



Reducing Inequality through DIGITAL FINANCIAL INCLUSION

The wealthiest 1% globally holds 82% of wealth worldwide.¹

THE OPPORTUNITY

Digital finance can be a powerful equalizing force, giving low-income households new tools to increase their incomes, improve financial resilience and access new economic and social opportunities.



CHALLENGES*

9 out of 10 of the world's poor are in rural areas.²

The urban-rural divide accounts for up to 40% of inequality.³

Remittances are an essential source of capital for many low-income households, but **international remittance costs can be very high** – more than 10% of the remittance's value for some channels.⁶

The world's poor have **limited access to quality health, education, and utility services**, constraining their economic opportunities.

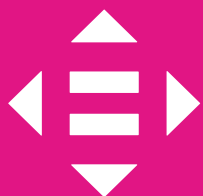


SOLUTIONS*

Digital financial services can **increase productivity and income for rural households** by connecting them to economic opportunities beyond their rural communities.^{4,5}

Digital finance can lower the cost of remittances,⁷ and further digitization could **cut remittance costs by 3.5% on average**, lifting 30 million people out of poverty.⁸

Digital payments, credit, and micro-insurance can help households to better manage their health, education, and utility services costs.^{9,10} This increases security and opportunity for the poor.



“Reduce the costs of remittances and promote economic opportunity and social inclusion for all.”

KENYA When faced with economic shocks such as agricultural losses, users of mobile money were able to maintain their current spending levels on goods and services. **People that did not use mobile money decreased their spending by 7%**, an effect most evident in poorer households.¹¹

INDIA In rural communities, storing income in a digital bank account, rather than keeping cash at home, **increased household savings by 131%** within three months, and the effect has been long-lasting.¹²



ASIA A 1% increase in international remittances as a percentage of GDP could lead to a 22.6% decline in the poverty gap in Asia.¹³

WORLDWIDE By **reducing the costs of remittances by 5 percentage points**, recipients in emerging economies could benefit from **\$20 billion more each year**. Digital payments can play a key role in lowering remittance cost.¹⁴

* These represent only a few of the many important challenges and solutions. They should not be read as an exhaustive list.



UNSGSA

BETTER THAN CASH
ALLIANCE



THE WORLD BANK

SEPTEMBER 2018