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New Report Details How Legacy Financial Institutions Are Deepening Financial Inclusion Through Fintech Partnerships

Washington, DC – July 30, 2017 – The Center for Financial Inclusion at Accion (CFI) and the Institute of International Finance (IIF), with the support of MetLife Foundation, today released a new report examining how partnerships between mainstream financial institutions and fintechs are expanding access to the formal financial economy to the unserved and underserved, particularly in emerging markets.

The report, “[How Financial Institutions and Fintechs Are Partnering for Inclusion: Lessons from the Frontlines](#)” is based on 24 in-depth interviews with firms and experts from around the world, and highlights 14 partnerships in as many countries. The report identifies four key financial inclusion challenges in emerging markets that mainstream financial institutions address through fintech partnerships:

- gaining access to new market segments
- creating new offerings for existing customers
- data collection, use, and management
- deepening customer engagement and product usage

The report features successful tech-based collaborations, such as one partnership that sends SMS nudges to bank customers in Colombia and another that uses a cryptocurrency-enabled digital ledger to record mobile wallet transactions in India. The report analyzes what factors enable these partnerships between entrepreneurial fintechs and large mainstream financial institutions to succeed in serving the needs of low-income people in emerging markets.

“When partnerships between the financial sector and fintechs are at their best, they are a potent cocktail for disruption at scale. This kind of impact requires working together—neither financial institutions nor fintechs can do it alone. To be successful, however, financial institutions must significantly reinvent their operating models or risk watching innovation pass them by,” said Sonja Kelly, Director of Research for the Center for Financial Inclusion at Accion.

“Most financial institutions that we interviewed are positive about partnering with fintechs. They see great value in bringing in expertise and activities that are beyond the core competencies of the

institution and most see fintechs as collaborators rather than direct rivals. These institutions recognize that they must innovate their processes to reach new customer segments and to compete with new market entrants and other astute financial institutions,” said Dennis Ferenzy, Associate Economist at the Institute for International Finance.

The new report is part of a two-year initiative from CFI and the IIF, with support from MetLife Foundation, to help advance the financial services industry’s ability to reach unserved and underserved populations. The project, titled “[Mainstreaming Financial Inclusion: Best Practices](#),” facilitates learning and action on how financial institutions can respond to the specific challenges of reaching lower income market segments. Through research, knowledge exchange, best practices, real world examples, and expert insights, the project will identify and transmit practical guidance that financial institutions can use to expand quality services to the poor.

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About the Center for Financial Inclusion at Accion

The Center for Financial Inclusion at Accion (CFI) is an action-oriented think tank that engages and challenges the industry to better serve, protect and empower clients. We develop insights, advocate on behalf of clients and collaborate with stakeholders to achieve a comprehensive vision for financial inclusion. We are dedicated to enabling 3 billion people who are left out of – or poorly served by – the financial sector to improve their lives.

www.centerforfinancialinclusion.org

www.cfi-blog.org

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About the Institute of International Finance

The Institute of International Finance is the global association of the financial industry, with close to 500 members from 70 countries. Its mission is to support the financial industry in the prudent management of risks; to develop sound industry practices; and to advocate for regulatory, financial and economic policies that are in the broad interests of its members and foster global financial stability and sustainable economic growth. IIF members include commercial and investment banks, asset managers, insurance companies, sovereign wealth funds, hedge funds, central banks and development banks. For more information visit www.iif.com.