



# Accelerating toward greater financial inclusion

Stronger together

# About the Deloitte Center for Financial Services

The Deloitte Center for Financial Services, which supports the organization's US Financial Services practice, provides insight and research to assist senior-level decision-makers within banks, capital markets firms, investment managers, insurance carriers, and real estate organizations. The center is staffed by a group of professionals with a wide array of in-depth industry experiences as well as cutting-edge research and analytical skills. Through our research, roundtables, and other forms of engagement, we seek to be a trusted source for relevant, timely, and reliable insights. Read recent publications and learn more about the center on [Deloitte.com](https://www.deloitte.com).

## Connect

To learn more about the vision of the DCFS thought leadership and events, please visit [www.deloitte.com/us/cfs](https://www.deloitte.com/us/cfs).

## Subscribe

To receive email communications, please register at [www.deloitte.com/us/cfs](https://www.deloitte.com/us/cfs).

## Engage

Follow us on Twitter at: [@DeloitteFinSvc](https://twitter.com/DeloitteFinSvc).

### Deloitte Diversity, Equity & Inclusion Services

Deloitte's Diversity, Equity & Inclusion (DEI) Consulting services change the world by taking a systemic approach to help organizations access and engage a more diverse workforce; build inclusive leadership capabilities; foster a culture of belonging; and embed equity and inclusion across every business function. Learn more about DEI and our services on [Deloitte.com](https://www.deloitte.com).

# Contents

Key messages	2
The drivers of change	3
Poised for a higher bottom line	14
Endnotes	15

## KEY MESSAGES

- For financial inclusion-focused financial services institutions (FSIs), leveraging alternative data and innovative technologies is a near-term priority. Nearly 50% of our survey respondents said their organizations plan to leverage technology and business model innovation to scale financial inclusion efforts over the next 6–12 months.
- Third-party alliances and community support are key to the success of financial inclusion strategies. Almost 60% of survey respondents are partnering with local community organizations and associations to amplify their financial and nonfinancial commitments.
- Respondents from FSIs that haven't yet launched formal financial inclusion initiatives cited *financial cost concerns* and *technology constraints* as the most common impediments to gaining traction.
- Among financial inclusion initiatives, FSIs are focusing most on *employee financial well-being*, *reaching currently unserved and underserved customer segments*, and *financial literacy endeavors*.
- Almost half of our survey respondents said their firms were engaging in trust-building efforts to help attract and develop unserved and underserved customer segments. These include *helping customers set and achieve financial goals*, *being more empathetic to customers' financial situations*, and *offering financial literacy resources*. Our survey revealed potential disconnects between underserved customer priorities and FSI approaches to this critical segment. Financial firms may need to recalibrate some of their targeting efforts and differentiate more between underserved and unserved customers.

# The drivers of change

MANY FSIs ARE now placing diversity, equity, and inclusion (DEI) strategies and driving positive social change through purpose-driven initiatives at the forefront of their long-term strategic goals. But bringing these strategies to market can be a formidable challenge. FSIs must balance shareholder expectations for financial returns with societal, customer, and workforce expectations for *a higher bottom line*<sup>1</sup>—one that commits to a purpose beyond profitability.

In this highly competitive labor market, exceeding the expectations of current and future workforce talent on social issues can be a differentiator. Deloitte’s *A call for accountability and action study* found that millennials and Gen Zs “want

organizations to work together—governments, educational systems, and business—to drive change on a much broader scale.”<sup>3</sup> How, and to what extent, an organization devotes resources to promote financial inclusion—providing access to useful and affordable financial products and services to meet the needs of the unserved and underserved market—can reveal its organizational priorities.<sup>4</sup> We searched for signals of progress and achievements in reaching unserved and underserved customer segments. While there is much more work to be done before equitable participation in financial services is achieved, we found that FSIs are focused on financial inclusion in a multitude of ways. A more inclusive financial services industry may be on the horizon.

**A HIGHER BOTTOM LINE: THE FUTURE OF FINANCIAL SERVICES<sup>2</sup>**

The coalescence of issues such as prosperity, growth, energy, social cohesion, governance, equity, conflict, security, the environment, and sustainability has created a watershed moment unlike any other. *A higher bottom line* values the future of our planet and people just as much as profits. It blurs the line between the striving and the successful until there’s less inequality and more shared wealth. *A higher bottom line* represents both the financial and human profit to be gained from a more educated, equitable, and sustainable world. Financial services companies have a unique opportunity to address major societal issues, make new markets, and to generate profit not only in support of shareholder interests, but also in collaboration with multiple other stakeholder communities while proactively rebuilding trust in institutions. In other words, they can—and should—aspire to what can be called “a higher bottom line.”



## By the numbers: The imperative for greater financial inclusion

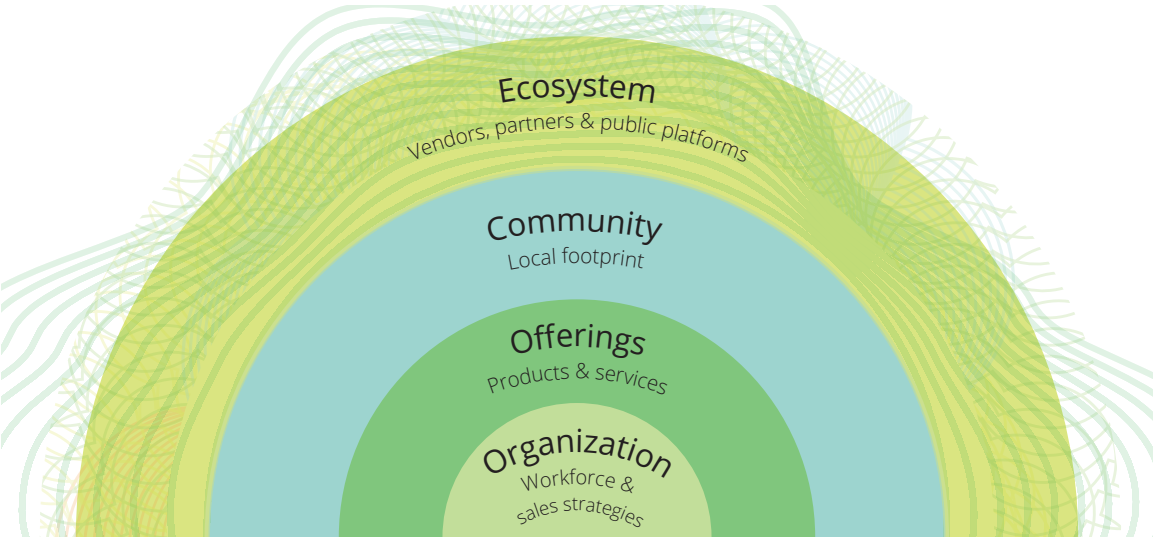


In our first report in this series, *Driving purpose and profit through financial inclusion*,<sup>10</sup> we outlined a financial inclusion framework (figure 1) that could help leadership teams and their stakeholders develop and support financial inclusion strategies. To support the framework's efficacy, we surveyed 300 senior FSI executives in the United States—53% CXOs and 47% senior leaders—who are connected to or responsible for their firm's financial inclusion initiatives (see survey methodology).

Based on respondents' opinions regarding the maturity of their organizations' financial inclusion efforts, we categorized their organizations into four broad categories:

- **Aspirers:** Have planned financial inclusion programs or initiatives but have not yet started them.
- **Developers:** Are in the initial phases of launching their financial inclusion strategies or have launched them and are gaining traction.
- **Forerunners:** Have mature financial inclusion strategies and activities in place and are seeing progress.
- **Achievers:** Have accomplished their financial inclusion goals and what they set out to do.

FIGURE 1  
The financial inclusion framework



Firms should evaluate the strategic, operational, and technological impact on an organization’s stakeholders—its workforce, customers, vendors, partners, and the external marketplace—within each of the four dimensions

**Organization**

**Inclusive workforce**

Developing diverse talent with a wide variety of experiences to bring increased innovation, risk sensing, and resonance with underserved and underserved groups

**Examples:** Increase the share of minorities in client-facing and senior roles

**Financial wellness**

Supporting employees in wealth building through engaging them more fully in their short-term and long-term financial goals

**Examples:** Financial education sessions, credit counseling

**Offerings**

**Product design**

Designing current and future products and services for the underserved, considering the barriers to access

**Examples:** Flexible loan repayments, no-fee savings accounts

**Distribution**

Accessible and widespread delivery channels to increase the presence and reach of the inclusive products

**Examples:** Agents, mobile banking

**Marketing**

Designing marketing material and digital content to reflect an inclusive view of the market

**Examples:** Social media, email marketing

**Community**

**Direct investment**

Financial and nonfinancial commitments to address historical financial inequities in local communities

**Examples:** Equity investments in Minority Depository Institutions (MDIs), Community Development Financial Institutions (CDFIs), and diverse-owned banks

**Education**

Deployment of financial education programing designed specifically for underserved communities

**Examples:** Organize workshops, conferences, webinars

**Partnership**

Partnering with local community organizations and associations to amplify efforts against common goals

**Examples:** Work with communities’ representatives directly, or through community-based organizations (CBOs)

**Ecosystem**

**Fintechs/other financial service providers**

Engaging with fintechs and others to support financial inclusion goals, leverage market access and innovative solutions

**Examples:** Micro loans, cloud-based banking platform

**Data providers**

Leveraging new sources of data to support business life cycle including underwriting and ongoing risk monitoring

**Examples:** Data analytics, identity verification

**Regulators**

Engaging with regulators to drive regulatory compliance and pursue solutions through public and private collaborative partnerships

**Examples:** Self-assessment metrics, scalable KYC norms

Source: The Deloitte Center for Financial Services, *Driving purpose and profit through financial inclusion*, March 2021.

## Organization

### FSIs ARE COMMITTED TO PURPOSE-DRIVEN FINANCIAL INCLUSION

At least three in four respondents consider financial inclusion to be a core pillar of their overall corporate social purpose strategy. Nearly as many indicate their firm has a clear vision and action plan to further its financial inclusion agenda. In fact, our survey highlights that a majority of FSIs have embarked upon their journey toward inclusive finance. Ninety-six percent of respondents said their firms have at least some financial inclusion initiative underway, and 17% reported they have achieved what they set out to do (figure 2). None of the respondents said they had no plans related to financial inclusion.

Our survey clearly showed that financial leaders believe doing well is as important as doing good. When designing financial inclusion solutions, nine in 10 respondents regard profitability as a *very important* or *important* goal. In fact, all of the respondents from Aspirer FSIs put a high value on profitability and noted *financial cost concerns* and *technology constraints* as their top challenges in prioritizing financial inclusion.

### CLEAR RESPONSIBILITY FOR FINANCIAL INCLUSION EFFORTS CAN BOLSTER FSIs RESPONSE

Which functional areas are responsible for an organization's financial inclusion strategy? Interestingly, our survey showed that DEI and environmental, social, and governance functions ranked among the lowest. Corporate strategy,

FIGURE 2

## Maturity level of organizations based on their financial inclusion strategies

How respondents described their organization's efforts to promote financial inclusion



Note: n=300 respondents.

Source: The Deloitte Center for Financial Services, 2021 Financial Inclusion Executive Survey.



business line leadership, marketing and brand management, and innovation were the most selected. Most respondents said several functional areas were charged with furthering financial inclusion—four was the average.

This points to one of two likely scenarios: Either there is an absence of centralized ownership of financial inclusion strategies or there is shared ownership across functional areas. Nonetheless, establishing a well-defined strategy with a clear line of reporting for financial inclusion initiatives could spark progress for FSIs, especially those in the early planning stages.

**EMPLOYEE FINANCIAL WELL-BEING IS A KEY FOCUS AREA FOR MOST RESPONDENTS**

When asked to rank initiatives receiving the most attention within the respondent’s organization, 70% selected *employee financial well-being* among their top three focus areas, followed by *reaching the currently underserved* (55%) and *unserved customer segments* (53%), and *financial literacy endeavors* (51%). The responses were largely consistent despite their maturity level (figure 3). Achievers, however, place far greater importance on the first two initiatives.

FIGURE 3

**Top three FSI focus areas for financial inclusion initiatives**

Areas receiving the most attention/effort	Developers n=102	Forerunners n=135	Achievers n=52	Overall n=289
Improving employee financial well-being	74%	61%	85%	70%
Reaching and serving the underserved customer segment	58%	51%	62%	55%
Reaching and serving the unserved customer segment	57%	53%	44%	53%
Deploying financial literacy programs	44%	57%	46%	51%
Investing in underserved communities	34%	30%	33%	32%
Investing in unserved communities	20%	34%	17%	26%
Developing third-party alliances across the product and delivery ecosystem	14%	13%	13%	14%

Note: Respondents who indicated having started their financial inclusion efforts. Aspirers are yet to implement financial inclusion initiatives, hence, are not included in the above table; n=289 respondents.  
Source: The Deloitte Center for Financial Services, 2021 Financial Inclusion Executive Survey.

FSIs are not alone in focusing on employee financial well-being. In a 2020 study, 62% of employers across industries reported feeling extremely responsible for their employees' financial wellness, a sharp rise from the 13% reported in 2013.<sup>11</sup> Financial wellness programs may include offering employees education on credit products, discounts on financial products through partner organizations, and investment services to plan long-term financial goals.

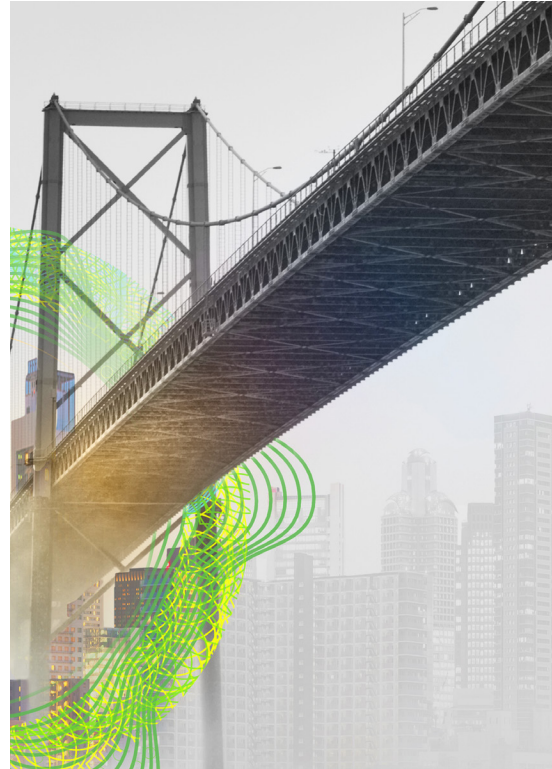
Employee financial well-being—a low-risk, high-yield effort—is a good starting point for most organizations. Financial wellness programs make it easier for employees, including those from underrepresented segments, to access financial services. Offering these resources can also boost employee engagement and productivity. That said, to have a more transformative impact and reach a *higher bottom line*, FSIs should look beyond their organizations and prioritize engagement with the broader community and ecosystem.<sup>12</sup>

In the next year, about half of respondents, especially those from Developer and Forerunner FSIs, indicate they plan to leverage technology and business model innovation to scale their financial inclusion efforts (see the next section). Nearly six in 10 Achiever FSIs are already doing so.

## Offerings

### TRUST-BUILDING SERVICES ARE TOP STRATEGIC PRIORITIES FOR FSIs

When aiming to serve the unserved and underserved segments, establishing and maintaining trust is critical.<sup>13</sup> Almost half of respondents said their firms were engaged in trust-building efforts such as *helping customers set and achieve financial goals, being more empathetic to customers' financial situations, and offering financial literacy resources*. Surprisingly, there weren't any major differences by maturity level.



However, the needs of underserved customers, especially the underbanked, appear to be rather different from what the executive survey respondents indicated as priority areas.

As FSIs develop inclusive finance-driven products and services, gaining an understanding of unserved and underserved customer needs may be the most important factor. A recent Deloitte consumer survey revealed that underbanked customers prefer different types of products, more relevant lifestyle-related rewards and offers, and competitive pricing or low fees.<sup>14</sup> But senior executives in the banking and capital markets sector rank the latter two among their lowest priorities to appeal to the underbanked (figure 4). These results indicate potential disconnects between financial firms' approaches to serving the underbanked and the priorities of this critical customer segment. FSIs may need to rethink some of their strategies to align more with these underbanked customer preferences.

FIGURE 4

## Differences between the preferences of underbanked customers and priority areas for banking and capital markets executives

Strategies that have been deployed	Priority ranking based on responses by	
	Underbanked customers (n=246)	Senior banking and capital markets executives (n=55)
Give more relevant offers or rewards that meet the underserved segment's lifestyle	1	7
Offer different types of products	2	2
Provide competitive pricing/low fees	3	9
Be more empathetic in understanding the customer's financial situation and providing solutions	4	4
Help customers to set and achieve their financial goals	5	1
Offer financial literacy education	7	3

Note: Senior executives were asked "What is your organization's strategy to attract and develop currently underserved customer segments?"; Underbanked customers likely to switch their primary bank in the next 12 months were asked "What can your primary bank do to retain you as a customer?"; Differences between the preferences of underbanked customers and priority areas for banking and capital markets executives are highlighted in blue circles.

Source: The Deloitte Center for Financial Services, 2021 Financial Inclusion Executive Survey and 2021 Digital Banking Consumer Survey.

### HARNESSING ALTERNATIVE DATA AND FAIR AI/ML MODELS IS A NEAR-TERM FOCUS FOR INDUSTRY LEADERS

FSIs should go beyond traditional data sources to achieve financial inclusion goals. Technologies, especially artificial intelligence (AI) and machine learning (ML), are enabling FSIs to reach previously untapped markets at reduced costs—a key concern for Aspirer FSIs. Many institutions, particularly fintechs, are creating credit profiles for and evaluating "thin file," "stale file," or "credit invisible" customers. Increasingly, FSIs are also using data-driven algorithms to supplement or make lending decisions.<sup>15</sup> But FSI leaders should be mindful that the historical data (or lack thereof) used in training AI/ML models can lead to biased outcomes, and can unintentionally exclude unserved or underserved customer segments.

FSIs can train models to focus on more equitable, alternative data to help eliminate bias. They can

use payment history, such as rent, cell phone, and utilities payments, to get an alternative view of consumer financial behavior. In fact, according to Experian's *2020 State of alternative credit data* report, "89% of lenders agree that alternative credit data allows them to extend credit to more consumers."<sup>16</sup> Further, federal regulators have acknowledged the benefits of alternative data in reaching consumers who are not able to access credit through traditional means.<sup>17</sup>

Acknowledging this, at least half of the respondents across sectors—banking, capital markets, investment management, commercial real estate, and insurance—plan to put AI/ML models in place that avoid bias and utilize alternative data over the next year. These technologies, when properly deployed, can create opportunities for customers who were previously excluded from entering into the formal financial system.

### LEVERAGING ALTERNATIVE DATA FOR UNDERWRITING LIFE INSURANCE

COVID-19 prompted life insurers to utilize alternative data for underwriting. Until recently, insurers primarily relied on information collected through traditional sources—customer applications and medical examinations. But when in-person, paramedical examinations weren't feasible because of lockdowns, life insurance carriers tapped into alternative data sources such as electronic health record information, biometrics, and genomics to replace or supplement traditionally collected data. Using alternative data in this way not only enables quicker, continuous underwriting, it also helps insurers reach underserved markets.<sup>18</sup>

Eliminating bias, however, requires more than just equitable data. FSIs should focus on organizational diversity and understanding local context to reduce the risk of bias. They should proactively engage in bias detection to explain the causes and sources of biases. HSBC, for instance, has developed a governance framework that includes principles for the ethical use of AI.<sup>19</sup> Other steps FSIs can use to deter bias include having senior management's end-to-end involvement, regular audits, and, when needed, retraining algorithms.

## Community

### MOST FSIs CONTINUE TO PARTNER WITH LOCAL ORGANIZATIONS AND OFFER FINANCIAL LITERACY PROGRAMS

When pursuing financial inclusion strategies, FSIs should demonstrate a commitment to the communities in which they operate, recruit, and

invest. By having a visible and tangible brand presence, firms can enhance their relationship with local communities, build trust, and provide opportunities to work in concert with local businesses.

Almost 60% of survey respondents are partnering with local community organizations and associations to amplify their financial inclusion impact. FSIs, for instance, have invested billions of dollars<sup>20</sup> in minority depository institutions (MDIs) or community development financial institutions (CDFIs) for the communities they serve. By supporting individuals and small businesses through lending, housing, neighborhood revitalization, supporting employee volunteerism, and financial education, FSIs continue to demonstrate a corporate purpose beyond profits.

Investing in communities can also include promoting financial literacy among community members. The National Financial Educators Council estimates that financial illiteracy—lacking the skills and knowledge to make informed financial decisions—cost American families US\$415 billion in 2020.<sup>21</sup> FSIs can join forces across communities and industries to reach the unserved with much-needed financial education on topics such as effective money management, financial planning and protection, and savings and investment strategies. Fifty-seven percent of respondent FSIs already have established these programs. That said, as mentioned earlier and highlighted in figure 4, a recent Deloitte survey shows financial literacy programs ranked low among the preferences of underbanked customers. Therefore, FSIs may want to target more of their financial literacy efforts at *unbanked* customers specifically.

LEVERAGING ESTABLISHED DISTRIBUTION CHANNELS TO SERVE COMMUNITIES A LIKELY PRIORITY OVER THE NEXT 6-12 MONTHS

To offer broader access to financial services, FSIs can invest in distribution channels where the unserved and underserved live and work. Forty-six percent of our survey respondents, half of whom are Forerunners, said they plan to enhance access to financial products and services by utilizing established, traditional, community-based distribution channels. Examples included using retail outlets or post office locations for banking customers and workplaces or auto dealers for insurance customers.<sup>22</sup>

These initiatives clearly indicate that FSIs do not have to tackle financial inclusion alone. By engaging

with the communities they serve, FSIs can bridge the gap to unserved and underserved customers and promote financial inclusion programs.

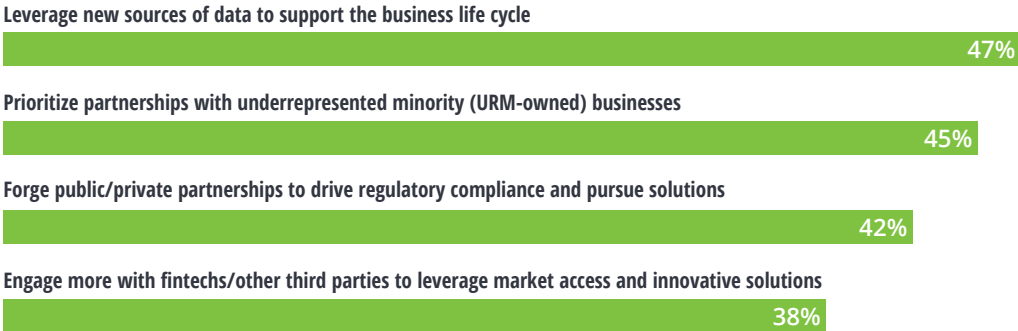
Ecosystem

DURING THE COMING YEAR, FSIs ARE MULLING MULTIPLE ECOSYSTEM-RELATED INITIATIVES

FSIs can establish partnerships within the broader ecosystem to bolster their financial inclusion agenda in many ways. A sizeable proportion of respondents, across all maturity levels, say that their institutions will likely explore multiple financial inclusion initiatives with fintechs, other financial services providers, data providers, and regulators (figure 5).

FIGURE 5

Actions FSIs are likely to undertake with the broader ecosystem to support their financial inclusion programs and goals over the next 6 to 12 months



Note: Respondents who indicated having started their financial inclusion efforts; n=289 respondents. Source: The Deloitte Center for Financial Services, 2021 Financial Inclusion Executive Survey.



### LEVERAGING PARTNERSHIPS TO ACCESS NEW SOURCES OF DATA

Collecting and analyzing alternative data is not easy. Accessing new data (figure 6) requires an array of alliances and collaborative relationships. In fact, FSIs’ relationships with data providers have a tremendous role to play in making finance accessible. Collaborating with third-party providers, including fintechs, can help FSIs scale costs, develop alternative credit scoring solutions,<sup>23</sup> and accelerate their implementation of strategic initiatives.

### PARTNERSHIPS WITH UNDERREPRESENTED BUSINESSES CAN STIMULATE WEALTH CREATION

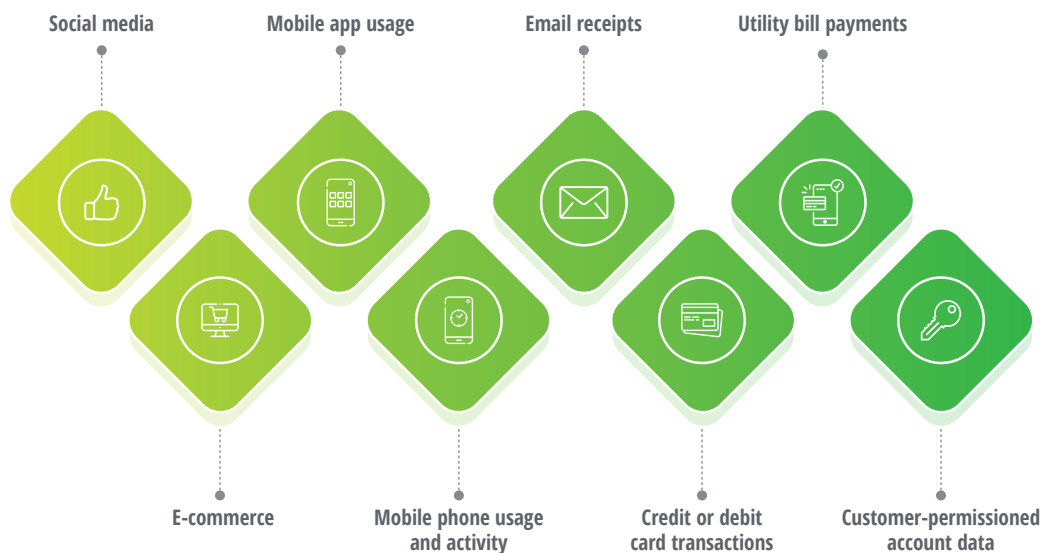
Nonwhite-owned small businesses are often in a more precarious position than those owned by whites. A report by the Federal Reserve Bank of

Cleveland on the impact of COVID-19 noted that “Black-owned businesses closed at more than twice the rate of white-owned firms and, in some cases, experienced declines in cash balances that were nine times as steep”<sup>24</sup> as white-owned firms. But FSIs can partner with nonwhite-owned businesses to help them survive and positively influence wealth creation—an important step toward narrowing the wealth gap. Mastercard’s Start Path program, for instance, invests in nonwhite fintechs, which, in turn, support underrepresented segments. Through the program, Mastercard has invested in Mobility Capital Finance (MoCaFi), a fintech that extends financial tools and access to credit to people of color in the underserved customer segment, as well as in Goalsetter, a savings and financial literacy app for kids that directly supports the needs of Black families.<sup>25</sup>

FIGURE 6

### Data providers can cultivate insights into target customer segments in myriad ways

Types of customer data



Source: The Deloitte Center for Financial Services.

## PUBLIC-PRIVATE PARTNERSHIPS CAN DRIVE REGULATORY COMPLIANCE AND CREATE SOLUTIONS

For FSIs to effectively leverage emerging technologies to fuel financial inclusion innovation, they should engage with public institutions. These partnerships can help both sides: FSIs can encourage regulators to address regulatory fragmentation and overcome unanticipated roadblocks as they arise. Meanwhile, public institutions can benefit from FSIs' expertise and innovation.

The Office of the Comptroller of the Currency (OCC) launched Project REACH, the Roundtable for Economic Access and Change, in 2020. Project REACH members include FSIs, national consumer advocacy and civil rights organizations, business leaders, and technology firms. The project aims to develop policy and structural changes at the national and local levels that would offer underserved populations greater access to capital and credit.<sup>26</sup>

## ENGAGING WITH FINTECHS TO AUGMENT MARKET ACCESS AND INNOVATIVE SOLUTIONS

FSIs can improve efficiency, lower costs, enhance offerings, and access new markets by partnering with fintechs. Fintechs benefit by gaining access to capital and experience. The unserved and underserved benefit because they can access better and broader financial services and are offered opportunities to participate fully in the financial system.

Fintech partnerships can deliver more than transaction-oriented efficiency. TD Bank Group and Flybits, for example, are working together to deliver personalized customer experiences.<sup>27</sup> AXA is partnering with MicroEnsure to extend insurance to new customers in emerging markets.<sup>28</sup> And Discover Financial Services has joined forces with Zest AI to create an AI-based credit scoring solution.<sup>29</sup>

# Poised for a higher bottom line

**F**SI'S ARE WELL positioned to play a material role in rebuilding trust and contributing to a sustainable world, one in which profit and societal impact coexist amicably. With more than 60% of our respondents identifying their firms as Forerunners or Achievers, FSIs seem to be heeding the call for real change in meeting the needs of unserved and underserved customers. Still, many American households lack access to traditional financial systems. There are still opportunities for all FSIs, even for Achievers who feel they have met their financial inclusion goals, to transition the

unserved and underserved into a nascent customer base.

All FSIs, even those seemingly ahead of the curve, should continue to create, and build on, long-term strategies that narrow the wealth gap. Financial firms should establish an environment where inclusive and collective participation in the breadth of financial services is foundational. Only then can the financial services industry truly achieve a *higher bottom line*.

## **SURVEY METHODOLOGY**

The Deloitte Center for Financial Services conducted a survey among 300 senior executives in financial services institutions. Respondents were equally distributed across banking and capital markets, insurance, investment management, and commercial real estate firms.

Survey respondents were asked to share their opinions on how their organizations are addressing financial inclusion efforts within their organizations, the communities they serve, and the broader marketplace with third-party suppliers and stakeholders. We also asked them about their overall financial inclusion strategies and goals over the next 12 to 18 months.

The survey included banking, capital markets, and insurance companies with revenues of at least US\$1 billion in 2020, investment management firms with revenues of at least US\$500 million, and commercial real estate firms with revenues of at least US\$100 million.

The survey was fielded in June–July 2021.

## Endnotes

1. Monica O'Reilly et al., *A higher bottom line: The future of financial services*, Deloitte, March 2021.
2. Ibid.
3. Deloitte, *A call for accountability and action: The Deloitte Global 2021 Millennial and Gen Z Survey*, 2021.
4. Edelman, *2021 Edelman trust barometer special report: Business and racial justice in America*, 2021.
5. Federal Deposit Insurance Corporation, *2017 FDIC national survey of unbanked and underbanked households*, October 19, 2020.
6. Rachel Morpeth, "Financial inclusion in the US – Are we making progress?," Center for Financial Inclusion, April 18, 2018.
7. The Federal Reserve, *2016 survey of consumer finances*, September 2017.
8. Dana M. Peterson and Catherine L. Mann, "Closing the racial inequality gaps," Citi GPS, September 2020.
9. Businesswire, "Top business leaders launch movement to embed financial literacy into American culture," May 20, 2021.
10. Courtney Davis, *Driving purpose and profit through financial inclusion*, Deloitte Insights, March 30, 2021.
11. Bank of America, *2020 workplace benefits report*, 2020.
12. O'Reilly et al., *A higher bottom line*.
13. Federal Deposit Insurance Corporation, "FDIC survey shows 95 percent of US households were banked in 2019," press release, October 19, 2020.
14. Val Srinivas, *Underbanked vs. banked consumer survey*, Deloitte, 2021.
15. Elizabeth Warren, "Senator Warren asks regulators about discrimination built into automated lending decisions," Warren.senate.gov, June 12, 2019.
16. Laura Burrows, "2020 State of alternative credit data," Experian, September 17, 2020.
17. National Credit Union Administration, "Interagency statement on the use of alternative data in credit underwriting," June 10, 2020.
18. CB Insights, "How alternative data could improve the life insurance underwriting process," October 26, 2020.
19. HSBC, "HSBC's principles for the ethical use of Big Data and AI," accessed August 26, 2021.
20. Bank of America, "Bank of America increases commitment to advance racial equality and economic opportunity to \$1.25 billion," press release, March 30, 2021.
21. Businesswire, "Top business leaders launch movement to embed financial literacy into American culture."
22. Insurance Information Institute, "Background on: Buying insurance," June 4, 2021.

23. CRIF, "Lenddo and CRIF partner to offer unique credit scoring solution to rural and savings banks in the Philippines," press release, June 23, 2016.
24. Lucas Misera, "An uphill battle: COVID-19's outsized toll on minority-owned firms," Federal Reserve Bank of Cleveland, October 8, 2020.
25. Michael Froman, "Mastercard empowers Black and ethnic minority-owned fintech," *Fintech Magazine*, June 18, 2021.
26. Office of the Comptroller of the Currency, "Project REACH," accessed July 27, 2021.
27. Tyler Munro, "8 bank and fintech partnerships that are changing financial services," Flybits, December 1, 2020.
28. Sonja Kelly, Allyse McGrath, and Dennis Ferenzy, *How financial institutions and fintechs are partnering for inclusion: lessons from the frontlines*, Center for Financial Inclusion, July 30, 2017.
29. Viktoria Ruubel, "Fintech: The age of partnerships and collaboration," *Finance Digest*, accessed July 25, 2021.



## Acknowledgments

The author, **Patty Danielecki**, and **Samia Hazuria** wish to thank **Pauline DeAndrade**, **Kathleen Pomento**, **BJ Rollinson**, **Val Srinivas**, **Shivalik Srivastav**, **Chris Tucker**, and **Gaurav Vajratkar** for their insights and contributions in the development of this report.

## About the authors

**Courtney Davis** | [coudavis@deloitte.com](mailto:coudavis@deloitte.com)

Courtney Davis is a principal at Deloitte & Touche LLP providing Risk and Regulatory Advisory services in the banking and capital markets industry, focused on regulatory reform, credit risk management, and capital management. He has more than 20 years of experience and has supported several of the firm's largest clients, leading complex engagements for various functions including risk, treasury, finance, and technology.

## Contact us

*Our insights can help you take advantage of change. If you're looking for fresh ideas to address your challenges, we should talk.*

### Industry leadership

#### **Monica O'Reilly**

US Financial Services Industry leader | Deloitte Risk & Financial Advisory | Deloitte & Touche LLP  
+1 415 783 5780 | monoreilly@deloitte.com

Monica O'Reilly is the US Financial Services Industry leader.

#### **Jim Eckenrode**

Managing director | The Deloitte Center for Financial Services | Deloitte Services LP  
+1 617 585 4877 | jeckenrode@deloitte.com

Jim Eckenrode is managing director at the Deloitte Center for Financial Services, responsible for developing and executing Deloitte's research agenda, while providing insights to leading financial institutions on business and technology strategy.

#### **Patty Danielecki**

Senior manager | The Deloitte Center for Financial Services | Deloitte Services LP  
+1 212 436 4127 | pdanielecki@deloitte.com

Patty Danielecki is a senior manager and chief of staff at the Deloitte Center for Financial Services, Deloitte Services LP, where she leads the strategy and operations functions of the center.









# Deloitte.

## Insights

Sign up for Deloitte Insights updates at [www.deloitte.com/insights](http://www.deloitte.com/insights).



Follow @DeloitteInsight

### Deloitte Insights contributors

**Editorial:** Karen Edelman, Hannah Bachman, Arpan K. Saha, Rupesh Bhat, Dilip Poddar, and Emma Downey

**Creative:** Jaime Austin and Anoushriya S. Rao

**Audience development:** Hannah Rapp

**Cover artwork:** Jaime Austin

### About Deloitte Insights

Deloitte Insights publishes original articles, reports and periodicals that provide insights for businesses, the public sector and NGOs. Our goal is to draw upon research and experience from throughout our professional services organization, and that of coauthors in academia and business, to advance the conversation on a broad spectrum of topics of interest to executives and government leaders.

Deloitte Insights is an imprint of Deloitte Development LLC.

### About this publication

This publication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or its and their affiliates are, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your finances or your business. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

None of Deloitte Touche Tohmatsu Limited, its member firms, or its and their respective affiliates shall be responsible for any loss whatsoever sustained by any person who relies on this publication.

### About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. In the United States, Deloitte refers to one or more of the US member firms of DTTL, their related entities that operate using the "Deloitte" name in the United States and their respective affiliates. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more about our global network of member firms.