Debating Financial Inclusion
Max Mattern, Master of Arts in Law and Diplomacy Candidate, 2013

Chances are that you have heard the term “financial inclusion.” In fact, if you work in development, policy or finance, you probably already have an idea of what it means.

But what about those whom we are trying to include? What does financial inclusion mean to them?

As leaders of the financial inclusion movement prepare to gather at the Extreme Inclusion Conference, CEME has set out to understand what financial inclusion means to the rest of us. To that end, we recently approached three individuals with a simple question: “What does financial inclusion mean to you?” The responses were as surprising as they were enlightening.

“It sounds like an organization that would make sure I am being taken care of financially,” offered one respondent after some hesitation.

“I think it means getting involved in the financial planning of the country,” another speculated.

“It’s being a part of a decision making process that will give me a financial gain,” the third replied confidently.

Of course, these impromptu definitions are a far cry from the technical responses that experts on financial inclusion are quick to provide. But they do raise an interesting question: How do you define financial inclusion when most users of financial services do not know what it means?

The Center for Financial Inclusion defines financial inclusion as, “A state in which all people who can use them have access to a full suite of quality financial services, provided at affordable prices, in a convenient manner, and with dignity for the clients.”¹ That is a far cry from the interpretations volunteered by those we questioned. This difference in understanding belies an obvious truth: Financial inclusion is a supply-driven concept, dreamt up by leaders in development, policy and finance.

Still, even those who make a living promoting financial inclusion disagree over the term’s true meaning. Does it refer to the use of financial services, or simply access to those services? What comprises a “full suite” of financial services? And, perhaps most divisive of all, do informal financial services qualify?

This last question is the subject of our debate: Does the use of informal financial services count when considering real financial inclusion? Despite the widespread use of financial services in both the developed and developing world, many interpretations of financial inclusion are limited to services in the formal financial sector.² Others disagree, and emphasize the importance of the informal sector in providing much needed financial services. As the struggle to manifest real financial inclusion continues, who will ultimately decide what constitutes a financial service or an inclusive system?