

Supporting Thought Leadership to Advance Financial Inclusion

In 2013, MetLife Foundation made the strategic decision to focus on financial inclusion—on ensuring that more people around the world have the full range of financial tools they need and know how to use them to pursue their dreams.

Part of our commitment involves building the knowledge base of the large global community of stakeholders who are all working on financial inclusion, too. We fund an array of organizations and initiatives so that financial inclusion stakeholders can:

- Learn from each other, through high-quality research and thought leadership
- Support each other's efforts, through meetings and conferences that share best practices and identify priorities

“Multipliers of Prosperity” a partnership with Wall Street Journal Custom Studios

Multipliers of Prosperity is a one-of-a-kind thought leadership platform that features stories from MetLife Foundation's grantees. It includes videos, infographics, and other content on the work of financial inclusion.

This unique resource, developed in partnership with Wall Street Journal Custom Studios, helps **share best practices, insights, and information about financial inclusion issues. It is part of the way MetLife Foundation is raising awareness of financial inclusion around the world.**



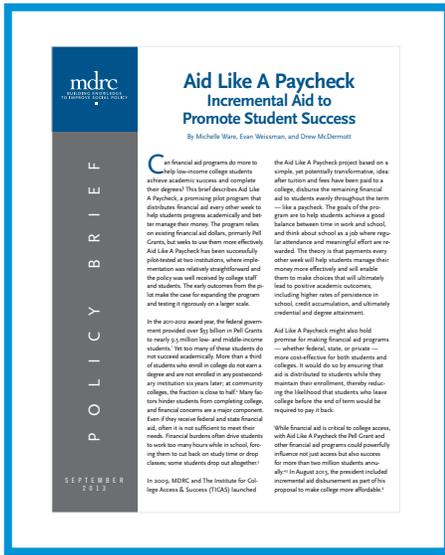
CommonCents Lab, an initiative with Duke University

Working with MetLife Foundation, Duke University professor Dan Ariely and his team created Common Cents Lab, a behavioral economics lab **focused on improving the financial health of low- and moderate-income households in the U.S.**

Through this grant, CommonCents will partner with not-for-profits, financial service providers and financial technology entrepreneurs to create and test products, services, and interventions that help people improve their financial behavior.

With its strong academic underpinnings, this program is already rigorously testing innovative financial solutions and producing thought-provoking research.





Aid Like a Paycheck: Research Project with MDRC

Managing money is difficult for many people, including young adults who rely on student aid to further their education. When they receive aid in one lump sum at the beginning of the semester, many students struggle to make the money last.

For many students, those funds are quickly diverted to pay off debt, help a family member, or fix a car. Then later in the semester, running short on funds requires students to pick up extra shifts at their jobs or borrow more money, making it harder to stay focused and succeed at school.

In partnership with MetLife Foundation, MDRC is **experimenting with aid disbursement every two weeks—like a paycheck—to determine whether this incentivizes students to stay focused on the classroom throughout the semester.** The findings of this rigorous research will help providers of financial aid use their funding more effectively to enable better financial and academic outcomes for millions of lower-income students.



You are financially healthy when you...

- Spend**
 1. Spend less than income
 2. Pay bills on time and in full
- Save**
 3. Have sufficient living expenses in liquid savings
 4. Have sufficient long-term savings or assets
- Borrow**
 5. Have a sustainable debt load
 6. Have a prime credit score
- Plan**
 7. Have appropriate insurance
 8. Plan ahead for expenses

Improving Financial Health: Partnership with the Center for Financial Services Innovation (CFSI)

MetLife Foundation has partnered with CFSI to better understand the 57 percent of American adults who are struggling financially—who they are, what they need to improve their financial health, and how providers can develop products and services that meet those needs.

CFSI has commissioned research to better understand these consumers and once armed with the data, will work with financial institutions to translate the research findings into practice.



EPIC Issue 2016: Income Volatility

Nearly half of all households experience an income gain or drop of more than 25 percent over any two-year period. Roughly one-quarter of individuals can expect to see even larger changes – 50 percent or more – from year to year.

Expanding Prosperity Impact Collaborative (EPIC), A Partnership with the Aspen Institute

MetLife Foundation supports the Aspen Institute’s financial security work with EPIC, a **first-of-its-kind effort to examine economic forces that severely impact the financial security of millions of Americans.** Each year, EPIC targets one important consumer finance issue, convening academics, policy makers and practitioners in cross-sector research, learning, and knowledge-sharing to find solutions.



THE ASPEN INSTITUTE

“While many cities across the country are experiencing economic recovery and growth, this prosperity has not reached residents across all rungs of the economic ladder. This project will give mayors a unique opportunity to implement and strengthen innovative strategies to address the financial challenges many residents face on a daily basis.”

– *NLC President Melodee Colbert-Kean, councilmember and former mayor, Joplin, Mo.*

Peer-Learning Effort of National League of Cities, an Initiative to Improve Financial Inclusion in Eight U.S. Cities

Cities are a hub of innovation in finding ways to improve the financial health of their residents. With this project, the National League of Cities and MetLife Foundation are **providing funding and technical expertise to help eight U.S. cities expand access to necessary financial services and education, build savings and assets, and reduce debt for families in each city.** Each city will also have many opportunities to share ideas and learn from what the others are doing.

NLC NATIONAL LEAGUE OF CITIES
CITIES STRONG TOGETHER

About Financial Inclusion:

The Challenge

Everyone needs financial services. Without a safe place to save money, it's difficult to cope with the unexpected or to plan for the future. Without access to affordable credit, it's difficult to get a business idea off the ground or to acquire an asset like a house or higher education. Without insurance, all your security can be wiped out with one misfortune.

To have the financial services you need—tools you can afford, that are safe and properly regulated, that you can access conveniently from providers who treat you with respect—is to be financially included. But we are still far from a world of full financial inclusion. In developing countries, it is not uncommon for the formal financial services sector to serve only a small percentage of the most affluent, leaving 80 percent or more of the population without even basic financial tools. But in the more advanced economies too, important disparities exist, often along ethnic, gender, and socioeconomic lines, between who is fully financially included and who is not.

There are many complex reasons why full financial inclusion remains a challenge. Commercial business models often make it impractical to serve low-income segments. Mission-driven financial institutions, meanwhile, often serve low-income people well but struggle to operate at meaningful scale.

The challenge of financial inclusion is to understand what is best about all the different ways to reach underserved customers. It's about learning what works and building on it.



The Opportunity

Microfinance proved the concept beginning in the 1970s. Traditionally excluded populations—low-income or even severely poor families, small-holder farmers, women, petty traders, and others—could be viable, even profitable, customers for financial services. Now comes the technology revolution. Banking no longer has to involve brick-and-mortar branches that are inconvenient for customers to reach and expensive for institutions to maintain. The bank can be as close as the cell phone in your pocket.

Low-income people have always managed their limited financial resources with creative ingenuity. But with modern, responsible financial services and know-how, they could go much farther towards achieving their full economic potential. They could transform their own lives and their communities.

More and more financial services providers, policymakers, donors, and others are looking for—and finding—innovative ways to expand financial inclusion. The financial inclusion community has made great progress in understanding the financial needs of low-income households and finding ways to meet those needs. But much work remains to be done as well.

MetLife Foundation is proud to be part of the solution. Our work in financial inclusion is broad-based: building the financial capability of vulnerable households and businesses; improving the operations of financial services providers—and thought leadership, our effort to build the knowledge base of the industry as a whole.

More information about MetLife Foundation's work on financial inclusion is available at <http://www.metlife.com/about/corporate-responsibility/metlife-foundation/reports-and-research>

