

Despite Continued Economic Volatility, Global Financial Inclusion Improved According to the Global Financial Inclusion Index from Principal®

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- Improved global financial inclusion was driven by Southeast Asia and Latin America with older global economies' financial inclusion declining or stagnating.
- Singapore retains its top position as the world's most financially inclusive market.
- The United States slightly declined in rankings but maintained its top ranking in financial system support.
- Fewer Americans report feeling financially included.

DES MOINES, Iowa--(BUSINESS WIRE)-- Singapore is the world's most financially inclusive market across 42 analyzed, alongside Hong Kong, Switzerland, the United States, and Sweden, according to the second edition of the **Global Financial Inclusion Index** (the Index) from **Principal Financial Group®**.

The research released today, conducted by the Centre for Economics and Business Research (Cebr) and Principal®, examines how well a market's respective government, financial system, and employers provide relevant tools, services, and guidance to enable greater levels of financial inclusion. Now in its second year, the report provides a comprehensive and comparative evaluation of financial inclusion on a global scale – ranking 42 markets on a relative basis in addition to a new absolute score assigned at the global and regional levels. This enables the identification and analysis of regions making the most progress and those facing the greatest challenges.

"Despite the uncertain economic conditions of the past year, it's encouraging to see that global financial inclusion continues to improve," said Dan Houston, chairman, president, and CEO of Principal. "We're optimistic about the ongoing progress governments, financial systems, and employers are making across the globe to help more people gain access to the support they need to feel more financially secure."

Key findings

- Financial inclusion has improved globally. The overall global financial inclusion score displayed a notable increase of 5.6 points, reaching 47.3 out of 100. This is driven by advancements in Southeast Asia and Latin America, bolstered by meaningful progress in the support offered by financial systems.
- Singapore remains the most financially inclusive market. Singapore ranked first, second, and third in the government, employer, and financial system support, respectively. Particularly noteworthy is Singapore's progress in the employer support pillar, where it rose 12 places.
- Financial inclusion is advancing most rapidly in markets developing technology-enabled financial systems. The biggest risers include several emerging economies, such as Brazil, Thailand, Vietnam, and South Korea.
- Progress in financial inclusion is strongly and positively correlated to progress in other metrics of social and economic development, such as lower levels of corruption and greater economic freedom, resilience, and productivity.
- The world's largest economies are generally stagnating or deteriorating in terms of financial inclusion. These markets have medium scores in the government and financial system support pillars combined with universally low scores for employer support.

"The data shows financial inclusion, at a global level, is improving," said Kay Neufeld, director and head of forecasting, Cebr. "Greater financial inclusion is occurring despite economies navigating through a period of supply-side shocks, heightened inflation, and the consequent adjustments in interest rates. It's clear that fast-growing Asian and Latin American markets are making the largest strides forward. Meanwhile, developed economies making slower progress in financial inclusion should be seen in the context of these markets already ranking higher on the financial inclusion scale, as indicated in the wider Index findings, and consequently having more limited scope to make as rapid gains."

U.S. findings

Financial inclusion in the U.S. has fallen slightly, with the country moving from second to fourth in the Index. The drop in rankings was driven by declines in employer (dropping from second to 12th) and government support (dropping from 15th to 19th). The country saw drops in the rankings across all indicators in the employer pillar, with the largest declines realized in employer-provided financial guidance and support (falling 20 places to 26th) and flexible pay initiatives (falling 17 places to 21st).

Employer support declined across businesses of all sizes but support from the smallest employers most notably fell. As seen in the 2022 report, there's a clear link between business size and level of employer support. Larger

companies are likely able to offer more comprehensive financial resources and services to their workforce. This may suggest that in the face of economic challenges and ongoing concerns about a potential recession, smaller companies are strategically trimming back areas they believe will have limited impact on ongoing operations.

“Employers play a critical role in the financial stability of communities, especially small businesses, which are the backbone of their employees’ financial well-being,” said Amy Friedrich, president of Benefits and Protection at Principal. “While the gap in support raises some concerns, it may signal a rebalancing of the labor market, which experienced an unprecedented reshuffle following the pandemic. It’s important to note these behaviors are likely to vary across industries. The businesses we work with have shown incredible resilience through recent economic events and recognize the critical role benefits play for their employees. While the Index provides an opportunity to review the pillars independently, it’s important to consider the three pillars and how they holistically lead to financial inclusion. For example, the passage of SECURE 2.0 signals how all three support pillars can work in tandem to bolster financial inclusion.”

The U.S. maintained its top ranking in financial system support. It's ranked in the top three and four of the eight indicators that comprise this pillar, including: ‘access to credit,’ ‘borrowers’ and lenders’ protection rights,’ ‘presence and quality of fintechs,’ and ‘access to capital.’

Overall, the U.S. consumer sentiment data reveals an increase in the number of people who report feeling financially excluded. This is particularly pronounced in the government pillar. The percentage of people who feel the government acts in a way that helps them feel financially included declined from 72% in 2022 to 50% in 2023 (dropping from 12th to 27th in the rankings). In contrast, employers retained the top spot in making U.S. consumers feel financially included.

Global Financial Inclusion Index			
Top 10 Markets		Bottom 10 Markets	
1	Singapore	33	Chile
2	Hong Kong	34	Saudi Arabia
3	Switzerland	35	Mexico
4	United States	36	South Africa
5	Sweden	37	Italy
6	Denmark	38	Peru
7	United Kingdom	39	Colombia
8	Norway	40	Nigeria
9	Australia	41	Ghana
10	Thailand	42	Argentina

Learn more about the Global Financial Inclusion Index [here](#).

Learn more about the [methodology](#) [here](#).

About the Global Financial Inclusion Index

The Global Financial Inclusion Index ranks 42 markets on three pillars of financial inclusion—government, financial system, and employer support—using data points across public and survey-based sources. These pillars represent the key stakeholders responsible for promoting financial inclusion across the population.

The Index was conducted in partnership with the Centre for Economics and Business Research (Cebr). The methodology combines various data sources into one unified measure of financial inclusion at the market level.

About Principal Financial Group®

Principal Financial Group® (Nasdaq: PFG) is a global financial company with 19,000 employees¹ passionate about improving the wealth and well-being of people and businesses. In business for more than 140 years, we're helping more than 62 million customers¹ plan, protect, invest, and retire, while working to support the communities where we do business, and build a diverse, inclusive workforce. Principal® is proud to be recognized as one of the 2023 World's Most Ethical Companies® by Ethisphere², a member of the Bloomberg Gender Equality Index, and one of the "Best Places to Work in Money Management³." Learn more about Principal and our commitment to building a better future at [principal.com](https://www.principal.com).

¹ As of June 30, 2023

² Ethisphere, 2023

³ Pensions & Investments, 2022

About Centre for Economics and Business Research (Cebr)

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