

## FINANCIAL ACCESS INITIATIVE

Over a billion poor and low-income people live without access to basic banking services. Microfinance, identified as a practical, innovative tool for poverty reduction, has made great strides in increasing financial access for poor households around the world. But while billions of dollars are being poured into microfinance by banks, foundations and other investors, billions of people remain underserved. As the field of microfinance matures and attention surrounding it increases, so does the need for more and better research on the effects of microfinance and the conditions that determine its impact.

Banks, NGOs, and other institutions continue to work to reach increasing numbers of those underserved. To frame questions and identify solutions about how financial sectors can better meet the needs of poor households, a consortium of researchers at NYU, Yale, Harvard and Innovations for Poverty Action created the Financial Access Initiative (FAI), housed at NYU's Wagner Graduate School of Public Service.

FAI aims to **frame key questions** about the financial lives of the poor, to **test innovative solutions** that can expand financial access, and to **generate and communicate evidence** that informs important policy decisions.

*Framing the questions.* FAI clarifies what we know and don't know about how the poor use their money, and about their demand for financial products and services. FAI identifies existing knowledge gaps in order to decide where new research should focus. Key topics include:

- The nature of demand for financial services;
- The impact of financial access on incomes, businesses, and broader aspects of well-being; and
- Mechanisms that can increase impact and scale.

*Testing innovative solutions.* Financial institutions are increasingly building innovative and profitable products to reach ever-poorer segments of the population. FAI works in the field to test these interventions in a range of developing countries. FAI determines what works best in different environments, and how successes can be replicated.

*Generating and communicating evidence.* Answers to key questions about how to expand financial access have little impact if they are not widely communicated. FAI's goal is to communicate research findings to regulators, donors, industry leaders, practitioners, and the broader public.

FAI is led by Managing Director Jonathan Morduch (NYU), Director Dean Karlan (Yale), and Director Sendhil Mullainathan (Harvard).