

Financial Capability & Asset Building



We seek to increase the number of low-income adults and/or youth who adopt positive financial behaviors and accumulate and preserve financial assets

Approximately 2.5 billion people, just over half of the world's adult population, do not use formal financial services to save or borrow money.¹ Research indicates that access to financial products and services such as savings, payments, and credit that are tailored to the needs of lower income and unbanked people can make a positive impact in their lives, enabling them to participate in the economy. Yet, even as they gain exposure and access to financial services, limited capability to understand options and terms of use of available products can further hinder their economic stability. Achieving proficiency in making short-term and long-term financial plans, attaining associated goals, understanding and selecting suitable financial products as well as implementing strategies for dealing with financial adversity are critical elements for establishing economic security over the course of their lives.

Financial capability represents a critical shift of moving beyond financial education to adopting new behaviors that individuals can use to identify and utilize appropriate financial tools and make sound financial decisions in order to build and preserve their assets over time.

Financial capability among consumers is an essential element to achieve financial inclusion.

Our Strategy

The Citi Foundation is deeply committed to financial inclusion for low- to moderate-income individuals, families and communities. In 2004, Citi announced a 10-year, \$200 million commitment to meet the growing financial education needs of the communities we serve. Although we accomplished our initial goals and commitment well ahead of schedule, our work is not finished. In 2010, we invested nearly \$20 million in Financial Capability and Asset Building programs globally because we recognized that an important change was needed—one that redefines financial education from simply increasing knowledge alone to helping people adopt financial behaviors that facilitate asset building and preservation. We support a range of programs, including testing new models and program strategies, building the capacity of community partners to adopt new financial capability approaches, implementing systems changes and best practices in the field, and, increasingly, evaluating/measuring results and impact of initiatives. Our direct service grants employ a more comprehensive approach that combines financial knowledge and skill-building with ongoing coaching and access to appropriate financial products and services provided by nonprofit partners for low- to moderate-income people to improve their financial outcomes.

¹Federal Deposit Insurance Corporation. "National Survey of Unbanked and Underbanked Households." FDIC Unbanked/Underbanked Survey Study Group, December 2009.



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Examples of Our Leadership



Financial Capability Innovation Fund

The Financial Capability Innovation Fund, managed by the Center for Financial Services Innovation with lead funding from the Citi Foundation, supports new strategies for building the financial capability of low- to moderate-income and underserved consumers throughout the U.S. The Fund provides financial and technical assistance to five innovative nonprofits to develop cutting-edge solutions that increase the financial stability of low- to moderate-income consumers in three ways: leveraging technology, applying behavioral economics concepts and more closely linking education to access to financial products provided by nonprofit partners. The Fund will locate and communicate “best practices” to improve financial outcomes for low- to moderate-income consumers.



Financial Inclusion Measurement Tool

The Citi Foundation is supporting the development of a universally accepted outcome measurement tool for social welfare practitioners and policy makers to better identify effective interventions for achieving financial capability. Toynbee Hall and Britain’s National Centre for Social Research aim to assess clients’ financial health and well-being across three dimensions: 1) participation in the financial sector, including level of access to and use of financial services; 2) degree of household financial stability or hardship; and 3) financial capability, including the ability to develop financial goals and plans and actively manage personal finances effectively. The multi-year project will be guided by a steering group with representatives from the Consumer Financial Education Body, the National Centre for Social Research, The National Audit Office, HM Treasury and leading universities and financial inclusion community organizations.



Financial Education Hub

The Citi Foundation helps build the capacity of major organizations to implement a suite of financial education programs reaching low- to moderate-income families at scale. The China Center for Financial Research at Tsinghua University’s Financial Education Hub (“Hub”) improves the understanding of financial behavior among Chinese consumers, and promotes consumer and institutional financial education, nationally. In addition to conducting survey research, Citi support will enable the Hub to work directly with thousands of families to improve their financial management skills and track behavior changes over time. Through symposia, academic journals, white papers, and newspaper articles, the Hub will also disseminate its research findings and make recommendations to the People’s Bank of China and the China Banking Regulatory Commission to contribute to the development of a national financial education strategy, fostering a better financial environment for low- to moderate-income families.