



# Covid19, Fintech and Financial Inclusion:

## Survey Summary Report

### Executive summary

Innovations in financial technology have come to the forefront as government, charities and the private sector worked together to help vulnerable and at-risk consumers during the Covid-19 pandemic and resulting nationwide lockdown.

### A recent survey of the UK's fintech sector found:

- Over 60% of firms deliver financially inclusive products and services
- Partnerships have been key to delivering new solutions during Covid-19
- Three quarters of firms have stepped up their work on inclusive products
- Small businesses are a focus for firms developing new inclusive products

### About the survey

Last month, the Inclusion Foundation in partnership with the Emerging Payments Association conducted a survey. Responses were received from 42 firms which ranged in size and sector. The survey's aim was to better understand the role of FinTech in tackling financial exclusion and in doing so provide insights and guidance for policymakers and firms, on the role of FinTech in participating/championing and coordinating efforts to tackle financial exclusion.

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### What did we learn?

The primary aim of this survey was to obtain a snapshot of the FinTech sector in terms of its current role in addressing issues experienced by the financially underserved, as well as how

it is likely to change due to Covid-19. This is vital to the success and effectiveness of scaling up new FinTech solutions, as ultimately it is the firms within the sector that drive innovation and can bring to market quicker customer led and more inclusive products.

### What is the current state of fintech in financial inclusion?

The biggest takeaway from the survey results was the extent to which FinTech is already helping achieve financial inclusion and develop better products that are wanted and used by millions of low-income consumers.

- 26 of 42 firms surveyed provide financial inclusion products or services
- Even more firms (71%) recognise the impact FinTech has on inclusion
- 10 provide services to consumers, 6 indirectly B2B and 10 do both
- 66% of services are for broad market of 13m underserved consumers
- 13% are designed to better serve small businesses and sole traders
- 5% of services enable success for migrant workers and foreign students

### How is fintech helping during Covid-19?

The pandemic and resulting lockdown of both the economy and society over recent months has had an impact on the growth and operation of firms in almost every sector.

Responses to the survey highlighted that for the FinTech sector there has been an industry-wide effort to address challenges faced by vulnerable people and deprived communities, especially in terms of providing access to digital payments for consumers no longer able to access cash.

- 75% of products and services were already offered prior to Covid-19
- 1 in 5 firms serving consumers launched after the rise in lockdown exclusion
- 73% of firms have increased focus on delivering financial inclusion
- 1 in 3 of B2B partnerships developed after the outbreak of Covid-19

### What drives fintech solutions in financial inclusion?

Perhaps the biggest opportunity and benefit of Fintech powered solutions to financial inclusion is that they are able to operate commercially viable business models, unlocking access to better products and services at fair, affordable prices.

Responses to our survey indicates that FinTech firms have helped vulnerable people during Covid-19 while also developing new profitable business models.

- FinTech firms are launching new products due to business opportunities
  - Only 1 in 3 new products were developed primarily as a CSR project
  - Change is being led from the boardroom in 44% of firms
  - External partnerships are driving development of 1 in 5 new services
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## What is needed?

The current level of involvement by FinTech firms in financial inclusion is impressive and should not be overlooked by policy makers. However, even within the FinTech sector there is a clear sense that the government still has an active role to play moving forward.

- 98% of firms felt that FinTech is key to helping deliver financial inclusion
- 73% of firms felt that more FinTech services will make a big impact
- **But almost half of firms felt that FinTech can't do it alone**

Placing the results of this survey within the context of current public policy on financial inclusion enables greater insight and recommendations to be made about how FinTech firms and innovation can be harnessed in the future.

## Our recommendations

In both actions and words, the government has made clear that it recognises the potential of FinTech, not just for the UK economy, but as a vehicle to deliver new solutions and real scalable progress in financial inclusion.

- **2018:** FinTech Strategy highlights potential to support financial inclusion, enabling those underserved to access tailored products at a fair price<sup>1</sup>
- **2019:** Fair4All Finance providing £50m for agile and innovative solutions<sup>2</sup>
- **2019:** Affordable Credit Challenge awards £2m for inclusive FinTech<sup>3</sup>
- **2020:** Ron Kalifa OBE to chair FinTech review on how new technologies are improving access and can benefit underserved individuals and communities<sup>4</sup>

This shift in public policy is both timely and welcomed, as it recognises the need for a new approach to financial inclusion using technology to achieve scalable change. However, the

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[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/692874/Fintech\\_Sector\\_Strategy\\_print.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/692874/Fintech_Sector_Strategy_print.pdf)

<sup>2</sup> <https://fair4allfinance.org.uk/about-fair4all/>

<sup>3</sup> [https://www.altfi.com/article/5597\\_2m-fintech-challenge-launched-to-fight-payday-lenders](https://www.altfi.com/article/5597_2m-fintech-challenge-launched-to-fight-payday-lenders)

<sup>4</sup> <https://www.cityam.com/the-budget-has-recognised-the-potential-of-uk-fintech/>

results of this survey highlight that the Government must not lose its nerve or focus in pushing forward with plans to support emerging FinTech solutions.

Over the past two decades community based financial inclusion policies have received over £2.4 billion in public subsidies and grant funding.<sup>5</sup> FinTech solutions are the right choice for policy makers because they are scalable and provide fair and affordable business models that will not require such large and prolonged funding. In a post-corona period of inevitable global recession this is more important than ever.

**Government support for FinTech firms must be diverse and continue to promote successful partnerships within the wider financial sector and with community-based initiatives helping on the frontline.**

To maximise the impact of such policies and any funding provided, there is also a need for clear and consistent leadership from the Government. This will ensure FinTech solutions remain at the heart of all financial inclusion plans, such as migration plans for Post Office Card Accounts before the 2021 closure.

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## Summary and next steps

The outputs from the survey will be shared with The Emerging Payments Association's Project Inclusion members and respondents will be invited to provide any additional insights and feedback. It is proposed that a subset of the respondents will be approached for further discussion to explore the findings further. The results of which will be later published.

### Acknowledgments

This survey would not have been possible without the broad coalition of individuals, firms and organisations that actively support the work and growth of the [Emerging Payments Association's Project Inclusion](#) and the [Inclusion Foundation](#).

### About Emerging Payment Association's Project Inclusion

Project Inclusion's mission is to drive industry activity to address financial exclusion, and work with government and third sector bodies to promote the adoption of new PayTech innovations and solutions that reduce financial exclusion.

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<sup>5</sup> <https://policexchange.org.uk/wp-content/uploads/fintech-for-all.pdf>

The project brings together a dozen volunteers from across the payments ecosystem who share this vision of enabling access to financial services to everyone, everywhere.

The achievements of Project Inclusion would not be possible without its benefactor, Mastercard.

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This important survey demonstrates how addressing exclusion can be a viable business model. It also shows how the fintech community is committed to financial inclusion and that this has only intensified with Covid-19.

A key goal of Project Inclusion is to foster greater collaboration to accelerate this further, particularly with the participation of the government, which we would welcome.

**Josh Berle**, Business Development Director — Mastercard

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### [Get involved with Emerging Payments Association's Project Inclusion](#)

If you are interested in promoting the development of a fairer, more inclusive financial system for all consumers, there are many ways to get involved either directly with the EPA's project Inclusion or with our campaigns, research and public policy engagement in partnership with the Inclusion Foundation.

To get involved, please contact the EPA's Project Manager, Tom Brewin.

Email: [tom.brewin@emergingpayments.org](mailto:tom.brewin@emergingpayments.org)

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### [About the Inclusion Foundation](#)

The Inclusion Foundation (TIF) is a not-for-profit Community Interest Company (CIC) uniting the FinTech industry to give the UK's 13m underserved adults better access to financial services.

One in four people experience some level of financial exclusion at least once in their lifetime, often triggered by events beyond their control, such as unemployment, illness or family breakdown.

This includes 1.23m<sup>6</sup> of the UK's most vulnerable people, who lack access to a basic bank account and as such find it very challenging to pay and get paid.

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The recent events around Covid-19 and the prolonged lockdown have caused significant hardship for millions of low-income and vulnerable consumers, especially for those who previously relied on cash and lack access to digital payments.

This survey provides real insights on the role of FinTech in helping to deliver financial inclusion, both now and in the future, which will help to inform policymakers moving forward.

**Anne Pieckielon**, CEO — The Inclusion Foundation

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### Get involved with TIF

Our work, activities and research are informed by firms and experts that are helping to deliver FinTech solutions in financial inclusion, which along with generous donations ensure we can grow together as a force for change.

- **Ambassadors**  
Give your time and expertise to inform and promote our work
- **Pioneers**  
Give your financial support to our voice as we grow into sustainability
- **Partners**  
Corporate donors support our work and help to inform our research

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<sup>6</sup> [Financial Inclusion Report 2018-2019, DWP and HMT, March 2019](#)

Interested? To get involved or learn more about the work of the inclusion foundation please contact [info@theinclusionfoundation.org](mailto:info@theinclusionfoundation.org)

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## Selection of survey responses and data

### “ Comments about FinTech and Financial inclusion

“Digital Inclusion and Digital Access needs to be addressed”

“Exclusion needs to remain a priority after COVID. Need to make users aware that financial services are available from non banks.”

“Government needs to take more of a lead particularly with POCA users.”

“I believe financial technology, where designed and implemented from a truly human-centric perspective can help to transform financial inclusion in the long term - and the Covid-19 pandemic serves as a catalyst which sharpens the imperative for this”

“There is a need for better national coordination to get the UK from analogue to digital with no one left behind - like the move from analogue TV to freeview - joined up across broadband, cash access, fintech development and take up”

“Smart financial technology in areas like budgeting removes the need for people to use cash.”

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### Comments on challenges faced by consumers during Covid-19

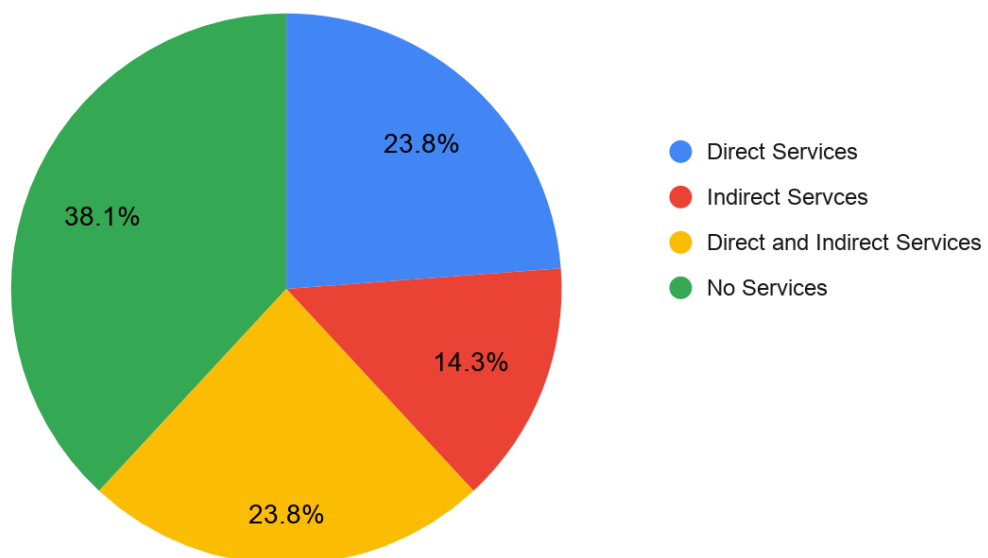
“Lack of confidence with digital products forcing an over-reliance on cash”

“Those used to dealing in cash and previously resistant to digital or even contactless are finding themselves pushed in that direction but perhaps without the support they could have had if the situation had evolved naturally”

“CASH! We are currently providing instant issue cards to replace cash for emergency loans. our account base and partner base has grown by over 50%”

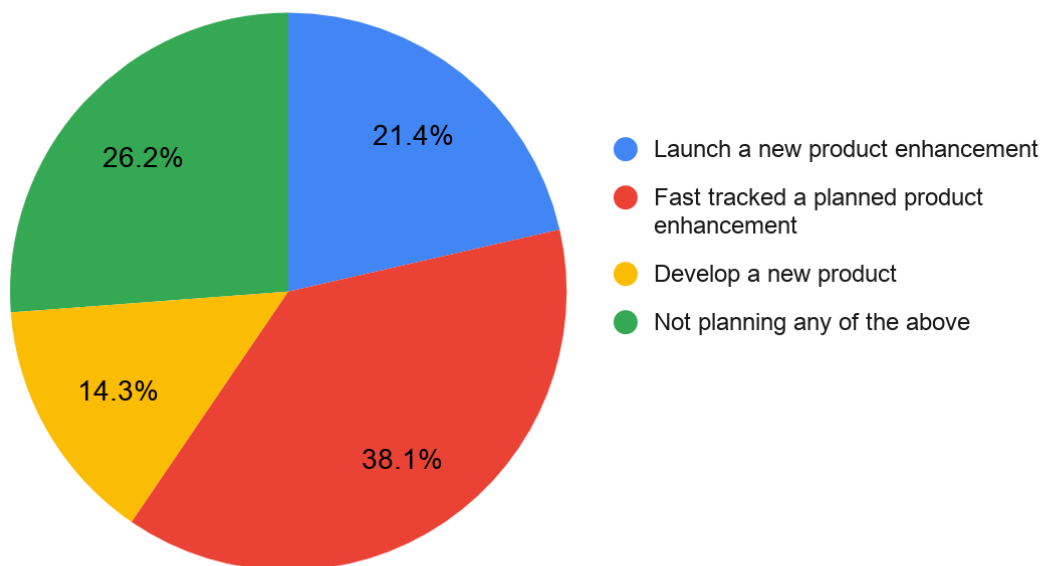
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### FinTech firms providing Financial Inclusion Services

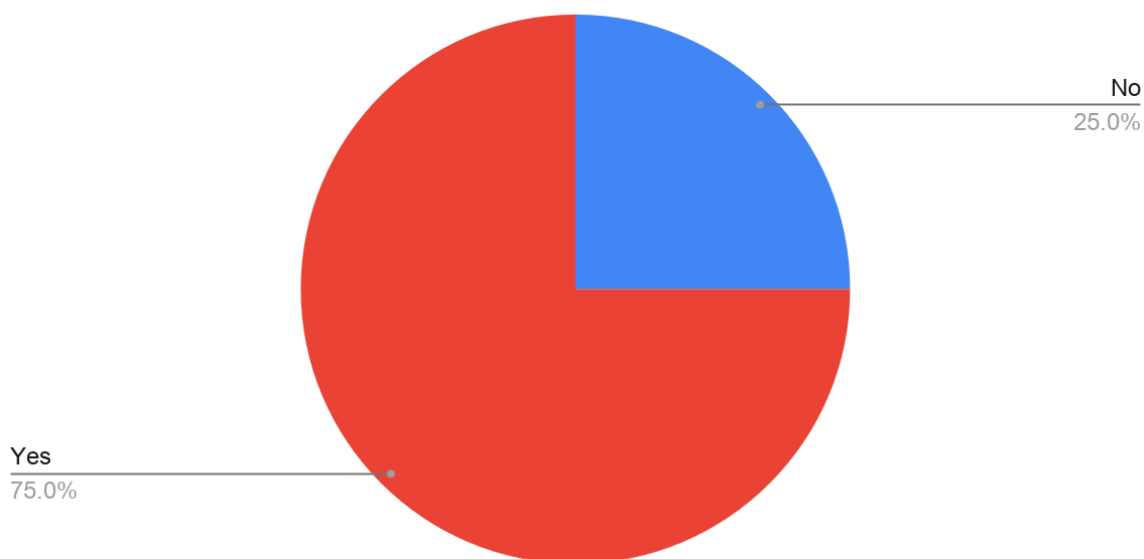




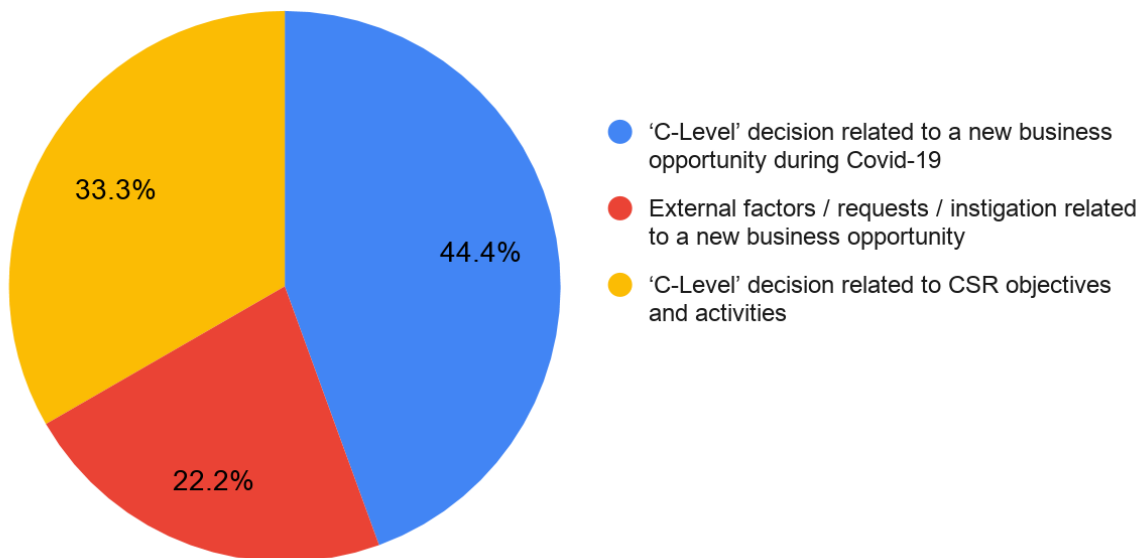
As a result of Covid-19, are you looking to adapt, develop or launch new products to better serve customers?



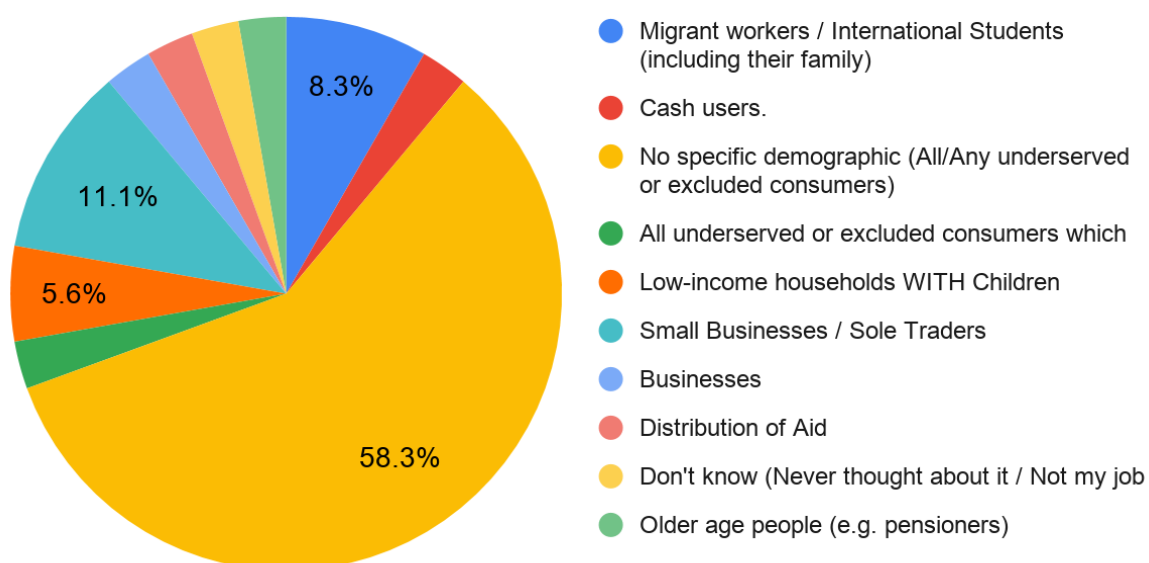
% of financially inclusive FinTech products and services provided BEFORE the outbreak of Covid-19



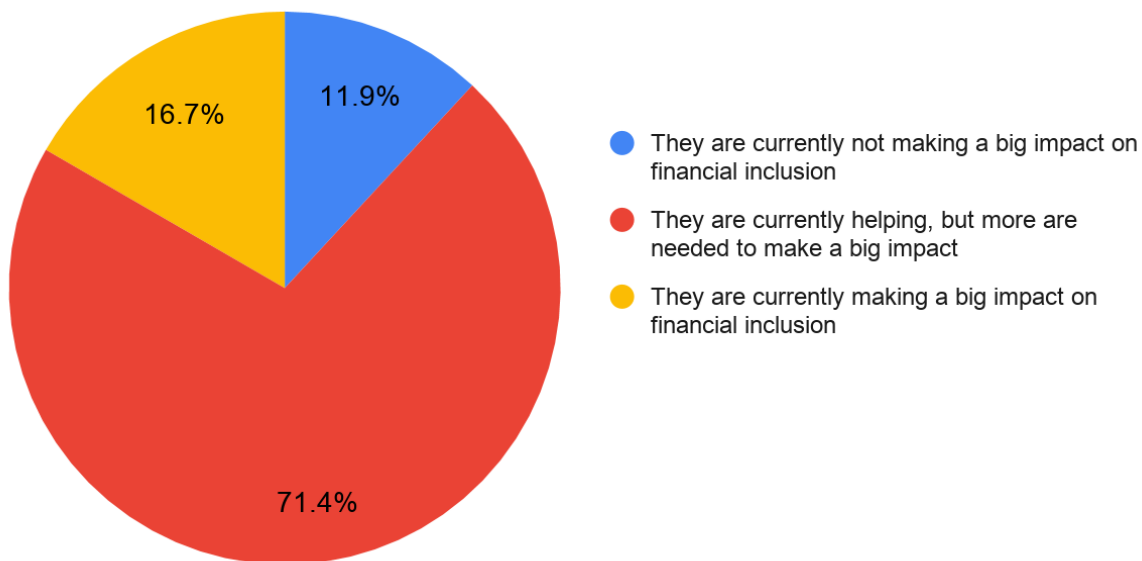
### Primary motivation or driving force behind launch of new financial inclusion product in response to Covid-19



### Breakdown of consumer segments served by financial inclusion products



To what extent do you think FinTech products and services are currently able to address financial inclusion?



To what extent do you think FinTech products and services will be able to address financial inclusion in the near future?

