for low-income and vulnerable populations.

With the rapid rise of complex digital financial products and new manifestations of consumer risks, a more nuanced and expanded approach to financial literacy is very much needed. Currently, 78 jurisdictions (70 percent) have a financial education or financial capability strategy either in place or in development. The number of jurisdictions with a financial capability strategy, in place or in development, grew from 58 in 2017 to 66 in 2020. While heading in the right direction, there is a need to go beyond the traditional focus of financial education to include a wider range of content on digital financial literacy. For example, education focused on data protection and the use of DFS are still only being implemented in 42 percent and 56 percent of jurisdictions, respectively. Conversely, only 10 percent and 24 percent of jurisdictions include training on digital troubleshooting or digital money management, respectively. Policymakers should focus on inherent risks to consumers and improve the impact of their programs by seeking partners for implementation and developing effective monitoring and measurement.

The current financial inclusion and consumer protection landscape is dynamic and promising, with regulators and policymakers taking concrete actions to address challenges and access to accounts growing rapidly. Gaps persist, with some being concentrated by geographic and/or income grouping. A running theme of this report is the difference in oversight of commercial banks versus non-bank financial institutions. To close those gaps, regulators and supervisors need a risk-based approach, focused on the type of activity, rather than the type of institution. This report can help them avoid specific emerging issues or course correct. In any case, the ultimate outcome should be citizens that use financial services as a trusted tool to increase resilience and prosperity.

INTRODUCTION

The 2022 Global State of Financial Inclusion and Consumer Protection (FICP) Report is an update to the 2013 and 2017 FICP reports. These surveys aim to provide a timely source of global data to benchmark efforts by financial sector authorities to improve the enabling environment for financial inclusion and consumer protection. To date, this is the only longitudinal and global survey of this nature. As such, this report serves as a valuable resource to shape the World Bank's country engagements, a reference document for regulators and supervisors and, finally, a tool for both public and private sector actors with an interest in knowing the developments in this sector. The Survey questionnaire covers key topics related to financial inclusion and financial consumer protection (FCP) and aligns with international guidance to financial sector authorities in these areas. Because the report aims to capture both a snapshot as well as trends over time, the survey questionnaire has been modified over the three cycles to reflect the changing policy and regulatory landscape of financial inclusion and consumer protection.

The main themes covered under the survey include the financial sector landscape, financial inclusion policies and strategies, regula-

tory enablers of financial inclusion, FCP, and financial capability. The 2022 survey also includes new content on fintech, innovation, and consumer credit, among others. These new topics have been added due to their increased significance in the two areas of financial inclusion and consumer protection. In addition to being catalysts, they also merit mention because of the risks and missed opportunities they represent.

The survey includes responses from financial sector regulators in 118 jurisdictions,² representing 130 economies.³ (See Appendix A for a complete list of survey respondents.) Of the 118 responding jurisdictions in the sample, a majority (41) belong to Europe and Central Asia, followed by Latin America and the Caribbean (26), Sub-Saharan Africa (19), the Middle East and North Africa (13), East Asia and Pacific (12), South Asia (5), and North America (2). By income level, slightly over a third of responding jurisdictions are high income, and another third are upper-middle income. Twenty-seven percent of jurisdictions are lower-middle income, and only five jurisdictions, representing four percent of the total sample of respondents, are low income.⁴

² A jurisdiction refers to the remit of the responding authority. For example, the Eastern Caribbean Central Bank is considered a single jurisdiction although it covers eight economies. The other multi-economy jurisdiction included in the survey is the Central African Economic and Monetary Community. Members of the European Union, including those in the Euro system, responded separately to the survey.

³ Two jurisdictions span several economies: The Central African Economic and Monetary Community covers Cameroon, Central African Republic, Chad, Equatorial Guinea, Gabon, and the Republic of Congo, and the Eastern Caribbean Central Bank covers Anguilla, Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines. For more information on how the World Bank Group defines and classifies economies, see "How Does the World Bank Classify Countries?," <https://datahelpdesk.worldbank.org/knowledgebase/articles/378834-how-does-the-world-bank-classify-countries>.

⁴ The official World Bank Group composition of jurisdictions by region and income can be found at "World Bank Country and Lending Groups," <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519>.

Table 1.1: Composition of 2022 FICP Survey Respondents

		NUMBER OF RESPONDING JURISDICTIONS	PERCENTAGE OF ALL JURISDICTIONS
Regional Breakdown	East Asia & Pacific	12	10%
	Europe & Central Asia	41	35%
	Latin America & Caribbean	26	22%
	Middle East & North Africa	13	11%
	North America	2	2%
	South Asia	5	4%
	Sub-Saharan Africa	19	16%
Income- Level Breakdown	High income	42	36%
	Upper-middle income	38	33%
	Lower-middle income	31	27%
	Low income	5	4%

The 2022 survey data was collected in the first half of 2022 via an online platform. Data are self-reported and have not been independently verified in full by the World Bank Group. Efforts were, however, made to engage with responding jurisdictions to clarify responses and ensure the completeness and consistency of submissions. As was the case for the 2017 data, the data collected in the 2022 cycle will be publicly available from June 2023 on a World Bank Group website dedicated to this survey. That website link is <https://www.worldbank.org/en/topic/financialinclusion/brief/ficp-survey>

FINANCIAL SECTOR LEGAL, REGULATORY, AND SUPERVISORY FRAMEWORKS

KEY HIGHLIGHTS

Financial sector landscape: Currently, most jurisdictions have a diverse ecosystem of non-bank financial institutions, with consumer credit providers being the most prevalent category. Despite their ubiquity, in many jurisdictions, consumer credit providers remain unregulated, which poses consumer protection risks. Financial cooperatives and non-bank e-money issuers are the third and fourth most common institutional categories. Financial cooperatives exist in 100 percent of low-income jurisdictions, and non-bank e-money issuers are most prevalent in emerging markets and developing economies. As it relates to the diversity of financial institutions overall, the Middle East and North Africa and Sub-Saharan Africa Regions have the least and most institutional diversity, respectively.

Permissible activities: Various payment services, the issuance of e-money, and the ability to contract or act as agents are the most commonly permitted activities across all institutional categories. Conversely, the issuance of pensions and insurance is the most restricted across the board.

Consultations around financial sector regulation: Consultation with industry on regulatory and supervisory frameworks is nearly uniform across all jurisdictions (91 percent), though significantly fewer jurisdictions consult with the public or consumers directly. The frequency and the channels for the consultations in the rule-making process vary significantly, but overall, more advanced jurisdictions have prioritized a consultative approach more than less advanced jurisdictions.

2.1 FINANCIAL SECTOR LANDSCAPE

Having a diverse and competitive financial system with various types of financial institutions can help to advance financial inclusion. Financial inclusion can help reduce poverty and inequality by aiding people to invest in the future, smooth their consumption, and manage financial risks (Demirgüç-Kunt, Klapper, and Singer 2017). In light of this, the World Bank Group considers financial inclusion a key enabler to boost shared prosperity.⁵

For purposes of the survey, responding regulators were asked to segment financial service providers (FSPs) regulated within their jurisdictions into six institutional categories: (i) commercial banks, (ii) other banks, (iii) financial cooperatives, (iv) other deposit-taking institutions (ODTIs), (v) consumer credit providers (CCPs), and (vi) non-bank e-money issuers (NBEMIs). These categories are defined in table 2.1. For the purposes of this survey, respondents were requested to provide data only for institutions that provide standard retail banking products such as loans, deposits, and payment services, thus excluding insurance companies, mutual funds, investment banks, and private equity funds.

⁵World Bank, "Financial Inclusion Overview," <https://www.worldbank.org/en/topic/financialinclusion/overview>.

Table 2.1: FSP Institutional Categories and Definitions

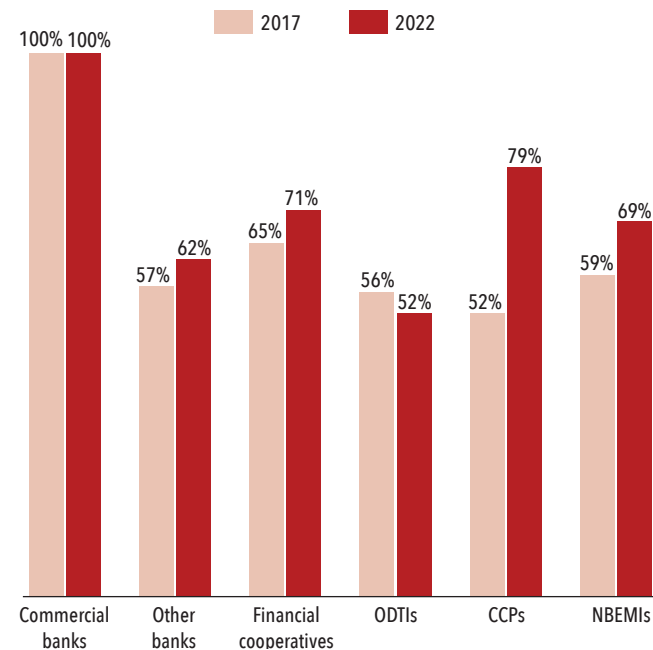
FSP INSTITUTIONAL CATEGORY	DEFINITION
Commercial Bank	A bank is an institution licensed for taking deposits from the general public and subject to supervision in the meaning of the Basel Core Principles for Effective Banking Supervision. A commercial bank is a bank that is (a) not subject by law or regulation to (i) a specified maximum size of loan or savings product or (ii) any limitation on the type of client that may be served and (b) not tasked by law or regulation with serving any particular industry.
Other Bank	A bank other than a commercial bank. In a given country, this term may include rural banks, agricultural banks, digital banks, and postal banks, among other types of non-commercial banks. It does not include cooperative banks or mutual banks, which are categorized as financial cooperatives for the purposes of this survey.
Financial Cooperative	A member-owned and member-controlled FSP governed by the “one member, one vote” rule. Financial cooperatives often take deposits or similar repayable funds from, and make loans only to, members, although some also serve non-members. The term includes credit unions, caisses, cajas, cooperative banks, and savings and credit cooperatives.
ODTI	An institution authorized to collect deposits or savings that does not fit the definition of a bank or financial cooperative. ODTIs include deposit-taking microfinance institutions, savings and loan associations, and other non-bank deposit-taking institutions.
CCP	An entity that does not take deposits and provides retail credit to consumers (secured or unsecured, including via digital means). CCPs include, for example, payday lenders, finance companies, microcredit companies, app-based lenders, money lenders, and digital credit provided via e-wallets, among other CCPs.
NBEMI	An issuer of e-money that is not a bank. The relevant questions in the survey request respondents to indicate whether the non-bank entity is authorized to act as an issuer of e-money. (Note that this does not include e-money distributors.)

Table 2.2: Financial Sector Landscape, 2022

Percentage of responding jurisdictions with legal/regulatory framework for institutional category, by income and regional group

INSTITUTIONAL CATEGORY	ALL	HIGH INCOME	UPPER-MIDDLE INCOME	LOWER-MIDDLE INCOME	LOW INCOME	EAP	ECA	LAC	MENA	NA	SAR	SSA
Commercial bank	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Other bank	62%	55%	66%	65%	80%	75%	44%	58%	62%	100%	80%	89%
Financial cooperative	71%	69%	76%	65%	100%	67%	73%	88%	8%	100%	60%	89%
ODTI	52%	29%	53%	71%	100%	58%	22%	81%	23%	100%	80%	79%
CCP	79%	86%	74%	77%	80%	83%	88%	58%	92%	50%	80%	79%
NBEMI or distributor	69%	76%	63%	71%	80%	75%	73%	62%	54%	50%	100%	74%
No. of responding jurisdictions	118	42	38	31	5	12	41	26	13	2	5	19

Note: Percentages represent the percentage of jurisdictions under each category that indicated they had a certain type of institution. Regions: EAP = East Asia and Pacific, ECA = Europe and Central Asia, LAC = Latin America and Caribbean, MENA = Middle East and North Africa, NA = North America, SAR = South Asia, SSA = Sub-Saharan Africa.

Figure 2.1: Financial Sector Landscape, 2017 vs. 2022

Note: Figure is based on 124 jurisdictions in 2017 and 118 jurisdictions in 2022.

In addition to traditional banking institutions, many jurisdictions report having a diverse ecosystem of non-bank financial institutions. Broadly speaking, non-bank institutions can be a useful supplement to banks in providing financial services to individuals and firms. Non-banks may be focused on tailoring their services to particular groups or specializing in a particular sector, including reaching unserved or underserved and vulnerable populations, such as

women, youth, and rural dwellers, among others.

Among the non-bank institutions, the most common category is that of CCPs. These credit providers are present in 79 percent of participating jurisdictions. This category was referred to as micro-credit institutions in the 2017 survey but has been updated to reflect a broader composition of CCPs,⁶ including payday lenders, finance companies, microcredit companies, app-based lenders, money lenders, and digital credit provided via e-wallets, among other CCPs. Currently, the highest prevalence of CCPs is in the Middle East and North Africa (92 percent of responding jurisdictions from the region).

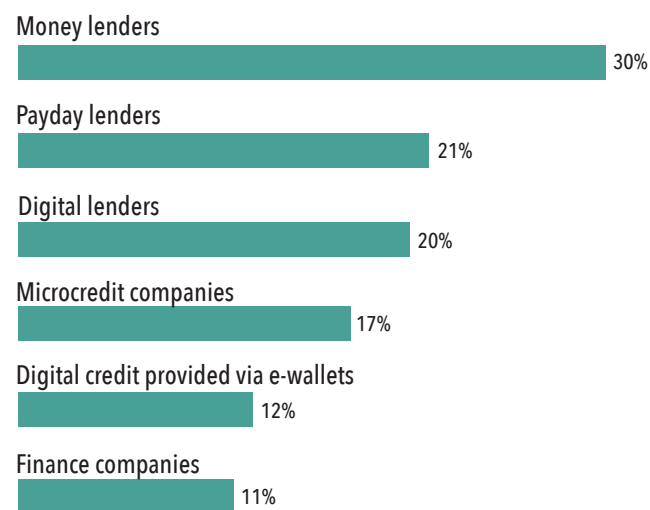
The number of these types of institutions and, in particular, digital credit providers has risen sharply in recent years, posing both an opportunity and a threat for consumers and requiring authorities to become more vigilant as to their operations and impact. In light of the consumer protection and financial stability implications of this expansion in credit activities, the 2022 survey, for the first time, delves into responsible lending in section 4.9.

Particularly considering this growth of CCPs, it is notable that many jurisdictions do not supervise or regulate them (figure 2.2). In 35 jurisdictions (30%), there is no oversight of money lenders, 24 (21%) lack oversight for payday lenders, 23 (20%) lack oversight for digital lenders, 14 (12%) lack oversight for digital credit via e-wallets, and 13 (11%) have no oversight for finance companies. South Asia is least likely to regulate and supervise CCPs, followed by Latin America and the Caribbean, then Sub-Saharan Africa.

⁶Whereas micro-credit institutions (MCIs) in 2017 were defined as “financial institutions that do not take deposits and provide microcredit targeting low-income customers,” CCPs are defined as “entities that do not take deposits and provide retail credit to consumers (secured or unsecured) including via digital means.” CCPs are thus broader in their definition and will include, but not be limited to, MCIs.

Figure 2.2: Extent of Supervision and Regulation of CCPs

Percentage of reporting jurisdictions not supervising or regulating CCPs



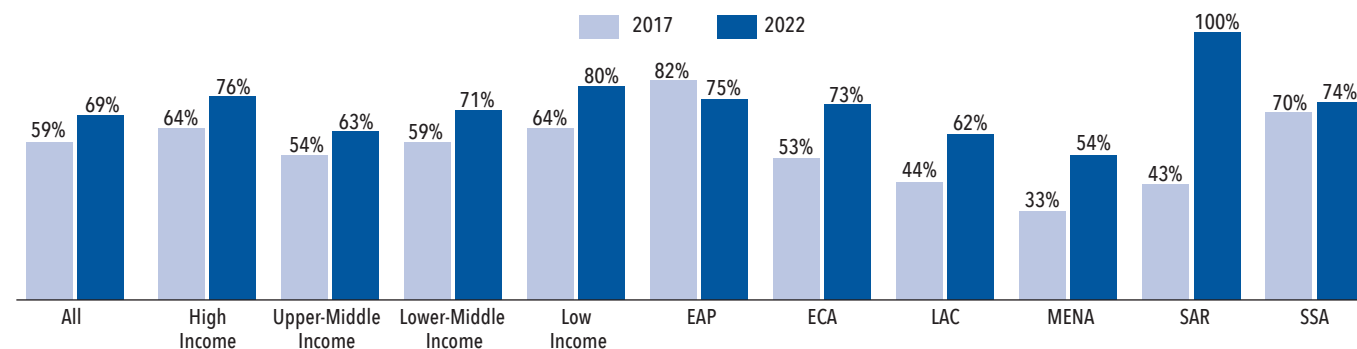
Note: Figure is based on 117 respondents in 2022.

Financial cooperatives exist and are regulated in 71 percent of all jurisdictions and 100 percent of low income jurisdictions.

The fourth most common institutional category in 2022 is that of NBEMIs, which are a key driver of digital financial services (DFS) in many jurisdictions. These institutions play an important role in providing an array of financial services—particularly payments, transfers, and savings—to those who are excluded from the formal financial system. In 2022, 69 percent of respondents report NBEMIs as one of the institutional categories regulated in their jurisdictions. By comparison, in 2017, only 59 percent of reporting jurisdictions had NBEMIs (figure 2.3). It is likely that this trend will continue in the coming years, and, as such, jurisdictions without this category may need to prepare for this trajectory.

Figure 2.3: Issuance of E-Money by Non-Bank Financial Institutions

Percentage of responding jurisdictions that have a legal/regulatory framework for NBEMIs, by income and regional group



Note: Percentages in 2017 are based on 124 jurisdictions (all), 39 high income, 37 upper-middle income, 34 lower-middle income, 11 low income, 17 Europe and Central Asia (ECA), 11 East Asia and Pacific (EAP), 18 Latin America and Caribbean (LAC), 9 Middle East and North Africa (MENA), 7 South Asia (SAR), and 23 Sub-Saharan Africa (SSA). Percentages in 2022 are based on 118 jurisdictions (all), 42 high income, 38 upper-middle income, 41 lower-middle income, 5 low income, 41 ECA, 12 EAP, 26 LAC, 13 MENA, 5 SAR, and 19 SSA.

NBEMIs play a much greater role in emerging markets and developing economies. Specifically, South Asia and East Asia and the Pacific are the regions with the highest proportion of their responding jurisdictions indicating they have and are regulating NBEMIs (100 and 75 percent of responding jurisdictions, respectively.) In 2017, three of seven responding jurisdictions in South Asia reported having NBEMIs within their jurisdictions, while five of five did so in 2022. Indeed, all the countries that added this category

between 2017 and 2022 (Bangladesh, Pakistan, and the Maldives) were in this region.⁷

Furthermore, with the exception of the East Asia and Pacific region, the percentage of jurisdictions in each region with a regulatory framework for NBEMIs increased in 2022. Also, with the exception of Sub-Saharan Africa, the absolute number of jurisdictions by region and income group also increased.⁸

⁷ Afghanistan, which had reported having NBEMIs in 2017, did not respond to the 2022 version of the survey.

⁸ The percentage increase during the period represents a reduction in absolute number of jurisdictions because of a lower response rate for that region.

Table 2.3: Number of Providers across Institutional Categories

	COMMERCIAL BANKS		OTHER BANKS		FINANCIAL COOPERATIVES		ODTIS		CCPS		NBEMIS	
	2017	2022	2017	2022	2017	2022	2017	2022	2017	2022	2017	2022
Median number of providers	23	22	2	3	85	51	11	16	42	53	4	5
Median no. providers, as a percentage of commercial bank providers	100%	100%	7%	14%	370%	232%	48%	73%	183%	241%	17%	23%

Table 2.3 highlights the relative changes in the median number of financial institutions per type and as a function of the number of commercial banks. Between 2017 and 2022, the most notable change was with the financial cooperatives, which contracted as compared to banks. This contrasts with CCPs, which expanded relative to commercial banks. The median number of CCPs per jurisdiction rose from 42 to 53, and the median number of CCPs as a percentage of commercial banks increased from 183 to 241 percent. This increase should be taken with a pinch of salt, because the 2022 categorization of CCPs is broader than the categorization of microcredit institutions in 2022, but this significant increase in CCPs as a percentage of commercial banks (which have remained steady) speaks to the proliferation of providers in this category. The median number of providers and presence relative to commercial banks for NBEMIs, other banks, and ODTIs also increased since 2017, though at a more modest rate. This suggests that financial markets in general are diversifying by provider type.

As it relates to the diversity of financial institution types overall, the Middle East and North Africa is the region with the least institutional diversity; the average number of institution types per jurisdiction is 2.89. This contrasts with Sub-Saharan Africa, which has the highest institutional diversity, with an average number of institution types of 4.52. Of course, some jurisdictions, including the Republic of Korea, Mexico, Rwanda, and the United States, among others, possess all institution types. Jurisdictions with only two institutional categories—the least reported by any jurisdiction—include Belarus, Uzbekistan, and the West Bank and Gaza.

2.2 PERMISSIBLE ACTIVITIES

Regulatory authorities should ideally take a proportionate approach to the regulation and supervision of the varied types of financial institutions to strike a balance between safeguarding the financial system and letting financial services flourish. This means having a clear and measured position on which activities are permissible for each category of provider.

As detailed in table 2.4, over 90 percent of commercial banks in the 114 jurisdictions responding to this question are allowed to undertake a variety of activities, including (1) providing checking or current accounts, (2) transferring domestic and international remittances, (3) receiving international remittances, and (4) issuing payment cards (whether these be credit, debit, and other non-prepaid cards). In addition, between 80 and 90 percent of commercial banks in the 114 responding jurisdictions were free to undertake the following additional activities: (1) contracting retail agents as third-party delivery channels, (2) acting as an agent of an FSP, and (3) issuing e-money (including prepaid cards with an e-money function). The two activities that were permitted with less frequency were distributing insurance, with only 75 percent of responding jurisdictions allowing commercial banks to undertake this function, and distributing pension products, which 68 percent of responding jurisdictions allowed commercial banks to do.

By definition, the issuance of e-money is allowed for NBEMIs. Indeed, the fact that non-banks have been allowed to issue e-money has been a significant catalyst for the growth of DFS in many markets (Staschen and Meagher 2018). Ghana is a good example of a country in which the participation of non-banks in the issuance of e-money served as the key to the explosion of mobile money. Sixty percent of Ghanaian adults now have a mobile money account, while only 39 percent have a financial institution account (Demirgüç-Kunt et al. 2022). In Ghana, Kenya, and several other countries, the impact of DFS on the rise in financial inclusion cannot be overstated.

All 114 responding jurisdictions allow commercial banks to issue e-money. Thirty-nine jurisdictions allow other banks, 34 jurisdictions allow financial cooperatives, and only 21 jurisdictions allow ODTIs to issue e-money. Section 3.8 delves further into the regulatory approaches to e-money and the types of institutions that are active.

As it relates to agents, commercial banks and NBEMIs enjoy more leeway than other institution types. Eighty-nine percent of responding jurisdictions permit commercial banks or NBEMIs to contract retail agents as a third-party delivery channel. Similarly, commercial banks and NBEMIs are more likely to be allowed to act as an agent for an FSP; 98 and 63 jurisdictions, respectively, indicate this is permissible. For all other financial institutions, fewer jurisdictions allow the use of agents, and CCPs are the most restricted.

Table 2.4: Permissible Activities Across Institution Types

Number (percentage) of responding jurisdictions that permit FSPs to perform the following activities

	COMMERCIAL BANKS	OTHER BANKS	FINANCIAL COOPERATIVES	ODTIS	CCPS	NBEMIS
Provide checking or current accounts	114 (100%)	46 (71%)	43 (56%)	24 (41%)	N/A	N/A
Contract with retail agents as third-party delivery channels	100 (89%)	47 (73%)	50 (65%)	34 (58%)	49 (54%)	72 (89%)
Act as an agent of an FSP	98 (87%)	48 (73%)	50 (65%)	36 (60%)	53 (59%)	63 (78%)
Transfer domestic remittances	114 (100%)	54 (82%)	53 (68%)	31 (52%)	25 (28%)	70 (89%)
Transfer international remittances	113 (99%)	49 (75%)	41 (53%)	23 (39%)	18 (20%)	53 (67%)
Receive international remittances	107 (100%)	46 (77%)	39 (55%)	26 (49%)	16 (20%)	55 (72%)
Issue payment cards	114 (100%)	47 (73%)	45 (58%)	31 (53%)	21 (23%)	47 (59%)
Issue e-money	97 (85%)	39 (60%)	34 (45%)	21 (35%)	24 (27%)	66 (83%)
Distribute insurance	85 (75%)	36 (57%)	44 (57%)	22 (37%)	37 (41%)	30 (38%)
Distribute pension products	76 (68%)	28 (46%)	35 (46%)	12 (20%)	15 (17%)	23 (29%)
Distribute consumer credit products	N/A	N/A	N/A	N/A	N/A	31 (41%)
Distribute savings products	N/A	N/A	N/A	N/A	N/A	23 (31%)
No. of responding jurisdictions	114	66	78	60	90	81

Note: The survey asked respondents to note whether each institutional category was permitted to perform each activity, selecting from “Yes,” “Yes, but restricted,” and “No.” For the purposes of this analysis, “Yes, but restricted” is considered an affirmative response.

2.3 CONSULTATIVE PROCESSES FOR DEVELOPING FINANCIAL SERVICE REGULATION

Developing an effective and well-calibrated regulatory framework requires both public and private sector engagement to achieve a balanced, optimal result. Particularly in the dynamic and complex areas of DFS and fintech, authorities can significantly augment their ability to regulate these spaces successfully if they work in consultation with both industry and consumers. The World Bank Group’s 2017 edition of *Good Practices for Financial Consumer Protection* (hereafter referred to as the *2017 Good Practices*) states that the formulation of regulations should involve consultations with a range of relevant parties.

Recognizing this as best practice, 91 percent of respondents have a formal process to consult with the industry when developing regulatory frameworks that govern FSPs and their activities, while 75 percent consult directly with the public. Whereas an institutionalized and regular process would be ideal, 89 percent of these consultations occur on an ad hoc basis. Tanzania, the Eastern Caribbean Central Bank,⁹ and the Central African Economic and Monetary Community,¹⁰ however, are jurisdictions that do have a formal quar-

terly consultation with industry about regulations that are relevant to FSPs. These industry consultations are typically held with industry associations.

Fewer jurisdictions (57 percent of respondents) indicate that they have a formal process of consultation with consumers, and when this does take place, it is almost always on an ad hoc basis.¹¹ The United Arab Emirates is the only country in this sample set that has consultations as frequently as monthly. Consultations with consumers are orchestrated primarily through public engagements and, to a lesser extent, through industry associations.

The survey reveals that the frequency and the channels for consultations in the rule-making process vary significantly, but overall, what is clear is that more advanced economies have prioritized a consultative approach more than less advanced ones. For both consultations with consumers and industry, high-income regions are most likely to have these formalized, though even in these cases, fewer than half of jurisdictions report having such consultations in place.

⁹ Members of the Eastern Caribbean Central Bank are Anguilla, Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines.

¹⁰ Members of the Central African Economic and Monetary Community are Cameroon, the Central African Republic, Chad, Equatorial Guinea, Gabon, and the Republic of Congo.

¹¹ For a CGAP cross-country study on how regulators are bridging the regulator–consumer gap via customer advisory panels, see Brix Newbury and Duflos (2022).

SELECTED CATALYSTS FOR FINANCIAL INCLUSION

KEY HIGHLIGHTS

Financial Inclusion Strategies and Policies

Policy makers are deploying various strategies to drive inclusion. National financial inclusion strategies are used most commonly. Sixty-three jurisdictions have one either in place or under development. Along with the acceleration on fintech, digital finance and fintech strategies have also grown in popularity; 56 jurisdictions have them in place or in development. Not all strategies or policies have a gender lens, action plans, or monitoring and evaluation frameworks; the absence of these makes for less effective instruments overall.

The most commonly used policy measure to promote financial inclusion is requiring or encouraging FSPs to adopt industry standards for social performance or customer protection. The next most commonly used measure is requiring deposit-taking institutions to offer a basic account product, followed by utilizing innovation offices, regulatory sandboxes, or other innovative initiatives.

When opening a basic account, approximately 45 percent of responding jurisdictions allow the use of simplified customer due diligence, while 91 percent allow some form of remote account opening. The data shows that many authorities recognize the need for this flexibility given low-risk scenarios.

Other Drivers of Financial Inclusion

Agents: For commercial banks and NBEMIs, most jurisdictions allow agents to accept account opening and loan applications, verify customer identity, and provide cash-in/cash-out services. Other institutional categories tend to enjoy more restricted use of agents. While more flexibility with agents would have its benefits, it must be applied with consideration for growing agent-related fraud risks.

E-money: Eighty-eight jurisdictions have incorporated the concept of e-money into law, and lower-middle-income countries are ahead of the curve in codifying e-money in the law. In terms of e-money issuance, 74 jurisdictions permit non-banks to do so on their own, while 14 jurisdictions require them to do so only in collaboration with a bank. Between 2017 and 2022, there has been a notable increase in the number of jurisdictions restricting how FSPs use customer e-money funds.

Fintech innovations: Digital credit is one of the most widely used fintech innovations globally, second only to payments. Fifty-five jurisdictions report having active digital credit providers. The second, third, and fourth most common types of fintech innovations are crypto-assets (issuance, exchange, and custody), crowdfunding, and peer-to-peer lending. Consumer risks related to fintech need significant levels of regulator vigilance, as evidenced by the recent collapse of cryptocurrency exchanges.

Credit-reporting systems: Commercial banks continue to have the most expansive access to credit registries and credit bureaus, followed by CCPs. Overall, with the data showing only modest increases in access to credit bureaus and registries despite the positive impact on access to finance, this area represents relatively low-hanging fruit where policy makers can stimulate greater inclusion.

Financial inclusion data collection: Seventy jurisdictions conduct financial inclusion surveys of households or individuals, and 38 collect supply-side gender-disaggregated data. Geospatial data (such as the location of customers and financial access points) is the least collected, meaning that the significant benefit from this type of data is not being realized.

This section details the various strategies, policies, programs, and mechanisms that have been put in place by authorities to advance financial inclusion. Apart from financial inclusion, digital, fintech, and other relevant strategies and policies, respondents were also asked about requirements and practices around several potential catalysts for inclusion, including (1) the type of data collected by regulators to assess and improve the level of inclusion; (2) the provision of basic transactional accounts that often serve as the first rung on a ladder toward consumers having access to a broad suite of financial services; (3) the presence of simplified customer due diligence (CDD) measures that balance rapid and easy account opening with measures to limit money laundering and terrorist financing; (4) the role of remote account opening and electronic know your customer (e-KYC), both of which have been particularly relevant in the context of the global COVID-19 pandemic; (5) financial service distribution channels and, in particular, how agents and third parties have contributed to the increase in the reach of financial services to previously underserved areas and populations; (6) the evolution of e-money, particularly for payments, and how regulatory frameworks have responded; (7) the rise of fintech, including some negative externalities that policymakers should be mindful of; and, finally, (8) developments in credit reporting systems.¹²

3.1 FINANCIAL INCLUSION AND DIGITAL INCLUSION STRATEGIES

The growing awareness of the benefits of financial inclusion for national development has meant that inclusion has become an increasingly common and high-profile policy objective. Policy makers have deployed a variety of strategies and other instruments to achieve their inclusion goals, and the survey captures the types and quantities of strategies that are prevalent and preferred by national authorities. These strategies include stand-alone national financial inclusion strategies (NFISs) or other financial sector or development strategies where financial inclusion is covered as one component.

Table 3.1 details the prevalence of different types of strategies for both 2017 and 2022. For three of four of the different types of strategies where a comparison is possible between the two cycles of the survey, it is clear that jurisdictions continue to find value in the development and implementation of these strategies.

Overall, NFISs are the most prevalent tool used. Sixty-three jurisdictions either have the strategy in place or are in the process of developing one. Between 2017 and 2022, 10 jurisdictions went from having an NFIS in development to having one in place. An NFIS can provide an effective instrument to chart a clear and coordinated path toward improving financial inclusion. An NFIS enables stakeholders jointly to define financial inclusion objectives, identify obstacles and opportunities relevant to the achievement of those objectives, and outline a prioritized set of actions to pursue in a coordinated manner.

In terms of the geographic prevalence of NFIS, a clear pattern emerges. Specifically, in Sub-Saharan Africa, South Asia, and Latin America and the Caribbean, 70 percent of the jurisdictions in each region either have or are developing an NFIS. Of the three remaining regions that do not meet this 70 percent threshold (the Middle East and North Africa, Europe and Central Asia, and North America), two (Europe and Central Asia and North America) comprise mostly higher-income economies. This highlights that NFISs are less prevalent in more affluent jurisdictions. Indeed, 100 percent of responding low-income jurisdictions and 94 percent of responding lower-middle-income jurisdictions report having an NFIS either in place or under development.

Recently, the development of fintech and its penetration in a wide spectrum of financial services have picked up speed. A variety of fintech solutions are being offered. They can be clustered into three broad groups: (a) financial services, with businesses that offer internet-based applications; (b) financing via platforms that match investors and lenders, such as crowdfunding or peer-to-peer lend-

Table 3.1: Types of Financial Inclusion Strategies and Instruments

Number of jurisdictions with financial inclusion strategies in place or in development, 2017 and 2022.

	2017			2022		
	IN PLACE	IN DEVELOPMENT	TOTAL	IN PLACE	IN DEVELOPMENT	TOTAL
National Financial Inclusion Strategies	34	29	63	44	19	63
National Financial Sector Strategy with a Financial Inclusion Component	34	11	45	43	5	48
National Development Strategy with a Financial Inclusion Component	32	7	39	36	6	42
National Microfinance Strategy	25	8	33	18	7	25
Digital Development Strategy with a Financial Inclusion Component	N/A	N/A	N/A	28	18	46
DFS or Fintech Strategy	N/A	N/A	N/A	34	22	56

Note: This data is based on 124 jurisdictions in 2017 and 112 in 2022.

¹² This topic is being analyzed in such depth for the first time in the FICP survey because of the catalysts' role in facilitating access to finance.

ing; and (c) payments. Fintech¹³ offers wide-ranging opportunities for reducing costs and frictions, enhancing efficiency and competition, narrowing information asymmetry, and broadening access to a wider set of financial services—especially for the excluded and underserved.

Against this background, it is no surprise that 56 jurisdictions are either developing or already have in place a DFS or fintech strategy; this is nearly as many jurisdictions that either have or are developing an NFIS (63 jurisdictions). With 90 percent of jurisdictions in East Asia and Pacific and 83 percent in the Middle East and North Africa, these two regions are most likely to have a DFS or fintech strategy. Rwanda, which is aggressively pursuing a digital transformation with significant support from the public sector, is the only low-income jurisdiction with a fintech strategy currently in development, but 27 lower-middle income and 34 upper-middle income countries have strategies at various levels of completion.

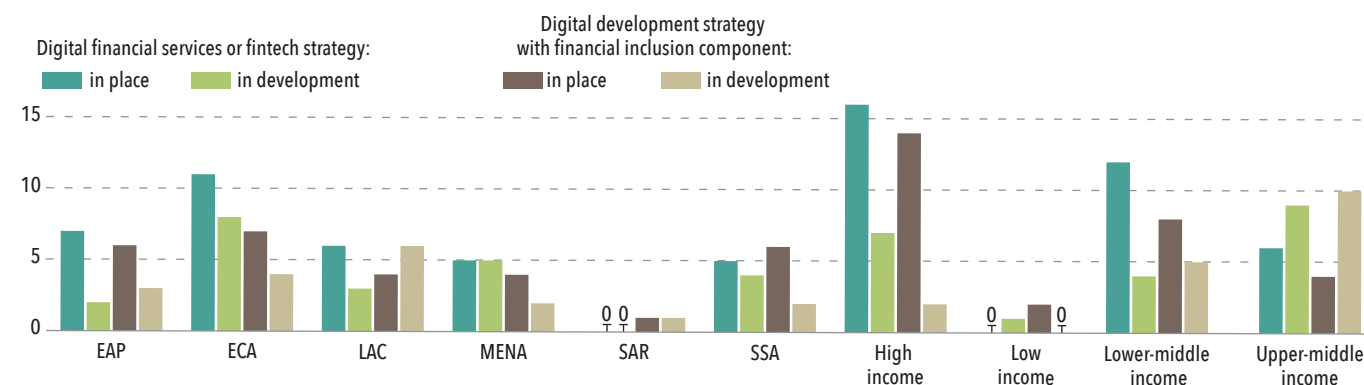
Financial sector strategies with a financial inclusion component and digital development strategies are the third and fourth most common tools; 56 and 48 jurisdictions, respectively, either have them in place or are developing them.

Looking only at the “Set of 95” jurisdictions (see Appendix B), the number of jurisdictions that have or are developing a financial inclusion component in their national development strategy has increased from 28 to 34, while the number without such a strategy reduced from 68 to 59. In summary, the data highlights that policy makers are increasingly favoring having strategies in place to drive inclusion, whether those strategies be stand-alone like NFIS or baked into broader development plans.

Lastly, the type of strategy that declined the most in prevalence between 2017 and 2022 is the national microfinance strategy. In 2017, 27 jurisdictions had such a strategy either in place or under development, but by 2022, only 21 jurisdictions are in the same position, indicating a 26 percent decrease.¹⁴

Figure 3.1: Digital Strategies to Promote Financial Inclusion

Number of jurisdictions reporting strategies in place or in development, by region and income level



Note: Both North America and South Asia have no DFS or fintech strategies, and North America has no digital development strategies. The three multi-economy respondents (Central Bank of West African States, Bank of Central African States, and Eastern Caribbean Central Bank) are not included in income group classifications. Regions: EAP = East Asia and Pacific, ECA = Europe and Central Asia, LAC = Latin America and Caribbean, MENA = Middle East and North Africa, SAR = South Asia, SSA = Sub-Saharan Africa.

¹³ Various definitions of fintech exist. The survey uses the broad definition of fintech from the International Monetary Fund and World Bank Group to describe advances in technology that have the potential to transform the provision of financial services, spurring the development of new business models, applications, processes, and products. Examples include e-money, peer-to-peer lending, credit scoring and decision-making, robo-advisory services, and distributed ledger technology.

¹⁴ In the 2022 cycle, for this question alone, three jurisdictions from the “Set of 95” (Azerbaijan, Denmark, and the Central African Economic and Monetary Community) did not respond to this question; thus, the number of responding jurisdictions in 2022 is 92.

Twenty-one jurisdictions have (whether already in place or under development) the combination of a DFS/fintech strategy, an NFIS, and a digital development strategy with a financial inclusion component.

BOX 3.1

Digital Strategies and Financial Inclusion

Index data and this survey suggest similar trends as it relates to digital strategies. In jurisdictions with either a digital development strategy with a financial inclusion component, a DFS strategy, or a fintech strategy, on average, 41 percent of responding individuals made a digital payment in the past year or used the internet or their phone to send/receive money from a financial account. This compared to 31 percent of individuals in jurisdictions without such strategies.

One notable example of a jurisdiction that has been very proactive with its policy action to support digitization in the financial sector is Ghana. In 2020, Ghana launched a DFS policy to improve governance of the DFS ecosystem, support the development of an enabling DFS regulatory environment, and build the capacity of authorities to supervise DFS, among other objectives. The policy details public and private sector actions to achieve these goals within a five-year window. Implementation of the strategy already includes the launch of a consolidated government payment portal through which more than 150 government agencies, including the passport office and tax authority, can receive digital payments.

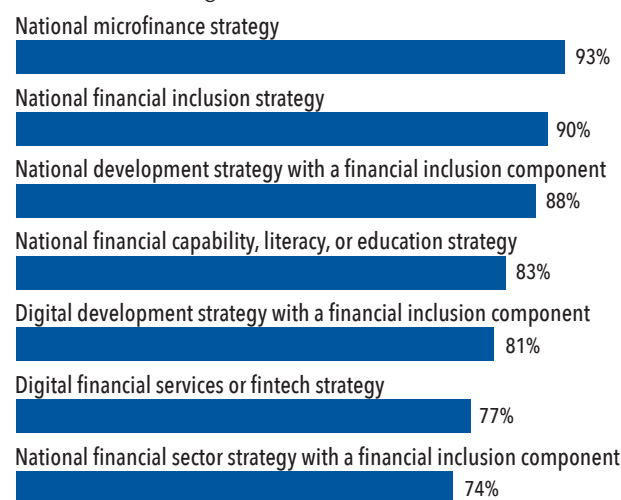
Source: Buruku (2020).

According to the World Bank's toolkit *Developing and Operationalizing a National Financial Inclusion Strategy*, one of the key success factors for NFIS development and operationalization is early and sustained engagement of relevant stakeholders—including the private sector—to create broad buy-in and align efforts across financial and non-financial policy areas, such as ministries of education and social affairs and consumer protection entities (WBG 2018). This engagement of public and private sector stakeholders should extend from design to implementation and finally to monitoring and evaluation (M&E) of the relevant strategy. Engaging with the private sector is particularly useful for gathering a variety of different viewpoints and understanding bottlenecks to financial inclusion from a provider's perspective. In addition, private sector players provide unique insights into the cost drivers and constraining regu-

latory or supervisory conditions that may prevent the provision of appropriate products and services to underserved consumers (Fathallah and Pearce 2013).

Figure 3.2: Public and Private Sector Involvement in the Development of Various Strategies

Percentage of jurisdictions reporting both public and private sector involvement in strategies



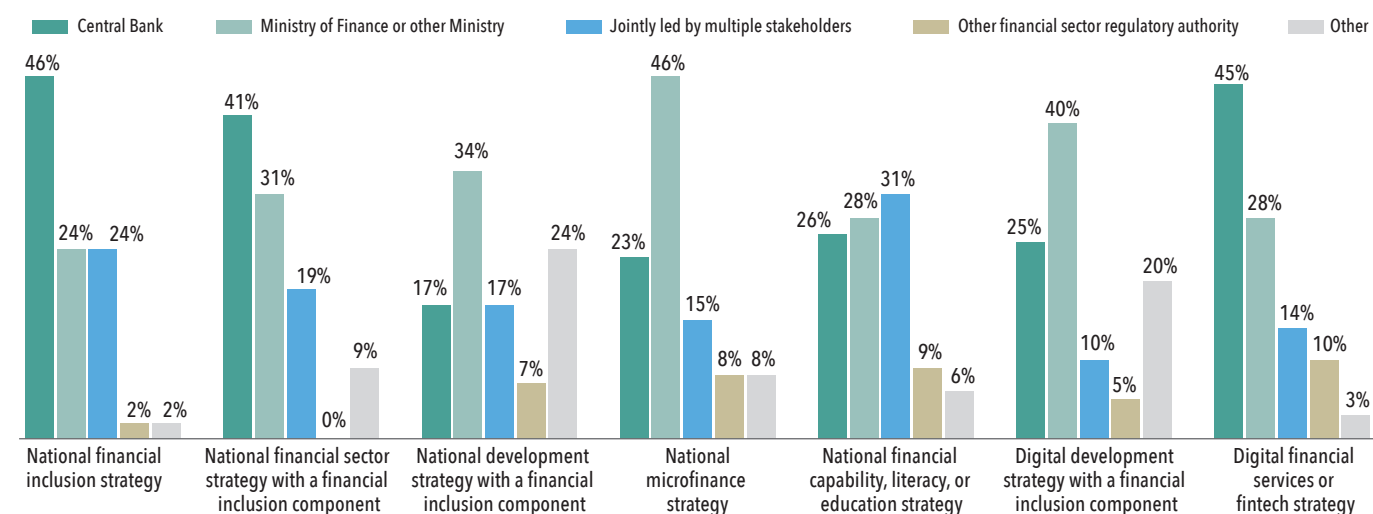
Note: Figure is based on responses from a varying number of jurisdictions for each option. The maximum number of jurisdictions that gave responses was 60.

The percentage of jurisdictions that report that policy development involved the private sector ranges from 74 percent for national financial sector strategies with a financial inclusion component to 90 percent for NFISs (figure 3.2).

For most types of financial inclusion strategies, and most notably for NFIS, DFS, or fintech strategies, central banks tend to be the leading entity in development and implementation (figure 3.3). The ministry of finance is the second most likely leading institution and is particularly likely to lead on microfinance, DFS, or fintech strategies. Some of these strategies are led by a combination of stakeholders (24 percent of jurisdictions that have or are developing an NFIS). Whichever entity takes the lead, the most critical success factor is the level of commitment and consistency of the leadership, as well as the extent to which they are empowered to move the process forward.

Figure 3.3: Lead Entity in the Development of Various Financial Strategies, 2022

Percentage of responding jurisdictions indicating a particular entity leading on strategy development



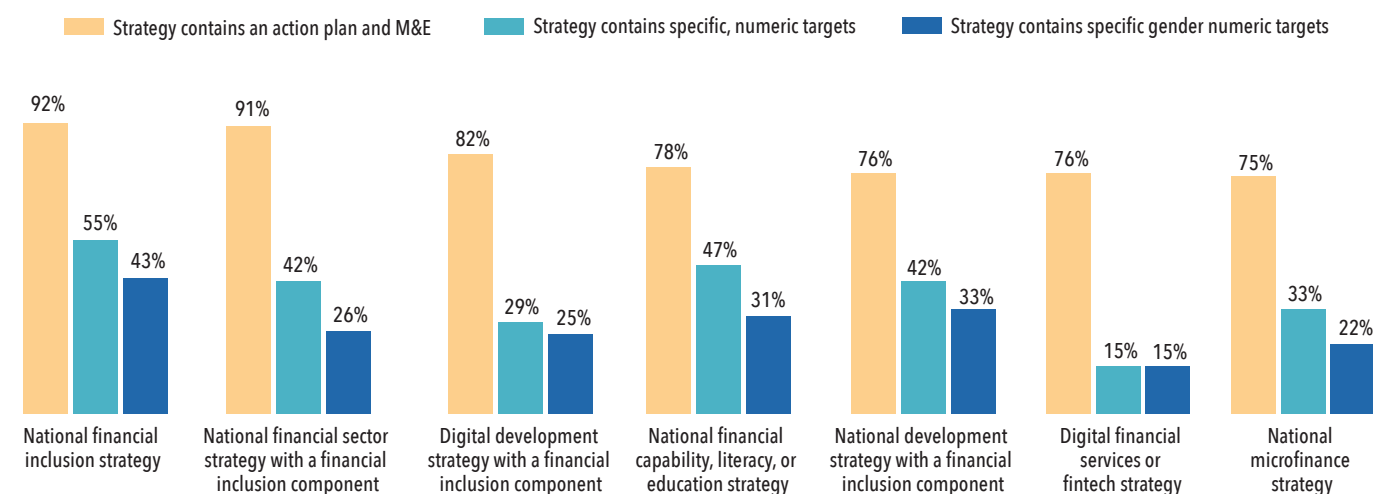
Note: Figure is based on responses from a varying number of jurisdictions for each option. The maximum number of jurisdictions that gave responses was 54.

Regarding the components of strategies, action plans and an M&E framework are the most common across all strategy types. More than two-thirds of jurisdictions have these in place (figure 3.4). However, this highlights that close to a third of jurisdictions have

strategies without clearly articulated actions or a formal framework to assess progress against those plans. This makes it more challenging to evaluate the success of those strategies and/or to correct course as needed.

Figure 3.4: Selected Provisions Contained in Financial Strategies

Percentage of reporting jurisdictions reporting each of the provisions in their strategies



Note: Figure is based on responses from a varying number of jurisdictions for each option. The maximum number of jurisdictions that gave responses was 64.

Fewer jurisdictions have specific quantitative targets across their various strategies, despite the fact that targets allow a data-driven approach to be applied and help focus energy on the most impactful goals and galvanize action to achieve scale in financial inclusion (figure 3.4). Among the countries with an NFIS, only 55 percent of jurisdictions have quantitative targets. Digital strategies are even less likely to include quantitative targets; less than one-third of jurisdictions report they include quantitative targets. As with the lack of

action plans and M&E frameworks, the lack of targets can also potentially limit the success of those strategies.

Given the continued gaps in financial inclusion by gender (Demirgüç-Kunt et al. 2022), it is also a missed opportunity not to have gender-specific targets. The strategy type that is most likely to have gender targets is an NFIS, but even within jurisdictions with an NFIS in place, only 43 percent include gender targets.

Table 3.2 details key information on NFISs in the full 2022 survey sample and highlights selected jurisdictions across income levels and geography that recently launched an NFIS.

Table 3.2: Elements of NFISs, for All Responding Jurisdictions and in Selected Jurisdictions

	Term of NFIS (Years)	Involvement of Public and Private Sectors	LEAD ENTITY					STRATEGY CONTAINS		
			Central Bank	Other Financial-Sector Regulatory Authority	Ministry of Finance or Other Ministry	Jointly Led by Multiple Stakeholders	Other	Action Plan and M&E	Specific Numeric Targets	Specific Gender, Numeric Targets
All	5.4 years (average)	90%	46%	2%	24%	24%	2%	92%	55%	43%
Argentina	2020–23	✓				✓				
Bangladesh	2021–26	✓				✓		✓	✓	✓
Belize	2019–22	✓	✓					✓	✓	✓
Colombia	2020–25	✓				✓		✓		
Guatemala	2019–23	✓				✓		✓		
Indonesia	2020–24	✓				✓		✓	✓	✓
India	2019–24	✓	✓					✓		
Ireland	2019–25	✓			✓			✓	✓	✓
Cambodia	2019–25					✓		✓	✓	✓
Sri Lanka	2019–24	✓	✓					✓		
Morocco	2019–30	✓				✓		✓	✓	✓
Mexico	2020–24	✓				✓		✓	✓	✓
North Macedonia	2021–25	✓	✓							
Peru	2019–30	✓			✓			✓	✓	✓
El Salvador	2021–24	✓	✓					✓		
Uzbekistan	2021–23	✓	✓					✓	✓	
Vietnam	2020–30	✓	✓					✓		

Note: The value “All” reflects 44 jurisdictions that reported having or having had an NFIS in place at the time of the survey but excludes the 19 jurisdictions with a strategy in development.

3.2 POLICIES AND PROGRAMS TO PROMOTE FINANCIAL INCLUSION AND DIGITAL FINANCIAL INCLUSION

In addition to the strategies highlighted above, national authorities also use an array of policies and programs to further financial inclusion. Common policies include fiscal incentives, inducements

to expand access points, stipulating that governments make payments digitally, and requiring FSPs to provide certain types of basic accounts. This section captures the use of these types of policies and highlights the significant variation in the tools that financial sector policy makers deploy to advance financial inclusion.

Table 3.3: Additional Policy Approaches to Advance Financial Inclusion

Number (percentage) of responding jurisdictions that report policy approach, 2017 vs. 2022¹⁵

FINANCIAL INCLUSION POLICY APPROACHES	2022		2017
	ALL	NFIS VS. ALL	
Requirements, exceptions, tax incentives, or subsidies to promote opening of branches or outlets in underserved (for example, poor or rural) areas	28 (24%)	36% vs. 24%	30 (24%)
Requirements, exceptions, tax incentives, or subsidies to promote expansion of agent networks in underserved areas	18 (16%)	30% vs. 16%	N/A
Requirements, exceptions, tax incentives, or subsidies to promote reach of retail payment infrastructure and merchant acceptance infrastructure	38 (33%)	48% vs. 33%	N/A
Priority lending: mandatory lending requirements targeting those with limited access to financial services, such as the poor, small and medium-sized enterprises, the agricultural sector, women, and so on	43 (37%)	48% vs. 37%	47 (38%)
Tax incentive savings schemes (such as tax incentives for retirement, education, or medical savings)	36 (31%)	34% vs. 31%	30 (24%)
Deposit-taking institutions are required to offer a basic account product ¹⁶	66 (57%)	64% vs. 57%	67 (54%)
Digitization of large government payment streams, including payments to persons, businesses, and governments and person-to-government and business-to-government payments	52 (45%)	66% vs. 45%	83 (67%)
Requiring or encouraging FSPs to adopt industry standards on social performance or customer protection	68 (59%)	75% vs. 59%	N/A
Innovation office, regulatory sandbox, or other innovation policies or initiatives	64 (55%)	59% vs. 55%	N/A
Requirement to submit financial data on metrics of relevance to financial inclusion, such as sex-disaggregated data on credit and deposit products or distribution of agent points by region, and so forth	45 (39%)	64% vs. 39%	N/A
None	9 (8%)	2% vs. 8%	14 (11%)

Note: This table is based on 116 respondents in 2022 and 124 respondents in 2017. The 2022 NFIS column represents the 44 jurisdictions currently with an NFIS in place, which is being compared to all 116 responding jurisdictions in 2022. "N/A" (not applicable) in 2017 represents a lack of data for this option because it was not presented in the 2017 survey.

As detailed in table 3.3, in 2022, of the 10 common policies and programs presented as options, requiring or encouraging FSPs to

adopt industry standards on social performance or customer protection is the most applied policy measure (reported by 59 percent of responding jurisdictions). Mandating deposit-taking institutions to offer a basic account product and use of innovation offices, regulatory sandboxes, or other innovative initiatives are the second and third most employed policy measures, respectively, prevalent in 57 percent and 55 percent of responding jurisdictions. (See section 3.4 for more analysis of survey responses on basic accounts.) The other measures, while not uncommon, are less prevalent. In 2022, only nine jurisdictions have none of these measures in place, indicating that, broadly speaking, jurisdictions both know of and are willing to deploy a variety of measures to stimulate inclusion.

While digitization of large government payment streams was the most frequently employed policy measure relevant to financial inclusion in the 2017 survey (83 jurisdictions, or 67 percent of respondents, undertook such initiatives), in 2022 only 52 jurisdictions (45 percent) have this type of initiative in place.¹⁷ This decrease could partly be due to the fact that jurisdictions have completed the implementation of such initiatives by 2022. That said, for other jurisdictions, this highlights a missed opportunity to increase access to financial services. Indeed, the Global Findex Database 2021 highlights that in developing economies, 865 million individuals opened their first account at a financial institution for the purpose of receiving money from the government. Furthermore, Findex notes that 85 million unbanked adults are still receiving government payments in cash. If a digital option were developed for such individuals, tens of millions of unbanked people could potentially become banked.

The fifth most common policy approach employed is the requirement to submit financial data on metrics of relevance to financial inclusion, such as sex-disaggregated data on credit and deposit products or distribution of agent points by region. (Section 3.3 delves further into the subject of data collection and diagnostic infrastructure.) Such requirements exist in 45 jurisdictions (39 percent of those participating), are more common among high-income economies, and are most prevalent in Latin America and the Caribbean region.

In 43 jurisdictions (37 percent), authorities have introduced mandatory lending requirements targeting the underserved, such as small and medium-sized enterprises or the agricultural sector, which perennially face constrained access to finance. These jurisdictions are mostly in lower-middle income areas and in the South Asia and Latin America and the Caribbean regions.

Finally, 18 jurisdictions use incentives, exceptions, subsidies, and other inducements to stimulate FSPs to expand the reach of

¹⁵ This analysis is based on the complete sample of 124 jurisdictions in 2017 and 116 jurisdictions in 2022 and is not limited only to the "Set of 95" jurisdictions that participated in both cycles.

¹⁶ Transaction accounts (including e-money/prepaid accounts) are held with banks or other authorized and/or regulated payment service providers. The accounts can be used to make and receive payments and to store value.

¹⁷ Based on full samples of respondents in 2017 (124) and 2022 (116), not the "Set of 95" overlapping jurisdictions in both surveys.

BOX 3.2**Leveraging Geospatial Data for Financial Inclusion**

Geospatial data includes locational information for each data observation. While several types of geospatial data are relevant to financial inclusion, mapping financial access points (FAPs) is of particular interest when considering access to finance. A FAP can be a bank branch, an ATM, a mobile-money agent, a credit union branch, a point-of-sale terminal, a branch of a microfinance institution, or any other touchpoint offered by an FSP.

Policymakers can leverage geospatial technology to boost access to FAPs and financial inclusion in several ways: (i) enhancing evidence-based policy making, (ii) facilitating supervision of the financial sector, (iii) monitoring and evaluating progress of financial inclusion, and (iv) creating a public good to support the financial sector.

Several countries have leveraged this type of data to further inclusion. For example, in the Philippines, the Bangko Sentral ng Pilipinas conducted a mapping exercise of FAPs that allowed the bank to identify several areas with no formal FAPs. This allowed for these gaps to be targeted by waiving processing fees for opening branches in unbanked areas. Similarly, in Nigeria, geospatial data allowed the Central Bank of Nigeria to set FAP targets for each deposit-taking bank. With support from the World Bank, Pakistan undertook a detailed geospatial analysis that

Source: Haq and Gradstein (2020).

revealed that roughly 50.5 percent of the population lives beyond an accessible distance (five kilometers) from a bank branch. Armed with this data, the authorities sought to improve financial connectivity through strategic expansion of access points as part of the implementation of their national financial inclusion strategy. Finally, in Ethiopia, though the GPS data available was not as granular as had been the case in Pakistan, it still allowed for an analysis of where FAPs should be concentrated going forward.

Finally, beyond the value of geospatial data to regulators, it also has the potential to benefit FSPs in areas such as profitability, operations, and customer satisfaction. Geospatial analysis can help optimize an FSP's service network, including identifying growth areas in which to open new branches and low-demand areas where branches could be shut down. Liquidity management can be improved by predicting liquidity issues spatially as well as identifying relevant distributional partners in the field. It is also possible to better predict deposits, withdrawals, and demand for other services when the spatial element is included in modeling. It can also help to improve customer service by identifying any spatial patterns in customer feedback, especially complaints.

their agents and outlets into underserved areas (for example, rural and/or agricultural areas) to target underserved segments (such as women and the poor). Such interventions tend to have implications for government revenue generation and budget utilization, which may explain the low number of jurisdictions that have such policies in place.

Two countries that have been successfully using incentives to expand rural access are Colombia and India. Colombia provided direct and temporary subsidies to private banks, establishing new agents directly or through agent network managers in priority rural areas. As a result, Colombia's cash-in/cash-out network coverage is estimated to be nearly universal. Exclusively through public banks, India also provided direct incentives for cash-in/cash-out agents to operate in more rural areas. These two examples demonstrate how this policy approach can be very impactful in driving the frontier of access at the last mile (Hernandez et al. 2020).

Jurisdictions with NFISs consistently deploy a broader range of instruments to improve access. Table 3.3 maps the relationship between the presence of an NFIS and prevalence of the aforementioned policies/instruments. Column 3 contrasts the prevalence of the financial-inclusion policies in the 44 jurisdictions that have an NFIS in place against the total sample of 116 respondents to this question about financial inclusion policies and instruments. This analysis reveals that policy levers are more prevalent in countries

with an NFIS than in the full sample of jurisdictions, with the differences often in double digits. The most notable difference relates to government payment digitization: 45 percent of 116 responding jurisdictions promote or mandate this policy, while 66 percent of jurisdictions with an NFIS do so. Whether an NFIS acts as a catalyst for the use of other policy approaches or the presence of those approaches stimulates the introduction of an NFIS is not clear, but the relationship between the two is certainly often complementary.

3.3 DATA COLLECTION

Effective policies to promote financial inclusion must be guided by data. Jurisdictions can leverage international financial sector databases such as the International Monetary Fund's Financial Access Survey and the World Bank's Global Findex Database and Enterprise Surveys to assess the state of financial inclusion from the supply and the demand side, respectively. In addition, authorities should conduct their own data-collection exercises to measure aspects that are specifically relevant to their local conditions. Considering the role that data plays in identifying and addressing the challenges to increasing financial inclusion, respondents were asked to detail the various measures they have undertaken in the previous three years to collect relevant information. (See table 3.4.)¹⁸

¹⁸ Additional aspects of data collection and diagnostic infrastructure that are not covered in this survey are addressed in the World Bank Group's Global Payment Systems Survey.

Table 3.4: Data Collection Measures, 2022

Number (percentage) jurisdictions reporting types of data collected, by income level and region

TYPE OF DATA COLLECTION CONDUCTED	UPPER- LOWER- HIGH MIDDLE MIDDLE LOW INCOME INCOME INCOME INCOME					EAP	ECA	LAC	MENA	NA	SAR	SSA
	ALL											
Survey of households or individuals including questions on financial inclusion	72 (64%)	24 (59%)	21 (58%)	22 (73%)	5 (100%)	10 (91%)	23 (61%)	13 (52%)	9 (69%)	2 (100%)	2 (40%)	13 (68%)
Survey of firms including questions on financial inclusion/access to finance	43 (38%)	13 (32%)	14 (38%)	14 (47%)	3 (50%)	5 (46%)	13 (33%)	14 (56%)	4 (31%)	1 (50%)	0 (0%)	6 (33%)
Measure financial health or well-being of consumers	43 (41%)	17 (44%)	15 (43%)	9 (32%)	2 (50%)	5 (50%)	17 (47%)	8 (32%)	3 (25%)	2 (100%)	0 (0%)	8 (50%)
Collection of supervisory (supply-side) sex-disaggregated data measuring female-owned accounts	38 (36%)	17 (44%)	15 (43%)	9 (32%)	2 (50%)	5 (46%)	4 (11%)	9 (38%)	7 (62%)	0 (0%)	2 (40%)	10 (63%)
Collection of supervisory (supply-side) data measuring unique accounts	32 (30%)	11 (28%)	11 (32%)	10 (35%)	0 (0%)	4 (40%)	6 (17%)	7 (28%)	6 (46%)	1 (50%)	2 (40%)	6 (35%)
Geospatial analysis for inclusion purposes	31 (30%)	6 (15%)	11 (36%)	11 (38%)	3 (75%)	6 (60%)	3 (9%)	9 (38%)	5 (42%)	1 (50%)	1 (20%)	6 (38%)
None	29 (25%)	14 (34%)	9 (24%)	6 (20%)	0 (0%)	1 (9%)	13 (33%)	7 (28%)	4 (31%)	0 (0%)	2 (40%)	2 (11%)
No. of responding jurisdictions	113	41	36	30	5	11	38	25	13	2	5	19

Note: Percentages in each region and income group represent the percentage of respondents under each category with a particular data-collection measure in place. Regions: EAP = East Asia and Pacific, ECA = Europe and Central Asia, LAC = Latin America and Caribbean, MENA = Middle East and North Africa, NA = North America, SAR = South Asia, SSA = Sub-Saharan Africa.

Surveys of households or individuals including questions on financial inclusion are the most common data-collection effort, currently being undertaken in 72 jurisdictions (64 percent). Despite continued gender gaps in financial inclusion and the necessity of granular data to track and address such gaps, only 38 jurisdictions (36 percent) collect supply-side gender-disaggregated data, such as the gender of customers by financial product. Collecting geospatial data (such as the location of customers and financial access points)¹⁹ also remains a less common practice; less than one-third of the respondents undertake this. These statistics highlight gaps in data collection that may be leading to limited data infrastructure to support evidence-driven policymaking that advances financial inclusion.

3.4 ACCESS TO BASIC ACCOUNTS

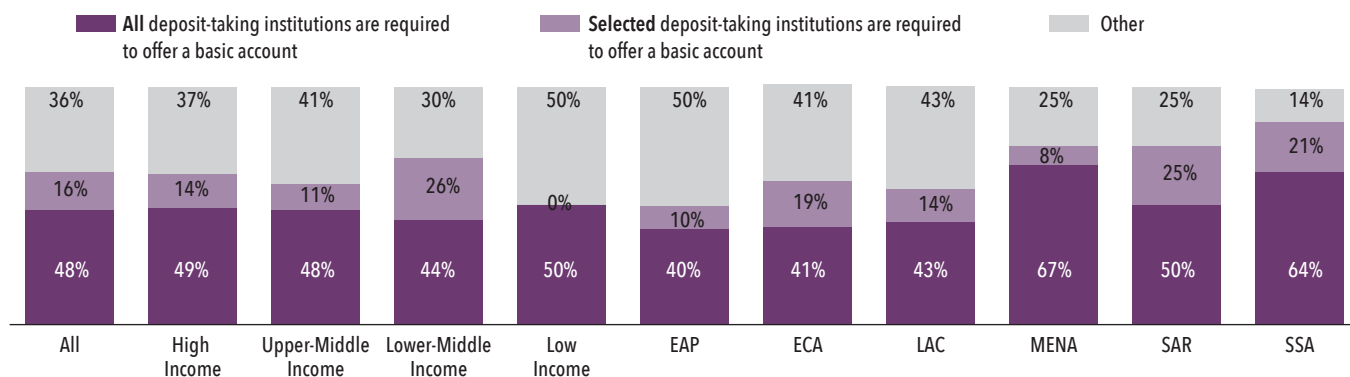
Basic accounts are free or low-cost current accounts with restricted features. The limitations often include the lack of functionality beyond depositing and withdrawing funds—that is, no checkbook or overdraft facilities are provided, or no cross-border transactions are allowed. For authorities that want to stimulate account ownership among the unserved and underserved, encouraging FSPs to provide these accounts (whether through mandates or other inducements) can be an effective approach.

Among the 94 respondents, 45 jurisdictions (48 percent) report requiring all deposit-taking institutions to offer a basic account (figure 3.5), while 15 jurisdictions (16 percent) report that only selected deposit-taking institutions are required to offer basic accounts. These results suggest that large opportunities still exist for basic accounts to receive more support from regulators to increase their availability to all those that would benefit from them.

¹⁹ Geospatial technology can help policy makers to pinpoint gaps in access points that are impeding financial inclusion. For further information, see Ul Haq and Gradstein (2020).

Figure 3.5: Requirement to Offer Basic Accounts

Percentage of responding jurisdictions requiring financial institutions to offer basic accounts, by income level and regional group.



Note: Figure based on responses from 94 jurisdictions in 2022. Percentages by income group and region are proportions of the total possible responses within that group/region, rather than a proportion of the global total ("All"). Regions: EAP = East Asia and Pacific, ECA = Europe and Central Asia, LAC = Latin America and Caribbean, MENA = Middle East and North Africa, SAR = South Asia, SSA = Sub-Saharan Africa.

As it relates to the types of customers that are eligible for basic accounts, in 60 jurisdictions (65 percent), anyone, regardless of income group or participation in government programs, is eligible to open a basic account. However, in 20 jurisdictions (22 percent), basic accounts are available only to those who meet specific criteria, such as being low-income individuals, pensioners, or welfare recipients. These restrictions, though perhaps well intended, may be excluding customers who do not fit neatly into these categories but would still have benefited from a basic account. An additional 12 jurisdictions (13 percent) indicate that "other" eligibility requirements are in place. The most common "other" criteria indicated (for example, in Belgium, the Dominican Republic, and France) is that the person does not own another account.

The survey also asks jurisdictions about the features of the basic accounts in their domain (table 3.5). One of those questions is around the use of simplified CDD for basic account opening. According to the Financial Action Task Force's [Guidance on Anti-](#)

[Money Laundering and Terrorist Financing Measures and Financial Inclusion](#), there are circumstances in which the risk of money laundering or terrorist financing may be lower. In such circumstances, and provided there has been an adequate analysis of the risk by the country or by the financial institution, it could be reasonable for a country to allow its financial institutions to apply simplified CDD measures as a means of increasing financial inclusion.

Fifty-two jurisdictions (45 percent) allow for the use of simplified CDD when opening a basic account.²⁰ In the case of basic accounts, given the relatively low risk they pose for money laundering, it is therefore ideal that simplified CDD should be allowed for account opening. While it is encouraging that these 52 jurisdictions allow the use of simplified CDD for basic account opening, the fact that an additional 30 jurisdictions mandate offering a basic account without allowing the use of simplified CDD highlights a gap that deserves attention.

²⁰ Simplified CDD is the lowest level of due diligence that can be completed on a customer. This is considered appropriate where there is little opportunity or risk that services or customer(s) may become involved in money laundering or terrorist financing.

Table 3.5: Basic Account Features, 2022

Number (percentage) of responding jurisdictions, by income and region

BASIC ACCOUNT FEATURES	UPPER HIGH -MIDDLE MIDDLE LOW INCOME INCOME INCOME INCOME					EAP	ECA	LAC	MENA	NA	SAR	SSA
	ALL	INCOME	INCOME	INCOME	INCOME							
Are providers allowed to use simplified CDD measures when opening basic account?	52 (45%)	12 (29%)	21 (55%)	16 (52%)	3 (60%)	5 (42%)	11 (28%)	15 (60%)	6 (46%)	1 (50%)	3 (60%)	11 (58%)
Do the basic accounts set transaction limits for low-risk scenarios?	32 (28%)	7 (17%)	13 (34%)	11 (35%)	2 (40%)	2 (17%)	3 (8%)	15 (60%)	4 (31%)	1 (50%)	2 (40%)	6 (32%)
Are basic accounts required to have no minimum opening balance?	44 (38%)	13 (32%)	14 (37%)	16 (52%)	1 (20%)	7 (58%)	6 (15%)	14 (56%)	6 (46%)	1 (50%)	3 (60%)	7 (37%)
Does the basic account have restrictions on fees for particular transactions (for example, providing a minimum number of transactions for free)?	39 (34%)	18 (44%)	13 (34%)	8 (26%)	1 (20%)	4 (33%)	16 (40%)	7 (28%)	4 (31%)	1 (50%)	2 (40%)	6 (32%)
Are there requirements on how basic accounts are marketed for maximum visibility to unserved/underserved segments?	17 (15%)	7 (17%)	4 (11%)	5 (16%)	1 (20%)	2 (17%)	5 (13%)	1 (4%)	2 (15%)	1 (50%)	2 (40%)	4 (21%)
No. of responding jurisdictions	116	41	38	31	5	12	40	25	13	2	5	19

Note: Percentages in each region and income group represent the proportion of respondents from each regional or income group with particular account features in place. Regions: EAP = East Asia and Pacific, ECA = Europe and Central Asia, LAC = Latin America and Caribbean, MENA = Middle East and North Africa, NA = North America, SAR = South Asia, SSA = Sub-Saharan Africa.

In 44 jurisdictions (38 percent), basic accounts are required to have no minimum opening balance. In 39 jurisdictions (34 percent), there are restrictions on fees for certain basic transactions. Encouraging a customer with even the smallest amount of funds to open an account and not charging them fees for their basic transactions can encourage underserved customers to open an account. Some jurisdictions go one step further in making these accounts known to and attractive for underserved individuals by issuing guidelines to FSPs on how basic accounts should be marketed to these segments for maximum visibility. Indeed, 15 percent of jurisdictions, including Malaysia, Nigeria, Pakistan, and the West Bank and Gaza, among others, have such marketing requirements in place. Broadly speaking, Latin America and the Caribbean and South Asia are the two regions where these types of features to make basic accounts more accessible are most prevalent.

The 2022 survey also captures information on the most common basic account features being offered. Forty-nine jurisdictions (86 percent of respondents) mandate certain features for basic accounts. These features and the percentage of jurisdictions that require each feature are detailed in box 3.3. The least mandated features are checkbooks (nine jurisdictions) and cash withdrawals at agents (24

jurisdictions). It is interesting that 40 jurisdictions require basic accounts to allow customers to use an ATM or a debit card, whether physical or tokenized. This functionality facilitates customers using their cards for more complex financial transactions, such as merchant payments. Within reason, it is always a good outcome if users of financial services can have access to a broader number of products, since this will increase their usage and the value that users gain from having financial access.

Thirty-six jurisdictions (78 percent) require basic accounts to be accessible via internet/mobile banking. Of this cohort, two-thirds of jurisdictions require that a choice of interface (whether internet, USSD, or app) for digital/non-face-to-face access to the bank account be provided at no extra cost to the consumer.²¹ Finally, nine jurisdictions require free offline alternatives/capabilities in the event of downtime. This last requirement is particularly useful in areas with low or unstable network connectivity. The survey does not evaluate the extent to which providers comply with this requirement, only the extent to which the requirement is in place. Authorities that introduce this requirement may also want to consider how compliance could be verified, whether at the licensing stage or as part of ongoing supervision.

²¹ Unstructured supplementary service data (USSD) is a communications service controlled by MNOs

BOX 3.3**Basic Account Features**

The survey presented a sample of 10 features that are desirable for a basic account. Thirty-one jurisdictions have at least seven of these features. These countries are Angola, Argentina, Armenia, Austria, Bangladesh, Belize, Bulgaria, Cambodia, Costa Rica, Finland, France, Ghana, Greece, Jordan, Kuwait, Malaysia, Malta, Mexico, Nicaragua, Nigeria, Pakistan, Poland, Saudi Arabia, Serbia, Spain, Surinam, Eswatini, Tanzania, United Arab Emirates, United Kingdom, and Uruguay. Based on the highlighted countries listed below, debit cards (whether physical or tokenized) and checkbooks are perhaps the most elusive features even in a jurisdiction in which a rather robust basic account exists.

FEATURES	NO. JURISDICTIONS WITH REQUIREMENT	PAKISTAN	MEXICO	FRANCE	NIGERIA	JORDAN
Cash withdrawal at agents	24	Y	Y	Y	Y	N
Cash withdrawal at ATMs	44	Y	Y	Y	Y	Y
Cash withdrawal at branches	42	Y	Y	Y	Y	Y
Balance inquiries at ATMs and branches	38	Y	Y	Y	Y	Y
Account statements	40	Y	Y	Y	Y	Y
Direct debit	38	Y	Y	Y	Y	Y
Electronic fund transfer	42	Y	Y	Y	Y	Y
Checkbook	9	Y	N	N	N	N
Debit card—tokenized or physical	40	Y	Y	N	Y	Y
Internet/mobile banking	36	Y	Y	Y	Y	Y

3.5 SIMPLIFIED CUSTOMER DUE DILIGENCE

Regulators often face challenges in balancing policies on anti-money laundering and combating the financing of terrorism with placing the least burden and costs on outreach to the poor and unbanked. If account opening procedures are too onerous and alternative account opening protocols (such as account opening via agents or non-face-to-face onboarding) are not allowed, it may serve as an obstacle in advancing financial access. In light of this, many jurisdictions have begun introducing or expanding simplified CDD measures. Indeed, as mentioned previously, exempting certain anti-money-laundering and counter-terrorist-financing controls is one of the recommendations put forward by the Financial Action Task Force's 2017 supplemental guide on CDD, once exemptions are proven appropriate given low risk (FATF 2017).

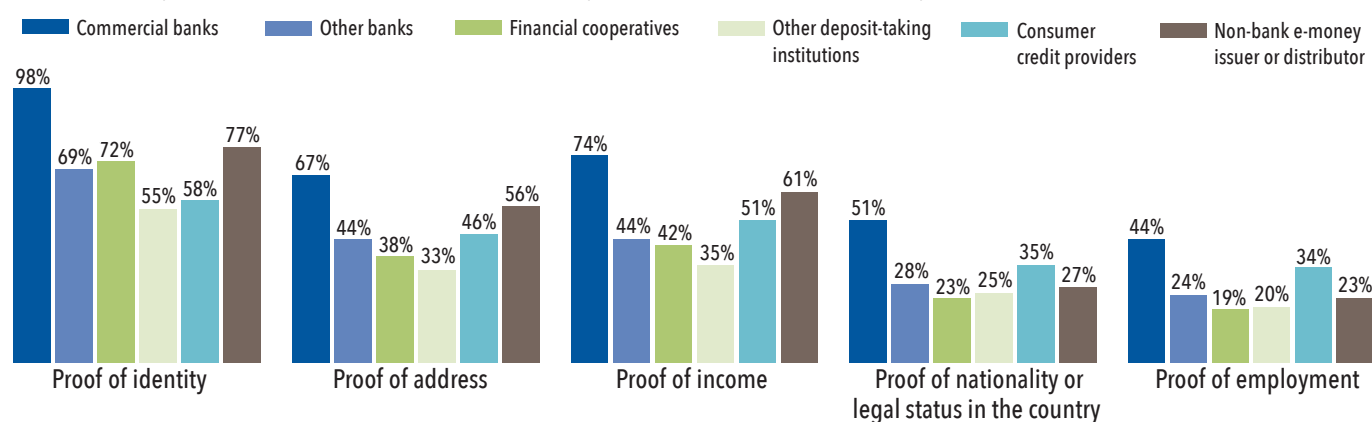
Given the relevance of transaction or e-money accounts to the least served segments, the survey focuses on what is required to open them. As it relates to commercial banks, 87 jurisdictions (92 percent) and 64 jurisdictions (68 percent) have laws or regulations

specifying the documentation required to open a transaction account and an e-money account, respectively. For all other types of financial institutions, there are significantly fewer jurisdictions with such laws in place. One exception is for e-money issuers (EMIs) or distributors. In this case, 70 percent of jurisdictions have laws or regulations defining the document requirements for opening an e-money account with an EMI.

The documents required for opening the lowest-risk transaction or e-money account vary by jurisdiction and also by the type of financial institution at which the account is opened (figure 3.6). Specifically, if one was to compare the list of information required by a commercial bank versus an NBEMI, for every type of information, commercial banks have a greater percentage of jurisdictions that require this information. As an example, whereas for commercial banks proof of address and proof of employment are required in 74 percent and 44 percent of jurisdictions, respectively, for NBEMIs, the same is only true for 61 percent and 23 percent of jurisdictions.

Figure 3.6: Document Requirements for Account Opening

Percentage of responding jurisdictions indicating document requirements, by financial institution type.



Note: Figure is based on 102 responses in total in 2022, although this varies by institution type.

Satisfying these requirements can be a challenge for many, particularly those living in low-income economies and for members of vulnerable populations. According to the World Bank's 2018 Identification for Development (ID4D) Global Dataset, close to one billion people worldwide do not have official proof of identity. In addition, the Global Findex Database 2021 highlights that 32 percent and 13 percent of adults in low income and lower-middle income countries, respectively, do not have a financial account because they lack the necessary documentation. Providing proof of nationality, address, income, and employment can be prohibitive for many hundreds of millions more, with the poor, women, and those in remote areas among the most likely to struggle. About two billion workers, or over 60 percent of the world's adult labor force, operate in the informal sector at least part time (IMF 2021). As such, securing documentation to prove income and employment, as a precursor to opening a basic transaction account, may be a non-starter for many.

Doing away with all documentary requirements for the sake of maximizing financial inclusion is, of course, not an option. However, the application of a risk-based approach for identifying and onboarding clients is preferable, in line with Financial Action Task Force's requirements, and could help minimize documentary hurdles for the poorest and most vulnerable populations. For example, a third of responding jurisdictions (92 that responded on commercial banks and 80 on NBEMIs) allow commercial banks and EMIs to apply simplified CDD for proven low-risk clients. About half of responding jurisdictions allow these same two types of financial institutions to use a tier-based approach to CDD with pre-established categories that have lighter requirements for certain lower risk products, services, or channels. Finally, 72 percent and 59 percent of jurisdictions allow commercial banks and EMIs, respectively, simplified ongoing transaction monitoring where risks are assessed as lower.

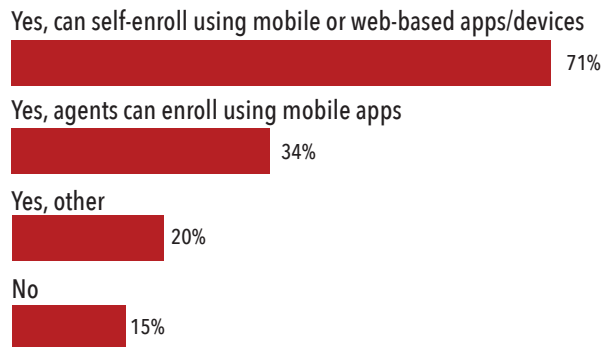
Specifically, as it relates to account opening, of the 70 jurisdictions that answered this question, 67 percent do allow some exemptions on documentation requirements, while 57 percent and 41 percent allow for delayed authentication and acceptance of non-standard ID in lower-risk cases, respectively. Around a quarter of jurisdictions allow use of existing mobile registration details to open a new mobile money account at the same mobile network operator (MNO). For example, as a temporary measure during the COVID-19 pandemic, in the West African Economic and Monetary Union, EMIs were authorized to activate mobile money accounts on the basis of data from MNOs, subject to collecting, by any means, the agreement of the customer and performing non-face-to-face CDD. This exemption was for a period of three months, after which the customer would have to be identified according to the standard regulatory requirements (BCEAO 2020). This highlights a recognition by some regulators of the need for some flexibility, as conditions require, for known low-risk scenarios.

3.6 REMOTE ACCOUNT OPENING AND E-KYC

Beyond emergency situations such as the COVID-19 pandemic, 91 jurisdictions allow some form of remote account opening (figure 3.7). Of these, 77 jurisdictions (71 percent) allow people to self-enroll using mobile or web-based apps/devices, and 37 jurisdictions allow agents to enroll new customers using mobile apps. In addition, 22 jurisdictions allow for non-face-to-face account opening with other means. These include India, which allows a video-based customer-identification process, and Serbia, which allows video identification and the use of qualified electronic signatures, albeit with certain caveats. The regions with the most jurisdictions allowing various types of non-face-to-face account opening are located in Europe and Central Asia and Latin America and the Caribbean regions.

Figure 3.7: Remote Account Opening, 2022

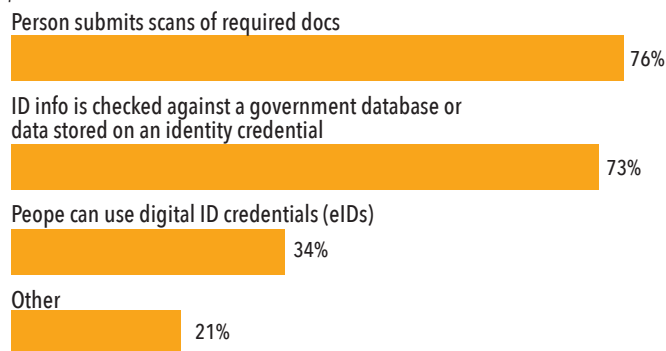
Percentage of responding jurisdictions that report having remote account opening



Note: Figure is based on responses from 108 jurisdictions.

Figure 3.8: Pathways of Remote CDD, 2022

Percentage of responding jurisdictions that report remote CDD processes



Note: Figure is based on responses from 91 jurisdictions.

Survey respondents also provided information on how remote CDD is facilitated (figure 3.8). The most common approach, which is used in 69 jurisdictions (76 percent), allows for remote account opening after a person scans and submits their required documents. Sixty-six jurisdictions (73 percent) have identity information cross-checked against a government database or against data stored on an identity credential. Finally, 31 jurisdictions (34 percent) have the facility to use digital ID, and another 19 jurisdictions (21 percent) have other pathways. For example, Spain and Portugal allow the use of video conferencing.

As financial services have increasingly moved to digital forms, the CDD of individuals looking to open such accounts has also become more digital. Because of this trend, combined with lockdowns caused by the COVID-19 pandemic, authorities are increasingly allowing FSPs to make onboarding a partially or fully non-face-to-face process. This is possible through e-KYC, which allows for both in-person and non-face-to-face verification and authentication in customer onboarding and even allows customers to access more complex services, such as loan or investment products.

The previous section on simplified CDD details the pathways in which non-face-to-face CDD can take place. The information submitted by consumers, however, must be authenticated by the FSP in order for the account to be opened remotely. In 48 jurisdictions, an FSP can directly verify an applicant's identity by accessing a government database. However, there are only five jurisdictions in which verification can be completed against data stored digitally on the ID (that is, using a QR code or chip featured on the ID credential). This highlights a missed opportunity.

Both in government identity databases and on data stored on the ID issued by the competent authority, the type of data that can be digitally authenticated tends to be name, gender, date of birth, nationality, and validity of ID documents. In some very limited number of jurisdictions, FSPs can also authenticate addresses. Both in terms of the pathways for verification (whether a government database or directly on an ID) and the types of data that can be authenticated, the survey results underscore that there is significant room for growth.

Of the 95 jurisdictions (see Appendix B) that answered this question, 59 (62 percent) indicated that FSPs can verify biometric data (such as fingerprints, face, or iris) to confirm the identity of a customer. About half of these jurisdictions could do this verification against a government database (for example, a national ID system), while the other half indicated a mixture of verification against data stored digitally on the ID credential and other means. This includes Bahrain, which allows what they term "video solutions with a liveness test," and Croatia, which allows video identification through payment service providers.

Finally, with 58 jurisdictions responding, 29 indicate that FSPs must pay a fee for digital identity verification. Charging fees for identity verification services can be an important revenue source for identity providers. According to the World Bank Group's ID4D Initiative, additional revenue flow can help identity providers invest in modernizing their systems and reduce dependence on government budgets. At the same time, there is also a risk that such fees can place a burden on third parties by driving up their operating costs and may create financial barriers to people when accessing services if these extra costs are passed on to end users. Verification fees should therefore be set with great care, balancing the potential benefits of earning greater revenues with the potential risks of exclusion (ID4D 2019).

Beyond account opening, 45 jurisdictions have a secure digital ID solution/system in place that enables individuals to authenticate themselves remotely (without in-person presence) to access transactions or services online. These jurisdictions are overwhelmingly in the Europe and Central Asia region, with Latin America and the Caribbean a distant second. Authentication for electronic environments may be facilitated through different credentials, including chip-enabled ID cards (in combination with a card reader), mobile e-ID, a combination of username and PIN/password, and so forth.

Examples include [Estonia's e-ID](#), Singapore's [SingPass](#), the [NemID](#) in Denmark, or the [BankID](#) in Sweden.

In all jurisdictions with digital ID systems, a single provider is just as likely as multiple providers. That said, any entity serving as a provider is twice as likely to be a government agency than a private-sector entity. In Europe and Central Asia specifically, the opposite is true: the providers are more likely to be private entities than government agencies. This likely speaks to the extent to which the private sector in countries in Europe and Central Asia has seen the business case for expanding and participating in the digital ID ecosystem.

3.7 USE OF AGENTS AND OTHER THIRD-PARTY DISTRIBUTION CHANNELS

Particularly for traditionally unserved and underserved populations, such as rural dwellers, the poor, and women, expanding the agent network to bring financial access points closer to their users is a critical objective for both the public and the private sector. It is also the case that agent networks tend to be a more cost-effective channel than traditional branch networks and thus can contribute to the delivery of financial services at the last mile at lower cost for FSPs. Despite this, the use of agents is not uniformly allowed for all financial institution types or in all jurisdictions.

Table 3.6: Use of Agents by Institutional Category, 2022

Percentage of reporting jurisdictions allowing agents to undertake each activity

	COMMERCIAL BANKS	OTHER BANKS	FINANCIAL COOPs	ODTIs	CCPs	NBEMIs
Identify and/or verify the identity of the customer	68%	32%	36%	24%	34%	53%
Receive/submit to the institution a transaction or e-money account application	65%	29%	36%	24%	10%	48%
Open a customer account following the institution's policies	48%	21%	26%	22%	12%	42%
Receive/submit to the institution a loan application	68%	30%	39%	29%	31%	12%
Analyze and approve a loan following the institution's policies and limits	28%	12%	20%	13%	15%	5%
Receive deposits	57%	28%	27%	30%	4%	24%
Disburse loans	49%	23%	28%	23%	18%	10%
Cash-in/cash-out	61%	29%	28%	27%	15%	57%

Note: The number of responding jurisdictions varies for each option and institutional type. The highest number of responses for any given question or institution type is 115.

Table 3.6 highlights the various types of transactions that agents can undertake for each FSP category. As it relates to the very beginning of a customer journey—that is, receiving/submitting application documents and verifying identity—about two-thirds of 115 responding jurisdictions allow commercial banks to use agent networks to conduct this activity on their behalf. In about half of 108 jurisdictions, NBEMIs are allowed to use agents for this same purpose. For the other types of FSPs, fewer than a third of jurisdictions allow agents to be contracted for this transaction. And while the agents are able to collect documents and verify identity, a smaller number of jurisdictions allow agents actually to open the account. For example, for all FSP types except ODTIs, there is a minimum 10 percentage point difference in the percentage of jurisdictions that allow identity verification by agents versus those that allow the agent to open the account on the FSP's behalf.

Regarding credit transactions, far more jurisdictions permit agents to collect applications on behalf of the FSP than allow the analysis and approval of the loan itself. In the case of commercial banks, 78 jurisdictions (68 percent) allow agents to collect applications, while for all other types of FSPs, the number of jurisdictions that allow the use of agents for credit decisions is about half that of

jurisdictions that allow agents to collect application materials. Agents tend to be even more restricted when it comes to loan disbursement. Even for agents of commercial banks, only 49 percent of jurisdictions allow those agents to disburse loans.

Two-thirds of jurisdictions allow agents of commercial banks or NBEMIs to receive deposits or cash in/cash out on behalf of those institutions. However, fewer than a third of responding jurisdictions allow agents of financial cooperatives, other banks, ODTIs, or CCPs to receive deposits or cash in/cash out on behalf of those institutions.

The use of agents does introduce some risks for both FSPs and consumers. Agents can commit fraud or use abusive practices. One type of fraud commonly committed by agents is to split transactions to increase their commissions and fees or avoid reporting requirements. Agents can also access and use agent records for fraudulent purposes or charge unauthorized fees. All these fraudulent activities take advantage of the low levels of financial literacy of consumers and, in particular, any inadequacy in their digital literacy. Considering this, a regulatory framework is needed to minimize such risks to consumers (table 3.7).

Table 3.7: Rules Regulating the Relationship between FSPs, Agents, and Consumers, 2022

Percentage of jurisdictions reporting rules in place, by institutional category

	COMMERCIAL BANKS	OTHER BANKS	FINANCIAL COOPs	ODTIs	CCPs	NBEMIs
Rules establishing that FSPs are liable for the actions of their agents	79%	42%	38%	28%	29%	58%
FSPs are required to have minimum standards for vetting their agents to establish their fit and suitability	77%	40%	36%	31%	28%	60%
FSPs are required to have and maintain minimum competence and training requirements for agents	73%	38%	30%	30%	26%	55%
FSPs are obligated to monitor their agents	76%	37%	35%	27%	24%	57%
FSPs are required to have measures in place to prevent agent fraud	70%	33%	32%	25%	26%	50%
FSPs are required to have contractual agreements with their agents	79%	44%	40%	31%	29%	58%
FSPs are required to obtain regulatory approvals for each new agent location	32%	19%	16%	8%	12%	21%
Explicit prohibition of agent-exclusivity agreements	24%	12%	13%	9%	4%	19%

Note: The number of responding jurisdictions varies for each option and institutional type. The highest number of responses for any given question or institution type is 115.

In 79 percent of responding jurisdictions, rules are in place establishing that commercial banks must have contractual agreements with their agents and that the provider is liable for the actions of their agents. Only 58 percent of jurisdictions place this liability on NBEMIs, and fewer jurisdictions still hold other banks (42 percent), financial cooperatives (38 percent), ODTIs (28 percent), and CCPs (29 percent) legally responsible for the conduct of their agents.

About three-quarters of commercial banks and over half of NBEMIs are required (1) to have minimum standards for vetting their agents to establish their suitability; (2) to have and maintain minimum competence and training requirements for agents; (3) to monitor their agents; and (4) to have measures in place to prevent agent fraud. For all these requirements, between a third and two-fifths of jurisdictions have similar rules for the other types of FSPs.

Such aspects as e-KYC, agent non-dedication, and agent interoperability and non-exclusivity all have a stimulating effect on the expansion of agent networks. Recognizing the chilling effect agent-exclusivity agreements have on agents, some regulators have explicitly prohibited them. Indeed, multiple jurisdictions have outlawed agent-exclusivity agreements across various institutional types (table 3.7).

Some jurisdictions require that FSPs obtain regulatory approval for each new agent location, which can be taxing on FSPs and limit the growth rate of the agent network. It is, therefore, encouraging that, when compared with the other requirements discussed above, significantly fewer jurisdictions have such requirements in place. These jurisdictions will want to assess the value of this approach in light of other regulations ensuring that FSPs manage their agent networks to maximize the safe and efficient expansion of financial services.

3.8 E-MONEY

E-money refers to money stored in a designated electronic account that can be accessed through mobile phones, chip cards, prepaid cards, or a hard drive in a computer. It can be used for making payments and transfers to entities and persons other than the EMI (This multipurpose use differentiates it from other payment instruments, such as store cards). Eighty-eight jurisdictions (77 percent of 114 responding jurisdictions) have the concept of e-money incorporated into law (table 3.8).

Table 3.8: E-Money Regulatory Landscape

Number (percentage) of jurisdictions with particular EMI parameters, by income level and region

ASPECTS OF THE E-MONEY LANDSCAPE	ALL	HIGH INCOME	UPPER-MIDDLE INCOME	LOWER-MIDDLE INCOME	LOW INCOME	EAP	ECA	LAC	MENA	NA	SAR	SSA
The concept of e-money incorporated into law	88 (77%)	33 (83%)	23 (62%)	27 (90%)	4 (80%)	9 (75%)	36 (92%)	13 (52%)	7 (58%)	1 (50%)	5 (83%)	16 (89%)
Non-bank institutions are allowed to issue e-money	74 (65%)	33 (83%)	19 (51%)	16 (53%)	4 (80%)	8 (67%)	31 (79%)	14 (56%)	6 (50%)	1 (50%)	3 (60%)	9 (50%)
Non-banks can issue e-money only in partnership with a bank	14 (12%)	0 (0%)	7 (19%)	6 (20%)	0 (0%)	2 (17%)	0 (0%)	4 (16%)	0 (0%)	0 (0%)	2 (20%)	6 (33%)
Total responses	113	40	37	30	5	12	39	25	12	2	5	18

Note: Percentages under income and regional groups represent the proportion of jurisdictions within each income and region group that indicate they had certain EMI parameters in place. Regions: EAP = East Asia and Pacific, ECA = Europe and Central Asia, LAC = Latin America and Caribbean, MENA = Middle East and North Africa, NA = North America, SAR = South Asia, SSA = Sub-Saharan Africa.

Fewer countries in Latin America and the Caribbean and the Middle East and North Africa have e-money codified in law than high income countries. However, this should not be taken to mean that e-money becomes less pervasive the less affluent a jurisdiction is. In fact, it could be argued that the opposite is true. What this highlights is a lag in the legal frameworks among these jurisdictions as compared to other regions. Because these questions are new to the survey, there, unfortunately, can be no time series comparison

with previous cycles.

Regarding the issuance of e-money, 74 jurisdictions (65 percent of 113 respondents) allow non-banks to issue e-money on their own, including over 60 percent of jurisdictions in South Asia and East Asia and Pacific regions. Fourteen jurisdictions (12 percent of respondents) allow non-banks to issue e-money only if they do so in partnership with a bank (table 3.9).

Table 3.9: Type of E-Money Issuers

Number (percentage) of jurisdictions indicating their EMI type, by income level and region

TYPE OF ISSUER	ALL	HIGH INCOME	UPPER-MIDDLE INCOME	LOWER-MIDDLE INCOME	LOW INCOME	EAP	ECA	LAC	MENA	NA	SAR	SSA
MNO	24 (30%)	6 (25%)	9 (38%)	8 (33%)	1 (4%)	5 (21%)	7 (29%)	4 (17%)	0 (0%)	0 (0%)	4 (17%)	4 (17%)
MNO, only through separate legal entity/subsidiary	32 (45%)	6 (19%)	9 (11%)	13 (39%)	4 (11%)	4 (14%)	6 (19%)	7 (22%)	4 (14%)	0 (0%)	2 (6%)	8 (25%)
Specialized payment service providers (non-MNO)	57 (73%)	21 (37%)	18 (32%)	16 (28%)	2 (4%)	6 (11%)	21 (37%)	12 (21%)	6 (11%)	1 (2%)	3 (5%)	8 (14%)
Internet platforms (such as e-commerce platforms)	19 (25%)	10 (52%)	6 (32%)	3 (16%)	0 (0%)	5 (26%)	7 (37%)	2 (11%)	1 (5%)	1 (5%)	1 (5%)	2 (11%)
Subsidiary of a deposit-taking institution	25 (33%)	9 (36%)	9 (36%)	7 (28%)	0 (0%)	5 (20%)	7 (28%)	6 (24%)	3 (12%)	0 (0%)	1 (4%)	3 (12%)
Other	13 (18%)	6 (46%)	4 (31%)	3 (23%)	0 (0%)	2 (15%)	8 (62%)	1 (8%)	1 (8%)	0 (0%)	1 (8%)	0 (0%)

Note: Number of jurisdictions varies by option, ranging from 73 to 81. Percentages under income and regional groups represent the proportion of jurisdictions from the category "All" that said they had certain types of EMIs. Regions: EAP = East Asia and Pacific, ECA = Europe and Central Asia, LAC = Latin America and Caribbean, MENA = Middle East and North Africa, NA = North America, SAR = South Asia, SSA = Sub-Saharan Africa.

As it relates to their structure, in 57 jurisdictions (73 percent of respondents), EMIs are specialized payment service providers. The next most common structure for an EMI—in 45 percent of jurisdictions—is MNOs that have devolved their e-money business into a separate legal entity or subsidiary. In 33 percent of the jurisdictions, subsidiaries of deposit-taking institutions are EMIs, while in 30 percent and 25 percent of jurisdictions, respectively, the issuers are MNOs and internet platforms (for example, e-commerce platforms). Thirteen jurisdictions (18 percent) selected "Other" as a description of the type of institutions that tend to be NBEMIs. An example in the "Other" category is a post office in Tunisia.

In addition to prescribing what type of institutions are allowed to issue e-money, authorities also mandate what steps FSPs must take to protect customers' e-money funds. A key prudential requirement typically imposed by regulators on FSPs is to maintain a minimum liquidity ratio to ensure that they can meet customers' demand for reimbursement. In the case of NBEMIs, most regulators require them to hold liquid funds equal to 100 percent of the e-money float in such assets. Indeed, in the survey, 66 jurisdictions (58 percent of respondents) indicate that 100 percent of customers' funds must be kept in an account at a single prudentially regulated FSP. Another 12 jurisdictions (11 percent) reported requiring funds be maintained

at more than one FSP (table 3.10). This requirement is a useful measure to mitigate the negative effects on NBEMIs of an FSP holding the float.

Table 3.10: Legal and Regulatory Requirements on Separation of Customer E-Money Funds, 2022

Number (percentage) of responding jurisdictions with requirements, by income level and region

LEGAL OR REGULATORY REQUIREMENT	ALL	HIGH INCOME	UPPER-MIDDLE INCOME	LOWER-MIDDLE INCOME	LOW INCOME	EAP	ECA	LAC	MENA	NA	SAR	SSA
Yes, 100 percent of customers' funds must be kept in an account at a prudentially regulated FSP	66 (58%)	26 (63%)	35 (97%)	11 (37%)	0 (0%)	4 (36%)	27 (69%)	14 (54%)	7 (58%)	0 (0%)	4 (80%)	10 (53%)
Yes, 100 percent of the customers' funds must be kept in accounts at more than one prudentially regulated FSPs	12 (11%)	1 (2%)	4 (11%)	5 (17%)	2 (40%)	2 (18%)	0 (0%)	2 (8%)	1 (8%)	0 (0%)	1 (20%)	6 (32%)
Yes, a fraction of the money that corresponds to the e-money issued must be kept in one or more prudentially regulated FSPs	6 (5%)	4 (10%)	1 (3%)	1 (3%)	0 (0%)	2 (18%)	3 (8%)	0 (0%)	1 (8%)	0 (0%)	0 (0%)	0 (0%)
No	11 (10%)	5 (12%)	3 (8%)	2 (7%)	1 (20%)	1 (9%)	4 (10%)	4 (15%)	1 (8%)	1 (50%)	0 (0%)	0 (0%)
Not applicable	19 (17%)	6 (14%)	10 (28%)	3 (10%)	0 (0%)	2 (18%)	5 (18%)	6 (23%)	2 (17%)	1 (50%)	0 (0%)	3 (16%)
No. of responding jurisdictions	114	41	36	30	5	11	39	26	12	2	5	19

Note: Percentages under income and regional groups represent the percentage of jurisdictions from each income or regional group that indicated they had certain legal and regulatory requirements in place. Regions: EAP = East Asia and Pacific, ECA = Europe and Central Asia, LAC = Latin America and Caribbean, MENA = Middle East and North Africa, NA = North America, SAR = South Asia, SSA = Sub-Saharan Africa.

The types of accounts used for the safeguarding of customer funds vary across jurisdictions (table 3.11). The largest contingent of jurisdictions, which accounts for 32 jurisdictions (34 percent of respondents), require that funds be kept in a trust account. Another 28 jurisdictions (30 percent) answered "Other" when detailing the

type of account required. Some examples of these types of varied mechanisms include a requirement to have a bank guarantee in Malaysia, government bonds in Indonesia, and insurance coverage in Korea as means of safeguarding funds.

Table 3.11: Types of Accounts Used for Safeguarding E-Money Funds, 2022

Number (percentage) of responding jurisdictions using specific types of accounts, by income level and region

ACCOUNT TYPE	ALL	HIGH INCOME	UPPER-MIDDLE INCOME	LOWER-MIDDLE INCOME	LOW INCOME	EAP	ECA	LAC	MENA	NA	SAR	SSA
Trust accounts	32 (34%)	6 (18%)	10 (33%)	12 (44%)	100 (13%)	5 (50%)	4 (12%)	7 (33%)	1 (11%)	0 (0%)	3 (60%)	12 (75%)
Escrow account	13 (14%)	5 (15%)	4 (13%)	4 (15%)	0 (0%)	0 (0%)	5 (15%)	3 (14%)	3 (33%)	0 (0%)	1 (20%)	6 (8%)
Fiduciary account	6 (6%)	2 (6%)	2 (7%)	1 (4%)	25 (17%)	0 (0%)	2 (6%)	1 (5%)	1 (11%)	0 (0%)	0 (0%)	2 (13%)
Regular account	13 (14%)	5 (15%)	4 (13%)	4 (15%)	0 (0%)	2 (20%)	7 (21%)	3 (14%)	1 (11%)	0 (0%)	0 (0%)	0 (0%)
Account at the central bank	9 (10%)	3 (9%)	4 (13%)	2 (7%)	0 (0%)	1 (10%)	4 (12%)	4 (19%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
Other	28 (30%)	12 (36%)	8 (27%)	8 (30%)	0 (0%)	6 (60%)	15 (45%)	3 (14%)	3 (33%)	0 (0%)	1 (20%)	0 (0%)
Regulations do not specify	16 (17%)	9 (27%)	4 (13%)	3 (11%)	0 (0%)	2 (20%)	6 (18%)	4 (19%)	1 (11%)	0 (0%)	0 (0%)	3 (19%)
No. of responding jurisdictions	94	33	30	27	4	10	33	21	9	0	5	16

Note: Percentages under income and regional groups represent the percentage of jurisdictions from each income and regional group that said they used certain types of accounts. Regions: EAP = East Asia and Pacific, ECA = Europe and Central Asia, LAC = Latin America and Caribbean, MENA = Middle East and North Africa, NA = North America, SAR = South Asia, SSA = Sub-Saharan Africa.

BOX 3.4

Consumer Risks in Fintech

Authorities responsible for FCP are increasingly facing the challenge of addressing old and new manifestations of fintech risks but often lack the technical expertise or tools to do so. These risks include those arising not only from the underlying technology enabling fintech but also from new business models, product features, and provider types. A World Bank policy research paper, [Consumer Risks in Fintech: New Manifestations of Consumer Risks and Emerging Regulatory Approaches](#), seeks to address this need directly, by identifying new manifestations of consumer risks posed by fintech and providing a range of emerging policy approaches that can be used to address them.

Highlights of identified risks and approaches include the following:

Fintech operator fraud or misconduct: This requires establishing competence requirements for these market players, as well as mandatory licensing/registration and vetting.

Platform/technology unreliability or vulnerability: This exposes consumers to higher risks of loss and other harm and requires outsourcing specific risk management, operational reliability, and competence requirements for operators.

Inadequate consumer disclosure and transparency in a digital context: This requires adapting disclosure formats for digital channels and ensuring that the order and flow of information and user interfaces are increasingly recognized as necessary to address these issues.

Increased risk of product unsuitability: This requires solutions such as limiting individual investments or other exposures for less knowledgeable consumers, and product suitability and product design obligations for fintech operators.

Conflicted fintech business models leading to conduct that is not in consumers' interests: This requires approaches such as conflict-mitigation obligations and a range of restrictions targeting specific conflict types.

Algorithmic decision-making leading to potentially unfair outcomes: Because some algorithms may lead to unfair, discriminatory, or biased outcomes, this risk requires both the application of antidiscrimination rules to algorithmic scoring and appropriate procedures, controls, and safeguards during development, testing, and deployment of algorithms.

Regulators contemplating any of these measures will need to take a step-by-step approach tailored to their country context, considering not only risk-mitigation concerns but also possible implications for financial sector development and innovation.

The distinction between e-money funds and deposits is relevant for how NBEMIs can use customer funds and whether customers holding e-money funds can receive interest or shared profits on these funds. E-money funds, unlike traditional deposits, are generally not meant to facilitate intermediation. Therefore, the lending of e-money funds may constitute fund misuse. In 2017, in 59 responding jurisdictions (86 percent), NBEMIs were prohibited by law from using customer e-money funds for purposes other than redeeming e-money and executing fund transfers. By 2022, this number had risen to 73 jurisdictions (70 percent). This restriction is widely applied, with all the geographic regions having this requirement in at least two-thirds of responding jurisdictions.

3.9 FINTECH INNOVATIONS

In a world where access to financial services and high-speed broadband internet is not universal or particularly affordable, fintech can democratize financial access for both individuals and small and medium-sized enterprises. Fintech has the potential to lower costs while increasing speed and accessibility, allowing for more tailored financial services that can scale (Appaya 2021). However, the growing use of fintech also presents new risks and new manifestations of existing risks to consumers. (See box 3.4.) Recognizing the growing role that fintech is playing in fostering access, the 2022 survey added specific questions to explore the types of innovative products that are being offered in various markets (figure 3.9) and the most common regulatory protocols around those products (figure 3.10). Payment system innovations, which are covered in other World Bank surveys, are not covered under this survey. (See box 3.5.)

BOX 3.5

World Bank Global Payment Systems Survey

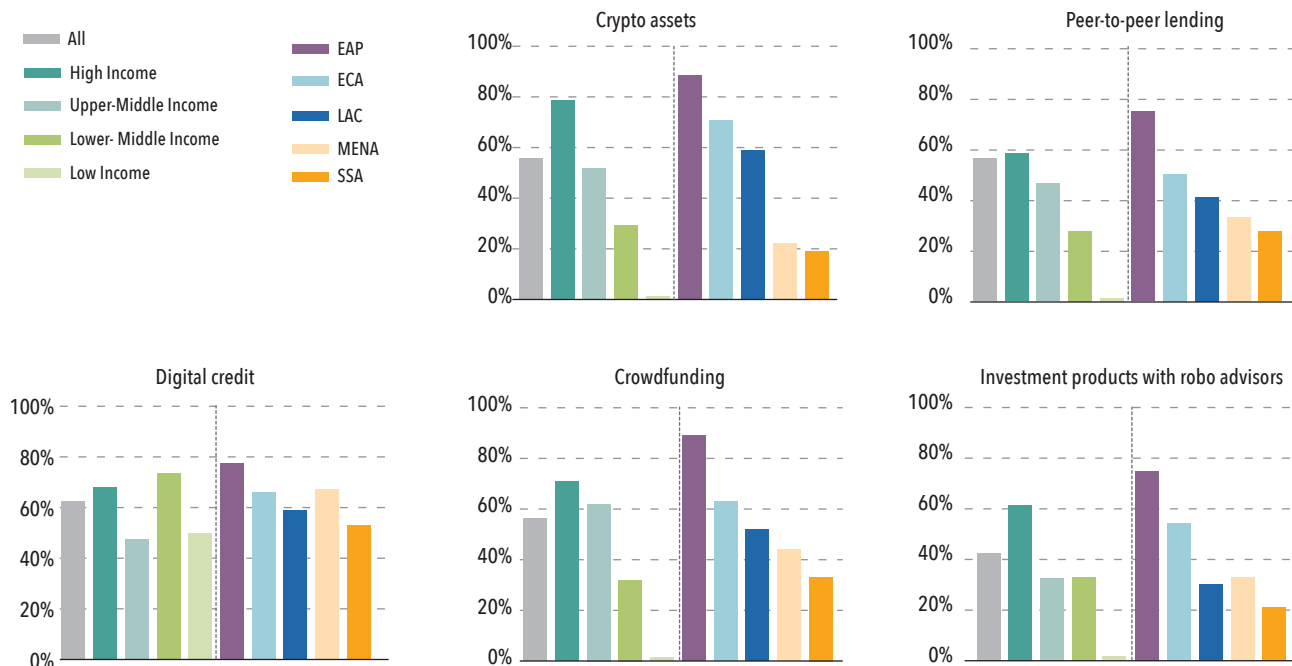
While the role of fintech as a facilitator for payments is not covered in depth in this report, the World Bank's Global Payment Systems Survey is a key resource on the topic. The survey asks national and regional central banks and monetary authorities about the status of payment systems, combining quantitative and qualitative measures of payment system development and covers all aspects of national payment systems—from infrastructure and the legal and regulatory environment to technological and business model innovations, international remittances, and oversight framework.

Globally, one of the more widespread fintech innovations—after payments—is digital credit, which facilitates lending through mobile applications²² or online platforms via the internet. Digital credit is, however, a double-edged sword. (See box 3.6.) On the one hand, it facilitates access to credit for the poor, women, and small and medium-sized enterprises that would otherwise be less likely to obtain credit from traditional financial institutions. On the other hand, it has led to over-indebtedness and predatory lending, which have jeopardized the gains it stimulates (Izaguirre, Kaffenberger, and

Mazer 2018). This tension notwithstanding, 55 jurisdictions (63 percent of respondents) indicate they have digital credit providers active within their borders. Among this group of jurisdictions, 74 percent require digital credit providers to get a license or some other form of authorization, 85 percent are subject to FCP regulations, 91 percent are subject to rules on data protection, and 70 percent are required to share data with credit bureaus/registries, which could have a positive impact in stimulating more access to finance.

Figure 3.9: Fintech Product Innovations for Financial Inclusion, 2022

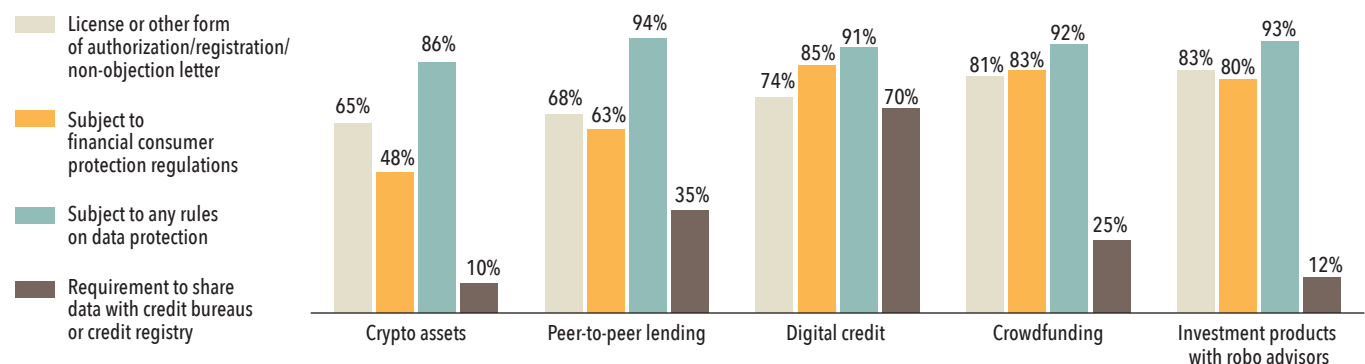
Percentage of responding jurisdictions reporting having each fintech innovation



Note: Figure based on 95 responses. Percentages are a share of responses within the region/income group, rather than of the global total. Regions: EAP = East Asia and Pacific, ECA = Europe and Central Asia, LAC = Latin America and Caribbean, MENA = Middle East and North Africa, SSA = Sub-Saharan Africa.

Figure 3.10: Most Common Regulatory Protocols around Fintech Products, 2022

Percentage of responding jurisdictions reporting regulatory protocols in place



Note: Figure based on 46 responses for crypto-assets, 31 for peer-to-peer lending, 47 for digital credit, 42 for crowdfunding, and 29 for investment products.

²² A software application that is designed to run on a mobile device, such as a phone or a tablet.

BOX 3.6**Digital Credit: A Double-Edged Sword**

In Kenya, where DFS have had high adoption rates and digital credit was introduced early to massive uptake, the outcome has been problematic. One nationally representative study found that about 50 percent of digital credit borrowers had repaid those loans late and that about 12 percent had defaulted altogether. Another study found that about half of defaulters on digital loans had an outstanding balance of less than \$10. Kenyans were being blacklisted in droves for very small loan amounts, and the COVID-19 pandemic only served to exacerbate this problem.

In response to what appeared to be a runaway train of negative externalities, in 2021 the Kenyan parliament approved a bill that requires all digital lenders to submit product pricing to the Central Bank of Kenya for approval before launch. The bill sought to lower predatory interest rates. Furthermore, nonperforming loans were capped at twice the amount of the initial loan defaulted, thus prohibiting lenders from perpetually increasing the amount to be paid back through late-payment fees. Kenya's example highlights the role of authorities and the level of vigilance they need to employ in the face of innovation in a market made up of mostly vulnerable people with low levels of financial (and particularly digital) literacy.

Note: Nonperforming loans are those loans for which the outstanding balances have not been paid for more than 90 days. Sources: Totolo (2018), MSC (2019).

Crypto assets (issuance, exchange, and custody), crowdfunding, and peer-to-peer lending are three types of fintech innovations that have gained momentum in equal measure. In 2022, for each of these three product categories, slightly over half of responding jurisdictions indicate they are available domestically.

According to the Bank for International Settlements, crypto-assets are private digital assets that depend primarily on cryptography and distributed ledger or similar technology. They use cryptography, peer-to-peer networks, and distributed ledger technology such as blockchain to create, verify, and secure transactions. They are highly concentrated in high- and upper-middle-income countries, with an estimated market capitalization of \$2.8 trillion as of November 2021 (Feyen, Kawashima, and Mittal 2022). Thirty jurisdictions (65 percent) with this product require some form of authorization for them to be active.

Of the 46 jurisdictions responding about crypto-assets, 37 jurisdictions (86 percent) subject these products to rules on data sharing, 20 jurisdictions (48 percent) require that they adhere to consumer protection guidelines, and four jurisdictions (10 percent) require that they share data with credit bureaus/registries. It has been posited by some national authorities and private players that crypto-assets, through simple to set up and low-cost automated

financial services at scale, could reduce the number of underbanked and unbanked (Moy and Carlson 2021). This is, however, yet to materialize. National authorities and, in particular, those in lower-middle- and low-income jurisdictions appear committed to moving cautiously as it relates to this asset class. This makes sense considering the complexity of such products, which, when coupled with low to moderate levels of financial (read "digital") capability, make such products risky. Furthermore, in 2022 several prominent centralized crypto-asset exchanges filed for bankruptcy, causing a sizable contraction of the crypto-asset market globally and serving as a red flag for many policy makers (Knauth 2022).

Another fintech innovation that has been gathering momentum is crowdfunding. Fifty jurisdictions indicate that these products are offered in their markets. Crowdfunding is an internet-enabled way for businesses or other organizations to raise money in the form of either donations or investments from multiple individuals. This type of product was initially hailed as having significant potential, particularly in markets where access to credit from the traditional financial sector was constrained. Indeed, a 2015 World Bank report on this subject posited that "developing countries that manage this [new funding mechanism] successfully may be able to leapfrog the developed world, in both a regulatory and economic sense, by creating frameworks for early-stage finance that facilitate entrepreneurship, the fostering of innovative technology enterprises and the emergence of new competitive industries" (InfoDev/World Bank Group 2015).

The truth, unfortunately, is that in 2022 developing countries have not been able to harness this potential fully. Of the 50 jurisdictions that have crowdfunding, 71 percent are high-income economies, while 62 percent and 32 percent are in upper-middle- and lower-middle-income economies, respectively. As for whether rules dictate the crowdfunding products in their market, over 80 percent of jurisdictions indicated having some form of licensing or authorization requirement in place. Similarly, 92 percent and 85 percent of jurisdictions reported having rules on data protection and FCP regulations in place, respectively, for these products. However, when it comes to data sharing with credit bureaus or registries, only nine (25 percent of responding jurisdictions) have this requirement in place. If sharing this information indeed also enables crowdfunding platforms to access the data in these registries, this can help narrow the information gap between banks and more established lenders that are using those registries and bureaus to facilitate access to finance (Havrylchuk 2018).

Fewer regulators reported that their jurisdictions had peer-to-peer lending and investment products with robo-advisers,²³ and, again, these are more prevalent in high-income than low-income jurisdictions. Perhaps unsurprisingly given the high risk associated with all the innovative products mentioned, the investment prod-

²³ Robo-advisers are automated investment services aimed at ordinary investors. They tend to be very low cost and often have no minimum balance requirements.

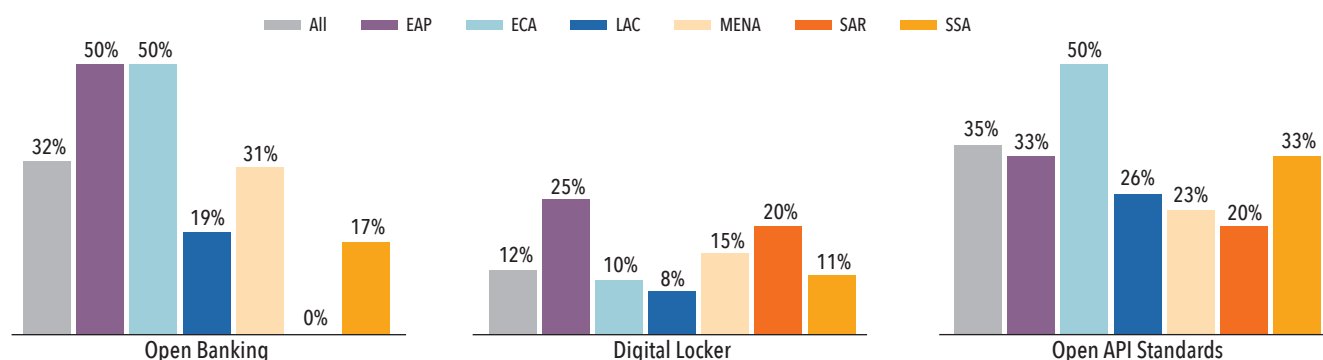
ucts have the highest proportion of jurisdictions that require authorization or a license prior to operation (83 percent of jurisdictions).

North America, with only two jurisdictions responding, has all of the fintech innovations discussed above. Conversely, neither of the two South Asian economies that responded to this question have any of these innovations. Particularly in the fintech era, the expanding volume and richness of data trails resulting from increased digitization—paired with growing data analytics capabilities—present an opportunity to advance financial inclusion (Vidal and Plaitakis 2022). This is because alternative data sources, such as social media, phone records, utility payment history, and customized test scores (Alibhai et al. 2019)—which were previously unavailable as an input into an FSP’s credit scoring models—are now abundant because of data sharing models.

Given these developments, the survey asks authorities to indicate if they have adopted data sharing models—specifically, open API standards, open banking/open finance, and digital lockers (figure 3.11).²⁴ According to the Bank for International Settlements’ definition, open banking/open finance is the sharing and leveraging of customer-permissioned data by banks with third-party developers and firms to build applications and services. Within an open banking/open finance regime, banks and other financial institutions (data holders) exchange consumer data with other FSPs or third-party providers such as fintechs (both known as “data recipients”), following applicable laws and regulations on consumer consent (Staschen and Plaitakis 2020). This responsible exchange of customer transaction data allows fintech and other types of FSPs to offer products and promote financial behaviors that alleviate some of the pain points experienced by low-income customers—and to do so more efficiently and cheaply than banks.

Figure 3.11: Adoption of Data-Sharing Models, 2022

Percentage of responding jurisdictions reporting data-sharing models, by geographic region



Note: Figure based on the following number of responses: All 117, East Asia and Pacific (EAP) 12, Europe and Central Asia (ECA) 40, Latin America and the Caribbean (LAC) 26, Middle East and North Africa (MENA) 13, South Asia (SAR) 5, and Sub-Saharan Africa (SSA) 19.

In light of these benefits, it is encouraging to note that 41 jurisdictions (35 percent of 117 respondents) have currently adopted open API standards. The survey also shows that 37 jurisdictions (32 percent) have adopted open banking/open finance practices. Unfortunately, the jurisdictions that are exploring these models also skew more toward higher-income than lower-income economies, so the promise of these models drastically increasing access is yet to materialize.²⁵ Also, only 14 jurisdictions (concentrated in East Asia and Pacific and South Asia) have digital lockers.²⁶ These allow for the secure storage of verified and otherwise important documents. This survey will be tracking and reporting on these data sharing

developments with the aim of guiding authorities on how to optimize these trends to improve access, usage, and quality of financial services.

Finally, respondents were asked to provide details on the innovation-related activities they undertake as part of their oversight function in this area. Table 3.12 details the four main activities and their prevalence. The most common activity, which is reported by 54 jurisdictions, is updating existing regulations to address new developments and innovation, indicating a lag between the introduction of innovations and their appropriate reflection within the regulatory framework.

²⁴ An open API, also called public API, is an application programming interface made publicly available to software developers. A digital locker is a secure online storage service for files or digital media.

²⁵ Open APIs might be adopted for other reasons, such as financial supervision or back-office access to shared infrastructure, not necessarily for open banking/open finance.

²⁶ The survey instrument defines a digital locker as a platform to facilitate the digital issuance and verification of documents to enable individuals and entities to share online trusted information and documents remotely (that is, whereby individuals can upload, request, store, and share digitally certified information such as IDs or tax returns).

Table 3.12: Innovation Related Activities Undertaken by Authorities

Number (percentage) of jurisdictions reporting activities

THEMATIC AREA	ACTIVITIES	JURISDICTIONS
Innovation office, regulatory sandbox, or other innovation	Industry and market assessments analyzing the impact of innovation and digital transformation on financial inclusion	44 (43%)
	Updating of existing regulation to address new developments and innovation	54 (53%)
	Collaborative structures with fintech focused on financial inclusion	40 (39%)
	Protocols to test and learn	26 (25%)

Note: Figure based on 102 responses in 2022.

The next two most prevalent activities relate to assessments of the impact of innovation on financial inclusion and the development of collaborative structures with fintech to drive financial inclusion, with 44 and 40 jurisdictions undertaking these activities, respectively. Lastly, a quarter of the responding jurisdictions, currently have protocols to test and learn in place. While the number of jurisdictions undertaking these types of initiatives is relatively small compared to other traditional activities, their presence speaks to a rising awareness among authorities of the need to supervise with an eye to the future, rather than the status quo.

3.10 CREDIT REPORTING SYSTEMS

According to the World Bank's [International Committee on Credit Reporting](#), credit reporting systems reduce informational asymmetries between lenders and borrowers. As it relates to financial inclusion, credit reporting can be a valuable tool for improving lenders' ability to extend credit responsibly to unserved and underserved consumers. Credit reporting systems also allow lenders to price risks more accurately, which can result in more favorable terms and conditions for the borrower. With regards to FCP, credit reporting data can be used to help reduce over-indebtedness by enabling lenders to match the loan product to the needs and repayment capacity of borrowers.

One constraint to realizing all the inclusion and consumer protection benefits of credit reporting systems, however, is the coverage of these systems in terms of entities reporting to them or utilizing their services. Per the International Committee on Credit Reporting, a credit reporting system that relies heavily on commercial banks, for example, would have limited benefit for low-income consumers who tend to have less access to commercial banks.

Credit registries are generally developed to support the state's role as a supervisor of loan-dispensing financial institutions, though not all types of financial institutions may be included in those registries. Where these registries exist, loans above a certain amount must, by law, be registered in the national credit registry. One of the main differences in comparison with credit bureaus—the other main type of credit reporting service provider—is that credit registries tend to be public entities. They are usually managed by central banks or bank supervision agencies. In contrast, credit bureaus tend

to be privately owned and operated (World Bank 2015).

Table 3.13 details the various access and reporting requirements to registries and bureaus by types of financial institutions. Commercial banks have the most expansive access to these repositories of all FSP types, with 84 and 73 jurisdictions allowing them to access credit bureau and credit registry data, respectively. Commercial banks, however, bear the greatest burden among FSP types, as it relates to the requirement to check information for all or some loans as well as having mandatory reporting on both positive and negative data.

Notably, for all financial institution types, the number of jurisdictions mandating the reporting of loans in arrears or default is higher than those mandating those in compliance. Negative reports can have a system-wide negative impact. Countries such as Kenya and Tanzania have witnessed a steep rise in defaults and the blacklisting of vulnerable digital borrowers highlights even more the need for FCP initiatives to limit the negative externalities that may arise from the combination of financial access and low financial capability (Rhynes 2019).

FINANCIAL CONSUMER PROTECTION

KEY HIGHLIGHTS

FCP legislation: The fact that over 97 percent of responding jurisdictions have some form of a legal framework for FCP in place is evidence of an almost universal recognition of the need for these protections. Indeed, between 2017 and 2022, the number of jurisdictions with stand-alone FCP laws or regulations has increased by 13 percent.

FCP regulations: Currently, consumer protection clauses embedded within financial-sector regulations are the most common type of FCP regulation. This structure exists in 94 jurisdictions (83 percent of respondents). Also, 78 jurisdictions (69 percent) have stand-alone regulations by FCP topic, which is encouraging but does leave room for improvement.

Institutional arrangements for FCP supervision: The institutional arrangements for FCP vary significantly, though two models stand out as most popular: Thirty-nine jurisdictions have an integrated sectoral financial sector agency model, and 24 have the integrated single agency model.

Of the 100 responding jurisdictions, 54 have an FCP unit that is separate from and on an equal hierarchical footing with the prudential supervision unit. However, in 27 jurisdictions, the FCP team is embedded within the prudential supervision team, which is not ideal for the comprehensive implementation of the FCP team's mandate.

FCP supervisory and enforcement activities: Around 75 percent of responding jurisdictions engage in specific supervision activities, such as data collection and analysis of complaints, off- and on-site inspections, rule drafting, and market monitoring.

However, the use of thematic evaluations, mystery shopping, and consumer primary research is less widespread. The most common form of enforcement activity, which is undertaken by 97 jurisdictions, is the issuance of warnings or reprimands to providers. Only around 75 percent of responding jurisdictions use moral suasion, demand that advertisers stop using deceptive tactics in their advertising, or demand that FSPs alter their goods, services, or operational procedures, as necessary.

Prohibition of unfair business practices: Many jurisdictions indicate that they have various general restrictions or prohibitions on unfair business practices. Ninety-eight jurisdictions prohibit the use, in a consumer agreement, of any term or condition that is unfair, excessively unbalanced, or abusive, while 90 jurisdictions limit any term or condition that excludes or restricts the liability of the FSP.

Consumer complaint handling: One hundred and seven jurisdiction report having laws or regulations setting standards on internal dispute resolution mechanisms, an increase from 92 jurisdictions in 2017. There is currently a relatively high number of economies (102) that require FSPs to have a process in place for addressing consumer complaints. In cases where financial consumers are unable to resolve their complaints with a provider through an internal dispute resolution mechanism, 81 jurisdictions have established an alternative dispute resolution mechanism.

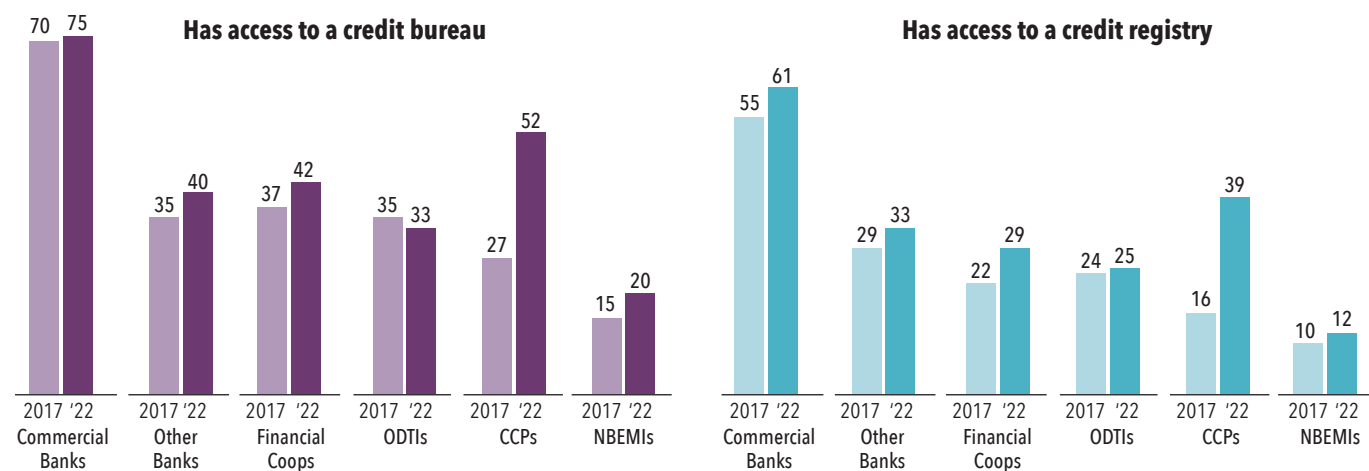
Table 3.13: Access to and Usage of Credit Bureaus and Credit Registries

Number (percentage) of responding jurisdictions reporting access to and usage of credit data

	COM. BANKS	OTHER BANKS	FNCL COOPS	ODTIS	CCPS	NBEMIS
Has access to credit bureau data	84 (78%)	49 (79%)	50 (81%)	41 (85%)	62 (81%)	27 (82%)
Has access to credit registry data	73 (68%)	40 (65%)	37 (60%)	31 (65%)	48 (62%)	19 (58%)
Required to check credit bureau/registry information for all loans	81 (75%)	42 (68%)	35 (56%)	37 (77%)	47 (61%)	16 (48%)
Required to check credit bureau/registry information for some types of loans	62 (57%)	34 (55%)	33 (53%)	28 (58%)	40 (52%)	11 (33%)
Mandatory reporting to a credit bureau/registry of negative loan information	84 (78%)	50 (81%)	43 (69%)	38 (79%)	58 (75%)	17 (52%)
Mandatory reporting to a credit bureau/registry of positive loan information	76 (70%)	44 (71%)	39 (63%)	32 (67%)	55 (71%)	15 (45%)
No. of responding jurisdictions	108	62	62	48	77	33

Figure 3.12: Access to Credit Bureaus and Credit Registries, 2017 vs. 2022

Number of jurisdictions reporting access to credit registries and bureaus, by institution type: (set of 95 overlapping jurisdictions)



In reviewing the change in jurisdictions with access to credit bureaus, a modest increase in the number of jurisdictions with access by commercial banks, other banks, financial cooperatives, and NBEMIs can be observed between 2017 and 2022. CCPs also appear to have a significant increase in access to credit bureaus (from 27 to 52 jurisdictions), but this change must be viewed with caution given the expansion of the category, which included only microcredit companies in 2017 but includes several other types of consumer credit companies in 2022. It is therefore not clear if this increase is actual or just a function of the change in category definition. ODTIs are the only financial institution type to have a decrease in jurisdictions with access to credit bureaus between the two cycles. But even this change is minimal, with a reduction from 35 to 33. As it relates to access to credit registries, the patterns of access

are the same as those of credit bureaus. Overall, with the data showing only modest increases in access to credit bureaus and registries despite the benefit, this is an area of relatively low-hanging fruit where policy makers can stimulate increased access to credit.

4.1 INTRODUCTION

FCP encompasses the laws, regulations, other measures, and institutional arrangements generally designed to ensure fair and responsible treatment of financial consumers in their purchase and use of financial products and services and their dealings with FSPs.²⁷ A strong consumer protection regime is key to ensuring that expanded access to financial services benefits consumers, enabling them to make well-informed decisions on how best to use financial services, building trust in the formal financial sector and contributing to healthy and competitive financial markets. Ensuring effective FCP is also vital given the vulnerability of segments of the population that remain unserved and underserved. Box 4.1 lists good practices and resources to assist authorities in building an effective FCP approach.

BOX 4.1

Good Practices and Resources to Help Authorities Build an Effective FCP Approach

The World Bank Group's 2017 edition of [Good Practices for Financial Consumer Protection](#) is a comprehensive resource on international FCP good practices. More recently, the World Bank has released several publications on FCP that provide additional guidance as well as updates on developments that have occurred since the publication of the 2017 *Good Practices*. These publications include the following:

- [Consumer Risks in Fintech: New Manifestations of Consumer Risks and Emerging Regulatory Approaches](#)
- [Complaints Handling within Financial Service Providers: Principles, Practices, and Regulatory Approaches](#)
- [Product Design and Distribution: Emerging Regulatory Approaches for Retail Banking Products](#)
- [Key Facts Statement Testing: Options, Methodologies, and Tools](#)
- [The Next Wave of Suptech Innovation: Suptech Solutions for Market Conduct Supervision](#)
- [Market Monitoring Toolkit for Financial Consumer Protection](#)
- [Rethinking Consumer Protection: A Responsible Digital Finance Ecosystem](#)

4.2 LAWS AND REGULATIONS

It is critical to have in place a clear and comprehensive legal and regulatory framework that establishes minimum standards to protect consumers of retail financial products and services. Such a framework can take a variety of forms. While some jurisdictions rely on the application of general consumer protection laws to financial products and services, others include provisions specific to financial services within broader consumer protection laws. Such a framework may also be implemented through stand-alone FCP law(s). Importantly, a single jurisdiction may be found to take several of these approaches (that is, having both a general consumer protection law applying to financial products and services and some more specific laws). This should be kept in mind when considering the survey findings below.

In the survey, respondents were asked to indicate what types of legal frameworks exist in their jurisdiction for FCP (table 4.1). The most prevalent framework is having a general consumer protection law without explicit reference to financial services; 74 jurisdictions (65 percent of respondents) have this framework in place. Examples of this category include Guyana's Consumer Affairs Act of 2011, Mexico's Federal Consumer Protection Law of 1992, and Bangladesh's Consumer Rights Protection Act of 2009. (However, Mexico also has a range of FCP-specific legislation in place.) In addition, 55 jurisdictions (48 percent) have a general consumer protection law with explicit reference to financial services. If a country is relying only on general consumer protection laws for FCP, a common drawback is that—even in cases where such laws include some explicit references to financial services—these laws are often not specific, clear, or comprehensive enough to provide effective protection for financial consumers and also may not allow for the development of detailed regulations by financial regulatory authorities.

²⁷ OECD (Organisation for Economic Co-operation and Development), "Financial Consumer Protection," <https://www.oecd.org/finance/financialconsumerprotection.htm>.

Table 4.1: Approaches to FCP Legal Frameworks

Number (percentage) of responding jurisdictions with each legal framework approach for FCP, by regional group

LEGAL FRAMEWORK APPROACH	ALL	EAP	ECA	LAC	MENA	NA	SAR	SSA
General consumer protection law without explicit reference to financial services	74 (65%)	8 (11%)	30 (41%)	12 (16%)	6 (8%)	1 (1%)	5 (7%)	12 (16%)
General consumer protection law with explicit reference to financial services	55 (48%)	7 (13%)	25 (46%)	13 (24%)	4 (7%)	1 (2%)	1 (2%)	4 (7%)
Stand-alone FCP law or regulation	63 (56%)	8 (13%)	22 (35%)	9 (14%)	11 (17%)	2 (3%)	1 (2%)	10 (16%)
General competition law with specific reference to FCP	48 (42%)	5 (10%)	15 (31%)	15 (31%)	6 (13%)	0 (0%)	2 (4%)	5 (10%)
Other	39 (35%)	5 (13%)	15 (38%)	10 (26%)	2 (5%)	1 (3%)	2 (5%)	4 (10%)
No FCP legal framework	3 (3%)	0 (0%)	0 (0%)	2 (67%)	0 (0%)	0 (0%)	0 (0%)	1 (33%)
No. of responding jurisdictions	113	12	40	25	13	2	5	16

Note: Percentages represent the proportion of responding jurisdictions within each region that indicate they have a particular legal framework in place. "Other" included such approaches as civil codes and industry standards. Regions: EAP = East Asia and Pacific, ECA = Europe and Central Asia, LAC = Latin America and Caribbean, MENA = Middle East and North Africa, NA = North America, SAR = South Asia, SSA = Sub-Saharan Africa.

Sixty-three jurisdictions (56 percent) indicate they have a stand-alone FCP law or regulation. Just over a third of these jurisdictions are in the Europe and Central Asia Region and include Austria, Finland, and Sweden. Of the 63 jurisdictions, only two (Rwanda and Tanzania) are low income, while 16 (including the Arab Republic of Egypt, Indonesia, Nigeria, and Tunisia) are lower-middle income. Of the jurisdictions with a general consumer protection law that explicitly refers to financial services, significantly fewer were from low-income jurisdictions (20 percent) than from lower-middle-income jurisdictions (43 percent). The gap only widens when compared to more affluent regions.

Furthermore, 48 jurisdictions (42 percent) have a general competition law with specific reference to FCP. Three jurisdictions (Belize, Haiti, and the Seychelles) indicated at the time of data collection that they had no legal framework for FCP, but Seychelles has very recently passed an act relevant to this subject, and Belize's consumer protection law is currently being drafted.

The most notable change between 2017 and 2022 in terms of FCP legal frameworks has been a 13 percentage point increase in stand-alone FCP laws or regulations (including regulations on stand-alone FCP topics). In terms of the number of jurisdictions when comparing the "Set of 95" countries that participated across both cycles (see appendix B), the numbers were 59 in 2017 and 71 in

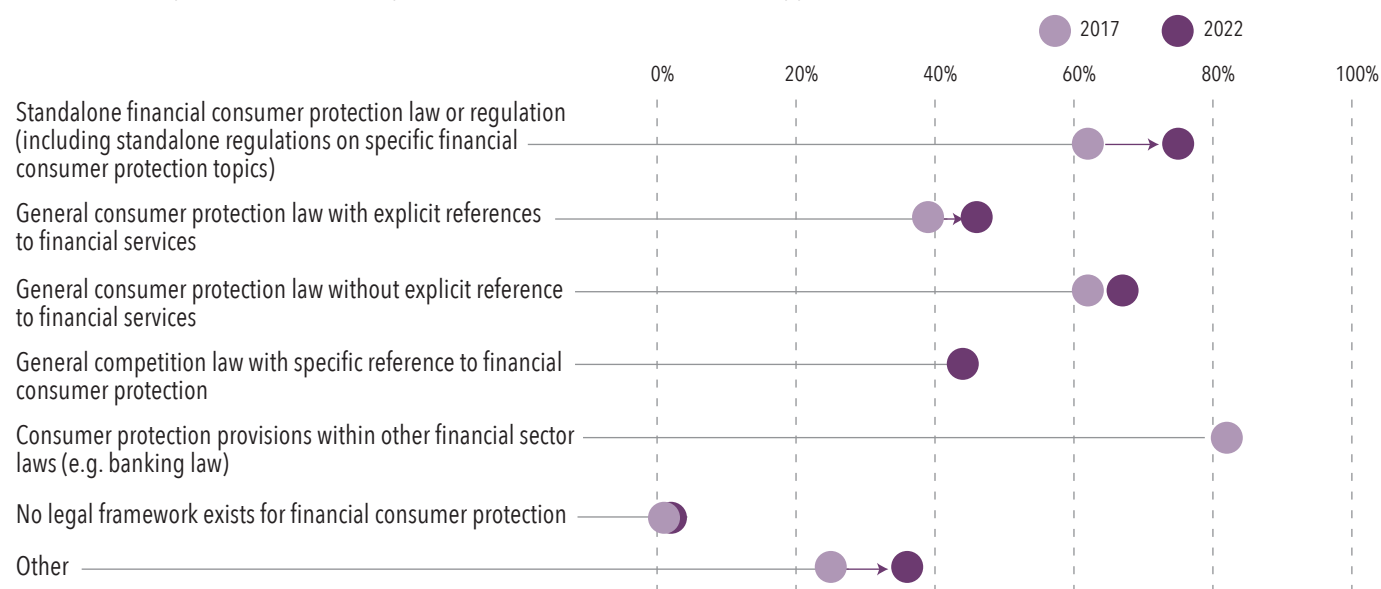
2022. This points to a strong and positive trend of jurisdictions adopting laws and regulations to protect financial consumers. In both 2017 and 2022, jurisdictions in Europe and Central Asia make up the majority of those with stand-alone FCP laws/regulations. In 2022, 59 jurisdictions, representing 53 percent and 59 percent of reporting high-, upper-middle- and lower-middle-income jurisdictions, respectively, have these laws or regulations in place. Where there is a lag, however, is in low-income jurisdictions, where only 40 percent of those responding indicate they have a stand-alone FCP law or regulation in place.

Among regions that went from not having stand-alone FCP laws/regulations in 2017 to having them in 2022, countries in the Sub-Saharan Africa and Middle East and North Africa Regions feature the most. In 2017, only three respondents in Sub-Saharan Africa had a stand-alone law/regulation, compared to 10 in 2022. And while none of the respondents in the Middle East and North Africa had a stand-alone law/regulation in 2017, 11 did so in 2022. In the Latin America and the Caribbean and Europe and Central Asia Regions, Argentina and Moldova are among the jurisdictions that went from not having a stand-alone law in 2017 to having such in 2022.

Figure 4.1 highlights the legal framework approaches between 2017 and 2022, focusing only on the "Set of 95" countries that participated in both survey cycles. (See Appendix B.)

Figure 4.1: FCP Legal Frameworks, 2017 vs. 2022

Percentage of responding jurisdictions reporting legal frameworks: (set of 95 overlapping jurisdictions)



Note: The option “General competition law with specific reference to financial consumer protection” was not presented to respondents in 2017. The option “Consumer protection provisions within the financial sector legal framework” was not presented to respondents in 2022.

Beyond the legal framework governing FCP in their jurisdictions, 113 respondents also indicate their types of regulatory regimes (table 4.2). Again, because jurisdictions can legitimately have sev-

eral relevant regulations promulgated, these responses are not mutually exclusive.

Table 4.2: FCP Regulation Types

Number (percentage) of responding jurisdictions that report regulation types, by regional group

REGULATION TYPE	ALL	EAP	ECA	LAC	MENA	NA	SAR	SSA
Consumer protection provisions within regulations pertaining to the financial sector	94 (82%)	10 (83%)	34 (85%)	18 (71%)	11 (85%)	2 (100%)	4 (80%)	15 (88%)
Stand-alone regulation by FCP topic	78 (69%)	10 (83%)	26 (65%)	14 (58%)	13 (100%)	1 (50%)	3 (60%)	11 (65%)
Other consumer protection provisions by product type within the financial sector legal framework	72 (64%)	9 (75%)	29 (73%)	15 (63%)	7 (54%)	1 (50%)	4 (80%)	7 (41%)
Other	14 (12%)	0 (0%)	6 (15%)	5 (17%)	2 (15%)	0 (0%)	0 (0%)	1 (6%)
No regulation exists pertaining to FCP	4 (4%)	0 (0%)	0 (0%)	5 (17%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
No. of responding jurisdictions	113	12	40	24	13	2	5	17

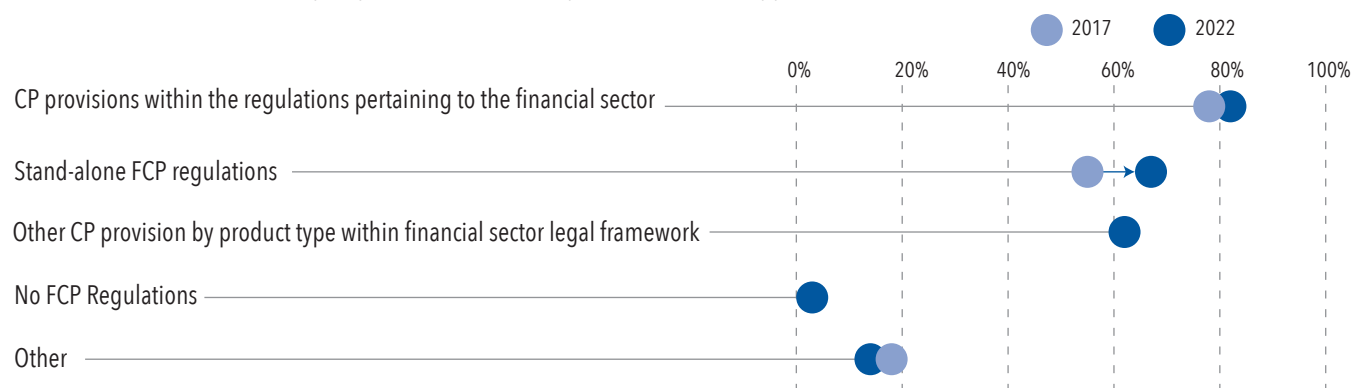
Note: Percentages represent the proportion of responding jurisdictions within each region that indicate they have a particular regulation type in place. Regions: EAP = East Asia and Pacific, ECA = Europe and Central Asia, LAC = Latin America and Caribbean, MENA = Middle East and North Africa, NA = North America, SAR = South Asia, SSA = Sub-Saharan Africa.

The most common type of regulation in 2022 is consumer protection provisions within regulations pertaining to the financial sector. These types of regulations are in place in 94 jurisdictions (83 percent). Also, 78 jurisdictions (69 percent) have stand-alone regulations by FCP topic. Seventy-two jurisdictions (64 percent) have

other consumer protection provisions by product type within the financial-sector legal framework. Finally, four jurisdictions, all of which are in Latin America and the Caribbean, have no regulations existing for FCP.

Figure 4.2: FCP Regulation Types, 2017 vs. 2022

Percentage of jurisdictions that report particular regulation types: (set of 95 overlapping jurisdictions)



Note: The options “Other CP provision by product type within fincl sector legal framework” (for example, banking law or insurance law) and “No FCP Regulations” were introduced in the 2022 iteration of the survey.

BOX 4.2**Moving to More Comprehensive FCP Regulatory Frameworks**

As highlighted in international guidance on FCP, including the 2017 *Good Practices* and the recently revised *G20/OECD High-Level Principles on Financial Consumer Protection* (2022), it is important for jurisdictions to implement an FCP regulatory framework that comprehensively covers all types of financial products and services, with appropriate ongoing flexibility for changes in financial sectors. Such a framework should establish appropriate requirements and standards to address issues affecting financial consumers, ranging from the need for transparency and information to ensuring fair provider conduct and promoting practices that support beneficial consumer outcomes. It should also provide a clear basis for relevant regulators to be able to supervise such matters.

While some jurisdictions have had relatively comprehensive FCP regulatory frameworks in place for a long time, this has been missing in many jurisdictions, as reflected in previous survey results. That said, there have clearly been improvements in at least some jurisdictions since the 2017 survey. A range of jurisdictions have been making significant efforts to address gaps in their FCP legal and regulatory frameworks. Approaches to implementing more comprehensive FCP frameworks have ranged from the passage of new FCP legislation by parliaments to the issuance of regulatory instruments by financial sector authorities.

In 2021, the Republic of Rwanda passed Law No. 017/2021 Relating to Financial Service Consumer Protection, which (together with regulations issued under it) was intended to address the lack of any comprehensive FCP regulatory framework in the country. The law is applicable to all regulated FSPs, including, among others, providers of deposit, payment, credit, and insurance products. The law addresses a range of FCP issues, including with

regard to transparency and disclosure, fair treatment and business conduct, and powers of the financial regulators in Rwanda with regard to supervising FCP.

Similarly, while the Philippines already had in place some sector-specific FCP requirements, in 2021 it passed the new Financial Products and Services Consumer Protection Act (Republic Act No. 11765) to provide an overarching legal framework for FCP. The law specifies a range of principles-based requirements, to be further expanded through regulations by individual financial sector authorities. It also sets out the powers and roles of those authorities with regard to supervision and enforcement as well as the resolution of consumer complaints.

In some jurisdictions, more comprehensive requirements have been introduced through regulatory instruments developed by financial sector authorities. For example, the National Bank of Ethiopia issued a financial consumer protection directive in 2020 (Directive No. FCP/01/2020) that introduced several general principles-based obligations on FSPs (on transparency, fair treatment, product suitability, personal data protection, and complaints handling), supported by some more specific rules. Other countries have strengthened existing FCP regulatory frameworks to address key gaps and cover new topics. For example, in Indonesia, financial sector authorities recently undertook updates of older FCP regulatory frameworks for financial service institutions and payment service providers, replacing them with new, more comprehensive regulations (OJK Regulation No. 6/POJK.07/2022 on Consumer and Community Protection in the Financial Services Sector and BI Regulation No. 22/PBI/2020 on Consumer Protection).

Figure 4.2 maps regulation types reported across the 2017 and 2022 cycles within the “Set of 95” jurisdictions (Appendix B). The most notable change is the 12 percentage point increase (from 55 to 67 percent) in the number of jurisdictions with stand-alone FCP regulations. This mirrors the increase (discussed above) in jurisdictions with laws specific to FCP. The jurisdictions that indicated in 2017 they did not have such stand-alone regulations but said they do in 2022 include Korea, Lebanon, and Nigeria. It should be noted that the option to indicate that a jurisdiction has other consumer protection provisions by product type within a financial sector legal framework was introduced only in the 2022 survey. That said, it is notable that the current survey highlights that 72 jurisdictions have such regulations in place. One such example is Armenia, which has rules pertaining to FCP stipulated in its payments and insurance laws. Box 4.2 discusses the international good practice related to FCP frameworks.

4.3 INSTITUTIONAL ARRANGEMENTS

Another key aspect of an FCP framework in a jurisdiction is its institutional arrangements—that is, which authority or authorities are responsible for regulation and supervision. As noted in the 2017 *Good Practices*, the authority (or authorities) in charge of implementing the FCP legal framework should have an explicit and clear legal mandate for consumer protection. Principle 2 of the *G20/OECD High-Level Principles* similarly states that there should be oversight bodies explicitly responsible for FCP, with the necessary authority to fulfill their mandates. These institutions are most effective when they have clear and objectively defined responsibilities and appropriate governance; operational independence; accountability for their activities; adequate powers, resources, and capabilities; defined and transparent enforcement frameworks; and clear and consistent regulatory processes.

Table 4.3: Institutional Arrangement Models for FCP

Percentage of responding jurisdictions that report institutional arrangement model for FCP

INSTITUTIONAL ARRANGEMENT	ALL	EAP	ECA	LAC	MENA	NA	SAR	SSA
Integrated single agency model	24 (32%)	4 (40%)	10 (42%)	4 (27%)	2 (33%)	0 (0%)	0 (0%)	4 (24%)
Integrated sectoral multiple agency model	39 (51%)	5 (50%)	9 (38%)	7 (47%)	3 (50%)	0 (0%)	3 (100%)	12 (71%)
Dedicated market conduct authority model	3 (4%)	1 (10%)	1 (4%)	0 (0%)	0 (0%)	1 (100%)	0 (0%)	0 (0%)
General consumer protection agency model	5 (7%)	0 (0%)	2 (8%)	3 (20%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
Other	5 (7%)	0 (0%)	2 (8%)	1 (7%)	1 (17%)	0 (0%)	0 (0%)	1 (6%)
No. of responding jurisdictions	76	10	24	15	6	1	3	17

Note: Percentages by region indicate the percentage of jurisdictions in each region that indicated having a given institutional model. Totals for each region may equal more than 100 percent because certain jurisdictions reported having more than one model. Regions: EAP = East Asia and Pacific, ECA = Europe and Central Asia, LAC = Latin America and Caribbean, MENA = Middle East and North Africa, NA = North America, SAR = South Asia, SSA = Sub-Saharan Africa.

Figure 4.3 highlights changes in responses on institutional arrangements between 2017 and 2022. Specifically, though the integrated sectoral financial sector agency model is the most prevalent model in both cycles, six percent more jurisdictions have this model in place in 2022 than in 2017. Overall, changes to all other models between the two cycles are modest. A more in-depth dis-

cussion of the benefits, drawbacks, and other considerations for various institutional arrangements can be found in the 2017 *Good Practices*.²⁸

- **Integrated single agency model:** FCP-supervision responsibilities fall under a single agency that is responsible for all aspects of supervision (for example, prudential and FCP) of all FSPs operating within the jurisdiction.
- **Integrated multiple agency model (sectoral):** FCP-supervision responsibilities fall under multiple agencies that hold responsibility for all aspects of supervision (for example, prudential and FCP) of FSPs operating within specific financial sectors (banking, insurance, securities, and so on).
- **Dedicated market-conduct agency model:** FCP-supervision responsibilities fall under a single agency dedicated to FCP supervision.
- **General consumer protection agency model that covers FCP:** FCP-supervision responsibilities fall under an agency or agencies responsible for broader consumer protection supervision within the jurisdiction, including nonfinancial activities. Appendix C further explains this categorization.

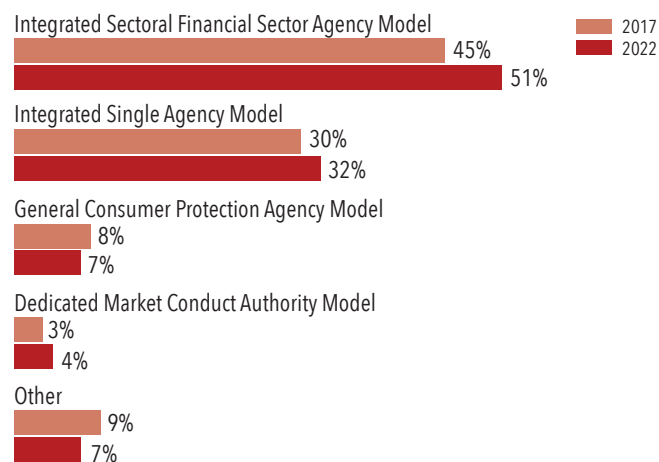
As evident in table 4.3, institutional arrangements for FCP vary significantly. Of the 76 jurisdictions that responded to this question about the model they employ, 39 jurisdictions (51 percent) have the integrated sectoral financial sector agency model for one or more of the authorities that have a mandate to oversee FCP. The next most popular model is the integrated single agency model, which is in 24 jurisdictions (32 percent). Five jurisdictions (seven percent) have the general consumer protection agency model in place, and only three jurisdictions (four percent) have a dedicated market-conduct authority model. Five jurisdictions chose “Other” in response to this question. One was the United States, where multiple state governments have agencies with responsibilities in the FCP area.

cussion of the benefits, drawbacks, and other considerations for various institutional arrangements can be found in the 2017 *Good Practices*.²⁸

Figure 4.3: Institutional Arrangement Models for FCP, 2017 vs. 2022

²⁸ See Chapter 1, A2, “Institutional Arrangements and Mandates.”

Percentage of jurisdictions reporting each institutional arrangement



Note: Figure based on 124 responses in 2017 and 117 responses in 2022.

In institutions that house both prudential and FCP supervision, the FCP team's hierarchical relationship with the prudential supervision team is also relevant. Of the 100 responding jurisdictions, 54 report that the FCP unit is separate from the prudential supervision team and on an equal hierarchical footing. This structure is primarily the case in high-, upper-middle-, and lower-middle-income jurisdictions, which are two to three times more likely than low-income jurisdictions to have this separate and equal structure for teams overseeing prudential and supervision functions. International good practice requires that prudential and market conduct supervision functions (the latter covering FCP) be kept within separate departments even if they are with the same regulator. (See box 4.3.) But 27 jurisdictions report that the FCP team is embedded within the prudential supervision team. Finally, in seven responding jurisdictions, the FCP unit is separate from the prudential team, but on a lower hierarchical level. These jurisdictions are concentrated more in low-income countries than in any of the wealthier regions.

Table 4.4: FCP Unit Relationship with the Prudential Function

Percentage of jurisdictions with FCP and prudential functions overseen by the same institution

	LOWER											
	ALL	HIGH INCOME	UPPER MIDDLE INCOME	MIDDLE INCOME	LOWER INCOME	EAP	ECA	LAC	MENA	NA	SAR	SSA
The unit(s) or team(s) are embedded within prudential supervision functions	27%	25%	28%	31%	20%	20%	22%	33%	42%	0%	0%	29%
The unit(s) or team(s) are separate from prudential supervision functions and on equal hierarchical level	54%	56%	50%	62%	20%	70%	63%	25%	58%	50%	100%	59%
The unit(s) or team(s) are separate from prudential supervision functions and on a lower hierarchical level	7%	8%	6%	4%	20%	0%	6%	13%	0%	50%	0%	6%
Not applicable	12%	11%	16%	4%	40%	10%	9%	29%	0%	0%	0%	6%
No. of responding jurisdictions	100	36	32	26	5	10	32	24	12	2	3	17

Note: Regions: EAP = East Asia and Pacific, ECA = Europe and Central Asia, LAC = Latin America and Caribbean, MENA = Middle East and North Africa, NA = North America, SAR = South Asia, SSA = Sub-Saharan Africa.

BOX 4.3**Establishing and Strengthening Market Conduct Supervision Units**

The survey points to increased focus on market conduct supervision since 2017. While progress is indeed being made, much still remains to be done. Best practice stresses the importance of separating prudential and market conduct supervision functions.

In emerging markets and developing economies in particular, the integrated single agency model (see section 4.3) is often preferred over dedicated agency models. This is likely due to budgetary constraints. The internal twin-peaks model divides the functions of prudential and market conduct supervision while housing them within a single agency. It allows for teams to focus on distinct functions, leading to more effective regulation, better accountability, better visibility on specific risks, and improved outcomes for consumers and financial institutions.

This model usually takes time to materialize, involving political and institutional decisions that affect all supervisory functions. About 10 years ago, the Central Bank of Brazil created a dedicated FCP supervision unit that was separate from its prudential unit, but both report to the same deputy governor. The model evolved in 2019, when the FCP-supervision unit was reassigned to a different deputy governor, one who was also responsible for complaints handling and financial inclusion. The central bank's model was subsequently adopted by the country's insurance regulator.

Other countries are following similar approaches. The National Bank of Rwanda has formalized its dedicated FCP supervision unit. This notwithstanding, the FCP supervision unit still sits at a different hierarchical level than its prudential counterpart. The

Superintendencia de Bancos in the Dominican Republic, on the other hand, has a dedicated supervision unit at par with the prudential unit.

Despite these differences in hierarchy, both authorities focus on complaints handling and FCP supervision processes, and both are strengthening their FCP supervisory capacity. This underscores an issue that is commonly observed in FCP supervision: the combination of complaints handling activities with market conduct supervision, and how this can drain valuable supervisory resources. Indeed, the World Bank's ongoing technical assistance reveals that supervisory staff in several countries are unable to focus on supervisory activities while being overloaded with handling customer complaints. However, awareness of the need to allocate resources appropriately is growing, and the World Bank continues to provide technical assistance to facilitate this.

Sources: De Mesquita Gomes et al. (2022); IMF (2011); Banco Central do Brasil (Central Bank of Brazil), Regimento Interno do Banco Central do Brasil, https://www.bcb.gov.br/content/acessoinformacao/acesso_informacao_docs/RegimentoInterno.pdf; Superintendencia de Bancos, República Dominicana (Bank Superintendent of the Dominican Republic), Estructura Orgánica de la Institución, <https://sb.gob.do/sobre-nosotros/organigrama/>, and Reglamento de Protección al Usuario de los Productos y Servicios Financieros, aprobado por la Junta Monetaria, Primera Resolución del 05 de febrero de 2015 y su modificación, <https://www.sb.gob.do/media/0nkgbbai/reglamento-de-proteccion-al-usuario-de-los-productos-y-servicios-financieros.pdf>; National Bank of Rwanda, "Organisation," <https://www.bnr.rw/about/organisation/>, Law No. 017/2021 of 03/03/2021, and "Laws and Regulations," <https://www.bnr.rw/laws-and-regulations/financial-consumer-protection/laws-and-regulations/>; and World Bank staff inputs.

4.4 INDUSTRY SELF-REGULATION

The 2022 survey introduces questions about codes of conduct to capture both the regulatory and self-regulatory approaches that various jurisdictions have in place for FCP (table 4.5). Industry self-regulation can play a role in improving FCP in a jurisdiction (for example, in addressing FCP gaps that may exist until they are addressed by regulation, or even raising industry standards above minimums established by regulation).

It is, however, important to note that—even if the content of the obligations in measures such as industry codes of conduct is comprehensive—many industry self-regulatory arrangements are voluntary, and the strength of their enforcement arrangements varies, so it can often fall to the institutions that are covered by these arrangements to police themselves and each other. Social pressure may play some part in terms of compliance, but it is also unlikely to be sufficient to ensure it. Therefore, such arrangements are usually not a fully effective substitute for an FCP legal and regulatory framework.

Table 4.5: Code of Conduct on Social Performance and FCP

Number (percentage) of responding jurisdictions, by regional group

CODE OF CONDUCT REQUIREMENTS	ALL	EAP	ECA	LAC	MENA	NA	SAR	SSA
Providers are required or encouraged to adopt a social performance or FCP code of conduct	74 (70%)	9 (75%)	23 (64%)	16 (67%)	7 (54%)	1 (100%)	5 (100%)	13 (72%)
A code of conduct exists	60 (56%)	8 (67%)	23 (64%)	12 (50%)	6 (46%)	1 (100%)	2 (40%)	8 (44%)
No. of responding jurisdictions	107	12	36	24	13	1	5	18

Note: Percentages by region indicate the percentage of jurisdictions in each region that have a certain code of conduct requirement. Regions: EAP = East Asia and Pacific, ECA = Europe and Central Asia, LAC = Latin America and Caribbean, MENA = Middle East and North Africa, NA = North America, SAR = South Asia, SSA = Sub-Saharan Africa.

Of the 107 jurisdictions answering the question, 74 (70 percent) report that providers are either required or encouraged to adopt a

social performance or FCP code of conduct. These jurisdictions are mostly in Europe and Central Asia, but Latin America and the Caribbean and Sub-Saharan Africa also have good representation. Also, of the five South Asia jurisdictions that responded to this question, all indicated that providers are either required or encouraged to adopt relevant codes.

When asked specifically if a code exists, 60 jurisdictions (56 percent) said yes. These jurisdictions are again concentrated in Europe and Central Asia. Many such codes are focused on activities undertaken by commercial banks, but others are both more specific and broader. For example, Poland's code, titled Good Practices in Advertising Consumer Credit, targets both commercial banks and CCPs. The Dutch Banking Association in the Netherlands, similarly, has a code of conduct for lending to small businesses. Belgium has one on complaints handling. Korea has one on disclosure, and Tanzania has one on the conduct of bank staff.

On both the adoption of social performance/FCP codes of conduct and whether a code exists at all, middle income jurisdictions are at least half as likely to have these in place as higher, lower, and lower-middle income jurisdictions.

As mentioned above, the Seychelles only recently unveiled an FCP law. Prior to that, the Seychelles Code of Banking Practice covered commercial banks, other banks, and financial cooperatives. The code comprises a set of promises outlining how the relevant financial institutions should conduct themselves in their dealings with customers, as well as specific requirements for banking ser-

vices. The code, which is still in place, is non-statutory; according to the Central Bank of Seychelles, it was adopted on a voluntary basis and issued by the Seychelles Bankers Association.

4.5 LICENSING

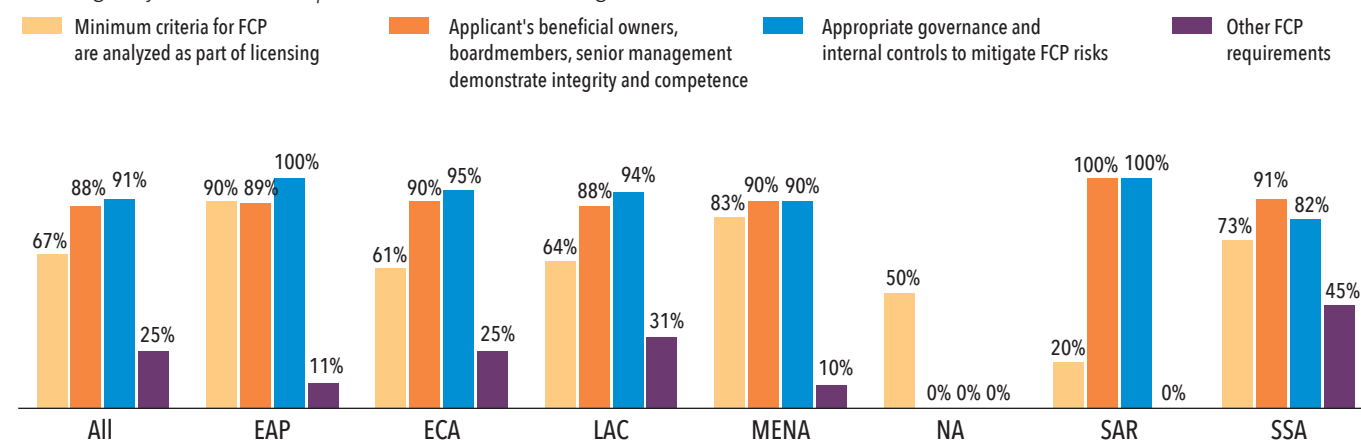
As explained in the *2017 Good Practices*, a licensing regime can be an important and useful aspect of an FCP framework. Where FSPs are required to be licensed by an authority, it is good practice for the authority to have the power to establish minimum entry criteria, including (1) that the applicant's beneficial owners, board members, senior management, and people in control functions demonstrate integrity and competence and (2) that the appropriate governance and internal controls are in place, including specific controls to mitigate consumer protection risks.

Of the 102 jurisdictions that responded to the question, 68 jurisdictions (67 percent) require that FCP-related criteria be analyzed as part of the licensing process (figure 4.4). This requirement is most prevalent in East Asia and Pacific, where 90 percent of respondents from that Region indicate this requirement is in place. Across the whole sample of responding jurisdictions, however, it is clear that there is room for improvement in terms of FCP-related checks for the licensing stage.

Of the 102 jurisdictions, 60 require confirming the competence and integrity of key members of leadership in FSPs at the licensing stage. Sixty-two jurisdictions indicate that as part of their licensing process, they require providers to demonstrate they have the appropriate governance and internal controls to mitigate FCP risks. Finally, 17 jurisdictions have other FCP requirements at licensing. These include requiring sound business plans and viable organizational structures that can facilitate compliance with FCP regulations.

Figure 4.4: FCP Criteria as Licensing Requirement

Percentage of jurisdictions with specific FCP criteria for licensing



Note: The variable "Minimum criteria for FCP are analyzed as part of licensing" is based on 102 responses. Other variables are based on 68 responses. The value for "All" is the global figure across geographic regions for a particular licensing requirement. The regional values for each variable, however, indicate the percentage of jurisdictions in each region with that requirement in place. Regions: EAP = East Asia and Pacific, ECA = Europe and Central Asia, LAC = Latin America and Caribbean, MENA = Middle East and North Africa, NA = North America, SAR = South Asia, SSA = Sub-Saharan Africa.

The survey also asked whether jurisdictions with specific FCP licensing criteria have implemented such licensing by provider or product type. Of the 63 responding jurisdictions, 38 jurisdictions (60 percent) have such licensing criteria by provider type. Of these 38, the vast majority (92 percent) have commercial banks as the applicable provider type. Beyond commercial banks, significantly fewer jurisdictions have FCP-licensing requirements by other provider types. ODTIs are the least likely in any jurisdiction to have FCP licensing requirements that speak directly to their institutional type.

4.6 SUPERVISORY AND ENFORCEMENT ACTIVITIES

Effective supervision and enforcement of FCP legal and regulatory measures and the monitoring of the financial sector and financial consumer experiences are essential to ensure that the FCP frameworks have their intended positive impact, as well as to assist

in the development, implementation, and ongoing adjustment of regulation. As noted in the *2017 Good Practices*, supervisory and regulatory authorities, therefore, need to deploy an appropriate range of supervisory tools and techniques—for example, market monitoring, off- and on-site inspections, thematic reviews, and so on (WBG 2017). The survey sought to assess the range of supervisory and regulatory activities undertaken by authorities.

Table 4.6 details the various supervision and regulation activities undertaken in the 102 responding jurisdictions in which an institution has a mandate for FCP. Certain supervision activities, such as those related to the collection and analysis of complaints data, off- and on-site inspections, the development of regulation, and market monitoring, are undertaken by over three-quarters of responding jurisdictions. Thematic reviews, mystery shopping, and primary research with consumers, however, are implemented in fewer jurisdictions.

Table 4.6: Supervisory and Regulatory Activities Undertaken by Authorities
Number (percentage) of responding jurisdictions reporting supervision and regulation activities

THEMATIC AREA	ACTIVITIES	JURISDICTIONS
Supervision	Market monitoring, based on specific quantitative and qualitative indicators	76 (75%)
	Market monitoring of providers' advertisements, sales materials, websites, social media, and so on	74 (73%)
	Mystery/incognito shopping	50 (49%)
	Consumer interviews, surveys and focus groups, and other consumer-related research	45 (44%)
	On-site inspections	79 (77%)
	Off-site inspections	82 (80%)
	Thematic reviews	68 (67%)
	Enforcement	74 (73%)
	Collection and analysis of consumer complaints data from FSPs, intermediaries, and consumers	85 (83%)
Regulation	Regulation	85 (83%)

Figure 4.5 details the prevalence in 2013, 2017, and 2022 of various activities for jurisdictions in which an institution has a mandate for FCP. Some options were not presented in certain cycles; in those cases, the data in this chart is absent.

The most commonly undertaken supervisory activity for both years is drafting and providing inputs into relevant regulation (88 of 114 respondents in 2017 and 85 of 102 in 2022, indicating a higher share in 2022). An equally prevalent activity in 2022 is collecting and analyzing consumer complaints data from FSPs, intermediaries, and consumers; 85 jurisdictions report they undertake this. Again, this number is an increase from 2017, when 74 jurisdictions reported this activity.

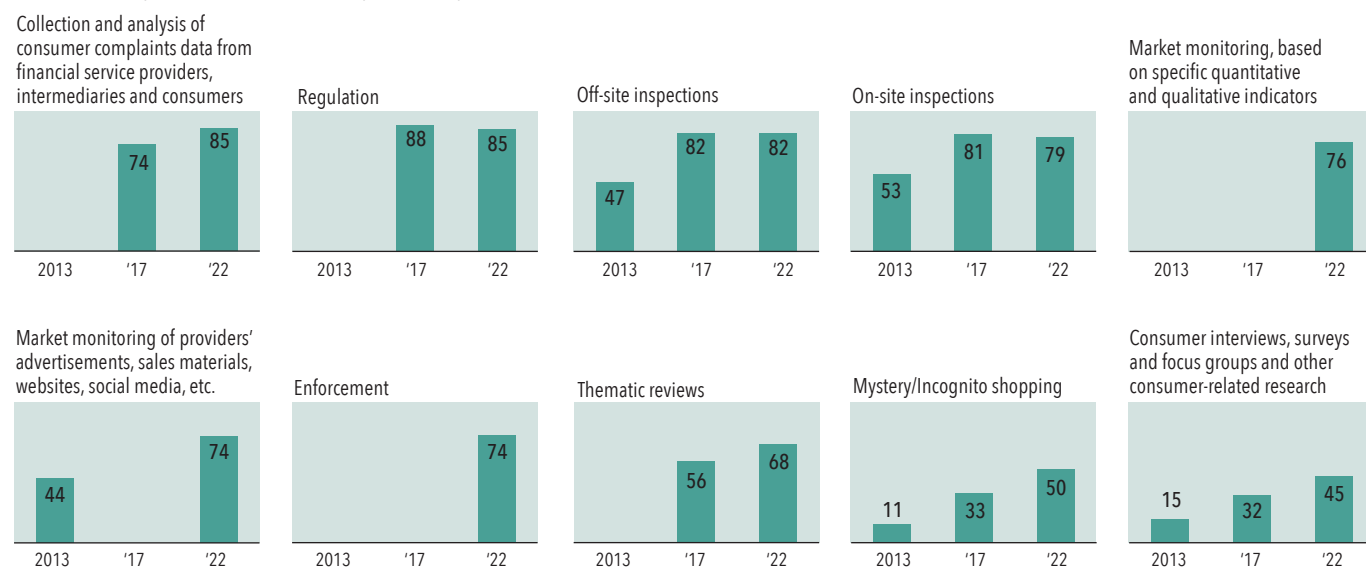
Off-site inspections are undertaken in 82 jurisdictions. This number has generally stagnated between 2017 and 2022, despite having risen steeply from 47 jurisdictions in 2013. Similarly, there was only a small change in on-site inspection numbers, reducing from 81 in 2017 to 79 in 2022, despite having risen from 53 in 2013. The reason for the slight drop in on-site inspections is unclear, but the COVID-19 pandemic was probably a contributing factor, given that most on-site activities would have been heavily affected in this

period.

Some activities are notable for showing a significant increase in the number of jurisdictions reporting them between the two cycles. The largest jump is in mystery shopping: the jurisdictions reporting it went from 11 in 2013 to 33 in 2017 and now to 50 in 2022. Thematic reviews also grew in prevalence, increasing from 56 to 68 jurisdictions in the most recent two cycles. Finally, consumer interviews, surveys and focus groups, and other consumer-related research rose from 15 jurisdictions in 2013 to 32 in 2017 and finally to 45 jurisdictions in 2022. While this represents a nearly 50 percent increase in the number of jurisdictions undertaking this research from one cycle to the next, there is still significant room for growth in this area.

Figure 4.5: Supervisory and Regulatory Activities Undertaken by Authorities, 2013 vs. 2017 vs. 2022

Number of responding jurisdictions reporting supervision and regulation activities



Note: Number of responses vary by variable. Figure based on up to 88 responses in 2017 and up to 85 responses in 2022. Variables without a response indicate that this option was not included in the survey that year.

Finally, market monitoring also increased from the 65 jurisdictions reporting that they undertook this activity in 2017. The range of answers that could be provided by respondents in relation to market monitoring was expanded in the 2022 survey. Specifically, 76 jurisdictions report undertaking market monitoring based on specific quantitative and qualitative indicators, and 74 jurisdictions report market monitoring of providers' advertisements, sales materials, websites, social media, and so on. In either case, these market-monitoring activities are undertaken in many more jurisdictions in 2022 than was indicated in 2017. Marketing practices via remote channels, including the sending of unsolicited offers, coupled with the speed with which transactions can be completed, have increased the need for such monitoring. In addition, the 2022 survey results seem to indicate that authorities are at least increasing their use of a range of market monitoring tools—even if they may not use such tools for market-level supervisory activities.²⁹

Enforcement of FCP laws and regulations is also a critical element of a comprehensive and effective approach to FCP. According to the 2022 survey, the enforcement measure undertaken by a majority of responding jurisdictions is issuing warnings or reprimands to providers.

This is undertaken by 97 jurisdictions (86 percent of respondents). In addition, of the other enforcement measures that jurisdictions were asked about (table 4.7), at least three-quarters of the responding jurisdictions apply moral suasion, require providers to address or suspend misleading advertisements, and require FSPs to modify products, services, or business processes.

The data suggests, however, that authorities are relatively hesitant to undertake more punitive enforcement actions. For example, only 44 percent of responding jurisdictions would suspend, dismiss, or replace a provider's management or staff in the face of an infraction. Also, only 36 percent of jurisdictions require providers to compensate affected consumers for other losses or harm. Interestingly, low-income jurisdictions are second only to high-income jurisdictions in meting out many of the more serious sanctions. When compared to both high- and low-income countries, upper-middle- and lower-middle-income jurisdictions prefer less severe enforcement actions, such as reprimands, moral suasion, and requiring the removal of misleading content.

²⁹ For more on the use of a range of market monitoring tools, see Izaguirre et al. (2022b).

Table 4.7: Prevalence of FCP Enforcement Activities

Number (percentage) of jurisdictions reporting enforcement activities

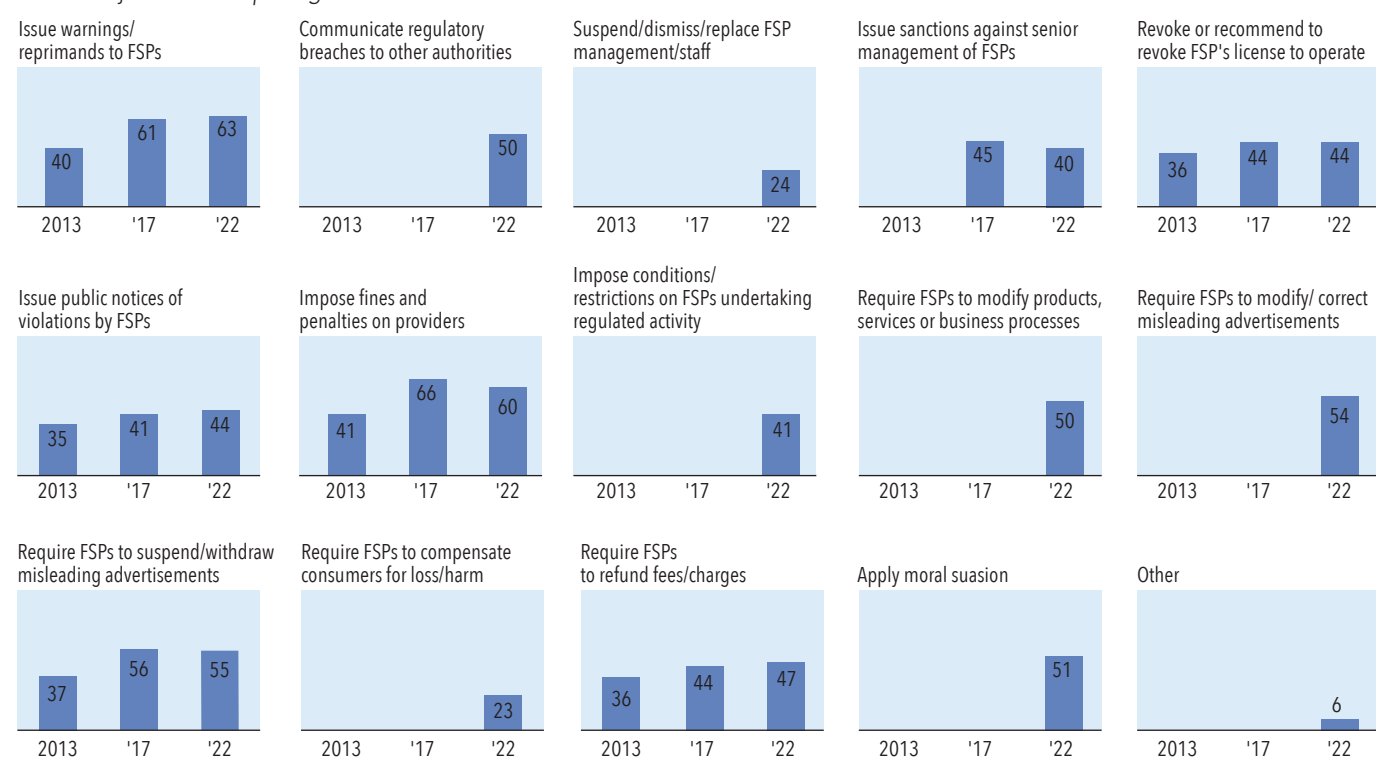
FCP ENFORCEMENT	JURISDICTIONS
Issue warnings/reprimands to providers	97 (86%)
Impose fines and penalties on providers	87 (77%)
Require providers to modify or correct misleading advertisements	81 (77%)
Apply moral suasion to influence and pressure providers into adhering to regulatory requirements	77 (75%)
Require providers to modify products and services or business processes	76 (75%)
Require providers to suspend or withdraw misleading advertisements	84 (74%)
Require providers to suspend or withdraw products and services	71 (69%)
Require providers to refund fees and charges	76 (67%)
Communicate regulatory breaches to other competent authorities	68 (66%)
Impose conditions or restrictions on a provider undertaking a regulated activity	64 (65%)
Revoke or recommend revoking a provider's license to operate their business (or to operate a certain type of the business)	69 (61%)
Issue public notices of violations by providers	64 (57%)
Issue sanctions against senior management of a provider	58 (51%)
Suspend, dismiss, or replace a provider's management or staff	44 (44%)
Require providers to compensate affected consumers for other loss or harm	37 (36%)
Other	10 (14%)

When looking at enforcement actions over time, the prevalence of actions for FCP increased significantly between 2013 and 2017 but far less steeply between 2017 and 2022 (figure 4.6). Many enforcement activities are being undertaken by an increasing num-

ber of national authorities over time, including issuing warnings, revoking licenses to operate, issuing public notices about FSP violations, requiring the correction or removal of misleading advertising, and requiring FSPs to refund fees and fines.

Figure 4.6: Comparison of FCP Enforcement Activities, 2013 vs. 2017 vs. 2022

Number of jurisdictions reporting enforcement activities



Note: Variables without a response indicate that this option was not included in the survey that year.

Financial sector authorities around the world are experiencing a profound shift to data-driven supervision enabled by robust technology and data solutions. Supervisory technology, or suptech,

refers to the use of technology to facilitate and enhance supervisory processes. The World Bank's technical note on suptech solutions for market conduct supervision discusses some common suptech

approaches for market conduct supervision across 18 jurisdictions (WBG 2021c). In implementing suptech, financial authorities are often driven by two different motivations: (1) increasing operational efficiency and (2) improving hypothesis-driven supervision.

The survey asked authorities to speak to the types of innovative data gathering or analytics (if any) currently performed for market

conduct supervisory purposes. One example of such an innovation is web scraping of provider websites, social media,³⁰ or news articles. Another example is natural language processing to analyze complaints data, documents submitted by providers, or other types of data. Web scraping and natural language processing are being applied in 16 jurisdictions by commercial banks, but the number of jurisdictions falls by about half for other FSP types.

Table 4.8: Complaints Data Collection and Storage by FSPs, 2022

Number (percentage) of jurisdictions reporting data collection and storage measures, by institution type

	COM. BANKS	OTHER BANKS	FINANCIAL COOPs	ODTIs	CCPs	NBEMIs
Manual data collection	13 (15%)	6 (13%)	7 (14%)	4 (13%)	11 (18%)	6 (11%)
Spreadsheet data collection via email	29 (33%)	17 (35%)	15 (30%)	8 (25%)	19 (31%)	16 (29%)
Data collection through web portal	41 (47%)	22 (46%)	22 (44%)	15 (47%)	27 (44%)	26 (46%)
Data collection through APIs	4 (5%)	3 (6%)	2 (4%)	1 (3%)	3 (5%)	1 (2%)
Data pull from servers of FSPs	3 (3%)	2 (2%)	0 (0%)	3 (3%)	0 (0%)	0 (0%)
Other data collection means	11 (13%)	5 (10%)	10 (20%)	6 (19%)	9 (15%)	11 (20%)
Data stored in electronic database	78 (92%)	42 (46%)	37 (65%)	29 (60%)	49 (77%)	39 (67%)
Innovation: Web scraping	16 (34%)	8 (33%)	8 (32%)	7 (32%)	9 (26%)	8 (31%)
Innovation: Natural language processing	17 (36%)	9 (37%)	7 (28%)	7 (32%)	12 (35%)	7 (27%)
Innovation: Other	22 (47%)	7 (30%)	13 (52%)	11 (50%)	17 (50%)	14 (54%)
Implemented a strategy to accelerate the use of data-driven supervision	40 (48%)	14 (25%)	12 (21%)	11 (23%)	20 (32%)	16 (28%)

Note: Results based on responses from a range of 47–87 jurisdictions. This table refers to data collection and storage by individual FSPs, rather than industry-wide complaints data obtained from the alternative dispute-resolution entity.

Finally, authorities in 84 jurisdictions have implemented some form of strategy to accelerate the use of data-driven supervision. Examples of such strategies include the Suptech Data Strategy in the United Arab Emirates, the 2018 Digitalization Strategy in Germany, and the Australian Securities and Investments Commission's Data Strategy (2021–26). Just as is the case with other strategies, such as national financial inclusion, financial capability, and fintech strategies, the survey will aim—to the extent possible—to keep track of data collection outcomes for countries with such strategies in place.

Disclosure rules need to ensure that key information for a particular product or service is conveyed to consumers at each stage, in a format and manner that facilitates comprehension and enables informed decision-making. With the much-expanded digitization in the provision of financial products and services, and a range of different or new digital and fintech offerings, some consumer risks related to disclosure and transparency can be heightened or changed, and some new risks may arise. It is therefore important for FCP frameworks to be appropriately adaptable to address such developments (WBG 2021b).

4.7 DISCLOSURE AND TRANSPARENCY

Disclosure and transparency requirements are important components of an effective FCP framework. Information provided clearly and transparently to consumers can help increase consumer comprehension, allowing consumers to understand and choose appropriate products that fit their needs. Transparency also assists in increasing market competition by allowing the comparison of products and providers. Transparency and the availability of appropriate information is important at all stages of the customer-provider relationship, from product shopping to point of sale to contracting to when a consumer is using and ultimately closing a financial product.

³⁰ For a tool on social media monitoring as part of market conduct supervision, see Izaguirre et al. (2022c).

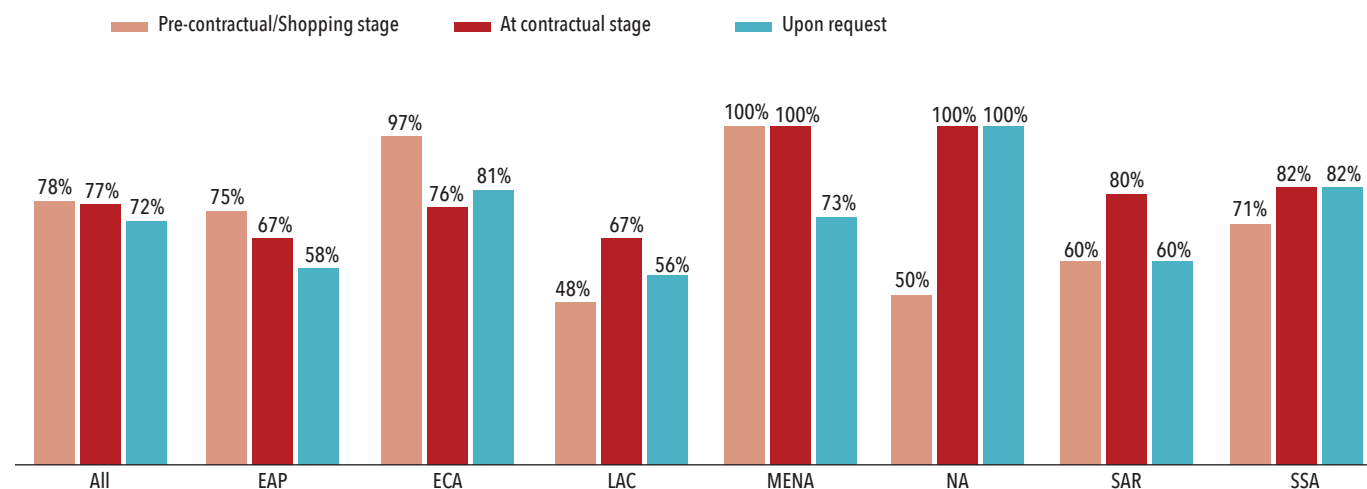
Disclosure Requirements at Each Product Acquisition Stage

As noted above, it is important that key information is appropriately available to consumers at each stage of their dealings with FSPs and their acquisition and use of a financial products or ser-

vices. Authorities were asked in the survey whether they require FSPs to provide information to customers (1) at the pre-contractual/shopping stage, (2) at the contractual stage, and (3) upon request (figure 4.7).

Figure 4.7: Disclosure Requirements by Stage of Customer Relationships

Percentage of responding jurisdictions with requirements to provide specific types of information at stage



Note: Percentages by region represent the proportion of jurisdictions in each region with disclosure requirements in place. Regions: EAP = East Asia and Pacific, ECA = Europe and Central Asia, LAC = Latin America and Caribbean, MENA = Middle East and North Africa, NA = North America, SAR = South Asia, SSA = Sub-Saharan Africa.

At the pre-contractual/shopping stage, 84 jurisdictions (78 percent) require by law that FSPs provide customers with specific information about the product(s) they are considering. At the contractual stage, 82 jurisdictions (77 percent) require that information be shared with customers. While this shows that the majority of jurisdictions do mandate appropriate disclosure at various stages of the customer journey, over a fifth of jurisdictions do not have such requirements in place. In addition, particularly at the shopping stage, there is a notable difference in the prevalence of this requirement from one region to the next.

Jurisdictions that indicate they require disclosure at the shopping/pre-contractual stage were asked to provide more information about their requirements that applied generally, as well as to credit products, deposit products, and digital disclosures. For requirements of general application, the most common—which is in place in 99 jurisdictions (92 percent of the 108 respondents)—is that disclosures at the shopping or pre-contractual stage be in plain lan-

guage. This means that the information must be relayed in clear and simple language that can be readily understood by any consumer, including ensuring that it is in a language and jargon with which they are familiar. The *2017 Good Practices* also emphasizes the need to use clear, objective, and simple language. Of course, this is particularly important in light of the complexity of financial products and services and the generally lower level of financial capability associated with unserved and underserved groups.

Other general requirements that the survey asked about were also in place in a significant number of jurisdictions. These include the following: local language requirements (77 jurisdictions); any form requirements, such as durable media³¹ and/or oral communication (84 jurisdictions); requirements to inform consumers about their rights to recourse and the processes they can follow to obtain redress (83 jurisdictions); and the collection and use of customer data requirements (77 jurisdictions). Please refer to table 4.9.

³¹ The United Kingdom's Financial Conduct Authority defines a durable medium as "any instrument which enables the recipient to store information addressed personally to him in a way accessible for future reference for a period of time adequate for the purposes of the information and which allows the unchanged reproduction of the information stored."

Table 4.9: Disclosure Requirements at the Shopping or Pre-Contractual Stage

Percentage and number of responding jurisdictions with disclosure requirements in place

	PCT. OF JURISDICTIONS	NUMBER OF JURISDICTIONS
General		
Plain language requirement	92%	99
Local language requirement	73%	77
Any form requirements—for example, durable media or oral communication	77%	84
Recourse rights and processes	77%	83
Collection and use of customer data	72%	77
Deposit Products		
Minimum balance requirements	66%	71
Account opening fee	68%	74
Account maintenance fee	76%	83
Account closure fees	65%	71
Deposit insurance coverage availability	69%	72
Credit Products		
Effective interest rate	83%	90
Fees and penalties	88%	97
Computation method (average balance, interest)	77%	82
Required insurance	75%	80
Specific warnings (for example, related to over indebtedness or late repayment)	79%	84
Digital Disclosure		
Information provided in user-friendly format that is easy to navigate via mobile phone or internet browser	49%	50
Key information provided, with ability to click through for more detailed information	41%	42
Full details of contracts easily accessible on ongoing basis	45%	47
For mobile transactions, key info on pricing provided early in transaction process and prior to completion of transaction	50%	52
Easy access to offline sources for additional information	44%	45

Note: The relationship between the percentage and number of jurisdictions varies because the number of respondents varied for each question. The highest number of respondents for any question was 110.

About two-thirds of responding jurisdictions have disclosure requirements at the shopping and pre-contractual stage for deposit products, and over three-quarters have requirements for credit products. For deposit products, 71 jurisdictions require the disclosure of minimum balances. Eighty-three jurisdictions require the account maintenance fee to be disclosed, while only 74 and 71 jurisdictions require the sharing of account opening and closure fees, respectively.

In relation to credit products, the survey asked about requirements that focus on key aspects of credit product costs and risks that financial consumers often find more difficult to understand but are crucial to decision-making about and the use of credit products. Ninety jurisdictions (83 percent) require that FSPs disclose the effective interest rate calculated using a standard formula. Ninety-seven jurisdictions (88 percent) require disclosure of penalties and fees. Eighty-four jurisdictions require that FSPs share specific warnings (for example, related to over-indebtedness or late repayment). And in 82 jurisdictions, FSPs must share their computation method for figures such as average balance or interest. Finally, 80 jurisdictions mandate that information be shared about required insurance on credit products. Again, these data highlight a gap in disclosure

requirements that policy makers should prioritize addressing.

The much more prevalent digital disclosure of information about financial products and services can pose challenges to consumer access to, and comprehension of, relevant information (WBG 2021b). Indeed, as per table 5.9, only about half of the 104 responding jurisdictions require that digital disclosures be in a user-friendly format that is easy to navigate via a mobile phone or internet browser. Also, only 41 percent of respondents require that users be able to click through for more information, and 45 percent mandate that details of the contracts remain accessible on an ongoing basis throughout the transaction. Finally, only half of the respondents require that pricing be revealed early and be confirmed prior to completion of a mobile transaction. With the growth of DFS and internet banking, financial transactions are increasingly taking place on devices such as phones and computers. This thereby necessitates that the share of jurisdictions with digital disclosure requirements keep pace with these developments.

A. Standardized Disclosure Documents

While it is important for all terms and conditions of financial

products and services to be documented, consumers can find it difficult to navigate these, given their length and technical terminology. It is often also difficult to identify the most important or relevant information in those disclosures. Documents such as key facts statements, summary sheets, or disclosure statements can assist consumers by highlighting and summarizing key information, such as costs, key risks, and terms relating to financial products and services. These statements can be even more useful when all providers are required to use a standardized format. In addition, statements that have been consumer-tested can increase the likelihood of consumer comprehension and allow for comparison across providers.

Eighty-seven jurisdictions (79 percent of respondents) have requirements for standardized documents in relation to credit products for at least some of their institutions. Similarly, 76 jurisdictions (70 percent of respondents) have such requirements for deposit products for at least some of their institutions. In 22 jurisdictions, authorities undertake consumer testing of such standardized formats, while in eight jurisdictions, FSPs are required to do this testing directly. Overall, the majority of jurisdictions (59) have no testing requirement in place.

Table 4.10: Requirements for FSPs to Provide Information to Consumers in a Document with a Standardized Format

Number (percentage) of jurisdictions with requirement in place, by institution type

	COMMERCIAL BANKS	OTHER BANKS	FINANCIAL COOPERATIVES	ODTIs	CCPs	NBEMIs
Credit products	87 (79%)	49 (51%)	44 (45%)	31 (38%)	59 (61%)	28 (33%)
Deposit products	76 (70%)	41 (44%)	35 (37%)	24 (30%)	26 (28%)	21 (24%)

Note: Table is based on credit/deposit responses per institution type as follows: 108/109 for commercial banks, 96/93 for other banks, 98/95 for financial cooperatives, 82/81 for ODTIs, 96/93 for CCPs, and 86/86 for NBEMIs.

Account Statements

The 2017 *Good Practices* explains not only that FSPs should be required to provide consumers with periodic written statements (in print or electronic form) for their accounts, to assist consumers with their effective use of relevant products, but also that this should be free of charge. Among all financial institution types, commercial

banks are required to do this in the greatest number of jurisdictions (62). About two-thirds of these 62 jurisdictions require that this be offered at no charge. For other types of FSPs, between 20 and 34 jurisdictions require statements to be provided, whether for free or not. Most notably, up to 24 jurisdictions (depending on institution type) have regulations that do not specify the requirements around account statements.

Table 4.11: Requirements for FSPs to Provide Customers with Account Statements

Number (percentage) of jurisdictions with requirements for account statements in place, by institution type

	COMMERCIAL BANKS	OTHER BANKS	FINANCIAL COOPERATIVES	ODTIs	CCPs	NBEMIs
Total yes	62 (61%)	34 (65%)	26 (43%)	20 (51%)	29 (45%)	20 (37%)
Yes	18 (18%)	11 (21%)	7 (11%)	7 (18%)	10 (15%)	4 (7%)
Yes, periodic statements must be provided free of charge	44 (44%)	23 (44%)	19 (31%)	13 (33%)	19 (29%)	16 (30%)
No, but a statement can be provided free of charge upon request	17 (17%)	6 (12%)	10 (16%)	5 (13%)	17 (26%)	9 (17%)
No, but customer can purchase this additional service	5 (5%)	4 (8%)	4 (7%)	4 (10%)	5 (8%)	1 (2%)
Regulations do not specify	17 (17%)	8 (15%)	21 (43%)	10 (26%)	14 (22%)	24 (44%)
No. of responding jurisdictions	101	52	61	39	65	54

It is also important, for several reasons, for consumers to receive adequate notice of changes to the terms and conditions of their financial products and services, so, for example, if the changed terms are not acceptable to the consumer, they have the opportunity to stop using the product or move to another provider. The

2017 *Good Practices* states that an FSP should notify its customers of changes to terms and conditions at least in writing (including in electronic form).³² Most jurisdictions follow this best practice; 105 of them (94 percent of respondents) require FSPs to notify customers of changes to any of their terms and conditions.

Table 4.12: Disclosure Requirements for Periodic Statements

Number of jurisdictions reporting disclosure requirements, by institution type

	COM. BANKS	OTHER BANKS	FNCL COOPs	ODTIs	CCPs	NBEMIs
General						

³² See Chapter 1, B: "Disclosure and Transparency."

Information about the procedures to dispute the accuracy of the transactions recorded in the statement within a stipulated period	49 (49%)	26 (29%)	21 (24%)	18 (21%)	22 (25%)	15 (18%)
Detailed transactional information for the reporting period (for example, itemized credits and debits to the account)	82 (80%)	41 (45%)	33 (38%)	26 (30%)	38 (42%)	28 (33%)
Deposit Products						
All transactions concerning the account for the period covered by the statement	78 (78%)	37 (43%)	29 (33%)	24 (30%)	15 (17%)	16 (20%)
Effective interest yield calculated using a standard formula	56 (49%)	28 (25%)	24 (21%)	22 (20%)	11 (12%)	10 (9%)
Amount of interest earned	75 (66%)	35 (31%)	32 (29%)	21 (19%)	13 (15%)	12 (11%)
Fees imposed	80 (70%)	40 (26%)	36 (32%)	27 (24%)	15 (17%)	17 (16%)
Account balance	82 (72%)	40 (36%)	32 (29%)	28 (25%)	14 (16%)	16 (15%)
Credit Products						
All transactions concerning the account for the period covered by the statement	81 (70%)	40 (36%)	35 (31%)	29 (26%)	42 (38%)	16 (15%)
Effective interest rate calculated using a standard formula	72 (63%)	32 (29%)	33 (29%)	27 (24%)	43 (39%)	14 (13%)
Interest rate charged for the period	84 (73%)	40 (36%)	40 (35%)	34 (31%)	49 (44%)	16 (15%)
Fees charged for the period	84 (73%)	41 (37%)	38 (34%)	29 (26%)	47 (42%)	16 (15%)
Minimum amount due	78 (68%)	39 (35%)	33 (29%)	28 (25%)	46 (41%)	15 (15%)
Due date	80 (70%)	37 (33%)	35 (31%)	27 (24%)	46 (41%)	16 (15%)
Outstanding balance	85 (74%)	40 (36%)	36 (32%)	29 (26%)	48 (43%)	15 (14%)

Note: Number of responding jurisdictions varies across all options for each institutional category.

Responses on disclosure and transparency across cycles suggest that such requirements remain levied mostly on commercial banks. This is not surprising given that, in the vast majority of jurisdictions, this type of FSP has been subject to regulation and supervision by the financial authorities for the longest period of time. However, given the range of other FSPs that consumers now interact with, the fact that many vulnerable consumers do not deal with banks but with other provider types, and the importance of consumers receiving the same level of effective disclosure regardless of the provider they deal with, the apparent gap in relation to other provider types is a concern that needs addressing.

4.8 FAIR TREATMENT AND BUSINESS CONDUCT

Disclosure and transparency requirements alone, of course, cannot address the range of risks that financial consumers may face. The nature of some risks—such as those relating to poor practices by FSPs or poor product design—means that it is more appropriate and effective to place the onus on FSPs to address these. Fair treatment and business conduct rules are important, at the very least, to ensure that FSPs do not engage in practices that are unfair or even abusive to consumers. There is also increasing recognition of the need to encourage (and require) FSPs to focus on appropriate and beneficial outcomes for consumers, rather than on tick-the-box compliance actions. The *2017 Good Practices* discusses a range of fair treatment and conduct elements for FCP frameworks. Subsequent publications, such as the World Bank Group's [Product Design and Distribution: Emerging Regulatory Approaches for Retail Banking Products](#) and CGAP's [Making Consumer Protection Regulation More Customer-Centric](#), highlight the continuing development of regulatory measures focusing on such appropriate customer out-

comes.

Restrictions or Prohibition on Unfair Business Practices

Many jurisdictions indicate having various general restrictions or prohibitions on unfair business practices. Such obligations can assist with promoting fair treatment at all stages of an FSP's relationship with consumers. The restrictions also assist in covering potential regulatory gaps if examples of unfair conduct arise that are not yet addressed by more specific requirements.

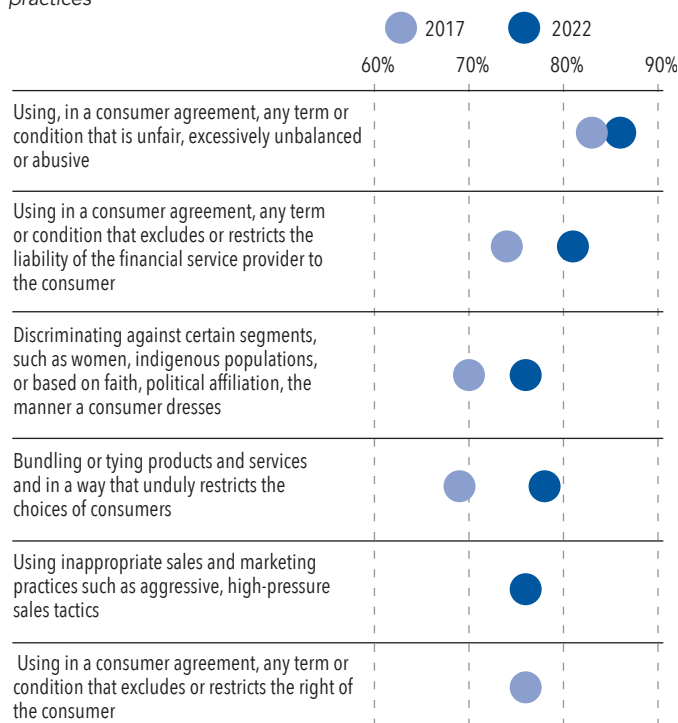
Consumers often find it difficult to identify, or to understand fully, contractual terms that can be unfair or detrimental to them. This can be due to the complexity of those terms or the opaqueness of their language. It can also be because their detrimental effect becomes apparent to a consumer only at a later time. Even if a consumer can identify potentially unfair terms before acquiring a financial product or service, the consumer is usually unable to negotiate different terms. Thus, restrictions on such terms are an important FCP measure. Ninety-eight jurisdictions (87 percent of respondents) prohibit the use, in a consumer agreement, of any term or condition that is unfair, excessively unbalanced, or abusive. High-income jurisdictions are at least 10 percentage points more likely than each of the other income groupings (which differ little among themselves) to have this restriction. Ninety jurisdictions (78 percent) limit any term or condition that excludes or restricts the liability of the FSP to the consumer. Eighty-six jurisdictions (76 percent) outlaw discrimination against certain segments, such as women and indigenous populations, or based on faith, political affiliation, disability, a consumer's appearance, and so on. Unfortunately, this means that in about a quarter of jurisdictions there appears to be no regulatory restrictions against such concerning conduct. In fact, upper-middle-income jurisdictions perform at least

15 percent worse on the discrimination metric than do high, lower-middle, or lower income jurisdictions.

Eighty-seven jurisdictions (77 percent) have restrictions or prohibitions on bundling or tying products and services in a way that unduly restricts the choices of consumers. The lower income group has the most progress still to make on this; only 60 percent of those jurisdictions restrict bundling/tying. Finally, 86 jurisdictions (80 percent) have prohibited the use of inappropriate sales and marketing practices, such as aggressive high-pressure sales tactics.

Figure 4.8: Restrictions or Prohibitions on Unfair Business Practices, 2017 vs. 2022

Percentage of reporting jurisdictions with restrictions on unfair business practices



Note: Figure based on responses from 95 jurisdiction that participated in both 2017 and 2022 data cycles.

Figure 4.8 compares the restrictions and prohibitions on unfair business practices between 2017 and 2022. For each type of prohibition given as an option in 2017, a higher percentage of responding jurisdictions have those in place in 2022. A common practice of FSPs is to seek to bundle or tie financial products, to have consumers take up multiple products from the FSP or a connected third party. Bundling or tying is not necessarily always harmful, and there can be some legitimate reasons for doing so. However, it is important that bundling or tying does not inappropriately limit consumer choice and hinder competition.

The most significant improvement between 2017 and 2022 relates to the bundling or tying of products and services in a way that restricts the choices of customers. For all other variables that

appeared in both cycles of the survey, there were five more jurisdictions in 2022 with each restriction in place than in 2017. For bundling, this number is nine.

Approaches for Regulating Product Design and Distribution

While product-suitability rules oblige an FSP to assess whether a particular product meets the financial objectives, needs, and capability of an individual customer at the offer/sales stage, product design and distribution rules relate to ensuring the appropriateness of a product for the intended target customers when it is being first designed. The two types of requirements are therefore complementary, and both are recognized as essential elements of FCP frameworks.

As discussed in the World Bank's note on product design and distribution, regulation of the design and distribution of financial products, including retail banking products, has been increasing internationally. Also, technological advancements are increasing the scale of potentially adverse consumer issues resulting from financial products or their distribution. These issues are especially acute in environments with low levels of financial inclusion, where consumers are likely to have limited financial capability. It is therefore more important than ever to encourage and ensure that FSPs offer financial products designed to meet the needs of consumers in the market.

As it relates to deposit products, 37 jurisdictions (45 percent of respondents) have provisions in law or regulation that require FSPs to provide consumers with products only if they are determined to be appropriate for a consumer's specific needs and circumstances. Forty-seven jurisdictions (57 percent) have the same requirement for other products, too. For this and other survey findings as it relates to credit, see section 4.9 on responsible credit.

A core element of product design and distribution frameworks is the obligation of regulated entities to establish and implement clear, documented product oversight and governance requirements. Between 60 and 80 percent of responding jurisdictions, depending on whether the product is a deposit or credit or other type of product, mandate that FSPs have internal oversight and governance arrangements for the design and distribution of their products (table 4.13).

Another core element of product design regulatory frameworks is the need for an assessment of the target market when a product is being developed, to ensure appropriateness for that target market. Between 57 percent and 71 percent of jurisdictions that responded to this question require that FSPs have specific product design and approval policies and procedures (table 4.13). Between 46 and 58 percent of responding jurisdictions (depending on product type) require FSPs, when developing a new financial product, to assess the target market for the product. A subset of these also requires FSPs to ensure the appropriateness of the product and dis-

tribution channels for the target market (table 4.14).

Table 4.13: Approaches for Regulating Product Design and Distribution

Number (percentage) of reporting jurisdictions reporting selected approaches

	DEPOSIT	CREDIT	OTHER
Implement internal oversight and governance arrangements for the design and distribution of their financial products	75 (75%)	80 (81%)	56 (60%)
Have specific product design and approval policies and procedures	72 (71%)	73 (72%)	54 (57%)
When developing a new financial product, assess the target market for the product	58 (58%)	59 (58%)	44 (46%)
No. of responding jurisdictions (total)	100	101	94

Table 4.14: Market Assessment Requirements for Product Design and Distribution

Number (percentage) of reporting jurisdictions with product appropriateness and distribution requirements in place

	DEPOSIT	CREDIT	OTHER
Ensure that the final product is appropriate for that target market	52 (91%)	54 (92%)	40 (91%)
Ensure that the distribution channels and distributors for the product are appropriate for that target market	47 (82%)	48 (81%)	39 (89%)
No. of responding jurisdictions (total)	57	59	44

Management of Conflict of Interest

It is important that FCP frameworks include requirements to mitigate the risk that the interests of the consumer (for example, to be treated fairly, not to be mis-sold a financial product, and so forth) might become misaligned with those of an FSP or their staff or agents (for example, recommending unsuitable products or engaging in pressure selling due to sales incentives). Such con

flicts already frequently arise in traditional financial product and service settings, but new or changed fintech business models have also been found to give rise to conflicts under new circumstances unforeseen by regulators (or expected by consumers) and to produce new variations of typical conflicts. Table 4.15 shows the percentage of responding jurisdictions that have various conflict management obligations for FSPs.

Table 4.15: Management of Conflict of Interest

Percentage of reporting jurisdictions (percentage of respondents for this specific question)

	ALL	HIGH INCOME	UPPER-MIDDLE INCOME	LOWER-MIDDLE INCOME	LOWER INCOME	EAP	ECA	LAC	MENA	SAR	SSA
Requiring FSPs to manage or avoid potential conflicts of interest with consumers	80 (75%)	34 (89%)	19 (58%)	22 (73%)	4 (80%)	10 (80%)	26 (74%)	11 (48%)	11 (92%)	4 (80%)	17 (89%)
Ensure that compensation policies for staff do not create conflicts of interest with consumers	59 (57%)	25 (69%)	15 (44%)	16 (55%)	3 (60%)	8 (67%)	19 (58%)	7 (29%)	9 (75%)	3 (60%)	12 (71%)
Ensure that compensation policies for agents do not create conflicts of interest with consumers	51 (51%)	19 (58%)	13 (39%)	16 (55%)	3 (60%)	8 (67%)	15 (50%)	6 (25%)	7 (64%)	3 (60%)	11 (65%)
Require clear disclosure of conflicts of interest to consumers	58 (57%)	26 (74%)	10 (31%)	19 (63%)	3 (60%)	9 (75%)	20 (65%)	5 (22%)	10 (83%)	1 (20%)	12 (67%)
No. of responding jurisdictions	107	38	33	29	5	12	35	24	12	5	19

Note: Percentages by income group and region reflect the percentages of respondents from that region/income group that responded in the affirmative. Regions: EAP = East Asia and Pacific, ECA = Europe and Central Asia, LAC = Latin America and Caribbean, MENA = Middle East and North Africa, SAR = South Asia, SSA = Sub-Saharan Africa.

Restrictions or Prohibitions on Limiting Customer Mobility

Of 113 respondents (table 4.16), 58 jurisdictions (51 percent) have provisions that limit/prohibit fees and charges for account closure, and 60 jurisdictions (53 percent) have provisions that prohibit extra burdening procedures for account closure. For each of these provisions, 50 jurisdictions (42 percent) had these in place in 2017, thus highlighting a notable increase in 2022. In addition, 69 jurisdic-

tions (61 percent) now have provisions allowing consumers a cooling-off period for credit products, during which they can withdraw from the product or service without incurring penalties. This is particularly useful for financial products with a long-term commitment, those that are commonly sold using high-pressure sales practices, and those sold remotely (such as over the telephone). Each of these provisions listed are more common in high income jurisdictions than upper or lower-middle income jurisdictions.

Table 4.16: Restrictions or Prohibitions on Limiting Customer Mobility

Number (percentage) of jurisdictions reporting provisions on customer mobility, by income and regional group (2022)

PROVISION TYPE	UPPER LOWER					EAP	ECA	LAC	MENA	NA	SAR	SSA
	ALL	HIGH INCOME	MIDDLE INCOME	MIDDLE INCOME	LOWER INCOME							
Provisions that limit/prohibit fees and charges for account closure	58 (51%)	27 (65%)	16 (46%)	11 (35%)	3 (60%)	2 (17%)	22 (56%)	10 (42%)	8 (67%)	1 (50%)	2 (40%)	13 (68%)
Provisions that prohibit extra burdening procedures for account closure	60 (53%)	24 (59%)	18 (51%)	14 (45%)	3 (60%)	3 (25%)	22 (56%)	12 (50%)	6 (50%)	1 (50%)	3 (60%)	13 (68%)
Provisions that allow consumers a cooling-off period for credit products, during which they can withdraw from the product or service without incurring penalties	69 (61%)	30 (73%)	20 (57%)	15 (48%)	4 (80%)	5 (42%)	31 (79%)	10 (42%)	9 (75%)	1 (50%)	2 (40%)	11 (58%)
Provisions that limit penalties for early repayment of a loan	71 (80%)	32 (78%)	26 (74%)	17 (55%)	4 (80%)	5 (42%)	35 (90%)	11 (46%)	11 (92%)	1 (50%)	2 (40%)	15 (79%)
No. of responding jurisdictions	113	41	35	31	5	12	39	24	12	2	5	19

Note: Percentages by income group and region represent the proportion of all jurisdictions that said they had certain restrictions or prohibitions in place. Regions: EAP = East Asia and Pacific, ECA = Europe and Central Asia, LAC = Latin America and Caribbean, MENA = Middle East and North Africa, NA = North America, SAR = South Asia, SSA = Sub-Saharan Africa.

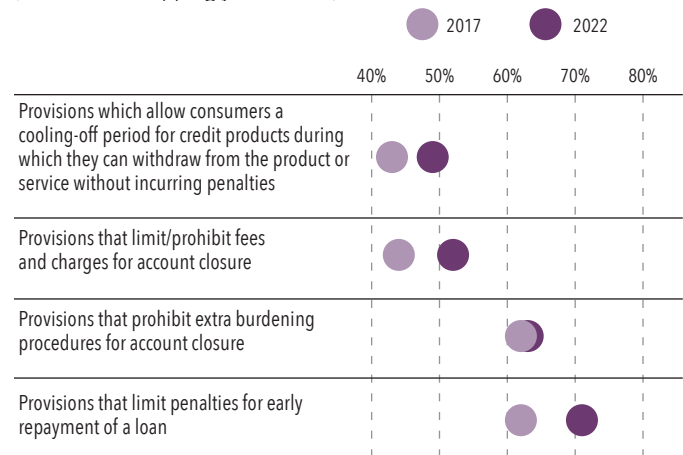
Finally, in 2022, 80 jurisdictions (71 percent) have legal requirements that limit penalties for early repayment of a loan, as opposed to 65 in 2017. The 2017 *Good Practices* notes, for example, that FSPs should be allowed to charge a reasonable prepayment penalty only if foreseen in the consumer agreement, which should also contain its method of calculation.

Figure 4.9 details the progress made with regard to the implementation of restrictions on obstacles to mobility for the “Set of 95” jurisdictions that responded to this question in both the 2017 and the 2022 cycles of the survey. (See appendix B.) It should be noted that, with regard to cooling-off periods, the 2022 survey asks whether provisions allow consumers a cooling off period for credit products specifically, whereas the 2017 survey did not refer to products specifically. Because of this change, the responses for this aspect of the question cannot be compared directly. This notwithstanding, there is only one percentage point difference between responses in 2017 versus 2022 (whether it covers all or credit products alone). Therefore, there appears to be very little change generally on the topic of cooling-off periods.

For all other restrictions listed in this question, jurisdictions with measures to restrict FSPs from limiting customer mobility have increased by between six and nine percentage points between the two survey cycles, which is an encouraging trend that policymakers should aim to accelerate.

Figure 4.9: Restrictions or Prohibitions on Limiting Customer Mobility, 2017 vs. 2022

Percentage of jurisdictions reporting provisions on customer mobility: (set of 95 overlapping jurisdictions)



Competency Requirements for Staff and Agents

One essential measure for ensuring that FSPs comply with their FCP obligations and treat consumers fairly and appropriately is ensuring that both their staff and their agents are competent and knowledgeable enough to engage on behalf of the FSP. Often the sole or main representative of an FSP that consumers deal with is a third-party agent, rather than an employee. For example, this can

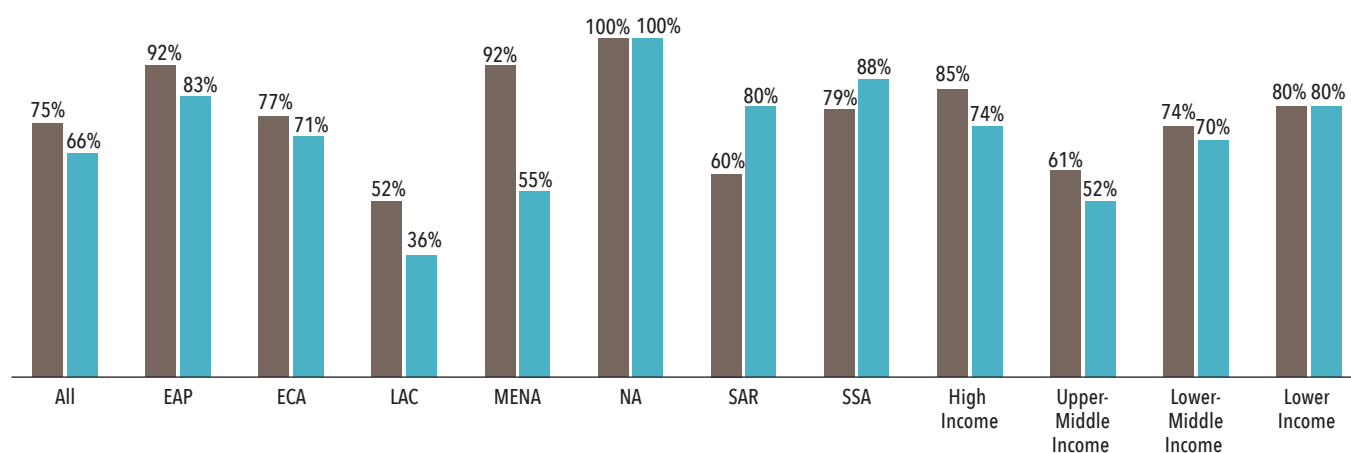
be the case for individuals living in remote areas in some jurisdictions. Agents can often be individuals with little expertise in financial services (for example, if such activities are not their main

business), and if agents are unqualified or lacking adequate training, they may be more likely to commit errors in providing services to consumers.

Figure 4.10: Laws or Regulations on Competency of Staff or Agents

Percentage of respondents indicating requirements on competency are in place, by geographic region

Law or regulation to maintain a minimum level of professional competence: ■ For staff ■ For agents



Note: Regions: EAP = East Asia and Pacific, ECA = Europe and Central Asia, LAC = Latin America and Caribbean, MENA = Middle East and North Africa, NA = North America, SAR = South Asia, SSA = Sub-Saharan Africa.

Eight-five jurisdictions (75 percent of 114 responding jurisdictions) have requirements in place that FSPs ensure a minimum level of professional competence for staff dealing with consumers (figure 4.10). Seventy jurisdictions (66 percent of 106 respondents) have equivalent competency requirements for agents. The North America, East Asia and Pacific, and Middle East and North Africa Regions all have a very high prevalence of this requirement for staff (over 90 percent of responding jurisdictions within each Region). The Middle East and North Africa has the largest gap between the percentage of jurisdictions with competency requirements for staff as opposed to agents. As it relates to agents, the Sub-Saharan Africa Region has the highest percentage of jurisdictions with this legal requirement in place (88 percent), which is similar to the requirement for staff (84 percent).

4.9 RESPONSIBLE LENDING

Access to credit is recognized internationally as a crucial aspect of financial inclusion. The Financial Access Survey of the International Monetary Fund, for example, uses the number of retail loans as one of the key statistics when evaluating financial inclusion in a country. Availability of credit in general can provide the population in an economy with broader options to realize economic goals. That

said, authorities must be mindful that over-indebtedness stemming from the irresponsible provision and use of retail credit products can have significant negative effects on both the individual and the financial ecosystem. Ensuring a responsible lending regulatory framework is therefore essential to mitigating such risks and to setting appropriate expectations and requirements for all types of FSPs offering credit to consumers (and not just traditional lenders). Such requirements encompass ensuring that credit is offered to consumers only when it is affordable and suitable for their circumstances, ensuring non-usurious pricing, and establishing minimum standards for debt collection practices.

Assessing Credit Product Suitability

A crucial and more specific aspect of product suitability with regard to credit is ensuring that a product is offered only when affordable to the consumer—that is, when the consumer can afford to repay it without resulting in hardship. Sixty-five jurisdictions (78 percent of respondents) require FSPs to provide only suitable credit products to consumers. Table 4.17 details specific provisions aimed at restricting excessive borrowing and determining product suitability. Ninety jurisdictions (87 percent) require that providers assess a prospective borrower's ability to repay a loan.

Table 4.17: Assessing Product Suitability

	ALL	EAP	ECA	LAC	MENA	NA	SAR	SSA	HIGH INCOME	UPPER MIDDLE INCOME	LOWER MIDDLE INCOME	LOWER INCOME
Debt-to-income or similar ratio	49 (47%)	6 (50%)	15 (39%)	10 (50%)	8 (67%)	1 (100%)	1 (20%)	8 (50%)	17 (35%)	18 (37%)	12 (24%)	2 (4%)
Restrictions on multiple borrowing	20 (19%)	2 (17%)	3 (8%)	6 (30%)	3 (25%)	1 (100%)	1 (20%)	4 (25%)	5 (25%)	8 (40%)	6 (20%)	1 (5%)
Requirement to assess a prospective borrower's ability to repay the loan	90 (87%)	11 (92%)	31 (82%)	18 (90%)	10 (83%)	1 (100%)	5 (100%)	14 (88%)	31 (35%)	28 (31%)	26 (29%)	4 (4%)
Other	24 (23%)	1 (8%)	12 (32%)	4 (20%)	4 (33%)	0 (0%)	2 (40%)	1 (6%)	10 (42%)	10 (42%)	3 (13%)	1 (4%)
No. of responding jurisdictions	104	12	38	20	12	1	5	16	38	32	28	5

Note: Regions: EAP = East Asia and Pacific, ECA = Europe and Central Asia, LAC = Latin America and Caribbean, MENA = Middle East and North Africa, NA = North America, SAR = South Asia, SSA = Sub-Saharan Africa.

Ninety jurisdictions (87 percent) require FSPs to assess loan repayment ability for their potential customers. While this is promising, only 49 jurisdictions require that providers use debt-to-income or similar ratios in making a lending decision. In addition, 20 jurisdictions, including Chile, the Philippines, and Uzbekistan, have restrictions on multiple borrowing. This requirement is the least common across respondents but ideally should be more so, given that over-indebtedness resulting from borrowers having multiple loans, each with an outstanding balance, is increasingly common and leads to significant hardship. Finally, 24 jurisdictions have a mix of other requirements that they indicate are aimed at ensuring affordability, though few details were provided on what these are. Overall, this data highlights that policymakers could be more aggressive in requiring FSPs to establish product suitability in light of how doing so better protects borrowers.

Affordability and Pricing

Beyond establishing suitability, it is also critical to determine affordability. It is important that an individual's capacity to repay credit is based on appropriate data. Table 4.18 details the type of data that national authorities require to be collected or validated to confirm affordability. The most required information is an individual's income and other loans, but a significant number of jurisdictions also require a provider to understand the demands on a potential customer's income from living expenses.

Table 4.18: Requirements to Collect/Validate Customer Information to Determine Repayment Capacity, 2022

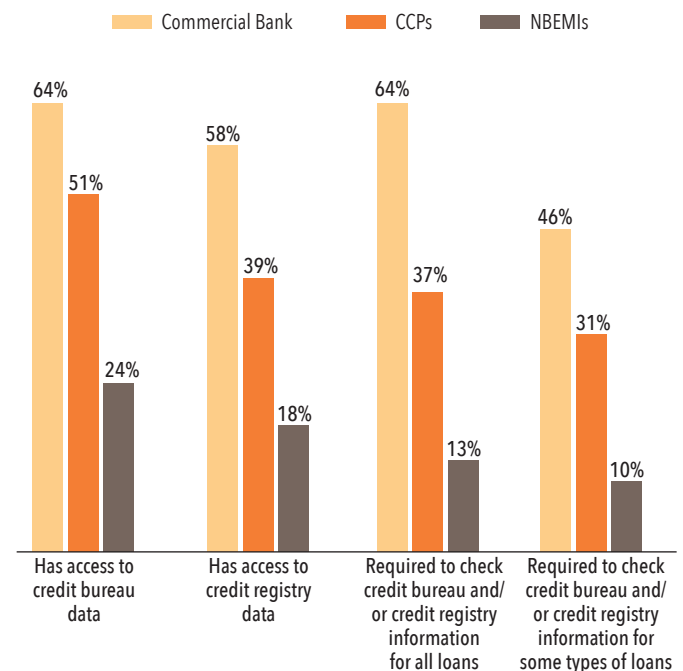
Number (percentage) of jurisdictions with relevant requirement

	COLLECT	VALIDATE
Obtain information about individual's income	83 (91%)	67 (75%)
Obtain information about individual's other loans	83 (91%)	69 (78%)
Obtain information about individual's living expenses	61 (67%)	41 (47%)
No. of responding jurisdictions	91	89

system can significantly undermine the quality of affordability assessments. From an FCP perspective, access to accurate, comprehensive credit information for all credit providers is essential to support the effectiveness of affordability assessment requirements and to help providers avoid inappropriately lending to consumers who are already over-indebted or whose credit-related behavior indicates other indebtedness concerns.

Figure 4.11: Access to Credit Registries and Bureaus for Financial Institutions Required to Assess a Borrower's Ability to Repay a Loan

Number of each type of financial institution in those jurisdictions with requirements to establish loan repayment ability that have access to credit bureaus and registries



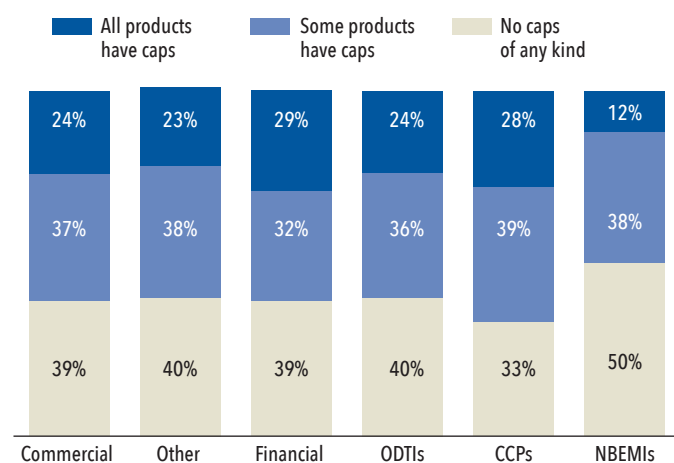
Gaps and deficiencies in a country's credit reporting information

Some jurisdictions also impose limits on interest rates or other pricing relating to credit (such as maximum profit margins or maximum spread). As discussed briefly in the section on strategies to increase financial inclusion, interest rate caps are a blunt instrument that can sometimes lead to market distortions. While they are sometimes a potentially useful tool—for example, to prevent usurious (truly predatory) pricing—other initiatives may be available to achieve similar aims (such as initiatives to stimulate competition among credit providers) to bring about desired outcomes while avoiding unintended consequences.

About 40 percent of responding jurisdictions (across all financial institution types) have no interest-rate caps of any kind (figure 4.12). A relatively smaller percentage (33 percent) of jurisdictions have no interest rate caps on CCPs, and a relatively larger percentage (50 percent) have no caps on any kind on NBEMIs. Between 32 and 39 percent of jurisdictions across institution types impose some interest rate caps. CCPs are the only type of institution reporting a higher proportion of jurisdictions imposing some caps (39 percent) than those with no caps of any kind (33 percent). Finally, CCPs and financial cooperatives (in about 28 percent of jurisdictions) are the types of financial institutions on which responding jurisdictions most commonly impose caps on all loan products.

Figure 4.12: Interest Rate Caps or Limitations on Loan Pricing, 2022

Percentage of jurisdictions with relevant restriction by FSP type



Note: Number of respondents varies across institutional categories, falling between 26 (for NBEMIs) and 97 (for commercial banks).

Overall, NBEMIs are the least subjected to caps on either some or all credit products; only 50 percent of jurisdictions restrict them in this way. Alternatively, 67 percent of jurisdictions have some or total caps on loans from CCPs. The other types of institutions fall in the middle; about 60 percent of each type face some or total caps.

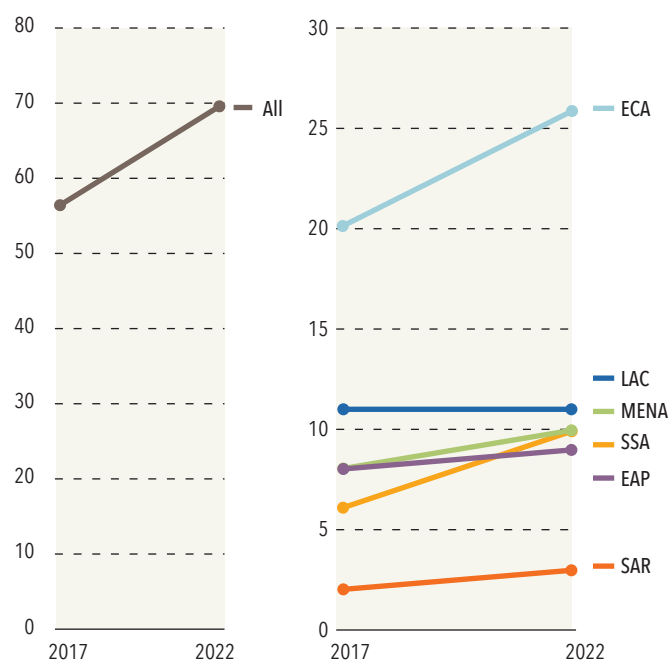
Debt Collection

Consumers may suffer financial, psychological, or physical harm due to abusive debt collection practices (whether undertaken by FSPs directly, by the debt collection agents they may engage, or by third parties to whom debts are sold). Debtors may also experience adverse outcomes, such as breaches of privacy, as a result of inappropriate debt collection practices. FCP regulations should both prohibit abusive debt collection practices and foster minimum standards of good conduct at each step of the debt collection process. In addition, regulations should ensure that there is clear liability and responsibility for debt collection agents by the principals on whose behalf they collect debts.

Seventy jurisdictions indicated they have such regulations, compared to 56 jurisdictions in 2017 (figure 4.13). The directionality of this is certainly promising, but the pace could still be quickened. In addition to an absolute increase, the number of jurisdictions with these regulations has also increased in all regions. The greatest percentage rise was in Sub-Saharan Africa, followed by the Europe and Central Asia region.

Figure 4.13: Provisions in Law or Regulations Establishing Minimum Standards for Debt Collection Practices, 2017 vs. 2022

Number of jurisdictions with minimum standards in place, by region: (set of 95 overlapping jurisdictions)



Note: Regions: EAP = East Asia and Pacific, ECA = Europe and Central Asia, LAC = Latin America and Caribbean, MENA = Middle East and North Africa, SAR = South Asia, SSA = Sub-Saharan Africa.

Gaps in FCP Regulatory Perimeter for Credit

As the range of credit products and providers in a country expands (including as a result of digital and fintech offerings), a country's existing FCP framework, or the mandate of its regulator(s), may not necessarily cover all providers or product types. This may be due to the country's existing FCP rules applying only based on the type of institution or, even if they apply on a product or activity basis, not extending to certain products due to their nature or the nature of related business arrangements. As a result, affected consumers may receive less protection, and regulators may have difficulty addressing relevant gaps and new risks.

This survey sought to collect more granular information on CCP types that are not regulated or supervised. Twenty-one jurisdictions, for example, indicate that money lenders are unregulated in their market. Digital lenders (including app- and web-based lenders) are

unregulated in 16 jurisdictions. The fact that almost half of these are in Latin America and the Caribbean highlights a particular risk there.

Payday lenders are unregulated in 17 jurisdictions, which are mostly concentrated in Latin America and the Caribbean and the Middle East and North Africa. Microcredit providers are unregulated in 11 jurisdictions, over half of which are in Latin America and the Caribbean. Digital credit via e-wallet providers is unregulated in 10 jurisdictions and financial companies in eight. An additional 19 jurisdictions have unregulated CCPs, which they describe as "Other," including fintech lenders in Chile (although the authors are aware of a new fintech law in Chile intended to assist in bridging this gap), buy now, pay later in Malaysia, and loan-based crowdfunding in Poland. Overall, and particularly in light of the potential risks to consumers, the fact that this FSP type is unregulated in a number of jurisdictions is a cause for concern.

Table 4.19: Types of Unsupervised CCPs across Regions, 2022

Number (percentage) of responding jurisdictions with CCPs present but not regulated, by geographic region

TYPES OF CCPS	ALL	EAP	ECA	LAC	MENA	SAR	SSA
Payday lenders	17 (36%)	1 (20%)	3 (27%)	4 (27%)	4 (66%)	2 (66%)	3 (43%)
Financial companies	8 (17%)	0 (0%)	3 (27%)	4 (27%)	1 (17%)	0 (0%)	0 (0%)
Microcredit providers	11 (23%)	0 (0%)	1 (9%)	6 (39%)	1 (16%)	1 (33%)	2 (28%)
Digital lenders (including app and web-based lenders)	16 (34%)	1 (20%)	4 (36%)	7 (47%)	2 (33%)	1 (33%)	1 (14%)
Money lenders	21 (45%)	1 (20%)	4 (37%)	8 (54%)	2 (34%)	3 (100%)	3 (43%)
Digital credit providers via e-wallets	10 (21%)	0 (0%)	3 (27%)	5 (33%)	0 (0%)	0 (0%)	2 (28%)
Other	19 (40%)	5 (100%)	6 (54%)	5 (33%)	2 (33%)	0 (0%)	1 (14%)
No. of responding jurisdictions	47	5	11	15	6	3	7

Note: Regions: EAP = East Asia and Pacific, ECA = Europe and Central Asia, LAC = Latin America and Caribbean, MENA = Middle East and North Africa, SAR = South Asia, SSA = Sub-Saharan Africa.

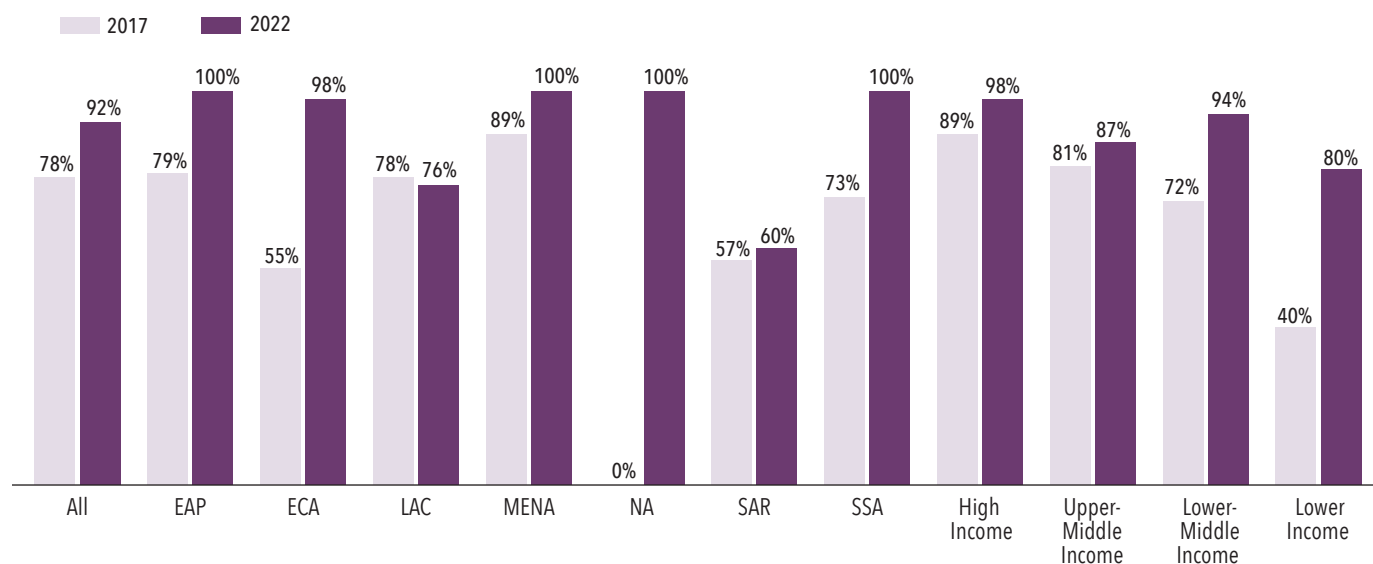
4.10 COMPLAINTS HANDLING, DISPUTE RESOLUTION, AND RECOURSE

Central to an effective FCP framework is an accessible and efficient recourse mechanism that allows consumers both to know and to assert their rights to have their complaints addressed and resolved in a transparent and just manner and within a reasonable timeframe. Complaint handling mechanisms are especially important for low-income and vulnerable financial consumers, to whom timely and effective recourse processes can have a significant impact on their level of trust in their FSP and in the financial sector overall. Increased trust contributes to consumers' uptake and sustained usage of financial services and, consequently, their economic livelihoods.

Financial consumer complaints handling mechanisms comprise two stages: complaints that are handled by FSPs, generally referred to as internal dispute resolution (IDR), and complaints that, if not satisfactorily resolved internally, are handled by an alternative, out-of-court process, generally referred to as alternative dispute resolution (ADR). The World Bank's technical note [Complaints Handling within Financial Services Providers](#) discusses that financial consumer complaints should be handled in a tiered structure. Consumers should first seek resolution of the complaint with their FSPs via their provider's IDR mechanism (G20/OECD 2013). When complaints are not resolved by FSPs to the consumer's satisfaction or within the established timeframe, then consumers should have access to an external dispute resolution process where complaints can be resolved with the assistance of a third party that is impartial to the complaint, always retaining the option to undertake formal legal action through the court system (WBG 2019). See figure 4.14 for details of IDR coverage among survey respondents.

Figure 4.14: Presence of Laws or Regulations for IDR, 2022

Percentage of jurisdictions reporting a legal IDR framework, by region and income level



Note: Figure is based on 116 responses in 2022. The two multijurisdiction respondents (the Central African Economic and Monetary Community and Eastern Caribbean Central Bank) are not included in income group classifications. Percentages represent the proportion of each responding region or income group that have IDR laws or regulations in place.

In 107 jurisdictions (92 percent of responding jurisdictions), there are laws or regulations setting standards on IDR. This is up from 92 jurisdictions (78 percent) in 2017, when comparing the full sample of respondents in each cycle. Looking only at the “Set of 95” jurisdictions (appendix B), however, the growth in the number of jurisdictions with an IDR law or regulation in 2022 is more modest, going from 85 percent of respondents in 2017 (81 jurisdictions) to 94 percent in 2022 (88 jurisdictions). Whereas the 107 jurisdictions with these laws and regulations in 2022 tend to skew toward higher income regions, of the nine responding jurisdictions that do not have any such guidelines, five are in upper-middle income regions. This highlights the need for additional work around IDR mechanisms beyond low-income economies.

By institution category, commercial banks are most commonly subject to IDR laws or regulations (in 88 jurisdictions). CCPs, other banks, NBEMIs, and financial cooperatives then follow, with 53, 46, 43, and 43 jurisdictions, respectively, having IDR laws or requirements that apply to each provider category. Since CCPs and NBE-MIs in particular are FSP types that are displaying significant growth over time, recourse through IDR mechanisms is becoming increasingly important. In jurisdictions without any such requirements, national authorities should thereby seek out appropriate opportunities to introduce sound IDR laws or requirements.

Requirements for IDR

As set out in the *G20/OECD High-Level Principles*, jurisdictions should ensure that consumers have access to adequate complaint handling and redress mechanisms that are accessible, affordable,

independent, fair, accountable, timely, and efficient. The survey reveals that IDR laws vary significantly by jurisdiction, but some common tenets do exist across survey responses (figure 4.15).

In 102 jurisdictions (88 percent of respondents), a relatively high number of economies currently require FSPs to have a process in place for addressing consumer complaints. Indeed, this figure has increased both in percentage and absolute terms since 2017, when only 87 jurisdictions (74 percent) had this requirement. The direction of travel is therefore promising.

Another requirement that has become more prevalent since 2017 relates to the timeliness of complaints response and resolution by FSPs. This requirement exists in 104 jurisdictions (90 percent) in 2022, as compared to 78 jurisdictions (66 percent) in 2017. Also, 97 jurisdictions (84 percent) require that there be an adequate record of those complaints, as compared to 76 jurisdictions (64 percent) in 2017.

The collection of complaints data in a standardized format that allows for analysis across providers allows supervisory authorities to analyze consumer satisfaction with specific FSPs (as compared to others), identify emerging consumer issues early as they develop, and track inquiries and complaints trends over time (WBG 2019). Despite this, only 49 jurisdictions (42 percent) require this. In addition, only 51 jurisdictions (44 percent) require FSPs to conduct root cause analysis to identify the underlying reasons behind complaints. These two requirements are related, given that having a standardized format for data collected lends itself to better analysis in the first instance.

A related requirement, which is present in 69 jurisdictions (59 percent), is the standardized storing of and sharing of complaints data with a government agency. Such sharing of information with the relevant government agencies contributes to better FCP overall. This is because over the longer term, making authorities more aware of the issues arising from financial consumer complaints supports legislative change to enhance FCP frameworks both by facilitating and by creating political support for the same. Also, analysis of consumer complaints at a market level is an important market-monitoring tool that helps authorities identify the most prevalent consumer risks and problematic products and services, as well as the key providers reflected in complaints. This in turn helps regulators prioritize their supervisory efforts (Izagirre et al. 2022a).

Authorities need to use all tools available to get FSPs to collect, analyze, and resolve complaints as efficiently as possible; then authorities need to follow up with a sound system of their own for tracking, cataloguing, and analyzing complaints data. Finally, in addition to standardized classification and format, supervisory authorities should consider the level of granularity of data needed and their capacity to analyze the data collected (WBG 2019). Data should not be collected for its own sake but with an eye for how it can be analyzed and used for better supervision.

Given that individuals with disabilities and those in remote areas are among those who tend to be at a disadvantage when it comes to accessing and using financial services, the 2017 *Good Practices* also highlights the importance of ensuring access to IDR mechanisms through a variety of channels. More specifically, this means that a consumer can submit a complaint via multiple channels,

including at a local branch, by phone, by e-mail, or even to an agent representing an FSP. In 2017, 58 jurisdictions (58 percent) had such a requirement in place, and the trend has continued in a positive direction: Seventy-eight jurisdictions (67 percent) have a requirement in 2022.

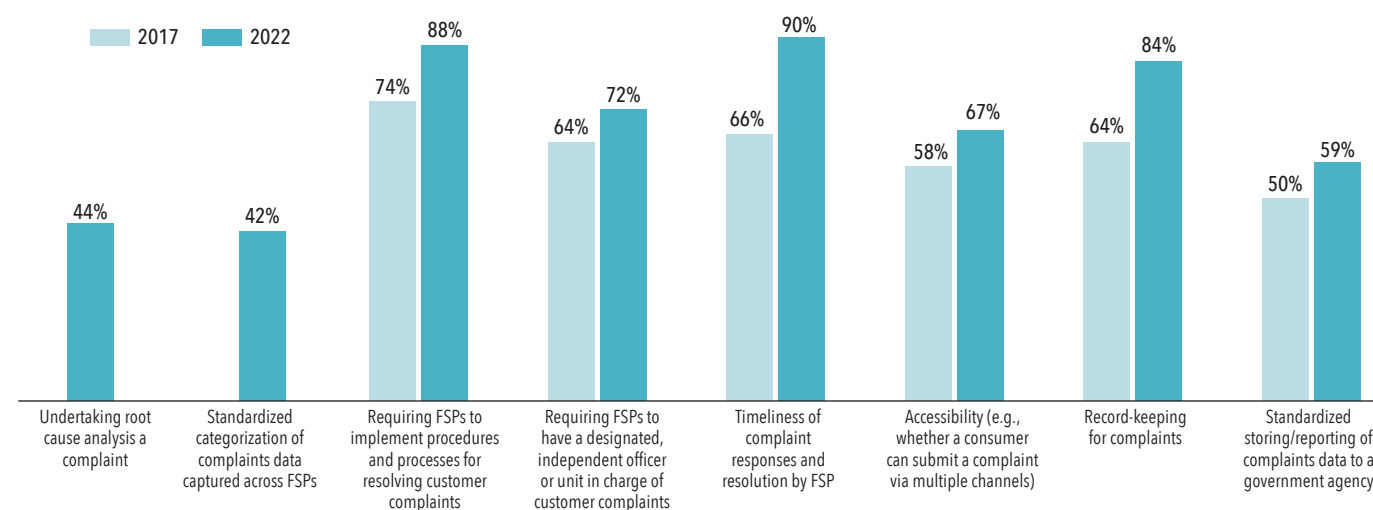
Table 4.20: Requirements for IDR

Number (percentage) of all responding jurisdictions with certain requirements

ALL	
Requirements for FSPs to implement procedures and processes for resolving customer complaints	102 (88%)
Requirement for FSPs to have a designated, independent officer or unit in charge of handling customer complaints	83 (72%)
Timeliness of complaints responses and resolution by FSP	104 (90%)
Accessibility (for example, whether a consumer can submit a complaint via multiple channels, including at a local branch, by phone, by e-mail, and so on)	78 (67%)
Record keeping for complaints	97 (84%)
Standardized categorization of complaints data to be captured across providers	49 (42%)
Standardized storing and reporting of complaints data to a government agency	69 (59%)
Providing consumers details of a relevant ADR mechanism (if any)	81 (70%)
Undertaking root cause analysis to identify the underlying reason behind a complaint	51 (44%)
Informing customers on when/how to escalate complaints to external dispute resolution mechanisms	66 (57%)

Figure 4.15: Requirements for IDR, 2017 vs. 2022

Percentage of all responding jurisdictions with certain requirements



Note: Figure is based on 118 responses in 2017 and 116 responses in 2022.

As per figure 4.15, between 2017 and 2022, the percentage of jurisdictions in which national authorities have IDR-related laws or

requirements in place has increased for every requirement asked about. In particular, the jurisdictions requiring FSPs to maintain complaints records and track timeliness of resolution have increased by at least 20 percentage points within this period. That said, given that fewer than half of responding jurisdictions collect standardized complaints data across FSPs or conduct root cause analysis on complaints, there is room for improvement around the form in which the data is collected and the extent to which it is analyzed to improve supervision and consumer protection.

Requirements for ADR

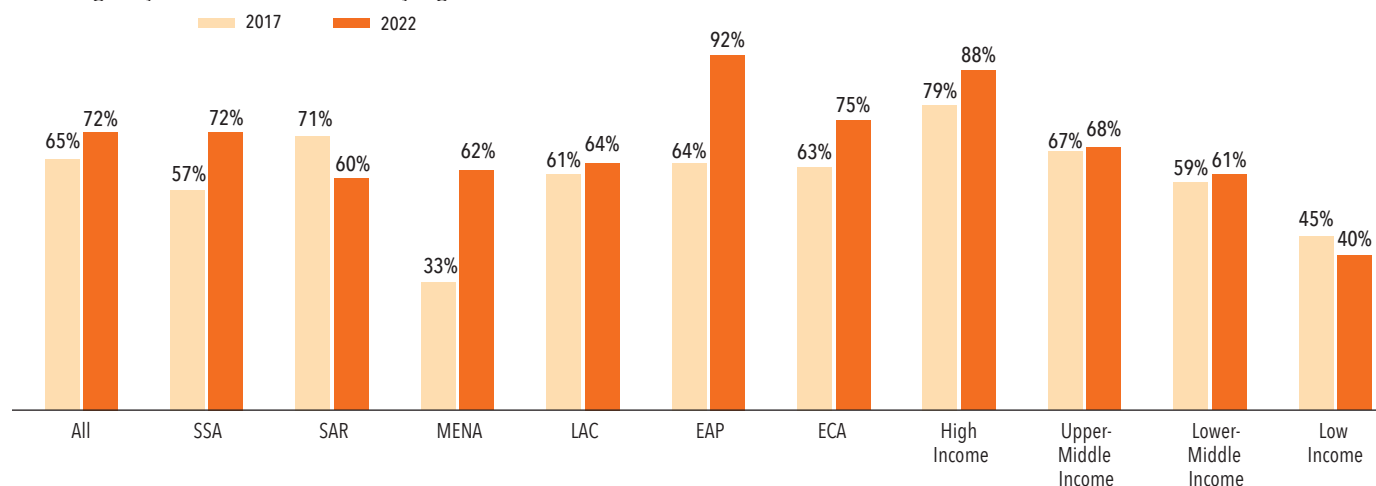
In cases where financial consumers are unable to resolve their complaints with an FSP through IDR, some jurisdictions have established an ADR mechanism. In 2017, 60 jurisdictions (51 percent) required consumers to be provided with details of a relevant ADR mechanism, if indeed one existed. The same requirement stands in 81 jurisdictions (70 percent) in 2022. Furthermore, a new question

that was added in the 2022 survey highlights that in 66 jurisdictions (57 percent), customers must be informed of when and how to escalate complaints to those ADR mechanisms.

In 2022, 84 jurisdictions (72 percent of responding jurisdictions) have an out-of-court ADR mechanism in place to resolve financial consumer complaints, as compared to 80 jurisdictions in 2017. In fact, except in South Asia, there has been an increase in the absolute number and percentage of jurisdictions by region with an ADR mechanism between the two cycles of the survey. Finally, whereas in 2017 the South Asia Region had the highest proportion of its jurisdictions with an ADR mechanism and the Middle East and North Africa the lowest, in 2022 it is the East Asia and Pacific region with the highest proportion. The Middle East and North Africa has also made strides: going from having only three to eight jurisdictions with an ADR mechanism in place is notable progress.

Figure 4.16: Prevalence of ADR Mechanisms

Percentage of jurisdictions with an ADR, by region and income level



Note: Figure based on 123 responses in 2017 and 116 responses in 2022. Multijurisdiction respondents (the Central Bank of West African States, Central African Economic and Monetary Community, Bank of Central African States, and Eastern Caribbean Central Bank) are not included in income group classifications. Regions: EAP = East Asia and Pacific, ECA = Europe and Central Asia, LAC = Latin America and Caribbean, MENA = Middle East and North Africa, SAR = South Asia, SSA = Sub-Saharan Africa.

As per figure 4.16, the percentage by income group of responding jurisdictions with an ADR mechanism increased for all income groups between 2017 and 2022. This is also true for the absolute number of jurisdictions by income group except for the lower-middle-income group, where the number of jurisdictions with an ADR framework fell from 20 in 2017 to 19 in 2022. Respondents from this income group differ between the two surveys, however; as such, this should not be taken to mean that a jurisdiction that had an ADR mechanism in 2017 no longer has one in 2022.

International good practice requires that out-of-court ADR entities have the power to issue decisions that are binding on the FSP (but not on the consumer). However, the survey data shows that only about 41 percent of respondents issue binding decisions, that

40 percent offer mediation services, and that the remaining 28 percent issue non-binding decisions or recommendations.

An analysis of the funding sources and fee structures of ADR mechanisms reveals that they are funded primarily through national budgets and that the services are mostly free of charge (figure 4.17). That said, the choice of institutional model does not necessarily constrain the ability of the industry to fund an ADR scheme as an alternative to government or regulator funding.

Figure 4.17: ADR Fee Structure

Note: Figure for fee structure is based on 85 responses and for funding on 88 responses.

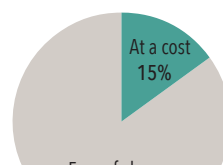
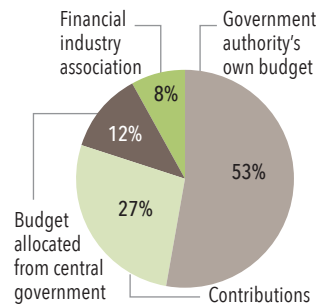
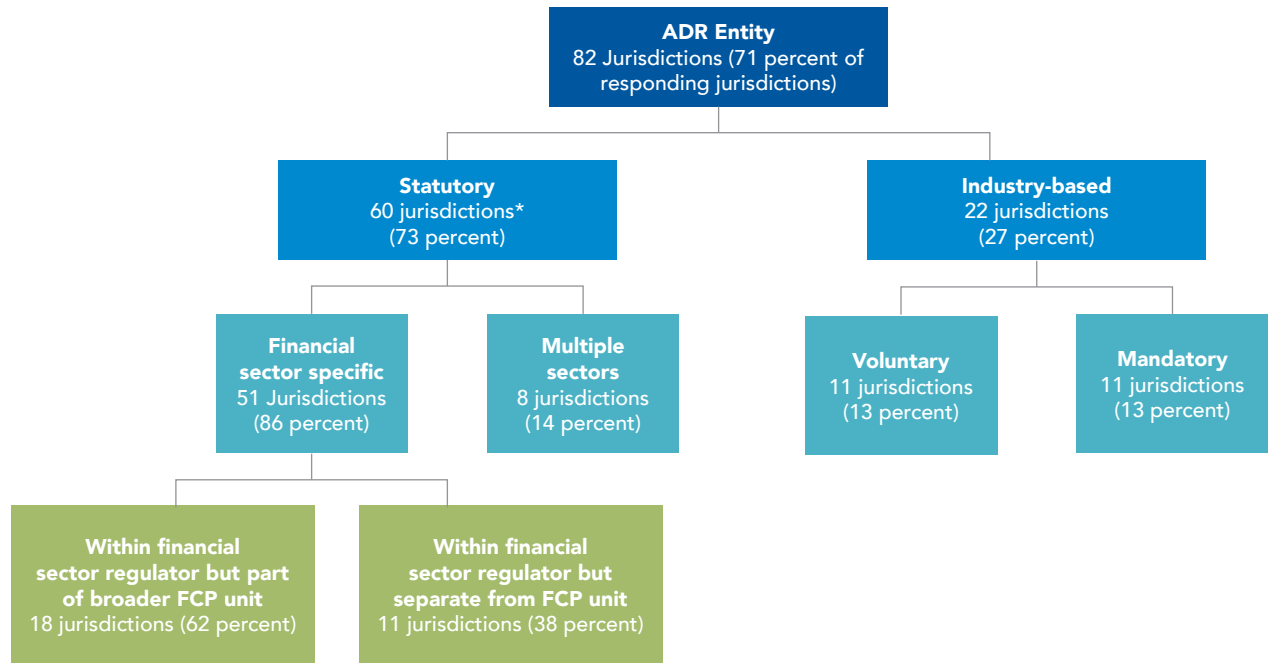


Figure 4.18: Funding Sources for ADR Entities



There are also a range of institutional models for ADR entities (figure 4.19). Of the 82 jurisdictions with an ADR entity, 60 were established by law, while 22 were established by industry. The majority of statutory entities are focused exclusively on the financial sector, and about half of them are located within a financial regulator itself. If the entity is located within the financial regulator, good practice requires that the complaint handling function be kept separate from the supervisory function. Combining the two departments could often lead to a diversion of valuable supervisory resources solely toward complaints handling. It is not uncommon for FCP supervisory departments to run out of capacity due to being overloaded with customer complaints due to the two departments being combined.

Figure 4.19: Institutional Models of ADR Entities



*Due to one jurisdiction skipping the sequential follow-up questions, the number of jurisdictions falls from 60 to 59 on the left hand side of the illustration.

In addition to mediating and/or resolving disputes between consumers and FSPs, ADR entities can undertake several useful functions to monitor trends and provide a feedback loop to industry and financial sector authorities. Data collected from ADR entities on the prevalence of complaints around certain issues and products provides insight into common friction points between financial consumers and FSPs. Complaints data can also point to systemic issues that are likely of particular interest to financial-sector authorities.

ADR entities were asked to rank a set of issues and products based on those that are the focus of the largest number of complaints. Figures 4.20–4.22 show the issues as a percentage of ADR entities for which the issue is a “top-three” complaints topic. The most common topics of complaint among the 51 jurisdictions that provided data are (i) unauthorized transactions, (ii) excessive inter-

est or fees, (iii) unclear interest or fees, (iv) mistaken or unauthorized transactions, and (v) fraud. On the product side, the most frequently complained about products are (i) consumer loans, (ii) credit cards, (iii) mortgage/housing loans, (iv) deposit accounts, and (v) debit cards. Regarding distribution channels, the channels most frequently complained about are (i) internet banking, (ii) branches, (iii) ATMs, and (iv) mobile banking.

Figure 4.20: Issues Commonly Addressed by ADR Entity

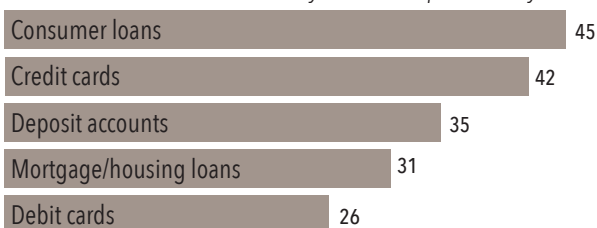
Number of relevant responding jurisdictions ranking the issue as one of their three most commonly addressed issues by ADR entities



Note: Based on 43 responding jurisdictions. Respondents ranked a predetermined set of issues according to the frequency with which the issue is addressed by the ADR entity in response to complaints. Although more jurisdictions (29) reported fraud as a commonly addressed issue, more respondents ranked "Unclear fee" higher as an issue.

Figure 4.21: Financial Products Commonly Addressed by ADR Entity

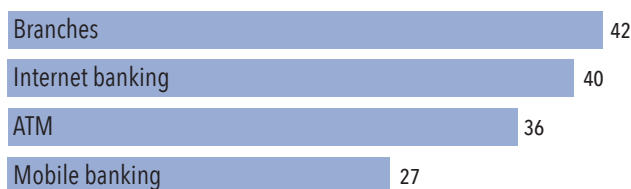
Percentage of responding jurisdictions ranking each financial product as one of their three most commonly addressed products by ADR entity



Note: Figure is based on responses from 51 jurisdictions. Respondents ranked a predetermined set of financial products according to the frequency with which the product is addressed by the ADR entity.

Figure 4.22: Distribution Channels Commonly Addressed by ADR Entity

Percentage of responding jurisdictions ranking financial channels as one of their three most commonly addressed channels by ADR entities



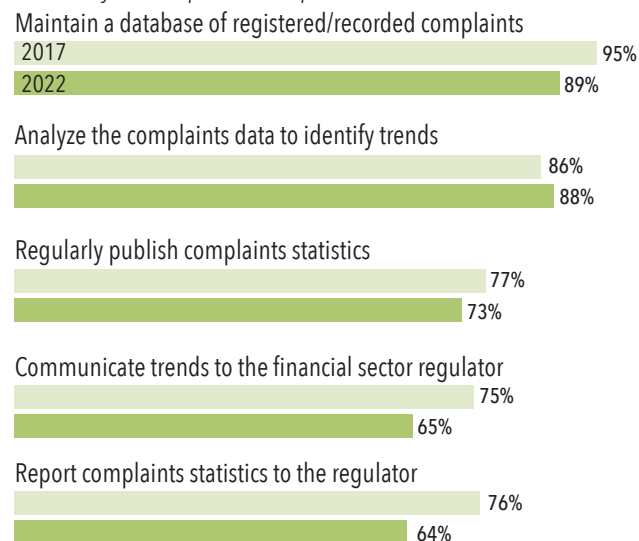
Note: Figure based on responses from 47 jurisdictions. Respondents ranked a predetermined set of issues according to the frequency with which the ADR entity addresses the issue. Although more jurisdictions (29) reported branches as a commonly complained about channel, more respondents ranked internet banking higher as a channel.

The main data-related function of ADR entities is to maintain a database of complaints that are referred to them and remain unresolved by FSPs. This is a function undertaken in the ADR entities of 89 percent of responding jurisdictions (figure 4.23). In 88 percent of jurisdictions, the ADR entities also analyze the complaints data to identify trends, and 73 percent publish complaints statistics regularly. Finally, 65 percent and 64 percent of jurisdictions with ADR

entities, respectively, have the ADR entities that communicate trends and report complaints statistics to financial sector regulators.

Figure 4.23: Functions of ADR Entities with Respect to Complaints Data, 2017 vs. 2022

Percentage of relevant responding jurisdictions that report function of ADR entity with respect to complaints data



Based on the trends indicated in the comparison in figure 4.23, there is a percentage-term reduction in jurisdictions undertaking most ADR functions between 2017 and 2022.³³ This reduction is attributable only to the fact that percentages are a function of the number of responding jurisdictions, which has changed over the course of the two surveys. The absolute number of jurisdictions with their ADR having these functions, however, has increased for all functions but two ("Communicate trends to the financial sector regulator" and "Report complaints statistics to the regulator").

The survey asked respondents if they collect aggregated consumer complaints data from supervised FSPs or ADR entities (rather than directly from consumers). In response, 74 of 108 respondents (69 percent) indicated that they do.

For both jurisdictions with ADR entities and those without, up to 87 jurisdictions reported on the supervisory actions they take about the data collected. Across all FSP types, though some collect data manually (ranging from 11 percent of responding NBEMIs to 15 percent of responding commercial banks and up to 18 percent of responding CCPs), a far larger number of jurisdictions collect data either through an emailed spreadsheet (between a quarter and a third of responding jurisdictions across all FSP types) or a web portal (on average, about 45 percent of responding jurisdictions across all FSP types). The use of APIs and directly pulling data from FSP servers, two methods that are quite sophisticated, is very limited. Only a handful of jurisdictions (fewer than four jurisdictions for each FSP

³³ This comparison is not for the "Set of 95" jurisdictions that responded in both cycles, but for all respondents in both cycles, which was 74–76 responding jurisdictions in 2017 and 82–83 responding jurisdictions in 2022, depending on the question.

type) use this approach to collect data.

Once collected, almost all commercial banks (in 92 percent of jurisdictions) keep the data in an electronic database. ODTIs have the lowest level of usage of such databases; only 60 percent of jurisdictions indicate that data is stored electronically. All other FSP types fall somewhere in between commercial banks and ODTIs. To facilitate future analysis, however, it is best practice for data to be maintained electronically. Considering this, it is clear that significant progress remains to be made.

4.11 DATA PROTECTION

Data Protection Regimes

There are several possible data protection regimes for a jurisdiction to have in place, but broadly speaking, these fall into two categories: either a national data protection law or data protection rules that apply only to FSPs. Having a national data protection law that covers areas beyond the financial sector can be very effective, especially where enforcement is optimal.

The ideal regime from a data protection perspective would likely combine a data protection law of general application (so protections apply irrespective of sector) in combination with sector specific regulation that builds upon the national data protection law and may provide specific rules needed for the financial sector. It is also true that the data protection law of general application can build in provisions relevant to the financial sector, such as by considering certain types of financial data as “special categories of data” (due to their sensitivity). However, the function of the legal framework is the critical piece, and the appropriate form may depend on jurisdictional specificities. It is thus advisable to be more prescriptive about the process and substance than about the form.

This being said, 66 jurisdictions (74 percent of respondents) have a national law, while 39 jurisdictions have a specific law applicable to FSPs. Thirty-one jurisdictions have other regimes in place, including the General Data Protection Regulation (GDPR), which is directly applicable in member states of the European Union; a code of conduct for FSPs in Angola, and relevant provisions embedded in different laws and regulations in Pakistan.

Table 4.21: Types of Data Protection Regimes

Number (percentage) of jurisdictions reporting data protection regimes by region

DATA PROTECTION REGIME TYPE	ALL	EAP	ECA	LAC	MENA	NA	SAR	SSA
National data protection law (data protection law of general application)	66 (74%)	7 (78%)	23 (79%)	16 (73%)	8 (73%)	1 (50%)	0 (0%)	11 (79%)
Data protection rules that apply only to FSPs	39 (44%)	7 (78%)	7 (24%)	8 (36%)	7 (64%)	2 (100%)	1 (50%)	7 (50%)
Other	31 (35%)	4 (44%)	10 (34%)	7 (32%)	3 (27%)	1 (50%)	1 (50%)	5 (36%)
No. of responding jurisdictions	89	9	29	22	11	2	2	14

Note: Results based on responses from 89 jurisdictions. Percentages under regional groups represent the percentage of responding jurisdictions within each region with certain data protection regimes in place. Regions: EAP = East Asia and Pacific, ECA = Europe and Central Asia, LAC = Latin America and Caribbean, MENA = Middle East and North Africa, NA = North America, SAR = South Asia, SSA = Sub-Saharan Africa.

BOX 4.4

General Data Protection Regulation

The European Union’s 2016 General Data Protection Regulation is a law on data protection and privacy in the European Union. The regulation’s primary aim is to enhance individuals’ control and rights over their personal data and to simplify the regulatory environment for international business. The regulation became a model for many other laws across the world, including in Argentina, Brazil, Chile, Japan, Kenya, Mauritius, South Africa, South Korea, and Turkey, among others. The California Consumer Privacy, adopted June 28, 2018, also has many similarities with the GDPR.

Source: Horizon 2020 Framework Programme of the European Union, “Complete Guide to GDPR Compliance,” <https://gdpr.eu/> <https://gdpr.eu/>.

Key Elements of Data Protection

Data protection refers to regulation of the processing of personal information, including imposing limits on the processing and use of personal data and securing data against unauthorized access while protecting the fundamental rights and freedoms of individuals, and in particular individuals’ right to the protection of personal

data.³⁴ International guidance has provided some clarity on the collection of personal data. Specifically, it indicates that any such data should be processed in a lawful and proportionate manner, with appropriate limits on use and sharing. Where appropriate, the processing of personal data requires securing the free and informed consent of consumers.³⁵ That said, what constitutes informed consent can also pose challenges for effective implementation, particu-

³⁴ For a list of internationally recognized frameworks on data protection, see OECD (Organisation for Economic Co-operation and Development), “Privacy,” <https://www.oecd.org/sti/ieconomy/oecdguidelinesontheprivacyandtransborderflowsofpersonaldata.htm>, and EDPS (European Data Protection Supervisor), “International Standards,” https://edps.europa.eu/data-protection/our-work/subjects/international-standards_en.

³⁵ There are, however, a number of “lawful bases” for processing personal data that do not involve consent—for example, due to contractual necessity, legitimate interests, public interest, and so forth.

larly in the era of a certain opacity in decision making brought about by digitization, big data, and alternative credit scoring models.

The DFS market has driven an exponential increase in the volume of customer and market data being collected, stored, processed, and used. FSPs have historically collected different types of information from their customers, including personal data, contact details, consumer agreements, transaction logs, and passwords (WBG 2017). The nexus between financial services, digital identities, and technology has created space for fintech models that are able to design and deliver financial services that are (i) more customized (for example, using customer behavior data), (ii) almost real time (for example, automating entire loan cycles for straight-through processing), and (iii) complex (for example, processing large volumes of data from traditional and alternative sources). DFS are also becoming more integrated with new avenues of economic activity (such as installment payments within e-commerce).

Finally, in several cases, DFS are expanding financial access to wider segments of populations and businesses that were unserved or underserved by the traditional financial sector. Moreover, individ-

uals may be affected by fintech-related data privacy issues regardless of whether they are ever customers or prospective customers of fintech entities.

Consumers, however, often lack awareness or understanding of how and what data about them is collected or disclosed. These risks are heightened in a data-driven digital environment (WBG 2021b). Under these conditions, several jurisdictions have put requirements in place to bolster the protection of data in their domain (table 4.22). In 86 jurisdictions (92 percent), FSPs have an obligation to safeguard the security and integrity of personal data, and in 81 jurisdictions (86 percent), customers must be informed about the collection of their data and its intended use. Even considering the obligation that FSPs give individuals access to their personal data at little or no cost, which is a requirement that is present in the least number of jurisdictions, still 67 jurisdictions (71 percent) mandate this. Because the GDPR covers the European Union, it is also not surprising that the Europe and Central Asia region is the most highly represented in jurisdictions with these types of data protections in place. Latin America and the Caribbean and Sub-Saharan Africa follow and are quite at par with each other.

Table 4.22: Requirements for Data Protection

Number (percentage) of jurisdictions reporting data protection requirements by region

REQUIREMENT TYPE	ALL	EAP	ECA	LAC	MENA	NA	SAR	SSA
Rules regarding how they can collect personal data	77 (82%)	8 (80%)	31 (100%)	13 (59%)	9 (82%)	2 (100%)	1 (25%)	13 (93%)
Rules regarding what types of personal data they can collect	73 (78%)	6 (60%)	30 (97%)	12 (55%)	9 (82%)	2 (100%)	1 (25%)	13 (93%)
Obligations to inform individuals when their personal data is collected and for what purpose(s)	81 (86%)	9 (90%)	30 (97%)	17 (77%)	8 (72%)	2 (100%)	1 (25%)	14 (100%)
Rules restricting the purposes for which they can use/process personal data	80 (85%)	9 (90%)	30 (97%)	14 (64%)	11 (100%)	2 (100%)	1 (25%)	13 (93%)
Obligations to inform individuals about how their personal data is used/processed	74 (79%)	7 (70%)	29 (94%)	14 (64%)	7 (64%)	2 (100%)	1 (25%)	14 (100%)
Rules restricting when they can share/disclose personal data with other parties	76 (81%)	6 (60%)	30 (97%)	13 (59%)	10 (91%)	2 (100%)	1 (25%)	14 (100%)
Obligations to inform individuals when their personal data is shared with/disclosed to other parties	69 (73%)	7 (70%)	26 (84%)	11 (50%)	8 (72%)	2 (100%)	1 (25%)	14 (100%)
Rules limiting the period for which they can retain personal data	68 (72%)	5 (50%)	29 (94%)	13 (59%)	6 (55%)	2 (100%)	0 (0%)	13 (93%)
Obligations to safeguard the security and integrity of personal data	86 (92%)	9 (90%)	30 (97%)	20 (91%)	10 (91%)	2 (100%)	2 (50%)	13 (93%)
Obligations to inform individuals and/or regulators if there is a data breach (personal data is accessed/obtained without authorization)	68 (72%)	7 (70%)	23 (74%)	14 (64%)	8 (72%)	2 (100%)	1 (25%)	13 (93%)
Obligations to give an individual access to their personal data at little or no cost	67 (71%)	5 (50%)	26 (84%)	13 (59%)	7 (63%)	2 (100%)	2 (50%)	12 (86%)
Obligations to correct erroneous personal data they hold about an individual	70 (74%)	6 (60%)	27 (87%)	14 (64%)	8 (72%)	2 (100%)	1 (25%)	12 (86%)
No. of responding jurisdictions	94	10	31	22	11	2	4	14

Note: Results based on responses from 94 jurisdictions. Percentages under income and regional groups represent the percentage of jurisdictions from each income and regional group that indicated they had requirements for data protection in place. Regions: EAP = East Asia and Pacific, ECA = Europe and Central Asia, LAC = Latin America and Caribbean, MENA = Middle East and North Africa, NA = North America, SAR = South Asia, SSA = Sub-Saharan Africa.

Personal Data Disclosure

There are legitimate instances in which a person's personal data can or should be shared. The survey asked respondents which of these situations exist in their jurisdiction (figure 4.24). The conditions that precipitate those instances, however, must be clear to all parties involved. For some of those conditions, there is broad consensus across jurisdictions and authorities. For example, 75 jurisdictions (99 percent of the respondents), subscribe to the premise that the sharing or disclosure of customer data to other parties should be done only with the individual's consent.

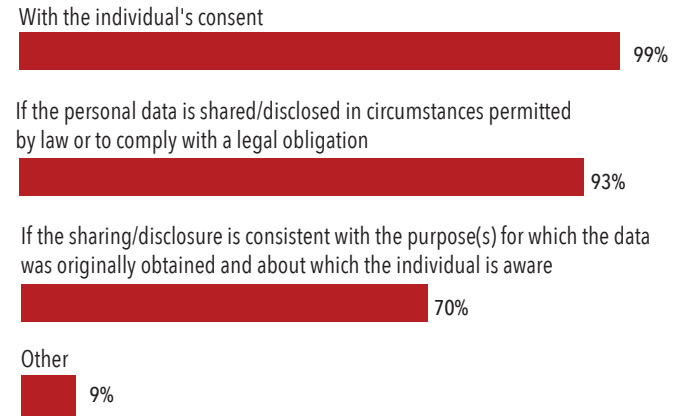
On the issue of consent, emerging best practice is that policy makers should consider going beyond individual consent as the primary basis for data protection. While the concept of consent is fundamental, the choice to accept a set of terms and conditions comes at a time when people are about to access a service, website, or app and are therefore least likely to consider it critically. In addition to initial consent, people should be equipped with rights that give them greater control over their data beyond the moment they sign up for a service (Murthy and Medine 2019).

Beyond the threshold issue of identifying which legal basis should be used for data processing, the focus should be on the responsibility/obligation of data controllers to process data in accordance with other key data protection principles, including purpose limitation, data minimization, restrictions on third party data sharing, and storage limitations. Obtaining consent, in and of itself, does not give the data controller carte blanche to collect and use personal data without restriction.

In that spirit, 71 jurisdictions (93 percent) maintain that personal data can be shared/disclosed in circumstances permitted by law or to comply with a legal obligation (such as disclosure to law enforcement agencies). Also, 51 jurisdictions (67 percent) agree that sharing/disclosing personal data is appropriate if the sharing/disclosure is consistent with the purpose(s) for which the data was originally obtained and about which the individual is aware.

Figure 4.24: Conditions for Sharing and Disclosing Customer Data to Other Parties, 2022

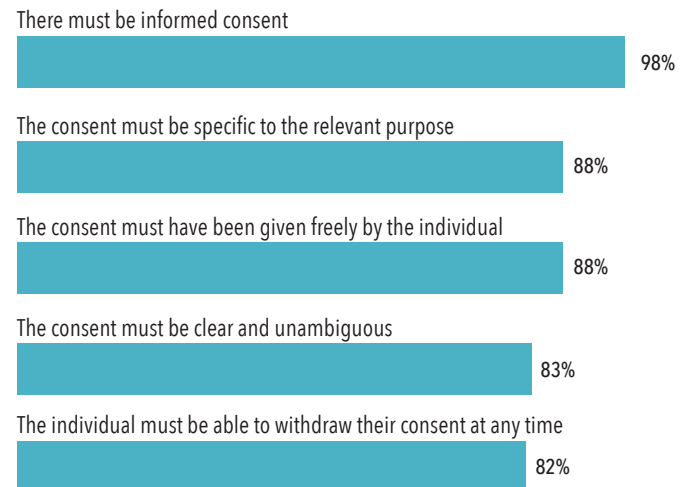
Percentage of responding jurisdictions reporting conditions for sharing customer data



Note: Data based on responses from 76 jurisdictions.

Figure 4.25: Consent Requirements for Sharing Personal Data, 2022

Percentage of responding jurisdictions reporting consent requirements



Note: Data based on responses from 82 jurisdictions.

FINANCIAL EDUCATION AND CAPABILITY

KEY HIGHLIGHTS

- Financial sector authorities and other key stakeholders are prioritizing financial education and other interventions to improve the financial capability of consumers. Currently, 78 jurisdictions have a stand-alone financial education strategy in place or in development, and since 2017, the prevalence of such strategies has increased by 10 percent. One-third of the 110 jurisdictions that responded mandate FSPs to provide financial education to their customers. Ideally, for the sake of uniformity and assuring content quality, FSPs should work closely with their governments to develop and implement this training.
- In terms of incorporating financial education into large government programs, only 48 jurisdictions report this. Financial education in public schools is more common, however, with 64 jurisdictions doing so.
- Three-quarters of responding jurisdictions (or about 88 economies) indicate that the government has a financial literacy website.
- National financial inclusion/awareness campaigns, such as national savings week campaigns, are the most common type of financial education programming. This is followed by public service announcements on radio, online, social media, or TV. Online educational tools rank third in popularity.
- The prevalence of digital financial literacy programs remains limited. Furthermore, the subjects covered in those trainings tend to be limited.
- The most common approach is to target financial education programming by age, followed by financial education programs for self-employed demographics. Initiatives aimed at self-employed people are the most common. Gender is the third most common segmentation of financial capability content.

In certain situations—such as in open banking/open finance scenarios, in the use of alternative data for creditworthiness evaluation, or when the data is used for purposes that differ from those of the initial data collection—consent is necessary for sharing personal information. As detailed in figure 4.25, 80 jurisdictions (98 percent) require that there be informed consent that indicates that the individual must have understood the nature and purpose of the data sharing/disclosure (WBG 2021b). Seventy-two jurisdictions (88 percent) further require that the consent must be specific to the relevant purpose (and not general or combined with other matters). This speaks to the increasingly clear shift away from bundled, overarching consent and toward models requiring more active, granular,

and targeted consent. Again, 72 jurisdictions (88 percent) also require that the consent must have been given freely by the individual.

Sixty-eight jurisdictions (83 percent) require that the consent must be clear and unambiguous, indicating that silence/failure to disagree or pre-ticked boxes would not be sufficient. Finally, 67 jurisdictions (82 percent) require that an individual must be able to withdraw their consent at any time. Unfortunately, this requirement, which would allow customers to extract themselves from an agreement they are not comfortable with whenever they choose, is the disclosure requirement subscribed to by the lowest number of jurisdictions.

The GDPR (box 4.4) reinforces the importance of consent while equipping people with other autonomies. In the spirit of going beyond traditional consent, CGAP research (Murthy and Medine 2019) on this subject has identified the following rights that policy makers should consider giving individuals as part of their data protection policy, especially as it relates to digital data:

1. Rights to access personal data from a data collector and receive it in an easy-to-read format
2. Rights to update data in the case of errors or legitimate evolution (such as the achievement of a new level of education)
3. Rights to erase data to prevent it from existing or spreading once consent is revoked
4. Rights to port data from one data controller to another to access additional services
5. Rights to object to information use after a period or for a new use case even after consent has been initially given
6. Rights with regard to automated processing (for example, the use of artificial intelligence and machine learning)

Ultimately, even if consent is the appropriate lawful basis for processing personal data in the context of a financial services transaction, obtaining consent is just the threshold question before other data protection requirements apply—including obligations on data controllers to minimize the amount of data they collect, ensure limits on third party sharing, limit the purposes for which this data is used, and ensure that data is stored only for as long as it's needed. These obligations are mirrored by data subject rights, including the rights listed above. In addition, policymakers should consider alternatives and additions to their existing policy frameworks that would enhance data protection, particularly for low-income and vulnerable populations. These include (1) shifting the onus to providers through a legitimate purposes test or fiduciary duty requirement, (2) empowering consumers with modern digital rights that go beyond consent, and (3) enabling fairness in processing through privacy representatives (Medine and Murthy 2020).

Financially capable individuals who make good financial decisions and interact effectively with FSPs are more likely to achieve their financial goals and therefore improve the welfare of their households. The expectation is that financial-education programs, when effectively designed and delivered, can be implemented as tools to increase consumers' financial capability, helping consumers make better choices and improve their financial health, allowing them to save, borrow, and invest more safely. (See box 5.1.) This has the potential not only to promote responsible consumer behavior but also to advance broader financial inclusion while helping to ensure stability and the effective functioning of the financial markets.

BOX 5.1

Comparing Financial Literacy, Financial Education, and Financial Capability

Though unique concepts, the terms financial literacy, financial education, and financial capability are often used interchangeably.

Financial literacy represents the level of aptitude in understanding personal finance. It often refers to awareness and knowledge of key financial concepts required for managing personal finances and is generally used more narrowly than financial capability.

Financial capability is the capacity to act in one's best financial interest, given socioeconomic environmental conditions. It encompasses the knowledge (literacy), attitudes, skills, and behaviors of consumers regarding managing their resources and understanding, selecting, and making use of financial services that fit their needs.

Financial education is a tool for increasing consumer financial literacy. According to the OECD, financial education is the process by which financial consumers and investors improve their understanding of financial products and concepts and, through information, instruction, and objective advice, develop skills and confidence to become more aware of financial risks and opportunities to make informed choices, know where to go for help, and take other effective actions to improve their financial well-being.

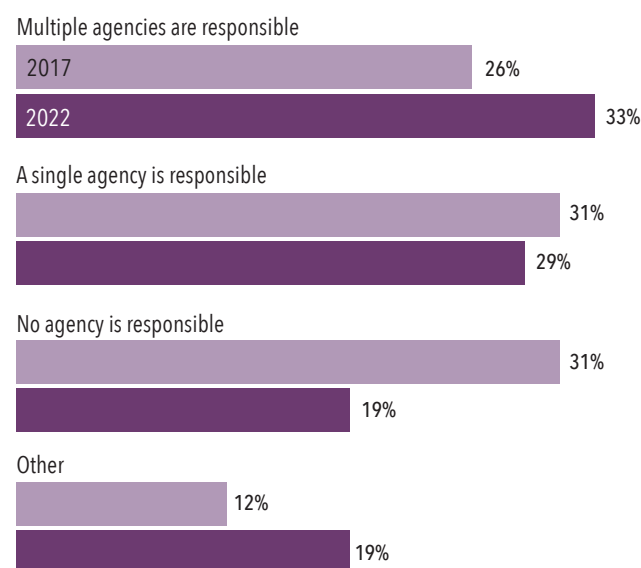
Financial-sector authorities and other stakeholders are therefore prioritizing financial education and other interventions to increase the financial capabilities of consumers. As noted in section 3.1, many jurisdictions have either established or are developing a national strategy for financial capability (or financial literacy or financial education). Currently, 78 jurisdictions (70 percent) have such a stand-alone strategy either in place (63 jurisdictions) or in development (15 jurisdictions). The prevalence of this type of strategy has increased by 10 percent since 2017. The institutional arrangements for leading and/or coordinating financial-education policies and programs vary by jurisdiction. Currently, 33 percent of the responding jurisdictions have multiple agencies sharing responsibility for executing financial-education programs. For example, in Croatia, the Ministry of Finance has the mandate to lead and coordinate the financial-education efforts, while the National Bank of Croatia, the Croatian Financial Services Supervisory Agency, and the Ministry of Education act as the implementing partners.

When comparing the prevalence of this arrangement across survey cycles, we see an increase: 38 jurisdictions report having a multiple-stakeholder arrangement in place in 2022, as compared to 31 in 2017. In addition, 34 jurisdictions currently have a single agency model, while in 22 jurisdictions, there is no agency responsible for financial education.

Figure 5.1: Types of Institutional Arrangements for Financial

Education, 2017 vs. 2022

Percentage of responding jurisdictions reporting institutional arrangement



Note: Data based on 121 jurisdictions responding in 2017 and 116 responding in 2022.

Given the cross-sectoral nature of financial education and the wide range of stakeholders involved, many jurisdictions have established a dedicated multistakeholder entity to promote and coordinate the provision of financial education. Sixty-three percent of reporting jurisdictions report having such a dedicated multistakeholder entity promoting and coordinating financial-education initiatives. This model is highly preferred in South Asia, where 60 percent of reporting jurisdictions in this Region have this approach.

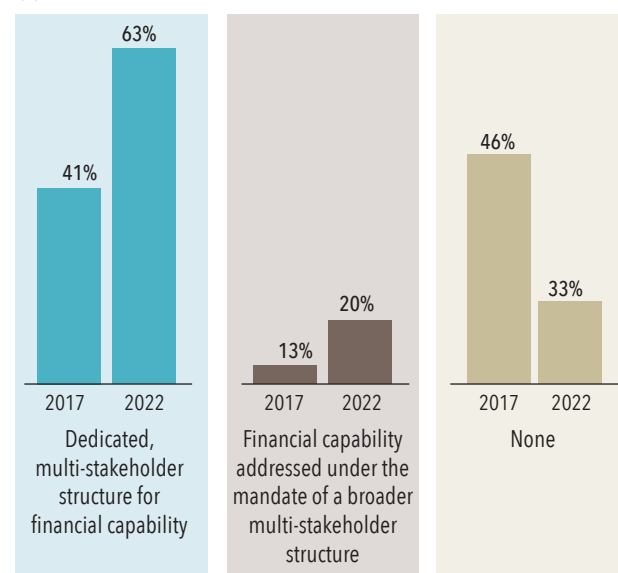
For jurisdictions with a multistakeholder coordination approach, these mostly included government authorities (in 62 percent of reporting jurisdictions), industry representatives such as FSPs (in 48 percent of reporting jurisdictions), nongovernment organizations (in 40 percent of reporting jurisdictions), international organizations (in 21 percent of reporting jurisdictions), and unaffiliated experts (in nine percent of reporting jurisdictions).

Twenty-three percent of all jurisdictions report having no coordination structure at all, and a higher proportion in the Middle East and North Africa (33 percent) and in Europe and Central Asia (30 percent) fall under this category. Figure 5.2 highlights the changes between 2017 and 2022 to the coordination structures in place for financial education when looking at the full sample of responses in each cycle. A very notable and positive change is that the percentage of jurisdictions with no coordination structure in place at all decreased from 46 percent in 2017 to 23 percent in 2022. Also notable is the 22 percentage point increase between the two cycles in the jurisdictions with a dedicated multistakeholder structure for financial capability. These trends point to an increasing awareness among policy makers of the value of coordination in developing

and implementing financial education initiatives.

Figure 5.2: Coordination Structure to Promote and Coordinate Financial Education, 2017 vs. 2022

Percentage of responding jurisdictions reporting coordination structure approach



Note: Figure based on 121 jurisdictions responding in 2017 and 115 in 2022.

As national authorities increasingly recognize the link between high levels of financial capability and a robust FCP regime, many authorities are dedicating resources to activities aimed at realizing this objective. These activities are FSP facing, customer facing, as well as general. Table 5.1 highlights that a significant number of responding jurisdictions report engaging with providers (72 jurisdictions), consumers (68 jurisdictions), or media outlets (70 jurisdictions) to improve financial literacy. A further 58 jurisdictions report undertaking financial-education activities that fall outside of these categorizations.

Table 5.1: Financial Education Activities Undertaken by Authorities

Number (percentage) of jurisdictions reporting activities

ACTIVITIES	JURISDICTIONS
Engage with FSPs to promote financial education	72 (71%)
Engage with customers for financial-education purposes	68 (67%)
Have media campaign (radio/TV/social media) to increase financial education	70 (70%)
Other financial-education activities	58 (57%)

Note: Table based on 101 responding jurisdictions.

The above financial education activities are often undertaken as part of the broader implementation of financial capability strategies. These strategies are tools used by authorities to increase safe engagement with financial services. Currently, 78 jurisdictions (70 percent) have such a stand-alone strategy either in place (63 jurisdictions) or in development (15 jurisdictions). The prevalence of this type of strategy has increased by 10 percent in 2022. In addition, if one compares only the “Set of 95” (appendix B), the number of jurisdictions with a financial capability strategy either in place or in development grew from 58 to 66, while those without fell from 38 to 27.

As the authorities develop a coordinated approach toward financial education, they are also undertaking an increasing amount of M&E of financial capability indicators to track progress. These assessments are essential elements of gauging the effectiveness of financial education policies, benchmarking against desired outcomes, and helping to roll out evidence-based actions to improve these policies. National strategies for financial education are complex, multiyear, multistakeholder, public policy projects that can strongly benefit from comprehensive evaluation designs.

One good practice recommended by the World Bank is to coordinate with financial inclusion stakeholders to integrate key financial-capability indicators into existing surveys of financial inclusion. Integrating a few, select financial-capability indicators into existing, relevant, and established surveys of financial inclusion can be a more effective method of sustainably collecting relevant financial capability data (see box 5.3) (WBG 2021a).

On this basis, respondents were asked about the data-collection efforts undertaken by government, whether alone or in coordination with other institutions, to establish the level of financial capability in the past five years (figure 5.4). In 2022, 56 percent of 111 responding jurisdictions, including Brazil, Canada, and Indonesia, indicated that they have undertaken national mappings of relevant financial education initiatives. This compared to 45 percent of 120 responding jurisdictions in 2017.

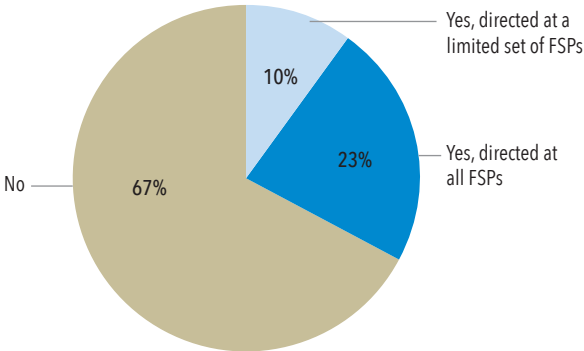
In addition, 46 percent of jurisdictions (such as Brunei Darussalam) in 2022 are collecting data on financial capability directly from financial education providers.

The 2022 survey also probes trends around needs assessments and gap analyses for financial education learning. The results reveal that 50 jurisdictions (49 percent) have undertaken financial education gap analyses (including Ethiopia, Ireland, and Japan) and 48 jurisdictions (44 percent) have conducted a learning needs assessments (such as North Macedonia, Thailand, and the United States). This modest level of collection of data to assess the gaps and needs as it relates to financial education is likely a constraint to the development of evidence-based and successful initiatives to increase financial capability.

National authorities were also asked if they require providers to provide financial education and, if so, if those directives to FSPs took the form of written guidelines detailing a specific financial-education approach. Whereas only a third of 110 responding jurisdictions require that some or all FSPs provide financial education to their customers, 67 percent of jurisdictions do not have such a requirement in place (figure 5.3). This notwithstanding, 88 jurisdictions have issued written guidelines to providers on approaches to integrating financial education; most of these are targeted at a limited set of providers of financial education, such as schools (figure 5.4).

Figure 5.3: Requirement for FSPs to Provide Financial Education

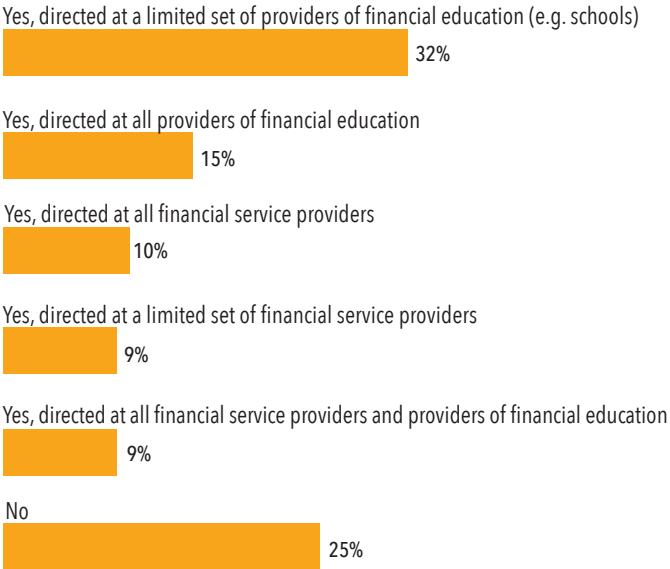
Percentage of responding jurisdictions requiring FSPs to provide financial education to their customers



Note: Figure based on responses from 110 jurisdictions in 2022.

Figure 5.4: Issuance of Written Guidelines on Integrating Financial Education

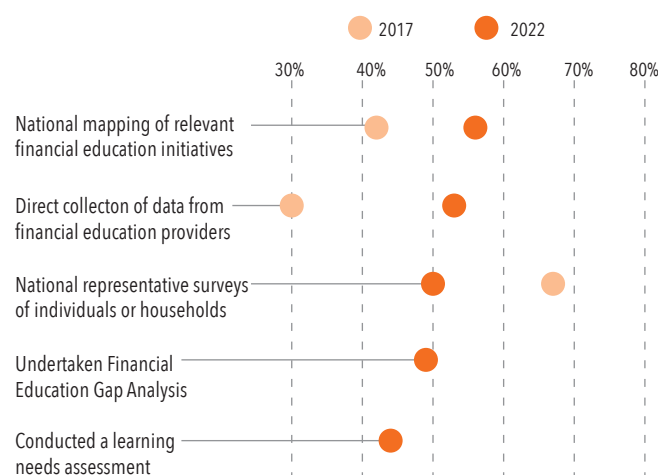
Percentage of responding jurisdictions that report having issued written guidelines



Note: Figure based on responses from 117 jurisdictions in 2022.

One trend that does not appear to be moving in a positive direction is the number of jurisdictions that have conducted nationally representative surveys of individuals or households. In 2022, 43 jurisdictions report having conducted a dedicated survey on financial capability, while 14 jurisdictions report having a financial capability module integrated as part of a broader financial inclusion survey. These 57 combined jurisdictions (50 percent) in 2022 is a drop from the 80 jurisdictions (67 percent) in 2017. This reduction, however, could simply be explained by the fact that the survey asks respondents to report on their activities over a five-year period. Given the complexity and expense involved with conducting nationally representative surveys, jurisdictions may be implementing these at a longer interval than every five years. In addition, a select number of financial capability related indicators may be embedded into other surveys.

Figure 5.5: Elements of M&E Systems for Financial Education
Percentage of responding jurisdictions undertaking M&E activity



Note: Figure based on 120 jurisdictions responding in 2017 and 113 responding in 2022, but with the exception in 2022 of the option “Conducted a learning needs assessment,” which had 110 respondents.

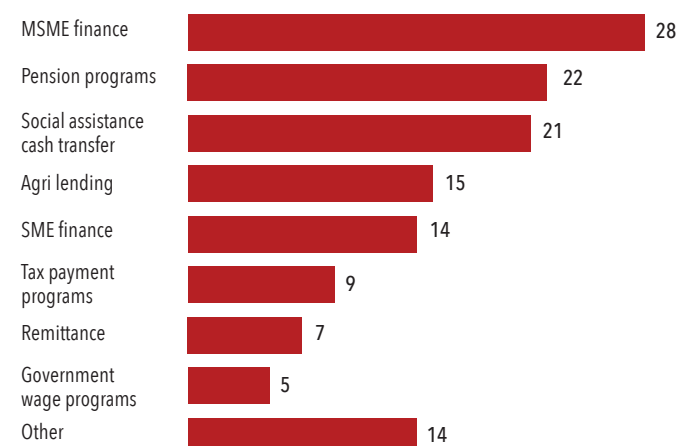
Respondents were also asked whether financial education is included as a component of any government financial programs provided to recipients. Such programs might include government wage digitization, pensions, cash transfers, remittances, agricultural lending, or programs to finance micro, small, and medium-sized enterprises. (See box 5.2.) Overall, only 45 percent of 107 responding jurisdictions report that financial education is included as part of government-provided financial programs. This approach is more common in North America, South Asia, and East Asia and Pacific regions.

The government programs with financial education programming in place vary widely across jurisdictions and include everything from government wage digitization programs, pension programs, cash transfer programs, remittance programs, agricultural lending programs, and programs to finance micro, small, and medium-sized enterprises, among others. Figure 5.6 details the number of juris-

dictions that have financial education incorporated in each type of program. The most common types of programs with financial education components are those related to financing micro, small, and medium-sized enterprises (28 jurisdictions), pension programs (22 jurisdictions), and social cash transfers (21 jurisdictions).

Figure 5.6: Incorporation of Financial Education in Government Programs

Number of responding jurisdictions that report including financial education in government programs



Note: Figure based on responses from 117 jurisdictions in 2022.

BOX 5.2

Integrating Financial Capability into Government Cash Transfer Programs

Large-scale government financial programs are often well positioned to leverage their own programmatic infrastructures/training platforms and embed core financial education. Social cash transfer programs already provide orientations and onboarding to recipients to help familiarize them with their new cash transfers, but in most cases, onboarding can be strengthened to include financial education. When implemented correctly, such messaging can strengthen financial capability at a teachable moment—that is, at a time when a recipient is about to make an important financial decision or use a financial service. Since beneficiaries are more likely to be receptive to new information and adopt behavioral changes as part of receiving their transfer, leveraging these teachable moments is an effective strategy to connect real-life decision-making with financial education and their cash transfer. This ensures that information is more likely to be retained and used and can influence cash management behaviors.

The World Bank toolkit [Integrating Financial Capability into Government Cash Transfer Programs](#) analyzes expected benefits when integrating financial education into government transfer programs and its linkages with financial inclusion and provides guidance and best practices in approaching the design and implementation of such programs.

As it relates to the channels for the dissemination of financial education, 64 jurisdictions (59 percent of respondents) indicate that financial education is included as a topic in public school curriculums. Thirty eight jurisdictions do not include financial education in public school curriculums at all, though eight of these jurisdictions plan either to develop or to implement the curriculum within one or two years. Of the 64 jurisdictions with financial education programs in schools, 51 have financial education content integrated into one or multiple other topics, while only 13 have literacy content as a distinct topic or subject.

For those jurisdictions in which financial education is included in the public school curriculum, the educational level at which this content is introduced is quite evenly distributed. Specifically, 53 percent of jurisdictions have this content at the senior secondary school level, 50 percent at the junior secondary school level, and 43 percent at the primary school level. Financial education at the university level is the least prevalent intervention. Only 19 percent of jurisdictions implement such programs.

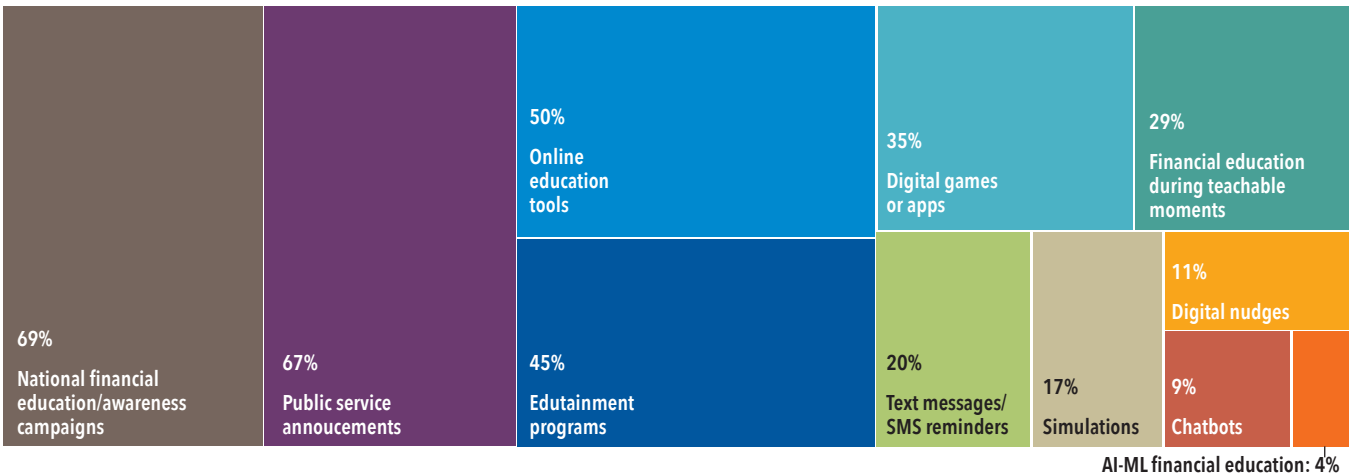
In addition to channeling financial education content through school curricula, three-quarters of 117 jurisdictions indicated that

the government maintains a financial literacy website. Among the 88 jurisdictions that have websites, 23 percent have these for the primary purpose of disclosing information about pricing and terms of financial products; 56 percent have websites with educational content, tools, and resources for broader financial education; and 15 percent have websites with other resources. These other resources include, in Bahrain, a website on consumer protection and corporate procedures and, in Mexico, a financial fraud portal to help consumers decide, defend against, and make reports to prevent fraud.

Figure 5.8 details the response to the question on which financial education programs are implemented by the government regularly (either alone or in coordination with other entities). National financial inclusion/awareness campaigns, such as a national savings week campaign, came in first; 81 jurisdictions (69 percent) undertake these. A close second are public service announcements via radio, online, social media, or TV, which are implemented regularly in 78 jurisdictions (67 percent). The third most preferred program is online educational tools. Fifty jurisdictions (50 percent) deploy these.

Figure 5.7: Types of Financial Education Programs Regularly Implemented

Percentage of responding jurisdictions undertaking financial education programs



Note: Figure based on responses from 117 jurisdictions.

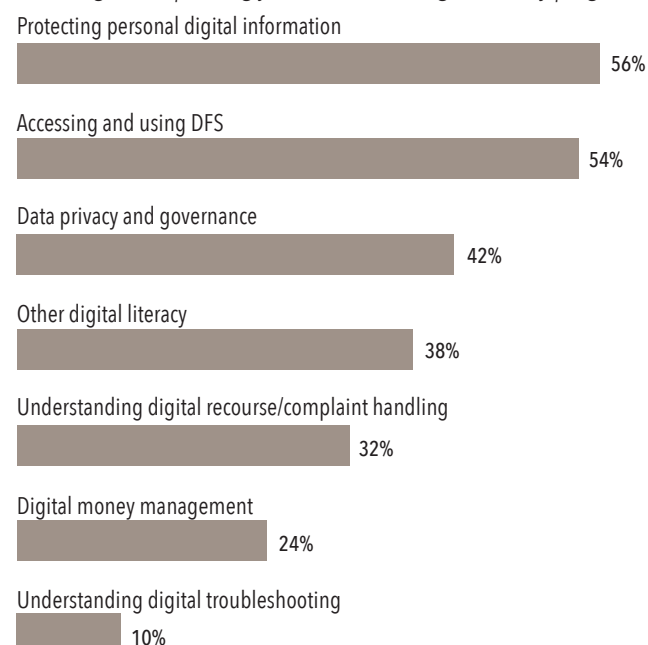
Perhaps reflecting the still-nascent use of technology in financial education, the programs that are least regularly used (by only 17 percent of jurisdictions) were simulations (for example, on the use of ATMs and mobile money). Other approaches that are undersubscribed are digital nudges (only 11 percent of jurisdictions), chat boxes (only nine percent of jurisdictions), and artificial intelligence/machine learning financial education (only four percent of jurisdictions).

The rapid rise in the use of DFS, their complexity, and increasing DFS-related consumer protection risks (such as fraud and over-indebtedness) call for a more nuanced and expanded scope of finan-

cial literacy that focuses on DFS (AFI 2021). While the data shows that digital financial literacy focused on data protection as well as the use of DFS is now being implemented, they remain fairly limited in their reach: only 42 percent and 57 percent of jurisdictions, respectively, opt for such programs (figure 5.9). Also, with only two jurisdictions responding in North America, this is the Region with the highest level of digital financial-literacy programming, followed by the East Asia and Pacific and South Asia regions. Interestingly, Latin America and the Caribbean and Europe and Central Asia are quite evenly matched as the regions with, on average, the lowest level of programming on digital financial literacy.

Figure 5.8: Financial Education Programs Specifically Focused on Digital Literacy and Awareness

Percentage of responding jurisdictions with digital literacy programs

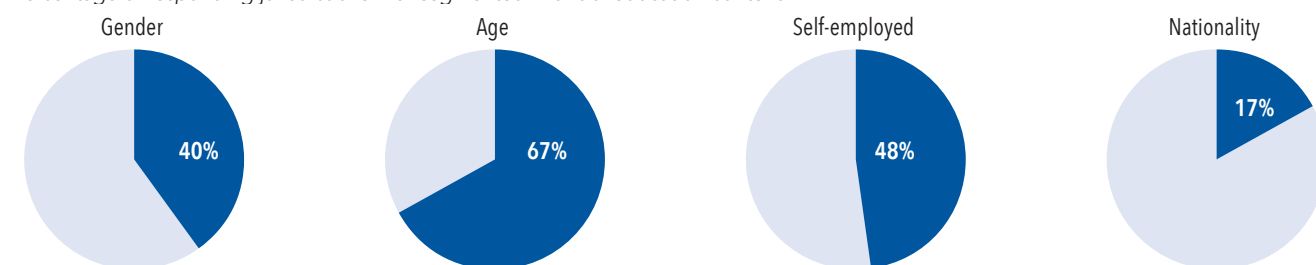


Note: Figure based on responses from 117 jurisdictions in 2022.

Finally, while financial capability levels often vary by population segment—with disparities along the lines of gender being a persistent challenge, among others—many financial capability programs tend to take a one-size-fits-all approach (Arnold and Venkatesan 2021). Figure 5.9 details the extent to which governments have implemented financial capability programs that are specifically targeted at particular vulnerable populations.

Figure 5.9: Differentiation of Financial Education Programs by Segment

Percentage of responding jurisdictions with segmented financial education content



Note: Figure based on responses from 117 jurisdictions from 2022.

The results show that targeting financial education programming by age is the most common approach; this is undertaken in 78 jurisdictions, or 67 percent of respondents. The prevalence is particularly high in the North America, East Asia and Pacific, and Europe and Central Asia regions, where over two-thirds of all jurisdictions in those regions have age-segmented financial capability initiatives.

The next most prevalent are initiatives that target those who are self-employed. This is implemented by 40 percent of respondents or 56 jurisdictions. An area of opportunity here is for authorities in Europe and Central Asia, where only 28 percent of the jurisdictions in that region (as compared to 67 percent of jurisdictions in East Asia and Pacific, for example) report having financial literacy content targeted at this segment.

The third most prevalent segmentation of financial capability

content is by gender; 40 percent (or 47 jurisdictions) report having this in place. According to the Global Financial Literacy Excellence Center at George Washington University, 35 percent of men worldwide are financially literate, compared with 30 percent of women. Moreover, this gender gap is found both in advanced economies, such as Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States—the so-called Group of Seven, or G7—and in emerging economies, such as Brazil, China, India, the Russian Federation, and South Africa—the so-called BRICS (Hasler and Lusardi 2017). It is therefore critical that national authorities develop targeted programming to address this gap. This is especially true in Europe and Central Asia and East Asia and Pacific, where only about a quarter of jurisdictions in those Regions have gender-focused programming. In the Latin America and the Caribbean, Sub-Saharan Africa, Middle East and North Africa, and North America Regions, at least 50 percent of the jurisdictions in each of

these regions have such programming.

Finally, 20 jurisdictions (17 percent) segment their programming by nationality, which includes refugees or those with immigrant status. This approach is most prevalent in the Latin America and the Caribbean, where 31 percent of jurisdictions in that Region indicate they have this segmentation. Conversely, no jurisdictions in South Asia and only one in the Middle East and North Africa tailor their financial literacy content to this segment. Particularly for the Middle East and North Africa, this is surprising, given the high numbers of refugees and internally displaced people that can be found there.

While it is encouraging to see that policy makers around the world have financial literacy and education on their agenda, most of the work has focused on traditional financial education, which hinges on the basic principles of financial management (that is, saving, budgeting, and so forth) and the use of traditional financial services, such as current and savings accounts. Furthermore, as the responses above highlight, policy makers continue to use conven-

tional approaches to financial education (financial-literacy events, training sessions, seminars, workshops, and classroom-based lectures) that, empirical evidence suggests, are generally unsuccessful in sustaining behavioral change (WBG 2021a).

Emerging evidence suggests that key behavioral tools and practices, such as simplifying financial education into concrete, actionable steps, personalizing education, providing short timely messages, and making education convenient and easy to access, have successfully changed consumer knowledge, decision-making, and financial behaviors. Therefore, to ensure that financial education interventions are suitable for their target audience, adopting the appropriate tool and delivery channel is essential for any financial education activity. Before selecting a particular tool, however, it is important for policymakers to consider the range of stakeholders involved, the needs and preferences of consumers, and the types of risks that consumers may face—particularly those who are new users of DFS.

BOX 5.3

Building More Effective Financial Education Approaches: Lessons for policymakers

The 2021 World Bank technical note [Building a Financial Education Approach: A Starting Point for Financial Sector Authorities](#) aims to help authorities get better results from their various financial capability initiatives. The report provides specific insights for financial sector authorities to help them build an effective financial education approach. The key guidance is the following:

Tackle risks first: Authorities should focus on addressing the inherent risks posed to consumers. This helps them remain more targeted in their financial education interventions and have a greater impact.

Understand trade-offs: Authorities should consider how best to prioritize their goals by assessing trade-offs between methods that are easy to implement, their capacity and resources, and the most pressing consumer risks.

Implement through partnerships, guidance, and public tools: Three key areas are critical for building an effective financial capability framework: (i) partnerships with key institutions to embed financial education into existing financial programs, (ii) guidance to regulated entities on their day-to-day interactions with customers, and (iii) development of financial education tools that are then offered to the public, including consumers, institutions, and intermediaries, among others.

Monitor and evaluate: Adopt a practical M&E framework that tracks progress, monitors resource allocation, helps pilot new initiatives, and, to the extent possible, measures impact.

Identify the right tools: Choosing the right tool and delivery channel is a critical step to ensure that financial education interventions are appropriate for their target audience. The technical note summarizes good practices and a growing body of evidence and country applications around interventions that use newer, innovative methods, behavioral insights, and rigorous testing to demonstrate lasting behavioral change.

KEY TAKEAWAYS AND POLICY IMPLICATIONS

Digitization of financial services: COVID-19 has boosted the adoption of DFS in emerging markets and developing economies. According to the Global Findex Database 2021, about 40 percent of adults in developing economies excluding China who made a digital merchant payment using a card, phone, or the internet did so for the first time after the start of the pandemic. Fintech and DFS are now considered key enablers of more efficient and competitive financial markets and have the potential to help expand access to finance for underserved consumers. The importance of fintech and DFS among national authorities is clearly underscored by the rise in the number of fintech strategies and digital development strategies with financial inclusion components. This calls for a need for authorities to revisit existing NFISs, keeping in mind the growing role of fintech and DFS in their financial sector landscapes. Effective coordination between relevant stakeholders—including multiple regulatory authorities across borders—is also key to the success of these strategies.

Addressing consumer risks in fintech to maximize its benefits: Along with its benefits, fintech also poses a range of risks to consumers. Some of these risks are new, but many represent new manifestations of existing risks resulting not only from the technology supporting and enabling fintech offerings but also from new or changed business models, product features, and provider types, as well as consumers' greater accessibility to sometimes unfamiliar or more complex financial products. Authorities responsible for FCP are increasingly facing the challenge of addressing these risks but often lack the technical expertise or tools to do so. To address these risks, a step-by-step approach will be crucial. This should include assessing the market, consumer experiences, and current regulatory framework and determining the right regulatory and supervisory approach based on that assessment (WBG 2021b).

E-money as a catalyst for financial inclusion: E-money presents new opportunities for increased financial inclusion. As evidenced by the Global Findex 2021, e-money has been a key driver of financial inclusion. E-money lets users safely and inexpensively store funds and transact with them quickly and affordably across long distances, which leads to higher remittances and consumption and more investments. The fact that non-banks have been allowed to issue e-money has been a significant catalyst for the growth of DFS in many markets. For countries where e-money has not been codified in law, this highlights a lag in an important enabling legal framework among lower-income jurisdictions.

Remote account opening and CDD: Regulators often face challenges in balancing policies on anti-money laundering and combating the financing of terrorism with placing the least burden and costs on outreach to the poor and unbanked. As financial services have increasingly moved to digital forms, the CDD of individuals looking to open such accounts has also become more digital. Because of this trend, and because of lockdowns during the COVID-19 pandemic, authorities are increasingly allowing FSPs to make onboarding a partially to fully non-face-to-face process. These trends should be leveraged with the risk-based approach for identifying and onboarding clients, in line with Financial Action Task Force's requirements and to help minimize documentary hurdles for the poorest and most vulnerable populations.

Data protection and disclosure of personal data: Consumers often lack awareness or understanding of how and what data about them is collected or disclosed. These risks are heightened in a data-driven digital environment. An emerging best practice in relation to the disclosure of personal data is that policy makers should go beyond individual consent as the primary basis for data protection. Ultimately, even if consent is the appropriate lawful basis for processing personal data, obtaining consent is just the threshold ques-

tion before other data protection requirements apply—including obligations on data controllers to minimize the amount of data they collect, ensure limits on third party sharing, limit the purposes for which this data is used, and ensure that data is stored only for as long as necessary.

Crypto-assets: As the adoption and usage of crypto-assets rapidly evolves, monitoring and continued progress on key policy considerations is called for. Most authorities have advised the public regarding the risks related to crypto-assets, such as their volatile nature. Unsophisticated users can easily lose their funds or have them stolen, and there are currently few, if any, redress options. Several projects also appear to be outright scams and frauds. Additionally, the technologies themselves remain untested at scale and pose various risks that are not yet well understood. Moreover, a lack of access to smartphones and ID documents and a need for physical access points could make exchanges between physical fiat currencies and crypto-assets difficult for the currently excluded customer segments (WBG 2022).

FCP regulation: The *2017 Good Practices* notes that no single model of institutional arrangements for FCP is optimal for all jurisdictions. Various institutional arrangements are structured along several dimensions, including through a single authority or multiple sectoral authorities; integrating prudential and FCP supervision within a single institution or being separated into multiple institutions; and having a general consumer protection authority play a role in FCP. However, a recurring theme from the survey responses is that commercial banks are more likely than non-banks to be subject to FCP rules and regulations (such as disclosure and transparency). This raises the question of consumer risks arising from unregulated non-banks or regulated non-banks outside the regulatory perimeter of the authority in charge of FCP.

FCP supervision and suptech: There are pervasive questions concerning the regulatory capacity and allocation of adequate resources for supervisory activities. Ensuring effective, adequately resourced supervision is crucial to the successful implementation of FCP measures. On the use of suptech, 84 jurisdictions have strategies to enable data-driven supervision. But most supervisors use these methods for supervising only commercial banks. Supervisors appear to be lagging in the adoption of suptech solutions for the supervision of non-bank entities—especially fintech/DFS providers. This further underscores the need for collaboration across authorities in the supervision of financial institutions given the diversity of risks.

Digital and financial-literacy measures: With the rapid rise in the use of DFS, their complexity, and new manifestations of consumer risks, a more nuanced and expanded scope of financial literacy is the need of the hour. There is a need to go beyond traditional financial-education content as well as delivery channels and focus on digital financial literacy.

REFERENCES

- AFI (Alliance for Financial Inclusion). 2021. Digital Financial Literacy. Guideline Note No. 45. Alliance for Financial Inclusion. https://www.afi-global.org/wp-content/uploads/2021/05/AFI_Guide-line45_Digi_Finance_Literacy_aw5.pdf.
- Alibhai, S., N. Buehren, R. Coleman, M. Goldstein, and F. Strobbe. 2019. "Disruptive Finance: Using Psychometrics to Overcome Collateral Constraints in Ethiopia." Washington, DC: World Bank Group. <https://documents1.worldbank.org/curated/en/651751524666164146/pdf/125731-WP-PsychometricsEthiopiafinal.pdf>.
- Appaya, S. 2021. "On Fintech and Financial Inclusion." Public Sector and Development Blog, October 26, 2021. <https://blogs.worldbank.org/psd/fintech-and-financial-inclusion>.
- Arnold, J., and J. Venkatesan. 2021. Building Women's Financial Capability: A Path toward Transformation. Center for Financial Inclusion. <https://content.centerforfinancialinclusion.org/wp-content/uploads/sites/2/2021/06/Building-Women%E2%80%99s-Financial-Capability-4-1.pdf>.
- BCEAO (Central Bank of West African States). 2020. 1 April 2020 Communiqué, Section 7. <https://www.bceao.int/fr/communique-presse/communique-relatif-aux-mesures-de-promotion-des-paiements-electroniques-dans-le>.
- Brix Newbury, L., and E. Duflos. 2022. "Consumer Advisory Panels: A Tool to Bridge the Regulator–Consumer Gap." CGAP Blog, August 29, 2022. <https://www.cgap.org/blog/consumer-advisory-panels-tool-bridge-regulator-consumer-gap>.
- Buruku, B. 2020. "Ghana Launches World's First Digital Finance Policy amid COVID-19." CGAP Blog, May 21, 2020. <https://www.cgap.org/blog/ghana-launches-worlds-first-digital-finance-policy-amid-covid-19>.
- De Mesquita Gomes, S. J., A. Kasdorp, G. Boeddu, and J. Chien. 2022. An Introduction to Developing a Risk-Based Approach to Financial Consumer Protection Supervision. Guidance Note. Washington, DC: World Bank Group. <https://openknowledge.worldbank.org/server/api/core/bitstreams/59a72e53-11fb-57fe-95a9-2500cbe31b61/content>.
- Demirgüç-Kunt, A., L. Klapper, and D. Singer. 2017. "Financial Inclusion and Inclusive Growth: A Review of Recent Empirical Evidence." World Bank Policy Research Working Paper 8040. <https://doi.org/10.1596/1813-9450-8040>.
- Demirgüç-Kunt, A., L. Klapper, D. Singer, and S. Ansar. 2022. The Global Findex Database 2021: Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19. Washington, DC: World Bank Group. <https://www.worldbank.org/en/publication/globalfindex>.
- FATF (Financial Action Task Force). 2017. Anti-Money Laundering and Terrorist Financing Measures and Financial Inclusion with a Supplement on Customer Due Diligence. FATF, Paris. <https://www.fatf-gafi.org/media/fatf/content/images/Updated-2017-FATF-2013-Guidance.pdf>.
- Fathallah, S., and D. Pearce. 2013. Coordination Structures for Financial Inclusion Strategies and Reforms. Washington, DC: World Bank. <https://documents.worldbank.org/curated/en/350551468130200423/Coordination-structures-for-financial-inclusion-strategies-and-reforms>.
- Feyen, E., Y. Kawashima, and R. Mittal. 2022. "Crypto-Assets Activity around the World: Evolution and Macro-Financial Drivers." Policy Research Working Paper 9962. Washington, DC: World Bank Group. <https://openknowledge.worldbank.org/bitstream/handle/10986/37115/Crypto-Assets-Activity-around-the-World-Evolution-and-Macro-Financial-Drivers.pdf?sequence=1&isAllowed=y>.

- G20/OECD Task Force on Financial Consumer Protection. 2013. "Update Report on the Work to Support the Implementation of the G20 High-Level Principles on Financial Consumer Protection" (September 2013). OECD, Paris. <https://www.oecd.org/finance/financial-education/G20EffectiveApproachesFCP.pdf>.
- Hasler, A., and A. Lusardi. 2017. The Gender Gap in Financial Literacy: A Global Perspective. Washington, DC: Global Financial Literacy Excellence Center. <https://gflec.org/wp-content/uploads/2017/07/The-Gender-Gap-in-Financial-Literacy-A-Global-Perspective-Report.pdf>.
- Havrylych, O. 2018. "Regulatory Framework for the Loan-Based Crowdfunding Platforms." Economics Department Working Papers No. 1513. OECD, Paris. [https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=ECO/WKP\(2018\)61&docLanguage=En](https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=ECO/WKP(2018)61&docLanguage=En).
- Hernandez, E., C. Blackburn, A. Raman, and P. Reynolds. 2020. "Agent Network Journeys toward the Last Mile: A Cross-Country Perspective." CGAP Focus Note. Washington, DC: CGAP. https://www.cgap.org/sites/default/files/publications/2020_12_Focus_Note_Agent_Network_Journeys.pdf.
- ID4D (Identification for Development). 2019. Identity Authentication and Verification Fees: Overview of Current Practices. Practitioner's Note. Washington, DC: World Bank Group. <https://documents1.worldbank.org/curated/en/945201555946417898/pdf/Identity-Authentication-and-Verification-Fees-Overview-of-Current-Practices.pdf>.
- IMF (International Monetary Fund). 2011. "Financial Sector Supervision: The Twin Peaks Model." Technical Note (June 2011). International Monetary Fund. <https://www.imf.org/en/Publications/CR/Issues/2016/12/31/Kingdom-of-the-Netherlands-Netherlands-Publication-of-Financial-Sector-Assessment-Program-25088>.
- IMF (International Monetary Fund). 2021. "Five Things to Know about the Informal Economy." IMF News, July 28, 2021. <https://www.imf.org/en/News/Articles/2021/07/28/na-072821-five-things-to-know-about-the-informal-economy#:~:text=The%20informal%20economy%20is%20a,important%20part%20of%20advanced%20economies>.
- InfoDev/World Bank Group. 2015. Crowdfunding in Emerging Markets: Lessons from East African Startups. Washington, DC: World Bank Group. <https://openknowledge.worldbank.org/handle/10986/23820>.
- Izaguirre, J. C., D. Dias, E. Duflos, L. Brix Newbury, O. Tomilova, and M. Valenzuela. 2022a. "Analysis of Complaints Data." Tool 2 of "Market Monitoring for Financial Consumer Protection." CGAP Toolkit. Washington, DC: CGAP. <https://www.cgap.org/research/publication/market-monitoring-tool-analysis-complaints-data>.
- Izaguirre, J. C., D. Dias, E. Duflos, L. Brix Newbury, O. Tomilova, and M. Valenzuela. 2022b. "Market Monitoring for Financial Consumer Protection." CGAP Toolkit. Washington, DC: CGAP. <https://www.cgap.org/topics/collections/market-monitoring>.
- Izaguirre, J. C., D. Dias, E. Duflos, L. Brix Newbury, O. Tomilova, and M. Valenzuela. 2022c. "Social Media Monitoring." Tool 3 of "Market Monitoring for Financial Consumer Protection." CGAP Toolkit. Washington, DC: CGAP. <https://www.cgap.org/research/publication/market-monitoring-tool-social-media-monitoring>.
- Izaguirre, J. C., M. Kaffenberger, and R. Mazer. 2018. "It's Time to Slow Digital Credit's Growth in East Africa." CGAP Blog, September 25, 2018. <https://www.cgap.org/blog/its-time-slow-digital-credit-growth-east-africa>.
- Knauth, D. 2022. "Factbox: Crypto Companies Crash into Bankruptcy." Reuters, December 1, 2022. <https://www.reuters.com/technology/crypto-companies-crash-into-bankruptcy-2022-12-01/>.
- Medine, D., and G. Murthy. 2020. Making Data Work for the Poor: New Approaches to Data Protection and Privacy. Focus Note. Washington, DC: CGAP. https://www.cgap.org/sites/default/files/publications/2020_01_Focus_Note_Making_Data_Work_for_Poor_0.pdf.
- Moy, C., and J. Carlson. 2021. "Cryptocurrencies Can Enable Financial Inclusion. Will You Participate?" World Economic Forum, June 9, 2021. <https://www.weforum.org/agenda/2021/06/cryptocurrencies-financial-inclusion-help-shape-it/>.
- MSC (MicroSave Consulting). 2019. Making Digital Credit Truly Responsible: Insights from Analysis of Digital Credit in Kenya. MicroSave Consulting, Uttar Pradesh, India, and Nairobi, Kenya. <https://www.microsave.net/wp-content/uploads/2019/09/Digital-Credit-Kenya-Final-report.pdf>.
- Murthy, G., and D. Medine. 2019. "6 Data Protection Rights for Empowering People in the Digital World." CGAP Blog, January 30, 2019. <https://www.cgap.org/blog/6-data-protection-rights-empowering-people-digital-world>.
- Rhine, E. 2019. "Red Flags in Kenya's Nano-Credit Market." Center for Financial Inclusion Blog, September 25, 2019. <https://www.centerforfinancialinclusion.org/red-flags-in-kenyas-nano-credit-market>.
- Staschen, S., and P. Meagher. 2018. "Basic Regulatory Enablers for Digital Financial Services." Focus Note 109. Washington, DC: CGAP. <https://www.cgap.org/sites/default/files/Focus-Note-Basic-Regulatory-Enablers-for-DFS-May-2018.pdf>.
- Staschen, S., and A. Plaitakis. 2020. "Open Banking: 7 Ways Data-Sharing Can Advance Financial Inclusion." CGAP Blog, May 7, 2020. <https://www.cgap.org/blog/open-banking-7-ways-data-sharing-can-advance-financial-inclusion>.

- Totolo, E. 2018. "Kenya's Digital Credit Revolution Five Years On." CGAP Blog, March 15, 2018. <https://www.cgap.org/blog/kenyas-digital-credit-revolution-five-years>.
- Ul Haq, I., and H. Gradstein. 2020. Leveraging Geospatial Technology for Financial Inclusion: Financial Inclusion Support Framework. Technical Note. Washington, DC: World Bank Group. <http://documents.worldbank.org/curated/en/748001606161719948/Leveraging-Geospatial-Technology-for-Financial-Inclusion>.
- Vidal, M. F., and A. Plaitakis. 2022. "How Can Data Sharing Support Inclusion?" CGAP Blog, July 8, 2022. <https://www.cgap.org/blog/how-can-data-sharing-support-inclusion>.
- WBG (World Bank Group). 2017. Good Practices for Financial Consumer Protection: 2017 Edition. Washington, DC: World Bank Group. <https://openknowledge.worldbank.org/entities/publication/f9c9482-5ffe-5c98-b6f3-5b97eeab5ed1>.
- WBG (World Bank Group). 2018. Developing and Operationalizing a National Financial Inclusion Strategy. Toolkit. Washington, DC: World Bank Group. <https://openknowledge.worldbank.org/bitstream/handle/10986/29953/NFIS%20Toolkit.pdf?sequence=5&isAllowed=y>.
- WBG (World Bank Group). 2019. Complaints Handling within Financial Service Providers: Principles, Practices, and Regulatory Approaches. Technical Note. Washington, DC: World Bank Group. <https://documents1.worldbank.org/curated/en/773561567617284450/pdf/Complaints-Handling-within-Financial-Service-Providers-Principles-Practices-and-Regulatory-Approaches-Technical-Note.pdf>.
- WBG (World Bank Group). 2021a. Building a Financial Education Approach: A Starting Point for Financial Sector Authorities. Technical Note. Washington, DC: World Bank Group. <https://documents1.worldbank.org/curated/en/883771629960132032/pdf/Building-a-Financial-Education-Approach-A-Starting-Point-for-Financial-Sector-Authorities-Financial-Inclusion-Support-Framework-Technical-Note.pdf>.
- WBG (World Bank Group). 2021b. Consumer Risks in Fintech: New Manifestations of Consumer Risks and Emerging Regulatory Approaches. Policy Research Paper. Washington, DC: World Bank Group. <https://documents1.worldbank.org/curated/en/515771621921739154/pdf/Consumer-Risks-in-Fintech-New-Manifestations-of-Consumer-Risks-and-Emerging-Regulatory-Approaches-Policy-Research-Paper.pdf>.
- WBG (World Bank Group). 2021c. The Next Wave of Suptech Innovation: Suptech Solutions for Market Conduct Supervision. Technical Note. Washington, DC: World Bank Group. <https://documents1.worldbank.org/curated/en/735871616428497205/pdf/The-Next-Wave-of-Suptech-Innovation-Suptech-Solutions-for-Market-Conduct-Supervision.pdf>.
- WBG (World Bank Group). 2022. Fintech and the Future of Finance. <https://www.worldbank.org/en/publication/fintech-and-the-future-of-finance>.
- World Bank. 2015. "Key Terms Explained," chapter in Global Financial Development Report 2015/2016: Long-Term Finance. Washington, DC: World Bank. <https://www.worldbank.org/en/publication/gfdr/gfdr-2016/background/credit-registry>.

APPENDICES

APPENDIX A: LIST OF RESPONDING JURISDICTIONS

JURISDICTION	COORDINATING RESPONDENT	REGION	INCOME GROUP
Albania	Bank of Albania	Europe and Central Asia	Upper middle income
Angola	Banco Nacional de Angola	Sub-Saharan Africa	Upper middle income
Argentina	Banco Central de la República Argentina	Latin America and Caribbean	Upper middle income
Armenia	Central Bank of Armenia	Europe and Central Asia	Lower middle income
Australia	Australian Securities and Investments Commission	East Asia and Pacific	High income
Austria	Financial Market Authority	Europe and Central Asia	High income
Azerbaijan	Central Bank of the Republic of Azerbaijan	Europe and Central Asia	Upper middle income
Bahamas, The	Central Bank of The Bahamas	Latin America and Caribbean	High income
Bahrain	Central Bank of Bahrain	Middle East and North Africa	High income
Bangladesh	Bangladesh Bank	South Asia	Lower middle income
Barbados	Central Bank of Barbados	Latin America and Caribbean	High income
Belarus	National Bank of the Republic of Belarus	Europe and Central Asia	Upper middle income
Belgium	National Bank of Belgium	Europe and Central Asia	High income
Belize	Central Bank of Belize	Latin America and Caribbean	Upper middle income
Bolivia	Autoridad de Supervisión del Sistema Financiero	Latin America and Caribbean	Lower middle income
Bosnia and Herzegovina	Central Bank of Bosnia and Herzegovina	Europe and Central Asia	Upper middle income
Botswana	Bank of Botswana	Sub-Saharan Africa	Upper middle income
Brazil	Banco Central do Brasil	Latin America and Caribbean	Upper middle income
British Virgin Islands	Financial Services Commission	Latin America and Caribbean	High income
Brunei Darussalam	Brunei Darussalam Central Bank	East Asia and Pacific	High income
Bulgaria	Bulgarian National Bank	Europe and Central Asia	Upper middle income
Cambodia	National Bank of Cambodia	East Asia and Pacific	Lower middle income
Canada	Financial Consumer Agency of Canada	North America	High income
Central and East African Monetary Community	Banque des États de l'Afrique Centrale	Sub-Saharan Africa	*
Chile	Comisión para el Mercado Financiero	Latin America and Caribbean	High income
Colombia	Superintendencia Financiera de Colombia	Latin America and Caribbean	Upper middle income
Costa Rica	Superintendencia General de Entidades Financieras	Latin America and Caribbean	Upper middle income
Croatia	Croatian National Bank	Europe and Central Asia	High income
Denmark	Danmarks Nationalbank	Europe and Central Asia	High income
Dominican Republic	Central Bank of the Dominican Republic	Latin America and Caribbean	Upper middle income
Eastern Caribbean	Eastern Caribbean Central Bank	Latin America and Caribbean	*
Ecuador	Superintendencia de Bancos	Latin America and Caribbean	Upper middle income
Egypt, Arab Rep.	Central Bank of Egypt	Middle East and North Africa	Lower middle income

El Salvador	Banco Central de Reserva	Latin America and Caribbean	Lower middle income
Estonia	Estonian Financial Supervision and Resolution Authority	Europe and Central Asia	High income
Eswatini	Central Bank of Eswatini	Sub-Saharan Africa	Lower middle income
Ethiopia	National Bank of Ethiopia	Sub-Saharan Africa	Low income
Fiji	Reserve Bank of Fiji	East Asia and Pacific	Upper middle income
Finland	Finnish Financial Supervisory Authority	Europe and Central Asia	High income
France	Autorité de Contrôle Prudentiel et de Résolution, Banque de France	Europe and Central Asia	High income
Georgia	National Bank of Georgia	Europe and Central Asia	Upper middle income
Germany	Deutsche Bundesbank	Europe and Central Asia	High income
Ghana	Bank of Ghana	Sub-Saharan Africa	Lower middle income
Greece	Bank of Greece	Europe and Central Asia	High income
Guatemala	Superintendencia de Bancos	Latin America and Caribbean	Lower middle income
Guyana	Bank of Guyana	Latin America and Caribbean	Upper middle income
Haiti	Banque de la République d'Haïti	Latin America and Caribbean	Low income
Honduras	Comisión Nacional de Bancos y Seguros	Latin America and Caribbean	Lower middle income
Hungary	Vilmos Freisleben	Europe and Central Asia	High income
India	Reserve Bank of India	South Asia	Lower middle income
Indonesia	Bank Indonesia	East Asia and Pacific	Lower middle income
Ireland	Central Bank of Ireland	Europe and Central Asia	High income
Isle of Man	Isle of Man Financial Services Authority	Europe and Central Asia	High income
Israel	Bank of Israel	Middle East and North Africa	High income
Italy	Banca d'Italia	Europe and Central Asia	High income
Jamaica	Bank of Jamaica	Latin America and Caribbean	Upper middle income
Japan	Financial Services Agency	East Asia and Pacific	High income
Jordan	Central Bank of Jordan	Middle East and North Africa	Upper middle income
Kazakhstan	Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market	Europe and Central Asia	Upper middle income
Kenya	Central Bank of Kenya	Sub-Saharan Africa	Lower middle income
Korea, Rep.	Financial Supervisory Service	East Asia and Pacific	High income
Kuwait	Central Bank of Kuwait	Middle East and North Africa	High income
Kyrgyz Republic	National Bank of the Kyrgyz Republic	Europe and Central Asia	Lower middle income
Lao PDR	Bank of the Lao PDR	East Asia and Pacific	Lower middle income
Latvia	Bank of Latvia	Europe and Central Asia	High income
Lebanon	Banque du Liban	Middle East and North Africa	Upper middle income
Lesotho	Central Bank of Lesotho	Sub-Saharan Africa	Lower middle income
Libya	Central Bank of Libya	Middle East and North Africa	Upper middle income
Liechtenstein	Financial Market Authority	Europe and Central Asia	High income
Lithuania	Bank of Lithuania	Europe and Central Asia	High income
Malaysia	Bank Negara Malaysia	East Asia and Pacific	Upper middle income
Maldives	Maldives Monetary Authority	South Asia	Upper middle income
Malta	Ministry for Finance and Employment	Middle East and North Africa	High income
Mauritius	Bank of Mauritius	Sub-Saharan Africa	Upper middle income
Mexico	National Banking and Securities Commission	Latin America and Caribbean	Upper middle income
Moldova	National Bank of Moldova	Europe and Central Asia	Lower middle income
Morocco	Ibtissam El Anzaoui	Middle East and North Africa	Lower middle income
Mozambique	Banco de Moçambique	Sub-Saharan Africa	Low income
Namibia	Financial Intelligence Centre	Sub-Saharan Africa	Upper middle income
Netherlands	De Nederlandsche Bank	Europe and Central Asia	High income
Nicaragua	Comisión Nacional de Microfinanzas	Latin America and Caribbean	Lower middle income
Nigeria	Central Bank of Nigeria	Sub-Saharan Africa	Lower middle income
North Macedonia	National Bank of the Republic of North Macedonia	Europe and Central Asia	Upper middle income
Pakistan	State Bank of Pakistan	South Asia	Lower middle income
Panama	Superintendencia de Bancos	Latin America and Caribbean	Upper middle income
Paraguay	Banco Central del Paraguay	Latin America and Caribbean	Upper middle income
Peru	Superintendencia de Banca, Seguros y AFP	Latin America and Caribbean	Upper middle income

Philippines	Bangko Sentral ng Pilipinas	East Asia and Pacific	Lower middle income
Poland	National Bank of Poland	Europe and Central Asia	High income
Portugal	Banco de Portugal	Europe and Central Asia	High income
Romania	National Bank of Romania	Europe and Central Asia	Upper middle income
Russian Federation	Bank of Russia	Europe and Central Asia	Upper middle income
Rwanda	National Bank of Rwanda	Sub-Saharan Africa	Low income
San Marino	Central Bank of San Marino	Europe and Central Asia	High income
São Tomé and Príncipe	Banco Central de S. Tomé e Príncipe	Sub-Saharan Africa	Lower middle income
Saudi Arabia	Saudi Arabian Monetary Authority	Middle East and North Africa	High income
Serbia	National Bank of Serbia	Europe and Central Asia	Upper middle income
Seychelles	Central Bank of Seychelles	Sub-Saharan Africa	High income
Slovak Republic	National Bank of Slovakia	Europe and Central Asia	High income
South Africa	South African Reserve Bank	Sub-Saharan Africa	Upper middle income
Spain	Bank of Spain	Europe and Central Asia	High income
Sri Lanka	Central Bank of Sri Lanka	South Asia	Lower middle income
Sudan	Central Bank of Sudan	Sub-Saharan Africa	Lower middle income
Suriname	Centrale Bank van Suriname	Latin America and Caribbean	Upper middle income
Sweden	Sveriges Riksbank	Europe and Central Asia	High income
Tanzania	Bank of Tanzania	Sub-Saharan Africa	Low income
Thailand	Bank of Thailand	East Asia and Pacific	Upper middle income
Tunisia	Central Bank of Tunisia	Middle East and North Africa	Lower middle income
Turkey	Central Bank of the Republic of Turkey	Europe and Central Asia	Upper middle income
Ukraine	National Bank of Ukraine	Europe and Central Asia	Lower middle income
United Arab Emirates	Central Bank of the UAE	Middle East and North Africa	High income
United Kingdom	Financial Conduct Authority	Europe and Central Asia	High income
United States	Treasury Department	North America	High income
Uruguay	Banco Central del Uruguay	Latin America and Caribbean	High income
Uzbekistan	Central Bank of Uzbekistan	Europe and Central Asia	Lower middle income
Vietnam	State Bank of Vietnam	East Asia and Pacific	Lower middle income
West Bank and Gaza	Palestine Monetary Authority	Middle East and North Africa	Lower middle income
Zambia	Bank of Zambia	Sub-Saharan Africa	Lower middle income

Note: Multi-economy jurisdictions were not categorized by income level, as the economies within these jurisdictions correspond to a range of income categories.

APPENDIX B: OVERLAPPING JURISDICTIONS OVER THE TWO SURVEYS, IN 2017 AND 2022

OVERLAPPING JURISDICTIONS 2013, 2017, AND 2022 (SET OF 75)		OVERLAPPING JURISDICTIONS 2017 AND 2022 (SET OF 95)		
Albania	Japan	Albania	Honduras	Serbia
Argentina	Kazakhstan	Angola	Hungary	Seychelles
Armenia	Kenya	Argentina	India	Slovak Republic
Australia	Korea, Rep.	Armenia	Indonesia	South Africa
Austria	Kyrgyz Republic	Australia	Israel	Spain
Azerbaijan	Latvia	Austria	Italy	Sri Lanka
Bangladesh	Lebanon	Azerbaijan	Jamaica	Sudan
Belgium	Lithuania	Bahamas, The	Japan	Sweden
Bolivia	Malaysia	Bahrain	Jordan	Thailand
Bosnia and Herzegovina	Mauritius	Bangladesh	Kazakhstan	Tunisia
Botswana	Mexico	Belgium	Kenya	Turkey
Brazil	Moldova	Bolivia	Korea, Rep.	Ukraine
Bulgaria	Morocco	Bosnia and Herzegovina	Kuwait	United Kingdom
Canada	Namibia	Botswana	Kyrgyz Republic	Uruguay
Chile	Netherlands	Brazil	Latvia	Vietnam
Colombia	Nigeria	Bulgaria	Lebanon	West Bank and Gaza
Costa Rica	North Macedonia	Cambodia	Lesotho	Zambia
Croatia	Pakistan	Canada	Lithuania	
Denmark	Panama	Chile	Malaysia	
Dominican Republic	Paraguay	Colombia	Maldives	
Ecuador	Peru	Costa Rica	Malta	
El Salvador	Philippines	Croatia	Mauritius	
Estonia	Poland	Denmark	Mexico	
Eswatini	Portugal	Dominican Republic	Moldova	
Finland	Russian Federation	Ecuador	Morocco	
France	Saudi Arabia	Egypt, Arab Rep.	Namibia	
Georgia	Serbia	El Salvador	Netherlands	
Germany	Slovak Republic	Estonia	Nigeria	
Greece	South Africa	Eswatini	North Macedonia	
Guatemala	Spain	Fiji	Pakistan	
Guyana	Sri Lanka	Finland	Panama	
Honduras	Sudan	France	Paraguay	
Hungary	Thailand	Georgia	Peru	
Indonesia	Turkey	Germany	Philippines	
Israel	Ukraine	Greece	Poland	
Italy	United Kingdom	Guatemala	Portugal	
Jamaica	Uruguay	Guyana	Russian Federation	
Japan	Zambia	Haiti	Rwanda	
Kazakhstan		Honduras	San Marino	
Kenya		Hungary	Saudi Arabia	

APPENDIX C: INSTITUTIONAL ARRANGEMENT MODELS FOR FINANCIAL CONSUMER PROTECTION

FINANCIAL SECTOR IS SUPERVISED BY:	PRUDENTIAL AND FCP SUPERVISION ARE INSTITUTIONALLY:	ROLE OF GENERAL CONSUMER PROTECTION AUTHORITY:
---------------------------------------	--	---

INSTITUTIONAL ARRANGEMENT MODEL	A SINGLE AUTHORITY	SINGLE OR MULTIPLE AUTHORITIES	MULTIPLE AUTHORITIES	INTEGRATED	SEPARATED	INTEGRATED OR SEPARATED	NONE	SHARED	LEAD
Integrated single agency	X			X			X		
Integrated multiple agency		X		X			X		
Dedicated market-conduct authority			X		X		X		
General consumer protection agency			X			X			X

APPENDIX D: DATA BY REGION AND INCOME GROUP

Table D.1: Types of Unregulated CCPs in a Jurisdiction

Percentage of responding jurisdiction with unregulated CCPs types, by income and regional group

TYPE OF CCPs NOT SUPERVISED	ALL	UPPER- LOWER-				EAP	ECA	LAC	MENA	NA	SAR	SSA
		HIGH INCOME	MIDDLE INCOME	MIDDLE INCOME	LOW INCOME							
Payday lenders	21%	5%	24%	39%	20%	17%	8%	27%	31%	0%	60%	26%
Finance companies	11%	5%	18%	10%	20%	17%	8%	27%	31%	0%	60%	26%
Microcredit companies	17%	49%	29%	23%	0%	8%	3%	46%	8%	0%	20%	21%
Digital lenders	20%	7%	26%	29%	20%	8%	10%	46%	15%	0%	40%	11%
Money lenders	30%	10%	34%	52%	40%	17%	10%	69%	15%	0%	80%	26%
Digital credit provided via e-wallets	12%	7%	6%	18%	40%	0%	8%	31%	0%	0%	0%	16%
No. of responding jurisdictions	117	41	38	31	5	12	40	26	13	2	5	19

Note: Regions: EAP = East Asia and Pacific, ECA = Europe and Central Asia, LAC = Latin America and Caribbean, MENA = Middle East and North Africa, NA = North America, SAR = South Asia, SSA = Sub-Saharan Africa.

Table D.2: Practices Pertaining to Industry Consultations across Jurisdictions, 2022

Percentage of responding jurisdictions with an industry consultation process in place along with the frequency of such consultations

FORMAL PROCESS TO CONSULT WITH INDUSTRY	ALL	HIGH INCOME	UPPER- MIDDLE INCOME	LOWER- MIDDLE INCOME	LOW INCOME	EAP	ECA	LAC	MENA	NA	SAR	SSA
Yes	91%	36%	31%	28%	5%	12%	33%	24%	10%	2%	4%	16%
No. of responding jurisdictions	112	39	35	31	5	12	39	26	11	2	5	16
FREQUENCY OF CONSULTATION												
Ad hoc	89%	38%	29%	29%	4%	11%	37%	23%	9%	2%	3%	14%
Monthly	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Quarterly	9%	14%	43%	29%	14%	22%	0%	33%	11%	0%	11%	22%
Annual	2%	0%	100%	0%	0%	0%	0%	0%	50%	0%	0%	50%
No. of responding jurisdictions	102	36	31	28	5	12	34	24	10	2	4	16

Note: Regions: EAP = East Asia and Pacific, ECA = Europe and Central Asia, LAC = Latin America and Caribbean, MENA = Middle East and North Africa, NA = North America, SAR = South Asia, SSA = Sub-Saharan Africa.

Table D.3: Practices Pertaining to Consultation with Consumers across Jurisdictions, 2022

Percentage of responding jurisdictions with a consumer consultation process in place along with the frequency of such consultations

FORMAL PROCESS TO CONSULT WITH CONSUMERS	ALL	HIGH INCOME	UPPER- MIDDLE INCOME	LOWER- MIDDLE INCOME	LOW INCOME	EAP	ECA	LAC	MENA	NA	SAR	SSA
Yes	57%	41%	23%	30%	7%	13%	34%	21%	8%	3%	2%	19%
No. of responding jurisdictions	109	39	14	18	4	11	37	26	11	2	5	17
Frequency of consultation												
Ad hoc	95%	40%	23%	30%	7%	14%	35%	21%	7%	3%	0%	21%
Monthly	2%	100%	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%
Quarterly	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Annual	3%	50%	50%	0%	0%	0%	50%	50%	0%	0%	0%	0%
No. of responding jurisdictions	61	25	14	17	4	8	21	13	5	2	0	12

Note: Regions: EAP = East Asia and Pacific, ECA = Europe and Central Asia, LAC = Latin America and Caribbean, MENA = Middle East and North Africa, NA = North America, SAR = South Asia, SSA = Sub-Saharan Africa.

Table D.4: Strategies to Promote Financial Inclusion

Percentage of responding jurisdictions with national strategy in place or under development, by income and regional group

NATIONAL STRATEGY		ALL	HIGH INCOME	UPPER-MIDDLE INCOME	LOWER-MIDDLE INCOME	LOW INCOME	EAP	ECA	LAC	MENA	NA	SAR	SSA	NO. OF RESPONDING JURISDICTIONS
NFIS	In place	39%	10%	43%	71%	60%	67%	19%	52%	25%	0%	80%	47%	112
	Under development	17%	5%	23%	23%	40%	8%	11%	20%	25%	0%	20%	26%	
National financial sector strategy with a financial inclusion component	In place	38%	34%	34%	45%	60%	67%	34%	20%	31%	0%	20%	67%	112
	Under development	4%	0%	11%	0%	40%	0%	0%	8%	8%	0%	0%	11%	
National development strategy with a financial inclusion component	In place	32%	15%	40%	42%	60%	50%	21%	20%	33%	0%	40%	61%	113
	Under development	5%	5%	6%	6%	0%	0%	5%	12%	0%	0%	0%	6%	
National microfinance strategy	In place	16%	5%	3%	43%	50%	36%	3%	4%	39%	0%	0%	41%	110
	Under development	6%	8%	11%	0%	0%	9%	8%	4%	0%	0%	0%	12%	
National financial capability, literacy, or education strategy	In place	56%	68%	56%	39%	80%	50%	71%	44%	38%	100%	40%	58%	114
	Under development	13%	5%	14%	23%	20%	17%	8%	20%	15%	0%	20%	11%	
Digital development strategy with a financial inclusion component	In place	26%	37%	13%	27%	40%	50%	21%	17%	33%	0%	20%	35%	106
	Under development	17%	5%	31%	17%	0%	25%	12%	25%	17%	0%	29%	12%	
DFS or fintech strategy	In place	33%	43%	18%	44%	0%	70%	32%	25%	42%	0%	0%	29%	103
	Under development	21%	9%	26%	15%	25%	20%	24%	13%	42%	0%	0%	24%	

Note: The two multi-jurisdiction respondents (the Central African Economic and Monetary Community and Eastern Caribbean Central Bank) are not included in income group classifications. High-income jurisdictions are not included in regional classifications. Regions: EAP = East Asia and Pacific, ECA = Europe and Central Asia, LAC = Latin America and Caribbean, MENA = Middle East and North Africa, NA = North America, SAR = South Asia, SSA = Sub-Saharan Africa.

Table D.5: Fintech Products for Financial Inclusion, 2022

Percentage of responding jurisdictions reporting having each fintech innovation

	ALL	HIGH INCOME	UPPER-MIDDLE INCOME	LOWER-MIDDLE INCOME	LOW INCOME	EAP	ECA	LAC	MENA	NA	SAR	SSA	NO. OF RESPONDING JURISDICTIONS
Crypto-assets: issuance, exchange and custody	56%	79%	52%	30%	0%	89%	71%	59%	22%	100%	0%	19%	95
Peer-to-peer lending	56%	58%	46%	27%	0%	75%	50%	41%	33%	100%	0%	27%	85
Digital credit	63%	68%	48%	74%	50%	78%	66%	59%	67%	100%	0%	53%	88
Crowdfunding	56%	71%	62%	32%	0%	89%	63%	52%	44%	100%	0%	33%	90
Investment products with robo-advisers	42%	61%	32%	33%	0%	75%	54%	30%	33%	100%	0%	21%	83

Note: Regions: EAP = East Asia and Pacific, ECA = Europe and Central Asia, LAC = Latin America and Caribbean, MENA = Middle East and North Africa, NA = North America, SAR = South Asia, SSA = Sub-Saharan Africa.

Table D.6: Requirement to Offer Basic Accounts

Percentage of responding jurisdictions requiring financial institutions to offer basic accounts, by income level and regional group

INSTITUTIONS REQUIRED TO OFFER BASIC ACCOUNTS	INCOME LEVEL			REGIONAL GROUP								
	ALL	HIGH INCOME	UPPER- MIDDLE INCOME	LOWER- MIDDLE INCOME	LOW INCOME	EAP	ECA	LAC	MENA	NA	SAR	SSA
All deposit-taking institutions are required to offer a basic account	48%	49%	48%	44%	50%	40%	41%	43%	67%	0%	50%	64%
Selected deposit-taking institutions are required to offer a basic account	16%	14%	11%	26%	0%	10%	19%	14%	8%	0%	25%	21%
Other	36%	37%	41%	30%	50%	50%	41%	43%	25%	100%	25%	14%
No. of responding jurisdictions	94	35	4	27	27	10	32	21	12	1	4	14

Note: Regions: EAP = East Asia and Pacific, ECA = Europe and Central Asia, LAC = Latin America and Caribbean, MENA = Middle East and North Africa, NA = North America, SAR = South Asia, SSA = Sub-Saharan Africa.

Table D.7: Eligibility Criteria for Basic Accounts

Percentage of responding jurisdictions with specific eligibility criteria for basic accounts, by income level and regional group

BASIC ACCOUNT ELIGIBILITY CRITERIA	INCOME LEVEL					REGIONAL GROUP						
	ALL	HIGH INCOME	UPPER-MIDDLE INCOME	LOWER-MIDDLE INCOME	LOW INCOME	EAP	ECA	LAC	MENA	NA	SAR	SSA
The basic account is only available to customers who meet specific eligibility criteria, such as low-income levels, pension recipients, welfare beneficiaries, etc.	22%	17%	31%	23%	0%	40%	13%	9%	27%	0%	50%	38%
Any customer can open a basic account regardless of their income level or participation in government programs	65%	67%	62%	65%	75%	60%	68%	82%	55%	0%	50%	54%
Other (explain)	13%	17%	8%	12%	25%	0%	19%	9%	18%	100%	0%	8%
No. of responding jurisdictions	92	36	26	26	4	10	31	22	11	1	4	13

Note: Regions: EAP = East Asia and Pacific, ECA = Europe and Central Asia, LAC = Latin America and Caribbean, MENA = Middle East and North Africa, NA = North America, SAR = South Asia, SSA = Sub-Saharan Africa.

Table D.8: Simplifications or Exemptions to CDD Requirements

Percentage of responding jurisdictions reporting simplification or exemption to CDD requirement, by income and regional group

SIMPLIFIED CDD MEASURE ALLOWED FOR ACCOUNT OPENING	INCOME LEVEL					REGIONAL GROUP						
	ALL	HIGH INCOME	UPPER-MIDDLE INCOME	LOWER-MIDDLE INCOME	LOW INCOME	EAP	ECA	LAC	MENA	NA	SAR	SSA
Acceptance of non-standard ID data or documents in lower risk cases	41%	38%	50%	35%	67%	21%	28%	17%	10%	3%	3%	17%
Allowing for delayed authentication	57%	80%	50%	35%	100%	13%	38%	8%	15%	3%	3%	23%
Some exemptions on documentation requirements	67%	71%	59%	75%	67%	9%	34%	26%	9%	2%	6%	15%
The use of existing mobile phone registration details to automatically open a new mobile money account at the same MNO	26%	4%	32%	30%	100%	17%	6%	22%	6%	0%	0%	50%
No. of responding jurisdictions	70	24	22	20	3	7	23	16	7	1	3	13

Note: Regions: EAP = East Asia and Pacific, ECA = Europe and Central Asia, LAC = Latin America and Caribbean, MENA = Middle East and North Africa, NA = North America, SAR = South Asia, SSA = Sub-Saharan Africa.