

## **A winding road to credit: access to finance for underbanked populations**

This study examines the issue of access to finance for underbanked populations and identifies score-driven solutions.

Despite the proliferation of financial services, many individuals and small businesses still lack access to them. More specifically, this study focuses on thin file customers, who have limited or no credit history, women, small and medium enterprises, and young generations in emerging economies. These populations often lack access to financial services because they don't have enough formal data, they face bias, or they're discriminated against. This makes it difficult for lenders to decide whether to give them access to credit.

We continue by utilizing Creditinfo's global credit bureau footprint to study financial inclusion of the identified populations across different territories and analyze common challenges. We found that underbanked populations face different barriers to accessing credit in different countries.

Lastly, we propose a framework to address the most common challenges that limit access to credit for underbanked populations. The suggested framework is to a large extent driven by careful utilization of alternative predictive characteristics such as payment behaviour on previous mobile or small loans, Telecom and utility data, data on related parties and self-reported data. Furthermore, we advocate for the application of thoughtful and unbiased model development methodologies ultimately helping to enhance financial inclusion and expand access to finance for underbanked populations.